



Ministry Of External Affairs
Government Of India



ECONOMIC
DIPLOMACY
& STATES
DIVISION

MONTHLY ECONOMIC REPORT

SEPTEMBER 2019



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OVERVIEW

India's US\$2.7 trillion economy is estimated to have grown 5 per cent during the first quarter of financial year 2019-20 ended June 2019. The nation recorded an average gross domestic product (GDP) growth of 7.5 per cent over the past five fiscals. The growth of gross value added (GVA) at constant basic prices for the first quarter of 2019-20 is estimated at 4.9 per cent. At sectoral level, growth of agriculture, industry and services sectors is estimated at 2 per cent, 2.7 per cent and 6.9 per cent, respectively, in Q1 2019-20. Meanwhile, the Index of Industrial Production (IIP) growth contracted by 1.1 per cent during August 2019. The

value of overall exports (merchandise and services) increased by 1.9 per cent while overall imports declined by 3.15 per cent over April-September 2019-20. India's foreign exchange reserves stood at US\$439.7 billion as on October 11, compared with US\$428.6 billion as on September 20. The CPI inflation stood at 3.99 per cent in September 2019, compared with 3.2 per cent in August 2019, while WPI inflation declined to 0.3 per cent in September as compared with 1.1 per cent in August 2019. The Budget Estimate of the fiscal deficit for 2019-20 has been set at 3.3 per cent of GDP, as compared with 3.4 per cent in 2018-19 (Provisional Actuals).



INDIA'S FINANCIAL MARKETS

- **Money Supply:** Growth of money supply on year-on-year basis as on September 27 stood at 9.7 per cent, as compared to a growth rate of 9.4 per cent a year earlier.
- Growth of aggregate deposits at scheduled commercial banks was 9.4 per cent as on September 27, as compared with 8.1 per cent a year earlier. Bank credit grew by 8.8 per cent, as against 12.5 per cent a year earlier.

INDIA'S PUBLIC FINANCE

- The Union Budget 2019-20 was presented on July 5, 2019. The budget estimates of the fiscal deficit as a percentage of GDP for 2019-20 has been set at 3.3 per cent, as compared with 3.4 percent in 2018-19.
- The budget estimate for revenue deficit as a percentage of GDP for 2018-19 was 2.3 per cent, as compared with 2.6 per cent in 2017-18 (RE). The revenue deficit for 2019-20 is budgeted to be 2.3 per cent of GDP.
- Revenue Receipts for 2019-20 is estimated at Rs19.6 trillion, as compared with Rs17.3 trillion in 2018-19. Tax revenue (net to Centre) is estimated Rs16.5 trillion, as compared with Rs14.8 trillion. Total expenditure is estimated to rise by more than 13.4 per cent to Rs27.9 trillion.

INDIA'S INFLATION

- **Inflation based on Consumer Price Indices (CPIs):** The all India Consumer Price Index – Combined (CPIC) was 3.99 per cent in September 2019 as compared to 3.2 per cent in August 2019.
- Food inflation based on Consumer Food Price Index (CFPI) rose to 5.1 per cent in September 2019 as compared to 3.0 per cent in August 2019.
- CPI inflation for fuel and light decreased to (-)2.2 per cent in September 2019 from (-)1.7 per cent in August 2019.
- **Wholesale Price Index (WPI):** The WPI inflation declined to 0.3 per cent in September as compared to 1.1 per cent in August 2019.
- WPI food inflation (food articles + food products) increased to 6.0 per cent in September 2019 from 5.8 per cent in August 2019, mainly on account of increase in inflation of cereals, pulses, vegetables, especially onions, egg, meat & fish and milk.

- Inflation in fuel & power stood at (-)7.1 percent in September 2019 as compared to (-)4.0 percent in August 2019.
- Core inflation (non-food manufactured products) stood at (-)1.1 per cent in September 2019, as compared to (-)0.4 per cent in August 2019.

PERFORMANCE OF THE TOP SECTORS

Agriculture and Food Management

- **Production of food grains:** As per the first Advance estimate for 2019-20, the total production of kharif foodgrains is estimated at 140.6 million tonnes
- As per the 4th Advance Estimates for 2018-19, the total production of foodgrains during 2018-19 is estimated at 285 million tonnes, the same as in 2017-18.
- **Stocks:** The total stocks of rice and wheat held by the Food Corporation of India and the state agencies as of September 1 was 77.6 million tonnes, compared with 76.5 million tonnes a month earlier.

Industry and Infrastructure

Index of Industrial Production (IIP)

- IIP registered a growth of 2.4 per cent in April-August 2019, as compared to 5.3 per cent during April-August 2018. The growth of IIP contracted by 1.1 per cent in August 2019, as compared to a growth of 4.8 per cent recorded in August 2018.
- The manufacturing sector's growth during April-August 2019 was 2.1 per cent, lower as compared to 5.5 per cent a year earlier.
- IIP of manufacturing sector declined by 1.2 per cent in August 2019, as compared to a growth of 5.2 per cent in August 2018.

Eight Core Industries

- In August 2019, the production of eight core industries declined by 0.5 percent, as compared to a growth of 4.7 percent recorded in August 2018. Production of eight core industries grew by 2.4 percent in April-August 2019 as compared to 5.7 percent a year earlier.



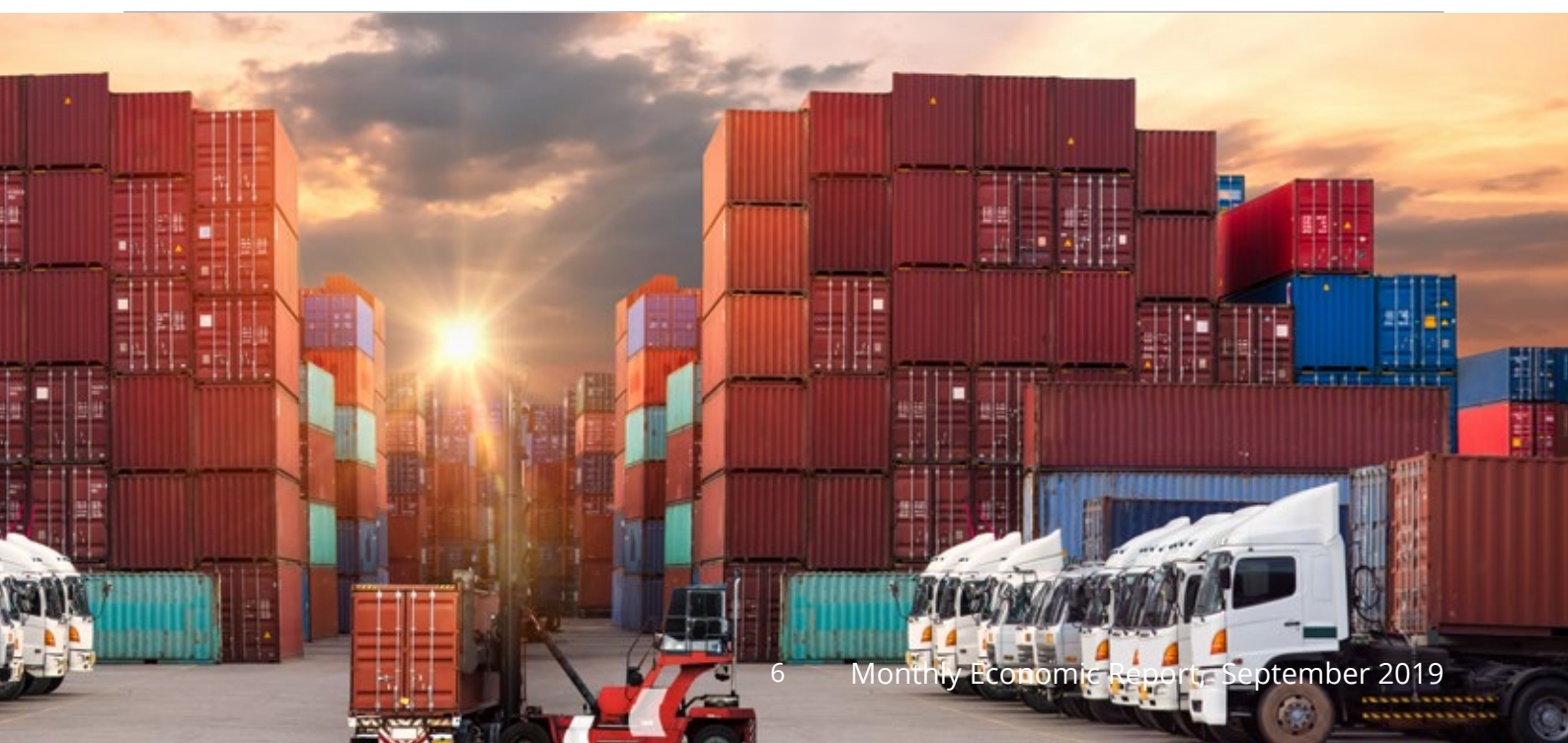
Production growth (per cent) in Core Infrastructure Supportive Industries

Industry	April-May 2018-19	April-May 2019-20	May 2018	May 2019
Coal	10.3	-0.2	2.4	-8.6
Crude oil	-3.3	-6.1	-3.7	-5.4
Natural Gas	-0.7	-1.5	1	-3.9
Refinery Products	7.4	-1.1	5.1	2.6
Fertilizers	1.7	0.3	-5.3	2.9
Steel	3.5	9.7	4	5
Cement	15	1.3	14.6	-4.9
Electricity	5.8	4.6	7.6	-2.9
Overall Growth	5.7	2.4	4.7	-0.5

Source: Office of Economic Advisor, DIPP (Ministry of Commerce & Industry)

Infrastructure Indicators

- The number of telephone subscribers in India increased from 1189.3 million at end July 2019 to 1191.8 million at end August 2019. The overall tele-density in India was 90.3 at end August 2019; the urban tele-density was 161.5 and rural tele-density was 56.9 at end August 2019.
- The traffic handled at major ports grew by 1.5 percent to 348.4 million tonnes in April-September 2019, from 343.4 million tonnes a year earlier.
- The total installed capacity for electricity generation was 360.8 GW at the end of August 2019, of which the share of thermal, hydro, renewable and nuclear sources was 63.2 per cent, 12.6 per cent, 22.3 per cent and 1.9 per cent, respectively.
- As per the Central Electricity Authority, electricity generation declined by 0.3 per cent in August 2019.



INDIA'S EXTERNAL TRANSACTIONS

Foreign trade: India's overall exports (Merchandise and Services combined) for April-September 2019-20 was estimated at US\$267.2 billion, exhibiting a positive

growth of 1.9 per cent.¹ Overall imports was estimated at US\$312.2 billion, exhibiting a negative growth of 3.2 per cent over the same period last year.

Exports and Imports (US\$ billion)							
Items	2018-19	August		Growth (%)	April-August		Growth (%)
		2018	2019(P)		2018	2019(P)	
Exports	330.1	27.9	26	-6.6	163.5	159.6	-2.4
Imports	514.1	42.8	39.6	-13.8	261.6	243.3	-7
Oil Imports	140.9	11	9	-18.3	70.1	64.3	-8.2
Non-Oil imports	373.2	31.8	27.9	-12.3	191.6	179	-6.6
Trade Deficit	-184	-15	-10.9	-	-98.1	-83.7	-

Source: Ministry of Commerce and Industry | Note: P: Provisional

Balance of Payments: India's current account deficit (CAD) was 2.0 per cent of GDP (US\$14.3 billion) in Q1 of 2019-20, as compared to 2.3 per cent of GDP (US\$ 15.8 billion) in Q1 of 2018-19. The contraction of the CAD in Q1 of 2019-20 was mainly on account of higher invisible receipts.

- **Foreign Exchange Reserves:** India's foreign exchange reserves stood at US\$ 439.7 billion as on 11th October 2019, compared with US\$428.6 billion on September 20.

- **Exchange rate:** The Indian rupee appreciated against the US dollar and the Pound sterling by 0.3 per cent and 1.9 per cent, respectively. However it depreciated against the Euro and Japanese Yen by 0.73 per cent and 0.9 per cent, respectively.

- **External Debt:** India's external debt stood at US\$557 billion at end-June 2019, recording an increase of 2.6 per cent over the level at end-March 2019. Short-term external debt (by original maturity) was US\$109.7 billion at end-June 2019.



INDIA'S FDI AND ODI

Foreign Direct Investment into India (FDI)

- The nation's foreign direct investment (FDI) equity inflow over April-June 2019 was US\$16.3 billion, a jump of 28 per cent from the previous year.²
- FDI equity inflow in 2018-19 was US\$44.4 billion, compared with US\$44.9 billion a year earlier.³
- The top investing nations were - Mauritius, Singapore, Japan, the Netherlands, the UK, the USA, Germany, Cyprus, France, and the United Arab Emirates.
- The top sectors in India attracting foreign investments were - services, computer software and hardware, telecommunications, infrastructure development, trading, automobile, chemicals, pharmaceuticals, construction, and power.
- The top regions receiving foreign investments - Mumbai, New Delhi, Bengaluru, Chennai, Ahmedabad, Hyderabad, Kolkata, Kochi, Chandigarh and Jaipur.

India's Overseas Direct Investment (ODI)

- Cumulative ODI outflows (2019-20, up to August): US\$3.7 billion.⁴
- Cumulative ODI (financial commitment): US\$8.5 billion.
- Top ten ODI destination countries: Singapore, the USA, the UK, Russia, Japan, the Netherlands, Denmark, Switzerland, UAE, Mauritius.
- Sectors attracting highest ODI outflows: retail and hospitality, financial services, manufacturing, construction, energy and water, construction, agriculture and mining, community services, connectivity projects, and others.

² https://dipp.gov.in/sites/default/files/FDI_Factsheet_4September2019.pdf

³ https://dipp.gov.in/sites/default/files/FDI_Factsheet_27May2019.pdf

⁴ <https://dea.gov.in/sites/default/files/Overseas%20Direct%20Investment%20Data%20from%20April%202017%20to%20August%202019.pdf>



MAJOR ECONOMIC DECISIONS IN SEPTEMBER 2019

- The Union Cabinet approved infusion of Rs 45.6 billion by Government in IDBI Bank.
- The Union Cabinet approved the payment of Productivity Linked Bonus equivalent to 78 days wages to over 1.1 million eligible non-gazetted railway employees (excluding RPF/ RPSF personnel) for the FY 2018-19, for maintaining industrial peace and motivation of railwaymen.
- The Cabinet Committee on Economic Affairs (CCEA), approved for the mechanism revision of ethanol price for supply to Public Sector Oil Marketing Companies for procurement of ethanol w.e.f. December 19 for a one year period.
- The Union Cabinet approved the Promulgation of the Prohibition of Electronic Cigarettes (production, manufacture, import, export, transport, sale, distribution, storage and advertisement) Ordinance, 2019.

For more information: Ministry of Finance, Department of Economic Affairs
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