



सत्यमेव जयते

Economic Diplomacy Division  
Ministry of External Affairs



# MONTHLY ECONOMIC REPORT

APRIL 2024

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## Introduction

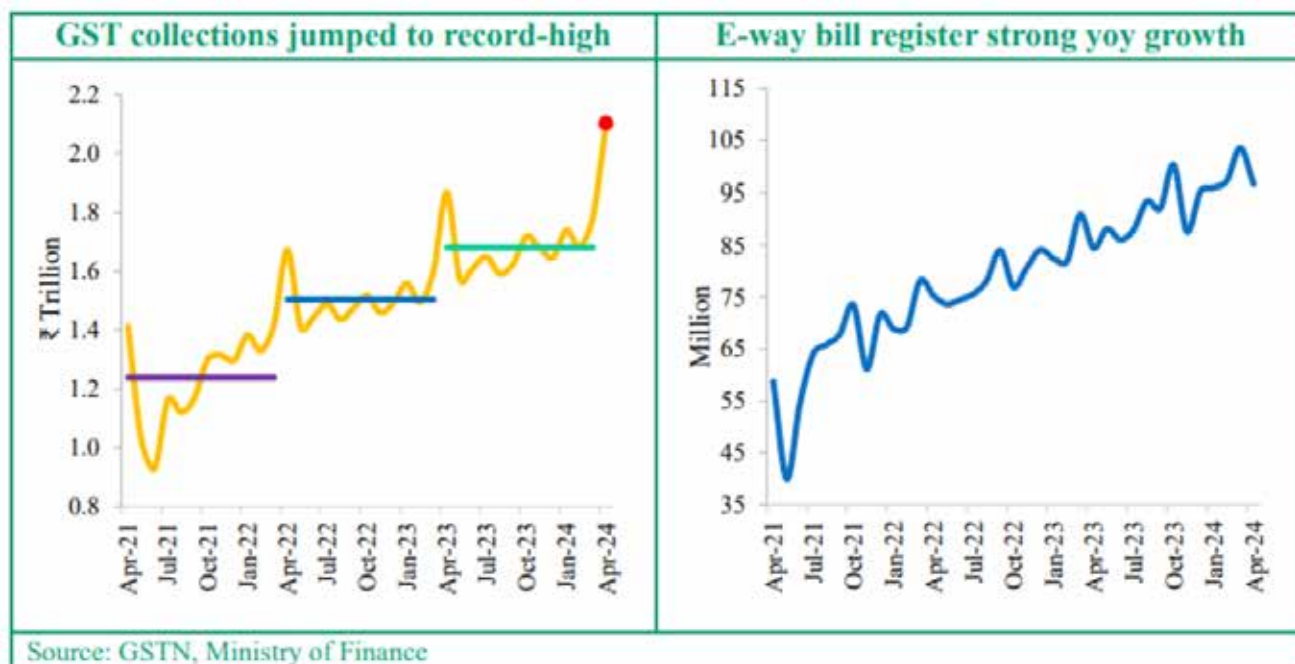
The Indian economy closed FY24 firmly, with its growth surpassing market expectations despite strong external headwinds. Early indications suggest continuing the economic momentum during the first quarter of FY25. The emerging robust trends in important high-frequency indicators of growth like the GST collections, e-way bills, electronic toll collections, sale of vehicles, purchasing managers' indices, and the value and number of digital transactions attest to the economy's growing strength. Industrial activity is gaining momentum. This is clear from improving industrial capacity utilisation and volume indicators like the Index of Industrial Production and Purchasing Managers' Index (PMI) for manufacturing.

The forward-looking surveys of the Reserve Bank also indicate improving consumer confidence and industrial outlook. The job market trends are reassuring. While the urban unemployment rate declined year-on-year during the quarter ending March 2024, the labour force participation rate and worker-to-population ratio have improved. Formal jobs are rising, as indicated by the growing net payroll additions under the Employee Provident Fund Organisation (EPFO). Along with growth and employment, the other macroeconomic indicators are also improving. Retail inflation clocked at 4.83% in April 2024, the lowest in the past 11 months.

Despite global challenges, India's foreign exchange reserves are comfortable on the external front, and the Indian rupee has been one of the most resilient vis-à-vis the US dollar in recent months. From the fiscal angle, robust trends in the capital spending of the general government during April-February of FY24, combined with the fiscal consolidation plans reflected in the Budget for FY25, have laid to rest concerns about debt sustainability. Thus, the significant pillars of India's macroeconomic strength, including growth, price stability, and fiscal management, are directionally positive and mutually reinforcing—the unrelenting geopolitical tensions and volatility in global commodity prices, especially petroleum products, present challenges. However, the expectation is that the macroeconomic buffers nurtured and strengthened during the post-Covid management of the economy will help the Indian economy navigate these challenges reasonably smoothly.

## FY25 Started with a Strong Performance of Domestic Activity in April

- GST collection jumped to a high of INR 2.1 lakh crore in April 2024. An increase in domestic transactions and imports drove a strong uptick. The average GST collections have also shifted upwards over the years due to heightened economic activity and a widening tax base. Among lead demand indicators, toll collection registered continued growth in April 2024.
- GST collection recorded a 12.4% yoy growth driven by a strong yoy increase in domestic transactions (13.4%) and imports (8.3%).
- The volume of E-way bill generation moderated to 9.7 crore in April 2024 from 10.4 crore in March 2024, still registering a growth of 14.4% over April 2023.
- In April 2024, India's power consumption surged 11% to 144.2 billion units compared to the previous year.
- Vehicle registration increased 27% year over year to 2.2 million in April 2024. Toll collections, as reported under Electronic Toll Collection (ETC) data, reached INR 55.6 billion in April 2024, registering a growth of 8.3% over the corresponding period last year.



## GROWING INVESTMENT ACTIVITY

In FY24, the private sector announced new investment projects worth INR 23.5 lakh crore, much higher than the past five years' average of INR 14.4 lakh crore.

Although the number of new investment projects announced by the private sector was lower in FY24 compared to the previous year, the number of investment projects completed by the private sector witnessed a significant uptick to INR 3.1 lakh crore in FY24 from INR 2.7 lakh crore in FY23.

The aggregate capacity utilisation in the manufacturing sector picked up significantly, from 74% in Q2 to 74.7% in Q3 of FY24. Manufacturing companies received a larger number of orders during this quarter than in the corresponding quarter of the previous year.

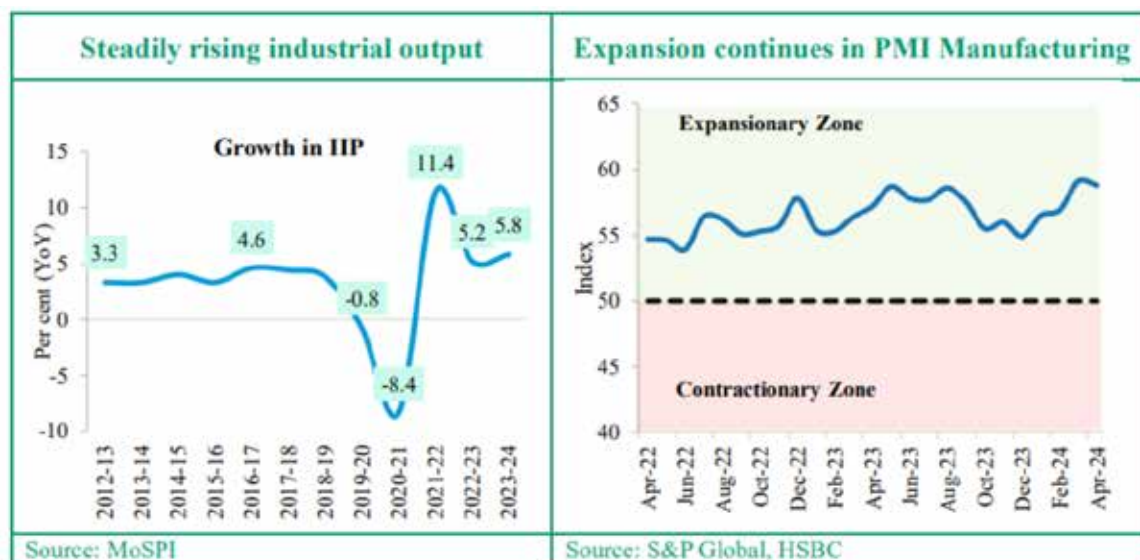
## Stronger Rural and Urban Demand Conditions

- According to Nielsen IQ data, the volume of fast-moving consumer goods sales in rural markets rose 7.6% in Q4 of FY24 every year. Rural FMCG demand growth outpaced urban growth for the first time in five quarters.
- Rising domestic air passenger traffic reflects the robust consumption demand in urban areas. In FY24, domestic air passenger traffic surpassed the pre-pandemic peak, driven by a growing demand for air travel.
- The momentum in urban demand persisted in FY25, buoyed by positive consumer sentiment and festive celebrations.
- The resilience of urban demand is evident in the robust growth of housing personal loans, which increased by 36.9% in FY24.



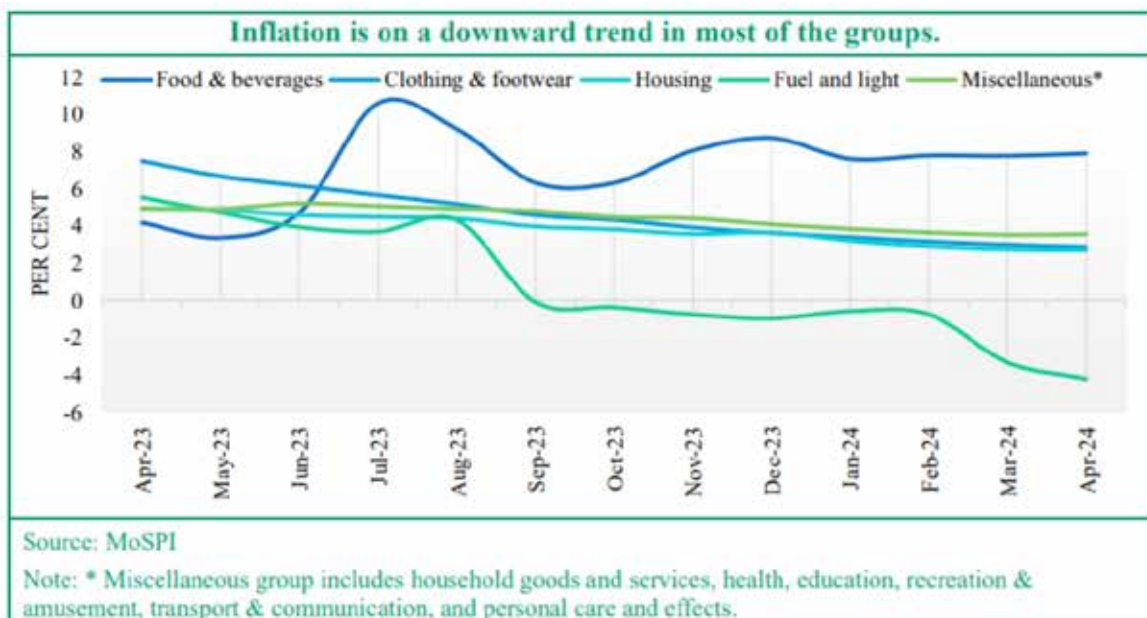
## Robust Growth in Industrial Activity in FY24

- Industrial output continues to expand in March 2024, with the Index of Industrial Production (IIP) increased by 4.9% in March 2024. IIP grew by 5.8% in the fiscal year FY24.
- The emphasis on capex push by the government has led to the robust performance of the infrastructure goods sector, exhibiting a growth of 9.7% in FY24, higher than 8.4% in FY23.



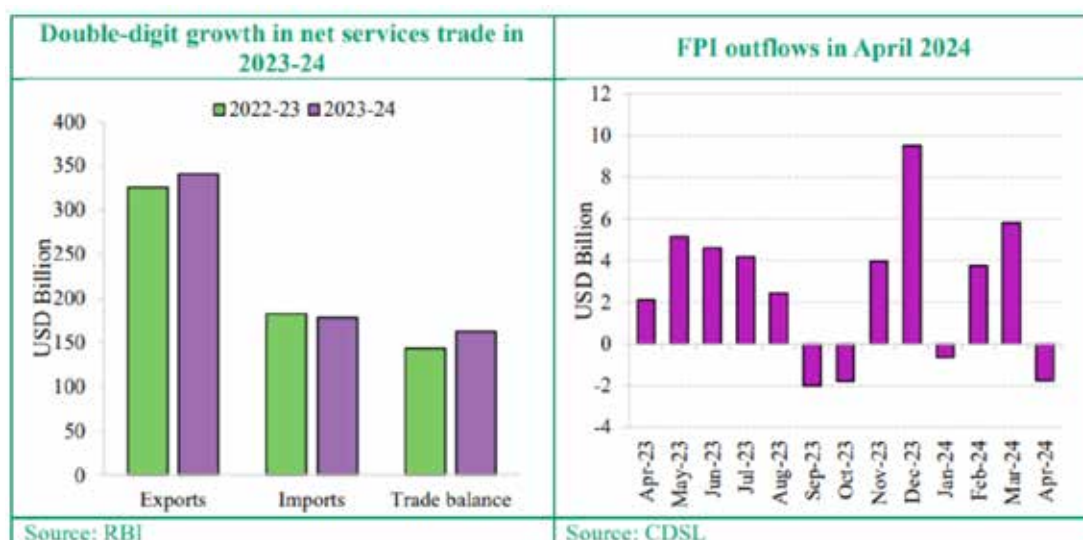
## Lowest Rate of Retail Inflation in Last 11 Months

- Retail inflation based on the consumer price index (CPI) decreased from 4.85% in March 2024 to 4.83% in April 2024, marking it as the lowest rate in the past 11 months.
- The modest reduction in retail inflation in April 2024 was primarily due to a drop in core inflation (which excludes food, fuel, and light), which reached a record low of 3.2%, the lowest since January 2014.
- The decline in core inflation in April was largely due to reduced inflation rates in various items including clothing, footwear, housing, household goods and services, health, education, recreation, amusement, transport, and communication.



## Optimistic Outlook for Merchandise Exports

- India's merchandise exports increased 1.08% year over year in April 2024. This comes amid marginally improved economic activity and consumer sentiment in Europe and a steady US economy.
- The main drivers of export growth were electronic goods, organic and inorganic chemicals, petroleum products, and pharmaceuticals, which increased by 25.8%, 16.8%, 3.1%, and 7.4%, respectively.
- Imports increased by 10.3% year over year, leading to an increase in the merchandise trade deficit by 32.3% year over year in April 2024.



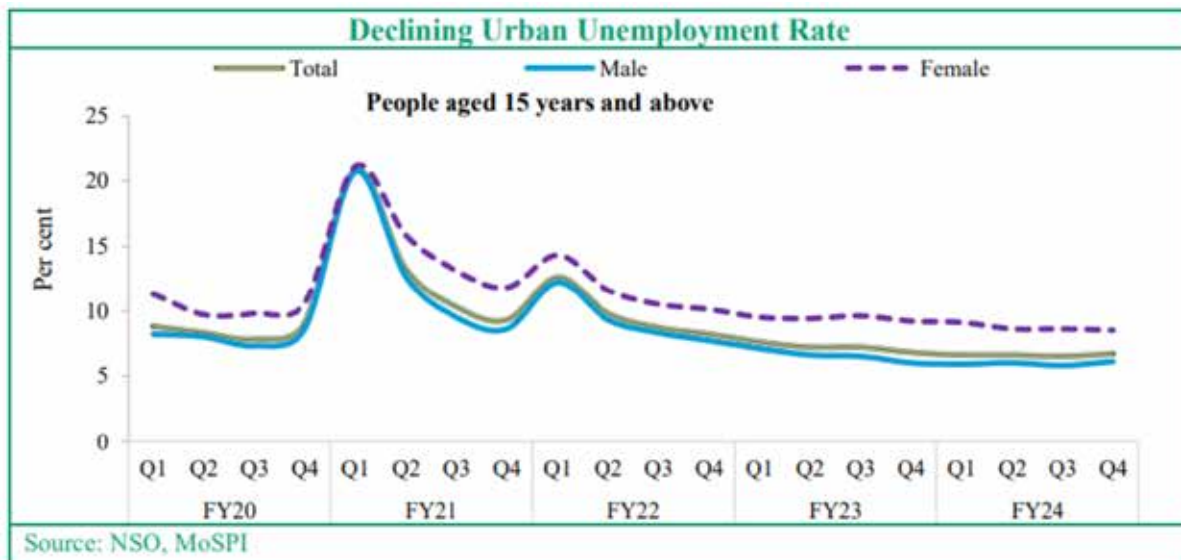
## Employment Trends Confirm India's Economic Resilience

- The unemployment situation improved, with annual as well as quarterly unemployment rates declining since the highs witnessed during the COVID-19 pandemic.
- The urban unemployment rate, as per the Current Weekly Status (CWS10) for people aged 15 years and above, declined to 6.7% for the quarter ending March 2024 from 6.8% in the



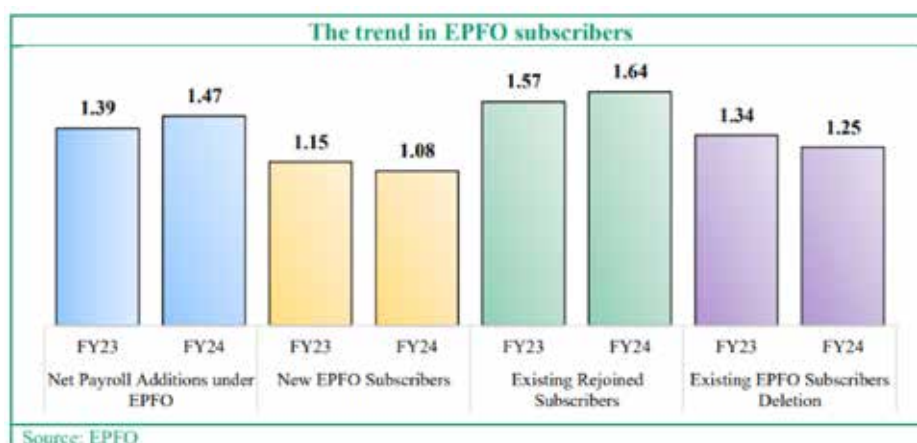
corresponding quarter of the previous year. The moderation in the urban unemployment rate has been accompanied by a rise in the Worker-to-Population Ratio (WPR) and Labour Force Participation Rate (LFPR).

- The WPR for people aged 15 and above increased from 45.2% in March 2023 to 46.9% in the quarter ending March 2024. During the same time, the LFPR rose from 48.5% to 50.2%. The Female LFPR also witnessed a rise during the same period.



## Addition in EPFO Subscribers

- The EPFO net payroll addition stood at 1.47 crore members during FY24, amounting to a yoy rise of 6.3% from 1.39 crore members in the corresponding period of the previous year.
- Around 1.08 crore new subscribers were enrolled in FY24, with 56.7% of the newly joined subscribers being in the 18-25 age group, indicating healthy hiring for youth.
- During FY24, 1.64 crore members rejoined after exiting previously. According to EPFO, these members switched their jobs and joined the establishments covered under EPFO and opted to transfer their accumulations instead of applying for final settlement, thus extending their social security protection.
- The number of existing EPFO subscribers' deletions has been lower in FY24 compared to the previous year. 1.25 crore EPFO subscribers exited during FY24, compared to 1.34 crore in the previous year.





## Outlook

To sum up, the industrial and service sectors of the Indian economy are performing well, backed by brisk domestic demand and partially by tentative external demand. Domestic manufacturing will likely receive stronger external support in the upcoming months. Modestly improved economic activity and consumer sentiment in Europe and a steady US economy have aided India's exports in April. The EXIM Bank of India has forecasted that merchandise exports will post a double-digit growth in Q1 of FY25. Factors like the ongoing recovery in the hotel and tourism industry, increased credit flow to transport and real estate segments, policy support, and robust investments in physical and digital infrastructure and logistics will help the services sector. The strong export growth in April 2024 indicates that the momentum in services trade has been carried forward into FY25.

The future inflation path will be shaped by several elements. Government initiatives to stabilise the prices of essential food items, including their open market sale, stock monitoring, and trade policy measures are helping to stabilize food prices. The harvest for the Rabi Marketing Season for 2024-25 is expected to temper the prices of key items like wheat and chana. The prediction of a normal Southwest Monsoon also augurs well for food production and easing of price pressures. With the assumption of a normal monsoon, the RBI forecasts a 4.9% retail inflation for FY25's first quarter. The positive indications in the farm sector should help India firewall against any adverse pressures that may arise from geopolitical tensions and global commodity prices. Likewise, India's solid macroeconomic buffers should help the real sectors of the economy navigate the external headwinds smoothly and continue the growth momentum of the previous year.

### For more information:

Ministry of Finance, Department of Economic Affairs  
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