

# Economy Watch

Monitoring India's  
macro-fiscal performance

October 2024

ENTER



# Contents



Highlights	3
Foreword: Will India achieve a 7%+ growth in FY25?	4
1 Growth: Manufacturing and services PMI signaled easing growth momentum in September 2024	6
2 Inflation: CPI inflation picked up to 5.5% in September 2024	7
3 Fiscal: GoI's capital expenditure during April-August FY25 contracted by (-)19.5%	8
4 Comparative trends: IMF projected India's growth at 7.0% and CPI inflation at 4.4% in FY25	10
5 In focus: BRICS+ and G7 - direction and share in global trade	11
6 Money and finance: The RBI retained the repo rate at 6.5% in October 2024	18
7 Trade and CAB: Current account deficit was at (-)1.1% of GDP in 1QFY25	20
8 Global growth: OECD projected global growth to stabilize at 3.2% in 2024 and 2025	21
9 Index of Aggregate Demand (IAD): grew by 7.5% in August 2024	22
10 Index of Macro Imbalance (IMI): Pointed to sharp improvement in the macro balance in 1QFY25	23
11 Capturing macro-fiscal trends: Data appendix	24

## Prepared by Macro-fiscal Unit, Tax and Economic Policy Group, EY India

D.K. Srivastava, Chief Policy Advisor, EY: [dk.srivastava@in.ey.com](mailto:dk.srivastava@in.ey.com)

Muralikrishna Bharadwaj, Senior Manager, EY: [muralikrishna.b@in.ey.com](mailto:muralikrishna.b@in.ey.com)

Tarrung Kapur, Senior Manager, EY: [tarrung.kapur@in.ey.com](mailto:tarrung.kapur@in.ey.com)

Ragini Trehan, Senior Manager, EY: [ragini.trehan@in.ey.com](mailto:ragini.trehan@in.ey.com)



# Highlights

1. In September 2024, both manufacturing and services PMI pointed to easing growth momentum as they fell to 56.5 and 57.7 from their corresponding levels of 57.5 and 60.9 respectively in August 2024.
2. IIP contracted by (-)0.1% in August 2024 largely owing to unfavorable base effect.
3. CPI inflation increased to a nine-month high of 5.5% in September 2024, whereas core CPI inflation remained benign at 3.5%, although increasing from 3.3% in August 2024.
4. WPI inflation remained low at 1.8% in September 2024, although higher as compared to 1.3% in August 2024, attributable mainly to a surge in vegetables inflation led by waning of favorable base effects.
5. As per the CGA, Gol's GTR showed a growth of 12.1% during April-August FY25 with growth in direct taxes at 12.9% and that in indirect taxes at 9.5%.
6. Gol's total expenditure showed a contraction of (-)1.2% during April-August FY25, with revenue expenditure growing by 4.1% and capital expenditure contracting by (-)19.5%.
7. Gol's fiscal and revenue deficits during April-August FY25 stood at their unprecedented low levels of 27.0% and 24.7% of their respective annual BE.
8. The RBI retained the repo rate at 6.5% for the 10th successive time in its monetary policy review held on 9 October 2024.
9. Gross bank credit grew by 15.0% in August 2024, close to its level of 15.1% in July 2024.
10. Current account posted a deficit of (-)1.1% of GDP in 1QFY25 after showing a surplus of 0.5% in 4QFY24 due to widening of net merchandise trade deficit.
11. Growth in merchandise exports turned positive at 0.5% in September 2024 from a contraction of (-)9.3% in August 2024 while that in imports eased to 1.6% from 3.3% over the same period.
12. Merchandise trade deficit narrowed to US\$20.8 billion in September 2024 from US\$29.6 billion in August 2024 led by positive growth in exports.
13. After witnessing outflows for two successive months, net FDIs turned positive with inflows amounting to US\$1.8 billion in August 2024.
14. Average global crude price fell to its lowest level since August 2021 to US\$72.4/bbl. in September 2024.
15. The OECD Economic Outlook (Interim report) released in September 2024 projected global growth to remain stable at 3.2% in 2024 and 2025 with India's FY25 and FY26 growth forecasted at 6.7% and 6.8% respectively.
16. The recently released October 2024 issue of IMF's WEO projects India real GDP to grow by 7.0% in 2024 (FY25).



# Foreword

## Will India achieve a 7%+ growth in FY25?

In its October 2024 monetary policy review, the RBI opted for retaining the repo rate at 6.5% thereby postponing any downward response to the global trend towards policy rate reduction including that of the US Fed which had reduced the Federal funds rate by 50 basis points in September 2024. The RBI remains optimistic about India's real GDP growth prospects for FY25 at 7.2% in view of likely robust private consumption and investment growth. There is a downside risk to these growth projections unless Govt's investment spending which showed a contraction of (-)19.5% after five months into the fiscal year, gathers momentum. RBI foresees stronger growth accompanied by higher inflation in the second half of the fiscal year with Q3 and Q4 growth projections at 7.4% each and CPI inflation at 4.8% and 4.2% respectively.

With September 2024 CPI inflation at 5.5% the 2QFY24 average inflation has turned out to be 4.2%, slightly higher than RBI's expectation of 4.1%. Given Q3 CPI inflation projection by RBI at 4.8%, there is a likelihood that the rate reduction cycle in India may be postponed even beyond December 2024 unless the speed and extent of global policy rate reductions make it urgent. As long as inflation remains higher than the mean CPI inflation target of 4%, the MPC may remain reluctant to reduce the policy rate. However, the RBI has expressed its readiness to respond to the liquidity needs of the system by changing its policy stance from '*withdrawal of accommodation*' to '*neutral*'.

Meanwhile, the closing value of INR against US\$ crossed 84 for the first time on 11 October 2024<sup>1</sup>. This fall in the Rupee vis-à-vis US\$ appears to be temporary. Oil prices remain volatile. Indian interest rates remain unchanged whereas in many advanced countries it has gone down. Therefore, funds are likely to flow into India. Further, India's foreign exchange reserves rose to a historic high of US\$704.9 billion by end-September 2024, providing some cushion to the INR. It is also notable that the expanded BRICS+ group, in its meeting held in Kazan held during 22 October to 24 October 2024, has come out with an initiative for a BRICS pay system to a) serve as a platform for global trade transactions as an alternative to SWIFT and b) facilitate a move towards a multipolar reserve currency system.

Over April-August FY25, the CGA data indicates a satisfactory growth in Govt's gross tax revenues (GTR) at 12.1% although the corporate income tax (CIT) revenue growth was negative at (-)6.0%. It may be noted that the budgeted annual growth for CIT revenues is close to 12.0% over CGA actuals of FY24. This implies that in the remaining seven months, CIT revenues would need to grow at 18.3% to meet the budgeted growth target. However, with personal income tax (PIT) showing a robust growth of 25.5%, the likelihood of meeting the budgeted GTR target is strong. At the same time, over the period of these five months, there is a contraction in Govt's capital expenditure of (-)19.5%. With an annual budget target of capital expenditure growth of 17.1% in 2024-25 over last year's CGA actuals, the growth required in the remaining months to meet the budgeted target is 41.0%. Given continuing global economic slowdown, India's growth depends much on domestic demand which in turn has been driven by Govt's infrastructure push in recent years. All efforts should be made to avoid any slowing down of this important growth engine. The Govt may substantially accelerate infrastructure spending in the post monsoon months even if it is accompanied by a growing share of fiscal deficit as percent of the budgeted target from the current level of 27%.

Available high frequency data for August and September 2024 points to a moderation in the growth momentum of the Indian economy. Headline manufacturing PMI at 56.5 in September 2024 was lower as compared to 57.5 in August 2024 largely owing to deceleration in output and new orders and the slowest pace of expansion in new export orders since March 2023. In 2QFY25, manufacturing PMI averaged 57.4, its slowest rate of expansion since 3QFY24. At a level of 57.7 in September 2024,

<sup>1</sup> [Indian Rupee fall not alarming, part of gradual depreciation due to global uncertainty: Economists \(moneycontrol.com\)](https://economists.moneycontrol.com/news/economy/indian-rupee-fall-not-alarming-part-of-gradual-depreciation-due-to-global-uncertainty-1017888)





Services PMI fell below the level of 60 for the first time since January 2024 largely due to slower rate of expansion in output, new business and international sales. Services PMI was at a three-quarter low of 59.6 in 2QFY25. IIP witnessed a contraction for the first time since October 2022 by (-)0.1% in August 2024 as compared to a growth of 4.8% in July 2024, although partly owing to unfavorable base effect across all the sub-industries. Following a low growth of 2.9% in August 2024, growth in vehicle retail sales contracted by (-)9.3% in September 2024 as per data released by Federation of Automobile Dealers Association. Retail sales of passenger vehicles witnessed the highest level of contraction amongst all vehicle categories at (-)18.8% in September 2024. On a quarterly basis, current account balance turned negative showing a deficit of (-)1.1% of GDP in 1QFY25 after showing a surplus for the first time in ten quarters at 0.5% in 4QFY24. However, recent data point towards some improvement in the external sector. Merchandise trade deficit narrowed to US\$20.8 billion in September 2024 from US\$29.6 billion in August 2024 as growth in exports turned positive, even if only marginally, at 0.5% in September 2024. During April to August FY25, both gross and net FDI inflows were higher at US\$36.3 billion and US\$7.3 billion respectively as compared to US\$27.4 billion and US\$3.3 billion respectively during April to August FY24.

The IMF, in its October 2024 issue of the World Economic Outlook, projected India's GDP growth to moderate from 8.2% in 2023 (FY24) to 7% in 2024 (FY25) and 6.5% in 2025 (FY26), as pent-up demand accumulated during the pandemic gets exhausted. It forecasted India's medium term real GDP growth at its potential level of 6.5% till 2029 (FY30). Although capacity utilization had picked up to a level of 76.8 in 4QFY24, it has fallen to 74.0 in 1QFY25. The key to restoring the growth momentum to ensure crossing the 7% growth threshold in FY25 remains accelerated government investment. It is imperative that this is not allowed to slow down or fall short of the budget target since it may induce crowding in effects for private investment.

**D.K. Srivastava**  
*Chief Policy Advisor, EY India*

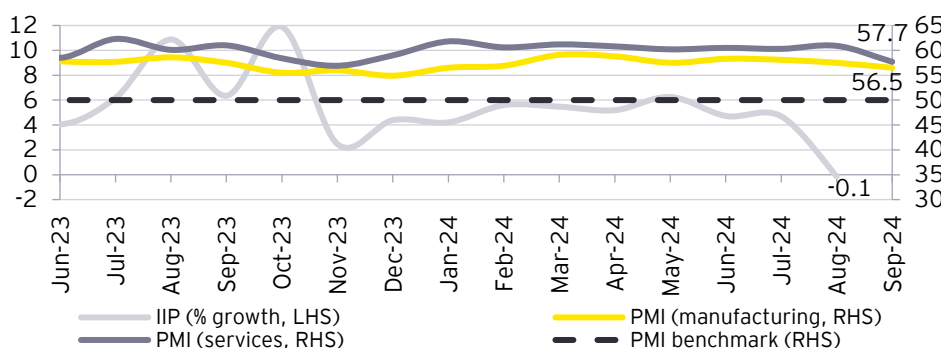
# 1 Growth: Manufacturing and services PMI signaled easing growth momentum in September 2024



## 1.1 PMI: Pointed to easing manufacturing and services activity in September 2024

- ▶ Headline manufacturing PMI (seasonally adjusted (sa)) at 56.5 in September 2024 was lower as compared to 57.5 in August 2024 largely owing to deceleration in output and new orders accompanied by the slowest pace of expansion in new export orders since March 2023. In 2QFY25, manufacturing PMI averaged 57.4, its slowest rate of expansion since 3QFY24 (Chart 1).
- ▶ At a level of 57.7 in September 2024, services PMI fell below the level of 60 for the first time since January 2024 largely due to a slower rate of expansion in output, new business and international sales. Services PMI was at a three-quarter low of 59.6 in 2QFY25.
- ▶ Reflecting slowing growth momentum in both manufacturing and services, the composite PMI Output Index (sa) fell to a 10-month low of 57.7 in September 2024 from 60.7 in August 2024. In 2QFY25, the composite PMI Output Index was also at a three-quarter low of 59.7 as compared to 61.0 in 1QFY25.

**Chart 1: PMI and IIP growth**



Source: MoSPI and S&P Global.

In September 2024, both manufacturing and services PMI pointed to easing growth momentum as they fell to 56.5 and 57.7 from their corresponding levels of 57.5 and 60.9 respectively in August 2024.

## 1.2 IIP: Contracted by (-)0.1% in August 2024

- ▶ According to the quick estimates, IIP contracted for the first time since October 2022 by (-)0.1% in August 2024, as compared to a growth of 4.8% in July 2024 partly owing to unfavorable base effect across all the sub-industries.
- ▶ Among the sub industries, the sharpest contraction was seen in the output of mining sector at (-)4.3% in August 2024 owing to heavy rainfall during the month<sup>2</sup>. Output of electricity also contracted for the first time since April 2023 by (-)3.7% in August 2024.
- ▶ Manufacturing output, having the highest weight of 77.63% in overall IIP, showed a low growth of 1% in August 2024, falling from 4.4% in July 2024. Within manufacturing, among major sub-industries, electrical equipment (17.7%), basic metals (3%), chemicals and chemical products (2.7%) and motor vehicles, trailers and semi-trailers (0.5%) contributed to the growth in manufacturing IIP during the month.
- ▶ As per the 'use-based' classification of industries, output of capital goods and infrastructure/construction goods grew by 0.7% and 1.9% respectively in August 2024, with both these sub-industries showing their lowest growth rates since November 2023. Further, in August 2024, output of consumer non-durables contracted for the third successive month by (-)4.5%, while that of primary goods contracted for the first time since February 2021 by (-)2.6%.
- ▶ Output of eight core infrastructure industries (core IIP) showed a contraction for the first time in three and half years, at (-)1.8% in August 2024 as six out of eight sub industries witnessed a decline in their growth rates. The sharpest contraction was seen in coal output at (-)8.1% followed by electricity at (-)5.0%. Output of natural gas, crude oil and cement declined by (-)3.6%, (-)3.4% and (-)3.0% respectively and that of petroleum refineries, having the largest weight (28%) in the overall Core IIP, contracted by (-)1.0% in August 2024.

IIP contracted by (-)0.1% in August 2024 largely owing to unfavourable base effect.

<sup>2</sup> As per MoSPI press release dated 11-Oct-2024 for details - [https://www.mospi.gov.in/sites/default/files/iip/IIP\\_PR\\_11Oct24.pdf](https://www.mospi.gov.in/sites/default/files/iip/IIP_PR_11Oct24.pdf)

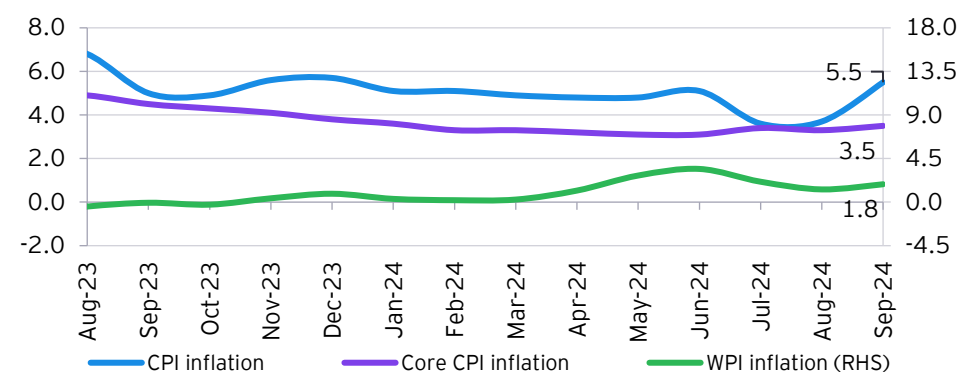


## 2 Inflation: CPI inflation picked up to 5.5% in September 2024

### 2.1 CPI inflation

- ▶ CPI inflation increased to a nine-month high of 5.5% in September 2024 mainly owing to a sharp surge in inflation in vegetables to a 14-month high of 36.0%, largely attributable to waning of favorable base effects.
- ▶ Consumer food price index-based inflation picked up to 9.2% in September 2024 from 5.7% in August 2024 on account of higher inflation in vegetables. However, inflation in pulses and products fell to a 16-month low of 9.8% in September 2024, showing a decline for the fourth successive month. Inflation in meat and fish was at an eight-month low of 2.7% in September 2024.
- ▶ The pace of contraction in prices of fuel and light eased to (-)1.4% in September 2024 from (-)5.3% in the previous month due to the waning of impact of the cuts in LPG prices in August 2023.
- ▶ Inflation in clothing and footwear remained at a 53-month low of 2.7% in September 2024 for the fourth successive month. Inflation in housing at 2.8% in September 2024 was close to its level of 2.7% in August 2024.
- ▶ Inflation in transportation and communication services edged up to an 18-month high of 2.8% in September 2024.
- ▶ Core CPI inflation<sup>3</sup> at 3.5% in September 2024 (**Chart 2**), showed an increase for the third consecutive month. It has remained within a narrow range of 3.1% to 3.5% since February 2024.

**Chart 2: Inflation (y-o-y, in %)**



Source: MoSPI, Office of the Economic Adviser, Government of India (Gol)

CPI inflation increased to a nine-month high of 5.5% in September 2024, whereas core CPI inflation remained benign at 3.5%, although increasing from 3.3% in August 2024.

### 2.2 WPI inflation: Remained subdued at 1.8% in September 2024

- ▶ WPI inflation remained low at 1.8% in September 2024, although higher as compared to 1.3% in August 2024. Like CPI, the increase was on account of a surge in vegetables inflation which turned positive at 48.0% in September 2024, after showing disinflation for two successive months, led by waning of favorable base effects.
- ▶ Food inflation increased to 9.5% in September 2024, its highest level since August 2022 due to the pick-up in vegetables inflation.
- ▶ The pace of contraction in prices of fuel and power increased to (-)4.0% in September 2024 from (-)0.7% in August 2024 as disinflation in mineral oils increased to (-)5.8% from (-)0.4% over the same period. Inflation in furnace oil turned negative for the first time in 14 months at (-)11.2% in September 2024 while that in naphtha eased to a six-month low of 1.4%. Petrol and diesel prices continued to show a contraction of (-)7.5% and (-)5.3% respectively in September 2024 reflecting lower global crude prices on a y-o-y basis.
- ▶ In September 2024, prices of crude petroleum contracted by (-)16.8% in September 2024 as compared to a contraction of (-)1.0% in August 2024.
- ▶ Inflation in manufactured products was subdued at a four-month low of 1.0% in September 2024 due to an increased pace of contraction in prices of manufactured basic metals at (-)3.1% in September 2024 as compared to (-)0.8% in August 2024, reflecting lower commodity prices on a y-o-y basis.
- ▶ Core WPI inflation eased to 0.1% in September 2024 from 0.7% in August 2024 led by contraction in the price of manufactured basic metals.

<sup>3</sup> Core CPI inflation is measured in different ways by different organizations. Here, it has been calculated by excluding food, and fuel and light from the overall index.

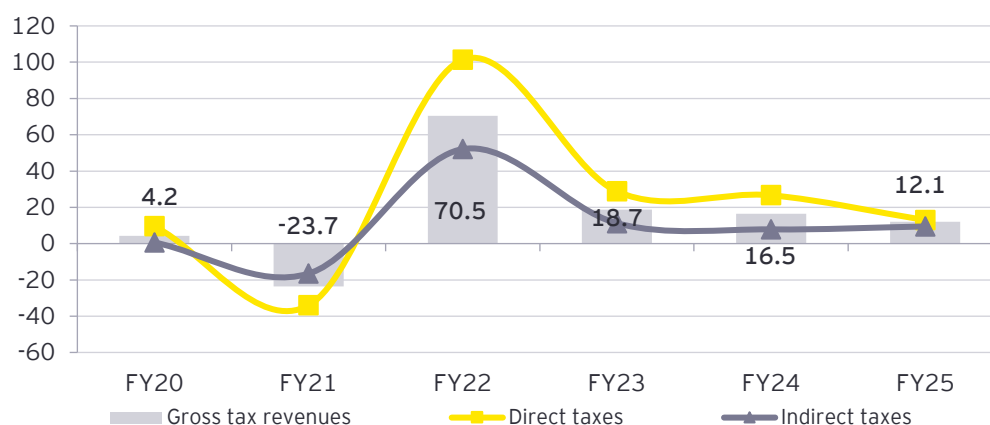


### 3 Fiscal: Gol's capital expenditure during April-August FY25 contracted by (-)19.5%

#### 3.1 Tax and non-tax revenues

- ▶ As per the CGA, Gol's GTR<sup>(b)</sup> showed a growth of 12.1% during April-August FY25 as compared to 16.5% during the corresponding period of FY24 (**Chart 3**). GTR during April to August as a percentage of annual BE stood at 34.7% in FY25, slightly higher than the three-year average of 33.2% during FY22 to FY24 based on actual data.
- ▶ Direct taxes<sup>(a)</sup> showed a growth of 12.9% while indirect taxes<sup>(a)</sup> grew by 9.5% during April-August FY25. The corresponding growth rates in FY24 were at 26.6% and 7.8% respectively.
- ▶ CIT revenues showed a contraction of (-)6.0% during April-August FY25 as compared to a growth of 15.1% during the corresponding period of FY24.
- ▶ PIT revenues continued to show a strong growth of 25.5% during the first five months of FY25, although lower than the corresponding growth of 35.7% in FY24.
- ▶ Among indirect taxes, Gol's GST revenues<sup>(c)</sup> grew by 10.2% during April-August FY25, marginally lower than 10.6% during the corresponding period of FY24.
- ▶ Union excise duties (UED) showed a positive growth of 4.2% during April-August FY25 as compared to a contraction of (-)12.4% during the corresponding period of FY24.
- ▶ Customs duties grew by 12.9% during April-August FY25, much lower as compared to 27.8% during the corresponding period of FY24.

**Chart 3: Growth in central gross tax revenues during April-August (% , y-o-y)**



Gol's GTR showed a growth of 12.1% during April-August FY25 with growth in direct taxes at 12.9% and that in indirect taxes at 9.5%.

Source: Monthly Accounts, CGA, Government of India

Notes: (a) Direct taxes include personal income tax and corporation tax, and indirect taxes include union excise duties, arrears of service tax, customs duty, and GST (comprising CGST, UTGST, IGST and GST compensation cess) (b) Other taxes (securities transaction tax, wealth tax, fringe benefit tax, banking cash transaction tax, etc.) are included in the Gol's GTR along with direct and indirect taxes, (c) IGST revenues are subject to final settlement.

- ▶ Gol's non-tax revenues showed a high growth of 59.6% during the first five months of FY25, owing to substantially higher dividends by the RBI. Gol's dividends and profits during this period at INR2,39,695 crore stood at 82.9% of the FY25 (BE) at INR2,89,134 crore.
- ▶ Non-debt capital receipts of the Gol during April-August FY25 stood at 11.4% of the annual BE, much lower than the three-year average ratio at 35.9% during the corresponding period in FY22 to FY24 based on actual data.
- ▶ As per the Department of Investment and Public Asset Management (DIPAM)<sup>4</sup>, Gol's disinvestment receipts as of 28 October 2024 were at INR5,175.87 crore, amounting to 10.4% of the FY25 BE at INR50,000 crore.

<sup>4</sup> <https://dipam.gov.in/>

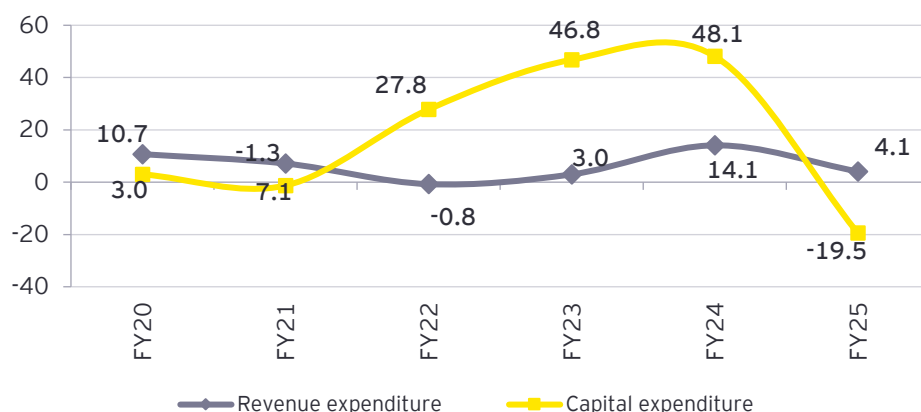




## 3.2 Expenditures: Revenue and capital

- ▶ Gol's total expenditure showed a contraction of (-)1.2% during the first five months of FY25 as compared to a growth of 20.3% during the corresponding period of FY24. Gol's total expenditure during April-August FY25 stood at 34.3% of FY25 BE, nearly equal to the last three-year average at 34.8% based on actual data.
- ▶ Gol's revenue expenditure showed a subdued growth of 4.1% during April-August FY25 as compared to a growth of 14.1% during April-August FY24.
- ▶ Unlike the last four years, Gol's capital expenditure showed a contraction of (-)19.5% during April-August FY25 (Chart 4). Capital expenditure during this period stood at 27.1% of FY25 BE, lower than the last three-year average at 34.2% based on actual data.

**Chart 4: Growth in central expenditures during April-August (% , y-o-y)**



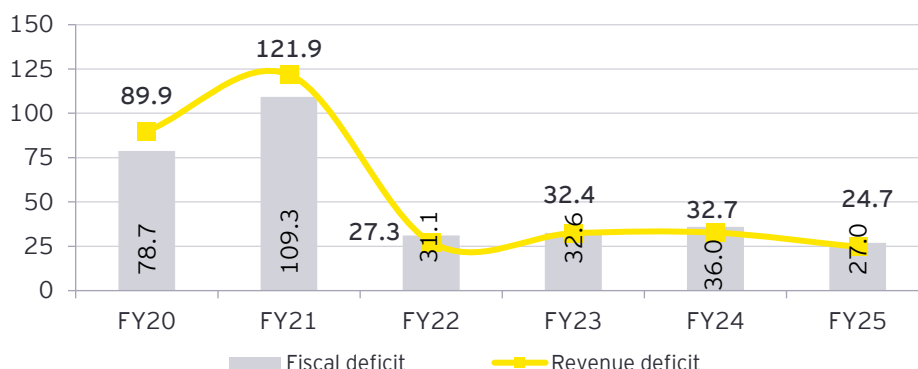
Gol's total expenditure showed a contraction of (-)1.2% during April-August FY25, with revenue expenditure growing by 4.1% and capital expenditures contracting by (-)19.5%.

Source (basic data): Monthly Accounts, CGA, Government of India

## 3.3 Fiscal imbalance

- ▶ Gol's fiscal deficit during April-August FY25 stood at an unprecedented low level of 27.0% of the FY25 BE owing to a strong growth in Gol's direct tax revenues, substantially enhanced non-tax revenues, a contraction in capital expenditure and subdued growth in revenue expenditure. In comparison, Gol's fiscal deficit as a proportion of BE stood at 36.0% during April-August FY24 (Chart 5).
- ▶ Gol's revenue deficit during April-August FY25 also stood at a historic low of 24.7% of FY25 BE as compared to 32.7% during the corresponding period of FY24.

**Chart 5: Fiscal and revenue deficit during April-August as a percentage of BE**



Gol's fiscal and revenue deficits during April-August FY25 stood at their unprecedented low levels of 27.0% and 24.7% of their respective annual BE.

Source: Monthly Accounts, CGA, Government of India and MoSPI

## 4 Comparative trends: IMF projected India's growth at 7.0% and CPI inflation at 4.4% in FY25

### 4.1 GDP Growth

- ▶ The IMF (World Economic Outlook, October 2024) has projected global growth to ease from 3.3% in 2023 to 3.2% in 2024 and gradually taper to 3.1% by 2028.
- ▶ Growth in advanced economies (AEs) and emerging market and developing economies (EMDEs) is projected to remain stable at 1.8% and 4.2% respectively till 2026 before easing to 1.7% and 3.9% by 2029 (**Table 1**).
- ▶ Among AEs, growth in the US is projected at 2.8% in 2024, an upward revision of 0.2% points as compared to the July 2024 projections, on account of stronger outturns in consumption and nonresidential investment. Growth is anticipated to slow to 2.2% in 2025 as fiscal policy is gradually tightened and a cooling labor market slows consumption. It is projected to stabilize at 2.0-2.1% during 2025 to 2029.
- ▶ Growth in the Euro area and the UK is projected to improve to 0.8% and 1.1% in 2024 and range between 1.2% and 1.5% thereafter till 2029.
- ▶ Among EMDEs, growth in China has been revised up by 0.2% points and 0.4% points to 4.8% and 4.5% in 2024 and 2025 respectively on account of higher-than-expected net exports. In the medium term, growth is expected to fall, year after year, reaching a level of 3.3% by 2029.
- ▶ In India, GDP growth is forecasted to moderate from 8.2% in 2023 (FY24) to 7% in 2024 (FY25) and 6.5% in 2025 (FY26), as pent-up demand accumulated during the pandemic gets exhausted. Growth in the medium term is forecasted at its potential level of 6.5% from 2025 (FY26) till 2029 (FY30).

**Table 1: Real GDP growth (% annual)**

Country/Region	2023	2024	2025	2026	2027	2028	2029
World	3.3	3.2	3.2	3.3	3.2	3.1	3.1
AEs	1.7	1.8	1.8	1.8	1.7	1.7	1.7
US	2.9	2.8	2.2	2.0	2.1	2.1	2.1
UK	0.3	1.1	1.5	1.5	1.5	1.4	1.3
Euro area	0.4	0.8	1.2	1.5	1.4	1.3	1.2
Japan	1.7	0.3	1.1	0.8	0.6	0.6	0.5
EMDEs	4.4	4.2	4.2	4.2	4.0	3.9	3.9
Brazil	2.9	3.0	2.2	2.3	2.4	2.5	2.5
Russia	3.6	3.6	1.3	1.2	1.2	1.2	1.2
India*	8.2	7.0	6.5	6.5	6.5	6.5	6.5
China	5.3	4.8	4.5	4.1	3.6	3.4	3.3
South Africa	0.7	1.1	1.5	1.5	1.5	1.5	1.5

Source (basic data): IMF World Economic Outlook (October 2024)

\*Data pertains to fiscal year

### 4.2 CPI inflation

- ▶ Global CPI inflation is expected to steadily decline from 6.7% in 2023 to 5.8% in 2024 and further to 4.3% in 2025, reflecting delayed effect of tight monetary policies and diminishing pass-through effects from earlier declines in energy prices (**Table 2**).
- ▶ The pace of fall in inflation is relatively more pronounced for AEs relative to EMDEs.
- ▶ Inflation in AEs is forecasted to ease from 4.6% in 2023 to 2.6% in 2024 led by a sharp moderation in inflation in UK and Euro area followed by the US and Japan. Inflation is projected to stabilize at 2.0% for AEs 2025 onwards.
- ▶ By the end of 2025, most economies are expected to be either at or very near their respective target inflation level.
- ▶ Among EMDEs, inflation in China is projected to remain below target in 2024 and 2025, reflecting subdued core inflation in the context of substantial economic slack, along with rising youth unemployment and pass-through from lower energy costs.
- ▶ India's CPI inflation in 2024 (FY25) is projected at 4.4%, below the central bank's upper tolerance limit of 6%, and moderate to 4.1% in 2025 and 2026. The RBI's target of 4% is forecasted to be achieved by 2027 (FY28).

**Table 2: Average CPI inflation (%)**

Country/Region	2023	2024	2025	2026	2027	2028	2029
World	6.7	5.8	4.3	3.6	3.4	3.3	3.2
AEs	4.6	2.6	2.0	2.0	2.0	2.0	2.0
US	4.1	3.0	1.9	2.1	2.1	2.1	2.1
UK	7.3	2.6	2.1	2.0	2.0	2.0	2.0
Euro area	5.4	2.4	2.0	2.0	1.9	2.0	2.0
Japan	3.3	2.2	2.0	2.0	2.0	2.0	2.0
EMDEs	8.1	7.9	5.9	4.7	4.2	4.0	4.0
Brazil	4.6	4.3	3.6	3.1	3.0	3.0	3.0
Russia	5.9	7.9	5.9	4.0	4.0	4.0	4.0
India*	5.4	4.4	4.1	4.1	4.0	4.0	4.0
China	0.2	0.4	1.7	2.0	2.0	2.0	2.0
South Africa	5.9	4.7	4.5	4.5	4.5	4.5	4.5

Source (basic data): IMF World Economic Outlook (October 2024)

\*Data pertains to fiscal year



## 5.1 Introduction

Two major country groups are emerging in the global economy that are poised to compete for enhancing their relative shares in global economy, trade and capital. In this context, the “In focus” section of the September 2024 issue of the EY Economy Watch had highlighted the progressive rise in the share of BRICS+ group<sup>5</sup> in world GDP. It was also noted that they are projected to have a relatively larger share in global population as well. In this writeup, we focus on salient features of their respective shares in value and direction of global trade (exports and imports). For this purpose, we look at the respective shares in intra BRICS+ (BRICS+ to BRICS+) and between BRICS+ and G7 trade. The residual is the trade between BRICS+ and the rest of the world (RoW). The evolution of these shares are examined over the period 2000 to 2023 with a view to highlighting how the shares of BRICS+ group is rising over time in the relevant parameters reflecting its rising relative importance in global trade. Here, the comparative analysis covers only merchandise exports and imports. An important dimension of trade pertaining to trade in services is however, not covered. We have drawn the relevant data from the IMF Direction of Trade Statistics and World Trade Organization (WTO) International Trade Statistics<sup>6</sup>. Eventually, as the share of the BRICS+ group in global trade rises, it may facilitate their effort to guide the global economy and trade towards a multipolar system of trade and currencies.

## 5.2 Share in global merchandise exports and imports

Table 3 shows the shares of the BRICS+ and G7 groups in merchandise exports and imports over the period 2000 to 2023. The share of BRICS+ group in global merchandise exports has increased from 10.7% to 23.3%, an increase of 12.6 percentage points. On the other hand, the share of G7 group in global exports has fallen by a margin of 16.2 percentage points from 45.1% to 28.9% over the same period. The share of the rest of the world has largely remained stable increasing only marginally from 44.2% to 47.9% during this period. This implies that largely it is the BRICS+ group which has replaced the G7 group in terms of share in global merchandise exports.

**Table 3: Group-wise share in global merchandise exports and imports (%)**

	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
	% share									% points
Total merchandise exports										
BRICS+	10.7	17.9	20.2	22.2	21.9	22.6	23.9	24.2	23.3	12.6
G7	45.1	36.4	33.3	32.1	31.4	30.0	28.4	27.7	28.9	-16.2
RoW	44.2	45.7	46.5	45.7	46.8	47.4	47.6	48.1	47.9	3.6
Total exports	100	100	100	100	100	100	100	100	100	
Total merchandise imports										
BRICS+	7.2	13.3	17.0	17.9	18.6	19.1	19.9	18.7	18.9	11.7
G7	49.8	41.3	37.6	36.2	35.3	34.8	33.4	34.0	33.7	-16.2
RoW	43.0	45.4	45.4	45.9	46.1	46.1	46.7	47.3	47.4	4.5
Total imports	100	100	100	100	100	100	100	100	100	

Source: Direction of Trade Statistics, IMF

A similar pattern is visible in the case of share in merchandise imports. While the share of BRICS+ group has increased from 7.2% to 18.9%, that of the G7 group has fallen from 49.8% to 33.7% over the period 2000 to 2023. Once again, the share of the rest of the world has largely remained stable, increasing marginally from 43.0% to 47.4%.

Thus, while the ratio of G7 group to BRICS+ group has fallen from 4.2 to 1.2 in the case of merchandise exports, the comparative fall in the case of merchandise imports is 6.9 to 1.8 during 2000 to 2023.

<sup>5</sup> The number of members and partners in the BRICS+ group is evolving fast. Saudi Arabia did not participate in the BRICS+ group meeting held in Kazan during 22-24 October 2024. However, thirteen new partners have been admitted in BRICS+ group namely Algeria, Belarus, Bolivia, Cuba, Indonesia, Kazakhstan, Malaysia, Nigeria, Thailand, Turkey, Uganda, Uzbekistan and Vietnam.

<sup>6</sup> Merchandise trade by commodity group.



### 5.3 Share in intra group merchandise exports and imports

An important dimension of global merchandise trade pertains to the direction of trade. In Table 4, the importance of delineating the respective shares in merchandise exports within group and outside group are highlighted. In 2023, the share of exports to BRICS+ countries from BRICS+ countries had increased to 18.1% from 12.1% in 2000. On the other hand, the share of exports to G7 countries from BRICS+ countries was at 25.8% in 2023 as compared to 39.5% in 2000. This shows a fall in the share of G7 in exports of BRICS+ countries by a large margin of 13.7% points. The share of BRICS+ exports to the rest of the world has also been rising. As the number of countries that join the BRICS+ group increases, the BRICS+ intra group share could increase. In fact, exports within BRICS+ group, that is BRICS+ to BRICS+ group, constituting about 18% of the total exports by these countries, can take place even without using the US\$ as the exchange numeraire, that is, in domestic currencies or some specialized BRICS+ currency. At present, these intra group exports are largely denominated in US\$. Going forward, even if many countries remain outside the two groups, as long as these countries are willing to trade in currencies other than the US\$, there may be long term implications for the demand for US\$ as a currency of exchange in the global trade market. As per Atlantic Council, the share of US\$ in global export invoicing currently stands at 54%<sup>7</sup>. In terms of the composition of global reserve currency, the share of US\$ denominated reserves has fallen from 71.5% in 1Q CY2000 to 58.2% in 2Q CY2024<sup>8</sup>.

**Table 4: Destination-wise distribution of merchandise exports from BRICS+ and G7 (% share in group total)**

	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
	% share									% points
BRICS+										
BRICS+ to BRICS+	12.1	14.7	16.7	15.2	16.7	15.8	16.5	17.2	18.1	6.0
BRICS+ to G7	39.5	33.6	30.8	29.8	28.1	29.4	28.7	27.1	25.8	-13.7
BRICS+ to Rest of the World	48.4	51.7	52.5	54.9	55.2	54.8	54.8	55.7	56.1	7.7
BRICS+ total	100	100	100	100	100	100	100	100	100	
G7										
G7 to BRICS+	6.1	11.3	14.1	13.9	13.4	14.4	14.5	12.9	12.4	6.2
G7 to G7	48.2	40.2	36.6	37.6	37.1	36.7	36.0	36.7	37.2	-11.0
G7 to Rest of the World	45.6	48.5	49.4	48.5	49.5	49.0	49.5	50.4	50.5	4.8
G7 total	100	100	100	100	100	100	100	100	100	

Source: Direction of Trade Statistics, IMF

A similar pattern is observed in the case of imports (Table 5). Here again, while BRICS+ to BRICS+ imports has increased from 9.9% in 2000 to 24.8% in 2023, that of BRICS+ imports from G7 countries has fallen sharply by a margin of 19.1% points. This implies that by 2023, the share of BRICS+ to BRICS+ imports had become higher than the share of BRICS+ to G7 countries.

**Table 5: Source-wise distribution of merchandise imports into BRICS+ and G7 (% share in group total)**

	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
BRICS+										
	% share									% points
BRICS+ from BRICS+	9.9	16.7	19.0	18.8	20.9	19.9	21.0	24.0	24.8	14.9
BRICS+ from G7	40.6	30.9	28.2	27.3	24.4	24.3	23.1	21.5	21.5	-19.1
BRICS+ from Rest of the World	49.5	52.4	52.8	53.9	54.6	55.8	55.9	54.5	53.7	4.2
BRICS+ total	100	100	100	100	100	100	100	100	100	
G7										
G7 from BRICS+	11.6	18.6	20.9	20.9	19.2	19.9	20.5	19.7	16.8	5.2
G7 from G7	43.6	34.6	31.4	32.3	31.3	29.7	28.8	28.3	30.2	-13.4
G7 from Rest of the World	44.8	46.8	47.7	46.8	49.5	50.4	50.7	52.0	53.0	8.2

<sup>7</sup> <https://www.atlanticcouncil.org/programs/geoeconomics-center/dollar-dominance-monitor/>

<sup>8</sup> IMF COFER database and Infocus section of May 2024 edition EY economy watch; CY refers to calendar year



	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
G7 total	100	100	100	100	100	100	100	100	100	

Source: Direction of Trade Statistics, IMF

## 5.4 Relative shares of India's and China's exports/imports to/from different destinations/source countries

India and China are two prominent members of the BRICS+ group. In the global ranking in purchasing power parity (PPP) terms as per the IMF's latest issue of World Economic Outlook, they ranked third and first in 2023<sup>9</sup> in terms of size of economy. In market exchange rate (MX) terms, they ranked respectively fifth and second in 2023. However, by 2028, India is expected to rank third both in PPP and MX terms while China is projected to continue to rank first and second respectively. Within the BRICS+ group in terms of size of the economy, they ranked second and first both in PPP and MX terms.

Table 6 shows that the share of India's exports to BRICS+ as share of India's total merchandise exports has progressively increased from 14.2% to 19.6% over the period 2000 to 2023. It is also seen that the share of its exports to G7 countries has fallen over this period by nearly 14% points, from 41.9% to 28.4%. However, the share of India's exports to G7 was still higher than the share of its exports to BRICS+ countries in 2023.

**Table 6: Destination-wise distribution of exports from India and China (% share in own exports)**

	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
	% share									% points
India										
India to BRICS+	14.2	24.3	29.1	23.2	22.0	21.0	19.7	18.5	19.6	5.4
India to G7	41.9	27.8	23.0	27.1	27.7	29.2	29.1	28.4	28.3	-13.6
India to RoW	43.9	47.9	47.9	49.6	50.3	49.8	51.2	53.1	52.1	8.2
Total exports of India	100	100	100	100	100	100	100	100	100	
China										
China to BRICS+	4.4	8.9	9.9	10.0	10.3	9.7	10.2	11.2	12.9	8.5
China to G7	48.2	39.1	37.5	33.3	32.3	33.4	32.3	30.6	28.6	-19.6
China to RoW	47.5	51.9	52.6	56.7	57.4	56.9	57.5	58.2	58.6	11.1
Total exports of China	100	100	100	100	100	100	100	100	100	

Source: Direction of Trade Statistics, IMF

In China's case also, its exports to BRICS+ group has increased as percentage of its total exports, although at nearly 13%, this share is lower than the corresponding share of India. In fact, China's exports to G7 countries as percentage of its total exports has fallen sharply from 48.2% to 28.6% during the period 2000 to 2023. By 2023, the share of exports from India and China to the G7 group in their respective total exports became almost equal at just a little more than 28%.

We also consider the comparative patterns in the case of imports. India imports a relatively large and growing share from the BRICS+ group. Table 7 shows that this share has been rising steadily over the last few years. India sourced nearly 39% of its total imports from within the BRICS+ group in 2023. It may benefit India if it were to import these goods from within the BRICS+ group in currencies other than the US\$. On the other hand, China's dependence on imports sourced from BRICS+ group was much lower at 16% in 2023.

**Table 7: Source-wise distribution of imports to India and China (% share in own imports)**

	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
	% share									% points
India										
India from BRICS+	16.5	31.5	33.9	32.1	30.6	32.2	32.7	36.1	39.1	22.5
India from G7	30.6	21.4	15.5	15.1	16.7	16.5	15.3	14.3	14.9	-15.7
India from RoW	52.9	47.1	50.6	52.8	52.6	51.4	52.1	49.6	46.0	-6.9
Total imports of India	100	100	100	100	100	100	100	100	100	

<sup>9</sup> For India, 2023 implies fiscal year FY2024. Similarly, 2028 implies FY2029





	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
<b>China</b>										
China from BRICS+	6.2	9.8	11.0	10.3	12.9	12.0	12.8	14.8	16.0	9.8
China from G7	39.4	30.5	29.4	28.4	24.4	24.8	23.6	22.2	22.0	-17.4
China from RoW	54.4	59.7	59.6	61.3	62.6	63.2	63.7	63.0	62.0	7.6
Total imports of China	100	100	100	100	100	100	100	100	100	

Source: Direction of Trade Statistics, IMF

## 5.5 Country-wise decomposition of BRICS+ and G7 exports and imports

In this section, we consider a decomposition of total exports and imports of the BRICS+ and G7 groups in terms of the relative shares of the member countries of this group. In the case of BRICS+ group, clearly China dominates this group both in terms of its contribution to the group exports and imports. In fact, as far as exports are concerned, China's contribution increased from 36.1% in 2000 to 62.5% in 2023, an increase of 26.4% points (Table 8). Next in importance is India whose share is 7.9% in the group exports, although the difference between the contributions of these two countries was quite large in 2023. Over the period 2000 to 2023, there were only three member countries whose contribution in the group exports has increased. These are China, India and UAE. A similar pattern is observed in the case of relative contributions of member countries of the BRICS+ group in global imports. In this case share of India's imports in BRICS+ group imports have risen by a margin of 6.6% points. Its contribution was 8.1% in 2000 which increased to 14.7% in 2023. Thus, India and China are likely to play a relatively important role in determining the dynamics of global trade through their participation in the BRICS+ group.

**Table 8: Country-wise decomposition of BRICS+ exports and imports**

Country/country groups	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023minus 2000
	% share									% points
Exports										
Brazil	8.6	6.3	6.6	5.2	5.4	5.4	5.3	5.6	6.2	-2.4
China	36.1	48.6	51.4	62.4	60.6	66.1	63.7	60.3	62.5	26.4
Egypt	0.8	0.6	0.9	0.6	0.7	0.7	0.8	0.8	0.7	-0.1
Ethiopia	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
India	6.2	6.1	7.3	7.3	7.9	7.0	7.5	7.6	7.9	1.7
Iran	3.6	3.1	2.8	1.1	0.7	0.3	0.3	0.3	0.3	-3.3
Russia	14.9	14.1	12.4	9.4	10.2	8.6	9.3	9.7	7.6	-7.3
Saudi Arabia	20.4	13.1	9.7	6.7	6.3	4.6	5.3	6.8	5.9	-14.5
South Africa	3.1	2.5	3.0	2.2	2.2	2.2	2.3	2.1	2.0	-1.1
United Arab Emirates	6.2	5.5	5.9	5.1	5.9	5.0	5.5	6.7	6.8	0.6
Total exports	100	100	100	100	100	100	100	100	100	
Imports										
Brazil	12.7	6.8	7.3	6.2	5.2	5.0	5.2	6.1	5.6	-7.0
China	47.5	50.3	53.0	54.3	57.6	61.1	60.2	57.1	56.5	8.9
Egypt	3.4	1.4	2.0	2.4	2.2	1.8	1.7	1.7	1.6	-1.8
Ethiopia	0.3	0.3	0.3	0.6	0.4	0.4	0.3	0.3	0.3	0.0
India	8.1	12.3	13.3	13.3	13.4	10.9	12.8	15.4	14.7	6.6
Iran	3.0	2.4	2.5	1.4	1.2	1.2	1.2	1.3	1.2	-1.9
Russia	7.1	10.5	8.3	6.2	6.8	6.9	6.6	4.4	3.8	-3.3
Saudi Arabia	6.5	5.3	4.5	5.9	3.7	4.3	3.4	3.9	4.6	-1.8
South Africa	6.0	4.8	3.3	3.1	2.6	2.2	2.2	2.5	2.5	-3.5
United Arab Emirates	5.3	5.9	5.4	6.8	6.9	6.3	6.4	7.4	9.2	3.9
Total imports	100	100	100	100	100	100	100	100	100	

Source: Direction of Trade Statistics, IMF

In the case of the G7 group, the country which dominates in terms of its share in exports as percentage of the overall exports of G7 group is the United States followed by Germany, Japan and France (Table 9). However, changes in their shares have been limited in the range of (-)5.8% points to 6.4% points. Similar trends can be observed in the case of imports by G7.



Table 9: Country-wise decomposition of G7 exports and imports

Country/country groups	2000	2007	2010	2015	2019	2020	2021	2022	2023	2023 minus 2000
	% share									% points
Exports										
Canada	9.4	8.2	7.6	7.7	7.5	7.5	8.0	8.7	8.4	-1.1
France	11.1	10.7	10.2	9.5	9.6	9.3	9.3	8.9	9.3	-1.7
Germany	18.8	25.8	24.8	25.1	25.1	26.4	25.9	24.3	25.2	6.4
Italy	8.2	9.7	8.7	8.6	9.0	9.5	9.7	9.5	9.8	1.6
Japan	16.4	14.0	15.2	11.8	11.9	12.2	12.0	10.9	10.5	-5.8
United Kingdom	9.7	8.7	8.2	8.7	9.0	7.7	7.2	7.6	7.2	-2.5
United States	26.5	22.8	25.2	28.5	27.8	27.4	28.0	30.1	29.7	3.2
Total exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Imports										
Canada	7.7	6.9	7.1	7.4	7.0	7.0	6.9	7.0	7.3	-0.4
France	10.3	10.7	10.5	9.5	9.6	9.5	9.5	9.5	9.7	-0.6
Germany	15.1	18.0	18.1	17.5	18.1	19.1	18.9	18.3	18.3	3.2
Italy	7.3	8.7	8.4	6.8	7.0	6.9	7.5	8.0	7.9	0.6
Japan	11.6	10.6	11.9	10.8	10.6	10.3	10.3	10.4	9.7	-1.9
United Kingdom	10.2	10.9	10.1	10.5	11.1	9.3	9.1	9.2	8.9	-1.3
United States	37.8	34.3	33.8	37.4	36.6	38.0	37.8	37.6	38.2	0.4
Total imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source: Direction of Trade Statistics, IMF

## 5.6 Commodity composition of trade: Growing share of BRICS+ group

Table 10 shows that, as per data sourced from WTO, the share of BRICS+ countries in global merchandise exports has progressively increased across all major commodity groups. Over the period 2000 to 2022, this share has increased from 10% to nearly 25%<sup>10</sup>. Furthermore, there is a strong likelihood of a larger number of countries joining this group, as a result of which, the share of this group in world exports would continue to increase both because of the increase in the share of exports of existing members and due to the additional members joining the group.

In terms of commodity composition, the highest share in corresponding global exports by BRICS+ group in 2022 was that of textiles at 49.6%, followed by telecommunications equipment at 41.3%, clothing at 36%, electronic data processing and office equipment at 35.7% and fuels at 30.3%. Clearly, the share of BRICS+ group in world exports is increasing on a trend basis.

Table 10: Share of BRICS+ in world exports: product/product group wise

	Products/ product groups	2000	2007	2010	2015	2019	2020	2021	2022	2022 minus 2000
		% share in total world exports of respective commodities								% points
<b>1</b>	<b>Agricultural products</b>	<b>8.9</b>	<b>12.3</b>	<b>14.0</b>	<b>15.7</b>	<b>15.9</b>	<b>16.1</b>	<b>16.0</b>	<b>17.2</b>	<b>8.3</b>
1.1	Food	8.9	12.2	14.1	15.9	16.0	16.2	16.1	17.5	8.6
1.2	Agricultural products excluding food	9.0	12.7	13.3	14.6	15.4	15.4	15.0	15.2	6.2
<b>2</b>	<b>Fuels and mining products</b>	<b>25.3</b>	<b>28.2</b>	<b>27.6</b>	<b>27.4</b>	<b>30.2</b>	<b>29.4</b>	<b>28.5</b>	<b>28.1</b>	<b>2.9</b>
2.1	Fuels	28.8	31.6	30.2	30.1	33.5	34.2	32.0	30.3	1.6
2.2	Mining products	13.1	17.1	18.6	19.2	19.7	19.3	20.4	20.3	7.2
<b>3</b>	<b>Manufactures</b>	<b>7.2</b>	<b>15.4</b>	<b>18.9</b>	<b>23.5</b>	<b>23.1</b>	<b>24.3</b>	<b>26.1</b>	<b>26.3</b>	<b>19.0</b>
3.1	Iron and steel	13.4	21.2	21.1	28.5	26.9	26.8	29.6	29.3	15.9
3.2	Chemicals	5.7	8.6	10.7	13.7	14.5	14.3	16.6	17.5	11.7
3.2.1	Pharmaceuticals	3.2	3.3	4.5	5.8	5.9	6.4	8.8	5.7	2.5

<sup>10</sup> The difference with respect to figures as per Table 1 is on account of reference to different databases.



	Products/ product groups	2000	2007	2010	2015	2019	2020	2021	2022	2022 minus 2000
		% share in total world exports of respective commodities								% points
3.2.2	Other chemicals	6.3	10.4	13.0	16.8	18.2	18.2	20.2	22.5	16.2
3.3	<i>Machinery and transport equipment</i>	4.4	13.6	17.7	21.3	21.5	23.2	25.0	25.0	20.6
3.3.1	Office and telecom equipment	5.0	23.7	28.6	34.9	34.3	33.9	34.6	32.8	27.9
3.3.1.1	Electronic data processing and office equipment	5.3	30.9	38.3	39.6	40.6	36.4	37.2	35.7	30.3
3.3.1.2	Telecommunications equipment	7.7	27.5	32.3	42.9	42.9	47.3	48.3	41.3	33.6
3.3.1.3	Integrated circuits and electronic components	1.9	8.9	13.3	19.7	20.7	19.9	21.3	23.0	21.1
3.3.2	Transport equipment	3.1	6.3	9.3	9.7	9.6	10.3	12.9	13.8	10.7
3.3.3	Other machinery and transport equipment	5.0	12.2	15.7	21.1	21.6	23.7	25.7	26.6	21.6
3.3.2.1	Automotive products	1.8	4.6	5.9	7.0	7.4	7.7	9.8	11.7	10.0
3.4	<i>Textiles</i>	16.5	29.7	38.0	45.9	46.6	53.1	49.2	49.6	33.1
3.5	<i>Clothing</i>	22.1	36.5	40.7	43.4	35.2	35.4	36.3	36.0	14.0
3.6	<i>Other Manufactures</i>	10.4	17.9	22.0	28.9	28.2	29.6	31.8	32.3	21.9
4	<b>Others</b>	10.8	16.8	18.5	15.0	9.9	11.0	9.7	10.9	0.1
5	<b>Total merchandise exports</b>	10.0	17.6	20.2	22.6	22.6	23.1	24.3	24.6	14.6

Source (basic data): WTO International Trade Statistics

In the case of imports by the BRICS+ group from the world, the aggregate share in terms of all commodities is somewhat lower than their share in exports. In other words, the BRICS+ group are net exporters to the world. Important commodities that are being imported into the BRICS+ countries include integrated circuits and electronic components with a share in world imports group of this product at 40.2% in 2022, followed by mining products at 34.6%, agricultural products excluding food at 27.7%, office and telecom equipment at 25.8% and fuels at 23%.

**Table 11: Share of BRICS+ in world imports: Product/product group wise**

	Products/ product groups	2000	2007	2010	2015	2019	2020	2021	2022	2022 minus 2000
		% share in total world imports of respective commodities								% points
1	<b>Agricultural products</b>	9.1	12.5	16.7	18.9	19.1	19.5	20.4	20.1	11.0
1.1	<i>Food</i>	8.3	10.8	14.6	17.0	17.2	17.9	19.2	18.9	10.6
1.2	<i>Agricultural products excluding food</i>	12.0	19.8	26.1	29.1	30.3	29.5	27.6	27.7	15.8
2	<b>Fuels and mining products</b>	8.8	13.5	18.8	23.1	28.5	31.9	29.6	25.7	16.9
2.1	<i>Fuels</i>	8.2	11.0	15.0	19.6	26.1	28.7	26.1	23.0	14.7
2.2	<i>Mining products</i>	10.6	21.3	31.6	33.5	35.3	38.0	36.8	34.6	24.0
3	<b>Manufactures</b>	6.9	12.8	16.2	16.2	16.2	16.5	16.9	15.7	8.8
3.1	<i>Iron and steel</i>	11.3	14.0	17.4	15.3	14.9	18.9	15.5	14.7	3.4
3.2	<i>Chemicals</i>	9.9	13.3	16.6	17.6	18.4	17.4	18.0	17.7	7.8
3.2.1	Pharmaceuticals	6.3	6.2	8.2	10.0	11.2	10.1	10.8	10.0	3.8
3.2.2	Other chemicals	10.7	15.6	19.7	20.6	21.6	21.1	21.3	20.8	10.1
3.3	<i>Machinery and transport equipment</i>	6.4	14.1	17.5	18.3	17.9	18.7	19.3	17.4	10.9
3.3.1	Office and telecom equipment	6.3	18.2	20.6	25.9	26.6	27.5	28.6	25.8	19.5
3.3.1.1	Electronic data processing and office equipment	4.5	11.9	15.1	15.7	17.0	16.6	17.7	15.8	11.2
3.3.1.2	Telecommunications equipment	7.3	13.1	14.4	18.8	18.3	18.1	19.5	16.4	9.1
3.3.1.3	Integrated circuits and electronic components	7.5	31.5	32.9	42.0	40.7	42.4	42.3	40.2	32.7
3.3.2	Transport equipment	3.7	8.5	11.6	12.1	11.2	11.3	11.9	10.7	7.0
3.3.3	Other machinery and transport equipment	9.1	15.9	20.0	17.5	16.2	16.2	15.9	14.6	5.5
3.3.2.1	Automotive products	3.2	8.6	12.5	12.7	11.3	11.9	12.6	11.4	8.1
3.4	<i>Textiles</i>	11.7	11.6	13.4	12.5	11.3	9.5	10.4	9.9	-1.8
3.5	<i>Clothing</i>	1.7	3.1	5.1	5.7	5.9	6.0	6.4	5.6	3.9
3.6	<i>Other Manufactures</i>	6.0	10.9	14.9	12.9	13.2	12.8	13.1	12.6	6.7
4	<b>Others</b>	12.9	39.2	38.2	46.7	36.5	24.9	40.2	43.3	30.4
5	<b>Total merchandise exports</b>	7.6	13.7	17.5	18.6	19.1	19.2	20.1	19.2	11.6

Source (basic data): WTO International Trade Statistics



## 5.7 Exchange rate trends

Because of the large economic role of some of the countries in the BRICS+ group such as China, India, Russia, Brazil and Saudi Arabia, their currencies are likely to have a progressively increasing role in a multicurrency framework of transactions in global trade. While individual exchange rates may depend on various factors, one underlying common factor would be the way in which the US economy, particularly the US inflation is likely to behave in relation to the inflation experience of some of these major BRICS+ economies. The use of US\$ as a global reserve currency may also erode over time. Already, as stated earlier, the share of US\$ as a global reserve currency has fallen from 71.5% in 1QCY2000 to 58.2% in 2QCY2024. Charts 6 to 9 show the relative movement of individual exchange rates vis-à-vis the US\$. Yuan and Euro remain largely stable with marginal appreciation in recent years. At the same time, the INR and the Yen have depreciated in recent years, particularly 2018 onwards for India and 2021 onwards for Yen.

Chart 6: Trends in Yuan/US\$

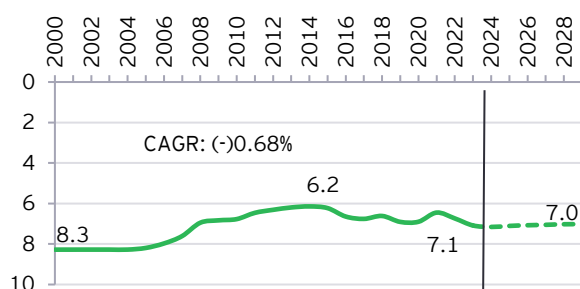


Chart 7: Trends in INR/US\$

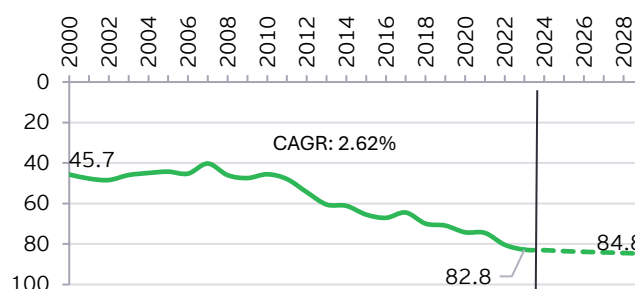


Chart 8: Trends in Euro/US\$

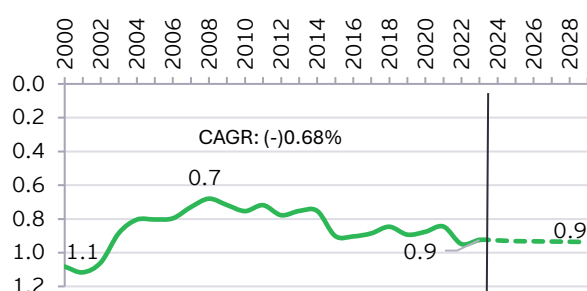
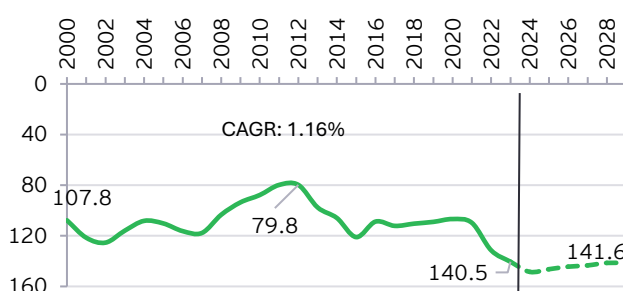


Chart 9: Trends in Yen/US\$



Source (basic data): IMF

## Concluding observations

The importance of BRICS+ group of countries has progressively been increasing in terms of size of economy<sup>11</sup> and in terms of their share in world exports and imports. The BRICS+ group is likely to compete as well as co-operate with the G7 group for determining world economic policies. Going forward into the current century, the importance of individual members of BRICS+ group and the policies followed by the group itself is likely to play a critical role in determining the economic welfare of the global population. In the context of current geopolitical tensions, the BRICS+ group is making a concerted effort to coordinate their policies which may eventually translate into a reduction in the dominance of a) the US\$ as currency of choice for global trade and foreign exchange reserves, b) the use of SWIFT as a global trade platform and c) that of western economies in technological leadership. Given the present trends and the likelihood of several new members joining the BRICS+ group being strong, the share of BRICS+ in global merchandise exports may overtake that of the G7 group by 2026. The lead of G7 in managing global economic affairs is likely to come into question as the importance of the BRICS+ group in terms of their share in global population, world GDP and world trade increases.

<sup>11</sup> See In-focus section of September 2024 issue of EY Economy Watch for details



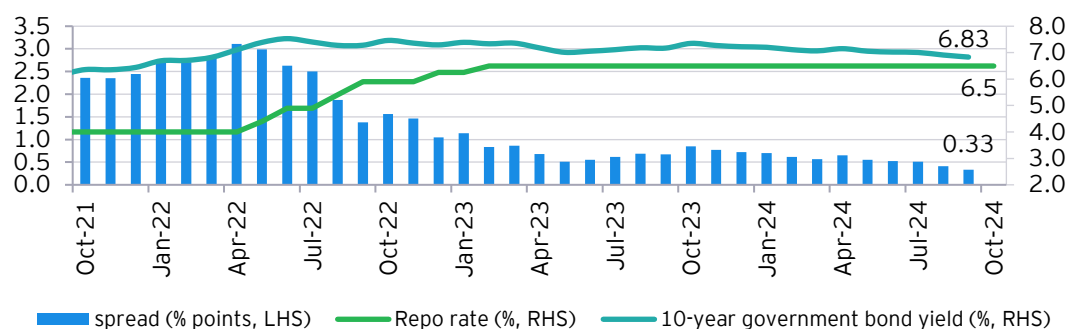
## 6 Money and finance: The RBI retained the repo rate at 6.5% in October 2024

### 6.1 Monetary sector

#### Monetary policy

- ▶ The Monetary Policy Committee (MPC) retained the repo rate at 6.5% for the 10<sup>th</sup> successive time in its monetary policy review held on 9 October 2024 (Chart 10). However, the MPC changed its policy stance from withdrawal of accommodation to 'neutral', thereby indicating its readiness to respond to any liquidity needs of the system.
- ▶ The RBI rightly anticipated a reversal in overall CPI inflation in September 2024 from its moderating trend. Further, in its assessment, CPI inflation is likely to continue to remain elevated in the near-term largely due to adverse base effects. However, food inflation pressures are likely to ease owing to strong kharif sowing, adequate buffer stocks and good soil moisture conditions while risks from adverse weather events remain.

**Chart 10: Movements in the repo rate and 10-year government bond yield**



The RBI retained the repo rate at 6.5% for the 10<sup>th</sup> successive time in its monetary policy review held on 9 October 2024.

Source: Database on Indian Economy, RBI

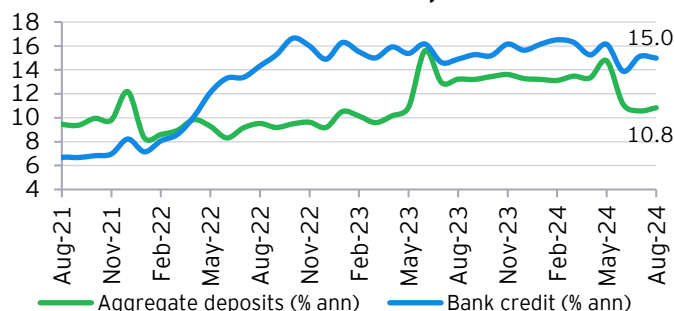
#### Money stock

- ▶ Growth in broad money stock (M3)<sup>12</sup> increased to a three-month high of 10.8% in September 2024 from 10.2% in August 2024 due to higher growth in narrow money (M1) and time deposits.
- ▶ Time deposits, the largest component of M3, showed a robust growth of 11.3% in September 2024, improving from 10.9% in August 2024.
- ▶ Growth in narrow money (M1) increased to 9.2% in September 2024 from 8.1% in August 2024 due to higher growth in demand deposits. Growth in demand deposits increased to a four-month high of 12.7% in September 2024 from 10.1% in August 2024. Currency with the public grew by 6.1% in September 2024, close to its level of 6.2% in August 2024.

#### Aggregate credit and deposits

- ▶ Gross bank credit grew by 15.0% in August 2024, close to its level of 15.1% in July 2024 (Chart 11). During April-August FY25, credit growth averaged 15.1%, marginally lower as compared to 15.5% in the corresponding period of FY24.
- ▶ Non-food credit also grew by 15.0% in August 2024, close to its level of 15.1% in July 2024.
- ▶ Sectoral bank credit indicates that credit to agriculture showed the highest growth of 17.7% in August 2024 although easing marginally from 18.1% in July 2024.
- ▶ Personal loans, a major component of retail loans, having a share of close to 29% on average in total non-food credit (last five years), showed a growth of 16.9% in August 2024, easing from 17.8% in July 2024. This may be attributable to a slowdown in the growth of vehicle loans and consumer loans to 13.9% and 10.1% respectively in August 2024 from 16.4% and 11.3% respectively in July 2024. In addition, housing loans, the largest component of personal loans (average share of 49% in total personal loans in the last five years) witnessed a marginally lower growth of 18.8% in August 2024 as compared to 19.1% in July 2024.

**Chart 11: Growth in credit and deposits**



Source: Database on Indian Economy, RBI

<sup>12</sup> The data on M3, demand and time deposits and bank credit exclude the impact of merger of a non-bank with a bank.





- ▶ Growth in outstanding credit to industries, having a share of about 27% on average in total non-food credit (last five years), moderated to 9.8% in August 2024 from 10.2% in July 2024.
- ▶ Within industrial credit, among major segments, credit to infrastructure, having the largest share of 36.5% on average in total industrial credit (last five years), showed a low growth of 3.7% in August 2024, although close to its level of 3.8% in July 2024. Growth in credit to cement sector moderated sharply to 2.7% in August 2024 from 6.2% in July 2024. Growth in credit to drugs and pharmaceuticals and textiles also fell to 11.7% and 6.4% respectively in August 2024 from 16.0% and 8.6% respectively in July 2024. Credit to iron and steel continued to show a strong growth of 22.7% in August 2024, increasing from 19% in July 2024.
- ▶ Growth in credit to services, with an average share of 26.6% in total non-food credit (last five years), increased to 15.6% in August 2024 from 15.4% in July 2024.
- ▶ Growth in aggregate deposits improved marginally to 10.8% in August 2024 from 10.6% in July 2024.

## 6.2 Financial sector

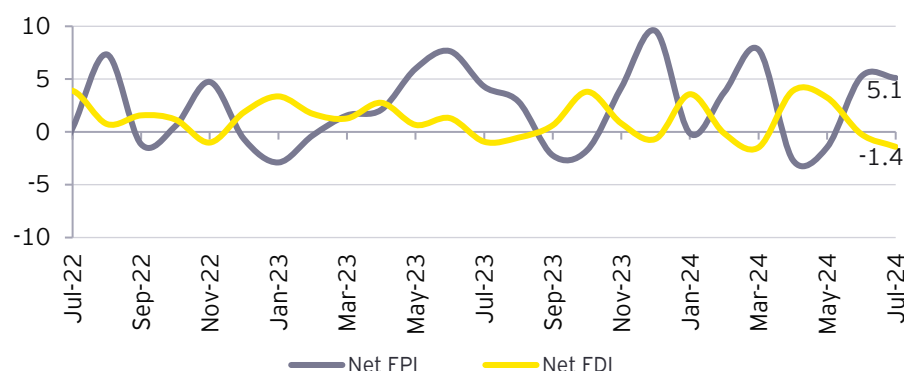
### Interest rates

- ▶ As per the data released by the RBI in the first week of October 2024, the interest rate on term deposits with a maturity period of more than one year averaged marginally lower at 6.63% in September 2024 as compared to 6.65% in August 2024, with the actual rates ranging between 6.00% and 7.25% during the month.
- ▶ The MCLR averaged 8.30% in September 2024, slightly lower as compared to 8.34% in August 2024. The actual MCLR ranged between 8.15% and 8.45% during September 2024.
- ▶ The yield on 10-year government bonds (benchmark) eased for the fifth consecutive month to average 6.83% in September 2024, its lowest level since March 2022, from 6.91% in August 2024 (**Chart 10**). Benchmark bond yield averaged lower at 7.00% in the first six months of FY25 as compared to 7.12% during the same period of FY24.
- ▶ WALR on 'Fresh Rupee Loans' (FRL) by SCBs at 9.41% in August 2024 was close to its level of 9.40% in July 2024. During April to August FY25, WALR-FRL averaged higher at 9.41% as compared to 9.29% during the same period of FY24.

### FDI and FPI

- ▶ As per the provisional data released by the RBI on 21 October 2024, overall foreign investments (FIs) surged to US\$6.1 billion in August 2024 from US\$3.7 billion in July 2024 as net FDIs turned positive while net FPI inflows continued to remain strong (Chart 12).

**Chart 12: Net FDI and FPI inflows (US\$ billion)**



Source: Database on Indian Economy, RBI

After witnessing outflows for two successive months, net FDIs turned positive with inflows amounting to US\$1.8 billion in August 2024.

- ▶ Net FPI inflows remained strong at US\$4.3 billion in August 2024, although marginally lower as compared to US\$5.1 billion in July 2024. During April-August FY25, net FPI inflows at US\$10.4 billion was a little less than half of US\$22.9 billion inflows received during the corresponding period in FY24.
- ▶ After registering two successive months of outflows, net FDIs turned positive with inflows amounting to US\$1.8 billion in August 2024. Gross FDI inflows surged to US\$8.6 billion in August 2024 from US\$5.2 billion in July 2024. During April to August FY25, both gross and net FDI inflows were higher at US\$36.1 billion and US\$6.6 billion as compared to US\$27.4 billion and US\$3.3 billion during the corresponding period of FY24.



## 7 Trade and CAB: Current account deficit was at (-)1.1% of GDP in 1QFY25

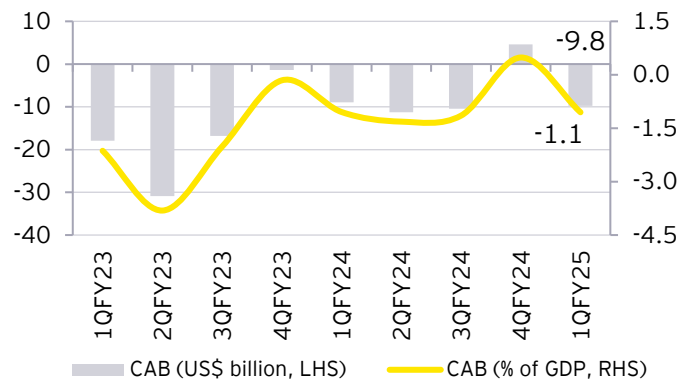
### 7.1 CAB: was at (-)1.1% of GDP in 1QFY25 after showing a surplus at 0.5% in 4QFY24

- Current account showed a deficit of (-)1.1% of GDP in 1QFY25 (Chart 13). Net merchandise trade deficit widened to 7.0% of GDP in 1QFY25 from 5.5% in 4QFY24 as merchandise exports eased to 12.0% from 12.9% and merchandise imports expanded to 19.0% from 18.4% of GDP over the same period.
- Surplus on account of net invisibles remained at 6% of GDP for the second successive quarter in 1QFY25 (Table 12). Net services surplus moderated to a four-quarter low of 4.3% of GDP in 1QFY25. Net private transfers declined to 2.8% of GDP in 1QFY25 from 3.0% in 4QFY24.

**Table 12: Components of CAB in US\$ billion**

Fiscal year	CAB as % of nominal GDP	CAB	Merchandise net	Invisibles* net
FY21	0.9	23.9	-102.2	126.1
FY22	-1.2	-38.8	-189.5	150.7
FY23	-2.0	-67.1	-265.3	198.2
FY24	-0.7	-26.1	-244.9	218.8
2QFY24	-1.3	-11.3	-64.5	53.3
3QFY24	-1.1	-10.4	-71.6	61.2
4QFY24	0.5	4.6	-52.0	56.6
1QFY25	-1.1	-9.8	-65.1	55.4

**Chart 13: CAB**



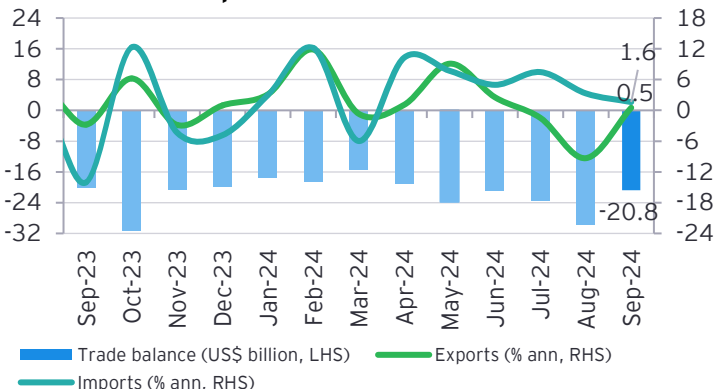
Source: Database on Indian Economy, RBI; Note: (-) deficit; (+) surplus; \*invisibles include services, current transfers and income components

### 7.2 Merchandise trade and exchange rates

**Growth in merchandise exports turned positive at 0.5% in September 2024 from (-)9.3% in August 2024 while that in imports eased to 1.6% from 3.3% over the same period.**

- The pace of contraction in oil exports moderated to (-)26.7% in September 2024 from (-)37.6% in August 2024. A similar trend was seen in oil imports with its pace of contraction slowing to (-)10.4% from (-)32.4% during this period.
- Growth in engineering goods increased to 10.6% in September 2024, its highest level since March 2024. Textile exports grew by 17.3% in September 2024, a 27-month high, reflecting some shift towards India from Bangladesh as a source for imports.
- The fall in overall imports was driven by a sharp deceleration in growth of gold imports to 6.9% in September 2024.
- Growth in electronic goods imports also eased to a 17-month low of 4.9% in September 2024 while growth in exports of these goods remained stable at a 10-month low of 7.9%.
- Growth in exports excluding oil, gold and jewelry rose to a 7-month high of 9.1% in September 2024, while that in imports of the same category moderated marginally to 7.3% from 7.5% in August 2024.
- Merchandise trade deficit narrowed to US\$20.8 billion in September 2024 from US\$29.6 billion in August 2024 led by positive growth in exports (Chart 15). In August 2024, the deficit on account of trade of goods and services increased to a 10-month high of US\$15.7 billion.
- The Indian Rupee was nearly stable at INR83.8/US\$ in September 2024 as compared to INR83.9/US\$ in August 2024.

**Chart 14: Developments in merchandise trade**



Source: Ministry of Commerce and Industry, GoI



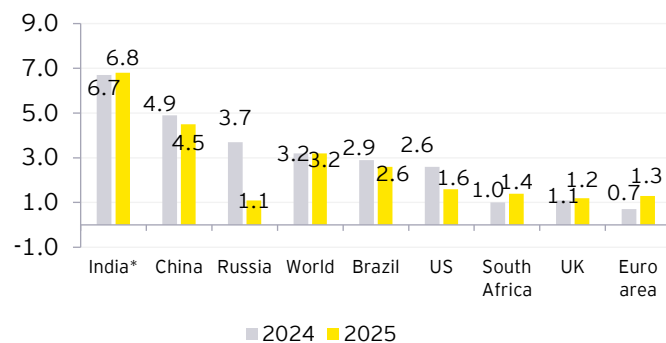
## 8 Global growth: OECD projected global growth to stabilize at 3.2% in 2024 and 2025

### 8.1 Growth

- ▶ The OECD (Interim Economic Outlook, September 2024) projected global growth to stabilize at 3.2% in 2024 and 2025, increasing marginally from 3.1% in 2023. This is attributed to a likely increase in demand supported by further disinflation, improving real incomes and less restrictive monetary policy in many economies (Chart 15).
- ▶ Growth in the US is projected to increase marginally to 2.6% in 2024 from 2.5% in 2023 but moderate thereafter to 1.6% in 2025 despite some support from monetary policy easing.
- ▶ Economic growth in Euro area is projected to remain subdued at 0.7% in 2024, close to its level of 0.6% in 2023. However, in 2025, growth in Euro area is projected at 1.3% as Germany and Italy are projected to show relatively higher growth rates at 1.0% and 1.1% respectively in 2025 as compared to 0.1% and 0.8% respectively in 2024. Growth in the UK is projected to recover to 1.1% and 1.2% respectively in 2024 and 2025 from 0.1% in 2023.
- ▶ Japan is the only major advanced economy in the G20 group that is expected to show a contraction of (-)0.1% in 2024 as compared to a growth of 1.7% in 2023. However, in 2025 Japanese economy is projected to recover and show a growth of 1.4%.
- ▶ Amongst the major EMEs, growth in China is expected to ease from 5.2% in 2023 to 4.9% in 2024 and further to 4.5% in 2025 owing to subdued consumer demand and the ongoing deep correction in the real estate sector. After showing near stable growth of 3.6% in 2023 and 3.7% in 2024, Russia's economic growth is projected to decelerate to 1.1% in 2025.
- ▶ For India, real GDP growth is estimated to be lower at 6.7% in 2024 (FY25) as compared to 8.2% in 2023. However, in 2025 (FY26), India's real GDP growth is projected to increase marginally to 6.8%. Even with a relatively lower growth rate, India continues to remain the fastest growing major economy amongst the G20 group.

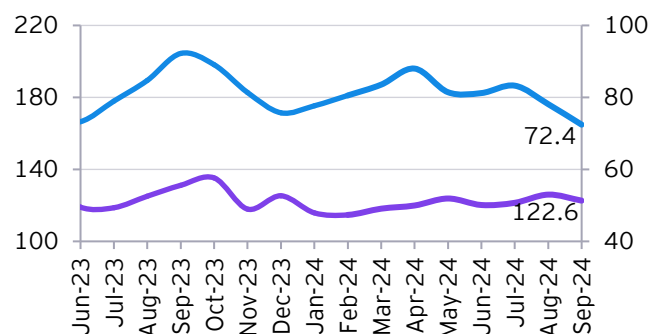
**The OECD Economic Outlook (Interim report) released in September 2024 projected global growth to remain stable at 3.2% in 2024 and 2025 with India's FY25 and FY26 growth forecasted at 6.7% and 6.8%.**

**Chart 15: Global growth projections (%)**



Source: OECD Economic Outlook, Interim Report (September 2024)  
\*for India data pertains to fiscal years FY25 and FY26 respectively

**Chart 16: Global crude and coal prices**



Source (basic data): World Bank Pink Sheets, October 2024

### 8.2 Global energy prices: Global crude price fell to a 37-month low of US\$72.4/bbl. in September 2024

- ▶ Average global crude price<sup>13</sup> fell to its lowest level since August 2021 to US\$72.4/bbl. in September 2024 (Chart 16). This may be attributable to a rapid decline in growth of global oil demand, led by a decline in China. In addition, Saudi Arabia and other OPEC members have decided to go ahead with their plan to increase output in December 2024<sup>14</sup>. In 2QFY24, global crude price fell to a five-quarter low of US\$77.9/bbl.
- ▶ Average global coal price<sup>15</sup> eased to US\$122.6/mt. in September 2024 from US\$126/mt. in August 2024. However, in 2QFY25, global coal price averaged US\$123.4/mt, a three-quarter high.

<sup>13</sup> Simple average of three spot prices, namely, Dated Brent, West Texas Intermediate and Dubai Fateh

<sup>14</sup> <https://www.iea.org/reports/oil-market-report-september-2024>; <https://www.reuters.com/business/energy/oil-prices-little-changed-us-stockpile-drop-offsets-global-demand-woes-2024-09-26/>

<sup>15</sup> Simple average of Australian and South African coal prices.

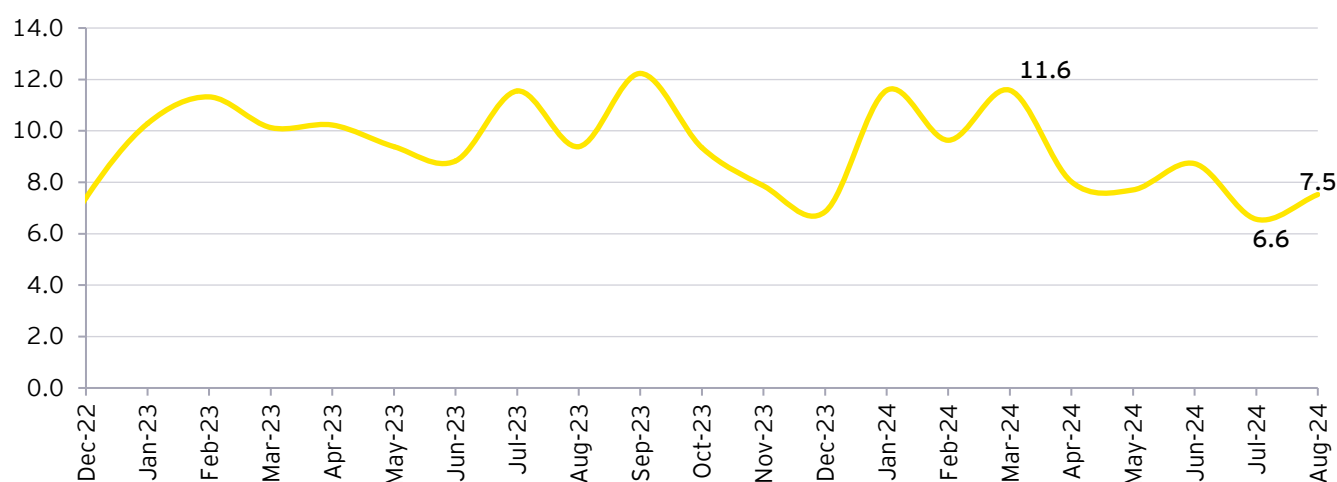


## 9 Index of Aggregate Demand (IAD): grew by 7.5% in August 2024

### 9.1 Growth in IAD improved to 7.5% in August 2024 from 6.6% in July 2024

- Led by improved demand conditions in services sector, growth in IAD<sup>16</sup> increased to 7.5% in August 2024 from 6.6% in July 2024 (Chart 17 and Table 13).
- Demand conditions in the services sector while remaining strong, improved further in August 2024. This was evidenced by PMI services at 60.9 in August 2024 as compared to 60.3 in July 2024.
- Demand conditions in the agricultural sector also remained strong as reflected in a sustained double-digit growth in agricultural credit at 17.7% (sa)<sup>17</sup> in August 2024, although marginally lower as compared to 18.1% in July 2024.
- Demand conditions in the manufacturing sector continued to stay buoyant as indicated by manufacturing PMI, whose level was at 57.5 in August 2024, only marginally lower as compared 58.1 in July 2024.

**Chart 17: Growth in IAD (y-o-y)**



Source (Basic data): S&P - IHS Markit PMI, RBI and EY estimates

**Table 13: IAD**

Month	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
IAD	169.6	174.6	174.9	178.1	178.8	178.8	180.5	180.3	181.0
Growth (% y-o-y)	6.9	11.6	9.6	11.6	8.0	7.7	8.7	6.6	7.5
Growth in agr. credit	19.3	20.1	20.1	20.2	19.8	21.5	17.2	18.1	17.7
Mfg. PMI**	4.9	6.5	6.9	9.1	8.8	7.5	8.3	8.1	7.5
Ser. PMI**	9.0	11.8	10.6	11.2	10.8	10.2	10.5	10.3	10.9

Source (basic data): S&P Global, RBI and EY estimates; \*\*Values here indicate deviation from the benchmark value of 50. A positive value indicates expansion in demand while a negative value implies contraction in demand; PMI for Manufacturing and Services are seasonally adjusted.

<sup>16</sup> EY has developed an Index of Aggregate Demand (IAD) to reflect the monthly combined demand conditions in the agriculture, manufacturing, and services sectors. It considers the movements in PMI for manufacturing and services, both measured in seasonally adjusted (sa) terms, tracing the demand conditions in these sectors. Movements in the monthly agricultural credit off-take (sa) capture the demand conditions in the agricultural sector.

<sup>17</sup> We have constructed a seasonally adjusted series for agricultural credit using Census X-13 technique in E-views (version 12) and the growth of this SA agricultural credit series is used in the IAD series.

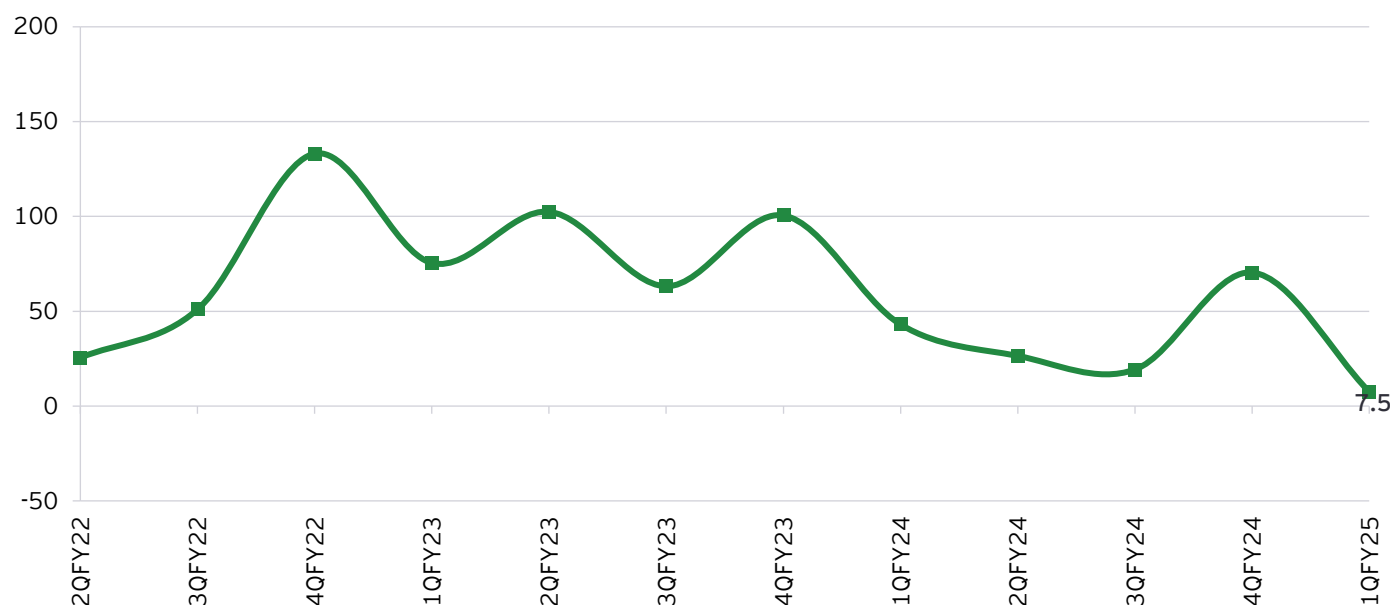
## 10 Index of Macro Imbalance (IMI): Pointed to sharp improvement in the macro balance in 1QFY25



### 10.1 The level of IMI fell to a 21-quarter low of 7.5 in 1QFY25 from 70.4 in 4QFY24

- ▶ IMI<sup>18</sup> indicated an improvement in the macro balance in 1QFY25 with the index value falling sharply by close to 63 basis points to a level of 7.5 in 1QFY25 from 70.4 in 4QFY24 (**Chart 18**). This is largely attributable to a lower fiscal and current account deficit as % of GDP.
- ▶ Govt's fiscal deficit to GDP ratio was sharply lower at 1.8% in 1QFY25 as compared to 8.6% in 4QFY24 as well as the benchmark value of 3%. It, therefore, did not contribute to macro imbalance in 1QFY25.
- ▶ From a surplus of 0.5% of GDP in 4QFY24, the current account turned into deficit amounting to (-)1.1% of GDP in 1QFY25. However, its level was still below the benchmark value of 1.3% of GDP and therefore, did not contribute to macro imbalance in 1QFY25.
- ▶ Despite a marginal moderation to 4.9% (average) in 1QFY25 from 5.0% in 4QFY24, CPI inflation was higher than its benchmark value of 4%, thereby contributing positively to the macro imbalance during the quarter. However, its impact in 1QFY25 was relatively lower as compared to that in 2Q and 3QFY24.

**Chart 18: IMI (quarterly)**



Source (Basic data): RBI, MoSPI and EY estimates

<sup>18</sup> The IMI is obtained by adding the percentage deviation of inflation rate (based on new CPI 2012 = 100), fiscal deficit (as a percentage of GDP) and current account deficit (as a percentage of GDP) from their respective benchmarks of 4%, 3% of GDP and (-)1.3% of GDP (*Rangarajan 2016*). All three components of IMI have been given equal weightage (33.33%). The state of balance is judged by a value of 0. An index value greater than zero indicates the presence of an imbalance in the economy. While considering the percentage deviation of each of the indicators from its selected norm, only the positive deviations are taken. Negative deviations are equated to zero to ensure that the negative and positive deviations across indices are not canceled out.

Rangarajan, C (2016): "Can India grow at 8 to 9 per cent?" *The Hindu*, (<http://www.thehindu.com/opinion/lead/can-india-grow-at-8-to-9-per-cent/article8596824.ece>, Accessed on 17 May 2016.)





# 11 Capturing macro-fiscal trends: Data appendix

**Table A1: Industrial growth indicators (annual, quarterly, and monthly growth rates, y-o-y)**

Fiscal year/ quarter/ month	IIP	Mining	Manufacturing	Electricity	Core IIP	Fiscal year/ quarter/ month	PMI mfg.	PMI ser.
% change y-o-y								
FY21	-8.4	-7.8	-9.6	-0.5	-7.8	FY21	50.2	41.7
FY22	11.4	12.2	11.8	7.9	12.2	FY22	54.0	52.3
FY23	5.2	5.8	4.7	8.9	5.8	FY23	55.6	57.3
FY24	5.8	7.5	5.5	7.1	7.5	FY24	57.2	60.3
2QFY24	7.8	11.5	6.8	11.1	10.5	3QFY24	55.5	58.1
3QFY24	6.1	8.2	5.4	9.0	8.4	4QFY24	57.5	61.2
4QFY24	5.1	4.9	4.8	7.3	5.8	1QFY25	58.2	60.5
1QFY25	5.4	7.9	4.2	10.8	6.3	2QFY25	57.4	59.6
May-24	6.3	6.6	5.1	13.7	6.9	Jun-24	58.3	60.5
Jun-24	4.7	10.3	3.2	8.6	5.1	Jul-24	58.1	60.3
Jul-24	4.7	3.8	4.4	7.9	6.1	Aug-24	57.5	60.9
Aug-24	-0.1	-4.3	1.0	-3.7	-1.8	Sep-24	56.5	57.7

Source: MoSPI, Office of the Economic Adviser, Ministry of Commerce and Industry and S&P Global

**Table A2: Inflation indicators (annual, quarterly, and monthly growth rates, y-o-y)**

Fiscal year/ quarter/ month	CPI	Food Price Index	Fuel and light	Core CPI	WPI	Food Price Index	Mfg. products	Fuel and power	Core WPI
% change y-o-y					% change y-o-y				
FY21	6.2	7.7	2.7	5.5	1.3	4.0	2.8	-8.0	2.2
FY22	5.5	3.8	11.3	6.1	13.0	6.8	11.1	32.5	11.0
FY23	6.7	6.6	10.3	6.2	9.4	6.3	5.6	28.1	5.8
FY24	5.4	7.5	1.2	4.4	-0.7	3.2	-1.7	-4.5	-1.4
3QFY24	5.4	8.3	-0.7	4.1	0.3	4.0	-0.9	-2.4	-0.7
4QFY24	5.0	8.5	-1.6	3.4	0.3	4.3	-1.1	-1.6	-1.2
1QFY25	4.9	8.9	-3.8	3.1	2.4	7.6	0.8	0.2	0.3
2QFY25	4.2	6.8	-4.1	3.4	1.8	5.4	1.3	-1.0	0.7
Jun-24	5.1	9.4	-3.6	3.1	3.4	8.9	1.5	0.5	0.9
Jul-24	3.6	5.4	-5.5	3.4	2.1	3.6	1.6	1.9	1.1
Aug-24	3.7	5.7	-5.3	3.3	1.3	3.3	1.2	-0.7	0.7
Sep-24	5.5	9.2	-1.4	3.5	1.8	9.5	1.0	-4.0	0.1

Source: Office of the Economic Adviser, Ministry of Commerce and Industry and MoSPI

Note: The CPI for April and May 2020 has been imputed. Core CPI inflation is measured in different ways by different organizations/agencies. Here, it has been calculated by excluding food, and fuel and light from the overall index

**Table A3: Fiscal indicators (annual growth rates, cumulated monthly growth rates, y-o-y)**

Fiscal year/month	Gross tax revenue	Corporate tax	Income tax	Direct taxes*	Indirect taxes**	Fiscal deficit % of GDP	Revenue deficit % of GDP
FY20	-3.4	-16.1	4.0	-7.8	1.7	4.7	3.3
FY21	0.7	-17.9	-2.3	-10.7	12.7	9.2	7.3
FY22	33.8	55.7	43.5	49.6	20.1	6.7	4.4
FY23	12.7	16.0	20.0	17.9	7.2	6.4	3.9
FY24	13.4	10.3	25.1	17.6	8.2	5.6	2.6
Cumulated growth (% , y-o-y)						% of budgeted target	
Jan-24	14.5	20.1	27.3	23.6	4.5	63.6#	49.4#
Feb-24	13.4	17.3	25.8	21.6	4.6	86.5#	87.1#
Mar-24	13.5	10.3	25.1	17.6	8.3	95.3#	91.1#
Apr-24	16.9	-6.2	20.6	12.1	19.9	12.5	17.1
May-24	15.8	-19.8	41.6	22.7	7.5	3.1	-15.7
Jun-24	23.7	26.2	49.9	39.9	5.5	8.4	-7.0
Jul-24	21.3	4.8	53.4	33.6	7.1	17.2	3.8
Aug-24	12.1	-6.0	25.5	12.9	9.5	27.0	24.7

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents; # indicates that the values as percent of revised estimates

\* Includes corporation tax and income tax

\*\* Includes customs duty, excise duty, service tax, CGST, UTGST, IGST and GST compensation cess

Fiscal year/month	CGST	UTGST	IGST	GST compensation cess	Total GST (GoI)
INR crore					
FY24 (RE)	8,11,600	-	-	1,45,000	9,56,600
FY25 (BE)	9,17,650	-	-	1,50,000	10,67,650
Jan-24	73,685	469	-6,530	11,583	79,207
Feb-24	71,129	376	-12,690	12,529	71,344
Mar-24	73,107	695	38,265	12,709	1,24,776
Apr-24	91,188	292	-2,645	13,042	1,01,877
May-24	67,653	306	-8,238	11,786	71,507
Jun-24	69,487	279	707	12,940	83,413
Jul-24	72,288	57	-483	12,779	84,641
Aug-24	70,606	352	8,213	11,915	91,086

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents

Note: IGST revenues are subject to final settlement.

**Table A4: Monetary and financial indicators (annual, quarterly, and monthly growth rates, y-o-y)**

Fiscal year/ month	Repo rate (end of period)	Fiscal year/ quarter/ month	Bank credit	Agg. deposits	Net FDI	Net FPI	Fiscal year/ quarter/ month	M1	M3	10-year govt. bond yield	FX reserves
	%		% change y-o-y		US\$ billion			% change y-o-y		%	US\$ billion
Nov-23	6.50	FY21	6.0	11.0	44.0	36.1	FY21	16.2	12.2	6.05	579.3
Dec-23	6.50	FY22	7.0	9.7	38.6	-16.8	FY22	10.7	8.8	6.40	617.6
Jan-24	6.50	FY23	14.4	9.5	28.0	-5.2	FY23	6.9	9.0	7.35	578.4
Feb-24	6.50	FY24	15.7	13.0	9.8	44.1	FY24	7.3	11.1	7.16	645.6
Mar-24	6.50	2QFY24	14.9	13.1	-0.8	4.9	3QFY24	7.1	11.0	7.28	623.2
Apr-24	6.50	3QFY24	15.7	13.4	3.9	12.0	4QFY24	7.3	11.1	7.13	645.6
May-24	6.50	4QFY24	16.3	13.3	2.0	11.4	1QFY25	8.5	10.9	7.08	652.0
Jun-24	6.50	1QFY25	15.1	13.0	6.9	1.1	2QFY25	9.2	10.8	6.92	704.9
Jul-24	6.50	May-24	16.1	14.8	3.2	-1.5	Jun-24	8.5	10.9	7.02	652.0
Aug-24	6.50	Jun-24	13.9	11.1	-0.2	5.2	Jul-24	7.4	10.0	7.01	667.4
Sep-24	6.50	Jul-24	15.1	10.6	-1.4	5.1	Aug-24	8.1	10.2	6.91	684.0
Oct-24	6.50	Aug-24	15.0	10.8	1.8	4.3	Sep-24	9.2	10.8	6.83	704.9

Source: Database on Indian Economy - RBI

**Table A5: External trade and global growth**

External trade indicators (annual, quarterly and monthly growth rates)							Global growth (annual)			
Fiscal year/ quarter/ month	Exports	Imports	Trade balance	Ex. rate (avg.)	Crude prices (avg.)	Coal prices (avg.)	Calendar year	World GDP	Adv. econ.	Emer. econ.
	% change y-o-y		US\$ billion	INR/US\$	US\$/bbl.	US\$/mt		% change y-o-y		
FY21	-7.0	-16.6	-101.4	74.2	43.8	67.2	2014	3.5	2.0	4.7
FY22	44.7	56.0	-191.0	74.5	78.4	164.8	2015	3.4	2.3	4.3
FY23	6.9	16.8	-264.9	80.4	92.7	283.4	2016	3.2	1.8	4.4
FY24	-4.7	-5.7	-245.3	82.8	81.1	126.4	2017	3.8	2.5	4.8
3QFY24	1.3	1.0	-71.9	83.3	82.1	126.2	2018	3.6	2.3	4.6
4QFY24	4.6	2.7	-51.8	82.9	80.6	116.2	2019	2.8	1.7	3.6
1QFY25	4.3	7.6	-63.9	83.4	83.6	121.3	2020	-2.8	-4.2	-1.8
2QFY25	-3.6	4.1	-73.9	83.8	77.9	123.4	2021	6.3	5.6	6.9
Jun-24	2.5	5.0	-21.0	83.5	81.2	120.2	2022	3.5	2.6	4.1
Jul-24	-1.5	7.5	-23.5	83.6	83.3	121.4	2023	3.3	1.7	4.4
Aug-24	-9.3	3.3	-29.6	83.9	78.1	126.0	2024*	3.2	1.8	4.2
Sep-24	0.5	1.6	-20.8	83.8	72.4	122.6	2025*	3.2	1.8	4.2

Source: Database on Indian Economy - RBI, Pink Sheet - World Bank and IMF World Economic Outlook (WEO) April 2024; \*based on October 2024 update of the IMF WEO

**Table A6: Macroeconomic aggregates (annual and quarterly real growth rates, % change y-o-y)**

Fiscal year/quarter	Output: major sectors									IPD inflation
	GVA	Agr.	Ming.	Mfg.	Elec.	Cons.	Trans.	Fin.	Publ.	GVA
FY21 (3rd RE)	-4.1	4.0	-8.2	3.1	-4.2	-4.6	-19.9	1.9	-7.6	3.4
FY22 (2nd RE)	9.4	4.6	6.3	10.0	10.3	19.9	15.2	5.7	7.5	8.6
FY23 (1st RE)	6.7	4.7	1.9	-2.2	9.4	9.4	12.0	9.1	8.9	6.8
FY24 (PE)	7.2	1.4	7.1	9.9	7.5	9.9	6.4	8.4	7.8	1.2
1QFY23	11.3	2.7	6.6	2.2	15.6	14.7	22.1	10.5	23.6	11.5
2QFY23	5.0	2.3	-4.1	-7.2	6.4	6.9	13.2	8.7	7.3	9.2
3QFY23	4.8	5.2	1.4	-4.8	8.7	9.5	9.2	7.7	3.5	4.8
4QFY23	6.0	7.6	2.9	0.9	7.3	7.4	7.0	9.2	4.7	3.0
1QFY24	8.3	3.7	7.0	5.0	3.2	8.6	9.7	12.6	8.3	0.0
2QFY24	7.7	1.7	11.1	14.3	10.5	13.6	4.5	6.2	7.7	1.5
3QFY24	6.8	0.4	7.5	11.5	9.0	9.6	6.9	7.0	7.5	1.8
4QFY24	6.3	0.6	4.3	8.9	7.7	8.7	5.1	7.6	7.8	1.6
1QFY25	6.8	2.0	7.2	7.0	10.4	10.5	5.7	7.1	9.5	2.8

Source: National Accounts Statistics, MoSPI

\*Growth numbers for FY21 (3<sup>rd</sup> revised estimates), FY22 (2<sup>nd</sup> revised estimates), FY23 (1st revised estimates) are based on the on NAS released by the MoSPI on 29 February 2024. Provisional estimates (PE) for FY24 was released on 31-May-2024. 1Q FY25 growth numbers are based on the quarterly National Accounts Data released on 30-August-2024.

are based on the quarterly National Accounts Data released on 30 August 2024.

Fiscal year/quarter	Expenditure components						IPD inflation
	GDP	PFCE	GFCE	GFCF	EX	IM	GDP
FY21 (3rd RE)	-5.8	-5.3	-0.8	-7.1	-7.0	-12.6	4.8
FY22 (2nd RE)	9.7	11.7	0.0	17.5	29.6	22.1	8.4
FY23 (1st RE)	7.0	6.8	9.0	6.6	13.4	10.6	6.7
FY24 (PE)	8.2	4.0	2.5	9.0	2.6	10.9	1.3
1QFY23	12.8	18.5	9.8	13.9	19.1	26.1	11.3
2QFY23	5.5	8.2	3.4	4.7	11.7	16.1	9.0
3QFY23	4.3	1.8	7.1	5.0	10.9	4.1	4.9
4QFY23	6.2	1.5	13.9	3.8	12.4	-0.4	2.8
1QFY24	8.2	5.5	-0.1	8.5	-6.6	15.2	0.2
2QFY24	8.1	2.6	14.0	11.6	5.0	11.6	1.4
3QFY24	8.6	4.0	-3.2	9.7	3.4	8.7	1.6
4QFY24	7.8	4.0	0.9	6.5	8.1	8.3	2.0
1QFY25	6.7	7.4	-0.2	7.5	8.7	4.4	2.8

Source: National Accounts Statistics, MoSPI

\* Growth numbers for FY21 (3<sup>rd</sup> revised estimates), FY22 (2<sup>nd</sup> revised estimates), FY23 (1st revised estimates) are based on the on NAS released by the MoSPI on 29 February 2024. Provisional estimates (PE) for FY24 was released on 31-May-2024. 1Q FY25 growth numbers are based on the quarterly National Accounts Data released on 30-August-2024.

# List of abbreviations

Sr. no.	Abbreviations	Description
1	AD	aggregate demand
2	AEs	advanced economies
3	Agr.	agriculture, forests and fishing
4	AY	assessment year
5	Bcm	billion cubic meters
6	bbl.	barrel
7	BE	budget estimate
8	CAB	current account balance
9	CGA	Comptroller General of Accounts
10	CGST	Central Goods and Services Tax
11	CIT	corporate income tax
12	Cons.	construction
13	CPI	Consumer Price Index
14	COVID-19	Coronavirus disease 2019
15	CPSE	central public-sector enterprise
16	CRAR	Credit to Risk- weighted Assets Ratio
17	Disc.	discrepancies
18	ECBs	external commercial borrowings
19	Elec.	electricity, gas, water supply and other utility services
20	EMDEs	Emerging Market and Developing Economies
21	EXP	exports
22	FAE	first advance estimates
23	FC	Finance Commission
24	FII	foreign investment inflows
25	Fin.	financial, real estate and professional services
26	FPI	foreign portfolio investment
27	FRBMA	Fiscal Responsibility and Budget Management Act
28	FRL	Fiscal Responsibility Legislation
29	FY	fiscal year (April–March)
30	GDP	Gross Domestic Product
31	GFCE	government final consumption expenditure
32	GFCF	gross fixed capital formation
33	GoI	Government of India
34	G-secs	government securities
35	GST	Goods and Services Tax
36	GVA	gross value added
37	IAD	Index of Aggregate Demand
38	IBE	interim budget estimates
39	ICRIER	Indian Council for Research on International Economic Relations





Sr. no.	Abbreviations	Description
40	IEA	International Energy Agency
41	IGST	Integrated Goods and Services Tax
42	IIP	Index of Industrial Production
43	IMF	International Monetary Fund
44	IMI	Index of Macro Imbalance
45	IMP	imports
46	INR	Indian Rupee
47	IPD	implicit price deflator
48	MCLR	marginal cost of funds-based lending rate
49	Mfg.	manufacturing
50	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
51	Ming.	mining and quarrying
52	m-o-m	month-on-month
53	Mt	metric ton
54	MoSPI	Ministry of Statistics and Programme Implementation
55	MPC	Monetary Policy Committee
56	MPF	Monetary Policy Framework
57	NEXP	net exports (exports minus imports of goods and services)
58	NSO	National Statistical Office
59	NPA	non-performing assets
60	OECD	Organization for Economic Co-operation and Development
61	OPEC	Organization of the Petroleum Exporting Countries
62	PFCE	private final consumption expenditure
63	PIT	personal income tax
64	PMI	Purchasing Managers' Index (reference value = 50)
65	PoL	petroleum oil and lubricants
66	PPP	Purchasing power parity
67	PSBR	public sector borrowing requirement
68	PSU/PSE	public sector undertaking/public sector enterprises
69	RE	revised estimates
70	RBI	Reserve Bank of India
71	SLR	Statutory Liquidity Ratio
72	Trans.	trade, hotels, transport, communication and services related to broadcasting
73	US\$	US Dollar
74	UTGST	Union Territory Goods and Services Tax
75	WALR	weighted average lending rate
76	WHO	World Health Organization
77	WPI	Wholesale Price Index
78	y-o-y	year-on-year
79	1HFY20	first half of fiscal year 2019-20, i.e., April 2019-September 2019

# Our offices

**Ahmedabad**  
22nd Floor, B Wing, Privilon  
Ambli BRT Road, Behind Iskcon  
Temple  
Off SG Highway  
Ahmedabad - 380 059  
Tel: + 91 79 6608 3800

**Bengaluru**  
12th & 13th Floor  
"UB City", Canberra Block  
No.24 Vittal Mallya Road  
Bengaluru - 560 001  
Tel: + 91 80 6727 5000

**Ground & 1st Floor**  
# 11, 'A' wing  
Divyasree Chambers  
Langford Town  
Bengaluru - 560 025  
Tel: + 91 80 6727 5000

**3rd & 4th Floor**  
MARKSQUARE  
#61, St. Mark's Road  
Shantala Nagar  
Bengaluru - 560 001  
Tel: + 91 80 6727 5000

**1st & 8th Floor, Tower A**  
Prestige Shantiniketan  
Mahadevapura Post  
Whitefield, Bengaluru - 560 048  
Tel: + 91 80 6727 5000

**Bhubaneswar**  
8th Floor, O-Hub, Tower A  
Chandaka SEZ, Bhubaneswar  
Odisha - 751024  
Tel: + 91 674 274 4490

**Chandigarh**  
Elante offices, Unit No. B-613 & 614  
6th Floor, Plot No- 178-178A  
Industrial & Business Park, Phase-I  
Chandigarh - 160 002  
Tel: + 91 172 6717800

**Chennai**  
6th & 7th Floor, A Block,  
Tidel Park, No.4, Rajiv Gandhi Salai  
Taramani, Chennai - 600 113  
Tel: + 91 44 6654 8100

**Delhi NCR**  
Aikyam  
Ground Floor  
67, Institutional Area  
Sector 44, Gurugram - 122 003  
Haryana  
Tel: +91 124 443 4000

**3rd & 6th Floor, Worldmark-1**  
IGI Airport Hospitality District  
Aerocity, New Delhi - 110 037  
Tel: + 91 11 4731 8000

**4th & 5th Floor, Plot No 2B**  
Tower 2, Sector 126  
Gautam Budh Nagar, U.P.  
Noida - 201 304  
Tel: + 91 120 671 7000

**Hyderabad**  
THE SKYVIEW 10  
18th Floor, "SOUTH LOBBY"  
Survey No 83/1, Raidurgam  
Hyderabad - 500 032  
Tel: + 91 40 6736 2000

**Jaipur**  
9th floor, Jewel of India  
Horizon Tower, JLN Marg  
Opp Jaipur Stock Exchange  
Jaipur, Rajasthan - 302018

**Kochi**  
9th Floor, ABAD Nucleus  
NH-49, Maradu PO  
Kochi - 682 304  
Tel: + 91 484 433 4000

**Kolkata**  
22 Camac Street  
3rd Floor, Block 'C'  
Kolkata - 700 016  
Tel: + 91 33 6615 3400

**Mumbai**  
14th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar (W), Mumbai - 400 028  
Tel: + 91 22 6192 0000

**5th Floor, Block B-2**  
Nirlon Knowledge Park  
Off. Western Express Highway  
Goregaon (E)  
Mumbai - 400 063  
Tel: + 91 22 6192 0000

**3rd Floor, Unit No 301**  
Building No. 1  
Mindspace Airoli West (Gigaplex)  
Located at Plot No. IT-5  
MIDC Knowledge Corridor  
Airoli (West)  
Navi Mumbai - 400708  
Tel: + 91 22 6192 0003

**Altimus, 18th Floor**  
Pandurang Budhkar Marg  
Worli, Mumbai - 400 018  
Tel: +91 22 6192 050

**Pune**  
C-401, 4th Floor  
Panchshil Tech Park, Yerwada  
(Near Don Bosco School)  
Pune - 411 006  
Tel: + 91 20 4912 6000

**10th Floor, Smartworks**  
M-Agile, Pan Card Club Road  
Baner, Taluka Haveli  
Pune - 411 045  
Tel: + 91 20 4912 6800

## Ernst & Young LLP

**EY** | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit [www.ey.com/en\\_in](https://www.ey.com/en_in).

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at Ground Floor, Plot No. 67, Institutional Area, Sector - 44, Gurugram - 122 003, Haryana, India.

©2024 Ernst & Young LLP. Published in India.  
All Rights Reserved.

EYIN2410-034  
ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

JN

[ey.com/en\\_in](https://ey.com/en_in)

