85th issue

Economy Watch

Monitoring India's macro-fiscal performance

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ENTER

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Contents

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Highlights

1. In October 2023, both manufacturing and services PMI remained at high levels of 55.5 and 58.5 respectively, although their rates of expansion decelerated.

2. Led by a broad-based improvement in the output of key sub-industries, IIP growth increased to 7.4% in 2QFY24 from 4.8% in 1QFY24.

3. CPI inflation moderated to 4.9% in October 2023 from 5.0% in September 2023, inching closer to the RBI's 4% target. Core CPI inflation eased for the fourth successive month to 4.3% in October 2023.

4. The WPI reflected a contraction in prices at the wholesale level for the seventh successive month at (-)0.5% in October 2023 as compared to (-)0.3% in September 2023, led by favorable base effects.

5. During 1HFY24, GoI's gross tax revenues (GTR) showed a growth of 16.3%, with growth in direct taxes at 25.4% and that in indirect taxes at 6.5%.

6. GoI's total expenditure grew by 16.2% during 1HFY24, with growth in capital expenditure at 43.1% and that in revenue expenditure at 10%.

7. During 1HFY24, GoI's fiscal and revenue deficits, as a proportion of their annual BE, stood at 39.3% and 26.6%, respectively.

8. Growth in gross bank credit increased to a three-month high of 15.3% in September 2023 from 14.9% in August 2023.

9. Growth in merchandise exports and imports turned positive at 6.2% and 12.3% in October 2023 after showing a contraction for ten successive months, partly due to favorable base effect.

10. Merchandise trade deficit surged to an unprecedented high of US$31.5 billion in October 2023 from a five-month low of US$19.4 billion in September 2023.

11. Net FDIs turned positive in September 2023 with inflows amounting to US$1.5 billion as compared to outflows of US$2.8 billion in August 2023.

12. From a 13-month high level of US$92.2/bbl. in September 2023, global crude price moderated to US$89.1/bbl. in October 2023 as global supply concerns eased with an increase in the OPEC output. However, the ongoing geopolitical conflict in the Middle East poses significant upside risks to global crude prices in the near term.

13. The IMF has projected global growth at 3% in 2023, with India's FY24 growth forecasted at 6.3%.

Foreword

Budgeting for FY25: from interim to main budget

The union government will present an Interim Budget for FY25 on 1 February 2024. The main Budget would be presented after the general elections in May 2024. In 2019, when a similar situation had arisen, the main Budget was presented in the first week of July. The Interim Budget, also called a Vote on Account, enables undertaking of expenditures at the beginning of the next fiscal year until the main Budget is presented. It is not used for the initiation of any major policy changes. The Interim Budget therefore is of interest to the extent as it provides an assessment of the economy and its fiscal health. One key variable of interest would be the achieved improvement in indicators of fiscal imbalance, such as fiscal and revenue deficits and government debt relative to GDP after their sharp departures in the COVID-affected year of FY21. Using this assessment and considering more up-to-date information, the main Budget will provide an occasion to initiate policy reforms in a longer-term perspective.

As per the National Statistical Organization (NSO), real and nominal GDP growth in 1QFY24 turned out to be 7.8% and 8% respectively. The GVA data indicated that manufacturing growth remained relatively low at 4.7% in 1QFY24, partly reflecting the effect of the global economic slowdown. Within services, although the quarterly real growth (y-o-y) of the trade, hotels, transport, communication, and storage sector was 9.2% in 1QFY24, its magnitude (in 2011-12 prices) was lower by 2% as compared to the corresponding magnitude in the first quarter of the pre-COVID year of FY20. This pattern has been replicated for the first quarter of FY22, FY23 and FY24. This might indicate that this employment-intensive sector has not yet fully recovered from the COVID shock and continues to be vulnerable to supply side disruptions.

The prospects for 2QFY24 growth appear to be at par if not better, compared to the RBI's estimate of 6.5%. The RBI Governor, in a recent statement[1], showed confidence that this expectation would be met if not exceeded. Recent months have seen buoyant high frequency indicators, justifying this optimism. IIP and core IIP growth averaged 7.4% and 9.7% respectively in 2QFY24, gross GST collections averaged INR1.62 lakh crore, PMI manufacturing and services showed high levels at an average of 57.9 and 61.1 respectively, bank credit growth remained strong at 15%, and power consumption growth averaged at a five-quarter high of 11.9%. On a monthly basis, growth in power consumption was at its highest level since May 2022 at 20.9% in October 2023. Growth in gross bank credit increased to a three-month high of 15.3% in September 2023 from 14.9% in August 2023. CPI inflation at 4.9% in October 2023 reflected a moderation for the third successive month and inched closer to the RBI's 4% target. Core CPI inflation eased for the fourth successive month to 4.3% in October 2023.

For the year as a whole, there is a strong likelihood that GDP growth may turn out to be about 6.5%, marginally higher than the IMF and World Bank's projection of 6.3%. Some of the risk factors that India may still need to consider include deficiency and the uneven spread of the southwest monsoon, volatile global crude prices, and some supply side disruptions due to the ongoing geopolitical conflicts. It is, however, definite that India would outperform its large peer economies by a tangible margin.

Based on available information, our expectation of real and nominal GDP growth rates for 1HFY24 is 7.2% and 8.5% respectively. The In-focus section of this issue contains a detailed analysis of the fiscal prospects for FY24, which will provide the base for the FY25 Budget estimates. The budgeted fiscal deficit to GDP ratio of the GoI is 5.9% for FY24. There might be an increase in fertilizer and other petroleum linked subsidies due to higher global crude prices. Considering some recent estimates of additional fertilizer subsidies to the extent of INR50,000 crore and using the budgeted magnitude of nominal GDP, the fiscal deficit to GDP ratio may increase to close to 6.1%. There may be further pressure on this number due to a slippage in nominal GDP growth and any shortfall in the budgeted GTR. This may be reflected in FY24 RE. In FY25, the GoI should signal a movement towards the stated fiscal deficit target of 4.5% of GDP in FY26. If evenly distributed, this would imply achieving a 5.2% fiscal deficit relative to GDP in FY25. The medium-term glide path should pass through the 4.5% target in FY26 and spell out annual reduction targets to achieve the norm of 3% of GDP latest by FY28. This should at least be spelt out in the main Budget. In the FY24

[1] https://rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1392

Budget, the medium-term fiscal policy cum fiscal policy strategy statement provided estimated magnitudes of fiscal deficit relative to GDP for only two years covering FY23 RE and FY24 BE. The practice of giving an estimated glide path over the medium term as provided for in the FRBM Act as amended in 2018 should be adhered to. The Act called for providing 'fiscal indicators - rolling targets' for two more years beyond the budget year.

In order to ensure that the combined fiscal deficit relative to GDP is brought closer to 6%, GoI may consider constituting a Loan Council to oversee the annual borrowing programs of the central and state governments. It is also desirable to show a balance on revenue account and reduction of government debt-GDP ratio. This is needed to augment the aggregate savings rate by reducing government dissavings so that the medium-term growth can be sustained at close to 7%. In the medium-term, government's emphasis on expanding infrastructure by prioritizing capital expenditure needs to be retained. Given the uncertainty relating to global crude prices, government's program to shift to alternative sources of supply of crude and the use of alternative fuels should be accelerated. To encourage investment into and adoption of the latest generation of digital technologies, including Generative AI, the GoI may consider expanding the scope and magnitude of PLI schemes specially to develop supporting hardware.

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1 Growth: PMI indicated an easing of growth in manufacturing and services in October 2023

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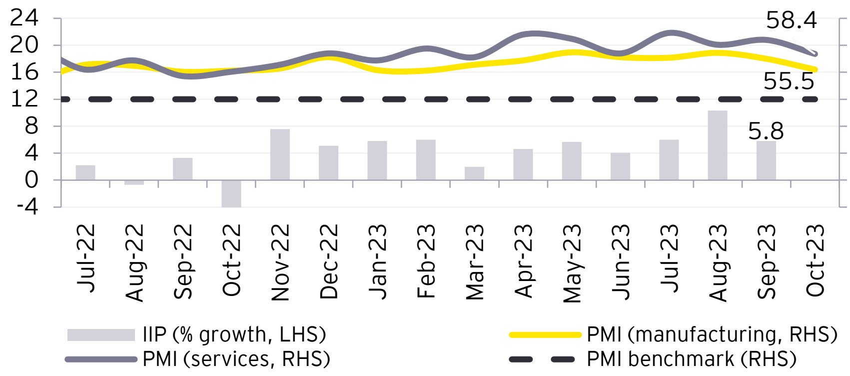
1.1 PMI: in October 2023, composite PMI output index at 58.4, showed its weakest rate of expansion since March 2023

- Headline manufacturing PMI (seasonally adjusted (sa)) at 55.5 in October 2023 remained above the threshold level of 50 for the 28th successive month **(Chart 1).** However, the pace of expansion decelerated in October 2023 as it fell from its September 2023 level of 57.5 and signaled the slowest rate of expansion since February 2023.
- PMI services remained high at 58.4 in October 2023, although falling from 61 in September 2023. The easing of expansion during the month was mainly attributable to strengthening inflationary pressures.
- Reflecting slower increases in manufacturing production and services activity, the composite PMI Output Index (sa) fell to 58.4 in October 2023 from 61 in September 2023. The October 2023 level indicated the weakest rate of expansion since March 2023.

Chart 1: PMI and IIP growth



Source: MoSPI and S&P Global.

In October 2023, both manufacturing and services PMI remained at high levels of 55.5 and 58.5 respectively, although their rates of expansion decelerated.

1.2 IIP: growth decelerated to 5.8% in September 2023

Led by a broad-based improvement in the output of key sub-industries, IIP growth increased to 7.4% in 2QFY24 from 4.8% in 1QFY24.

- According to the quick estimates, IIP growth fell to 5.8% in September 2023 from 10.3% in August 2023 **(Chart 1).** In 2QFY24, IIP showed a higher growth of 7.4% as compared to 4.8% in 1QFY24.
- Among sub-industries, manufacturing output, with a share of 77.6% in the overall IIP, witnessed a sharp slowdown in its growth to 4.5% in September 2023 from 9.3% in August 2023. Within manufacturing, sectors which showed sharp moderation in their growth rates during the month include coke and refined petroleum products (2.6%), other non-metallic mineral products (4.7%), other machinery and equipment (4.8%)[2], and pharmaceuticals and medicinal products (6.8%). Output of food products contracted by (-)0.4% in September 2023.
- Among other major sub-industries, while growth in the output of mining and electricity sectors remained buoyant at 11.5% and 9.9% respectively in September 2023, they were relatively lower when compared to 12.3% and 15.3% respectively in August 2023.
- As per the 'use-based' classification of industries, growth in the output of infrastructure/construction moderated to 7.5% in September 2023 from 13.5% in August 2023. Growth in the output of capital goods also moderated to 7.4% in September 2023 from 13.1% in August 2023. Output of consumer durables and non-durables showed a low growth of 1.0% and 2.7% respectively in September 2023 as compared to 5.8% and 9.6% in August 2023.
- According to provisional estimates, output of eight core infrastructure industries (core IIP) continued to show a strong growth of 8.1% in September 2023, although moderating from 12.5% (revised) in August 2023. The sub-industries showing strong growth rates included coal (16.1%), steel (9.6%), electricity (9.3%) and natural gas (6.5%). On the contrary, output of crude oil contracted by (-)0.4% in September 2023. In 2QFY24, growth in core IIP averaged 9.7%, improving from 6.0% in 1QFY24.

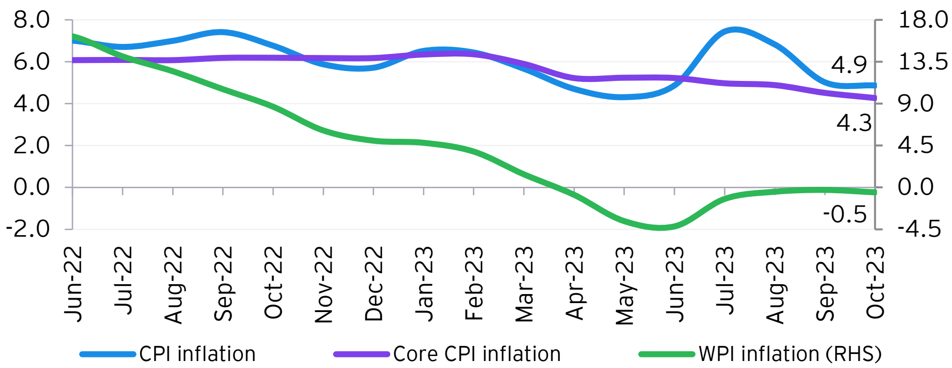
[2] Refers to machinery and equipment not elsewhere classified (n.e.c)

2 Inflation: CPI inflation eased to a four-month low of 4.9% in October 2023

CPI inflation eased marginally to 4.9% in October 2023 from 5.0% in September 2023 led by continued moderation in vegetable prices (Chart 2).

- Inflation in vegetables moderated to 2.7% in October 2023 from 3.4% in September 2023 as tomato prices fell by (-)43.9% (y-o-y) in October 2023 as compared to (-)21.4% in September 2023. Inflation in milk and products eased for the fifth successive month to 6.4% in October 2023.
- Fuel and light prices contracted for the second successive month by (-)0.4% in October 2023 as compared to (-)0.1% in September 2023 mainly reflecting the recent price cut on LPG cylinders for all domestic users.
- Inflation in transportation and communication services fell to a five-month low of 2.0% in October 2023, primarily due to a favorable base effect.
- Core CPI inflation[3] fell to 4.3% in October 2023, its lowest level since April 2020, from 4.5% in the previous month led by lower inflation in transportation and communication services and personal care and effects.
- Inflationary pressures continued to emanate from spices (22.8%), pulses and products (18.8%), fruits (9.3%), egg (9.3%) and cereal and products (10.7%) in October 2023.
- In October 2023, consumer food inflation remained constant at its level of 6.6% witnessed in September 2023.

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



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

CPI inflation moderated to 4.9% in October 2023 from 5.0% in September 2023, inching closer to the RBI's 4% target. Core CPI inflation eased for the fourth successive month to 4.3% in October 2023.

WPI reflected a contraction in prices at the wholesale level for the seventh successive month at (-)0.5% in October 2023 as compared to (-)0.3% in September 2023.

- WPI food index-based inflation moderated for the third successive month to 1.1% in October 2023 from 1.5% in September 2023 as the pace of contraction in vegetable prices quickened to (-)21.0% in October 2023 from (-)15.0% in September 2023.
- Inflation in crude petroleum and natural gas turned negative at (-)2.2% in October 2023 from 15.6% in September 2023, mainly reflecting a favorable base effect.
- Prices of fuel and power continued to contract for the sixth consecutive month at (-)2.5% in October 2023 as compared to (-)3.3% in September 2023. The pace of contraction in mineral oils fell to a seven-month low of (-)0.4% in October 2023.
- Inflation in manufactured products remained negative for the eighth successive month at (-)1.1% in October 2023 as compared to (-)1.3% in September 2023.
- Core WPI witnessed a contraction for the eighth successive month at (-)1.0% in October 2023, marginally lower than (-)1.2% in September 2023. Major product groups showing a contraction in prices in October 2023 included manufactured chemicals and chemical products ((-)6.8%) and manufactured basic metals ((-)2.3%).

[3] 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.

3 Fiscal: GoI's capital expenditure growth stood at 43.1% during 1HFY24

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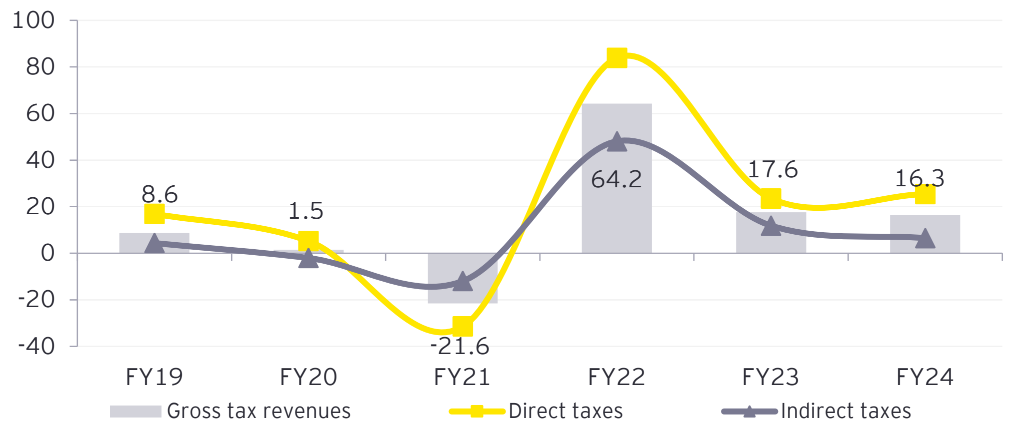
3.1 Tax and non-tax revenues

- As per the CGA, GoI's GTR[(b)] showed a growth of 16.3% during the first six months of FY24 as compared to 17.6% during the corresponding period of FY23 **(Chart 3)**.
- During 1HFY24, GTR stood at 48.2% of the annual BE, higher than the three-year average ratio based on actual collections at 41.6%.
- Direct taxes[(a)] showed a double-digit growth of 25.4% while indirect taxes[(a)] grew by 6.5% during April-September FY24. The corresponding growth rates in FY23 were at 23.5% and 11.8% respectively.
- Corporate income tax (CIT) revenues grew by 20.2% during the first six months of FY24 as compared to 21.6% during the same period in FY23.
- Personal income tax (PIT) revenues grew by 31.1% during April-September FY24, higher than 25.7% during the corresponding period of FY23.
- Among indirect taxes, GoI's GST revenues[(c)] grew by 8.7% during April-September FY24, lower than 33.4% during the corresponding period of FY23, partly owing to an unfavorable base effect.
- Union excise duties (UED) showed a contraction of (-)10.8% during the first six months of FY24 as compared to (-)18.5% during the corresponding period of FY23.
- Customs duties grew by 23.1% during 1HFY24 as compared to a contraction of (-)6.9% during 1HFY23.

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



During 1HFY24, GoI's GTR showed a growth of 16.3%, with growth in direct taxes at 25.4% and that in indirect taxes at 6.5%.

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 GoI's GTR along with direct and indirect taxes, (c) IGST revenues are subject to final settlement.

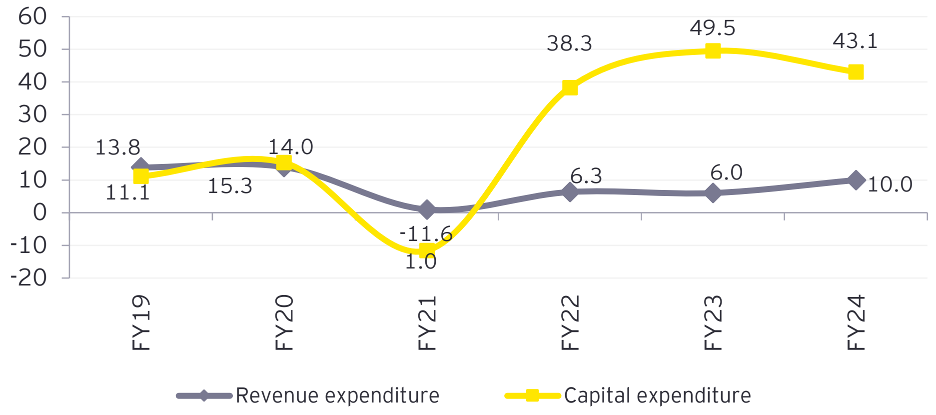
- GoI's non-tax revenues showed a high growth of 50.2% during April-September FY24 on account of high receipt of dividends and profits at INR1,20,657 crore, exceeding its FY24 BE by INR29,657 crore.
- Non-tax revenues during 1HFY24 as a proportion of annual BE stood at 78.5%, much higher than the three-year average ratio of 47.8% based on actual collections.
- Non-debt capital receipts of the GoI during 1HFY24 stood at 24% of the BE, much lower than the three-year average ratio of 39.6% based on actual collections.
- As per DIPAM[4], disinvestment receipts as of 22 November 2023 stood at INR8,000.15 crores, that is 15.7% of the FY24 BE at INR51,000 crore.

[4] https://dipam.gov.in/

3.2 Expenditures: revenue and capital

- GoI's total expenditure grew by 16.2% during April-September FY24, higher than 12.2% during the corresponding period of the previous year.
- GoI's revenue expenditure showed a growth of 10% during April-September FY24 as compared to 6% during the corresponding period of FY23 **(Chart 4).**
- GoI's capital expenditure was front-loaded, showing a strong growth of 43.1% during 1HFY24. This trend of a double-digit growth in GoI's capital expenditure during the initial months of the fiscal year is visible even for FY22 and FY23.

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



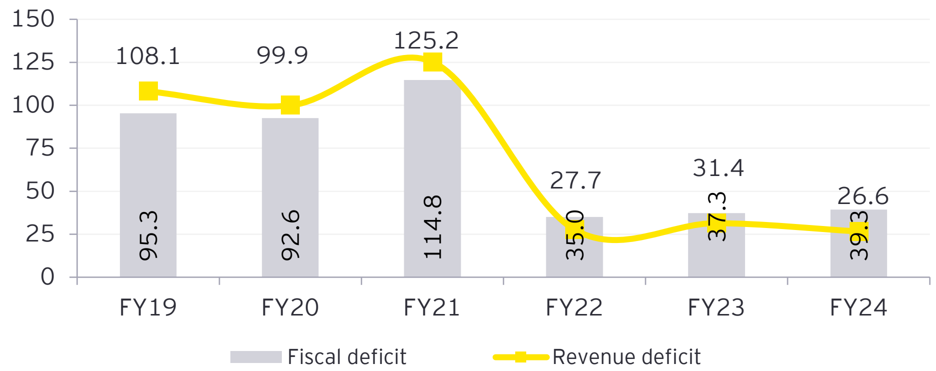
GoI's total expenditure grew by 16.2% during 1HFY24, with growth in capital expenditure at 43.1% and that in revenue expenditure at 10%.

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

3.3 Fiscal imbalance

- GoI's fiscal deficit during 1HFY24 stood at 39.3% of the BE, slightly higher than the corresponding ratios in FY22 and FY23 but significantly lower than the respective levels in the period FY19 to FY21 **(Chart 5).**
- GoI's revenue deficit during 1HFY24 stood at 26.6% of the BE, its lowest level at least since FY01.

Chart 5: Fiscal and revenue deficit during April-September as percentage of BE



During 1HFY24, GoI's fiscal and revenue deficits, as a proportion of their annual BE, stood at 39.3% and 26.6%, respectively.

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

4 Comparative trends: IMF projected India's government debt-GDP ratio at 82% in FY24

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4.1 General government net lending/borrowing

- The IMF (World Economic Outlook, October 2023) has projected fiscal deficit relative to GDP for advanced economies (AEs) as well as emerging market and developing economies (EMDEs) to remain above the pre-pandemic levels during the forecast period from 2023 to 2028. However, some consolidation is expected for both groups of countries beginning 2024.
- Among the selected major AEs, fiscal deficit relative to GDP for the US is forecasted to surge to 8.2% in 2023 as the general government fiscal stance is expected to remain expansionary in order to support growth amid slow wage growth, savings accumulated during the pandemic running out, and a tight monetary policy.

Table 1: General government net lending/borrowing (% of GDP)

Country/Region	2022	2023	2024	2025	2026	2027	2028
AEs	**-3.3**	**-5.2**	**-4.4**	**-4.2**	**-3.9**	**-3.8**	**-4.0**
US	-3.7	-8.2	-7.4	-7.4	-7.0	-6.7	-7.0
UK	-5.5	-4.5	-3.9	-3.7	-3.7	-3.5	-3.5
Euro area	-3.6	-3.5	-2.7	-2.3	-2.1	-2.1	-2.1
Japan	-6.9	-5.6	-3.7	-2.6	-2.7	-2.9	-3.3
EMDEs	**-5.0**	**-5.5**	**-5.4**	**-5.1**	**-5.1**	**-5.1**	**-5.1**
Brazil	-3.1	-7.1	-6.0	-5.3	-4.8	-4.4	-4.4
Russia	-1.4	-3.7	-2.6	-1.3	-0.6	-0.1	0.3
India*	-9.2	-8.8	-8.5	-8.0	-7.7	-7.4	-7.2
China	-7.5	-7.1	-7.0	-7.3	-7.5	-7.6	-7.8
South Africa	-4.7	-6.4	-6.5	-6.8	-6.5	-6.5	-6.7

Source (basic data): IMF World Economic Outlook (October 2023)

*Data pertains to fiscal year; -ve indicates deficit and +ve indicates surplus

- Among EMDEs, the highest general government fiscal deficit relative to GDP is forecasted for India at 8.8% in 2023 (FY24), followed by China at 7.1%. However, during the subsequent years of the forecast period, there is an expectation of a reversal of this trend with India's fiscal deficit falling to 7.2% of GDP by 2028 (FY29) and that of China rising to 7.8% by this year. **(Table 1).**
- Russia, which has generally witnessed a fiscal surplus in the pre pandemic years, is projected to show an increase in its fiscal deficit to 3.7% of GDP in 2023 as a result of a substantial fiscal stimulus by the government in order to support growth. After the suspension of the fiscal rule in 2022 in response to the sanctions imposed, a new fiscal rule is expected to be fully effective in 2025. This is expected to enable a reduction in the fiscal deficit in subsequent years of the forecast period.

4.2 General government gross debt

- Globally, a combination of rising interest rates, weakening currencies and sluggish export growth has put pressure on government finances, leading to an increase in government debt levels.
- The levels of general government gross debt to GDP ratio in AEs have been much higher than those in EMDEs **(Table 2).**
- Among AEs, the highest general government debt to GDP ratio is for Japan, followed by the US and the UK. This ratio for the Euro area has not exceeded 100%.

Table 2: General government gross debt (% of GDP)

Country/Region	2022	2023	2024	2025	2026	2027	2028
AEs	**112.3**	**112.1**	**112.8**	**113.8**	**114.6**	**115.3**	**116.3**
US	121.3	123.3	126.9	130.3	132.9	135.1	137.5
UK	101.9	104.1	105.9	107.3	108.5	108.2	108.2
Euro area	91.0	89.6	88.3	87.1	86.1	85.5	84.9
Japan	260.1	255.2	251.9	250.6	251.1	251.9	252.8
EMDEs	**64.2**	**67.0**	**68.6**	**70.5**	**72.2**	**73.8**	**75.4**
Brazil	85.3	88.1	90.3	92.4	93.9	95.0	96.0
Russia	18.9	21.2	21.8	21.7	20.9	19.8	18.2
India*	81.0	81.9	82.3	82.2	81.8	81.2	80.5
China	77.0	83.0	87.4	91.8	95.9	100.1	104.3
South Africa	71.1	73.7	75.8	78.8	81.6	84.2	86.7

Source (basic data): IMF World Economic Outlook (October 2023)

*Data pertains to fiscal year

- Considering the forecast period, AEs as a group is expected to witness a milder increase of 4% points in its government debt-GDP ratio in 2028 as compared to 2022. The corresponding increase for EMDEs is 11.3% points.
- The increase in the general government debt relative to GDP in the case of AEs is led by the US wherein government debt-GDP ratio is expected to increase by 16.2% points, reaching a level of 137.5% by 2028. In the case of EMDEs, it is led by China with its government debt-GDP ratio projected to rise from 77% in 2022 to 104.3% by 2028, an increase of 27.4% points.
- India's general government debt to GDP ratio is projected to gradually decline after 2024 (FY25) although it would continue to remain nearly 20% points above the FRBM (2018) threshold of 60%.

5 In focus: Economic and fiscal outlook for FY25's Interim Budget

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5.1 Introduction

India's real GDP growth for FY24, projected by the RBI at 6.5% and by the IMF and the World Bank at 6.3%, is a clear bright spot in an otherwise gloomy global growth scenario. The IMF has projected global growth to fall from 3.5% in 2022 to 3% in 2023 and further to 2.9% in 2024, well below the historical average growth rate of 3.8% during the period 2000 to 2019. Growth in AEs as a group is projected to decline from 2.6% in 2022 to 1.5% in 2023 and further to 1.4% in 2024. In the Euro area, growth is projected at only 0.7% in 2023 with Germany facing a contraction of (-)0.5%. Similarly, in the UK, growth is projected to remain subdued at 0.5% in 2023 and 0.6% in 2024.

In IMF's assessment, key risks to the global growth outlook emanate from (1) further deepening of the real estate crisis in China, (2) volatility in global commodity prices including crude prices due to ongoing geopolitical tensions and disruptions linked to climate change, (3) higher than expected inflation, (4) fiscal risks due to elevated debt levels, and (5) further appreciation of the US dollar. The global growth slowdown would cast a shadow on India's export performance. To maintain a robust growth prospect in the medium term, India may have to largely depend on domestic growth drivers.

5.2 Assessing India-specific risks

India's growth prospects for FY24 and FY25 may be subject to a number of risks which need to be assessed carefully. For FY25, the IMF and the World Bank respectively project India's real GDP growth at 6.3% and 6.4%. The median forecast of the RBI's Professional Forecasters' Survey (October 2023) is also at 6.3%. Some of the major risks to growth may relate to (1) prospects of deficient south-west monsoon (SWM), (2) global crude price unpredictability and related pressures, (3) subdued growth/continued contraction in merchandise exports, (4) possibility of significantly low net FDI inflows, and (5) relatively lower nominal GDP growth due to low implicit price deflator (IPD)-based inflation and related fiscal risks. We discuss these briefly as follows.

Prospects of deficient south-west monsoon

The SWM ended with the country recording rainfall at 94.4% of the long period average (LPA) in FY24. As per RBI's production weighted rainfall index (PRN), the cumulative monsoon rainfall up to September 2023 has been 7% below the LPA. The geographical distribution of the rainfall has also been uneven with a notable deficiency in precipitation in the east and north-east (-18% of LPA) and the south peninsular region (-8% of LPA), while other regions of the country have received normal rainfall. At the all-India level, percentage deficiency of the actual SWM as compared to the normal for the period June to September 2023 was 5.6%. States that experienced deficiency of more than 20% include Manipur, Kerala, Mizoram, Jharkhand, Bihar, and Assam and those that experienced a deficiency in the range of 10% to 20% include Karnataka, Uttar Pradesh, Meghalaya, Andhra Pradesh, Tripura, West Bengal, and Nagaland. Further, as per the RBI bulletin (November 2023), the cumulative north-east monsoon during the period 1 October 2023 to 10 November 2023 was 23% below the LPA. These developments are likely to adversely affect growth in agriculture in FY24. This year was preceded by reasonably robust growth rates in agriculture over a longish stretch extending from FY17 to FY23, averaging 4.7%. Given the cyclical nature of agriculture, there may be a period of lower growth for one or more years. This may exert pressure on food prices, an indication of which has already been evidenced. Food price and vegetable price inflation averaged 9.3% (12-quarter high) and 22% (14-quarter high) respectively in 2QFY24.

Global crude price unpredictability and related pressures

The movement of global crude prices remains highly unpredictable due to the pull-up factor exerted by supply side uncertainties emanating from continued geopolitical tensions including both Russia-Ukraine and Israel-Hamas conflicts, and the pull-down impact of global demand slowdown. In this context, the World Bank in its Commodity Market Outlook (October 2023) has outlined different scenarios. Under its baseline forecast, Brent crude price is expected to average US$90/bbl. in the current quarter (October-December 2023) before declining to an average of US$81/bbl. next year (2024) as global economic growth slows. This may be modified due to disruptions which are scaled as 'small', 'medium' and 'large'. In the 'small disruption' scenario, the global crude supply is reduced by 500,000 to 2 million barrels per day, leading to an increase in the oil price in the range of 3%-13% relative to the average for the current quarter, that is, to a range of US$93-US$102/bbl.

In the 'medium disruption' scenario, the global oil supply is curtailed by 3 million to 5 million barrels per day, driving oil prices up by 21%-35%, that is, between US$109 to US$121/bbl. In the 'large disruption' scenario, the global oil supply is reduced by 6 million to 8 million barrels per day. That is estimated to drive prices up by 56%-75% to range between US$140 to US$157/bbl.

India has made persistent efforts to diversify its supply sources and to bargain for discounted prices in recent years. While it is difficult to predict the outcome for FY24 and FY25, the RBI has projected the price of the Indian crude basket at US$85/bbl. for 2HFY24. RBI's Professional Forecaster's Survey (October 2023) projects the average price of the Indian crude basket at US$85/bbl. in 1QFY25 and at US$84/bbl. in 2QFY25.

Subdued growth/continued contraction in merchandise exports

Global trade growth as well as India's export growth experienced their respective golden periods during 2002 to 2007. According to the IMF, growth in global trade volume averaged 7.7% in this period. In the same period, growth in India's volume of goods and services exports averaged 18.9%. Since then, both global trade and India's export growth rates have fallen. While global trade volume on average showed a much lower growth at 3.1% during 2008 to 2022, average growth in India's export volume also fell to 5.9%. There is a tangible trend of deglobalization and inward-looking policies of major economies of the world, posing considerable challenges for an export-led growth model.

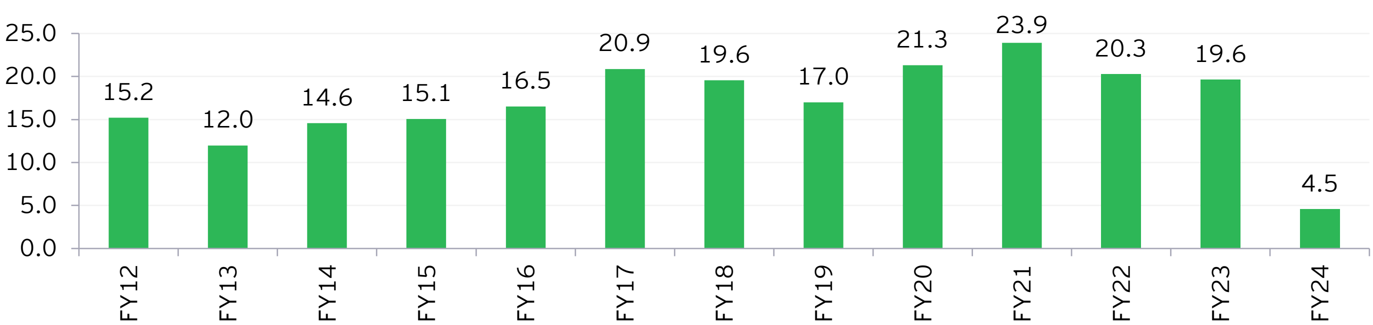
According to the IMF, global trade is expected to grow at 0.9% in 2023 and 3.5% in 2024. The projected decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of dollar appreciation which slows trade owing to the widespread invoicing of products in dollars, and rising trade barriers. In 2022, countries imposed almost 3,000 new restrictions on trade, up from fewer than 1,000 in 2019. According to UNCTAD's Trade and Development Report (October 2023), global trade is forecasted to grow by about 1% in 2023, the slowest since the end of the World War II, with merchandise trade growth hovering in negative territory. The World Trade Organization (WTO) has also downgraded the growth forecasts for world merchandise trade volume for 2023 to 1.7%, while marginally upgrading the outlook for 2024 to 3.2%, in its October 2023 edition of the Global Trade Outlook and Statistics.

With respect to India's exports, services exports are doing much better than merchandise exports. While India's merchandise exports contracted by (-)9.9% during April-October 2023 driven by a sharp fall in the value of exports of petroleum products and electronic goods, services exports showed a growth of 9.1% during April-September 2023 driven by software and business services. The RBI's Professional Forecasters' Survey (October 2023) has projected merchandise exports and imports growth at (-)5.9% and (-)4.5% respectively in FY24, recovering to 6% each in FY25. India's current account deficit (CAD) was 2% of GDP in FY23. In 1QFY24, it has improved to 1.1% of GDP. According to RBI's Professional Forecasters' Survey, CAD is forecasted at 1.5% of GDP for FY24 and 1.6% for FY25.

Possibility of significantly low net FDI inflows

Net FDI inflows fell to US$4.5 billion during April-September 2023, its lowest level considering the corresponding periods since FY12 **(Chart 6)**. This is attributable to a moderation in global investment flows and higher repatriation/disinvestment. At its peak, net FDI inflows amounted to US$23.9 billion during April-September FY21. A significant reduction in FDI inflows may imply a draw down of the foreign exchange reserves to finance the CAD, leading to pressures on exchange rate. Additionally, it would reduce the availability of investible resources in the economy, constraining growth.

Chart 6: Net FDI inflows during April-September (US$ billion)



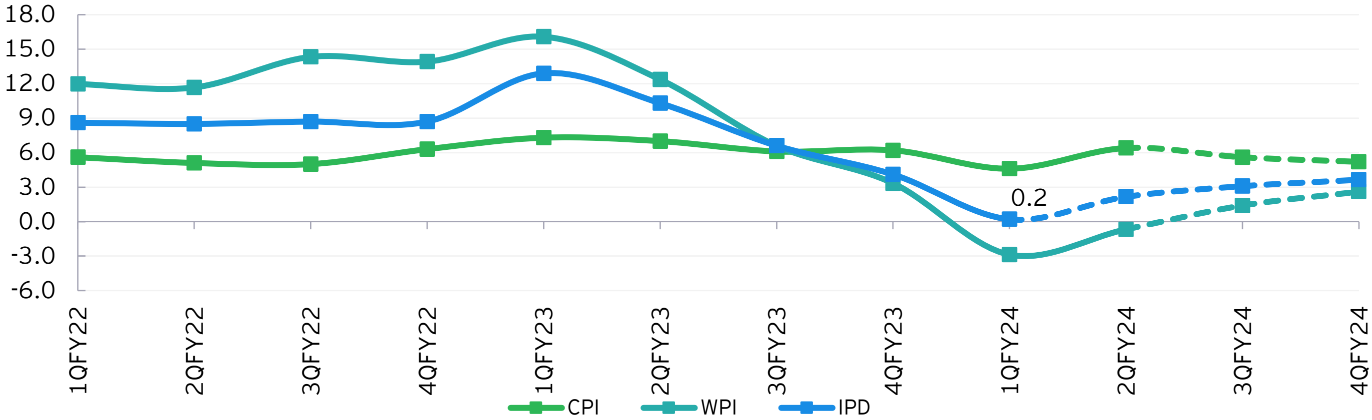
Source (basic data): RBI

Lower nominal GDP growth due to low IPD-based inflation and related fiscal risks

The FY24 Union Budget had projected a nominal GDP growth of 10.5%. With a buoyancy of close to 1, the growth in GoI's gross tax revenues was budgeted at 10.4%. There is a likelihood that in FY24, the IPD-based inflation may be significantly lower than the FY23 inflation of 8.5%. As per available figures, in 1QFY24, the IPD-based inflation was

0.2% **(Chart 7)**. This is so because IPD is constructed as a weighted index of WPI and CPI, with the weight of the former being much larger than that of the latter. As per the RBI's Professional Forecasters' Survey (October 2023), WPI inflation is projected at only 0.2% for FY24. If this is combined with RBI's CPI inflation projection of 5.4%, the weighted IPD-based inflation may turn out to be only 2.3% in FY24 using a weight of 60% for WPI inflation and of 40% for CPI inflation.

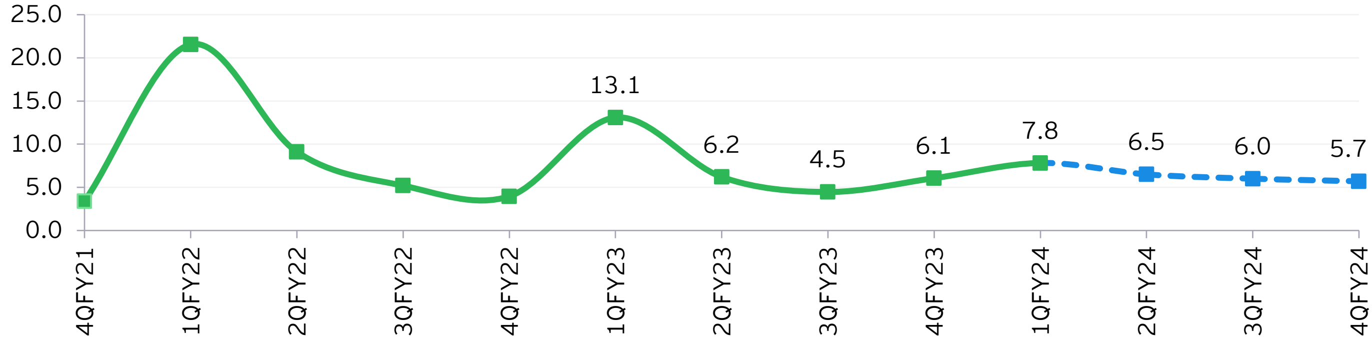
Chart 7: Trends in CPI, WPI and IPD based inflation



Source: MoSPI, Ministry of Commerce and Industry; Note: Dotted segments of the CPI and WPI curves indicate forecasts by the RBI/RBI Professional Forecaster's Survey (October 2023). The dotted segment of the IPD-based inflation pertains to EY estimates.

Chart 8 depicts the trajectory of quarterly real GDP growth. As per the NSO data, a real growth of 7.8% was achieved in 1QFY24. Combining this with RBI's estimates for the next three quarters at 6.5%, 6% and 5.7%, the annual growth for FY24 is estimated at 6.5%.

Chart 8: Real GDP growth (%, y-o-y)



Source: (basic data): MoSPI and projections from 2QFY23 onwards from RBI's Monetary Policy Statement, October 2023

If we combine a real GDP growth of 6.5% with an IPD-based inflation of 2.3%, the nominal GDP growth may be estimated at close to 9%. This is lower by a margin of 1.5% points as compared to the nominal growth estimated in the FY24 Union Budget. In the Budget, the assumed GTR buoyancy was close to 1. Using CGA data, the GTR growth in 1HFY24 was 16.3%. Based on available information regarding real GDP growth and IPD-based inflation, we estimate 1HFY24 nominal GDP growth to be about 8.5%. This implies that the 1HFY24 GTR buoyancy may be estimated at close to 1.9 which is well above the assumed buoyancy in the Budget. There is thus a strong likelihood that the GTR growth assumption for the full year may not prove to be wrong by a wide margin since a shortfall in nominal GDP growth may be compensated by an increase in buoyancy compared to their respective assumptions.

5.3 Fiscal outlook

GoI's Vote on Account for FY25 is expected to be presented on 1 February 2024. By that time, GoI will have access to monthly fiscal data up to December 2023, that is for the first three quarters of FY24 based on CGA data. At present, we have data for the first half of the fiscal year. In addition, we have the budget estimates (BE) for FY24. The FY24 accounts data would be used in combination with the BE for the full year to provide the revised estimates (RE) for FY24. These REs would then provide the base numbers for assessing the BE for FY25. The Vote on Account is expected to be characterized by the absence of any major policy decisions in anticipation of the forthcoming general elections. The BE numbers in the Vote on Account would still be important as they would highlight the overall fiscal health of the central government, the expected transfers to the state governments and the path of fiscal imbalance in terms of fiscal and revenue deficits and central government debt relative to GDP.

GoI's tax revenues

In utilizing CGA's tax revenue data, we need to note the fact that there is no one-to-one correspondence between disaggregated tax revenue data given in the Union Budget. Only the GTR aggregate is comparable directly. With respect to the individual taxes such as CIT, PIT, GST, UED and Customs, there is an issue of comparability due to the presence of the category called 'other taxes' given by the CGA. These numbers would eventually be divided into the individual tax categories in the Union Budget documents. The magnitude of other taxes, however, is small in the sense that it amounted to 1.1% of the GTR in FY23.

GoI's GTR growth was budgeted at 10.4% comparing FY24 (BE) with FY23 (RE). The assumed tax buoyancy was close to 1 and the underlying nominal GDP growth was 10.5%. However, if we look at the growth of GTR calculated in terms of FY24 (BE) over FY23 CGA actuals, it is lower at 10.1% **(Table 3)**. In terms of individual taxes, the budgeted growth rates in FY24 (BE) over FY23 (RE) are quite close to the growth rates calculated by using FY24 (BE) over FY23 CGA actuals except for UED and customs. In the case of UED, it appears to be higher than the budgeted growth and in the case of customs, it is lower than the budgeted growth.

On the basis of accounts data available for the first six months of FY24, it is difficult to take a call on the full year prospects of GoI's tax revenues due to large inter-month volatility, at least in the initial months of FY24. At present, the GTR growth for 1HFY24 at 16.3% is well above the budgeted annual growth which is only marginally higher than 10%. If we juxtapose the annual buoyancy estimate of GTR at 1 with the expected nominal GDP growth of 9%, the expected growth in GoI's GTR would be 9%. This would imply that the annual magnitude of the GTR at INR33.6 lakh crore would be achieved either by an increase in the tax buoyancy to about 1.12 or the nominal growth rate may have to increase to close to 10%. The probability of either of these two happening on their own or in a suitable combination is high. As such, we do not expect any significant slippage in the estimated GTR magnitude as given in the FY24 Union Budget. Some revenue side risk factors may however be taken note of. There is a strong likelihood of a cut in the union excise duty rates on petroleum products if global crude prices remain under pressure. A recent estimate[5] indicates that there may be a shortfall in the UED revenues to the tune of INR45,000 crore. This may, however, be at least partially compensated by a higher direct tax buoyancy. The pressure on crude prices would also have a bearing on the budgeted subsidy estimates, as discussed below.

Table 3: Tax-wise growth and buoyancy

Year	GTR	DT	CIT	PIT	IDT *of which*	GST	UED	Customs
y-o-y growth (%)								
FY19	8.4	14.9	16.2	13.1	3.0	31.5	-10.7	-8.7
FY20	-3.4	-7.8	-16.1	4.0	1.7	2.9	3.7	-7.3
FY21	0.7	-10.7	-17.9	-2.3	12.7	-8.4	62.6	23.4
FY22	33.8	49.6	55.7	43.5	20.1	27.4	0.3	48.2
FY23	12.7	17.9	16.0	20.0	7.2	21.6	-18.4	6.8
1HFY24 over 1HFY23	16.3	25.4	20.2	31.1	6.5	8.7	-10.8	23.1
FY24 BE over FY23 RE	10.4	10.5	10.5	10.5	10.4	12.0	5.9	11.0
FY24 BE over FY23 Actuals	10.1	11.6	11.7	11.4	10.9	12.1	6.3	9.2
Buoyancy*								
FY19	0.8	1.4	1.5	1.2	0.3	3.0	-1.0	-0.8
FY20	-0.5	-1.2	-2.5	0.6	0.3	0.5	0.6	-1.2
FY21	-0.5	7.8	13.2	1.7	-9.3	6.1	-46.0	-17.2
FY22	1.8	2.7	3.0	2.4	1.1	1.5	0.0	2.6
FY23	0.8	1.1	1.0	1.2	0.4	1.3	-1.1	0.4
1QFY24	0.4	-0.1	-1.7	1.4	1.1	1.4	-1.9	4.4
FY24 BE w.r.t. FY23 RE	1.0	1.0	1.0	1.0	1.0	1.1	0.6	1.0

Source (basic data): CGA and FY24 Union Budget
*negative buoyancy should not be interpreted
Note: In the CGA numbers, other taxes are excluded from DT and IDT but are added to GTR of the GoI. In the budget aggregates, taxes of the UTs are a part of IDT. In the budget documents, other taxes are not given as a separate entry and are adjusted as a part of individual taxes.

[5] FY24 excise duty collection target may be cut by Rs 45,000 crore - The Economic Times (indiatimes.com)

Non-debt capital receipts and non-tax revenues

As far as non-tax revenues are concerned, GoI has already achieved 78.5% of the annual BE. There is, however, an expected slippage in disinvestment receipts. As a proportion of the BE, disinvestment receipts are only 14% although the BE at INR51,000 crore was itself substantially reduced as compared to previous years. In such a situation, any shortfall in disinvestment may be made up by a marginal excess of non-tax revenues as compared to BE.

Expenditure prospects

The central government has prioritized capital expenditure during 1HFY24. In this period, GoI has already spent nearly 50% of the BE, which is higher than the corresponding percentages with respect to actuals in the preceding three years. As far as revenue expenditures are concerned, GoI has spent 46.5% of the BE in the first six months. This is higher than the corresponding number with respect to the actuals in the preceding three years. Further, due to the pressure on global crude prices, major subsidies are expected to exceed the budgeted magnitudes. Available recent information indicates that the annual fertilizer subsidy may amount to INR2.25 lakh crore as compared to the BE of INR1.75 lakh crore[6]. In order to adhere to the budgeted fiscal deficit estimates, any unanticipated excess of revenue expenditure may call for some adjustment in either capital expenditure or some other component of revenue expenditure. The latter would be preferable to the former to the extent feasible.

Table 4: Expenditures during 1H as a percentage of annual actuals/BE for FY24 (%)

Year	TE	CE	RE *of which*	Major subsidies	Fertilizer	Food	Petroleum
FY21	42.1	39.0	42.6	22.7	43.3	15.8	49.0
FY22	42.9	38.7	43.6	40.6	31.5	45.4	37.1
FY23	43.5	46.6	42.9	37.5	32.5	42.6	13.9
FY24 (as % of BE)	47.1	49.0	46.5	55.1	62.9	48.2	49.6

Source (basic data): CGA and FY24 Union Budget

Prospects of fiscal imbalance and debt

The budgeted fiscal deficit to GDP ratio of the GoI is 5.9%. The corresponding magnitude is INR17.87 lakh crore. As discussed above, due to an increase in fertilizer subsidies of INR50,000 crore, there might be a slippage in the fiscal deficit to GDP ratio to close to 6.1% assuming that the nominal magnitude of GDP remains at the level as given in the 'Budget at a Glance' statement of the Union Budget for FY24. There may be further pressure on this number due to a slippage in nominal GDP growth and due to any shortfall in the budgeted GTR revenues.

Table 5: Fiscal and revenue deficit during 1H as a percentage of annual actuals/BE for FY24

Year	Fiscal deficit	Revenue deficit
FY19	91.6	98.9
FY20	69.6	72.6
FY21	50.2	52.5
FY22	33.2	30.6
FY23	35.8	29.1
FY24 (as % of BE)	39.3	26.6

Source (basic data): CGA and FY24 Union Budget

5.4 Conclusion

In regard to the prospects on growth, we have noted certain risk factors associated with (1) prospects of deficient south-west monsoon (SWM), (2) global crude price unpredictability and related pressures, (3) subdued growth/continued contraction in merchandise exports, (4) possibility of significantly low net FDI inflows, and (5) relatively lower nominal GDP growth due to low IPD-based inflation and related fiscal risks. In regard to fiscal prospects, we have noted the possibility of a slippage in the budgeted magnitude of fertilizer subsidies owing to relatively higher global crude prices. The estimated magnitude of the impact of this factor is INR50,000 crore, which may lead to a higher fiscal deficit of 6.1% of GDP holding estimates of revenue receipts, other expenditures, and the nominal GDP at their budgeted levels. In this situation, GoI will have an option either to reduce expenditures or to settle for a higher fiscal deficit, which may call for a revised glide path. Cutting down on capital expenditure is not advisable as it might dampen growth. On the other hand, a temporary deviation in fiscal deficit in FY24 should be made up in the next year, retaining the FY26 fiscal deficit target of 4.5% of GDP. Further, the medium-term glide path

[6] Fertilizer subsidy likely to touch ₹2.25-lakh crore in FY24 - The Hindu BusinessLine

should also spell out annual reduction targets to achieve the norm of 3% of GDP latest by FY28. This should at least be spelt out in the main Budget. In the FY24 Budget, the medium-term fiscal policy cum fiscal policy strategy statement provided estimated magnitudes relative to GDP for only two years covering FY23 RE and FY24 BE. The practice of giving an estimated glide path over the medium term as provided for in the FRBM Act as amended in 2018 should be adhered to. The Act called for providing 'fiscal indicators - rolling targets' for two more years beyond the budget year.

In order to ensure that the combined fiscal deficit relative to GDP is brought closer to 6%, GoI may consider constituting a Loan Council to oversee the annual borrowing programs of the central and state governments. It is also desirable to show a balance on revenue account and reduction of government debt-GDP ratio. This is needed to augment the aggregate savings rate by reducing government dissavings so that the medium-term growth can be sustained at close to 7%.

6 Money and finance: bank credit grew by 15.3% in September 2023

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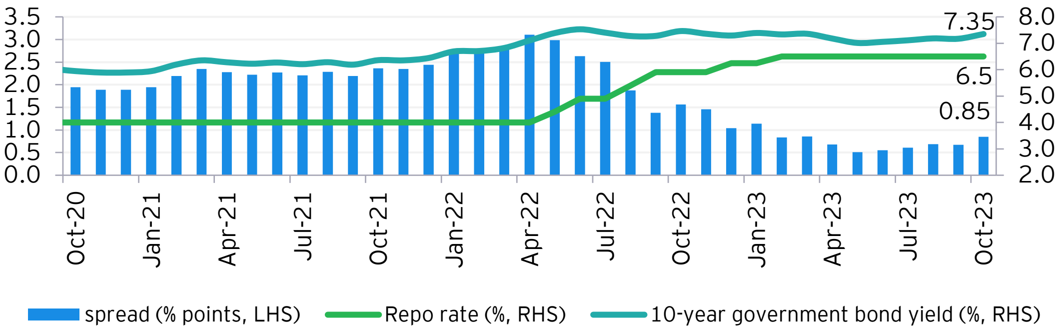
6.1 Monetary sector

Monetary policy

- The RBI had retained the repo rate at 6.5% in the monetary policy review held in October 2023 **(Chart 9).** The monetary policy stance was also maintained as 'withdrawal of accommodation' in order for CPI inflation to progressively align to its target.
- While projecting CPI inflation to ease from 6.4% in 2QFY24 to 5.6% and 5.2% respectively in 3Q and 4QFY24, the RBI expressed caution about the risks to inflation that could emanate from elevated global energy and food prices and continued volatility in global financial markets.

Chart 9: Movements in the repo rate and 10-year government bond yield



Source: Database on Indian Economy, RBI

Growth in gross bank credit increased to a three-month high of 15.3% in September 2023 from 14.9% in August 2023.

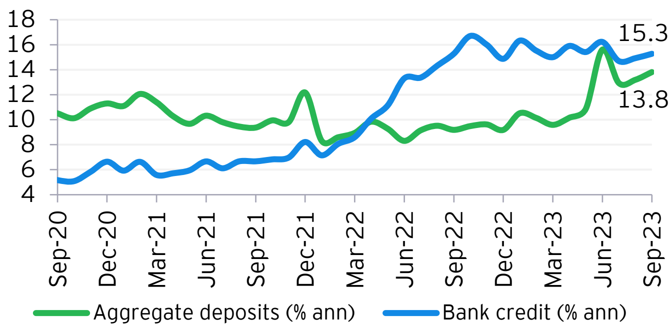
Money stock

- Growth in broad money stock (M3) improved to 11.4% in October 2023 from 10.8% in September 2023. Time deposits, the largest component of M3, showed a higher growth of 13.1% in October 2023 as compared to 12.0% in September 2023.
- Growth in M1 eased to 6.4% in October 2023 from 7.3% in September 2023 due to a slowdown in the growth in currency with the public. In October 2023, growth in currency with the public fell to 3.7%, its slowest pace of growth since November 2017. On the contrary, growth in demand deposits[7] remained strong at 10.5% in October 2023, increasing marginally from 10.3% in September 2023.

Aggregate credit and deposits

- Growth in gross bank credit increased to a three-month high of 15.3% in September 2023 from 14.9% in August 2023 **(Chart 10).** Pointing to sustained robustness in demand conditions, bank credit posted a double-digit growth for the sixth successive quarter at 15% in 2QFY24, although it was marginally lower as compared to 15.9% in 1QFY24.
- Growth in non-food credit was also at 15.3% in September 2023, increasing from 15% in August 2023 led by broad-based improvement in credit offtake across all the key sectors of the economy.

Chart 10: Growth in credit and deposits



Source: Database on Indian Economy, RBI

- Sectoral bank credit data indicate that credit to services, with an average share of about 27% in total non-food credit (last five years), showed the highest growth of 21.3% in September 2023, improving from 20.7% in August 2023.
- Credit to the agricultural sector also remained strong at 16.8% in September 2023, increasing marginally from 16.6% in August 2023.

[7] Since July 28, 2023, alongside the existing statistics on money stock, bank credit and deposits, the RBI has been publishing these statistics by including the impact of the merger of a non-bank with a bank. In our analysis, we have used the data that excludes the impact of this merger for the sake of comparability.

- Outstanding credit to industries, with a share of close to 29% on average in total non-food credit (last five years), increased to 6.5% in September 2023 from 6.1% in August 2023. Within the industrial sector, growth in credit to iron and steel was the highest at 19.6% in September 2023. This was followed by growth in credit to cement at 18.2%, drugs and pharmaceuticals at 12.9% and textiles at 12.5%.
- Credit to infrastructure continued to show a low growth of 2.9% in September 2023, although marginally improving from 2.2% in August 2023.
- Personal loans, a key component of retail loans with a share of close to 29% on average (last five years), continued to post a double-digit growth of 18.2% in September 2023, close to its level of 18.3% in August 2023.
- Growth in aggregate deposits of residents increased to 13.8% in September 2023 from 13.2% in August 2023.

6.2 Financial sector

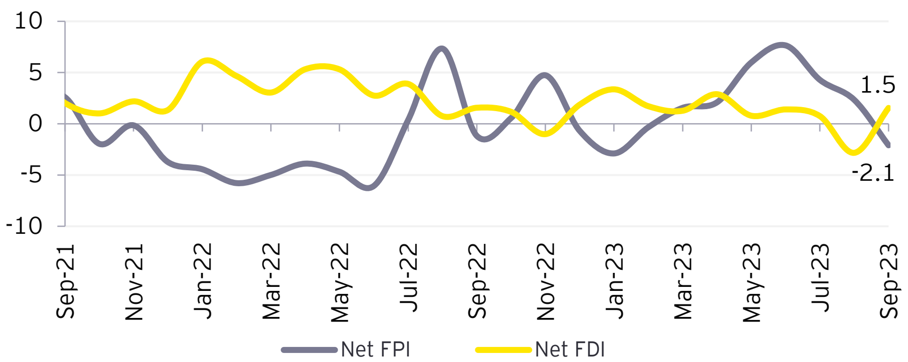
Interest rates

- As per the data released by the RBI in the first week of November 2023, the average interest rate on term deposits with a maturity period of more than one year was increased to 6.81% in October 2023 from 6.63% in September 2023. The actual rate ranged between 6.00% and 7.63%.
- The MCLR averaged at 8.20% for the second successive month in October 2023, ranging between 7.95% and 8.45% during the month.
- The average yield on 10-year government bonds increased by 18 basis points to a seven-month high of 7.35% in October 2023 from 7.17% in September 2023 **(Chart 10)**.
- WALR on fresh rupee loans by SCBs eased marginally to an average of 9.38% in September 2023 from 9.47% in August 2023.

FDI and FPI

- As per the provisional data released by the RBI on 16 November 2023, overall foreign investments[8] (FIs) remained negative for the second successive month with outflows amounting to US$0.6 billion in September 2023 as compared to US$0.5 billion in August 2023.

Chart 11: Net FDI and FPI inflows (US$ billion)



Source: Database on Indian Economy, RBI

Net FDIs turned positive in September 2023 with inflows amounting to US$1.5 billion as compared to outflows of US$2.8 billion in August 2023.

- Net FDIs turned positive in September 2023 with inflows amounting to US$1.5 billion as compared to outflows of US$2.8 billion in August 2023 **(Chart 11)**. During April-September FY24, net FDI inflows were significantly lower at US$4.5 billion as compared to US$19.6 billion during the corresponding period of FY23.
- Gross FDI inflows increased to US$6.2 billion in September 2023 from US$4.7 billion in August 2023. On a cumulated basis, gross FDI inflows amounted to US$33.1 billion during April-September FY24 as compared to US$39.4 billion during April-September FY23.
- Net FPIs turned negative, registering outflows amounting to US$2.1 billion in September 2023 as compared to inflows amounting to US$2.3 billion in August 2023. During April-September FY24, on a cumulated basis, net FPI inflows amounted to US$20.3 billion as compared to net outflows of US$8.1 billion during the corresponding period of FY23.

[8] Foreign Investment (FI) = net FDI plus net FPI

7 Trade and CAB: merchandise exports and imports growth turned positive in October 2023

Home

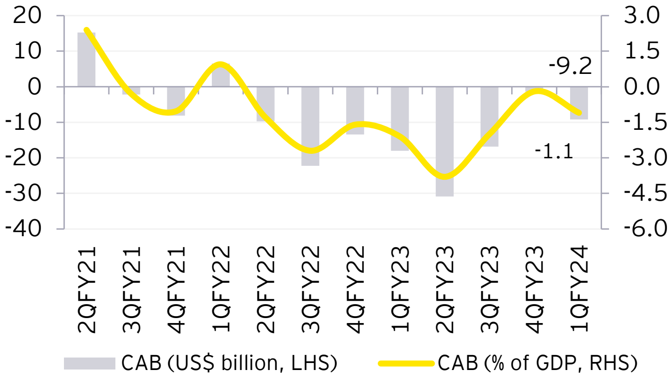
7.1 CAB: current account deficit increased to 1.1% of GDP in 1QFY24 from 0.2% in 4QFY23

- Net merchandise trade deficit widened to 6.6% of GDP in 1QFY24 from 6.0% in 4QFY23 reflecting a fall in merchandise exports to a nine-quarter low of 12.2% relative to GDP. Merchandise imports also eased to 18.8% in 1QFY24 from 19.3% in 4QFY23.
- Net invisibles were lower at 5.5% of GDP in 1QFY24 as compared to 5.9% in 4QFY23, as net service exports moderated to 4.1% in 1QFY24 from 4.5% in 4QFY23. Net private transfers and net foreign income were at 2.7% and (-)1.2% of GDP respectively in 1QFY24, marginally lower than their respective levels at 2.8% and (-)1.4% in 4QFY23.

Table 6: Components of CAB in US$ billion

Fiscal year	CAB as % of nominal GDP	CAB	Goods account net	Invisibles* net
FY20	-0.9	-24.7	-157.5	132.8
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
2QFY23	-3.8	-30.9	-78.3	47.4
3QFY23	-2.0	-16.8	-71.3	54.5
4QFY23	-0.2	-1.4	-52.6	51.2
1QFY24	-1.1	-9.2	-56.6	47.4

Chart 12: CAB



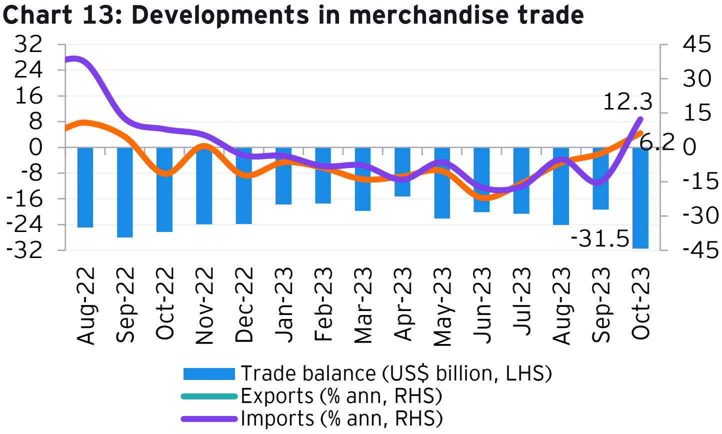
Source: Database on Indian Economy, RBI; Note: (-) deficit; (+) surplus; *invisibles include services, current transfers and income components

7.2 Merchandise trade and exchange rate

Growth in merchandise exports and imports turned positive at 6.2% and 12.3% in October 2023 after showing a contraction for ten successive months, partly due to favorable base effect (Chart 13).

- The sharp reversal in growth of imports was led by a surge in value of gold imports and a positive growth in crude imports. Crude imports grew by 8.1% in October 2023 as compared to a contraction of (-)20.3% in September 2023. Gold imports witnessed a surge in its y-o-y growth to 95.4% from 6.9% over the same period.
- Positive growth in overall merchandise exports was led by a faster growth in the exports of electronic goods. Growth in electronic goods exports and imports was high at 28.2% and 26.2% respectively in October 2023 as compared to (-)3.7% and 13.3% in September 2023. Alongside, the pace of contraction in oil exports decelerated to (-)4.6% in October 2023 from (-)10.6% in September 2023.
- Drugs and pharmaceutical exports grew by 29.3% in October 2023, its highest level since March 2021, from 9.0% in the previous month.
- Growth in chemical imports turned positive at 4.5% while the pace of contraction in chemical exports eased to (-)1.0% in October 2023 from (-)15.3% in September 2023.
- Growth in imports excluding oil, gold and jewelry turned positive at 6.9% in October 2023 after a contraction for four successive months. Growth in exports of this category rose to 11.7% in October 2023 from 1.9% in September 2023.
- Merchandise trade deficit surged to an unprecedented high of US$31.5 billion in October 2023 from a five-month low of US$19.4 billion in September 2023.

Chart 13: Developments in merchandise trade



Source: Ministry of Commerce and Industry, GoI

- The INR was at INR83.2 per US$ (avg.) in October 2023, marginally lower than INR83.0 per US$ (avg.) in September 2023.

8 Global growth: IMF projected global growth at 3% in 2023 and 2.9% in 2024

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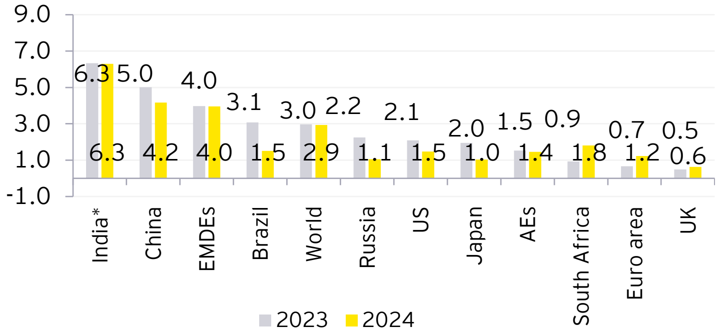
8.1 Global growth

The IMF has projected global growth at 3% in 2023, with India's FY24 growth forecasted at 6.3%.

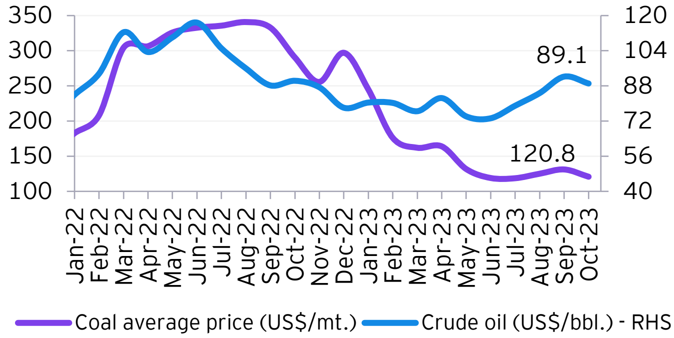
- The IMF (World Economic Outlook, October 2023) has projected global growth to fall from 3.5% in 2022 to 3% in 2023 and further to 2.9% in 2024, remaining below the historical average growth rate of 3.8% during 2000 to 2019 **(Chart 14).**
- Growth slowdown in AEs is projected to be quite significant – from 2.6% in 2022 to 1.5% in 2023 and further to 1.4% in 2024. In EMDEs, growth is forecasted to decline relatively modestly from 4.1% in 2022 to 4% in 2023 and remain at that level in 2024.
- Growth in the US has been revised up to 2.1% in 2023 relative to the July 2023 forecasts, owing to better-than-expected business investment and consumption growth, and an expansionary fiscal policy. However, with wage growth slowing, savings running out and a tight monetary policy, growth is expected to ease to 1.5% in 2024.
- Growth in the Euro area is also projected to fall from 3.3% in 2022 to 0.7% in 2023 before modestly improving to 1.2% in 2024. In the UK, growth is forecasted to fall from 4.1% in 2022 to 0.5% in 2023 and 0.6% in 2024.
- In Japan, growth is projected to rise from 1% in 2022 to 2% in 2023 buoyed by pent-up demand, a surge in inbound tourism, and accommodative policies, as well as by a rebound in auto exports.
- Growth in China is projected at 5% in 2023 and 4.2% in 2024, a downward revision of 0.2% points and 0.3% points respectively as compared to the July 2023 forecasts, owing to property market crisis and lower investment.
- In South Africa, growth is expected to decline from 1.9% in 2022 to 0.9% in 2023 mainly reflecting power shortages. In Brazil, growth in 2023 has been revised up to 3.1% helped by buoyant agriculture and resilient services in the first half of 2023. However, growth is projected to ease to 1.5% in 2024.
- India's growth is projected at 6.3% in both 2023 (FY24) and 2024 (FY25), with an upward revision of 0.2% points for 2023 (FY24) on account of stronger than expected consumption in 1QFY24.

Chart 14: Global growth projections (%)



Source: IMF World Economic Outlook (October 2023)
*Data pertains to fiscal years FY24 and FY25 respectively

Chart 15: Global crude and coal prices



Source (basic data): World Bank Pink Sheets, November 2023

8.2 Global energy prices: World Bank projected Brent crude price at US$84/bbl. in 2023

- From a 13-month high level of US$92.2/bbl. in September 2023, average global crude price[9] moderated to US$89.1/bbl. in October 2023 as global supply concerns eased with an increase in the OPEC output driven by Nigeria and Angola[10] **(Chart 15).** As per the World Bank's baseline scenario[11], Brent crude price is projected to fall from US$99.8/bbl. in 2022 to US$84/bbl. in 2023 and US$81/bbl. in 2024. However, the Israel-Hamas conflict is expected to pose significant upside risks to the outlook for crude prices.
- Average global coal price[12] also eased to US$120.8/mt. in October 2023 from US$131.2/mt. in September 2023. The World Bank has projected Australian coal price to fall from US$344.9/mt. in 2022 to US$175/mt. in 2023 and US$130/mt. in 2024 on account of improved supply and assuming that the conflict in the Middle East does not escalate.

[9] Simple average of three spot prices, namely, Dated Brent, West Texas Intermediate and Dubai Fateh
[10] https://www.reuters.com/business/energy/oil-rises-ahead-key-central-bank-meetings-amid-heightened-mideast-tensions-2023-10-31/
[11] Commodity Market Outlook (October 2023)
[12] Simple average of Australian and South African coal prices.

9 Index of Aggregate Demand (IAD): grew by 12.2% in September 2023

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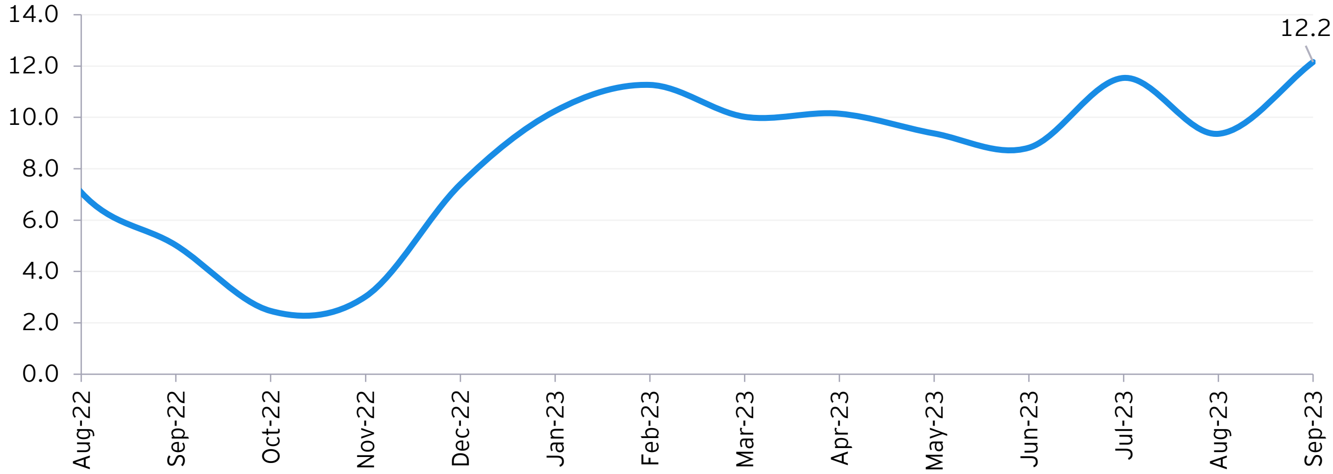
9.1 Growth in IAD accelerated to 12.2% in September 2023 from 9.4% in August 2023

- Pointing to a pickup in demand conditions in the economy, IAD[13] posted a strong growth of 12.2% in September 2023 as compared to 9.4% in August 2023 **(Chart 16 and Table 7).** Demand conditions continued to remain robust across the key sectors of the economy. On average, growth in IAD was higher at 11% in 2QFY24 as compared to 9.4% in 1QFY24.
- In particular, demand conditions in the services stayed healthy, as reflected by an increase in the services PMI to 61.0 in September 2023 from 60.1 in August 2023.
- Demand conditions in the agricultural sector improved further, as indicated by agricultural credit offtake, which posted a double-digit growth of 16.7% (sa)[14] in September 2023.
- Manufacturing sector also continued to witness buoyant demand conditions during the month. This was reflected by sustained expansion in the manufacturing PMI at 57.5 in September 2023.

Chart 16: Growth in IAD (y-o-y)



Source (Basic data): S&P - IHS Markit PMI, RBI and EY estimates
Note: From this issue onwards, we will be using seasonally adjusted data for constructing the IAD.

Table 7: IAD

Month	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
IAD	155.2	158.1	158.0	164.0	164.7	164.5	167.6	166.7	167.5
Growth (% y-o-y)	10.2	11.3	10.0	10.1	9.4	8.8	11.5	9.4	12.2
Growth in agr. Credit	14.5	15.1	15.6	16.8	16.0	19.7	16.7	16.5	16.7
Mfg. PMI**	5.4	5.3	6.4	7.2	8.7	7.8	7.7	8.6	7.5
Ser. PMI**	7.2	9.4	7.8	12.0	11.2	8.5	12.3	10.1	11.0

**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 Mfg. and Serv. are seasonally adjusted.

Source (basic data): S&P Global, RBI and EY estimates.

[13] 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 theagricultural sector
[14] 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.

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							
FY20	-0.8	1.6	-1.4	0.9	0.4	FY20	52.3	51.9
FY21	-8.5	-7.8	-9.6	-0.5	-6.4	FY21	50.2	41.7
FY22	11.4	12.2	11.7	8.0	10.4	FY22	54.0	52.3
FY23	5.2	5.8	4.6	8.9	7.7	FY23	55.6	57.3
3QFY23	2.8	7.6	1.4	7.9	4.9	3QFY23	56.3	56.7
4QFY23	4.5	6.9	3.9	6.0	7.0	4QFY23	55.7	58.1
1QFY24	4.8	6.4	5.1	1.3	6.0	1QFY24	57.9	60.6
2QFY24	7.4	11.5	6.2	11.1	9.7	2QFY24	57.9	61.1
Jun-23	4.0	7.6	3.5	4.2	8.4	Jul-23	57.7	62.3
Jul-23	6.0	10.7	5.0	8.0	8.4	Aug-23	58.6	60.1
Aug-23	10.3	12.3	9.3	15.3	12.5	Sep-23	57.5	61.0
Sep-23	5.8	11.5	4.5	9.9	8.1	Oct-23	55.5	58.4

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				
FY20	4.8	6.7	1.3	3.8	1.7	6.9	0.3	-1.8	-0.4
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
3QFY23	6.1	5.3	10.5	6.2	6.6	3.3	3.7	21.0	3.7
4QFY23	6.2	5.6	9.8	6.2	3.3	2.7	1.4	12.5	1.6
1QFY24	4.6	3.8	4.7	5.2	-2.9	-0.8	-2.7	-7.1	-2.0
2QFY24	6.4	9.3	2.6	4.8	-0.7	5.3	-2.1	-7.6	-1.9
Jul-23	7.4	11.5	3.7	5.0	-1.2	8.3	-2.6	-12.7	-2.3
Aug-23	6.8	9.9	4.3	4.9	-0.5	6.2	-2.3	-6.3	-2.1
Sep-23	5.0	6.6	-0.1	4.5	-0.3	1.5	-1.3	-3.3	-1.2
Oct-23	4.9	6.6	-0.4	4.3	-0.5	1.1	-1.1	-2.5	-1.0

Source: Office of the Economic Adviser, Ministry of Commerce and Industry and MoSPI
* The CPI for April and May 2020 has been imputed

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 (CGA)	-3.4	-16.1	4.0	-7.8	1.7	4.7	3.3
FY21 (CGA)	0.7	-17.9	-2.3	-10.7	12.7	9.2	7.3
FY22 (CGA)	33.8	55.7	43.5	49.6	20.1	6.7	4.4
FY23 (CGA)	12.7	16.0	20.0	17.9	7.2	6.4	3.9
FY24 (BE over FY 23 RE)	10.4	10.5	10.5	10.5	10.4	5.9	2.9
	Cumulated growth (%, y-o-y)					% of budgeted target	
Feb-23	12.0	13.5	19.1	16.2	8.1	82.8$	83.1$
Mar-23	12.7	16.0	20.0	17.9	7.2	98.7$	96.3$
Apr-23	-6.1	-32.0	7.8	-9.2	0.0	7.5	6.4
May-23	-1.6	-28.0	12.6	-4.0	1.6	11.8	5.2
Jun-23	3.3	-13.9	11.0	-1.0	9.0	25.3	21.1
Jul-23	2.8	-10.4	6.4	-1.1	7.8	33.9	34.7
Aug-23	16.5	15.1	35.7	26.6	7.8	36.0	32.7
Sep-23	16.3	20.2	31.1	25.4	6.5	39.3	26.6

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents
* Includes corporation tax and income tax
** Includes customs duty, excise duty, service tax, CGST, UTGST, IGST and GST compensation cess.
$as a proportion of revised estimate

Fiscal year/month	CGST	UTGST	IGST	GST compensation cess	Total GST (GoI)
	INR crore				
FY23 (RE)	7,24,000	-	-	1,30,000	8,54,000
FY24 (BE)	8,11,600	-	-	1,45,000	9,56,600
	Monthly tax collection (INR crore)				
Feb-23	60,075	394	-2,288	11,801	69,982
Mar-23	61,131	923	8,590	10,227	80,871
Apr-23	80,902	308	-9,304	11,861	83,767
May-23	60,667	263	951	11,241	73,122
Jun-23	64,810	343	1,605	11,822	78,580
Jul-23	67,234	250	-2,396	11,392	76,480
Aug-23	62,720	306	6,250	11,430	80,706
Sep-23	61,731	199	1,686	11,385	75,001

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-22	5.90	FY20	9.5	9.9	43.0	1.4	FY20	11.2	8.9	6.83	475.6
Dec-22	6.25	FY21	6.0	11.0	44.0	36.1	FY21	16.2	12.2	6.05	579.3
Jan-23	6.25	FY22	6.7	9.7	38.6	-16.8	FY22	10.6	8.7	6.40	617.6
Feb-23	6.50	FY23	14.5	9.5	28.0	-5.2	FY23	6.8	9.0	7.35	578.4
Mar-23	6.50	3QFY23	15.8	9.4	2.0	4.6	3QFY23	7.6	8.7	7.37	562.9
Apr-23	6.50	4QFY23	15.6	10.1	6.4	-1.7	4QFY23	6.9	9.0	7.36	578.4
May-23	6.50	1QFY24	15.9	12.2	5.1	15.7	1QFY24	7.5	10.6	7.08	595.1
Jun-23	6.50	2QFY24	15.0	13.3	-0.5	4.5	2QFY24	7.3	10.8	7.16	586.9
Jul-23	6.50	Jun-23	16.2	15.6	1.4	7.6	Jul-23	7.2	10.6	7.11	603.9
Aug-23	6.50	Jul-23	14.7	12.9	0.7	4.3	Aug-23	6.0	10.8	7.19	594.9
Sep-23	6.50	Aug-23	14.9	13.2	-2.8	2.3	Sep-23	7.3	10.8	7.17	586.9
Oct-23	6.50	Sep-23	15.3	13.8	1.5	-2.1	Oct-23	6.4	11.4	7.35	586.1

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		
FY20	-5.1	-8.2	-157.4	70.9	58.5	70.4	2013	3.4	1.4	5.0
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	0.9	15.5	-282.0	80.4	92.7	283.4	2016	3.2	1.8	4.4
3QFY23	-9.9	2.3	-74.6	82.2	85.3	281.1	2017	3.8	2.5	4.8
4QFY23	-10.1	-6.7	-54.9	82.3	79.0	194.4	2018	3.6	2.3	4.6
1QFY24	-15.2	-12.8	-57.5	82.2	76.6	138.3	2019	2.8	1.7	3.6
2QFY24	-8.6	-12.5	-64.2	83.0	85.3	125.0	2020	-2.8	-4.2	-1.8
Jul-23	-15.9	-17.0	-20.7	83.2	79.0	118.7	2021	6.3	5.6	6.9
Aug-23	-6.8	-5.2	-24.2	82.8	84.7	125.1	2022	3.5	2.6	4.1
Sep-23	-2.6	-15.0	-19.4	83.0	92.2	131.2	2023	3.0	1.5	4.0
Oct-23	6.2	12.3	-31.5	83.2	89.1	120.8	2024	2.9	1.4	4.0

Source: Database on Indian Economy - RBI, Pink Sheet - World Bank and IMF World Economic Outlook (WEO) October 2023

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
FY20 (3rd RE)	3.9	6.2	-3.0	-3.0	2.3	1.6	6.0	6.8	6.6	3.0
FY21 (2nd RE) *	-4.2	4.1	-8.6	2.9	-4.3	-5.7	-19.7	2.1	-7.6	3.3
FY22 (1st RE)*	8.8	3.5	7.1	11.1	9.9	14.8	13.8	4.7	9.7	8.3
FY23 (PE)$	7.0	4.0	4.6	1.3	9.0	10.0	14.0	7.1	7.2	7.9
1QFY22	20.2	3.4	12.2	51.5	16.3	77.0	41.4	2.8	6.5	6.1
2QFY22	9.3	4.8	10.6	6.6	10.8	10.8	13.1	7.0	16.8	8.0
3QFY22	4.7	2.3	5.4	1.3	6.0	0.2	9.2	4.3	10.6	9.4
4QFY22	3.9	4.1	2.3	0.6	6.7	4.9	5.0	4.6	5.2	9.7
1QFY23	11.9	2.4	9.5	6.1	14.9	16.0	25.7	8.5	21.3	12.5
2QFY23	5.4	2.5	-0.1	-3.8	6.0	5.7	15.6	7.1	5.6	10.1
3QFY23	4.7	4.7	4.1	-1.4	8.2	8.3	9.6	5.7	2.0	6.0
4QFY23	6.5	5.5	4.3	4.5	6.9	10.4	9.1	7.1	3.1	4.0
1QFY24	7.8	3.5	5.8	4.7	2.9	7.9	9.2	12.2	7.9	0.2

Source: National Accounts Statistics, MoSPI
*Growth numbers for FY21 and FY22 are based on NAS released by the MoSPI on 28 February 2023 and the subsequent data file released on 1 March 2023.
$Growth numbers for FY23 are based on the provisional estimates released by MoSPI on 31 May 2023. 1QFY24 data was released on 31 August 2023.

Fiscal year/quarter	Expenditure components						IPD inflation
	GDP	PFCE	GFCE	GFCF	EX	IM	GDP
FY20 (3rd RE)	3.9	5.2	3.9	1.1	-3.4	-0.8	2.4
FY21 (2nd RE) *	-5.8	-5.2	-0.9	-7.3	-9.1	-13.7	4.7
FY22 (1st RE)*	9.1	11.2	6.6	14.6	29.3	21.8	8.5
FY23 (PE)$	7.2	7.5	0.1	11.4	13.6	17.1	8.2
1QFY22	21.6	17.6	-2.1	61.0	46.1	44.8	8.6
2QFY22	9.1	14.2	11.7	12.4	25.1	26.6	8.5
3QFY22	5.2	10.8	5.8	1.2	27.8	19.7	8.7
4QFY22	4.0	4.7	11.8	4.9	22.4	6.7	8.7
1QFY23	13.1	19.8	1.8	20.4	19.6	33.6	12.9
2QFY23	6.2	8.3	-4.1	9.6	12.2	23.1	10.3
3QFY23	4.5	2.2	-0.6	8.0	11.1	10.7	6.6
4QFY23	6.1	2.8	2.3	8.9	11.9	4.9	4.1
1QFY24	7.8	6.0	-0.7	8.0	-7.7	10.1	0.2

Source: National Accounts Statistics, MoSPI
* Growth numbers for FY21 and FY22 are based on NAS released by the MoSPI on 28 February 2023 and the subsequent data file released on 1 March 2023. $Growth numbers for FY23 are based on the provisional estimates released by MoSPI on 31 May 2023. 1QFY24 data was released on 31 August 2023.

List of abbreviations

Sr. no.	Abbreviations	Description
1	AD	aggregate demand
2	AEs	advanced economies
3	Agr.	agriculture, forestry 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

Sr. no.	Abbreviations	Description
39	ICRIER	Indian Council for Research on International Economic Relations
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	Ming.	mining and quarrying
50	Mfg.	manufacturing
51	m-o-m	month-on-month
52	Mt	metric ton
53	MoSPI	Ministry of Statistics and Programme Implementation
54	MPC	Monetary Policy Committee
55	MPF	Monetary Policy Framework
56	NEXP	net exports (exports minus imports of goods and services)
57	NSO	National Statistical Office
58	NPA	non-performing assets
59	OECD	Organization for Economic Co-operation and Development
60	OPEC	Organization of the Petroleum Exporting Countries
61	PFCE	private final consumption expenditure
62	PIT	personal income tax
63	PMI	Purchasing Managers' Index (reference value = 50)
64	PoL	petroleum oil and lubricants
65	PPP	Purchasing power parity
66	PSBR	public sector borrowing requirement
67	PSU/PSE	public sector undertaking/public sector enterprises
68	RE	revised estimates
69	RBI	Reserve Bank of India
70	SLR	Statutory Liquidity Ratio
71	Trans.	trade, hotels, transport, communication and services related to broadcasting
72	US$	US Dollar
73	UTGST	Union Territory Goods and Services Tax
74	WALR	weighted average lending rate
75	WHO	World Health Organization
76	WPI	Wholesale Price Index
77	y-o-y	year-on-year
78	1HFY20	first half of fiscal year 2019-20, i.e., April 2019-September 2019

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