India Economic Pulse

Economic indicators and policy measures

July 2024

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Executive summary

Executive summary

Dear reader,
We are pleased to present the July 2024 edition of India Economic Pulse, analyzing high-frequency economic indicators. The current issue brings out the following key aspects:

Post elections, all eyes are on reform agendas

As the new government settles down and plans its action for the next 100 days and beyond, it does so with the advantage of a strong economy that may provide the necessary springboard for the next generation reforms. India Inc. wants structural reforms to continue to realize India's dream of being a developed nation. These encompass initiatives in infrastructure, domestic manufacturing, taxation, trade, land, labor, and the digital sphere.

Global economic growth has been resilient, though with continuing challenges

The global economy remains resilient and stable, with projected growth of 3.2% for 2024 and 2025. Global inflation is likely to moderate from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, but still above the target rate of 3%. Both service and manufacturing PMIs remain in positive territory. The challenges to watch out for include increasing real interest rates, the sovereign debt dynamics, impact of geoeconomic fragmentation on trade and industrial policy measures and managing investments to address the climate change impact.

8.2% growth for FY24 exceeded expectation

India's GDP grew by 7.8% in the last quarter of FY24, driven by robust growth in manufacturing and construction sectors, bringing the full year real GDP growth to 8.2%. The estimated GVA growth at 7.2% for FY24 is lower than the GDP growth account of high net taxes. The high growth at 9% in gross fixed capital formation provided the key demand side push. This was aided by the government's capex growth, which has remained over 29% in the last four years. Current Account Deficit in Q4FY24 was positive after being negative in the three previous quarters. RBI expects the high growth to continue and has projected the growth in FY25 at 7.2%.

Manufacturing and construction sectors surged in FY24

Construction sector recorded near double digit growth during FY24 driven by real estate demand and infrastructure push from the government. Housing loans from scheduled commercial banks increased by 37% in FY24 vis-à-vis FY23. Manufacturing sector grew at 9.9% in FY24. Steel and cement sector grew by 12% and 9% respectively (driven by infrastructure spending and real-estate sector) and contributing to manufacturing growth along with other sectors like automobiles. It may be noted that nominal growth in manufacturing was lower at 8.0% in FY24, reflecting the impact of a negative deflator on the manufacturing sector. Except agriculture, all other sectors also grew well.

Indicators reflect a reasonably strong demand in FY24, though some of the indicators show moderation in growth first few months of FY25

Buoyant passenger vehicles registrations, robust GST collections, rising electricity demand and steady growth in credit, all reflect the continuing domestic demand in FY24. Real private consumption growth has been estimated at 4% y-o-y in Q4FY24. It may also be noted that nominal PFCE in the nominal GDP in FY24 was 60.3% vis-à-vis 60.9% in the corresponding period of FY23, suggesting continuing private expenditure.

However, there has been a moderation in growth in some indicators at the beginning of FY25, e.g., automobile registration, cement and steel production, GST collections, fertilizer sales, tractor registration.

Executive summary

Gross tax buoyancy of 1.4 for FY24 and lower spending on subsidies helped GoI manage fiscal deficit

The gross tax revenue experienced a y-o-y growth of 13.4% in FY24 on account of buoyant direct tax collections even while excise duty revenues contracted. The tax buoyancy, combined with the substantive rise in RBI and PSU dividends, provided the fiscal space for the government to continue the capex push. Government's fiscal deficit in FY24 reduced to INR16.5 lakh crore, which is 5.6% of GDP and lower than the revised estimate of 5.8%. Better than anticipated revenues and lower spending on subsidies has helped curb the deficit.

Stable macro-economics and a strong financial system can provide the springboard for sustained growth

Consumer price inflation (CPI), at a 12-month low of 4.75% in May 2024, is inching towards the 4% target by RBI. However, the food prices remain elevated. The wholesale price inflation (WPI) rose to a 15-month high in May 2024 at 2.61% driven by an increase in food and fuel prices. Interest rates and exchange rates have been largely stable. Net NPAs of banks are at a record low of 0.6% with adequate capital adequacy ratio. Corporate balance sheets have been de-leveraged. Stock markets are at a record high with robust IPO activity. Credit creation in the economy, especially personal loans, is robust. The outstanding gross non-food credit from scheduled commercial banks at the end of May 2024 increased to 16.2% compared to May 2023. Stable macro-economic and strong financial system can underpin strong growth in the long run, provided the private sector investments pick up.

Private investments have been slightly sluggish

Gross FDI inflows at US$71 billion have remained almost the same as last year, while net FDI in FY24 dropped to US$10.6 billion, lowest since 2007, reflecting higher repatriation. RBI has attributed persistent geo-fragmentation and higher borrowing costs as some of the reasons impacting the global FDI flows. VC and PE investments declined by 9% during FY24. Private capex cycle, especially for manufacturing and infrastructure, needs to pick up.

Outlook

Major global rating agencies have upgraded India's credit outlook from 'stable' to 'positive'. India's economic growth momentum continues to be strong, driven by government's capex push. RBI has projected that the Indian economy would grow at over 7.2% for FY25.

Given the above, government's 100-day agenda and the budget later in the month should continue its focus on India's long-term growth with actionable implementation plans and a constructive consultative process. Investors' confidence will hinge on the clear vision and policy stability/ continuity that the new government provides.

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EY India

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Global economic outlook

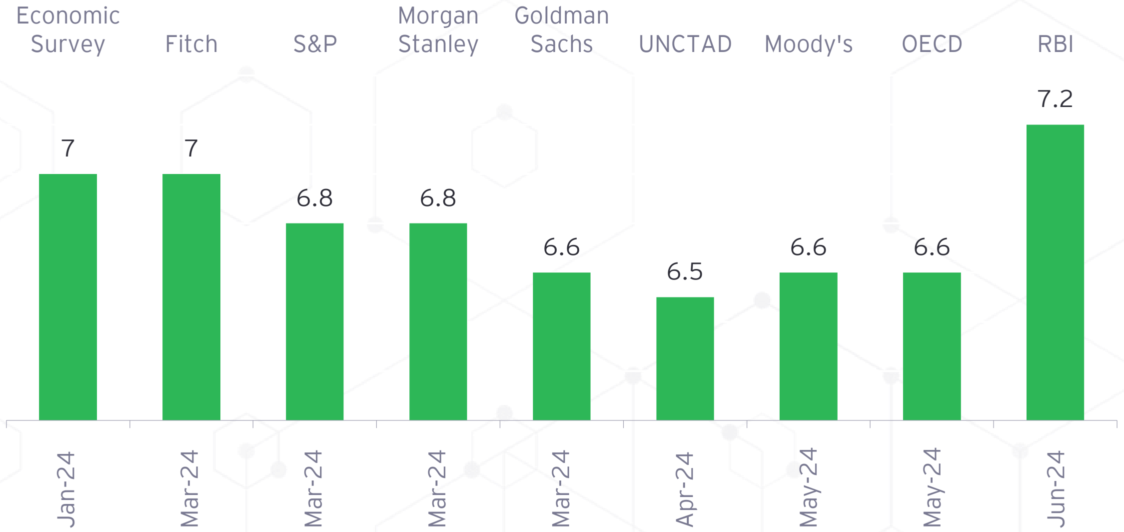
World Economic Outlook (IMF, April 2024)
India continues to be the fastest growing economy

World Economic Outlook Projections (%)

	Estimates	Projections	
Region/country/market	2023	2024	2025
World	3.2	3.2	3.2
Advanced economies	1.6	1.7	1.8
US	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
Japan	1.9	0.9	1.0
Emerging markets/ developing economies	4.3	4.2	4.2
China	5.2	4.6	4.1
India	**7.8**	**6.8**	**6.5**
Brazil	2.9	2.2	2.1
Russia	3.6	3.2	1.8

Note: For India, data and forecasts are presented on a fiscal year basis, with FY2023/24 (starting in April 2023); FY2024/25 starting in April 2024

India's GDP forecast for 2024-25 (%)

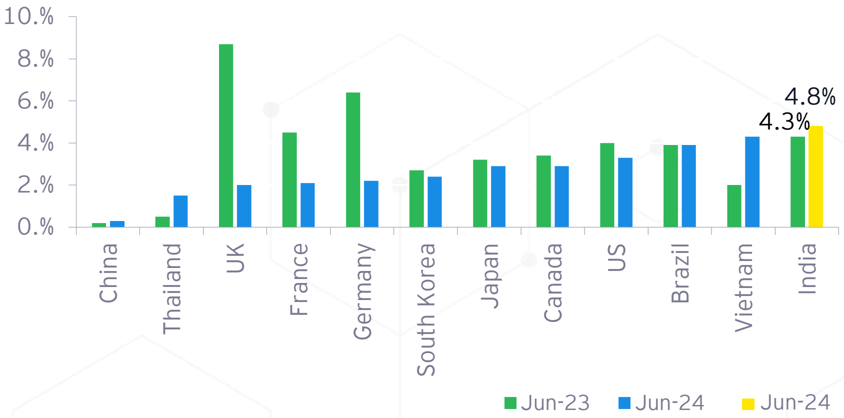


- Global growth is expected to be 3.2% in 2023 and continue at the same pace for the next two years. The estimates for 2024 have been adjusted upward by 0.1% from the projections made in January 2024 and by 0.3% from the October 2023 projections. This upward revision is due to the better-than-expected performance of the US economy, which has been driven by strong private consumption and government spending.
- As interest rates stay higher, debt servicing costs are increasing. This can lead to financial instability by straining government finances and private budgets and could choke off credit and investments. Ongoing conflicts, geo-political fragmentation, long-term effects of the pandemic and weak growth in productivity are factors that may be seen as slowing global growth.
- Growth in EMDEs is projected to be stable at 4.2% in 2024 and 2025 on account of moderation in emerging and developing Asia offset by a rising growth in the Middle East, Central Asia and sub-Saharan Africa.
- IMF projects India's growth at 6.8% in 2024 and 6.5% in 2025. RBI's estimates put the FY25 growth at 7.2%. According to the RBI Bulletin released in May 2024, "***Internationally, there is a growing optimism that India may be at the cusp of a long-awaited economic take-off***".

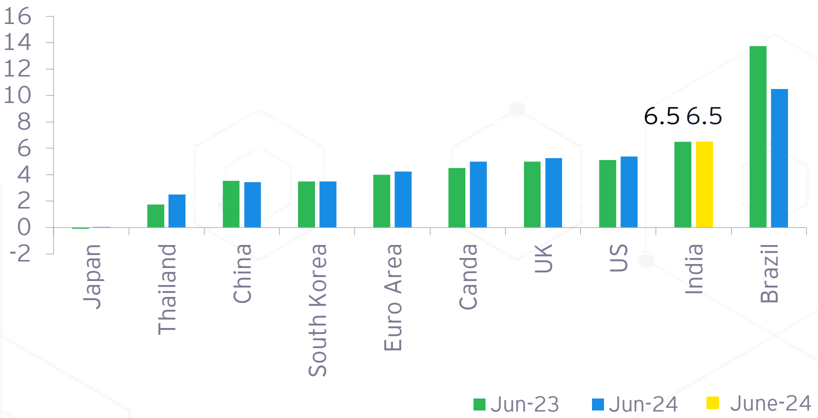
Source: World Economic Outlook, April 2024, IMF, Various agencies

Economic indicators for major economies

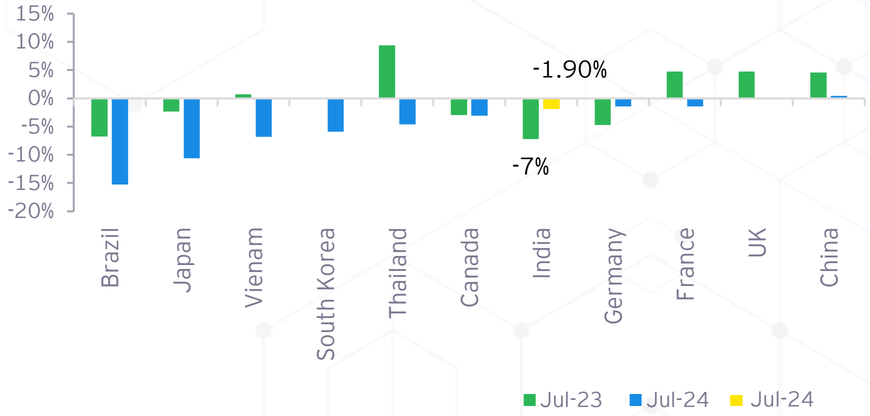
Consumer inflation rate (%)



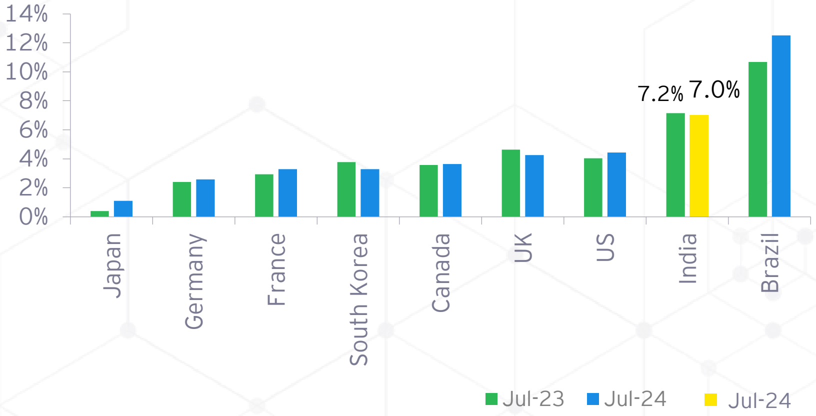
Central bank policy rate (%)



Currency performance vis-à-vis US$
(last 12 months)



Yields on G-Secs
(10 years)



Source: FT, Google Finance, Bloomberg, Trading Economics, Bank for International Settlements
Inflation is as of June France, Germany, South Korea, and Vietnam and as of May for other countries
Policy rates as of 30th June 2024
Currency performance and Yields on G-sec are as of 2nd July 2024,

Key findings

- While the consumer price inflation has eased substantially in most advanced economies in 2024, the descent in inflation rate has slowed down.
- Given that inflation has been stickier, central banks have refrained from reducing interest rates.
- However, in view of easing underlying inflation, weakening price pressures and overall decline in inflation expectations in the EU, the European Central Bank has slashed all three key policy rates by 25 basis points.
- Bond yields have been rising since early 2024. This reflects market sentiment that interest rates may stay higher for longer. Rising fiscal risks and liquidity tightness due to quantitative tightening is also impacting yields.
- Resilience of the US economy is reflected in the continuing strength of the US dollar.

PMIs indicate confidence in the Indian economy

Manufacturing PMI	Jan-23	Jan-24	Jun-24
Global	49.1	50	50.9
India	55.4	56.5	58.3
Vietnam	47.4	50.3	54.7
Brazil	47.5	52.8	52.5
South Korea	48.5	51.2	52
China	49.2	50.8	51.8
Thailand	54.5	46.7	51.7
United States	46.9	50.7	51.6
UK	47	47	50.9
Japan	48.9	48	50
Canada	51	48.3	49.3
Australia	50	50.1	47.2
France	50.5	43.1	45.4
Germany	47.3	45.5	43.5

Services PMI	Jan-23	Jan-24	Jun-24
Global	50.1	52.3	54.1*
India	57.2	61.8	60.5
United States	46.8	52.5	55.3
Brazil	50.7	53.1	54.8
Germany	50.7	47.7	53.1
UK	48.7	54.3	52.1
China	52.9	52.7	51.2
Australia	48.6	49.1	51.2
France	49.4	45.4	49.6
Japan	52.3	53.1	49.4

Key findings

- The overall global manufacturing and services PMI is in the expansionary territory.
- For both services and manufacturing sector, outlook in India continues to be optimistic and indicates growth of the economy.
- Manufacturing PMI continues to be over 50, indicating a robust growth of the manufacturing sector.
- The PMI for services declined from 61.8 to 60.5 in June 2024. It continues to be above the 60-level mark for six consecutive months, which is attributed to the buoyant demand conditions.
- PMI for manufacturing in the US has been increasing, indicating an improvement in the manufacturing and business conditions.
- PMI for services of practically all major economies is expanding and is above the 50-mark threshold.

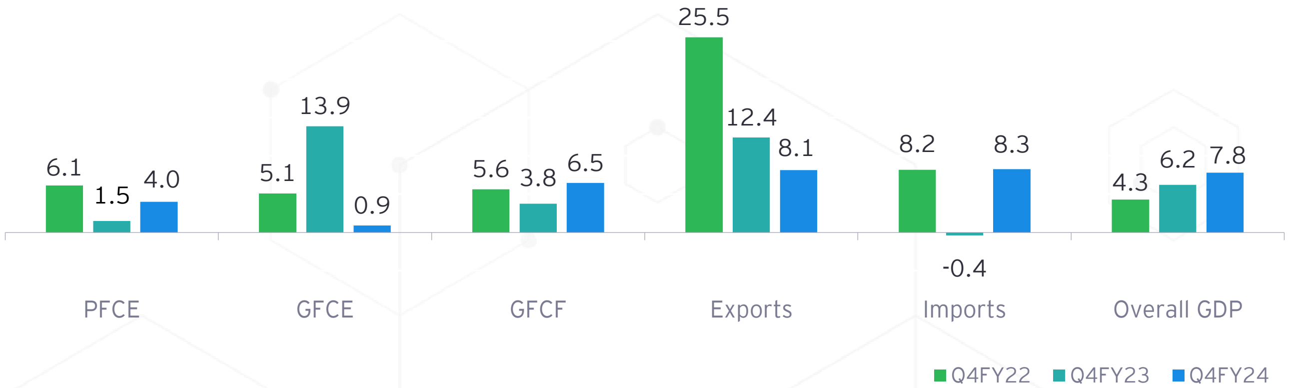
Note: The Purchasing Managers' Index (PMI) as a leading indicator helps gauge the economic trend through key variables of business activity such as output, new orders, production, input prices, hiring activity etc.
A reading above 50 indicating an overall increase/ expansion compared to the previous month, and below 50 an overall decrease/ contraction.
**Global Services PMI is for May 2024*
Source: World Economic Outlook 2022; S&P IHS Markit, Trading Economics, Secondary research, As of July 2024

03

Key economic and fiscal indicators

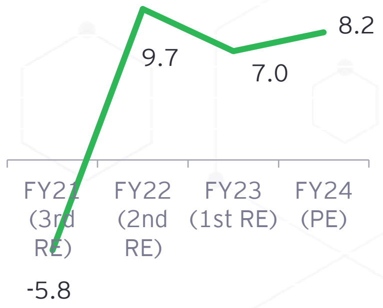
Indian economic growth stays resilient

Quarterly estimates of expenditure on real GDP growth (%)

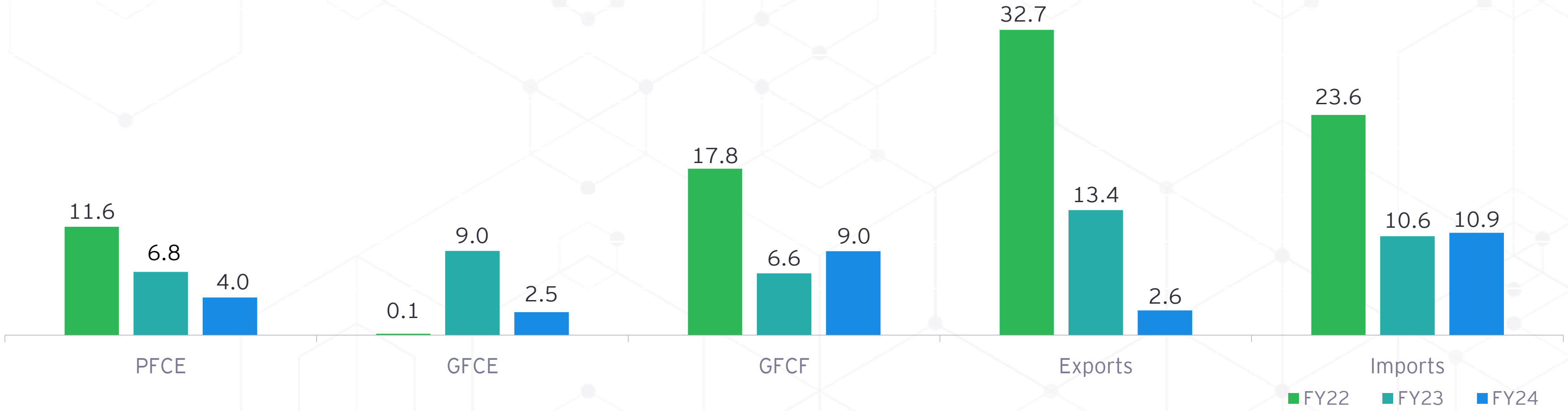


PFCE: Private Final Consumption Expenditure; GFCE: Government Final Consumption Expenditure; GFCF: Gross Fixed Capital Formation

Annual GDP growth (%)



Estimates of expenditure on real GDP growth (%) (April-March)



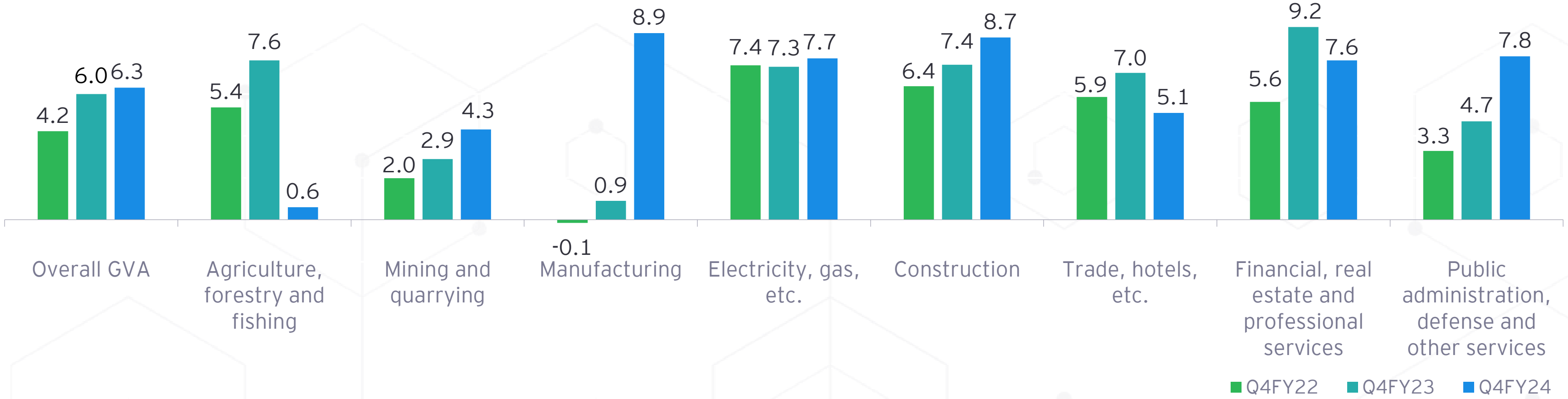
Note: High growth in FY22 is reflective of high base effect due to COVID impact in previous year
Source: MOSPI

Key findings

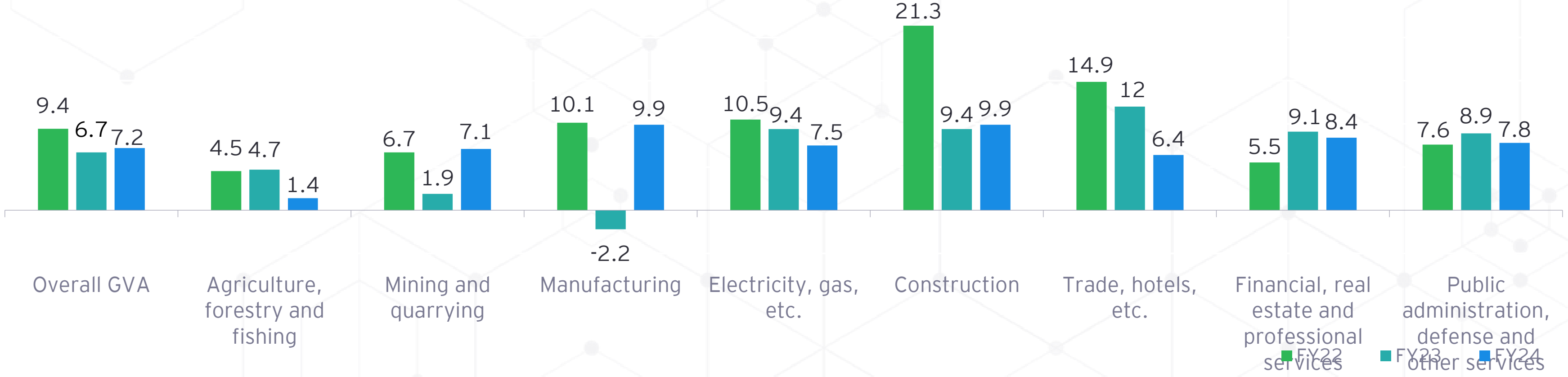
- The real Q4 FY24 GDP grew at 7.8%, taking the full year growth rate to 8.2% surpassing all the earlier estimates.
- Real private final consumption expenditure growth in FY24 was 4%. However, analysis of nominal GDP computations suggests that private final consumption expenditure to GDP ratio in FY24 was 60.3%, marginally lower than 60.9% in FY23 and in line with longer term average for the Indian economy.
- It may also be noted that free ration distributed by the government is not included in private consumption expenditure estimates.
- The main demand side push came from gross fixed capital formation, which has grown at 9%, reflecting the capital spend and the booming real estate markets.
- The external sector continues to remain weak. The contribution of net exports to growth has remained negative in FY24.
- In the nominal terms, GDP grew at 9.6% in FY24, reflecting a low GDP deflator of 1.4%.

Almost all sectors have performed well

Quarterly real gross value added (GVA) growth (%): major sectors



Real gross value added (GVA) growth (%): major sectors (April-March)



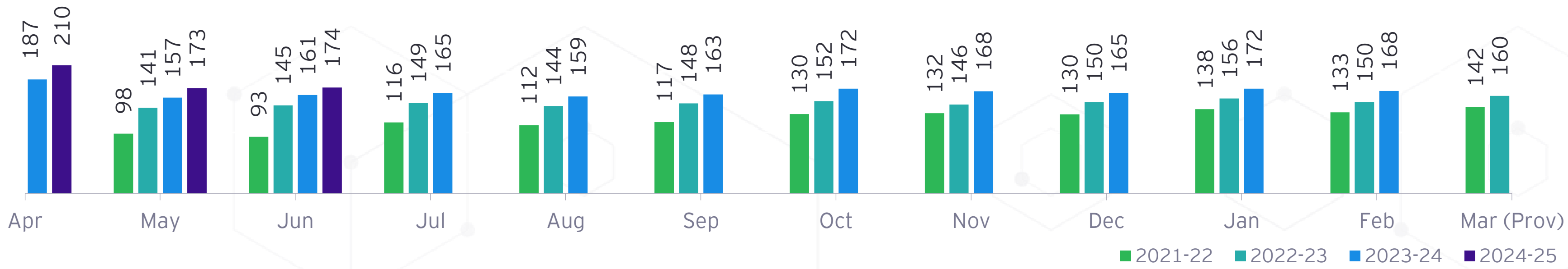
Note: High growth in FY22 is reflective of high base effect due to COVID impact in previous year
Source: MOSPI

Key findings

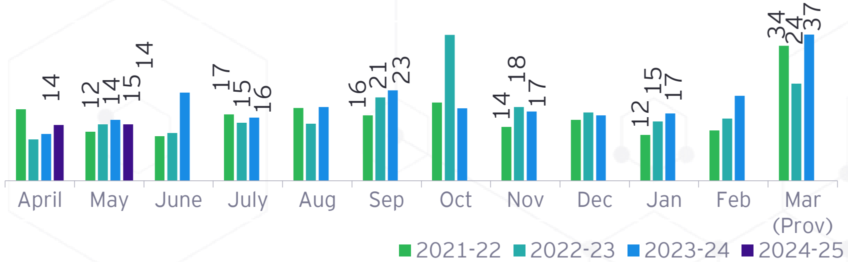
- The GVA in FY24 grew by 7.2% over 6.7% in FY23.
  - This GVA growth is mainly due to significant growth of 9.9% in the manufacturing sector over a contraction of 2.2% in FY23.
  - Construction sector has grown at 9.9% on the back of infrastructure spending by the Government and buoyant real estate sector. It is indicating the creation of new employment.
  - There is also growth of 7.1% in FY24 over 1.9% growth in FY23 for the mining sector.
  - While the agriculture sector grew at a mere 1.4% in FY24, reflecting the impact of an unfavorable monsoon.
  - Whereas the services sector (Financial, Real estate, Public administration, defense) has witnessed a slight deceleration.
- Rise in tax collections and lower than budgeted subsidy payouts have helped in elevating GDP growth as compared to GVA growth.

Buoyancy in GST revenues and record collections in April 2024 highlight robust economic activity

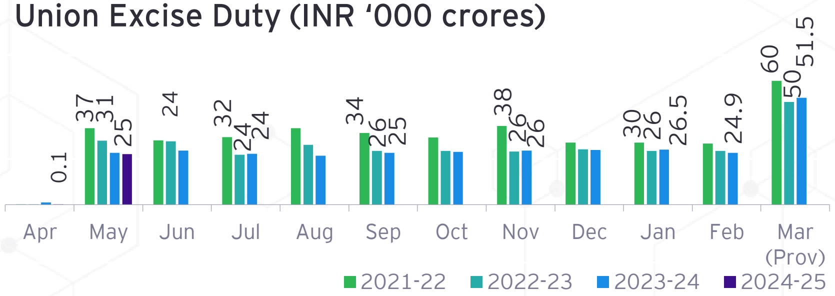
GST collections (Union + States) (INR '000 crores)



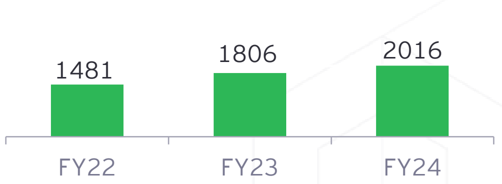
Customs (INR '000 crores)



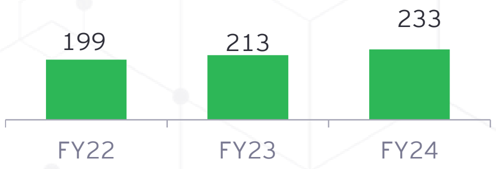
Union Excise Duty (INR '000 crores)



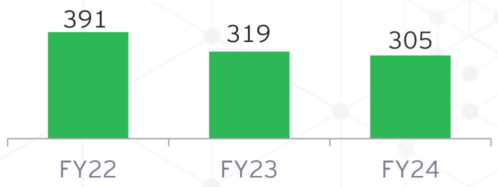
GST (Union +States)
(INR '000 crores)
(Apr-Mar)



Customs Duty
(INR '000 crores)
(Apr-Mar)



Union Excise Duty
(INR '000 crores)
(Apr-Mar)



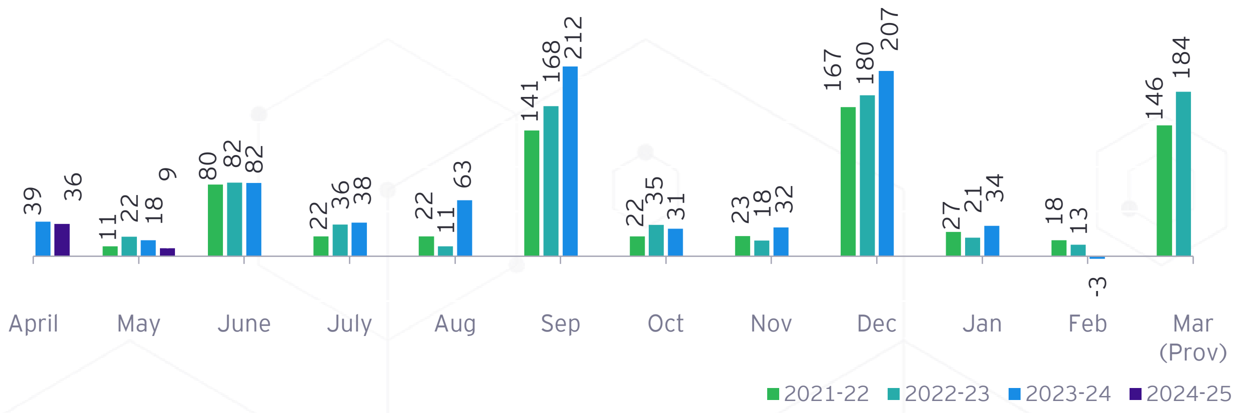
Source: Controller General of Accounts; GST Council/ PIB

Key findings

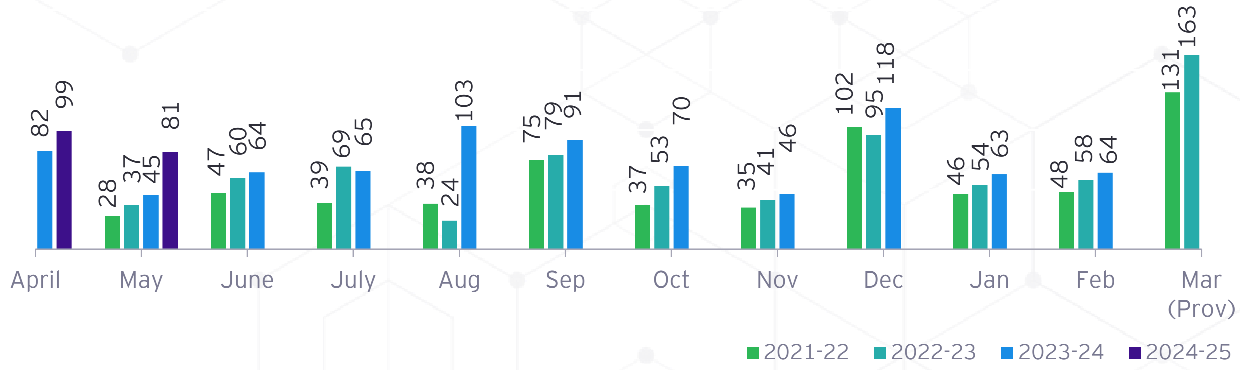
- GST revenues for the month of Apr 2024 at INR 2.10 lakh crore, are the highest ever since its implementation, reflecting a growth of 12.4% over the same month last year. However, the growth in June slowed down to 7.7%, lowest in three years.
- During the period from April to March FY24, GST revenues have grown 11.6% vis-à-vis the same period in FY23. This is higher than the estimated nominal GDP growth of 9.6% in FY24.
- Customs duty collections during FY24 have grown by 9.4% against the same period in FY23.
- On the other hand, union excise duty (UED) declined by 4.4% during FY24 as against FY23.
  - Lowering of windfall tax on crude could be one of the reasons for decline in UED collections.

Growth in direct tax collections outpaced the nominal GDP growth

Net corporate tax collection (INR '000 crores)

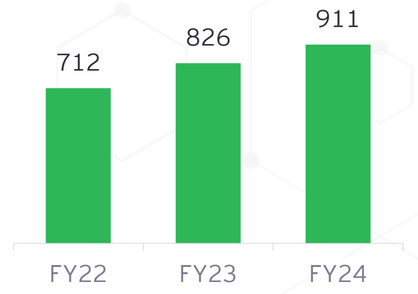


Net personal tax collection (INR '000 crores)

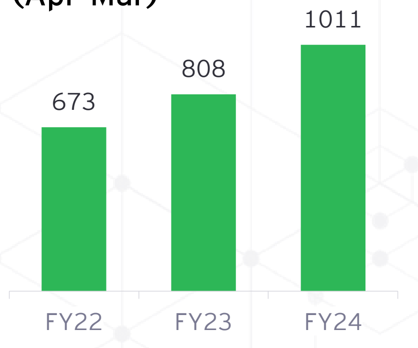


Source: Controller General of Accounts,

Corporation tax (CIT) (INR '000 crores) (Apr – Mar)



Personal tax (PIT) (INR '000 crores) (Apr-Mar)



Key findings

- The total direct tax collections witnessed a sharp increase of 17.6% in FY24 vis-à-vis FY23. Nominal GDP growth is estimated at 9.6% in FY24.
- CIT registered a growth of 10.3%, despite higher refunds.
- Increase in direct tax collections is majorly attributed to surplus growth in personal tax collections of 25.1% in FY24 vis-à-vis FY23.
- Personal Income tax collections have surpassed the corporate tax collection in FY24.
- The growth in direct tax collections came as a result of improved compliance, the use of technology, simplification of taxes and procedures, and improved taxpayer services.
- The Gross Tax Revenue (GTR) experienced a y-o-y growth of 13.4% in FY24, on account of buoyant direct tax collections even while excise duty revenues contracted.

India's fiscal deficit narrows to 5.6% of GDP, boosted by strong revenue and controlled subsidy spending

#	Particulars	Budget estimate (BE) (2023-24) (INR crore)	Revised estimate (RE) (2023-24) (INR crore)	Actuals (April 2023 – Mar 2024) (INR crore)	Actuals (April 2022 - Mar 2023) (INR crore)	Actuals as % of RE FY24 (April -Mar)	Actuals as % of RE FY23 (April -Mar)	Average Actuals as % of RE(April – Mar) (FY19 – FY23)
1	Tax revenues (net of states' share)	23,30,631	23,23,918	23,26,524	20,97,368	100.1%	100.5%	97.5%
2	Non-tax revenues	3,01,650	3,75,795	4,01,888	2,86,151	106.9%	109.0%	103.9%
3	Revenue receipts (1+2)	26,32,281	26,99,713	27,28,412	23,83,519	101.1%	101.5%	98.4%
4	Non-debt capital receipts	84,000	56,000	60,460	72,187	108.0%	86.5%	88.9%
5	**Total non-debt receipts (3+4)**	**27,16,281**	**27,55,713**	**27,88,872**	**24,55,706**	**101.2%**	**101%**	**98%**
6	Revenue expenditure other than interest	24,22,753	24,85,504	24,30,165	25,24,094	97.8%	100.2%	99.7%
7	Interest	10,79,971	10,55,427	10,63,871	9,28,424	100.8%	98.7%	98.6%
8	Capital expenditure	10,00,373	9,49,555	9,48,506	7,36,319	99.9%	101.6%	97.8%
9	**Total expenditure (6+7+8)**	**45,03,097**	**44,90,486**	**44,42,542**	**41,88,837**	**98.9%**	**100.1%**	**99.2%**
10	**Fiscal Deficit (9-5)**	**17,86,816**	**17,34,773**	**16,53,670**	**17,33,131**	**95.3%**	**99%**	**104.1%**

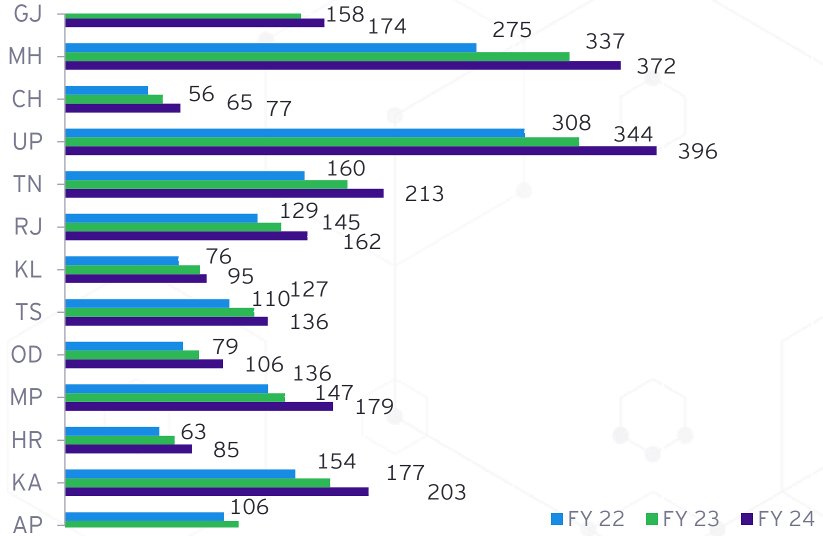
Source: Budget 2023-24, 2022-23, 2021-22, Controller General of Accounts,

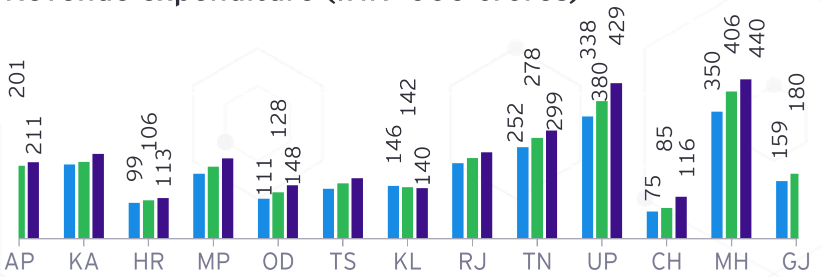
Key findings

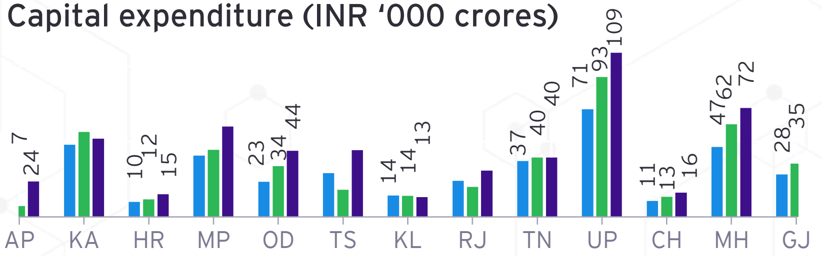
- The Government of India's fiscal deficit in FY24 reduced to INR16.5 lakh crore as against the RE of INR17.3 lakh crore, that is 5.6% of GDP lower than the revised estimate of 5.8%. This came on the back of better than anticipated revenues and lower spending on subsidies.
- Fiscal Deficit target for FY25 is 5.1% which looks a lot more achievable with the announcement of INR 2.1 trillion dividend from RBI.
- Besides a jump in net direct tax collections, there has also been a drastic increase in non-tax revenues. This jump in non-tax revenues could be attributed to higher revenues from monetization of assets like roads and mines. There is also a surge in dividends from PSUs.
- During FY24 vis-à-vis FY23:
  - There is a slight decline of 1.2% in revenue expenditure due to a contraction in food and fertilizer subsidy.
  - Capital expenditure grew by 28.8% y-o-y, although it is lower than the BE and RE of FY24.

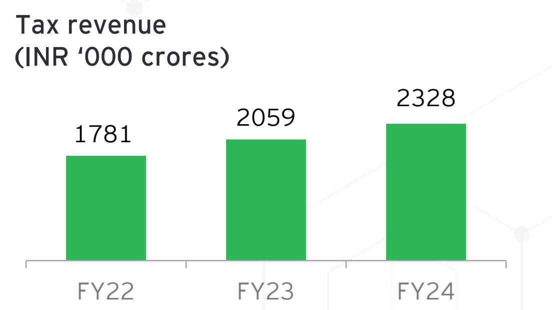
Continued rise in state tax revenues

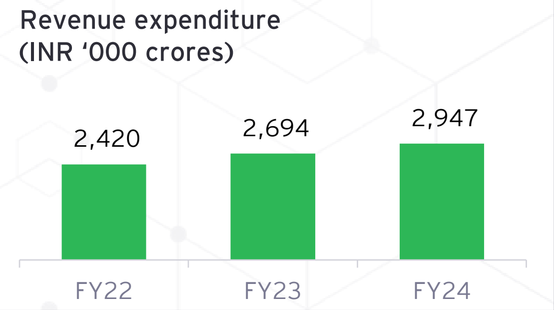
Tax revenue and expenditure for major states for the period (April'23 – Mar'24)

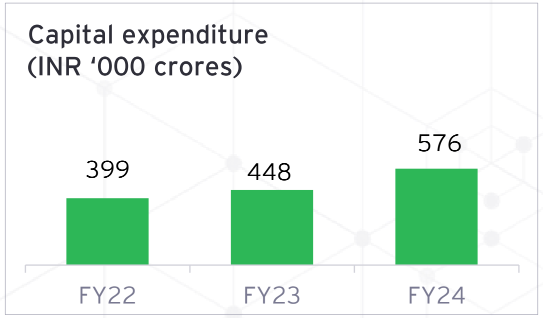












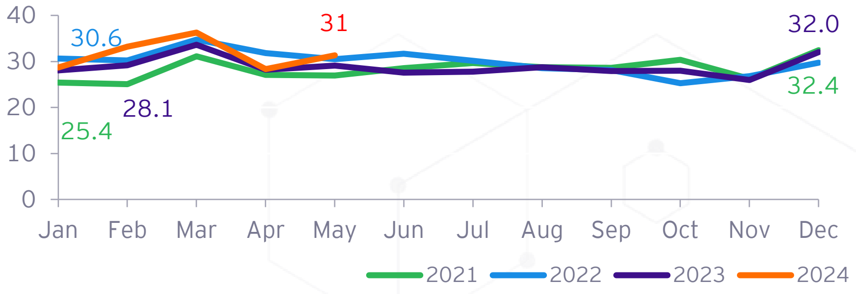
CH: Chhattisgarh; : AP: Andhra Pradesh; HR: Haryana; KA: Karnataka; KL: Kerala; MP: Madhya Pradesh; OR: Odisha; RJ: Rajasthan; TN: Tamil Nadu; TS: Telangana; UP: Uttar Pradesh; MH: Maharashtra; GJ: Gujarat; Source: Controller and Auditor General; State Accounts
States' Tax Revenues include: SGST, Stamps & Registration, Land Revenue, Sales Tax, State excise duties, States' share of union taxes, Other taxes and duties

Key findings

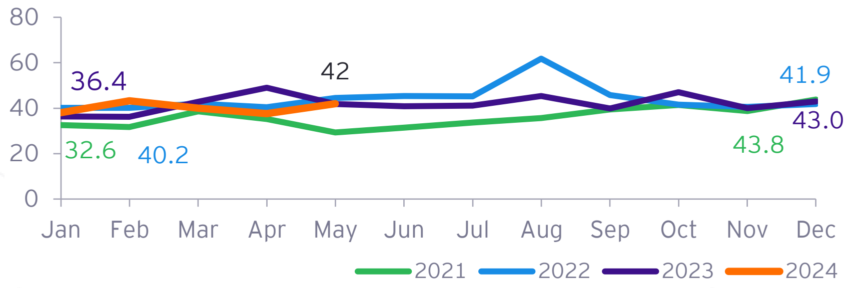
- Overall, in the 13 selected states, tax revenues for FY24 have increased by 13% vis-à-vis FY23.
- During FY24, revenue and capital expenditure by states saw a rise of 9.4 and 28.5%, respectively, vis-à-vis the same period last year.
- The Capex by states was aided by their robust revenue growth, The union government's interest-free capex loans and front-loaded tax devolution.
- Even though the capital expenditure is rising, its share in the total expenditure is 16.3% for the 13 selected states in FY24, compared to 21.4% for the union government.
- At the individual state level, Madhya Pradesh witnessed the highest y-o-y increase of 21% in tax revenues in FY24 propelled by a robust growth in GST collections.
- Uttar Pradesh recorded the highest capital expenditure in absolute terms, whereas Andhra Pradesh witnessed the highest y-o-y growth of 226%.
- Kerala is the only state where revenue and capital expenditure declined by 1.5% and 6% y-o-y.

India's non-oil export plateaus; services sector exports in the beginning FY25 show an upward trend

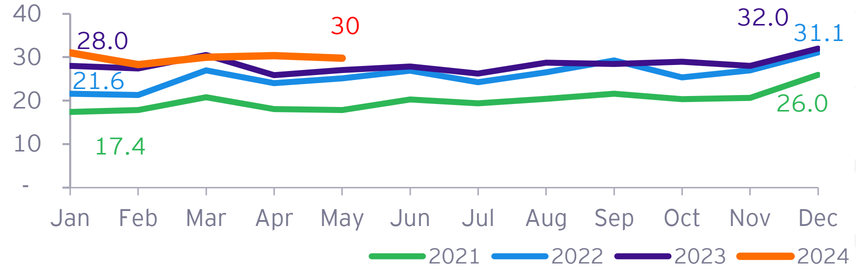
Non- oil merchandise exports (in US$ billion)



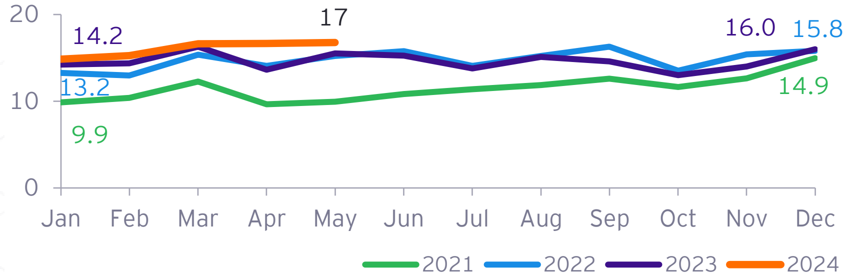
Non-oil merchandise imports (in US$ billion)



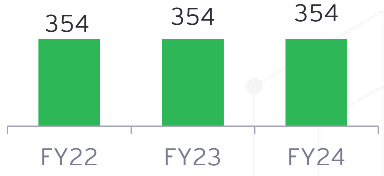
Service exports (in US$ billion)



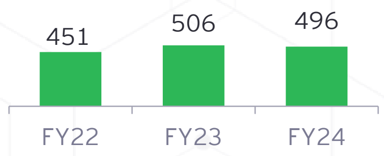
Service imports (in US$ billion)



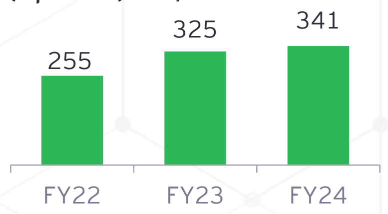
Non-Oil Merchandise Exports (Apr-Mar) US$b



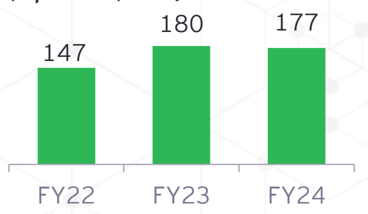
Non-Oil Merchandise Imports (Apr-Mar) US$b



Services Exports (Apr-Mar) US$b



Services Imports (Apr-Mar) US$b



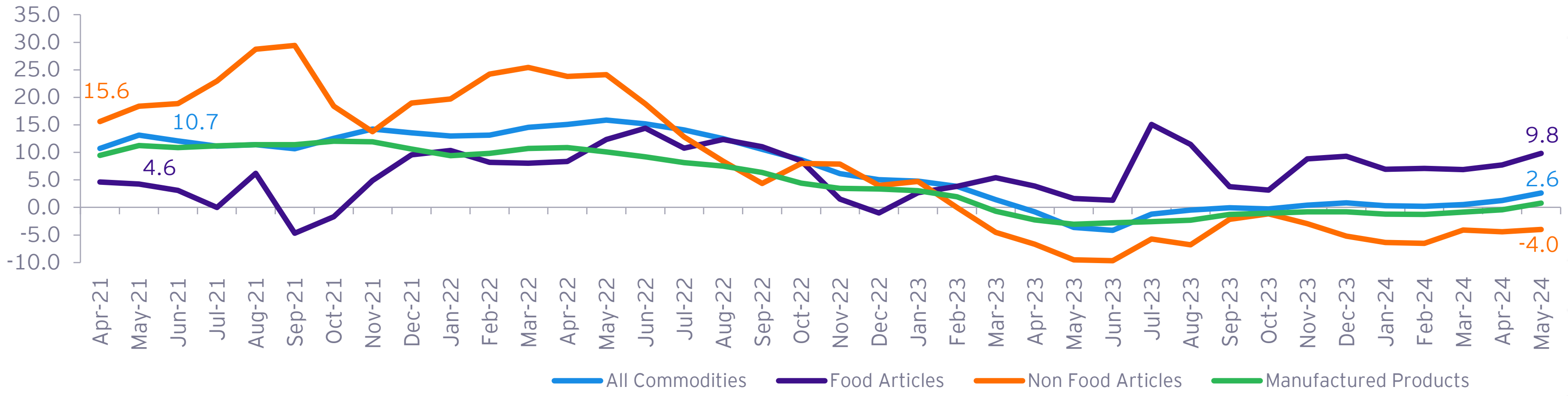
Source: RBI Monthly Bulletin and PIB Press Release

Key findings

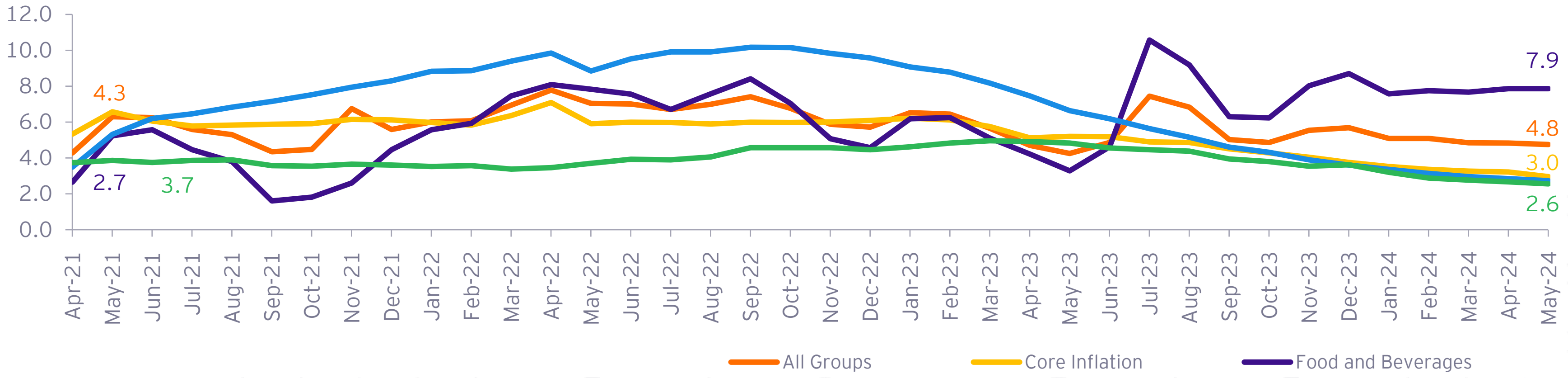
- India's non-oil merchandise exports have remained stagnant at US$354 billion over the last three years.
- Labor-intensive sectors such as textiles, leather, gems and jewelry and marine products have seen a dip in exports amid overall weakness in demand from developed countries and competition from Bangladesh and Vietnam.
- Growth in services' exports in FY24 slowed down to 5% as compared to the growth of 27% in FY23. However, service exports recorded a growth of 13.6% in April and May 2024.
- Non-oil merchandise and service imports have both declined marginally by 2%. Imports of raw cotton, chemicals, vegetable oil, fertilizer and transport equipment witnessed a decline.
- Geo-political tensions, trade route disruptions in the Red Sea, EU's CBAM and a slowdown in the global economy reflects a downside risk for India.

CPI inflation drops to yearly low, approaching RBI's 4% target

WPI inflation (%)



CPI inflation (%)



Source: Office of Economic Advisor, Ministry of Commerce and Industry; MoSPI; as of June 2024
Core inflation is calculated by excluding food & beverages and fuel & light from the overall index

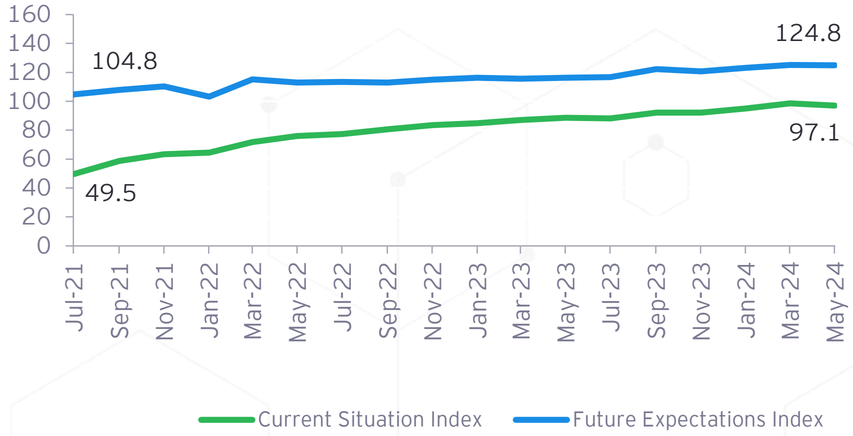
Key findings

- Core inflation continues its downtrend trajectory, declining to 2.97% in May 2024, posting the lowest inflation rate in the current CPI series, i.e., since January 2012.
- Consumer Price Inflation (CPI) moderated to a yearly low of 4.75% in May 2024. Vegetables, pulses and cereals remain the major contributor to headline inflation.
- CPI inflation is inching closer to the 4% target of RBI. According to RBI, alignment of the CPI inflation with 4% target likely to happen only in the second half of the FY25.
- Wholesale Price Inflation (WPI) rose to a 15-month high in May 2024 at 2.61% driven by an uptick in food and fuel prices.
- Inflation in food articles category remains elevated due to rise in wholesale prices of potato, onion, vegetables and other pulses.
- Manufactured products came out of deflationary zone after 14 months, posting a rise of 0.78% in May 2024.

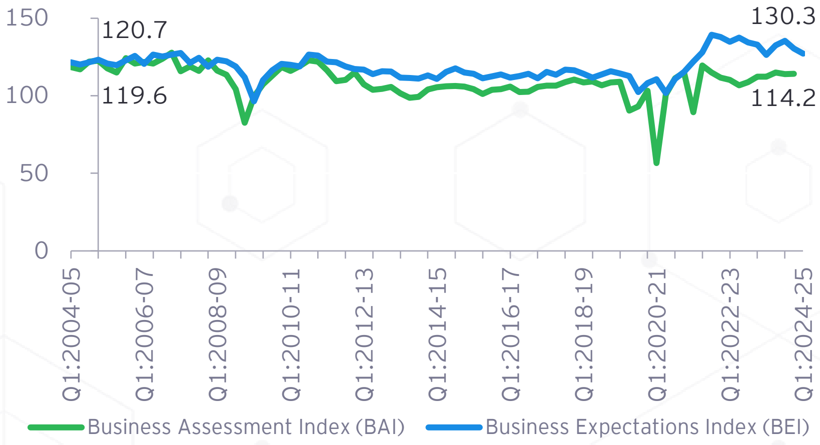
RBI's confidence indices indicate strong future economic optimism

Confidence indices

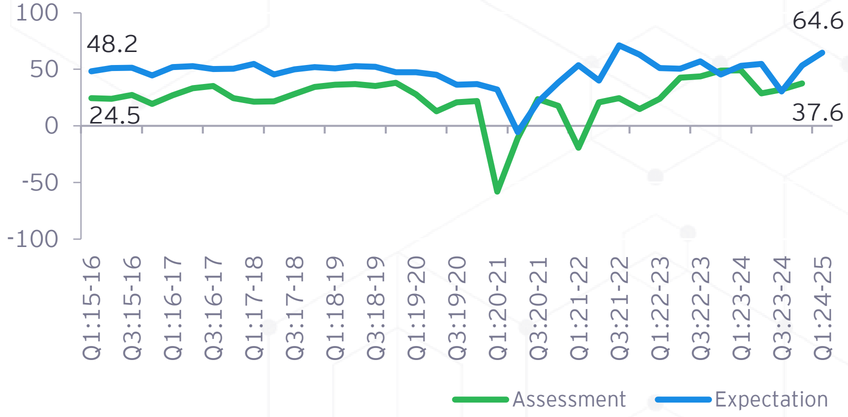
Consumer confidence indices



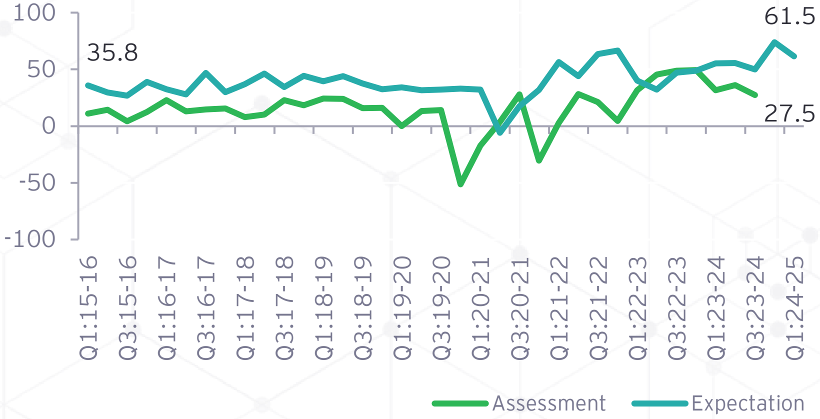
Business sentiment



Turnover of services companies (Net response %)



Turnover of infrastructure companies (Net response %)



Key findings

- The consumer's current situation index and future expectations index stood at 97.1 and 124.8, respectively, in May 2024.
- Consumer's current situation index remains less than 100, suggesting that there is greater confidence about the future, vis-à-vis the current time.
- In line with consumer confidence indexes, businesses have greater confidence about future expectations. However, unlike the consumer confidence index, the business index for current assessment is over 100.
- Optimism about turnover among service sector companierespectively,s surged in Q1 2024-25 driven by an improved business situation and availability of finance, while the optimism moderated among infrastructure companies.

Source: RBI
Note: Net Response (NR) is the difference between the percentage of respondents reporting optimism and those reporting pessimism. It ranges between -100 to 100. Positive value indicates expansion/optimism and negative value indicates contraction/pessimism.
Data as of 5th April 2024

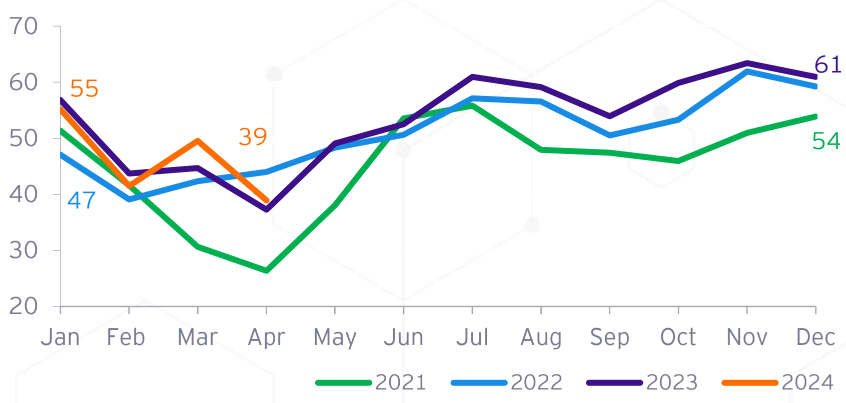
EY

04

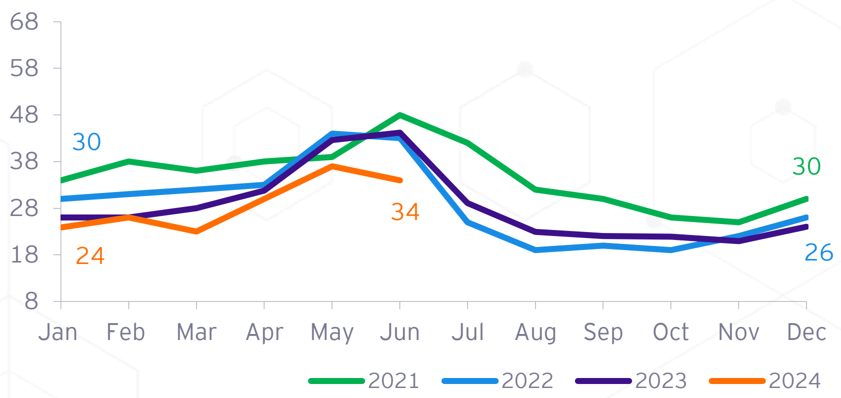
Sectoral indicators

Economic activity of rural India strengthens

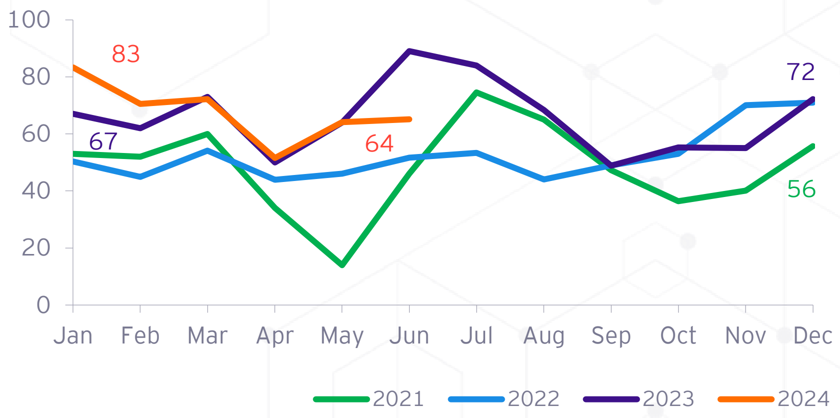
Fertilizer sales (lakh MT)



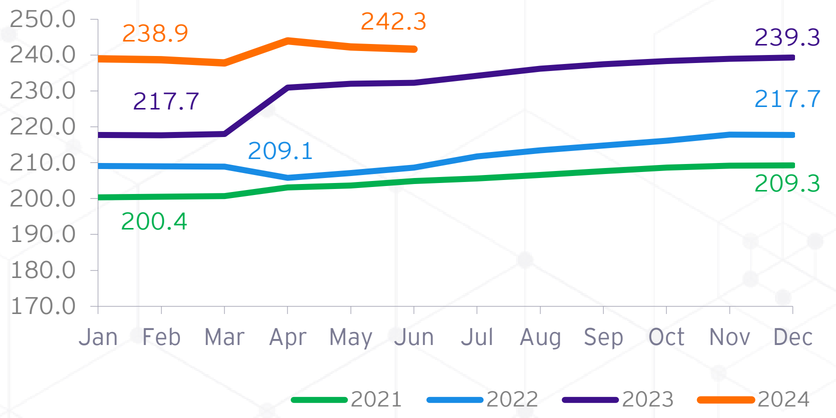
Persons work demand under MGNREGA (in millions)



Tractor registration (no. of units in '000)



Average wage paid per day per Person (INR) (Nominal)



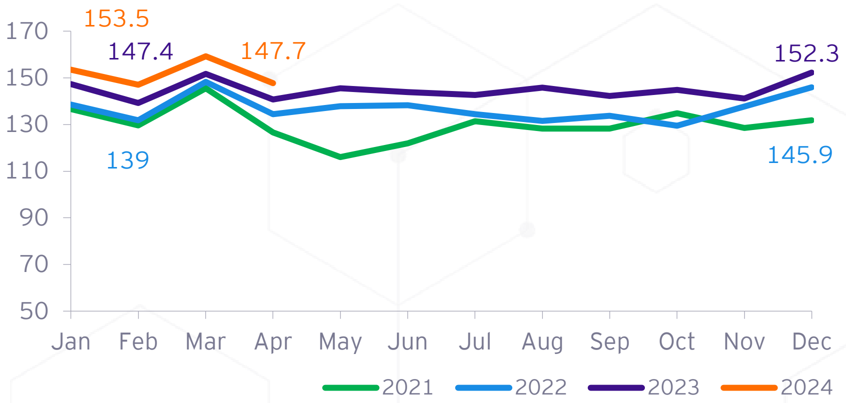
Key findings

- Rural demand continues to gather pace, reflected by lower demand for work under MNREGA and rising average wages.
- The monthly demand for work under MNREGA has been lower than that of the corresponding months in the past three years, with this trend persisting from January to June 2024.
- Tractor registrations have grown by 19% in FY24 over FY23, reflecting growing rural demand. However, there has been a moderation in the number of tractor registrations in the first three months of the current financial year.
- Fertilizer sales have risen marginally by 3% in FY24 vis-à-vis FY23. The absence of sufficient summer rains and scorching summers in the recent period is seen to be impacting fertilizer sales in April 2024.
- Average wage paid per day per person has risen 10% between April to March FY24 compared to the same period in FY23.

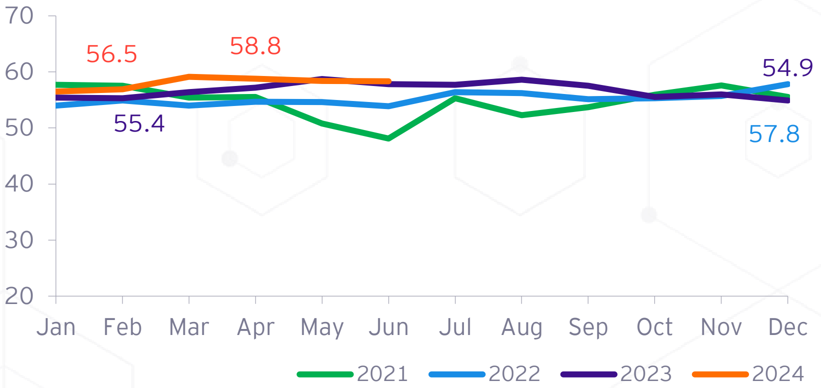
Source: Ministry of Road Transport and Highways, Ministry of Agriculture & Department of Fertilizers, MNREGA, MOSPI, RBI
Note: Fertilizer sales comprises of Urea, DAP, MOP and Complexes

Steady growth in cement and crude steel production

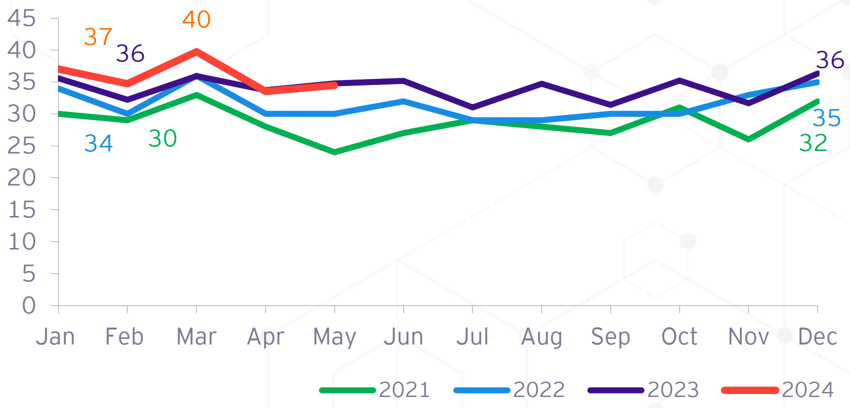
General index of industrial production (IIP)



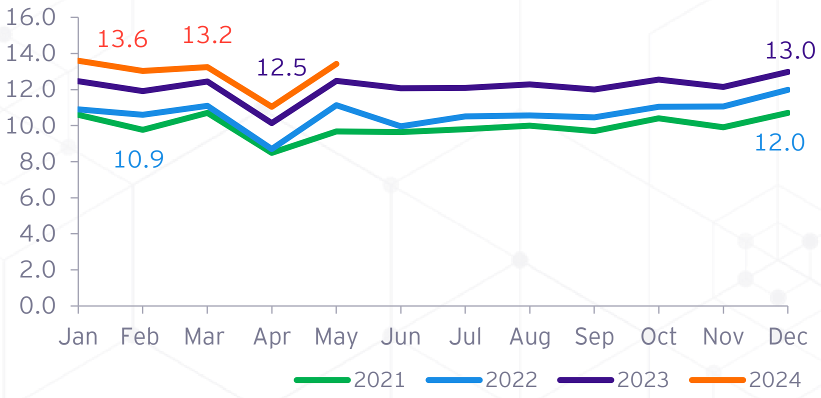
Manufacturing PMI



Cement production (million tons)



Crude steel production (million tons)



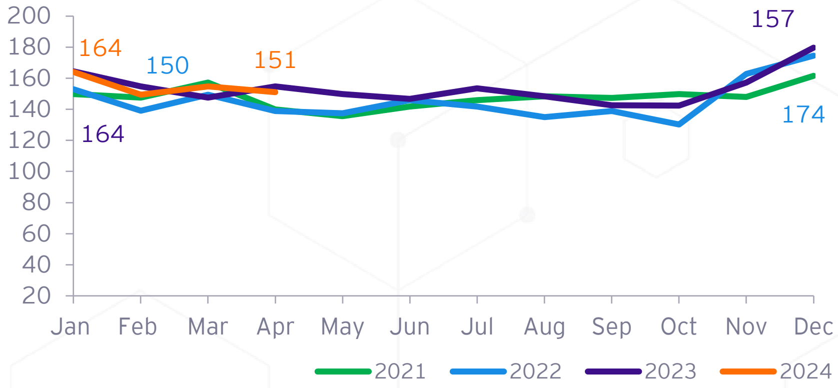
Note: PMI >50 indicates expansion, <50 indicates contraction
Source: IHS Markit, DPIIT, RBI; IIP Base: 2011-12=100

Key findings

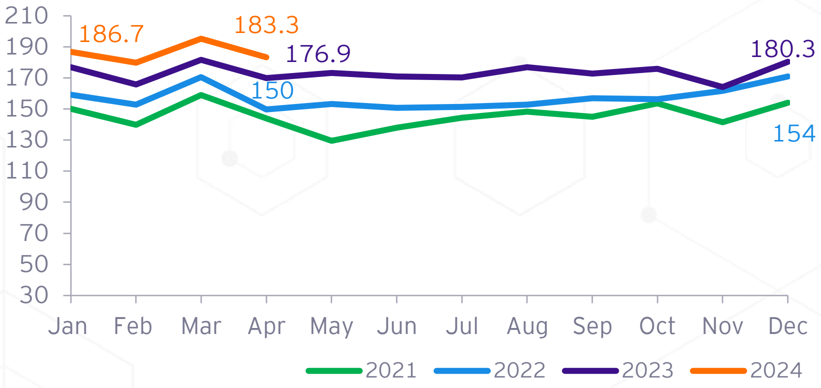
- All manufacturing indicators suggest robustness in economic activity.
- The IIP has grown 5.8% in FY24 against the 5.2% in FY23. The IIP registered a moderate growth of 5% in April 2024 over 2023. Highest growth was observed in the electricity and mining sectors at 10.2% and 6.7%, respectively.
- Manufacturing PMI remained well above the expansionary zone for 35 months in a row. It has improved to 58.3 in June 2024 from 56.5 in January 2024, signifying optimism.
- Cement production has grown by 9% during the period from April to March FY24 over the corresponding period in FY23. However, there has been no growth in April and May 2024 over 2023 levels.
- Steel production posted a robust growth of 12% in FY24 over FY23. Steel production has grown over 8% in April and May 2024.
- Construction sector recorded near double digit growth during FY24 driven by real estate demand and infrastructure push from the government.

Growth in IIP boosted by infra and capital goods expansion

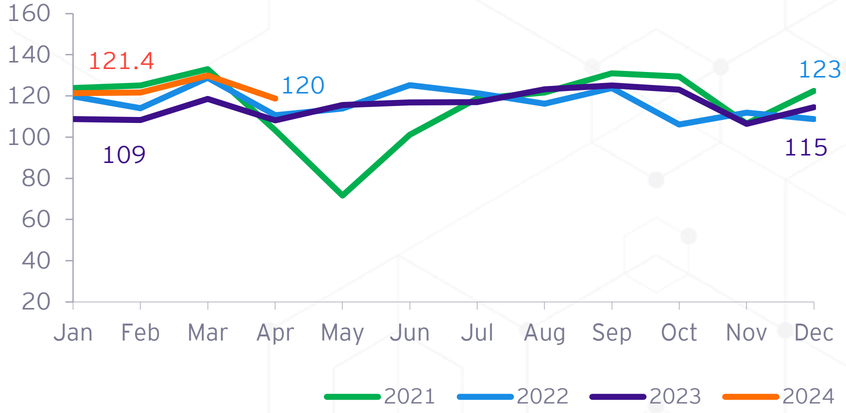
IIP consumer non-durables



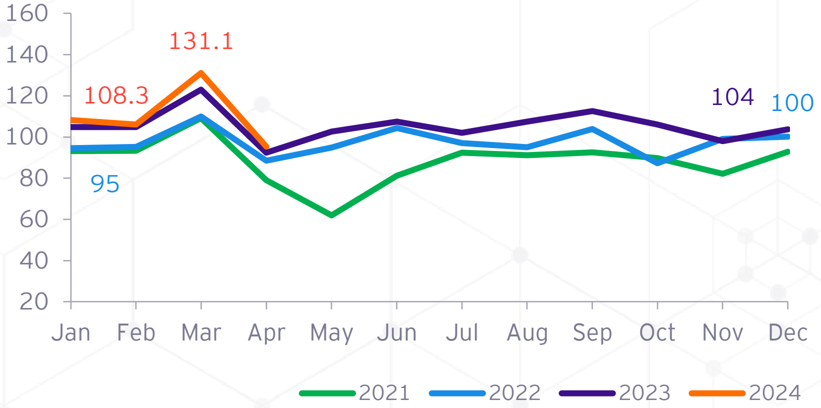
IIP infrastructure/construction goods



IIP consumer durables



IIP capital goods



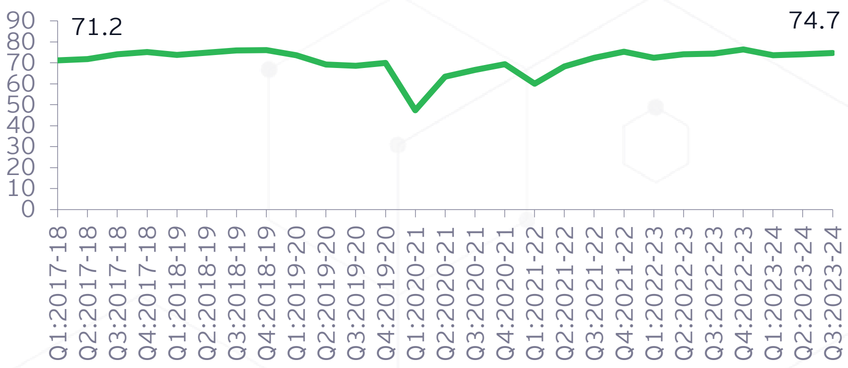
Source: MOSPI
IIP Base: 2011-12=100

Key findings

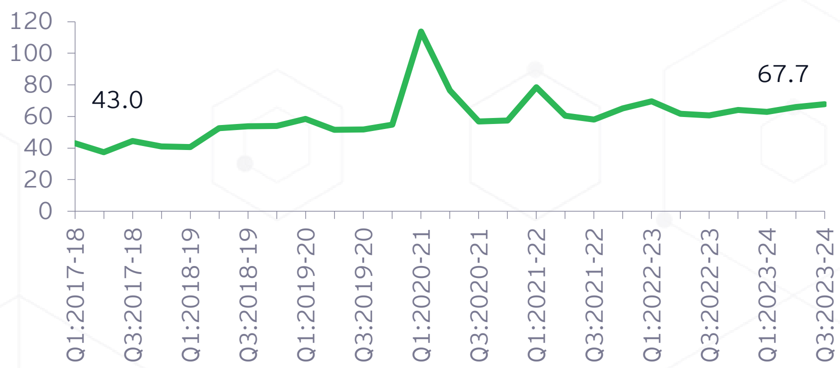
- The average monthly growth in IIP for consumer non-durables during the period from April to March FY24 over the corresponding months in FY23 is 4.2%.
- In line, IIP for consumer durables in the months from April to March FY24 has grown over 3% than in the same period in FY23.
- In line with the growth of steel and cement production, IIP for infrastructure and construction goods has grown 10% from April to March of FY24 over the same period in FY23. Ramp up in the government infrastructure spending and rising household demand for real estate is driving the expansion.
- IIP for capital goods has grown 6% during the period from April to March of FY24 over the corresponding months in FY23.
- The growth in IIP for infrastructure and capital goods bodes well for capital formation.

Manufacturing indicators show an upward trend

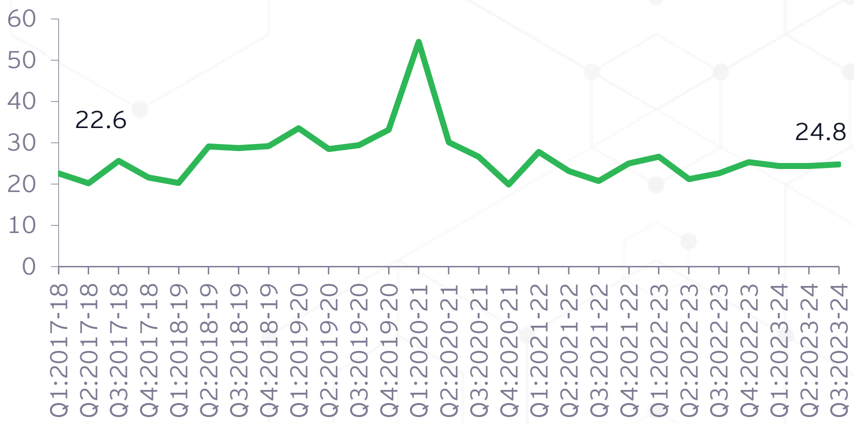
Capacity utilization (%)



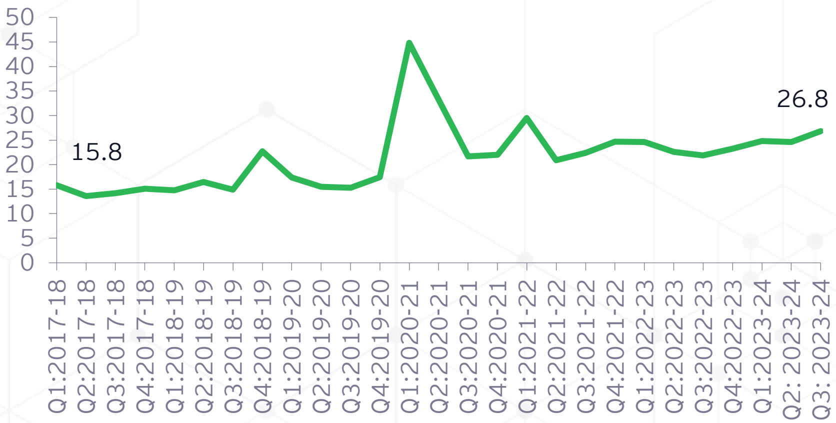
Total inventory to sales ratio (%)



Raw material inventory to sales ratio (%)



Finished goods inventory to sales ratio (%)

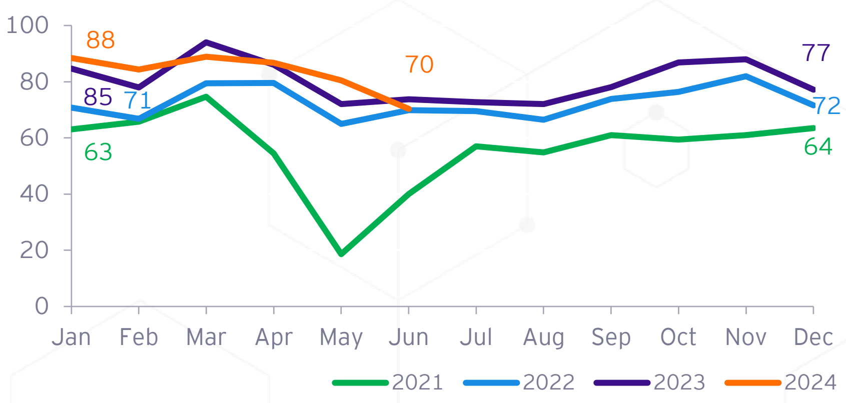


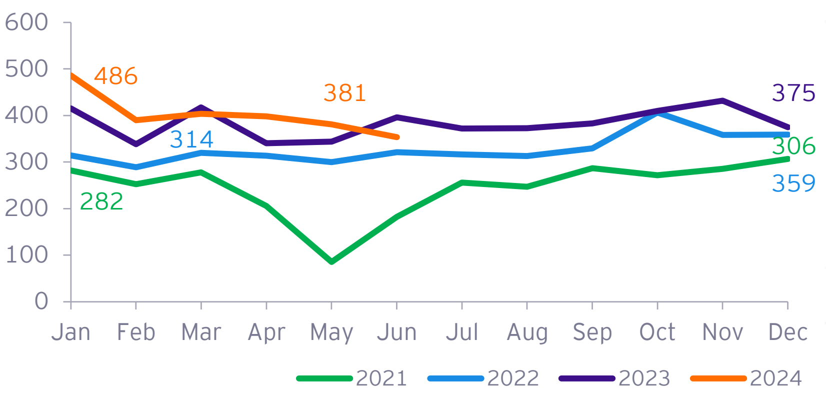
Source: RBI; as of 5th April 2024

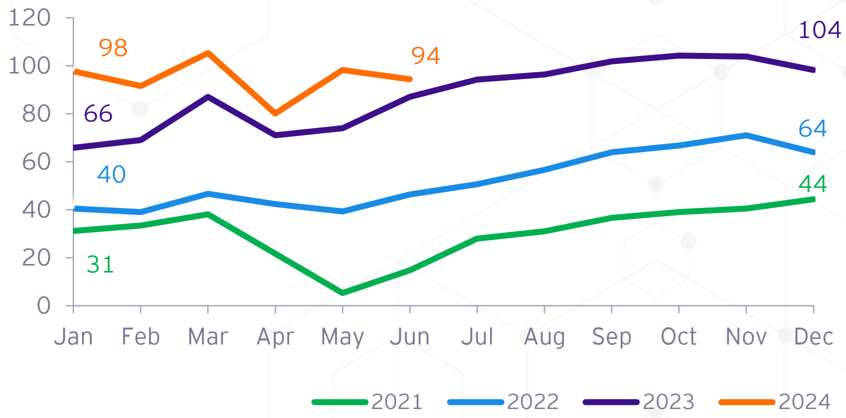
Key findings

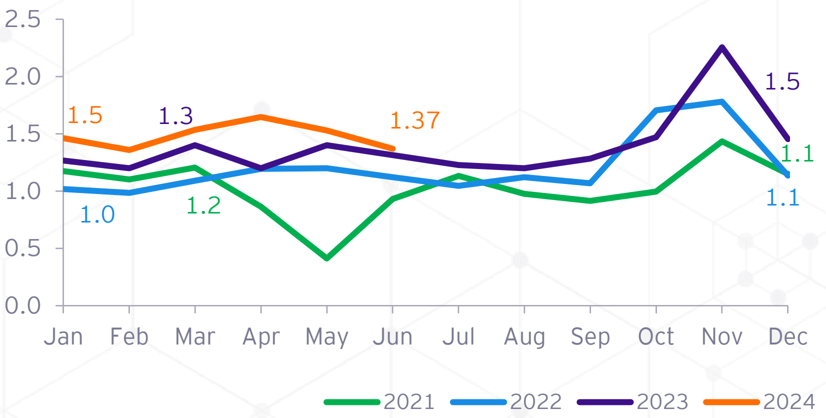
- Capacity utilization in the manufacturing sector has exhibited a rising trend in FY24. It has increased to 74.7% in Q3FY24 from 74% in the previous quarter.
- The total inventory to sales ratio rose to 67.7% in Q3FY24 from 65.9% in the previous quarter due to a marginal decline in new orders.
- The finished goods inventory to sales ratio increased marginally in Q3 FY24 from its level in the previous quarter while the raw material inventory to sales ratio remained stable.

Vehicle registration surge; three wheelers leading the way









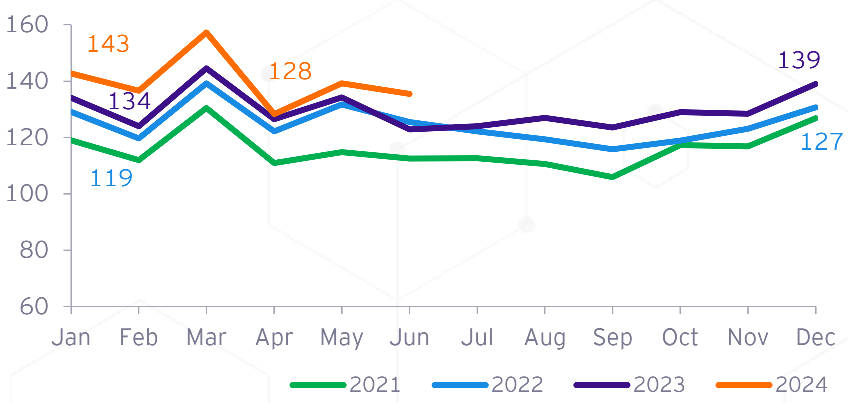
Note:CV include all Heavy, Medium vehicles and light goods vehicles. PV represents Motors Cars data. 2w and 3W include both transport and non-transport. Telangana and Lakshadweep vehicle registrations are not covered under Vahan database.
Source: Vahan Database. Data as on July 2, 2024

Key findings

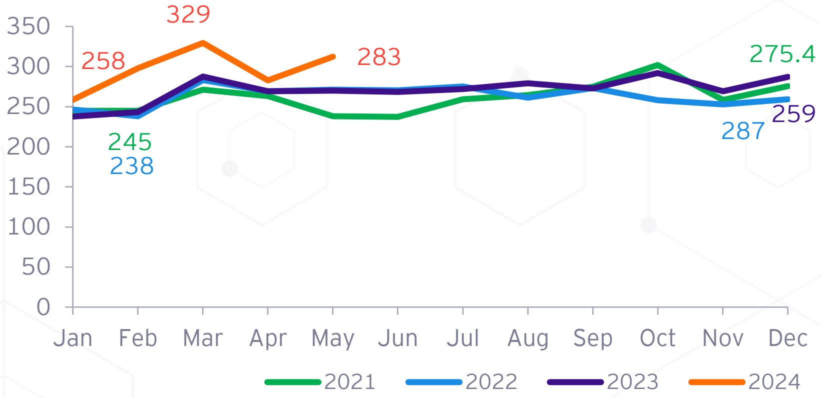
- Commercial vehicle registrations have grown at 6% in FY24 over FY23. In the first quarter of FY25, growth has moderated to 2%.
- Passenger vehicles registrations exhibited a robust growth of 12% in FY24 over FY23. In the first quarter of FY25, growth has moderated to 4.9%.
- Three-wheeler registrations posted a high growth of 56% in FY24 over FY23. Growth in the three-wheeler segment is attributed to demand from urban centers in last mile mobility and e-commerce players.
- Two-wheeler registrations posted double digit growth of 13% in FY24 over FY23. The growth continues in the current financial year.

Steady uptick in freight movement reflects increased economic activity

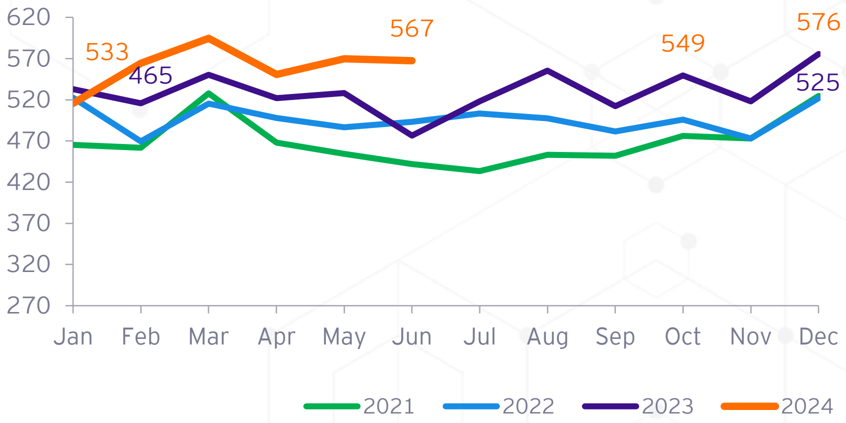
Railways freight (million tons)



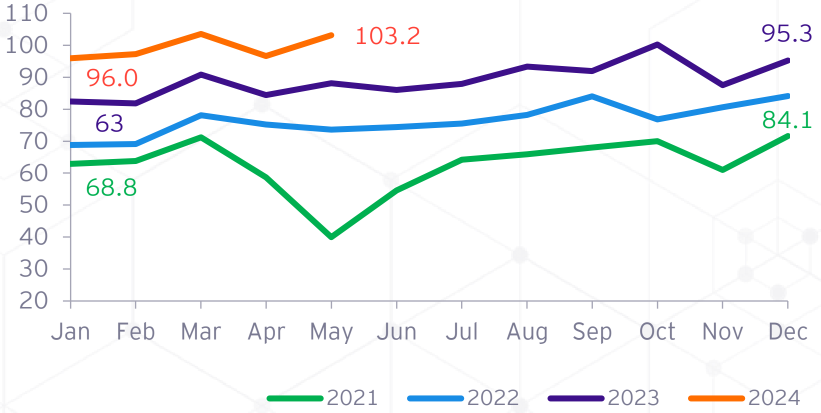
Air freight ('000 tons)



JNPT container traffic ('000 TEUs)



E-way bills generated (volume in million)



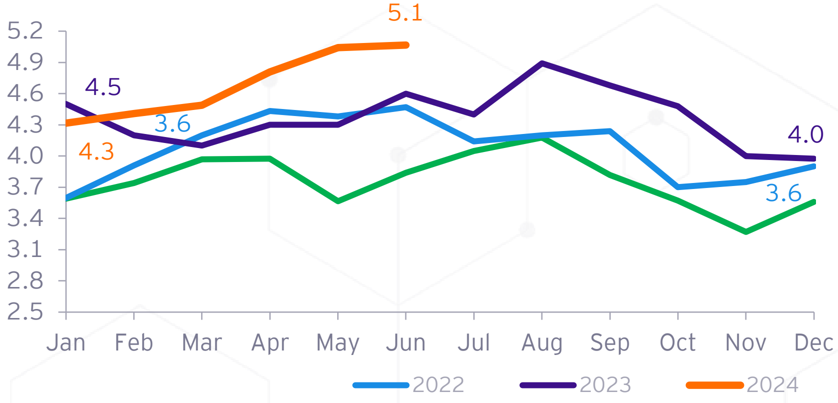
Source: Ministry of Civil Aviation, Ministry of Railways, JNPT Terminal, GSTIN Network

Key findings

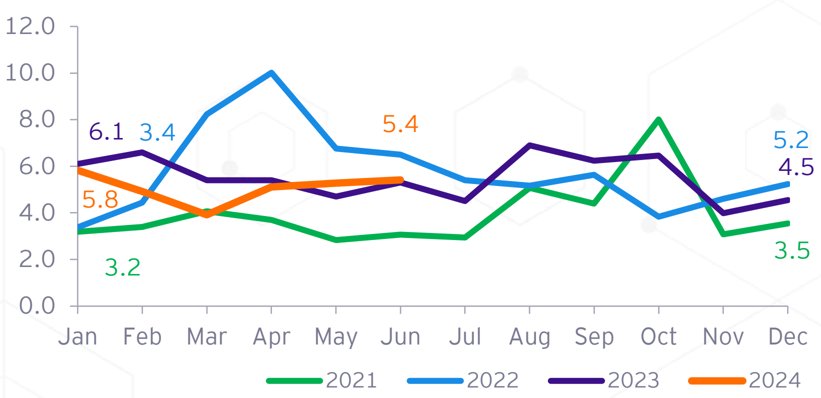
- Freight movement indicators indicate a sustained increase in economic activity.
- E-way bill volumes during the period April to March in FY24 have grown at 16% vis-à-vis the same period in FY23. In the current financial year, they continue to grow at the same rate.
- Rail freight transportation for April to March of FY24 is higher than the previous financial year, i.e., FY23 by 5.2%. Similar growth has been recorded in the first quarter of FY25.
- Shipping freight as represented by Jawaharlal Nehru Port (JNPT) container traffic has increased by 6% in April to March of FY24 vis-à-vis the same period in FY23. In Quarter 1 of FY25, growth has been 11%.
- Air freight has grown by 6.6% in April to March of FY24 vis-à-vis the same period in FY23.

Energy demand soars

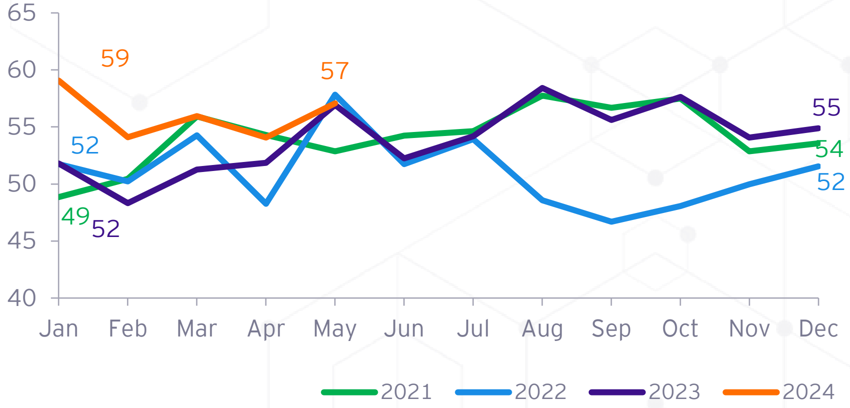
Average daily power consumption (billion units)



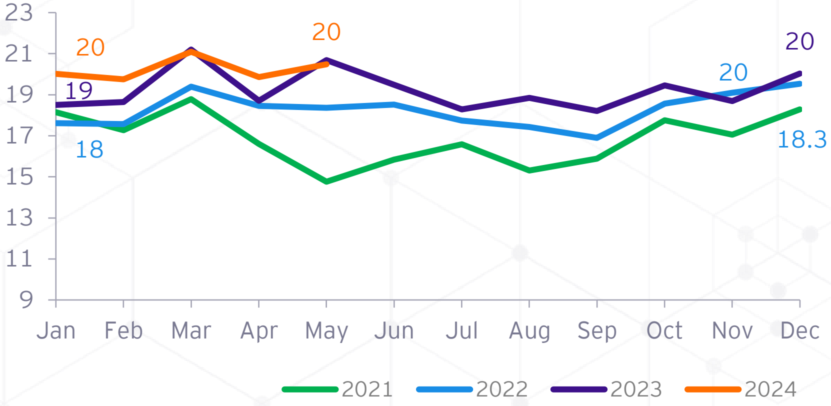
Power market clearing price (INR 'per KWh)



Consumption of natural gas ('00 MMSCM)



Consumption of petroleum products (million metric tons)



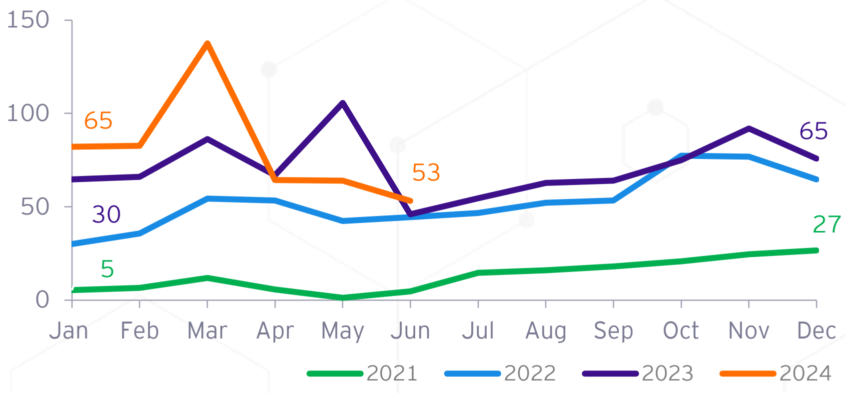
*Note: Power consumption for June'24 data is average of daily data available as on 2 July, 2024. Market clearing monthly prices are a simple average of non-zero prices in (no of days in a month*24*4) no of 15 minutes time block of respective month.*
Source: Ministry of Petroleum, Coal & Power and Indian Energy Exchange. MMSCM stands for million standard cubic meter.

Key findings

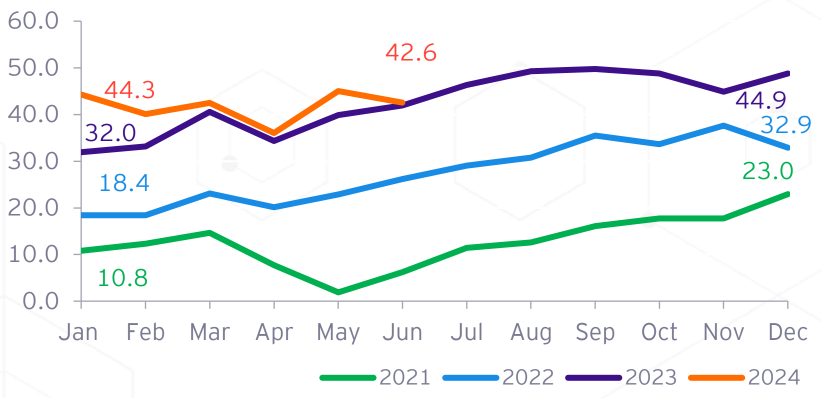
- Average daily power consumption continues to surge. In Q1 of FY25, power consumption was up 13% vis-à-vis Q1 of FY24. In FY24, it grew 6% over the consumption in FY23.
- Amid rising power consumption, wholesale electricity prices experienced a 2% rise in May 2024 compared to the previous. Peak power demand hit an all-time high of 250 GW in May 2024.
- Consumption of natural gas was 10% higher in FY24 over the corresponding period in FY23. However, the growth has moderated in the current financial year.
- Consumption of petroleum products is 4.4% higher from April to March of FY24 vis-à-vis the same period in FY23. However, in April and May 24, growth had moderated to 2.4%

EV sales surge ahead of subsidy deadline; continued growth in renewable energy generation

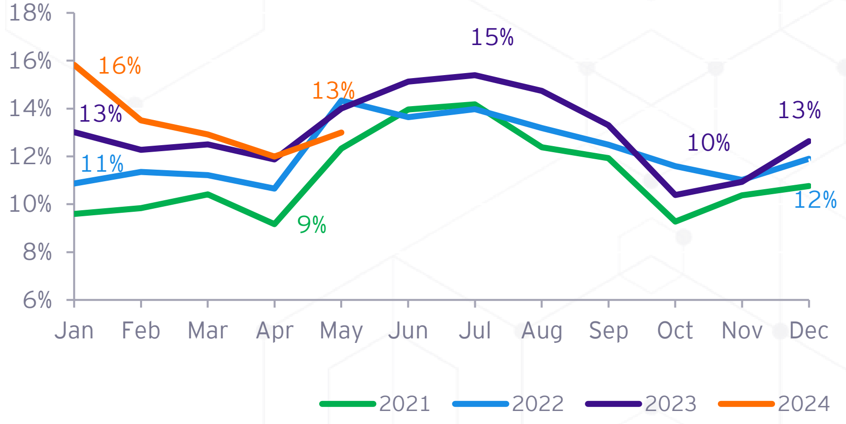
Registration of e-two-wheelers (In 000's)



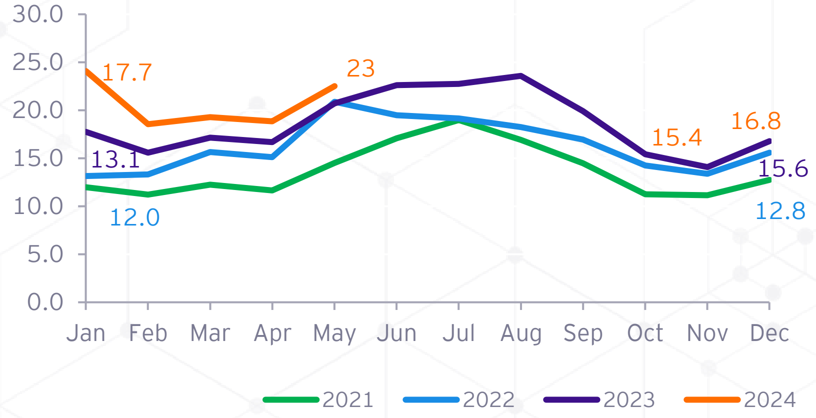
Registration of e-rickshaw vehicles (In 000's)



Renewable energy generation as % of the total power generation



Renewable energy generation (billion units)



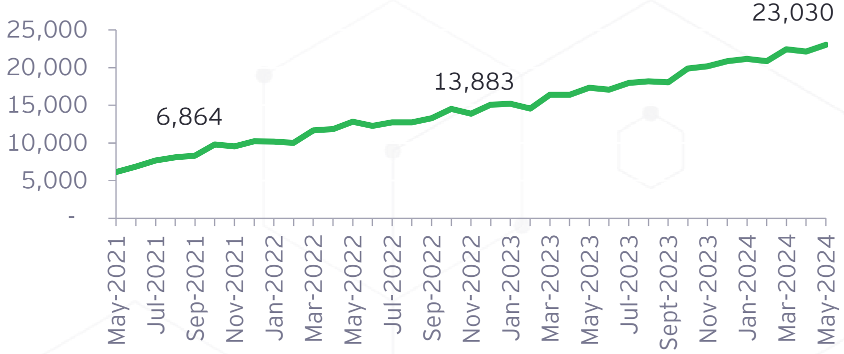
Source: CEA, Vahan Dashboard
Note: RES includes Solar, Wind, Small hydro, Biomass & Others
Vahan data available as on July 2, 2024
e-2W include transport, non-transport and invalid carriage data. Telangana and Lakshadweep vehicle registrations are not covered under Vahan database.

Key findings

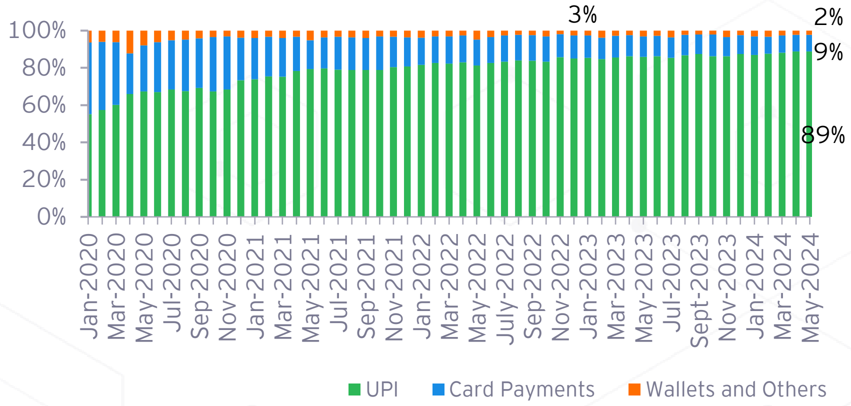
- The anticipation of expiration of FAME 2 subsidies on 31 March led to an uptick in e-two-wheeler sales in March 2024. E-two-wheelers registrations witnessed a strong double-digit growth of 30% in FY24 over FY23. E-two-wheeler sales from April to June 2024 were lower than the corresponding period in 2023.
- Registrations of e-rickshaw have recorded a robust growth of 42% during the April to March of FY24 over the same period in FY23.
- Renewable energy generation in May 2024 increased by 9% compared to the same period in 2023. For the period from January to May 2024, renewable energy output was higher by 17% over the corresponding period in the previous year.
- However, the share of renewable energy in the overall electricity generation has varied from 12% to 16% in the months January to May 2024.
- These fluctuations reflect both seasonality factors and the overall growth in demand for electricity in India, underscoring the challenges in decarbonizing the electricity sector.

Digital payments hit record-high; UPI leads among all platforms

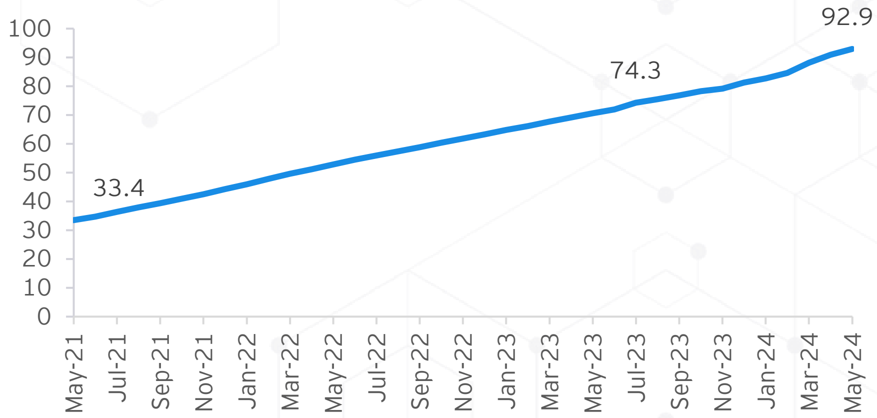
Total digital retail payments (in INR billion)



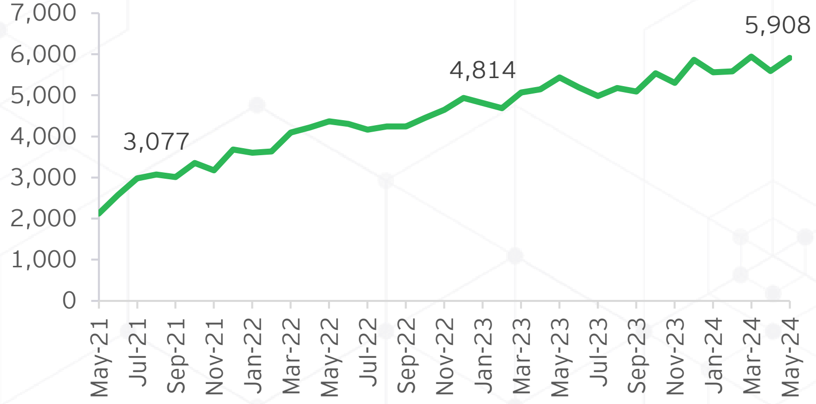
Share of different segments in total digital retail payments (by value)



Number of FASTag Issuance (in millions)



Revenues from Tolls (in INR crore)



Note: Others include ECS, AEPS, APBS and BHIM
Source: TRAI, RBI, NETC

Key findings

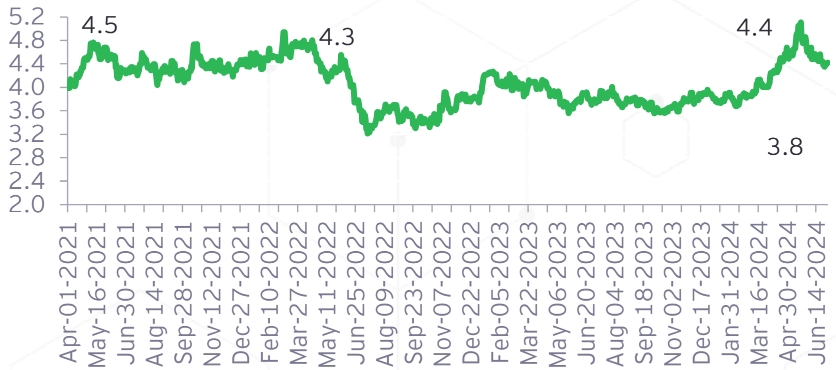
- Total value of digital retail payments recorded an all-time high of INR23 lakh crore in May 2024.
- On an absolute basis, payments through UPI have grown by over 37% in May 2024, vis-à-vis May 2023.
- UPI is the largest digital payment platform in the world which aided the growth of e-commerce and reflects increasing digital adoption across India.
- The higher incidence of digitization is reflected through CAGR of 41% in FASTag issuance in over three years and contributing to increasing toll revenue.

05

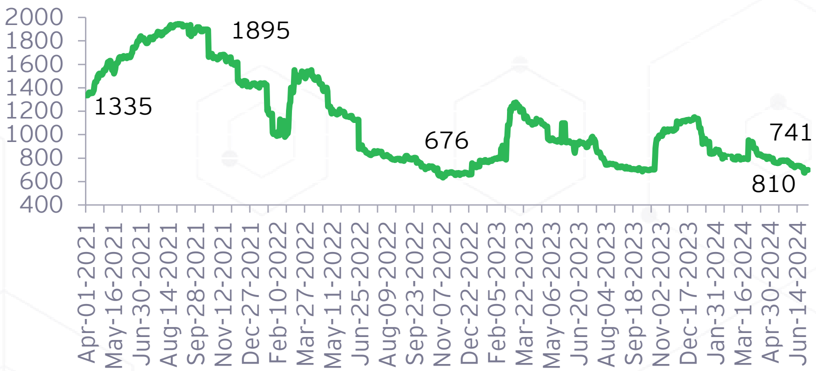
Commodities: markets and investments

Trends in commodity prices (metals)

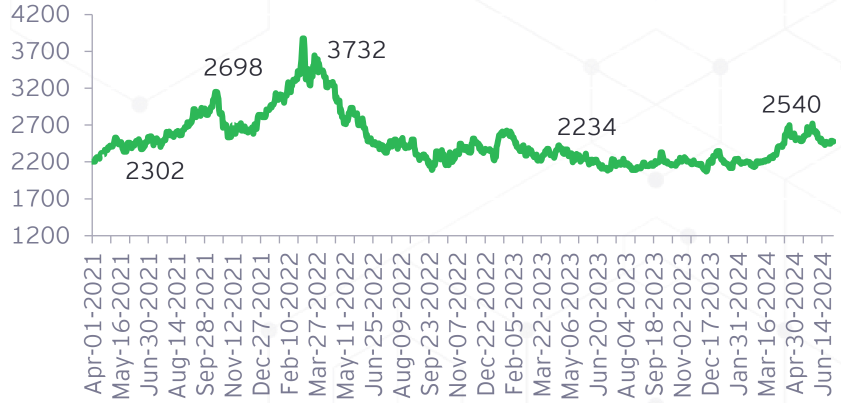
High grade copper prices (US$ per lb) (COMEX)



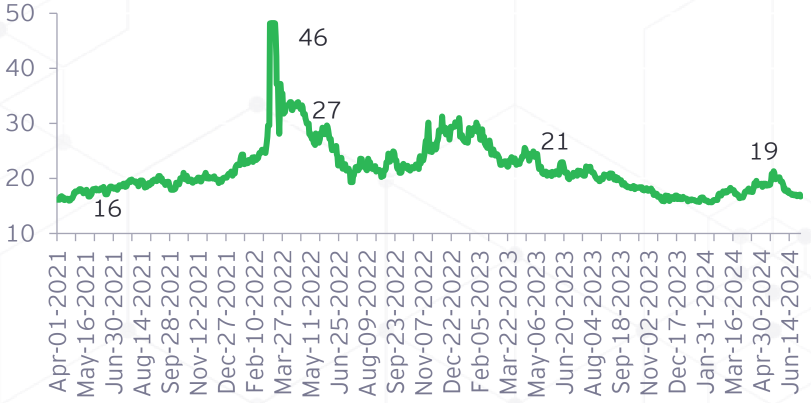
Hot rolled coil steel prices (US$ per ton) (NYMEX)



Aluminum price per MT (in US$) (Cash- LME)



Nickel per MT price (in '000 US$) (Cash-LME)



Note: Data as on July 2, 2024; 2. Copper Prices- High Grade, Chicago Mercantile Exchange , Steel Prices- Domestic Hot Rolled Coil,
Source: CapitalIQ, MCX, media reports

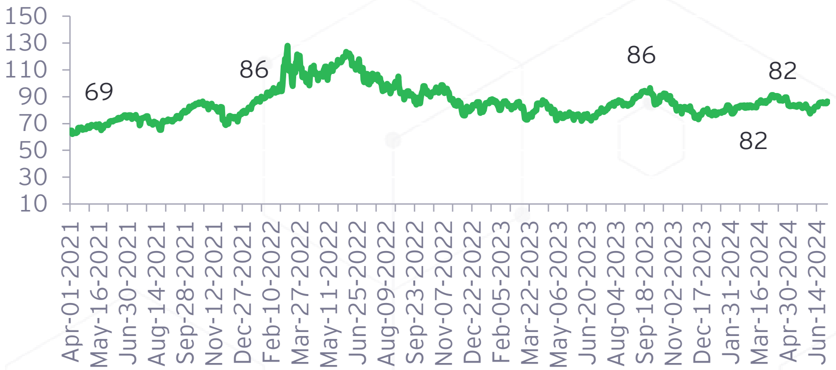
Key findings

- Steel prices continue the downtrend on account of the weak demand from the Chinese construction sector. Steel prices fell by 24% in June 2024 from January 2024 levels.
- Aluminum prices showed an uptick in prices by 14% in June 2024 from January 2024 levels due to supply disruptions.
- Copper prices rose by 19% in June 2024 from January 2024 levels due to concerns on limited ore supply and growing demand triggered by energy transition.
- Nickel prices continue the downtrend due to an increase in supply from Indonesia and China.
- Geopolitical risks and geoeconomic-fragmentations could pose upside risks to metal prices. Major downside risk come from weak global demand.

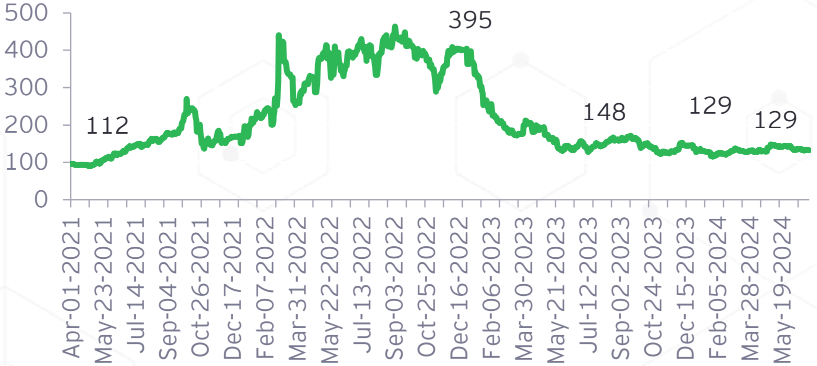
Trends in commodity prices (energy and gold)

Commodity and input price trends

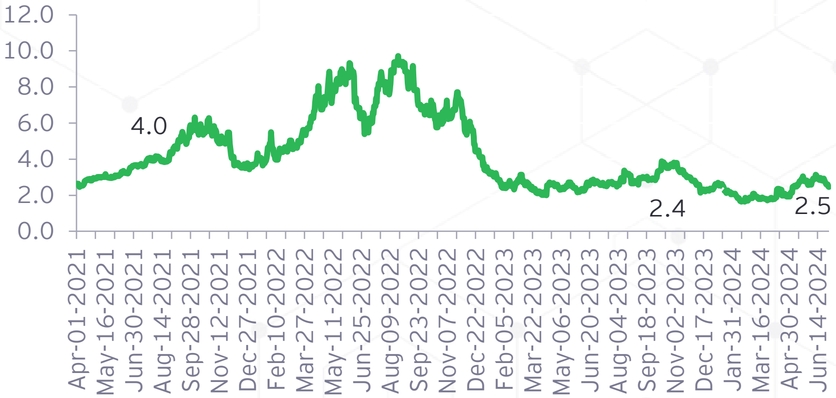
Crude oil - Brent price (US$ per bbl) (NYMEX)



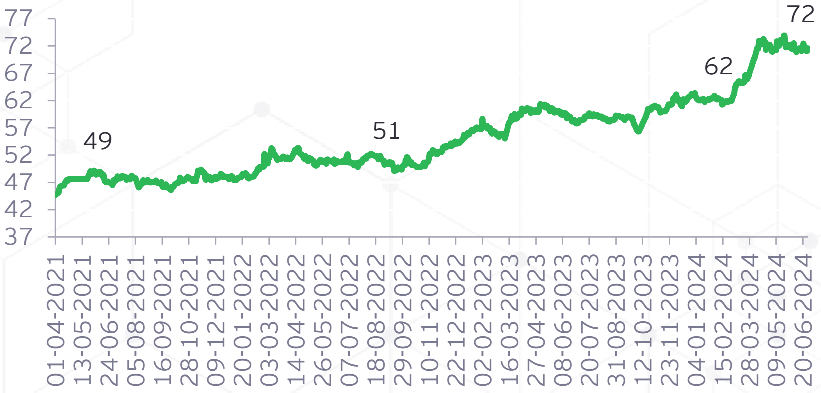
Coal price per ton (in US$) (Newcastle- ICE)



Natural gas per mm BTU (in US$) (Henry Hub)



Gold price per 10 grams (in '000 INR)



Key findings

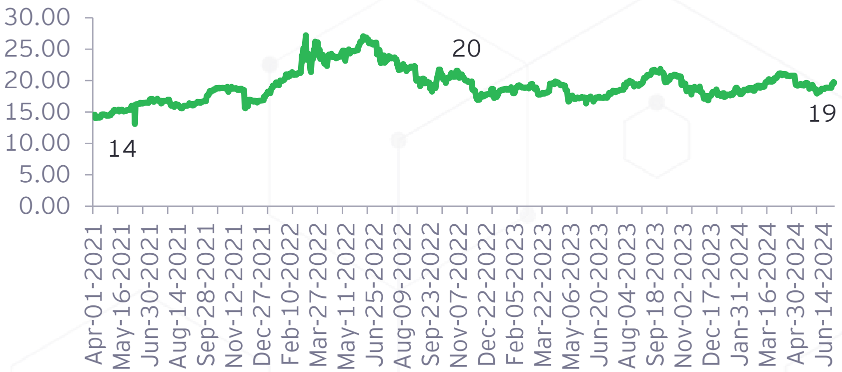
- The crude oil prices remain stable despite the ongoing geo-political tensions.
- Crude oil prices have remained range bound between US$70 and US$90 since October 2023. Crude oil production cuts by OPEC and ongoing geopolitical tensions pose an upside risk to crude oil prices.
- Gold prices are up 15% in June 2024 since January 2024 on account of central bank gold purchases and diversification of reserves away from US dollar.
- Thermal coal prices which showed a slight uptick in the near term continue to remain flattish due to weak global activity, increasing penetration of renewable energy and lower natural gas prices.
- Natural gas prices have traded in a range of US$1.6 to US$3 since January 2024.

Note: Data as on July 2, 2024; 2. Copper Prices- High Grade, Chicago Mercantile Exchange; Steel Prices- Domestic Hot Rolled Coil; Crude oil and Natural gas price, NYMEX
Source: CapitalQ, MCX

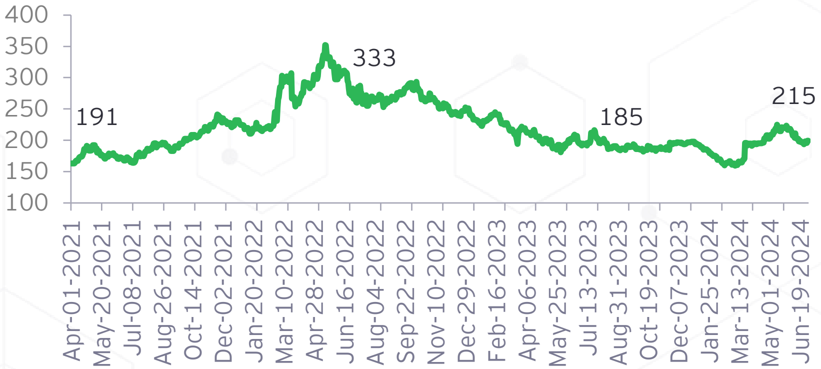
EY

Trends in commodity prices (agriculture)

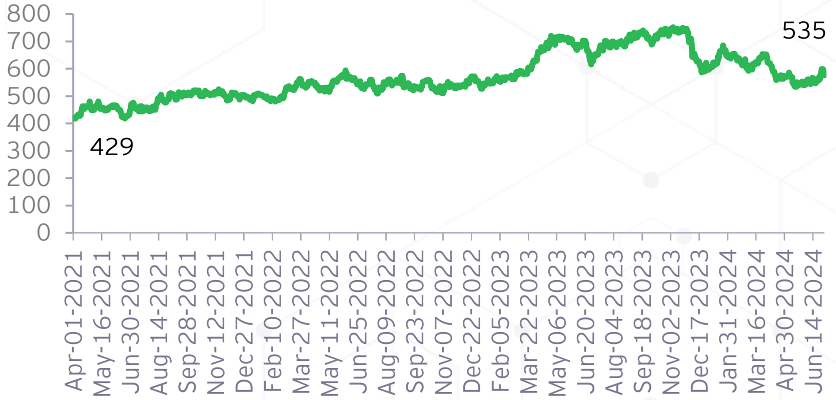
Corn feed per MT (in INR) (BSE)



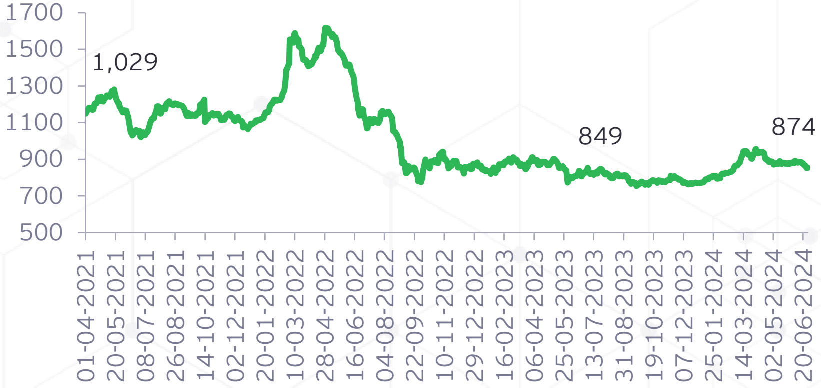
Wheat price per MT (In US$) (LIFFE)



Sugar – white per MT (In US$) (LIFFE)



Palm (CPO) oil per 10 kg (in INR)



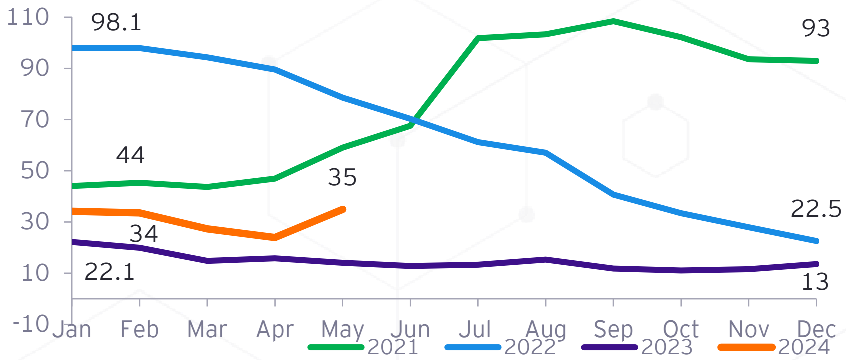
Note:Data as on July 2,, 2024
Source: MCX, CapitalIQ

Key findings

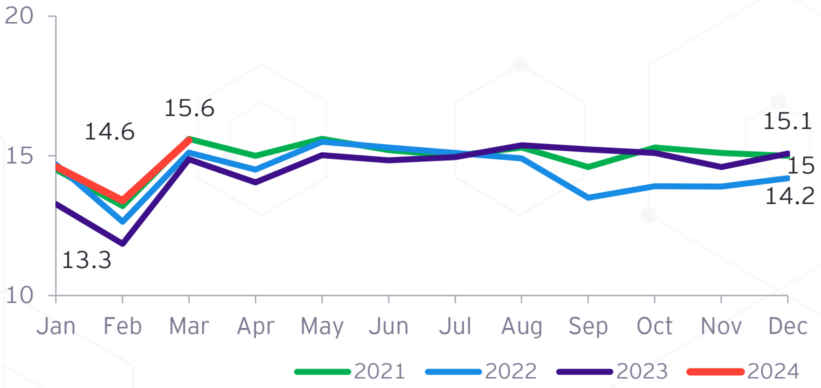
- Wheat prices gain upside momentum from April 2024 after the sharp decline since January 2024-due to lower production forecasts in Russia and crop losses in the Black sea region. However, improved supply conditions and weaker demand led to the reversal of the uptrend since then.
- International sugar prices had been falling after peaking at $752/MT in Nov 2023. The fall in sugar prices can be attributed to the increased sugar production in Brazil. The uptick in prices in June 24 is attributed to future supply concerns from India.
- Palm oil prices have risen 11% from January 2024 levels as the main two producers, Malaysia and Indonesia, are diverting it to produce biodiesel.
- Prices of corn feed rose by 4% from the January 2024 levels due to the drop in output and rise in demand from the poultry sector.

Global container freight transportation volumes and rates

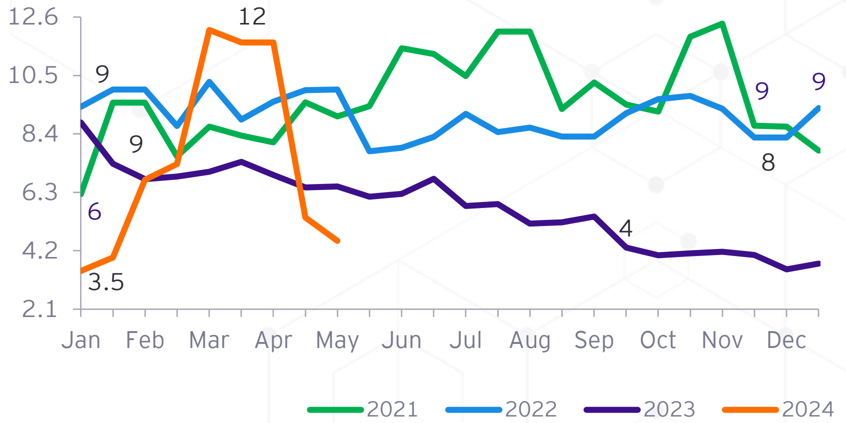
Global container freight index (in '00 US$)



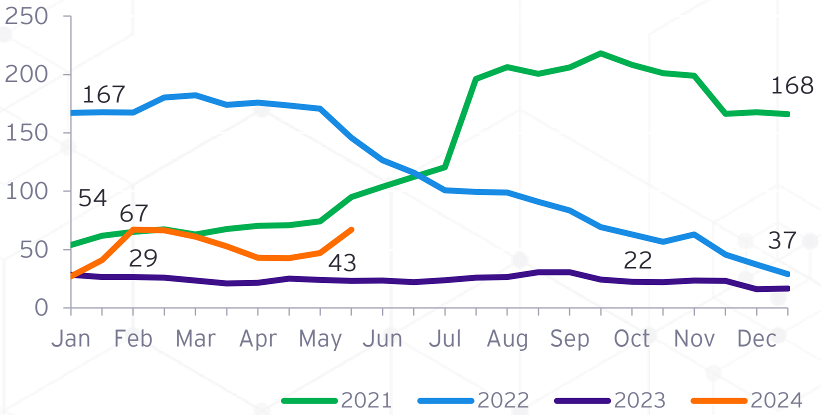
Global container traffic volume (million TEUs)



Container freight prices – North America East Coast to China/East Asia (in '00s US$)



Container freight prices – China/East Asia to North America East Coast (in '00s US$)



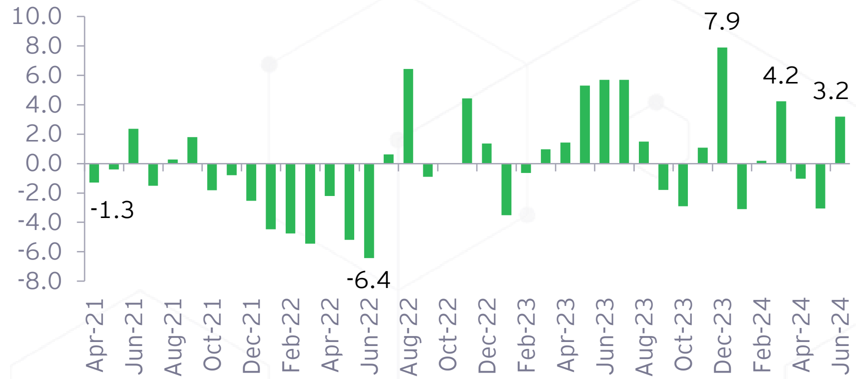
Note: Container freight index and freight prices as of 31st May 2024
Source: FBX: Global Container Freight Index, Container Statistics

Key findings

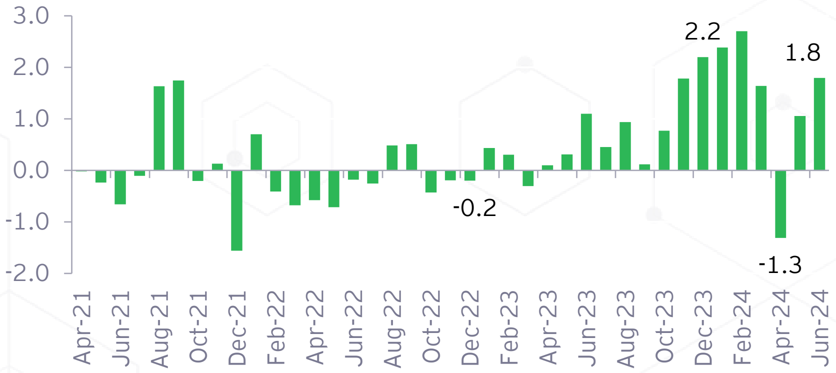
- Monthly global container traffic volumes in the current year are higher than in the corresponding months of 2023.
- However, in the current year, the monthly global freight index has been declining since January.
- The container freight prices have moderated in April 2024 after experiencing a surge in the month of March 2024.
- Uncertainties in the Red Sea have necessitated rerouting via the South African Cape of Good Hope, resulting in increasing freight costs and increased distances causing global supply chain disruptions.

Robust foreign exchange reserves and stable exchange rate

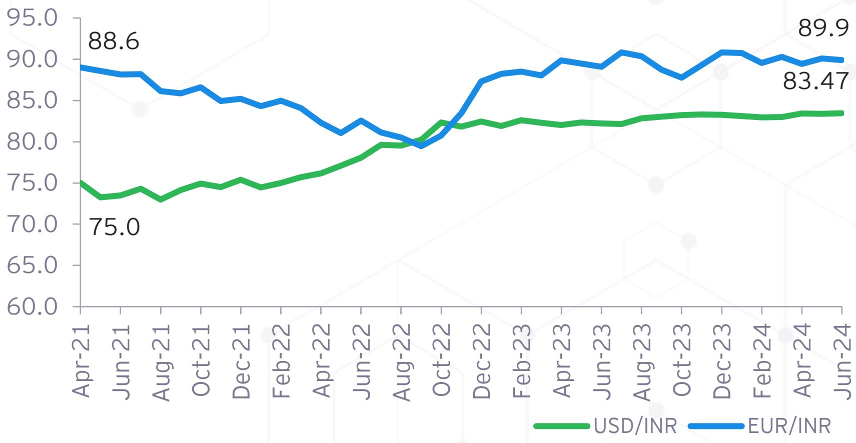
FPI investments - Equity (in US$ billion)



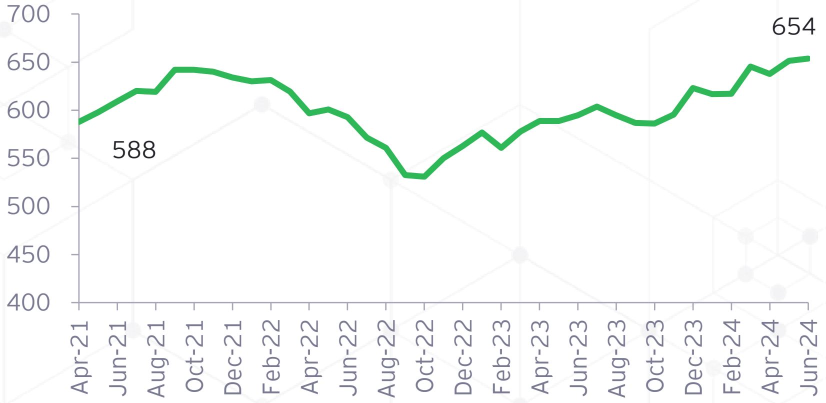
FPI investments - Debt (in US$ billion)



Exchange rates



India foreign exchange reserves (in US$ billion)

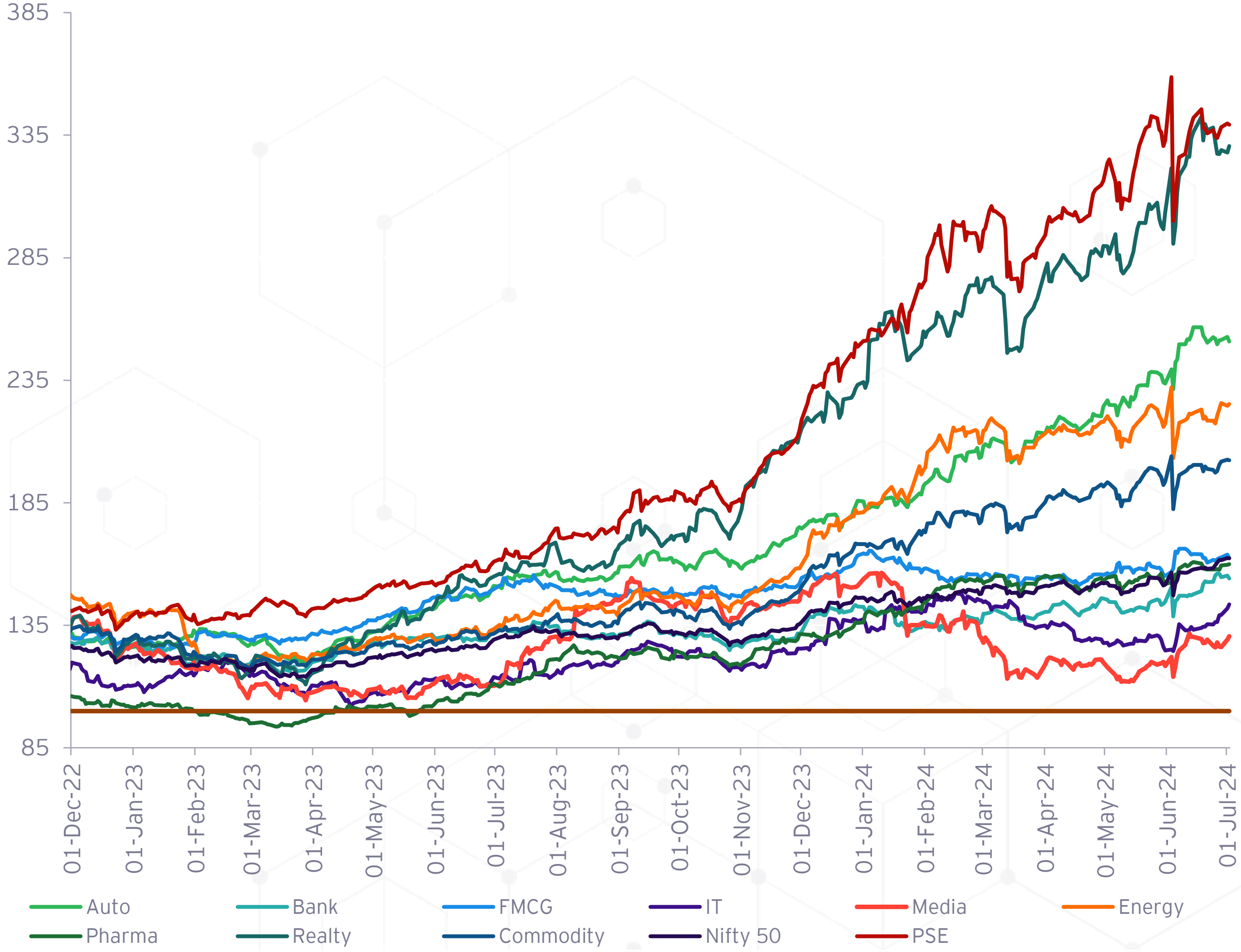


Source: DBIE, RBI, FBIL, NSDL
Data as of 3rd July 2024

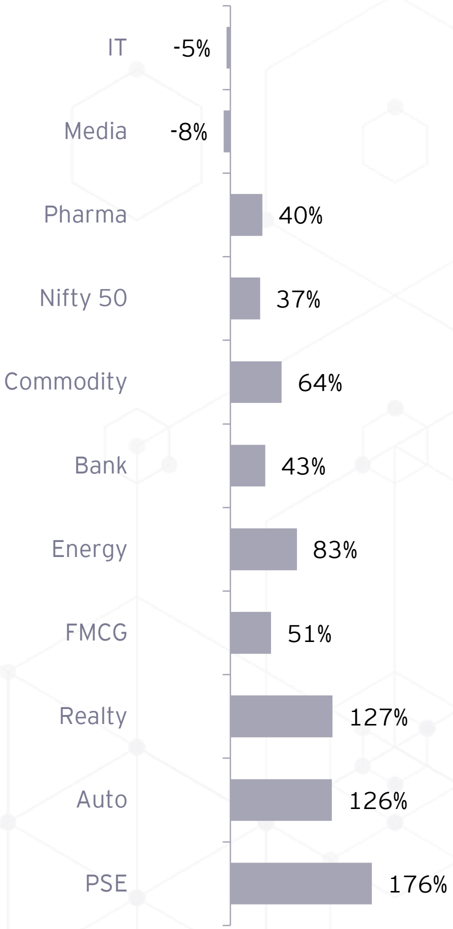
Key findings

- FPI debt inflows continued the positive trajectory since April 2023, except in April 2024. FPIs in equity were net sellers in April and May before turning net buyers in June 2024.
- The net FPI outflows in equity, however, did not impact the Indian stock markets.
- The Indian Rupee has been relatively stable against the US dollar over the last few months. The Indian rupee has exhibited the least volatility among major currencies.
- India's foreign exchange reserves have been growing throughout 2024. The reserves represent more than 10 months of estimated imports and more than 100% of total external outstanding debt.

NSE indices (% change YTD)



NSE Indices (% change YTD)



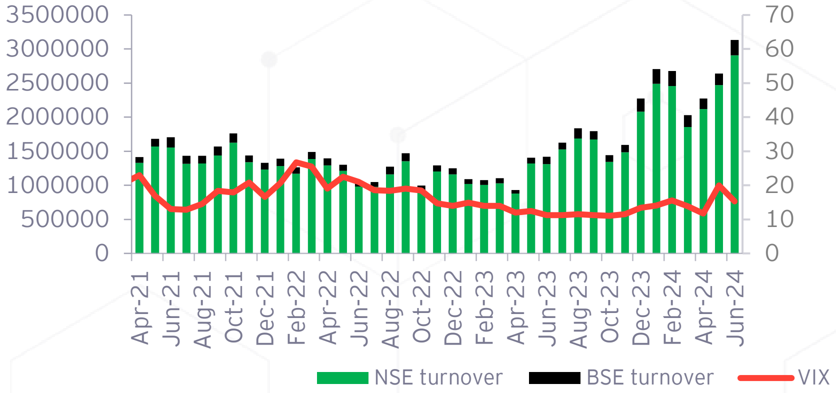
Source: NSE, Bloomberg Quint
Data available as on 3rd July 2024
Base for calculating % change is 3rd January 2022

Key findings

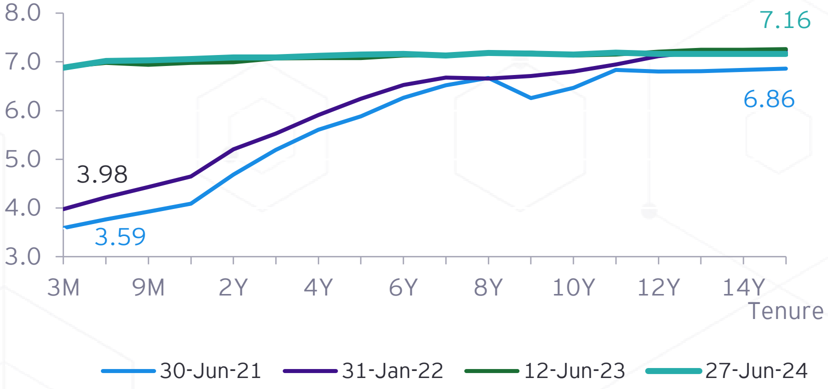
- After a slow start in 2023, the Indian stock market has picked strength, with Nifty 50 going up by 37% year to date, driven by sectors like Realty, Auto and Infrastructure
- The outcome of the Lok Sabha elections, dividend of INR2 lakh crore from RBI to the government, crude prices, inflation and purchase by domestic investors are factors that may have influenced the stock market performance in the recent months.
- Rise of 127% in the Realty Index can be attributed to the recovery in property prices, growth in demand for residential property, and stable interest rates.
- The PSE index witnessed a phenomenal run of 176%, outperforming all the benchmarks. This rally is attributed to government-led infrastructure investments that boosted the demand for PSU goods and services.
- Meanwhile, the IT and Media Indices recorded a decline of 5% and 8% respectively, reflecting a slowdown in advanced economies.

Stability in interest rates in India

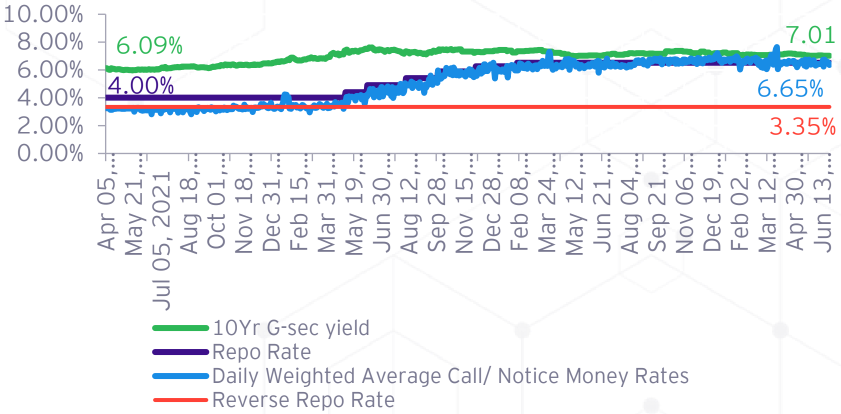
Stock market turnover (in INR crore) and volatility



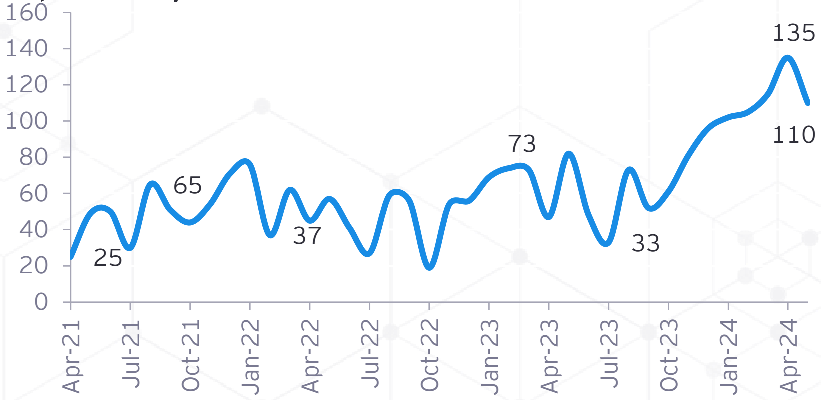
India sovereign yield curve (in %) (Annualized)



G-Sec yield (10yr), policy rate and spread



Corporate Bond Spread over G-sec AAA - (bps) -one year



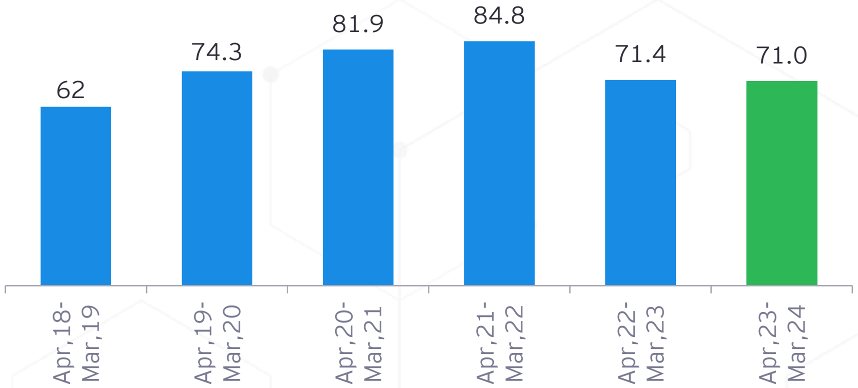
Key findings

- The post-election stability and policy continuity have bolstered investor confidence, leading to record levels of stock market activity.
- VIX, which measures market volatility, touched a 23-month high of 20 in May 2024 due to uncertainties surrounding the general elections, has fallen to 15 post-election results.
- The yield on 10-year G-Sec increase has remained flat and ranged between 7.01% to 7.24% since January 2024 due to waning hopes of rate cuts.
- India's sovereign yield curve is flattish with yields in the 7.07% to 7.27% range. However, it is not inverted.
- Repo and reverse repo rate have been constant at 6.5% and 3.35% since February 2023.

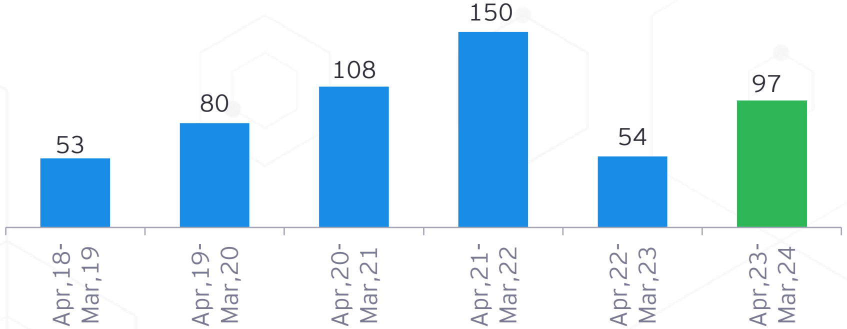
Source: NSE, BSE, CCIL and FBIL. Data available as on July 2, 2024
VIX is a volatility index based on the NIFTY Index Option prices. It indicates the expected market volatility over the next 30 calendar day

Fund raising trends

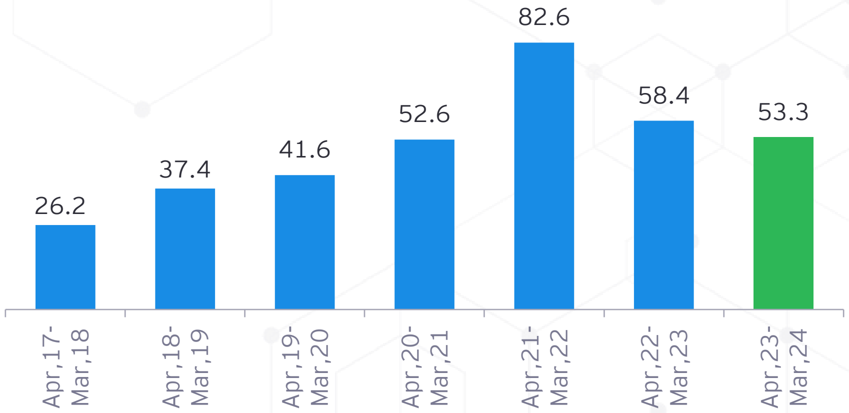
Gross FDI inflows in India (US$ billions)



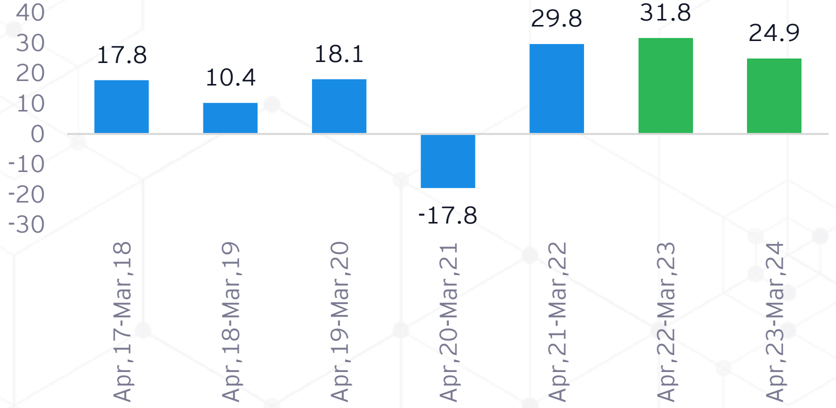
Capital issues by non-governmental companies (INR '000 crores)



PE/VC investments (US$ billions)



Net purchase of domestic institutional investments (DII) (US$ billions)

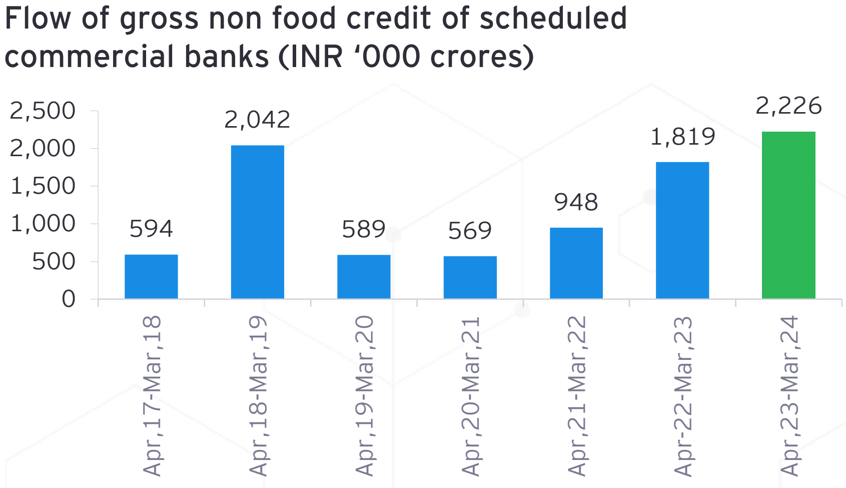


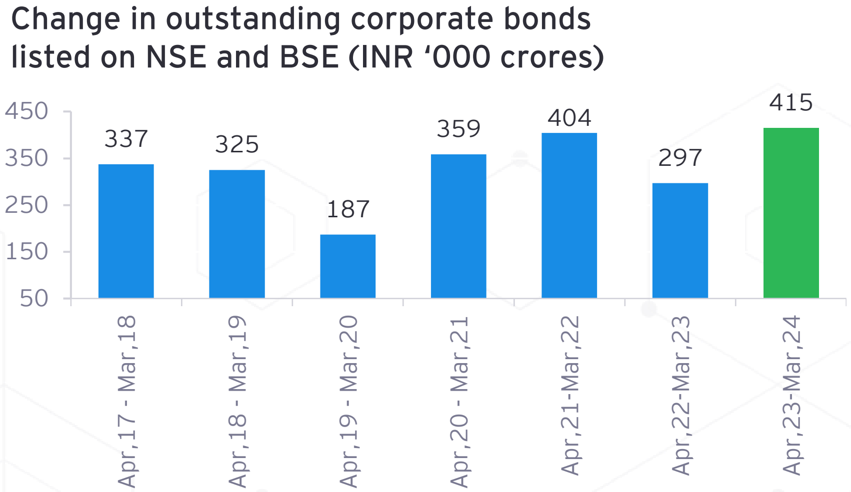
Source: DPIIT, RBI, EY Analysis, Money Control

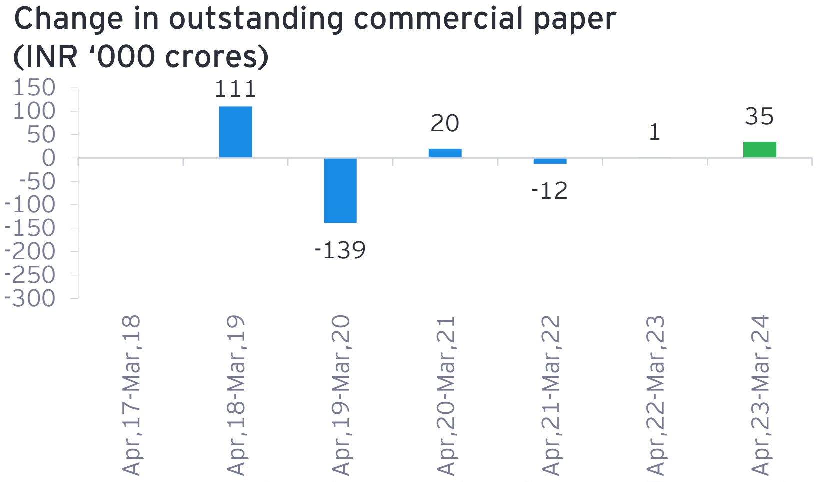
Key findings

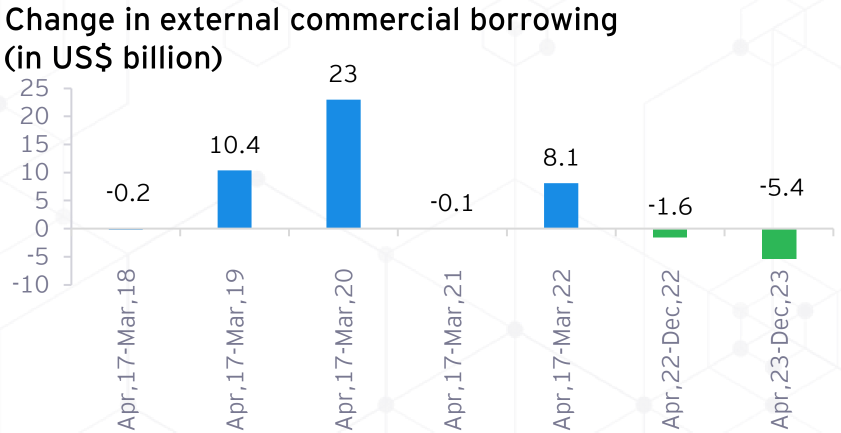
- The capital issues by non-governmental companies increased by 79% during FY24 vis-à-vis FY23.
- Gross FDI inflows have remained stable at US$71 billion in FY24 vis-à-vis US$71.4 billion a year ago.
  - RBI has attributed persistent geo-political tensions, higher borrowing costs, and deepened geo-fragmentation concerns as some of the reasons for the impact on FDI inflows.
  - Net FDI in FY24 dropped to US$10.6 billion, lowest since 2007, reflecting higher repatriation.
- PE/VC investments have declined by 9% during FY24 vis-à-vis 2023.
  - The PE/VC activity has been range bound. This is attributed to higher interest costs and geopolitical conflicts.
- The net purchases of DIIs slowed down in the current fiscal to US$24.9 billion from US$31.8 billion a year ago.

Credit flow trends









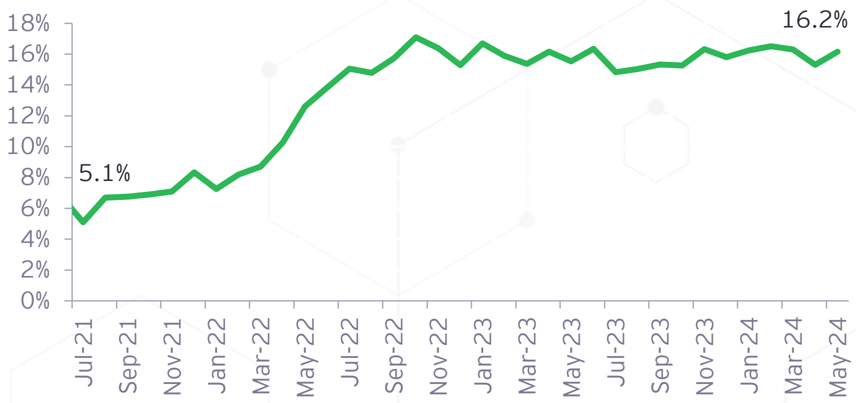
Key findings

- Credit creation in the economy is robust, supporting continuing economic growth.
- Flow of gross non-food credit from scheduled commercial banks for FY24 was 22% higher than the level in FY23.
- Outstanding corporate bonds have shown a strong growth in FY24 after noting a decline in the previous fiscal.
- Similarly, a strong increase has been recorded in the flow of credit through outstanding commercial paper in FY24 vis-à-vis FY23

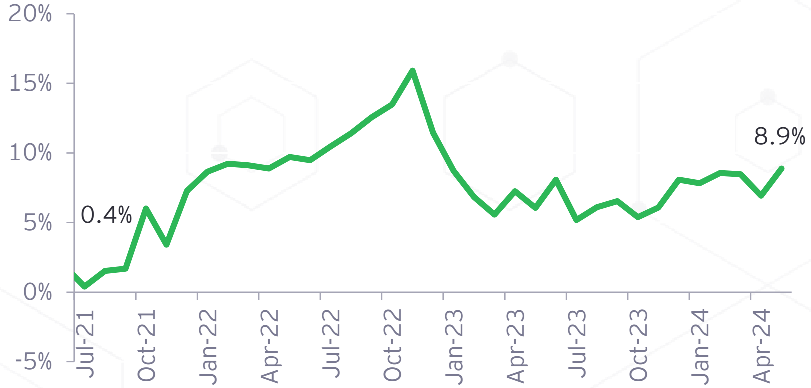
Source: RBI, SEBI
Note: Outstanding commercial paper as of 15 Feb 2024
Note: March 2017 and 2018 use old reporting format for non food credit

Bank credit growth by sectors

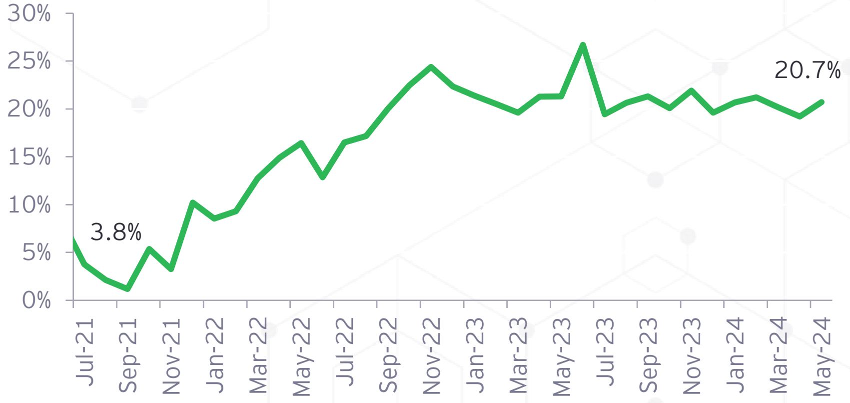
Growth rate of non-food credit of scheduled commercial banks



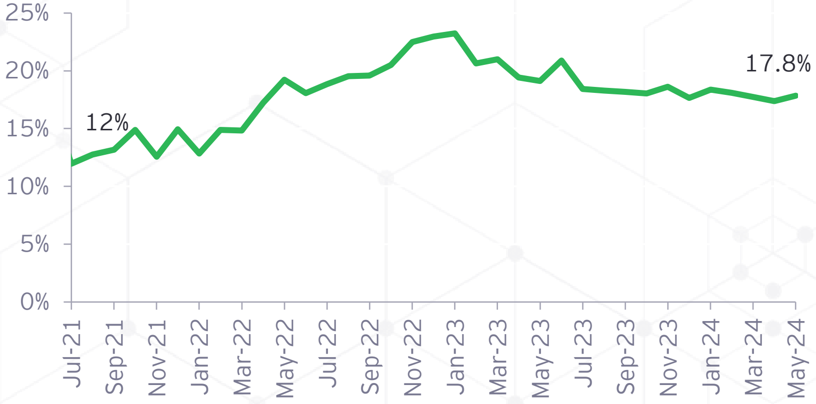
Growth rate of bank credit to industry



Growth rate of bank credit to service sector



Growth rate of bank credit to personal loans



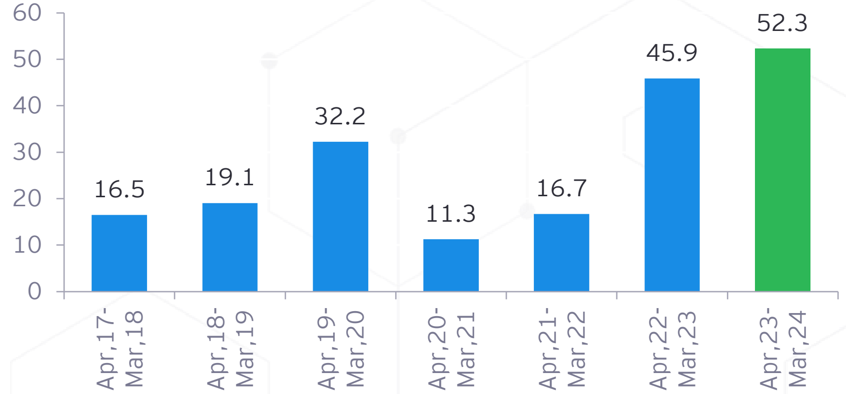
Source: RBI
Growth rates have been computed based on the change over 12 month period
Apr and May 2020 inflation based on Jan-Mar 2020 average

Key findings

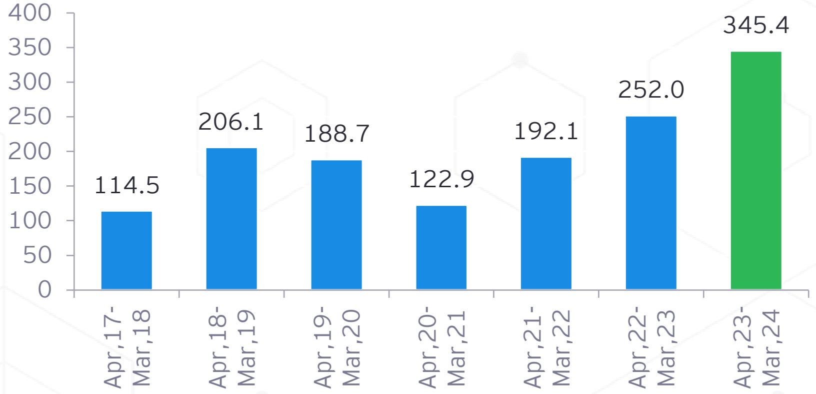
- Overall, non-food bank credit creation has been steady over the past 12 months in the 14% to 17% range.
- The growth rate of credit to industry has been moderating since October 2022, though it improved to 8.9% in May 2024 compared to 6% in May 2023.
- Growth in credit to the services sector continues to be robust, remaining around 20% in FY24. The share of NBFCs in credit to services remains around 34%.
- Growth in bank credit to personal loans continued to be strong at 17.8% in May 2024 vis-à-vis May 2023. High growth rate for personal loans suggests consumer confidence about the future.

Growth in personal bank credit driven by housing loans

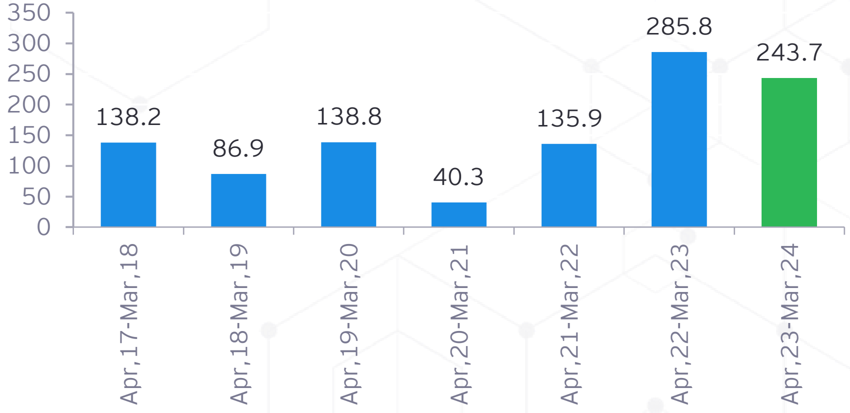
Credit card loans (in INR ‘000 crores)



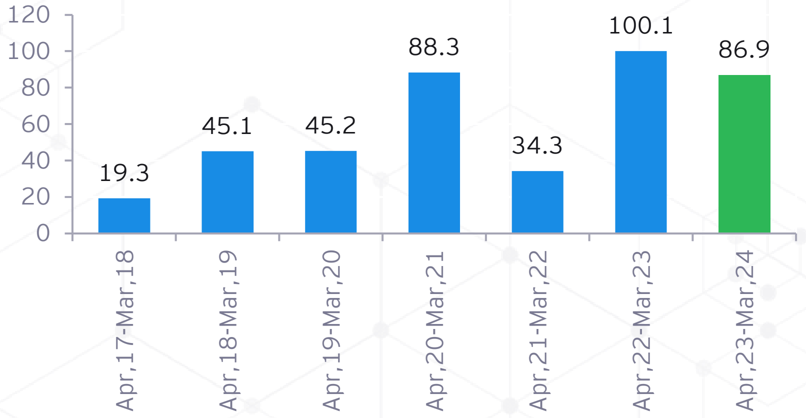
Housing loans (in INR ‘000 crores)



Other personal loans (in INR ‘000 crores)



Vehicle loans (in INR ‘000 crores)



Source: RBI
Other personal loans include consumer durables, advances to individuals and FDs, education, other personal loans

Key findings

- Growth in personal loans is driven by housing loans which are up 37% in FY24 vis-à-vis FY23, suggesting a strong residential property market in India.
- Additional credit card loans advanced by banks in FY24 are higher by 14% vis-à-vis FY23. This points towards continued formalization of the Indian economy.
- Vehicle loans and other personal loans have moderated in FY24.

06

Policy thrust areas

RBI's June Monetary Policy Committee Meeting: key policy rates remained unchanged for eighth time in a row

Monetary policy stance

- Policy repo rate maintained at its current level of 6.5% in MPC meeting held between 5 June and 7 June.
- CRR and Standing Deposit Facility (SDF) rate remains unchanged at 4.5% and 6.25%, respectively.
- Marginal standing facility (MSF) rate and Bank Rate maintained at 6.75%.
- MPC decided to remain focused on the withdrawal of accommodative stance to anchor the inflation at 4% while supporting growth.

Inflation outlook

- CPI inflation for FY25 is maintained at 4.5% with Q1 projected at 4.9%, Q2 at 3.8%, Q3 at 4.6% and Q4 at 4.5%.
- Going forward, the inflation trajectory would be shaped by the evolving food inflation outlook. A normal monsoon may ease food inflation later in the year.
- Pressure from input costs have started to edge up and early results from enterprises surveyed by the Reserve Bank expect selling prices to remain firm. Fluctuations in oil prices and financial markets, as well as increasing non-energy commodity prices, present inflation risks.

Growth projections and risks

- Real GDP growth for 2024-25 is projected upwards to 7.2% from 7% in April 2024, with Q1 revised upwards to 7.3% ; Q2 at 7.2%; Q3 at 7.3%; and Q4 at 7.2%.
- An above-normal south-west monsoon bodes well for agriculture and rural demand, along with strong manufacturing and services, expected to boost private consumption. Investment is set to stay strong due to high-capacity utilization, healthy bank and corporate balance sheets, government infrastructure spending, and positive business outlook.
- Headwinds from geopolitical tensions, volatility in international commodity prices, and geoeconomic fragmentation, however, pose risks to the outlook.

Potential economic policy thrust areas (1/3)

Sustained economic growth and financial stability	▸ Focus on driving economic growth and reforms while maintaining a stability and certainty of policy implementation ▸ Goal of achieving a US$5 trillion economy by 2025 and making India a developed economy by 2047 ▸ Prudent macro-economic management ▸ Ensuring a stable inflation rate
Making India a global manufacturing hub	▸ Would be a key priority of the Government of India ▸ Policy support to boost manufacturing such as by addressing inverted duty structure, labor code implementation, improving ease of doing business, etc. ▸ Focus on sunrise sectors like semiconductors, aerospace, supply chain for energy transition, electronics and defense, which are higher capex industries
Infrastructure development	▸ Continuing infrastructure thrust to aid manufacturing and reduce logistics costs ▸ Continued Government spending and attracting private capital to the infrastructure sector ▸ Simplifying of regulatory processes for facilitating investment in infrastructure ▸ Development of corridors for movement of goods globally i.e., the India Middle East corridor, potential corridor connecting India with Southeast Asia and implementing the Chabahar port deal

Economic policy thrust areas (2/3)

Energy transition	▸ Continued addition to renewable energy capacity, becoming energy independent by 2047, and achieving net zero emissions by 2070 ▸ Development of green taxonomy to facilitate the flow of green capital ▸ Expanding nuclear energy, increasing ethanol mix, developing battery energy storage system and expanding EV infrastructure ▸ Specific focus on green hydrogen and EVs
Digitization	▸ Continued addition to renewable energy capacity, becoming energy independent by 2047, and achieving net zero emissions by 2070 ▸ Development of green taxonomy to facilitate the flow of green capital ▸ Expanding nuclear energy, increasing ethanol mix, developing battery energy storage system and expanding EV infrastructure ▸ Specific focus on green hydrogen and EVs
Technological innovations	▸ Develop a comprehensive ecosystem under the IndiaAI mission and driving AI innovation - role out of GPUs, potential advisories on responsible AI, policies for access to non-personal data ▸ Develop and implement robust cyber security policies ▸ Launching India's first human spaceflight mission, establish Bharatiya Antariksha Station (BAS), and setting up a Global Space Academy under the aegis of ISRO and IIST ▸ Setting up an Anusandhan Fund with an investment of INR1 lakh crore to provide loans to promote scientific research

Economic policy thrust areas (3/3)

Healthcare schemes	▸ Continue providing free and quality health care by strengthening Ayushman Bharat and other such initiatives, such as enhanced coverage of mental health initiatives, launching an emergency and trauma care mission ▸ Ensuring quality health care for the middle-class and senior citizens ▸ Strengthening network of AIIMS and increasing seats in medical education ▸ Strengthening Bharat's position as the 'Pharmacy of the World' by boosting the manufacturing and research capacities
Education and skill development	▸ Introducing reforms in Higher Education, building new institutions, implementing One Nation, One Student ID, ensuring 100% Gross Enrolment Ratio from pre-school to secondary level ▸ Building robust research and development infrastructure across the country ▸ Creating an ecosystem for skill development and mitigating risks that AI poses to jobs ▸ Operationalizing digital university for industry-focused free courses to provide upskilling opportunities for low-income families
Welfare schemes	▸ Slum redevelopment ▸ Subsided ration and electricity ▸ Ensuring representation for women in the Parliament and State Legislature, developing public toilets, and other infra necessary for women in sports and the workforce ▸ Empowerment and upliftment schemes for youth, farmers, fisherman, and bonded labor

Glossary

S. No.	Abbreviation	Full Form
1	AEPS	Aadhaar Enabled Payment System
2	APBS	Aadhaar Payments Bridge System
3	ASEAN	Association of Southeast Asian Nations
4	BBL	Barrel
5	BE	Budget Estimates
6	BHIM	Bharat Interface for Money
7	BSE	Bombay Stock Exchange
8	BTU	British thermal unit
9	CBDC	Central Bank Digital Currency
10	CGA	Controller General of Accounts
11	CIT	Corporation Income Tax
12	CMIE	Centre for Monitoring Indian Economy
13	COP	Conference of the Parties
14	CPI	Consumer Price Index
15	CPO	Crude Palm Oil
16	DBIE	Database on Indian Economy
17	DPIIT	Department for Promotion of Industry and Internal Trade
18	DT	Direct Tax
19	ECS	Electronic clearing system
20	EPF	Employees' Provident Fund
21	EPFO	Employees' Provident Fund Organisation
22	ESG	Environmental, social, and governance
23	EU	European Union
24	FBIL	Financial Benchmarks India Pvt Ltd
25	FBX	Freightos Baltic Index
26	FD	Fiscal Deficit
27	FDI	Foreign direct investment
28	FMCG	Fast-moving consumer goods
29	FPI	Foreign portfolio investment
30	FRBM	Fiscal Responsibility and Budget Management
31	FY	Financial Year
32	G-20	Group of Twenty
33	GDP	Gross Domestic Product
34	GFCE	Government Final Consumption Expenditure
35	GFCF	Gross Fixed Capital Formation
36	GHG	Green House Gas
37	GoI	Government of India
38	GST	Goods and Service Tax
39	GSTIN	Goods and Services Tax Identification Number
40	GTR	Gross Tax revenues
41	GVA	Gross Value Added
42	GW	Gigawatt

Glossary

S. No.	Abbreviation	Full Form
43	IDT	Indirect Tax
44	IIP	Index of Industrial Production
45	IMF	International Monetary Fund
46	INR	Indian National Rupee
47	IT	Information Technology
48	ISP	Internet service provider
49	JNPT	Jawaharlal Nehru Port Trust
50	KWH	Kilowatt hours
51	LB	pound
52	MCX	Multi Commodity Exchange of India Limited
53	MEITY	Ministry of Electronics and Information Technology
54	MMSCM	Million Standard Cubic Metre
55	MMSCN	Multimedia Messaging Service Center
56	MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
57	MoSPI	Ministry of Statistics and Programme Implementation
58	MT	Metric Tonne
59	NBFC	Non-Banking Financial Company
60	NDC	Nationally Determined Contributions
61	Nifty	National Stock Exchange Fifty
62	NSDL	National Securities Depository Ltd
63	NSE	National Stock Exchange of India Ltd

S. No.	Abbreviation	Full Form
63	NYMEX	New York Mercantile Exchange
64	OECD	Organization for Economic Cooperation and Development
65	ONDC	Open Network for Digital Commerce
66	OTT	Over-the-top
67	PAT	Perform, Achieve and Trade
68	PE	Private equity
69	PFCE	Private Final Consumption Expenditure
70	PIB	Press Information Bureau
71	PIT	Personal Income Tax
72	PSU	Public Sector Undertaking
73	PMI	Purchasing Managers' Index
74	RBI	Reserve Bank of India
75	RE	Revised Estimates
76	S&P	Standard & Poor's
77	SEBI	Securities and Exchange Board of India
78	TEU	Twenty-foot Equivalent Unit
79	TRAI	Telecom Regulatory Authority of India
80	UED	Union Excise Duty
81	UPI	Unified Payments Interface
82	UN	United Nations
83	UNCTAD	United Nations Conference on Trade and Development

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