



Recent Economic Developments - September 2024

- 1. Gross bank credit moderated to 15% in August 2024**
- 2. Fiscal Deficit stands at 27% of actuals to BEs of August 2024**
- 3. Core infra grew at (-)1.8% in August 2024**
- 4. India's current account deficit stands at USD 9.7 billion (1.1% of GDP) in Q1:2024-25**

1. Gross bank credit moderated to 15% in August 2024

Gross bank credit growth (year-on-year) stands at 15% in August 2024 as compared to 14.9% in August 2023. Gross bank credit y-o-y growth stood at 15.1% in July 2024. Y-o-Y credit growth in August 2024 is registered in the agriculture and allied activities and industry sector of the economy.

Highlights

- Credit to agriculture and allied activities continued to be robust with the growth of 17.7 % (y-o-y) in August 2024, compared with 16.5 % during August 2023.
- Credit growth to industry strengthened at 9.8 % (y-o-y) in August 2024 compared with 5.3 % in August 2023. Among major industries, credit to 'chemicals and chemical products', 'food processing', 'petroleum, coal products and nuclear fuels' and 'infrastructure' recorded a higher growth in August 2024 as compared to their respective growth rates a year ago, while credit growth to 'basic metal and metal product', and 'textiles' moderated.
- Credit growth to services sector decelerated to 15.6 % (y-o-y) in August 2024 from 21.0 % a year ago, primarily due to relatively lower credit growth in 'non-banking financial companies (NBFCs)' and 'trade' segments.
- Personal loans growth moderated to 16.9 % (y-o-y) in August 2024 as compared to 18.3

% a year ago, largely due to decline in growth recorded in 'other personal loans' and 'vehicle loans'.

2. Fiscal Deficit stands at 27% of actuals to BEs of August 2024

The gross fiscal deficit of the Central Government stands at 27% of the actuals to budget estimates (BEs) in August 2024 as compared to 36% of the actuals to budget estimates in the previous year. The primary deficit and revenue deficit stand at 7.8% and 24.7% respectively, of the actuals to revised estimates in FY 2024-25 as compared to 38.9% and 32.7%, of the actuals to revised estimates in FY 2023-24.

GOVERNMENT OF INDIA UNION GOVERNMENT ACCOUNTS AT A GLANCE AS AT THE END OF AUGUST 2024

(Rs. in Crore) @@

			Budget Estimates 2024-2025*	Actuals@ upto August 2024	% of Actuals to Budget Estimates	
			Rs.	Rs.	Current	COPPY**
1	Revenue Receipts		3129200	1208312	38.6%	(38.5%)
2	Tax Revenue (Net)	(Details)	2583499	873845	33.8%	(34.5%)
3	Non-Tax Revenue	(Details)	545701	334467	61.3%	(69.5%)
4	Non-Debt Capital Receipts	(Details)	78000	8866	11.4%	(18.3%)

5	Recovery of Loans		28000	8046	28.7%	(42.6%)
6	Other Receipts		50000	820	1.6%	(9.2%)
7	Total Receipts (1+4)		3207200	1217178	38.0%	(37.9%)
8	Revenue Expenditure		3709401	1351367	36.4%	(37.1%)
9	<i>of which</i> Interest Payments		1162940	400160	34.4%	(34.0%)
10	Capital Expenditure		1111111	300987	27.1%	(37.4%)
11	<i>of which</i> Loans disbursed		192416	39949	20.8%	(35.6%)
12	Total Expenditure (8+10)	(Details)	4820512	1652354	34.3%	(37.1%)
13	Fiscal Deficit (12-7)		1613312	435176	27.0%	(36.0%)
14	Revenue Deficit (8-1)		580201	143055	24.7%	(32.7%)
15	Primary Deficit (13-9)		450372	35016	7.8%	(38.9%)

Note :- Fiscal deficit figure shown in monthly accounts during a financial year is not necessarily an indicator of fiscal deficit for the year as it gets impacted by temporal mismatch between flow of non-debt receipts and expenditure up to that month on account of various transitional factors both on receipt and expenditure side, which may get substantially offset by the end of the financial year.

**Financial Year runs from "April to March"*

***COPPY : Corresponding Period of the Previous Year*

@ Actuals are unaudited provisional figures.

@@ 1 Crore = 10 Millions

Details
AS AT THE END OF AUGUST 2024

**SOURCES OF FINANCING THE DEFICIT
AS AT THE END OF AUGUST 2024**

(Rs. in Crore) @@

		Budget Estimates 2024-2025	Actuals@ upto August 2024	% of Actuals to Budget Estimates	
		Rs.	Rs.	Current	COPPY**
1	External Financing	15952.29	19594.16	123%	(46%)
2	Domestic Financing	1597359.68	415582.01	26%	(36%)
	(a) Market Borrowings	1113181.76	243457.10	22%	(52%)

	(b) <u>Securities against Small Savings</u>	420063.00	73764.12	18%	(14%)
	(c) <u>State Provident Funds</u>	5000.00	-3212.27	-64%	(-18%)
	(d) <u>Special Deposits</u>	0.00	-989.66		
	(e) <u>National Small Saving Fund</u>	0.00	63029.49		
	- i- <u>Savings Deposit and Certificates</u>	281147.46	104275.13	37%	(49%)
	- ii- <u>Public Provident Funds</u>	107077.54	10960.31	10%	(17%)
	-iii- <u>Investment In Securities</u>	-382941.78	-63617.08	17%	(12%)
	- iv- <u>Income/Expenditure of NSSF</u>	-5283.22	11411.13	-216%	(78%)
	(f) <u>Others</u>	-81282.13	79431.63	-98%	(-22%)
	(g) Cash Balance {Decrease(+)/Increase(-)}	140397.05	4496.00	3%	(-42%)
	(h) <u>Investment (-) / Redemption (+) of Surplus Cash</u>		-44395.00		
	(i) <u>Ways & Means Advances</u>		0.00		
3	TOTAL FINANCING	1613311.97	435176.17	27%	(36%)

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Details

AS AT THE END OF AUGUST 2024

MAJOR SUBSIDIES AS AT THE END OF AUGUST 2024

(Rs in Crore) @@

		Budget Estimates 2024- 2025*	Actuals@ upto August, 2024	COPPY	% of Actuals to Budget Estimates	
		Rs.	Rs.	Rs.	Current	COPPY**
1	Food Subsidy	205250.01	113790.70	82921.95	55%	(42%)
2	Nutrient Based Fertilizers Subsidy	45000.00	17814.80	34110.69	40%	(78%)
3	Urea Subsidy	118999.80	43355.09	62969.32	36%	(48%)
4	Petroleum	11925.01	3664.09	736.72	31%	(33%)

Total Major Subsidies	381174.82	178624.68	180738.68	47%	(48%)
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**Financial Year runs from "April to March"*

****COPPY : Corresponding Period of the Previous Year**

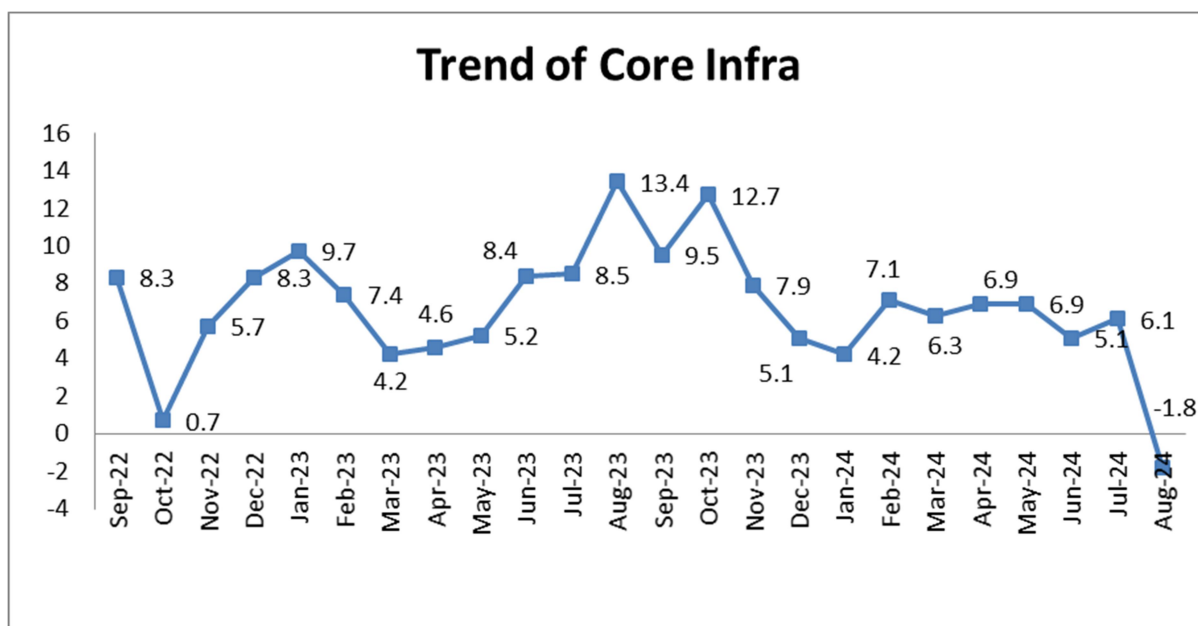
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3. Core infra grew at (-)1.8% in August 2024

The combined Index of Eight Core Industries (ICI) declined by 1.8 % (provisional) in August, 2024 as compared to the Index in August, 2023. The production of Steel and Fertilizers recorded positive growth in August 2024. The ICI measures the combined and individual performance of production of eight core industries viz. Cement, Coal, Crude Oil, Electricity, Fertilizers, Natural Gas, Refinery Products and Steel.

The y-o-y growth rate of **Coal** stands at -8.1%, **Crude oil** at -3.4%, **Natural Gas** at -3.6%, **Refinery Products** at -1.0%, **Fertilizers** at 3.2%, **Steel** at 4.5%, **Cement** at -3.0% and **Electricity** at -5.0% in August 2024 in comparison to August 2023, as the y-o-y growth rate of Coal stands at 6.8%, Crude oil at -2.9%, Natural Gas at -1.3%, Refinery Products at 6.6%, Fertilizers at 5.3%, Steel at 6.4%, Cement at 5.5% and Electricity at 7.9% in July 2024.



Source: PHD Research Bureau, PHDCCI, compiled from the Ministry of Commerce and Industry.

Note: YoY is calculated over the corresponding month of the previous year.

4. India's current account deficit stands at USD 9.7 billion (1.1% of GDP) in Q1:2024-25

Key Features of India's BoP in Q1:2024-25

- India's current account deficit (CAD) widened marginally to US\$ 9.7 billion (1.1% of GDP) in Q1:2024-25 from US\$ 8.9 billion (1% of GDP) in Q1:2023-24 and against a surplus of US\$ 4.6 billion (0.5% of GDP) in Q4:2023-24.
- The widening of CAD on a year-on-year (y-o-y) basis was primarily due to a rise in merchandise trade deficit to US\$ 65.1 billion in Q1:2024-25 from US\$ 56.7 billion in Q1:2023-24.
- Net services receipts increased on a y-o-y basis to US\$ 39.7 billion in Q1:2024-25 from US\$ 35.1 billion a year ago. Services exports have risen on a y-o-y basis across major categories such as computer services, business services, travel services and transportation services
- Private transfer receipts, mainly representing remittances by Indians employed overseas, increased to US\$ 29.5 billion in Q1:2024-25 from US\$ 27.1 billion in Q1:2023-24.
- Net outgo on the primary income account, primarily reflecting payments of investment income, increased to US\$ 10.7 billion in Q1:2024-25 from US\$ 10.2 billion in Q1:2023-24.
- In the financial account, net foreign direct investment inflows increased to US\$ 6.3 billion in Q1:2024-25 from US\$ 4.7 billion in the corresponding period of 2023-24.
- Net inflows under foreign portfolio investment moderated to US\$ 0.9 billion from US\$ 15.7 billion in Q1:2023-24.
- Net inflows under external commercial borrowings (ECBs) to India amounted to US\$ 1.8 billion in Q1:2024-25, lower than US\$ 5.6 billion in the corresponding period a year ago.
- Non-resident deposits (NRI deposits) recorded net inflows of US\$ 4.0 billion, higher than US\$ 2.2 billion a year ago.
- There was an accretion of US\$ 5.2 billion to the foreign exchange reserves (on a BoP basis) in Q1:2024-25 as compared with US\$ 24.4 billion in Q1:2023-24

BoP During 2023-24

- India's current account deficit moderated to US\$ 23.2 billion (0.7% of GDP) during 2023-24 from US\$ 67 billion (2% of GDP) during the previous year on the back of a lower merchandise trade deficit.
- Net invisibles receipt was higher during 2023-24 than a year ago, primarily on account of services and transfers.
- During 2023-24, portfolio investment recorded a net inflow of US\$ 44.1 billion as against an outflow of US\$ 5.2 billion a year ago.
- Net FDI inflow was US\$ 9.8 billion during 2023-24 as compared with US\$ 28 billion in 2022-23.

- In 2023-24, there was an accretion of US\$ 63.7 billion to the foreign exchange reserves (on a BoP basis).

Table 1: Major Items of India's Balance of Payments						
(US\$ Billion)						
	April-June 2023 PR			April-June 2024 P		
	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	221.6	230.6	-8.9	241.6	251.4	-9.7
1. Goods	104.9	161.6	-56.7	111.2	176.3	-65.1
Of which:						
POL	19.0	41.8	-22.8	20.7	51.5	-30.8
2. Services	80.6	45.4	35.1	88.5	48.7	37.7
3. Primary Income	9.0	19.2	-10.2	12.5	23.2	-10.7
4. Secondary Income	27.1	4.3	22.9	29.5	3.1	26.4
B. Capital Account and Financial Account	181.8	172.5	9.4	264.5	255.3	9.2
Of which:						
1. Direct Investment	19.3	14.6	4.7	23.4	17.1	6.3
2. Portfolio Investment	89.8	74.0	15.7	159.8	158.9	0.9
3. Other Investment	67.6	53.6	14.1	75.0	64.3	10.7
Of which:						
NRI Deposits	18.9	16.7	2.2	23.4	19.4	4.0
ECBs to India	13.2	7.7	5.6	8.5	6.7	1.8
Change in Reserves [Increase (-)/Decrease (+)]	0.0	24.4	-24.4	0.0	5.2	-5.2
C. Errors & Omissions (-) (A+B)	0.0	0.4	-0.4	0.6	0.0	0.6
PR: Partially Revised; and P: Preliminary						
Note: Total of subcomponents may not tally with aggregate due to rounding off.						

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Warm regards,

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