



PHDCCI Analysis on Recent Macro Economic Developments

1. **CPI Inflation softens to 5.4% in November 2024**
2. **IIP grew at 3.5% in October 2024**
3. **India's FDI Journey Hits \$1 Trillion**
4. **Gross Non-Performing Assets of Public Sector Banks declined from the peak of 14.58% in March 2018 to 3.12% in September 2024**

1. CPI Inflation softens to 5.4% in November 2024

The Consumer Price Index (CPI) inflation decreased to 5.4% in November 2024 as compared with 6.2% in October 2024. The decrease in CPI inflation is majorly caused by softening of prices of Food and Beverages (from 9.7% in October 2024 to 8.2% in November 2024), and Fuel and Light (from -1.6% in October 2024 to -1.8% in November 2024).

The rural CPI inflation has decreased to 5.9% in November 2024 from 6.6% in October 2024. The urban CPI inflation decreased to 4.8% in November 2024 as compared with 5.6% in October 2024.

All India sequential inflation rates (%) based on CPI (General) and CFPI: November 2024 over October 2024							
		November 2024 (Provisional)			October 2024		
		Rural	Urban	Combd	Rural	Urban	Combd
Inflation	CPI (General)	5.95	4.83	5.48	6.68	5.62	6.21
	CFPI	9.10	8.74	9.04	10.69	11.09	10.87

Source: PHD Research Bureau, compiled from MoSPI

The combined Year-on-Year (Y-o-Y) growth in rural CPI inflation in November 2024 is 5.9% as compared with 5.8% in November 2023. The combined Year-on-Year (Y-o-Y) growth in urban CPI inflation in November 2024 is 4.8% compared to 5.2% in November 2023.

All India year-on-year inflation rates (%) based on CPI (General) and CFPI: November 2024 over November 2023							
		November 2024 (Provisional)			November 2023		
		Rural	Urban	Combd	Rural	Urban	Combd
Inflation	CPI (General)	5.95	4.83	5.48	5.85	5.26	5.55
	CFPI	9.10	8.74	9.04	8.38	9.33	8.70

Source: PHD Research Bureau, compiled from MoSPI

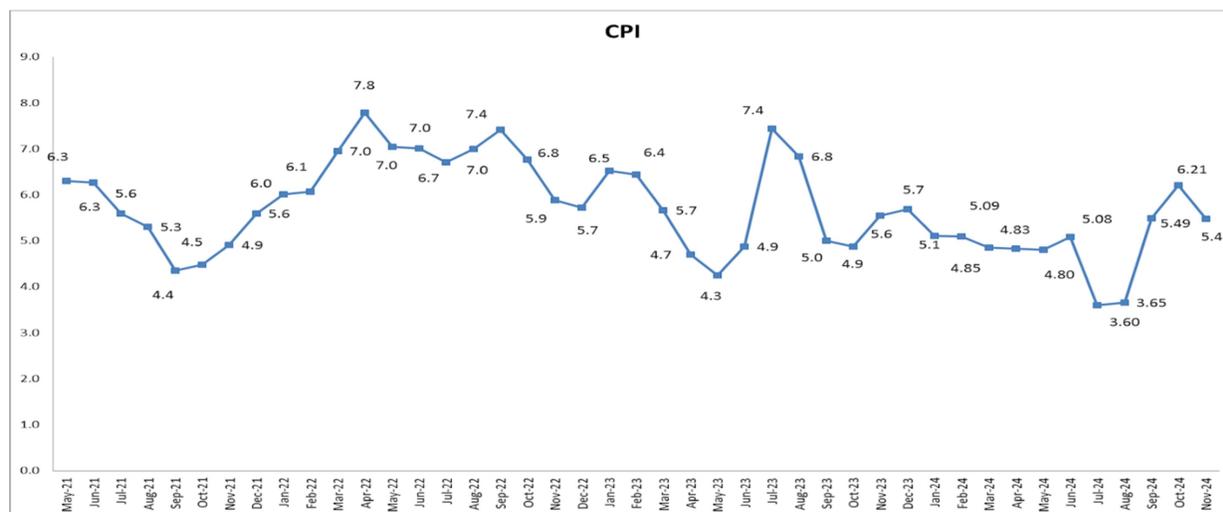
The all-India CPI and year-on-year inflation (%) for November 2024 for rural, urban, and combined are given as follows:

All India Consumer Price Indices and year-on-year Inflation rates (%) for November 2024 (Provisional)						
Category	Rural		Urban		Combined	
	November 2024 Index	Inflation Rate (%)	November 2024 Index	Inflation Rate (%)	November 2024 Index	Inflation Rate (%)
Food and Beverages	206.2	8.41	212.3	7.99	208.4	8.20
Pan, tobacco and intoxicants	208.1	2.56	212.2	1.77	209.2	2.35
Clothing and Footwear	199.0	2.74	187.4	2.74	194.4	2.75
Housing	-	-	183.0	2.87	183.0	2.87
Fuel and Light	180.8	-0.88	169.6	-3.53	176.6	-1.83
Miscellaneous	190.4	4.33	181.8	4.24	186.2	4.26
General Index (All Groups)	199.4	5.95	193.1	4.83	196.5	5.48

Source: PHD Research Bureau, compiled from MoSPI (Housing CPI inflation for rural not calculated) by MoSPI

The long-term trend in the CPI inflation (%) since May 2021 is depicted in Figure 1. India observed a decline in its CPI Inflation from May 2021 (6.3%) till September 2021 (4.3%) after which it increased. It reached its peak in April 2022 of 7.8% after which the values of CPI inflation observed a decline thereafter reaching 7.4% in July 2023 and the value of CPI inflation in August 2023 was 6.8%. Presently the value stands at 5.4%.

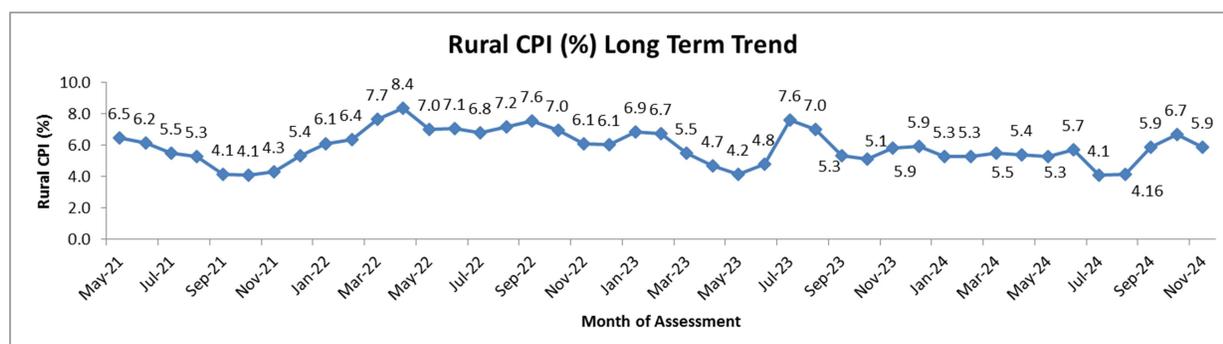
Figure 1: Long-term trend in the CPI inflation (%)



Source: PHD Research Bureau, compiled from MoSPI

The long-term trend in Rural CPI inflation (%) as observed from May 2021 is depicted in Figure 2. India observed a decline in the Rural CPI from May 2021 from 6.5% to 4.1% in September 2021. The rural CPI rose from November 2021 and reached its peak value of 8.4% in April 2022 thereafter declining and observing a minimum of 4.2% in May 2023. Rural inflation presently stands at 5.9%.

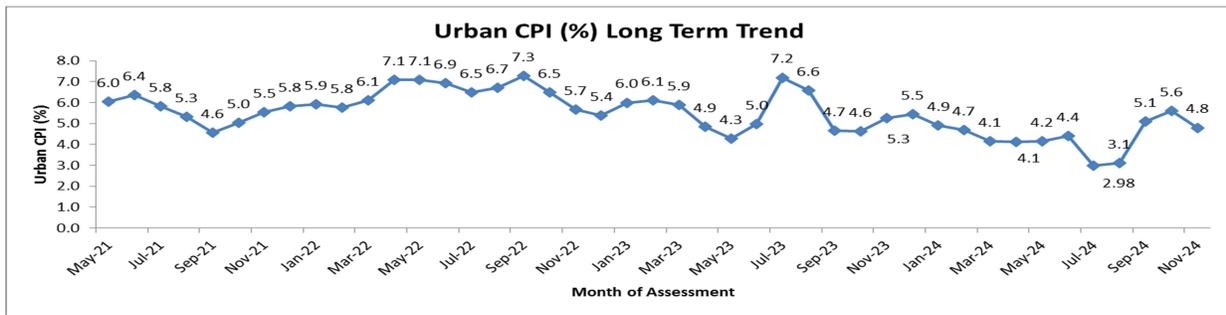
Figure 2: Long-term trend in the Rural CPI inflation (%)



Source: PHD Research Bureau, compiled from MoSPI

The long-term trend in urban CPI (%) from May 2021 is depicted in Figure 3. The Urban CPI started declining from 6.4% in June 2021 to 4.6% in September 2021. The urban CPI rose again and reached 7.1% in April 2022 and attained a maximum of 7.3% in September 2022. The urban CPI increased to 7.2% in July 2023 and declined to 6.5% in August 2023. Presently, the value stands at 4.8% in November 2024.

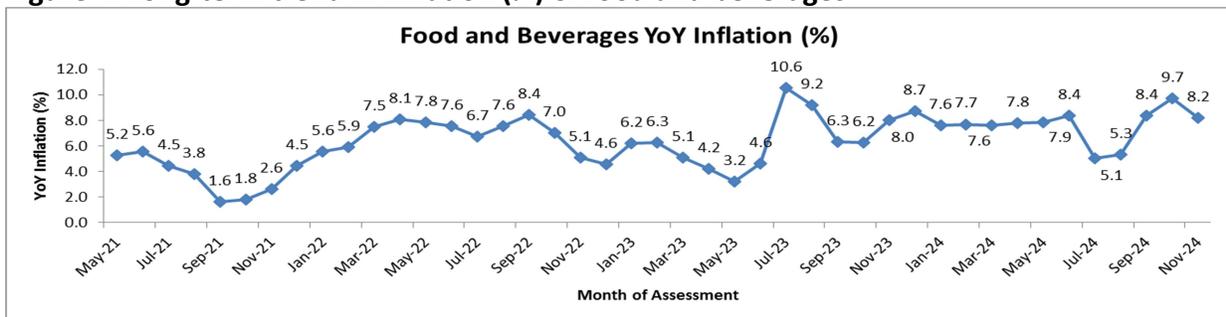
Figure 3: Long-term trend in the Urban CPI inflation (%)



Source: PHD Research Bureau, compiled from MoSPI

The long-term trend in the inflation of food and beverages as observed from May 2021 is depicted in Figure 4. The YoY inflation declined from 5.6% in June 2021 to its minimum value of 1.6% in September 2021 after which it started increasing. It reached its maximum value of 8.4% in September 2022 after declining to 4.6% in December 2022. The YoY inflation value rose again to reach 10.5% in July 2023. Presently, the value stands at 8.2% in November 2024.

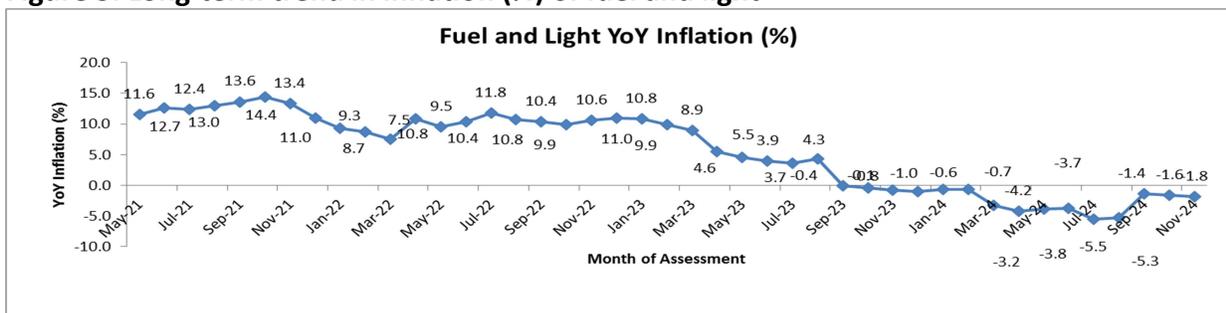
Figure 4: Long-term trend in inflation (%) of food and beverages



Source: PHD Research Bureau, compiled from MoSPI

The long-term trend of inflation of Fuel and Light as observed from May 2021 is depicted in Figure 5. The value rose to 14.4% in October 2021 after rising from 7.9% in April 2021. It declined thereafter, reaching a value of 7.5% in March 2022. The value rose again in August 2023 to 4.3% from 3.6% in the previous month, after which it kept declining. Presently, the November 2024 value of inflation of fuel and light is -1.8%.

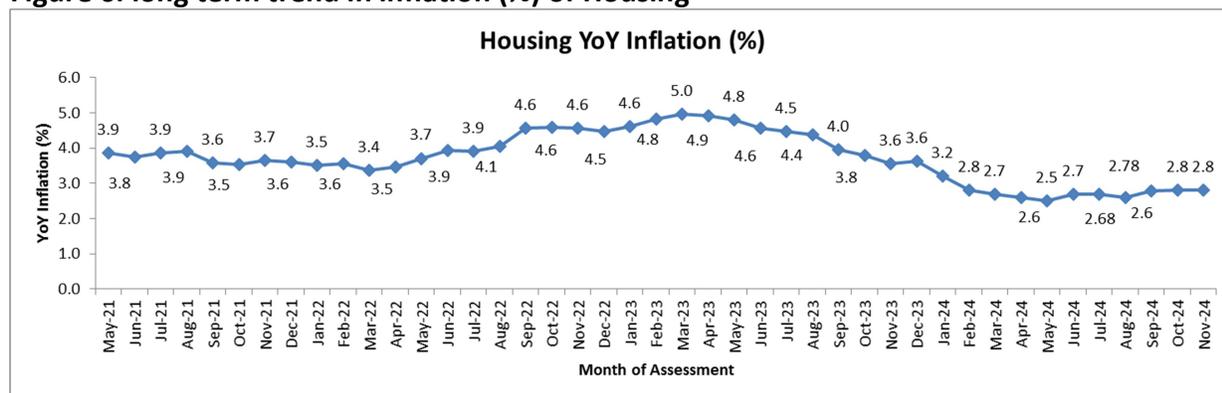
Figure 5: Long-term trend in inflation (%) of fuel and light



Source: PHD Research Bureau, compiled from MoSPI

The long-term trend in YoY inflation of housing is depicted in Figure 6. The values have remained fairly constant, observing a growth to 4.6% in September 2022 and reaching a maximum value of 5% in March 2023. The value declined slightly in September 2023 to 3.9%. Presently, November 2024 saw the housing inflation value to 2.8%.

Figure 6: long term trend in inflation (%) of Housing



Source: PHD Research Bureau, compiled from MoSPI

Annexure

Month	CPI (%)	Rural CPI (%)	Urban CPI (%)	Food and Beverages (%)	Fuel and Light (%)	Housing (%)
May-21	6.3	6.5	6.0	5.2	11.6	3.9
Jun-21	6.3	6.2	6.4	5.6	12.7	3.8
Jul-21	5.6	5.5	5.8	4.5	12.4	3.9
Aug-21	5.3	5.3	5.3	3.8	13.0	3.9
Sep-21	4.4	4.1	4.6	1.6	13.6	3.6
Oct-21	4.5	4.1	5.0	1.8	14.4	3.5
Nov-21	4.9	4.3	5.5	2.6	13.4	3.7
Dec-21	5.6	5.4	5.8	4.5	11.0	3.6
Jan-22	6.0	6.1	5.9	5.6	9.3	3.5
Feb-22	6.1	6.4	5.8	5.9	8.7	3.6
Mar-22	7.0	7.7	6.1	7.5	7.5	3.4
Apr-22	7.8	8.4	7.1	8.1	10.8	3.5

May-22	7.0	7.0	7.1	7.8	9.5	3.7
Jun-22	7.0	7.1	6.9	7.6	10.4	3.9
Jul-22	6.7	6.8	6.5	6.7	11.8	3.9
Aug-22	7.0	7.2	6.7	7.6	10.8	4.1
Sep-22	7.4	7.6	7.3	8.4	10.4	4.6
Oct-22	6.8	7.0	6.5	7.0	9.9	4.6
Nov-22	5.9	6.1	5.7	5.1	10.6	4.6
Dec-22	5.7	6.1	5.4	4.6	11.0	4.5
Jan-23	6.5	6.9	6.0	6.2	10.8	4.6
Feb-23	6.4	6.7	6.1	6.3	9.9	4.8
Mar-23	5.7	5.5	5.9	5.1	8.9	5.0
Apr-23	4.7	4.7	4.9	4.2	5.5	4.9
May-23	4.3	4.2	4.3	3.2	4.6	4.8
June-23	4.8	4.7	4.9	4.6	3.9	4.6
July-23	7.4	7.6	7.4	10.6	3.7	4.5
Aug-23	6.83	7.02	6.59	9.19	4.31	4.38
Sep-23	5.00	5.33	4.65	6.3	-0.11	3.95
Oct-23	4.87	5.12	4.62	6.24	-0.39	3.8
Nov-23	5.55	5.85	5.26	8.02	-0.77	3.55
Dec-23	5.7	5.9	5.5	8.7	-1.0	3.6
Jan-24	5.1	5.3	4.9	7.6	-0.6	3.2
Feb-24	5.09	5.3	4.7	7.7	-0.7	2.8
Mar-24	4.8	5.4	4.1	7.6	-3.2	2.7
Apr-24	4.83	5.4	4.1	7.8	-4.2	2.6
May-24	4.80	5.3	4.2	7.9	-3.8	2.6
June-24	5.08	5.7	4.4	8.4	-3.7	2.7
July-24	3.60	4.1	2.98	5.1	-5.5	2.68

Aug-24	3.65	4.16	3.14	5.3	-5.3	2.6
Sep-24	5.49	5.9	5.1	8.4	-1.4	2.78
Oct-24	6.21	6.7	5.6	9.7	-1.6	2.8
Nov-24	5.48	5.9	4.8	8.2	-1.8	2.8

Source: PHD Research Bureau, compiled from MoSPI

The Consumer Price Index (CPI) inflation decreased to 5.4% in November 2024 as compared with 6.2% in October 2024. The rural CPI inflation has decreased to 5.9% in November 2024 from 6.6% in October 2024. The urban CPI inflation decreased to 4.8% in November 2024 as compared with 5.6% in October 2024. The decrease in CPI inflation is majorly caused by a decline in the inflation rate of Food and Beverages (from 9.7% in October 2024 to 8.2% in November 2024), and Fuel and Light (from -1.6% in October 2024 to -1.8% in November 2024).

2. IIP grew at 3.5% in October 2024

Growth in industry output, as measured in terms of IIP, for the month of October 2024 grew at 3.5%. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of October 2024 are 0.9%, 4.1%, and 2.0% respectively.

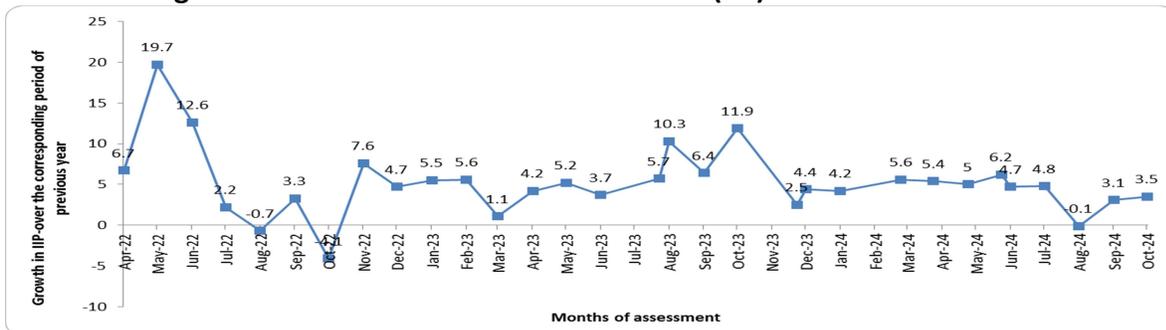
Index of Industrial Production (Sectoral): Growth over the corresponding period of the previous year (%)

	Weight in IIP	Apr-Mar 2022-23	Apr-Mar 2023-234	July 2024	August 2024	September 2024	October 2024	Apr-Oct 2024-25
Overall IIP	100	5.2	5.9	4.8	-0.1	3.1	3.5	4.0
Manufacturing	77.63	4.7	5.5	4.6	1.1	3.9	4.1	3.8
Mining	14.37	5.8	7.5	3.7	-4.3	0.2	0.9	3.6
Electricity	7.99	8.9	7.1	7.9	-3.7	0.5	2.0	5.4

Source: PHD Research Bureau, compiled from MOSPI

The trend in IIP shows that in 2023-24, the highest growth in IIP is in the month of October 2023 at 11.9%. Presently the value stands at 3.5%.

Trend in the growth of Index of Industrial Production (IIP)



Source: PHD Research Bureau, compiled from MOSPI

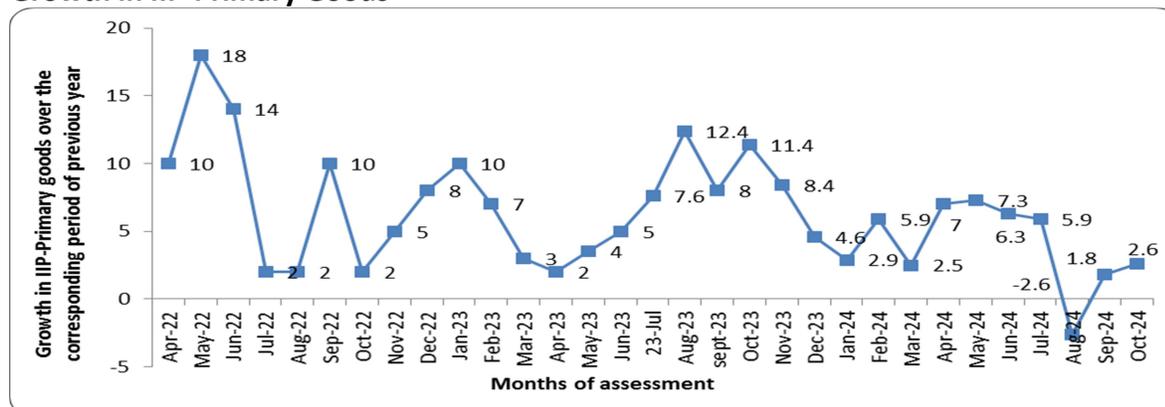
In October 2024, the highest growth was registered in Consumer goods at 5.9%. Infrastructure/ Construction goods grew at 4.0% in October 2024. Whereas, Intermediate Goods grew at 3.7% in October 2024.

Index of Industrial Production- Use Based (%)

	Weight in IIP	April-Mar 2022-23	April-Mar 2023-24	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024
Primary Goods	34.04	7.5	6.1	7.0	7.3	6.3	5.9	-2.6	1.8	2.6
Capital Goods	8.22	13.1	6.2	2.7	2.9	3.8	11.8	0.5	3.6	3.1
Intermediate Goods	17.22	3.8	5.2	3.2	3.9	3.0	6.4	3.0	3.6	3.7
Infrastructure/ Construction Goods	12.33	8.4	9.7	8.0	6.3	7.1	4.6	2.2	3.2	4.0
Consumer Durables	12.83	0.6	3.6	10.0	12.6	8.7	8.3	5.3	6.5	5.9
Consumer non-durables	15.32	0.7	4.1	-2.5	2.5	-1.5	-4.3	-4.5	2.2	2.7

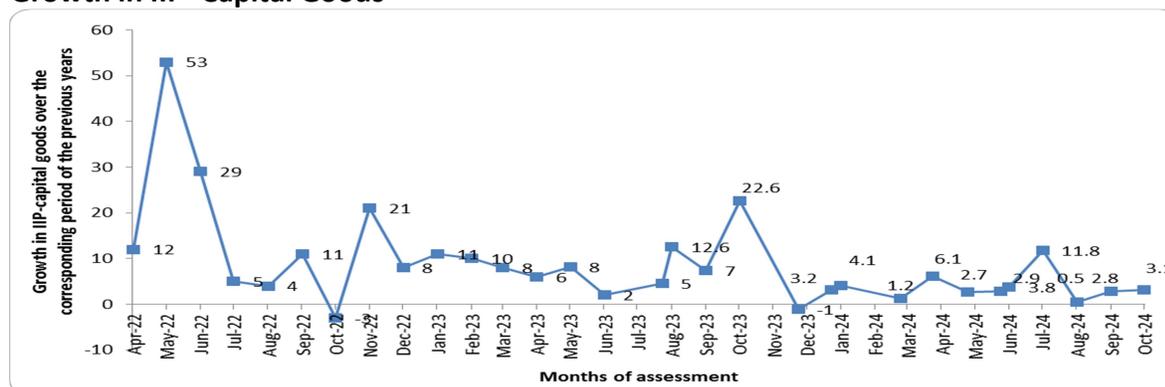
Source: PHD Research Bureau, Compiled from MOSPI

Growth in IIP-Primary Goods



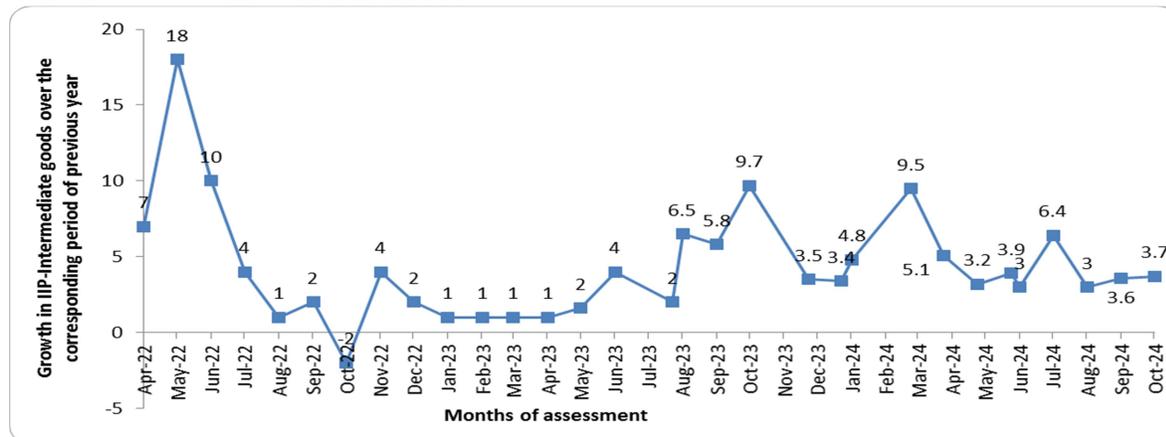
Source: PHD Research Bureau, Compiled from MOSPI

Growth in IIP- Capital Goods



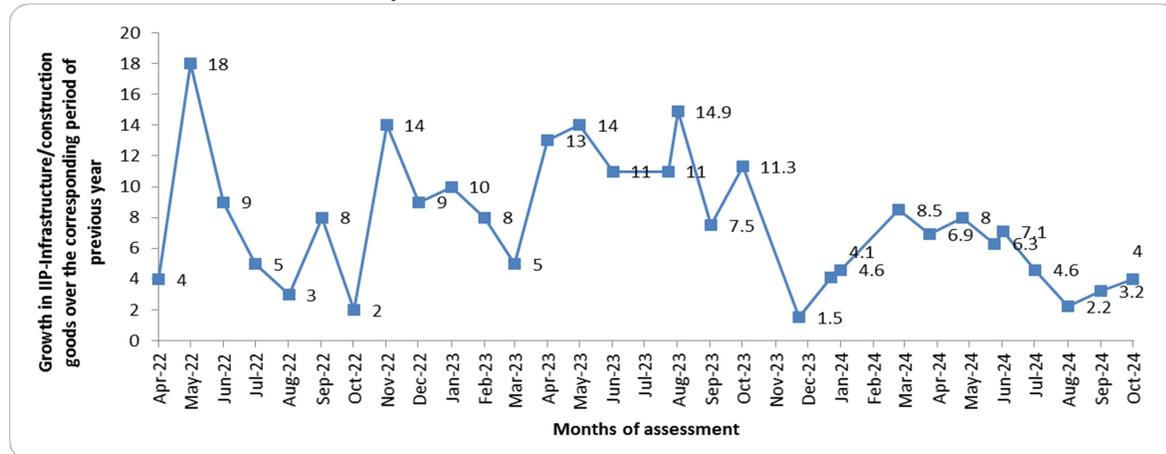
Source: PHD Research Bureau, Compiled from MOSPI

Growth in IIP- Intermediate Goods



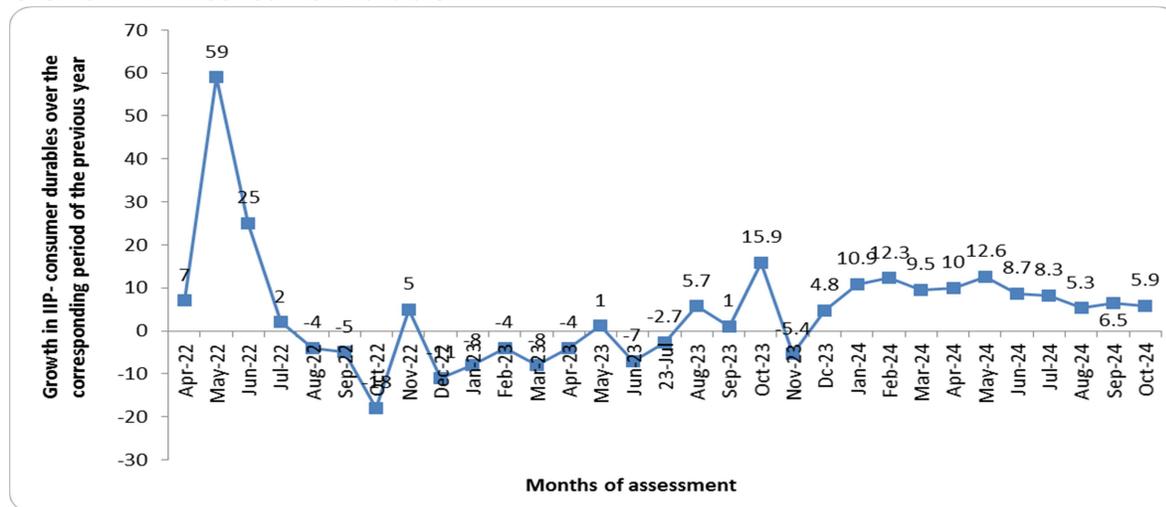
Source: PHD Research Bureau, Compiled from MOSPI

Growth in IIP- Infrastructure/construction Goods



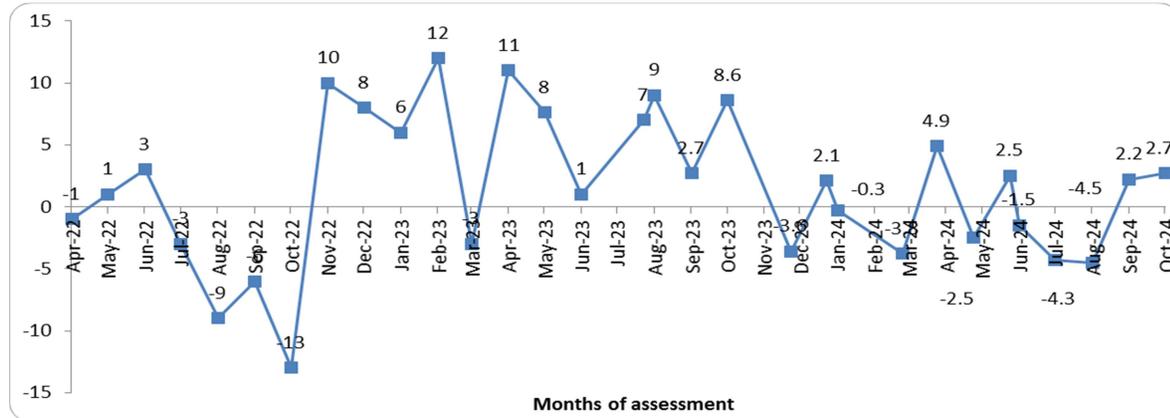
Source: PHD Research Bureau, Compiled from MOSPI

Growth in IIP- Consumer Durable



Source: PHD Research Bureau, Compiled from MOSPI

Growth in IIP-Consumer non durable



Source: PHD Research Bureau, Compiled from MOSPI

Annexure

Growth in Index of Industrial Production (IIP)

Months	IIP	Manufacturing	Mining	Electricity
Dec-22	4.7	3.1	10	10.4
Jan-23	5.5	4.0	8.8	12.7
Feb-23	5.6	5.3	4.6	8.2
Mar-23	1.1	0.5	6.8	-1.6
Apr-23	4.2	5.1	5	(-)1.13
May-23	5.7	5.7	6.4	0.9
June-23	4.0	3.1	7.6	4.2
July-23	6.2	4.6	10.7	8.0
Aug-23	10.9	9.3	12.3	15.3
Sept-23	6.4	4.5	11.5	9.9
Oct-23	11.9	10.4	13.1	20.4
Nov-23	2.5	1.2	6.8	5.8
Dec-23	4.4	3.9	5.1	1.2
Jan-24	4.2	3.2	5.9	5.6
Feb-24	5.6	5.0	8.0	7.5
Mar-24	5.4	5.2	1.2	8.6

Apr-24	5.0	3.9	6.7	10.2
May-24	6.2	5.0	6.6	13.7
Jun-24	4.7	3.2	10.3	8.6
Jul-24	4.7	4.4	3.8	7.9
Aug-24	-0.1	1.1	-4.3	-3.7
Sep-24	3.1	3.9	0.2	0.5
Oct-24	3.5	4.1	0.9	2.0

Growth in IIP-Use-Based Industries

Months	Primary	Capital	Intermediate	Infrastructure/construction Goods	Consumer durables	Consumer Non-durables
Dec-22	8	8	2	9	-11	8
Jan-23	10	11	1	10	-8	6
Feb-23	7	10	1	8	-4	12
Mar-23	3	8	1	5	-8	-3
Apr-23	2	6	1	13	-4	11
May-23	4	8	2	14	1	8
June-23	5	2	4	11	-7	1
July-23	8	5	2	11	-3	7
Aug-23	12.4	12.6	6.5	14.9	5.7	9
Sept-23	8.0	7.4	5.8	7.5	1.0	2.7
Oct-23	11.4	22.6	9.7	11.3	15.9	8.6

Nov-23	8.4	-1.1	3.5	1.5	-5.4	-3.6
Dec-23	4.6	3.2	3.4	4.1	4.8	2.1
Jan-24	2.9	4.1	4.8	4.6	10.9	-0.3
Feb-24	5.9	1.2	9.5	8.5	12.3	-3.8
Mar-24	2.5	6.1	5.1	6.9	9.5	4.9
Apr-24	7.0	2.7	3.2	8.0	10.0	-2.5
May-24	7.3	2.9	3.9	6.9	12.6	2.5
Jun-24	6.3	3.8	3	7.1	8.7	-1.5
Jul-24	5.9	11.8	6.4	4.6	8.3	-4.3
Aug-24	-2.6	0.5	3.0	2.2	5.3	-4.5
Sep-24	1.8	3.6	3.6	3.2	6.5	2.2
Oct-24	2.6	3.1	3.7	4.0	5.9	2.7

Source: PHD Research Bureau, Compiled from MOSPI

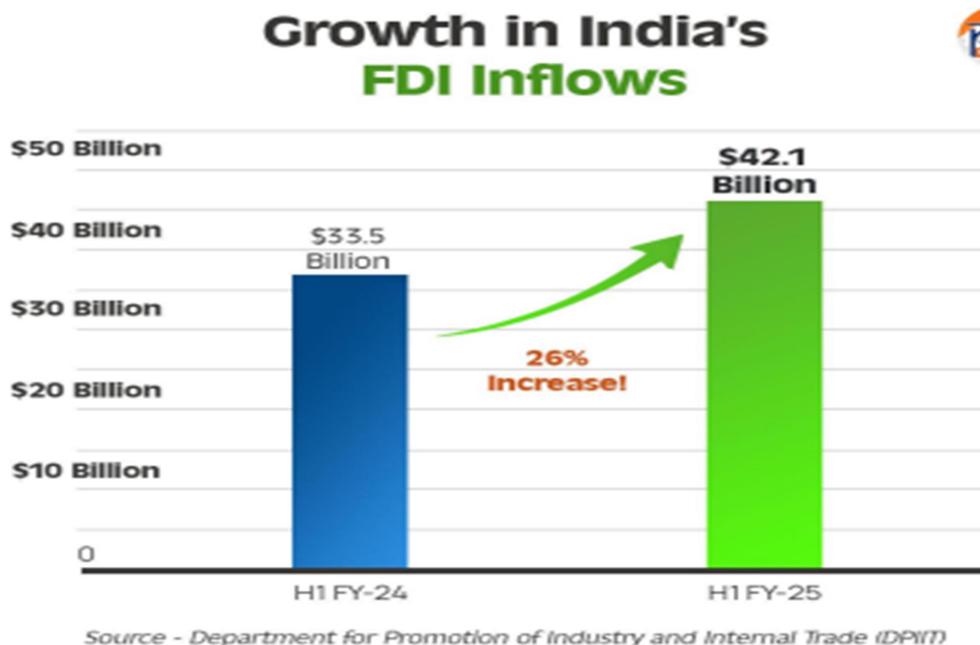
3. India's FDI Journey Hits \$1 Trillion

India has achieved a remarkable milestone in its economic journey, with gross foreign direct investment (FDI) inflows reaching an impressive \$1 trillion since April 2000. This landmark achievement was bolstered by a nearly 26% rise in FDI to \$42.1 billion during the first half of the current fiscal year. Such growth reflects India's growing appeal as a global investment destination, driven by a proactive policy framework, a dynamic business environment, and increasing international competitiveness.

FDI has played a transformative role in India's development by providing substantial non-debt financial resources, fostering technology transfers, and creating employment opportunities. Initiatives like "Make in India," liberalised sectoral policies, and the Goods and Services Tax (GST) have enhanced investor confidence, while competitive labour costs and strategic

incentives continue to attract multinational corporations.

Over the last decade (April 2014 to September 2024), total FDI inflows amounted to \$709.84 billion, accounting for 68.69% of the overall FDI inflow in the past 24 years. This robust inflow of investments underscores India's pivotal role in shaping the global economic landscape.



Factors Driving the Change

India's remarkable achievement in attracting foreign direct investment (FDI) can be attributed to a range of contributing factors:

- Competitiveness and Innovation:** India's ranking in the World Competitive Index 2024 jumped three positions to 40th, from 43rd in 2021. Additionally, India was named as the 48th most innovative country among the top 50 nations, securing the 40th position out of 132 economies in the Global Innovation Index 2023, a significant improvement from its 81st position in 2015. These rankings highlight the country's progress in enhancing its innovation ecosystem and competitive edge.
- Global Investment Standing:** India was the third largest recipient of greenfield projects with 1,008 greenfield project announcements, as per the World Investment Report 2023. The number of international project finance deals in India also increased by 64%, making it the recipient of the second largest number of international project finance deals.
- Improved Business Environment:** India made remarkable progress in improving its business environment, climbing from 142nd in 2014 to 63rd in the World Bank's Doing

Business Report (DBR) 2020, published in October 2019 before its discontinuation.

4. **Policy Reforms:** To promote FDI, the government has put in place an investor friendly policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. Further, to simplify tax compliance for startups and foreign investors, the Income Tax Act, 1961 has been amended in 2024 to abolish angel tax and to reduce income tax rate chargeable on income of a foreign company.

4. Gross Non-Performing Assets of Public Sector Banks declined from the peak of 14.58% in March 2018 to 3.12% in September 2024

The Government has been proactively supporting the banking ecosystem and taking care of both business and employee welfare to maintain stability, transparency, and growth. Over the past decade, multiple citizen-and-staff-centric reformative initiatives have been taken by the Government in this direction.

Public Sector Banks recorded the highest ever aggregate net profit of ₹1.41 lakh crore during 2023-24. Out of total 1,60,501 bank branches, 1,00,686 bank branches are in Rural and Semi-Urban (RUSU) areas. Gross advance of Scheduled Commercial Banks stood at Rs. 175 lakh crore in March 2024.

PSBs continue to expand their reach to every nook and corner of the country to deepen Financial Inclusion. Their capital base has strengthened and their asset quality has improved. Now they are able to go to market and access capital instead of depending upon the Government for recapitalisation.

- To deepen the Financial Inclusion in the country, 54 crore Jan Dhan accounts and more than 52 crore collateral-free loans under various flagship financial inclusion schemes (PM Mudra, Stand-Up India, PM-SVANidhi, PM Vishwakarma) have been sanctioned. Under the Mudra scheme, 68% of beneficiaries are women and under PM-SVANidhi scheme, 44% of beneficiaries are women.
- The number of bank branches have gone up from 1,17,990 in March 2014 to 1,60,501 in September 2024; Out of 1,60,501 branches, 1,00,686 branches are in Rural and Semi-Urban (RUSU) areas.
- KCC Scheme aims to provide the short-term crop loan to farmers. Total number of operative KCC Accounts as on September 2024 stood at 7.71 crore with total outstanding of Rs. 9.88 lakh crore.
- The Government of India (GoI) has consistently supported the MSME sector in terms of flow of credit at affordable rates through various initiatives. The MSME advances registered a CAGR of 15% during the last 3 years. Total MSME advances as on 31 March 2024 stood at Rs. 28.04 lakh crore, posted an annual growth of 17.2%.
- The gross advances of Scheduled Commercial Banks grew from Rs. 8.5 lakh crore to 61 lakh crore during 2004-2014, which has significantly increased to Rs.175 lakh crore in March 2024.

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