ENTER

Economy Watch

Monitoring India's macro-fiscal performance

November 2021

Building a better working world

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Highlights

1. In October 2021, PMI manufacturing increased to an eight-month high of 55.9 and PMI services increased to a ten and a half year high of 58.4.
2. IIP growth moderated to 3.1% in September 2021 from 11.9% in August 2021. On a quarterly basis, as the base effect waned, overall IIP grew by 8.7% in 2QFY22 as compared to 44.3% in 1QFY22.
3. CPI inflation increased for the first time in the last five months to 4.5% in October 2021 from 4.3% in September 2021. Core CPI inflation remained elevated at a seven-month high of 6.1% in October 2021.
4. WPI inflation increased to a five-month high of 12.5% in October 2021 from 10.7% in September 2021 led by high inflation in fuel and power.
5. As per the CGA, Center's gross taxes grew by 64.2% during 1HFY22 over 1HFY21, and by 28.7% over 1HFY20.
6. Center's total expenditure grew by 9.9% during 1HFY22 with a growth of 6.3% in revenue expenditure and 38.3% in capital expenditure.
7. During 1HFY22, Center's fiscal and revenue deficits as a proportion of their corresponding BE stood respectively at 35.0% and 27.7%, their lowest levels since FY11.
8. Merchandise exports and imports growth remained high at 43.0% and 62.5% respectively in October 2021 as compared to 22.6% and 84.8% respectively in September 2021 driven by higher global crude prices.
9. Merchandise trade deficit remained elevated at US$19.7 billion in October 2021.
10. In October 2021, global crude price increased to a seven-year high of US$82.1/bbl. Global coal price at US$218.3/mt. in October 2021 was at an all-time high as per the World Bank's commodity price series beginning January 1960.
11. The World Bank has projected South Asia to grow by 7.1% in 2021 with India's growth forecasted at 8.3% in FY22.

Foreword

In G-20 and COP26 summits, India initiated significant and innovative proposals

Two major events of global significance happened in October- November 2021. The first event was a meeting of the G-20 group in Rome which was held on 30-31 October 2021. The theme of this G-20 summit was ***People, planet and prosperity*** emphasizing the role of the major economies of the world in the post-COVID economic universe in these three inter-related concerns. The G-20 summit was immediately followed by the UN's Climate Change Conference under the title of Community of Partners (COP26) in Glasgow, UK. With climate change being common to the two summits, India has played a prominent and leading role in proposing significant and innovative initiatives as captured in "One Earth One Health" and the Green Grids Initiative launched under the title "One Sun One World One Grid". This month's In-focus section deals with the theme of *People, planet and prosperity* and India's role in pursuing these critical global objectives.

The CSO would be releasing India's 2QFY22 GDP numbers by the end of November 2021. Available signals indicate that India is well on course to clock in an annual growth of 9.5% plus in FY22. For this, we would require a second quarter growth of about 8.0% following the first quarter growth of 20.1%. Together, these two quarters would contribute about 7.0% points of the projected annual growth of 9.5%, assuming a quarterly weight of 25% each. The currently available high frequency indicators confirm this projected robust recovery. PMI manufacturing expanded for the fourth successive month in October 2021, with its level increasing to an eight-month high of 55.9 from 53.7 in September 2021. PMI services increased to a ten and a half year high of 58.4 in October 2021, rising from 55.2 in September 2021. GST collections remained above the benchmark level of INR1.0 lakh crore for the fourth consecutive month in October 2021 with a monthly collection of INR1.30 lakh crore, its second highest level since April 2020. Growth in outstanding bank credit by scheduled commercial banks (SCBs) remained stable at 6.7% in September 2021, similar to that in August 2021. Merchandise exports growth was at 43.0% in October 2021 as compared to a contraction of (-)5.0% in October 2020. When compared to October 2019 levels, exports grew by 35.9% in October 2021, reflecting robust external demand. Growth in power consumption improved to 2.5% in October 2021 as compared to a zero growth in September 2021.

As per the latest data on monthly central finances from the CGA, Center's gross tax revenues (GTR) grew sharply by 64.2% during 1HFY22 as compared to a contraction of (-)21.6% during 1HFY21. Growth in Center's GTR, when calculated over 1HFY20, was at 28.7%. As a proportion of the annual budgeted target, center's GTR during the first six months of FY22 stood at 53.4%, higher than the corresponding average of 40.9% over the last four years starting FY17, excluding the COVID year of FY21. Similarly, non-tax revenues also showed a buoyant performance with a growth of 73.8% during April-September FY22 owing to the impact of dividends received from the RBI earlier this year. Non-tax revenues during 1HFY22 stood at 66.0% of the annual BE, significantly higher than 24.0% in 1HFY21. On the expenditure side, Center's total expenditure grew by 9.9% during 1HFY22 with a growth of 6.3% in revenue expenditure and 38.3% in capital expenditure. The fiscal deficit of the central government during 1HFY22 stood at 35.0% of the annual BE, its lowest level since FY11 when it was at 34.9%. In comparison, the corresponding average level of fiscal deficit over the last four years excluding the COVID year was at 90.8%.

The center on 03 November 2021 reduced the rate of central excise duty levied in the form of road and infrastructure cess on petrol and diesel by INR 5/litre and INR 10/litre respectively. Given that revenues from road and infrastructure cess are not sharable with states, the loss in revenue arising from the excise duty cut would be fully borne by the center. Following this decision, 22 states/UTs reduced their VAT rate on petrol and diesel whereas 14 did not, as per a press release[1] dated 05 November 2021. Subsequently, four of these 14 states/UTs namely Meghalaya, Odisha, Punjab and Rajasthan undertook cuts in VAT rate on petrol and diesel[2]. As a result of these measures, the price of petrol has decreased to under INR100/litre in most states/UTs particularly those which have lowered their VAT rates[3]. The RBI, in its October 2021 monetary policy review had stressed the need for reducing taxes on petrol and diesel in view of the persistent elevated level of core inflation so as to ameliorate supply side and cost pressures.

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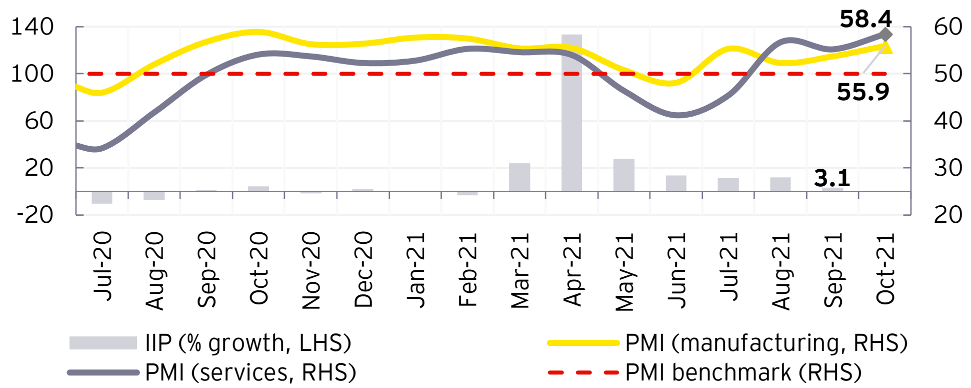
[1] https://pib.gov.in/PressReleseDetailm.aspx?PRID=1769621
[2] https://bit.ly/3FqlfDr.; https://bit.ly/3qHP7ac; https://bit.ly/3DxhDi4; https://bit.ly/3nFWn4A
[3] https://www.indiatoday.in/business/story/fuel-price-cut-vat-petrol-diesel-bjp-states-1873665-2021-11-06

1. Growth: PMI indicated a strong expansion in manufacturing and services output in October 2021

A. PMI: signaled a strong output expansion in manufacturing and services in October 2021

- Headline manufacturing PMI (seasonally adjusted (sa)) expanded for the fourth successive month in October 2021, with its level increasing to an eight-month high of 55.9 from 53.7 in September 2021 (**Chart 1**). There was a sharp expansion in new orders, production and input purchasing during the month.
- Rising from 55.2 in September 2021 to 58.4 in October 2021, PMI services showed the strongest rate of expansion in ten and a half years. Further, October 2021 marks the third successive month of expansion in PMI services.
- The composite PMI Output Index (sa) increased from 55.3 in September 2021 to 58.7 in October 2021, its highest level since January 2012, reflecting a strong pace of output expansion in both manufacturing and services sectors owing to a pick-up in demand due to the festive season.

Chart 1: PMI and IIP growth



In October 2021, PMI manufacturing increased to an eight-month high of 55.9 and PMI services increased to a ten and a half year high of 58.4.

Source: MoSPI and IHS Markit

B. IIP: growth moderated to 3.1% in September 2021

- The quick estimates of IIP released by the MoSPI on 12 November 2021 show that IIP grew by 3.1% in September 2021, moderating from 11.9% in August 2021 **(Chart 1)** due to a fall in the output growth of all the key sub-industries. IIP growth, when evaluated over September 2019, showed an improvement at 4.1% in September 2021.
- Growth in the output of manufacturing and electricity sectors fell sharply to 2.7% and 0.9% respectively in September 2021 from 9.7% and 16.1% respectively in August 2021. Mining sector output grew by 8.6% in September 2021, moderating from 23.6% in August 2021.

As the base effect waned, overall IIP grew by 8.7% in 2QFY22 as compared to 44.3% in 1QFY22.

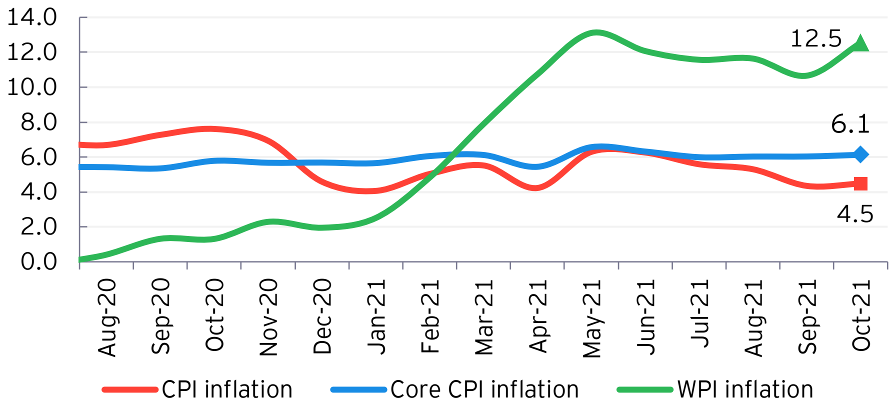
- As per the use-based classification of industries, growth in the output of capital goods industry, which is usually volatile, fell to 1.3% in September 2021 from 19.9% in August 2021. Growth in the output of infrastructure and construction fell to 7.4% in September 2021 from 11.1% in August 2021. Output of consumer durables and non-durables showed a contraction of (-)2.0% and (-)0.5% respectively in September 2021 as compared to a growth of 8.0% and 5.2% respectively in August 2021.
- According to provisional estimates, output of eight core infrastructure industries (core IIP) grew by 4.4% in September 2021, moderating from 11.5% (revised) in August 2021. This was due to a slowdown in the y-o-y growth of five sub-industries namely, cement (10.8%), coal (8.1%), petroleum refinery products (6.0%), steel (3.0%) and electricity (0.3%) in September 2021.

2. Inflation: CPI inflation increased to 4.5% in October 2021

CPI inflation increased for the first time in the last five months to 4.5% in October 2021 from 4.3% in September 2021 (Chart 2).

- CPI inflation increased to 4.5% in October 2021 led by a slower pace of contraction in vegetable prices and higher inflation in fuel used for transportation services.
- Consumer food inflation marginally increased to 0.8% in October 2021 from a 30-month low of 0.7% in September 2021. The pace of contraction in vegetable prices reduced to (-)19.4% from (-)22.4% over the same period.
- Fuel and light-based inflation was at an all-time high of 14.3% (2011-12 series) in October 2021 as inflation in LPG reached 43.5%.
- Inflation in petrol and diesel used for transportation services were at all-time highs (2011-12 series) of 27.2% and 31.8% respectively in October 2021. The impact of lowering of taxes, particularly road and infrastructure cess and VAT rates in certain states is expected to exert a benign effect on inflation in November 2021.
- Core CPI inflation[4] remained elevated at a seven-month high of 6.1% in October 2021.

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



At 4.5% in October 2021, CPI inflation was marginally higher than its target level of 4.0% even as core CPI inflation remained elevated at a seven-month high of 6.1%.

Source: MoSPI, Office of the Economic Adviser, Government of India (GoI)
Note: Headline CPI inflation and inflation in certain groups for the month of April 2020 and May 2020 have been imputed by the MoSPI[5]; Core CPI inflation has been estimated for April 2020 and May 2020 using this imputed data

WPI inflation increased to a five-month high of 12.5% in October 2021 from 10.7% in September 2021 led by high inflation in fuel and power.

- Fuel and power inflation rose to a historic high (2012 series) of 37.2% in October 2021 from 24.8% in September 2021, as inflation in mineral oils (including petrol and diesel) remained elevated at 67.2%. Inflation in electricity was at an all-time high (2012 series) of 10.8% in October 2021.
- Inflation in crude petroleum was at a five-month high of 80.6% in October 2021.
- Core WPI inflation increased to a historic high (2011-12 series) of 11.9% in October 2021 led by continued broad based inflationary pressures particularly on manufactured basic metals where inflation was elevated at 28.9% in October 2021, close to its all-time high level of 29.2% in May 2021.
- WPI food index-based inflation increased to 3.1% in October 2021 from an eight-month low of 1.1% in September 2021 reflecting a moderation in the pace of contraction in vegetables prices, which fell to (-)18.5% in October 2021 from (-)32.5% in September 2021.

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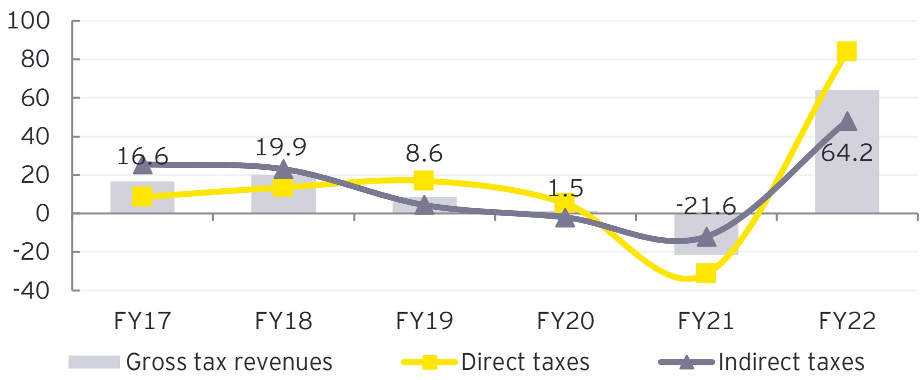
[4] Core CPI inflation is measured in different ways by different organizations/agencies. Here, it has been calculated by excluding food, and fuel and light from the overall index.
[5] http://www.mospi.gov.in/sites/default/files/press_release/CPI%20Technical%20Note%20on%20Imputation.pdf

3. Fiscal performance: Center's fiscal deficit during 1HFY22 stood at 35.0% of the BE

A. Tax and non-tax revenues

- As per the Comptroller General of Accounts (CGA)[6], Center's gross tax revenues (GTR) grew by 64.2% during 1HFY22 as compared to a contraction of (-)21.6% during 1HFY21. Growth in Center's GTR, when calculated over 1HFY20, was at 28.7% (**Chart 3**).
- As a proportion of the annual budgeted target, center's GTR during the first six months of FY22 stood at 53.4%, higher than the corresponding average of 40.9% over the last four years starting FY17, excluding the COVID year of FY21.
- Direct and indirect taxes grew by 83.9% and 48.1% respectively during April-September FY22 as compared to a contraction of (-)31.4% and (-)12.0% respectively in the corresponding period of FY21. Growth in direct and indirect taxes when evaluated over the corresponding period of FY20 was at 26.1% and 30.4% respectively.
- Corporate income tax (CIT) showed a high growth of 105.1% during 1HFY22 reflecting a strong base effect due to a contraction of (-)39.7% in the corresponding period of FY21. CIT revenues grew by 23.8% during the first six months of FY22 over the corresponding period of FY20.
- Personal income tax (PIT) grew by 64.7% during 1HFY22 over 1HFY21, and by 28.7% over 1HFY20.
- Among indirect taxes, Center's GST revenues[(a)] grew by 42.4% during April-September FY22 as compared to a contraction of (-)19.7% during the corresponding period of FY21. GST revenues during the first six months of FY22 grew by 14.4% over the corresponding period of FY20.
- Union excise duties grew by 33.3% during April-September FY22 as compared to 34.2% during the corresponding period of FY21.
- Center's customs duty revenues showed a growth of 129.6% during April-September FY22 as compared to a contraction of (-)43.8% during April-September FY21. Growth in 1HFY22 when calculated over 1HFY20 was at 29.0%.

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



As per the CGA, Center's gross taxes grew by 64.2% during 1HFY22 over 1HFY21, and by 28.7% over 1HFY20.

Source: Monthly Accounts, Controller General of Accounts (CGA), Government of India
Notes: (a) Direct taxes include personal income tax and corporation tax, and indirect taxes include union excise duties, arrears of service tax, customs duty, and GST (comprising CGST, UTGST, IGST and GST compensation cess) (b) Other taxes (securities transaction tax, wealth tax, fringe benefit tax, banking cash transaction tax, etc.) are included in the center's gross tax revenues along with direct and indirect taxes, (c) IGST revenues are subject to

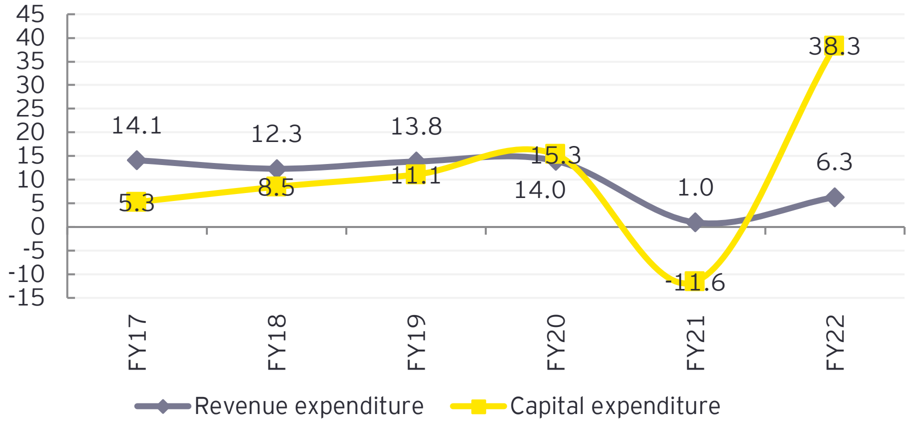
- Owing to the impact of dividends from the RBI, Center's non-tax revenues grew by 73.8% during 1HFY22 as compared to a contraction of (-)55.9% during 1HFY21. Non-tax revenues during 1HFY22 stood at 66.0% of the annual BE as compared to 24.0% in 1HFY21.
- Non-debt capital receipts grew by 23.8% during April-September FY22 over the corresponding period of FY21 but showed a contraction of (-)12.0% over the corresponding period of FY20.
- As per information sourced from the Department of Investment and Public Asset Management[7], disinvestment receipts as of 22 November 2021 stood at INR9,329.9 crores, that is 5.3% of the FY22 BE.

[6] Monthly accounts for September 2021 released on 29 October 2021
[7] https://www.dipam.gov.in/dipam/home

B. Expenditures: revenue and capital

- Center's total expenditure grew by 9.9% during 1HFY22 as compared to a contraction of (-)0.6% during 1HFY21.
- After contracting up to August 2021, revenue expenditure showed a growth of 6.3% during April-September FY22 as compared to 1.0% during the corresponding period of FY21 (**Chart 4**).
- Center's capital expenditure showed a strong growth of 38.3% during 1HFY22 as compared to a contraction of (-)11.6% during the corresponding period of FY21.

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



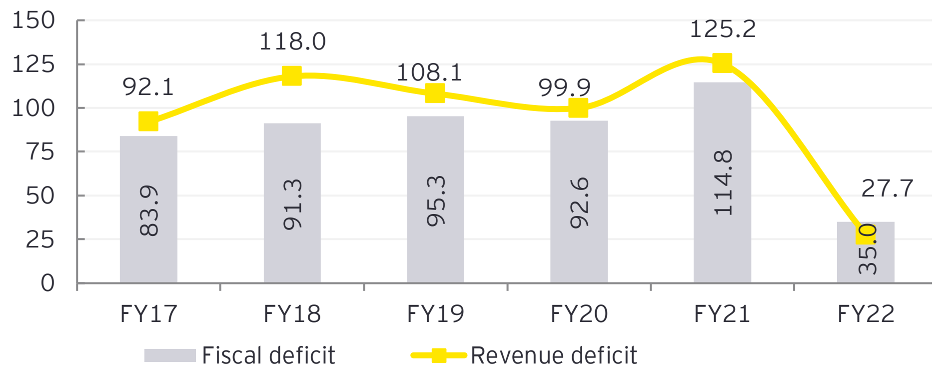
Source (basic data): Monthly Accounts, Controller General of Accounts (CGA), Government of India

Center's total expenditure grew by 9.9% during 1HFY22 with a growth of 6.3% in revenue expenditure and 38.3% in capital expenditure.

C. Fiscal imbalance

- Center's fiscal deficit during 1HFY22 stood at 35.0% of the annual BE, its lowest level since FY11 when it was at 34.9%. In comparison, the corresponding average level of fiscal deficit over the last four years beginning FY17, excluding the COVID year was at 90.8% (**Chart 5**).
- Center's revenue deficit during April-September FY22 as a proportion of the BE stood at 27.7%, its lowest level since FY11. It was significantly lower as compared to the corresponding average level of 104.5% over the four-year period from FY17 to FY20.

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



Source: Monthly Accounts, Controller General of Accounts (CGA), Government of India.

During 1HFY22, Center's fiscal and revenue deficits as a proportion of their corresponding BE stood respectively at 35.0% and 27.7%, their lowest levels since FY11.

4. Comparative global perspective: India's government debt-GDP ratio projected at 90.6% in FY22

General government fiscal deficit

- As per the IMF, the year 2020 marked a sharp upsurge in the general government fiscal deficit relative to GDP for all major advanced and emerging market and developing economies (AEs and EMDE) resulting from a borrowing-based stimulus introduced to deal with COVID-19.
- Relative to the 2020 levels, fiscal deficit to GDP ratio is estimated to fall in 2021 in all countries except Euro area. However, it is still expected to remain above the pre-pandemic levels especially in AEs.
- Among AEs, strong fiscal support in the form of spending and support programs are expected to continue in 2021. These include Next Generation EU Recovery Plan in the Euro area and Jobs and Families Plan in the US.
- Among EMDEs, fiscal policy support to cope with the pandemic has generally been smaller than in AEs and is projected to gradually wane beginning 2021.
- Fiscal deficit relative to GDP in EMDEs as a group is expected to fall by nearly 3.0% points in 2021. In IMF's assessment, this fall can be split almost equally between a recovery in tax revenues as economic conditions improve, and a reduction in discretionary spending measures.
- India's general government fiscal deficit relative to GDP is projected to remain comparatively high at (-)11.3% in FY22. Although, a sustained fall in this ratio is projected over the forecast period, it would remain elevated at (-)7.8% even by FY27.

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

Country	2020	2021	2022	2023	2024	2025	2026
AEs	**-10.8**	**-8.8**	**-4.8**	**-3.6**	**-3.2**	**-3.1**	**-3.0**
US	-14.9	-10.8	-6.9	-5.7	-5.2	-5.3	-5.3
UK	-12.5	-11.9	-5.6	-3.6	-3.2	-3.1	-2.9
Euro area	-7.2	-7.7	-3.4	-2.4	-2.0	-1.7	-1.6
Japan	-10.3	-9.0	-3.9	-2.1	-2.1	-2.1	-2.2
EMDEs	**-9.3**	**-6.6**	**-5.7**	**-5.1**	**-4.8**	**-4.4**	**-4.1**
Brazil	-13.4	-6.2	-7.4	-6.4	-5.4	-4.8	-4.4
Russia	-4.0	-0.6	0.0	0.2	0.1	-0.2	-0.5
India*	-12.8	-11.3	-9.7	-8.8	-8.3	-8.1	-7.8
China	-11.2	-7.5	-6.8	-6.2	-5.6	-5.0	-4.5

Source: IMF World Economic Outlook, October 2021; *data pertains to fiscal year; Note: -ve indicates a fiscal deficit and +ve indicates a fiscal surplus

General government debt

- Global general government debt-GDP ratio increased sharply by 18.9% points to 122.7% in 2020 resulting from the pandemic's impact.
- In AEs, government debt-GDP ratio is projected to remain elevated throughout the forecast period due to announcement/ approval of multiyear plans to increase public investment, strengthen social safety nets, address climate change, and improve resilience to future health crises.
- Among EMDEs, government debt-GDP ratio is projected to broadly decline in all countries except China during the forecast period.
- China's government debt-GDP ratio is projected to increase from 66.3% in 2020 to 80.1% in 2026, an increase of 13.8% points despite fiscal tightening and a renewed effort to restrict debt in state-owned enterprises and local governments.
- India's government debt-GDP ratio is projected to peak at 90.6% in FY22. Subsequently, it is projected to fall gradually but remain high at 85.2% at the end of FY27.

Table 2: General government gross debt as a % of GDP

Country	2020	2021	2022	2023	2024	2025	2026
AEs	**97.5**	**98.9**	**96.3**	**95.4**	**94.5**	**93.4**	**92.2**
US	133.9	133.3	130.7	131.1	131.7	132.5	133.5
UK	104.5	108.5	107.1	109.4	110.5	111.2	111.6
Euro area	140.2	139.0	135.7	135.8	135.8	135.8	135.8
Japan	254.1	256.9	252.3	250.8	251.0	251.3	251.9
EMDEs	**63.1**	**63.4**	**64.8**	**65.9**	**66.9**	**67.6**	**68.1**
Brazil	98.9	90.6	90.2	91.7	92.4	92.6	92.4
Russia	19.3	17.9	17.9	17.7	17.8	17.5	17.5
India*	89.6	90.6	88.8	88.1	87.3	86.3	85.2
China	66.3	68.9	72.1	74.5	76.6	78.5	80.1
World	**122.7**	**121.6**	**119.3**	**119.3**	**119.1**	**118.8**	**118.6**

Source: IMF World Economic Outlook, October 2021; *data pertains to fiscal year

5. In focus: G-20's sixteenth summit in Rome – People, planet and prosperity

Home

1. Introduction

The first in-person meeting of the G-20 leaders since the onset of COVID was held in Rome on 30-31 October 2021. The theme of this summit was ***People, planet and prosperity***, emphasizing the role of the major economies of the world in these three inter-related concerns in the post-COVID economic universe. *People* largely reflects the concern with health in the context of the Sustainable Development Goals (SDGs) and the COVID-19 pandemic. *Planet* refers to bringing on board, the compulsions of climate change and *Prosperity* refers to the pursuit of growth. Together, the performance of the G-20 countries in these three critical areas would broadly determine the overall global achievements in these. India played a key role in the deliberations of the Rome summit. It promised five billion additional COVID vaccines for the world in the short run and proposed important health initiatives such as "One Earth One Health".

2. Prosperity as pursued by growth

The members of the G-20 group comprising Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom (UK), United States (US), and European Union (EU), accounted for nearly 81% of the global GDP in PPP terms in 2020 **(Table 3)**. This share is expected to remain unchanged in the next five years. In fact, the overall share of G-20 countries in world GDP has broadly remained stable between 2000 to 2020, but the share of some individual countries has undergone significant changes. The share of China increased from 7.3% in 2000 to 18.3% in 2020 and that of India increased from 4.0% to 6.8% during this period. This happened at the cost of a fall in the share of EU from 20.3% in 2000 to 15.0% in 2020 and that of the US from 20.4% to 15.8%. Going forward, as per the IMF's forecasts, China and India are expected to show maximum gains in their shares between 2020 and 2025 of 1.5% points and 1.1% points respectively. Maintaining the trend, the EU, US and Japan would continue to lose their respective shares. By 2025, four countries/ country groups namely, China, US, EU and India would account for 57.2% of the global output.

Table 3: Share in world GDP at current prices, PPP (%)

Country	2000	2005	2010	2015	2020	2025 (f)	2025 minus 2020
Argentina	0.9	0.8	0.8	0.8	0.7	0.7	0.0
Australia	1.1	1.1	1.0	1.0	1.0	1.0	-0.1
Brazil	3.1	3.0	3.1	2.7	2.4	2.2	-0.2
Canada	1.8	1.7	1.5	1.4	1.4	1.3	-0.1
China	7.3	9.6	13.7	16.1	18.3	19.9	1.5
EU of which	20.3	18.4	16.3	15.3	15.0	14.2	-0.8
France	*3.3*	*3.0*	*2.6*	*2.4*	*2.3*	*2.2*	-0.1
Germany	*4.8*	*4.1*	*3.6*	*3.5*	*3.4*	*3.1*	-0.3
Italy	*3.3*	*2.9*	*2.4*	*2.0*	*1.9*	*1.7*	-0.1
India*	4.0	4.6	5.7	6.4	6.8	7.9	1.1
Indonesia	2.0	2.0	2.3	2.4	2.5	2.6	0.1
Japan	6.9	6.1	5.0	4.7	4.0	3.6	-0.5
Korea	1.6	1.7	1.7	1.7	1.8	1.7	-0.1
Mexico	2.5	2.2	2.0	2.0	1.8	1.8	-0.1
Russia	3.1	3.4	3.4	3.2	3.1	2.9	-0.2
Saudi Arabia	1.6	1.6	1.6	1.4	1.2	1.2	-0.1
South Africa	0.8	0.8	0.7	0.7	0.6	0.5	-0.1
Turkey	1.4	1.5	1.4	1.8	1.9	2.0	0.0
UK	3.1	3.0	2.5	2.5	2.2	2.2	-0.1
US	20.4	19.1	16.8	16.3	15.8	15.2	-0.6
Total	**81.8**	**80.6**	**79.6**	**80.3**	**80.7**	**80.8**	**0.1**

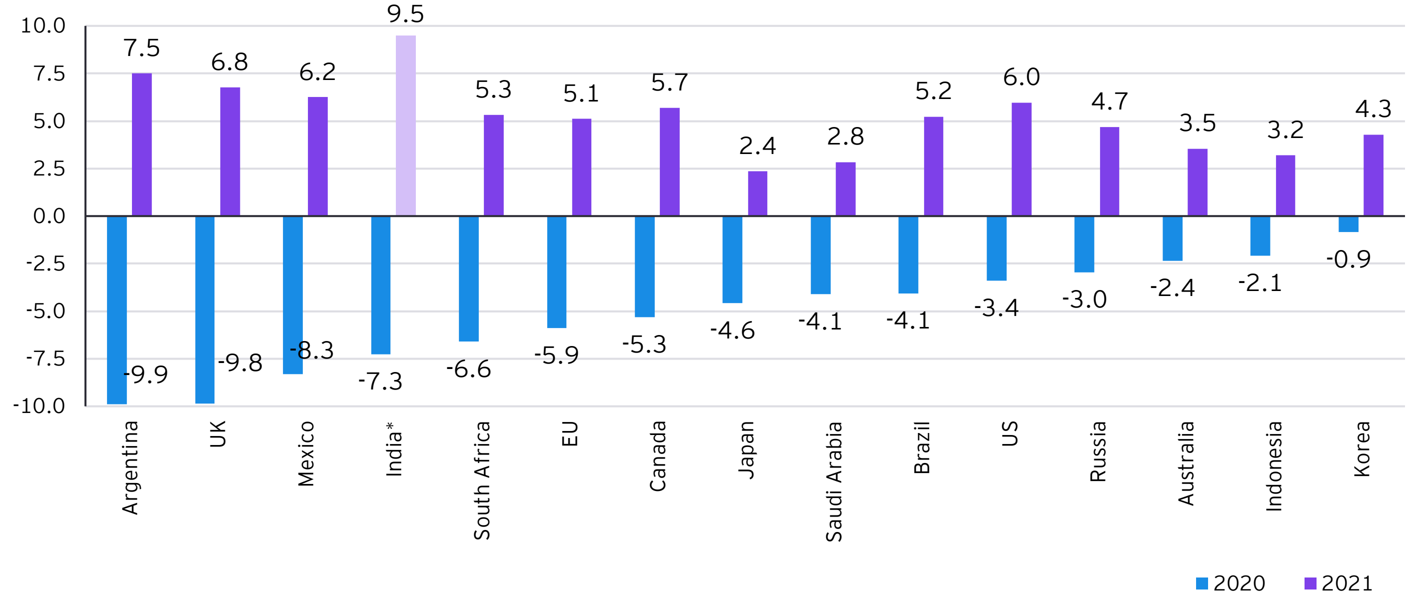
Share in world GDP at current prices, US$ billion (%): selected G-20 countries							
China	3.5	4.8	9.1	14.8	17.5	19.2	1.7
EU	21.4	24.9	21.9	18.1	18.0	17.5	-0.4
India*	1.4	1.7	2.6	2.8	3.1	3.4	0.2
US	30.1	27.3	22.7	24.3	24.6	23.2	-1.4
Total	**89.1**	**89.0**	**86.5**	**85.8**	**86.2**	**85.9**	-0.4

Source (basic data): IMF World Economic Outlook October 2021
(f): forecasted; *data pertains to fiscal year.

Measured in current prices at the market exchange rate, the share of G-20 countries is even higher in global output ranging from at 85.8% in 2015 to 89.1% in 2000. However, their share measured in current prices is expected to fall to 85.9% in 2025. This fall is maximum for the US at 1.4% points. Clearly, the decisions of the G-20 countries are going to be critical for the three-welfare oriented themes of the Rome summit 2021.

In terms of the impact of COVID on real GDP growth in 2020, Chart 6 shows that the maximum erosion of growth happened for Argentina ((-)9.9%), the UK ((-)9.8%), Mexico ((-)8.3%), India ((-)7.3%), South Africa ((-)6.6%) and the EU ((-)5.9%). In 2021, all these economies are projected to show positive growth rates with India leading the global growth at 9.5%.

Chart 6: Real GDP growth (%): selected G-20 countries



Source (basic data): IMF World Economic Outlook October 2021
*data pertains to fiscal year.
Note: FY22 growth forecast for India is colored to indicate the highest growth rate among selected G-20 countries.

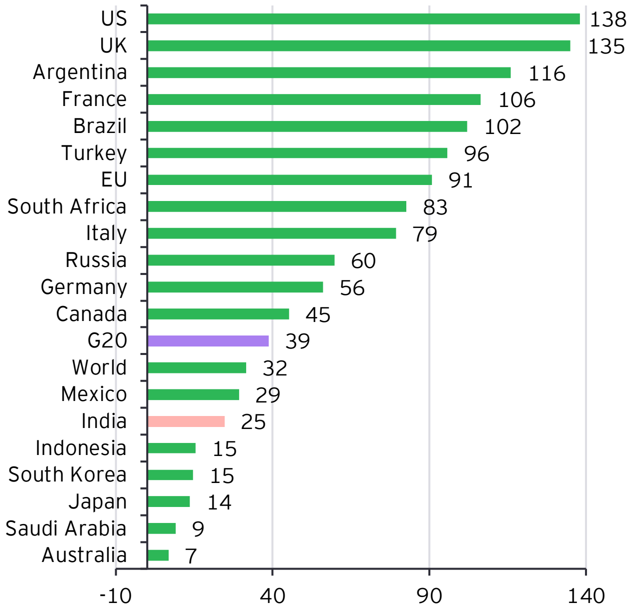
3. People's welfare as reflected in health parameters

The G-20's agenda included considerations of various SDG goals including elimination of poverty and achieving better outcomes for health and education, food security, better nutrition and removal of hunger. In regard to health, particularly in the context of COVID, we consider how different G-20 countries got affected by the pandemic as an immediate challenge to the health dimension of people's welfare. As per the United Nations[8], "*the pandemic has halted or reversed progress in health and shortened life expectancy*". Further, "*90% of countries are still reporting one or more disruptions to essential health services*".

Chart 7 shows the cumulative incidence of COVID cases per 1000 of population until 9 November 2021. The highest incidence is reported for the US at 138, followed by the UK at 135 cases per 1000 of population. At the lower end, the least incidence is reported for countries like Australia, Saudi Arabia and Japan. India at 25 cases per 1000 of population, is towards the lower end of this comparative position. The average for the G-20 countries is 39 cases per 1000 of population.

[8] Goal 3 | Department of Economic and Social Affairs (un.org)

Chart 7: COVID cases – cumulative total per 1000 population*



Source (basic data): WHO
*cumulated until 9 November 2021
Note: India's COVID cases per 1000 of population and the average for the G-20 group are colored differently for the purpose of comparison.

While COVID is a challenge in the immediate to medium term, in the future, a longer-term concern for individual countries in the G-20 group in the context of people's welfare is the progressive aging of their populations. **Table 4** gives the projected median age of the populations of the G-20 countries based on data from the UN World Population Prospects, 2019. Except for Germany, Japan and Italy, in the remaining G-20 countries, population keeps aging all the way up to 2100. By that time, India's median age would be 46.7 years from its current median age of 28.4 years in 2020 which is only marginally above that of South Africa. Thus, India's current social and economic priorities need to focus relatively more on education and skilling of the population and as the decades progress, these priorities may need to shift towards health. Although the size of population is not indicated here, India's working age population is expected to overtake that of China towards the end of the current decade (2027)[9]. Thus, India would be in a position to provide human resources to the rest of the world particularly the developed countries that are aging much ahead of us. In India's case, between 2020 and 2100, the median age of the population would increase by 18.3 years, which is the third highest after Mexico and Turkey. Thus, India's health sector needs would continue to become progressively more pronounced with the passing decades.

Table 4: Median age (in years) population forecasts of G-20 countries

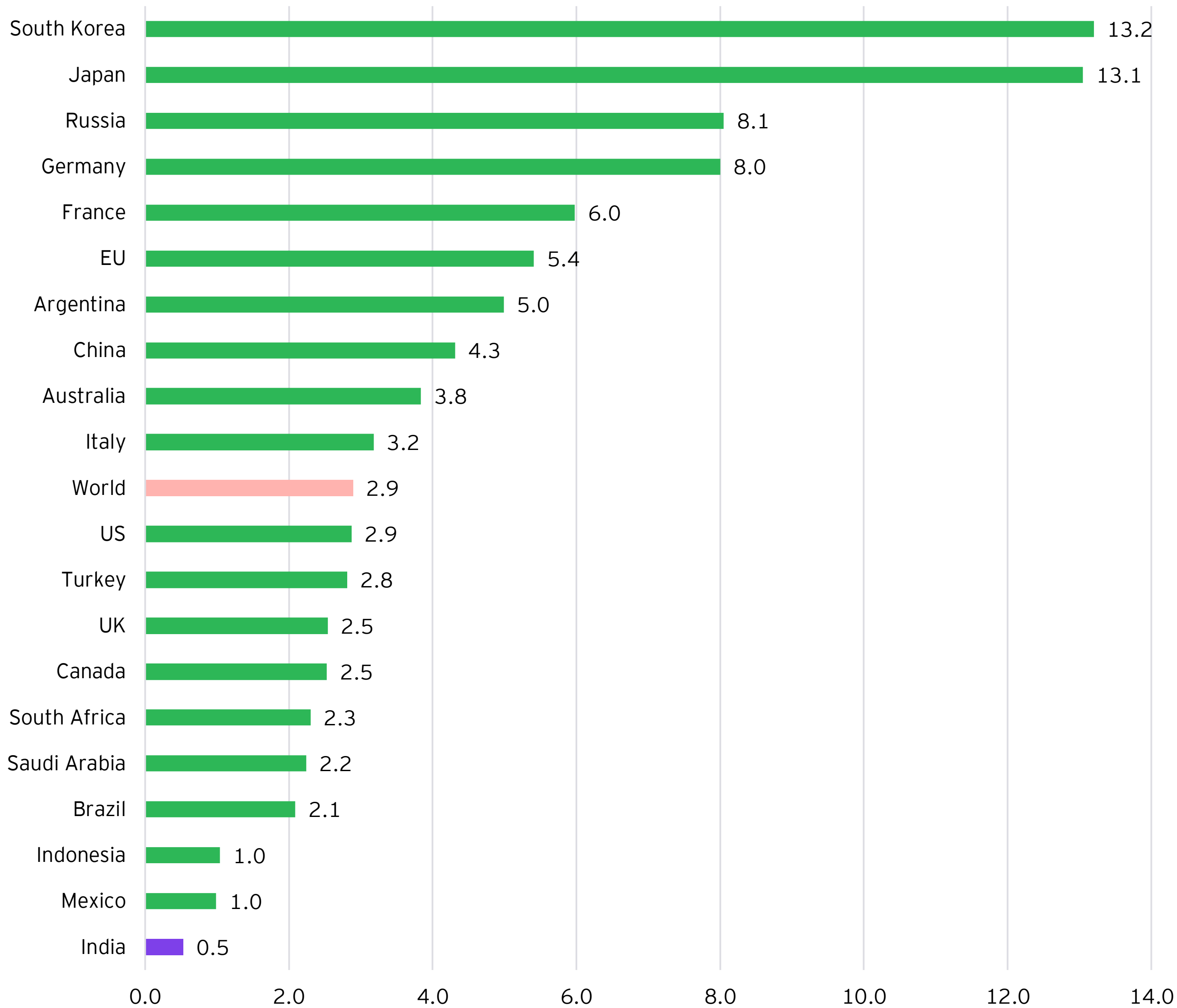
Country	2000	2020	2040	2060	2080	2100	2100 minus 2020
Japan	41.2	48.4	54.1	55.1	54.1	53.8	5.4
Italy	40.3	47.3	52.6	54.1	53.6	53.4	6.1
Brazil	25.3	33.5	41.6	47.5	50.7	51.4	17.9
Turkey	24.9	31.5	38.5	44.5	48.6	51.0	19.5
China	30.0	38.4	46.3	48.2	49.2	49.7	11.3
France	37.7	42.3	45.3	46.9	48.0	49.5	7.2
Mexico	22.9	29.2	36.1	42.3	46.8	49.2	20.0
Germany	40.1	45.7	48.6	48.4	48.5	48.5	2.8
South Korea	29.4	35.3	40.4	43.0	46.0	47.6	12.3
UK	37.6	40.5	44.1	45.4	46.5	47.6	7.1
Saudi Arabia	21.3	31.8	37.6	42.9	45.8	47.4	15.6
Canada	36.8	41.1	44.8	45.9	46.6	46.8	5.7
Argentina	27.6	31.5	36.0	40.4	44.1	46.7	15.2
India	22.7	28.4	35.0	40.4	44.4	46.7	18.3
Indonesia	24.4	29.7	35.1	39.7	43.3	46.2	16.5
Australia	35.4	37.9	41.3	42.8	44.3	45.6	7.7
US	35.2	38.3	41.6	43.4	44.8	45.5	7.2
Russia	36.5	39.6	43.9	42.6	42.5	44.5	4.9
South Africa	22.6	27.6	31.6	35.8	38.8	41.2	13.6
World	**26.3**	**30.9**	**34.6**	**37.6**	**39.7**	**41.9**	11.0

Source: World Population Prospects, UN (2019)
Note: Peak median age of each country is highlighted in orange; India's median age in the selected years is highlighted in green for the purpose of comparison with the remaining G-20 countries.

[9] UN World Population Prospects, 2019

In the context of health infrastructure, as measured by the number of hospital beds per 1000 of population, **Chart 8** shows that India's position (0.5 beds per 1000 population) is the lowest amongst the G-20 group, emphasizing the need for persistent investment in health infrastructure over the upcoming decades.

Chart 8: number of hospital beds/ 1000 of population - G-20 countries



Source: World Bank
Notes: (1) Data for South Africa, South Korea, and Australia pertains to 2010, 2012 and 2016 respectively.
(2) The values for India and the world are indicated in different colors for the purpose of comparison with individual G-20 countries.

4. Planet: growing climate challenges

While recognizing the availability of resources in the planet as the key to people's prosperity and welfare, the G-20 group recognized the key challenges for the planet as relating to climate change, land degradation and biodiversity loss. The climate challenges were also discussed in the COP26 summit held at Glasgow. As shown in **Table 5**, based on annual CO2 emissions, the G-20 countries have accounted for a substantial although falling share of the total global CO2 emissions. It was 88.1% in 1960. It has fallen to 83.1% in 2018. The maximum contribution to the global emissions among the G-20 countries is accounted for by China at 30.3%, followed by the US, EU and India respectively at 14.6%, 8.4% and 7.2% in 2018. It is notable that the contribution of China has increased from 8.2% in 1960 to 30.3% in 2018 due to a sharp increase of 1221% in the level of emissions as measured in kilotons. In contrast, the contribution of the US has fallen from 30.5% to 14.6% over the same period. Thus, the relative positions of China and the US have reversed over this period of nearly six decades.

Table 5: Share in CO2 emissions (%) - G-20 countries

Country	1960	1970	1980	1990	2000	2010	2018
China	8.2	5.1	7.2	10.5	14.3	27.3	30.3
US	30.5	28.3	23.2	23.5	24.8	17.4	14.6
EU	17.8	20.4	20.0	17.3	14.4	10.4	8.4
India	1.3	1.3	1.5	2.7	4.0	5.4	7.2
Russia	15.3	15.4	17.1	10.5	6.4	5.1	4.7
Japan	2.5	5.0	4.6	5.3	5.1	3.7	3.2
Germany	0.0	0.0	0.0	4.6	3.6	2.5	2.1
South Korea	0.1	0.4	0.7	1.2	2.0	1.9	1.9
Indonesia	0.2	0.2	0.5	0.7	1.2	1.3	1.7
Canada	2.0	2.2	2.2	2.0	2.2	1.7	1.7
Saudi Arabia	0.0	0.3	0.8	0.8	1.0	1.4	1.5
Mexico	0.7	0.7	1.3	1.3	1.6	1.5	1.4
South Africa	1.0	1.0	1.1	1.2	1.2	1.4	1.3
Brazil	0.5	0.6	0.9	1.0	1.3	1.3	1.3
Turkey	0.2	0.3	0.4	0.7	0.9	1.0	1.2
Australia	0.9	1.0	1.1	1.3	1.5	1.2	1.1
UK	6.2	4.3	2.8	2.7	2.3	1.6	1.1
Italy	1.2	1.9	1.9	2.0	1.9	1.3	1.0
France	2.9	2.9	2.5	1.7	1.6	1.1	0.9
Argentina	0.5	0.5	0.5	0.5	0.6	0.5	0.5
G20 total	**88.1**	**87.1**	**85.9**	**83.3**	**84.9**	**84.0**	**83.1**
Memo							
Global emissions (in million Kt)	**8.3**	**13.3**	**17.5**	**17.2**	**19.8**	**26.1**	**28.3**

Source (basic data): World Bank

This picture changes drastically when a comparison is made in terms of per capita emissions rather than total emissions. **Table 6** shows that the per-capita emissions were the lowest in India at 1.8 mt. in 2018 in contrast with that of 15.5 mt. in both Canada and Australia. The world average in 2018 was 4.5 mt.

Table 6: CO2 emissions (metric tons per capita) - G-20 countries

Country	1960	1970	1980	1990	2000	2010	2018
Canada	10.8	16.0	18.1	15.1	16.8	15.7	15.5
Australia	8.6	11.8	15.0	15.4	17.7	17.6	15.5
Saudi Arabia	0.7	7.8	17.5	10.2	11.8	16.0	15.3
US	16.0	21.1	20.8	19.4	20.5	17.4	15.2
South Korea	0.5	1.7	3.5	5.8	9.7	11.6	12.2
Russia	12.1	18.1	25.1	14.6	10.2	11.1	11.1
Japan	2.5	7.4	8.1	8.8	9.3	9.0	8.7
Germany	0.0	0.0	0.0	12.0	10.1	9.5	8.6
South Africa	5.7	6.8	8.0	6.7	6.3	8.3	7.5
China	1.2	0.9	1.5	1.9	2.6	6.3	7.4
EU	4.7	8.1	10.0	8.5	7.8	7.3	6.4
UK	11.2	11.7	10.3	9.7	9.0	7.7	5.4
Italy	2.2	5.5	6.9	7.1	7.7	6.8	5.4
Turkey	0.6	1.2	1.7	2.6	3.4	4.1	5.0
France	5.8	8.4	9.2	6.1	6.1	5.4	4.6
Argentina	2.4	3.5	3.9	3.1	3.6	4.1	4.0
Mexico	1.7	2.2	4.0	3.2	3.9	4.1	3.7
Indonesia	0.2	0.3	0.6	0.8	1.3	1.7	2.2
Brazil	0.6	1.0	1.6	1.3	1.8	2.0	2.0
India	0.3	0.4	0.4	0.6	0.9	1.3	1.8
World	**3.1**	**4.1**	**4.6**	**3.9**	**3.8**	**4.5**	**4.5**

Source (basic data): World Bank

Countries have generally been able to reduce the carbon intensity of GDP as evaluated in terms of CO2 emissions per dollar of GDP measured in PPP terms. Among major G-20 countries, the carbon intensity in 2018 was the highest for South Africa followed by China, Russia and Saudi Arabia. These countries represent concentration of major industrial activity as also that of mineral extraction. Over time, all of the G-20 countries have been able to show a reduction in their carbon intensity. The maximum improvement in carbon intensity of GDP has been for Russia, followed by China and the EU as indicated by column (7) of **Table 7**. India has also done rather well in halving its carbon intensity to 0.27 in 2018 from an initial value of 0.54 in 1990.

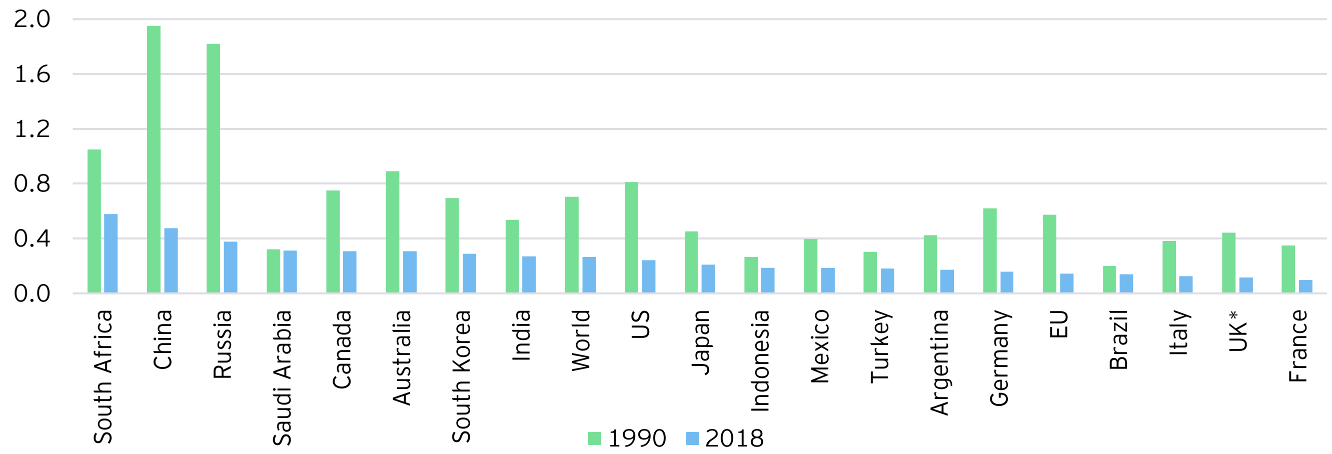
Table 7: Emission intensity - CO2 emissions in kg per PPP $ of GDP

Country	1990	2000	2010	2018	2018 minus 1990	% improvement in carbon intensity
(1)	(2)	(3)	(4)	(5)	(6)	(7)
South Africa	1.05	0.82	0.71	0.58	-0.47	44.7
China	1.95	0.91	0.68	0.47	-1.47	75.7
Russia	1.82	1.49	0.54	0.38	-1.44	79.2
Saudi Arabia	0.32	0.30	0.31	0.31	-0.01	1.9
Canada	0.75	0.57	0.39	0.31	-0.44	58.8
Australia	0.89	0.67	0.45	0.31	-0.58	65.4
South Korea	0.70	0.52	0.37	0.29	-0.41	58.7
India	0.54	0.42	0.32	0.27	-0.27	49.9
US	0.81	0.56	0.36	0.24	-0.57	70.2
Japan	0.45	0.35	0.26	0.21	-0.24	53.6
Indonesia	0.26	0.28	0.20	0.19	-0.08	29.3
Mexico	0.39	0.35	0.27	0.18	-0.21	53.2
Turkey	0.30	0.36	0.23	0.18	-0.12	40.8
Argentina	0.43	0.31	0.23	0.17	-0.25	59.8
Germany	0.62	0.37	0.24	0.16	-0.46	74.9
EU	0.57	0.35	0.22	0.14	-0.43	74.9
Brazil	0.20	0.20	0.14	0.14	-0.06	30.4
Italy	0.38	0.28	0.19	0.12	-0.26	67.5
UK	0.44*	0.34	0.21	0.11	-0.33	74.0
France	0.35	0.23	0.15	0.10	-0.25	71.5
World	0.71	0.48	0.35	0.26	-0.44	62.6

Source (basic data): World Bank
*data pertains to 1994
Note: % improvement in carbon intensity of countries is represented as a heat map to identify the best and the worst performers in this regard.

Chart 9 gives a graphical presentation of the emission intensity of individual countries in 2018 vis-à-vis. their respective levels in 1990. The countries are arranged in the descending order of their carbon intensity of GDP in 2018.

Chart 9: Emission intensity - CO2 emissions in kg per PPP$ of GDP



Source (basic data): World Bank
*data for the UK pertains to 1994 and 2018.

5. Climate change and COP26 summit

The 'Advance Version' of the Glasgow climate pact emerging out of COP26 deliberations was published on 13 November 2021[10]. This pact calls on countries to '*revisit and strengthen*' climate goals in order to limit global warming to 1.5 degree Celsius above pre-industrial levels by 2100 in line with the target set out in the Paris Agreement. It recognized that achieving this target requires reducing global emissions by 45% by 2030 relative to the 2010 level and to net zero around mid-century. It was noted that the current Nationally Determined Contributions (NDCs)[11] of individual countries were inadequate to stay within 1.5 degree Celsius and would lead to an increase in temperature of about 2.4 degree Celsius until 2030. The proposal urged nations to submit their updated pledges by the end of 2022, '*stressing the urgency of increased action in relation to mitigation, adaptation and finance in this critical decade to address the gaps in the implementation of the long-term goals of the Paris Agreement'*.

With respect to climate financing, the developed countries committed to providing US$100 billion annually to developing countries. The idea of doubling finance for adaptation was also discussed. Further, a process to define the new global goal on finance was launched.

In the COP26 deliberations, an agreement was reached on the fundamental norms related to Article 6 on carbon markets, making the Paris Agreement fully operational. This would give certainty and predictability to both market and non-market approaches in support of mitigation as well as adaptation. Further, negotiations on the Enhanced Transparency Framework were also concluded, providing for agreed tables and formats to account and report for targets and emissions by the countries[12].

At the COP26 summit, India announced a five-point agenda to deal with the challenge of climate change[13]. This five-point agenda is a verbal declaration of India's updated NDCs. These points are as follows:

1. Increasing India's non-fossil energy capacity to 500 GW by 2030.
2. Meeting 50% of India's energy requirements from renewable energy by 2030.
3. Reducing total projected carbon emissions by one billion tonnes from now till 2030.
4. Reducing the carbon intensity to less than 45% by 2030.
5. Achieving the target of net zero emissions by 2070.

India played a prominent and leading role in proposing significant and innovative initiatives such as the Green Grids Initiative (GGI) and One Sun One World One Grid (OSOWOG). EY is proud to have worked closely on the OSOWOG initiative as the knowledge partner, right from its conceptualization to evolution[14].

India supported major economies like China and the US[15] in their endeavor to replace the phrase "phase out" by "phase down" of 'unabated coal power and inefficient fossil fuel subsidies, recognizing the need for support towards just transition'. India emphasized the need for climate justice and exhorted the developed countries to transfer finance as well as technology that is necessary for the developing countries to meet their climate targets.

6. Conclusion: decisions of the G-20 Rome summit – recognizing India's initiatives

Within the overall theme of *People, planet and prosperity*, the G-20 summit held on 30 and 31 October 2021 in Rome concluded its deliberations with key decisions in the specific areas of climate change, COVID vaccination, taxation and direction of post-COVID macroeconomic policy[16].

With respect to *Planet,* the focus was on climate change. In this context, the G-20 nations committed to the Paris Agreement goal of limiting global warming to 1.5 degree Celsius above the pre-industrial levels and cease public financing of coal-fired power generation abroad, as decided by the G-7 members during their June 2021 summit in England. However, no target was set in the G-20 summit for phasing out public financing of coal-fired power generation domestically. Further, the G-20 nations could not reach a consensus regarding the exact timelines for the net zero emissions target. The member nations, by and large, agreed to achieve carbon neutrality by or around mid-century without specifying any particular year. The G-7 countries have set 2050 as the year for achieving this target while China, Saudi Arabia, and Russia have set 2060 as their target year.

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[10] https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf
[11] Nationally Determined Contributions (NDCs) are countries' national plans and voluntary targets for cutting or curbing greenhouse gas emissions in the next decade and are critical in achieving the Paris agreement target of limiting global temperature increase within 1.5 degree Celsius above the pre-industrial levels by 2100.
[12] https://unfccc.int/news/cop26-reaches-consensus-on-key-actions-to-address-climate-change
[13] COP26 and energy transition: An outlook on India's stance | Business Standard News (business-standard.com)
[14] https://www.thestatesman.com/world/workshop-held-one-sun-one-world-one-grid-renewable-energy-1502969128.html
[15] https://timesofindia.indiatimes.com/india/india-didnt-replace-coal-phase-out-with-phase-down-at-cop-26-govt-sources/articleshow/87763843.cms
[16] https://www.g20.org/wp-content/uploads/2021/10/G20-ROME-LEADERS-DECLARATION.pdf

An important decision was also taken with respect to financing climate adaptation costs in developing countries. The developed countries reaffirmed the goal of mobilizing jointly, US$100 billion per year by 2020 and annually through 2025 to address the needs of the developing countries in this regard. Apart from this, the G-20 nations committed to strengthening actions for halting and reversing biodiversity loss by 2030.

With respect to *People,* the main focus was on dealing with COVID vaccination. In this context, the G-20 nations agreed to progress towards achieving the global goals of vaccinating at least 40% of the population in all countries by end-2021 and 70% by mid-2022, as recommended by the World Health Organization's (WHO) global vaccination strategy. The member nations agreed to take steps to boost supply of vaccines and essential medical products and inputs in developing countries and remove supply and financing constraints. Countries also directed their health ministers to monitor progress toward this end. It is notable that in India, as of 21 November 2021, the entire eligible population, that is population aged 18 years and above, has been administered at least one dose with 21% having received both the doses. India also promised to produce five billion vaccine doses for India and the world by end-2022. Another important decision pertained to achieving food security and adequate nutrition for all.

An important G-20 initiative pertained to establishing a *Joint Finance-Health Task Force* aimed at enhancing global cooperation on issues relating to pandemic prevention, preparedness and response (PPR), promoting the exchange of experiences and best practices, developing coordination arrangements between Finance and Health Ministries, promoting collective action, and assessing and addressing health emergencies with cross-border impact. Endorsing India's call in the PPR framework, the "One World One Health" approach was also adopted.

In regard to *Prosperity,* particularly for strengthening the ongoing global growth momentum after the COVID shock, the G-20 nations agreed to avoid any premature withdrawal of policy support particularly fiscal stimulus, while preserving financial stability and long-term fiscal sustainability and safeguarding against downside risks.

In the context of taxation, the G-20 nations formally affirmed their commitment to establishing a 15% global minimum corporate tax rate by 2023 as agreed to by the OECD countries on 8 October 2021[17]. This is expected to help prevent multinational companies from shifting profits to jurisdictions with lower tax rates.

In the G-20 and COP26 summits, India played a prominent and leading role in proposing significant and innovative initiatives such as One Earth One Health, Green Grids Initiative (GGI) and One Sun One World One Grid (OSOWOG). EY is proud to have worked closely on the OSOWOG initiative as the knowledge partner, right from its conceptualization to evolution.

The G-20 summit for 2023 is proposed to be held in New Delhi with the chairmanship of the G-20 group passing on to India from December 2022[18]. It will thus be India's responsibility to follow up on the progress of the G-20 priorities for *People, planet and prosperity*. By that time, COVID-19 may well be brought under control in India as well as in the rest of the world with India playing a significant role in vaccine production and distribution across a large number of countries.

[17] https://www.oecd.org/newsroom/international-community-strikes-a-ground-breaking-tax-deal-for-the-digital-age.htm
[18] https://economictimes.indiatimes.com/news/india/piyush-goyal-appointed-indias-g20-sherpa/articleshow/86013223.cms

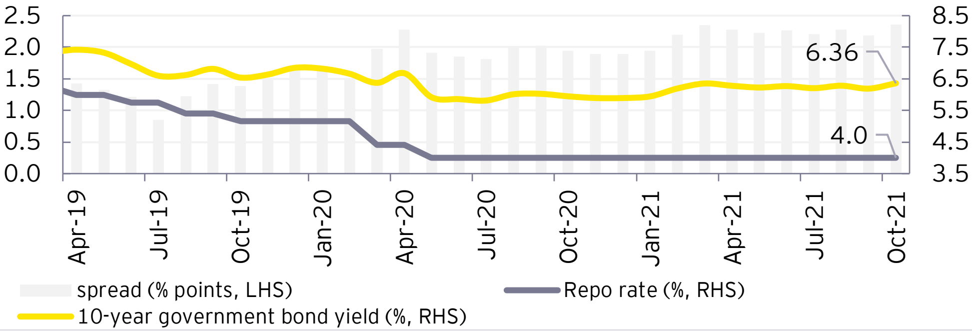
6. Money and finance: bank credit grew at a stable pace of 6.7% in September 2021

A. Monetary sector

Monetary policy

- In the October 2021 monetary policy review, the RBI's Monetary Policy Committee (MPC) unanimously voted to retain the repo rate at 4.0% **(Chart 10)**.
- As per the RBI's October 2021 Monetary Policy Report, even while the economic activity in India is gradually normalizing, the growth prospects may continue to face uncertainties owing to the future path of COVID. In the near term, the accelerated progress in the pace of vaccination, release of pent-up demand led by festive season, boost to investment activity from the government's focus on infrastructure and asset monetization, and accommodative monetary and liquidity conditions are likely to support the growth momentum.
- In RBI's assessment, the CPI inflation trajectory is expected to be driven by supply-side factors. However, a faster resolution of global as well as domestic supply chain disruptions, softer international crude oil and food prices, calibrated reduction of the indirect taxes on petrol and diesel, robust food grains production and effective supply management may ease the pressure on inflation.

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



Growth in bank credit continued to remain subdued, averaging 6.5% during 2QFY22, although improving from 5.8% in 1QFY22.

Source: Database on Indian Economy, RBI

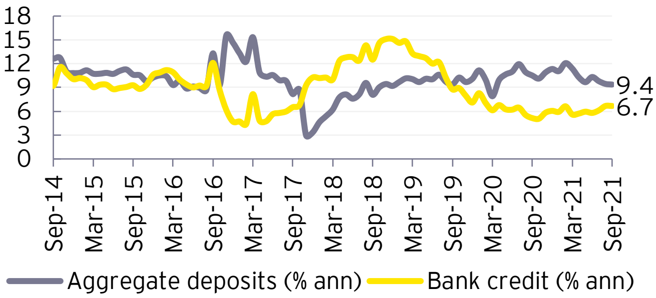
Money stock

- Growth in broad money stock (M3) improved marginally to 9.7% in October 2021 from 9.3% in September 2021. This was due to a higher growth in narrow money (M1) and slight improvement in the growth of time deposits.
- Growth in M1 increased to 12.8% in October 2021 from 11.4% in September 2021 due to a sharp increase in the growth of demand deposits to 20.7% in October 2021 from 15.4% in September 2021. However, growth of currency with the public fell for the fourth successive month to a four-year low of 7.9% in October 2021.
- Time deposits, accounting for about 76% of M3 on average (last three years), continued to grow at a modest pace of 8.7% in October 2021, increasing marginally from 8.6% in September 2021.

Aggregate credit and deposits

- Growth in outstanding bank credit by scheduled commercial banks (SCBs) remained low but stable at 6.7% in August and September 2021 (**Chart 11**). Credit growth averaged 6.5% during 2QFY22, improving from 5.8% in 1QFY22.
- Non-food credit growth moderated to 5.7% in September 2021 from 6.6% in August 2021 due to a contraction in credit to services sector and a fall in the growth of credit to agricultural sector.

Chart 11: Growth in credit and deposits



Source: Database on Indian Economy, RBI

- Sectoral deployment of bank credit[19] showed that growth in credit to services sector, after having remained subdued at 1.8% on average during March to August 2021, contracted for the first time in its history by (-)0.2% in September 2021.
- Growth in credit to agricultural sector fell to a seven-month low of 10.6% in September 2021.
- Personal loans accounting for about 30% of total non-food credit, grew by 13.5% in September 2021, close to its growth of 13.6% in August 2021.
- Growth in outstanding credit to industries at 2.0% in September 2021 was the highest since June 2020. This also indicates an improvement over a growth of 1.5% in August 2021. Within the industrial sector, growth in credit to infrastructure increased to a 22-month high of 7.0% in September 2021. However, credit to iron and steel and cement continued to show a double-digit contraction of (-)23.3% and (-)18.7% for the seventh successive month in September 2021.
- Growth in aggregate bank deposits fell marginally to 9.4% in September 2021 from 9.5% in August 2021. Deposit growth averaged 9.5% during 2QFY22, lower than 10.1% in 1QFY22.

B. Financial sector

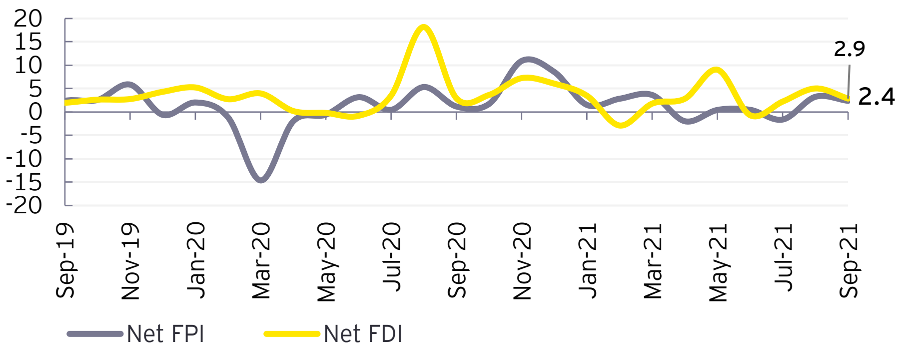
Interest rates

- As per the data released by the RBI on 5 November 2021, the average interest rate on term deposits with a maturity of more than one year was left unchanged for 13 consecutive months at 5.20% in October 2021, with the actual rate ranging from 4.90% to 5.50%.
- The MCLR averaged 6.76% (with the actual rate ranging between 6.52% and 7.00%) in October 2021, marginally lower than 6.78% in September 2021.
- The average yield on 10-year government bonds increased by 17 basis points to an 18-month high of 6.36% in October 2021 **(Chart 10)**. This surge in benchmark bond yields may be attributable to the persistent surge in global crude and commodity prices and its implications on India's key macroeconomic parameters.
- WALR on fresh rupee loans by SCBs fell to 7.9% in September 2021 from 8.05% in August 2021. In 1HFY22, the WALR on fresh rupee loans averaged lower at 7.92% as compared to 8.38% in 1HFY21.

FDI and FPI

- As per the provisional data released by the RBI on 15 November 2021, overall foreign investment[20] (FI) inflows were lower at US$5.3 billion in September 2021 as compared to US$8.3 billion in August 2021. In 2QFY22, overall FI inflows increased to US$14.2 billion from US$10.1 billion in 1QFY22.

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



Source: Database on Indian Economy, RBI

In 2QFY22, net FDI inflows were lower at US$10.2 billion as compared to US$11.2 billion in 1QFY22. Meanwhile, net FPI inflows were at US$4.0 billion in 2QFY22 as compared to net outflows amounting to US$(-)1.1 billion in 1QFY22.

- Net FDI inflows fell to US$2.9 billion in September 2021 from US$5.0 billion in August 2021 **(Chart 12)**. Gross FDI inflows were also lower at US$6.5 billion in September 2021 as compared to US$8.4 billion in August 2021.
- Net FPI inflows at US$2.4 billion in September 2021 were lower than US$3.3 billion in August 2021.

[19] As per RBI, data on sectoral deployment of bank credit collected from select 33 scheduled commercial banks accounts for about 90% of the total non-food credit deployed by all scheduled commercial banks
[20] Foreign Investment (FI) = net FDI plus net FPI

7. Trade and CAB: merchandise trade deficit remained elevated at US$19.7 billion in October 2021

A. CAB: current account posted a surplus of 0.9% of GDP in 1QFY22

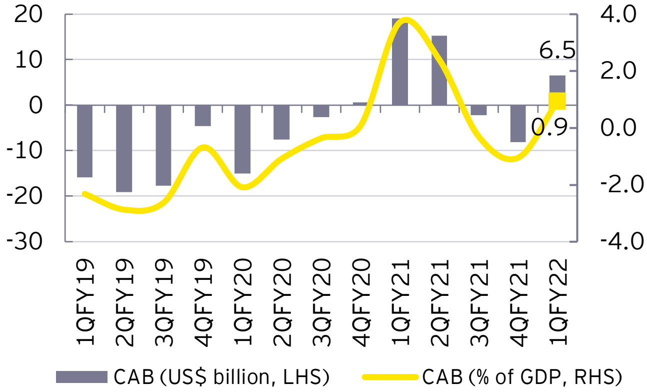
Current account recorded a surplus at 0.9% of GDP in 1QFY22 as compared to a deficit of (-)1.0% of GDP in 4QFY21 **(Chart 13, Table 8).** Net merchandise trade deficit improved to (-)4.4% of GDP in 1QFY22 from (-)5.4% of GDP in 4QFY21 as merchandise exports increased to a 26-quarter high of 14.0% of GDP in 1QFY22 reflecting revival in external demand. Merchandise imports rose to 18.5% of GDP in 1QFY22 from 17.1% of GDP in 4QFY21. Net service receipts and net transfer receipts relative to GDP increased to 3.7% and 2.7% respectively in 1QFY22 from 3.0% and 2.4% respectively in 4QFY21.

Table 8: Components of CAB in US$ billion

Fiscal year	CAB as % of nominal GDP	CAB	Goods account net	Invisibles* net
FY18	-48.7	-1.8	-160.0	111.3
FY19	-57.3	-2.1	-180.3	123.0
FY20	-24.7	-0.8	-157.5	132.8
FY21	32.1	0.9	-60.4	92.5
2QFY21	2.4	15.3	-14.8	30.1
3QFY21	-0.3	-2.2	-34.6	32.4
4QFY21	-1.0	-8.2	-41.7	33.6
1QFY22	0.9	6.5	-30.7	37.2

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

Chart 13: CAB



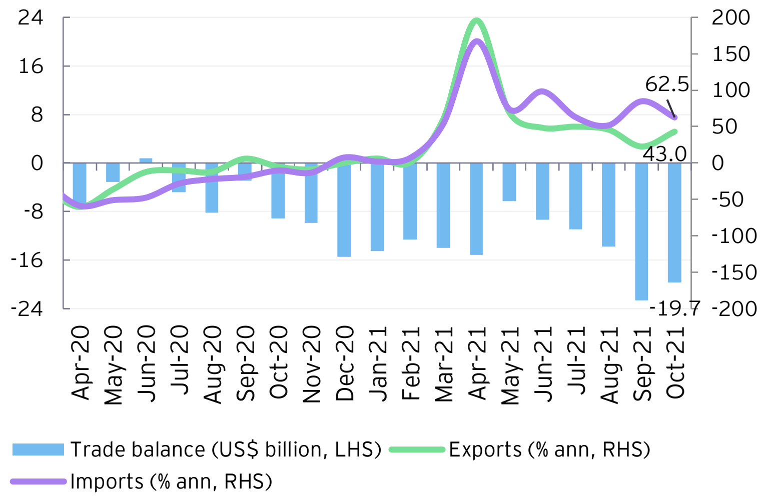
Source: Database on Indian Economy, RBI

B. Merchandise trade and exchange rate

Merchandise exports and imports growth remained high at 43.0% and 62.5% respectively in October 2021 as compared to 22.6% and 84.8% respectively in September 2021 led by high global crude prices.

- Merchandise exports and imports growth (y-o-y) was elevated at 43.0% and 62.5% respectively in October 2021 **(Chart 14)**. Compared to October 2019 levels, exports grew by 35.9% in October 2021, reflecting sustained robust external demand. Imports were 45.8% higher than their October 2019 levels.
- On a y-o-y basis, exports growth of oil was at an 11-year high of 240.2% in October 2021. Growth in engineering goods, organic and inorganic chemicals and gems and jewelry exports surged to 50.9%, 41.9% and 44.2% respectively in October 2021 from 36.8%, 29.7% and 19.7% respectively in September 2021.
- Imports of oil and gold remained high at 140.5% and 104.2% respectively in October 2021. Coal imports surged by 118.9% in October 2021, an 11-year high, reflecting the sharp rise in the global price of coal. Imports of electronic goods and organic and inorganic chemicals remained elevated at 23.1% and 67.9% respectively in October 2021.
- Y-o-y growth in imports and exports excluding oil, gold and jewelry increased to 43.3% and 27.7% respectively in October 2021 from 42.1% and 18.8% respectively in September 2021.
- The rupee depreciated to INR74.6 per US$ (average) in October 2021 from INR73.6 per US$ (average) in September 2021.

Chart 14: Developments in merchandise trade



Source: Ministry of Commerce and Industry, GoI

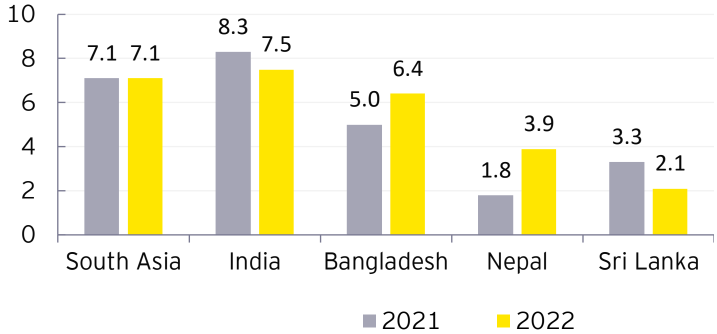
8. Global growth: World Bank projected South Asia to grow by 7.1% in 2021

A. Growth outlook for South Asian region

The World Bank has projected South Asia to grow by 7.1% in 2021 with India's growth forecasted at 8.3% in FY22.

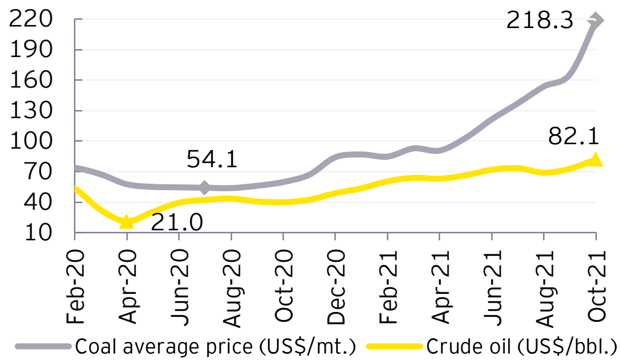
- The South Asia Economic Focus (World Bank, October 2021) has projected the South Asian region to grow by 7.1% in both 2021 and 2022 **(Chart 15).** The strong growth in 2021 is driven, in part, by a very low base in 2020. The average annual growth in the four years from 2020 to 2023 is expected to be 3.4%, which is 3% points below the average growth during the four years preceding the pandemic.
- Among selected major economies in the region, India's growth projected at 8.3% in 2021 and 7.5% in 2022 is the highest. Growth is expected to be driven by an increase in public investment supporting domestic demand and production-linked incentive schemes boosting manufacturing.
- In Bangladesh, GDP growth is projected at 5.0% in 2021 supported by strong exports of readymade garments and a steady recovery in private consumption as labor income recovers and remittance inflows remains robust. Growth is expected to pick up further to 6.4% in 2022 as exports and consumption continue to recover.
- In Nepal, growth is projected at 1.8% in 2021 as localized lockdowns in April 2021 stalled the recovery. As domestic vaccination picks up and tourism recovers, growth is expected to improve to 3.9% in 2022.
- Sri Lanka is projected to grow by 3.3% in 2021, slowing to 2.1% in 2022. The government's ability to implement policies to support recovery are limited by sovereign rating downgrades. High debt burden, large gross financing needs, and weak external buffers cast shadows on Sri Lanka's growth outlook.

Chart 15: Growth projections (%)



Source: South Asia Economic Focus, World Bank
Note: Growth forecasts are for respective fiscal years of the countries. India's fiscal year is from April to March; Sri Lanka's fiscal year is from January to December; Bangladesh's fiscal year runs from July to June and Nepal's fiscal year is from mid-July to mid-July.

Chart 16: Global crude and coal prices



Source (basic data): World Bank, Pink Sheet, November 2021

B. Global energy prices: global crude price increased to a seven-year high of US$82.1/bbl. in October 2021

- Average global crude price[21] increased to US$82.1/bbl. in October 2021, its highest level since October 2014 **(Chart 16)**. Prices have increased on account of production disruptions[22]. At the same time, demand for crude oil has been recovering at a fast pace. As per the World Bank, global crude price is projected to average US$70/bbl. in 2021, increasing to US$74/bbl. in 2022.
- Average global coal price[23] at US$218.3/mt. in October 2021 increased to an all-time as per the World Bank's commodity price series beginning January 1960. This is attributable to a sharp increase in demand, particularly in China and constrained supply exacerbated by adverse weather events[20]. As per the World Bank, coal prices are expected to remain at high levels through the start of 2022 but then decline as supply constraints ease and production increases.

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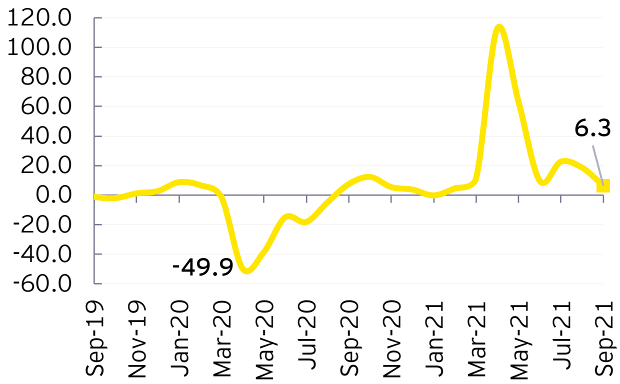
[21] Simple average of three spot prices, namely, Dated Brent, West Texas Intermediate and Dubai Fateh
[22] Commodity Markets Outlook, World Bank, October 2021
[23] Simple average of Australian and South African coal prices

9. Index of Aggregate Demand (IAD): grew at a relatively slower pace of 6.3% in September 2021

Fall in services sector demand led to a moderation in the growth of IAD to 6.3% in September 2021

- EY has developed an IAD to reflect the monthly combined demand conditions in the agriculture, manufacturing and services sectors. It considers the movements in PMI for manufacturing and services, both measured in non-seasonally adjusted terms, tracing the demand conditions in these sectors. Demand conditions in the agricultural sector have been captured by movements in monthly agricultural credit off-take.
- Growth in IAD moderated sharply to 6.3% in September 2021 from 18.5% in August 2021 **(Chart 17)**.
- This was led by a moderation in demand conditions in the services and agricultural sectors. While PMI services fell sharply in September 2021, agricultural credit offtake witnessed a moderation in growth.
- This was however, partly offset by a significant improvement in the demand conditions in the manufacturing sector in September 2021 **(Table 9)**.

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



Source (Basic data): IHS Markit PMI, RBI and EY estimates

Table 9: IAD

Month	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
IAD	137.8	144.3	140.7	135.2	126.5	118.3	130.2	140.5	141.8
Growth (% y-o-y)	-0.2	4.6	11.5	112.9	63.1	9.6	22.7	18.5	6.3
Growth in agr. credit	9.9	10.2	12.3	12.2	12.1	11.4	12.7	11.7	10.6
Mfg. PMI**	7.8	8.0	5.5	5.0	-0.9	-3.5	5.5	2.3	6.0
Ser. PMI**	2.3	8.6	5.6	0.6	-4.1	-10.7	-5.9	7.4	5.5

**Values here indicate deviation from the benchmark value of 50. A positive value indicates expansion in demand while a negative value implies contraction in demand; PMI for Mfg. and Serv. are non-seasonally adjusted.

Source (basic data): IHS Markit PMI, RBI and EY estimates

10. Capturing macro-fiscal trends: data appendix

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

Fiscal year/ quarter/ month	IIP	Mining	Manufacturing	Electricity	Core IIP	Fiscal year/ quarter /month	PMI mfg.	PMI ser.
	% change y-o-y							
FY18	4.4	2.3	4.7	5.3	4.3	FY18	51.5	50.0
FY19	3.8	2.8	3.8	5.2	4.4	FY19	52.8	52.2
FY20	-0.8	1.6	-1.4	0.9	0.4	FY20	52.3	51.9
FY21	-8.6	-7.8	-9.8	-0.5	-7.0	FY21	50.2	41.7
3QFY21	1.7	-3.2	1.8	6.7	-0.4	3QFY21	57.2	53.4
4QFY21	6.0	-0.1	6.8	9.2	3.5	4QFY21	56.9	54.2
1QFY22	44.3	27.5	52.9	16.8	26.0	1QFY22	51.5	47.2
2QFY22	8.7	17.1	7.5	9.3	8.6	2QFY22	53.8	52.4
Jun-21	13.6	23.1	13.0	8.3	9.4	Jul-21	55.3	45.4
Jul-21	11.5	19.5	10.5	11.1	9.9	Aug-21	52.3	56.7
Aug-21	11.9	23.6	9.7	16.0	11.5	Sep-21	53.7	55.2
Sep-21	3.1	8.6	2.7	0.9	4.4	Oct-21	55.9	58.4

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

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

Fiscal year/ quarter/ month	CPI	Food Price Index	Fuel and light	Core CPI	WPI	Food Price Index	Mfg. products	Fuel and power	Core WPI
	% change y-o-y				% change y-o-y				
FY18	3.6	1.8	6.2	4.6	2.9	1.9	2.7	8.2	3.0
FY19	3.4	0.1	5.7	5.5	4.3	0.6	3.7	11.5	4.2
FY20	4.8	6.7	1.3	3.8	1.7	6.9	0.3	-1.8	-0.4
FY21	6.2	7.7	2.7	5.5	1.3	3.9	2.7	-8.0	2.2
3QFY21	6.4	7.9	2.2	5.7	1.9	4.0	3.3	-8.1	3.0
4QFY21	4.9	3.5	3.9	5.9	5.1	2.9	6.5	2.5	6.3
1QFY22	5.6	4.0	10.8	6.1	12.0	7.5	10.5	28.8	9.9
2QFY22	5.1	2.6	13.0	6.0	11.2	3.0	11.4	26.0	11.2
Jul-21	5.6	4.0	12.4	6.0	11.6	4.5	11.5	27.0	11.1
Aug-21	5.3	3.1	12.9	6.0	11.6	3.8	11.6	28.2	11.3
Sep-21	4.3	0.7	13.6	6.0	10.7	1.1	11.4	24.8	11.2
Oct-21	4.5	0.8	14.3	6.1	12.5	3.1	12.0	37.2	11.9

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

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

Fiscal year/month	Gross tax revenue	Corporate tax	Income tax	Direct taxes*	Indirect taxes**	Fiscal deficit % of GDP	Revenue deficit % of GDP
FY 18 (CGA)	11.8	17.8	19.9	18.6	6.1	3.5	2.6
FY 19 (CGA)	8.4	16.2	13.1	14.9	3.0	3.4	2.4
FY20 (CGA)	-3.4	-16.1	4.0	-7.8	1.7	4.6	3.3
FY21 (CGA)	0.7	-17.9	-2.3	-10.7	12.7	9.2	7.4
FY 22 (BE over FY 21 RE)	16.7	22.6	22.2	22.4	11.4	6.8	5.1
Cumulated growth (%, y-o-y)						% of budgeted target	
Feb-21	-0.7	-16.2	-4.2	-10.4	7.8	76.0#	71.6#
Mar-21	0.7	-17.9	-2.3	-10.7	12.7	98.5#	99.9#
Apr-21	151.8	65.9	76.7	72.2	325.5	5.2	2.8
May-21	147.9	155.9	111.0	125.5	164.0	8.2	5.7
Jun-21	97.1	128.2	97.5	111.8	85.2	18.2	14.9
Jul-21	83.1	171.5	76.7	111.8	64.8	21.3	18.1
Aug-21	70.5	159.7	69.3	101.4	52.1	31.1	27.3
Sep-21	64.2	105.1	64.7	83.9	48.1	35.0	27.7

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents
* Includes corporation tax and income tax
** Includes customs duty, excise duty, service tax, CGST, UTGST, IGST and GST compensation cess.
#: as % of revised targets for FY21, fiscal and revenue deficits until November 2020 are as % of FY21 budget targets.

Fiscal year/month	CGST	UTGST	IGST	GST compensation cess	Total GST (Center)
	INR crore				
FY 2021 (RE)	4,31,000	-	-	84,100	5,15,100
FY 2022 (BE)	5,30,000	-	-	1,00,000	6,30,000
Monthly tax collection (INR crore)					
Feb-21	66,641	410	-37,308	9,349	39,092
Mar-21	56,818	322	-10,358	8,431	55,213
Apr-21	55,458	161	4,787	9,187	69,593
May-21	28,292	164	15,341	8,886	52,683
Jun-21	33,696	170	6,377	6,565	46,808
Jul-21	47,901	254	-3,733	7,530	51,952
Aug-21	53,326	289	-16,195	8,474	45,894
Sep-21	47,379	222	-634	8,489	55,456

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents
Note: IGST revenues are subject to final settlement.

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

Fiscal year/ month	Repo rate (end of period)	Fiscal year/ quarter/ month	Bank credit	Agg. deposits	Net FDI	Net FPI	Fiscal year/ quarter/ month	M1	M3	10-year govt. bond yield	FX reserves
	%		% change y-o-y		US$ billion			% change y-o-y		%	US$ billion
Dec-20	4.00	FY18	7.5	7.5	30.3	22.1	FY18	21.8	9.2	7.05	424.4
Jan-21	4.00	FY19	13.7	8.9	30.7	-0.6	FY19	13.6	10.5	7.68	411.9
Feb-21	4.00	FY20	9.4	9.9	43.0	1.4	FY20	11.2	8.9	6.80	475.6
Mar-21	4.00	FY21	5.9	11.0	43.2	36.8	FY21	16.1	11.7	6.04	579.3
Apr-21	4.00	3QFY21	5.6	10.8	17.0	21.2	3QFY21	19.6	12.4	5.91	542.0
May-21	4.00	4QFY21	6.0	11.5	2.4	8.0	4QFY21	16.2	12.2	6.16	580.8
Jun-21	4.00	1QFY22	5.8	10.1	11.2	-1.1	1QFY22	15.4	10.7	6.26	579.3
Jul-21	4.00	2QFY22	6.5	9.5	10.2	4.0	2QFY22	11.4	9.3	6.23	638.6
Aug-21	4.00	Jun-21	5.8	10.3	-0.7	0.5	Jul-21	13.8	9.9	6.21	620.6
Sep-21	4.00	Jul-21	6.1	9.8	2.2	-1.6	Aug-21	12.1	9.5	6.28	633.6
Oct-21	4.00	Aug-21	6.7	9.5	5.0	3.3	Sep-21	11.4	9.3	6.19	638.6
Nov-21	4.00	Sep-21	6.7	9.4	2.9	2.4	Oct-21	12.8	9.7	6.36	642.0

Source: Database on Indian Economy - RBI

Table A5: External trade and global growth

External trade indicators (annual, quarterly and monthly growth rates)							Global growth (annual)			
Fiscal year/ quarter/ month	Exports	Imports	Trade balance	Ex. rate (avg.)	Crude prices (avg.)	Coal prices (avg.)	Calendar year	World GDP	Adv. econ.	Emer. econ.
	% change y-o-y		US$ billion	INR/US$	US$/bbl.	US$/mt		% change y-o-y		
FY18	10.6	20.9	-159.0	64.5	55.7	90.8	2011	4.3	1.8	6.4
FY19	8.6	10.6	-182.3	69.9	67.3	100.4	2012	3.5	1.2	5.4
FY20	-5.1	-8.2	-157.4	70.9	58.5	70.4	2013	3.5	1.4	5.1
FY21	-7.3	-17.4	-98.6	74.2	43.8	67.2	2014	3.5	2.1	4.7
3QFY21	-4.5	-5.6	-34.0	73.8	43.6	70.2	2015	3.4	2.4	4.3
4QFY21	19.6	18.4	-41.1	72.9	59.3	88.1	2016	3.3	1.8	4.5
1QFY22	85.9	108.7	-30.8	73.8	67.1	105.1	2017	3.8	2.5	4.8
2QFY22	38.5	66.5	-47.4	74.1	71.7	152.3	2018	3.5	2.2	4.5
Jul-21	49.8	63.0	-11.0	74.5	73.3	137.2	2019	2.8	1.6	3.7
Aug-21	45.8	51.7	-13.8	74.2	68.9	153.8	2020	-3.1	-4.5	-2.1
Sep-21	22.6	84.8	-22.6	73.6	72.8	165.9	2021*	5.9	5.2	6.4
Oct-21	43.0	62.5	-19.7	74.9	82.1	218.3	2022*	4.9	4.5	5.1

Source: Database on Indian Economy - RBI, Pink Sheet - World Bank and IMF World Economic Outlook October 2021.
* forecasts for 2021 and 2022.

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

Fiscal year/quarter	Output: major sectors									IPD inflation
	GVA	Agr.	Ming.	Mfg.	Elec.	Cons.	Trans.	Fin.	Publ.	GVA
FY18 (3rd RE)	6.2	6.6	-5.6	7.5	10.6	5.2	10.3	1.8	8.3	4.5
FY19 (2nd RE)	5.9	2.6	0.3	5.3	8.0	6.3	7.1	7.2	7.4	4.5
FY20 (1st RE) $	4.1	4.3	-2.5	-2.4	2.1	1.0	6.4	7.3	8.3	3.3
FY21(PE)#	-6.2	3.6	-8.5	-7.2	1.9	-8.6	-18.2	-1.5	-4.6	3.4
1QFY20	5.0	3.3	-1.3	0.6	6.9	3.7	6.2	8.8	5.6	4.6
2QFY20	4.6	3.5	-5.2	-3.0	1.7	1.0	6.8	8.9	8.8	2.0
3QFY20	3.4	3.4	-3.5	-2.9	-3.1	-1.3	7.0	5.5	8.9	3.4
4QFY20	3.7	6.8	-0.9	-4.2	2.6	0.7	5.7	4.9	9.6	3.2
1QFY21	-22.4	3.5	-17.2	-36.0	-9.9	-49.5	-48.1	-5.0	-10.2	2.8
2QFY21	-7.3	3.0	-6.5	-1.5	2.3	-7.2	-16.1	-9.1	-9.2	2.2
3QFY21	1.0	4.5	-4.4	1.7	7.3	6.5	-7.9	6.7	-2.2	3.2
4QFY21	3.7	3.1	-5.7	6.9	9.1	14.5	-2.3	5.4	2.3	4.9
1QFY22	18.8	4.5	18.6	49.6	14.3	68.3	34.3	3.7	5.8	6.5

Source: National Accounts Statistics, MoSPI
$ Growth numbers for FY20 are based on the first revised estimates (RE) of NAS released by the MoSPI on 29 January 2021 over the second RE of NAS for FY19, #FY21 growth numbers are based on the provisional estimates released by MoSPI on 31 May 2021 over the second revised estimates for FY20 released on 26 February 2021.

Fiscal year/quarter	Expenditure components						IPD inflation
	GDP	PFCE	GFCE	GFCF	EX	IM	GDP
FY18 (3rd RE)	6.8	6.2	11.9	7.8	4.6	17.4	4.0
FY19 (2nd RE)	6.5	7.6	6.3	9.9	12.3	8.6	3.7
FY20 (1st RE) $	4.0	5.5	7.9	5.4	-3.3	-0.8	3.6
FY21(PE)#	-7.3	-9.1	2.9	-10.8	-4.7	-13.6	4.6
1QFY20	5.4	7.6	1.8	13.3	3.0	9.4	4.0
2QFY20	4.6	6.5	9.6	3.9	-1.3	-1.7	1.6
3QFY20	3.3	6.4	8.9	2.4	-5.4	-7.5	3.1
4QFY20	3.0	2.0	12.1	2.5	-8.8	-2.7	5.6
1QFY21	-24.4	-26.2	12.7	-46.6	-21.8	-40.9	2.8
2QFY21	-7.4	-11.2	-23.5	-8.6	-2.0	-17.9	3.3
3QFY21	0.5	-2.8	-1.0	2.6	-3.5	-5.0	4.8
4QFY21	1.6	2.7	28.3	10.9	8.8	12.3	7.0
1QFY22	20.1	19.3	-4.8	55.3	39.1	60.2	9.7

Source: National Accounts Statistics, MoSPI
$ Growth numbers for FY20 are based on the first revised estimates (RE) of NAS released by the MoSPI on 29 January 2021 over the second RE of NAS for FY19, #FY21 growth numbers are based on the provisional estimates released by MoSPI on 31 May 2021 over the second revised estimates for FY20 released on 26 February 2021

List of abbreviations

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

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

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