Economy Watch

Monitoring India's
macro-fiscal performance

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EY
Building a better
working world

Contents

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Highlights

1. In April 2023, PMI manufacturing increased to a four-month high of 57.2. PMI services at 62 was at its highest level since June 2010.

2. Led by a sharp moderation in the growth of manufacturing output and a contraction in electricity output, IIP growth moderated to a five-month low of 1.1% in March 2023.

3. CPI inflation moderated to 4.7% in April 2023 from 5.7% in March 2023 led by lower food and fuel prices.

4. WPI inflation turned negative for the first time in 33 months at (-)0.9% in April 2023, led by broad-based decline in inflation across categories, and aided by a favorable base effect.

5. Central government's gross tax revenues (GTR) grew by 12% during April-February FY23. On a quarterly basis, growth in GoI's GTR eased to 4.5% in 3QFY23.

6. During April-February FY23, GoI's total expenditure stood at 83.4% of the FY23 RE. On a quarterly basis, GoI's total expenditure showed a growth of 11.1% in 3QFY23.

7. During the first three quarters of FY23, GoI's fiscal and revenue deficits as a proportion of GDP stood at 5% and 2.8%, respectively.

8. Bank credit showed a strong growth of 15.0% in March 2023, although moderating marginally from 15.5% in February 2023.

9. Merchandise exports and imports contracted by (-)12.7% and (-)14.1% respectively in April 2023 as compared to (-)13.9% and (-)7.9% in March 2023 reflecting global demand slowdown.

10. On account of a relatively faster pace of contraction in imports vis-à-vis exports, merchandise trade deficit narrowed to its lowest level since August 2021 to US$(-)15.2 billion in April 2023.

11. Net FDI inflows fell to a four-month low of US$0.4 billion in March 2023 from US$1.9 billion in February 2023.

12. Average global crude price increased from a 15-month low of US$76.5/bbl. in March 2023 to US$82.5/bbl. in April 2023 following the announcement of a supply cut by the OPEC+ countries.

13. The ADB has projected growth in developing Asia at 4.8% in 2023, with India's FY24 growth forecasted at 6.4%.

Foreword

India's FY24 growth prospects: overcoming global headwinds, riding on domestic tailwinds

Available quarterly real GDP data for FY23 indicates that a trough was reached at 4.4% in 3QFY23. In 4QFY23, a clear upward trend is visible, with an implicit growth of 5.1%. High frequency indicators show that this upward trend may be strengthened in 1QFY24. Manufacturing PMI expanded for the 22nd consecutive month in April 2023, with its level increasing to a four-month high of 57.2. PMI services also increased from 57.8 in March 2023 to 62.0 in April 2023, its highest level since June 2010. Bank credit continued to grow at a strong pace of 15% in March 2023, close to its level of 15.5% in February 2023. On account of a relatively faster pace of contraction in imports vis-à-vis exports, the merchandise trade deficit narrowed to its lowest level since August 2021 to US$(-)15.2 billion in April 2023. As per data given by the Ministry of Finance, gross GST revenues at INR1.87 lakh crore in April 2023 posted the highest ever level of monthly collections since the inception of GST in July 2017.

With respect to India's FY24 growth prospects, there is some divergence in IMF's assessment vis-à-vis RBI's projections. While the IMF projects it at 5.9%, the RBI, based on its Monetary Policy Committttee's (MPC) forecast, asserts a growth projection of 6.5%. We may note that real GDP growth in 1HFY23 was 9.6% which reflected a strong base effect, whereas that in 2HFY23 was at 4.8%[1]. By 2HFY23, the Indian economy appears to have normalized after COVID-19's deleterious impact. However, downside risks to growth may emanate from the ongoing headwinds on account of the continuing geopolitical conflict and related supply side disruptions. Within the domestic economy, the key risk factor is the onset of the El Nino, which might adversely affect India's agricultural sector, which has had a longish stretch of robust growth over the last four years. The RBI (State of the Economy, monthly bulletin for April 2023)[2] has noted that the IMF is likely to be pleasantly surprised with the Indian economy clocking a growth of 6.5% in FY24. The ADB, in its April 2023 issue of the Asian Development Outlook, has projected India's FY24 growth close to this at 6.4%. The RBI considers that the Indian Ocean Dipole effect is likely to neutralize the El Nino impact on agriculture while India's industrial sector and exports, both of merchandise and services, show healthy growth. The net impact of the global headwinds and domestic tailwinds would possibly result in a growth higher than 6%. Alongside, there is another positive news pertaining to the fall in the CPI inflation rate to 4.7% in April 2023. WPI inflation also turned negative for the first time in 33 months at (-)0.9% in April 2023, led by broad-based decline in inflation across categories. With the RBI remaining convinced with India's healthy growth prospects and initiation of containment of inflationary pressures, it is likely that the MPC may not change the repo rate in its forthcoming meeting in the first week of June 2023 in spite of the fact that the US Fed has increased the Federal Funds rate in May 2023. The US Fed increased the policy rate for the tenth successive time by 25 basis points, taking the target range to 5-5.25%. It has also indicated that the current tightening cycle may have come to an end for the time being. However, the Fed remains committed to achieving the longer term target of bringing inflation down to 2% while maximizing employment.

One constraining factor for the Indian economy 1QFY24 onwards may be the implementation of the production cut in crude oil announced by the OPEC+ countries effective May 2023 onwards. It is expected that the adjustment in supply of crude from these countries would amount to about 1.66 million barrels per day[3]. Alongside, Indian imports of crude from Russia are also facing a challenge due to imbalances in India's trade with Russia where the value of Indian imports from Russia exceeds that of exports to Russia by a wide margin. This has led to a payments crisis as Russia claims to have accumulated a significant amount of balances in the form of rupees in Indian banks, which it would not be able to spend unless Indian exports to Russia increase[4]. At the same time, with prospects of global GDP growth remaining tepid, there may be a demand slowdown for global crude, neutralizing the supply side pressure on crude prices.

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1 Based on the second advance estimates for FY23 released by NSO on 28 February 2023.

2 https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=21730

3 https://www.opec.org/opec_web/en/press_room/7120.htm

4 https://eurasiantimes.com/india-russia-ties-nose-dive-after-suspending-s-400-shipments/

1. Growth: PMI services increased to a near 13-year high in April 2023

A. PMI: growth in private sector activity increased to a near 13-year high in April 2023

▶ Headline manufacturing PMI (seasonally adjusted (sa)) increased to 57.2 in April 2023, its highest level since December 2022. With this, manufacturing PMI has remained above the threshold of 50 for the 22nd consecutive month, indicating a sustained expansion **(Chart 1)**. The robust performance of the manufacturing sector in April 2023 was driven by relatively mild price pressures, better international sales, and improving supply chain conditions.

▶ PMI services increased from 57.8 in March 2023 to 62.0 in April 2023, its highest level since June 2010. Among the four sub-sectors, growth was led by finance and insurance, which showed the maximum increase in new orders and output.

▶ Reflecting a strong growth in private sector activity, the composite PMI Output Index (sa) increased from 58.4 in March 2023 to 61.6 in April 2023, its highest level since July 2010.

Chart 1: PMI and IIP growth
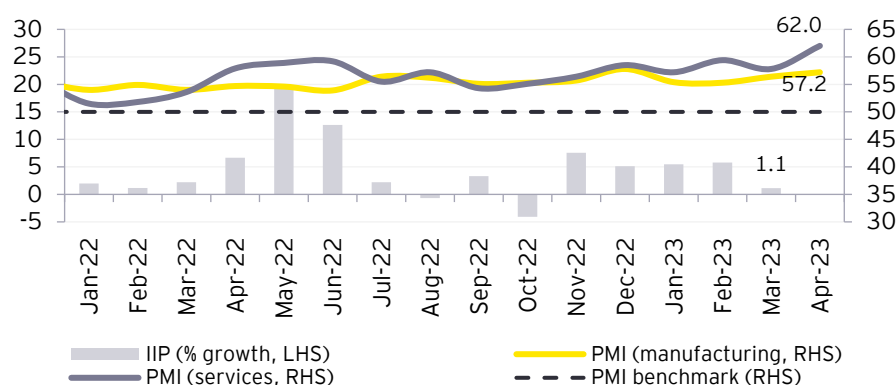
Source: MoSPI and S&P Global.

In April 2023, PMI manufacturing increased to a four-month high of 57.2. PMI services at 62 was at its highest level since June 2010.

B. IIP: growth moderated sharply to 1.1% in March 2023

▶ According to the quick estimates, IIP grew by 1.1% in March 2023, its lowest level since October 2022, falling from 5.8% (revised) in February 2023 **(Chart 1)**. In FY23, IIP showed a normalizing growth of 5.1%.

▶ Among the sub-industries, manufacturing output, with a share of 77.6% in the overall IIP, showed a low growth of 0.5% in March 2023 as compared to 5.6% in February 2023.

▶ Within manufacturing, some key industries which showed a y-o-y contraction in March 2023 include wearing apparel ((-)30.7%), computer, electronic and optical products((-)28.7%), textiles ((-)7.4%), food products ((-)5.8%), pharmaceutical products ((-)2.5%) and other non-metallic mineral products ((-)1.7%).

Led by a sharp moderation in the growth of manufacturing output and a contraction in electricity output, IIP growth moderated to a five-month low of 1.1% in March 2023.

▶ Among other major sub-industries, output of electricity contracted by (-)1.6% in March 2023 as compared to a growth of 8.2% in February 2023. Mining sector, on the other hand, showed a higher growth of 6.8% in March 2023 as compared to 4.8% in February 2023.

▶ As per the 'use-based' classification of industries, output of consumer durables contracted by (-)8.4% in March 2023, its fourth successive contraction since December 2022. Further, output of consumer non-durables also declined by (-)3.1% in March 2023 as compared to a growth of 12.1% in February 2023. Growth in capital goods and infrastructure/construction slowed to 8.1% and 5.4% respectively in March 2023 from 10.5% and 8.4% in February 2023.

▶ According to provisional estimates, growth in the output of eight core infrastructure industries (core IIP) fell to 3.6% in March 2023 from 7.2% (revised) in February 2023. This moderation was due to relatively lower growth in the output of steel (8.8%), natural gas (2.8%) and petroleum refinery products (1.5%) accompanied by a contraction in the output of cement ((-)0.8%), electricity ((-)1.8%), and crude oil ((-)2.8%).

2. Inflation: CPI inflation eased to an 18-month low of 4.7% in April 2023

CPI inflation moderated to 4.7% in April 2023 from 5.7% in March 2023 led by lower food and fuel prices (Chart 2).

► Driven primarily by base effects, consumer food inflation eased to 3.8% in April 2023 from 4.8% in March 2023. Prices of fruits and cereals and products eased to 2.1% and 13.7% respectively in April 2023 from their levels of 7.6% and 15.3% in March 2023.

► Prices of oil and fats witnessed a double-digit contraction of (-)12.3% in April 2023 as compared to (-)7.9% in March 2023. Vegetable prices continued to contract, although by a lower magnitude of (-)6.5% in April 2023 as compared to (-)8.4% in the previous month.

► Fuel and light-based inflation eased to a 25-month low of 5.5% in April 2023 as kerosene (PDS) prices contracted for the first time in 23 months by (-)12.9%.

► Transportation and communication services inflation fell to a 41-month low of 1.2% in April 2023 as inflation in petrol used for transportation turned negative at (-)8.2% mainly due to a favorable base effect.

► Core CPI inflation[5] eased to 5.2% in April 2023 from 5.9% in March 2023, staying below 6% for the second successive month.

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

Source: MoSPI, Office of the Economic Adviser, Government of India (GoI)
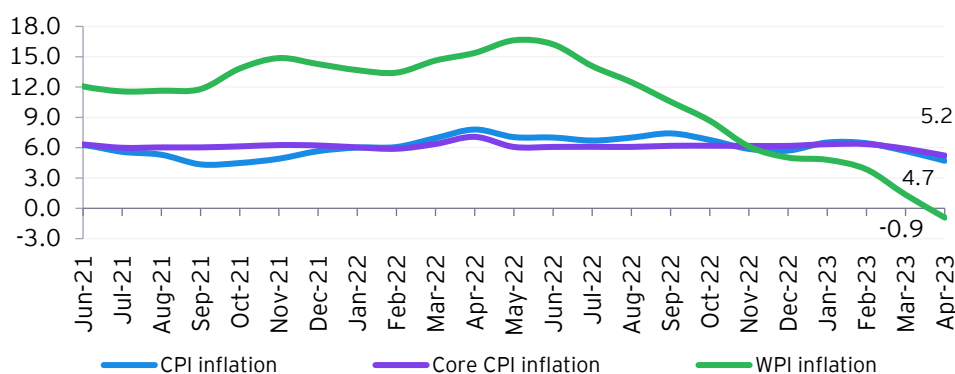
In April 2023, CPI inflation moderated to 4.7%, falling below 5% for the first time in 17 months, whereas WPI inflation turned negative for the first time in 33 months at (-)0.9%.

WPI inflation turned negative for the first time in 33 months at (-)0.9% in April 2023, led by broad-based decline in inflation across categories, and aided by a favorable base effect.

► Inflation in fuel and power fell to a 27-month low of 0.9% in April 2023 due to a contraction in prices of mineral oils at (-)4.9%. There were sharp contractions witnessed in prices of furnace oil ((-)27.2%), kerosene ((-)16.2%), naphtha ((-)14.4%), ATF ((-)14.1%), petroleum coke ((-)12.0%) and LPG ((-)10.5%) reflecting both lower global crude prices and a favorable base effect.

► WPI food index-based inflation moderated to a 27-month low of 0.2% in April 2023 led by a contraction in prices of fruits ((-)4.5%) as well as a moderation of inflation in cereals (7.7%).

► Inflation in manufactured products was negative for the second successive month by (-)2.4% in April 2023 as compared to (-)0.8% in March 2023, reflecting broad-based moderation in inflation across segments. Inflation in manufactured chemicals and products turned negative for the first time since October 2020 at (-)3.3% in April 2023. Prices of manufactured basic metals contracted for the third successive month by (-)9.8% in April 2023.

► Contraction in price of manufactured food products accelerated to (-)5.7% in April 2023 from (-)3.0% in March 2023.

► Core WPI inflation was negative for the second successive month at (-)1.8% in April 2023, reflecting broad-based easing of price pressures, led by a contraction in prices of manufactured basic metals and chemicals.

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5 Core CPI inflation is measured in different ways by different organizations/agencies. Here, it has been calculated by excluding food, and fuel and light from the overall index.

3. Fiscal: GoI's fiscal deficit stood at 5% of GDP during the first three quarters of FY23

A. Tax and non-tax revenues

▶ As per the CGA, monthly data for the central government's fiscal aggregates is available up to February 2023. GoI's GTR[b] showed a growth of 12% during April-February FY23.

▶ An estimated y-o-y growth of 14.4% was required in March 2023 to achieve the FY23 (RE) for GTR at INR30.4 lakh crore.

▶ During April-February FY23, direct taxes[a] grew by 16.2% while indirect taxes[a] grew by 8.1%.

▶ On a quarterly basis, GTR had shown a considerably high growth in the first two quarters of FY22, reflecting strong base effects. A double digit growth continued in the next two quarters of FY22 and the first two quarters of FY23. In 3QFY23, growth fell to a nine-quarter low of 4.5%, primarily on account of a contraction in indirect taxes (Table 1).

▶ The buoyancy of GTR is estimated to have fallen to 0.4 in 3QFY23 as compared to 0.8 in both 1Q and 2Q of FY23.

▶ Quarterly growth in both corporate income tax (CIT) and personal income tax (PIT) revenues has slowed in 3QFY23 relative to the previous few quarters.

▶ Union excise duties (UED) have shown a contraction since 3QFY22, with the pace of contraction intensifying during 2Q and 3QFY23. Similarly, customs duty revenues contracted during the first two quarters of FY23. These may primarily be attributable to measures, including tax rate reduction on petrol and diesel and customs duty suspension for cotton to manage inflation.

Table 1: Quareterly growth in central gross tax revenues (%, y-o-y)

Components	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	Apr.-Feb FY23
GTR	97.1	44.5	20.7	13.5	22.4	13.7	4.5	12.0
Direct taxes *of which*	111.8	67.7	31.4	31.9	35.4	14.8	9.5	16.2
CIT	128.2	92.2	30.6	32.5	30.0	16.0	10.0	13.5
PIT	97.5	45.1	32.5	31.4	40.7	13.5	9.0	19.1
Indirect taxes *of which*	85.2	25.4	10.7	-2.5	11.0	12.6	-0.8	8.1
GST	71.0	20.3	18.6	14.7	24.9	42.8	-1.9	20.2
UED	92.1	11.1	-6.6	-22.6	-9.8	-24.2	-22.2	-18.6
Customs	168.3	105.8	23.4	5.2	-11.8	-2.9	49.2	14.4

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

> **Central government's GTR grew by 12% during April-February FY23. On a quarterly basis, growth in GoI's GTR eased to 4.5% in 3QFY23.**

▶ GoI's non-tax revenues contracted by (-)19.8% during April-February FY23 owing to an unfavorable base effect. Non-tax revenues during this period stood at 95% of the annual RE owing to GoI's receipt of dividends and profits, which has already exceeded its RE up to February 2023.

▶ Non-debt capital receipts of the GoI during April-February FY23 stood at 70.5% of the RE as compared to the corresponding ratio of 36.3% during FY22.

▶ As per DIPAM[6], disinvestment receipts in FY23 stood at INR35,293.52 crore, implying a shortfall of nearly INR14,706 crore from the RE at INR50,000[7] crore.

B. Expenditures: revenue and capital

▶ During April-February FY23, GoI's total expenditure grew by 11.1% with growth in revenue expenditure at 9.2% and that in capital expenditure at 21.7%.

▶ After witnessing a sharp growth of 30.7% in the pandemic year of FY21, total expenditure growth normalized in FY22. On a quarterly basis, total expenditure grew by 11.1% in 3QFY23 as compared to 8.9% in 2QFY23 led by a higher growth in revenue expenditure **(Table 2)**.

▶ GoI's capital expenditure has consistently shown a double digit growth in all quarters up to 2QFY23 after which a contraction of (-)9.4% was witnessed in 3QFY23.

▶ Total expenditure relative to GDP increased to a local peak of 19.6% in 4QFY22 with the corresponding ratios for revenue and capital expenditures at 16.5% and 3.1% respectively. These have moderated in the subsequent three quarters of FY23.

Table 2: GoI's expenditures: quarterly growth and magnitude relative to GDP

Components	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	Apr-Feb FY23
Quarterly growth (%, y-o-y)								
Total exp. *of which*	0.7	21.2	11.8	3.4	15.4	8.9	11.1	11.1
Revenue	-2.4	17.2	11.4	-3.9	8.8	3.1	15.7	9.2
Capital	26.3	51.9	13.4	73.6	57.0	42.4	-9.4	21.7
Relative to GDP (%)								
Total exp. *of which*	16.0	14.4	14.3	19.6	14.5	13.3	14.3	--
Revenue	13.9	12.3	11.7	16.5	11.8	10.8	12.2	--
Capital	2.2	2.1	2.6	3.1	2.7	2.6	2.1	--

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

> During April-February FY23, GoI's total expenditure grew by 11.1%. On a quarterly basis, total expenditure stood at 14.3% of GDP in 3QFY23.

C. Fiscal imbalance

▶ GoI's fiscal deficit during April-February FY23 stood at 82.8% of the annual RE, almost at the same level as in the corresponding period of FY22. The corresponding ratio for GoI's revenue deficit was at 83.1% as compared to 79.7% during FY22.

▶ Fiscal deficit during the first three quarters of FY23 as a proportion of GDP stood at 5% as compared to 4.5% in FY22 **(Chart 3)**. Similarly, revenue deficit to GDP ratio during the same period was at 2.8%, slightly higher than 2.3% in FY22.

Chart 3: Fiscal and revenue deficit during the first three quarters relative to GDP
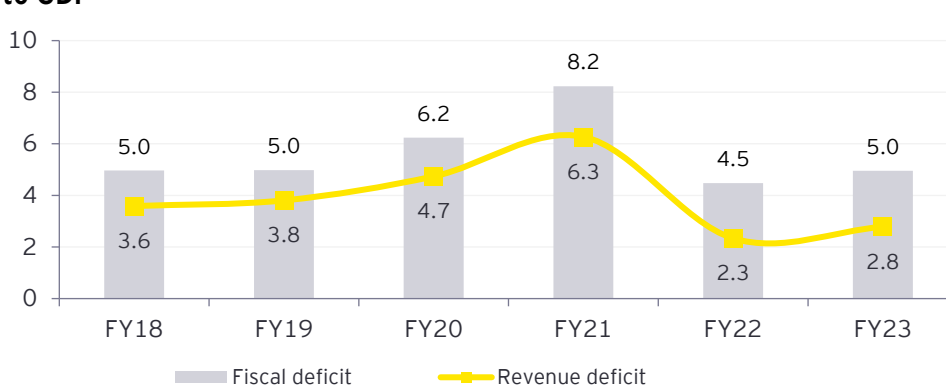
Source: Monthly Accounts, CGA, Government of India and MoSPI.

> During the first three quarters of FY23, GoI's fiscal and revenue deficits as a proportion of GDP stood at 5% and 2.8%, respectively.

4. Comparative trends: India's general government debt to GDP ratio projected at 83.2% in FY24

General government net lending/borrowing

▶ General government fiscal deficit relative to GDP at the global level fell to (-)4.7% on average in 2022, nearly half of the level observed in the COVID-19 year of 2020.

▶ According to the IMF, the world fiscal deficit is expected to increase slightly to 5% of GDP in 2023, as many governments face higher interest bills and pressures for increased public spending, including spending on wages and pensions, to catch up with past inflation.

▶ In the US, after moderating to (-)5.5% of GDP in 2022, fiscal deficit is expected to increase in the next three years, peaking at (-)7.1% by 2025.

▶ Fiscal deficit to GDP ratios in the UK and Japan in 2023 and 2024 are expected to remain higher than their respective pre-pandemic levels.

▶ In Brazil, fiscal deficit to GDP ratio remained low at (-)4.6% in 2022 on account of revenue overperformance and inflation surprises **(Table 3)**. In 2023, however, fiscal deficit to GDP ratio is projected to be nearly double the 2022 level.

▶ In China, fiscal deficit to GDP ratio is projected to narrow in 2023 and beyond since not all temporary fiscal measures introduced in 2022 on account of COVID-19 are likely to continue.

▶ Although India's general government fiscal deficit to GDP ratio is projected to gradually narrow in 2023 and beyond, it remains higher than that of the selected peer countries.

Table 3: General government net lending/borrowing (% to GDP)

Country	2022 (e)	2023	2024	2025	2026	2027	2028
World	-4.7	-5.0	-4.6	-4.5	-4.3	-4.2	-4.2
AEs	-4.3	-4.4	-4.2	-4.1	-3.9	-3.8	-3.9
US	-5.5	-6.3	-6.8	-7.1	-6.9	-6.6	-6.8
UK	-6.3	-5.8	-4.4	-4.2	-3.9	-3.9	-3.7
Euro area	-3.8	-3.7	-2.8	-2.3	-2.1	-2.0	-1.9
Japan	-7.8	-6.4	-4.0	-2.9	-3.1	-3.4	-3.7
EMDEs	-5.2	-5.8	-5.3	-5.1	-4.9	-4.7	-4.7
Brazil	-4.6	-8.8	-8.2	-6.6	-5.5	-4.9	-4.4
India*	-9.6	-8.9	-8.3	-7.9	-7.7	-7.7	-7.6
China	-7.5	-6.9	-6.4	-6.3	-6.2	-6.1	-6.0
S. Africa	-4.5	-5.9	-6.1	-6.7	-6.3	-6.3	-6.5

Source: IMF World Economic Outlook, April 2023
*data pertains to fiscal year; (e) refers to estimate; projection period: 2023 to 2028
Note: +ve indicates a srplus and -ve indicates a deficit

General government gross debt

▶ With strong nominal GDP growth in 2021 and 2022, global debt$ posted the steepest decline in 70 years and stood at about 92% of GDP at the end of 2022, still about 8% points above the level at the end of 2019. However, beginning 2023, global debt is expected to show a rising trend reflecting both higher primary deficits (in AEs) and higher interest bills (esp. in EMDEs).

▶ Among AEs, public debt to GDP ratios are projected to show upward trajectories for countries facing mounting pressures to engage in age related spending (Japan), those considering further increases in public wages and other social spending (UK) and those expanding tax incentives, grants, and other fiscal measures to promote a transition to clean energy (US).

▶ Among EMDEs, there is a notable increase in the public debt to GDP ratio of China which is expected to overshoot 100% by 2027 **(Table 4)**. Brazil and South Africa are also expected to witness a gradual increase in their general government debt to GDP ratio over the projection period.

▶ India's public debt to GDP ratio is expected to remain stable in the narrow range of 83.1% to 83.8% throughout the forecast period. By 2028, India's public debt to GDP ratio is projected to be the lowest among the set of selected major economies.

Table 4: General government gross debt (% to GDP)

Country	2022 (e)	2023	2024	2025	2026	2027	2028
World$	92.1	93.3	94.6	96.1	97.3	98.4	99.6
AEs	112.5	112.4	113.6	115.0	115.9	116.7	117.8
US	121.7	122.2	125.8	129.1	131.8	134.0	136.2
UK	102.6	106.2	109.7	112.8	112.7	113.0	113.1
Euro area	90.9	89.8	89.0	87.9	86.9	86.2	85.4
Japan	261.3	258.2	256.3	257.6	259.2	261.5	264.0
EMDEs	64.6	67.5	69.8	72.2	74.3	76.3	78.1
Brazil	85.9	88.4	91.5	93.7	95.2	96.0	96.2
India*	83.1	83.2	83.7	83.8	83.8	83.7	83.6
China	77.1	82.4	87.2	92.0	96.5	100.8	104.9
S. Africa	71.0	72.3	74.0	77.1	80.0	82.4	84.9

Source: IMF World Economic Outlook, April 2023 and $Fiscal Monitor (April 2023)
*data pertains to fiscal year; (e) refers to estimate; projection period: 2023 to 2028

5. In focus: differentiating India's demographic dividend across states – key implications

Introduction

As per the UN World Population Dashboard[8], the estimated population for India for 2023 at 1,428.6 million has exceeded that of China at 1,425.7 million. From here on, India would remain the largest population country in the world for the remaining decades of the 21st century and beyond. As years pass by, India's working age population (WAP) would exceed that of China by progressively larger magnitude. This unfolding demographic dividend, if properly capitalized on, is expected to translate into higher economic growth and prosperity. One important dimension of India's demographic dividend is the differential evolution of the age profile across states. Many of the large population and relatively less developed states such as Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Odisha will have relatively younger population during the latter decades of the century. On the other hand, some of the present day developed states are already experiencing ageing of population at a fast pace. This differentiated demographic profile across states will have significant policy implications. Priorities for training, educating and skilling the population may take into account the time differentiated demographic profiles of Indian states with a view to generating an optimal growth impact.

1. Growth in the Amrit Kaal and the demographic dividend: virtuous cycle

The key enabler facilitating India's comparatively high growth is its unfolding demographic dividend. The share of its WAP in total population is expected to reach 68.9% by 2030. Several features distinguish India's demographic trends in comparison to China, as noted in an earlier write-up contained in the July 2022 issue of the EY Economy Watch[9]. These include: (1) Share of WAP to total population is expected to peak at 68.9% by 2030 (providing 1.04 billion working age persons), overtaking China; (2) India's overall dependency ratio would become the lowest in its history by 2030 at 31.2%; (3) Excess of India's WAP share over that of China would be at a maximum by 2056 (at 10.9% points) and (4) India's old dependency ratio would overtake the young dependency ratio by 2056.

There is a critical interrelationship between saving and investment rates and the share of WAP. As the share of WAP increases, the share of dependent population falls. This is likely to lead to a higher savings rate which can then be converted to a higher investment rate and a higher growth rate by uplifting the rate of growth of capital stock. This can be combined with the augmented labour supply linked to the higher WAP provided the available persons in the working age group are adequately skilled, trained, and educated in order to become a part of the productive labour force.

Chart 4: Share of old age vs young age population in total population (%)
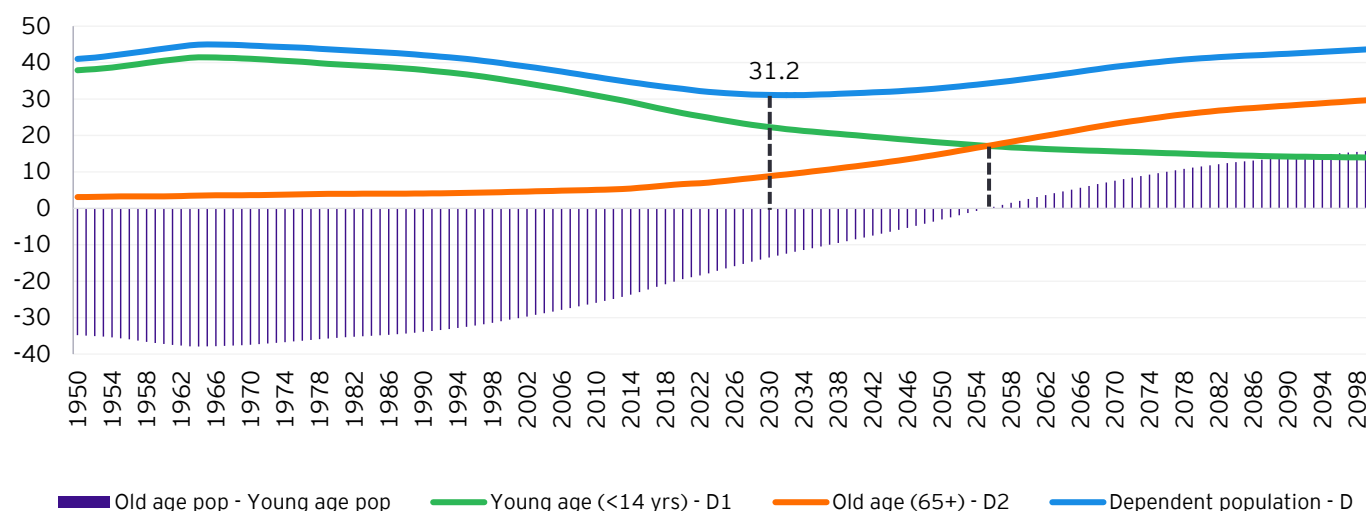
Source: UN World Population Prospects, 2022

From the viewpoint of policy intervention, another aspect of the demographic dividend is critical. The overall dependency ratio (D) can be decomposed into young dependency (D1) and old dependency (D2). The D1 curve remains higher than D2 up to 2055 **(Chart 4)**. This is the period when relatively higher emphasis should be provided to educating and skilling this young population, which would potentially be joining the labor force. It is only after

2055 that the old dependency ratio becomes higher than the young dependency ratio, calling for higher expenditures on health in the latter part of the 21st century.

Given the importance of the demographic dividend, it is critical to recognize that there are significant differences in the state-wise profile of the demographic trends which require to be acknowledged and taken into account in policy making.

2. State-wise median age

The latest available Census figures in India still pertain to 2011 as the 2021 census has not been conducted due to delays caused by COVID-19. The Ministry of Health and Family Welfare (MoHFW) however, has projected forward, state-wise population up to 2036. Based on these projections, **Table 5** shows that there are considerable differences in the way the size and age profiles of state-wise population are expected to evolve. One common trend, however, is that population growth rates are expected to fall across all states. For some high per capita income states, such as Andhra Pradesh, Tamil Nadu, Kerala, and Telangana, population growth rates would fall to near-zero by 2036. In some of the present-day less developed states such as Odisha, Punjab, Karnataka and UP, population growth rates are expected to be in the range of 0.3% to 0.5%. Bihar, being the lowest per capita income state presently, would still show the highest population growth rate of 1% by 2036. In Maharashtra's case also, population growth is projected to fall to 0.5% by 2036. As a result of these differential population growth rates, the age structure of the population of different states also shows different profiles. This is summarily captured in the inter-state profile of the median age of the population. By 2036, Tamil Nadu would have the highest median age of 40.5 years, while median age in Bihar, Jharkhand, and Madhya Pradesh by this time would still be 28.1, 31.4, and 31.7 years, respectively.

Table 5: State-wise population growth (%) and median age

State	2012	2021	2026	2031	2036	Median age in 2021	Median age in 2036
BH	1.9	1.5	1.4	1.3	1.0	22.0	28.1
HR	1.7	1.4	1.2	1.0	0.9	28.5	34.5
JH	1.7	1.4	1.2	1.1	0.9	25.3	31.4
GJ	1.6	1.3	1.2	1.0	0.8	29.3	34.8
CH	1.6	1.3	1.1	0.9	0.8	26.9	32.5
MP	1.7	1.4	1.2	0.9	0.8	26.0	31.7
RJ	1.7	1.3	1.1	0.8	0.7	25.7	32.1
UK	1.3	1.1	1.0	0.9	0.7	28.5	35.6
NES	**1.1**	**1.0**	**0.9**	**0.8**	**0.6**	**28.6**	**36.0**
AS	1.3	1.1	0.9	0.8	0.6	27.4	33.6
India	**1.3**	**1.1**	**0.9**	**0.7**	**0.6**	**28.3**	**34.5**
UP	1.6	1.3	1.0	0.7	0.5	24.7	31.7
JK	1.0	0.8	0.7	0.7	0.5	28.4	36.2
MH	1.1	0.9	0.8	0.6	0.5	31.3	37.7
KA	1.0	0.8	0.6	0.5	0.4	31.5	37.8
PB	1.0	0.8	0.6	0.5	0.4	32.0	38.9
OR	1.0	0.8	0.6	0.5	0.3	30.2	36.4
HP	0.8	0.6	0.5	0.4	0.2	27.6	39.5
WB	0.8	0.6	0.5	0.3	0.1	31.5	38.8
KL	0.7	0.5	0.4	0.3	0.1	35.1	39.6
TS	0.8	0.7	0.5	0.3	0.1	31.2	38.6
AP	0.7	0.5	0.3	0.2	0.0	32.5	39.6
TN	0.7	0.5	0.3	0.1	0.0	34.2	40.5

Source (basic data): Report of the technical group on population projections (July 2020), MoHFW, GoI

3. State-wise evolution of age structure: differentiated population pyramids

The MoHFW study highlights the way population pyramids for male and female population change at five-year intervals. States which have a bulge in the middle age groups by 2036 are expected to contribute relatively more to India's WAP share. States which have a noticeably narrow base are characterized by lower young dependency. Those states which have a relatively narrow top show a comparatively lower old dependency. The average state reflects an age profile, which is representative of India as a whole. But in order to appreciate the differences in the age profiles of individual states relative to the average, we have divided the overall age profile into four broad groups. These

groups reflect the share of (a) population below 15 years of age (D1), (b) working age persons aged 15 to 39 years (W1), (c) working age persons aged 40 to 64 years (W2) and (d) population aged 65 years and above (D2). The economic features of differential shares of these broad age groups have distinct policy messages. For example, a state with a low D1 and D2 is likely to contribute to India's saving rate relatively more than other states, since its total dependency ratio is less and the share of WAP is more. The total dependency (TD) ratio is relatively low for Telangana, Andhra Pradesh, Haryana, Punjab and West Bengal.

In **Table 6**, states are arranged according to descending order of W1, which represents the share of the relatively younger working age group. Accordingly, the top five states are Uttar Pradesh, Bihar, Jharkhand, Rajasthan and Madhya Pradesh. These states also have the highest D1 values. States with the highest D2 values are Kerala, Tamil Nadu, Andhra Pradesh and Punjab. These states also have relatively larger W2 values. It is the respective profiles of D1 and W1 that should guide the prioritization of education, skilling and training expenditures by the central as well as the state governments. States that are experiencing relatively larger shares of D1 and W1 in given decades should be willing to spend relatively more on the training and skilling of these segments of populations so that they can productively join the labour force as the economy grows.
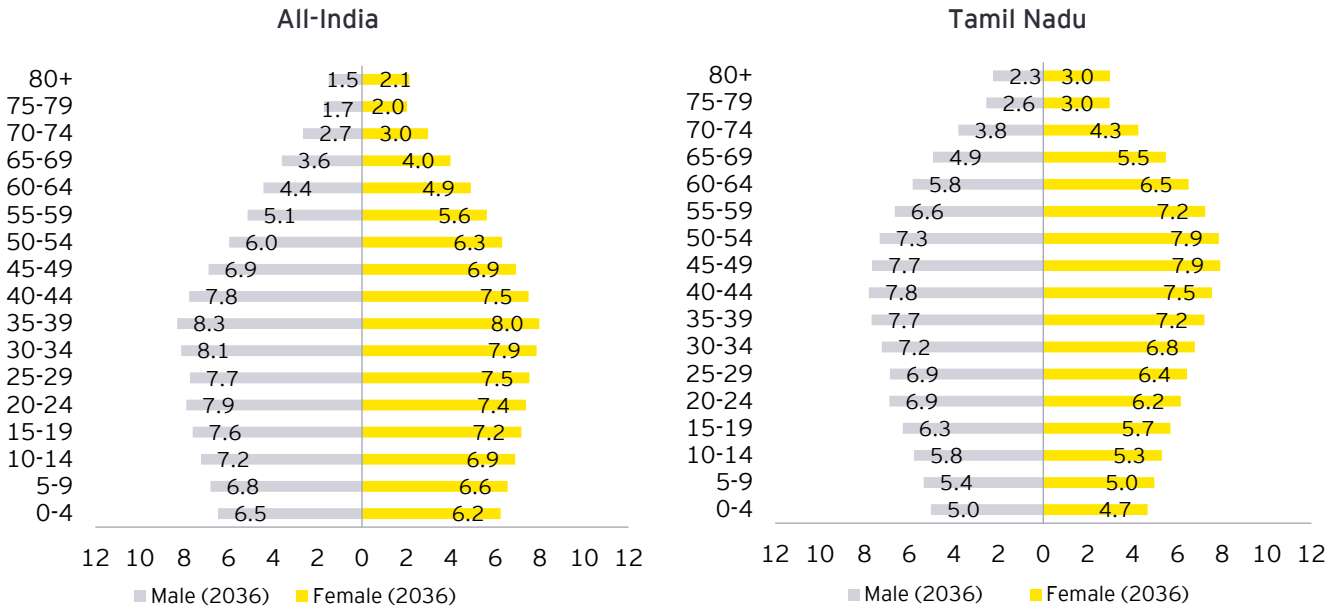
Table 6: State-wise share of dependent and working age population groups: 2036

State	D1 (0-14)	W1 (15-39)	W2 (40-64)	D2 (65+)	TD (D1+D2)
UP	22.0	42.3	27.7	8.0	30.0
BH	27.7	41.6	23.3	7.3	35.0
JH	23.0	41.6	27.1	8.3	31.4
RJ	22.0	41.0	28.1	8.8	30.8
MP	22.7	40.5	28.2	8.6	31.4
CH	21.7	40.3	28.9	9.0	30.8
NCTD	18.5	39.9	32.0	9.6	28.1
HR	19.4	39.8	31.2	9.6	29.0
AS	21.1	39.3	30.5	9.1	30.2
UK	18.8	39.2	31.6	10.5	29.2
JK	17.7	39.0	32.7	10.7	28.3
India	20.1	38.9	30.7	10.3	30.4
GJ	19.9	38.3	31.1	10.7	30.6
NES	19.0	37.9	32.8	10.3	29.3
MH	16.7	37.1	34.4	11.8	28.5
OR	18.9	36.9	32.3	11.9	30.8
KA	17.2	36.2	34.7	11.9	29.1
TS	16.2	36.2	36.0	11.6	27.9
PB	15.9	35.9	35.2	13.0	28.9
WB	16.3	35.7	35.5	12.6	28.9
HP	15.7	35.1	35.3	13.8	29.6
AP	15.7	35.0	36.2	13.1	28.8
TN	15.6	33.6	36.2	14.6	30.2
KL	17.7	32.9	32.6	16.8	34.5

Source (basic data): Report of the technical group on population projections (July 2020), MoHFW, GoI

These patterns are also reflected in the charts, giving age-wise population shares as differentiated between male and female population. In **Chart 5**, the all-India age structure has been represented to indicate the overall benchmark. Age structure charts of individual states can be compared with the all-India chart in order to highlight state specific differences as compared to the all-India pattern. To begin with, we compare it with the age profile of Tamil Nadu for 2036. It is clear that as compared to the all-India pattern, Tamil Nadu shows a wider bulge in the middle and a narrower base for the young age groups. This implies that by 2036, there would be a shrinking of young age population in Tamil Nadu while the share of working age population would be increasing. Alongside, the share of old age dependency in Tamil Nadu would also be comparatively higher than the all-India pattern.
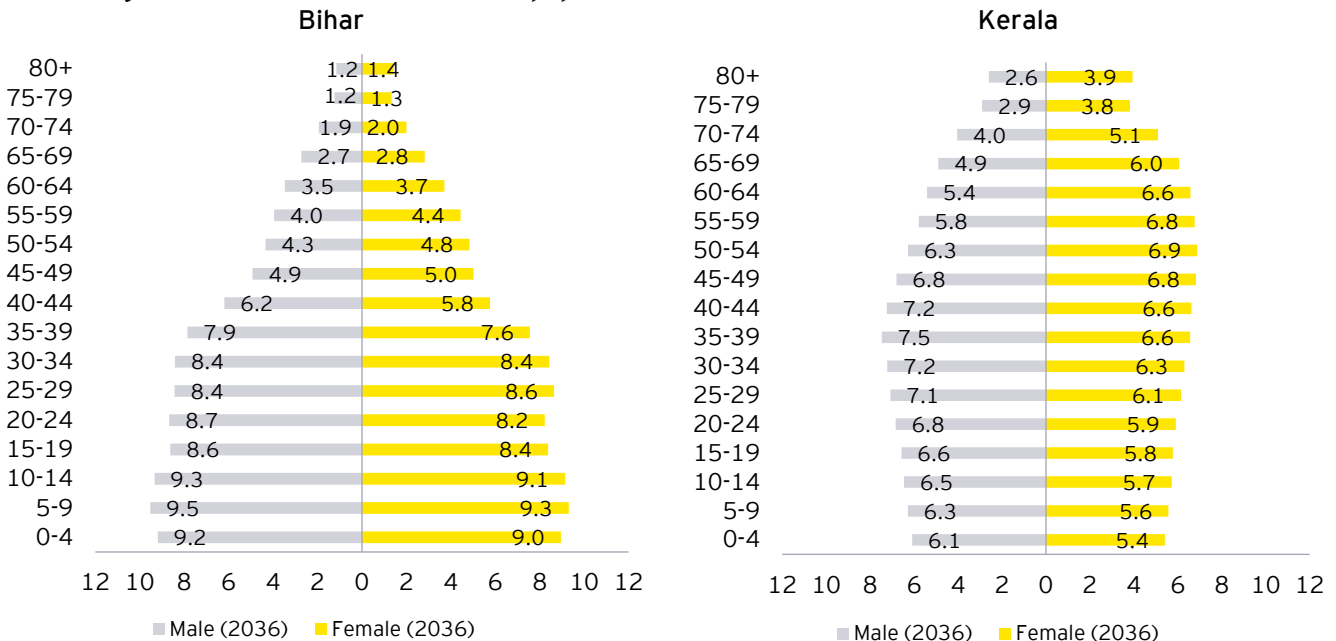
Chart 5: Age structure of male and female population in 2036: all-India and Tamil Nadu

All-India

Age	Male (2036)	Female (2036)
80+	1.5	2.1
75-79	1.7	2.0
70-74	2.7	3.0
65-69	3.6	4.0
60-64	4.4	4.9
55-59	5.1	5.6
50-54	6.0	6.3
45-49	6.9	6.9
40-44	7.8	7.5
35-39	8.3	8.0
30-34	8.1	7.9
25-29	7.7	7.5
20-24	7.9	7.4
15-19	7.6	7.2
10-14	7.2	6.9
5-9	6.8	6.6
0-4	6.5	6.2

■ Male (2036) ■ Female (2036)

Tamil Nadu

Age	Male (2036)	Female (2036)
80+	2.3	3.0
75-79	2.6	3.0
70-74	3.8	4.3
65-69	4.9	5.5
60-64	5.8	6.5
55-59	6.6	7.2
50-54	7.3	7.9
45-49	7.7	7.9
40-44	7.8	7.5
35-39	7.7	7.2
30-34	7.2	6.8
25-29	6.9	6.4
20-24	6.9	6.2
15-19	6.3	5.7
10-14	5.8	5.3
5-9	5.4	5.0
0-4	5.0	4.7

■ Male (2036) ■ Female (2036)

Source (basic data): Report of the technical group on population projections (July 2020), MoHFW, GoI

In **Chart 6**, we compare the respective age structure of Kerala and Bihar to highlight the significant divergence in the way their age profiles are expected to evolve. In the case of Bihar, a typical age pyramid of a wider base which progressively narrows down is indicated. This implies that the share of young dependents is relatively high, followed by the share of working age persons. The lowest shares are for old age dependents. In contrast, in Kerala, almost equal shares are indicated for different age groups, resulting in the age pyramid of a cylindrical shape. Kerala is also an interesting case as the share of its female population shows higher width for higher age groups as compared to those of its male population.

Chart 6: Age structure of male and female population in 2036: Bihar and Kerala

Bihar

Age	Male (2036)	Female (2036)
80+	1.2	1.4
75-79	1.2	1.3
70-74	1.9	2.0
65-69	2.7	2.8
60-64	3.5	3.7
55-59	4.0	4.4
50-54	4.3	4.8
45-49	4.9	5.0
40-44	6.2	5.8
35-39	7.9	7.6
30-34	8.4	8.4
25-29	8.4	8.6
20-24	8.7	8.2
15-19	8.6	8.4
10-14	9.3	9.1
5-9	9.5	9.3
0-4	9.2	9.0

■ Male (2036) ■ Female (2036)

Kerala

Age	Male (2036)	Female (2036)
80+	2.6	3.9
75-79	2.9	3.8
70-74	4.0	5.1
65-69	4.9	6.0
60-64	5.4	6.6
55-59	5.8	6.8
50-54	6.3	6.9
45-49	6.8	6.8
40-44	7.2	6.6
35-39	7.5	6.6
30-34	7.2	6.3
25-29	7.1	6.1
20-24	6.8	5.9
15-19	6.6	5.8
10-14	6.5	5.7
5-9	6.3	5.6
0-4	6.1	5.4

■ Male (2036) ■ Female (2036)

Source (basic data): Report of the technical group on population projections (July 2020), MoHFW, GoI

In the next pair of charts (**Chart 7**), we compare two large states, namely Maharashtra and Uttar Pradesh. In these two cases also, the age profiles are noticeably different. Uttar Pradesh has a relatively large base for young dependents and a narrower base for old dependents. This is the typical pattern for states that are presently classified as lower per capita income states. The share of population in the working age groups is, however, quite large both for Maharashtra and Uttar Pradesh, indicating that by 2036 both these states would account for a significant share of India's WAP.

Chart 7: Age structure of male and female population in 2036: Maharashtra and Uttar Pradesh
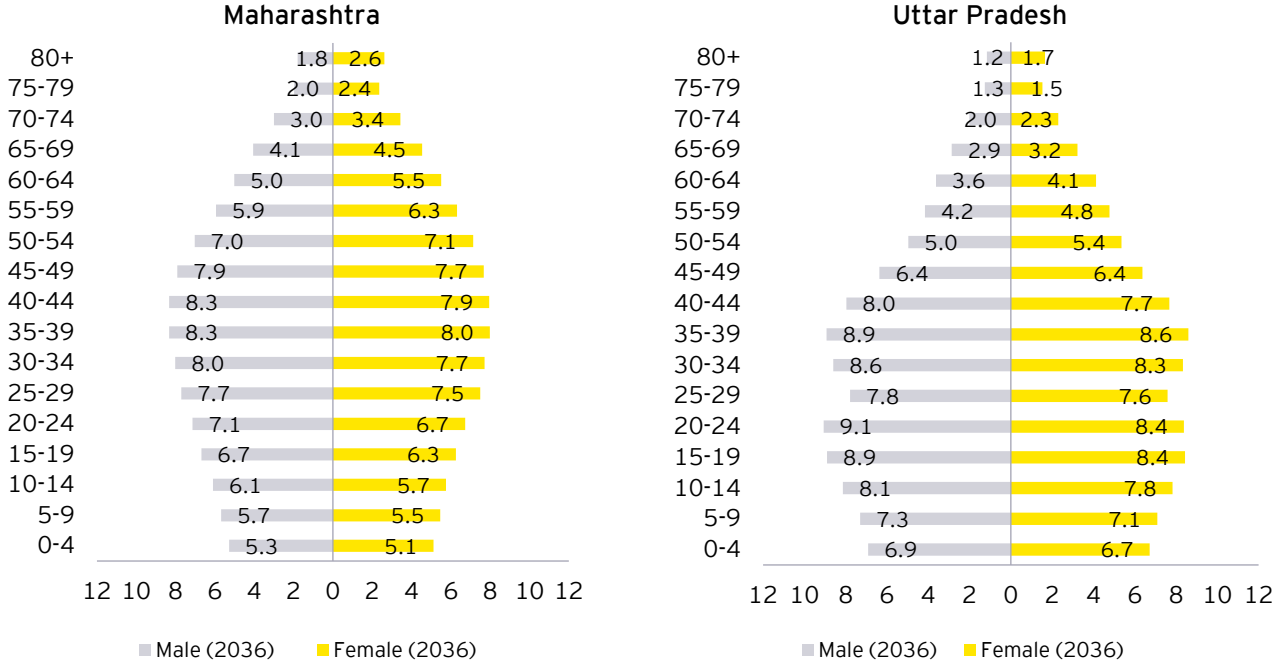
Maharashtra / Uttar Pradesh population pyramids (Male 2036, Female 2036)

Source (basic data): Report of the technical group on population projections (July 2020), MoHFW, GoI

Chart 8 provides a comparison of the age profiles of the north-eastern states considered as a group with Madhya Pradesh whose population age structure is representative of the population profile of the plains, especially for present day relatively less developed states. For the north-eastern states, the base of the pyramid as given by the share of the young dependents, is much narrower whereas the share of working age population is relatively broader, especially at higher ages. In the case of Madhya Pradesh, the share of old dependents is lower than the north-eastern states as at the all-India level.

Chart 8: Age structure of male and female population in 2036: North-eastern states and Madhya Pradesh
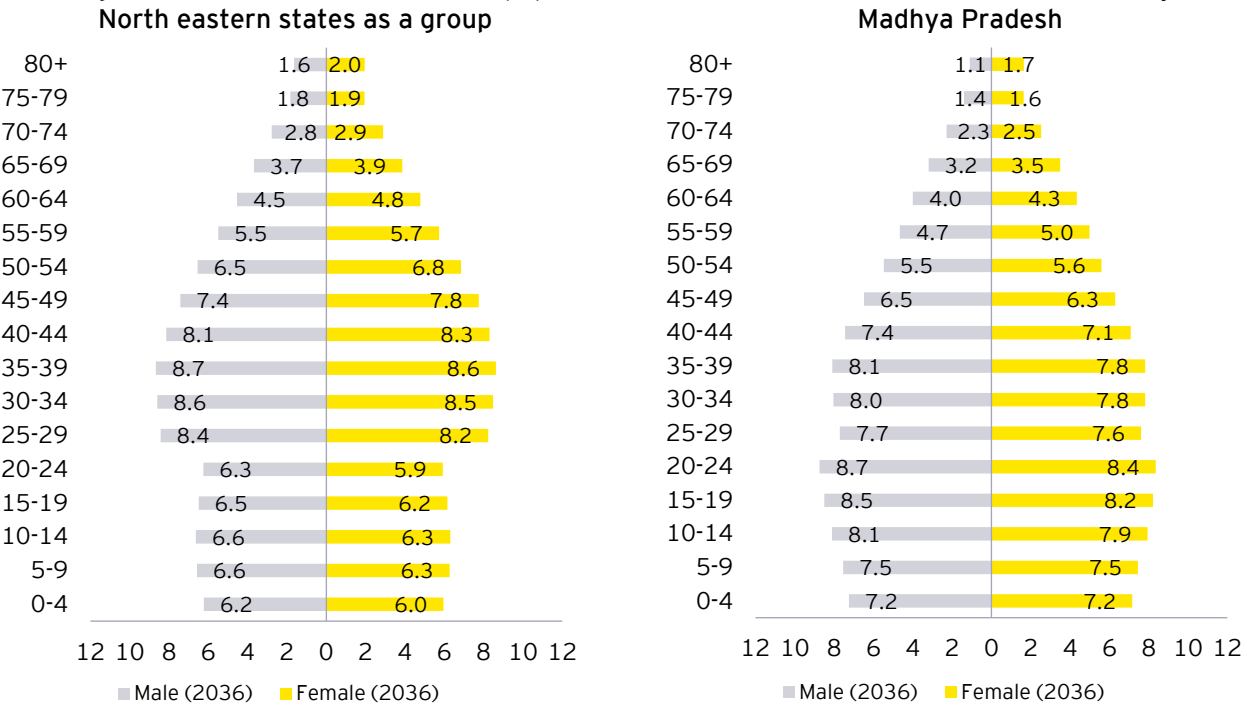
North eastern states as a group / Madhya Pradesh population pyramids (Male 2036, Female 2036)

Source (basic data): Report of the technical group on population projections (July 2020), MoHFW, GoI

4. Trends in urbanization

A related trend where large inter-state differences are becoming noticeable pertains to the rate of urbanization across states. **Table 7** shows the current and projected urbanization profiles for states in India. There is one group of states where the extent of urbanization by 2036 would be comparable to developed countries. These include Kerala, with a projected urbanization rate of 96.4%, followed by Goa, Sikkim, and Nagaland. Among other large states, Tamil Nadu would have an urbanization rate at close to 60%. At the same time, some of the currently less developed states are also projected to remain low on the urbanization scale. These states include Bihar, Himachal Pradesh and Assam, where the urbanization rate would be less than 20%[10].

Table 7: State-wise urbanization projections (%)

	State	2011	2021	2026	2031	2036
1	KL	47.7	71.0	81.4	90.1	96.4
2	GA	62.2	73.6	78.9	83.8	88.2
3	SK	25.2	44.9	55.2	65.2	74.6
4	NL	28.9	42.9	50.1	57.3	64.3
5	TN	48.4	52.8	55.0	57.3	59.6
6	MZ	52.1	54.5	55.7	56.9	58.0
7	TS	39.2	46.4	50.1	53.8	57.6
8	GJ	42.6	47.7	50.2	52.6	55.0
9	TR	26.2	37.0	42.6	48.2	53.9
10	MH	45.2	48.0	49.3	50.7	52.1
11	KA	38.7	43.4	45.9	48.3	50.7
12	HR	34.9	40.9	43.8	46.7	49.6
13	PB	37.5	41.1	42.9	44.8	46.6
14	AP	29.5	35.3	38.3	41.5	44.7
15	WB	31.9	36.0	38.0	40.2	42.4
16	UK	30.2	35.0	37.3	39.6	42.0
17	India	31.1	34.4	36.0	37.5	39.1
18	MN	29.2	31.9	33.2	34.6	35.9
19	CH	23.2	26.5	28.1	29.7	31.3
20	MP	27.6	28.8	29.3	29.9	30.4
21	AR	22.9	25.2	26.3	27.4	28.6
22	RJ	24.9	26.3	27.0	27.7	28.4
23	JH	24.0	25.8	26.7	27.5	28.4
24	UP	22.3	23.7	24.5	25.2	25.9
25	OR	16.7	18.5	19.4	20.3	21.3
26	ML	20.1	20.6	20.8	21.0	21.3
27	AS	14.1	15.3	15.9	16.5	17.2
28	BH	11.3	12.1	12.5	12.9	13.3
29	HP	10.0	10.3	10.4	10.5	10.6

Source (basic data): Report of the technical group on population projections (July 2020), MoHFW, GoI

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10 It may be noted that the extent of urbanisation in India may however be understated in the official data. The 15th Finance Commission, in its final report (2021), para 7.86, observed "…. According to Census 2011, at 377.1 million, India's urban population was 31% of the total, up from 286 million (28%) in 2001. However, an agglomeration index developed by the World Bank put the share of India's population living in areas with "urban-like" features at 55.3% in 2010. The extent of urbanisation is said to be understated in official data because of hidden urbanisation on the peripheries of major cities". The World Bank in its report on 'Leveraging Urbanisation in South Asia' released in 2015 observed, "…This undercounting is in addition to the population in India's census towns, which are towns that the country's census classifies as urban even though they continue to be governed as rural entities. The reclassification of rural settlements into census towns was responsible for 30% of India's urban population growth between 2001 and 2011, reflecting a more general process of in situ urbanization across much of the region".

5. Policy messages

The emerging state-wise population patterns indicate the need for careful calibration of policy initiatives both at the central and state level with a view to maximizing India's longer-term growth potential. These messages pertain primarily to sectors such as education and health as also physical infrastructure. In particular, the following may be recommended.

1. At the all-India level, central government may have policies focusing on education, training and skilling expenditures up to the late 2030s after which they may gradually shift towards the prioritization of health expenditures.

2. Both the central government and the states that experience a higher share of female population may focus on training their female population for engagement in productive employment and also plan to spend on health expenditures focused on diseases pertaining to the female population.

3. The central government may provide adequate connectivity of clusters that are expected to reach a high degree of urbanization by 2036. However, in states including Himachal Pradesh, Bihar and Assam, the urbanization rate would remain rather low by 2036 and the central government needs to undertake initiatives for accelerating urbanization in these states. We note that high W2 shares are generally correlated with a high degree of urbanization, except for Odisha where despite a high W2 share, urbanization still lags.

4. States with a relatively high share of W1 need to prioritize expenditure on training and upskilling of their young working age persons. These states may actively create employment opportunities for their young working age population. Given considerably low female labour force participation, suitable incentives may be designed to encourage female workers.

5. States with a relatively higher share of W2 may devise schemes to persuade their households to keep their savings in financial form so that these may be utilized for investment by the saving-deficit sectors of the economy.

6. States with a higher share of D1 may allocate relatively more on education in the next few decades, slowly shifting the emphasis towards health expenditure as their population begins to age. Education and skilling of the young population is likely to make them employment worthy.

7. States with a relatively higher share of D2 need to prioritize their government health expenditure focused on geriatric diseases.

Concluding observations

India's long-term growth story is closely intertwined with India's unfolding demographic dividend. This dividend is expected to usher in a virtuous circuit of growth promoting developments. As the share of WAP increases, and correspondingly the dependency ratios fall, the saving and investment rates are expected to increase along with an increase in the available labor force. These developments can simultaneously lead to an increase in employment and growth. However, the demographic patterns may not be uniform across India's states. In particular, some of the currently high per capita income states are expected to experience an increase in the share of their WAP much ahead of some of the present day low per-capita income states. This interstate differential in the unfolding of the demographic dividend in India can be suitably taken into account by the central and state governments in formulating policies relating to education, health and physical infrastructure with a view to optimizing India's potential growth in the 21st century.
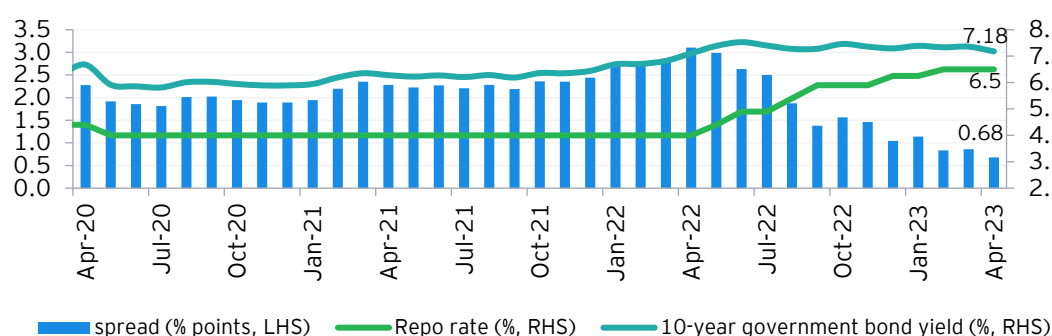
6. Money and finance: bank credit grew by 15% in March 2023

A. Monetary sector

Monetary policy

▶ In its monetary policy review held in April 2023, the MPC unanimously voted to retain the repo rate unchanged at 6.5% (Chart 9). Consequently, the Standing Deposit Facility rate and the Marginal Standing Facility rate were also retained at 6.25% and 6.75% respectively.

▶ Further, the MPC decided that the monetary policy stance would continue to remain focused on withdrawal of accommodation in order to ensure that the CPI inflation is progressively brought into alignment with the target.

▶ In RBI's assessment, CPI inflation is expected to moderate to 5.2% in FY24 from 6.7% in FY23. This projection assumes the price of the Indian crude basket to average US$85/bbl. and a normal monsoon in FY24, among other factors.

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

> Bank credit posted a strong growth of 14.6% in FY23, significantly higher than 6.6% in FY22.

Legend: spread (% points, LHS) — Repo rate (%, RHS) — 10-year government bond yield (%, RHS)
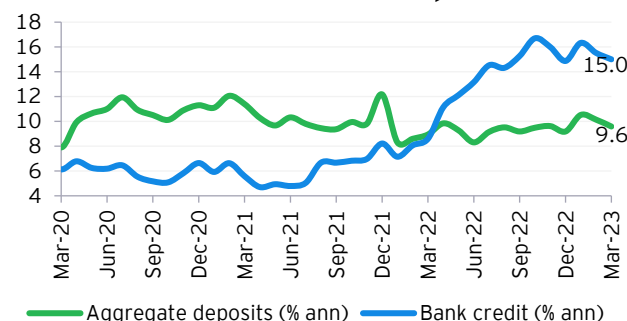
Source: Database on Indian Economy, RBI

Money stock

▶ Growth in broad money stock (M3) increased to 9.5% in April 2023 from 9% in March 2023, as growth in both narrow money (M1) and time deposits increased during the month.

▶ Growth in M1 increased to 7.7% in April 2023 from 6.8% in March 2023. This was due to an improvement in the growth of both demand deposits and currency with public. Growth in demand deposits increased to 6.8% in April 2023 from 4.9% in March 2023. Currency with public grew by 8.2% in April 2023, increasing from 7.9% in March 2023.

▶ Time deposits, accounting for slightly over 75% of M3 on average in the last three years, grew by 10.1% in April 2023 as compared to 9.8% in March 2023.

Aggregate credit and deposits

▶ Growth in gross bank credit by SCBs remained strong at 15.0% (y-o-y) in March 2023, although moderating marginally from 15.5% in February 2023 (Chart 10). In FY23, bank credit showed an average growth of 14.6%, significantly higher than 6.6% in FY22.

▶ Non-food credit growth at 15.4% in March 2023 was marginally lower than 15.9% in February 2023, due to a further fall in the growth of credit to industries and services sector.

Chart 10: Growth in credit and deposits

Legend: Aggregate deposits (% ann) — Bank credit (% ann)

Source: Database on Indian Economy, RBI

▶ Sectoral bank credit data indicate that growth in outstanding credit to industries slowed to 5.7% in March 2023, its lowest level since November 2021. Within the industrial sector, credit to infrastructure contracted by (-)0.7% in March 2023, its first contraction since February 2021. While growth in credit to iron and steel continued to remain strong at 22% in March 2023, it was marginally lower than 23.1% in February 2023. Growth in credit to chemical and chemical products fell sharply to 10.2% in March 2023 from 15.2% in February 2023. However, credit to cement industries posted a robust growth of 18.1% in March 2023, increasing from 14.6% in February 2023.

► Credit to services continued to show a strong growth of 19.8% in March 2023, although marginally lower than 20.7% in February 2023.

► Growth in credit to the agricultural sector increased to 15.4% in March 2023 from 14.9% in February 2023. This was its highest level since September 2016.

► Personal loans, a key component of retail loans, also showed a strong growth of 20.6% in March 2023, close to its level of 20.4% in February 2023.

► Growth in aggregate deposits of residents moderated to 9.6% in March 2023 from 10.1% in February 2023.

B. Financial sector

Interest rates

► As per the data released by the RBI on 5 May 2023, the average interest rate on term deposits with a maturity period of more than one year was retained at 6.63% in April 2023 for the fourth successive month with the actual rate ranging between 6.00% and 7.25%.

► The MCLR was higher at 8.2% in April 2023 as compared to 8.0% in March 2023. Actual MCLR ranged between 7.9% and 8.5% during the month. On a cumulated basis, the average MCLR has increased by 146 basis points since April 2022.

► The average yield on 10-year government bonds fell to a 13-month low of 7.18% in April 2023 from 7.36% in March 2023 **(Chart 9)**. Government bond yields may have been influenced by the RBI's decision to hold the repo rate unchanged at 6.5% in April 2023 while the CPI inflation eased to below 6% in March 2023.

► WALR on fresh rupee loans by SCBs increased further to 9.32% in March 2023 from 9.24% in February 2023, its highest level since January 2020. In FY23, WALR on fresh rupee loans averaged 8.53% as compared to 7.87% in FY22.

FDI and FPI

► As per the provisional data released by the RBI on 22 May 2023, overall foreign investments[11] (FIs) inflows increased to US$1.8 billion in March 2023 from US$1.4 billion in February 2023 on account of net FPI inflows turning positive. In FY23, overall FIs inflows at US$23.4 billion were higher than US$21.8 billion in FY22.

Chart 11: Net FDI and FPI inflows (US$ billion)
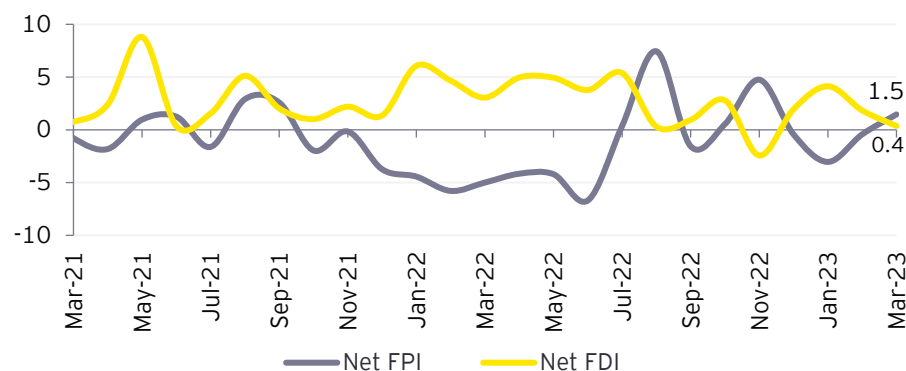
Net FDI inflows fell to a four-month low of US$0.4 billion in March 2023 from US$1.9 billion in February 2023.

Source: Database on Indian Economy, RBI

► Net FPIs turned positive for the first time in three months, with inflows at US$1.5 billion in March 2023 as compared to net outflows amounting to US$(-)0.4 billion in February 2023.

► In FY23, net FPI outflows amounted to US$(-)5.2 billion, significantly lower than US$(-)16.8 billion outflows in FY22.

► Net FDI inflows fell to a four-month low of US$0.4 billion in March 2023 from US$1.8 billion in February 2023 **(Chart 11)**. Gross FDI inflows moderated to US$4.5 billion in March 2023 from US$4.8 billion in February 2023.

► In FY23, net FDI inflows were lower at US$28.7 billion as compared to US$38.6 billion in FY22. Gross FDI inflows also fell to US$70.8 billion in FY23 from US$84.8 billion in FY22.

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

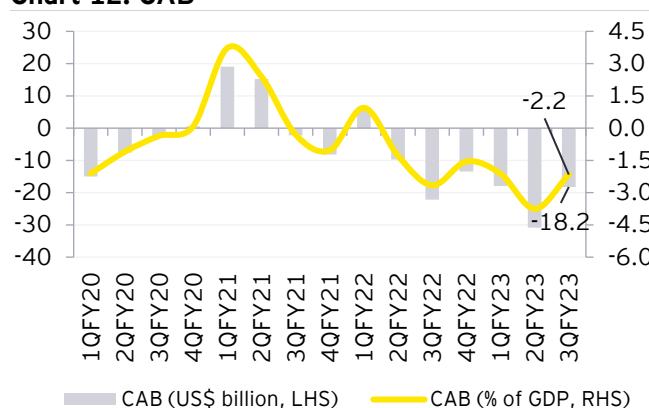# 7. Trade and CAB: merchandise trade deficit narrowed to a 20-month low of US$(-)15.2 billion in April 2023

A. CAB: current account deficit fell to (-)2.2% of GDP in 3QFY23 from a nine-quarter high of (-)3.7% in 2QFY23

► Net merchandise trade deficit fell to (-)8.6% of GDP in 3QFY23 from (-)9.5% in 2QFY23. This was due to a) fall in imports to 21.1% of GDP from a 32-quarter high of 23.1% of GDP reflecting lower global crude prices and b) moderation in exports to a seven-quarter low of 12.5% of GDP in 3QFY23, reflecting easing global economic activity.

► Net invisibles relative to GDP increased to a 37-quarter high of 6.5% in 3QFY23, as net services exports improved to a 56-quarter high of 4.6% of GDP and net transfers to a 34-quarter high of 3.4% of GDP.

Table 8: Components of CAB in US$ billion

| Fiscal year	CAB as % of nominal GDP	CAB	Goods account net	Invisibles* net
FY19	-2.1	-57.3	-180.3	123.0
FY20	-0.9	-24.7	-157.5	132.8
FY21	0.9	23.9	-102.2	126.1
FY22	-1.2	-38.8	-189.5	150.7
4QFY22	-1.6	-13.4	-54.5	41.1
1QFY23	-2.1	-18.0	-63.0	45.1
2QFY23	-3.7	-30.9	-78.3	47.4
3QFY23	-2.2	-18.2	-72.7	54.5

Chart 12: CAB

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

B. Merchandise trade and exchange rate

Merchandise exports and imports contracted by (-)12.7% and (-)14.1% respectively in April 2023 as compared to (-)13.9% and (-)7.9% in March 2023, reflecting global demand slowdown.

► A sharp contraction in exports of oil ((-)17.6%), engineering goods ((-)7.2%), readymade garments ((-)23.1%), chemicals ((-)17.8%) and jewelry ((-)30.0%) led to a contraction in overall merchandise exports in April 2023. Growth in electronic goods exports slowed to 26.5% in April 2023 from 57.4% in March 2023.

► Contraction in overall imports in April 2023 was led by falling imports of oil ((-)14.0%), coal ((-)28.5%), chemicals ((-)31.4%), gold ((-)41.5%), and pearls and precious stones ((-)18.7%). Machinery imports grew by 15.2% in April 2023 as compared to 16.0% in March 2023, reflecting relatively resilient domestic investment demand.

► The pace of contraction in exports excluding oil, gold and jewelry increased to a six-month high of (-)9.2% and that in imports of the same category to a seven-month high of (-)12.5% in April 2023.

► On account of a relatively faster pace of contraction in imports vis-à-vis exports, the merchandise trade deficit narrowed to its lowest level since August 2021 to US$(-)15.2 billion in April 2023 **(Chart 13).**

► Services trade surplus increased to a three-month high of US$14.2 billion in March 2023. Goods and services deficit increased marginally to US$(-)5.5 billion in March 2023 from US$(-)4.4 billion in February 2023.

► The rupee marginally appreciated to a level of INR82.0 per US$ in April 2023 from INR82.3 per US$ in March 2023.

Chart 13: Developments in merchandise trade
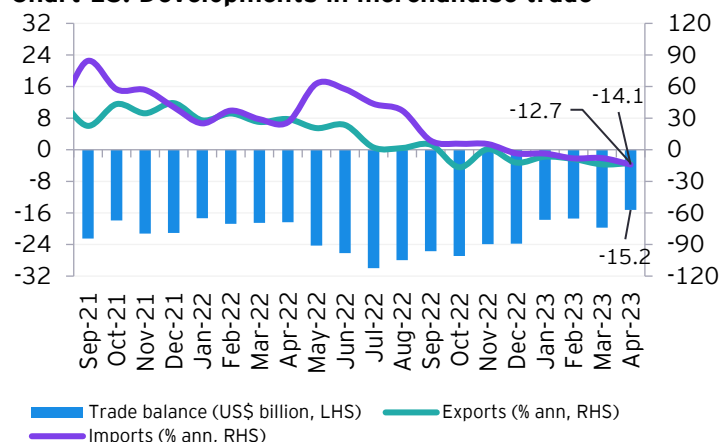
Source: Ministry of Commerce and Industry, GoI

8. Global growth: ADB projected growth in developing Asia at 4.8% in 2023 and 2024

A. Global growth

▸ The ADB (April 2023) has projected growth in major industrial economies (MIE) to fall from 2.5% in 2022 to 0.7% in 2023 before increasing to 1.3% in 2024 **(Chart 14)**.

▸ In the US, growth is projected to fall from 2.1% in 2022 to 0.9% in 2023 as economic activity is expected to slow in response to last year's rapid tightening in monetary policy. Growth in 2024 is expected to recover to 1.3%. Inflation is expected to decline gradually to 4% in 2023 and further to 2.4% in 2024.

▸ The Euro area is forecasted to grow by 0.5% in 2023, moderating from 3.5% in 2022, as high inflation and tight liquidity is expected to weigh on consumer and capital spending. Growth is expected to increase to 1.4% in 2024 as the monetary tightening cycle ends and energy markets normalize. Headline inflation in the region is projected at 5.7% in 2023, falling to 2.5% in 2024.

▸ Weaker external demand and the normalization of COVID-19-related emergency spending by the government is expected to drag Japan's growth to 0.8% in both 2023 and 2024. Headline inflation is projected at 2% and 1.9% in these two years, respectively.

▸ Growth in developing Asia is expected to pick up to 4.8% in 2023 and 2024 from 4.2% in 2022 primarily owing to a faster than expected reopening of the Chinese economy.

▸ China's growth is projected to increase from 3% in 2022 to 5% in 2023 as household demand recovers post the lifting of COVID-19 restrictions, and then moderate to 4.5% in 2024. Inflation is projected to remain subdued at 2.2% and 2% in 2023 and 2024 respectively, as pass through from higher producer prices has become less likely.

▸ India's growth at 6.4% in 2023 (FY24) and 6.7% in 2024 (FY25) is expected to substantially outperform growth in developing Asia, with private consumption being the key driver of growth. CPI inflation is projected to moderate to 5% and 4.5% in these two years with expected moderation in global crude oil and food prices.

> **The ADB has projected growth in developing Asia at 4.8% in 2023, with India's FY24 growth forecasted at 6.4%.**

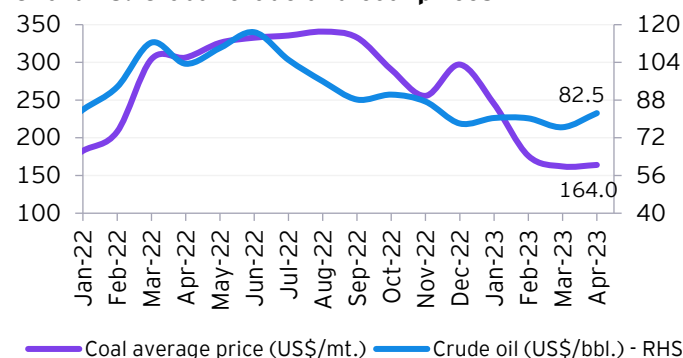### Chart 14: Global growth projections (%)
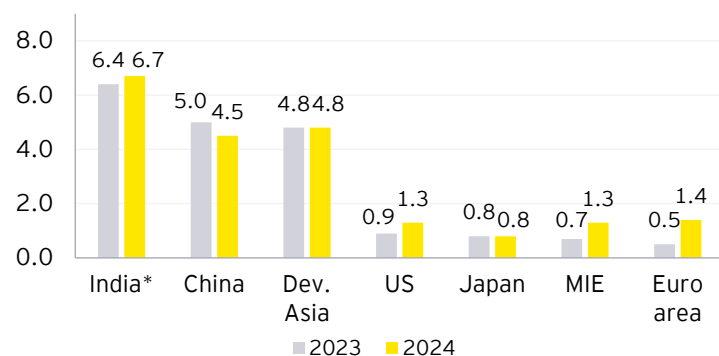
Source: Asian Development Outlook, (April 2023)
Notes: (1) MIE refers to Major industrial economies
(2) *Data pertains to fiscal years FY24 and FY25 respectively.

Chart 15: Global crude and coal prices

Coal average price (US$/mt.)   Crude oil (US$/bbl.) - RHS

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

B. Global energy prices: Brent crude price projected to average US$84/bbl. in 2023

▸ From a 15-month low of US$76.5/bbl. in March 2023, average global crude price[12] increased to US$82.5/bbl. in April 2023 following the announcement of a supply cut by the OPEC+ countries **(Chart 15)**. The World Bank[13] has projected Brent crude price to average US$84.0/bbl. in 2023 and US$86/bbl. in 2024.

▸ Average global coal price[14] increased only marginally from a 15-month low of US$162/mt. in March 2023 to 164/mt. in April 2023. The World Bank projected average global coal price to fall from US$344.9/mt. in 2022 to US$200/mt. in 2023 and further to US$155/mt. in 2024. In its assessment, the anticipated increase in demand from China is likely to be offset by weaker demand elsewhere, as utilities switch back to natural gas.

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12 Simple average of three spot prices, namely, Dated Brent, West Texas Intermediate and Dubai Fateh

13 Commodity Markets Outlook (April 2023)

14 Simple average of Australian and South African coal prices.

9. Index of Aggregate Demand (IAD): continued to show a strong growth in March 2023

IAD posted a robust growth of 10% in March 2023

▶ EY has developed an Index of Aggregate Demand (IAD) to reflect the monthly combined demand conditions in the agriculture, manufacturing, and services sectors. It considers the movements in PMI for manufacturing and services, both measured in seasonally adjusted (sa) terms, tracing the demand conditions in these sectors. Movements in the monthly agricultural credit off-take (sa)[15] capture the demand conditions in the agricultural sector.

▶ While growth in IAD remained strong at 10% in March 2023, it was lower than 11.2% in February 2023 as demand conditions in the services sector eased **(Chart 16 and Table 9).**

▶ Demand conditions in the agricultural sector remained strong as indicated by a higher growth in agricultural credit off-take (sa) at 15.5% in March 2023 as compared to 15% in February 2023. Demand conditions in the manufacturing sector also improved in March 2023, as indicated by a higher manufacturing PMI at 56.4 in March 2023 as compared to its level of 55.3 in February 2023.

▶ Demand conditions in the services sector eased marginally in March 2023 as compared to that in February 2023 as reflected by services PMI which fell to 57.8 in March 2023 from 59.4 in February 2023.

Chart 16: Growth in IAD (y-o-y)
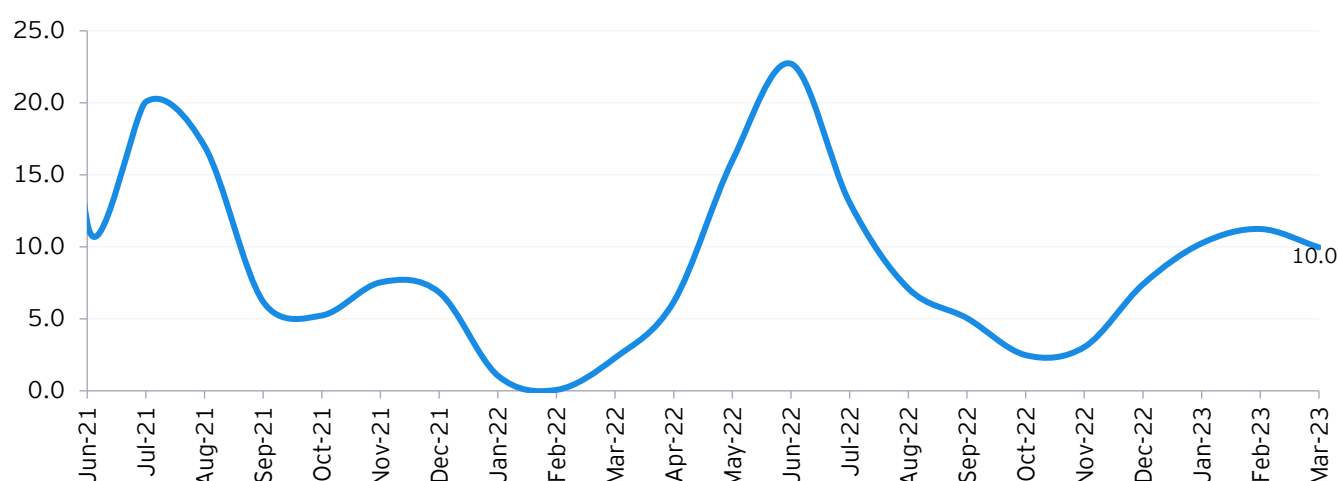
Source (Basic data): S&P - IHS Markit PMI, RBI and EY estimates
Note: From this issue onwards, we will be using seasonally adjusted data for constructing the IAD.

Table 9: IAD

Month	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
IAD	150.3	152.4	149.5	151.1	153.3	157.5	155.1	157.9	157.7
Growth (% y-o-y)	13.1	7.1	5.0	2.5	3.0	7.4	10.2	11.2	10.0
Growth in agr. Credit	13.1	13.4	13.4	13.5	13.7	11.4	14.5	15.0	15.5
Mfg. PMI**	6.4	6.2	5.1	5.3	5.7	7.8	5.4	5.3	6.4
Ser. PMI**	5.5	7.2	4.3	5.1	6.4	8.5	7.2	9.4	7.8

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

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

15 We have constructed a seasonally adjusted series for agricultural credit using Census X-13 technique in E-views (version 12) and the growth of this SA agricultural credit series is used in the IAD series.

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			
FY20	-0.8	1.6	-1.4	0.9	0.4	FY20	52.3	51.9
FY21	-8.5	-7.8	-9.6	-0.5	-6.4	FY21	50.2	41.7
FY22	11.4	12.2	11.7	8.0	10.4	FY22	54.0	52.3
FY23	5.1	5.8	4.5	8.9	7.6	FY23	55.6	57.3
1QFY23	12.8	9.1	12.8	17.1	13.9	1QFY23	54.4	58.7
2QFY23	1.6	-0.9	1.5	4.9	5.7	2QFY23	55.9	55.7
3QFY23	2.8	7.6	1.4	7.9	4.9	3QFY23	56.3	56.7
4QFY23	4.0	6.8	3.3	6.0	6.4	4QFY23	55.7	58.1
Dec-22	5.1	10.1	3.6	10.4	8.3	Jan-23	55.4	57.2
Jan-23	5.5	8.8	4.0	12.7	8.9	Feb-23	55.3	59.4
Feb-23	5.8	4.8	5.6	8.2	7.2	Mar-23	56.4	57.8
Mar-23	1.1	6.8	0.5	-1.6	3.6	Apr-23	57.2	62.0

Source: MoSPI, Office of the Economic Adviser, Ministry of Commerce and Industry and S&P Global

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

Fiscal year/ quarter/ month	CPI	Food Price Index	Fuel and light	Core CPI	WPI	Food Price Index	Mfg. products	Fuel and power	Core WPI
		% change y-o-y				% change y-o-y			
FY20	4.8	6.7	1.3	3.8	1.7	6.9	0.3	-1.8	-0.4
FY21	6.2	7.7	2.7	5.5	1.3	4.0	2.8	-8.0	2.2
FY22	5.5	3.8	11.3	6.1	13.0	6.8	11.1	32.5	11.0
FY23	6.7	6.6	10.3	6.2	9.4	6.3	5.6	28.1	5.8
1QFY23	7.3	8.0	10.1	6.4	16.1	10.5	10.3	46.3	10.6
2QFY23	7.0	7.6	11.0	6.1	12.4	9.1	7.3	37.5	7.7
3QFY23	6.1	5.3	10.5	6.2	6.6	3.3	3.7	21.0	3.7
4QFY23	6.2	5.6	9.8	6.2	3.3	2.7	1.4	12.6	1.5
Jan-23	6.5	6.0	10.8	6.3	4.8	3.1	3.1	15.0	2.9
Feb-23	6.4	6.0	9.9	6.4	3.9	2.8	1.9	14.0	2.2
Mar-23	5.7	4.8	8.8	5.9	1.3	2.3	-0.8	9.0	-0.3
Apr-23	4.7	3.8	5.5	5.2	-0.9	0.2	-2.4	0.9	-1.8

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

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

Fiscal year/month	Gross tax revenue	Corporate tax	Income tax	Direct taxes*	Indirect taxes**	Fiscal deficit % of GDP	Revenue deficit % of GDP
FY20 (CGA)	-3.4	-16.1	4.0	-7.8	1.7	4.7	3.3
FY21 (CGA)	0.7	-17.9	-2.3	-10.7	12.7	9.2	7.3
FY22 (CGA)	33.8	55.7	43.5	49.6	20.0	6.7	4.4
FY23 (RE over FY 22 Actuals)	12.3	17.3	17.1	17.2	7.1	6.4	4.1
FY24 (BE over FY 23 RE)	10.4	10.5	10.5	10.5	10.4	5.9	2.9
Cumulated growth (%, y-o-y)						% of budgeted target	
Jul-22	24.9	34.7	50.0	42.7	10.8	20.5	16.4
Aug-22	18.7	23.6	33.2	28.8	11.2	32.6	32.4
Sep-22	17.6	21.6	25.7	23.5	11.8	37.3	31.4
Oct-22	18.0	24.1	27.7	25.9	11.0	45.6	38.9
Nov-22	15.5	21.1	26.7	23.9	8.6	58.9	57.8
Dec-22	12.5	16.9	19.2	18.0	7.1	56.6$	50.3$
Jan-23	12.6	14.8	18.9	16.8	8.6	67.8$	61.1$
Feb-23	12.0	13.5	19.1	16.2	8.1	82.8$	83.1$

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

Fiscal year/month	CGST	UTGST	IGST	GST compensation cess	Total GST (GoI)
	INR crore				
FY23 (RE)	7,24,000	-	-	1,30,000	8,54,000
FY24 (BE)	8,11,600	-	-	1,45,000	9,56,600
Monthly tax collection (INR crore)					
Jul-22	55,357	155	6,898	10,654	73,064
Aug-22	51,911	149	8,938	9,889	70,887
Sep-22	54,689	406	9,964	9,967	75,026
Oct-22	72,219	595	-19,374	10,281	63,721
Nov-22	57,848	515	-2,580	10,323	66,106
Dec-22	60,778	232	-3,394	10,911	68,527
Jan-23	65,171	238	-1,671	10,427	74,165
Feb-23	60,075	394	-2,288	11,801	69,982

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
May-22	4.40	FY20	9.5	9.9	43.0	1.4	FY20	11.2	8.9	6.83	475.6
Jun-22	4.90	FY21	6.0	11.0	44.0	36.1	FY21	16.2	12.2	6.05	579.3
Jul-22	4.90	FY22	6.6	9.7	38.6	-16.8	FY22	10.6	8.7	6.40	617.6
Aug-22	5.40	FY23	14.6	9.5	28.7	-5.2	FY23	6.8	9.0	7.35	578.4
Sep-22	5.90	1QFY23	12.1	9.1	13.6	-14.6	1QFY23	8.7	7.8	7.34	593.3
Oct-22	5.90	2QFY23	14.7	9.3	6.4	6.5	2QFY23	8.5	8.6	7.32	532.7
Nov-22	5.90	3QFY23	15.8	9.4	2.3	4.9	3QFY23	12.4	10.7	7.37	562.9
Dec-22	6.25	4QFY23	15.6	10.1	6.3	-2.0	4QFY23	6.8	9.0	7.36	578.4
Jan-23	6.25	Dec-22	14.9	9.2	2.0	-0.4	Jan-23	9.8	9.8	7.39	576.8
Feb-23	6.50	Jan-23	16.3	10.5	4.1	-3.0	Feb-23	8.7	9.5	7.34	560.9
Mar-23	6.50	Feb-23	15.5	10.1	1.8	-0.4	Mar-23	6.8	9.0	7.36	578.4
Apr-23	6.50	Mar-23	15.0	9.6	0.4	1.5	Apr-23	7.7	9.5	7.18	588.8

Source: Database on Indian Economy - RBI

Table A5: External trade and global growth

	External trade indicators (annual, quarterly and monthly growth rates)						Global growth (annual)			
Fiscal year/ quarter/ month	Exports	Imports	Trade balance	Ex. rate (avg.)	Crude prices (avg.)	Coal prices (avg.)	Calendar year	World GDP	Adv. econ.	Emer. econ.
	% change y-o-y		US$ billion	INR/US$	US$/bbl.	US$/mt		% change y-o-y		
FY20	-5.1	-8.2	-157.4	70.9	58.5	70.4	2013	3.5	1.4	5.1
FY21	-7.0	-16.6	-101.4	74.2	43.8	67.2	2014	3.5	2.1	4.7
FY22	44.7	56.0	-191.0	74.5	78.4	164.8	2015	3.4	2.4	4.3
FY23	0.9	15.5	-282.0	80.4	92.7	283.4	2016	3.3	1.8	4.5
1QFY23	24.3	47.8	-68.8	77.2	110.1	321.7	2017	3.8	2.5	4.8
2QFY23	2.9	28.3	-83.7	79.8	96.4	336.4	2018	3.5	2.2	4.5
3QFY23	-9.9	2.3	-74.6	82.2	85.3	281.1	2019	2.8	1.6	3.7
4QFY23	-10.1	-6.7	-54.9	82.3	79.0	194.4	2020	-3.1	-4.5	-2.0
Jan-23	-6.6	-3.6	-17.7	81.9	80.4	245.0	2021	6.2	5.4	6.7
Feb-23	-8.8	-8.2	-17.4	82.6	80.3	176.1	2022	3.4	2.7	3.9
Mar-23	-13.9	-7.9	-19.7	82.3	76.5	162.0	2023	2.9	1.2	4.0
Apr-23	-12.7	-14.1	-15.2	82.0	82.5	164.0	2024	3.1	1.4	4.2

Source: Database on Indian Economy - RBI, Pink Sheet - World Bank and IMF World Economic Outlook October 2022 and World Economic Outlook Update January 2023

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

Fiscal year/quarter	Output: major sectors									IPD inflation
	GVA	Agr.	Ming.	Mfg.	Elec.	Cons.	Trans.	Fin.	Publ.	GVA
FY20 (2nd RE)	3.9	6.2	-3.0	-3.0	2.3	1.6	6.0	6.8	6.6	3.0
FY21 (2nd RE) *	-4.2	4.1	-8.6	2.9	-4.3	-5.7	-19.7	2.1	-7.6	3.3
FY22 (1st RE)*	8.8	3.5	7.1	11.1	9.9	14.8	13.8	4.7	9.7	8.3
FY23 (2nd AE) *	6.6	3.3	3.4	0.6	9.2	9.1	14.2	6.9	7.1	8.1
3QFY21	2.8	4.8	-5.4	12.8	0.7	8.4	-9.5	9.7	-5.0	3.4
4QFY21	6.3	3.4	-3.8	19.4	2.5	20.1	-3.1	8.3	-0.7	5.2
1QFY22	20.2	3.4	12.2	51.5	16.3	77.0	41.4	2.8	6.5	6.1
2QFY22	9.3	4.8	10.6	6.6	10.8	10.8	13.1	7.0	16.8	8.0
3QFY22	4.7	2.3	5.4	1.3	6.0	0.2	9.2	4.3	10.6	9.4
4QFY22	3.9	4.1	2.3	0.6	6.7	4.9	5.0	4.6	5.2	9.7
1QFY23	12.1	2.5	9.3	6.4	14.9	16.2	25.7	8.6	21.3	12.5
2QFY23	5.5	2.4	-0.4	-3.6	6.0	5.8	15.6	7.1	5.6	10.1
3QFY23	4.6	3.7	3.7	-1.1	8.2	8.4	9.7	5.8	2.0	5.9

Source: National Accounts Statistics, MoSPI
*Growth numbers for FY21, FY22 and FY23 are based on NAS released by the MoSPI on 28 February 2023 and the subsequent data file released on 1 March 2023

Fiscal year/quarter	Expenditure components						IPD inflation
	GDP	PFCE	GFCE	GFCF	EX	IM	GDP
FY20 (2nd RE)	3.9	5.2	3.9	1.1	-3.4	-0.8	2.4
FY21 (2nd RE) *	-5.8	-5.2	-0.9	-7.3	-9.1	-13.7	4.7
FY22 (1st RE) *	9.1	11.2	6.6	14.6	29.3	21.8	8.5
FY23 (2nd AE) *	7.0	7.3	1.2	11.2	11.5	18.8	8.3
3QFY21	1.6	1.6	-4.7	3.0	-8.6	-5.1	4.6
4QFY21	3.4	6.8	23.4	14.0	3.9	11.9	8.2
1QFY22	21.6	17.6	-2.1	61.0	46.1	44.8	8.6
2QFY22	9.1	14.2	11.7	12.4	25.1	26.6	8.5
3QFY22	5.2	10.8	5.8	1.2	27.8	19.7	8.7
	4.0	4.7	11.8	4.9	22.4	6.7	8.7
1QFY23	13.2	20.0	1.8	20.6	19.7	33.7	12.9
2QFY23	6.3	8.8	-4.1	9.7	12.3	25.9	10.3
3QFY23	4.4	2.1	-0.8	8.3	11.3	10.9	6.6

Source: National Accounts Statistics, MoSPI
*Growth numbers for FY21, FY22 and FY23 are based on NAS released by the MoSPI on 28 February 2023 and the subsequent data file released on 1 March 2023

List of abbreviations

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

Sr. no.	Abbreviations	Description
40	ICRIER	Indian Council for Research on International Economic Relations
41	IEA	International Energy Agency
42	IGST	Integrated Goods and Services Tax
43	IIP	Index of Industrial Production
44	IMF	International Monetary Fund
45	IMI	Index of Macro Imbalance
46	IMP	imports
47	INR	Indian Rupee
48	IPD	implicit price deflator
49	MCLR	marginal cost of funds-based lending rate
50	Ming.	mining and quarrying
51	Mfg.	manufacturing
52	m-o-m	month-on-month
53	Mt	metric ton
54	MoSPI	Ministry of Statistics and Programme Implementation
55	MPC	Monetary Policy Committee
56	MPF	Monetary Policy Framework
57	NEXP	net exports (exports minus imports of goods and services)
58	NSO	National Statistical Office
59	NPA	non-performing assets
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	PPP	Purchasing power parity
67	PSBR	public sector borrowing requirement
68	PSU/PSE	public sector undertaking/public sector enterprises
69	RE	revised estimates
70	RBI	Reserve Bank of India
71	SLR	Statutory Liquidity Ratio
72	Trans.	trade, hotels, transport, communication and services related to broadcasting
73	US$	US Dollar
74	UTGST	Union Territory Goods and Services Tax
75	WALR	weighted average lending rate
76	WHO	World Health Organization
77	WPI	Wholesale Price Index
78	y-o-y	year-on-year
79	1HFY20	first half of fiscal year 2019-20, i.e., April 2019-September 2019

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