

Monthly Economic Review

June 2024

Comments are welcome at directorgeneral@ncaer.org.

The findings, interpretations, and conclusions expressed are those of the authors and do not necessarily reflect the views of the Governing Body or Management of NCAER.

Highlights

- The Federal Open Market Committee (FOMC), in its meeting from June 11-12, 2024, kept the policy rate unchanged at 5.5 percent with the target range of 5.25 to 5.5 percent. Inflation in the United States (US) slowed, but it remained above the target rate of 2 percent. Inflation in United Kingdom (UK) decelerated and reached the target rate of 2 percent. Inflation in Japan and the Euro Area accelerated, and it remained above the 2 percent target rate.
- The Monetary Policy Committee (MPC) decided to keep the policy rate unchanged at 6.5 percent in its meeting from June 5-7, 2024. The Reserve Bank of India (RBI) raised its projections for India's real Gross Domestic Product (GDP) growth for FY2024-25 to 7.2 percent from 7 percent and kept its projection for Consumer Price Index (CPI) headline inflation unchanged at 4.5 percent, in line with their previous projections released in April 2024.
- The Central Government contained its fiscal deficit at 5.6 percent of nominal GDP for FY2023-24, as compared to the Revised Estimate (RE) of 5.8 percent of nominal GDP, and the Budget Estimate (BE) of 5.9 percent of nominal GDP.
- Standard & Poor's (S&P) Global Ratings has revised India's credit outlook from stable to positive while maintaining the long-term sovereign credit rating at the lowest investment grade of BBB- indicating that an upgrade in the credit rating could occur if India's fiscal deficit narrows, and if the central bank effectively controls inflation over time.
- High-frequency indicators reveal that the domestic economy has remained resilient. The Purchasing Managers' Index (PMI) for manufacturing and services slowed in May 2024, but both remained in expansionary momentum. Growth in Index of Industrial Production (IIP) decelerated but growth in IIP for Core industries accelerated in April 2024. Goods and Services Tax (GST) collections remained buoyant year-over-year; Consumer Price Index (CPI) headline inflation eased further, but food inflation remained elevated; Wholesale Price Inflation accelerated in May 2024. The total outstanding credit of Scheduled Commercial Banks expanded by 20.2 percent on a year-over-year basis in April 2024; credit growth remained strong for personal loans, services and agriculture and allied activities.
- The merchandise trade deficit widened, and services trade surplus moderated sequentially; India's foreign exchange reserves increased sequentially; and the rupee depreciated marginally against the US dollar in June 2024. The current account balance recorded a surplus of USD 5.7 billion (0.6 percent of nominal GDP) in Q4 FY2023-24 as compared a deficit of USD 1.3 billion (0.2 percent of nominal GDP) in Q4 FY2022-23 a year ago. Remittances increased to a value of USD 32 billion in Q4 FY2023-24 as compared to USD 28.6 billion in Q4 FY2022-23.
- Employment indicators showed mixed trends. Naukri JobSpeak Index increased sequentially but moderated year-over-year, and sectors like travel and hospitality, banking, retail, and IT services showed an increase in hiring activities year-over-year. The number of net new subscribers under the Employees' Provident Fund Organisation (EPFO) increased sequentially and year-over-year. Work demand under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) increased sequentially but decreased year-over-year.
- Yields on Indian Government debt decreased sequentially for 1-year, 5-year and 10-year benchmark in June 2024; National Stock Exchange Volatility Index (VIX) decreased sequentially in June 2024. Net foreign portfolio investments increased sequentially in June 2024; Morgan Stanley Capital International (MSCI) Index for India and the world increased sequentially but for emerging markets, it decreased sequentially in June 2024.

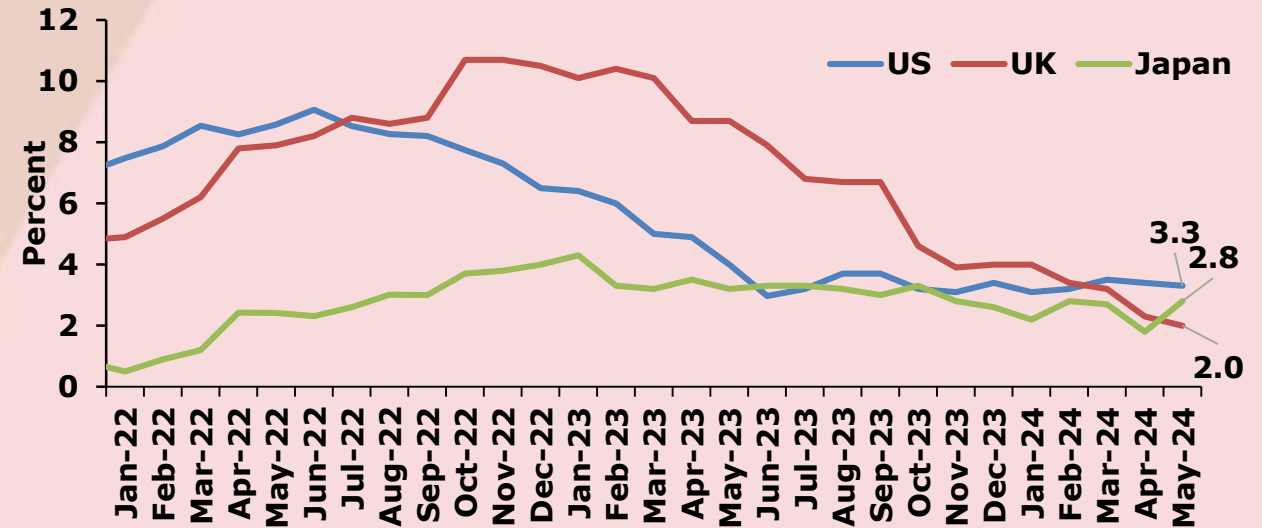
- Federal Open Market Committee (FOMC) kept the policy rate unchanged at 5.5 percent, with a target rate range of 5.25-5.5 percent. The average (median) growth projections released by the FOMC on June 12, 2024, for 2024, 2025, 2026 and beyond 2026 are reported in Table 1. [\[Federal Reserve Press Release, 12 June, 2024\]](#)
- [Inflation in the US slowed to 3.3 percent in May 2024](#) from 3.4 percent in April 2024. [Inflation in the UK decelerated to 2 percent in May 2024](#) from 2.3 percent in April 2024. [Inflation in Japan accelerated to 2.8 percent in May 2024](#) from 2.5 percent in April 2024 (Figure 1).
- Inflation in the Euro area accelerated to 2.6 percent in May 2024 as compared to 2.4 percent in April 2024. The annual inflation rate of the European Union accelerated to 2.7 percent in May 2024 as compared to April 2024. [\[Eurostat, June 18, 2024\]](#)
- The International Labour Organization (ILO), in its latest [World Employment and Social Outlook \(WESO\), May 2024](#), projected a modest decline in the global unemployment rate from 5 percent in 2023 to 4.9 percent in 2024. This is a downward revision from the 5.2 percent projection for 2024 released in [WESO, January 2024](#).
- A subset of OPEC+ members have decided to prolong their voluntary reductions of 1.7 million barrels per day for Brent crude oil, initially declared in April 2023, until the end of December 2025. Furthermore, they will extend their reductions of 2.2 million barrels per day, announced in November 2023, until the end of September 2024 and these daily reductions will be gradually phased out monthly until September 2025. [\[The 37th OPEC and non-OPEC Ministerial Meeting, Press Release, June 2, 2024\]](#)

Table 1: FOMC Projections

Variables	Median Projections			
	2024	2025	2026	Long-run
Real GDP (% change)	2.1	2.0	2.0	1.8
Unemployment Rate (%)	4.0	4.2	4.1	4.2
PCE inflation	2.6	2.3	2.0	2.0
Core PCE inflation	2.8	2.3	2.0	-
Fund rate (%)	5.1	4.1	3.1	2.8

Source: [FOMC Meeting Statement \(June 11-12, 2024\)](#)

Figure 1: Headline Inflation in Advanced Economies



Source: US Bureau of Labor Statistics; Office for National Statistics; Statistics Bureau, UK and The Bank of Japan (Figure 1).

Note: In table 1, [Personal consumption expenditures price index, or PCE price index](#), is a narrower measure of inflation which looks at the changing prices of goods and services purchased by consumers in the US. The PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and for reflecting changes in consumer behavior. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Longer-run projections for core PCE inflation are not given by the FOMC.

GDP Growth projections

- Global growth projections for 2024 have been revised upward by the IMF, the World Bank as well as by other rating agencies. The growth rate is projected to be between 3.2 to 2.6 percent in 2024.
- For India, growth projections for FY2024-25 have also been revised upward by all the agencies. The range of projections for India for the current fiscal year is between 7.2 to 6.2 percent.

Figure 2: Global Real GDP Growth Projections for 2024

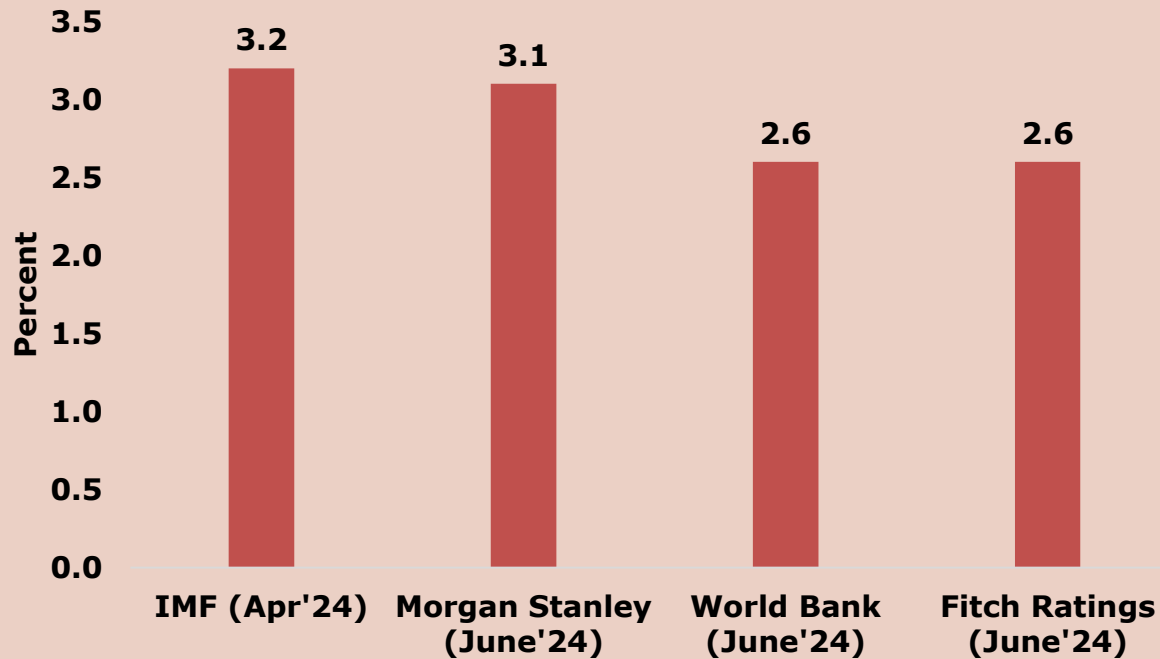
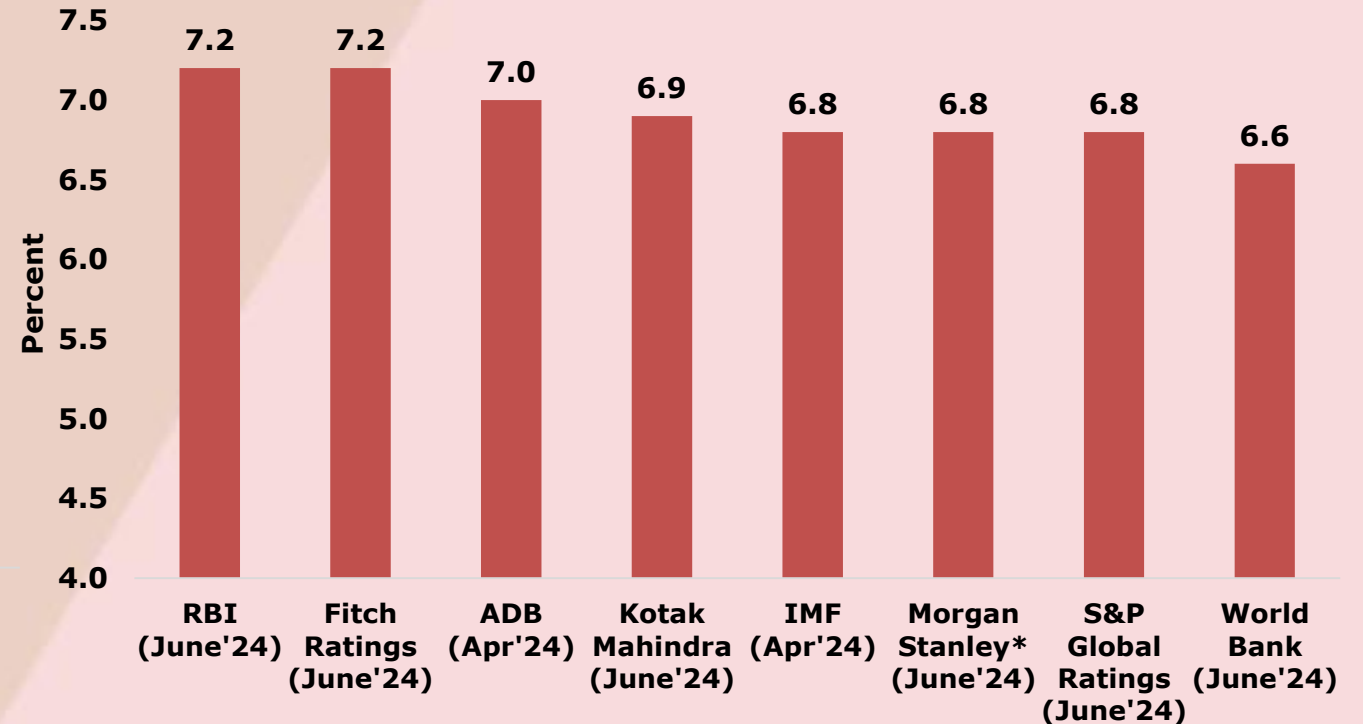


Figure 3: India's Real GDP Growth Projections for FY2024-25



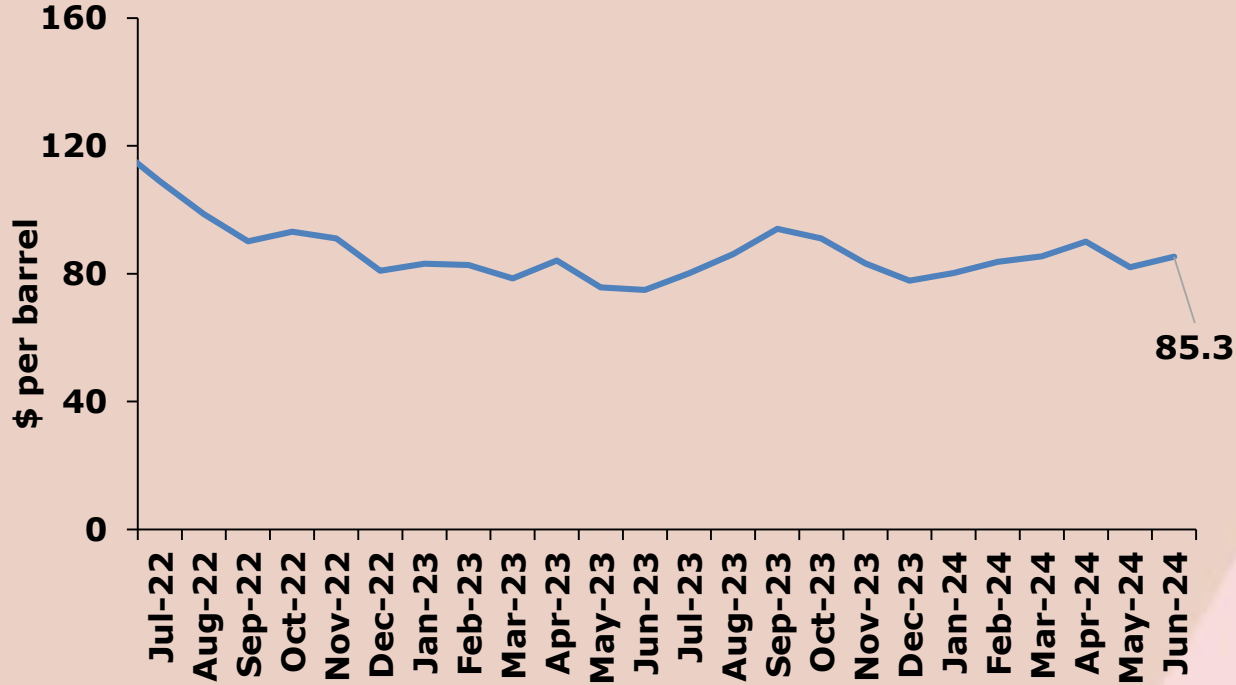
Source: Various reports and media articles by the institutions (Figures 2 and 3).

Note: (i) In figure 3, the asterisk with Morgan Stanley denotes the projection is for calendar year 2024. (ii) Releasing month of the outlook is shown in brackets under the agency's name.

Brent crude oil price increases; MSCI Index for India and world increases sequentially, but decreases for emerging markets

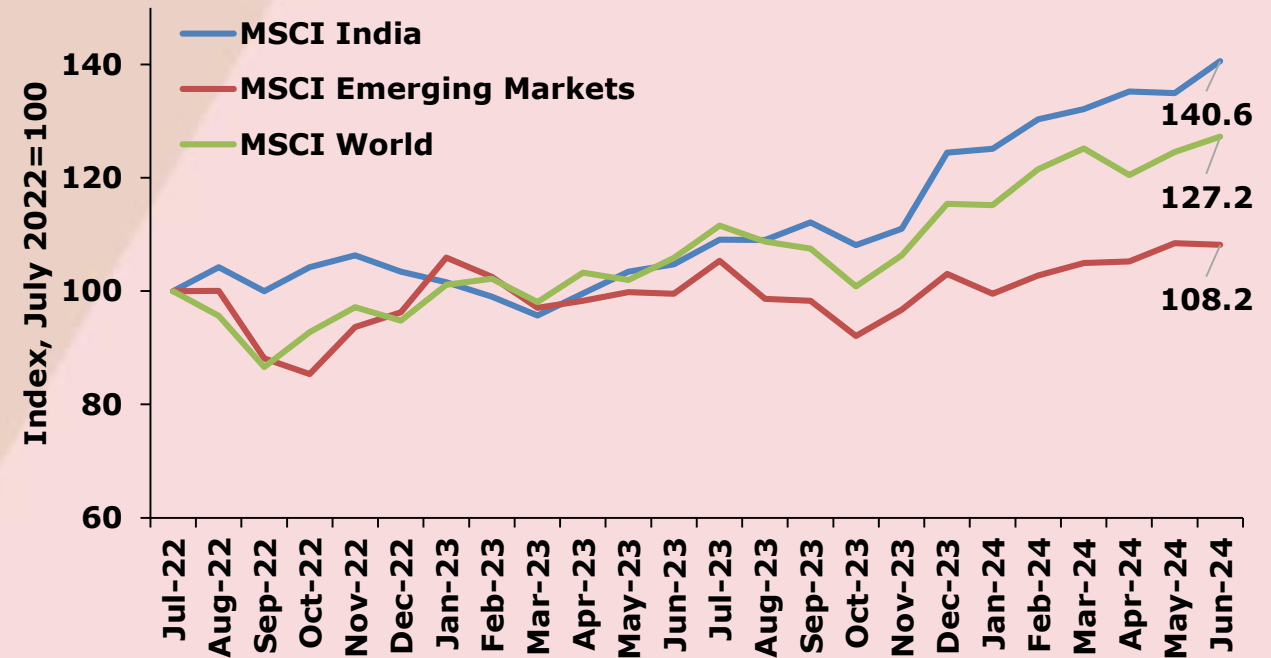
- The price for Brent crude oil increased to USD 85.3 per barrel as of June 20, 2024, as compared to the corresponding price of USD 82 per barrel at end-May 2024 (Figure 4).
- As of June 21, 2024, Morgan Stanley Capital International (MSCI) Index for India increased by 4.2 percent and for the world it increased by 2.2 percent. It decreased marginally for emerging markets by 0.3 percent over its level in May 2024 (Figure 5).

Figure 4: Brent Crude Oil Price



Source: World Bank Pink Sheet (Figure 4).

Figure 5: Equity Markets



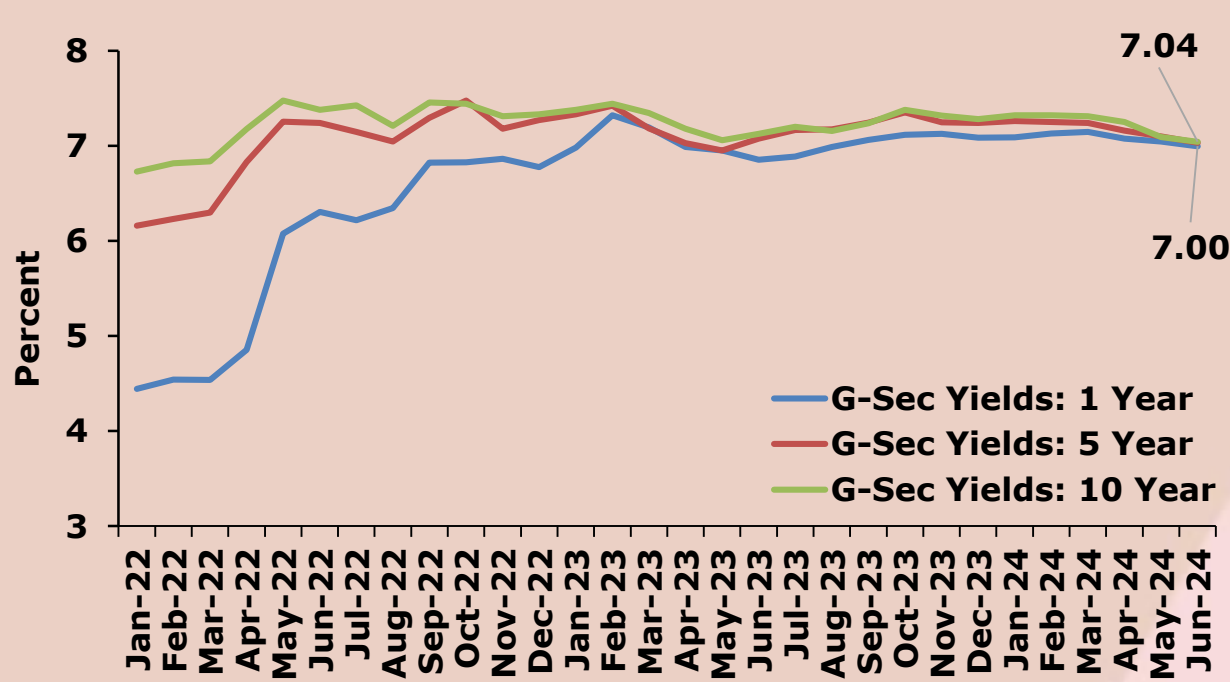
Source: Investing.com (Figure 5).

Note: The data for Figure 4 has been taken from the World Bank Pink Sheet for the period July 2022 until May 2024, and from Global Markets Monitor (GMM), for the month of June 2024, as on 20 June 2024. Figure 5 is indexed from July 2022, July 2022=100, data for Figure 3 is reported until 21 June 2024, and the average of daily values was taken to create the monthly value for June 2024.

Yields on Indian Government debt decrease marginally for 1-year, 5-year and 10-year benchmarks; National Stock Exchange Volatility Index (VIX) decreases sharply

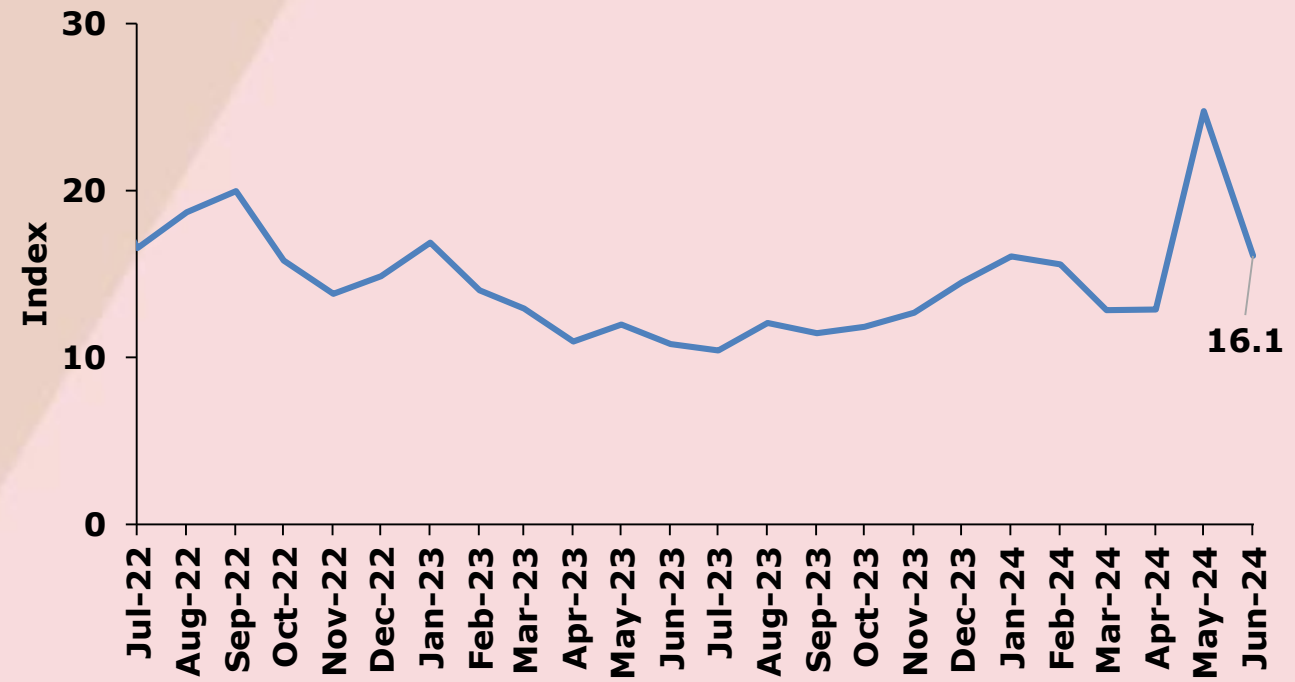
- The yields for 1-year, 5-year and 10-year, government securities decreased marginally to 7, 7.03, and 7.04 percent respectively, as on June 20, 2024, as compared to 7.04, 7.1, and 7.09 percent respectively, at the end of May 2024 (Figure 6).
- As of June 20, 2024, the National Stock Exchange Volatility Index (VIX) index for India decreased sharply to a level of 16.1 as compared to the corresponding level of 24.8 at the end of May 2024 (Figure 7).

Figure 6: Yields on Domestic Government Securities



Source: Clearing Corporation of India Ltd (Figure 6).

Figure 7: VIX Index



Source: CEIC estimates and Investing.com (Figure 7).

Note: The NSE VIX (National Stock Exchange Volatility Index) for India is a measure of the market's expectation of volatility of the NIFTY 50 index over the next 30 calendar days. A high VIX value indicates high volatility and uncertainty, suggesting that investors expect significant price movements in the near term. Conversely, a low VIX value suggests a stable or less volatile market.

Key Policy Developments

- The Union Cabinet sanctioned increase in Minimum Support Price (MSP) for all mandated Kharif crops for the 2024-25 marketing season. The highest increase in MSP compared to last year has been recommended for oilseeds and pulses, specifically Niger seed (Rs 983 per quintal), sesamum (Rs 632 per quintal) and tur/arhar (Rs 550 per quintal). [[Cabinet approves MSP for Kharif Crops for Marketing Season 2024-25 | Press Information Bureau \(pib.gov.in\)](#)]
- The Union Cabinet approved the 17th installment of Prime Minister Kisan Nidhi Scheme, amounting Rs 0.2 lakh crore, to boost rural demand and support consumer stocks. [[Prime Minister releases the 17th instalment of about Rs 20,000 crore under PM-KISAN from Varanasi today | Press Information Bureau \(pib.gov.in\)](#)]
- The Union Cabinet decided to provide assistance for constructing new houses under Pradhan Mantri Awas Yojana (PMAY) to 3 crore additional rural and urban households, addressing the increased housing requirements due to a rise in the number of eligible families. [[Government to provide assistance to construct 3 crore rural and urban houses under Pradhan Mantri Awas Yojana \(PMAY\) | Press Information Bureau \(pib.gov.in\)](#)]
- The Union Cabinet sanctioned the Viability Gap Funding (VGF) scheme, with a total allocation of Rs 0.1 lakh crore, with the objective of establishing the first ever offshore wind energy projects in India. [[Cabinet approves Viability Gap Funding \(VGF\) scheme for implementation of Offshore Wind Energy Projects | Press Information Bureau \(pib.gov.in\)](#)]
- The Central Government imposed restrictions on import of gold jewellery and parts from all countries except its free-trade agreement (FTA) partner, United Arab Emirates, due to an increase in the volume of imports. [[Govt restricts import of gold jewellery and parts amid unusual surge | Economy & Policy News - Business Standard \(business-standard.com\)](#)]
- The Central Government approved additional installment of tax devolution to States for June 2024, amounting to Rs 1.4 lakh crore, to facilitate State Governments in accelerating development and capital expenditures. With this release, the total amount devolved to States by June 10 is Rs 2.8 lakh crore. [[Centre releases Rs. 1,39,750 crore installment of Tax Devolution to States | Press Information Bureau \(pib.gov.in\)](#)]

Provisional Estimates for FY2023-24, show 8.2 percent growth in real GDP; Growth estimates for Industry and Services remain strong, while growth estimates for Agriculture remain low

- As per the Provisional Estimates (PEs), India's real GDP is estimated to grow at 8.2 percent in FY2023-24 (Figure 8). [\[Provisional Estimate and Quarterly Estimates for GDP for Q4 \(January-March\), FY2023-24 Press Release \(pib.gov.in\)\]](#)
- Real Gross Value Added (GVA) is estimated to grow at 7.2 percent in FY2023-24. Agriculture, Livestock, Forestry and Fishing sectors are estimated to grow at 1.4 percent, the Services sector at 7.6 percent, and the Industry at 9.5 percent (Figures 9 and 10).
- Construction (9.9 percent), Manufacturing (9.9 percent), Financial, Real Estate and Professional Services (8.4 percent), Public Administration, Defence and Other Services (7.8 percent) and Electricity, Gas, Water Supply and Other Utility Services (7.5 percent) are projected to register high growth on a year-over-year basis in FY2023-24 (Figure 10).

Figure 8: Growth Rates of Real GDP and Its Components

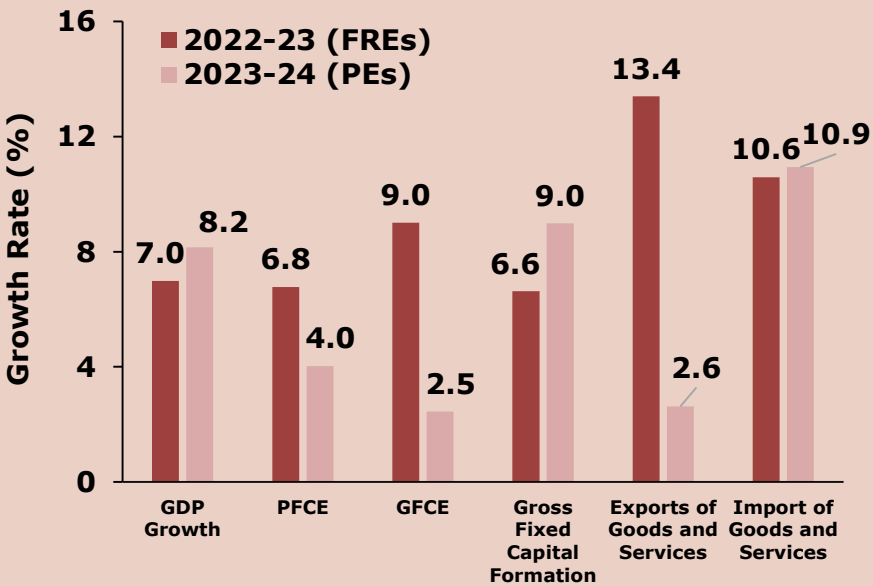


Figure 9: GVA Growth Rates—Agriculture, Industry and Services

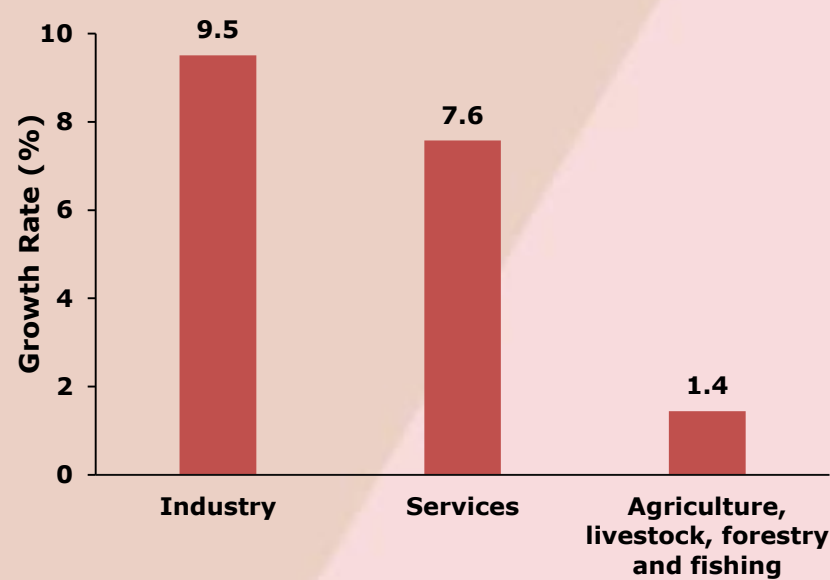
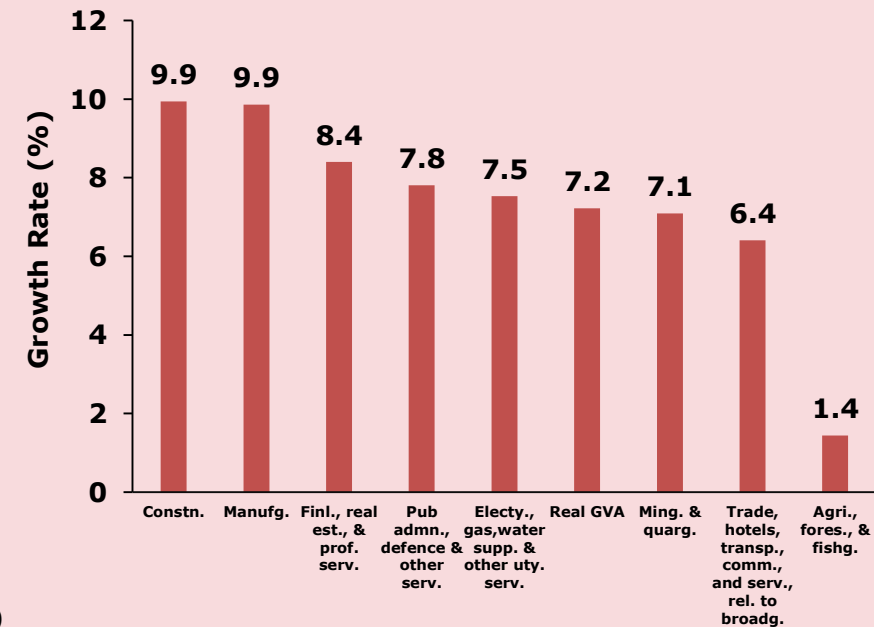


Figure 10: Growth Rates of GVA and Its Components



Source: Ministry of Statistics and Programme Implementation (Figures 8, 9, and 10)

Note: In Figure 8, FREs refer to First Revised Estimates for 2022-23. In Figure 9 and 10, for calculating the projected growth of the agriculture sector, we took the component Agriculture, Forestry & Fishing, and for the services sector, we took the aggregate of three components, Trade, Hotels, Transport, Communication and services related to Broadcasting, Financial, Real Estate & Professional Services and Public Administration, Defence & Other Services. Similarly, for calculating the growth of Industry, we took the aggregate of four components, i.e., Mining & Quarrying, Manufacturing, Electricity, Gas, Water Supply & Other Utility Services and Construction.

Fourth Quarter estimates for FY2023-24 depict 7.8 percent growth in real GDP; Manufacturing and Construction sectors register highest growth, Agriculture sector registers lowest growth

- According to the quarterly estimates for the fourth quarter (January-March), India's real GDP growth accelerated to 7.8 percent in Q4 FY2023-24 (Figure 11). [\[Provisional Estimate and Quarterly Estimates for GDP for Q4 \(January-March\), FY2023-24 Press Release \(pib.gov.in\)\]](#)
- Real GVA growth accelerated to 6.3 percent in Q4 of FY2023-24. The Industrial sector growth accelerated to 8.4 percent and Services sector to 6.7 percent. Agriculture, Livestock, Forestry and Fishing sectors grew to 0.6 percent in Q4 of FY2023-24 (Figures 12 and 13).
- Manufacturing (8.9 percent), Construction (8.7 percent), Public Administration, Defence and Other Services (7.8 percent), Electricity, Gas, Water Supply and Other Utility Services (7.7 percent), and Financial, Real Estate and Professional Services (7.6 percent), registered high growth on a year-over-year basis in Q3 of FY2023-24 (Figure 13).

Figure 11: Growth Rates of Real GDP and Its Components

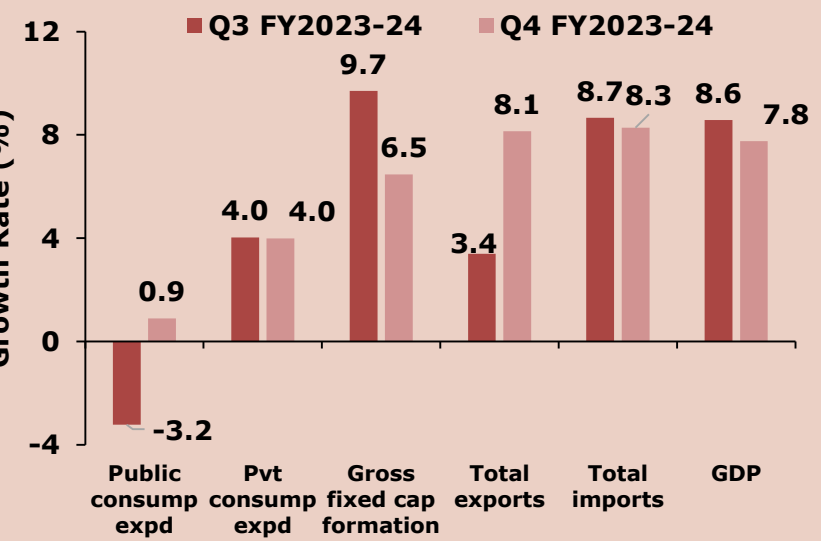
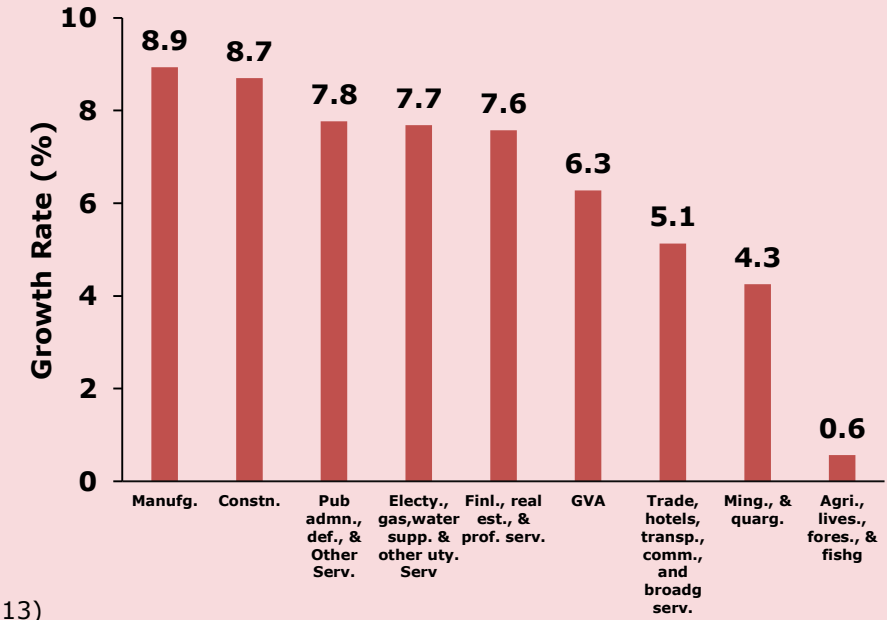


Figure 12: GVA Growth Rates—Agriculture, Industry and Services



Figure 13: Growth Rates of GVA and Its Components



Source: Ministry of Statistics and Programme Implementation (Figures 11, 12, and 13)

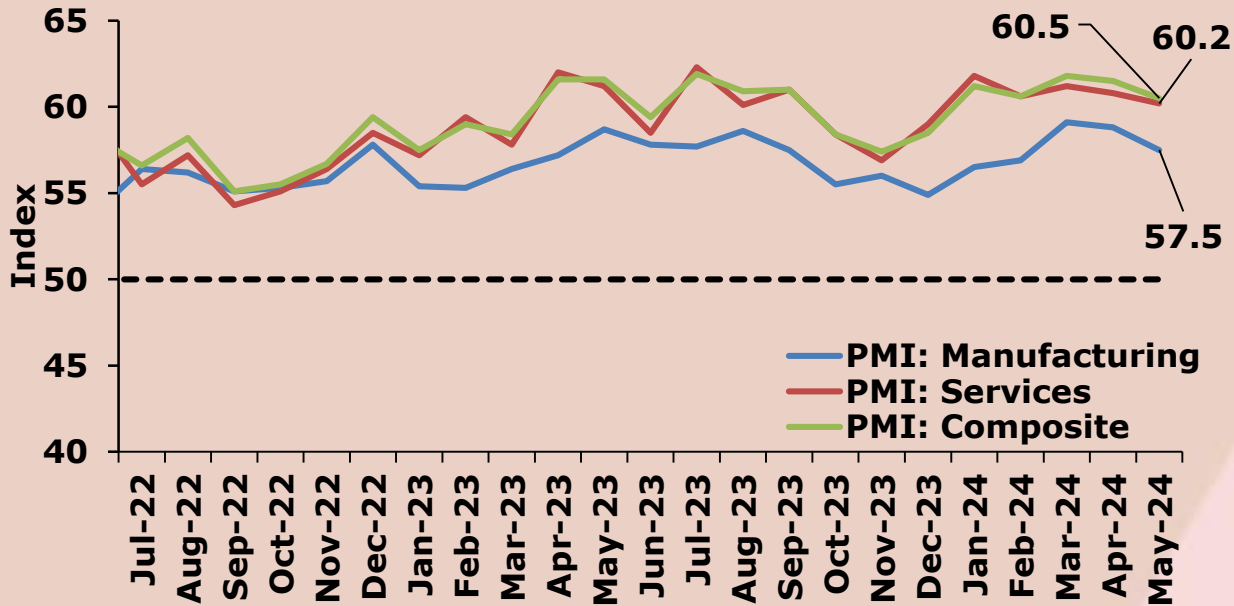
Note: In Figures 12 and 13, for calculating the growth of the agriculture sector, we took the component Agriculture, Forestry & Fishing, and for the services sector, we took the aggregate of three components, i.e., Trade, Hotels, Transport, Communication and Services related to Broadcasting, Financial, Real Estate & Professional Services and Public Administration, Defence & Other Services. Similarly, for calculating the growth of Industry, we took the aggregate of four components, i.e., Mining & Quarrying, Manufacturing, Electricity, Gas, Water Supply & Other Utility Services and Construction.

PMI for manufacturing and services slows but remains in expansionary momentum; Growth for IIP decelerates, but IIP Core accelerates

Real Sector

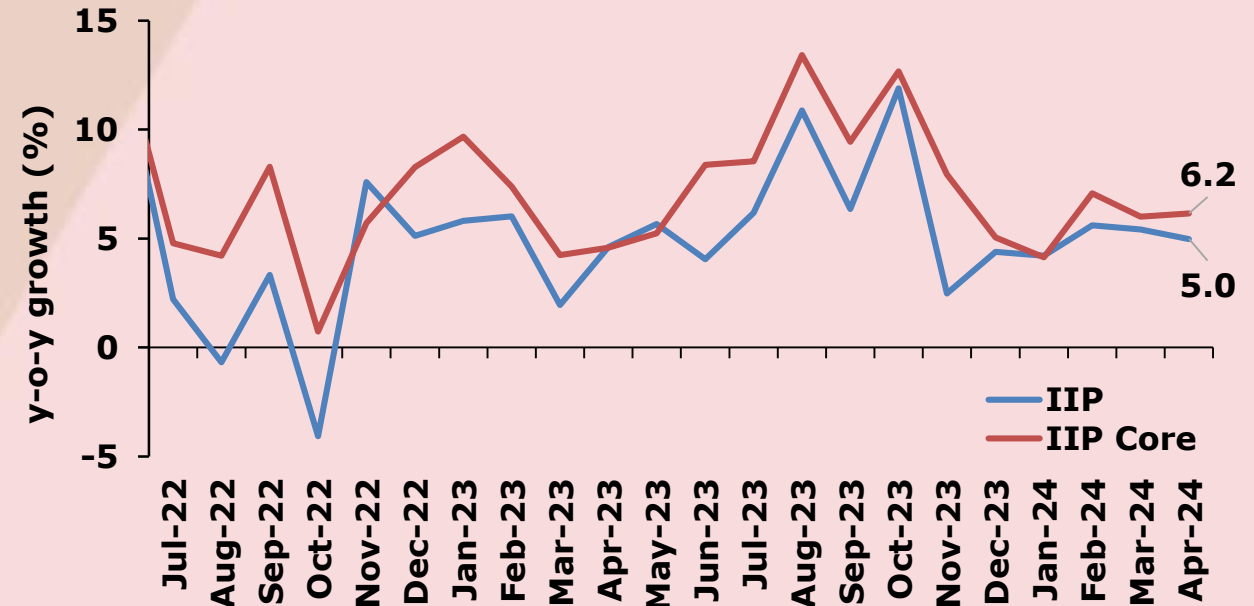
- The Purchasing Managers' Index (PMI) for manufacturing activity decreased to [57.5 in May 2024](#) from 58.8 in April 2024, but it continued to reflect expansionary momentum. The PMI for services decreased slightly to [60.2 in May 2024](#) from 60.8 in April 2024, but it remained strong and maintained expansionary momentum. The composite PMI decreased to 60.5 in June 2024 from 61.5 in April 2024 (Figure 14).
- Growth in the Index for Industrial Production (IIP) decelerated to 5 percent (Provisional Estimates) in April 2024 from 5.4 percent (Revised Estimates) in March 2024 on a year-over-year basis (Figure 15). [\[IIP Press Release, June 12, 2024\]](#)
- Growth in the combined Index of Eight Core Industries (IIP Core) accelerated to 6.2 percent (Provisional Estimates) in April 2024 from 6 percent (Revised Estimates) in March 2024 on a year-over-year basis (Figure 15). [\[IIP Core Press Release \(Office of Economic Advisor, DPIIT, Govt. Of India\), June 12, 2024\]](#)

Figure 14: Purchasing Managers' Indices



Source: IHS Markit (Figure 14).

Figure 15: Index of Industrial Production (IIP)



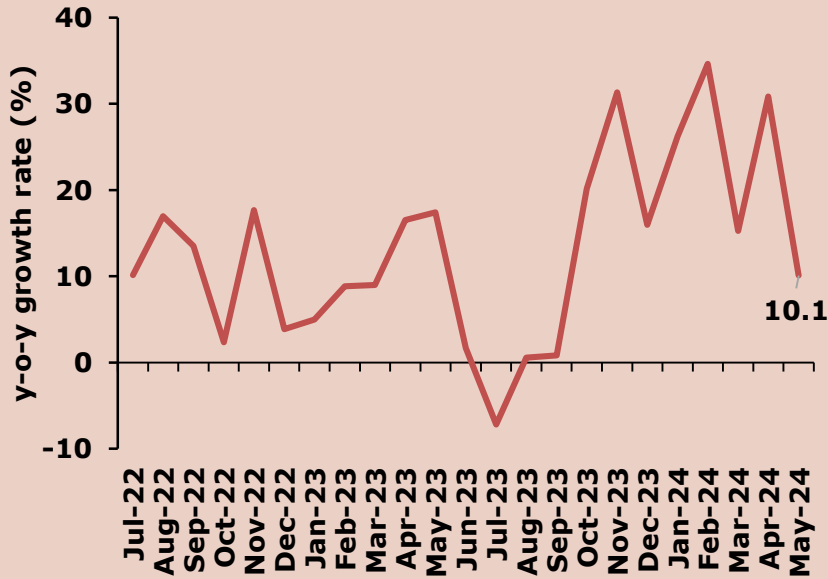
Source: Ministry of Statistics and Programme Implementation and Department for Promotion of Industry and Internal Trade (DPIIT), Government of India (Figure 15).

Note: PMI value ranges from 0 to 100. Any value under 50 represents a contraction, a reading at 50 indicates no change, and a reading above 50 indicates expansion. The further away from 50 is the reading, the greater is the level of change (Figure 14).

Growth in automobile sales (non-EV two-wheelers) moderates; Sales of EVs show growth sequentially but moderate year-over-year; Digital toll collection (in volume) shows growth year-over-year

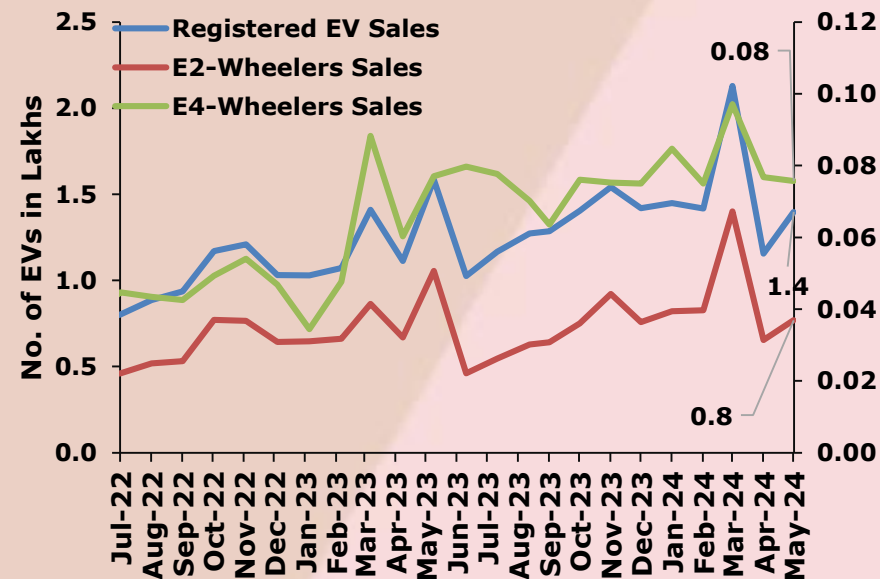
- The growth in sales of non-electric vehicle (non-EV) two-wheelers decelerated to 10.1 percent in May 2024 year-over-year from 30.8 percent in April 2024 year-over-year. Sequentially, growth in the sales of non-EV two-wheelers decelerated by 7.5 percent (Figure 16).
- As per Vahan Dashboard, Government of India, the growth in total registered electric vehicle (EV) sales decelerated by 11.8 percent in May 2024, on a year-over-year basis. However, sequentially, growth in overall EV sales accelerated by 20.9 percent (Figure 17).
- Sales across different categories of EVs showed mixed trends. Growth in the sales of Electric two-wheelers (E2Ws) decelerated by 27.2 percent in May 2024 on a year-over-year basis but accelerated by 17.6 percent sequentially. Growth in the sales of Electric four-wheelers (E4Ws) decelerated by 1.8 percent in May 2024 year-over-year, and sequentially by 1.3 percent (Figure 17). [[Monthly EV Update – May 2024 \(https://evreporter.com/\)](https://evreporter.com/)]
- The National Electronic Toll Collection (NETC) recorded 347.4 million transactions in May 2024 and registered a growth of 3.6 percent on a year-over-year basis in terms of the volume of transactions. Sequentially, the volume of transactions increased by 5.9 percent in May 2024 (Figure 18).

Figure 16: Automobile (non-EV Two-wheeler) Sales



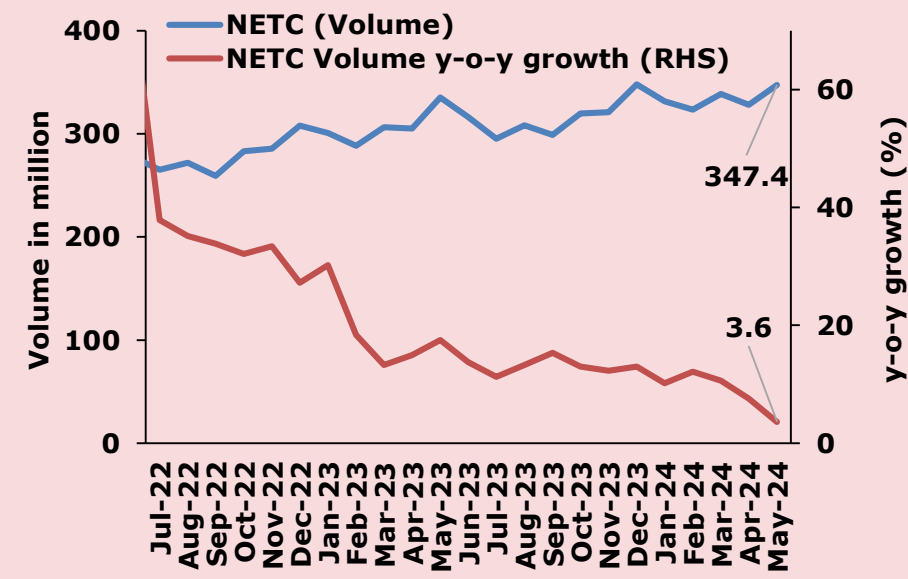
Source: CEIC estimates, Society of Indian Automobile Manufacturers (Figure 16).

Figure 17: Electric Vehicles Sales- by Categories



Source: EV reporter, Vahan Dashboard (Figure 17).

Figure 18: Digital Payments: NETC Volume and Growth Rates

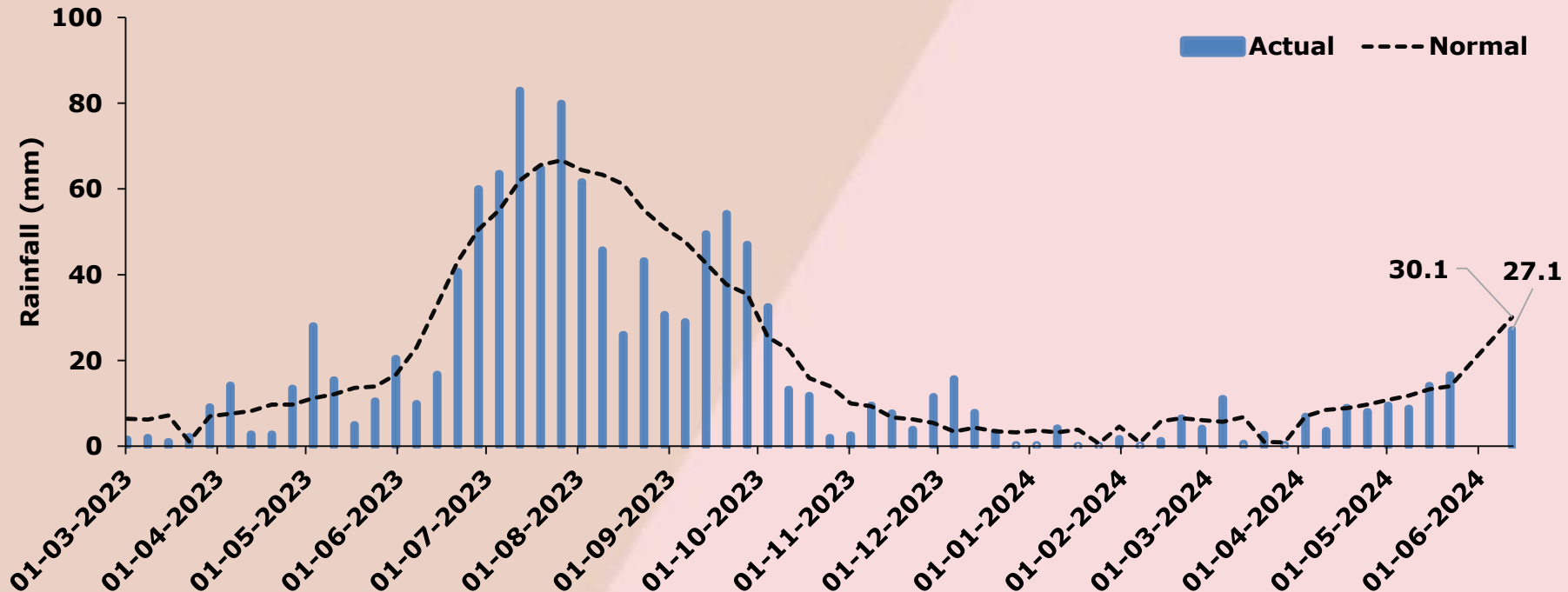


Source: National Payments Corporation of India (NPCI) (Figure 18).

India Meteorological Department predicts rainfall for June 2024 to be less than Long Period Average of 167 mm

- Weekly data from India Meteorological Department (IMD) showed a decrease in actual rainfall to 27.1 mm from June 6-12, 2024, all over India, as compared to normal rainfall of 30.1 mm (Figure 19).
- As per the recent forecast by the IMD released on June 18, 2024, the average rainfall for June 2024 across India is expected to be below 92 percent of the Long Period Average (LPA) of 167 mm. [[IMD Press Release: Monthly forecast update for June 2024](#)]
- According to IMD, as of June 18, the total rainfall across India for the month of June 2024 was 64.5 mm, representing a 20 percent deficit compared to the Long Period Average (LPA) of 80.6 mm. [[IMD Press Release: Monthly forecast update for June 2024](#)]

Figure 19: All-India Monthly Rainfall



Source: CEIC estimates (Figures 19).

Note: In Figure 19, for June 2024, the data is available till June 12, 2024. The IMD did not release rainfall data for the last week of May 2024 (scheduled for release on 29th May 2024) and the first week of June 2024 (scheduled for release on 5th June 2024).

UPI records 14 billion transactions (in volume), registering 49.1 percent growth year-over-year; IMPS (in volume) registers 11.2 percent growth year-over-year

- Unified Payments Interface (UPI), India's leading digital payment system, recorded 14 billion transactions (in volume) in May 2024 (Figure 20), registering a growth of 49.1 percent on a year-over-year basis (Figure 21). Sequentially, the number of transactions increased by 5.5 percent.
- The electronic funds transfer system, Immediate Payment Service (IMPS), recorded 557.7 million transactions in May 2024 (Figure 20), registering a growth of 11.2 percent on a year-over-year basis (Figure 21). Sequentially, the number of transactions increased by 1.3 percent.

Figure 20: Unified Payments Interface (UPI) and Immediate Payment Service (IMPS) Transactions

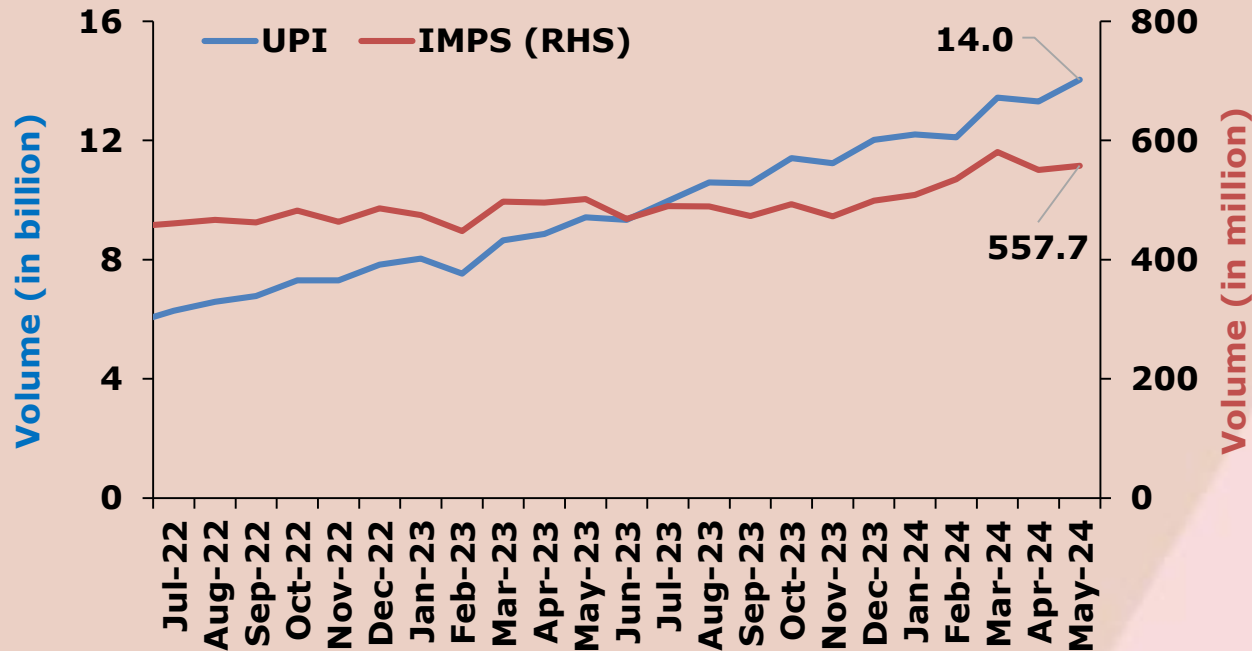
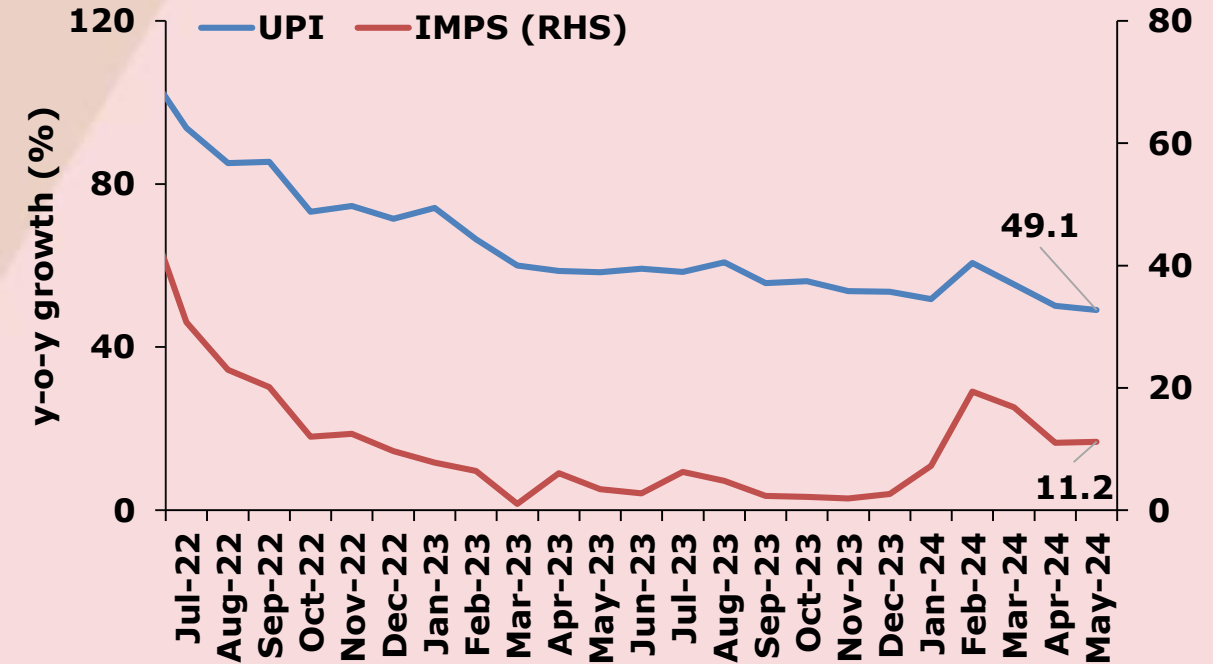


Figure 21: UPI and IMPS Growth, Volume of Transactions



Source: National Payments Corporation of India (NPCI) (Figures 20 and 21).

RBI's net income increases by 17 percent on a year-over-year basis for FY2023-24; S&P Global Ratings revises India's credit outlook from stable to positive

- As per RBI's annual report for 2023-24, total expenditure decreased by 56.3 percent year-over-year for FY2023-24, amounting to 0.2 percent of nominal GDP (Rs. 0.6 lakh crore) as compared 0.5 percent of nominal GDP (Rs. 1.5 lakh crore) for FY2022-23 (Figure 22). Net income increased by 17 percent year-over-year for FY2023-24, amounting to 0.7 percent of nominal GDP (Rs. 2.1 lakh crore) as compared 0.3 percent of nominal GDP (Rs. 0.9 lakh crore) for FY2022-23 (Figure 23).
- The size of the balance sheet increased by 11.1 percent year-over-year for FY2023-24, amounting to Rs. 70.5 lakh crore as on March 31, 2024, as compared to Rs. 63.4 lakh crore as on March 31, 2023. Asset side increased due to foreign investments, gold, and loans, while liabilities grew due to more notes issued, deposits, and other liabilities. [\[Reserve Bank of India Annual Report 2023-24\]](#)
- S&P Global Ratings has revised India's credit outlook from stable to positive while maintaining the long-term sovereign credit rating at the lowest investment grade of BBB-. S&P indicated that an upgrade in the credit rating could occur if India's fiscal deficit narrows, resulting in the net change of general government debt falling below 7 percent of GDP, and if the central bank effectively controls inflation over time. [\[India Outlook Revised To Positive On Robust Growth And Rising Quality Of Government Spend; 'BBB-/A-3' Ratings Affirmed\]](#)

Figure 22: RBI's Total Expenditure

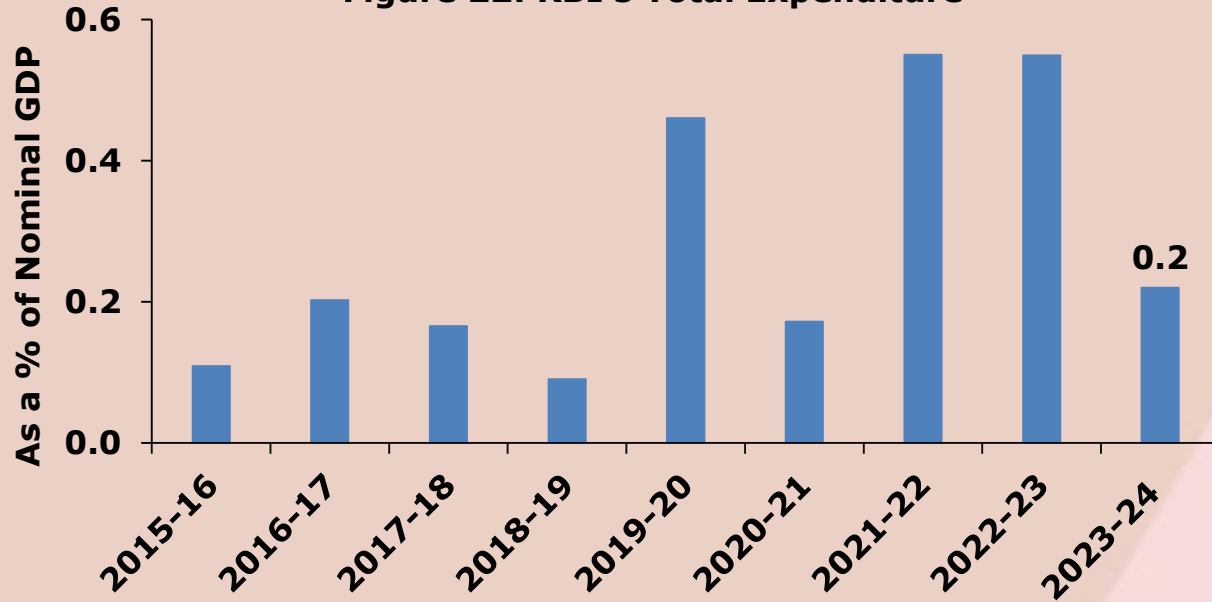
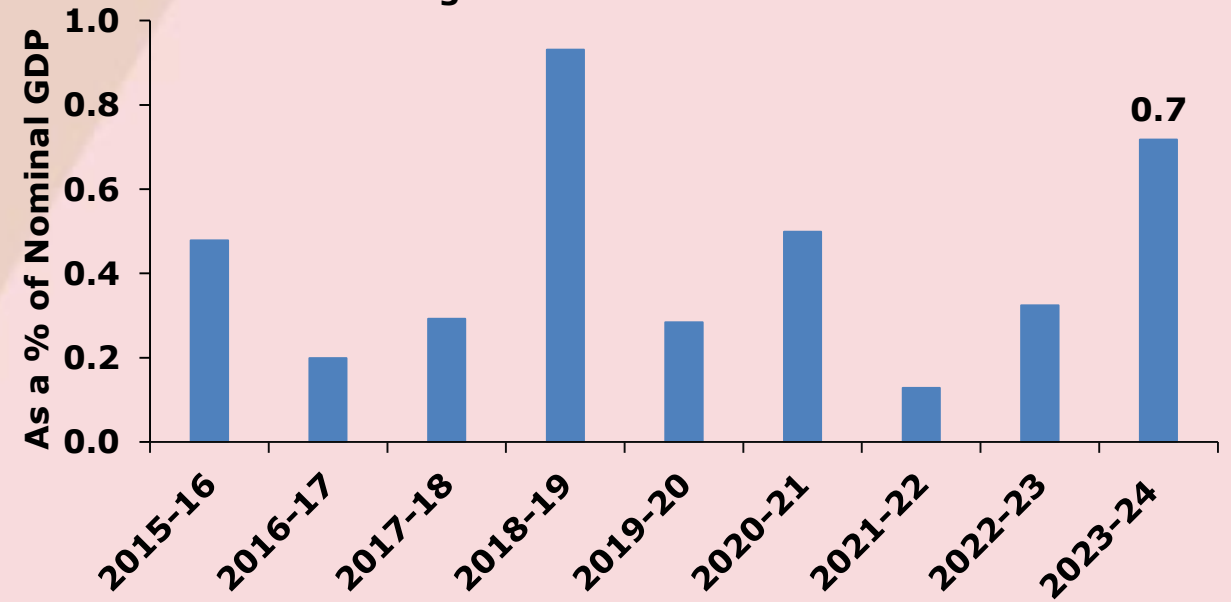


Figure 23: RBI's Net Income



Source: Reserve bank of India (Figures 22 and 23).

Note: BBB- stands for "Triple B Minus." BBB- ratings are considered lowest investment-grade by market participants.

Centre contains fiscal deficit at 5.6 percent for FY2023-24, compared to revised estimate of 5.8 percent

Fiscal Developments

- The central government contained its fiscal deficit at 5.6 percent of nominal GDP (Rs. 16.5 lakh crore) for FY2023-24, as compared to the Revised Estimate (RE) of 5.8 percent of nominal GDP (Rs. 17.3 lakh crore), and the Budget Estimate (BE) of 5.9 percent of nominal GDP (Rs. 17.9 lakh crore) (Figure 24).
- Revenue Receipts reached 9.2 percent of nominal GDP (Rs. 27.3 lakh crore) for the FY2023-24 as compared to the RE of 9.1 percent of nominal GDP (Rs. 27 lakh crore), and BE of 8.7 percent of nominal GDP (Rs. 26.3 lakh crore) (Figure 25).
- Total expenditure reached 15 percent of nominal GDP (Rs. 44.4 lakh crore) for the FY2023-24 as compared to the RE of 15.1 percent of nominal GDP (Rs. 44.9 lakh crore), and BE of 14.9 percent of nominal GDP (Rs. 45 lakh crore) (Figure 26).

Figure 24: Fiscal Deficit

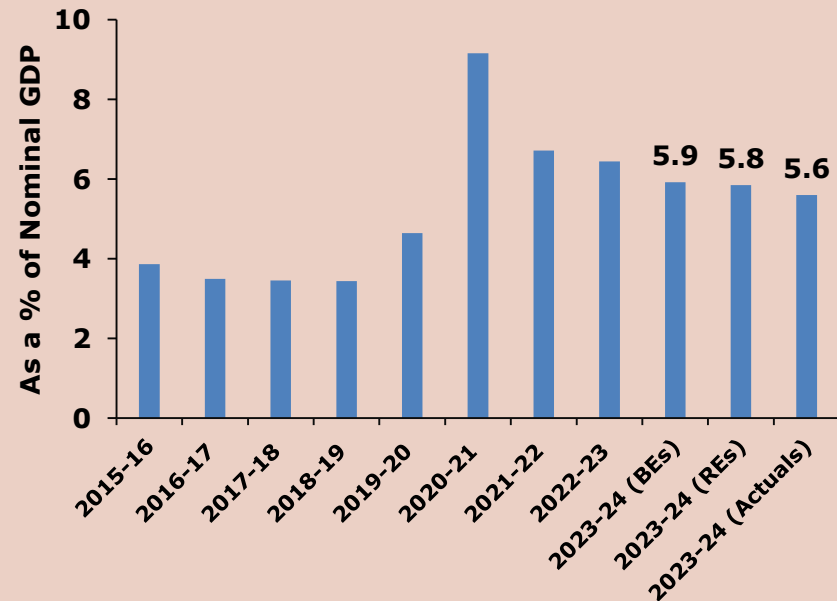


Figure 25: Revenue Receipts

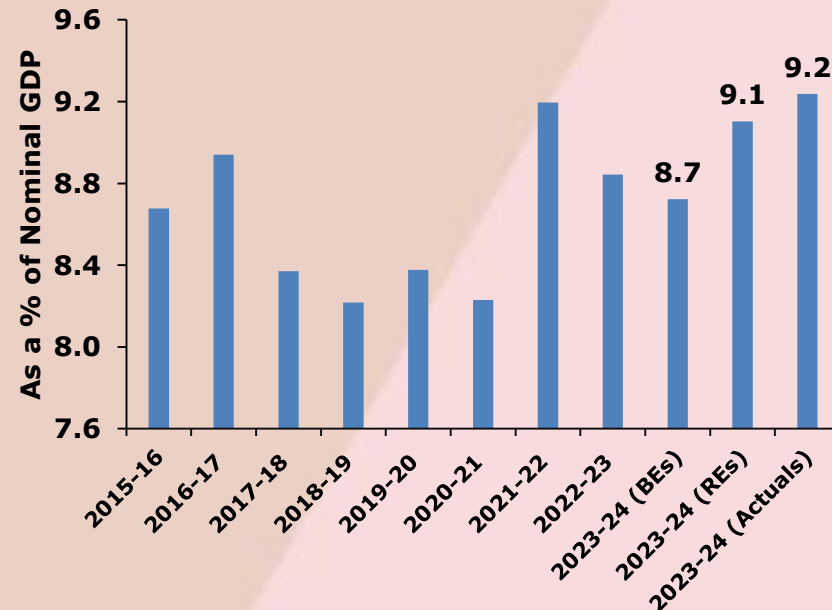
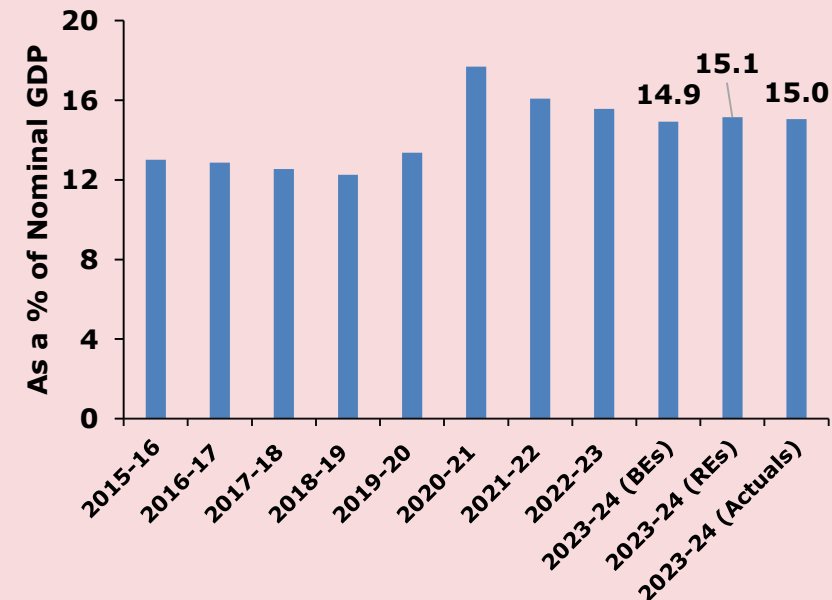


Figure 26: Total Expenditure



Source: Controller General of Accounts (Figures 24, 25 and 26).

Centre's fiscal deficit reaches 12.5 percent of BE for FY2024-25 in April 2024

- As of April 2024, the fiscal deficit reached 12.5 percent of Budget Estimate (BE) for FY2024-25, as compared to 7.5 percent of BE for FY2023-24, as of April 2023 (Figure 27).
- Revenue receipts reached 7.1 percent of the BE for FY2024-25, as of April 2024, as compared to 6.5 percent of BE for FY2023-24, as of April 2023 (Figure 28).
- Total expenditure reached 8.9 percent of BE for FY2024-25, as of April 2024, as compared to 6.8 percent of BE for FY2023-24, as of April 2023 (Figure 29). [\[Controller General of Accounts Monthly Report, April 2024\]](#)

Figure 27: Fiscal Deficit

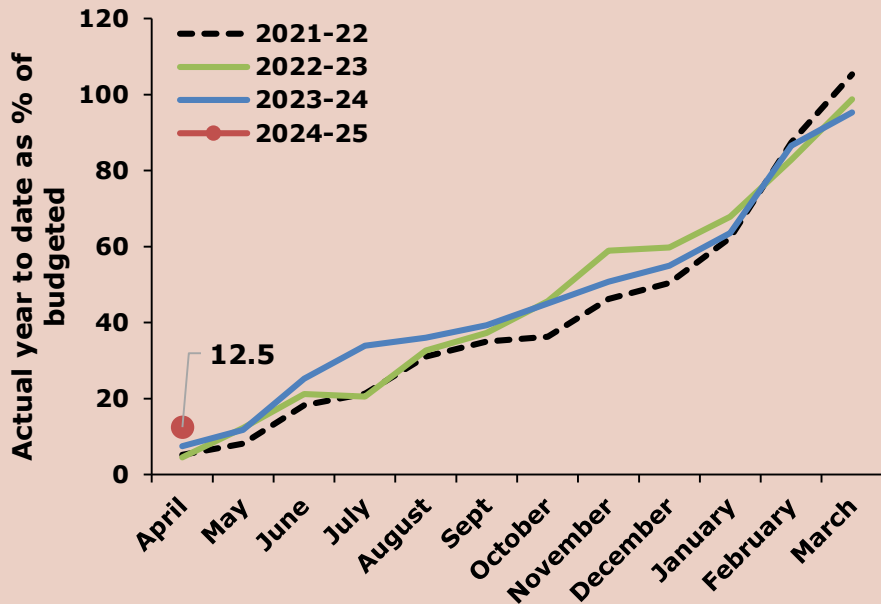


Figure 28: Revenue Receipts

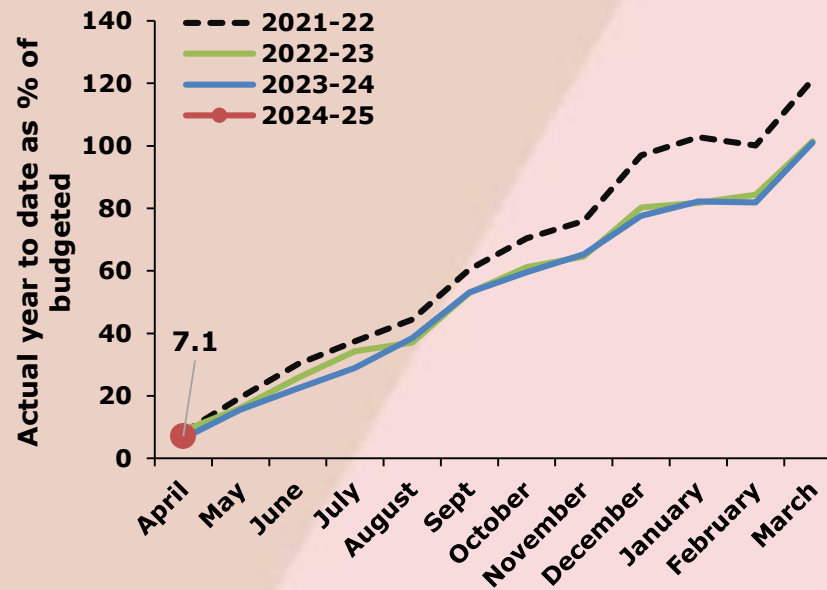
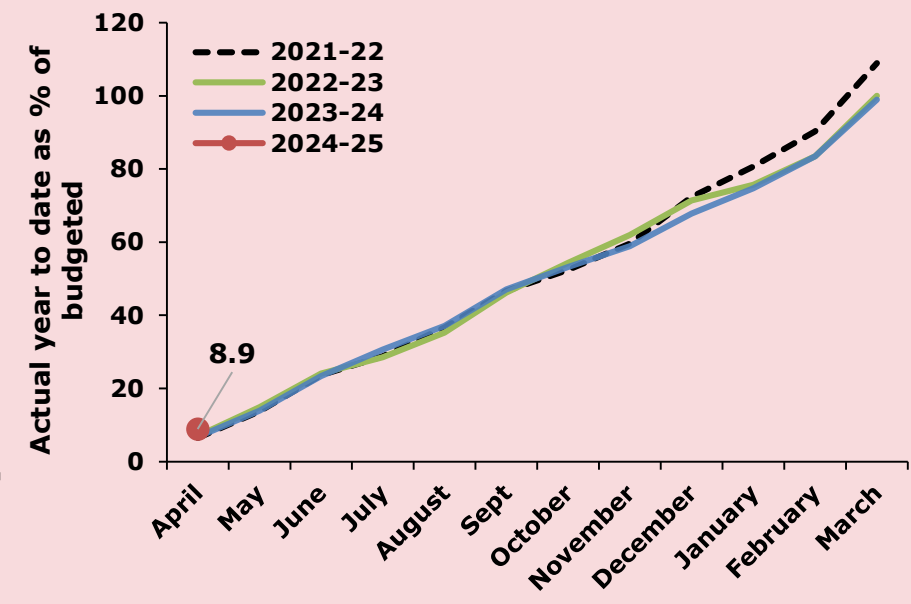


Figure 29: Total Expenditure

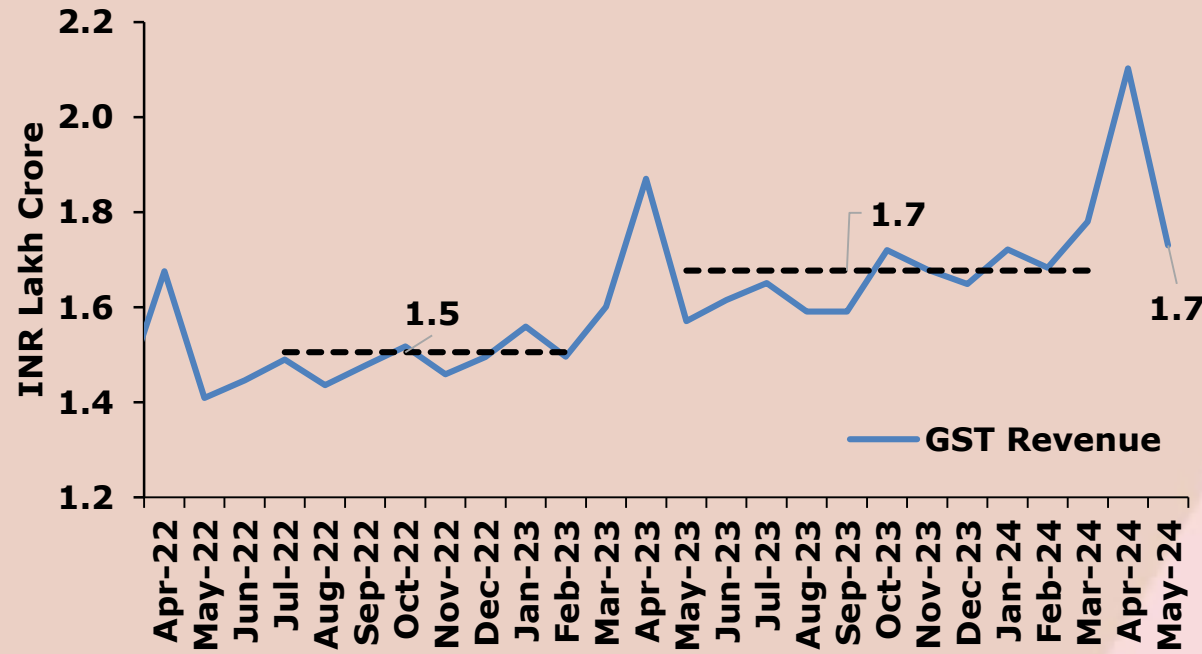


Source: Controller General of Accounts (Figures 27, 28 and 29).

GST collection reaches Rs 1.7 lakh crore and records 10 percent growth year-over-year; GST E-way bills collection reaches 10.3 crore and growth accelerates year-over-year

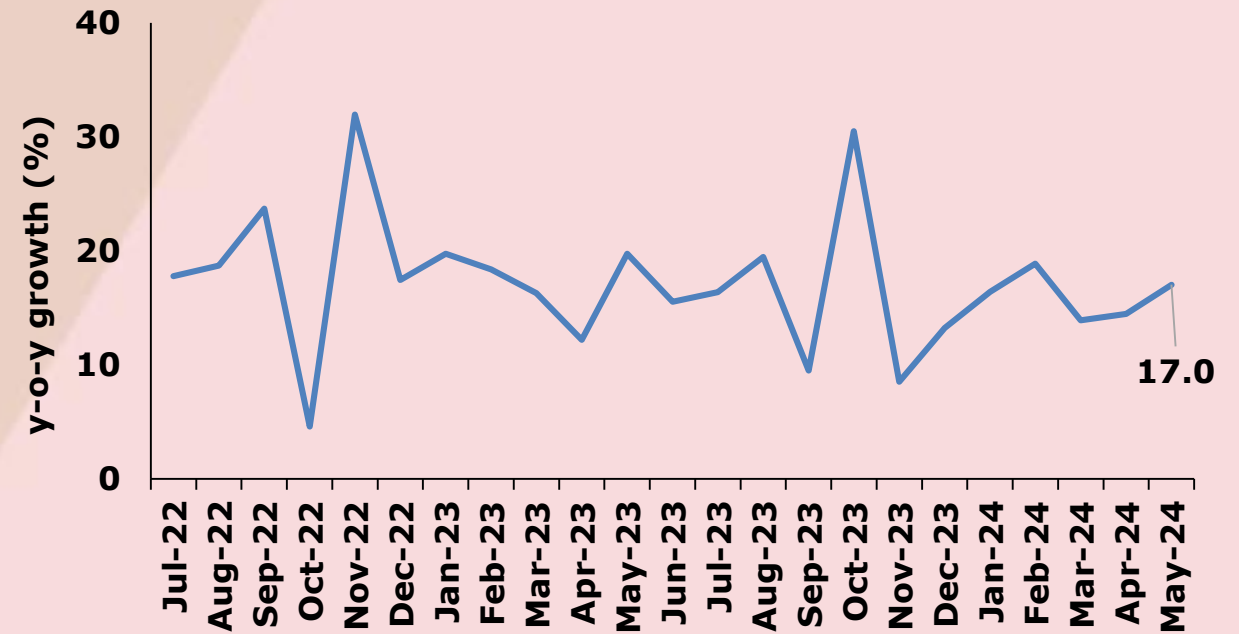
- Goods and Services Tax (GST) collection stood at Rs. 1.7 lakh crore in May 2024, recording a year-over-year growth of 10 percent. However, sequentially, collections of GST decreased by 17.7 percent (Figure 30). [\[GST Revenue Press Release, June 1, 2024\]](#)
- GST E-way bills collection reached 10.3 crore in May 2024. Growth in collections of GST E-way bills accelerated to 17 percent in May 2024 from 14.5 percent in April 2024 on year-over-year basis. Sequentially, collections increased by 6.7 percent (Figure 31).

Figure 30: GST Revenue



Source: Ministry of Finance and CEIC estimates (Figure 30).

Figure 31: GST E-Way Bills



Source: Goods and Services Tax Network (Figure 31).

Note: In Figure 30, the dashed horizontal lines depict yearly averages of FY2022-23 and FY2023-24, respectively.

Bank credit expansion (food and non-food) remains robust year-over-year

Financial Sector

- The total outstanding credit (food and non-food) of Scheduled Commercial Banks (SCBs) expanded by 20.2 percent on a year-over-year basis in April 2024, compared to 20.5 percent in March 2024 year-over-year (Figure 32).
- Personal loans experienced growth in credit of 27.1 percent in April 2024 on a year-over-year basis compared to 27.5 percent in March 2024. Credit growth for services sector remained strong but moderated slightly to 21.7 percent in April 2024 compared to 23.4 percent in March 2024 (Figure 33).
- Credit for agriculture and allied activities expanded by 19.7 percent compared to 20 percent in March 2024. Credit growth in the industry sector moderated to 7.4 percent in April 2024 compared to 8.5 percent in March 2024 on a year-over-year basis (Figure 33).

Figure 32: Total Outstanding Credit (Food and Non-food) of Scheduled Commercial Banks

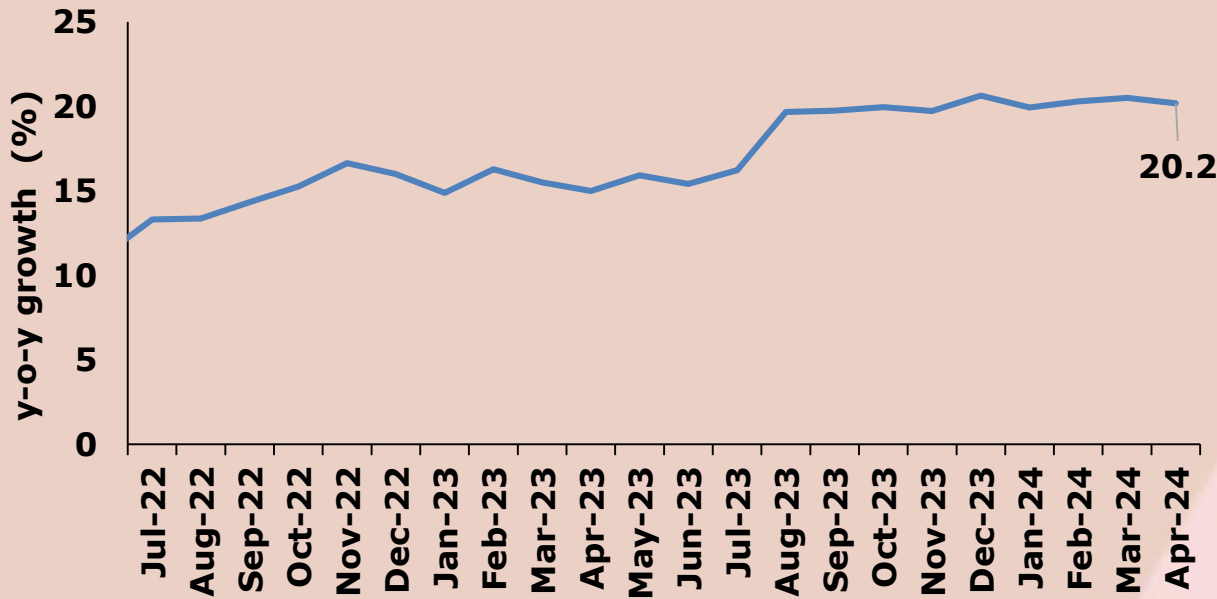
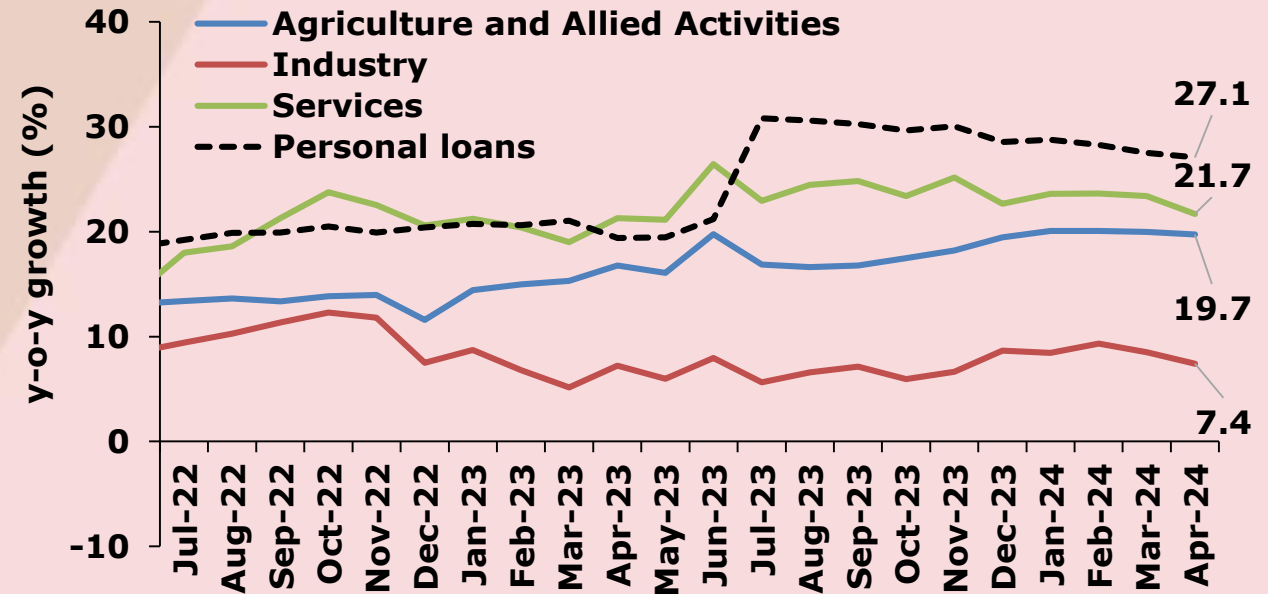


Figure 33: Sectoral Deployment of Non-food Credit by Scheduled Commercial Banks



Source: CEIC estimates (Figures 32 and 33).

MPC keeps policy rates unchanged, raises projection for real GDP growth for FY2024-25 to 7.2 percent; CPI inflation projection kept unchanged at 4.5 percent for FY2024-25

- In its meeting from June 5-7, 2024, Monetary Policy Committee (MPC) decided to keep the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.5 percent. Accordingly, the Standing Deposit Facility (SDF) remained unchanged at 6.25 percent and the Marginal Standing Facility (MSF) rate and the Bank Rate remained at 6.75 percent (Figure 34). [\[Monetary Policy Statement, June 5 to 7, 2024\]](#)
- RBI raised its projection for India's real GDP growth for FY2024-25 to 7.2 percent from 7 percent, and kept its projection for Consumer Price Index (CPI) headline inflation unchanged at 4.5 percent, in line with their previous projections released in April 2024 (Table 2).
- Quarterly real GDP growth projections for Q1, Q2, Q3 and Q4 for the FY2024-25 were revised upwards to 7.3, 7.2, 7.3 and 7.2 percent, respectively, from their previous projections of 7.1, 6.9, 7 and 7 percent, respectively in April 2024 (Table 2).

Figure 34: RBI Rates

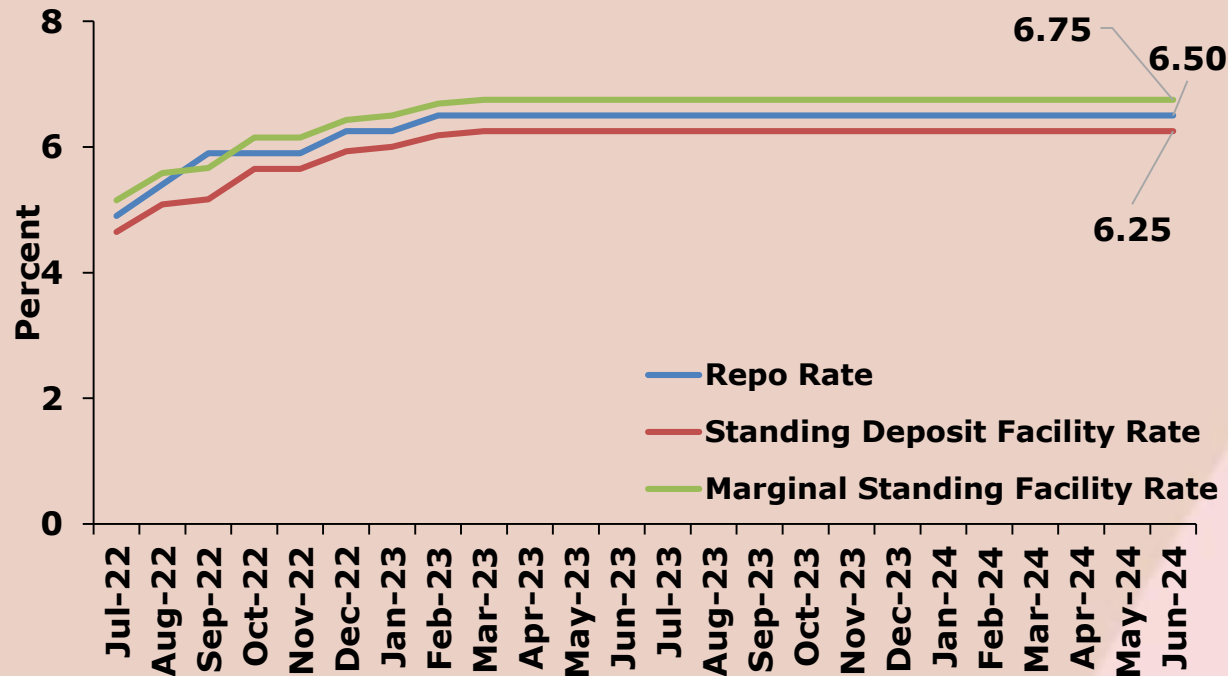


Table 2: RBI Projections

Real GDP Growth Projections (%)	FY2024-25	FY2024-25			
		Q1	Q2	Q3	Q4
Jun-24	7.2	7.3	7.2	7.3	7.2
Apr-24	7.0	7.1	6.9	7.0	7.0
Feb-24	7.0	7.2	6.8	7.0	6.9
Dec-23	-	6.7	6.5	6.4	-
CPI Inflation Projections (%)					
Jun-24	4.5	4.9	3.8	4.6	4.5
Apr-24	4.5	4.9	3.8	4.6	4.5
Feb-24	4.5	5.0	4.0	4.6	4.7
Dec-23	-	5.2	4.0	4.7	-

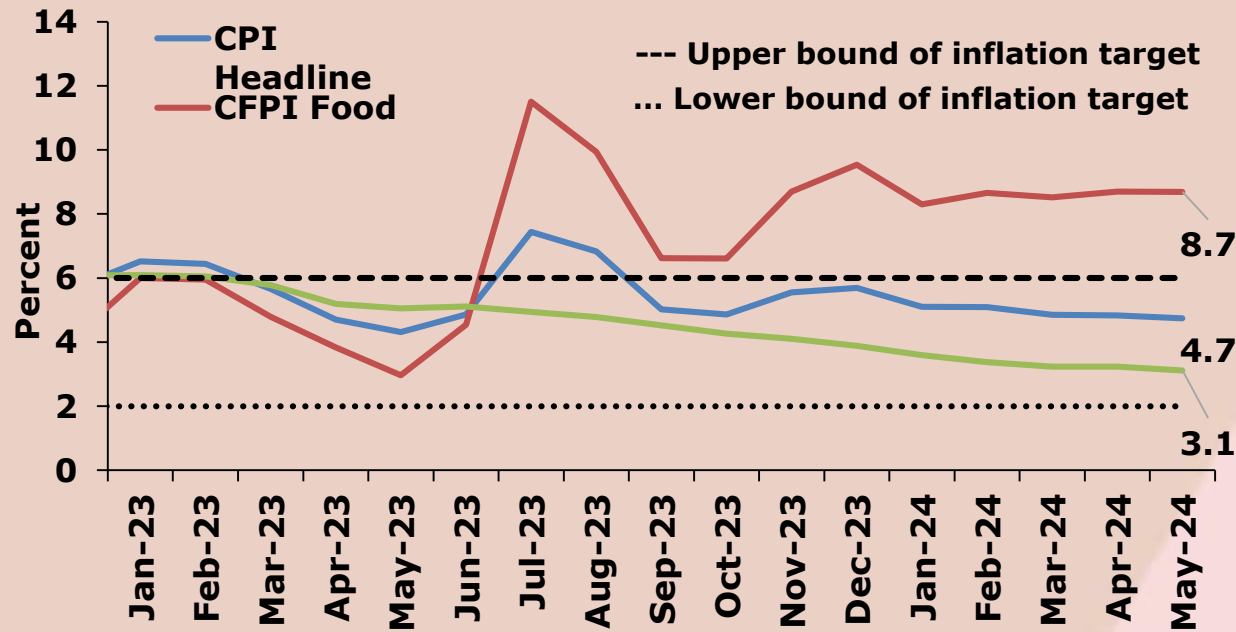
Source: Reserve Bank of India (Figure 34 and Table 2).

Note: In Table 2, - denotes that no projections were given by RBI for real GDP growth and CPI Inflation in that specific month.

CPI headline inflation eases further but food inflation remains elevated, core inflation eases slightly; WPI inflation accelerates

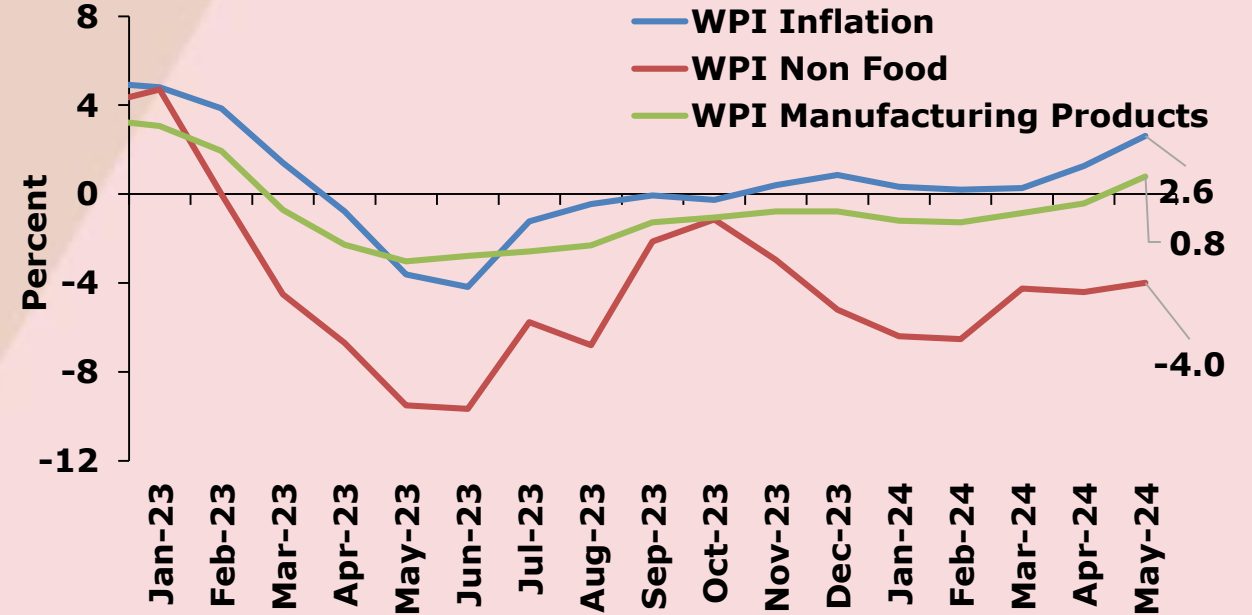
- The Consumer Price Index (CPI) headline inflation for May 2024 eased to 4.7 percent from 4.8 percent in April 2024. Core inflation eased marginally to 3.1 percent in May 2024 compared to 3.2 percent in April 2024 (Figure 35).
- The Consumer Food Price Index (CFPI) inflation remained unchanged at 8.7 percent in May 2024 as compared to April 2024 ([CPI Press Release, June 12, 2024 | MOSPI](#)).
- The Wholesale Price Index (WPI) inflation accelerated to 2.6 percent (Provisional Estimates) in May 2024 from 1.3 percent (Revised Estimates) in April 2024 ([WPI Press Release, June 14, 2024 | Ministry of Commerce and Industry, DPIIT](#)).

Figure 35: Consumer Price Indices Inflation Rates



Source: Ministry of Statistics and Programme Implementation (Figure 35).

Figure 36: Wholesale Price Indices Inflation Rates



Source: Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade (DPIIT), Government of India (Figure 36).

Note: In Figure 35, CFPI includes the following ten sub-groups- Cereals and Products, Meat and Fish, Eggs, Milk and Products, Oils and Fats, Fruits, Vegetables, Pulses and Products, Sugar and Confectionery and Spices.

Core inflation contributes 2.2 percent to headline inflation, food inflation remains unchanged at 1.9 percent; CPI inflation decelerates for vegetables and spices, but accelerates for pulses, cereals and fruits

- Core inflation contributed 2.2 percent to headline inflation in May 2024, slightly decreasing from 2.3 percent in April 2024. CFPI inflation contributed 1.9 percent to headline inflation in May 2024, remaining consistent with April 2024. Both CPI inflation for beverages, and for fuel and light contributed 0.3 percent to headline inflation in May 2024, remaining consistent with April 2024 (Figure 37).
- CPI inflation for vegetables decelerated slightly to 27.3 percent in May 2024 from 27.8 percent in April 2024 (Figure 38).
- CPI inflation for spices, decelerated to 4.3 percent in May 2024 from 7.8 in April 2024. However, CPI inflation for pulses and products, cereals and products, and fruits accelerated to 17.1, 8.7 and 6.7 percent, respectively, in May 2024 from 16.8, 8.6, and 5.2 percent, respectively, in April 2024 (Figure 38).

Figure 37: Contributions to CPI Headline

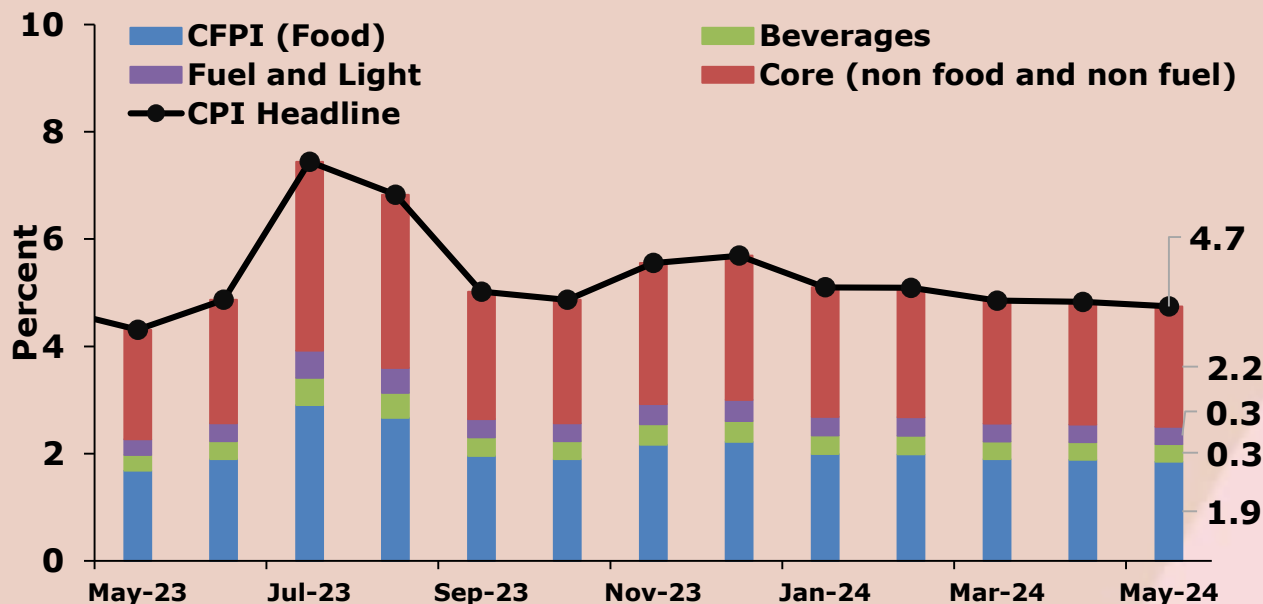
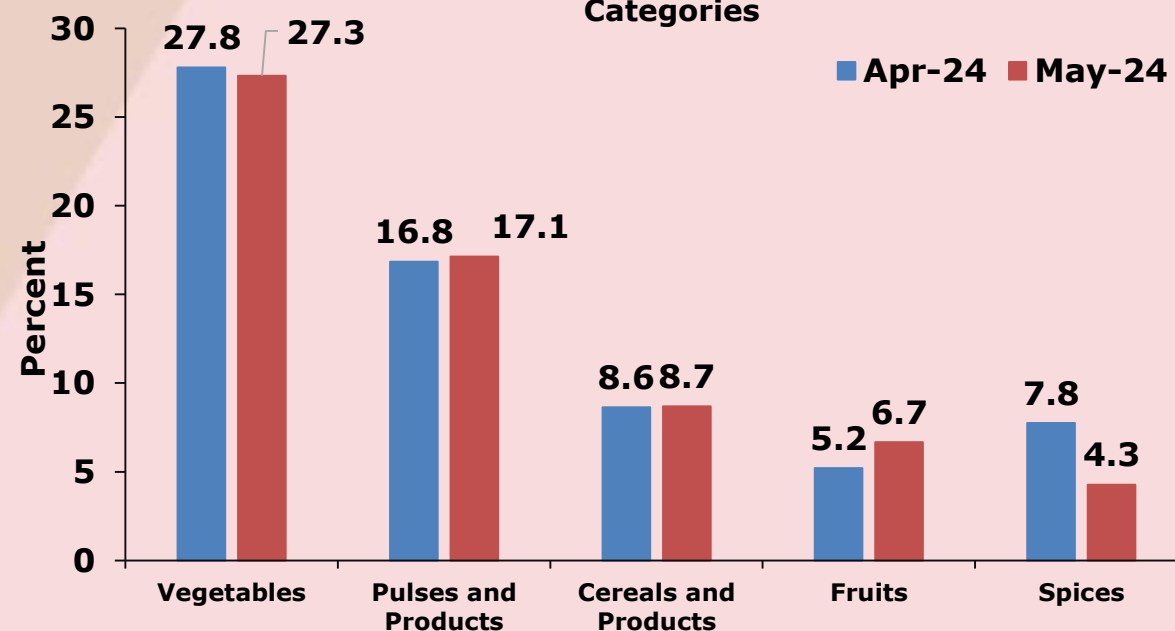


Figure 38: Consumer Price Indices Inflation Rates- Across Food Categories



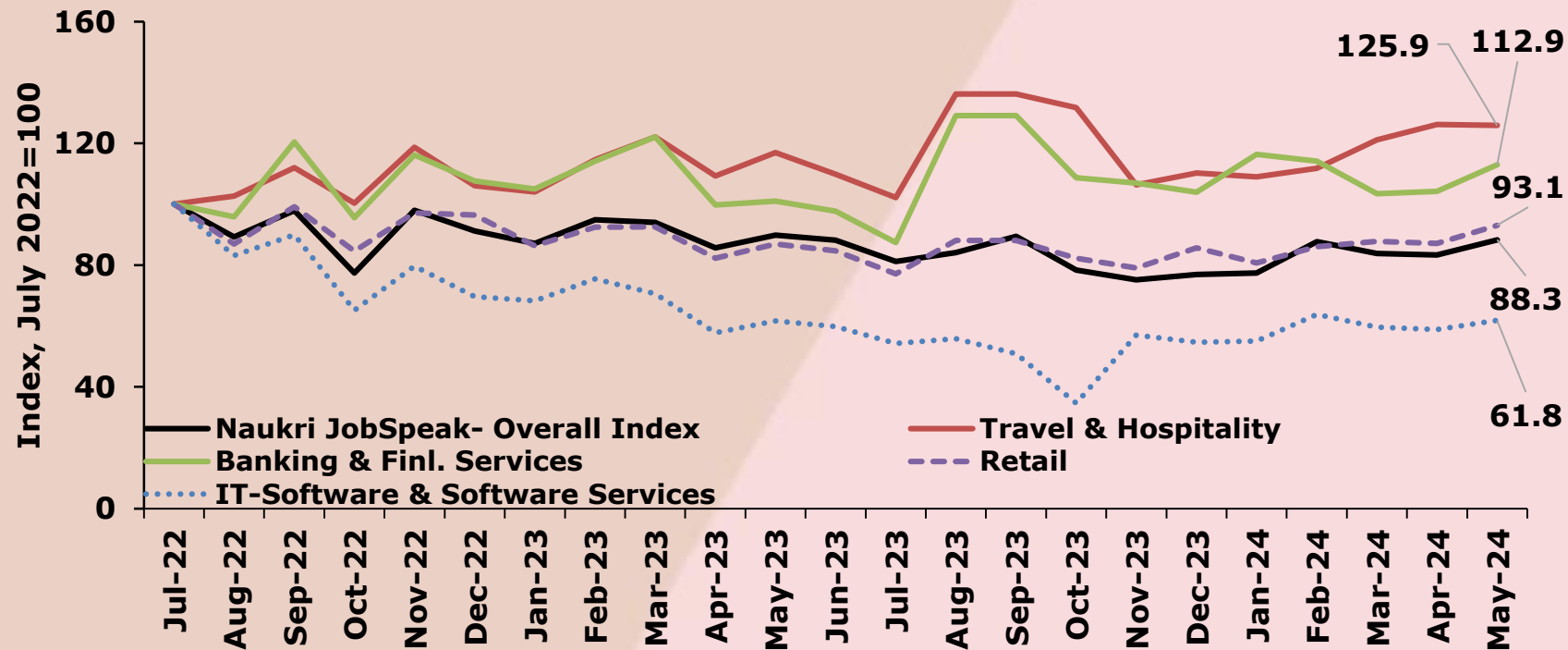
Source: Ministry of Statistics and Programme Implementation (Figures 37 and 38).

Note: In Figure 37, CFPI includes the following ten sub-groups- Cereals and Products, Meat and Fish, Eggs, Milk and Products, Oils and Fats, Fruits, Vegetables, Pulses and Products, Sugar and Confectionery and Spices.

Naukri JobSpeak Index increases sequentially but moderates year-over-year; Sectors like travel and hospitality, banking, retail, and IT services show increase in hiring activities year-over-year

- Online hiring activity in India, reported by the Naukri JobSpeak Index, increased sequentially by 5.9 percent, but decreased by 1.8 percent year-over-year in May 2024. For the travel and hospitality sector, hiring decreased by 0.3 percent sequentially, but increased by 7.6 percent year-over-year. Hiring in the banking and financial services sector increased by 8.3 percent sequentially and by 11.8 percent year-over-year. For the retail sector online hiring increased by 7.1 percent sequentially, and 6.8 percent year-over-year. Hiring in IT and software services increased by 5 percent sequentially, and 0.3 percent year-over-year (Figure 39).

Figure 39: Naukri JobSpeak Index

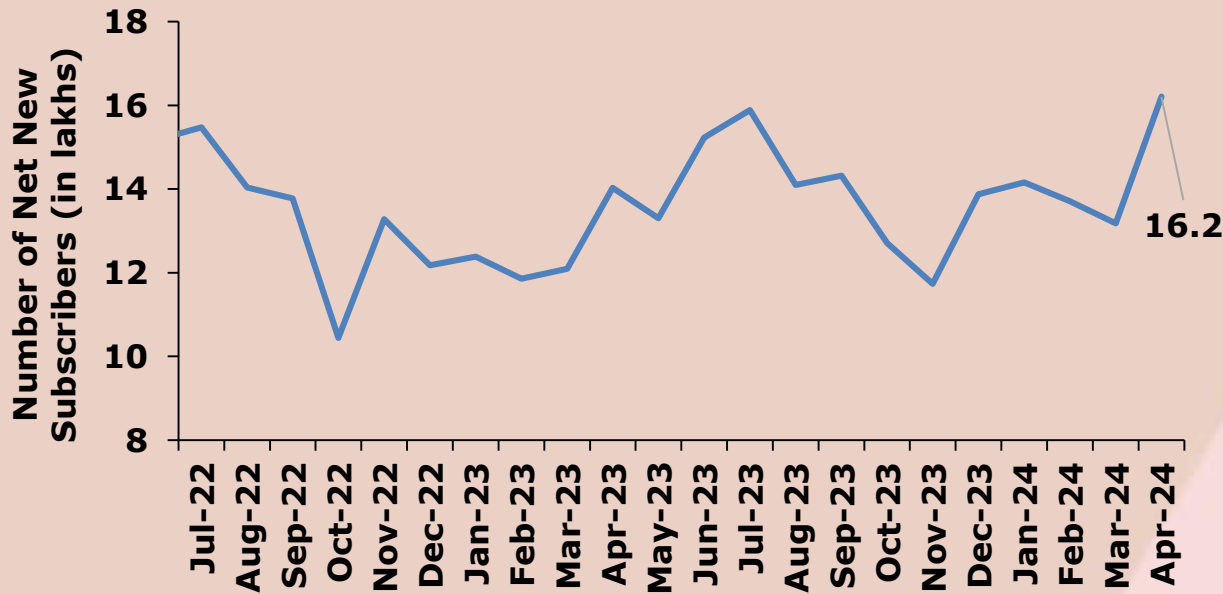


Source: CEIC estimates (Figure 39).

Net new subscribers under EPFO increase by 15.6 percent year-over-year; Demand for jobs under MGNREGA increases sequentially but moderates year-over-year

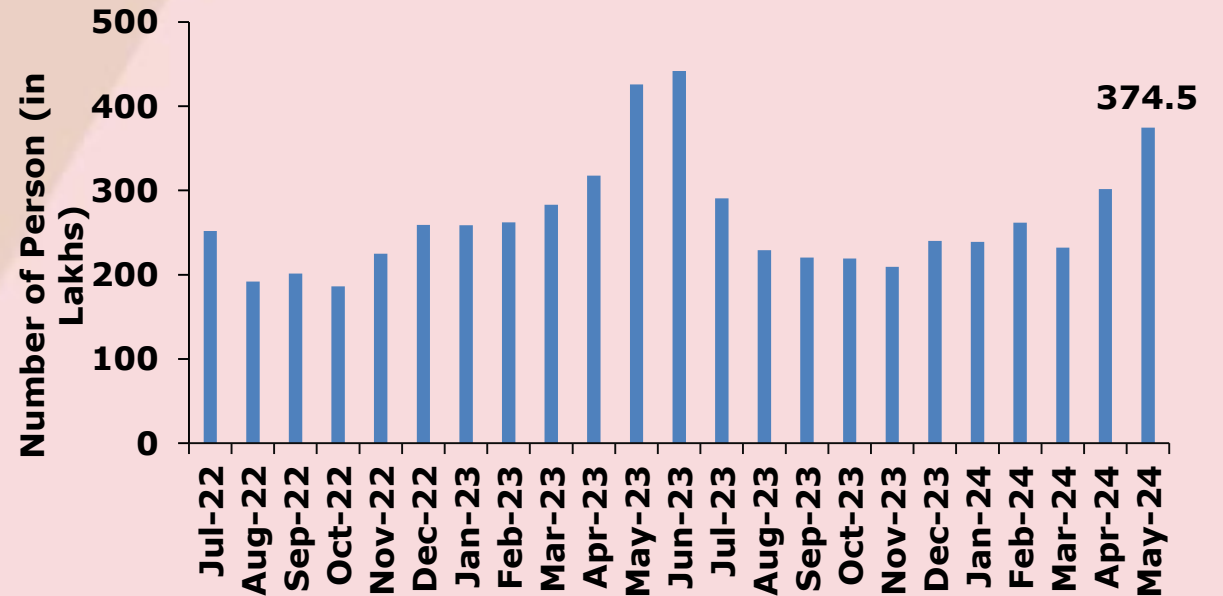
- In April 2024, the net new subscribers of Employees' Provident Fund Organisation (EPFO) increased by 15.6 percent on a year-over-year basis. The number of subscribers increased sequentially by 23 percent, recording 16.2 lakh subscribers (Provisional Estimates) in April 2024, as compared to 13.2 lakh (Revised Estimates) net new subscribers in March 2024 (Figure 40).
- The demand for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) decreased by 12.1 percent on a year-over-year basis in May 2024. However, sequentially it increased by 24.1 percent (Figure 41).

Figure 40: EPFO Net New Subscribers



Source: Employees' Provident Fund Organisation (Figure 40).

Figure 41: Work Demand under MGNREGA



Source: Ministry of Rural Development (Figure 41).

Merchandise trade deficit widens and services trade surplus moderates sequentially

- India's merchandise exports increased sequentially, reaching a value of USD 38.1 billion in May 2024 (Provisional Estimates) as compared to USD 35 billion in April 2024 (Revised Estimates). Merchandise exports increased by 9.1 percent on a year-over-year basis. Merchandise imports increased sequentially, reaching a value USD 61.9 billion in May 2024 (Provisional Estimates), as compared to USD 54.1 billion in April 2024 (Revised Estimates). The merchandise trade deficit widened to USD 23.8 billion in May 2024, as compared to USD 19.1 billion in April 2024 (Figure 42).
- Services exports remained flat at USD 30.2 billion in May 2024 (Provisional Estimates) compared to USD 30.3 billion in April 2024 (Revised Estimates). However, services exports increased by 11.7 percent on a year-over-year basis. The import of services increased to USD 17.3 billion in May 2024 (Provisional Estimates) from USD 16.6 billion in April 2024 (Revised Estimates). The services trade surplus declined to USD 12.9 billion in May 2024 as compared to USD 13.7 billion in April 2024, moderating by 6 percent sequentially (Figure 43). [[Press Release, June 14, 2024](#) | [Ministry of Commerce & Industry](#)]

Figure 42: Merchandise Trade

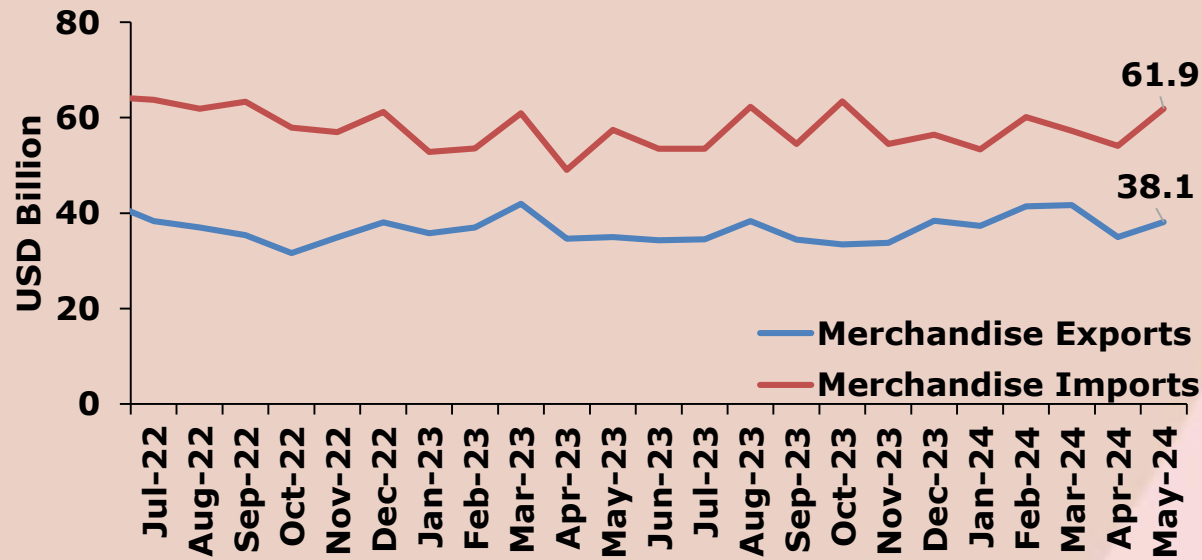
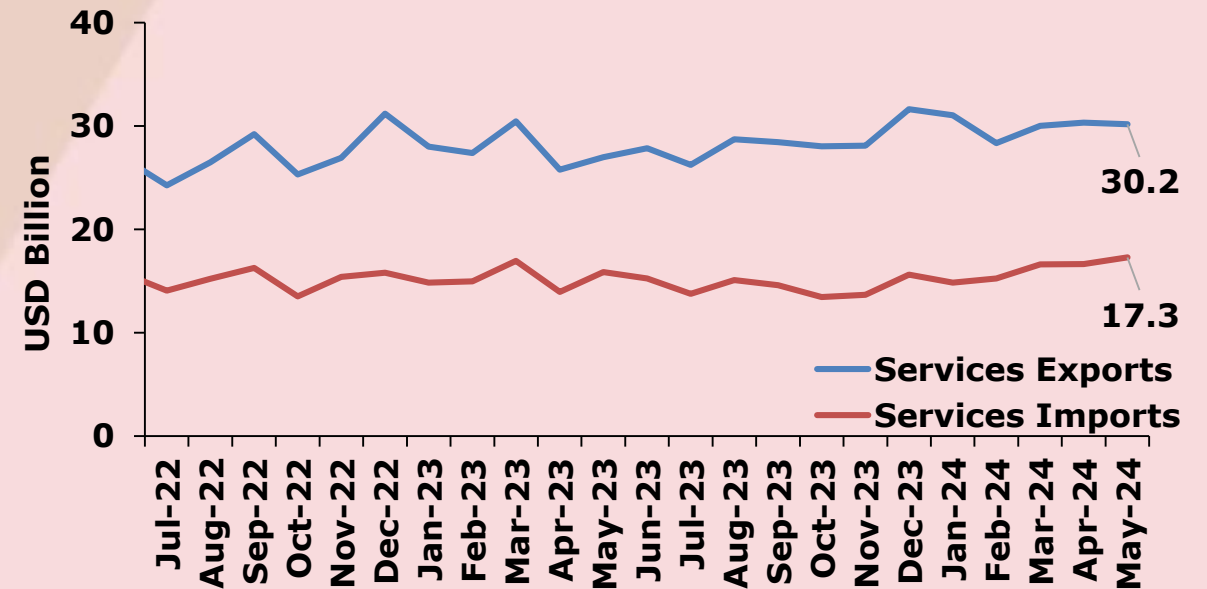


Figure 43: Services Trade



Source: Ministry of Commerce and Industry, Government of India (Figures 42 and 43).

Net inflows of foreign portfolio investments turn positive in June 2024

- As of June 21, 2024, net foreign portfolio flows reached USD 3 billion, increasing sequentially by USD 4.5 billion as compared to a negative of USD 1.5 billion at the end of May 2024 (Figure 44).
- The Net Foreign Portfolio Investment (FPI) equity reached USD 1.5 billion as of June 21, 2024, increasing sequentially by USD 4.6 billion as compared to a negative of USD 3.1 billion at the end of May 2024 (Figure 45).
- The Net FPI debt reached USD 1.3 billion as of June 21, 2024, increasing sequentially by USD 0.2 billion as compared to USD 1.1 billion at the end of May 2024 (Figure 46).

Figure 44: Net Foreign Portfolio Investment (FPI)

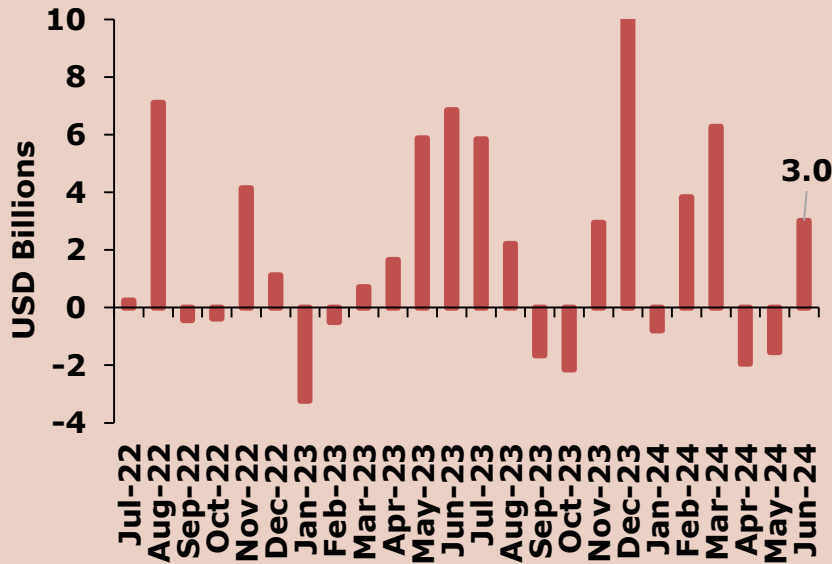


Figure 45: Net Foreign Portfolio Investment (FPI) Equity

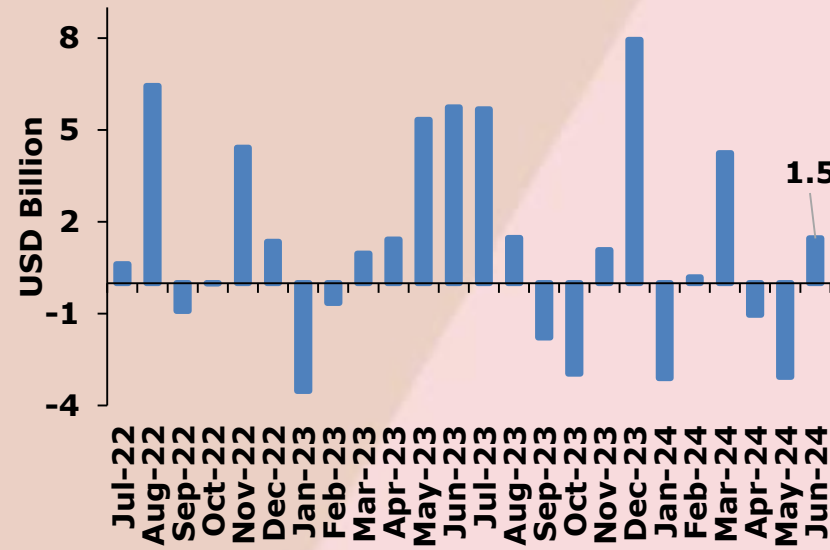
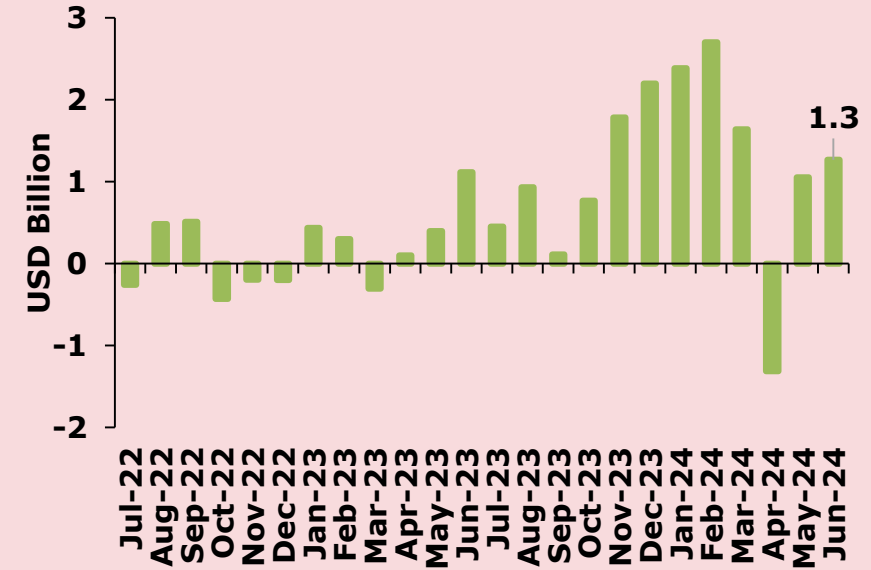


Figure 46. Net Foreign Portfolio Investment (FPI) Debt



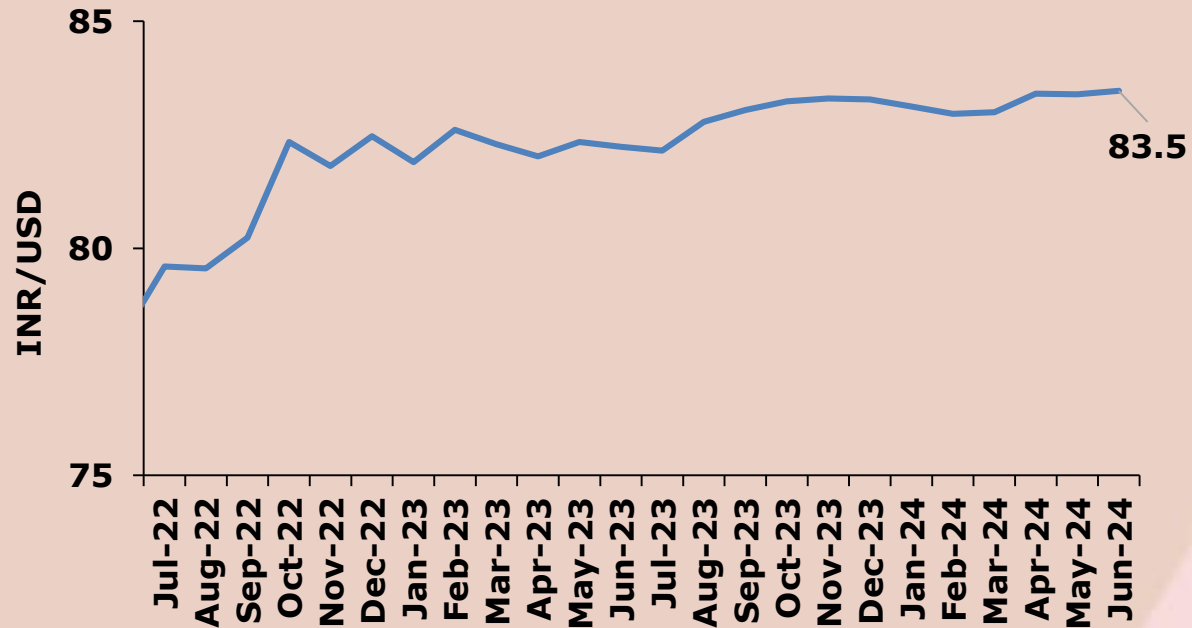
Source: CEIC estimates (Figures 44, 45, and 46).

Note: For June 2024, data for Figures 44, 45 and 46 is as of June 21, 2024. Monthly values for June 2024 have been created by summing up the daily values of Net FPI Equity and Net FPI Debt. For Figure 44, the monthly value for June 2024 has been calculated by taking the sum of the daily data for Net FPI Equity, Net Debt, Net Debt VRR and Net Hybrid.

Rupee depreciates marginally against dollar; Forex reserves increase sequentially

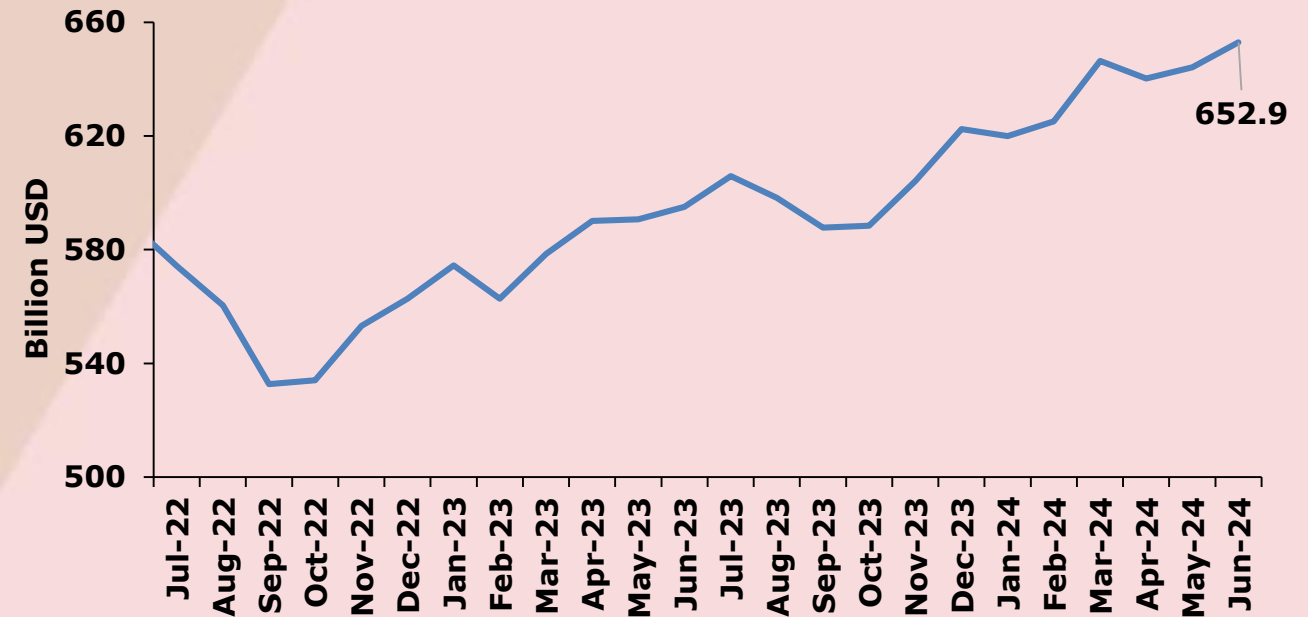
- The rupee depreciated marginally by 0.1 percent and stood at Rs. 83.5 against the US dollar, as of June 21, 2024, compared to Rs. 83.4 at the end of May 2024 (Figure 47).
- Foreign exchange reserves increased by USD 8.7 billion, reaching a total of USD 652.9 billion, as of June 14, 2024, as compared to USD 644.2 billion at the end of May 2024 (Figure 48). [\[Reserve Bank of India – Bulletin Weekly Statistical Supplement, Foreign Exchange Reserves Press Release, June 14, 2024\]](#)

Figure 47: Exchange Rate



Source: Reserve Bank of India (Figure 47).

Figure 48: Foreign Exchange Reserves



Source: CEIC estimates (Figure 48).

Note: For the month of June 2024, data for Figure 47 is taken as of June 21, 2024; data for Figure 48 is taken as on June 14, 2024.

Q4 BOP Data: Current Account Balance records a surplus of 5.7 billion (0.6 percent of nominal GDP) in Q4, remittances flow remains high

- The current account balance recorded a surplus of USD 5.7 billion (0.6 percent of nominal GDP) in Q4 FY2023-24 as compared to a deficit of USD 8.7 billion (1 percent of nominal GDP) in Q3 FY2023-24 and a deficit of USD 1.3 billion (0.2 percent of nominal GDP) in Q4 FY2022-23 (Figure 49).
- The merchandise trade deficit narrowed to USD 50.9 billion in Q4 FY2023-24 as compared to USD 52.6 billion in Q4 FY2022-23 a year ago.
- The services trade surplus increased to USD 42.7 billion in Q4 FY2023-24 as compared to USD 39.1 billion in Q4 FY2022-23 a year ago.
- Remittances increased to a value of USD 32 billion in Q4 FY2023-24 as compared to USD 28.6 billion in Q4 FY2022-23 (Figure 50). Net Foreign Direct Investment (FDI) flows decreased to USD 2 billion in Q4 FY2023-24, as compared to USD 6.4 billion in Q4 of FY2022-23. [[Developments in India's Balance of Payments during the Fourth Quarter \(January-March\) of 2023-24 | RBI Press Release, 24th June, 2024](#)]

Figure 49: Current Account Balance as a percentage of GDP

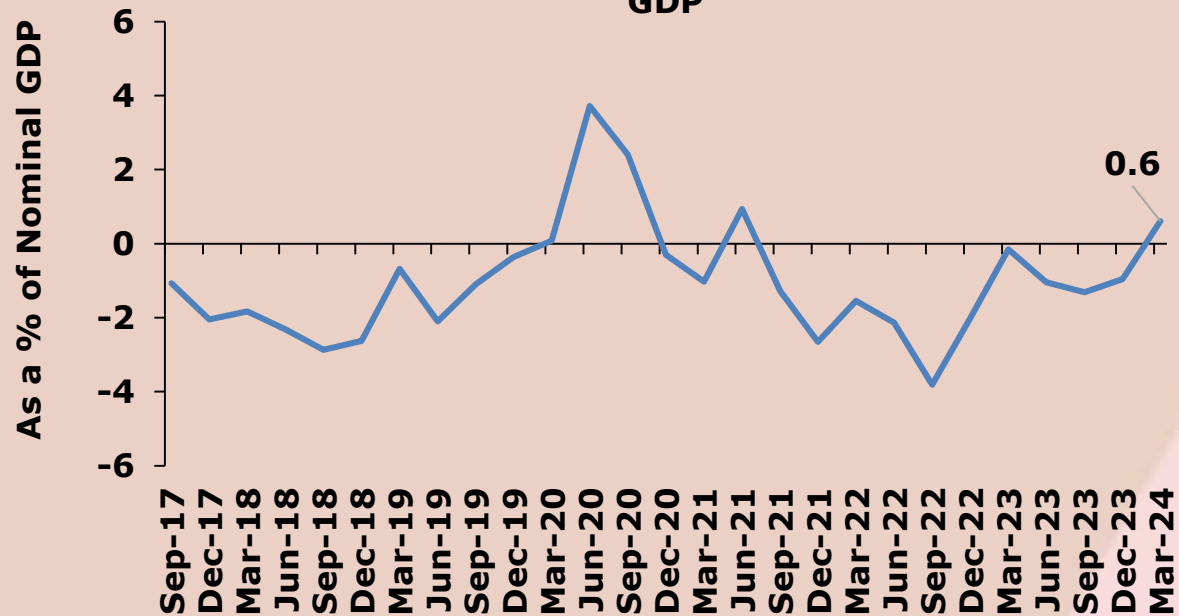
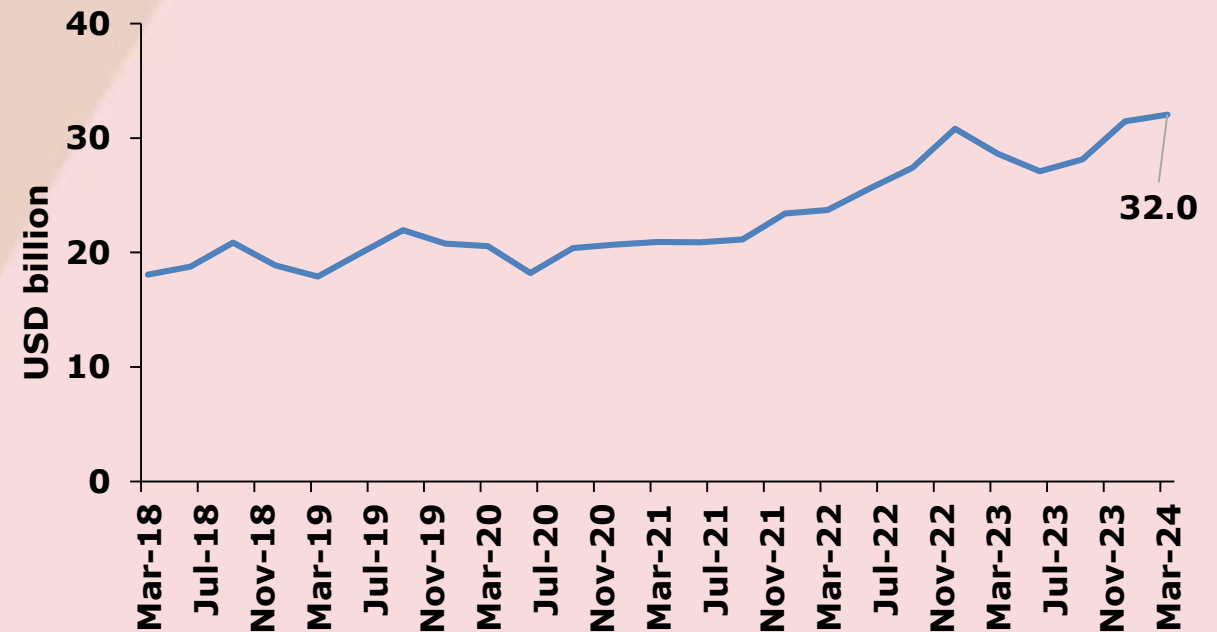


Figure 50: Private Transfer Receipts (Remittances)



Heatmap for high-frequency indicators

Indicators	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Agriculture																									
Fertilizer Sales: Urea	17.3	5.5	14.3	15.0	-3.3	16.5	26.3	2.4	15.1	4.3	-6.1	-16.6	4.3	0.5	-8.5	-2.8	2.2	28.5	15.0	2.7	-0.2	-10.7	-1.1	11.9	
Industry																									
IIP Manufacturing	20.7	12.9	3.1	-0.5	2.0	-5.8	6.7	3.6	4.5	5.9	1.5	5.5	6.3	3.5	5.3	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.8	3.9	
IIP Core	19.3	13.1	4.8	4.2	8.3	0.7	5.7	8.3	9.7	7.4	4.2	4.6	5.2	8.4	8.5	13.4	9.4	12.7	7.9	5.0	4.1	7.1	6.0	6.2	
PMI Manufacturing	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5
PMI Services	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2
Automobile Sales: 2-wheelers (excluding EVs)	255.3	24.0	10.2	17.0	13.5	2.3	17.7	3.9	5.0	8.8	9.0	16.5	17.4	1.7	-7.2	0.6	0.8	20.2	31.3	16.0	26.2	34.6	15.3	30.8	10.1
Natural Gas Production	6.3	1.3	-0.4	-1.0	-1.7	-4.1	-1.0	1.9	4.0	1.9	2.4	-2.9	-0.1	3.4	8.3	9.3	6.1	9.3	7.4	6.1	5.5	11.1	6.2	7.8	
Crude Steel Production	18.4	5.8	2.9	0.6	1.8	2.6	5.5	1.6	2.6	2.4	2.7	7.7	5.9	13.6	13.7	17.6	18.8	16.3	11.0	11.0	8.7	12.3	8.6	4.2	3.5
Electricity Supply	24.2	16.4	3.7	2.0	12.9	1.0	11.0	11.7	13.4	9.7	-1.3	0.1	0.9	5.9	12.3	17.5	11.6	23.2	6.2	1.0	5.7	9.1	10.1	9.2	
Services																									
Rail Passenger Traffic	478.0	237.6	168.6	113.6	87.6	62.2	51.1	40.7	64.5	29.8	20.5	20.2	17.7	12.5	10.3	9.4	3.9	8.5							
Rail Freight	14.6	11.3	8.3	7.9	9.1	1.4	5.2	3.1	3.9	3.6	3.8	3.5	1.9	-1.9	1.5	6.4	6.7	8.5	4.3	6.4	6.4	10.1	8.6	1.4	3.7
Air Passenger Traffic	502.4	288.1	127.4	73.1	61.6	40.0	21.8	23.1	101.0	64.4	27.0	25.5	19.0	20.5	25.8	23.2	19.4	11.9	10.7	9.9	7.2	8.1	6.5	6.0	
Air Cargo	13.8	13.9	6.1	-1.2	-0.5	-14.5	-2.3	-5.9	-3.7	2.1	-0.9	0.0	-0.3	-0.8	-1.2	6.9	-0.3	13.1	6.6	10.8	15.5	22.7	17.3	10.0	
Trade																									
Merchandise Export	20.8	30.1	7.9	10.9	4.7	-11.6	9.7	-3.0	1.6	-0.4	-5.9	-12.7	-10.3	-18.8	-10.0	3.5	-2.8	5.8	-3.3	0.8	4.3	11.9	-0.6	1.1	9.1
Services Export	40.7	32.6	25.3	29.6	35.2	24.2	30.7	20.4	29.6	28.8	13.1	7.2	7.4	3.2	8.1	8.4	-2.7	10.9	4.4	1.4	10.8	3.5	-1.4	17.7	11.7
Fiscal																									
Gross Tax Revenue (Centre)	20.1	12.8	33.3	-7.7	14.5	20.8	-3.8	0.8	13.5	4.5	16.8	-6.1	4.4	11.3	1.5	95.2	15.9	-1.2	21.3	12.9	16.5	-0.5	13.4		
Goods and Services Tax Revenue	37.2	55.8	28.0	28.2	26.2	16.6	10.9	15.2	12.7	12.4	12.7	11.6	11.5	11.7	10.8	10.8	10.2	13.4	15.1	10.3	10.4	12.5	11.2	12.4	10.1
Banking																									
SCB bank Credit: Total Outstanding	11.1	13.3	13.4	14.3	15.3	16.6	16.0	14.9	16.3	15.5	15.0	15.9	15.4	16.2	19.7	19.8	20.0	19.7	20.6	19.9	20.3	20.5	20.2	19.0	
SCB bank Credit Non-food: Personal Loans	16.3	18.1	18.7	19.4	19.4	20.1	19.6	20.0	20.4	20.4	20.6	19.4	19.2	20.9	31.2	30.8	30.4	29.7	30.1	28.5	28.8	28.3	27.6	27.1	
SCB bank Credit Non-food: Agriculture	11.7	13.0	13.2	13.4	13.4	13.6	19.0	15.8	14.4	14.9	15.4	16.7	16.0	19.7	16.8	16.6	16.8	17.5	18.2	19.5	20.1	20.1	20.1	19.7	
SCB bank Credit Non-food: Industry	8.8	9.5	10.5	11.4	12.6	13.6	17.0	13.8	8.7	7.0	5.7	7.0	6.0	8.1	5.8	6.6	7.1	5.9	6.6	8.6	8.3	9.3	8.5	7.4	
SCB bank Credit Non-food: Services	12.7	12.8	16.5	17.2	20.0	22.5	29.2	26.2	21.5	20.7	19.6	21.6	21.4	26.7	23.1	24.8	25.1	23.6	25.4	22.9	23.9	23.6	23.4	21.7	
Financial Markets																									
NIFTY 50 Index	6.4	0.4	8.9	3.7	-3.0	1.9	10.5	4.3	1.9	3.0	-0.6	5.6	11.8	21.6	15.1	8.4	14.9	5.9	7.3	20.0	23.0	27.0	28.6	25.1	21.6
BSE SENSEX	7.0	1.0	9.5	3.4	-2.9	2.4	10.6	4.4	2.6	4.8	0.7	7.1	12.7	22.1	15.6	8.9	14.6	5.1	6.2	18.7	20.5	23.0	24.9	21.9	18.1
Employment and Inflation																									
Naukri JobSpeak Index	39.9	22.0	20.8	5.8	12.7	-2.7	42.9	50.9	1.7	-2.2	5.2	-5.2	-0.5	-2.9	-18.8	-5.7	-8.6	1.2	-23.3	-15.6	-11.1	-7.5	-10.8	-2.7	-1.8
EPFO Net New Subscribers	87.4	42.7	25.4	11.7	9.4	1.7	16.2	-2.5	-3.4	-3.2	-11.6	-2.5	-3.5	0.4	2.7	0.4	3.9	21.6	-11.6	14.0	14.3	15.6	8.9	15.6	
Consumer Price Inflation	7.0	7.0	6.7	7.0	7.4	6.8	5.9	5.7	6.5	6.4	5.7	4.7	4.3	4.9	7.4	6.8	5.0	4.9	5.6	5.7	5.1	5.1	4.9	4.8	4.7
Wholesale Price Inflation	16.6	16.2	14.1	12.5	10.6	8.7	6.1	5.0	4.8	3.9	1.4	0.8	3.6	4.2	1.4	0.5	0.3	0.5	0.3	0.7	0.3	0.2	0.5	1.3	2.6



Source: NCAER Team's calculation, based on the CEIC database.

Methodology Note: The y-o-y growth (%) has been calculated for all indicators for the period as indicated in the data appendix (except for PMI Manufacturing and PMI Services).

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