Macrowatch

Monthly Update on Economy and Banking

November 2015

INDEX

Overview

The prolonged slowdown in global macro economy has increased downside risks to outlook of global growth. The US Fed in its meeting held on October 27-28, 2015 has decided to hold on to key policy rates. While announcing the policy decisions, Fed has observed that the overall economic activity in the US has been expanding at a moderate pace and the U.S. labor market has experienced modest though less than expected gains. The Inflationary pressure in the US economy, however, continues to remain below Fed's longer-run objective. This policy decision leaves a hope for the market for a policy hike in the next meeting of the Fed to be held in December 2015. China's economic growth slowed in the third quarter of 2015 to a six-year low of 6.9%, despite repeated interest rate cuts and other stimulus measures. This was compared to 7.0% growth recorded in Q2, 2015. Although it was slightly better than what economists expected, the rate was the slowest since the 6.2% recorded in the first quarter of 2009 during the global recession. It was also the first official confirmation of investors' fears about economic growth since a Chinese stock market slump coupled with a surprise currency devaluation in July and August 2015. Trade data from Japan raised the specter of a recession enveloping the world's third-largest economy. Japanese exports in the month of September 2015 grew by a meager 0.6%, YoY, while imports declined by 11.1%, YoY. For the six months Apr-Sep 2015, Japanese exports increased by 5.2% while imports registered a decline of 5.5%. In case of Europe, in the midst of an uncertain global economic environment, GDP growth for the Europe and Central Asia (ECA) region is expected to improve in 2015, with further improvement expected in 2016. But prospects for countries vary widely: the western part of the region will likely continue its fragile recovery in 2016, while the eastern part of the region will increasingly suffer large income losses due to depressed oil prices.

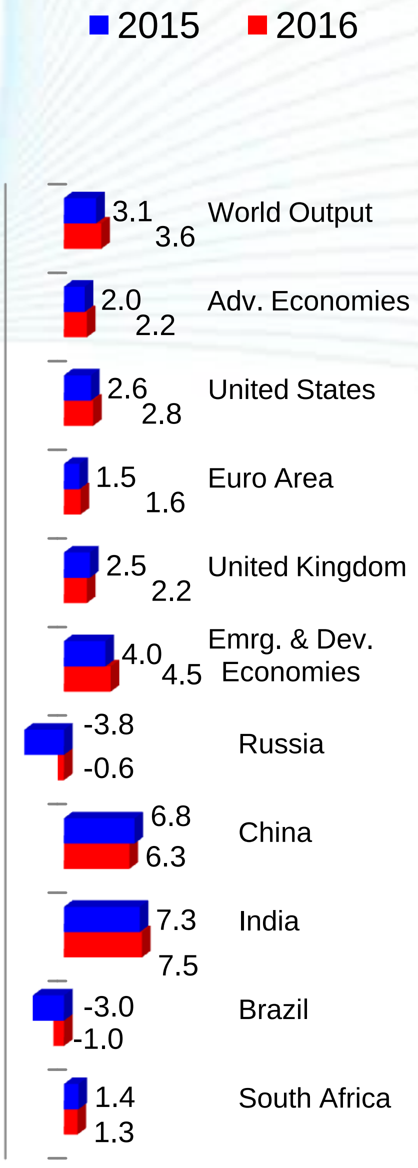
Back home, Indian economy continues to remain global growth hot-spot. The macro fundamentals remain strong and with appropriate policy apparatus in place, Government's commitment to address structural bottlenecks should ensure better growth going forward. RBI's monetary accommodation of growth should facilitate improvement in investment demand. The World Bank has upped India's ranking in the Ease of Doing Business by twelve positions. India has now moved to 130th position. The World Economic Forum had similarly upgraded India. India has surged to 55th position in the latest Global Competitiveness Index released by World Economic Forum. Growth is expected to accelerate further, albeit modestly, driven by a pick-up in investments. GDP growth is expected to accelerate gradually to 7.5 percent in FY15-16 and to 7.8 and 7.9 percent in the subsequent two fiscal years as investments rebound.

I.A. Outlook

Global Outlook

In its October 2015 World Economic Outlook, IMF has projected global growth for 2015 at 3.1 percent, 0.3 percentage point lower than in 2014, and 0.2 percentage point below the forecasts in the July 2015 World Economic Outlook (WEO) Update. Prospects across the main countries and regions remain uneven. Relative to last year, the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow for the fifth year in a row, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

U.S.A.: Growth in the United States was weaker than expected, despite a strong second quarter. This reflected setbacks to activity in the first quarter, caused by one-off factors, notably harsh winter weather and port closures, as well as much lower capital spending in the oil sector. Despite weaker growth, the unemployment rate declined to 5.1 percent at the end of August, 0.4 percentage point below its February level. In **China**, growth was broadly in line with previous forecasts. Investment growth slowed compared with last year and imports contracted, but consumption growth remained steady. While exports were also weaker than expected, they declined less than imports, and net exports contributed positively to growth. Equity prices have dropped sharply since July after a one-year bull run. In the **Euro area**, the recovery was broadly in line with the April forecast, with stronger-than-expected growth in Italy and especially in Ireland and Spain (sustained by recovering domestic demand) offsetting weaker-than-expected growth in Germany. In the United Kingdom, GDP expanded at an annualized rate of 2¼ percent in the first half of 2015, with the unemployment rate now back near its pre-crisis average of about 5½ percent.



Source: WEO: Oct, 2015; IMF

India Outlook

Output: Despite the slowdown in global economy and sustained decline in exports, Indian economy will remain one of the fastest growing major economies of the world. However, considering slower global growth and trade than initial expectations, a continuing lack of appetite for new investment in the private sector, the constraint imposed by stressed assets on bank lending and waning business confidence, **output growth projected for 2015-16 is marked down slightly to 7.4 per cent from 7.6 per cent earlier**.

Inflation: Looking forward, inflation is likely to go up from September for a few months as favorable base effects reverse. The outlook for food inflation may improve if the increase in sown area translates into higher production. Moderate increases in minimum support prices should keep cereal inflation muted, while subdued international food price inflation should continue to put downward pressure on the prices of sugar and edible oil, and food inflation more generally. Taking all this into consideration, **inflation is expected to reach 5.8 per cent in January 2016**, a shade lower than the August projection. Therefore, the focus should now shift to **bringing inflation to around 5 per cent by the end of fiscal 2016-17.** Besides, the RBI remains focused on bringing down consumer inflation to its target of 4 percent by Mar-18.

Policy Outlook: The RBI' action on 50 bps cut in repo rate surprised the market as the consensus was only a 25 bps cut. The next course of action depends on the transmission of monetary policy. The RBI also stated that its stance will continue to be accommodative; the focus of monetary action for the near term will shift to working with the Government to ensure that impediments to banks passing on the bulk of the cumulative 125 basis points cut in the policy rate are removed. Over all policy announcements are consistent with predictable monetary framework & sustainable growth. RBI has created enabling conditions for growth, now the focus is moved to reform measures undertaken by the Government to remove the structural bottlenecks. Another 25 bps cut in Repo is possible in Q4 of FY 2016.

Indicator	Period	Release Date	Expect (Y/Y)%
IIP	Sep-15	12th Nov	5.0
CPI Inflation	Oct-15	12th Nov	4.8
WPI Inflation	Oct-15	16th Nov	(-)4.3

II. Output

Quarterly Estimates of Gross Domestic Product for Q1 2015-16 (Apr-Jun) at constant (2011-12) prices

Gross Domestic Product: Real GDP or GDP in Q1, 2015-16 is estimated to have grown at a rate of 7.0% as against 6.7% for Q1, FY 2014-15.

Gross Value Added (GVA): Real GVA, i.e, GVA in Q1, 2015-16 is estimated to have grown at a growth rate of 7.1% as against 7.4% during Q1, FY 2014-15.

Agriculture: The 'agriculture, forestry and fishing' sector in Q1, 2015-16 has shown a growth rate of 1.9%, as against the growth rate of 2.6% in the previous year.

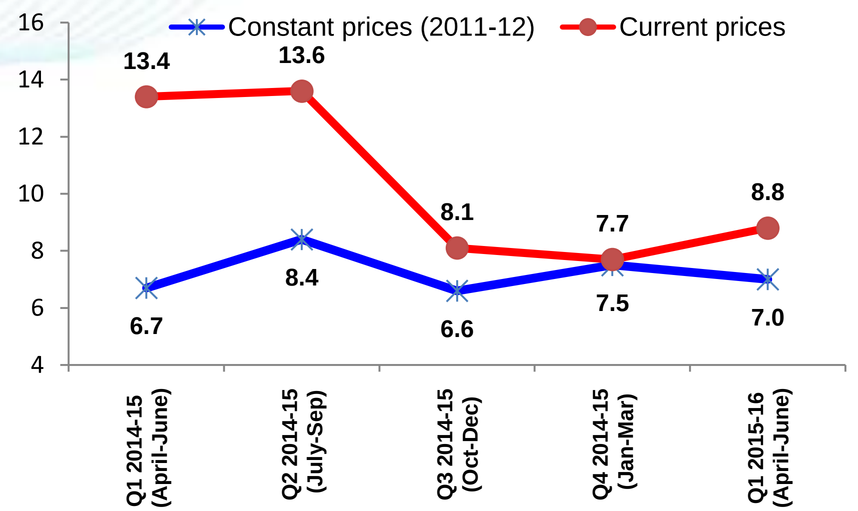
Industry: The growth of the sector is estimated to be 6.5% in Q1, 2015-16 as against 7.7% registered during the same period last year.

Within the industrial sector, the growth of '**manufacturing' sector** is estimated at 7.2% in Q1, 2015-16, as against 8.4% registered during Q1, 2014-15.

Services: The services sector has registered a growth of 8.9% in Q1, 2015-16 as against 8.7% during Q1, 2014-15.

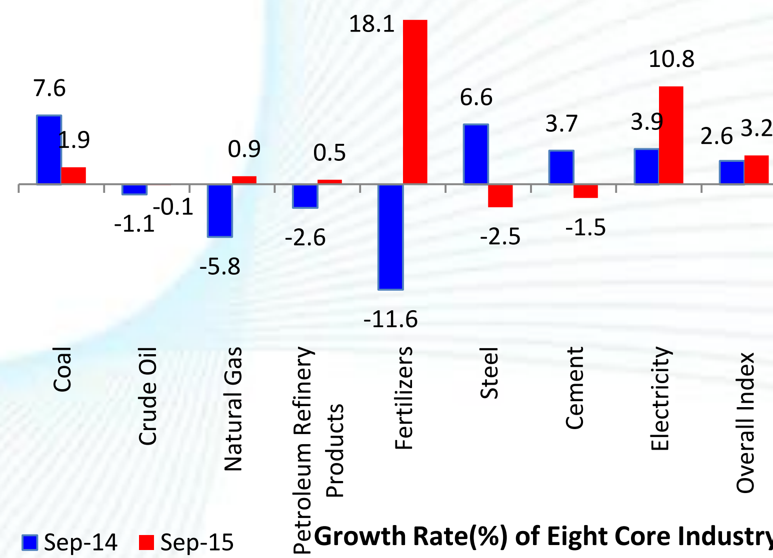
Sector	Q1, 2014-15	Q1, 2015-16
Real GDP	***6.7***	***7.0***
Agriculture	**2.6**	**1.9**
Industry	**7.7**	**6.5**
W/w Manufacturing	**8.4**	**7.2**
Services	**8.7**	**8.9**

Quarterly Movement in GDP growth %

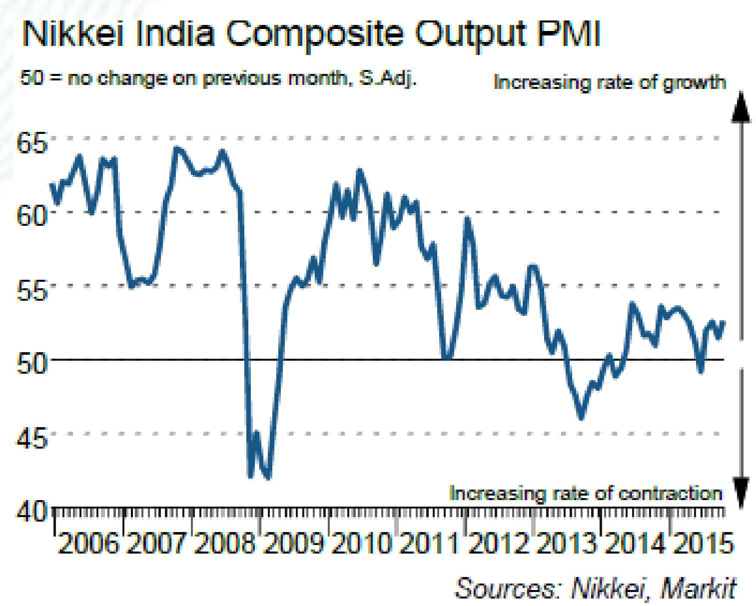


Index of Eight Core Industries: Core industries registered growth of 3.2 %in Sep-15 as against 2.6% growth noted in Aug14, on a YoY basis. Its cumulative growth during Apr-Sep, 2015-16 was 2.3% as against 5.1% for the corresponding period of FY 2014-15

1. Fertilizer sector noted strong growth.
2. Decline in crude oil contributed in contraction of the sector.
3. Lower level of explorations continues to restrict growth in steel sector.



Purchasing Managers Index (PMI): Nikkei India Composite PMI Output Index pointed to a stronger expansion in private sector activity across the country . It rose from 51.5 in Sep-15 to 52.6 in Oct-15 . The latest improvement was driven by services, as the Nikkei India Manufacturing Purchasing Managers' Index, or PMI, hit 22-month low in October. **Nikkei Services Business Activity Index indicated that output across the sector rose at a faster rate.** Posting an eight-month high of 53.2 in Oct-15 against Sept-15 51.3 **.** Major Activity growth was noted in Post & Telecommunication**.**



Key points :

➢ Services activity expands at faster pace, while growth of manufacturing production fades.

➢ New business across private sector rises at quickest rate since March

➢ Input costs increased in both sectors

➢ Composite PMI noted gain despite dull figures of manufacturing sector . Growth in services sector contributed to the encouraging figures of Composite index.

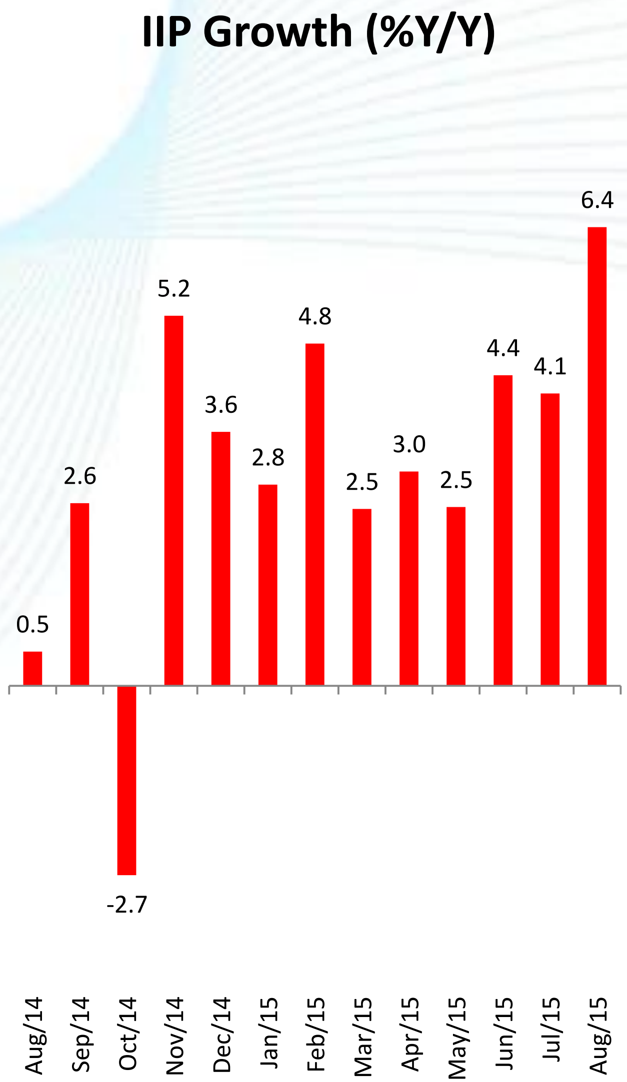
Index of Industrial Production (IIP): Industry output, as measured by IIP, noted annual growth of 6.4% in Aug-15 as against 4.1% in Jul-15 and 0.5% in Aug-14. The cumulative YoY growth in IIP for the period Apr-Aug, 2015-16 thus remained at 4.1% compared to 3.0% in Apr-Aug, 2014-15.

On sectoral basis, Mining, Manufacturing and Electricity sectors noted annual growth of 3.8%, 6.9% and 5.6% respectively in Aug-15 as compared to growth of 0.9%, 4.7% and 3.5% respectively in Jul-15.

Cumulatively, the production of Mining sector, Manufacturing sector and Electricity sector increased by 1.2%, 4.6%, and 3.2% respectively during Apr-Aug, 2015-16 over corresponding period of previous year. The high growth in manufacturing sector indicates pick up in the economy.

As per Use-based classification, Basic goods registered annual growth of 3.4% in Aug-15 while Capital goods production grew by 21.8%. Production of intermediate goods grew by 2.6%. Production of consumer goods grew at 6.8% and within this while Consumer durables rose by 17.0% and Consumer non-durables have recorded YoY growth of 0.4%.

Cumulatively, the production of basic goods increased by 4.5% during Apr-Aug 2015-16 over the corresponding period of the previous year. During the same period Capital goods, intermediate goods and consumer goods increased by 7.4%, 1.8% and 3.0% respectively. Cumulative growth in case of consumer durables and consumer non-durables stood at 7.7% and 0.1% respectively.



Foreign Tourists Arrivals (FTAs): FTAs during the Month of Sep-15 were 5.40 lakh as compared to FTAs of 5.09 lakh during the month of Sep-14 and 4.54 lakh in Sep-13. There has been a growth of 6.1% in Sep-15 over Sep-14. FTAs during the period Jan-Sep 15 were 56.08 lakh showing a growth of 4.6% over Jan- Sep-14

Foreign Exchange Earnings (FEEs) from Tourism in India US$ terms: FEEs during the month of Sep-15 were Rs 9,512 crore as compared to Rs 9,057crore in Sep-14. The growth rate in FEEs in rupee terms during Sep-15 over Sep-14 was growth of 5.0%. FEEs from tourism in rupee terms in Jan- Sep 2015 were Rs. 91,737 crore showing a growth of 3.2% over the same period during 2014**.** FEEs in US$ terms during the month of Sep-15 were US$ 1.436 billion. FEEs from tourism in US$ terms during Jan- Sep 2015 were US$ 14.453 billion

Domestic Vehicle Sales: The industry registered YoY growth of 1.2% in total vehicles production in Apr-Sept 2015 compared to Apr-Sept 2014. The domestic sales of passenger vehicles and overall commercial vehicles increased by 6.2% and 7.2% respectively in Apr-Sept 2015 as compared to the corresponding period of the previous year. Three wheelers sales registered decline of 0.4% while two wheelers sales dipped by 0.4% respectively during the same period.

During Apr-Sept 2015 overall automobile exports grew by 7.7%. Exports of passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers registered a growth at 3.9%, 19.6%, 23.4% and 5.7 percent respectively in Apr-Sept 2015 over Apr-Sept 2014.

Foreign Tourists Arrival and Foreign Exchange Earnings

2015	FTA (Lakh)	FEE (US$ Mn)
Jan	7.9	1,854
Feb	7.6	1,782
Mar	7.3	1,674
Apr	5.4	1,505
May	5.1	1,392
June	5.1	1402
July	6.3	1800
Aug	5.9	1608
Sep	5.4	1436

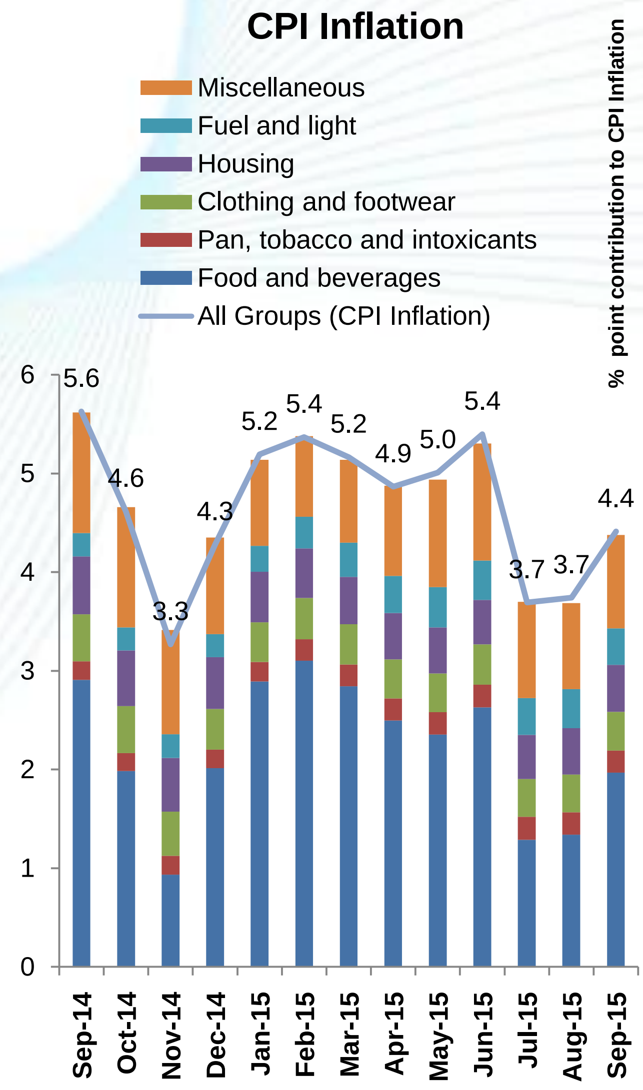
III. Prices

Consumer Price Index (CPI): India's retail inflation, as measured by the CPI, noted 4.4% in Sep-15, higher than 3.7% in Aug-15. Increase in prices of pulses and clothes led to this increase. Food inflation, as based on consumer food price index (CFPI), noted at 3.9% in Sep-15 higher than 2.2% in Aug-15 . CPI excl. food & fuel items, i.e. **Core CPI inflation** recorded a growth of 4.3% in Sep-15 compared to 4.1% in the month of Aug-15 and 5.2% noted in Sep-14.

Inflation rates for rural and urban areas noted at 5.0% and 3.6% respectively in Sep-15 as against 4.5% and 2.8% respectively in Aug-15 and 5.9% and 5.3% in Sep-14.

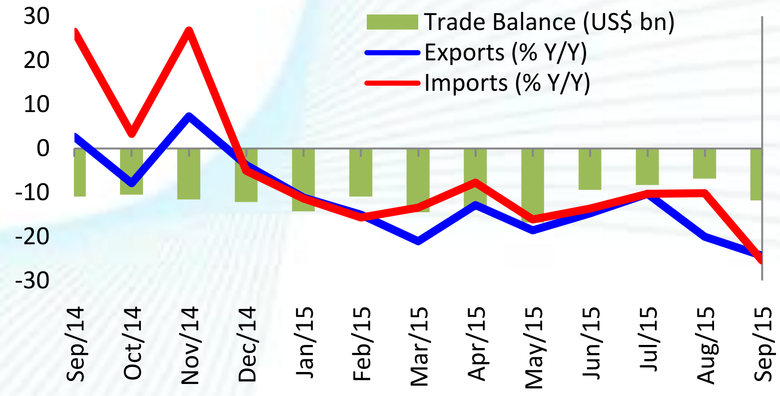
Wholesale Price Index (WPI): Inflation based on WPI stood in negative zone for eleventh consecutive month. WPI inflation noted (-) 4.5% for the month of Sep-15 as compared to (-) 4.9% for Aug-15 and 2.4% during Sep-14. Build up inflation rate in the financial year so far was 0.28% compared to a build up rate of 2.61% in the corresponding period of the previous year.

On commodities group basis, Primary Articles, Fuel & Power group, and Manufactured Products group inflation noted (-) 2.1%, (-)17.7% and (-)1.7% in Sep-15 as against 2.0%, 1.3% and 3.0% respectively in Sep-14. WPI based Core inflation stood at -1.9% in Sep-15 as against (-) 1.9% in Aug-15 and 3.0% in Sep-14.

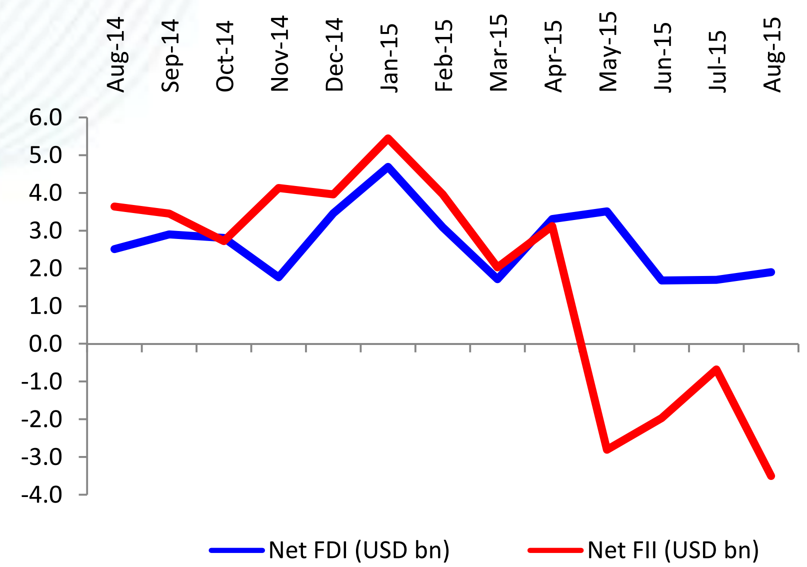


IV. External Sector

Merchandise Trade: India's merchandise exports, valued at US$ 21.8 billion in Sep-15, noting a contraction of 24.3% over Sep-14 while Imports, valued at US$ 32.3 bn, also noted contraction of 25.4% over Sep-14. Thus, trade deficit for Sep-15 stood at US$ 10.5 bn, which was lower than US$ 14.5 bn a year ago. Oil imports during the month declined by 54.5%. Services exports during the month of Aug-15 stood at US$ 13.6 bn recording a YoY increase of 10.9%. Services imports during the month of Aug-15 stood at US$ 7.8 bn recording a YoY growth of 14.9%.



Foreign Direct Investments: Net Foreign Direct Investments (FDI) into the country stood at USD 1.9 billion for the month of Aug-15 compared to USD 1.7 bn in Jul-15. Cumulative Net FDI for Apr-Aug 2015-16 period stood at USD 13.8 billion as against USD 13.0 billion during the corresponding period of the previous year showing a decline of 6.2%, YoY.



Foreign Institutional Investments: Net foreign institutional investments stood at US$ (-)3.5 bn in the month of Aug-15 which was US$ (-)0.7 bn in the month of Aug-15. Cumulative portfolio investments during Apr-Aug 2015-16 stood at US$ (-) 6.9 bn as against US$ 20.0 bn during Apr-Aug 2014-15.

V. Money & Banking

Reserve Bank of India (RBI) in its **fourth bi-monthly review of monetary policy for FY 2015-16**, has reduced the Repo rate by 50 bps. Consequently, the reverse repo rate under the LAF got adjusted to at 5.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate got automatically adjusted 7.75 per cent. The reserve requirements viz. cash reserve ratio (CRR) and statutory liquidity ratio (SLR) were kept unchanged at 4.0 per cent and 21.5 per cent respectively.

Important Rates (%)

Repo	6.75
Reverse Repo	5.75
MSF	7.75
Bank Rate	7.75
CRR	4.00
SLR	21.50

Policy Stance and Rationale

Easing inflation pressure

- Despite the monsoon deficiency and temporal distribution, food inflation pressures have been contained by firm actions of the government to manage supply;
- Moreover, inflation is expected to reach 5.8 per cent in January 2016, lower than August 2015 projection.

Favorable Fed Action

- The Federal Reserve has postponed policy normalization which provides some relief to RBI.

Policy Transmission

- Markets have transmitted the Reserve Bank's past policy actions via commercial paper and corporate bonds.
- The median base lending rates of banks have fallen by about 30 basis points despite extremely easy liquidity conditions. This is a fraction of the 75 basis points of the policy rate reduction during January-June 2015;
- Bank deposit rates have, however, been reduced significantly, suggesting that further transmission is possible.

Investment Boost

- Investment is likely to respond more strongly if there is more certainty about the extent of monetary stimulus in the pipeline, even if transmission is slow. Therefore, the Reserve Bank has front-loaded policy action by a reduction in the policy rate by 50 basis points.

Price Scenario outlook: Looking forward, inflation is likely to go up from September for a few months as favorable base effects reverse. The outlook for food inflation may improve if the increase in sown area translates into higher production. Moderate increases in minimum support prices should keep cereal inflation muted, while subdued international food price inflation should continue to put downward pressure on the prices of sugar and edible oil, and food inflation more generally. Taking all this into consideration, **inflation is expected to reach 5.8 per cent in January 2016**, a shade lower than the August projection. In its monetary policy statement of April 2015, the Reserve Bank stated that it would strive to reach the mid-point of the inflation band by the end of fiscal 2017-18. Therefore, the focus should now shift to **bringing inflation to around 5 per cent by the end of fiscal 2016-17**.

Growth outlook: Underlying economic activity remains weak on account of the sustained decline in exports, rainfall deficiency and weaker than expected momentum in industrial production and investment activity. With global growth and trade slower than initial expectations, a continuing lack of appetite for new investment in the private sector, the constraint imposed by stressed assets on bank lending and waning business confidence, **output growth projected for 2015-16 is marked down slightly to 7.4 per cent from 7.6 per cent earlier**.

Our View: The RBI' action on 50 bps cut in repo rate surprised the market as the consensus was only a 25 bps cut. The next course of action depends on the transmission of monetary policy. The RBI also stated that its stance will continue to be accommodative; the focus of monetary action for the near term will shift to working with the Government to ensure that impediments to banks passing on the bulk of the cumulative 125 basis points cut in the policy rate are removed. Reduction in Risk Weight will facilitate in improving Capital Adequacy as well as augment the affordable housing segment. The policy will benefit bond market and 10 year G-sec yield is expected to fall to 7.50%.

Over all policy announcements are consistent with predictable monetary framework & sustainable growth. RBI has created enabling conditions for growth, now the focus is moved to reform measures undertaken by the Government to remove the structural bottlenecks. Another 25 bps cut in Repo is possible in Q4 of FY 2016.

North – East Monsoon

Forecast Outlook for 2015 NE Monsoon Season (October–December) Rainfall over South Peninsula : Five Meteorological Subdivisions of Southern India namely Tamil Nadu, Coastal Andhra Pradesh, Rayalaseema, Kerala and south interior Karnataka, receives about 30% of its annual rainfall during the North East monsoon season (October to December). Tamil Nadu in particular receives about 48 % of its annual rainfall during this season. The summary of forecasts for 2015 North-East monsoon season's Rainfall is given below:

1. Season's rainfall for South Peninsula (Tamil Nadu, Coastal Andhra Pradesh, Rayalaseema, Kerala and south interior Karnataka), is most likely to be above normal (>111% of Long Period Average). The Long Period Average (LPA) of the North-East monsoon season rainfall for the south Peninsula for the base period 1951-2000 is 332.1mm.

2. Season's rainfall for Tamil Nadu is most likely to be above normal (>112% of LPA). The LPA of the North-East monsoon season rainfall for the Tamil Nadu for the base period 1951-2000 is 438.2mm.

3. The probability of above normal 2015 North-East monsoon season rainfall over south peninsula and over Tamil Nadu is 88% and 90% respectively.

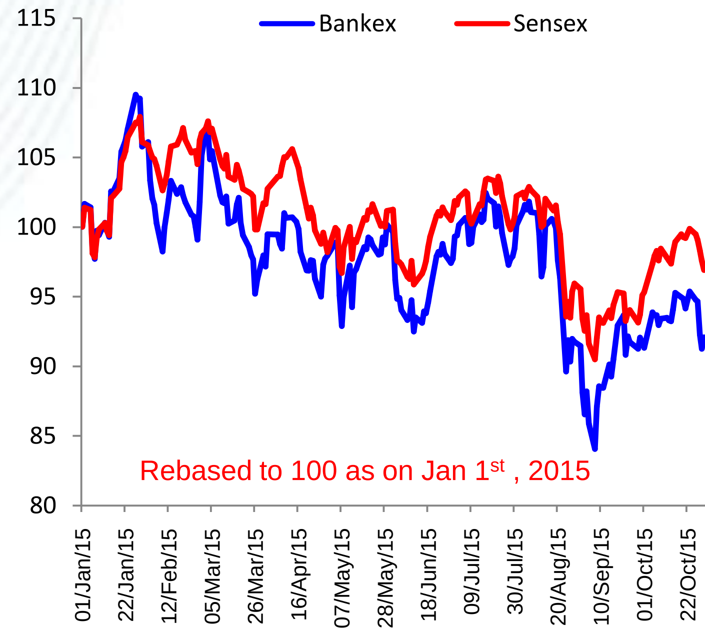
The yield on benchmark 10 year government security noted in the range of 7.57-7.69 per cent during Oct-15.

Rupee traded in range of 64.73 – 65.55 per US$ in Sep-Oct, 2015 witnessing monthly depreciation of 0.01 per cent.

Markets showed volatility upto some extent in Oct-15. On month-on-month (m/m) basis, Sensex & Bankex gained 1.9 & 0.5% respectively in Oct-15.

Policy Initiatives

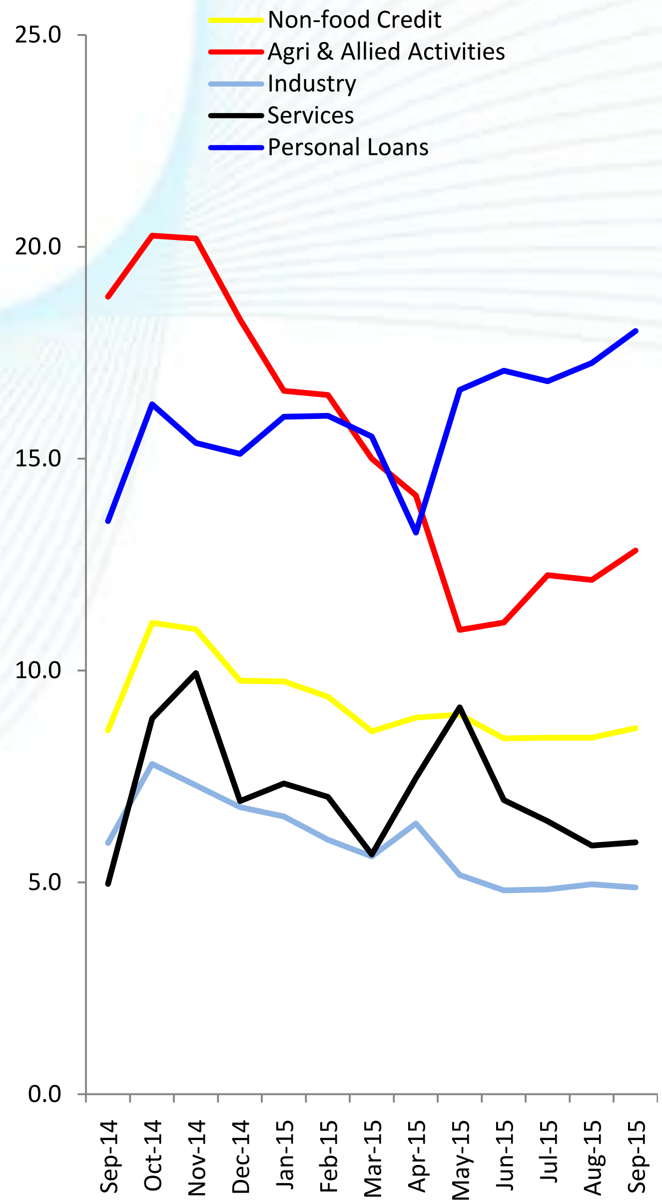
1. Prime Minister launched Gold Monetization Scheme, Sovereign Gold Bond Scheme and India Gold Coins with a view to reduce the country's reliance on the import of gold to meet domestic demand. Sovereign Gold Bonds, 2015-16 will bear interest at the rate of 2.75% per annum. The investment in the Bonds shall be eligible for SLR.
2. The Minimum Support Prices (MSPs) for all Rabi Crops of 2015-16 season to be marketed in 2016-17 have been increased
3. To stabilize prices of pulses and onions, Government has imported pulses and onions under the Price Stabilisation Fund.
4. The Bankruptcy Law Reforms Committee (BLRC) has submitted its report to the Government of India. The committee has observed that the enactment of the proposed Bill will provide greater clarity in the law and facilitate the application of consistent and coherent provisions. The Bill seeks to improve the handling of conflicts between creditors and debtors, avoid destruction of value, distinguish malfeasance vis-a-vis business failure and clearly allocate losses in macroeconomic downturns.



Sectoral Deployment of Credit

On a year-on-year (y-o-y) basis,

- Non-food bank credit increased by 8.6 percent in September 2015, same as the increase registered in September 2014;
- Credit to agriculture and allied activities increased by 12.8 per cent in September 2015 as compared with the increase of 18.8 per cent in September 2014;
- Credit to industry increased by 4.9 per cent in September 2015 as compared with the increase of 5.9 per cent in September 2014. Deceleration in credit growth to industry was observed in all major sub-sectors barring basic metals, engineering, chemical and chemical products, vehicles and gems and jewellery;
- Credit to the services sector increased by 5.9 per cent in September 2015 as compared with the increase of 5.0 per cent in September 2014.
- Personal loans increased by 18.0 per cent in September 2015, up from the increase of 13.5 per cent in September 2014.



As on October 16th, 2015, Scheduled Commercial Banks (SCBs') deposits and advances grew by 11.2% and 9.5% respectively on annual basis. Credit-Deposits Ratio for the SCBs stood 74.8%.

Appendix 1: Monthly Dynamic of Indian Economy (Annual growth in percent else mentioned otherwise)	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Output													
IIP-General	**2.6**	**-2.7**	**5.2**	**3.6**	**2.8**	**4.8**	**2.5**	**3.0**	**2.5**	**4.4**	**4.1**	**6.4**	
Mining	0.1	4.5	4.0	-1.7	-1.8	1.6	1.2	-0.6	2.1	-0.5	0.9	3.8	
Manufacturing	2.7	-5.6	4.7	4.1	3.4	5.1	2.7	3.9	2.1	5.4	4.7	6.9	
Electricity	3.9	13.7	10.0	4.8	3.3	5.9	2.0	-0.5	6.0	1.3	3.5	5.6	
IIP-Use Based													
Basic Goods	5.0	9.7	9.5	5.9	4.8	4.9	2.6	2.6	6.2	5.3	5.0	3.4	
Capital Goods	12.3	-3.2	7.0	6.1	12.4	8.3	9.1	5.5	3.0	-2.1	10.6	21.8	
Intermediate Goods	2.0	-3.4	4.7	1.1	0.1	1.2	2.8	2.3	1.2	1.1	1.7	2.6	
Consumer Goods	-4.0	-18.2	-1.6	0.6	-1.9	4.9	-0.6	2.8	-2.2	7.7	0.9	6.8	
Durables	-11.1	-35.2	-14.5	-9.2	-5.7	-3.8	-4.6	1.3	-3.9	17.4	10.3	17.0	
Non-Durables	1.3	-3.6	7.0	5.6	0.3	10.5	1.9	3.7	-1.0	2.2	-4.6	0.4	
Eight Core Infra	**1.9**	**6.3**	**6.7**	**2.4**	**1.8**	**1.4**	**1.4**	**1.0**	**4.4**	**3.0**	**1.1**	**2.7**	**3.2**
Steel Production	4.0	2.3	1.3	-2.4	1.6	-4.4	1.4	4.4	2.6	4.9	-2.6	-5.9	-2.5
Cement Production	3.2	-1.0	11.3	3.8	0.5	2.7	-3.9	-1.8	2.5	2.6	1.3	5.4	-1.5
Money & Banking													
Money Supply (M3)	12.7	11.3	11.0	11.1	11.2	11.5	11.1	11.0	11.0	11.0	11.5	11.3	11.0
Bank Credit	**9.7**	**11.2**	**11.7**	**10.5**	**10.7**	**10.4**	**9.5**	**9.8**	**9.8**	**9.3**	**9.4**	**9.5**	**9.5**
Bank Deposits	**13.4**	**12.0**	**11.3**	**11.5**	**11.6**	**11.9**	**11.4**	**11.4**	**11.5**	**11.4**	**11.8**	**11.9**	**11.3**
SLR Investments	12.6	10.5	9.6	10.5	14.0	13.4	13.2	14.0	14.5	14.5	14.8	14.0	12.2
Interest Rates (% end-Month)													
Weighted Call Money Rates	7.8	7.9	7.9	8.8	7.8	6.7	7.9	7.5	7.5	7.1	7.1	7.0	7.1
10-year G Sec	8.5	8.3	8.1	7.9	7.7	7.7	7.7	7.9	7.6	7.8	7.8	7.8	7.7
Market													
Sensex	37.4	31.7	38.0	29.9	42.3	39.0	24.9	20.5	14.9	9.3	8.6	-1.3	-1.8
Nifty	38.9	32.1	39.1	31.4	44.7	41.8	26.7	22.2	16.6	9.9	10.5	0.2	-0.2
Inflation													
CPI-General	**5.6**	**4.6**	**3.3**	**4.3**	**5.2**	**5.4**	**5.2**	**4.9**	**5.0**	**5.4**	**3.7**	**3.7**	**4.4**
Core CPI	5.2	5.2	4.8	4.5	4.2	4.2	4.1	4.3	4.6	4.8	4.3	4.1	4.3
Cons. Food Price Index (CFPI)	6.2	3.8	1.2	3.9	6.2	6.9	6.0	5.1	4.8	5.5	2.2	2.2	3.9
Food and beverages	6.3	4.3	2.0	4.4	6.3	6.8	6.2	5.4	5.1	5.7	2.8	2.9	4.3
Pan, tobacco and intoxicants	7.9	7.6	8.0	7.9	8.3	9.2	9.2	9.4	9.5	9.7	9.8	9.4	9.4
Fuel and light	7.3	7.3	6.9	6.3	6.2	6.4	6.3	6.1	6.0	6.3	5.9	5.9	6.0
Housing	5.8	5.6	5.4	5.2	5.1	5.0	4.8	4.7	4.6	4.5	4.4	4.7	4.7
Cloth, bed & footwear	3.4	3.4	3.5	3.4	3.8	4.7	5.1	5.5	6.0	5.8	5.4	5.8	5.4
Misc. / Services	4.3	4.3	3.7	3.5	3.1	2.9	3.0	3.2	3.8	4.2	3.4	3.1	3.3
CPI-Rural	5.9	4.8	3.2	4.2	5.3	5.8	5.6	5.3	5.5	6.1	4.4	4.5	5.0
CPI-Urban	5.3	4.5	3.5	4.5	5.0	5.0	4.7	4.4	4.4	4.6	2.9	2.8	3.6
WPI Headline	**2.4**	**1.7**	**-0.2**	**-0.5**	**-0.9**	**-2.2**	**-2.3**	**-2.4**	**-2.2**	**-2.1**	**-4.0**	**-4.9**	**-4.5**
Core WPI / Non-food Manuf.	3.0	2.6	2.0	1.4	0.9	0.1	-0.4	-0.4	-0.6	-0.8	-1.5	-1.9	-1.9
Food total	3.3	2.5	1.0	3.7	6.0	5.6	4.4	3.6	1.7	2.0	-1.4	-1.5	0.2
Fuel	1.3	0.5	-4.5	-7.8	-11.0	-14.8	-12.2	-13.0	-9.4	-8.9	-11.6	-16.5	-17.7
Non-food Primary	-2.0	-4.1	-7.2	-10.7	-13.8	-14.4	-15.1	-12.2	-10.2	-9.3	-11.2	-10.6	-9.3
Business Surveys													
Manufacturing PMI*	**51.0**	**51.6**	**53.3**	**54.5**	**52.9**	**51.2**	**52.1**	**51.3**	**52.6**	**51.3**	**52.7**	**52.3**	**51.2**
Services PMI*	51.6	50.0	52.6	51.1	52.4	53.9	53.0	52.4	49.6	47.7	50.8	51.8	51.3
Merchandise Trade													
Exports	**2.6**	**-7.9**	**7.3**	**-3.8**	**-11.2**	**-15.0**	**-21.1**	**-12.9**	**-18.6**	**-14.7**	**-10.3**	**-20.1**	**-24.3**
Imports	26.5	3.3	26.8	-5.0	-11.4	-15.7	-13.4	-7.7	-16.1	-13.7	-10.3	-10.1	-25.4
Oil	10.3	-18.0	-9.7	-28.6	-37.5	-55.5	-52.7	-30.3	-29.0	-21.4	-34.9	-30.3	-54.5
Non-oil	36.7	17.7	49.6	9.4	3.5	11.7	10.6	1.8	-10.4	-10.5	3.8	-2.2	-10.7
Trade Balance (US$ bn)	-14.5	-14.0	-16.9	-9.4	-8.3	-6.8	-11.8	-11.0	-10.4	-10.8	-12.8	-12.5	-10.5
Brent Crude Prices(US$/bbl)	97.3	87.3	78.4	62.2	48.4	57.9	55.8	59.4	64.6	62.3	55.9	47.0	47.2
Foreign Investments (US$ bn)													
FII	3.5	2.7	4.1	4.0	5.5	4.0	2.0	3.1	-2.8	-2.0	-0.7	-3.5	
FDI	2.9	2.8	1.8	3.5	4.7	3.1	1.7	3.3	3.5	1.7	1.7	1.9	
Exchange rate and reserves													
US$ exchange rate average	**60.9**	**61.3**	**61.7**	**62.8**	**62.2**	**62.0**	**62.5**	**63.4**	**63.8**	**63.9**	**63.6**	**65.1**	**66.2**
Foreign Assets (US$ bn)	314.2	315.9	316.3	319.7	322.0	338.1	341.4	344.6	351.6	355.2	353.5	355.4	350.0
Forex cover to imports (in months	8.3	8.3	8.2	8.3	8.6	9.0	9.2	9.3	9.6	9.8	9.9	10.0	10.1

*PMI Values 50 above point expansion in economic activity and vice versa;

Quarterly Dynamics of Indian Economy (Annual growth in percent else mentioned otherwise)										
Indicator	**2013-14**				2014-15				2015-16	
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Output										
Real GDP^{bp} @	**7.2**	**7.5**	**6.6**	**5.3**	**7.4**	**8.4**	**6.8**	**6.1**	**7.1**	
Agri. & Allied	2.7	3.6	3.8	4.4	2.6	2.1	-1.1	-1.4	1.9	
Industry	4.8	4.0	5.0	4.3	7.7	7.6	3.6	5.6	6.5	
Services	10.2	10.6	9.1	6.4	8.7	10.4	12.5	9.2	8.9	
Real GDP^{mp}	**7.0**	**7.5**	**6.4**	**1.2**	**6.5**	**8.2**	**7.5**	**7.0**	**8.8**	
Govt. consumption exp.	27.3	5.3	11.0	10.7	-2.0	5.8	31.7	1.2	1.2	
Pvt. Consumption exp.	7.7	5.6	4.6	7.4	4.3	8.7	3.5	7.4	0.0	
Gross fixed capital formn. (GFCF)	2.3	6.3	5.3	-7.6	7.7	2.8	1.6	4.9	0.0	
Inflation										
WPI	**4.8**	**6.6**	**7.1**	**5.4**	**5.8**	**3.9**	**0.3**	**-1.8**	**-2.3**	**-3.8**
Non-food Manuf./ Core WPI	2.6	2.4	3.0	3.8	4.0	3.5	2.0	0.2	-0.6	-1.2
CPI-IW	10.7	10.8	10.9	6.9	6.9	6.8	5.0	6.6	5.9	
Money & Banking										
Broad Money (M3)	12.8	12.5	14.9	13.5	12.2	12.7	11.1	11.1	11.0	11.3
Bank Credit	**13.7**	**17.9**	**14.5**	**14.3**	**13.3**	**9.7**	**10.5**	12.5	9.6	9.5
Bank Deposits	13.8	14.1	15.9	14.6	12.4	13.4	11.5	**11.4**	**11.4**	**11.6**
Credit-Deposit Ratio (%)	76.4	78.3	76.7	77.7	77.0	75.8	76.1	76.5	75.7	
Wtd. Call Money Rate (%) avg.	7.3	8.9	8.3	8.1	8.0	7.8	8.8	7.9	7.4	7.0
Repo Rate (%) end period	7.3	7.5	7.8	8.0	8.0	8.0	8.0	7.5	7.3	6.8
CRR (%) end period	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
10 Y G- Sec Yield (%) avg.	7.6	8.3	8.8	8.8	8.8	8.6	7.9	7.7	7.8	7.8
Fiscal Indicators of Centre										
Net Tax Revenue	-2.5	8.6	-48.3	16.1	8.7	9.4	5.9	6.4	-71.5	
Corporate Tax	2.7	10.1	12.7	13.1	0.0	8.6	8.1	6.6	-65.6	
Excise Duties	-18.3	-1.8	-4.9	1.7	-0.1	3.3	4.1	6.6	-56.9	
Non-tax Revenue	7.8	56.3	15.9	61.5	0.0	18.5	57.1	3.7	-19.2	
Non-plan Expenditure	18.7	14.9	17.5	-27.7	0.1	2.8	11.9	7.2	2.8	
Plan Expenditure	33.2	4.1	23.6	-14.0	0.0	10.9	-7.6	-0.5	13.8	
Fiscal Deficit as % to GDP	**10.3**	**5.6**	**3.5**	**-2.8**	**10.5**	**4.8**	**2.9**	**-0.2**	**8.8**	
External Sector										
Merchandise Exports	-1.5	11.9	7.5	-1.3	10.6	4.9	-1.0	2.0	-1.0	
Merchandise Imports	4.7	-4.8	-14.8	-12.3	-6.5	8.1	4.7	-10.4	-2.5	
Trade Balance (US$ bn)	**-50.5**	**-33.3**	**-33.2**	**-30.7**	**-34.6**	**-38.6**	**-39.3**	**-31.7**	**-34.2**	
Invisibles Earnings	3.0	4.3	3.6	6.2	0.7	2.9	3.1	-0.3	1.9	
Invisibles Payments	-0.4	3.7	-1.7	6.0	8.4	4.7	-0.6	-4.2	-0.7	
Net Invisibles (US$ bn)	28.7	28.1	29.1	29.3	26.7	28.5	31.0	30.4	28.0	
Current Acct Balance(US$ bn)	**-21.8**	**-5.2**	**-4.1**	**-1.3**	**-7.8**	**-10.2**	**-8.3**	**-1.3**	**-6.2**	
Capital & Fin. Acct Balance (US$ bn)	20.5	-4.8	23.8	9.2	8.6	11.8	10.0	0.3	0.3	
Current Acct Balance (% to GDP)	**-4.6**	**-1.2**	**-0.9**	**-0.3**	**-1.6**	**-2.0**	**-1.6**	**-0.2**	**-1.2**	
Total Foreign Assets(US$ bn)	314.9	276.3	295.7	303.67	314.9	314.2	319.7	341.4	354.4	
USD/INR (Avg.)	**56.0**	**62.1**	**62.1**	**61.8**	**59.77**	**60.60**	**62.00**	**62.20**	**63.50**	
% Y/Y	3.2	12.5	14.6	14.1	6.8	-2.4	-0.1	0.6	6.2	

Note: @ GVA at Basic Prices (2011-12 series)

Source: CSO, RBI, CGA, Commerce Ministry

Note: @ GVA at Basic Prices (2011-12 series)

Appendix: Annual Dynamics of Indian Economy (Y/Y growth in percent else mentioned otherwise)

Indicators	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Real GDPfc (Base 2004-05)[&]	**7.0**	**9.5**	**9.6**	**9.3**	**6.7**	**8.6**	**8.9**	**6.7**	**4.9**	**6.6**	**7.2**
Agri. & Allied	0.2	5.1	4.2	5.8	0.1	0.8	8.6	5.0	1.2	3.7	0.2
Industry	9.8	9.7	12.2	9.7	4.4	9.2	7.6	7.8	2.4	4.5	6.1
Services	8.1	10.9	10.1	10.3	10.0	10.5	9.7	6.6	8.0	9.1	10.2
Real GDPmp	**7.9**	**9.3**	**9.3**	**9.8**	**3.9**	**8.5**	**10.3**	**6.6**	**5.1**	**6.9**	**7.4**
Consumption	5.0	8.7	7.7	9.4	7.7	8.4	8.2	8.9	4.9	6.5	7.6
Pvt Consumption	5.2	8.5	8.5	9.4	7.2	7.4	8.7	9.3	5.5	6.2	7.1
Govt. Consumption	4.0	8.9	3.8	9.6	10.4	13.9	5.8	6.9	1.7	8.2	10.0
Gross Fixed Capital Formation	24.0	16.2	13.8	16.2	3.5	7.7	11.0	12.3	-0.3	3.0	4.1
Ratios to GDP at current prices (%)											
Consumption	70.1	69.2	68.0	67.2	68.6	69.1	67.5	68.8	68.7	68.4	68.5
Gross Capital Formation	32.5	34.3	35.9	38.0	35.5	36.3	36.5	38.2	37.2	33.4	33.0
Gross Domestic Savings	32.4	33.4	34.6	36.8	32.0	33.7	33.7	33.0	31.1	30.6	
IIP-General (Base 2004-05)	**11.7**	**8.6**	**12.9**	**15.5**	**2.5**	**5.3**	**8.2**	**2.9**	**1.1**	**-0.1**	**2.8**
Mining	4.4	2.3	5.2	4.6	2.6	7.9	5.2	-2.0	-2.3	-0.8	1.4
Manufacturing	13.2	10.3	15.0	18.4	2.5	4.8	9.0	3.0	1.3	-0.8	2.3
Electricity	5.1	5.2	7.3	6.4	2.8	6.1	5.5	8.2	4.0	6.1	8.4
Money & Banking (end March)											
Money Supply(M3)	12.3	21.2	21.3	21.4	19.3	16.9	16.1	12.9	13.6	13.5	11.1
Bank Credit Growth	**26.2**	**38.0**	**28.1**	**22.3**	**17.5**	**16.9**	**21.5**	**17.0**	**14.1**	**14.3**	**9.5**
Deposit Growth	10.8	23.4	23.8	22.4	19.9	17.2	15.9	13.4	14.3	14.6	11.4
SLR Investments	6.8	-0.7	10.3	22.8	20.0	18.7	8.4	15.7	15.4	10.7	13.2
Credit-Deposit Ratio (%)	63.9	71.5	73.9	73.9	72.4	72.2	75.7	78.1	78.0	77.7	76.5
Investment-Deposit Ratio (%)	42.3	34.0	30.3	30.4	30.4	30.8	28.8	29.4	29.7	28.7	29.2
Cash-Deposit Ratio (%)	7.0	6.6	7.5	8.6	6.7	6.8	6.7	6.1	4.8	4.7	5.0
Policy Rates (%) (end March)											
Repo Rate (%)	6.0	6.5	7.8	7.8	5.0	5.0	6.8	8.5	7.5	8.0	**7.5**
Revese Repo (%)	4.8	5.5	6.0	6.0	3.5	3.5	5.8	7.5	6.5	7.0	6.5
CRR (%)	5.0	5.0	6.0	7.5	5.0	5.8	6.0	4.8	4.0	4.0	4.0
SLR (%)	25.0	25.0	25.0	25.0	24.0	25.0	24.0	24.0	23.0	23.0	21.5
Inflation											
WPI (Avg.) Base 2004-05	**6.5**	**4.4**	**6.5**	**4.8**	**8.1**	**3.6**	**9.9**	**8.8**	**7.4**	**5.9**	**2.0**
CPI-IW (Avg.) Base 2001*	3.8	4.4	6.7	6.2	9.1	12.4	10.5	8.4	10.4	9.7	6.0
Centre's Gross Fiscal Deficit	**3.9**	**4.0**	**3.3**	**2.5**	**6.0**	**6.5**	**4.9**	**5.7**	**4.8**	**4.6**	**4.0**
Revenue deficit	2.4	2.5	1.9	1.1	4.5	5.2	3.3	4.4	3.6	3.3	2.9
Primary deficit	0.0	0.4	-0.2	-0.9	2.6	3.2	1.8	2.7	1.8	1.3	0.8
States' Fiscal Deficit	3.2	2.3	1.7	1.7	2.4	2.9	2.1	1.9	2.3	2.2	2.3
Combined Fiscal Deficit(Centre+ state)	7.1	6.3	5.0	4.3	8.4	9.4	7.0	7.6	7.1	6.9	6.3
Centre's Outstanding Liabilities	65.5	63.9	61.4	58.9	58.6	56.3	52.1	51.7	51.7	50.9	49.8
Centre's External Debt	1.9	2.6	2.4	2.2	2.2	2.1	2.0	1.9	1.8	1.6	1.5
General Govt. Gross Liabilities	92.8	92.3	88.0	83.5	70.6	70.6	65.6	65.3	65.2	65.3	64.9
External Sector											
Merchandise Exports	28.5	23.4	22.6	28.9	13.8	-3.5	37.3	20.9	-1.0	3.9	-0.6
Merchandise Imports	48.6	32.1	21.4	35.1	19.8	-2.6	26.8	32.2	0.5	-7.2	-1.1
Trade Deficit (US$bn)	-33.7	-51.9	-61.8	-91.5	-119.5	-118.2	-130.6	-189.8	-195.7	-147.6	-144.2
Invisibles Earnings	29.9	29.0	27.7	30.0	12.7	-2.6	21.3	10.6	2.2	4.1	1.6
Invisibles Payments	49.0	24.5	30.7	17.3	4.2	9.4	36.2	-5.3	8.3	1.3	1.9
Net Invisibles (US$bn)	31.2	42.0	52.2	75.7	91.6	80.0	84.6	111.6	107.5	115.2	116.7
Current Account Balance (US$bn)	-2.5	-9.9	-9.6	-15.7	-27.9	-38.2	-45.9	-78.2	-88.2	-32.4	-27.5
Current Acc. Bal. as % to GDP	**-0.4**	**-1.2**	**-1.0**	**-1.3**	**-2.3**	**-2.8**	**-2.7**	**-4.2**	**-4.8**	**-1.7**	**-1.3**
Capital & Financial Account (US$bn)	28.0	25.5	45.2	106.6	7.4	51.6	62.0	67.8	89.3	48.8	28.1
Foreign Assets Reserves (US$bn)	141.5	151.6	199.2	309.7	252.0	279.1	304.8	294.4	292.6	303.7	341.4
Forex Cover to Imports (in months)	14.3	11.6	12.5	14.4	9.8	11.1	9.6	7.2	7.0	7.8	8.9
Gross External Debt (US $bn)	133.0	139.1	172.4	224.4	224.5	260.9	317.9	360.8	409.4	440.6	475.8
Gross External Debt (as % to GDP)	18.4	16.7	18.2	18.1	18.3	19.1	18.6	19.6	22.3	23.5	23.2
Exchange rate											
US$/INR-annual average	**45.0**	**44.3**	**45.3**	**40.2**	**45.9**	**47.4**	**45.6**	**47.9**	**54.5**	**60.5**	**61.1**
Depreciation (% y/y)	-2.1	-1.5	2.3	-11.1	14.1	3.3	-3.9	5.1	13.7	11.0	1.1

&: At baisc prices from 2012-13 under new series; $Provisional Estimates for FY14;

Source: CSO, RBI, CGA, Ministry of Commerce, Ministry of Finance, CMIE

*For 2014-15, CPI is based on 2011-12 series.

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