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Ministry of Finance
Department of Economic Affairs
Economic Division

MONTHLY ECONOMIC REPORT
AUGUST 2019

HIGHLIGHTS

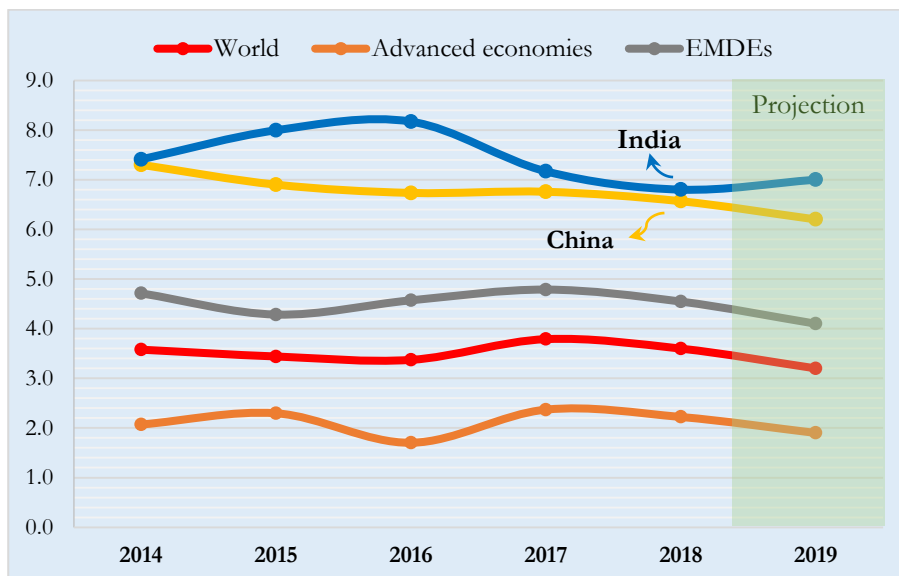
- *The growth of real GDP for the first quarter of 2019-20 was 5.0 per cent as compared to 8.0 percent in the corresponding period of previous year.*
- *The consumer price inflation stood at 3.2 percent in August 2019, as compared to 3.1 percent in July 2019.*
- *The Budget Estimate of the fiscal deficit for 2019-20 has been set at 3.3 percent of GDP, as compared to 3.4 percent in 2018-19 (Provisional Actuals).*
- *Growth of M3 (Year on Year (YoY) basis) as on 30th August 2019 stood at 9.9 percent, as compared to a growth rate of 10.3 percent as recorded in the corresponding fortnight end in the previous year.*
- *The value of merchandise exports and imports(in US\$ terms) declined by 6.0 percent and 13.4 percent in August 2019.*
- *India's current account deficit as percentage of GDP was 2.0 percent in Q1 of 2019-20, as compared to 2.3 percent in the corresponding period of previous year.*
- *Foreign exchange reserves stood at US\$ 428.6 billion as on 20th September 2019, as compared to 412.9 billion at end March 2019.*
- *Total production of foodgrains for 2018-19 is estimated at 285 million tonnes (fourth advance estimates), same as in 2017-18(final estimate).*
- *Index of Industrial Production (IIP) growth during July 2019 was 4.3 percent, as compared to a growth of 6.5 percent during the July 2018.*

1. ECONOMIC GROWTH

1.1 Global Growth

- As per IMF’s World Economic Outlook (WEO), July 2019 update, the global economic activity remained subdued in 2019 after registering a lower growth of 3.6 percent in 2018 vis-à-vis 2017. Among the major economies India’s growth remained highest in last five years (Figure 1).
- Global recessionary conditions compounded by ineffectiveness of monetary policy to stimulate growth, rising trade tensions between China and the USA and increased uncertainty over Brexit have contributed to the slowdown of world output and trade.

Figure 1: Growth of real GDP: world and major economies (percent)



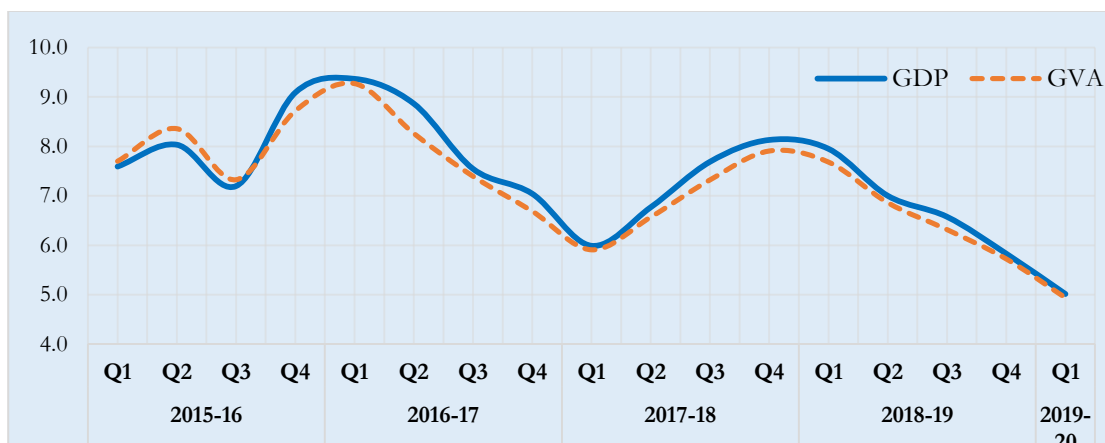
Data Source: World Economic Outlook, April 2019 Database, IMF; National Statistical Office, Ministry of Statistics & Programme Implementation.

Note: EMDE – Emerging Market and Developing Economies

1.2 India’s Economic Growth in Q1 of 2019-20

- Real GDP growth in first quarter (Q1) of 2019-20 is estimated at 5.0 percent, lower than 5.8 percent in fourth quarter (Q4) of 2018-19 (Figure 2 and Table 2). The growth of real Gross Value Added (GVA) is estimated at 4.9 percent in Q1 of 2019-20 (Table 2).

Figure 2: Quarter wise growth of real GDP and GVA (percent)



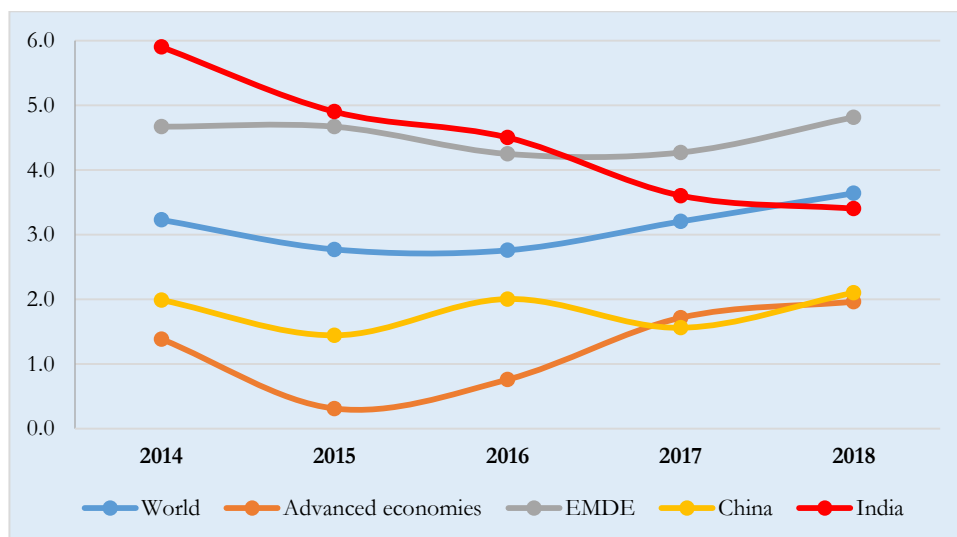
Data Source: National Statistical Office, Ministry of Statistics & Programme Implementation.

2. INFLATION

2.1 Consumer Price Inflation: India and World

- While consumer price inflation among the major economies mostly increased during the course of last five years, India's inflation declined significantly from 5.9 percent in 2014-15 to 3.4 percent in 2018-19 (Figure 3).

Figure 3: Consumer Price Inflation (percent)



Data Source: World Economic Outlook, April 2019 Database, IMF; National Statistical Office, Ministry of Statistics & Programme Implementation.

Note: EMDE – Emerging Market and Developing Economies

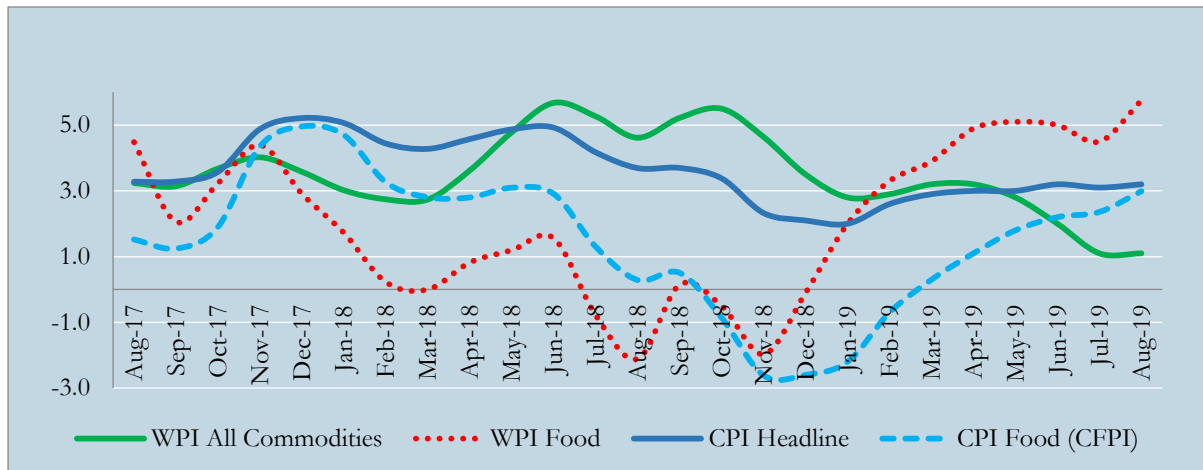
2.2 Consumer Price Indices (CPI) Inflation in 2019-20

- Consumer Price Index (CPI) – Combined inflation was 3.1 per cent in April-August 2019, as compared to 4.4 per cent in April –August 2018.
- CPI-combined inflation was 3.2 percent in August 2019 as compared to 3.1 percent in July 2019 (Figure.4).
- Food inflation based on Consumer Food Price Index (CFPI) increased to 3.0 per cent in August 2019 as compared to 2.4 per cent in July 2019.
- CPI inflation for fuel and light decreased to (-)1.7 per cent in August 2019 from (-)0.3 per cent in July 2019.
- Inflation based on CPI-IW for August 2019 increased to 6.3 per cent as compared to 6.0 per cent in July 2019. Inflation based on CPI (Agricultural Labourers) and CPI ((Rural Labourers) stood at 6.2 per cent and 6.0 per cent respectively in July 2019.

2.3 Inflation based on Wholesale Price Index (WPI)

- WPI inflation remained unchanged at 1.1 percent in August as compared to July 2019 (. WPI food inflation (food articles + food products) increased to 5.8 percent in August 2019 from 4.5 percent in July 2019, mainly on account of increase in inflation of vegetables, fruits, egg, meat & fish and milk. Inflation in fuel & power declined to (-)4.0 percent in August 2019 from (-)3.6 percent in July 2019.

Figure 4 : Inflation in WPI and CPI (in per cent)



- Core inflation (non-food manufactured products) declined to (-) 0.4 percent in August 2019, as compared to 0.1 percent in July 2019.

2.4 Global Commodity Prices (based on the World Bank Pink Sheet data)

- Food inflation based on World Bank Food Index stood at (-)4.5 percent in August 2019, as compared to (-)3.6 percent in July 2019. Energy prices inflation as measured by the World Bank Energy Index stood at (-)22.2 percent and ‘metals & minerals’ stood at (-)2.6 per cent in August 2019 (Table 4).

3. DOMESTIC DEMAND

3.1 Consumption Expenditure

- The share of private final consumption in GDP at current prices in Q1 of 2019-20 is estimated at 57.7 percent, as compared to 58.7 percent in Q1 of 2018-19. The share of total final consumption (private + public consumption) in GDP at current prices in Q1 of 2019-20 is estimated at 70.1 percent, as compared to 70.7 percent in Q1 of 2018-19.

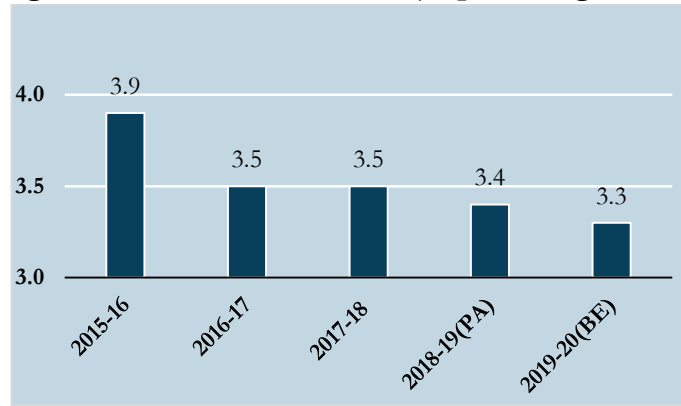
3.2 Government Consumption

- The share of government final consumption in GDP at current prices in Q1 of 2019-20 is estimated at 12.4 percent, as compared to 11.9 percent in Q1 of 2018-19. The growth in real government consumption is estimated at 8.8 percent in Q1 of 2019-20, as compared to 6.6 percent in Q1 of 2018-19.

3.2.1 Fiscal Development

- The Budget Estimates of the fiscal deficit as percentage of GDP for 2019-20 have been set at 3.3 percent, as compared to 3.4 percent in 2018-19 (Provisional Actual (PA)) (Figure 5).
- The revenue deficit as a percentage of GDP for 2018-19 was 2.3 per cent (PA), as compared to 2.6 percent in 2017-18. The revenue deficit for 2019-20 is budgeted to be 2.3 percent of GDP.

Figure 5 : Gross Fiscal Deficit (as percentage of GDP)



- The growth in some fiscal parameters (provisional figures) for July 2019 over July 2018 are as follows:
 - Gross tax revenue was ₹ 5.4 lakh crore, recording a growth of 6.6 percent.
 - Revenue Receipts (net to Centre) increased by 14.0 percent to ₹ 3.8 lakh crore.
 - Tax revenue (net to Centre) grew by 15.8 percent to ₹ 3.4 lakh crore.
 - Non-tax revenue was ₹ 0.4 lakh crore, recording an increase of 1.8 percent.
 - Revenue expenditure grew by 7.9 percent.
 - Capital expenditure declined by 3.4 percent.
 - Total expenditure increased by 6.5 percent, amounting to ₹ 9.5 lakh crore.

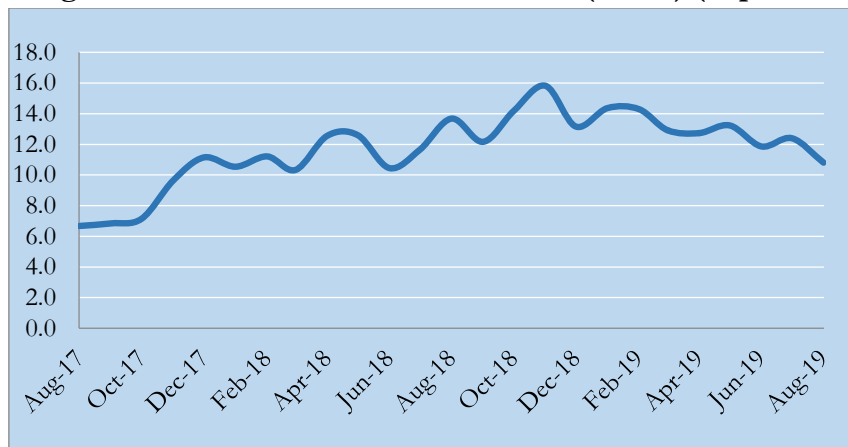
3.3 Investment

- The fixed investment rate (ratio of gross fixed capital formation to GDP) is estimated at 29.7 percent in Q1 of 2019-20, as compared to 30.0 percent in Q1 of 2018-19. The growth in real fixed investment is estimated at 4.0 percent in Q1 of 2019-20, as compared to 13.3 percent in Q1 of 2018-19.

3.3.1 Money and Banking

- **Money Supply (M3):** Growth of M3 (Year on Year (YoY) basis) as on 30th August 2019 stood at 9.9 percent, as compared to a growth rate of 10.3 percent as recorded in the corresponding fortnight end in the previous year (Table 11). As on 30th August 2019, the growth of ‘currency with the public’, ‘time deposits with banks’, and ‘demand deposits’ was 12.8 percent, 9.3 percent, and 10.3 percent respectively, as against 24.7 percent, 8.2 percent, and 9.7 percent respectively registered during the corresponding fortnight end of the previous year.

Figure 6 : Growth of Bank Credit - as on (Y-o-Y) (in per cent)



- Aggregate deposits of Scheduled Commercial Banks (SCBs) grew by 9.7 percent (YoY basis) as on 30th August 2019, as compared to 8.9 percent recorded during the corresponding fortnight end of the previous year.
- Growth of bank credit was 10.2 percent (YoY basis) as on 30th August 2019, as compared to 13.4 percent in the corresponding fortnight end of the previous year (Figure 6).
- Growth of investment in Government and other approved securities by SCB's was 2.2 percent as on 30th August 2019, as compared to 5.1 percent in the corresponding fortnight end of the previous year.

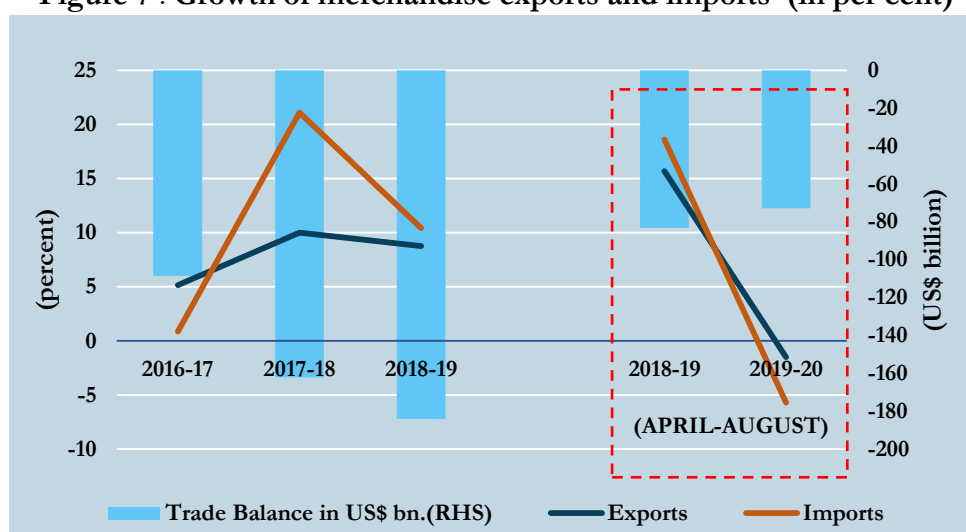
3.3.2 Lending and deposit rates: The base lending rate as on 6th September 2019 was 8.95/9.40 per cent, as compared to 8.85/9.45 per cent during the corresponding end of the week of the previous year. The term deposit rates for above one year was 6.25/7.10 per cent as on 23rd August 2019, as against 6.25/7.25 per cent during the corresponding end of the week of the previous year.

4. EXTERNAL DEMAND

4.1 Merchandise Trade

- Merchandise exports and imports (in US\$ terms) declined by 1.5 percent and 5.7 percent respectively in April-August 2019 (Figure 7). Oil imports declined by 6.3 percent and non-oil imports declined by 5.4 percent in April-August 2019.

Figure 7 : Growth of merchandise exports and imports (in per cent)

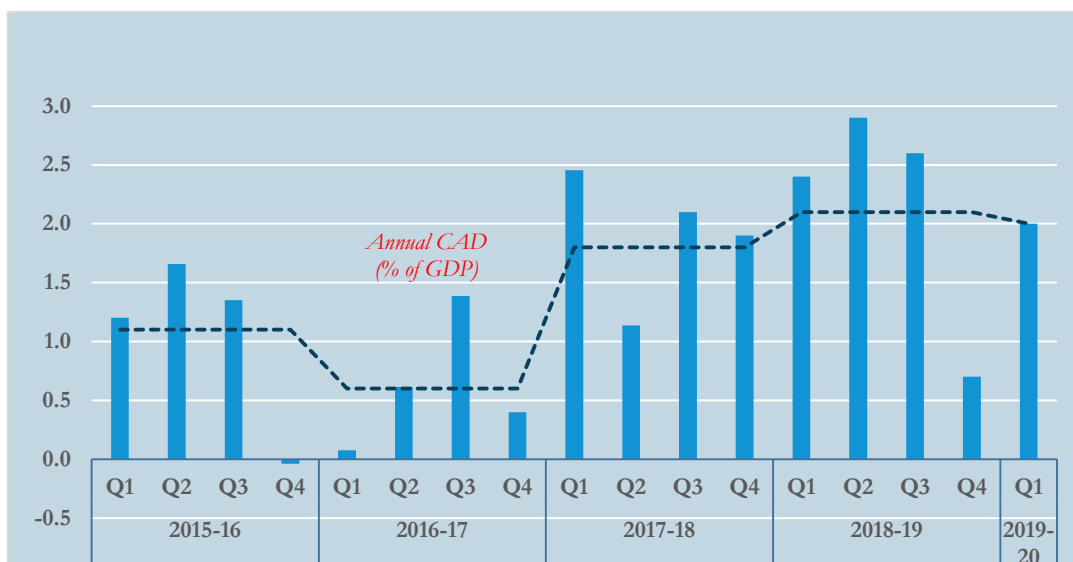


- During April-August 2019, merchandise trade deficit was US\$ 72.9 billion, lower as compared to US\$ 83.2 billion in April-August 2018.

4.2 India's Balance of Payments

- India's current account deficit (CAD) was 2.0 percent of GDP (US\$ 14.3 billion) in Q1 of 2019-20, as compared to 2.3 percent of GDP (US\$ 15.8 billion) in Q1 of 2018-19 (Table 6 & Figure 8). The contracted of the CAD in Q1 of 2019-20 was primarily on account of higher invisible receipts.

Figure 8: Current Account Deficit (as percentage of GDP)

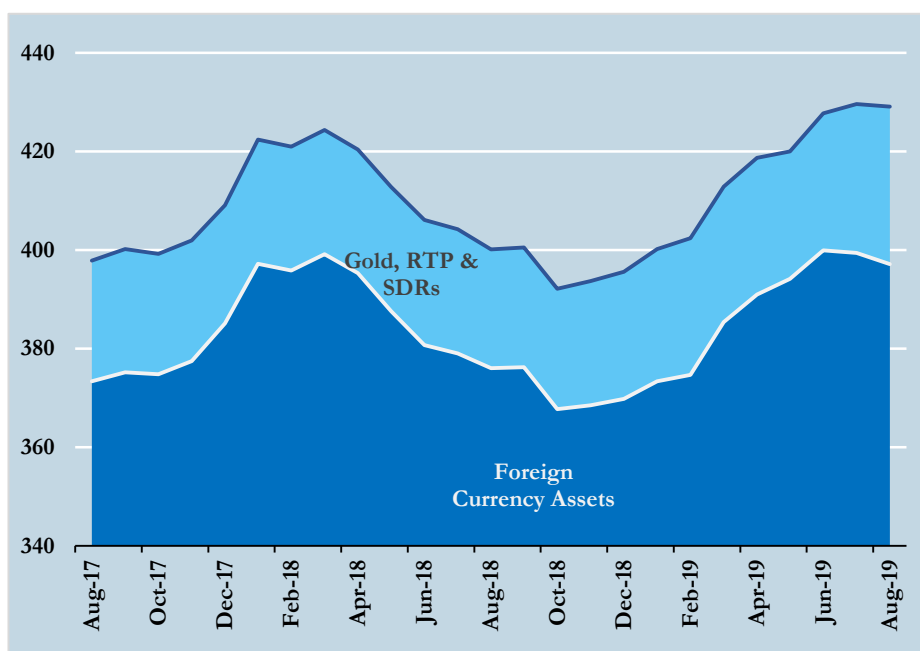


- Net foreign direct investment was US\$ 13.9 billion in Q1 of 2019-20, higher as compared to US\$ 9.6 billion in Q1 of 2018-19. There was net inflow of foreign Portfolio investment of US\$ 4.8 billion in Q1 of 2019-20, as against outflow of US\$ 8.1 billion in the corresponding period of previous year.

4.3 Foreign Exchange Reserves

- Foreign exchange reserves stood at US\$ 428.6 billion as on 20th September 2019, as compared to US\$ 412.9 billion at end-March 2019 (Table 7 and Figure 9).

Figure. 9 : Foreign Exchange Reserve (in US\$ billion)

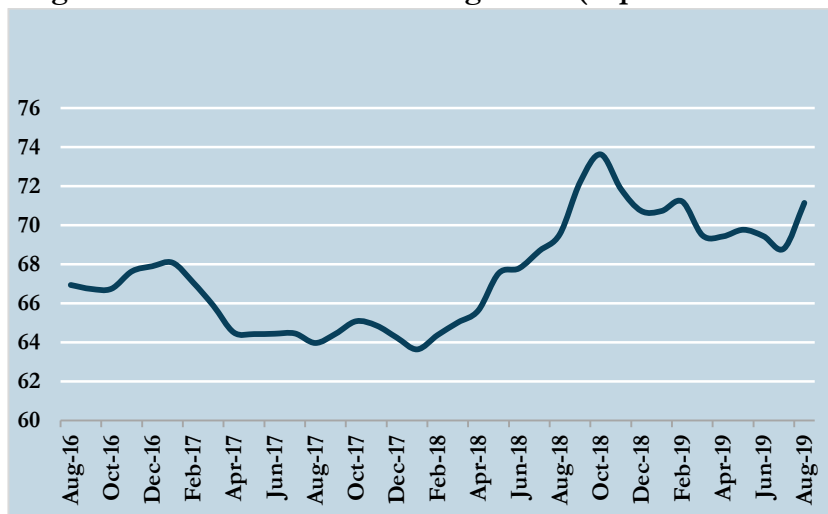


Note: RTP: Tranche Position, SDRs: Special Drawing Rights

4.4 Exchange Rate

- The rupee depreciated against the US dollar, Pound sterling, Euro and Japanese Yen by 3.3 per cent, 0.7 percent, 2.4 per cent and 5.0 percent respectively in August 2019 over July 2019 (Figure 10 and Table 8).

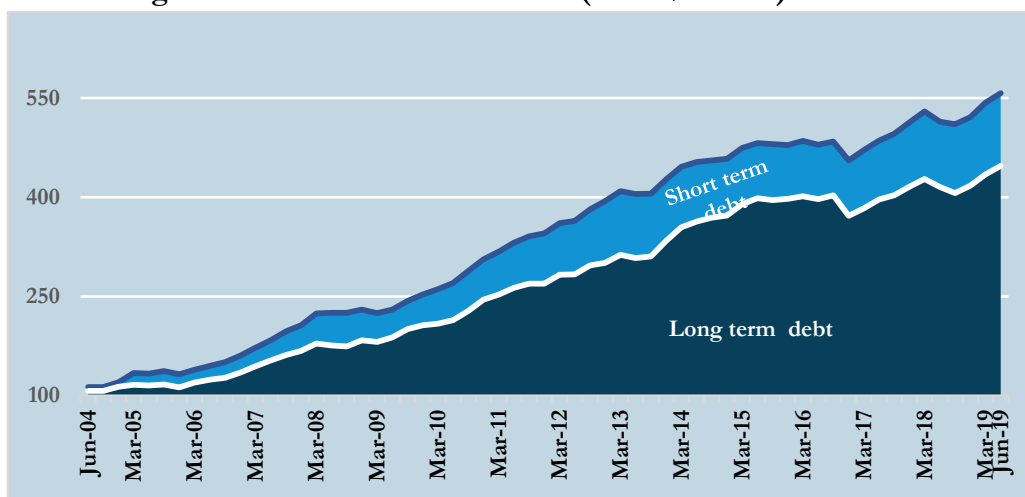
Figure. 10: Movement of Exchange Rate (₹ per unit of US \$)



4.5 External Debt

- India's external debt stood at US\$ 557 billion at end-June 2019, recording an increase of 2.6 percent over the level at end-March 2019. Long-term debt was US\$ 447.7 billion at end-June 2019, as compared to US\$ 434.9 billion at end-March 2019. Short-term external debt (by original maturity) was US\$ 109.7 billion at end-June 2019, as compared to US\$ 108.4 billion at end-March 2019 (Figure 11).

Figure. 11 : India's External Debt (in US\$ billion)



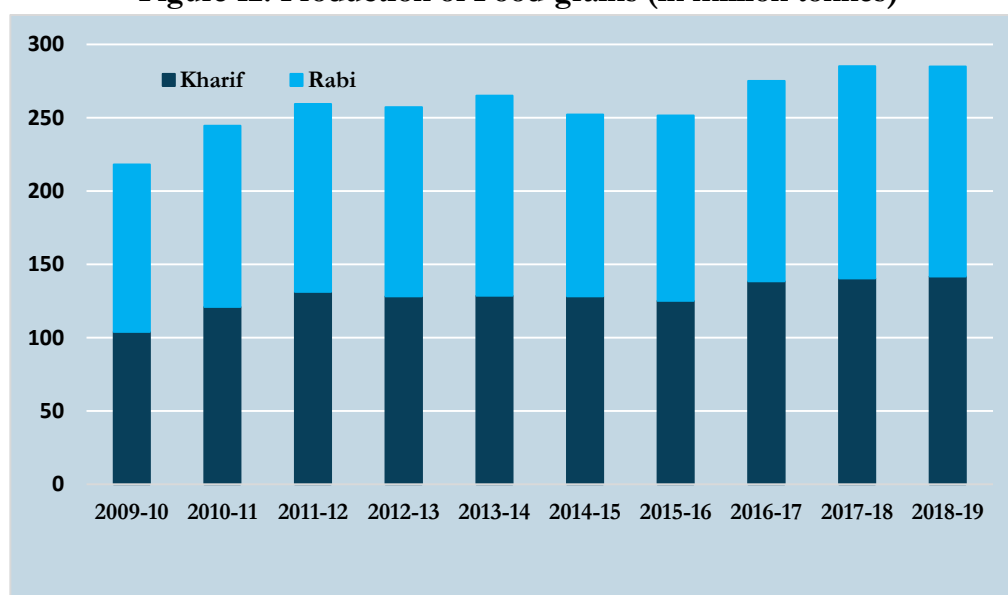
5. SECTORAL GROWTH

- Real GVA growth of Agriculture and allied sectors in Q1 of 2019-20 is estimated at 2.0 percent, lower than 5.1 percent in Q1 of 2018-19 (Table 2).

5.1 Agriculture and Food Management

- **All India production of food-grains:** As per the 4th Advance Estimates for 2018-19, the total production of foodgrains during 2018-19 is estimated at 285 million tonnes, same as in 2017-18 (final estimate) (Table 12).
- **Rainfall:** The cumulative rainfall received for the country as a whole during the period 1st June 2019 to 17th September 2019 has been 4 percent above normal. The actual rainfall received during this period has been 852.6 mm, as compared to the normal rainfall of 818.6 mm. Out of the total 36 meteorological subdivisions, no subdivision received large excess rainfall, 11 subdivisions received excess rainfall, 16 subdivisions received normal rainfall, in 9 subdivisions received deficient rainfall, no subdivisions received large deficient rainfall and no subdivisions remained without rainfall during the period.

Figure 12: Production of Food-grains (in million tonnes)



- **Procurement:** Procurement of rice as on 30th August 2019 during Kharif Marketing Season 2018-19 was 44.0 million tonnes. Procurement of wheat during Rabi Marketing Season 2019-20 was 34.1 million tonnes (Table 13).
- **Offtake:** The offtake of rice under all schemes during the month of July, 2019 has been 30.0 lakh tonnes. This comprises 26.3 lakh tonnes under TPDS/NFSA (offtake against the allocation for the month of August 2019) and 3.7 lakh tonnes under other schemes. In respect of wheat, the total offtake has been 22.3 lakh tonnes comprising of 20.2 lakh tonnes under TPDS/NFSA (offtake against the allocation for the month of August 2019) and 2.2 lakh tonnes under other schemes. The cumulative offtake of foodgrains during 2019-20 is 24.8 million tonnes (Table 14).
- **Stocks:** Total stocks of rice and wheat held by FCI as on 1st August 2019 was 76.5 million tonnes compared to 65.9 million tonnes as on 1st August 2018 (Table 15).

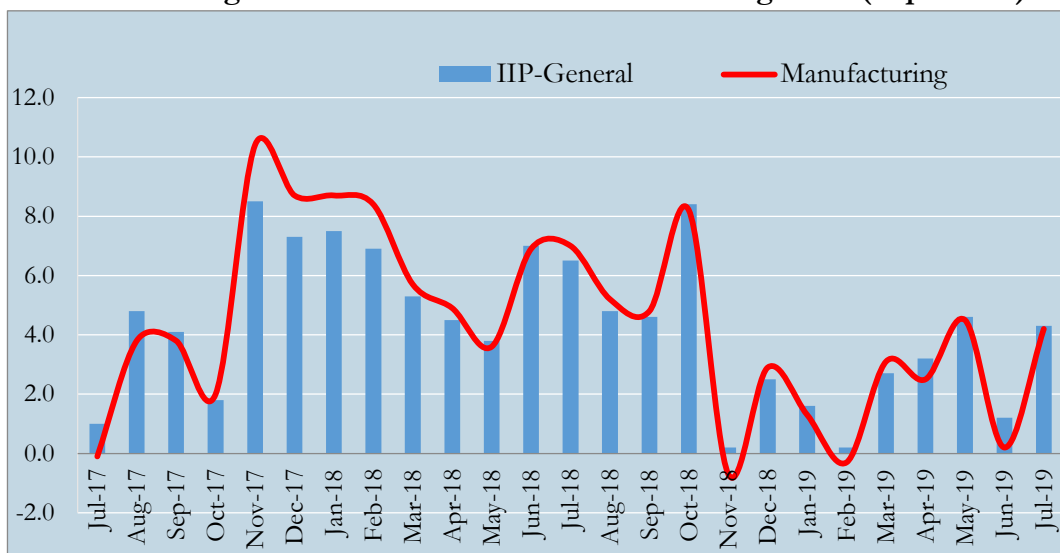
5.2 Industry and Infrastructure

- Real GVA growth of industry sector in Q1 of 2019-20 is estimated at 2.7 percent, lower than 9.8 percent in Q1 of 2018-19 (Table 2).

5.2.1 Index of Industrial Production (IIP)

- The growth of IIP was 4.3 percent in July 2019, as compared to 6.5 percent recorded in July 2018 (Table 16). IIP registered a growth of 3.3 percent in April-July 2019, as compared to 5.4 percent during the April-July 2018.
- IIP of manufacturing sector grew by 4.2 percent in July 2019, as compared to a growth of 7.0 percent in July 2018. The manufacturing sector’s growth during April-July 2019 was 2.8 percent, lower as compared to 5.6 percent during the corresponding period of previous year (Figure 13).

Figure 13: Index of Industrial Production growth (in per cent)

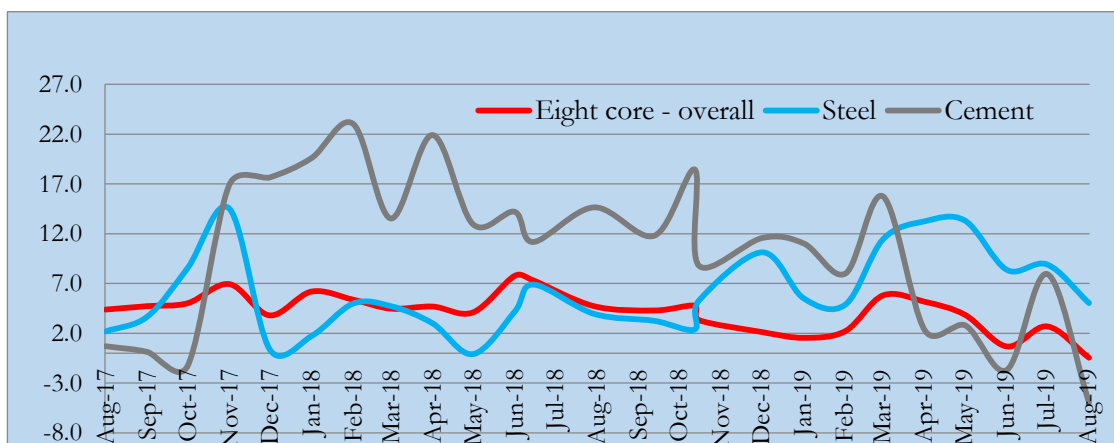


- IIP of mining sector grew by 4.9 percent in July 2019, as compared to a growth of 3.4 percent in July 2018. During April-July 2019, production of mining sector grew by 3.4 percent, as compared to a growth of 4.9 percent during the corresponding period of previous year.

5.2.2 Performance of Eight Core Infrastructure Industries

- In August 2019, the production of eight core industries declined by 0.5 percent, as compared to a growth of 4.7 percent recorded in August 2018 (Table 17 & Figure 14). Production of eight core industries grew by 2.4 percent in April-August 2019 as compared to 5.7 percent in the corresponding period of previous year.

Figure. 14: Eight Core Industries - Production growth (in per cent)



5.3 Services Sector

- Real GVA growth of services sector in Q1 of 2019-20 is estimated at 6.9 percent, lower than 7.1 percent in Q1 of 2018-19 (Table 2).

5.3.1 Some Infrastructure Indicators

- The number of telephone subscribers in India increased from 1186.6 million at end June 2019 to 1189.3 million at end July 2019. The overall tele-density in India was 90.2 at end July 2019; the urban tele-density was 161.1 and rural tele-density was 57.0 at end July 2019.
- The traffic handled at major ports grew by 1.9 percent to 293.8 million tonnes in April-August 2019, from 288.5 million tonnes in the corresponding period of the previous year.
- As per the Central Electricity Authority, electricity generation grew by 5.5 percent in July 2019 (YoY basis).
- The total installed capacity for electricity generation was 3,60,456 MW at the end of July 2019, of which the share of thermal, hydro, renewable and nuclear sources was 63.2 percent, 12.6 percent, 22.4 percent and 1.9 percent respectively.

6. REFORMS SINCE MAY, 2019

Alive to the imperatives of achieving USD 5 trillion economy as well as the need to handle such short-term situation, Government of India has been taking pro-active steps. The major reforms undertaken by government since May, 2019, are as follows:

6.1 Budget Spending

- Government to infuse ₹70,000 crores into public sector banks to enable release of ₹5 lakh crore liquidity in the market which will benefit Corporates, Retail borrowers, MSMEs, small traders, etc.
- More credit support for NBFC's and HFC's to boost the purchases of houses, vehicles and consumption goods. Additional liquidity support to HFCs of Rs. 20,000 Cr by NHB thereby increasing it to Rs. 30,000 Cr.
- Rs 100 lakh crores for developing modern infrastructure over 5 years. An inter-ministerial Task force is being formed by Department of Economic Affairs to finalize the pipeline of infrastructure projects.
- Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) has been started to facilitate cluster-based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities.
- Extension Government of cash transfer scheme "PM-Kisan" providing an income support of Rs. 6000 per year to all farmers, which was earlier limited to farmers with a land holding of less than 2 hectares.
- Government has also increased the scope of voluntary pension scheme for retail traders and shopkeepers to everyone with an annual turnover of less than Rs. 1.5 crore under which they are assured a minimum monthly pension of Rs. 3,000/- month after attaining the age of 60 years.

6.2 Taxation

- All pending GST refunds to MSMEs till date shall be paid within 30 days and future refund matters to be sorted out within 60 days.
- In order to encourage investment in the capital market, it has been decided to withdraw the enhanced surcharge levied by Finance (No. 2) Act, 2019 on long/ short term capital gains arising

from transfer of equity shares/units referred in section 111A and 112 A respectively. "In other words, the pre-budget position is restored."

- On or after 1st October, 2019 all notices, summons, orders etc. by the income-tax authorities shall be issued through a centralized computer system to end difficulties of taxpayers.
- Startups get relief as angel tax provisions (section 56(2)(viib) of the Income-tax Act) will not be applicable on them and their investors. It has also been decided to set up a dedicated cell under Member of CBDT for addressing the problems of startups.
- Prefilling of IT returns. Faceless scrutiny from Vijaya Dashmi 2019
- Increasing the annual turnover limit from Rs. 250 crore to Rs. 400 crore for a lower corporate tax rate of 25 percent.
- Additional income tax deduction of Rs. 1.5 lakh on the interest paid on loans taken to purchase electric vehicles and moving the GST council for reduction of GST rate on electric vehicles from 12 percent to 5 percent.
- Customs duty on certain raw materials and capital goods reduced to promote domestic manufacturing.

6.3 Reduction in corporate tax rate:

- (i) In order to promote growth and investment, a new provision has been inserted in the Income-tax Act with effect from FY 2019-20 which allows any domestic company an option to pay income-tax at the rate of 22% subject to condition that they will not avail any exemption/incentive. The effective tax rate for these companies shall be 25.17% inclusive of surcharge & cess. Also, such companies shall not be required to pay Minimum Alternate Tax.
 - (ii) In order to attract fresh investment in manufacturing and thereby provide boost to 'Make-in-India' initiative of the Government, allows any new domestic company incorporated on or after 1st October 2019 making fresh investment in manufacturing, an option to pay income-tax at the rate of 15%.
- In order to stabilise the flow of funds into the capital market, the enhanced surcharge introduced by the Finance (No.2) Act, 2019 shall not apply on capital gains arising on sale of equity share in a company or a unit of an equity oriented fund or a unit of a business trust liable for securities transaction tax, in the hands of an individual, HUF, AOP, BOI and AJP. The enhanced surcharge shall also not apply to capital gains arising on sale of any security including derivatives, in the hands of Foreign Portfolio Investors (FPIs).

6.4 Ease of Doing Business

- Permitting 100% FDI under automatic route for sale of coal, and for coal mining activities including associated processing infrastructure, for attracting international players to create an efficient and competitive coal market. Further, permitting 100% FDI under automatic route in contract manufacturing in India.
- Permitting all procurements made from India by the Single Brand Retail Trade (SBRT) entity to be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported.
- SBRT entity permitted to undertake retail trading through online trade prior to opening of brick and mortar stores, subject to the condition that the entity opens brick and mortar stores within 2 years from date of start of online retail. Online sales will lead to creation of jobs in logistics, digital payments, customer care, training and product skilling.
- 26% FDI permitted under government route for uploading/ streaming of News & Current Affairs through Digital Media, on the lines of print media.

- CSR rule violations will only be treated as civil matter and not as criminal matter.
- Integrated Incorporation Form
- Shifting of 16 offence sections to monetary penalty only
- Modifications in provisions for Differential Voting Rights
- Withdrawal of over 14,000 prosecutions under Companies Act
- Robust IBC framework with amendments supporting MSMEs and home buyers
- All pending GST refund due to MSMEs shall be paid within 30 days. In future all GST refunds shall be paid within 60 days from the date of application
- Banks to issue improved transparent OTS policy to benefit MSME and retail borrowers in settling their overdues.
- Delayed payments from Government/CPSEs to be monitored by Department of Expenditure and performance reviewed by Cabinet Secretariat.

6.5 Banking Reforms

- Merger of 10 public sector banks into four entities. Oriental Bank of Commerce and United Bank merges with Punjab National Bank. Canara Bank merges with Syndicate Bank. Andhra Bank and Corporation Bank merges with Union Bank of India. Allahabad Bank merges with Indian Bank.
- Following the mergers, the country will have a total of 12 public sector banks, half of which—Punjab National Bank, Canara Bank, Union Bank of India, Indian Bank, State Bank of India, and Bank of Baroda—will be able to compete at a global level.

Anchor bank	Amalgamating bank(s)	Business size	PSB rank by size
Punjab National Bank	Oriental Bank of Commerce United Bank of India	₹ 17.94 lakh cr.	2 nd largest
Canara Bank	Syndicate Bank	₹ 15.20 lakh cr.	4 th largest
Union Bank of India	Andhra Bank Corporation Bank	₹ 14.59 lakh cr.	5 th largest
Indian Bank	Allahabad Bank	₹ 8.08 lakh cr.	7 th largest

6.6 Governance Reforms

- In order to make the management accountable to the boards of the banks, a board committee would be made in charge of appraising the performance of officers of the rank of general managers and above, including the managing director. The banks have also been allowed to recruit chief risk officers from the market, at market-linked compensation to attract the best available talent.
- Other reform measures are aimed at increasing the engagement of non-official directors, allowing bank boards to reduce or rationalize the number of committees, and increasing the effectiveness of the directors on the Management Committees of Boards by increasing the length of their terms.
- To support decision making and to prevent harassment for genuine commercial decisions by bankers, CVC has issued directions that Internal Advisory Committee (IAC) in banks to classify cases as vigilance and non-vigilance.

6.7 Liquidity, Interest and Repo Rate Reforms

- To take advantage of the liquidity with the PSBs and the last mile customer connect of NBFCs, PSBs to fast track their collaboration for loans to MSMEs, small traders, Self Help Groups and MFI client's borrowers in co-origination mode with NBFCs.
- Banks have decided to pass on rate cuts through MCLR reduction to benefit all borrowers
- Banks to launch Repo rate/external benchmark linked loan products. This will lead to reduced EMI for housing loans, vehicle and other retail loans by directly linking Repo rate to interest rates. Working capital loans for industry will also become cheaper.

6.8 Financial Sector Reforms

- The government would soon take further action on development of Credit Default Swap markets soon, in consultation with RBI and SEBI along with other measures for deepening of bond markets in India.
- The Depository Receipt Scheme 2014 is expected to be operationalized soon by SEBI. This will give Indian companies increased access to foreign funds through ADR/GDR.
- Partial Credit Guarantee scheme for purchase of pooled assets of NBFCs/ HFCs up to Rs. 1 lakh Cr, with first loss guarantee (Up to 10 percent), which will be monitored at highest level in each bank. This has been operationalized.
- NBFCs to be permitted to use the Aadhaar authenticated bank KYC to avoid repeated processes.
- In order to improve market access for the domestic retail investors, Aadhaar-based KYC to be permitted for opening of Demat account and making investment in mutual funds
- In order to improve access to long term finance for housing and infrastructure, it is proposed to establish an organizational setup: Credit Enhancement for infrastructure and housing projects. This would enhance debt flow towards such projects.
- In order to improve domestic market in bonds, Ministry of Finance will work with RBI to make it more conducive for investors and bond issuers, as well as facilitate increased trading for price discovery
- Government has amended the Companies (Share capital and Debenture rules) 2014 to remove the requirement for creation of a Debenture Redemption Reserve (DRR) of outstanding debentures in respect of listed companies, NBFCs and for HFCs.
- To bring offshore Rupee market to domestic stock exchanges and permit trading of USD -INR derivatives in GIFT IFSC, Ministry of Finance is working with RBI to introduce this measure shortly.

6.9 Reforms to boost Exports

- Extend the scheme of Reimbursement of Taxes & Duties for Export promotion. Scheme for Remission of Duties or Taxes on Export Product (RoDTEP) will replace MEIS.
- Fully automated electronic refund route for Input Tax Credits (ITC) in GST
- Expanding scope of Export Credit Insurance Scheme (ECIS) by. It will offer higher insurance cover to banks which are lending working capital for exports. Premium incidence for MSMEs will be moderated suitably. This will enable reduction in overall cost of export credit including interest rates, especially to MSMEs
- Revised Priority Sector Lending (PSL) norms for Exports, which will release an additional Rs. 36,000 crores. to Rs 68,000 crores as export credit under priority sector

- An Inter-Ministerial Working Group in Department of Commerce will actively monitor export Finance and active interventions will be carried out.
- Technology will be further leveraged through seamless process digitization of all export clearances (port/airport/customs, etc.) and elimination of offline/manual services to further reduce "Time to export". An action plan to reduce Time to export/turn-around time in airports and ports benchmarked to international standards will be implemented by Dec 2019.
- Annual mega shopping festivals in India will be organized in 4 places across 2020 March in 4 themes (G&J, Handicrafts/Yoga/Tourism, Textiles and Leather)
- FTA Utilization Mission, headed by a Senior officer in Department of Commerce, will be set up to work exclusively with FIEO and export houses to utilise concessional tariffs in each FTA; enhance awareness of preferential duty benefits among MSMEs; set goals for FTA utilization and put in place an effective FTA monitoring system.
- With an objective of further promoting Ease of Doing Business, an online "Origin Management System" for exporters will be launched to enable them to obtain Certificates of Origin – CoO (under Rules of Origin) in the next few weeks by DGFT in collaboration with Exports Inspection Council.
- A Working Group on Standards will be set up in D/o Commerce to work with industry to lay down a roadmap for adoption of Standards, time lines and enforcement. This is expected to be a big boost in enabling Indian products to overcome Non-tariff barriers in exports.
- There is a need to reduce costs of adoption of standards and certification for Indian exporters to meet national standards of FTA partners. Affordable testing and certification infrastructure will be adequately expanded and developed in PPP mode to enable exporters to get all internationally accepted tests and certification done within India.
- Enable handicrafts industry to effectively harness e-commerce for exports. Mass enrolment of artisans across India with help of M/o Textile and organizations like TRIFED, CIE, etc.

6.10 Housing Sector

- Relaxation of ECB guidelines for Affordable Housing, to facilitate financing of home buyers who are eligible under the PMAY, in consultation with RBI.
- The interest rate on House Building Advance shall be lowered and linked with the 10 Year G Sec Yields.
- Special Window for affordable and middle income Housing to provide last mile funding for housing projects which are non- NPA and non-NCLT Projects and are Net worth positive in affordable and middle income category to be set up.

6.11 Auto Sector

- BS IV vehicles purchased till 31.3.20. To remain operational for entire period 27 of registration
- Revision of one-time registration fees for motor vehicles Being deferred till June 2020
- Higher depreciation for all vehicles. Additional 15% depreciation on all vehicles, to increase it to 30% acquired during the period from now till 31.03.20
- Both EVs and ICVs will continue to be registered. Government's focus will be on setting up of infrastructure for development of ancillaries /components including batteries for export
- Government shall lift the ban on purchase of new vehicles for replacing all old vehicles by Departments.

7. SOME MAJOR ECONOMIC DECISIONS IN AUGUST 2019

- The Union Cabinet has approved the proposal for Review of Foreign Direct Investment on various sectors like coal mining, contract manufacturing, single brand retail trading and digital media.
- The Cabinet Committee on Economic Affairs (CCEA) approved for providing a lump sum export subsidy @ Rs. 10,448 per Metric Tonne (MT) to sugar mills for the sugar season 2019-20.
- The CCEA has given its approval for establishment of 75 additional Government Medical Colleges by 2021-22 attached with existing district/referral hospitals under Phase-III of the ongoing Centrally Sponsored scheme.
- The Government has approved Ministry of Railways plan to construct the New Line between Vaibhavwadi – Kolhapur (now Shri Chhatrapati Shahumaharaj Terminus) (108 km) with an estimated cost of Rs. 3,439 crore. The project will be completed by 2023-24 and will be executed by Construction Organization of Central Railway.
- The Union Cabinet has given ex-post facto approval for the Establishment of an International Coalition for Disaster Resilient Infrastructure (CDRI) along with its supporting Secretariat Office in New Delhi.

TABLES

Table 1: Growth of GVA at Basic Prices by Economic Activity and GDP at Market Prices (percent)

Sectors	Growth rate at constant (2011-12) prices (percent)			Share in GVA at current prices (percent)		
	2016-17 2 nd RE	2017-18 1 st RE	2018-19 PE	2016-17 2 nd RE	2017-18 1 st RE	2018-19 PE
Agriculture, forestry & fishing	6.3	5.0	2.9	17.9	17.2	16.1
Industry	7.7	5.9	6.9	29.4	29.3	29.6
Mining & quarrying	9.5	5.1	1.3	2.3	2.3	2.4
Manufacturing	7.9	5.9	6.9	16.8	16.4	16.4
Electricity, gas, water supply & other utility services	10.0	8.6	7.0	2.5	2.7	2.8
Construction	6.1	5.6	8.7	7.8	7.8	8.0
Services	8.4	8.1	7.5	52.7	53.5	54.3
Trade, hotel, transport storage	7.7	7.8	6.9	18.2	18.2	18.3
Financial , real estate & prof. services	8.7	6.2	7.4	20.9	21.0	21.3
Public administration, defence and other services	9.2	11.9	8.6	13.6	14.3	14.7
GVA at basic prices	7.9	6.9	6.6	100.0	100.0	100.0
GDP at market prices	8.2	7.2	6.8	---	---	---

Source: National Statistical Office (NSO).

Notes: 2nd RE: Second Revised Estimates, 1st RE: First Revised Estimates, PE: Provisional Estimates.

Table 2: Quarter-wise Growth of GVA and GDP at Constant (2011-12) Prices (percent)

Sectors	2017-18				2018-19				2019-20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Agriculture, forestry & fishing	4.2	4.5	4.6	6.5	5.1	4.9	2.8	-0.1	2.0
Industry	0.8	6.9	8.0	8.1	9.8	6.7	7.0	4.2	2.7
Mining & quarrying	2.9	10.8	4.5	3.8	0.4	-2.2	1.8	4.2	2.7
Manufacturing	-1.7	7.1	8.6	9.5	12.1	6.9	6.4	3.1	0.6
Electricity, gas, water supply & other utility services	8.6	9.2	7.5	9.2	6.7	8.7	8.3	4.3	8.6
Construction	3.3	4.8	8.0	6.4	9.6	8.5	9.7	7.1	5.7
Services	9.4	6.8	8.0	8.2	7.1	7.3	7.2	8.4	6.9
Trade, hotel, transport, communication and services related to broadcasting	8.3	8.3	8.3	6.4	7.8	6.9	6.9	6.0	7.1
Financial, real estate & professional services	7.8	4.8	6.8	5.5	6.5	7.0	7.2	9.5	5.9
Public administration, defence and other services	14.8	8.8	9.2	15.2	7.5	8.6	7.5	10.7	8.5
GVA at basic price	5.9	6.6	7.3	7.9	7.7	6.9	6.3	5.7	4.9
GDP at market prices	6.0	6.8	7.7	8.1	8.0	7.0	6.6	5.8	5.0

Source: National Statistical Office (NSO).

Table 3 : Year-on-Year inflation based on WPI and CPI's (percent)					
	WPI	CPI-IW	CPI-AL	CPI-RL	CPI-C
Base Year:	2011-12	2001	1986-87	1986-87	2012
2015-16	-3.7	5.6	4.4	4.6	4.9
2016-17	1.7	4.1	4.2	4.2	4.5
2017-18	3.0	3.1	2.3	2.3	3.6
2018-19	4.3	5.4	2.1	2.2	3.4
2018-19	Monthly Inflation				
Apr-2018	3.6	4.0	2.1	2.3	4.6
May-2018	4.8	4.0	2.2	2.4	4.9
Jun-2018	5.7	3.9	1.9	2.0	4.9
Jul-2018	5.3	5.6	2.0	2.2	4.2
Aug-2018	4.6	5.6	1.5	1.7	3.7
Sept-2018	5.2	5.6	1.9	2.0	3.7
Oct-2018	5.5	5.2	1.3	1.4	3.4
Nov-2018	4.6	4.9	1.0	1.2	2.3
Dec-2018	3.5	5.2	1.4	1.7	2.1
Jan-2019	2.8	6.6	2.2	2.4	2.0
Feb-2019	2.9	7.0	3.1	3.2	2.6
Mar-2019	3.1	7.7	4.2	4.3	2.9
2019-20					
Apr-2019	3.2	8.3	5.0	4.8	3.0
May-2019	2.8	8.7	5.5	5.5	3.0
June-2019	2.0	8.6	6.3	6.1	3.2
July-2019	1.1	6.0	6.2	6.0	3.1
August 2019	1.1	6.3	--	--	3.2

Source: Office of Economic Adviser- DIPP, Labour Bureau and National Statistical Office.
Note: WPI inflation for last two months and CPI-C inflation for last one month are provisional.

Table 4 : Year-on-Year global inflation for major groups/sub-groups (percent)				
	Aug-18	Jun-19	Jul-19	Aug-19
Energy	38.4	-19.6	-18.4	-22.2
Non-energy	-1.3	-6.0	-1.7	-3.9
Agriculture	-0.9	-4.9	-3.3	-4.5
Beverages	-9.9	-5.1	-1.7	-2.7
Food	0.2	-5.6	-3.6	-4.5
Raw Materials	0.8	-3.0	-3.3	-5.3
Fertilizers	19.5	7.4	0.7	-3.4
Metals & Minerals	-4.2	-9.7	1.6	-2.7
Precious Metals	-7.4	3.4	11.8	23.0

Source: World Bank.

Item	2018-19	August		Growth (%)	April-August		Growth (%)
		2018	2019 (P)		2018	2019 (P)	
Exports	330.1	27.8	26.1	-6.0	135.6	133.5	-1.5
Imports	514.1	45.7	39.6	-13.4	218.8	206.4	-5.7
Oil Imports	140.9	11.9	10.9	-8.9	59.1	55.3	-6.3
Non-Oil Imports	373.2	33.8	28.7	-15.1	159.7	151.1	-5.4
Trade Deficit	-184.0	-17.9	-13.5	-	-83.2	-72.9	-

Source: Ministry of Commerce and Industry.
Note: P - Provisional

Items	2017-18	2018-19 (P)	2018-19	2019-20
			Q1 (April-June)	
Merchandise Exports	309	337.2	83.4	82.7
Merchandise Imports	469	517.5	129.1	128.9
Trade Balance	-160	-180.3	45.8	46.2
Net Invisibles	111.3	123	29.9	31.9
Current Account Balance	-48.7	-57.3	-15.8	-14.3
Commercial Borrowings (MT & LT)	-0.2	10.4	-1.3	6.4
Foreign Investment (Net)	52.4	30.1	1.4	18.7
Foreign Direct Investment (Net)	30.3	30.7	9.6	13.9
Foreign Portfolio Investment (Net)	22.1	-0.6	-8.1	4.8
Capital Account Balance (including error & omission)	92.3	53.9	4.5	28.3
Change in Reserves (Increase - / Decrease +)	-43.6	3.3	11.3	-14.0
Trade balance/GDP (%)	-6	-6.3	6.8	6.6
Net Invisible Balance / GDP (%)	4.2	4.3	4.4	4.5
Current Account Balance/ GDP (%)	-1.8	-2.1	-2.3	-2.0

Source: Reserve Bank of India.
Note: P - Preliminary

Table 7 : Foreign Exchange Reserves (in Billion)

End of Financial Year	Foreign Exchange Reserves		Variation	
	(Rupees)	(US Dollar)	(Rupees)	(US Dollar)
At the end of year			(Variation over last year)	
2016-17	23982	370.0	195	9.8
2017-18	27609	424.5	3627	54.6
2018-19	28559	412.9	-88	10.5
At the end of month			(Variation over last month)	
2018-19				
April 2018	28073	420.5	464	-4.0
May 2018	27805	412.4	-268	-8.1
June 2018	27811	405.7	6	-6.7
July 2018	27682	403.7	-129	-2.1
August 2018	28359	400.1	678	-3.6
September 2018	29038	400.5	679	0.4
October 2018	28993	392.1	-45	-8.4
November 2018	27425	393.7	-1568	1.6
December 2018	276.1	395.6	184	1.9
January 2019	28427	400.2	818	4.6
February 2019	28646	402.4	219	2.2
March 2019	28559	412.9	-88	10.5
2019-20				
April 2019	29247	418.8	688	5.9
May 2019	29449	421.9	202	3.1
June 2019	29624	429.8	175	8.0
July 2019	29620	429.6	-3	-0.2
August 2019	30631	428.6	1010	-1.0
September 2019*	30454	429.0	-177	0.4

Source: Reserve Bank of India,

Note: * - : As on 13th September 2019

Table 8 : Rupees per unit of foreign currency*

Financial Year	US dollar	Pound sterling	Euro	Japanese yen
2015-16	65.4647	98.5730	72.2907	0.5459
2016-17	67.0731	87.6952	73.6141	0.6204
2017-18	64.4551	85.5128	75.4379	0.5816
Monthly				
2018-19				
April 2018	65.6363	92.5691	80.6612	0.6102
May 2018	67.5394	90.9732	79.8248	0.6155
June 2018	67.7931	90.0672	79.1619	0.6161
July 2018	68.6934	90.4956	80.2993	0.6166
August 2018	69.5465	89.6929	80.4388	62.5900
September 2018	72.2153	94.1888	84.2155	64.5000
October 2018	73.6323	95.8700	84.6103	65.2724
November-18	71.8542	92.6219	81.6155	63.3722
December-18	70.7311	89.5832	80.4786	62.9615
January 2019	70.7329	91.1581	80.8306	0.6496
February 2019	71.2218	92.6679	80.8479	0.6455
March 2019	69.4786	91.5494	78.5121	0.6251
2019-20				
April 2019	69.4274	90.5274	78.0306	0.6220
May 2019	69.7731	89.6546	78.0492	0.6344
June 2019	69.4389	87.9945	78.4054	0.6428
July 2019	68.8083	85.8747	77.2293	0.6359
August 2019	71.1457	86.48867	79.11912	0.6694

Source: Reserve Bank of India.

Note: * - FEDAI Indicative Market Rates (on monthly average basis).

Table 9 : External Assistance and Debt Service Payments (₹ crore)*

	August 2018	During the Financial year 2018-19	August 2019	During the Financial year 2019-20
External Assistance (Government Account)				
1) Gross Disbursement	2513.8	15557.6	5063.5	26703.5
2) Repayments	1815.2	11608.9	2039.2	12696.7
3) Interest Payments	481.2	2645.6	593.1	3488.6
4) Net Disbursement (1-2)	698.6	3948.7	3024.3	14006.8
5) Net Transfers (4-3)	217.5	1303.1	2431.2	10518.2
External Assistance (Non-Government Account)				
1) Gross Disbursement	314.4	2578.1	324.0	2283.1
2) Repayments	166.7	2027.1	0.0	2558.7
3) Interest Payments	80.5	431.1	0.0	470.1
4) Net Disbursement (1-2)	147.7	551.0	324.0	-275.7
5) Net Transfers (4-3)	67.3	119.9	324.0	-745.8
Govt Grants				
1) Gross Disbursement	21.0	180.3	8.7	150.7
2) Repayments	0.0	0.0	0.0	0.0
3) Interest Payments	0.0	0.0	0.0	0.0
4) Net Disbursement (1-2)	21.0	180.3	8.7	150.7
5) Net Transfers (4-3)	21.0	180.3	8.7	150.7
Non Govt Grants				
1) Gross Disbursement	0	0	0	0
2) Repayments	0	0	0	0
3) Interest Payments	0	0	0	0
4) Net Disbursement (1-2)	0	0	0	0
5) Net Transfers (4-3)	0	0	0	0
Grand Total				
1) Gross Disbursements	2849.2	18316.0	5396.2	29137.2
2) Repayments	1981.9	13636.0	2039.2	15255.4
3) Interest Payments	561.6	3076.6	593.1	3958.7
4) Net Disbursement (1-2)	867.3	4679.9	3356.9	13881.8
5) Net Transfers (4-3)	305.7	1603.3	2763.9	9923.1
Source: Office of the Controller of Aid, Accounts and Audit, Ministry of Finance.				
Note: * - Data are provisional.				

Table 10 : Fiscal parameters of the Central Government (Rs. crore)

	2019-20 (BE)	July		Growth Rate (percent)	
		2018-19	2019-20	July 2018-19	July 2019-20
1. Revenue Receipts	1962761	335736	382610	15.4	14.0
Gross tax revenue	2461195	505484	539068	11.7	6.6
Tax (net to Centre)	1649582	292611	338705	13.5	15.8
Non Tax	313179	43125	43905	30.1	1.8
2. Capital Receipts (of which)	823588	553988	564668	7.1	1.9
Recovery of loans	14828	4512	4705	8.0	4.3
Other Receipts	105000	9219	12358	10.8	34.0
Borrowings and other liabilities	703760	540257	547605	7.0	1.4
3. Total Receipts (1+2)	2786349	889724	947278	10.1	6.5
4. Total Expenditure (a)+(b)	2786349	889724	947278	10.1	6.5
(a) Revenue Expenditure	2447780	778387	839673	9.1	7.9
Interest payments	660471	180844	183524	12.4	1.5
Major Subsidies	301694	141682	169660	-6.0	19.7
Pensions	174300	70054	67000	13.9	-4.4
Grants for creation of Capital Assets	207333	79645	58191	8.0	-26.9
(b) Capital Expenditure	338569	111337	107605	17.0	-3.4
5. Revenue Deficit	485019	442651	457063	4.8	3.3
6. Effective Revenue Deficit	277686	363006	398872	4.1	9.9
7. Fiscal Deficit	703760	540257	547605	7.0	1.4
8. Primary Deficit	43289	359413	364081	4.5	1.3

Source: Union Budget 2019-20 Ministry of Finance, ; Controller General of Accounts (CGA)

Note: BE - Budget estimate

Table 11 : Broad Money: Sources (in ₹ Billion)

Item	Outstanding as on		YoY Growth	
	2018	2019	2018	2019
	Mar. 31	August 30	(percent)	(percent)
M3	154308.7	156772.2	10.3	9.9
Sources				
Net Bank Credit to Government	43877.9	47206.5	5.0	7.4
Bank Credit to Commercial Sector	103801.8	102897.0	12.7	9.8
Net Foreign Exchange Assets of Banking Sector	30708.4	32731.6	11.2	10.7
Government's Currency Liabilities to the Public	258.9	260.0	1.1	1.2
Banking Sector's Net Non-Monetary Liabilities	24338.2	26322.8	10.3	6.3

Source: Reserve Bank of India.
Note: * - Year on Year growth.

Table 12 : Production of Major Agricultural Crops (4th Adv. Est.)

Crops	Production (Million Tonnes)						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (Final)	2018-19 (4 th AE)
Total Food-grains	257.1	265.0	252.0	251.6	275.1	285.0	285.0
Rice	105.2	106.7	105.5	104.4	109.7	112.8	116.4
Wheat	93.5	95.9	86.5	92.3	98.5	100.0	102.2
Total Coarse Cereals	40.0	43.3	42.9	38.5	43.8	47.0	43.0
Total Pulses	18.3	19.3	17.2	16.4	23.1	25.4	23.4
Total Oilseeds	30.9	32.8	27.5	25.3	31.3	31.5	32.3
Sugarcane	341.2	352.1	362.3	348.4	306.1	379.9	400.2
Cotton [#]	34.2	35.9	34.8	30.0	32.6	32.8	28.7

Source: DES, DAC&FW, M/o Agriculture & Farmers Welfare.
Note: 4th AE: 4th Advance Estimates; # Million bales of 170 kgs. each.

Table 13 : Procurement of Crops (Million Tonnes)

Crops	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20*
Rice [#]	31.8	32.0	34.2	38.1	38.2	44.0	-
Wheat [@]	25.1	28.0	28.1	23.0	30.8	35.8	34.1
Total	56.9	60.2	62.3	61.1	69.0	79.8	34.1

Source: FCI and DFPD, M/o Consumer Affairs, Food and Public Distribution.
Notes: * - Procurement of rice as on 30.08.2019.
- Kharif Marketing Season (October-September), @ - Rabi Marketing Season (April-March).

Table 14 : Offtake of Food-grains (Million Tonnes)

Crops	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Rice	30.7	31.8	32.8	35.0	34.4	14.6
Wheat	25.2	31.8	29.1	25.3	31.5	10.2
Total (Rice & Wheat)	55.9	63.6	61.9	60.3	65.9	24.8

Source: DFPD, M/o Consumer Affairs, Food and Public Distribution.
Note: * - upto July 2019.

Table 15 : Stocks of Food-grains (Million Tonnes)

Crops	August 1, 2018	August 1, 2019
1. Rice	21.9	27.5
2. Unmilled Paddy#	4.6	8.0
3. Converted Unmilled Paddy in terms of Rice	3.1	5.4
4. Wheat	40.9	43.6
Total (Rice & Wheat)(1+3+4)	65.9	76.5

Source: FCI.

Notes: # Since September, 2013, FCI gives separate figures for rice and unmilled paddy lying with FCI & state agencies in terms of rice.

Table 16 : Percentage Change in Index of Industrial Production (Base 2011-12)

	April-July 2018-19	April-July 2019-20	July 2018	July 2019
General	5.4	3.3	6.5	4.3
Sectoral				
Mining	4.9	3.4	3.4	4.9
Manufacturing	5.6	2.8	7.0	4.2
Electricity	5.3	6.6	6.6	4.8
Use-based				
Primary goods	6.1	2.7	6.8	3.5
Capital goods	7.1	-4.3	2.3	-7.1
Intermediate goods	0.8	10.8	1.3	13.9
Infrastructure/ construction goods	8.7	0.4	9.2	2.1
Consumer durables	9.5	-2.7	14.1	-2.7
Consumer non-durables	2.8	7.2	5.3	8.3

Source: NSO.

Note: * - Figures for April 2019 are as per Quick Estimates; Indices for the months of Jan'19 and Mar'19 incorporate updated production data.

Table 17 : Production growth (percent) in Core Infrastructure-Supportive Industries

Industry	April-August 2018-19	April-August 2019-20	August 2018	August 2019
Coal	10.3	-0.2	2.4	-8.6
Crude oil	-3.3	-6.1	-3.7	-5.4
Natural Gas	-0.7	-1.5	1.0	-3.9
Refinery Products	7.4	-1.1	5.1	2.6
Fertilizers	1.7	0.3	-5.3	2.9
Steel	3.5	9.7	4.0	5.0
Cement	15.0	1.3	14.6	-4.9
Electricity	5.8	4.6	7.6	-2.9
Overall growth	5.7	2.4	4.7	-0.5

Source: Office of the Economic Adviser, DIPP (Ministry of Commerce & Industry).