

Indian Economy Updates

November 2024



Economic Updates

Domestic Indicators

India's IIP recorded growth of 3.1% in September 2024: The IIP growth rate for the month of September 2024 is 3.1 percent which was (-) 0.1 percent in the month of August 2024. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of September 2024 are 0.2 percent, 3.9 percent and 0.5 percent respectively. Within the manufacturing sector, top three positive contributors for the month of September 2024 are "Manufacture of coke and refined petroleum products" (5.3 percent), "Manufacture of basic metals" (2.5 percent), and "Manufacture of electrical equipment" (18.7 percent)...

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India's core sectors grow 2.0 percent in September 2024: The combined Index of Eight Core Industries (ICI) increased by 2.0 per cent (provisional) in September, 2024 as compared to the Index in September, 2023. The production of Cement, Refinery Products, Coal, Fertilizers and Steel recorded positive growth in September 2024. The cumulative growth rate of ICI during April to September, 2024-25 is 4.2 per cent (provisional) as compared to the corresponding period of last year...

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India's fiscal deficit for April-September at 29.4 percent of FY25 target: India's fiscal deficit for April-September stood at INR 4.75 lakh crore, 29.4 percent of the estimate for 2024-25. The latest figure is lower than INR 7.02 lakh crore a year ago due to higher tax receipts, Reserve Bank of India (RBI) dividend, and subdued government capex during the quarter that ended 30 June (Q1FY25) amid the general elections...

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GST records second-highest collection at INR 1.87 lakh crore in October 2024: Gross GST collection in October rose 9.0 per cent to over INR 1.87 lakh crore, the second-highest ever, on pick-up in domestic sales and improved compliance. The Central GST collection stood at INR 33,821 crore, State GST at INR 41,864 crore, Integrated IGST at INR 99,111 crore and cess at INR 12,550 crore during the month. During the month under review, GST from domestic transactions grew 10.6 per cent to INR 1.42 lakh crore, while revenues from tax on imports rose about 4 per cent to INR 45,096 crore...

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India's retail inflation in October quickens to 6.21 percent: India's year-on-year inflation rate based on All India Consumer Price Index(CPI) for the month of October, 2024 is 6.21 percent. Corresponding inflation rates for rural and urban are 6.68 percent and 5.62 percent, respectively. During the month of October, 2024 significant decline in inflation is observed in Pulses & products, Eggs, Sugar & confectionery and spices subgroup. High food inflation in October, 2024 is mainly due to increase in inflation of vegetables, fruits and oils and fats...

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India's WPI inflation rises to 4-month high of 2.36 percent in October 2024, food prices surge: The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 2.36% (Provisional) for the month of October, 2024 (over October, 2023). Inflation in October, 2024 is primarily due to increase in prices of food articles, manufacture of food products, other manufacturing, manufacture of machinery & equipment, manufacture of motor vehicles, trailers & semi-trailers, etc. The month over month change in WPI for the month of October, 2024 stood at 0.97% as compared to September, 2024...

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India's net direct tax collection grows by 15.4 percent to INR 12.1 lakh crore: India's direct tax collections for the financial year 2024-25 have shown strong growth as of November 10, 2024. The net direct tax collection stands at INR 12.1 lakh crore, reflecting a year-on-year increase of 15.4 percent. The gross direct tax collection has surged by 21.2 per cent to reach INR 15.02 lakh crore, compared to INR 12.39 lakh crore collected by the same period in the previous fiscal year...

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External Indicators

India's total exports estimated at USD 73.21 billion in October 2024: India's total exports (Merchandise and Services combined) for October 2024 is estimated at USD 73.21 Billion, registering a positive growth of 19.08 percent vis-à-vis October 2023. Total imports (Merchandise and Services combined) for October 2024 is estimated at USD 83.33 Billion, registering a positive growth of 7.77 percent vis-à-vis October 2023. India's total exports during April-October 2024 is estimated at USD 468.27 Billion registering a positive growth of 7.28 percent. Total imports during April-October 2024 is estimated at USD 531.51 Billion registering a growth of 7.05 percent...

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India's forex reserves fall to USD 675.65 billion, down USD 6.4 billion: India's foreign exchange reserves experienced a decrease of USD 6.4 billion, settling at USD 675.65 billion by November 8th. The decline was primarily attributed to a drop in Foreign Currency Assets, while gold reserves saw an increase. Despite this dip, India maintains its position as the fourth largest holder of foreign exchange reserves globally...

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India's Overseas Direct Investment rises to USD 3.24 billion in October 2024: India's outward foreign direct investment (FDI) commitments rose to USD 3.24 billion in October 2024, compared to USD 2.55 billion in October 2023. Sequentially, they decreased from USD 3.77 billion in September 2024, according to Reserve Bank of India (RBI) data. The equity commitments decreased to USD 0.66 billion in October 2024 from USD 0.99 billion in October 2023...

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Economic Analysis

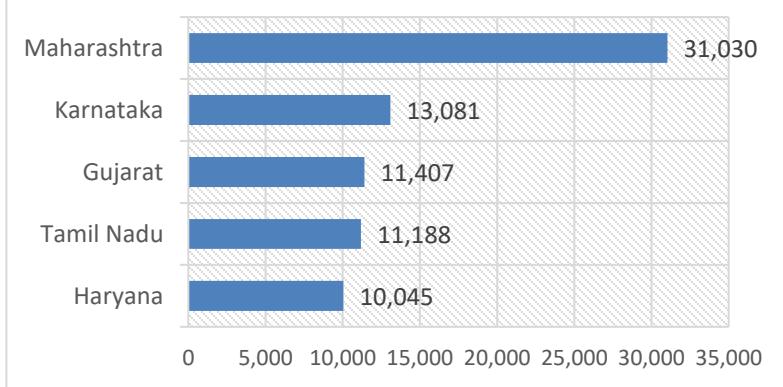
• GST Revenue Collections (in INR crores)



Source: Ministry of Finance, GOI.

In October 2024, India saw the second-highest GST revenue collection ever, with a total of INR 1.87 lakh crore, following the record-breaking INR 2.10 lakh crore achieved in April 2024. The strong GST mop-up for October can be attributed to a favorable combination of robust festive season sales and heightened compliance. This uptick in collections reflects the ongoing economic recovery and the effectiveness of measures aimed at improving tax adherence.

Top States with higher level of GST Revenue collection during October 2024 (in INR crores)



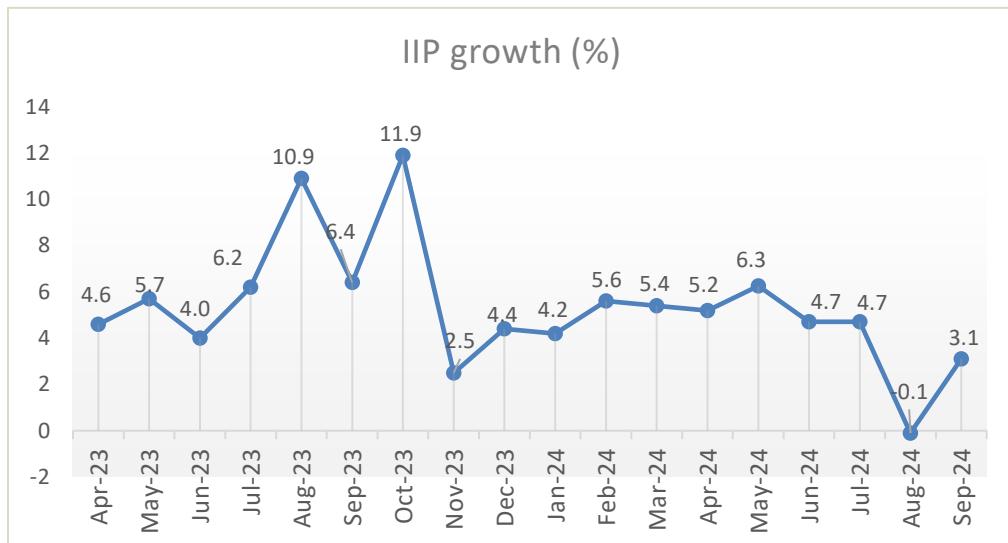
Source: Ministry of Finance, GOI.

Maharashtra led the way in GST collections, with a notable 14% increase. Trailing behind, Karnataka followed with INR 13,081 crores, and Gujarat secured the third spot with INR 11,407 crores. Tamil Nadu and Haryana rounded out the top five, collecting INR 11,188 crores and INR 10,045 crores, respectively. Impressively, many states have witnessed a robust growth in GST revenues, with several reporting increases of over 9%. This surge highlights the positive economic momentum and the growing efficiency of tax compliance measures across the country.



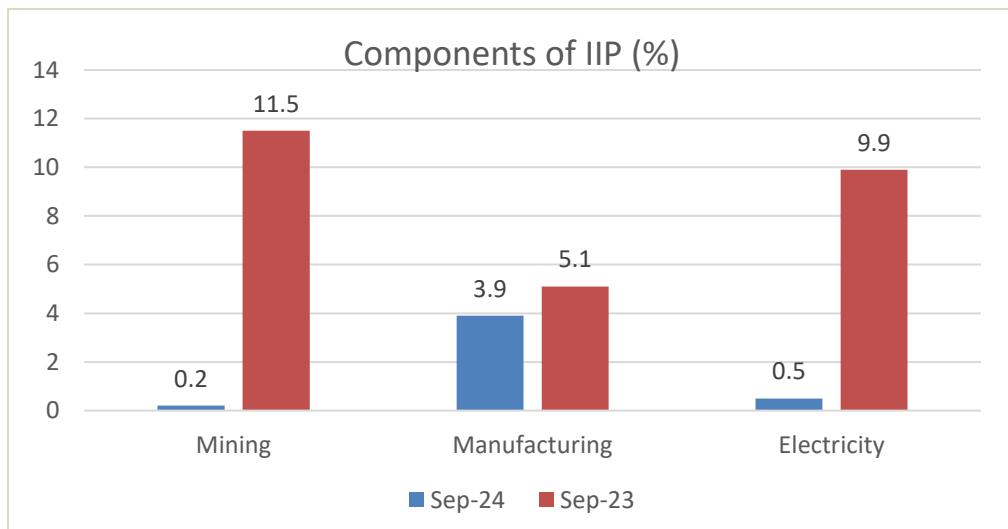
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• Production Scenario (IIP Growth)



Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI.

In September, factory output, as indicated by the index of industrial production (IIP), saw a 3.1% year-on-year (y-o-y) growth, driven by a rise in manufacturing activity. This marks a recovery from the 0.1% contraction recorded in August. However, despite the positive rebound, the September growth remains below the industrial output levels of nine of the past 12 months, signaling that the sector's performance is still somewhat subdued compared to recent trends.



Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI.

Manufacturing output recorded a solid year-on-year increase of 3.9%, though slightly lower than the 5.1% growth seen in September 2023, indicating continued expansion in the sector. Together, these figures paint a picture of positive, though uneven, performance across key industries, with manufacturing leading the way while electricity and mining posted more modest gains.



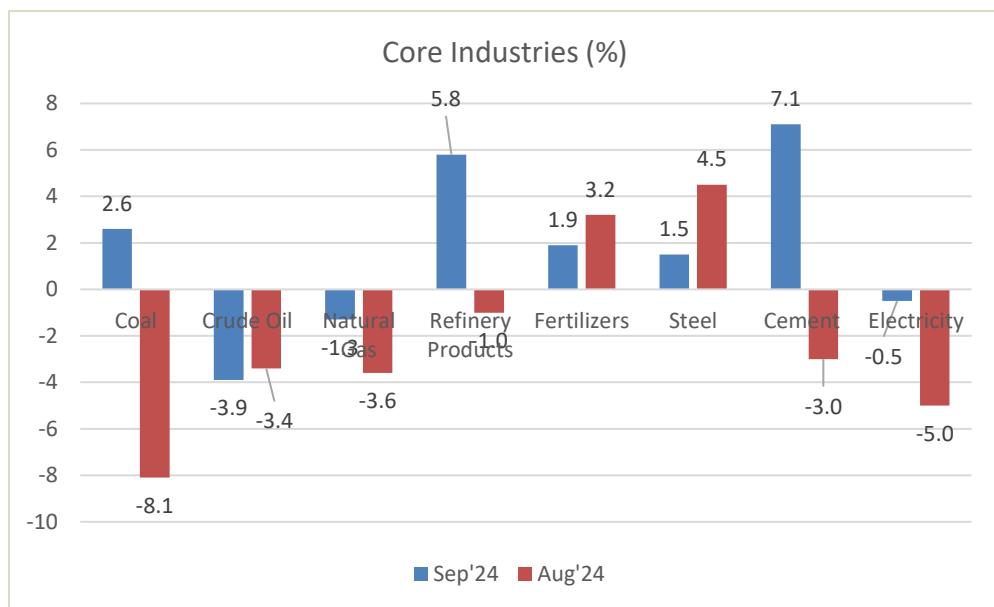
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• Production Scenario (Core infra)



Source: Ministry of Commerce and Industry, GOI.

India's core sector output, which represents around two-fifths of industrial production, made a strong recovery in September after experiencing a significant slump to a 42-month low in August. The index of the eight core industries rose by 2% year-on-year in September, reversing the 1.6% contraction recorded in the previous month. This rebound signals a recovery in critical industries, providing a positive outlook for the broader industrial sector after a period of weakness.

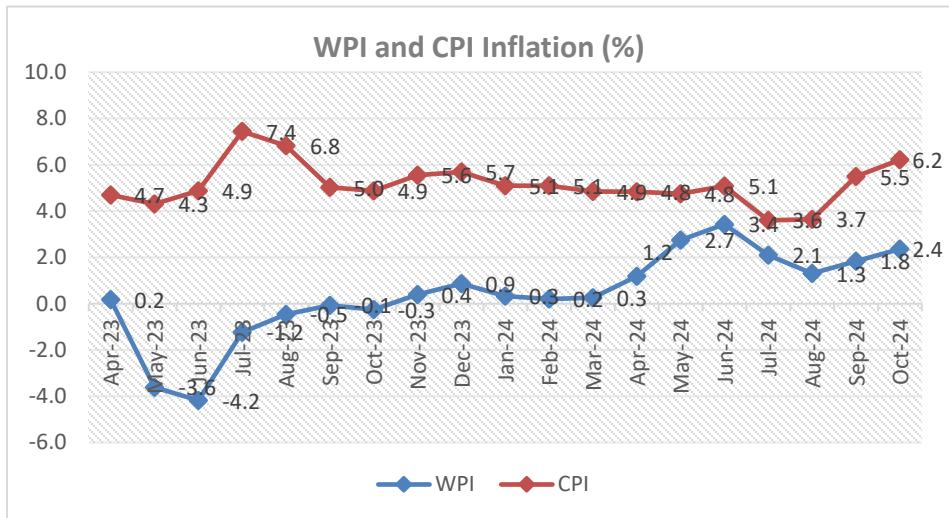


Source: Ministry of Commerce and Industry, GOI.

Key industries like coal, cement, and refinery products saw notable improvements, while energy-related sectors such as crude oil, natural gas, and electricity continued to struggle, reflecting mixed dynamics within the industrial sector. The data suggests recovery in certain areas, particularly in construction and manufacturing materials, but also highlights ongoing challenges in energy production.

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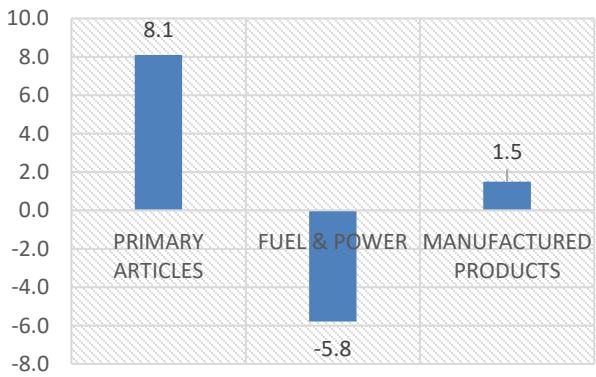
• Inflation Trends (WPI and CPI)



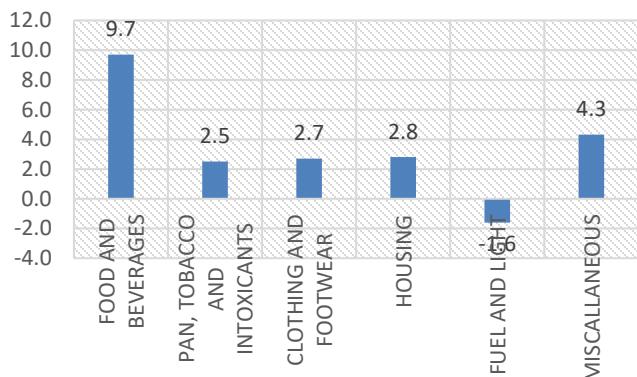
Source: MOSPI and Office of Economic Advisor, GOI.

In October 2024, India's wholesale inflation surged to a four-month high of 2.4% and CPI rose to a 14-month high of 6.2%. This increase in WPI mirrored the rise in retail inflation during the same period, with both reflecting the same underlying factor—higher food prices. The sharp uptick in wholesale inflation highlights the growing pressure on prices, particularly in food-related categories, which have been driving inflationary trends across both wholesale and retail levels. This trend signals continued inflationary challenges for the economy, particularly for households grappling with rising food costs.

Components of WPI (%)



Components of CPI (%)



Source: MOSPI and Office of Economic Advisor, GOI.

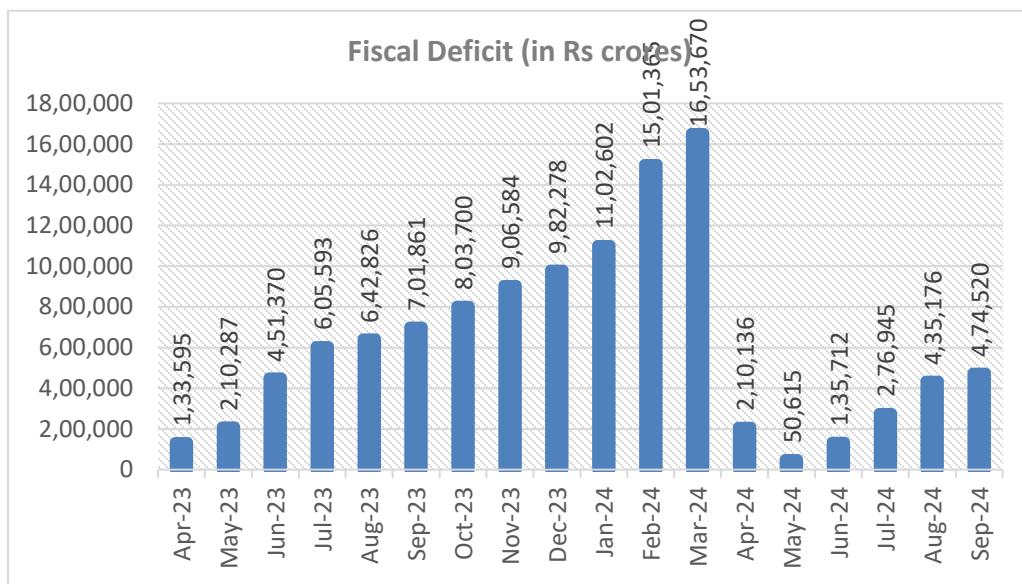
In WPI, the prices of primary food articles and the overall food group, rose sharply by 13.5% and 11.6%, respectively, compared to 11.5% and 9.5% in September. The significant increase in primary food articles, with WPI inflation jumping to 13.5% from just 3.2% in September.

In CPI, the inflation rate was driven by a sharp rise in food prices, with the Consumer Food Price Index (CFPI) reaching a provisional 10.87% in October, highlighting an intensified pressure on household expenses.



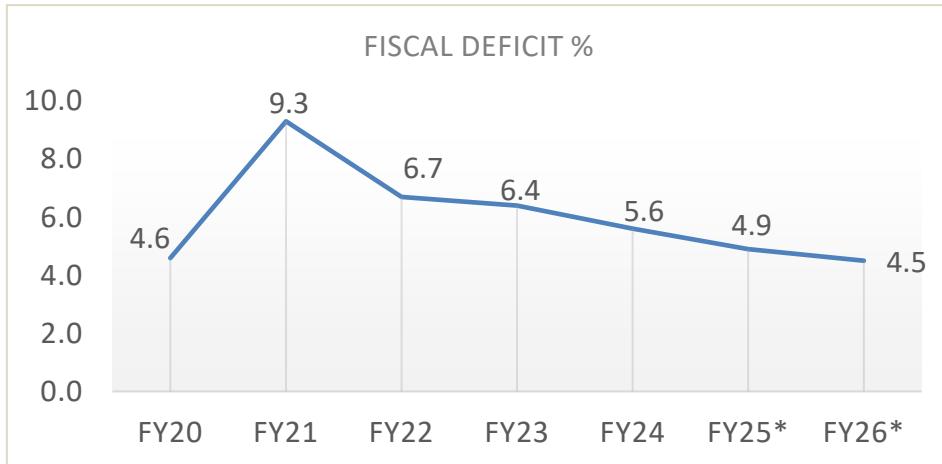
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• Fiscal Deficit



Source: Controller General of Accounts, Ministry of Finance.

The government's fiscal deficit for the period April-September 2024 stood at INR 4.75 lakh crore, which represents 29.4% of the budgeted target for the year. This results in a significant improvement compared to the same period in the previous year, when the fiscal deficit had reached 39.3% of the budget estimates. It is mainly driven by higher revenue collections and disciplined expenditure. This positive trend reflects the government's efforts to stay within fiscal targets while maintaining economic stability.



Source: Controller General of Accounts, Ministry of Finance. *Budget Estimates.

India is focused on fiscal consolidation and is on track to meet its target of reducing the fiscal deficit to 4.5% of GDP in the upcoming fiscal year. However, sustaining robust revenue growth will be key to achieving this goal without resorting to austerity measures, such as cutting spending. Strong revenue performance will not only help the government meet its fiscal targets but also provide the necessary resources to invest in vital development projects.

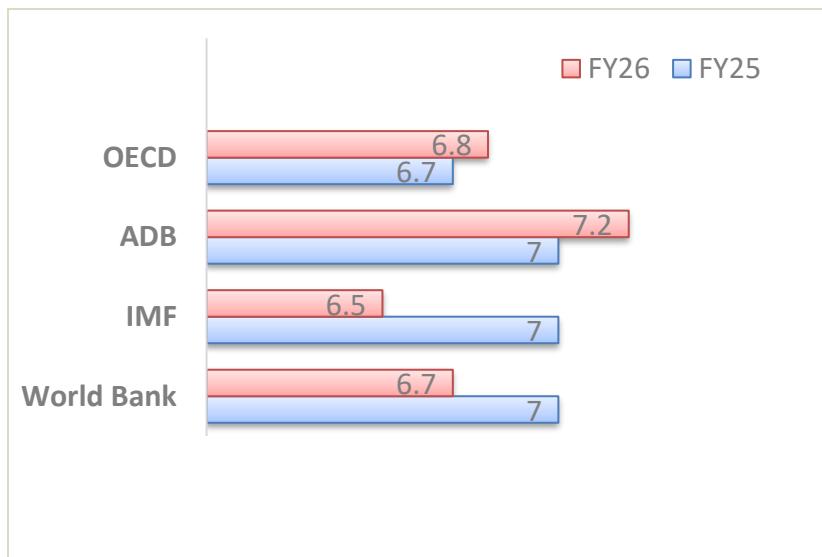


Economic Outlook by International Organisations

World Economic Outlook: IMF (October 2024): The International Monetary Fund (IMF) kept its growth forecasts for India unchanged at 7 per cent and 6.5 per cent for FY25 and FY26, respectively. It held that pent up demand accumulated during the pandemic has been exhausted as the economy “reconnects” with its potential growth. On the global growth front, the latest outlook notes that the growth projection is virtually unchanged from those made earlier in July. It is expected to remain stable yet underwhelming at 3.2 per cent in 2024 and 2025. However, the growth forecast for 2025 has been marginally revised downwards by 10 basis points (bps) from 3.3 per cent projected in July...

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Forecasts by International Organizations for FY25 and FY26:



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