

FICCI

Current state of Indian Economy

December 2009

Index of Industrial Production

The index of industrial production registered a double digit growth of 10.3 percent in the month of October 2009; the corresponding growth in the same month previous year was a meager 0.1 percent owing to aftermaths of the crisis.

While the manufacturing and mining sectors witnessed robust growth, there was a slight moderation in case of electricity sector vis-à-vis its performance previous month. The manufacturing and the mining sector recorded a growth of 11.1 percent and 8.2 percent respectively in October 2009. In case of electricity sector, the growth declined from 7.9 percent in September 2009 to 4.7 percent in October 2009.

Core Infrastructure

The core sector growth once again seems to have gained momentum with the index of six core infrastructure industries witnessing a growth of 6.0 percent in November 2009. The corresponding growth in November last year was 0.8 percent and in the previous month (October 2009) was 3.8 percent.

It was the finished steel and the cement sectors which pulled up the overall growth, each recording respective growths of 11.7 percent and 9.0 percent in November 2009. The petroleum refinery, coal and power production witnessed moderation vis-à-vis their performance last month. Further the growth in the crude oil production remained in the negative territory in the month of November 09 and that was for the fifth consecutive month.

Whole sale Price Index

The inflation rate which was 1.5 percent in the month of October 2009 climbed to 4.8 percent in November 2009 owing to the soaring food prices. The food articles segment recorded an inflation of 16.7 percent in November, while the fuel lubricants and light and manufactured products segments registered an inflation rate of (-) 0.9 percent and 4.0 percent respectively.

Monetary Indicators

Over the period April –November 2009-10, broad money supply registered a growth of 8.2 percent which was marginally lower than 8.3 percent growth registered during the same period last year.

Aggregate deposits expanded by 9.4 percent over the period April-November 2009, the corresponding growth last year was 10.8 percent.

The bank credit disbursal registered a growth of 11.9 percent over the period April-November in the year 2008-09, which declined to 4.7 percent in the corresponding period this fiscal.

Stock Market

The market remained upbeat with the Sensex crossing 17K in November 2009 and closing at a little over 16K by end of the month.

Taxes

During the period April-November 2009-10 there was a negative 7.8 percent growth in the gross tax revenue collections. The tax revenue collections (gross) amounted to Rs 3, 29, 606 crore, a decline by Rs 27, 835 crore from the corresponding period last year. The custom, excise and service tax collections each witnessed a decline by 31.2 percent, 20.0 percent and 6.2 percent respectively. The corporation tax and the income tax revenue, on the other hand grew by 6.6 percent and 9.8 percent respectively over the eight months ending November 2009.

Central Government Finances

The total expenditure incurred by the government increased from Rs 4, 94, 124 crore during the period April-November 2008-09 to Rs 6, 21, 672 crore in the current fiscal, recording an increase by almost 26 percent. On the other hand the revenue receipts of the government declined by negative 2.5 percent. As a result the fiscal deficit increased by a whopping 73 percent, going up from Rs 1,76, 510 crore to Rs 3,06,221 crore over the period April-November 2009-10.

Trade

The exports after declining for thirteen consecutive months witnessed an increase in the month of November 2009, growing by 18.2 percent. However it will be important to ensure that this growth is sustained in the exports sector. The imports on the other hand continued to decline. The oil imports although registered a 7.3 percent growth, the non oil imports witnessed a decline by 5.9 percent. The overall imports fell by 2.6 percent.

Foreign Investments

The portfolio investment inflows remained volatile and witnessed a decline from amounting to USD 5 billion worth inflows in September 2009 to USD 2.9 billion in October the same year. The foreign direct investments on the other hand increased from USD 1.5 billion in September 2009 to USD 2.3 billion in October 2009. As a result of the decline in portfolio investments the total foreign investment inflows amounted to USD 5.2 billion in October 2009, a decrease from USD 6.5 billion worth investments received in September.

Foreign Exchange Reserves

The current fiscal has witnessed a build up in the forex reserves. In October 2009 the reserves climbed to USD 284 billion, gaining about USD 33 billion since April 2009.

Exchange Rate

The rupee dollar exchange rate averaged Rs 46.6/USD in December 2009, which was the same as previous month. Although the average dollar value remained stable, the pound and euro witnessed slight appreciation in December vis-à-vis its value last month.

Tables

1.1: Growth of Industry: Recent Trends (in percentage)

	Weights	Oct 2008	Oct 2009
Industry	100	0.1	10.3
Mining	10.2	3.2	8.2
Manufacturing	79.4	-0.6	11.1
Electricity	10.5	4.4	4.7
Use Based Classification			
Basic	35.6	3.2	5.0
Intermediate	26.5	-4.4	14.3
Capital	9.3	4.2	12.2
Consumer Goods	28.7	-0.9	11.8
Consumer non Durables	23.3	-0.6	8.1
Consumer Durables	5.4	-1.6	21.0

Table- 1.2: Growth in 17 Industry sectors

<u>17 industry sectors</u>			
Food Products	9.1	1.6	2.8
Beverages, Tobacco and Related Products	2.4	6.4	-0.5
Cotton Textiles	5.5	-9.1	11.6
Wool, Silk and man-made fiber textiles	2.3	-0.2	19.9
Jute and other vegetable fiber Textiles (except cotton)	0.6	-3.3	-15.5
Textile Products (including Wearing Apparel)	2.5	-5.0	16.4
Wood and Wood Products; Furniture and Fixtures	2.7	-11.3	18.9
Paper & Paper Products and Printing, Publishing & Allied Industries	2.6	5.1	0.3
Leather and Leather & Fur Products	1.1	-19.0	9.1
Basic Chemicals & Chemical Products (except products of Petroleum & Coal)	14.0	-5.4	18.6
Rubber, Plastic, Petroleum and Coal Products	5.7	3.6	14.3
Non-Metallic Mineral Products	4.4	-4.1	3.8
Basic Metal and Alloy Industries	7.5	5.3	0.4
Metal Products and Parts, except Machinery and Equipment	2.8	1.1	9.1
Machinery and Equipment other than Transport Equipment	9.6	2.1	17.0
Transport Equipment and Parts	4.0	-6.9	18.8
Other Manufacturing Industries	2.5	11.0	0.8

Source: Central Statistical Organization

Table-1.3: Growth in six-core infrastructure industries (% change) November

	All infrastructure industries		Finished steel		Cement		Crude petroleum	
	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10
April	4.6	3.7	7.5	-1.3	6.9	11.8	1.0	-3.1
May	4.4	3.2	8.3	2.8	3.8	11.8	3.2	-4.3
June	4.4	6.3	8.1	3.6	6.6	12.8	-4.7	4.0
July	5.2	3.3	6.3	4.0	5.5	14.0	-3.0	-0.4
August	2.0	6.5	3.3	0.3	1.9	17.6	-1.0	-2.6
September	4.1	4.5	2.3	0.8	8.1	6.5	-0.4	-0.5
October	2.1	3.8	-3.8	2.5	6.2	5.2	-0.2	-2.2
November	0.8	6.0	-6.3	11.7	8.7	9.0	0.5	-1.5
December	0.7		-8.0		11.6		-0.3	
January	2.2		3.2		8.3		-8.1	
February	1.9		2.4		8.3		-6.2	
March	3.3		-1.8		10.1		-2.3	

Source: Ministry of Industry

Table-1.4: Growth in six-core infrastructure industries (% change)

	Petroleum refinery		Coal		Power	
	08-09	09-10	08-09	09-10	08-09	09-10
April	4.3	-4.5	10.4	13.2	1.4	7.1
May	0.1	-4.3	8.8	10.2	2.0	3.3
June	5.6	-3.8	6.1	14.7	2.6	8.0
July	11.8	-14.4	5.5	9.7	4.5	4.2
August	2.5	3.1	5.9	12.9	0.8	10.6
September	2.8	3.4	11.2	6.5	4.4	7.9
October	5.0	7.2	10.6	5.0	4.4	4.7
November	-1.1	4.9	9.7	4.6	2.6	3.3
December	3.0		11.2		1.5	
January	-1.3		6.3		1.8	
February	0.5		6		0.6	
March	3.3		5.2		6.3	

Source: Ministry of Industry

Table-1.5. Monthly trends in Wholesale price index- monthly average (% change)

	2008-09		2009-10	
	Oct	Nov	Oct	Nov
All Commodities	11.1	8.5	1.5	4.8
I Primary Article	12.4	12.1	8.7	11.8
(A) Food Articles	9.9	10.3	13.0	16.7
(B) Non-Food Articles	13.8	12.1	-0.1	1.9
II Fuel Power Light & Lubricants	14.1	6.4	-6.7	-0.9
III Manufactured Products	9.4	7.8	1.6	4.0
(A) Food Products	8.6	5.4	17.3	24.7
(B) Beverages, Tobacco & Tobacco Products	10.1	8.6	4.8	4.5
(C) Textiles	6.2	8.0	3.2	3.6
(D) Wood & Wood Products	9.8	9.8	0.3	0.3
(E) Paper & Paper Products	5.5	5.8	-0.6	-0.9
(F) Leather & Leather Products	0.6	0.6	-1.2	-1.2
(G) Rubber & Plastic Products	5.2	4.0	0.1	0.8
(H) Chemicals & Chemical Products	9.7	8.0	2.4	4.0
(I) Non-Metallic Mineral Products	3.6	3.8	3.0	3.0
(J) Basic Metals Alloys & Metals Products	19.4	14.6	-12.7	-9.0
(K) Machinery & Machine Tools	5.4	5.5	-1.6	-1.7
(L) Transport Equipment & Parts	6.9	6.7	-0.8	-0.8

Source: Central Statistical Organization

Table-1.6: Monthly trends in consumer prices (% change)

	CPI-IW		CPI-UNME		CPI-AL		CPI-RL	
	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10
April	7.8	8.7	7.0	8.8	8.9	9.1	8.6	9.1
May	7.8	8.6	6.8	9.7	9.1	10.2	8.8	10.2
June	7.7	9.3	7.3	9.6	8.8	11.5	8.8	11.3
July	8.3	11.9	7.4	13.0	9.4	12.9	9.4	12.7
August	9.0	11.7	8.5	12.9	10.3	12.9	10.3	12.7
September	9.8	11.6	9.5	12.4	11.0	13.2	11.0	13.0
October	10.4	11.5	10.4		11.1	13.7	11.1	13.5
November	10.4		10.8		11.1		11.1	
December	9.7		9.8		11.1		11.1	
January	10.4		10.4		11.4		11.1	
February	9.6		9.9		10.8		10.8	
March	8.0		9.3		9.5		9.7	

Source: Ministry of Labor, CMIE

Table-1.7: Monetary sector indicators – up to April (October 2009-10 over March 2008-09)

	Variation in M3 (Rs crore)		Variation in M3 (%)	
	08-09	09-10	08-09	09-10
April	22235	123424	0.6	2.6
May	73398	172709	1.9	3.6
June	89283	172702	2.2	3.6
July	169734	259720	4.2	5.5
August	208571	280313	5.2	5.9
September	264364	331793	6.6	7.0
October	331450	391310	8.3	8.2
November	374193		9.3	
December	423509		10.6	
January	508078		12.7	
February	635810		15.9	
March	740332		18.4	

Source: Reserve Bank of India

Table-1.8: Monthly trends in stock market indices (beginning of month figures)

Date	BSE Sensex	% Change	S&P CNX NIFTY	% Change
1.01.08	20300	4.8	6144	6.6
1.02.08	18242	-10.1	5317	-13.5
3.03.08	16677	-8.5	4953	-6.8
1.04.08	15626	-6.3	4739	-4.3
2.05.08	17600	12.6	5228	10.3
2.06.08	16063	-8.7	4739	-9.3
1.07.08	12961	-19.3	3896	-17.8
1.08.08	14656	13.1	4413	13.3
1.09.08	14498	-1.1	4447	0.8
1.10.08	13055	-9.9	3950	-11.1
3.11.08	10337	-20.8	3043	-23.0
1.12.08	8839	-14.5	2682	-11.9
26.12.08	9328	5.5	2857	6.5
30.01.09	9424	1.0	2874	0.5
02.03.09	8607	-8.7	2674	-7.0
31.03.09	9708	12.8	3020	12.9
29.04.09	11403	17.5	3473	15.0
01.06.09	14840	30.1	4529	30.4
01.07.09	14645	-1.31	4340	-4.1
03.08.09	15924	8.7	4711	8.5
01.09.09	15551	-2.3	4625	-1.8
01.10.09	17134	10.2	5083	9.9
03.11.09	15405	-10.1	4564	-10.2

Source: Reserve Bank of India

Table-1.9: Trends in cumulative tax collections of central government (%)

	Gross tax revenue		Corporation tax		Income tax	
	08-09	09-10	08-09	09-10	08-09	09-10
April	52.2	-16.9	55.0	-8.4	127.7	20.0
May	36.1	-11.8	58.1	10.1	76.0	11.7
June	28.4	-11.4	43.4	1.8	50.0	7.1
July	26.2	-11.1	41.6	4.7	42.0	5.9
August	25.0	-11.5	45.9	2.4	35.7	8.1
September	25.3	-7.6	38.2	7.7	30.7	7.2
October	20.3	-7.5	30.3	6.5	21.9	10.5
November	17.5	-7.8	26.4	6.6	19.0	9.8
December	9.6		11.9		6.8	
January	7.2		11.9		5.4	
February	6.9		17.9		7.5	
March	2.7		10.8		7.1	
	Customs		Excise duties		Other taxes	
	08-09	09-10	08-09	09-10	08-09	09-10
April	25.0	-52.6	-28.3	-114.2	9.04	-5.4
May	24.1	-38.2	1.3	-23.3	26.7	-18.7
June	19.9	-37.3	-0.9	-23.7	26.0	-9.5
July	19.2	-34.7	4.0	-26.6	24.7	-3.87
August	17.0	-34.0	6.5	-24.5	17.4	-1.97
September	16.8	-32.9	6.6	-22.9	30.7	-20.5
October	14.4	-31.7	6.3	-21.7	16.2	-17.2
November	13.7	-31.2	5.1	-20.0	6.1	-15.0
December	11.1		2.1		-2.6	
January	6.4		-2.6		-6.4	
February	1.7		-7.1		-10.0	
March	-4.1		-12.0		-11.5	

Table-1.10 : Service Tax

Service Tax	08-09	09-10
April	62.3	-0.04
May	40.7	-2.60
June	34.2	-2.85
July	29.7	-1.46
August	28.6	-2.29
September	31.8	-3.7
October	31.8	-5.3
November	30.2	-6.2
December	25.4	
January	24.6	
February	22.2	
March	18.6	

Source: Controller General of Accounts

Table-1.11 Trends in central government finances: November 2009

	Actual to budget estimates (in Rs crores)	
	08-09	09-10
Revenue receipts	314974	307125
Tax revenue	253558	232873
Non tax revenue	61416	74252
Total receipts	317614	315451
Non plan expenditure	357994	447995
On revenue account	339555	416587
On capital account	18439	31408
Plan expenditure	136130	173677
On revenue account	116783	148440
On capital account	19347	25237
Total expenditure	494124	621672
Fiscal deficit	176510	306221

Source: Controller General of Accounts

Table-1.12: Monthly trends in growth of merchandize trade (% change) up to November 2009

	Exports		Oil imports		Non-oil imports		Total imports	
	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10
April	31.5	-33.2	46.2	-58.5	32.3	-24.6	36.6	-36.6
May	12.9	-29.2	50.8	-60.6	17.4	-25.4	27.1	-39.2
June	23.5	-27.7	53.4	-50.6	13.9	-16.5	25.9	-29.3
July	31.2	-28.4	69.3	-55.5	38.7	-24.5	48.1	-37.1
August	-	-19.4	-	-45.5	-	-25.5	-	-32.4
September	10.4	-13.8	57.1	-33.5	36.2	-30.4	43.3	-31.3
October	-12.1	-6.6	22	-9.3	5.5	-17.2	10.6	-15.0
November	-9.9	18.2	11.9	7.3	3.4	-5.9	6.1	-2.6
December	-1.1		30.9		31.9		8.8	
January	-15.9		47.5		0.5		-18.2	
February	-21.7		47.5		10.2		-23.3	
March	-33.3		58.1		18.9		-34.0	

Source: Ministry of Commerce

Table-1.13: Monthly trends in foreign investments (\$ million)

	Foreign direct investments		Portfolio investments		Total foreign investments	
	08-09	09-10	08-09	09-10	08-09	09-10
April	3749	2339	-880	2278	2869	4617
May	3932	2095	-288	5639	3644	7734
June	2392	2582	-3010	353	-618	2935
July	2247	3476	-492	2077	1775	6508
August	2328	3268	593	926	2921	4194
September	2562	1512	-1403	4999	1159	6511
October	1497	2332	-5243	2922	-3746	5254
November	1083		-574		509	
December	1362		30		1392	
January	2733		-614		2119	
February	1466		-1085		381	
March	1956		-889		1067	
Apr-Oct	20792	19944	-10723	20893	10069	40837

Source: Reserve Bank of India

Table-1.14: Monthly trends in foreign exchange reserves (\$ billion)

	07-08	% Change	08-09	% Change	09-10	% Change
April	204.1	2.5	314.5	1.5	251.7	0.0
May	208.3	2.0	312.5	-0.6	262.3	4.2
June	213.4	2.4	312.0	-0.1	265.1	1.0
July	229.3	7.4	306.1	-1.8	271.6	2.4
August	228.8	-0.2	295.3	-3.5	276.4	1.8
September	247.7	8.2	286.3	-3.0	279.9	1.3
October	262.4	5.9	252.8	-11.7	284.4	1.6
November	273.5	4.2	247.6	-2.0		
December	275.9	0.8	255.9	3.3		
January	288.3	4.4	248.6	-2.8		
February	301.2	4.4	249.2	0.2		
March	309.7	2.8	251.7	1.0		

Source: Reserve Bank of India

Graph 1.1: Exchange rate of Rupee (per unit of other currencies).

