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Growth in Q1....

India's growth declined to a 3 year low of 5.7% in the first quarter of 2017, compared to 7.1% in 2016-17, as a result the IMF have revised down their 2017-18 growth forecast, from 7.2% to 6.7%. Sharp fall in industrial performance was witnessed: cumulatively, the infrastructure sector in April-August recorded a growth rate of 3% as against 5.4% in the same period a year ago.

Green shoots visible in Industry....

The Index of Industrial Production (IIP) showed signs of recovery in August with growth of 4.3% (a nine-month high), indicating a restocking exercise before the start of the festive season. However the cumulative growth in overall factory output for April-August was 2.2%, a much lower trend than the equivalent growth of 5.9% during the corresponding period in 2016-17. Electricity (8.3%) and mining (9.4%) helped boost IIP. However, there were mixed signals from the manufacturing sector, with production recovering in some areas but staying flat in others. Fast Moving Consumer Goods rose by 6.9% in August; almost double the July figure, supported by a robust rise in the auto segment and consumer durables.

Monetary Policy and Inflation...

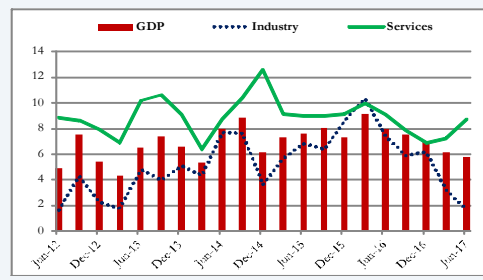
There has been a sharp uptick in Consumer Prices Inflation, which reached 3.2% in September, following on from a 3.2% increase in August. Within the CPI, core (demand-side) inflation rose to 4.6% in September from 4.5% in the previous month. Against this backdrop, the Monetary Policy Committee (MPC) chose to keep the policy rate unchanged at 6%; hoping that growth is likely, without there being a need of a monetary stimulus while inflation rates still exists.

Fiscal Stimulus....

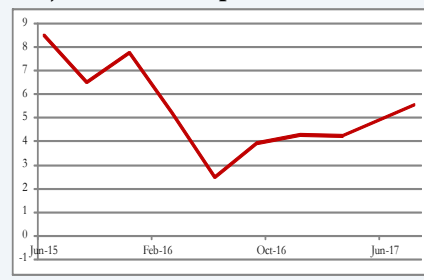
An unusually high increase in the fiscal deficit was observed in August 2017, with the deficit reaching 96.1% of the Government's target for 2017, compared to 76.4% during the same period last year. However, the Government is hopeful that it will just about manage their fiscal deficit target of 3.2% for 2017-18.

GROWTH: Growth falls to 5.7%

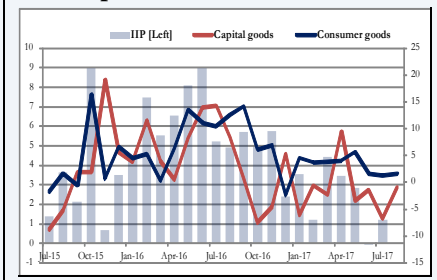
GDP



Projects Under Implementation

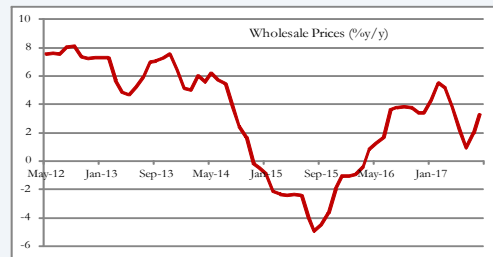


IIP/Capital/Consumer Goods

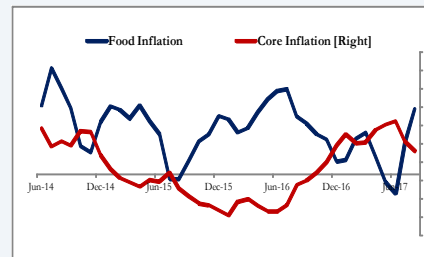


INFLATION: Wholesale inflation declined to 2.6%, Retail inflation steady at 3.28%

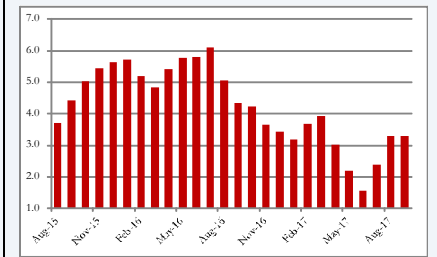
Wholesale Price Index (% y/y)



Food vs. Core Inflation (% y/y)

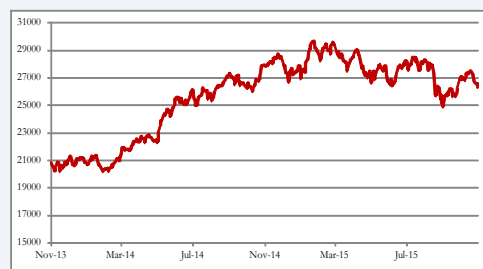


Consumer Price Index (% y/y)



MARKETS: Financial Markets remain volatile

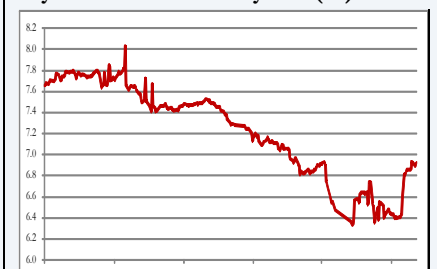
SENSEX



USD/INR

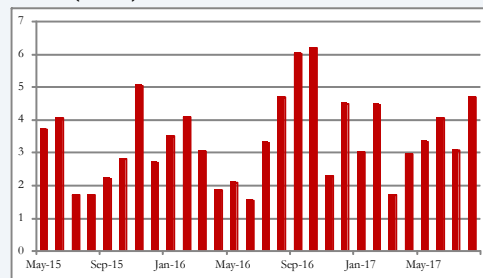


10yr Govt. Securities yield (%)

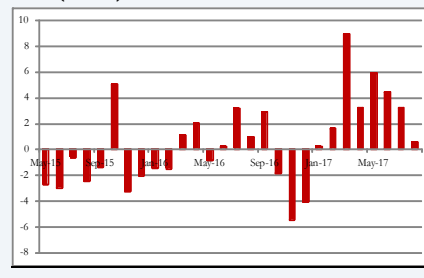


EXTERNAL: FIIs on a selling spree

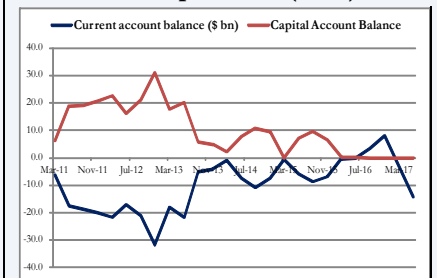
FDI (\$ Bn)



FII (\$ Bn)

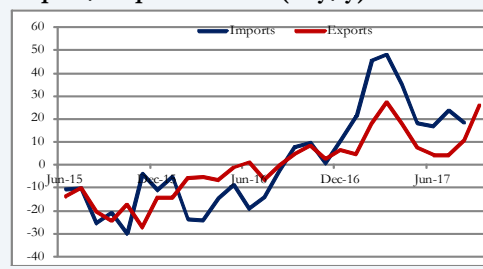


Current vs. Capital A/c (\$ Bn)

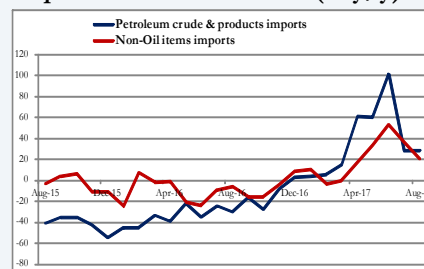


TRADE: GST affect Export and Import

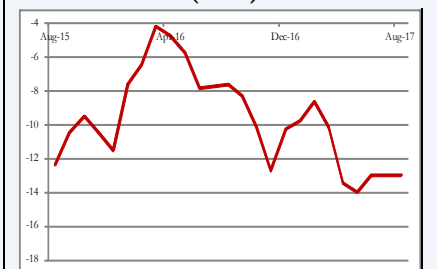
Export/Import Growth (% y/y)



Imports- Oil and Non Oil (% y/y)



Trade Balance (\$ Bn)



Data Sources : Government of India and Reserve Bank of India official statistics.

For further information, please contact - Mahima.Kaushal@fco.gov.uk

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