

1QFY24 – India's Quarterly Economic Outlook

Upgrade real GDP growth forecast for FY24

- The global economic environment had turned sour after the collapse of a couple of US banks in Mar'23. However, it was reversed by the timely intervention of the US Federal Reserve, and it turned positive once again in early Apr'23 and has been buoyant since. It also appears that a global economic slowdown is delayed until late 2023 or early 2024.
- Despite uncertainty in the global economy, India has remained stable, with better-than-expected real GDP growth in 4QFY23 and continued resilience in Apr'23. Accordingly, we upgrade our real GDP growth forecast to 5.6% for FY24 (from 5.2% earlier) and keep it broadly unchanged for FY25. Nominal GDP growth, though, is kept largely unchanged at 7.8% for FY24 (from 7.7% earlier) due to a cut in inflation forecasts but increased to 10.5% (from 10% earlier) for FY25.
- Considering the recent inflationary trends, we reduce our CPI-inflation projection to 4.3% for FY24 (from 4.6% earlier) and keep it unchanged at 5% for FY25. Accordingly, it is very clear that there will be no more rate hikes and that the next move would be a rate cut. At the same time, we do not believe that a rate cut could come before 2024, unless the global economy weakens.
- Lastly, India's external situation has also improved dramatically and unexpectedly over the past few months. We revise our current account deficit (CAD) forecasts to 1.8%/0.6%/0.9% of GDP in FY23/FY24/FY25, because of much better services exports in 2HFY24 and downward revisions in the merchandise trade deficit in 1HFY24. Accordingly, INR could weaken only in 2HFY24 when the global economy is expected to deteriorate.

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We do not expect any rate hikes and expect a rate cut could come only in 2024 if the global economy weakens.

Changes in economic forecasts since [Mar'23](#)

Real GDP growth: Considering better-than-expected real GDP growth in [4QFY23](#) and continued resilience in Apr'23, we upgrade our forecast to 5.6% for FY24 (from 5.2% earlier) and keep it broadly unchanged at 5.5% for FY25. However, with a downward revision in inflation, the nominal GDP growth forecast is largely unchanged at 7.8% for FY24 (from 7.7% earlier), though lifted slightly to 10.5% (from 7.7%) for FY25.

CPI inflation and interest rates: We have reduced our FY24 CPI-inflation forecast to 4.3% (from 4.6% earlier), primarily due to weaker momentum in Apr-May'23. Accordingly, we do not expect any rate hikes and expect a rate cut could come only in 2024 if the global economy weakens.

External trade and INR: We have cut our CAD forecasts again to 1.8%/0.6%/0.9% of GDP (from 2.6%/1.6%/1.6% earlier) for FY23/FY24/FY25. Thus, while INR could stay stable in 1HFY24, we expect it to weaken in 2H if the US economy enters a recession. Overall, INR is projected to weaken less (than earlier) in FY24.

Exhibit 1: Forecasts for key macroeconomic variables of the Indian economy

Macro indicators	Unit	FY21	FY22	FY23	FY24 Forecasts			FY25 Forecasts		
					MOFSL Mar'23	MOFSL Jun'23	Consensus (SPF#)	MOFSL Mar'23	MOFSL Jun'23	Consensus (SPF#)
Nominal GDP _{MP}	YoY (%)	(1.4)	18.4	16.3	7.7	7.8	...	10.0	10.5	...
Real GDP _{MP}	YoY (%)	(5.8)	9.1	7.0	5.2	5.6	6.0	5.6	5.5	6.4
Consumer price index	YoY (%)	6.2	5.5	6.6	4.6	4.3	5.0	5.0	5.0	4.9
Repo rate (year-end)	p.a. (%)	4.0	4.0	6.5	6.0	6.25	6.25	5.5	5.25	...
USD:INR (average)	unit	74.2	74.5	80.4	84.3	82.9	81.5	83.0	84.1	...
Current a/c deficit	% of GDP	(0.9)	1.2	1.8*	1.6	0.6	1.5	1.6	0.9	1.6
Combined fiscal deficit	% of GDP	13.2	9.4	8.5	...	8.2	8.8	...	7.5	8.0

82nd round: Responses received during 13th May-2nd June, 2023

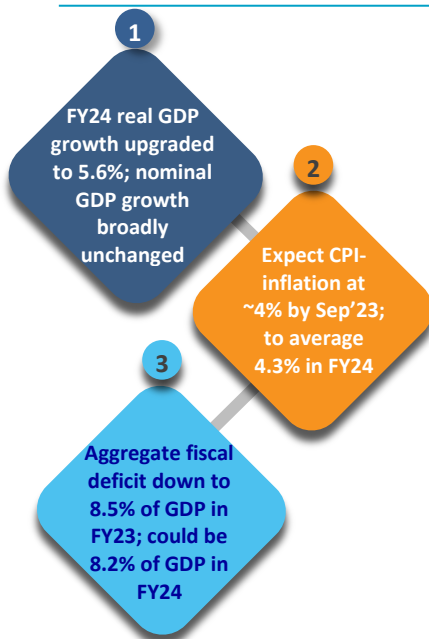
* Data released up to 3QFY23 (FY23 is MOFSL forecast)

Source: Central Statistics Office (CSO), Reserve Bank of India (RBI), MOFSL

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Three key themes:

In this note, we provide our updated macroeconomic forecasts for India and discuss the three main themes that are likely to play out in FY24.

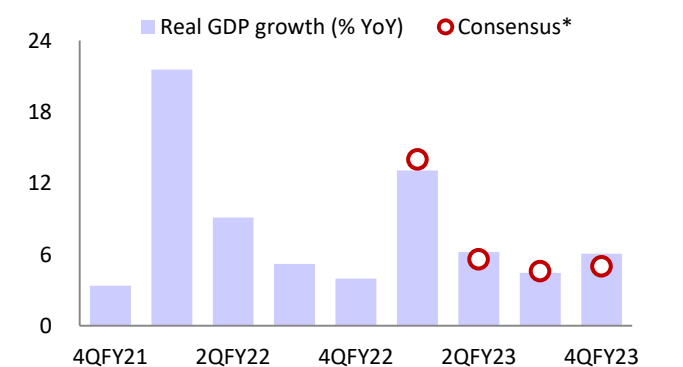
- 1) In line with better-than-expected growth in 4QFY23 and continued resilience in Apr'23, we upgrade our FY24 real GDP growth forecast to 5.6% from 5.2% earlier. At the same time, recent readings have led to a reduction in our inflation forecasts. The wholesale price index (WPI) growth is lowered to just 0.6% in FY24, pulling down GDP deflator, and thus nominal GDP growth. Therefore, notwithstanding a sharp upgrade in real GDP growth forecasts, the nominal GDP growth forecast is broadly unchanged at 7.8% (from 7.7% earlier).
- 2) Not only we expect WPI and thus, GDP deflator to be lower than the consensus, but we also believe that headline CPI-inflation could also be much lower in 2H FY24. We project headline inflation to ease toward 4% by Sep'23 and average 4.3% in FY24, compared to the RBI's/market consensus of 5.1% in FY24 (and 5.3% in 2H FY24).
- 3) Finally, an analysis of preliminary data of 27 states (including union territory of Jammu & Kashmir) suggests that the aggregate fiscal deficit of all states was just 2.2% of GDP in FY23, compared to its revised and budgeted estimate (RE/BE) of 3.4% of GDP. It means that the aggregate fiscal deficit of the Center and states was down at 8.5% of GDP last year. Based on our projections, if the aggregate fiscal deficit is contained at 8.2% of GDP in FY24, it would lead to real growth of 6% in total core spending, better than 4.3% in FY23.

1. FY24 real GDP growth raised to 5.6%; nominal GDP growth broadly unchanged

According to the recent data, the Indian economy grew 6.1% YoY in [4QFY23](#), much better than the market consensus of 5% and our expectations of 5.3%. It implies that India's real GDP grew 7.2% in FY23, better than the consensus of 7%. It also means that India's economic growth has been better than expected for the third consecutive year in FY23 (*Exhibit 2*).

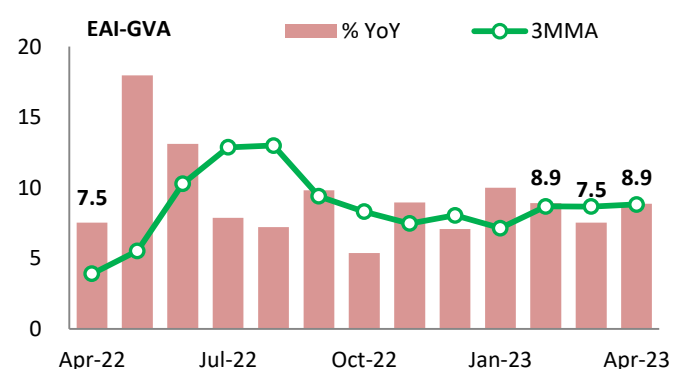
Not only was growth better than expected in 4QFY23, but it also remained resilient in Apr'23. According to our in-house monthly estimates, [India's Economic Activity Index \(EAI\)](#) picked up in Apr'23, confirming a strong start to 1QFY24 (*Exhibit 3*). The acceleration vs. Mar'23 was led by the non-farm sector and consumption spending.

Exhibit 2: India's real GDP growth was better-than-expected in 4QFY23...



* Bloomberg consensus on the day of data release

Exhibit 3: ...and our in-house analysis suggests that it was resilient in Apr'23 as well



Source: CSO, Various national sources, CEIC, MOFSL

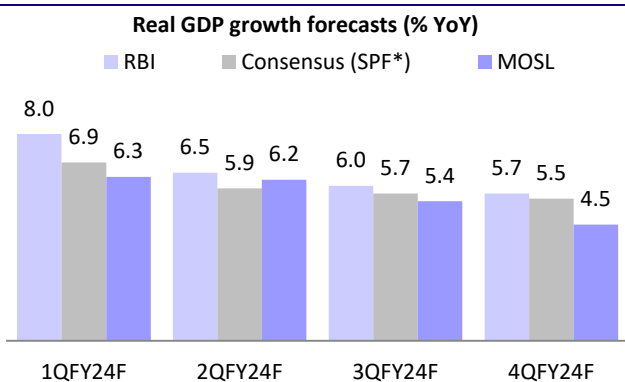
A look at limited available data for May'23 suggests that India's growth may have weakened last month but not substantially. The manufacturing PMI was at a 31-month high last month, passenger vehicle sales were strong and toll collections were also good. They were largely offset by a deceleration in power generation, a contraction in CV sales, weak freight traffic growth and falling water reservoir levels.

Overall, after better-than-expected growth in 4QFY23, India's economic growth remained resilient in Apr'23 as well. Further, we do not see any substantial deterioration in May'23 too. Accordingly, we upgrade our FY24 real GDP growth forecast to 5.6% from 5.2% earlier (*Exhibit 4*). There are three primary reasons for this upgrade: *First*, the anticipated economic slowdown in the US has not materialized yet. We do not think that it can be averted, but it certainly seems delayed. Thus, while 1HFY24 is likely to be better than previously anticipated, 2HFY24 could be weaker. *Second*, although we still expect a slowdown in consumption, a delayed global economic slowdown means that it could grow better than previously projected. *Third*, investment growth could also be slightly better than previously expected.

Since we anticipate a delay in the global slowdown, we project real GDP growth of ~5% in 2HFY24 vs. 5.8% by the RBI/market consensus.

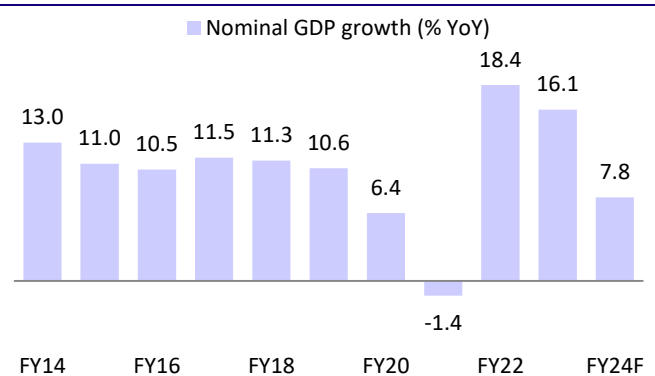
A comparison of our revised projections with the RBI's recent forecasts and the market consensus (as per SPF) reveals that the gap between our forecasts and others has narrowed now, though the RBI remains optimistic. Quarterly forecasts reveal that the RBI projects ~8% YoY real GDP growth in 1QFY24, much higher than the market consensus of 6.9% and our expectation of 6.3%. Further, because of our expectation of a delayed global slowdown (by 3QFY24/4QCY23), we project real GDP growth of ~5% in 2HFY24, compared to 5.8% by the RBI/market consensus (*Exhibit 4*).

Exhibit 4: We raise real GDP growth forecast to 5.6% in FY24 from 5.2% earlier...



* 82nd round: Responses received during 13th May-2nd June, 2023

Exhibit 5: ...but nominal GDP growth could be only 7.8% in FY24, slightly better than 7.7% forecast earlier



Source: RBI, CSO, MOFSL

Higher real GDP growth would be largely negated by lower inflation forecasts, implying that nominal GDP growth could remain broadly unchanged at 7.8% YoY in FY24.

Although real GDP growth is lifted by as much as 40bp, WPI-inflation – which is not relevant from the monetary policy perspective but an important input in GDP deflator – declined 0.9% YoY in Apr'23, much worse than our/market forecasts. Accordingly, we cut our WPI-inflation forecast to 0.6% YoY in FY24 from 1.4% earlier. If so, GDP deflator could be 2.2% in FY24, lower than 2.5% projected earlier. Consequently, higher real GDP growth would be largely negated by lower inflation forecasts, implying that nominal GDP growth could remain broadly unchanged at 7.8% YoY in FY24 (from 7.7% forecast earlier). This would have serious implications for several sectors in the economy, which we had discussed [here](#).

2. Expect CPI-inflation at ~4% by Sep'23; to average 4.3% in FY24

Growth has been better than expected and CPI-based headline inflation has also come off sharply in the recent months. After rising unexpectedly to 6.5% YoY in Jan-Feb'23, headline inflation eased sharply to 4.7% YoY in [Apr'23](#), which was slightly lower than the market consensus of 4.8% and our expectation of 5%. The deceleration in headline inflation was led by lower inflation in food and imported items. Domestically generated inflation excluding food (weight = 51%) grew 7.2% YoY in Apr'23, the highest since Jan'15.

We project India's headline CPI-inflation to fall toward 4% YoY by Sep'23 and stay around that level in 2HFY24.

It means that headline CPI-inflation averaged 6.7% in FY23, outside the tolerance band of 2-6% for the second time in the past three years (it was 6.2% in FY21). We believe that CPI-inflation will remain contained in FY24 because of three factors: 1) a fall in global commodity prices will help keep retail inflation under control; 2) the Government of India will be more vigilant of inflationary forces, as the general elections are due in less than a year; and 3) an expected growth slowdown in 2HFY24 will keep CPI-inflation subdued in 2H as well. Accordingly, we project India's headline CPI-inflation to fall toward 4% YoY by Sep'23 and stay around that level in 2HFY24. It means that headline inflation will average 4.3% in FY24, slightly lower than 4.6% projected earlier (*Exhibit 6*). We, however, expect core inflation to stay above 5% in all months and average 5.3% in FY24, lower than 6.3% in FY23.

Exhibit 6: Headline CPI-inflation could ease toward 4% YoY by Sep'23 and average 4.3% in FY24...

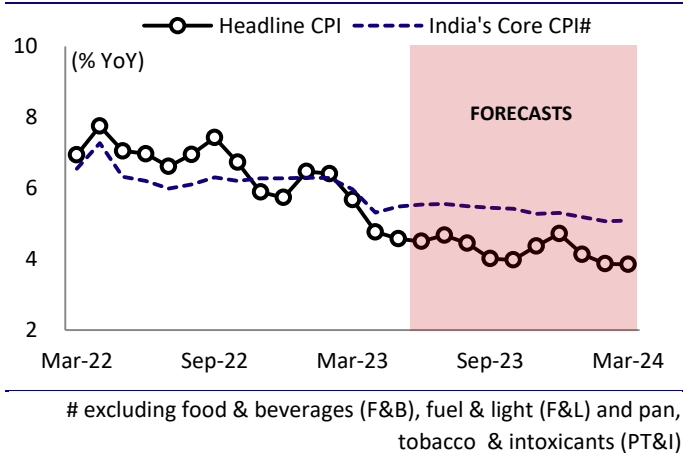
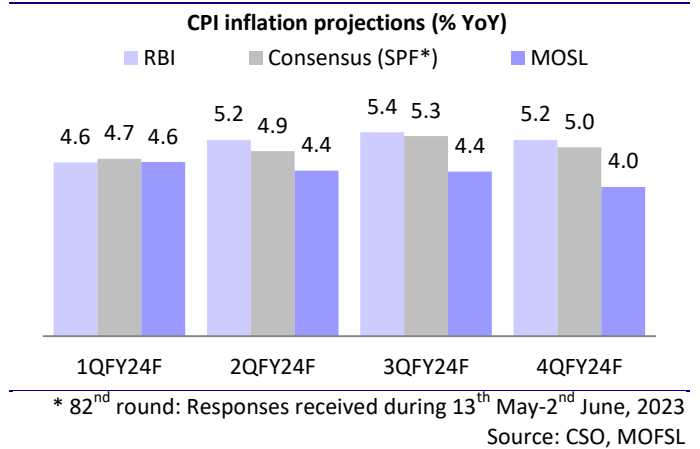


Exhibit 7: ...which is in stark contrast to 5.3% inflation in 2HFY24 by the RBI/market consensus



This is in stark contrast to the RBI/market projections that the headline inflation will reverse its falling trajectory from 4.6% YoY to 5.3% in 2HFY24 (*Exhibit 7*). Therefore, their forecasts are much higher at 5.1% for the year FY24.

We believe that a rate cut could occur only in 2024 if the global economy weakens.

Not surprisingly then, we do not see any further rate hikes. Even in our previous QEO, we had projected that the last rate hike would be in Apr'23 (because of higher-than-expected inflation readings in Jan-Feb'23), since we expected inflation to start moderating from Mar'23. Although the RBI did not hike in Apr'23, we believe that the next rate action would be a cut. However, a rate cut could occur only in 2024 if the global economy weakens. Further, it is very likely that the RBI will cut rates only after the US Federal Reserve since the domestic economic growth may weaken but not substantially to warrant rate cuts before.

3. India's fiscal deficit down to 8.5% of GDP in FY23; could be 8.2% of GDP in FY24

The aggregate fiscal deficit of the Center and states was down to 8.5% of GDP last year, compared to 9.6% in FY22 and the record-high of 13.2% of GDP in FY21

According to the preliminary data published by 27 states (including Union Territory of Jammu & Kashmir) up to Mar'23, the aggregate fiscal deficit of all states was 2.2% of GDP in FY23 (as we had [highlighted](#) in our analysis in Apr'23), compared to the revised and budgeted target of 3.4% of GDP. It means that the aggregate fiscal deficit of the Center and states was down at 8.5% of GDP last year, compared to 9.4% in FY22 and the record-high of 13.2% of GDP in FY21 (*Exhibit 8*). Our analysis suggests that while the Center's real core spending (minus interest and subsidies) grew just 0.9% YoY in FY23P (following 12.2% growth in FY22), states' core spending (minus interest payments) increased 4.7% during the year, compared to 7.3% in FY22. On an aggregate basis, thus, real core spending is estimated to have grown 4.3% in FY23P, vs. 12.2% in FY22 (*Exhibit 9*).

Although we expect nominal GDP growth at just 7.8% YoY in FY24, much lower than the government's estimate of 10.5%, we believe that the government will be able to achieve its receipt target. However, because of lower nominal GDP, total spending could be slightly lower than BE to meet its deficit target of 5.9% of GDP. It implies real core spending growth of ~7% YoY in FY24F by the Center.

A similar exercise for states suggests that total receipts could grow by 9.4% YoY in FY24. Assuming that states keep their fiscal deficit at 2.3% of GDP (or 2.5% of GDP), states' total spending could grow 10% (or 11.5%) this year. It means that states' real core spending could increase ~6% YoY (or 7.5%) in FY24F.

Exhibit 8: India's fiscal deficit declined to 8.5% of GDP in FY23, which could fall further to 8.2% in FY24...

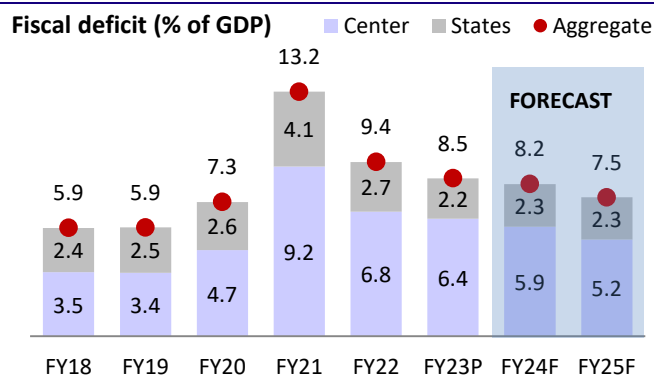
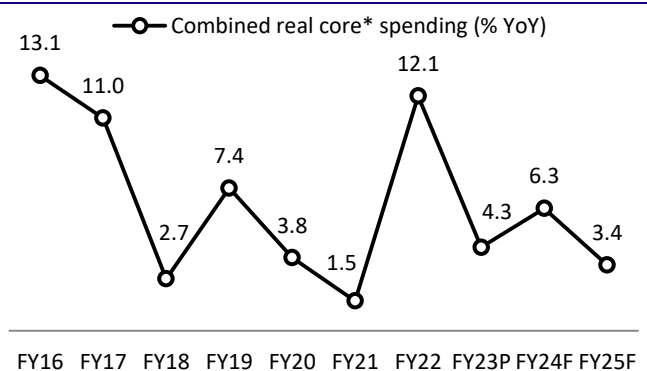


Exhibit 9: ...implying that aggregate spending could grow 6.3% YoY this year, better than 4.3% in FY23P



* Total spending less interest and subsidies Using GFCE deflator
Source: Budget documents, RBI, CSO, MOFSL

If the aggregate fiscal deficit is contained at 8.2% of GDP in FY24, it implies real growth of 6.3% in total core spending.

When we combine the Center and states finances, it means that total receipts could grow 10.1% in FY24, implying a receipt buoyancy of about 1.3x, better than 1.1x in the pre-Covid years. If the aggregate fiscal deficit is contained at 8.2% of GDP in FY24 (5.9% by the Center and 2.3% by states), it would lead to real growth of 6.3% in total core spending, better than 4.3% in FY23P. At 8.5% of GDP, real core spending could be 7.3% this year.

Detailed economic projections

Exhibit 10: Detailed projections of economic growth

Macro indicators	Unit	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F
Nominal variables								
Gross domestic product at market prices (GDP _{MP})	USD b	2,703	2,836	2,672	3,150	3,390	3,543	3,864
GDP_{MP}	YoY (%)	10.6	6.4	(1.4)	18.4	16.1	7.8	10.5
Private consumption expenditure (PCE)	% of GDP	59.3	60.9	61.3	61.1	60.6	60.0	60.2
Government consumption expenditure (GCE)	% of GDP	10.8	11.0	11.6	11.2	10.3	10.5	10.4
Gross capital formation (GCF)	% of GDP	32.3	30.1	28.8	31.2	31.0	30.4	30.2
GFCF + change in stocks	% of GDP	31.1	29.1	27.4	29.6	29.8	29.3	29.2
Exports of goods and services	% of GDP	19.9	18.7	18.7	21.5	22.8	22.1	21.6
Less: Imports of goods and services	% of GDP	23.7	21.2	19.1	24.2	26.4	24.5	23.8
Gross Value Added at basic prices (GVA_{BP})	YoY (%)	10.9	7.0	(1.0)	17.9	15.4	7.8	10.6
Agriculture and allied activities	% of GDP	17.6	18.3	20.3	19.0	18.4	18.6	18.6
Industry ¹	% of GDP	29.1	26.9	27.3	28.5	28.2	28.1	28.0
Manufacturing	% of GDP	16.4	14.7	15.4	15.8	14.7	14.7	14.7
Construction	% of GDP	7.9	7.5	7.4	8.1	8.2	8.0	8.0
Services	% of GDP	53.3	54.8	52.4	52.5	53.3	53.4	53.5
Real variables								
Real GDP_{MP}	YoY (%)	6.5	3.9	(5.8)	9.1	7.2	5.6	5.5
PCE	YoY (%)	7.1	5.2	(5.2)	11.2	7.5	4.0	5.7
GCE	YoY (%)	6.7	3.9	(0.9)	6.6	0.1	5.6	3.1
GCF	YoY (%)	11.0	(2.6)	(7.9)	17.9	9.6	5.0	5.5
Gross fixed capital formation (GFCF)	YoY (%)	12.0	(2.1)	(9.1)	17.1	11.2	4.8	5.6
Exports of goods and services	YoY (%)	11.9	(3.4)	(9.1)	29.3	13.6	1.8	2.6
Less: Imports of goods and services	YoY (%)	8.8	(0.8)	(13.7)	21.8	17.1	(1.8)	2.8
Real GVA_{BP}	YoY (%)	5.2	3.9	(4.2)	8.8	7.0	5.5	5.4
Agriculture and allied activities	YoY (%)	4.2	6.2	4.1	3.5	4.0	3.9	4.0
Industry ¹	YoY (%)	5.2	(1.4)	(0.9)	11.6	4.4	6.6	5.4
Manufacturing	YoY (%)	7.0	(3.0)	2.9	11.1	1.3	7.4	5.6
Construction	YoY (%)	5.9	1.6	(5.7)	14.8	10.0	4.9	4.8
Services	YoY (%)	5.5	6.4	(8.2)	8.8	9.5	5.3	5.7
Community services, etc.	YoY (%)	4.2	6.6	(7.6)	9.7	7.2	6.2	5.8
Non-agriculture GVA_{BP}	YoY (%)	5.4	3.6	(5.7)	9.8	7.6	5.8	5.6
Non-agriculture non-community GVA _{BP}	YoY (%)	5.6	3.0	(5.3)	9.9	7.6	5.7	5.6
Other real sector								
Index of industrial production (IIP)	YoY (%)	3.8	(0.8)	(8.5)	11.4	5.1	6.1	5.6
Nominal personal disposable income (PDI)	YoY (%)	12.8	7.7	2.4	14.5	15.0	8.0	10.3
Real PDI²	YoY (%)	8.2	3.6	(2.2)	7.9	7.5	5.0	5.2
Incremental capital-output ratio (ICOR) ³	unit	5.42	8.93	(5.68)	3.76	4.94	6.47	6.55

¹Industry includes mining and quarrying, manufacturing, electricity, and construction;

²Nominal PDI deflated by PCE deflator;

³The ratio for last two years' investments (as a percentage of GDP) and GDP growth – it is calculated using real-term data

Source: RBI, CSO, CEIC, MOFSL

Exhibit 11: Detailed projections of prices, rates, and money and banking

Macro indicators	Unit	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F
Price measures								
GVA _{BP} deflator	YoY (%)	4.7	3.0	3.1	8.3	8.1	2.2	5.0
GDP_{MP} deflator	YoY (%)	4.0	2.4	4.5	8.6	8.4	2.1	4.8
PCE deflator	YoY (%)	4.3	3.9	4.5	6.1	7.1	2.8	4.7
Consumer price index (CPI)	YoY (%)	3.4	4.8	6.2	5.5	6.6	4.3	5.0
Food and beverages	YoY (%)	0.7	6.0	7.3	4.2	6.7	3.7	5.2
Fuel and light	YoY (%)	5.7	1.3	2.7	11.3	10.3	1.8	2.0
Core CPI¹	YoY (%)	5.8	4.0	5.3	6.1	6.3	5.3	5.3
Wholesale price index (WPI)	YoY (%)	4.3	1.7	1.3	13.0	9.4	0.6	4.7
Primary articles	YoY (%)	2.7	6.8	1.7	10.3	10.0	4.3	6.3
Fuel and power	YoY (%)	11.5	(1.8)	(8.0)	32.6	28.1	(4.0)	3.3
Manufactured products	YoY (%)	3.7	0.3	2.7	11.1	5.6	(0.0)	4.3
Non-food manufactured products	YoY (%)	4.2	(0.4)	2.2	11.0	5.8	0.3	4.5
Food items (raw + processed)	YoY (%)	0.6	6.9	4.0	6.7	6.3	3.9	6.4
Money and banking (end-period)								
Reserve money (M0)	YoY (%)	14.5	9.4	18.8	13.0	6.0	7.5	9.0
Broad money supply (M3)	YoY (%)	10.7	8.9	12.2	8.8	9.0	7.7	8.6
Bank deposit	YoY (%)	10.0	7.9	11.4	8.9	9.6	9.0	8.8
Bank credit	YoY (%)	13.3	6.1	5.6	8.6	15.0	11.0	11.0
Credit-to-deposit ratio	%	77.7	76.4	72.4	72.2	75.8	77.2	78.7
Incremental credit-to-deposit ratio	%	99.9	60.3	37.4	69.7	113.0	92.6	96.5
Key rates								
Policy repo rate (end-period)	% p.a.	6.25	4.4	4.0	4.0	6.5	6.25	5.25
USD:INR (period-average)	unit	69.9	70.9	74.2	74.5	80.4	82.9	84.1
Crude oil price (period-average)	USD/bbl	69.7	60.7	44.6	78.9	93.7	80.0	80.0
Gold price (period-average)	USD/ounce	1,263	1,462	1,823	1,819	1,804	1,850	1,800

¹CPI excluding 'food and beverages', 'pan, tobacco, and intoxicants', and 'fuel and light'

Source: RBI, CSO, CEIC, MOFSL

Exhibit 12: Detailed projections for the external sector

Macro indicators	Unit	FY19	FY20	FY21	FY22	FY23F	FY24F	FY25F
Current account balance	USD b	(57.2)	(24.6)	24.0	(38.7)	(60.8)	(22.7)	(35.7)
Merchandise	USD b	(180.3)	(157.5)	(102.2)	(189.5)	(262.7)	(226.9)	(238.6)
Invisibles	USD b	123.1	133.0	126.2	150.8	201.9	204.2	203.0
Total credit	USD b	643.7	642.1	603.5	798.7	922.6	925.0	962.8
Merchandise	USD b	337.2	320.4	296.3	429.2	457.6	449.2	473.0
Petroleum products	USD b	47.0	41.9	25.6	67.5	75.0	64.3	70.0
Valuables ¹	USD b	39.2	43.3	41.5	40.2	36.9	38.3	33.9
Invisibles	USD b	306.5	321.7	307.2	369.6	465.0	475.8	489.9
Services	USD b	208.0	213.2	206.1	254.5	325.4	342.8	368.9
Total debit	USD b	700.9	666.7	579.5	837.4	983.4	947.7	998.5
Merchandise	USD b	517.5	477.9	398.5	618.6	720.3	676.1	711.6
Petroleum products	USD b	140.8	129.9	82.4	161.8	207.8	178.5	200.0
Valuables ¹	USD b	63.7	53.4	54.3	80.4	71.0	68.6	69.3
Invisibles	USD b	183.4	188.8	181.1	218.8	263.1	271.7	286.9
Services	USD b	126.1	128.3	117.5	147.0	180.1	190.8	208.2
Capital and Financial account	USD b	54.5	84.2	64.7	85.9	69.9	70.5	86.0
Foreign direct investment (FDI)	USD b	30.7	43.0	44.0	38.6	28.0	32.0	40.0
Foreign portfolio investment (FPI)	USD b	(2.4)	1.4	36.1	(16.8)	(5.5)	6.5	10.0
Financial derivatives	USD b	1.0	4.1	(4.8)	(6.4)	(2.7)	0.0	0.0
Other investment	USD b	25.2	35.7	(10.6)	70.5	50.1	32.0	36.0
Non-resident Indians (NRI) deposits	USD b	10.4	8.6	7.4	3.2	7.9	0.0	0.0
Change in forex reserves²	USD b	2.7	(59.6)	(88.7)	(47.2)	(9.1)	(47.8)	(50.3)
Current account balance (CAB)	% of GDP	(2.1)	(0.9)	0.9	(1.2)	(1.8)	(0.6)	(0.9)
Non-oil	% of GDP	1.4	2.2	3.0	1.8	2.1	2.6	2.4
Non-oil non-valuables	% of GDP	3.7	4.1	5.1	4.3	4.2	4.5	4.2
Forex reserves	% of GDP	0.1	(2.1)	(3.3)	(1.5)	(0.3)	(1.3)	(1.3)
Savings – Investments								
National savings	% of GDP	31.7	29.6	28.8	30.2	29.0	29.7	29.1
Households	% of GDP	20.3	19.1	22.4	19.7	19.4	19.8	19.5
Net financial savings	% of GDP	7.9	7.7	11.5	7.6	7.0	7.6	7.7
Physical savings	% of GDP	12.4	11.4	10.9	12.1	12.4	12.2	11.9
Corporate sector	% of GDP	12.8	13.2	13.1	13.2	11.2	10.7	10.2
General government	% of GDP	(1.4)	(2.8)	(6.7)	(2.7)	(1.7)	(0.9)	(0.6)
Domestic investments	% of GDP	33.8	30.4	27.9	31.4	30.8	30.3	30.1
Households	% of GDP	12.2	11.2	10.7	11.8	12.2	12.0	11.7
Corporate sector	% of GDP	15.4	14.3	12.8	13.6	13.1	12.3	12.3
General government	% of GDP	3.6	3.6	3.8	4.2	4.4	5.0	5.1

¹Valuables include items related to gold or any other precious metal

Source: RBI, CSO, CMIE, MOFSL

Exhibit 13: Detailed projections for central government finances

Macro indicators	Unit	FY20	FY21	FY22	FY23P	FY24BE	FY24F	FY25F
Total receipts	INR b	17,498	16,897	22,093	24,557	27,163	27,302	30,474
	YoY %	5.0	(3.4)	30.7	11.2	11.7	11.2	11.6
	% of GDP	8.7	8.5	9.4	9.0	9.0	9.3	9.4
Revenue receipts	INR b	16,812	16,321	21,699	23,835	26,323	26,552	29,674
	YoY (%)	8.3	(2.9)	33.0	9.8	12.1	11.4	11.8
Gross taxes	INR b	20,072	20,249	27,093	30,537	33,609	33,544	37,569
Net tax collection	INR b	13,540	14,240	18,048	20,973	23,306	23,261	26,054
	YoY (%)	2.8	5.2	26.7	16.2	11.7	10.9	12.0
Direct tax receipts	INR b	10,372	9,264	14,083	16,575	18,233	18,232	20,420
	YoY (%)	(7.8)	(10.7)	52.0	17.7	10.5	10.0	12.0
Indirect tax receipts	INR b	9,700	10,984	13,010	13,963	15,376	15,312	17,150
	YoY (%)	1.5	13.2	18.4	7.3	10.4	9.7	12.0
Non-tax collection	INR b	3,958	2,657	4,045	3,583	3,857	4,041	4,420
Non-tax receipts	INR b	3,272	2,081	3,651	2,862	3,017	3,291	3,620
Non-debt capital receipts	INR b	686	576	394	722	840	750	800
Disinvestment	INR b	503	329	146	460	610	500	550
Total expenditure	INR b	26,863	35,098	37,937	41,888	45,031	44,726	47,486
	YoY (%)	16.0	30.7	8.1	10.4	7.5	6.8	6.2
	% of GDP	13.4	17.7	16.2	15.4	14.9	15.2	14.6
Primary spending	INR b	18,120	20,718	24,844	26,895	30,200	29,896	31,606
	YoY (%)	20.6	14.3	19.9	8.3	12.5	11.2	5.7
Revenue spending	INR b	23,506	30,835	32,009	34,525	35,021	35,021	36,422
	YoY (%)	17.1	31.2	3.8	7.9	1.2	1.4	4.0
Interest payments	INR b	6,121	6,799	8,054	9,284	10,800	10,800	11,880
Subsidies	INR b	2,623	7,582	5,039	5,710	4,031	4,031	4,000
Defense	INR b	2,075	2,057	2,286	2,562	2,701	2,701	2,971
Pensions	INR b	1,679	1,908	1,989	2,215	2,344	2,344	2,508
Capital spending	INR b	3,357	4,263	5,928	7,363	10,010	9,705	11,063
	YoY (%)	9.1	27.0	39.1	24.2	37.4	31.8	14.0
Defense	INR b	1,111	1,343	1,380	1,429	1,626	1,644	1,825
Railways	INR b	678	299	1,173	1,593	2,400	2,150	2,386
Roads and Highways	INR b	1,401	1,506	1,168	2,060	2,445	2,369	2,629
Fiscal balance	INR b	(9,365)	(18,201)	(15,844)	(17,332)	(17,868)	(17,424)	(17,012)
	% of GDP	(4.7)	(9.2)	(6.8)	(6.4)	(5.9)	(5.9)	(5.2)

P=provisional, BE=Budget estimates, F=forecasts

FY24BE growth is over FY23RE

Source: Union Budget documents, CSO, MOFSL

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