10 April 2012 │ 11 pages

# India Macro View

## Spotlight on State Finances – Bright … but Not Enough Power

- **What's New: FY11 state finances see some improvement** — The RBI's latest report on state finances[1] indicates a consolidation in the state fiscal deficit from 2.9% of GDP in FY10 to 2.7% in FY11. This is in line with the centre's numbers where, ex of telecom license fees, the headline deficit improved from 6.5% in FY10 to 6.2% in FY11 (With telecom, the FY11 deficit was lower at 4.9%). The improvement in finances was due to: (1) An increase in state revenues due to stamp duties, sales tax, excise; and (2) Increased transfers from the centre – a result of revenue buoyancy and greater sharing of the centre's taxes in line with the 13th Finance Commission. More-over, debt/GDP ratios have also seen an improvement to 23.5% v/s a peak of 32.8% in 2004.

- **…But lower growth to take its toll on FY12 estimates** — Consolidated data on state finances is released with a lag of a year. State budgets have projected a moderation in the fiscal deficit from 2.7% in FY11 to 2.2% in FY12. However, similar to the story at the centre (FY12 deficit came in at 5.9% v/s budget estimates of 4.6%), lower growth in FY12 could take its toll on revenues, impacting the deficits. However, it could be less challenging than the centre given that the centre bears most of the subsidy burden.

- **Moreover, state numbers don't reflect rising SEB losses** — A growing concern is rising financial losses of the SEBs (See page 4). Adjusting for subsidies, latest data pegs losses at Rs820bn (0.9% of GDP). This is due to (1) non-revision of tariffs and (2) non-realization of subsidies, which in turn results in higher borrowings from the banking system. *(Key to note is that due to 'cash-based' accounting, arrears on subsidy are not captured in the budget).* Further, more worrying is the fact that in addition to direct budgetary support, states also extend guarantees for loans taken by the power utilities.

- **Market implications** — Headline state deficit numbers as a percent of GDP have improved from over 4% in FY04 to 2.7% currently. But, similar to the situation at the centre, financing requirements (including various subsidies) have doubled in the past few years, putting pressure on yields. Further, rising SEB losses are taking a toll on banks and the power sector. Latest data indicates that 70% of SEB losses have been financed by PSU banks and 42% of these loans are backed by state guarantees.

- **Some rays of light** — Over the past years, progress on enacting Fiscal Responsibility Legislation, coupled with other institutional measures, does indicate state governments' commitment to reform with the aim of eliminating revenue deficits and reducing the fiscal deficit by FY15. This coupled with the eventual implementation of a GST bodes well for the medium-term fiscal scenario. However, in the near term, what is key is as the RBI says, *"information on unpaid subsidies, loans extended against govt guarantees … should be transparently reported by the State governments'*

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**WHAT's INSIDE?**

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[1] http://www.rbi.org.in/scripts/AnnualPublications.aspx?head=State Finances : A Study of Budgets

# Centre – State Deficit Trends

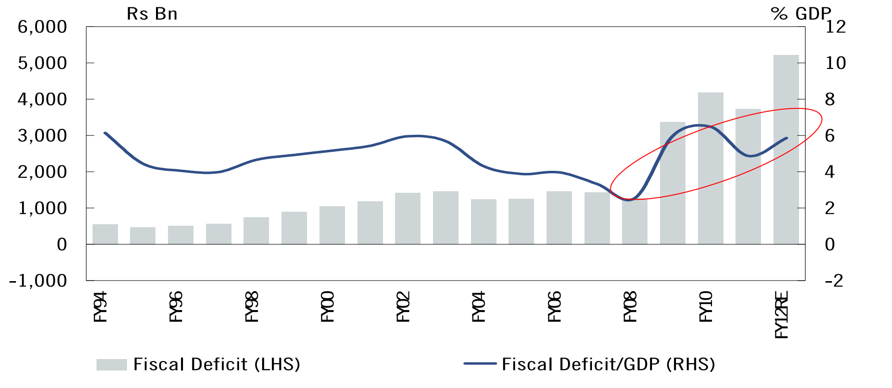
## TRENDS IN CENTRE DEFICIT

**Fiscal consolidation at the centre has gone off track since FY08, with the deficit edging higher from 2.5% of GDP to 6.5% in FY10.**

**FY11 saw some improvement to 4.9% thanks to revenue buoyancy and 3G auctions, but things reversed in FY12 with the deficit back up to 5.9%.**

**In FY13, the government's targeted a deficit of 5.1% is again likely to see slippage to the tune of 40bps**

**Figure 1. Trends in the Centre's' Fiscal Deficit (Rs Bn, % )**




Source: RBI, Budget Documents

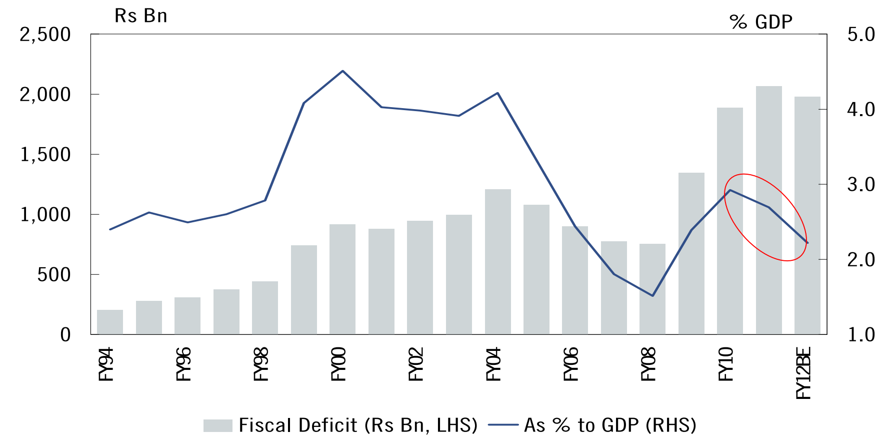
## TRENDS IN STATE DEFICITS

**State deficits too have edged up from 1.5% of GDP in FY08 to 2.9% of GDP in FY10**

**Similar to the story at the centre, FY11 saw an improvement to 2.7% due to higher revenues**

**While the numbers for FY12 are not yet released, similar to the situation at the centre, these too could see a reversal due to lower growth impacting revenues**

**Figure 2. Trends in the States' Fiscal Deficit (Rs Bn, % )**



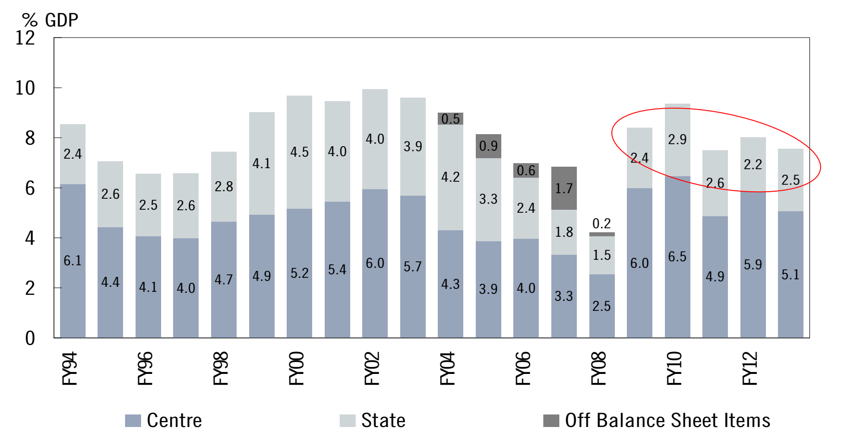

Source: RBI, Budget Documents

## COMBINED PICTURE to REMAIN WEAK

**As a result of high deficits at the centre, the combined deficit has remained sticky in the 8-9% of GDP range.**

**This has resulted in a near doubling of the borrowing requirements, putting pressure on yields**

**Figure 3. Trends in the Combined Deficit – Centre + States (% GDP)**




Source: RBI, Budget Documents

# State Revenue and Expenditure Trends

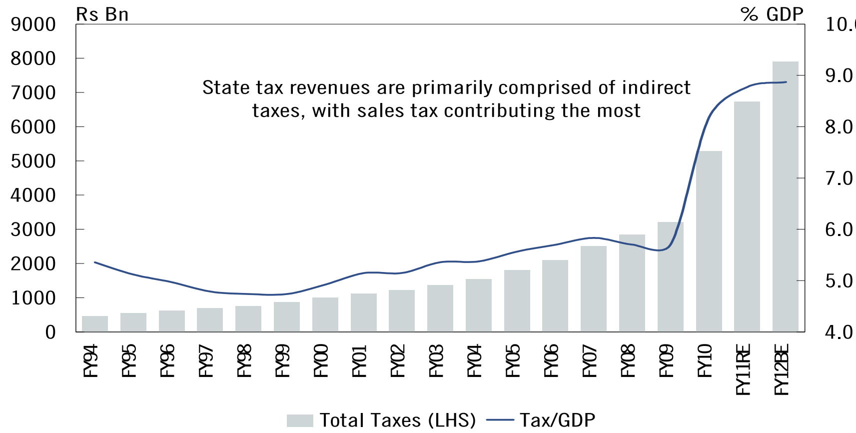
**STATE TAX REVENUES EDGING HIGHER**

**Taxes contribute 70% of receipts for the states. Tax revenues as a percentage of GDP have risen to ~9% from 5-6% a few years ago. Tax revenues primarily comprise:**

**(1) States Own Tax Revenues – 70% of total taxes, with the key contributor being sales taxes (share of about ~40% of total taxes)**

**(2) Tax transfers from the Centre, which remained at ~30%**

**Figure 4. Trends in State Tax Revenues (Rs Bn, % GDP)**



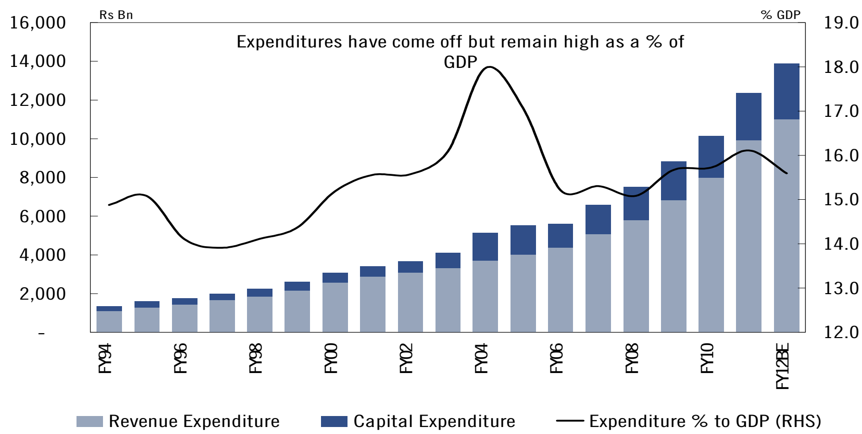

Source: RBI, Budget Documents

**EXPENDITURES HAVE COME OFF, BUT REMAIN HIGH AS A PERCENTAGE TO GDP**

**Expenditures have come off as a percentage of GDP, but remain high at ~16%. Moreover, the quality of spending is poor given that 80% of expenditure is geared towards revenue (non-development) spending.**

**For FY12, states have budgeted a deceleration in expenditure, to be achieved through a reduction in interest payments, pension expenditure, and development revenue expenditure.**

**Figure 5. Trends in Expenditures ( Rs Bn, % GDP)**



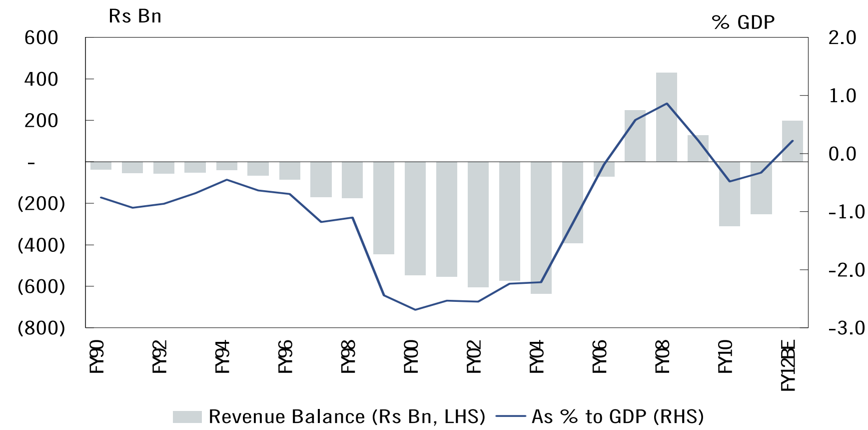

Source: RBI, Budget Documents

**REVENUE BALANCE EXPECTED TO MOVE TO SURPLUS MODE AGAIN**

**Following a deficit during FY10-11, due to weak tax revenues the revenue account is budgeted to post a surplus in FY12 due to a reduction in expenditure.**

**This is positive if implemented and in line with recommendations proposed by the 13FC. It would also pave the way for higher capital outlays. However, similar to the revenue slippage at the centre, lower growth could impact state finances as well once the final numbers are out.**

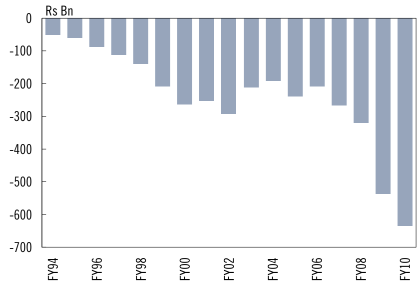
**Figure 6. Trends in the Revenue Deficit (Rs Bn, % GDP)**




Source: RBI, Budget Documents

# Annex 1 – SEB Losses Remain a Worry

### Figure 7. Trends in SEB Losses




Source: PGCIL

**Rising SEB Losses – Takes a toll on public finances, banks and the power sector.** Adjusting for subsidies, latest available data pegs financial losses at Rs820bn). This is on account of (1) Non-revision of tariffs and (2) Non-realization of subsidies which in turn results in higher borrowings from the banking system *(Key to note is that due to 'cash-based' accounting, arrears on subsidy are not captured in the budget).* However, more worrying is that in addition to direct budgetary support, states also extend guarantees for loans taken by the power utilities. Latest data indicates that over 70% of SEB losses have been financed by PSUs and 42% of these loans are in turn backed by state government guarantees. Our power analysts Venkatesh Balasubramaniam and Atul Tiwari say the implications of losses have been: (1) Falling merchant prices despite strong demand for electricity and (2) lower health and stability of system. While generation capacity is increasing, finances of the distribution companies are deteriorating. Thus, if distribution companies cannot distribute the power profitably to end consumers, it would affect all participants in the system.

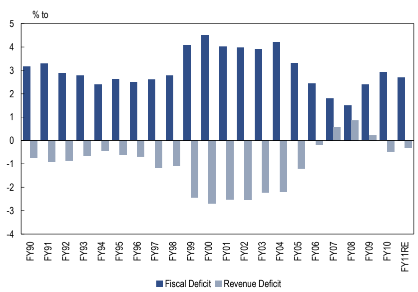
### Figure 8. Power Sector Snapshot – Energy Shortages, Installed Capacity, SEB Losses

| | | FY11 | Apr-Jan FY12 | | | Rs Bn, FY10 |
|---|---|---|---|---|---|---|
| | Installed Capacity (MW, on 30-Jun-11) | Energy Surplus/Deficit (%) | Supply (Mn KwH) | Demand ( Mn KwH) | Energy Surplus/Deficit (%) | SEB Losses w/o subsidy |
| Andhra Pradesh | 15,575 | -3.2% | 69,534 | 74,098 | -6.2 | -62.9 |
| Arunachal Pradesh | 213 | -14.7% | 463 | 505 | -8.3 | -0.3 |
| Assam | 979 | -6.3% | 4,833 | 5,113 | -5.5 | -3.4 |
| Bihar | 1,922 | -13.0% | 9,243 | 11,844 | -22.0 | NA |
| Chandigarh | 100 | 0.0% | 1,352 | 1,356 | -0.3 | NA |
| Chattisgarh | 4,987 | -1.7% | 11,859 | 12,218 | -2.9 | -4.3 |
| Dadar Nagar Haveli | 64 | -0.1% | 3,716 | 3,746 | -0.8 | NA |
| Daman & Diu | 35 | -8.4% | 1,638 | 1,827 | -10.3 | NA |
| Delhi | 5,783 | -0.3% | 23,227 | 23,299 | -0.3 | 9.2 |
| DVC | 4,564 | -9.2% | 13,109 | 13,635 | -3.9 | NA |
| NA Goa | 394 | -2.1% | 2,522 | 2,556 | -1.3 | 0.8 |
| Gujarat | 15,903 | -5.7% | 61,929 | 62,160 | -0.4 | -8.4 |
| Haryana | 5,966 | -5.6% | 29,903 | 31,211 | -4.2 | -47.0 |
| Himachal Pradesh | 2,827 | -3.4% | 6,734 | 6,785 | -0.8 | -1.5 |
| Jammu & Kashmir | 2,296 | -25.0% | 8,938 | 11,648 | -23.3 | -21.8 |
| Jharkhand | 2,509 | -3.4% | 4,997 | 5,142 | -2.8 | NA |
| Karnataka | 12,146 | -7.6% | 43,610 | 48,757 | -10.6 | -14.5 |
| Kerala | 3,719 | -1.4% | 15,936 | 16,271 | -2.1 | 2.4 |
| Lakshadweep | 10.7 | | 31 | 31 | 0.0 | NA |
| Madhya Pradesh | 8,476 | -20.2% | 34,339 | 40,823 | -15.9 | -51.7 |
| Maharashtra | 23,105 | -16.6% | 97,734 | 117,884 | -17.1 | -10.4 |
| Manipur | 158 | -11.1% | 435 | 475 | -8.4 | -1.1 |
| Meghalaya | 290 | -12.5% | 1,227 | 1,612 | -23.9 | -0.7 |
| Mizoram | 139 | -14.6% | 299 | 334 | -10.5 | -1.3 |
| Nagaland | 103 | -10.8% | 437 | 479 | -8.8 | -1.1 |
| Orissa | 5,379 | -0.3% | 18,733 | 18,915 | -1.0 | -2.9 |
| Puducherry | 264 | -4.0% | 1,772 | 1,798 | -1.4 | -0.4 |
| Punjab | 7,019 | -6.0% | 37,676 | 38,925 | -3.2 | -44.5 |
| Rajasthan | 8,975 | -0.9% | 40,058 | 41,755 | -4.1 | -127.2 |
| Sikkim | 201 | 0.0% | 312 | 316 | -1.3 | 0.0 |
| Tamil Nadu | 15,515 | -6.5% | 65,134 | 70,533 | -7.7 | -113.5 |
| Tripura | 265 | -9.2% | 757 | 800 | -5.4 | -0.5 |
| Uttar Pradesh | 10,458 | -15.0% | 59,943 | 67,553 | -11.3 | -93.6 |
| Uttaranchal | 2,455 | -6.0% | 8,506 | 8,740 | -2.7 | NA |
| West Bengal | 8,567 | -1.7% | 31,789 | 32,144 | -1.1 | 2.7 |
| Andaman Nicobar | 65 | | 162 | 202 | -20.0 | NA |
| Central - Unallocated | 6,089 | | | | | NA |
| **Total** | **177,515** | **-8.50%** | **712,694** | **775,257** | **-8.1** | **-635.5** |

Source: CEA, PFC, CIRA. FY12 Projections are by CEA

# Annex II – Snapshot of State Finances

**Figure 9. Trends in State Fiscal and Revenues Deficits as % of GDP**




Source: RBI;

**Trends in Finances:** Following the implementation of fiscal responsibility legislation across states during 2002-10, as well as implementation of state Value Added Tax (VAT), the fiscal deficit declined from a high of 4.4% of GDP in FY04 to 1.5% in FY08. Encouragingly, the revenue balance also moved into surplus mode from FY08 to FY09. However, with the onset of the global crisis, things took a turn for the worse with the deficit touching 2.9% of GDP in FY10. This was due to Sixth Pay Commission recommendations and other countercyclical measures. Similar to the story at the centre, FY11 saw an improvement to 2.7% due to higher revenues. While the numbers for FY12 are not yet released, similar to the situation at the centre, these too could see a reversal due to lower growth impacting revenues GDP in FY10 to 2.2% in FY12 (BE).

**VAT helped and so could GST:** States' experience with implementing VAT has been successful, with VAT being the most important source of tax revenue, contributing more than 50% of their own tax receipts. Looking ahead, introduction of GST would further reduce differences between taxation powers of the Centre and States, as States will have the power to tax the services sector. However, in addition to constitutional amendments, a key issue pending resolution is the finalization of the compensation structure in case of revenue loss to States. Being a destination-based tax, transfer of input tax credits needs to be ensured in the case of inter-State transactions.

**HOW ARE DEFICITS FINANCED?**

**(1) Market borrowings or issuance of bonds from the RBI**

**(2) Statutory Transfers of taxes and grants from the Centre**

**(3) Access to Central Plan funds through centrally sponsored schemes**

**Figure 10. State Finances – Snapshot Table (Rs Bn)**

| | Fiscal Deficit/Surplus | | Revenue Deficit/Surplus | | Total Debt | |
|---|---|---|---|---|---|---|
| | FY11 | FY12BE | FY11 | FY12BE | FY11 | FY12BE |
| Andhra Pradesh | 2.4 | 2.9 | -0.1 | -0.6 | 24.0 | 25.6 |
| Arunachal Pradesh | 1.5 | 2.0 | -36.0 | -24.1 | 42.3 | 40.0 |
| Assam | 8.3 | 2.9 | 5.0 | -0.9 | 26.2 | 26.4 |
| Bihar | 4.1 | 2.5 | -1.1 | -2.6 | 30.2 | 28.9 |
| Chhattisgarh | 2.2 | 2.8 | -0.8 | -1.0 | 13.2 | 15.0 |
| Goa | 3.6 | 4.8 | -1.1 | 0.5 | 30.2 | 28.0 |
| Gujarat | 3.1 | 2.4 | 1.1 | -0.1 | 26.9 | 26.0 |
| Haryana | 3.5 | 2.7 | 1.8 | 0.9 | 18.9 | 19.0 |
| Himachal Pradesh | 3.5 | 2.7 | 0.3 | -0.1 | 47.8 | 44.3 |
| Jammu and Kashmir | 2.7 | 5.5 | -11.9 | -8.1 | 70.5 | 69.3 |
| Jharkhand | 4.5 | 3.3 | 0.1 | -3.1 | 27.3 | 30.9 |
| Karnataka | 2.9 | 2.7 | -0.4 | -0.3 | 22.6 | 22.4 |
| Kerala | 2.9 | 3.4 | 1.4 | 1.8 | 31.1 | 30.4 |
| Madhya Pradesh | 3.5 | 3.0 | -2.0 | -1.5 | 30.8 | 31.1 |
| Maharashtra | 2.4 | 1.9 | 0.6 | 0.0 | 21.9 | 21.0 |
| Manipur | 9.3 | 8.2 | -13.5 | -11.2 | 66.9 | 69.3 |
| Meghalaya | 2.6 | 2.5 | -2.3 | -3.8 | 29.4 | 29.1 |
| Mizoram | 11.6 | 2.4 | -0.3 | -4.5 | 68.4 | 63.8 |
| Nagaland | 2.8 | 3.5 | -8.1 | -8.3 | 46.6 | 46.4 |
| NCT Delhi | 0.6 | 0.9 | -3.5 | -1.3 | 11.6 | 10.0 |
| Orissa | 2.6 | 2.8 | 0.2 | 0.0 | 25.9 | 24.9 |
| Puducherry | 7.0 | 6.5 | 3.6 | 0.6 | 42.9 | 44.3 |
| Punjab | 3.2 | 3.8 | 1.7 | 1.6 | 33.4 | 33.4 |
| Rajasthan | 2.5 | 2.4 | 0.3 | -0.1 | 32.7 | 32.1 |
| Sikkim | 8.9 | 2.4 | -8.2 | -15.2 | 45.4 | 43.3 |
| Tamil Nadu | 3.2 | 2.8 | 0.6 | 0.0 | 20.8 | 21.6 |
| Tripura | 4.0 | 2.4 | -4.5 | -5.5 | 34.0 | 31.9 |
| Uttar Pradesh | 3.9 | 2.9 | -0.2 | -0.9 | 38.1 | 37.6 |
| Uttarakhand | 2.0 | 3.5 | -0.7 | -0.4 | 27.2 | 27.1 |
| West Bengal | 4.6 | 2.9 | 3.7 | 1.6 | 42.0 | 39.9 |
| **All States** | **2.7** | **2.2** | **-1.3** | **0.3** | **23.5** | **22.5** |

Source: RBI

# Annex 3 – Key State Statistics

India is a federation of 28 states and 7 union territories. Given the disparate nature of their composition and population, growth performance has varied significantly across states. Excluding Delhi and Goa, the richest five states *(based on per capita incomes, these are Haryana, Maharashtra, Gujarat, Tamil Nadu, Punjab)*, with ~20% of India's population, produce ~40% of the total output. Income levels have varied too. The per capita income of India's richest state – Haryana – is nearly six times that of the poorest state – Bihar.

**Figure 11. State Demographics and Growth Patterns**

| | Population | Urbanization Rate | Literacy Rate | Per Capita GDP | GDP Growth |
|---|---|---|---|---|---|
| | Mns | % | % | Rs, FY12 | FY12 |
| Andhra Pradesh | 84.7 | 33.5 | 67.7 | 71,540 | 6.8 |
| Arunachal Pradesh | 1.4 | 22.7 | 67.0 | 62,213 | 3.7 |
| Assam | 31.1 | 14.1 | 73.2 | 33,633 | 8.4 |
| Bihar | 103.8 | 11.3 | 63.8 | 24,681 | 13.1 |
| Chhattisgarh | 25.5 | 23.2 | 71.0 | 46,573 | 10.8 |
| Goa | 1.5 | 62.2 | 87.4 | 192,652 | 10.7 |
| Gujarat | 60.4 | 42.6 | 79.3 | 75,115 | 10.5* |
| Haryana | 25.4 | 34.8 | 76.6 | 109,227 | 8.1 |
| Himachal Pradesh | 6.9 | 10.0 | 83.8 | 73,608 | 7.6 |
| Jammu and Kashmir | 12.6 | 27.2 | 68.7 | 41,833 | 6.8 |
| Jharkhand | 33.0 | 24.1 | 67.6 | 31,982 | 6.6 |
| Karnataka | 61.1 | 38.6 | 75.6 | 69,493 | 6.4 |
| Kerala | 33.4 | 47.7 | 93.9 | 83,725 | 7.8 |
| Madhya Pradesh | 72.6 | 27.6 | 70.6 | 32,222 | 8.2* |
| Maharashtra | 112.4 | 45.2 | 82.9 | 83,471 | 10.5* |
| Manipur | 2.7 | 30.2 | 79.9 | 32,284 | 6.2 |
| Meghalaya | 3.0 | 20.1 | 75.5 | 56,643 | 9.5 |
| Mizoram | 1.1 | 51.5 | 91.6 | 48,591 | 9.2* |
| Nagaland | 2.0 | 29.0 | 80.1 | 56,116 | 4.0 |
| NCT Delhi | 16.8 | 97.5 | 86.3 | 175,812 | 11.3 |
| Orissa | 41.9 | 16.7 | 73.5 | 46,150 | 7.2 |
| Puducherry | 1.2 | 68.3 | 86.6 | 95,759 | 11.0 |
| Punjab | 27.7 | 37.5 | 76.7 | 78,171 | 5.8 |
| Rajasthan | 68.6 | 24.9 | 67.1 | 42,434 | 11.0* |
| Sikkim | 0.6 | 25.0 | 82.2 | 81,159 | 8.9* |
| Tamil Nadu | 72.1 | 48.4 | 80.3 | 84,058 | 9.4 |
| Tripura | 3.6 | 26.2 | 87.8 | 50,750 | 8.9 |
| Uttar Pradesh | 199.6 | 22.3 | 69.7 | 29,417 | 6.2 |
| Uttarakhand | 10.1 | 30.6 | 79.6 | 75,604 | 8.8 |
| West Bengal | 91.3 | 31.9 | 77.1 | 55,864 | 7.1 |
| **All States** | **1210.0** | **31.1** | **74.0** | **60,972** | **6.9** |

Source: CSO, * Indicates data for FY11 as FY12 is still not out, Census 2011

# Annex 4: Statistical Snapshot

**Figure 12. India – Macroeconomic Summary, FY00-13E (%)**

| Year to 31 March | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12E | FY13E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **National Income Indicators*** | | | | | | | | | | | | | | |
| Nominal GDP (Rs bn) | 20,279 | 21,840 | 23,676 | 25,500 | 28,617 | 32,422 | 36,934 | 42,947 | 49,871 | 56,301 | 64,574 | 76,741 | 89,122 | 102,044 |
| Nominal GDP (US$ bn) | 467 | 478 | 493 | 528 | 623.5 | 720.5 | 833.7 | 950.2 | 1240.6 | 1223.9 | 1362.3 | 1683.7 | 1,853 | 2,072 |
| Per Capita GDP (US$) | 467 | 469 | 474 | 500 | 582 | 662 | 754 | 847 | 1,090 | 1,061 | 1,163 | 1,416 | 1,535 | 1,692 |
| Real GDP growth (%) | 6.0 | 4.4 | 5.8 | 3.8 | 8.5 | 7.6 | 9.5 | 9.6 | 9.3 | 6.7 | 8.4 | 8.4 | 6.9 | 7.0 |
| Agriculture growth (%) | 0.5 | -0.2 | 6.3 | -7.2 | 10.0 | 1.6 | 5.1 | 4.2 | 5.8 | 0.1 | 1.0 | 7.0 | 2.5 | 3.0 |
| Industry growth (%) | 4.6 | 6.4 | 2.7 | 7.1 | 7.4 | 9.4 | 9.7 | 12.2 | 9.7 | 4.4 | 8.4 | 7.2 | 3.9 | 5.0 |
| Services growth (%) | 9.5 | 5.7 | 7.2 | 7.5 | 8.5 | 9.4 | 10.9 | 10.1 | 10.3 | 10.0 | 10.5 | 9.3 | 9.4 | 9.0 |
| **By Demand * (%YoY)** | | | | | | | | | | | | | | |
| Consumption | 7.2 | 3.0 | 5.3 | 2.3 | 5.4 | 2.3 | 8.6 | 7.9 | 9.3 | 7.6 | 8.1 | 8.1 | 6.0 | 6.3 |
| *Pvt Consm* | 6.1 | 3.4 | 6.0 | 2.9 | 5.9 | 2.1 | 8.5 | 8.7 | 9.2 | 7.1 | 7.0 | 8.1 | 6.5 | 6.5 |
| *Public Consm* | 13.2 | 0.9 | 2.3 | -0.4 | 2.6 | 3.4 | 8.9 | 3.8 | 9.6 | 10.4 | 14.3 | 7.8 | 3.9 | 5.0 |
| Gross Fixed Capital Formn | 11.2 | 0.0 | 7.4 | 6.8 | 13.6 | 20.7 | 16.2 | 13.8 | 16.2 | 3.5 | 6.8 | 7.5 | 5.6 | 6.5 |
| **Cons; Invst, Savings ** (%GDP)** | | | | | | | | | | | | | | |
| Consumption | 79.4 | 78.5 | 78.9 | 77.2 | 75.0 | 70.3 | 69.3 | 68.3 | 67.4 | 68.8 | 69.4 | 68.4 | 67.9 | 67.0 |
| Capital Formation | 25.3 | 23.8 | 22.3 | 24.6 | 26.9 | 32.8 | 34.7 | 35.7 | 38.1 | 34.3 | 36.1 | 35.8 | 35.4 | 36.0 |
| Gross Domestic Savings | 24.2 | 23.2 | 22.9 | 25.7 | 29.1 | 32.4 | 33.4 | 34.6 | 36.8 | 32.0 | 33.8 | 32.3 | 33.0 | 33.5 |
| **Real Indicators (%YoY)** | | | | | | | | | | | | | | |
| Cement despatches (domestic) | 15.2 | -1.9 | 9.8 | 8.7 | 5.8 | 8.1 | 10.1 | 10.2 | 9.8 | 8.5 | 11.2 | 4.8 | 8.0 | 9.0 |
| Commercial vehicle sales | 22.0 | -11.9 | -4.5 | 28.0 | 36.2 | 22.4 | 10.1 | 33.3 | 4.2 | -21.4 | 39.2 | 27.0 | 14.1 | 15.0 |
| Car sales | 45.3 | -5.3 | 3.2 | 7.8 | 27.2 | 17.8 | 7.7 | 20.7 | 12.1 | 0.3 | 25.7 | 29.3 | -4.0 | 7.5 |
| Two-wheelers | 9.4 | 0.7 | 15.3 | 17.0 | 11.3 | 15.7 | 13.6 | 11.5 | -7.8 | 2.7 | 25.9 | 25.8 | 15.0 | 11.0 |
| Diesel consumption | 5.6 | -3.4 | -3.7 | 0.3 | 1.2 | 6.9 | 1.4 | 6.7 | 11.1 | 8.5 | 8.9 | 6.5 | 6.0 | 6.0 |
| Mobile Tele density | 0.2 | 0.3 | 0.6 | 1.3 | 3.1 | 4.8 | 8.2 | 14.1 | 22.0 | 33.0 | 48.9 | 67.9 | 74.9 | 81.6 |
| **Monetary Indicators (% YoY)** | | | | | | | | | | | | | | |
| Money supply | 14.6 | 16.8 | 14.1 | 14.7 | 16.8 | 12.0 | 21.4 | 21.3 | 21.1 | 19.3 | 16.7 | 16.0 | 17.0 | 17.0 |
| Inflation – WPI (Avg) | 3.3 | 7.1 | 3.6 | 3.4 | 5.5 | 6.5 | 4.4 | 6.5 | 4.8 | 8.0 | 3.6 | 8.6 | 9.0 | 7.0 |
| CPI (Avg) | 3.4 | 3.7 | 4.3 | 4.1 | 3.8 | 3.9 | 4.2 | 6.8 | 6.2 | 9.1 | 13.0 | 9.5 | 9.0 | 7.0 |
| Bank credit growth | 18.2 | 17.3 | 15.3 | 23.7 | 15.3 | 30.9 | 37.0 | 28.1 | 22.3 | 17.5 | 16.7 | 21.4 | 18.0 | 18.0 |
| Deposit growth | 13.9 | 18.4 | 14.6 | 16.1 | 17.5 | 13.0 | 24.0 | 23.8 | 22.4 | 18.0 | 17.0 | 15.8 | 17.0 | 17.0 |
| **Fiscal Indicators (% GDP)** | | | | | | | | | | | | | | |
| Centre's fiscal deficit) | -5.2 | -5.4 | -6.0 | -5.7 | -4.3 | -3.9 | -4.0 | -3.3 | -2.5 | -6.0 | -6.5 | -4.9 | -5.9 | -5.5 |
| State fiscal deficit | -4.5 | -4.0 | -4.1 | -3.9 | -4.2 | -3.3 | -2.4 | -1.8 | -1.5 | -2.4 | -2.9 | -2.7 | -2.5 | -2.5 |
| Combined deficit (Centre+State) | -9.0 | -9.1 | -9.5 | -9.1 | -8.1 | -7.2 | -6.5 | -5.4 | -4.1 | -8.4 | -9.6 | -8.3 | -8.4 | -8.0 |
| Off Balance Sheet Items | - | - | - | - | - | - | -0.5 | -0.9 | -0.6 | -1.7 | -0.2 | NA | NA | NA |
| Combined liabilities ( dom+ext) | 73.8 | 77.1 | 82.0 | 85.5 | 85.4 | 85.2 | 83.0 | 79.3 | 76.1 | 76.1 | 75.0 | 71.1 | 70.0 | 69.0 |
| **External Sector (% YoY)** | | | | | | | | | | | | | | |
| Exports (US$bn) | 37.5 | 45.5 | 44.7 | 53.8 | 66.3 | 85.2 | 105.2 | 128.9 | 166.2 | 189.0 | 182.4 | 250.5 | 300.6 | 351.7 |
| % YoY | 9.5 | 21.1 | -1.6 | 20.3 | 23.3 | 28.5 | 23.4 | 22.6 | 28.9 | 13.7 | -3.5 | 37.3 | 20.0 | 17.0 |
| Imports (US$bn) | 55.4 | 57.9 | 56.3 | 64.5 | 80.0 | 118.9 | 157.1 | 190.7 | 257.6 | 308.5 | 300.6 | 381.1 | 476.3 | 557.3 |
| %YoY | 16.5 | 4.6 | -2.8 | 14.5 | 24.1 | 48.6 | 32.1 | 21.4 | 35.1 | 19.8 | -2.6 | 26.7 | 25.0 | 17.0 |
| Trade deficit (US$bn) | -17.8 | -12.5 | -11.6 | -10.7 | -13.7 | -33.7 | -51.9 | -61.8 | -91.5 | -119.5 | -118.2 | -130.6 | -175.8 | -205.6 |
| Invisibles (US$bn) | 13.7 | 9.8 | 15.0 | 17.0 | 27.8 | 31.2 | 42.0 | 52.2 | 75.7 | 91.6 | 80.0 | 84.6 | 105.0 | 124.4 |
| Current Account Deficit (US$bn) | -4.1 | -2.7 | 3.4 | 6.3 | 14.1 | -2.5 | -9.9 | -9.6 | -15.7 | -27.9 | -38.2 | -45.9 | -70.8 | -81.3 |
| % to GDP | -0.9 | -0.6 | 0.7 | 1.2 | 2.3 | -0.3 | -1.2 | -1.0 | -1.3 | -2.3 | -2.8 | -2.7 | -3.8 | -3.9 |
| Capital Account (US$bn) | 9.5 | 8.8 | 8.6 | 10.8 | 16.7 | 28.0 | 25.5 | 45.2 | 106.6 | 6.8 | 51.6 | 62.0 | 66.6 | 75.6 |
| % GDP | 2.0 | 1.9 | 1.7 | 2.1 | 2.7 | 3.9 | 3.1 | 4.8 | 8.6 | 0.6 | 3.8 | 3.7 | 3.6 | 3.6 |
| Forex Assets (excl gold) (US$bn) | 35.1 | 39.6 | 51.0 | 71.9 | 106.1 | 135.1 | 145.1 | 191.9 | 299.1 | 241.6 | 252.8 | 273.7 | 269.5 | 263.9 |
| Months of imports | 7.6 | 8.2 | 10.9 | 13.4 | 15.9 | 13.6 | 11.1 | 12.1 | 13.9 | 9.4 | 10.1 | 8.6 | 6.8 | 5.7 |
| External Debt (US$bn) | 98.3 | 101.3 | 98.8 | 104.9 | 112.7 | 134.0 | 139.1 | 172.4 | 224.4 | 224.5 | 261.0 | 306.4 | 326.6 | 341.6 |
| Short Term Debt | 3.9 | 3.6 | 2.7 | 4.7 | 4.4 | 17.7 | 19.5 | 28.1 | 45.7 | 43.3 | 52.3 | 65.0 | 71.5 | 81.5 |
| **Exchange Rate** | | | | | | | | | | | | | | |
| US$/INR - annual avg | 43.4 | 45.7 | 48.0 | 48.3 | 45.9 | 45.0 | 44.3 | 45.2 | 40.2 | 46.0 | 47.4 | 45.6 | 48.1 | 49.3 |
| % depreciation | 2.8 | 5.3 | 5.0 | 0.6 | -5.0 | -2.0 | -1.6 | 2.0 | -11.1 | 14.4 | 3.0 | -3.8 | 5.5 | 2.4 |
| US$/INR - year end | 43.6 | 46.5 | 48.9 | 47.5 | 43.6 | 43.8 | 44.6 | 43.6 | 40.1 | 50.7 | 44.9 | 44.6 | 50.3 | 50.0 |
| % depreciation | 2.8 | 6.7 | 5.2 | -2.9 | -8.2 | 0.3 | 2.0 | -2.3 | -8.0 | 26.4 | -11.4 | -0.7 | 12.8 | -0.6 |

*Using spliced data, FY12 GDP data are Advanced Estimates by the CSO ** At current prices. Source: CSO, RBI, Ministry of Finance and CIRA Estimates

# Appendix A-1

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