INDIA MACRO OUTLOOK
Tough Times = 12 Tough Tasks to Sustain Growth in 2012

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Presentation Path

- **GDP** – 12 Tough Tasks To Sustain Growth at ~7%
- **FX Vulnerabilities Increase**
  - **External Debt** – Short-term Debt Worries; Redemption Pressures Key to Monitor
  - **BOP** – Flows Lower, But Sufficient to Finance the Deficit
- **Fiscal** – Fiscal Consolidation on the Backburner: Assessing Debt Concerns
- **WPI Inflation** – Determined by Interplay Between Currencies and Commodities
- **Rates** – Easing cycle likely to be advanced to 1Q 2012
- **Politics** – Will the Policy Gridlock Ease

Global Macro Takes a Turn for the Worse

- The 2011 playbook of (1) The exceptional stimulus aiding growth and (2) Euro debt restructuring being pushed to 2013-14 have not played out.
- Consequently, our team now expects global growth to slow from 4.0% in 2010 to 3.1% in 2011 and to 2.5% in 2012.
- **RISKS TO OUTLOOK**

▶ **Policy Response** to prevent EMU disintegration and sovereign defaults

▶ **Bank deleveraging** could cause dramatic fall in economic activity

▶ **China Hard landing**
  - Local government indebtedness
  - A hard landing in the property sector
  - Escalating SME delinquencies

GDP Forecasts for Key Countries (%YoY)

%YoY	2010	2011E	2012E	2013E
United States	3.0	1.7	1.9	1.9
Japan	4.0	-0.4	1.8	1.3
Euro Area	1.8	1.5	-1.2	-0.2
Canada	3.2	2.3	1.7	2.3
Australia	2.7	1.5	3.7	4.0
New Zealand	1.7	1.4	2.6	2.6
Sweden	5.4	4.3	2.1	2.6
Switzerland	2.7	1.9	1.0	1.2
United Kingdom	1.8	0.9	0.5	1.2
Russia	4.0	4.0	2.5	4.2
China	10.4	9.1	8.4	8.6
India	8.5	7.1	7.0	7.7
Korea	6.2	3.6	3.7	4.4
South Africa	2.8	3.1	2.9	4.0
Brazil	7.5	3.2	3.5	4.5

Source: CIRA Estimates

And There's Limited Maneuverability on the Domestic Macro Front

- While India is relatively better placed, the worries this time are:

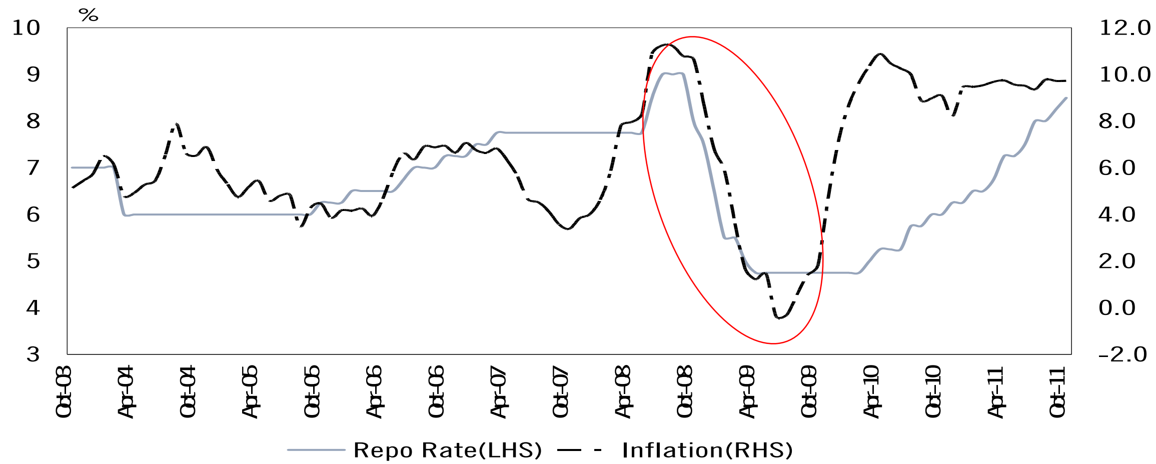
1. **A slowing economy**

2. **Limited ammunition** (in comparison to 2008) that Indian policy makers have in the event of a crisis. This is on both the fiscal and monetary front, where higher deficits and stickier inflation would limit space for conventional policy responses

- **Monetary:** Persistently high inflation reduces the likelihood of rate cuts coming as rapidly as they did during the previous crisis

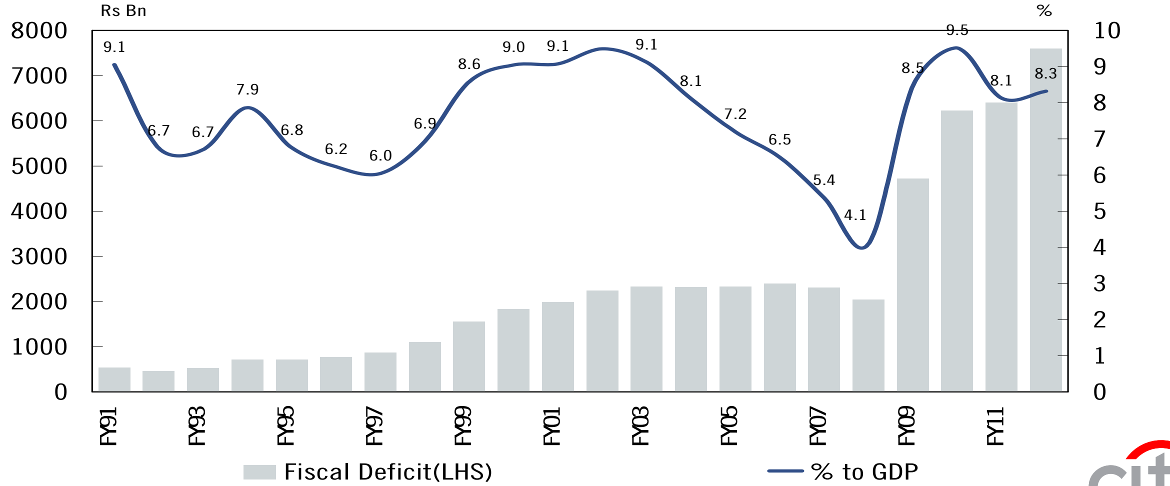
- **Fiscal:** During the previous crisis, the deficit had consolidated to 4.1% of GDP in FY08. This gave the government enough fiscal space to take stimulus measures

Trends in the WPI and Interest Rates (%YoY)



Source: Office of the Economic Advisor, RBI

Trends in the Combined Fiscal Deficit (Rs Bn, % GDP)

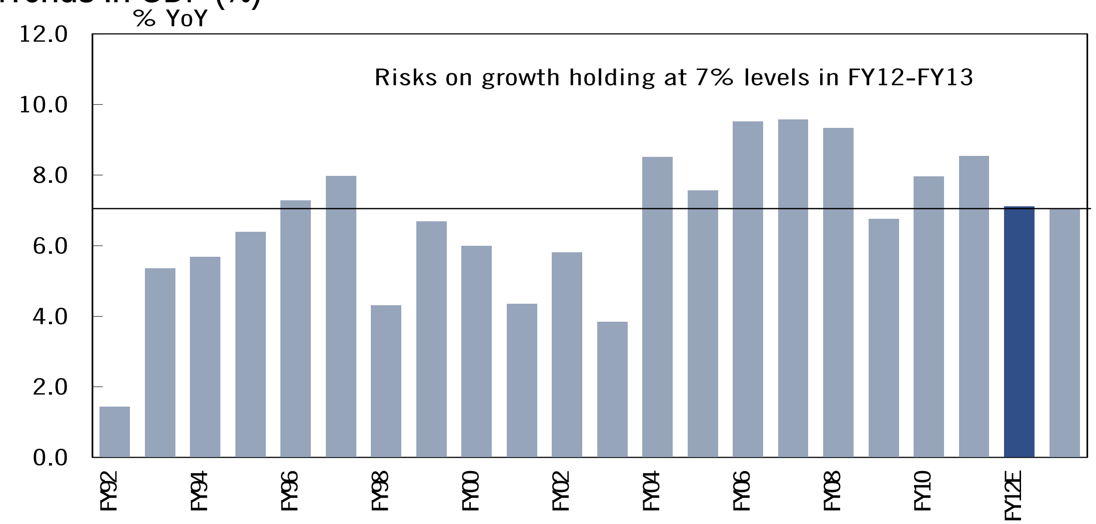


Source: Ministry of Finance

Growth Trajectory – Lower for Now

- **2011 was tough:** a cocktail of domestic macro/policy issues and a deterioration on the global front. Growth expectations come off from 9% levels to 7%, with growing doubts on whether even 7% can hold.
- **FY13 :** In addition to global developments, trends could be impacted by domestic factors including (1) Slow pace of policy reform (2) Lagged impact of monetary tightening and (3) Limited maneuverability on both the fiscal and monetary account.
- GDP growth is likely to remain at 7% levels in the medium term.

Trends in GDP (%)



Source: CIRA estimates

GDP Snapshot (%)

	FY06	FY07	FY08	FY09	FY10	FY11	FY12E	FY13E
Agriculture	5.1	4.2	5.8	-0.1	0.4	6.6	4.0	3.0
Industry	9.7	12.2	9.7	4.4	8.0	7.9	5.1	5.3
Services	11.0	10.1	10.3	10.1	10.1	9.4	8.9	8.8
Consumption	8.6	7.6	9.3	8.2	8.7	8.0	6.5	7.1
% to GDP	69.6	68.5	68.2	70.3	70.1	69.5	69.1	69.1
Private Consumption	8.5	8.3	9.3	7.7	7.3	8.6	6.6	6.8
Public Consumption	8.9	3.7	9.5	10.7	16.4	4.8	6.0	8.5
Gross Capital Formation	16.3	15.3	17.2	-3.1	13.8	9.3	3.4	3.4
% to GDP	34.5	36.4	38.9	35.9	37.5	37.6	36.3	35.1
Fixed Capital Formation	16.2	13.8	16.2	1.5	7.3	8.6	4.0	4.0
% to GDP	30.5	31.8	33.6	32.5	32.0	32.0	31.0	30.1
Net Exports (% to GDP)	-3.2	-3.8	-4.7	-7.2	-7.2	-5.6	-4.8	-3.7
GDP	9.5	9.6	9.3	6.8	8.0	8.5	7.1	7.0

Source: CSO, CIRA

What Can Hold Growth over 7%? 12 Tough Tasks for 2012

2012 will need 12 Tough Measures to Sustain Growth even at ~7%

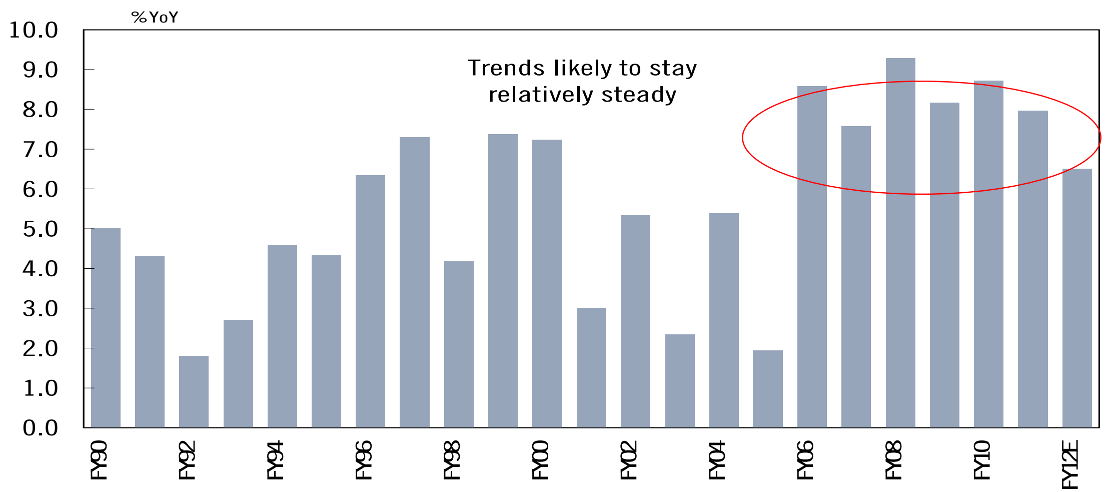
India is, we believe, not yet beyond repair; and the following 12 measures are key to keep even these 7% levels. Key amongst them include:

1. **Incentivizing Investments** – Resolving Power, Mining, Land Issues
2. **Foreign Capital** – Measures to Attract Flows
3. **Inflation** – Addressing Structural Issues
4. **Fiscal** – Some Efforts towards Consolidation
5. **Politics** – Current Model of Governance Needs a Revamp
6. **Battling Corruption** and Electoral Reform
7. **Improving Data Quality and Dissemination**
8. **Labor Reforms** – Key to Avoid a Demographic Nightmare
9. **Employment** - The National Manufacturing Policy Could Help
10. **NREGA** – More Productive Work; Putting Funding to Better Use
11. **Urban Infrastructure** – Key for Balanced Growth
12. **Vigil on NPLs** – To prevent negative feedback loop

Consumption – Slowing But Not Collapsing

- Over recent quarters, the lagged impact of monetary tightening has translated into weaker consumption growth, with trends slowing from 8-9%YoY earlier this year to ~6%
- In addition to NREGA – the govt's rural employment scheme; additional factors supporting consumption include:
  - **Rising wages** at both the rural and urban level.
  - **The use of gold** as collateral across income groups.
  - **Upcoming State Elections** – Gujarat, Punjab, UP, Uttarkhand, Manipur, Goa

Trends in Consumption Growth (%YoY)



Source: CSO, CIRA

NREGA – Snapshot

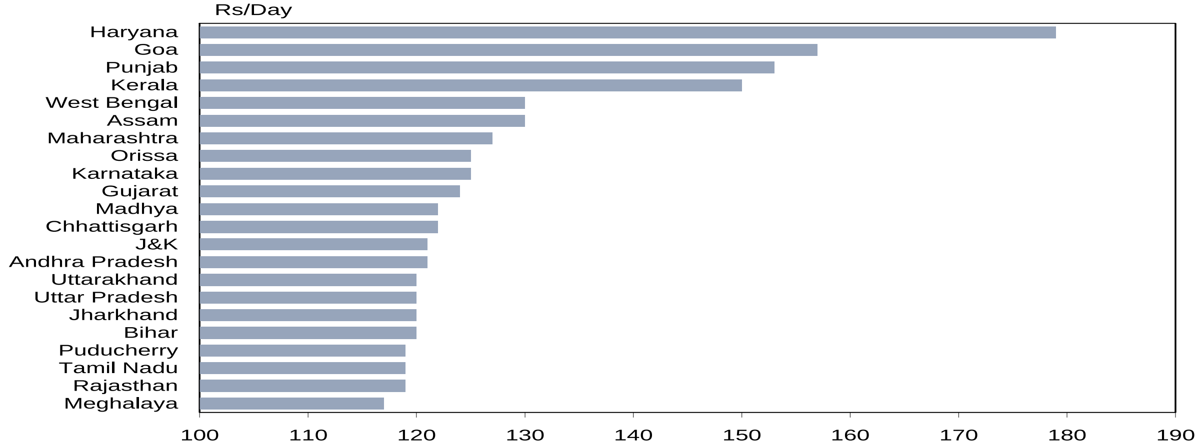
	FY07	FY08	FY09	FY10	FY11	FY12
Total Expenditure (Bns)	88	159	273	379	394	162
Works Completed (000s)	397	820	1214	2259	259	352
Households Employed(Mns)	21	34	45	53	55	33
Person days Created (Bns)	0.9	1.4	2.2	2.8	2.6	9.6
Participation of Scheduled Castes/Tribes (%)	NA	57.0	55.0	51.7	39.8	39.9
Participation of Women (%)	NA	43.0	48.0	49.2	51.1	50.1

Source: NREGA

Factors Supporting Consumption (1) Wage Growth Outpacing Inflation

- Rising wages have helped support consumption.
- **Rural wage rates** in FY11 across states have been growing at an average of over 15%YoY, far outpacing the CPI *(latest data peg the CPI for Agricultural/Rural laborers at 9.5-9.7%YoY)*.
- **At the urban level,** a survey by Aon Hewitt estimates salaries to rise by 12.9% in 2011, up from 11.7% in 2010. This makes salary increases in India the fastest growing in the region.
- They are attributed to: (1) Floor set by the NREGA (2) Limited talent pool.
- However, the two key adverse implications could be (1) the possibility of a wage price spiral (2) social unrest.

NREGA Minimum Wage Rates (Rs/Day)



Source: NREGA

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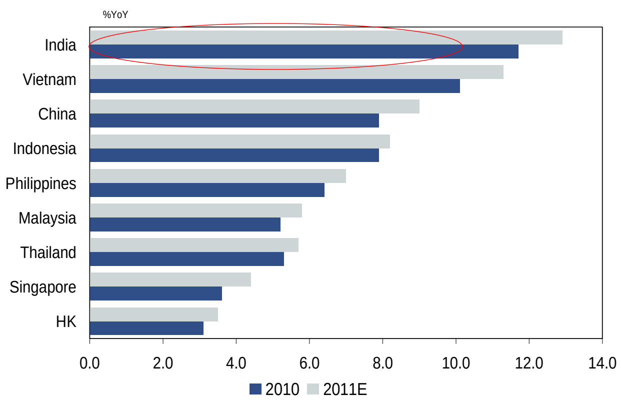
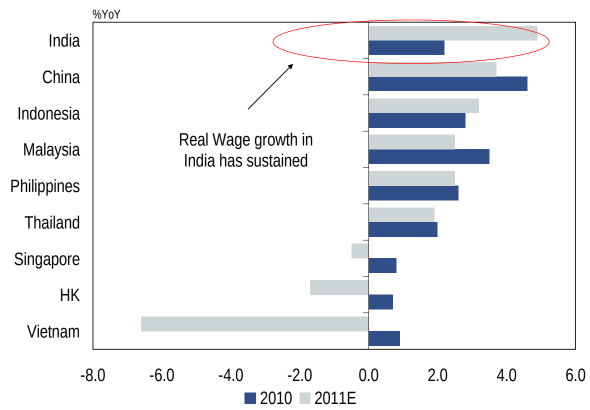
Trends in Nominal and Real Wage Rates





Source: Aon Hewwit, CIRA

Factors Supporting Consumption (2) Gold Financing

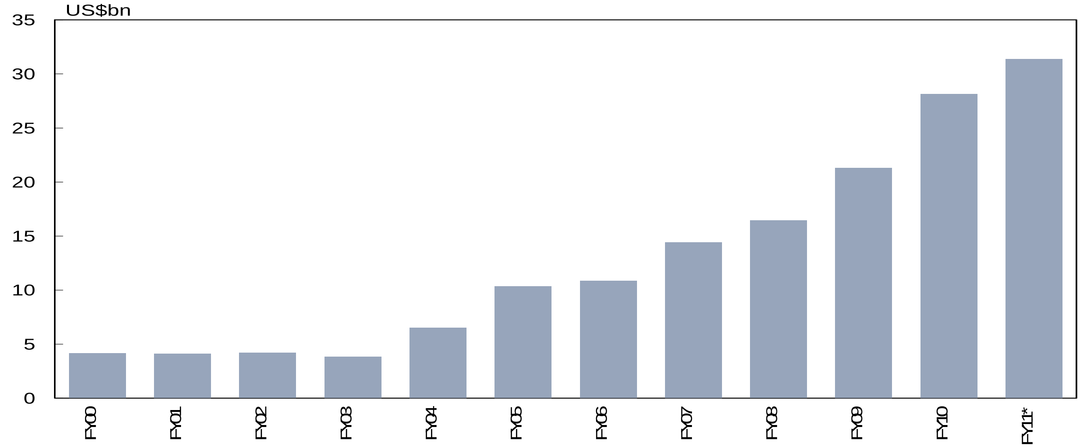
- The emergence of gold financing companies has resulted in the growing use of gold loans for non-agricultural purposes and helped support consumption.

- Recently released data for 2Q11 indicates that Indian gold demand remains robust, comprising ~33% of total global demand. Two key macro implications:

- **Imports:** Gold imports comprise close to 10% of total imports;

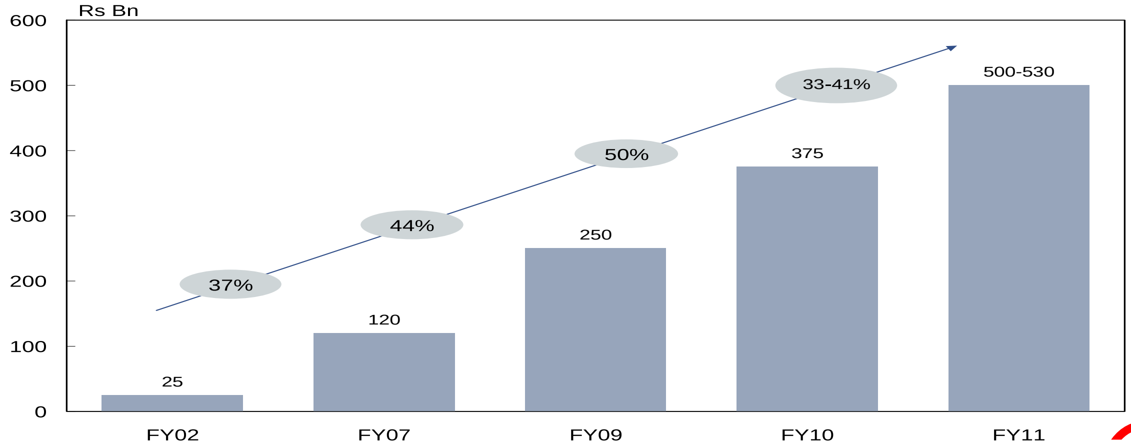
- **Gold loan financing**: While India's official gold holdings stand at 560 tonnes, privately held gold stocks are ~18,000 tonnes. High rates charged by unorganized money lenders have resulted in the growth in the organized gold loan market. This could further support consumption since gold is no longer considered an asset to buy and hold and is now being used as a collateral across income groups.

Trends in Annual Gold Imports (US$bn)



Source: CEIC, CIRA. *FY11 Data is from Apr-Feb11

Organized Gold Loan Market (Rs Bn, %)



Source: IMaCs 2010, Manappuram Finance, CIRA

Investments…No Capex Recovery in Sight

- Key structural issues that need to be addressed include:

1. Power

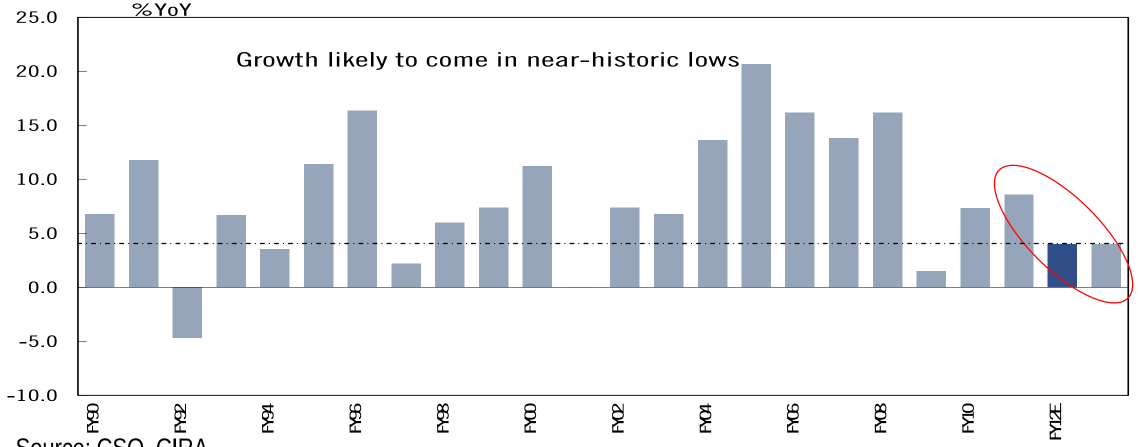
- ▶ Addressing the losses of SEB's
- ▶ Mechanisms for pass through of prices

2. Mining

- ▶ Delays in Clearances
- ▶ Shortage of Rakes

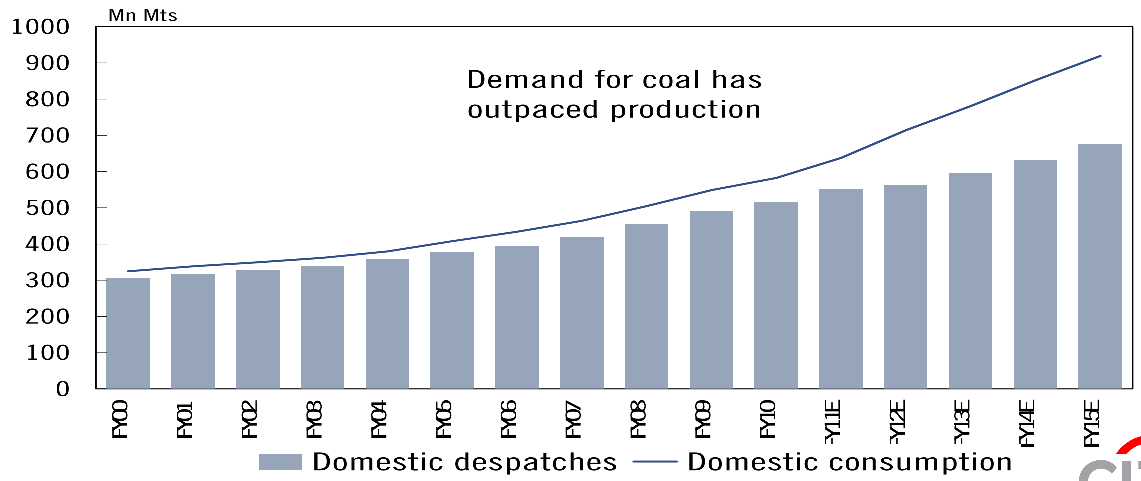
- In addition, high rates, input costs and competition from foreign players have impacted the investment cycle

Trends in Gross Fixed-Capital Formation (%YoY)



Source: CSO, CIRA

Trends in Coal Production & Consumption (Mn Tonnes)

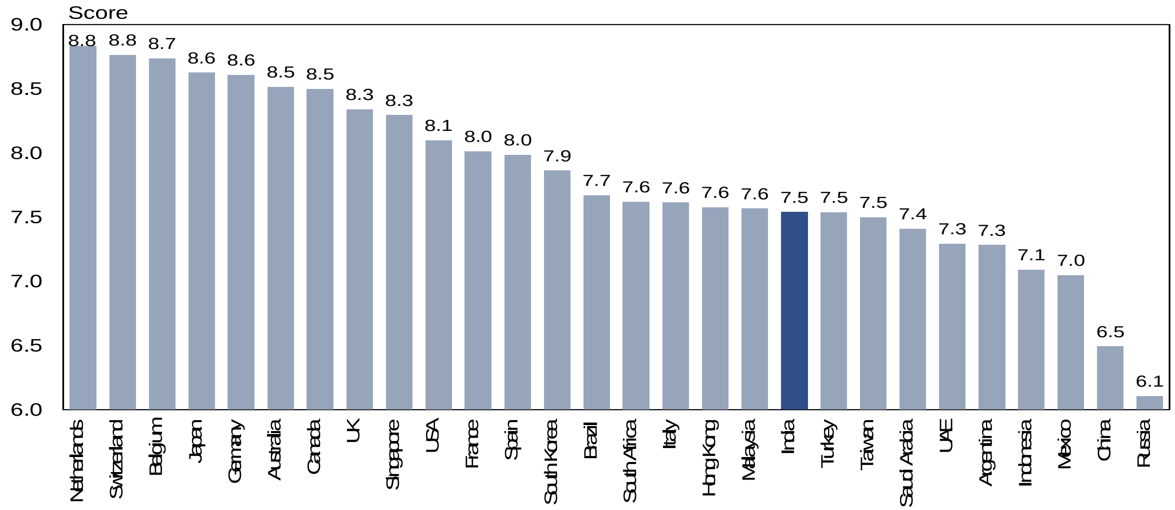


Source : Ministry of Coal, CIRA Estimates

Governance Issues Are Now at the Forefront

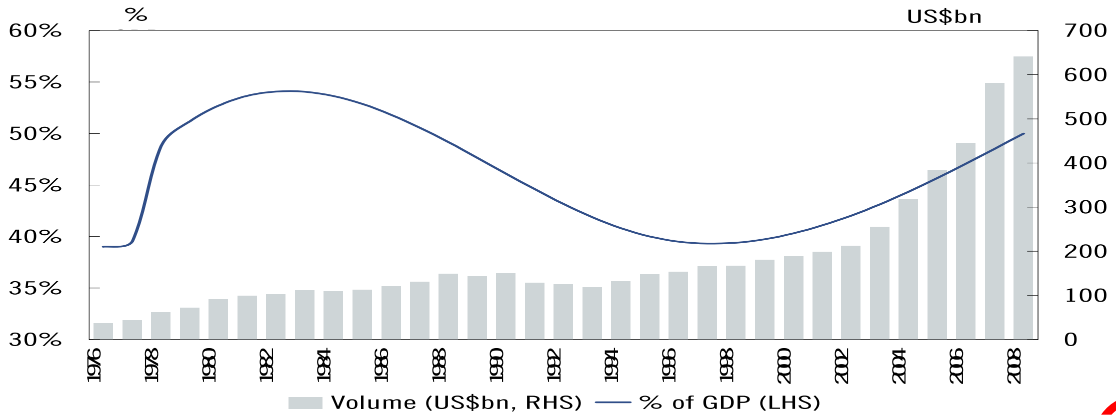
- Transparency International's Bribe-Payers Index for 2011 ranks companies from India as amongst the most likely to pay a bribe (score of 7.5 out of 10; Ranked 19 of 28). This presents growing reputational and financial risks.
- Global Financial Integrity estimates the present value of total illicit flows at US$640bn, while a BJP Taskforce report in 2009 puts the quantum anywhere between US$0.5-1.4trn.
- These flows are typically the result of tax evasion, corruption, bribery, kickbacks, and terrorist activities.
- The passage of the Lokpal (Anti-corruption) Bill could help curb these concerns

Transparency Internationals' Bribe Payers Index, 2011



Source: Transparency International, CIRA

India's Underground Economy (US$Bn, % GDP)

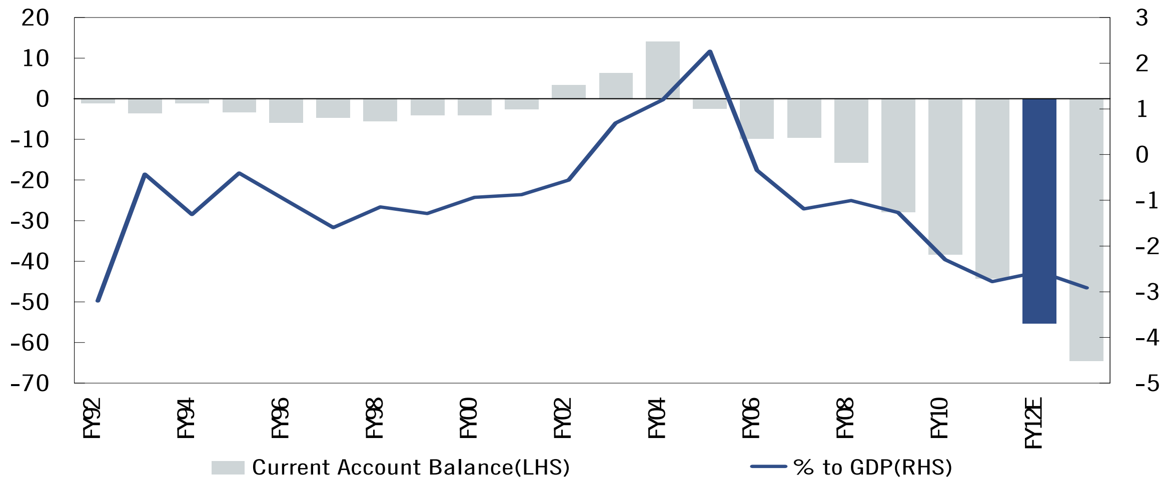


Source: Global Financial Integrity , CIRA

Increasing FX Dependence – Risk Aversion Likely to Result in Lower Forex Accretion

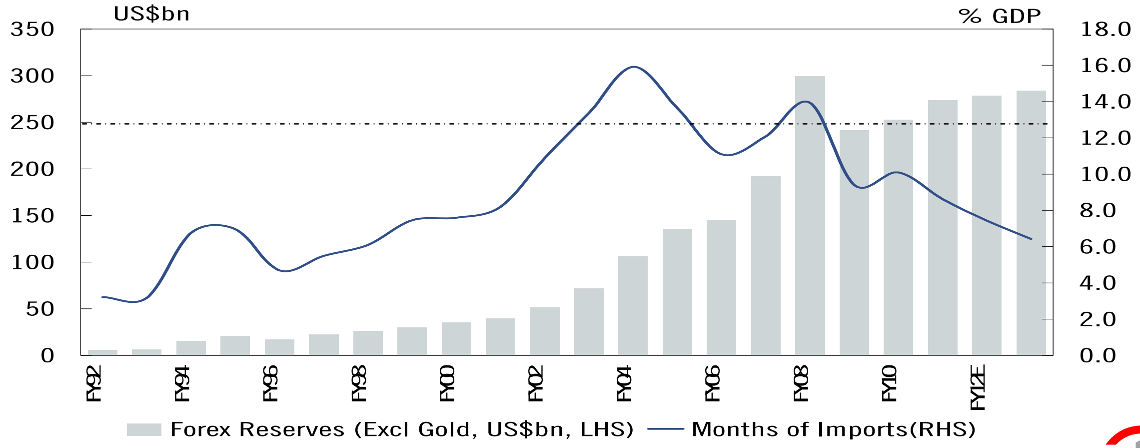
- Despite the trade deficit likely to come in at ~8% of GDP, growth in invisibles (Software exports + remittances) is likely to keep the current account deficit (CAD) at ~3% of GDP.
- A key point to note is that in absolute dollar terms, the CAD is now over US$55bn – twice the levels seen a few years back; implying that India needs to attract twice the capital
- If risk aversion/capital preservation become the name of the game, markets that could get more severely hit than others are those: (1) running a CAD; or (2) that have external financing requirements that puts them at risks to sudden stops in capital flows.
- Reserve accretion is thus likely to be lower due to the rise in external financing requirements. As seen alongside, reserves have barely inched up over the last three years. As a result, India's forex import cover has come off significantly

Trends in the Current Account Deficit (US$bn, %)



Source: RBI, CIRA

Trends in Forex Reserves and Months of Import Cover (US$bn, Months)



Source: RBI , CIRA

Gauging External Vulnerability: Near-Term Redemption Risks

- Latest estimates peg India's total external debt at US$317bn
- While the overall debt-GDP ratio has seen a decline and forex reserves are close to 100% of total external debt, there are two key pressure points:
  - **Redemption pressures arising on ECBs/FCCBs** –In addition to repayments, borrowers would also have to bear exchange rate risks associated with a falling rupee. Moreover, most FCCBs are now out-of-money, making convertibility difficult.
  - **Short-term trade credit** – Rolling over trade credit could be difficult if overseas banks run out of lines on Indian banks, or LCs are not renewed.

ST Debt by Residual Maturity <1 Yrr (US$bn)

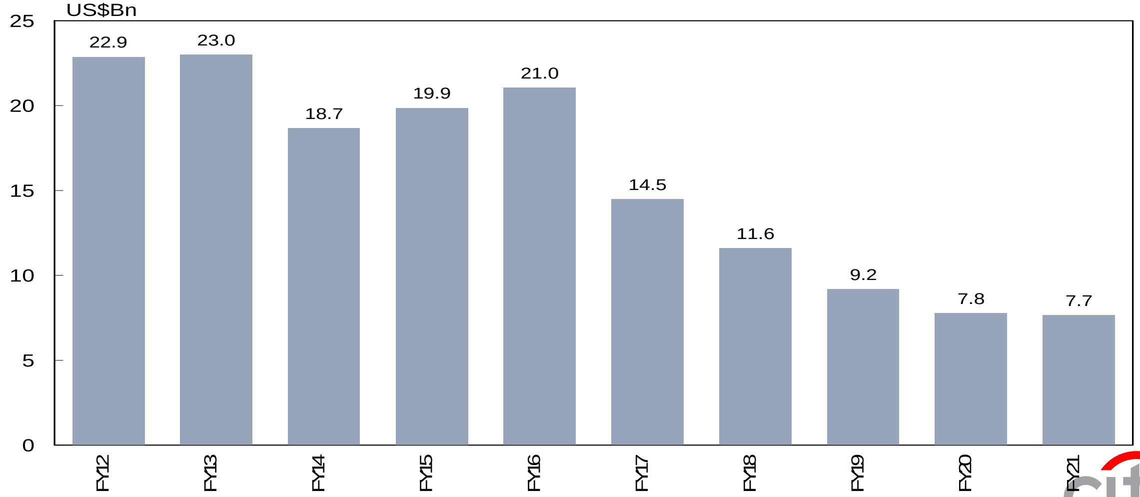
	FY10	FY11	FY12*
1. NRI Deposits	38.0	40.5	43.4
2. Sovereign Debt	4.2	4.7	5.0
3. ST Debt (Original Mty)	52.5	65.0	68.5
4. Commercial Borr.	13.0	18.8	20.3
ST Debt (Residual Mty <1Yr)	107.7	129.0	137.2
Total External Debt	261.0	306.4	316.9

External Debt by Original Maturity (US$bn)

	FY07	FY08	FY09	FY10	FY11	FY12 *
Total Long term debt	144.2	178.7	181.2	208.7	241.5	248.4
Multilateral	35.3	39.5	39.5	42.9	48.5	49.4
Bilateral	16.1	19.7	20.6	22.6	25.8	26.3
IMF	1.0	1.1	1.0	6.0	6.3	6.4
Trade Credit	7.2	10.3	14.5	16.9	18.6	18.7
Commercial Borrowing	41.4	62.3	62.5	70.8	88.9	93.2
NRI Deposits (> 1 year)	41.2	43.7	41.6	47.9	51.7	52.9
Rupee Debt*	2.0	2.0	1.5	1.7	1.6	1.6
Total Short term debt	28.1	45.7	43.3	52.3	65.0	68.5
FII Invst in T-Bills	0.4	0.7	2.1	3.4	5.4	5.9
Others (trade related)	26.0	41.9	39.9	47.5	58.5	61.5
Other	1.8	3.2	1.3	1.5	1.1	1.0
GROSS TOTAL	172.4	224.4	224.5	261.0	306.4	316.9
Short Term Debt by Residual Mty <1 Yr		82.1	93.3	107.7	129.0	137.2

* As on Jun11. Source: Ministry of Finance, CIRA

Debt Service Payments – Including External Assistance, ECBs & FCCBs (US$bn)



Source: Ministry of Finance, CIRA

Fiscal Consolidation – Not Likely in the Near Future

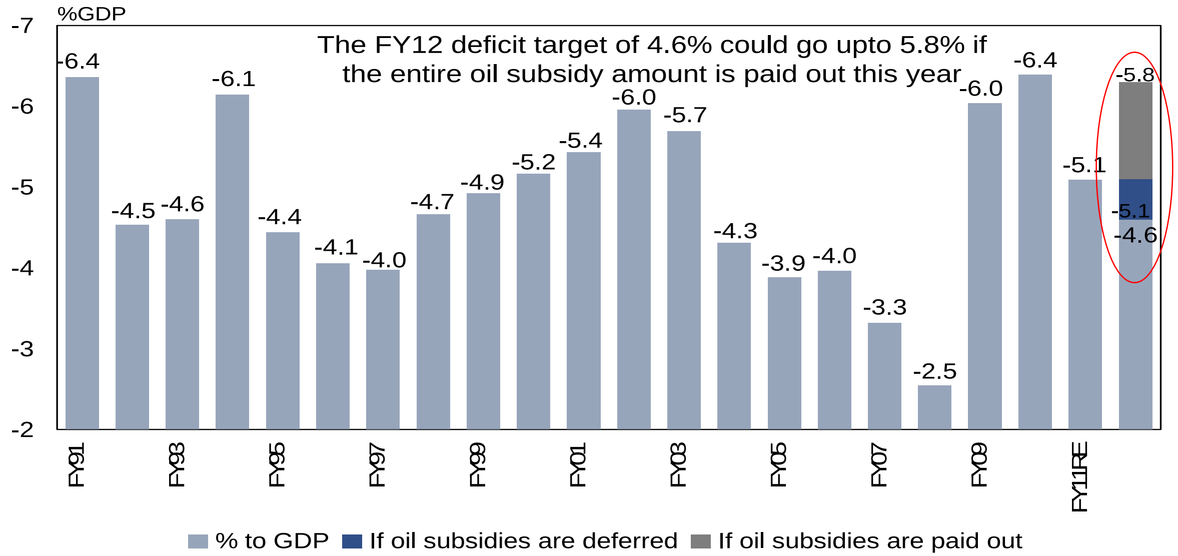
- **FY12 slippages are factored in:** progress on deficit consolidation continues to see a reversal. In FY12, the deficit could come in the 5.1-5.8% range (depending on payout of oil subsidies) vs. the budgeted target of 4.6%. Key slippages could arise from (1) Lower Tax Revenues (2) Expenditure Overshoot (3) Lower Divestment proceeds (4) Higher oil under-recoveries

- **FY13: Emerging Pressure Points:**

  - **Losses of state electricity boards** – Total losses amounted to ~ Rs700bn in FY11 from Rs267bn in FY07 with five key states (Rajasthan, Tamil Nadu, UP, MP, and Bihar).

  - **Implementation of 'Right to Food' Act –** Touted as the next sweeping reform and possibly a key election plank for the Congress, the Act would prove expensive if implemented. Estimates peg additional expenditure at a minimum of Rs250bn

Trends in the Fiscal Deficit (%GDP)



Expected Fiscal Slippages in FY12 (Rs Bn)

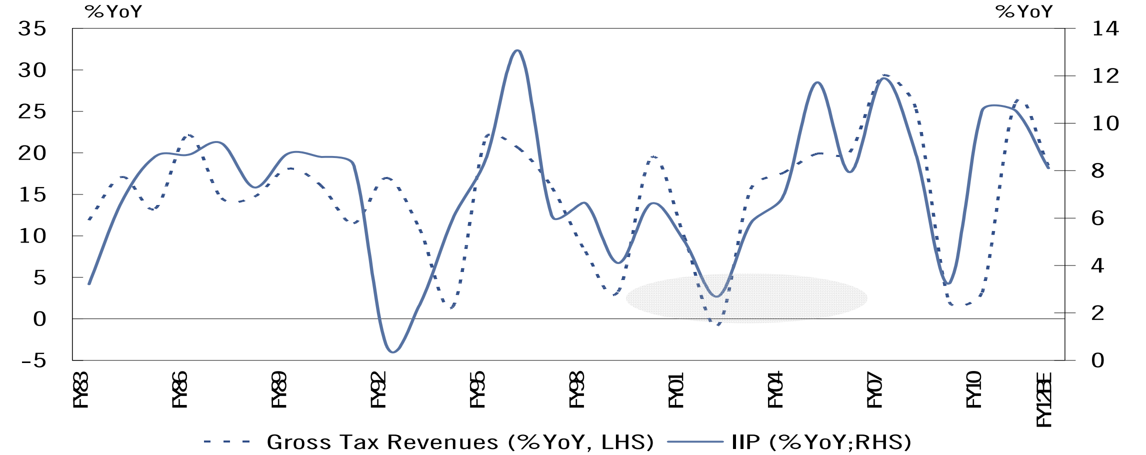
	Current Run Rate	Budgeted for FY12	Assumed Slippage/Offsets (Rs Bn)
Likely Total Slippage			1,554
Tax Revenues (%YoY)	4.0%	18.0%	400
Expenditures (%YoY)	11.4%	3.4%	100
Divestments (Rs Bn)	11.5	400	350
Oil Under-recoveries (Rs Bn)	-	-	704
Possible Offsets:			754
Divestments (via buybacks, higher dividends)			350
Deferral of Oil Subsidies			404
Net Impact on Deficit			800

Source for both charts: Budget Documents, CIRA estimates

Fiscal Slippages Likely Priced In for FY12

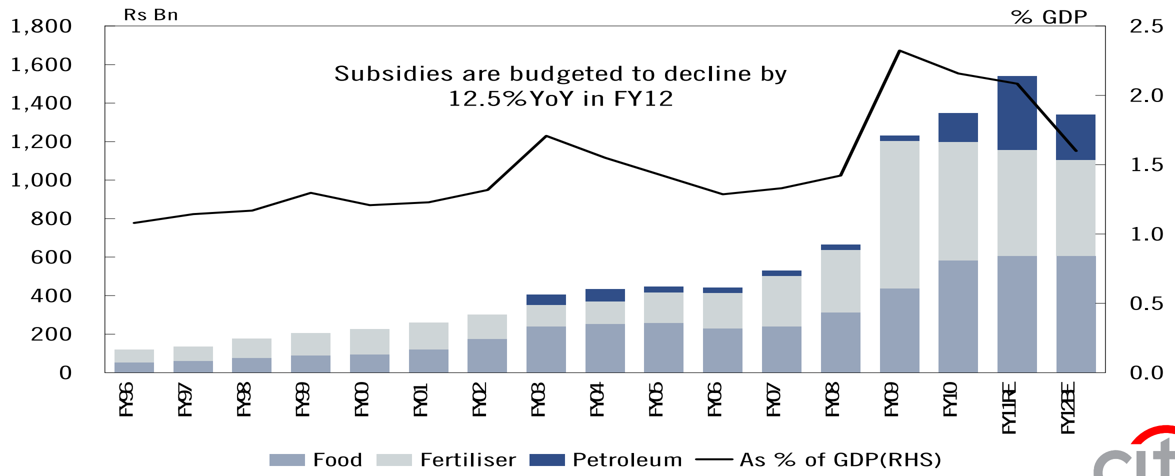
- We expect the government to miss its deficit target of 4.6% of GDP due to both lower revenues and higher expenditures.
  - **On the revenue side**, given that the budget estimates factored in real growth of 9%, moderating growth estimates are likely to take their toll on tax collections which are budgeted to rise 18% in FY12. Moreover, deteriorating global conditions makes the Rs400bn divestment target ambitious.
  - **On the expenditure front**, a higher subsidy outlay across the spectrum - food, fertilizer and petroleum subsidies are likely to result in an expenditure overshoot.
- Assuming oil at US$105/bbl and full payment to oil companies for under-recoveries, the FY12 deficit could come in closer to 5.8% of GDP.

Trends in Tax Revenues and IIP (%YoY)



Source: CSO, Budget Documents, CIRA

Trends in Subsidies (Rs Bn, %)



Source: Budget Documents, CIRA

Subsidies Are the Key Concern

- The key item which stands out is subsidies, which are projected to post a 12.5% YoY decline. This could be unrealistic for the following reasons:

  - **Fuel Subsidies:** Despite recent price hikes, our analysts estimate oil under-recoveries at Rs1trn, with the govt's share at Rs505bn.
  - **Food Subsidies:** These have been targeted at Rs606bn in FY12, largely flat YoY. But, with the govt likely to introduce the National Food Security Bill we could see some upside. Another risk is the recent rise in MSPs of key rabi (winter) crops.
  - **Fertilizer Subsidies:** This is pegged at Rs500bn in FY12. The recent increase in prices of DAP and potash could result in a slippage, but the extent of slippage would depend on the amount of fertilizer sold at the announced prices.
  - Losses of **State Power Utilities**

Trends in Subsidies (Rs Bn, %)

	FY06	FY07	FY08	FY09	FY10	FY11RE	FY12BE
Food	231	240	313	438	584	606	606
%YoY	-10.5	4.1	30.5	39.7	33.6	3.7	0.0
Fertilizer	185	262	325	766	613	550	500
%YoY	16.3	42.0	23.9	135.8	-20.0	-10.3	-9.1
Fuel	27	27	28	29	150	384	236
%YoY	-9.2	0.6	4.5	1.1	424.2	156.7	-38.4
Total	475	571	709	1,297	1,414	1,642	1,436
%YoY	3.4	20.2	24.2	82.9	9.0	16.1	-12.5
% Total Expenditure	9.4	9.8	10.0	14.7	13.8	13.5	11.4
% GDP	1.3	1.3	1.4	2.3	2.2	2.1	1.6

Source: Budget Documents, CIRA

Oil Subsidy Sharing Mechanism (Rs Bn)

	FY11	FY12	
		Oil at US$100/bbl	Oil at US$105/bbl
Gross Under-recoveries	782	1,209	1,289
Less: upstream sharing	303	484	516
% of total	39%	40%	40%
Less: Govt share	410	655	704
% of total	52%	54%	55%
Net underrecoveries	69	70	70
Avg Crude (US$/bbl)	86.6	108	110

Notes (1) Oil assumptions are for 2HFY12, and INR at Rs50/$ (2) Exact Gov't and upstream share is not known for FY12 (3) Assuming net under-recoveries for OMCs stay flat yoy and upstream share stays at ~40%. Source : Ministry of Oil & Gas; CIRA

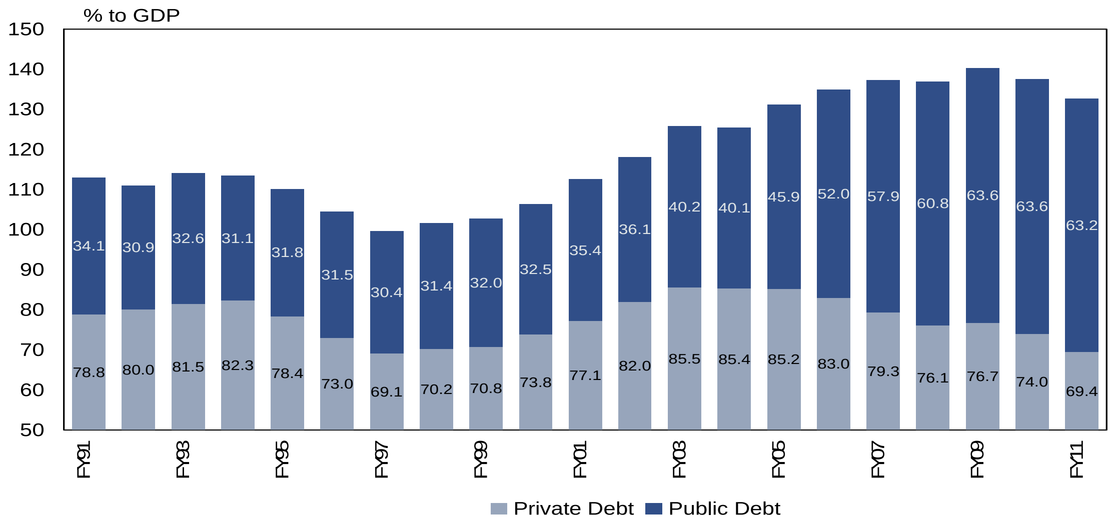
Revisiting India's Debt Position

- Given the current focus on sovereign debt concerns; India is on the radar due to its high current a/c and fiscal deficits, and high debt position. India's total debt/GDP stood at 133% in FY11 and includes:

- **Public Debt:** Growth and interest rate dynamics have resulted in public debt/GDP ratios coming off from 84% levels in FY05 to 69.4% levels currently: Moreover, a key point to note is that the debt is largely domestic and India has a captive market for govt bonds:
  - Domestic: 65% of GDP.
  - External: 4.5% of GDP.

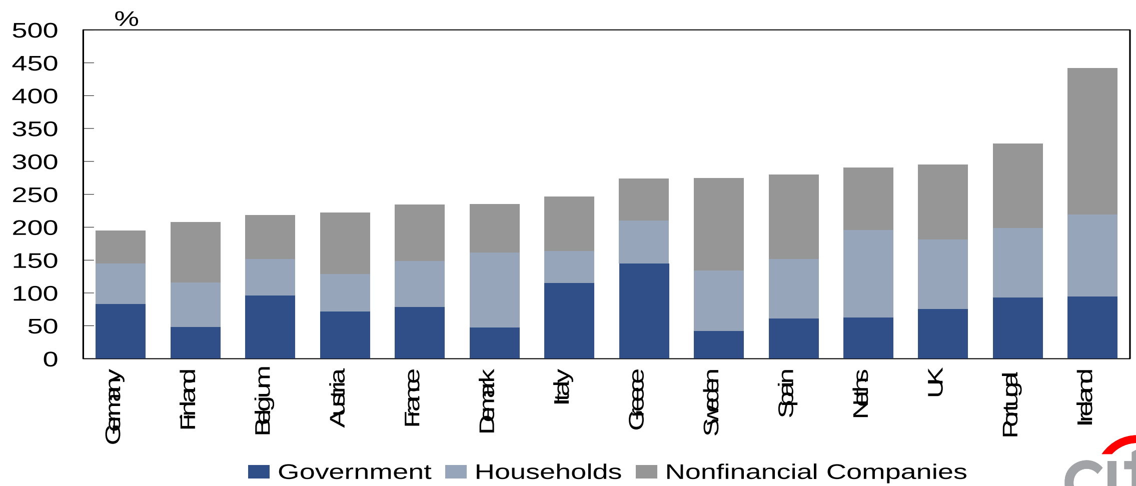
- **Private Debt** (hhld+ corporate) has risen from 32% of GDP in FY00 to 63% in FY11. Includes:
  - Domestic (bank credit): 50% of GDP.
  - External: 13.2% of GDP.

Trends in Total Debt (% GDP)



Source: RBI, Ministry of Finance, CIRA

Comparative Debt Ratios (%)

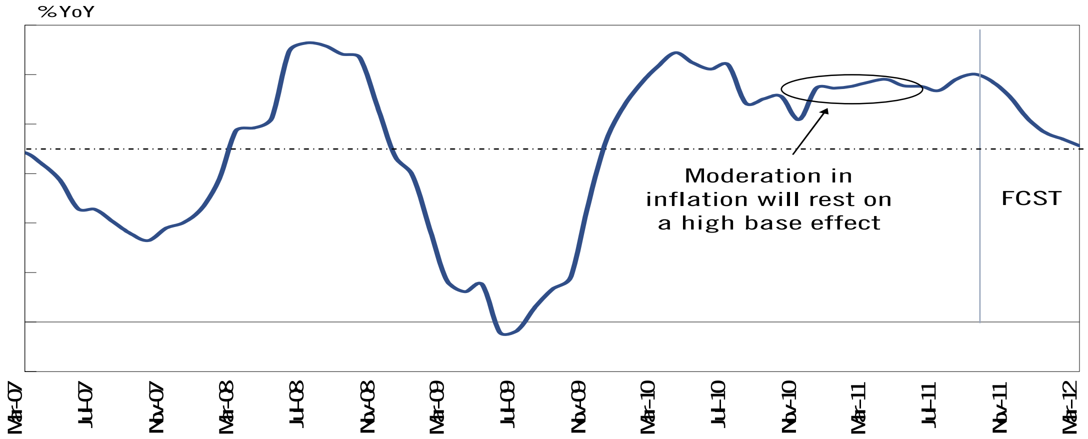


Source : IMF

Inflation – Base Effect Could Lower Headline WPI to 7% by Mar-12

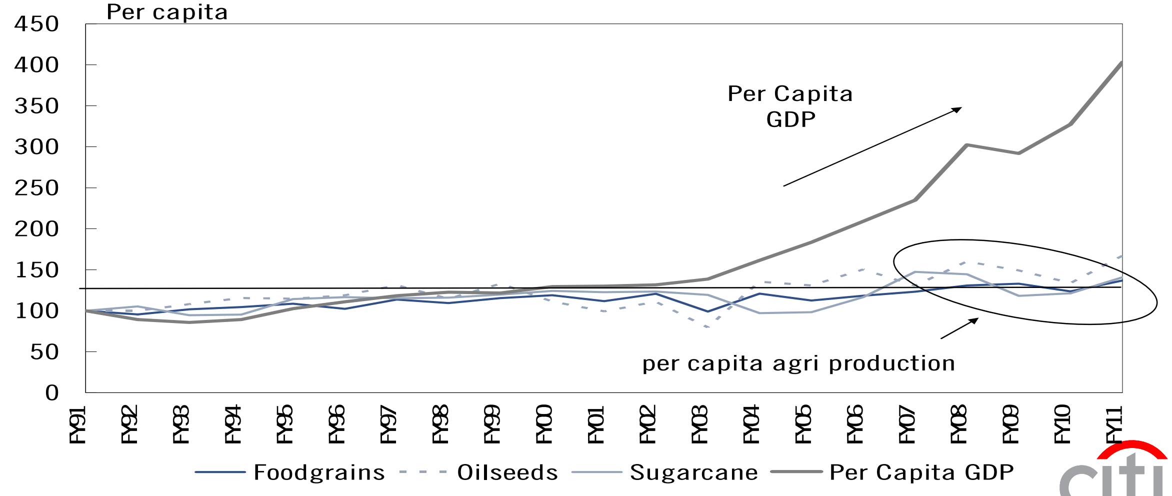
- Inflation as measured by the WPI has been sticky at 9%+ levels for the last 20 months.
- However, MoM increases do indicate abating pressures
- Despite continued structural issues such as (1) Rising incomes, wages and higher agri MSPs, (2) Depreciation in the INR offsetting the decline in commodity prices, (3) Deteriorating Fiscal Situation, the base effect is likely to result in the WPI coming off to ~7% levels by March 12.
- Post that, given the above, we expect inflation to average ~7.5% in FY13 vs ~9% in FY12E.

Trends and Forecasts in Headline WPI (%YoY)



Source: Office of the Economic Advisor, CIRA

Trends in Per Capita Agri Production and GDP (Indexed)

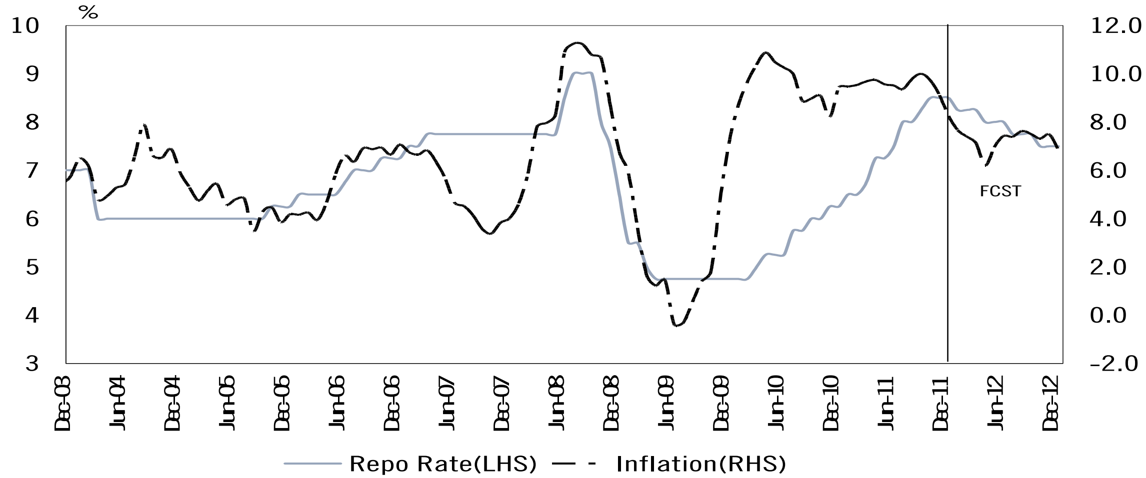


Source: RBI, Ministry of Agriculture, CIRA

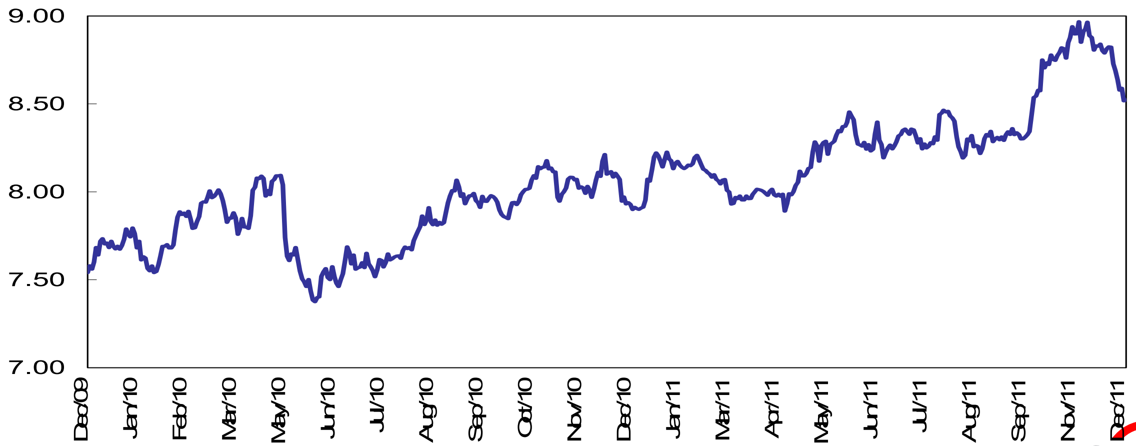
Monetary – Concerns on Growth Raise Odds of Early Easing

- The RBI has raised rates 13 times so far, with effective policy tightening at 525bps (repo rate currently at 8.5%)
- During this time, while WPI has remained elevated at 9%+, GDP growth has come off from 9% to ~7% .
- At its Dec policy, the RBI left rates unchanged; and stated that *'the downside risks to its growth projections…have increased significantly'.*
- **Outlook:** The deceleration in growth coupled with a moderation in sequential inflation will likely result in the RBI easing by 100bps in 2012 vs 50bps expected earlier. Growth slippages also raise the odds of an advancement of the easing cycle to 4QFY12 (Jan-Mar) vs 1QFY13 (Apr-Jun).
- Given the deterioration in public finances, in addition to OMOs, one could see a reduction in the CRR as well.

Trends and Forecasts in the Repo Rate and Inflation (%)

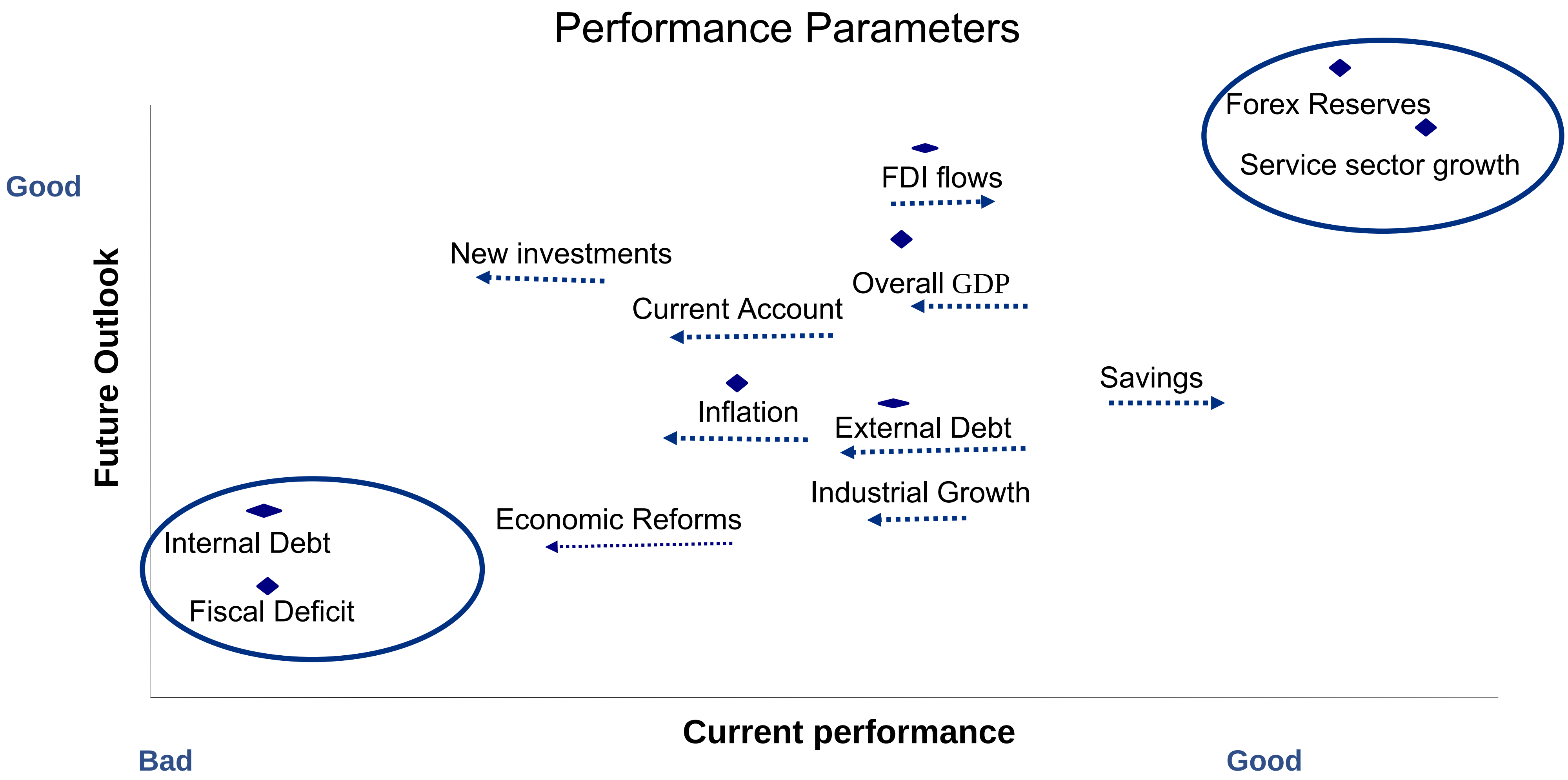


Trends in the 10 Yr Govt Bond Yield (%)



Source for both charts: RBI

Economy Scorecard



Source: CIRA estimates

Forecasts

Year -end 31 March	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12E	FY13E
National income indicators													
Real GDP growth (%)	4.4	5.8	3.8	8.5	7.6	9.5	9.6	9.3	6.8	8.0	8.5	7.1	7.0
Agriculture growth (%)	-0.2	6.3	-7.2	10.0	1.6	5.1	4.2	5.8	-0.1	0.4	6.6	4.0	3.0
Industry growth (%)	6.4	2.7	7.1	7.4	9.4	9.7	12.2	9.7	4.4	8.0	7.9	5.1	5.3
Services growth (%)	5.7	7.2	7.5	8.5	9.4	11.0	10.1	10.3	10.1	10.1	9.4	8.9	8.8
By Demand(%YoY)													
Consumption	3.0	5.3	2.3	5.4	1.9	8.6	7.6	9.3	8.2	8.7	8.0	6.5	7.1
Pvt Consm	3.4	6.0	2.9	5.9	1.7	8.5	8.3	9.3	7.7	7.3	8.6	6.6	6.8
Public Consm	0.9	2.3	-0.4	2.6	3.4	8.9	3.7	9.5	10.7	16.4	4.8	6.0	8.5
Gross Capital Formn	-3.5	-2.9	16.8	17.6	22.0	16.3	15.3	17.2	-3.1	13.8	9.3	3.4	3.4
Cons; Investment, Savings (%GDP)													
Total Consumption	78.5	78.9	77.2	75.0	70.2	69.2	67.8	66.8	69.4	69.7	68.7	68.0	67.0
Total Investments	23.8	22.3	24.6	26.9	32.8	34.7	35.7	38.1	35.4	35.8	34.8	35.5	36.0
Gross Domestic Savings	23.2	22.9	25.7	29.1	32.4	33.5	34.6	36.9	32.2	33.7	34.0	34.5	35.0
Monetary indicators													
Money supply	16.8	14.1	14.7	16.8	12.0	21.4	21.3	21.1	19.3	16.0	16.0	17.0	17.0
Inflation - WPI	7.1	3.6	3.4	5.5	6.5	3.7	6.5	4.8	8.0	3.6	8.6	9.0	7.5
CPI	3.7	4.3	4.1	3.8	3.9	4.2	6.8	6.2	7.0	13.0	9.5	8.0	7.0
Bank credit growth	17.3	15.3	23.7	15.3	30.9	37.0	28.1	22.3	17.5	16.9	21.5	18.0	18.0
Deposit growth	18.4	14.6	16.1	17.5	13.0	24.0	23.8	22.4	19.9	17.0	15.8	17.0	17.0
Fiscal Indicators													
Centre's fiscal deficit	-5.4	-6.0	-5.7	-4.3	-3.9	-4.0	-3.3	-2.5	-6.0	-6.3	-5.1	-5.8	-4.6
State fiscal deficit	-4.0	-4.1	-3.9	-4.2	-3.3	-2.4	-1.8	-1.5	-2.4	-3.3	-3.0	-2.5	-2.5
Combined deficit (Centre+State)	-9.1	-9.5	-9.1	-8.1	-7.2	-6.5	-5.4	-4.1	-8.5	-9.1	-8.1	-8.3	-7.1
Combined liabilities	77.1	82.0	85.5	85.4	85.2	83.0	79.3	76.1	76.7	74.0	69.4	67.2	64.9
External Sector													
Exports (US$bn)	45.5	44.7	53.8	66.3	85.2	105.2	128.9	166.2	189.0	182.2	250.5	298.1	357.7
% YoY	21.1	-1.6	20.3	23.3	28.5	23.4	22.6	28.9	13.7	-3.6	37.4	19.0	20.0
Imports (US$bn)	57.9	56.3	64.5	80.0	118.9	157.1	190.7	257.6	308.5	300.6	380.9	449.5	530.4
%YoY	4.6	-2.8	14.5	24.1	48.6	32.1	21.4	35.1	19.8	-2.6	26.7	18.0	18.0
Trade deficit (US$bn)	-12.5	-11.6	-10.7	-13.7	-33.7	-51.9	-61.8	-91.5	-119.5	-118.4	-130.5	-151.4	-172.7
Invisibles (US$bn)	9.8	15.0	17.0	27.8	31.2	42.0	52.2	75.7	91.6	80.0	86.2	96.1	108.2
Current Account Deficit (US$bn)	-2.7	3.4	6.3	14.1	-2.5	-9.9	-9.6	-15.7	-27.9	-38.4	-44.3	-55.4	-64.6
% to GDP	-0.6	0.7	1.2	2.3	-0.3	-1.2	-1.0	-1.3	-2.3	-2.8	-2.6	-3.0	-3.2
Exchange rate													
Rs/US$ - annual avg	45.7	48.0	48.3	45.9	45.0	44.3	45.2	40.2	46.0	47.4	45.6	49.1	51.4
% depreciation	5.3	5.0	0.6	-5.0	-2.0	-1.6	2.0	-11.1	14.4	3.0	-3.8	7.6	4.7

Source: RBI, CEIC, CIRA estimates

Appendix A-1

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