

India Macro View

FY15 Interim Budget – Beats Targets, Aims at Fiscal Consolidation, But Lots beneath the Headline

- **FY15 "Interim" Budget: The Good and The Bad** — FM Chidambaram presented the last budget of the UPA-II Govt today. Given the upcoming elections, this is an "Interim Budget" that will allow it to meet its administrative expenditure until a full budget is presented by the new government (likely in June). Starting with the good news, contrary to fears, (1) there have been "no" real populist schemes announced; (2) there is a push towards growth – excise duties on cap/consumer goods have been pruned and (3) the budget continues with the path of fiscal consolidation. However, a look at the arithmetic indicates loads of optimism in both the FY14 deficit now being pegged at 4.6% vs a 4.8% target and the FY15 estimate of 4.1%

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With thanks to
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- **Budget Arithmetic — Optimistic; Quality of Deficit Remains Questionable**

- **FY14 Deficit: Pegged at 4.6% vs Target of 4.8%** — Despite higher non-tax revenues (dividends/telecom), given the shortfall in taxes and disinvestments, the govt cut "expenditure" by Rs749bn to get to its 'new' target of 4.6% vs ours and market expectations of 4.8%. (see pg 2). We believe this is optimistic considering the fact that the [Apr-Dec deficit](#) had already touched 4.6% of full-year GDP. This effectively means that the 4QFY14 fiscal deficit is projected to be negligible.
- **FY15 Deficit : Consolidation Expected to Continue** - The 4.1% target for FY15 is based on nominal GDP growth of 13.4%, total receipts of 15.8% and expenditures up 10.9% - all of which we believe are optimistic. Within revenues, the budget has estimated a 19% increase in gross tax collections (*corporate 14.6%, income 27.2%, excise 11.8%, customs 15% and services 31%*). Given subdued growth trends coupled with excise cuts, this seems optimistic.

- **Borrowing Program, Cash Drawdown & Maturity Extension Switch:** Due to a better-than-expected fiscal outcome for FY14, the govt cancelled a bond auction of 150bn. The govt also drew down Rs150bn of its cash surplus to buyback Rs150bn of short maturity bonds to ease redemption pressures. As a result, the opening cash surplus of the government is likely to fall from ~Rs850bn in FY14 to around Rs700bn in FY15. As regards the switch operation, the govt has conducted a switch of Rs306bn in addition to Rs150bn buyback in FY14 and proposes to do Rs500bn switch in FY15 as well. Overall, the gross borrowing program is projected to increase from Rs5639bn in FY14 to Rs5970bn in FY15 on rising redemptions

- **Bottom Line** — In line with expectations, the FM announced a fiscal consolidation path to 4.1% in FY15. We do believe the assumptions are on the optimistic side and the extent of deviation would to a large extent depend on the growth outturn - pick-up in investment cycle – which to an extent rests on a stable political outcome.

WHAT's INSIDE

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Budget Snapshot and Vision Statement

FY14 FISCAL DEFICIT

Despite higher non-tax revenues, given the shortfall in taxes and disinvestments, the govt cut “expenditure” by Rs749bn to get to its ‘new’ target of 4.6% vs our and market expectations of 4.8%.

This appears optimistic given the fact that the Apr-Dec deficit had already touched 4.6% of full year GDP.

This effectively means that the 4QFY14 fiscal deficit is projected to be negligible

FY15 BUDGET ARITHMETIC

Revenues: Tax: 18%; Non-tax: -6.5%

Expenditures: Plan 16.8%; Non Plan 8.3%

Fiscal Deficit: 4.1% GDP

Figure 1. Budget Snapshot (Rs Bn)

	A	B	B-A		
	FY14BE	FY14RE	Difference	FY15BE	Growth Rate
a. Revenue receipts	10,563	10,293	-271	11,671	13.4
Tax revenues	8841	8360	-481	9864	18.0
Non-tax	1723	1932	210	1807	-6.5
b. Non-debt cap receipts	665	366	-298	675	84.1
Recoveries of loans	107	108	1	105	-2.5
Divestments	558	258	-300	569	120.3
c. Total receipts (a+b)	11,228	10,659	-569	12,346	15.8
d. Revenue expenditure	14362	13995	-366	15501	10.8
of which interest (1)	3707	3801	94	4270	12.4
f. Capital expenditure	2291	1909	-382	2132	11.7
h. Plan expenditure	5553	4755	-798	5553	16.8
i. Non-plan expenditure	11100	11149	49	12079	8.3
j. Total expenditure (d+f) =(h+i)	16,653	15,904	-749	17,632	10.9
j. Fiscal Balance (c-j)	-5425	-5245	180	-5286	
% to GDP	-4.8	-4.6		-4.1	
Revenue Balance (a-d)	-3798	-3703	96	-3829	
% to GDP	-3.4	-3.3		-3.0	
Primary Balance (j-1)	-1718	-1445	273	-1016	
% to GDP	-1.5	-1.3		-0.8	
GDP assumption	113,719	113,205		128,400	

Source: Budget Documents

Figure 2. Financing the Deficit (Rs bn)

	FY14BE	FY14RE	FY15BE
Fiscal Deficit	-5425	-5245	-5286
Market borrowings	4840	4233	4073
PPF & special deposits	100	100	120
Small savings	58	116	82
Net external assistance	106	54	57
Others	321	592	953
Cash Drawdown	0	150	0
Total financing	5425	5245	5286
Gross market borrowings excluding switch	5790	5639	5970
Gross market borrowings including switch	6290	5945	6470

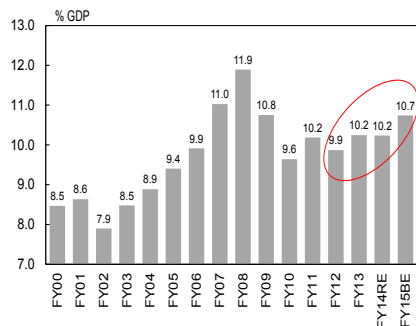
Source: Budget Documents

Figure 3. FM's Vision for the Future

Task	Details
Fiscal Consolidation	- Achieve fiscal deficit target of 3% GDP by 2016-17, and always remain below this level
Current Account Deficit	- No room for aversion to foreign investment as it is the only way to finance the CAD
Price Stability & Growth	- RBI must strike a balance between price stability and growth while formulating monetary policy
Financial Sector Reforms	- FSLRC recommendations that do not require change in legislation should be implemented immediately
	- Form a timetable for passing legislations
Infrastructure	- Every proven infrastructure model should be adopted, and PP model should be used more
	- New financing structures for long-term investment are key
Manufacturing	- Focus on manufacturing for export; proposes all taxes into an export product should be waved / rebated
	- Suggests a minimum tariff protection to incentivize manufacturing goods in India rather than importing them
Subsidies	- Must only choose subsidies that are "absolutely necessary" and give them to the "absolutely deserving"
Urbanisation	- Should use the wealth and resources in cities to rebuild a new model of governance
Skill Development	- Should be a priority alongside secondary and university education, sanitation, healthcare, etc
Sharing Responsibility between States and Centre	- States should willingly bear reasonable proportion of financial costs of implementing flagship programmes so that the Centre can allocate its resources towards exclusive responsibilities like defence, railways, etc

Source: Citi Research

Figure 4. Trends in Tax Collections (%GDP)



Source: Budget Documents

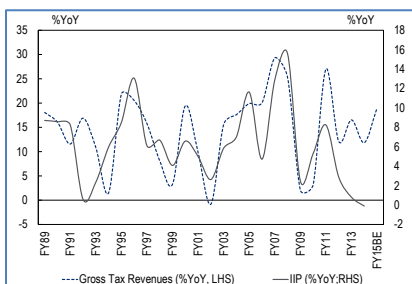
Within revenues, the budget has estimated a 19% increase in gross tax collections :

Direct Taxes: corporate 14.6%, income 27.2%

Indirect Taxes: excise 11.8%; customs 15%; services 31%

Given subdued growth trends coupled with excise cuts, this seems optimistic

Figure 6. Trends in Tax Revenues and IIP (%YoY)



Source: Budget Documents

Revenues

FY14 Disappoints – Net tax collections in FY14 fell short of targets, up 12.9% vs budgeted growth of 19.1%. The sluggish growth was due to lower direct as well as indirect taxes. Direct taxes, which account for ~55% of total taxes showed a 13.9% increase with corporate taxes up 10.5% vs budgeted growth of 17%. As regards Indirect taxes, disappointing trends were seen across all components: Excise (up 1.6% vs budgeted 14.9%), Services (up 24% vs budgeted 36%) and Customs (up 5.9% vs budgeted 13.6%).

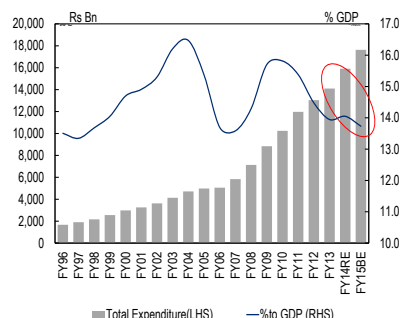
Figure 5. Trends in Revenues (Rs Bn)

Rs Bn	FY09	FY10	FY11	FY12	FY13	FY14RE	FY15BE
Direct Tax	3,194	3,671	4,378	4,873	5,528	6,299	7,515
%YoY	8.1	14.9	19.2	11.3	13.4	13.9	19.3
% GDP	5.7	5.7	5.6	5.4	5.5	5.5	5.8
% to total taxes	52.8	58.8	55.2	54.8	53.3	54.3	54.5
Corporation tax	2,134	2,447	2,987	3,228	3,563	3,937	4,510
% YoY	10.6	14.7	22.1	8.1	10.4	10.5	14.6
% GDP	3.8	3.8	3.8	3.6	3.5	3.5	3.5
% to total taxes	35.3	39.2	37.7	36.3	34.4	34.0	32.7
Income tax	1,060	1,224	1,391	1,645	1,965	2,362	3,005
% YoY	3.3	15.4	13.6	18.3	19.5	20.2	27.2
% GDP	1.9	1.9	1.8	1.8	1.9	2.1	2.3
% to total taxes	17.5	19.6	17.5	18.5	19.0	20.4	21.8
Indirect Tax	2,694	2,447	3,445	3,917	4,738	5,188	6,166
% YoY	-3.4	-9.2	40.8	13.7	21.0	9.5	18.9
% GDP	4.8	3.8	4.4	4.3	4.7	4.6	4.7
% to total taxes	44.5	39.2	43.4	44.1	45.7	44.8	44.7
Excise duty	1,086	1,030	1,377	1,449	1,759	1,788	1,998
% YoY	-12.0	-5.2	33.7	5.2	21.4	1.6	11.8
% GDP	1.9	1.6	1.8	1.6	1.7	1.6	1.6
% to total taxes	17.9	16.5	17.4	16.3	17.0	15.4	14.5
Customs collections	999	833	1,358	1,493	1,653	1,751	2,013
% YoY	-4.1	-16.6	63.0	10.0	10.7	5.9	15.0
% GDP	1.8	1.3	1.7	1.7	1.6	1.5	1.6
% to total taxes	16.5	13.3	17.1	16.8	16.0	15.1	14.6
Service tax	609	584	710	975	1,326	1,649	2,155
% YoY	18.8	-4.1	21.6	37.3	36.0	24.4	30.7
% GDP	1.1	0.9	0.9	1.1	1.3	1.5	1.7
% to total taxes	10.1	9.4	9.0	11.0	12.8	14.2	15.6
Gross Tax Collections	6,053	6,245	7,931	8,892	10,362	11,589	13,792
% YoY	2.0	3.2	27.0	12.1	16.5	11.8	19.0
% to GDP	10.8	9.6	10.2	9.9	10.2	10.2	10.7
Net Tax Collections	4,433	4,565	5,699	6,298	7,402	8,360	9,864
% YoY	0.9	3.0	24.8	10.5	17.5	12.9	18.0
% to GDP	7.9	7.0	7.3	7.0	7.3	7.4	7.7

Source: Budget Documents

FY15 Outlook – The FM has announced a reduction in excise duty rates for capital goods, consumer non-durables, and autos. The reduced rates will be valid until 30 June 2014 and are intended to boost growth in the manufacturing sector.

Figure 7. Trends | Expenditure (Rs Bn, % GDP)



Source: Budget Documents

Expenditures

FY14 recap: Total expenditure in FY14 grew by 12.8%YoY with both plan and non-plan expenditure rising at double-digit rates. Notably, subsidies in FY14 have been less than FY13 on a lower fuel subsidy, thanks to a rollover of Rs350bn subsidy to FY14.

Figure 8. Trends in Expenditure (Rs bn)

	FY09	FY10	FY11	FY12	FY13	FY14RE	FY15BE
Plan Expenditure (1+2)	2,752	3,034	3,790	4,124	4,143	4,755	5,553
%YoY	34.2	10.2	24.9	8.8	0.5	14.8	16.8
% to Total Expenditure	31.1	29.6	31.7	31.6	29.4	29.9	31.5
1. Central Assistance	771	845	931	1,040	1,089	1,190	3,386
2. Gross Budgetary Support	1,982	4,269	2,860	3,078	3,047	3,565	2,168
of which							
Econ Services	1,131	1,282	1,689	1,728	1,629	1,834	1,519
Social Services	843	895	1,157	1,296	1,362	1,657	571
General Services	7	12	14	53	57	73	78
IEBR	0	2,080	0	0	0	0	0
Non Plan Expenditure	6,087	7,211	8,183	8,919	9,967	11,149	12,079
%YoY	19.9	18.5	13.5	9.0	11.8	11.9	8.3
% to Total Expenditure	68.9	70.4	68.3	68.4	70.7	70.1	68.5
Interest Payments	1,922	2,131	2,340	2,732	3,132	3,801	4,270
% GDP	3.4	3.3	3.0	3.0	3.1	3.4	3.3
% YoY	12.4	10.9	9.8	16.7	14.7	21.4	12.4
Defense	1,143	1,418	1,541	1,709	1,818	2,037	2,240
% GDP	2.0	2.2	2.0	1.9	1.8	1.8	1.8
% YoY	24.6	24.1	8.7	10.9	6.4	12.0	10.0
Subsidies	1,297	1,414	1,734	2,179	2,571	2,555	2,557
% GDP	2.3	2.2	2.2	2.4	2.5	2.3	2.0
% YoY	82.9	9.0	22.7	25.7	18.0	-0.6	0.1
of which: Food	438	584	638	728	850	920	1,150
Fuel	29	150	384	685	969	855	634
Fertilizer	766	613	623	700	656	680	680
Pensions	329	561	574	612	695	741	810
Police	199	260	273	331	373	431	464
Other Non-Plan REV Expenditure	682	798	864	661	705	798	850
Grants	396	475	520	537	512	658	738
Non-Plan CAPEX	73	110	236	115	76	78	100
Other	46	44	99	43	86	50	50
TOTAL EXPENDITURE	8,840	10,245	11,973	13,044	14,104	15,904	17,632
%YoY	24.0	15.9	16.9	8.9	8.1	12.8	10.9
%GDP	15.7	15.8	15.4	14.5	13.9	14.0	13.8

Source: Budget Documents

FY15 outlook: The expenditure growth in FY15 has been projected at 10.9%YoY with non-plan expenditure likely to grow at 8.3%YoY, which may appear a tad optimistic. Subsidies are likely to remain unchanged at Rs2557bn as a higher food subsidy will be offset by lower fuel subsidy.

Charting Trends in Public Finances

Figure 9. Trends in Fiscal Deficit (Rs bn, % GDP)

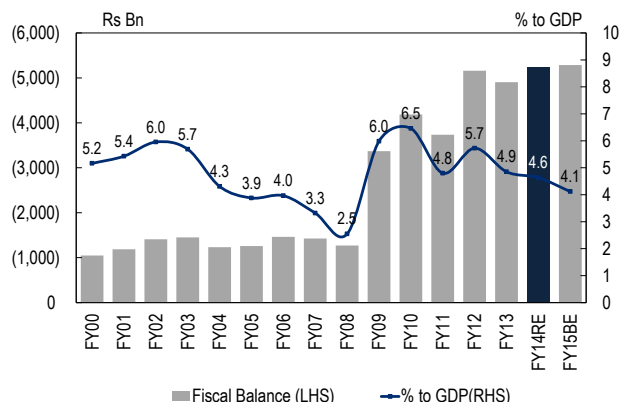


Figure 10. Trends in Tax Revenues (% GDP)

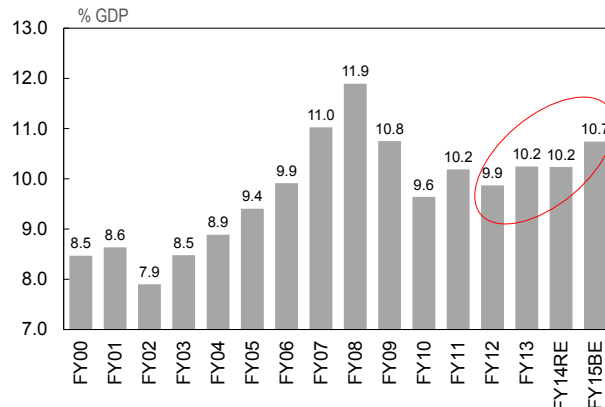


Figure 11. Trends in Expenditure (Rs bn, % GDP)

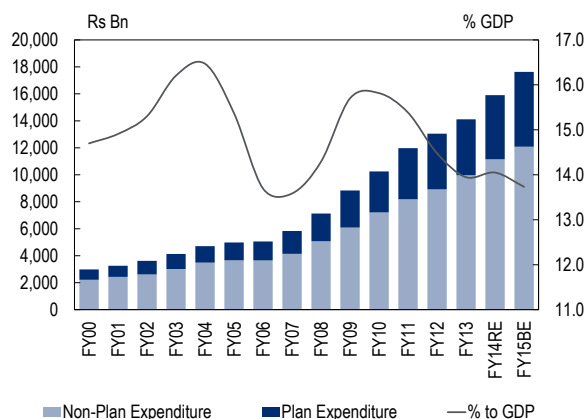


Figure 12. Trends in Subsidies (Rs bn, % GDP)

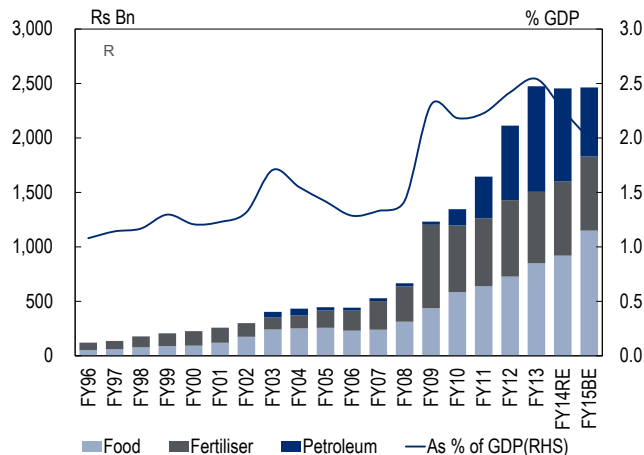


Figure 13. Trends in Divestments (Rs bn)

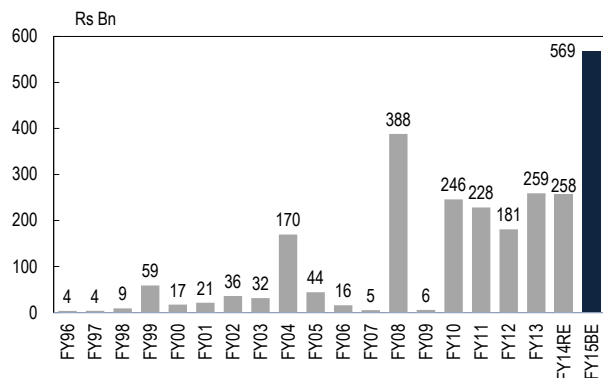
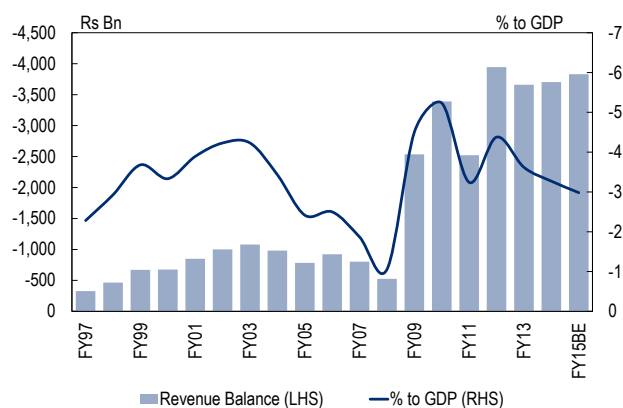


Figure 14. Trends in Revenue Deficit (Rs bn, % GDP)



Source: Budget Documents

Snapshot of Govt Finances

Figure 15. Snapshot of Indian Government Finances (Rs bn)

	FY09	FY10	FY11	FY12	FY13	FY14RE	FY15BE	
a. Gross Tax Revenue	6,053	6,245	7,931	8,892	10,360	11,589	13,792	Revenues
% to GDP	10.8	9.6	10.2	9.9	10.2	10.2	10.8	Key Assumptions
% YoY	2.0	3.2	27.0	12.1	16.5	11.9	19.0	Income Tax +27.2%
Corporation tax	2,134	2,447	2,987	3,228	3,563	3,937	4,510	Corporate: +14.6%, Customs +15%
Income tax	1,060	1,224	1,391	1,645	1,965	2,362	3,005	Excise: +11.8%; Service: +30.7%
Excise duty	1,086	1,030	1,377	1,449	1,759	1,788	1,998	
Import duty	999	833	1,358	1,493	1,653	1,751	2,013	
Service tax	609	584	710	975	1,326	1,649	2,155	
b. (-) Devolvement to States & UTs	1,620	1,680	2,232	2,594	2,960	3,229	3,928	
c. Net tax revenues (a-b)	4,433	4,565	5,699	6,298	7,400	8,360	9,864	
d. Non tax revenues	969	1,163	2,186	1,217	1,374	1,932	1,807	
e. Net revenue receipts (c+d)	5,403	5,728	7,885	7,514	8,776	10,293	11,671	
f. Non-debt capital receipts	67	332	353	369	422	366	675	
Recovery of loans	61	86	124	189	163	108	105	
Divestments/Other	6	246	228	181	259	258	569	
g. TOTAL REVENUES (e+f)	5,470	6,060	8,237	7,884	9,198	10,659	12,346	
%YoY	-6.6	10.8	35.9	-4.3	16.7	15.9	15.8	
h. Revenue expenditure	7,938	9,118	10,407	11,458	12,435	13,995	15,501	Expenditures
Interest (1)	1,922	2,131	2,340	2,732	3,132	3,801	4,270	
Defense	733	907	921	1,030	1,113	1,248	1,344	
Subsidies	1,297	1,414	1,734	2,179	2,571	2,555	2,557	Food: Rs1150bn; Fuel: Rs634bn; Fert: Rs680bn
Pensions	329	561	574	612	695	741	810	
Grants to States	382	459	498	515	480	616	694	
Admin and social services	927	1,107	1,198	1,053	1,153	1,316	1,402	
Plan expenditure	2,348	2,539	3,142	3,337	3,292	3,719	4,423	
i. Capital expenditure	902	1,127	1,566	1,586	1,669	1,909	2,132	
Defense	410	511	621	679	705	789	896	
Loans	87	121	298	120	119	83	105	
Plan expenditure	405	495	648	786	844	1,037	1,130	
j. Plan expenditure	2,752	3,034	3,790	4,124	4,143	4,755	5,553	Plan expenditure to rise 16.8%
k Non Plan expenditure	6,087	7,211	8,183	8,920	9,961	11,149	12,079	Non-plan expenditure to rise 8.3%
l. TOTAL EXPENDITURE (h+i): (j+k)	8,840	10,245	11,973	13,044	14,104	15,904	17,632	
% YoY	24.0	15.9	16.9	8.9	8.1	12.8	10.9	
Deficit trends								
m. Fiscal Balance (g-l)	-3,370	-4,185	-3,736	-5,160	-4,906	-5,245	-5,286	FY14 fiscal deficit contained at 4.6% GDP vs estimates of 4.8%
% to GDP	-6.0	-6.5	-4.8	-5.7	-4.9	-4.6	-4.1	
n. Revenue Balance (e-h)	-2,535	-3,390	-2,523	-3,943	-3,659	-3,703	-3,829	
% to GDP	-4.5	-5.2	-3.2	-4.4	-3.6	-3.3	-3.0	
o. Primary Deficit (m-1)	-1,448	-2,054	-1,396	-2,428	-1,774	-1,445	-1,016	
% to GDP	-2.6	-3.2	-1.8	-2.7	-1.8	-1.3	-0.8	
Financing the deficit								
Market borrowings (Net)	2,336	3,984	3,254	4,362	4,674	4,233	4,073	
PPF & special deposits	80	161	125	108	109	100	120	
Small savings	-13	133	112	-103	86	116	82	
Net external assistance	110	110	236	124	72	54	57	
Others	418	-189	-56	828	471	592	953	
Cash Surplus	438	-14	64	-160	-506	150	0	
Total financing	3,370	4,185	3,736	5,160	4,906	5,245	5,286	
Memo items (% to GDP)								
Centre	-6.0	-6.5	-4.8	-5.7	-4.9	-4.6	-4.1	
State	-2.3	-2.9	-3.2	-2.3	-2.2	-2.0	-2.5	
Combined	-8.3	-9.4	-8.0	-8.1	-7.0	-6.7	-6.7	
Off Balance Sheet Items	-1.7	-0.2	-	-	-	-	-	
Total Deficit	-10.0	-9.5	-8.0	-8.1	-7.0	-6.7	-5.7	
Combined liabilities	76.8	75.5	70.2	69.7	69.8	68.9	67.1	

*Includes proceeds of transfer of RBI's stake in SBI. RE: Revised Estimates; BE: Budgeted Estimates, based on the government's nominal GDP forecast of. Source: Budget Documents, Citi Research estimates

Statistical Snapshot

Figure 16. India Macroeconomic Summary FY02 – 15E

Fiscal Year to 31 March	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14E	FY15E
National Income Indicators														
Nominal GDP (Rs bn)	23,676	25,500	28,617	32,422	36,934	42,947	49,871	56,301	64,778	77,841	90,097	101,133	113,205	127,921
Nominal GDP (US\$ bn)	496	527	623	720	834	950	1,241	1,224	1,367	1,708	1,873	1,873	1,853	2,053
Per Capita GDP (US\$)	477	499	582	662	754	847	1,090	1,061	1,168	1,440	1,558	1,539	1,478	1,638
Real GDP growth (%)	5.5	4.0	8.1	7.0	9.5	9.6	9.3	6.7	8.6	8.9	6.7	4.5	4.9	5.6
Agriculture growth (%)	6.0	-6.6	9.0	0.2	5.1	4.2	5.8	0.1	0.8	8.6	5.0	1.4	4.6	3.0
Industry growth (%)	2.6	7.2	7.3	9.8	9.7	12.2	9.7	4.4	9.2	7.6	7.8	1.0	0.7	3.9
Services growth (%)	6.9	7.0	8.1	8.1	10.9	10.1	10.3	10.0	10.5	9.7	6.6	7.0	6.9	6.9
By Demand (%YoY)														
Consumption	5.3	2.3	5.4	1.9	8.7	7.7	9.4	7.7	8.4	8.2	8.9	5.2	4.4	5.6
Pvt Consumption	6.0	2.9	5.9	1.7	8.6	8.5	9.4	7.2	7.4	8.7	9.3	5.0	4.1	5.5
Public Consumption	2.3	-0.4	2.6	3.4	8.9	3.8	9.6	10.4	13.9	5.8	6.9	6.2	5.5	6.0
Gross Fixed Capital Formation	7.4	6.8	13.6	20.7	16.2	13.8	16.2	3.5	7.7	11.0	12.3	0.8	0.2	2.5
Cons; Invst, Savings * (%GDP)														
Consumption	78.9	77.2	75.0	70.1	69.2	68.0	67.2	68.6	69.1	67.5	68.5	68.8	69.8	70.1
Gross Capital Formation	22.3	24.6	26.9	32.8	34.7	35.7	38.1	34.3	36.3	36.5	36.4	34.7	35.3	35.7
Gross Domestic Savings	22.6	25.4	28.7	32.4	33.4	34.6	36.8	32.0	33.7	33.7	31.3	30.1	30.5	30.8
Real Indicators (%YoY)														
Commercial vehicle sales	-4.5	40.4	36.2	22.4	10.1	33.3	4.2	-21.4	39.2	27.0	19.5	-1.9	-12.0	5.0
Car sales	3.2	5.3	27.2	17.8	7.7	20.7	12.1	0.3	25.7	29.2	3.9	2.4	-5.0	3.6
Two-wheelers	15.3	15.8	11.3	15.7	13.6	11.5	-7.8	2.7	25.9	25.8	13.9	2.7	5.0	10.0
Diesel consumption	-3.7	0.3	1.2	6.9	1.4	6.7	11.1	8.5	8.9	6.5	5.0	6.8	0.0	4.0
Mobile Tele density	0.6	1.3	3.1	4.8	8.2	14.1	22.0	33.0	48.5	66.8	75.1	79.0	87.9	89.7
Monetary Indicators (% YoY)														
Money supply	16.0	16.1	13.0	14.0	15.9	20.0	22.1	20.5	19.2	16.2	15.8	13.4	17.0	18.0
Inflation – WPI (Avg)	3.6	3.4	5.5	6.5	3.7	6.5	4.8	8.0	3.6	9.6	8.8	7.4	6.0	5.5
CPI (Avg)	4.3	4.1	3.8	3.9	4.2	6.8	6.2	9.1	12.3	10.5	8.4	10.2	9.6	8.3
Bank credit growth	15.3	23.7	15.3	30.9	37.0	28.1	22.3	17.5	16.9	21.5	17.0	14.1	15.0	15.0
Deposit growth	14.6	16.1	17.5	13.0	24.0	23.8	22.4	19.9	17.2	15.9	13.5	14.2	13.5	14.0
Fiscal Indicators (% GDP)														
Centre's fiscal deficit	-6.0	-5.7	-4.3	-3.9	-4.0	-3.3	-2.5	-6.0	-6.5	-4.8	-5.7	-4.9	-4.6	-4.1
State fiscal deficit	-3.6	-3.5	-3.9	-3.4	-2.5	-2.1	-1.4	-2.3	-2.9	-3.2	-2.3	-2.2	-2.0	-2.6
Combined deficit (Centre+State)	-9.6	-9.2	-8.2	-7.2	-6.5	-5.4	-4.0	-8.3	-9.4	-8.0	-8.1	-7.0	-6.7	-6.7
Off Balance Sheet Items					-0.5	-0.9	-0.6	-1.7	-0.2					
Combined liabilities (dom+ext)	87.2	90.7	90.0	88.8	84.6	79.9	76.1	76.8	75.5	70.2	69.7	69.8	69.3	67.8
External Sector (% YoY)														
Exports (US\$bn)	44.7	53.8	66.3	85.2	105.2	128.9	166.2	189.0	182.4	250.5	309.8	306.6	323.4	349.3
% YoY	-1.6	20.3	23.3	28.5	23.4	22.6	28.9	13.7	-3.5	37.3	23.7	-1.0	5.5	8.0
Imports (US\$bn)	56.3	64.5	80.0	118.9	157.1	190.7	257.6	308.5	300.6	381.1	499.5	502.2	472.1	514.6
%YoY	-2.8	14.5	24.1	48.6	32.1	21.4	35.1	19.8	-2.6	26.7	31.1	0.5	-6.0	9.0
Trade deficit (US\$bn)	-11.6	-10.7	-13.7	-33.7	-51.9	-61.8	-91.5	-119.5	-118.2	-130.6	-189.8	-195.7	-148.7	-165.3
Invisibles (US\$bn)	15.0	17.0	27.8	31.2	42.0	52.2	75.7	91.6	80.0	84.6	111.6	107.5	111.9	118.6
Current Account Deficit (US\$bn)	3.4	6.3	14.1	-2.5	-9.9	-9.6	-15.7	-27.9	-38.2	-45.9	-78.2	-88.2	-36.8	-46.7
% to GDP	0.7	1.2	2.3	-0.3	-1.2	-1.0	-1.3	-2.3	-2.8	-2.7	-4.2	-4.7	-2.0	-2.3
Capital Account (US\$bn)	8.6	10.8	16.7	28.0	25.5	45.2	106.6	7.4	51.6	62.0	67.8	89.3	56.6	63.6
% GDP	1.7	2.1	2.7	3.9	3.1	4.8	8.6	0.6	3.8	3.6	3.6	4.8	3.1	3.1
Forex Assets (excl gold) (US\$bn)	51.0	71.9	106.1	135.1	145.1	191.9	299.1	241.6	252.8	273.7	260.9	264.7	278.4	294.8
Months of imports	10.9	13.4	15.9	13.6	11.1	12.1	13.9	9.4	10.1	8.6	6.3	6.3	7.1	6.9
External Debt (US\$bn)	98.8	104.9	112.7	134.0	139.1	172.4	224.4	224.5	260.9	317.9	360.7	400.3	400.3	415.3
Short Term Debt (US\$bn)	2.7	4.7	4.4	17.7	19.5	28.1	45.7	43.3	52.3	65.0	78.2	96.7	94.8	
Exchange Rate														
US\$/INR - annual avg	47.7	48.4	45.9	45.0	44.3	45.2	40.2	46.0	47.4	45.6	48.1	54.0	61.1	62.3
% depreciation	4.4	1.5	-5.2	-2.0	-1.6	2.0	-11.1	14.4	3.0	-3.8	5.5	12.3	13.1	2.0

* At current prices.

Source: CSO, RBI, Ministry of Finance, Citi Research estimates

Appendix A-1

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