

## India Macro Flash

### Fiscal Update: Apr-Dec Deficit 95% of FY14 Target; FY15 Vote on Account Likely on Feb 17...Watch Out for Accounting

- **Latest fiscal trends: Apr-Dec Deficit – 95% of BE** – Despite efforts to rein in revenue expenditure at 6% in Dec v/s BE of 15.6%, lackluster growth in taxes at 6% v/s BE of 19.3% resulted in the deficit coming in at Rs68bn v/s a surplus of Rs82bn last year. This was disappointing given that Dec data incorporates third installment of advance tax collections. On a cumulative basis, trends remain pretty much unchanged, with the Apr-Dec deficit at Rs5167bn or 95.2% of BE v/s 78.8% last year. Given current trends in revenues, we maintain our view that meeting the fiscal red line of 4.8% of GDP in FY14 will be possible only by expenditure cuts and subsidy rollovers. This in turn would have implications for 4QFY14 growth.
- **FY14 fiscal deficit red line: expenditure cuts only way to meet targets**
  - **Revenues: tax behind targets, but divestments/dividends to help:** The slowdown in growth has taken its toll on tax revenues, particularly indirect taxes. Cumulative growth in gross tax collections stands at 7.2% v/s BE of 19.2%. However, non-tax revenues see three rays of light: (1) Disinvestments: While the gov't has so far raised only Rs54bn against its target of 558bn, if all goes as planned – SUUTI; Minority Stake Sale and Cross Holdings, the gov't could come close to its target. (2) The telecom spectrum auction commences today which could enable the gov't raise Rs320bn. However as in past, operators may use the installment route (pay 1/3<sup>rd</sup> upfront), thus netting the gov't Rs~110bn v/s BE of Rs220bn. (3) Dividends from PSU's budgeted at Rs299bn are likely to exceed targets thanks to higher payouts. (see p.3 for details on non-tax revenues).
  - **Expenditure: subsidy rollovers, expenditure cuts:** In addition to fuel-subsidy rollovers ~Rs400bn, we could see some slippage on the food/fertilizer front as subsidies are already at 90% of BE (see p.2). Bottom line, taking into account tax revenue shortfalls, we could see expenditure cuts to the tune of ~Rs700bn to enable the gov't to adhere to the fiscal 'red-line' of 4.8% of GDP.
- **FY15 vote-on-account on Feb 17** – Given the upcoming elections, the government will present an "Interim Budget" and through it a "vote-on-account" that allows it to meet its administrative expenditure until a full budget is presented by the new government. As mentioned in the Macroscope, we expect government to stay on the fiscal consolidation path albeit gradually, and announce a fiscal deficit within 4.5% of GDP. However, borrowings are likely to be higher, given that redemptions are likely to increase at a CAGR of 28% in the next four years. (see p.4).
- **Recent GDP revisions (FY11: 9.3% to 8.9%; FY12: 6.2% to 6.7%, FY13: 5% to 4.5%) have had limited impact on deficit ratios calculated in nominal terms (see p.5)**

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

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## Key Fiscal Indicators

### APR-DEC FISCAL TRENDS

**Revenues** are up 10.4%, below budgeted growth of 22.1%

**Expenditure** is within targets, up 17.5% vs. budgeted 18.1%

**Fiscal deficit** widens to Rs5,167bn or at 95% of budget target

Figure 1. India Latest Fiscal Snapshot – April-December FY14 (Rs Bn, %)

	Dec-13	%YoY	Apr-Dec FY14	%YoY	Budget Est. FY14	% to Total	Budgeted Growth
a. Revenue receipts	1,312	5.2	6,339	11.1	10,563	60.0	20.2
Net tax revenues	1,215	6.1	5,177	6.9	8,841	58.6	19.3
Non-tax	97	-4.1	1,163	34.6	1,723	67.5	25.1
b. Non-debt cap receipts	45	-35.3	135	-15.2	665	20.3	63.3
<b>c. Total receipts (a+b)</b>	<b>1,358</b>	<b>3.1</b>	<b>6,474</b>	<b>10.4</b>	<b>11,228</b>	<b>57.7</b>	<b>22.1</b>
d. Revenue expenditure	1,095	6.0	10,052	15.7	14,362	70.0	15.6
e.   of which interest	340	78.2	2,485	23.1	3,707	67.0	18.8
f. Capital expenditure	331	24.4	1,589	29.7	2,291	69.4	37.0
<b>g. Total expenditure (d+f)</b>	<b>1,426</b>	<b>15.5</b>	<b>11,641</b>	<b>17.5</b>	<b>16,653</b>	<b>69.9</b>	<b>18.1</b>
h. Plan Expenditure	603	14.8	3,513	18.7	5,553	63.3	34.0
i. Non Plan Expenditure	823	16.0	8,128	16.9	11,100	73.2	11.5
<b>j. Fiscal deficit (g-c)</b>	<b>68</b>	<b>-183.1</b>	<b>5,167</b>	<b>27.7</b>	<b>5,425</b>	<b>95.2</b>	<b>10.7</b>
k. Revenue deficit (d-a)	(218)	1.5	3,712	24.6	3,798	97.7	4.5
l. Primary Deficit (j-e)	(272)	-0.5	2,682	32.2	1,718	156.1	(3.5)

Source: CGA, Ministry of Finance

### APR-DEC TAX COLLECTIONS

Net tax revenues grew 6.9% vs. budgeted growth of 19.3%

While income tax showed strong positive growth, up 19.8%, excise collections remain the key drag, down 7%

Figure 2. India Tax Collections – April-December (Rs Bn, %)

	Dec-13	%YoY	Apr-Dec FY14	%YoY	Budget Est. FY14	% of Budget	Budgeted Growth
Corporate	788	5.5	2,604	9.6	4,195	62.1	17.7
Income	267	16.5	1,537	19.8	2,409	63.8	22.4
Customs	139	(0.5)	1,239	4.3	1,873	66.1	13.0
Excise	134	(11.5)	1,017	-6.9	1,968	51.7	11.9
Service	131	39.2	969	19.8	1,801	53.8	36.0
Others	8	3.8	71	8.7	112	63.5	19.7
<b>Gross Taxes</b>	<b>1,467</b>	<b>7.2</b>	<b>7,437</b>	<b>9.2</b>	<b>12,359</b>	<b>60.2</b>	<b>19.2</b>
Devolverment to States	248	13.4	2,231	14.8	3,518	63.4	19.0
<b>Net Taxes</b>	<b>1,215</b>	<b>6.1</b>	<b>5,177</b>	<b>6.9</b>	<b>8,841</b>	<b>58.6</b>	<b>19.3</b>

Source: CGA, Ministry of Finance

### SUBSIDIES

The FY14 budget has estimated oil subsidies at Rs650bn, arrears for FY13 are Rs450bn

Food and fertilizer subsidies in Apr-Dec are at 90% of budgeted targets

Figure 3. India Trends in Subsidies – Food, Fertilizer Fuel (Rs bn, %)

	FY10	FY11	FY12	FY13RE	FY14BE	Apr-Dec		
						FY14	%BE FY14	%BE FY13
Food	584	638	728	850	900	875	96	102
Fertilizer	613	623	700	660	660	563	85	98
Fuel	150	384	685	969	650	554	85	93
<b>Total</b>	<b>1,414</b>	<b>1,734</b>	<b>2,179</b>	<b>2,577</b>	<b>2,219</b>	<b>1,992</b>	<b>90</b>	

Source: CGA, Budget Documents

### EXPENDITURE CUTS NEEDED TO MEET FISCAL TARGETS

The government would need to make significant expenditure cuts in order to meet fiscal targets; possible methods include (1) rollover of subsidy (2) cuts in plan expenditure similar to those in FY13

Figure 4. India – Expenditure Cut Needed to Meet Red Line (Rs bn, %)

<b>Budgeted fiscal deficit for FY14</b>	<b>5,425</b>
Fiscal deficit as % of GDP (BE)	4.8
<b>Add:</b>	
Shortfalls in tax revenues	600
Shortfalls in divestments	50
Additional Food Subsidy	50
Under-recoveries by Oil Companies	522
<b>Less:</b>	
Higher Dividends	100
Oil Subsidies (Under-recoveries) deferred	400
<b>Expenditure Cut Required to Meet Red Line</b>	<b>700</b>
Total fiscal deficit (revised)	5,472
Fiscal deficit as % of GDP (RE)	4.85

Source: Budget Documents, Citi Research

## What to Watch: Non-Tax Revenues; Divestments and Subsidies

**Dividends:** While tax revenues have fallen behind budget targets (Apr-Dec growth at 7.2% v/s BE of 19.2%), non-tax revenues of government are up 35% – ahead of budget estimates of 25%. This is largely due to higher PSU dividend payouts and is likely to continue given the Rs170bn dividend boost from Coal India.

**Telecom revenues:** The spectrum auctions commence today – i.e. Feb 3. Assuming that the spectrum winning bid is 50% higher than the base price, we expect cash inflow for the government at ~Rs320bn. In case the operators take the installment route to pay to the government, the cash inflow for the government for the current fiscal year would amount to ~Rs100bn and the remaining will be staggered over a 10-year period after a 2-year moratorium.

**Divestments:** Of the disinvestment target of Rs558bn for FY14, the government has raised a mere Rs54bn so far. However, taking into account cabinet decision on minority stake sale, SUUTI and cross-holdings, disinvestments may see a marginal slippage of 50bn in our view.

Figure 5. India – Higher Dividends to Offset Lower Divestment (Rs bn)

	Budget	Likely	Comments
<b>a. Disinvestment</b>	<b>400</b>	<b>284</b>	
So far		54	PGC 16 bn. NHPC 21bn, MMTC 6 bn
SUUTI – Axis Bank		130	SUUTI - Axis is 130 bn (23.5%), Can be scaled up for other holding like ITC, L&T
Indian Oil Cross Holding		50	10% to be sold to ONGC and Oil India, target close to 48-50 bn
Other Issues in pipeline		50	
<b>b. Minority stake sale (Hz/Balco)</b>	<b>140</b>	<b>220</b>	Hindustan zinc (180- 200 bn), Balco (40 bn)
c. Write backs with AMC	18	18	as budgeted
<b>1. Total Divestment (a+b+c)</b>	<b>558</b>	<b>519</b>	
<b>2. Dividend from PSUs</b>	<b>299</b>	<b>399</b>	Coal India has paid Rs170bn vs 70bn last year
<b>Total (1+2)</b>	<b>857</b>	<b>918</b>	

Source: Citi Research

**Subsidies:** Despite the monthly hike in diesel prices, our oil analyst Saurabh Handa expects gross under-recoveries (losses by oil marketing companies) to touch Rs1,428bn. Of this, the government subsidy burden is expected to be Rs722bn, but ~Rs400bn could be rolled over to next fiscal. In addition to fuel subsidies, key to watch are food and fertilizer subsidies where the outlay till December is currently 90% of budget estimates.

### SENSITIVITY ANALYSIS on LOSSES

US\$/bbl change = Rs40bn

USD/INR change = Rs80bn

Rs1/ltr hike = Rs38bn

Figure 6. India – Subsidy Sharing Mechanism (Rs bn)

	FY09	FY10	FY11	FY12	FY13	FY14E	FY15E
<b>Gross under-recoveries</b>	<b>1,033</b>	<b>461</b>	<b>782</b>	<b>1,385</b>	<b>1,610</b>	<b>1,428</b>	<b>983</b>
Diesel	575	144	345	812	921	773	366
LPG	176	143	220	300	396	332	304
Kero	282	174	197	273	293	323	312
<b>Less: upstream sharing</b>	<b>329</b>	<b>144</b>	<b>303</b>	<b>550</b>	<b>600</b>	<b>706</b>	<b>664</b>
% of Total		31%	39%	40%	37%	49%	68%
<b>Less: govt's share</b>	<b>713</b>	<b>260</b>	<b>410</b>	<b>835</b>	<b>1000</b>	<b>722</b>	<b>319</b>
% of Total		56%	52%	60%	62%	51%	32%
<b>Brent Crude</b>	<b>85</b>	<b>71.5</b>	<b>87</b>	<b>114</b>	<b>111</b>	<b>108</b>	<b>106</b>
<b>USD/INR</b>	<b>46</b>	<b>47.5</b>	<b>45.6</b>	<b>47.9</b>	<b>54.4</b>	<b>61</b>	<b>62</b>

Source: Citi Research, Estimates as of December 2013

## FY15: Vote on Account – What to Expect

### Vote on Account/Interim Budget Likely on Feb 17

Given that it's an election year, the government will present an "Interim Budget" as opposed to a regular budget before general elections. The Interim budget, likely to be on February 17<sup>th</sup>, is presented in parliament before the newly-elected government frames its final budget. It is similar to a regular budget and contains full-year estimates for both revenue and expenditures. It is important because, through this interim budget, parliament will pass a "vote-on-account" that allows government to meet its administrative expenditure until a full budget is presented by the new government and passed by Parliament. Key to note is that an Interim budget does not typically contain significant changes or new schemes. The new incoming government is free to modify the interim budget estimates in the final budget.

### Borrowing Program Set to Increase from FY15

In order to stay closer to the fiscal roadmap, as recommended by Kelkar Committee, the government will likely present a fiscal deficit of 4.5% in FY15, which translates into a gross borrowing of Rs6,700bn (17% higher than FY14). However in the event that government achieves its 4.8% red line and presents an optimistic scenario of 0.8% consolidation in fiscal deficit to 4% of GDP, the gross borrowing could drop to Rs6158bn.

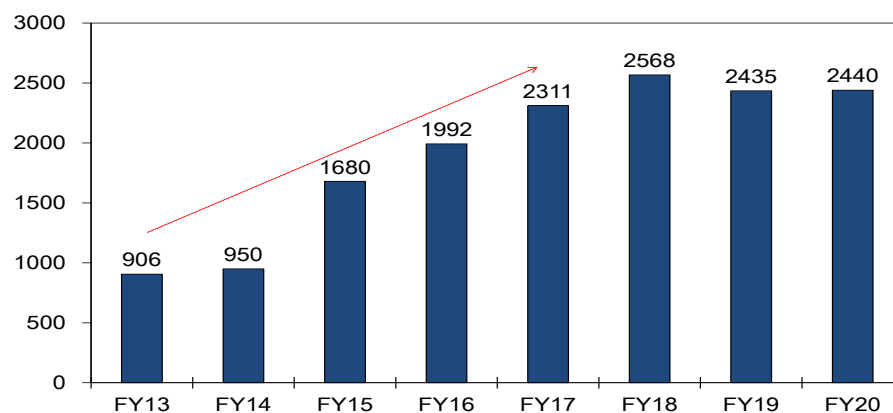
Note that redemptions are likely to increase at a CAGR of 28% in the next four years and remain elevated thereafter, on account of a rise in fiscal deficit from ~2.5% in FY08 to ~5% after FY09. However, it's important to keep in mind that the gross borrowing could come down if the government is able to conduct maturity extension bond switch.

Figure 7. India – Borrowing Program (Rs bn)

	FY13A	FY14BE	FY14YTD	FY15 Scenarios	
				4.5% FD	4% FD
<b>Fiscal Deficit</b>	<b>4,900</b>	<b>5,425</b>	<b>5,167</b>	<b>5,847</b>	<b>5,197</b>
<b>Net Market Borrowings</b>	<b>5,131</b>	<b>5,038</b>	<b>4,758</b>	<b>5,262</b>	<b>4,678</b>
Net Market Borrowings Dated	4,674	4,840	4,648	5,062	4,478
Net Market Borrowings - Bills	457	198	110	200	200
Repayments	906	950	747	1,680	1,680
<b>Gross Dated Borrowings</b>	<b>5,580</b>	<b>5,790</b>	<b>5,395</b>	<b>6,742</b>	<b>6,158</b>

Source: RBI; Citi Research, FY14YTD is borrowing till Jan 24<sup>th</sup> · fiscal deficit till Dec

Figure 8. India – Redemption Profile of Government Securities (Rs bn)



Source: RBI, Citi Research

## Snapshot of Government Finances

Figure 9. Snapshot of Indian Government Finances (Rs bn)

	FY08	FY09	FY10	FY11	FY12	FY13RE*	FY14BE	
<b>a. Gross Tax Revenue</b>	5,931	6,053	6,245	7,931	8,892	10,366	12,359	<b>Revenues</b>
% to GDP	11.9	10.8	9.6	10.2	9.9	10.3	10.9	<b>Key Assumptions</b>
% YoY	25.3	2.0	3.2	27.0	12.1	16.6	19.2	Income Tax +22% (Current Run Rate: +20%)
Corporation tax	1,929	2,134	2,447	2,987	3,228	3,563	4,195	Corporate: +17.7%(9.6%), Customs +13% (4.3%)
Income tax	1,026	1,060	1,224	1,391	1,645	1,968	2,409	Excise: +11.9% (-6.9%), Service + 35.9%(19.8%)
Excise duty	1,234	1,086	1,030	1,377	1,449	1,759	1,968	
Import duty	1,041	999	833	1,358	1,493	1,658	1,873	
Service tax	513	609	584	710	975	1,325	1,801	
<b>b. (-) Devolvement to States &amp; UTs</b>	<b>1,536</b>	<b>1,620</b>	<b>1,680</b>	<b>2,232</b>	<b>2,594</b>	<b>2,956</b>	<b>3,518</b>	
c. Net tax revenues (a-b)	4,395	4,433	4,565	5,699	6,298	7,410	8,841	
d. Non tax revenues	1,023	969	1,163	2,186	1,217	1,377	1,723	
<b>e. Net revenue receipts (c+d)</b>	<b>5,419</b>	<b>5,403</b>	<b>5,728</b>	<b>7,885</b>	<b>7,514</b>	<b>8,788</b>	<b>10,563</b>	
<b>f. Non-debt capital receipts</b>	<b>439</b>	<b>67</b>	<b>332</b>	<b>353</b>	<b>369</b>	<b>407</b>	<b>665</b>	
Recovery of loans	51	61	86	124	189	148	107	Divestments have raised Rs 54 bn so far, alternative methods to help
Divestments/Other	388	6	246	228	181	259	558	
<b>g. TOTAL REVENUES (e+f)</b>	<b>5,858</b>	<b>5,470</b>	<b>6,060</b>	<b>8,237</b>	<b>7,884</b>	<b>9,195</b>	<b>11,228</b>	Targets appear difficult – revenue
%YoY	32.9	-6.6	10.8	35.9	-4.3	16.6	22.1	Growth in Apr-Dec at 10.4%YoY vs 22.1% BE
<b>h. Revenue expenditure</b>	5,945	7,938	9,118	10,407	11,458	12,423	14,362	<b>Expenditures</b>
Interest (1)	1,710	1,922	2,131	2,340	2,732	3,119	3,707	
Defense	543	733	907	921	1,030	1,089**	1,169	
Subsidies	709	1,297	1,414	1,734	2,179	2,577**	2,311	
Pensions	243	329	561	574	612	638**	707	
Grants to States	358	382	459	498	515	579**	770	Assume FY14 Fuel Subsidy at Rs650 bn
Admin and social services	647	927	1,107	1,198	1,053	987	1,265	vs. Rs 969bn in FY13
Plan expenditure	1,736	2,348	2,539	3,142	3,337	3,434**	4,433	
<b>i. Capital expenditure</b>	1,182	902	1,127	1,566	1,586	1,672	2,291	
Defense	375	410	511	621	679	696**	867	
Loans	493	87	121	298	120	127**	303	
Plan expenditure	315	405	495	648	786	849**	1,121	
<b>j. Plan expenditure</b>	<b>2,051</b>	<b>2,752</b>	<b>3,034</b>	<b>3,790</b>	<b>4,124</b>	<b>4,143</b>	<b>5,553</b>	Plan Expenditure estimated to rise 34%
<b>k Non Plan expenditure</b>	<b>5,077</b>	<b>6,087</b>	<b>7,211</b>	<b>8,183</b>	<b>8,920</b>	<b>9,952</b>	<b>11,100</b>	Non-plan expenditure to rise 11.5%
<b>l. TOTAL EXPENDITURE (h+i): (j+k)</b>	<b>7,127</b>	<b>8,840</b>	<b>10,245</b>	<b>11,973</b>	<b>13,044</b>	<b>14,095</b>	<b>16,653</b>	
% YoY	22.2	24.0	15.9	16.9	8.9	8.1	18.1	
<b>Deficit trends</b>								
<b>m. Fiscal Balance (g-l)</b>	<b>-1,270</b>	<b>-3,370</b>	<b>-4,185</b>	<b>-3,736</b>	<b>-5,160</b>	<b>-4,900</b>	<b>-5,425</b>	Fiscal deficit has already reached 95% budget estimates in Apr-Dec at Rs 5167bn
% to GDP	-2.5	-6.0	-6.5	-4.8	-5.7	-4.9	-4.8	
<b>n. Revenue Balance (e-h)</b>	<b>-526</b>	<b>-2,535</b>	<b>-3,390</b>	<b>-2,523</b>	<b>-3,943</b>	<b>-3,635</b>	<b>-3,798</b>	
% to GDP	-1.1	-4.5	-5.2	-3.2	-4.4	-3.6	-3.4	
<b>o. Primary Deficit (m-1)</b>	<b>441</b>	<b>-1,448</b>	<b>-2,054</b>	<b>-1,396</b>	<b>-2,428</b>	<b>-1,781</b>	<b>-1,718</b>	
% to GDP	0.9	-2.6	-3.2	-1.8	-2.7	-1.8	-1.5	
<b>Financing the deficit</b>								
Market borrowings (Net)	1,318	2,336	3,984	3,254	4,362	4,674	4,840	
PPF & special deposits	39	80	161	125	108	98	100	
Small savings	-113	-13	133	112	-103	-13	58	
Net external assistance	93	110	110	236	124	38	106	
Others	204	418	-189	-56	828	407	321	
Cash Surplus	-271	438	-14	64	-160	-303	0	
<b>Total financing</b>	<b>1,270</b>	<b>3,370</b>	<b>4,185</b>	<b>3,736</b>	<b>5,160</b>	<b>4,900</b>	<b>5,425</b>	
<b>Memo items (% to GDP)</b>								
Centre	-2.5	-6.0	-6.5	-4.8	-5.7	-4.8	-4.8	
State	-1.4	-2.3	-2.9	-3.2	-2.3	-2.2	-1.9	
<b>Combined</b>	<b>-4.0</b>	<b>-8.3</b>	<b>-9.4</b>	<b>-8.0</b>	<b>-8.1</b>	<b>-7.0</b>	<b>-6.7</b>	
Off Balance Sheet Items	-0.6	-1.7	-0.2	0.0	0.0	0.0	0.0	
<b>Total Deficit</b>	<b>-4.6</b>	<b>-10.0</b>	<b>-9.5</b>	<b>-8.0</b>	<b>-8.1</b>	<b>-7.0</b>	<b>-6.7</b>	
Combined liabilities	76.1	76.8	75.5	69.6	69.1	68.3	67.7	

\*Includes proceeds of transfer of RBI's stake in SBI. RE\*: Revised Estimates announced on May 31; BE: Budgeted Estimates, based on the government's nominal GDP forecast of Rs101599bn or 14%YoY. \*\* Revised Estimates as of FY14 Budget in Feb'13; Source: Budget Documents, Citi Research estimates

## Statistical Snapshot

Figure 10. India Macroeconomic Summary FY02 – 15E

Fiscal Year to 31 March	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14E	FY15E
<b>National Income Indicators</b>														
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	113,977	129,933
Nominal GDP (US\$ bn)	496	527	623	720	834	950	1,241	1,224	1,367	1,708	1,873	1,873	1,865	2,086
Per Capita GDP (US\$)	477	499	582	662	754	847	1,090	1,061	1,168	1,440	1,558	1,539	1,488	1,663
<b>Real GDP growth (%)</b>	<b>5.5</b>	<b>4.0</b>	<b>8.1</b>	<b>7.0</b>	<b>9.5</b>	<b>9.6</b>	<b>9.3</b>	<b>6.7</b>	<b>8.6</b>	<b>8.9</b>	<b>6.7</b>	<b>4.5</b>	<b>4.8</b>	<b>5.6</b>
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	4.8	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	1.5	4.4
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	6.4	6.8
<b>By Demand (%YoY)</b>														
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	4.9	6.4
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	4.5	6.5
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	7.0	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	2.5	5.5
<b>Cons; Invst, Savings * (%GDP)</b>														
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	69.3	69.0
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	35.1	35.1
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
<b>Real Indicators (%YoY)</b>														
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
<b>Monetary Indicators (% YoY)</b>														
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	6.5	6
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	10.0	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	14.3	13.5	14.0
<b>Fiscal Indicators (% GDP)</b>														
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	-4.8	-5.0	-4.5
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	-1.9	-2.2
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	-6.9	-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	68.9	67.1
<b>External Sector (% YoY)</b>														
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	355.8
% 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	10.0
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	482.1	525.5
%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	-4.0	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	-158.7	-169.8
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	115.9	122.6
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	-42.8	-47.2
% 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	-2.3	-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	3.0	3.0
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	6.9	6.7
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	
<b>Exchange Rate</b>														
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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