

Monthly Economic Review

December 2024

Comments are welcome at directorgeneral@ncaer.org.

The findings, interpretations, and conclusions expressed are those of the authors and do not necessarily reflect the views of the Governing Body or Management of NCAER.



Highlights

- The Federal Open Market Committee (FOMC) lowered the policy rate by 0.25 percentage points to a target range of 4.25-4.50 percent on December 18, 2024. The European Central Bank (ECB) announced a rate cut of 0.25 percent for key policy rates on December 12, 2024. Year-over-year inflation across all major advanced economies accelerated in November compared to October 2024 - United States to 2.7 percent from 2.6 percent; Euro Area to 2.2 percent from 2 percent; United Kingdom to 2.6 percent from 2.3 percent; and Japan to 2.9 percent from 2.3 percent.
- The Organisation for Economic Co-operation and Development (OECD) has revised its global growth forecast for 2024 upwards to 3.2 percent from 3.1 percent in the latest OECD Economic Outlook. Brent crude oil price decreased to USD 72.5 per barrel as of December 20, 2024, from USD 74.4 in November 2024.
- India's real Gross Domestic Product (GDP) growth in the second quarter (Q2) of FY2024-25 slowed down to 5.4 percent from 7.8 percent in the first quarter (Q1) of FY2023-24 and 6.7 percent in the Q1 of FY2024-25. Real Gross Value Added (GVA) moderated to 5.6 percent in Q2 of FY2024-25, from 6.2 percent growth in Q1 of FY2024-25. The services sector grew by 7.1 percent, but the industry and agriculture sectors exhibited much slower growth of 3.6 percent and 3.5 percent, respectively.
- India's growth projections for FY2024-25 have been revised downwards. The Asian Development Bank (ADB), Fitch Ratings, JP Morgan, and Morgan Stanley have lowered their forecasts to 6.5, 6.4, 6.4, and 6.3 percent, respectively. S&P Global and Crisil Ratings have maintained their projections at 6.8 percent, while the Organisation for Economic Co-operation and Development (OECD) has increased its forecast marginally to 6.8 percent from 6.7 percent.
- The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) kept the policy rate unchanged at 6.50 percent in its meeting held from December 4-6, 2024. But the Cash Reserve Ratio (CRR) has been reduced by 50 basis points to 4 percent. The RBI lowered the real GDP growth forecast for FY2024-25 to 6.6 percent, down from the 7.2 percent projected earlier in October 2024. It revised the CPI inflation forecast for FY2024-25 upwards to 4.8 percent, from 4.5 percent.
- High frequency indicators exhibit some positives and a few mixed signals. The Index of Industrial Production (IIP) and IIP for core industries both accelerated in October 2024. The headline and core inflation decreased in November 2024. The farm sector remained robust, with improved Rabi sowing for 2024-25 surpassing last year's levels. The sales of electric two-wheelers (E2Ws) accelerated on a year-over-year basis in November 2024. Direct tax collections, both corporate and non-corporate, show year-over-year growth. The Naukri JobSpeak Index reported a year-over-year increase in online hiring. The demand for work under MGNREGA increased year-over-year.
- The Purchasing Managers' Index (PMI) for both manufacturing and services slowed in November 2024 but remained in the expansionary zone. The overall Bank Credit Growth continued its moderating trend with a sharper fall for credit to Non-Banking Financial Companies (NBFCs). The year-over-year growth of GST collections slowed marginally to 8.5 percent in November 2024 from 8.9 percent in October 2024; year-over-year growth of GST E-way slowed marginally to 16.3 percent in November 2024 from 19.9 percent in October 2024. The year-over-year growth of non-EV two-wheeler sales turned negative, and the year-over-year growth of registered motor vehicles also decelerated in November 2024.
- As per the RBI's Report on Trend and Progress of Banking in India, the banking sector remained robust and resilient. The Gross Non-Performing Assets (GNPA) ratio of Scheduled Commercial Banks (SCBs) declined to 2.5 percent in September 2024 from 2.8 percent in March 2024.
- Net foreign portfolio investments increased to USD 3.5 billion as of December 27, 2024, compared to USD (-) 2.5 billion at the end of November 2024. The Current Account Deficit (CAD) widened sequentially by USD 1 billion to USD 11.2 billion (1.2 percent of GDP) in Q2 FY2024-25 from the previous quarter's CAD of USD 10.2 billion (1.1 percent of GDP). The trade deficit widened from USD 25.4 billion in Q1 FY2024-25 to USD 30.8 billion in Q2 FY 2024-25. Remittances increased to USD 31.9 billion in Q2 FY2024-25 from USD 29.5 billion in Q1 FY2024-25. Rupee depreciates to 85.6 against the dollar as on December 27, 2024, compared to Rs. 84.5 as of November 29, 2024; Foreign Exchange Reserves decline by USD 13.7 billion as of December 20, 2024, compared to USD 658.1 billion as of November 29, 2024.

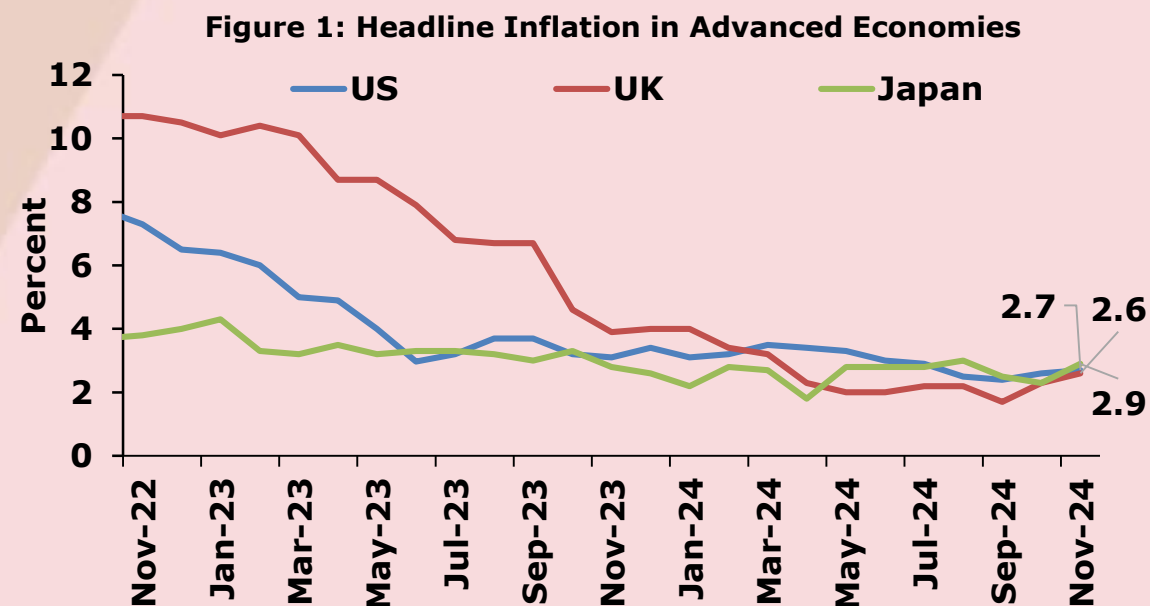
Global Updates and Data Releases

- Federal Open Market Committee (FOMC) reduced the policy rate by 0.25 percent, setting a target range of [4.25-4.50](#) percent. The median growth projections released by the FOMC on December 17-18, 2024, are reported in Table 1. [\[Federal Reserve Press Release, 17-18 December, 2024\]](#)
- The European Central Bank (ECB) announced a rate cut of 0.25 percent for key policy rates, lowering the main refinancing rate to 3.15 percent, the marginal lending facility to 3.4 percent, and the deposit facility to 3 percent. [\[European Central Bank, Press Release, 12 December, 2024\]](#)
- Year-over-year inflation has accelerated across major advanced economies. In the [U.S.](#), inflation accelerated to 2.7 percent in November 2024 from 2.6 percent in October 2024 (Figure 1). Similarly, in the [Euro Area](#), inflation accelerated to 2.2 percent in November 2024 from 2 percent in October 2024. Inflation in the [UK](#) accelerated to 2.6 percent in November 2024 from 2.3 percent in October 2024. In [Japan](#), inflation accelerated to 2.9 percent in November 2024, from 2.3 percent in October 2024 (Figure 1).
- As per the Global Trade Update from the United Nations Conference on Trade and Development (UNCTAD), global trade is expected to maintain its upward trajectory in 2024. In Q2 of 2024, trade in goods increased by approximately 1.5 percent, while trade in services increased by 1 percent. Global trade is projected to expand by USD 1 trillion, 3.3 percent year-on-year in 2024, with goods and services contributing approximately USD 500 billion each. [\[Global Trade Update, December 2024 | \(unctad.org\)\]](#)

Table 1: FOMC Projections

Variables	Median Projections				
	2024	2025	2026	2027	Long-run
Real GDP (% change)	2.5	2.1	2.0	1.9	1.8
Unemployment Rate (%)	4.2	4.3	4.3	4.3	4.2
PCE inflation	2.4	2.5	2.1	2.0	2.0
Core PCE inflation	2.8	2.5	2.2	2.0	-
Fund rate (%)	4.4	3.9	3.4	3.1	3.0

Source: [FOMC Meeting Statement \(17-18 December, 2024\)](#)



Source: US Bureau of Labor Statistics; Office for National Statistics; Statistics Bureau, UK and The Bank of Japan

Note: In Table 1, the [Personal consumption expenditures price index, or PCE price index](#), is a narrower measure of inflation that looks at the changing prices of goods and services purchased by consumers in the US. The PCE price index measures inflation (or deflation) by tracking a broad range of consumer spending and adjusting for changes in buying habits. PCE inflation and core PCE inflation are the rates of change in the overall index and the index excluding food and energy, respectively. The FOMC does not provide long-term projections for core PCE inflation.

GDP Growth Projections

- The global real GDP growth projections by the multilateral and rating organisations range from 2 to 3.2 percent for 2024. The Organisation for Economic Co-operation and Development ([OECD](#)) has revised its global growth forecast for 2024 upwards to 3.2 percent from 3.1 percent in the latest OECD Economic Outlook (Figure 2).
- India's growth projections for FY2024-25 have been revised downwards. The [RBI](#) has lowered India's FY2024-25 GDP growth forecast to 6.6 percent from 7.2 percent. [ADB](#), [Fitch Ratings](#), [JP Morgan](#) and [Morgan Stanley](#) have revised their projections down to 6.5, 6.4, 6.4 and 6.3 percent, respectively from earlier estimates of 7, 7.2, 6.5, and 6.7 percent. Both [S&P Global](#) and [Crisil Ratings](#) have maintained their real GDP growth projection for India at 6.8 percent for FY2024-25, consistent with their earlier estimates released in November and March 2024. However, [OECD](#) has raised India's FY2024-25 GDP growth forecast to 6.8 percent from 6.7 percent (Figure 3). Real GDP growth projections by multilateral and rating organizations range from 6.3 to 7.2 percent for FY2024-25.

Figure 2: Global Real GDP Growth Projections for 2024 (Percent)

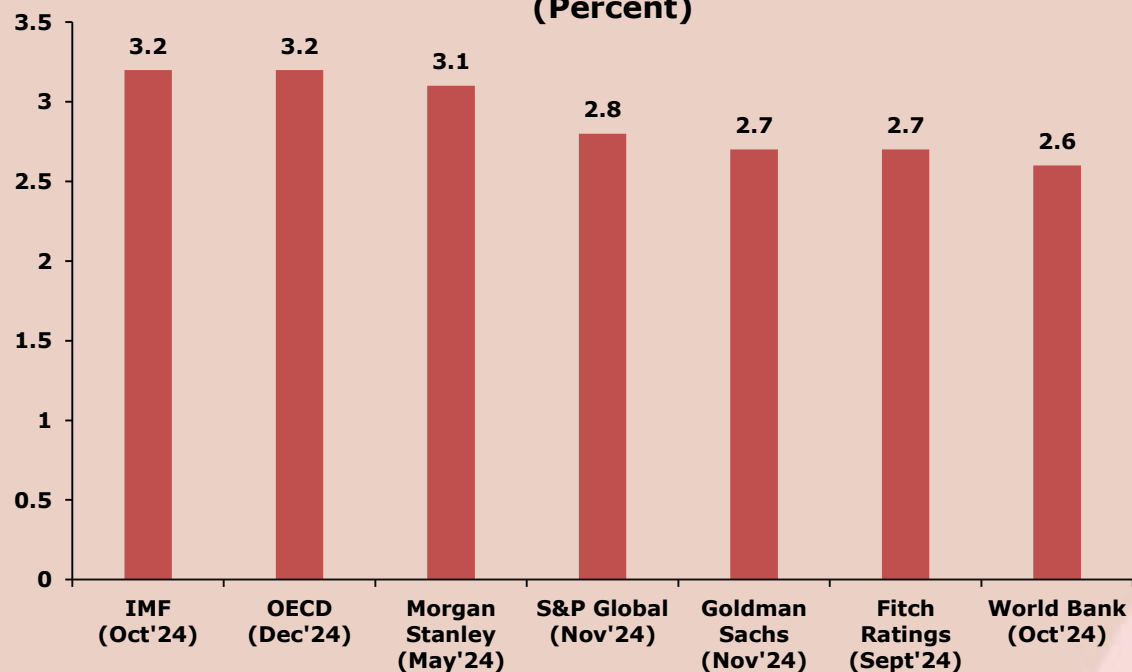
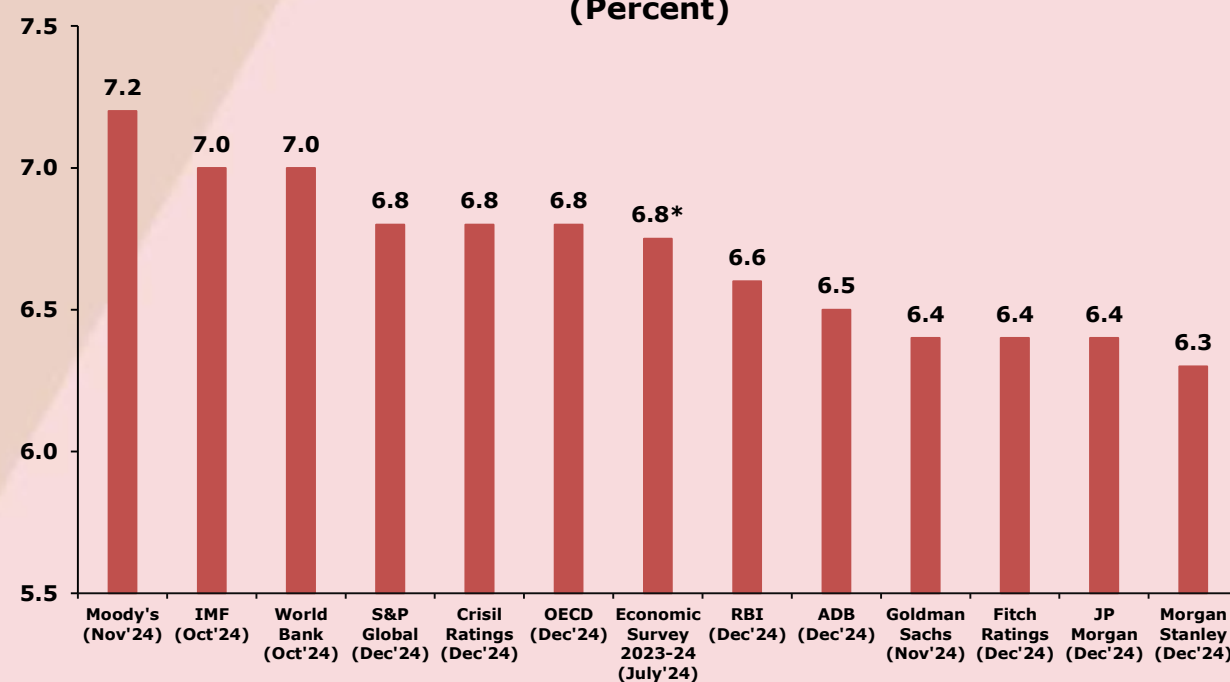


Figure 3: India's Real GDP Growth Projections for FY2024-25 (Percent)



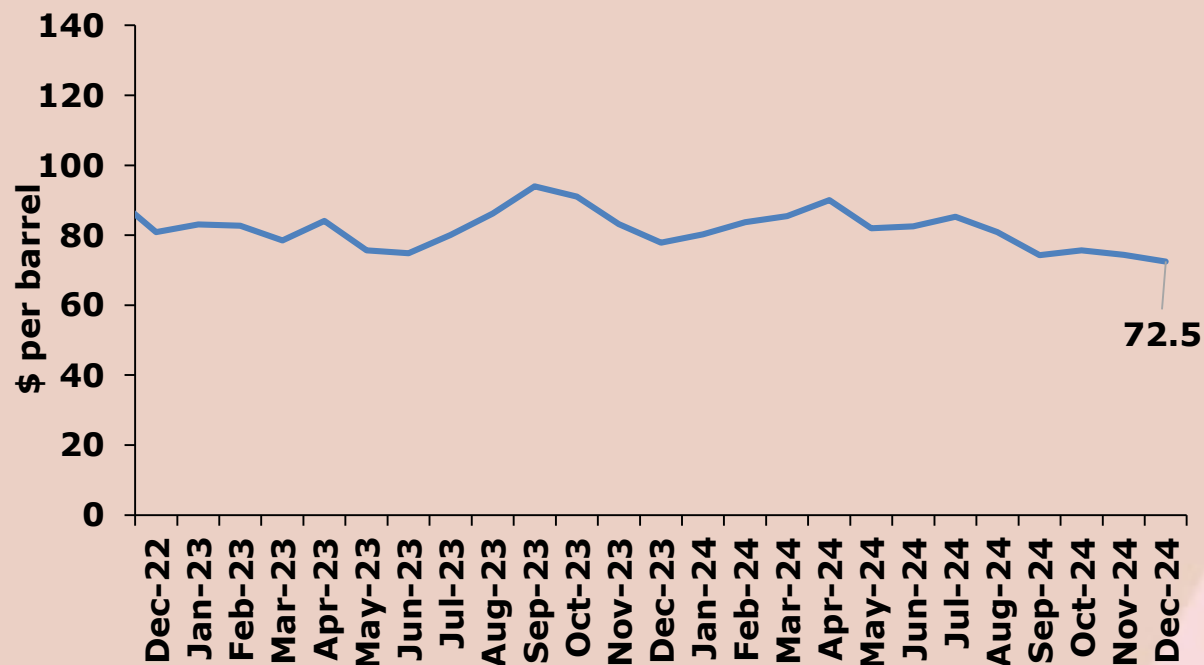
Source: Various reports and media articles by the institutions.

Note: (i) The asterisk indicates that the projection from the Economic Survey represents the midpoint of the 6.5–7 percent range. (ii) Real GDP is projected to grow by 6.5–7 percent in FY2024-25, according to Economic Survey 2023-24. (iii) The forecasts for India's real GDP by Moody's are based on calendar year.

Price of Brent Crude decreases as on December 20, 2024; MSCI India and Emerging Markets indices increase, while the global index declines as of December 27, 2024

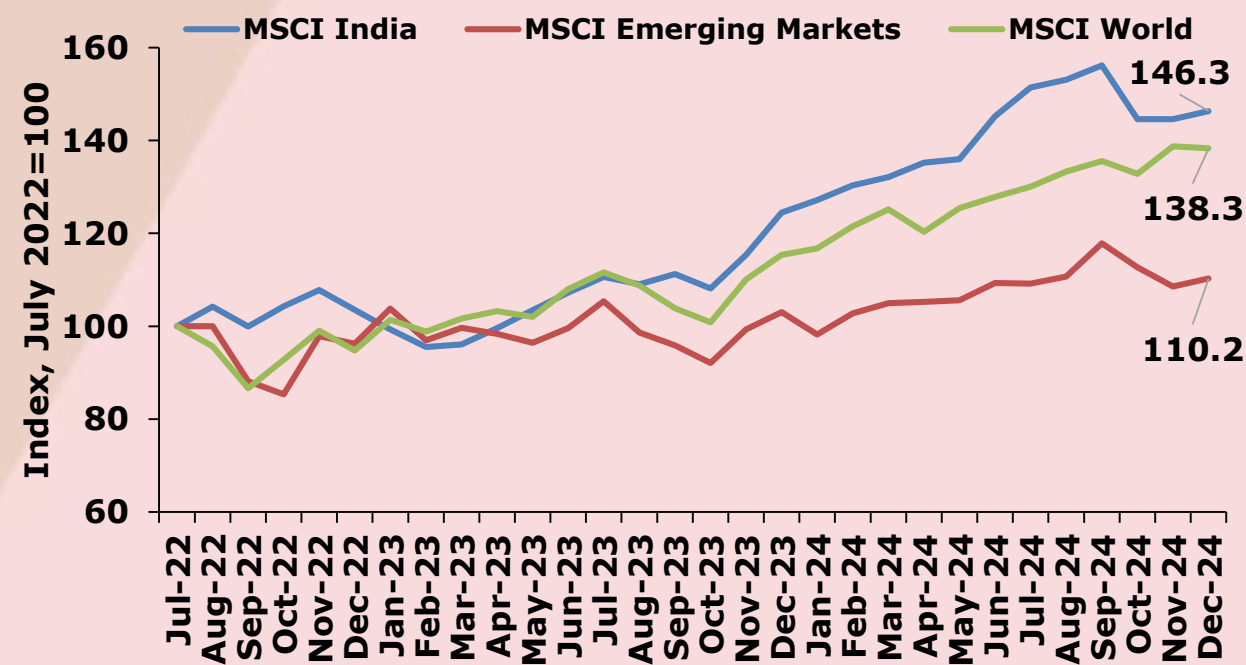
- Brent crude oil price decreased to USD 72.5 per barrel as of December 20, 2024, from USD 74.4 in November 2024 (Figure 4).
- The MSCI Index for India and Emerging Markets increased by 1.2 and 1.6 percent, respectively, as of December 27, 2024, compared to their respective levels in November 2024. The global index decreased by 0.3 percent as of December 27, 2024 (Figure 5).

Figure 4: Brent Crude Oil Price



Source: World Bank Pink Sheet

Figure 5: Equity Markets



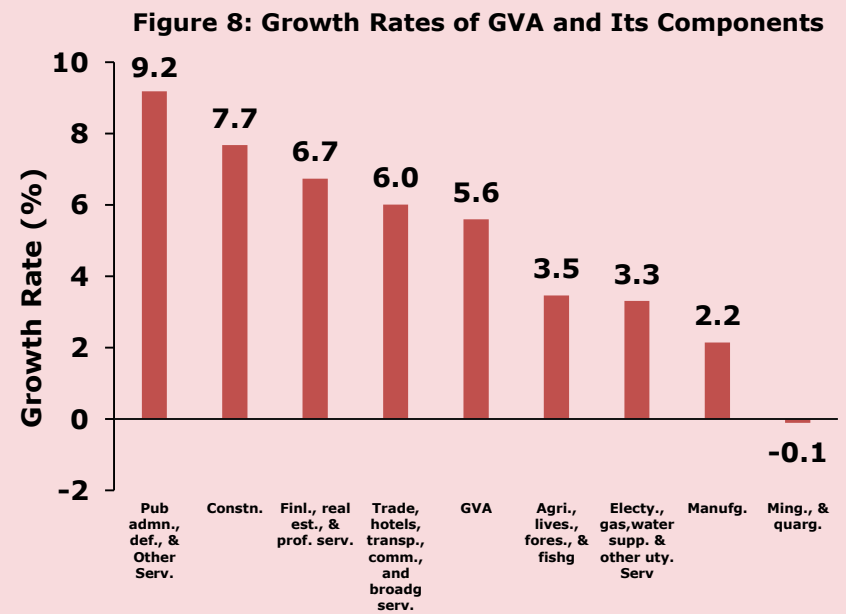
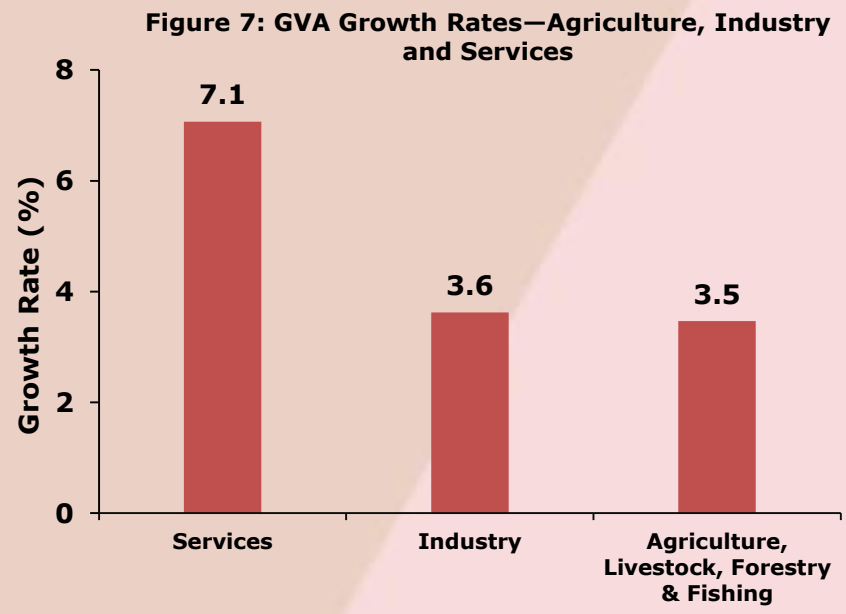
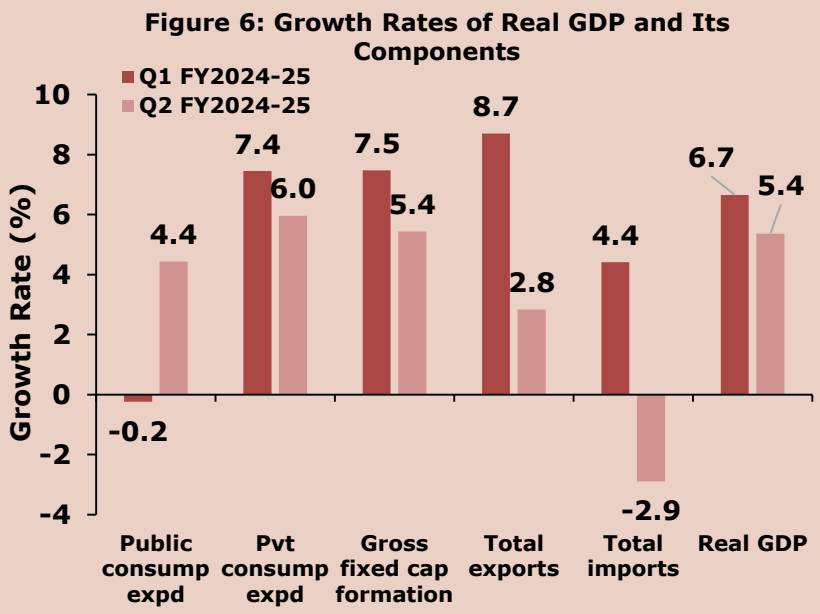
Source: Investing.com

Note: The data for Figure 4 have been taken from the World Bank Pink Sheet for December 2022 until November 2024, and from the [Global Markets Monitor \(GMM\), for December 2024, as of December 20, 2024](#). Figure 5 is indexed from July 2022 to July 2022=100. Data are reported until December 27, 2024, and the average of daily values was taken to create the monthly value for December 2024.

Real GDP growth moderated to 5.4 percent in Q2 FY2024-25, down from 6.7 percent in the preceding quarter; Gross Value Added (GVA) growth eased to 5.6 percent in Q2, compared to 6.8 percent in Q1

Real Sector

- As per the quarterly estimates for the second quarter Q2 (July-September), India's real GDP growth stood at 5.4 percent in Q2 of FY2024-25, decelerating from 6.7 percent in Q1 of FY2024-25 and 8.1 percent in Q2 of FY2023-24 (Figure 6). [\[Quarterly Estimates for GDP for Q2 \(July-September\), FY2024-25 Press Release \(pib.gov.in\)\]](#)
- Real GVA growth decelerated to 5.6 percent in Q2 of FY2024-25, from 6.8 percent growth in Q1 of FY2024-25. The services sector GVA grew by 7.1 percent and the industry sector by 3.6 percent. The growth in agriculture, livestock, forestry, and fishing sectors GVA was 3.5 percent (Figures 7 and 8).
- The sectors that registered relatively higher growth were - Public Administration, Defence, and Other Services (9.2 percent); Construction (7.7 percent); and, Financial, Real Estate & Professional Services (6.7 percent) in that order (Figure 8).



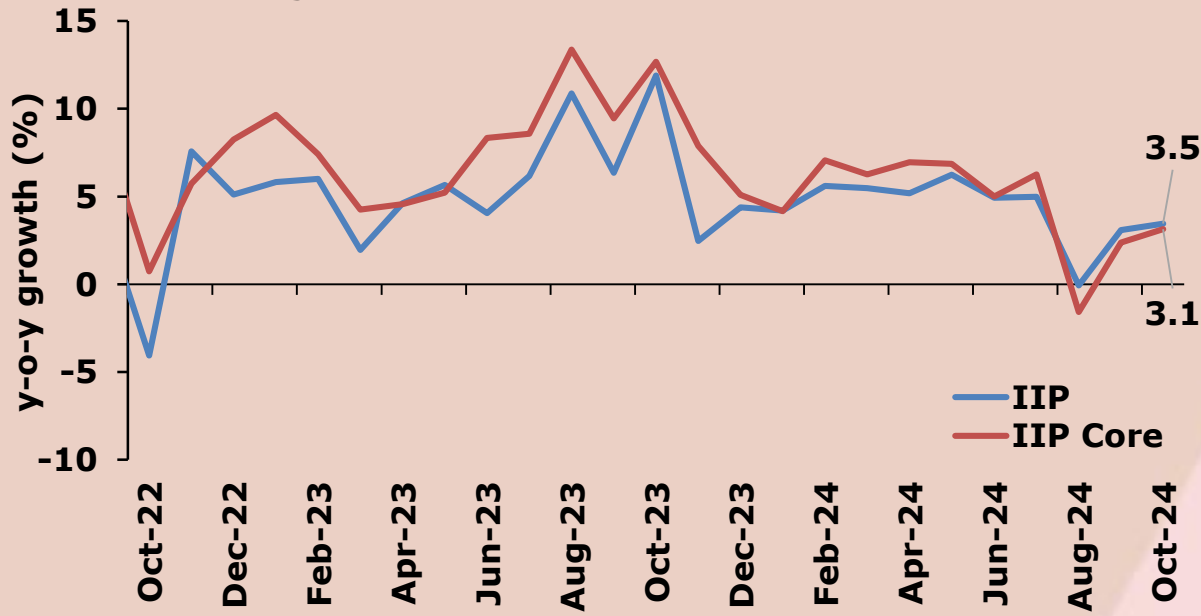
Source: Ministry of Statistics and Programme Implementation.

Note: In Figures 7 and 8, for calculating the growth of the agriculture sector, we took the component agriculture, forestry & fishing, and for the services sector, we took the aggregate of three components, i.e., trade, hotels, transport, communication; services related to broadcasting, financial, real estate & professional services; and public administration, defence & other services. Similarly, for calculating the growth of industry, we took the aggregate of four components, i.e., mining & quarrying; manufacturing; electricity, gas, water supply & other utility services; and construction.

Growth in IIP and IIP Core accelerates; PMI for Manufacturing and Services declines marginally, but continues to remain in expansionary zone

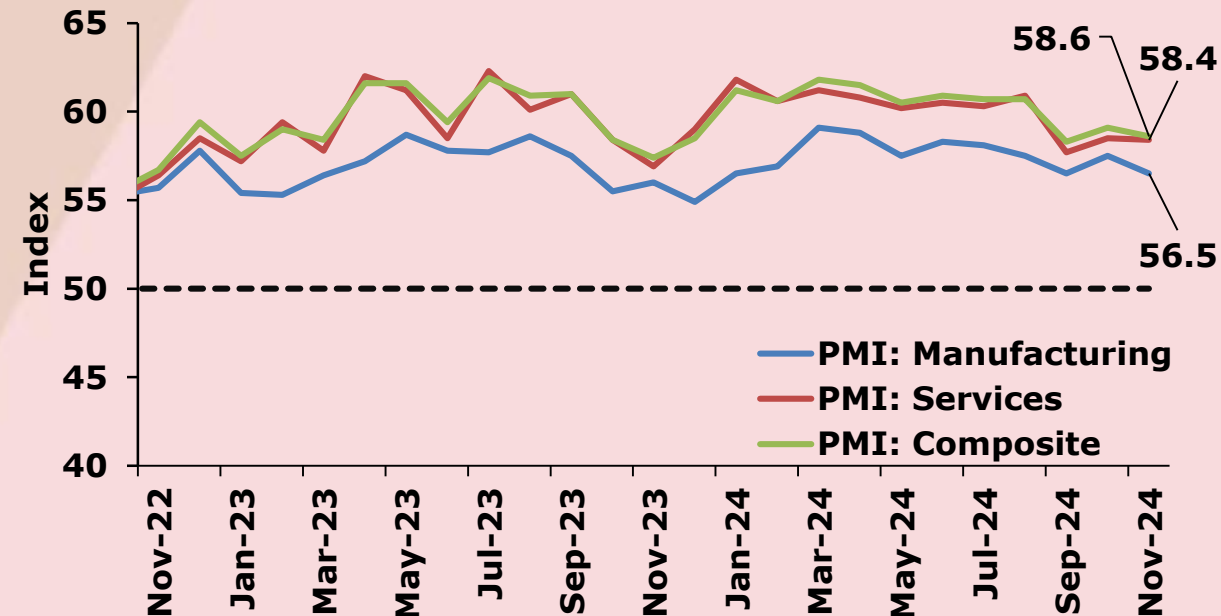
- The growth in Index for Industrial Production (IIP) accelerated to 3.5 percent in October 2024 (Provisional Estimates), from 3.1 percent in September 2024 (Revised Estimates) on a year-over-year basis (Figure 9). [\[IIP Press Release, December 12, 2024\]](#)
- The growth in the combined index of eight core industries (IIP Core) accelerated to 3.1 percent in October 2024 (Provisional Estimates) from 2.4 percent (Revised Estimates) in September 2024 on a year-over-year basis (Figure 9). [\[IIP Core Press Release \(Office of Economic Advisor, DPIIT, Govt. Of India\), November 29, 2024\]](#)
- The Purchasing Managers' Index (PMI) for manufacturing decreased marginally to [56.5 in November 2024](#) from 57.5 in October 2024. The PMI for services was at [58.4 in November 2024](#), close to 58.5 in October 2024. The composite PMI decreased slightly to 58.6 in November 2024 from 59.1 in October 2024 (Figure 10).

Figure 9: Index of Industrial Production (IIP)



Source: Ministry of Statistics and Programme Implementation and Department for Promotion of Industry and Internal Trade (DPIIT), Government of India

Figure 10: Purchasing Managers' Indices



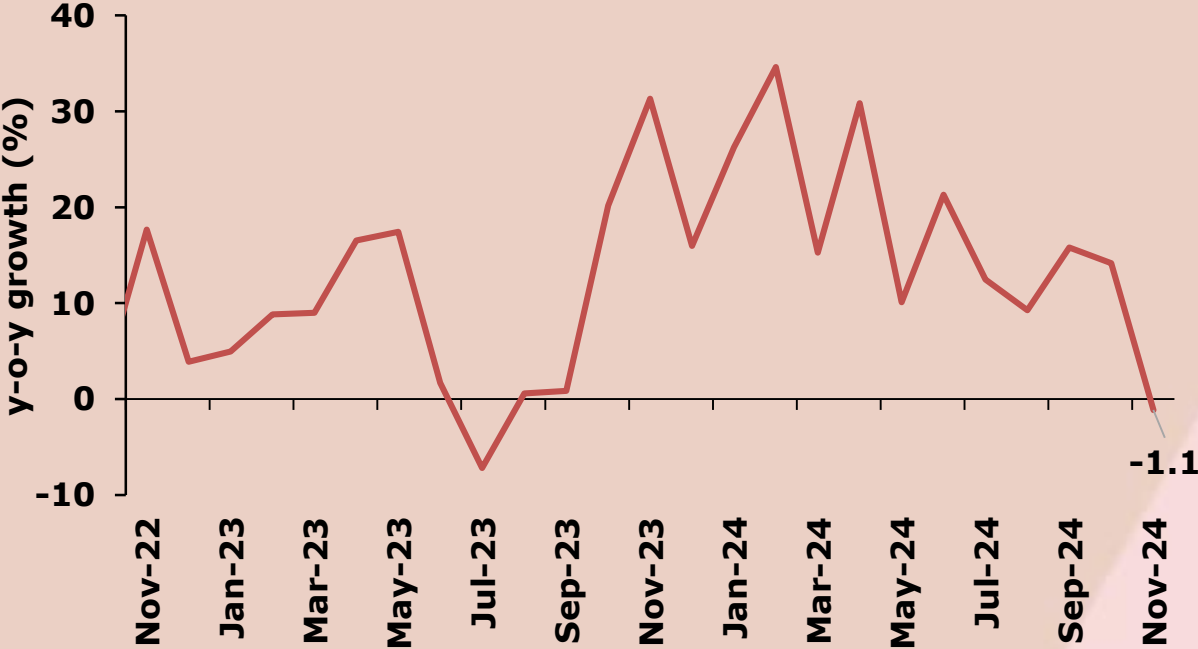
Source: IHS Markit

Note: PMI value ranges from 0 to 100. Any value under 50 represents a contraction, a reading at 50 indicates no change, and a reading above 50 indicates expansion. The further away from 50 is the reading, the greater is the level of change (Figure 9).

Year-over-year growth of Non-EV Two-Wheeler Sales turns negative; Year-over-year growth of Registered Motor Vehicles decelerates to 11.3 percent

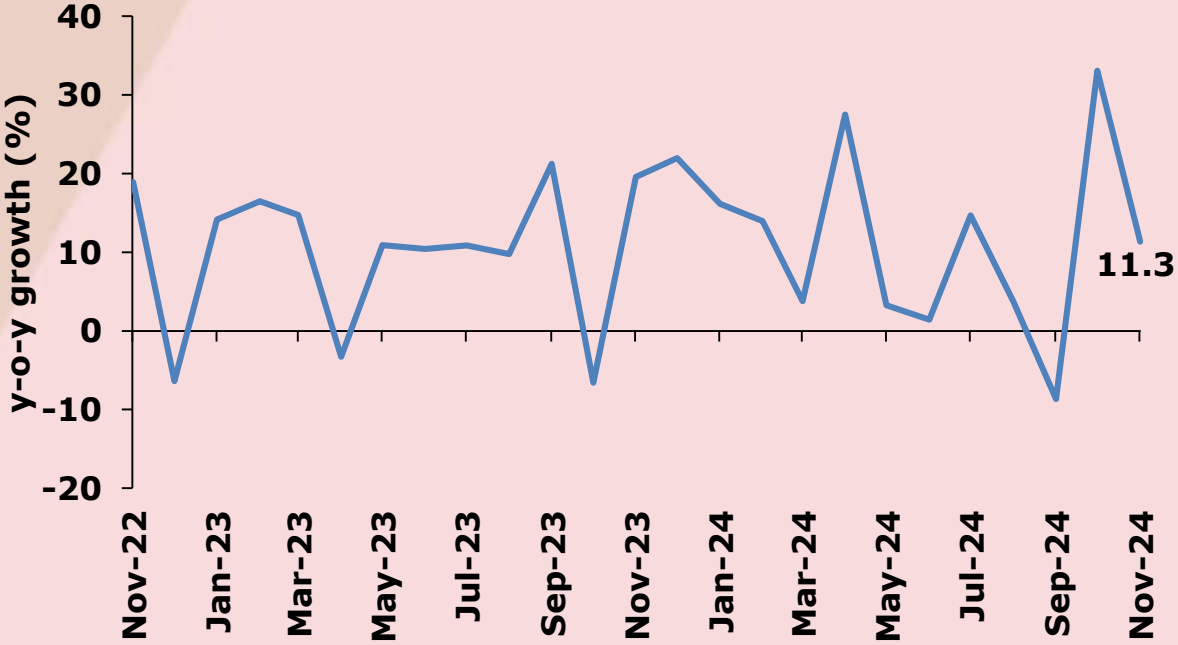
- The year-over-year growth in non-electric two-wheeler sales decelerated to (-) 1.1 percent in November 2024 from 14.2 percent growth in October 2024 (Figure 11).
- The year-over-year growth in registered motor vehicles decelerated to 11.3 percent in November 2024 from 33.1 percent in October (Figure 12).

Figure 11: Automobile (non-EV Two-wheeler) Sales



Source: CEIC estimates, Society of Indian Automobile Manufacturers

Figure 12: Registered Motor Vehicles

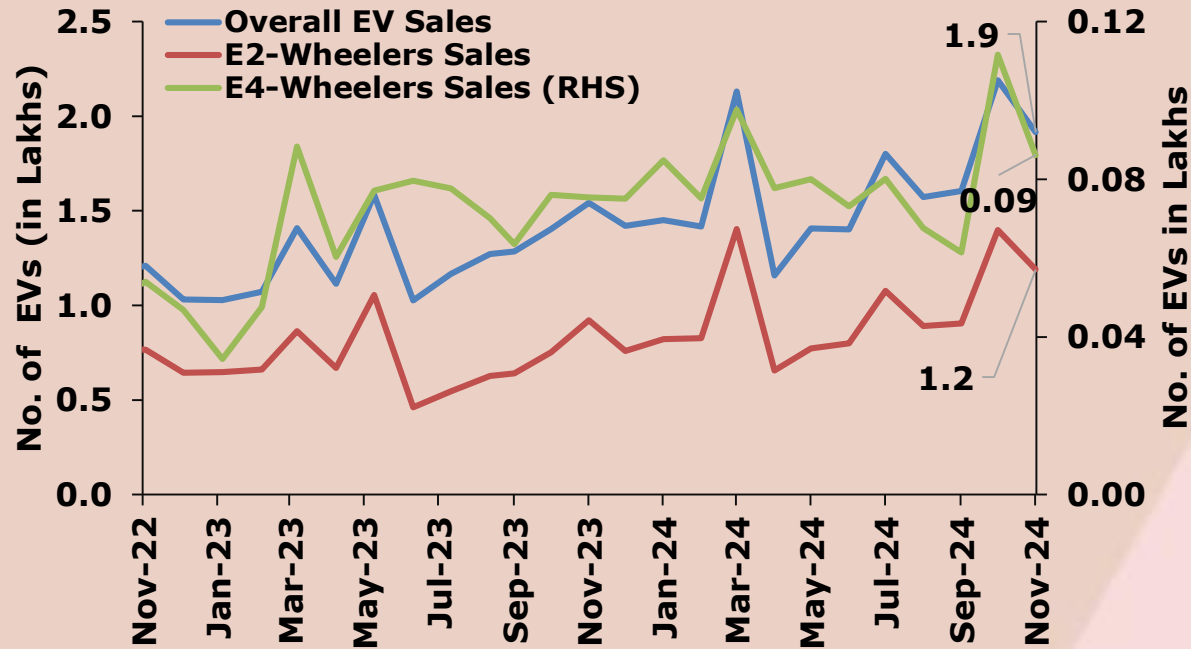


Source: Ministry of Road Transport and Highways

EV sales register year-over-year growth; Digital toll collections reflect sequential and year-over-year growth

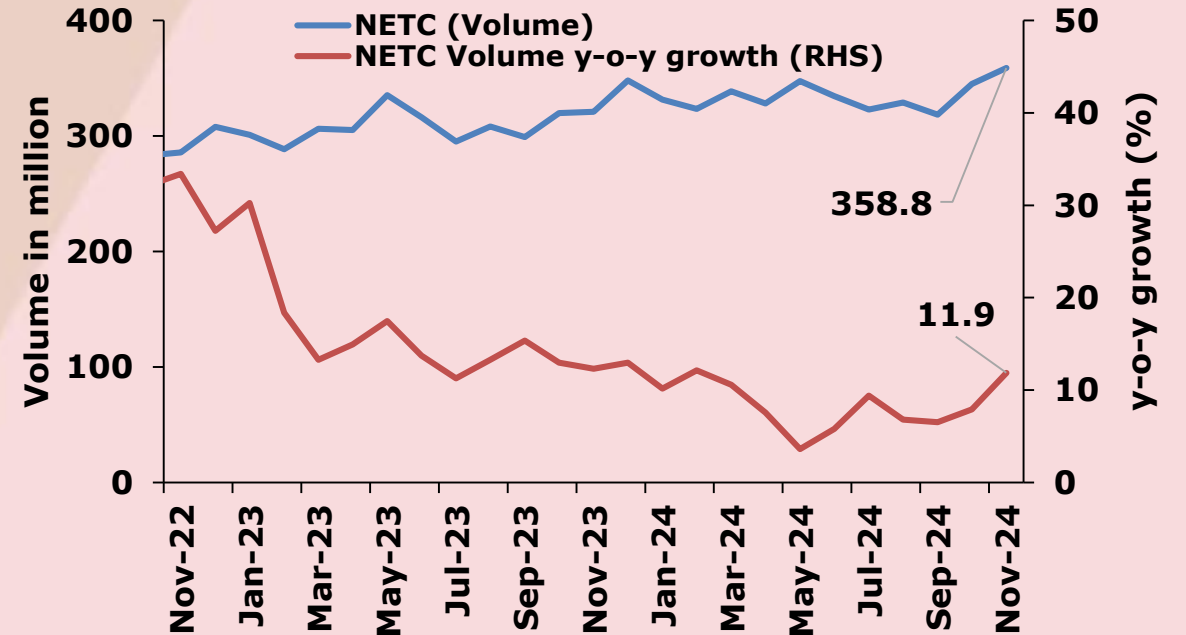
- According to the Vahan Dashboard, total registered electric vehicle (EV) sales increased by 24.3 percent year-over-year in November 2024, but decreased sequentially by 12.5 percent (Figure 13).
- The sales of electric two-wheelers (E2Ws) increased by 29.1 percent in November 2024 on a year-over-year basis but decreased sequentially by 14.9 percent. Electric four-wheelers (E4Ws) sales increased by 14.3 percent in November 2024 year-over-year but decreased by 22.8 percent sequentially (Figure 13). [[Monthly EV Update – December 2024 \(https://evreporter.com/\)](https://evreporter.com/)]
- National Electronic Toll Collection (NETC) recorded 358.8 million transactions in November 2024. This reflects a year-over-year growth of 11.9 percent with a sequential increase of 4 percent (Figure 14).

Figure 13: Electric Vehicles Sales- By Categories



Source: EV reporter, Vahan Dashboard.

Figure 14: Digital Payments: NETC Volume and Growth Rates



Source: National Payments Corporation of India (NPCI).

Rabi sowing for 2024-25 agricultural season is higher than the area sown in 2023-24 season

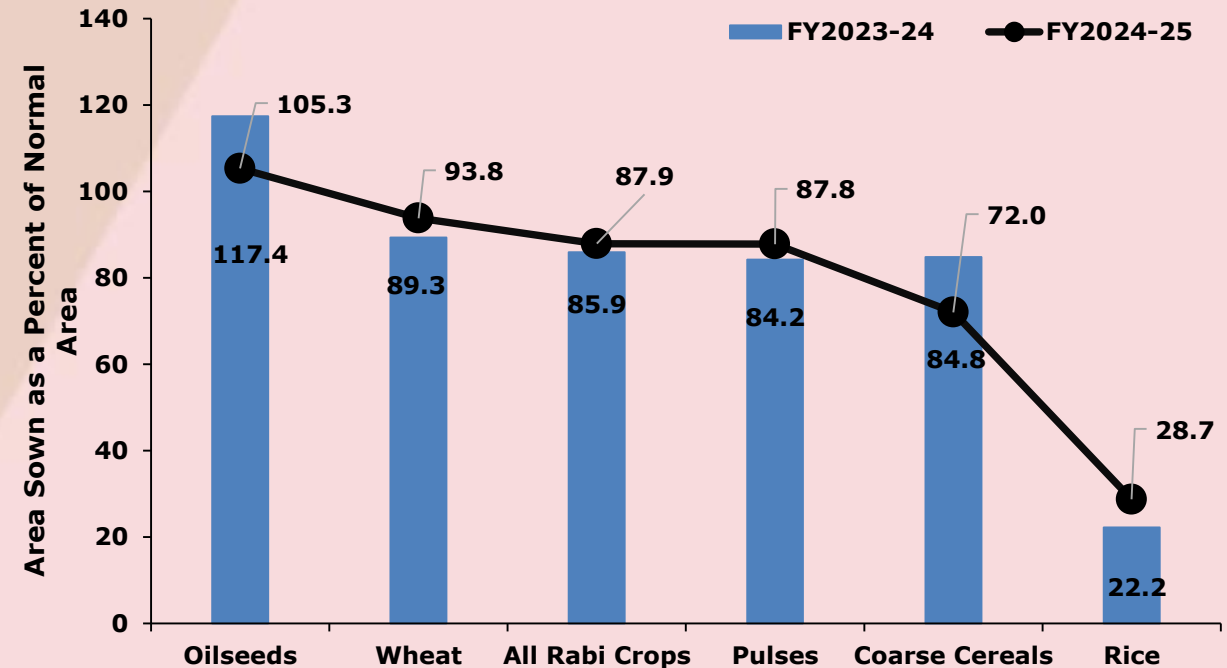
- As of December 16, 2024, rabi sowing has covered 558.8 lakh hectares for the 2024-25 agricultural season, surpassing the 556.7 lakh hectares recorded as of December 15, 2023, for the 2023-24 season (Table 2). [\[Rabi crop sowing exceeds 558 lakh hectares | Ministry of Agriculture & Farmers Welfare, December 16, 2024\]](#)
- Rabi sowing for the 2024-25 season reached 87.9 percent of the normal sown area as of December 16, 2024, greater than 85.9 percent recorded as of December 15, 2023, for the 2023-24 season (Figure 15).
- As of December 16, 2024, the area sown under for wheat, pulses, and rice reached 93.8 percent, 87.8 percent, and 28.7 percent of the normal sown area, respectively, in 2024-25, an increase from their respective levels of 89.3 percent, 84.2 percent, and 22.2 percent in 2023-24. However, the area sown under oilseeds and coarse cereals has decreased to 105.3 percent and 72.0 percent of the normal sown area in 2024-25, compared to their respective levels of 117.4 percent and 84.8 percent, in 2023-24 (Figure 15).

**Table 2: Rabi Sowing for Major Categories of Crops
(Area in lakh hectare)**

	Major Crops	Normal Rabi Area	Area Sown 2024-25	Area Sown 2023-24
1.	Wheat	312.4	293.1	284.2
2.	Rice	42	12.1	11.4
3.	Pulses	140.4	123.3	123.7
4.	Coarse cereals	53.8	38.8	40.5
5.	Oilseeds	87	91.6	97
	All crops	635.6	558.8	556.7

Source: Ministry of Agriculture & Farmers Welfare.

Figure 15: Area Sown for Major Categories of Rabi Crops



Source: Department of Agriculture & Farmers Welfare.

UPI records 15.5 billion transactions (in volume), reflecting year-over-year growth of 37.8 percent; IMPS transactions (in volume) decline year-over-year

- Unified Payments Interface (UPI), India's leading digital payment system, reported 15.5 billion transactions (in volume) in November 2024 (Figure 16), registering a growth of 37.8 percent year-over-year (Figure 17). Sequentially, the volume of transactions decreased by 6.7 percent.
- The electronic funds transfer system - Immediate Payment Service (IMPS)- recorded 407.9 million transactions in November 2024 (Figure 16), indicating a 13.6 percent year-over-year decline in the volume of transactions (Figure 17). Sequentially, IMPS transactions showed a decrease of 12.6 percent in the volume of transactions. [[National Payments Corporation of India, Monthly Metrics \(npci.org.in\)](https://npci.org.in)]

Figure 16: Unified Payments Interface (UPI) and Immediate Payment Service (IMPS) Transactions

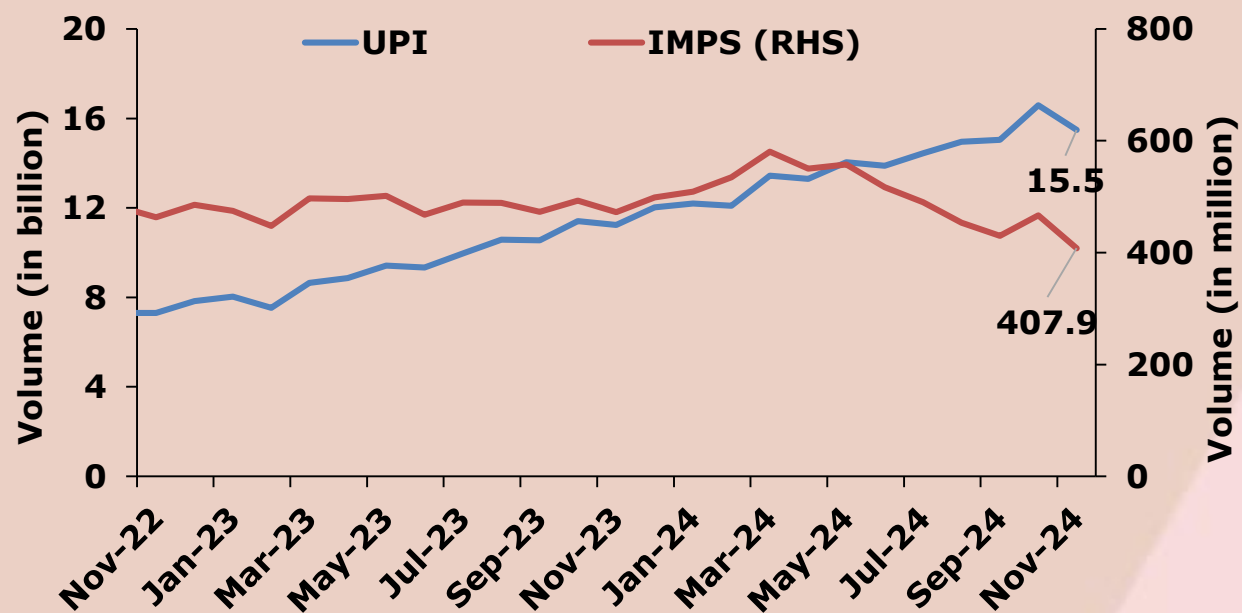
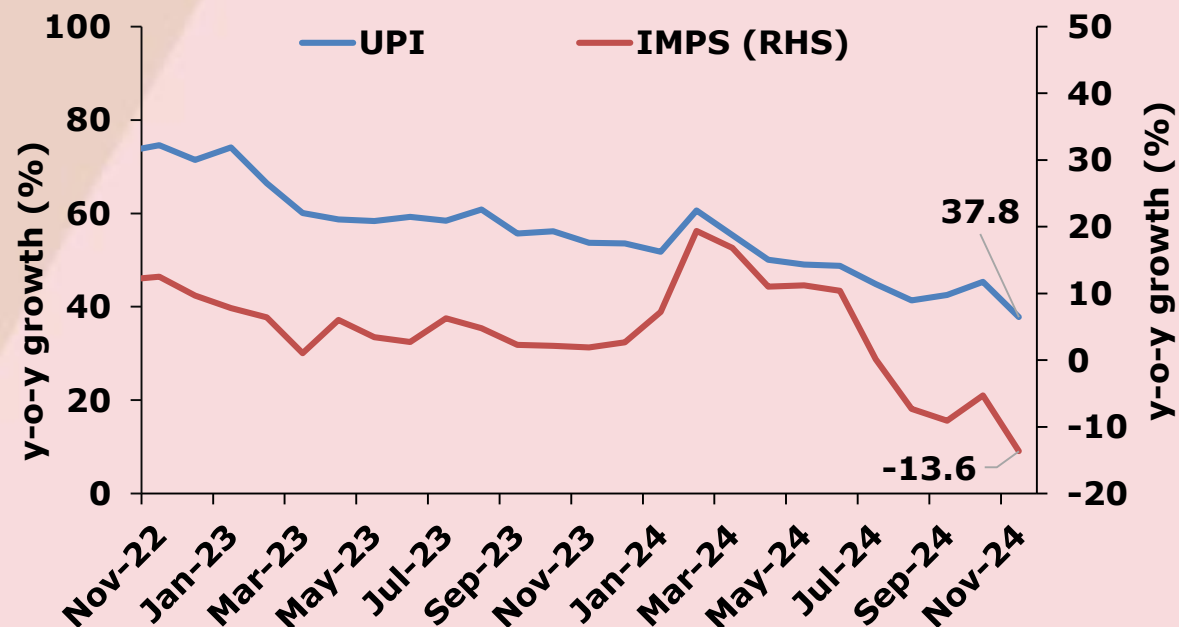


Figure 17: UPI and IMPS Growth

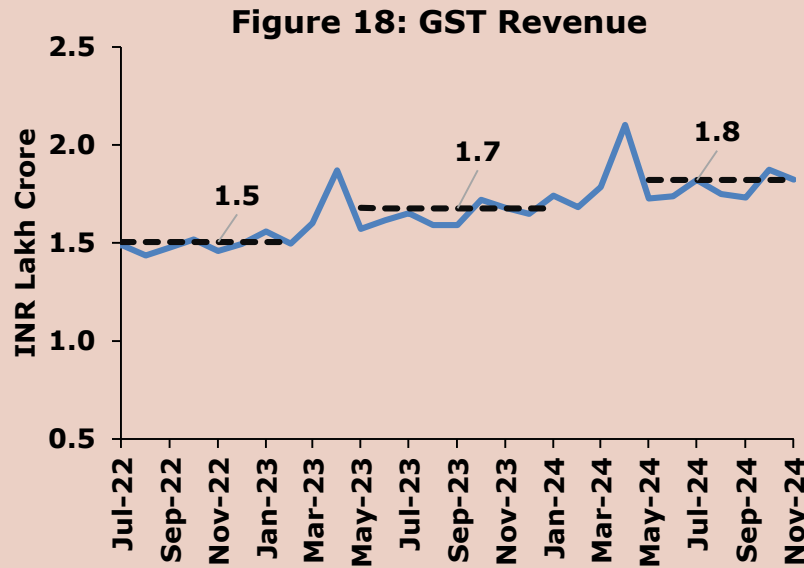


Source: National Payments Corporation of India (NPCI).

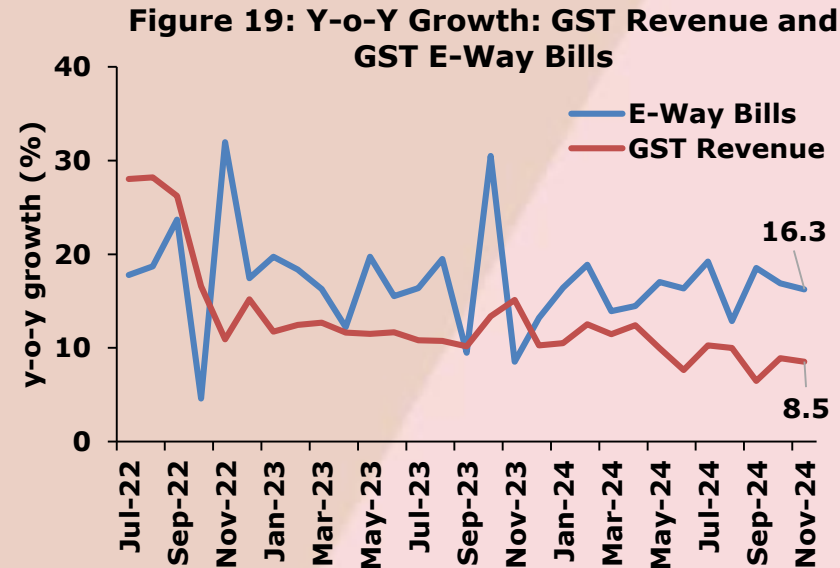
Note: In Figures 16 and 17, the RHS axis was rescaled for IMPS to ensure comparability.

GST collections grows by 8.5 percent year-over-year in November, decelerating sequentially from 8.9 percent; GST E-way Bills generation grows by 16.3 percent year-over-year; Direct Tax, Corporate Tax and Non-Corporate Tax reflect year-over-year growth

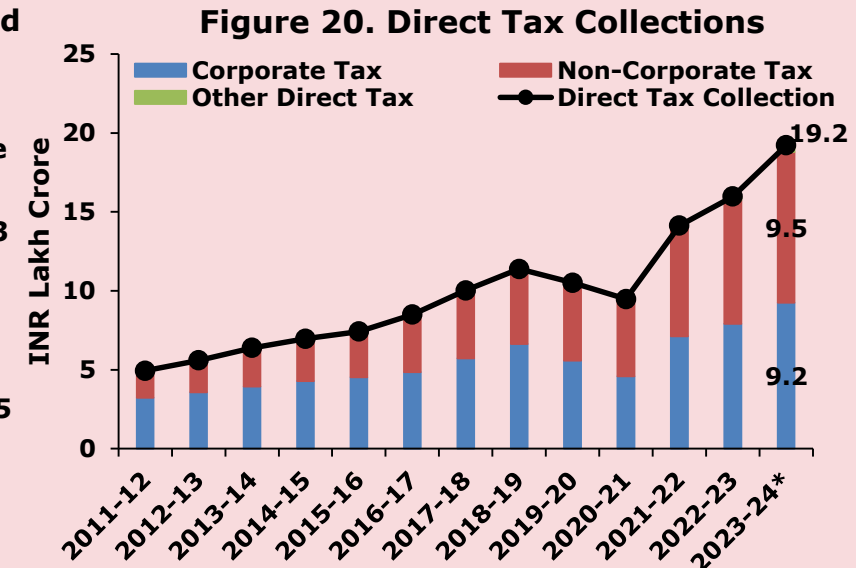
- GST collections reached Rs 1.8 lakh crore in November 2024 (Figure 18). The year-over-year growth of GST collections decelerated marginally to 8.5 percent in November 2024 from 8.9 percent in October (Figure 19).
- GST E-way bill generation reached 10.2 crore in November 2024. The year-over-year growth of GST E-way decelerated marginally to 16.3 percent in November 2024 from 16.9 percent in October (Figure 19).
- As of December 17, 2024:
 - Direct tax collections for FY2024-25 reached Rs. 19.2 lakh crore, an increase of 20.3 percent year-over-year (Figure 20).
 - Net of refunds, collections stood at Rs 15.8 lakh crore, a 16.5 percent increase.
 - Corporate tax collections for FY2024-25 reached Rs. 9.2 lakh crore, an increase of 6.9 percent year-over-year (Figure 20).
 - Non-Corporate tax collections reached Rs. 9.5 lakh crore, marking an increase of 22 percent year-over-year (Figure 20). [\[Net direct tax collection grows 16.45% to Rs 15.82 lakh crore so far this fiscal | Income Tax Department, Ministry of Finance\]](#)



Source: Ministry of Finance and CEIC estimates.



Source: Goods and Services Tax Network.



Source: Ministry of Finance.

Note: (i) In Figure 18, the dashed horizontal lines represent the annual averages for FY2022-23, FY2023-24, and FY2024-25 up to October 2024. (ii) In Figure 20, the asterisk represent that for the FY2023-24 the data for direct tax, corporate tax, non-corporate tax, and other direct taxes is updated as of December 17, 2024.

MPC keeps policy rates unchanged; reduces Cash Reserve Ratio; Lowers real GDP growth forecast; Revises CPI headline inflation projection upwards for FY2024-25

Inflation & Monetary Policy

- In its meeting held from December 4-6, 2024, the Monetary Policy Committee (MPC) kept the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.5 percent. Accordingly, the Standing Deposit Facility (SDF) rate remained unchanged at 6.25 percent and the Marginal Standing Facility (MSF) rate and the Bank Rate remained at 6.75 percent (Figure 21). [\[Monetary Policy Statement, December 6, 2024\]](#)
- The Cash Reserve Ratio (CRR) has been reduced by 50 basis points to 4 percent. This move is expected to inject ₹1.2 lakh crore into the banking system, boosting liquidity and lending. [\[Governor's Statement: December 6, 2024, Decisions and Deliberations of the Monetary Policy Committee \(MPC\)\]](#)
- India's real GDP growth forecast for FY2024-25 has been revised downward to 6.6 percent from 7.2 percent projected in October 2024. Quarterly growth is estimated at 6.8 percent for Q3 and 7.2 percent for Q4 of FY2024-25. For Q1 and Q2 of FY2025-26, GDP growth is projected at 6.9 percent and 7.3 percent, respectively (Table 3).
- The CPI inflation forecast for FY2024-25 has been revised upward to 4.8 percent, from 4.5 percent projected in October 2024 (Table 3).

Figure 21: RBI Rates

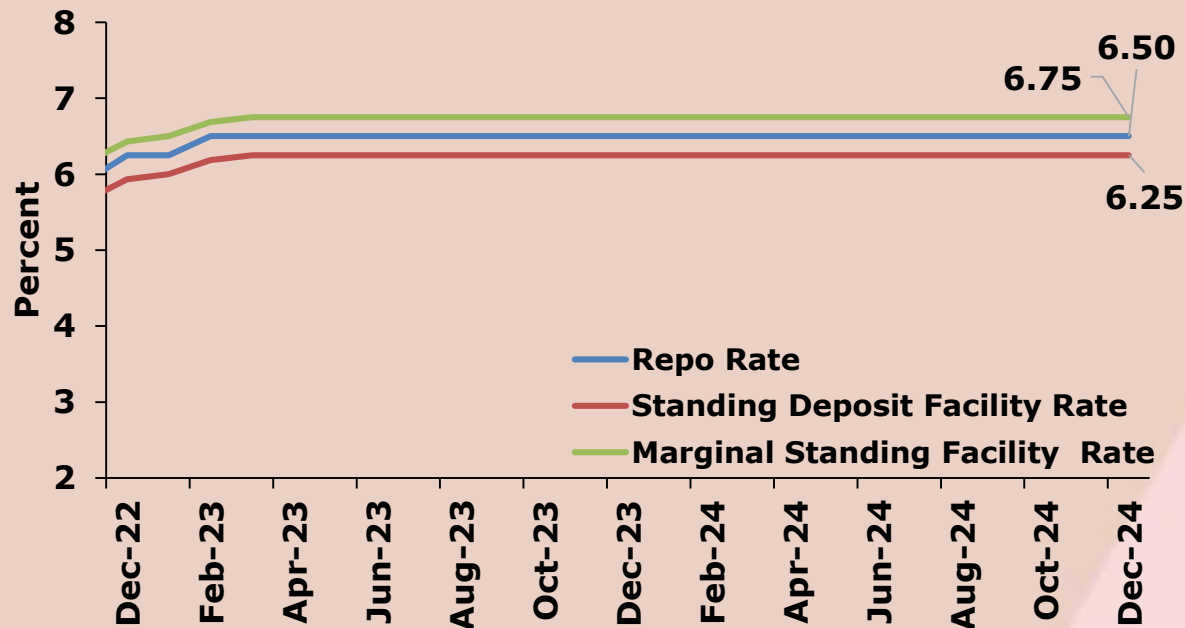


Table 3: RBI Projections

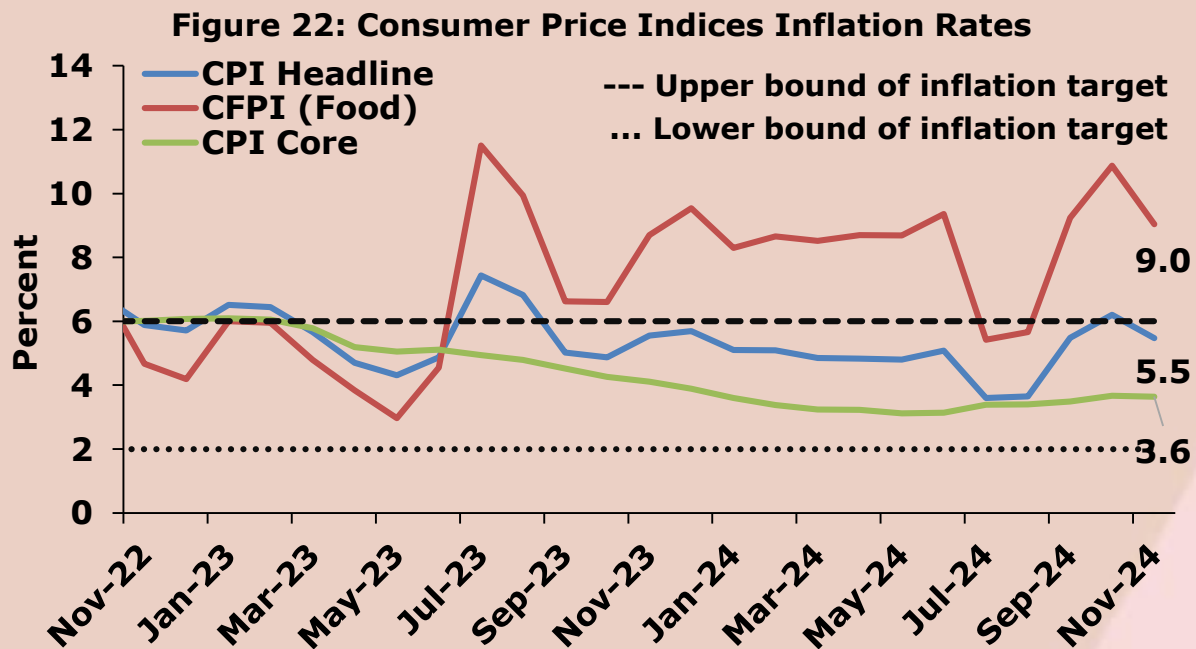
Real GDP Growth Projections (%)	FY2024-25		FY2024-25		FY2025-26	
		Q3	Q4	Q1	Q2	
Dec-24	6.6	6.8	7.2	6.9	7.3	
Oct-24	7.2	7.4	7.4	7.3	-	
Aug-24	7.2	7.3	7.2	-	-	
Jun-24	7.2	7.3	7.2	-	-	
Apr-24	7.0	7.0	7.0	-	-	
CPI Inflation Projections (%)						
Dec-24	4.8	5.7	4.5	4.6	4.0	
Oct-24	4.5	4.8	4.2	4.3	-	
Aug-24	4.5	4.7	4.3	-	-	
Jun-24	4.5	4.6	4.5	-	-	
Apr-24	4.5	4.6	4.5	-	-	

Source: Reserve Bank of India.

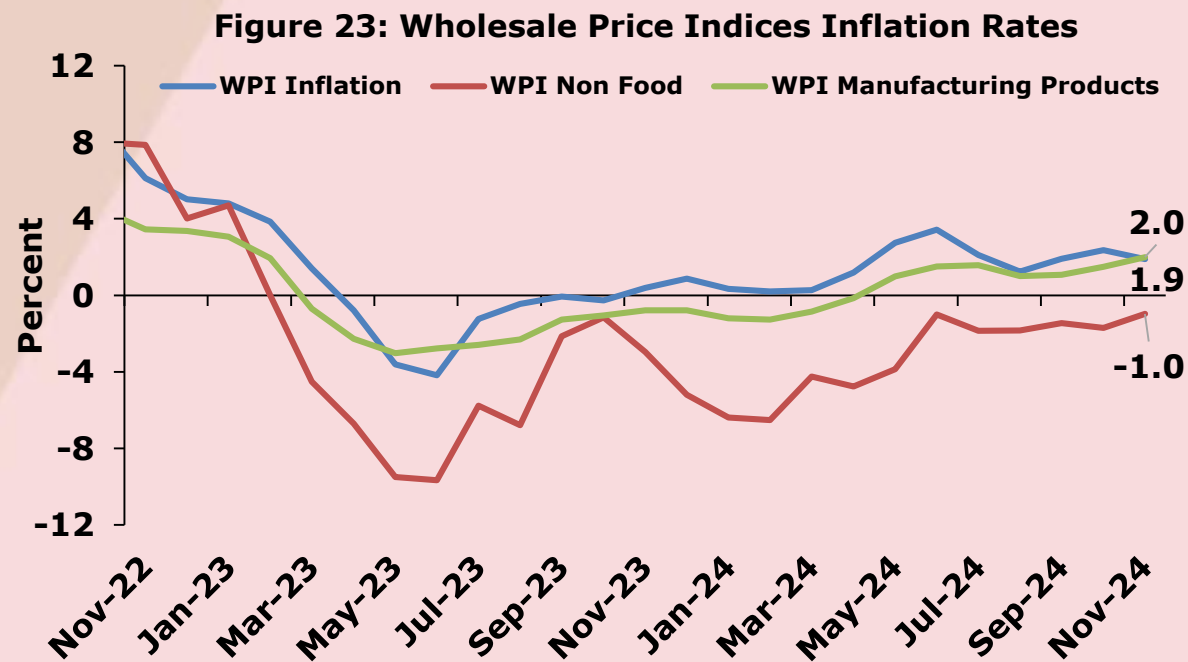
Note: In Table 3, - denotes that no projections were given by RBI for real GDP growth and CPI Inflation in that specific month.

CPI Headline, Food, and WPI inflation rates decelerate

- CPI headline inflation decelerated to 5.5 percent in November 2024 from 6.2 percent in October 2024. Core inflation eased marginally to 3.6 percent in November 2024 from 3.7 percent in October 2024 (Figure 22).
- Consumer Food Price Index (CFPI) inflation decelerated to 9 percent in November 2024 from 10.9 percent in October 2024 (Figure 22). [\[CPI Press Release, December 12, 2024 | MOSPI\]](#)
- Wholesale Price Index (WPI) inflation decelerated to 1.9 percent (Provisional Estimates) in November 2024 from 2.4 percent (Provisional Estimates) in October 2024 (Figure 23). Non-food WPI stays in the negative zone (Figure 23). [\[WPI Press Release, December 16, 2024, | Ministry of Commerce and Industry, DPIIT\]](#)



Source: Ministry of Statistics and Programme Implementation



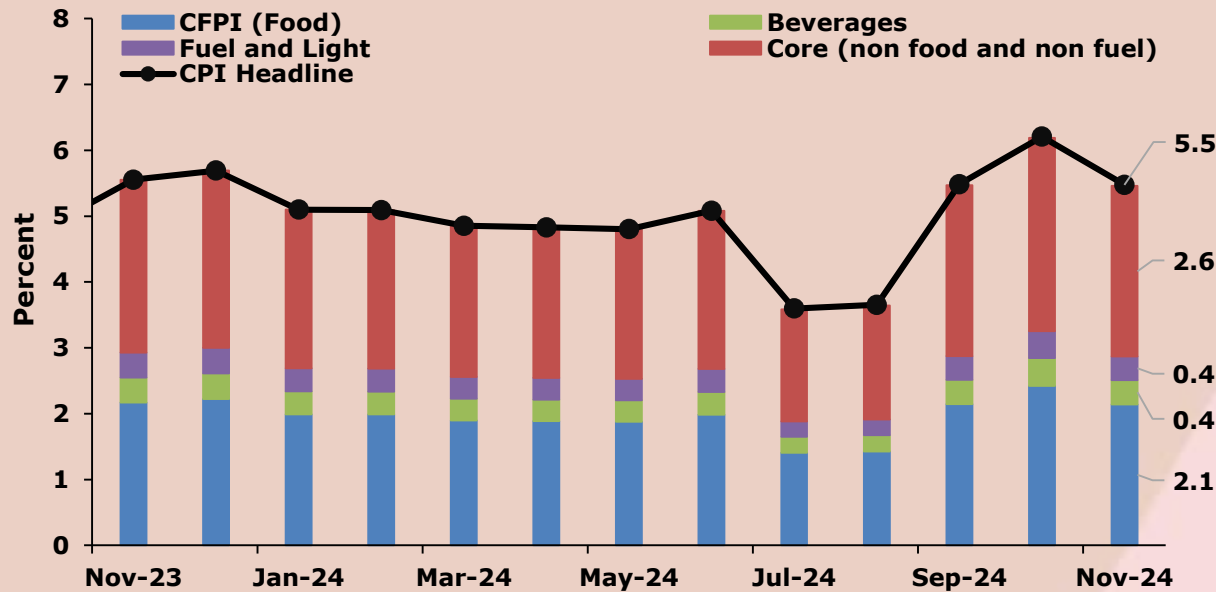
Source: Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade (DPIIT), Government of India

Note: In Figure 22, CFPI includes the following ten sub-groups- Cereals and Products; Meat and Fish; Eggs, Milk and Products; Oils and Fats; Fruits; Vegetables; Pulses and Products; Sugar and Confectionery; and Spices.

Contributions of Core and CFPI inflation to headline inflation decrease; CPI inflation decelerates for vegetables, pulses, fruits, and sugar but remains steady for cereals and accelerated for meat and fish

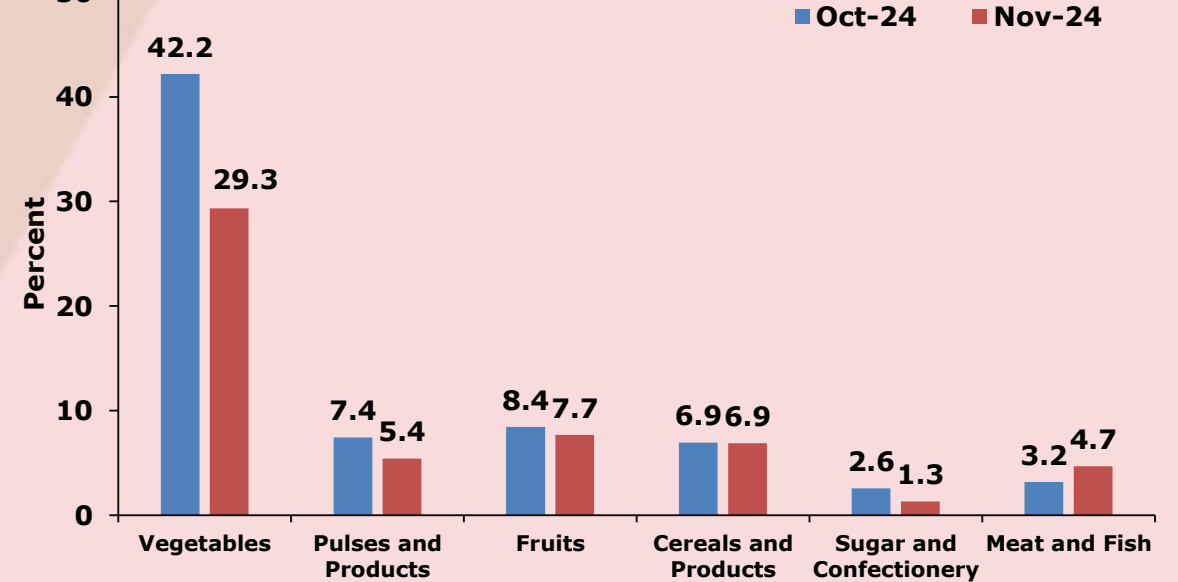
- Core inflation and CFPI contributed 2.6 and 2.1 percent, respectively, to headline inflation in November 2024, decrease from 2.9 and 2.4 percent in October 2024 (Figure 24).
- The contributions of beverages and fuel and light to headline inflation decreased marginally to 0.37 percent and 0.36 percent in November 2024, from 0.42 percent and 0.41 percent in October 2024 (Figure 24).
- CPI inflation for vegetables decelerated to 29.3 percent in November 2024 from 42.2 percent in October 2024. CPI Inflation for pulses, fruits, and sugar decelerated to 5.4, 7.7 and 1.3 percent, respectively. However, inflation for other major food categories like cereals remained steady at 6.9 percent while for meat and fish, it accelerated to 4.7 percent in November 2024 (Figure 25).

Figure 24: Contributions to CPI Headline



Source: Ministry of Statistics and Programme Implementation

Figure 25: Consumer Price Indices Inflation Rates- Across Food Categories



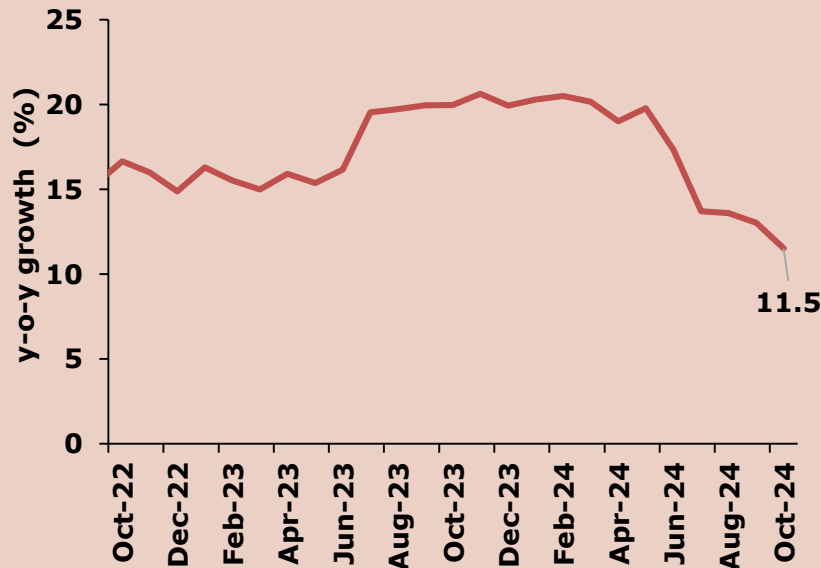
Source: Reserve Bank of India

Note: In Figure 24, CFPI includes the following ten sub-groups- Cereals and Products; Meat and Fish; Eggs; Milk and Products; Oils and Fats; Fruits; Vegetables; Pulses and Products; Sugar and Confectionery; and Spices.

Bank Credit Growth decelerates to 11.5 percent year-over-year; Bank credit to NBFCs decelerates sharply

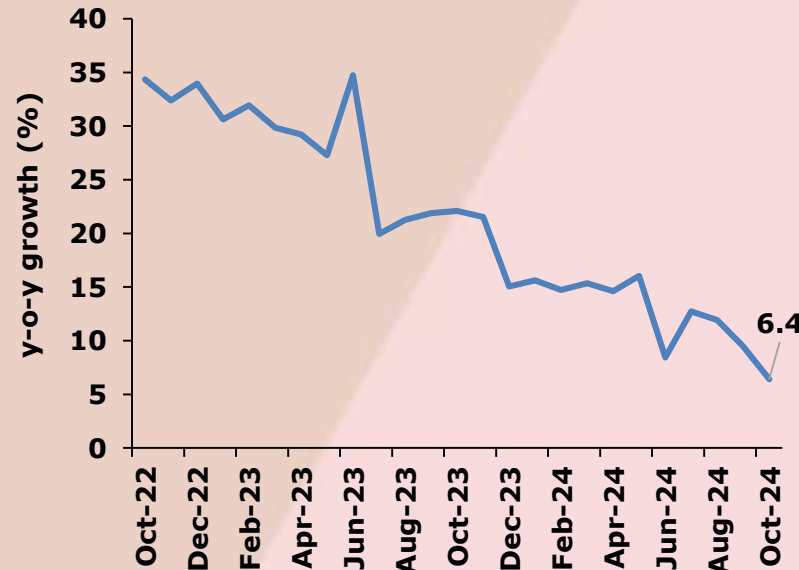
- The total outstanding credit (food and non-food) of SCBs grew by 11.5 percent on a year-over-year basis in October 2024, decelerating from 13 percent in September 2024 (Figure 29).
 - Non-Banking Financial Companies (NBFCs): Growth of SCB credit to NBFCs moderated to 6.4 percent in October 2024, from 9.5 percent in September 2024 (Figure 30).
 - Personal Loans: Growth slowed to 12.9 percent year-over-year in October 2024, compared to 13.4 percent in September 2024 (Figure 31).
 - Credit growth for Services sector: decelerated to 12.7 percent in October 2024, down from 13.7 percent in September 2024; for Agriculture and Allied Activities growth moderated to 15.5 percent in October 2024, from 16.4 percent in September 2024; and, for Industry Sector growth slowed to 7.9 percent year-over-year in October 2024, from 8.9 percent in September 2024 (Figure 31).

Figure 26: SCB Credit (Food and Non-Food)



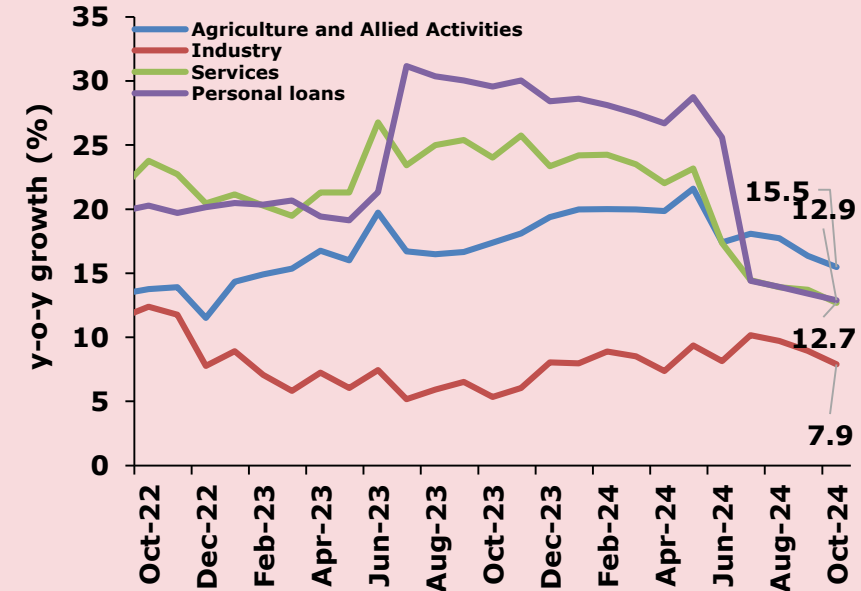
Source: Reserve Bank of India.

Figure 27: SCB Credit to NBFCs



Source: Multiple press releases on the Sectoral Deployment of Bank Credit, Statement I, by the Reserve Bank of India.

Figure 28. Sectoral Deployment of Non-Food Credit by SCBs



Source: Reserve Bank of India

As per RBI, Banking Sector remains robust and resilient; GNPA ratio for SCBs declines to 2.5 percent and CRAR declines to 16.8 percent in FY2024-25

- As per the RBI's Report on Trend and Progress of Banking in India, the Gross Non-Performing Assets (GNPA) ratio of Scheduled Commercial Banks (SCBs) declined to 2.8 percent in FY2023-24 from 3.9 percent in FY2022-23. The latest supervisory data indicate a further improvement to 2.5 percent in the first half of FY2024-25 ([Reserve Bank of India - Trend and Progress of Banking in India](#)).
- The Capital to Risk-Weighted Assets Ratio (CRAR) of SCBs moderated to 16.9 percent in FY2023-24 from 17.2 percent in FY2022-23, with supervisory data showing a marginal decline to 16.8 percent in the first half of FY2024-25.
- The Return on Assets (RoA) increased to 1.25 percent in FY2023-24 from 1.2 percent in FY2022-23, marking the sixth consecutive year of improved bank profitability. The profitability of SCBs remained robust in the first half of FY2024-25, with the RoA rising to 1.4 percent (Figure 27). The SCBs deposit growth marked a notable improvement in FY2023-24, increasing to 14 percent compared to 11 percent in FY2022-23 (Figure 28).
- The sectoral credit deployment by Non-Banking Financial Companies (NBFCs) between 2022-23 and 2023-24 showed notable increase across all sectors. Agriculture and Allied Activities experienced the largest growth, rising from 16.5 to 38.7 percent, followed by Industry, which grew from 13.7 to 17.9 percent. Services increased from 19.4 to 21.1 percent, and Retail Loans grew from 27.5 to 31.1 percent. ([Credit to Various Sectors by NBFCs | Trend and Progress of Banking in India](#))

Figure 29: Gross Non-Performing Assets (GNPA) Ratio of SCBs

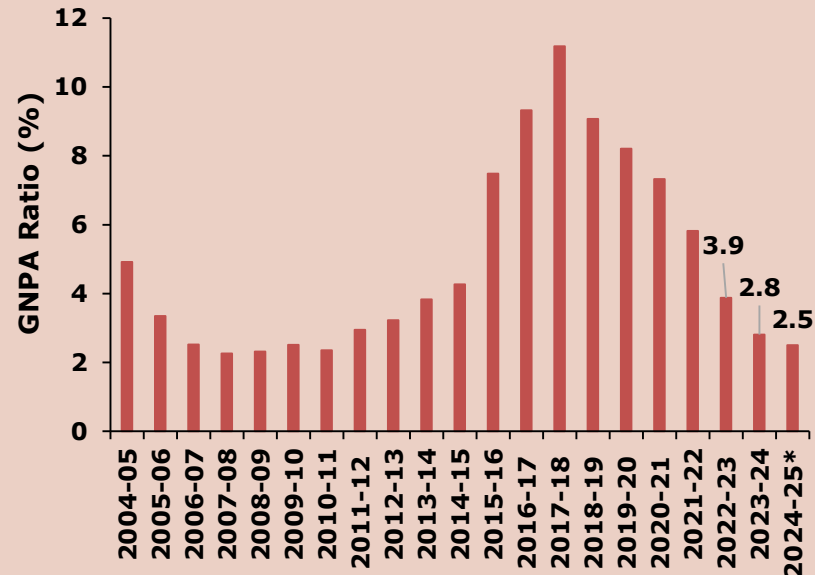


Figure 30: Return on Asset (RoA) of SCBs

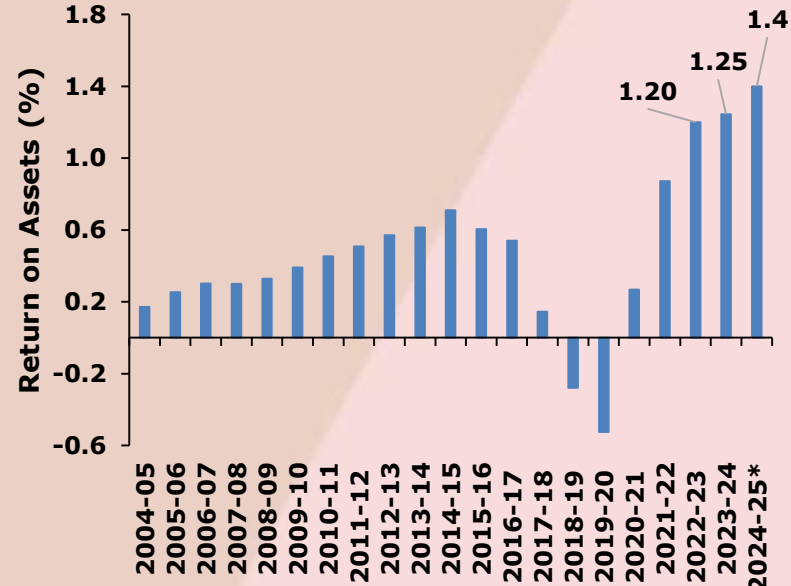
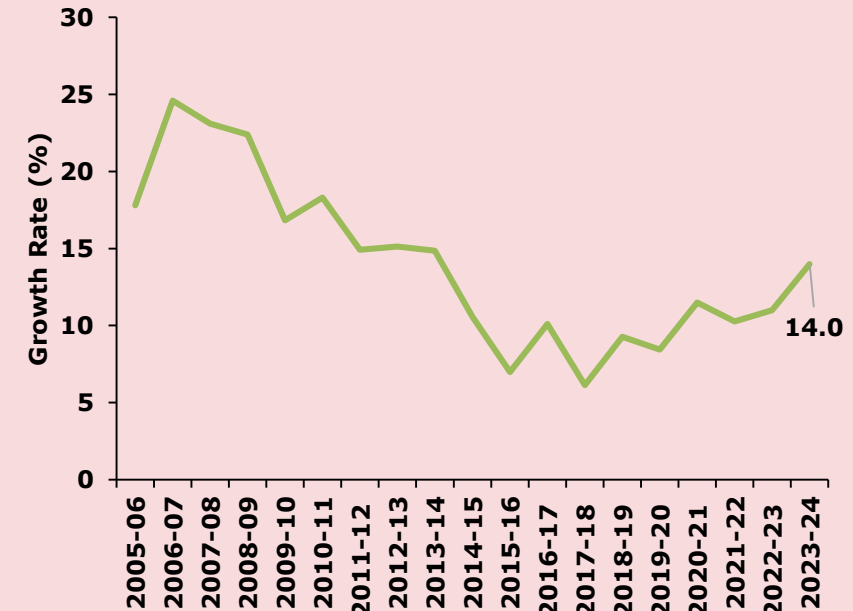


Figure 31: Deposits Growth



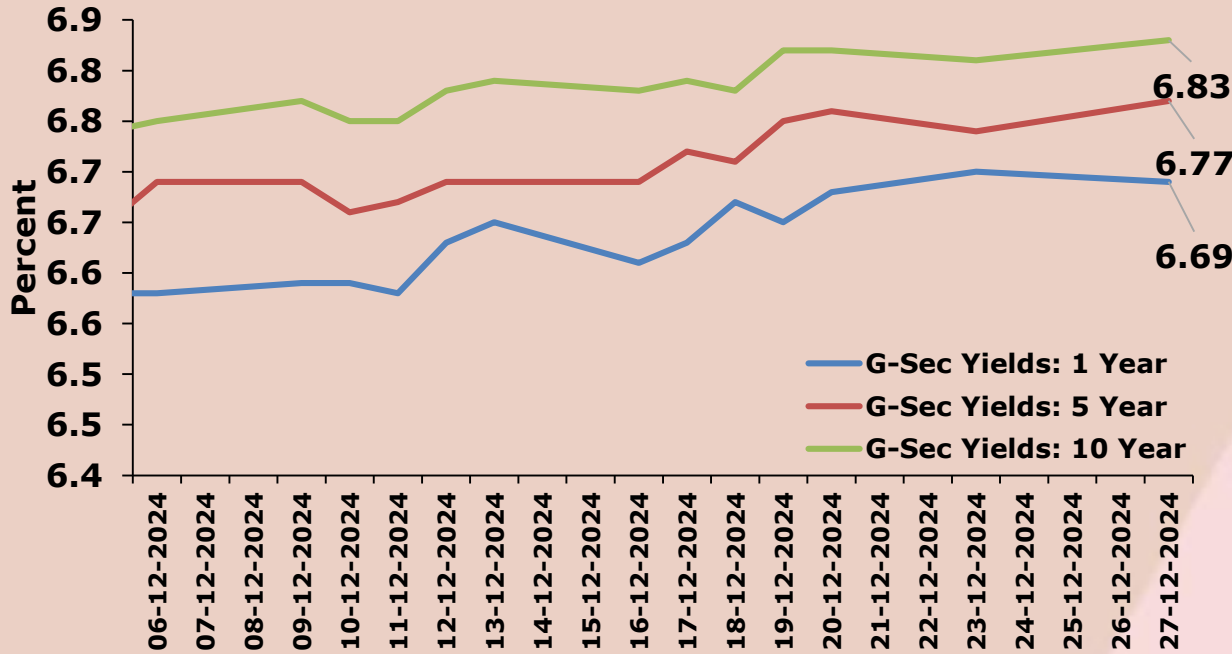
Source: Reserve Bank of India.

Note: Figures 26, 27, and 28 reflect the impact of a non-bank merger with a bank. The asterisks indicates that FY2024-25 data as of September 2024. The GNPA ratio measures gross non-performing assets as a share of gross loans. CRAR, or Capital Adequacy Ratio, evaluates a bank's capital relative to its risk-weighted assets, ensuring compliance with statutory requirements. RoA, a profitability metric expressed as a percentage, assesses the performance of banks and financial institutions.

1-year and 10-year government bond yields increase slightly, while 5-year benchmark sees a marginal decrease; NSE Volatility Index (VIX) decreases as of December 27, 2024

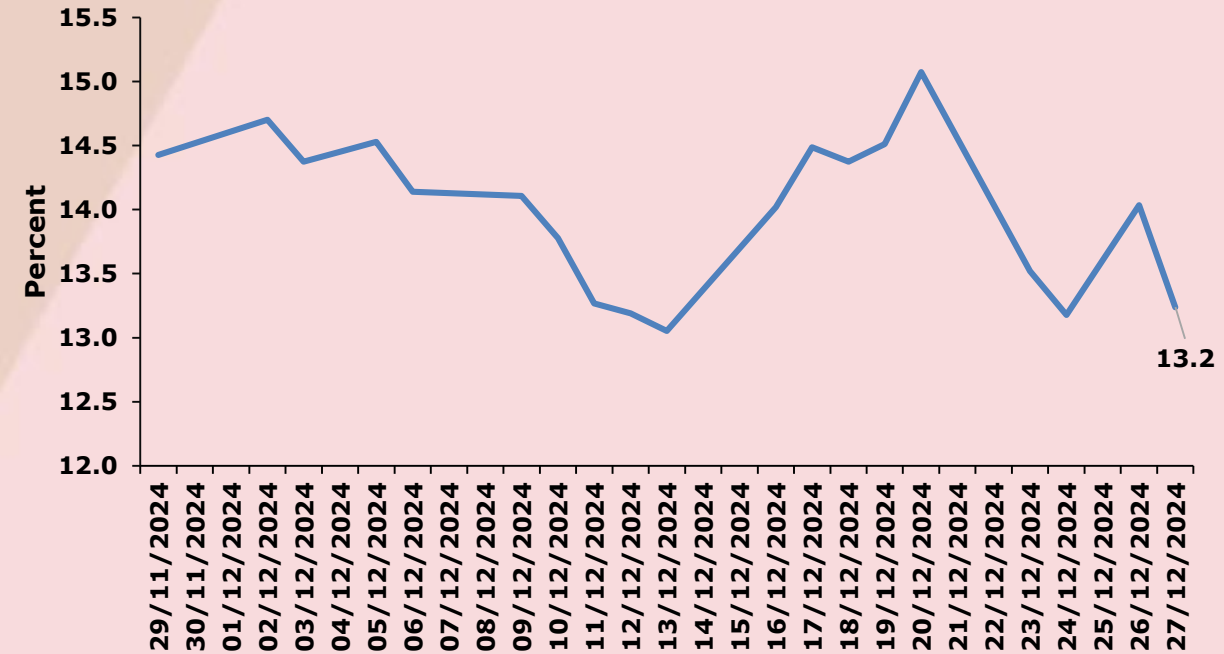
- The yields for 1-year and 10-year government securities increased marginally to 6.69 and 6.83, respectively, as of December 27, 2024, compared to 6.66 and 6.80 at the end of November 2024. The 5-year government securities decreased marginally to 6.77, as of December 27, 2024, compared to 6.78 at the end of November 2024 (Figure 32).
- As of December 27, 2024, the National Stock Exchange VIX index decreased to 13.2 from 14.43 as of November 29, 2024 (Figure 33).
- As of December 27, 2024, the National Stock Exchange NIFTY 50 Index decreased to 23813.4 from 24131.1 as of November 29, 2024.

Figure 32: Yields on Domestic Government Securities



Source: Clearing Corporation of India Ltd

Figure 33: VIX Index

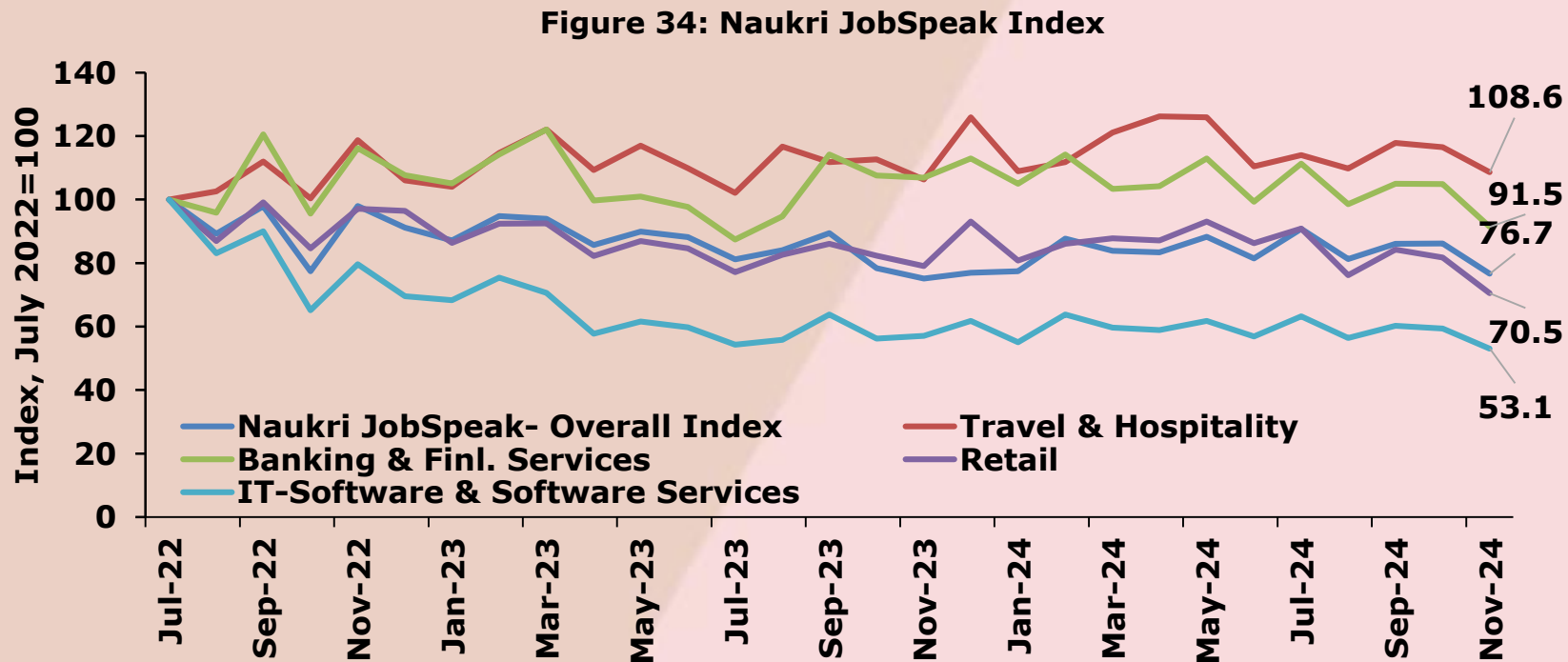


Source: CEIC estimates and Investing.com

Note: (i) In Figure 32, for December 2024, data are reported as of December 27, 2024. The average of daily values is taken to create the monthly value for December 2024. (ii) In Figure 33, for December 2024, data are reported as of December 27, 2024. The NSE VIX (National Stock Exchange Volatility Index) for India measures the market's expectations of volatility of the NIFTY 50 index over the next 30 calendar days. A high VIX value indicates high volatility and uncertainty, suggesting that investors expect significant price movements in the near term. Conversely, a low VIX value suggests a stable or less volatile market.

Naukri JobSpeak Index shows increase in online hiring activity year-over-year but a decline sequentially; Hiring in sectors like Banking and Retail declines year-over-year but grows in Hospitality and IT

- In November 2024, the Naukri JobSpeak Index indicates a 2 percent increase in online hiring activity year-over-year; but 11.1 percent sequential decrease (Figure 34).
 - Hiring in the travel and hospitality sector increased by 2.2 percent year-over-year; but declined by 6.8 percent sequentially.
 - Hiring in the banking and financial services sector declined by 12.8 percent sequentially and 14.5 percent year-over-year.
 - Hiring in the retail sector declined by 13.8 percent sequentially and 10.8 percent year-over-year.
 - Hiring in the IT and software services sector increased by 7 percent year-over-year, but decreased by 10.6 percent sequentially.

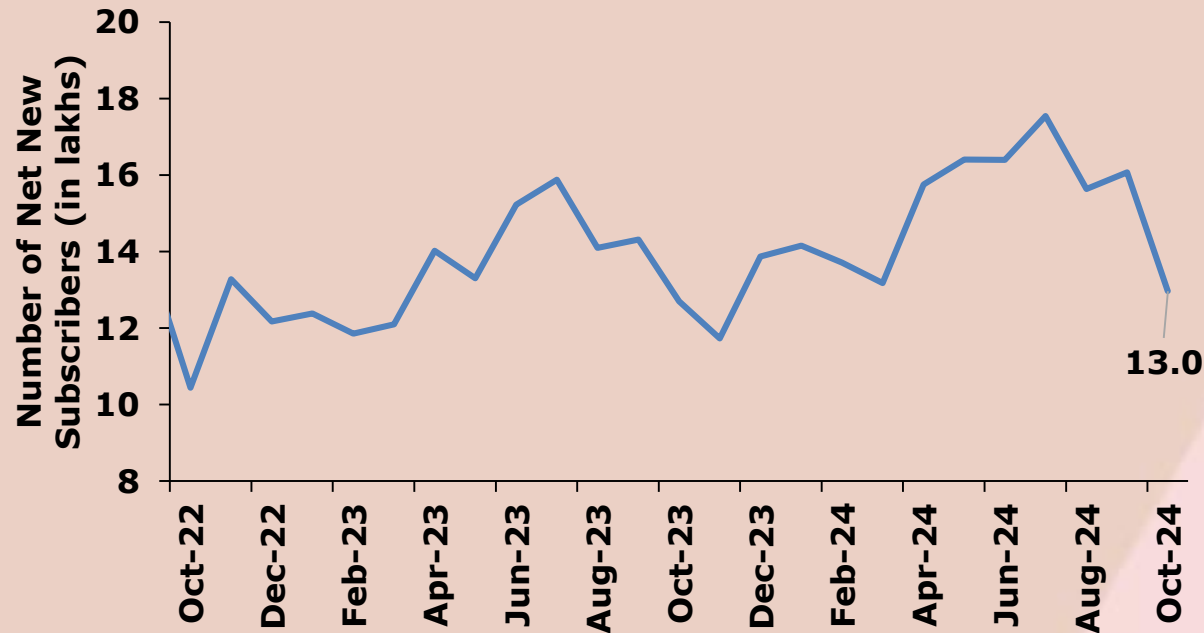


Source: CEIC estimates

Year-over-year growth of new EPFO subscribers decelerates to 2.1 percent in October 2024; Year-over-year growth in work demand under MGNREGA accelerates to 3 percent

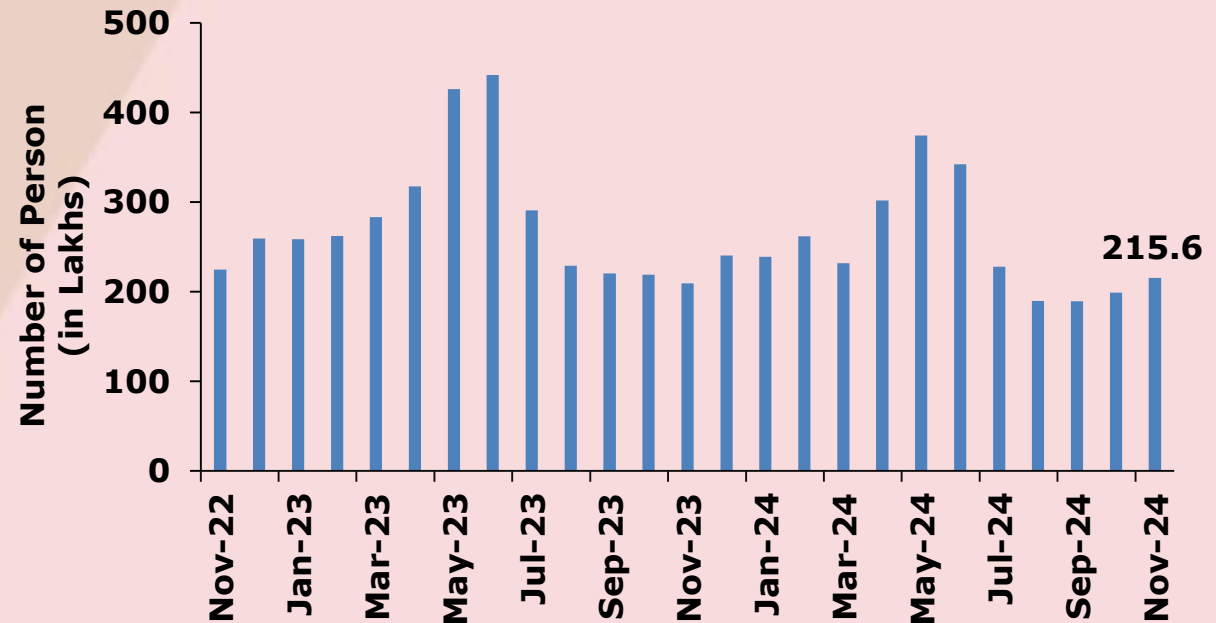
- The provisional estimates for October 2024 showed that Employees' Provident Fund Organisation recorded 13 lakh new subscribers, decreasing from the revised estimates of 16.1 lakh in September 2024. The year-over-year growth of new EPFO subscribers decelerated to 2.1 percent in October 2024 from 12.3 percent in September 2024 (Figure 35).
- The year-over-year growth in work demand under MGNREGA accelerated to 3 percent in November 2024, recovering from a decline of (-) 9.2 percent in October 2024 (Figure 36).

Figure 35: EPFO Net New Subscribers



Source: Employees' Provident Fund Organisation

Figure 36: Work Demand under MGNREGA



Source: Ministry of Rural Development

Merchandise trade deficit and Services trade surplus both widen

External Sector

- India's merchandise exports decreased by 4.9 percent year-over-year in November 2024, while imports increased by 27 percent. Sequentially, merchandise exports decreased sharply by 18.1 percent, while imports increased by 5.4 percent. The merchandise trade deficit widened to USD 37.8 billion in November 2024, compared to USD 27.1 billion in October 2024 (Figure 37).
- In November 2024, services exports increased by 26.9 percent and imports increased by 29.2 percent year-over-year. Sequentially, services exports increased by 4 percent and imports by 2.7 percent. The services trade surplus increased to USD 18 billion in November 2024, compared to USD 17.1 billion in October 2024 (Figure 38). [\[Press Release, December 16, 2024 | Ministry of Commerce & Industry\]](#)

Figure 37: Merchandise Trade

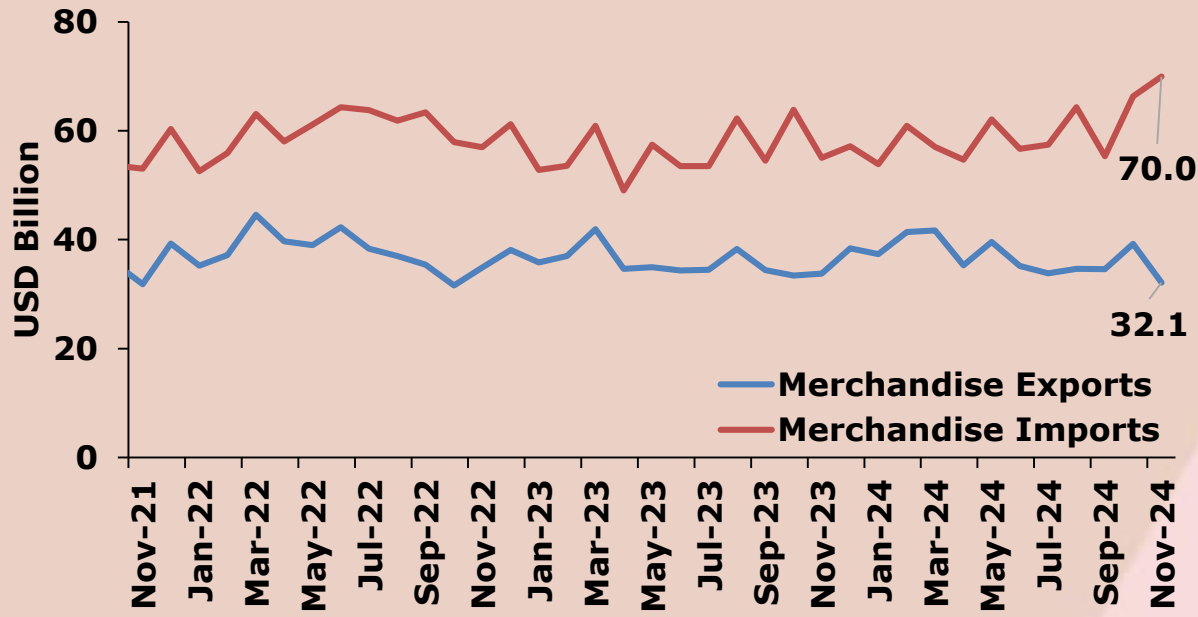
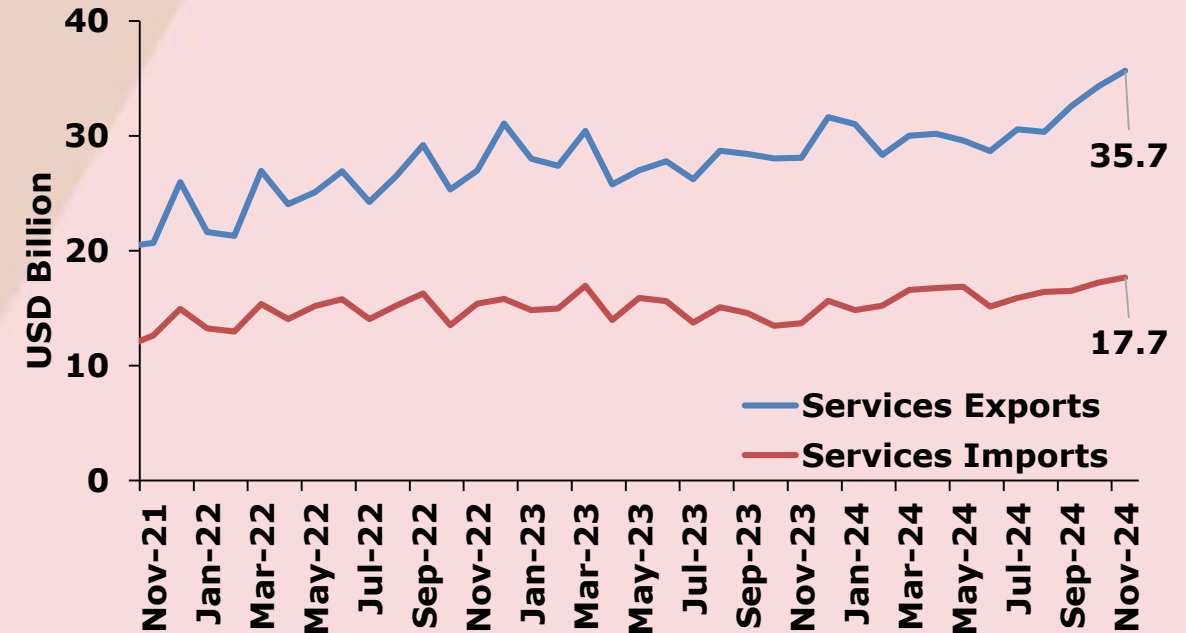


Figure 38: Services Trade



Source: Ministry of Commerce and Industry, Government of India

Year-over-year growth in Non-petroleum, and Non-Jems and Jewellery exports

- The Non-petroleum exports increased by 7.7 percent year-over-year in November 2024, while imports increased by 34.2 percent. Sequentially, Non-petroleum exports decreased sharply by 17.9 percent, while Non-petroleum imports increased by 12.1 percent. The non-petroleum trade deficit widened to USD 25.4 billion in November 2024, compared to USD 13.4 billion in October 2024 (Figure 39).
- In November 2024, Non-petroleum & Non-gems & Jewellery exports increased by 11.8 percent year-over-year, while imports increased by 6.1 percent year-over-year. Sequentially, Non-petroleum & Non-gems & Jewellery exports decreased by 16 percent and imports decreased by 4.7 percent. The Non-petroleum & Non-gems & Jewellery trade deficit widened to USD 11 billion in November 2024, compared to USD 7.9 billion in October 2024 (Figure 40). [\[Press Release, December 16, 2024 | Ministry of Commerce & Industry\]](#)

Figure 39: Non-Petroleum Exports and Imports

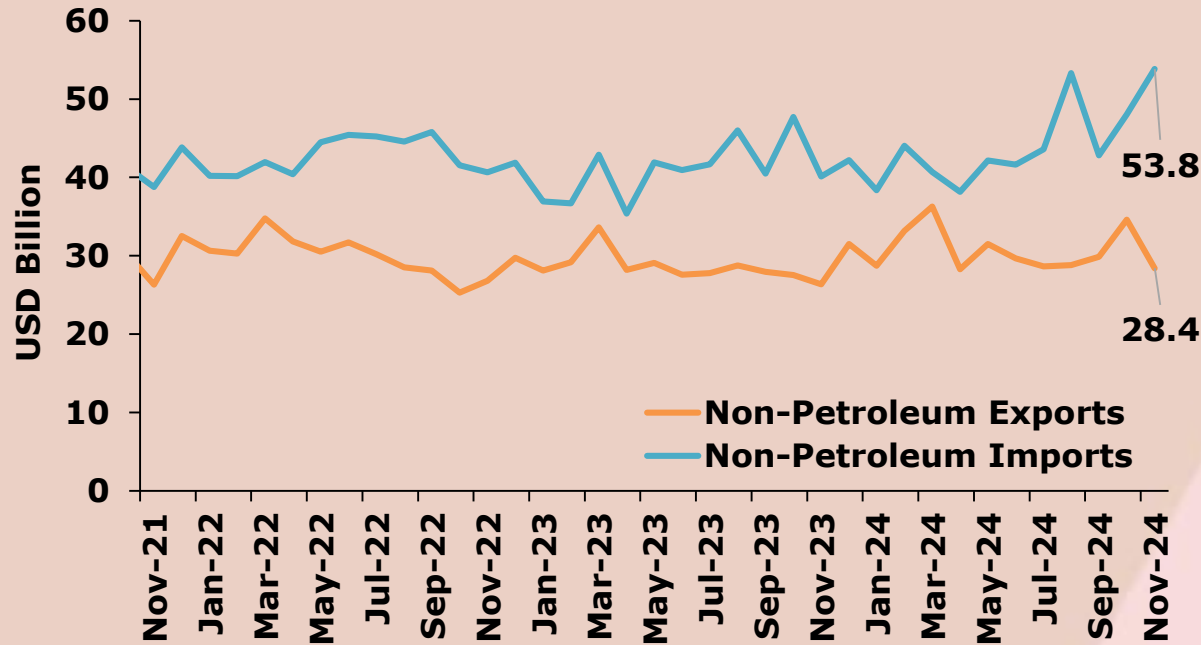
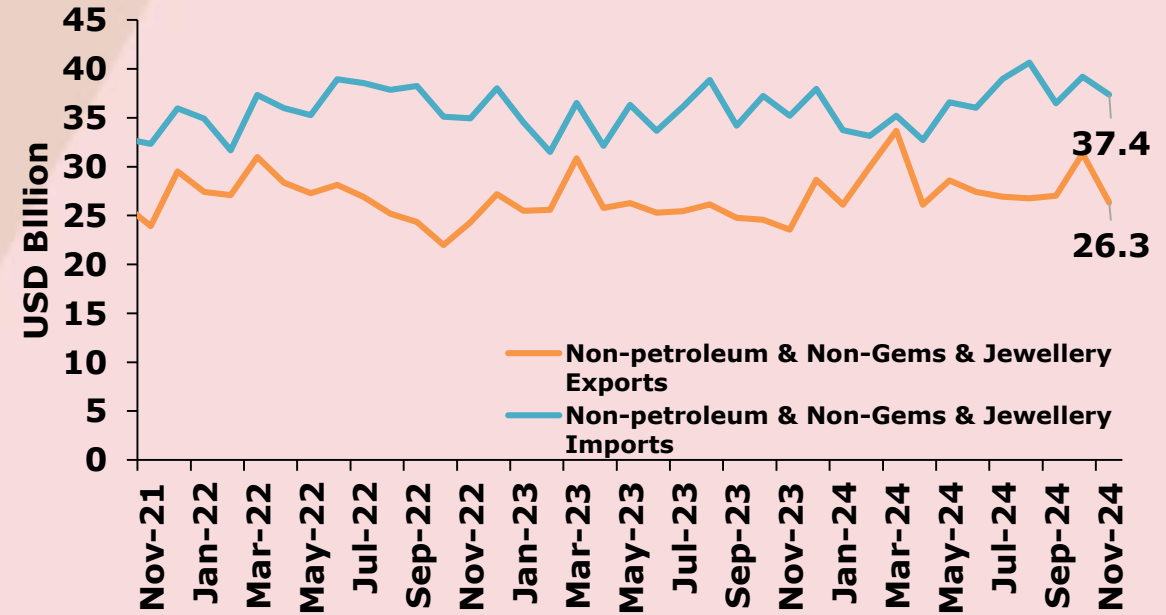


Figure 40: Non-Petroleum & Non-Gems & Jewellery Exports and Imports

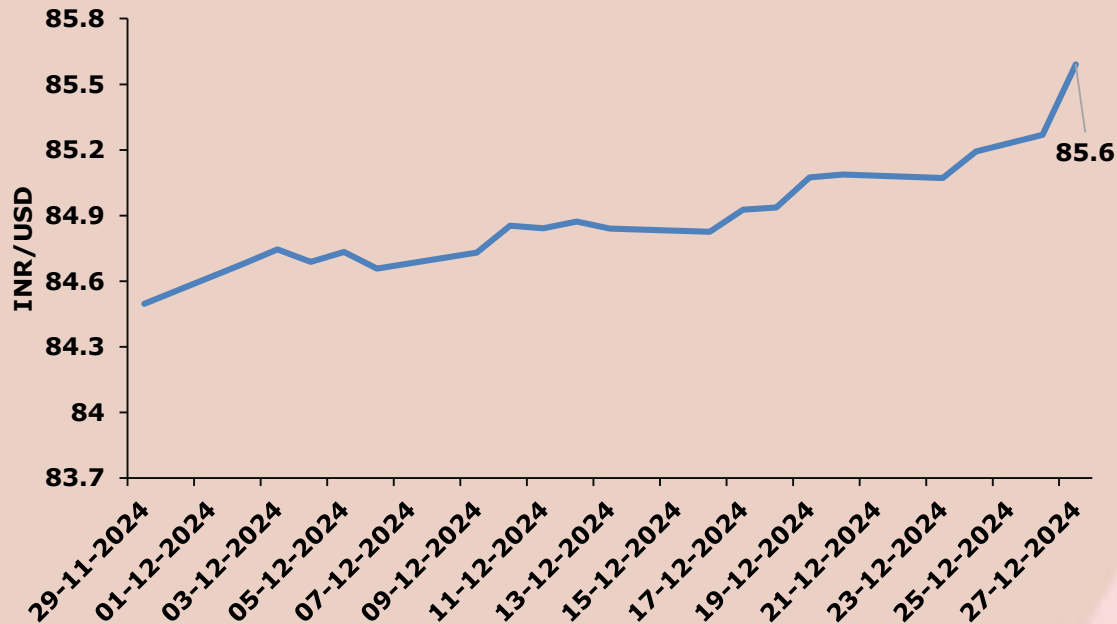


Source: Ministry of Commerce and Industry, Government of India

Rupee depreciates against dollar as on December 27, 2024; Foreign Exchange Reserves decline by USD 13.7 billion during December 2024

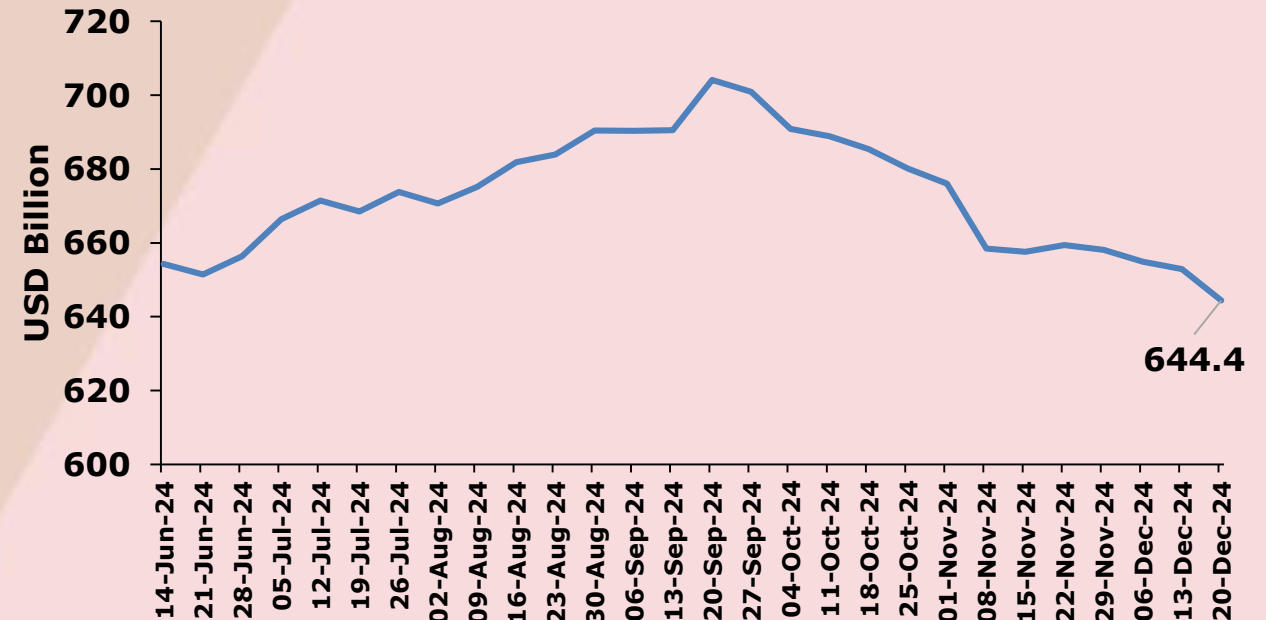
- The rupee depreciated to Rs. 85.6 against the US dollar, as of December 27, 2024, compared to Rs. 84.5 as of November 29, 2024 (Figure 41).
- During December, as of December 20, 2024, foreign exchange reserves declined by USD 13.7 billion, reaching a total of USD 644.4 billion compared with USD 658.1 billion as of November 29, 2024 (Figure 42). [\[Reserve Bank of India – Bulletin Weekly Statistical Supplement, Foreign Exchange Reserves Press Release, December 20, 2024\]](#)

Figure 41: Exchange Rate



Source: Reserve Bank of India

Figure 42: Foreign Exchange Reserves



Source: CEIC estimates

Note: For December 2024, data for Figure 41 are taken as of December 27, 2024; data for Figure 42 are taken as of December 20, 2024.

Net foreign portfolio investments increase to USD 3.5 Billion as of December 27, 2024

- As of December 27, 2024, net foreign portfolio investments (FPI) amounted to USD 3.5 billion, compared to USD (-) 2.5 billion at the end of November 2024 (Figure 43).
- Net FPI equity amounted to USD 2 billion as of December 27, 2024, compared to USD (-) 2.6 billion at the end of November 2024 (Figure 44).
- Net FPI debt amounted to USD 0.6 billion as of December 27, 2024, compared to USD 0.1 billion at the end of November 2024 (Figure 45).

Figure 43: Net Foreign Portfolio Investment (FPI)

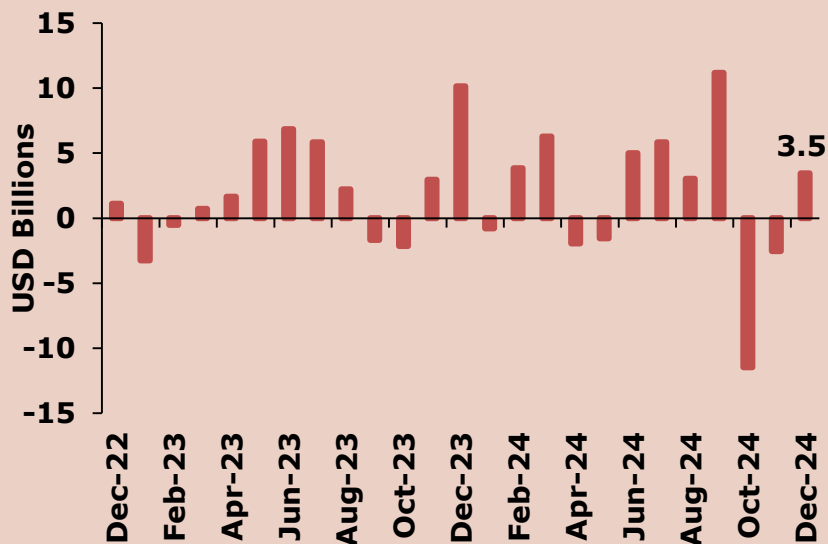


Figure 44: Net Foreign Portfolio Investment (FPI) Equity

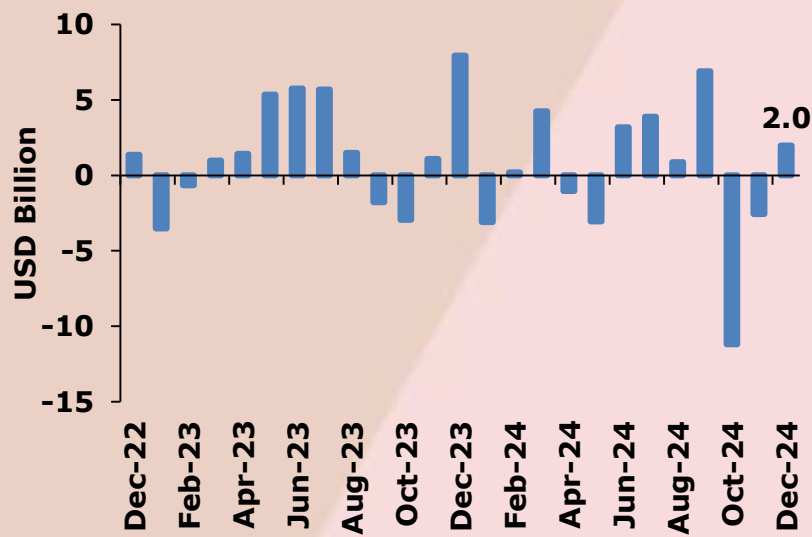
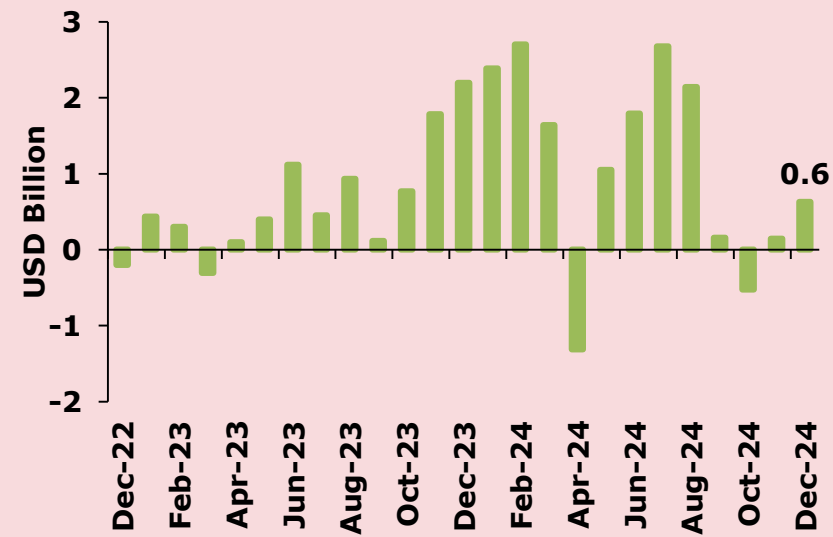


Figure 45. Net Foreign Portfolio Investment (FPI) Debt



Source: National Securities Depository Limited.

Note: For December 2024, data for Figures 45, 46, and 47 is as of December 27, 2024. Monthly values for December 2024 have been created by summing up the daily values of Net FPI Equity and Net FPI Debt. For Figure 43, the monthly value for December 2024 has been calculated by taking the sum of the daily data for Net FPI Equity, Net Debt-General Limit, Net Debt Voluntary Retention Route (VRR), Net Debt Fully Accessible Route (FAR), Net Hybrid, Mutual Funds, and Alternative Investment Funds (AIFs).

Current Account Deficit widens; Remittances increase to USD 31.9 billion in Q2 FY2024-25

- The Current Account Deficit (CAD) widened sequentially by USD 1 billion to USD 11.2 billion (1.2 percent of GDP) in Q2 FY2024-25 from the previous quarter's CAD of USD 10.2 billion (1.1 percent of GDP) (Figure 48).
- The trade deficit widened to USD 30.8 billion in Q2 FY2024-25 from USD 25.4 billion in Q1 FY2024-25. Services exports have increased year-over-year across key categories like computer, business, travel, and transportation services.
- Foreign Direct Investment inflows moderated to USD 5 billion in Q2 FY2024-25 compared with USD 10.7 billion in Q1 FY2024-25 (Figure 49).
- Remittances increased to USD 31.9 billion in Q2 FY2024-25 from USD 29.5 billion in Q1 FY2024-25 (Figure 50). [\[Developments in India's Balance of Payments during the Second Quarter \(July-September\) of 2024-25 | RBI Press Release, December 27, 2024\]](#)

Figure 48: Current Account Balance

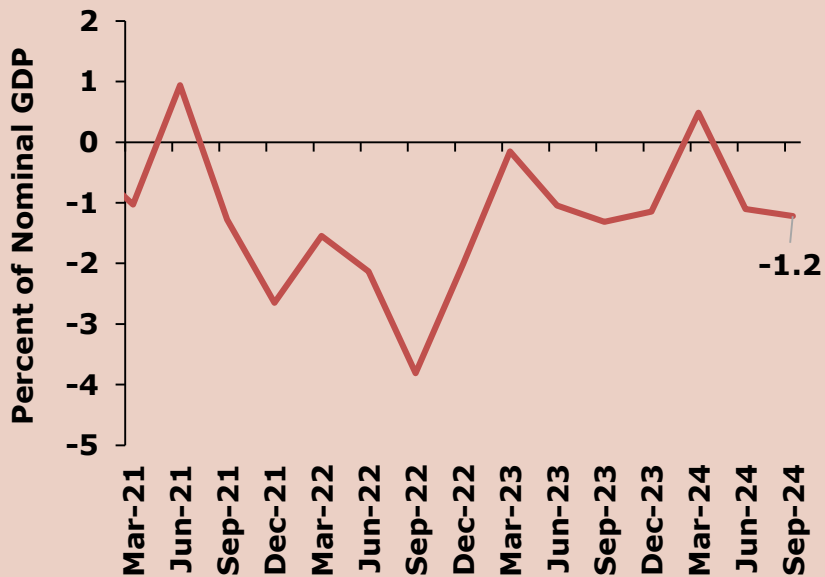


Figure 49: Foreign Direct Investment Inflows

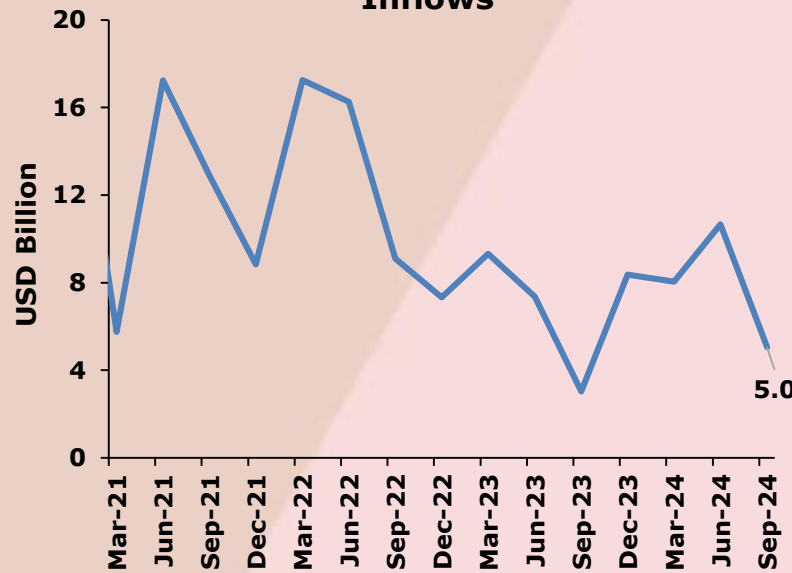
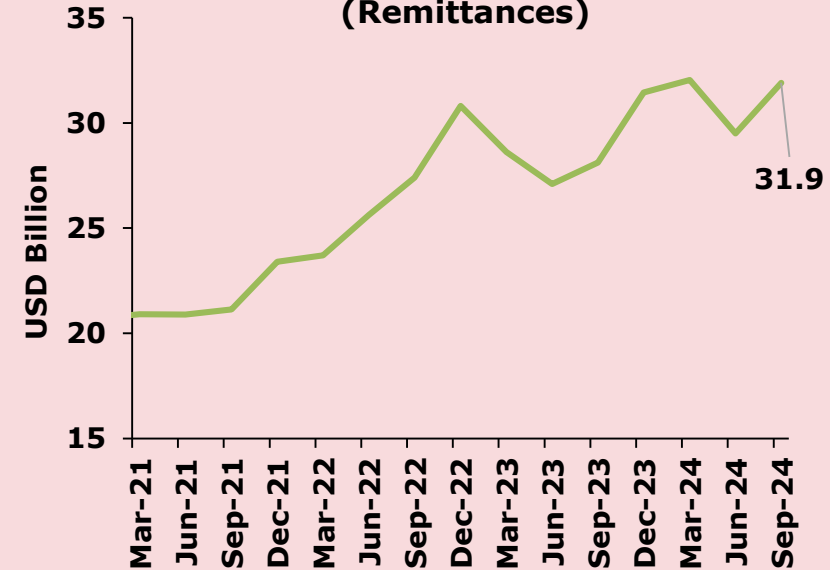


Figure 50. Private Transfer Receipts (Remittances)



Source: Reserve Bank of India

Heatmap for high-frequency indicators

Indicators	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Agriculture																									
Fertilizer Sales: Urea	26.3	2.4	15.1	4.3	-6.1	-16.6	4.3	0.5	-8.5	-2.8	2.2	28.5	15.0	2.7	-0.2	-10.7	-1.1	11.9	3.3	3.5	4.1	-8.8	-1.8	-20.8	-16.2
Industry																									
IIP Manufacturing	6.7	3.6	4.5	5.9	1.5	5.5	6.3	3.5	5.3	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.9	4.2	5.1	3.5	4.4	1.1	3.9	4.1	
IIP Core	5.7	8.3	9.7	7.4	4.2	4.6	5.2	8.3	8.6	13.4	9.5	12.7	7.9	5.1	4.1	4.2	6.3	6.9	6.9	5.0	6.1	-1.6	2.0	3.1	
PMI Manufacturing	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5
PMI Services	56.4	58.5	57.2	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.9	57.7	58.5	58.4
Automobile Sales: 2-wheelers (excluding EVs)	17.7	3.9	5.0	8.8	9.0	16.5	17.4	1.7	-7.2	0.6	0.8	20.2	31.3	16.0	26.2	34.6	15.3	30.8	10.1	21.3	12.5	9.3	15.8	14.2	-1.1
Natural Gas Production	-1.0	1.9	4.0	1.9	2.4	-2.9	-0.1	3.4	8.3	9.3	6.1	9.3	7.4	6.1	5.5	11.1	6.2	7.8	6.7	2.9	-1.6	-3.7	-1.9	-1.6	-1.6
Crude Steel Production	5.5	1.6	2.6	2.4	2.7	7.7	5.9	13.6	13.7	17.6	18.8	16.3	11.0	11.0	8.7	12.3	8.6	4.2	4.1	3.4	5.8	2.6	0.3	1.7	1.6
Electricity Supply	11.0	11.7	13.4	9.7	-1.3	0.1	0.9	5.9	12.3	17.5	11.6	23.2	6.2	1.0	5.7	9.1	10.1	9.2	13.8	8.0	3.9	-4.6	-0.5	-0.2	4.0
Services																									
Rail Freight	5.2	3.1	3.9	3.6	3.8	3.5	1.9	-1.9	1.5	6.4	6.7	8.5	4.3	6.4	6.4	10.1	8.6	1.4	3.7	10.1	4.5	0.02	1.5		
Air Passenger Traffic	21.8	23.1	101.0	64.4	27.0	25.5	19.0	20.5	25.8	23.2	19.4	11.9	10.7	9.9	7.2	8.1	6.5	6.0	8.3	7.7	7.8	7.5	8.1	9.8	
Air Cargo	-2.3	-5.9	-3.7	2.1	-0.9	0.0	-0.3	-0.8	-1.2	6.9	-0.3	13.1	6.6	10.8	15.5	22.7	17.3	10.0	15.6	15.9	18.1	12.5	18.0	14.5	
Trade																									
Merchandise Export	9.7	-3.0	1.6	-0.4	-5.9	-12.8	-10.4	-18.8	-10.0	3.5	-2.8	5.8	-3.3	0.8	4.3	11.9	-0.6	2.0	13.3	2.5	-1.7	-9.3	0.5	17.3	-4.9
Services Export	30.6	19.7	29.5	28.6	13.0	7.2	7.4	3.2	8.1	8.3	-2.7	10.7	4.2	1.7	10.8	3.4	-1.4	17.7	10.2	3.7	16.6	5.7	14.6	21.3	26.9
Fiscal																									
Gross Tax Revenue (Centre)	-3.8	0.8	13.5	4.5	16.8	-6.1	4.4	11.3	1.5	95.2	15.9	-1.2	21.3	12.9	16.5	-0.5	13.4	16.9	14.4	35.0	14.0	-15.8	11.9	1.6	
Goods and Services Tax Revenue	10.9	15.2	12.7	12.4	12.7	11.6	11.5	11.7	10.8	10.8	10.2	13.4	15.1	10.3	10.4	12.5	11.2	12.4	10.1	7.6	10.3	10.0	6.5	8.9	8.5
Banking																									
SCB bank Credit: Total Outstanding	16.0	14.9	16.3	15.5	15.0	15.9	15.4	16.2	19.7	19.8	20.0	19.7	20.6	19.9	20.3	20.5	20.2	19.0	19.8	17.4	13.6	13.6	13.0	11.5	
SCB bank Credit Non-food: Personal Loans	19.6	20.0	20.4	20.4	20.6	19.4	19.1	21.3	30.5	30.4	30.0	29.6	30.0	28.4	28.6	28.1	27.5	26.7	28.7	25.6	15.0	13.9	13.4	12.9	
SCB bank Credit Non-food: Agriculture	19.0	15.8	14.4	14.9	15.4	16.7	16.0	19.7	16.7	16.5	16.7	17.4	18.1	19.4	20.0	20.0	20.0	19.8	21.6	17.4	18.1	17.7	16.4	15.5	
SCB bank Credit Non-food: Industry	17.0	13.8	8.7	7.0	5.7	7.0	6.0	8.1	5.8	6.6	7.1	5.9	6.6	8.6	8.3	9.3	8.5	7.4	9.4	8.1	10.1	9.7	8.9	7.9	
SCB bank Credit Non-food: Services	22.7	20.4	21.2	20.3	19.5	21.3	21.3	26.8	23.4	25.0	25.4	24.0	25.7	23.3	24.2	24.3	23.5	22.0	23.2	17.4	14.0	13.9	13.7	12.7	
Financial Markets																									
NIFTY 50 Index	10.5	4.3	1.9	3.0	-0.6	5.6	11.8	21.6	15.1	8.4	14.9	5.9	7.3	20.0	23.0	27.0	28.6	25.1	21.6	25.1	26.3	31.1	31.4	26.9	19.9
BSE SENSEX	10.6	4.4	2.6	4.8	0.7	7.1	12.7	22.1	15.6	8.9	14.6	5.1	6.2	18.7	20.5	23.0	24.9	21.9	18.1	22.1	22.9	27.0	28.1	24.3	19.1
Employment and Inflation																									
Naukri JobSpeak Index	42.9	50.9	1.7	-2.2	5.2	-5.2	-0.5	-2.9	-18.8	-5.7	-8.6	1.2	-23.3	-15.6	-11.1	-7.5	-10.8	-2.7	-1.8	-7.6	11.8	-3.4	-3.8	10.0	2.0
EPFO Net New Subscribers	16.2	-2.5	-3.4	-3.2	-11.6	-2.5	-3.5	0.4	2.7	0.4	3.9	21.6	-11.6	14.0	14.3	15.6	8.9	13.1	25.3	9.9	13.0	15.9	18.2		
Consumer Price Inflation	5.9	5.7	6.5	6.4	5.7	4.7	4.3	4.9	7.4	6.8	5.0	4.9	5.6	5.7	5.1	5.1	4.9	4.8	4.7	5.1	3.5	3.7	5.5	6.2	5.5
Wholesale Price Inflation	6.1	5.0	4.8	3.9	1.4	0.8	3.6	4.2	1.4	0.5	0.3	0.5	0.3	0.7	0.3	0.2	0.3	1.2	2.7	3.4	2.1	1.2	1.8	2.4	1.9



Source: NCAER Team's calculation, based on the CEIC database.

Methodology Note: The y-o-y growth (%) has been calculated for all indicators for the period as indicated in the data appendix (except for PMI Manufacturing and PMI Services).

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