

India Economics

Monthly Chartbook

October 2023

Economic Research Department

+91 22 6698 5794

chief.economist@bankofbaroda.com

Jahnavi

jahnavi@bankofbaroda.com

Dipanwita Mazumdar

dipanwita.mazumdar@bankofbaroda.com

Sonal Badhan

sonal.badhan@bankofbaroda.com

Aditi Gupta

aditi.gupta3@bankofbaroda.com

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India's growth to get festive boost

India's growth story is expected to maintain its resilience led by festival demand. This is expected to pump up growth in this quarter. Inflationary concerns ebbed slightly as major price data showed signs of respite with vegetable prices correcting in Sep'23, as well as Oct'23. However, near term risks to inflation stem from uncertain geopolitical environment and its likely impact on oil prices and below normal rains. 10Y benchmark yield movement was striking in Oct'23 with 13bps jump (till 10Oct). Major sell-off was seen post monetary policy with RBI's announcement of OMO sales. Going forward, pressure on domestic yield would persist. Even INR has remained under pressure due to a global risk-off sentiment.

Domestic demand to remain buoyant: Domestic demand indicators are expected to improve in coming months on the back of festive demand. Service sector has been exhibiting strong growth as reflected by services PMI, pickup in vehicle registration and railway freight traffic. Consumers turned optimistic as reflected by RBI's consumer confidence (current index climbed to 4-month high) from 116.6 to 122.3. On the rural front, uneven distribution of rainfall has resulted in below normal rain this season. The erratic monsoon has resulted in lower reservoir levels which might be a challenge for winter crops. On the other hand, kharif sowing ended marginally higher while pulses sowing lagged behind.

Health of centre's finances: Fiscal deficit ratio (% of GDP, 12MMA basis) of the central government inched down to 6.4% as of Aug'23 from 7.1% as of Jul'23, led by steep revival in revenue receipts. On FYTD basis (Apr-Aug'23), centre's net revenue receipts rose by 24.1%, from 0.7% growth seen till Jul'23.

This was driven by improvement in gross tax collections (16.5% versus 2.8%). Within this, direct tax receipts jumped by 26.6% (-1.1% as of Jul'23) and indirect tax collections were up by 7.8% (6.9%). On the other hand, spending momentum slowed (20.3% versus 52% as of Jul'23), led by both revenue (14.1% versus 15.9%) and capital expenditure (48.1% versus 52%). We expect spending momentum to pick up pace during festive and election months.

Pressure on India's 10Y yield: India's 10Y yield has risen by 5bps in Sep'23, the increase was far lower compared to major economies (US: +46bps, Germany: +37bps). However, the situation noticed quite a turn in Oct'23. With RBI's surprise announcement of OMO sale, pressure was felt directly on 10Y G-sec which has risen by 13bps. RBI's step was a direction towards managing core and transient liquidity. However, much depends on the actual amount of OMO sale. In the coming days we expect liquidity deficit in the range of 0.2-0.3% of NDTL to be the new normal. Upward pressure on India's 10Y yield also remains from global tightening of liquidity and higher oil prices.

INR depreciates to a record low: INR under pressure: A resurgence in dollar strength coupled with higher oil prices and FPI outflows, pushed USD/INR to a fresh record low in Sep'23. It has continued to remain under pressure even in Oct'23, even as dollar strength has abated. With escalating geo-political tensions in the middle-east, demand for safe-haven is likely to be higher implying pressure on riskier EM assets, including INR. RBI intervention is likely to support INR in the range of 83-83.35/\$ in the near-term.

Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified

High frequency indicators

Fig 1 – Power demand moderates

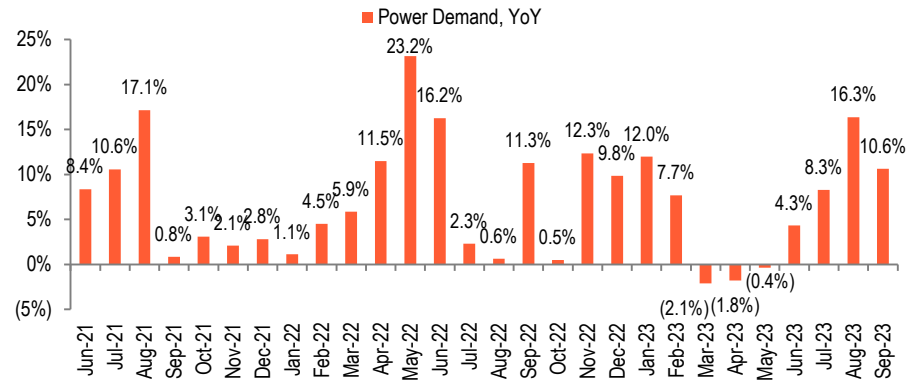
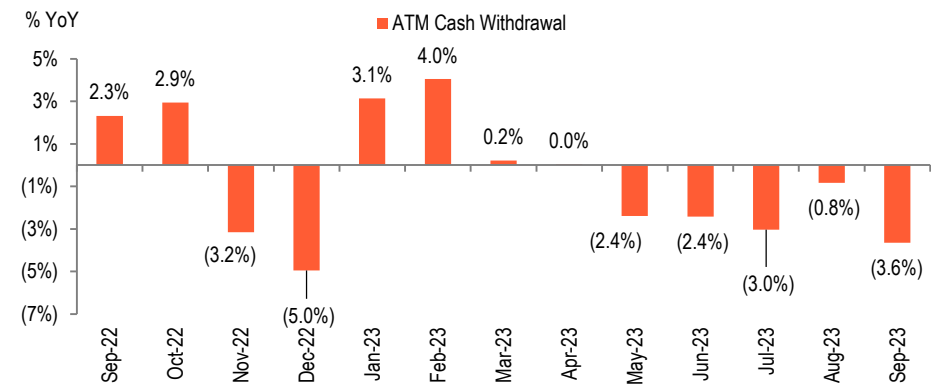
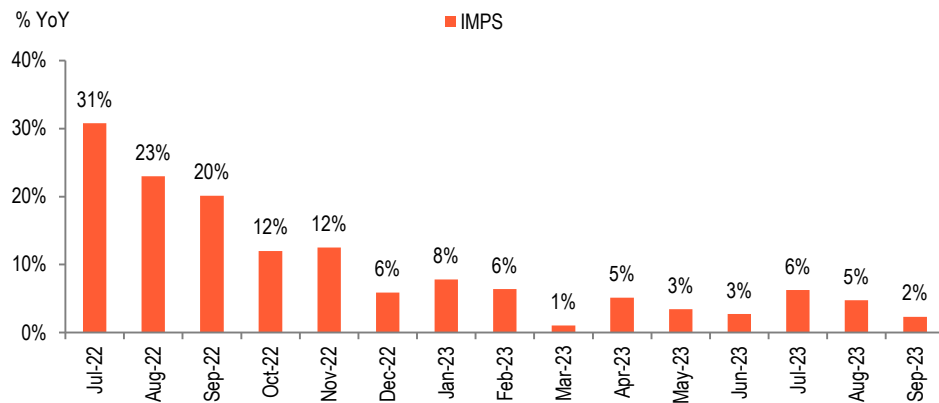


Fig 2 – Growth declines for cash withdrawal



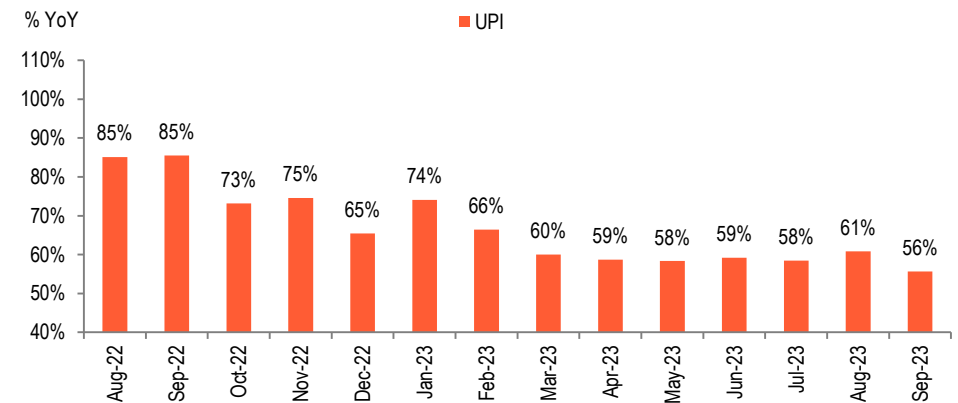
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – Slower growth in IMPS transactions



Source: RBI

Fig 4 – Growth in UPI payments slowed down



Source: RBI

Fig 5 – Growth in fertilizer sales eases

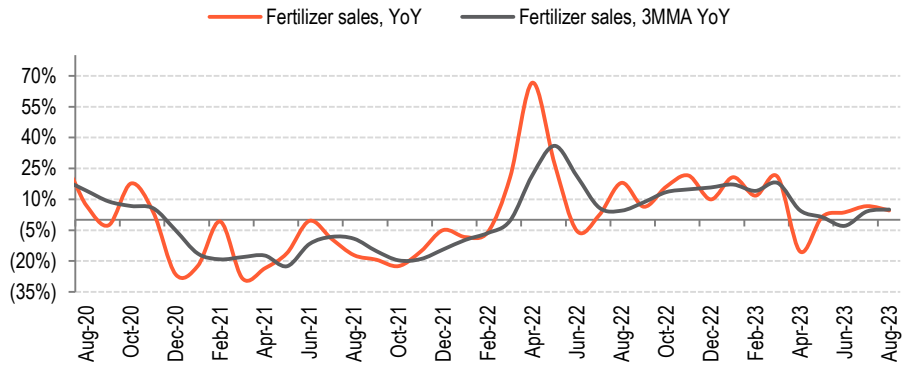
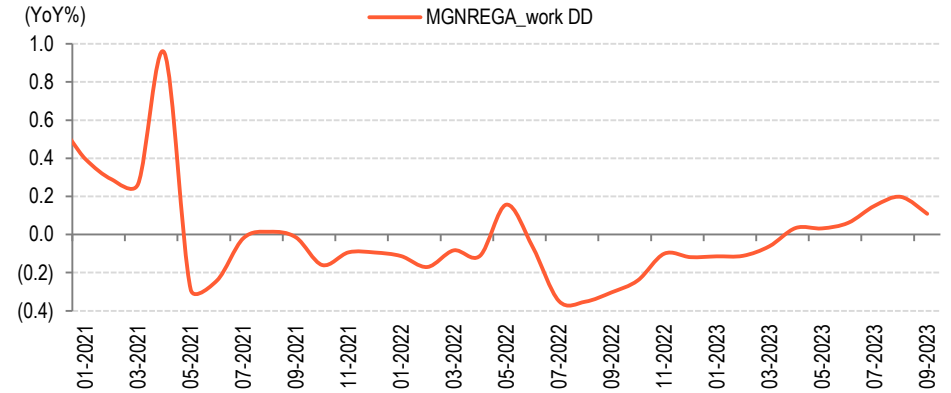


Fig 6 – Demand for work (MGNREGA-household) dips



Final consumption expenditure

Fig 7 – Private consumption higher in Q1FY24

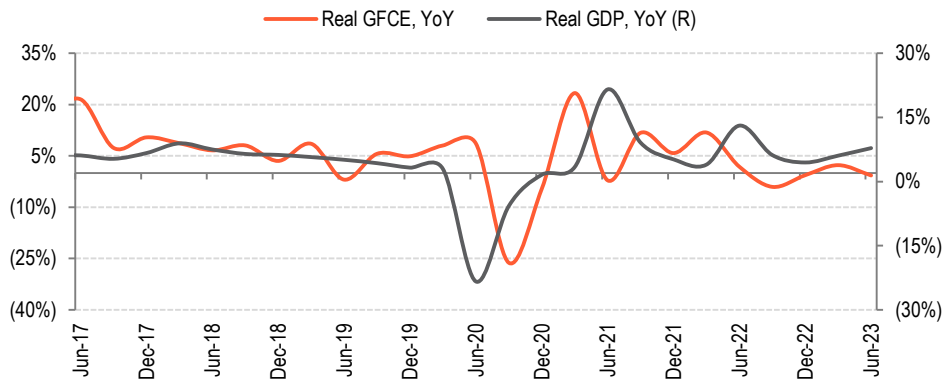


Fig 8 – Government consumption slids in Q1

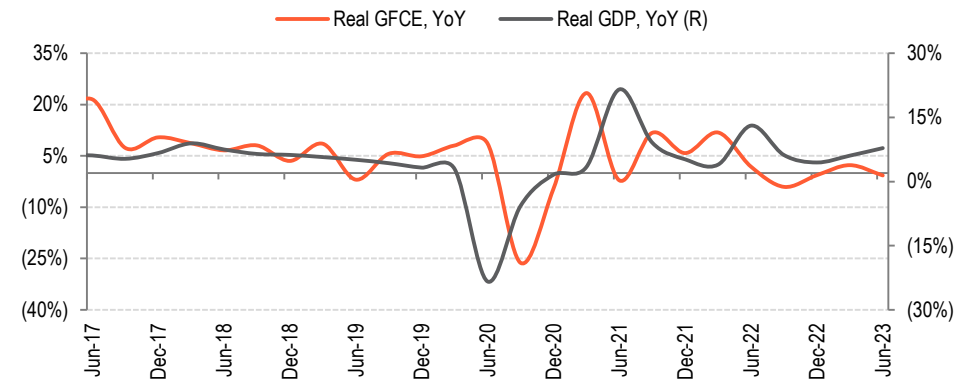


Fig 9 – General govt. revenue spending edges upwards

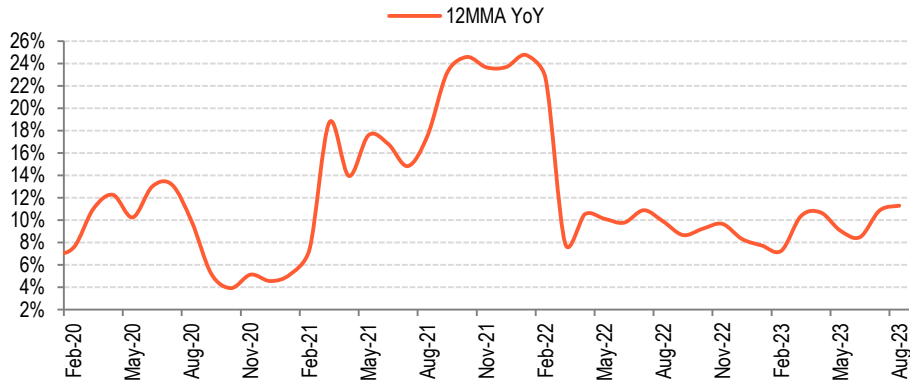
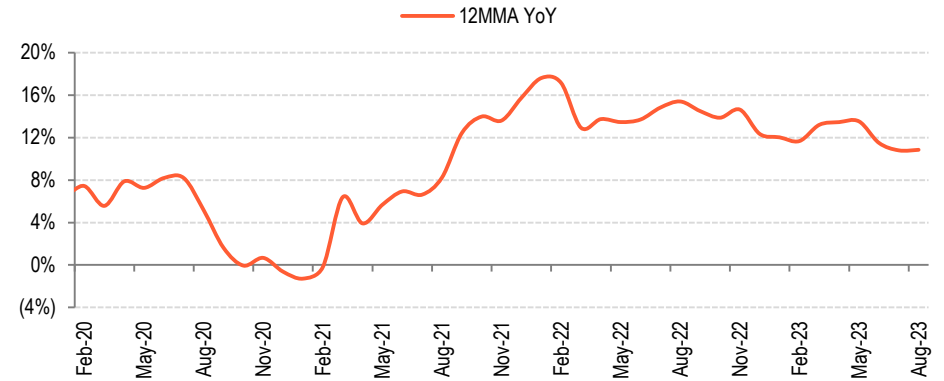


Fig 10 – State* govt. revenue spending steady



Note: *All states excluding Arunachal Pradesh, Assam, Manipur, Goa and J&K

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports declines at a slower pace

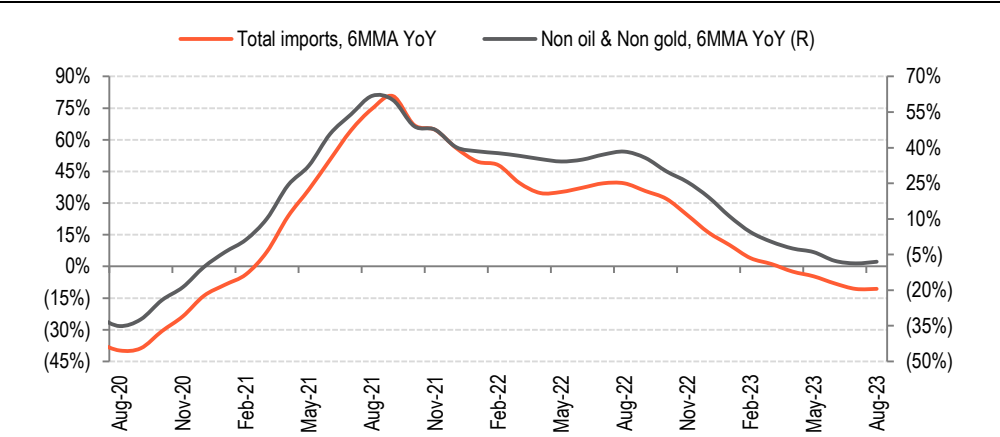


Fig 12 – Growth in electronic imports eases

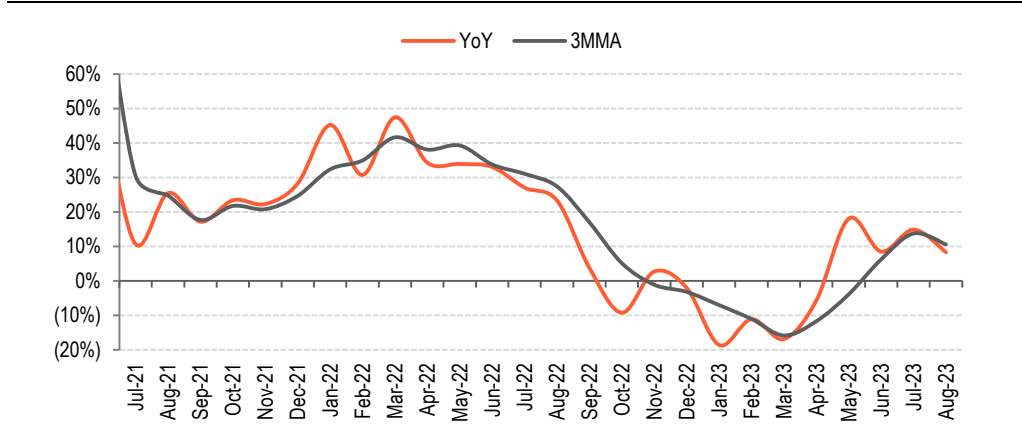
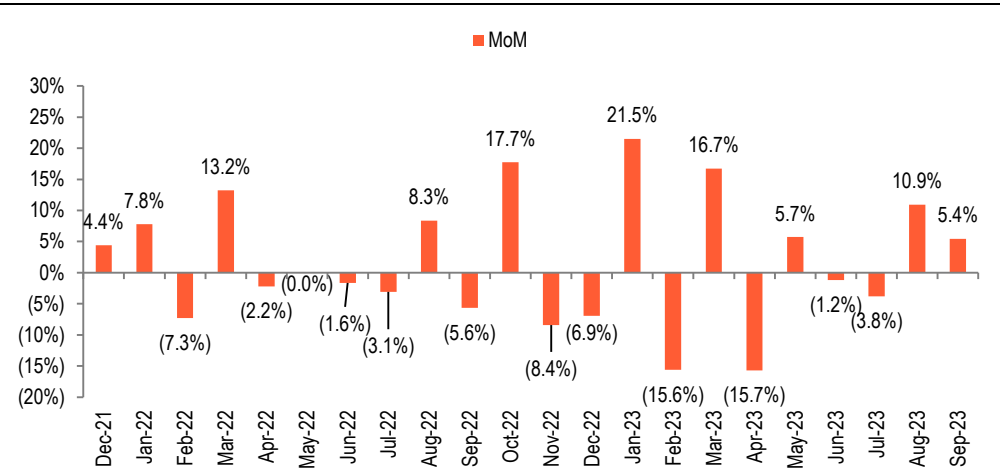
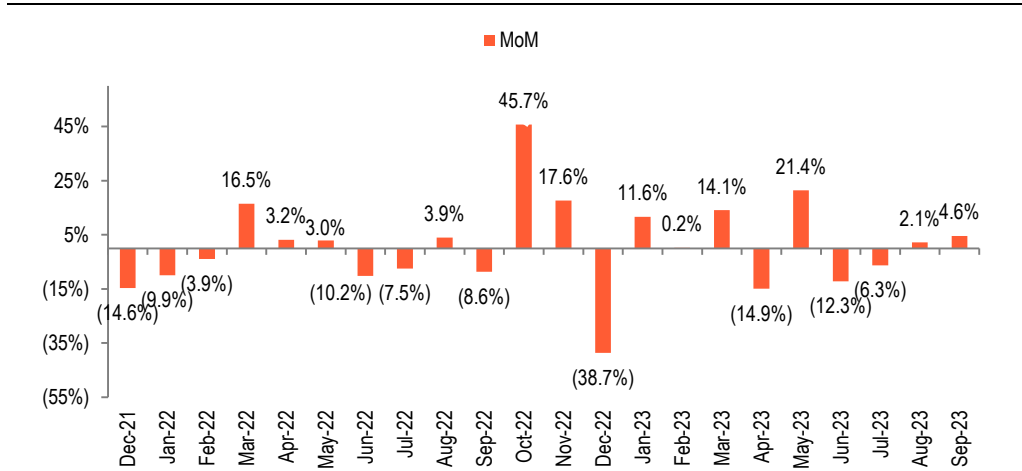


Fig 13 – Moderation in retail passenger vehicle sales



Source: FADA

Fig 14 – Growth in two-wheeler sales continues to improve



Credit deployment of personal loans

Fig 15 – Growth in credit card loan eases

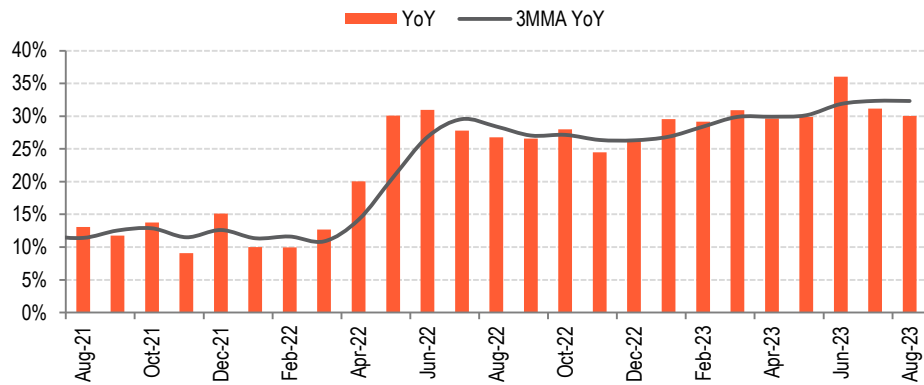


Fig 16 – Steady growth in personal loan

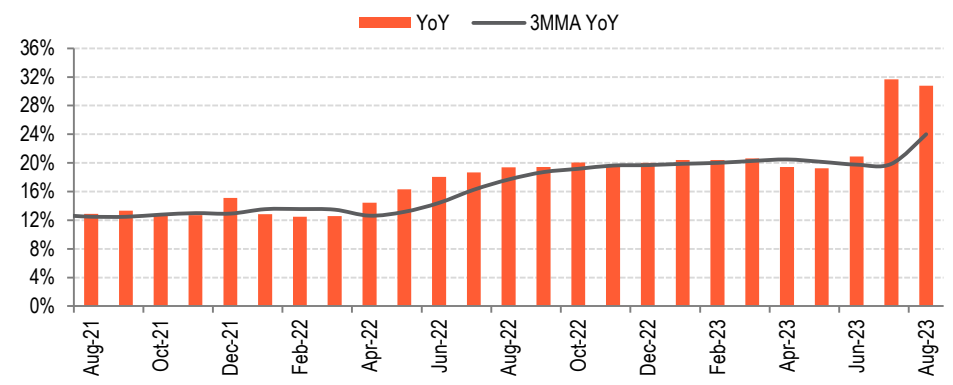


Fig 17 – Vehicle loan growth moderates

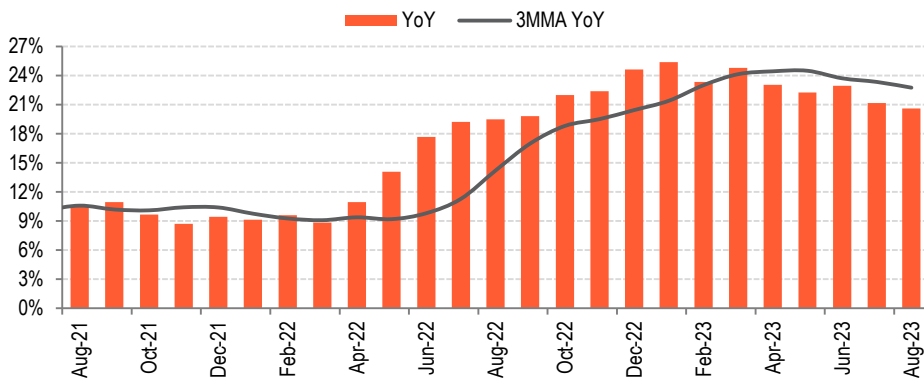


Fig 18 – Consumer's turn optimistic

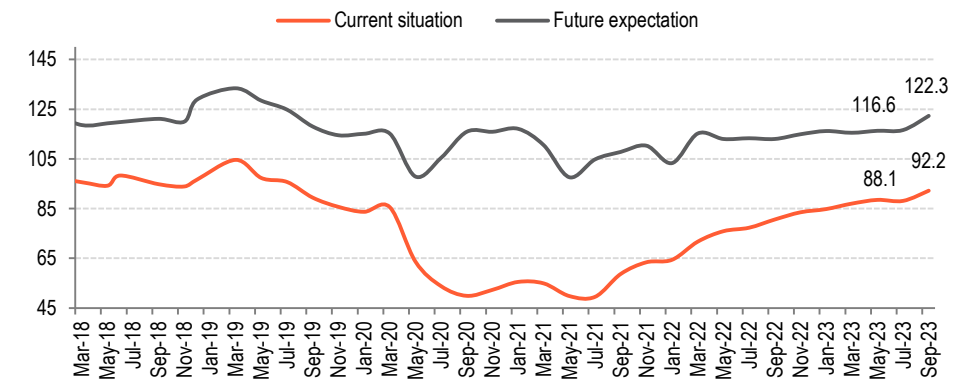


Fig 19 – RBI’s essential spending signals dip

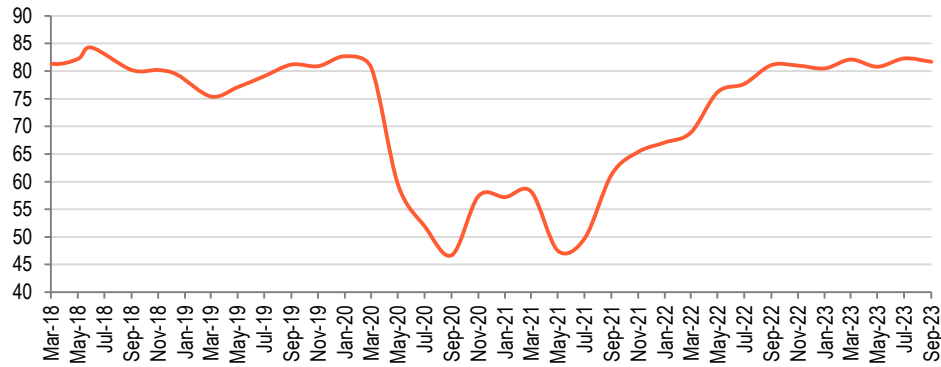
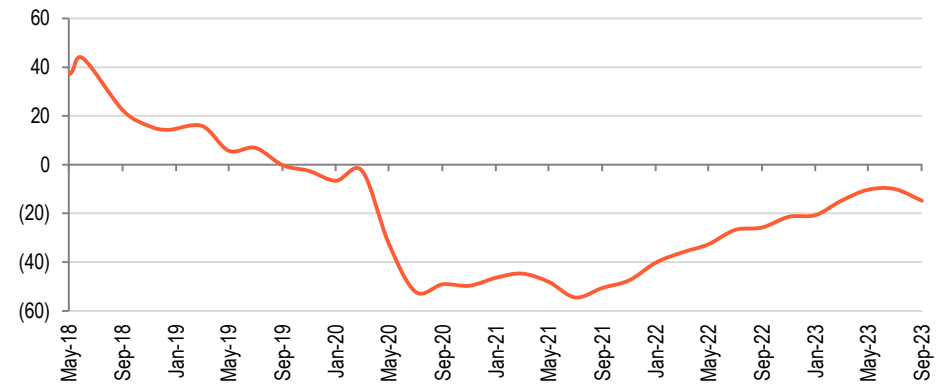


Fig 20 – Non-essential spending continues to moderate



Consumer durables & non-durables production

Fig 21 – Slower pace of contraction in Consumer durables growth

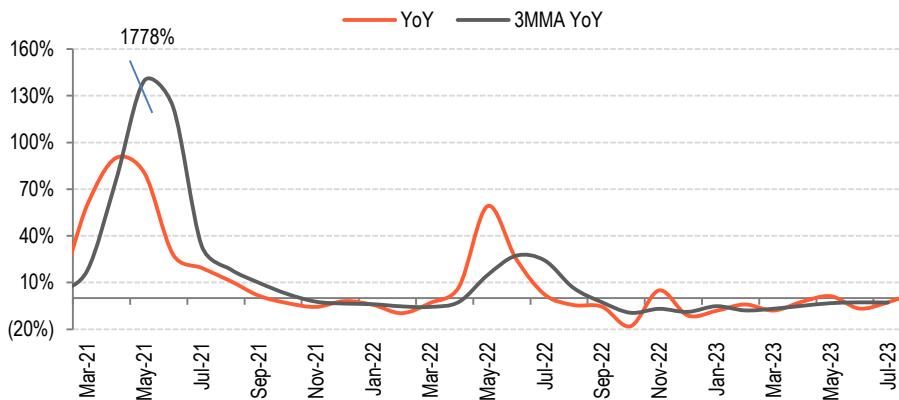
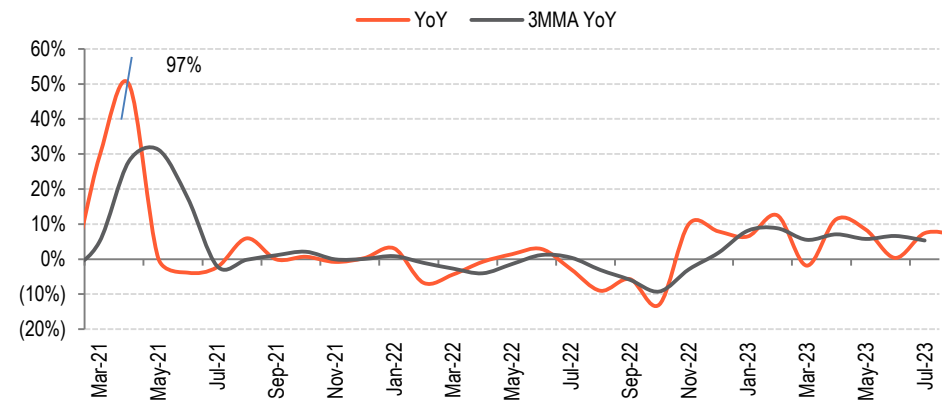


Fig 22 – FMCG output picks up in Jul'23



Agriculture

Fig 23 – Actual rainfall is below normal (94% of LPA)

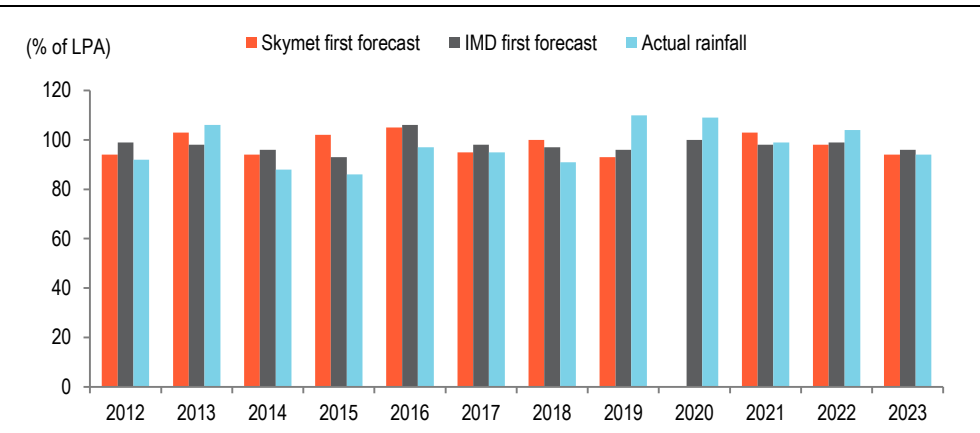
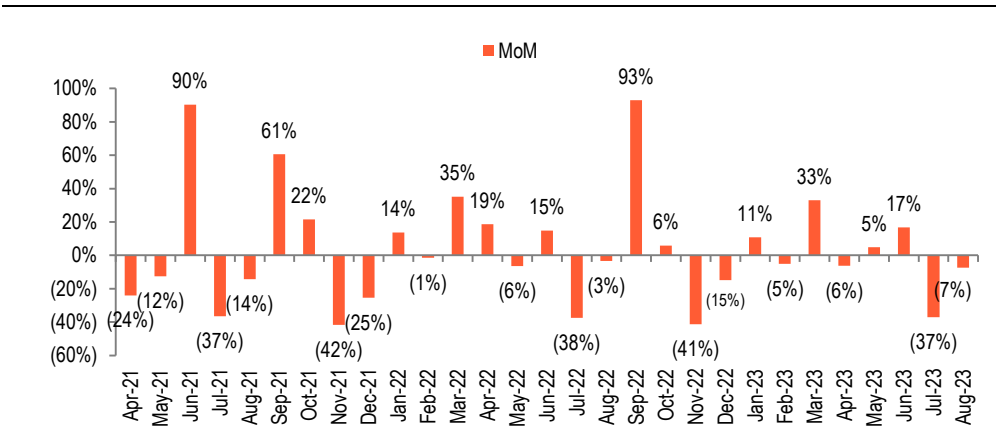


Fig 24 – Growth in tractor improves marginally



Note: Tractor sales including exports

Fig 25 – Growth in agriculture steady

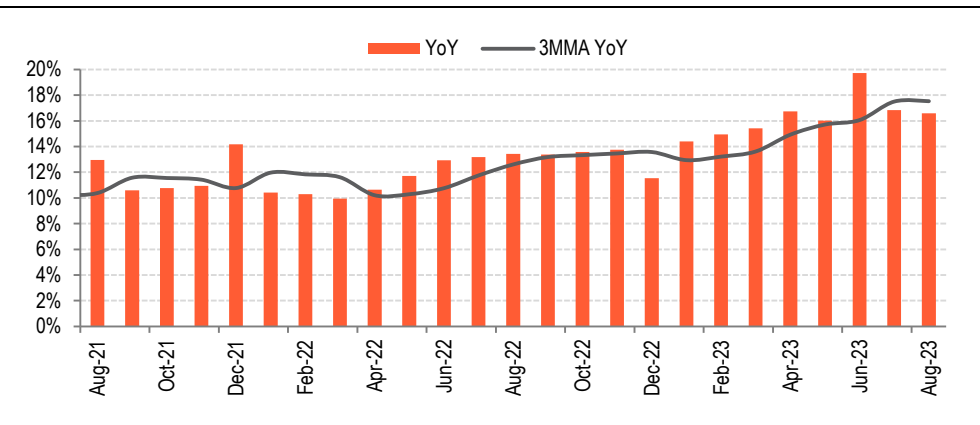
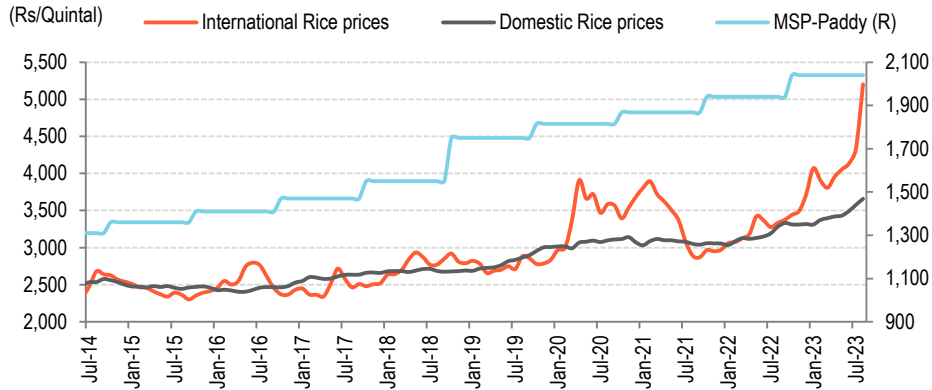


Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	57.59
2022-23	18.8	56.9
2023-24	26.2*	

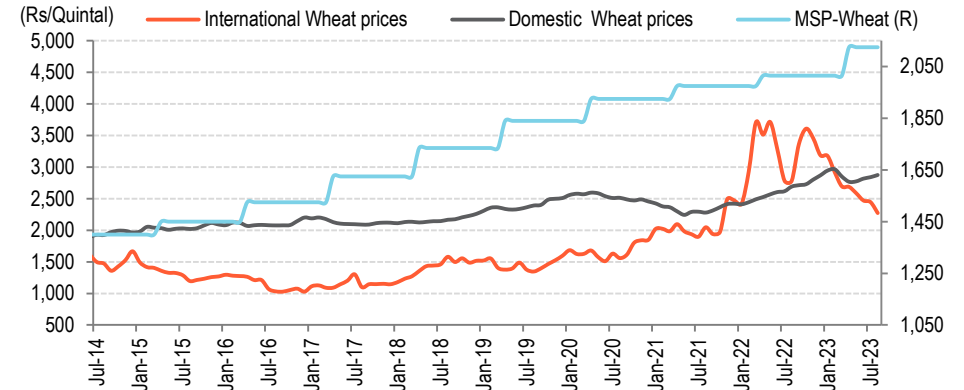
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Aug 2023

Fig 27 – Both domestic and international rice price edges upwards



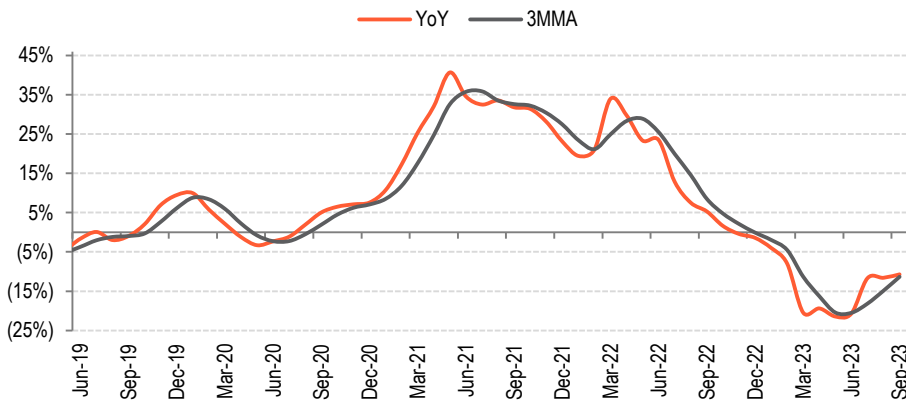
Source: World Bank

Fig 28 – International wheat price dips: Domestic prices edge up



Source: World Bank

Fig 29 – Global food prices remain unchanged



Source: FAO

Fig 30 – Wage growth (men) steady

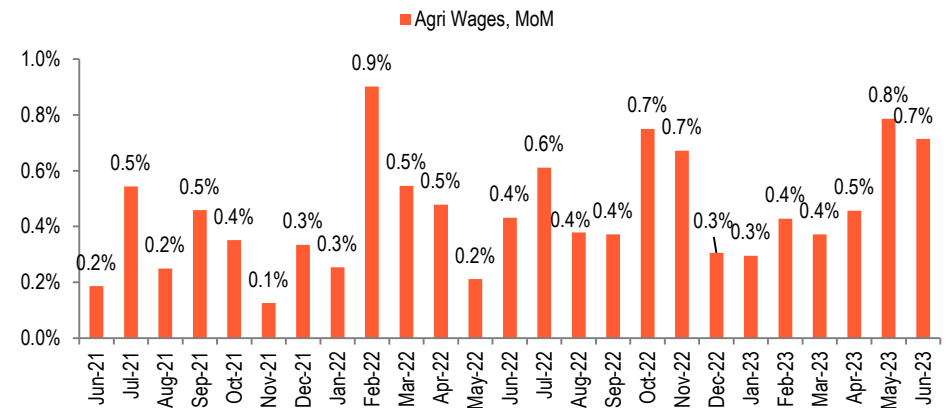


Fig 31 – Kharif sowing is a tad higher compared with last year

Crop Type (mn ha)	Area sown in 2023-24	Area sown in 2022-23	Growth (YoY%)
Foodgrains	72.4	71.8	0.8
Cereals	60.0	58.9	1.9
Rice	41.2	40.4	1.9
Pulses	12.4	12.9	(4.2)
Oilseeds	19.3	19.6	(1.6)
Cotton	12.4	12.8	(3.0)
Sugarcane	6.0	5.6	7.6
Jute and Mesta	0.7	0.7	(5.6)
Total	110.72	110.5	0.2

Note: For the week ended 29 Sep 2023

Inflation

Fig 32 – Headline CPI moderated to 6.8% in Aug'23 from 7.4% in Jul'23, driven by food inflation (157bps decrease)

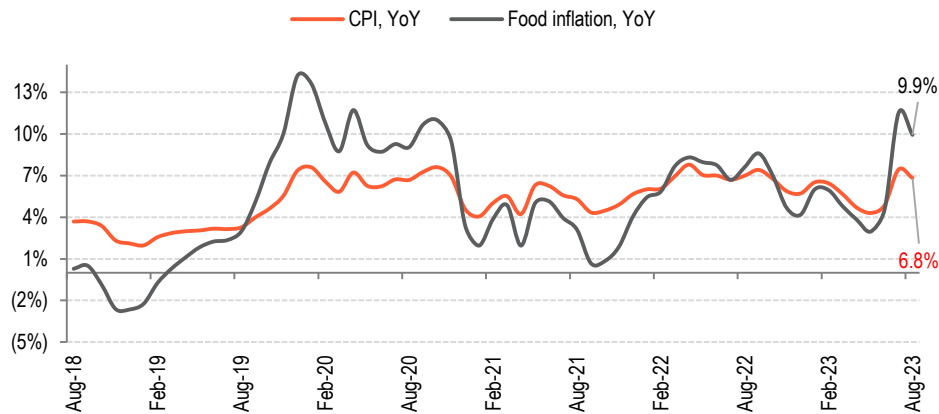


Fig 33 – ...This was led by considerable moderation in vegetable inflation

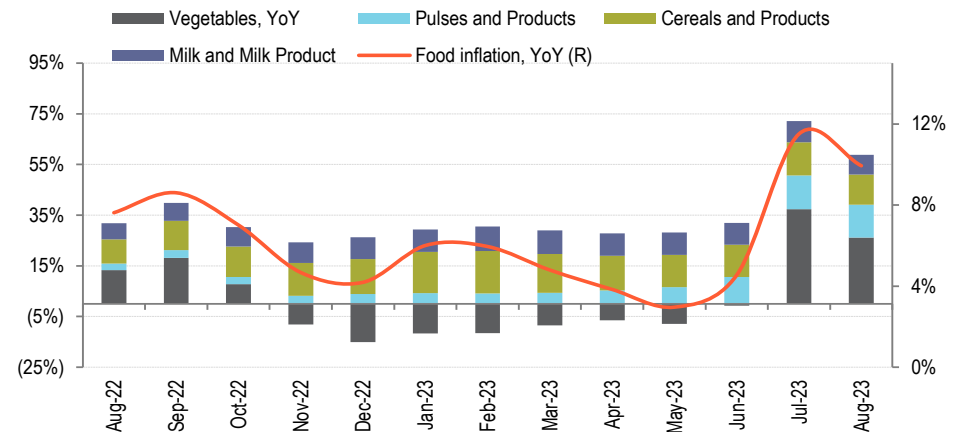


Fig 34 – Core inflation and its sub-components continued to remain within the target range

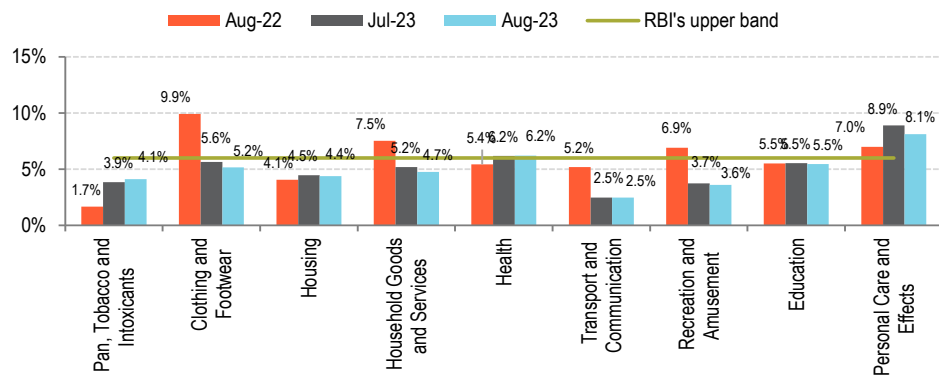
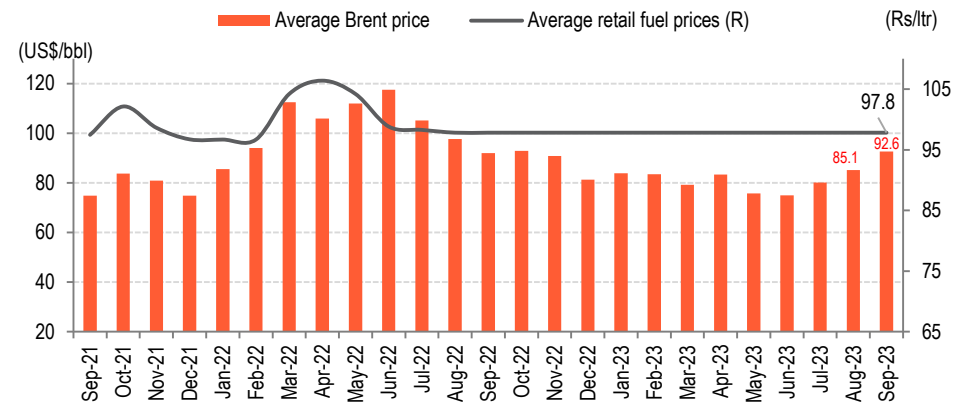


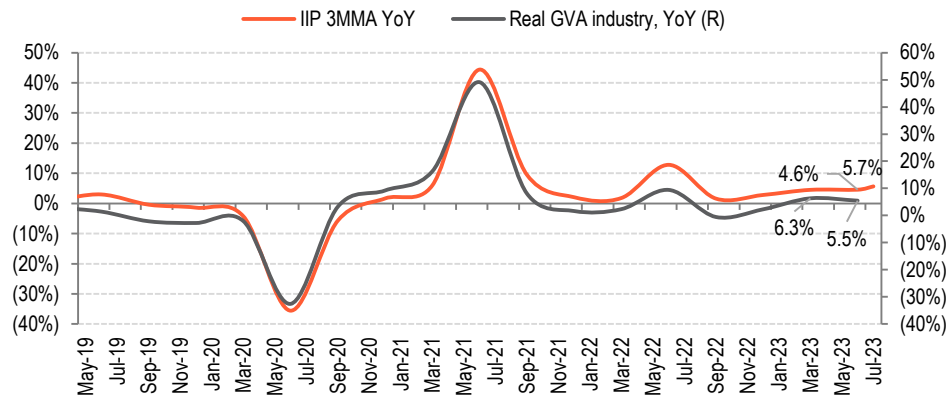
Fig 35 – Domestic retail price was stable at Rs 98/lt, however international crude price edged up to US\$ 93/bbl in Sep'23 from US\$ 85/bbl in Aug'23



Note: Average retail price of petrol and diesel for Delhi, Kolkata, Mumbai and Chennai have been taken

Industry

Fig 36 – IIP growth to improve in Q2



Note: Jul'23 is on YoY basis

Fig 37 – Sectorwise growth lower in FYTD24

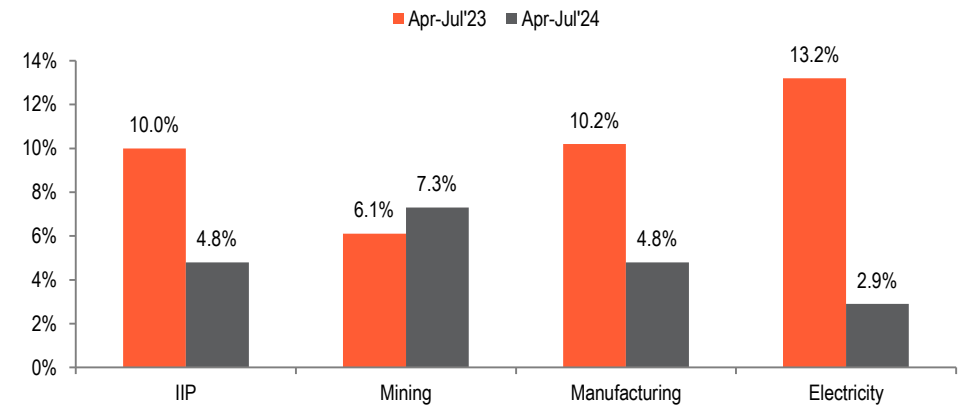
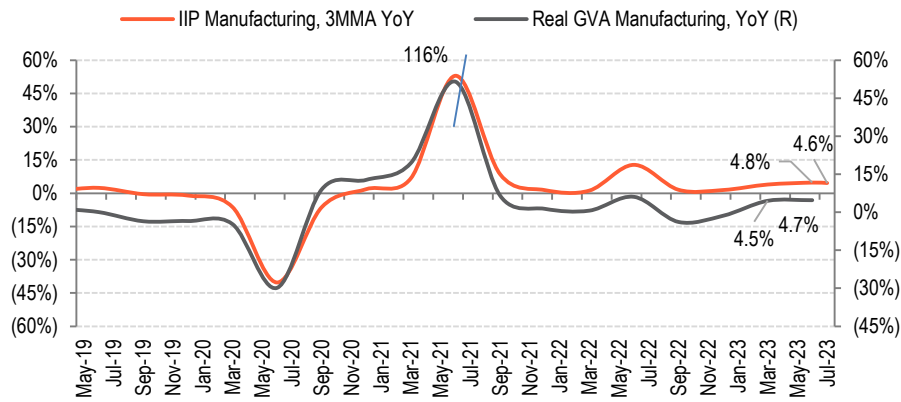


Fig 38 – IIP growth expands in Jul'23

Sectoral (%)	Weight	Jul-23	Jun-23	Jul-22	Apr-Jun'24	Apr-Jun'23
IIP	100.0	5.7	3.8	2.2	4.8	10.0
Mining	14.4	10.7	7.6	(3.3)	7.3	6.1
Manufacturing	77.6	4.6	3.1	3.1	4.8	10.2
Electricity	8.0	8.0	4.2	2.3	2.9	13.2
Use-Based						
Primary Goods	34.1	7.6	5.3	2.5	4.5	11.0
Capital Goods	8.2	4.6	2.0	5.1	4.8	22.4
Intermediate Goods	17.2	1.9	4.6	3.7	2.8	9.5
Infrastructure and Construction Goods	12.3	11.4	12.9	4.8	12.2	8.8
Consumer Durables Goods	12.8	(2.7)	(6.7)	2.3	(2.7)	19.7
Consumer Non-Durables Goods	15.3	7.4	0.3	(2.9)	6.8	0.1

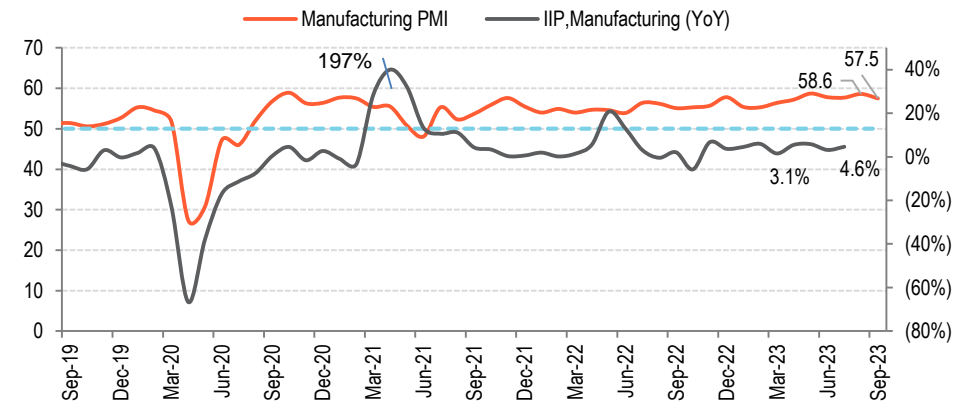
Manufacturing

Fig 39 – Manufacturing growth edges upwards



Note: Jul'23 is on YoY basis

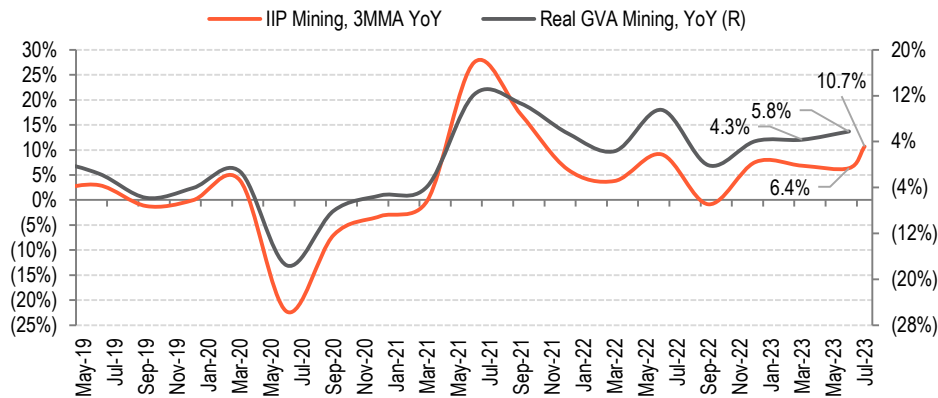
Fig 40 – Manufacturing PMI eases



Source: Markit

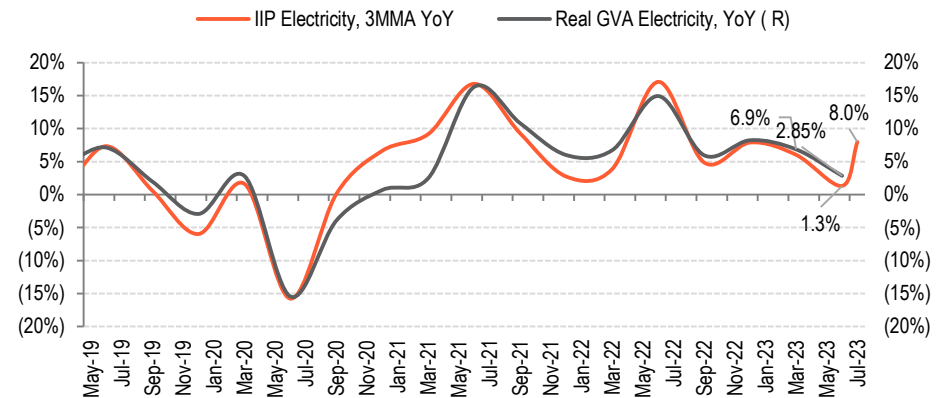
Mining & Electricity

Fig 41 – Growth in mining activity improves



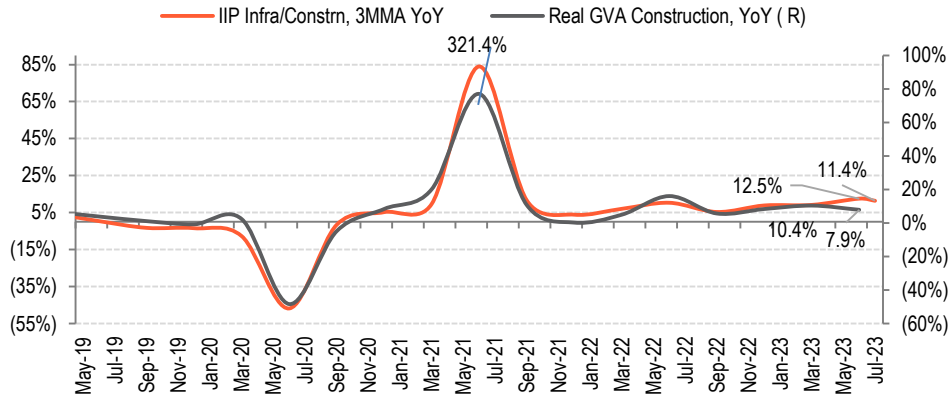
Note: Jul'23 is on YoY basis

Fig 42 – Growth in Q2 to be higher



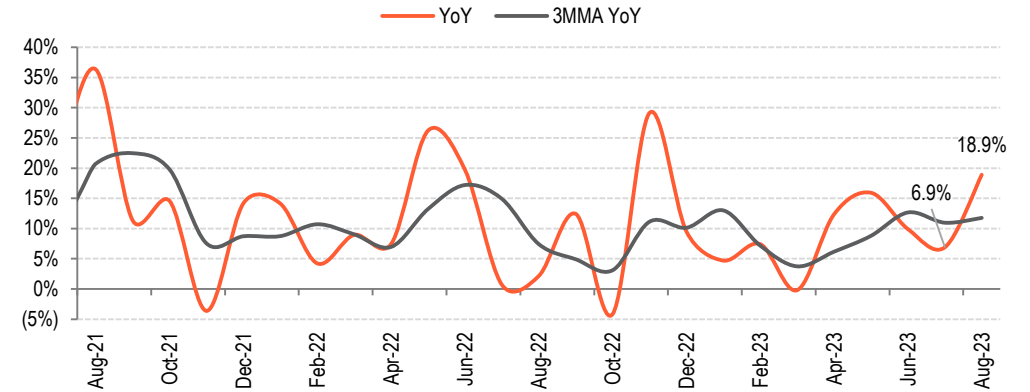
Infrastructure and construction

Fig 43 – Growth in construction sector output expected to improve



Note: Jul'23 is on YoY basis

Fig 44 – Double digit growth in Cement production



Infrastructure index

Fig 45 – Steady growth in infrastructure index

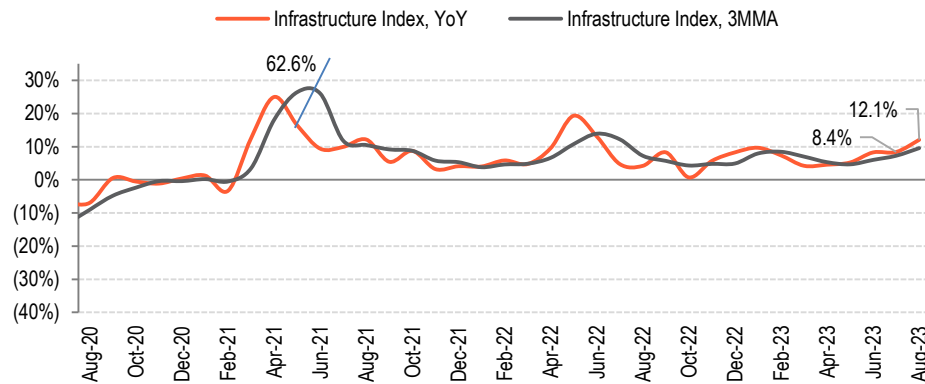
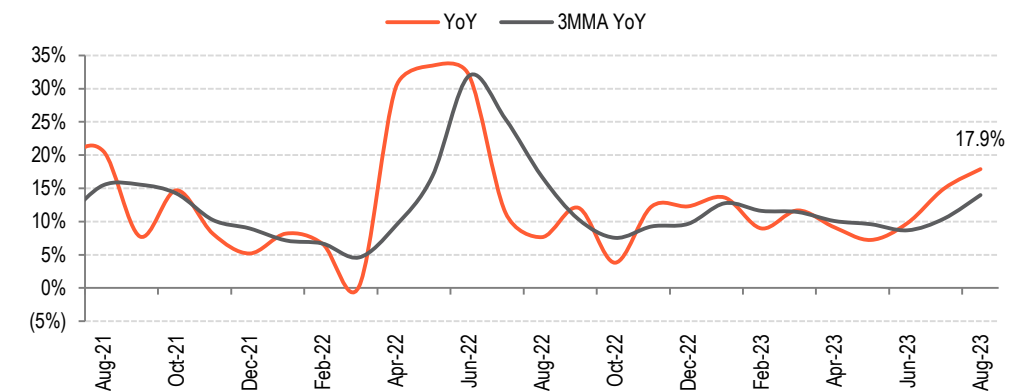


Fig 46 – Coal output scales up



Auto production & business expectation index

Fig 47 – Auto production improves

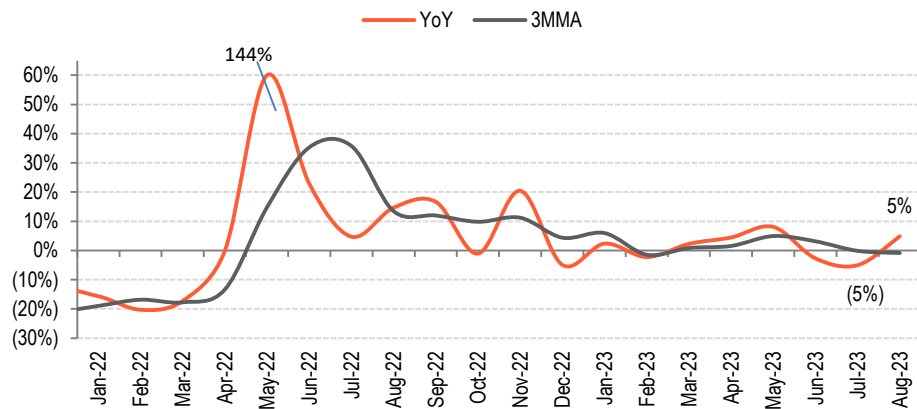


Fig 48 – Business sentiment rises

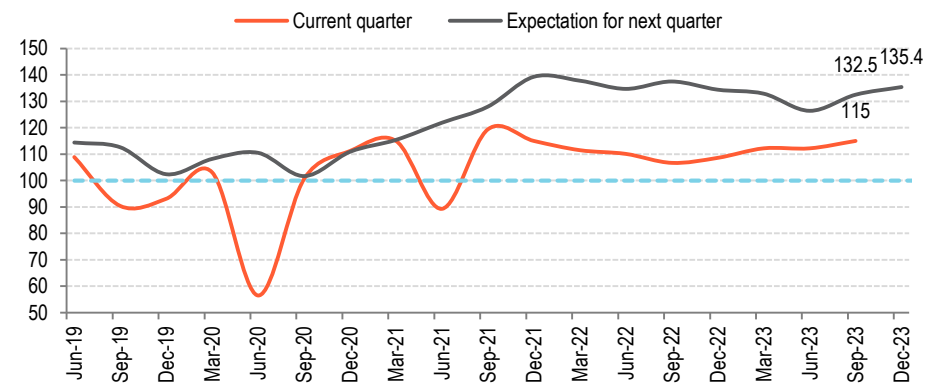
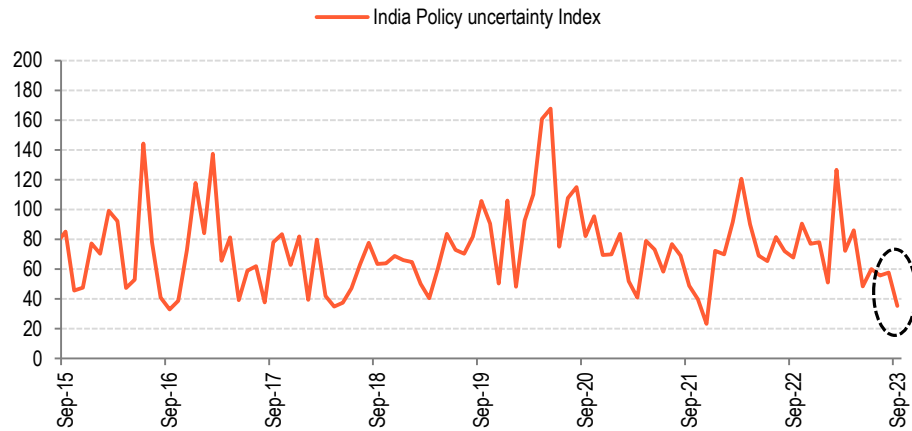


Fig 49 – Double digit growth in Infrastructure index

(%)	Weight	Aug-23	Jul-23	Aug-22	Apr-Aug'24	Apr-Aug'23
Infrastructure Index	100	12.1	8.4	4.2	7.7	10.0
Coal	10.3	17.9	14.9	7.7	11.5	22.7
Crude Oil	9.0	2.1	2.1	(3.3)	(0.4)	(1.1)
Natural Gas	6.9	10.0	8.9	(0.9)	3.9	2.6
Petroleum Refinery Products	28.0	9.5	3.6	7.0	3.7	10.8
Fertilizers	2.6	1.8	3.3	11.9	7.5	11.4
Steel	17.9	10.9	14.2	5.8	14.8	6.8
Cement	5.4	18.9	6.9	2.1	12.7	10.7
Electricity	19.9	14.9	8.0	1.4	5.3	10.6

Investment

Fig 50 – Policy uncertainty index in India dipped in Sep’23



Source: <https://www.policyuncertainty.com>

Fig 52 – Capital goods production inched up to 4.6% in Jul’23 from 2.0% in Jun’23, supported by favourable base

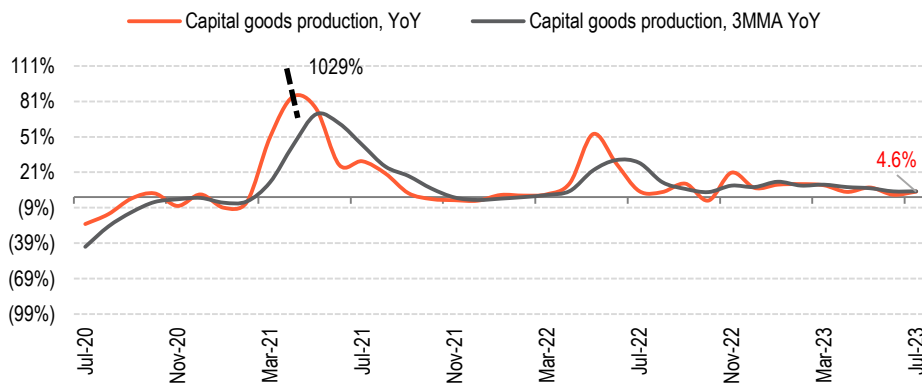
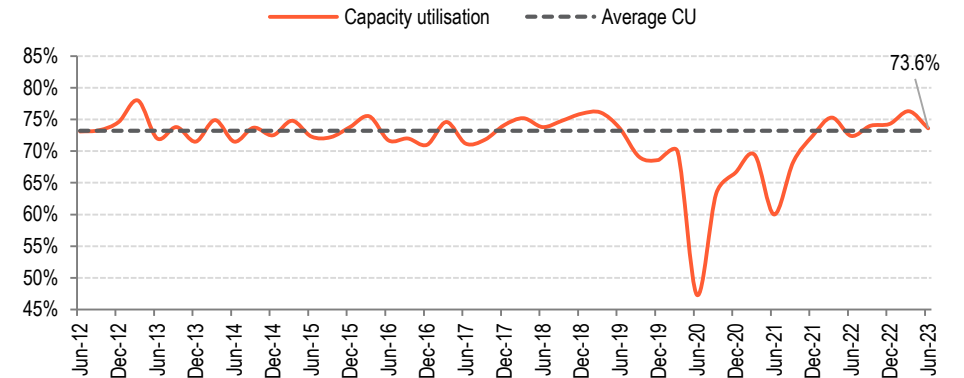


Fig 51 – Capacity utilisation moderated in Jun’23



Source: [policyuncertainty.com](https://www.policyuncertainty.com)

Fig 53 – Capital goods imports rose by 13.9% in Aug’23 compared to 8.2% in Jul’23

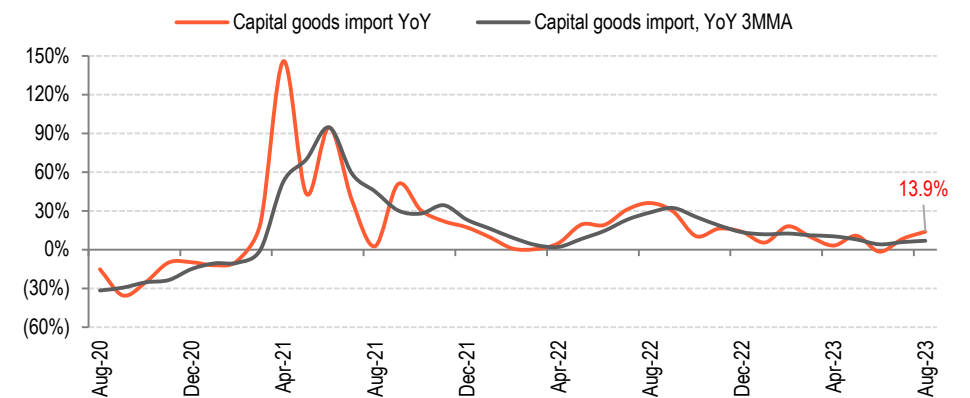


Fig 54 – Centre’s capex spending noted growth of 27.5% in Aug’23 from 25.6% in Jul’23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24

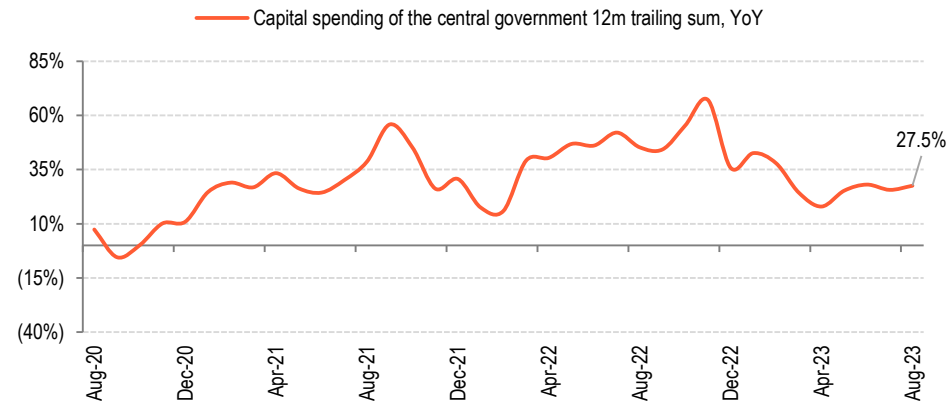


Fig 55 – Credit to micro and small industry inched up to 10.7% in Aug’23 from 10.2% in Jul’23, for medium industry, it inched up to 9.8% from 9.7%

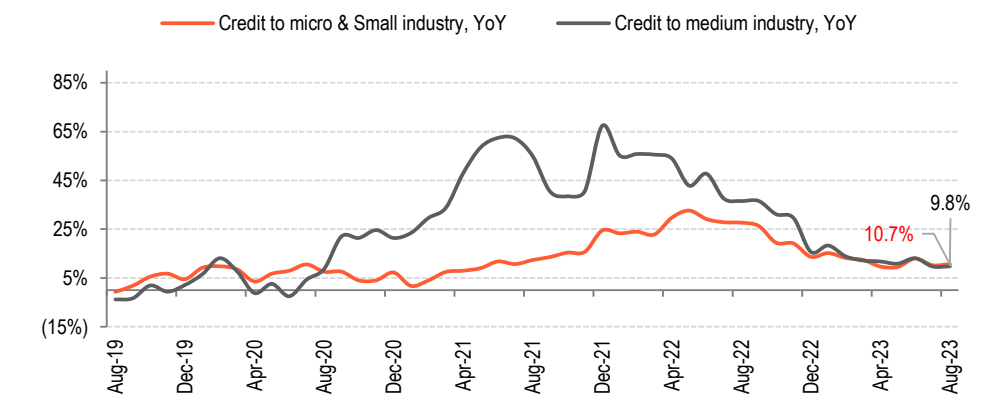


Fig 56 – Credit to housing sector maintained its momentum of 37.7% in Aug’23

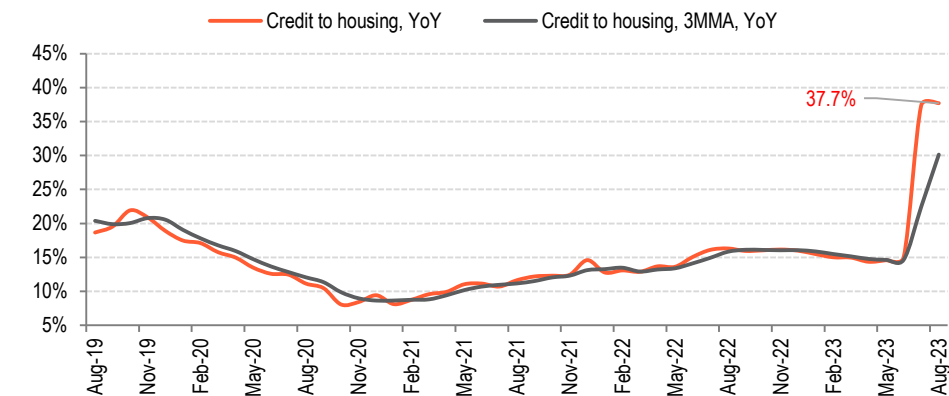
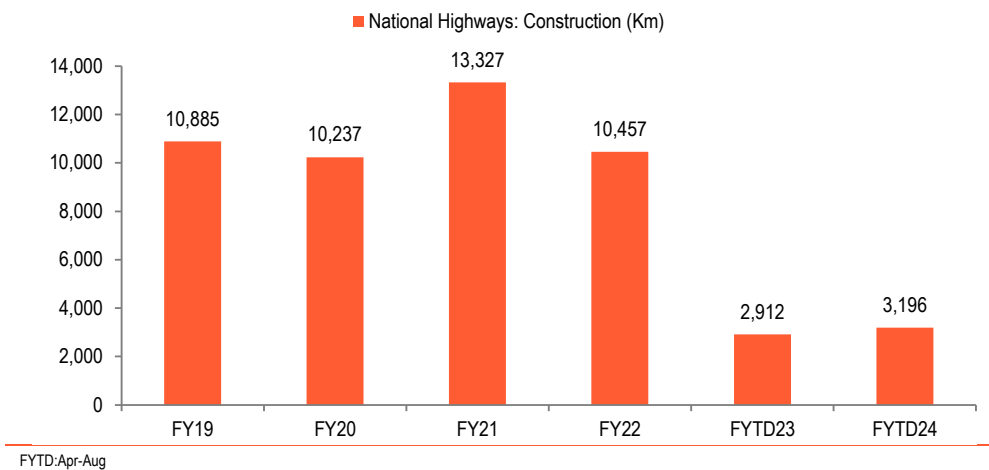
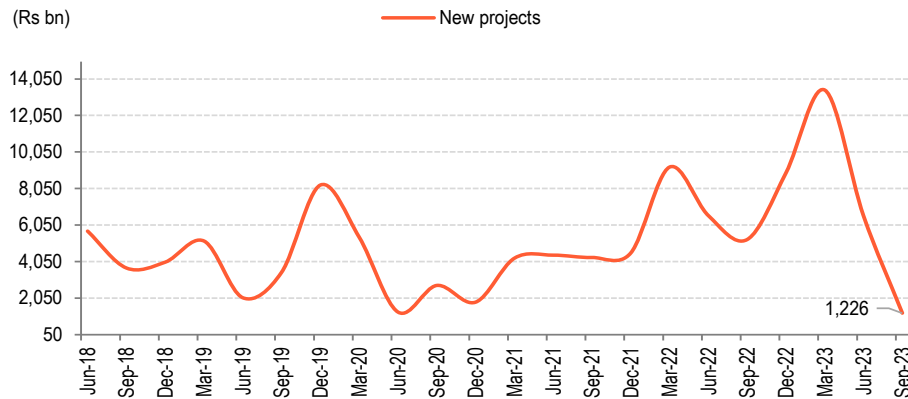


Fig 57 – Highway construction is gaining pace



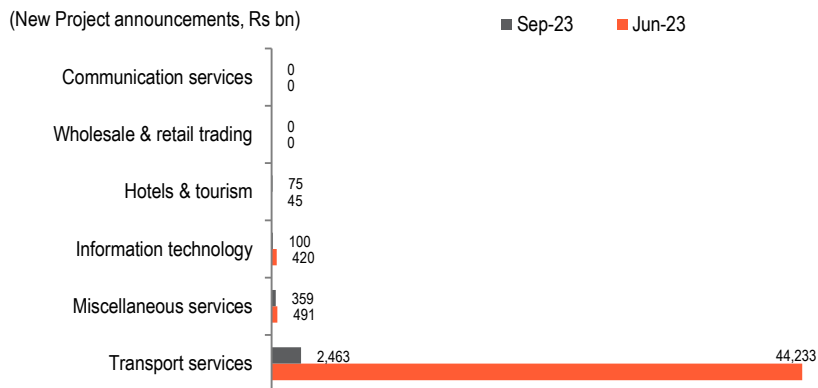
Capex data

Fig 58 – New project announcements fell sharply to Rs 1.2tn in Q2FY24 from Rs 6.6tn in Q1FY24 and compared to Rs 5.3tn seen in the same period of previous year



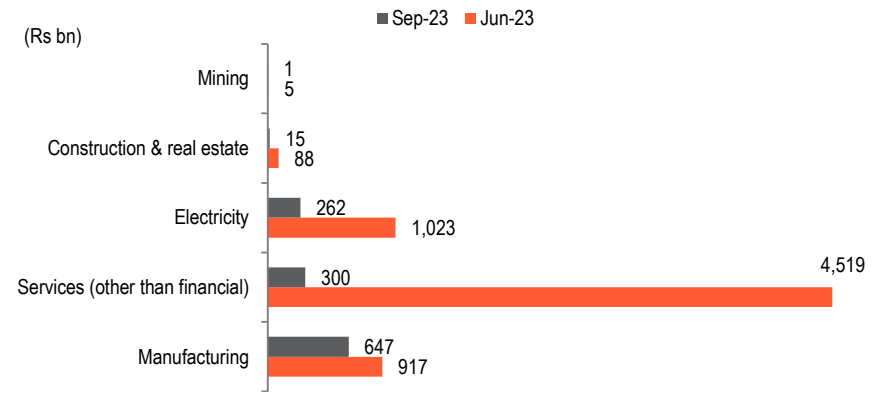
Source: CMIE

Fig 60 – ...within services, sharp drop was led by transportation services



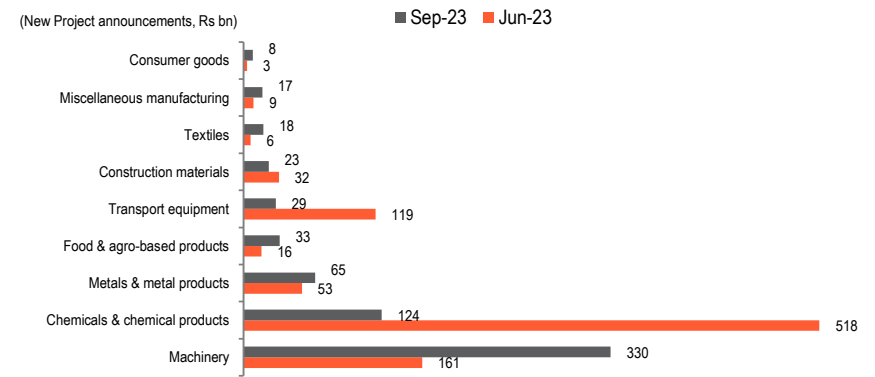
Source: CMIE

Fig 59 – ...this was led by sharp fall in services (other than fin), electricity and manufacturing segment



Source: CMIE

Fig 61 – Within industry, announcements are a bit skewed



Source: CMIE

Services sector

Fig 62 – GVA: Services activity picked up pace in Q1FY24 despite high base

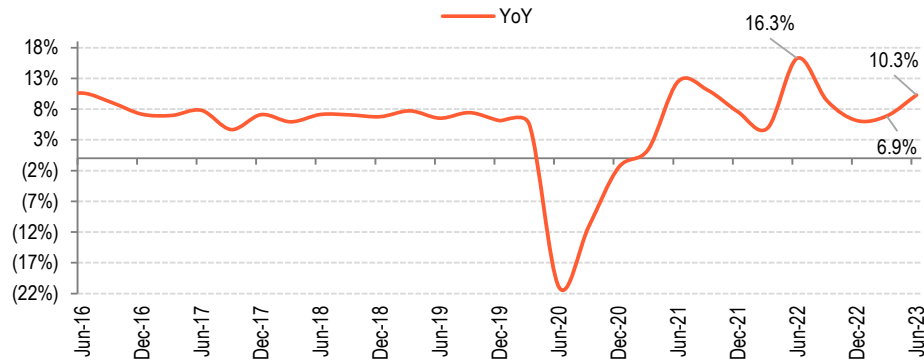
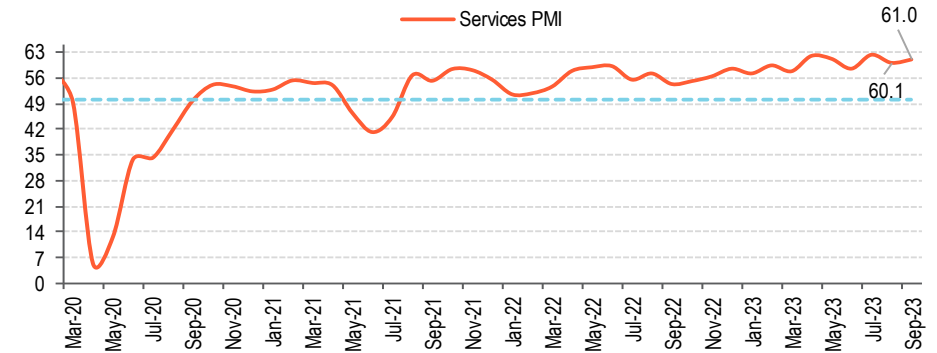


Fig 63 – Services PMI picked up to 61 in Sep'23 indicating the fastest pace of expansion in the last 13-years



Source: Markit

Fig 64 – GVA: Trade & related services activity too moderated in Q4, as also indicated by trend in states' tax revenue growth

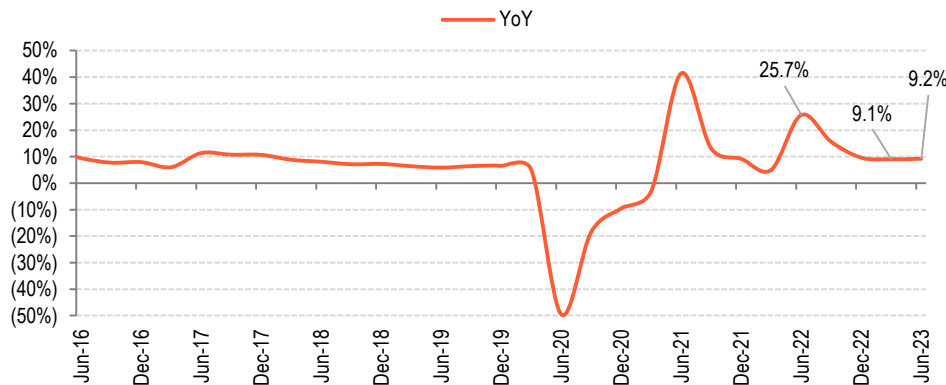
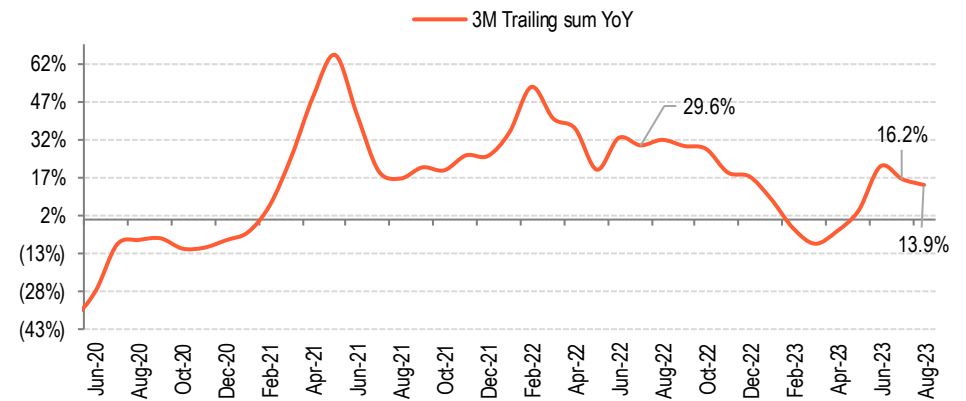


Fig 65 – States** tax revenue growth seen slipping at the start of Q2FY24



Note: **All states excluding Arunachal Pradesh, Assam, Manipur, Goa and J&K

Trade

Fig 66 – Vehicle registration growth picked up pace in Sep'23

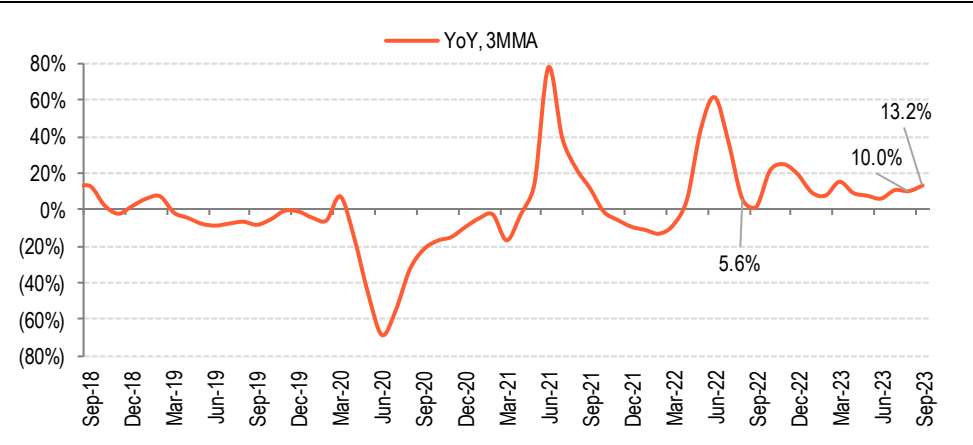


Fig 67 – Diesel consumption also improved in Sep'23

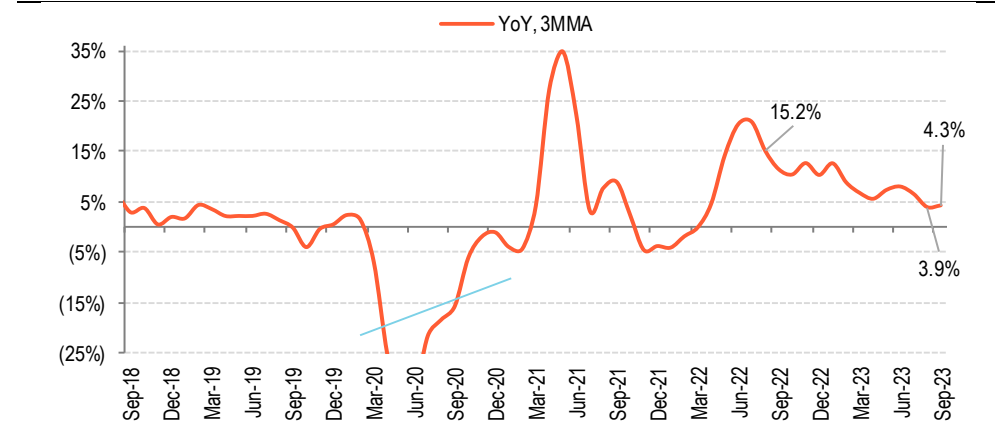


Fig 68 – Growth in railway freight traffic increased to 6.7% in Sep'23

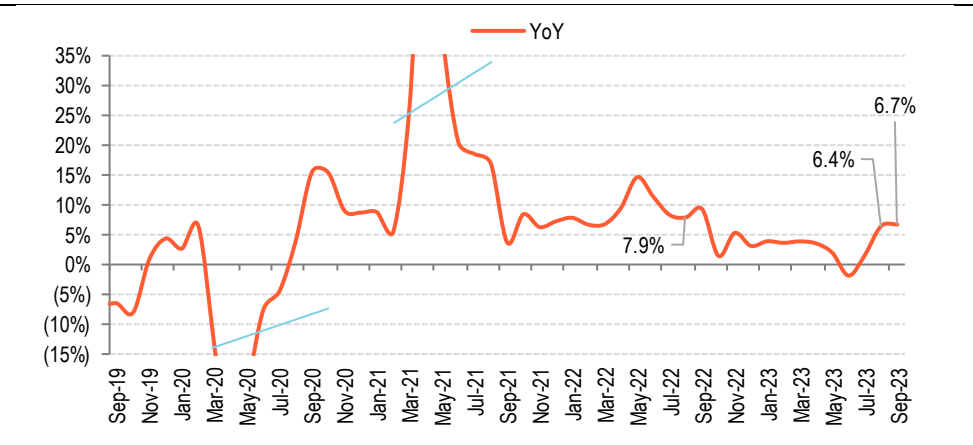


Fig 69 – Port cargo traffic decelerated a bit in Sep'23

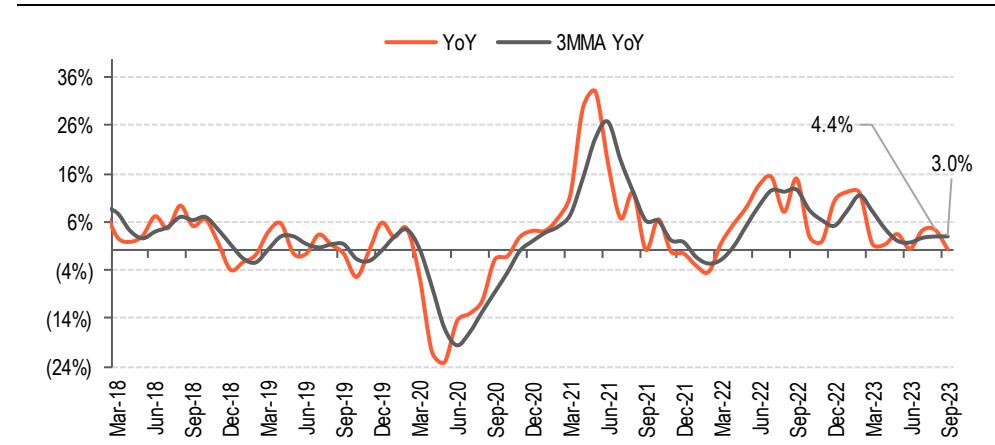


Fig 70 – Toll collections growth declined in Sep'23

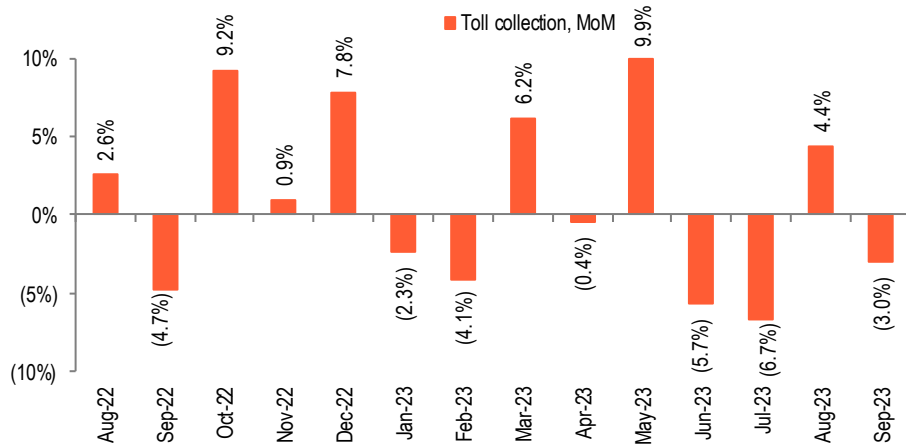
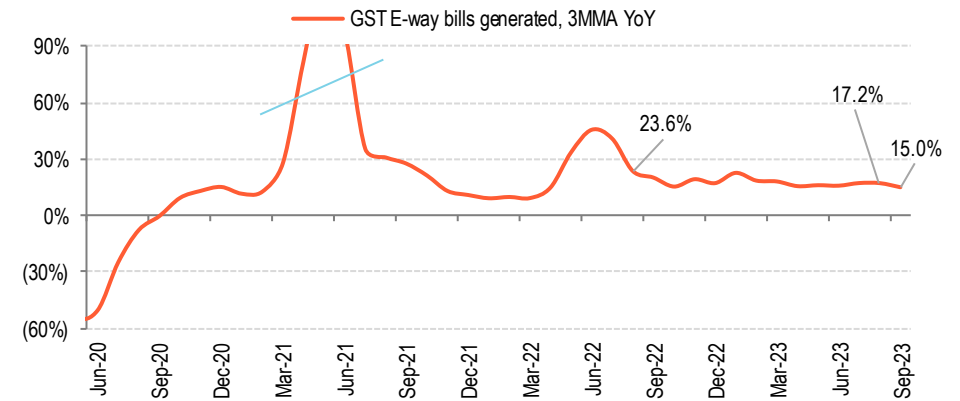


Fig 71 – Growth in E-way bills also a tad lower



Hotels and communications

Fig 72 – Airline passenger traffic growth moderated further in Sep'23

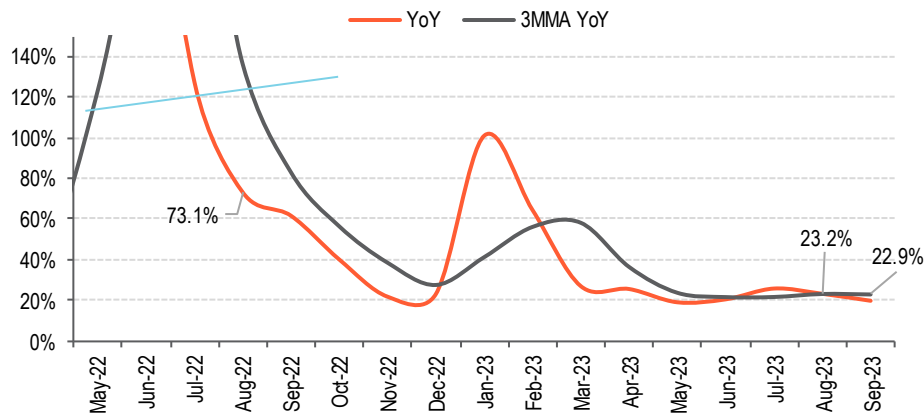


Fig 73 – ... led by domestic passenger traffic

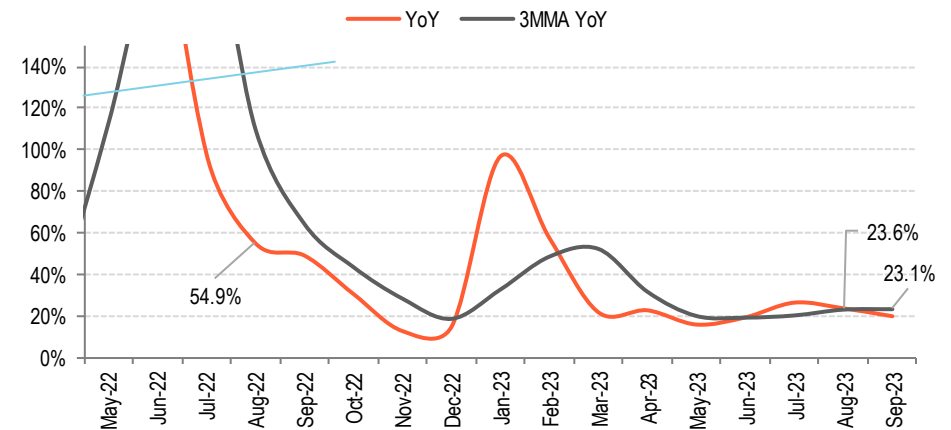


Fig 74 – Railway passenger traffic growth eased in Sep'23

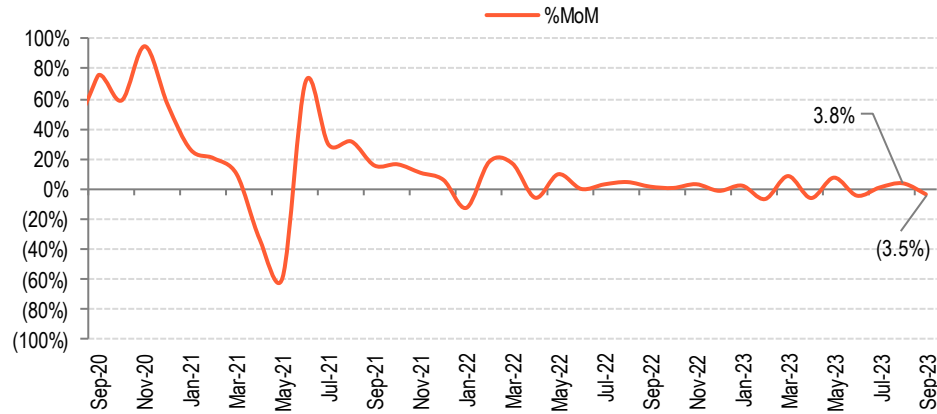
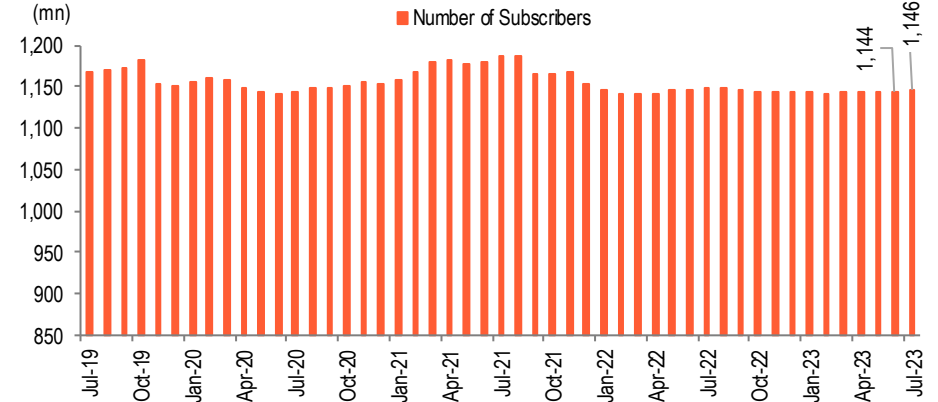


Fig 75 – Number of telecom subscribers increased marginally in Jul'23



Finance and real estate

Fig 76 – Growth in GVA: Finance, real estate & prof. supported growth further in Q1

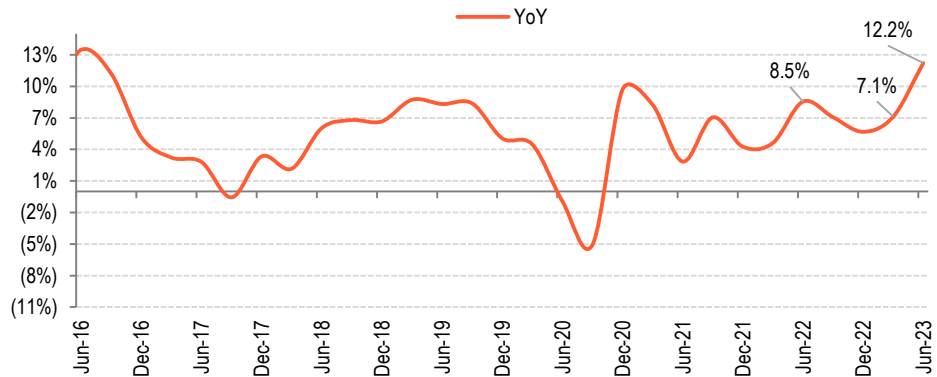


Fig 77 – Credit growth surged to 19.8% in Sep'23, deposit growth moderated a bit

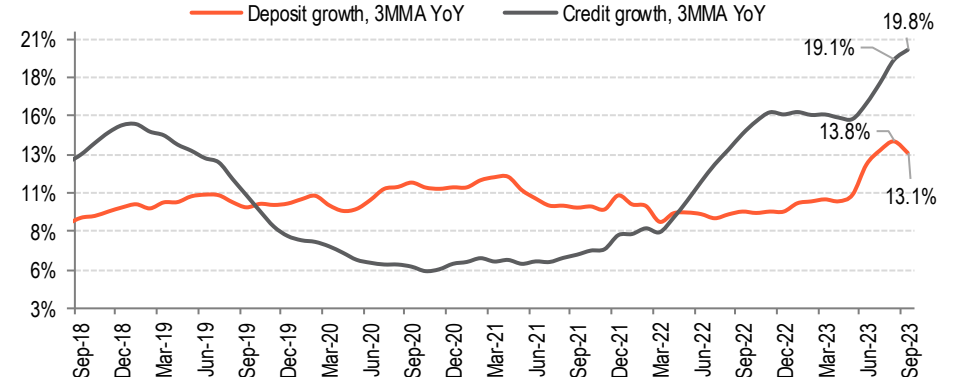


Fig 78 – Credit to services and industry witnessed an improvement in Sep'23

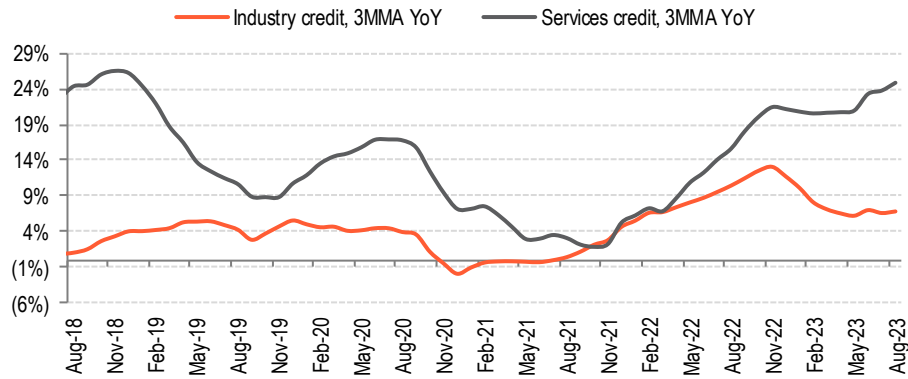


Fig 79 – Within services, credit to commercial real estate seen rebounding, credit to trade and credit to NBFCs softening

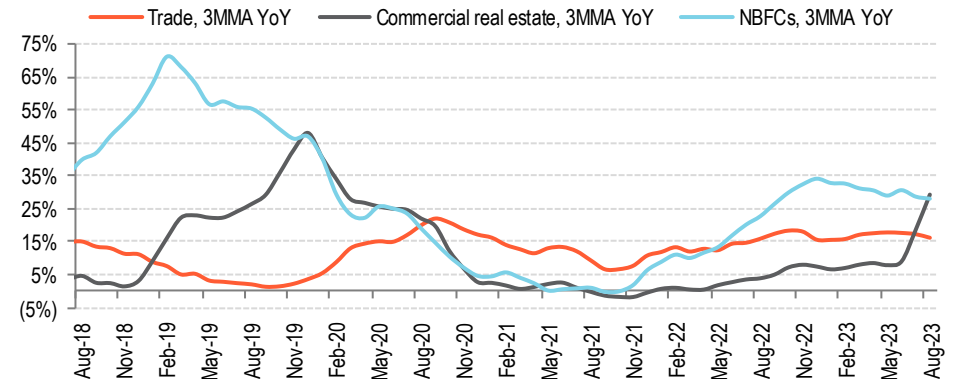


Fig 80 – Property sales volumes in Q1FY24 slowed, on QoQ basis also declined by (-) 7%

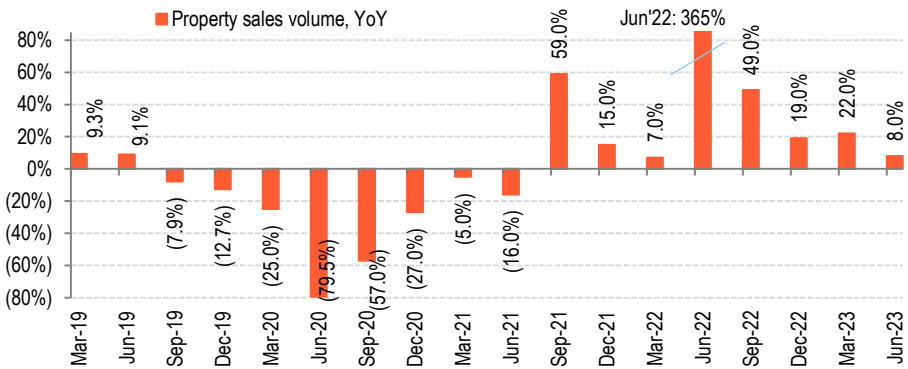
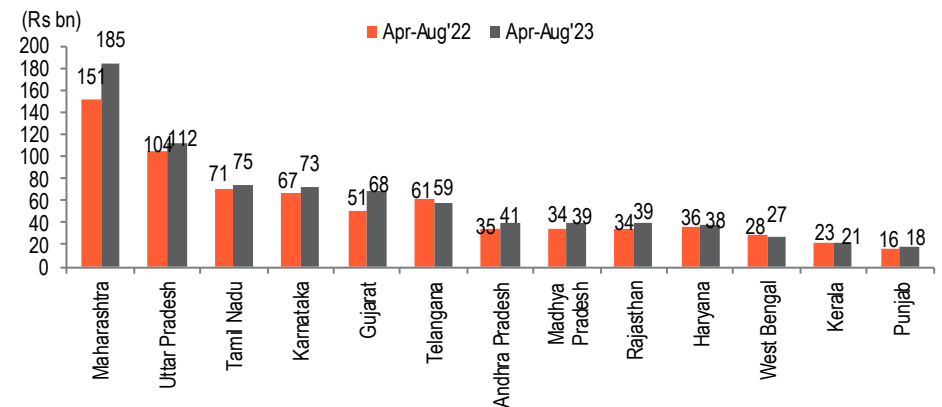


Fig 81 – Stamp duty collections of Maharashtra continue to witness the maximum traction



Source: Proptiger

Labour market

Fig 82 – Naukri job index showing steady improvement

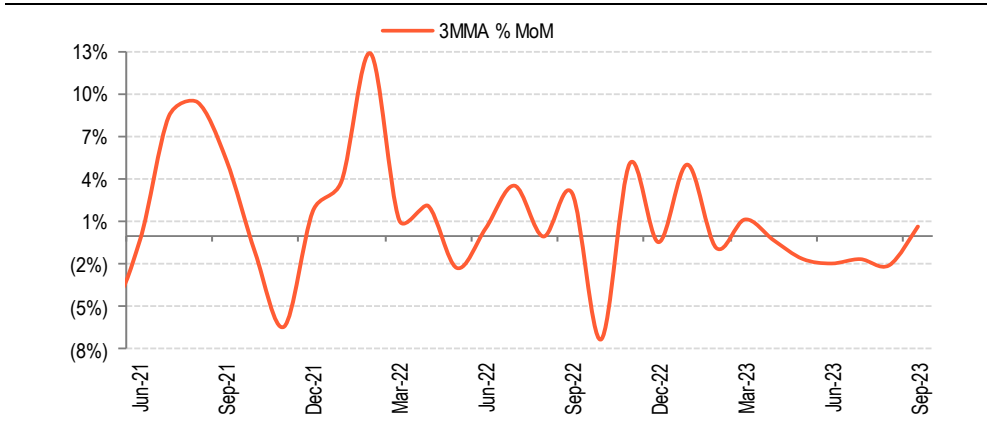


Fig 83 – Overall unemployment rate dipped significantly to 7.1% in Sep'23 from 8.1% in Aug'23



Public administration

Fig 84 – Public admin & defence services also helped boost GDP growth in Q1

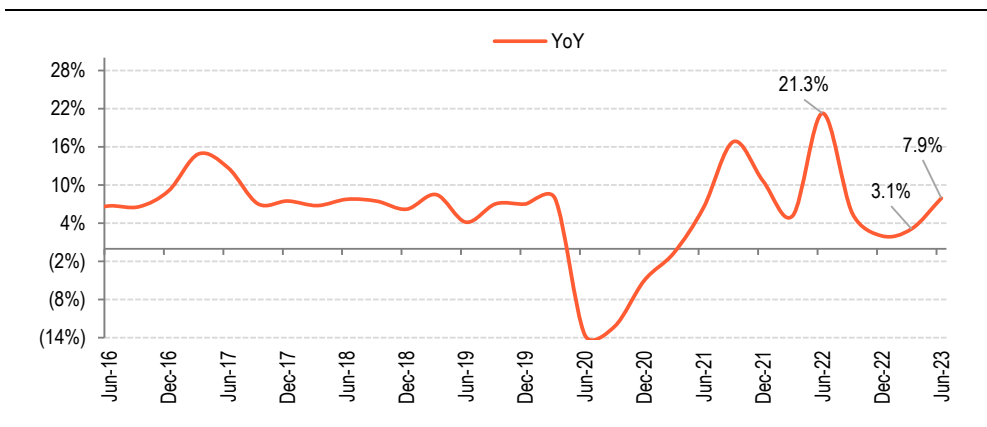


Fig 85 – General govt. spending picked up pace in Aug'23

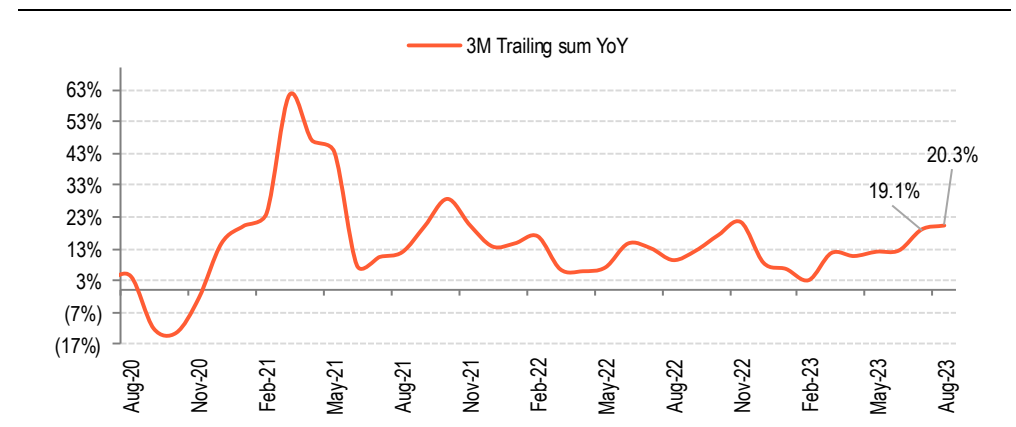


Fig 86 – ...led by central government spending

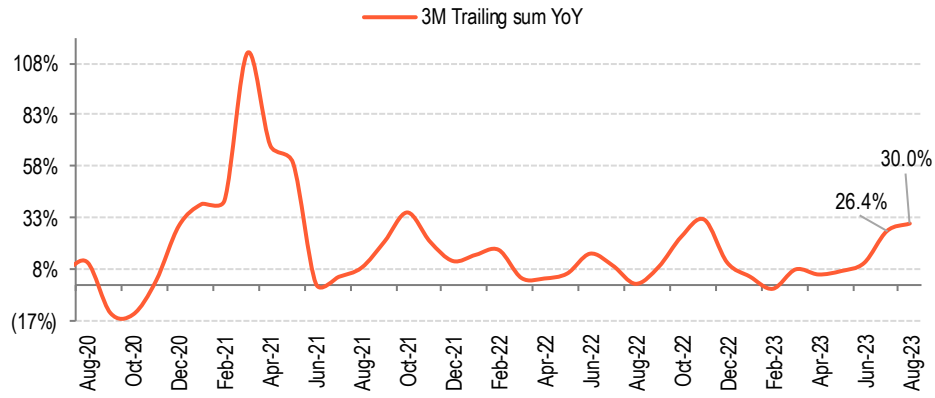
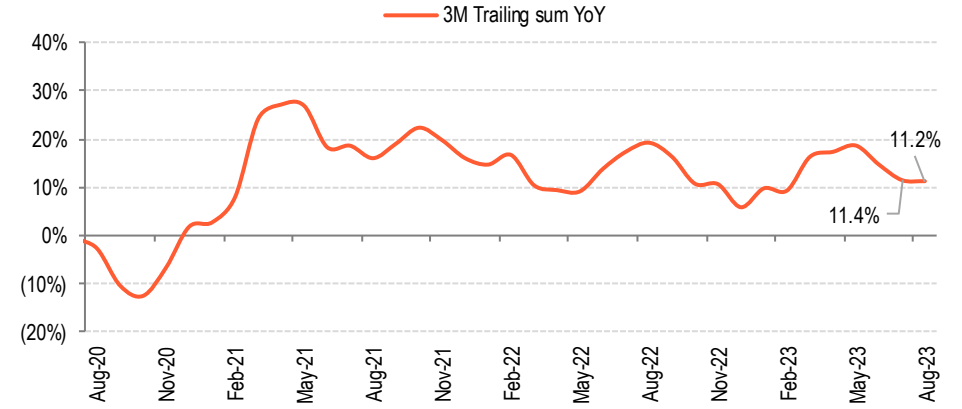


Fig 87 – State* Govt. spending moderates once again

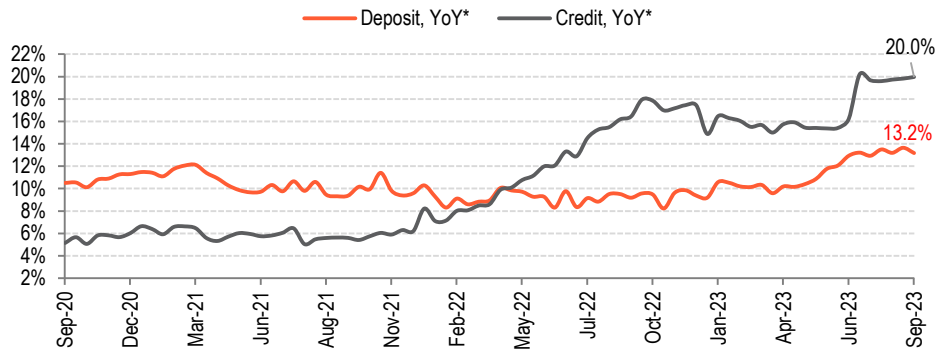


Note: *All states excluding Arunachal Pradesh, Assam, Manipur, Goa and J&K

Financial sector

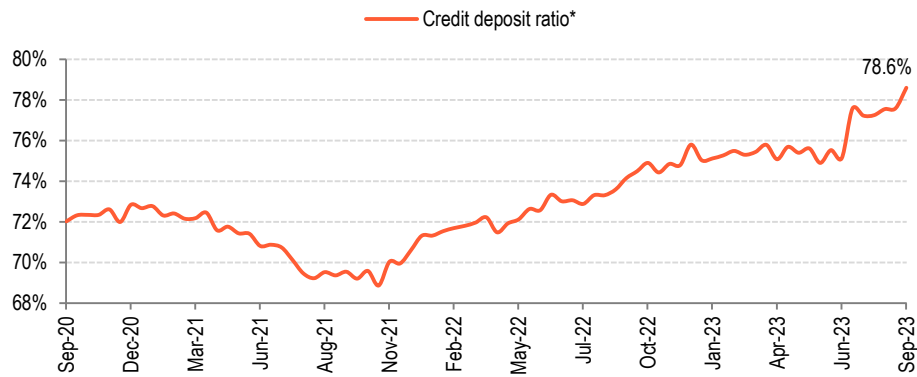
Money and banking

Fig 88 – Credit growth rose to 20% in Sep'23 from 19.7% in Aug'23 (incl. merger), deposit growth was stable at 13.2%



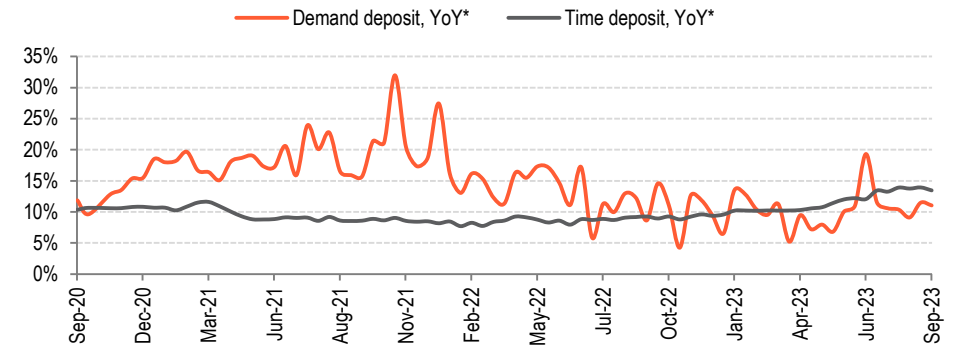
Note: *Sep 23 implies fortnight as of 22 Sep 2023

Fig 90 – CD ratio rose to 78.6%



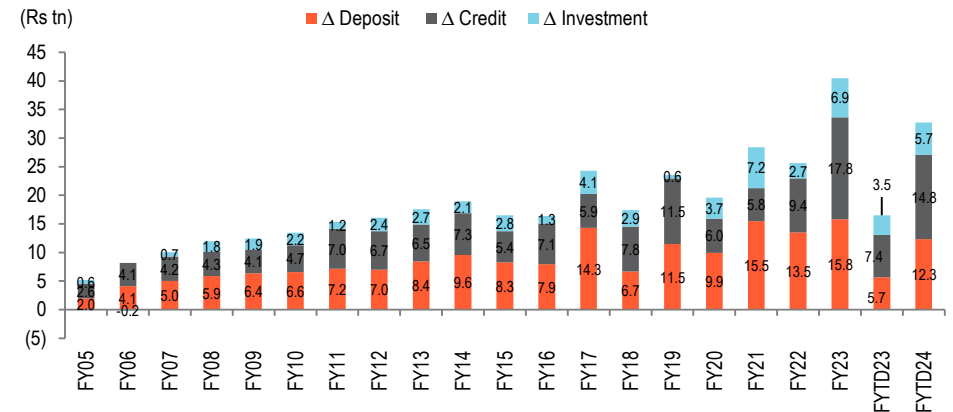
Note: *Sep 23 implies fortnight as of 22 Sep 2023

Fig 89 – ...Demand deposits picked pace, time deposits remained stable



Note: *Sep 23 implies fortnight as of 22 Sep 2023

Fig 91 – Credit, deposit and investment accretion



FYTD:Apr-Sep

Fig 92 – Credit to govt moderated to 14.2% in Jul'23 from 16.2% in Jun'23, credit to commercial sector edged down to 14.1% from 17.1%

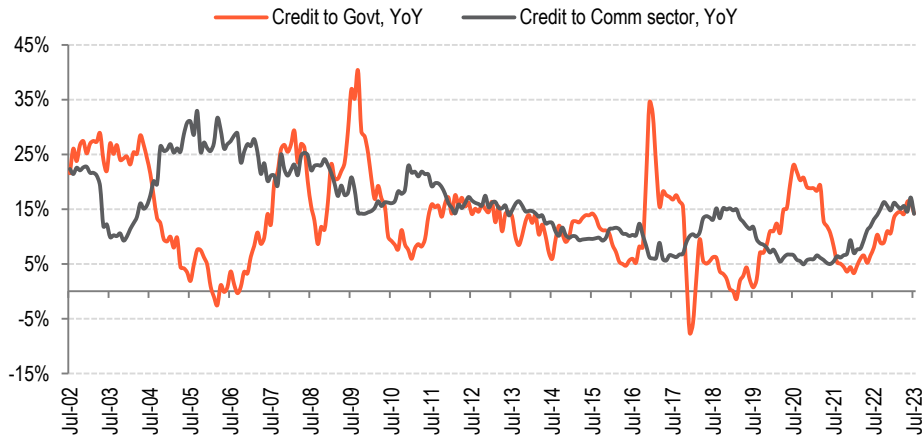


Fig 93 – Gap between WALR and repo

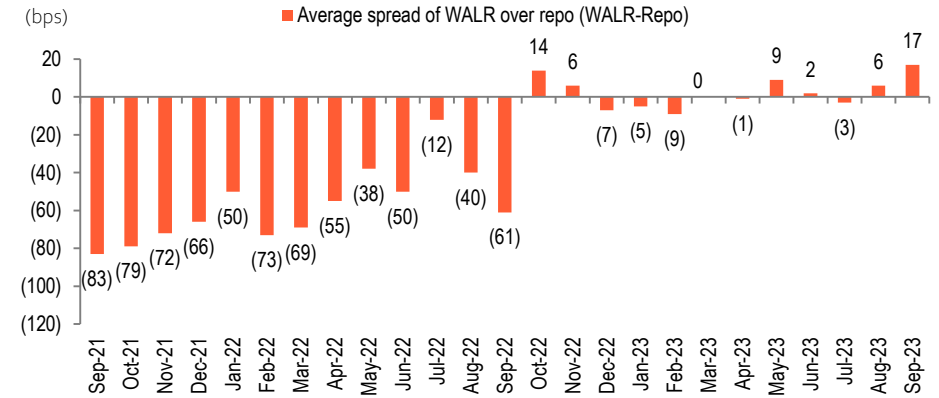


Fig 94 – WALR rose to 8.80% in Aug'23 from 8.72% in Jul'23, WADTDR rose to 6.62% from 6.54%

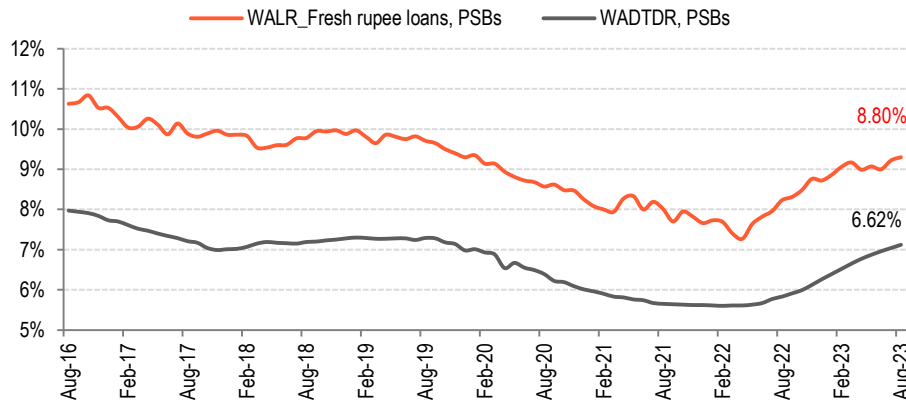
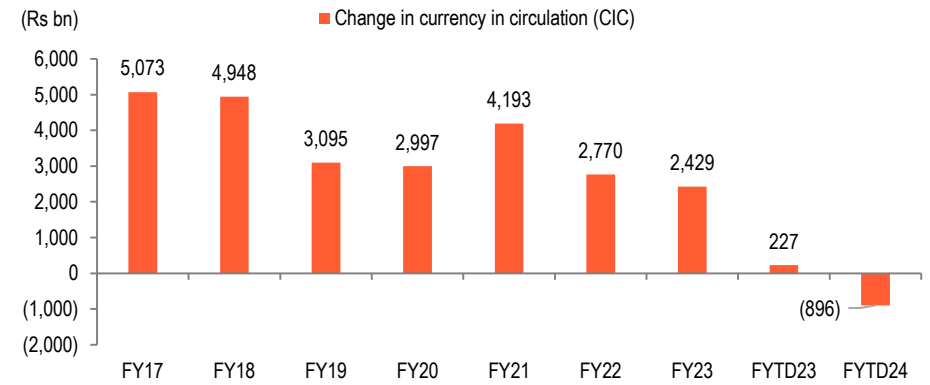
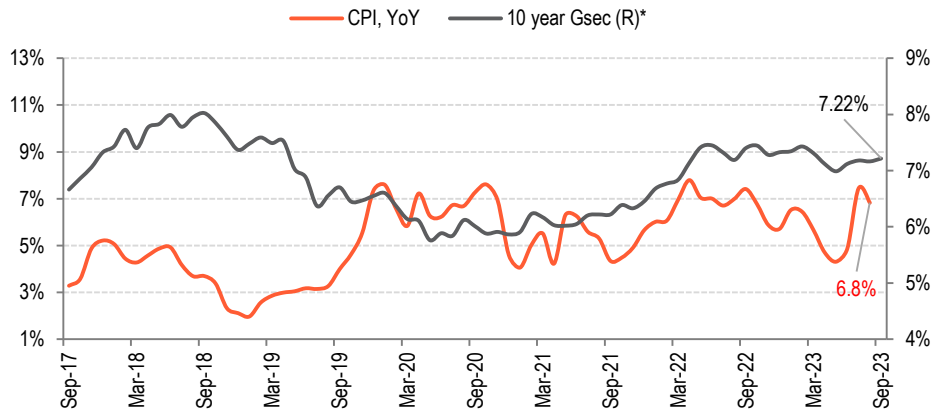


Fig 95 – CIC accretion in FYTD24 has fallen by 896bn



FYTD:Apr-Sep

Fig 96 – 10Y GSec yield rose to 7.22% in Sep'23 from 7.16% in Aug'23 and currently far higher at 7.35%, inflation rose to 6.8% in Aug'23 from 7.4% in Jul'23



Note: *As on last trading day of the month

Fig 98 – Corporate debt issuance moderated to Rs 474bn in Aug'23 from Rs 506bn in Jul'23

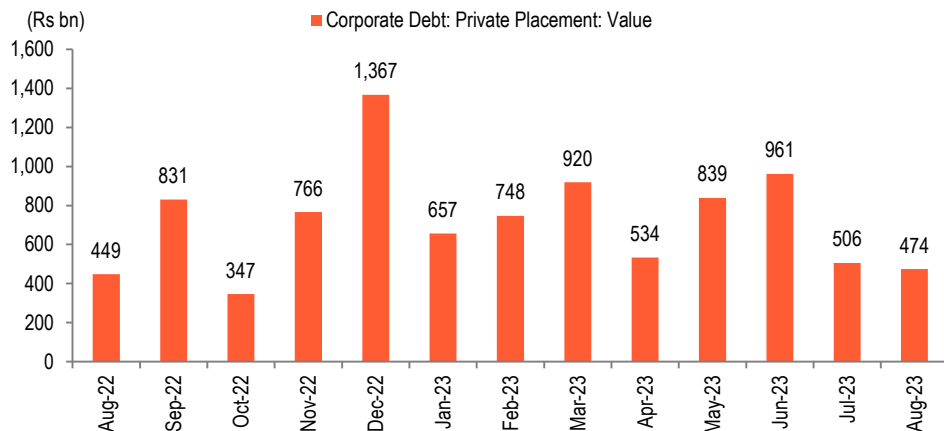
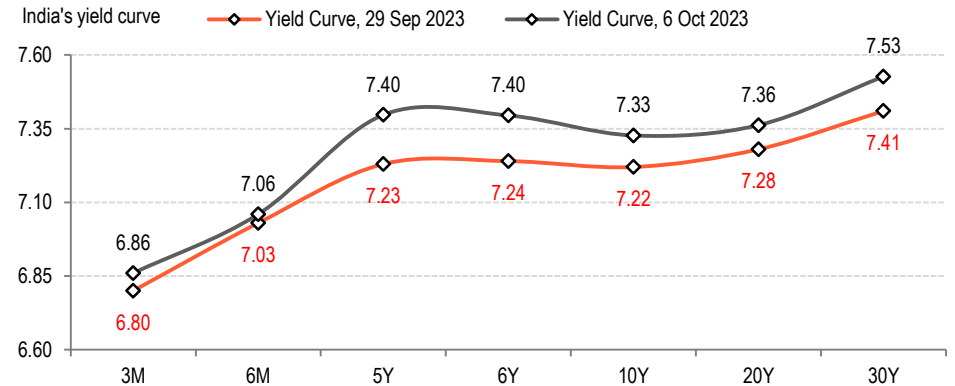
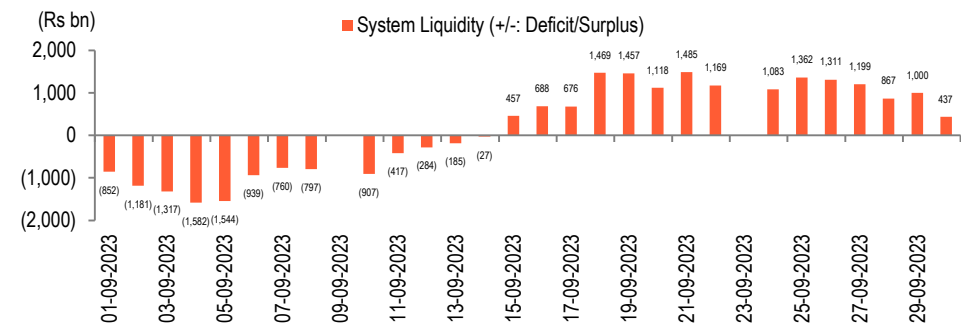


Fig 97 – Yield curve has shifted upward post RBI's announcement of OMO sale



Source: Bloomberg, 6 Oct is chosen as it was the polic date

Fig 99 – Average system liquidity deficit was at Rs 178bn in Sep'23 from Rs 1.2 lakh crore surplus seen in Aug'23 and currently at deficit of Rs 41,884 crore



Source: RBI

Fig 100 – 3Y AAA NBFC spread inched down to 46bps as on 29 Sep 2023 and currently at 35bps

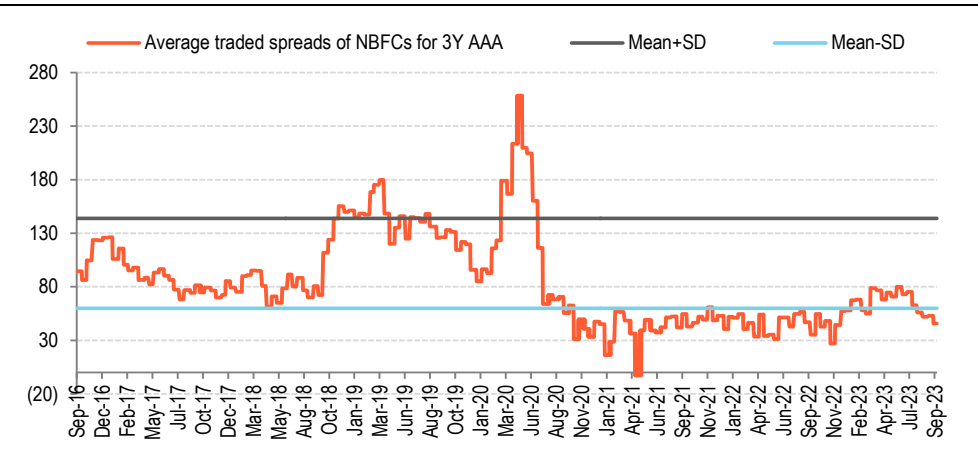


Fig 101 – For 10Y AAA NBFC it rose to 50bps but currently at 45bps

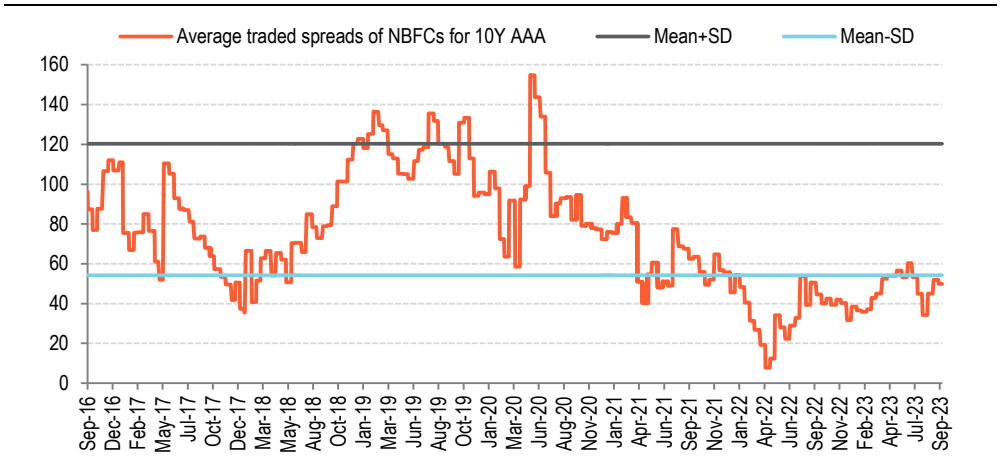


Fig 102 – 3Y AAA corp spread edged down to 36bps and currently at 32bps

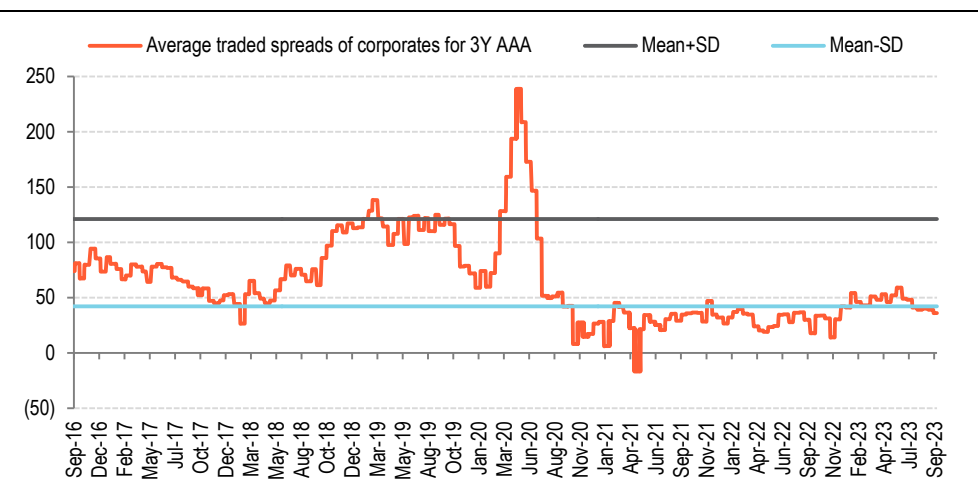


Fig 103 – For 10Y AAA corp spread, it was at 35bps and currently at 33bps

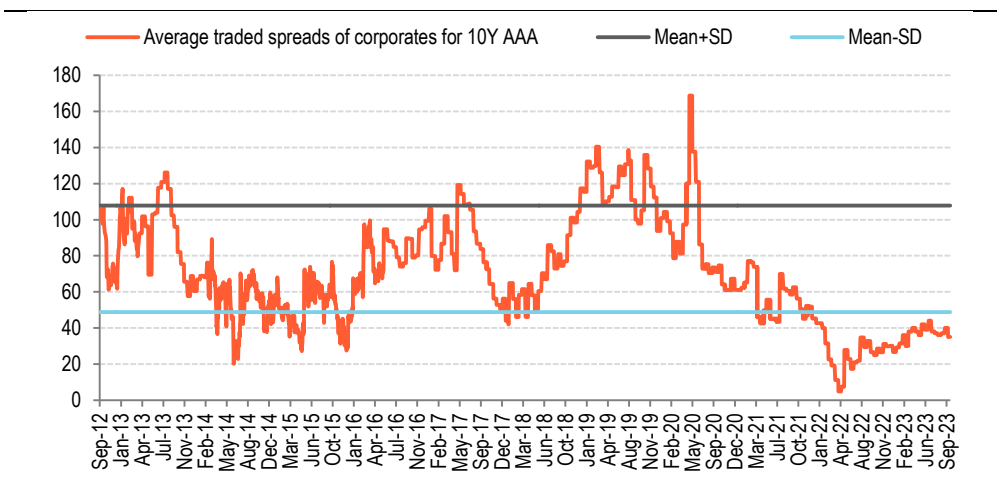


Fig 104 – INR 3Y swap rose to 6.83 as on 29 Sep 2023 from 6.62 as on 31 Aug 2023

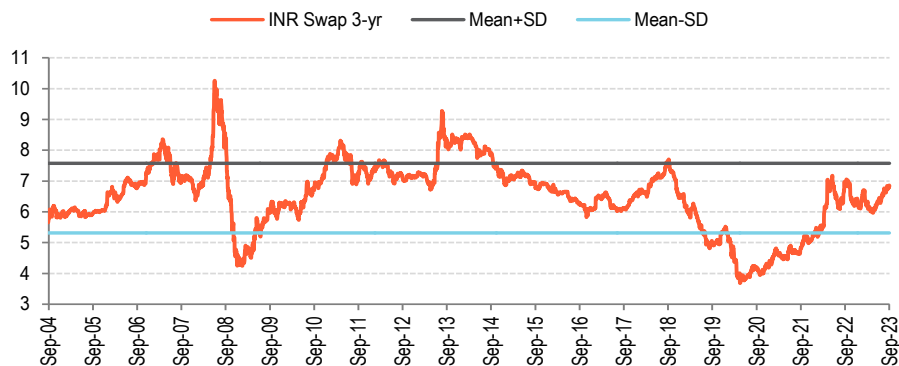
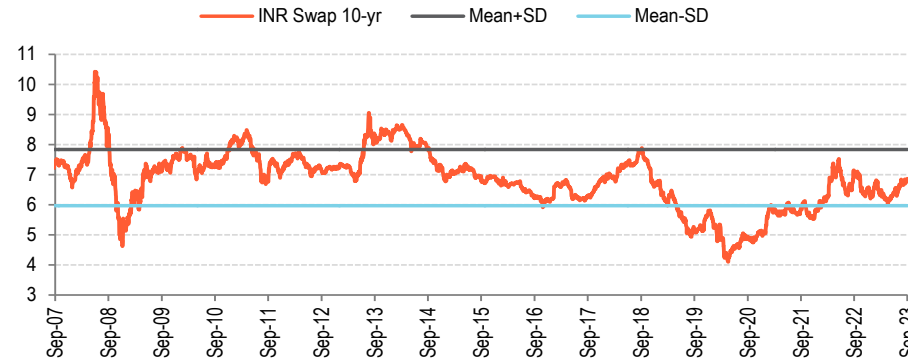


Fig 105 – For 10Y, it rose to 6.84 from 6.65



Interest rates on small savings schemes

Fig 106 – Interest rate on 5 year recurring deposits have been increased in Q3FY24

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.6	6.8	6.9	6.9
2 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7	6.8	6.9	7.0	7.0
3 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8	6.9	7.0	7.0	7.0
5 year time deposit	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	7.0	7.5	7.5	7.5
5 year recurring deposit	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	6.2	6.5	6.7
5 year senior citizen savings scheme	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6	8.0	8.2	8.2	8.2
5 year monthly income scheme	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7	7.1	7.4	7.4	7.4
5 year national savings certificate	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	7.0	7.7	7.7	7.7
Public provident fund scheme	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0	7.2	7.5	7.5	7.5
Sukanya samridhhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	8.0	8.0	8.0

Source: Department of Economic Affairs, Ministry of Finance, Government of India, Red highlighted ones are the change in rates

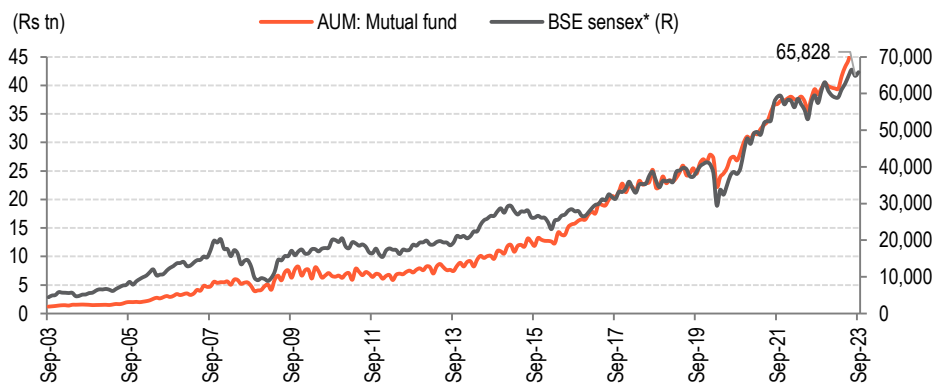
Fig 107 – MCLR rate of banks have broadly increased

1Y MCLR (%)	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23
Public Sector Banks															
Bank of Baroda	7.65	7.70	7.80	7.95	8.05	8.30	8.50	8.55	8.55	8.60	8.60	8.65	8.65	8.65	8.70
Bank of India	7.50	7.60	7.70	7.80	7.95	8.15	8.30	8.40	8.50	8.60	8.60	8.65	8.65	8.70	8.70
Canara Bank	7.50	7.65	7.75	7.90	8.10	8.15	8.35	8.50	8.60	8.65	8.65	8.65	8.65	8.70	8.70
Indian Bank	7.55	7.65	7.75	7.85	8.10	8.20	8.30	8.45	8.55	8.60	8.60	8.65	8.65	8.65	8.70
Punjab National Bank	7.55	7.65	7.70	7.75	8.05	8.10	8.30	8.40	8.50	8.50	8.50	8.60	8.60	8.60	8.65
State Bank of India	7.50	7.70	7.70	7.95	8.05	8.30	8.40	8.50	8.50	8.50	8.50	8.50	8.55	8.55	8.55
Union Bank of India	7.55	7.70	7.75	7.90	8.20	8.25	8.40	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.70
Private Sector Banks															
Axis Bank Ltd.	8.00	8.05	8.10	8.35	8.45	8.75	8.80	8.90	8.95	8.95	9.10	9.10	9.10	9.15	9.15
HDFC Bank Ltd.	8.05	8.10	8.20	8.20	8.55	8.60	8.85	8.90	8.95	8.95	9.05	9.05	9.05	9.10	9.15
ICICI Bank Ltd.	7.75	7.90	8.00	8.10	8.30	8.40	8.65	8.65	8.75	8.75	8.75	8.85	8.85	8.90	8.95
Indusind Bank	9.10	9.30	9.40	9.55	9.80	9.95	9.95	10.05	10.15	10.20	10.20	10.20	10.25	10.25	10.30
Kotak Mahindra Bank	8.05	8.10	8.20	8.45	8.55	8.65	8.95	9.00	9.05	9.10	9.20	9.20	9.25	9.30	9.30

Source: RBI, Note: Banks whose MCLR went up in Sep'23 have been marked red

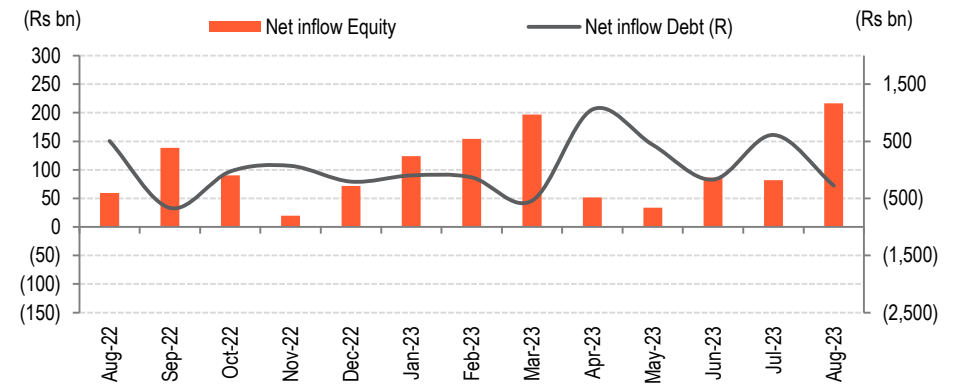
Mutual fund (MF) indicators

Fig 108 – Sensex rose by 1.5% to 65,828 in Sep'23, AUM of MFs rose to Rs 46.6tn in Aug'23 from Rs 46.4tn in Jul'23



Source: *Sensex as on last trading day of the month.

Fig 109 – MF equity inflows rose to Rs 216bn in Aug'23 from Rs 82bn in Jul'23; debt outflow was at Rs 276bn in Aug'23 from Rs 611bn inflow in Jul'23



Insurance sector indicators

Fig 110 – Sale of life insurance policies inched up by 10.2% in Sep'23 from 7.2% in Aug'23, driven by a favourable base

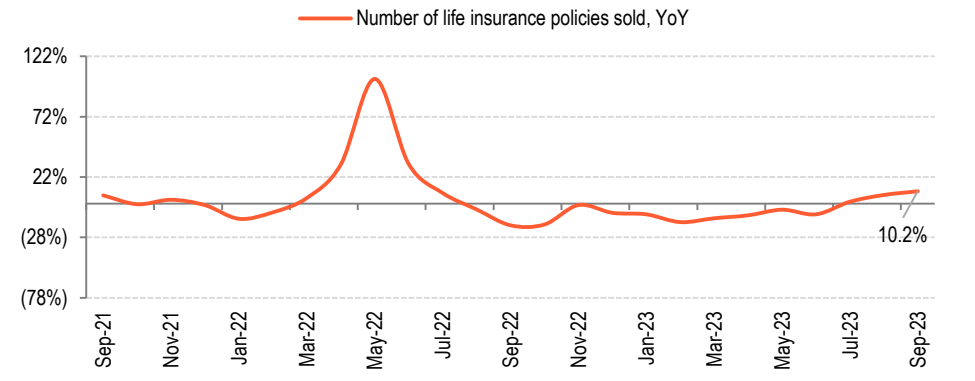
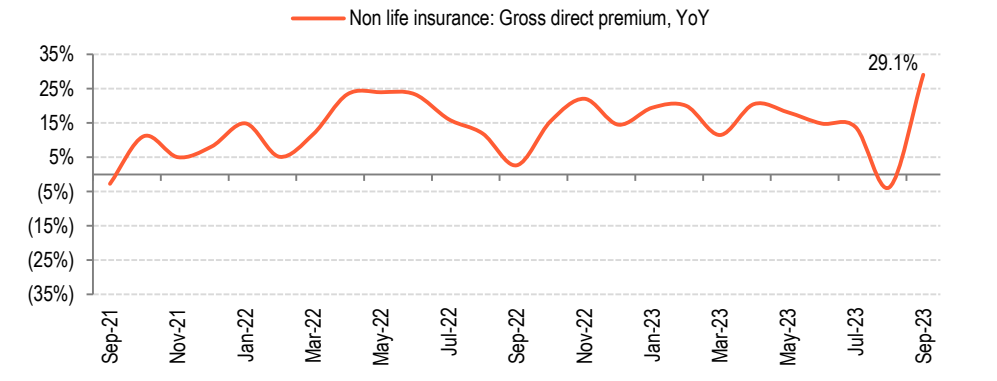


Fig 111 – Gross direct premium for non-life insurance rose by 29.1% in Sep'23 from 3.7% decline seen in Aug'23



Public finance

Central government finances

Fig 112 – Fiscal deficit moderates to 6.4% of GDP as of Aug'23 (12MMA basis)

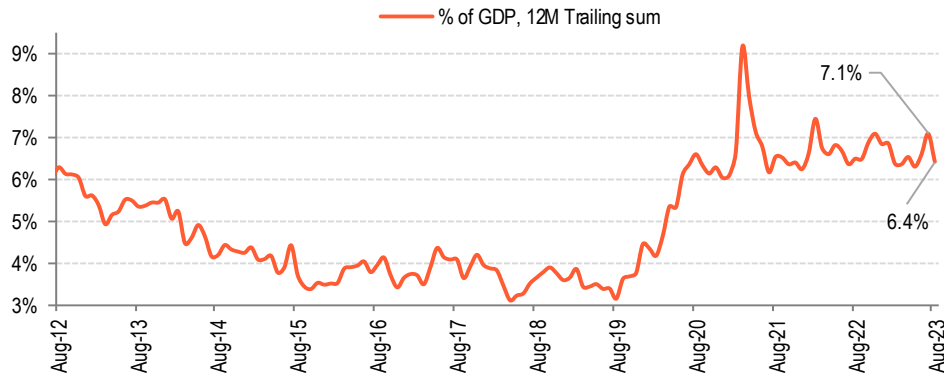


Fig 113 – Revenue deficit in Aug'23 also seen easing

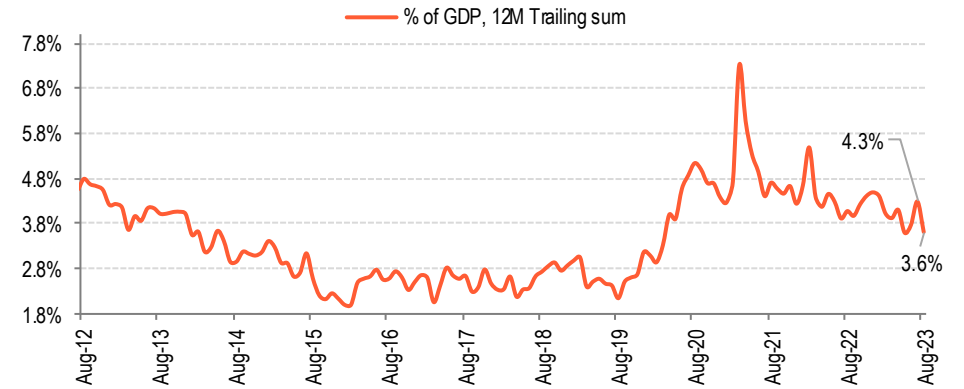


Fig 114 – Primary deficit at 3.1% as of Aug'23

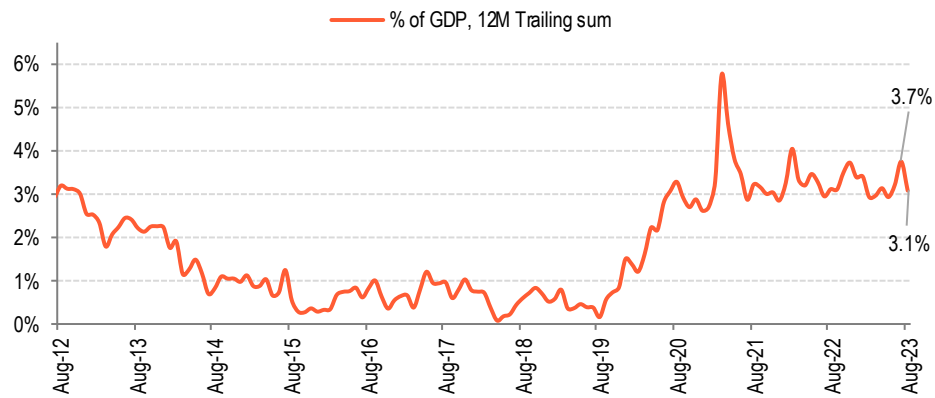


Fig 115 – Government spending picks up further pace in Aug'23

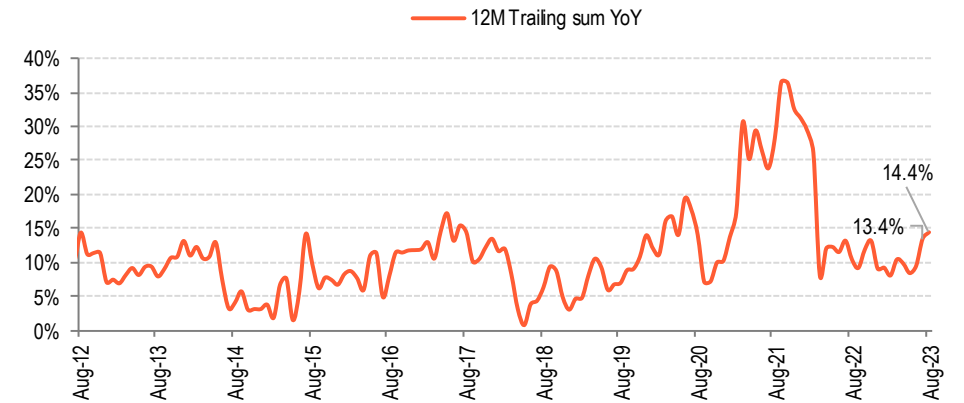


Fig 116 – ...supported by capital expenditure

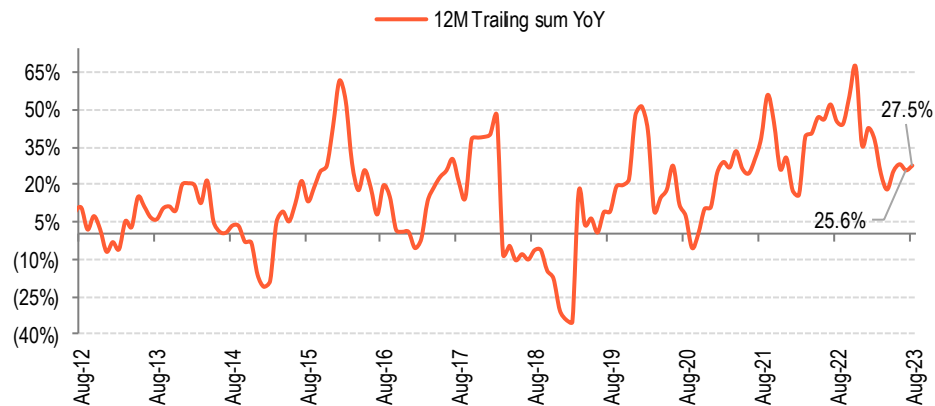


Fig 117 – Revenue spending also ticking up

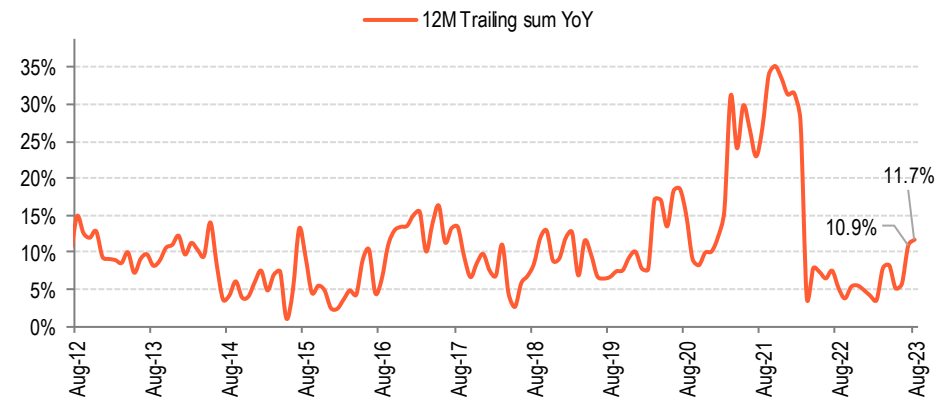


Fig 118 – Higher spending by majority of ministries

Ministry	Apr-Jul'21	Apr-Jul'22	% change	Apr-Jul'23	% change
Ministry of Finance	4,459	4,837	8.5	5,518	14.1
Ministry of Defence	1,831	2,088	14.0	2,428	16.3
Ministry of Consumer Affairs, Food and Public Distribution	1,148	853	(25.7)	959	12.4
Ministry of Rural Development	675	597	(11.5)	653	9.4
Ministry of Home Affairs	675	797	18.0	842	5.7
Ministry of Human Resource Development	270	201	(25.6)	296	47.0
Ministry of Road Transport and Highways	780	1,153	47.8	1,162	0.7
Ministry of Chemicals and Fertilisers	396	612	54.7	972	58.8
Ministry of Petroleum and Natural Gas	25	4	(84.1)	10	147.0
Ministry of Agriculture	564	315	(44.2)	393	24.9
Ministry of Health and Family Welfare	315	249	(20.8)	299	20.2

Fig 119 – Receipt growth accelerated in Aug'23

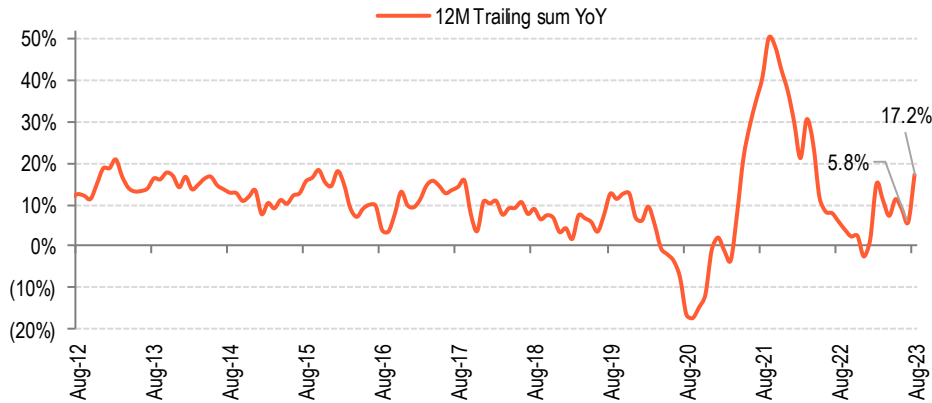


Fig 120 – Revenue receipts lead the trend...

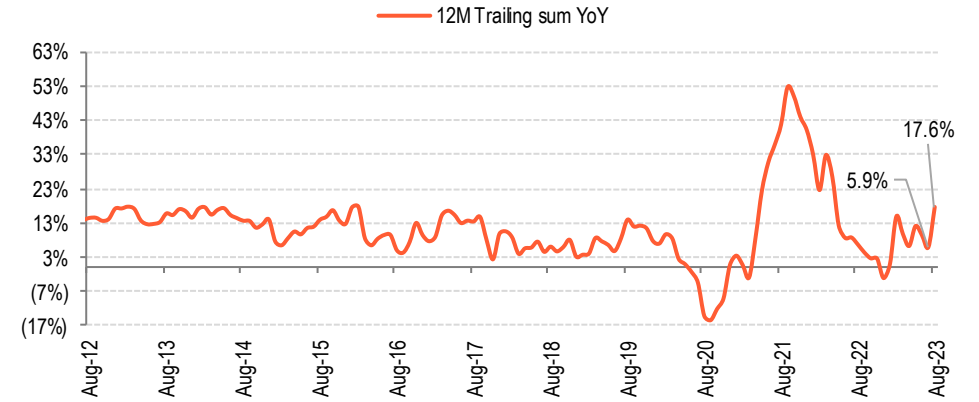


Fig 121 – ...As net tax receipts pickup

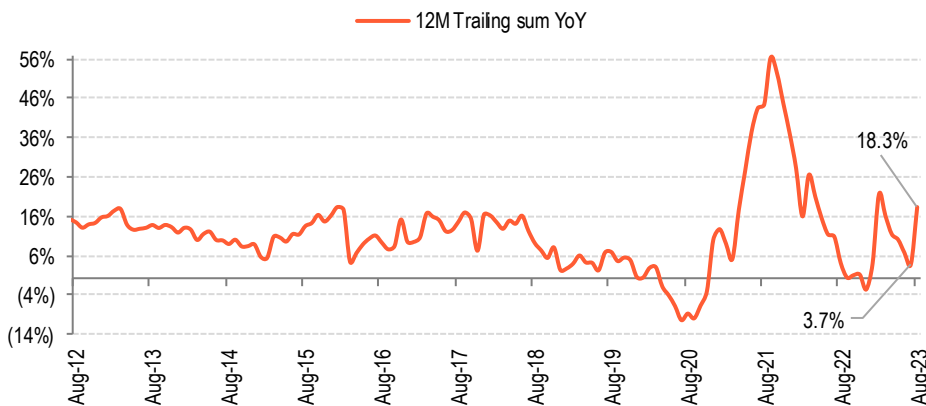


Fig 122 – However, non-tax collections decelerating

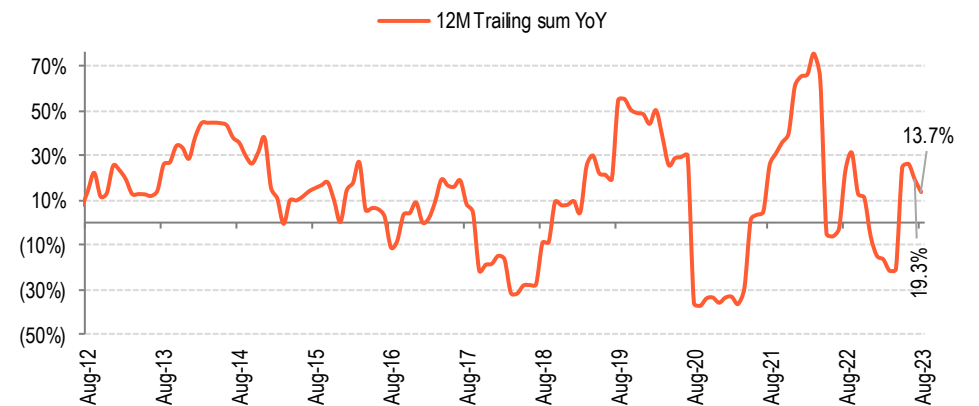


Fig 123 – Centre’s capex growth has remained robust in FYTD24

	Apr-Aug'21	Apr-Aug22	% change	Apr-Aug23	% change
Gross Tax revenue	8,596	10,206	18.7	11,892	16.5
Direct taxes	3,674	4,732	28.8	5,993	26.6
Corp Tax	1,681	2,076	23.6	2,389	15.1
Income Tax	1,994	2,656	33.2	3,604	35.7
Indirect taxes	4,921	5,474	11.2	5,899	7.8
Non-tax revenue	1,487	1,168	(21.4)	2,096	79.4
Centre's revenue (net)	7,935	8,169	2.9	10,135	24.1
Total expenditure	12,767	13,900	8.9	16,718	20.3
Capital exp	1,719	2,523	46.8	3,738	48.1
Revenue exp	11,048	11,377	3.0	12,980	14.1
Fiscal deficit	4,680	5,416	15.7	6,428	18.7

Fig 124 – Gross direct tax growth improved in Aug'23

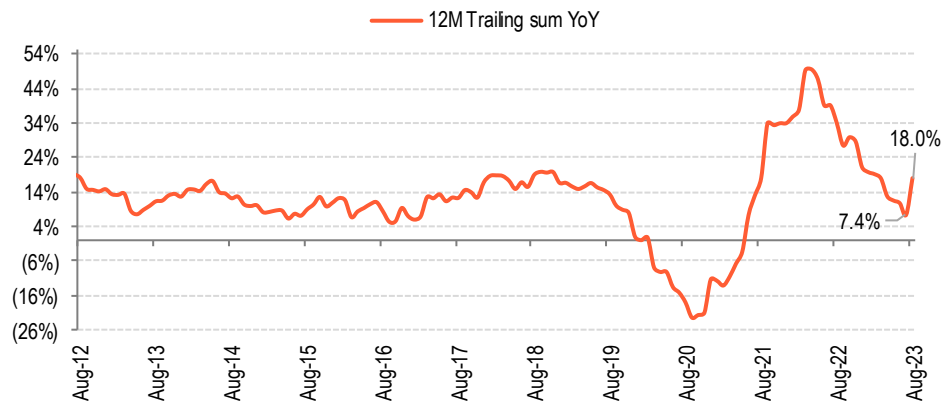


Fig 125 – Gross indirect tax collections broadly stable

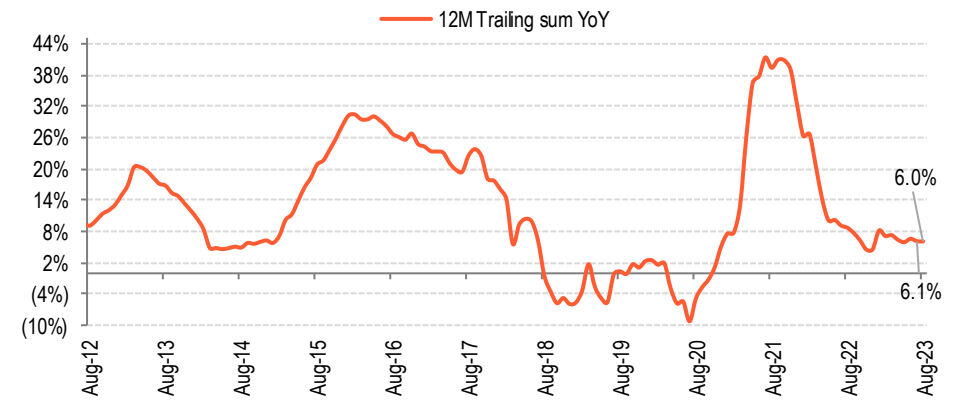


Fig 126 – Both income tax collections and...

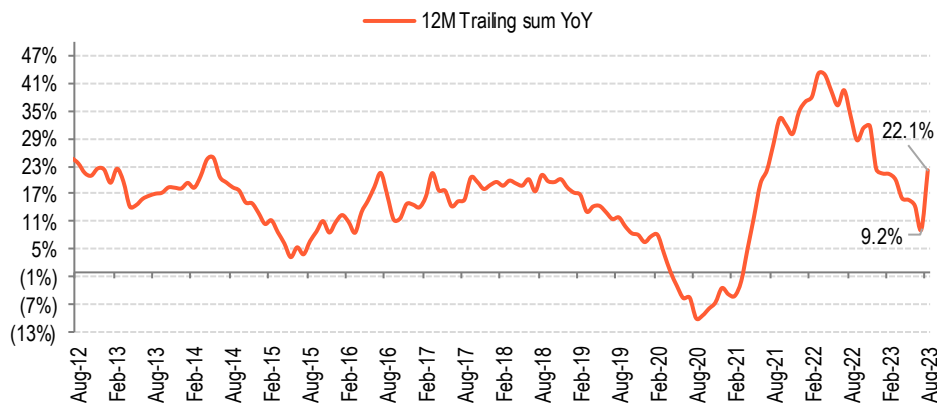


Fig 127 – ...corporate tax collection growth picked up in Aug'23

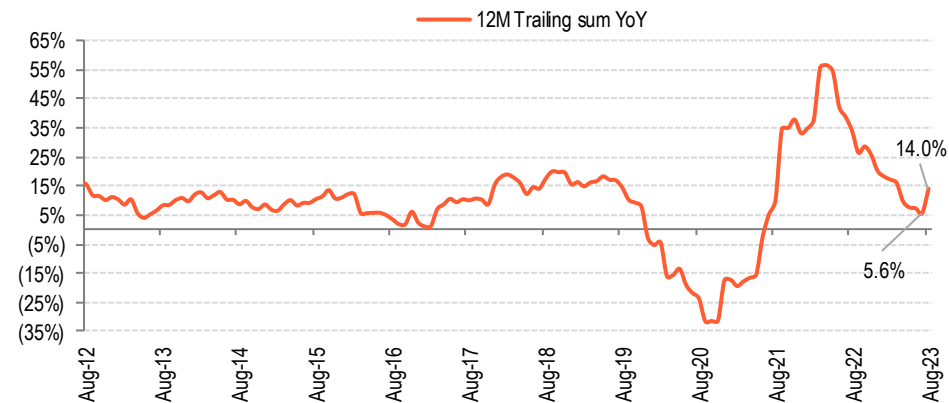


Fig 128 – GST collections for Aug'23 remain crossed Rs 1.6 lakh crore mark

(Rs bn)	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Monthly run rate (FYTD24)	FYTD24	FY24 (BE)
CGST	519	547	722	578	608	652	601	611	809	607	648	672	627	443	3,363	8,116
UT GST	1.5	4.1	6.0	5.2	2.3	2.4	3.9	9.2	3.1	2.6	3.4	2.5	3.1	2.1	14.7	-
IGST	89	100	(194)	(26)	(34)	(17)	(23)	86	(93)	10	16	(24)	63	10	(29)	-
SGST*	768	767	821	834	874	754	901	1,062	733	884	865	826	820	581	4,128	-
Cess	99	100	103	103	109	104	118	102	119	112	118	114	114	82	577	1,450
Total GST	1,477	1,517	1,459	1,495	1,559	1,496	1,601	1,870	1,571	1,615	1,651	1,591	1,627	1,119	9,173	-

Source: PIB | *Computed from PIB and CGA data

Fig 129 – Rising central government debt a key concern

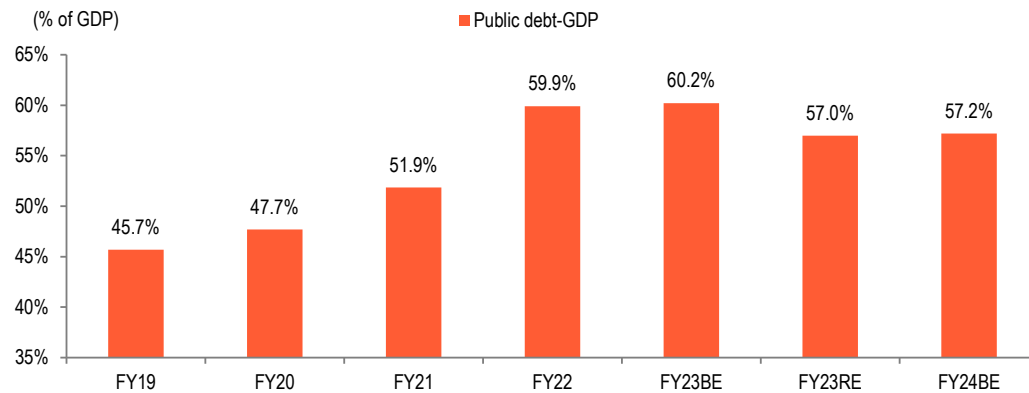
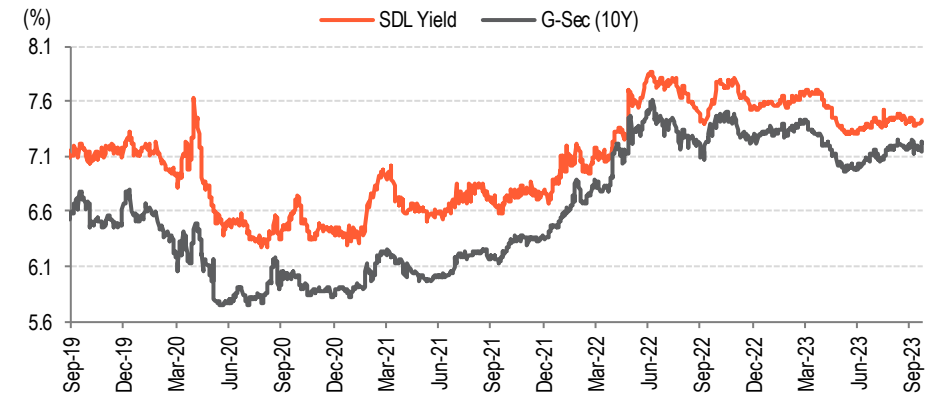
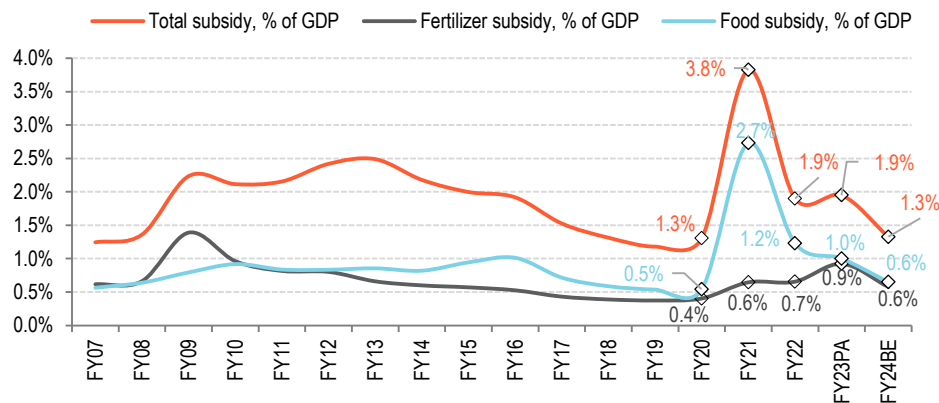


Fig 130 – Spread between 10Y G-sec and SDL yield narrowed further in Sep'23



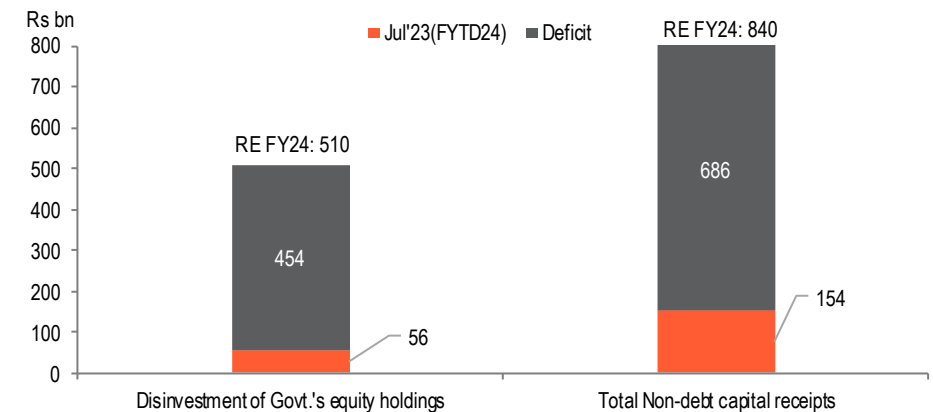
Source: CCIL

Fig 131 – Subsidy bill in FY23 was higher than revised estimates; FY24 to be lower



RE-Revised Estimates; PA-Provisional Actuals; BE-Budget Estimates

Fig 132 – Central gov. disinvestment status (FY24)



Central government borrowing

Fig 133 – Centre’s borrowing through T-bill in Q2FY24 has been at Rs 3.9tn

Total accepted amount (T-bills), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,963	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	3,899	3,120
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	262*	3,120
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566	-	-
Total	9,811	11,192	11,271	11,788	17,204	16,986	17,105		

Source: RBI, * Only for 4TH Oct 2023

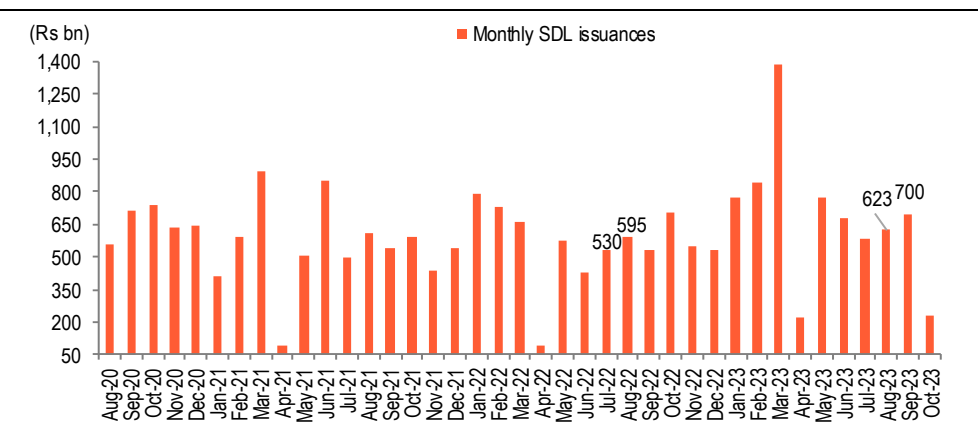
Fig 134 – Centre’s gross borrowing in H2FY24 is planned at Rs 5.76tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	4,080	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	4,490	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	300#	3,480
Q4	800	670	1,680	920	3,191	1,370	2,740	-	2,280
Total	5,820	5,880	5,710	7,100	13,461*	11,273	14,210		

Source: RBI* Against budgeted Rs 12.8tn, # Only for 6th Oct 2023

State government borrowing

Fig 135 – State government borrowings picked up momentum in Sep'23



Source: RBI

Fig 136 – State borrowings gather pace in Q2FY24; have met 57% of the planned borrowing so far

Quarterly SDL issuances, (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FYTD24 (actual)	FY24 (planned)
Q1	650	766	815	1,673	1,446	1,102	1,677	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661	1,903	2,374
Q3	1,054	1,277	1,470	2,023	1,653	1,879	321*	2,374
Q4	1,348	1,809	2,006	1,898	2,184	3,009	-	-
Total	4,182	4,661	5,731	7,206	6,927	7,652	3,580*	-

Source: RBI; *as of 3 Oct 2023

External sector

Exports

Fig 137 – Global exports continued to slide

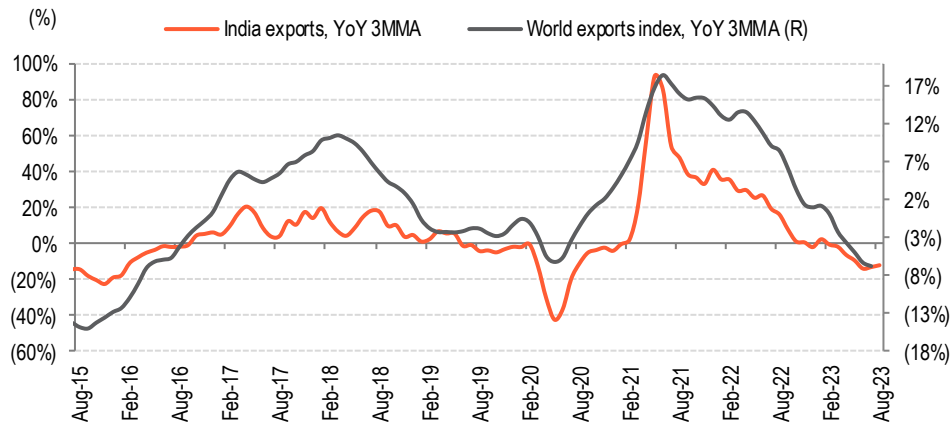
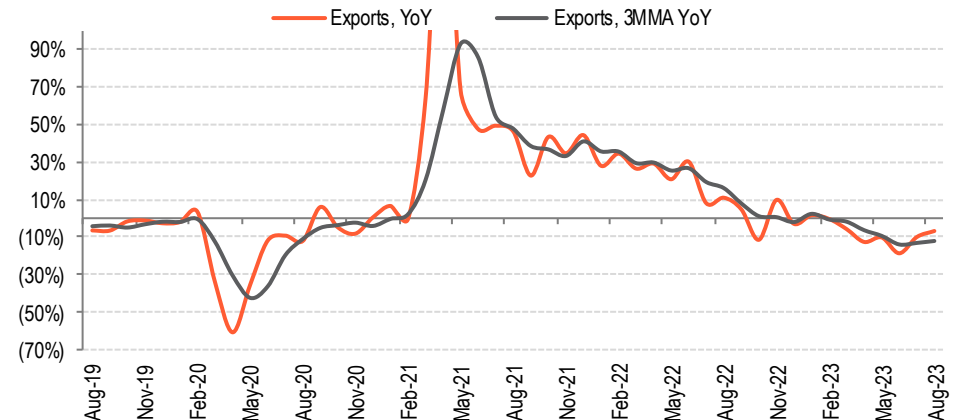


Fig 138 – India’s exports have continued to contract in the last 7-months



Exports by major sectors

Fig 139 – Oil exports declined sharply by 30.7% in Aug’23 versus a decline of 17.8% in Jul’23

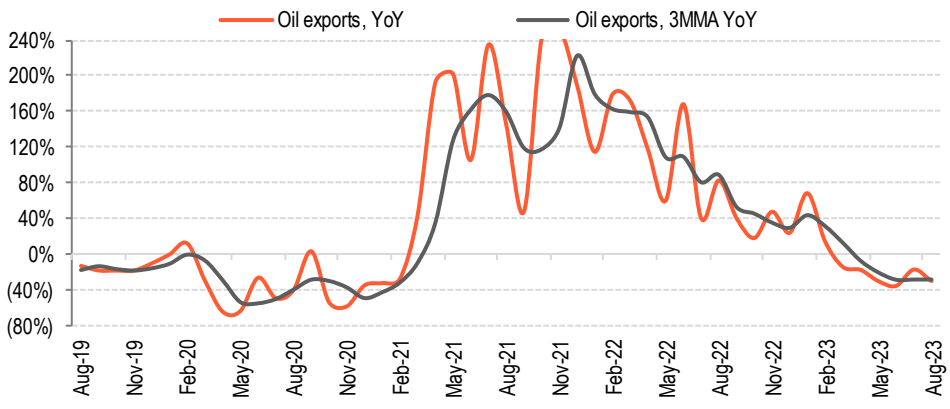


Fig 140 – Improvement was seen in non-oil exports, led by engineering goods which registered positive growth for the first time in 14-months

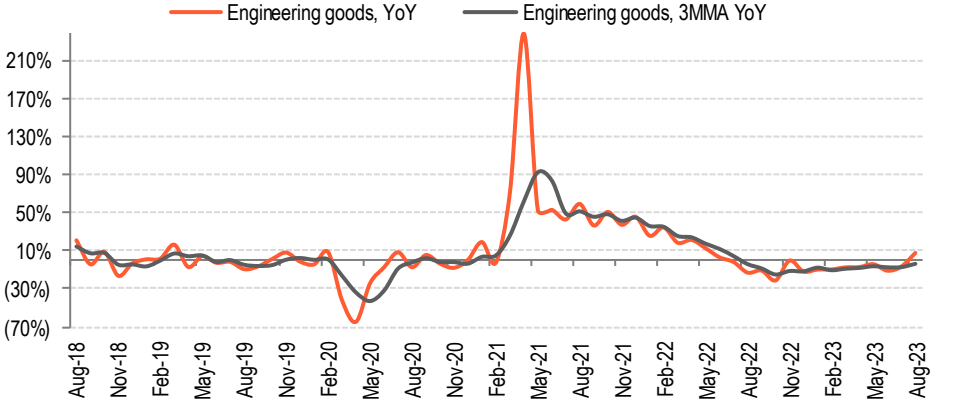


Fig 141 – Even textile exports rose by 4.7% in Aug'23 after declining by 8.2% in Jul'23

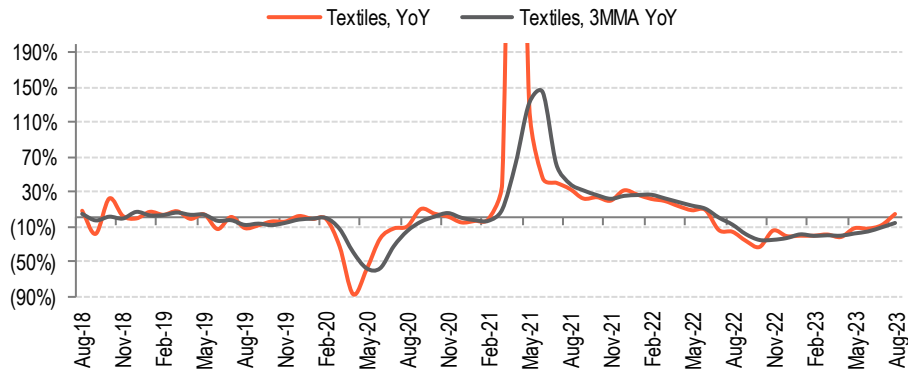
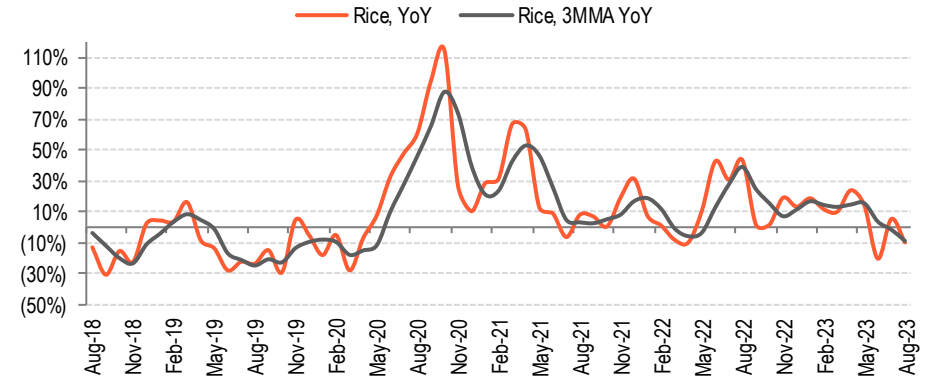


Fig 142 – Rice exports were lower in response to export restrictions imposed by the government



Imports

Fig 143 – Imports declined at a slower pace of 5.2% in Aug'23, after declining by 17% in Jul'23

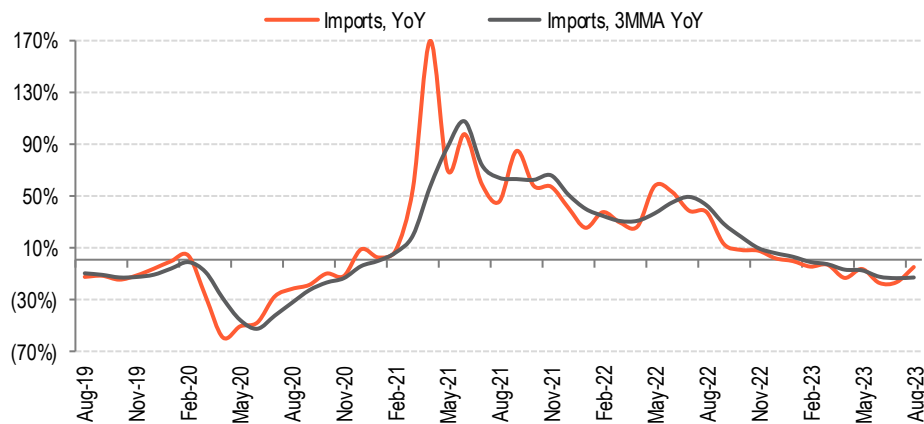


Fig 144 – Non-oil imports increased by 2% in Aug'23 versus a decline of 8.9% in Jul'23

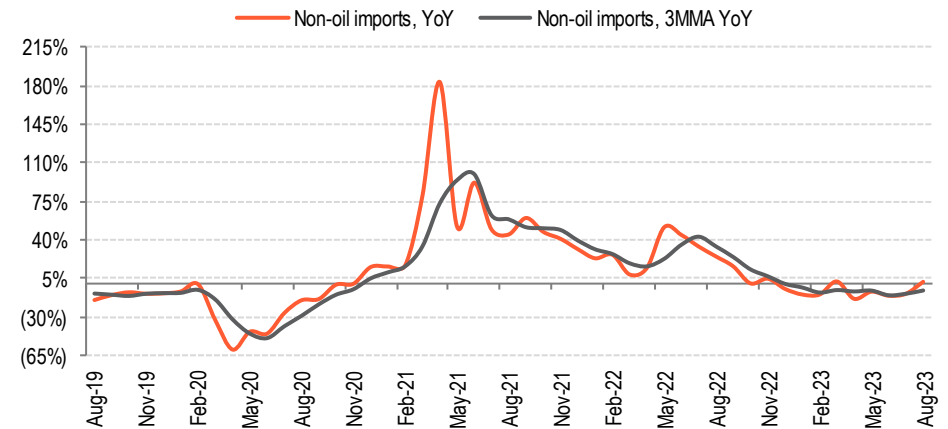


Fig 145 – Sharp pickup in iron and steel imports in Aug'23

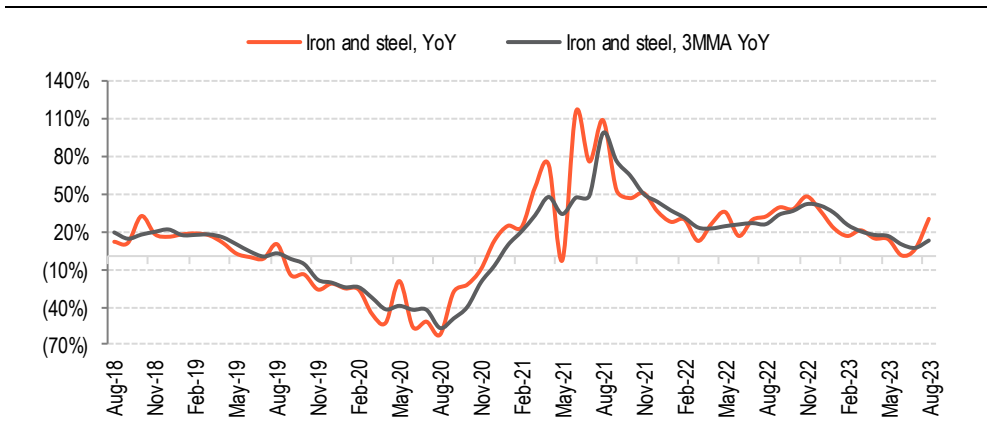


Fig 146 – Imports of machinery increased by 16.2% in Aug'23 compared with 14% in Jul'23

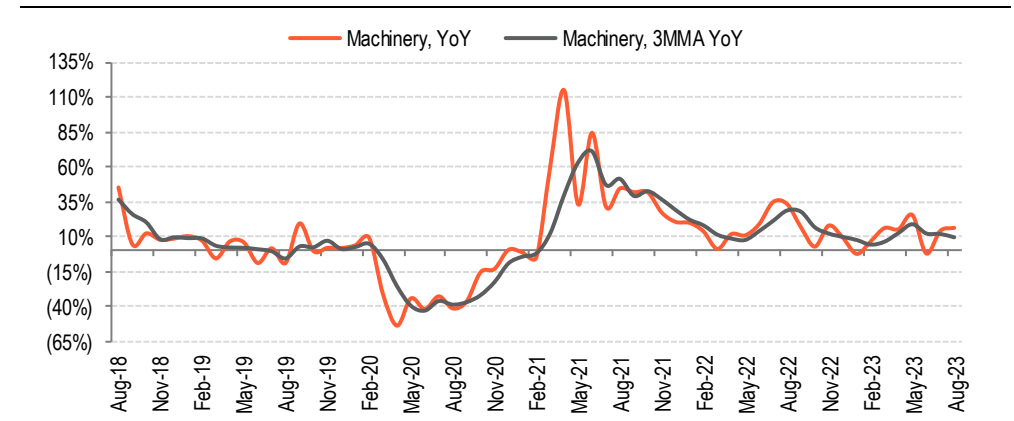


Fig 147 – Gold imports are showing traction ahead of festive season

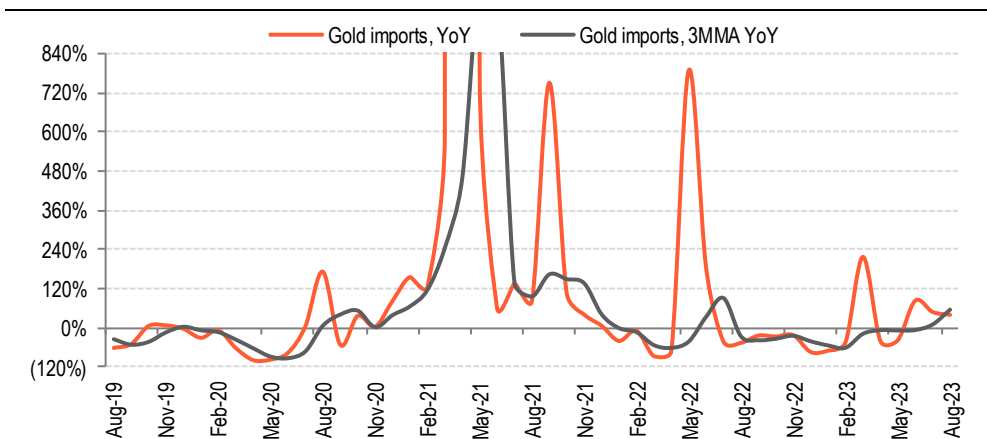
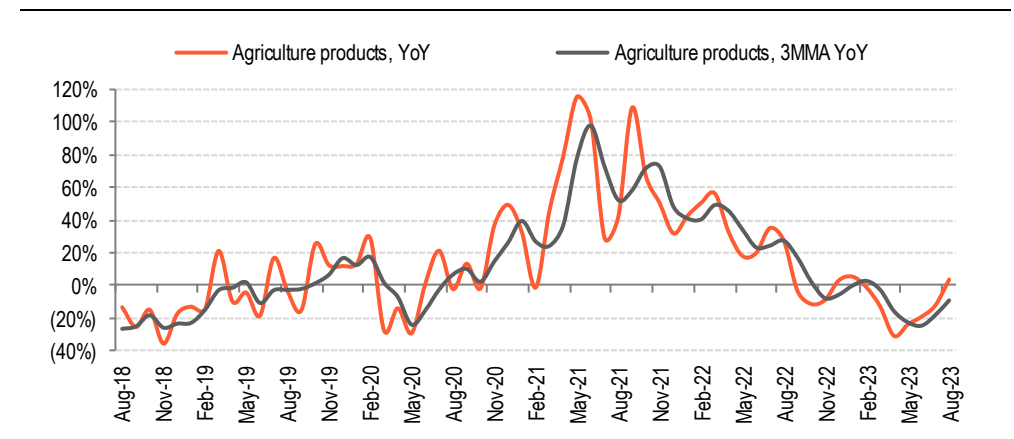


Fig 148 – Agriculture imports also higher



Exports and imports by major regions

Fig 149 – Except Europe, exports to all regions have witnessed a sharp drop in FYTD24, sharpest decline in exports to Asia and Pacific and China

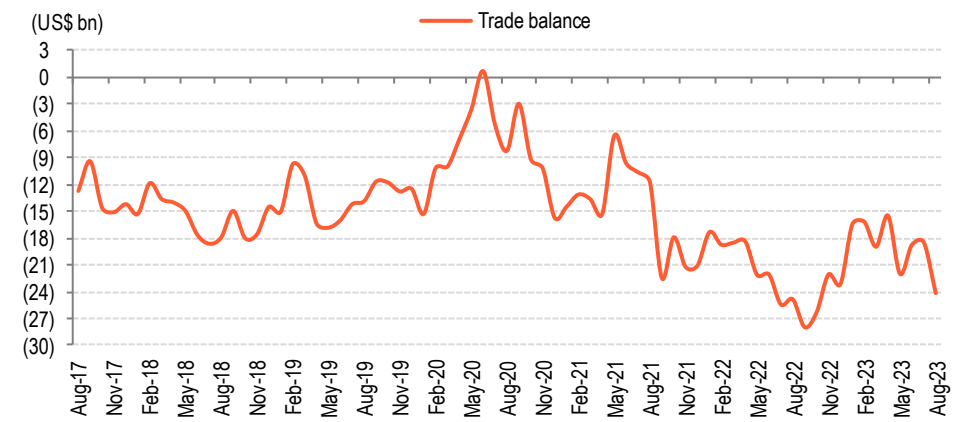
Region (% YoY)	Share in FY23	FYTD23	FYTD24	Jun-23	Jul-23	Aug-23
Americas	23.7	22.8	(11.4)	(15.0)	(12.0)	(3.8)
Asia and Pacific (Ex. China)	23.3	8.2	(17.9)	(28.2)	(15.9)	6.2
China	3.5	(35.6)	(7.3)	(24.3)	(7.7)	42.3
Europe	22.0	27.1	1.5	(0.1)	2.3	16.0
Middle East and Africa	26.6	37.2	(12.4)	(27.2)	(14.1)	(5.1)
Other	0.9	227.4	5.1	(18.4)	3.4	37.1

Fig 150 – Even imports are lower, led by Middle East and Africa and Asia and Pacific

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Jun-23	Jul-23	Aug-23
Americas	11.2	34.6	(15.6)	(13.8)	(20.7)	(16.1)
Asia and Pacific (Ex. China)	24.9	47.7	(12.6)	(22.4)	(5.7)	(1.9)
China	13.8	28.7	(4.4)	(11.3)	(11.1)	(0.7)
Europe	12.6	9.6	(0.8)	(7.2)	(14.0)	15.8
Middle East and Africa	30.8	51.0	(30.8)	(32.5)	(36.4)	(20.8)
Other	6.8	217.5	82.2	43.3	25.1	66.6

Trade deficit

Fig 151 – Trade deficit widened to US\$ 24.2bn in Aug'23 from US\$ 18.5bn in Jul'23, tracking at US\$ 19.8bn in FYTD24



Trade in services

Fig 153 – Services exports grow by 8.4% in Aug'23 compared with 8.1% in Jul'23

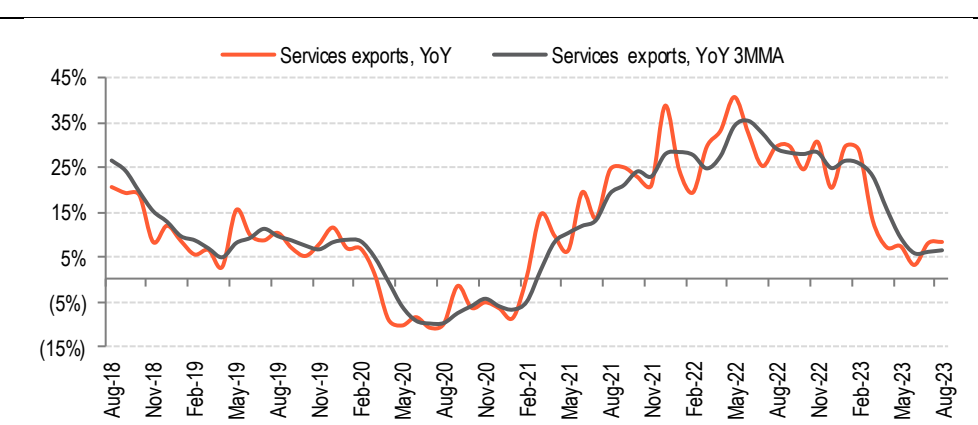
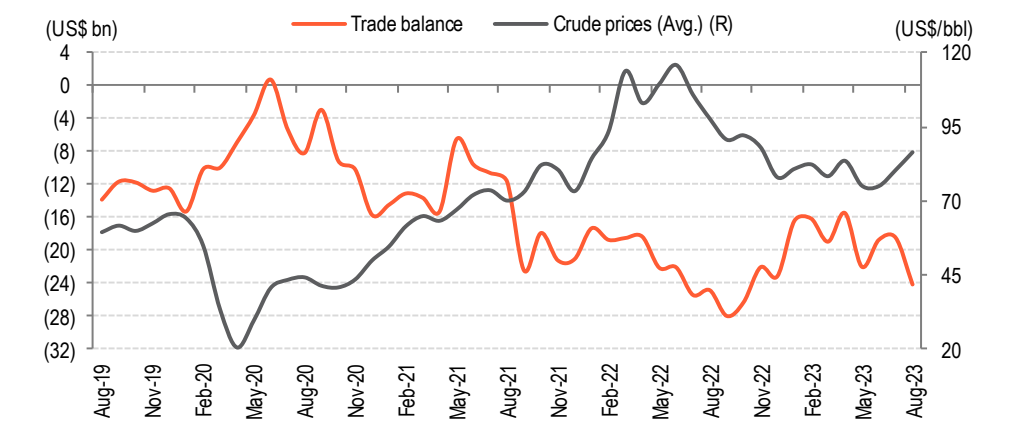
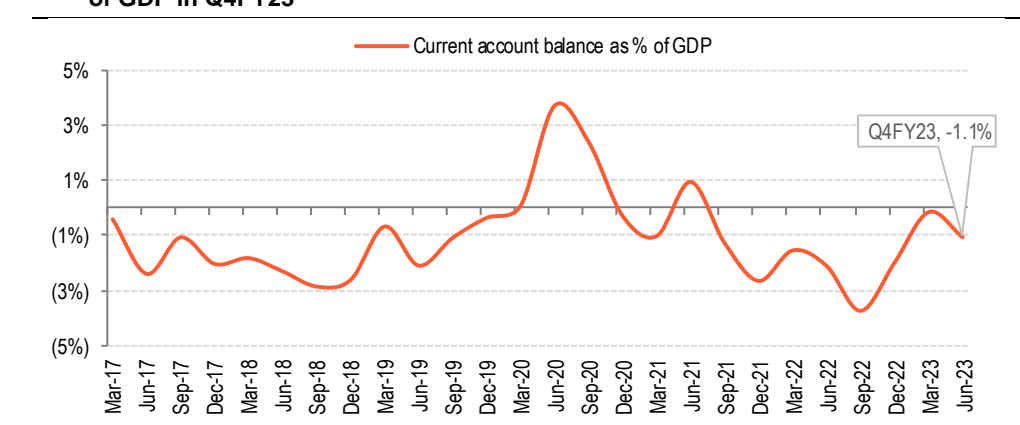


Fig 152 – .. led by higher oil prices in Aug'23



BoP

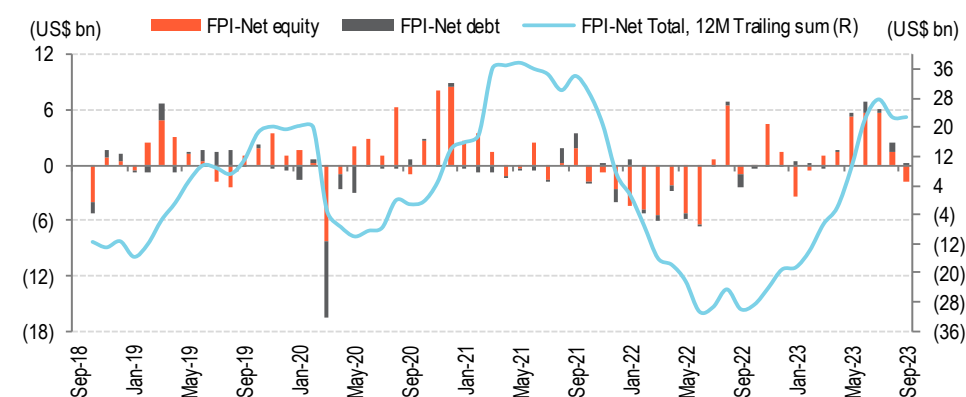
Fig 154 – India's current account deficit widened to 1.1% of GDP in Q1FY24 from 0.2% of GDP in Q4FY23



Foreign inflows

FPI inflows

Fig 155 – FPIs turned net sellers in the domestic market for the first time in 7-months, outflows of US\$ 1.7bn in Sep'23



Source: Bloomberg

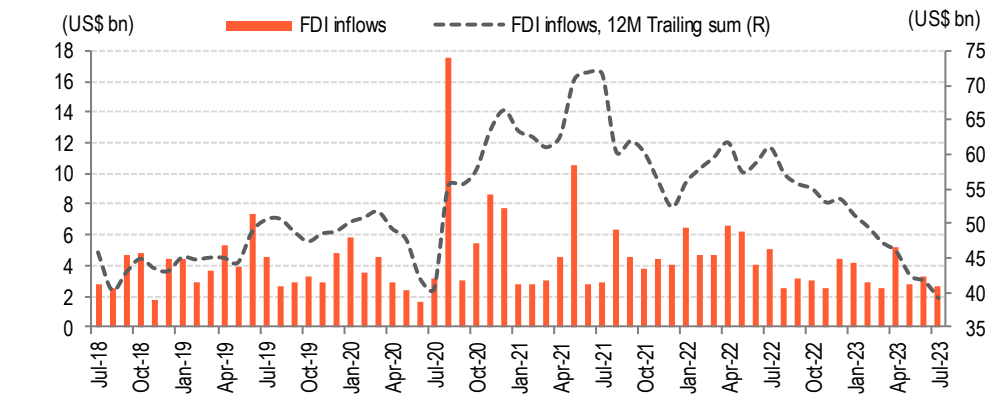
Fig 157 – FDI inflows fall in Q1FY24, led by computer software and hardware and automobile sector

Sector	% Share FY23	FY22	FY23	Q1FY23	Q4FY23	Q1FY24
Computer software and hardware	20.4	14.5	9.4	3.4	1.3	1.0
Services	18.9	7.1	8.7	2.6	2.1	2.5
Trading	10.4	4.5	4.8	2.0	0.6	0.5
Non-conventional energy	5.4	1.6	2.5	0.9	0.8	0.7
Drugs and Pharmaceuticals	4.5	1.4	2.1	0.5	0.2	0.1
Automobile industry	4.1	7.0	1.9	0.7	0.6	0.4
Construction (Infrastructure) activities	3.7	3.2	1.7	0.7	0.5	0.8

Source: DIPP

FDI inflows

Fig 156 – FDI equity inflows moderate to US\$ 2.7bn in Jul'23 from US\$ 3.3bn in Jun'23



Source: RBI, Bank of Baroda Research

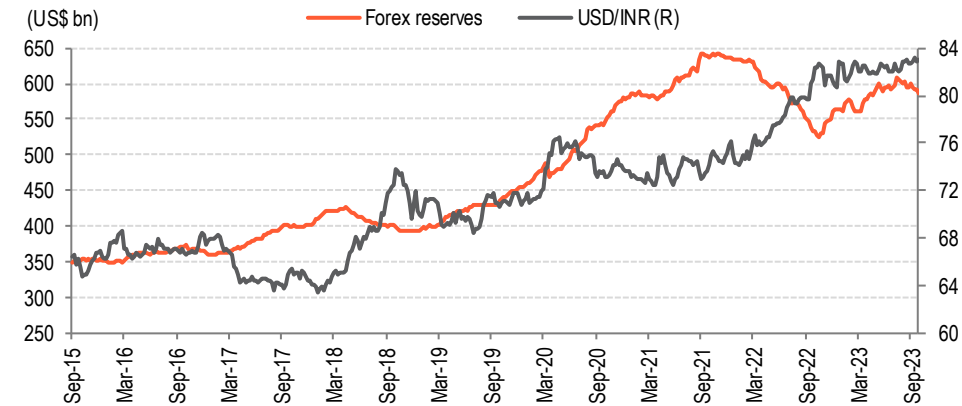
Fig 158 – Country wise, inflows from Singapore and US dipped in Q1FY24

Country (US\$ bn)	% Share FY23	FY22	FY23	Q1FY23	Q4FY23	Q1FY24
Singapore	37.4	15.9	17.2	5.7	4.1	3.0
US	13.3	9.4	6.1	2.4	1.4	1.0
Mauritius	13.1	10.5	6.0	1.5	1.1	1.1
Netherlands	5.4	4.6	2.5	1.1	0.3	1.5
UK	3.9	1.5	1.8	0.9	0.4	1.2
Japan	3.8	1.6	1.7	0.3	0.1	0.4

Source: DIPP

Forex reserves and external debt

Fig 159 – India’s FX reserves fall to a ~6-month low at US\$ 586.9bn



Source: Bloomberg | Weekly data as of 29 Sep 2023

Fig 160 – India’s import cover remains comfortable

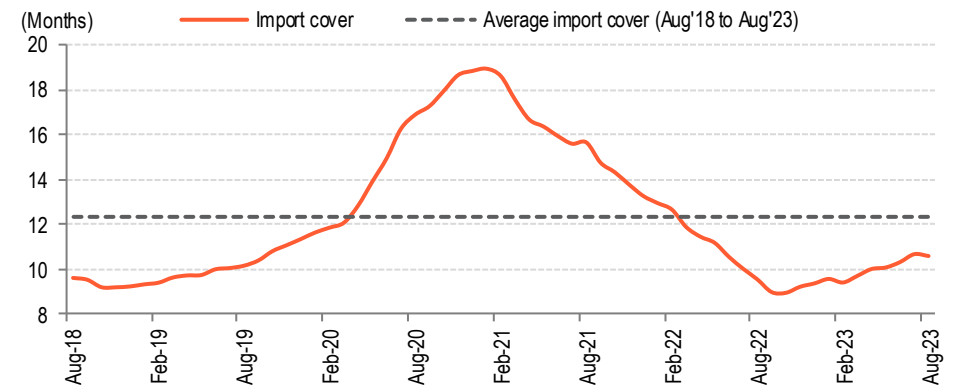


Fig 161 – RBI’s bought US\$ 3.5bn in the spot market in Jul’23

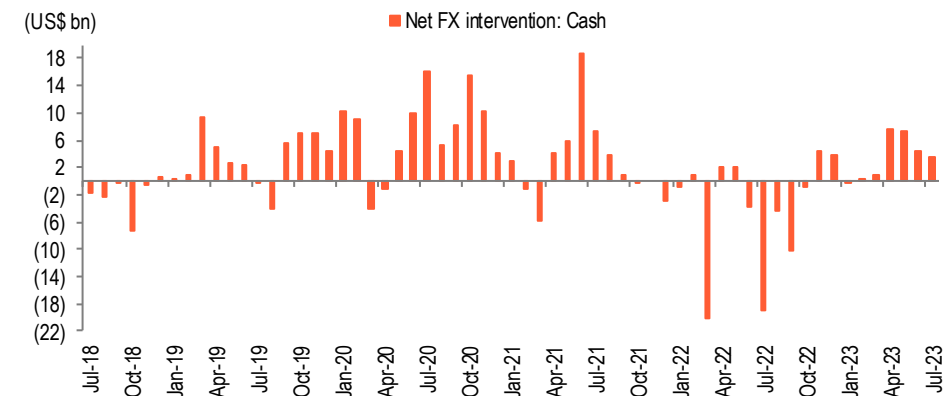
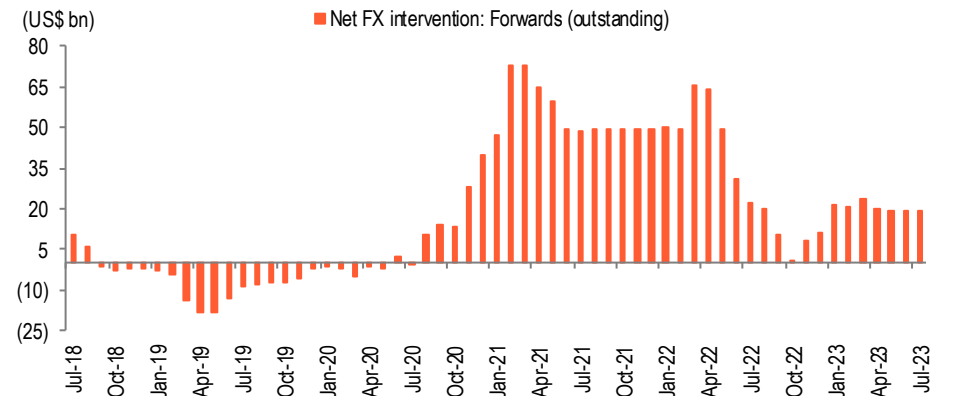


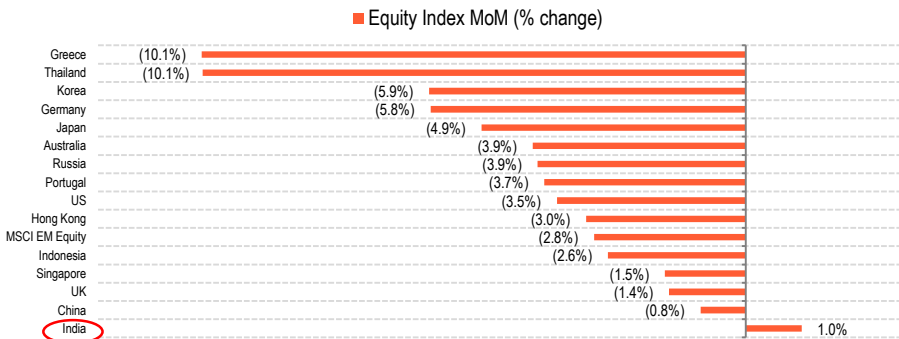
Fig 162 – RBI’s outstanding forwards position at US\$ 19.5bn as of Jul’23



Markets

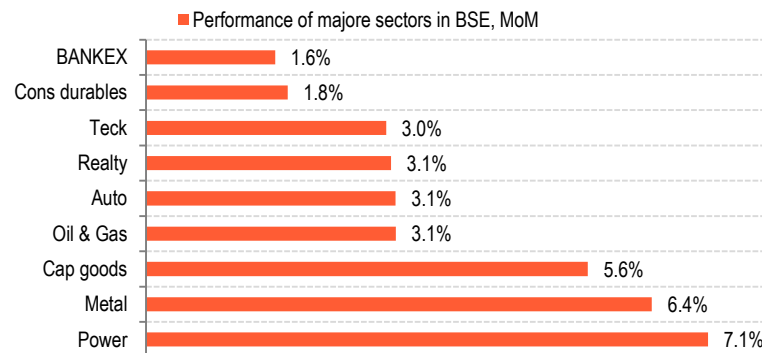
Equity

Fig 163 – In Sep'23, only Sensex rose by 1%, while major markets witnessed sell off



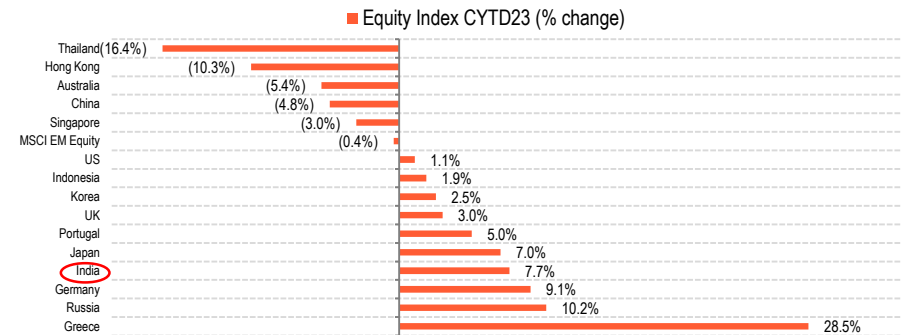
Source: Bloomberg | * As on 29 Sep 2023, Indices are in US\$ terms

Fig 165 – Power and metal stocks rose the most in Sep'23



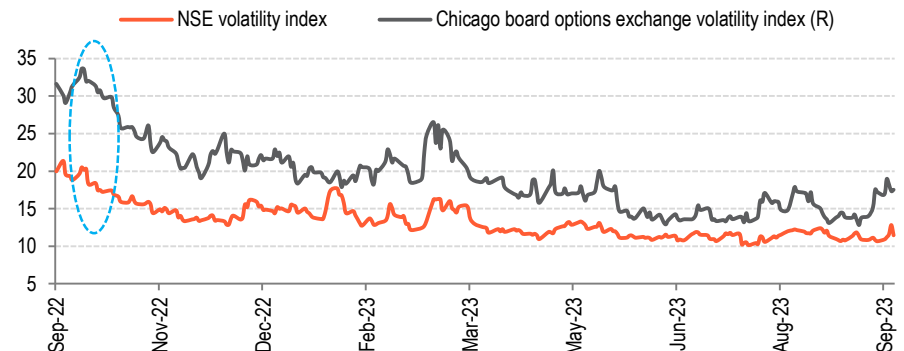
Source: Bloomberg | As on 29 Sep 2023

Fig 164 – In CYTD23, Sensex rose by 7.7%



Source: Bloomberg | * As on 29 Sep 2023, Indices are in US\$ terms

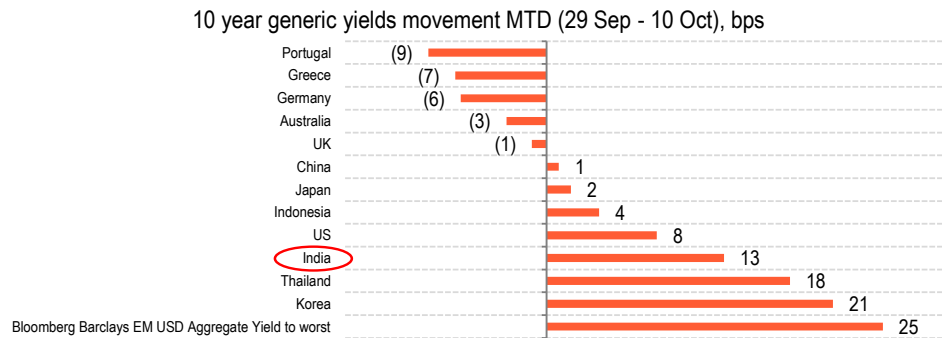
Fig 166 – VIX index moderated to 11.45 in Sep'23 from 12.06 in Aug'23



Source: Bloomberg

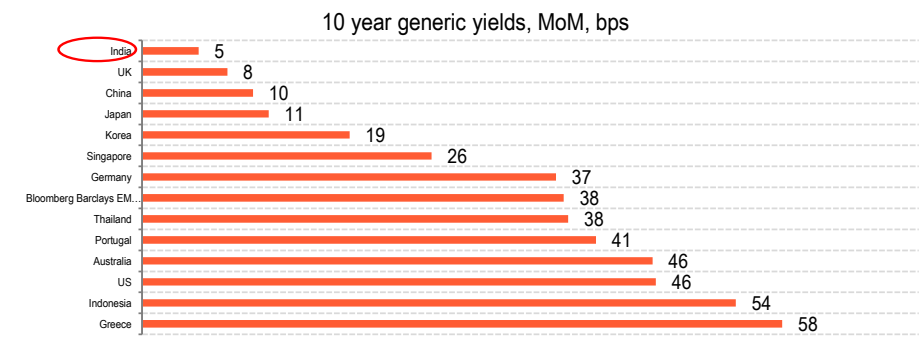
10-year bond yields

Fig 167 – On MTD basis, India’s 10Y yield rose by 13bps



Source: Bloomberg | As on 10 Oct 2023

Fig 168 – On MoM basis, India’s 10Y yield rose by 5bps



Source: Bloomberg | As on 29 Sep 2023

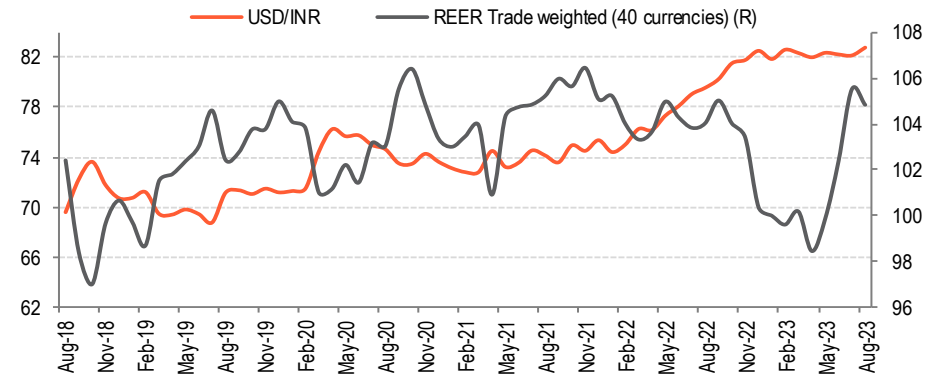
Currencies

Fig 169 – INR depreciated to a record-low in Sep’23



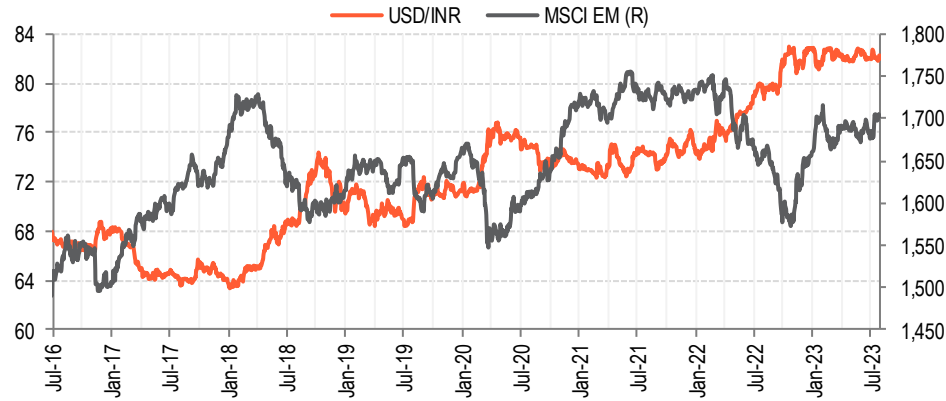
Source: Bloomberg | *As on 29 Sep 2023

Fig 170 – INR still overvalued by 4.8% on REER basis



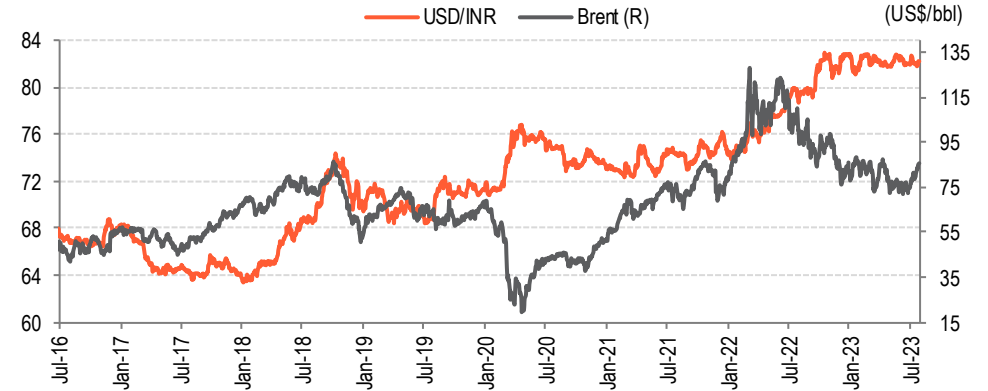
Source: Bloomberg

Fig 171 – EM currencies also depreciated in Sep'23



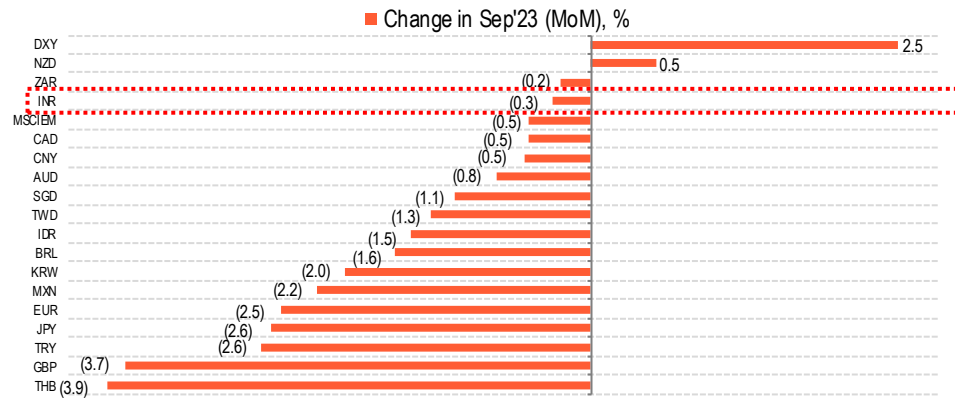
Source: Bloomberg | *As on 29 Sep 2023

Fig 172 – .. as oil prices edged up



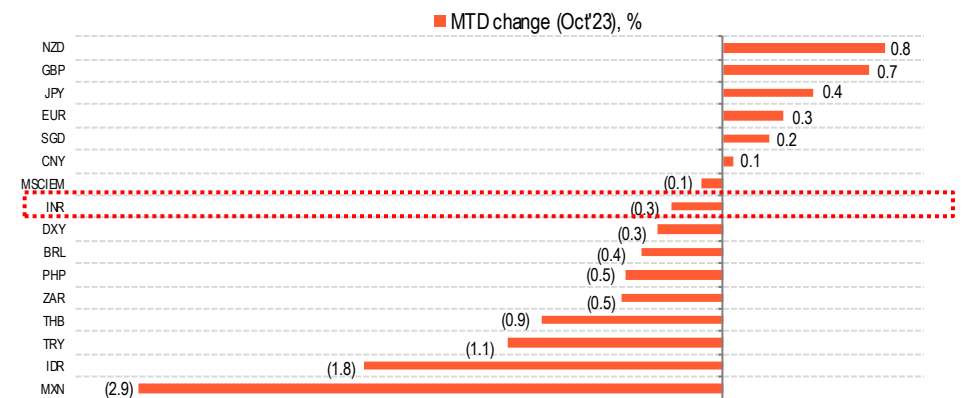
Source: Bloomberg | *As on 29 Sep 2023

Fig 173 – In Sep'23, INR depreciated to a record low



Source: Bloomberg | *As on 29 Sep 2023

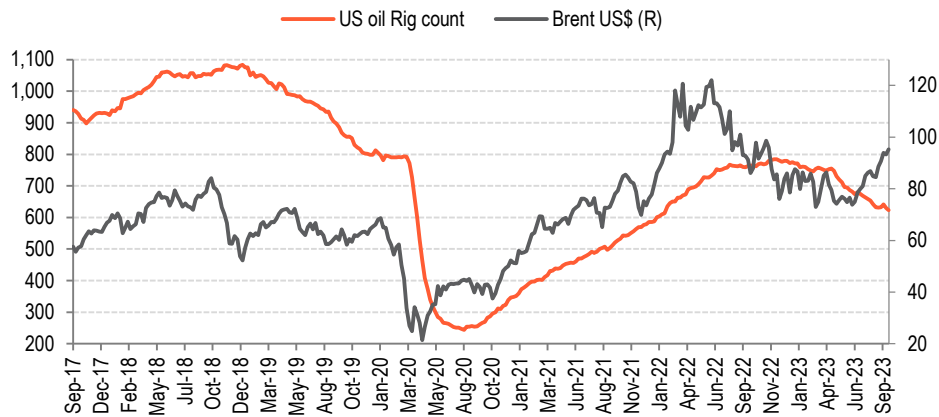
Fig 174 – INR has depreciated by 0.3% in Oct'23



Source: Bloomberg | *As on 10 Oct 2023

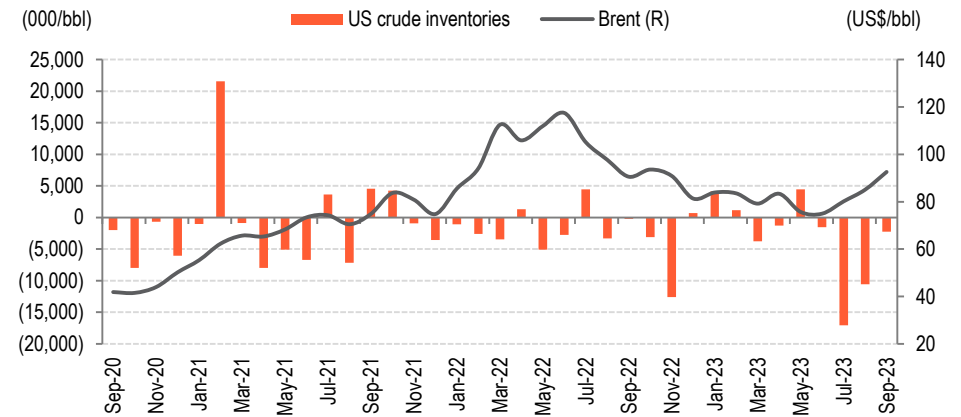
Commodities

Fig 175 – US rig count moderated in Sep'23



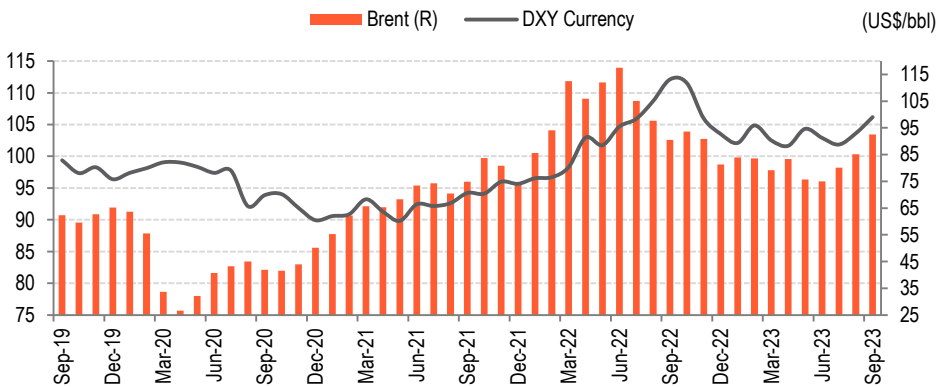
Source: Bloomberg

Fig 176 – Drawdown in US inventory is seen alongwith increase in oil price



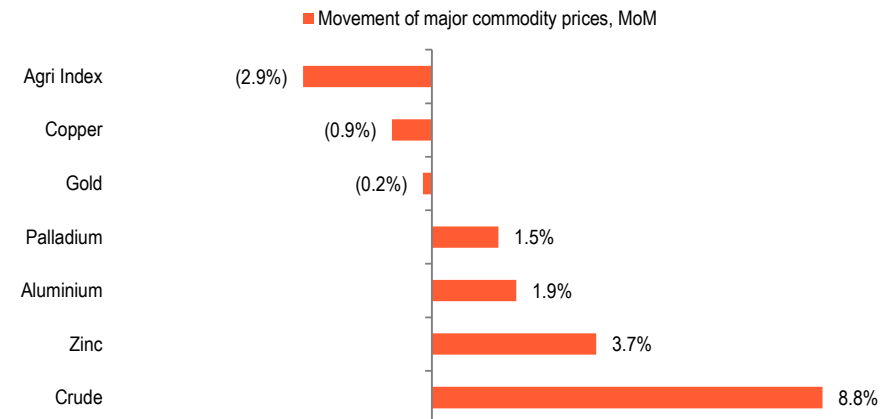
Source: Bloomberg

Fig 177 – Oil prices (average) rose to US\$ 93/bbl in Sep'23 from US\$ 85/bbl in Aug'23, DXY rose to 106.17 from 103.62



Source: Bloomberg | DXY Index as on last trading day of the month

Fig 178 – Crude prices increasing considerably



Source: Bloomberg | Index as on last trading day of the month, all other commodities are averaged and MoM change is taken

Fig 179 – Performance of high frequency indicators

Indicators	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Agriculture													
Tractor sales	18.9	3.6	4.4	19.2	16.0	11.8	10.1	(13.0)	(2.4)	(0.7)	0	(4.1)	-
Two wheeler sales	9.0	51.1	23.6	(11.2)	10.1	14.8	12.4	(7.3)	9.3	6.8	8.2	6.3	21.7
MNREGA work (HH, MoM)	4.7	(7.1)	(19.4)	(14.2)	(2.3)	2.2	6.8	6.6	31.9	6.3	(30.4)	(18.5)	(3.0)
Manufacturing													
IIP: General index	3.3	(4.1)	7.6	5.1	5.8	6.0	1.7	4.6	5.3	3.8	5.7	-	-
IIP: Manufacturing	2.0	(5.8)	6.7	3.6	4.5	5.9	1.2	5.1	6.4	7.6	10.7	-	-
IIP: Capital goods	11.4	(2.9)	20.7	7.8	10.5	11.0	9.1	4.4	8.1	2.0	4.6	-	-
IIP: Infra & construction goods	8.2	1.7	14.3	11.0	11.3	9.0	7.2	13.4	11.3	12.9	11.4	-	-
IIP: Consumer goods	(5.5)	(18.1)	5.0	(11.2)	(8.2)	(4.1)	(8.1)	(2.3)	1.2	(6.7)	(2.7)	-	-
Steel	7.7	5.8	11.5	12.3	14.3	12.4	12.1	16.6	12.0	20.8	14.2	10.9	-
Cement	12.4	(4.2)	29.1	9.5	4.7	7.4	(0.2)	12.4	15.9	9.9	6.9	18.9	-
Electricity	11.6	1.2	12.7	10.4	12.7	8.2	(1.6)	(1.1)	0.8	4.2	8.0	14.9	-
PMI: Manufacturing	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5
Services													
Services PMI index	54.3	55.1	56.4	58.5	57.2	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0
Automobile sales	10.9	47.6	25.7	(5.4)	13.6	16.0	13.9	(4.0)	10.1	9.6	10.0	8.6	20.4
Passenger vehicle sales	9.7	40.6	21.3	8.1	21.9	11.0	14.4	(1.3)	4.3	4.8	4.0	6.5	19.0
Vehicle registration	7.5	48.5	19.0	(6.4)	14.2	16.6	14.8	(3.2)	11.0	10.3	10.6	9.3	20.0
Rail freight traffic	9.2	1.4	5.2	3.1	3.8	3.6	3.8	3.5	1.9	(1.9)	1.5	6.4	6.7
Port cargo volume	15.0	3.0	2.0	10.4	12.2	12.0	1.5	1.3	3.5	0.4	4.3	4.4	0.3
Credit growth	15.3	15.8	16.1	14.9	16.3	15.5	15.0	15.7	15.3	18.0	19.7	19.7	20.0
Deposit growth	9.2	8.9	9.8	9.2	10.5	10.1	9.6	10.1	11.4	15.5	12.9	13.2	13.2
CIC	8.2	9.0	7.9	8.2	8.6	8.2	7.8	7.6	6.9	4.9	4.4	4.0	4.1
Toll collection (in mn)	259.2	283.0	285.6	308.0	300.8	288.4	306.3	305.0	335.2	316.1	295.0	308.0	298.9
Diesel consumption	13.4	5.6	19.3	6.6	12.8	7.6	1.2	8.6	12.8	3.0	3.9	5.2	3.8
GST E-way bill (in mn)	84.0	76.9	80.7	84.1	82.4	81.8	90.9	84.4	88.2	86.1	88.0	93.4	92.0
External Trade													
Merchandise exports	4.7	(11.5)	9.7	(3.1)	1.6	(0.4)	(5.9)	(12.7)	(10.3)	(18.8)	(10.1)	(6.9)	-
Merchandise imports	12.6	8.0	7.4	1.5	(0.6)	(4.9)	(3.4)	(13.6)	(6.8)	(17.5)	(17.0)	(5.2)	-
Services exports	29.7	24.6	30.7	20.4	29.6	28.8	13.1	7.2	7.4	3.2	8.1	8.4	-
Services imports	28.1	15.9	21.7	5.7	7.5	10.8	6.0	(0.7)	4.5	(1.0)	(2.2)	(0.8)	-

Source: CEIC, Posoco, Markit, RBI, Bank of Baroda Research

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For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

+91 22 6698 5143

chief.economist@bankofbaroda.com