

# India Economics

## Monthly Chartbook

July 2023

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## Hawk-eyes on inflation

Inflation concerns in India reignited with some upswing in vegetable prices especially tomato (0.57% wt in CPI) and onion (0.64% wt in CPI). Though there is some seasonality involved, production has also been impacted due to erratic rains. Apart from this, lower acreage of pulses and rice have added to woes. We expect CPI to settle ~4.6% in Jun'23. The trajectory would pick up further since Q3 onwards, once favourable base dissipates. On growth front, high frequency data painted a mixed picture, even though macros are favourably placed relative to global peers. While Centre's capex picked pace, new project announcements showed some degree of softening in Q1FY24, albeit higher than same period of previous year. The growth inflation puzzle will likely keep RBI in a 'wait and watch mode' throughout CY23.

**Demand continues to strengthen:** Domestic demand continued to largely shine with electricity demand, non-oil-non-gold and electronic imports registering improvement. Digital payments including UPI payments continued to remain strong. Some deceleration was seen in PV sales. Electric vehicle sales on MoM basis took a strong beating after the reduction in FAME subsidies by government. Moreover, some moderation in both manufacturing and services PMI was also noticed, though both remained in the expansionary zone. On rural front, led by supply side challenges two wheeler sales recorded contraction in Jun'23. After a delayed start, monsoon has picked up pace (5% below LPA- 6 July) with improvement in kharif sowing. However, acreage of rice and pulses continue to be lower than last year.

**Health of centre's finances:** Fiscal deficit ratio (% of GDP, 12MMA basis) of the central government inched down to 6.2% as of May'23, from 6.5% as of Apr'23. On FYTD basis (Apr-May), revenue collections improved, as contraction

in gross tax revenue growth softened to (-) 1.3% from (-) 6.1% in Apr'23. Net revenue growth rebounded to 15.7%, from (-) 13.9% in Apr'23. Contraction in direct tax collections eased and indirect tax receipts recovered. On the other hand, spending growth slowed to 6.9% in Apr-May'23 from 10.6% in Apr'23. Revenue expenditure fell sharply (-4.3% versus 15.2%), while capex outgo gained momentum (56.7% versus -0.6%). We expect, expenditure growth to pick up pace in the next few months.

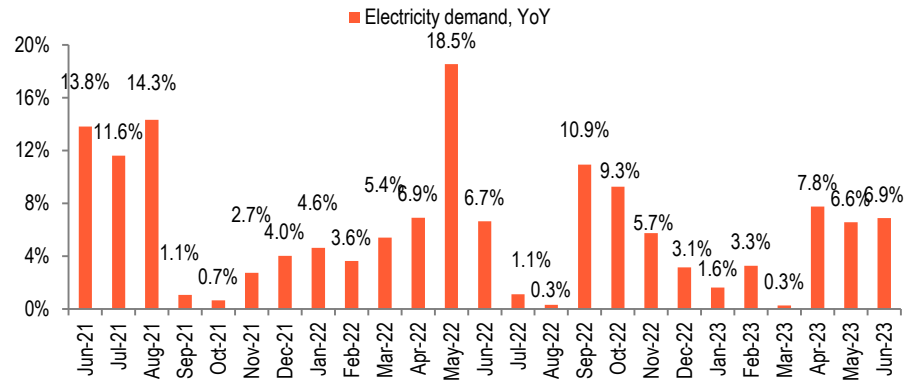
**India's 10Y yield inched up:** India's 10Y yield rose by 13bps in Jun'23, and by another 3bps in Jul'23 (till 6<sup>th</sup>). This has been in tune with rising global yields especially in the US and UK. Hawkish rhetoric by major global central banks on the backdrop of puzzling growth inflation dynamics have resulted in the same. RBI's reiteration of maintaining 4% inflation target repeatedly, also signalled a hawkish pause. Further, reversal in prices of onion, tomato and few components of pulses on the back of seasonality and drop in production, have added to further woes. We expect 10Y yield to trade between 7.05-7.15% in the current month, with risks tilted to the upside.

**Fed rate hikes to weigh on INR:** After registering its best week since Jan'23, INR has once again come under pressure. Minutes of Fed policy highlighted that members are leaning towards further rate hikes. Even macro data from US supports this narrative. Hence, expectations of 2 rate hikes by Fed have increased, which have contributed to a rally in DXY. This is weighing on INR which closed Jun'23, higher by 0.8%. FPI inflows, range-bound oil prices and RBI's forex intervention should help ease some of this pressure. We expect INR to trade in the range of 82-83/\$ in the near-term.

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

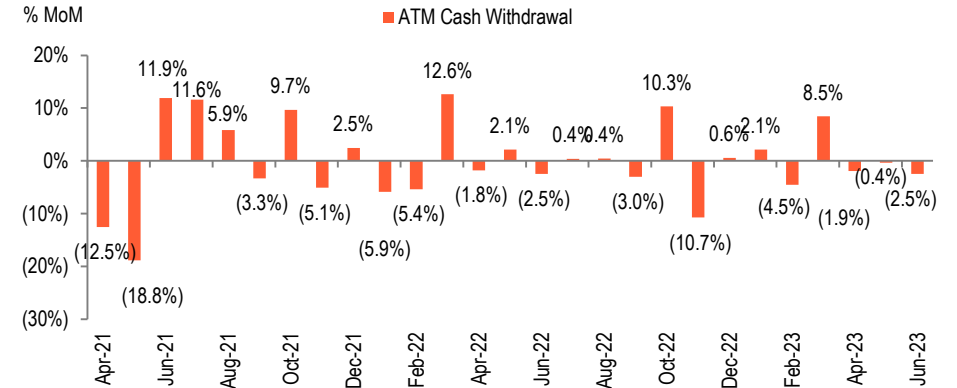
## High frequency indicators

Fig 1 – Electricity demand inch up in Jun'23



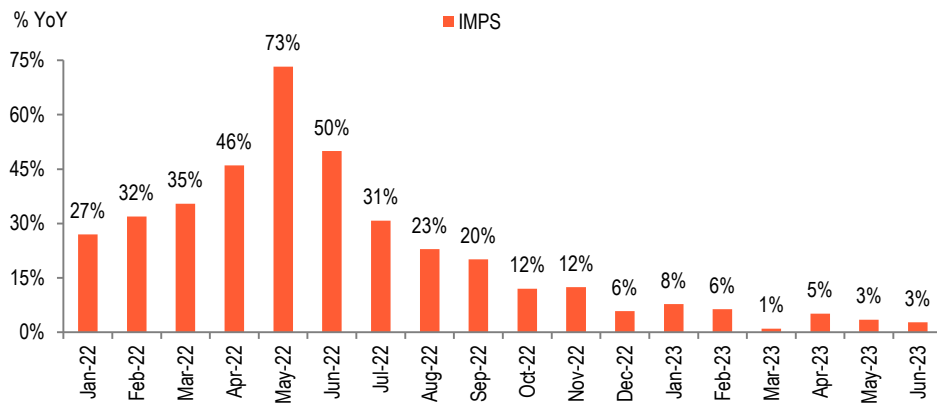
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 2 – Declining growth for Cash withdrawal



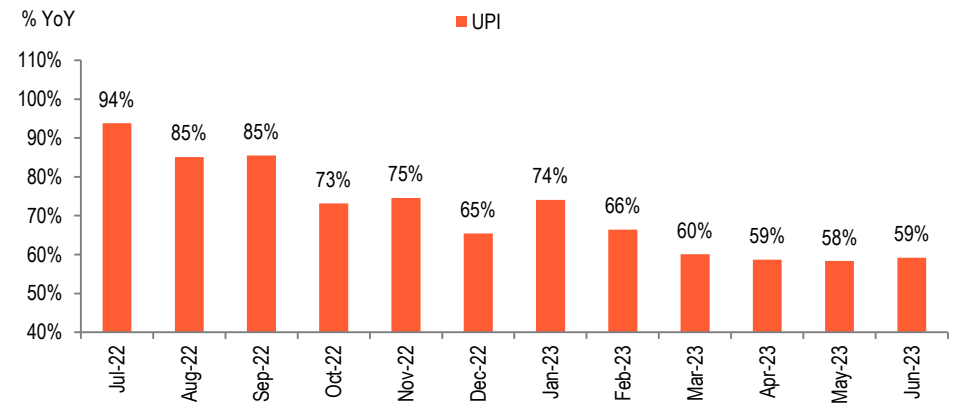
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – Growth in IMPS transactions remains steady



Source: NPCI

Fig 4 – Similar movement in UPI payments



Source: NPCI

Fig 5 – Fertilizer sales growth rebounds

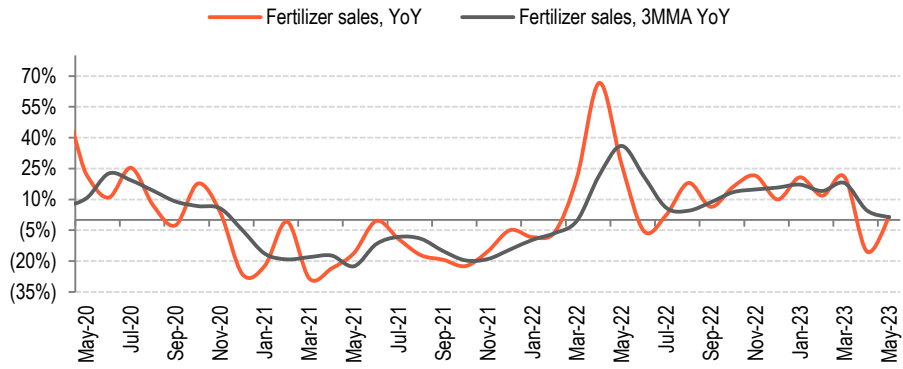
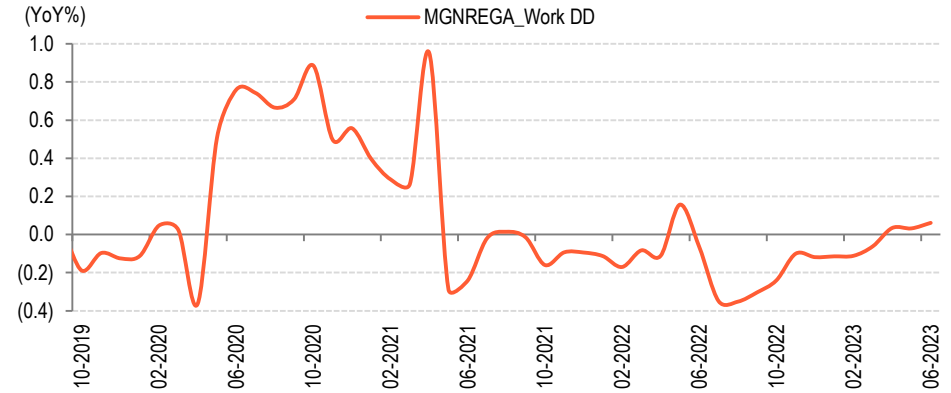


Fig 6 – Demand for work (MGNREGA-household) rises in Jun'23



Final consumption expenditure

Fig 7 – Private consumption improves in Q4FY23

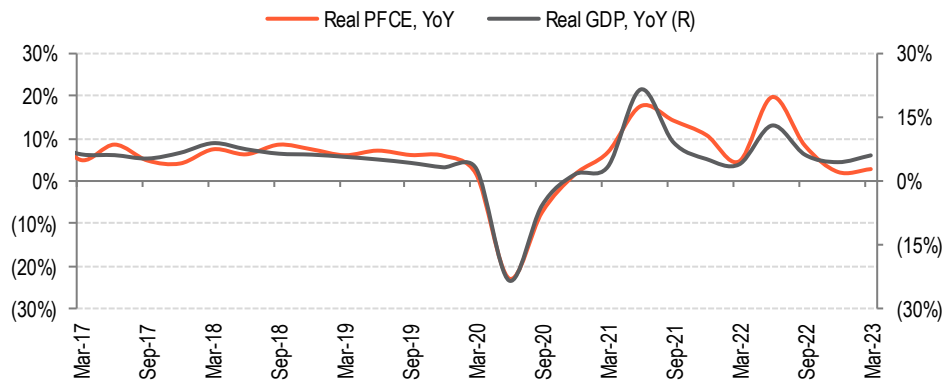


Fig 8 – Government consumption too edges upwards

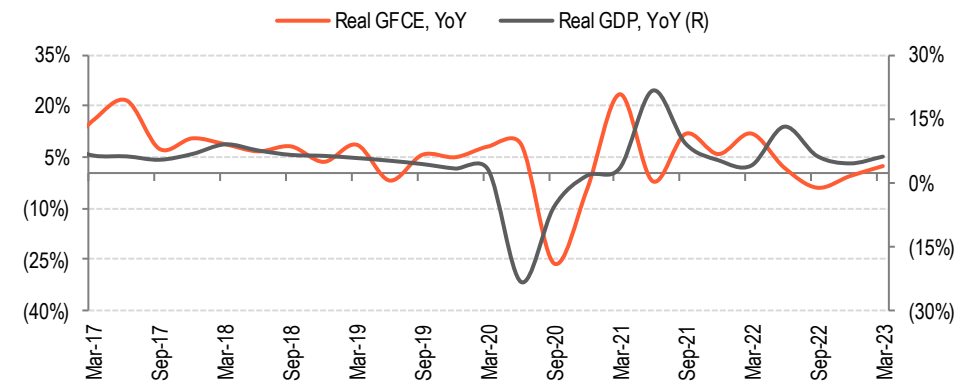


Fig 9 – General govt. revenue spending dips

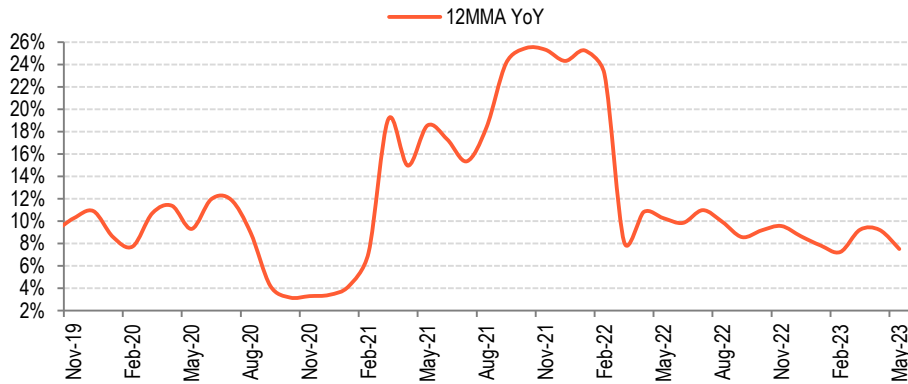
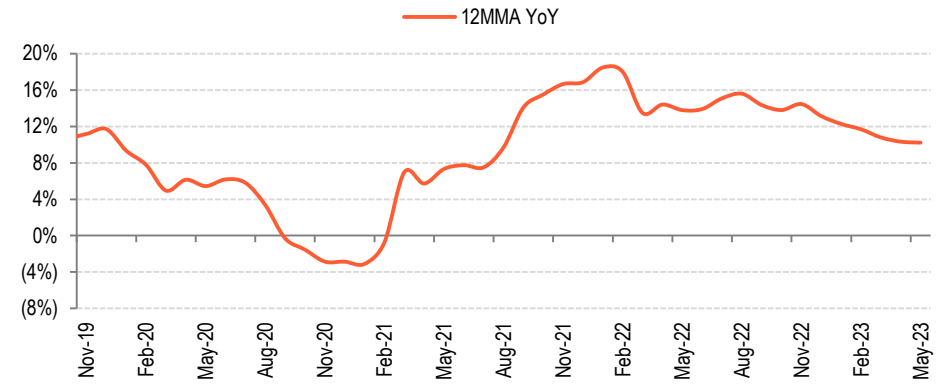


Fig 10 – ...State\* govt. revenue spending remains steady



Note: \*All states excluding N.E states, A.P., Goa, J&K and Karnataka

Non-oil imports, electronic imports

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

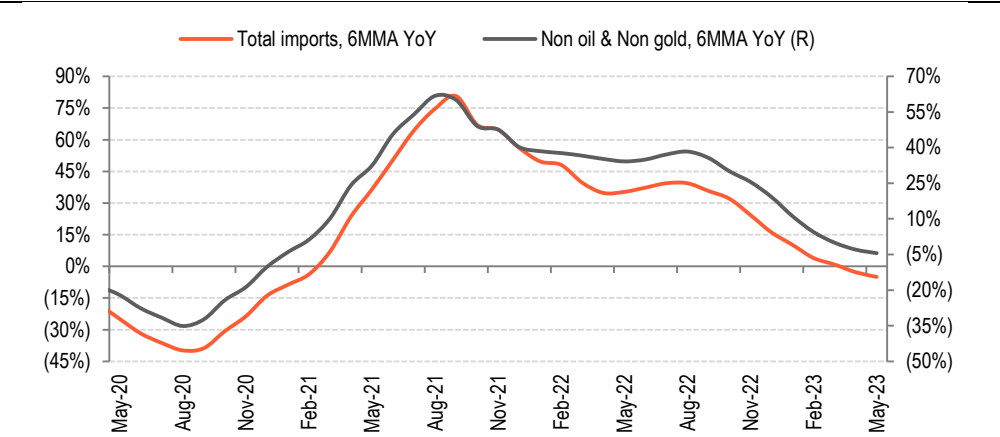


Fig 12 – Growth in electronic import scales up

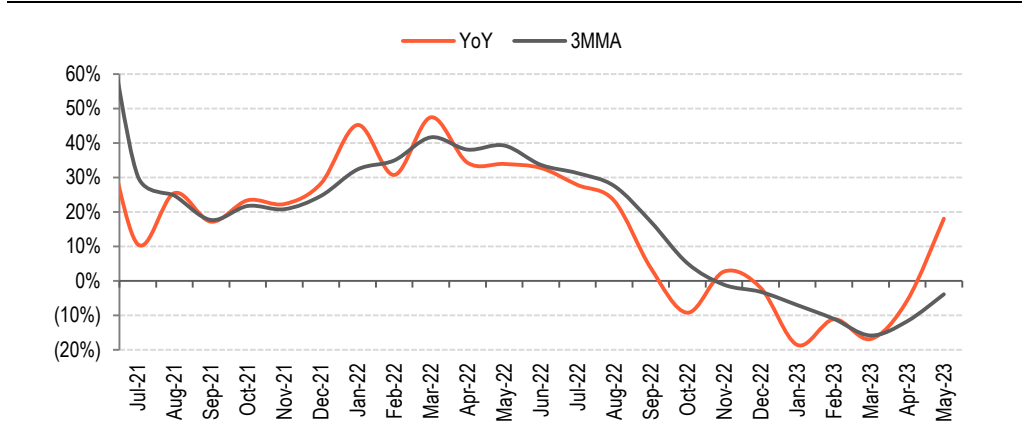


Fig 13 – Retail passenger vehicle sales decline in Jun'23

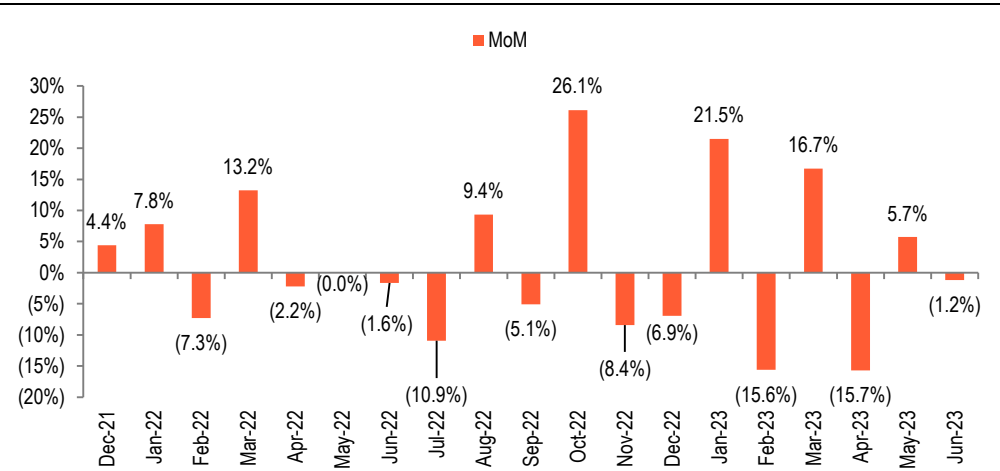
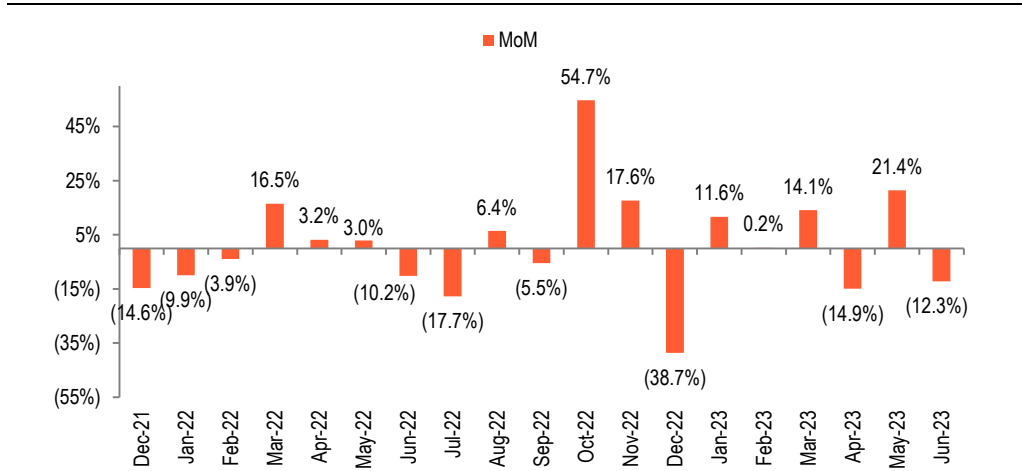


Fig 14 – Growth in Two-wheeler sales disappointed



Source: FADA

Credit deployment of personal loans

Fig 15 – Higher growth in credit card loan

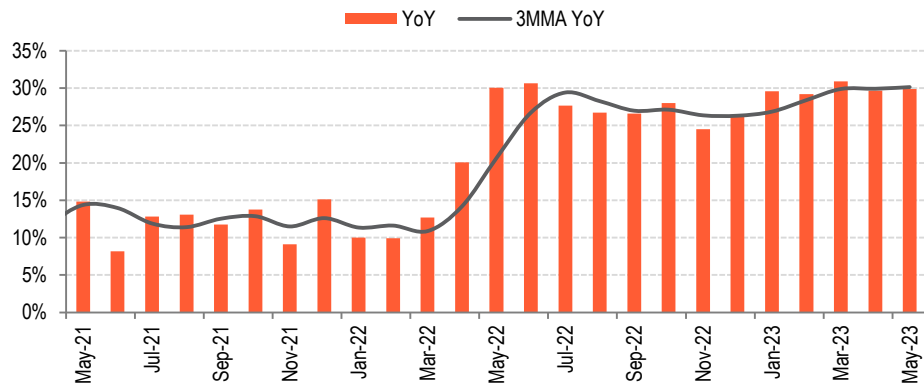


Fig 16 – Growth in personal loan moderates a little

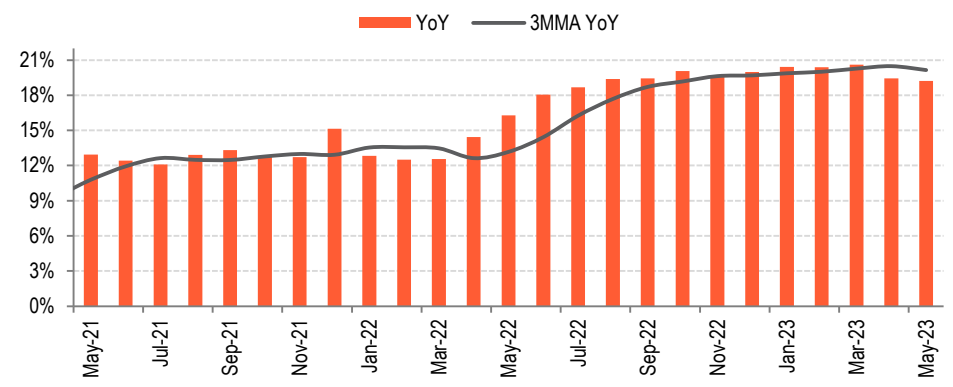


Fig 17 – Vehicle loans growth eases further

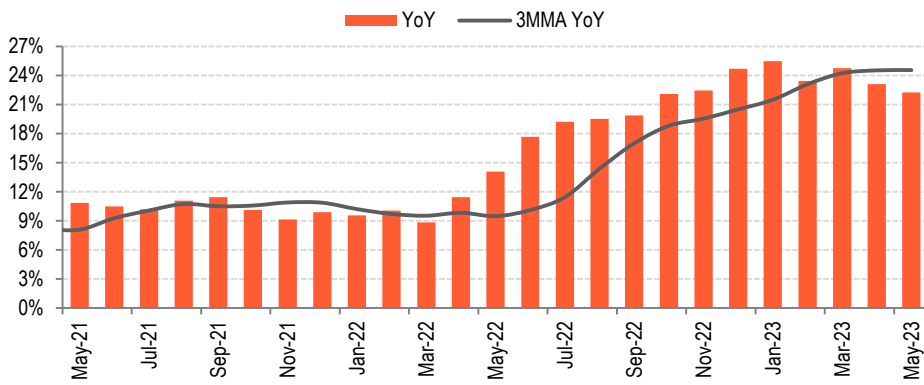
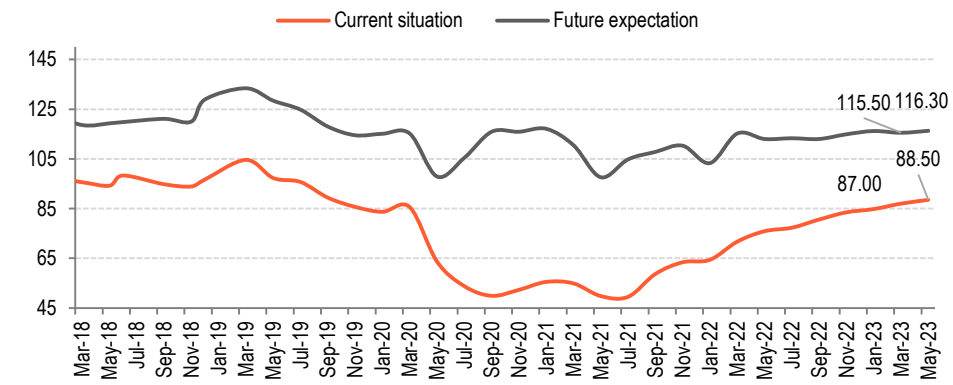
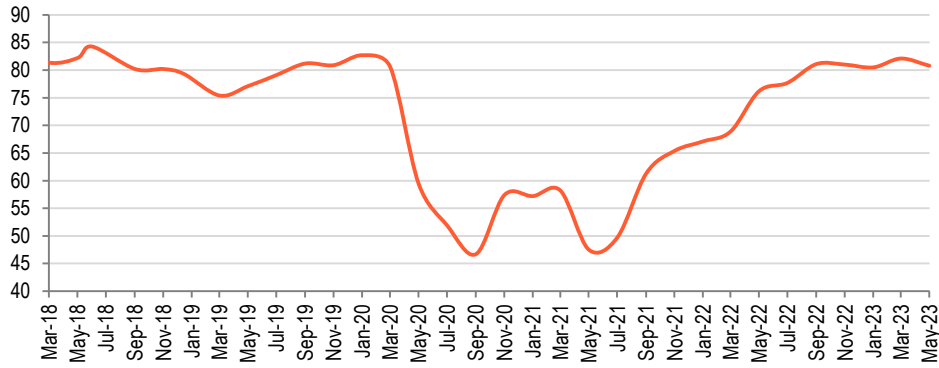


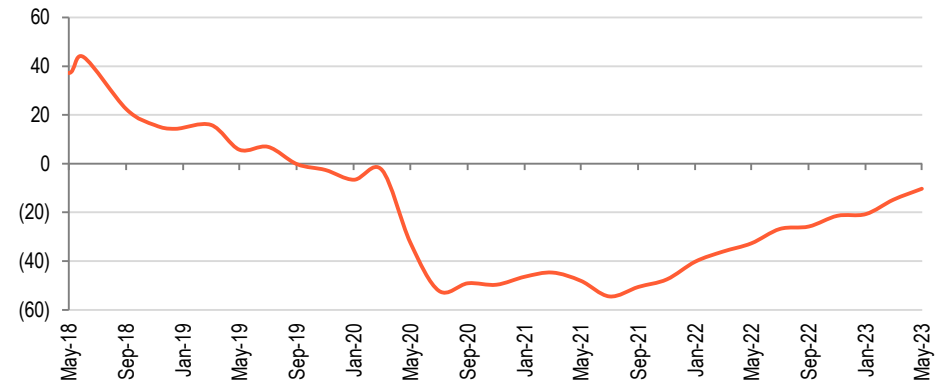
Fig 18 – Consumer's remained optimistic



**Fig 19 – RBI’s essential spending signals some moderation**

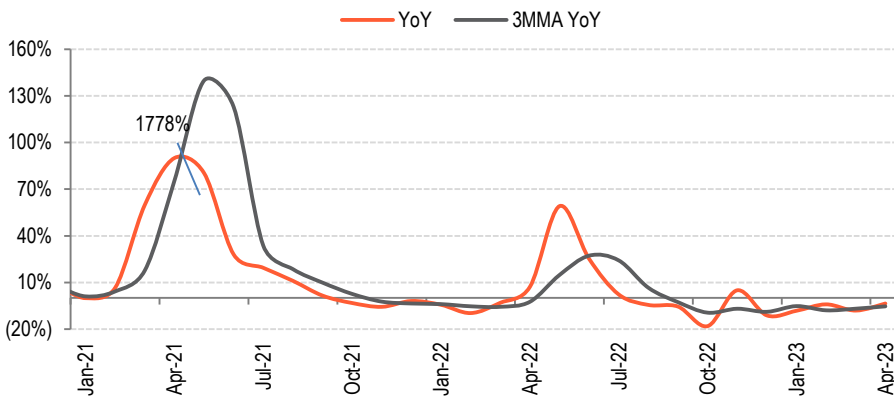


**Fig 20 – ...non-essential spending however continues to scale new heights**

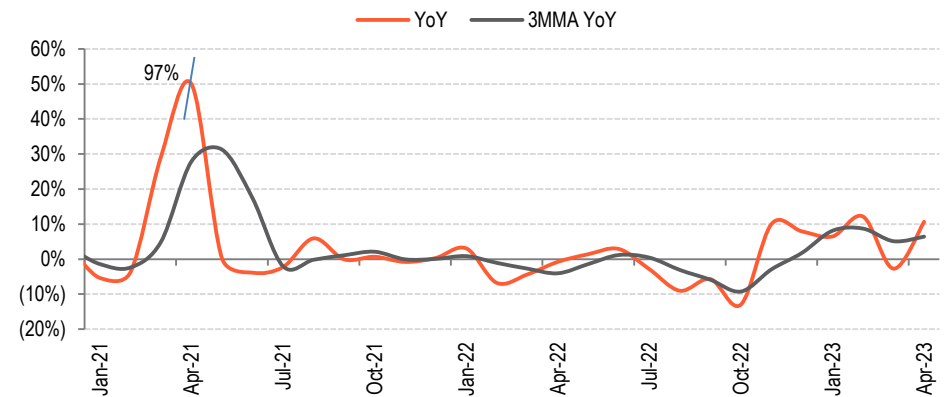


**Consumer durables & non-durables production**

**Fig 21 – Consumer durables growth edges up**



**Fig 22 – FMCG output back in green in Apr'23**





Agriculture

Fig 23 – Foodgrain stocks continue to be higher than last year

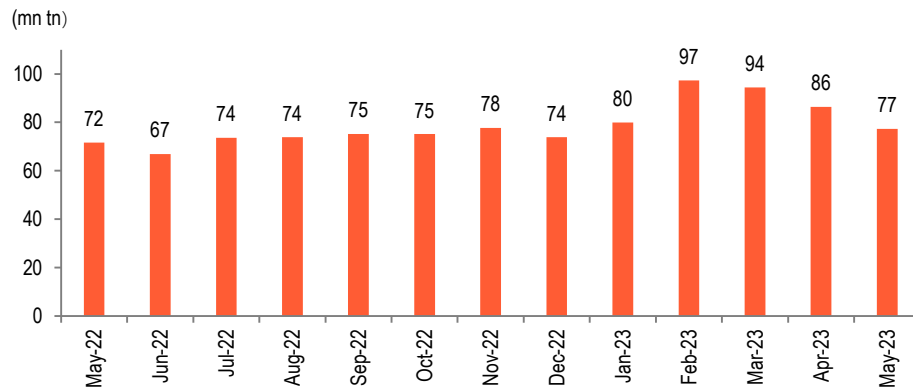
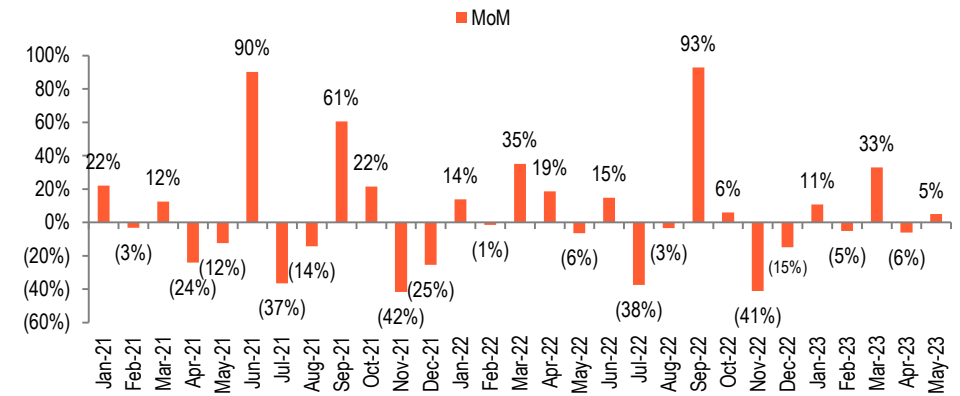


Fig 24 – Higher Tractor sales in May'23



Note: Tractor sales including exports

Fig 25 – Robust growth in Agriculture credit

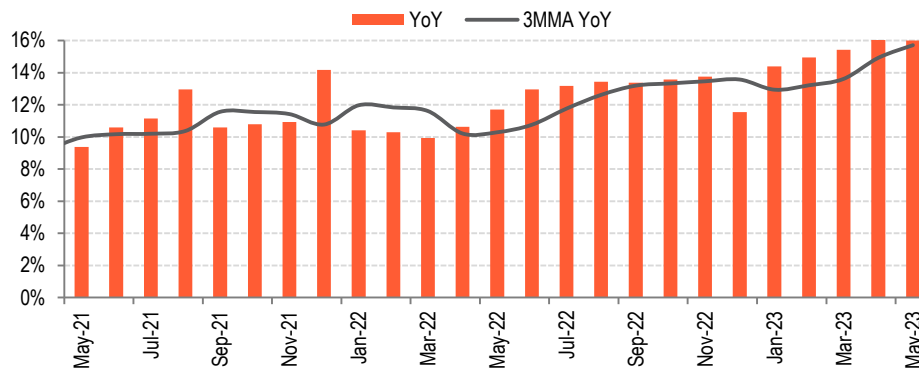
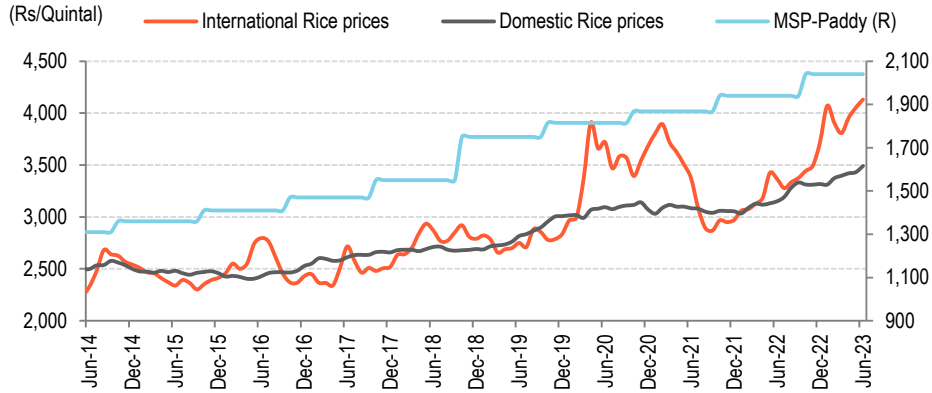


Fig 26 – Procurement of rice and wheat

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	53.4*
2023-24	26.19	

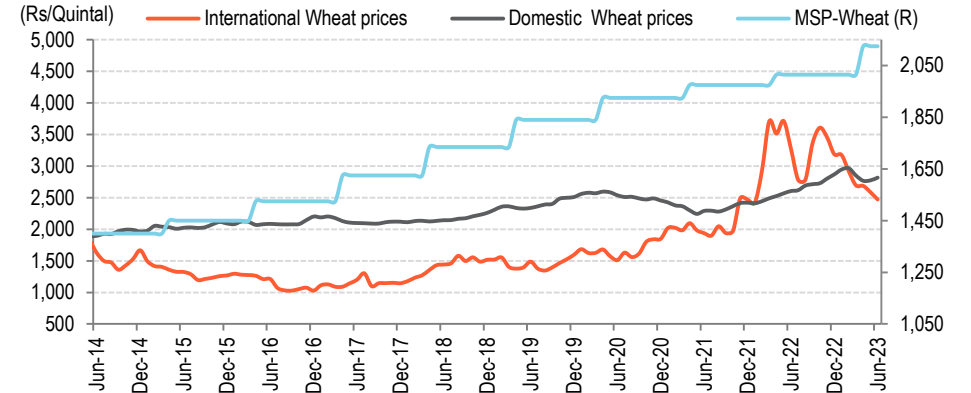
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 May 2023

**Fig 27 – Both domestic and International rice price edge upwards**



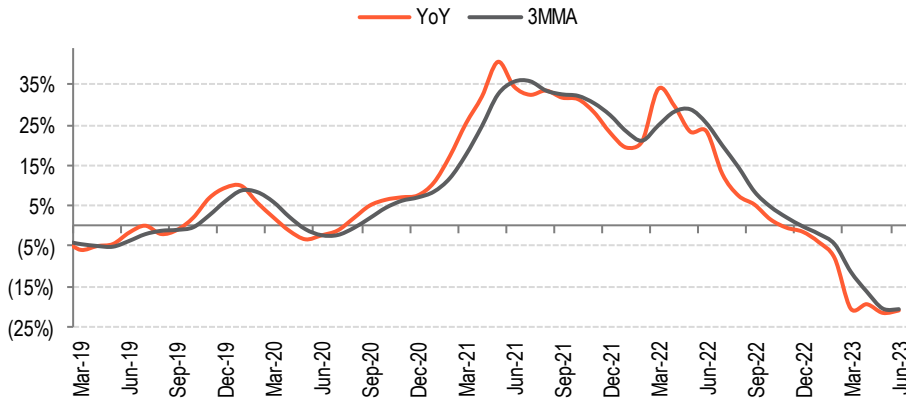
Source: World Bank

**Fig 28 – International wheat prices slips: Domestic prices inch up**



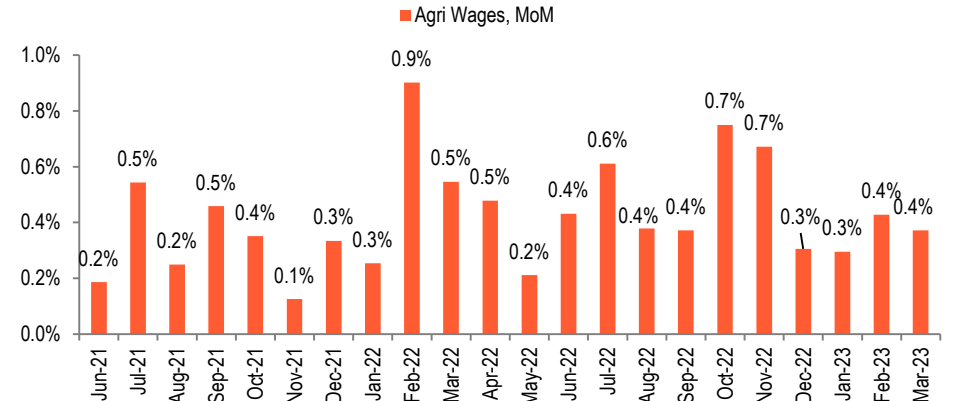
Source: World Bank

**Fig 29 – Global food prices decline at a slower pace in Jun'23**



Source: FAO

**Fig 30 – Wage growth (men) remains steady**



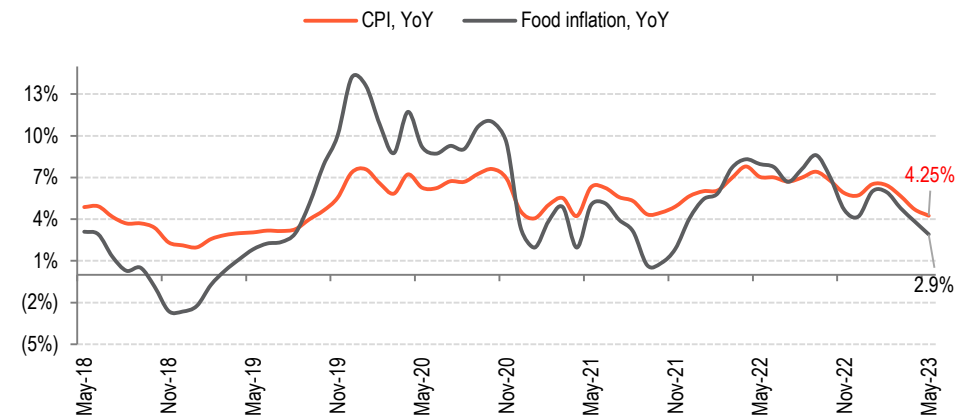
**Fig 31 – Kharif sowing is higher compared with last year**

Crop Type (mn ha)	Area sown in 2023-24	Area sown in 2022-23	Growth (YoY%)
Foodgrains	8.1	7.7	5.2
Cereals	6.3	5.8	7.4
Rice	2.7	3.6	(26.3)
Pulses	1.8	1.9	(1.9)
Oilseeds	2.2	1.9	14.6
Cotton	4.0	4.7	(13.9)
Sugarcane	5.4	5.3	2.8
Jute and Mesta	0.6	0.7	(11.8)
<b>Total</b>	<b>20.32</b>	<b>20.2</b>	<b>0.4</b>

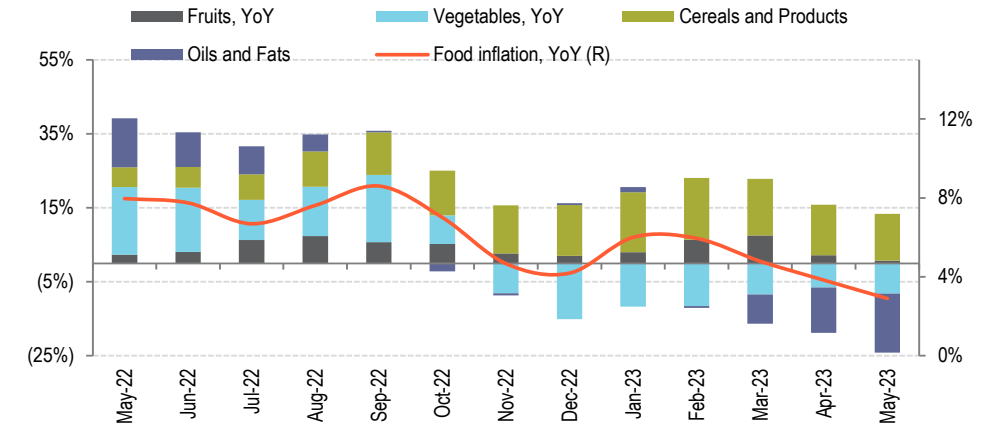
Note: For the week ended 30 Jun 2023

## Inflation

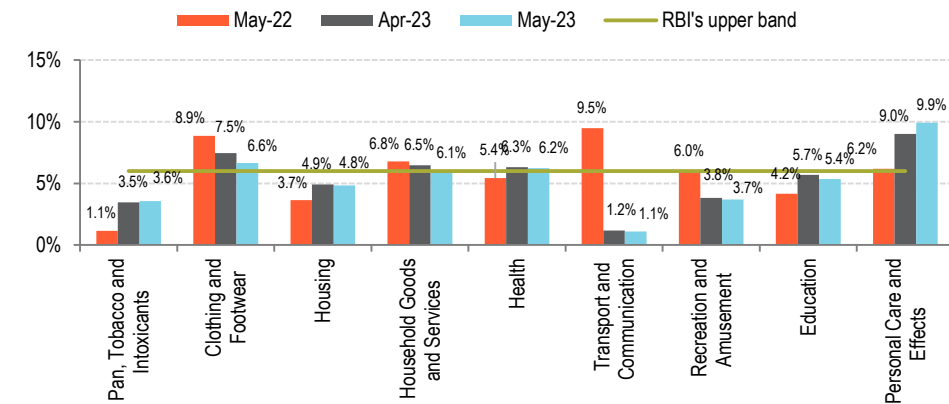
**Fig 32 – Headline CPI moderated to its lowest since Apr'21 to 4.3% in May'23 from 4.7% in Apr'23, driven by sharp fall in food inflation (90bps fall)**



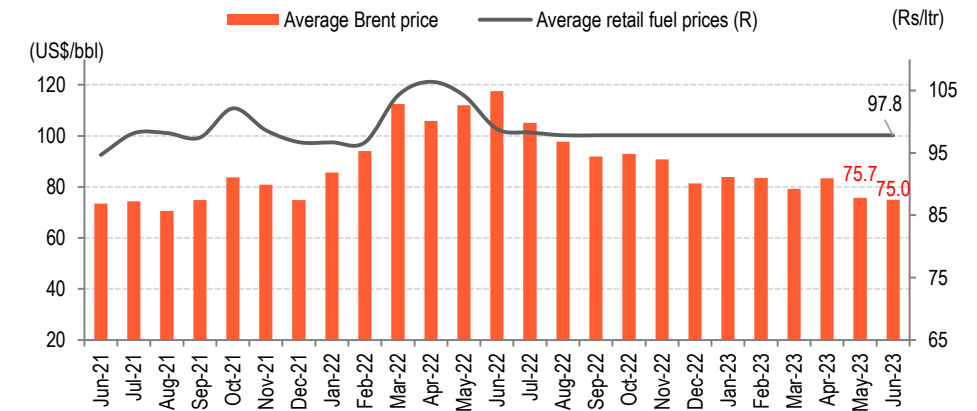
**Fig 33 – ...Dip in food inflation was driven by vegetables, fruits, oil and fats etc.**



**Fig 34 – Even core inflation and its sub-components showed softening**



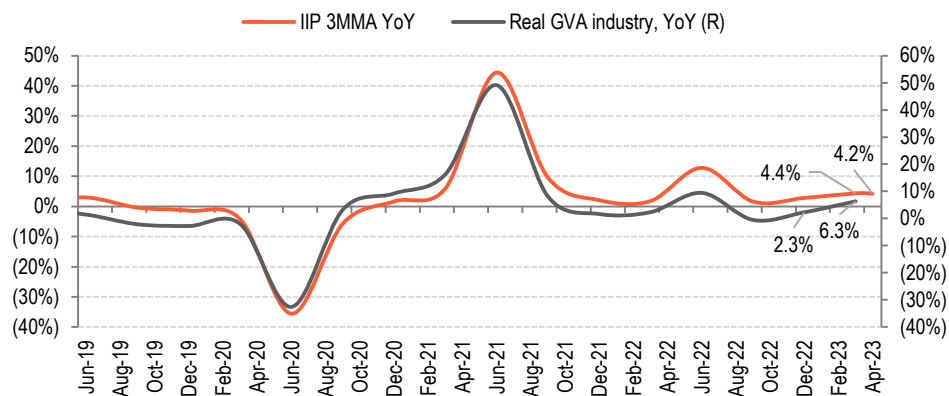
**Fig 35 – Domestic retail prices was stable at Rs 98/lt, however international crude prices edged down to US\$ 75/bbl in Jun'23 from US\$ 75.7/bbl in May'23**



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

## Industry

Fig 36 – IIP growth improves



Note: Apr'23 data is on YoY basis

Fig 37 – Sectorwise growth lower in FY23 against FY22

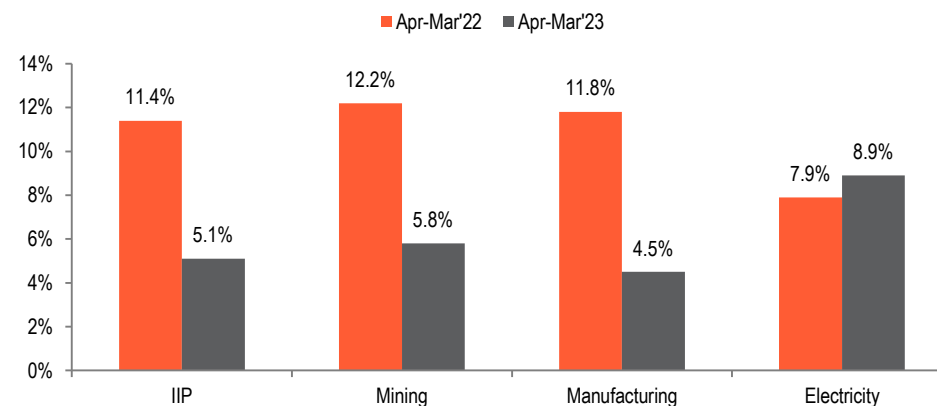
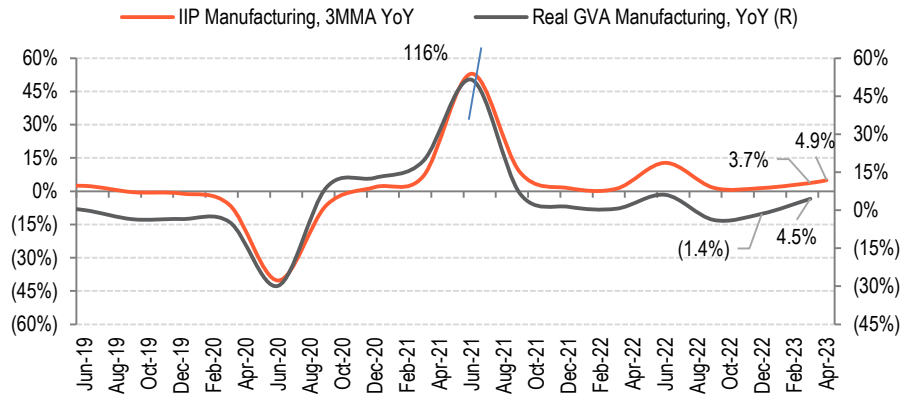


Fig 38 – IIP growth moves up

Sectoral (%)	Weight	Apr-23	Mar-23	Apr-22	Apr-Mar'23	Apr-Mar'22
IIP	100.0	4.2	1.7	6.7	5.2	11.4
Mining	14.4	5.1	6.8	8.4	5.8	12.2
Manufacturing	77.6	4.9	1.2	5.6	4.7	11.8
Electricity	8.0	(1.1)	(1.6)	11.8	8.9	7.9
<b>Use-Based</b>						
Primary Goods	34.1	1.9	3.3	10.3	7.5	9.7
Capital Goods	8.2	6.2	8.1	12.0	12.9	16.9
Intermediate Goods	17.2	0.8	1.0	7.1	3.8	15.4
Infrastructure and Construction Goods	12.3	12.8	5.4	4.0	8.4	18.8
Consumer Durables Goods	12.8	(3.5)	(8.4)	7.2	0.6	12.5
Consumer Non-Durables Goods	15.3	10.7	(3.1)	(0.8)	0.5	3.2

## Manufacturing

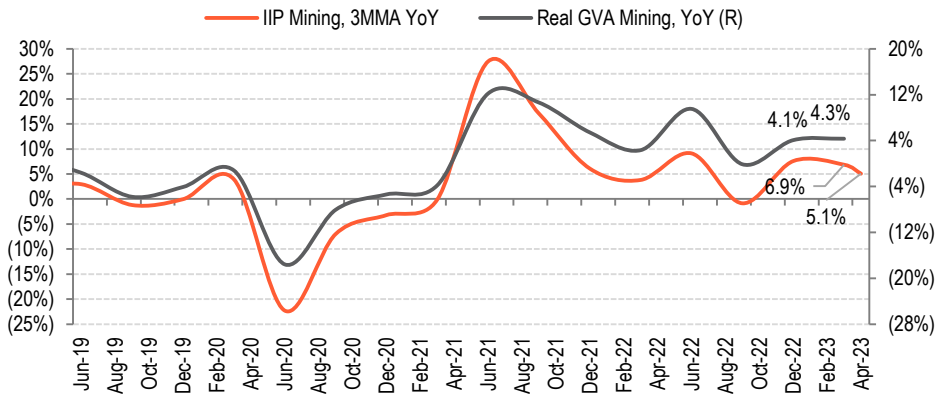
Fig 39 – Manufacturing growth edge upwards



Note: Apr'23 data is on YoY basis

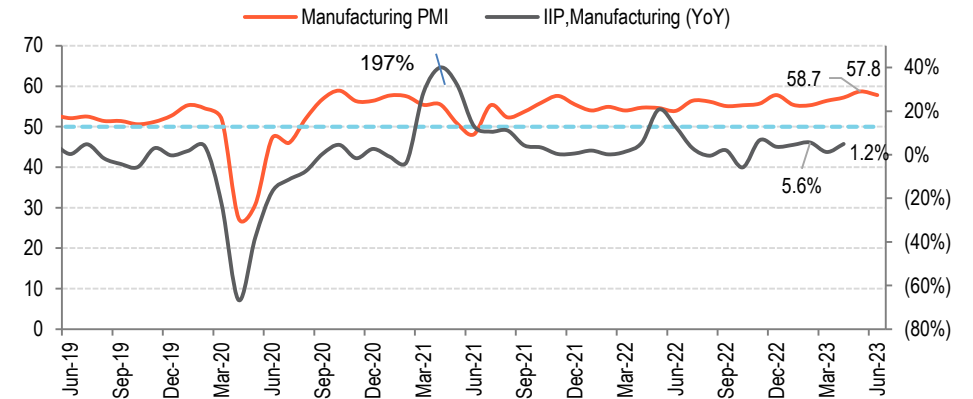
## Mining & Electricity

Fig 41 – Mining activity slips in Apr'23



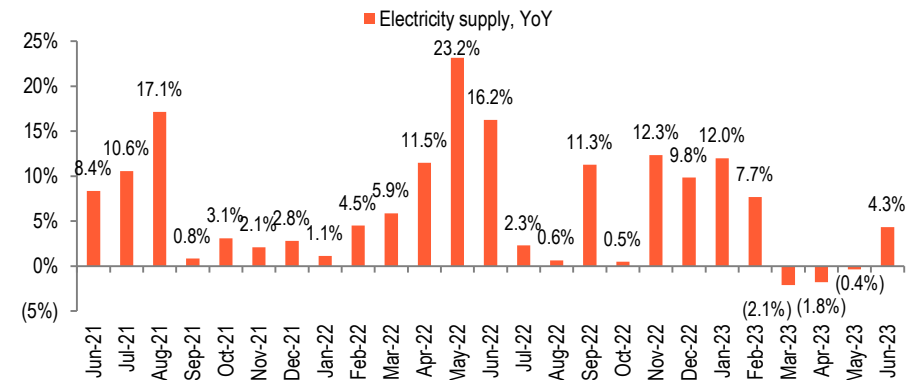
Note: Apr'23 data is on YoY basis

Fig 40 – Manufacturing PMI softens in Jun'23



Source: Markit

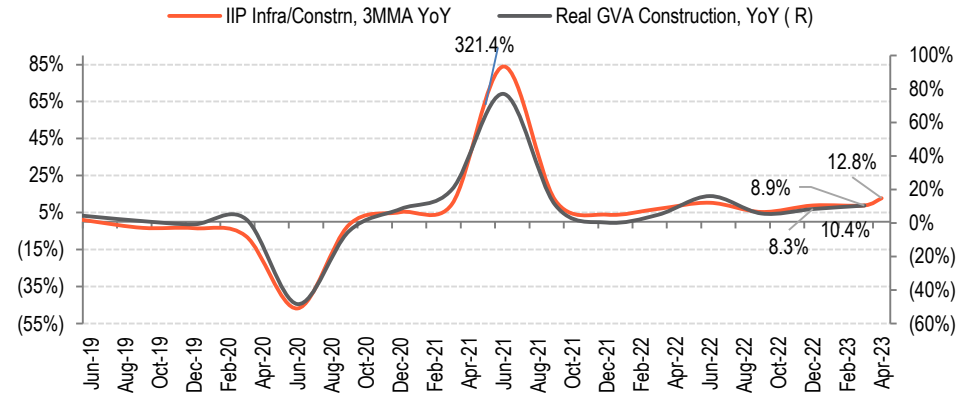
Fig 42 – Growth rebounds in Jun'23



Source: Posoco. Note: Average Energy Met (MU)

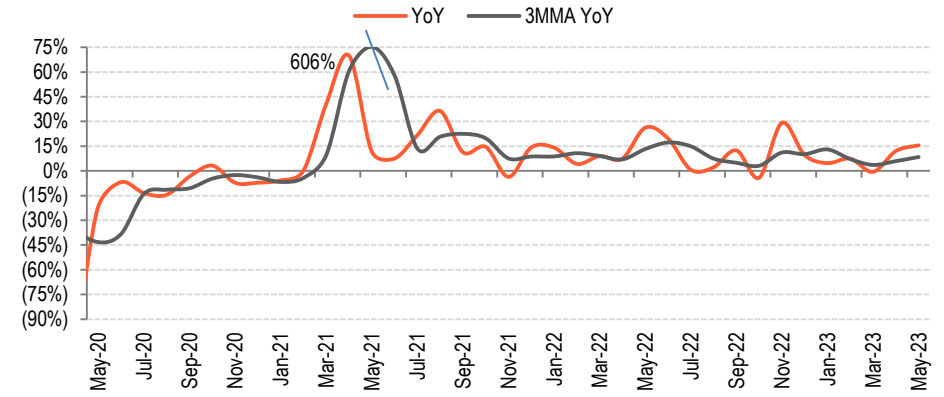
Infrastructure and construction

Fig 43 – Construction sector output expected to be higher in Q1FY24



Note: Apr'23 data is on YoY basis

Fig 44 – Cement production improves in May'23



Infrastructure index

Fig 45 – Growth in infrastructure index slows marginally

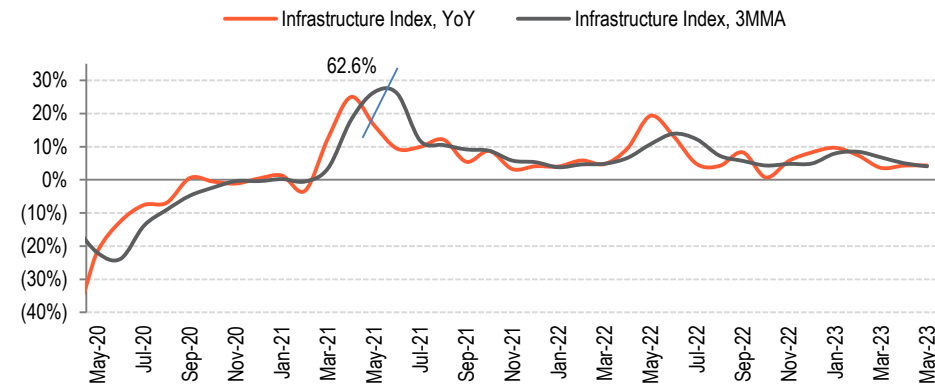
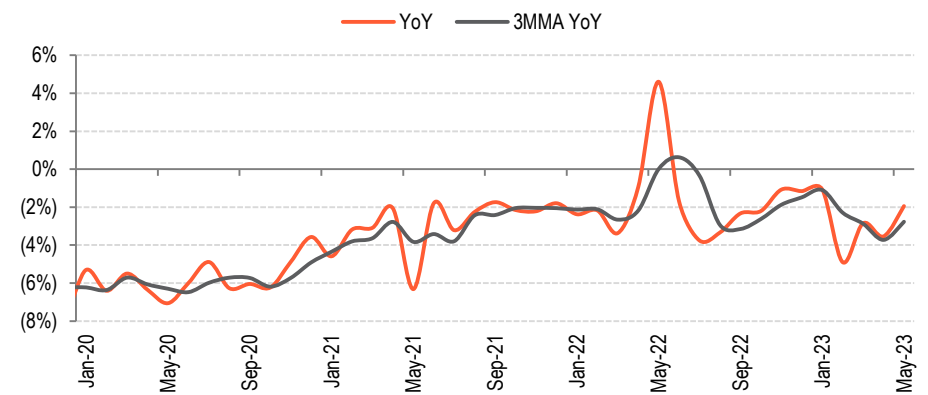


Fig 46 – Crude oil Output contracts at a much slower pace



Auto production & business expectation index

Fig 47 – Auto production improves further in May'23

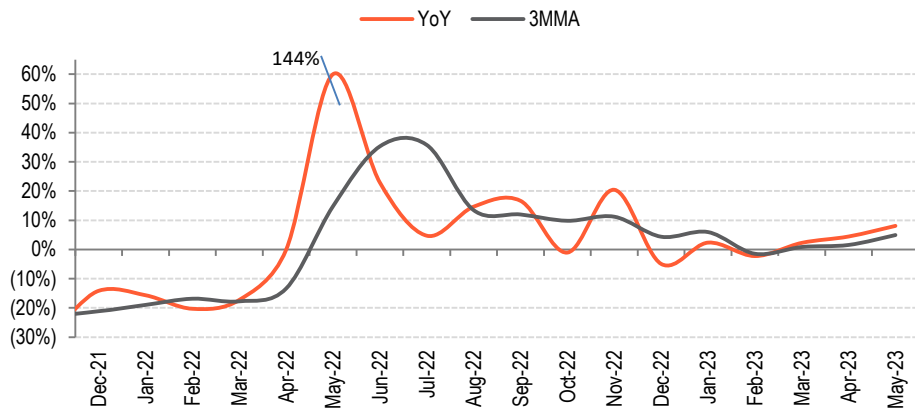


Fig 48 – Business sentiment moderates

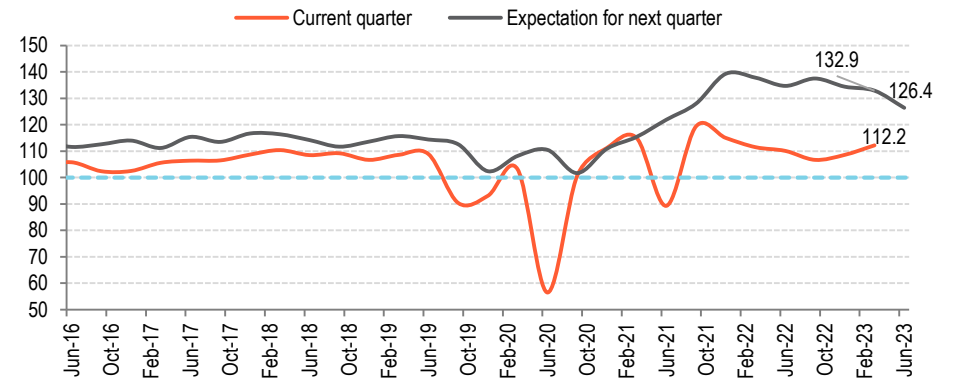


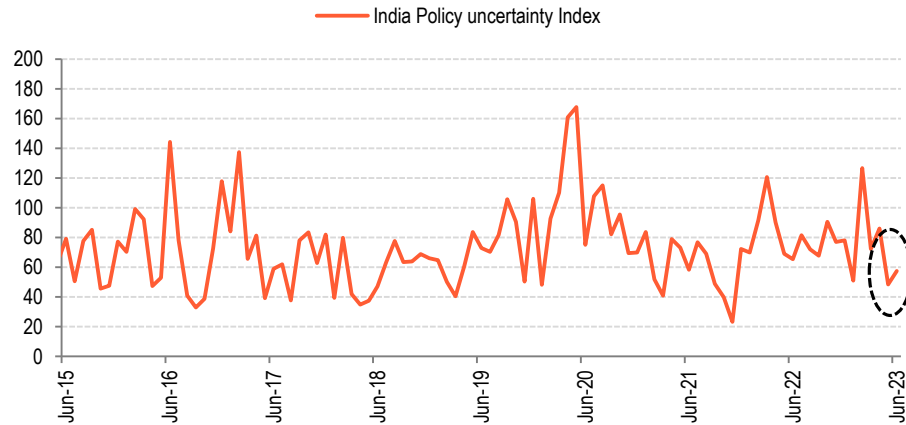
Fig 49 – Steady growth in Core sector

(%)	Weight	May-23	Apr-23	May-22	Apr-May'24	Apr-May'23
Infrastructure Index	100	4.3	4.3	19.3	4.3	14.3
Coal	10.3	7.2	9.1	33.5	8.2	31.8
Crude Oil	9.0	(1.9)	(3.5)	4.6	(2.7)	1.8
Natural Gas	6.9	(0.3)	(2.8)	7.0	(1.5)	6.7
Petroleum Refinery Products	28.0	2.8	(1.5)	16.7	0.7	12.8
Fertilizers	2.6	9.7	23.5	22.9	15.7	16.4
Steel	17.9	9.2	15.3	15.1	12.2	8.6
Cement	5.4	15.5	12.0	26.2	13.7	15.9
Electricity	19.9	(0.3)	(1.1)	23.5	(0.7)	17.4



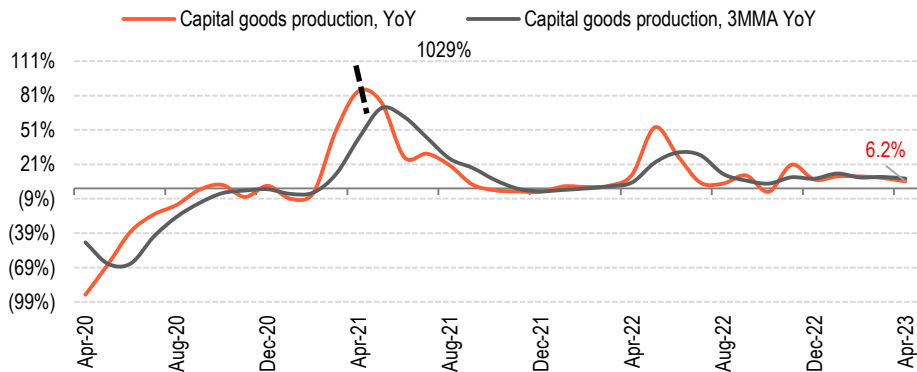
## Investment

**Fig 50 – Policy uncertainty in India inched up in Jun'23**

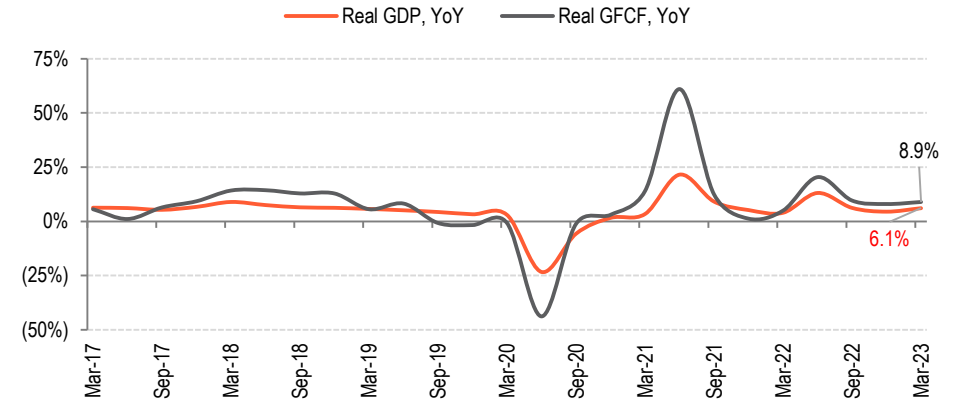


Note: RE\*: 2<sup>nd</sup> Revised Estimate, \*\*1<sup>st</sup> Revised Estimate, PE: Provisional Estimate

**Fig 52 – Capital goods production moderated to 6.2% in Apr'23 from 9.1% in Mar'23**

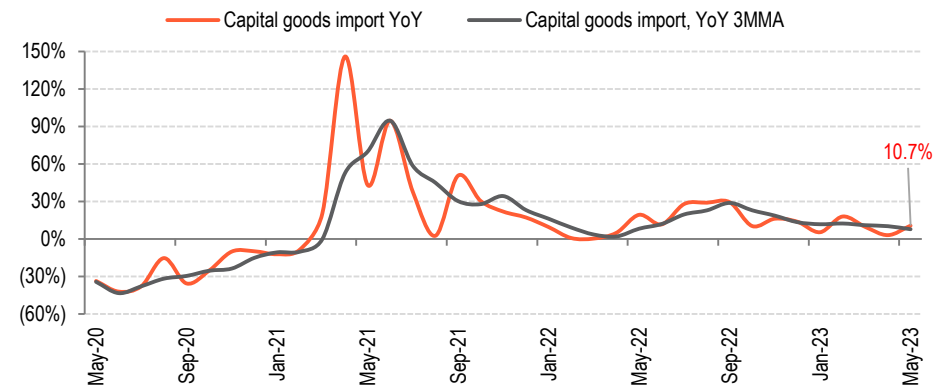


**Fig 51 – GFCF growth picked up to 8.9% in Q4FY23 compared to 8% in Q3, GDP growth picked up to 6.1% from 4.5% in Q3**

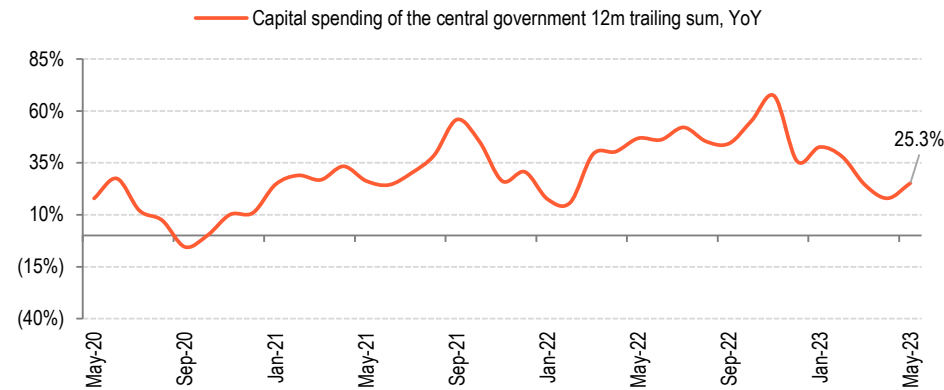


Source: policyuncertainty.com

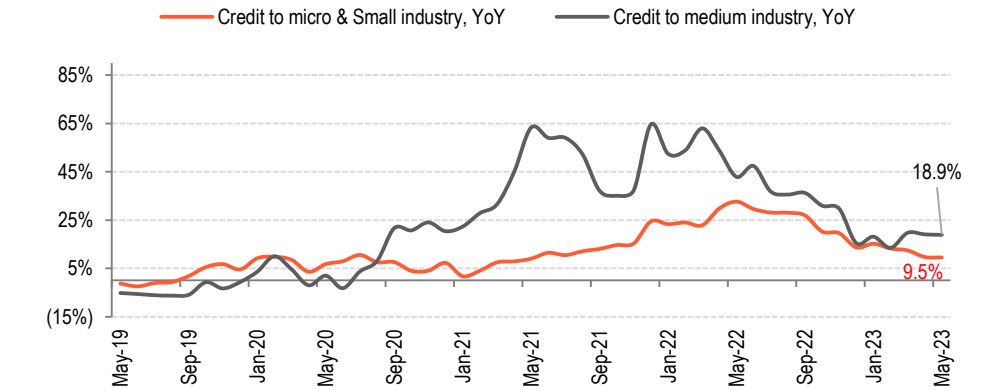
**Fig 53 – Capital goods imports rose to 10.7% in May'23 from 3.1% in Apr'23, despite an unfavourable base**



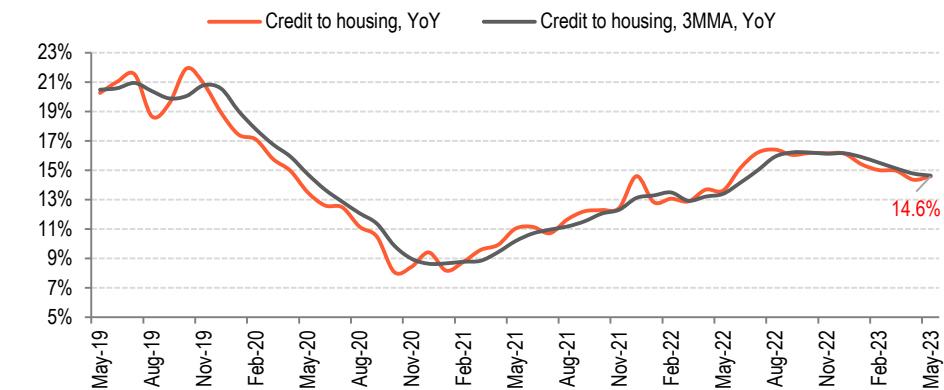
**Fig 54 – Centre’s capex spending noted growth of 25.3% in May’23 from 17.9% in Apr’23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24**



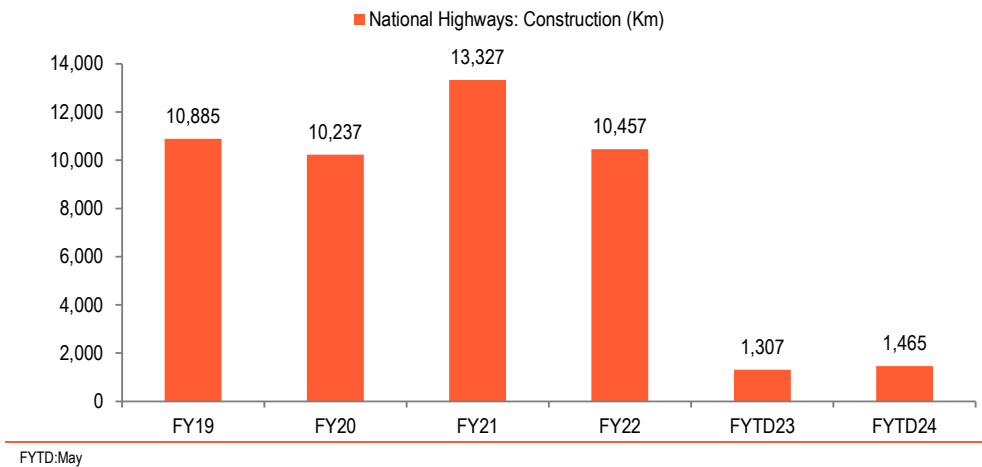
**Fig 55 – Credit to micro and small industry moderated to 9.5% in May’23 from 9.7% in Apr’23, for medium industry it inched down slightly to 18.9% from 19.1%**



**Fig 56 – Credit to housing sector inched up to 14.6% in May’23 from 14.3% in Apr’23**

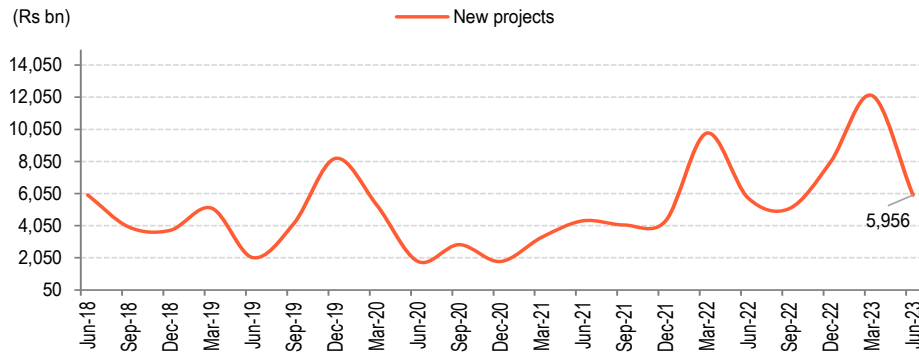


**Fig 57 – Highway construction is gaining pace**



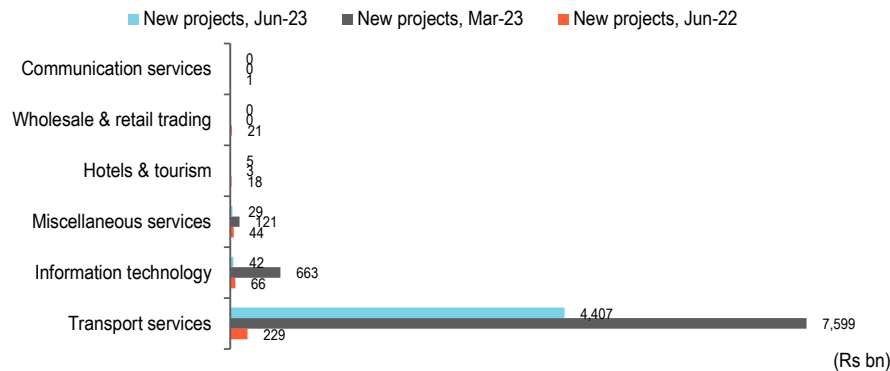
Capex data

**Fig 58 – New project announcements moderated to Rs 6tn in Jun'23 from Rs 12.2tn in Mar'23, however it is higher than Rs 5.9tn level seen in Jun'22**



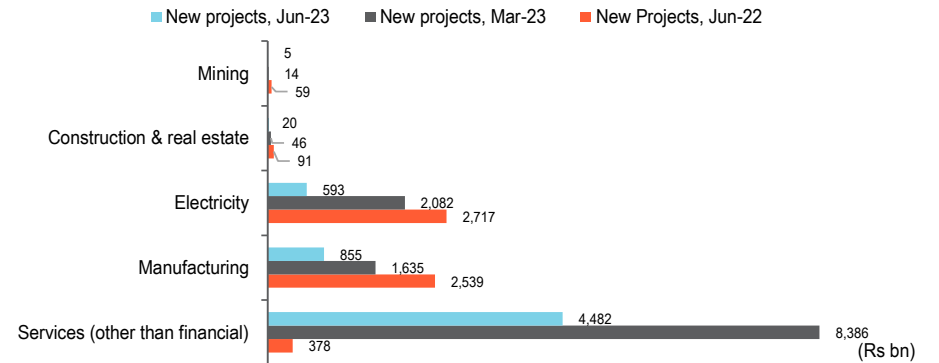
Source: CMIE

**Fig 60 – ...within services as well, its not broad based and tilted towards transport services**



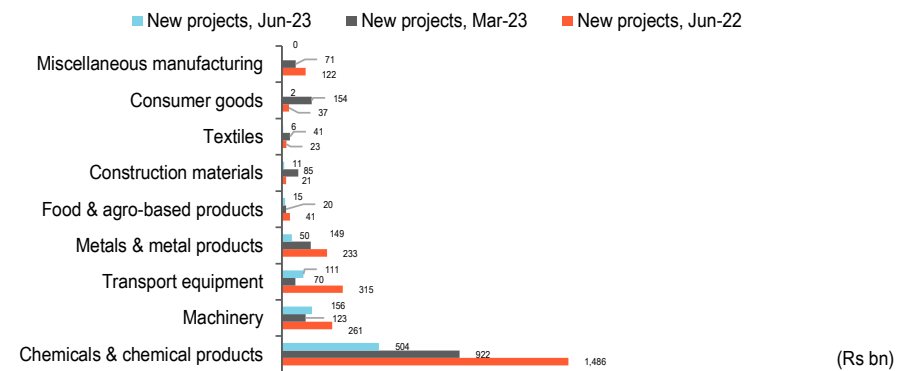
Source: CMIE

**Fig 59 – ...Moderation in announcements were visible across all sectors, only services sector outshined the Jun'22 level**



Source: CMIE

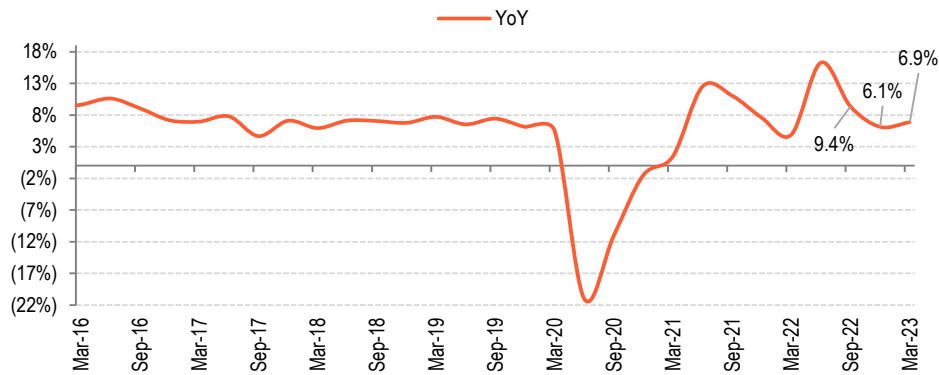
**Fig 61 – Within industry, announcements are a bit dismal**



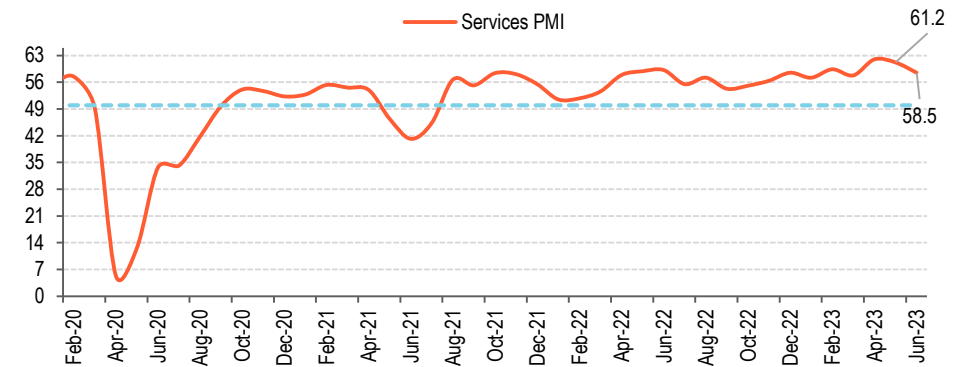
Source: CMIE

## Services sector

**Fig 62 – GVA: Services activity picked up pace in Q4FY23; compared to pre-pandemic (FY20), activity rose by 36% in Q4 versus 34% in Q3**

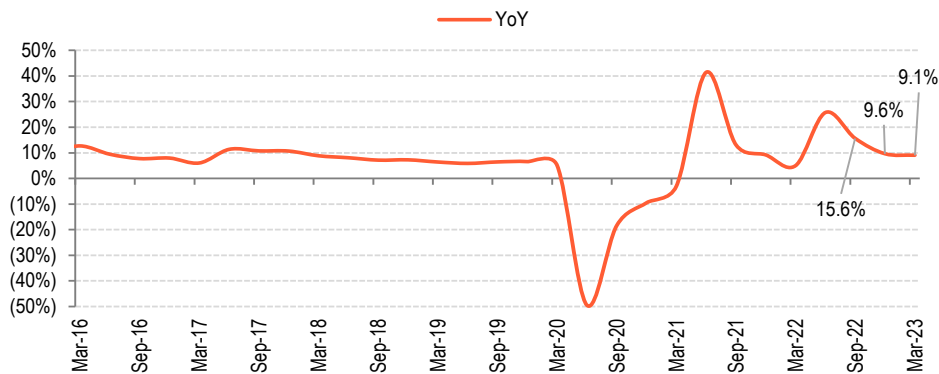


**Fig 63 – Services PMI eased further in Jun'23; however Q1FY24 average of 60.6 is still higher than last year's 58.7**

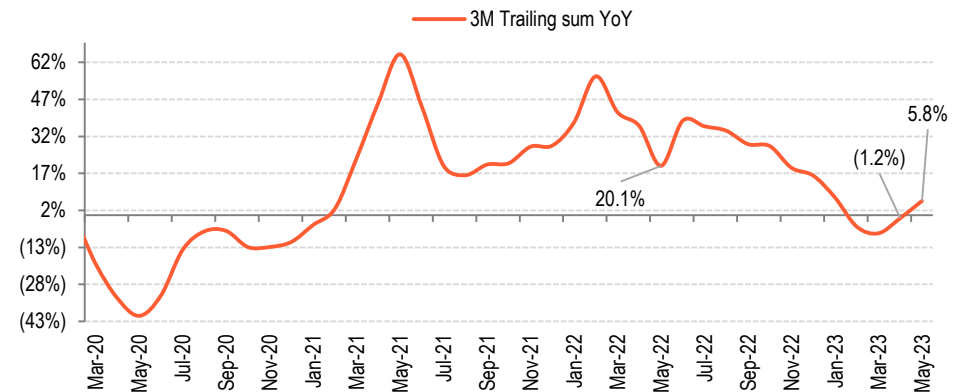


Source: Markit

**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 improved further in May'23**



Note: \*All states excluding N.E states, A.P., Goa, J&K and Karnataka

Trade

Fig 66 – Vehicle registration growth moderated in Q1FY24, owing to high base

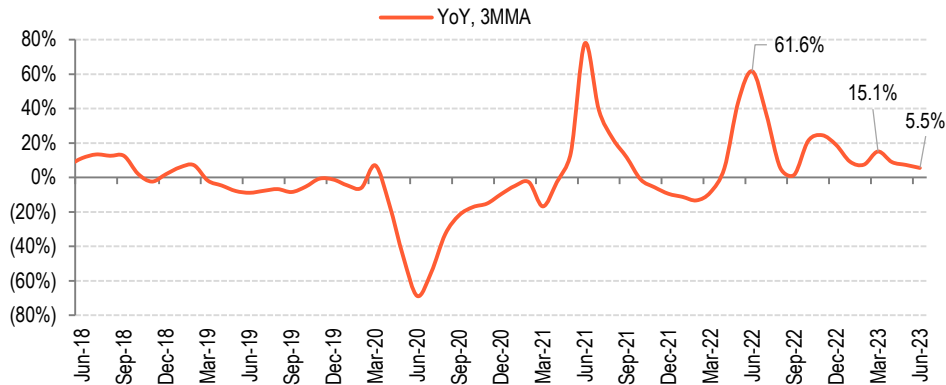


Fig 67 – Diesel consumption dipped in Jun'23, as monsoon slowed demand

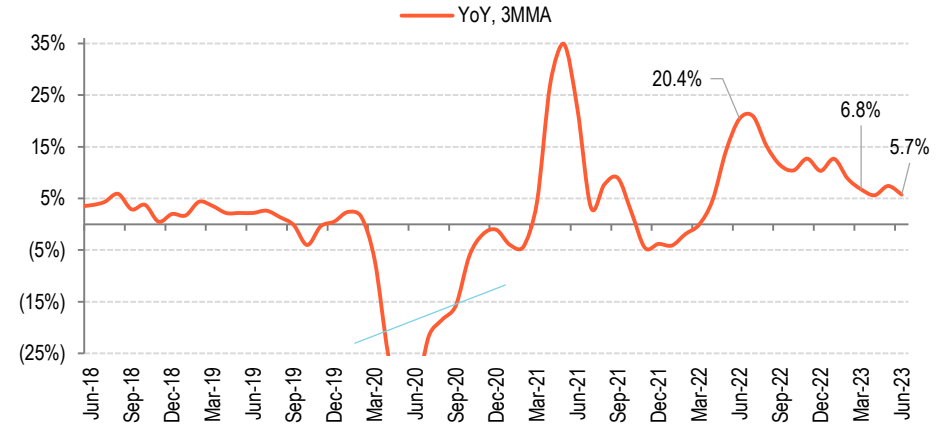


Fig 68 – Railway freight traffic movement also eased in Q1, coming off a high base

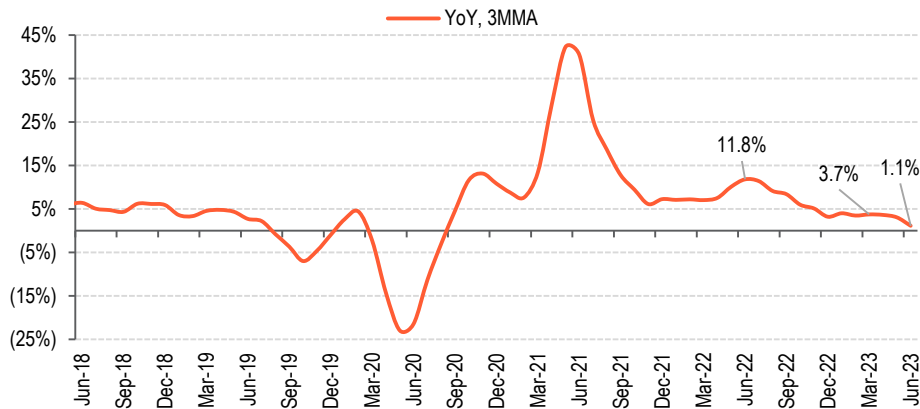
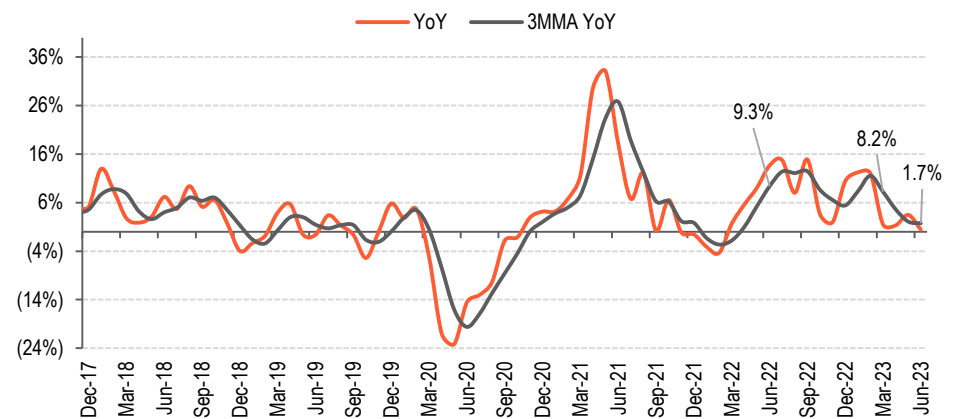
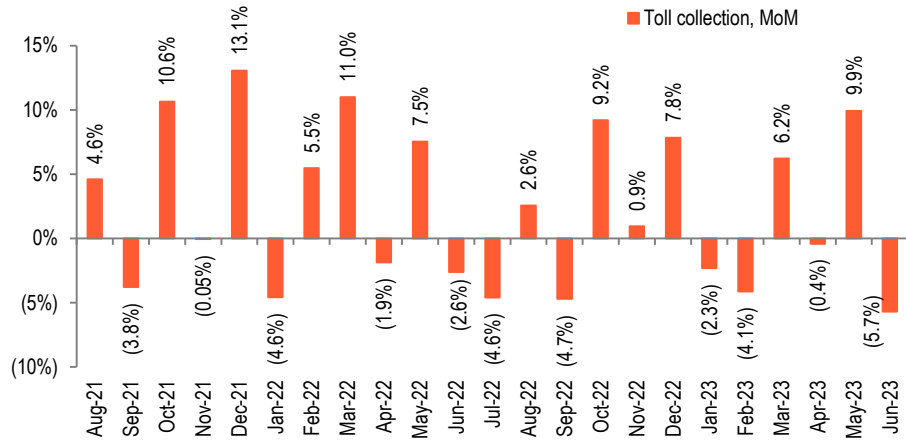


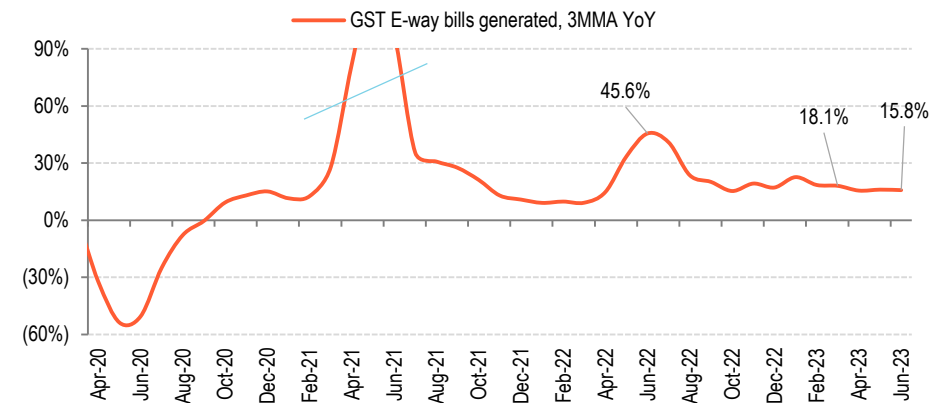
Fig 69 – Port cargo traffic also cooled off in Jun'23



**Fig 70 – Toll collections fell again in Jun'23; on a QoQ basis, Q1 was better than Q4**

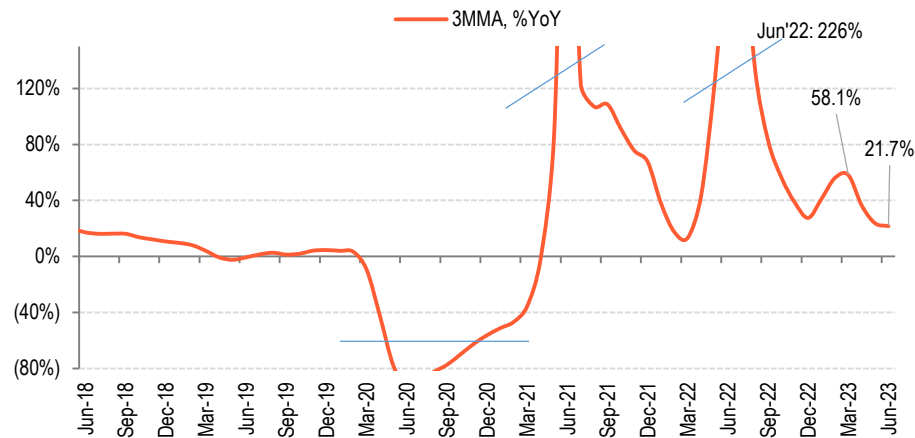


**Fig 71 – Growth in E-way bills has remained broadly steady in Q1 versus Q4**

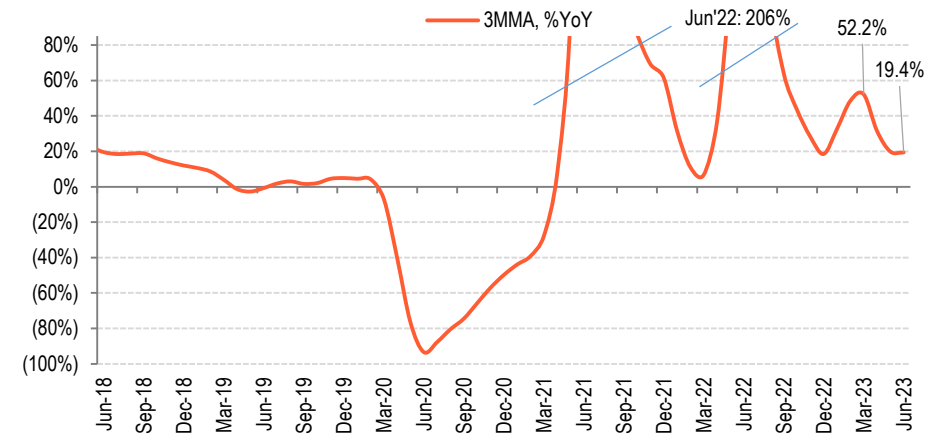


**Hotels and communications**

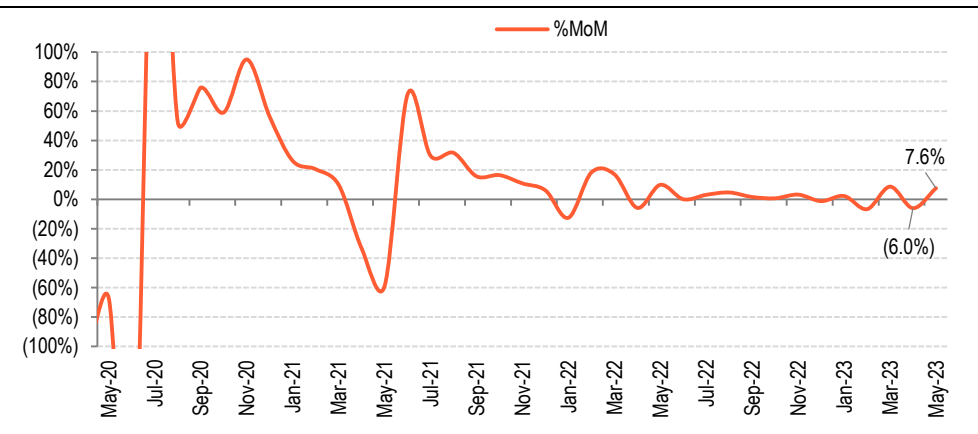
**Fig 72 – Airline passenger traffic growth impacted by high base**



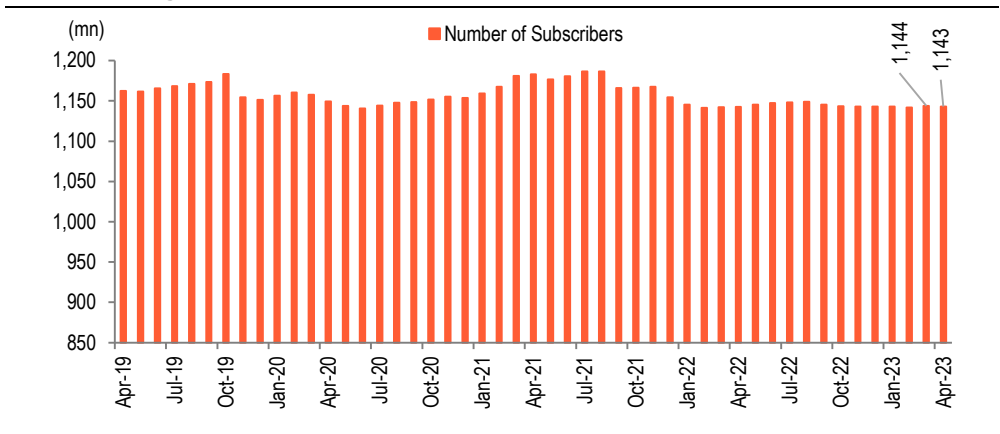
**Fig 73 – Domestic passenger growth also eased**



**Fig 74 – Railway passenger traffic picked up in May'23, led by holiday season demand**

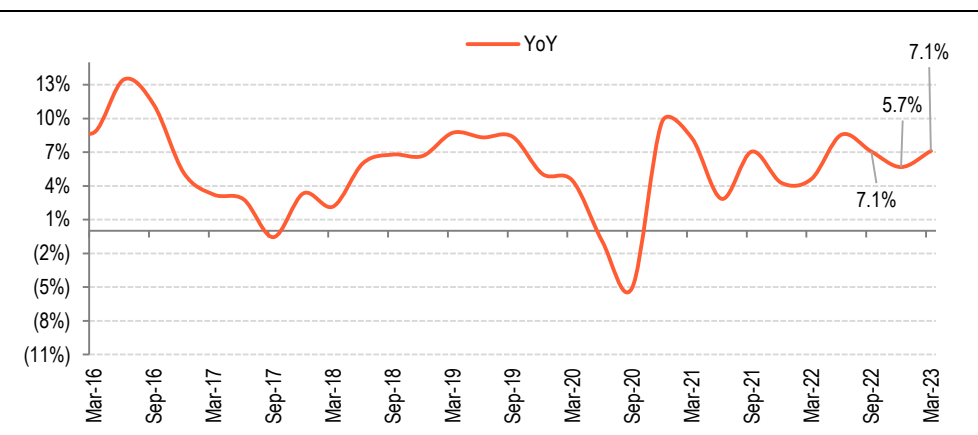


**Fig 75 – Number of telecom subscribers fell by 0.8mn in Apr'23, following 1.0mn subscribers gained in Q4FY23**

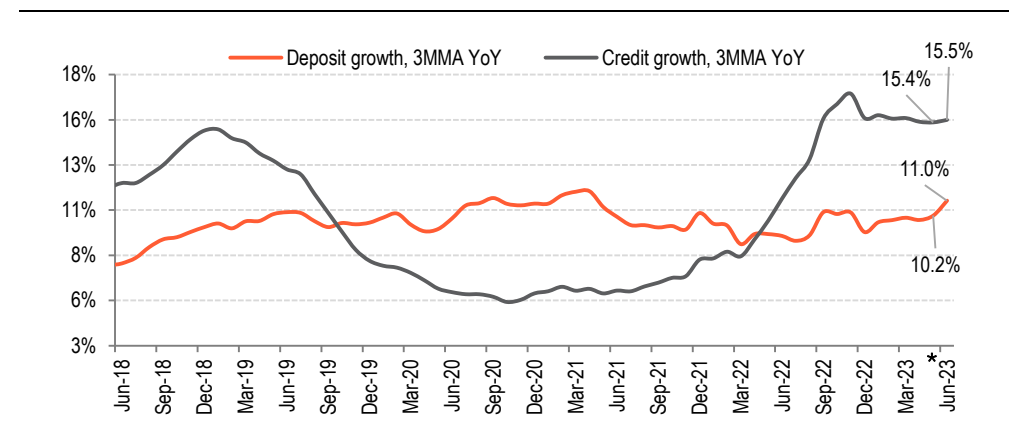


**Finance and real estate**

**Fig 76 – Growth in GVA: Finance, real estate & prof. jumped notably in Q4FY23**

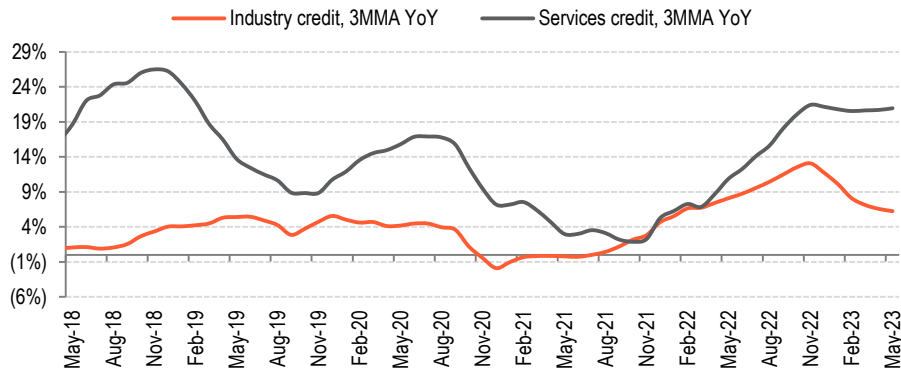


**Fig 77 – Credit growth broadly stable in Jun'23\*; Deposit growth picking up pace**

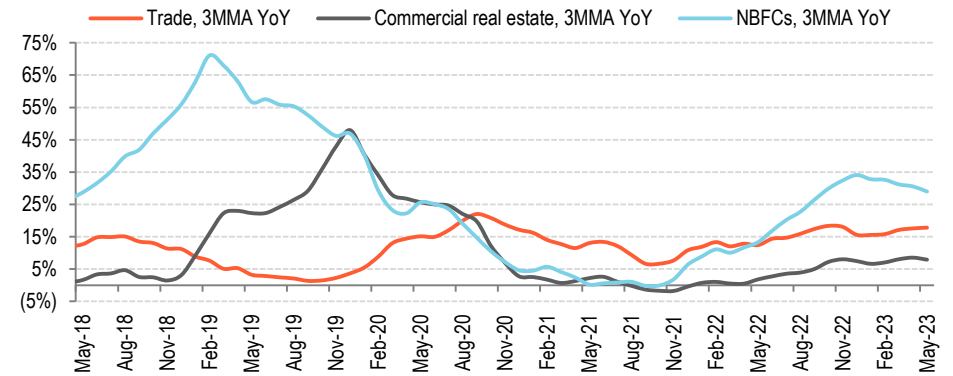


\*as of fortnight ending 16 June 2023

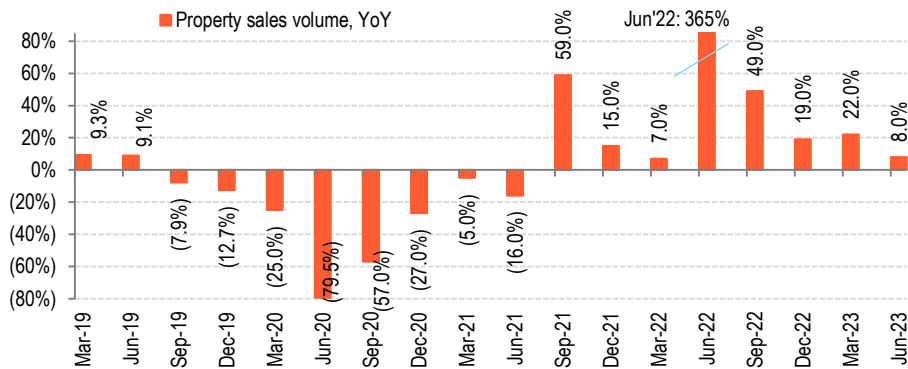
**Fig 78 – Credit to industry continues to decline; credit to services sector remains steady**



**Fig 79 – Within services, credit to trade seen rising modestly; credit to NBFCs still declining**

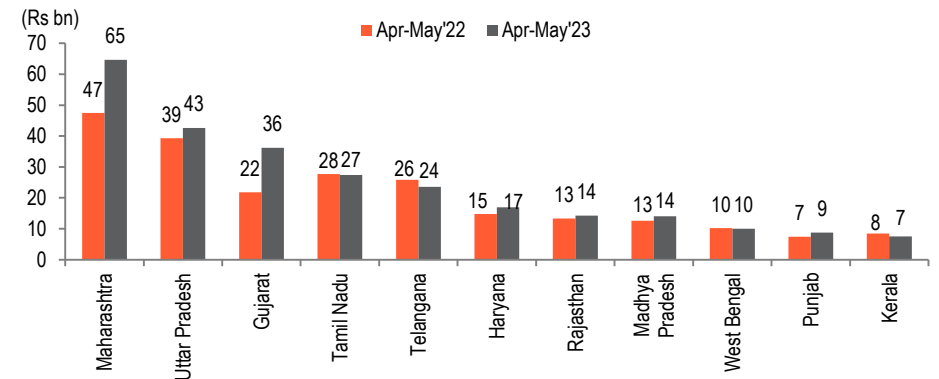


**Fig 80 – Property sales volumes in Q1FY24 slowed, on QoQ basis also declined by (-) 7%**



Source: Proptiger

**Fig 81 – Stamp duty collections of Maharashtra, UP and Gujarat start Q1 with a bang**





Labour market

Fig 82 – Naukri job index fell on sequential basis; on YoY 3MMA terms also growth eased owing to unfavourable base

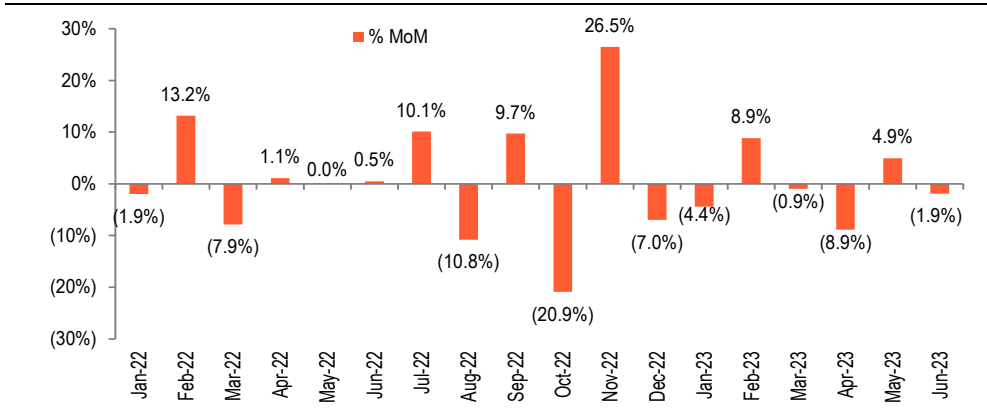
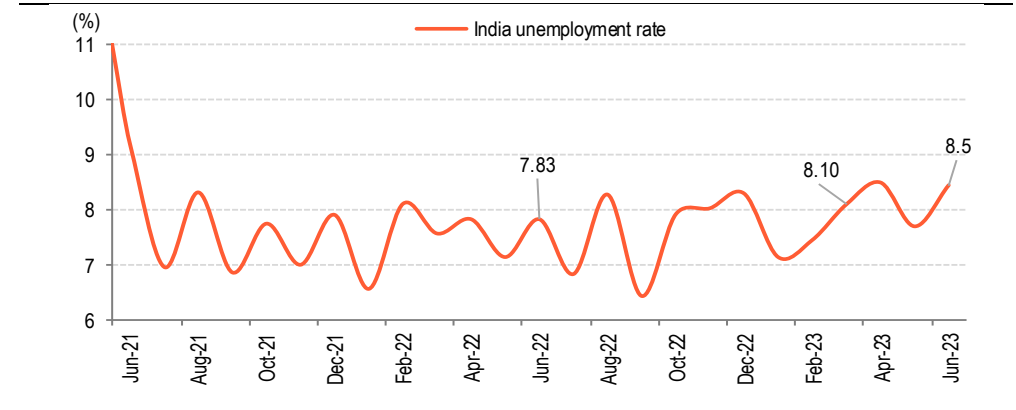


Fig 83 – Overall unemployment rate increased in Jun'23



Public administration

Fig 84 – Public administration & defence services helped boost GDP growth in Q4FY23

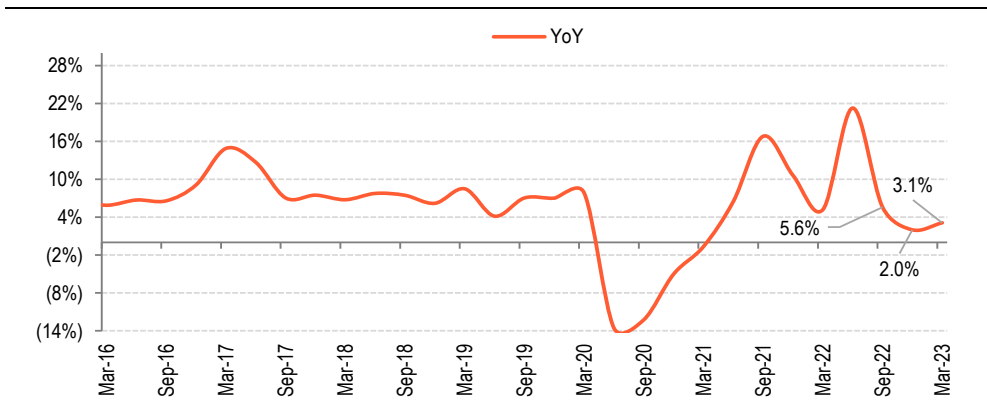


Fig 85 – General govt. spending gradually gathering momentum

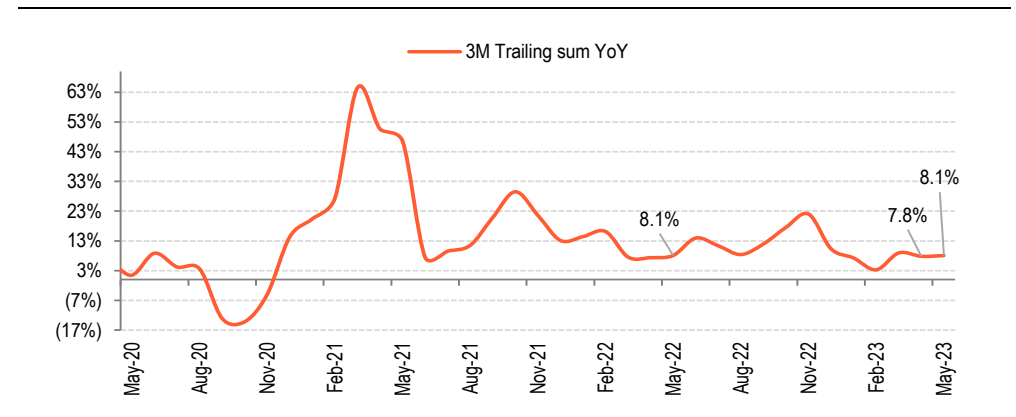


Fig 86 – ...mirroring the trend in Central government spending

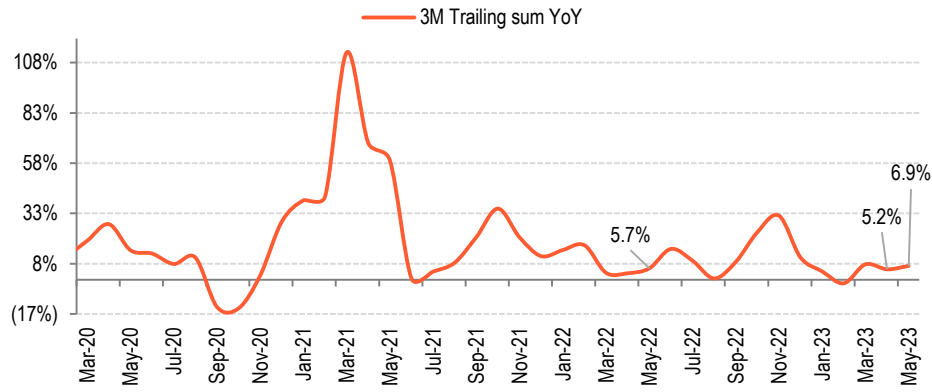
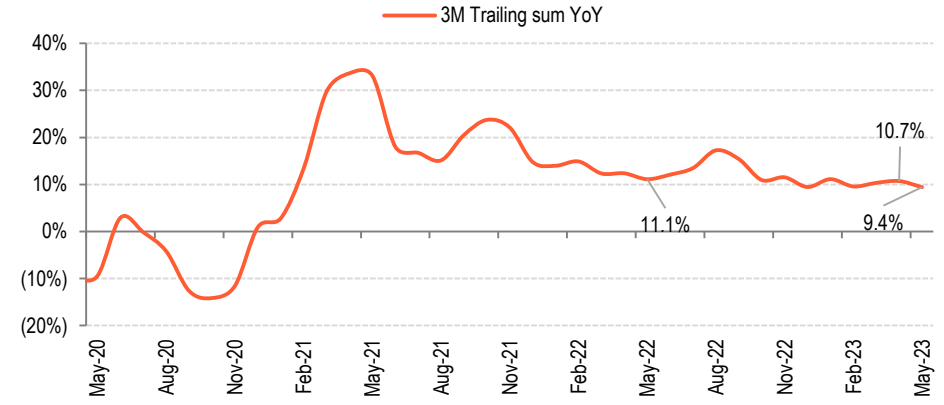


Fig 87 – State\* Govt. spending softening

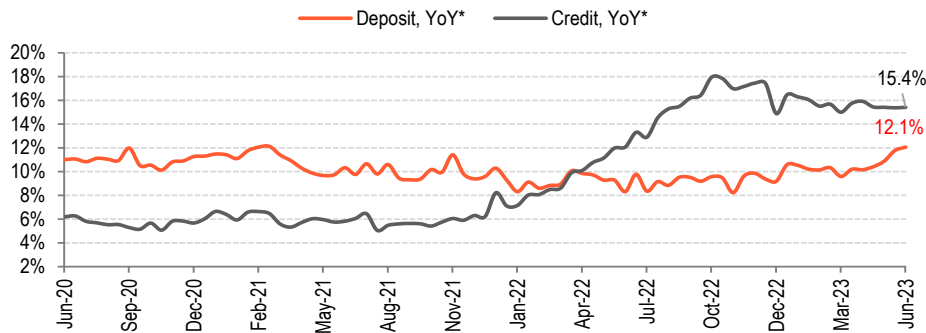


Note: \*All states excluding N.E states, A.P., Goa, J&K and Karnataka

## Financial sector

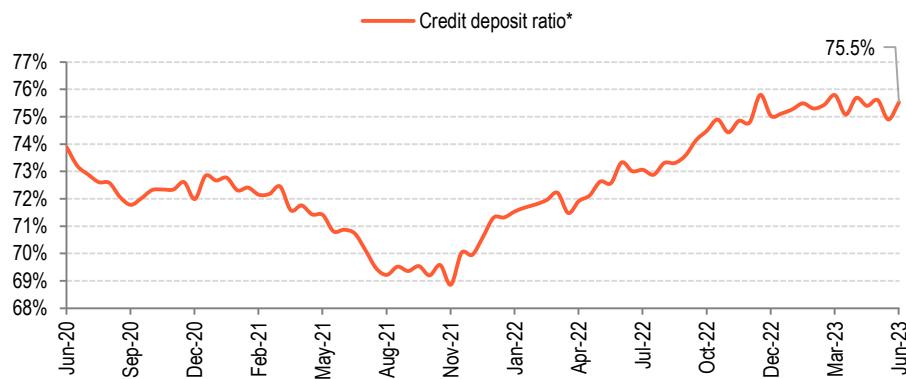
### Money and banking

**Fig 88 – Credit growth was stable at 15.4% in Jun'23 while deposit growth inched up to 12.1% in Jun'23 from 10.9% in May'23**



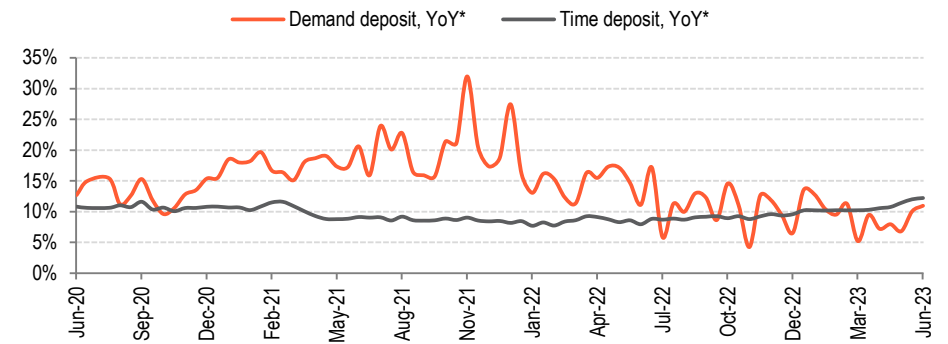
Note: \*Jun 23 implies fortnight as of 16 Jun 2023

**Fig 90 – CD ratio rose to 75.5%**



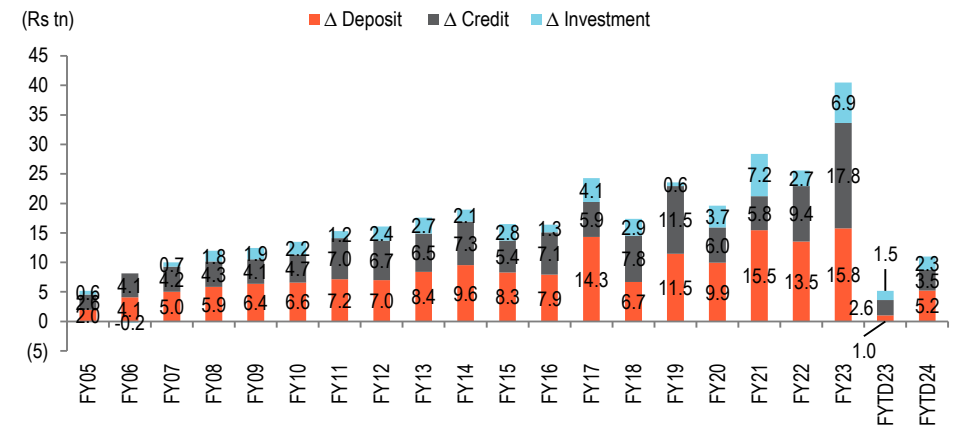
Note: \*Jun 23 implies fortnight as of 16 Jun 2023

**Fig 89 – ...Both demand and time deposits picked pace**



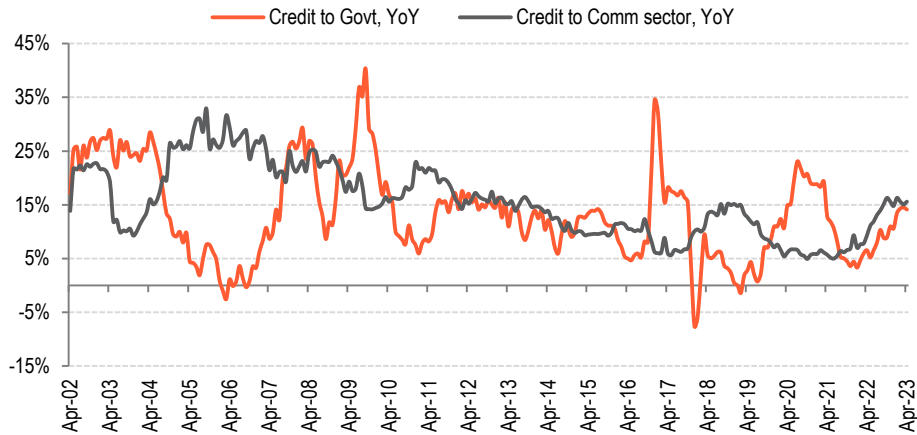
Note: \*Jun 23 implies fortnight as of 16 Jun 2023

**Fig 91 – Pace of accretion of credit, investment and deposit**

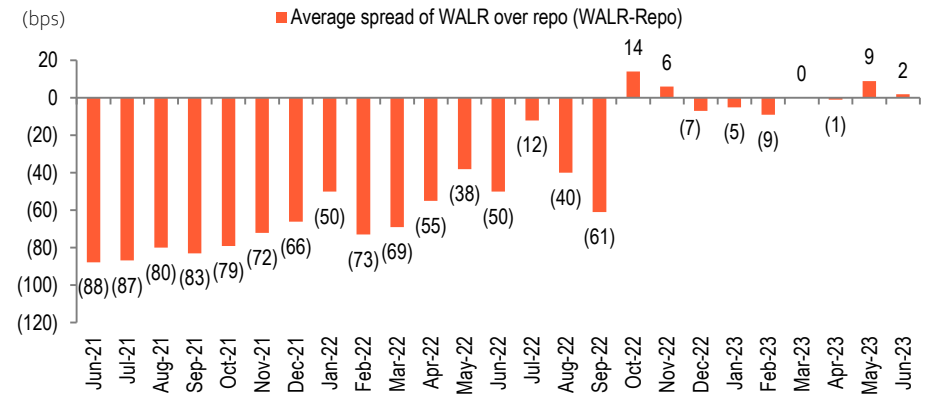


FYTD:Apr-Jun

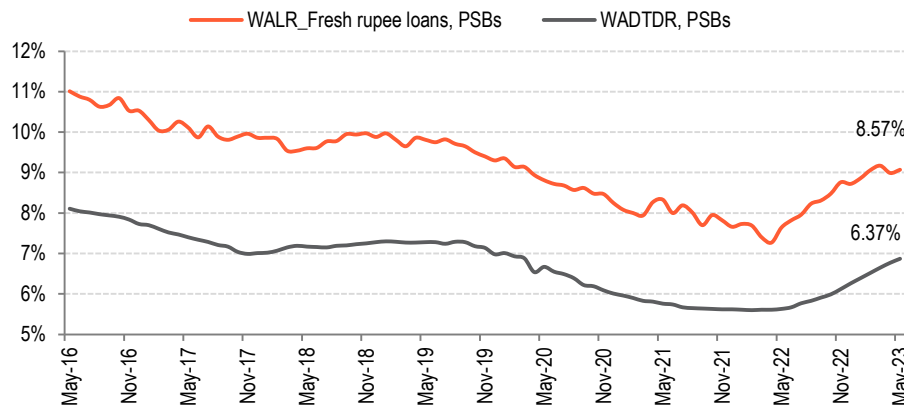
**Fig 92 – Credit to govt moderated slightly to 14.1% in Apr'23 from 14.5% in Mar'23 , credit to commercial sector inched up to 15.6% from 15.1%**



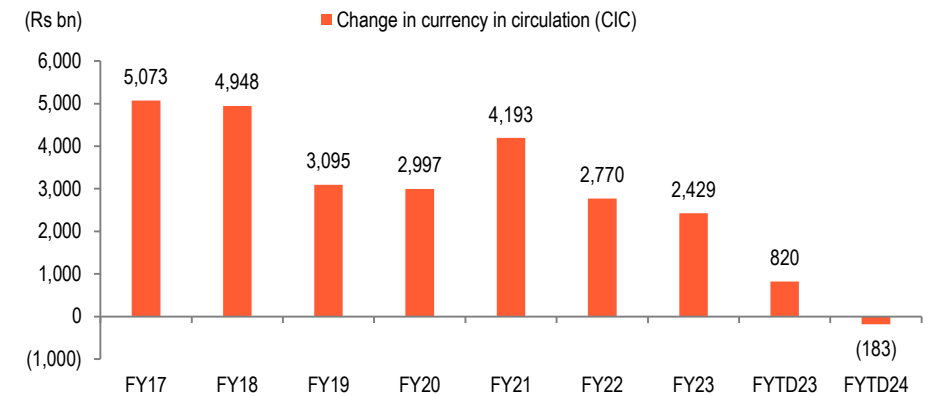
**Fig 93 – Gap between WALR and repo**



**Fig 94 – WALR rose to 8.57% in May'23 from 8.49% in Apr'23, WADTDR inched up to 6.37% from 6.27%**

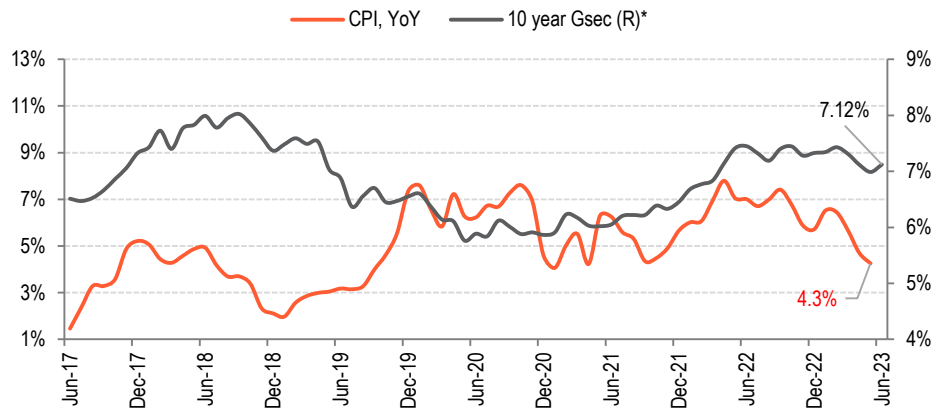


**Fig 95 – CIC accretion in FYTD24 has fallen by 183bn on account of withdrawal of 2000 rupee notes**



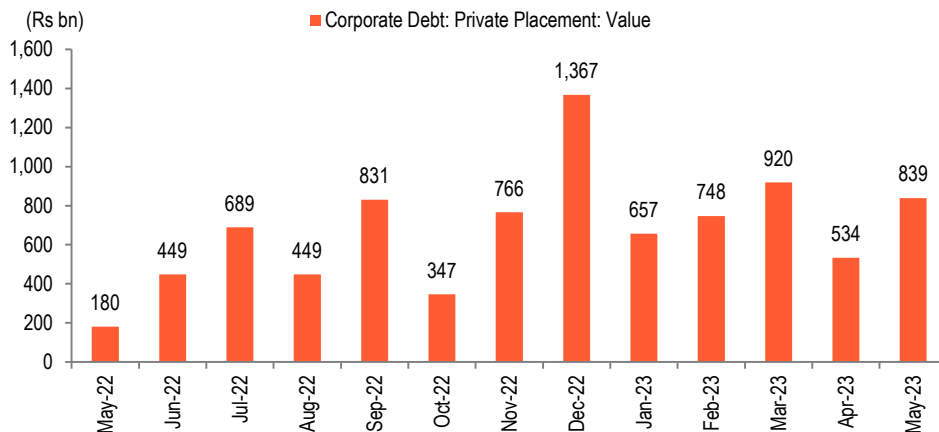
FYTD:Apr-Jun

**Fig 96 – 10Y GSec yield rose to 7.12% in Jun'23 from 6.99% in May'23, inflation moderated to 4.3% in May'23 from 4.7% in Apr'23**

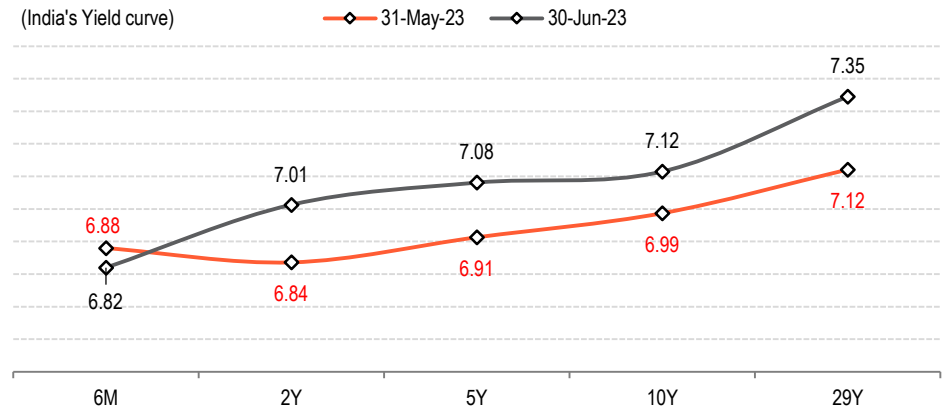


Note: \*As on last trading day of the month

**Fig 98 – Corporate debt issuance rose to Rs 839bn in May'23 from Rs 534bn in Apr'23**

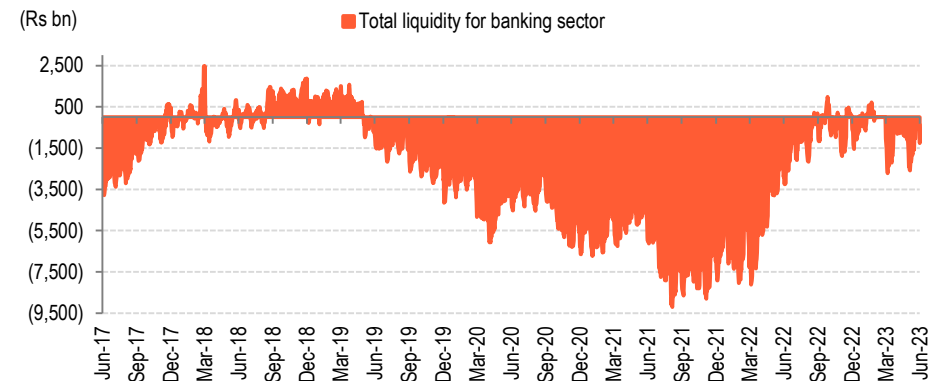


**Fig 97 – Yield on 6-month paper moderated in Jun'23, while for long tenor papers yields inched up**



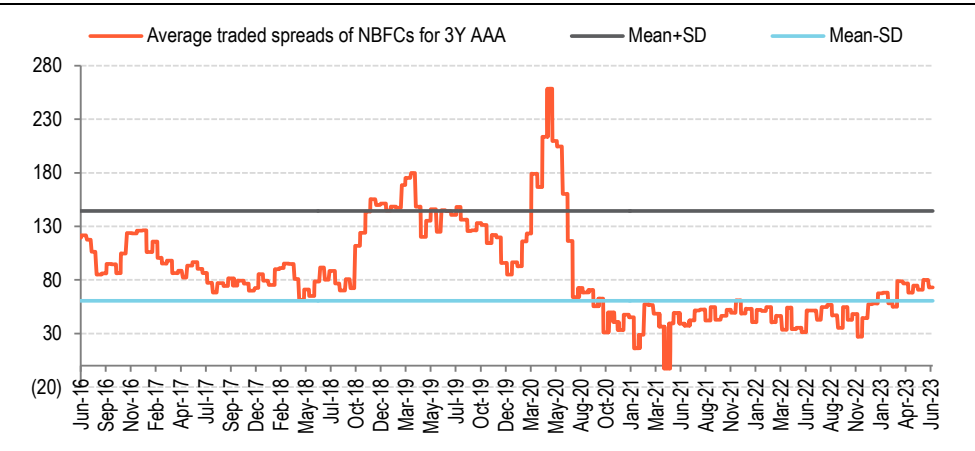
Source: Bloomberg

**Fig 99 – Average system liquidity went into surplus of Rs 1.3tn in Jun'23 from Rs 725.9bn in May'23 and currently at Rs 2.4 lakh crore surplus**

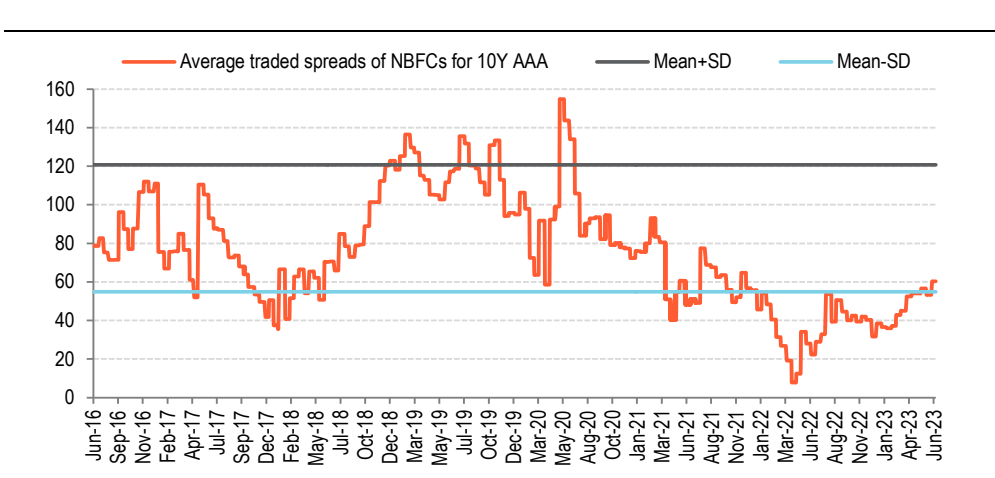


Source: RBI

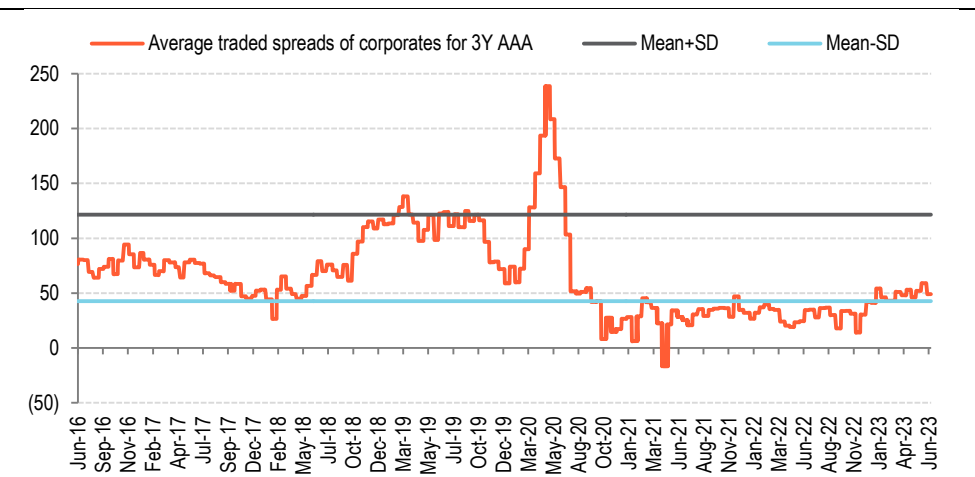
**Fig 100 – 3Y AAA NBFC spread inched up slightly to 73bps as on 30 Jun 2023 from 71bps as on 31 May 2023**



**Fig 101 – For 10Y AAA NBFC it rose to 60bps from 57bps**



**Fig 102 – 3Y AAA corp spread was slightly lower at 49bps compared to 52bps**



**Fig 103 – For 10Y AAA corp spread, it inched up slightly to 44bps from 42bps**

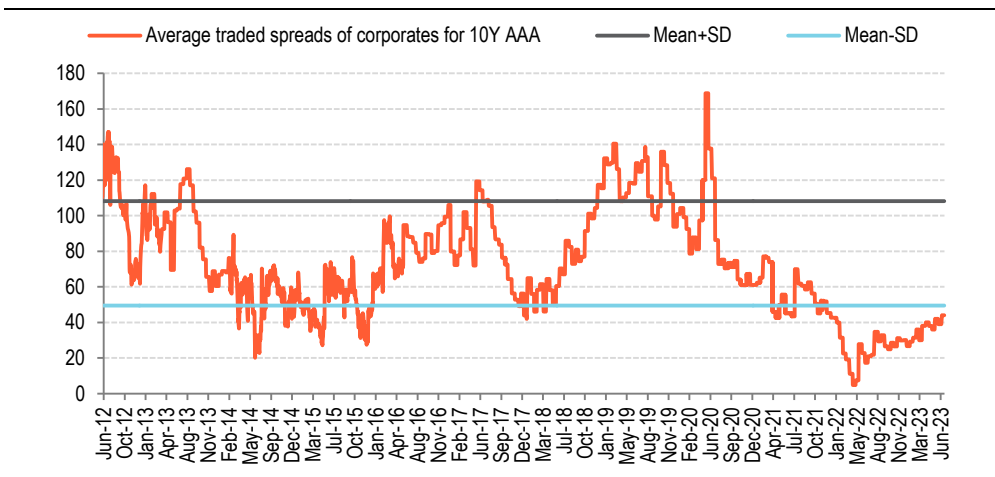


Fig 104 – INR 3Y swap rose to 6.37 as on 30 Jun 2023 from 6.09 as on 31 May 2023

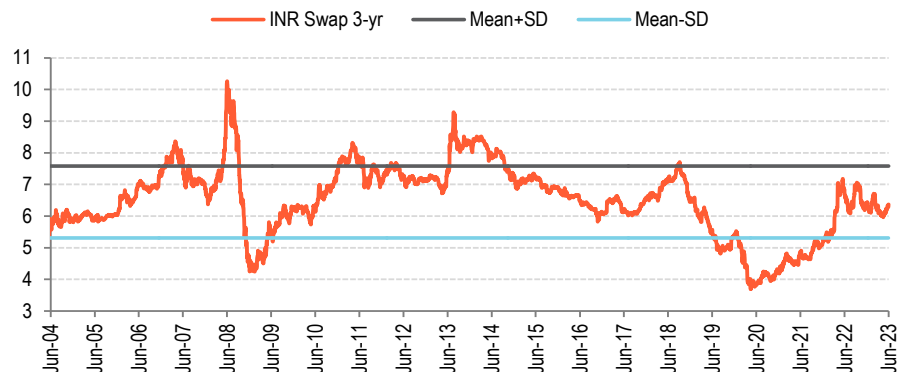
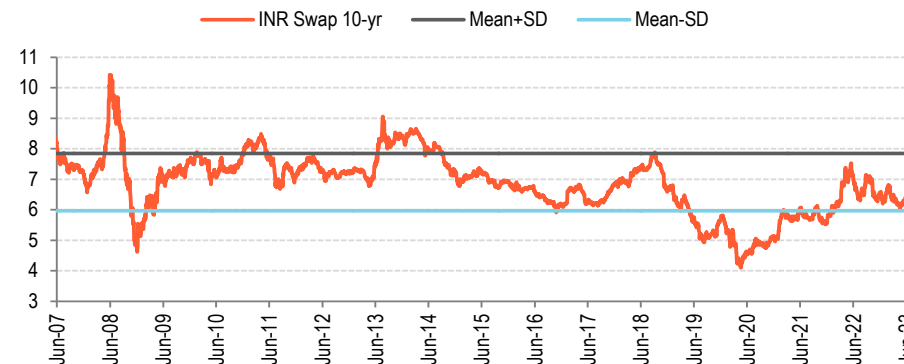


Fig 105 – For 10Y, it rose to 6.43 from 6.18



### Interest rates on small savings schemes

Fig 106 – Interest rates on 1,2 year deposits and 5 year recurring deposits have been increased in Q2FY24

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
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
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
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
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
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
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
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
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
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
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
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
Sukanya samridhi 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

Source: Department of Economic Affairs, Ministry of Finance, Government of India

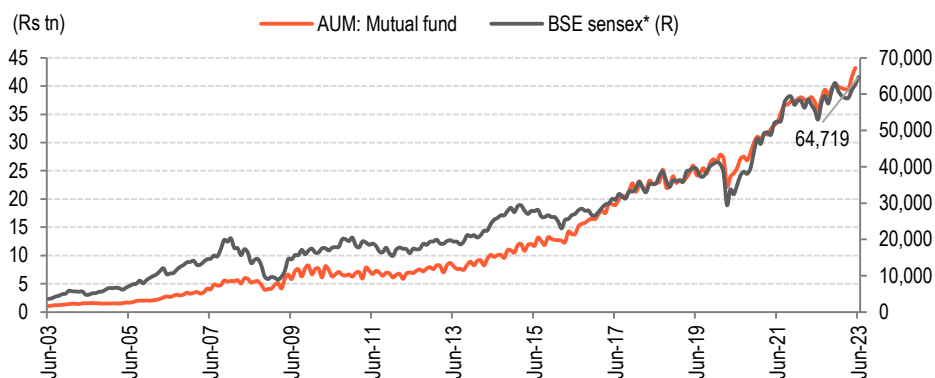
**Fig 107 – MCLR rate of banks increased**

1Y MCLR (%)	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23
<b>Public Sector Banks</b>															
Bank of Baroda	7.35	7.40	7.50	7.65	7.70	7.80	7.95	8.05	8.30	8.50	8.55	8.55	8.60	8.60	8.65
Bank of India	7.25	7.25	7.35	7.50	7.60	7.70	7.80	7.95	8.15	8.30	8.40	8.50	8.60	8.60	8.65
Canara Bank	7.25	7.35	7.40	7.50	7.65	7.75	7.90	8.10	8.15	8.35	8.50	8.60	8.65	8.65	8.65
Indian Bank	7.30	7.30	7.40	7.55	7.65	7.75	7.85	8.10	8.20	8.30	8.45	8.55	8.60	8.60	8.65
Punjab National Bank	7.25	7.25	7.40	7.55	7.65	7.70	7.75	8.05	8.10	8.30	8.40	8.50	8.50	8.50	8.60
State Bank of India	7.10	7.20	7.40	7.50	7.70	7.70	7.95	8.05	8.30	8.40	8.50	8.50	8.50	8.50	8.50
Union Bank of India	7.25	7.35	7.45	7.55	7.70	7.75	7.90	8.20	8.25	8.40	8.65	8.65	8.65	8.65	8.65
<b>Private Sector Banks</b>															
Axis Bank Ltd.	7.40	7.75	7.95	8.00	8.05	8.10	8.35	8.45	8.75	8.80	8.90	8.95	8.95	9.10	9.10
HDFC Bank Ltd.	7.25	7.50	7.85	8.05	8.10	8.20	8.20	8.55	8.60	8.85	8.90	8.95	8.95	9.05	9.05
ICICI Bank Ltd.	7.25	7.25	7.55	7.75	7.90	8.00	8.10	8.30	8.40	8.65	8.65	8.75	8.75	8.75	8.85
Indusind Bank	8.55	8.75	9.00	9.10	9.30	9.40	9.55	9.80	9.95	9.95	10.05	10.15	10.20	10.20	10.20
Kotak Mahindra Bank	7.40	7.65	7.85	8.05	8.10	8.20	8.45	8.55	8.65	8.95	9.00	9.05	9.10	9.20	9.20

Source: RBI

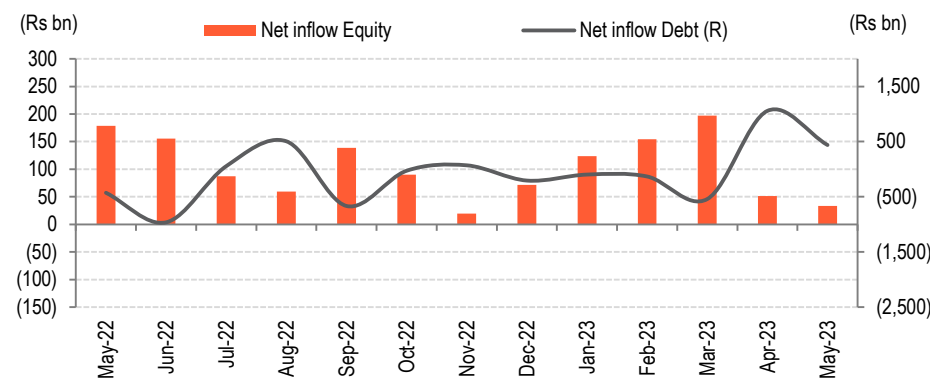
### Mutual fund (MF) indicators

**Fig 108 – Sensex rose by 3.3% to 64,719 in Jun'23, AUM of MFs rose to Rs 43.2tn in May'23 from Rs 41.6tn in Apr'23**



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

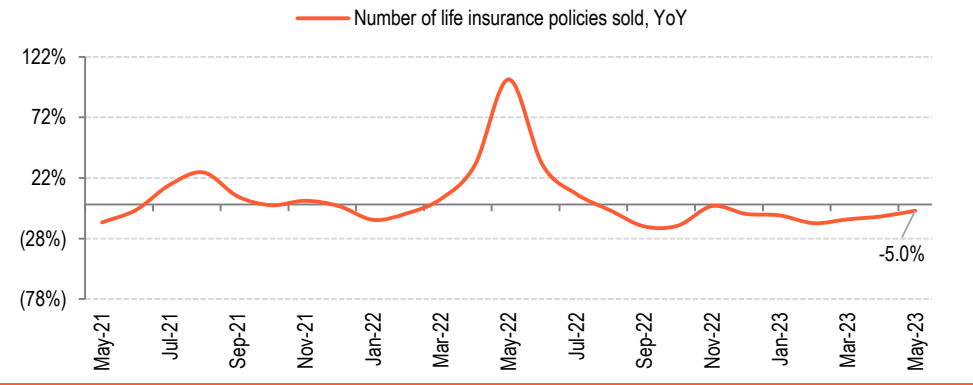
**Fig 109 – MF equity inflows moderated to Rs 34bn from Rs 51bn in Apr'23; debt inflow moderated to Rs 438bn from Rs 1.1tn**



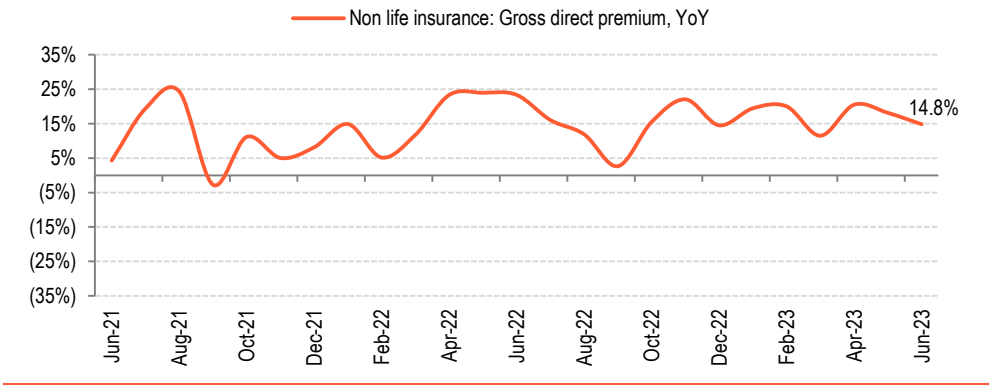


Insurance sector indicators

**Fig 110 – Sale of life insurance policies fell at a slower pace by 5% in May'23 from 9.7% decline seen in Apr'23**



**Fig 111 – Gross direct premium for non-life insurance moderated to 14.1% in Jun'23 from 18.1% in May'23**



Public finance

Central government finances

Fig 112 – Fiscal deficit seen moderating at the start of FY24

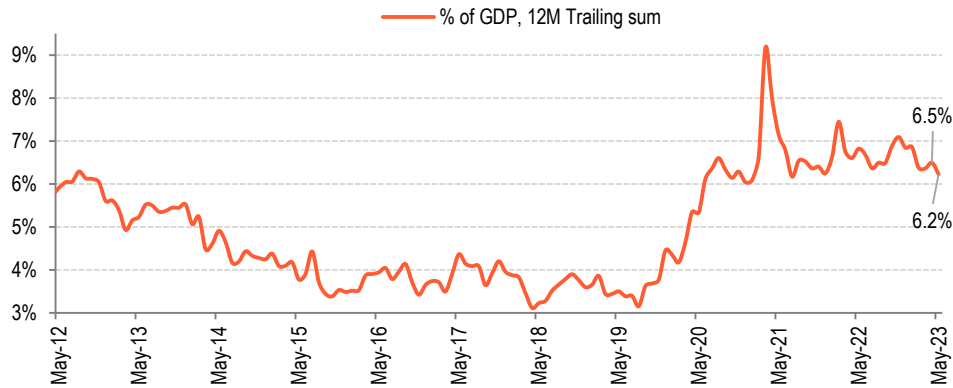


Fig 113 – Revenue deficit in May'23 also down

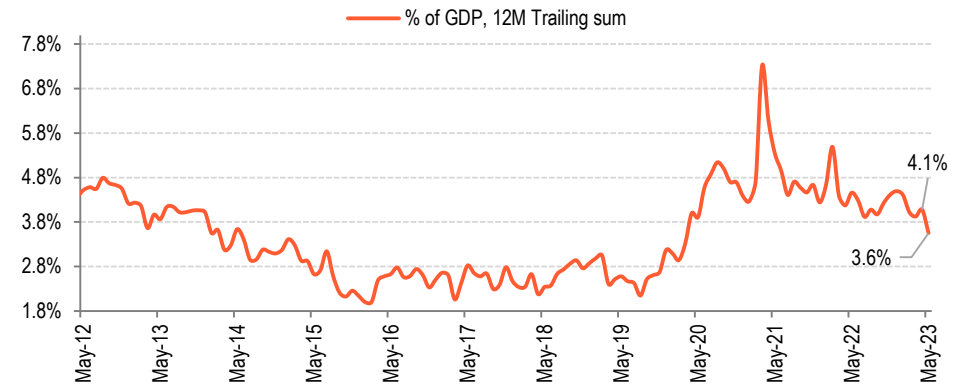


Fig 114 – Primary deficit at 2.9% as of May'23

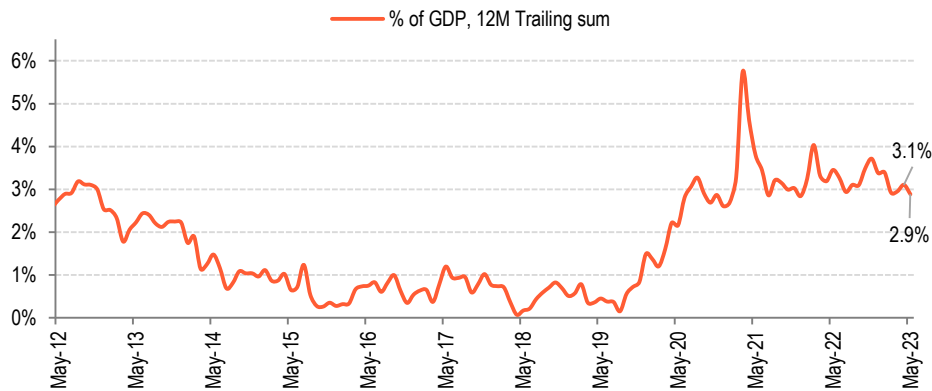


Fig 115 – Government spending momentum weakens further in May'23

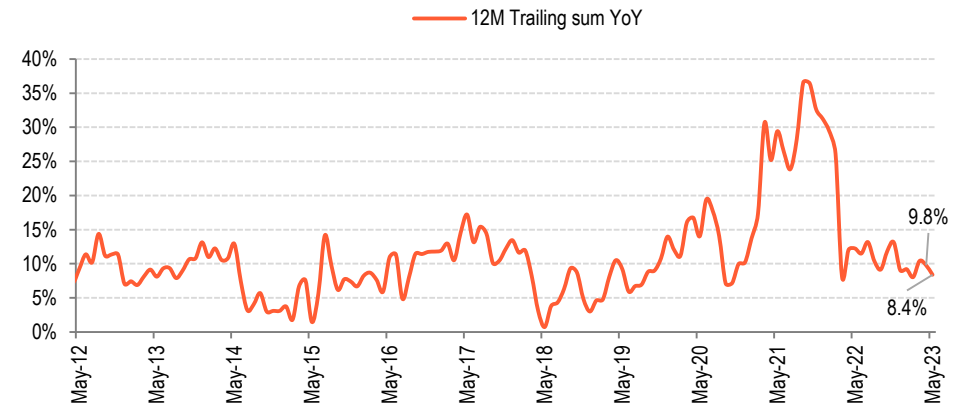


Fig 116 – ...led by softening in revenue expenditure

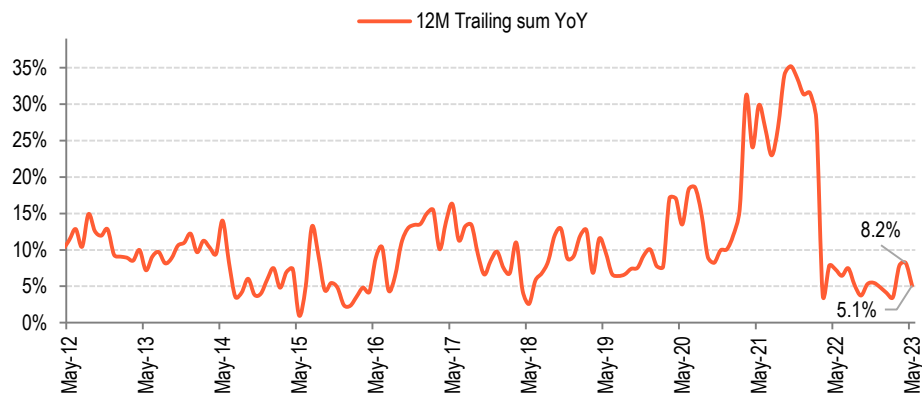


Fig 117 – Capex beginning to pick up

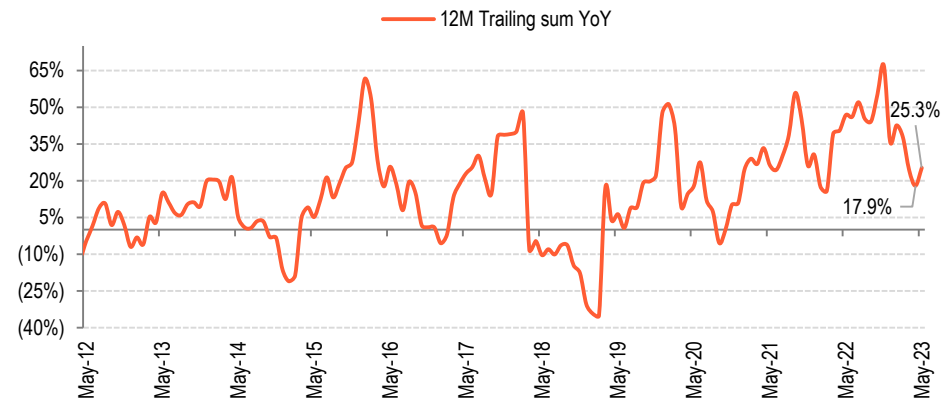
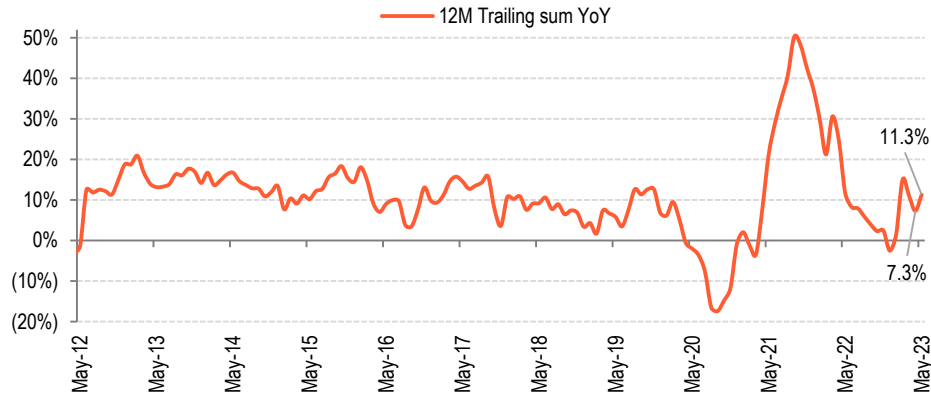


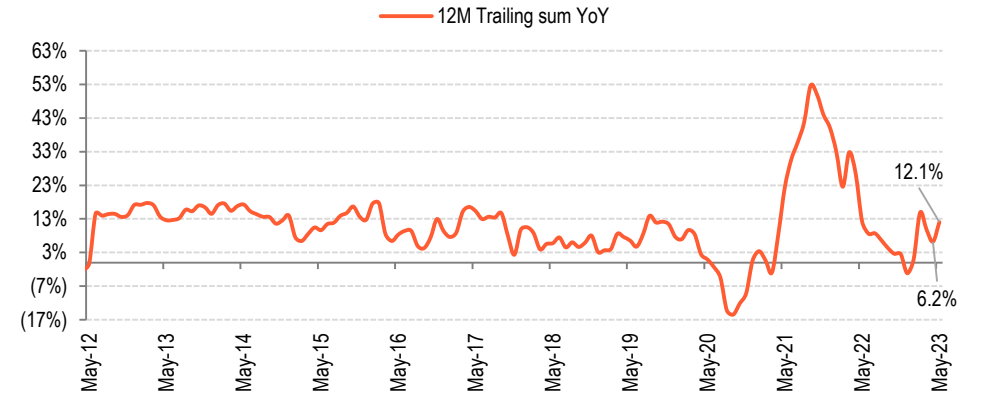
Fig 118 – Reduced spending by ministries of Agriculture and Finance, dragging revenue expenditure lower; road & transport ministry giving capex a push

Ministry	Apr-May'21	Apr-May'22	% change	Apr-May'23	% change
Ministry of Finance	1,532	2,329	52.1	1,713	(26.5)
Ministry of Defence	669	899	34.4	979	8.9
Ministry of Consumer Affairs, Food and Public Distribution	597	351	(41.2)	409	16.6
Ministry of Rural Development	221	116	(47.7)	191	64.9
Ministry of Home Affairs	283	365	28.8	385	5.6
Ministry of Human Resource Development	155	83	(46.4)	98	18.4
Ministry of Road Transport and Highways	250	432	72.5	580	34.2
Ministry of Chemicals and Fertilisers	69	108	55.9	245	127.2
Ministry of Petroleum and Natural Gas	4	0	(98.8)	1	1006.4
Ministry of Agriculture	305	239	(21.6)	47	(80.3)
Ministry of Health and Family Welfare	83	59	(28.8)	97	64.7

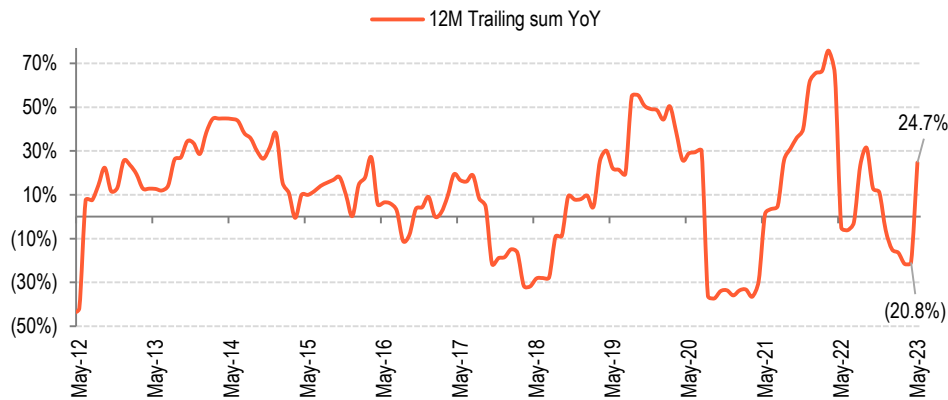
**Fig 119 – Receipt growth in May'23 improved**



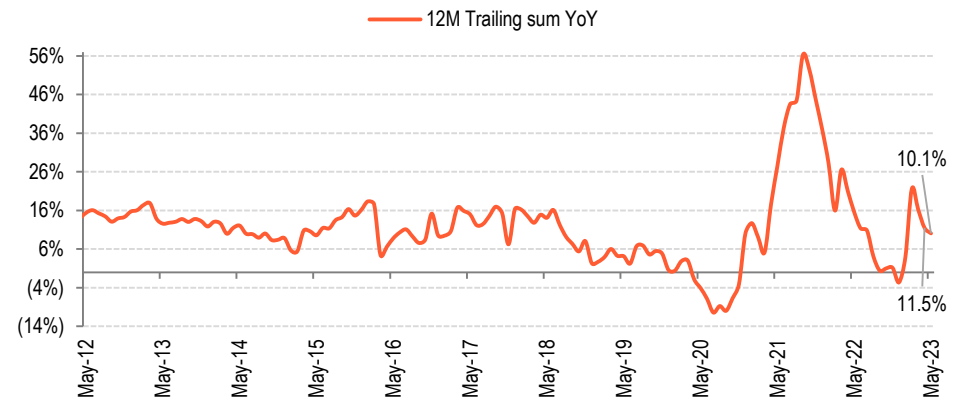
**Fig 120 – Revenue receipts lead the trend...**



**Fig 121 – ...As non-tax revenue growth jumped sharply**



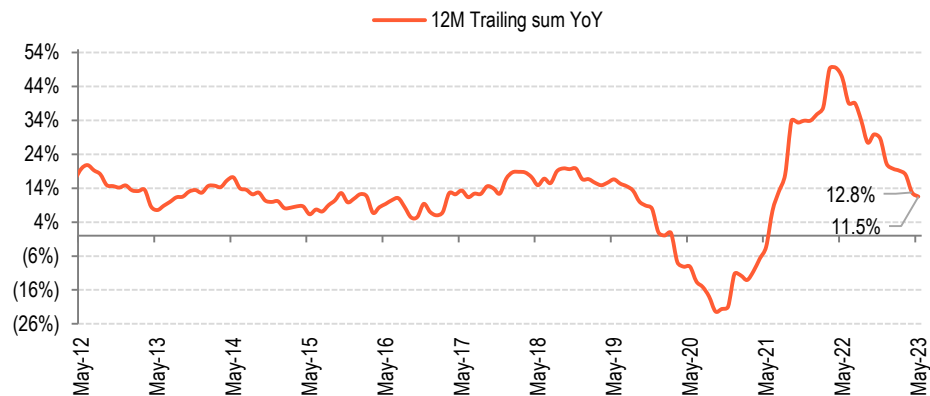
**Fig 122 – However, net tax receipts continued to ease further**



**Fig 123 – Centre’s net revenue growth picks up pace; expenditure growth is dragged by revenue spending, even as capex is gathering momentum**

	Apr-May'21	Apr-May'22	% change	Apr-May'23	% change
Gross Tax revenue	3,127	4,035	29.1	3,970	(1.6)
Direct taxes	1,188	1,916	61.2	1,838	(4.0)
Corp Tax	435	785	80.7	565	(28.0)
Income Tax	754	1,130	49.9	1,273	12.6
Indirect taxes	1,938	2,120	9.3	2,131	0.5
Non-tax revenue	1,164	493	(57.7)	1,347	173.4
Centre's revenue (net)	3,500	3,568	2.0	4,127	15.7
Total expenditure	4,780	5,858	22.6	6,260	6.9
Capital exp	630	1,071	70.1	1,678	56.7
Revenue exp	4,150	4,787	15.3	4,582	(4.3)
Fiscal deficit	1,232	2,039	65.6	2,103	3.1

**Fig 124 – Gross direct tax growth eases further, owing to unfavourable base**



**Fig 125 – Gross indirect tax collections also down**

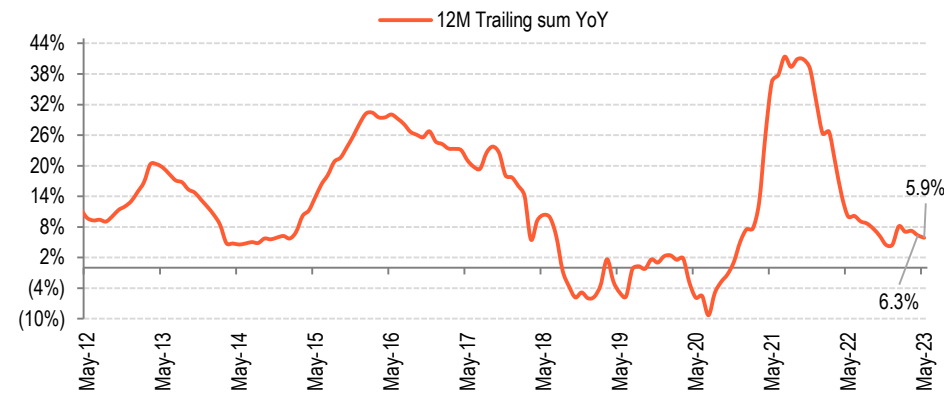


Fig 126 – Both corporate tax collections and...

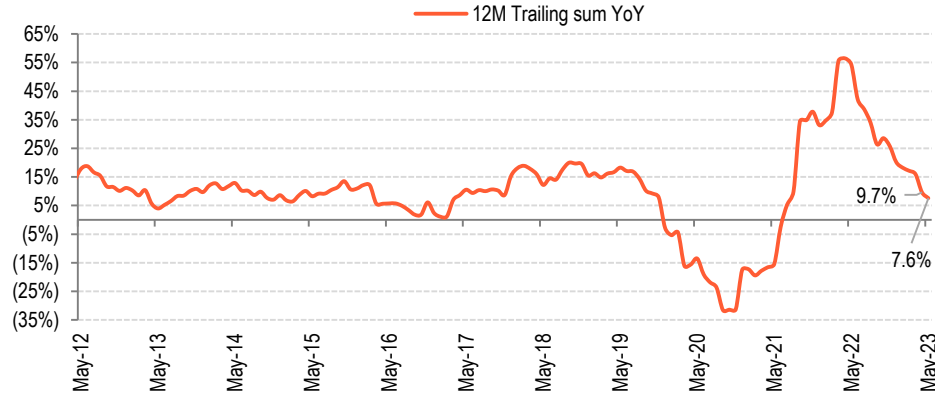


Fig 127 – ...income tax collection growth slip in May'23

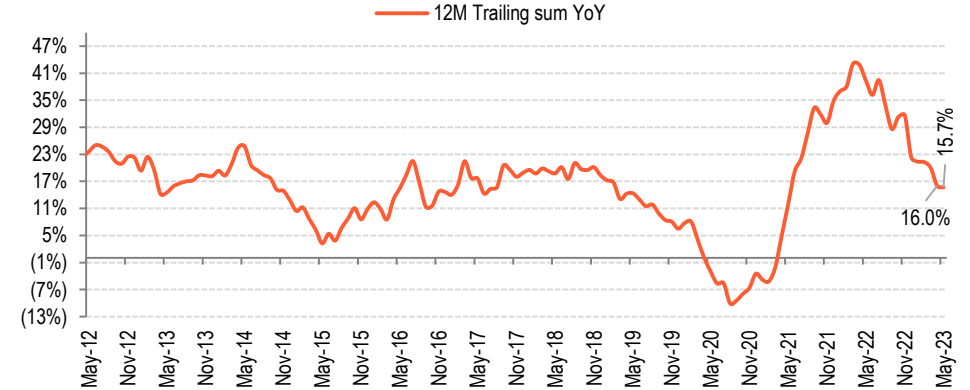
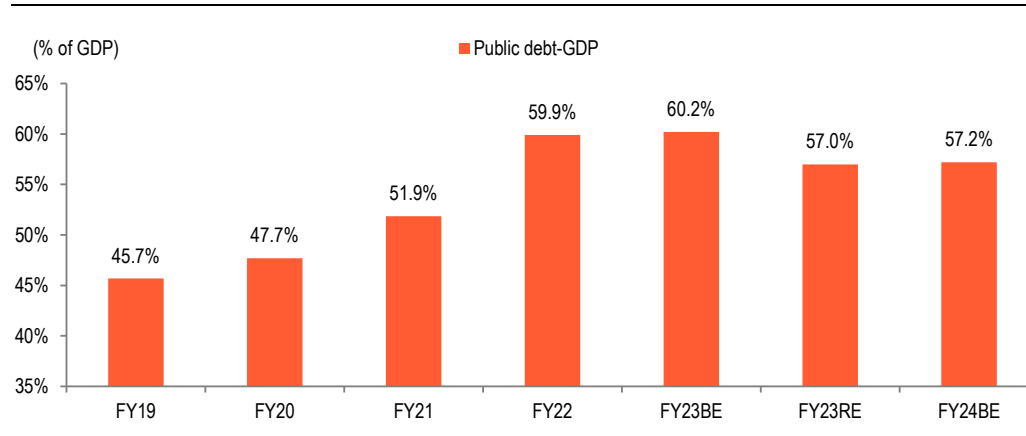


Fig 128 – GST collections for May'23 surpass Rs 1.6 lakh crore mark

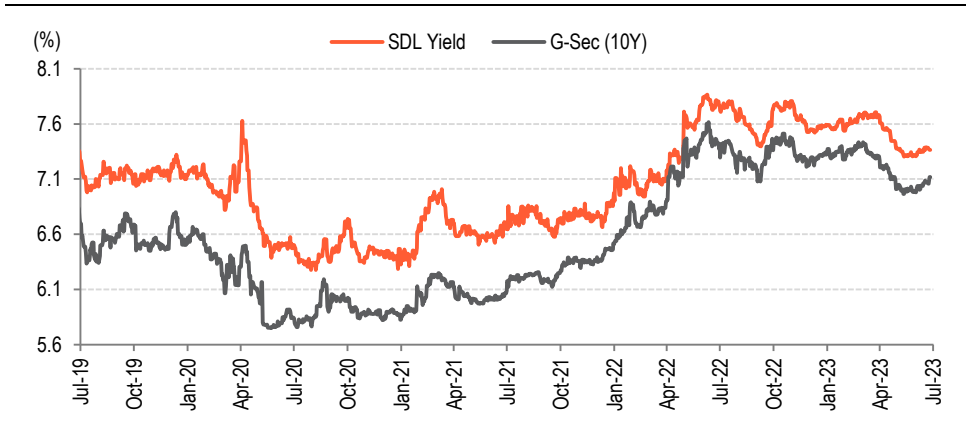
(Rs bn)	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Monthly run rate (FYTD24)	FYTD24	FY24 (BE)
CGST	499	654	554	519	547	722	578	608	652	601	611	809	607	708	1,416	8,116
UT GST	2.4	2.6	1.6	1.5	4.1	6.0	5.2	2.3	2.4	3.9	9.2	3.1	2.6	3	6	-
IGST	47	(164)	69	89	100	(194)	(26)	(34)	(17)	(23)	86	(93)	10	(42)	-84	-
SGST*	796	890	705	768	767	821	834	874	754	901	1,062	733	884	808	1,617	-
Cess	102	107	107	99	100	103	103	109	104	118	102	119	112	116	231	1,450
<b>Total GST</b>	<b>1,446</b>	<b>1,490</b>	<b>1,436</b>	<b>1,477</b>	<b>1,517</b>	<b>1,459</b>	<b>1,495</b>	<b>1,559</b>	<b>1,496</b>	<b>1,601</b>	<b>1,870</b>	<b>1,571</b>	<b>1,615</b>	<b>1,593</b>	<b>3,186</b>	<b>-</b>

Source: PIB | \*Computed from PIB and CGA data

**Fig 129 – Rising central government debt a key concern**

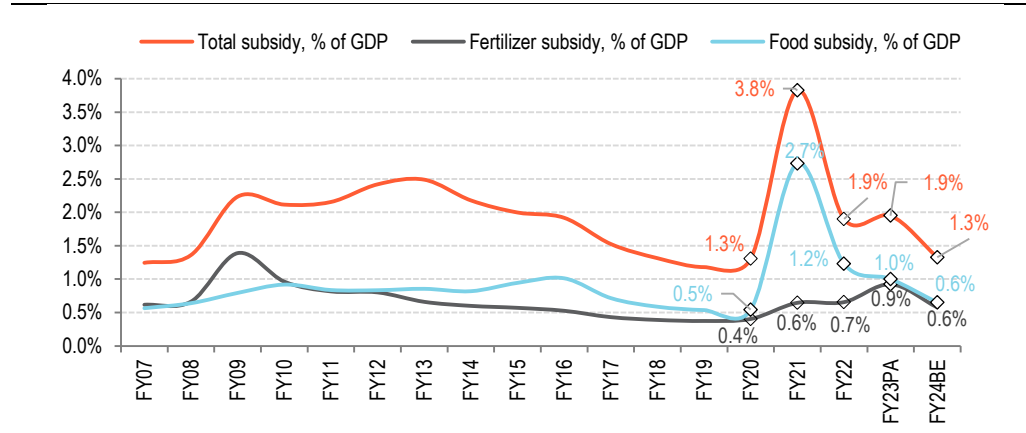


**Fig 130 – Spread between 10Y G-sec and SDL yield narrowed in Jun'23, and is further down in Jul'23 so far**



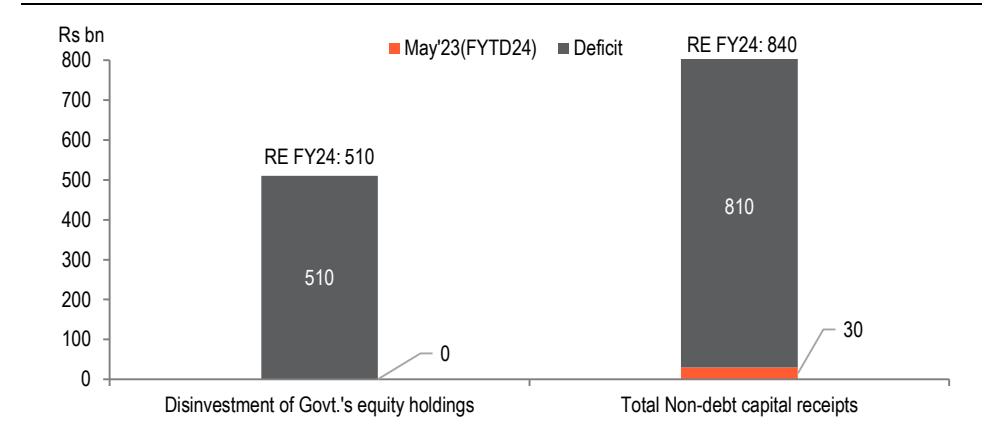
Source: CCIL

**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 govt. disinvestment status (FY24)**



### Central government borrowing

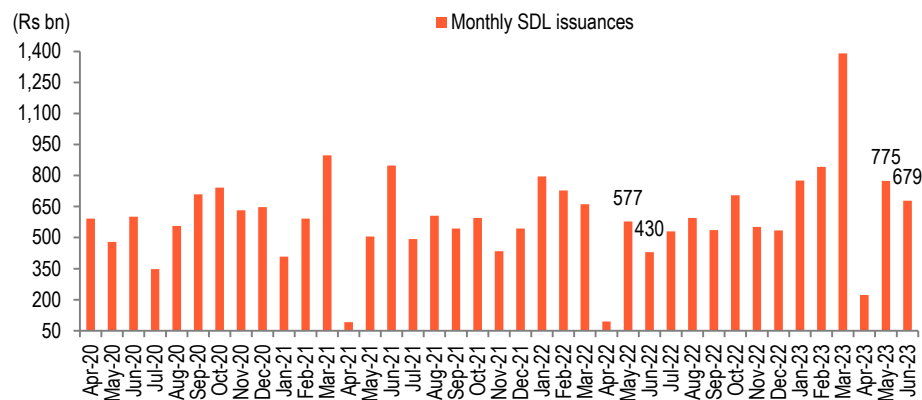
Fig 133 – Centre’s borrowing through T-bill in Q1FY24 has been at Rs 5tn

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	261*	3,120
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	-	-
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566	-	-
<b>Total</b>	<b>9,811</b>	<b>11,192</b>	<b>11,271</b>	<b>11,788</b>	<b>17,204</b>	<b>16,986</b>	<b>17,105</b>	-	-

Source: RBI, \* Data for 5 Jul 2023

### State government borrowing

Fig 135 – State government borrowings eased slightly at the end of Q1FY24



Source: RBI

Fig 134 – Centre’s gross borrowing in Q1FY24 till date is at Rs 4.1tn

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	4,100	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	-	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	-	-
Q4	800	670	1,680	920	3,191	1,370	2,740	-	-
<b>Total</b>	<b>5,820</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>	<b>13,461*</b>	<b>11,273</b>	<b>14,210</b>	-	-

Source: RBI\* Against budgeted Rs 12.8tn

Fig 136 – States’ borrowed 84% of the planned amount in Q1; set even higher target for Q2

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	162*	2,374
Q3	1,054	1,277	1,470	2,023	1,653	1,879	-	-
Q4	1,348	1,809	2,006	1,898	2,184	3,009	-	-
<b>Total</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,206</b>	<b>6,927</b>	<b>7,652</b>	<b>1,839*</b>	-

Source: RBI; \*as of 4Jul 2023



## External sector

### Exports

Fig 137 – Global exports moderating

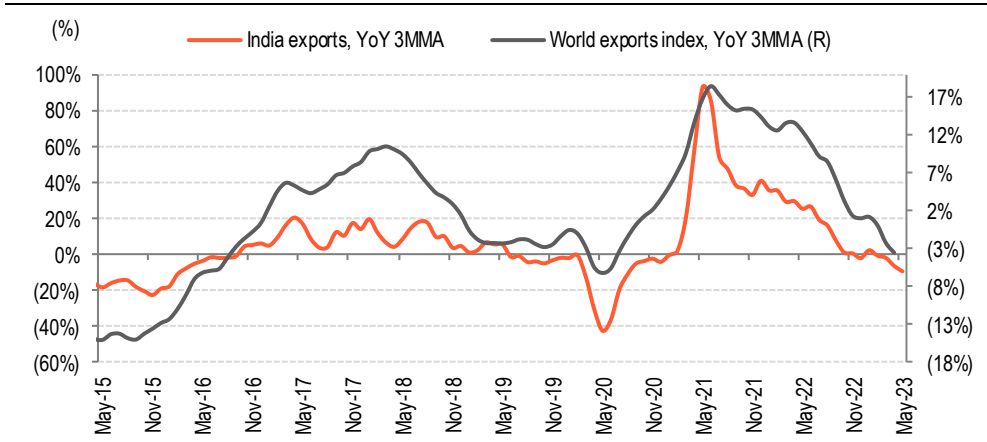
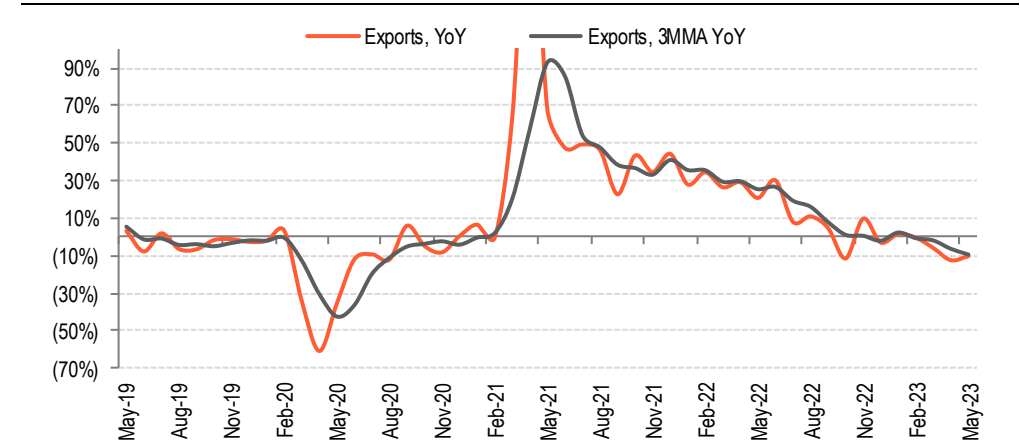


Fig 138 – India's exports have declined by 11.4% in FYTD24 versus an increase of 24.6% in FYTD23



### Exports by major sectors

Fig 139 – ... led by a sharp dip in oil exports

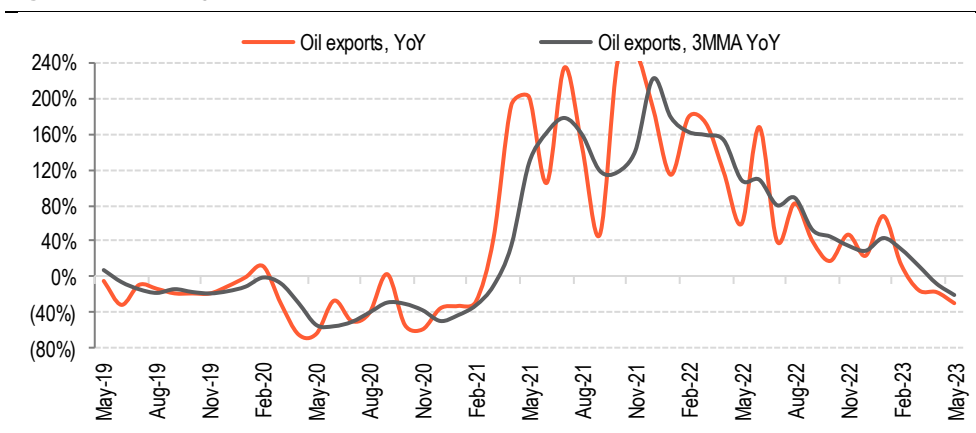
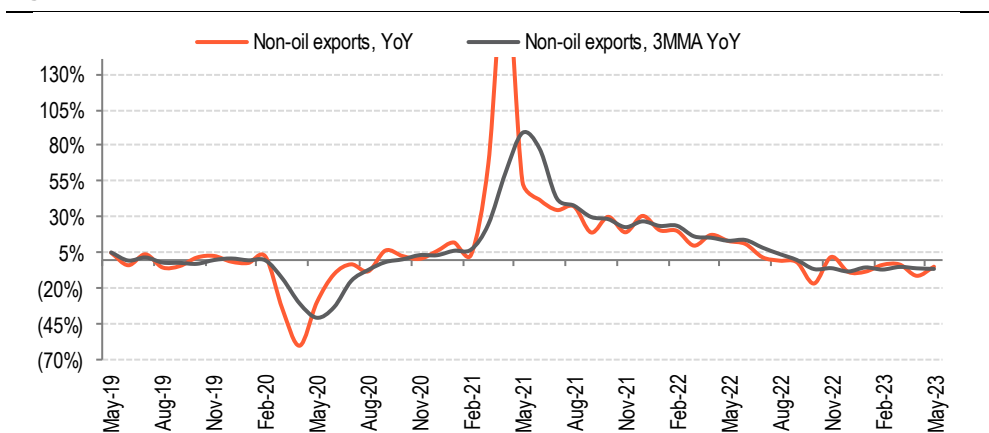
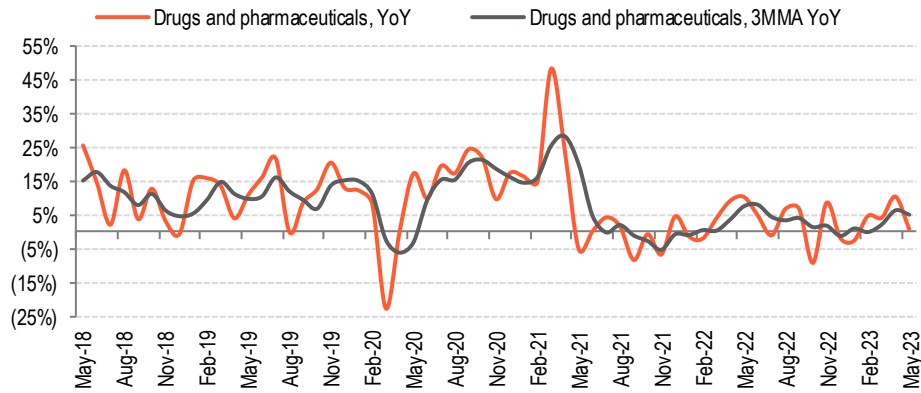


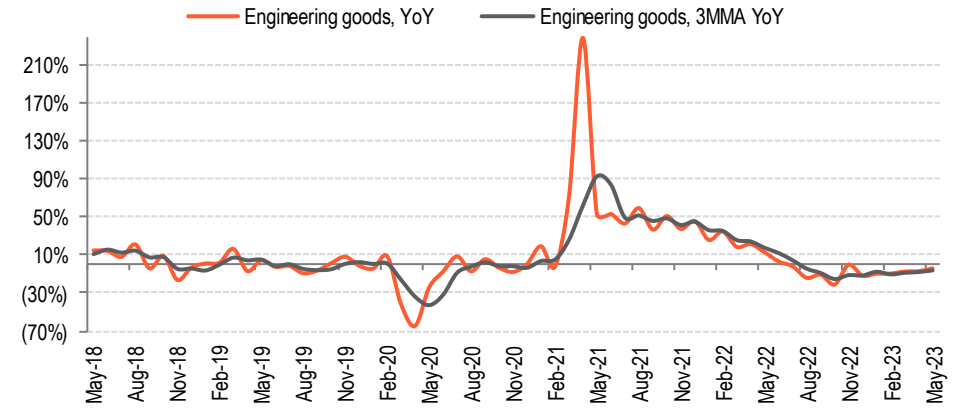
Fig 140 – Even non-oil exports have contracted



**Fig 141 – Drugs and pharma exports plunge in May'23**

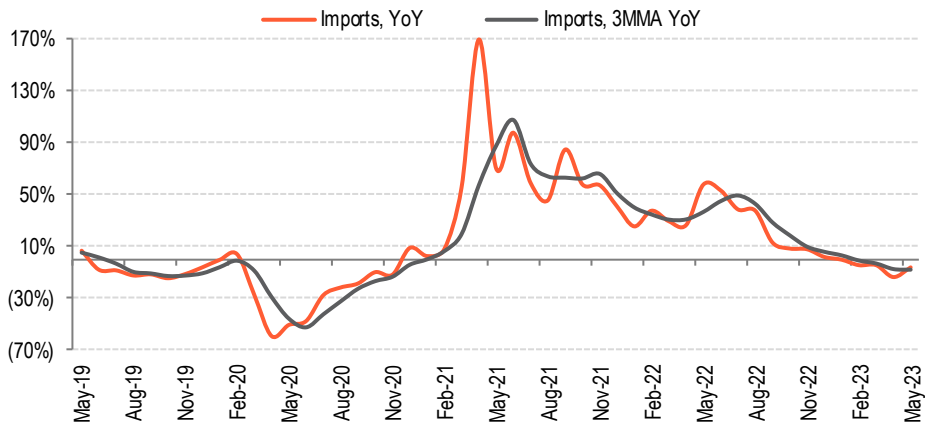


**Fig 142 – Engineering goods continued to contract**



**Imports**

**Fig 143 – Imports have declined by 10.2% in FYTD24, contract by 6.6% in May'23**



**Fig 144 – Gold imports have continued to decline**

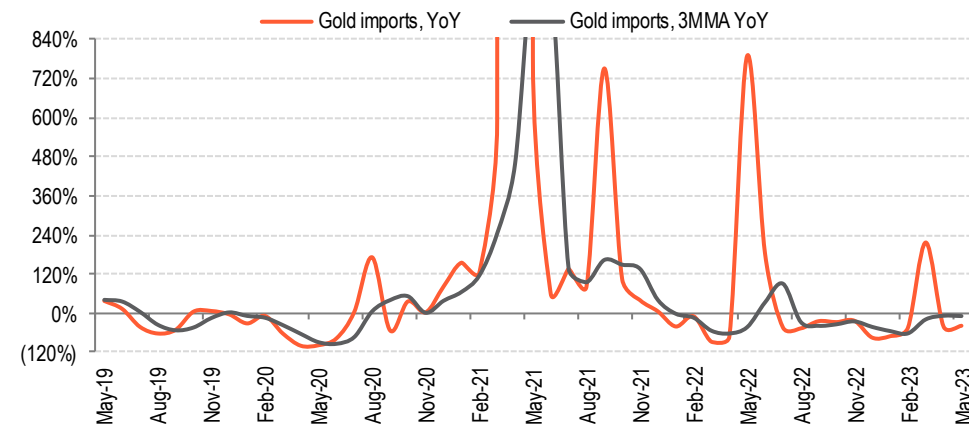


Fig 145 – ... similar case for oil imports

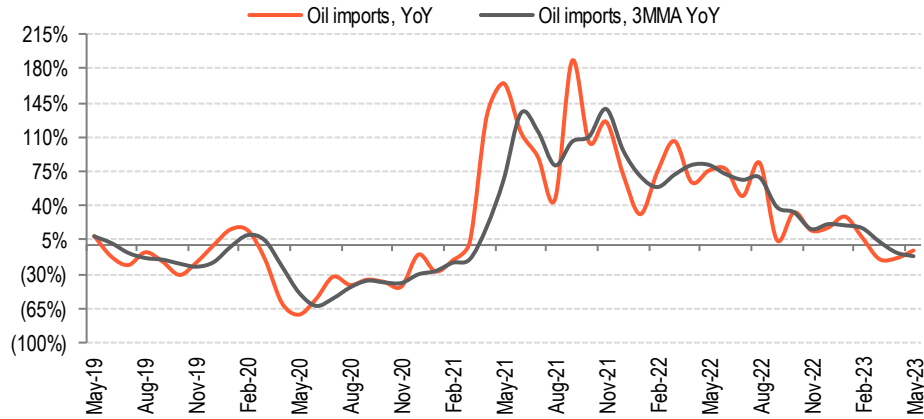


Fig 146 – Import of pearls and precious metals continued to plunge even in May'23

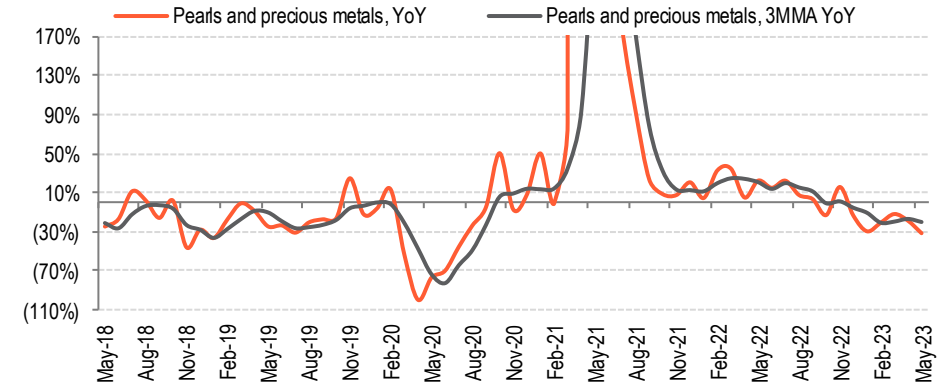


Fig 147 – Vegetable oil imports lower by 33% in May'23

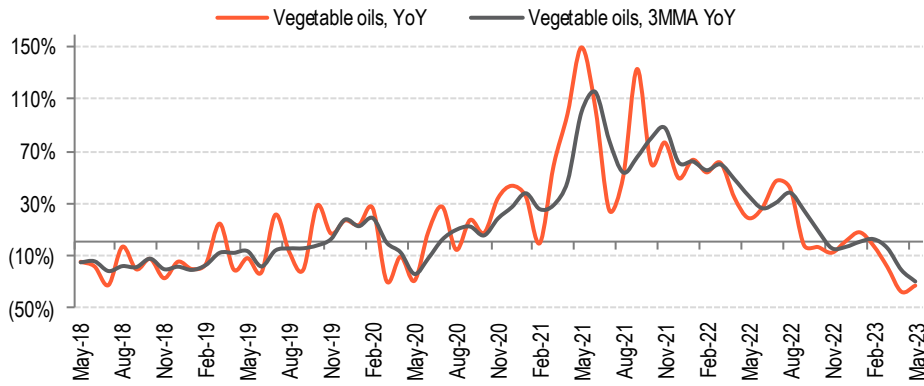
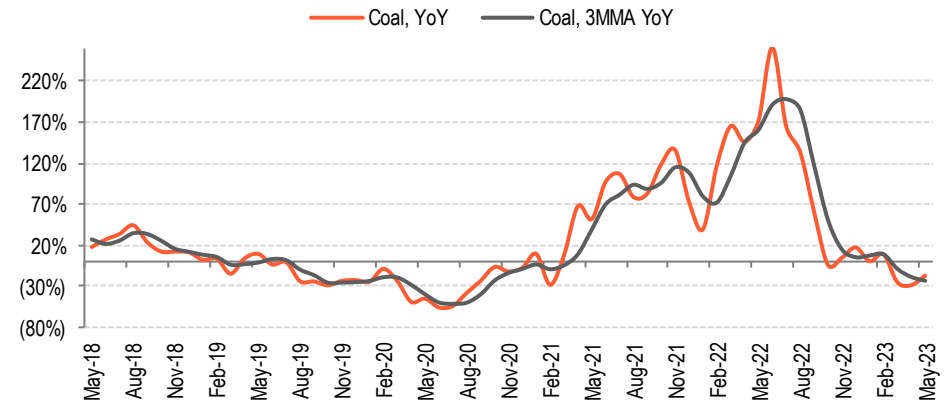


Fig 148 – Coal imports declined by 16.9% in May'23 after declining by 28.5% in Apr'23



## Exports and imports by major regions

**Fig 149 – Exports to all regions have seen a shar drop in FYTD24**

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Mar-23	Apr-23	May-23
Americas	23.7	31.8	(12.8)	(4.8)	(16.3)	(9.3)
Asia and Pacific (Ex. China)	23.3	8.5	(23.6)	(19.5)	(27.7)	(19.1)
China	3.5	(30.9)	(12.7)	17.2	(4.3)	(20.3)
Europe	22.0	47.5	(4.4)	2.2	(5.3)	(3.4)
Middle East and Africa	26.6	38.7	(6.1)	(4.9)	(3.5)	(8.7)
Other	0.9	210.9	(1.7)	(55.3)	3.3	(6.9)

**Fig 150 – Imports from all regions have moderated in FYTD24**

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Mar-23	Apr-23	May-23
Americas	11.2	34.7	(13.2)	(16.4)	(26.5)	(0.1)
Asia and Pacific (Ex. China)	24.9	42.0	(16.4)	0.1	(18.1)	(14.7)
China	13.8	13.3	1.9	(14.8)	(5.6)	9.7
Europe	12.6	9.9	1.8	35.6	15.1	(6.6)
Middle East and Africa	30.8	67.4	(31.6)	(27.9)	(33.5)	(29.7)
Other	6.8	109.5	182.8	232.1	175.4	189.0

Trade deficit

Fig 151 – Trade deficit expanded to US\$ 22.1bn in May'23 from US\$ 15.1bn in Apr'23

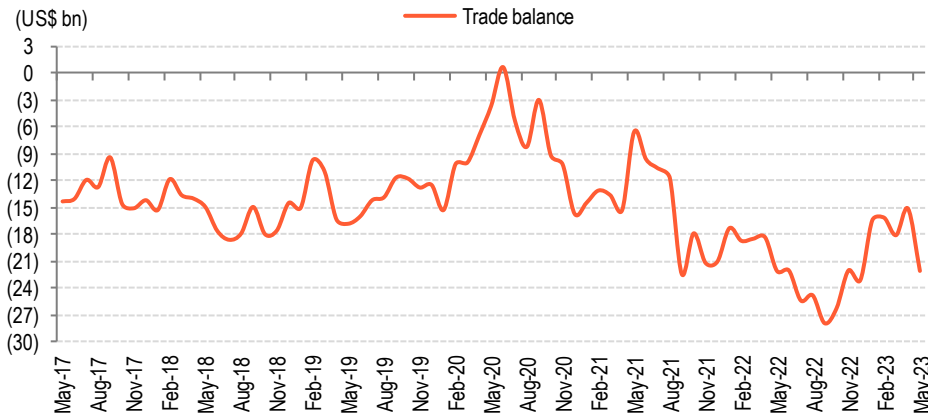
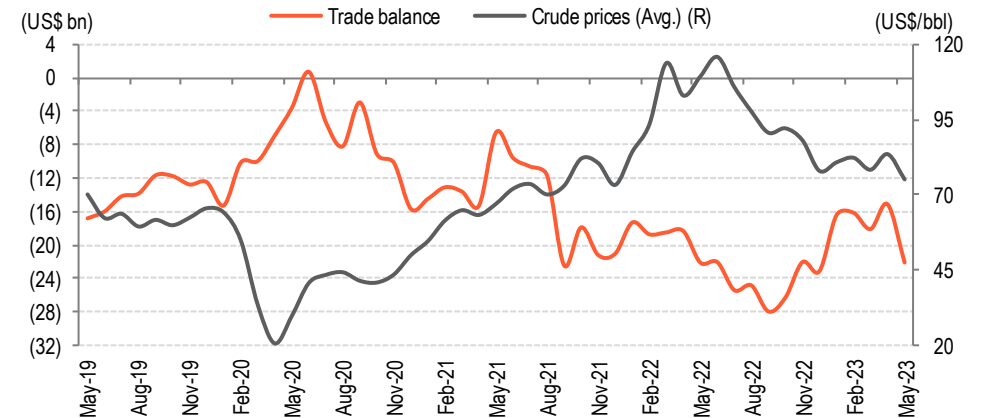
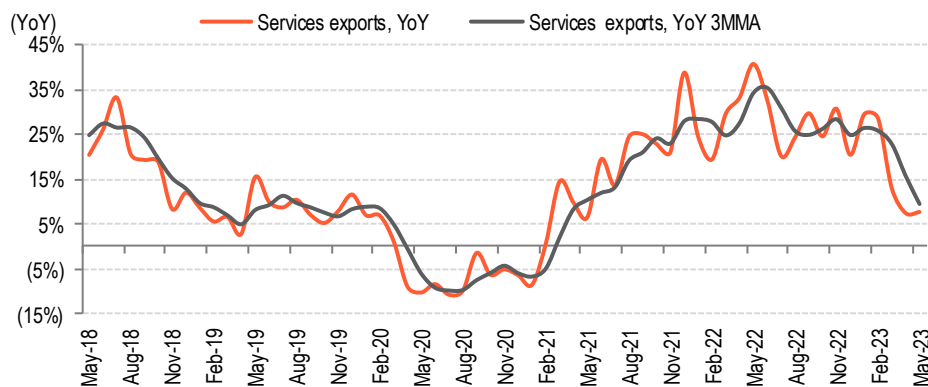


Fig 152 – Even as oil prices dipped



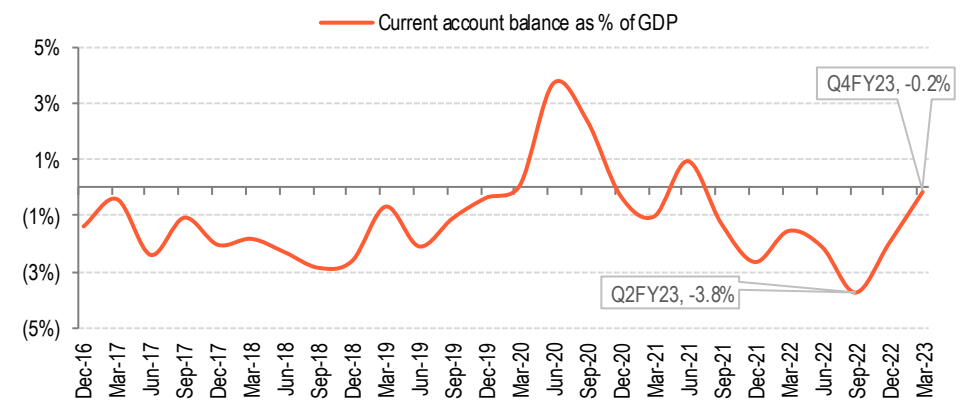
Trade in services

Fig 153 – Growth in services exports steady at 7.7% in May'23 versus 7.4% in Apr'23



BoP

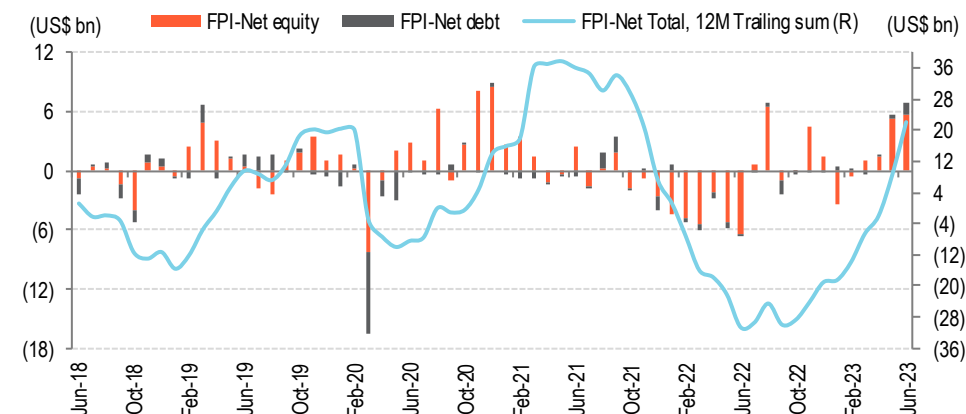
Fig 154 – India's current account deficit narrowed to a 6-quarter low at 0.2% of GDP in Q4FY23



## Foreign inflows

### FPI inflows

**Fig 155 – FPI inflows at a 9-month high in Jun'23 at US\$ 6.8bn**



Source: Bloomberg

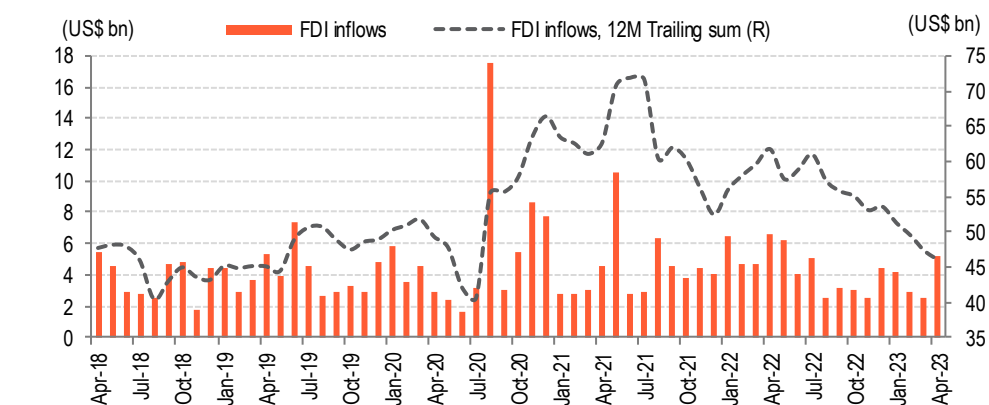
**Fig 157 – FDI inflows fall in FY23, led by computer software and hardware and automobile sector**

Sector	% Share FY23	FY22	FY23	Q4FY22	Q3FY23	Q4FY23
Computer software and hardware	20.4	14.5	9.4	4.2	1.8	1.3
Services	18.9	7.1	8.7	1.8	2.4	2.1
Trading	10.4	4.5	4.8	1.5	0.9	0.6
Non-conventional energy	5.4	1.6	2.5	0.4	0.3	0.8
Drugs and Pharmaceuticals	4.5	1.4	2.1	0.2	1.1	0.2
Automobile industry	4.1	7.0	1.9	1.0	0.3	0.6
Construction (Infrastructure) activities	3.7	3.2	1.7	1.7	0.2	0.5

Source: DIPP

### FDI inflows

**Fig 156 – FDI equity inflows improve to US\$ 5.2bn in Apr'23 versus US\$ 2.5bn in Mar'23**



Source: RBI, Bank of Baroda Research

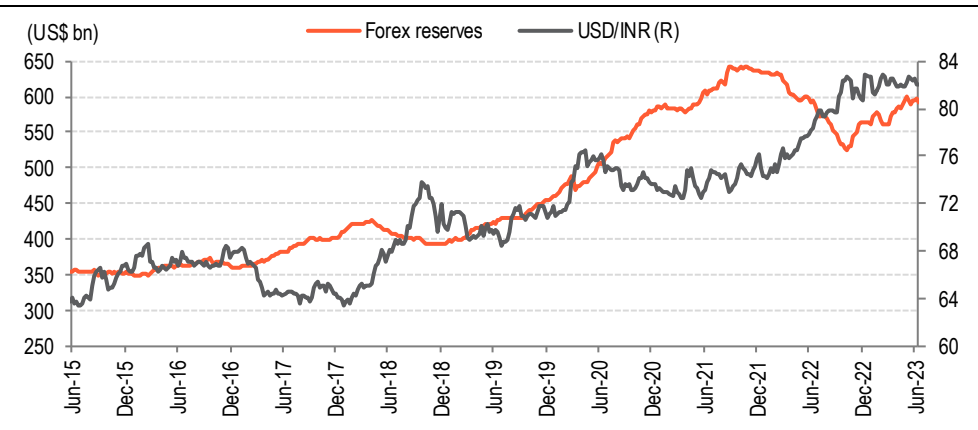
**Fig 158 – Country wise, inflows from Mauritius and US dipped in FY23**

Country (US\$ bn)	% Share FY23	FY22	FY23	Q4FY22	Q3FY23	Q4FY23
Singapore	37.4	15.9	17.2	4.2	3.1	4.1
US	13.3	9.4	6.1	2.8	1.4	1.4
Mauritius	13.1	10.5	6.0	3.0	2.4	1.1
Netherlands	5.4	4.6	2.5	2.0	0.4	0.3
UK	3.9	1.5	1.8	0.6	0.2	0.4
Japan	3.8	1.6	1.7	0.2	0.7	0.1

Source: DIPP

Forex reserves and external debt

Fig 159 – India’s FX reserves at US\$ 593.2bn in Jun’23, up by US\$ 14.7bn in FYTD24



Source: Bloomberg | Weekly data as of 23 Jun 2023

Fig 160 – India’s import cover improves further in May’23, supported by increase in FX reserves

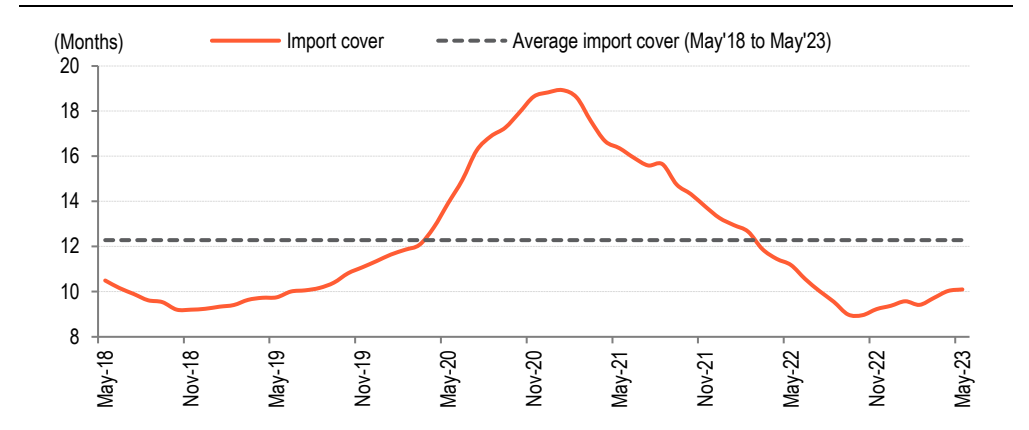


Fig 161 – RBI’s bought US\$ 7.7bn in the spot market in Apr’23, a 22-month high

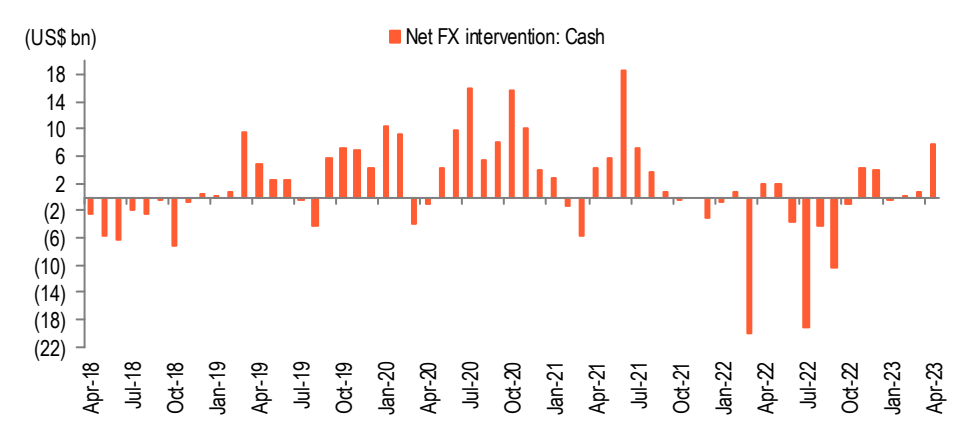
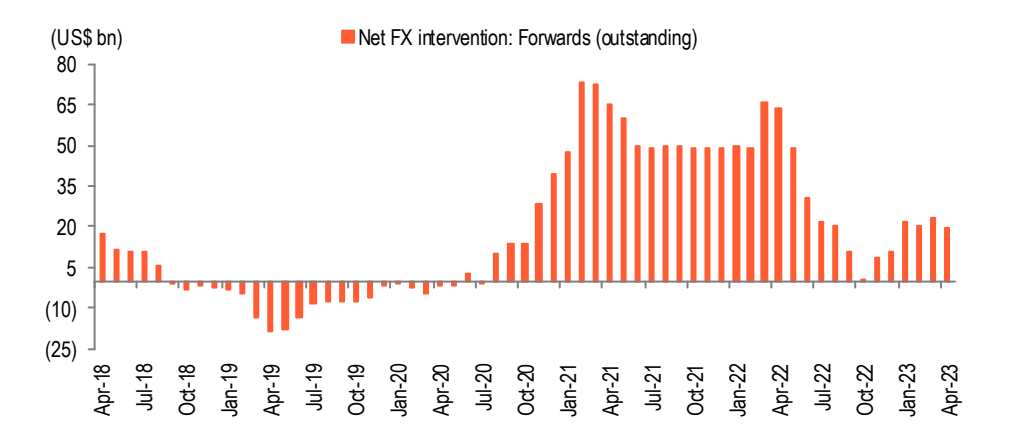


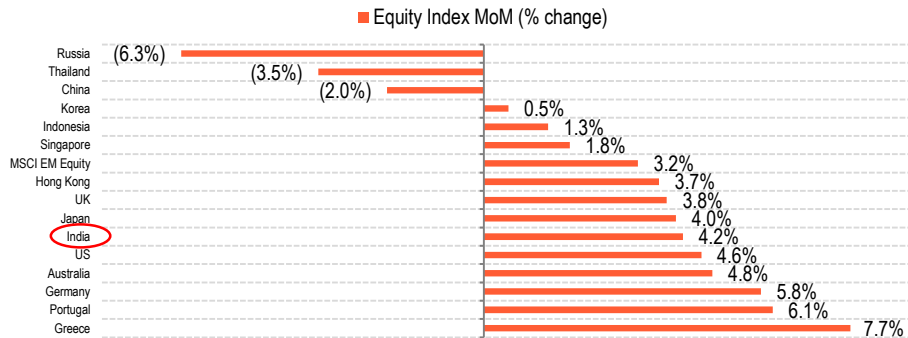
Fig 162 – RBI’s outstanding forwards position at US\$ 19.9bn as of Apr’23



Markets

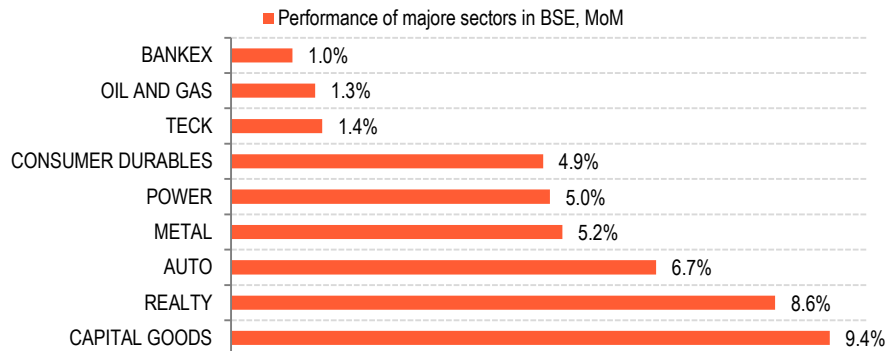
Equity

Fig 163 – In Jun'23, Sensex rose by 4.2% in Jun'23, while MSCI EM rose by 3.2%



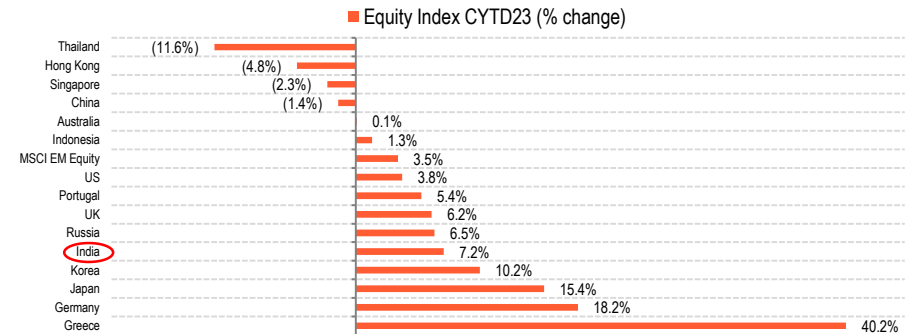
Source: Bloomberg | \* As on 30 Jun 2023, Indices are in US\$ terms

Fig 165 – Capital goods and real Estate stocks rose the most in Jun'23



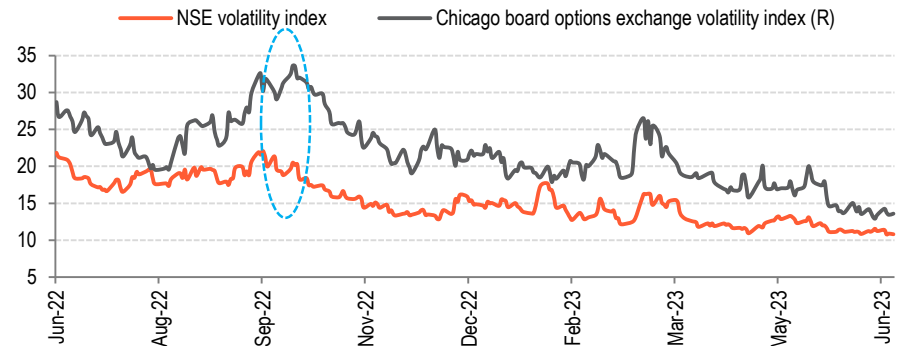
Source: Bloomberg | As on 30 Jun 2023

Fig 164 – In CYTD23, Sensex rose by 7.2%



Source: Bloomberg | \* As on 30 Jun 2023, Indices are in US\$ terms

Fig 166 – VIX index moderated to 10.8 in Jun'23 from 12.0 in May'23

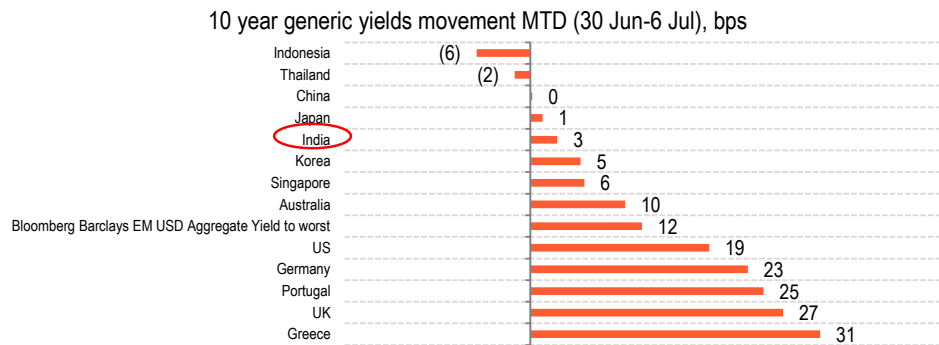


Source: Bloomberg



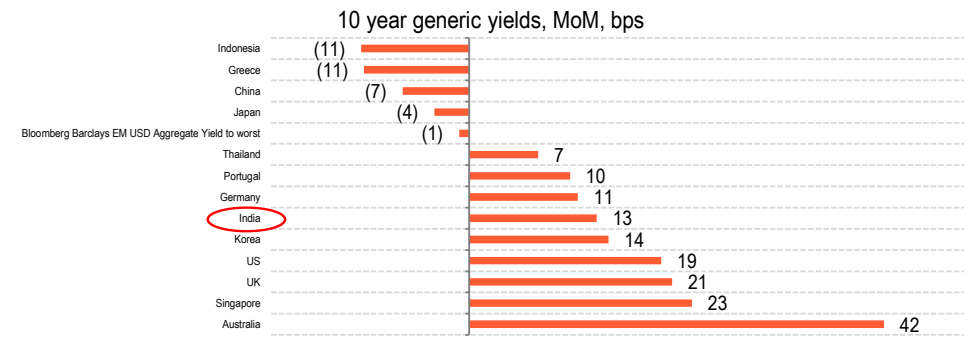
10-year bond yields

Fig 167 – On MTD basis, India’s 10Y yield inched up by 3bps



Source: Bloomberg | As on 6 Jul 2023

Fig 168 – On MoM basis, India’s 10Y yield rose by 13bps, led by higher global yields



Source: Bloomberg | As on 30 Jun 2023

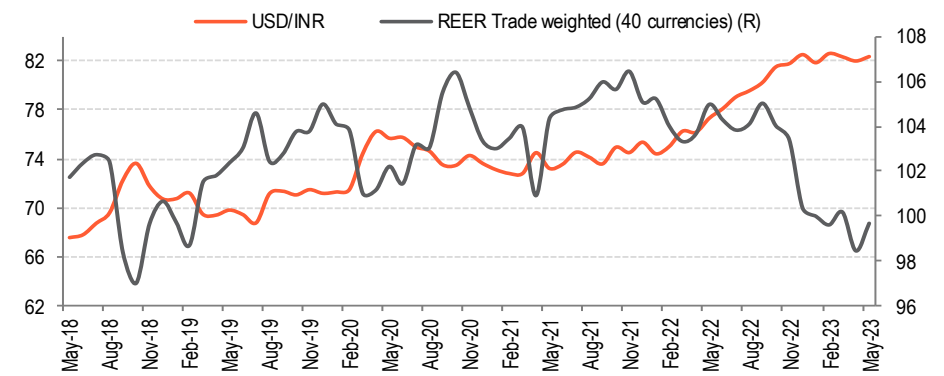
Currencies

Fig 169 – INR appreciated by 0.8% in Jun'23



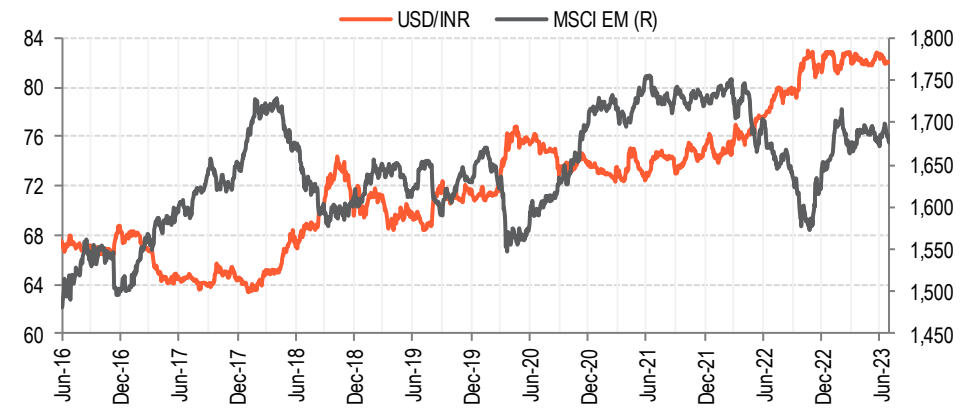
Source: Bloomberg | \*As on 30 Jun 2023

Fig 170 – USD/INR and REER



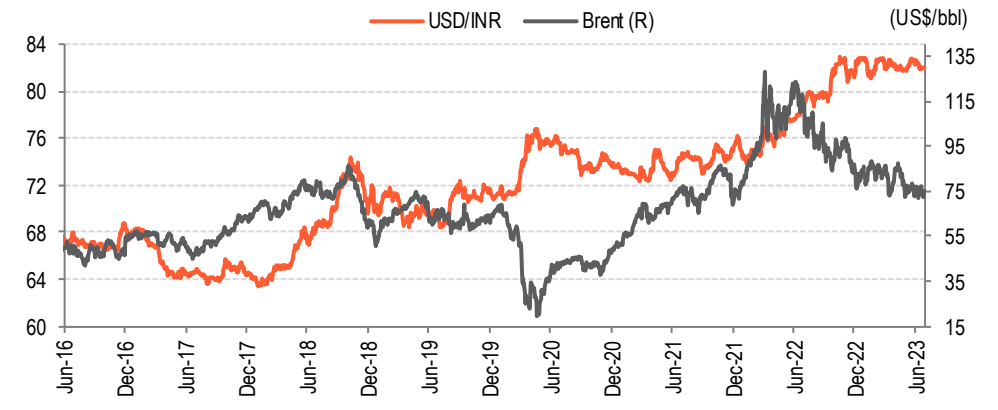
Source: Bloomberg

Fig 171 – Other EM currencies also gained..



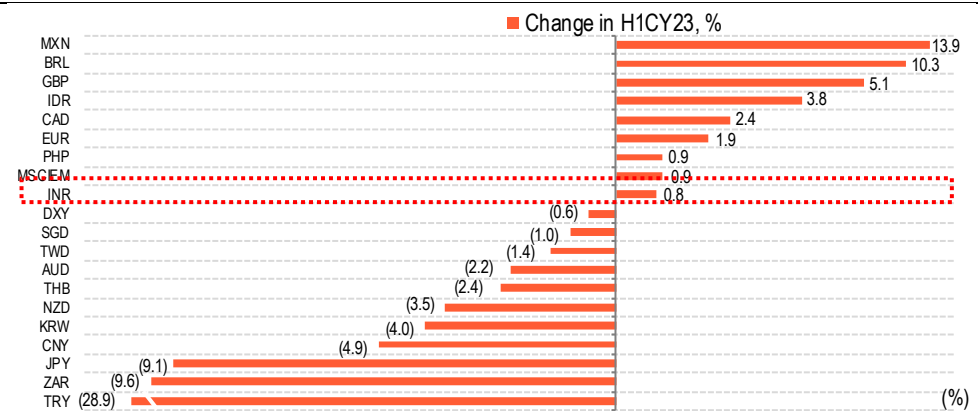
Source: Bloomberg | \*As on 30 Jun 2023

Fig 172 – .. as oil prices were lower on an average



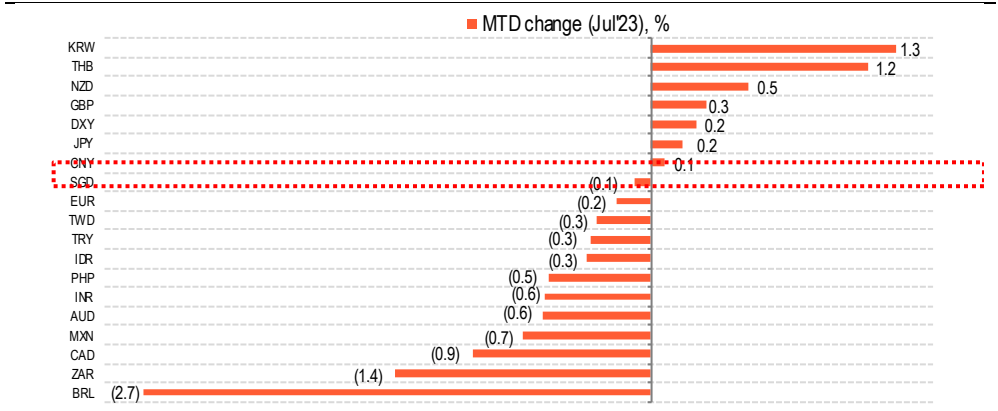
Source: Bloomberg | \*As on 30 Jun 2023

Fig 173 – In H1CY23, INR has appreciated by 0.8%



Source: Bloomberg | \*As on 30 Jun 2023

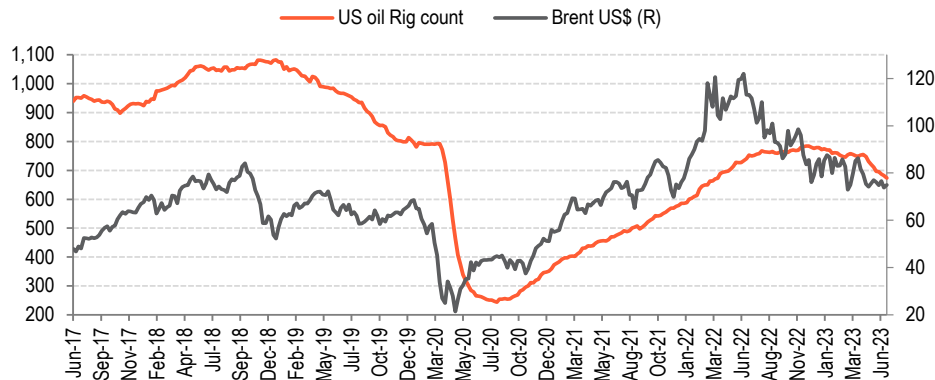
Fig 174 – However, INR has depreciated in Jul'23 as expectations of more rate hikes by Fed have strengthened



Source: Bloomberg | \*As on 6 Jul 2023

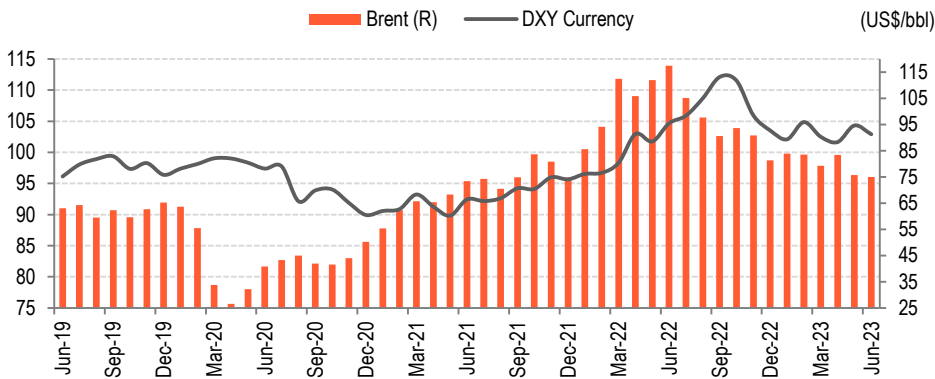
Commodities

Fig 175 – US rig count moderated in Jun'23



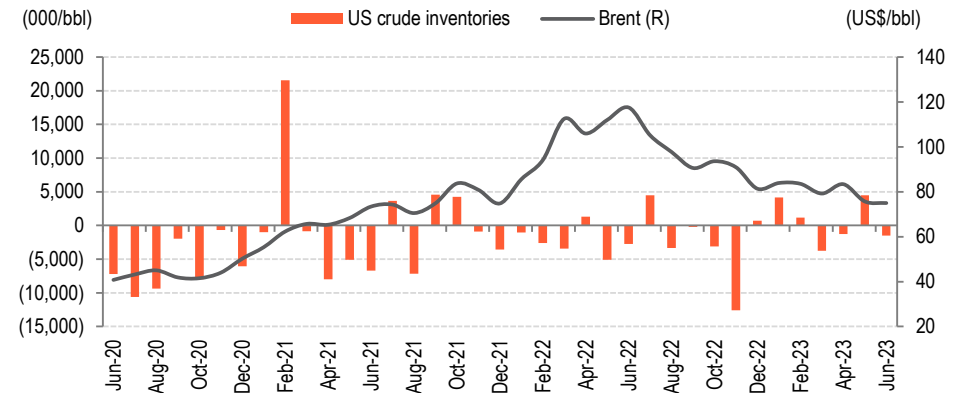
Source: Bloomberg

Fig 177 – Oil prices (average) moderated to US\$ 75/bbl in Jun'23 from US\$ 75.7/bbl in May'23, DXY inched down to 102.91 from 104.33



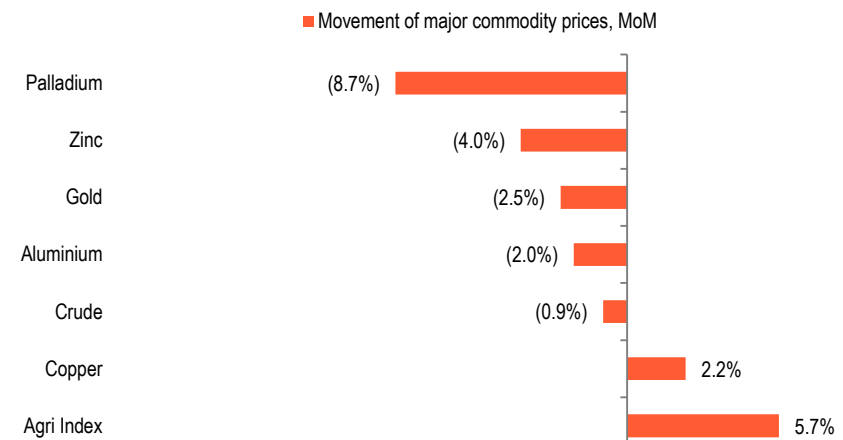
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 176 – US crude oil inventory dipped in Jun'23



Source: Bloomberg

Fig 178 – Except agri index and copper, prices of major commodities have fallen



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	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
<b>Agriculture</b>													
Tractor sales	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	19.2	16.0	11.8	10.1	(13.0)	(2.4)	-
Two wheeler sales	20.2	(10.9)	8.5	9.0	51.1	23.6	(11.2)	10.1	14.8	12.4	(7.3)	9.3	6.8
MNREGA work (HH, MoM)	(6.5)	(34.9)	(35.2)	(30.3)	(24.0)	(10.1)	(11.9)	(11.4)	(11.1)	(6.2)	3.4	3.2	6.1
<b>Manufacturing</b>													
IIP: General index	12.6	2.2	(0.7)	3.3	(4.1)	7.6	5.1	5.5	5.8	1.7	4.2	-	-
IIP: Manufacturing	12.9	3.1	(0.5)	2.0	(5.8)	6.7	3.6	4.5	5.6	1.2	4.9	-	-
IIP: Capital goods	28.6	5.1	4.3	11.4	(2.9)	20.7	7.8	10.5	10.5	9.1	6.2	-	-
IIP: Infra & construction goods	9.4	4.8	3.0	8.2	1.7	14.3	11.0	11.3	8.4	7.0	12.8	-	-
IIP: Consumer goods	25.2	2.3	(4.4)	(5.5)	(18.1)	5.0	(11.2)	(8.2)	(4.1)	(8.1)	(3.5)	-	-
Steel	3.3	7.5	5.8	7.7	5.8	11.5	12.3	14.3	12.4	8.8	15.3	9.2	-
Cement	19.7	0.7	2.1	12.4	(4.2)	29.1	9.5	4.7	7.4	(0.6)	12.0	15.5	-
Electricity	16.5	2.3	1.4	11.6	1.2	12.7	10.4	12.7	8.2	(1.6)	(1.1)	(0.3)	-
PMI: Manufacturing	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8
<b>Services</b>													
Services PMI index	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2	59.4	57.8	62.0	61.2	58.5
Automobile sales	27.2	(7.8)	8.3	10.9	47.6	25.7	(5.4)	13.6	16.0	13.9	(4.0)	10.1	9.6
Passenger vehicle sales	40.2	(4.7)	6.5	9.7	40.6	21.3	8.1	21.9	11.0	14.4	(1.3)	4.3	4.8
Vehicle registration	21.5	(8.8)	7.6	7.5	47.8	19.0	(6.6)	14.0	16.7	14.7	(3.4)	10.5	9.6
Rail freight traffic	11.3	8.3	7.9	9.1	1.4	5.2	3.1	3.8	3.6	3.8	3.5	1.9	-1.9
Port cargo volume	13.6	14.8	8.0	14.9	3.6	2.0	10.4	12.2	12.0	1.5	1.3	3.5	0.4
Credit growth	12.3	13.4	14.3	18.9	15.8	16.1	14.9	16.3	15.5	15.0	15.7	15.4	15.4
Deposit growth	8.6	9.2	9.5	12.5	8.9	9.8	9.2	10.5	10.1	9.6	10.1	10.9	12.1
CIC	8.0	8.1	8.1	8.2	9.0	7.9	8.2	8.6	8.2	7.8	7.6	6.9	4.9
Toll collection (in mn)	277.9	265.2	272.0	259.2	283.0	285.6	308.0	300.8	288.4	306.3	305.0	335.2	316.1
Diesel consumption	23.9	8.1	13.2	13.4	5.6	19.3	6.6	12.8	7.5	1.2	8.7	12.8	-3.7
GST E-way bill (in mn)	74.5	75.6	78.2	84.0	76.9	80.7	84.1	82.4	81.8	90.9	84.4	88.2	86.1
<b>External Trade</b>													
Merchandise exports	30.1	7.9	10.9	4.7	(11.5)	9.7	(3.1)	1.6	(0.4)	(6.0)	(12.5)	(10.3)	-
Merchandise imports	52.9	38.2	37.2	12.6	8.0	7.4	1.5	(0.6)	(4.9)	(4.9)	(14.1)	(6.6)	-
Services exports	32.6	20.2	24.3	29.7	24.6	30.7	20.4	29.5	28.6	13.0	7.4	7.7	-
Services imports	45.5	22.3	27.1	28.1	15.9	21.7	5.7	12.0	15.4	10.5	(3.1)	2.0	-

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

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