

India Economics

Monthly Chartbook

December 2023

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Growth remains resilient

India's growth has remained on firm footing with Q2 GDP holding strong. It received support from government's capex and investment demand. Other high frequency indicators of growth are also relatively well positioned, with pick up visible in non-oil non gold and electronic imports, buoyant credit demand and robust auto sales. Company financials have also showed sector specific recovery. RBI's recent policy has remained affirmative on growth, with growth forecast for FY24 being revised upwards. On inflation, however it remained vigilant, stressing on the fact that 'monetary policy must continue to be actively disinflationary'. Fear of OMO sales have been temporarily ruled out, which will provide comfort to 10Y yield going forward. INR was weak compared to major global peers. However, in Dec'23 some correction was visible.

Domestic demand signalling resilience: Pick up in non-oil-non gold and electronic imports continues to show strengthening of consumption demand. Moreover, automobile sales and steady uptick in credit growth have also provided much needed support. However, other high frequency indicators such as power demand, digital payments along with consumer durable and FMCG output has noted some softness. The recent release of PFCE growth for Q2 have also recorded moderation. On rural front, agriculture growth for Q2 slowed down sharply on the back of uneven monsoon activity. Growth is expected to moderate further in H2FY24 with concerns around rabi sowing, which needs careful monitoring.

Health of centre's finances: Fiscal deficit ratio (% of GDP, 12MMA basis) of the central government settled at 6.2% as of Oct'23 compared with 6.4% as of H1FY24, on account of slowdown in spending. In FYTD24 (Apr-Oct'23),

centre's overall spending momentum eased to 11.7% versus 16.2% in H1FY24. This was mainly driven by slowdown in revenue spending (6.5% versus 10%). Capex also moderated (33.7% versus 43.1%). On the income side, centre's net revenue receipts rose by 16.1 %, compared with 19.5% growth seen in H1FY24. This was driven by softening in both direct (24.1% versus 25.4%) and indirect tax collections (3.7% versus 6.6%). Within direct taxes, corporate tax collections moderated, while income receipts were relatively stable. Within indirect taxes, customs and excise collections acted as a drag.

India's 10Y yield got some support: In Nov'23, India's 10Y yield fell in line with global yields, especially US 10Y yield guided the trajectory. However, much fall is arrested on account of tighter liquidity conditions. Going forward, India's 10Y yield is likely to be in the range of 7.25-7.35% in the current month. RBI's guidance ruling out any OMO sales at present will provide additional comfort. However, near term pressure on liquidity cannot be fully discounted, which will continue to exert pressure on the short end part of the curve. Apart from this, any upside surprise in inflation data will be a key risk. Longer end of the curve however, is unlikely to exhibit much volatility.

INR at a record low: While most global currencies have gained from prospects of Fed rate cuts from early next year, the performance of INR has been underwhelming. INR fell to a record-low multiple times during Nov'23, despite lower oil prices and FPI inflows. Strong dollar demand from importers have been fueling the weakness in INR. However, INR has reversed some of its losses in Dec'23 and is trading marginally stronger this month. We expect INR to trade in the range of 83-83.5/\$ in the near-term.

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

High frequency indicators

Fig 1 – Growth in power demand slows down in Nov'23

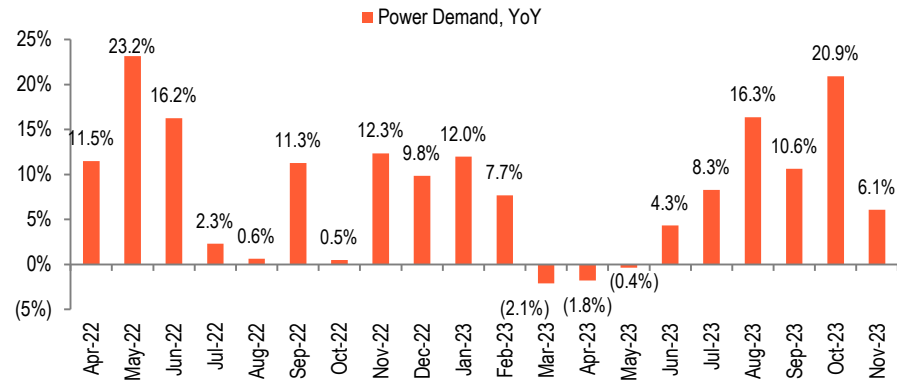
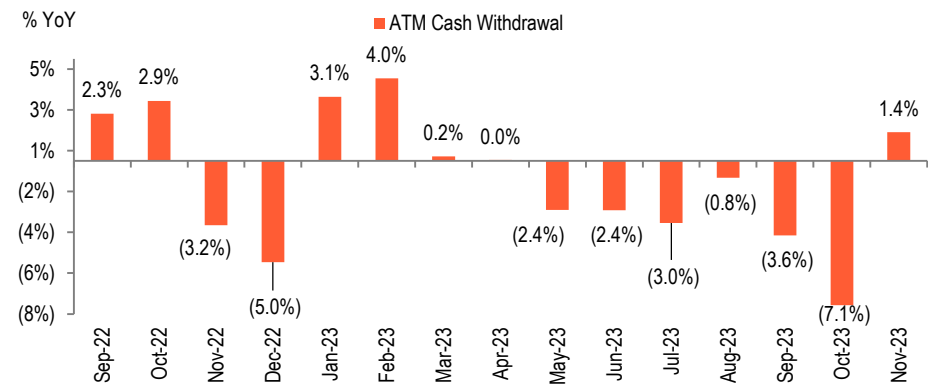
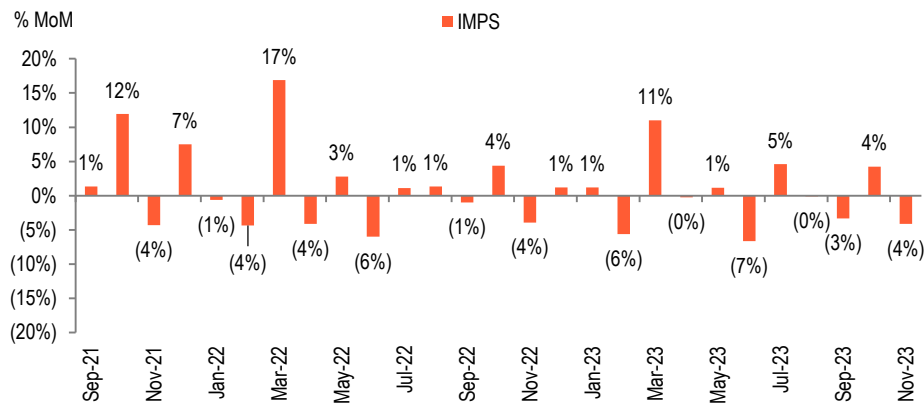


Fig 2 – Growth in cash withdrawal rebounds



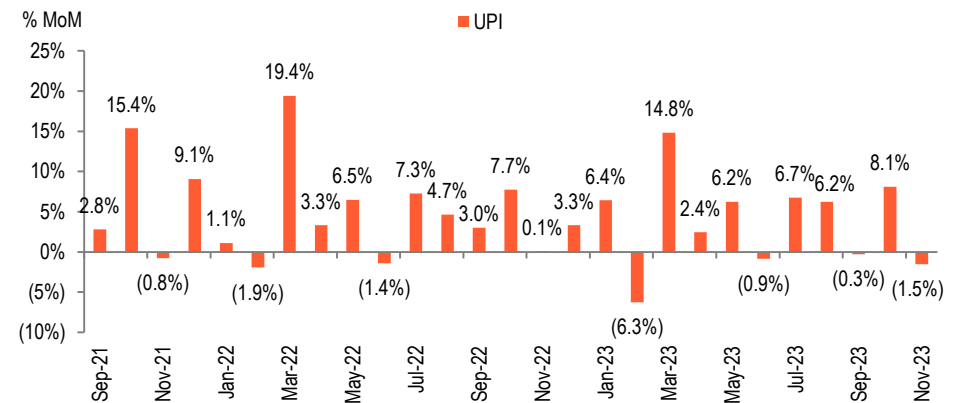
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – IMPS transactions decline



Source: RBI

Fig 4 – Growth in UPI payments too drops



Source: RBI

Fig 5 – Growth in fertilizer sales jumps

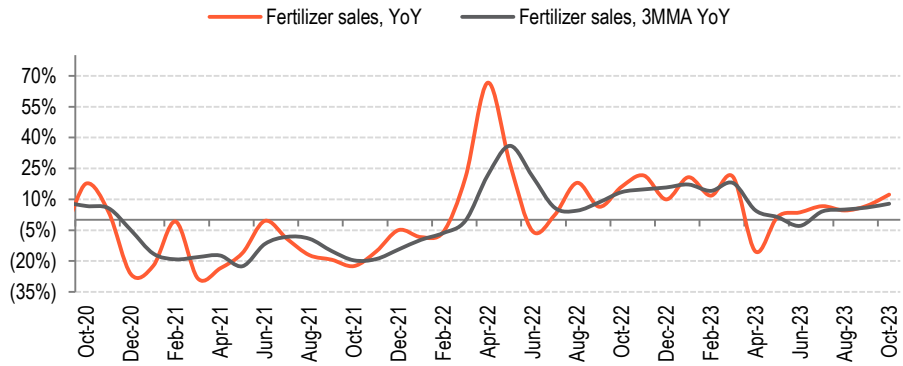
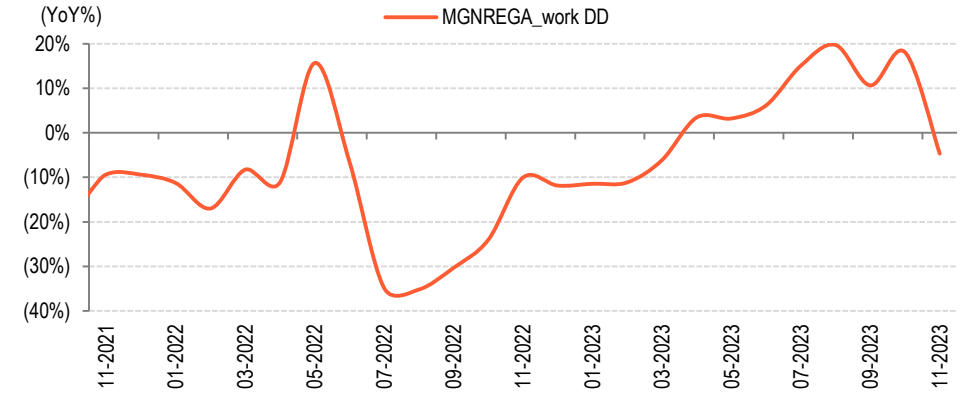


Fig 6 – Demand for work (MGNREGA-household) dips sharply



Final consumption expenditure

Fig 7 – Private consumption moderates in Q2

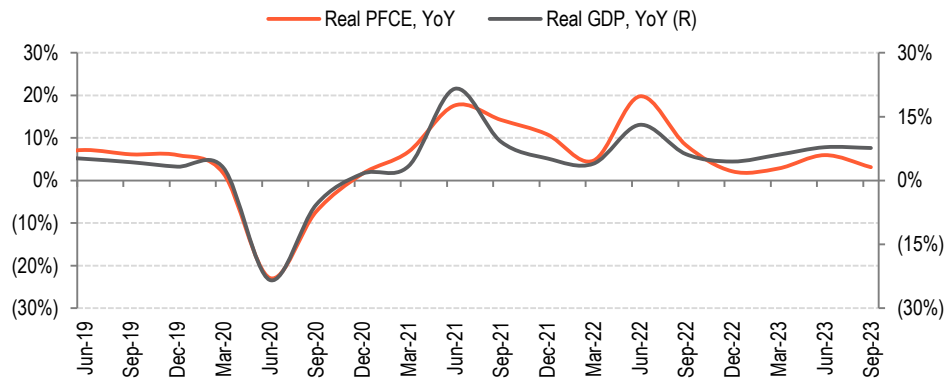


Fig 8 – Government consumption picks up in Q2

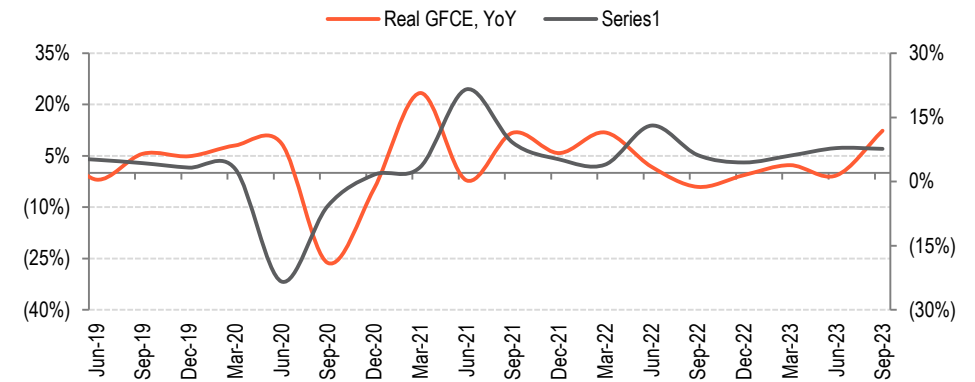


Fig 9 – General govt. revenue spending slips

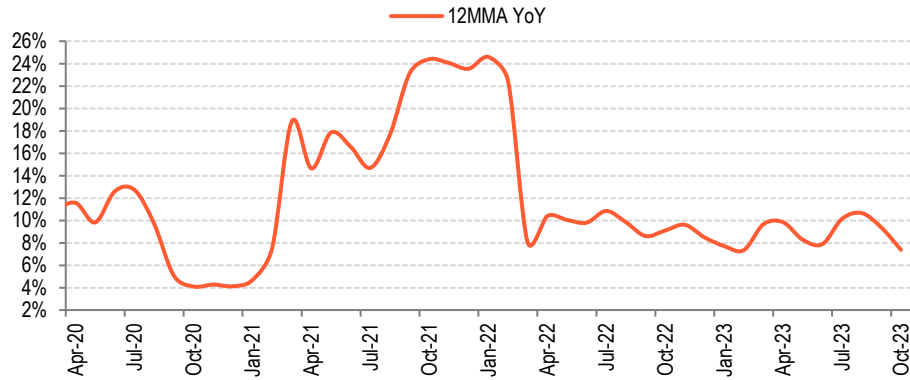
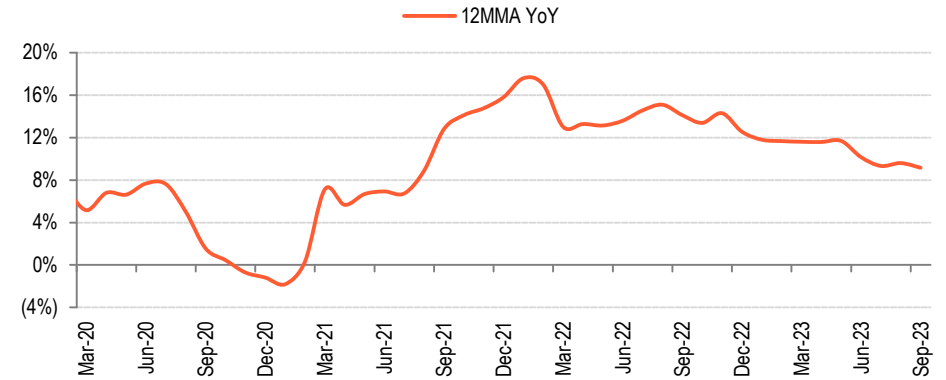


Fig 10 – .. similar movement for State* govt. revenue spending



Note: *All states excluding N.E states, Goa and J&K

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports rebounds

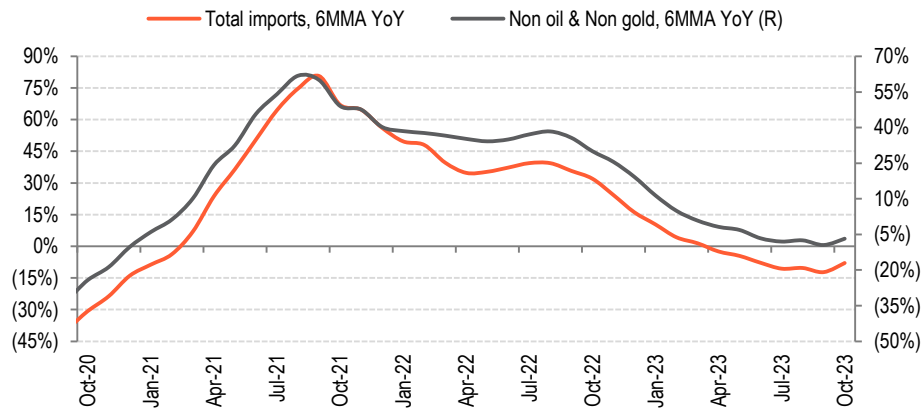


Fig 12 – Higher growth in electronic imports

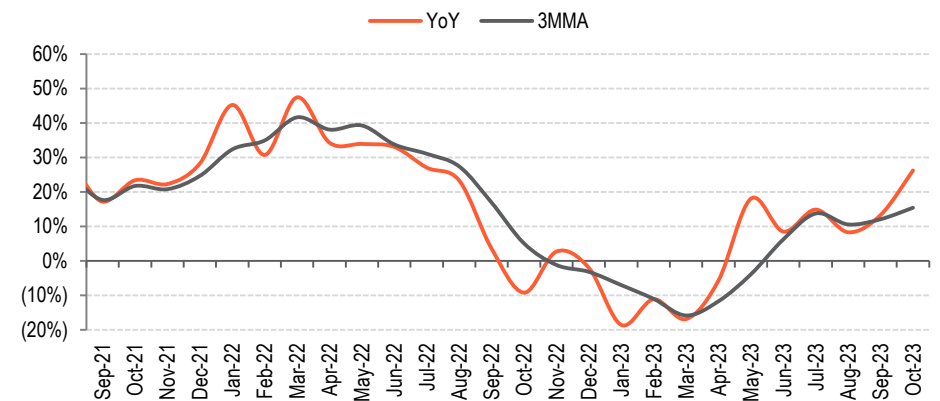


Fig 13 – Retail passenger vehicle sales moderates

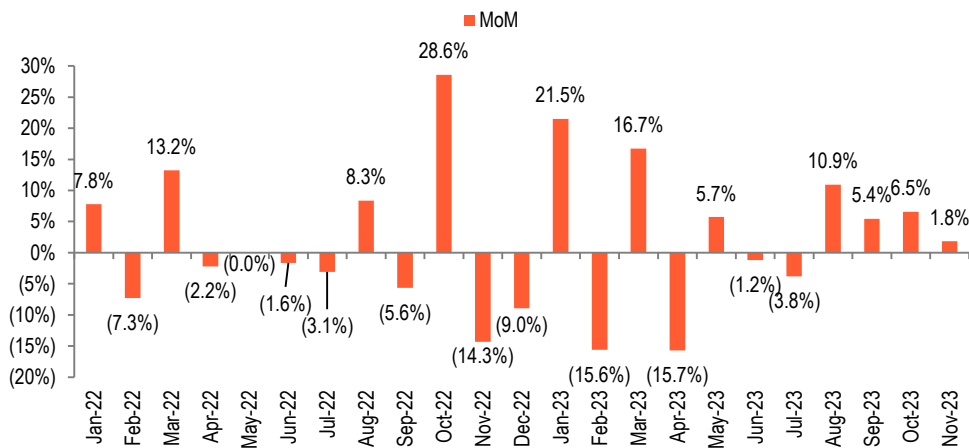
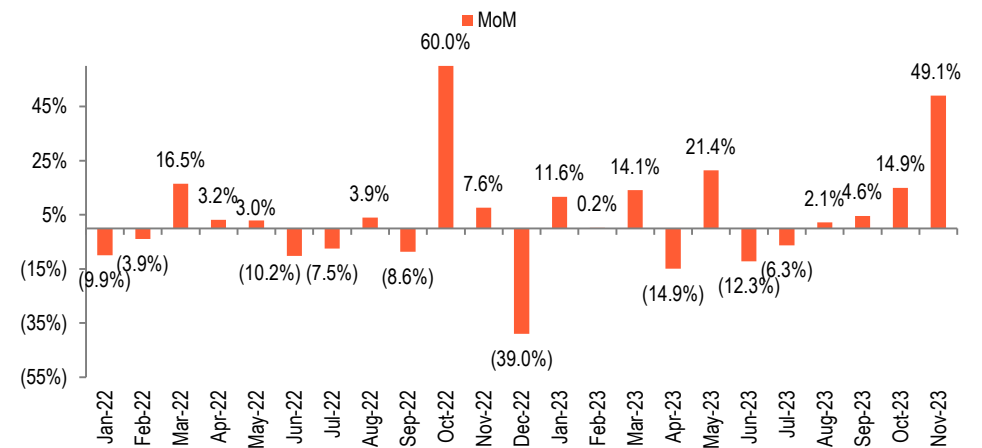


Fig 14 – Accelerated growth in two-wheeler sales



Source: FADA

Credit deployment of personal loans

Fig 15 – Growth in credit card loan moderates

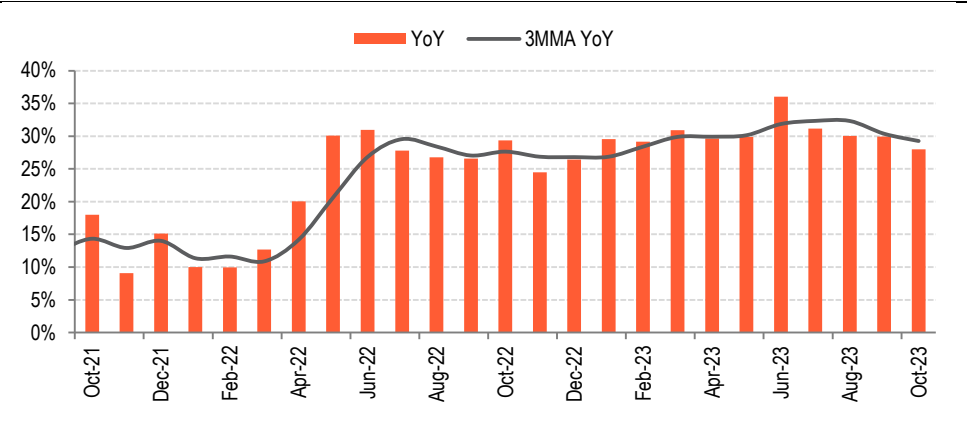


Fig 16 – Steady growth in personal loans

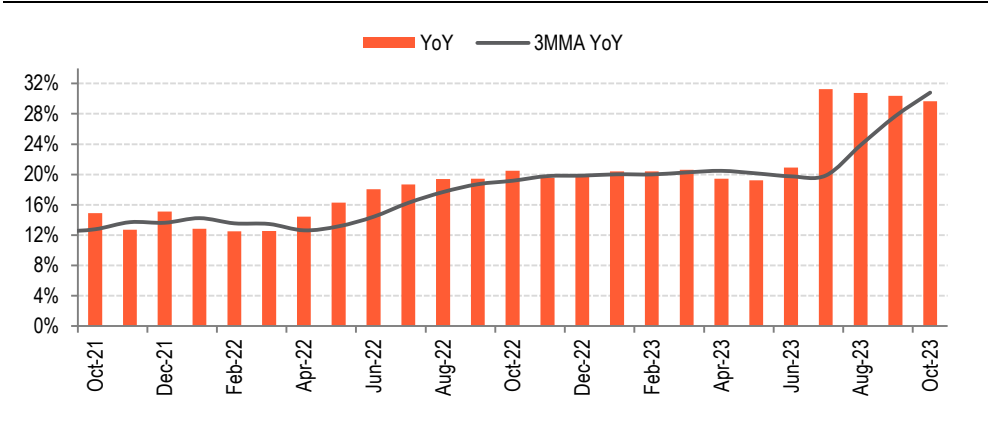


Fig 17 – Growth in vehicle loans slows

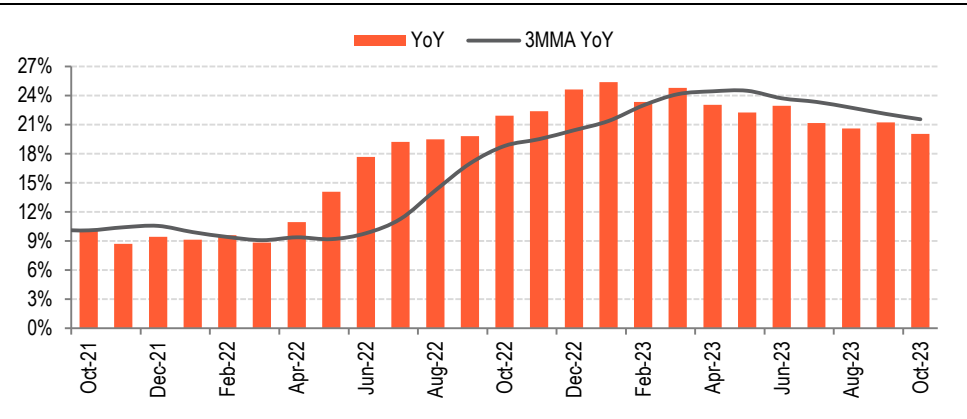


Fig 18 – Consumers turn optimistic

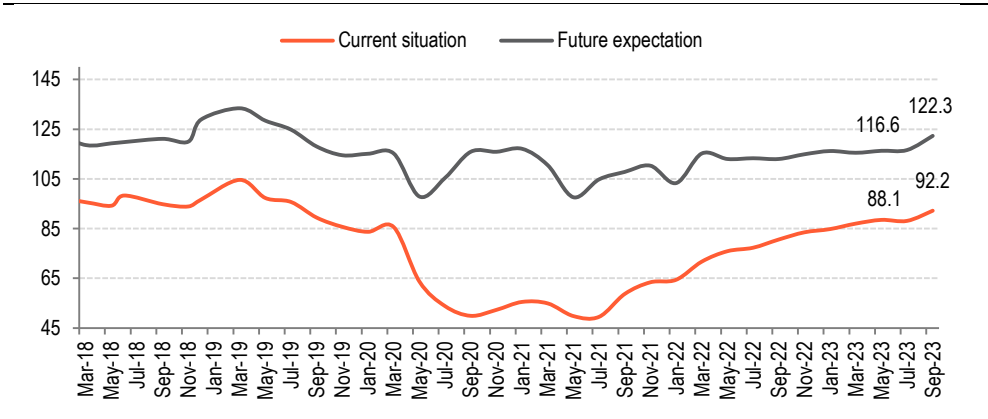


Fig 19 – RBI’s essential spending signals dip

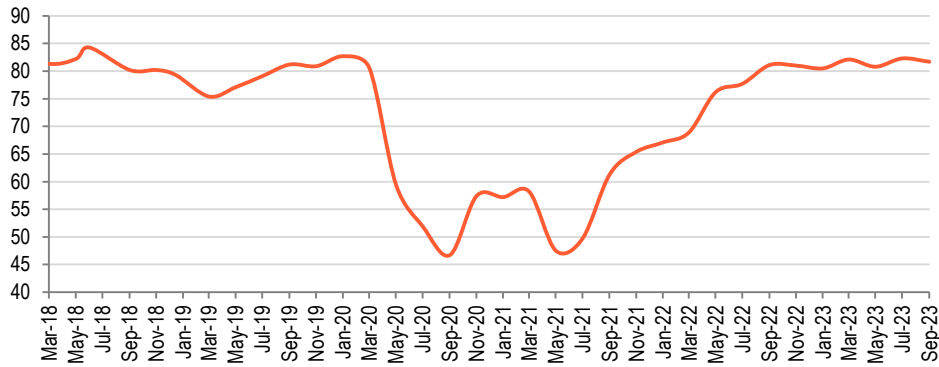
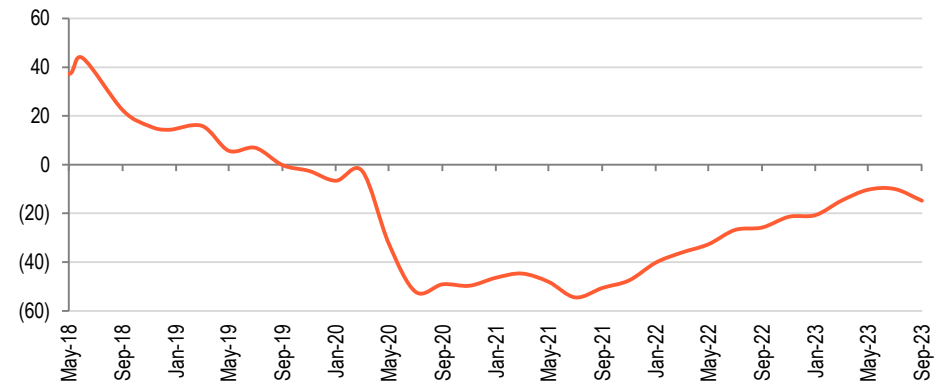


Fig 20 – Non-essential spending continues to moderate



Consumer durables & non-durables production

Fig 21 – Growth in consumer durables output slips

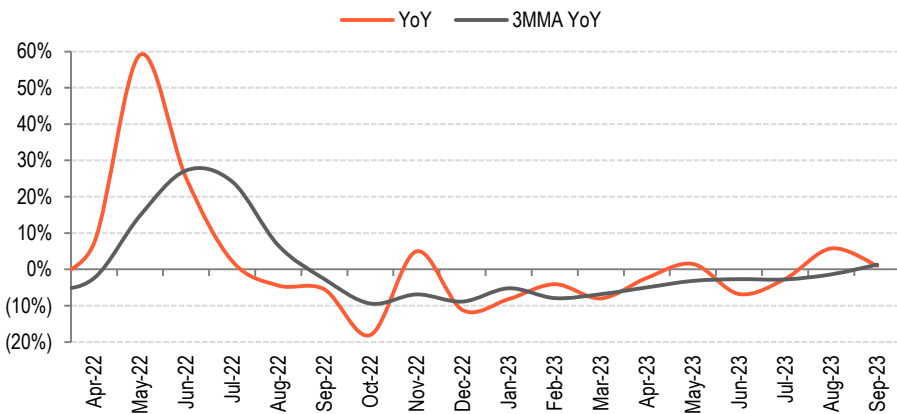
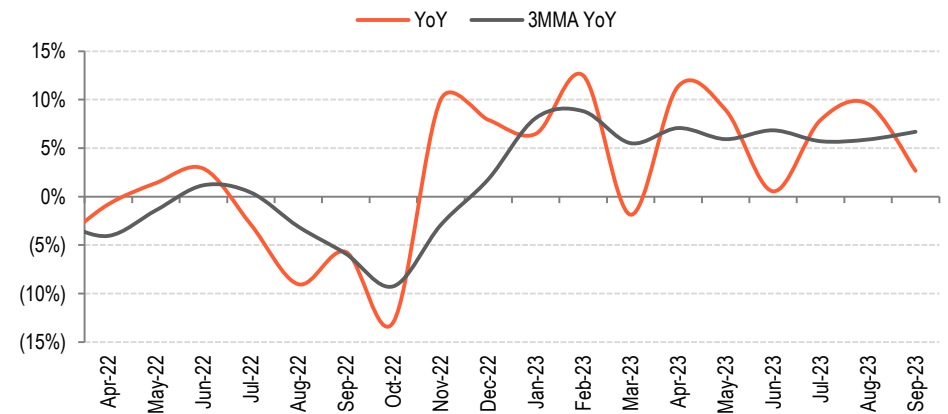


Fig 22 – Similar movement in FMCG output



Agriculture

Fig 23 – Agriculture growth falls in Q2

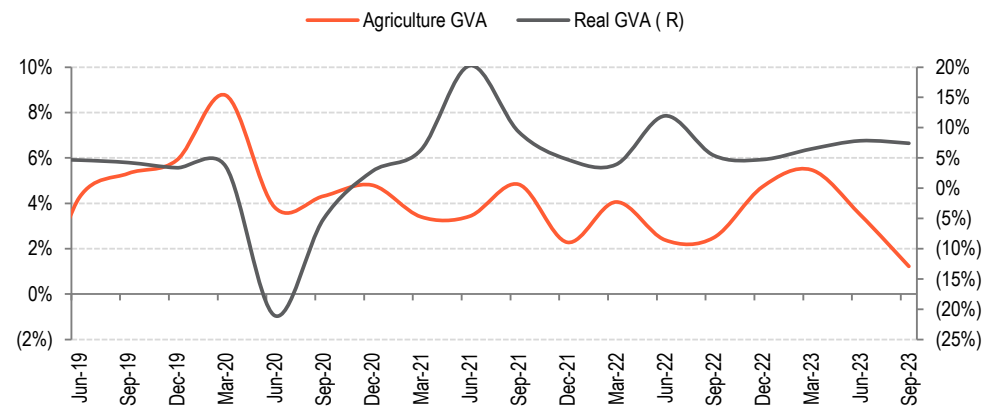
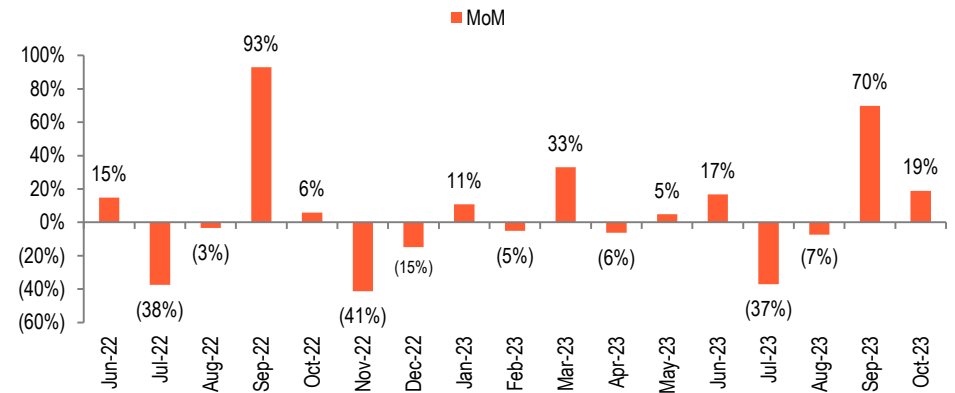


Fig 24 – Growth in tractor sales moderates



Note: Tractor sales including exports

Fig 25 – Growth in agriculture credit picks up

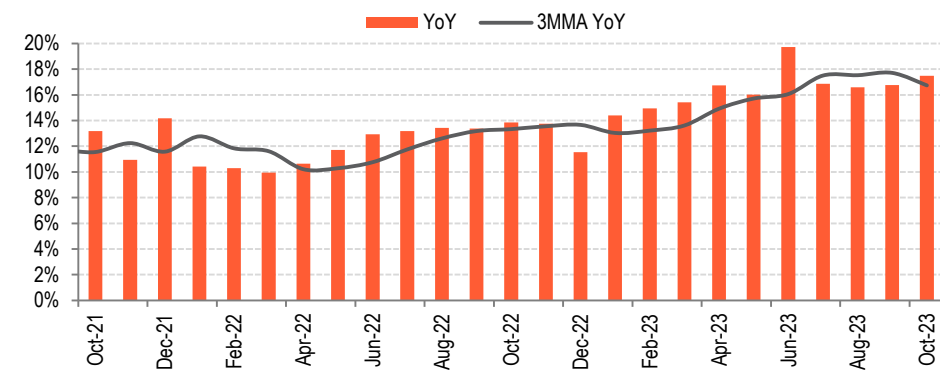
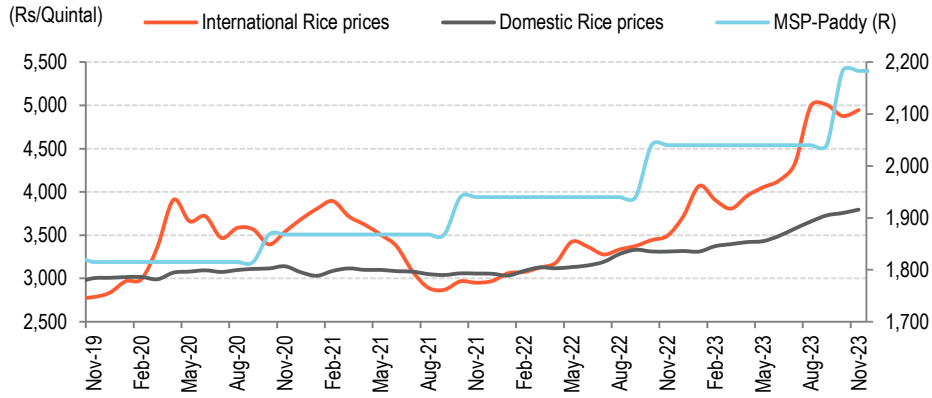


Fig 26 – Procurement of rice and wheat

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	10.35

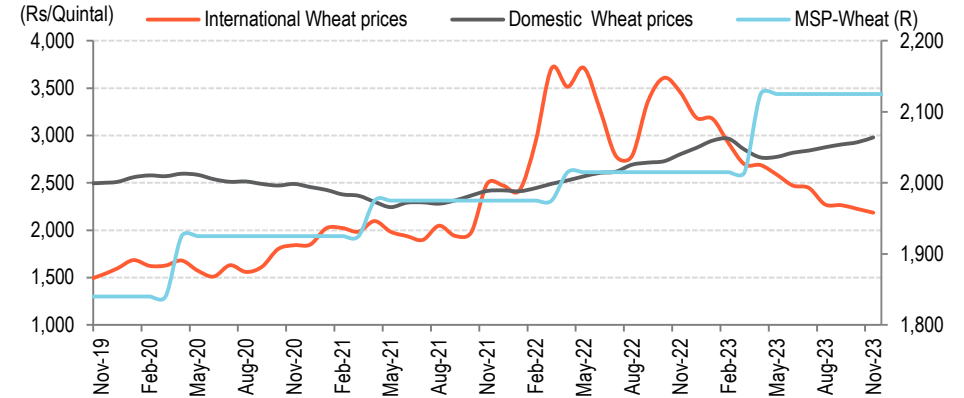
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Oct 2023

Fig 27 – Both domestic and international rice price inch up



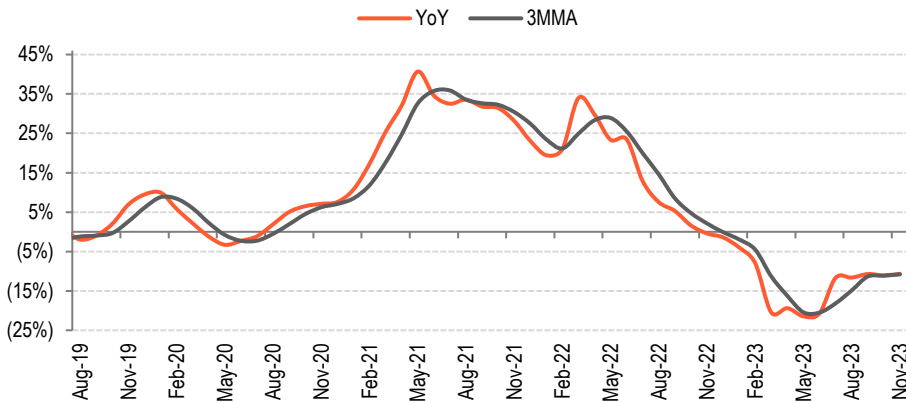
Source: World Bank

Fig 28 – International wheat prices dips: domestic prices edge up



Source: World Bank

Fig 29 – Global food prices decline at a slower pace



Source: FAO

Fig 30 – Wage growth (men) steady

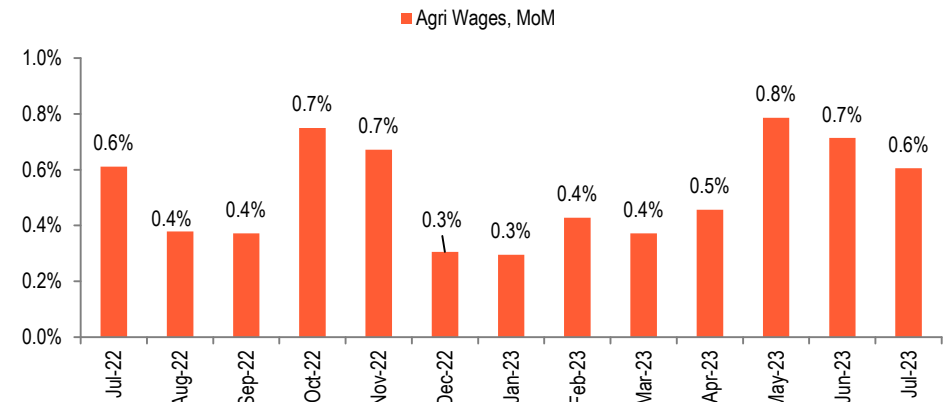


Fig 31 – Rabi sowing is lower compared with last year

Crop Type (Lakh ha)	Area sown in 2023-24	Area sown in 2022-23	Growth (YoY%)
Wheat	187.94	197.59	(4.9)
Rice	9.28	10.7	(13.3)
Coarse Cereals	39.93	41.68	(4.2)
Jowar	16.74	18.21	(8.1)
Maize	14.55	14.27	2.0
Pulses	108.09	119.37	(9.4)
Oilseeds	89.49	89.88	(0.4)
Total	434.72	459.22	(5.3)

*Note: Till 1 Dec 2022

Inflation

Fig 32 – Headline CPI was at 4.9% in Oct'23 from 5% in Sep'23, food inflation remained sticky

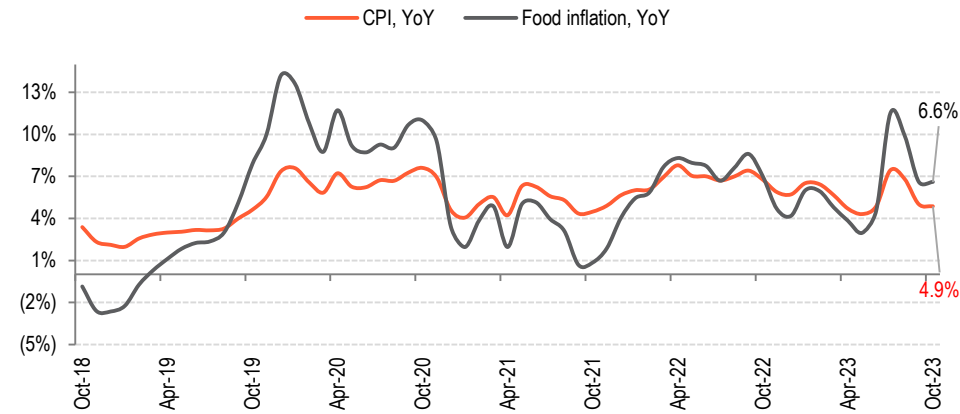


Fig 33 – ...Pressure was visible in case of fruits, pulses etc.

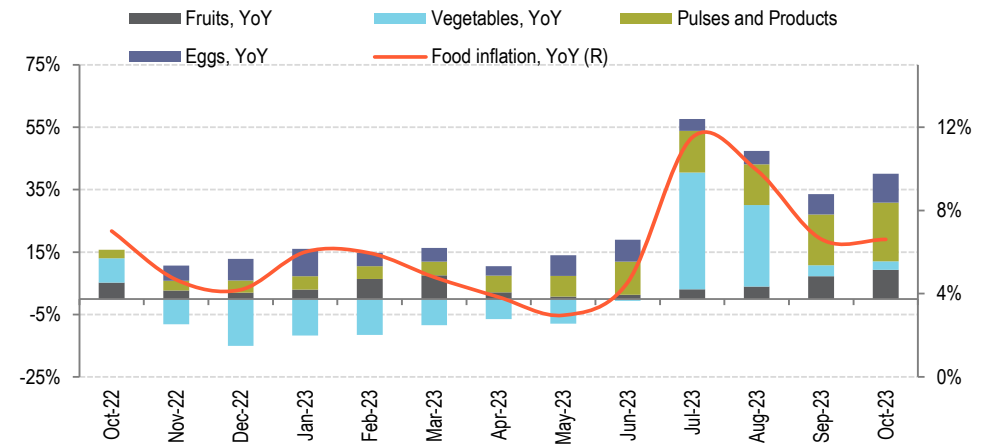


Fig 34 – Core inflation and its sub-components continued to moderate

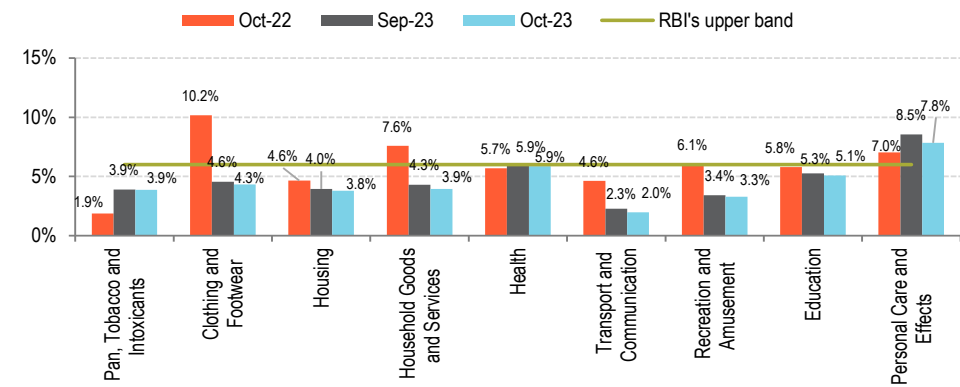
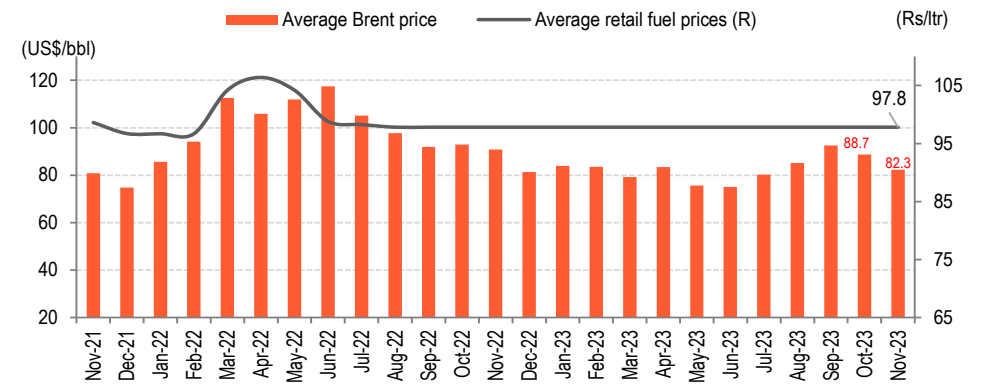


Fig 35 – Domestic retail price was stable at Rs 98/lt, international crude price also edged down to US\$ 82.3/bbl in Nov'23 from US\$ 88.7/bbl in Oct'23



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

Industry

Fig 36 – Industrial growth improves in Q2

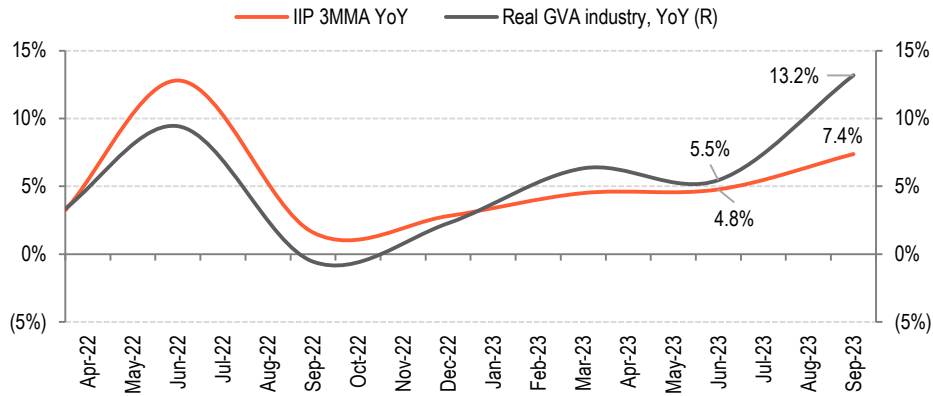


Fig 37 – Sectorwise growth lower in FYTD'24

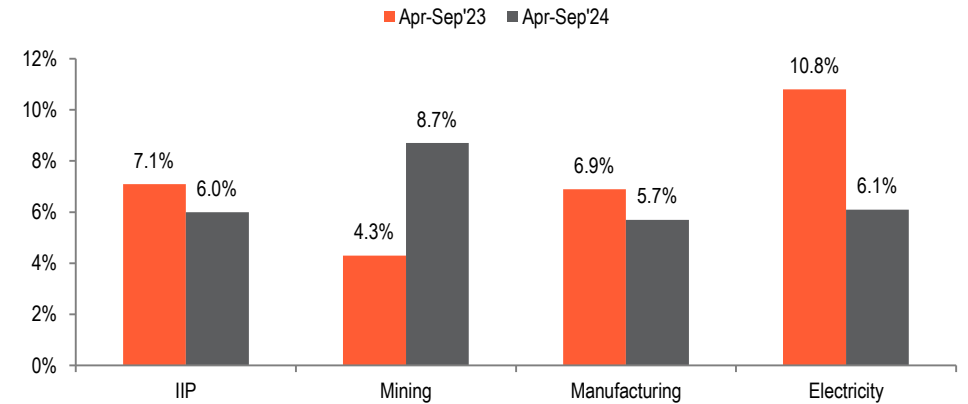


Fig 38 – Slower growth in IIP

Sectoral (%)	Weight	Sep-23	Aug-23	Sep-22	Apr-Sep'23	Apr-Sep'24
IIP	100.0	5.8	10.3	3.3	7.1	6.0
Mining	14.4	11.5	12.3	5.2	4.3	8.7
Manufacturing	77.6	4.5	9.3	2.0	6.9	5.7
Electricity	8.0	9.9	15.3	11.6	10.8	6.1
Use-Based						
Primary Goods	34.1	8.0	12.4	9.5	9.2	6.3
Capital Goods	8.2	7.4	13.1	11.4	16.9	6.7
Intermediate Goods	17.2	5.8	6.8	1.7	6.7	4.2
Infrastructure and Construction Goods	12.3	7.5	13.5	8.2	7.8	12.1
Consumer Durables Goods	12.8	1.0	5.8	(5.5)	10.1	(0.7)
Consumer Non-Durables Goods	15.3	2.7	9.6	(5.7)	(2.5)	6.8

Manufacturing

Fig 39 – Higher manufacturing growth in Q2

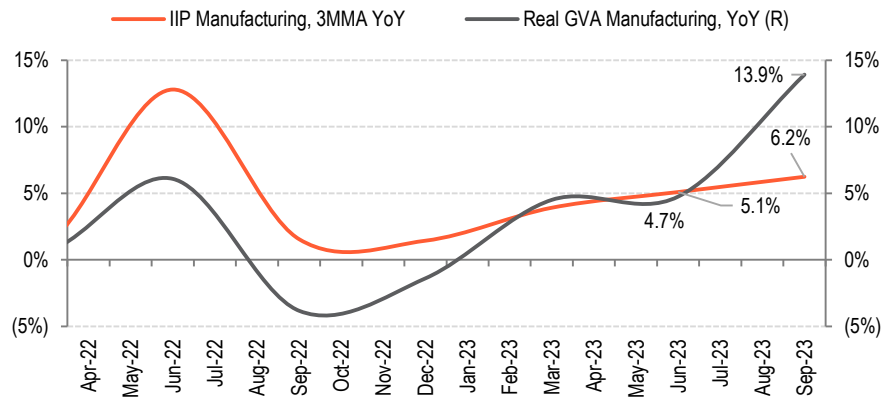
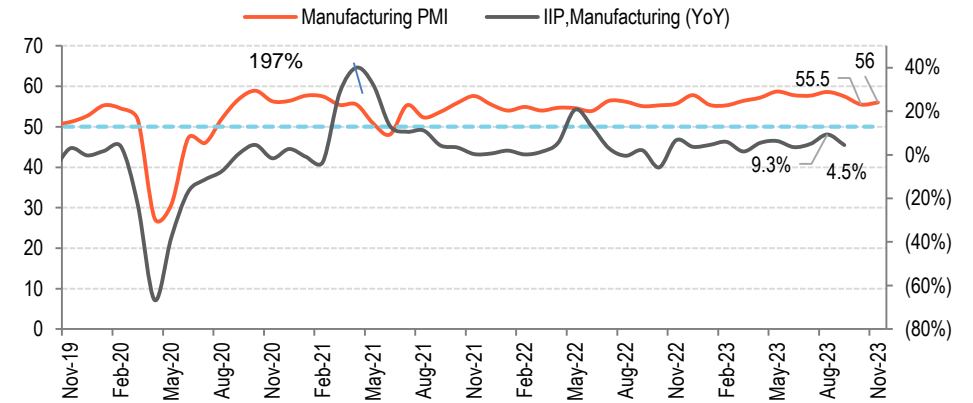


Fig 40 – Manufacturing PMI rises in Nov'23



Source: Markit

Mining & Electricity

Fig 41 – Growth in mining activity improves

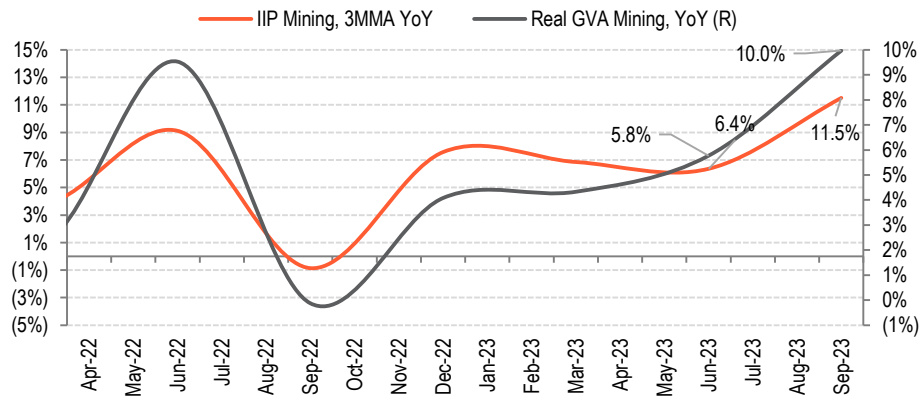
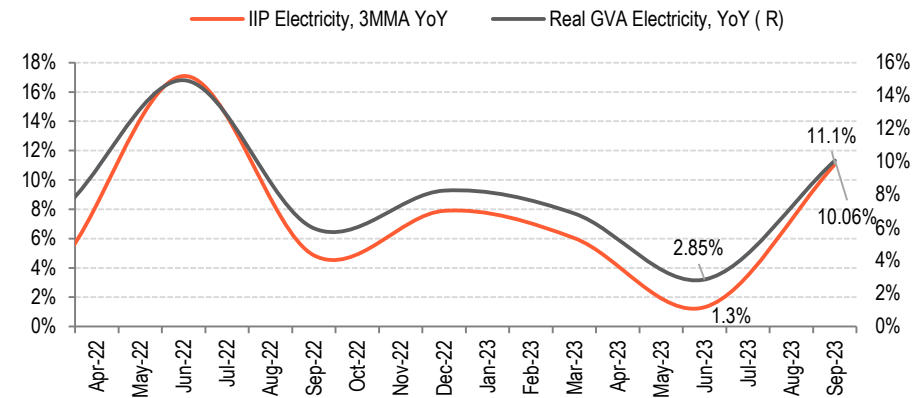


Fig 42 – Growth in Q2 scales up



Infrastructure and construction

Fig 43 – Growth in construction sector output improves

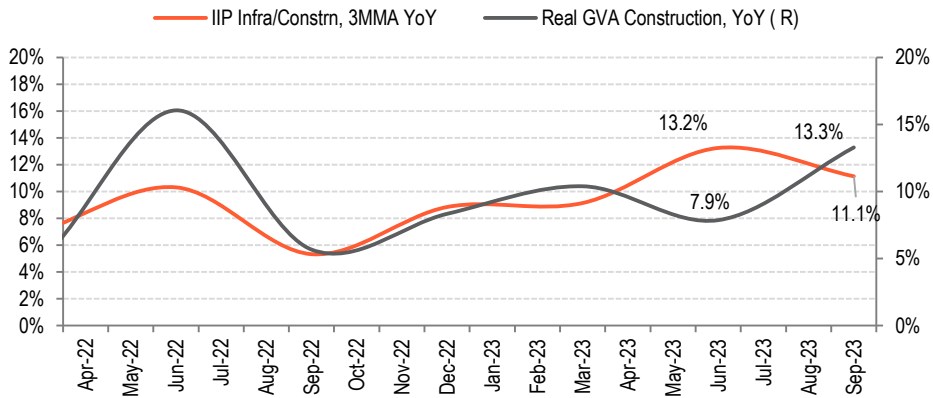
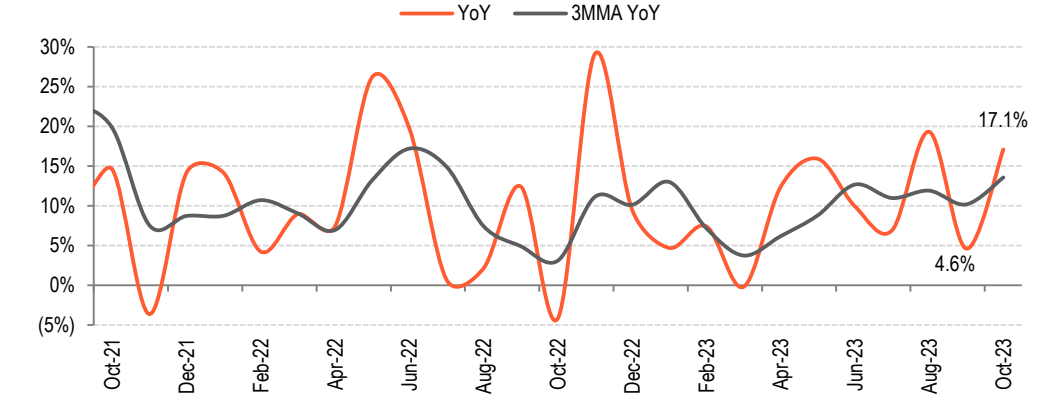


Fig 44 – Double digit growth in cement output



Infrastructure index

Fig 45 – Growth in infrastructure index rebounds

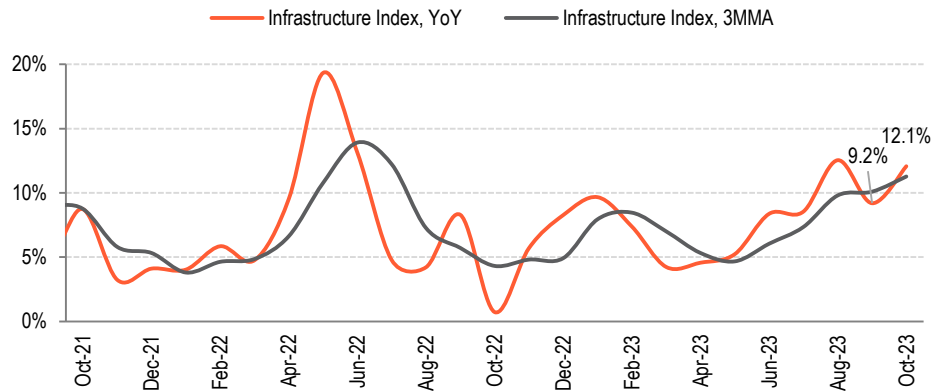
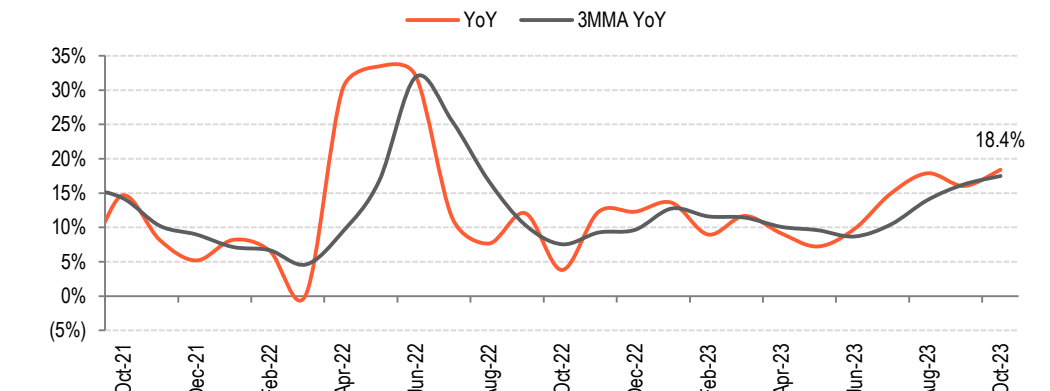


Fig 46 – Coal Output accelerates



Auto production & business expectation index

Fig 47 – Double digit growth in auto production

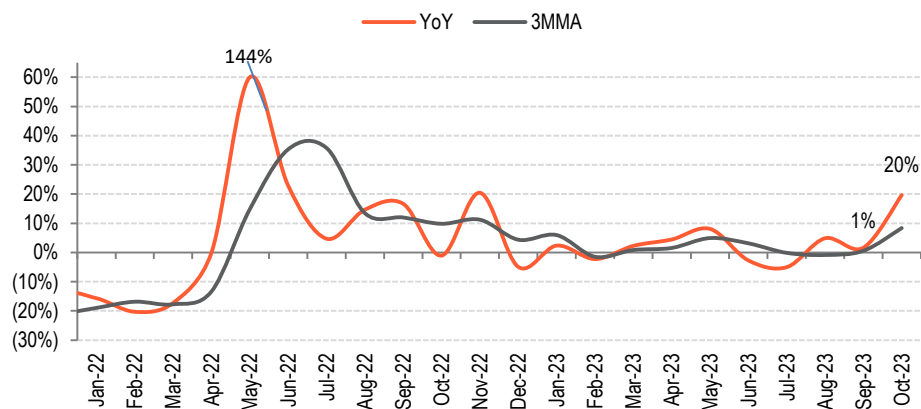


Fig 48 – Business sentiment rises

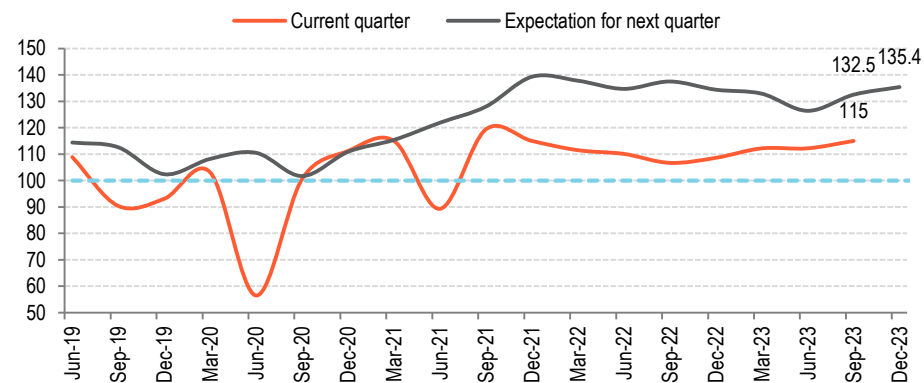
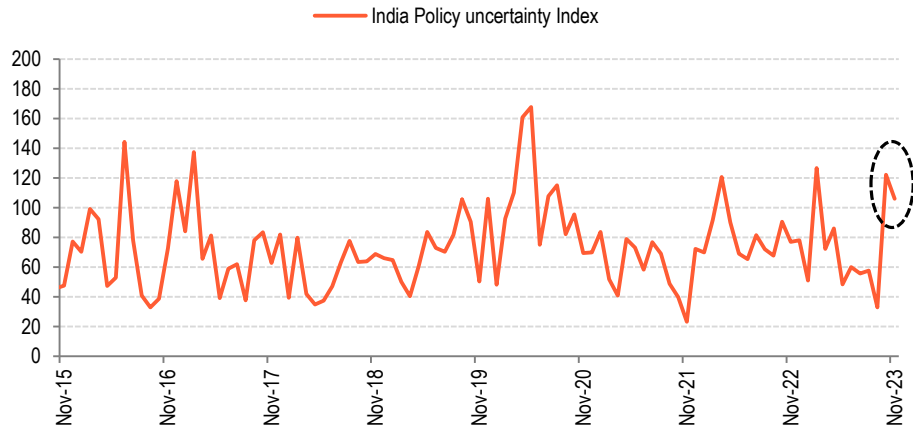


Fig 49 – Growth in infrastructure index improves

(%)	Weight	Oct-23	Sep-23	Oct-22	Apr-Oct'23	Apr-Oct'24
Infrastructure Index	100	12.1	9.2	0.7	8.4	8.6
Coal	10.3	18.4	16.0	3.8	18.1	13.1
Crude Oil	9.0	1.3	(0.4)	(2.2)	(1.4)	(0.1)
Natural Gas	6.9	9.9	6.6	(4.2)	0.9	5.1
Petroleum Refinery Products	28.0	4.2	5.5	(3.1)	8.1	4.0
Fertilizers	2.6	5.3	4.2	5.4	10.5	6.7
Steel	17.9	11.0	13.8	5.8	6.7	14.5
Cement	5.4	17.1	4.6	(4.2)	8.7	12.2
Electricity	19.9	20.3	9.9	1.2	9.5	7.9

Investment

Fig 50 – Policy uncertainty index in India inched down in Nov’23



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

Fig 52 – Capital goods production moderated to 7.4% in Sep’23 from 13.1% in Aug’23

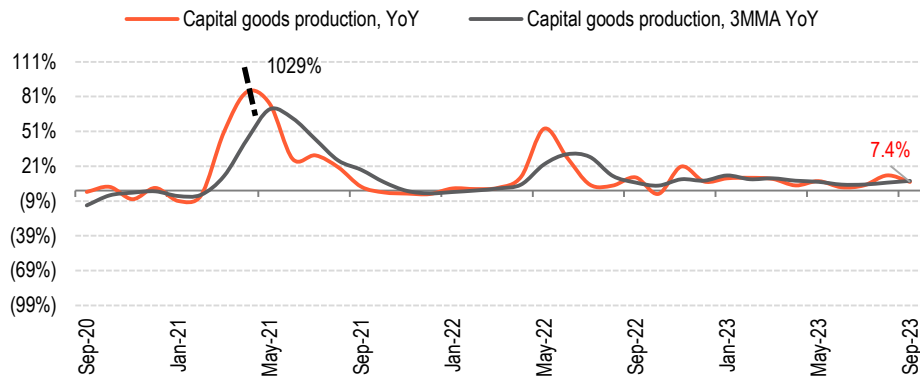


Fig 51 – Real GFCF grew at a robust pace of 11% in Q2FY24 from 8% in Q1FY24 and compared to 9.6% growth seen in Q2FY23

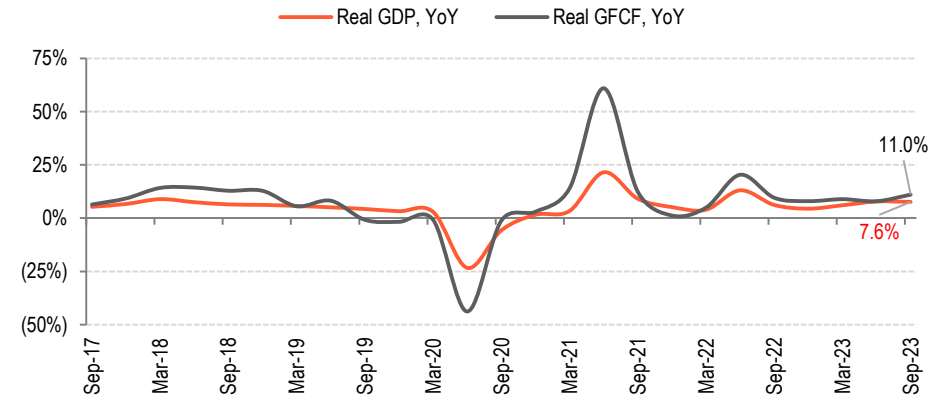


Fig 53 – Capital goods imports fell at a slower pace by 5.5% in Oct’23 from 22.8% decline seen in Sep’23, on account of favourable base

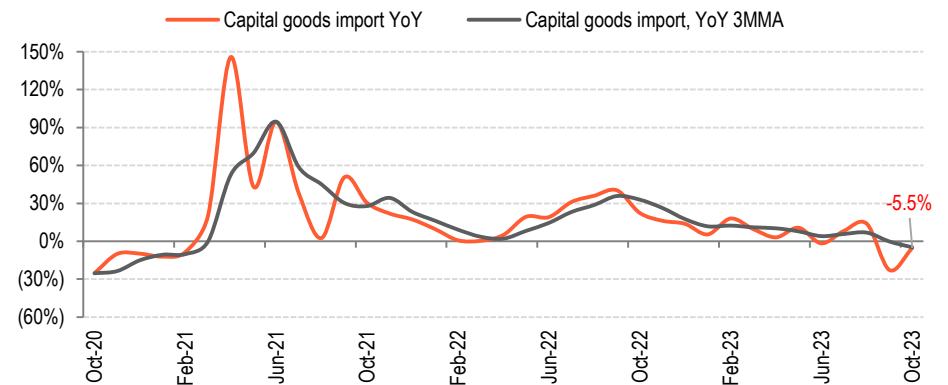


Fig 54 – Centre’s capex spending noted growth of 16.9% in Oct’23 from 25.3% in Sep’23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24

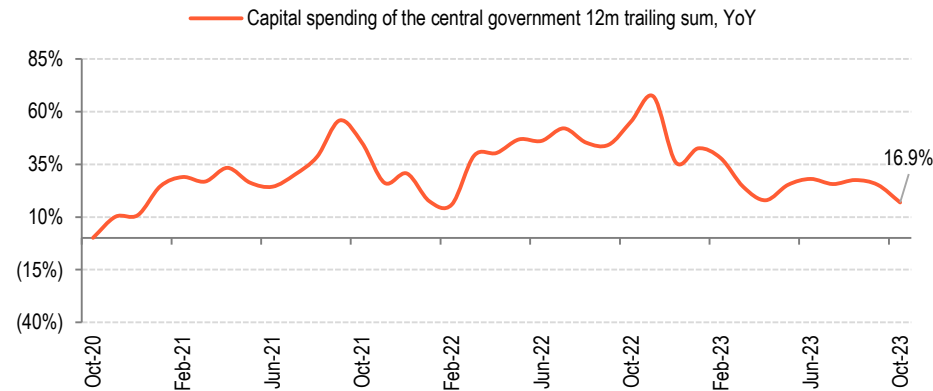


Fig 55 – Credit to micro and small industry rose by 16.9% in Oct’23 from 10.1% in Sep’23, for medium industry as well, it has risen by 12.1% from 9.8%

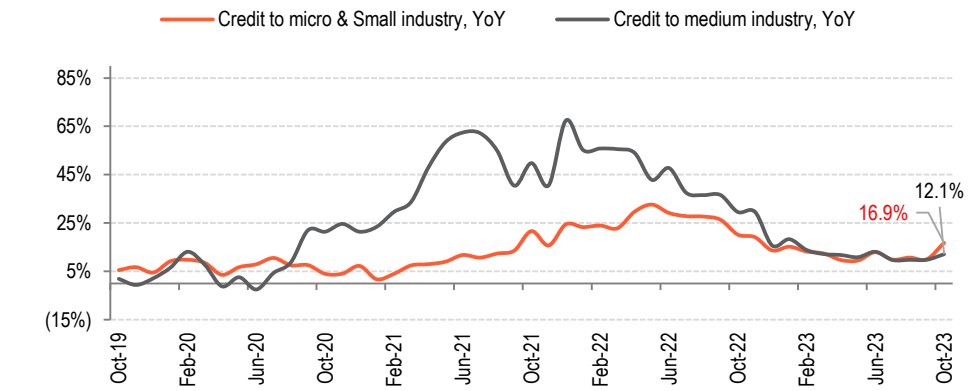


Fig 56 – Credit to housing sector rose by 36.9% in Oct’23 from 37.3% in Sep’23

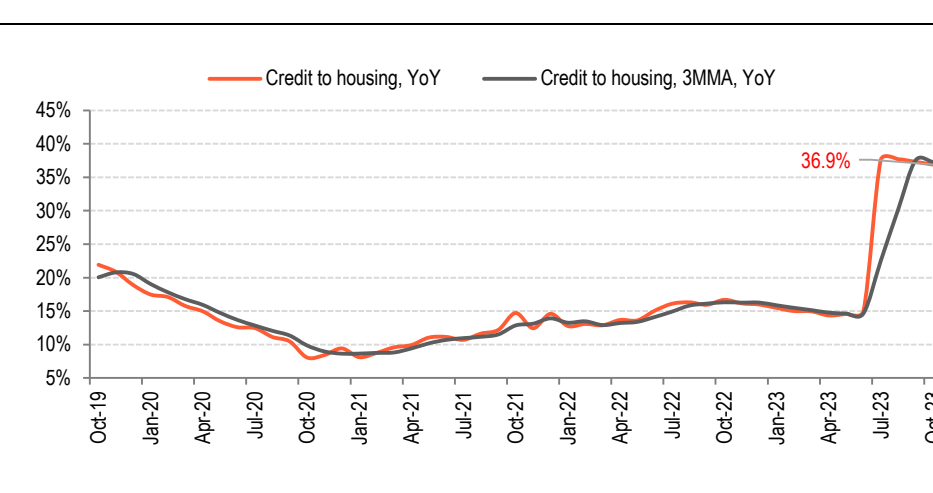
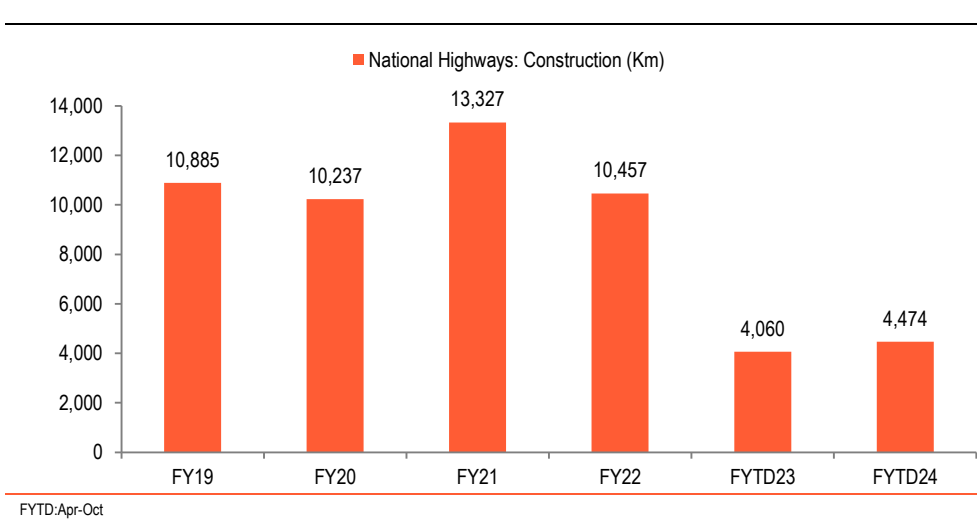


Fig 57 – Highway construction is gaining pace



Services sector

Fig 58 – GVA: Services activity picked up pace in Q1FY24 despite high base

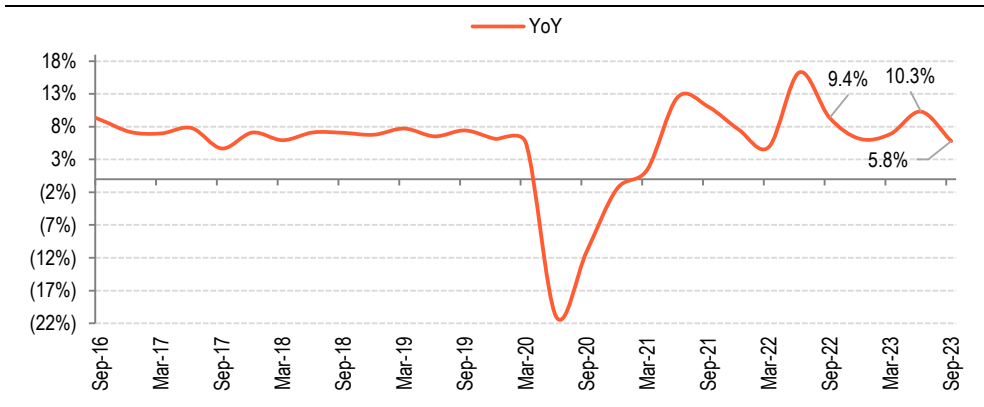
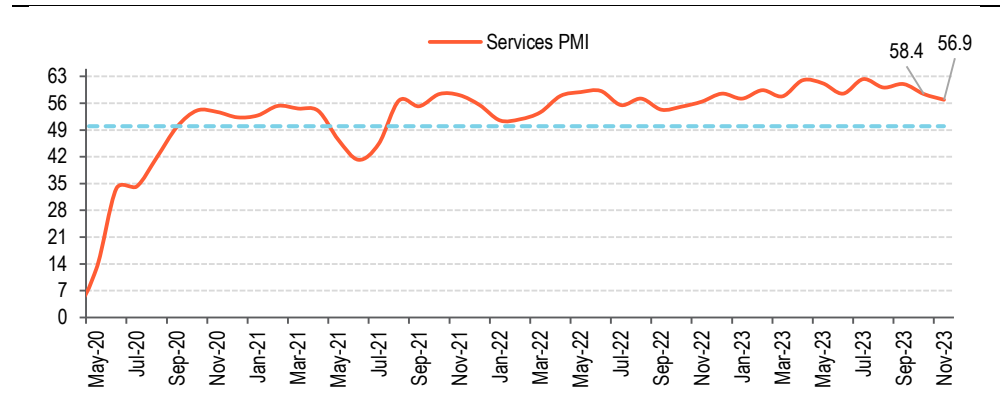


Fig 59 – Services PMI continued to ease in Nov'23, bringing down Q3 (Oct-Nov) average to 57.7 from 61.1 in Q2



Source: Markit

Fig 60 – GVA: Trade & related services activity too moderated in Q4, as also indicated by trend in states' tax revenue growth

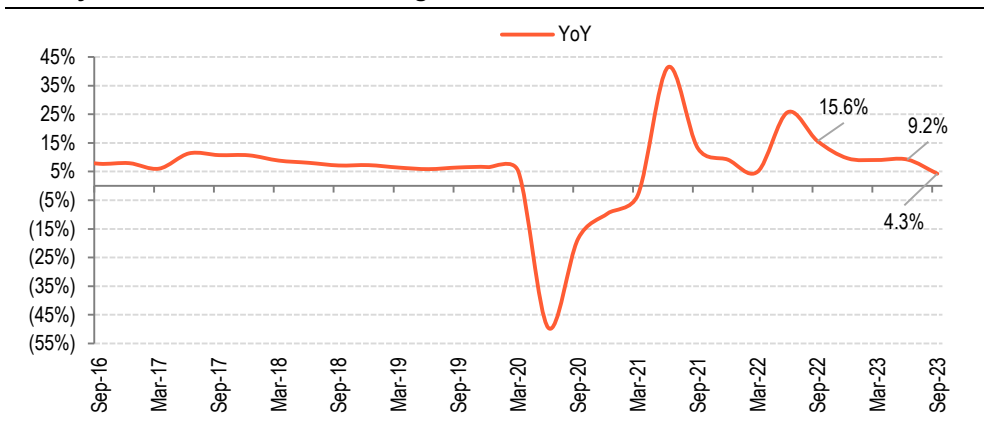
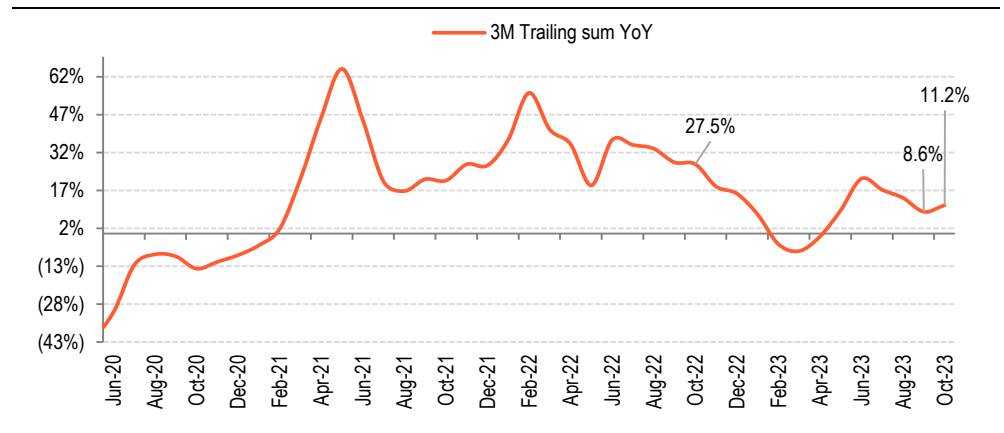


Fig 61 – States** tax revenue growth seen improving at the start of Q3 (Oct'23)



Note: **All states excluding North Eastern states, Goa and J&K

Trade

Fig 62 – Vehicle registration growth picked up in Nov'23

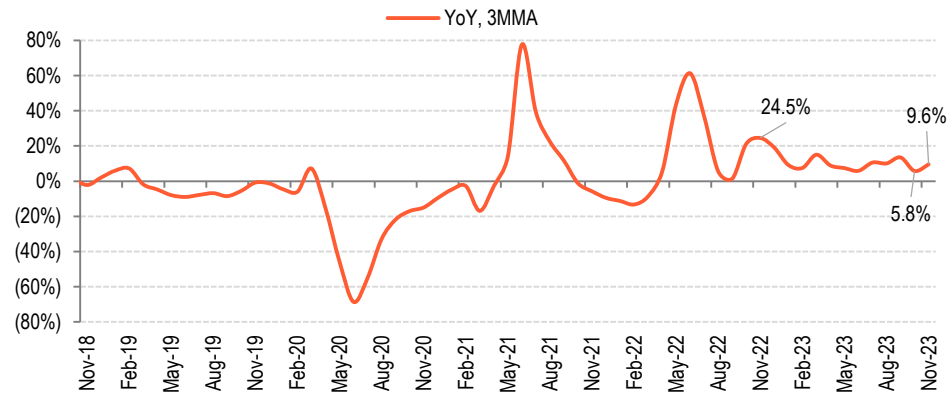


Fig 63 – Diesel consumption inched down in Nov'23, owing to seasonal factors

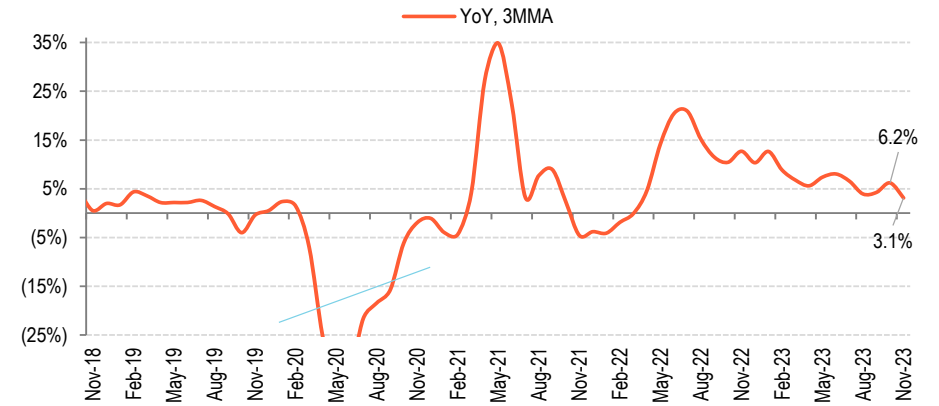


Fig 64 – Railway freight traffic growth in Oct-Nov'23 (6.9%), higher than Q2 (2.4%) levels

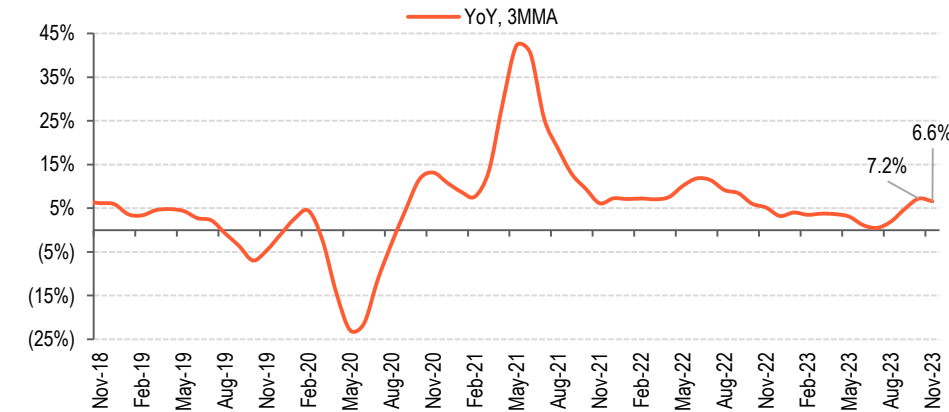


Fig 65 – Port cargo traffic also seen rebounding

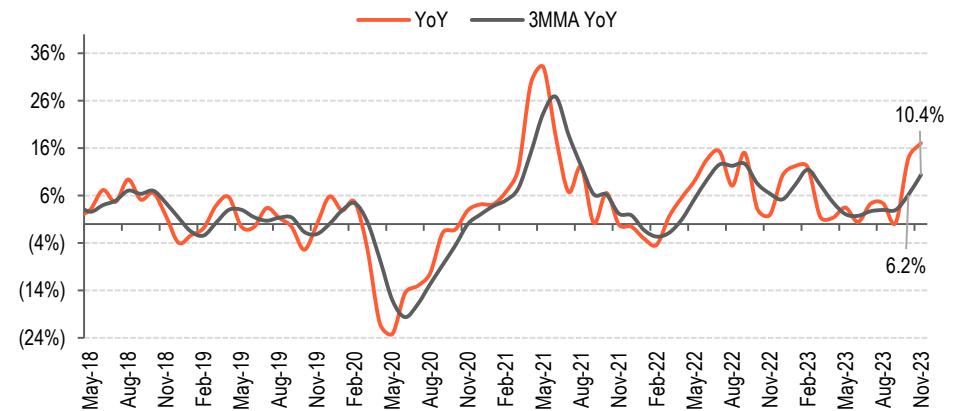


Fig 66 – Toll collections growth moderated in Nov'23

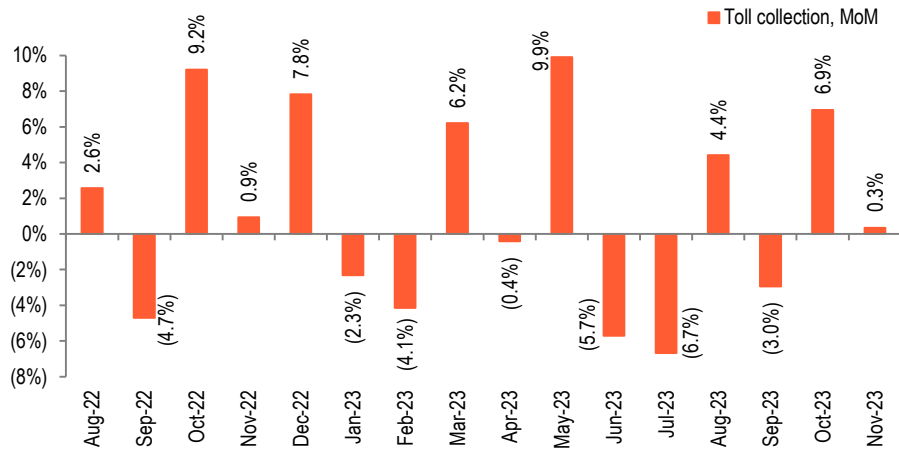
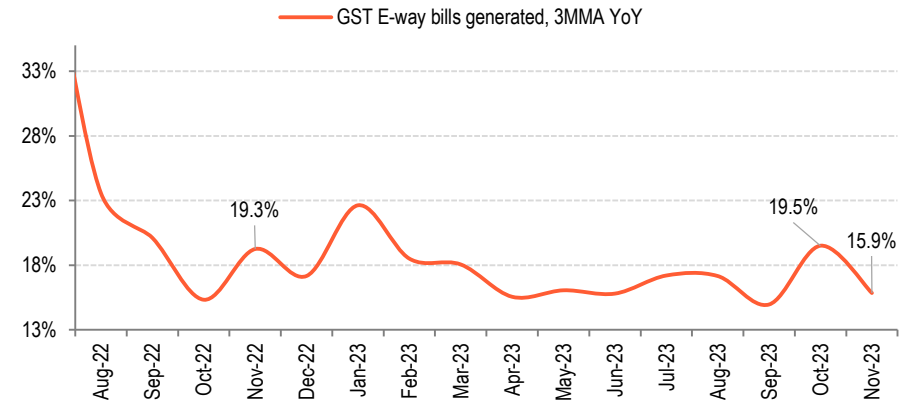


Fig 67 – Growth in E-way bills also eased, dragged by festive holidays



Hotels and communications

Fig 68 – Airline passenger traffic continues to remain above pre-pandemic levels...

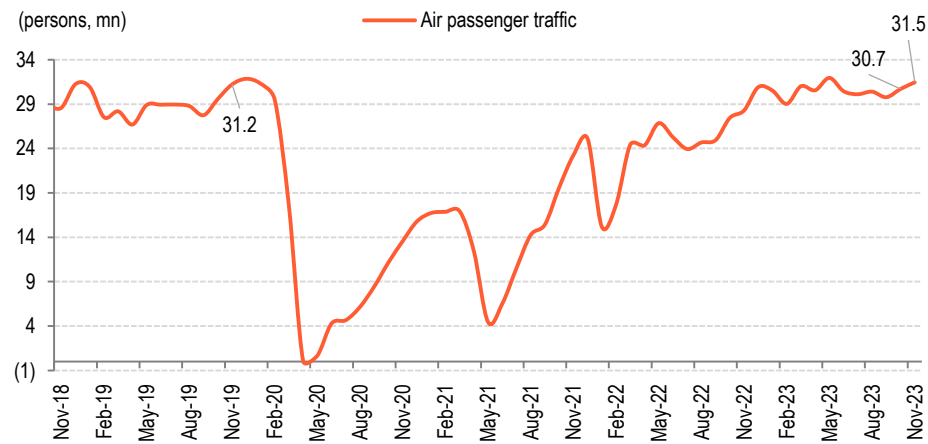


Fig 69 – ...led by domestic passenger traffic

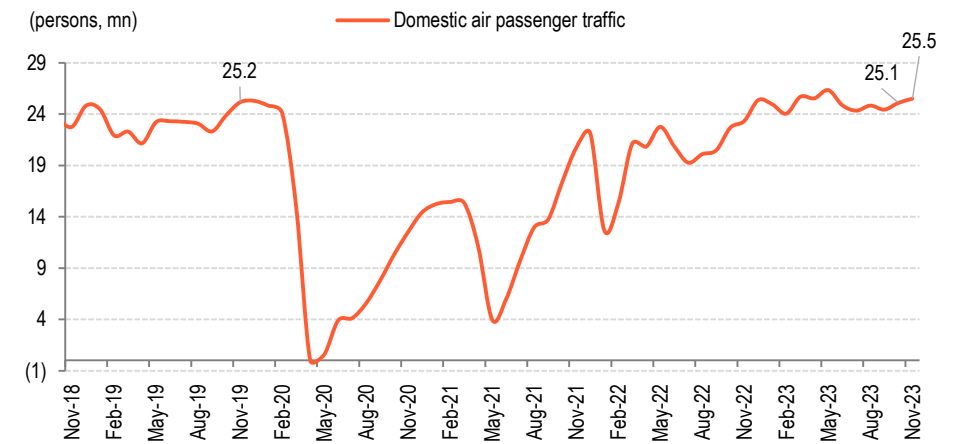


Fig 70 – Railway passenger traffic picked up pace in Oct'23

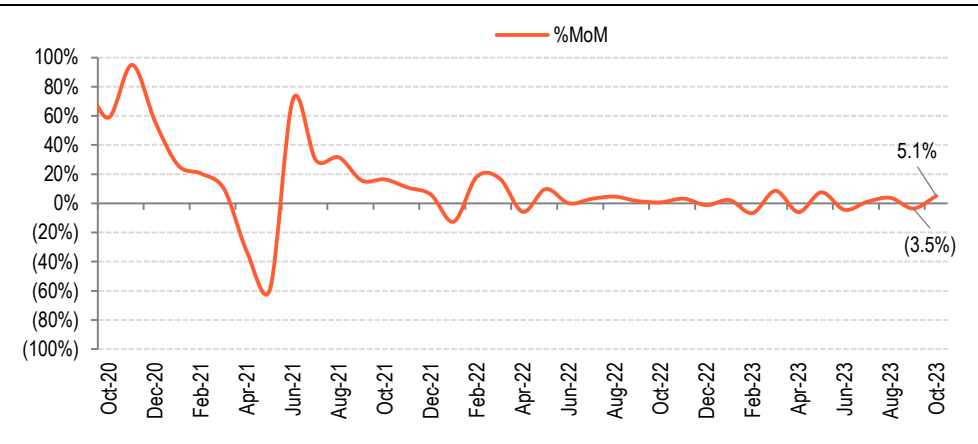
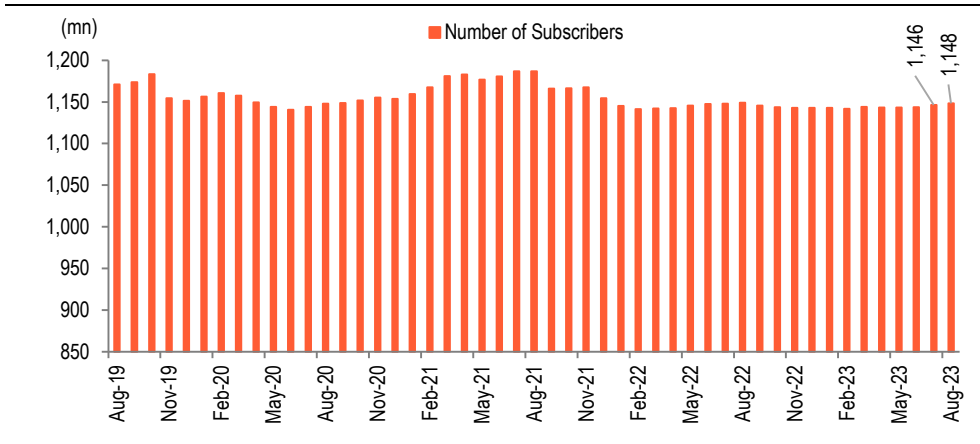


Fig 71 – Number of telecom subscribers rose by 2.2mn in Aug'23, following 2.7mn subscribers added in Jul'23



Finance and real estate

Fig 72 – Growth in GVA: Finance, real estate & prof. dragged growth lower in Q2

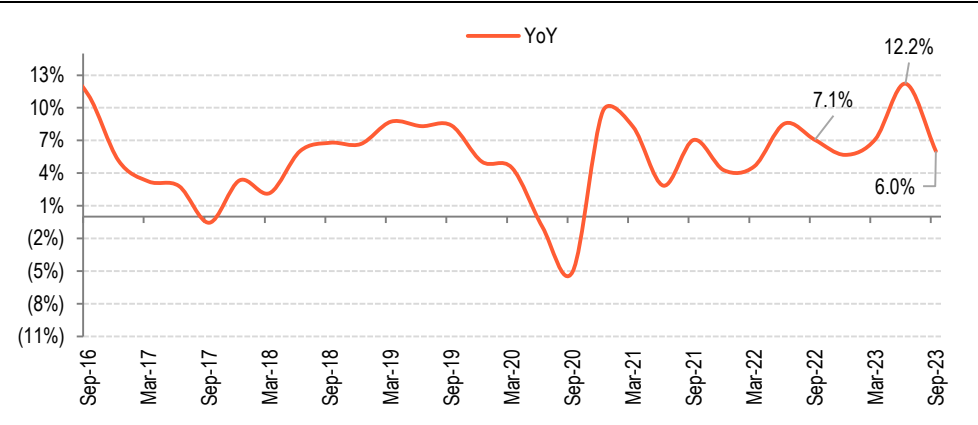
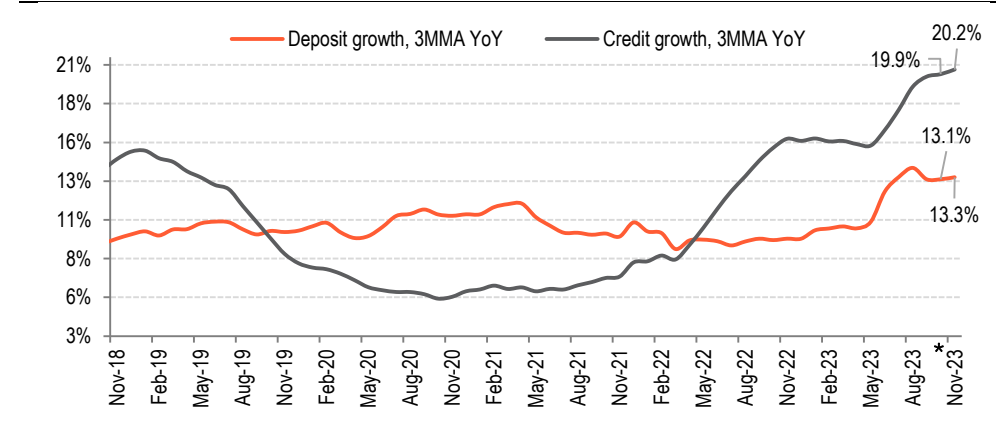


Fig 73 – Credit growth continues to surge up; deposit growth also improving



*Data as of 17 Nov 2023

Fig 74 – Credit to services sector remained broadly stable in Oct'23

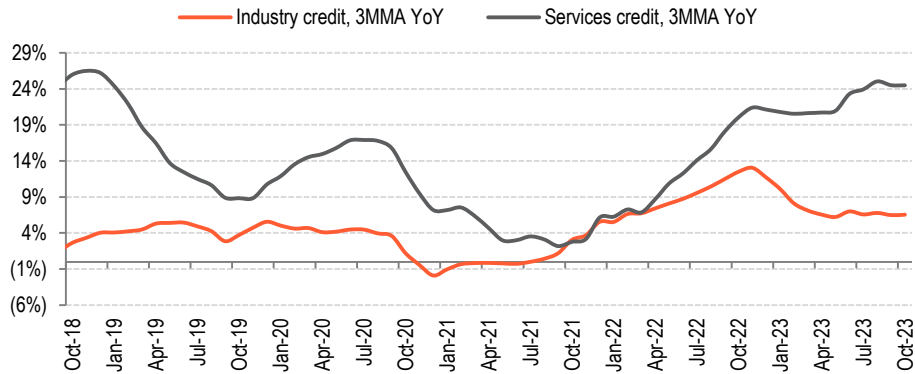


Fig 75 – Within services, credit to trade sector inching up, credit to commercial real estate and NBFCs softening

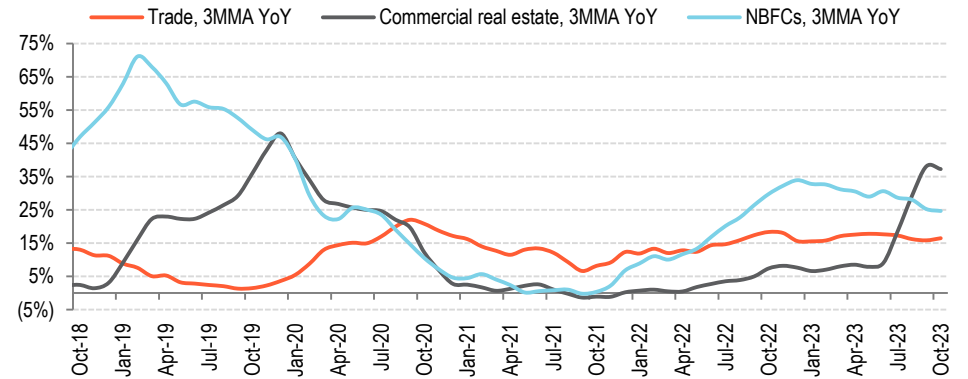
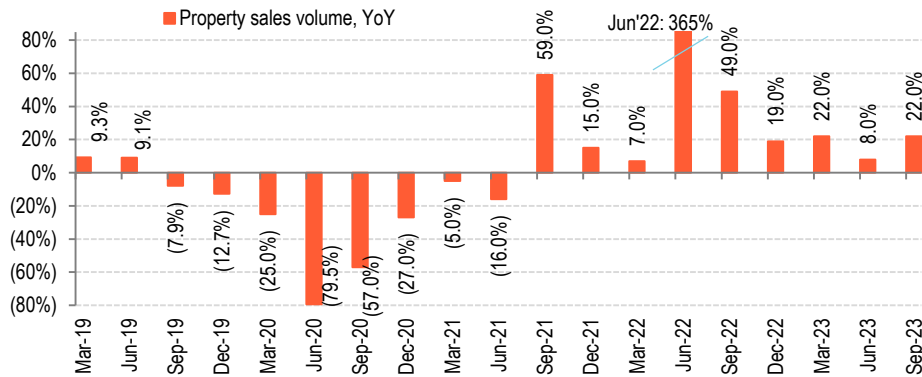
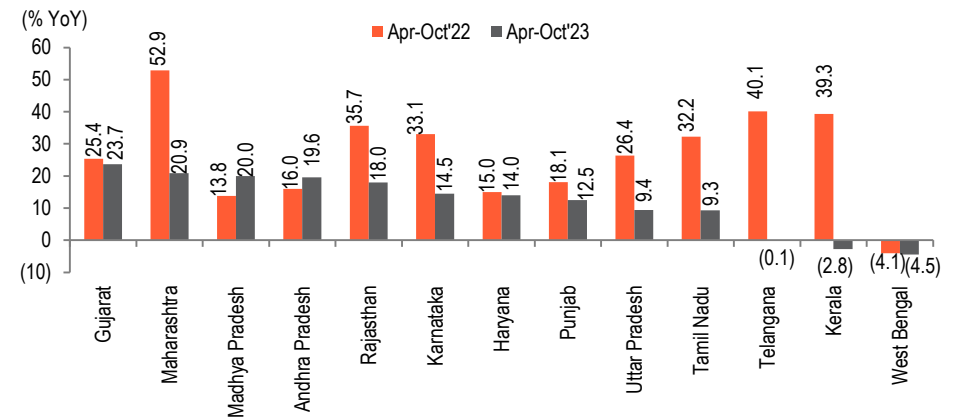


Fig 76 – Property sales volumes zoomed in Q2FY24



Source: Proptiger

Fig 77 – Stamp duty collections of states like Gujarat, MP, AP, continued to maintain momentum, while that of Telangana, Kerala and Bengal saw a decline in Oct'23



Labour market

Fig 78 – Naukri job index dipped again in Oct'23

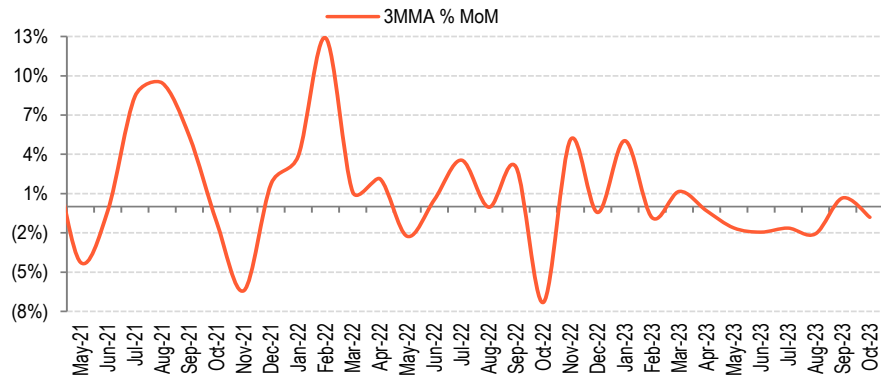


Fig 79 – Overall unemployment rate dropped in Nov'23



Public administration

Fig 80 – Public admin & defence services eased only slightly in Q2

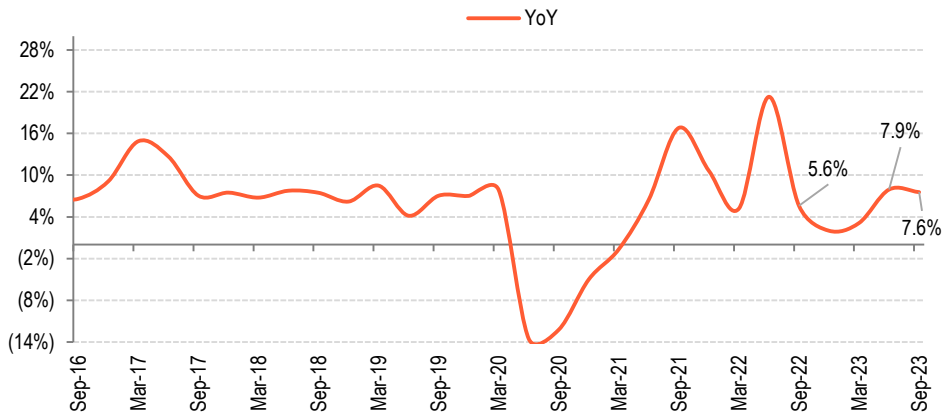


Fig 81 – General govt. spending slowed further in Oct'23

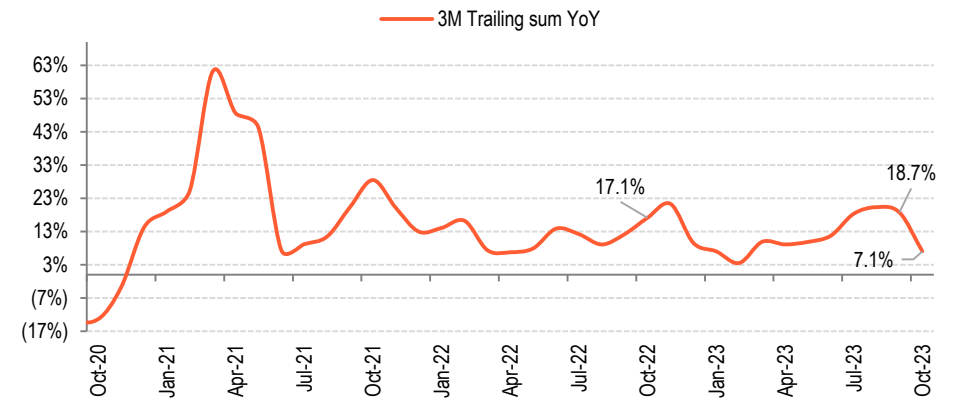


Fig 82 – ...dragged by drop in central government spending

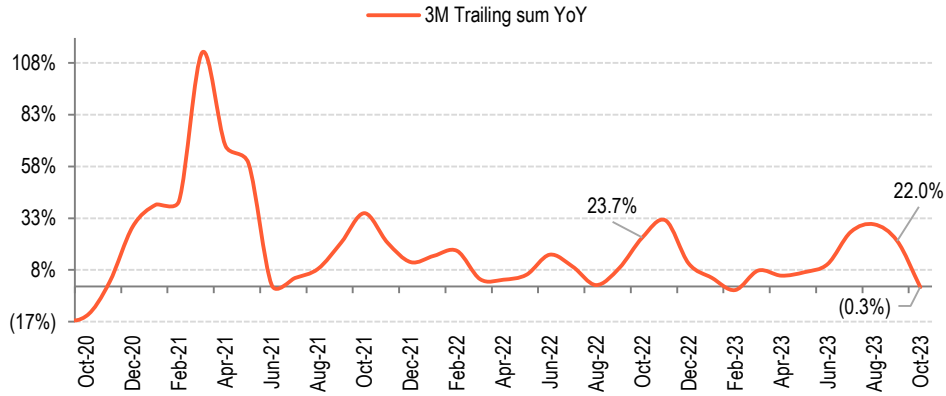
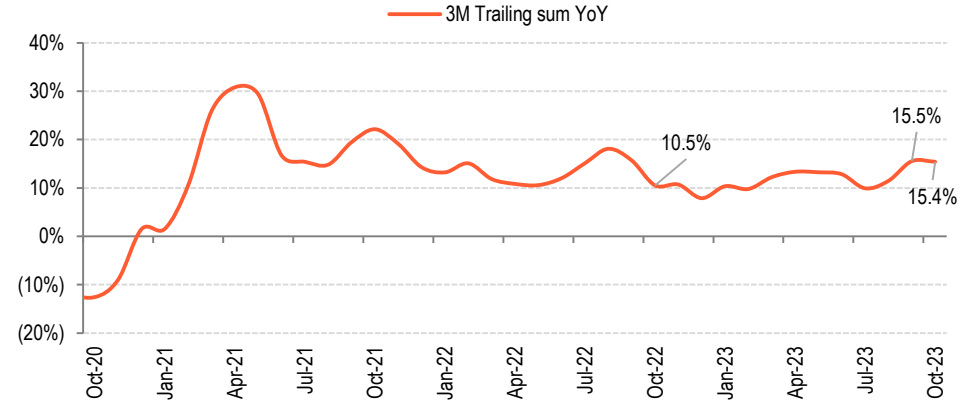


Fig 83 – State* Govt. spending remains stable so far

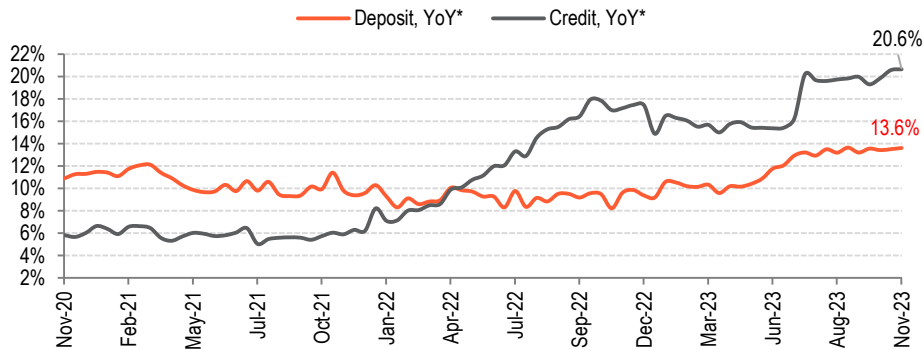


Note: *All states excluding North Eastern states, Goa and J&K

Financial sector

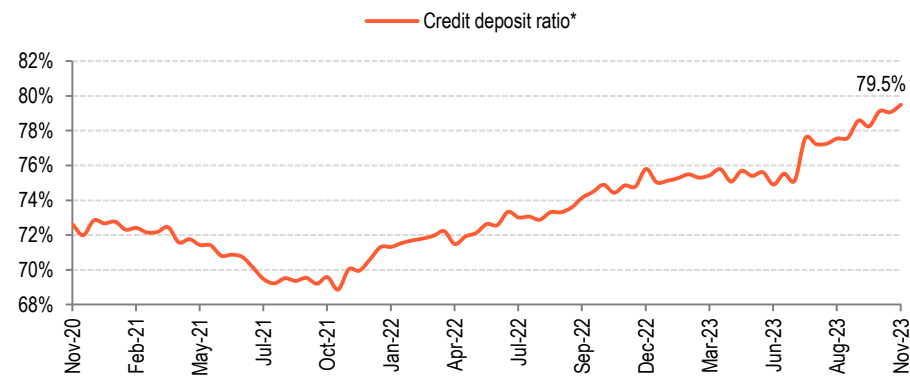
Money and banking

Fig 84 – Credit growth rose by 20.6% in Nov'23 from 19.8% in Oct'23 (incl. merger), deposit growth inched up to 13.6% from 13.4%



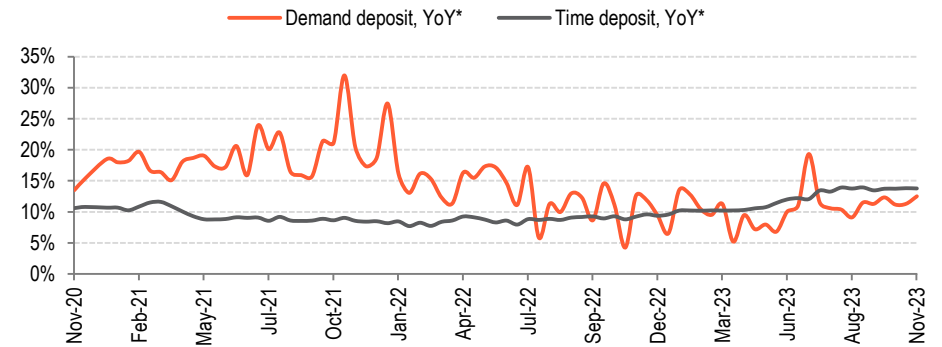
Note: *Nov 23 implies fortnight as of 17 Nov 2023

Fig 86 – CD ratio rose to 79.5%



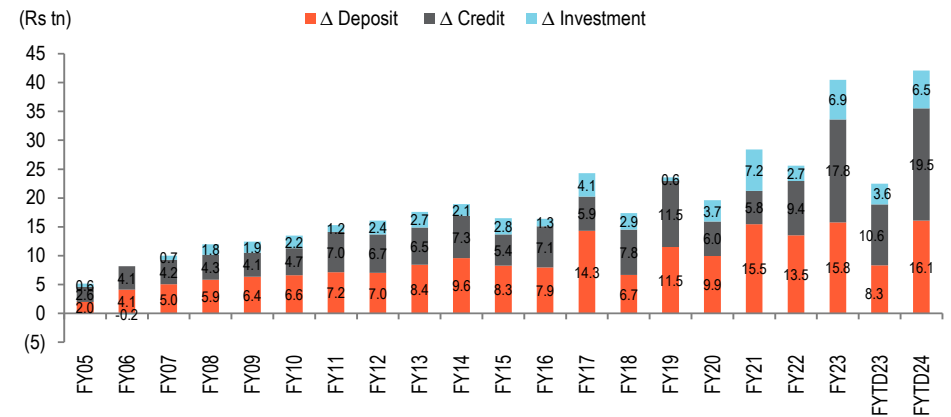
Note: *Nov 23 implies fortnight as of 17 Nov 2023

Fig 85 – ...Both demand and time deposits inched up



Note: *Nov 23 implies fortnight as of 17 Nov 2023

Fig 87 – Credit, deposit and investment accretion



FYTD:Apr-Nov

Fig 88 – Credit to govt inched up to 15.6% in Sep'23 from 14.2% in Aug'23, credit to commercial sector also rose by 14.2% from 14%

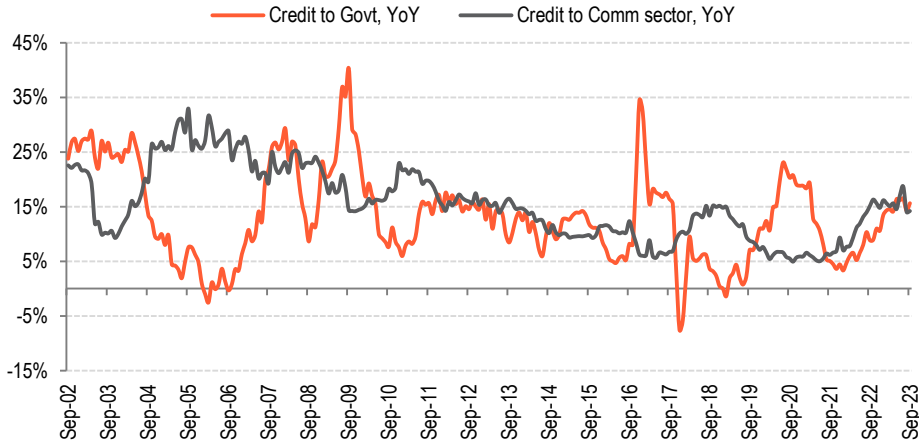


Fig 90 – WALR inched up slightly to 8.67% in Oct'23 from 8.63% in Sep'23, WADTDR rose to 6.80% from 6.75%

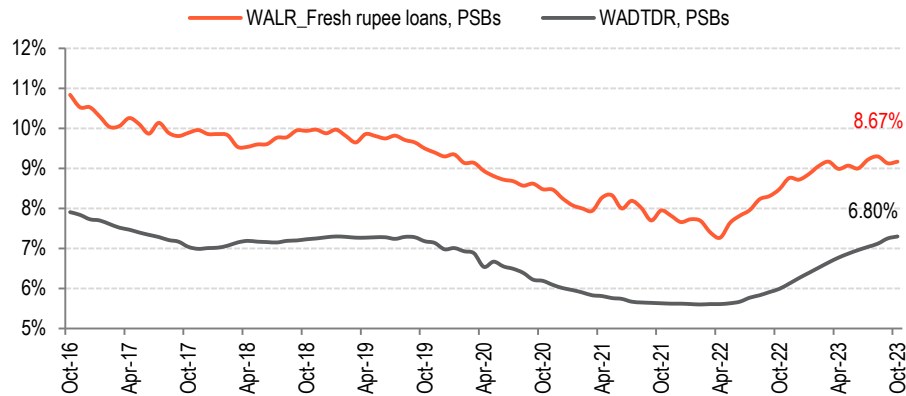


Fig 89 – Gap between WALR and repo

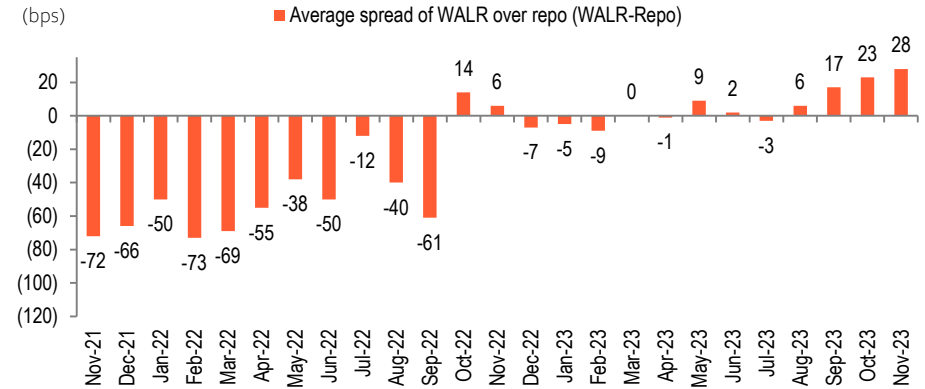
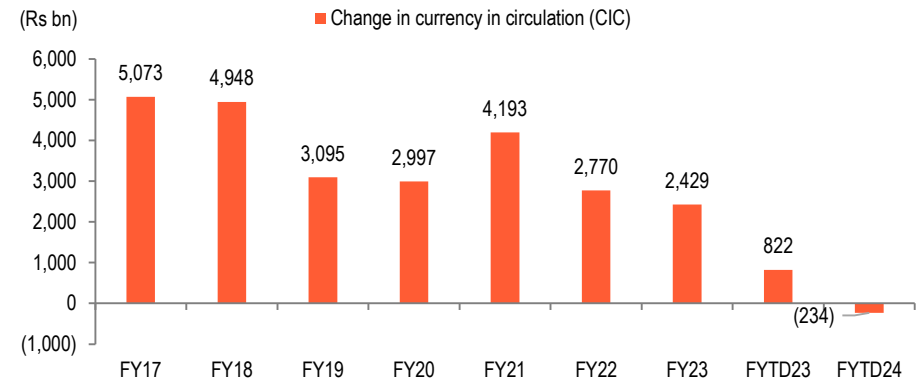
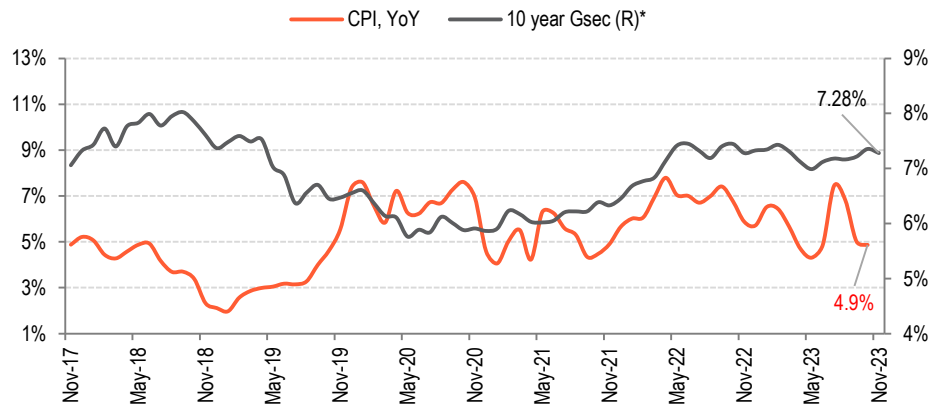


Fig 91 – CIC accretion in FYTD24 has fallen by 234bn



FYTD:Apr-Nov

Fig 92 – 10Y GSec yield moderated to 7.28% in Nov'23 from 7.36% in Oct'23 and currently trading at 7.25%, inflation moderated to 4.9% in Oct'23 from 5% in Sep'23



Note: *As on last trading day of the month

Fig 94 – Corporate debt issuances moderated to Rs 333bn in Oct'23 from Rs 501bn in Sep'23

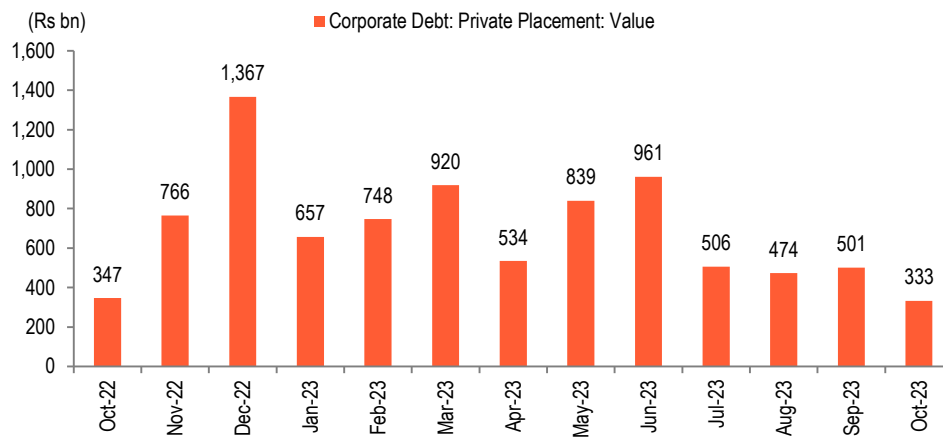
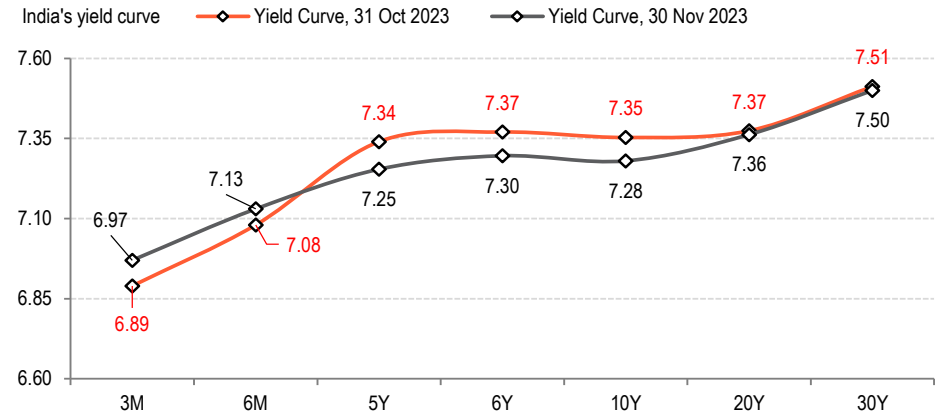
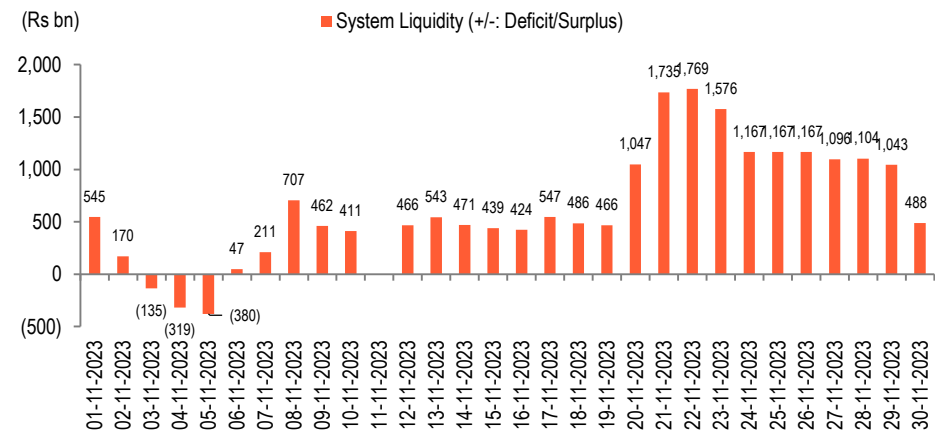


Fig 93 – Short end yields inched up, very long part of the curve is stable



Source: Bloomberg

Fig 95 – Average system liquidity deficit rose to Rs 652bn in Nov'23 from Rs 570bn in Oct'23 and currently at deficit of Rs 162bn



Source: RBI

Fig 96 – 3Y AAA NBFC spread rose to 58bps as on 30 Nov 2023 from 45bps as on 31 Oct 2023

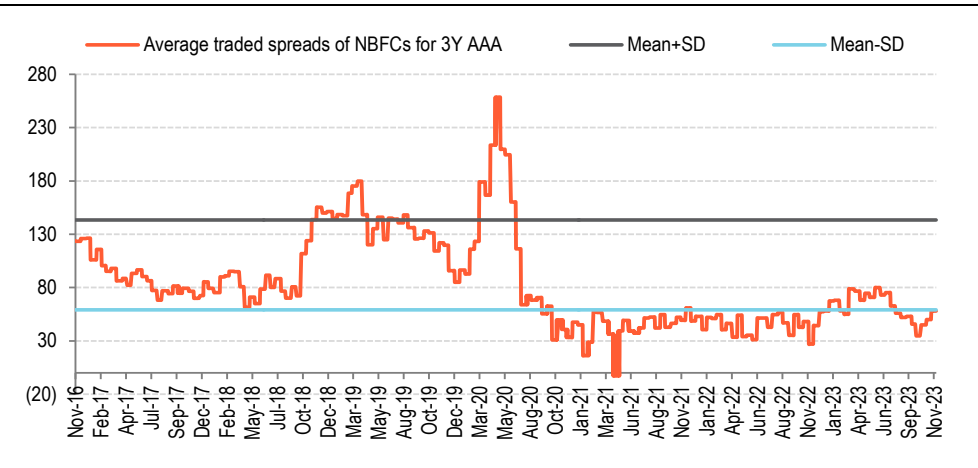


Fig 97 – For 10Y AAA NBFC it rose to 48bps from 36bps

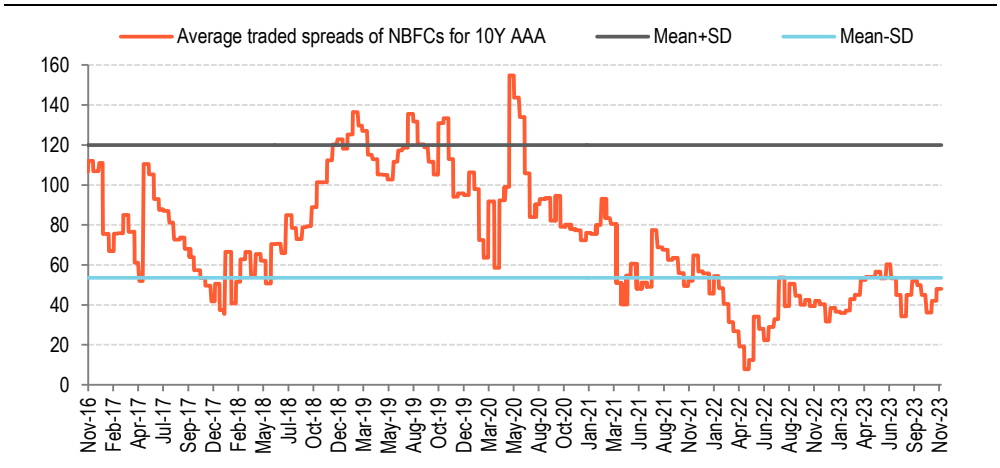


Fig 98 – 3Y AAA corp spread edged up to 46bps from 31bps

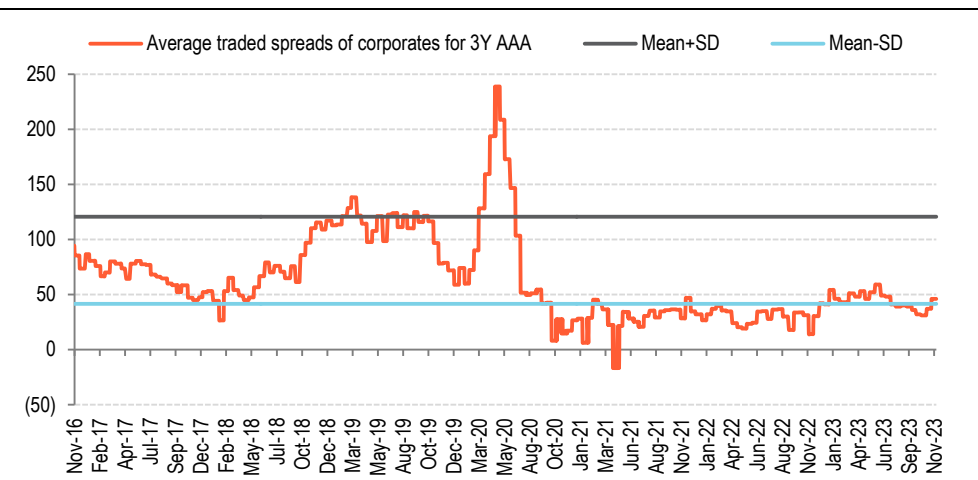


Fig 99 – For 10Y AAA corp spread, it rose to 41bps from 32bps

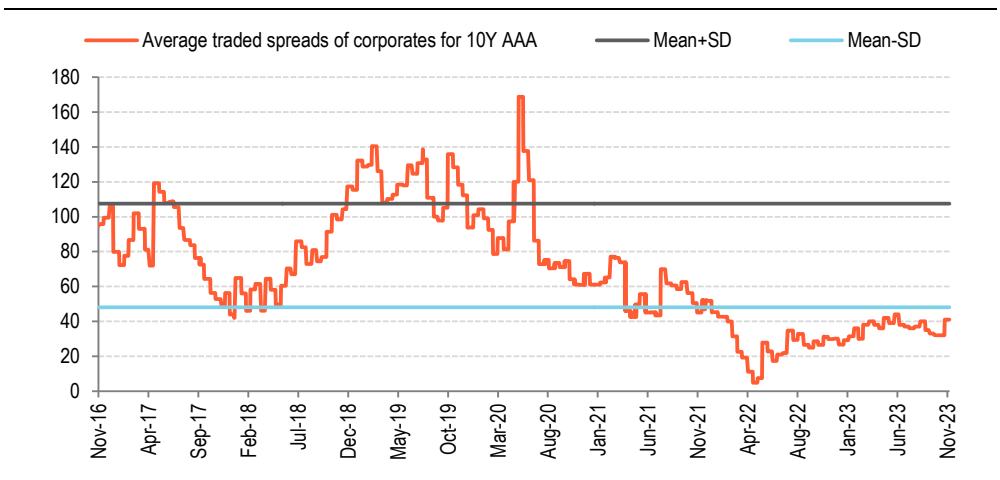


Fig 100 – INR 3Y swap moderated to 6.56 as on 30 Nov 2023 from 6.66 as on 31 Oct 2023

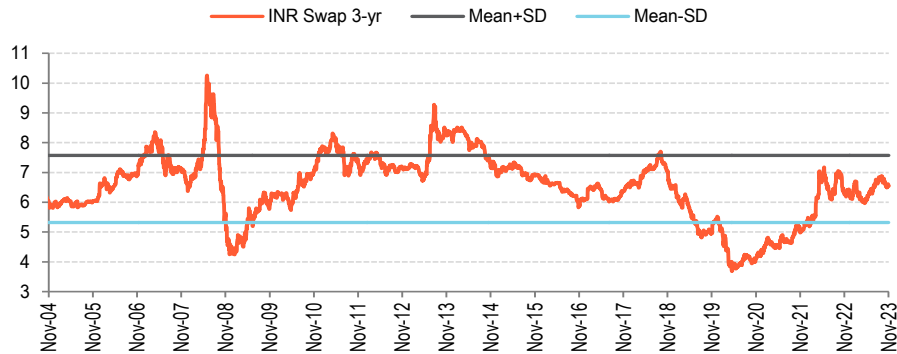
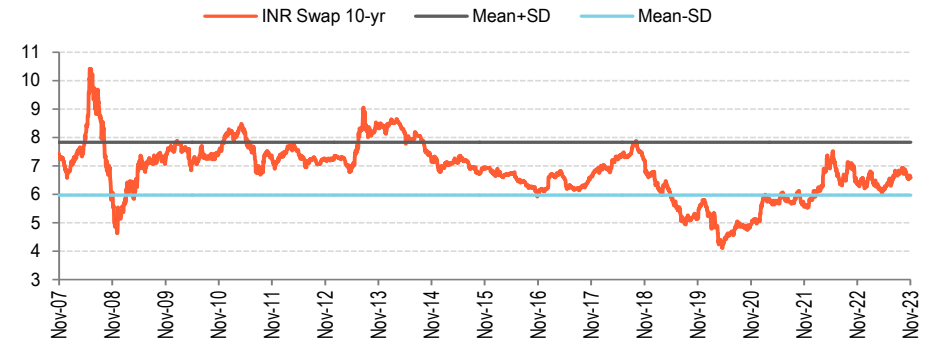


Fig 101 – For 10Y, it moderated to 6.59 from 6.74



Interest rates on small savings schemes

Fig 102 – 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 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	8.0

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

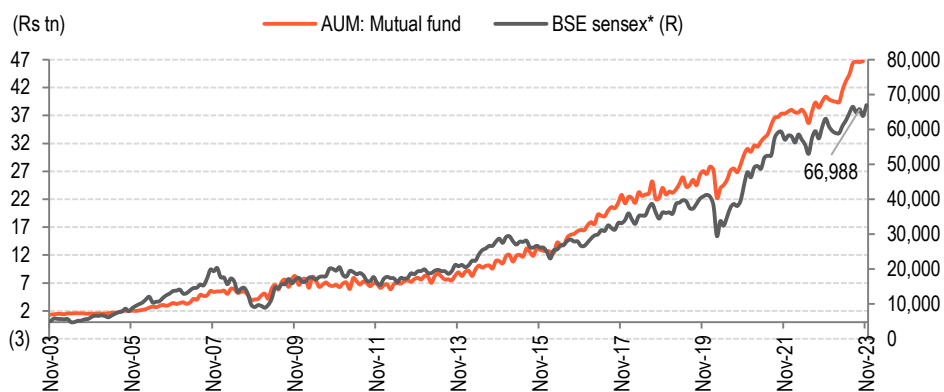
Fig 103 – MCLR rate of banks have broadly increased

1Y MCLR (%)	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	Oct'23	Nov'23
Public Sector Banks															
Bank of Baroda	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	8.70	8.75
Bank of India	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	8.70	8.75
Canara Bank	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	8.70	8.75
Indian Bank	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	8.70	8.75
Punjab National Bank	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	8.65	8.65
State Bank of India	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	8.55	8.55
Union Bank of India	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	8.70	8.70
Private Sector Banks															
Axis Bank Ltd.	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	9.15	9.20
HDFC Bank Ltd.	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	9.20	9.20
ICICI Bank Ltd.	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	8.95	9.00
Indusind Bank	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	10.30	10.35
Kotak Mahindra Bank	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	9.35	9.35

Source: RBI, Bank of Baroda Research | Note: Banks whose MCLR went up in Nov'23 have been marked in red

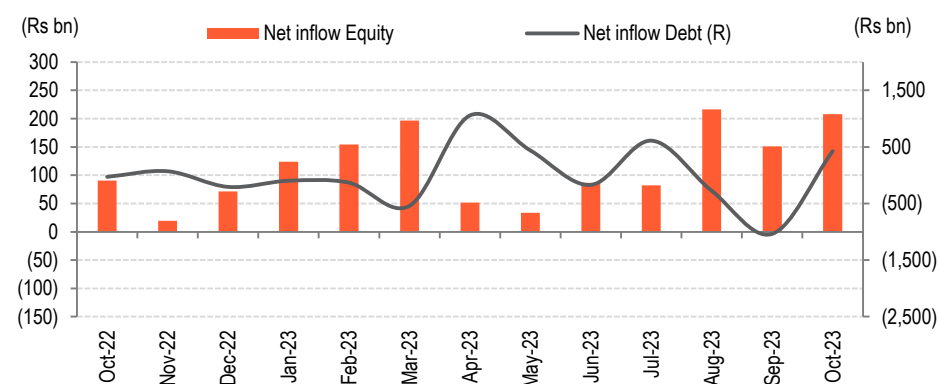
Mutual fund (MF) indicators

Fig 104 – Sensex has risen by 4.9% to 66,988 in Nov'23, AUM of MFs rose to Rs 46.7tn in Oct'23 from Rs 46.6tn in Sep'23



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

Fig 105 – MF equity inflows rose to Rs 208bn in Oct'23 from Rs 151bn in Sep'23; debt inflows were at Rs 426bn versus Rs 1036bn outflows in Sep'23



Insurance sector indicators

Fig 106 – Sale of life insurance policies fell by 5.1% in Nov'23 from 19.8% increase seen in Oct'23 due to unfavourable base

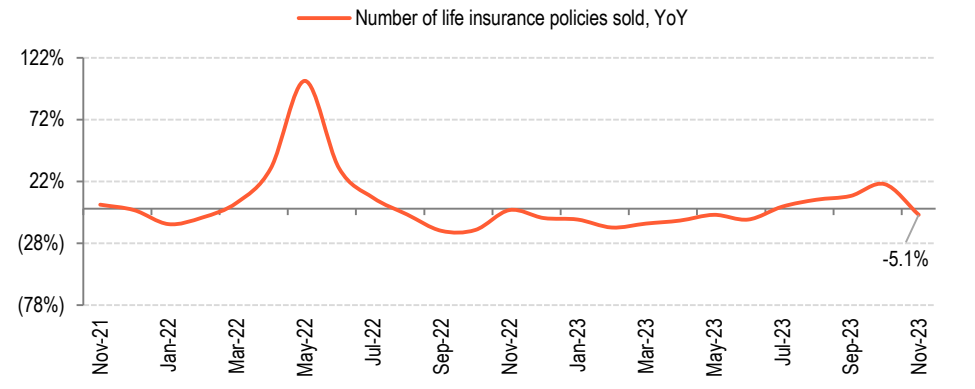
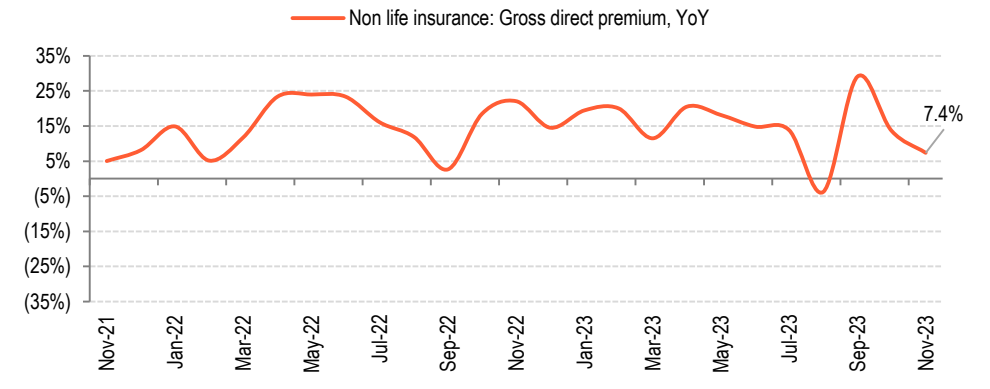


Fig 107 – Gross direct premium for non-life insurance moderated to 7.4% in Nov'23 from 13.6% in Oct'23



Public finance

Central government finances

Fig 108 – Fiscal deficit moderates further in Oct'23 (12MMA basis)

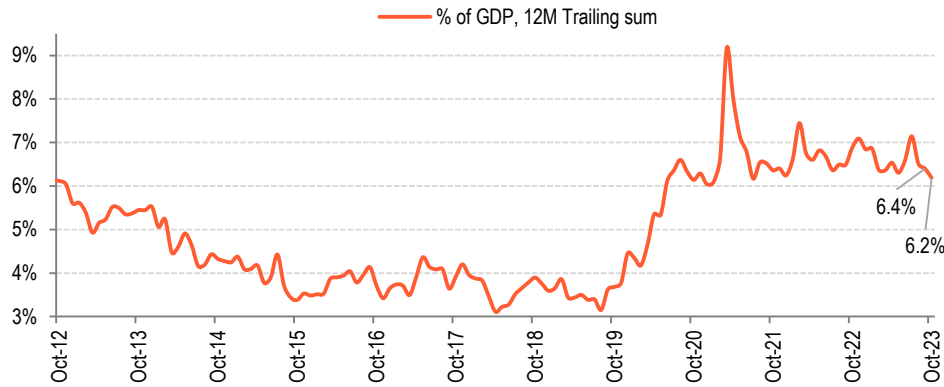


Fig 109 – Revenue deficit also cooled

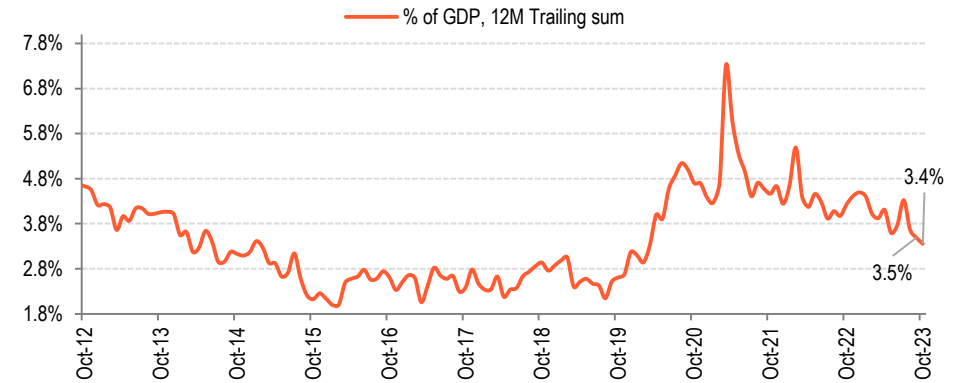


Fig 110 – Primary deficit at 2.7% as of Oct'23

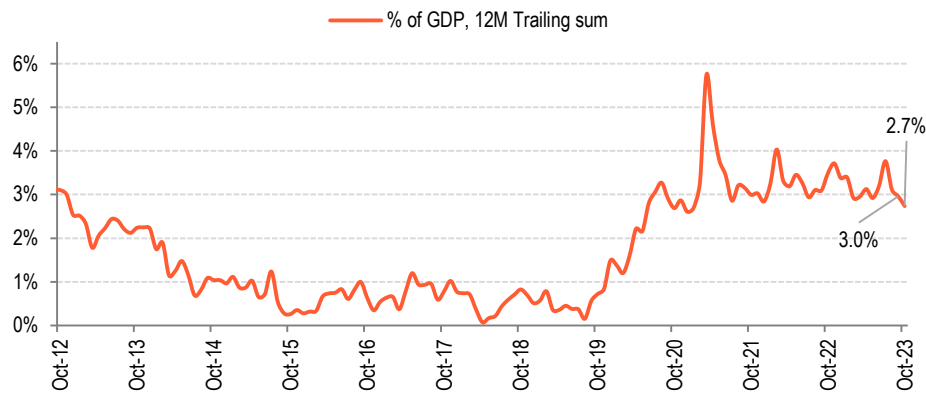


Fig 111 – Government spending eased in Oct'23 as well (12MMA basis)

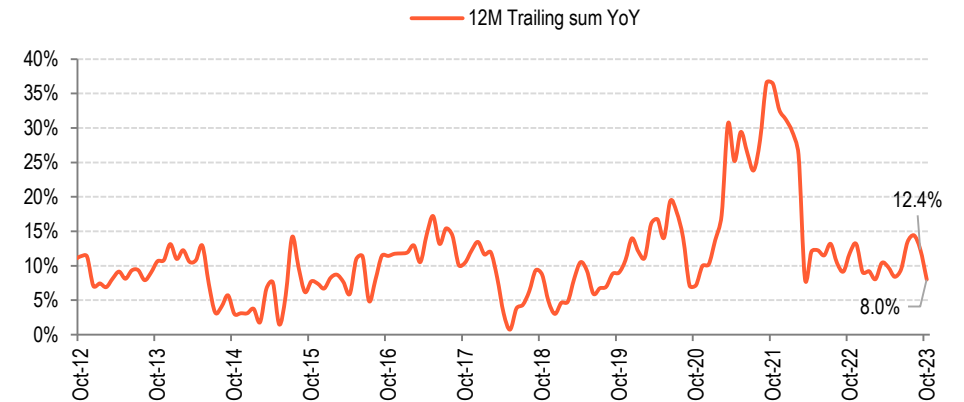


Fig 112 – ...dragged by both revenue expenditure, and...

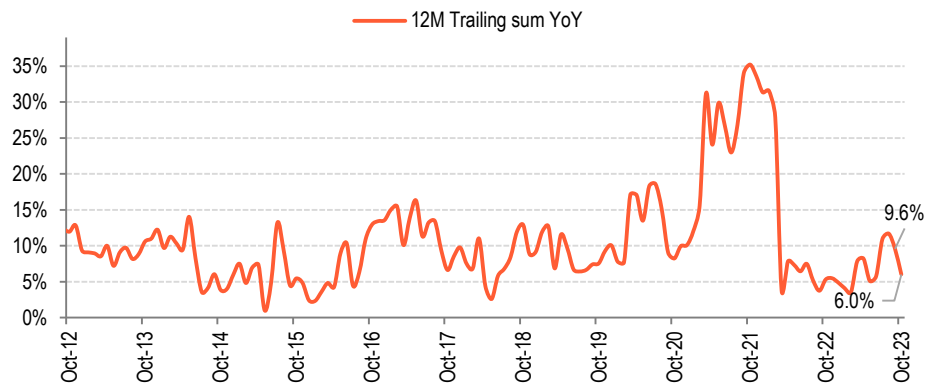


Fig 113 – ...Capex spending

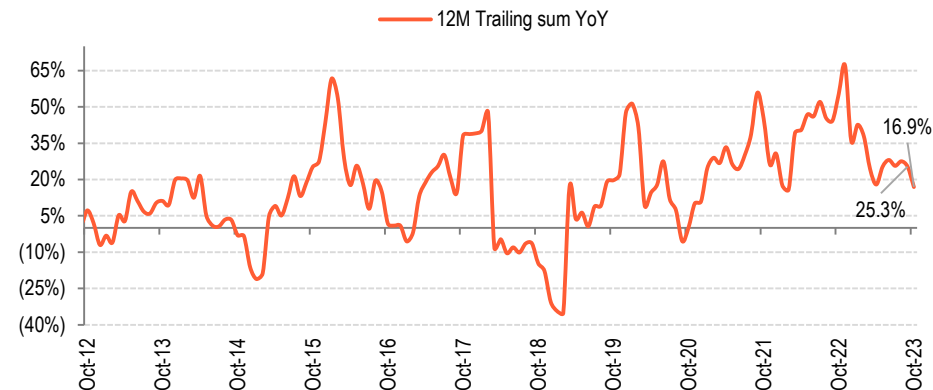


Fig 114 – Slowdown in spending seen by ministries of home affairs, consumer affairs, rural development and agriculture

Ministry	Apr-Oct'21	Apr-Oct'22	% change	Apr-Oct'23	% change
Ministry of Finance	6,522	7,286	11.7	8,216	12.8
Ministry of Defence	2,811	3,012	7.2	3,482	15.6
Ministry of Consumer Affairs, Food and Public Distribution	1,672	1,353	(19.0)	1,157	(14.5)
Ministry of Rural Development	885	869	(1.8)	831	(4.4)
Ministry of Home Affairs	952	1,077	13.1	1,157	7.4
Ministry of Human Resource Development	395	488	23.5	482	(1.2)
Ministry of Road Transport and Highways	804	1,548	92.4	1,804	16.6
Ministry of Chemicals and Fertilisers	538	1,034	92.1	1,199	15.9
Ministry of Petroleum and Natural Gas	34	20	(39.6)	19	(5.9)
Ministry of Agriculture	627	671	7.0	481	(28.3)
Ministry of Health and Family Welfare	402	394	(2.0)	432	9.5

Fig 115 – Receipt growth also eased in Oct’23

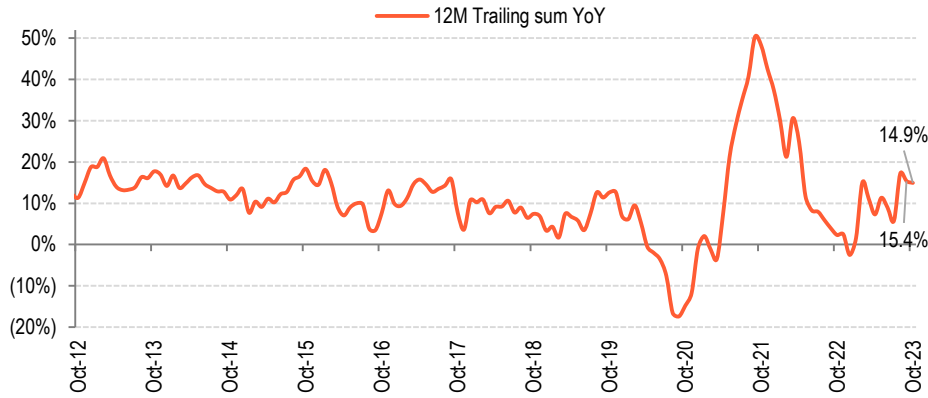


Fig 116 – Revenue receipts drove the trend...

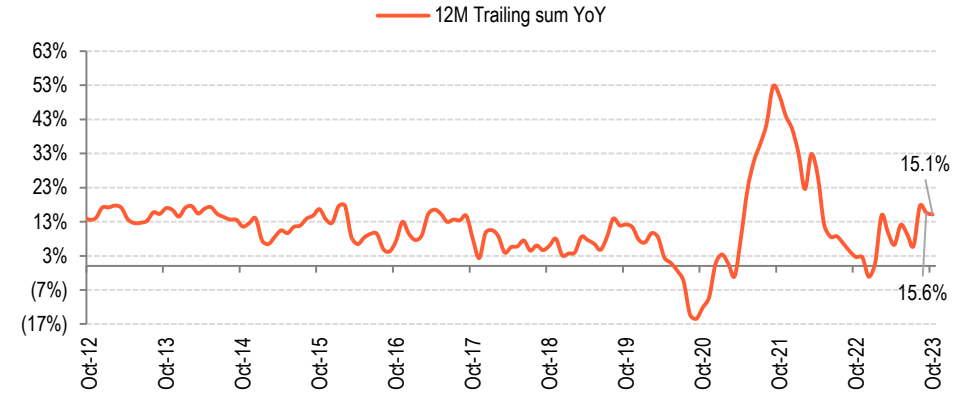


Fig 117 – ...As net-tax revenue receipts moderated

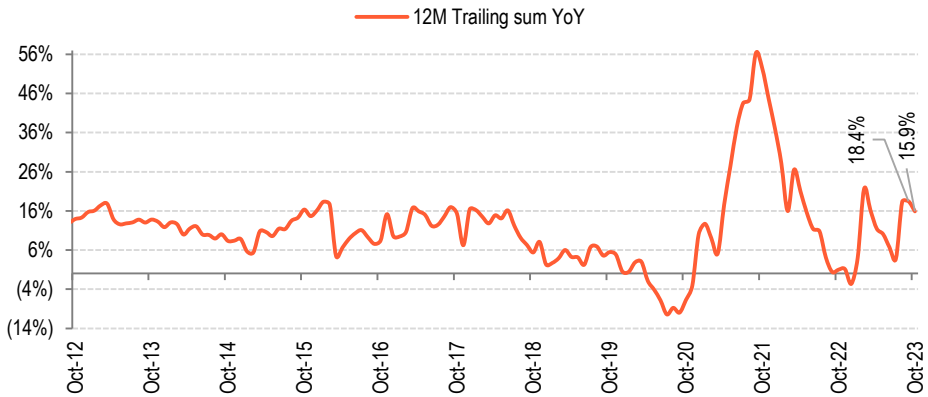


Fig 118 – However, non-tax collections inched up

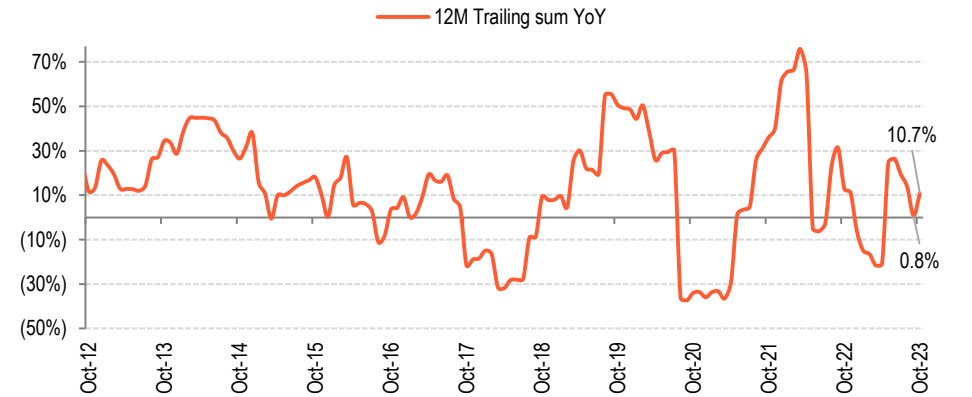


Fig 119 – Centre’s net revenue collections as of Oct’23 better than last year; capex growth is lower on account of base effect

	Apr-Oct’21	Apr-Oct’22	% change	Apr-Oct’23	% change
Gross Tax revenue	13,641	16,096	18.0	18,345	14.0
Direct taxes	6,422	8,082	25.9	10,032	24.1
Corp Tax	3,309	4,106	24.1	4,820	17.4
Income Tax	3,113	3,976	27.7	5,212	31.1
Indirect taxes	7,219	8,014	11.0	8,313	3.7
Non-tax revenue	2,068	1,788	(13.6)	2,658	48.7
Centre’s revenue (net)	12,600	13,499	7.1	15,677	16.1
Total expenditure	18,267	21,437	17.4	23,944	11.7
Capital exp	2,533	4,090	61.5	5,469	33.7
Revenue exp	15,735	17,347	10.2	18,475	6.5
Fiscal deficit	5,470	7,581	38.6	8,037	6.0

Fig 120 – Gross direct tax collection growth has begun to see some softening

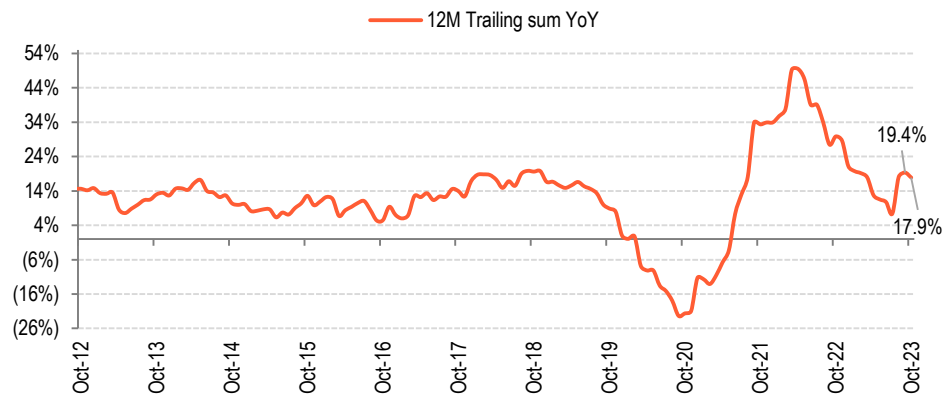


Fig 121 – Gross indirect tax collections continue to see moderation

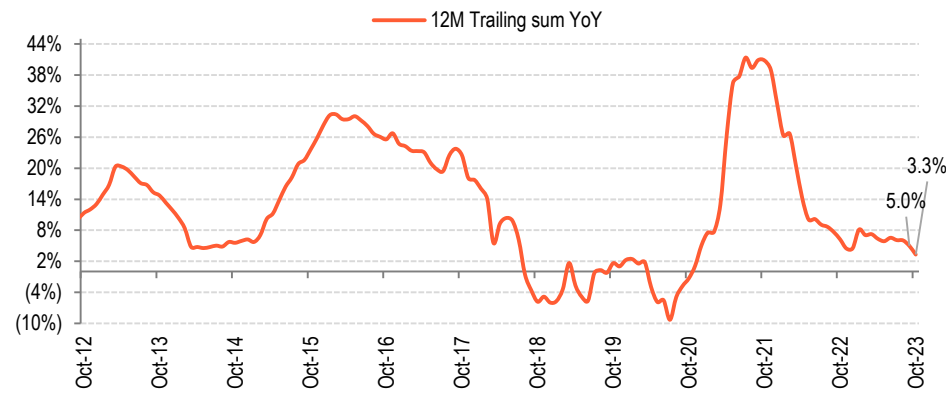


Fig 122 – Amongst direct taxes, corporate tax collections contribute to the drag

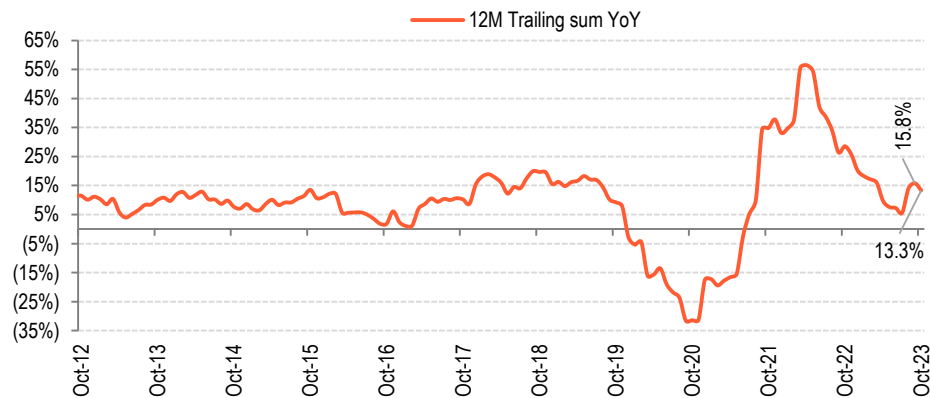


Fig 123 – Income tax collections remain broadly stable

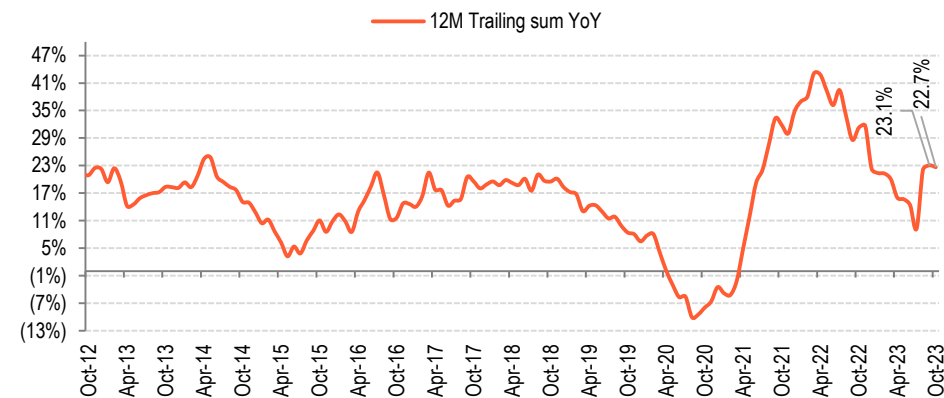


Fig 124 – GST collections for Oct’23 slips below Rs 1.7 lakh crore mark

(Rs bn)	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Monthly run rate (FYTD24)	FYTD24	FY24 (BE)
CGST	722	578	608	652	601	611	809	607	648	672	627	617	705	669	4,686	8,116
UT GST	6.0	5.2	2.3	2.4	3.9	9.2	3.1	2.6	3.4	2.5	3.1	2.0	11.2	4.0	27.9	-
IGST	(194)	(26)	(34)	(17)	(23)	86	(93)	10	16	(24)	63	17	(159)	(24)	(171)	-
SGST*	821	834	874	754	901	1,062	733	884	865	826	820	970	1,003	872	6,101	-
Cess	103	103	109	104	118	102	119	112	118	114	114	114	119	116	810	1,450
Total GST	1,459	1,495	1,559	1,496	1,601	1,870	1,571	1,615	1,651	1,591	1,627	1,720	1,679	1,636	11,454	-

Source: PIB | *Computed from PIB and CGA data

Fig 125 – Rising central government debt a key concern

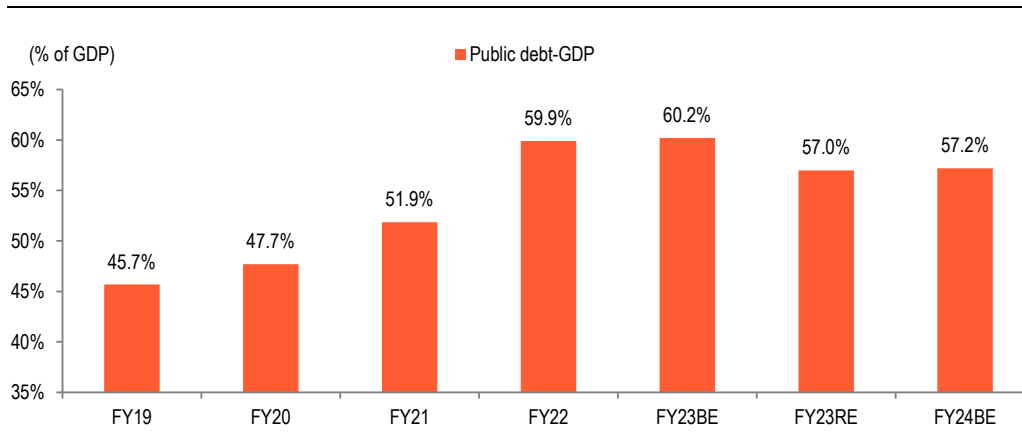
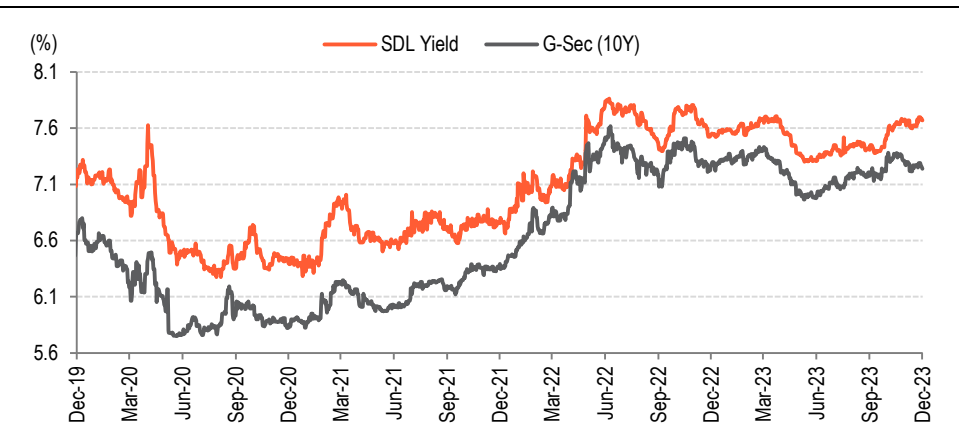
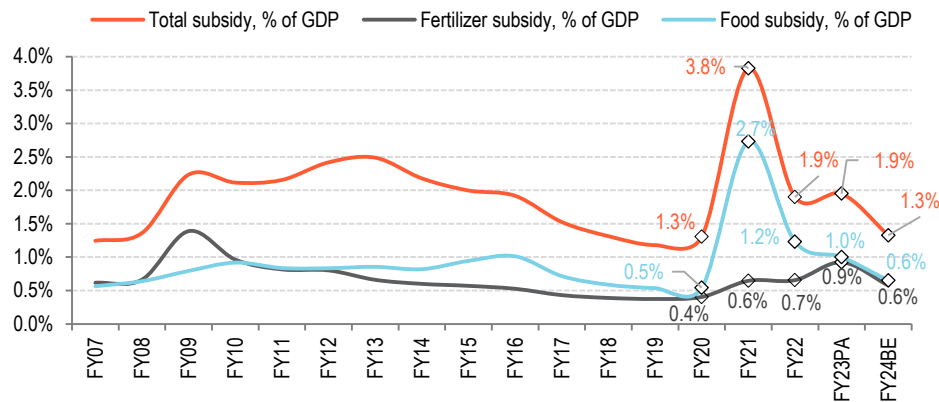


Fig 126 – Spread between 10Y G-sec and SDL yield rose notably in Nov'23, and has widened in Dec'23 so far



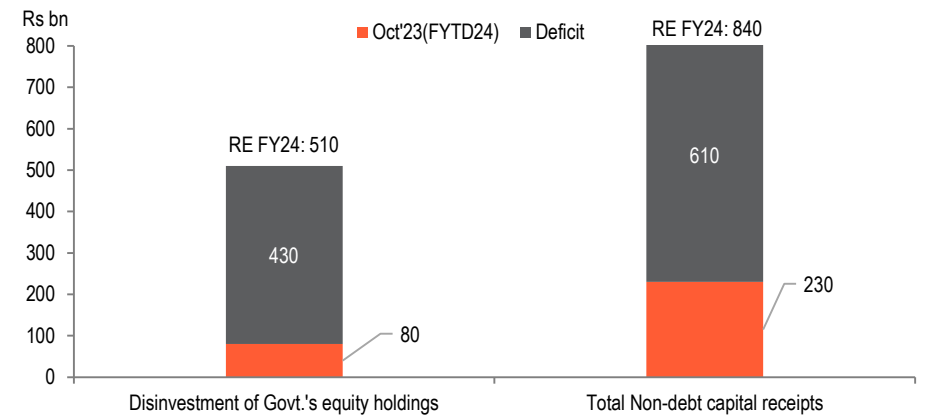
Source: CCIL

Fig 127 – Subsidy bill in FY23 was higher than revised estimates; FY24 to be lower



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

Fig 128 – Central gov't. disinvestment status (FY24)



Central government borrowing

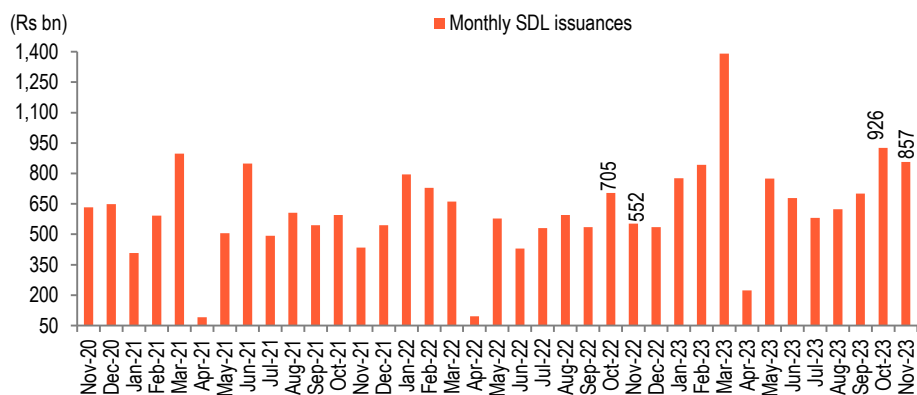
Fig 129 – Centre’s borrowing through T-bill in Q3 till date has been at Rs 2.7tn

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	2,715*	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, * Till 6th Dec 2023

State government borrowing

Fig 131 – State government borrowings slowed in Nov’23



Source: RBI

Fig 130 – Centre’s gross borrowing in Q3 till date is at Rs 2.5tn

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	4,800	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	2,530#	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, # Till 1 Dec 2023

Fig 132 – States have met 82% of the planned borrowing in Q3FY24 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	1,934*	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	5,515*	-

Source: RBI; *as of 5 Dec 2023

External sector

Exports

Fig 133 – Global exports declined further

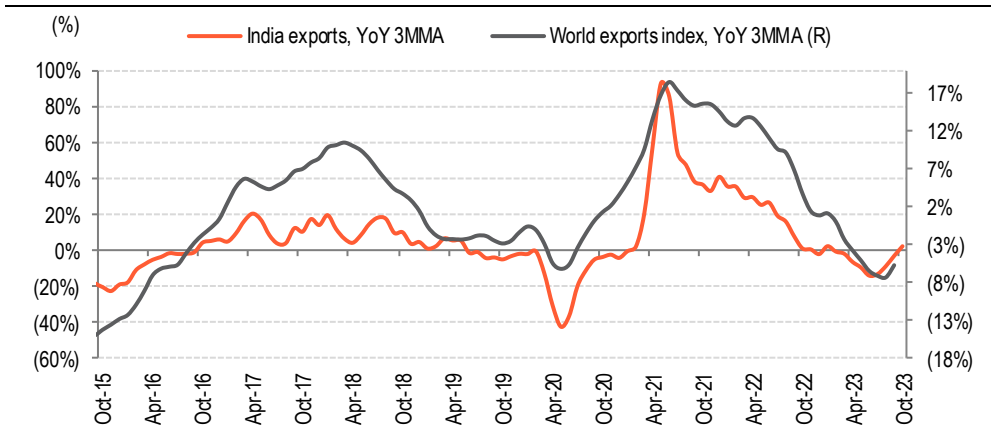
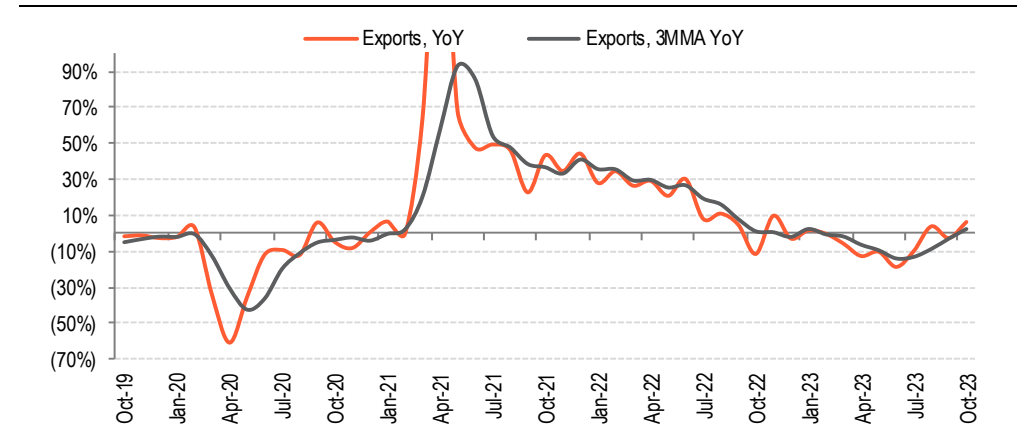


Fig 134 – India's exports rose by 6.2% on a YoY basis in Oct'23; still lower by 7% in FYTD24



Exports by major sectors

Fig 135 – Improvement in non-oil exports...

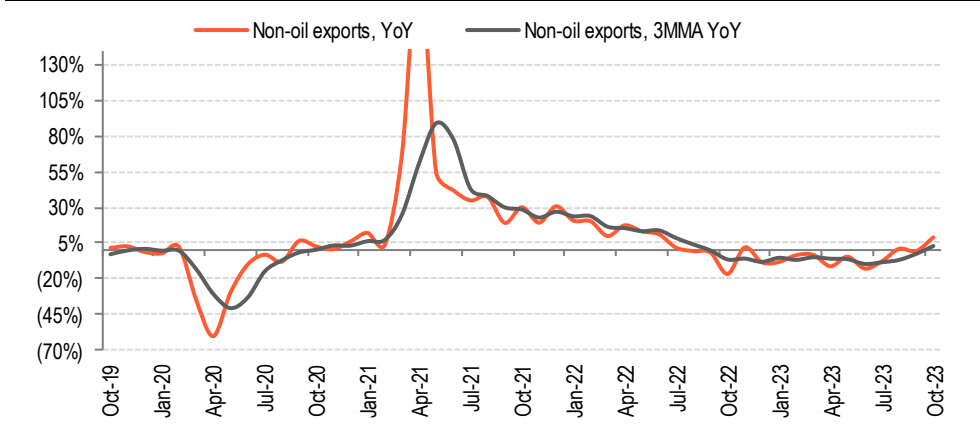


Fig 136 – .. led by drugs and pharmaceuticals

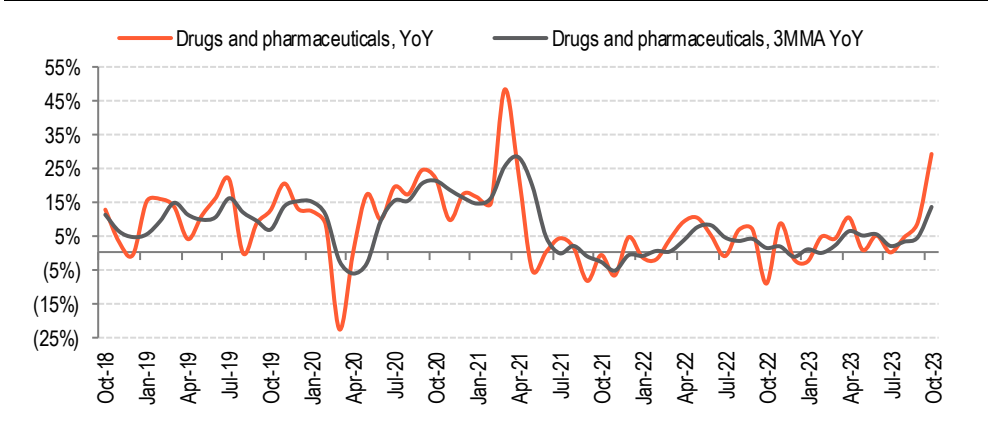


Fig 137 – .. and electronics

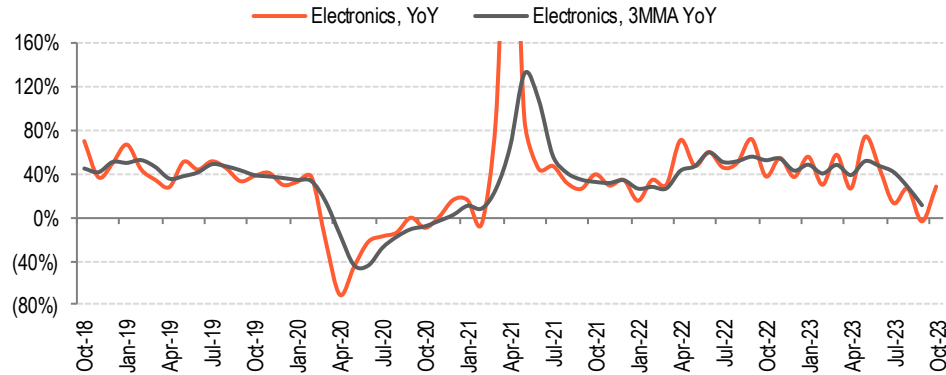
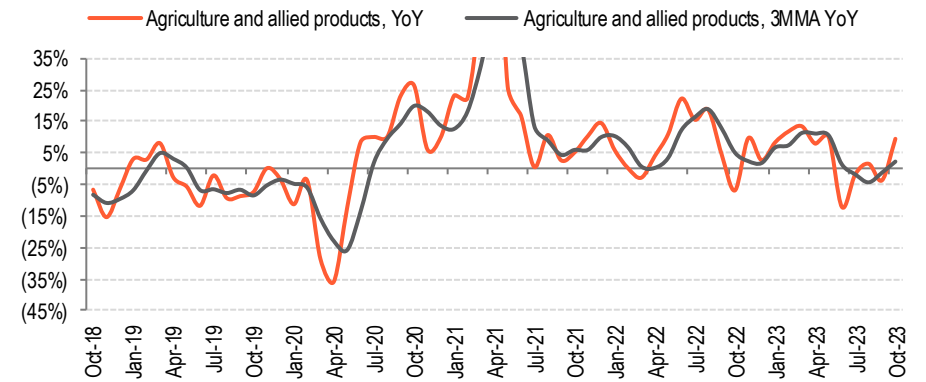


Fig 138 – Agricultural exports also witnessing some traction



Imports

Fig 139 – Import growth at a 13-month high of 12.3% in Oct'23; imports lower by 8.9% in FYTD24

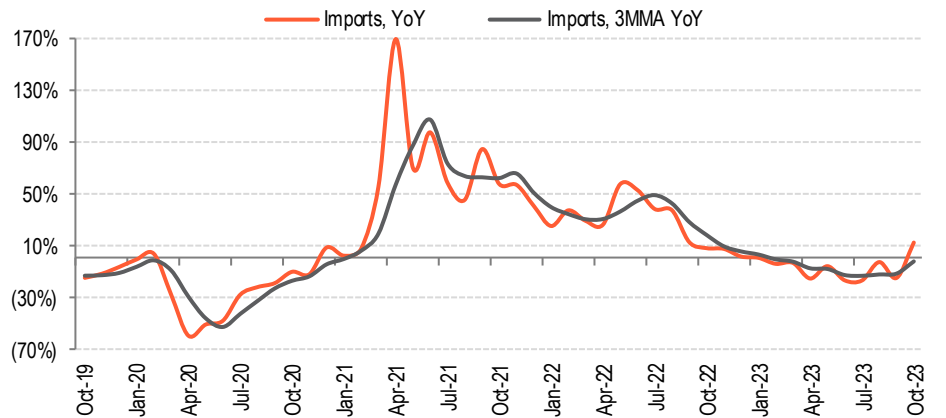


Fig 140 – Gold imports surged ahead of festive season

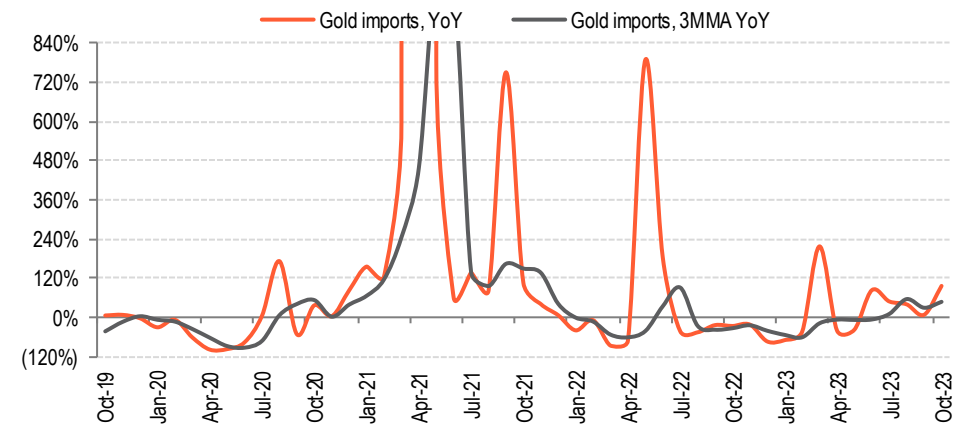


Fig 141 – Even oil imports inched up

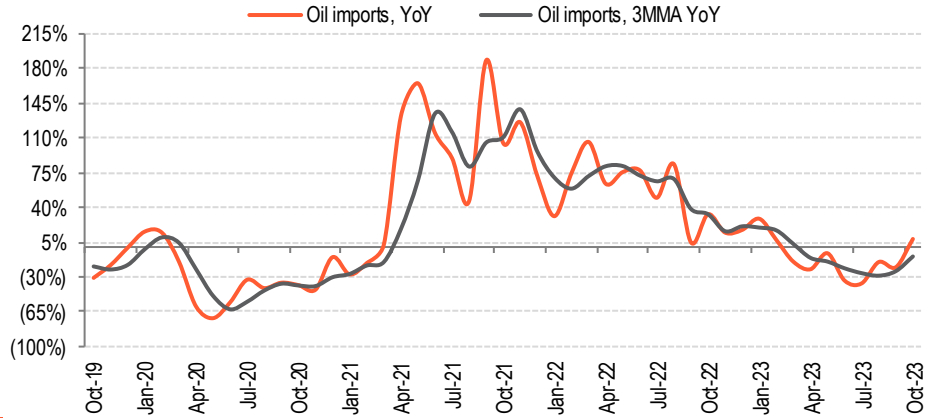


Fig 142 – Electronic imports surge to 26.2% in Oct'23

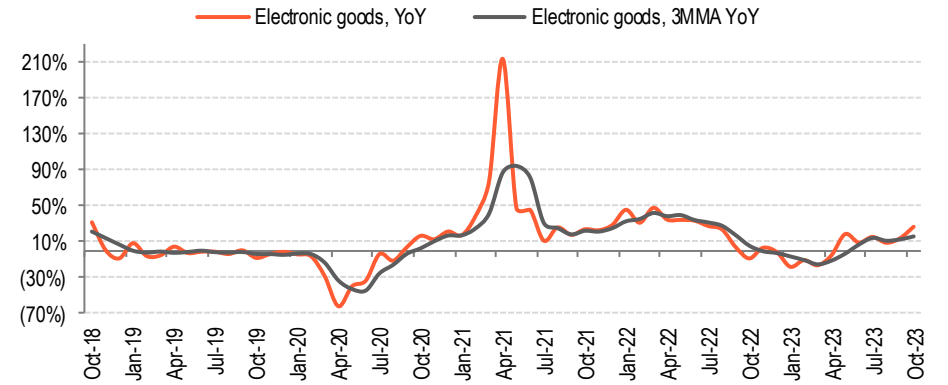


Fig 143 – Machinery imports increase by 17.6%, after increasing by 3.9% in Sep'23

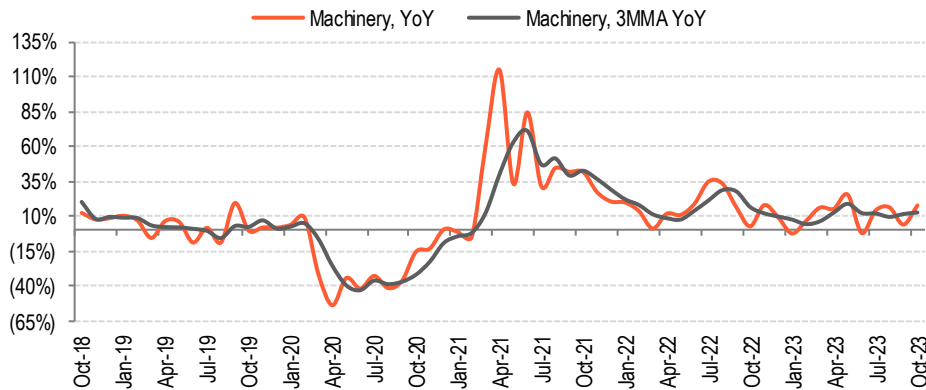
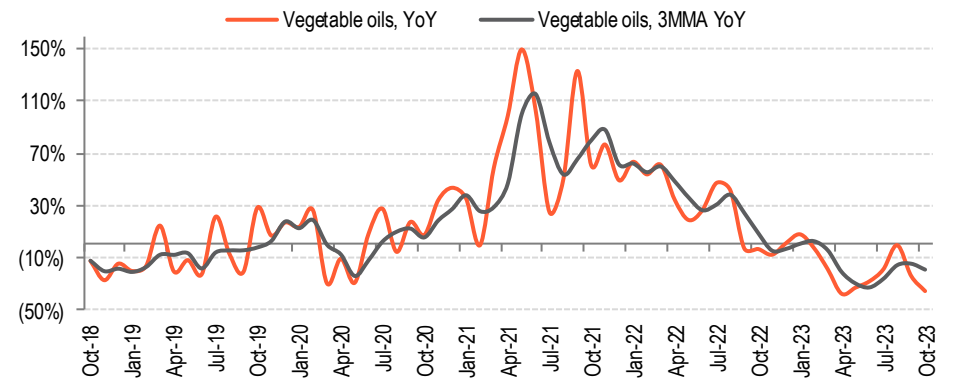


Fig 144 – However, imports of vegetable oils continues to decline further



Exports and imports by major regions

Fig 145 – Except China and Europe, exports to all regions have witnessed a sharp drop in FYTD24, sharpest decline in exports to Asia and Pacific

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Aug-23	Sep-23	Oct-23
Americas	23.7	13.0	(8.6)	(3.8)	(6.0)	6.0
Asia and Pacific (Ex. China)	23.3	2.6	(14.3)	6.5	(2.9)	(4.1)
China	3.5	(37.2)	0.9	42.4	29.7	26.9
Europe	22.0	19.0	1.9	15.7	(0.2)	7.2
Middle East and Africa	26.6	30.3	(8.9)	(5.2)	(5.2)	9.4
Other	0.9	149.7	11.9	38.4	12.3	46.8

Fig 146 – Even imports are lower, led by Middle East and Africa and Americas

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Aug-23	Sep-23	Oct-23
Americas	11.2	21.0	(15.1)	(16.1)	(14.2)	(12.1)
Asia and Pacific (Ex. China)	24.9	35.5	(9.1)	(1.6)	(9.3)	10.6
China	13.8	18.0	(0.4)	(0.7)	(0.2)	21.5
Europe	12.6	4.8	5.7	15.7	(12.7)	41.9
Middle East and Africa	30.8	37.8	(28.3)	(20.9)	(31.1)	(7.8)
Other	6.8	238.7	54.3	66.6	1.8	30.8

Trade deficit

Fig 147 – Trade deficit surges to a record high at US\$ 31.5bn, monthly run rate of ~US\$ 21bn

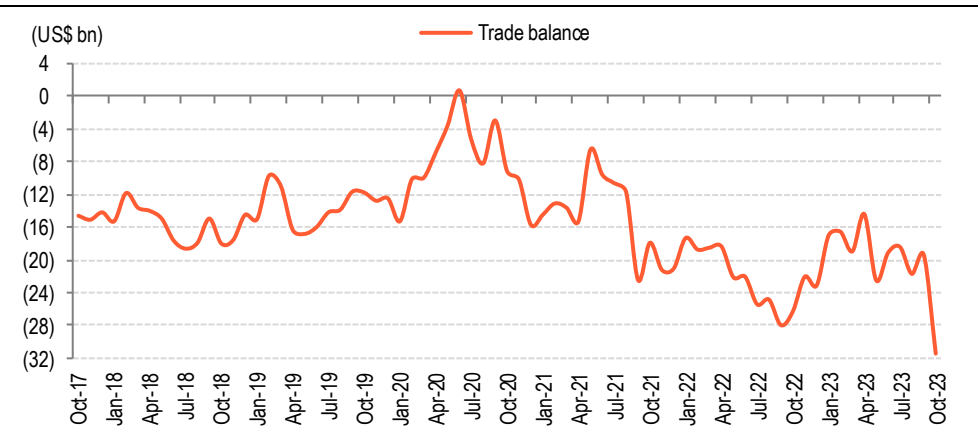
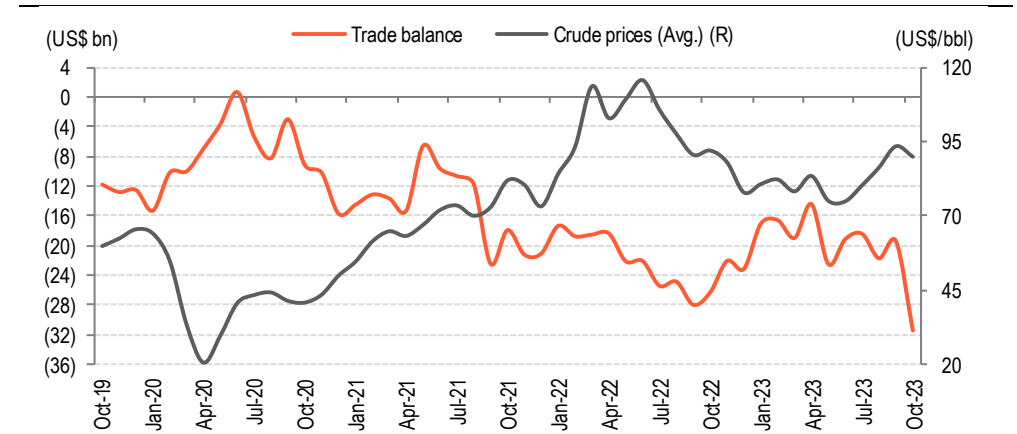
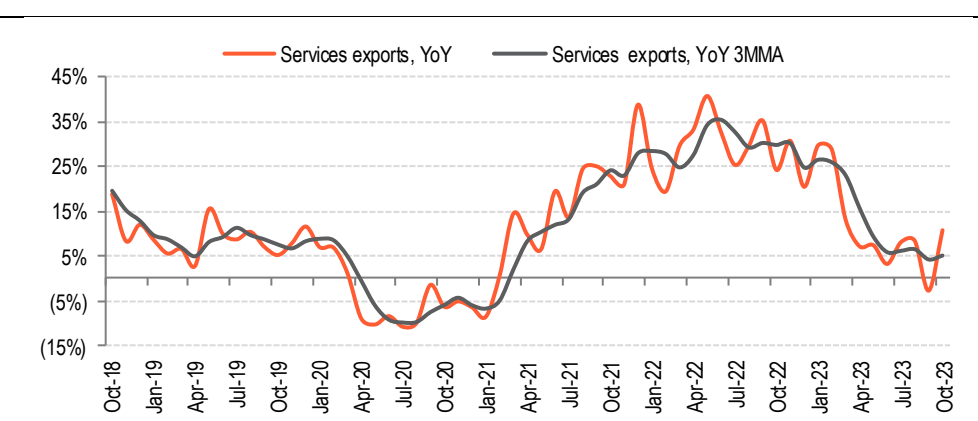


Fig 148 – ... even as oil prices were lower



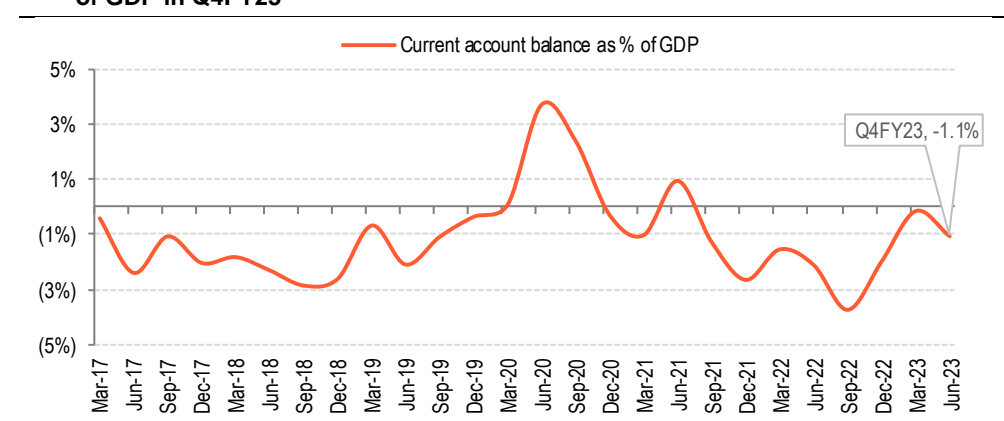
Trade in services

Fig 149 – Services exports increased by 10.8% in Oct'23, after falling 2.7% in Sep'23



BoP

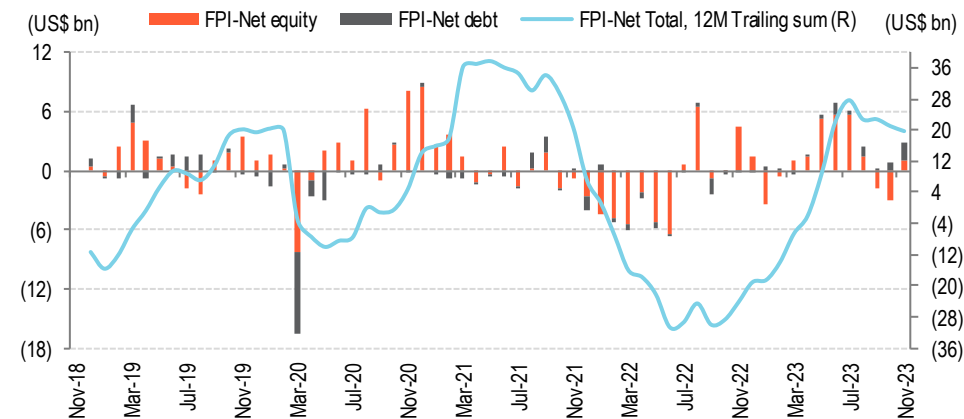
Fig 150 – India's current account deficit widened to 1.1% of GDP in Q1FY24 from 0.2% of GDP in Q4FY23



Foreign inflows

FPI inflows

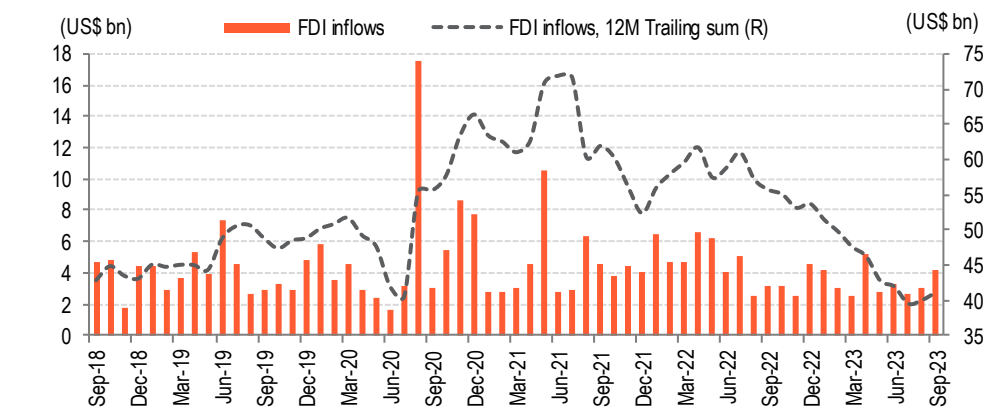
Fig 151 – FPI outflows reverse, inflows of US\$ 2.9bn in Nov'23



Source: Bloomberg

FDI inflows

Fig 152 – FDI equity inflows increase to US\$ 4.2bn Sep'23 versus US\$ 3.0bn in Aug'23



Source: RBI, Bank of Baroda Research

Fig 153 – FDI inflows fall in Q2FY24, led by services sector

Sector	% Share FY23	FYTD23	FYTD24	Q2FY23	Q1FY24	Q2FY24
Computer software and hardware	20.4	6.3	2.4	2.9	1.0	1.4
Services	18.9	4.2	3.9	1.6	2.5	1.3
Trading	10.4	3.3	0.9	1.2	0.5	0.4
Non-conventional energy	5.4	1.4	1.2	0.5	0.7	0.5
Drugs and Pharmaceuticals	4.5	0.7	0.1	0.2	0.1	0.0
Automobile industry	4.1	0.9	0.7	0.2	0.4	0.3
Construction (Infrastructure) activities	3.7	1.0	2.4	0.3	0.8	1.6

Source: DIPP

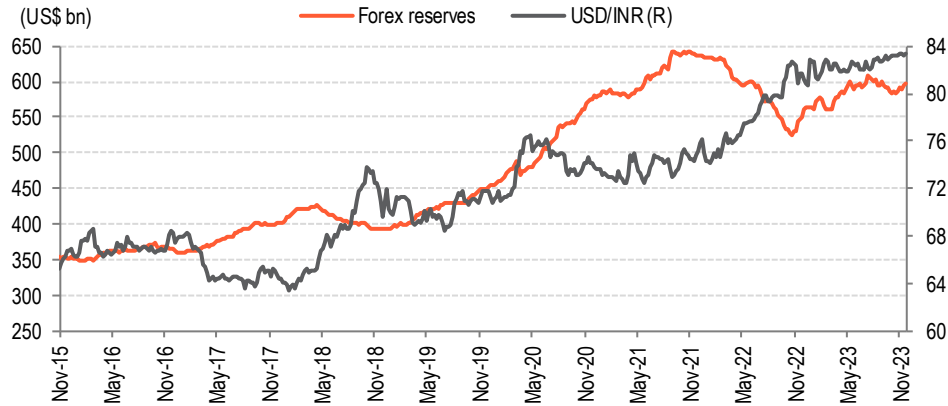
Fig 154 – Country wise, inflows from Netherlands and Singapore dipped in Q2FY24, inflows from Mauritius pick up

Country (US\$ bn)	% Share FY23	FYTD23	FYTD24	Q2FY23	Q1FY24	Q2FY24
Singapore	37.4	10.0	5.2	4.3	3.0	2.2
US	13.3	3.3	3.0	0.9	1.0	2.0
Mauritius	13.1	2.6	2.1	1.1	1.1	1.0
Netherlands	5.4	1.8	1.9	0.7	1.5	0.4
UK	3.9	1.2	2.1	0.3	1.2	0.9
Japan	3.8	0.9	0.6	0.6	0.4	0.2

Source: DIPP

Forex reserves and external debt

Fig 155 – India’s FX reserves at US\$ 597.9bn; up by US\$ 19.5bn in FYTD24



Source: Bloomberg | Weekly data as of 24 Nov 2023

Fig 156 – India’s import cover remains comfortable

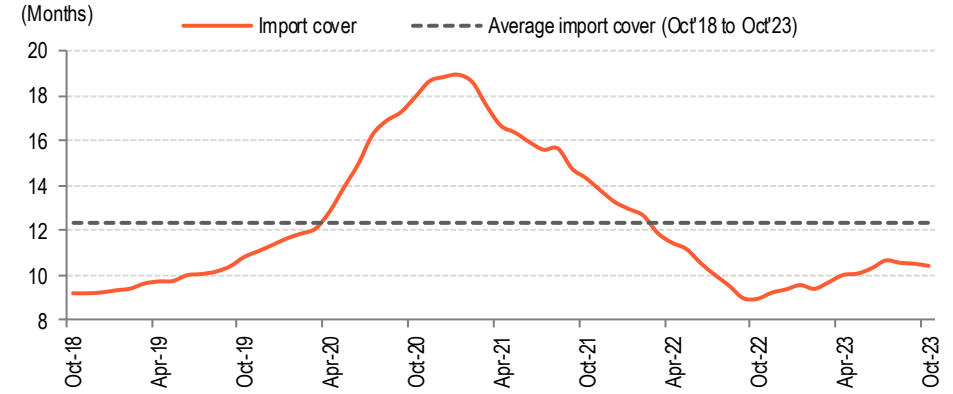


Fig 157 – RBI’s sold net US\$ 1.5bn in the spot market in Sep’23

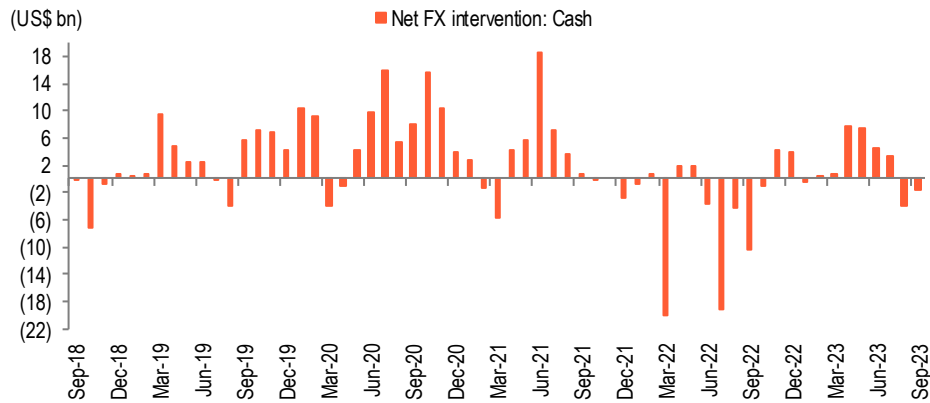
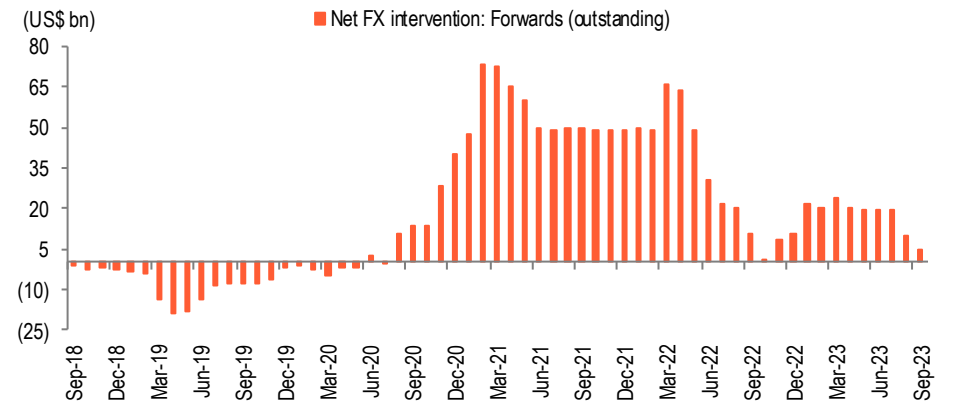


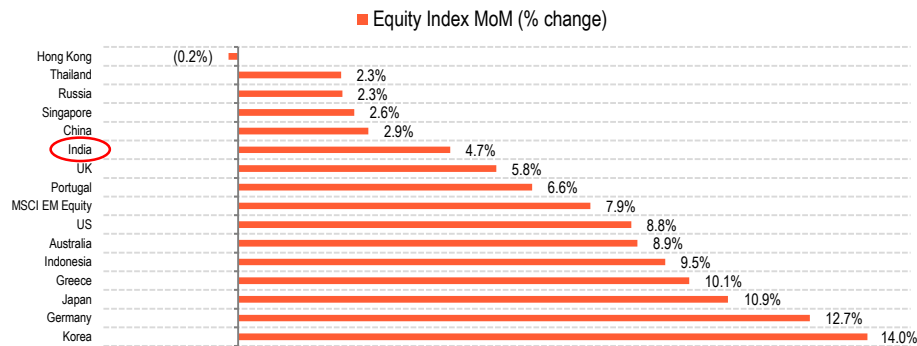
Fig 158 – RBI’s outstanding forwards book dips to an 11-month low at US\$ 4.6bn as of Sep’23



Markets

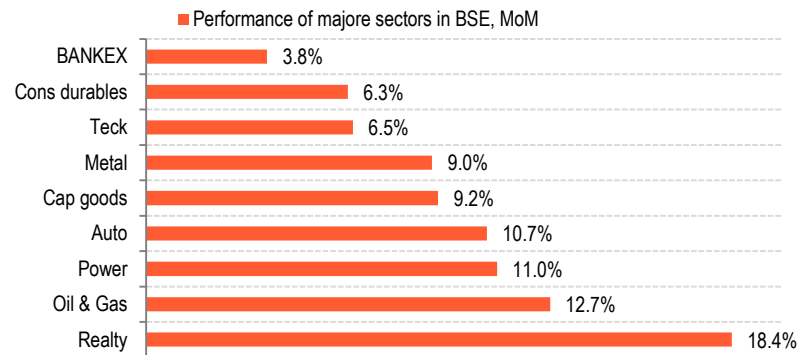
Equity

Fig 159 – In Nov'23, Sensex underperformed MSCI EM and rose by 4.7%



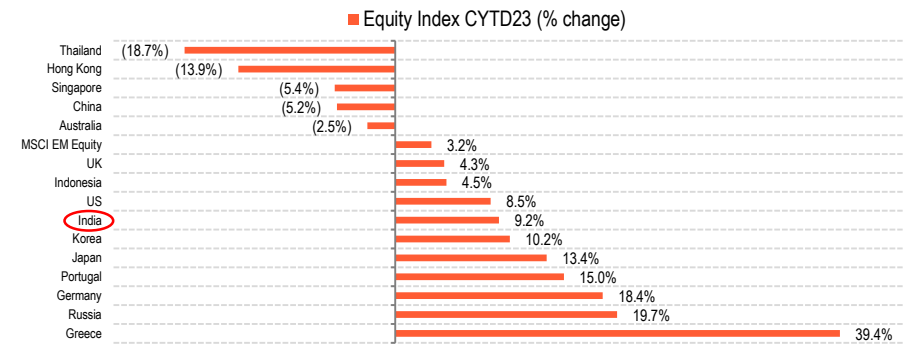
Source: Bloomberg | * As on 30 Nov 2023, Indices are in US\$ terms

Fig 161 – Real estate and oil and gas stocks rose the most in Nov'23



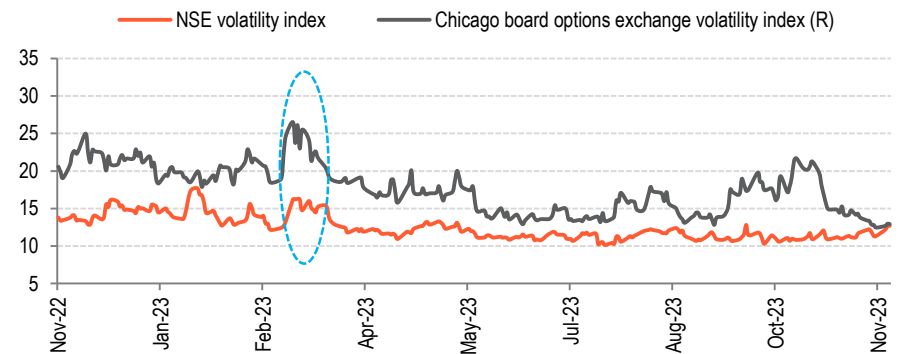
Source: Bloomberg | * As on 30 Nov 2023, Indices are in US\$ terms

Fig 160 – However, in CYTD23, Sensex has risen by 9.2%



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

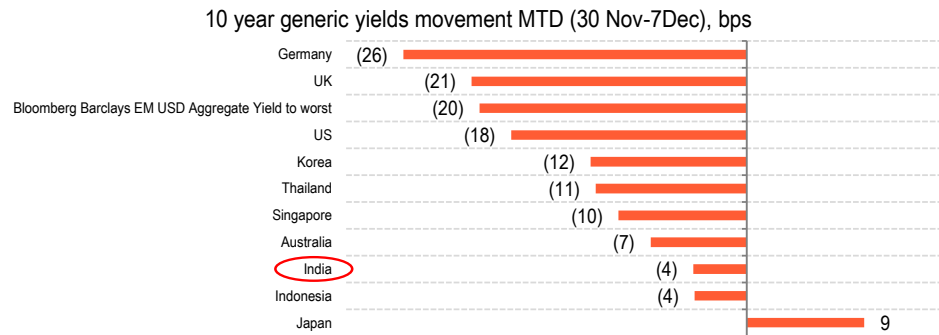
Fig 162 – VIX index inched up to 12.69 in Nov'23 from 11.83 in Oct'23



Source: Bloomberg

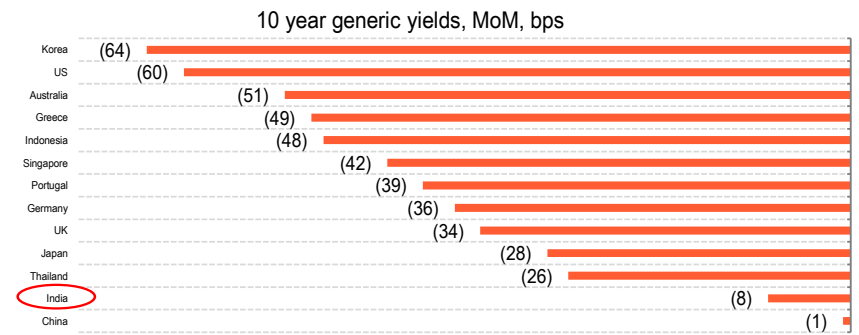
10-year bond yields

Fig 163 – On MTD basis, India’s 10Y yield fell by 4bps



Source: Bloomberg | As on 7 Dec 2023

Fig 164 – On MoM basis, India’s 10Y yield fell by 8bps



Source: Bloomberg | As on 30 Nov 2023

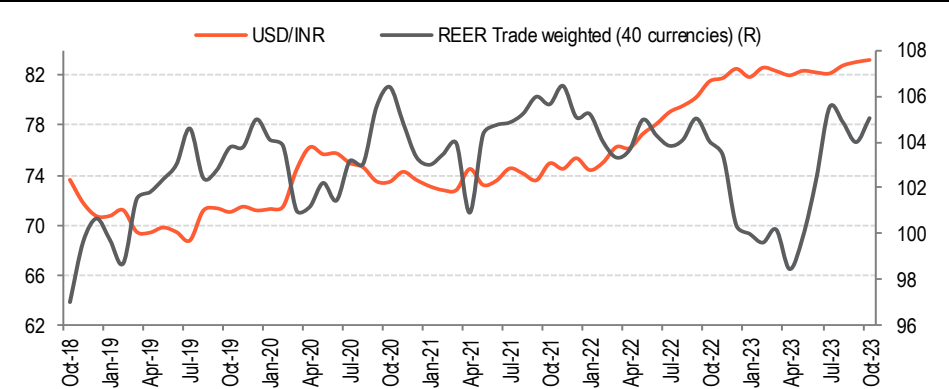
Currencies

Fig 165 – INR depreciated to a fresh record low in Nov'23



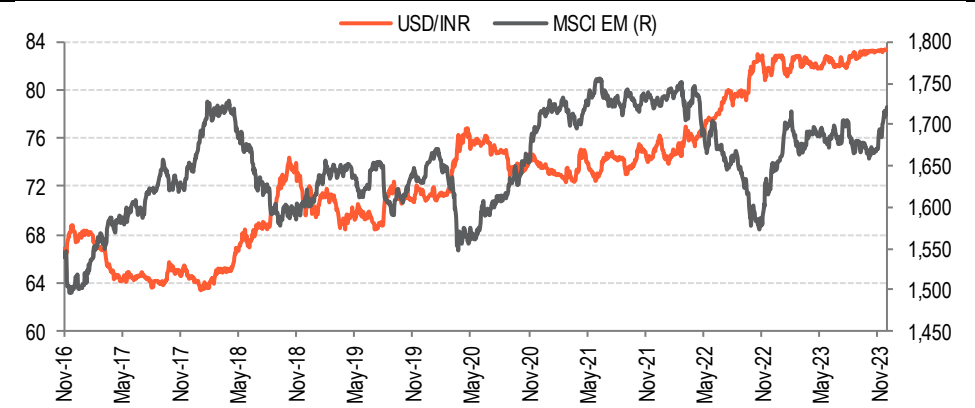
Source: Bloomberg | *As on 30 Nov 2023

Fig 166 – INR overvalued by 5% on REER basis



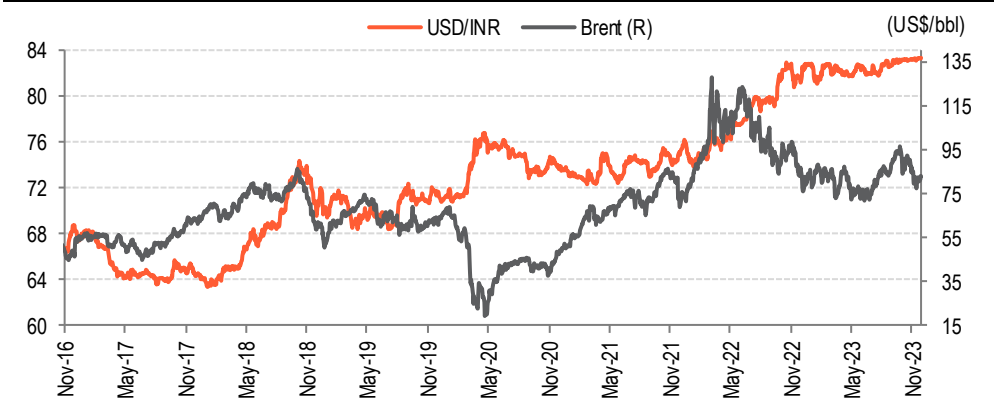
Source: Bloomberg

Fig 167 – EM currencies gained



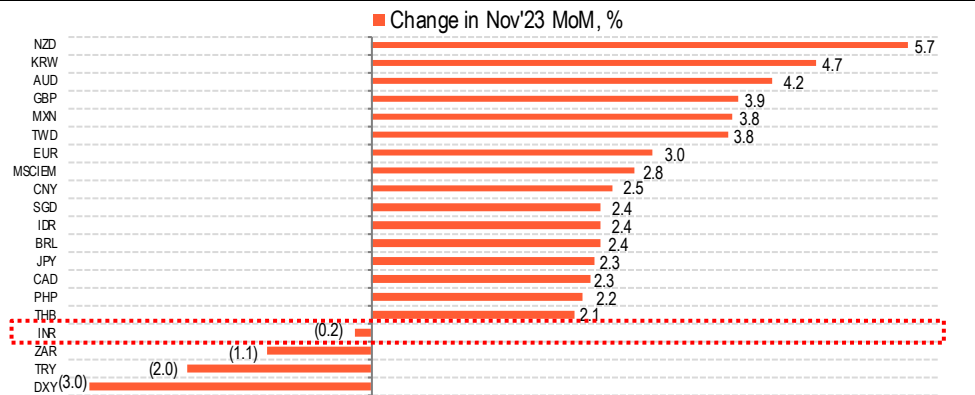
Source: Bloomberg | *As on 30 Nov 2023

Fig 168 – ... as oil prices on an average were subdued



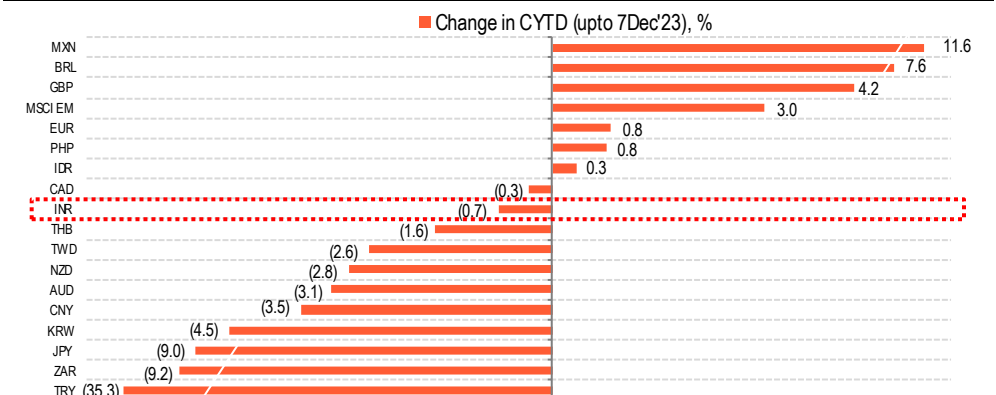
Source: Bloomberg | *As on 30 Nov 2023

Fig 169 – In Nov'23, INR depreciated by 0.2%, despite a weaker dollar



Source: Bloomberg | *As on 30 Nov 2023

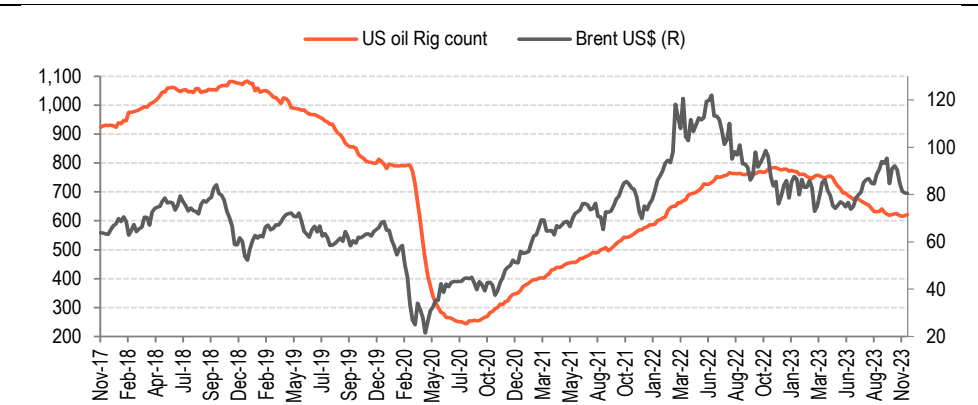
Fig 170 – In CYTD23 (upto 7Dec'23), INR has depreciated by 0.7%



Source: Bloomberg | *As on 7 Dec 2023

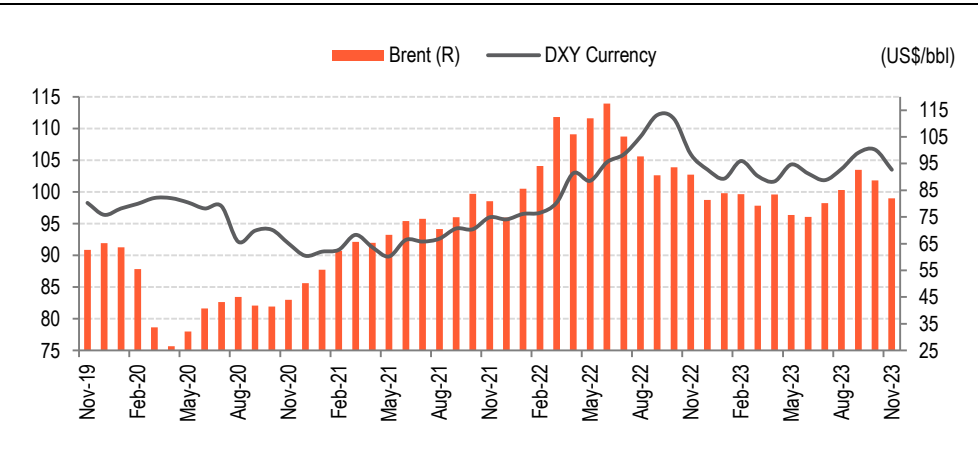
Commodities

Fig 171 – US rig count moderated



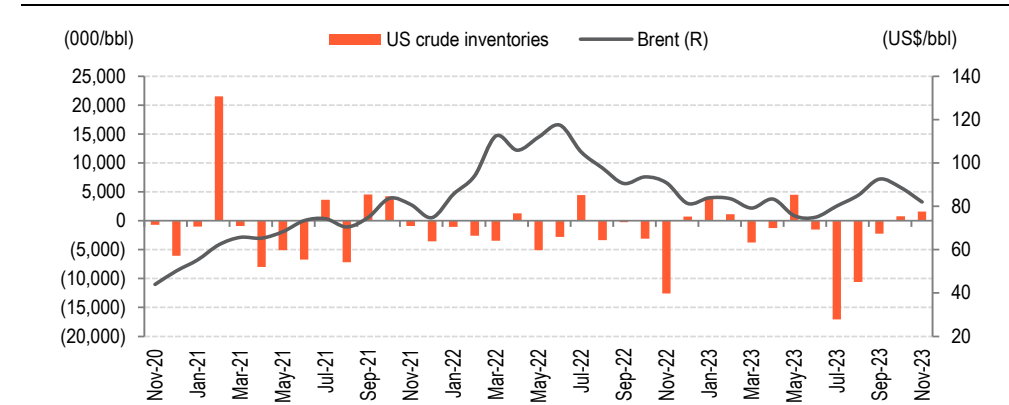
Source: Bloomberg

Fig 173 – Oil prices (average) moderated to US\$ 82/bbl in Nov'23 from US\$ 88.7/bbl in Oct'23, DXY also moderated to 103.5 from 106.66



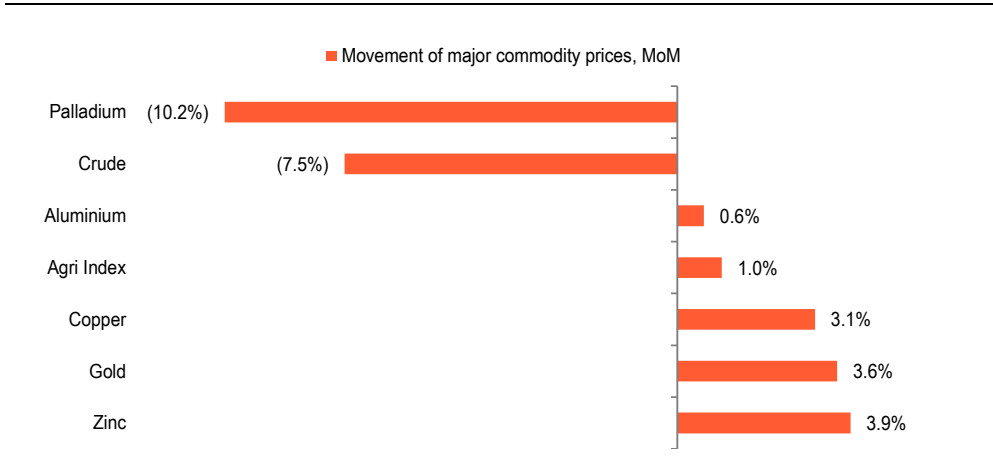
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 172 – Inventory accumulation was seen in Nov'23



Source: Bloomberg

Fig 174 – Crude prices have fallen sharply



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

Fig 175 – Performance of high frequency indicators

Indicators	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Agriculture													
Tractor sales	4.4	19.2	16.0	11.8	10.1	(13.0)	(2.4)	(0.7)	0	(4.1)	(15.6)	(5.3)	-
Two wheeler sales	23.6	(11.2)	10.1	14.8	12.4	(7.3)	9.3	6.8	8.2	6.3	21.7	(12.6)	21.1
MNREGA work (HH, MoM)	(19.4)	(14.2)	(2.3)	2.2	6.8	6.6	31.9	6.3	(30.4)	(18.5)	(3.2)	(0.8)	(3.7)
Manufacturing													
IIP: General index	7.6	5.1	5.8	6.0	1.7	4.6	5.7	3.8	6.0	10.3	5.8	-	-
IIP: Manufacturing	6.7	3.6	4.5	5.9	1.5	5.5	6.3	3.1	5.0	9.3	4.5	-	-
IIP: Capital goods	20.7	7.8	10.5	11.0	9.1	4.4	8.1	2.0	4.5	13.1	7.4	-	-
IIP: Infra & construction goods	14.3	11.0	11.3	9.0	7.2	13.4	13.0	12.9	12.4	13.5	7.5	-	-
IIP: Consumer goods	5.0	(11.2)	(8.2)	(4.1)	(8.1)	(2.3)	1.5	(6.7)	(2.6)	5.7	1.0	-	-
Steel	11.5	12.3	14.3	12.4	12.1	16.6	12.0	21.3	14.2	12.4	13.8	11.0	-
Cement	29.1	9.5	4.7	7.4	(0.2)	12.4	15.9	9.9	6.9	19.3	4.7	17.1	-
Electricity	12.7	10.4	12.7	8.2	(1.6)	(1.1)	0.8	4.2	8.0	15.3	9.9	20.3	-
PMI: Manufacturing	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0
Services													
Services PMI index	56.4	58.5	57.2	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0	58.4	56.9
Automobile sales	25.7	(5.4)	13.6	16.0	13.9	(4.0)	10.1	9.6	10.0	8.6	20.4	(7.7)	18.5
Passenger vehicle sales	21.3	8.1	21.9	11.0	14.4	(1.3)	4.3	4.8	4.0	6.5	19.0	(1.4)	17.2
Vehicle registration	18.8	(6.4)	14.1	16.5	14.7	(3.4)	10.9	10.2	10.6	9.4	20.8	(7.2)	18.3
Rail freight traffic	5.2	3.1	3.8	3.6	3.8	3.5	1.9	(1.9)	1.5	6.4	6.7	8.5	4.6
Port cargo volume	1.9	10.2	12.2	12.0	1.5	1.3	3.5	0.4	4.3	4.4	0.3	13.8	17.0
Credit growth	16.1	14.9	16.3	15.5	15.0	15.7	15.3	18.0	19.5	19.7	20.0	20.0	20.6
Deposit growth	9.8	9.2	10.5	10.1	9.6	10.1	11.4	15.5	12.9	13.2	13.2	12.9	13.6
CIC	7.9	8.2	8.6	8.2	7.8	7.6	6.9	4.9	4.4	4.0	4.1	2.9	4.3
Toll collection (in mn)	285.6	308.0	300.8	288.4	306.3	305.0	335.2	316.1	295.0	308.0	298.9	319.7	320.8
Diesel consumption	19.3	6.6	12.8	7.6	1.2	8.6	12.8	3.0	3.8	5.2	3.8	9.3	(3.0)
GST E-way bill (in mn)	80.7	84.1	82.4	81.8	90.9	84.4	88.2	86.1	88.0	93.4	92.0	100.3	87.6
External Trade													
Merchandise exports	9.7	(3.0)	1.6	(0.4)	(5.9)	(12.7)	(10.3)	(18.8)	(10.0)	3.8	(2.7)	6.2	-
Merchandise imports	7.4	1.5	0.5	(4.1)	(3.4)	(15.5)	(6.0)	(16.9)	(17.0)	(2.8)	(15.0)	12.3	-
Services exports	30.7	20.4	29.6	28.8	13.1	7.2	7.4	3.2	8.1	8.4	(2.7)	10.8	-
Services imports	21.7	5.7	7.5	10.8	6.0	(0.7)	4.5	(1.0)	(2.2)	(0.8)	(10.3)	(0.4)	-

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

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