

# India Economics

## Monthly Chartbook

November 2018

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## Lower oil prices: a boon

**Lower oil prices and moderation in FPI outflows bode well for INR and Indian markets. 10Y yield dipped by 17bps in Oct'18 on the back of OMOs by RBI and may fall further if oil prices sustain at current levels. Consumption demand which took a hit in the last few months may also see an upturn. Rural consumption will depend upon pass-through of MSPs. So will inflation. Growth is likely to dip in H2 as centre's capex will come-off. Liquidity issues with NBFCs will also hurt credit availability in the economy in the near-term. However, lower oil prices imply medium-term growth trajectory will not be impacted.**

**Consumption demand muted:** High oil prices have impacted consumption demand with passenger car sales declining by (-) 6% and non-oil-non-gold and electronic imports seeing a dip. Consumer durable production also moderated in Sep'18. While two-wheeler sales did show an increase, the quantum was only 4%. With oil prices declining by 3% recently and cut in indirect taxes, consumer demand may revive in coming months. However, rural demand may remain muted as wages are not seeing any uptrend.

**Government finances:** Led by lower indirect tax collections, the central government is likely to miss its tax collections target for FY19. However, direct tax collections are likely to be higher than BE. On an aggregate

basis, states are doing much better in terms of SGST collections. As of now, both centre and states are showing higher capex spending. While centre's capex is expected to come down in H2, states are likely to continue spending.

**RBI's dilemma eases:** Inflation continues to under-shoot RBI's trajectory justifying a pause (against consensus) in the last policy. The impact of recent increase in MSPs notified by the government will be known in H2. However, external conditions have turned favourable in Nov'18 after 3% decline in crude and 2% appreciation of the INR. On the liquidity front, RBI has injected durable liquidity by announcing OMO purchases of Rs 1260bn. We expect more purchases given the FX intervention. For now, yields have cooled off with 10Y yield declining by 17bps in Oct'18 versus an increase of 7bps in Sep'18.

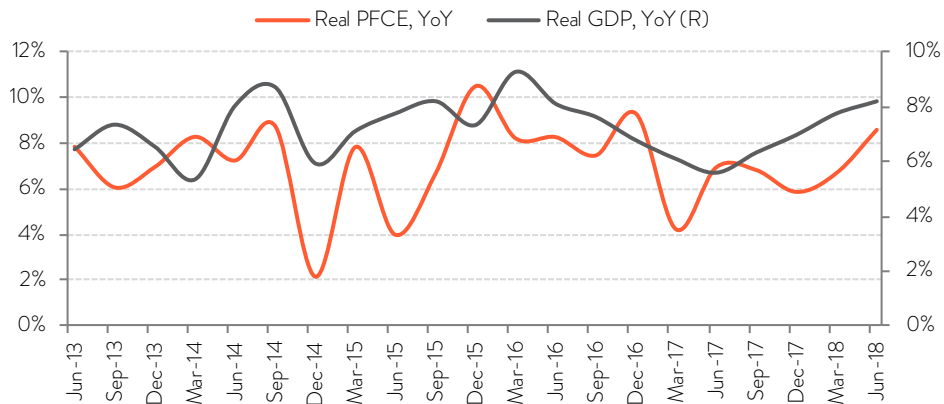
**Lower oil prices to support INR:** INR depreciated by 2% in Oct'18 compared with a decline of 2.1% in Sep'18 and 3.6% in Aug'18 led by FPI outflows of US\$ 16bn and trade deficit of US\$ 96bn (US\$ 77bn last year) in FYTD19. However, INR has gained by 2.1% in Nov'18 as oil prices have eased to US\$ 72/bbl from a peak of US\$ 86/bbl. FPI outflows may also moderate as has been the case last week at US\$ 211mn. This should support the rupee.

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

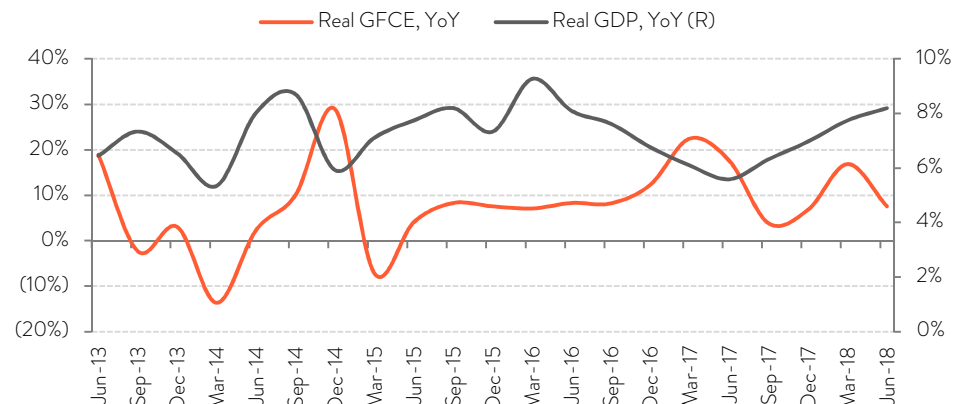
# Consumption

## Final consumption expenditure

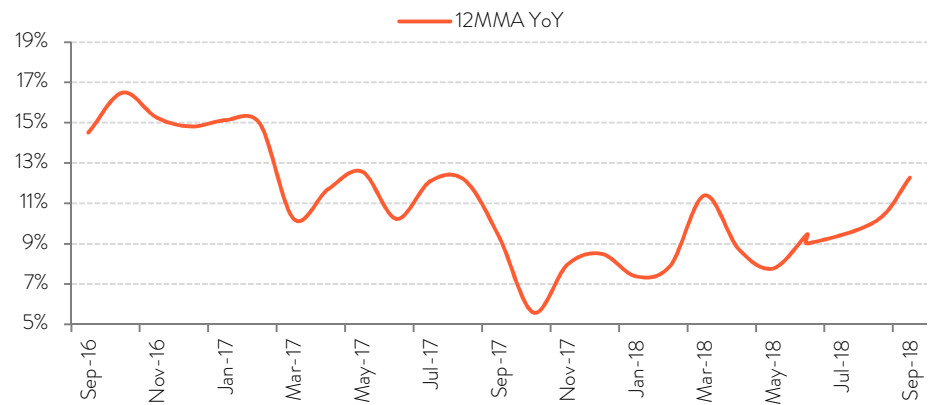
**FIG 1 – CONSUMPTION GREW BY 8.6% IN Q1FY19 AS AGAINST 6.9% IN Q1FY18**



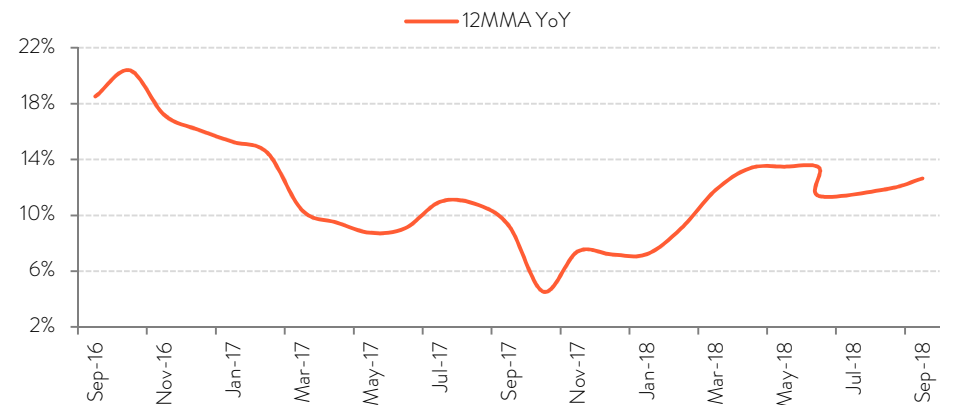
**FIG 2 – SLOWDOWN IN GOVERNMENT CONSUMPTION**



**FIG 3 – GENERAL GOV REVENUE SPENDING RISES...**



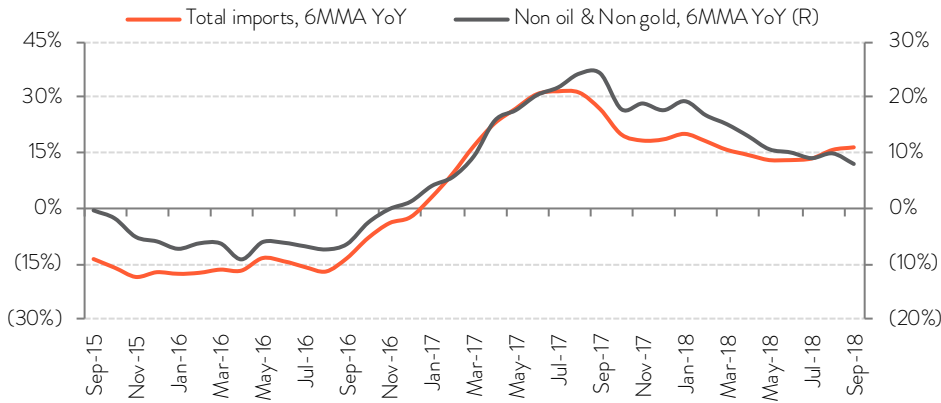
**FIG 4 – ... STATE\* GOV REVENUE SPENDING ALSO IMPROVES**



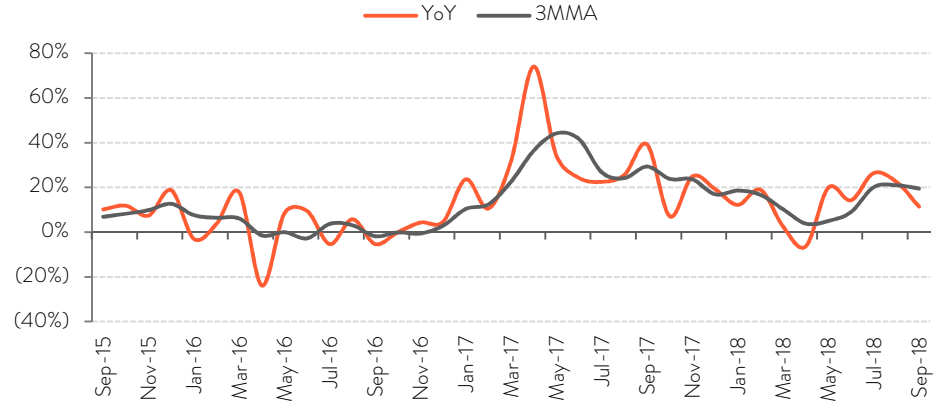
Note: \* All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**Non-oil imports, electronic imports**

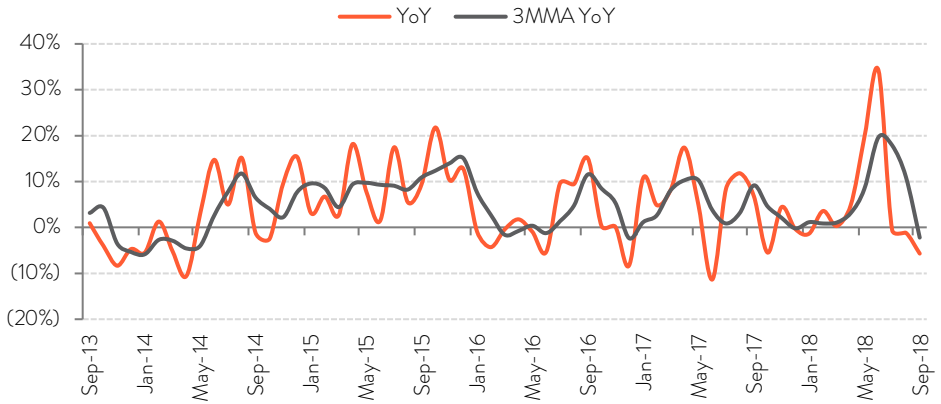
**FIG 5 – NON-OIL-NON-GOLD IMPORTS DIP IN SEP'18**



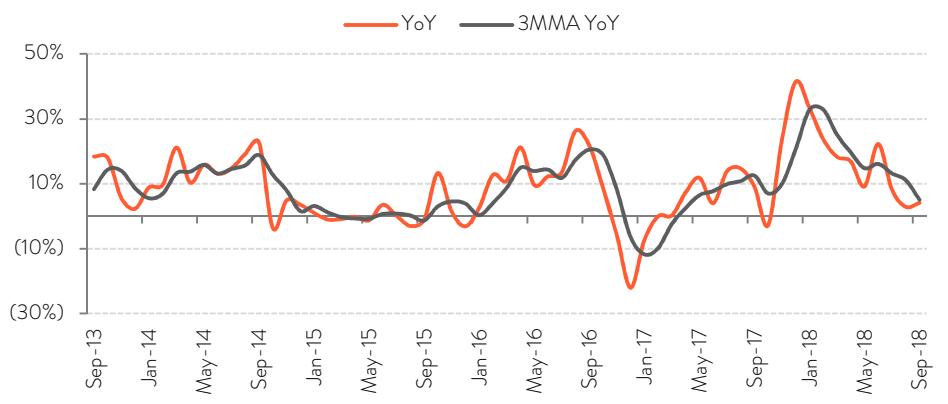
**FIG 6 – ELECTRONIC IMPORTS FALL TO 11.4% IN SEP'18**



**FIG 7 – PASSENGER CAR SALES CONTINUE TO DECLINE IN SEP'18**

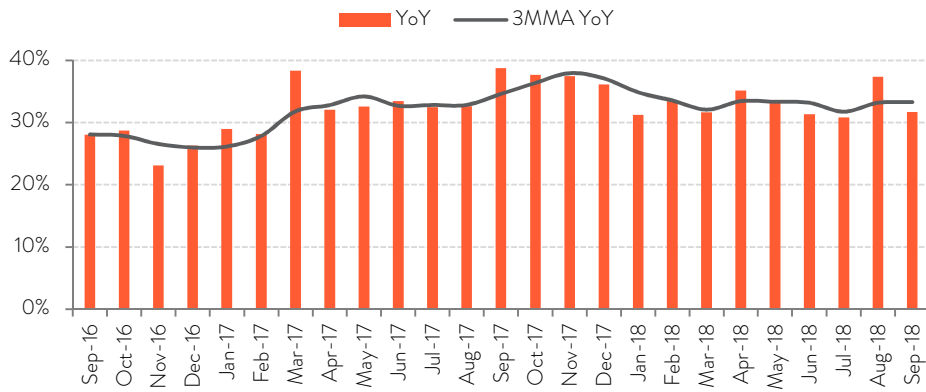


**FIG 8 – ... TWO-WHEELER SALES REBOUND AND IMPROVE IN SEP'18**

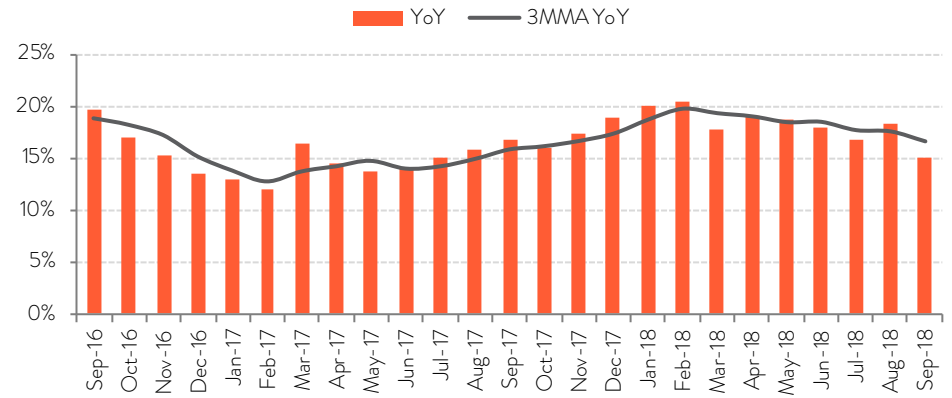


Credit deployment of personal loans

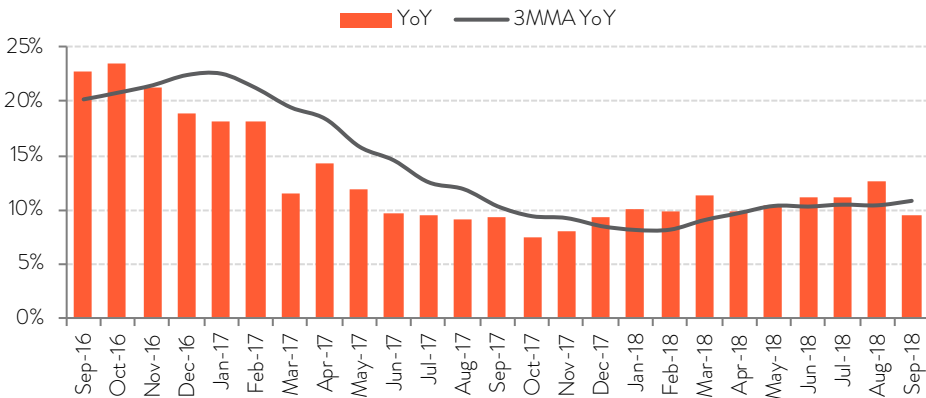
**FIG 9 – GROWTH EASES IN CREDIT CARD OUTSTANDING**



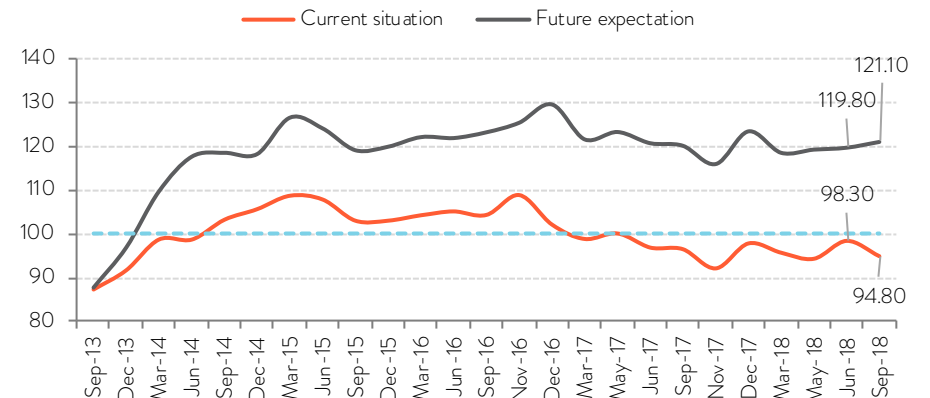
**FIG 10 – PERSONAL LOANS DIP IN SEP'18**



**FIG 11 – VEHICLE LOANS SLOW TO 9.4% IN SEP'18**

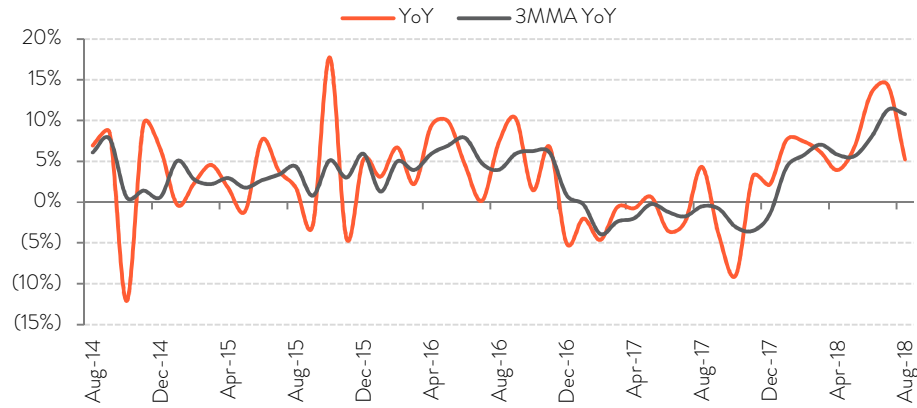


**FIG 12 – CONSUMER CONFIDENT ABOUT FUTURE OUTLOOK**

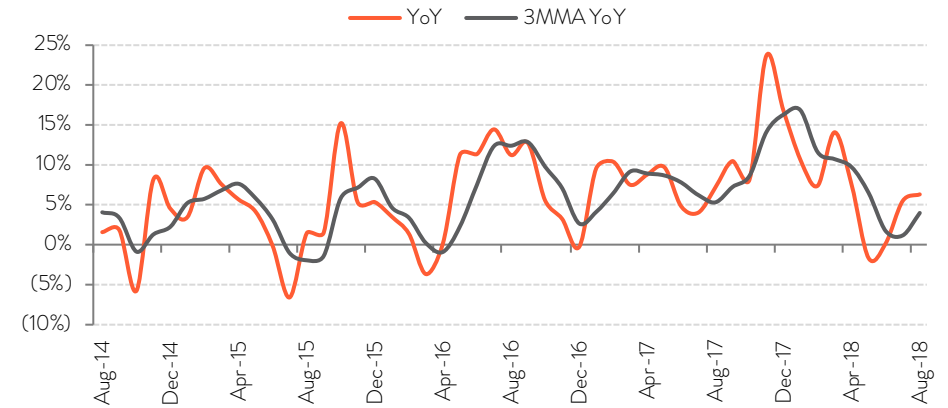


## Consumer durables & non-durables production

**FIG 13 – DOWNTURN IN CONSUMER DURABLES OUTPUT**

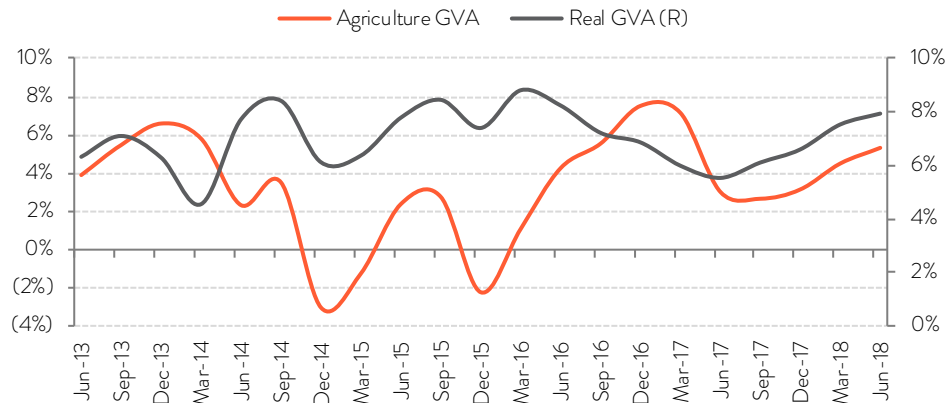


**FIG 14 – ...UPTICK IN FMCG OUTPUT**

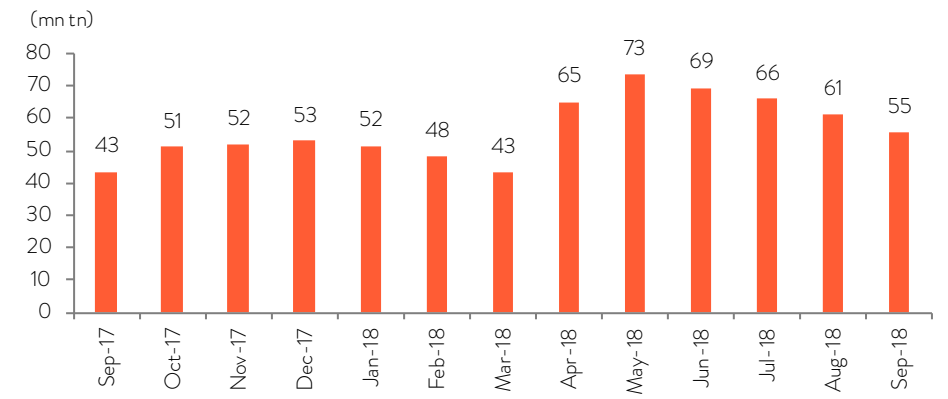


## Agriculture

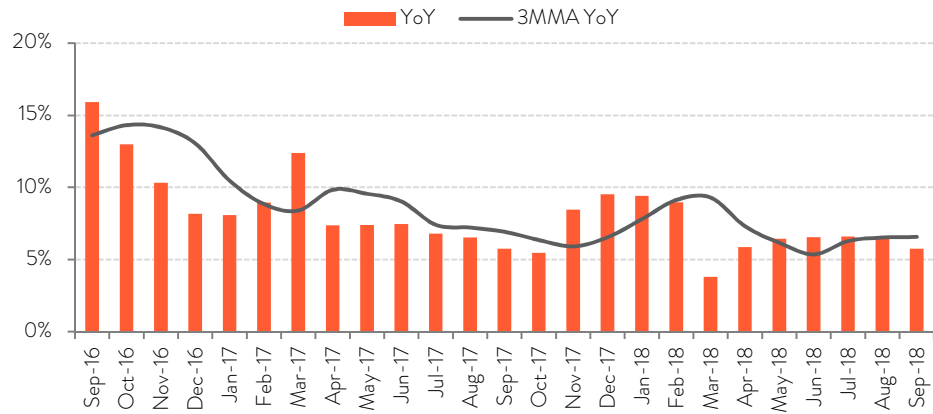
**FIG 15 – AGRICULTURE GROWTH JUMPS TO 5.3% IN Q1FY19 (3% IN Q1FY18)**



**FIG 16 – STOCK OF FOODGRAINS ROSE TO 55 MN TN IN SEP'18 COMPARED TO 43 MN TN IN SEP'17**



**FIG 17 – AGRICULTURE CREDIT MODERATES IN SEP'18**

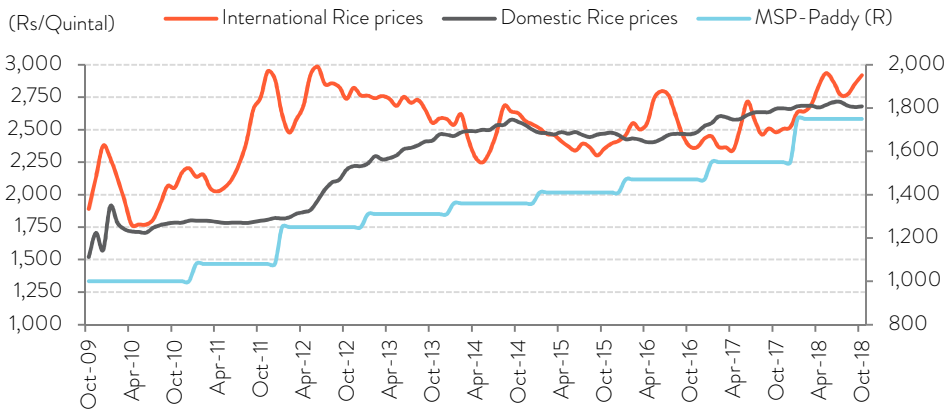


**FIG 18 – RICE PROCUREMENT IS HIGHER THAN WHEAT**

Year	Wheat	Rice
2010-11	22.51	34.20
2011-12	28.34	35.04
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.18*
2018-19	35.80**	-

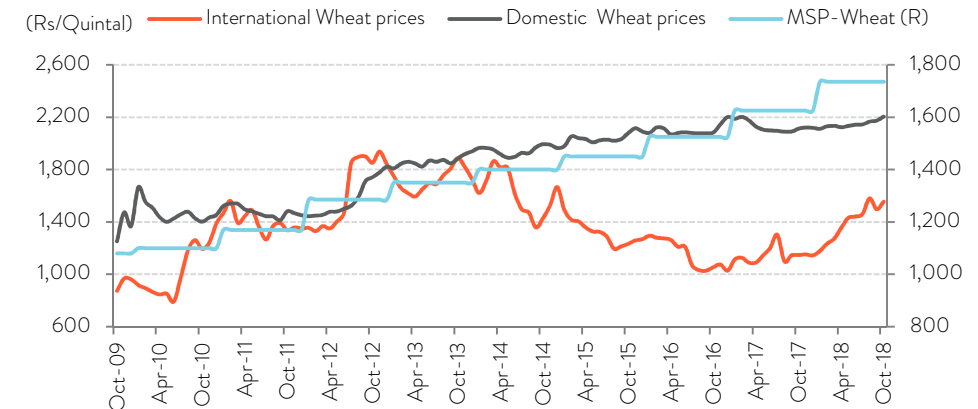
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 28 Sep 2018 | \*\*As on: 5 Oct 2018

**FIG 19 – WHILE INTERNATIONAL PRICES OF RICE ARE RISING; DOMESTIC PRICES ARE MODERATING**



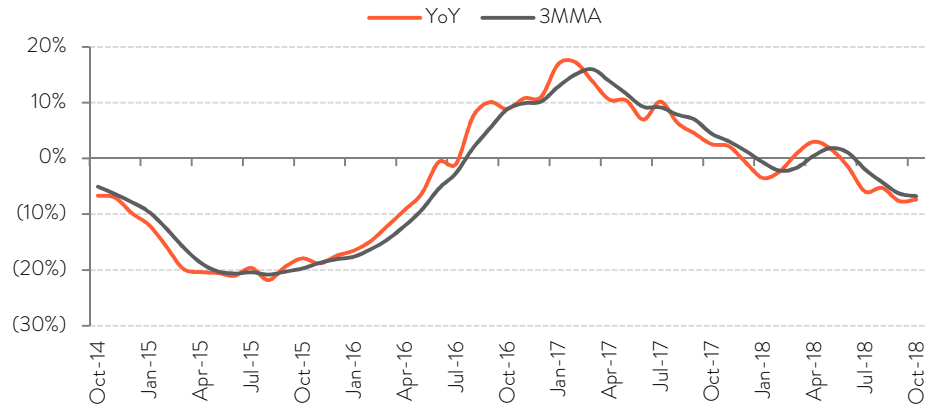
Source: World Bank

**FIG 20 – DOMESTIC PRICES OF WHEAT ARE MUCH HIGHER THAN INTERNATIONAL PRICES**

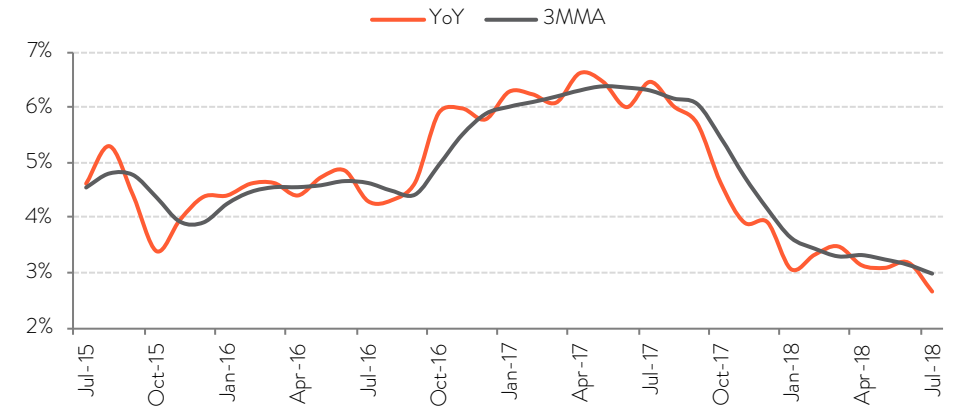


Source: World Bank

**FIG 21 – GLOBAL FOOD PRICES CONTINUE THE DOWNTURN IN OCT'18**



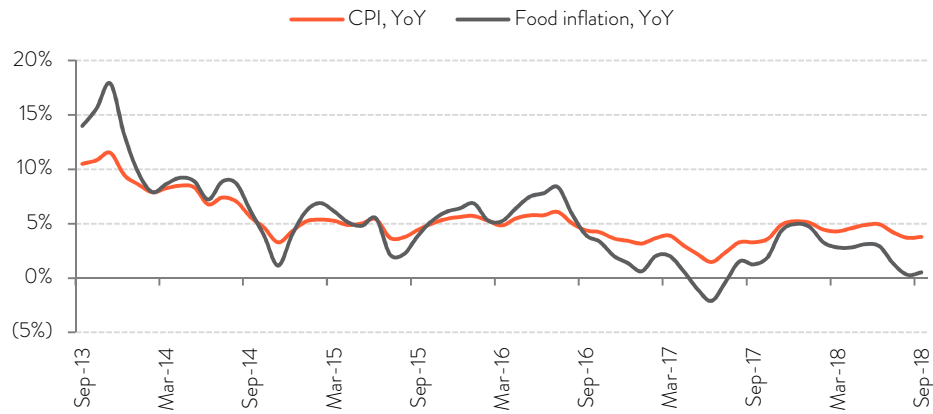
**FIG 22 – RURAL WAGES (MEN) MODERATE IN JUL'18**



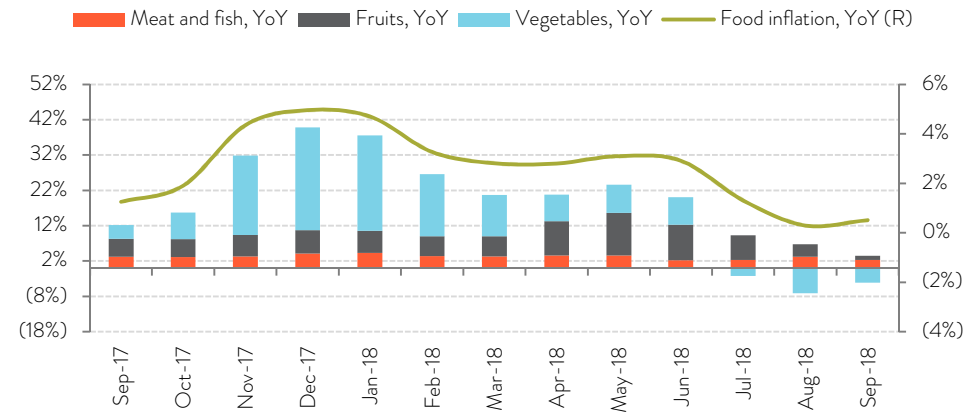


## Inflation

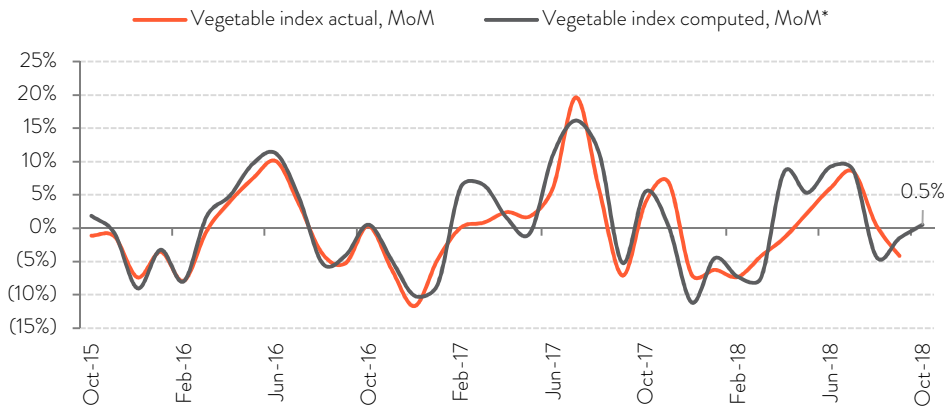
**FIG 23 – RETAIL INFLATION ROSE marginally TO 3.8% IN SEP'18 VS 3.7% IN AUG'18**



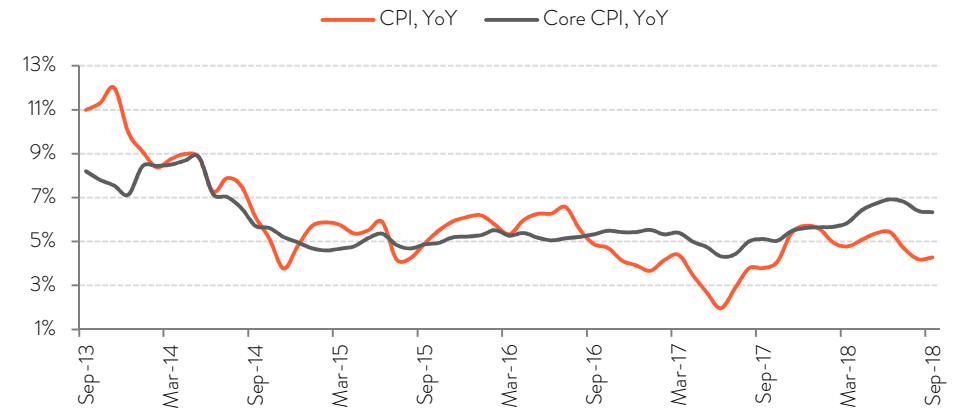
**FIG 24 – ...HOWEVER, DECLINE IN VEGETABLES AND FRUIT PRICES KEPT OVERALL FOOD INFLATION LOWER AT 0.5%**



**FIG 25 – THE TREND OF FALLING VEGETABLE PRICES IS SEEN REVERSING IN OCT'18**

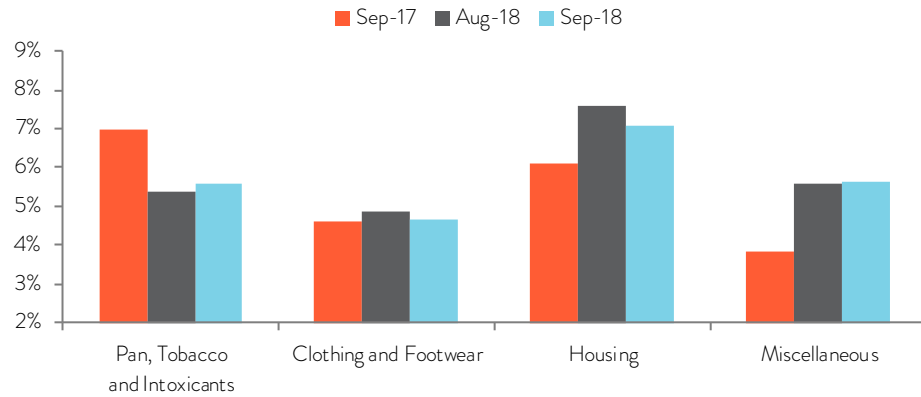


**FIG 26 – CORE CPI SLIGHTLY EDGED UP BY 10BPS TO 5.8% IN SEP'18**

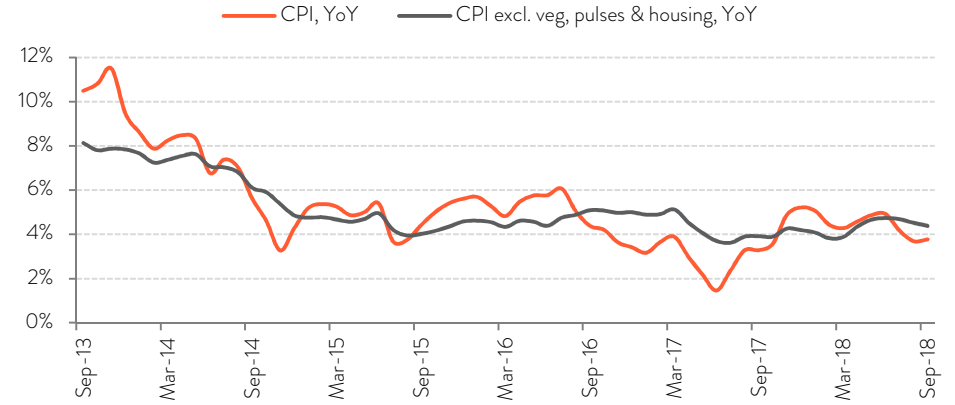


Source: NHB | \*Vegetable index computed using average retail price of major items

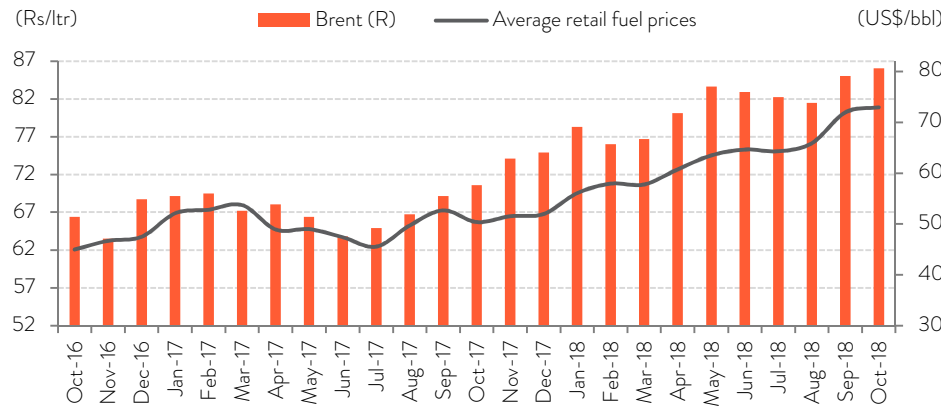
**FIG 27 – ...BARRING PAN, TOBACCO & INTOXICANTS, ALL OTHER ITEMS OF CORE MODERATED**



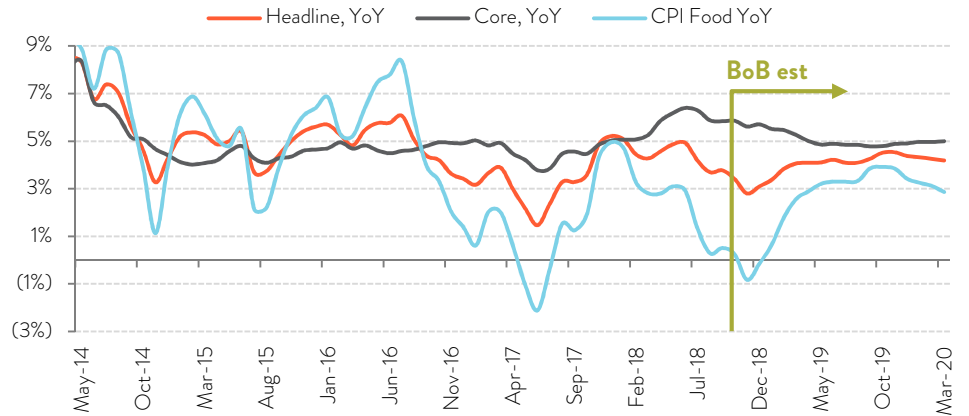
**FIG 28 – CPI EXCLUDING VOLATILE COMPONENTS EDGED DOWN TO 4.4% VS 4.5% IN AUG'18**



**FIG 29 – RETAIL PRICE OF PETROL & DIESEL WAS AT RS 80/LT DESPITE CRUDE RISING TO US\$ 81/BBL IN OCT'18; SEEN MODERATING LATELY**

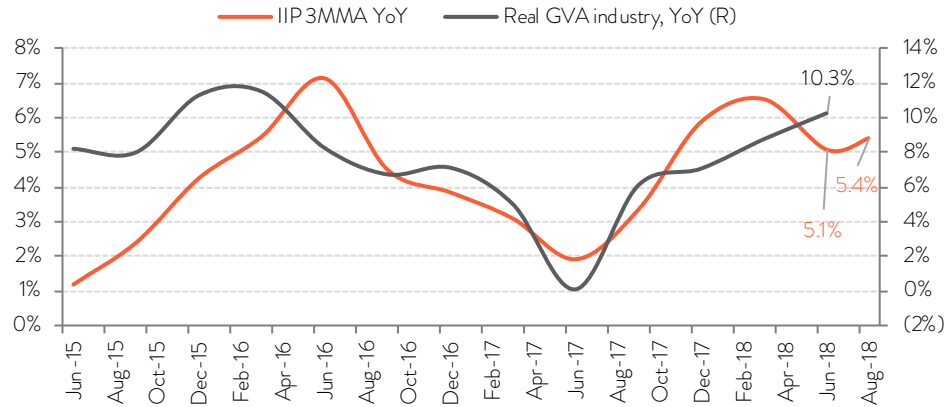


**FIG 30 – HEADLINE INFLATION IS EXPECTED TO BE 3.9% IN FY19 & 4.3% IN FY20**



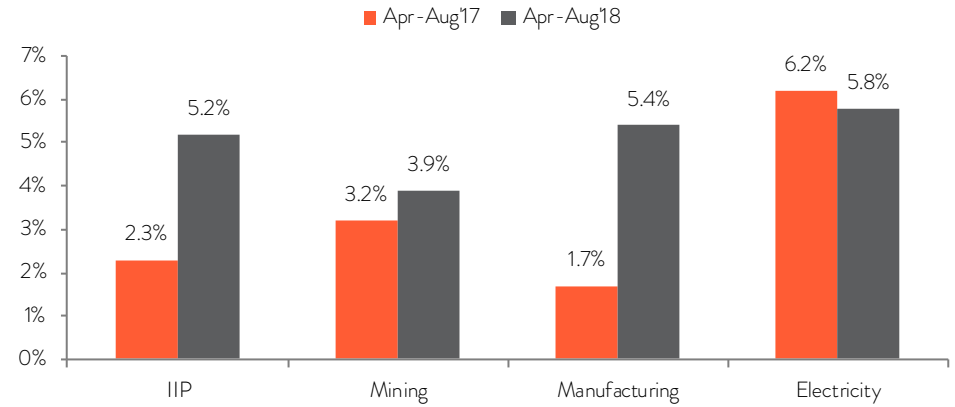
## Industry

**FIG 31 – INDUSTRIAL OUTPUT ACCELERATES TO 10.3% IN Q1FY19**

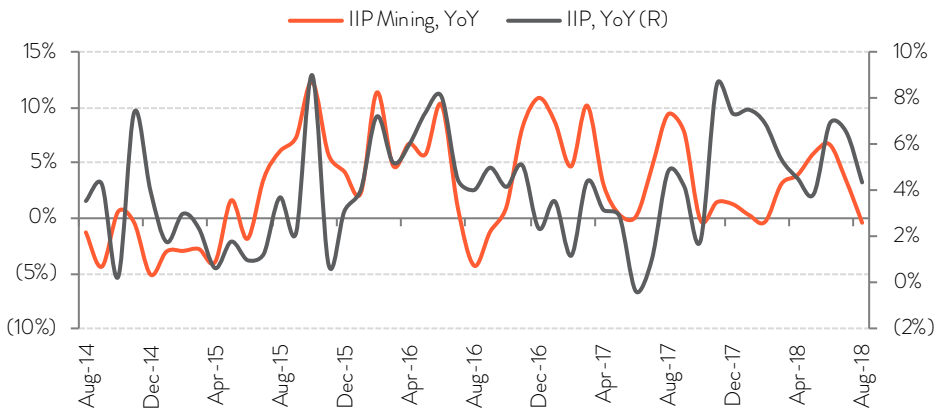


Note: IIP for Aug'18 is average for Jul-Aug'18 on a YoY basis

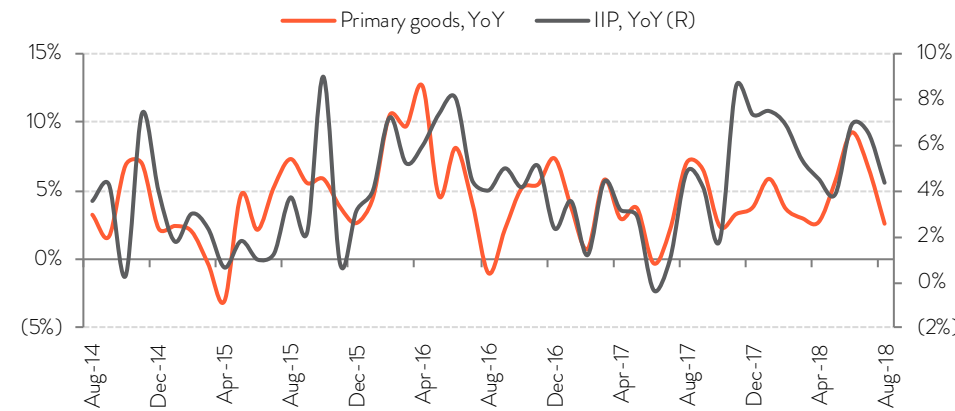
**FIG 32 – ... BARRING ELECTRICITY, BROAD BASED IMPROVEMENT ON YOY BASIS**



**FIG 33 – MINING GOODS PUSHED IIP DOWN**



**FIG 34 – PRIMARY GOODS DOING THE SAME**

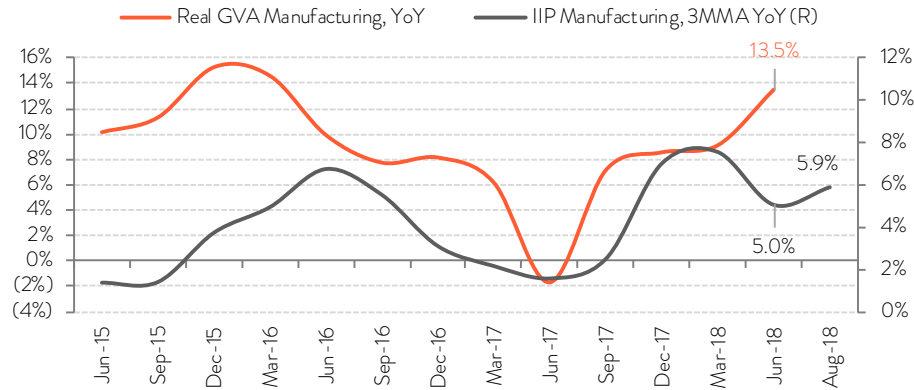


**FIG 35 – INDUSTRIAL PRODUCTION GROWS AT 4.3% IN AUG'18**

Sectoral (%)	Weight	Aug'18	Jul'17	Aug-17	Apr-Aug'18	Apr-Aug'17
IIIP	100.0	4.3	6.6	4.8	5.2	2.3
Mining	77.6	(0.4)	3.7	9.3	3.9	3.2
Manufacturing	14.4	4.6	7.0	3.8	5.4	1.7
Electricity	8.0	7.6	6.7	8.3	5.8	6.2
<b>Use-Based</b>						
Primary Goods	34.1	2.6	6.7	7.1	5.4	3.2
Capital Goods	8.2	5.0	2.8	7.3	6.8	(1.4)
Intermediate Goods	17.2	2.4	1.0	(0.5)	1.1	(0.1)
Infrastructure and Construction Goods	12.3	7.8	8.4	2.7	8.3	2.4
Consumer Durables Goods	12.8	5.2	14.4	4.3	8.6	(0.3)
Consumer Non-Durables Goods	15.3	6.3	5.6	7.2	3.4	7.0

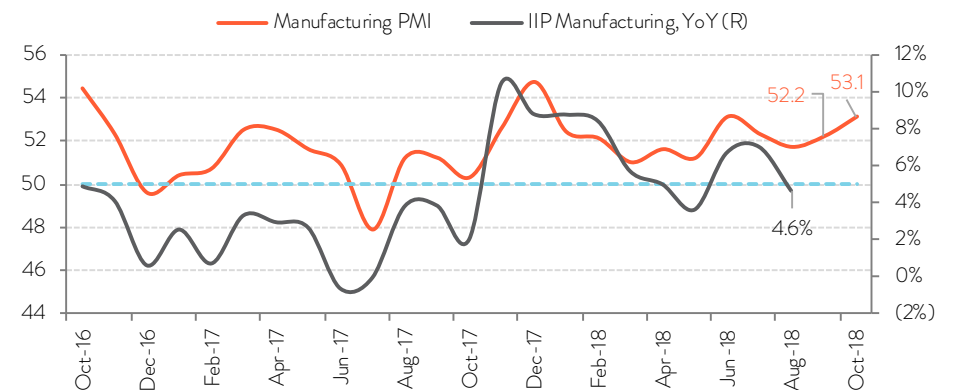
## Manufacturing

**FIG 36 – MANUFACTURING ACTIVITY CLOCKS DOUBLE DIGIT GROWTH**



Note: IIP for Aug'18 is average for Jul-Aug'18 on a YoY basis

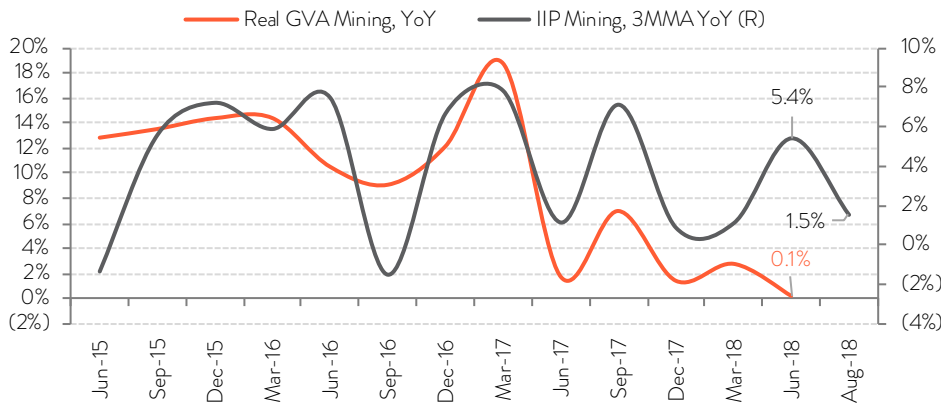
**FIG 37 – MANUFACTURING PMI ROSE TO 53.1 IN OCT'18**



Source: Markit

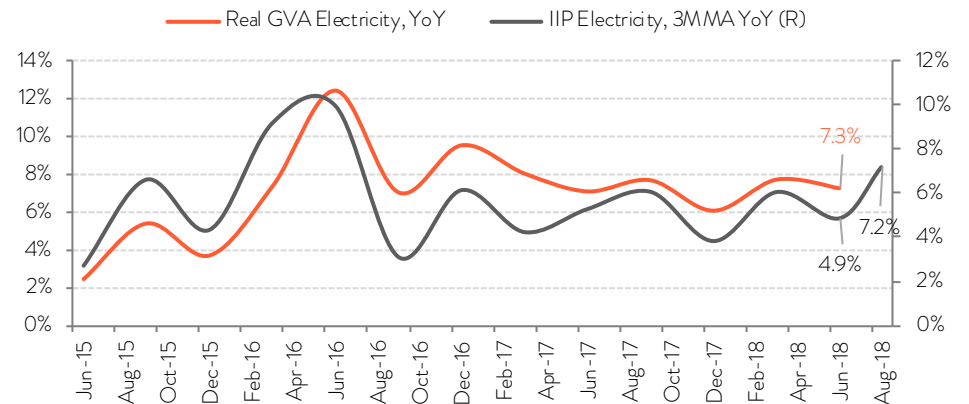
## Mining & Electricity

**FIG 38 – MINING ACTIVITY DIPS FURTHER**



Note: IIP for Aug'18 is average for Jul-Aug'18 on a YoY basis

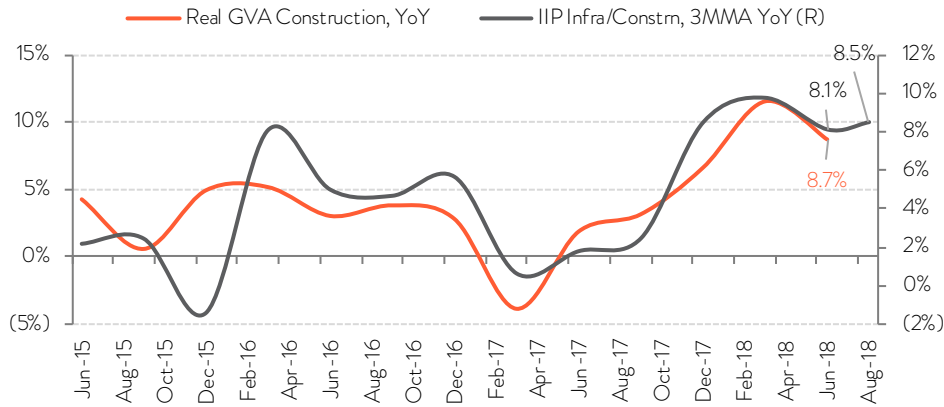
**FIG 39 – ELECTRICITY IMPROVES IN AUG'18**



Note: IIP for Aug'18 is average for Jul-Aug'18 on a YoY basis

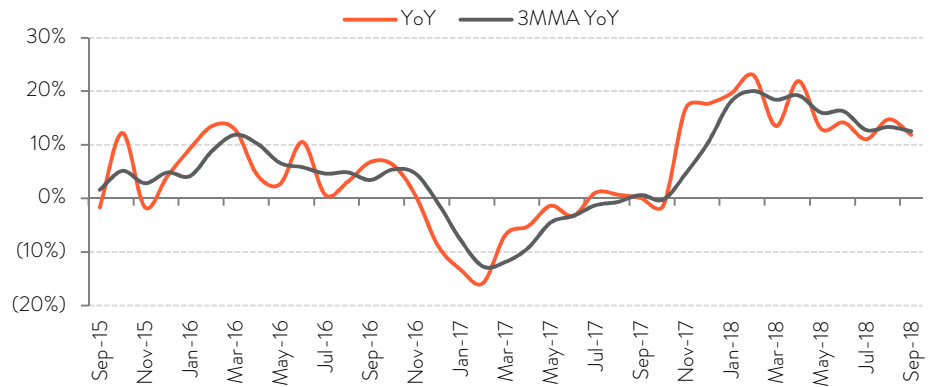
## Infrastructure and Construction

**FIG 40 – GROWTH IN CONSTRUCTION SECTOR REMAINS ROBUST**



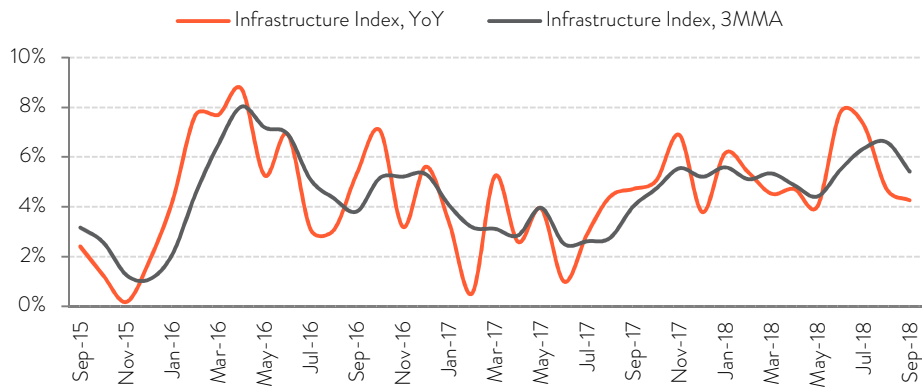
Note: IIP for Aug'18 is average for Jul-Aug'18 on a YoY basis

**FIG 41 – CEMENT PRODUCTION DECELERATES**

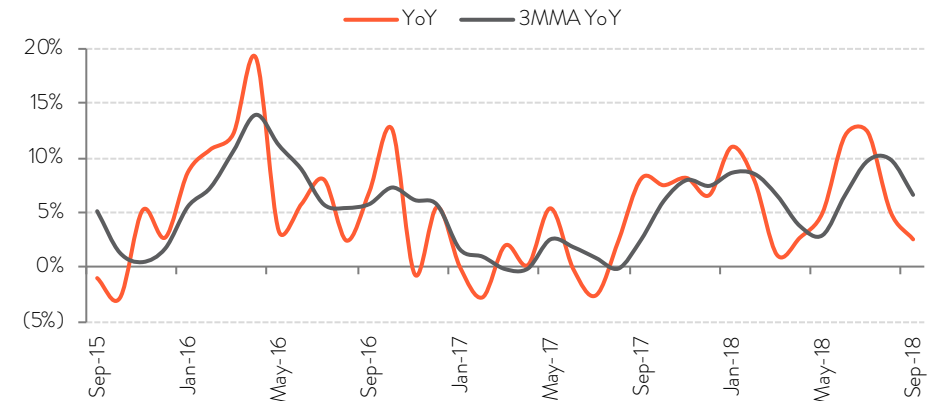


## Infrastructure Index

**FIG 42 – INFRA INDEX MODERATES FURTHER TO 4.3% IN SEP'18**

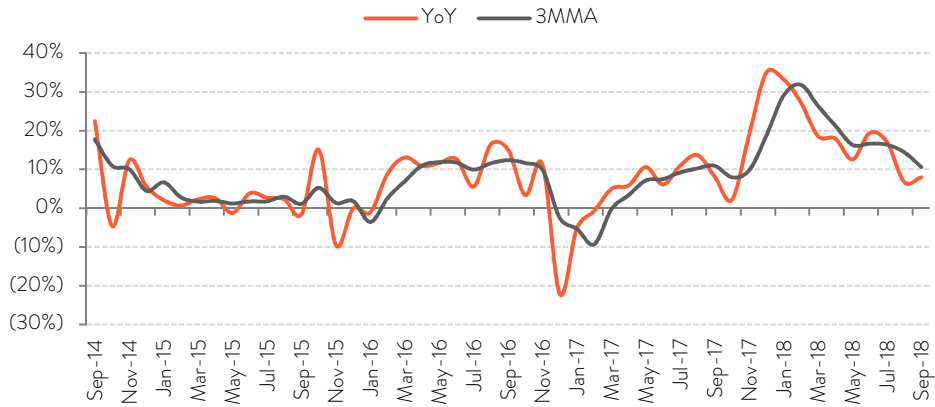


**FIG 43 – REFINERY PRODUCTS DOWN BY 2.5% IN SEP'18**

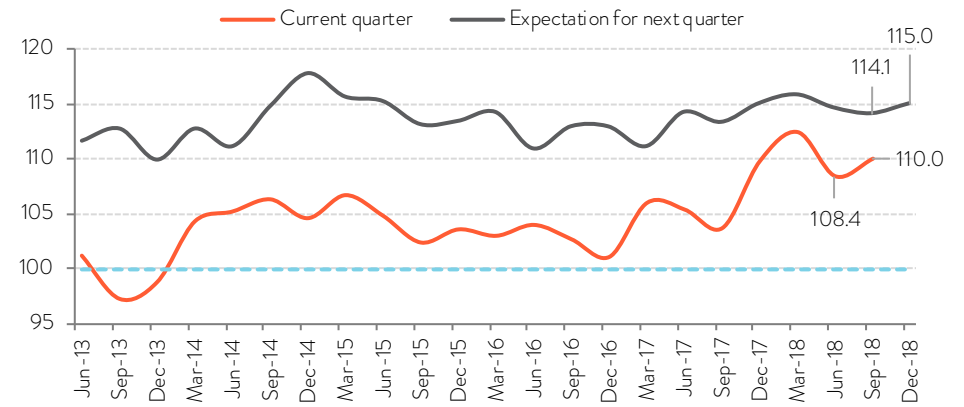


**Auto production & Business expectation index**

**FIG 44 – AUTO PRODUCTION IMPROVES MARGINALLY IN SEP'18**



**FIG 45 – BUSINESS SENTIMENT REMAINS OPTIMISTIC**

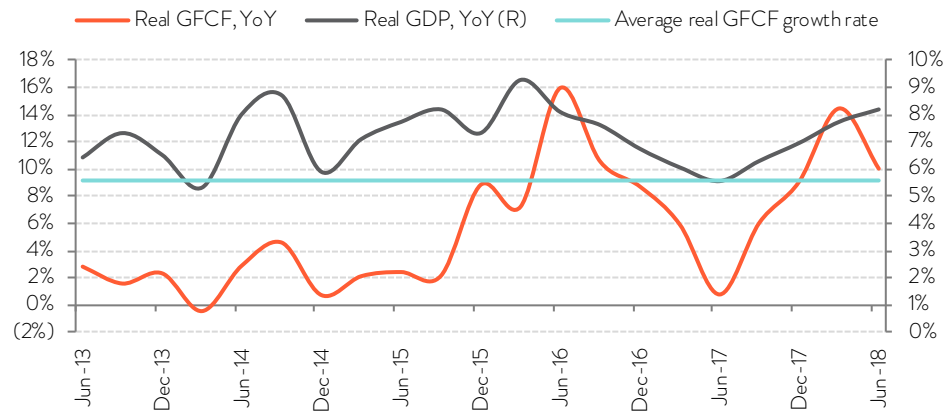


**FIG 46 – INFRASTRUCTURE INDEX SLOWS TO 4-MONTH LOW IN SEP'18**

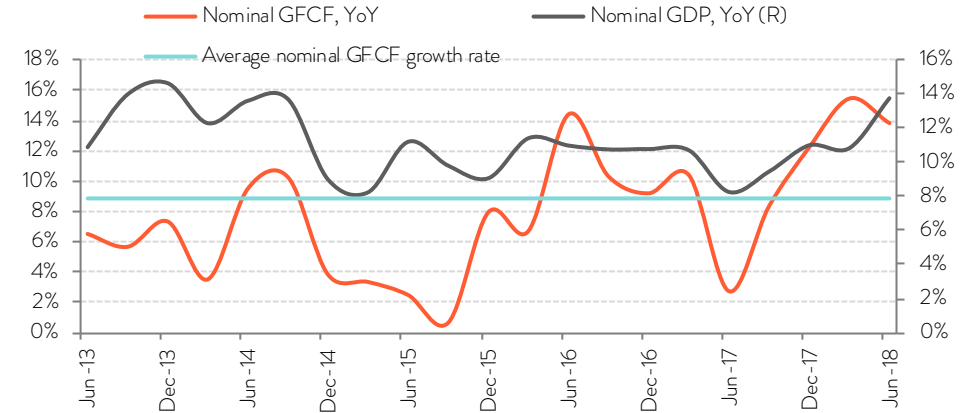
(%)	Weight	Sep-18	Aug-18	Jul-18	Sep-17
Infrastructure Index	100	4.3	4.7	7.3	4.7
Coal	10.3	6.5	2.5	9.7	10.4
Crude Oil	9.0	(4.2)	(3.7)	(5.4)	0.1
Natural Gas	6.9	(1.9)	1.0	(5.1)	6.3
Petroleum Refinery Products	28.0	2.5	5.0	12.3	8.1
Fertilizers	2.6	2.6	(5.2)	1.3	(7.7)
Steel	17.9	3.2	4.0	6.9	3.7
Cement	5.4	11.9	14.7	11.0	0.1
Electricity	19.9	8.2	7.6	6.7	3.4

## Investment

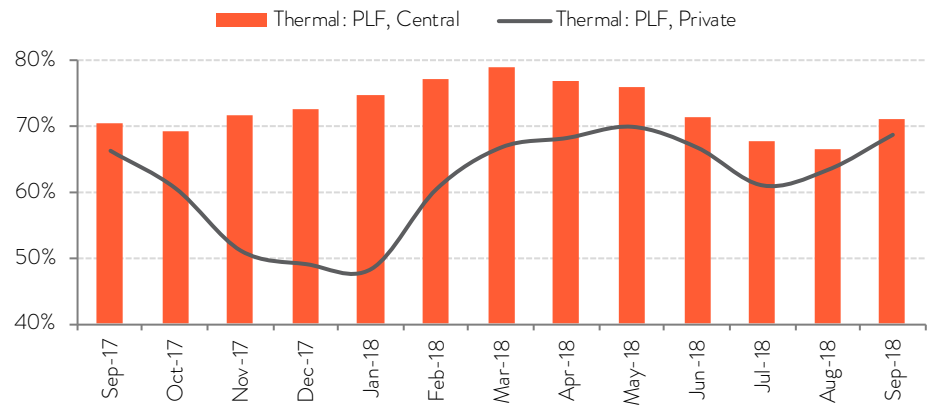
**FIG 47 – HIGHER REAL GFCF GROWTH DROVE GDP HIGHER IN MAR'18**



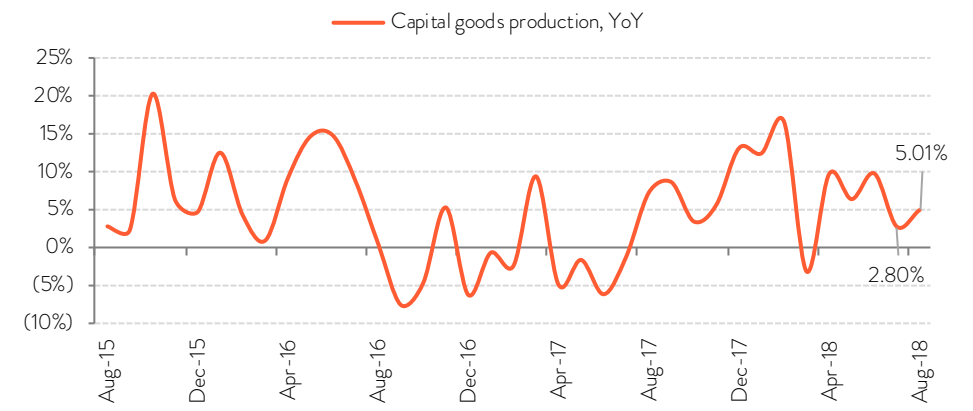
**FIG 48 – NOMINAL GFCF ALSO PICKED UP SHARPLY TO 15.5% IN MAR'18**



**FIG 49 – PLANT LOAD FACTOR OF THERMAL PLANTS IMPROVED REFLECTING HIGHER CAPACITY UTILISATION**

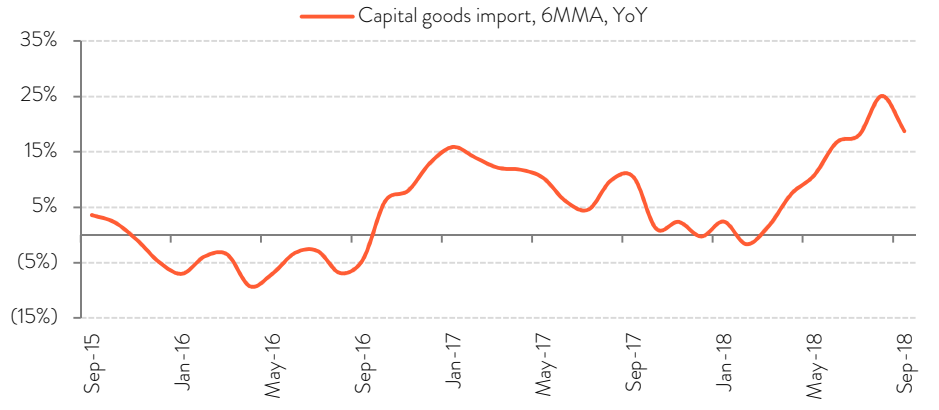


**FIG 50 – CAPITAL GOODS PRODUCTION JUMPED UP TO 5% IN AUG'18 VS 3% IN JUL'18**

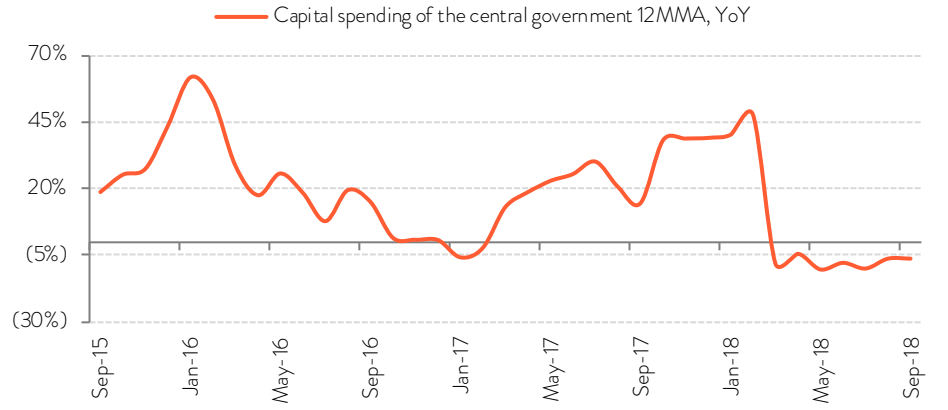




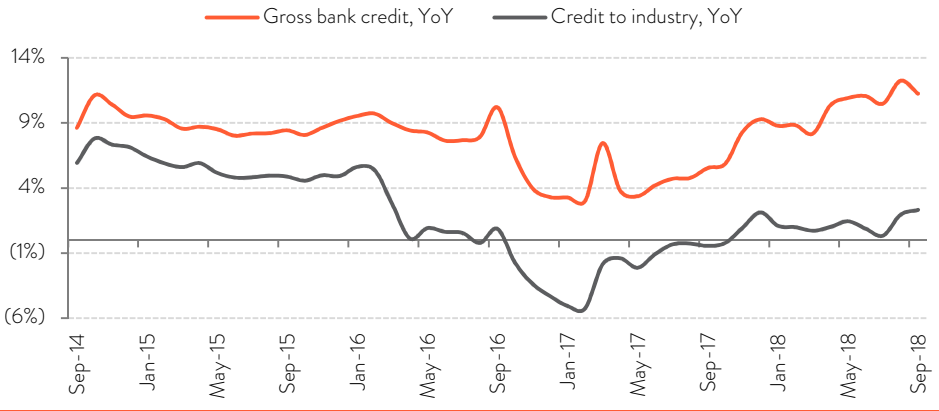
**FIG 51 – ... CAPITAL GOODS IMPORT DECLINED ON A 6MMA BASIS, YET MAINTAINING ITS DOUBLE DIGIT PACE**



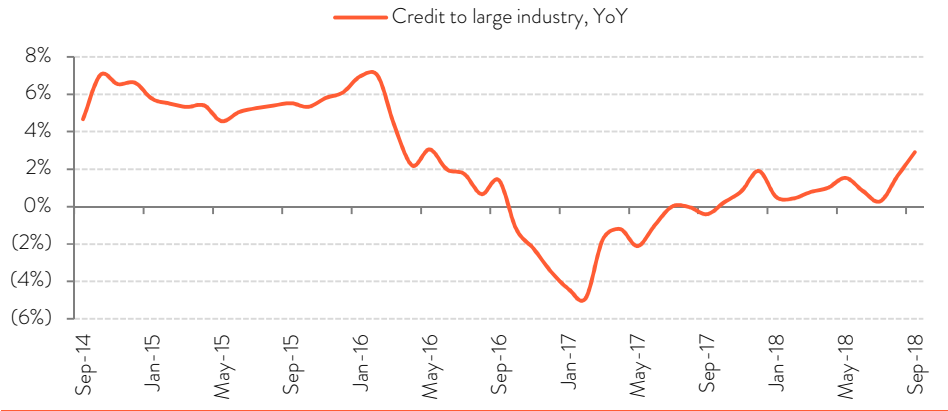
**FIG 52 – CENTRAL GOVERNMENT’S CAPEX SPENDING WAS STABLE KEEPING FISCAL CONSOLIDATION IN MIND**



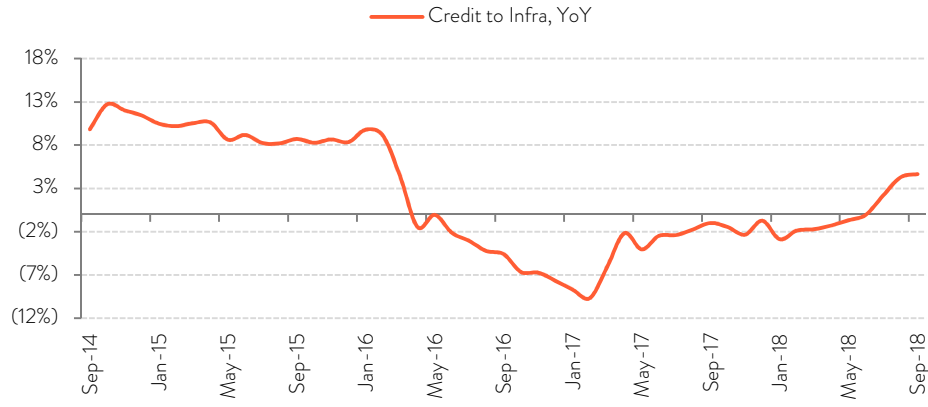
**FIG 53 – INDUSTRY CREDIT PICKED UP TO 2.3% IN SEP’18 VERSUS 1.9% IN AUG’18**



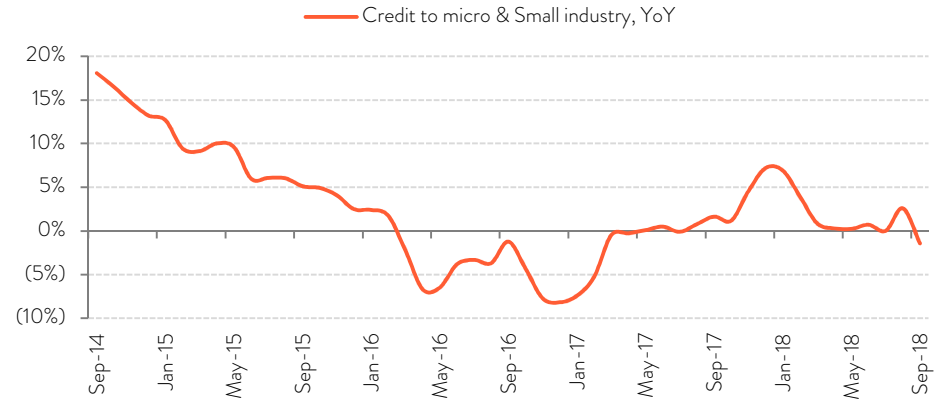
**FIG 54 – ..LED BY SIGNIFICANT CREDIT OFFTAKE TO LARGE INDUSTRY**



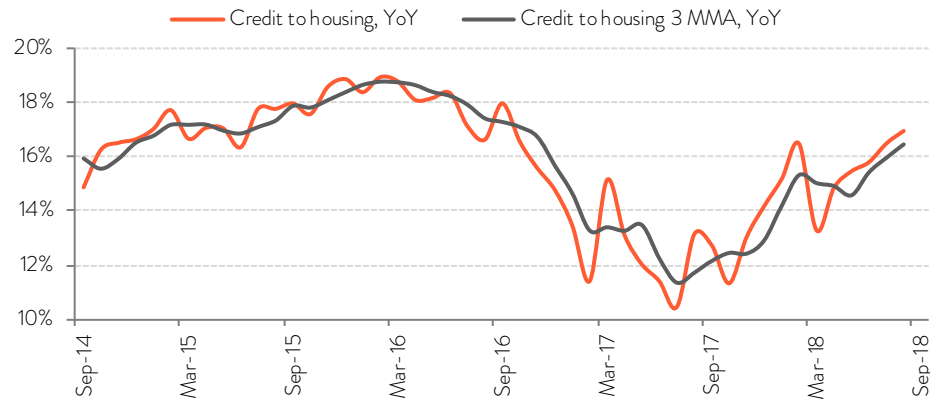
**FIG 55 – CREDIT TO INFRA ALSO PICKED UP TO 4.7% IN SEP'18 VS 4.3% IN AUG'18**



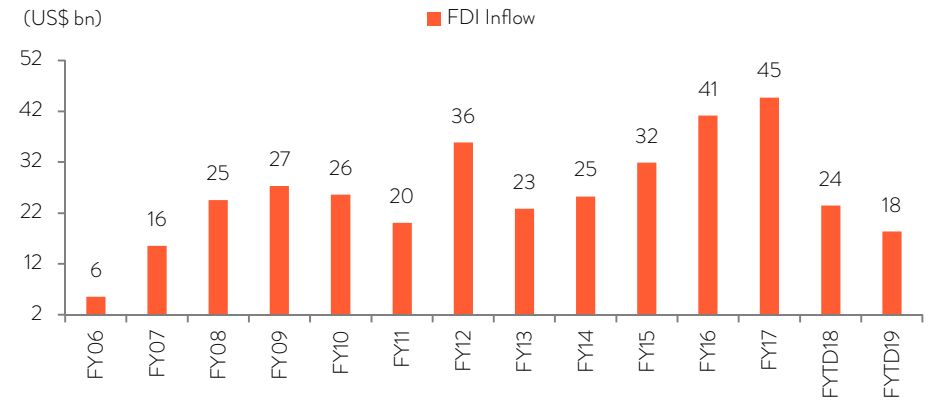
**FIG 56 – ...HOWEVER, CREDIT TO MICRO & SMALL INDUSTRY DECLINED BY 1.4% IN SEP'18 VS 2.6% IN AUG'18**



**FIG 57 – CREDIT TO HOUSING CONTINUED PICKING PACE AT 17% ON YOY BASIS**



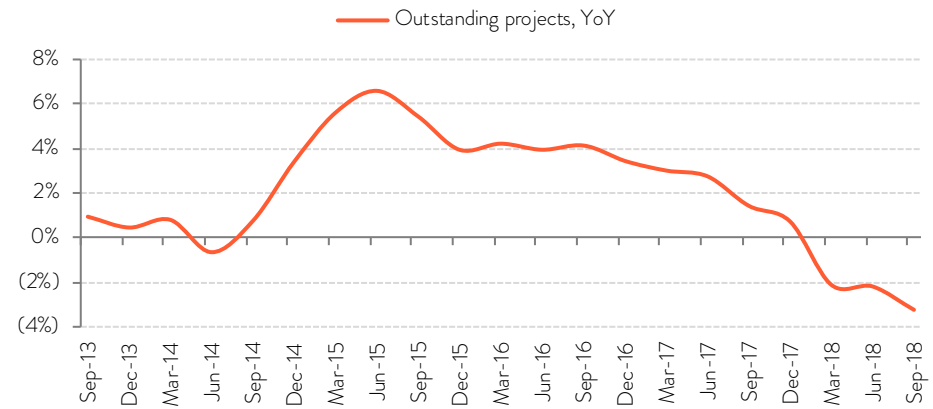
**FIG 58 – FDI INFLOW SHOW SOME MODERATION LATELY**



Source: RBI FYTD19: Apr-Aug

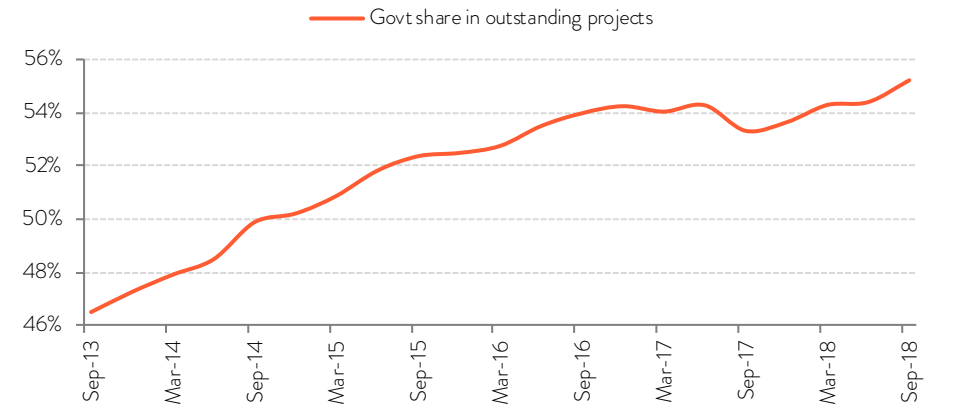
Capex data

**FIG 59 – O/S PROJECTS GROWTH DECLINED IN SEP'18**



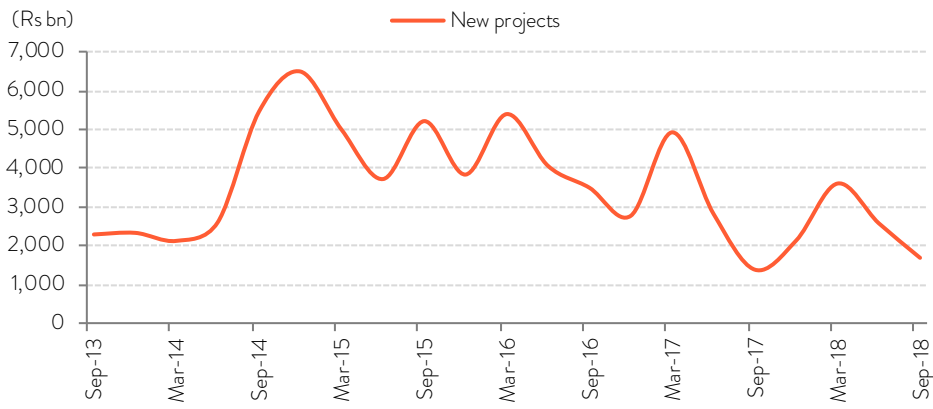
Source: CMIE

**FIG 60 – ...HOWEVER GOVT SHARE IN O/S PROJECTS PICKED UP**



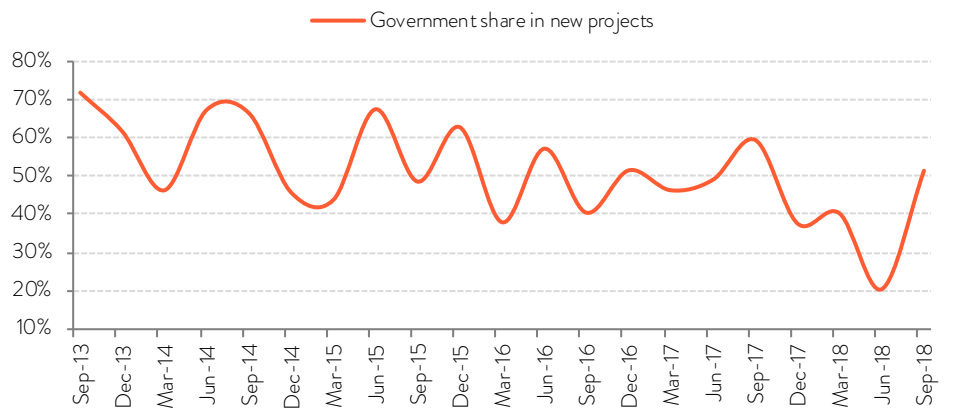
Source: CMIE

**FIG 61 – NEW PROJECTS DECLINED SHARPLY IN SEP'18**



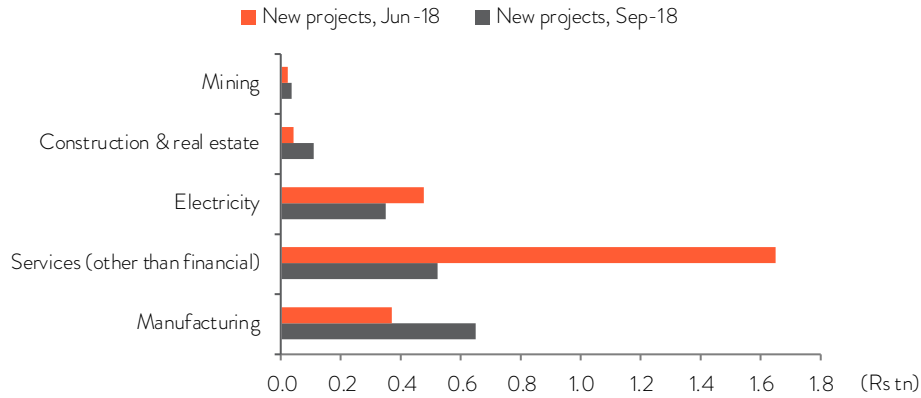
Source: CMIE

**FIG 62 – GOVT SHARE IN NEW PROJECTS SHOT UP CONSIDERABLY**



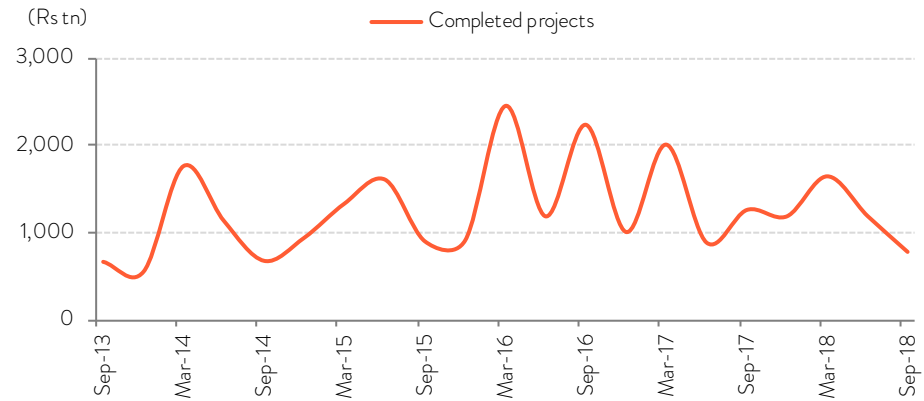
Source: CMIE

**FIG 63 – FALL IN NEW PROJECTS WAS LED BY SERVICECS SECTOR**



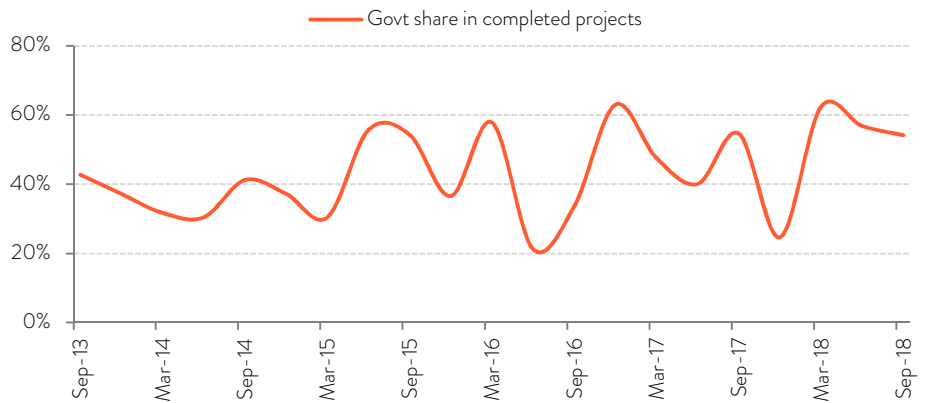
Source: CMIE

**FIG 64 – COMPLETED PROJECTS ALSO DECLINED SHARPLY**



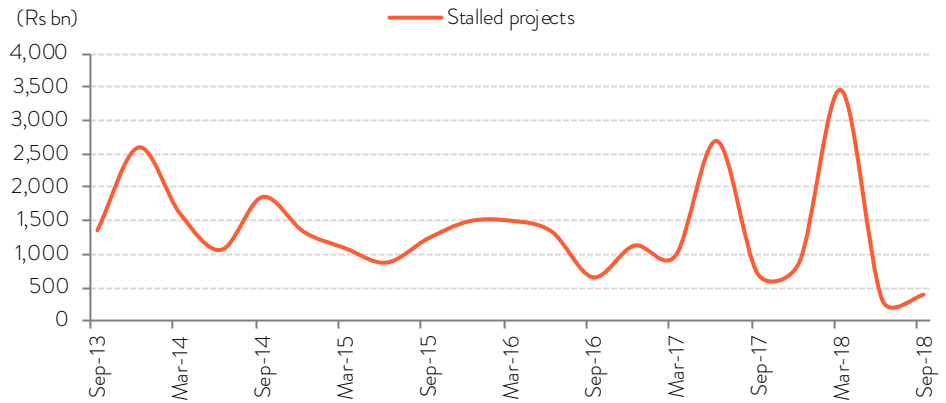
Source: CMIE

**FIG 65 – GOV SHARE IN COMPLETED PROJECTS FELL IN SEP'18**



Source: CMIE

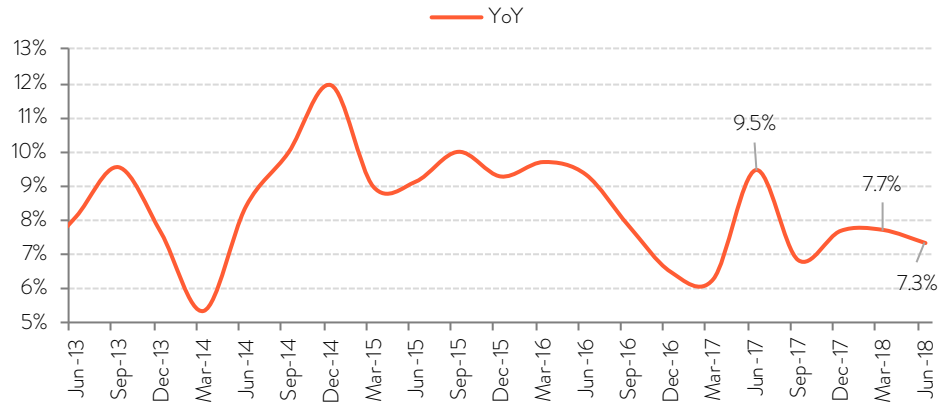
**FIG 66 – STALLED PROJECTS PICKED UP IN SEP'18**



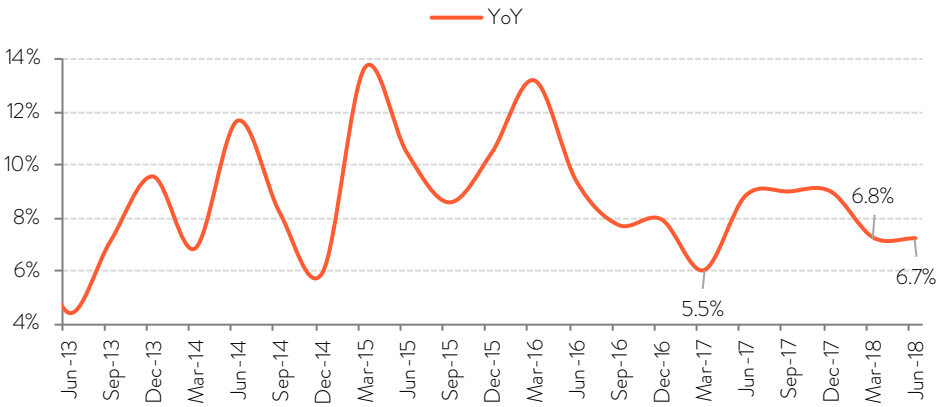
Source: CMIE

## Services sector

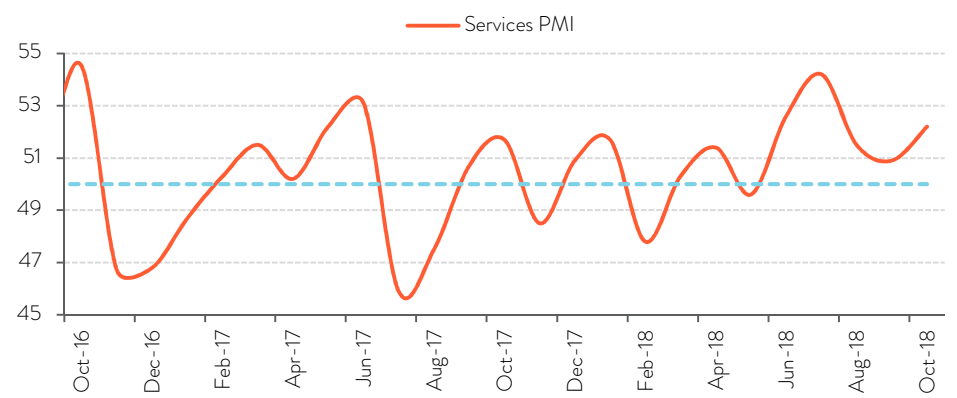
**FIG 67 – GVA: SERVICES ACTIVITY GREW STEADILY IN Q1FY19**



**FIG 69 – GVA: TRADE & RELATED SERVICES ALSO HELD GROUND IN Q1FY19**

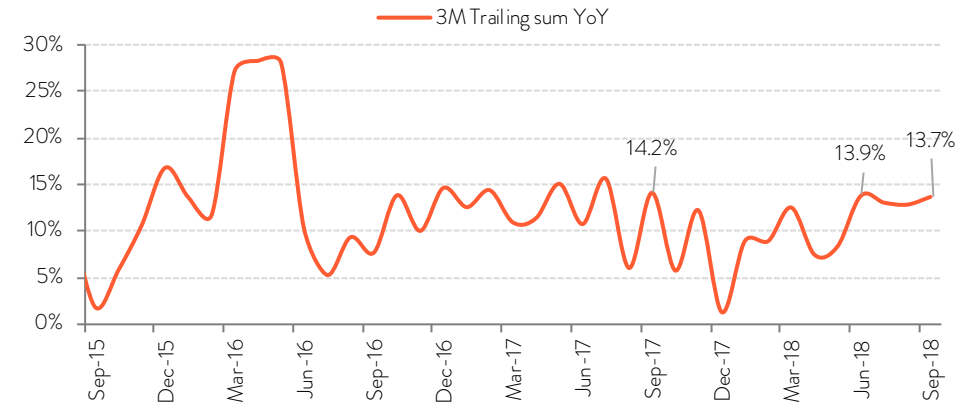


**FIG 68 – SERVICES PMI ROSE TO 53.0 IN OCT'18 VS 51.6 IN SEP'18**



Source: Markit

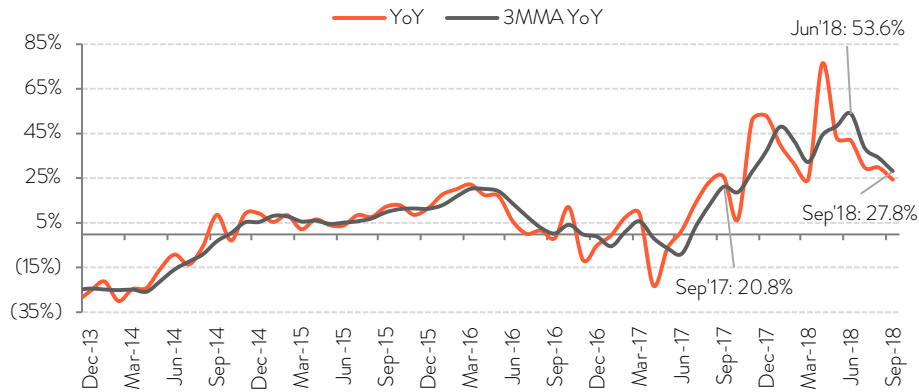
**FIG 70 – STATES\* REVENUE RECEIPTS STEADIES IN Q2FY19**



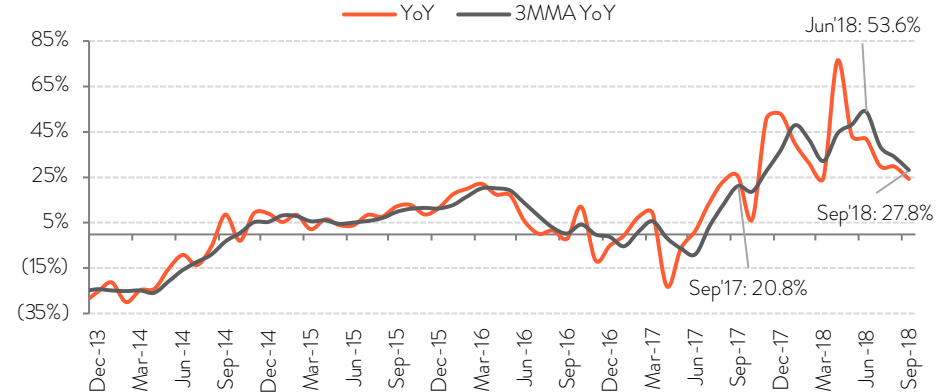
Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**Trade**

**FIG 71 – COMMERCIAL VEHICLE SALES GROWTH STILL HIGH IN Q2FY19 VS LAST YEAR**

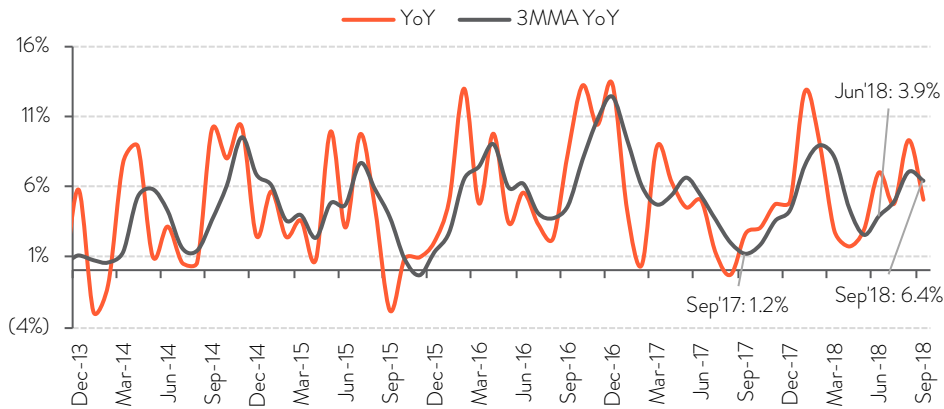


**FIG 72 – DIESEL CONSUMPTION DIPPED AS INTERNATIONAL OIL PRICE ADDED PRESSURE**

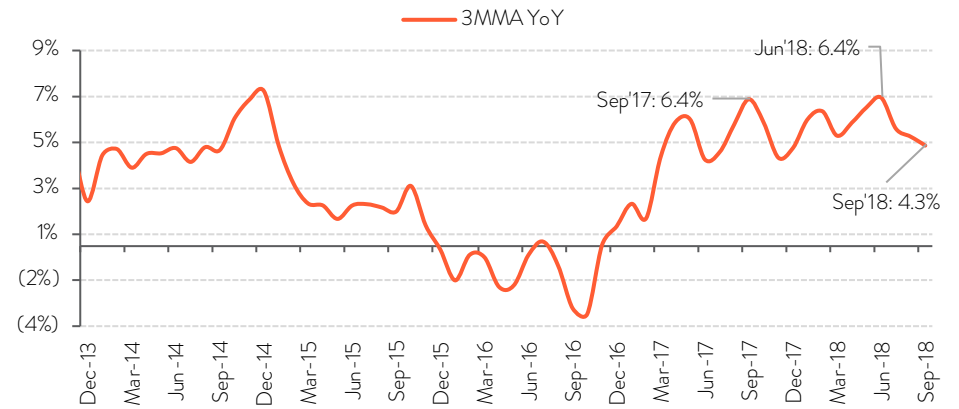


Source: PPAC

**FIG 73 – PORT CARGO VOLUMES IN Q2FY19 IMPROVE COMPARED TO Q1, INDICATING POSITIVE CONTRIBUTION FROM EXTERNAL TRADE**

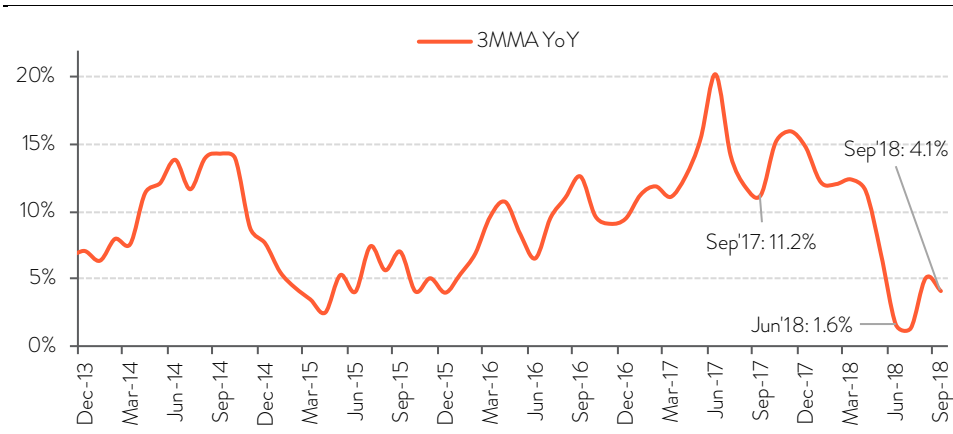


**FIG 74 – ...BUT RAILWAY FREIGHT TRAFFIC DIPPED IN Q2FY19 VS Q1, ALSO LOWER THAN Q2FY18**

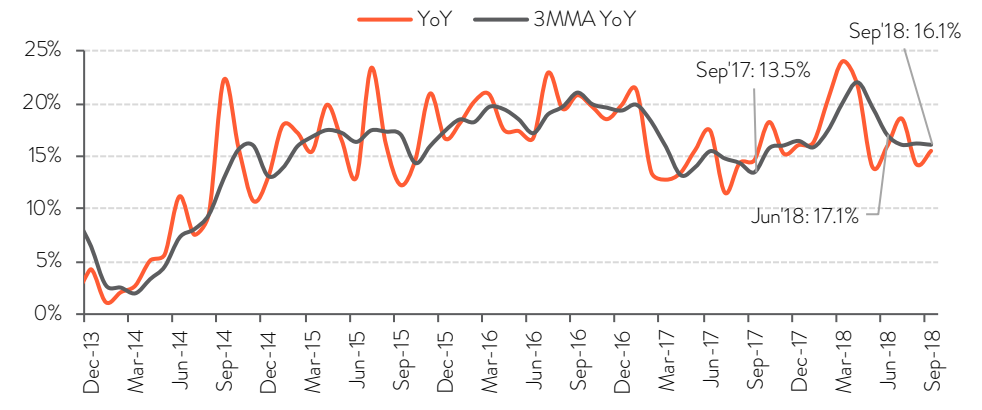


**Hotels and Communications**

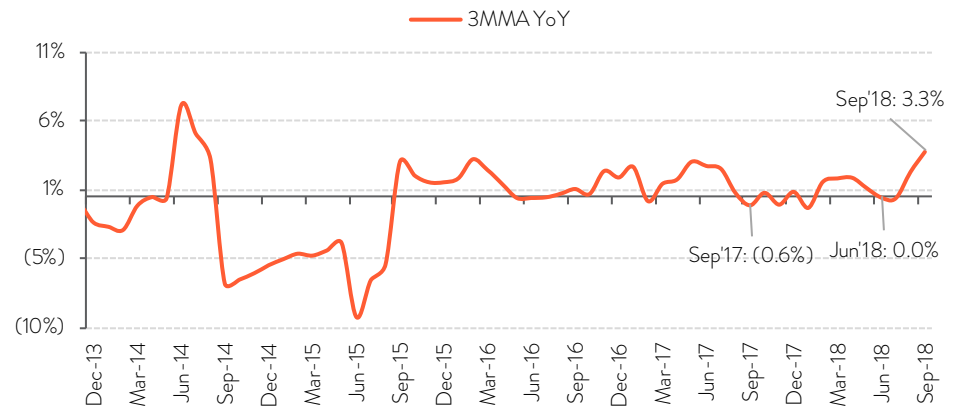
**FIG 75 – FOREIGN TOURIST ARRIVAL GROWTH SLIPPED IN Q2FY19**



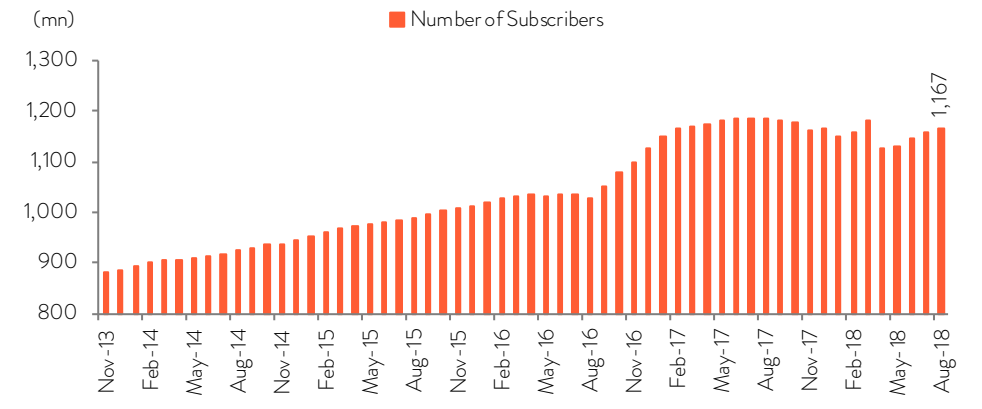
**FIG 76 – AIRLINE PASSENGER TRAFFIC GROWTH LARGELY SUPPORTED BY DOMESTIC PASSENGERS**



**FIG 77 – RAILWAY PASSENGER TRAFFIC GROWTH REBOUNDS IN Q2FY19**

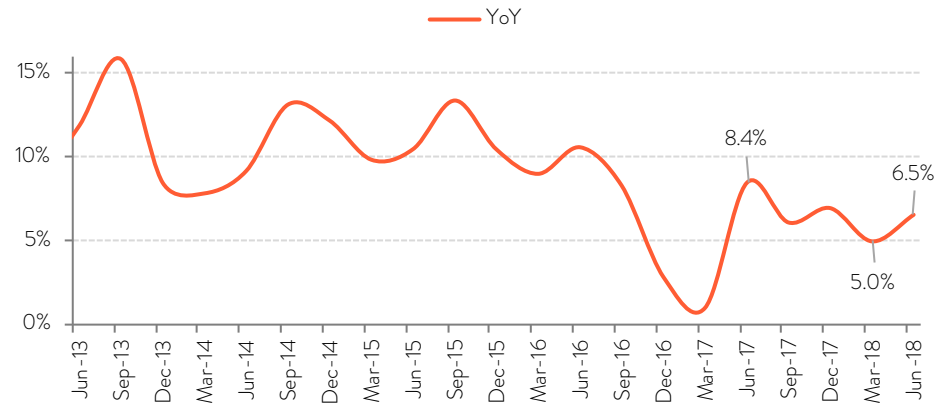


**FIG 78 – WIRELESS SUBSCRIBER NOS. IMPROVE FURTHER IN AUG'18**

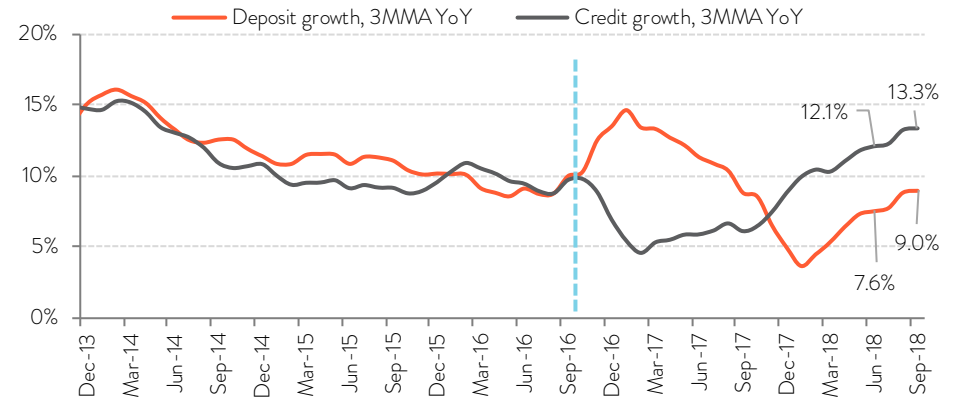


**Finance and Real estate**

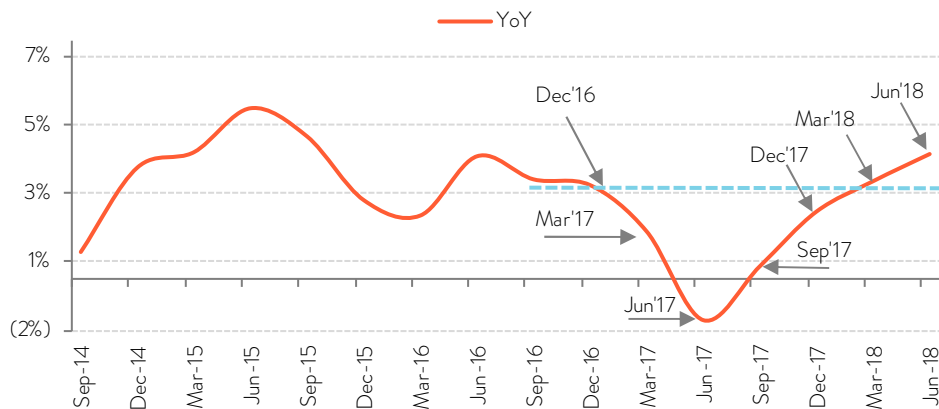
**FIG 79 – GVA: FINANCE, REAL ESTATE & PROF. SERVICES INCHES UP IN Q1FY19, THOUGH STILL LOWER THAN Q1FY18**



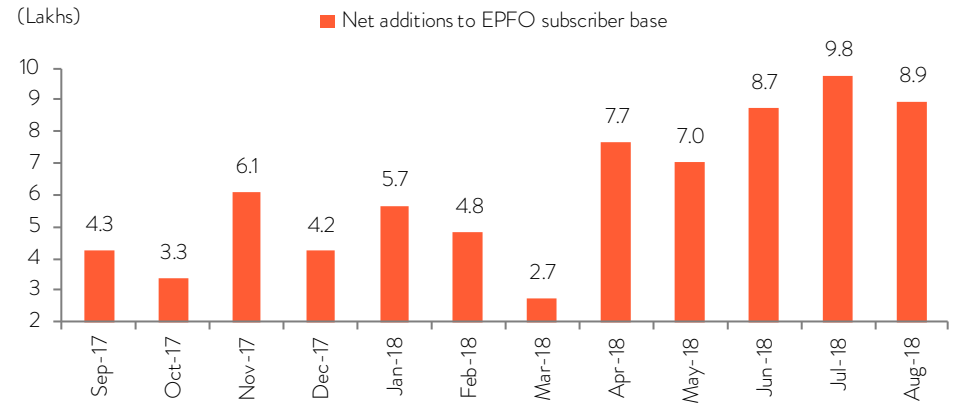
**FIG 80 – BOTH DEPOSIT AND CREDIT GROWTH SHOW SOLID PERFORMANCE IN Q2FY19**



**FIG 81 – AVERAGE PROPERTY PRICE INDEX\* RISES FURTHER HIGHER IN JUN'18**



**FIG 82 – 73.2 LAKH JOBS FORMALIZED SINCE SEP'17; ADDITION IN AUG'18 SLIP**



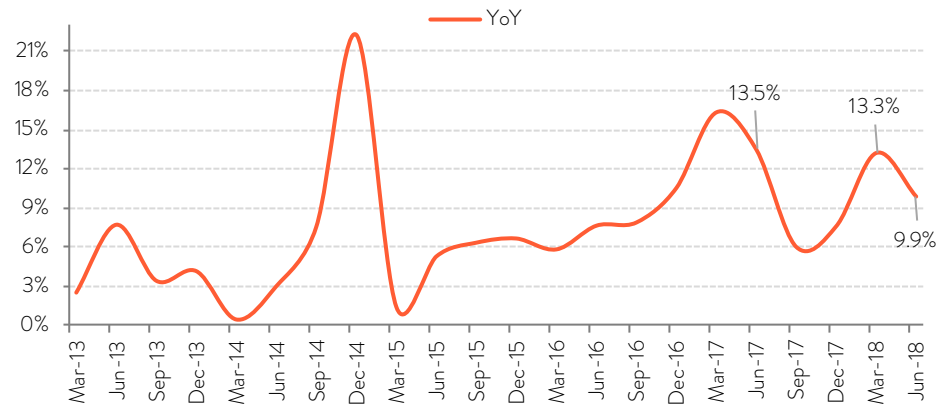
Source: \*Index for Delhi-NCR, Mumbai & Bangalore; using Colliers International data for commercial property rental price (Rs/sqft)

Source: EPFO

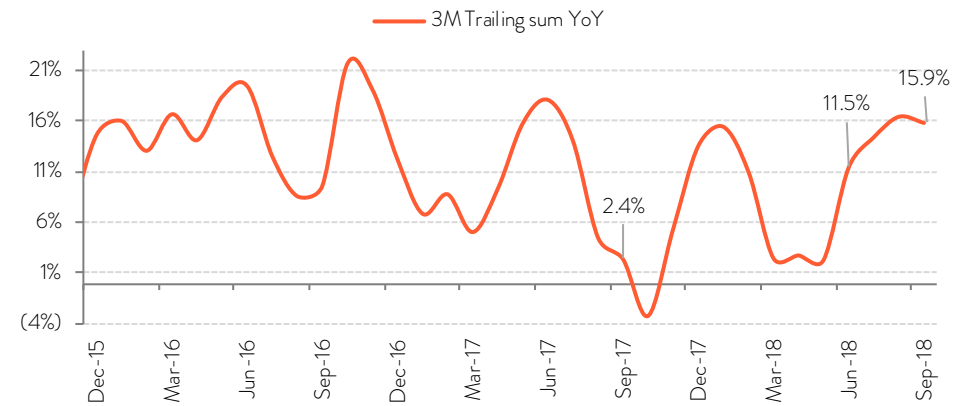


**Public administration**

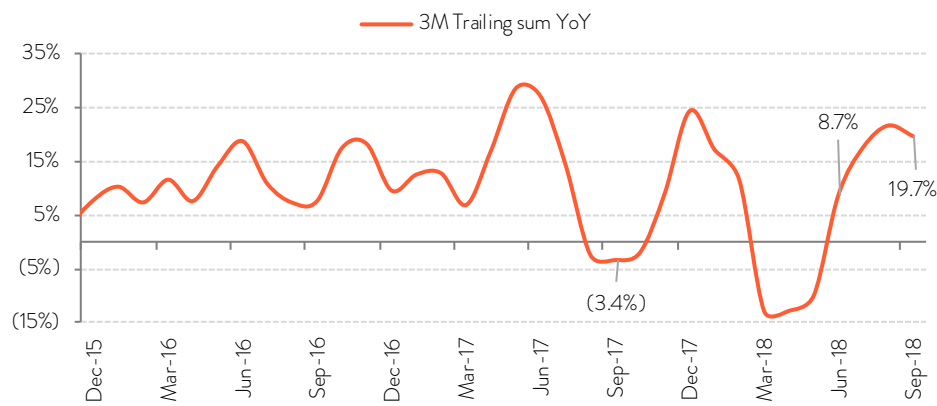
**FIG 83 – PUBLIC ADMINISTRATION & RELATED SERVICES GROWTH PULLS BACK, MAKING SPACE FOR PRIVATE SECTOR**



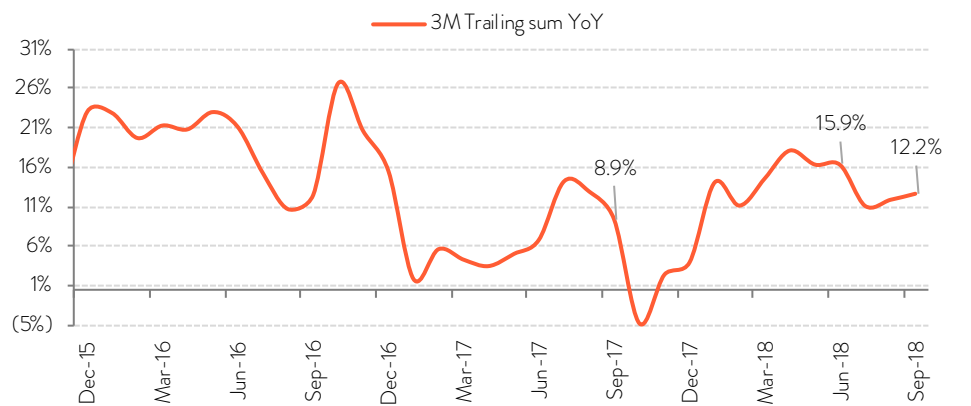
**FIG 84 – GENERAL GOVT. SPENDING MUCH HIGHER IN Q2FY19 VS Q2FY18**



**FIG 85 – ...LED BY CENTRAL GOVT. SPENDING**



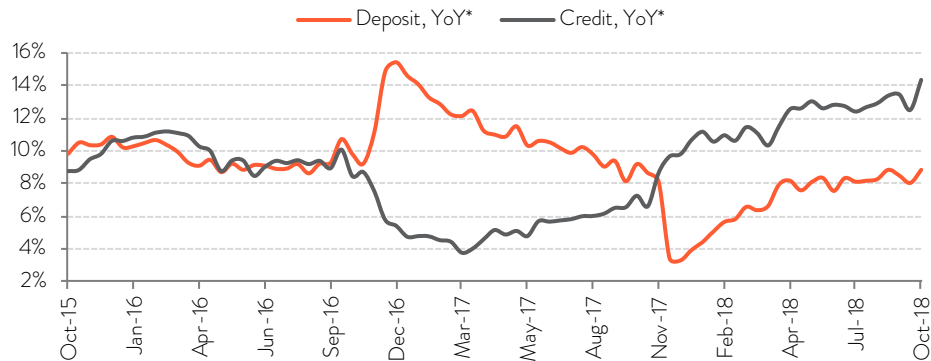
**FIG 86 – ...STATE\* GOVT. SPENDING ALSO SHOWING SIGNS OF IMPROVEMENT**



## Financial sector

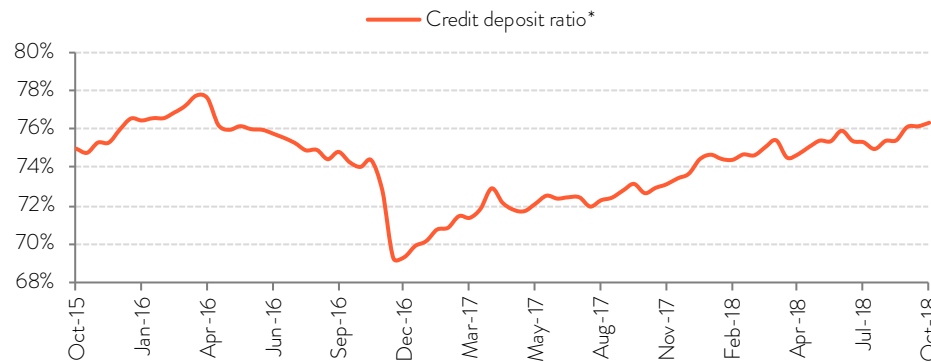
### Money and banking

**FIG 87 – CREDIT GROWTH PICKED UP TO 14.4%, DEPOSITS AT 8.9% IN OCT'18 VS 12.5% & 8.1% IN SEP'18**



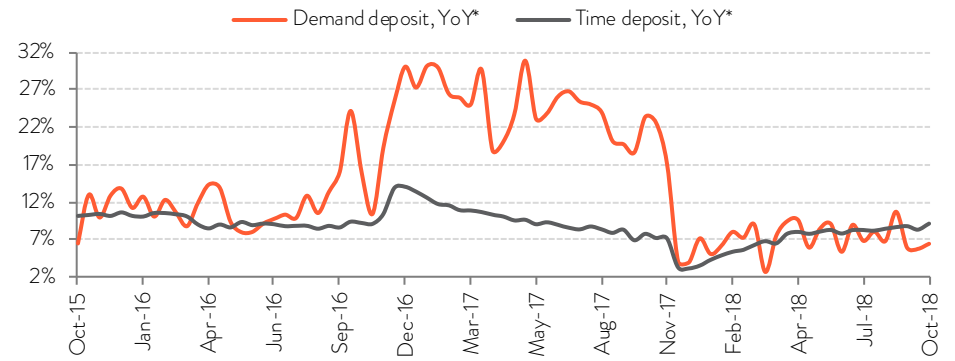
Note: \*Oct18 implies fortnight as of 12 Oct 2018.

**FIG 89 – CD RATIO ROSE TO 76% IN OCT'18**



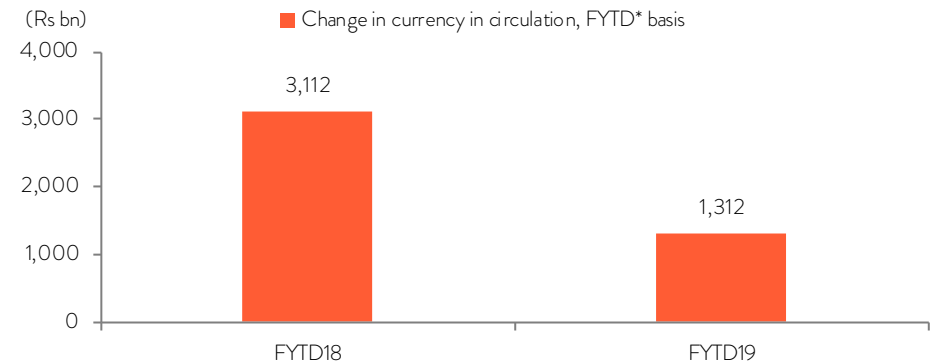
Note: \*Oct18 implies fortnight as of 12 Oct 2018.

**FIG 88 – BOTH DEMAND & TIME DEPOSITS PICK UP**



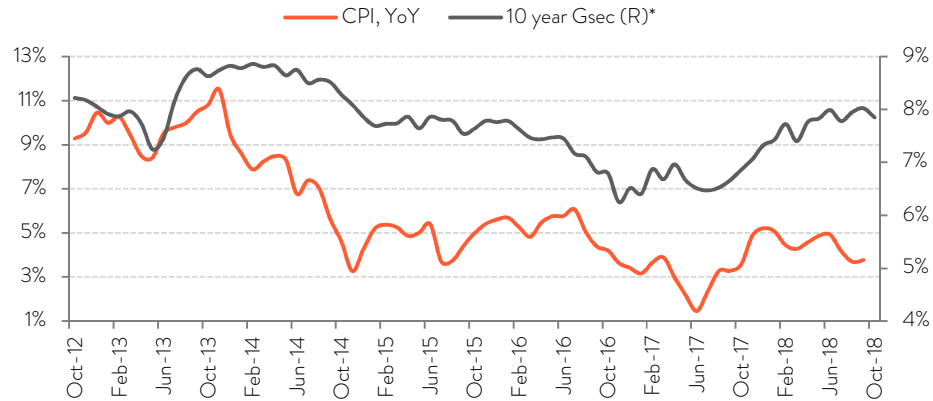
Note: \*Oct18 implies fortnight as of 12 Oct 2018.

**FIG 90 – ACCRETION TO CURRENCY IN CIRCULATION WAS AT RS 1.3TN ON FYTD19 BASIS VS RS 3.1TN IN THE SAME PERIOD PREVIOUS YEAR**



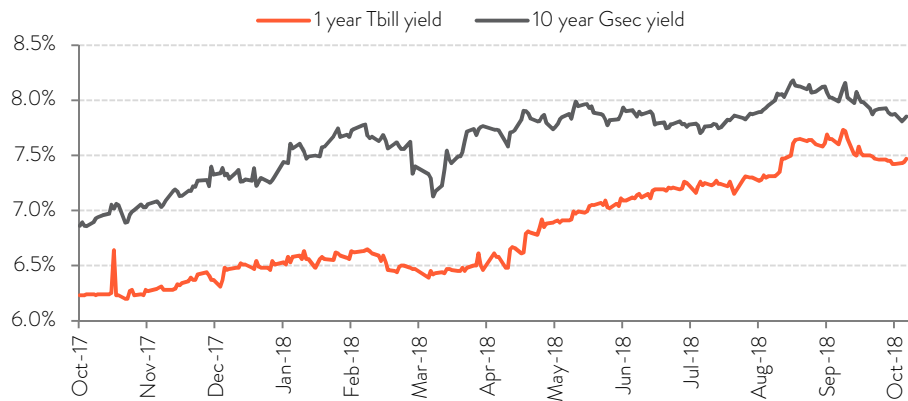
Note: \*FYTD implies Apr-Aug.

**FIG 91 – INFLATION ROSE MARGINALLY, 10-YEAR GSEC YIELD DECLINED LATELY ON THE BACK OF RBI'S OMO PURCHASE**



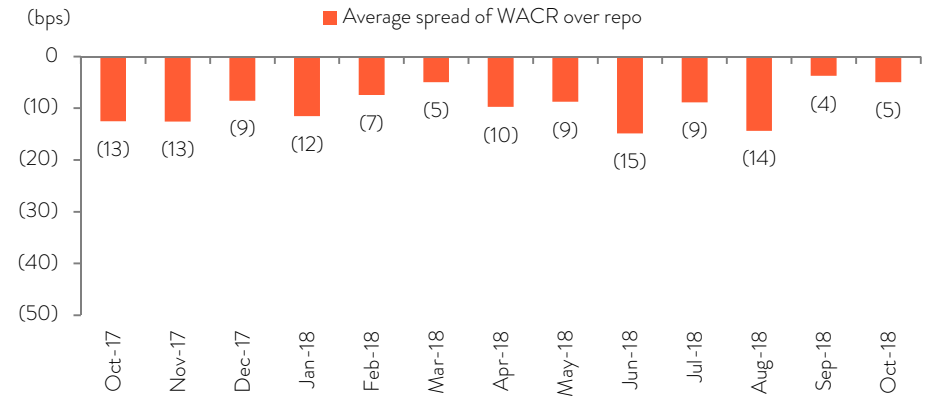
Note: \*As on last trading day of the month

**FIG 93 – FALLING LONG & SHORT END YIELDS NARROWED THE YIELD GAP**



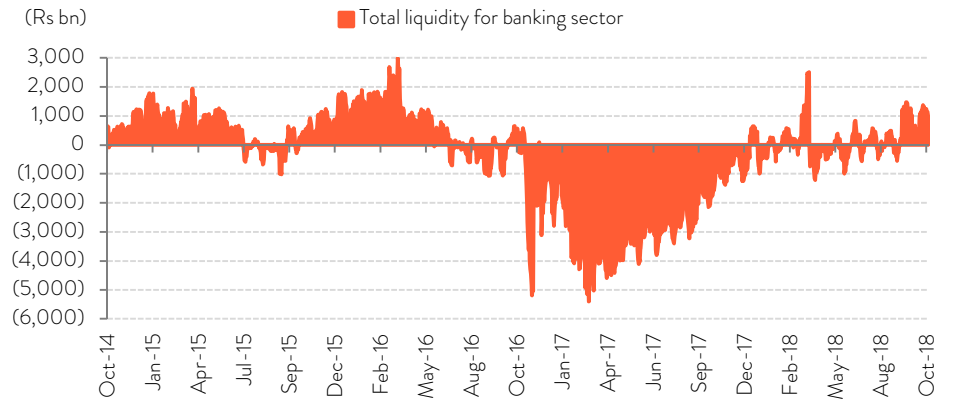
Source: RBI

**FIG 92 – SPREAD BETWEEN CALL AND REPO WIDENED marginally TO 5BPS IN OCT'18 VERSUS 4BPS IN SEP'18**



Source: RBI

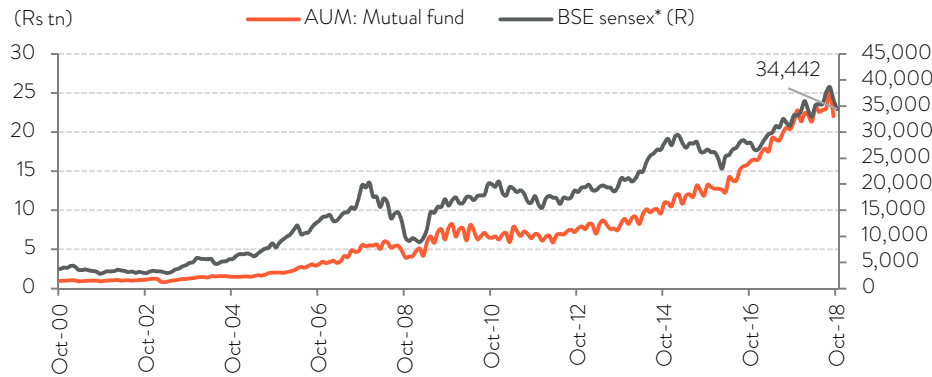
**FIG 94 – AVERAGE SYSTEM LIQUIDITY DEFICIT WAS AT RS 797BN IN OCT'18 VS 544BN IN SEP'18**



Source: RBI

**Mutual fund (MF) indicators**

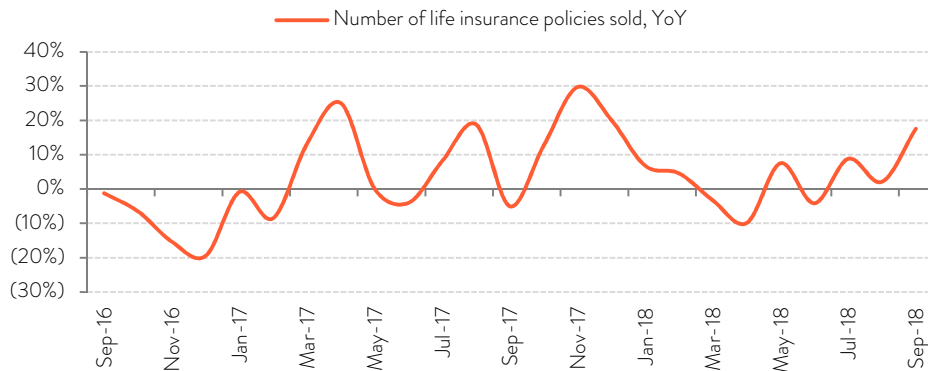
**FIG 95 – SENSEX DECLINED TO 34,442 IN OCT'18, AUM ALSO FELL TO 22TN IN SEP'18**



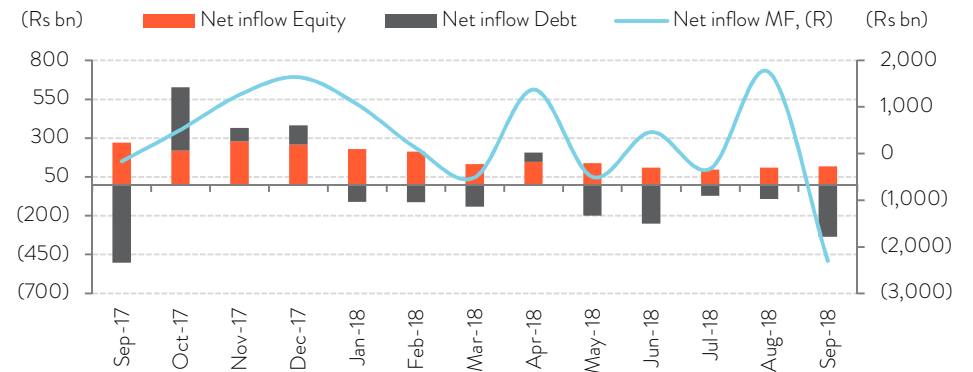
Source: \*Sensex as on last trading day of the month.

**Insurance sector indicators**

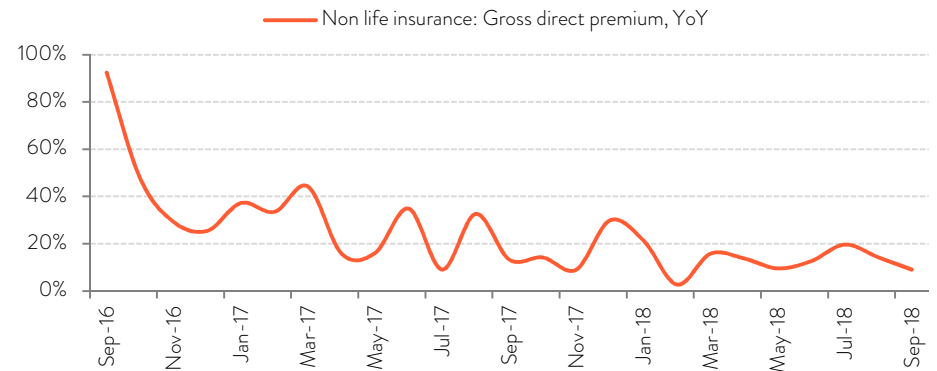
**FIG 97 – NUMBER OF LIFE INSURANCE POLICIES SOLD INCREASED IN SEP'18 DRIVEN BY LOWER BASE**



**FIG 96 – MF EQUITY INFLOW WAS AT RS119BN IN SEP'18... HOWEVER SIGNIFICANT OUTFLOW RS 334BN OCCURRED IN THE DEBT SEGMENT**



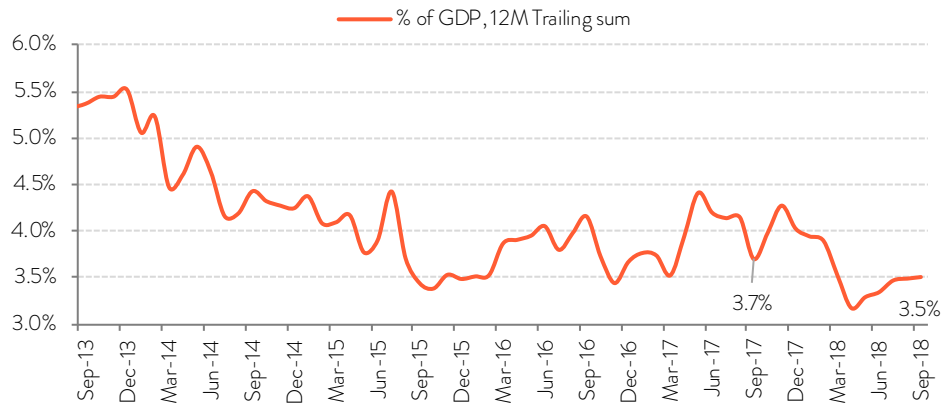
**FIG 98 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE GREW AT A MODERATE PACE IN SEP'18**



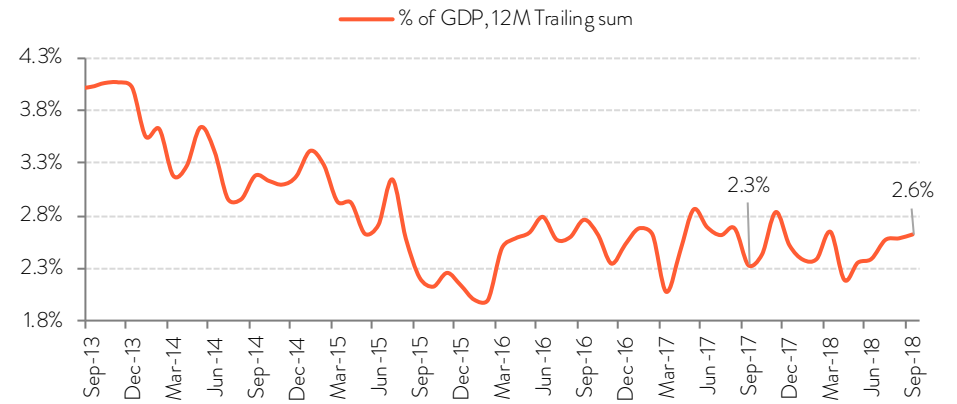
## Public finance

### Central government finances

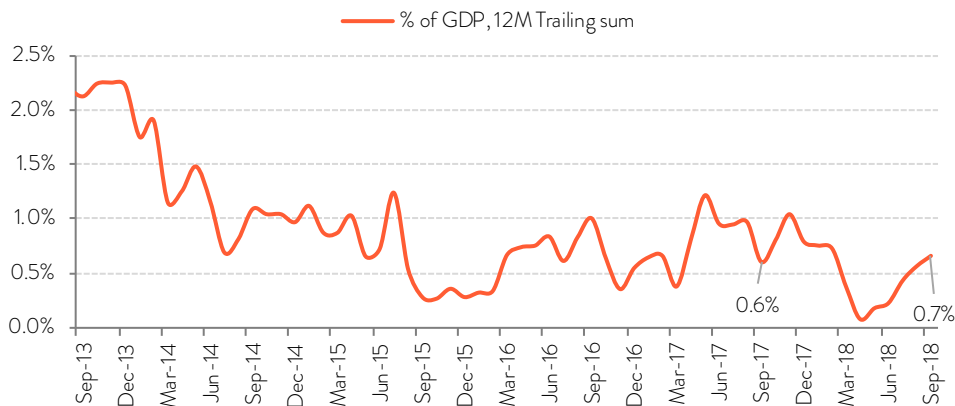
**FIG 99 – OVERALL FISCAL DEFICIT STEADY AT 3.5% IN SEP'18**



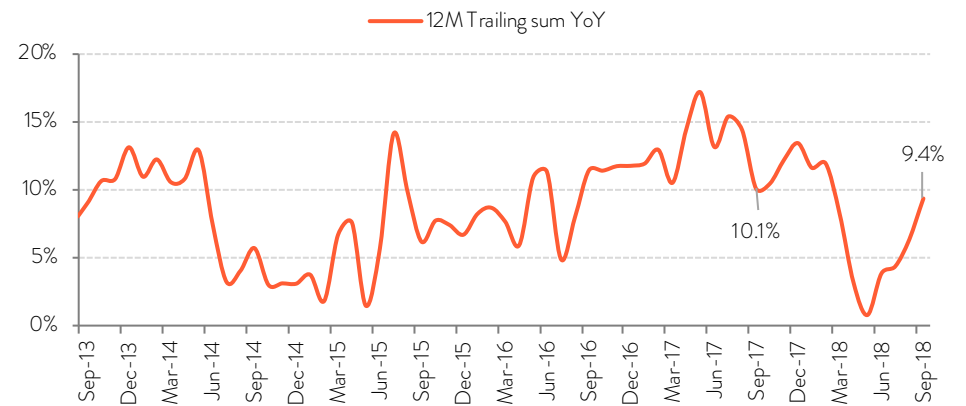
**FIG 100 – REVENUE DEFICIT INCHING UP**



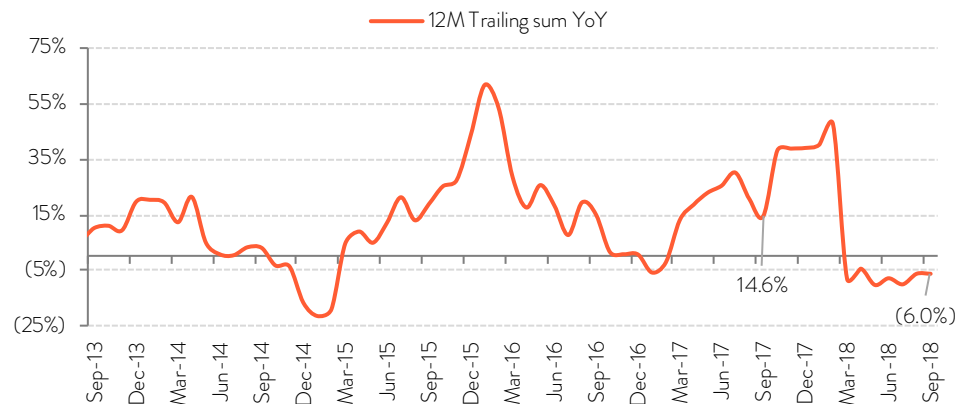
**FIG 101 – PRIMARY DEFICIT ALSO TICKING UP**



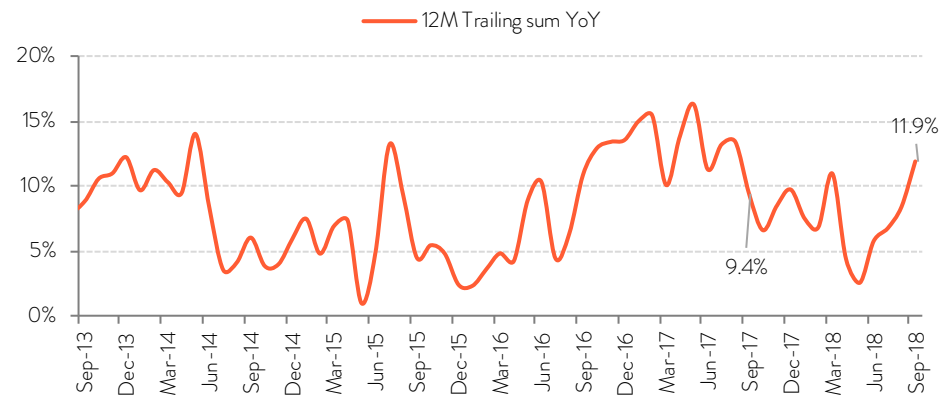
**FIG 102 – TOTAL EXPENDITURE GROWTH CONTINUES TO GROW IN SEP'18**



**FIG 103 – ...WHILE CAPEX GROWTH CONTINUES TO DEGROW**



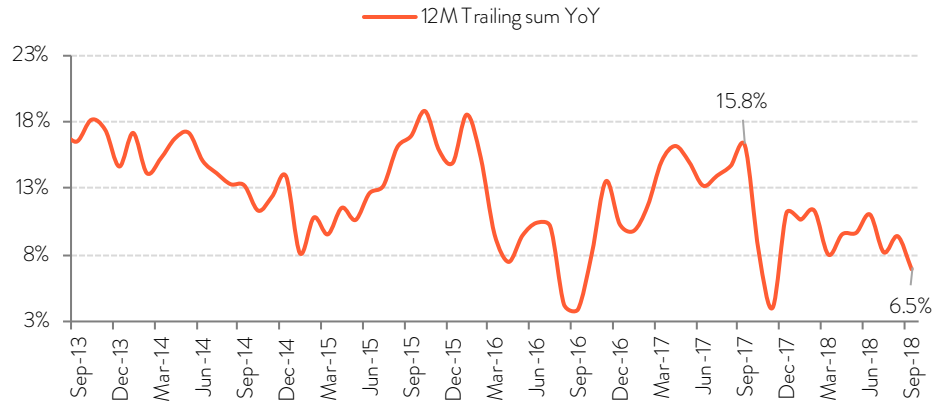
**FIG 104 – REVENUE EXPENDITURE GROWTH IS THE DRIVING FORCE**



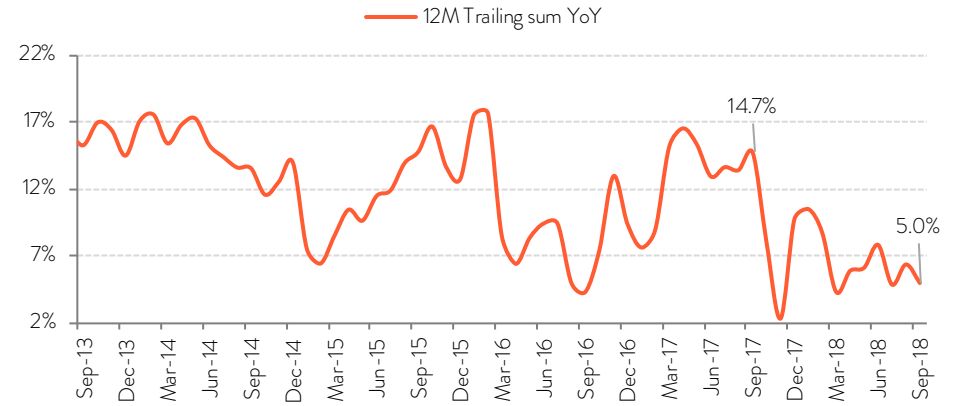
**FIG 105 – ROAD TRANSPORT & HIGHWAYS, RURAL DEVELOPMENT, AND AGRICULTURE MINISTRY CONTINUE TO DRIVE SPENDING IN H1FY19 (FYTD BASIS)**

Ministry	Apr'16-Sep'16 (Rs bn)	Apr'17-Sep'17 (Rs bn)	% change	Apr'18-Sep'18 (Rs bn)	% change
Ministry of Finance	3,138	3,121	(0.6)	3,773	20.9
Ministry of Defence	1,491	2,103	41.0	2,304	9.6
Ministry of Consumer Affairs, Food and Public Distribution	1,052	1,332	26.6	1,314	(1.4)
Ministry of Rural Development	638	664	4.0	738	11.1
Ministry of Home Affairs	435	538	23.8	637	18.3
Ministry of Human Resource Development	459	447	(2.6)	431	(3.5)
Ministry of Road Transport and Highways	411	411	(0.1)	532	29.6
Ministry of Chemicals and Fertilisers	464	392	(15.4)	372	(5.1)
Ministry of Petroleum and Natural Gas	168	280	66.7	262	(6.5)
Ministry of Agriculture	222	268	20.9	365	36.2
Ministry of Health and Family Welfare	197	259	31.6	303	16.9

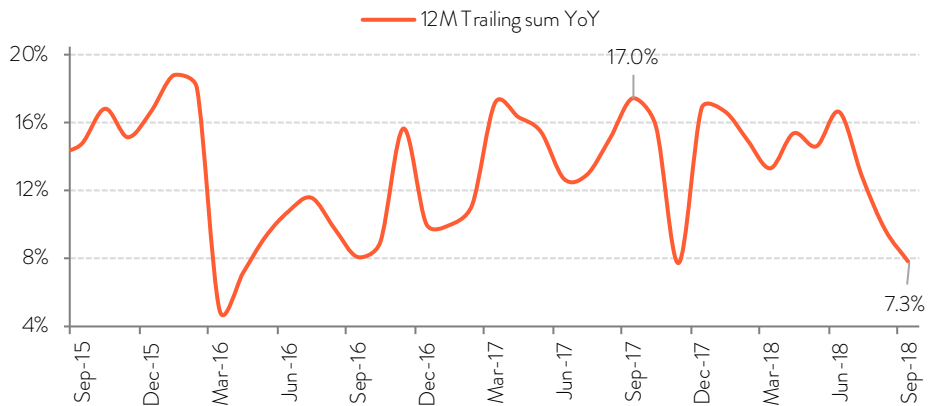
**FIG 106 – TOTAL RECEIPTS DIP FURTHER IN SEP'18; ARE FAR LOWER THAN LAST YEAR**



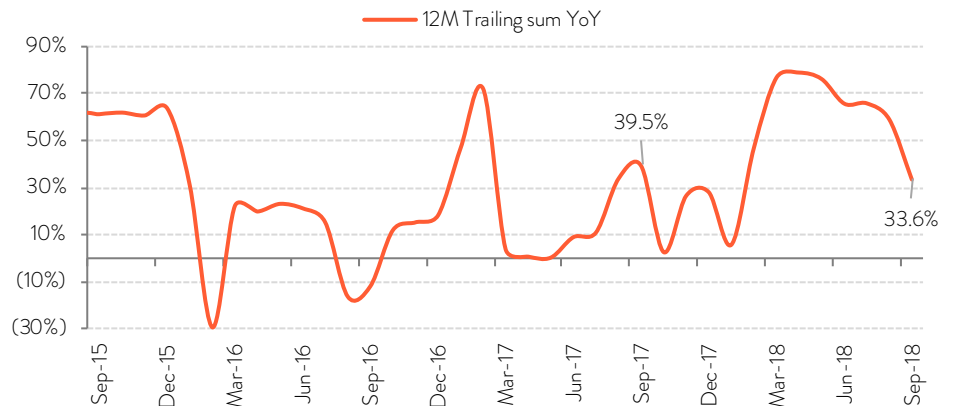
**FIG 107 – ...MAINLY OWING TO REVENUE RECEIPTS**



**FIG 108 – TAX REVENUE GROWTH IN SEP'18 DECLINED SHARPLY**



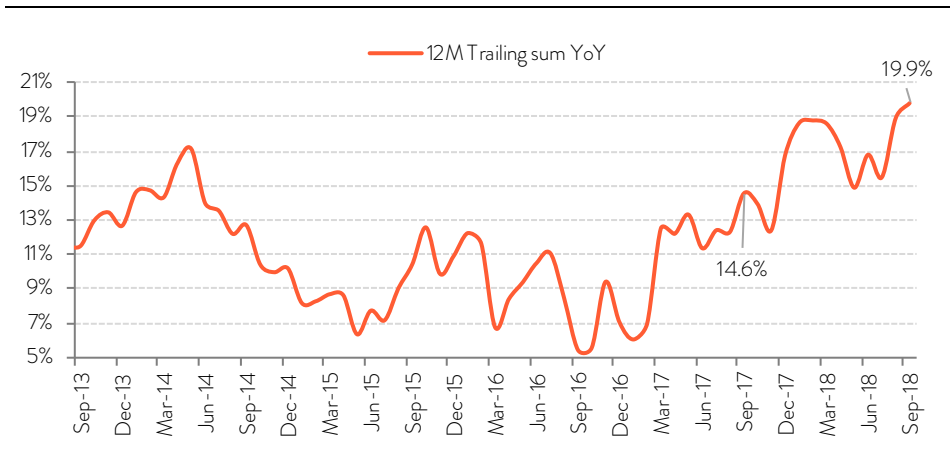
**FIG 109 – ...CAPITAL RECEIPT GROWTH ALSO COMING OFF, BUT STILL AT ELEVATED LEVELS**



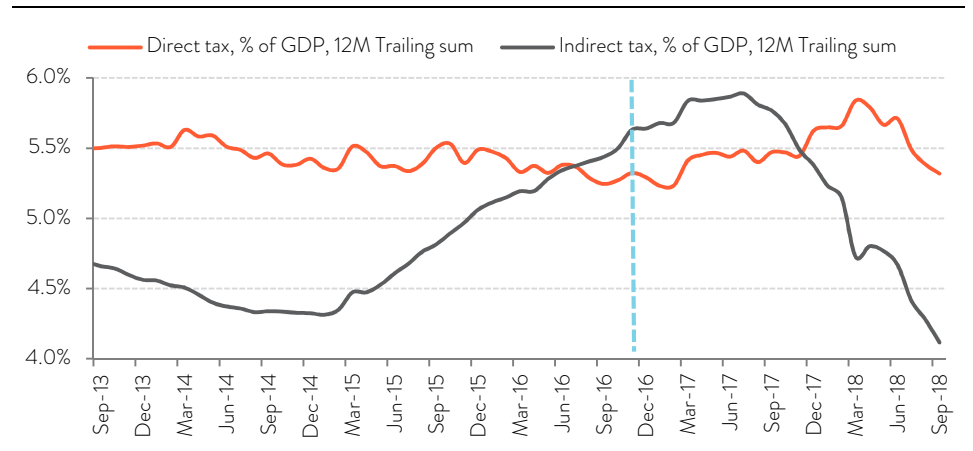
**FIG 110 – CENTRE’S EXPENDITURE CONTINUES TO GROW DESPITE DECLINING REVENUE GROWTH IN H1FY19 VS H1FY18 (FYTD BASIS)**

	Apr'16-Sep'16 (Rs bn)	Apr'17-Sep'17 (Rs bn)	% change	Apr'18-Sep'18 (Rs bn)	% change
Tax revenue	6,957	8,338	19.9	9,058	8.6
Direct taxes	3,310	3,758	13.5	4,393	16.9
Corp Tax	1,868	2,079	11.3	2,437	17.2
Income Tax	1,442	1,679	16.4	1,956	16.5
Indirect taxes	3,647	3,916	7.4	4,059	3.6
Non-tax revenue	1,188	808	(31.9)	1,090	34.8
Centre's revenue	8,145	9,147	12.3	10,148	10.9
Total expenditure	10,277	11,492	11.8	13,042	13.5
Capital exp	1,349	1,464	8.5	1,626	11.1
Revenue exp	8,928	10,028	12.3	11,416	13.8
Fiscal deficit	4,480	4,989	11.4	5,947	19.2

**FIG 111 – GROSS DIRECT TAX COLLECTION REACHES MULTI YEAR HIGH IN SEP'18**

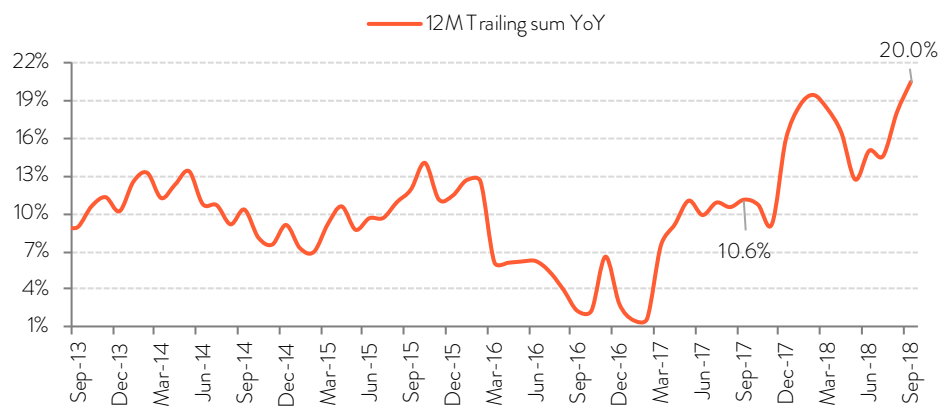


**FIG 112 – SHARE IN GDP OF BOTH INDIRECT & DIRECT TAX CONTINUES TO DECLINE**

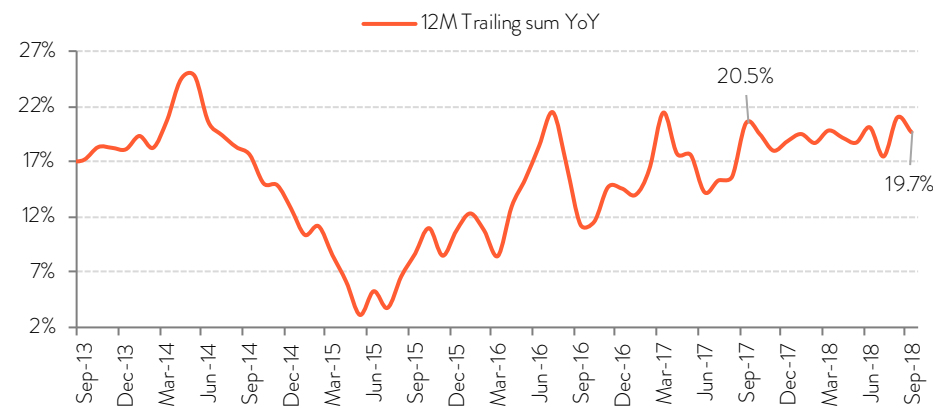




**FIG 113 – CORPORATE TAX REVENUE GROWTH IN SEP'18 ALMOST DOUBLE THAN LAST YEAR**



**FIG 114 – INCOME TAX REVENUE GROWTH DIPS MARGINALLY, ALSO HIGHER**

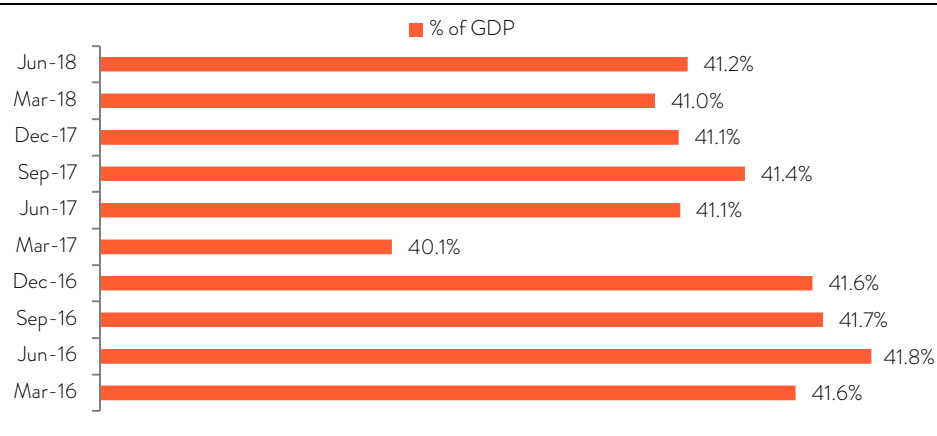


**FIG 115 – GST COLLECTIONS AVERAGE AT RS 959BN TILL SEP'18 VS RS 912 IN FY18**

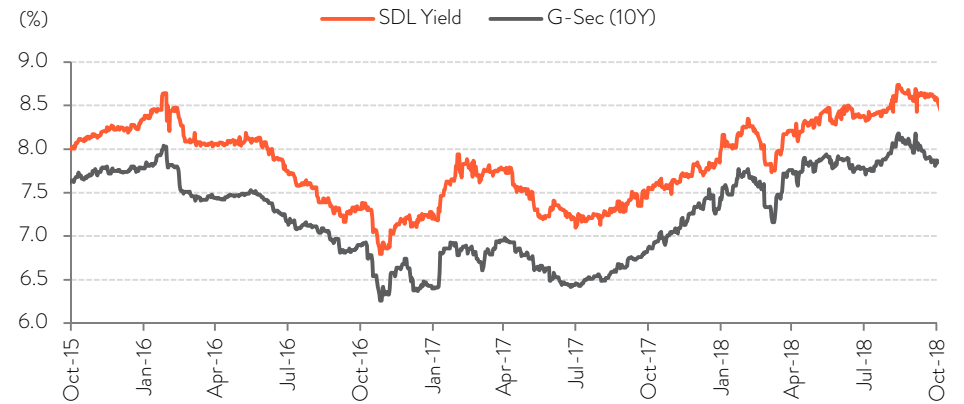
	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Monthly run rate	FY19 (BE)
Central GST (Rs bn)	151	312	238	242	231	431	274	321	281	309	579	360	299	358	6,039
UT GST (Rs bn)	0	0.2	0.8	2.2	1.9	0.9	9.7	0.9	0.5	0.6	1.6	3.3	1.1	1	-
Integrated GST (Rs bn)	304	184	186	171	194	(197)	137	200	169	102	(399)	52	148	45	500
State GST* (Rs bn)	416	283	341	395	373	576	539	333	433	473	678	455	481	476	4,882
GST Cess (Rs bn)	80	80	71	79	80	82	76	85	72	80	80	74	79	78	900
Total GST	951	859	837	889	880	893	1,035	940	956	965	940	944	1,007	959	-
GST 3B Filing by deadline (mn)	3.9	4.4	4.9	5.4	5.4	5.5	6.0	6.2	6.5	6.6	6.7	6.7	6.7	-	-
No. of Eligible Monthly Taxpayers (mn)	7.8	7.7	8.0	8.1	8.3	8.5	8.7	8.7	8.7	-	-	-	-	-	-
Compliance (%)	50	57	62	67	65	64	69	72	74	-	-	-	-	-	-

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

**FIG 116 – CENTRAL GOVT. PUBLIC DEBT UP IN Q1FY19**

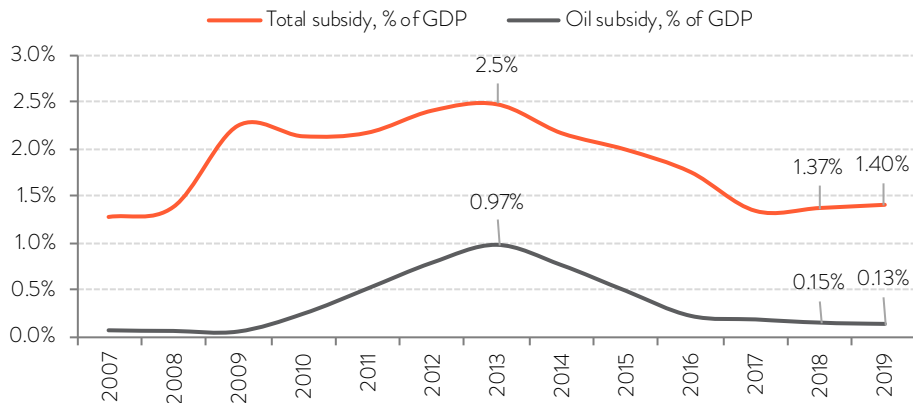


**FIG 117 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC WIDENS IN OCT'18 TO HIGHEST LEVEL IN CURRENT FISCAL (66.7BPS)**

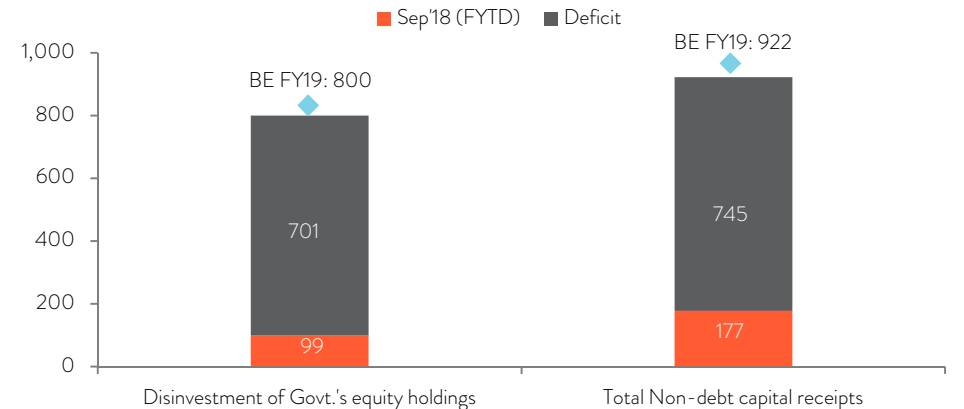


Source: CCIL

**FIG 118 – SUBSIDIES HAVE BEEN RATIONALISED**

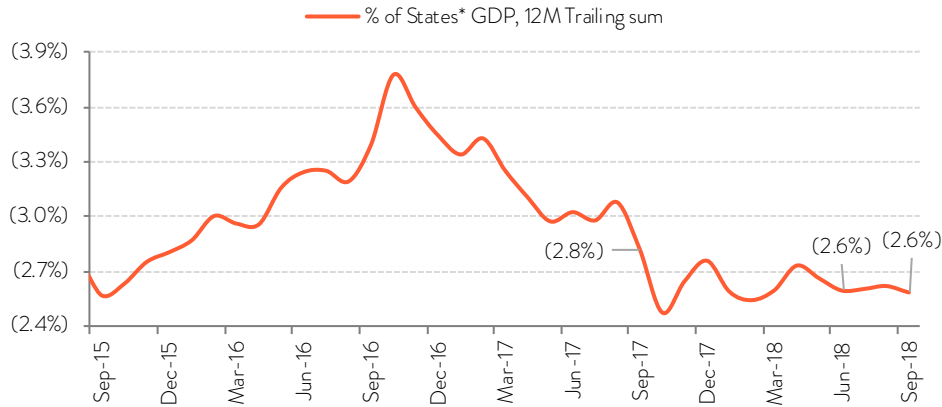


**FIG 119 – CENTRAL GOVT.'S DISINVESTMENT STATUS**



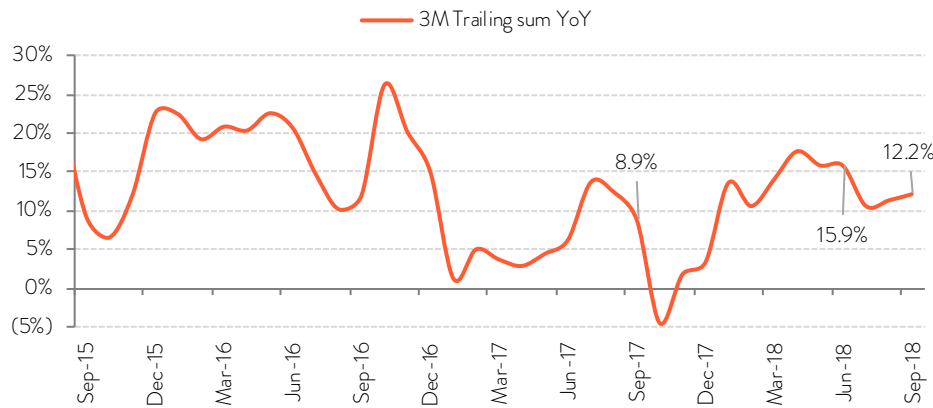
State government finances

**FIG 120 – FISCAL DEFICIT OF STATES\* ON THE PATH OF CONSOLIDATION**



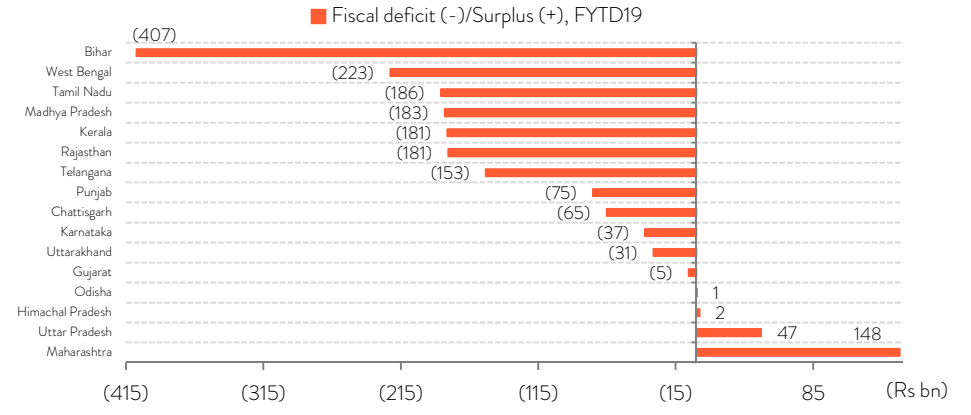
Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**FIG 122 – TOTAL EXPENDITURE OF STATES\* SHOWS AN UPTICK IN SEP'18**



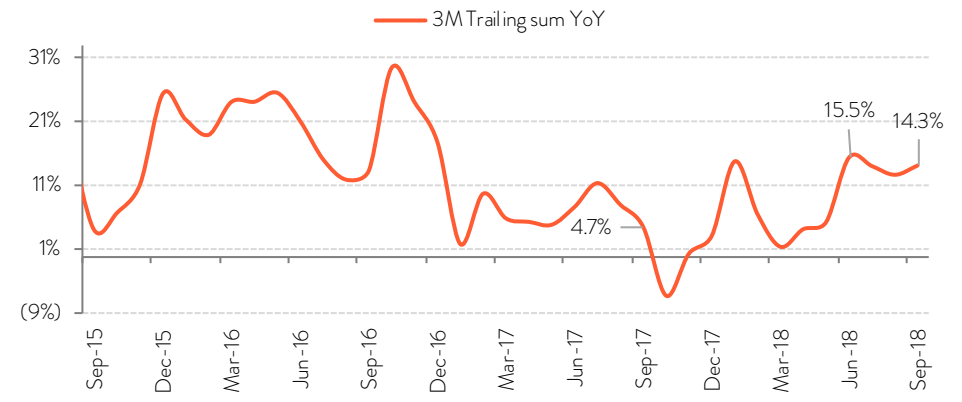
Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**FIG 121 – BIHAR MOST DEFICIT STATE IN H1FY19**



Note: FYTD- Apr'18-Sep'18

**FIG 123 – TOTAL RECEIPTS OF STATES\* ALSO RISING**



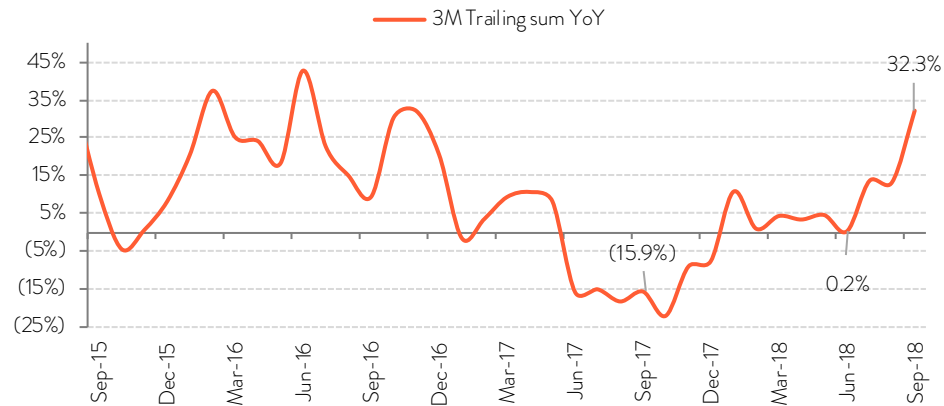
Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**FIG 124 – STATE\* GOVT. EXPENDITURE AND REVENUE IMPROVES (FYTD BASIS)**

	Apr'16-Sep'16 (Rs bn)	Apr'17-Sep'17 (Rs bn)	% change	Apr'18-Sep'18 (Rs bn)	% change
Total Receipts	8,627	9,154	6.1	10,513	14.8
Revenue Receipts	6,982	7,858	12.6	8,942	13.8
Receipts: Tax Revenue	5,470	6,206	13.4	6,914	11.4
Receipts: Non-Tax Revenue	434	487	12.2	612	25.6
Capital Receipts	1,692	1,296	(23.4)	1,571	21.3
Total Expenditure	8,487	9,146	7.8	10,413	13.9
Revenue Expenditure	7,281	8,132	11.7	9,229	13.5
Capital Expenditure	1,206	1,014	(16.0)	1,184	16.8
Revenue Surplus or Deficit	(299)	(274)	(8.6)	(288)	5.1
Fiscal Surplus or Deficit	(1,665)	(1,334)	(19.9)	(1,531)	14.7

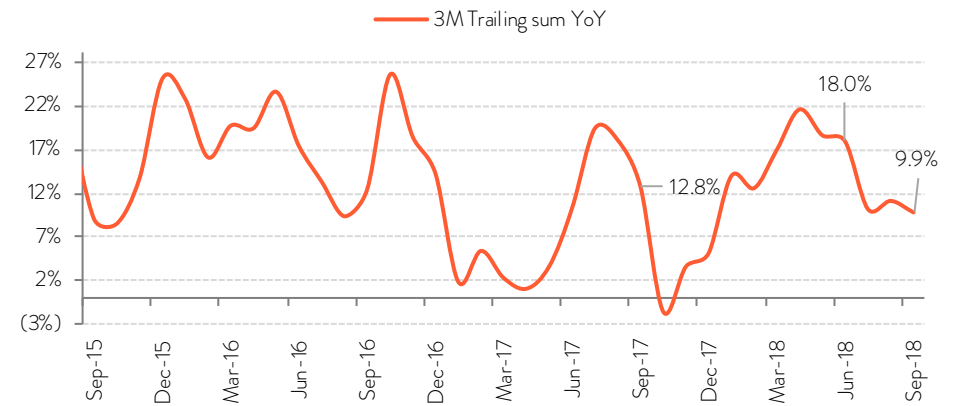
Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**FIG 125 – CAPITAL EXPENDITURE OF STATE\* GOVERNMENT ON THE PATH OF RECOVERY**



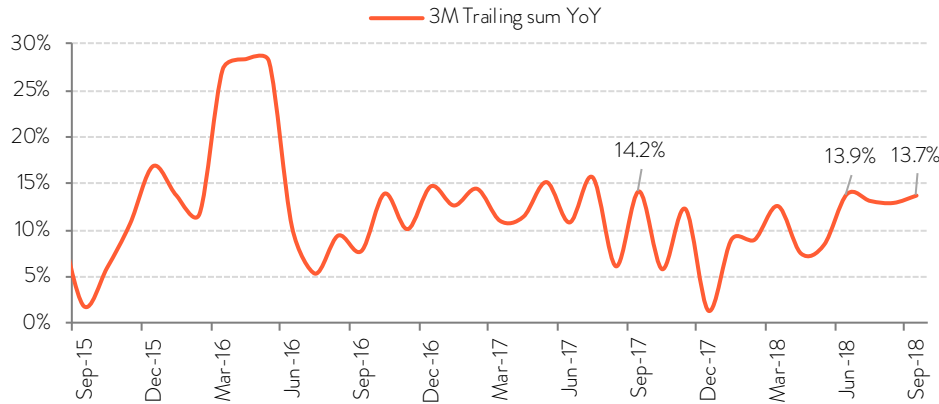
Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**FIG 126 – ...WHILE REVENUE EXPENDITURE BY STATES\* SEEN SLIPPING**



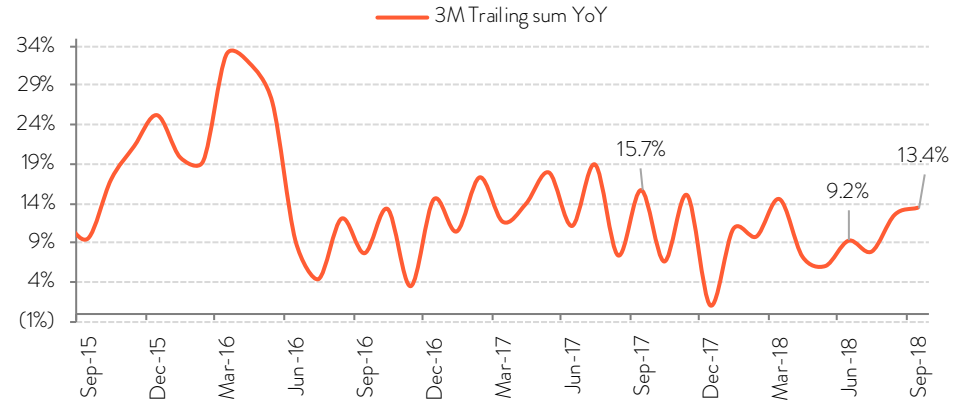
Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**FIG 127 – REVENUE RECEIPTS OF STATES\* UP, BUT STILL LOWER THAN LAST YEAR**



Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

**FIG 128 – ... OWING TO TAX REVENUE OF STATES\***



Note: \*All states excluding N.E states, Andhra Pradesh, Goa, Haryana, J&K, and Jharkhand

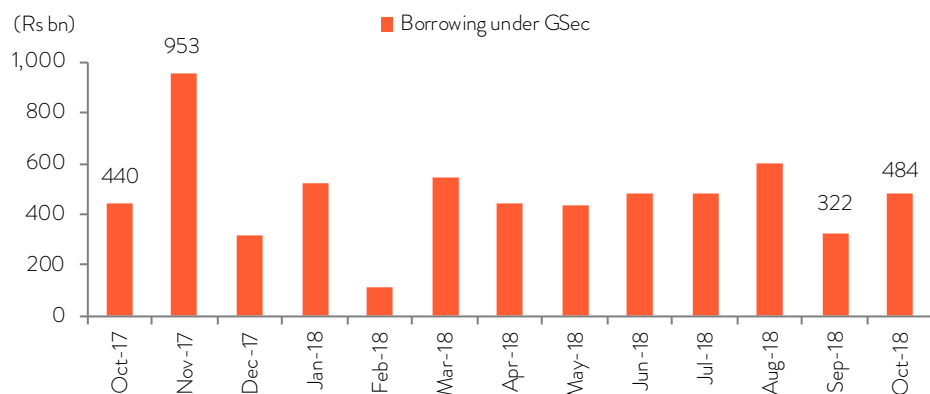
**FIG 129 – PATTERN OF STATE SPENDING**

State	Pay commission implemented	Loan waiver announced	Capex Increasing (Sep'18, 12M Trailing sum, %YoY)
Andhra Pradesh*	✓	✓	✗
Bihar	✓	✗	✓
Chhattisgarh	✓	✗	✓
Gujarat	✓	✗	✓
Haryana	✓	✗	✓
Karnataka	✗	✓	✓
Madhya Pradesh	✓	✓	✓
Maharashtra	✗	✓	✗
Odisha	✓	✗	✓
Punjab	✗	✓	✓
Uttar Pradesh	✓	✓	✓
Rajasthan	✓	✓	✓
Telangana	✓	✓	✗
Uttarakhand	✓	✗	✓

Source: News Reports, CEIC, Bank of Baroda | Note: ✓ means yes; ✗ means no | \*Capex as of Apr'18

## Central government borrowing

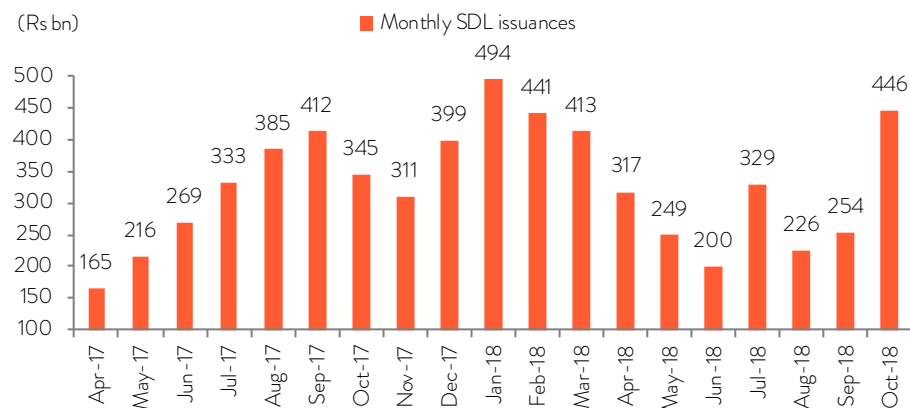
**FIG 130 – CENTRE'S GROSS BORROWING WAS AT RS 484BN IN OCT'18**



Source: RBI Oct: implies till 19 Oct 2018 auction

## State government borrowing

**FIG 132 – STATE BORROWING LIKELY TO PICK UP IN H2FY19**



Source: RBI

**FIG 131 – ACTUAL Q1 & Q2FY19 BORROWING LOWEST IN 5 YEARS**

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19 (Actual)	FY19 (planned)
Q1	1,962	1,751	1,650	1,798	1,360	1,440
Q2	1,506	1,710	1,620	1,740	1,402	1,440
Q3	1,450	1,453	1,448	1,710	484*	1,390
Q4	950	826	537	1,178	-	1,080
<b>Total</b>	<b>5,867</b>	<b>5,740</b>	<b>5,255</b>	<b>6,426</b>	<b>-</b>	<b>5,350</b>

Source: RBI Only auction data till 19 Oct'18 is included

**FIG 133 – STATES BORROWED RS 2TN IN FYTD\*19 VS PLANNED RS 3.9TN**

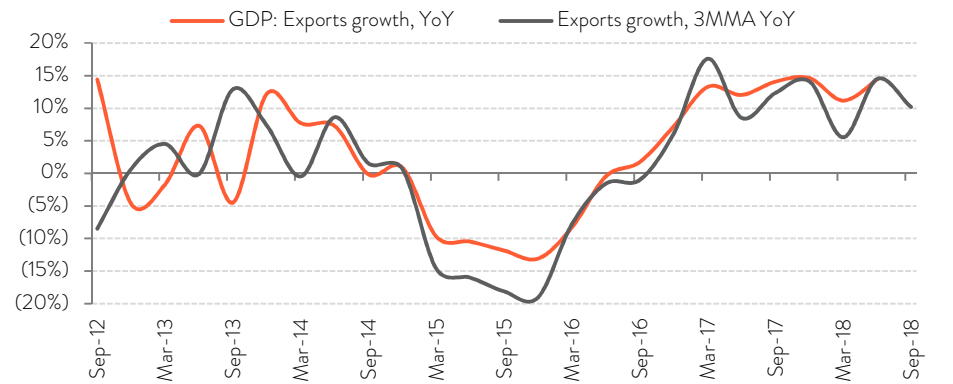
Quarterly SDL issuances, (Rs bn)	FY15	FY16	FY17	FY18	FY19 (Actual)	FY19 (planned)
Q1	439	502	548	650	766	1,219
Q2	469	627	792	1,130	809	1,374
Q3	692	858	1,214	1,054	446*	1,258
Q4	809	959	1,322	1,348	-	-
<b>Total</b>	<b>2,408</b>	<b>2,946</b>	<b>3,876</b>	<b>4,182</b>	<b>-</b>	<b>-</b>

Source: RBI | \*till 30 Oct 2018

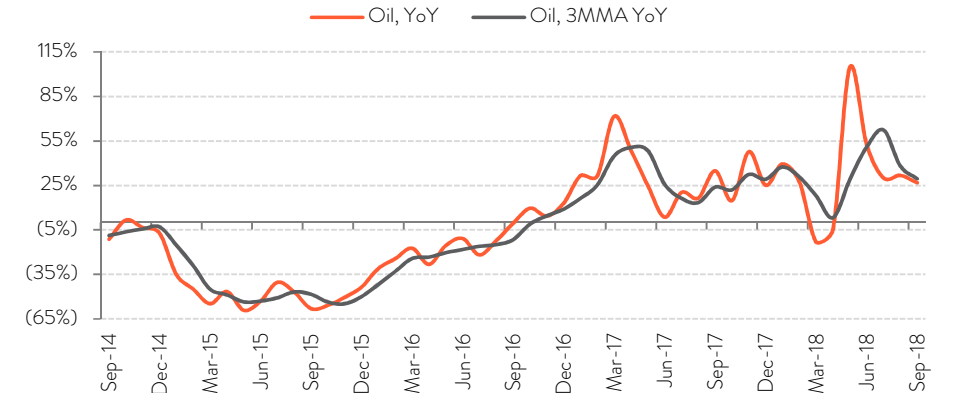
## External sector

### Exports

**FIG 134 – EXPORT GROWTH DECLINES IN SEP'18**

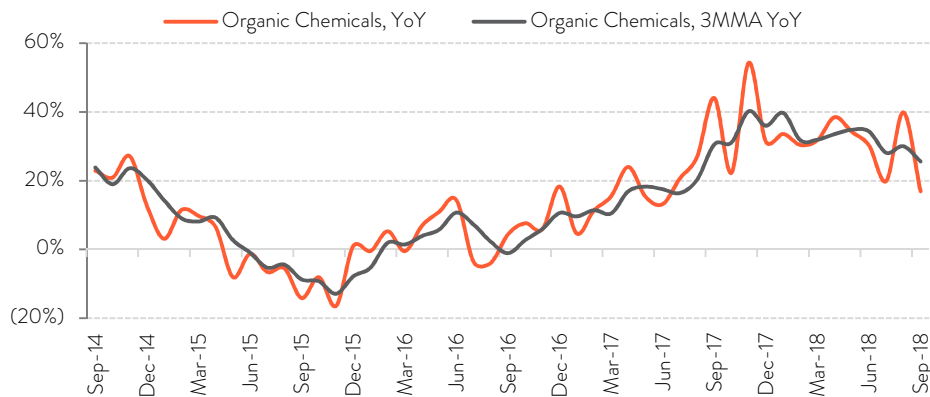


**FIG 135 – OIL EXPORTS HOWEVER REMAIN BUOYANT AT 27% IN SEP'18**

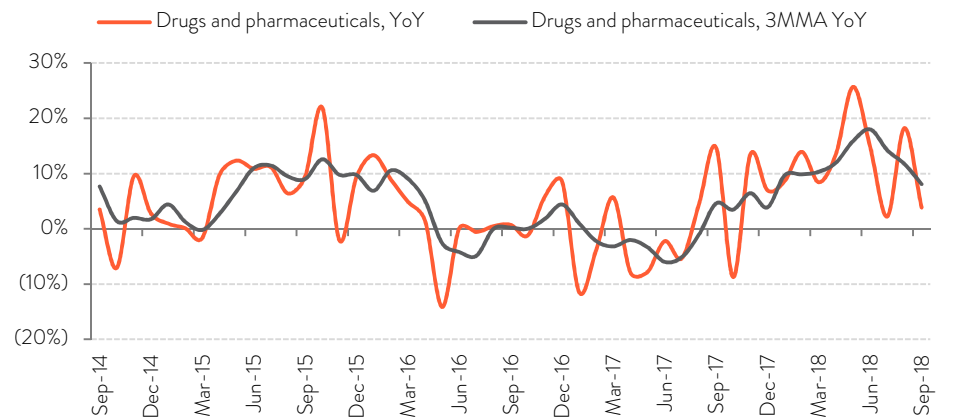


### Exports by major sectors

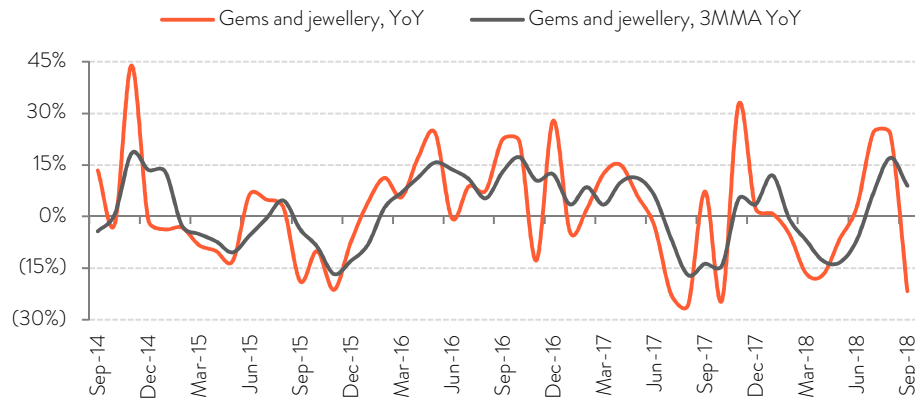
**FIG 136 – EXPORTS OF ORGANIC CHEMICALS DECELERATE...**



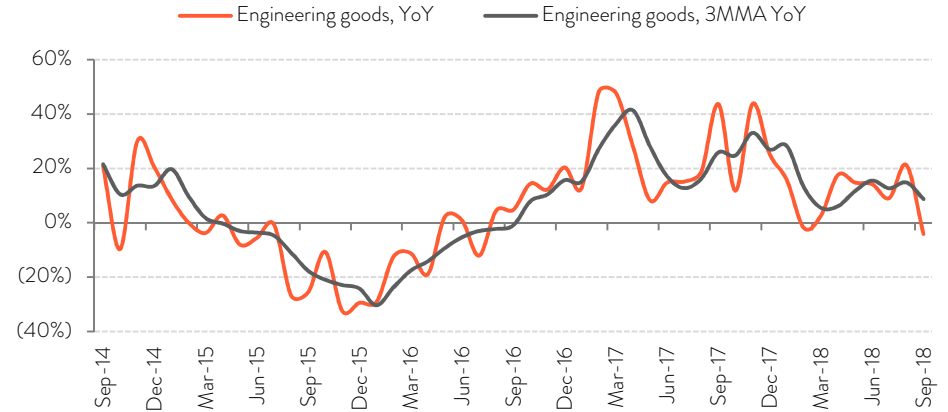
**FIG 137 – ...SO DO PHARMA EXPORTS**



**FIG 138 – SHARP DECLINE IN EXPORTS OF GEMS AND JEWELLERY**

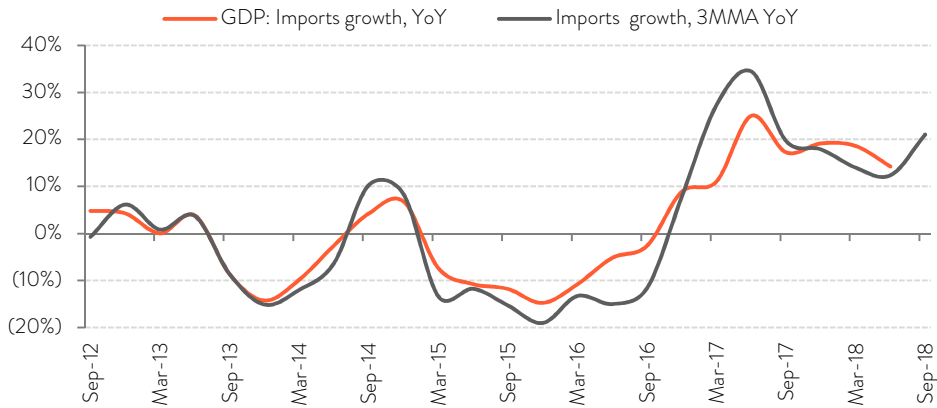


**FIG 139 – ENGINEERING EXPORTS ALSO SEE A DECLINE**

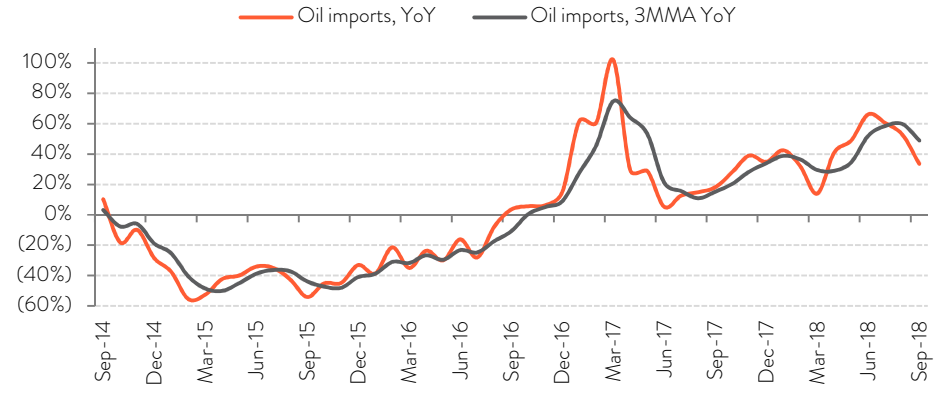


**Imports**

**FIG 140 – IMPORT GROWTH REMAINS RESILIENT**

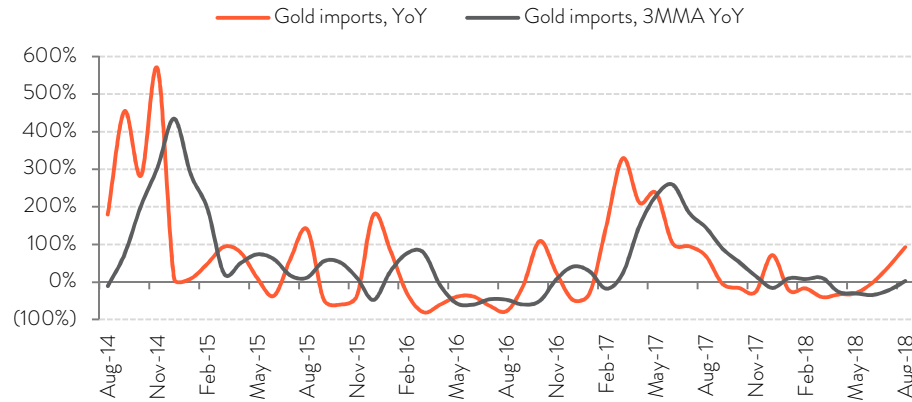


**FIG 141 – LED BY HIGHER OIL IMPORTS (51% IN H1FY19 VS 18.3% IN H1FY18)**

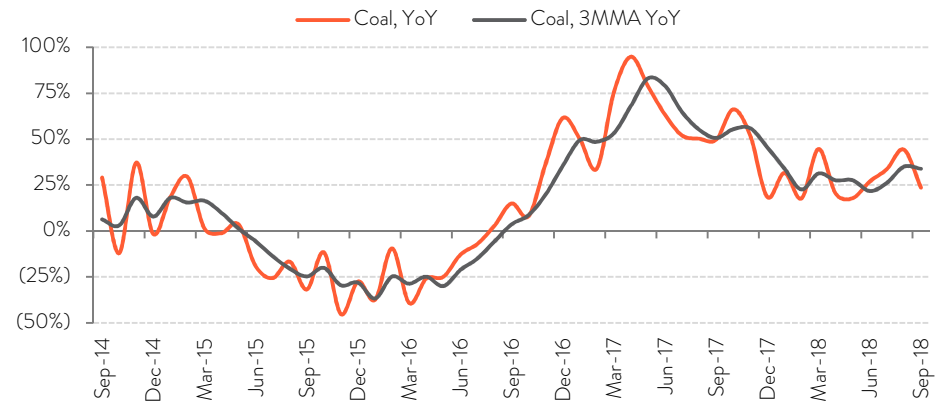




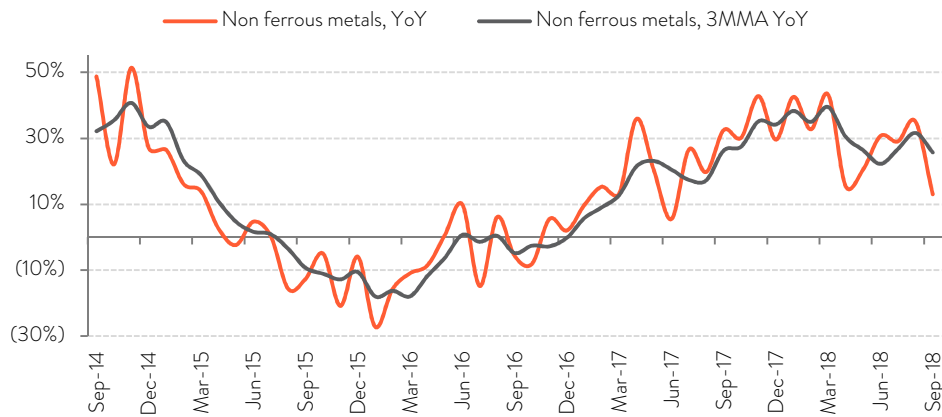
**FIG 142 – GOLD IMPORTS ALSO HIGHER BY 62% IN Q2FY19 VS 22% IN Q1FY19**



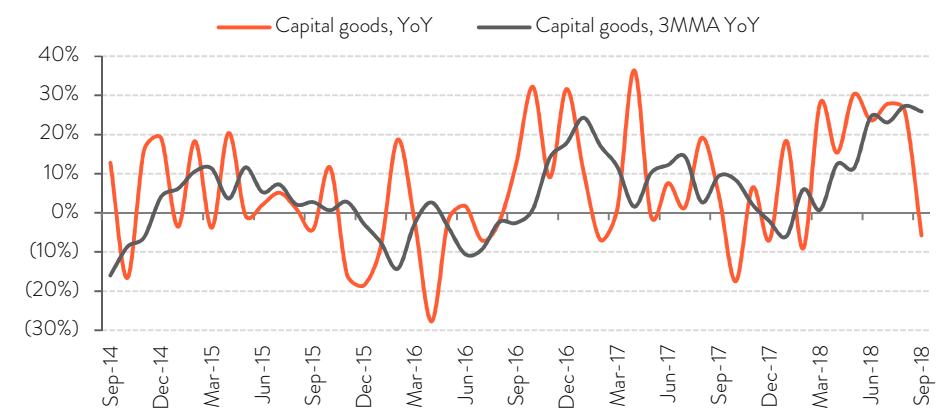
**FIG 143 – COAL IMPORTS INCHING UP**



**FIG 144 – SIMILAR TREND VISIBLE IN IMPORTS OF NON-FERROUS METALS**



**FIG 145 – IMPORTS OF CAPITAL GOODS DECELERATE IN SEP'18**



## Exports and imports by major regions

**FIG 146 – BARRING CHINA, EXPORTS TO OTHER MAJOR REGIONS DECLINE IN SEP'18**

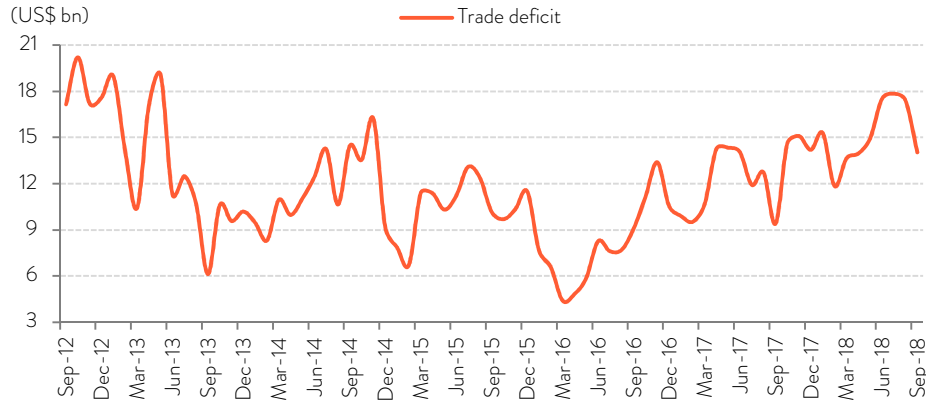
Region (% YoY)	Share (in %) FY18	Jul'18	Aug'18	Sep'18	FYTD18	FYTD19
Americas	20.9	12.5	24.4	(0.3)	14.0	12.3
Asia and Pacific (ex. China)	29.3	8.7	18.0	(0.2)	17.7	10.2
China	4.4	38.8	31.9	23.7	36.4	44.8
Europe	20.0	13.7	22.0	(5.5)	8.4	14.2
Middle East	24.4	28.0	12.8	(10.1)	2.6	8.9
Other	1.0	24.8	0.3	24.4	(41.3)	29.2

**FIG 147 – IMPORTS FROM CHINA DECLINE, IMPORTS FRO OTHER REGIONS HIGHER IN SEP'18**

Region (% YoY)	Share (in %) FY18	Jul'18	Aug'18	Sep'18	FYTD18	FYTD19
Americas	12.0	26.0	56.5	15.5	31.1	24.0
Asia and Pacific (ex. China)	23.0	30.8	25.4	33.9	29.6	24.2
China	16.4	1.2	(0.2)	(6.7)	28.0	(3.0)
Europe	15.0	45.9	38.9	6.6	21.7	17.4
Middle East	28.8	52.1	33.7	19.4	22.3	32.4
Other	4.8	(57.3)	(56.6)	(68.8)	44.2	(57.2)

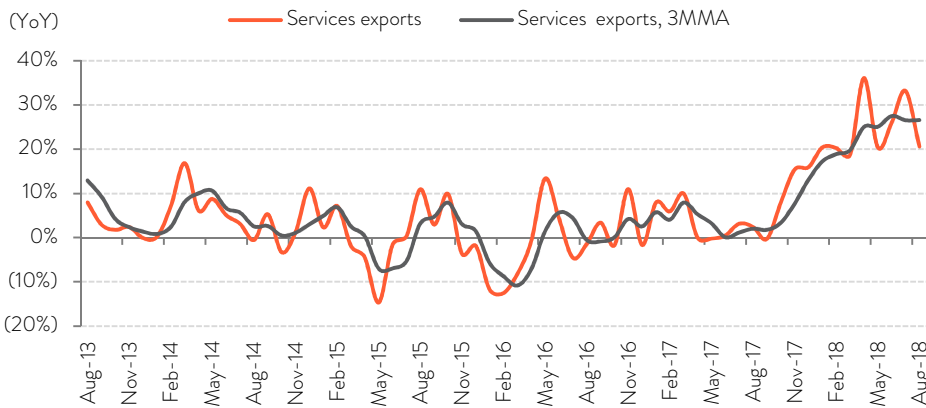
**Trade deficit**

**FIG 148 – TRADE DEFICIT NARROWS SEQUENTIALLY, HIGHER COMPARED WITH SEP'17**

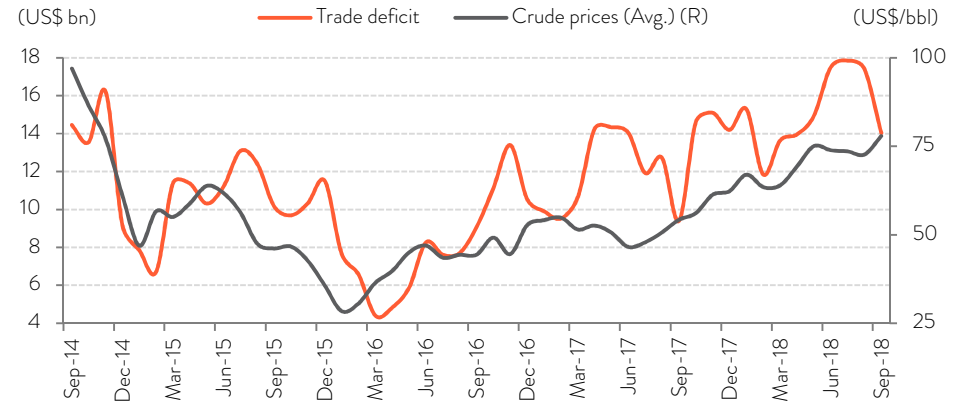


**Trade in services**

**FIG 150 – SERVICES EXPORT EXHIBITING AN UPWARD TREND**



**FIG 149 – HIGHER OIL PRICES TO PUT PRESSURE ON TRADE DEFICIT**



**BoP**

**FIG 151 – CAD AS A % OF GDP RISES TO 2.4% IN Q1FY19 FROM 1.9% IN Q4FY18**

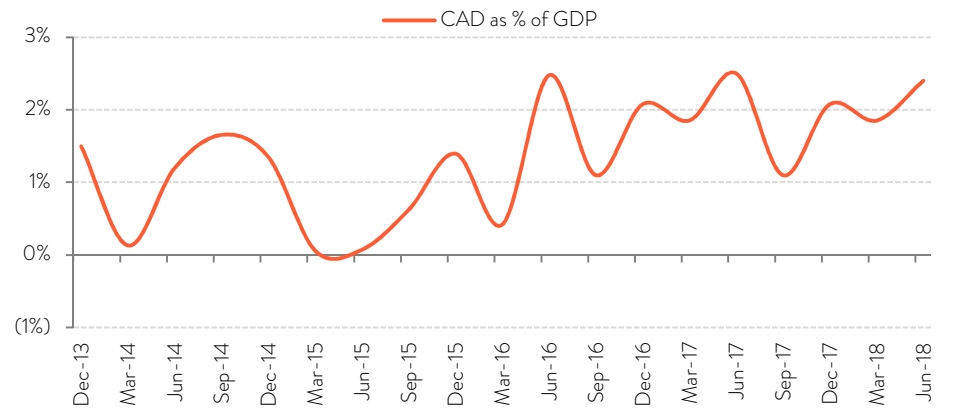


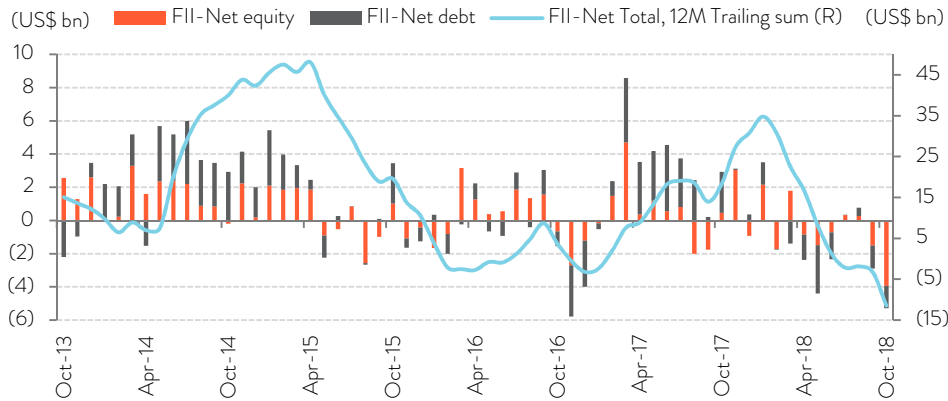
FIG 152 – ON THE BACK OF HIGHER MERCHANDISE TRADE DEFICIT

(US\$ bn)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
<b>Current account</b>	<b>(15.0)</b>	<b>(6.9)</b>	<b>(13.7)</b>	<b>(13.0)</b>	<b>(15.8)</b>
<b>CAD/GDP (%)</b>	<b>(2.5)</b>	<b>(1.1)</b>	<b>(2.1)</b>	<b>(1.9)</b>	<b>(2.4)</b>
- Trade balance	(24.0)	(14.0)	(23.0)	(21.0)	(27.0)
<b>Trade balance/GDP (%)</b>	<b>(4.2)</b>	<b>(2.4)</b>	<b>(3.4)</b>	<b>(3.1)</b>	<b>(4.1)</b>
- Merchandise exports	73.0	76.0	78.0	82.0	83.0
- Merchandise imports	115.0	109.0	122.0	124.0	129.0
-- Oil imports	23.0	24.0	29.0	33.0	34.0
-- Non-oil imports	92.0	85.0	92.0	91.0	95.0
- Net Services	18.0	18.0	21.0	20.0	19.0
--Telecom, Computer and Information	18.0	18.0	18.0	19.0	19.0
- Primary income	(6.0)	(9.0)	(6.0)	(8.0)	(6.0)
- Secondary income	15.0	16.0	16.0	16.0	17.0
<b>Capital account</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Financial account</b>	<b>15.5</b>	<b>7.4</b>	<b>13.0</b>	<b>11.8</b>	<b>16.6</b>
<b>Percentage of GDP</b>	<b>2.7</b>	<b>1.3</b>	<b>1.9</b>	<b>1.7</b>	<b>2.5</b>
Foreign investments (FDI + FII)	19.6	14.5	9.6	8.7	1.6
- FDI	7.1	12.4	4.3	6.4	9.7
- FII	12.5	2.1	5.3	2.3	(8.1)
- Equities	0.7	(3.4)	2.2	2.1	(2.7)
- Debt	11.2	5.9	3.2	0.2	(6.4)
-Other investments	8.5	3.5	13.3	16.5	5.2
-ADRs/GDRs	0.0	0.0	0.0	0.0	0.0
-Currency and deposits	0.8	0.8	3.3	4.7	3.0
-- NRI deposits	1.2	0.7	3.1	4.6	3.5
-Loans	6.3	(1.8)	2.4	2.3	6.9
-Trade credits	0.6	4.0	4.8	4.5	(3.5)
-Other receivables/payable accounts	1.4	0.6	2.9	5.8	(0.7)
-Reserve assets	(11.4)	(9.5)	(9.4)	(13.2)	11.3
Errors & Omissions	(0.6)	(0.4)	0.6	1.3	(0.8)

## Foreign inflows

### FII inflows

**FIG 153 – FPI OUTFLOWS HIGHEST SINCE NOV'16 AT US\$ 5.3BN IN OCT'18**



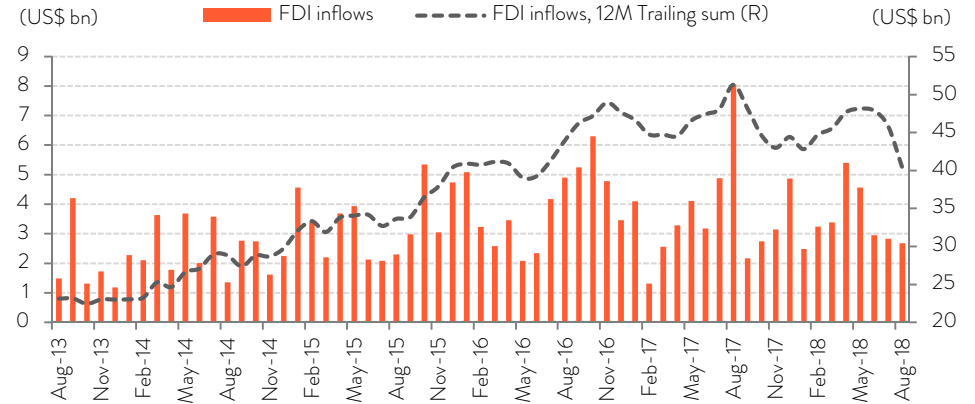
**FIG 155 – PICKUP IN FDI INFLOWS FROM SINGAPORE**

Country (US\$ bn)	% Share FY18	Jun'17	Sep'17	Dec'17	Mar'18	Jun'18
Mauritius	35.5	3.3	8.2	1.9	2.6	1.5
Singapore	27.2	3.0	2.3	3.9	3.0	6.5
Japan	3.6	0.4	0.5	0.3	0.3	0.9
UK	1.9	0.1	0.2	0.4	0.1	0.6
Netherlands	6.2	0.6	1.4	0.4	0.4	0.8

Source: DIPP

### FDI inflows

**FIG 154 – FDI INFLOWS AT US\$ 18.4BN IN FYTD19 (US\$ 23.5BN IN FYTD18)**



Source: RBI, Bank of Baroda Research

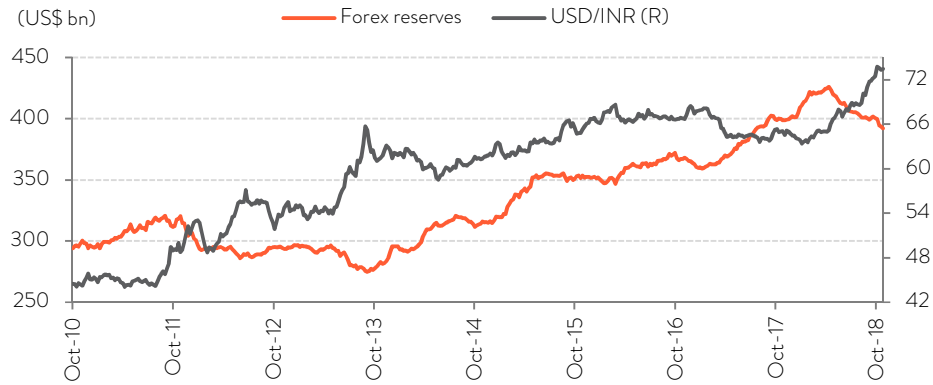
**FIG 156 – FDI INFLOWS IN TELECOM SECTOR RISE**

Sector (US\$ bn)	% Share FY18	Jun'17	Sep'17	Dec'17	Mar'18	Jun'18
Services Sector	34.4	1.9	1.0	1.7	2.1	2.4
Telecommunications	13.5	0.1	6.0	0.1	0.1	1.6
Computer software and hardware	5.3	1.3	1.7	2.1	1.0	1.4
Automobile industry	4.4	0.7	0.5	0.5	0.4	0.5
Trading	3.4	0.8	0.7	0.8	2.1	1.6

Source: DIPP

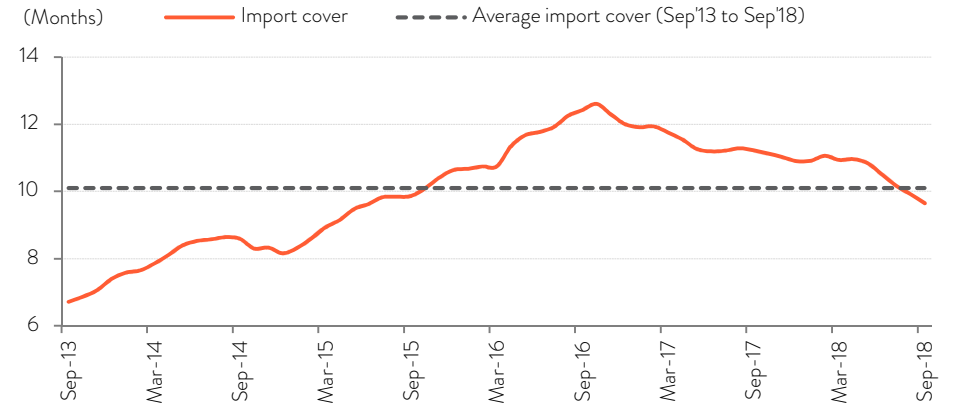
**Forex reserves and external debt**

**FIG 157 – INDIA'S FX RESERVES DECLINE TO US\$ 392BN**

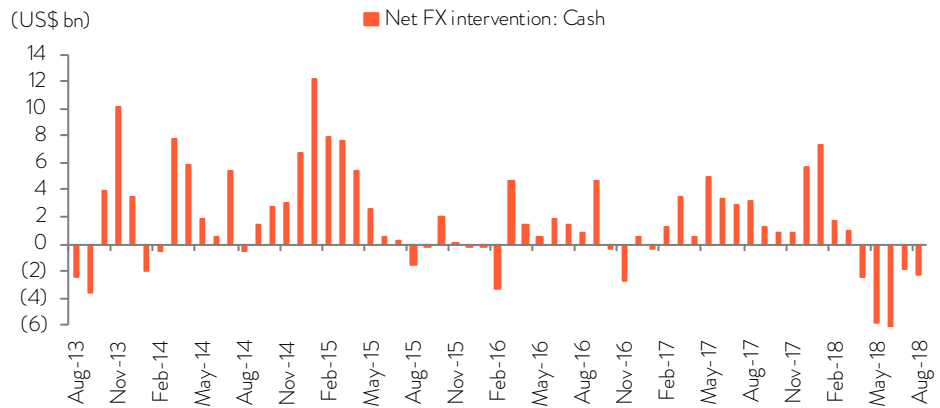


Source: Bloomberg | Weekly data as of 26 Oct 2018

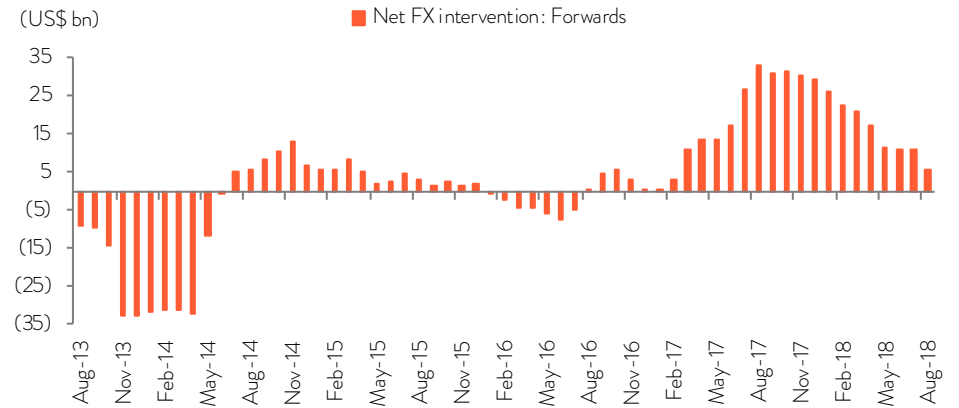
**FIG 158 – FX RESERVES SUFFICIENT TO COVER 9.6 MONTHS OF IMPORTS**



**FIG 159 – IN SPOT MARKET, RBI SOLD US\$ 1.9BN IN JUL'18 (NET SALES OF US\$ 6.3 BN IN CY18)**



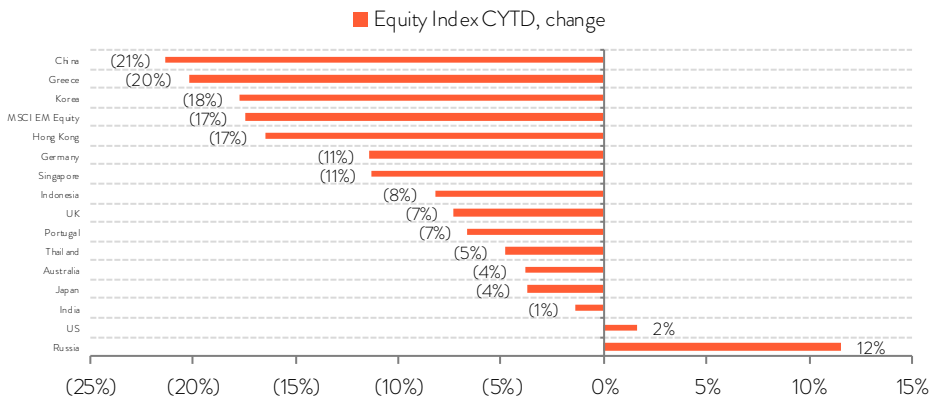
**FIG 160 – RBI'S FORWARD COVER STANDS AT US\$ 10.7BN**



## Markets

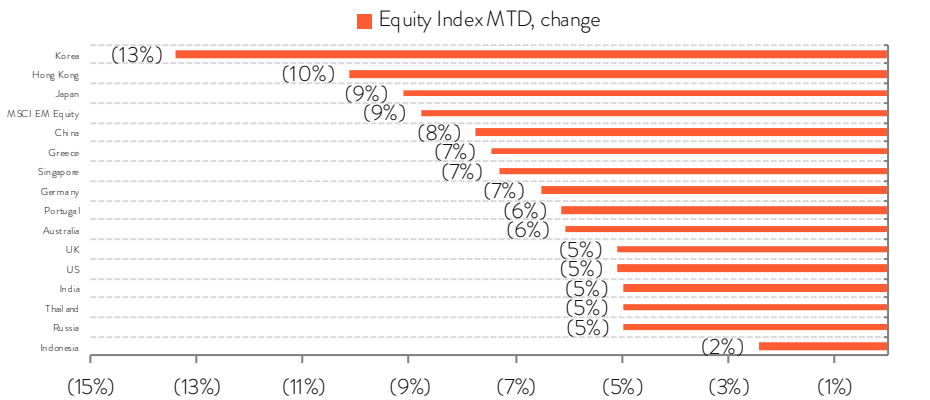
### Equity

**FIG 161 – NIFTY DECLINED BY 1% IN CYTD18\* WHILE MSCI EM INDEX DECLINED BY 17%**



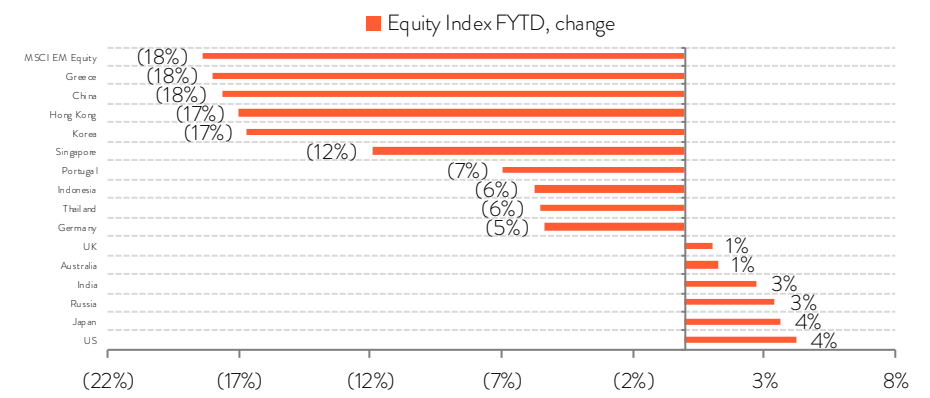
Source: Bloomberg | \*till Oct 2018

**FIG 163 – ON MTD\* BASIS, NIFTY DECLINED BY 5%**



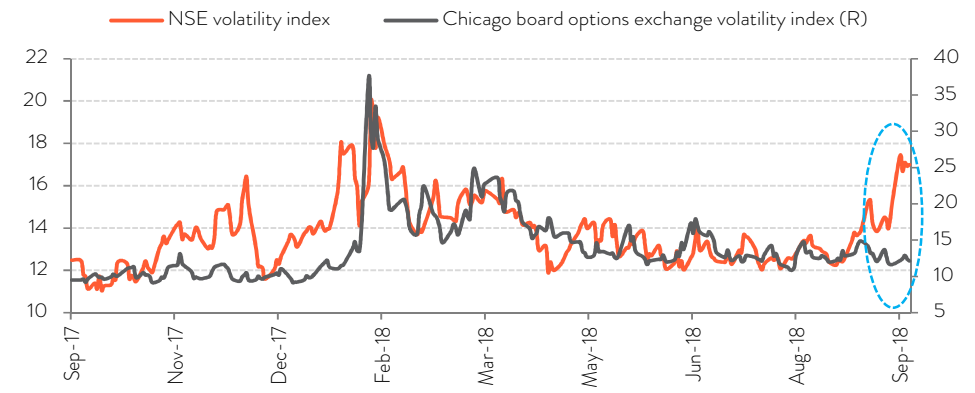
Source: Bloomberg | \*Sep-Oct 2018

**FIG 162 – IN FYTD19\*, NIFTY GAINED 3%**



Source: Bloomberg | \*till Oct 2018

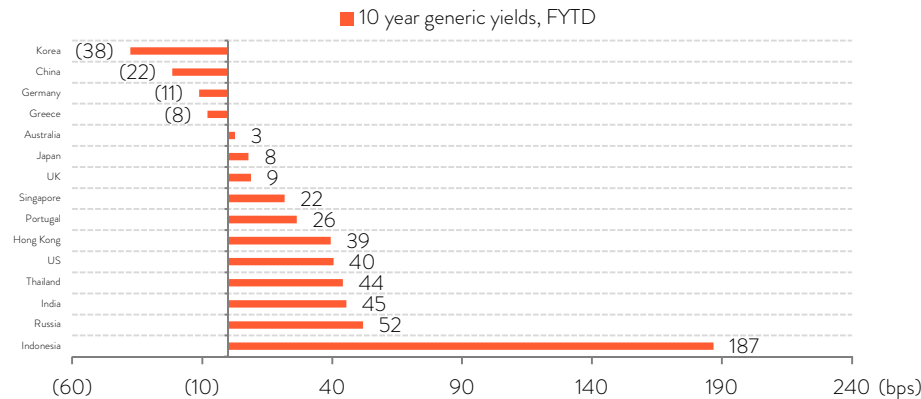
**FIG 164 – NIFTY VIX ROSE TO 16.9 IN SEP'18 VS 12.6 IN AUG'18**



Source: Bloomberg

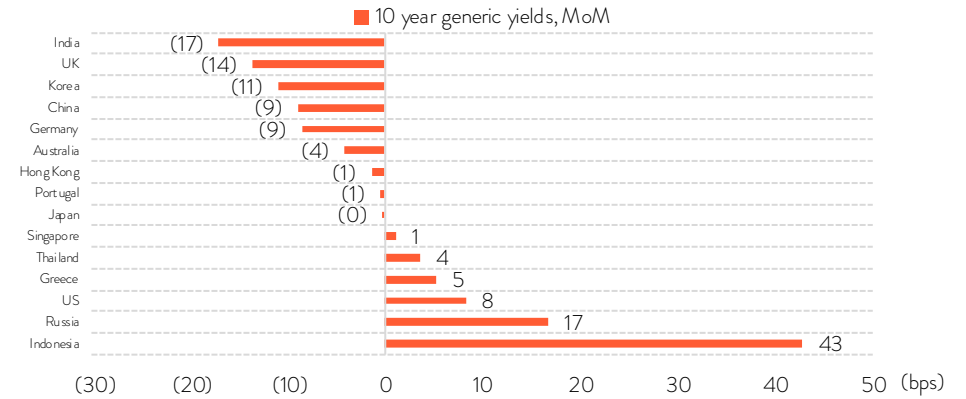
### 10 year Bond yields

**FIG 165 – IN FYTD19\*, 10 YEAR G-SEC ROSE BY 45BPS; THIRD HIGHEST COMPARED TO MAJOR ECONOMIES**



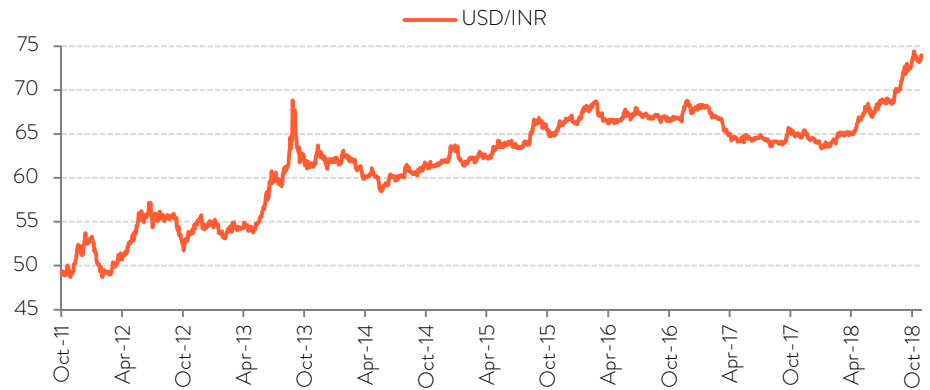
Source: Bloomberg | \*till Oct 2018

**FIG 166 – ON MOM BASIS, 10 YEAR G-SEC YIELD DECLINED BY 17BPS IN OCT'18**



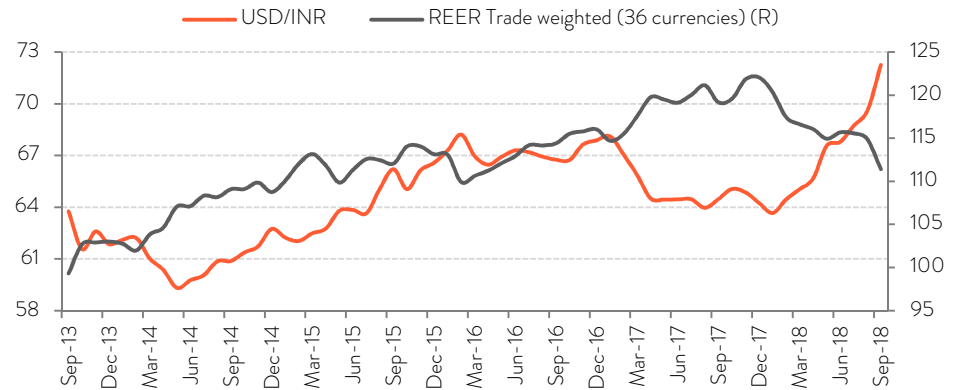
Source: Bloomberg

**FIG 167 – DEPRECIATION PRESSURE ON INR**



Source: Bloomberg | \*As on 31 Oct 2018

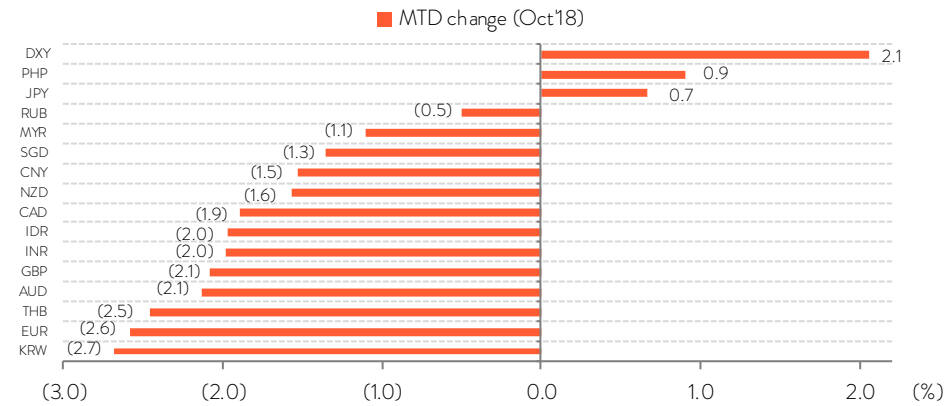
**FIG 168 – INR STILL OVERVALUED BY 11.4% (SEP'18)**



Source: Bloomberg



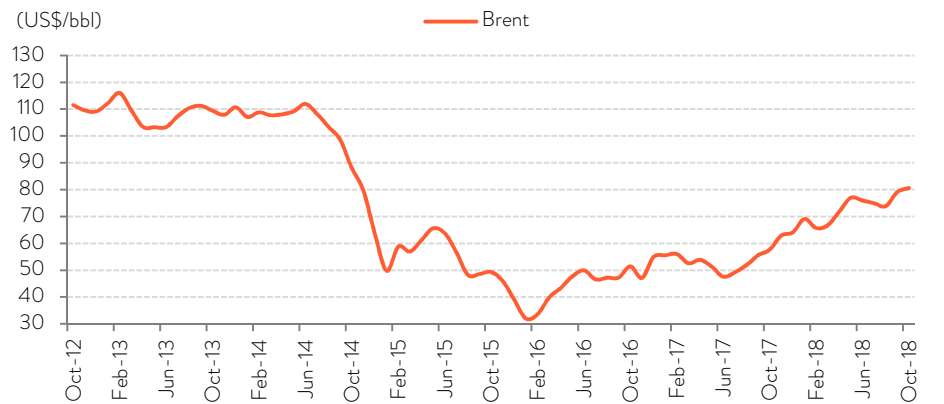
**FIG 169 – INR DEPRECIATED BY 2.0% IN OCT'18**



Source: Bloomberg | \*As on 31 Oct 2018

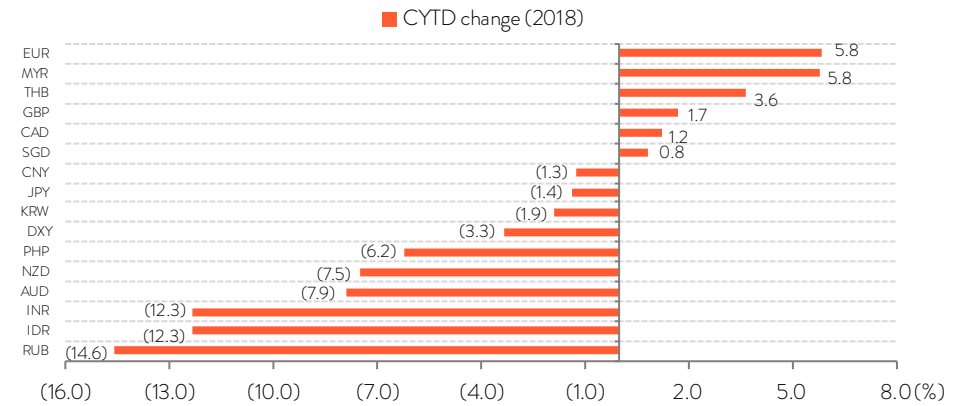
**Commodities**

**FIG 171 – BRENT PRICES ROSE TO US\$ 81/BBL IN OCT'18 VS US\$ 79/BBL IN SEP'18**



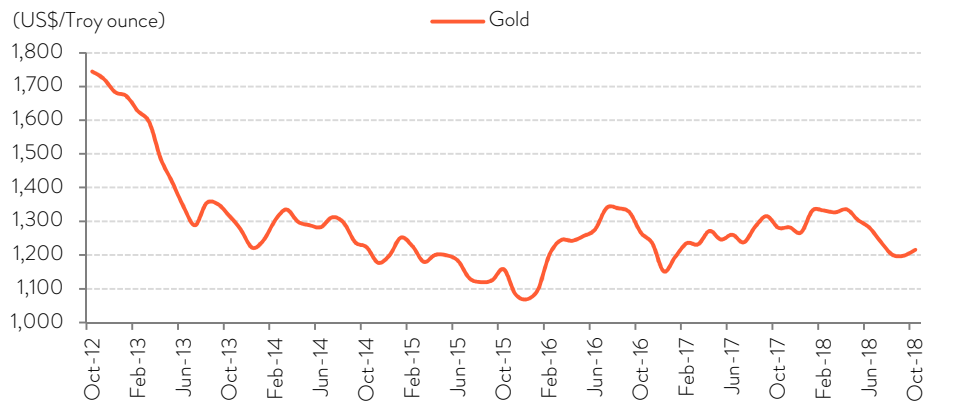
Source: Bloomberg

**FIG 170 – INR AND IDR AMONGST THE WORST PERFORMING ASIAN CURRENCIES IN CYTD18**



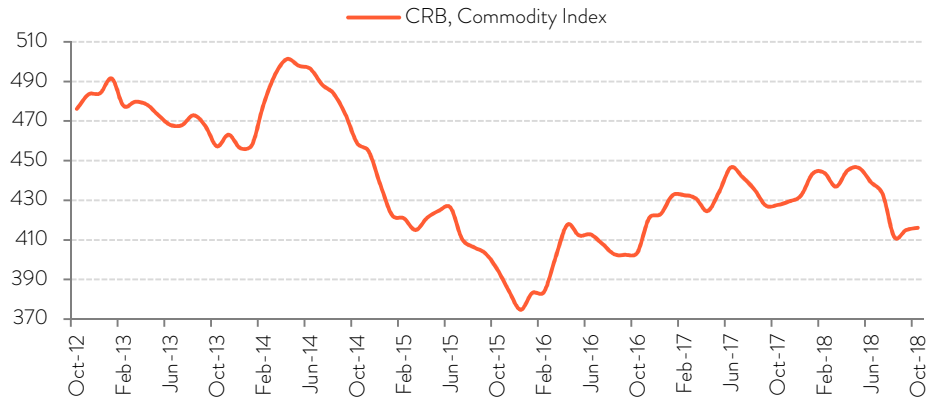
Source: Bloomberg | \*As on 31 Oct 2018

**FIG 172 – GOLD PRICES ALSO INCHED UP IN OCT'18**



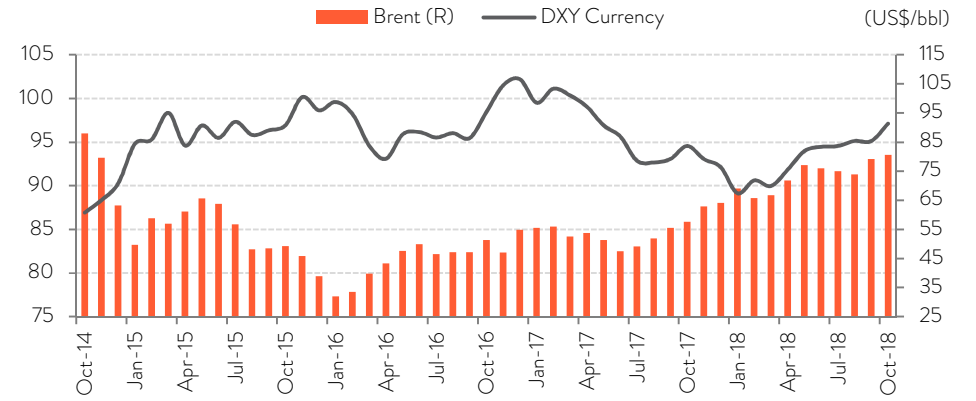
Source: Bloomberg

**FIG 173 – ...RISE IN ENERGY AND GOLD PRICES LED COMMODITY INDEX RISE IN OCT'18**



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

**FIG 174 – BOTH DXY AND BRENT INCHED UP IN OCT'18**



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

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