

# India Economics

## Monthly Chartbook

January 2019

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## Global and domestic growth downturn

**2019 has started on a weak note with global manufacturing slowdown accentuating. India has been seeing its own cyclical slowdown with decelerating auto sales. NBFC stress will add to this. In addition, exports are likely to be hit by global slowdown. On the positive side, oil prices have again fallen and capacity utilisation has increased despite lower spending by centre. Even as global yields have fallen, domestic rates are poised upwards because of wedge between credit and deposit growth and fears of fiscal overshoot. RBI OMOs and change in stance will not be able to change the course of domestic interest rates. This along with FPI inflows and lower oil prices imply INR will remain stable.**

**Subdued consumption:** The downturn in consumption demand continued in Nov'18 as automobile sales and non-oil-non gold imports declined. Adverse base was also an issue. Consumer durables output clocked double digit growth in Oct'18. But subdued rural demand and now decelerating urban demand (dip in passenger traffic) points to cyclical slowdown in demand. NBFC stress will add to this. On the flip side, government may boost demand with farm incentive program.

**Capacity utilisation at 76%:** With centre and states reigning in their fiscal deficit, government led capex has taken a hit. States are doing better as revenue growth is far better this year (15.7%) compared to last year (5.6%). Centre's focus this year is roads and rural with higher

spends in these two ministries. With centre likely to have a large miss on its indirect tax estimates (CGST monthly run-rate is Rs 372bn vs. est. Rs 503bn), capital spending by centre will be muted. Private capex may now be the driver as capacity utilisation is already at 76%.

**RBI to change stance, but interest rates to move up:** With fiscal concerns and government looking at boosting rural demand through incentives, bond yields rose by 42bps from the recent lows. Though on a MoM basis yields are down by 24bps. With credit growth at 15% and deposit growth at 9%, underlying upward pressure on interest rates will continue. Liquidity deficit of Rs 921bn vs Rs 714bn as on Nov'18 suggests upward bias. However, the consistent undershoot on inflation and benign outlook on oil prices suggests that RBI will change its stance sooner than later in Feb'18.

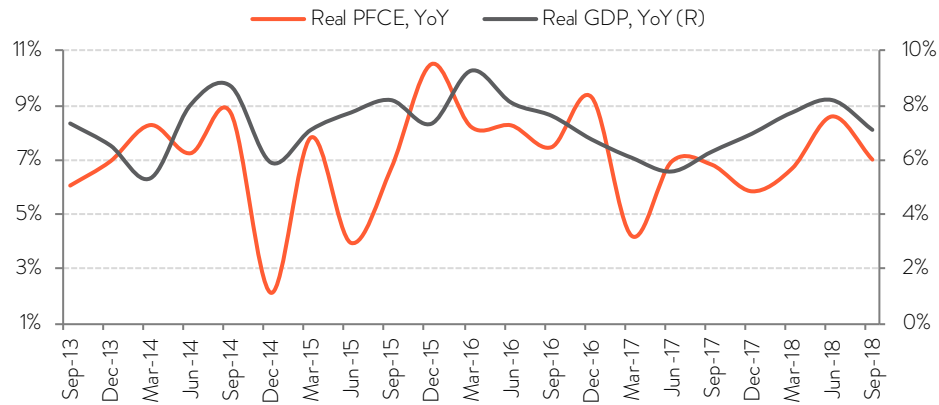
**INR to remain range bound in CY19:** FPI inflows were at US\$ 1.2bn in Dec'18 compared with US\$ 1.8bn in Nov'18. INR depreciated only marginally by (-) 0.3% in Dec'18 versus a sharp appreciation of 6.3% in Nov'18. As a result, it ended the year lower by (-) 8.5%. However, with the change in US Fed's policy of raising rates along with lower oil prices, EM currencies like INR will be in a much better position in 2019.

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

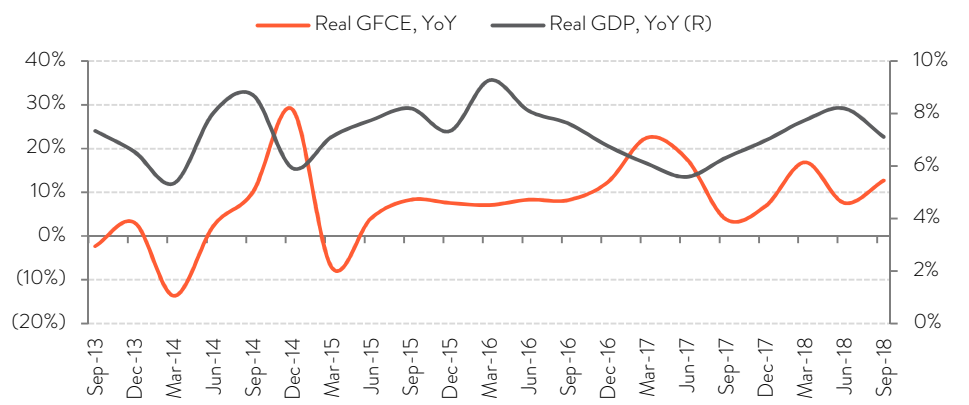
# Consumption

## Final consumption expenditure

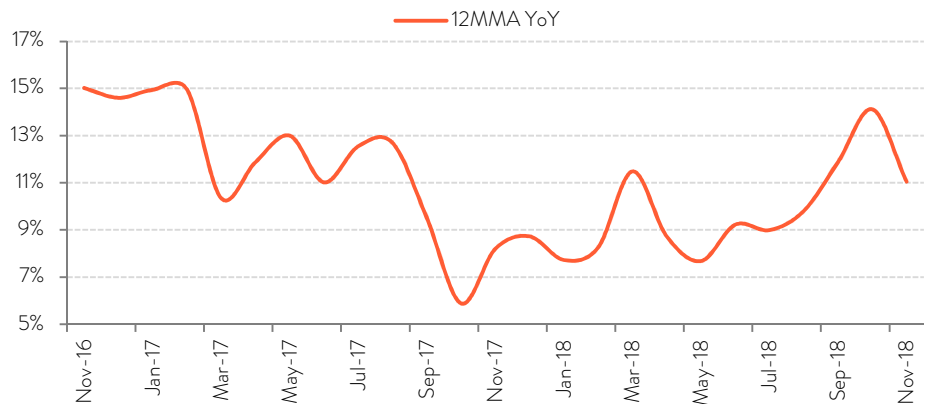
**FIG 1 – CONSUMPTION SLOWED BY 7% IN Q2FY19 AS AGAINST 8.6% IN Q1FY19**



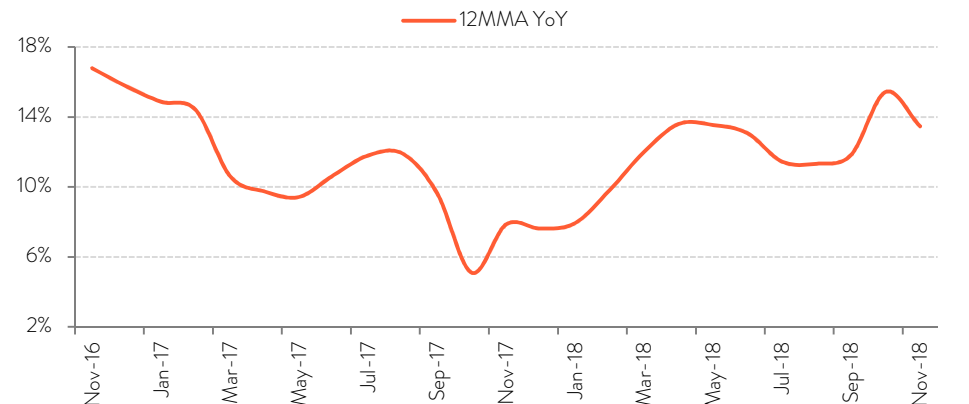
**FIG 2 – GOVERNMENT CONSUMPTION ROSE TO 12.7% IN Q2FY19**



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



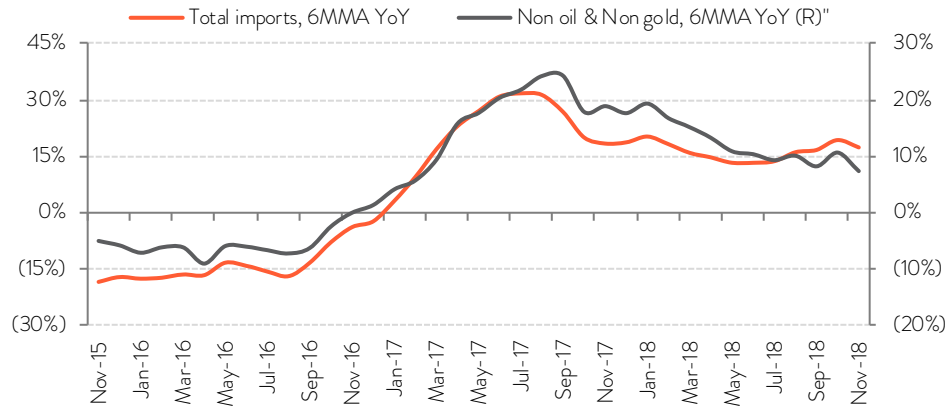
**FIG 4 – ...STATE\* GOV REVENUE SPENDING FOLLOWING SUIT**



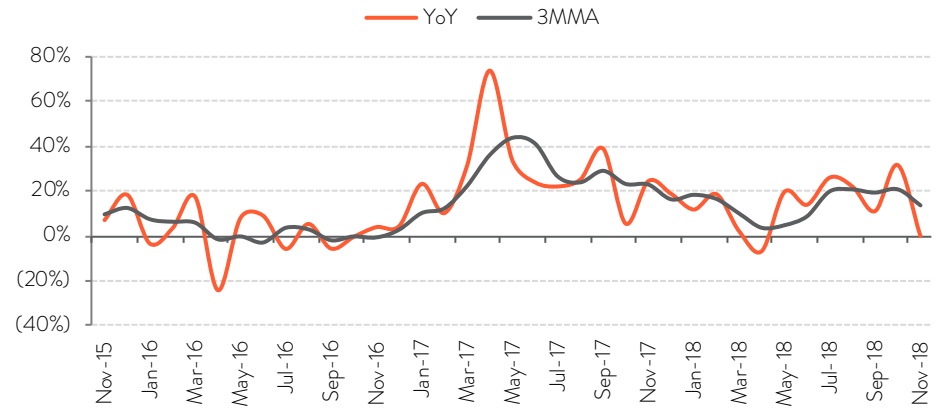
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**Non-oil imports, electronic imports**

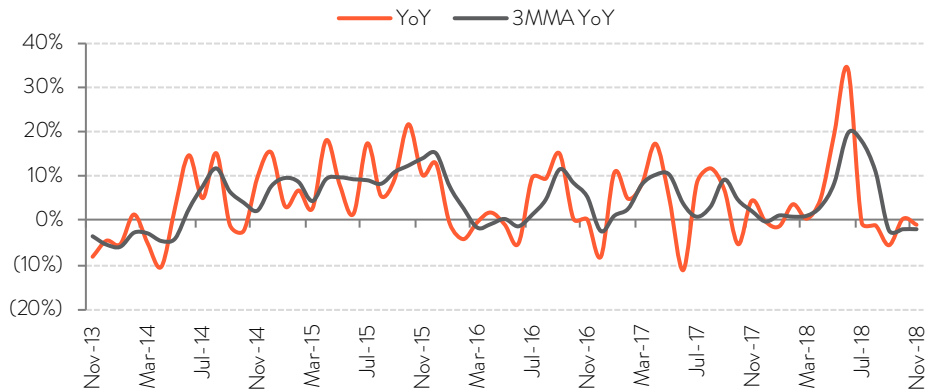
**FIG 5 – NON-OIL-NON-GOLD IMPORTS DROP IN NOV'18**



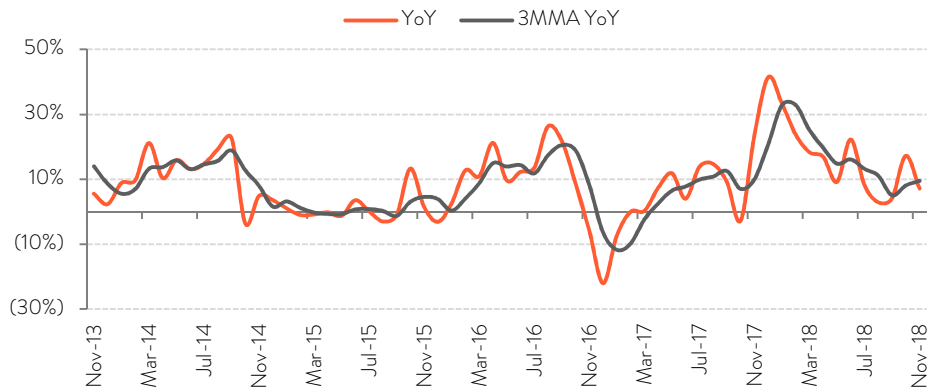
**FIG 6 – ELECTRONIC IMPORT FALLS TO 0.3% IN NOV'18**



**FIG 7 – PASSENGER CAR SALES DIP IN NOV'18**

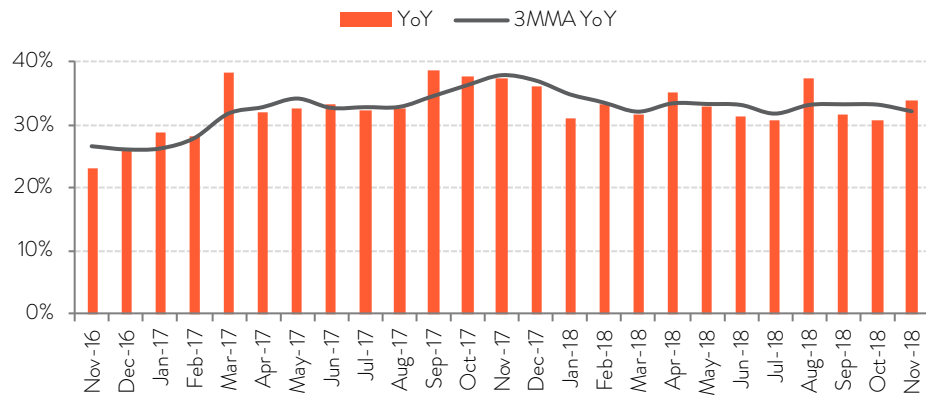


**FIG 8 – TWO-WHEELER SALES DECELERATE IN NOV'18**

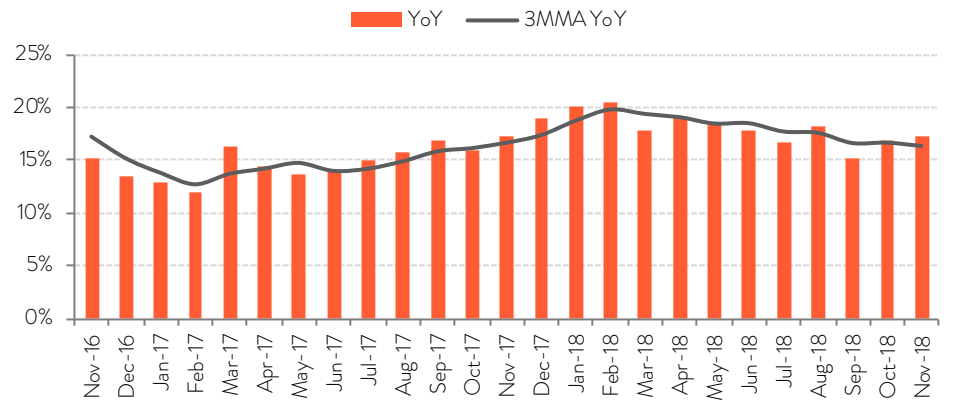


## Credit deployment of personal loans

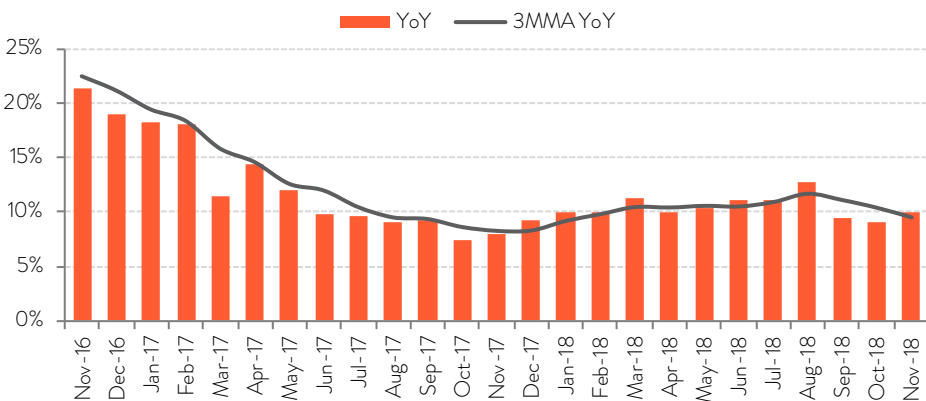
**FIG 9 – GROWTH IMPROVES IN CREDIT CARD OUTSTANDING**



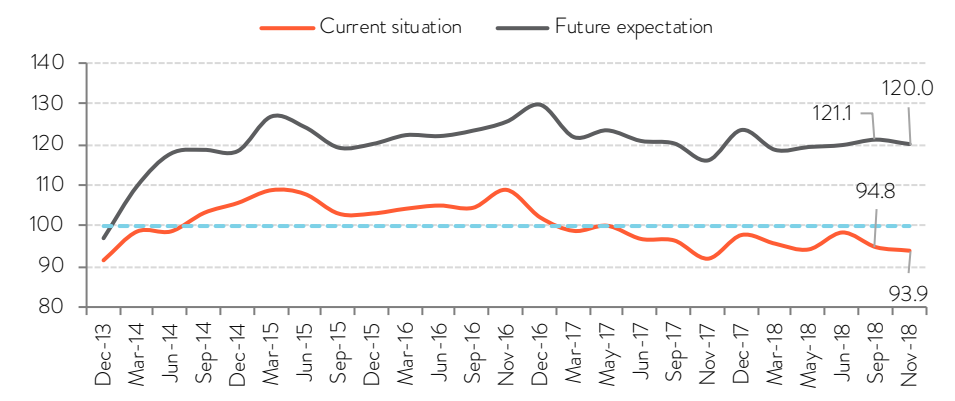
**FIG 10 – PERSONAL LOAN GROWING AT STEADY PACE OF 17% IN NOV'18**



**FIG 11 – VEHICLE LOANS IMPROVE TO 10% IN NOV'18**

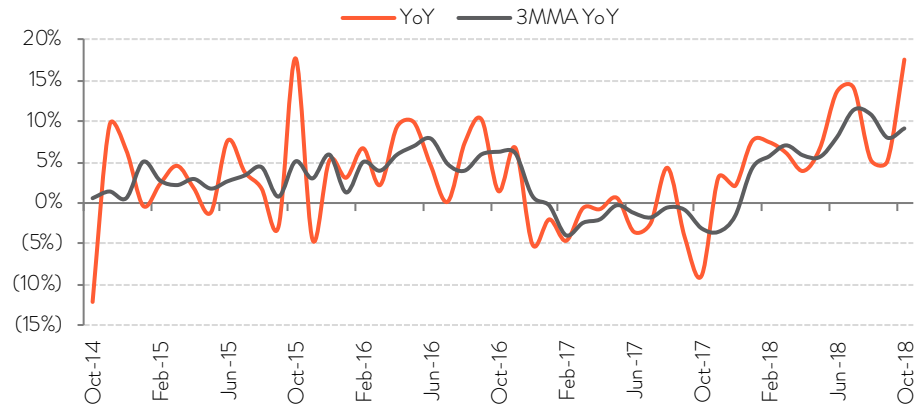


**FIG 12 – CONSUMER CONFIDENCE MODERATES**

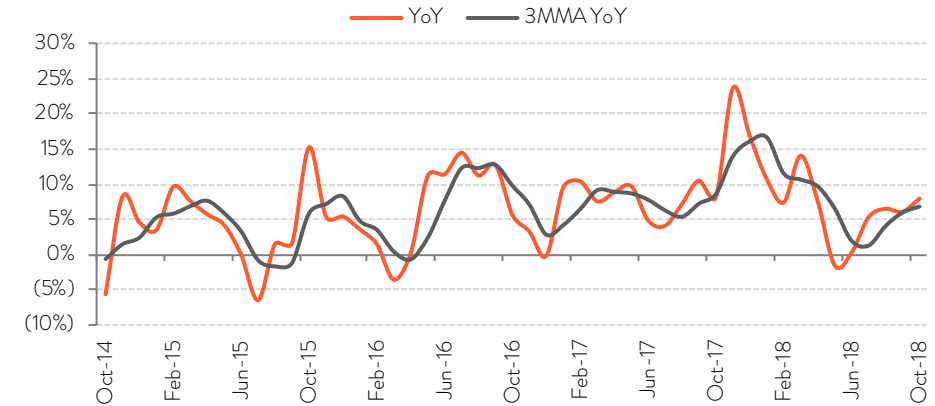


**Consumer durables & non-durables production**

**FIG 13 – CONSUMER DURABLES SHOOT UP IN OCT'18**

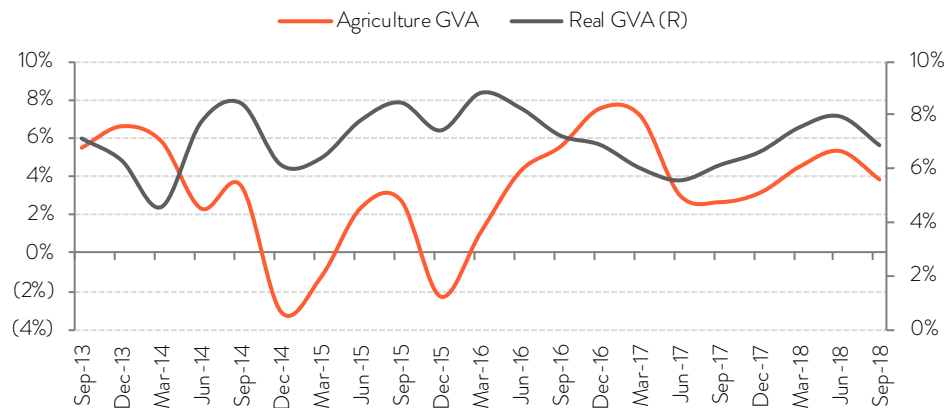


**FIG 14 – FMCG OUTPUT TOO IMPROVES**

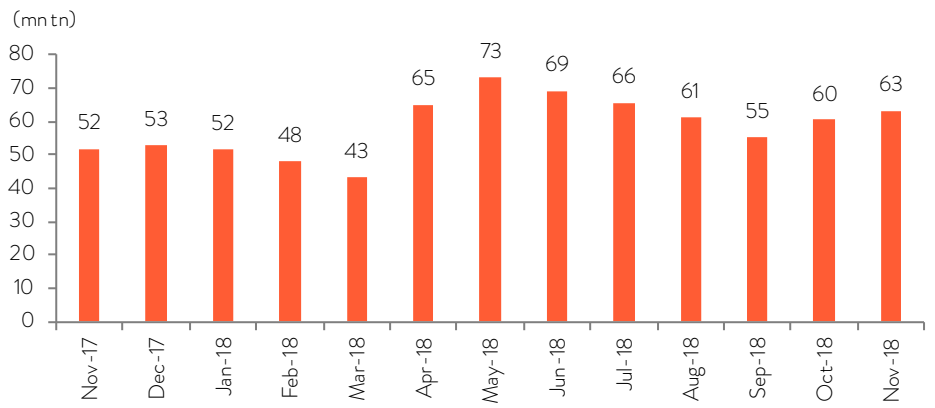


**Agriculture**

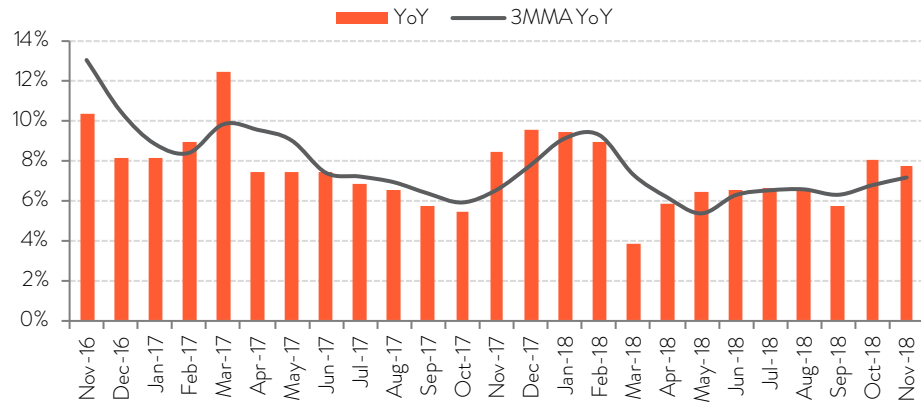
**FIG 15 – AGRICULTURE GROWTH DROPS TO 3.8% IN Q2FY19 (2.6% IN Q2FY18)**



**FIG 16 – STOCK OF FOODGRAINS ROSE TO 63 MN TN IN NOV'18 COMPARED TO 52 MN TN IN NOV'17**



**FIG 17 – AGRICULTURE CREDIT REMAINS STEADY IN NOV'18**

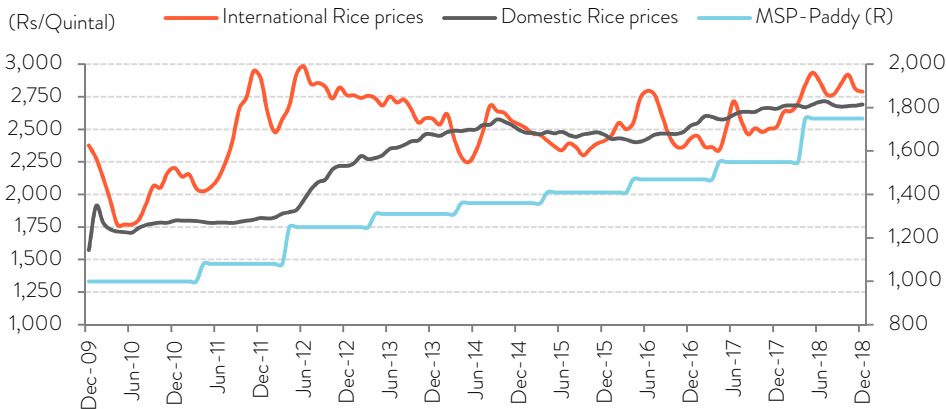


**FIG 18 – RICE PROCUREMENT IS HIGHER THAN WHEAT**

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	38.19
2018-19*	35.80	18.25

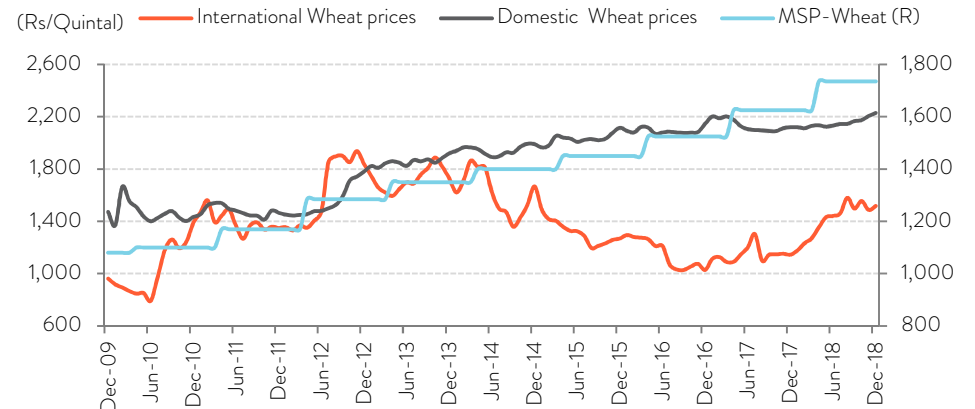
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 30 Nov 2018

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



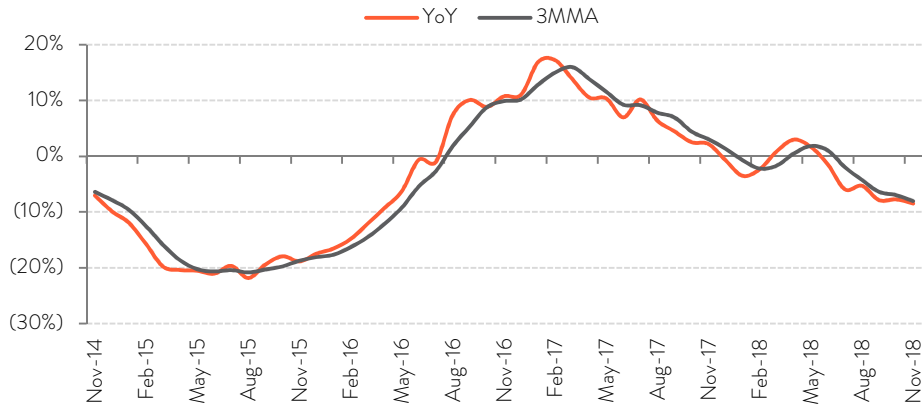
Source: World Bank

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

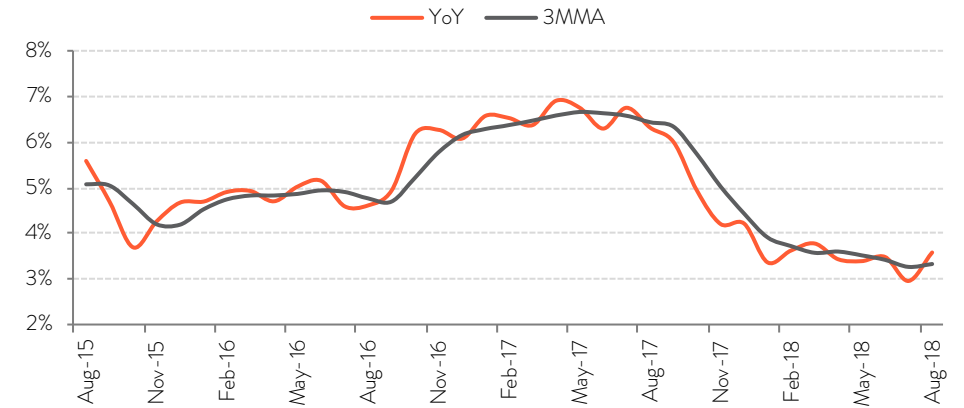


Source: World Bank

**FIG 21 – GLOBAL FOOD PRICES DECLINE FURTHER IN NOV'18**



**FIG 22 – RURAL WAGES (MEN) GROW IN AUG'18**



**FIG 23 – RABI SOWING DECLINES**

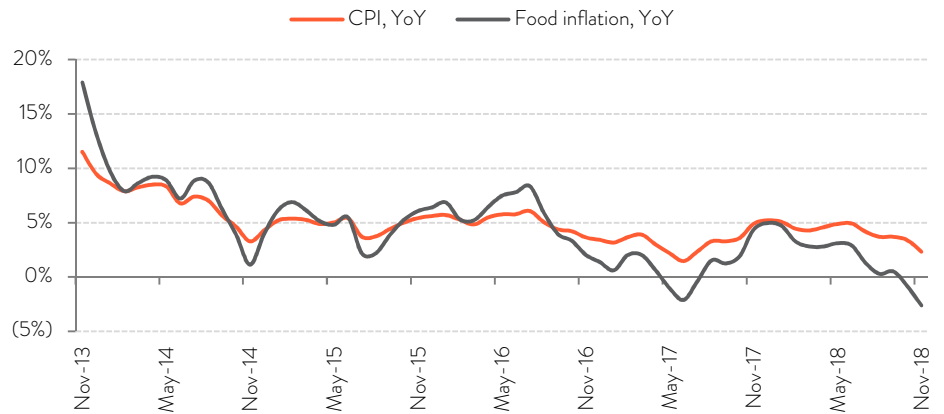
Crop type (ha mn)	Normal area as on date	Area sown in 2018-19	Area sown in 201-18	Normal area for whole Rabi Season	Growth (YoY %)
Wheat	29.3	28.8	28.4	30.6	1.7
Rice	1.6	1.4	1.9	4.2	(24.8)
Coarse Cereals	5.4	4.3	5.2	6.5	(17.3)
Pulses	14.1	14.4	15.3	14.1	(6.4)
Oilseeds	7.9	7.5	7.6	8.1	(1.5)
<b>Total</b>	<b>58.3</b>	<b>56.4</b>	<b>58.4</b>	<b>63.4</b>	<b>(3.4)</b>

Note: As on 4 Jan 2019

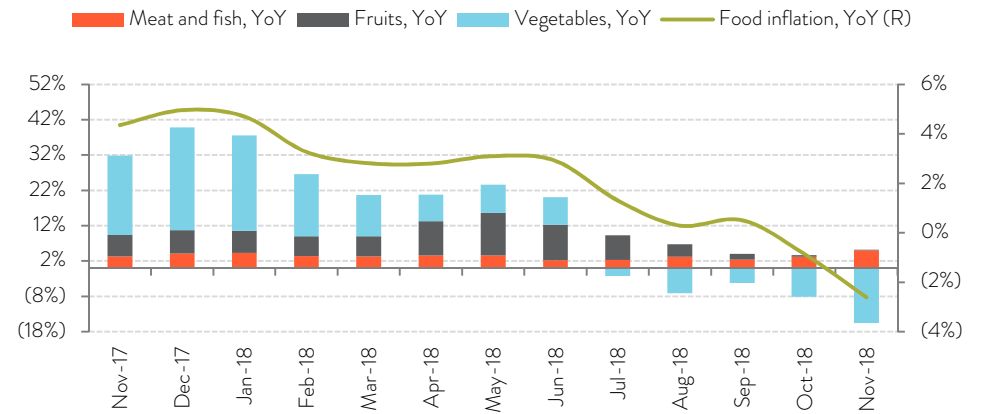


## Inflation

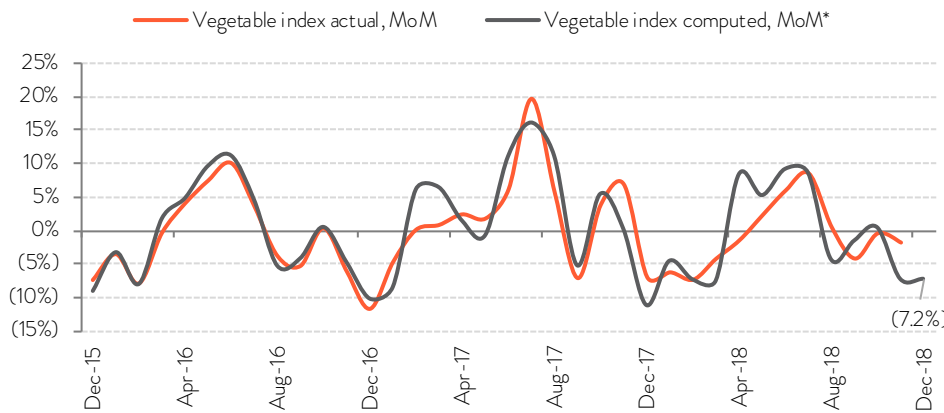
**FIG 24 – RETAIL INFLATION PLUNGED TO ITS 17-MONTH LOW OF 2.3% IN NOV'18 VS 3.4% IN OCT'18 LED BY FOOD**



**FIG 25 – ...FOOD INFLATION DECLINED BY (-) 2.6% IN NOV'18 LED BY VEGETABLES.**

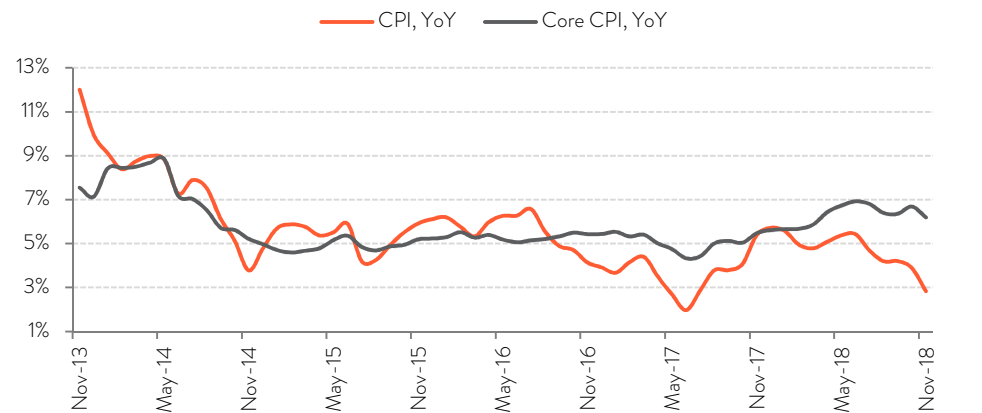


**FIG 26 – THE TREND OF FALLING VEGETABLE PRICES IS ALSO SEEN IN DEC'18**

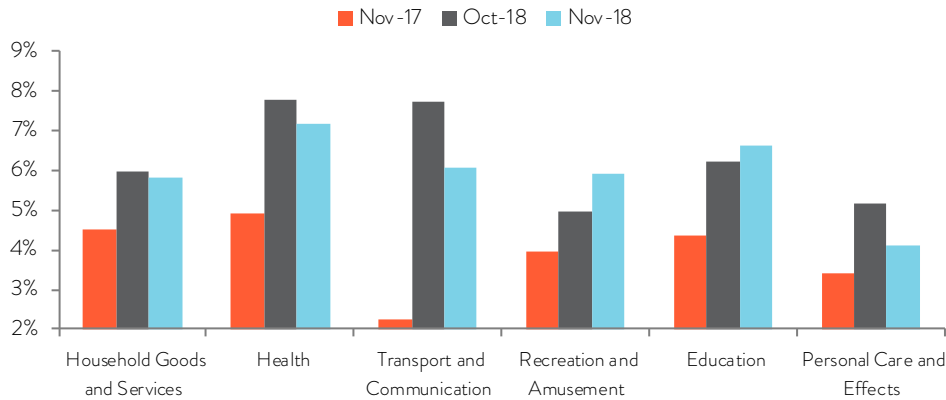


Source: NHB | \*Vegetable index computed using average retail price of major items

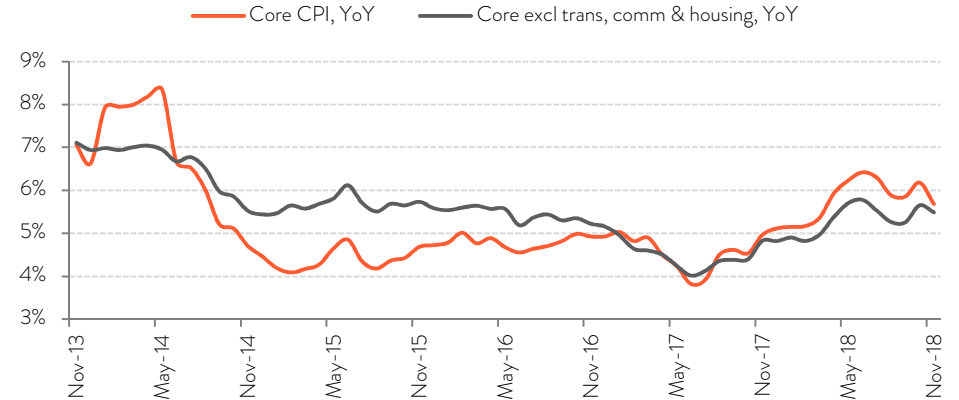
**FIG 27 – CPI EXCL. FOOD & FUEL DECLINED BY 50BPS TO 5.7% IN NOV'18 VS 6.2% IN OCT'18**



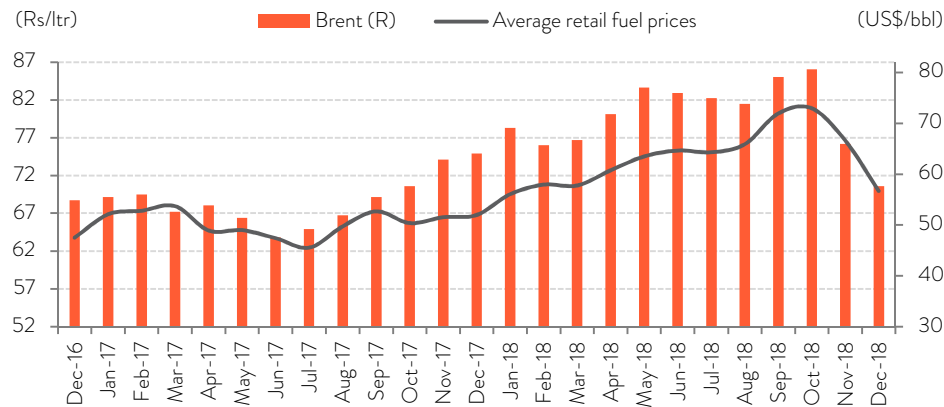
**FIG 28 – WITHIN CORE, APART FROM RECREATION & EDUCATION, INFLATION OF ALL ITEMS EDGED DOWN IN NOV'18**



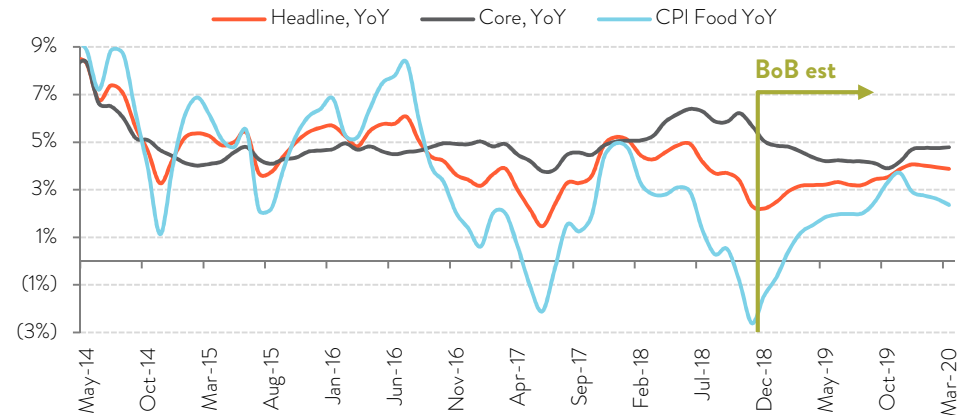
**FIG 29 – CORE CPI EXCL. TRANSPORT, COMMUNICATION & HOUSING ALSO FELL BY 20BPS TO 5.5% IN NOV'18**



**FIG 30 – RETAIL PRICES OF PETROL & DIESEL DECLINED BY 9% (RS 69.9/LT IN DEC'18 VS RS 76.6/LT IN NOV'18); LED BY FALLING CRUDE PRICES**

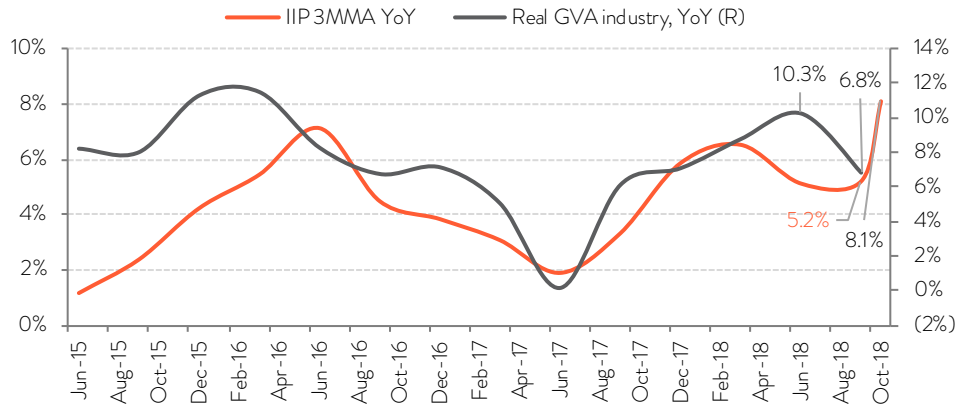


**FIG 31 – HEADLINE CPI IS EXPECTED TO BE 3.5% IN FY19 & 3.6% IN FY20**



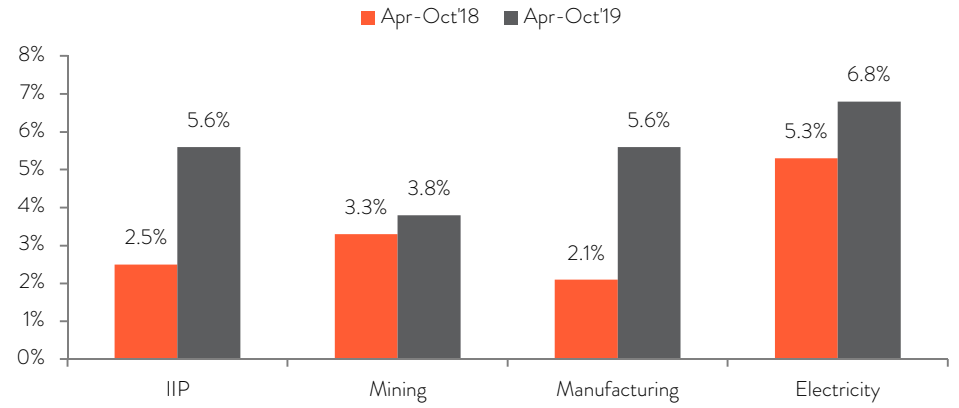
## Industry

**FIG 32 – INDUSTRIAL OUTPUT IMPROVES IN OCT'18**

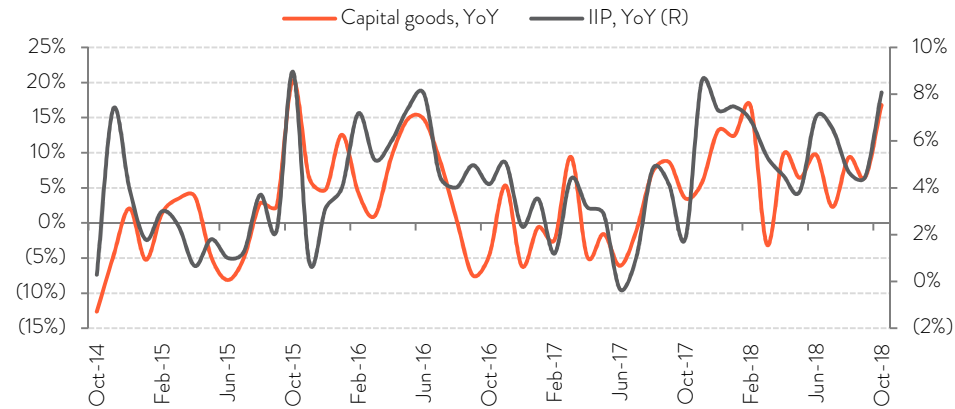


Note: IIP for Oct'18 is on a YoY basis

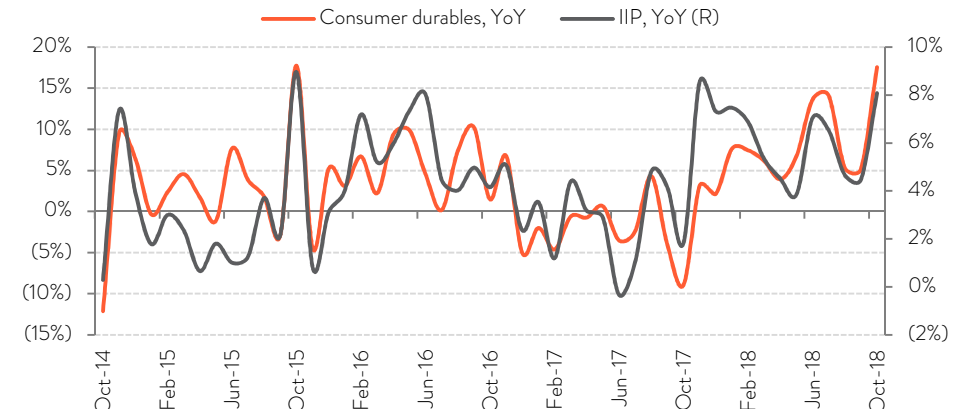
**FIG 33 – BROAD BASED IMPROVEMENT ON YOY BASIS**



**FIG 34 – CAPITAL GOODS PUSHED IIP UPWARDS**



**FIG 35 – CONSUMER DURABLES GOODS DOING THE SAME**

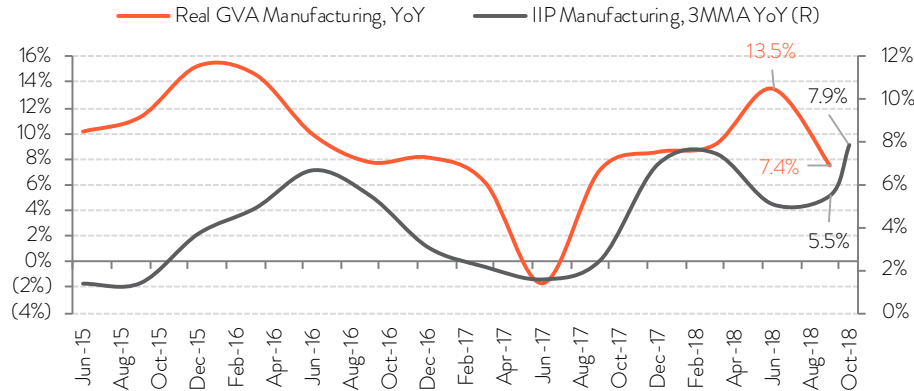


**FIG 36 – INDUSTRIAL PRODUCTION ACCELERATES TO 8.1% IN OCT'18**

Sectoral (%)	Weight	Oct-18	Sep-18	Oct-17	Apr-Oct'18	Apr-Oct'17
IIIP	100.0	8.1	4.5	1.8	5.6	2.5
Mining	14.4	7.0	0.1	(0.2)	3.8	3.3
Manufacturing	77.6	7.9	4.6	2.0	5.6	2.1
Electricity	8.0	10.8	8.2	3.2	6.8	5.3
<b>Use-Based</b>						
Primary Goods	34.1	6.0	2.6	2.4	5.1	3.5
Capital Goods	8.2	16.8	6.5	3.5	8.7	0.7
Intermediate Goods	17.2	1.8	1.5	0.2	1.4	0.2
Infrastructure and Construction Goods	12.3	8.7	9.3	5.8	8.7	2.6
Consumer Durables Goods	12.8	17.6	5.2	(9)	9.4	(2.2)
Consumer Non-Durables Goods	15.3	7.9	6.1	8.2	4.5	7.6

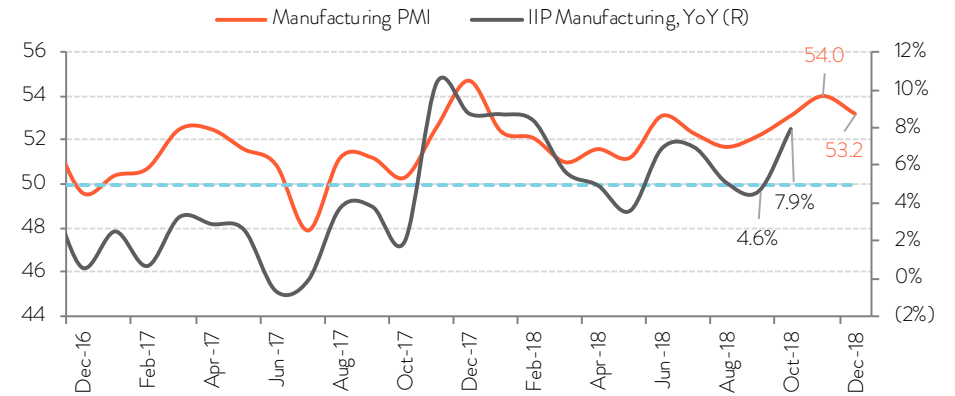
## Manufacturing

**FIG 37 – MANUFACTURING ACTIVITY UP BY 8% IN OCT'18**



Note: IIP for Oct'18 is on a YoY basis

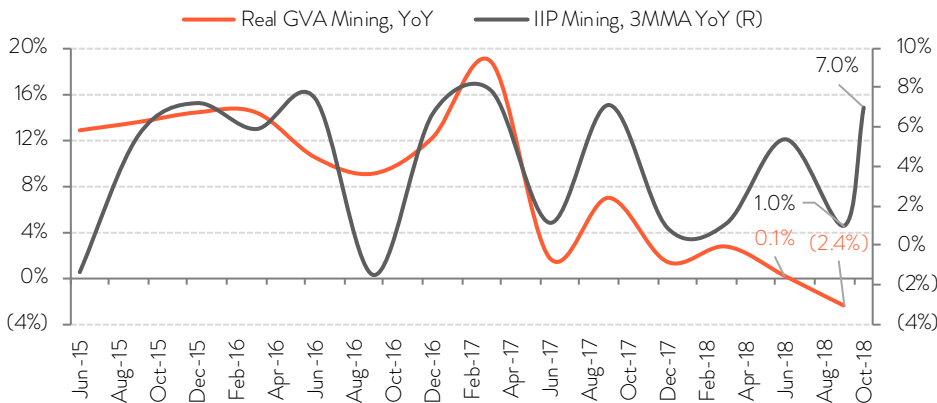
**FIG 38 – MANUFACTURING PMI EASES IN DEC'18**



Source: Markit

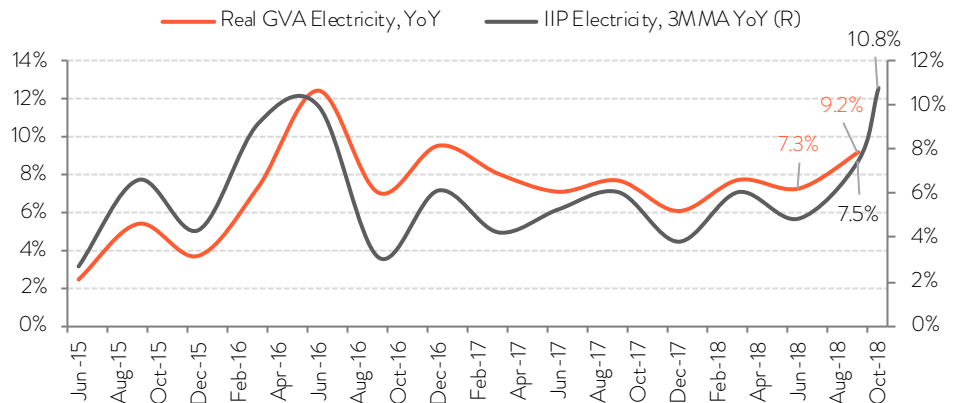
## Mining & Electricity

**FIG 39 – MINING ACTIVITY RISES TO 7% IN OCT'18**



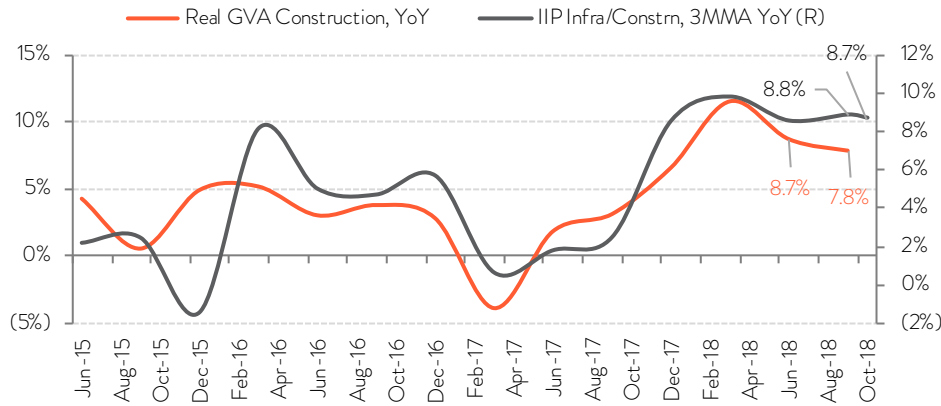
Note: IIP for Oct'18 is on a YoY basis

**FIG 40 – ELECTRICITY CLOCKS DOUBLE DIGIT GROWTH IN OCT'18**



## Infrastructure and Construction

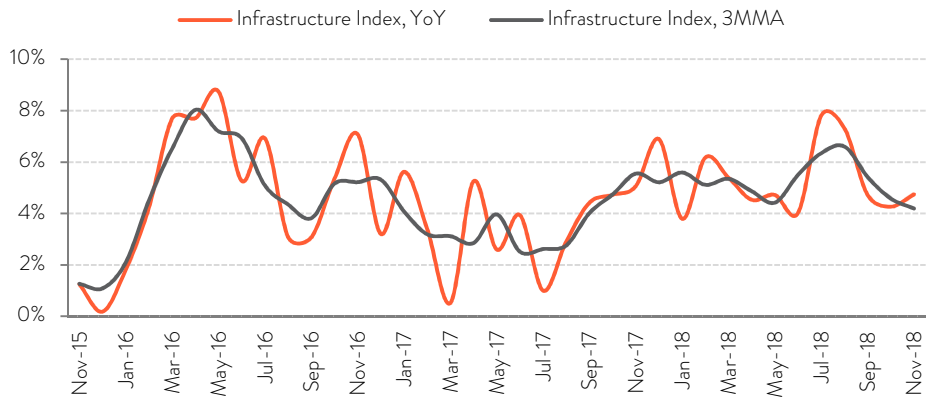
**FIG 41 – CONSTRUCTION SECTOR GROWTH STEADY**



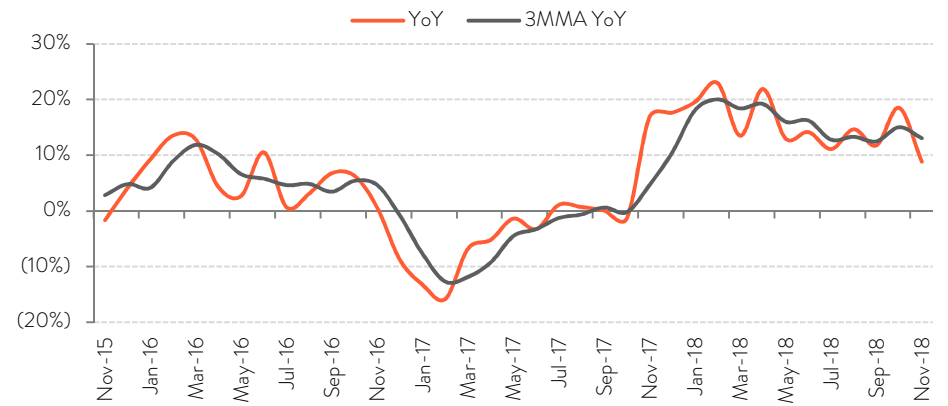
Note: IIP for Oct'18 is on a YoY basis

## Infrastructure Index

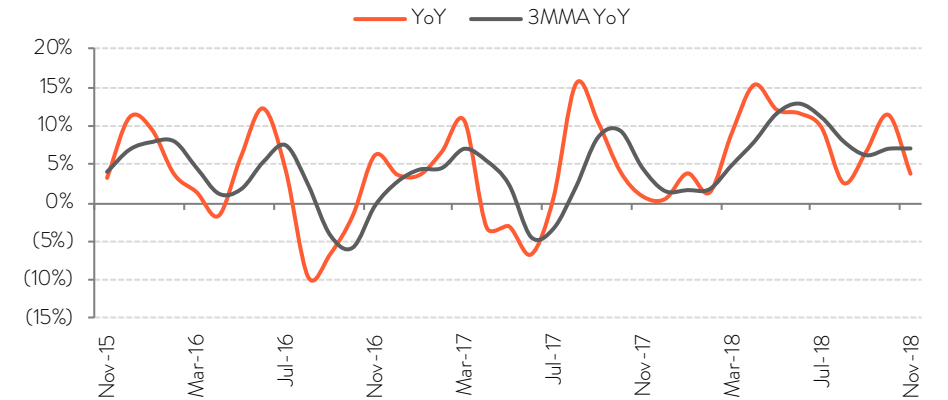
**FIG 43 – INFRA INDEX EASES FURTHER TO 3.5% IN NOV'18**



**FIG 42 – CEMENT PRODUCTION MODERATES IN NOV'18**

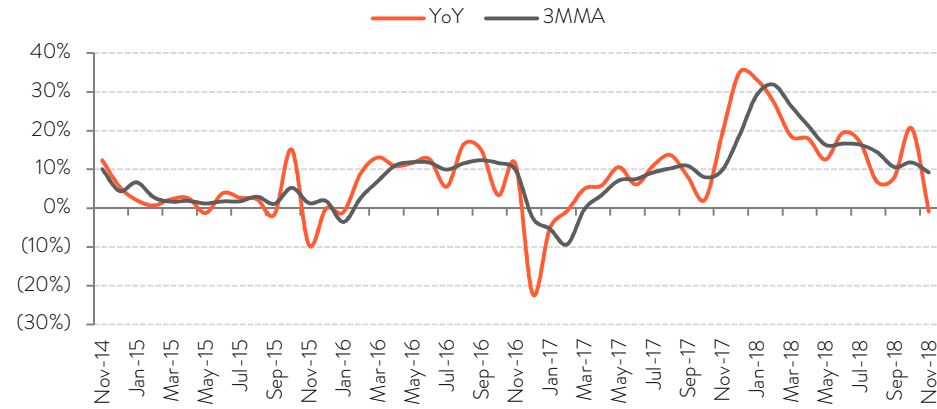


**FIG 44 – COAL PRODUCTION DOWN TO 3.7% IN NOV'18**

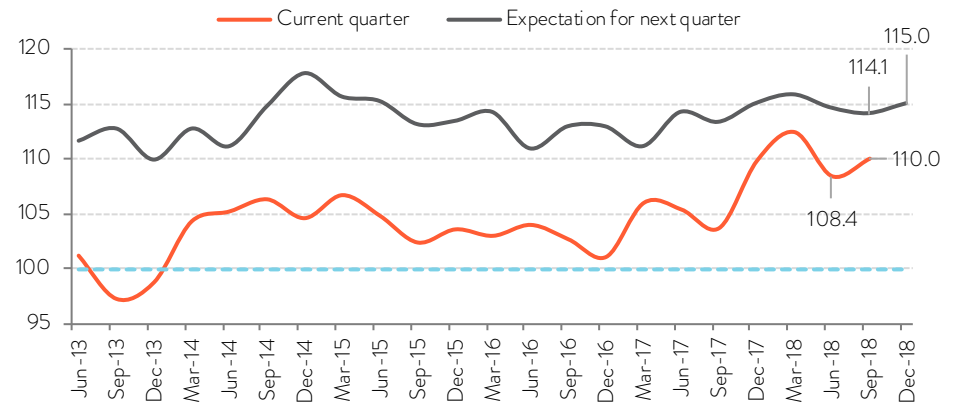


**Auto production & Business expectation index**

**FIG 45 – AUTO PRODUCTION DECLINES IN NOV'18**



**FIG 46 – BUSINESS SENTIMENT REMAINS OPTIMISTIC**

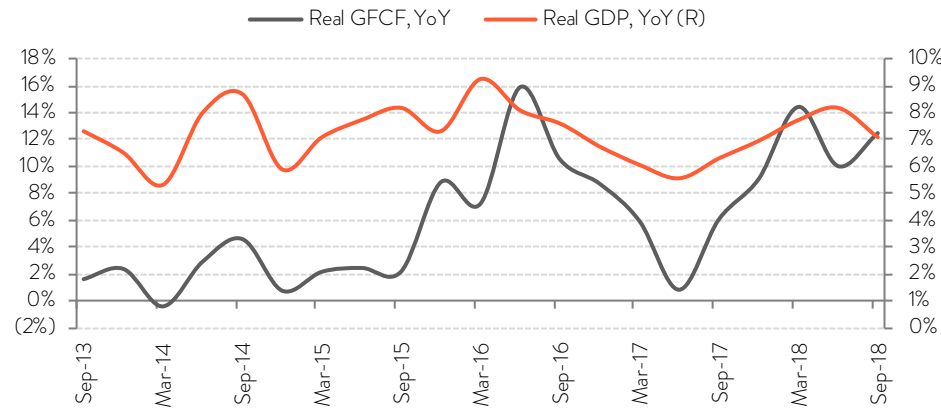


**FIG 47 – INFRASTRUCTURE INDEX DROPS TO 3.5% IN NOV'18**

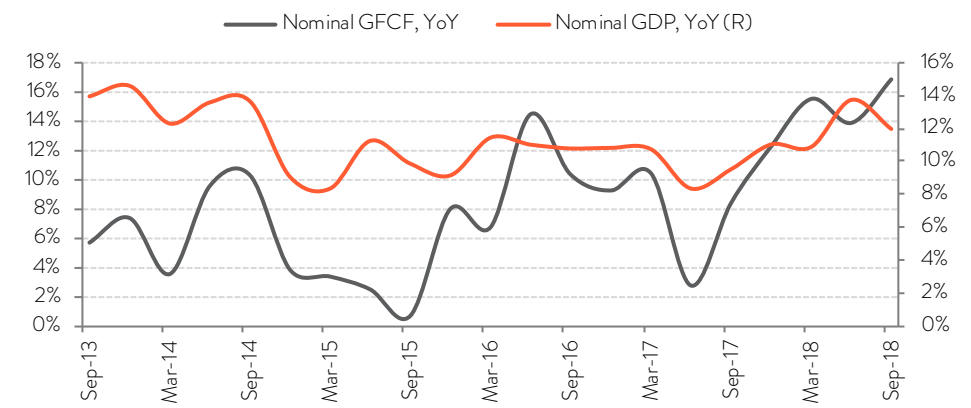
(%)	Weight	Nov-18	Oct-18	Sep-18	Nov-17
Infrastructure Index	100	3.5	4.8	4.3	6.9
Coal	10.3	3.7	11.3	6.4	0.7
Crude Oil	9.0	(3.5)	(5.0)	(4.2)	0.2
Natural Gas	6.9	0.5	(0.9)	(1.7)	2.4
Petroleum Refinery Products	28.0	2.3	1.3	2.5	8.2
Fertilizers	2.6	(8.1)	(11.5)	2.5	0.3
Steel	17.9	6.0	2.6	3.2	14.5
Cement	5.4	8.8	18.4	11.8	16.9
Electricity	19.9	5.4	10.9	8.2	3.9

## Investment

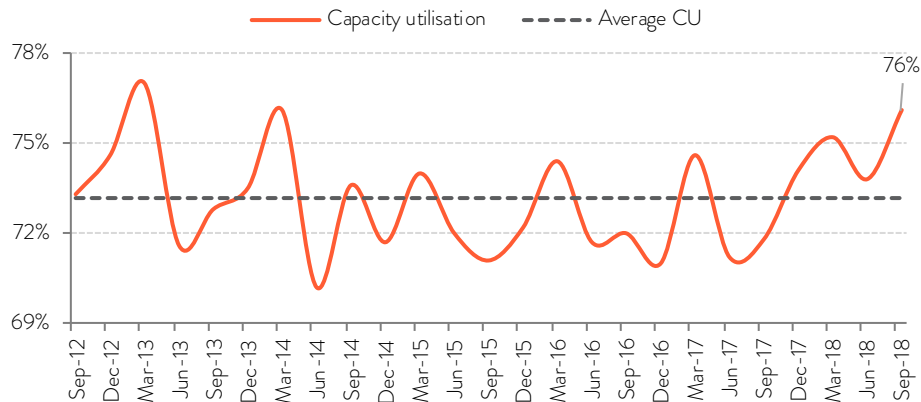
**FIG 48 – REAL GFCF GROWTH SHOT UP SIGNIFICANTLY TO 12.5% IN Q2FY19 VS 10% IN Q1FY19**



**FIG 49 – NOMINAL GFCF ALSO PICKED UP SHARPLY TO 16.8% IN Q2FY19 VS 13.9% IN Q1FY19**

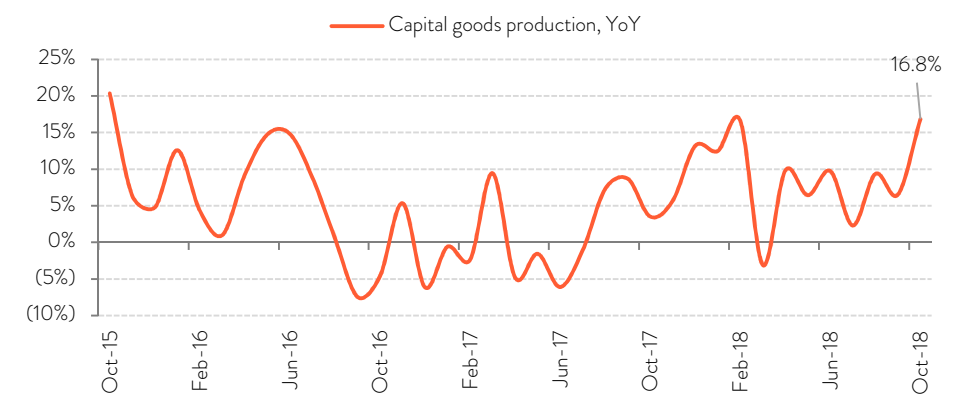


**FIG 50 – CAPACITY UTILISATION PICKED UP TO 76% IN Q2FY19, FAR ABOVE THE AVERAGE**



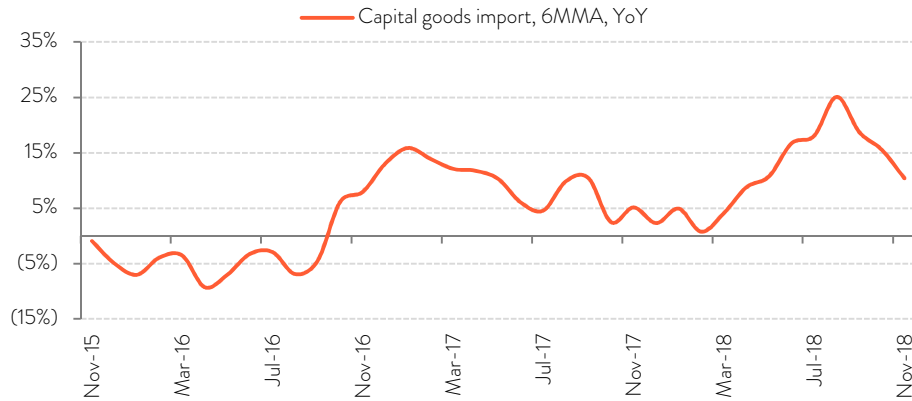
Source: Data for Sep'18 taken from RBI policy

**FIG 51 – CAPITAL GOODS PRODUCTION INCREASED AT A FASTER PACE OF 16.8% IN OCT'18 LED BY FAVOURABLE BASE**

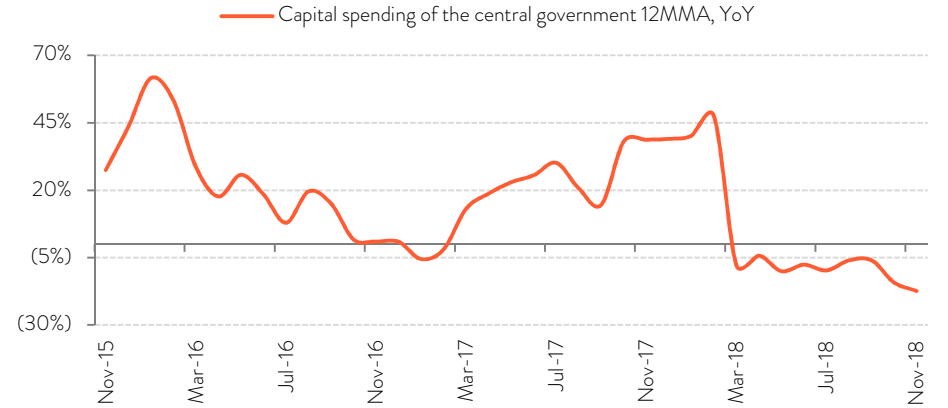




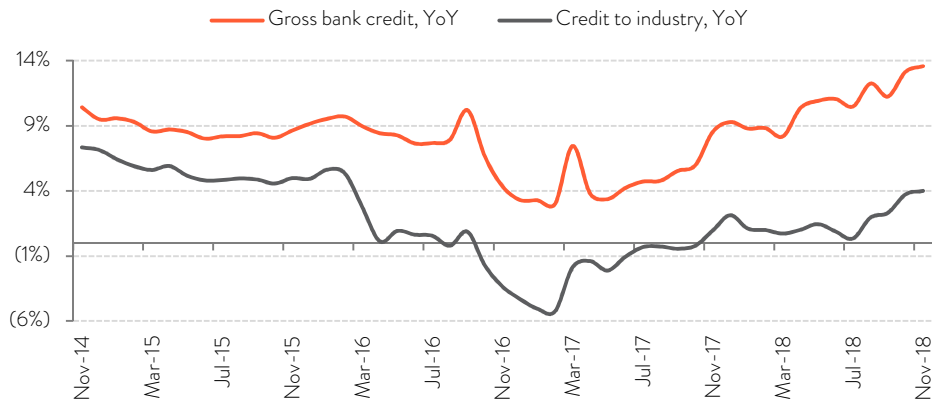
**FIG 52 – ... CAPITAL GOODS IMPORT ON A 6MMA BASIS GREW BY 10% WHICH IS LOWER COMPARED TO 16% GROWTH IN OCT'18**



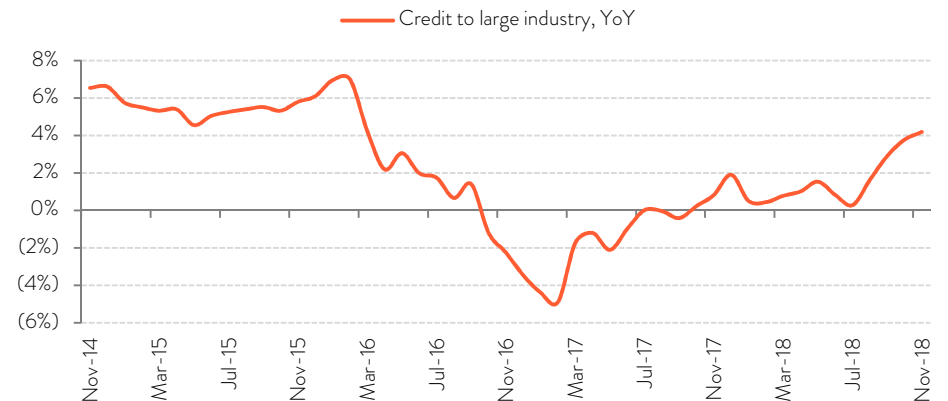
**FIG 53 – CENTRAL GOVERNMENT'S CAPEX SPENDING DECLINED IN NOV'18 DUE TO FISCAL CONSOLIDATION**



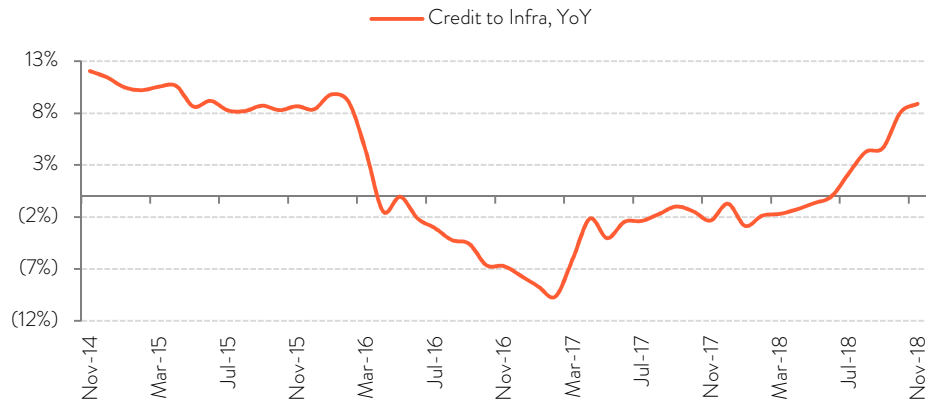
**FIG 54 – INDUSTRY CREDIT PICKED UP TO 4% IN NOV'18 VS 3.7% IN OCT'18**



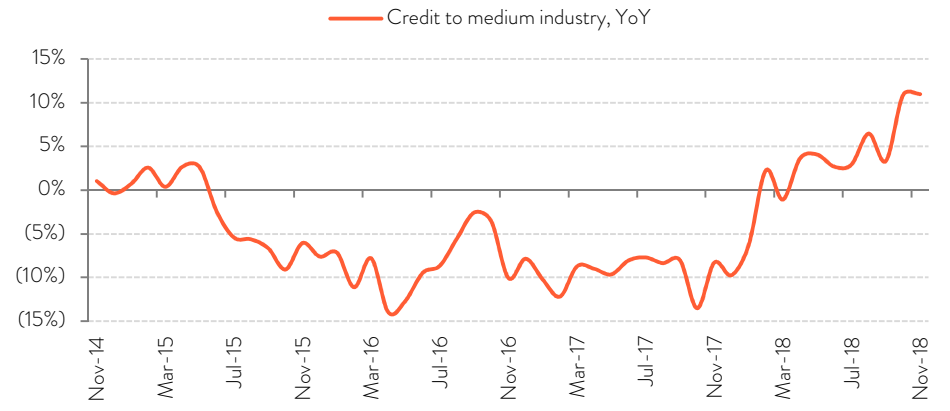
**FIG 55 – ...LED BY SIGNIFICANT CREDIT OFFTAKE TO LARGE INDUSTRY**



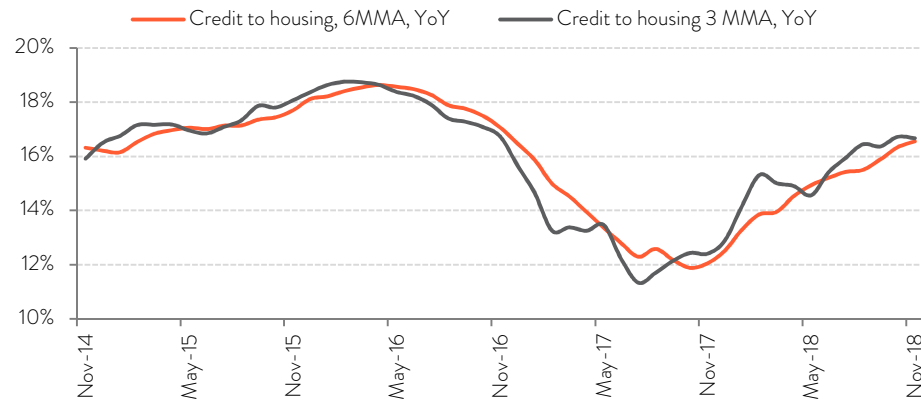
**FIG 56 – CREDIT TO INFRA ALSO PICKED UP TO 8.9% IN NOV'18 VS 8% IN OCT'18**



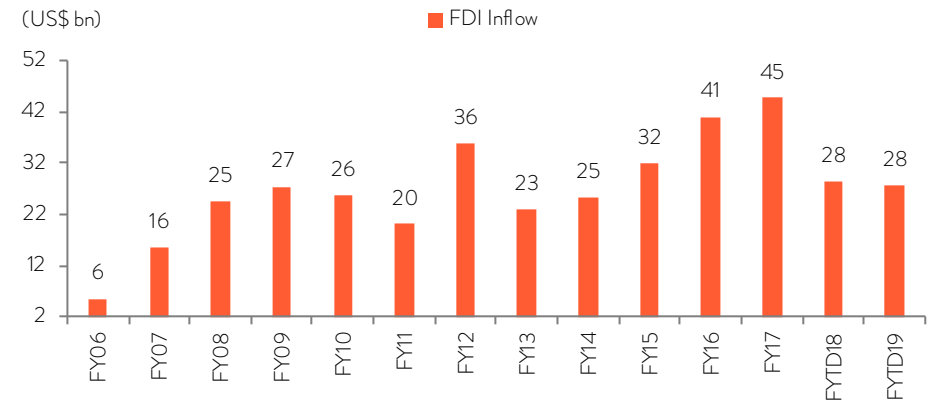
**FIG 57 – ...CREDIT TO MEDIUM INDUSTRY ALSO ROSE SHARPLY BY 11% IN NOV'18 VS 10.9% IN OCT'18**



**FIG 58 – CREDIT TO HOUSING MAINTAINED ITS PACE AND GREW BY 17% ON A 6MMA & 3MMA BASIS IN NOV'18**



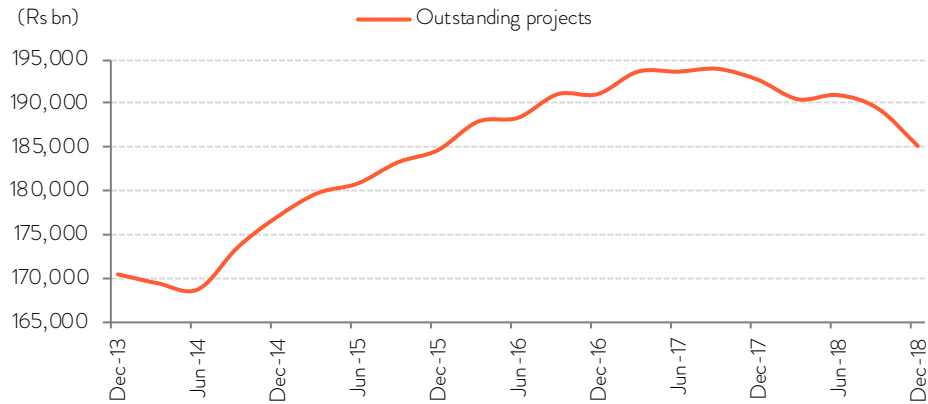
**FIG 59 – FDI INFLOWS REMAINED STABLE IN FYTD19**



Source: DIPP FYTD19: Apr-Oct

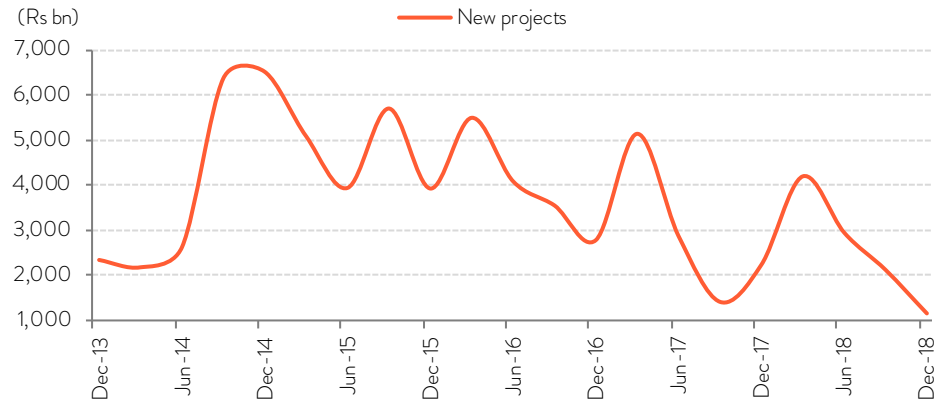
Capex data

**FIG 60 – O/S PROJECTS EDGED DOWN SLIGHTLY TO RS 185TN IN DEC'18 VS RS 189TN IN SEP'18**



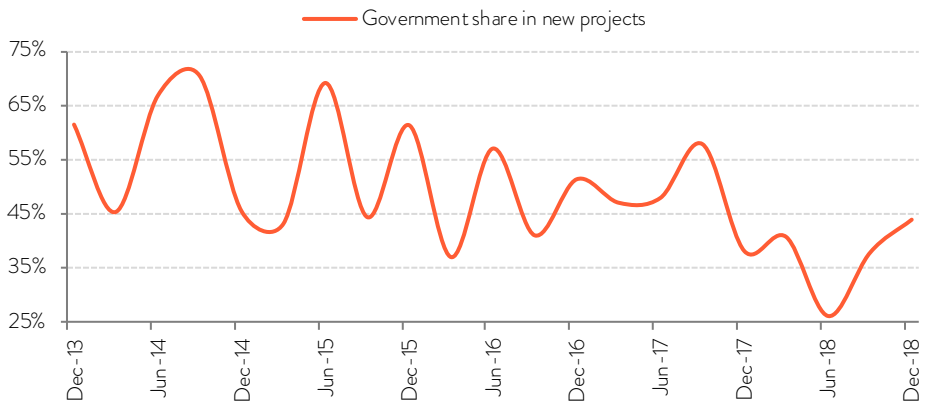
Source: CMIE

**FIG 61 – ...THIS WAS LED BY FALL IN NEW PROJECT ANNOUNCEMENTS TO RS 1.2TN VS RS 2.1TN IN SEP'18**



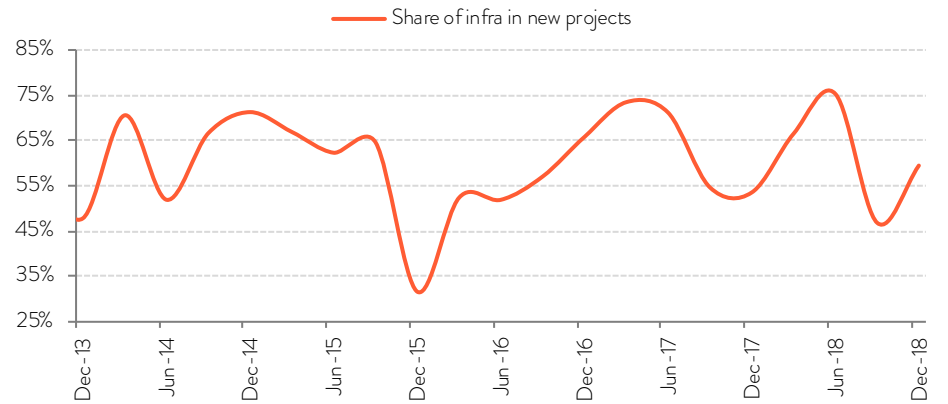
Source: CMIE

**FIG 62 – ...GOVT SHARE IN NEW PROJECTS ROSE TO 44% IN DEC'18**



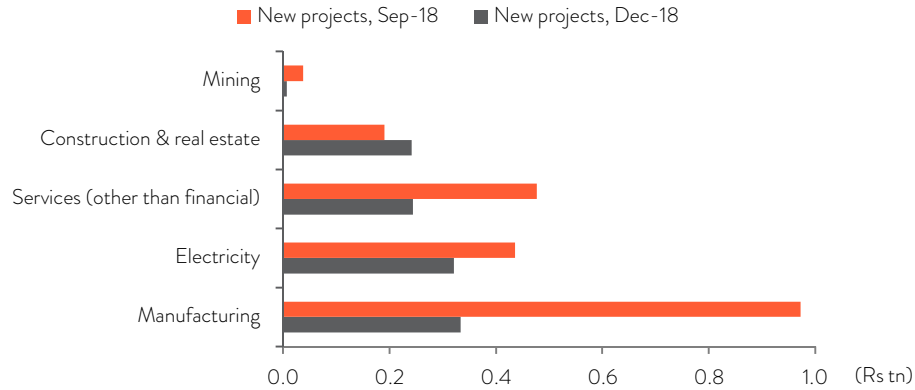
Source: CMIE

**FIG 63 – SHARE OF INFRA IN NEW PROJECTS PICKED UP TO 60% IN DEC'18**



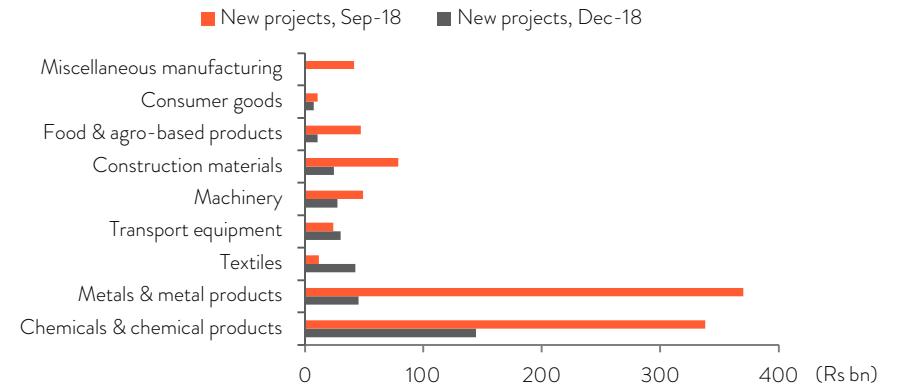
Source: CMIE

**FIG 64 – EXCEPT CONSTRUCTION, MAJOR SECTOR EXHIBITED FALL IN NEW PROJECT ANNOUNCEMENT**



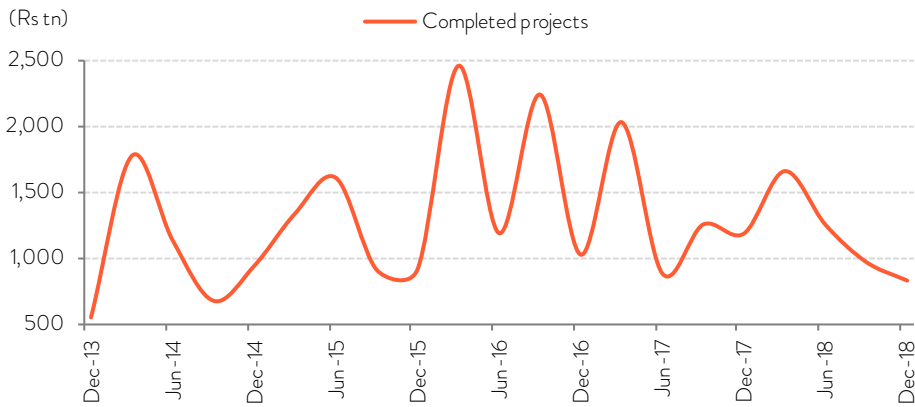
Source: CMIE

**FIG 65 – WITHIN MANUFACTURING, NOTABLE DECLINE WAS OBSERVED FOR METALS & CHEMICAL INDUSTRY**



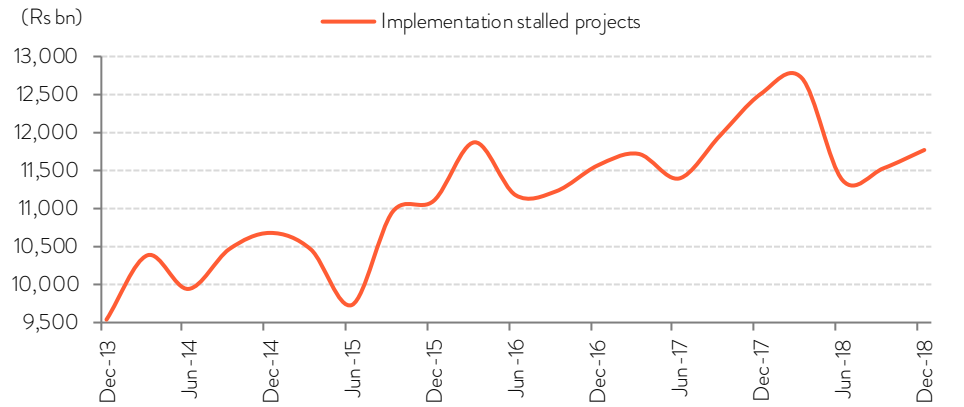
Source: CMIE

**FIG 66 – COMPLETED PROJECTS ALSO FELL TO RS 830TN IN DEC'18 VS RS 969TN IN SEP'18**



Source: CMIE

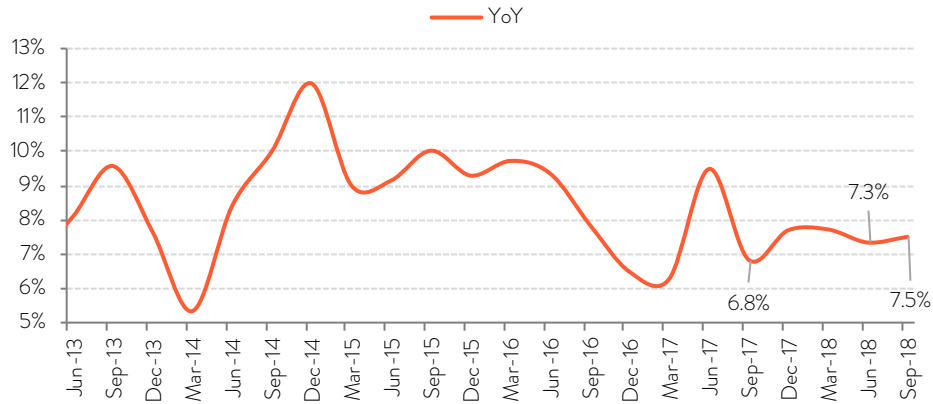
**FIG 67 – IMPLEMENTATION STALLED PROJECTS ALSO PICKED UP IN DEC'18**



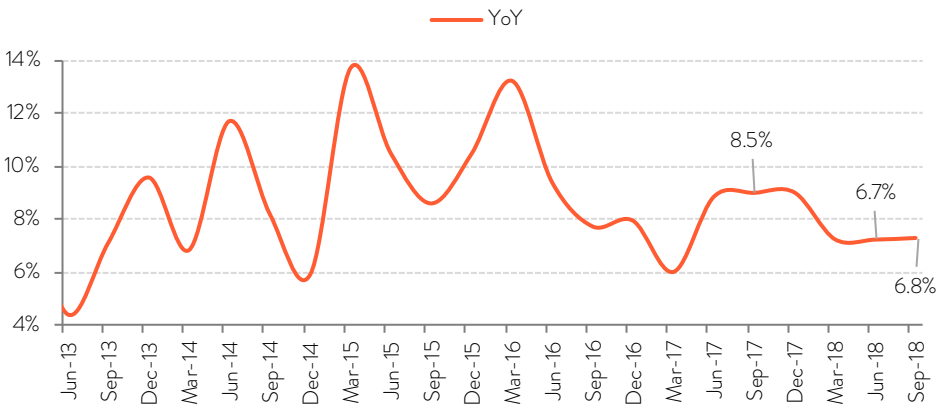
Source: CMIE

## Services sector

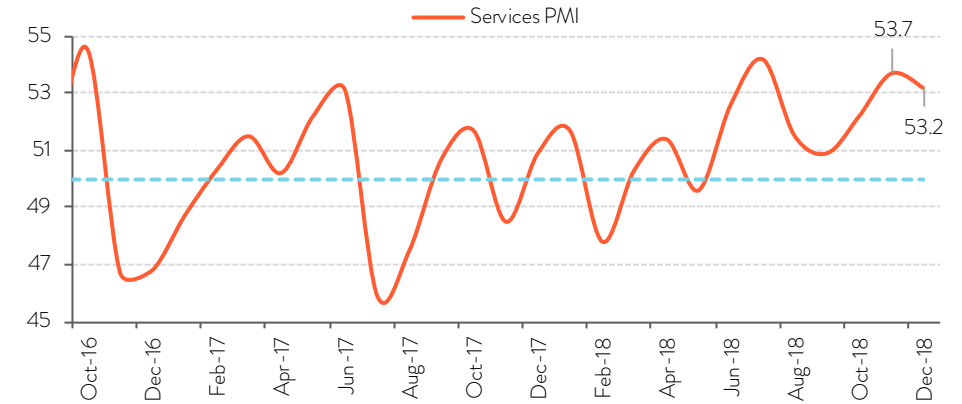
**FIG 68 – GVA: SERVICES ACTIVITY GROWTH REMAINS STAE DY IN Q2FY19**



**FIG 70 – GVA: TRADE & RELATED SERVICES HELD GROUND IN Q2FY19**

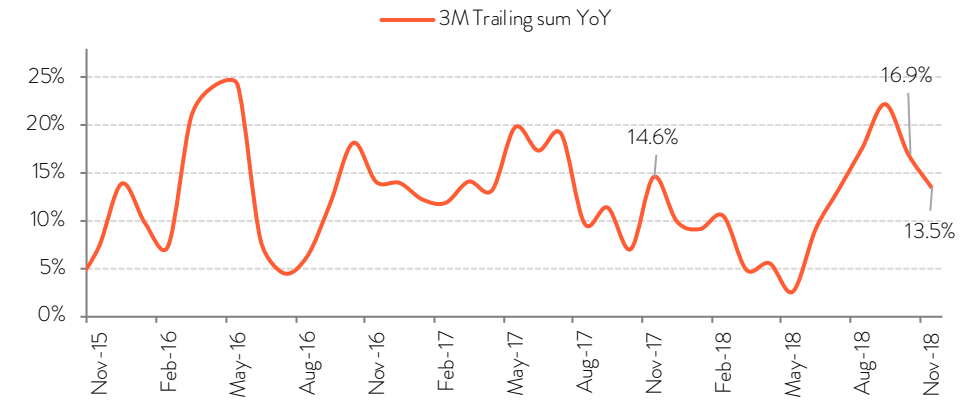


**FIG 69 – SERVICES PMI SLIPS MARGINALLY IN DEC'18, Q3FY19 AVG STILL BETTER (53) THAN Q2FY19 (52.2) & Q3FY18 (50.4)**



Source: Markit

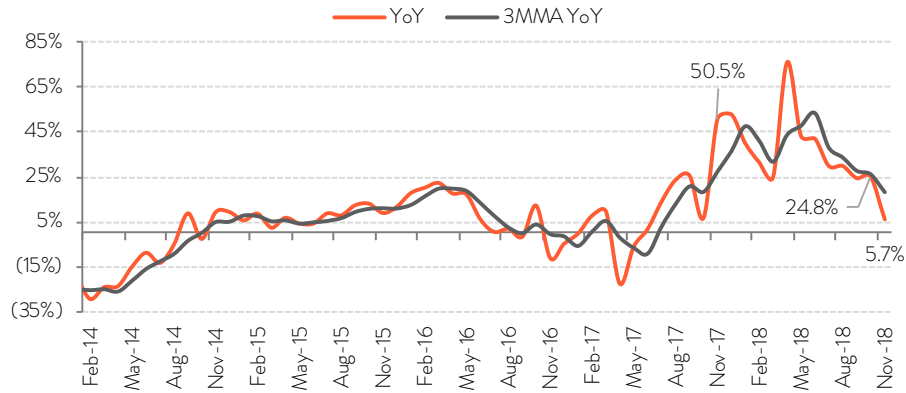
**FIG 71 – STATES\*\* REVENUE RECEIPTS SEEN SLIPPING IN NOV'18**



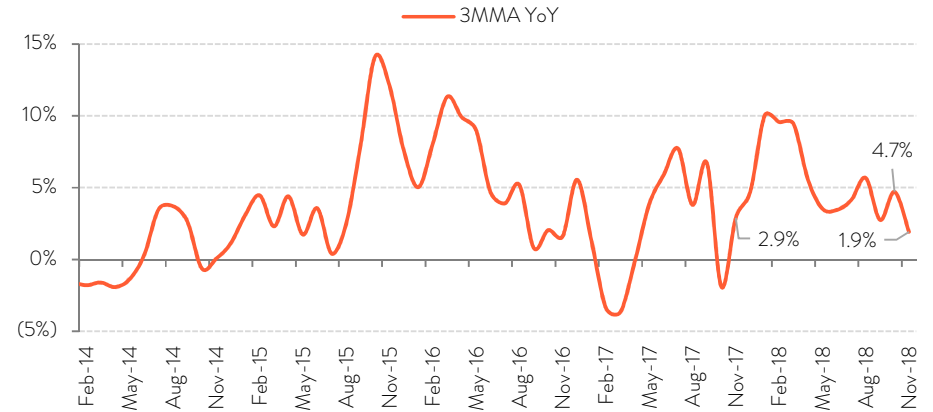
Note: \*\*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**Trade**

**FIG 72 – COMMERCIAL VEHICLE SALES GROWTH SLIPS SHARPLY IN NOV'18, OWING TO BASE EFFECT**

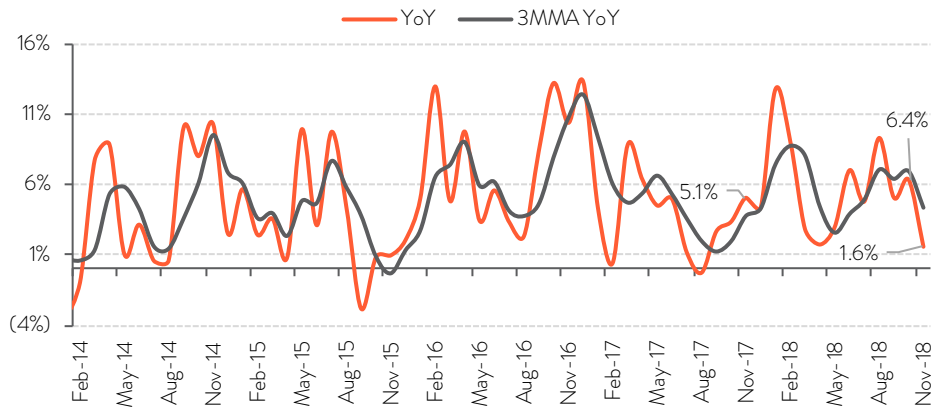


**FIG 73 – DIESEL CONSUMPTION DIPS DESPITE LOWER PRICES**

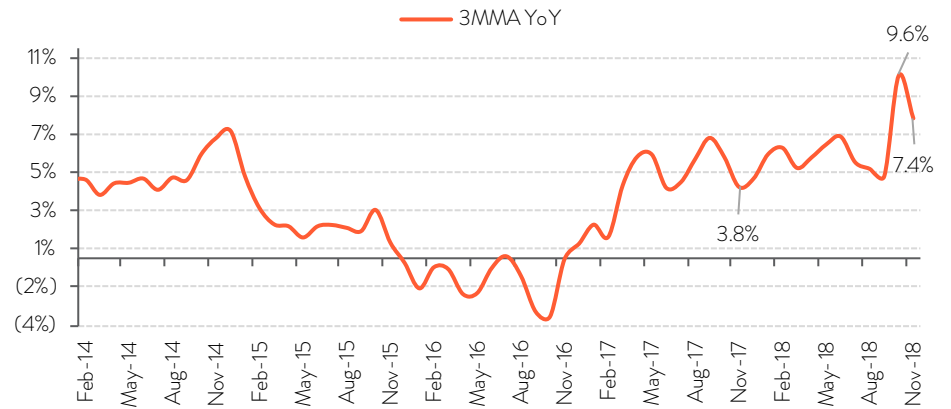


Source: PPAC

**FIG 74 – PORT CARGO VOLUMES DECLINED IN NOV'18**

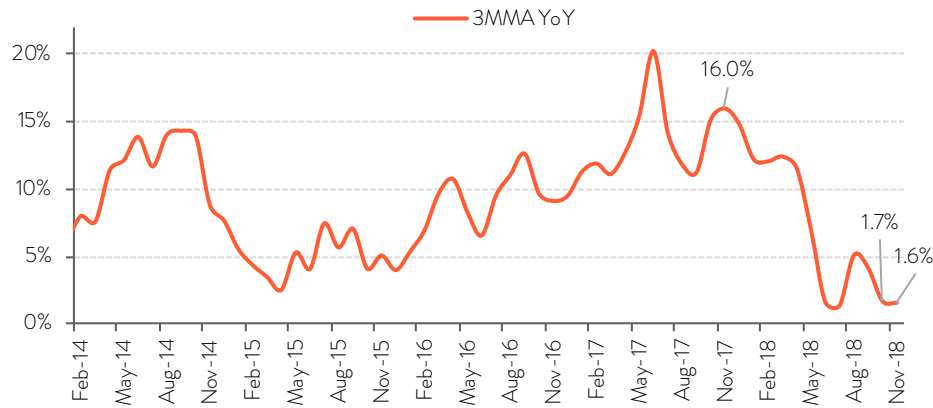


**FIG 75 – ...RAILWAY FREIGHT TRAFFIC ALSO FALLING**

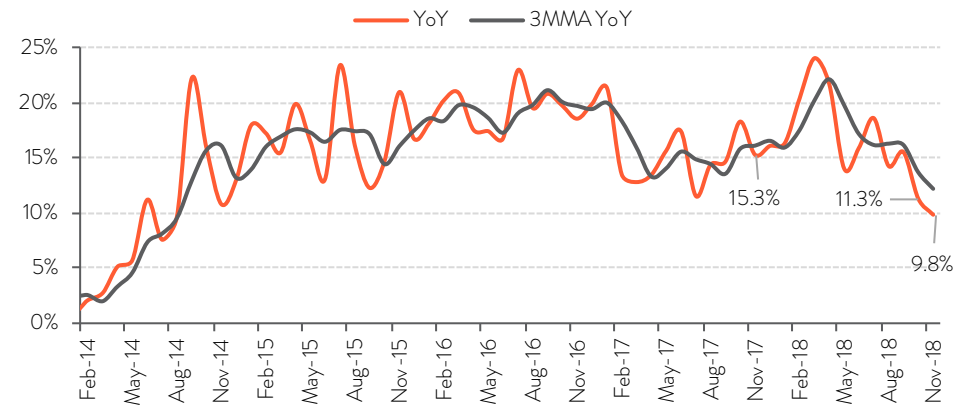


**Hotels and Communications**

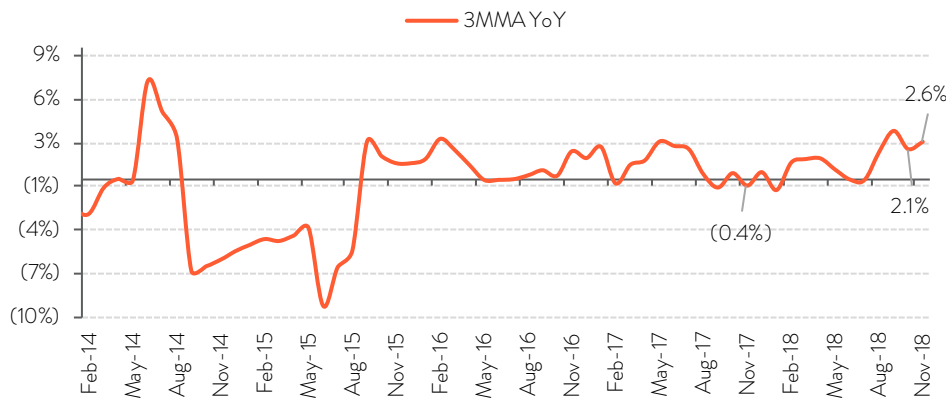
**FIG 76 – FOREIGN TOURIST ARRIVAL GROWTH DROPS TO 4-MONTH LOW**



**FIG 77 – ...DRAGGING AIRLINE PASSENGER TRAFFIC GROWTH ALSO DOWN**



**FIG 78 – RAILWAY PASSENGER TRAFFIC GROWTH STEADY IN FIRST TWO MONTHS OF Q3FY19**

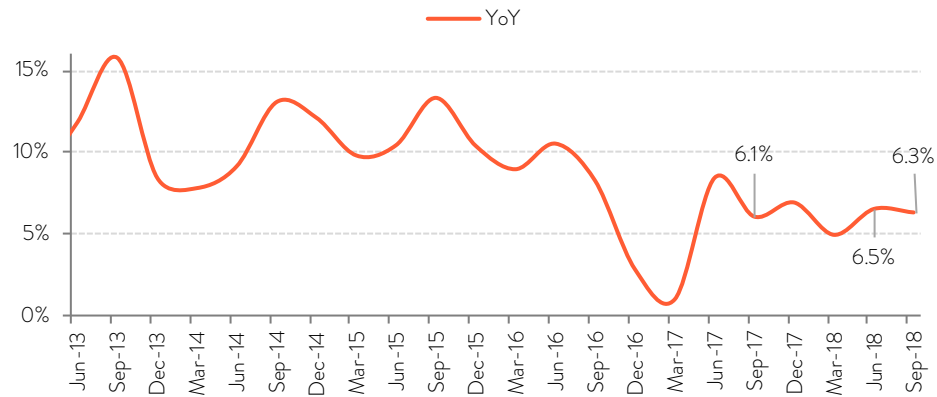


**FIG 79 – WIRELESS SUBSCRIBER NOS. STEADY FOR THE THIRD MONTH IN OCT'18**

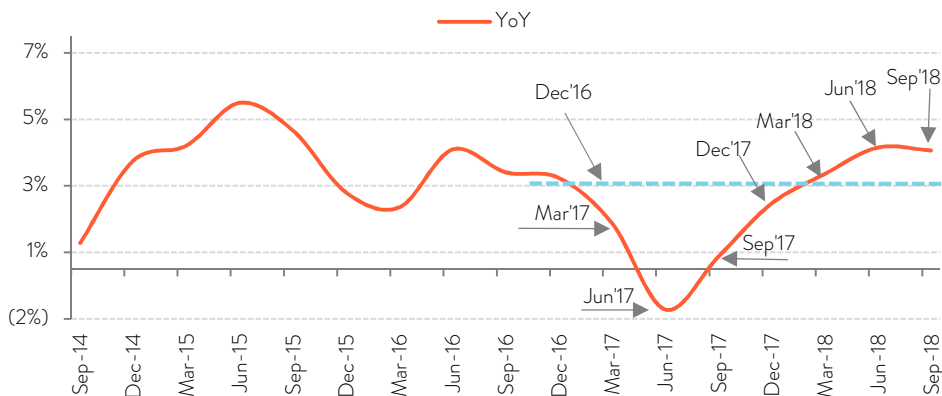


**Finance and Real estate**

**FIG 80 – GVA: FINANCE, REAL ESTATE & PROF. SERVICES IN Q2FY19 ROSE SLIGHTLY LOWER THAN PREVIOUS QUARTER**

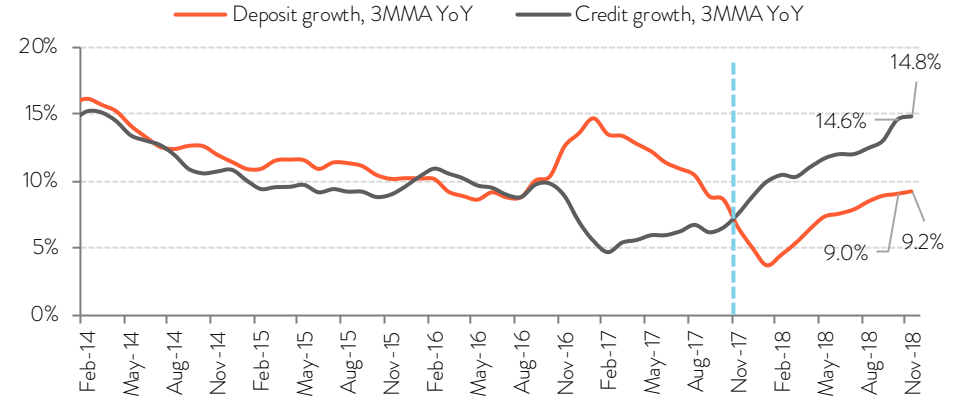


**FIG 82 – AVERAGE PROPERTY PRICE INDEX\* INDICATING EARLY SIGNS OF PROPERTY MARKET COOLING**

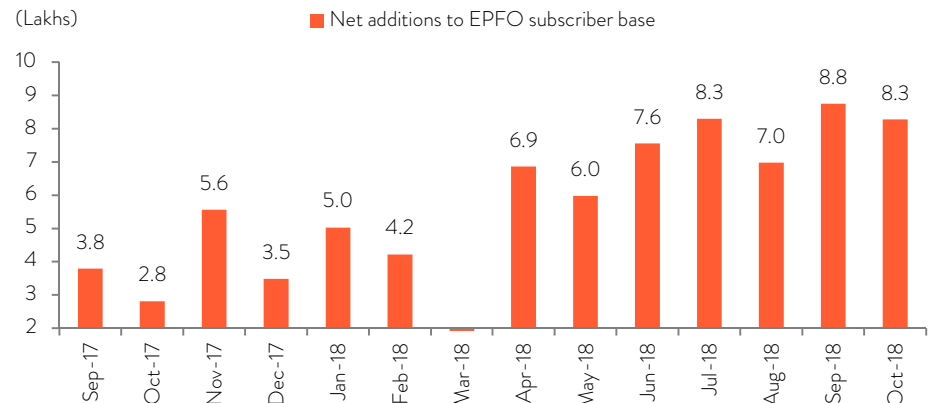


Source: \*Index for Delhi-NCR, Mumbai & Bangalore; using Colliers International data for commercial property rental price (Rs/sqft)

**FIG 81 – BOTH DEPOSIT AND CREDIT GROWTH SHOW SOLID START TO Q3FY19; GAP BETWEEN THE TWO STEADILY WIDENING SINCE NOV'17**



**FIG 83 – 79.3 LAKH JOBS FORMALIZED SINCE SEP'17; ADDITIONS IN OCT'18 SLIP**

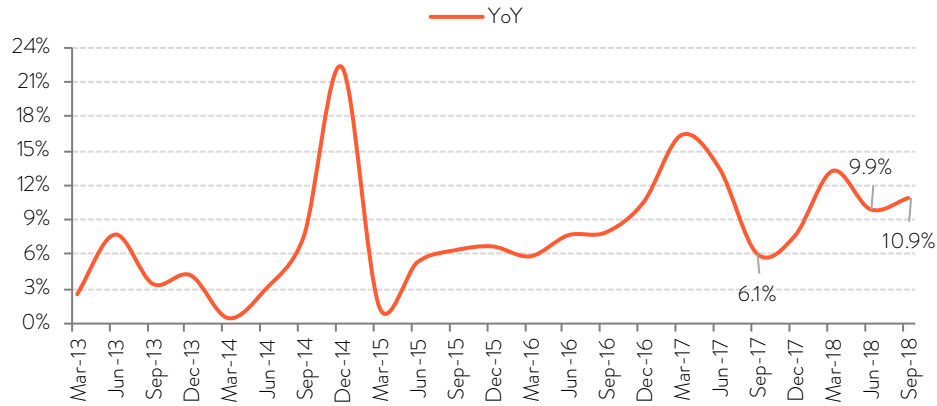


Source: EPFO

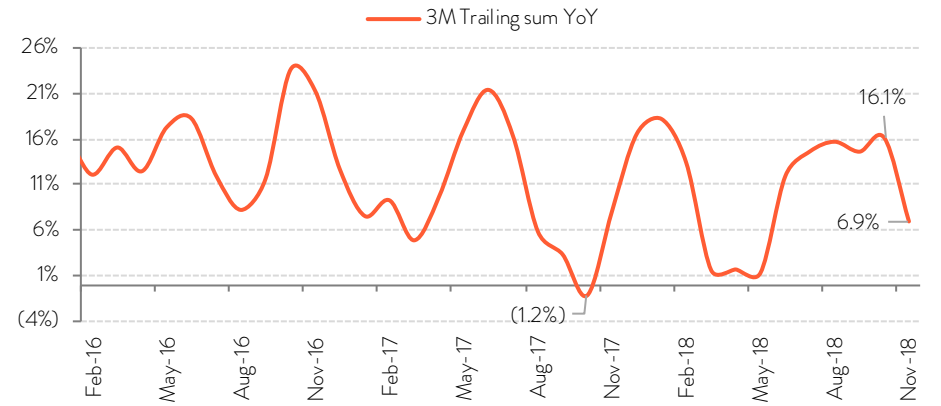


**Public administration**

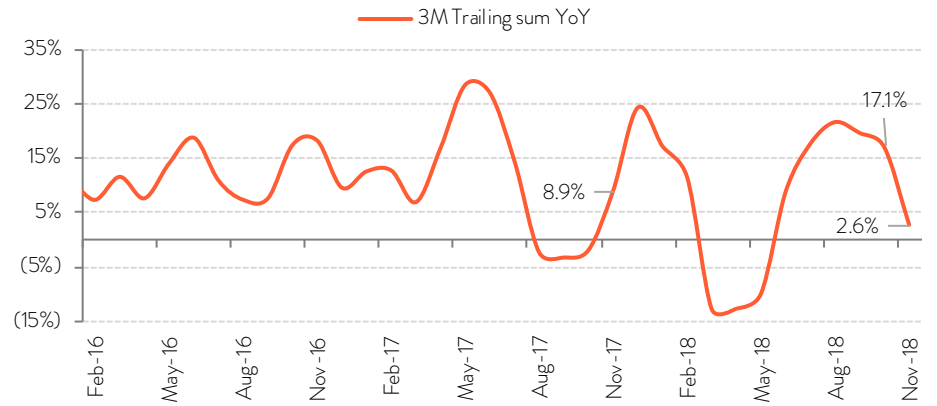
**FIG 84 – PUBLIC ADMINISTRATION & RELATED SERVICES DRIVE OVERALL SERVICES GROWTH IN Q2FY19**



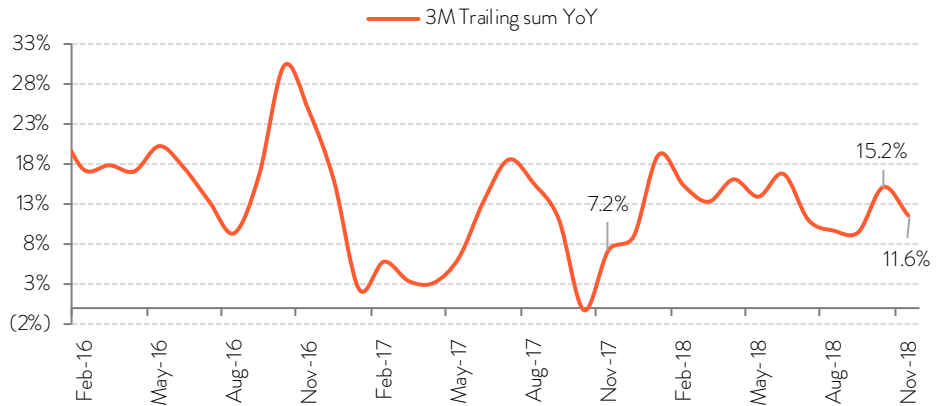
**FIG 85 – GENERAL GOVT. SPENDING DIPS IN NOV'18, THOUGH STILL HIGHER THAN LAST YEAR**



**FIG 86 – ...AS CENTRAL GOVT. SPENDING SLOWS SHARPLY IN NOV'18**



**FIG 87 – ...STATE\* GOVT. SPENDING ALSO EASING**

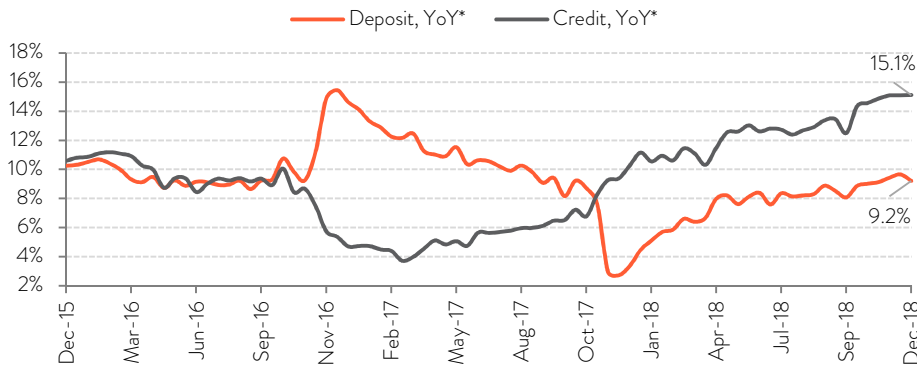


Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

## Financial sector

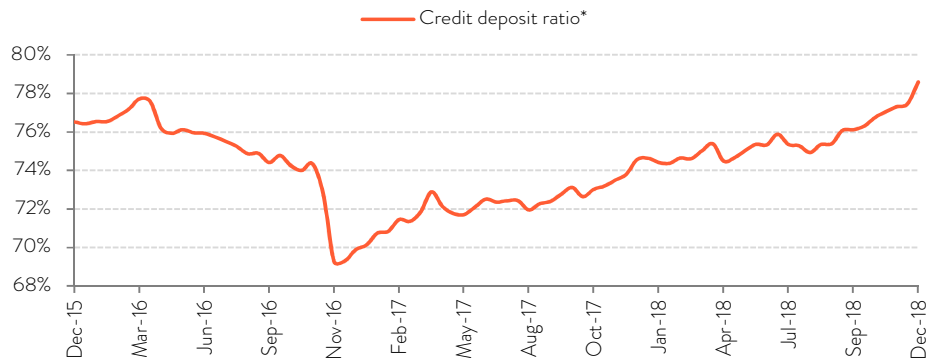
### Money and banking

**FIG 88 – CREDIT & DEPOSIT GROWTH PICKED UP TO 15% & 9% IN DEC'18.**



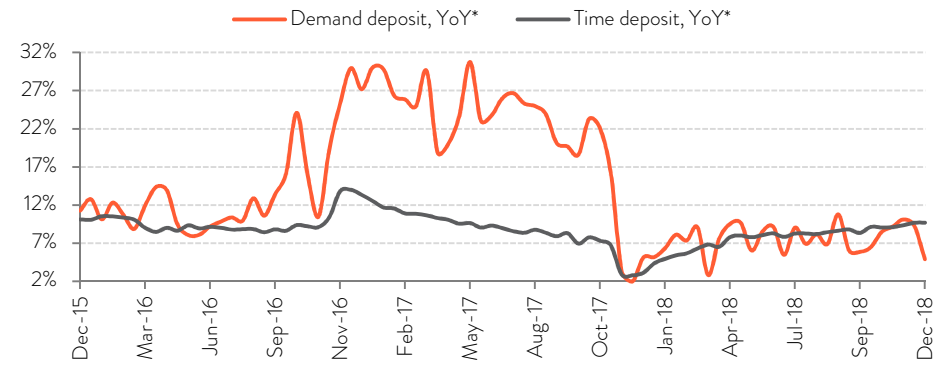
Note: \*Dec18 implies fortnight as of 21 Dec 2018.

**FIG 90 – CD RATIO ROSE TO 78.6% IN DEC'18 VS 77.3% IN NOV'18**



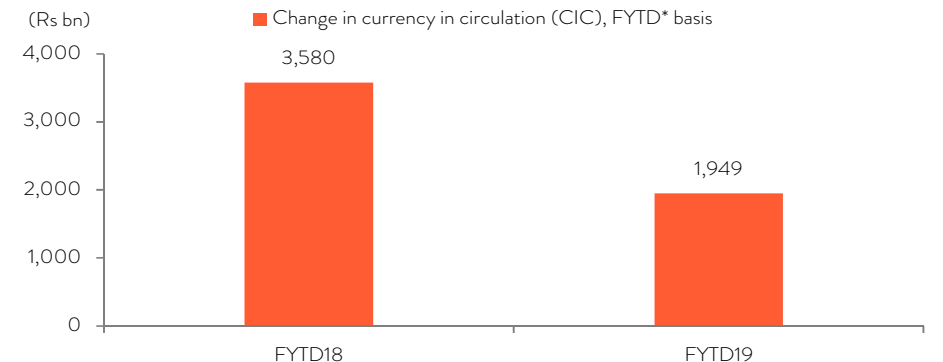
Note: \*Dec18 implies fortnight as of 21 Dec 2018.

**FIG 89 – TIME DEPOSITS REMAINED STABLE WHILE DEMAND DEPOSITS FELL IN DEC'18**



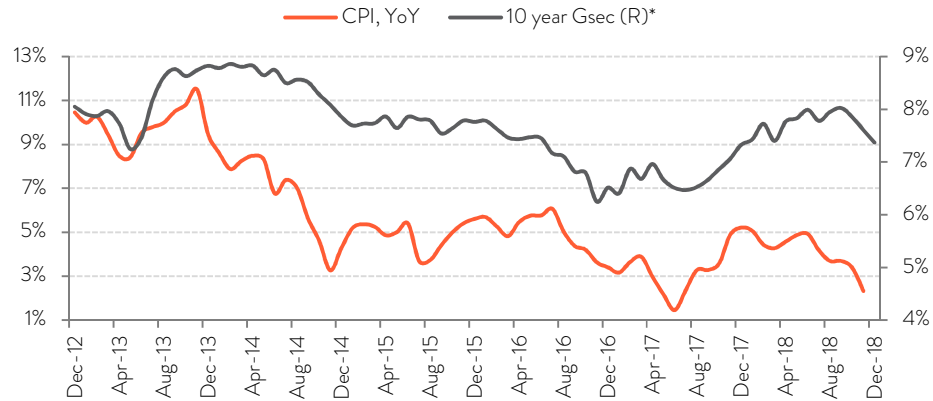
Note: \*Dec18 implies fortnight as of 21 Dec 2018.

**FIG 91 – ACCRETION TO CIC STOOD AT RS 1.9TN IN FYTD19 WHICH IS AT A LOWER PACE COMPARED WITH RS 3.6TN IN THE PREVIOUS YEAR**



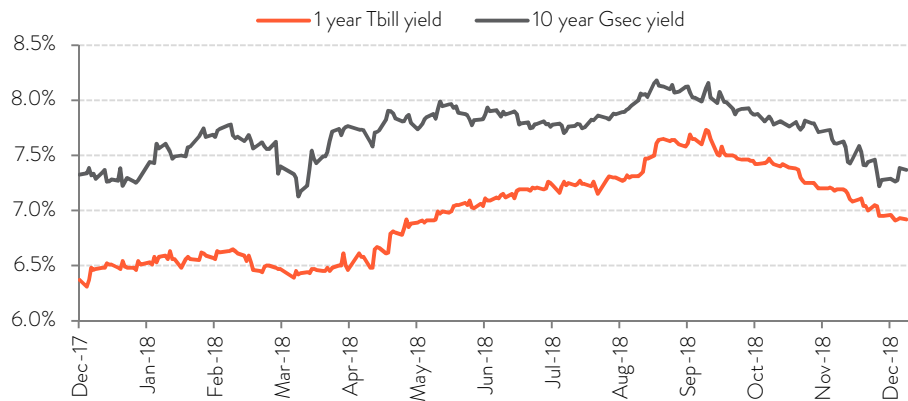
Note: \*FYTD implies Apr-Dec.

**FIG 92 – INFLATION AND 10Y GSEC YIELD SEEN EDGING DOWN IN DEC'18**



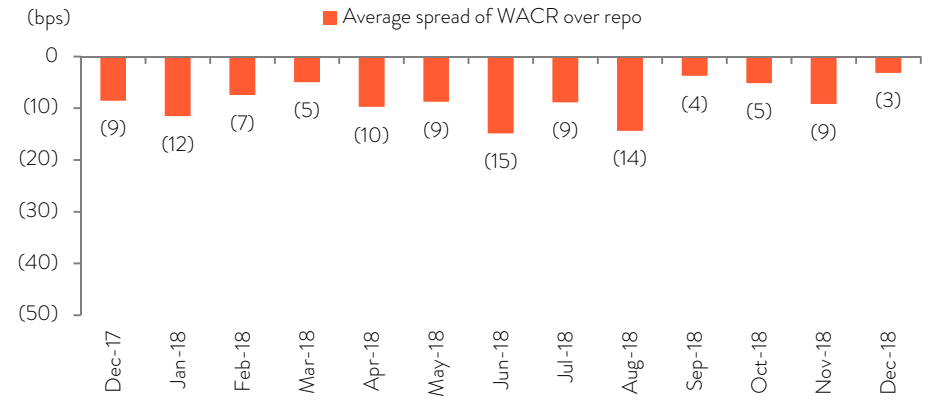
Note: \*As on last trading day of the month

**FIG 94 – FALLING LONG & SHORT END YIELDS NARROWED THE YIELD GAP BUT 10Y YIELD IS SEEN INCHING UP LATELY**



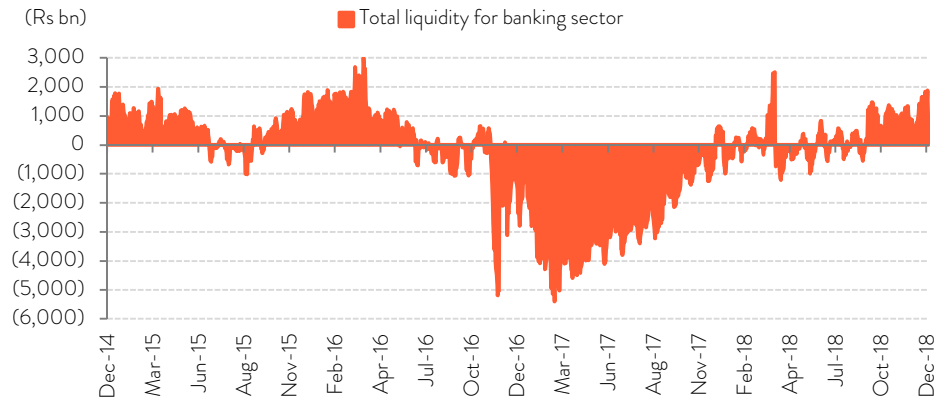
Source: RBI

**FIG 93 – SPREAD BETWEEN CALL AND REPO DECLINED TO 3BPS IN DEC'18 VERSUS 9BPS IN NOV'18**



Source: RBI

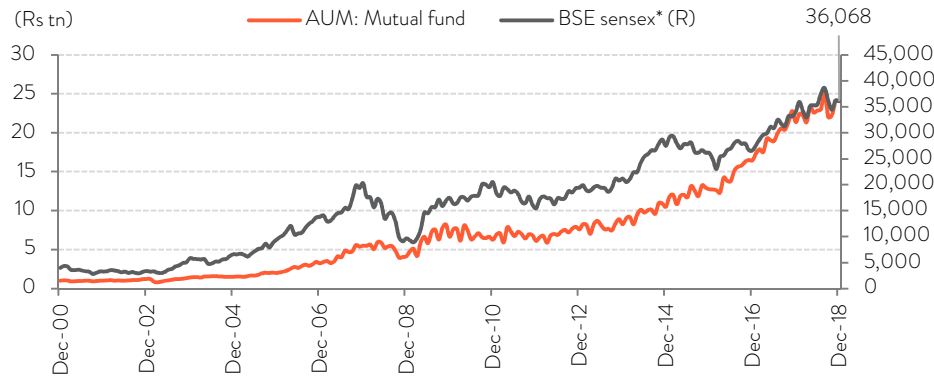
**FIG 95 – SYSTEM LIQUIDITY DEFICIT ROSE TO RS 921BN AS ON 31 DEC 2018 VS RS 714 AS ON 30 NOV 2018**



Source: RBI

**Mutual fund (MF) indicators**

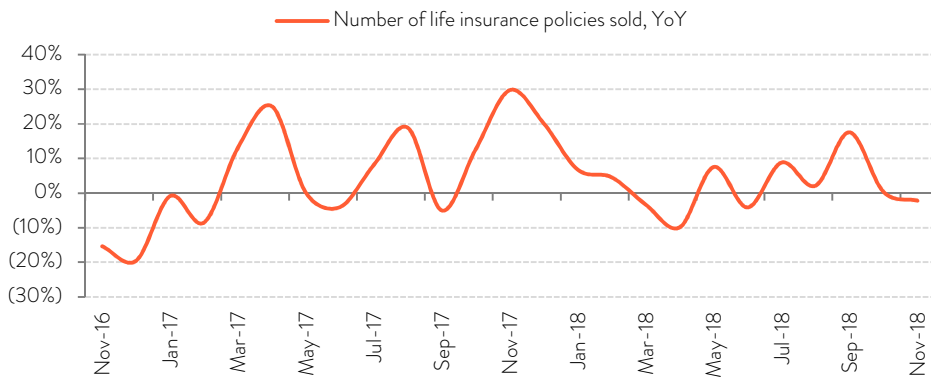
**FIG 96 – SENSEX WAS AT 36068 IN DEC'18 VS 36194 IN NOV'18, AUM OF MFS ROSE TO 24TN IN NOV'18**



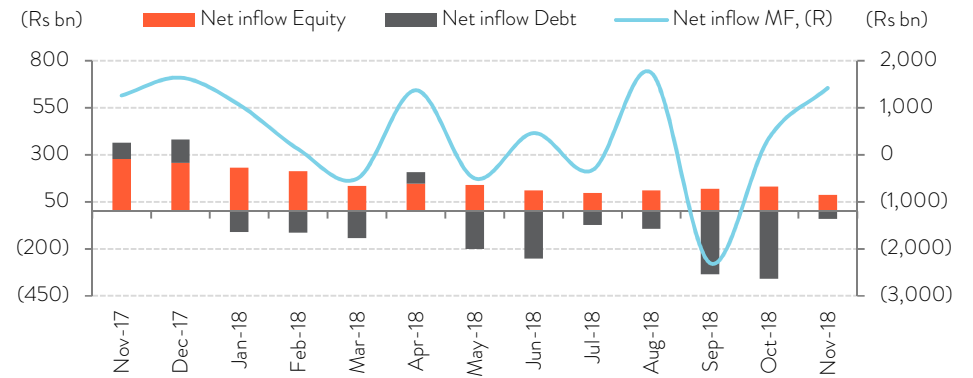
Source: \*Sensex as on last trading day of the month.

**Insurance sector indicators**

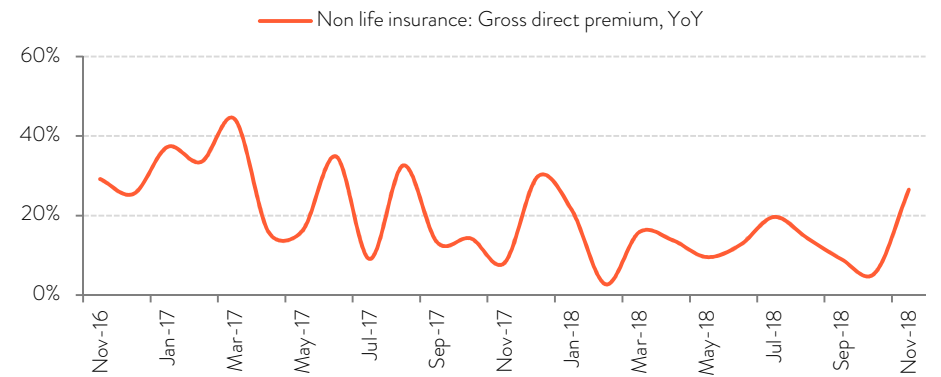
**FIG 98 – GROWTH OF LIFE INSURANCE POLICIES SOLD IN NOV'18 DECLINED DUE TO UNFAVOURABLE BASE**



**FIG 97 – MF NET INFLOW ROSE TO RS 1.4TN IN NOV'18 DRIVEN BY HIGHER EQUITY INFLOW**



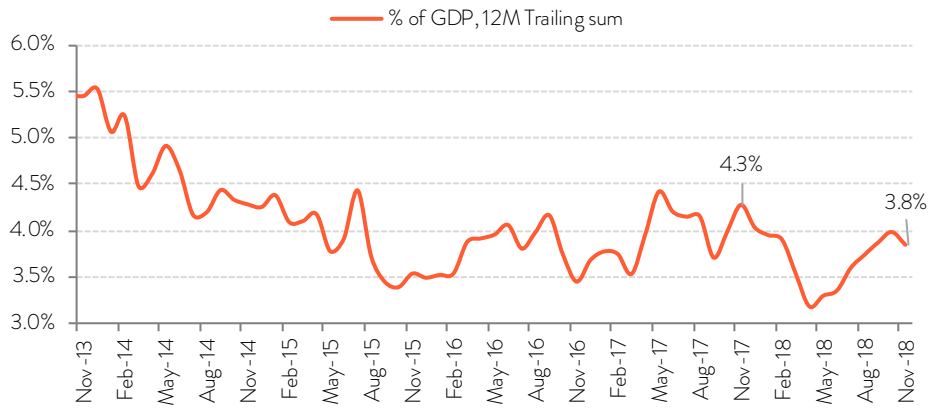
**FIG 99 – ...HOWEVER, GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE GREW AT A FASTER PACE OF 27% IN NOV'18**



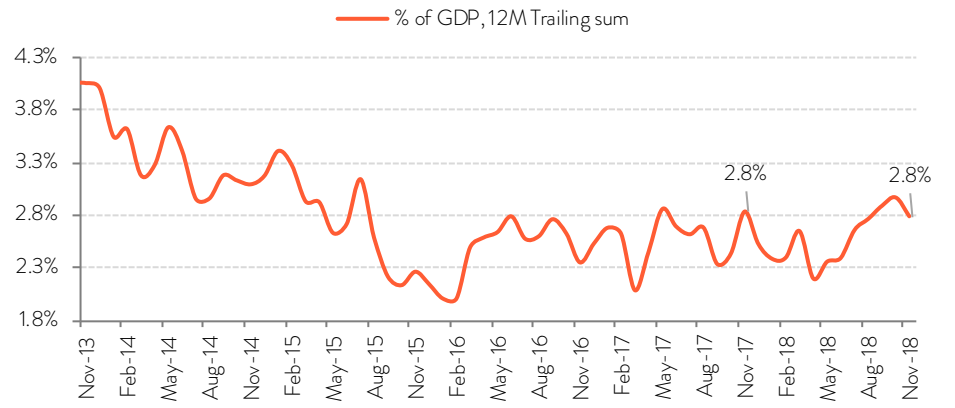
## Public finance

### Central government finances

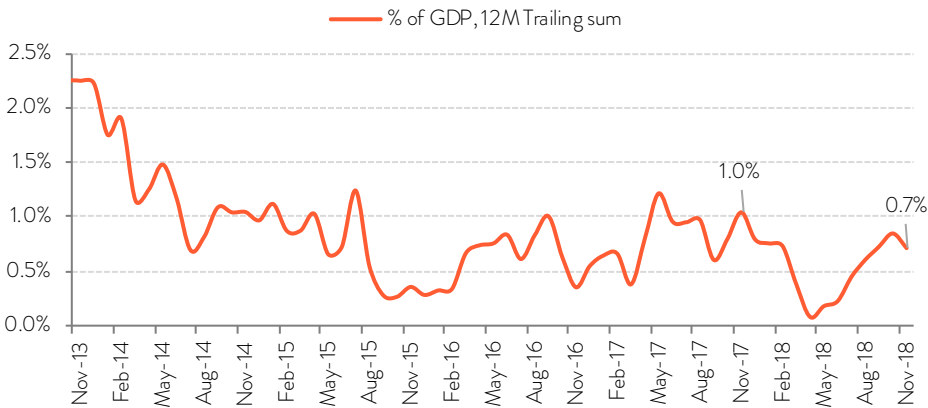
**FIG 100 – OVERALL FISCAL DEFICIT ON THE PATH OF CURTAILMENT IN NOV'18**



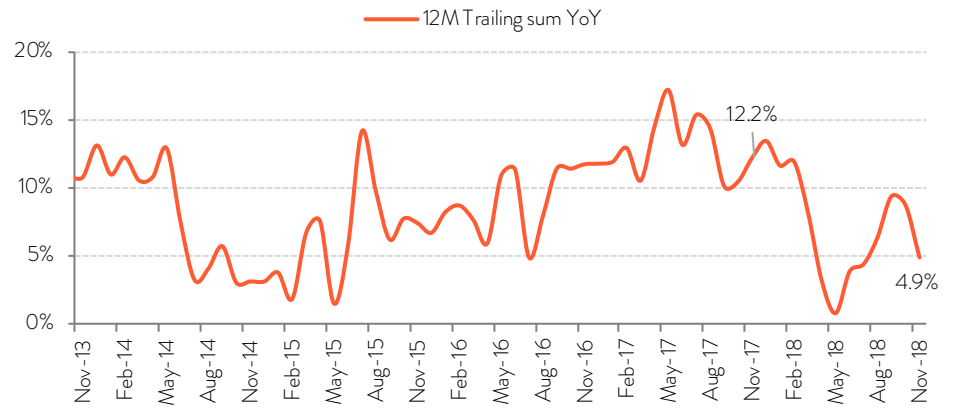
**FIG 101 – REVENUE DEFICIT ALSO DOWN**



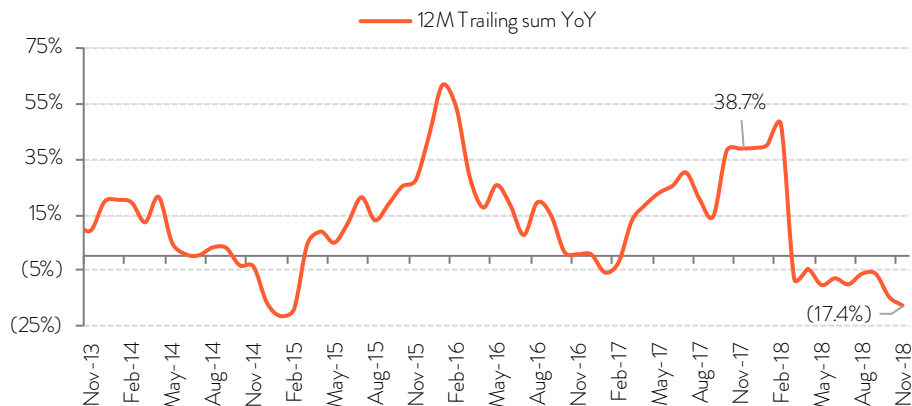
**FIG 102 – PRIMARY DEFICIT AT 0.7% IN NOV'18**



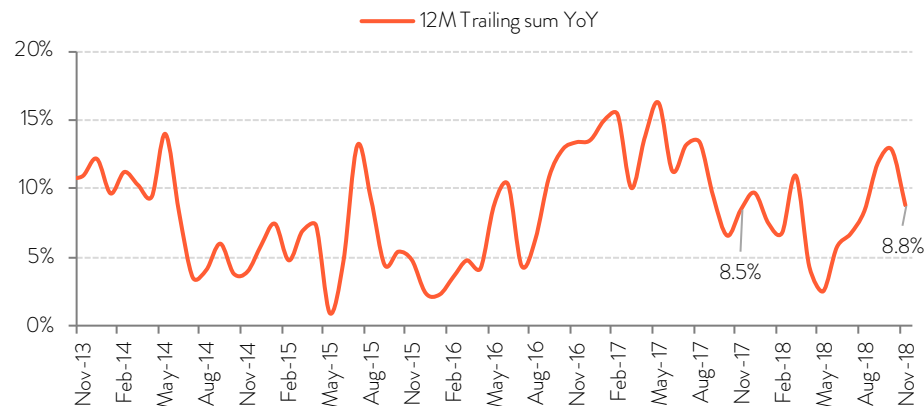
**FIG 103 – TOTAL EXPENDITURE DROPS STEEPLY IN NOV'18**



**FIG 104 – ...AS CAPEX GROWTH CONTINUES TO DEGROW**



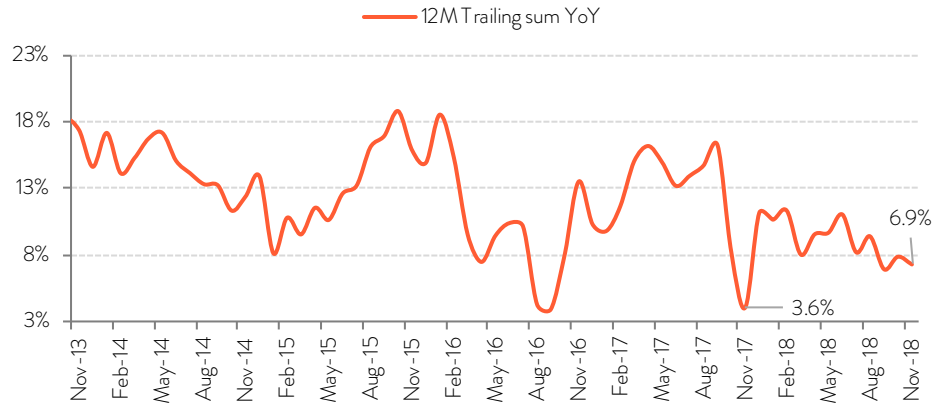
**FIG 105 – ...REVENUE EXPENDITURE GROWTH ALSO SLOWING**



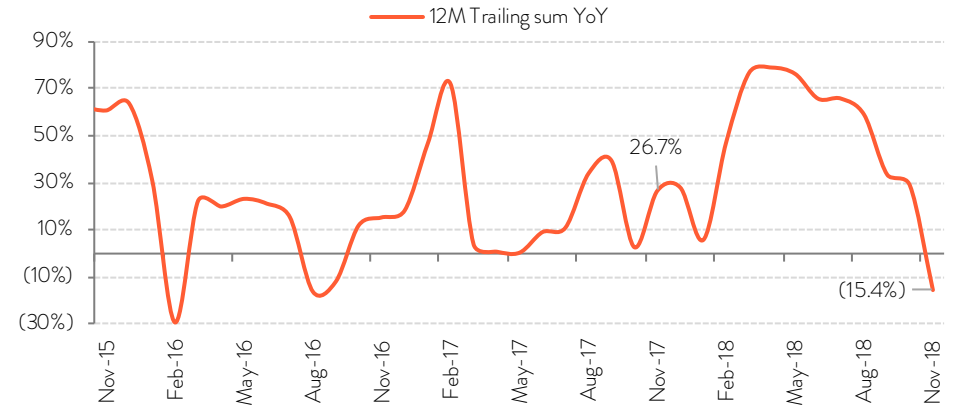
**FIG 106 – ROAD TRANSPORT & HIGHWAYS, AND AGRICULTURE MINISTRY REMAIN DRIVERS OF SPENDING IN NOV'18 (FYTD BASIS)**

Ministry	Apr'16-Nov'16 (Rs bn)	Apr'17-Nov'17 (Rs bn)	% change	Apr'18-Nov'18 (Rs bn)	% change
Ministry of Finance	3,908	4,549	16.4	5,090	11.9
Ministry of Defence	2,198	2,761	25.6	2,993	8.4
Ministry of Consumer Affairs, Food and Public Distribution	1,280	1,423	11.2	1,459	2.6
Ministry of Rural Development	685	778	13.6	847	8.9
Ministry of Home Affairs	562	695	23.6	800	15.1
Ministry of Human Resource Development	539	509	-5.4	395	(22.4)
Ministry of Road Transport and Highways	415	466	12.2	536	15.0
Ministry of Chemicals and Fertilisers	577	499	(13.5)	538	7.8
Ministry of Petroleum and Natural Gas	211	286	36.0	273	(4.7)
Ministry of Agriculture	343	346	0.9	404	16.7
Ministry of Health and Family Welfare	242	328	35.4	386	17.8

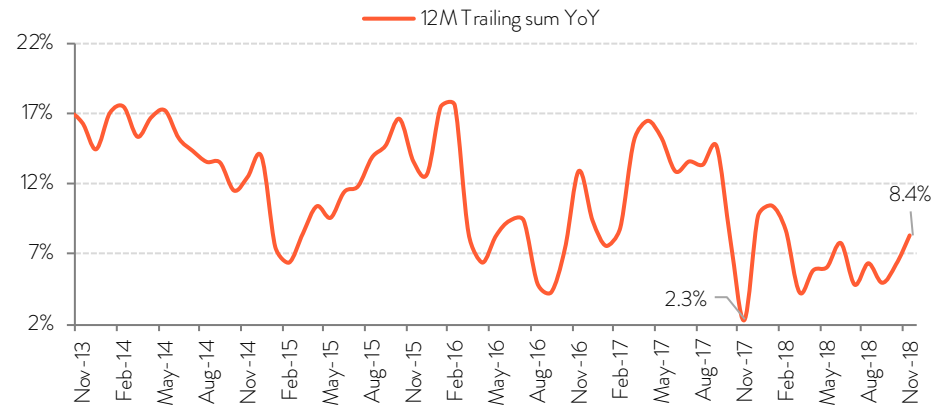
**FIG 107 – TOTAL RECEIPTS SLIP marginally in NOV'18, BUT ARE STILL HIGHER THAN LAST YEAR**



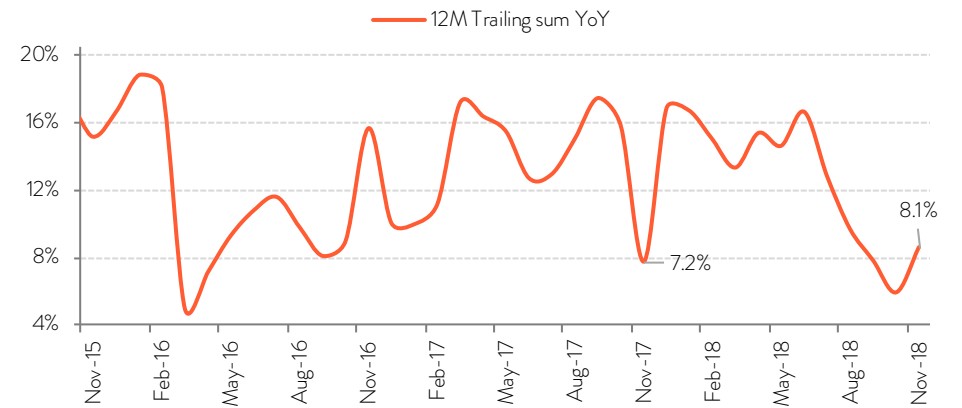
**FIG 108 – ...LED BY FALLING CAPITAL RECEIPTS**



**FIG 109 – REVENUE RECEIPTS INCH UP**



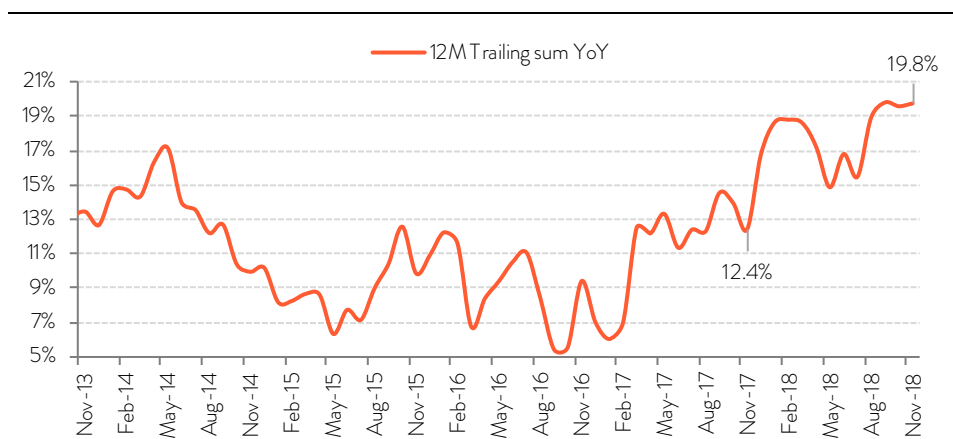
**FIG 110 – ...AS TAX REVENUES IMPROVE**



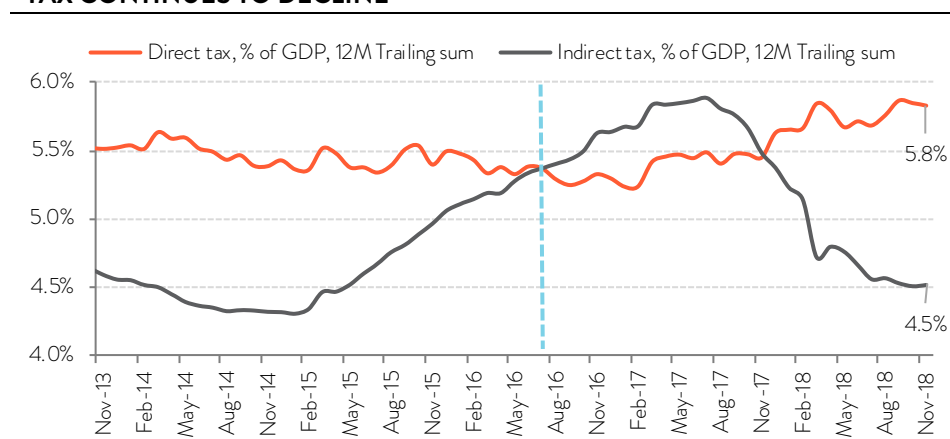
**FIG 111 – CENTRE’S TAX REVENUE REVIVES, BUT OVERALL EXPENDITURE GROWTH BELOW BUDGETED TARGET OF 10.1% (FYTD BASIS)**

	Apr'16-Nov'16 (Rs bn)	Apr'17-Nov'17 (Rs bn)	% change	Apr'18-Nov'18 (Rs bn)	% change
Tax revenue	9,333	9,872	5.8	10,911	10.5
Direct taxes	4,089	4,650	13.7	5,417	16.5
Corp Tax	2,223	2,498	12.4	2,913	16.6
Income Tax	1,867	2,152	15.3	2,504	16.4
Indirect taxes	5,243	5,222	(0.4)	5,494	5.2
Non-tax revenue	1,750	1,055	(39.7)	1,386	31.4
Centre's revenue	11,082	10,927	(1.4)	12,297	12.5
Total expenditure	12,867	14,788	14.9	16,132	9.1
Capital exp	1,423	1,841	29.3	1,914	4.0
Revenue exp	11,443	12,947	13.1	14,218	9.8
Fiscal deficit	4,580	6,121	33.6	7,166	17.1

**FIG 112 – GROSS DIRECT TAX COLLECTION ROBUST IN NOV'18 AS WELL**

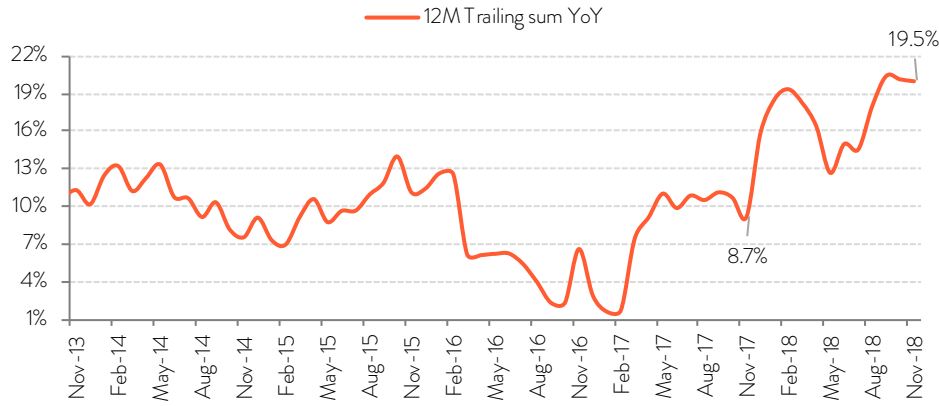


**FIG 113 – SHARE IN GDP OF DIRECT TAX STEADY, WHILE THAT OF INDIRECT TAX CONTINUES TO DECLINE**

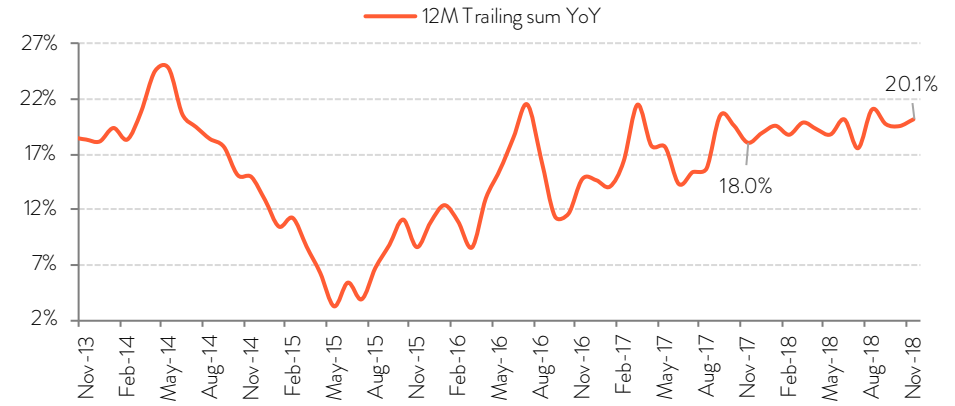




**FIG 114 – CORPORATE TAX REVENUE GROWTH IN NOV'18 MUCH HIGHER THAN LAST YEAR**



**FIG 115 – ...INCOME TAX REVENUE GROWTH PICKS UP**

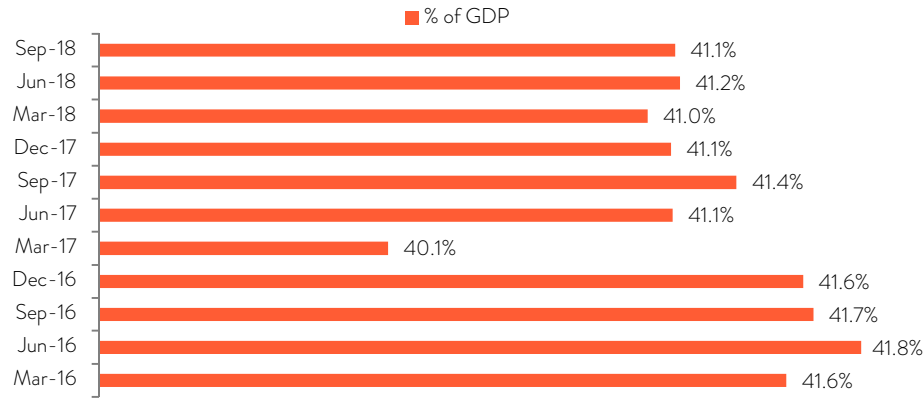


**FIG 116 – NOV'18 GST COLLECTIONS SLIP BELOW MONTHLY AVERAGE RUN RATE OF RS 959BN**

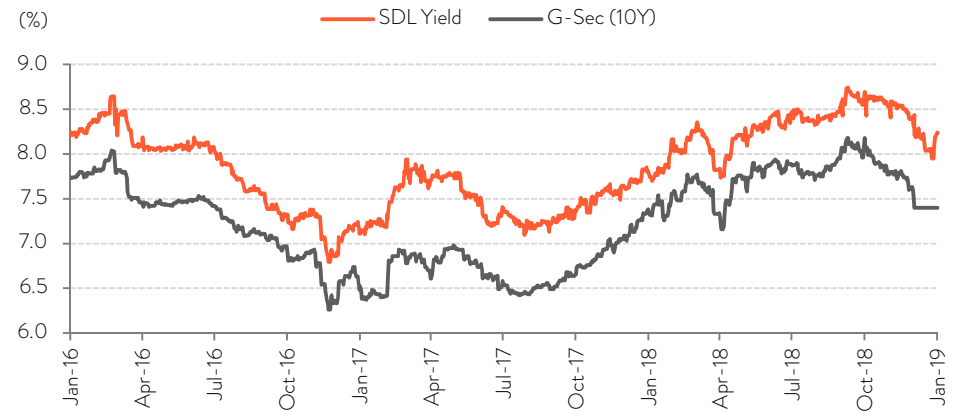
	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Monthly run rate	FYTD19	FY19 (BE)
Central GST (Rs bn)	238	242	231	431	274	321	281	309	579	360	299	480	344	372	2,973	6,039
UT GST (Rs bn)	0.8	2.2	1.9	0.9	9.7	0.9	0.5	0.6	1.6	3.3	1.1	1.3	0.8	1	10	-
Integrated GST (Rs bn)	186	171	194	(197)	137	200	169	102	(399)	52	148	(142)	90	28	220	500
State GST* (Rs bn)	341	395	373	576	539	333	433	473	678	455	481	561	433	481	3,847	4,882
GST Cess (Rs bn)	71	79	80	82	76	85	72	80	80	74	79	77	79	78	626	900
Total GST	837	889	880	893	1,035	940	956	965	940	944	1,007	976	947	959	7,676	-
GST 3B Filing by deadline (mn)	4.9	5.4	5.4	5.5	6.0	6.2	6.5	6.6	6.7	6.7	6.7	7.0	7.2	-	-	-
No. of Eligible Monthly Taxpayers (mn)	8.0	8.1	8.3	8.5	8.7	8.7	8.7	-	-	-	-	-	-	-	-	-
Compliance (%)	62	67	65	64	69	72	74	-	-	-	-	-	-	-	-	-

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

**FIG 117 – CENTRAL GOVT. PUBLIC DEBT STEADY IN Q2FY19**

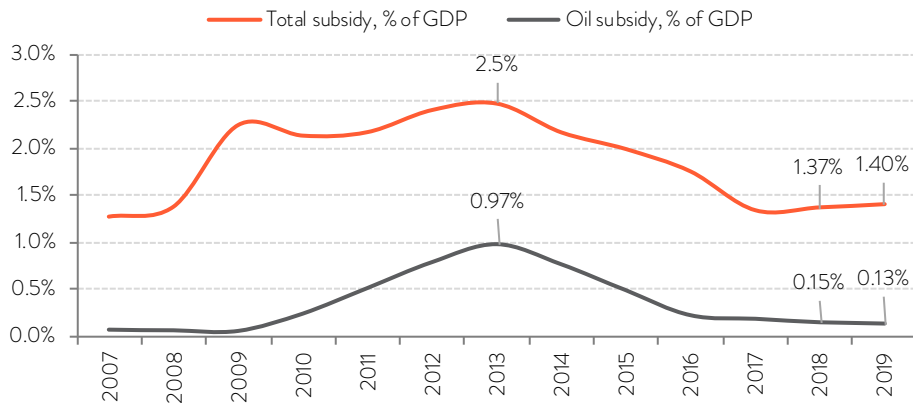


**FIG 118 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC WIDENS TO 81.5 IN JAN'19 VS 72.6 IN DEC'18**

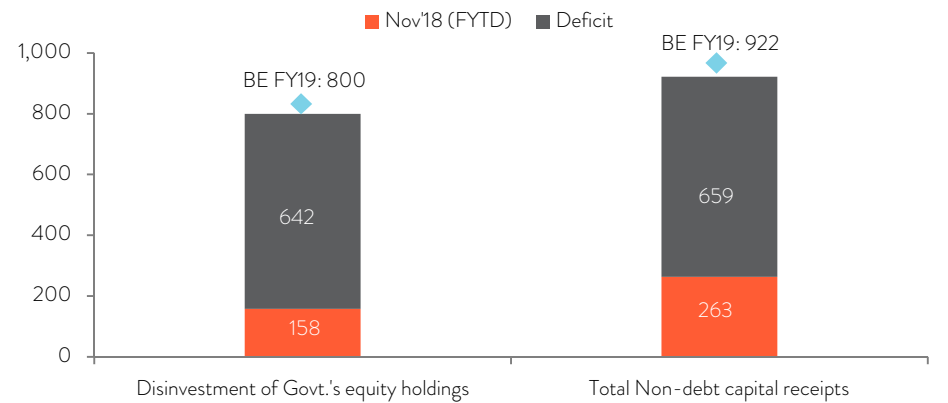


Source: CCIL

**FIG 119 – SUBSIDIES HAVE BEEN RATIONALISED**

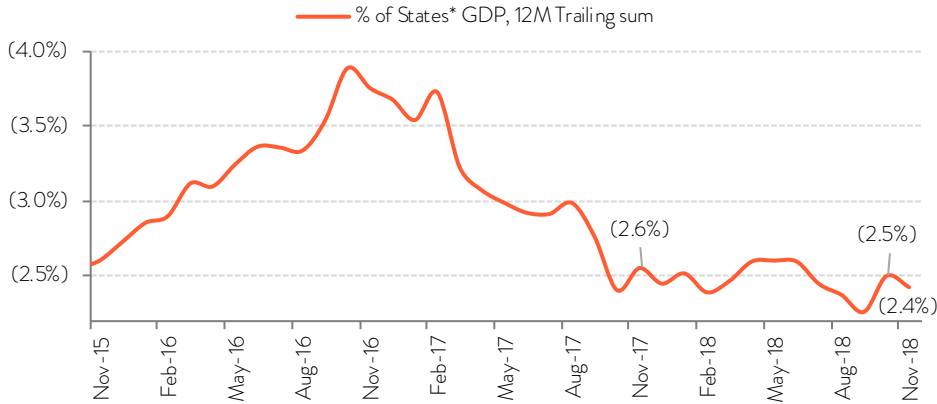


**FIG 120 – CENTRAL GOVT.'S DISINVESTMENT STATUS**



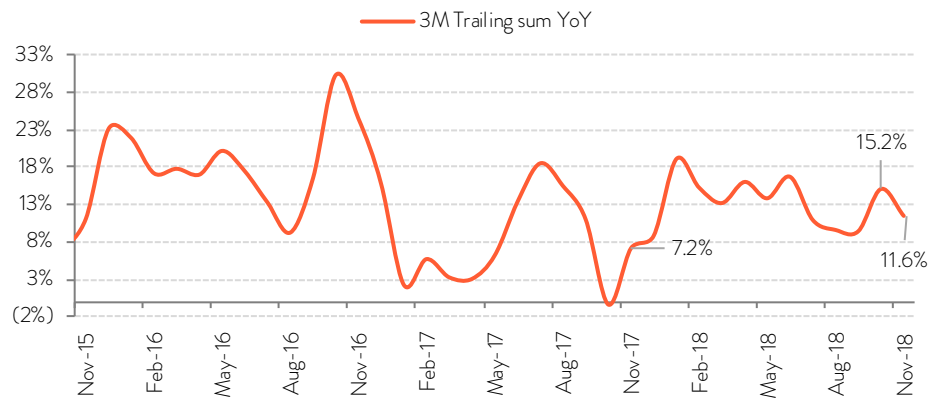
State government finances

**FIG 121 – STATES\* ALSO REIGNING THEIR FISCAL DEFICIT**



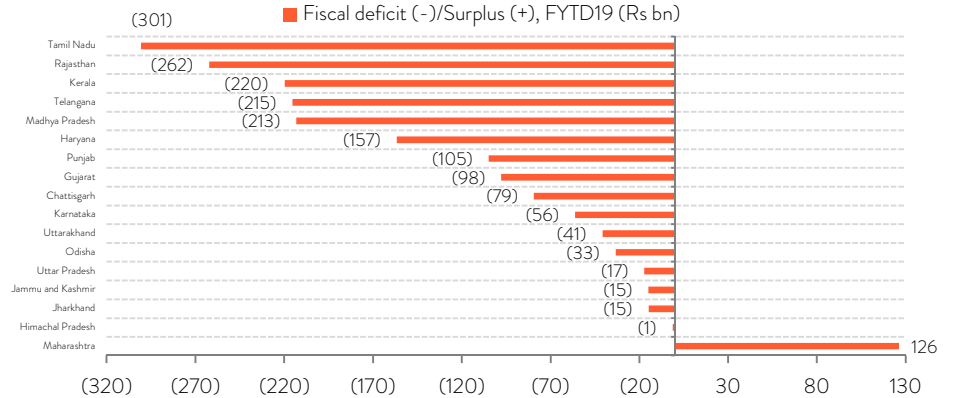
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 123 – TOTAL EXPENDITURE OF STATES\* DIPS**



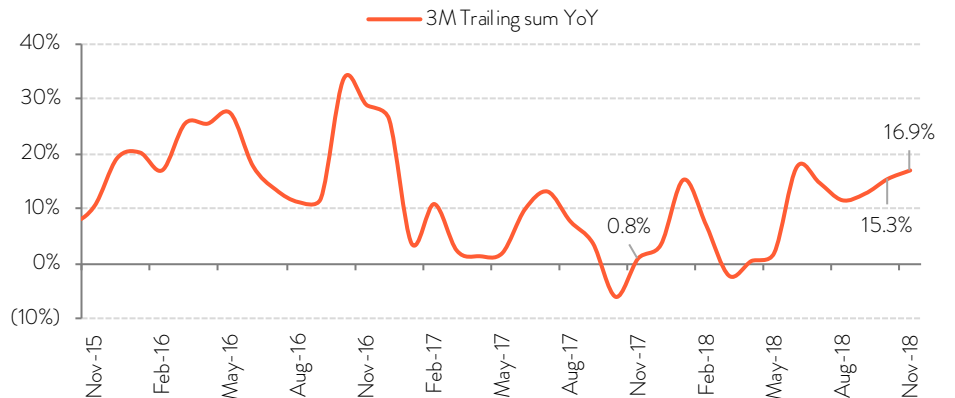
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 122 – TAMIL NADU & RAJASTHAN HIGHEST DEFICIT STATES AS OF NOV'18**



Note: FYTD- Apr'18-Nov'18

**FIG 124 – ...AND TOTAL RECEIPTS OF STATES\* ON THE RISE**



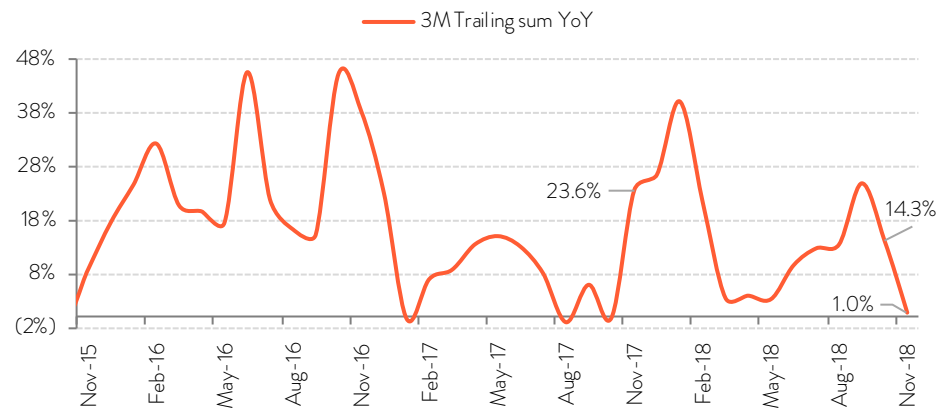
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 125 – STATE\* GOVT. REVENUE & EXPENDITURE GROWTH STEADIES IN NOV'18 (FYTD BASIS)**

	Apr'16-Nov'16 (Rs bn)	Apr'17-Nov'17 (Rs bn)	% change	Apr'18-Nov'18 (Rs bn)	% change
Total Receipts	11,336	11,966	5.6	13,840	15.7
Revenue Receipts	9,302	10,597	13.9	12,079	14.0
Receipts: Tax Revenue	7,074	8,177	15.6	9,174	12.2
Receipts: Non-Tax Revenue	700	789	12.6	908	15.1
Capital Receipts	2,081	1,369	(34.2)	1,761	28.6
Total Expenditure	11,112	12,376	11.4	13,966	12.8
Revenue Expenditure	9,520	10,558	10.9	11,966	13.3
Capital Expenditure	1,592	1,818	14.2	2,000	10.0
Revenue Surplus or Deficit	(209)	39	(118.6)	92	138.6
Fiscal Surplus or Deficit	(2,070)	(1,495)	(27.8)	(1,702)	13.8

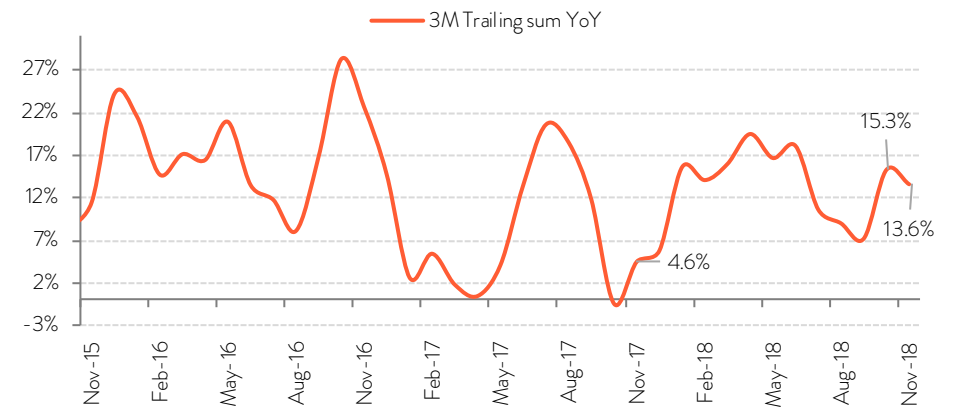
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 126 – CAPITAL EXPENDITURE OF STATE\* DIVES IN NOV'18**



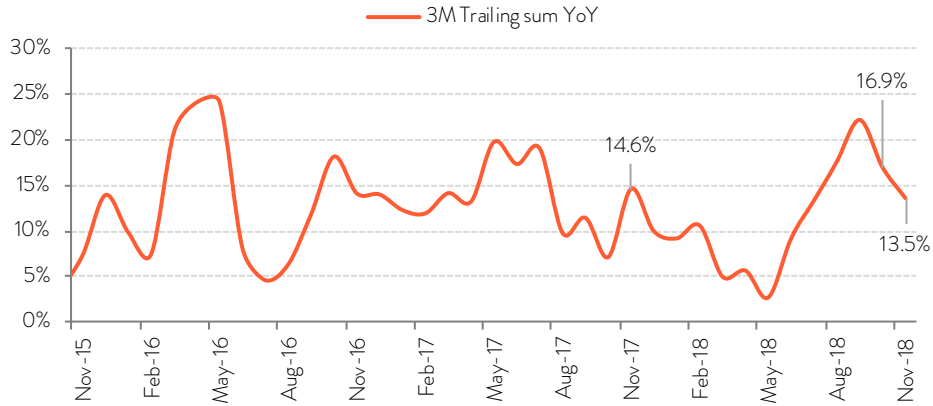
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 127 – REVENUE EXPENDITURE BY STATES\* ALSO SLOWING**



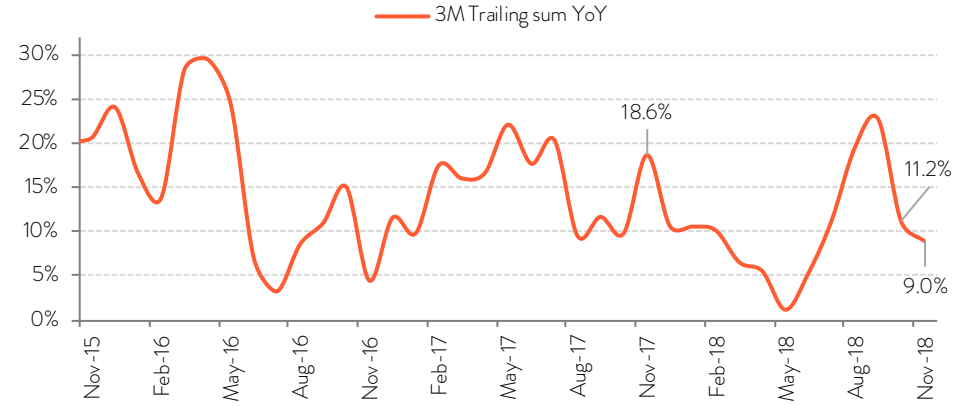
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 128 – REVENUE RECEIPTS OF STATES\* EASE IN NOV'18**



Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 129 – ...LED BY TAX REVENUE OF STATES\***



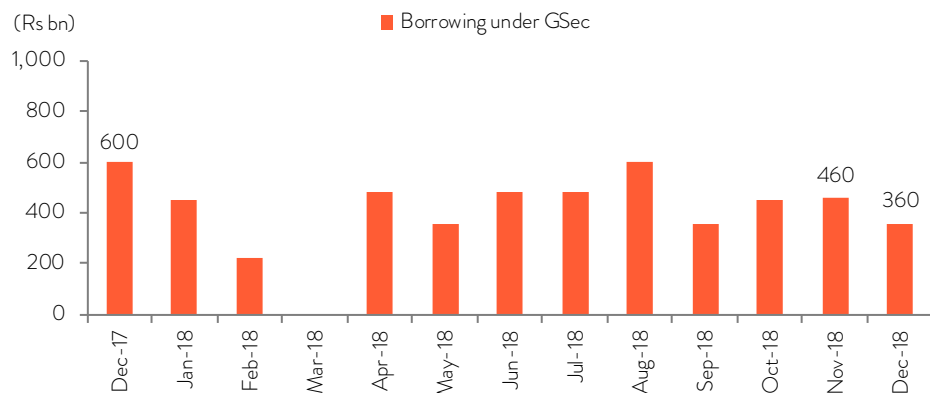
Note: \*All states excluding N.E states, Andhra Pradesh, Bihar, Goa, and W. Bengal

**FIG 130 – PATTERN OF STATE SPENDING**

State	Pay commission implemented	Loan waiver announced	Capex Increasing (Nov'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 Jun'18; \*\*Capex as of Oct'18

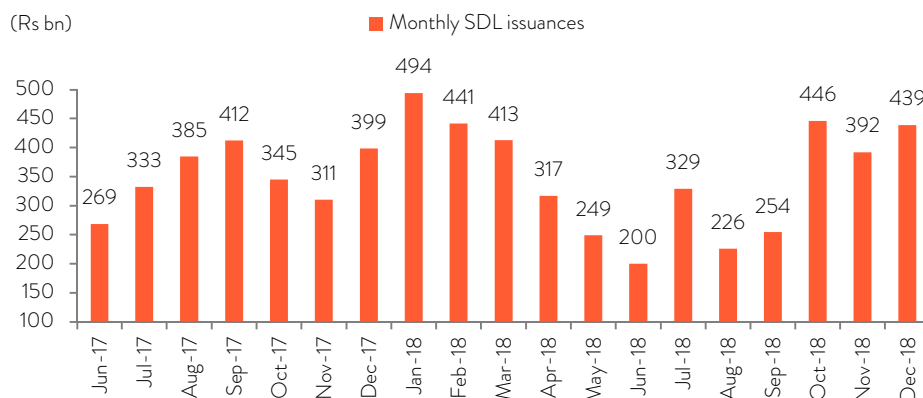
**FIG 131 – CENTRE’S GROSS BORROWING WAS AT RS 360BN IN DEC’18 VS RS 460BN IN NOV’18**



Source: RBI

### State government borrowing

**FIG 133 – STATE BORROWING IN H2 ALREADY AT RS 1.4TN VS RS 1.6TN IN H1FY19**



Source: RBI

**FIG 132 – ACTUAL Q1, Q2 & Q3FY19 BORROWING LOWEST IN 5 YEARS**

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19 (Actual)	FY19 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	1,440
Q2	1,570	1,630	1,910	1,890	1,440	1,440
Q3	1,430	1,640	1,610	1,640	1,270	1,390
Q4	1,090	840	800	670	-	1,080
<b>Total</b>	<b>5,920</b>	<b>5,850</b>	<b>5,820</b>	<b>5,880</b>	<b>-</b>	<b>5,350</b>

Source: RBI

**FIG 134 – STATES BORROWED RS 3.0TN IN FYTD\*19 VS PLANNED RS 6.1TN**

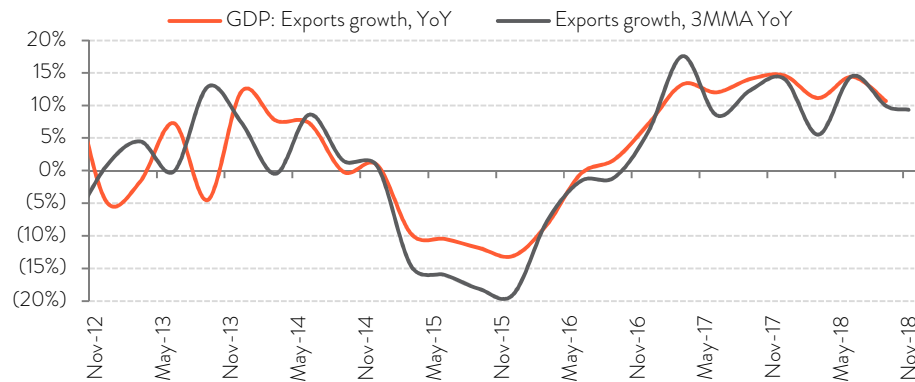
Quarterly SDL issuances, (Rs bn)	FY15	FY16	FY17	FY18	FY19 (Actual)	FY19 (planned)
Q1	439	502	548	650	766	1,219
Q2	469	627	792	1,130	809	1,374
Q3	692	858	1,214	1,054	1,277	1,258
Q4	809	959	1,322	1,348	128*	2,223
<b>Total</b>	<b>2,408</b>	<b>2,946</b>	<b>3,876</b>	<b>4,182</b>	<b>-</b>	<b>6,074</b>

Source: RBI | \*till 1 Jan 2019

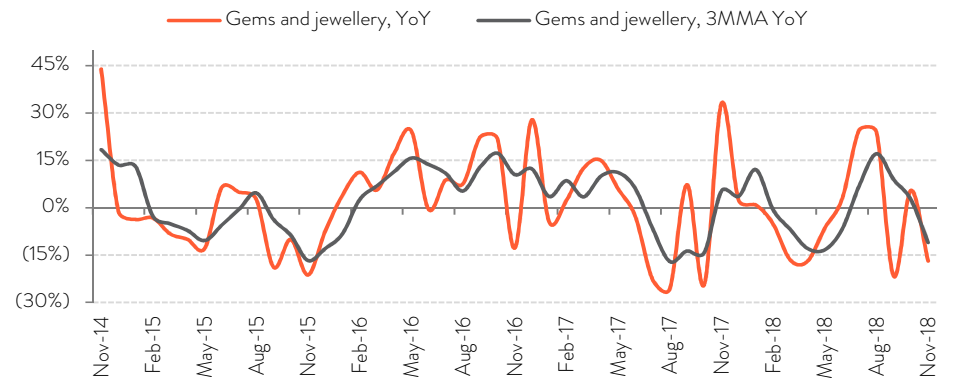
## External sector

### Exports

**FIG 135 – EXPORT GROWTH SLIPS IN NOV'18**

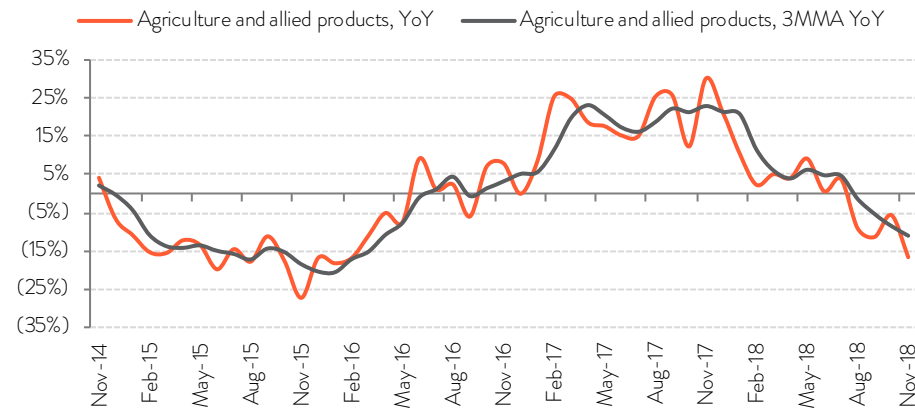


**FIG 136 – LED BY SHARP DECELERATION IN GEMS AND JEWELLERY**

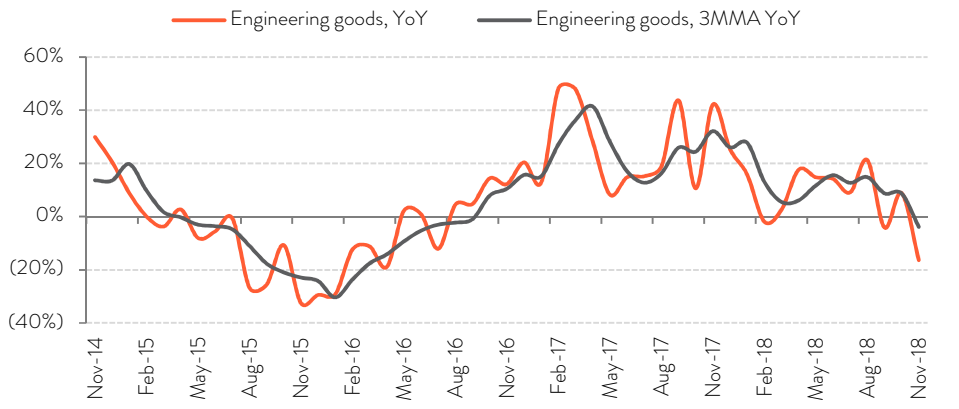


### Exports by major sectors

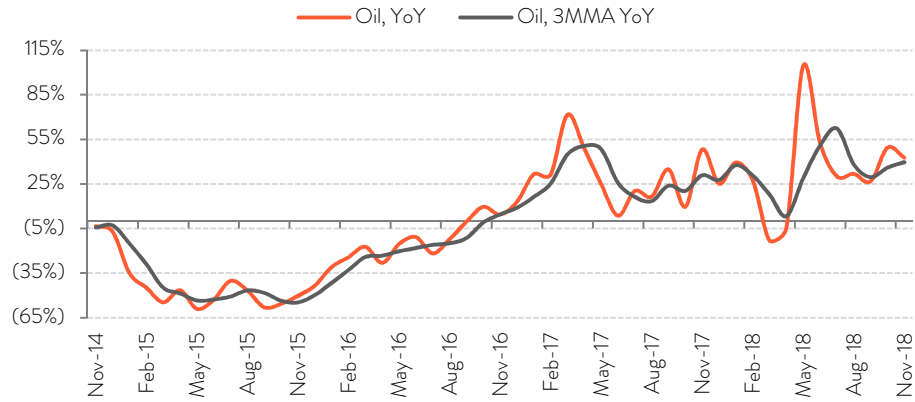
**FIG 137 – AGRI EXPORTS ALSO DECLINE**



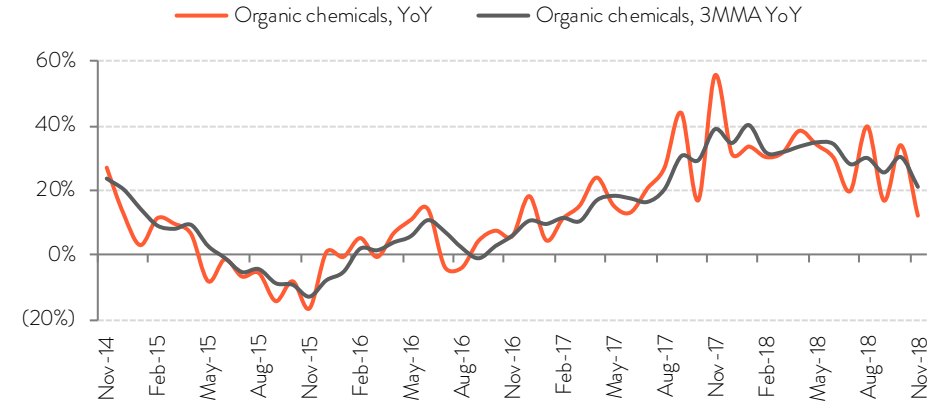
**FIG 138 – SO DO EXPORTS OF ENGINEERING GOODS**



**FIG 139 – OIL EXPORTS ALSO DECELERATE**

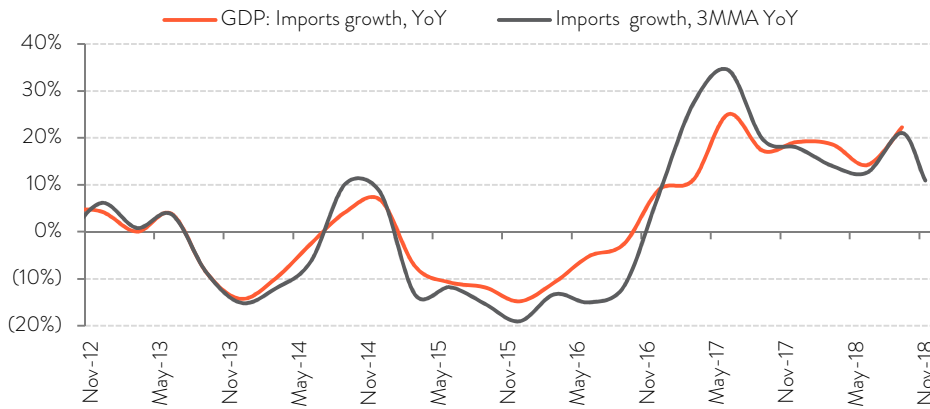


**FIG 140 – SO DO ORGANIC CHEMICALS**

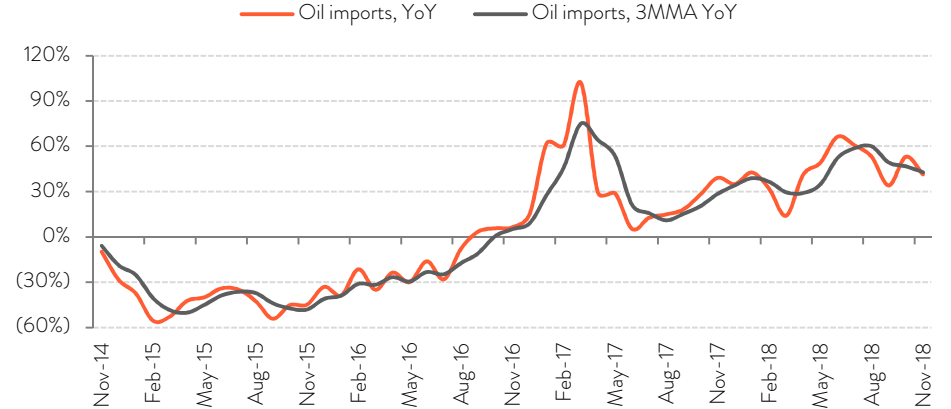


**Imports**

**FIG 141 – IMPORT GROWTH ALSO EDGES DOWN**

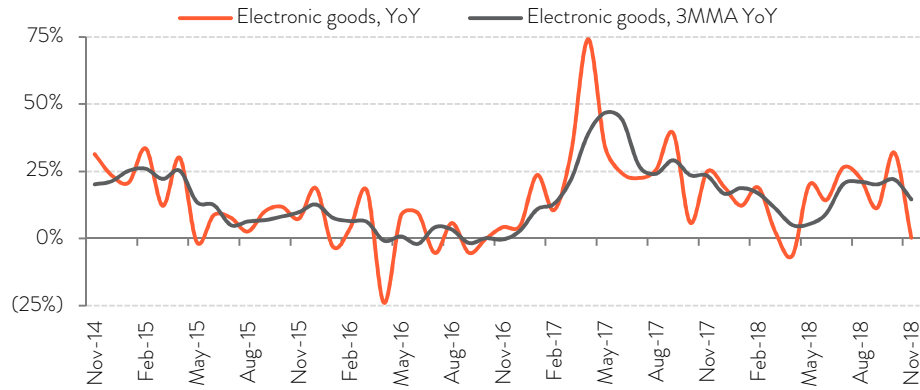


**FIG 142 – OIL IMPORTS HOWEVER REMAIN BUOYANT**

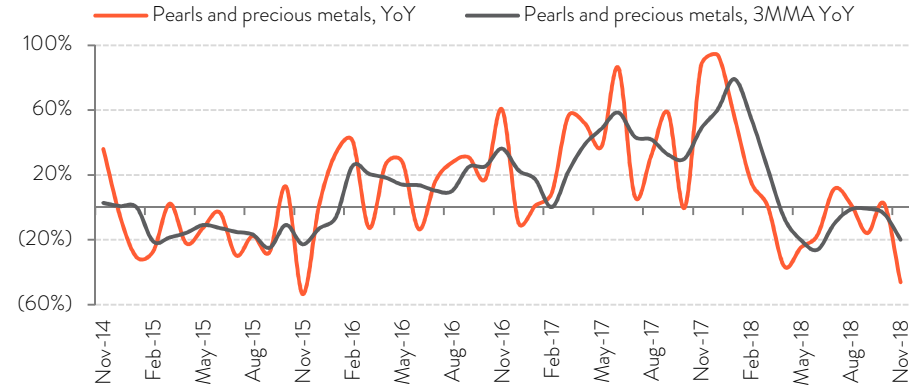




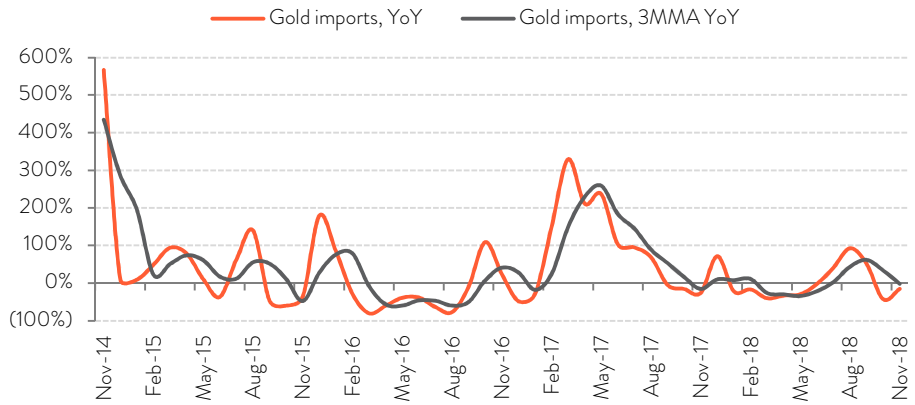
**FIG 143 – ELECTRONIC IMPORTS DECELERATE (0.3% IN NOV'18 VS 31.9% IN OCT'18)**



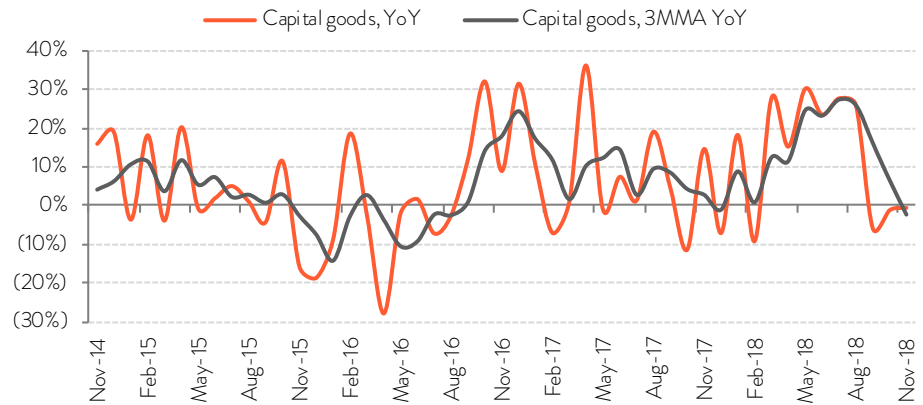
**FIG 144 – SIMILAR TREND VISIBLE IN IMPORTS OF PRECIOUS METALS**



**FIG 145 – GOLD IMPORTS ALSO CONTINUE TO DECLINE (-15.6% IN NOV'18)**



**FIG 146 – CAPITAL GOODS IMPORTS DECLINE FOR 3<sup>RD</sup> STRAIGHT MONTH IN NOV'18**



## Exports and imports by major regions

**FIG 147 – EXCEPT CHINA, EXPORTS TO OTHER MAJOR REGIONS DECLINE IN NOV'18**

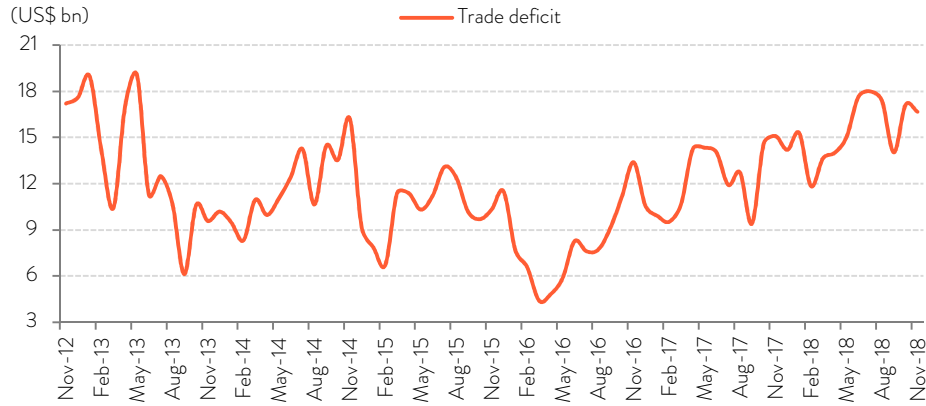
Region (% YoY)	Share (%) FY18	Sep'18	Oct'18	Nov'18	FYTD18	FYTD19
Americas	24.4	(0.5)	23.9	(2.9)	12.5	11.4
Asia and Pacific (Ex. China)	4.4	0.4	13.5	(3.8)	18.1	8.7
China	20.9	23.0	17.2	26.2	41.1	36.9
Europe	29.3	(5.2)	10.8	0.1	11.8	11.6
Middle East and Africa	20.0	(9.9)	24.8	4.2	2.0	9.4
Other	1.0	8.5	3.3	32.2	(38.1)	28.4

**FIG 148 – WHILE IMPORTS FROM MIDDLE EAST SHOW SOME PICKUP IN NOV'18, IMPORTS FROM OTHER REGIONS DECLERATE**

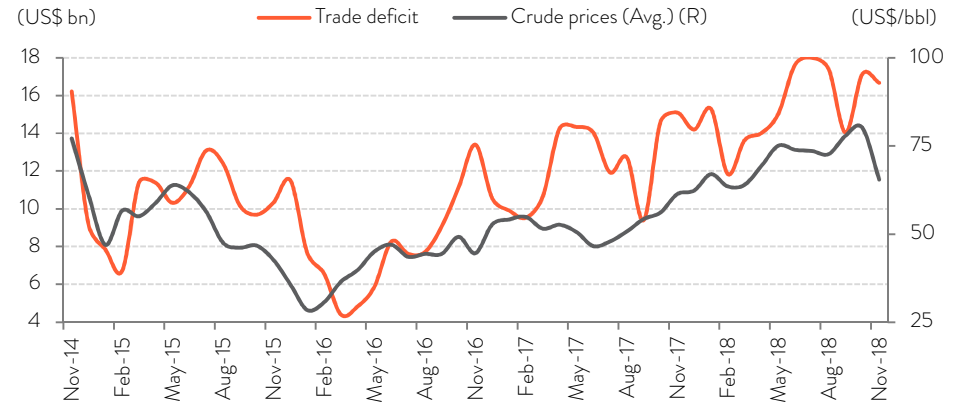
Region (% YoY)	Share (%) FY18	Sep'18	Oct'18	Nov'18	FYTD18	FYTD19
Americas	12.0	(6.7)	4.6	(7.2)	24.8	(2.7)
Asia and Pacific (Ex. China)	23.0	6.5	4.6	(1.8)	18.9	12.8
China	16.4	34.0	33.1	19.0	26.9	24.7
Europe	15.0	19.4	33.9	26.6	21.8	31.8
Middle East	28.8	15.4	9.4	10.6	23.5	20.0
Other	4.8	(68.5)	(55.6)	(58.6)	37.2	(57.2)

**Trade deficit**

**FIG 149 – TRADE DEFICIT CLIMBS TO US\$ 129.9 BN IN FYTD19 VS US\$ 106.4BN IN FYTD18**

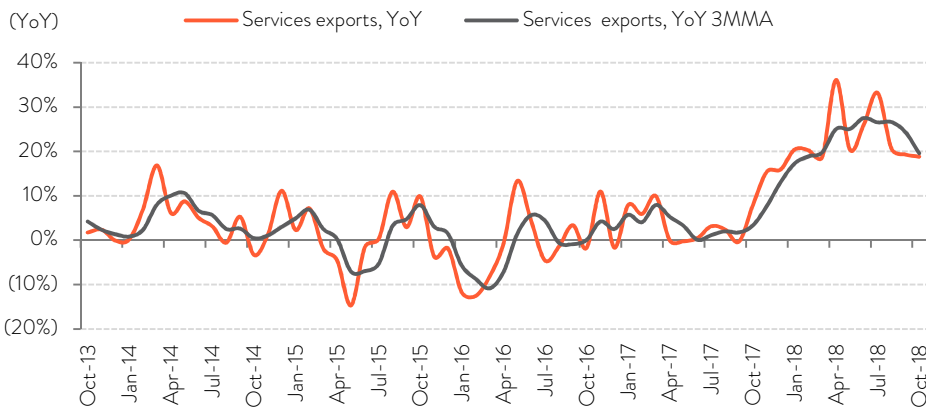


**FIG 150 – LED BY HIGHER OIL PRICES**



**Trade in services**

**FIG 151 – SERVICES EXPORT DECELERATING**



**BoP**

**FIG 152 – CAD RISES TO 2.9% OF GDP IN Q2FY19 FROM 2.4% IN Q1FY19**

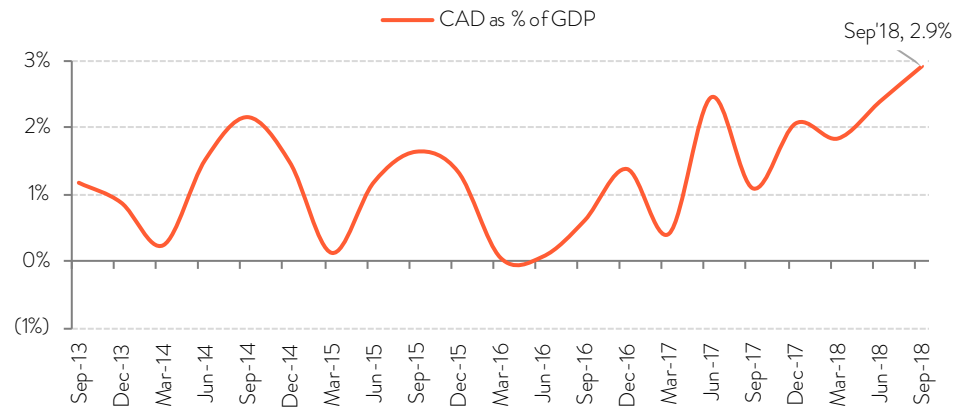


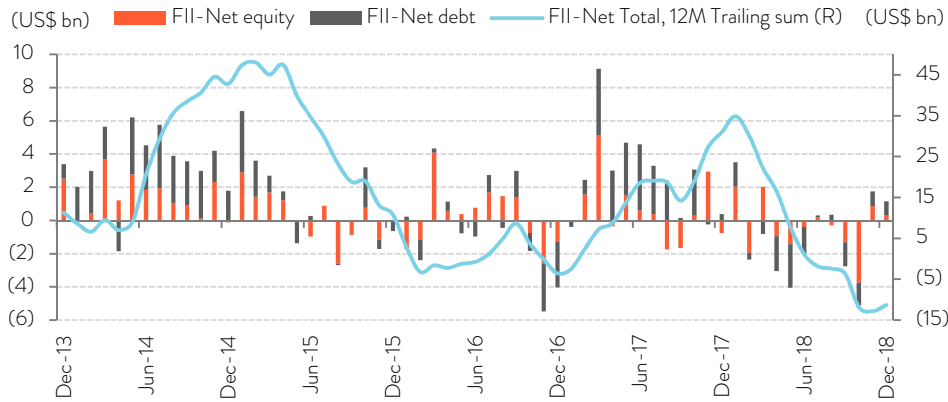
FIG 153 – ON THE BACK OF HIGHER MERCHANDISE TRADE DEFICIT

(US\$ bn)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19
<b>Current account</b>	<b>(6.9)</b>	<b>(13.7)</b>	<b>(13.0)</b>	<b>(15.8)</b>	<b>(19.1)</b>
<b>CAD/GDP (%)</b>	<b>(1.1)</b>	<b>(2.1)</b>	<b>(1.9)</b>	<b>(2.4)</b>	<b>(2.9)</b>
- Trade balance	(14.1)	(23.3)	(21.5)	(27.1)	(29.8)
- Merchandise exports	76.1	77.5	82.2	83.4	83.4
- Merchandise imports	108.5	121.6	123.8	129.1	133.4
-- Oil imports	23.7	29.2	33.0	36.8	40.6
-- Non-oil imports	84.8	92.4	90.8	92.3	92.8
- Net Services	18.4	20.7	20.2	18.7	20.2
--Telecom, Computer and Information	18.3	18.4	18.9	18.7	19.6
- Primary income	(8.6)	(6.5)	(7.8)	(5.9)	(8.7)
- Secondary income	15.7	16.1	16.2	17.1	19.4
<b>Capital account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial account</b>	<b>7.4</b>	<b>13.0</b>	<b>11.8</b>	<b>16.6</b>	<b>18.2</b>
Foreign investments (FDI + FII)	14.5	9.6	8.7	1.6	6.3
- FDI	12.4	4.3	6.4	9.7	7.9
- FII	2.1	5.3	2.3	(8.1)	(1.6)
<b>-Other investments</b>	<b>3.5</b>	<b>13.3</b>	<b>16.5</b>	<b>5.2</b>	<b>8.8</b>
-ADRs/GDRs	0.0	0.0	0.0	0.0	0
-Currency and deposits	0.8	3.3	4.7	3.0	3.3
-Loans	(1.8)	2.4	2.3	6.9	(1.4)
-Trade credits	4.0	4.8	4.5	(3.5)	4.8
-Other receivables/payable accounts	0.6	2.9	5.8	(0.7)	2.2
<b>-Reserve assets</b>	<b>(9.5)</b>	<b>(9.4)</b>	<b>(13.2)</b>	<b>11.3</b>	<b>1.9</b>
Errors & Omissions	(0.4)	0.6	1.3	(0.8)	0.9

## Foreign inflows

### FII inflows

**FIG 154 – FII INFLOWS AT US\$ 1.2BN IN DEC'18**



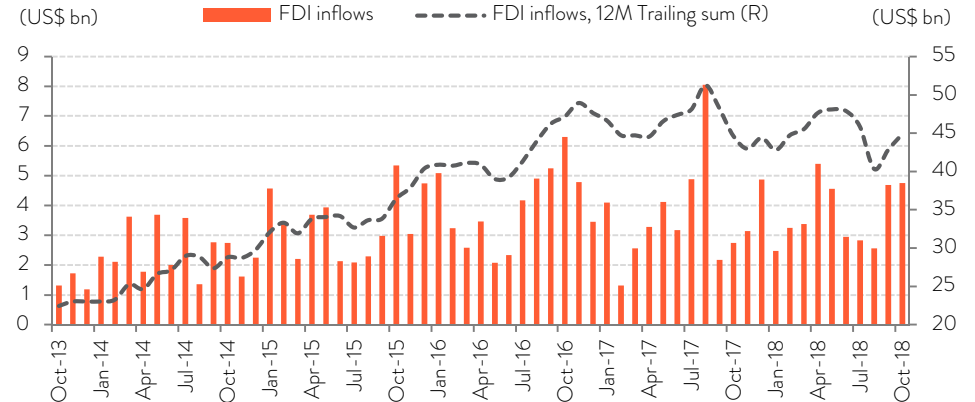
**FIG 156 – PICKUP IN FDI INFLOWS FROM SINGAPORE**

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 155 – FDI INFLOWS AT US\$ 27.7BN IN FYTD19 (US\$ 28.4BN IN FYTD18)**



Source: RBI, Bank of Baroda Research

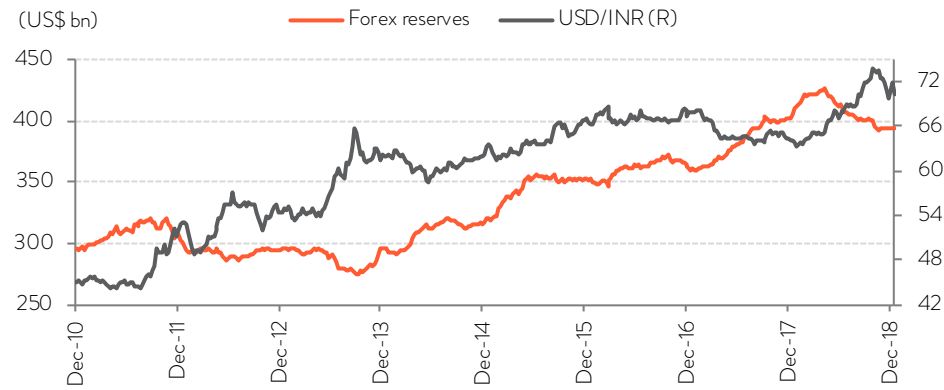
**FIG 157 – FDI INFLOWS IN TELECOM SECTOR RISE**

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 158 – INDIA'S FX RESERVES DECLINE TO US\$ 393BN**

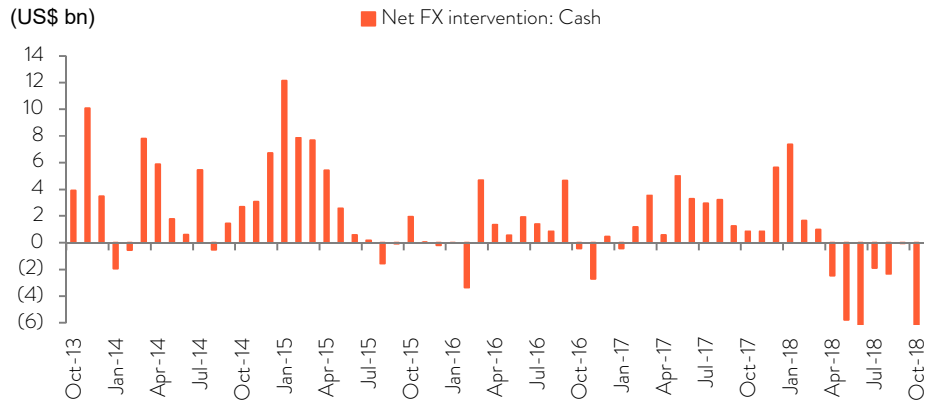


Source: Bloomberg | Weekly data as of 26 Oct 2018

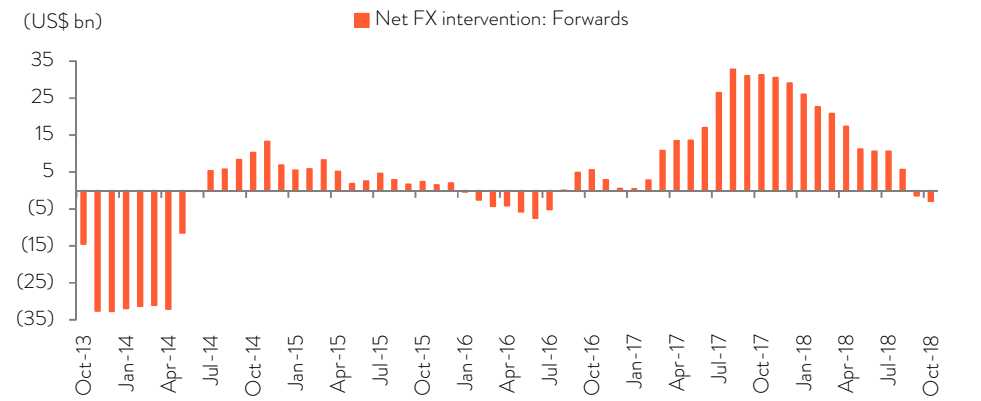
**FIG 159 – EXTERNAL DEBT RISES TO 20.8% OF GDP IN Q2FY19**



**FIG 160 – RBI'S SOLD US\$ 25.9BN IN SPOT MARKET IN FYTD19**



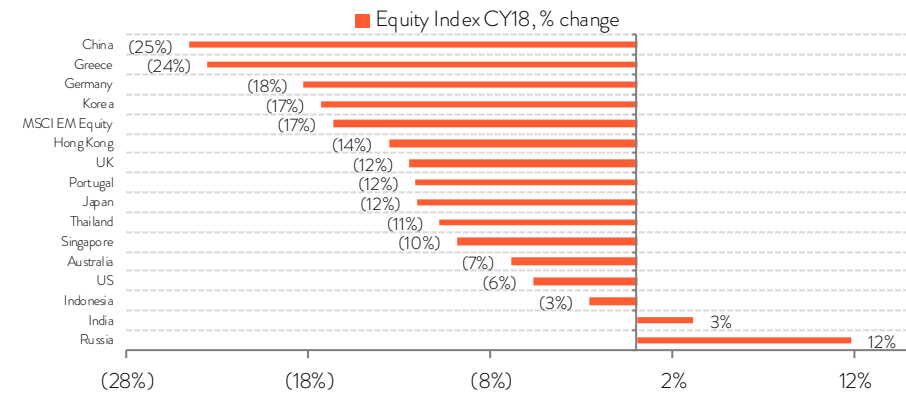
**FIG 161 – RBI SOLD US\$ 1.5BN IN FORWARD MARKET IN OCT'18**



## Markets

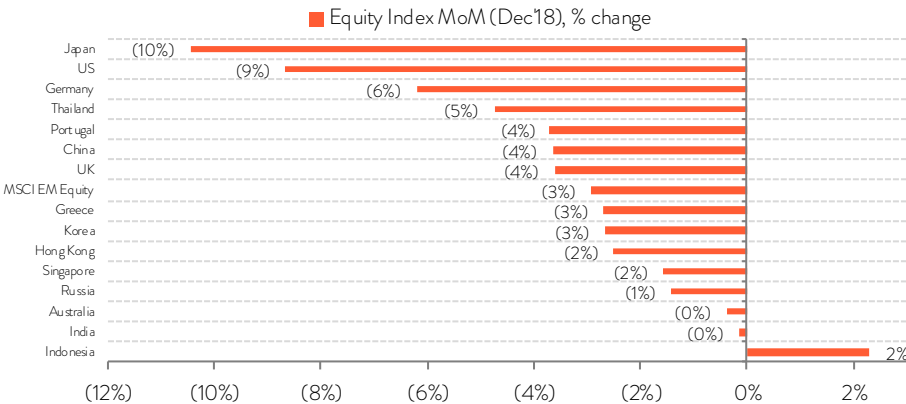
### Equity

**FIG 162 – NIFTY ROSE BY 3% IN CY18, WHEREAS MSCI EM DECLINED BY 17%**



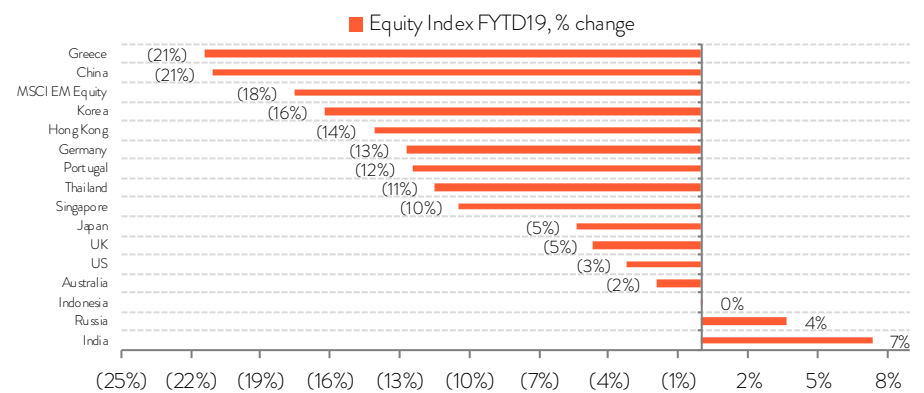
Source: Bloomberg

**FIG 164 – ON MOM\* BASIS, NIFTY REMAINED ALMOST STABLE IN CONTRAST WITH OTHER EMS**



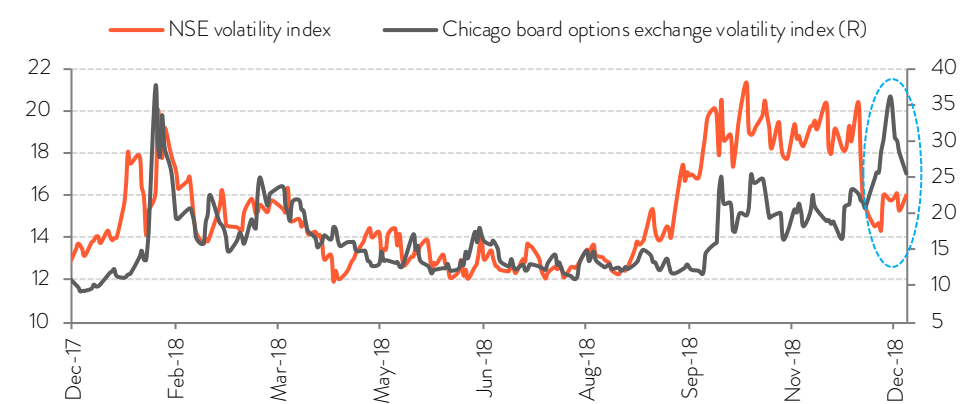
Source: Bloomberg | \*Nov-Dec 2018

**FIG 163 – IN FYTD19\*, NIFTY ROSE THE HIGHEST BY 7%**



Source: Bloomberg | \*till Dec 2018

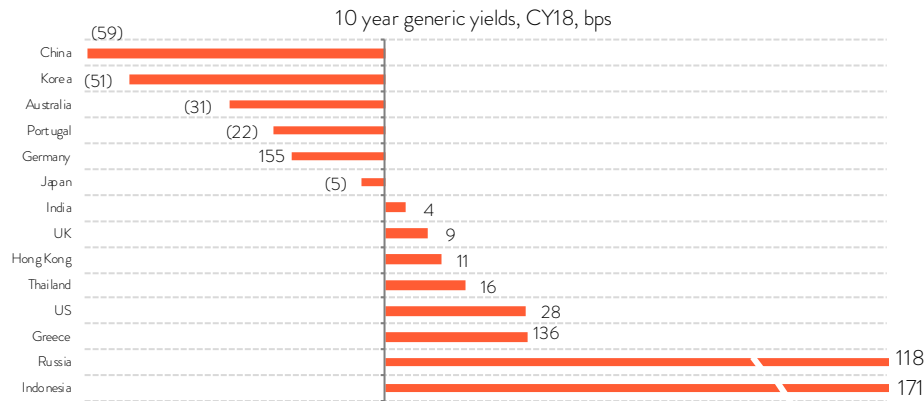
**FIG 165 – NIFTY VIX DECLINED TO 16 IN DEC'18 VS 19 IN NOV'18**



Source: Bloomberg

## 10 year Bond yields

**FIG 166 – INDIAN 10 YEAR YIELDS ROSE MARGINALLY BY 4BPS IN CY18**



Source: Bloomberg

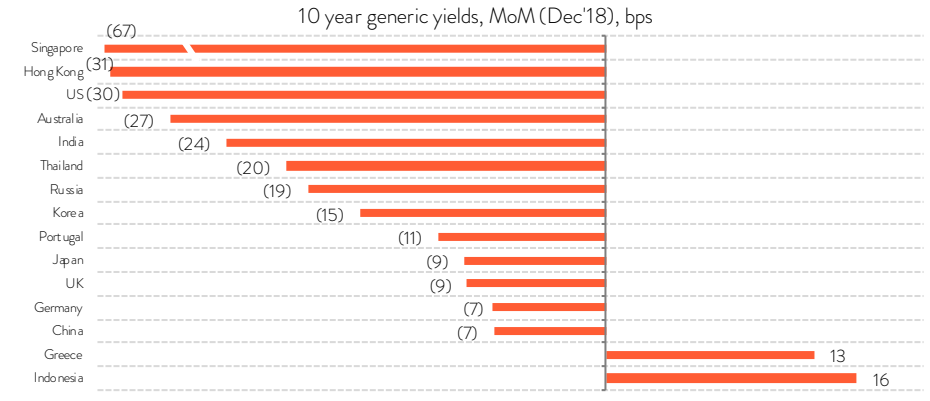
## Currencies

**FIG 168 – INR APPRECIATES BY 6.3% IN NOV'18**



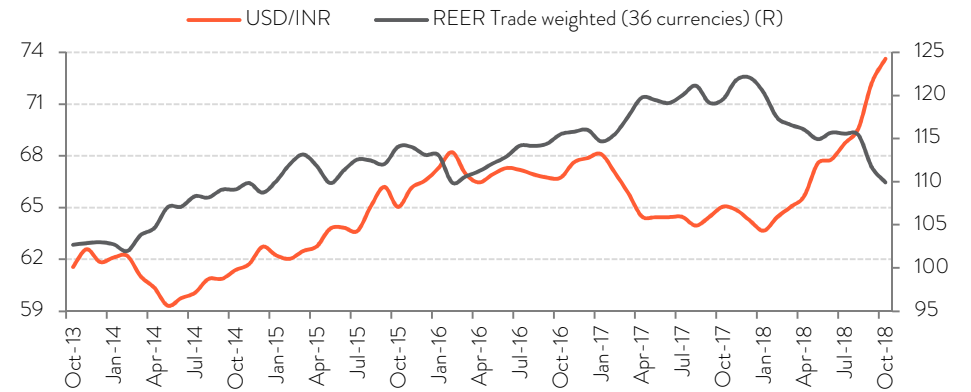
Source: Bloomberg | \*As on 30 Nov 2018

**FIG 167 – ...HOWEVER ON MOM BASIS\*, INDIAN 10 YEAR YIELDS DECLINED SHARPLY BY 24BPS**



Source: Bloomberg | \*Nov-Dec 2018

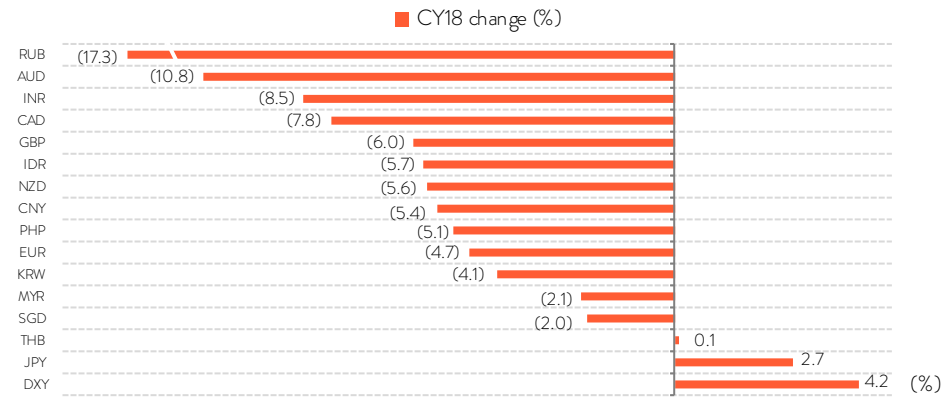
**FIG 169 – INR STILL OVERVALUED BY 9.9% (OCT'18)**



Source: Bloomberg

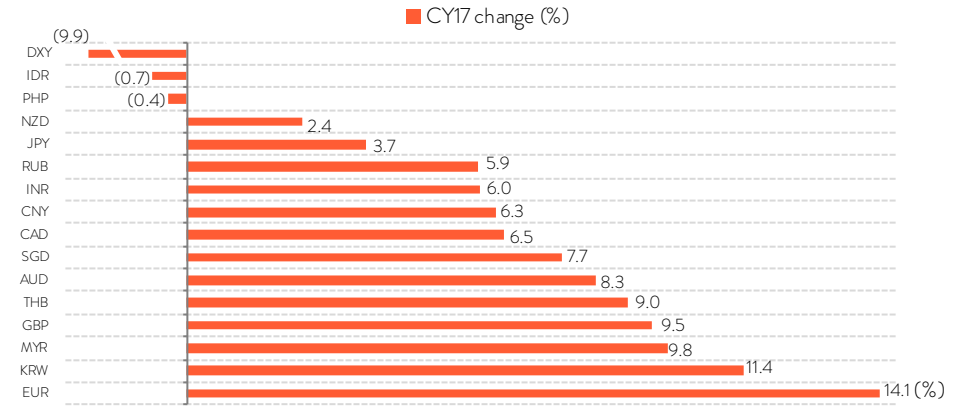


**FIG 170 – MOST CURRENCIES END CY18 LOWER ON STRONGER DOLLAR (DXY UP BY 4.2%)**



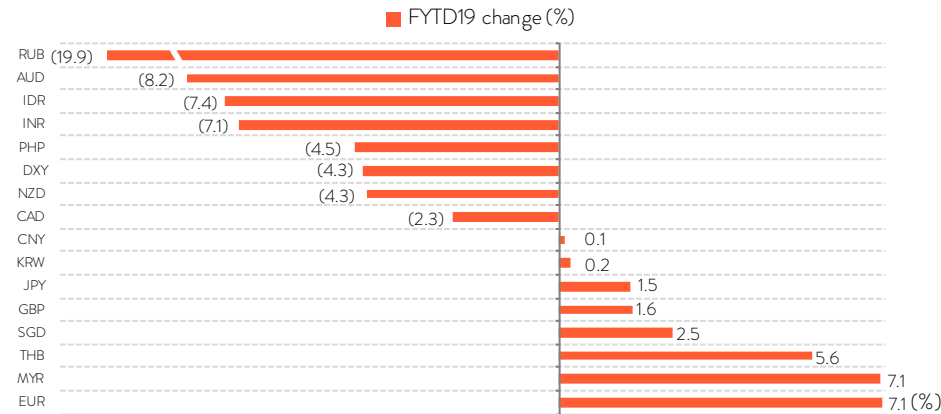
Source: Bloomberg | \*As on 31 Dec 2018

**FIG 171 – INR DOWN 8.5% IN CY18 VS A GAIN OF 6% IN CY17**



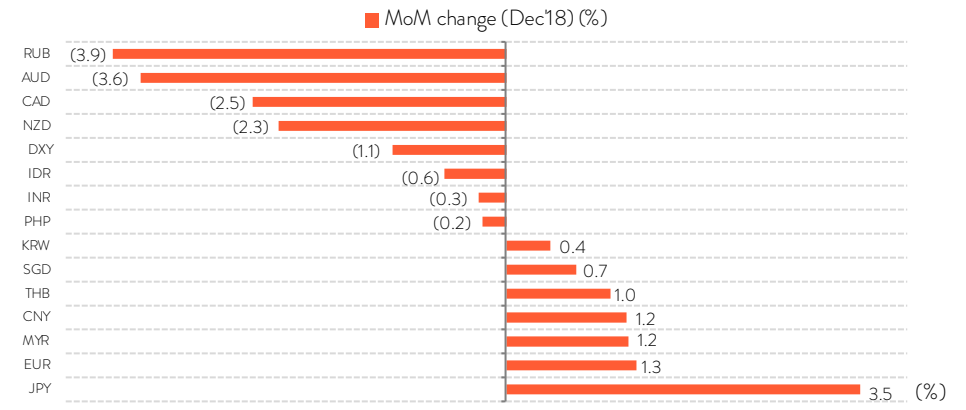
Source: Bloomberg | \*As on 31 Dec 2018

**FIG 172 – INR DOWN 7.1% IN FYTD19**



Source: Bloomberg | \*As on 30 Dec 2018

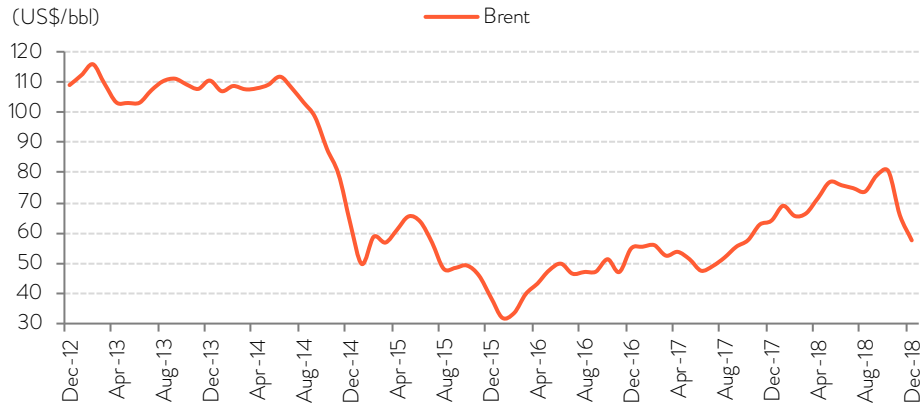
**FIG 173 – AND 0.3% IN DEC'18**



Source: Bloomberg | \*As on 31 Dec 2018

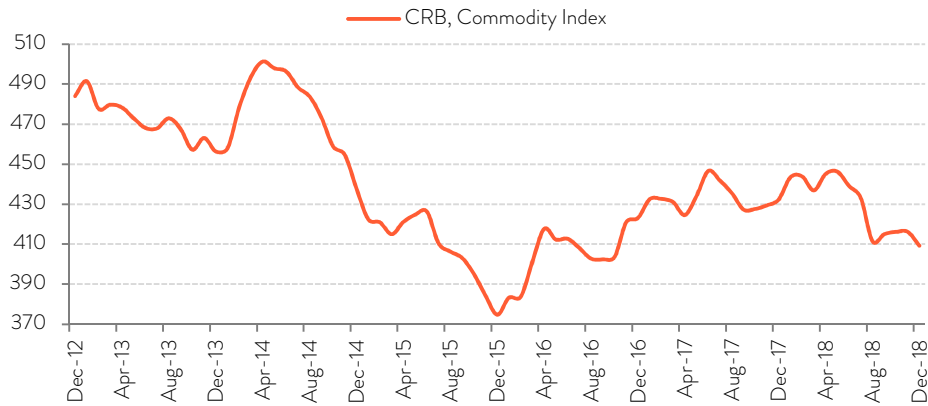
Commodities

**FIG 174 – BRENT PRICES DECLINED STEEPLY TO US\$ 58/BBL IN DEC'18 VS US\$ 66/BBL IN NOV'18 ON CONCERNS OF OVERSUPPLY**



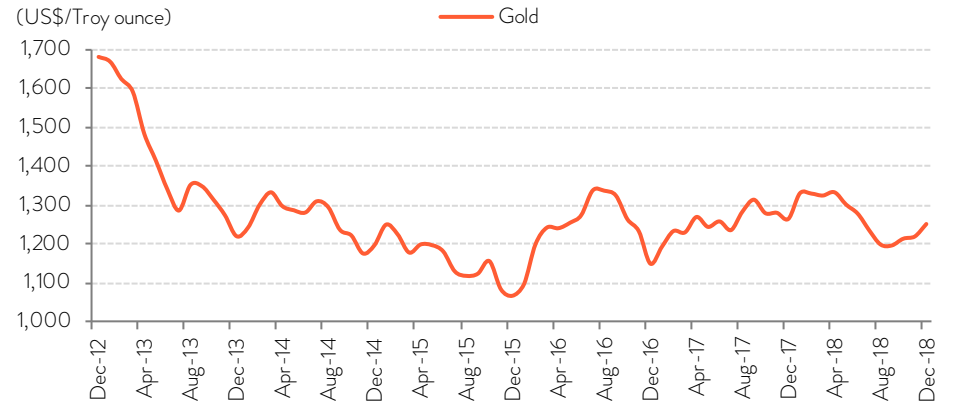
Source: Bloomberg

**FIG 176 – COMMODITY INDEX EDGED DOWN IN DEC'18 LED BY LOWER ENERGY PRICES**



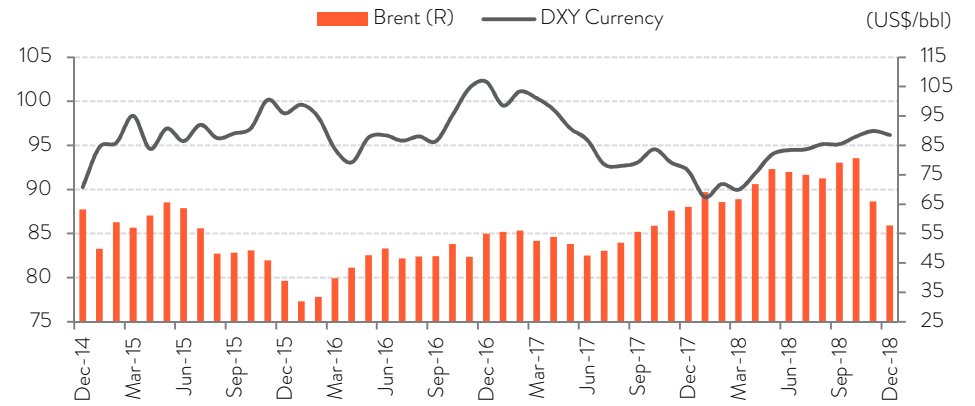
Source: Bloomberg | Index as on last trading day of the month

**FIG 175 – GOLD PRICES ROSE BY 2.6% ON MOM BASIS IN DEC'18 VS 0.5% IN NOV'18**



Source: Bloomberg

**FIG 177 – DXY INCHED DOWN MARGINALLY WHILE BRENT DECLINED SHARPLY IN DEC'18**



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

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