

India Economics

Monthly Chartbook

March 2019

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Macro backdrop for India improving

Indian economy slowed down in Q3 led by lower agriculture growth and government spending. With indirect tax collections remaining lukewarm (rationalisation of rates), centre may have to restrict its spending in Q4. However, states and public enterprises continue to drive public spending. Centre's tilt towards consumption by way of DBT to farmers will boost consumption. So will a normal monsoon. However, global growth outlook has worsened over the last one month. ECB has lowered growth projections leading to an 18bps dip in German yields (CYTD19). FII inflows and muted inflation is positive for India's interest rate outlook. Lower growth and subdued inflation justifies another rate cut in Apr'19.

Consumption may revive in FY20: Consumption slowed down in Q3 with both consumer and government spending decelerating. The trend seems to have sustained even in Q4 with muted non-oil-non-gold imports, lukewarm four-wheeler and two-wheeler sales. However, government support to farmers in the form of DBT of Rs 750bn in FY20 (0.36% of GDP) along with prediction of normal monsoon (Skymet) should support domestic consumption. Government spending will take time to revive as indirect tax collections are rising in single digits (6.9% in FYTD19).

States driving spending: Centre's net tax collections at Rs 11.8tn continue to lag FY19RE of Rs 17.3tn due to muted indirect tax collections. Direct tax collections at 15.7% versus FY19RE of 19.8% are

expected to pick-up. The centre has reduced capital spending to manage the fiscal deficit. However, public spending has been maintained on the back of state enterprises and state governments. States reported a jump in revenue receipts as non-tax revenues surged. Even fiscal deficit of states is likely to be higher than FY19BE.

RBI surprises with a rate cut: Downward revision in inflation trajectory (subsequently visible in 19-month low inflation print of 2.1%) and slowdown in global growth, prompted RBI to not only change its stance but also cut policy rate by 25bps. ECB has also projected a grim outlook for global economy for 2019. German yields have fallen by 18bps (CYTD19) from the peak. US yields are broadly steady. Indian 10Y yield (7.17GS2028) has increased by more than 20bps in CYTD19 as gross borrowing for FY20 surprised negatively and crude prices went up. Liquidity too remained tight but should ease as FII inflows have resumed.

FII inflows lend support to INR: After a weak start in CY19 (INR depreciated by 1.8% in Jan'19), INR appreciated by 0.5% in Feb'19 on the back of FII inflows of US\$ 852mn in Feb'19. With a resumption in FII inflows and oil prices at current levels, CAD is likely to be lower at 2.5% in FY19 vs 2.7% in H1FY19. This along with the global backdrop of lower growth and interest rates is positive for INR. However, higher oil prices and uncertainty over general elections remain a key risk.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION SLOWED BY 8.3% IN Q3FY19 AS AGAINST 9.8% IN Q2FY19

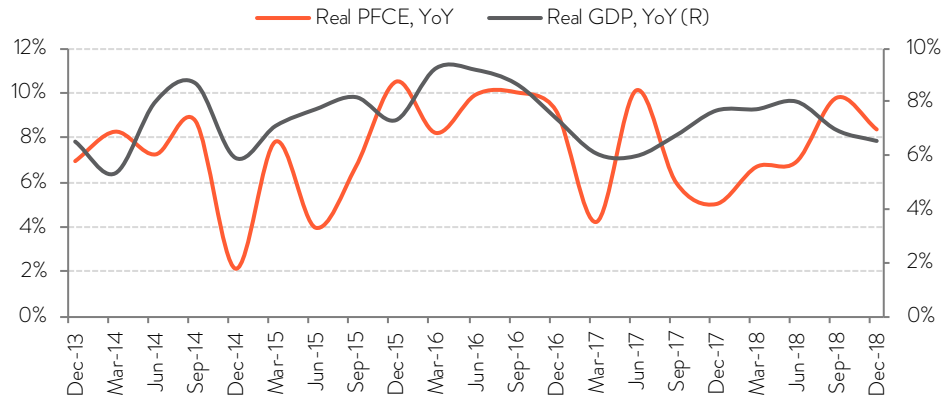


FIG 2 – GOVERNMENT CONSUMPTION DECELERATED TO 6.5% IN Q3FY19

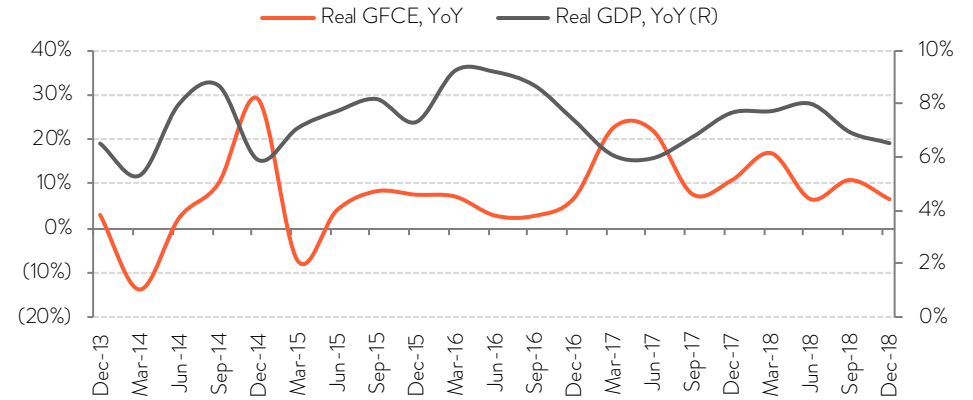


FIG 3 – GENERAL GOV REVENUE SPENDING RISES...

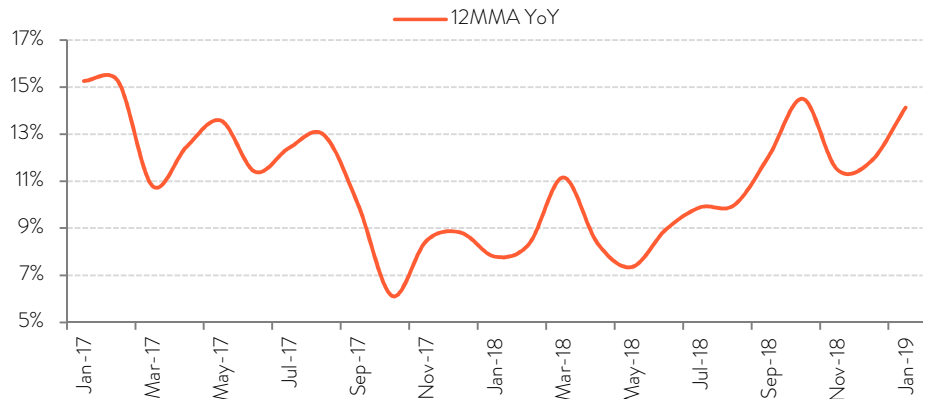
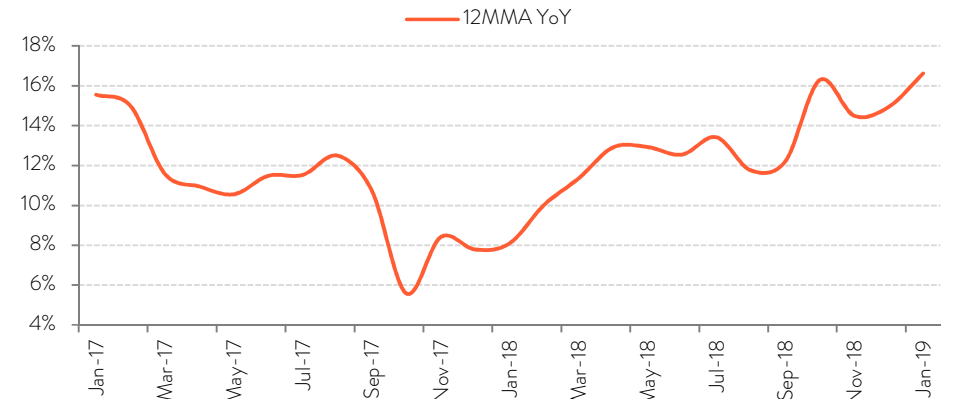


FIG 4 – ...STATE* GOV REVENUE SPENDING FOLLOWING SUIT



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

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS DECLINES BY (-) 0.7% IN JAN'19

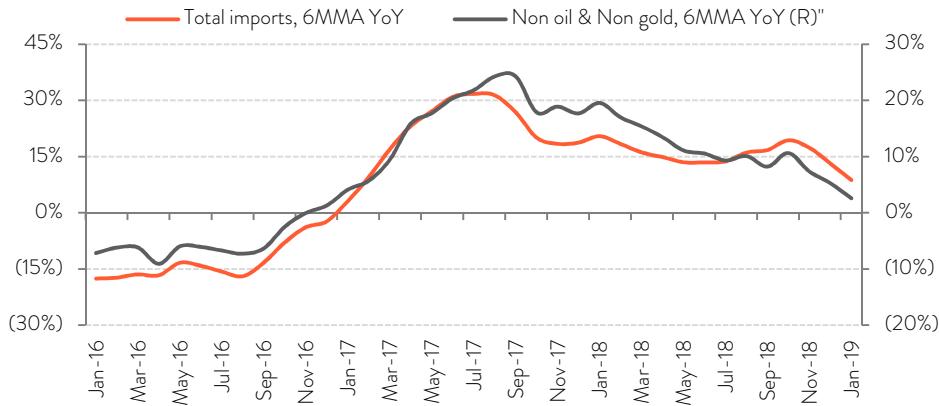


FIG 6 – ELECTRONIC IMPORT REBOUNDS BY 8% IN JAN'19

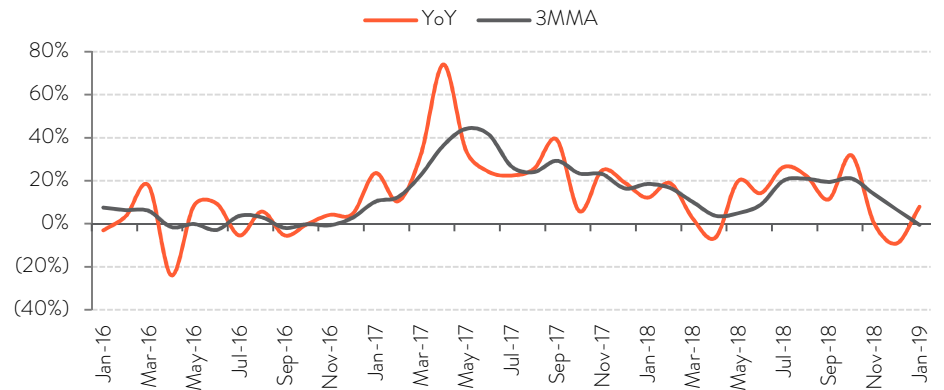


FIG 7 – PASSENGER CAR SALES CONTINUE TO DECLINE IN FEB'19

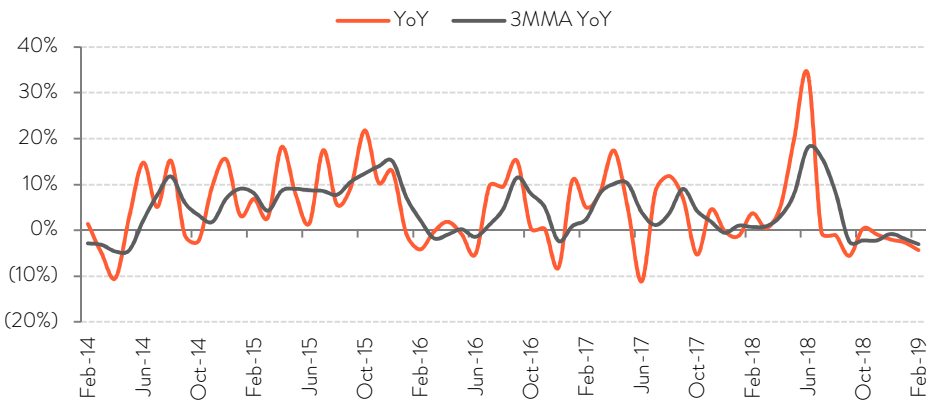
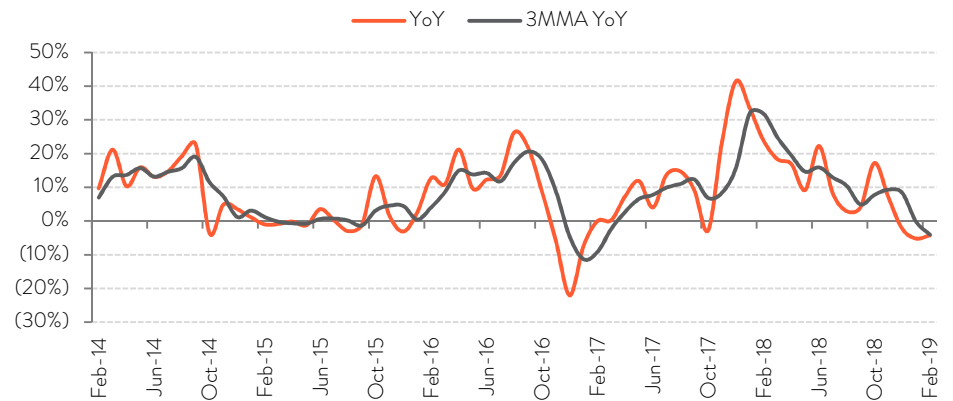


FIG 8 – TWO-WHEELER SALES FALL BY (-) 4.2% IN FEB'19 (BASE EFFECT)



Credit deployment of personal loans

FIG 9 – CREDIT CARD OUTSTANDING DIPS marginally

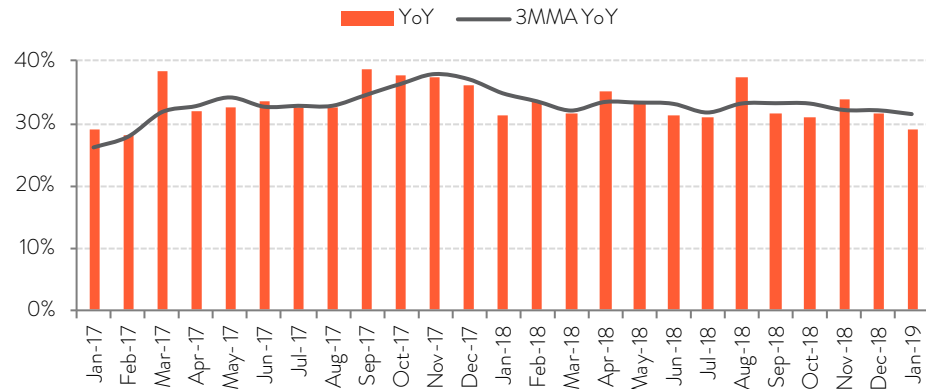


FIG 10 – PERSONAL LOAN GROWING AT STEADY PACE OF 17% IN JAN'19

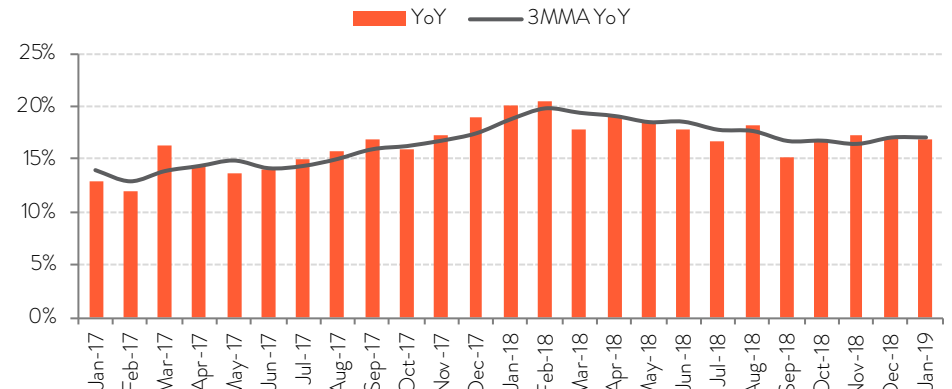


FIG 11 – GROWTH OF VEHICLE LOANS TOO REMAINS STEADY IN JAN'19

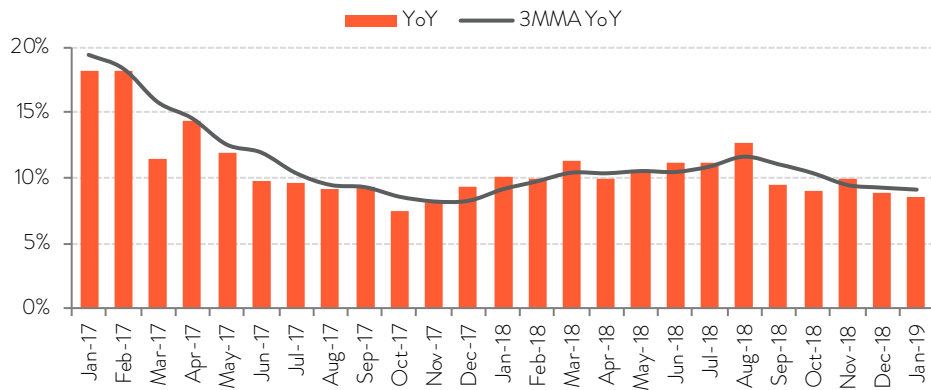
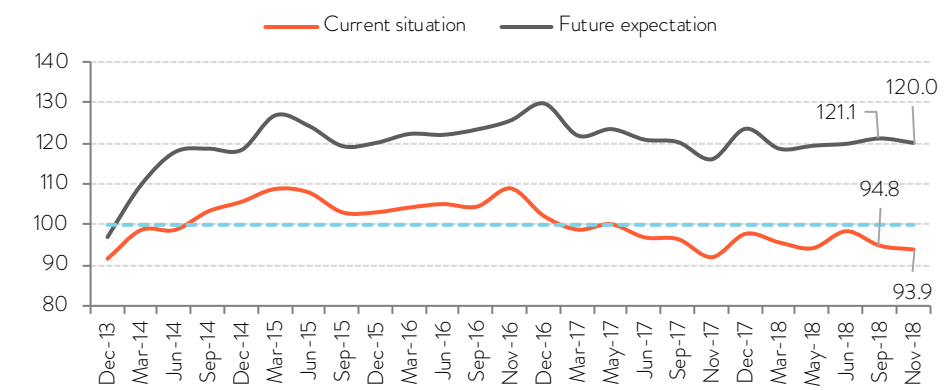


FIG 12 – CONSUMER CONFIDENCE MODERATES



Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES ROSE BY 2.9% IN DEC'18

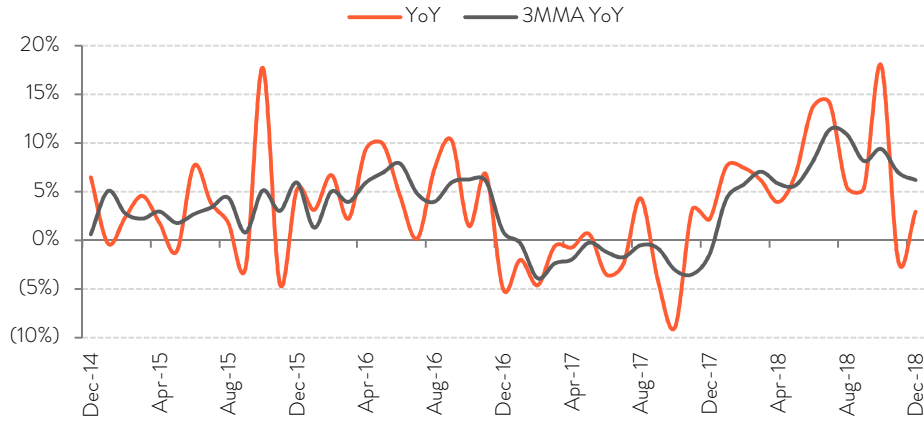
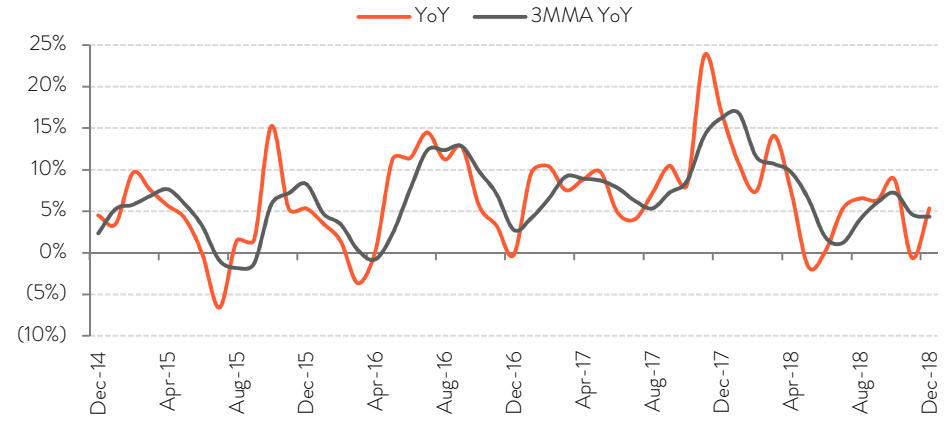


FIG 14 – FMCG OUTPUT RECOVERS IN DEC'18



Agriculture

FIG 15 – AGRICULTURE GROWTH DROPS TO 2.7% IN Q3FY19 (4.6% IN Q3FY18)

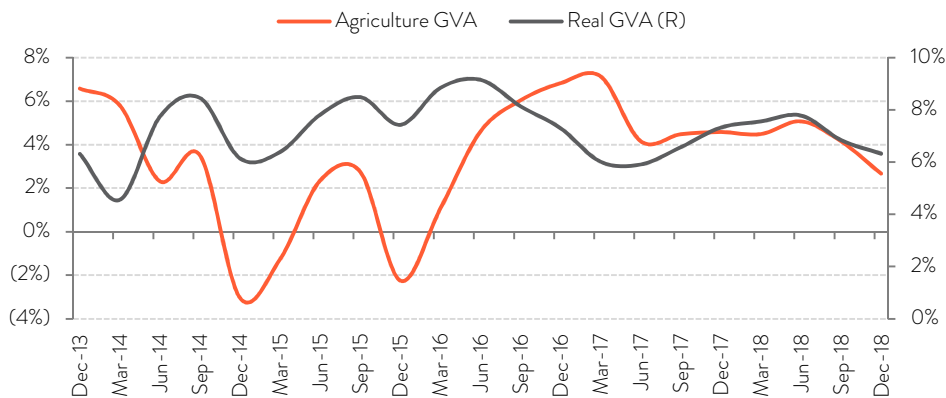


FIG 16 – STOCK OF FOODGRAINS ROSE TO 65 MN TN IN JAN'19 COMPARED TO 52 MN TN IN JAN'18

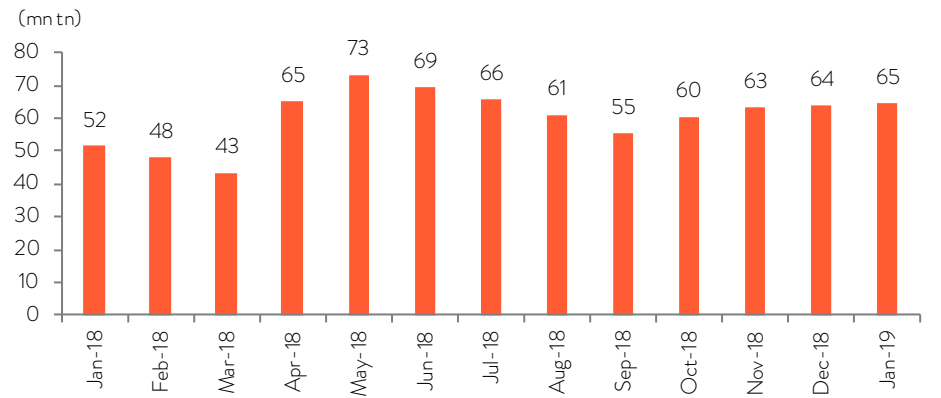


FIG 17 – GROWTH IN AGRICULTURE CREDIT DROPS TO 7.6% IN JAN'19

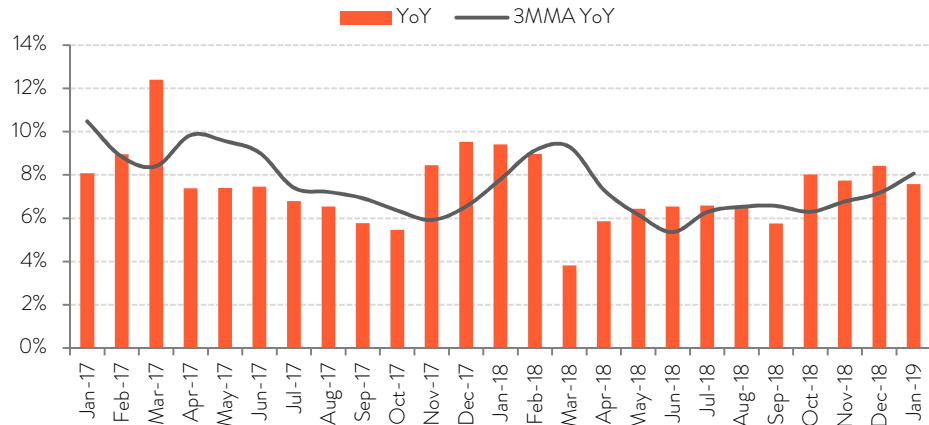
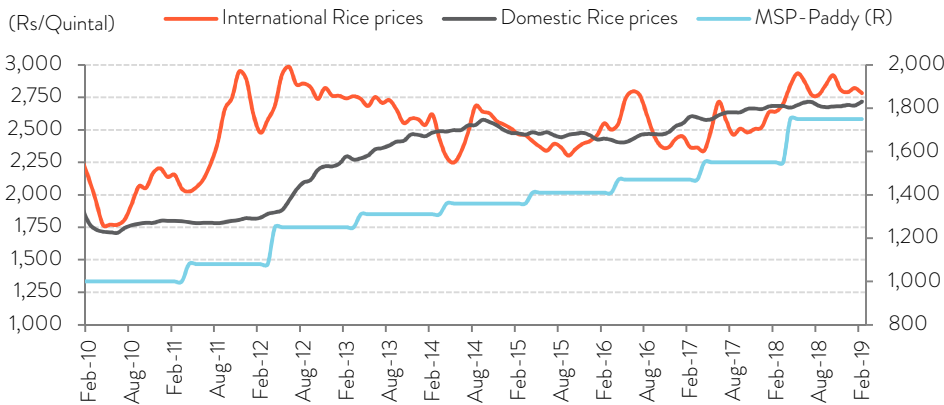


FIG 18 – RICE PROCUREMENT IS EXPECTED TO BE HIGHER THAN WHEAT

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	32.97*

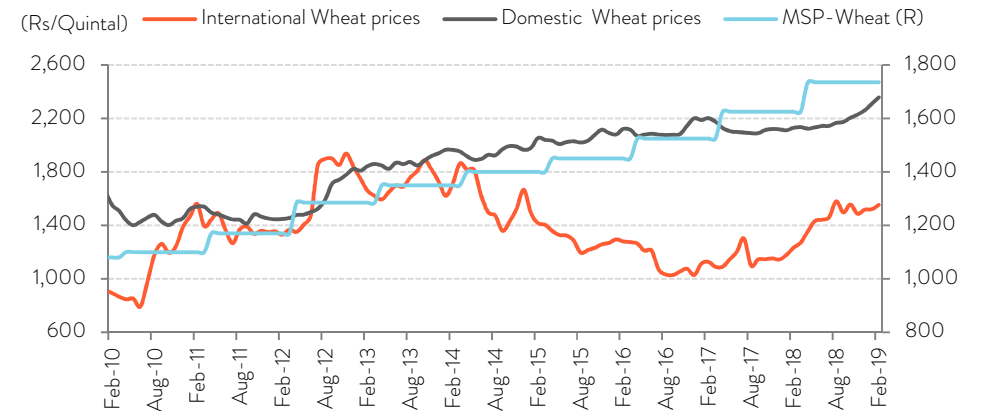
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Jan 2019

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



Source: World Bank

FIG 20 – DOMESTIC PRICE OF WHEAT IS MUCH HIGHER THAN INTERNATIONAL PRICE



Source: World Bank

FIG 21 – GLOBAL FOOD PRICES IMPROVES MARGINALLY

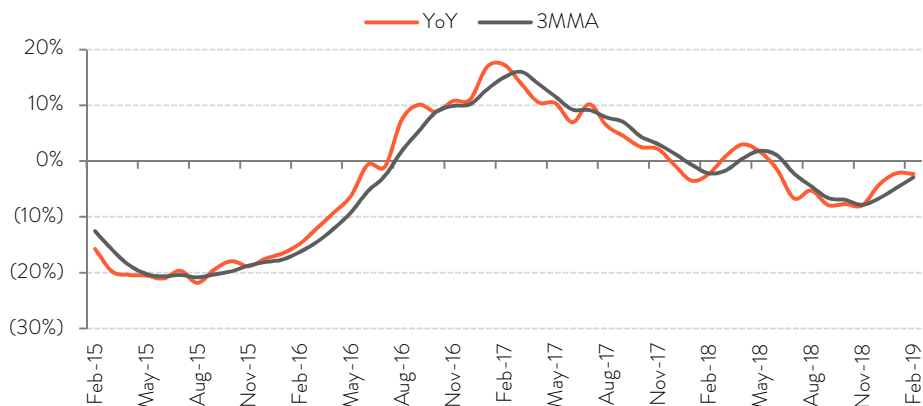


FIG 22 – RURAL WAGES (MEN) RISING AT A STEADY PACE

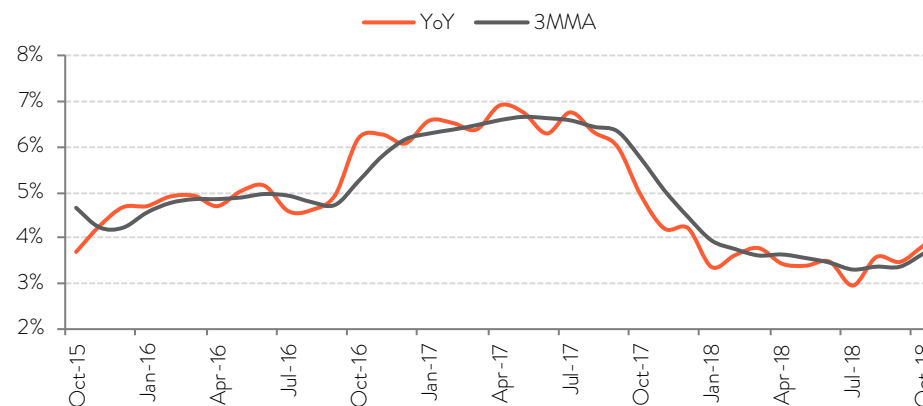


FIG 23 – RABI SOWING CONTINUES TO DECLINE

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	30.7	29.8	30.0	30.6	(0.5)
Rice	3.2	3.4	4.0	4.2	(14.3)
Coarse Cereals	5.8	4.9	5.7	6.5	(14.6)
Pulses	15.3	15.6	16.6	14.1	(5.9)
Oilseeds	8.3	8.0	8.1	8.1	(0.7)
Total	63.4	61.8	64.4	63.4	(4.0)

Note: As on 15 Feb 2019

Inflation

FIG 24 – RETAIL INFLATION PLUNGED TO ITS 19-MONTH LOW OF 2.1% IN JAN'19 LED BY CORE

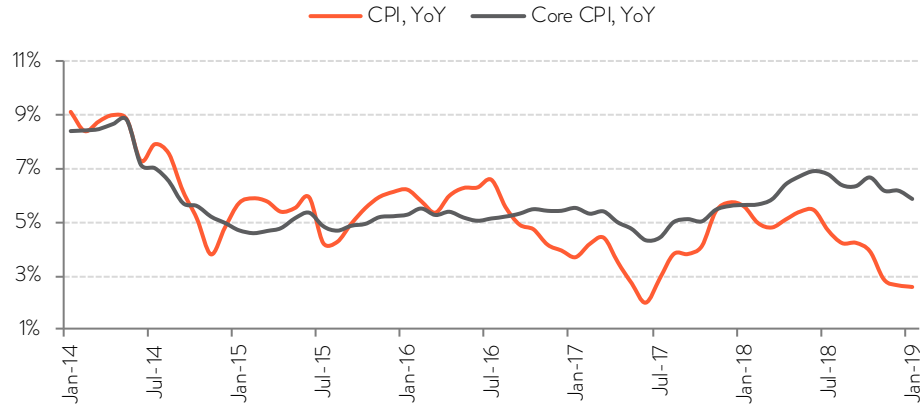


FIG 25 – ...EXCEPT HEALTH & HOUSEHOLD GOODS AND SERVICES, ALL ITEMS OF CORE REGISTERED DECLINE

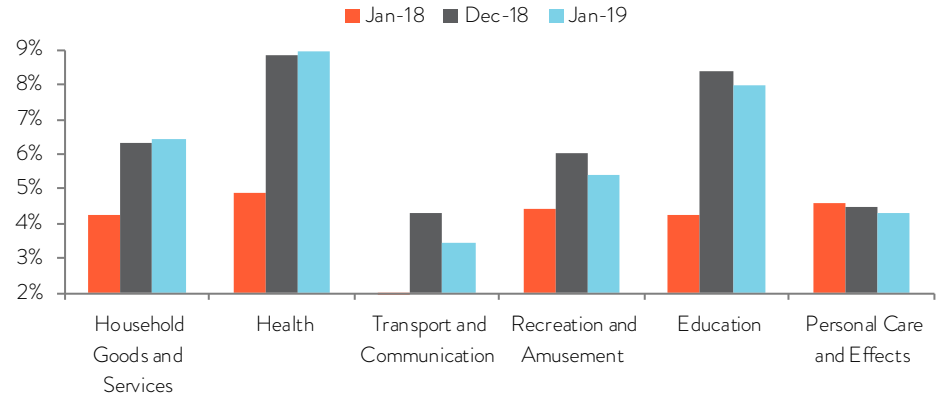


FIG 26 – CORE EXCL. TRANSPORT, COMMUNICATION & HOUSING ALSO FELL BY 20BPS TO 6% IN FEB'19

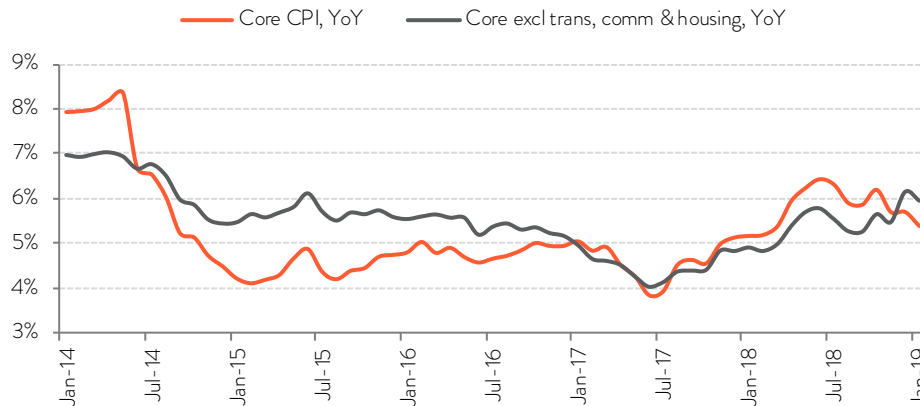


FIG 27 – FOOD INFLATION ALSO REMAINED IN THE DEFLATION TERRITORY FOR THE 4TH CONSECUTIVE MONTH IN A ROW

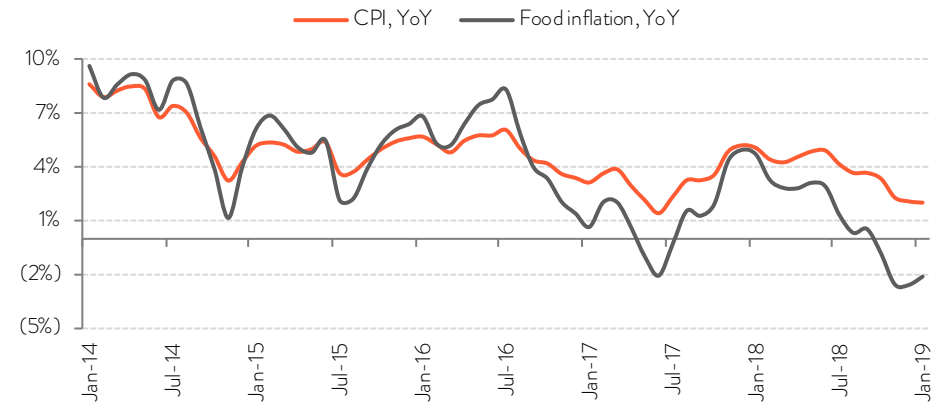


FIG 28 – ...LED BY SHARP FALL IN VEGETABLES AND FRUIT INFLATION

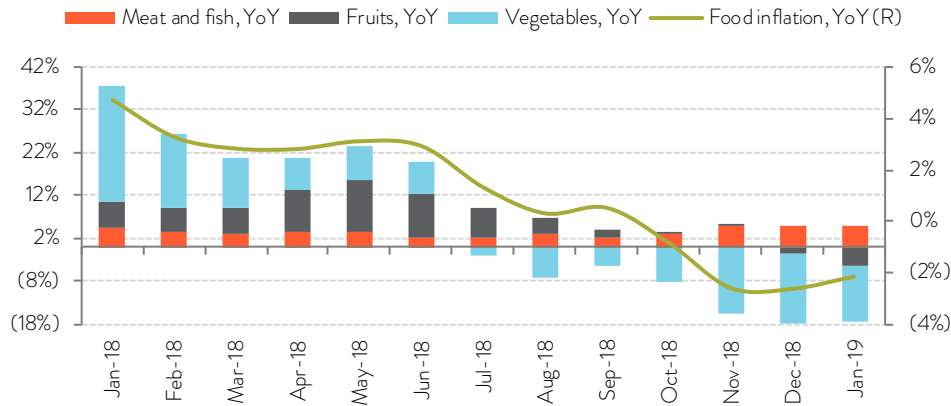
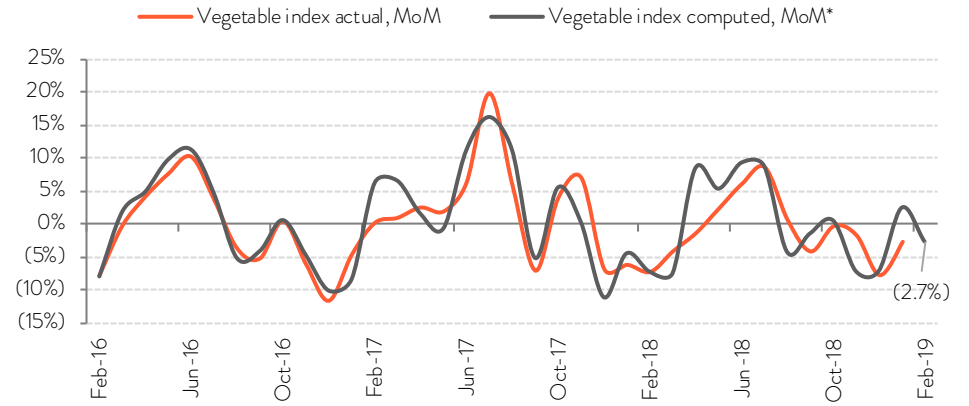
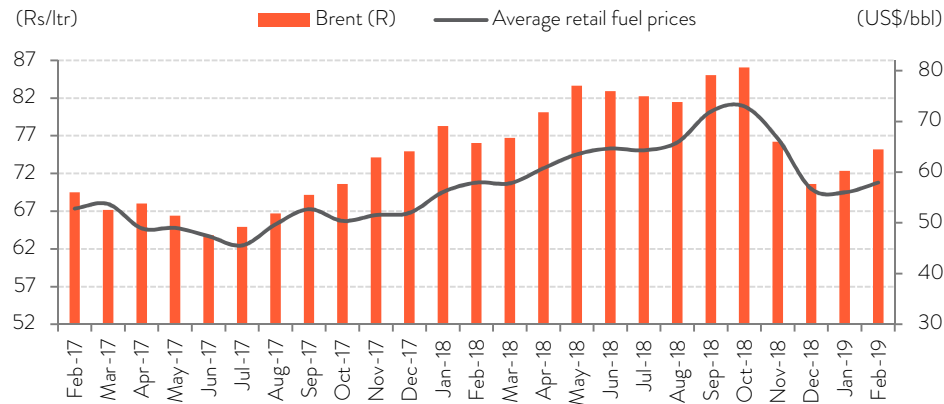


FIG 29 – VEGETABLE INFLATION IS ALSO SEEN FALLING IN FEB'19



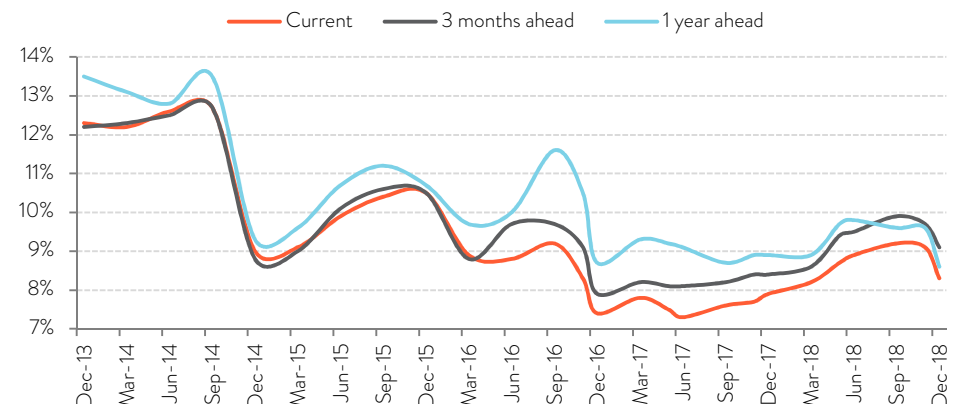
Source: NHB | *Vegetable index computed using average retail price of major items

FIG 30 – RETAIL PRICES OF PETROL & DIESEL* INCHED UP SLIGHTLY AT RS 71/LT IN FEB'19 VS RS 70/LT IN FEB'19 LED BY HIGHER CRUDE PRICES



Note: *Average retail price of Delhi, Kolkata, Mumbai and Chennai

FIG 31 – RBI'S INFLATION EXPECTATION INDEX FELL SHARPLY WHICH JUSTIFIED THE SURPRISE RATE CUT



Industry

FIG 32 – INDUSTRIAL OUTPUT ROSE BY 7% IN Q3FY19

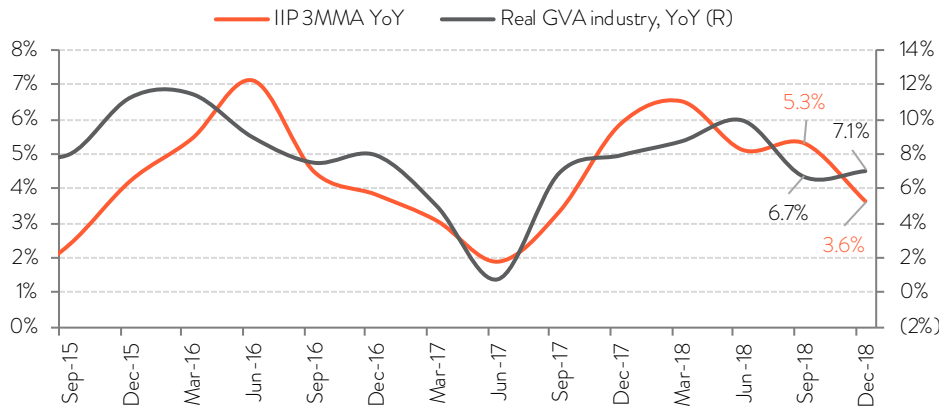


FIG 33 – BROAD BASED IMPROVEMENT IN IIP ON A YOY BASIS

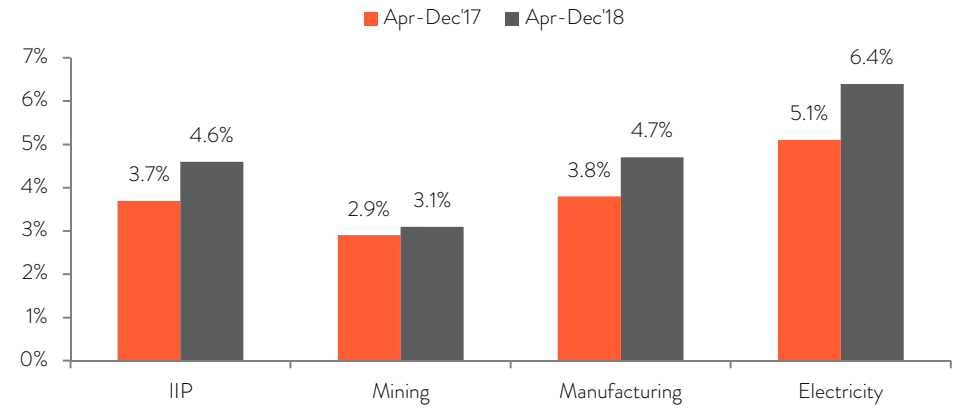


FIG 34 – INFRA/CONSTR PUSHED IIP UPWARDS

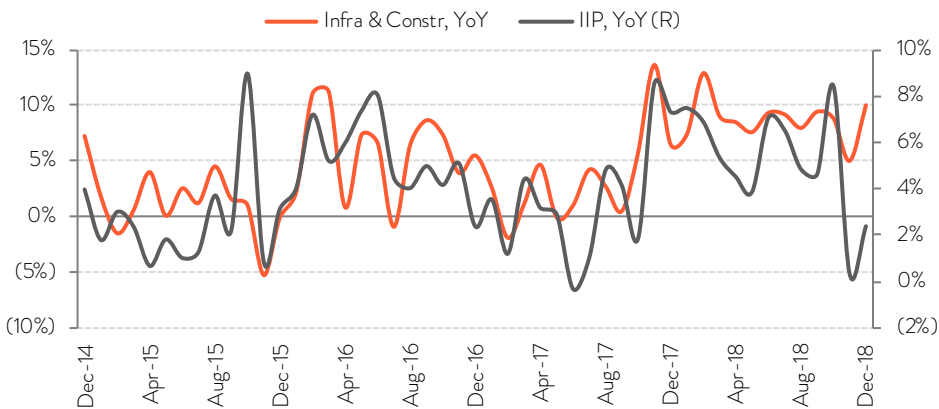


FIG 35 – CAP GOODS DOING THE SAME

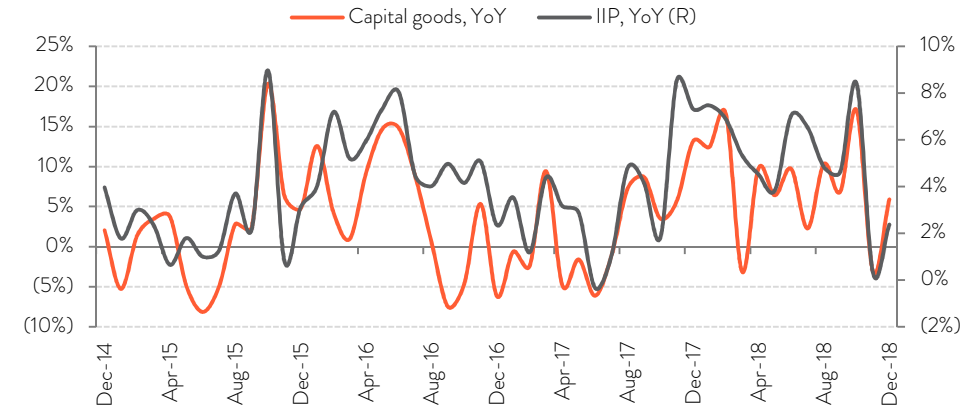


FIG 36 – INDUSTRIAL PRODUCTION RECOVERS TO 2.4% IN DEC'18

Sectoral (%)	Weight	Dec-18	Nov-18	Dec-17	Apr-Dec'18	Apr-Dec'17
IIIP	100.0	2.4	0.3	7.3	4.6	3.7
Mining	14.4	(1.0)	2.7	1.2	3.1	2.9
Manufacturing	77.6	2.7	(0.6)	8.7	4.7	3.8
Electricity	8.0	4.4	5.1	4.4	6.4	5.1
Use-Based						
Primary Goods	34.1	(1.2)	3.2	3.8	4.1	3.5
Capital Goods	8.2	5.9	(3.1)	13.2	7.1	2.7
Intermediate Goods	17.2	(1.5)	(4.9)	7.5	0.3	1.8
Infrastructure and Construction Goods	12.3	10.1	5.0	6.5	8.5	4.3
Consumer Durables Goods	12.8	2.9	(2.1)	2.1	7.5	(1.1)
Consumer Non-Durables Goods	15.3	5.3	(0.6)	16.8	4.1	10.5

Manufacturing

FIG 37 – MANUFACTURING ACTIVITY REMAINS STEADY IN Q3FY19

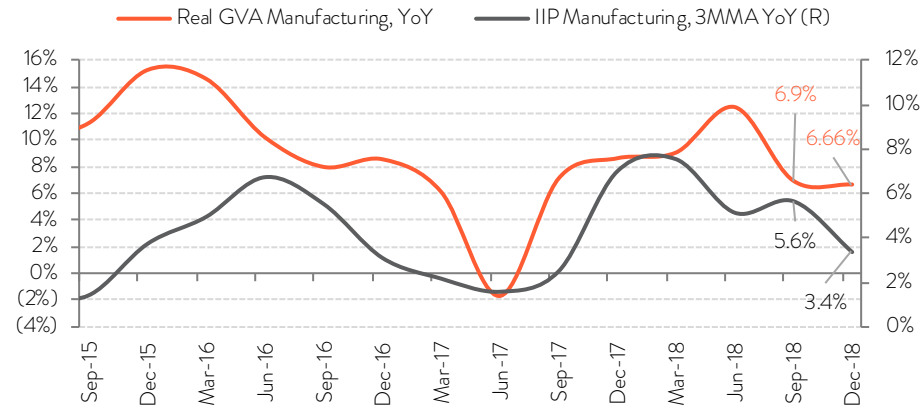
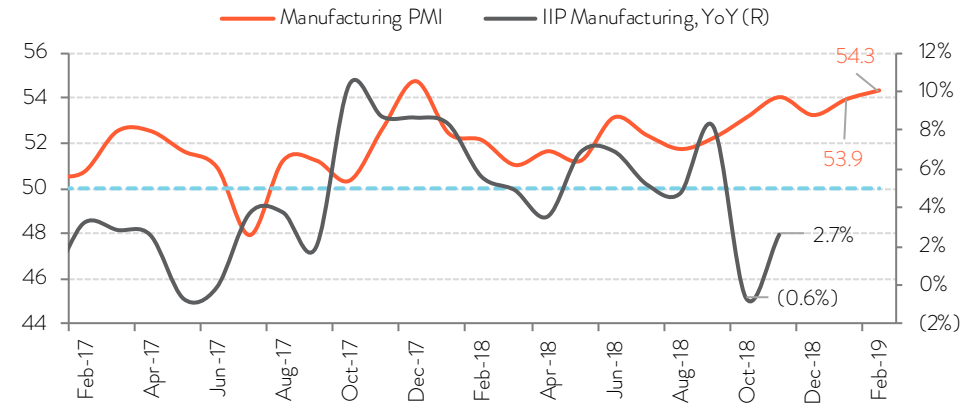


FIG 38 – MANUFACTURING PMI RISES TO 14-MONTH HIGH IN FEB'19



Source: Markit

Mining & Electricity

FIG 39 – MINING ACTIVITY IMPROVES BY 1.3% IN Q3FY19

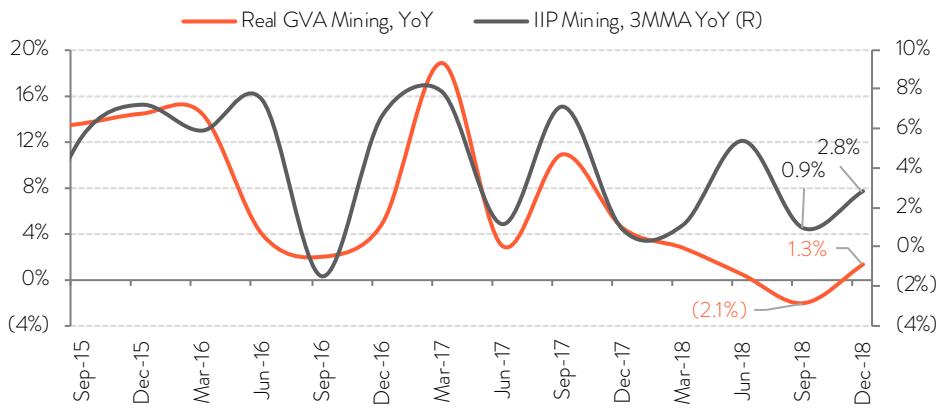
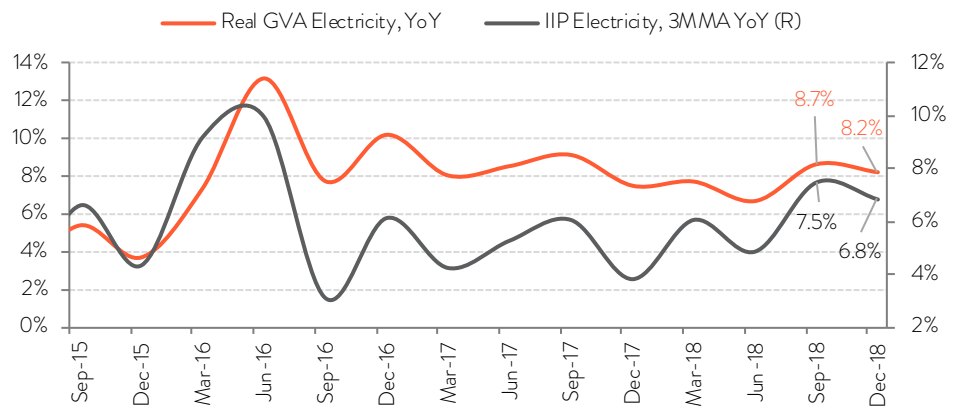


FIG 40 – ELECTRICITY MODERATES TO 8.2% IN Q3FY19



Infrastructure and Construction

FIG 41 – CONSTRUCTION SECTOR GROWTH RISES TO 9.6% IN Q3FY19

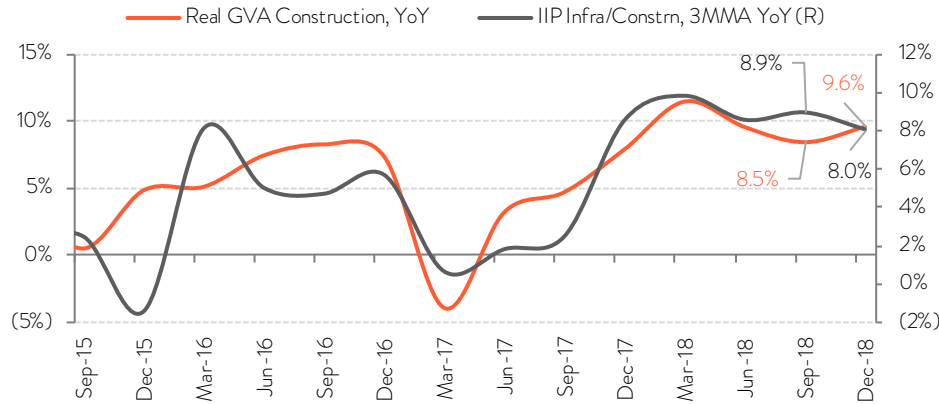
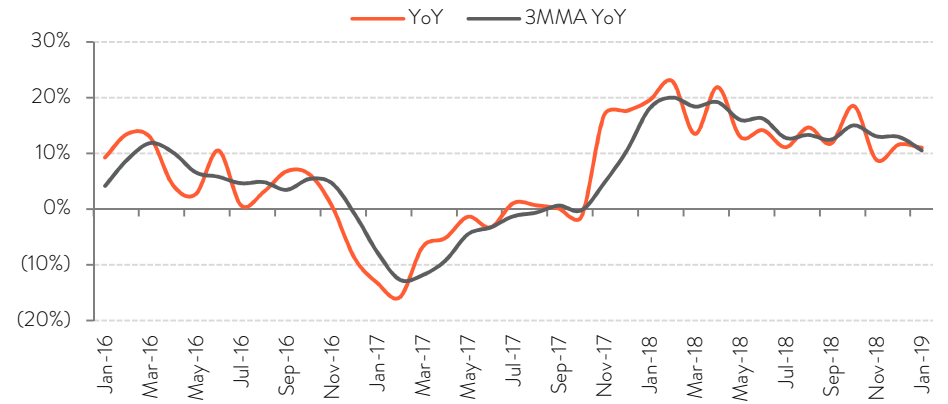


FIG 42 – GROWTH IN CEMENT PRODUCTION SLOWS IN JAN'19



Infrastructure Index

FIG 43 – INFRA INDEX COOLS OFF IN JAN'19

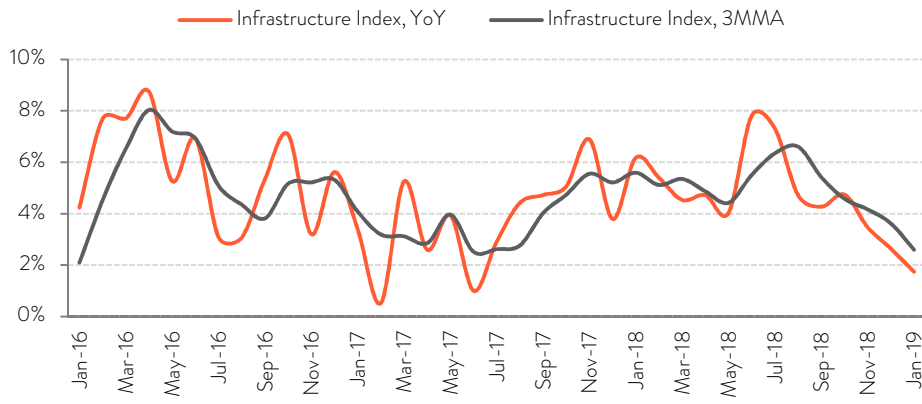
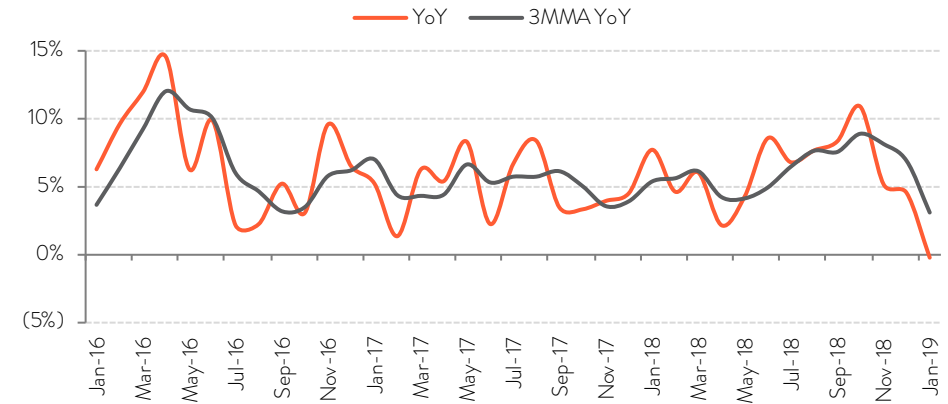


FIG 44 – ELECTRICITY PRODUCTION DECLINED BY (-) 0.3% IN JAN'19



Auto production & Business expectation index

FIG 45 – AUTO PRODUCTION RECOVERS MARGINALLY IN FEB'19

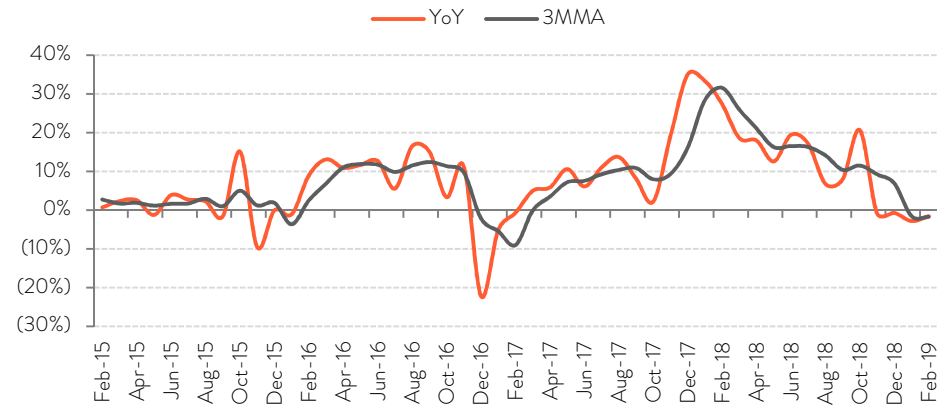


FIG 46 – BUSINESS SENTIMENT REMAINS OPTIMISTIC

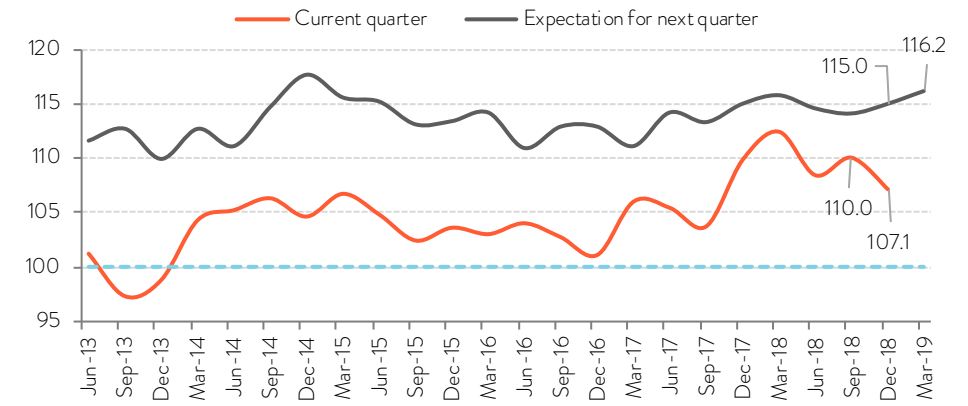


FIG 47 – INFRASTRUCTURE INDEX EASES FURTHER TO 1.8% IN JAN'19

(%)	Weight	Jan-19	Dec-18	Nov-18	Jan-18
Infrastructure Index	100	1.8	2.7	3.4	6.2
Coal	10.3	1.7	1.1	3.7	3.8
Crude Oil	9.0	(4.3)	(4.3)	(3.5)	(3.2)
Natural Gas	6.9	6.2	4.2	0.5	(1.2)
Petroleum Refinery Products	28.0	(2.6)	(4.8)	2.3	11.0
Fertilizers	2.6	10.5	(2.4)	(8.1)	(1.6)
Steel	17.9	8.2	12.9	5.8	1.7
Cement	5.4	11.0	11.6	8.8	19.6
Electricity	19.9	(0.4)	4.4	5.1	7.7

Investment

FIG 48 – REAL GFCF GROWTH HAS PICKED UP TO 10.6% IN Q3FY19 VS 10.2% IN THE PREVIOUS QUARTER

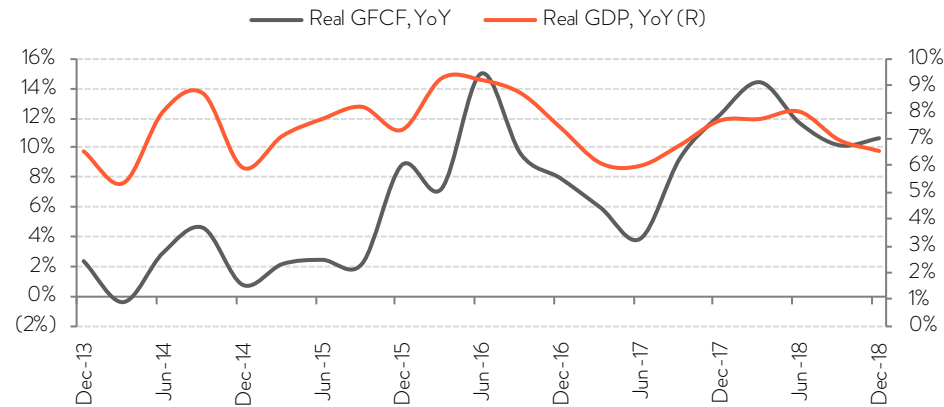


FIG 49 – IN FY19 AS WELL, REAL GFCF IS EXPECTED TO GROW AT A FASTER PACE OF 10% VS 9.3% IN THE PREVIOUS YEAR

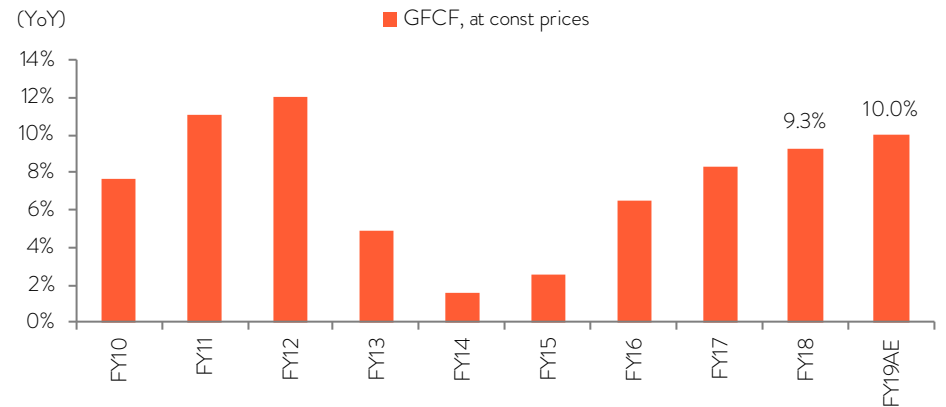


FIG 50 – PLF OF GOVT. THERMAL PLANTS IS SEEN IMPROVING REFLECTING HIGHER CAPACITY UTILISATION (CU)

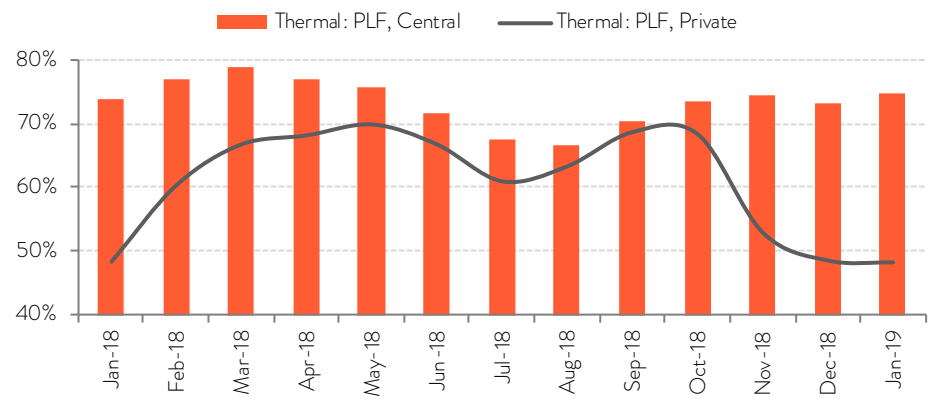


FIG 51 – OVERALL CU IS ALSO REMAINING FAR ABOVE LONG PERIOD AVERAGE

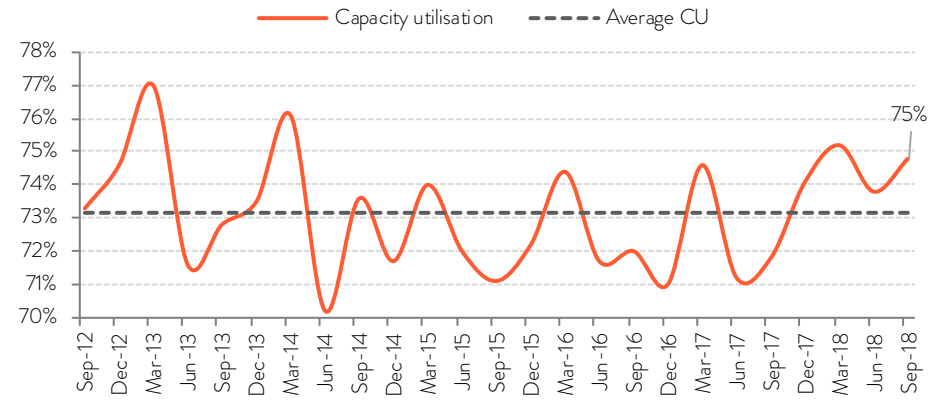


FIG 52 – ... CAPITAL GOODS PRODUCTION HAS SHOT UP SIGNIFICANTLY BY 5.9% IN DEC'18 VS (-) 3.1% IN THE PREVIOUS MONTH

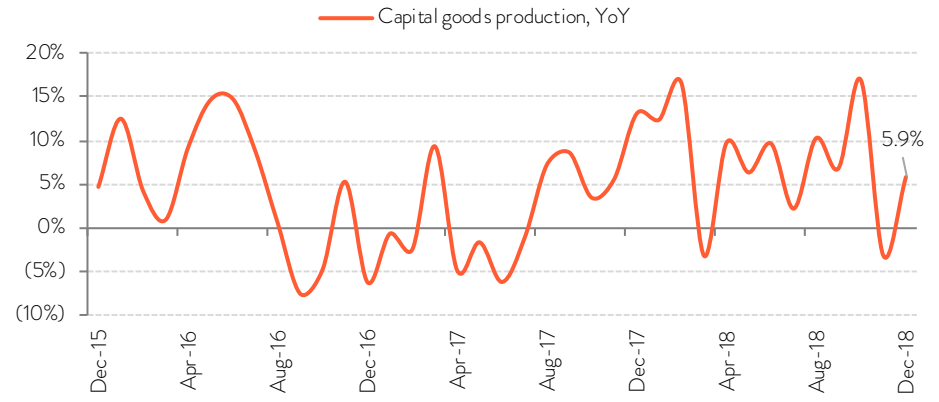


FIG 53 – ...HOWEVER, CAPITAL GOODS IMPORT IS SEEN DECLINING

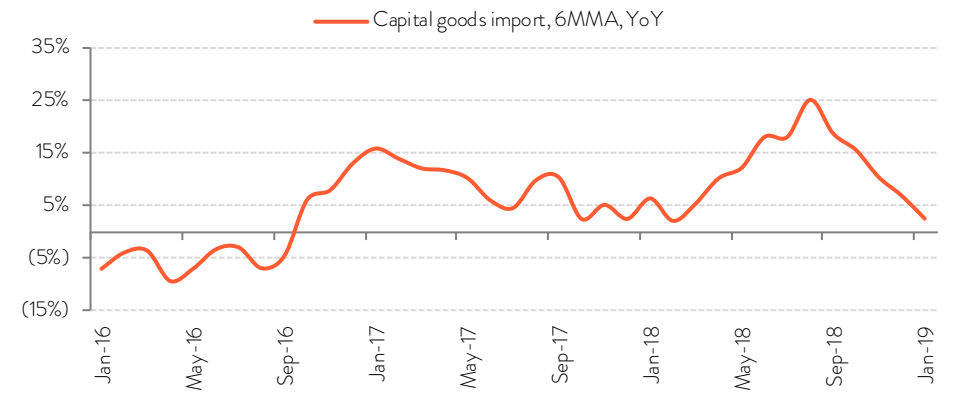


FIG 54 – CENTRAL GOVERNMENT'S CAPEX SPENDING CONTINUED TO DECLINE DUE TO FISCAL CONSOLIDATION

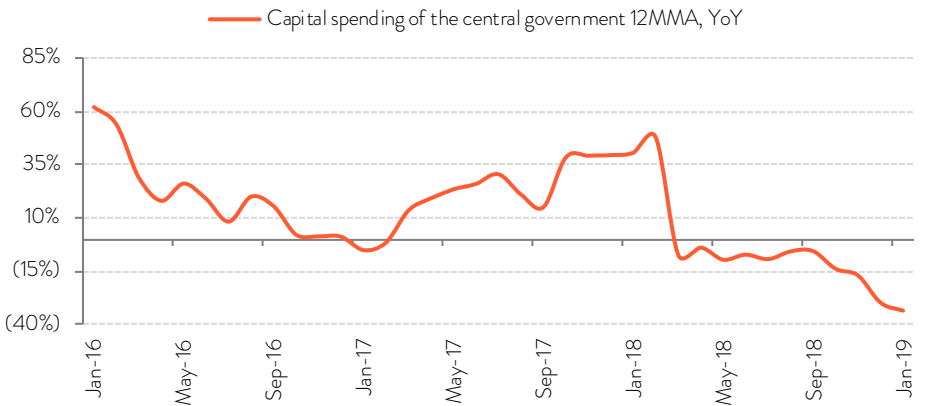


FIG 55 – GROSS BANK CREDIT PICKED UP TO 13% & INDUSTRY CREDIT INCHED UPTO 5% IN JAN'19 VS 4.4% IN DEC'18

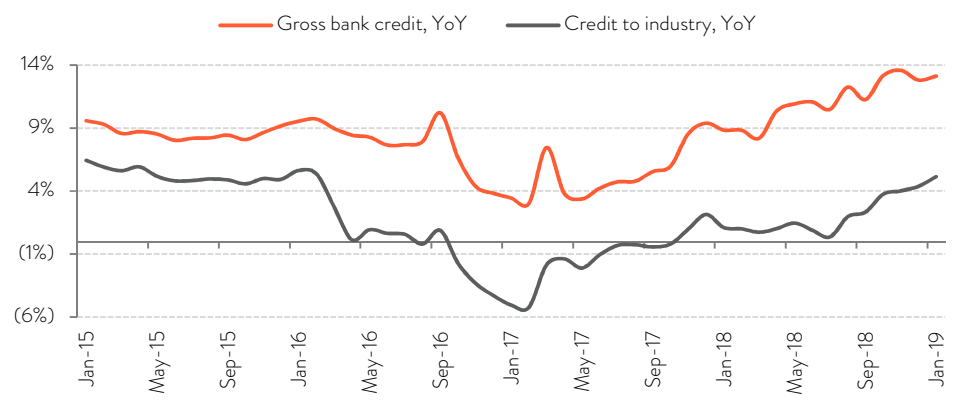


FIG 56 – ...LED BY SHARP UPTICK IN INFRA CREDIT WHICH GREW AT ITS DOUBLE DIGIT PACE OF 13% VS 9% IN DEC'18

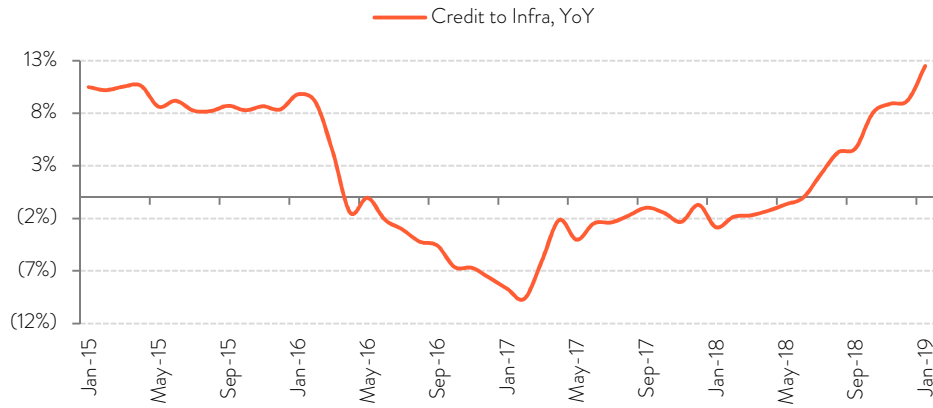


FIG 57 – ...CREDIT TO LARGE INDUSTRY ALSO PICKED UP TO 6.1% IN JAN'19 VS 5.1% IN THE PREVIOUS MONTH

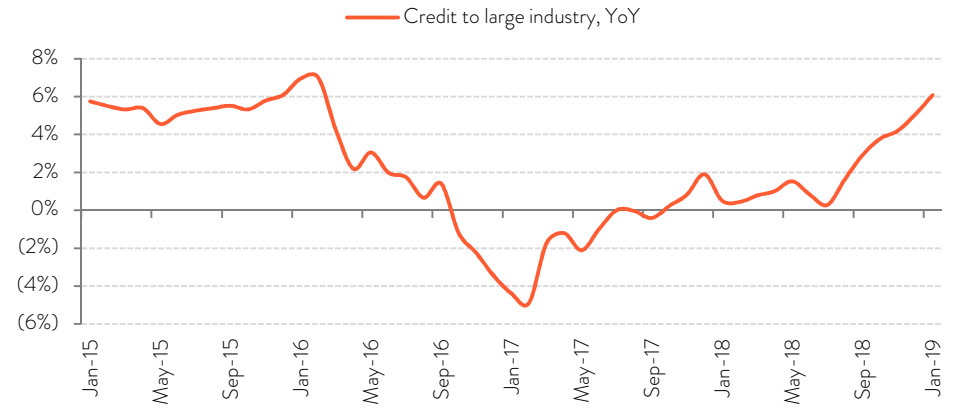


FIG 58 – CREDIT TO HOUSING CONTINUED TO MAINTAIN ITS DOUGLE DIGIT GROWTH OF 18% & 17% ON A 3MMA & 6MMA BASIS IN JAN'19

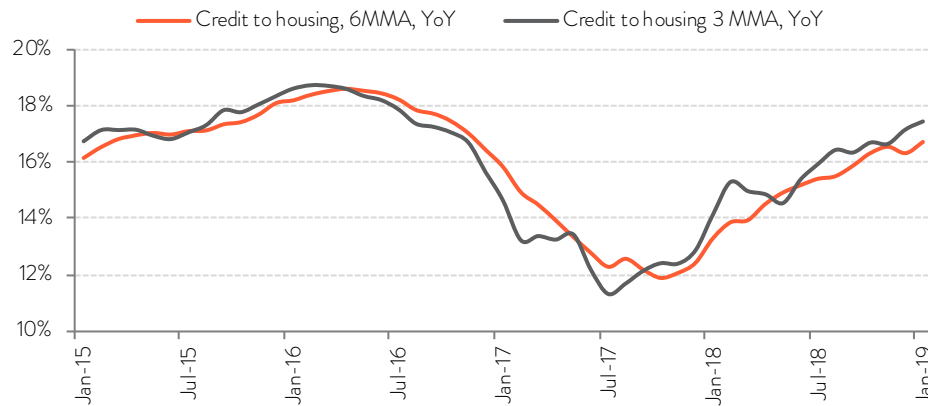
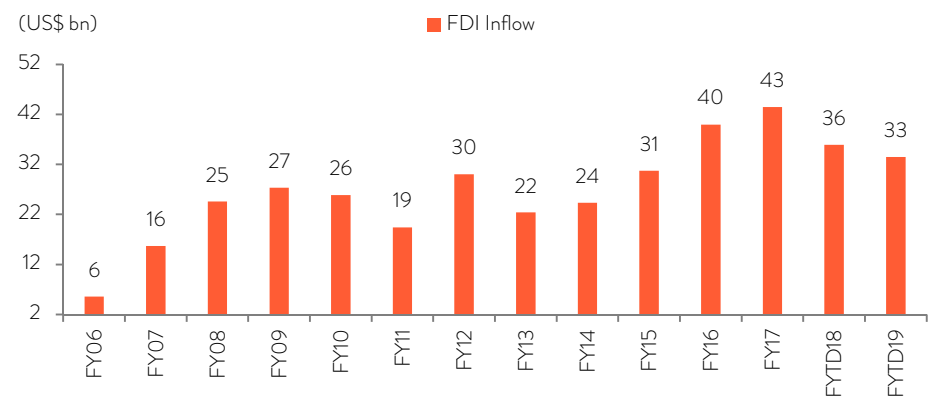


FIG 59 – FDI INFLOWS MODERATED SLIGHTLY TO US\$ 33BN IN FYTD19 VS US\$ 36BN IN THE SAME PERIOD OF PREVIOUS YEAR



Source: DIPP FYTD19: Apr-Dec

Services sector

FIG 60 – GVA: SERVICES ACTIVITY GROWTH SLOWS FURTHER IN Q3FY19

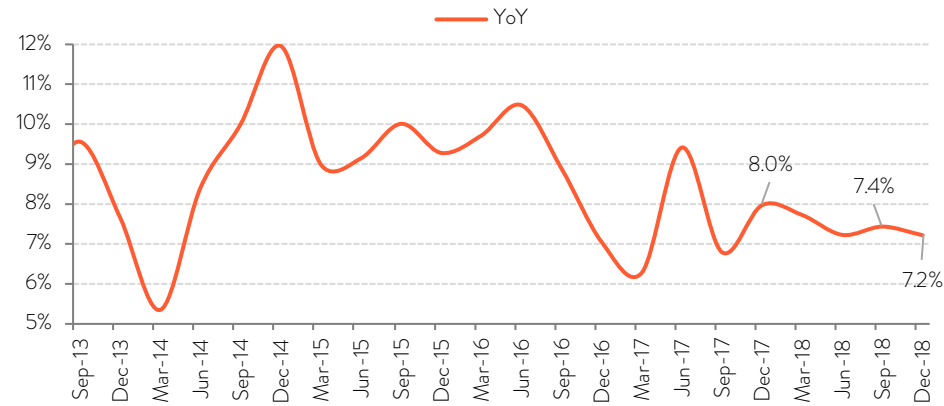
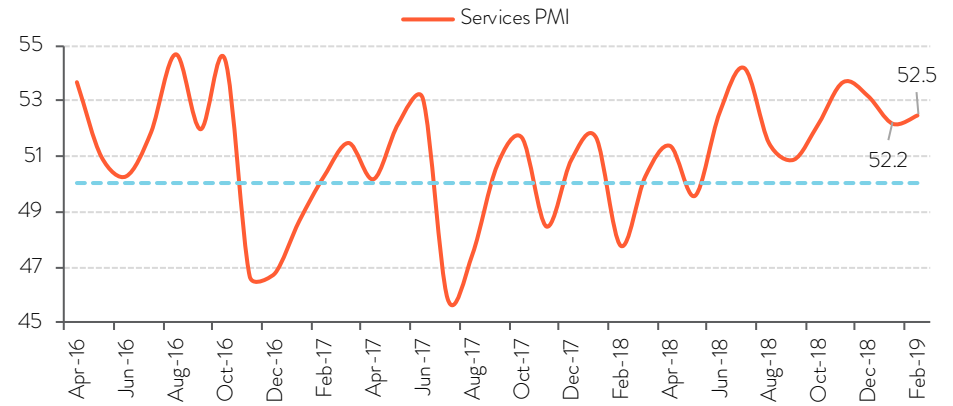


FIG 61 – SERVICES PMI RECOVERS SLIGHTLY TO 52.5 IN FEB'19 FROM 52.2 IN JAN'19



Source: Markit

FIG 62 – GVA: TRADE & RELATED SERVICES REMAIN STEADY IN Q3FY19

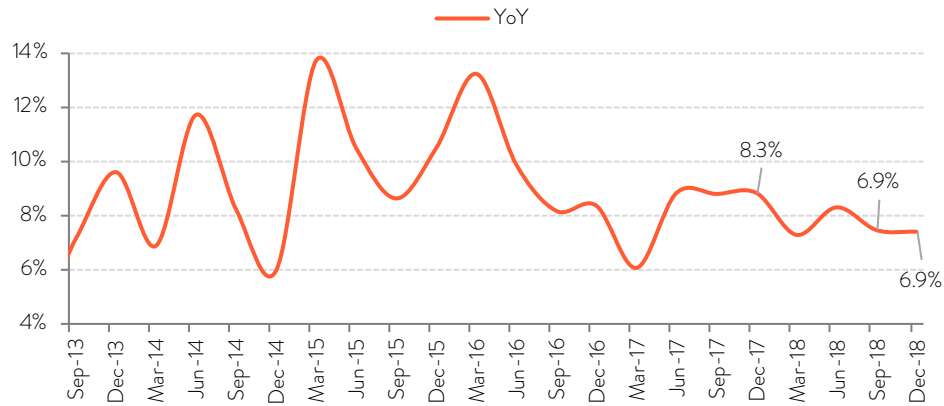
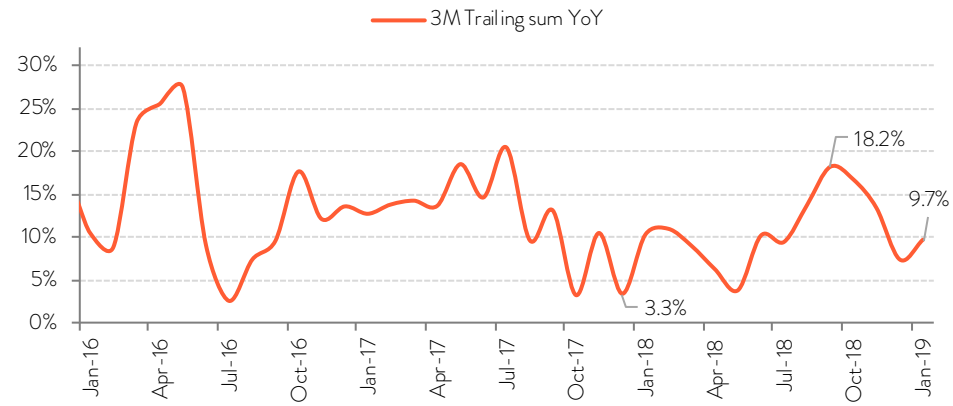


FIG 63 – STATES REVENUE RECEIPTS PICK UP IN JAN'19**



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

Trade

FIG 64 – COMMERCIAL VEHICLE SALES GROWTH IN FEB'19 DECLINES...

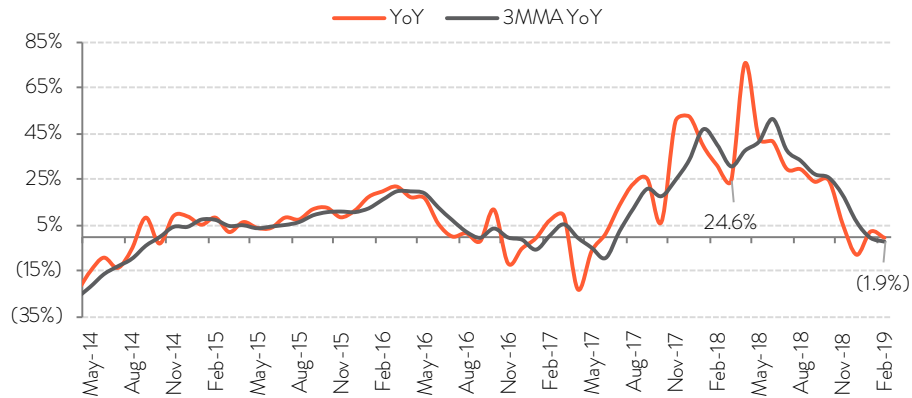
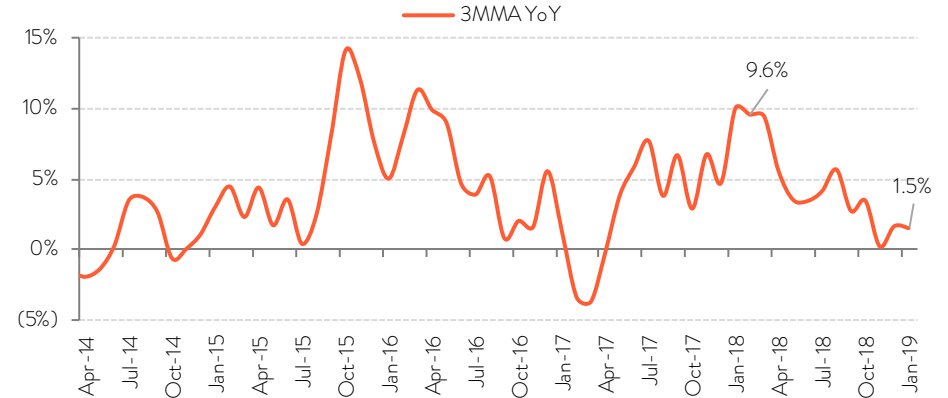


FIG 65 – ...DIESEL CONSUMPTION ALSO DECLINES



Source: PPAC

FIG 66 – PORT CARGO VOLUMES RECOVERS IN FEB'19

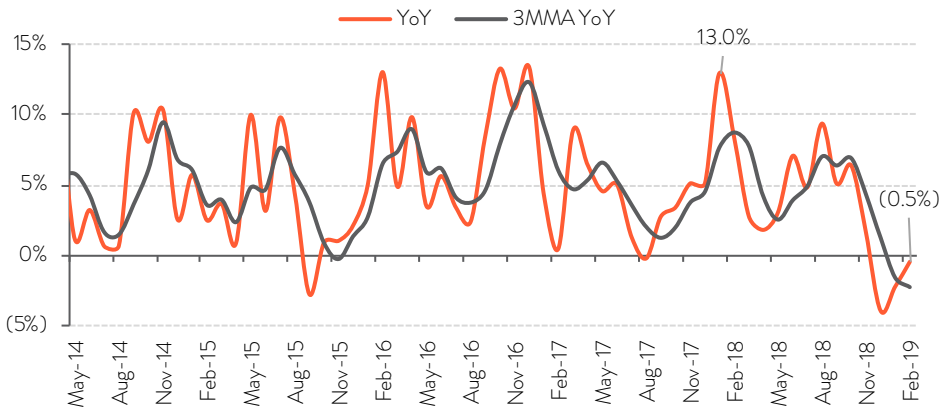
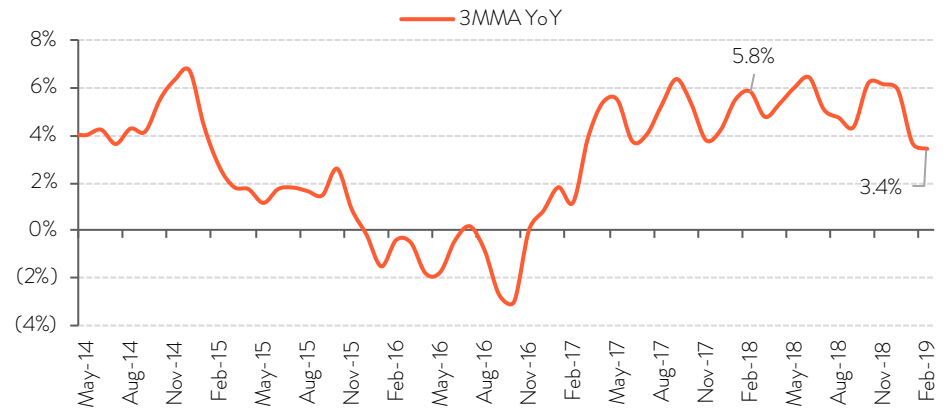


FIG 67 – ...BUT RAILWAY FREIGHT TRAFFIC CONTINUES TO SLIP



Hotels and Communications

FIG 68 – FOREIGN TOURIST ARRIVAL GROWTH RECOVERS IN FEB'19 AFTER PLUMMETING IN NOV'18

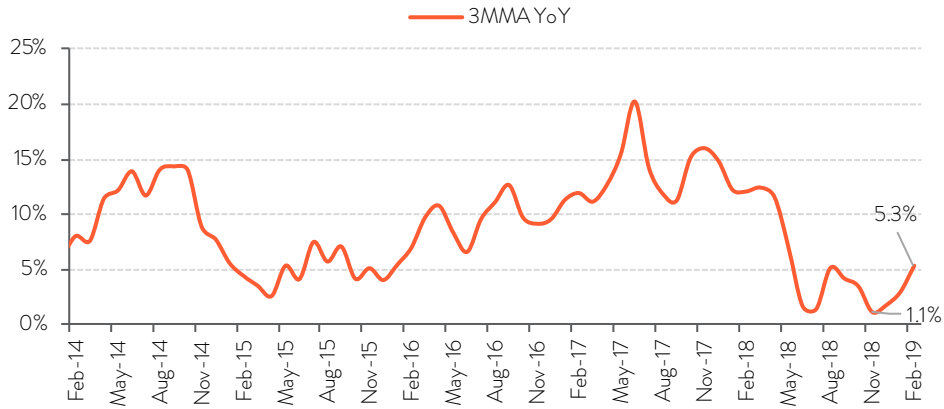


FIG 69 – HOWEVER AIRLINE PASSENGER TRAFFIC GROWTH CONTINUING TO SLOW DOWN

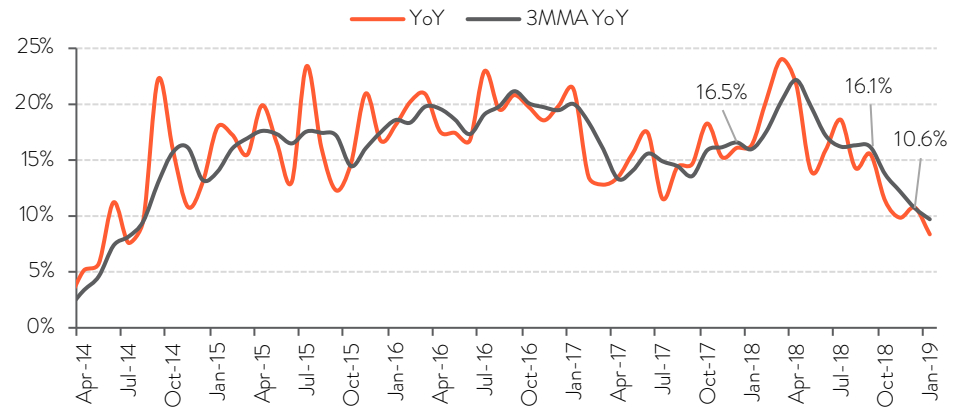


FIG 70 – RAILWAY PASSENGER TRAFFIC GROWTH EDGES DOWN IN FEB'19

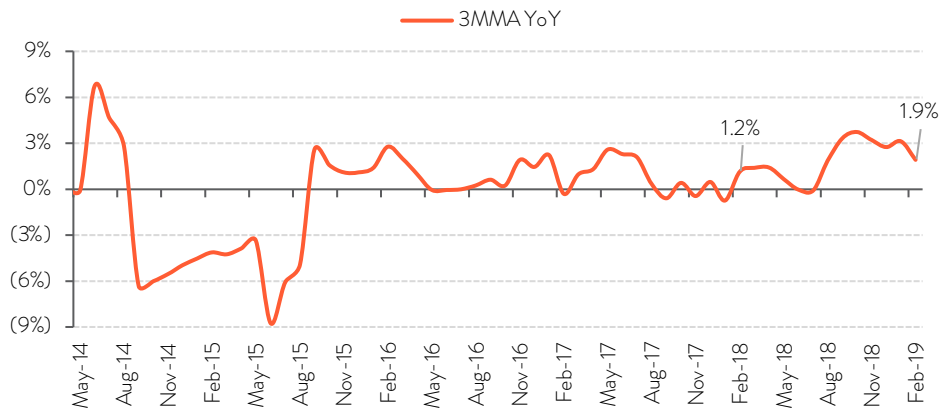
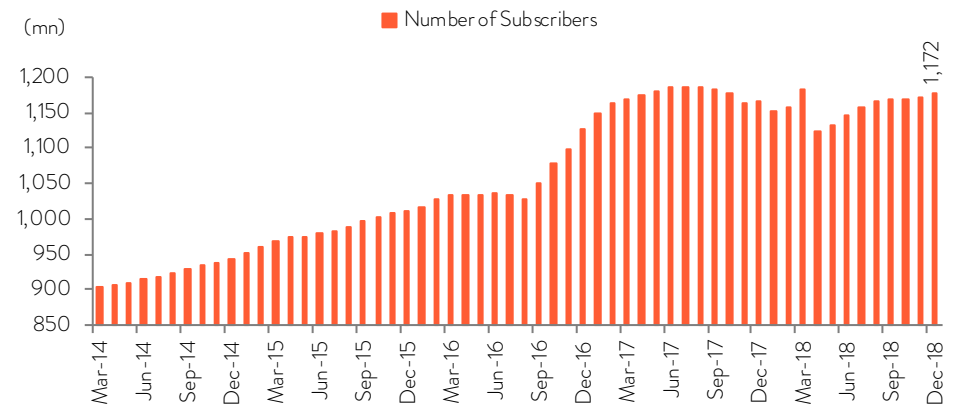


FIG 71 – WIRELESS SUBSCRIBER NOS. RISING STEADILY SINCE APR'18



Finance and Real estate

FIG 72 – GVA: FINANCE, REAL ESTATE & PROF. SERVICES MAIN DRIVER OF GROWTH IN Q3FY19

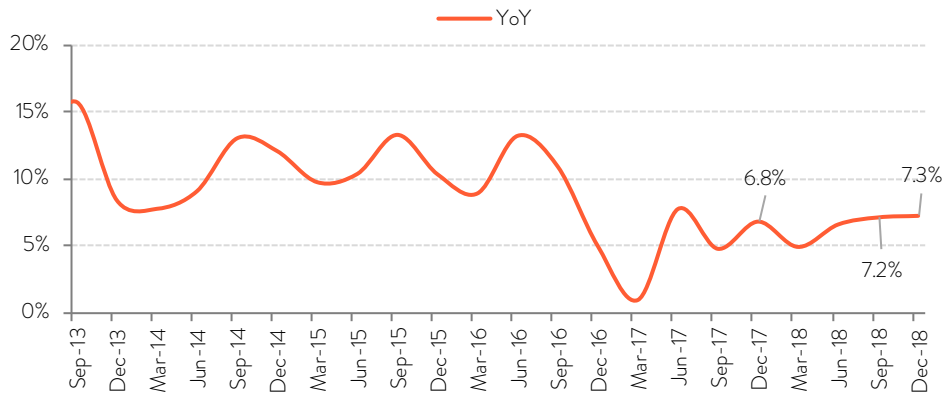
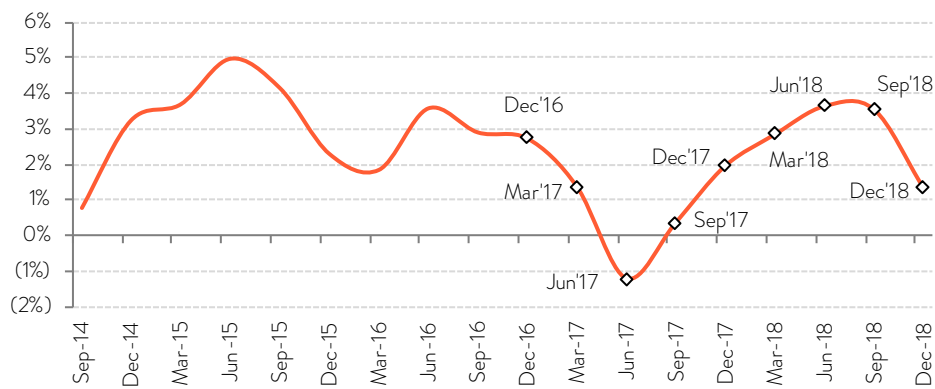


FIG 74 – AVERAGE PROPERTY PRICE INDEX* SHOWS SHARP SLOWDOWN IN REAL ESTATE MARKET IN Q3FY19



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

FIG 73 – BOTH DEPOSIT AND CREDIT GROWTH IN FEB'19 MUCH HIGHER COMPARED TO LAST YEAR

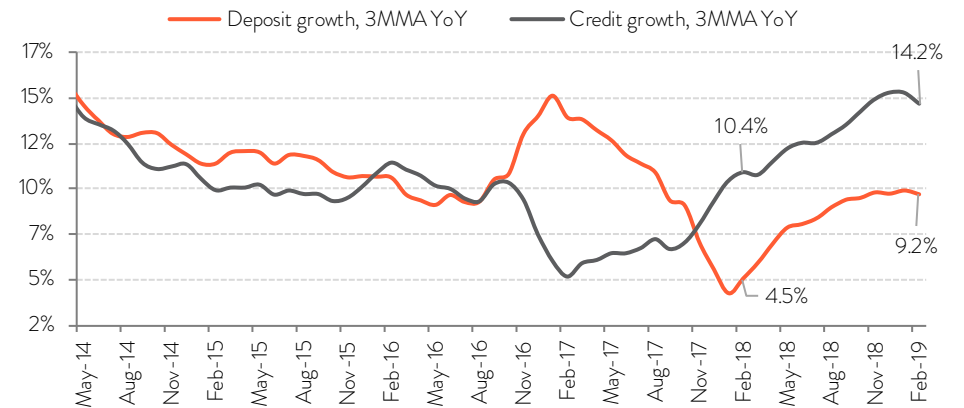
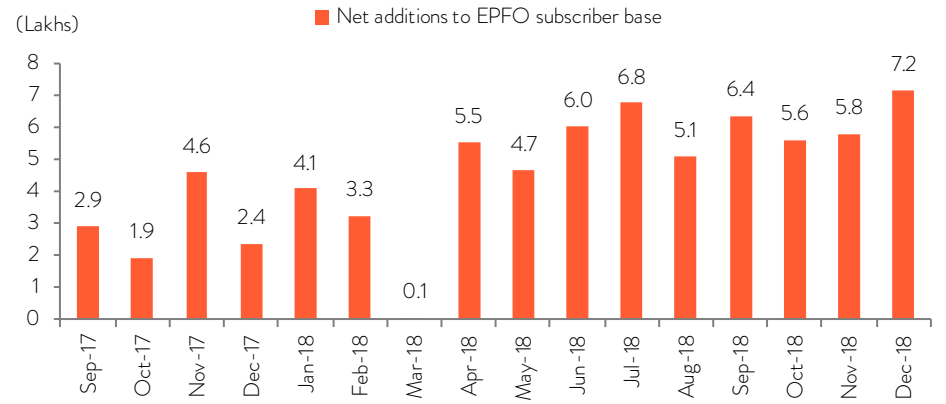


FIG 75 – 72.3 LAKH JOBS FORMALIZED SINCE SEP'17; ADDITIONS IN DEC'18 IMPROVE



Source: EPFO

Public administration

FIG 76 – PUBLIC ADMINISTRATION & RELATED SERVICES DRAG OVERALL SERVICES GROWTH DOWN IN Q3FY19

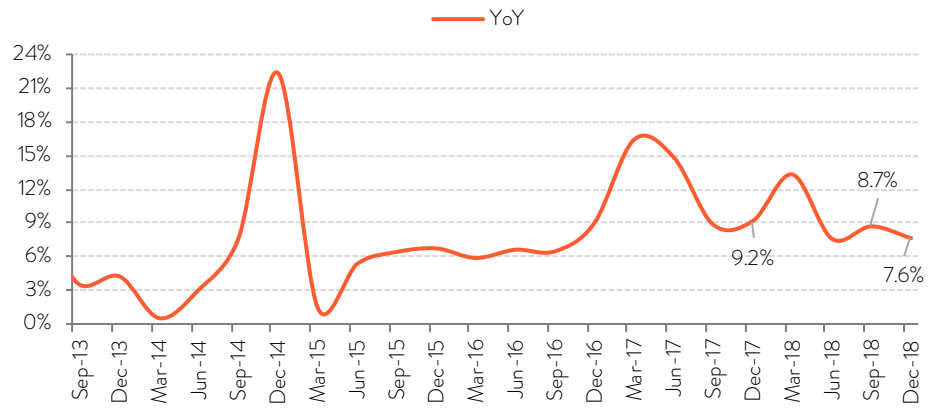


FIG 77 – GENERAL GOVT. SPENDING PICKS UP MODERATELY AFTER A STEEP DECLINE IN Q3FY19

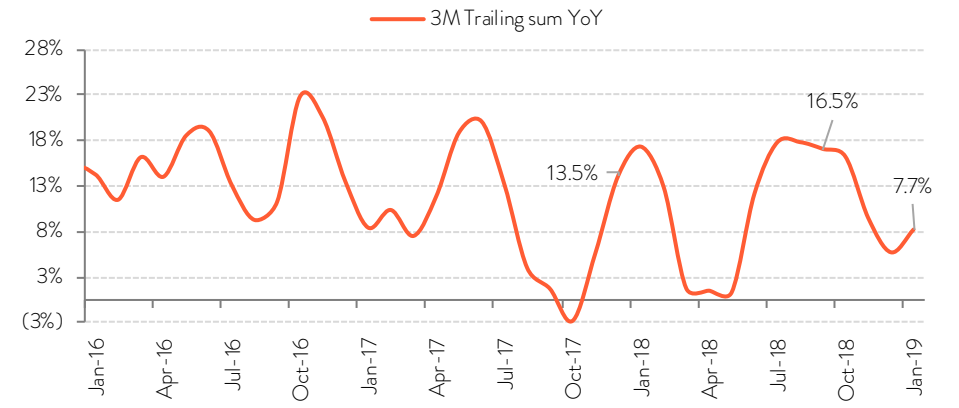


FIG 78 – WHILE CENTRAL GOVT. SPENDING CONTNUES TO DEGROW IN JAN'19...

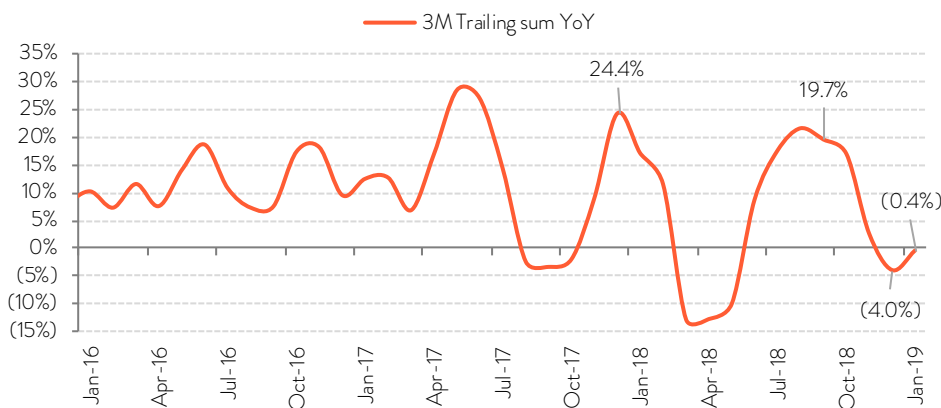
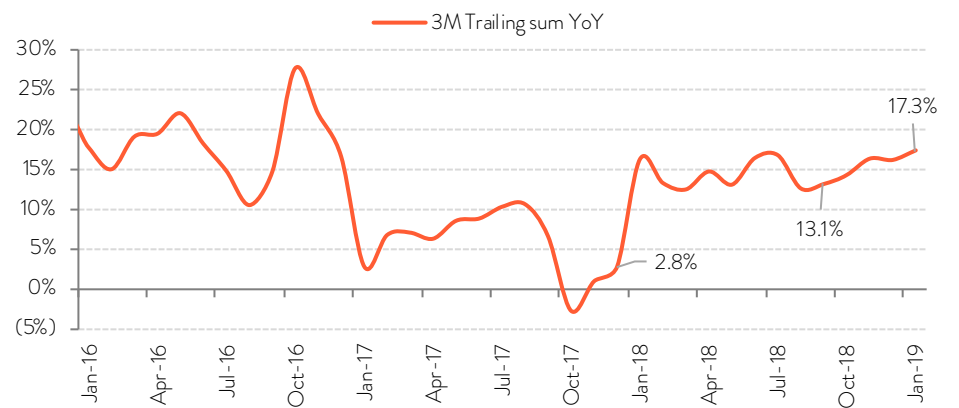


FIG 79 – ...STATE* GOVT. SPENDING SEEN RISING

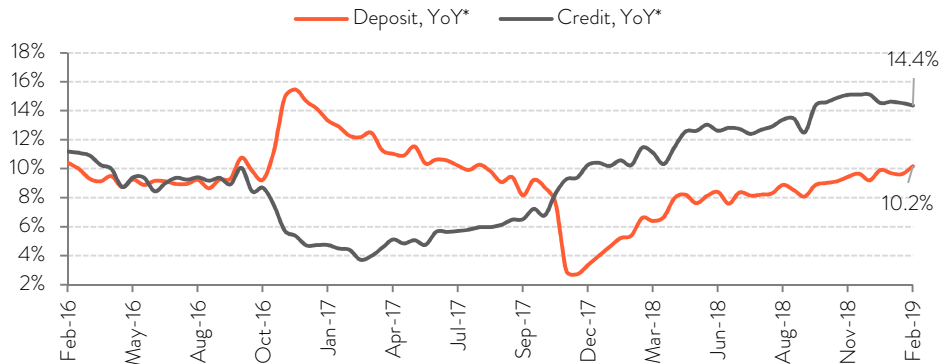


Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

Financial sector

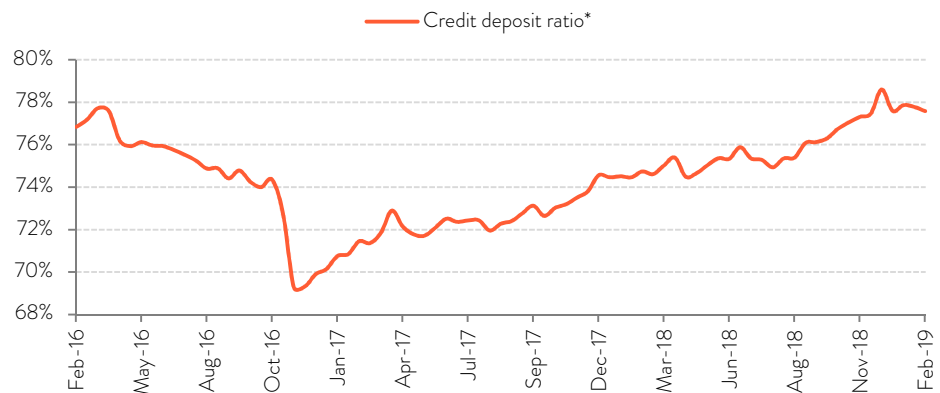
Money and banking

FIG 80 – CREDIT & DEPOSIT GROWTH WAS AT 14% & 10% IN FEB'19 VS 15% & 9.7% IN THE PREVIOUS MONTH



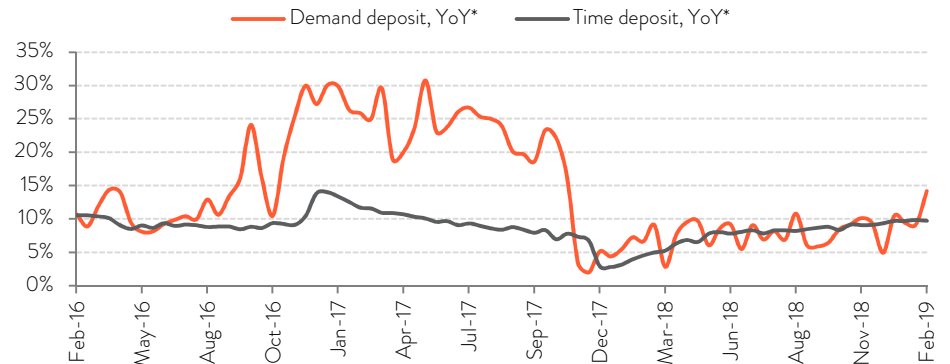
Note: *Feb19 implies fortnight as of 15 Feb 2019.

FIG 82 – CD RATIO WAS AT 77.6% IN FEB'19 VS 77.9% IN JAN'19



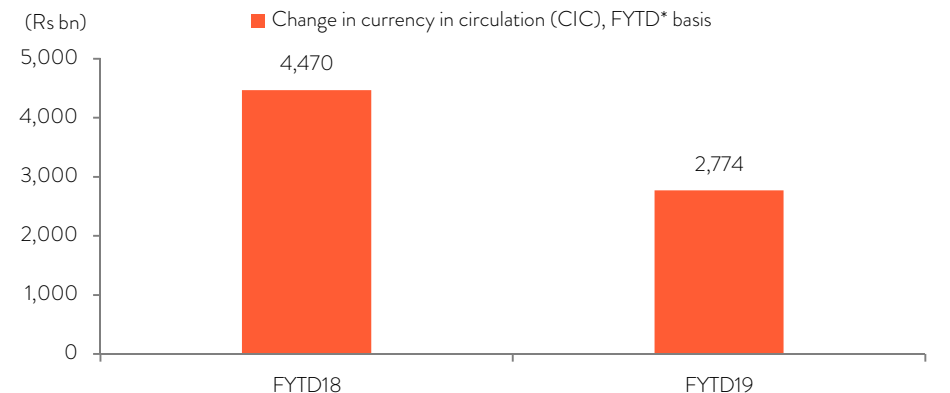
Note: *Feb19 implies fortnight as of 15 Feb 2019.

FIG 81 – TIME DEPOSITS REMAINED STABLE, DEMAND DEPOSITS PICKED UP SHARPLY TO 14% IN FEB'19



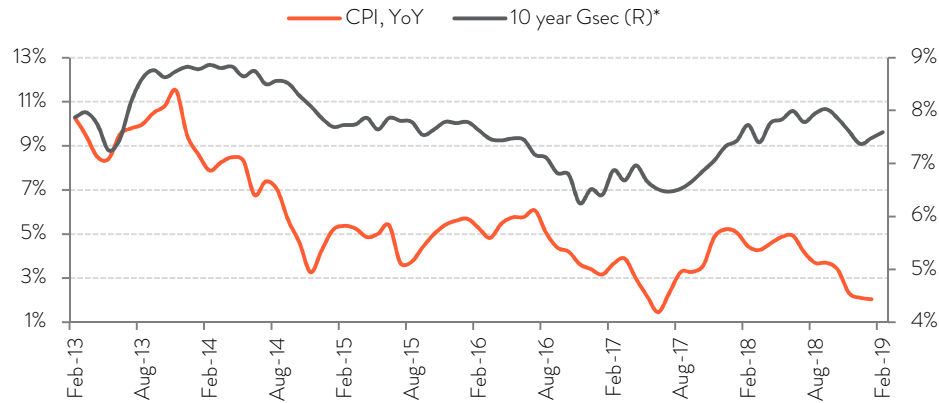
Note: *Feb19 implies fortnight as of 15 Feb 2019.

FIG 83 – ACCRETION TO CIC IS INCREASING AT A SLOWER PACE OF RS 2.8TN IN FYTD19 VS RS 4.5TN IN THE SAME PERIOD OF LAST YEAR



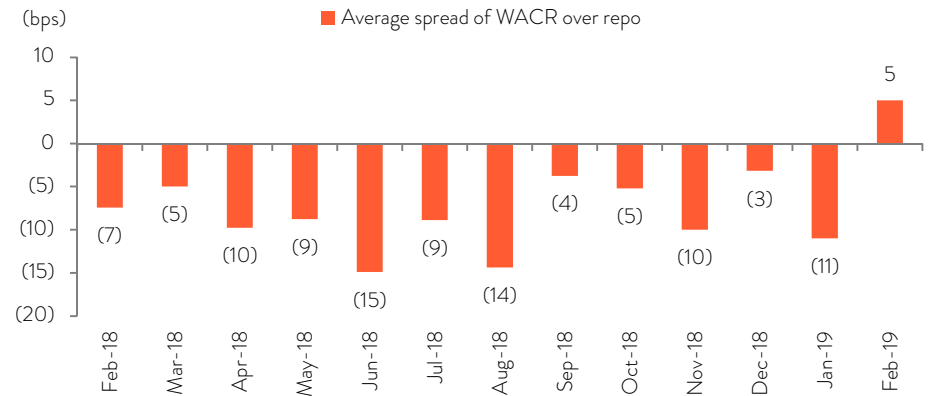
Note: *FYTD implies Apr-Feb19.

FIG 84 – 10Y GSEC IS SEEN INCHING UP WHILE CPI HAS EDGED DOWN, THUS INCREASING THE REAL RATES



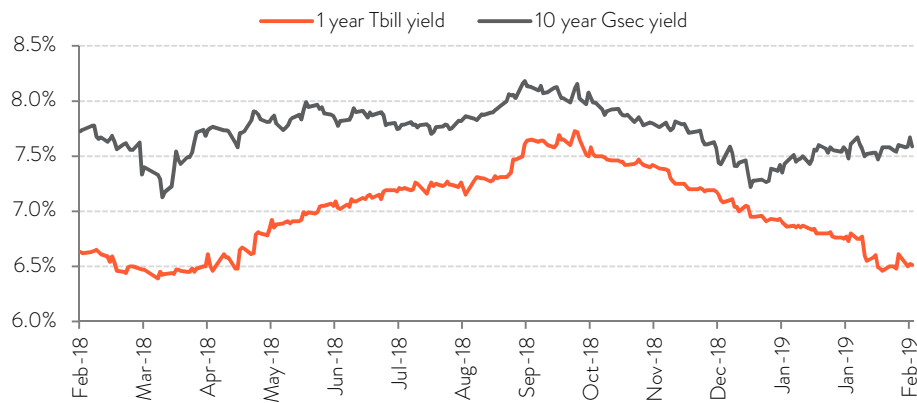
Note: *As on last trading day of the month. 7.17gs2028 is taken

FIG 85 – SPREAD BETWEEN CALL AND REPO WIDENED TO 5BPS IN FEB'19, REFLECTING LIQUIDITY PRESSURE



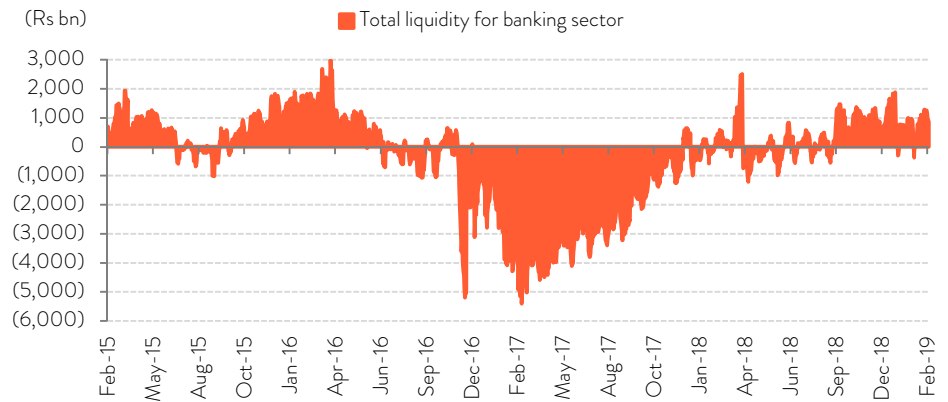
Source: RBI

FIG 86 – RISING 10Y GSEC YIELD WIDENED THE SPREAD BETWEEN THE SHORT & LONG END YIELDS



Source: RBI

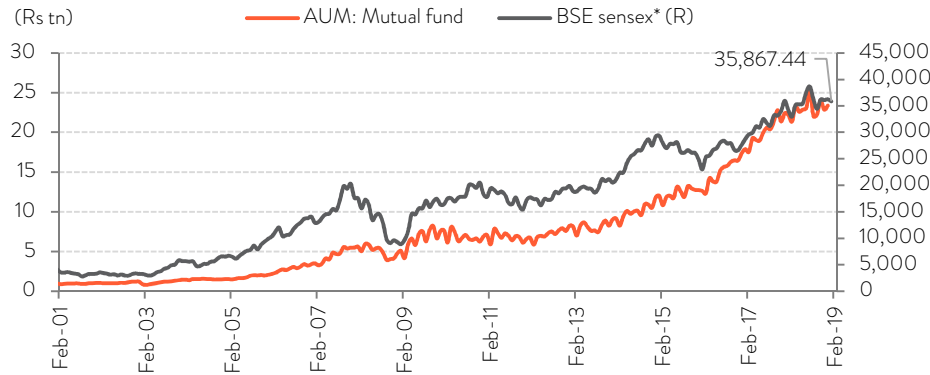
FIG 87 – AVERAGE SYSTEM LIQUIDITY DEFICIT WAS AT RS 773BN IN FEB'19 VS RS 543BN IN JAN'19



Source: RBI

Mutual fund (MF) indicators

FIG 88 – SENSEX EDGED DOWN MARGINALLY (-1%) TO 35867 IN FEB'19 VS JAN'19, AUM OF MFS WAS STABLE AT 23TN IN JAN'19



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

Insurance sector indicators

FIG 90 – GROWTH OF LIFE INSURANCE POLICIES SOLD PICKED UP IN JAN'19

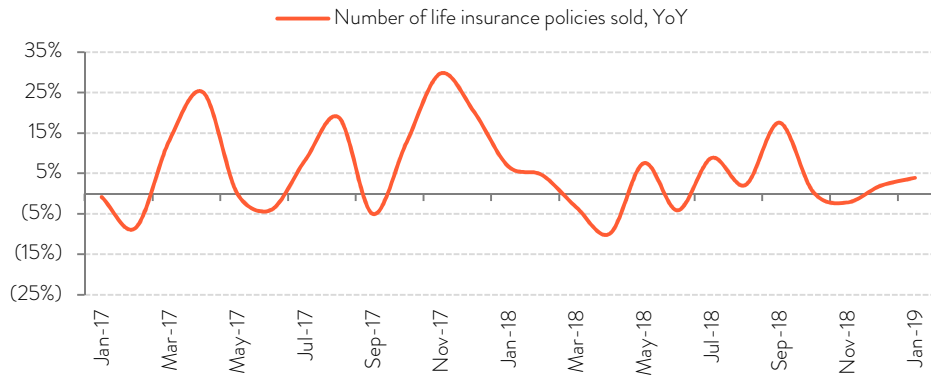


FIG 89 – MF NET INFLOW ROSE TO RS 654BN IN JAN'19 VS NET OUTFLOW OF RS 1.4TN IN DEC'18 DRIVEN BY HIGHER EQUITY INFLOW

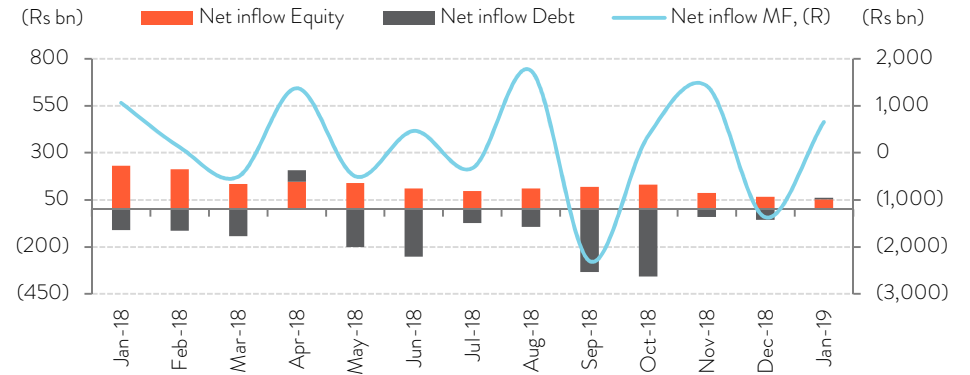
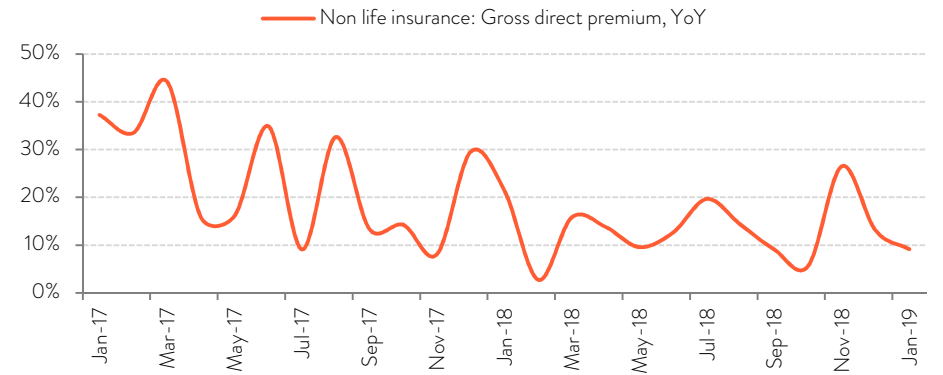


FIG 91 – ...HOWEVER, GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE MODERATED TO 9% IN JAN'19 VS 13% IN DEC'18



Public finance

Central government finances

FIG 92 – OVERALL FISCAL DEFICIT IN JAN'19 STILL FAR FROM FY19RE OF 3.4%

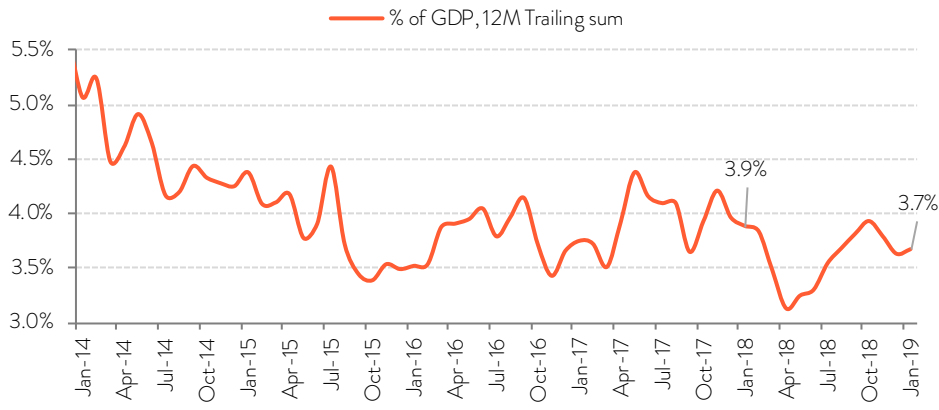


FIG 93 – ...REVENUE DEFICIT TOO SEEN INCHING UP IN JAN'19

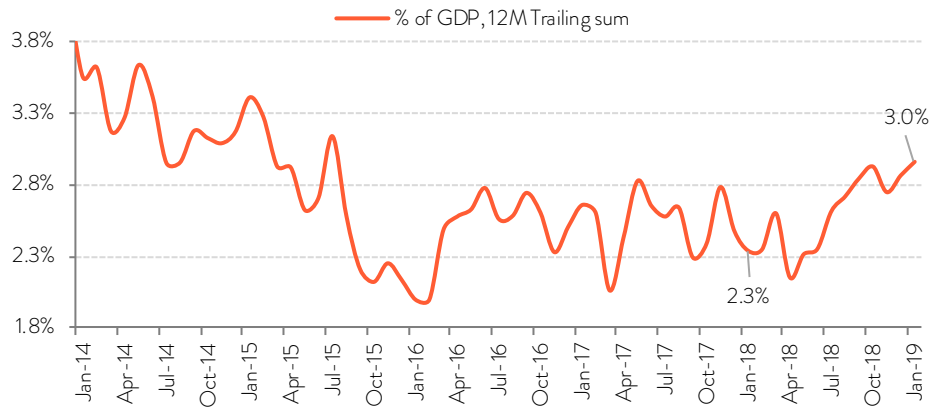


FIG 94 – PRIMARY DEFICIT AT 0.6% IN JAN'19

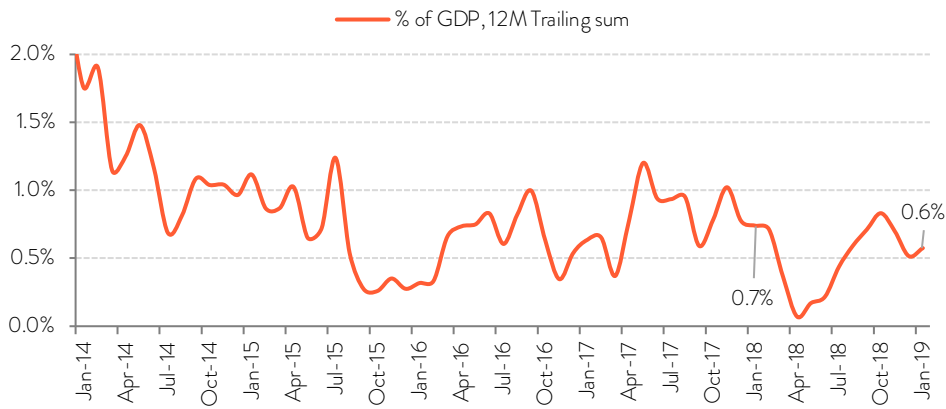


FIG 95 – TOTAL EXPENDITURE GROWTH MUCH LOWER THAN LAST YEAR

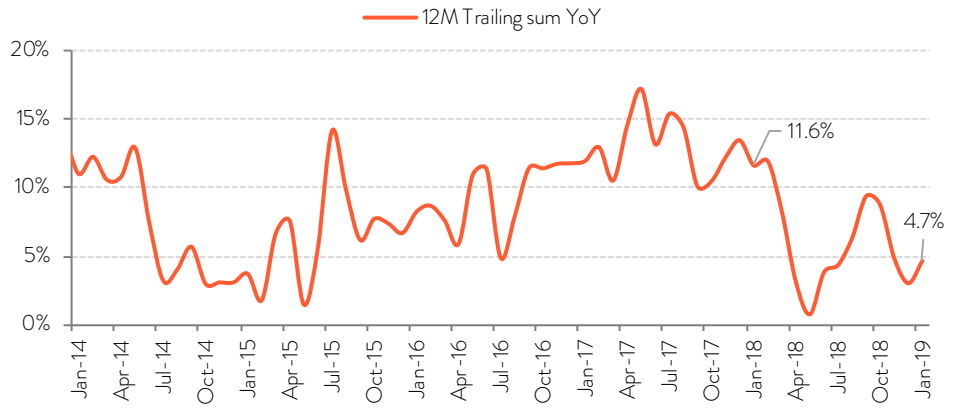


FIG 96 – ...AS CAPEX GROWTH CONTINUES TO CONTRACT

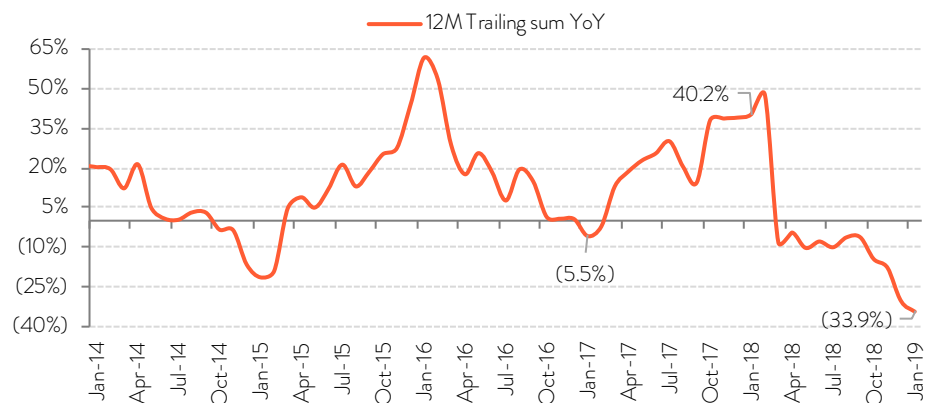


FIG 97 – ...HOWEVER, REVENUE EXPENDITURE GROWTH SHOWS IMPROVEMENT

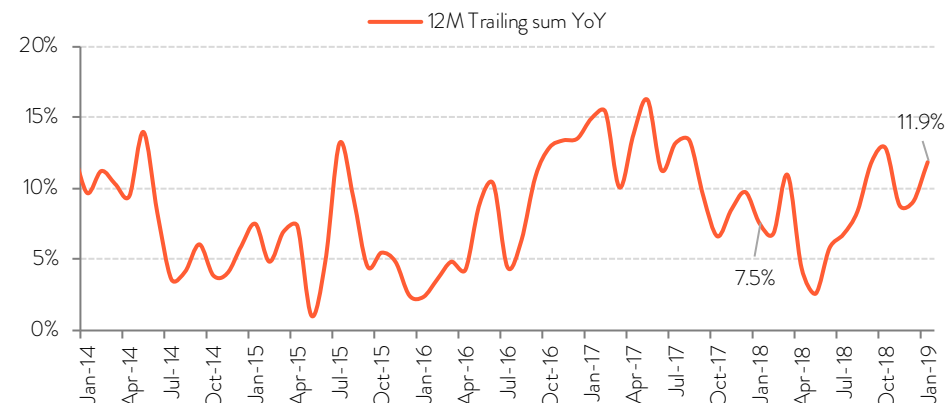


FIG 98 – CHEMICALS AND AGRICULTURE MINISTRY CONTINUE TO REMAIN KEY DRIVERS OF SPENDING IN JAN'19 (FYTD BASIS)

Ministry	Apr'16-Jan'17 (Rs bn)	Apr'17-Jan'18 (Rs bn)	Change (%)	Apr'18-Jan'19 (Rs bn)	Change (%)	FY19RE (% change)
Ministry of Finance	5,431	6,056	11.5	6,829	12.8	12.4
Ministry of Defence	2,900	3,360	15.9	3,663	9.0	6.7
Ministry of Consumer Affairs, Food and Public Distribution	1,359	1,703	25.3	1,728	1.4	64.0
Ministry of Rural Development	810	955	17.9	949	(0.6)	3.7
Ministry of Home Affairs	691	855	23.6	977	14.3	5.1
Ministry of Human Resource Development	601	624	3.9	511	(18.1)	118.8
Ministry of Road Transport and Highways	511	576	12.8	562	(2.4)	28.9
Ministry of Chemicals and Fertilisers	626	577	(7.8)	670	16.1	5.3
Ministry of Petroleum and Natural Gas	229	332	44.6	294	(11.2)	(2.2)
Ministry of Agriculture	364	368	1.1	435	18.1	70.5
Ministry of Health and Family Welfare	300	411	37.0	447	8.7	5.5

FIG 99 – TOTAL RECEIPTS ALSO AT MUCH LOWER LEVELS IN JAN'19...

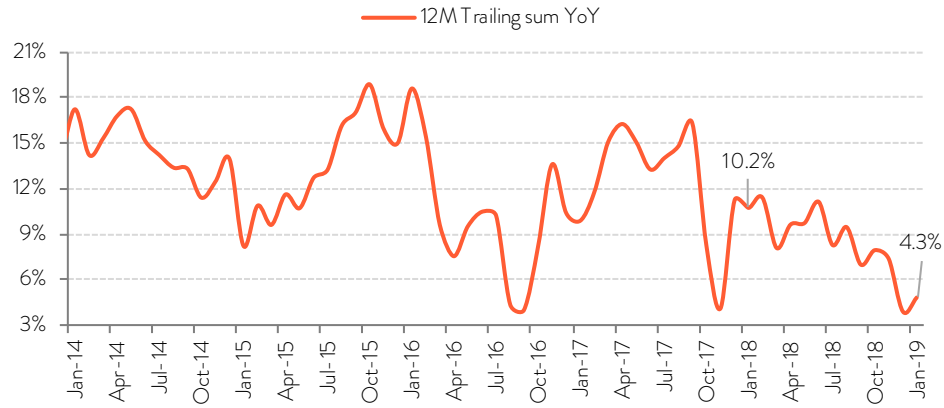


FIG 100 – ...LED BY REVENUE RECEIPTS

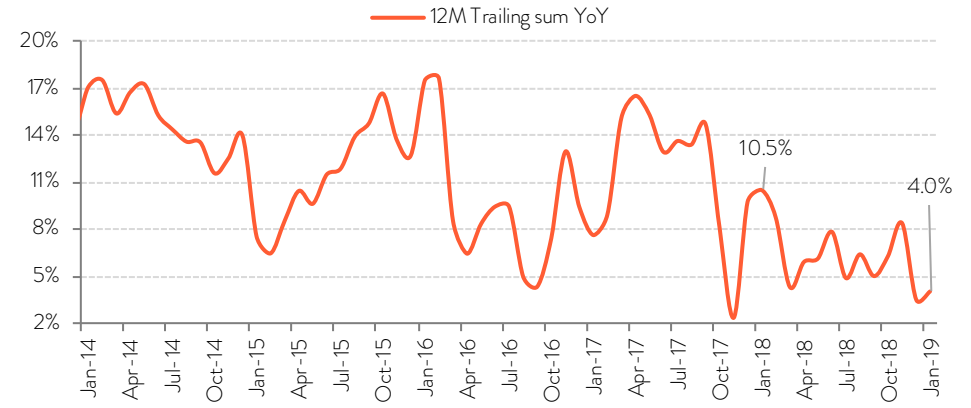


FIG 101 – TAX REVENUE GROWTH CONTINUES TO HOVER AT LOWER END

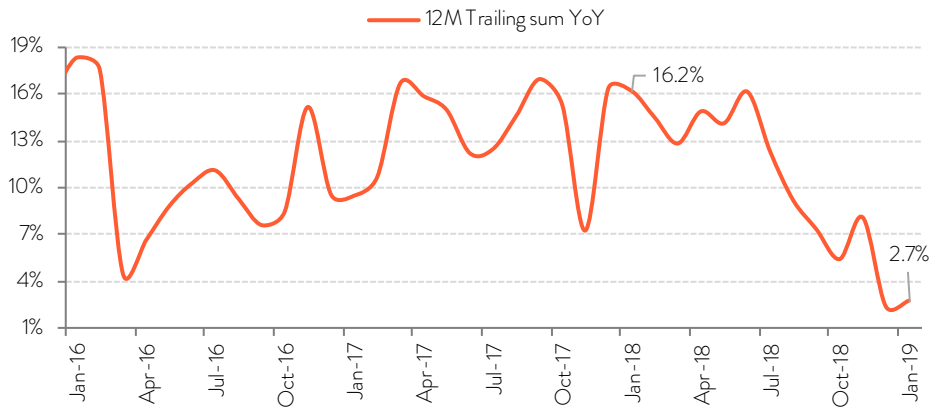


FIG 102 – ...AS INDIRECT TAX REVENUES CONTINUE TO DEGROW

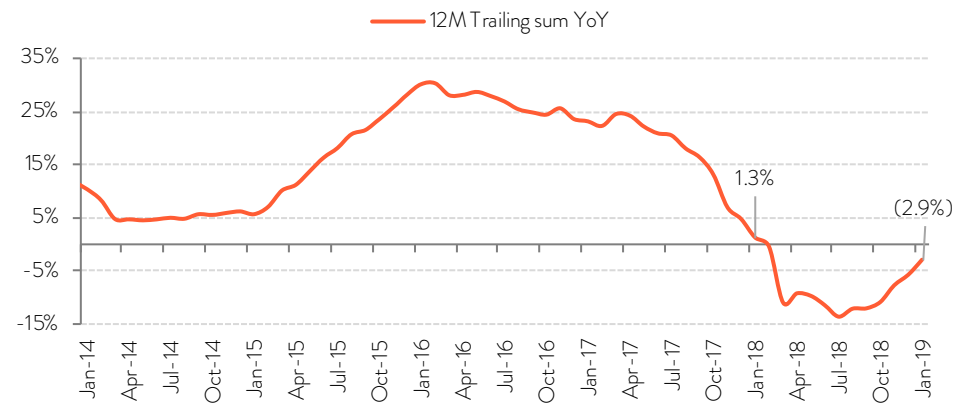


FIG 103 – CENTRE’S TAX REVENUE AND EXPENDITURE GROWTH (FYTD BASIS) STILL BELOW FY19RE

	Apr'16-Jan'17 (Rs bn)	Apr'17-Jan'18 (Rs bn)	Change (%)	Apr'18-Jan'19 (Rs bn)	Change (%)	FY19RE (% change)
Gross Tax revenue	12,447	13,216	6.2	14,726	11.4	17.2
Direct taxes	5,727	6,779	18.4	7,843	15.7	19.8
Corp Tax	3,273	3,896	19.0	4,547	16.7	17.5
Income Tax	2,454	2,883	17.5	3,297	14.3	22.8
Indirect taxes	6,720	6,437	(4.2)	6,882	6.9	14.3
Non-tax revenue	1,930	1,244	(35.6)	1,621	30.4	27.3
Centre's revenue (net)	10,094	10,957	8.5	11,814	7.8	20.5
Total expenditure	16,177	18,399	13.7	20,016	8.8	14.7
Capital exp	2,034	2,642	29.9	2,297	(13.0)	20.3
Revenue exp	14,142	15,758	11.4	17,719	12.4	13.9
Fiscal deficit	5,642	6,766	19.9	7,708	13.9	7.3

FIG 104 – GROSS DIRECT TAX COLLECTION GROWTH MAINTAINS PACE IN JAN'19

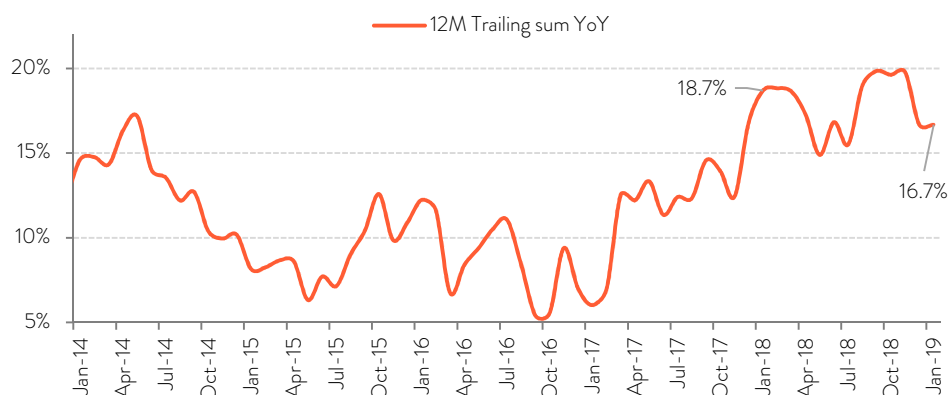


FIG 105 – SHARE IN GDP OF DIRECT TAX STEADY, WHILE THAT OF INDIRECT TAX CONTINUES TO DECLINE

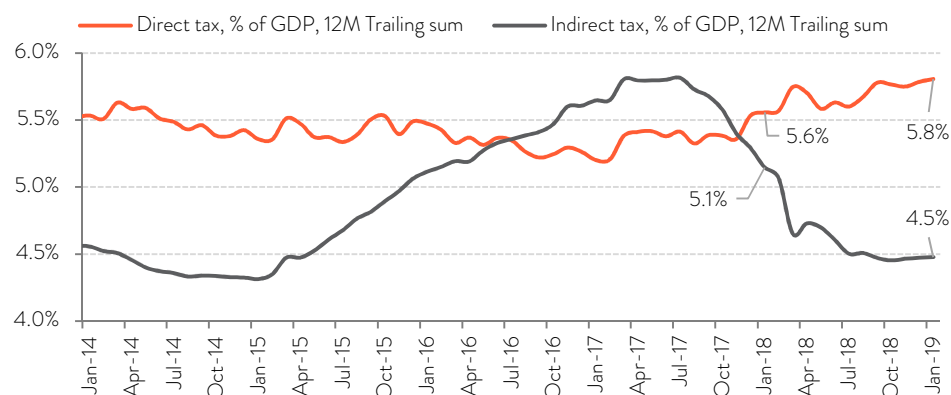


FIG 106 – CORPORATE TAX REVENUE GROWTH IN JAN'19 LOWER THAN LAST YEAR

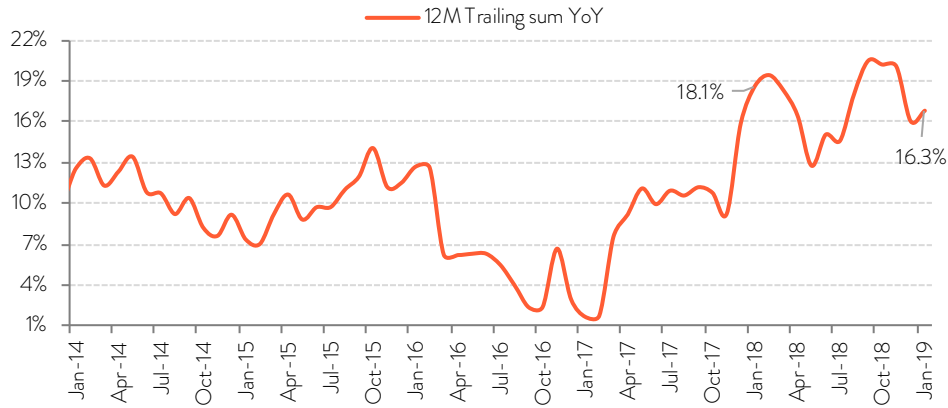


FIG 107 – INCOME TAX REVENUE GROWTH ALSO DOWN COMPARED TO PREVIOUS YEAR

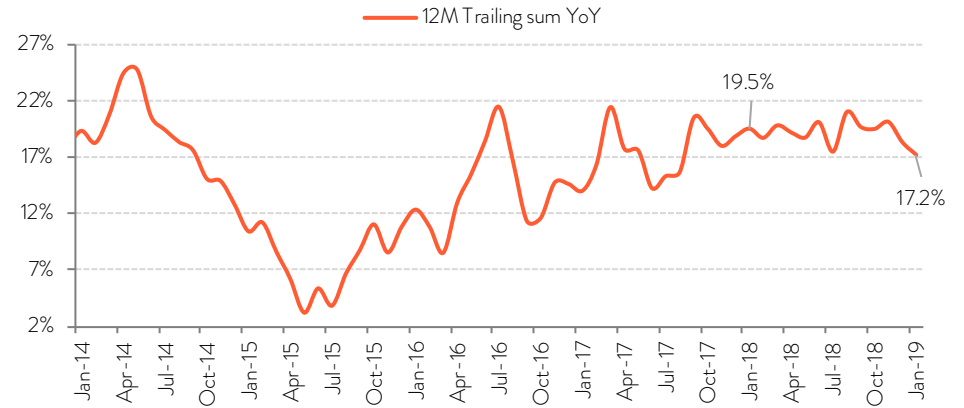


FIG 108 – JAN'19 GST COLLECTIONS AT RS 972BN, HIGHER THAN FYTD AVERAGE OF RS 967BN

(Rs bn)	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Monthly run rate	FYTD19	FY19 (RE)
CGST	231	431	274	321	281	309	579	360	299	480	344	431	351	375	3,754	5,039
UT GST	1.9	0.9	9.7	0.9	0.5	0.6	1.6	3.3	1.1	1.3	0.8	5.9	1.3	2	17	-
IGST	194	(197)	137	200	169	102	(399)	52	148	(142)	90	(94)	95	22	222	500
SGST*	373	576	539	333	433	473	678	455	481	561	433	605	441	489	4,893	4,882
Cess	80	82	76	85	72	80	80	74	79	77	79	77	84	79	787	900
Total GST	880	893	1,035	940	956	965	940	944	1,007	976	947	1,025	972	967	9,673	11,321
GST 3B Filing by deadline (mn)	5.4	5.5	6.0	6.2	6.5	6.6	6.7	6.7	6.7	7.0	7.2	7.3	7.3	-	-	-

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

FIG 109 – CENTRAL GOVT. PUBLIC DEBT STEADY IN Q2FY19

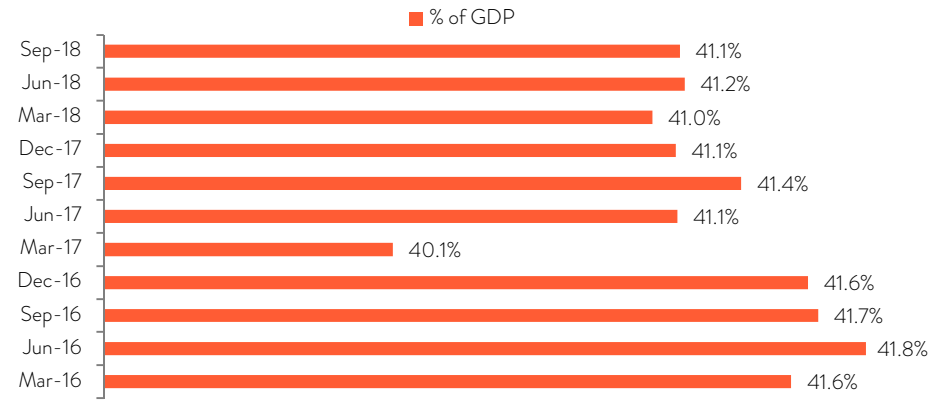
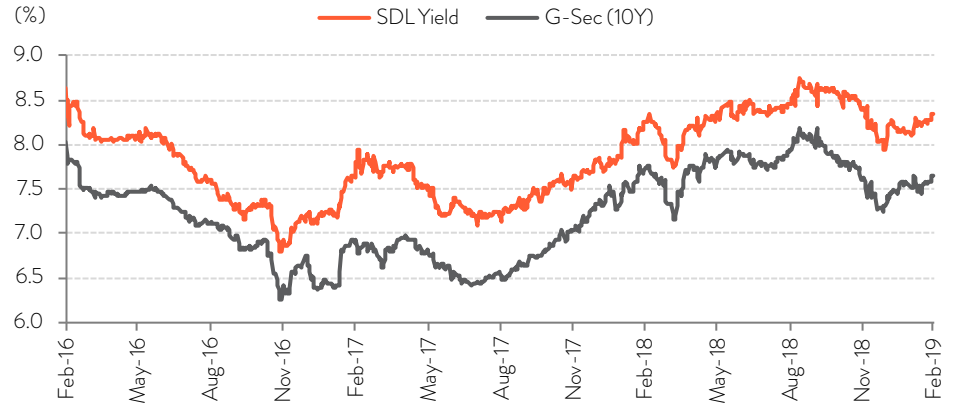


FIG 110 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC WIDENED marginally in Feb'19 (69.2BPS) VS JAN'19 (67.3BPS)



Source: CCIL

FIG 111 – SUBSIDIES MAINTAINED AT A STEADY RATIO IN FY19 & FY20

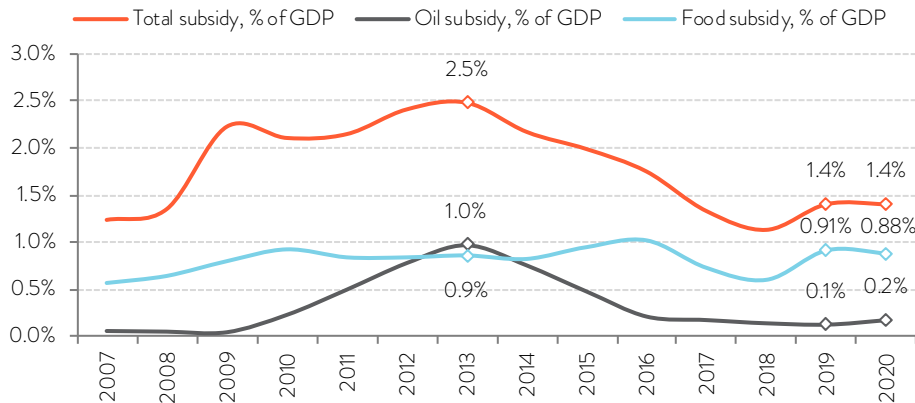
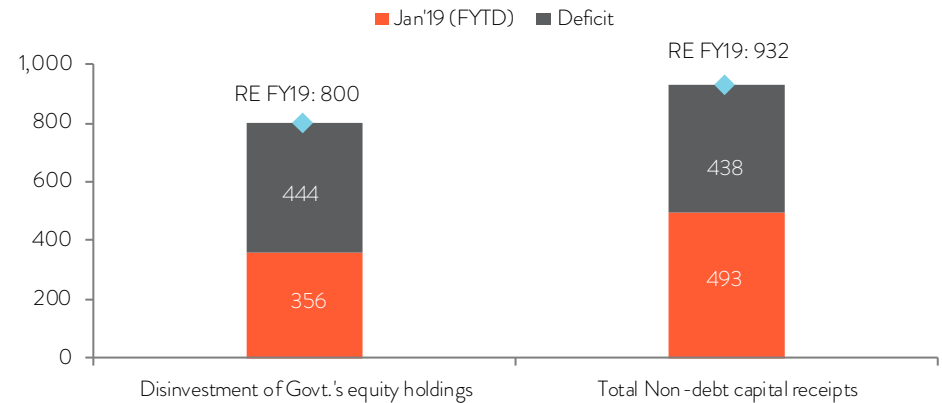
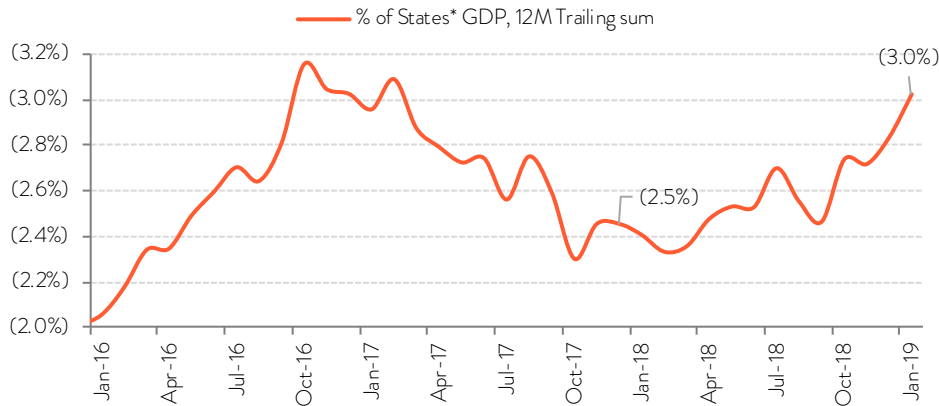


FIG 112 – CENTRAL GOVT.'S DISINVESTMENT STATUS



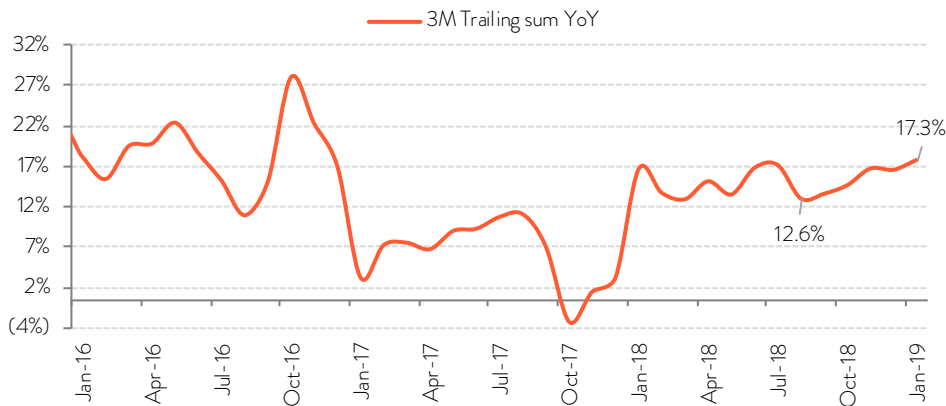
State government finances

FIG 113 – STATES* LIKELY TO BREACH 2.6% FISCAL DEFICIT TARGET FOR FY19



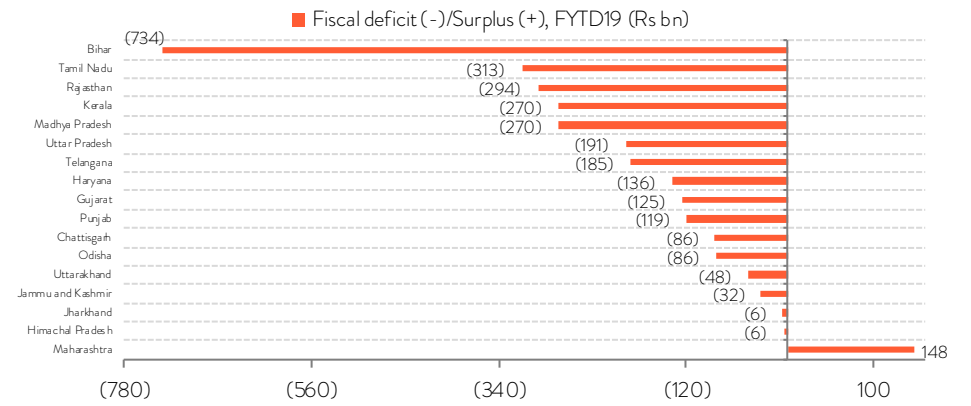
Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

FIG 115 – TOTAL EXPENDITURE OF STATES* RISING STEADILY



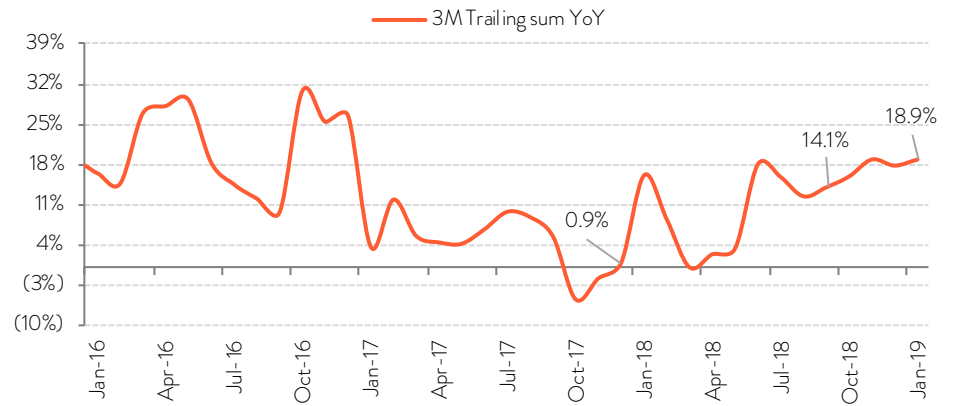
Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

FIG 114 – BIHAR & TAMIL NADU HIGHEST DEFICIT STATES AS OF JAN'19



Note: FYTD - Apr'18-Jan'19

FIG 116 – TOTAL RECEIPTS OF STATES* ALSO SHOW A RISING TREND



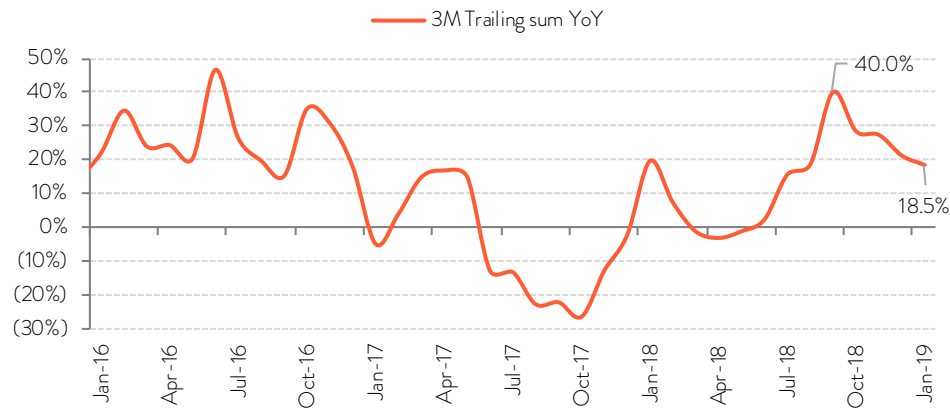
Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

FIG 117 – STATE* GOVT. CAPEX MARKS A SHARP RISE, TAX REVENUES EDGE LOWER ON A FYTD BASIS

	Apr'16-Jan'17 (Rs bn)	Apr'17-Jan'18 (Rs bn)	% change	Apr'18-Jan'19 (Rs bn)	% change
Total Receipts	13,988	14,713	5.2	17,382	18.1
Revenue Receipts	11,571	12,856	11.1	14,351	11.6
Receipts: Tax Revenue	8,791	9,916	12.8	10,868	9.6
Receipts: Non-Tax Revenue	877	976	11.3	1,188	21.7
Capital Receipts	2,464	1,857	(24.6)	3,031	63.2
Total Expenditure	13,713	14,610	6.5	17,068	16.8
Revenue Expenditure	11,688	12,772	9.3	14,859	16.3
Capital Expenditure	2,025	1,839	(9.2)	2,210	20.2
Revenue Surplus or Deficit	(107)	84	(178.0)	(508)	(705.6)
Fiscal Surplus or Deficit	(2,469)	(1,811)	(26.6)	(2,752)	52.0

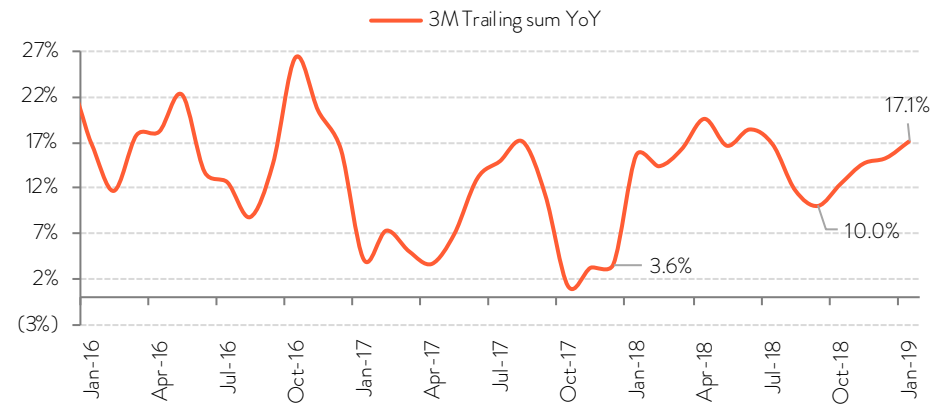
Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

FIG 118 – HOWEVER IN JAN'19, STATES' CAPEX DECELRRATES



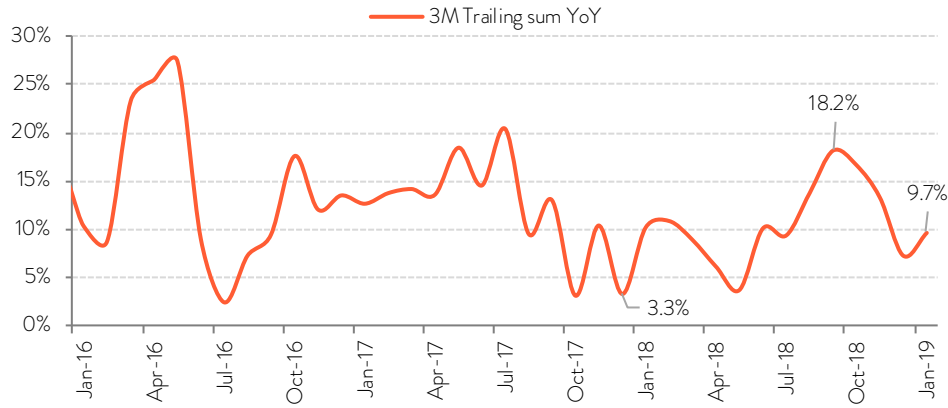
Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

FIG 119 – ... BUT REVENUE EXPENDITURE CONTINUES TO RISE



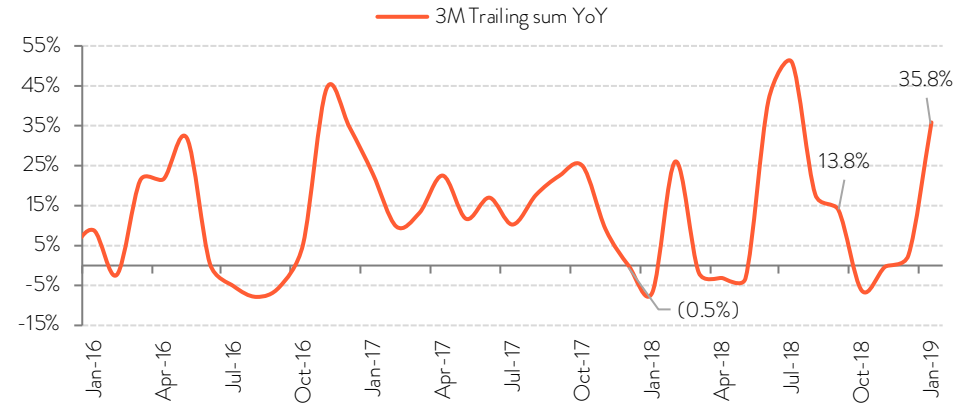
Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

FIG 120 – REVENUE RECEIPTS OF STATES* RECOVER



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

FIG 121 – ...LED BY A SHARP PICKUP IN NON TAX REVENUES



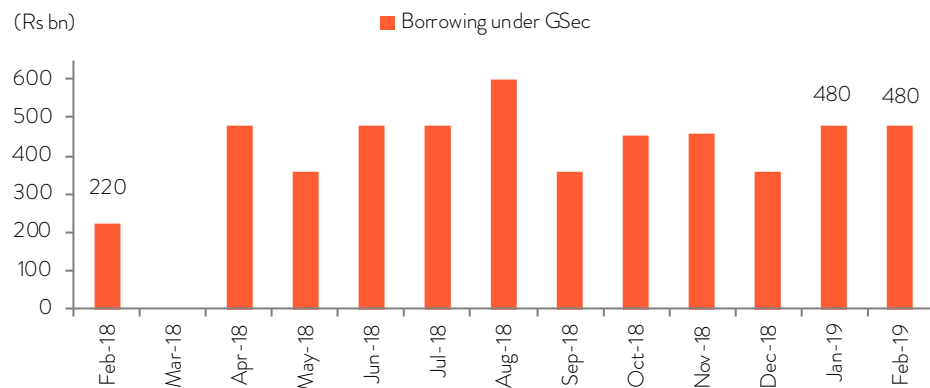
Note: *All states excluding N.E states, Andhra Pradesh, Goa, Karnataka and W. Bengal

FIG 122 – PATTERN OF STATE SPENDING

State	Pay commission implemented	Loan waiver announced	Capex Increasing (Jan'19, 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 Sep'18; **Capex as of Nov'18

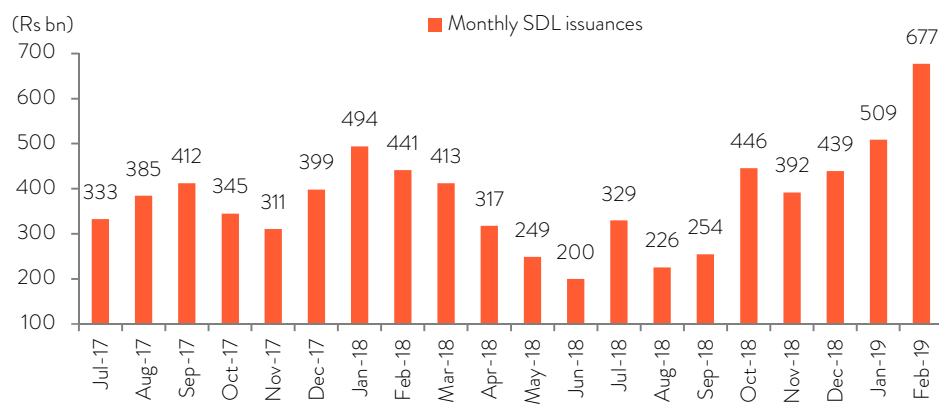
FIG 123 – CENTRE’S GROSS BORROWING WAS STABLE AT RS 480BN IN FEB’19



Source: RBI

State government borrowing

FIG 125 – STATE BORROWING IN FEB’19 ACCELERATES SHARPLY



Source: RBI

FIG 124 – CENTRE’S Q4 BORROWING CALENDAR HAS BEEN REVISED FROM RS 1080BN TO RS 1440BN

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	960*	1,440#
Total	5,920	5,850	5,820	5,880	-	5,710

Source: RBI | *till Feb'19, # auction calendar has been revised from earlier amount of Rs 1080bn in Q4FY19

FIG 126 – STATES BORROWED RS 4TN 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	1,186*	2,223
Total	2,408	2,946	3,876	4,182	-	6,074

Source: RBI | *till 26 Feb 2019

External sector

Exports

FIG 127 – EXPORT GROWTH RECOVERS IN JAN'19, TREND STILL DOWNWARD

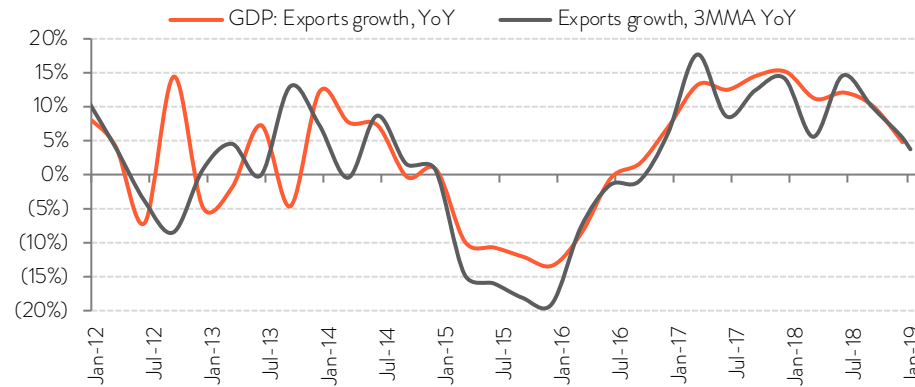
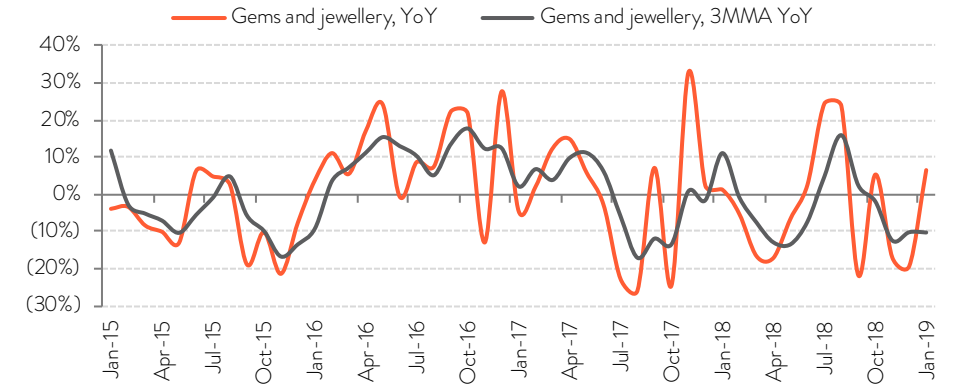


FIG 128 – EXPORTS OF GEMS AND JEWELLERY RECOVER IN JAN'19 (6.7% IN JAN'19 VS -19.2% IN DEC'18)



Exports by major sectors

FIG 129 – SO DO PHARMA EXPORTS (15.2% IN JAN'19 VS 11% IN FYTD19)

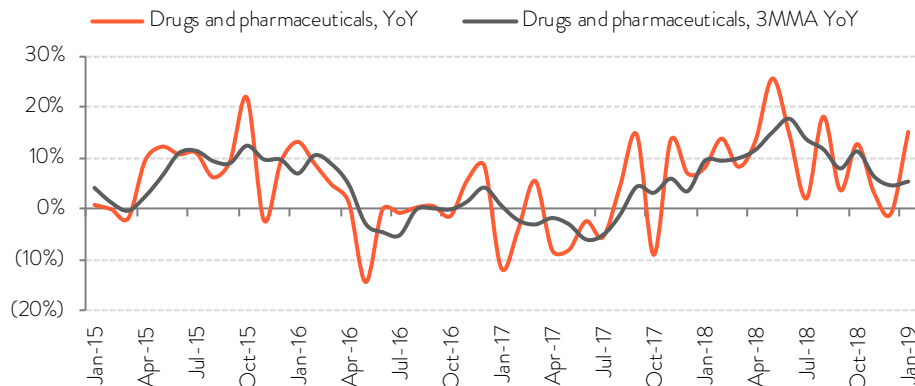


FIG 130 – AGRIC EXPORTS GROW BY 3.9% IN JAN'19 AFTER DECLINING FOR 5 STRAIGHT MONTHS

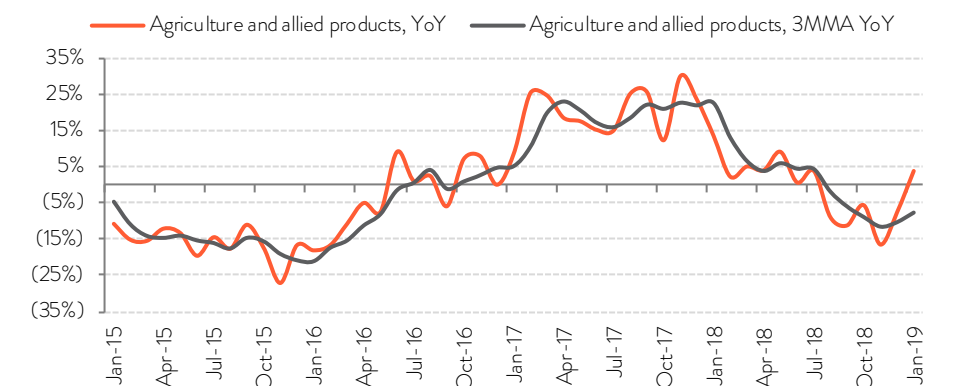


FIG 131 – MARGINAL IMPROVEMENT IN EXPORTS OF ENGINEERING GOODS

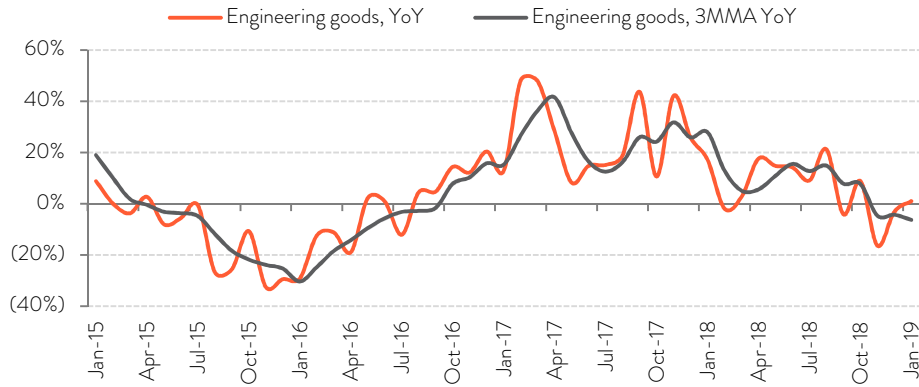
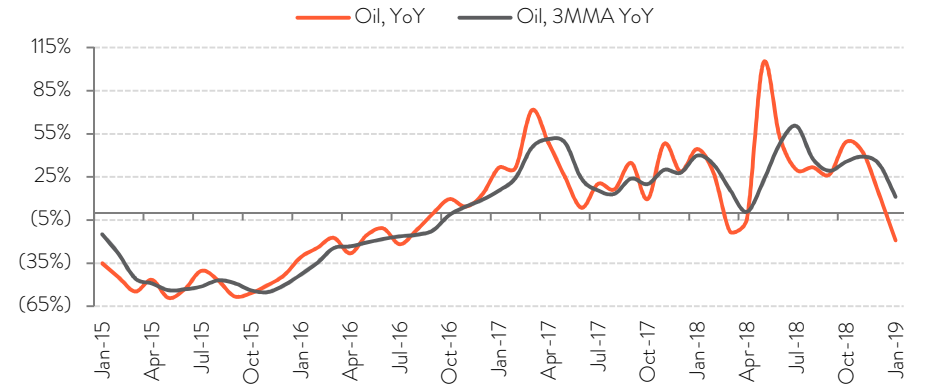


FIG 132 – OIL EXPORTS DECLINE SHARPLY (-19% IN JAN'19 VS 33% IN FYTD19)



Imports

FIG 133 – IMPORT GROWTH FLAT IN JAN'19

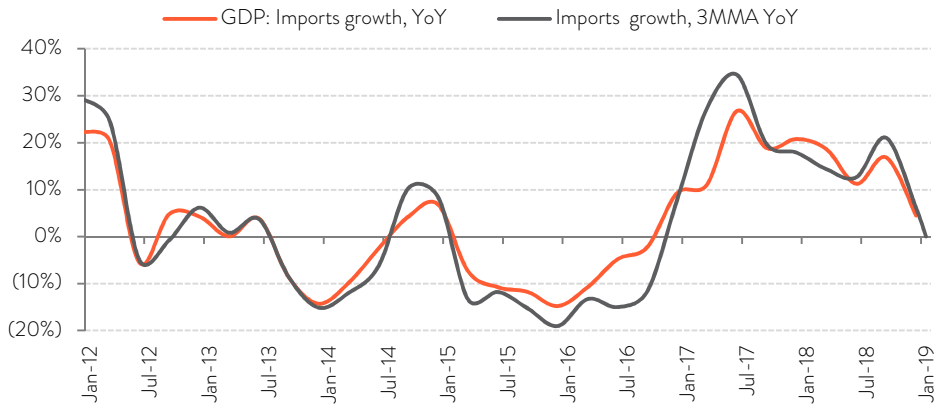


FIG 134 – GOLD IMPORTS RISE BY 38.2% IN JAN'19 AFTER DECLINING BY (-) 28% IN Q3FY19

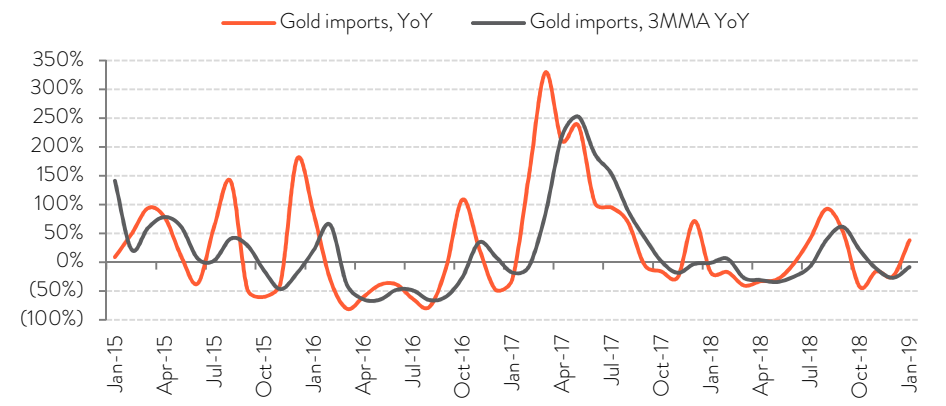


FIG 135 – IMPORTS OF ELECTRONIC ALSO NOTE AN INCREASE

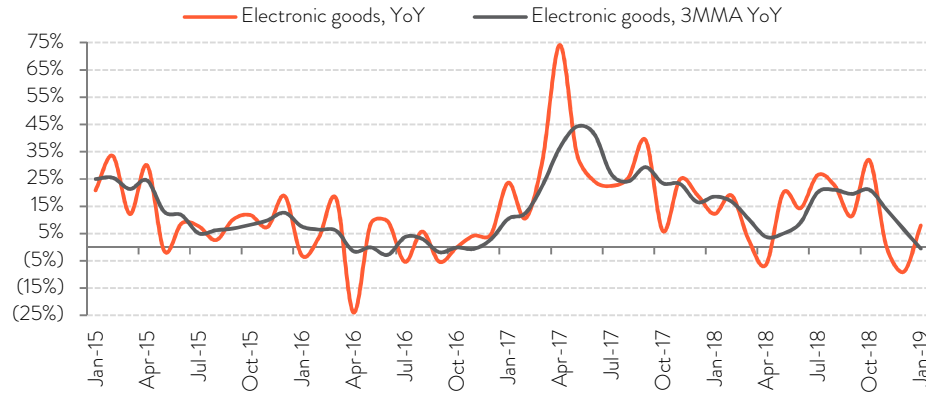


FIG 136 – HOWEVER, OIL IMPORTS DECLINE SHARPLY (-3.6% IN JAN'19 VS 40% IN FYTD19)

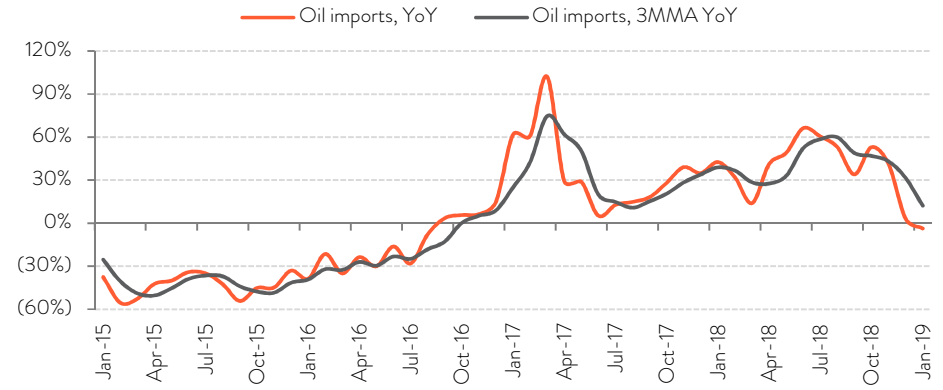


FIG 137 – IMPORST OF ORES AND MINERALS ALSO DECLINE

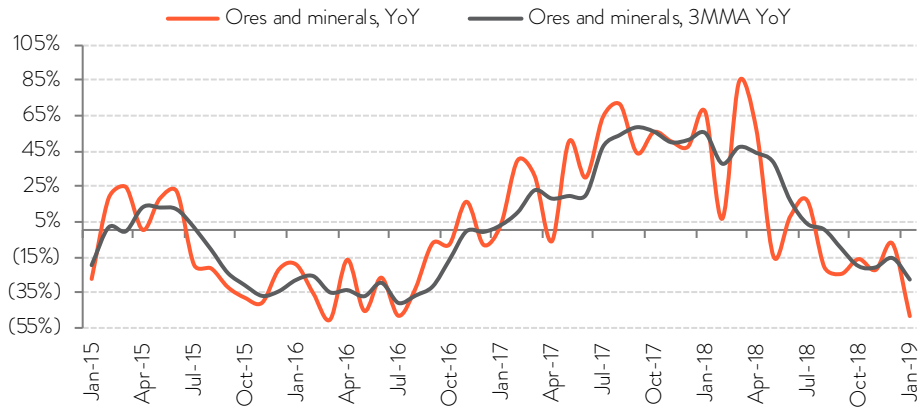
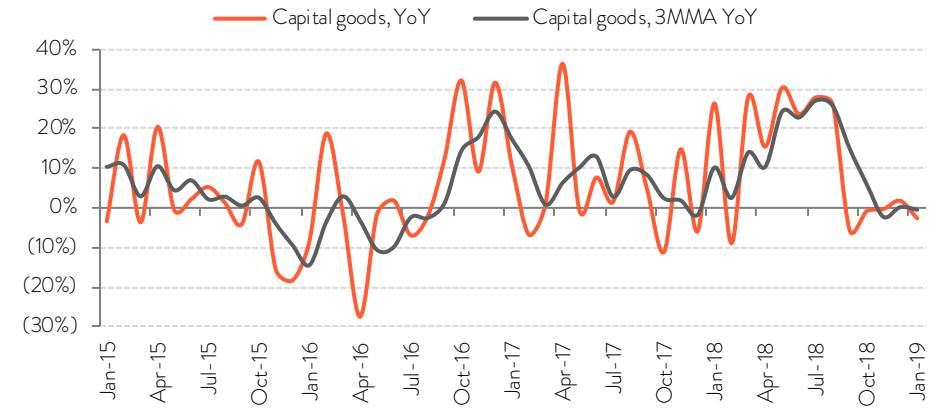


FIG 138 – SO DO CAPITAL GOODS IMPORT



Exports and imports by major regions

FIG 139 – EXCEPT MIDDLE EAST AND AFRICA, EXPORTS TO OTHER MAJOR REGIONS DECLINE ON A FYTD BASIS

Region (% YoY)	Share (%) FY18	Nov'18	Dec'18	Jan'19	FYTD18	FYTD19
Americas	24.4	(3.4)	3.7	9.4	13.9	10.1
Asia and Pacific (Ex. China)	4.4	(5.3)	(8.7)	(9.7)	17.6	4.5
China	20.9	23.4	22.7	9.5	32.6	31.4
Europe	29.3	(2.3)	2.4	(8.5)	14.5	7.8
Middle East and Africa	20.0	2.5	0.7	28.5	2.5	9.6
Other	1.0	7.6	8.6	51.4	(33.3)	26.7

FIG 140 – ON A FYTD BASIS, IMPORTS FROM ALL REGIONS EXCEPT CHINA NOTE AN INCREASE

Region (% YoY)	Share (%) FY18	Nov'18	Dec'18	Jan'19	FYTD18	FYTD19
Americas	12.0	3.3	(4.9)	13.9	21.5	30.7
Asia and Pacific (Ex. China)	23.0	18.9	12.6	12.5	25.0	36.6
China	16.4	(7.2)	(17.8)	(10.6)	24.5	(5.1)
Europe	15.0	(21.0)	(3.6)	38.2	19.5	24.2
Middle East	28.8	26.0	1.2	0.6	24.2	41.5
Other	4.8	(58.1)	(34.9)	(52.3)	37.7	(50.4)

Trade deficit

FIG 141 – TRADE DEFICIT WIDENS TO US\$ 158BN IN FYTD19

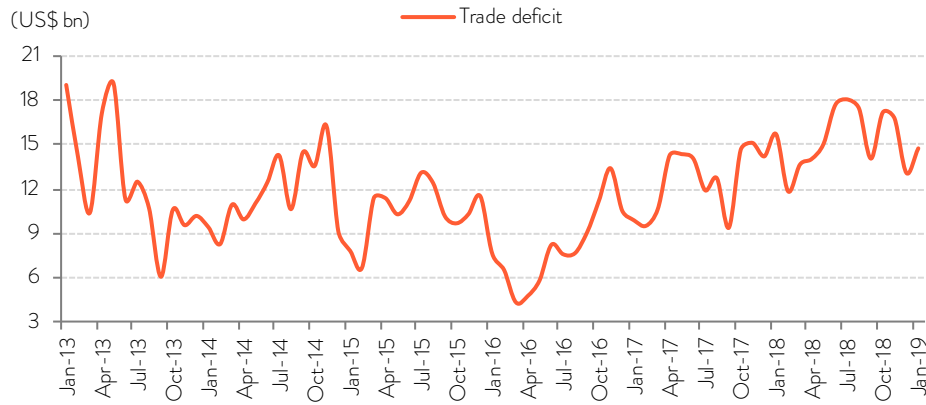
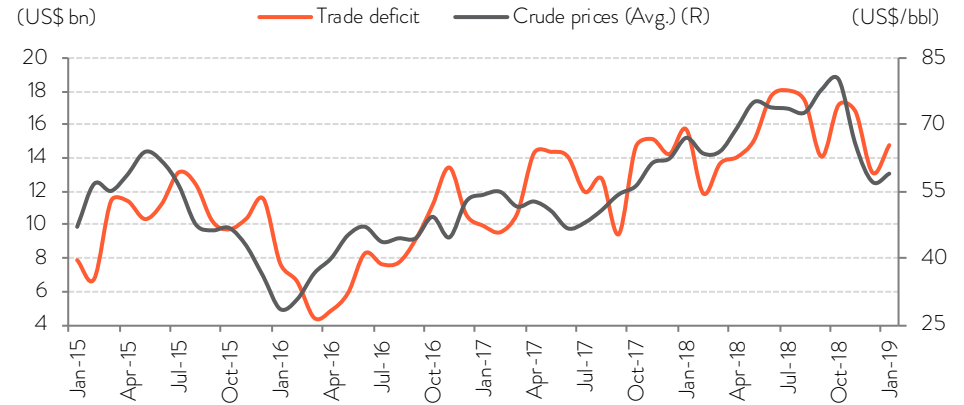
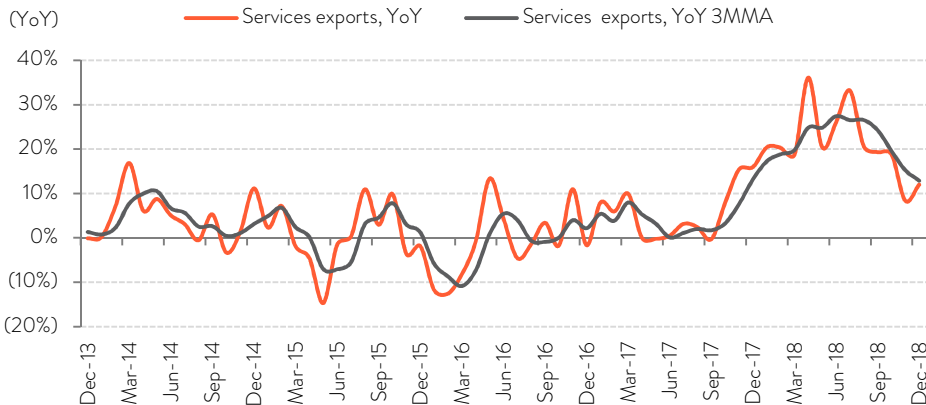


FIG 142 – LED BY HIGHER OIL PRICES



Trade in services

FIG 143 – SERVICES EXPORT RECOVERS IN DEC'18



BoP

FIG 144 – CAD RISES TO 2.9% OF GDP IN Q2FY19 FROM 2.4% IN Q1FY19

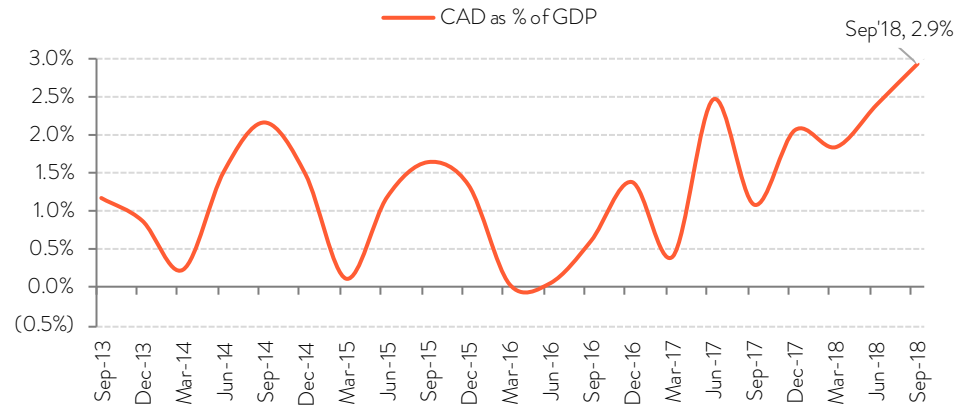


FIG 145 – ON THE BACK OF HIGHER MERCHANDISE TRADE DEFICIT

(US\$ bn)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19
Current account	(6.9)	(13.7)	(13.0)	(15.8)	(19.1)
CAD/GDP (%)	(1.1)	(2.1)	(1.9)	(2.4)	(2.9)
- 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
Capital account	0	0	0	0	0
Financial account	7.4	13.0	11.8	16.6	18.2
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)
-Other investments	3.5	13.3	16.5	5.2	8.8
-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
-Reserve assets	(9.5)	(9.4)	(13.2)	11.3	1.9
Errors & Omissions	(0.4)	0.6	1.3	(0.8)	0.9

Foreign inflows

FII inflows

FIG 146 – FII INFLOWS OF US\$ 852MN IN FEB'19

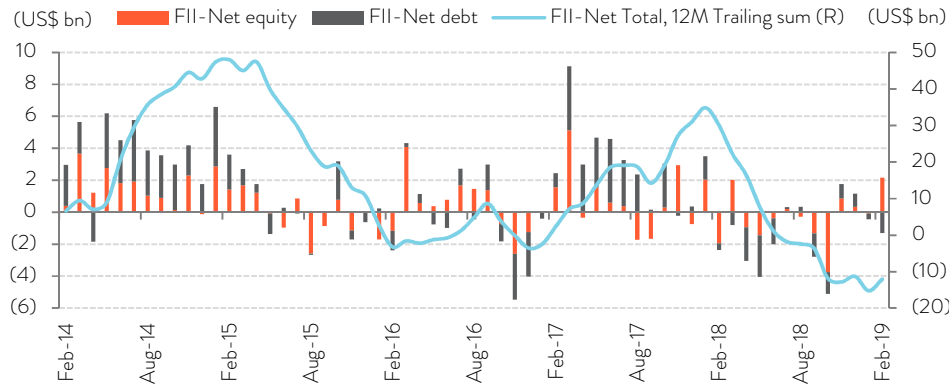


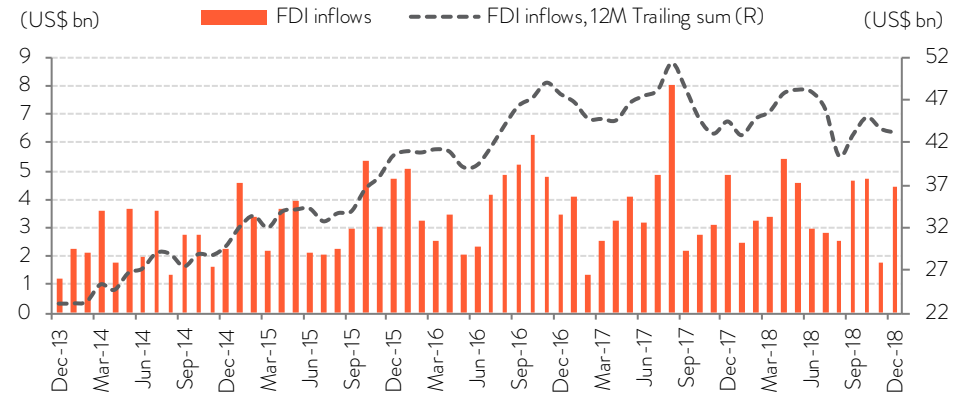
FIG 148 – FDI INFLOWS FROM MAURITIUS LOWER, INFLOWS FROM SINGAPORE PICKUP

Country (US\$ bn)	% Share FY18	Jun'18	Sep'18	Dec'18	FYTD18	FYTD19
Mauritius	35.5	1.5	2.4	2.1	13.3	6.0
Singapore	27.2	6.5	2.1	4.4	9.2	13.0
Netherlands	6.2	0.8	1.5	0.6	2.4	3.0
Japan	3.6	0.9	1.0	0.3	1.3	2.2
UK	1.9	0.6	0.2	0.2	0.7	1.1

Source: DIPP

FDI inflows

FIG 147 – FDI INFLOWS LOWER AT US\$ 34BN IN FYTD19 VS US\$ 36.4BN IN FYTD18



Source: RBI, Bank of Baroda Research

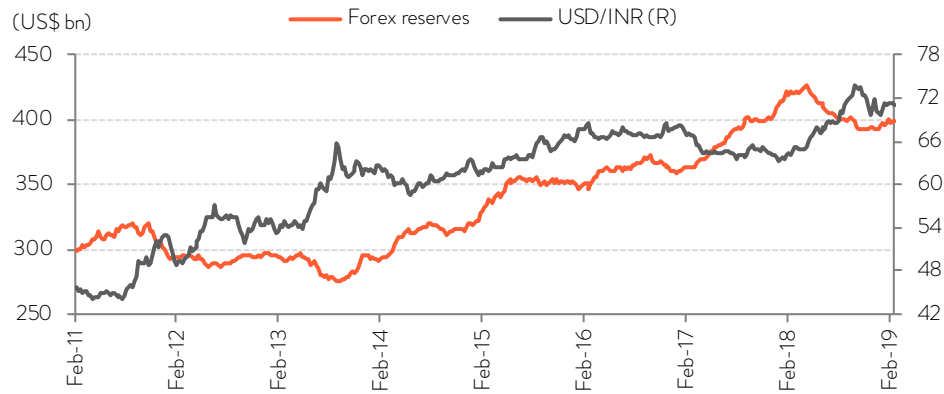
FIG 149 – FDI INFLOWS IN SERVICES SECTOR RISE TO US\$ 6.6.BN IN FYTD19

Sector (US\$ bn)	% Share FY'18	Jun'18	Sep'18	Dec'18	FYTD18	FYTD19
Services Sector	15.0	2.4	2.5	1.7	4.6	6.6
Telecommunications	13.8	1.6	0.6	0.1	6.1	2.3
Computer software and hardware	13.7	1.4	1.1	2.5	5.2	5.0
Trading	9.7	1.6	0.5	0.9	2.3	3.0
Automobile industry	4.7	0.5	1.1	0.5	1.7	2.1

Source: DIPP

Forex reserves and external debt

FIG 150 – INDIA'S FX RESERVES RISE TO US\$ 399BN



Source: Bloomberg | Weekly data as of 22 Feb 2019

FIG 151 – EXTERNAL DEBT RISES TO 20.8% OF GDP IN Q2FY19

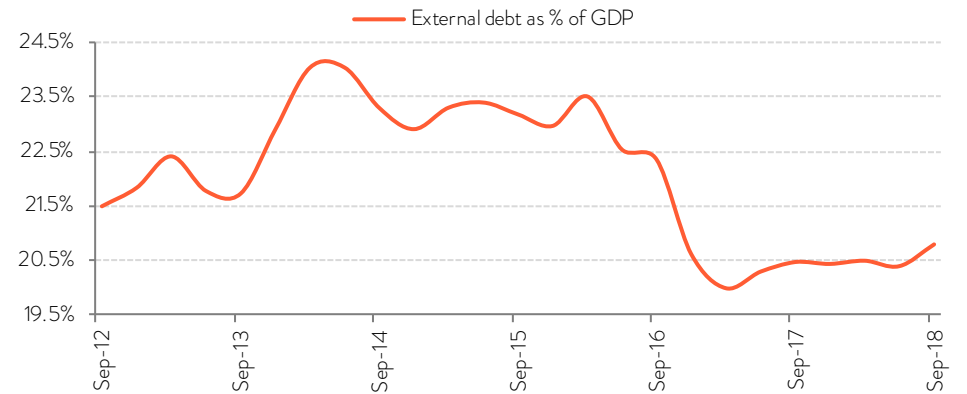


FIG 152 – RBI'S SOLD US\$ 25.9BN IN SPOT MARKET IN FYTD19

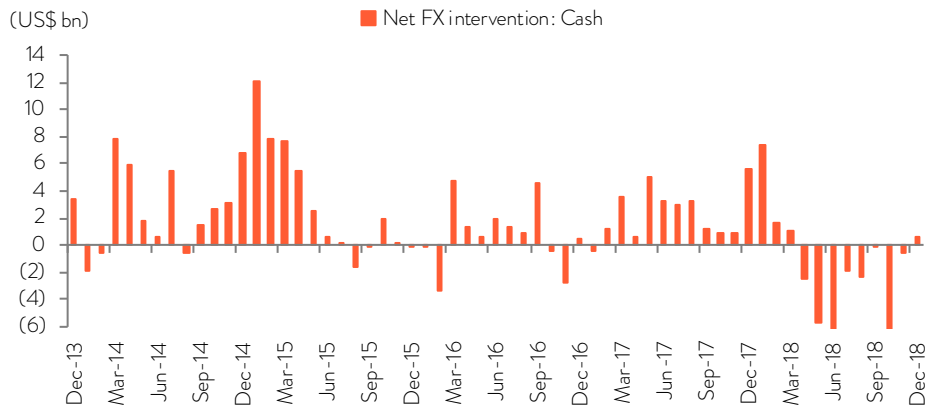
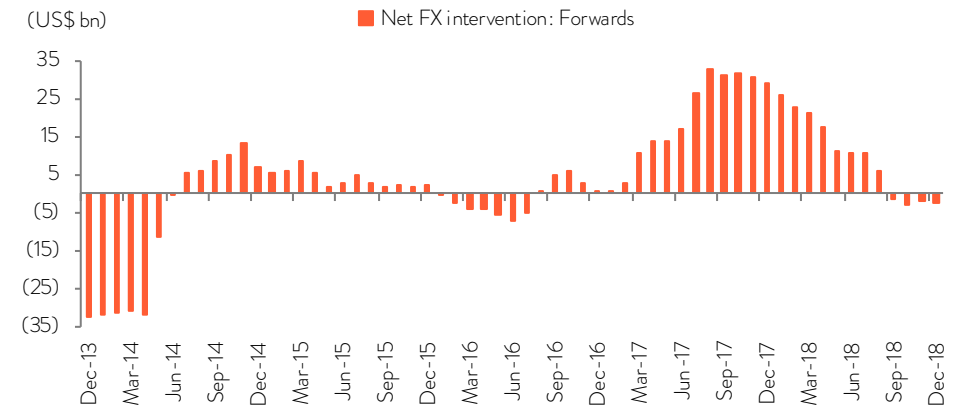


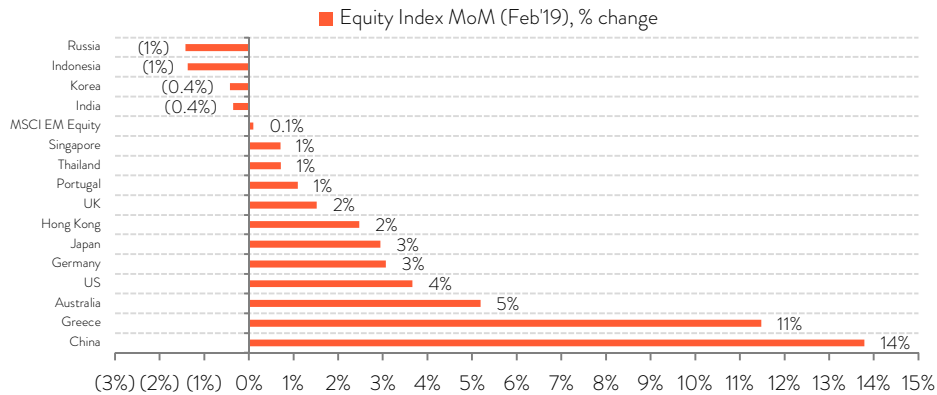
FIG 153 – RBI SOLD US\$ 23.2BN IN FORWARD MARKET IN FYTD19



Markets

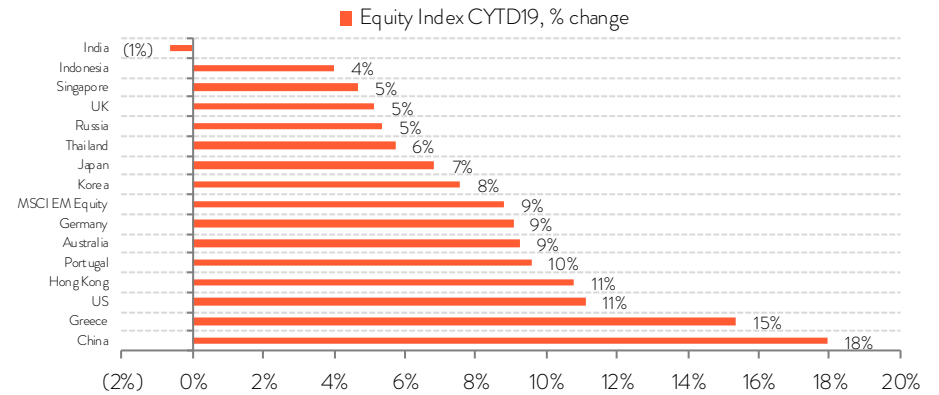
Equity

FIG 154 – ON MOM BASIS, NIFTY DECLINED BY (-) 0.4%



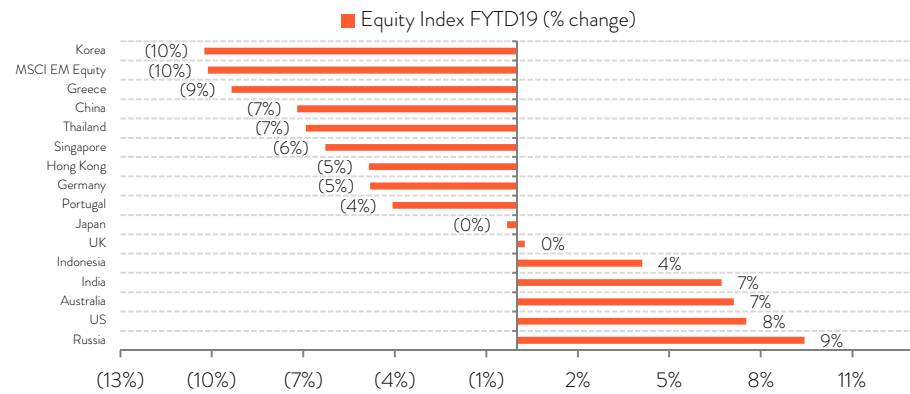
Source: Bloomberg

FIG 155 – ON CYTD BASIS*, BARRING NIFTY ALL OTHER EQUITY INDEX CONTINUED TO RISE



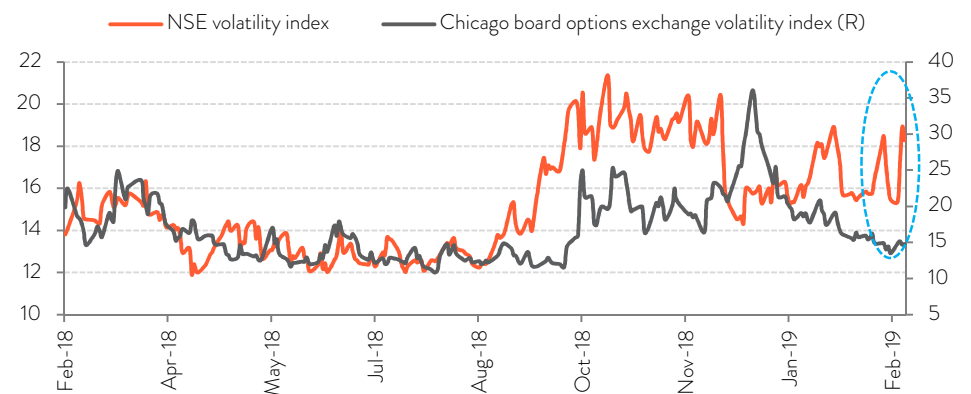
Source: Bloomberg | * As on 28 Feb 2019

FIG 156 – ON FYTD* BASIS, NIFTY ROSE BY 7%



Source: Bloomberg | * As on 28 Feb 2019

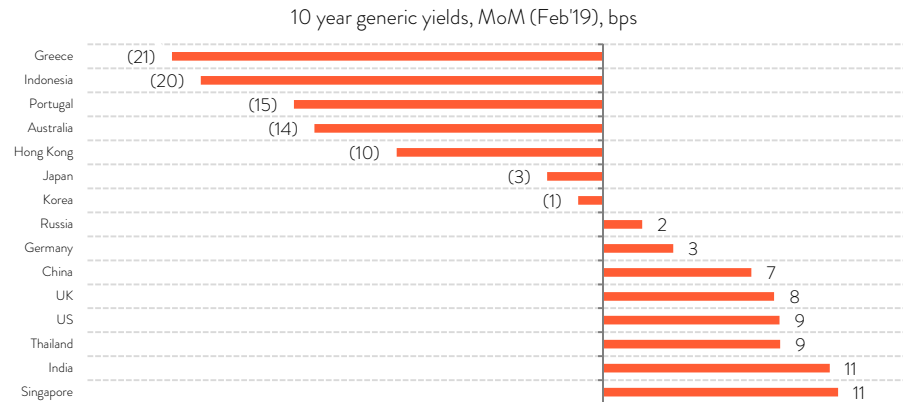
FIG 157 – NIFTY VIX ROSE SHARPLY DUE TO GEOPOLITICAL TENSIONS



Source: Bloomberg

10 year Bond yields

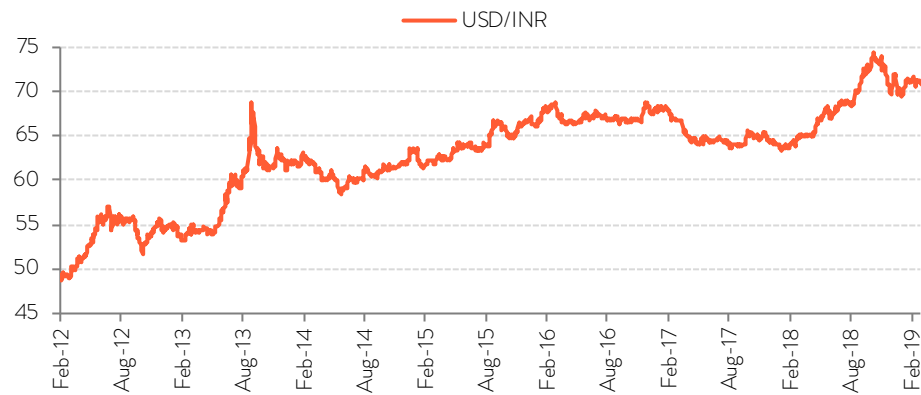
FIG 158 – ON MOM BASIS, INDIAN 10 YEAR YIELDS INCHED UP BY 11BPS DRIVEN BY HIGHER CRUDE PRICES



Source: Bloomberg | 7.17GS2028 is taken

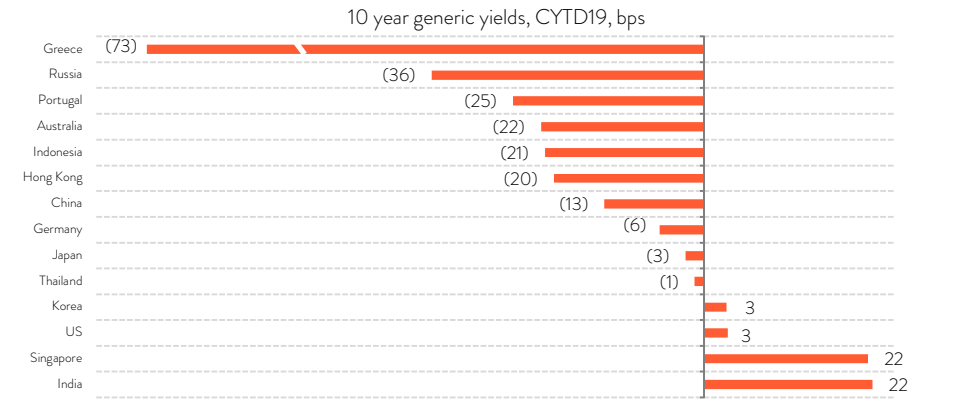
Currencies

FIG 160 – INR APPRECIATED BY 0.5% IN FEB'19 VS (-) 1.8% IN JAN'19



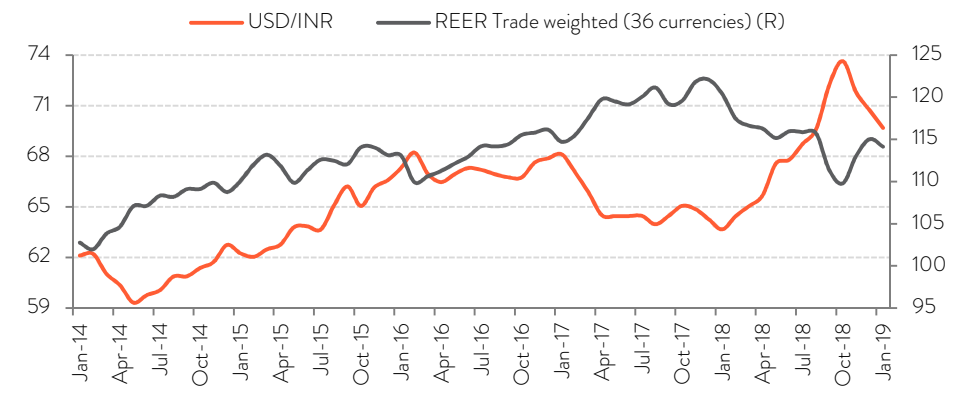
Source: Bloomberg | *As on 28 Feb 2019

FIG 159 – ON CYTD BASIS*, INDIAN 10 YEAR YIELDS INCREASED BY 22BPS, THE HIGHEST AMONG MAJOR ECONOMIES



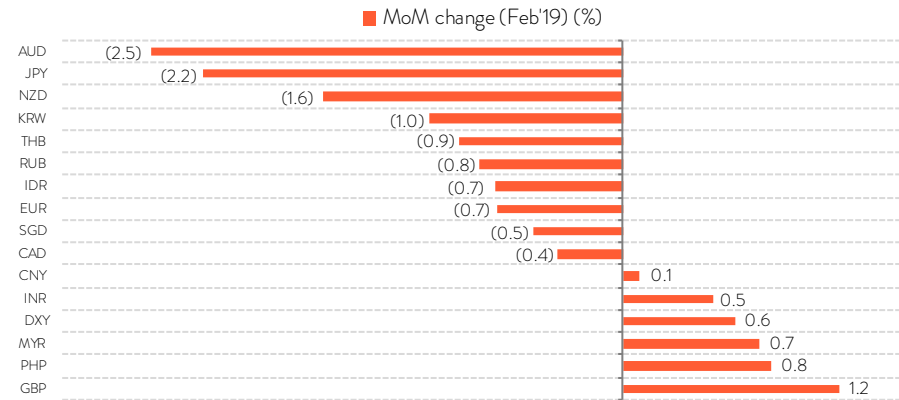
Source: Bloomberg | 7.17GS2028 is taken , *As on 28 Feb 2019

FIG 161 – INR STILL OVERVALUED BY 14.1% (JAN'19)



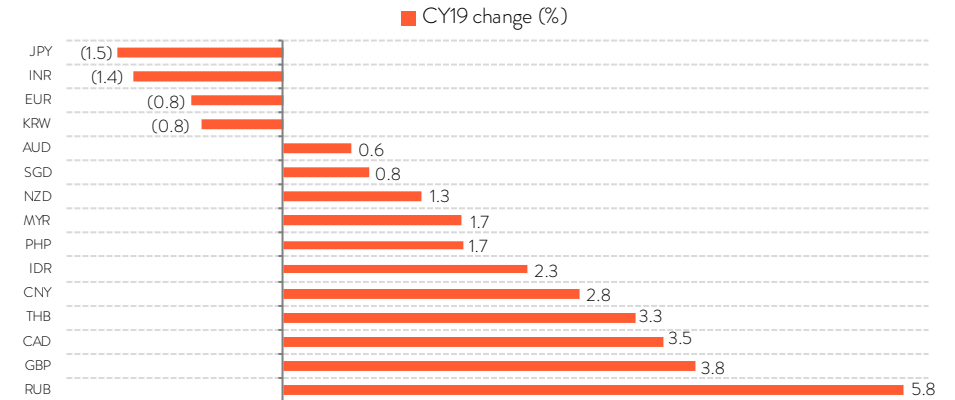
Source: Bloomberg

FIG 162 – GLOBAL CURRENCIES WERE MIXED IN FEB'19



Source: Bloomberg | *As on 28 Feb 2019

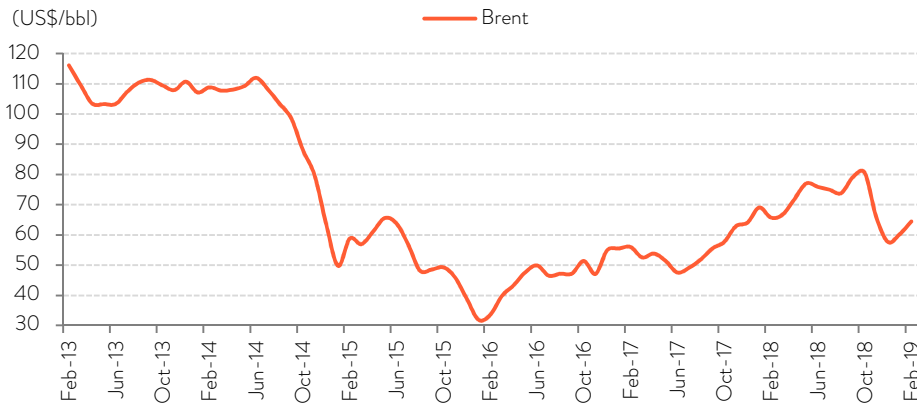
FIG 163 – INR HAS DEPRECIATED BY (-) 1.4% IN CYTD19



Source: Bloomberg | *As on 28 Feb 2019

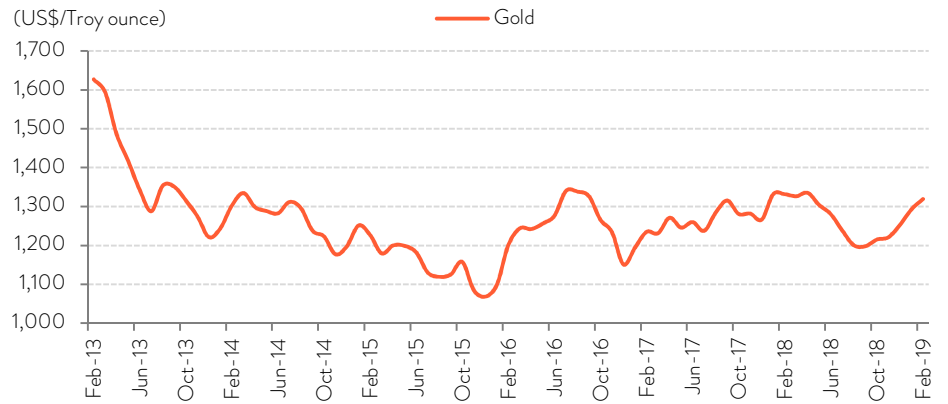
Commodities

FIG 164 – BRENT PRICES INCHED UP TO US\$ 64/BBL IN FEB'19 VS US\$ 60/BBL IN JAN'19 DRIVEN BY OPEC'S PRODUCTION CUT



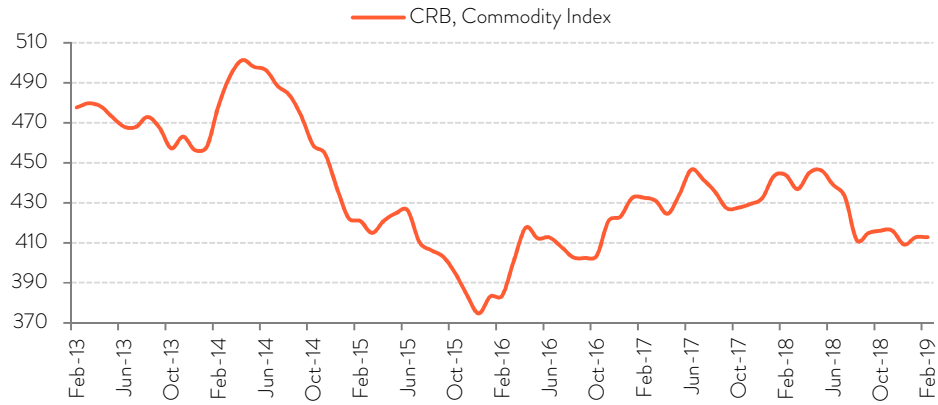
Source: Bloomberg

FIG 165 – GOLD PRICES ROSE BY 2% ON MOM BASIS IN FEB'19 VS 3% IN THE PREVIOUS MONTH



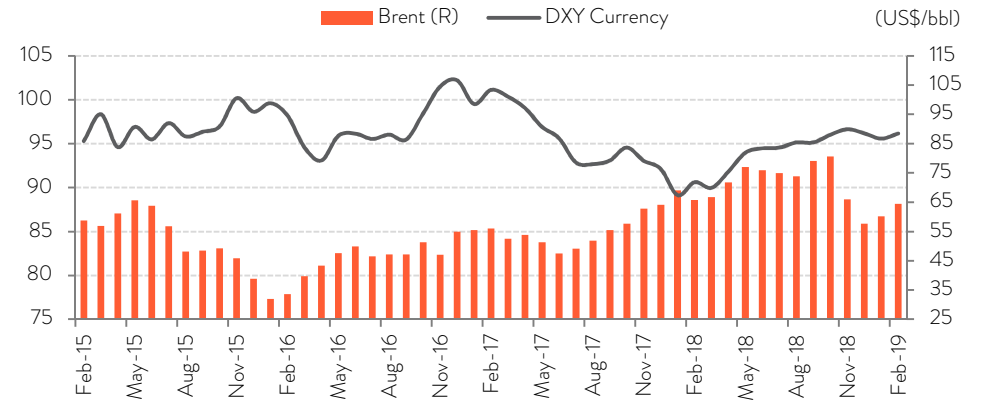
Source: Bloomberg

FIG 166 – COMMODITY INDEX REMAINED FLAT IN FEB’19



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

FIG 167 – DXY INCHED UP IN FEB’19 TO 96.16 VS 95.58 IN JAN’19 , SO WAS THE CASE FOR BRENT



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

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