

India Economics

Monthly Chartbook

June 2019

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Domestic growth moderates

Domestic consumption continues to moderate. Private services activity too has decelerated with lower PMI, CV sales, tourist arrivals and rail freight. A normal monsoon and rural stimulus (PM-KISAN) will favour a pick-up in domestic demand in H2. With Centre looking at maintaining its fiscal deficit at 3.4%, states may have to step-up spending in FY20. The recent decline in oil prices, change in RBI's stance to accommodative and lower global yields is positive for interest rates. For transmission, liquidity in the banking system has to increase and will improve only gradually.

Scope of revival in rural demand: Consumption demand slowed down considerably in Q4FY19 with PFCE moderating to 7.2% (8.1% in Q3FY19). In May'19, passenger car sales reported further deterioration (-26%). The pace of decline in 2-wheeler sales in May'19 eased from Apr'19 levels. Overall sentiment remains muted with RBI's consumer confidence too softening. A pick-up in monsoon will be positive for rural consumption. PM-KISAN will boost consumption.

Services growth moderating: Services sector PMI eased for the third consecutive month in May'19. Other indicators such as CV sales, rail freight traffic, air passenger traffic, foreign tourist arrivals, diesel consumption, bank credit to services sector and revenue receipts of states are all pointing to a slowdown in Q1. In FY20, we believe, services sector will have to rely on higher spending by government as was the case in Q4FY19.

Yields trajectory, still uncertain: Indian yields have softened by ~40bps in May'19 led by decline in global yields, lower oil prices (11% decline in May'19), RBI's rate cuts of 75bps and now change in stance. In addition, liquidity with the banking system has moved from deficit to surplus (after remaining in deficit since Jun'18). Post RBI policy, 10Y yield fell by 9bps. However, it has increased from the lows on account of uncertainty with regard to government's borrowing in FY20.

Public finance: Centre's tax revenues For FY19 were Rs 1.1tn lower than projections in the interim budget (FY19IB). FY20 projections too will be impacted to this extent and thus would require recalibration of spending. States are likely to step-up spending as there is fiscal room available to increase fiscal deficit from 2.6% as budgeted in FY20.

Worsening global backdrop to put pressure on INR: Despite a steep decline in oil prices (down 11%) and FII inflow of US\$ 2bn in May'19, INR depreciated by 0.2% (MSCI EM index fell by 1.2%). FII inflows have continued in Jun'19 as well at US\$ 1.2bn. Given the volatility in global markets on the back of trade war between US and China, EM currencies may come under pressure. The same holds true for INR though global backdrop of lower oil prices is favourable for INR.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION SLOWED TO 7.2% IN Q4FY19 AS AGAINST 8.1% IN Q3FY19

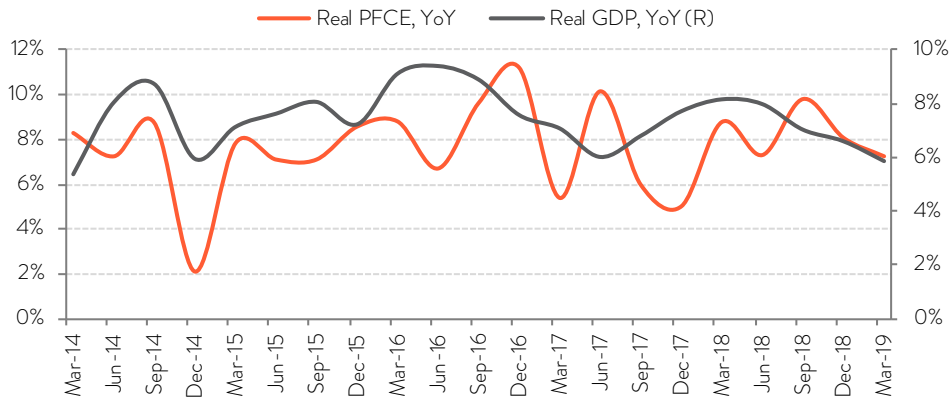


FIG 2 – GOVERNMENT CONSUMPTION ACCELERATED TO 13.1% IN Q4FY19

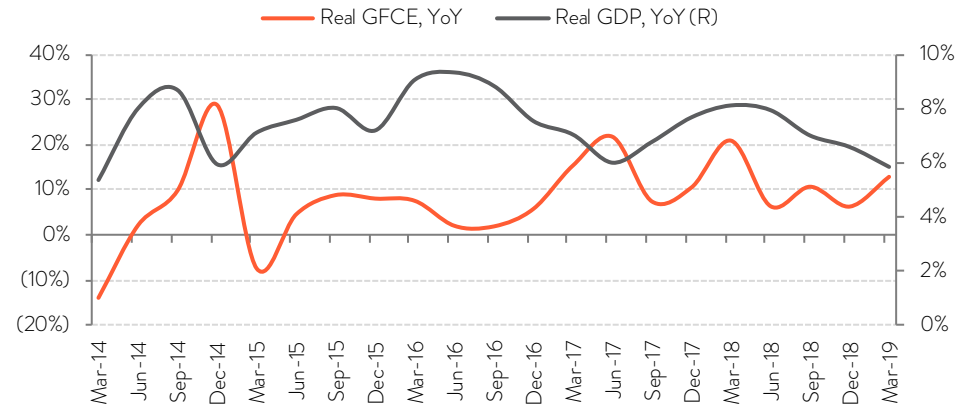


FIG 3 – GENERAL GOV REVENUE SPENDING INCHES UP...

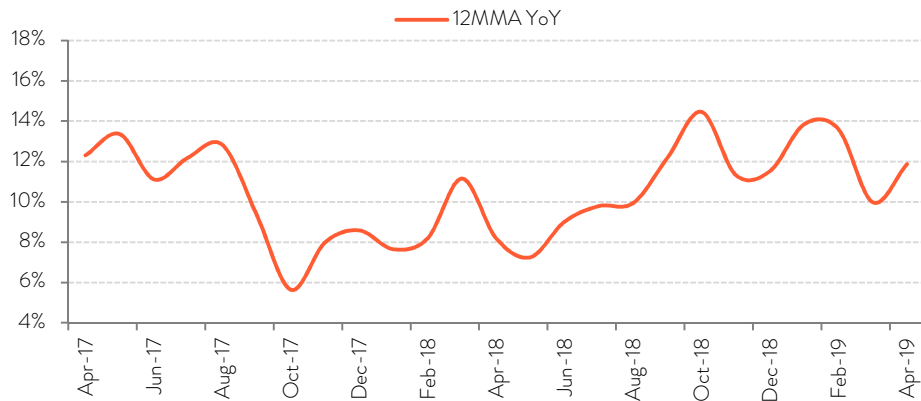
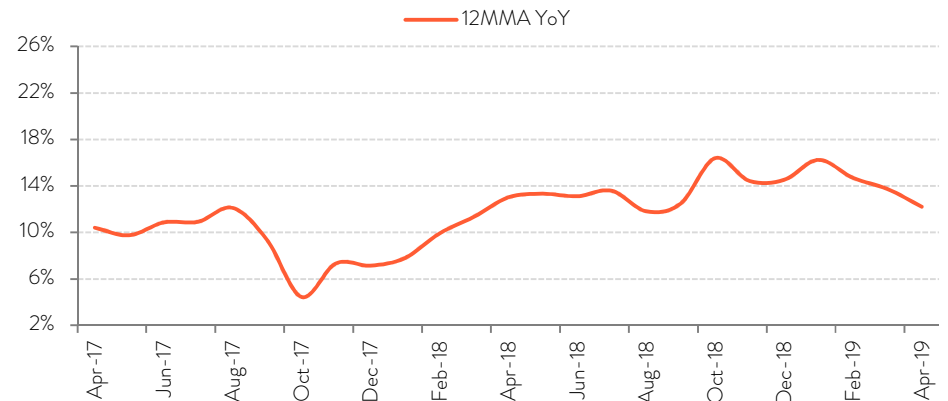


FIG 4 – ...STATE* GOV REVENUE SPENDING DIPPING



Note: * All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS DROP IN APR'19

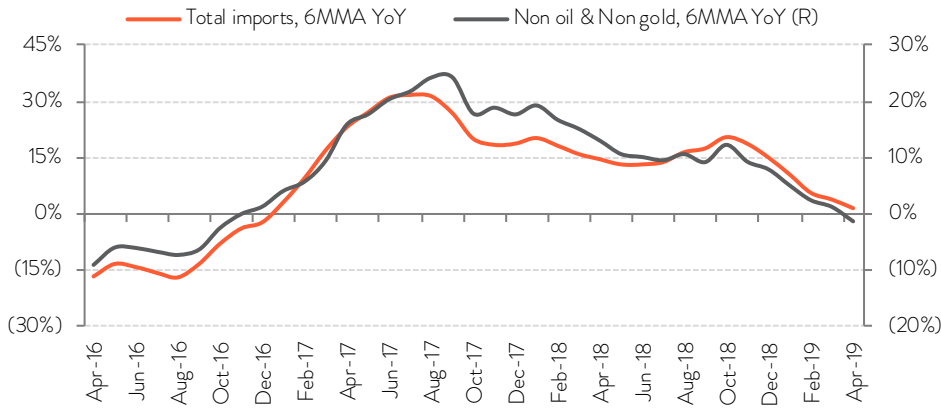


FIG 6 – ELECTRONIC IMPORTS REBOUND BY 4% IN APR'19

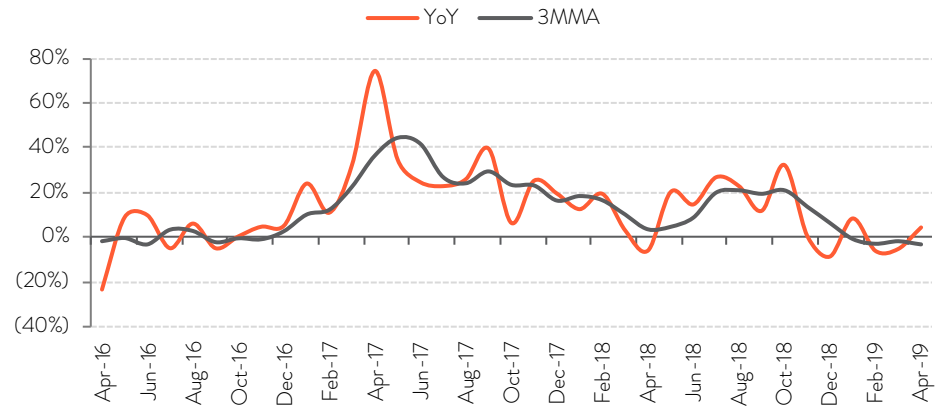


FIG 7 – PASSENGER CAR SALES PLUMMET BY (-) 26% IN MAY'19

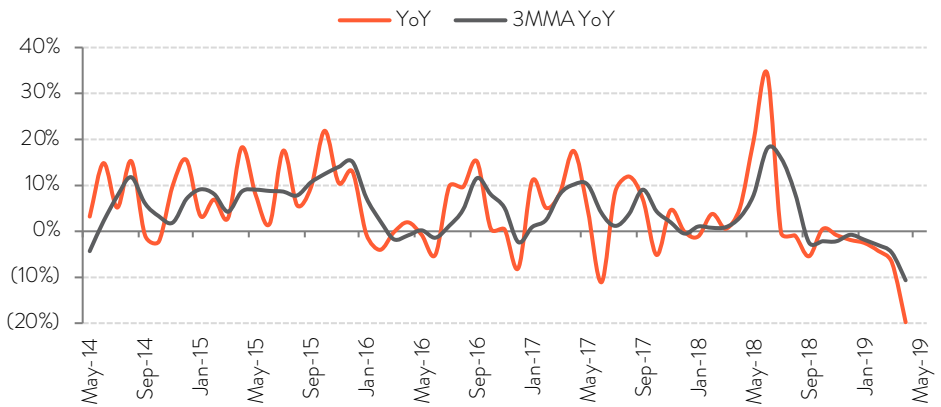
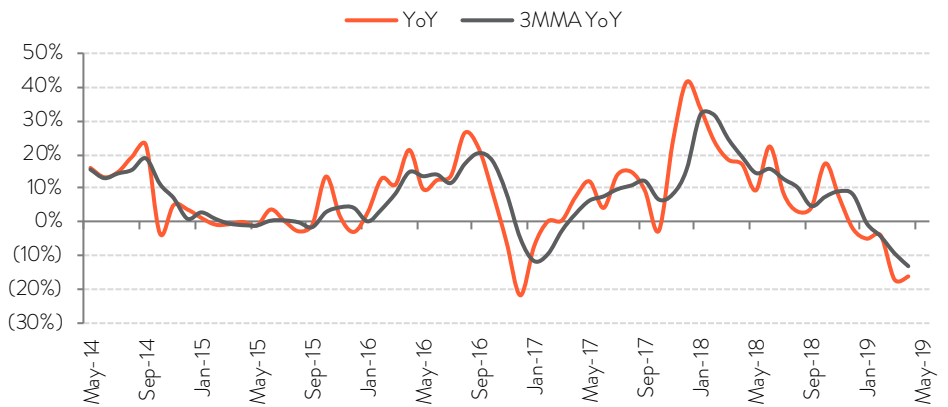


FIG 8 – TURNAROUND IN TWO-WHEELER SALES



Credit deployment of personal loans

FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING DROPS IN APR'19

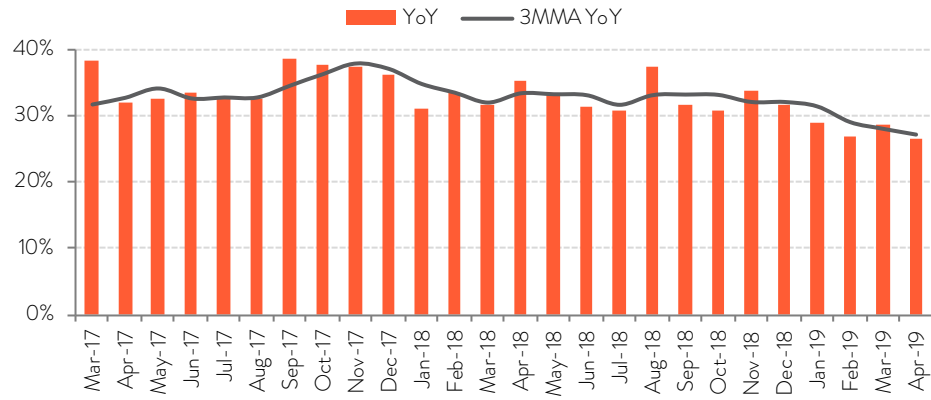


FIG 10 – PERSONAL LOANS DIPS MARGINALLY

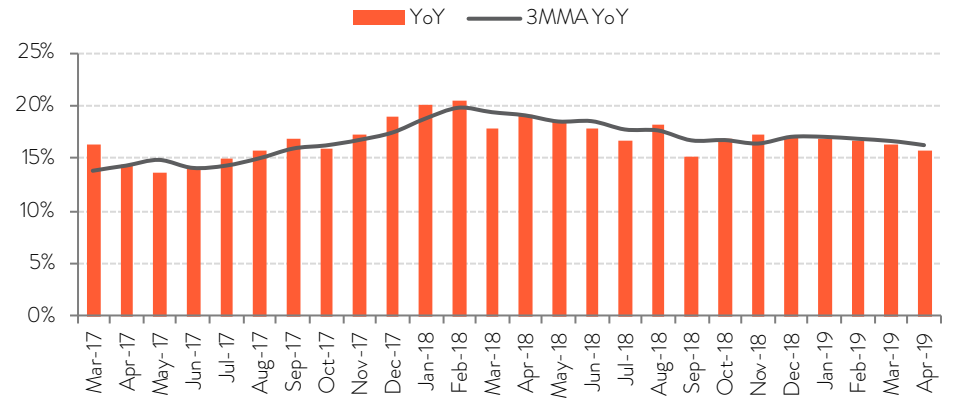


FIG 11 – VEHICLE LOANS DECELERATE FURTHER IN APR'19

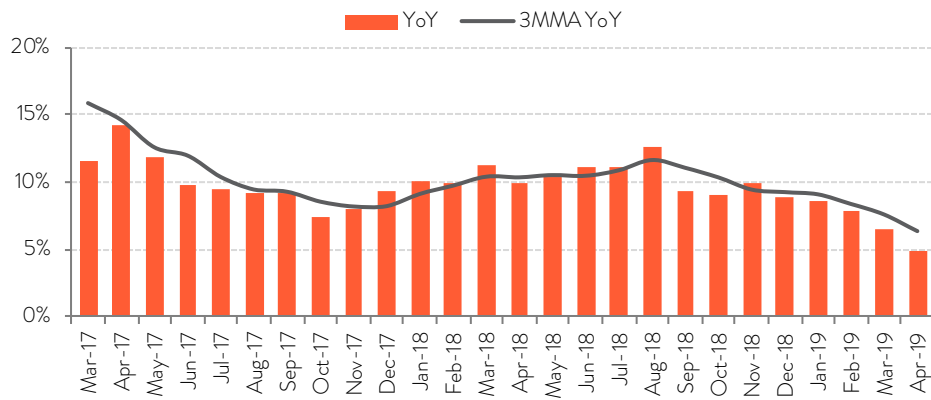
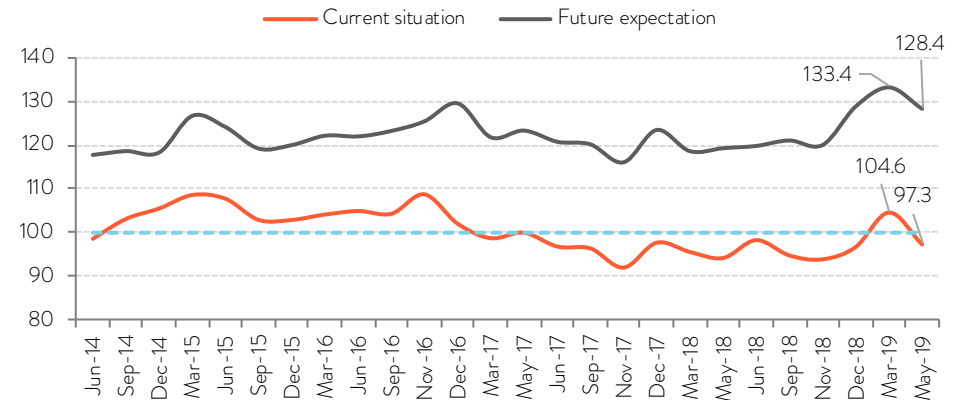


FIG 12 – CONSUMER CONFIDENCE WEAKENS



Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES PLUNGES TO NEGATIVE ZONE IN MAR'19

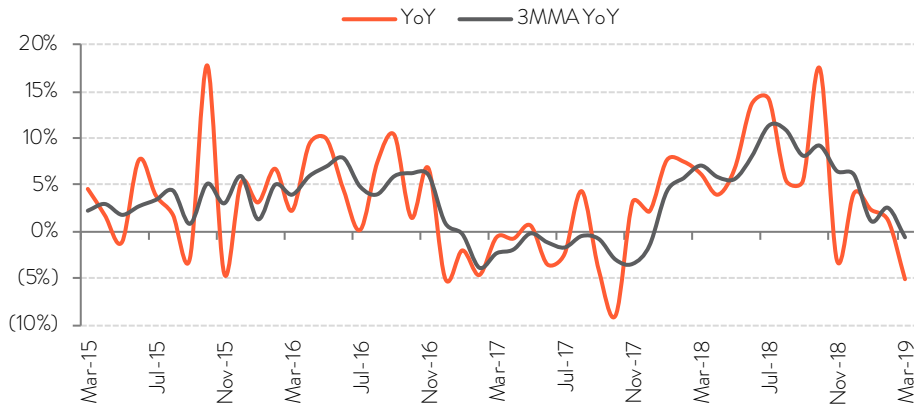
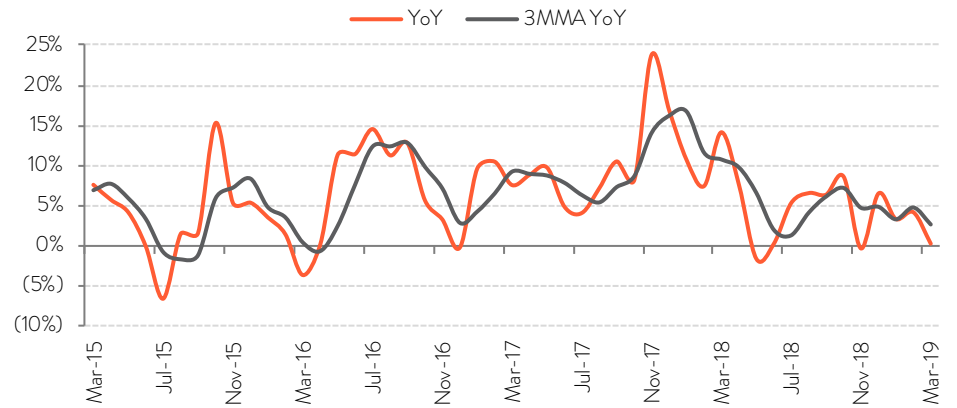


FIG 14 – FMCG OUTPUT FALLS BY 0.3%



Agriculture

FIG 15 – AGRICULTURE GROWTH DECLINES BY (-) 0.1% IN Q4FY19 (6.5% IN Q4FY18)

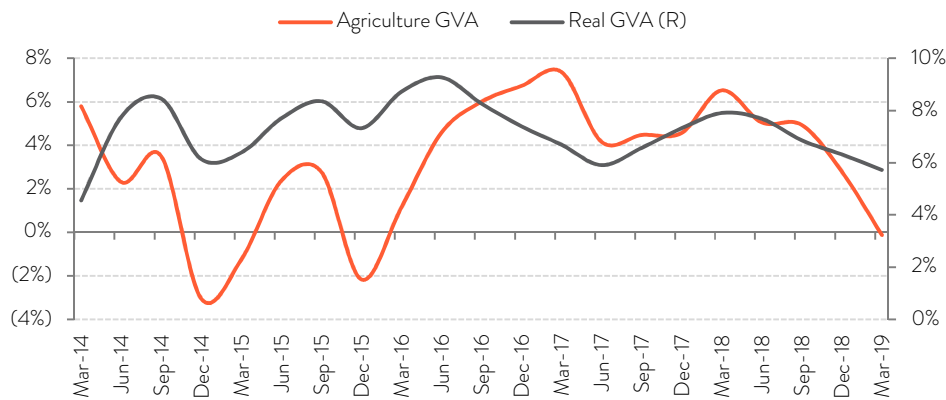


FIG 16 – STOCK OF FOODGRAINS JUMPED TO 71 MN TN IN APR'19 COMPARED TO 65 MN TN IN MAR'18

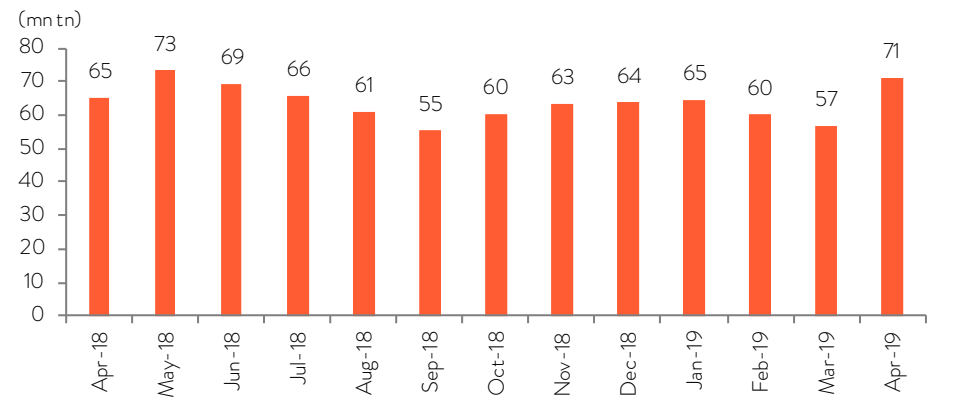


FIG 17 – GROWTH IN AGRICULTURE CREDIT REMAINS STABLE

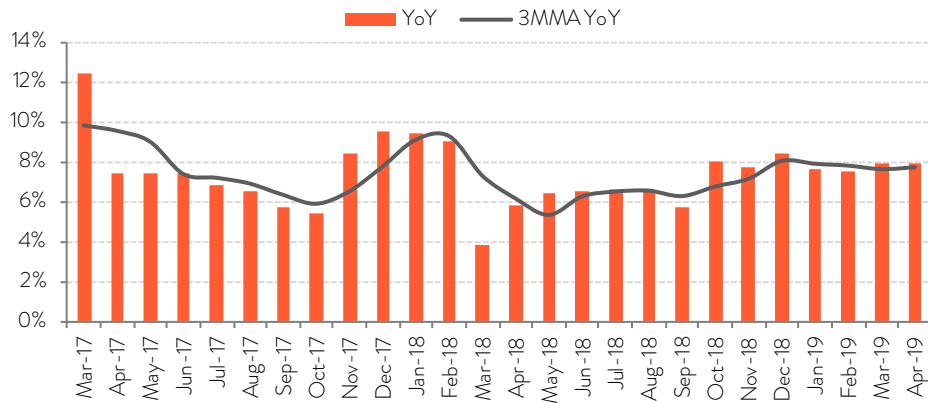
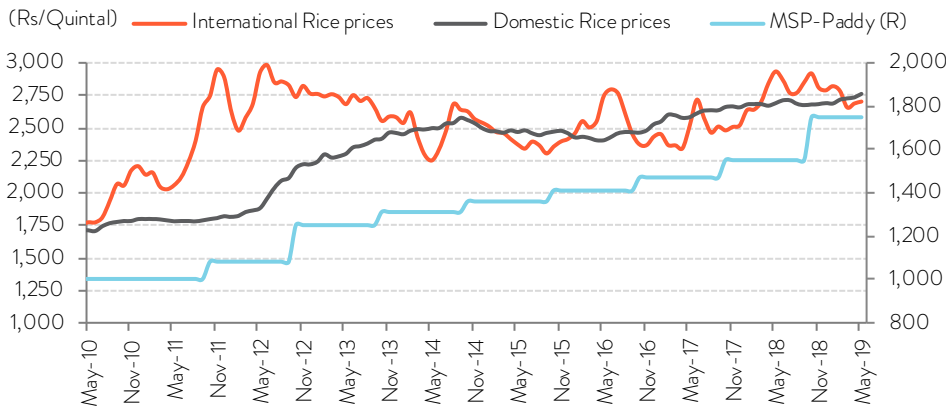


FIG 18 – PROCUREMENT BY GOVT INCREASING

Year	Wheat	Rice
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	39.28*
2019-20	19.61*	-

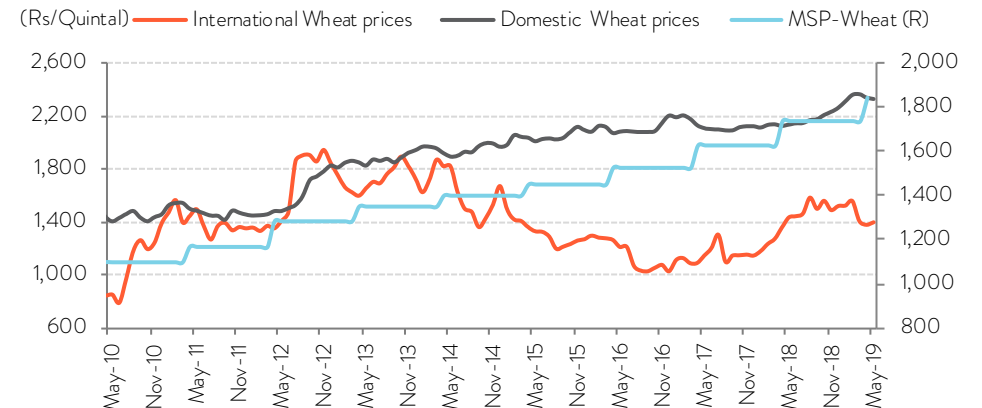
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Apr 2019

FIG 19 – DOMESTIC AND INTERNATIONAL RICE PRICE RISING



Source: World Bank

FIG 20 – WHILE DOMESTIC WHEAT PRICE HAS FALLEN; INTERNATIONAL WHEAT PRICES HAVE RISEN



Source: World Bank

FIG 21 – GLOBAL FOOD PRICES RISE marginally IN MAY'19

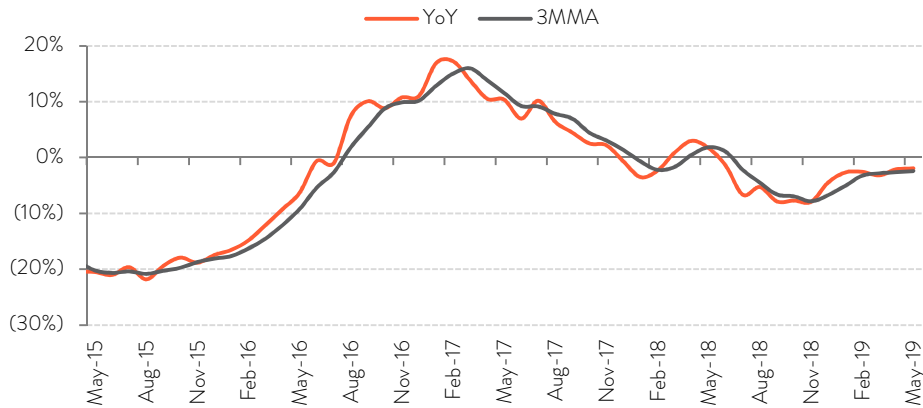


FIG 22 – RURAL WAGES (MEN) REMAIN STEADY

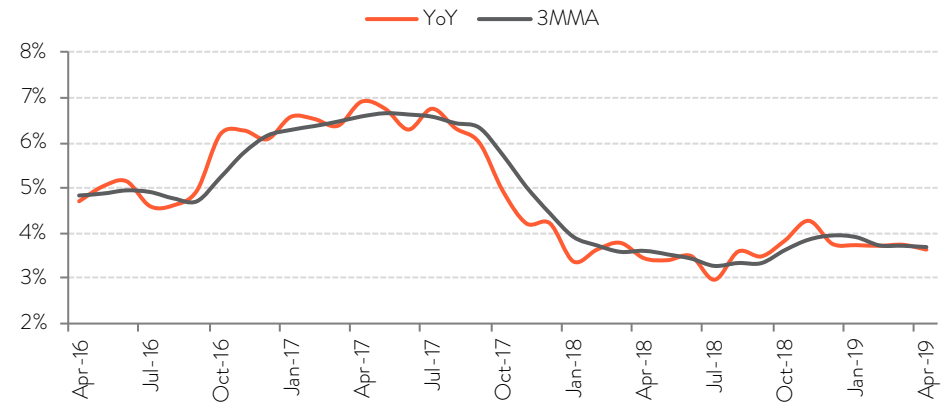
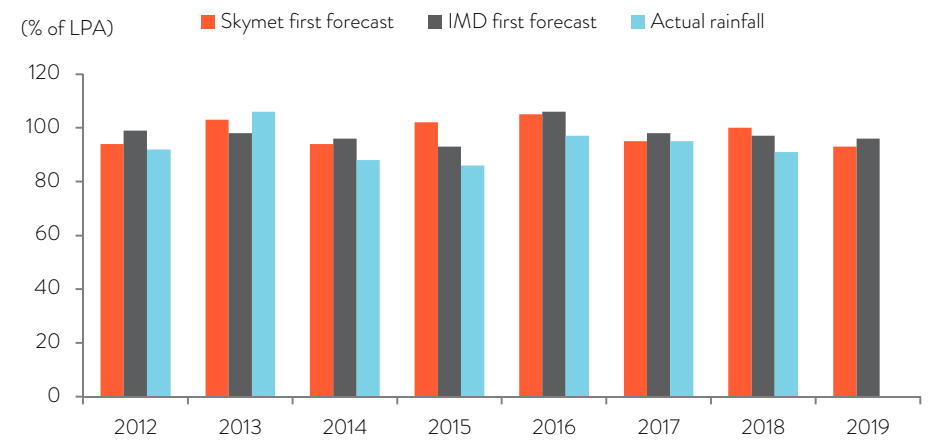


FIG 23 – FOODGRAIN AND COMMERCIAL CROP PRODUCTION

Crop type (%)	Growth in 2016	Growth in 2017	Growth in 2018*
Rice	5.1	2.8	2.5
Wheat	6.7	1.4	1.3
Pulses	41.5	9.9	(8.7)
Cereals	7.1	3.0	0.2
Total Foodgrain	9.4	3.6	(0.6)
Sugarcane	(12.2)	24.1	5.4
Oilseeds	23.9	0.6	(0.1)
Cotton	8.6	0.7	(15.9)

Source: Ministry of Agriculture | Note: *Based on 3rd advance estimates

FIG 24 – NEAR NORMAL MONSOON PREDICTED IN 2019



Source: IMD

Inflation

FIG 25 – RETAIL INFLATION ROSE TO ITS 6-MONTH HIGH OF 2.9% IN APR'19 LED BY FOOD

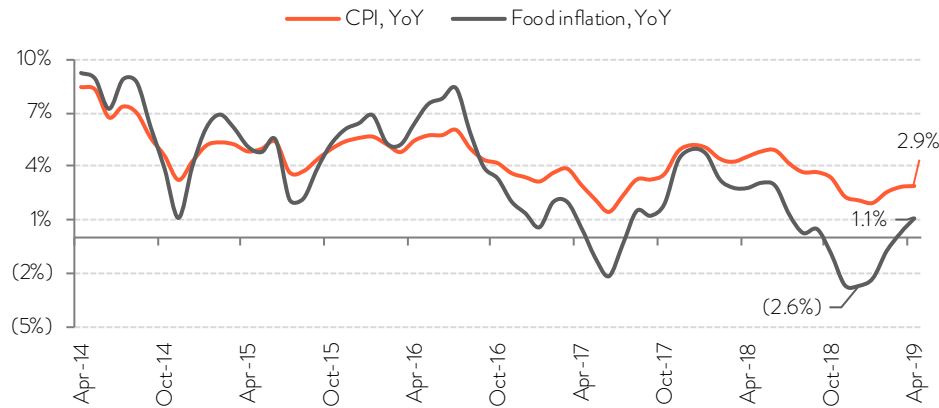
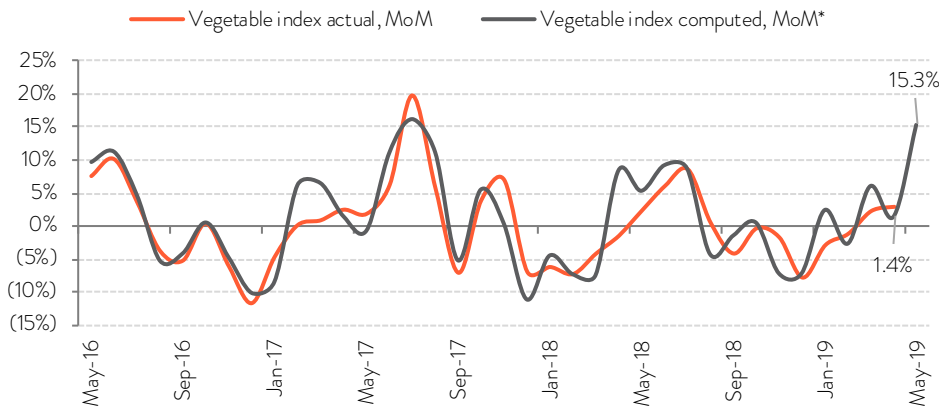


FIG 27 – ... VEGETABLE PRICES CONTINUE TO BE HIGHER IN MAY'19 AS WELL



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

FIG 26 – ...FIRMING UP OF VEGETABLE PRICES DROVE FOOD INFLATION TO 1.1% IN APR'19 VS 0.3% IN MAR'19

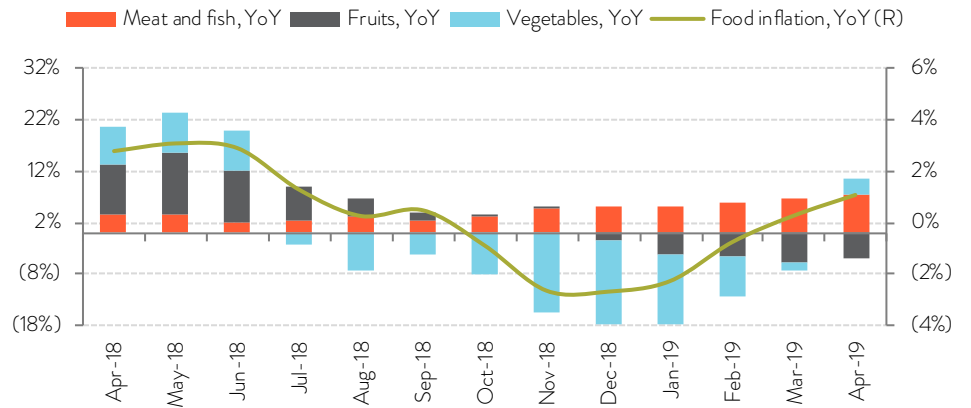


FIG 28 – CORE CPI ON THE OTHER HAND FELL BY ~50BPS TO 4.5% IN APR'19 VS 5% IN MAR'19

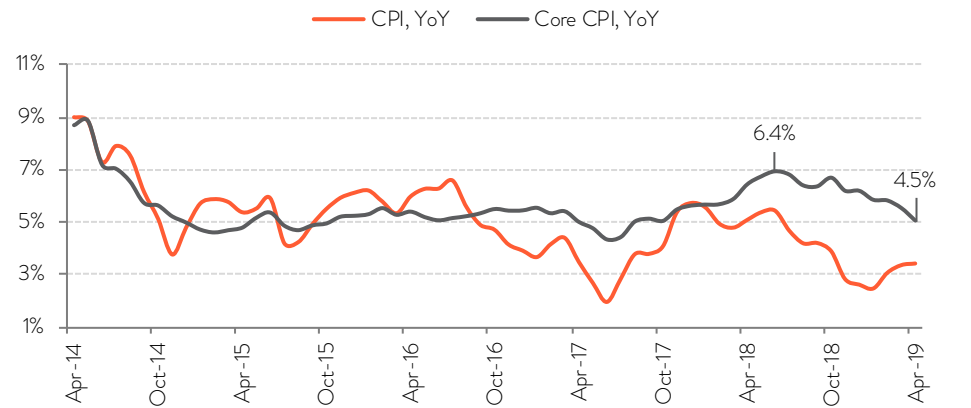


FIG 29 – ...LED BY BROAD BASED DECLINE (EXCEPT RECREATION & AMUSEMENT)

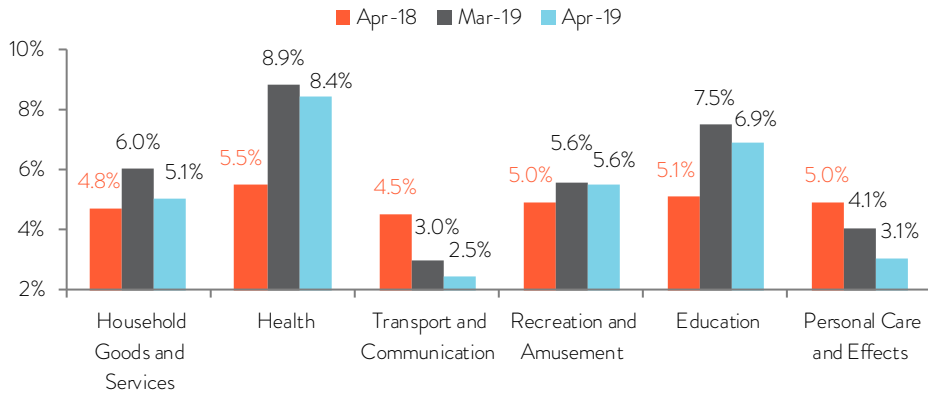


FIG 31 – CPI EXCL VOLATILE COMPONENTS SUCH AS VEG, PULSES AND HOUSING ALSO FELL BY 20BPS TO 2.8% IN APR'19

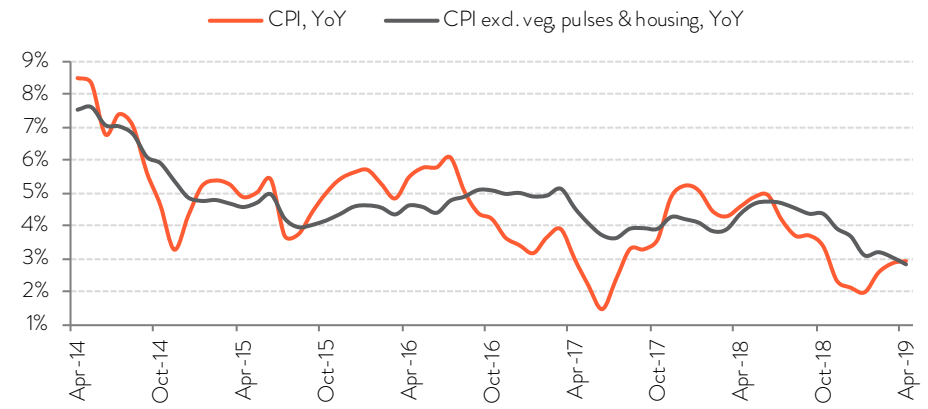
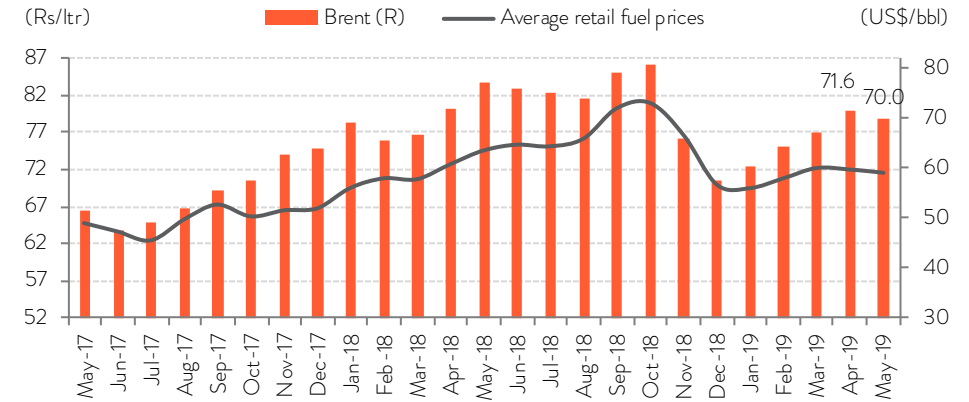
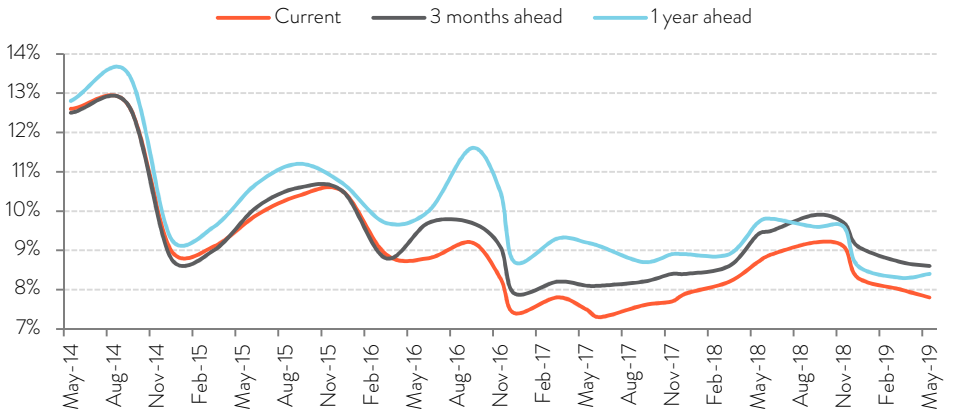


FIG 30 – FALLING CRUDE PRICES KEPT RETAIL PRICES LOWER AT RS 71.5/LT IN MAY'19 VS RS 72 IN APR'19



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

FIG 32 – RBI INFLATION EXPECTATION INDEX ALSO FELL IN THE RANGE OF 10-20BPS IN MAY'19



Industry

FIG 33 – INDUSTRIAL OUTPUT SLOWS

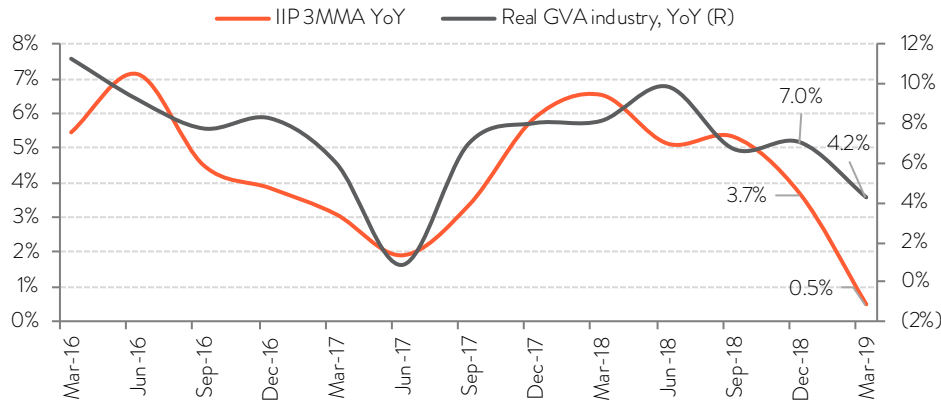


FIG 34 – HOWEVER MINING SHOWED SOME IMPROVEMENT IN FY19

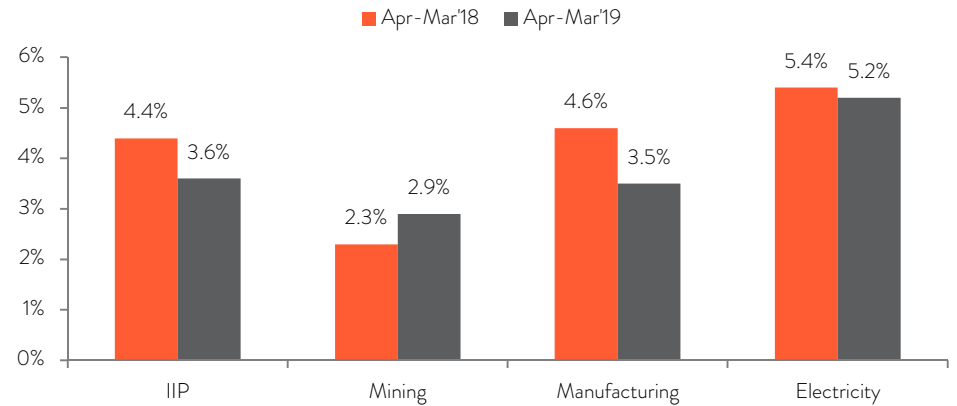


FIG 35 – CONSUMER DURABLES PULLED DOWN IIP IN MAR'19

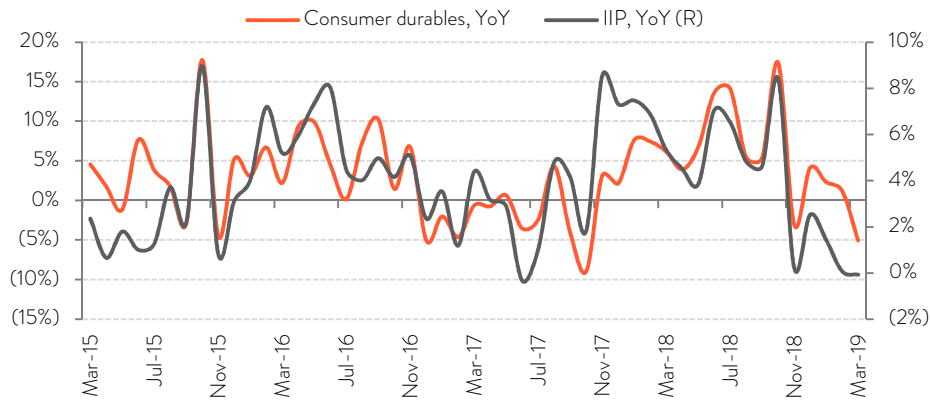


FIG 36 – CAP GOODS CONTINUES TO DECLINE

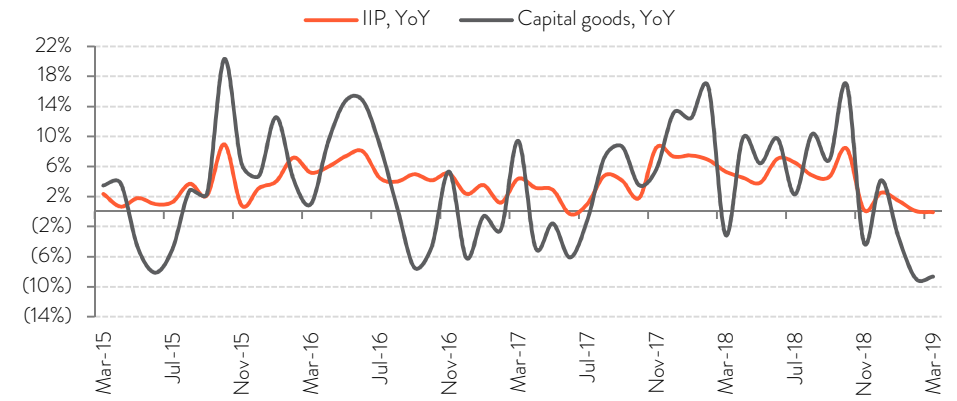


FIG 37 – INDUSTRIAL PRODUCTION SLIPS INTO CONTRACTION IN MAR'19

Sectoral (%)	Weight	Mar-19	Feb-19	Mar-18	Apr-Mar'19	Apr-Mar'18
IIP	100.0	(0.1)	0.1	5.3	3.6	4.4
Mining	14.4	0.8	2.2	3.1	2.9	2.3
Manufacturing	77.6	(0.4)	(0.4)	5.7	3.5	4.6
Electricity	8.0	2.2	1.3	5.9	5.2	5.4
Use-Based						
Primary Goods	34.1	2.5	1.3	3.0	3.5	3.7
Capital Goods	8.2	(8.7)	(8.9)	(3.1)	2.8	4.0
Intermediate Goods	17.2	(2.5)	(5.0)	2.5	(0.6)	2.3
Infrastructure and Construction Goods	12.3	6.4	2.1	9.1	7.5	5.6
Consumer Durables Goods	12.8	(5.1)	1.2	6.2	5.3	0.8
Consumer Non-Durables Goods	15.3	0.3	4.2	14.1	3.8	10.6

Manufacturing

FIG 38 - MANUFACTURING ACTIVITY DIPS FURTHER

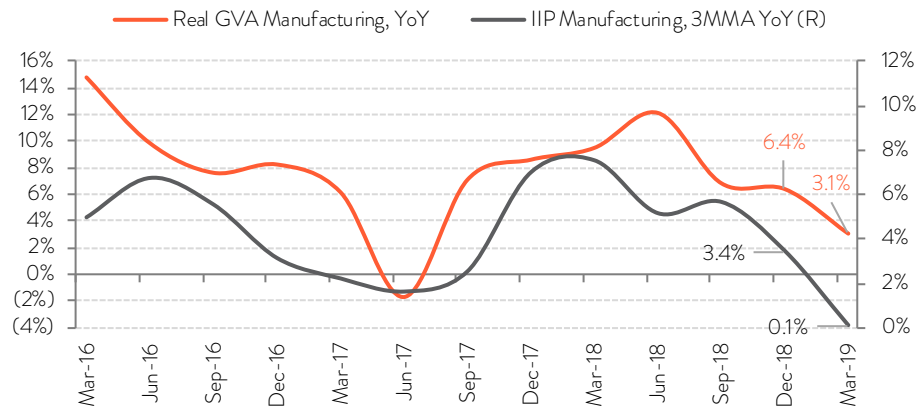
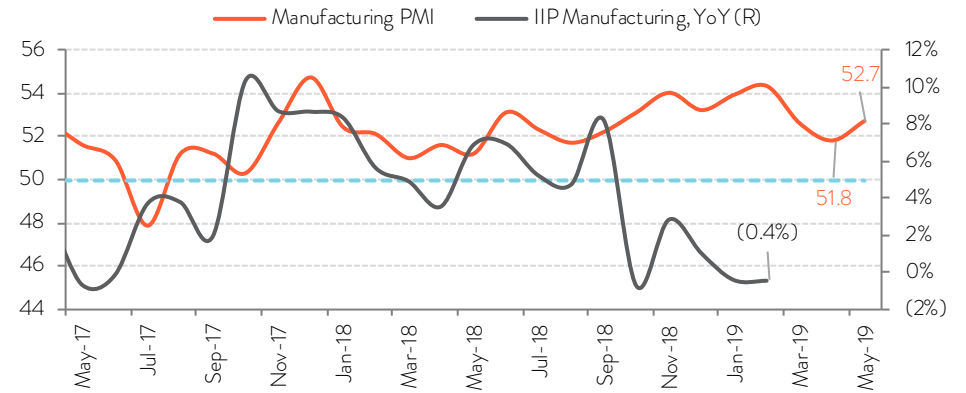


FIG 39 - MANUFACTURING PMI RISES TO 3-MONTH HIGH IN MAY'19



Source: Markit

Mining & Electricity

FIG 40 - MINING ACTIVITY REMAINS STEADY

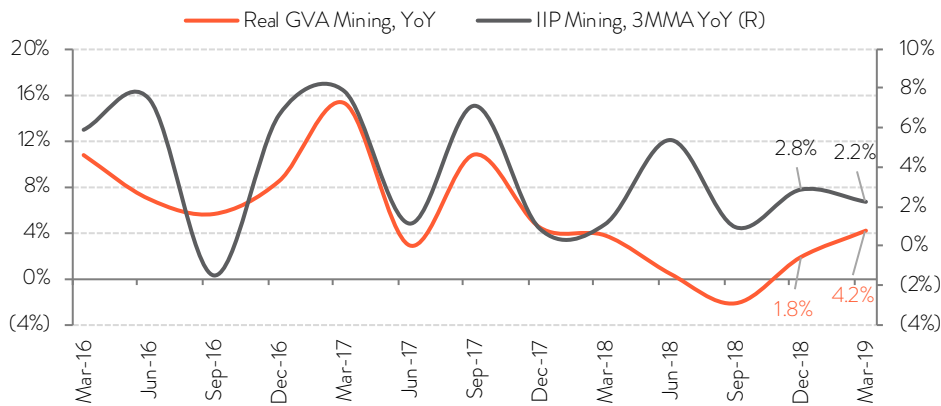
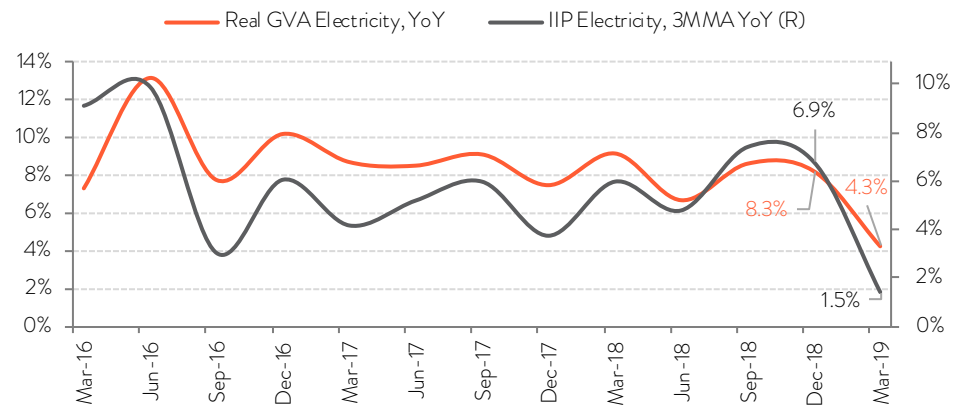
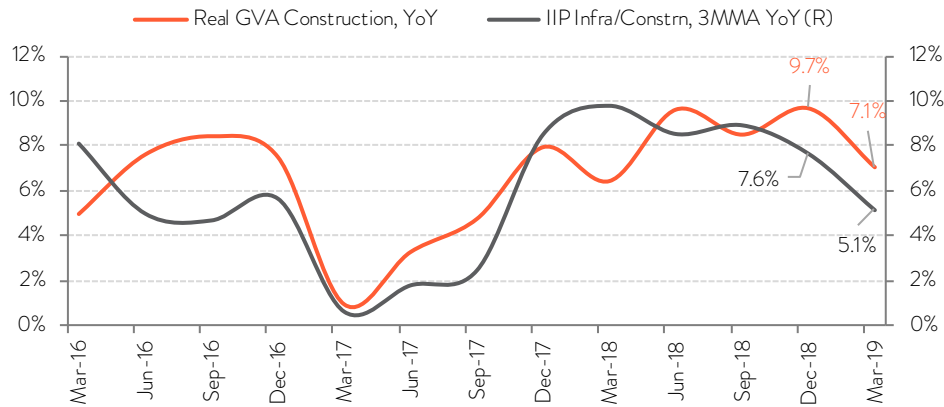


FIG 41 - ELECTRICITY DROPS FURTHER IN MAR'19



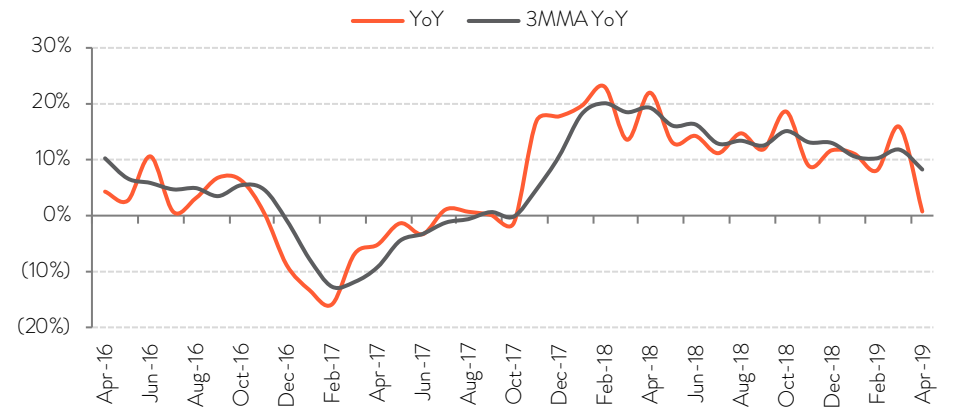
Infrastructure and Construction

FIG 42 – CONSTRUCTION SECTOR GROWTH EASES



Note: IIP for Feb'19 is average for Jan-Feb'19 on a YoY basis

FIG 43 – CEMENT PRODUCTION SLUMPS IN APR'19



Infrastructure Index

FIG 44 – GROWTH IN INFRA INDEX SLOWS IN APR'19

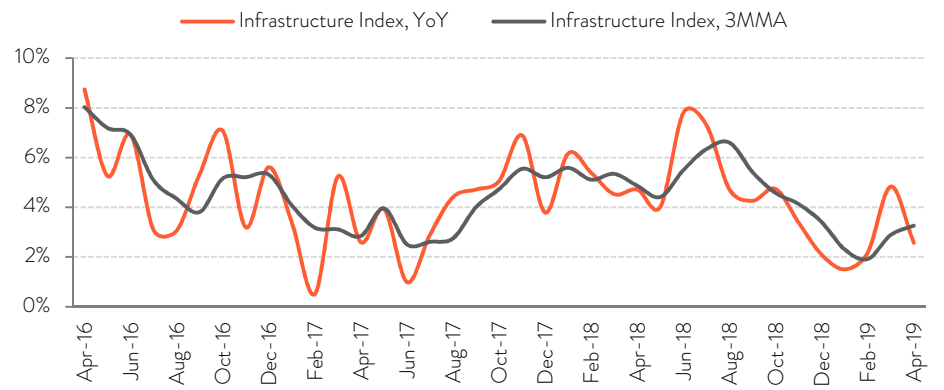
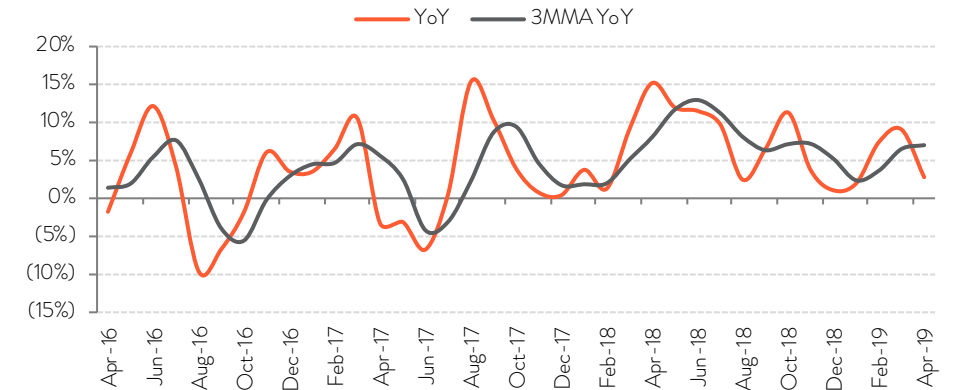


FIG 45 – COAL PRODUCTION FALLS TO 2.8% IN APR'19



Auto production & Business expectation index

FIG 46 – AUTO PRODUCTION IMPROVES MARGINALLY IN MAY'19

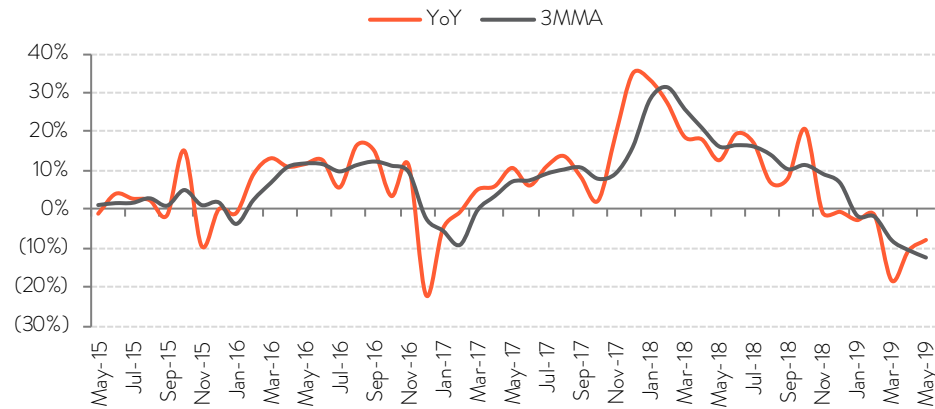


FIG 47 – BUSINESS SENTIMENT SEEMS LESS OPTIMISTIC

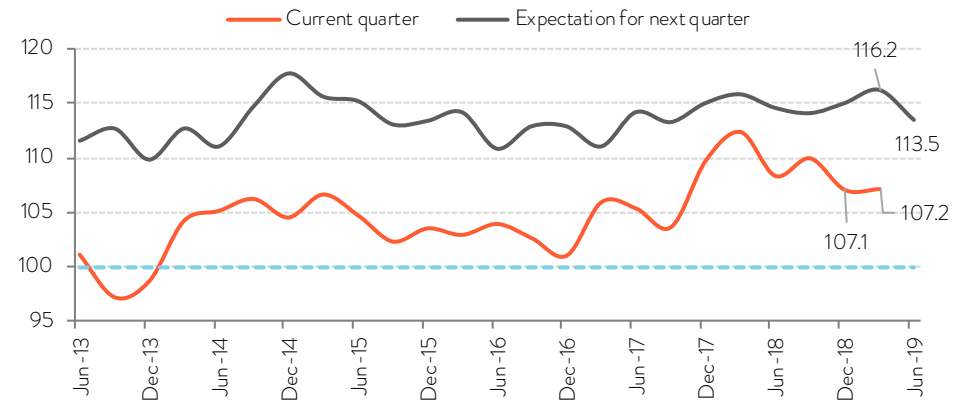


FIG 48 – INFRASTRUCTURE INDEX MODERATES

(%)	Weight	Apr-19	Mar-19	Feb-19	Apr-18
Infrastructure Index	100	2.6	4.9	2.2	4.7
Coal	10.3	2.8	9.1	7.4	15.2
Crude Oil	9.0	(6.9)	(6.2)	(6.1)	(0.8)
Natural Gas	6.9	(0.8)	1.4	3.8	5.7
Petroleum Refinery Products	28.0	4.3	4.3	(0.8)	2.7
Fertilizers	2.6	(4.4)	4.3	2.5	4.6
Steel	17.9	1.5	6.7	4.9	3.0
Cement	5.4	0.8	15.7	8.0	21.9
Electricity	19.9	5.8	2.1	1.2	2.1

Investment

FIG 49 – REAL GFCF DECLINED SHARPLY TO 3.6% IN Q4FY19 VS 11.7% Q3FY19 IMPACTING GDP GROWTH

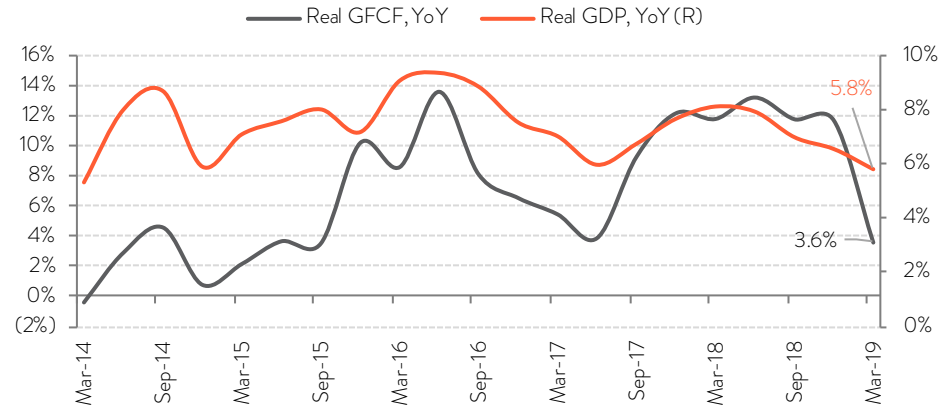


FIG 51 – CAPACITY UTILISATION HAS ALSO PICKED UP SHARPLY TO 77%, FAR ABOVE LONG PERIOD AVERAGE

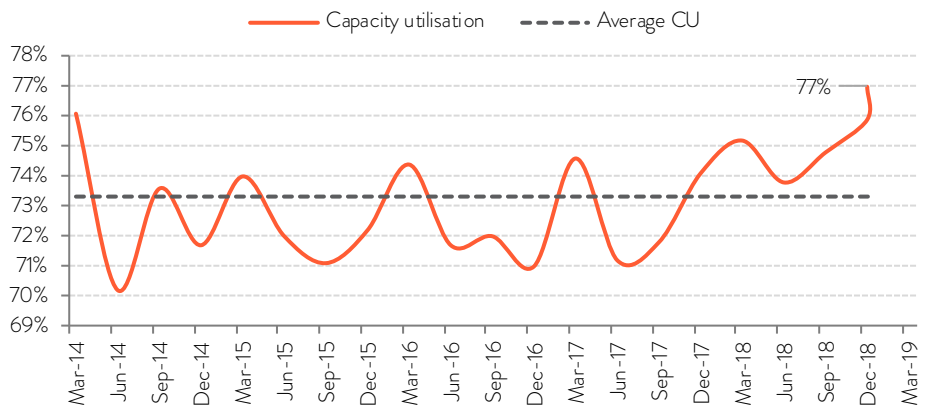


FIG 50 – ...HOWEVER FOR FY19, GFCF AS A % OF GDP INCHED UP SLIGHTLY TO 29.3% VS 28.6% IN FY18

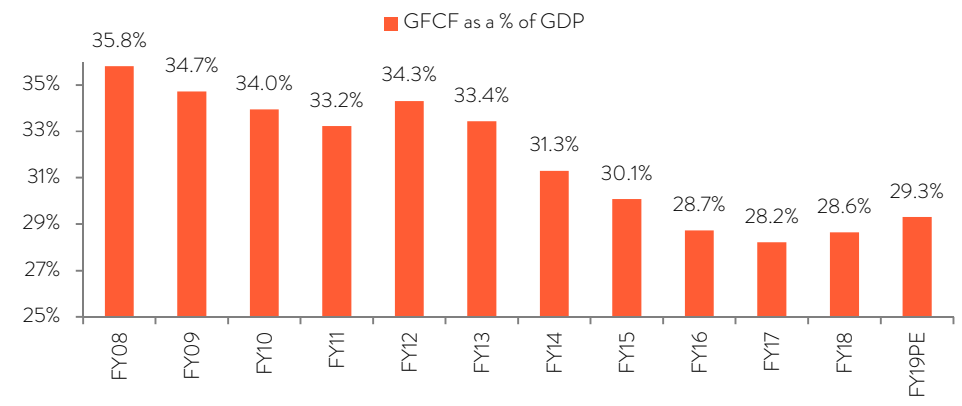


FIG 52 – HOWEVER, PLF OF GOVT. THERMAL PLANTS HAS MODERATED SLIGHTLY IN APR'19

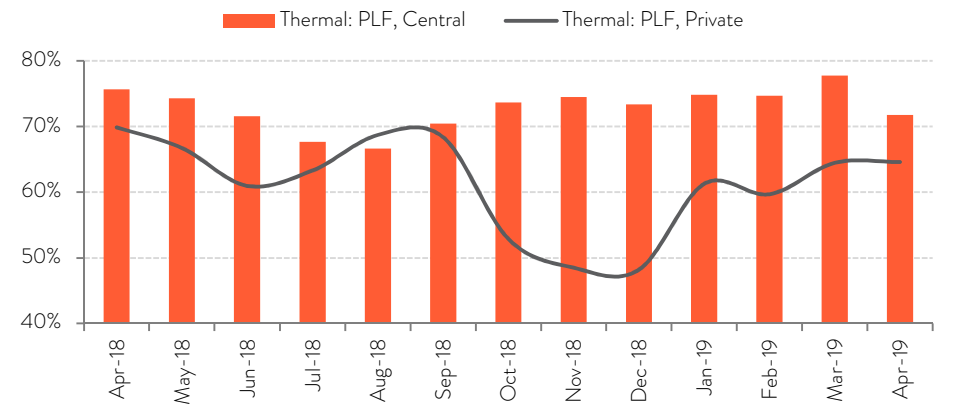


FIG 53 – CAPITAL GOODS PRODUCTION HAS ALSO REMAINED MUTED

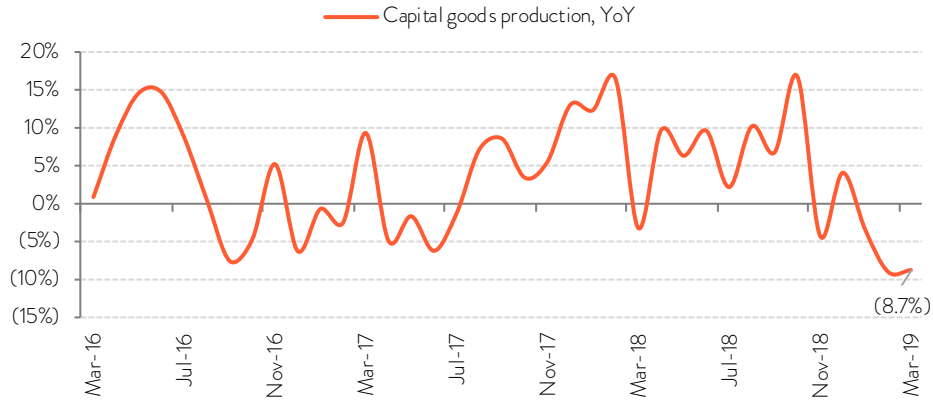


FIG 54 – ...SO WAS THE CASE FOR CAPITAL GOODS IMPORT

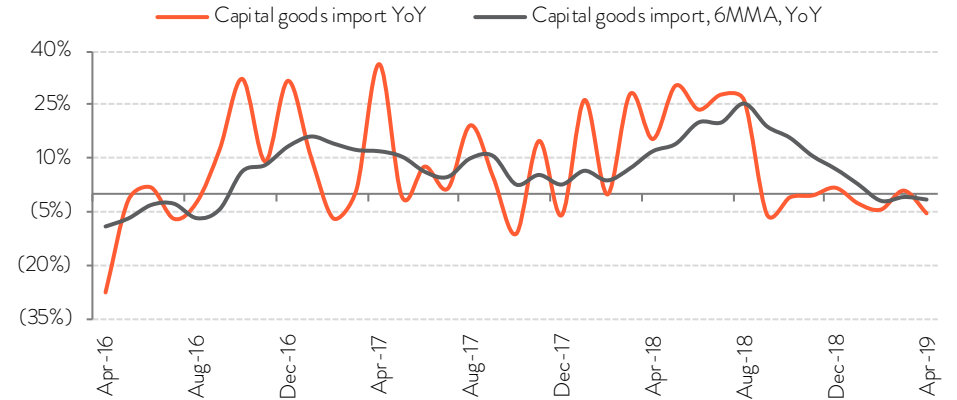


FIG 55 – CENTRAL GOVERNMENT’S CAPEX PICKED SHARPLY IN MAR’19 BRINGING THE ACTUAL CAPEX AT 15% CLOSER TO TARGETED 20%

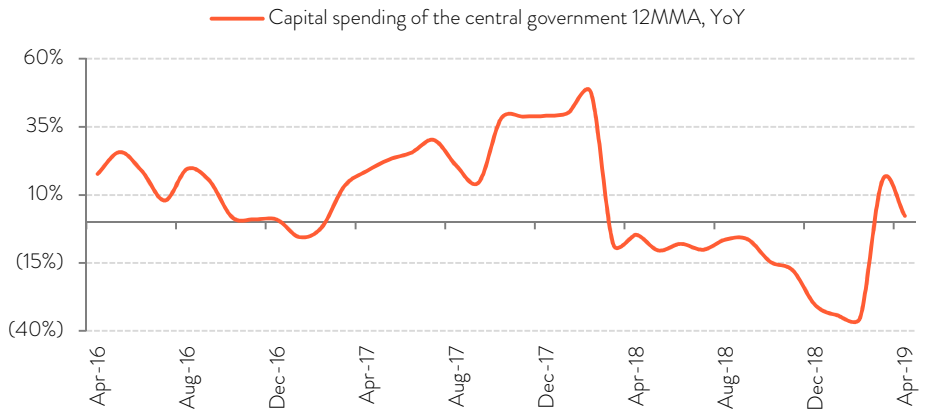


FIG 56 – INDUSTRY CREDIT REMAINED STABLE AT 6.9% IN APR’19

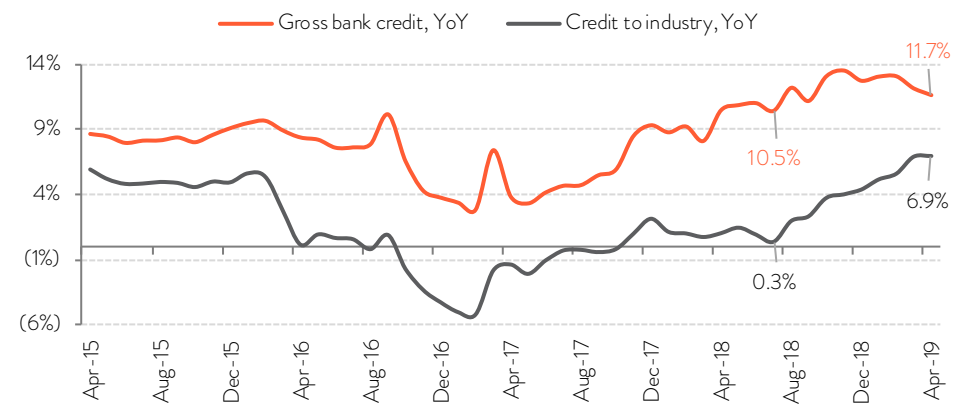


FIG 57 – CREDIT TO LARGE INDUSTRY REMAINED ROBUST AT 8.1% IN APR'19

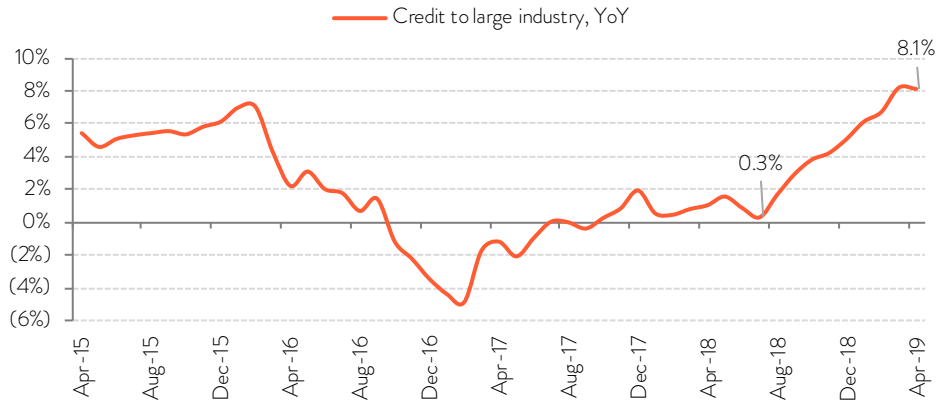


FIG 58 – CREDIT TO INFRA SEGMENT ALSO PICKED UP SHARPLY TO 19.9% IN APR'19 VS 18.5% IN MAR'19

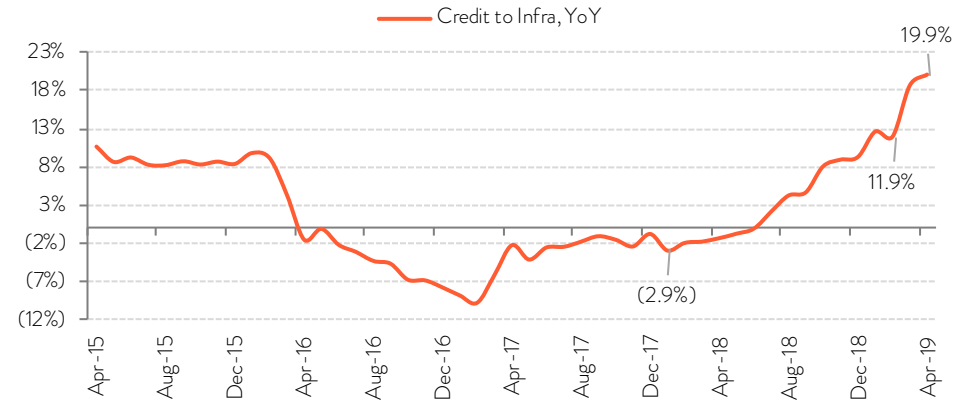
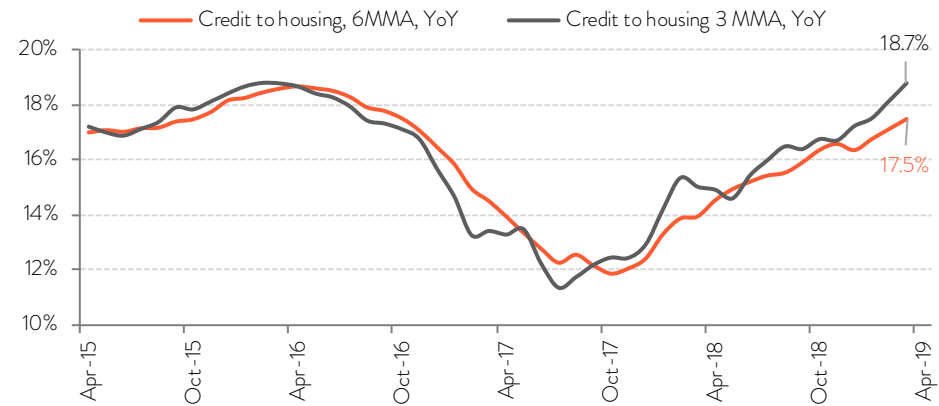
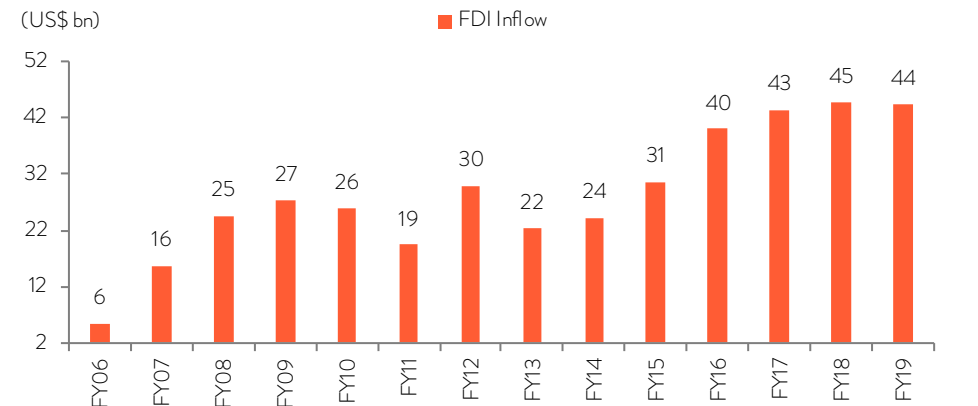


FIG 59 – CREDIT TO HOUSING HAS BEEN INCREASING AT A MARKED PACE



Note: data for FY19 as of 25 Mar 2019

FIG 60 – FDI INFLOWS WERE STABLE AT US\$ 44BN IN FY19 VS US\$ 45BN IN FY18



Source: DIPP

Services sector

FIG 61 – GVA: SERVICES ACTIVITY GROWTH TICKS UP IN Q4FY19

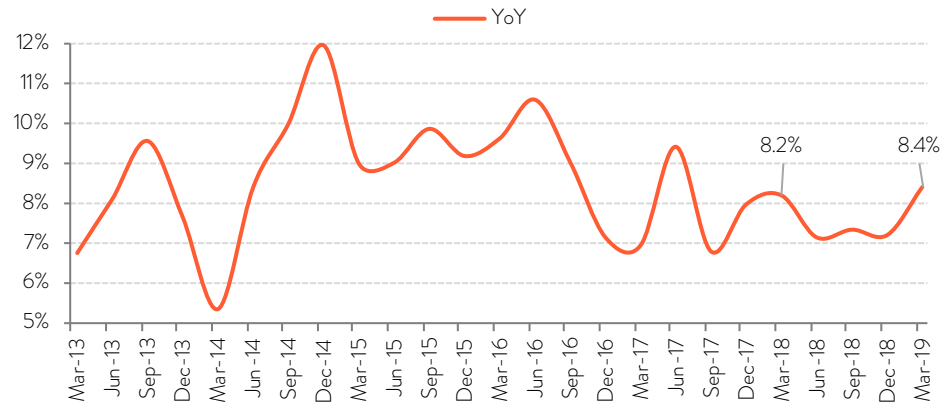
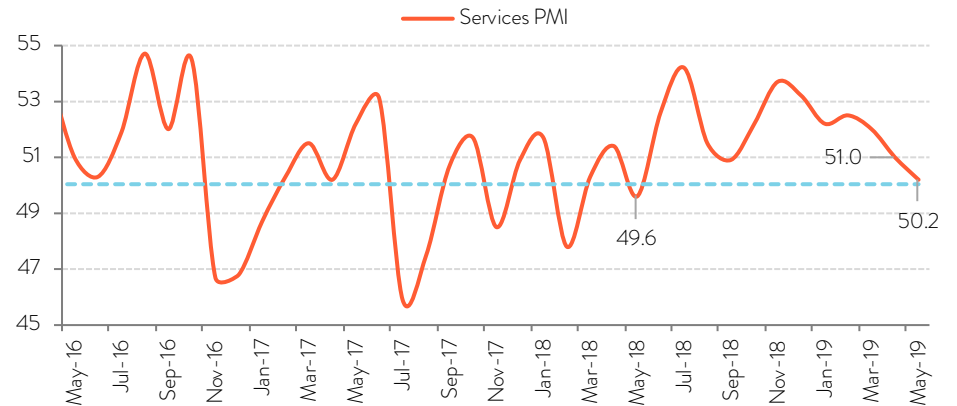


FIG 62 – SERVICES PMI SLIPS IN MAY'19



Source: Markit

FIG 63 – GVA: TRADE & RELATED SERVICES GROWTH REMAINED MUTED IN Q4FY19

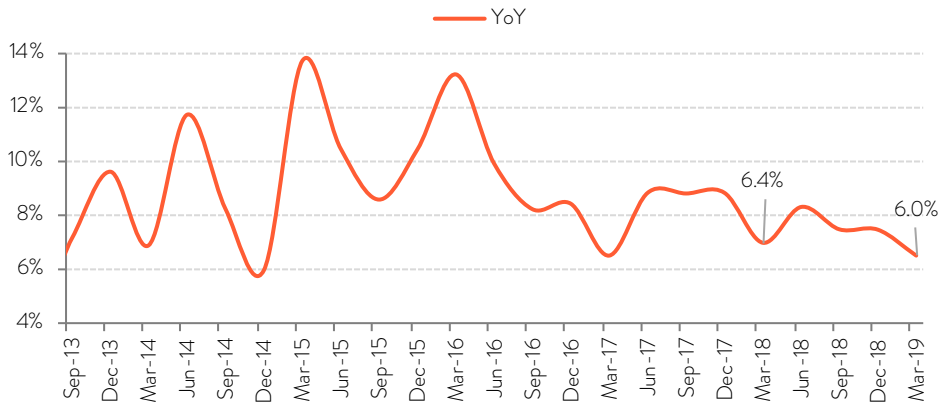
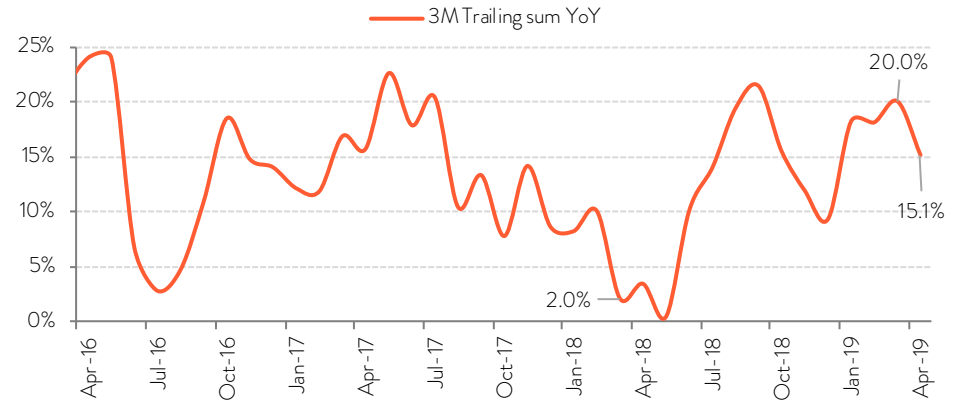


FIG 64 – STATES* REVENUE IMPROVED IN Q4FY19, BUT SLIPS IN APR'19



Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

Trade

FIG 65 – COMMERCIAL VEHICLE SALES CONTINUE TO DIP IN MAY'19, UNFAVOURABLE BASE A KEY REASON

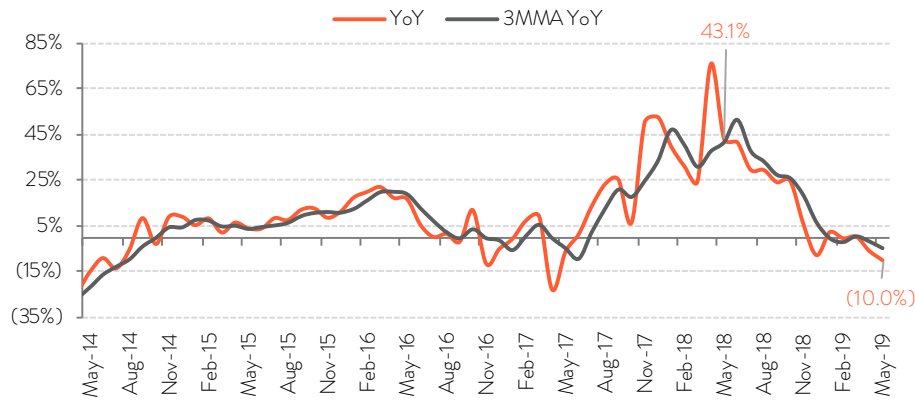
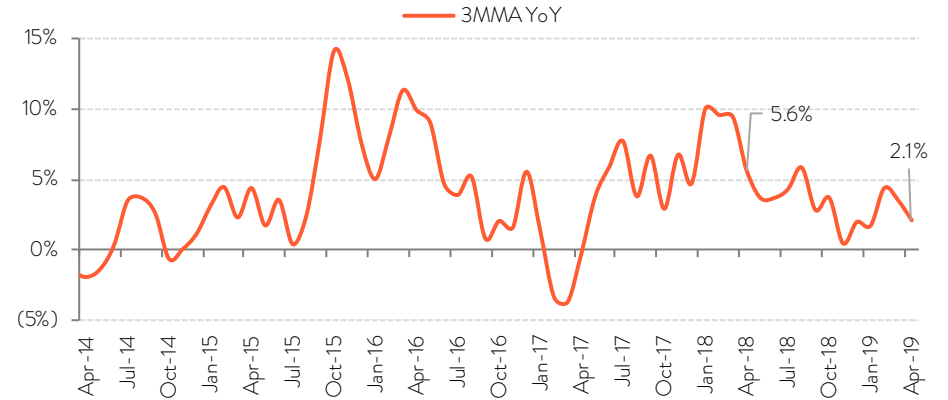


FIG 66 – DIESEL CONSUMPTION ALSO MUCH LOWER COMPARED TO APR'18



Source: PPAC

FIG 67 – HIGHER IMPORT GROWTH DROVE PORT CARGO VOLUMES UP IN APR'19

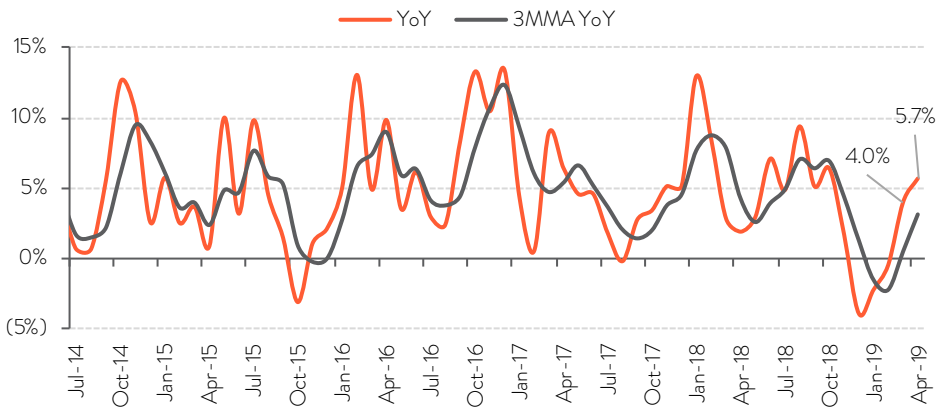
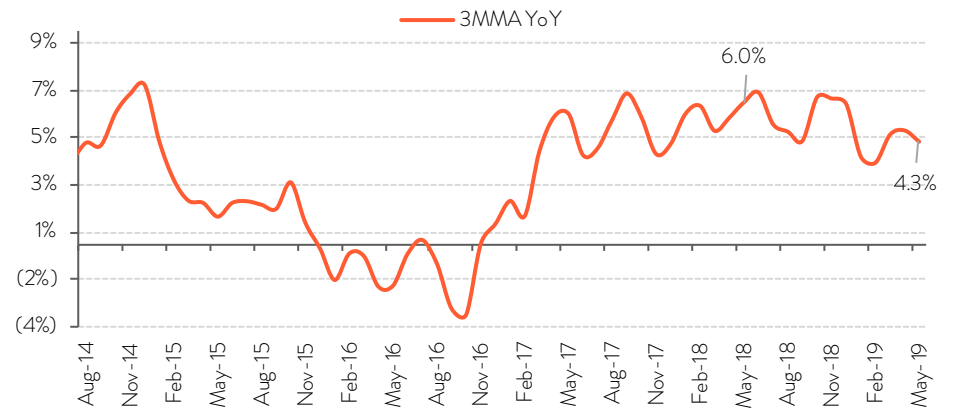


FIG 68 – ...BUT RAILWAY FREIGHT TRAFFIC REMAINS SUBDUED IN MAY'19 AS WELL



Hotels and Communications

FIG 69 – FOREIGN TOURIST ARRIVAL GROWTH HITS MULTI-YEAR LOW IN APR'19...

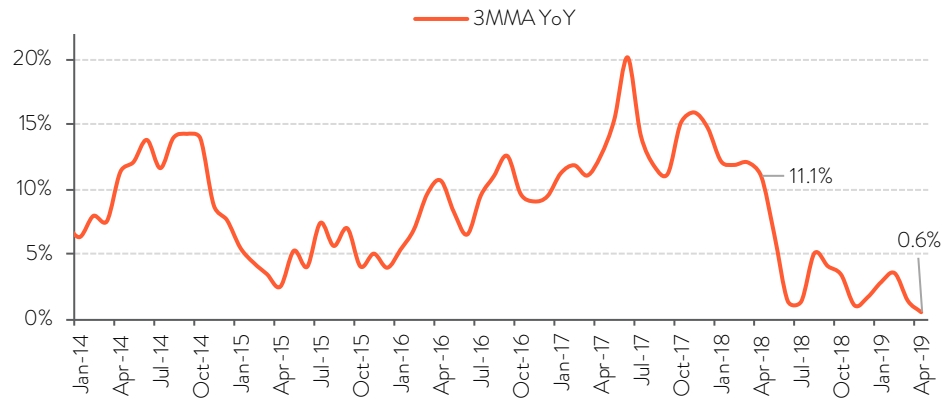


FIG 70 – ...ALSO HURTING AIRLINE PASSENGER TRAFFIC GROWTH

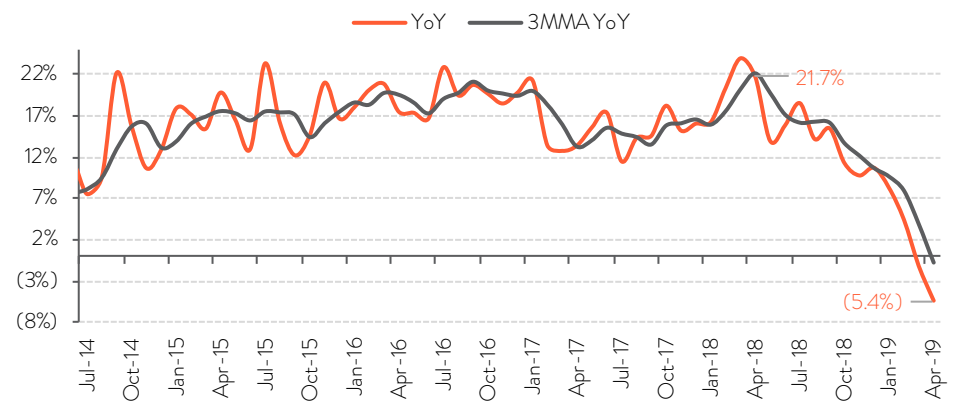


FIG 71 – RAILWAY PASSENGER TRAFFIC GROWTH SLIPS FOR THE FOURTH CONSECUTIVE MONTH IN MAY'19

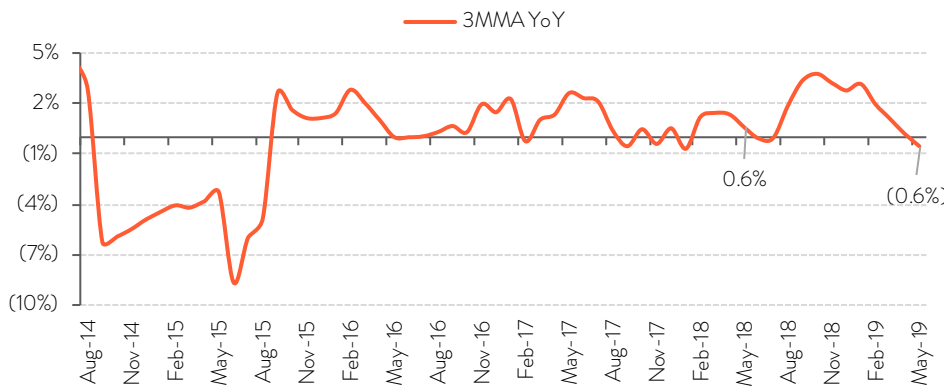
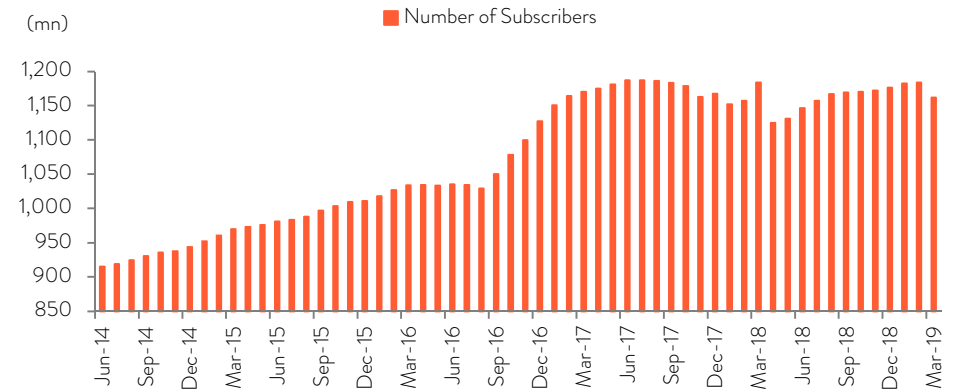


FIG 72 – 13.9BN WIRELESS SUBSCRIBER ADDED IN FY19 VS 14.1BN IN FY18



Finance and Real estate

FIG 73 – GVA: FINANCE, REAL ESTATE & PROF. SERVICES CONTRIBUTED POSITIVELY TO SERVICES GROWTH IN Q4FY19

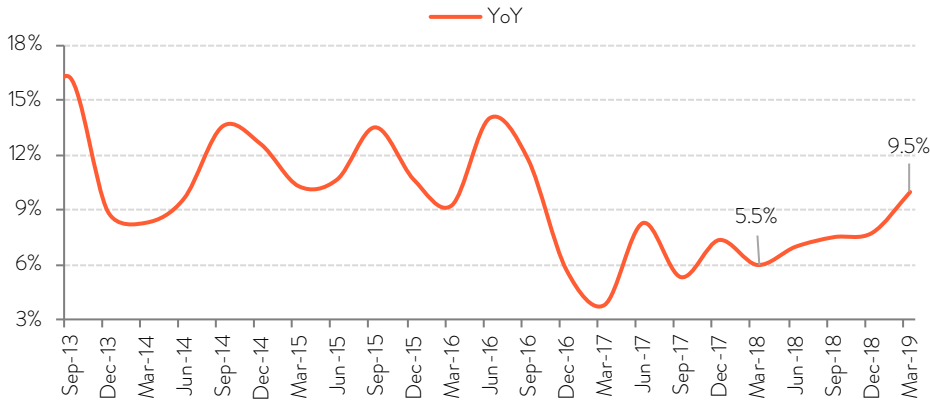


FIG 74 – CREDIT GROWTH FALTERING IN Q1FY20; DEPOSIT GROWTH STEADY

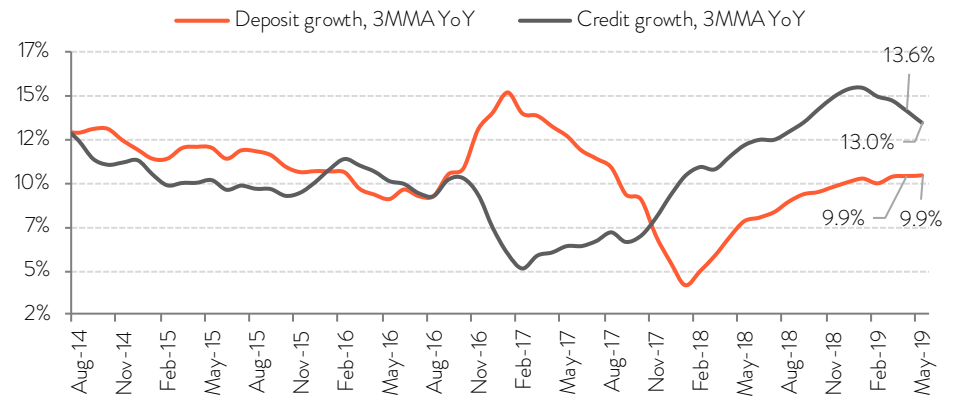


FIG 75 – CREDIT TO SERVICES LEAD THE MODERATION IN OVERALL CREDIT GROWTH...

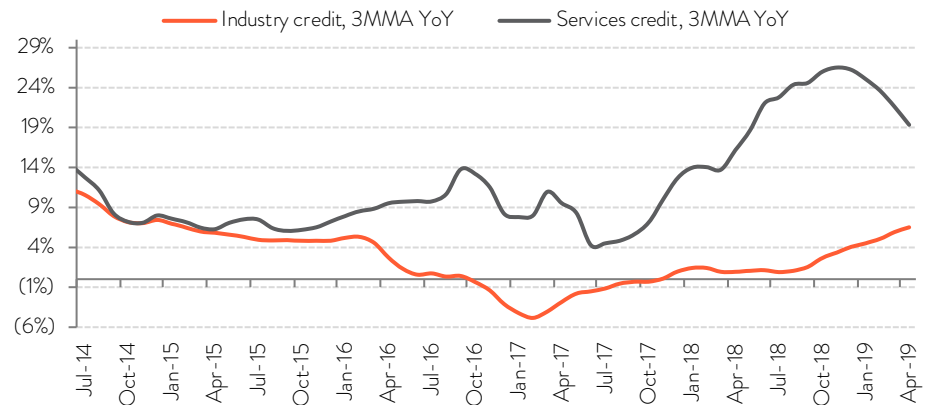


FIG 76 – ...LED BY NBFCs; CREDIT TO TRADE & REAL ESTATE SERVICES SEEN HOLDING UP IN APR'19

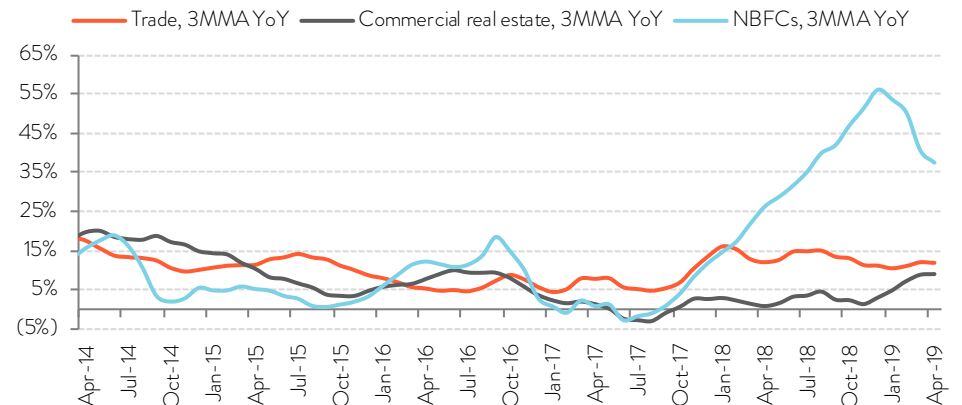
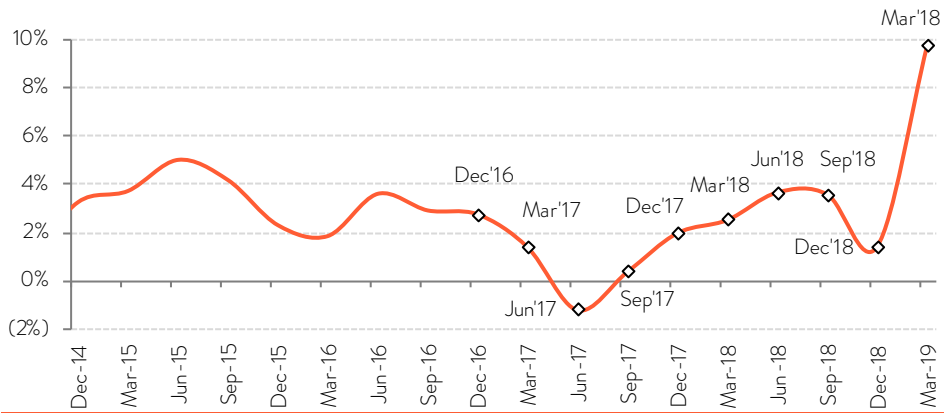
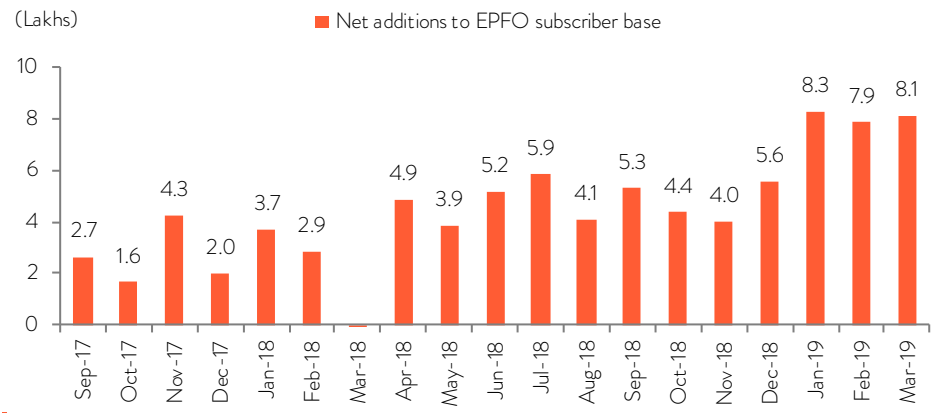


FIG 77 – AVERAGE PROPERTY PRICE INDEX* JUMPS SHARPLY IN MAR'19



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

FIG 78 – 67.6 LAKH JOBS FORMALIZED IN FY19; ADDITIONS IN H2FY19 MUCH HIGHER THAN H2FY18



Source: EPFO

Public administration

FIG 79 – PUBLIC ADMINISTRATION & RELATED SERVICES REBOUND IN Q4FY19

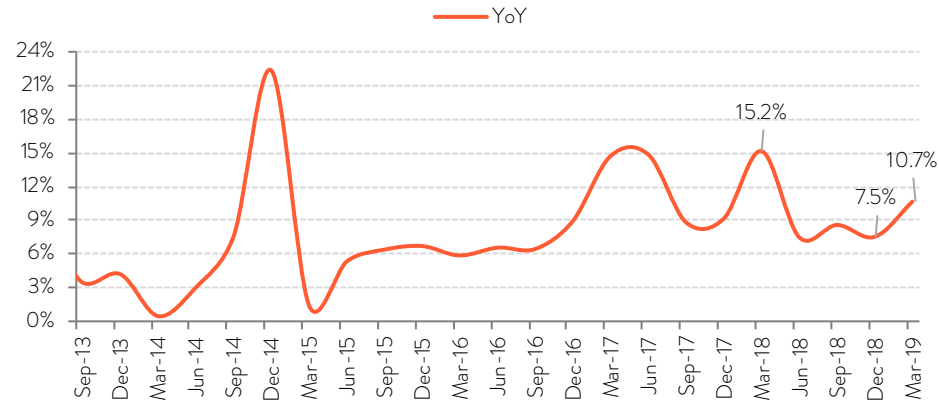


FIG 80 – GENERAL GOVT. SPENDING SLOWS SLIGHTLY IN APR'19

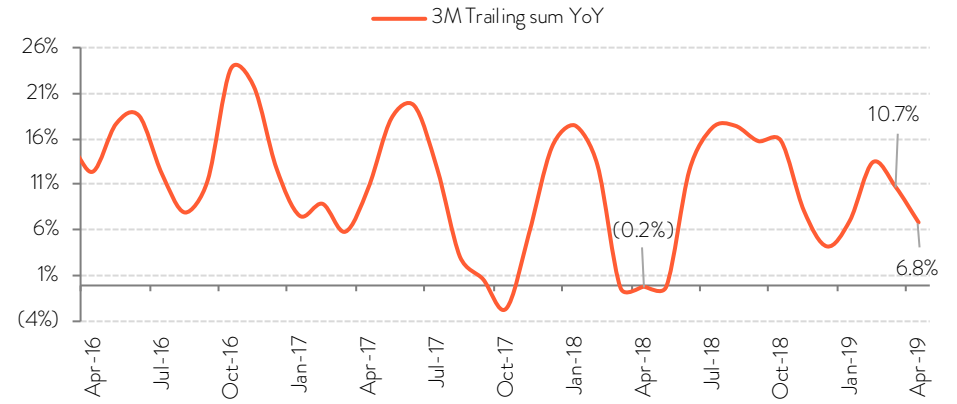


FIG 81 – CENTRAL GOVT. SPENDING BROADLY STABLE IN APR'19

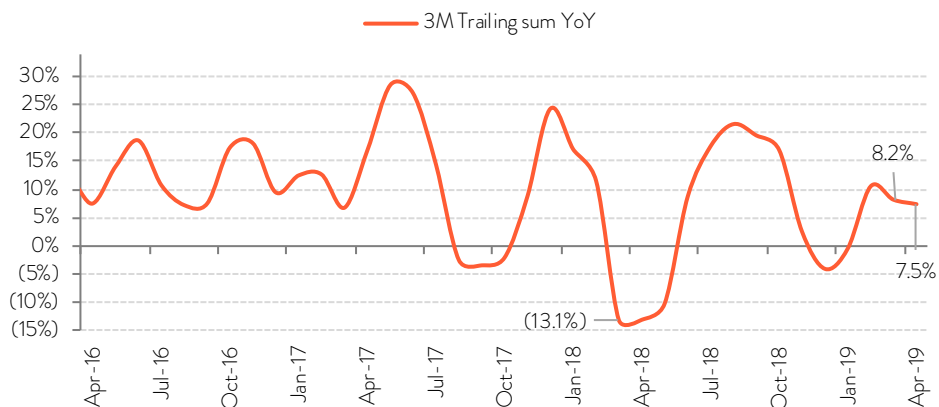
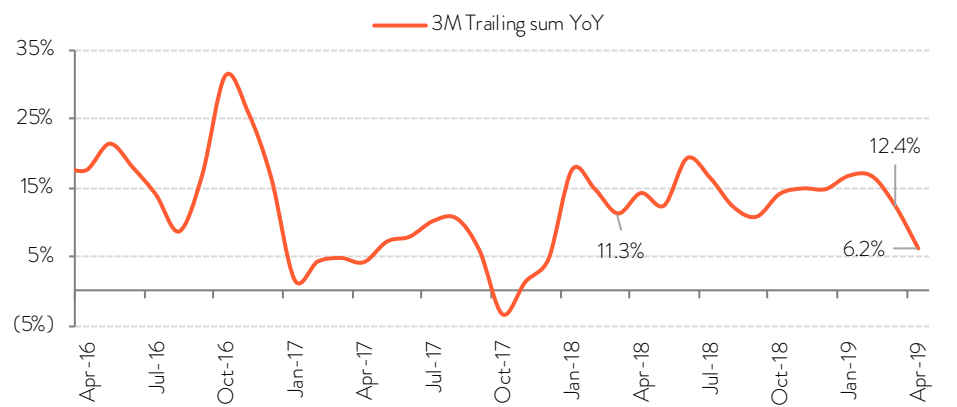


FIG 82 – STATE* GOVT. SPENDING SLIPS IN APR'19

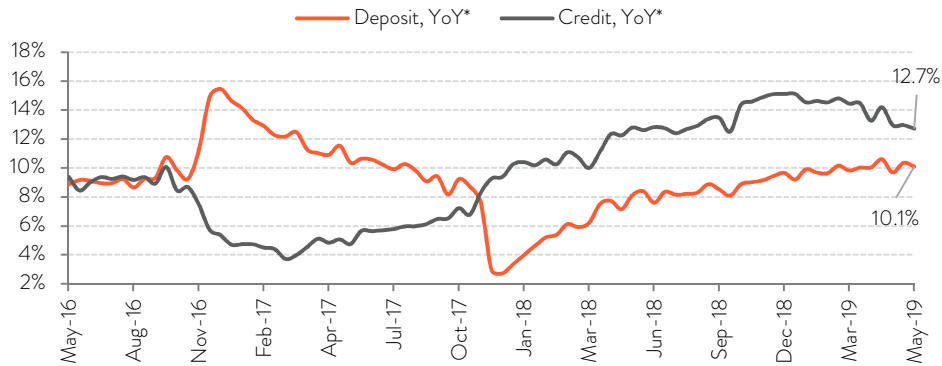


Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

Financial sector

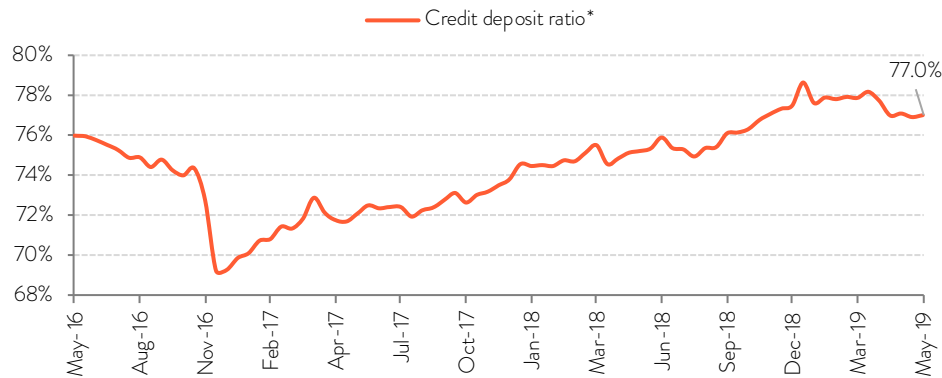
Money and banking

FIG 83 – CREDIT GROWTH WAS AT 12.7% IN MAY'19 VS 13% IN APR'19, DEPOSIT GROWTH EDGED UP BY 10% IN MAY'19 VS 9.7% IN APR'19



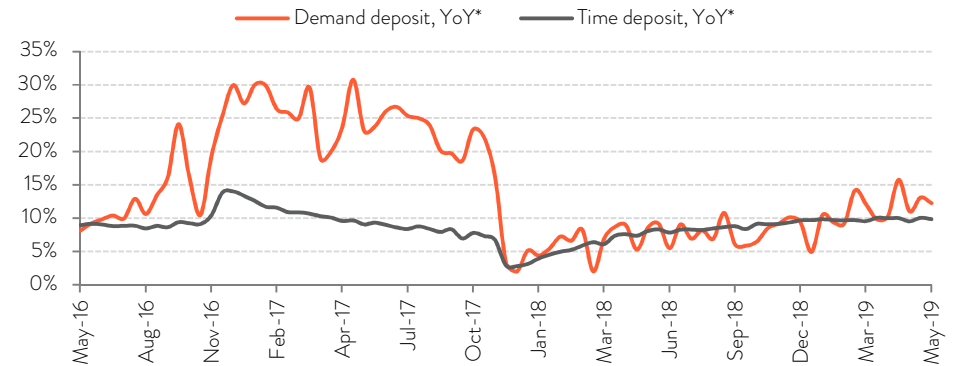
Note: *May19 implies fortnight as of 24 May 2019

FIG 85 – CD RATIO WAS STABLE AT 77% IN MAY'19



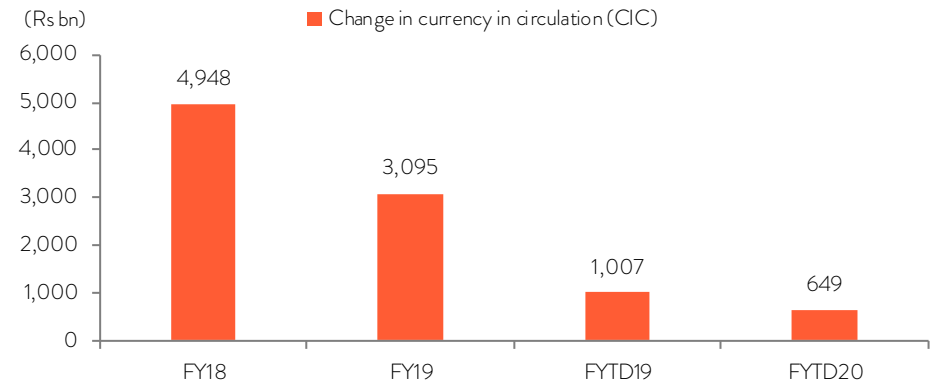
Note: *May19 implies fortnight as of 24 May 2019

FIG 84 – BOTH DEMAND & TIME DEPOSITS GREW AT A FASTER PACE OF 12.3% & 9.8% RESPECTIVELY IN MAY'19



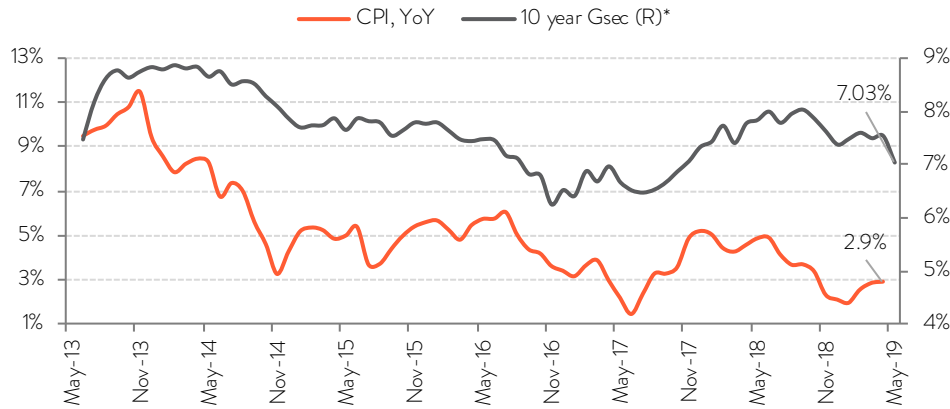
Note: *May19 implies fortnight as of 24 May 2019

FIG 86 – CIC ACCRETION IS INCREASING AT A SLOWER PACE COMPARED TO LAST YEAR



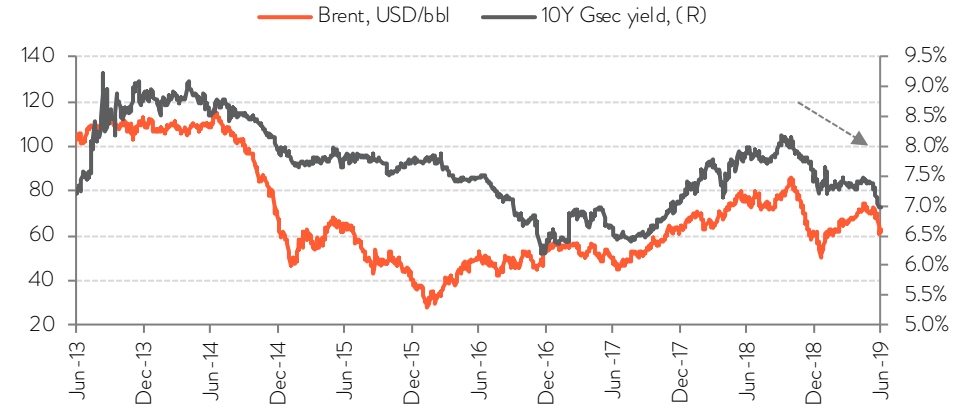
Note: FYTD: Apr-May

FIG 87 – 10Y GSEC YIELD IS INCHING DOWN, WHILE INFLATION IS SEEN EDGING UP



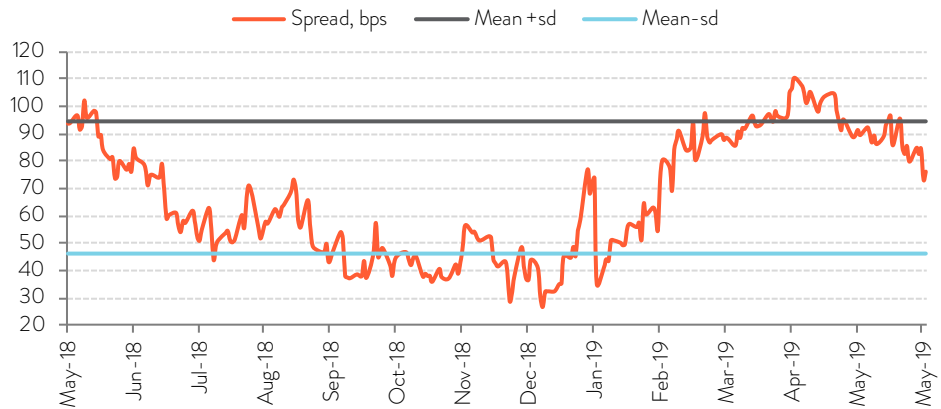
Note: *As on last trading day of the month.

FIG 88 – FALLING CRUDE PRICES HAVE CONTRIBUTED TO THE DECLINE IN 10Y GSEC YIELD LATELY



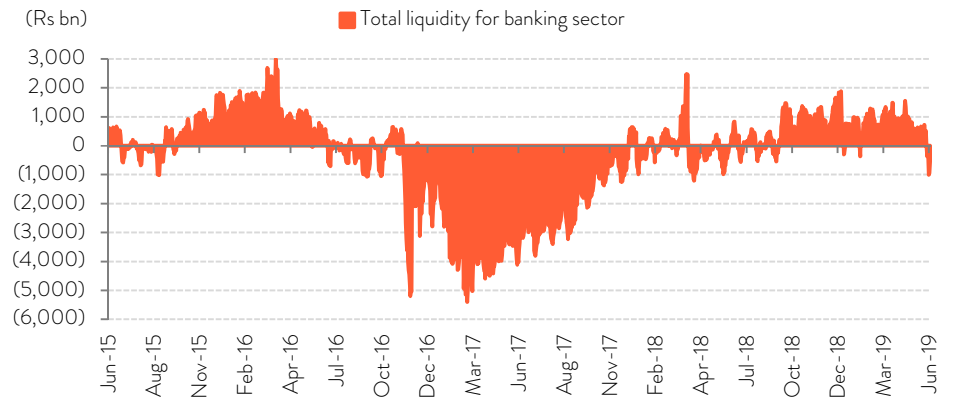
Source: RBI

FIG 89 – THE SPREAD BETWEEN 10Y GSEC YIELD AND 1YR TBILL IS ALSO SEEN FALLING



Source: RBI

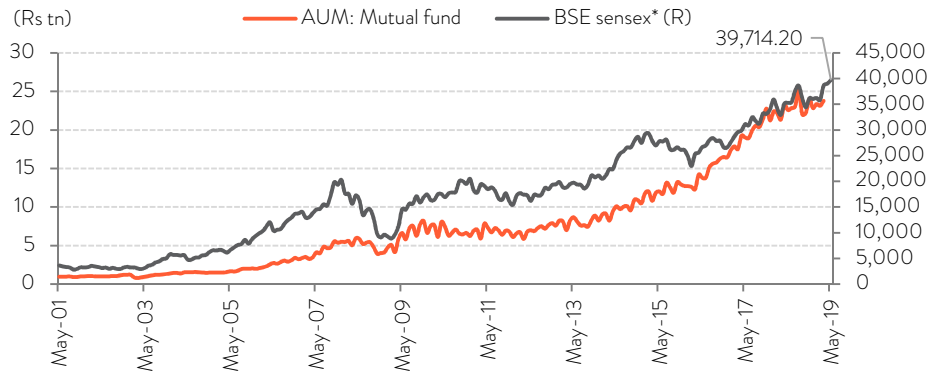
FIG 90 – AVERAGE SYSTEM LIQUIDITY DEFICIT REDUCED TO RS 490BN IN MAY'19 AND IS CURRENTLY AT A SURPLUS OF RS 299BN (ON 10 JUN)



Source: RBI

Mutual fund (MF) indicators

FIG 91 – SENSEX ROSE TO ITS RECORD HIGH OF 39,714 IN MAY'19 WITH RETURN OF NDA INTO POWER



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

Insurance sector indicators

FIG 93 – LIFE INSURANCE POLICIES SOLD IN APR'19 ROSE SHARPLY BY 15.3% VS (-) 3.2% DECLINE IN MAR'19

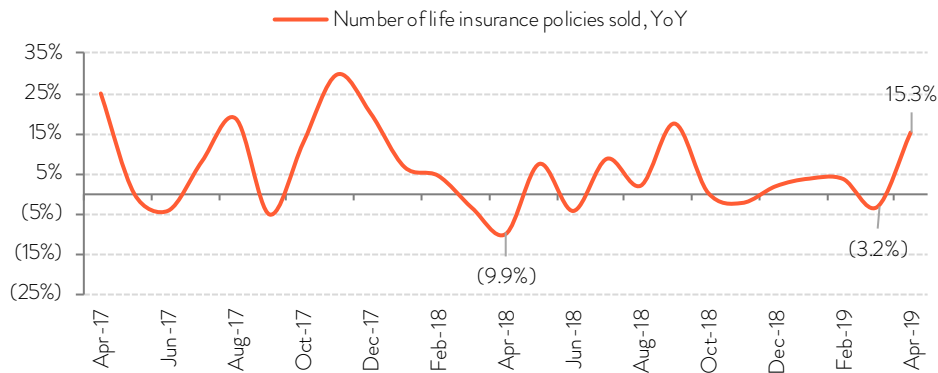


FIG 92 – MF NET EQUITY INFLOW WAS HIGHER AT RS 86BN IN MAR'19 VS RS 40BN IN FEB'19, DEBT INFLOW WAS ALSO HIGHER AT RS 99BN

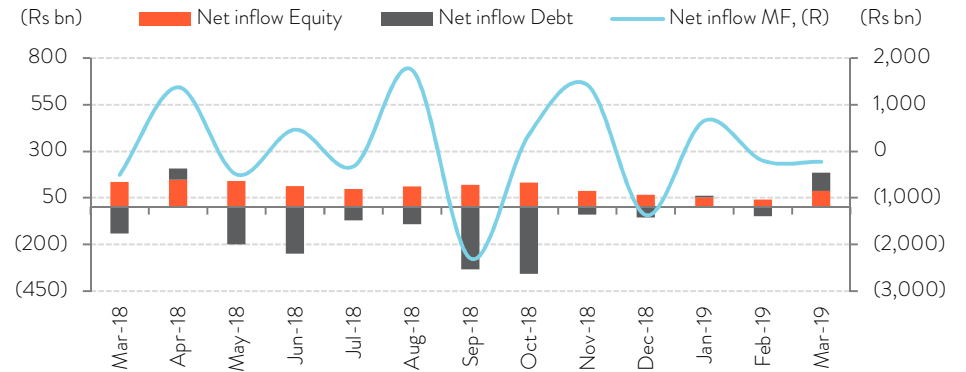
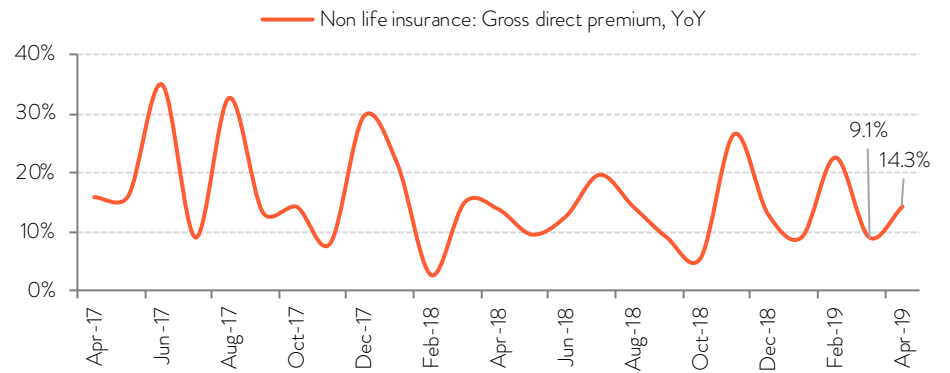


FIG 94 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ALSO ROSE BY 14% IN APR'19 VS 9% IN MAR'19



Public finance

Central government finances

FIG 95 – GOVERNMENT MEETS FISCAL DEFICIT TARGET FOR FY19; DEFICIT STABLE IN APR'19

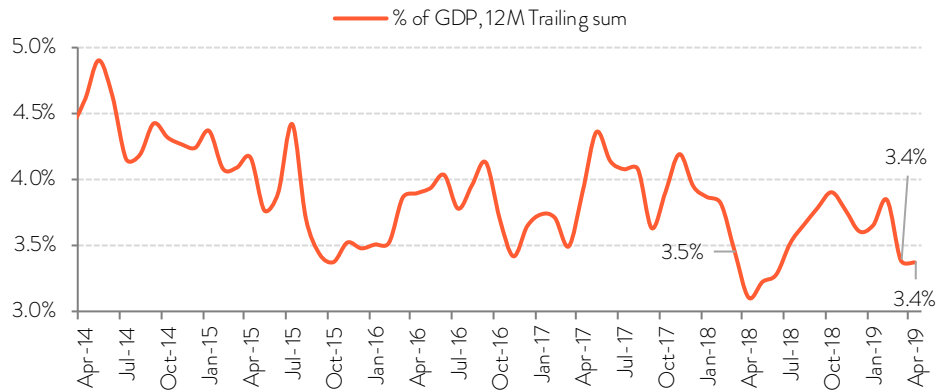


FIG 97 – ...SO IS PRIMARY DEFICIT

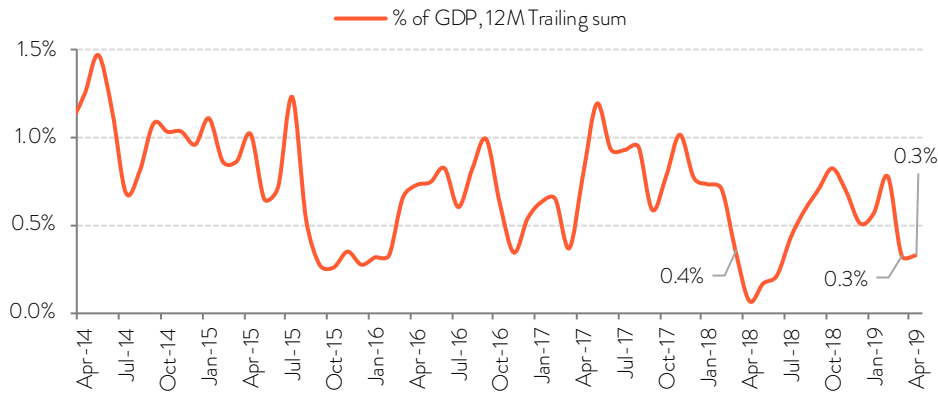


FIG 96 – ...REVENUE DEFICIT marginally higher than FY19RE OF (-) 2.2%; APR'19 SEES FURTHER INCHING UP

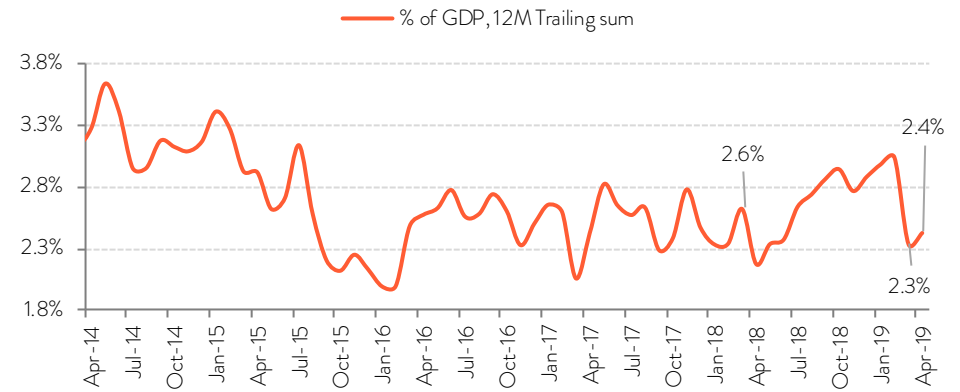


FIG 98 – TOTAL EXPENDITURE IN APR'19 PICKS UP

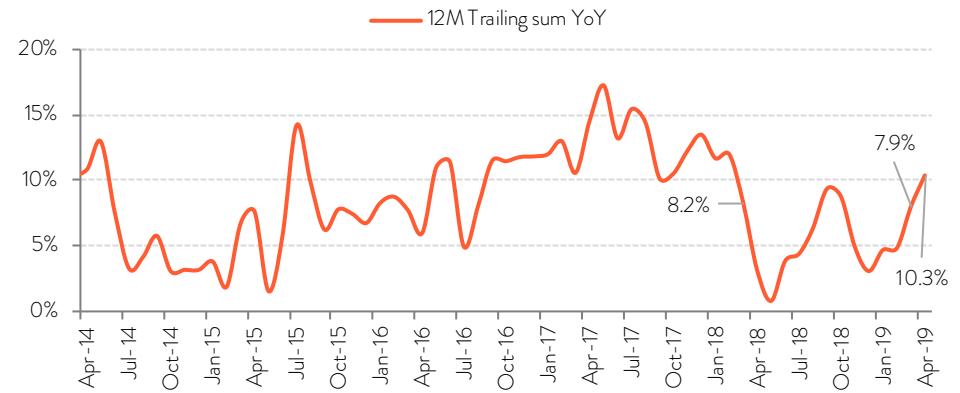


FIG 99 – REVENUE SPENDING JUMPED IN APR'19

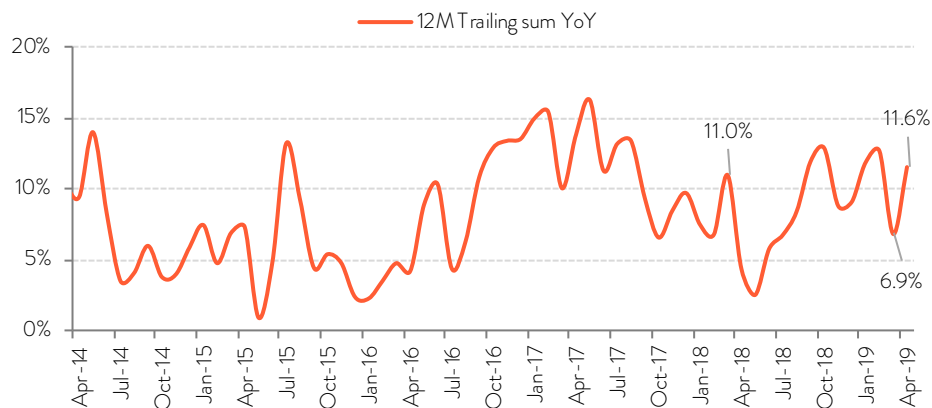


FIG 100 – CAPEX DIPS IN APR'19

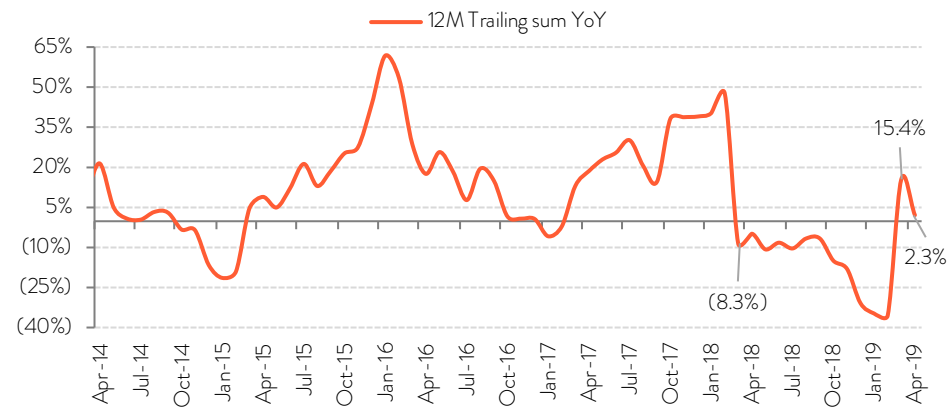


FIG 101 – MINISTRY WISE SPENDING IN APR'19

Ministry	FY18 (Rs bn)	FY18 % change	FY19 (Rs bn)	FY19 % change	FY19 RE % change	Apr'18	Apr'19	% change
Ministry of Finance	7,718	7.5	8,312	7.7	12.4	336	416	23.6
Ministry of Defence	3,795	8.7	4,035	6.3	6.7	492	617	25.4
Ministry of Consumer Affairs, Food and Public Distribution	1,096	(10.5)	1,089	(0.6)	64.0	486	469	(3.4)
Ministry of Rural Development	1,103	14.1	1,137	3.1	3.7	217	168	(22.8)
Ministry of Home Affairs	1,018	26.3	1,122	10.2	5.1	125	138	10.5
Ministry of Human Resource Development	802	11.4	803	0.2	118.8	7	53	682.0
Ministry of Road Transport and Highways	611	17.0	773	26.5	28.9	183	1	(99.3)
Ministry of Chemicals and Fertilisers	672	2.5	714	6.3	5.3	71	170	137.6
Ministry of Petroleum and Natural Gas	332	9.8	324	(2.5)	(2.2)	26	52	99.9
Ministry of Agriculture	464	21.4	568	22.5	70.5	20	66	230.8
Ministry of Health and Family Welfare	531	36.2	547	3.0	5.5	18	43	146.2

FIG 102 – RECEIPTS GROWTH DECELERATES IN APR'19

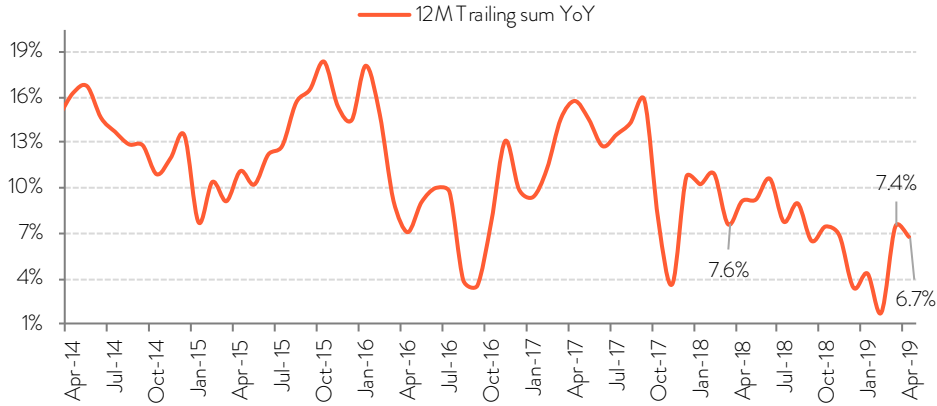


FIG 103 – ...LED BY DIP IN CAPITAL RECEIPTS

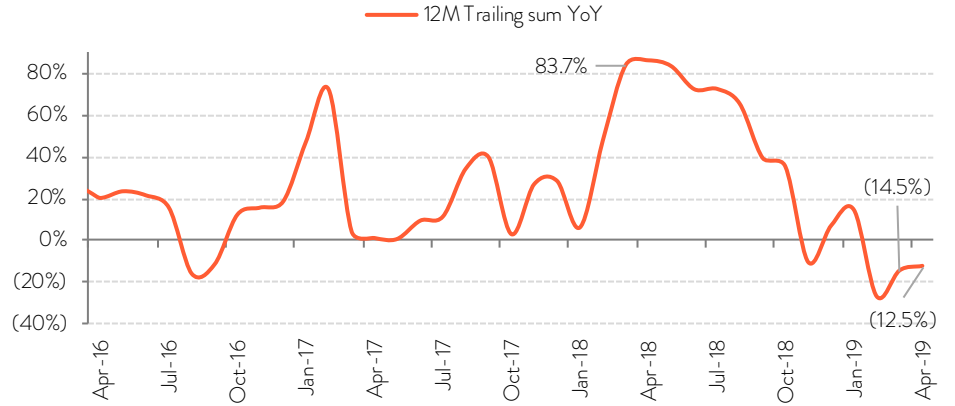


FIG 104 – REVENUE RECEIPTS ALSO SLIP IN APR'19

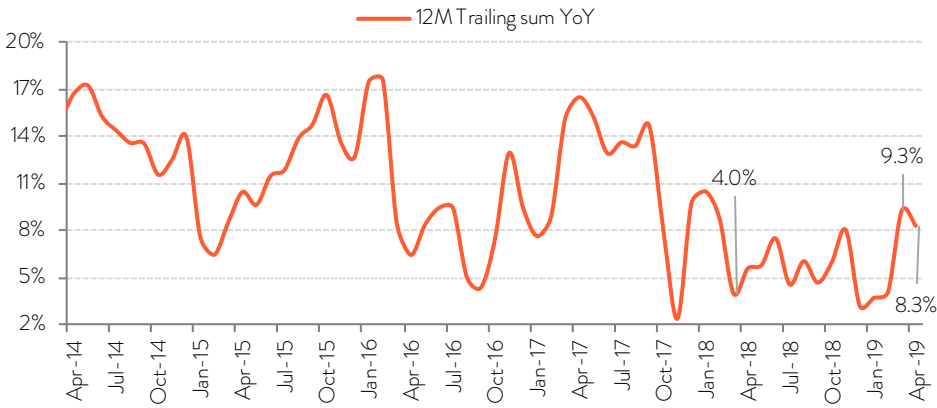


FIG 105 – TAX REVENUES CONTINUE TO PERFORM POORLY

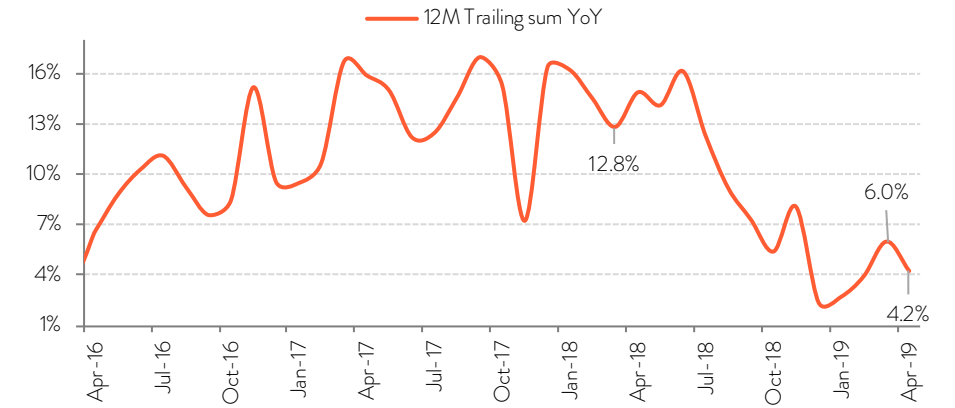


FIG 106 – CENTRE’S RECEIPTS AND EXPENDITURE MISS FY19RE TARGETS; APR’19 LOOKS BRIGHTER, BUT CAPEX GROWTH IS A WORRY

	FY18 (Rs bn)	FY18 % change	FY19 (Rs bn)	FY19 % change	FY19 RE % change	Apr’18	Apr’19	% change
Gross Tax revenue	17,681	3.0	19,706	11.5	17.2	948	1,126	18.7
Direct taxes	9,794	18.6	11,252	14.9	19.8	419	521	24.3
Corp Tax	5,712	17.8	6,636	16.2	17.5	78	124	59.3
Income Tax	4,082	19.9	4,617	13.1	22.8	341	397	16.3
Indirect taxes	7,886	(11.4)	8,454	7.2	14.3	529	605	14.3
Non-tax revenue	1,879	(31.6)	2,462	31.0	27.3	131	233	77.5
Centre’s revenue (net)	14,304	4.0	15,632	9.3	20.5	707	949	34.4
Total expenditure	21,418	8.2	23,114	7.9	14.7	2,234	2,547	14.0
Capital exp	2,625	(8.3)	3,030	15.4	20.3	467	306	(34.5)
Revenue exp	18,793	11.0	20,085	6.9	13.9	1,767	2,241	26.8
Fiscal deficit	5,911	9.9	6,454	9.2	7.3	1,520	1,570	3.3

FIG 107 – GROSS DIRECT TAX COLLECTION MUCH LOWER IN FY19 VS LAST YEAR; MARGINAL IMPROVEMENT SEEN IN APR’19

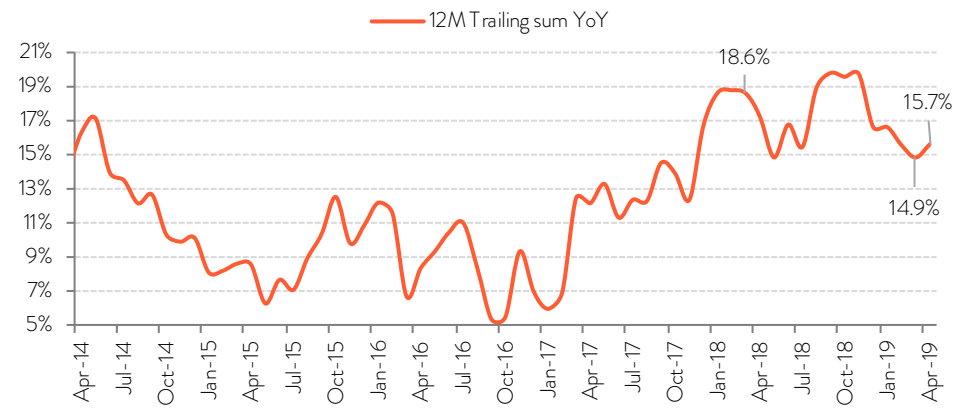


FIG 108 – GAP BETWEEN SHARE IN GDP OF DIRECT & INDIRECT TAX WIDENED SHARPLY IN FY19; CONTINUES TO REMAIN AT SIMILAR LEVELS

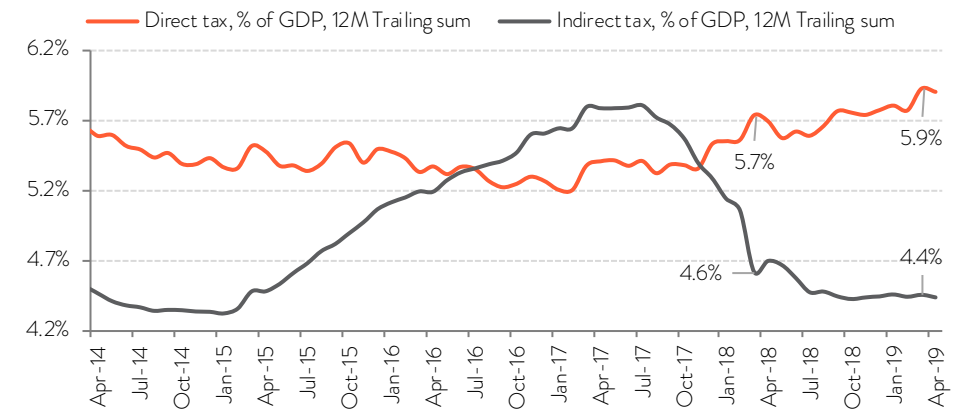


FIG 109 – CORPORATE TAX REVENUE GROWTH SLIPPED IN FY19, BUT SEEN INCHING UP IN APR'19

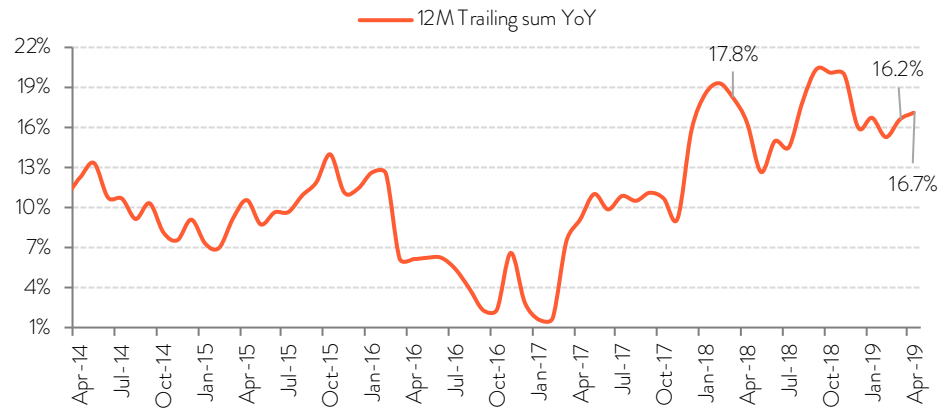


FIG 110 – INCOME TAX REVENUE GROWTH IN FY19 ALSO SIGNIFICANTLY DOWN FROM FY18; SEEN IMPROVING IN APR'19

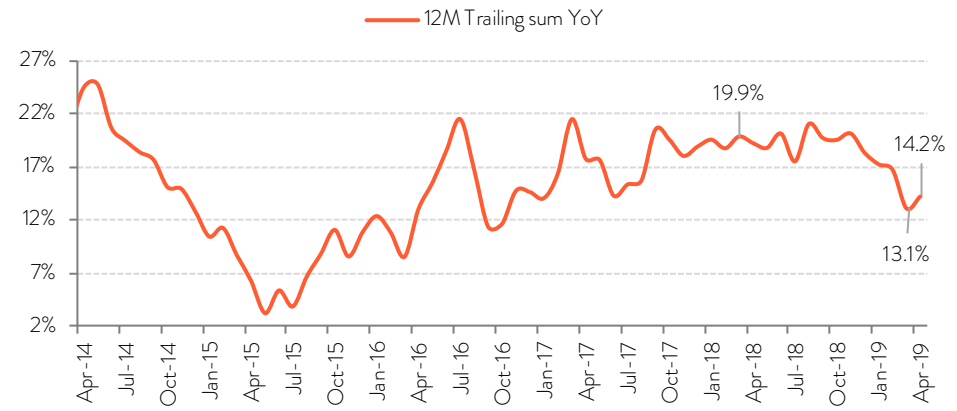


FIG 111 – CENTRE'S GST COLLECTIONS IN FY19 FALL SHORT OF FY19RE TARGET; APR'19 COLLECTIONS SEE SLIGHT MODERATION

(Rs bn)	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	Monthly run rate (FY19)	FY19	FY19 (RE)
CGST	321	281	309	579	360	299	480	344	431	351	359	462	359	381	4,575	5,039
UT GST	0.9	0.5	0.6	1.6	3.3	1.1	1.3	0.8	5.9	1.3	1.1	5.8	0.0	2	24	-
IGST	200	169	102	(399)	52	148	(142)	90	(94)	95	45	23	174	24	289	500
SGST*	333	433	473	678	455	481	561	433	605	441	579	566	389	503	6,038	4,882
Cess	85	72	80	80	74	79	77	79	77	84	82	82	81	79	951	900
Total GST	940	956	965	940	944	1,007	976	947	1,025	972	1,066	1,139	1,003	990	11,878	11,321
GST 3B Filing by deadline (mn)	6.2	6.5	6.6	6.7	6.7	6.7	7.0	7.2	7.3	7.3	7.6	7.2	7.2	-	-	-

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

FIG 112 – CENTRAL GOVT. PUBLIC DEBT IN Q3FY19 LOWEST SINCE FY17

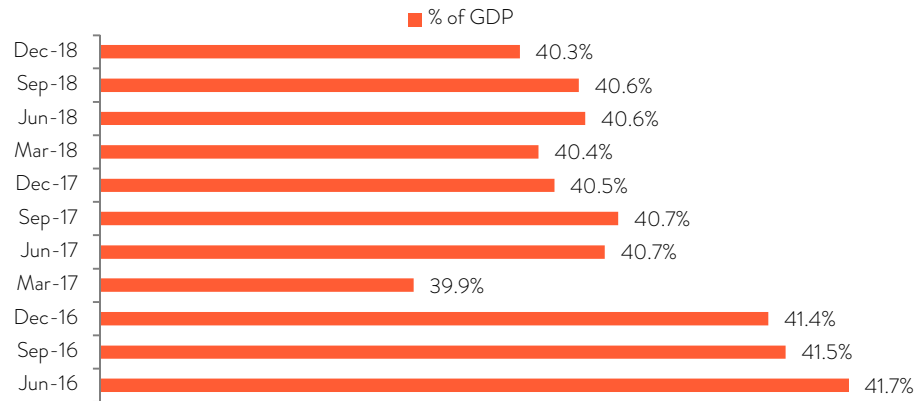
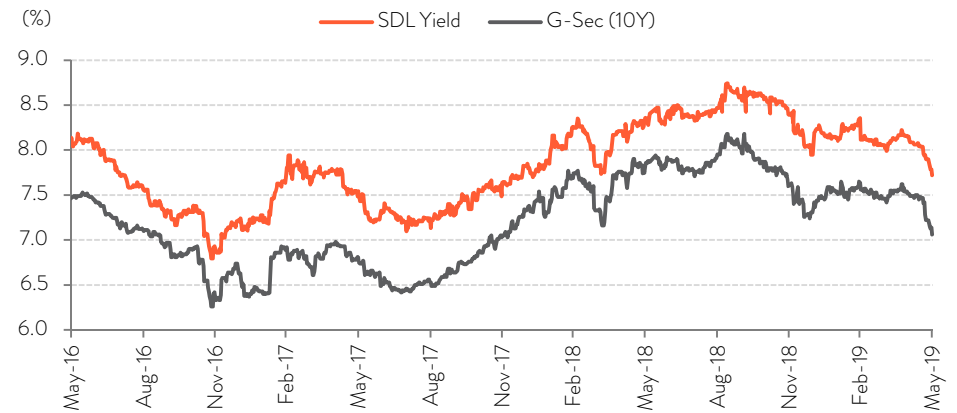


FIG 113 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC BROADLY STABLE IN MAY'19



Source: CCIL

FIG 114 – SUBSIDIES MAINTAINED AT A STEADY RATIO IN FY19 & FY20

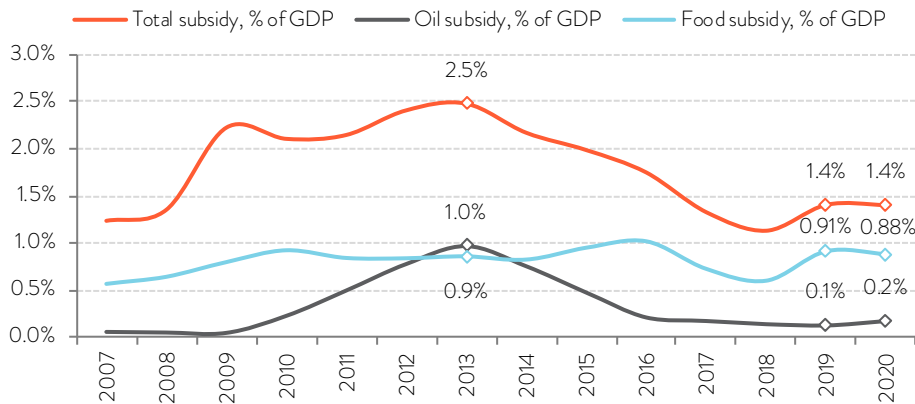
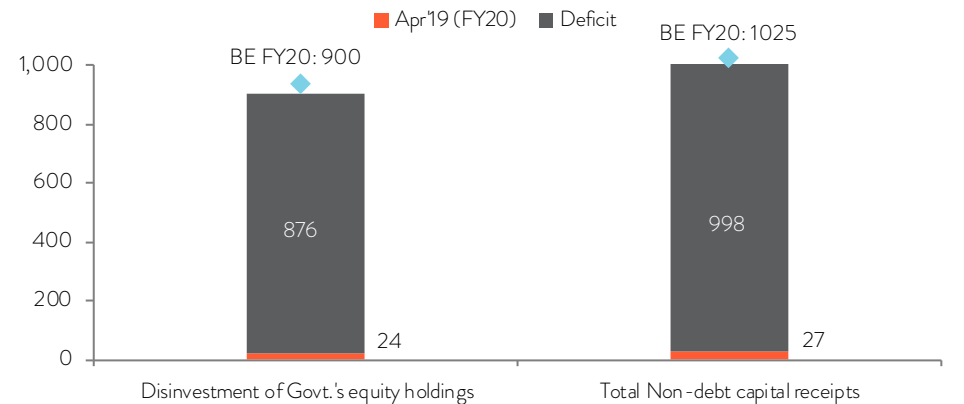
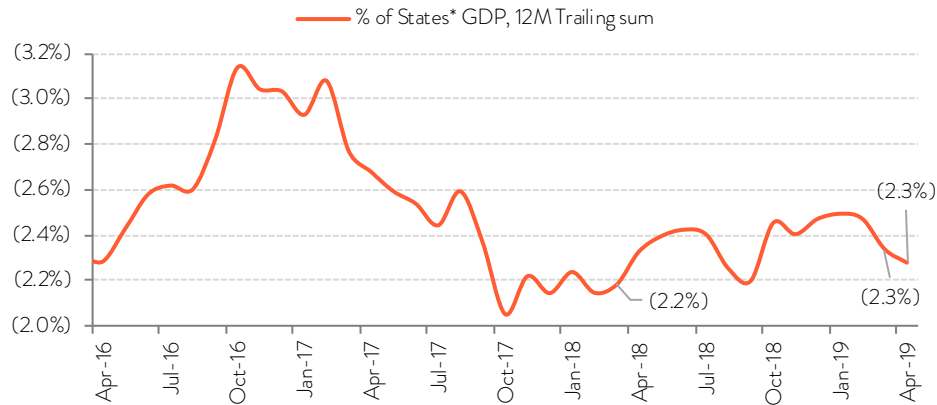


FIG 115 – CENTRAL GOVT. OVERSHOOTS ITS DISINVESTMENT TARGET IN FY19; TARGET EVEN HIGHER FOR FY20



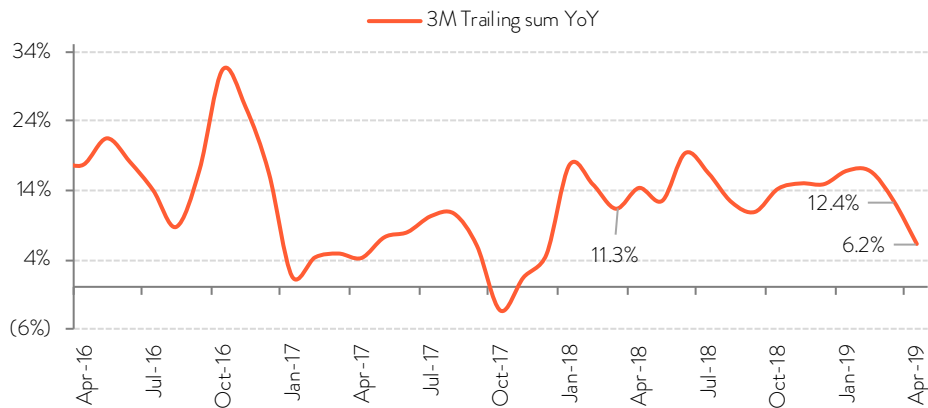
State government finances

FIG 116 – STATES* FISCAL DEFICIT WIDENS marginally IN FY19 VS FY18; IS STEADY AT THE SAME LEVEL IN APR'19



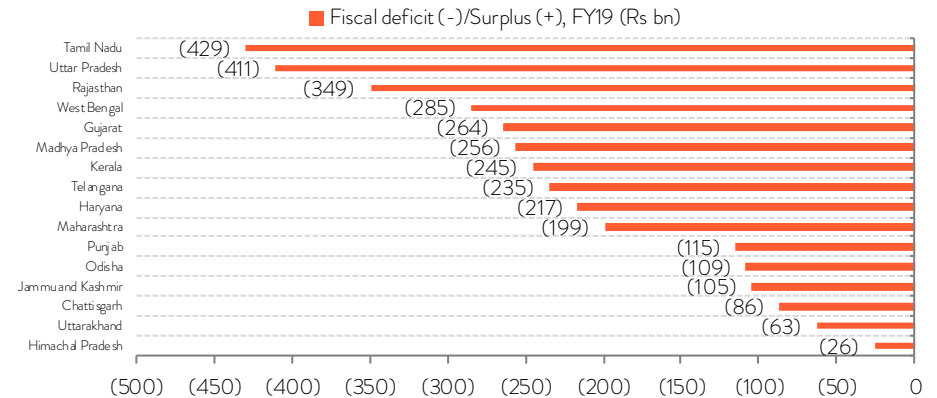
Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

FIG 118 – TOTAL EXPENDITURE OF STATES* SEEN SLIPPING IN APR'19...



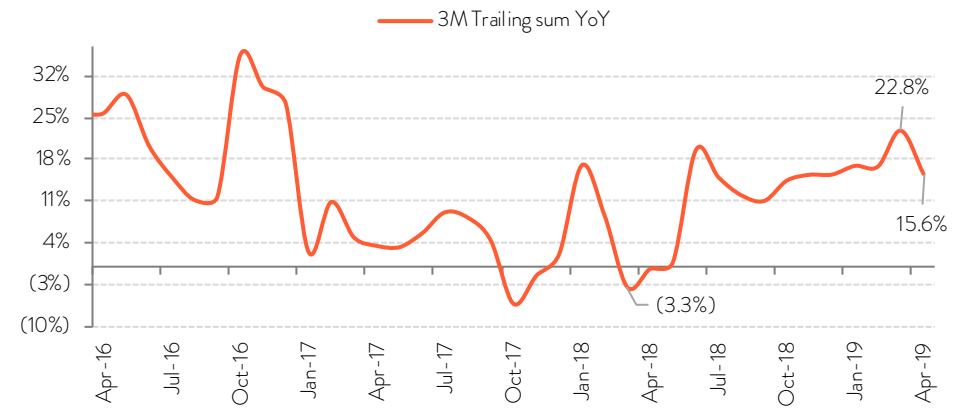
Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

FIG 117 – T.N & U.P HIGHEST DEFICIT STATES IN FY19



Note: FY19- Apr'18-Mar'19

FIG 119 – ...IN LINE WITH TOTAL RECEIPTS OF STATES*



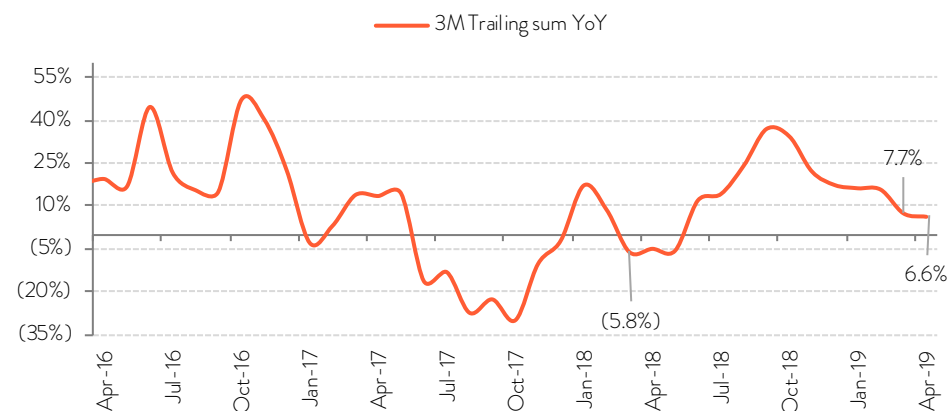
Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

FIG 120 – STATE* GOVT. REVENUES IMPROVE REMARKABLY IN FY19, SO DOES SPENDING; IN APR'19 TAX REVENUES IMPROVE BUT SPENDING GROWTH FADES

	FY18 (Rs bn)	FY18 % change	FY19 (Rs bn)	FY19 % change	Apr'18	% change	Apr'19	% change
Total Receipts	17,823	1.5	20,966	17.6	1221	38.0	1227	0.6
Revenue Receipts	15,147	9.4	17,496	15.5	1023	9.3	1139	11.4
Receipts: Tax Revenue	11,590	11.3	13,202	13.9	841	11.8	982	16.9
Receipts: Non-Tax Revenue	1,344	2.6	1,624	20.8	97	1.8	78	(20.1)
Capital Receipts	2,677	(27.7)	3,470	29.6	198	(486.1)	88	(55.6)
Total Expenditure	18,084	7.8	20,609	14.0	1156	30.6	1215	5.1
Revenue Expenditure	15,546	11.3	17,682	13.7	1047	30.1	1081	3.3
Capital Expenditure	2,538	(9.9)	2,928	15.3	109	35.7	133	22.5
Revenue Surplus or Deficit	(399)	280.1	(186)	(53.5)	(24)	(118.3)	58	-
Fiscal Surplus or Deficit	(2845)	(21.2)	(3047)	7.1	(136)	(353.9)	(86)	(36.8)

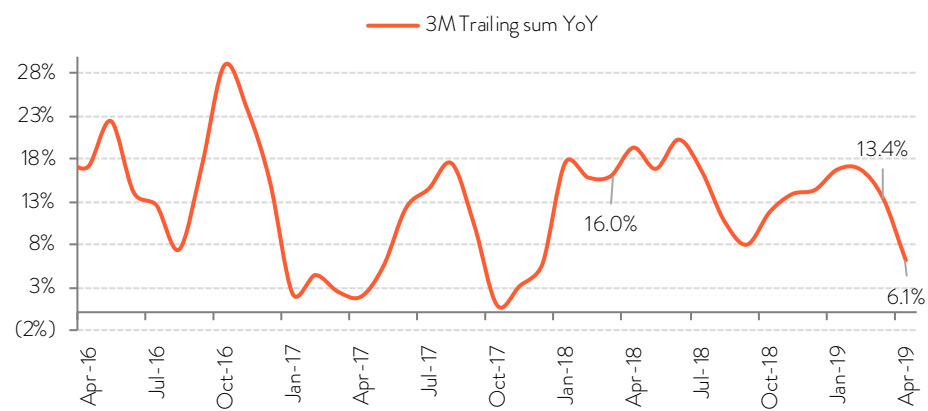
Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

FIG 121 – STATES* CAPEX BROADLY STABLE IN APR'19...



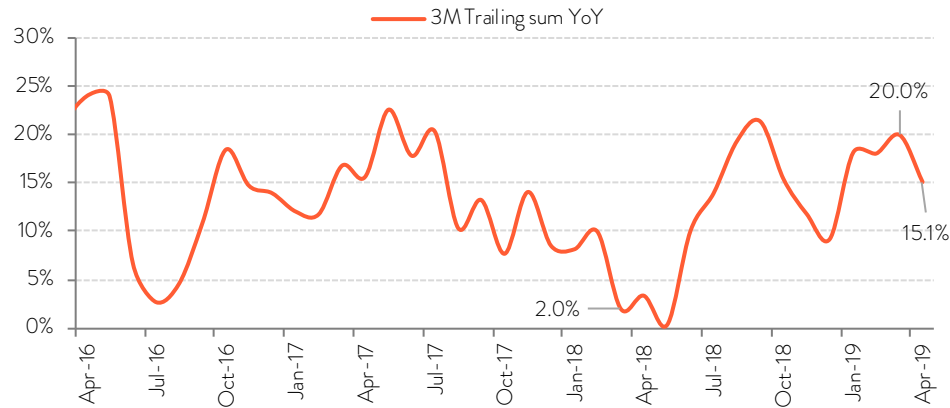
Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

FIG 122 – REVENUE EXPENDITURE LOWER IN APR'19



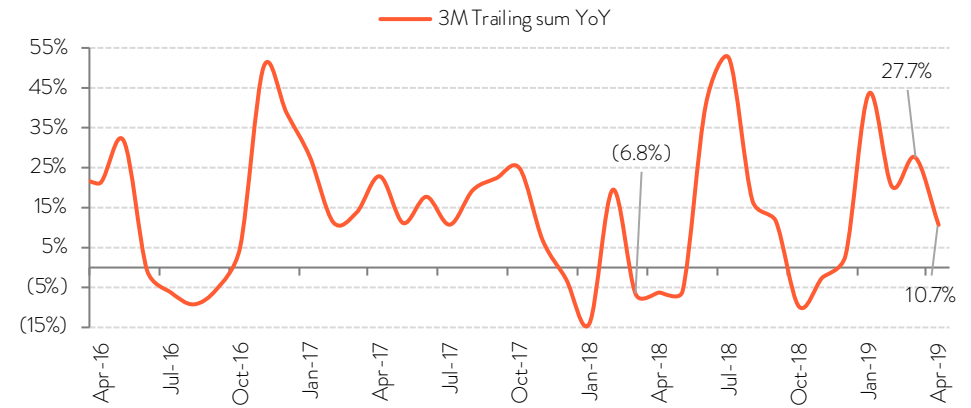
Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

FIG 123 – REVENUE RECEIPTS OF STATES* DOWN IN APR'19



Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

FIG 124 – ...LED BY NON-TAX REVENUES



Note: *All states excluding N.E states, A.P., Bihar, Goa, Jharkhand, Karnataka, Uttarakhand and W. Bengal

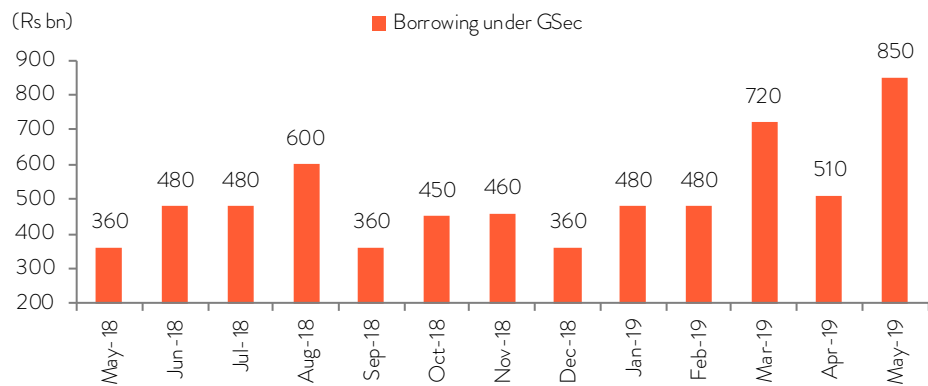
FIG 125 – PATTERN OF STATE SPENDING

State	Pay commission implemented	Loan waiver announced	Capex Increasing (Apr'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 Mar'19

Central government borrowing

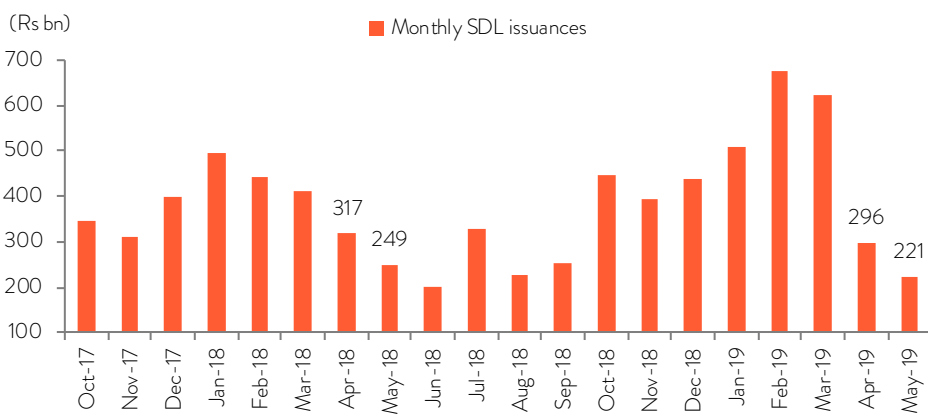
FIG 126 – CENTRE’S GROSS BORROWING ROSE SHARPLY TO RS 850BN IN MAY’19 VS RS 510BN IN APR’19



Source: RBI

State government borrowing

FIG 128 – STATE BORROWING IN MAY’19 LOWER THAN LAST YEAR



Source: RBI

FIG 127 – CENTRE’S PLANNED BORROWING FOR H1FY20 ESTIMATED AT RS 4.42TN

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	1,360*	2,210
Q2	1,570	1,630	1,910	1,890	1,440	-	2,210
Q3	1,430	1,640	1,610	1,640	1,270	-	-
Q4	1,090	840	800	670	1,680	-	-
Total	5,920	5,850	5,820	5,880	5,710	-	-

Source: RBI *till 31 May 2019

FIG 129 – STATES BORROWING REMAINS MUTED IN Q1*FY20

Quarterly SDL issuances, (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	439	502	548	650	766	666*	1,101
Q2	469	627	792	1,130	809	-	-
Q3	692	858	1,214	1,054	1,277	-	-
Q4	809	959	1,322	1,348	1,809	-	-
Total	2,408	2,946	3,876	4,182	4,661	-	-

Source: RBI | *As of 11 Jun 2019

External sector

Exports

FIG 130 – INDIA’S EXPORTS FALLING IN LINE WITH GLOBAL EXPORTS

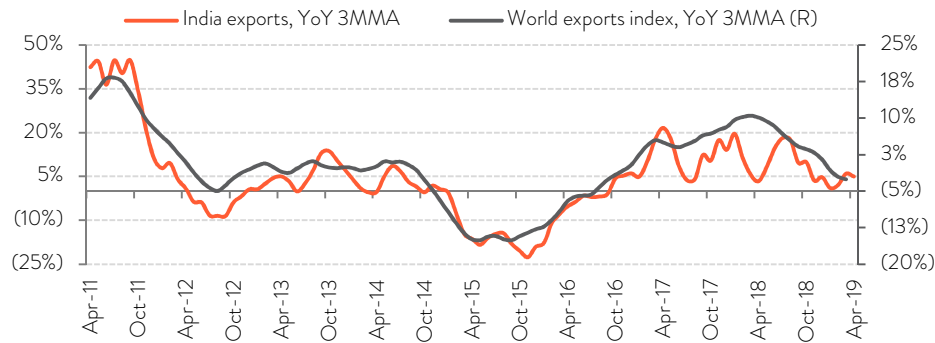
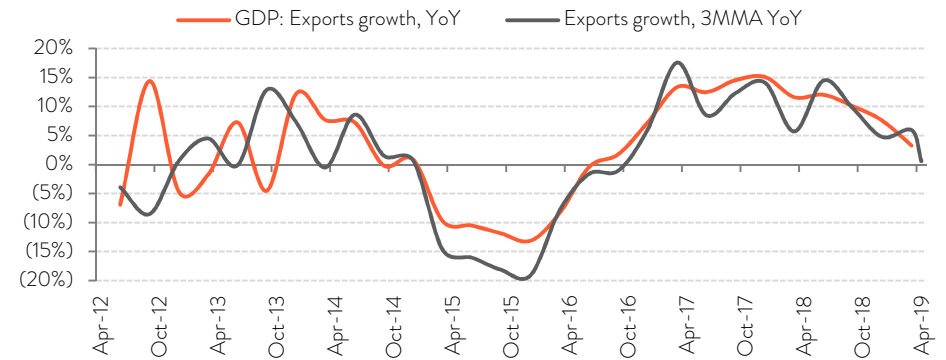


FIG 131 – INDIA’S EXPORT GROWTH FALLS TO 0.6% IN APR’19



Exports by major sectors

FIG 132 – LED BY A SHARP DECLINE IN EXPORTS OF ENGINEERING GOODS (-7% IN APR’19 VS 16.3% IN MAR’19)

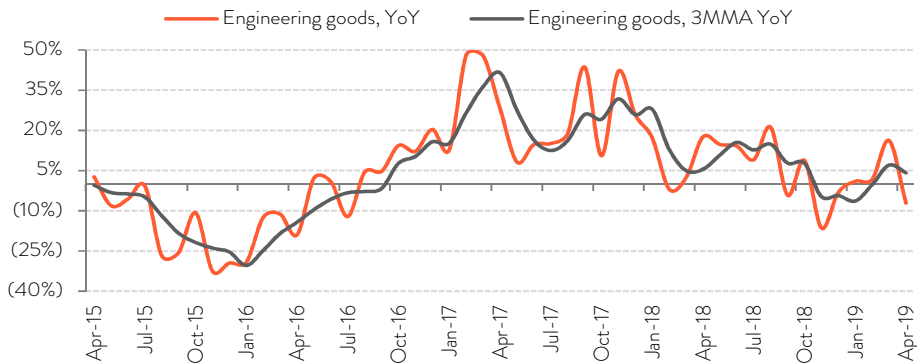


FIG 133 – GEMS AND JEWELLERY EXPORTS ALSO CONTINUE TO CONTRACT

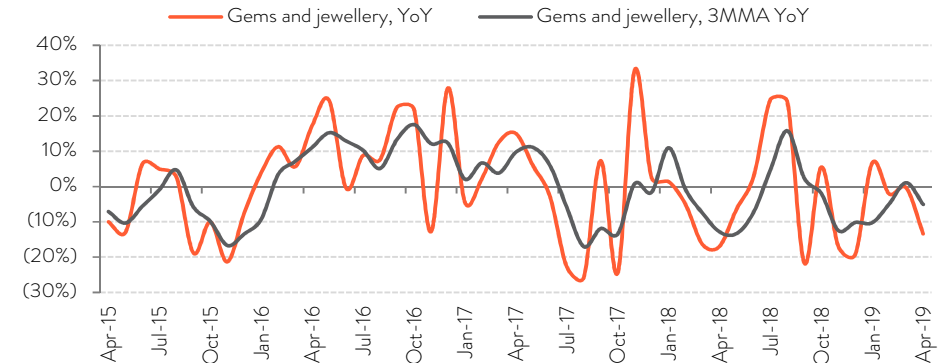


FIG 134 – AGRI EXPORTS ALSO DECLINE BY (-) 2.8% IN APR'19 VS 7.9% IN MAR'19

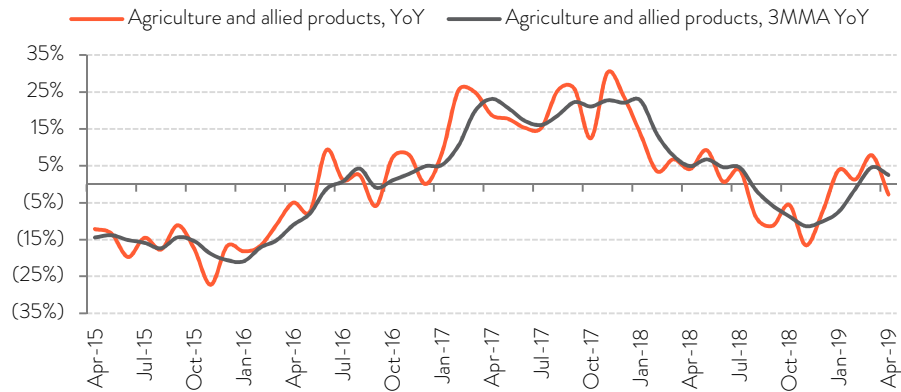
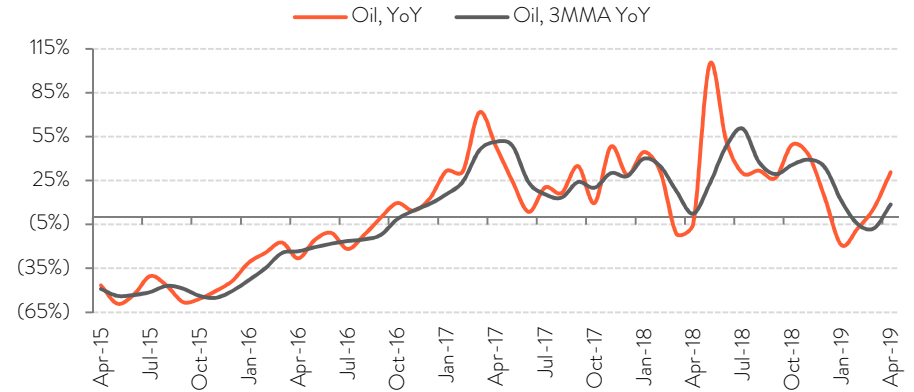


FIG 135 – HOWEVER OIL EXPORTS RISE BY 31% IN APR'19



Imports

FIG 136 – INDIA'S IMPORTS EDGE UP IN APR'19

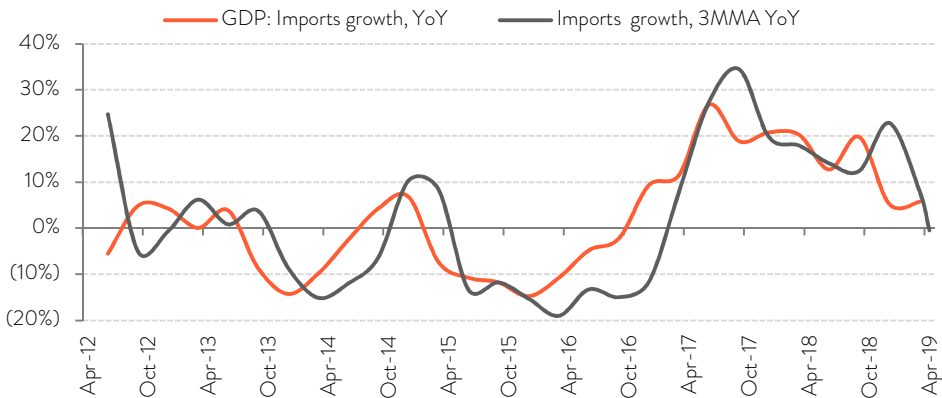


FIG 137 – LED BY HIGHER GOLD (54% IN APR'19 VS 31.2% IN MAR'19) ...

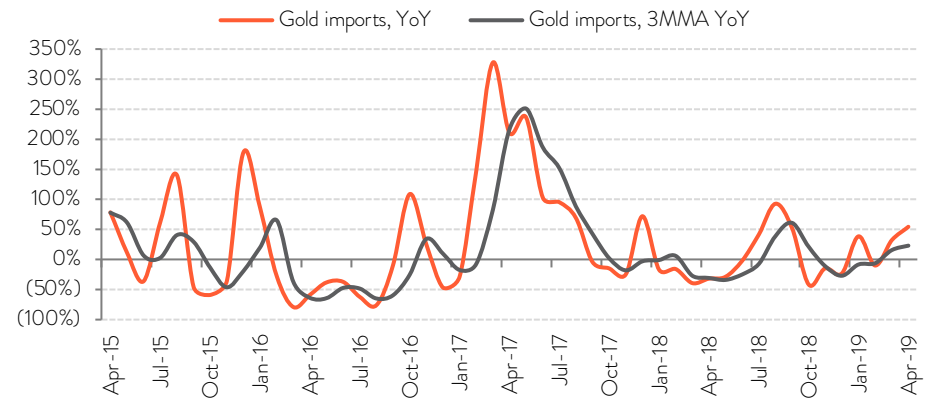


FIG 138 – ... AND OIL IMPORTS (9.3% IN APR'19 VS 5.5% IN MAR'19)

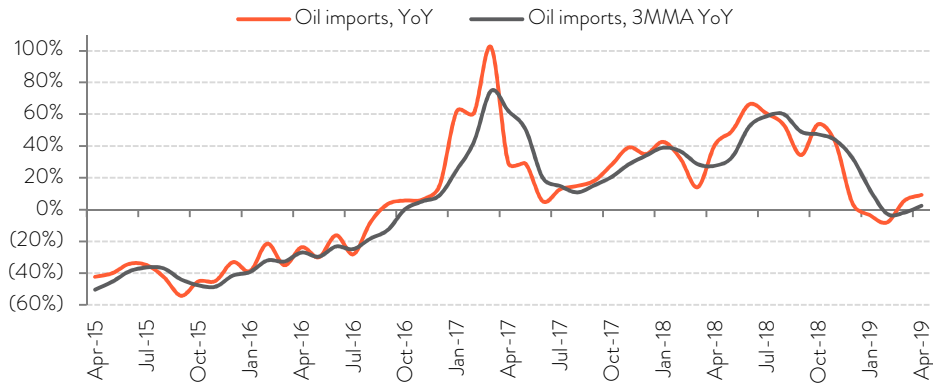


FIG 139 – COAL IMPORTS ALSO PICK UP

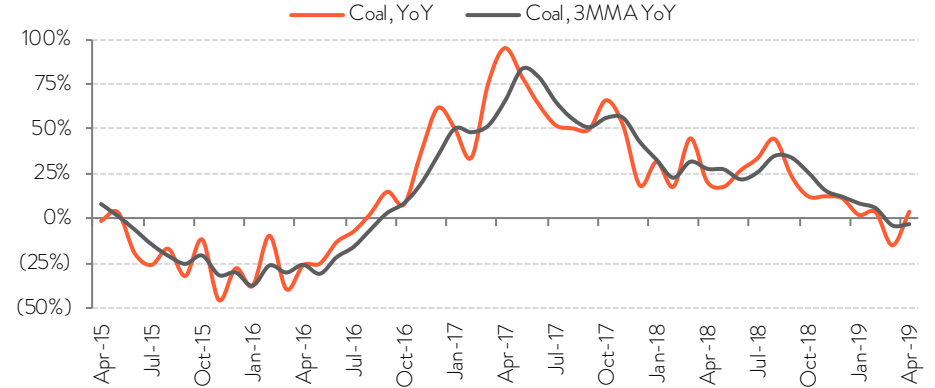


FIG 140 – SIMILAR TREND VISIBLE IN IMPORTS OF ELECTRONICS

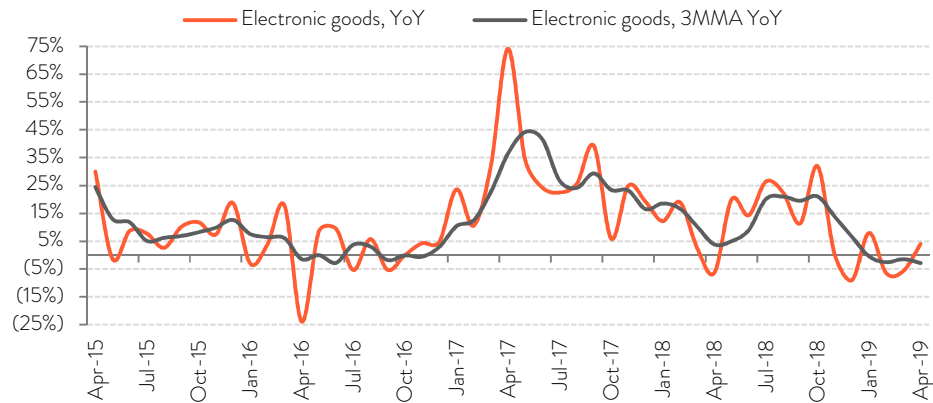
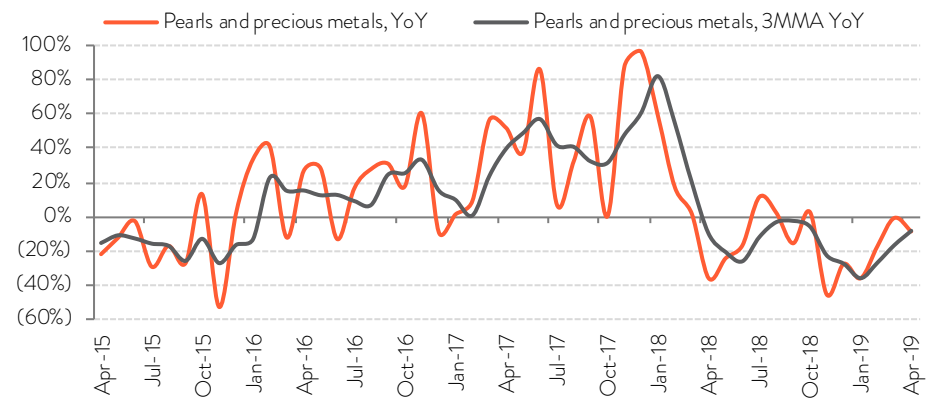


FIG 141 – IMPORTS OF PRECIOUS METALS HOWEVER DECLINE



Exports and imports by major regions

FIG 142 – EXCEPT CHINA, EXPORTS TO OTHER MAJOR REGIONS DECELERATE IN APR'19

Region (% YoY)	Share (in %) FY19	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19
Americas	21.1	3.4	8.8	5.8	9.6	(0.7)
Asia and Pacific (Ex. China)	28.1	(8.0)	(10.5)	(6.3)	10.7	(1.1)
China	5.1	21.3	8.6	6.8	3.6	11.1
Europe	19.7	1.6	(9.2)	(0.9)	5.5	0.8
Middle East and Africa	24.8	(0.1)	27.3	11.1	18.6	(0.1)
Other	1.1	5.9	72.6	54.9	(3.4)	7.0

FIG 143 – IMPORTS FROM CHINA REBOUND IN APR'19, IMPORTS FROM AMERICAS ALSO HOLD UP

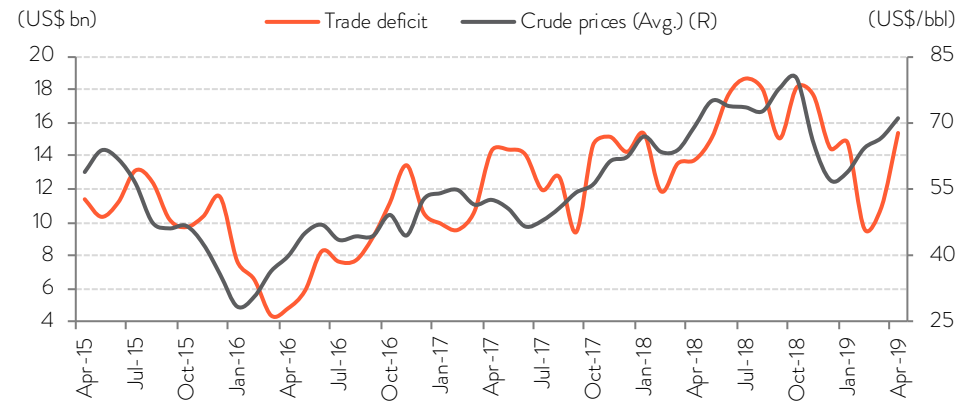
Region (% YoY)	Share (in %) FY19	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19
Americas	12.7	4.2	(0.5)	2.3	19.8	19.4
Asia and Pacific (Ex. China)	25.3	12.7	12.2	11.1	17.9	(0.1)
China	13.7	(17.8)	(10.5)	(18.1)	(24.8)	9.0
Europe	15.3	9.2	6.1	(5.6)	22.6	6.1
Middle East	31.1	1.1	0.6	(4.5)	0.0	(4.9)
Other	1.9	(35.2)	(52.1)	(65.4)	(66.8)	40.3

Trade deficit

FIG 144 – TRADE DEFICIT RISES TO A 5-MONTH HIGH OF US\$ 15.3BN FROM US\$ 10.9BN IN MAR'19

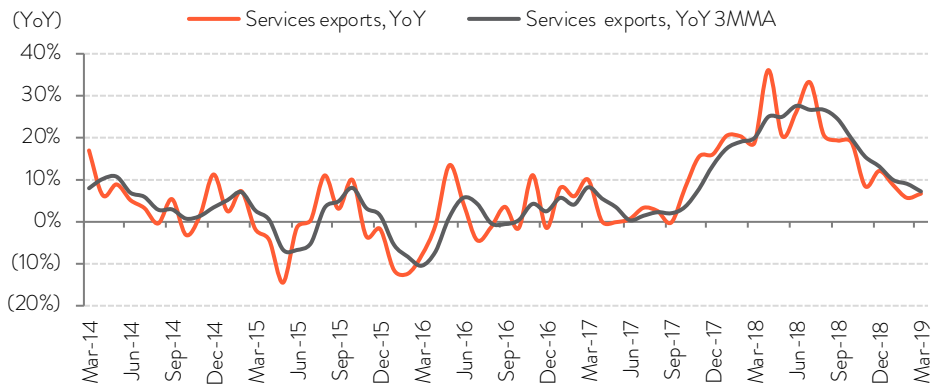


FIG 145 – DUE TO HIGHER OIL PRICES



Trade in services

FIG 146 – SERVICES EXPORT GREW BY 18% IN FY19



BoP

FIG 147 – CAD NARROWS TO 2.5% OF GDP IN Q3FY19 FROM A 21-QUARTER HIGH IN Q2FY19

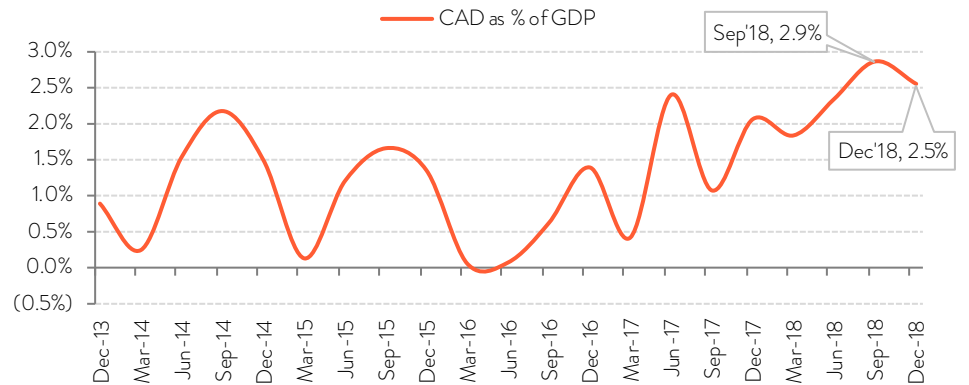


FIG 148 – SUPPORTED BY HIGHER SERVICES RECEIPTS

(US\$ bn)	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19
Current account	(13.7)	(13.1)	(15.9)	(19.1)	(16.9)
CAD/GDP (%)	(2.1)	(1.9)	(2.4)	(2.9)	(2.5)
Trade balance	(44.0)	(41.6)	(45.8)	(50.0)	(49.5)
- Merchandise exports	77.5	82.2	83.4	83.4	83.1
- Merchandise imports	121.6	123.8	129.1	133.4	132.6
--Oil imports	29.2	33	34.7	35.2	38.5
--Non-oil imports	92.4	90.8	94.4	98.2	94.1
- Net Services	20.7	20.2	18.7	20.3	21.3
--Software	18.2	18.6	18.4	19.3	19.8
Transfers	16.1	16.2	17	19.3	17.2
Other invisibles	(6.5)	(7.8)	(5.8)	(8.7)	(6.0)
Capital account	22.5	25.1	5.0	16.7	13.6
% of GDP	3.4	3.6	0.8	2.6	2.0
Foreign investments	9.6	8.7	1.6	7.7	5.4
- FDI	4.3	6.4	9.8	7.5	7.5
- FII	5.3	2.3	(8.1)	0.2	(2.1)
Banking capital	4.6	4.6	10.1	0.5	4.9
Short-term credit	4.8	4.5	(3.5)	4.8	(0.7)
ECBs	0.4	1.0	(1.3)	2.2	2.0
External assistance	0.7	1.4	0.5	0	1.7
Other capital account items	2.4	4.8	(2.4)	1.5	0.4
E&O	0.6	1.3	(0.4)	0.5	(1.0)
Overall balance	9.4	13.3	(11.3)	(1.9)	(4.3)

Foreign inflows

FII inflows

FIG 149 – FII INFLOWS AT US\$ 2BN IN MAY'19

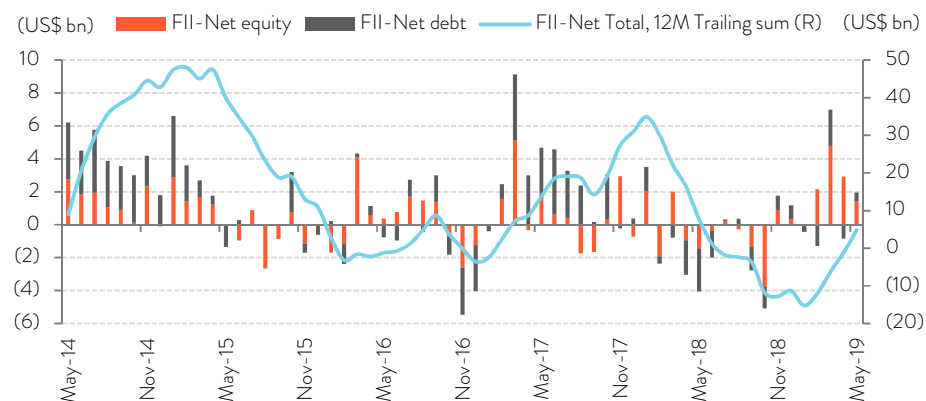


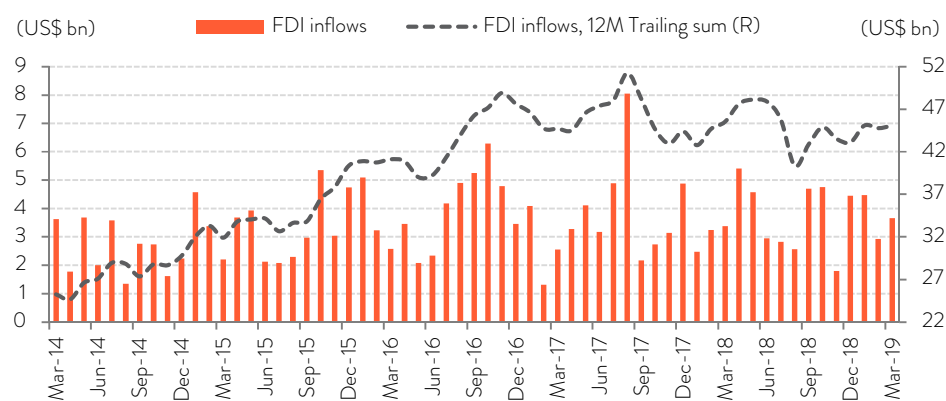
FIG 151 – FDI INFLOWS INTO SERVICES SECTOR RISE TO US\$ 9.2BN IN FY19, FDI IN TELECOM SECTOR SHRINKS

Sector (US\$ bn)	% Share FY19	FY15	FY16	FY17	FY18	FY19
Services Sector	20.6	3.2	6.9	8.7	6.7	9.2
Computer software and hardware	14.5	2.2	5.9	3.7	6.2	6.4
Trading	10.1	2.8	3.9	2.3	4.3	4.5
Telecommunications	6.0	2.9	1.3	5.6	6.2	2.7
Automobile industry	5.9	2.6	2.5	1.6	2.1	2.6

Source: DIPP

FDI inflows

FIG 150 – FDI INFLOWS AT US\$ 44BN IN FY19



Source: RBI, Bank of Baroda Research

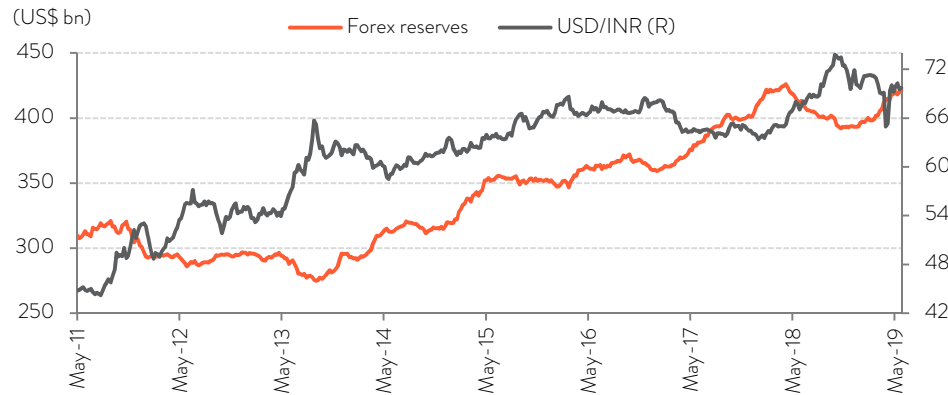
FIG 152 – SINGAPORE REPLACES MAURITIUS AS THE BIGGEST SOURCE OF FDI INFLOWS INTO INDIA

Country (US\$ bn)	% Share in FY19	FY15	FY16	FY17	FY18	FY19
Singapore	36.6	6.3	13.7	8.7	12.2	16.2
Mauritius	18.2	8.2	8.4	15.7	15.9	8.1
Netherlands	8.7	2.2	2.6	3.4	2.8	3.9
Japan	6.7	1.9	2.6	4.7	1.6	3.0
UK	3.0	1.1	0.9	1.5	0.8	1.4

Source: DIPP

Forex reserves and external debt

FIG 153 – INDIA'S FX RESERVES RISE TO THE HIGHEST SINCE MAY'18 AT US\$ 422BN



Source: Bloomberg | Weekly data as of 31 May 2019

FIG 154 – EXTERNAL DEBT RISES TO 20.2% OF GDP IN Q3FY19

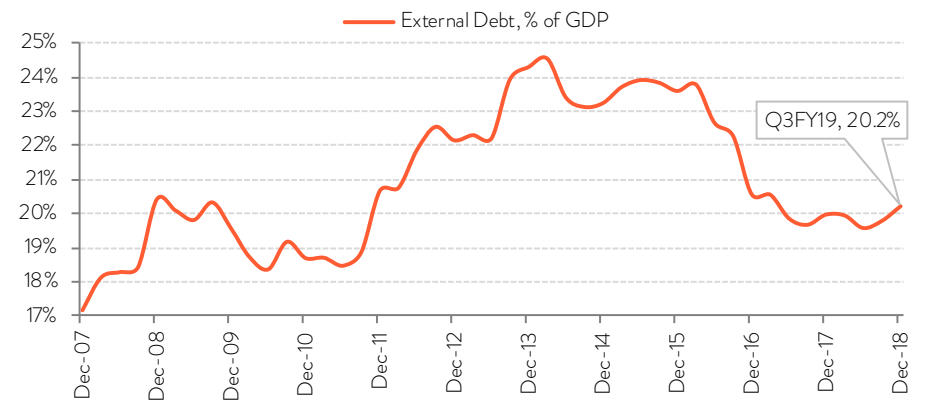


FIG 155 – RBI'S PURCHASED US\$ 4.9BN IN SPOT MARKET IN APR'19

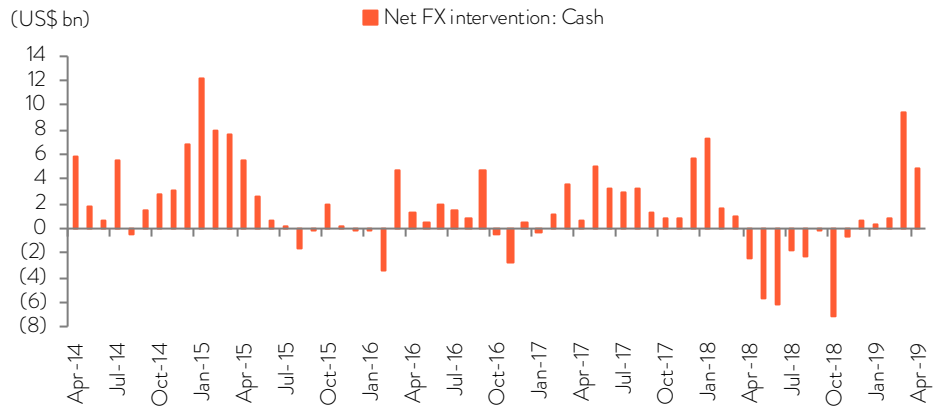
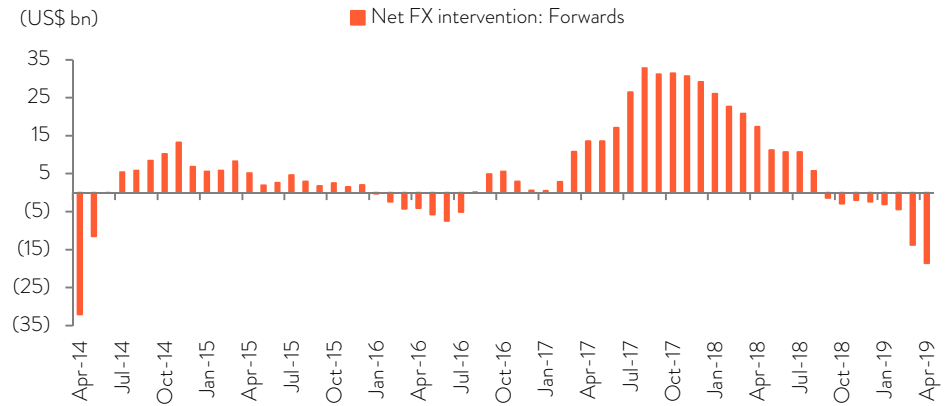


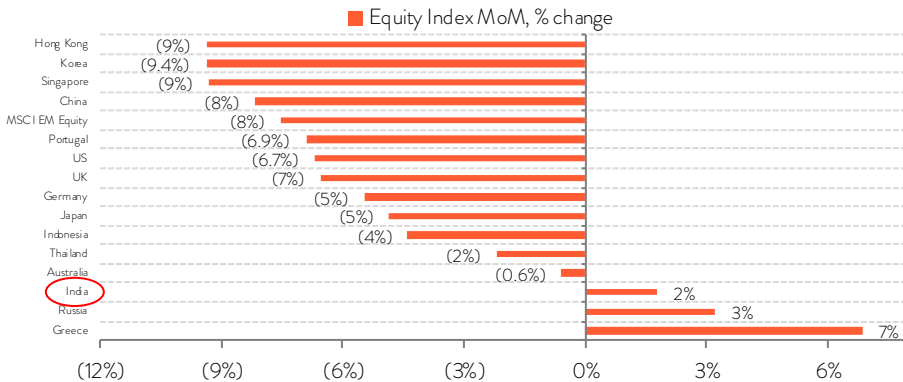
FIG 156 – IN FORWARDS MARKET, RBI SOLD US\$ 4.7BN IN APR'19



Markets

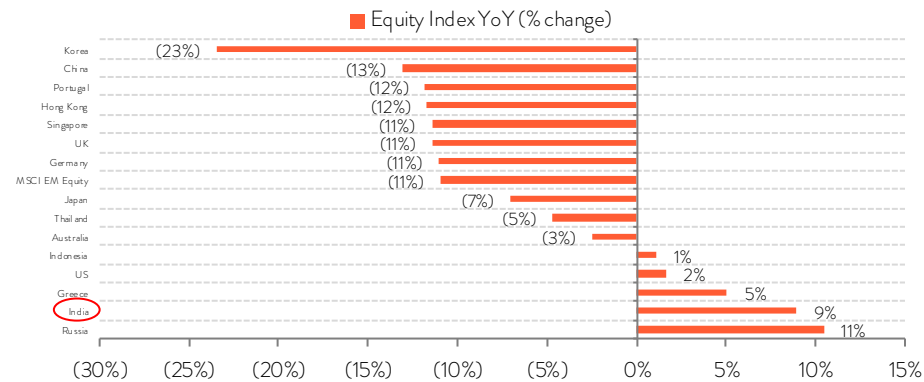
Equity

FIG 157 – ON MOM BASIS*, SENSEX OUTPERFORMED MSCI EM AND INCREASED BY 2%



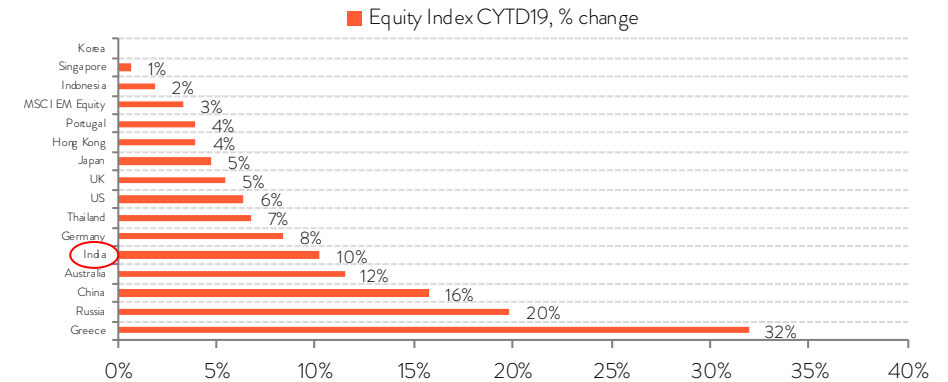
Source: Bloomberg | *As on 31 May 2019, Indices are in USD terms

FIG 159 – ON YOY BASIS, SENSEX ROSE BY 9%



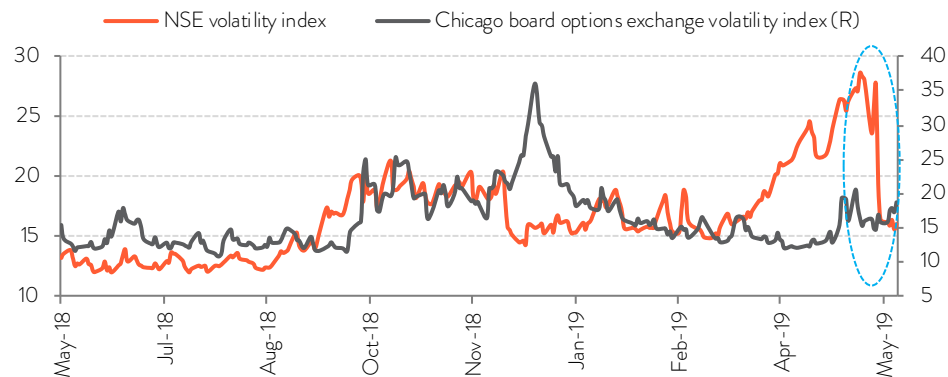
Source: Bloomberg | Indices are in USD terms

FIG 158 – IN CYTD19 *, SENSEX INCREASED BY 10% AS AGAINST MSCI EM'S INCREASE OF 3%



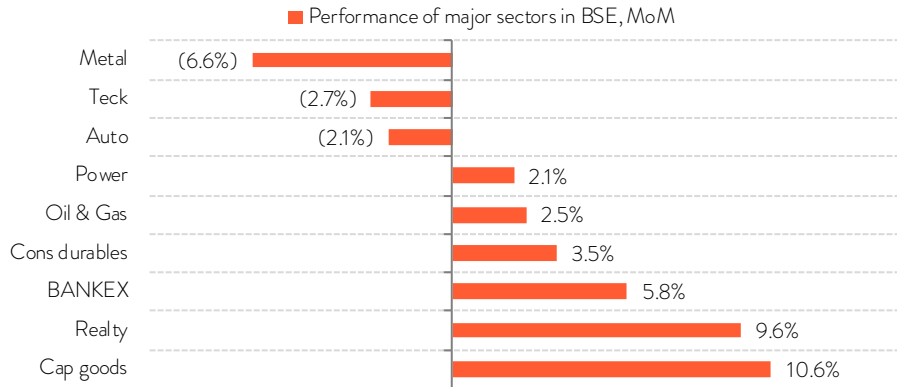
Source: Bloomberg | * As on 31 May 2019 Indices are in USD terms

FIG 160 – NIFTY VIX DECLINED SHARPLY IN MAY'19 WITH NDA COMING TO POWER



Source: Bloomberg

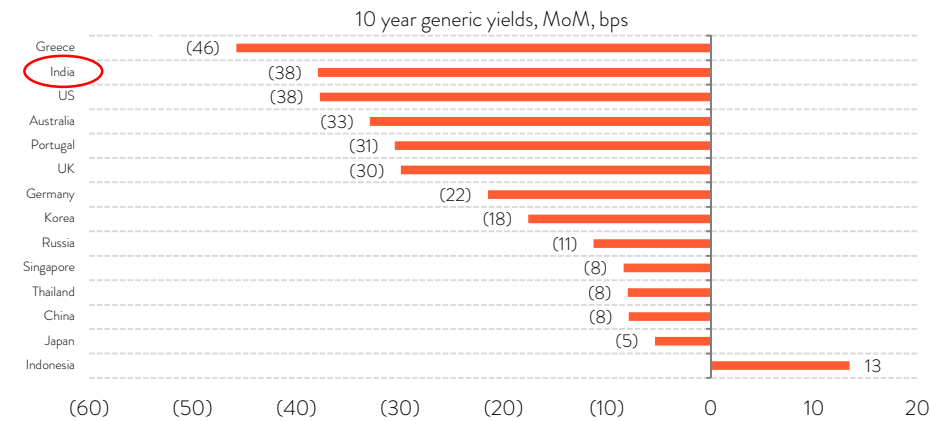
FIG 161 – CAPITAL GOODS AND REALTY DROVE SENSEX HIGHER



Source: Bloomberg, * As on 31 May 2019

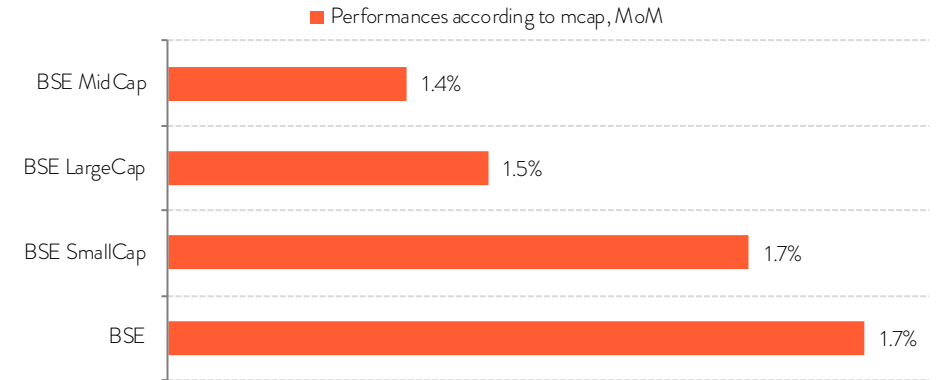
10 year Bond yields

FIG 163 – ON MOM BASIS*, INDIA'S 10 YEAR YIELD DECLINED BY 38BPS



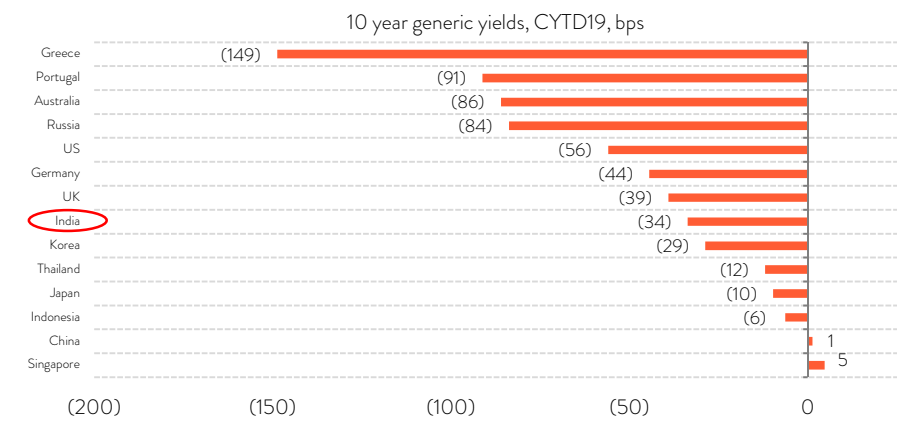
Source: Bloomberg | *As on 31 May 2019

FIG 162 – SMALL CAP SEGMENT RETURNS THE HIGHEST



Source: Bloomberg | *As on 31 May 2019

FIG 164 – IN CYTD19 *, INDIA'S 10 YEAR YIELD DECLINED BY 34BPS BUT HAS RISEN MARGINALLY BY 1BPS IN JUN'19 (TILL 11TH JUN)



Source: Bloomberg | *As on 31 May 2019

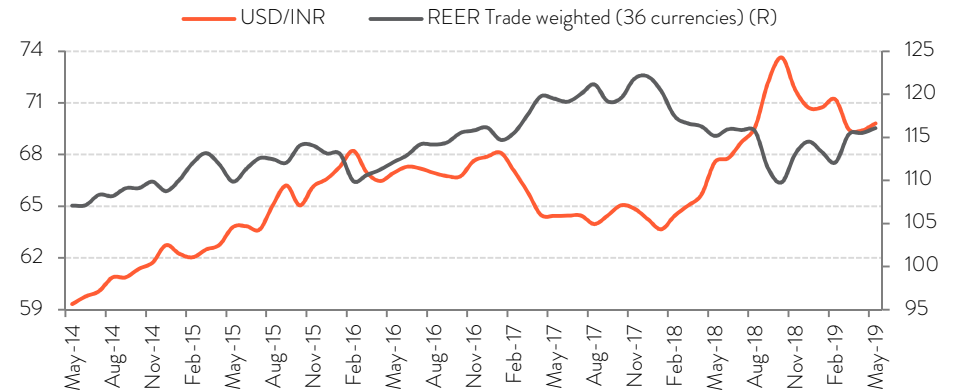
Currencies

FIG 165 – INR DEPRECIATES BY 0.2% IN MAY'19



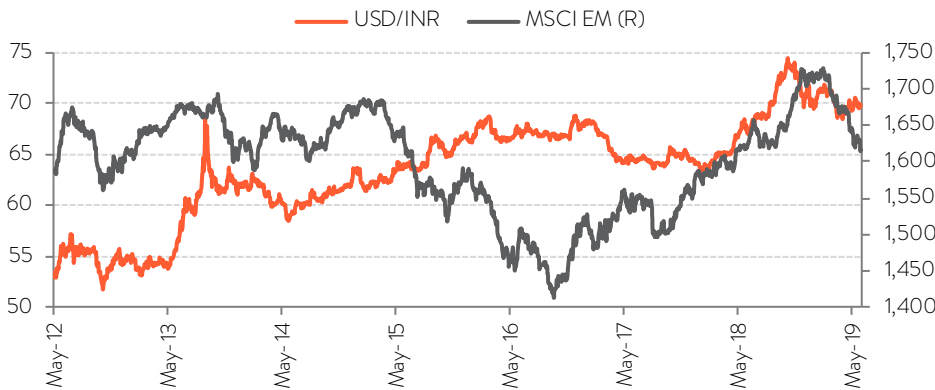
Source: Bloomberg | *As on 31 May 2019

FIG 166 – INR STILL OVERVALUED BY 16.1%



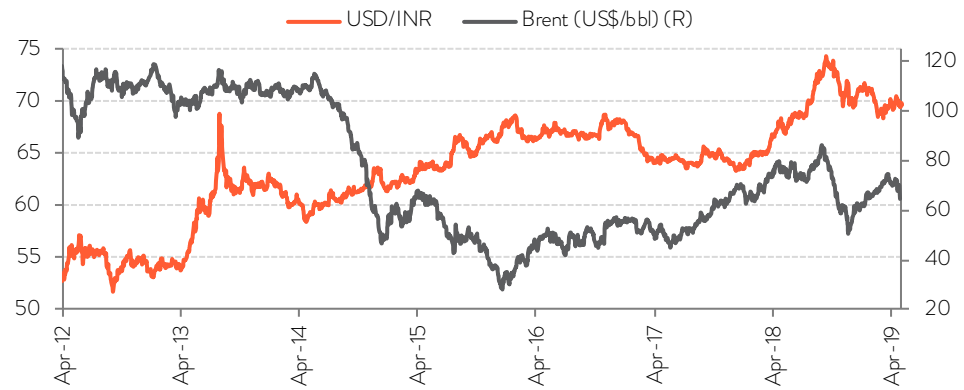
Source: Bloomberg

FIG 167 – INR DEPRECIATING IN LINE WITH EM CURRENCIES



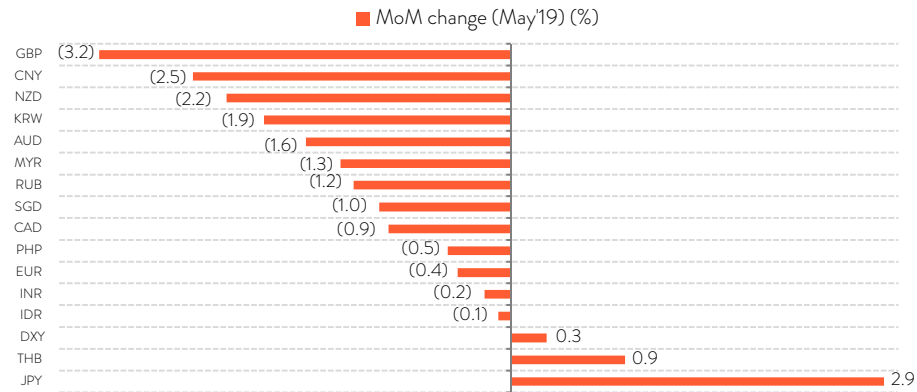
Source: Bloomberg | *As on 31 May 2019

FIG 168 – EVEN AS OIL PRICES EASED



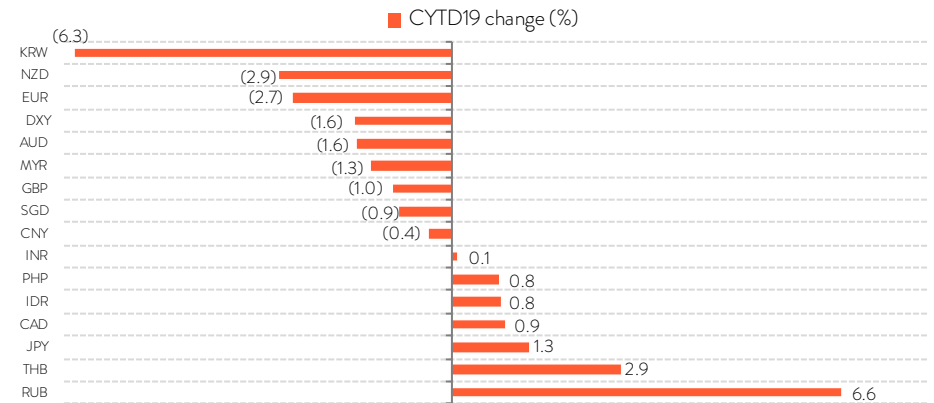
Source: Bloomberg | *As on 31 May 2019

FIG 169 – MOST GLOBAL CURRENCIES DEPRECIATE IN MAY'19



Source: Bloomberg | *As on 31 May 2019

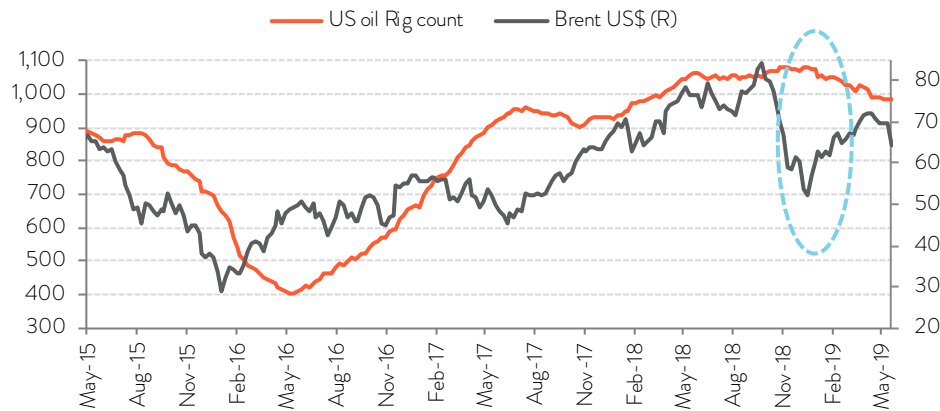
FIG 170 – IN CYTD19, INR HAS APPRECIATED BY 0.1%



Source: Bloomberg | *As on 31 May 2019

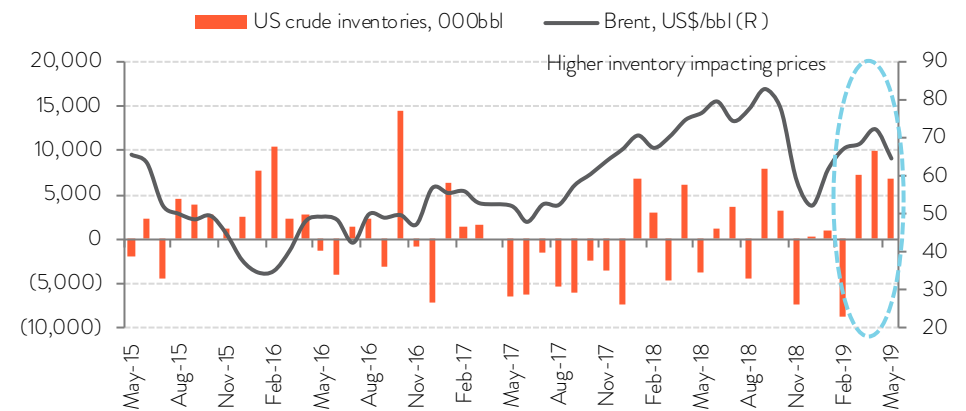
Commodities

FIG 171 – DESPITE FALLING US RIG COUNT, BRENT PRICES ARE DECLINING



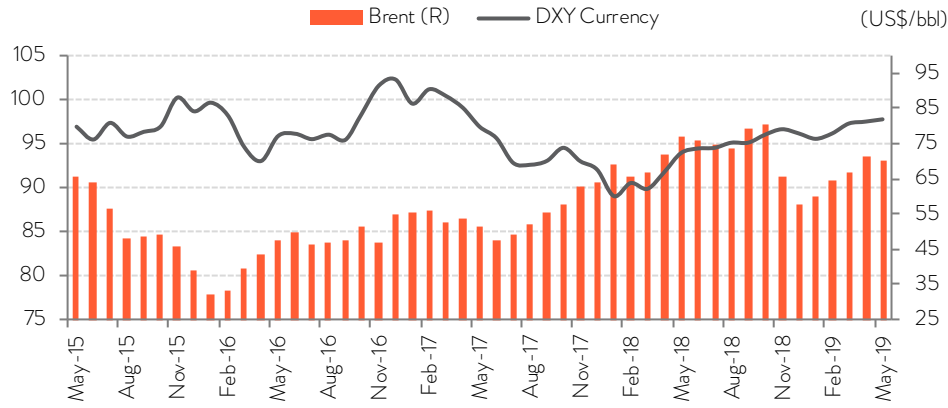
Source: Bloomberg

FIG 172 – ...LED BY HIGHER US INVENTORIES



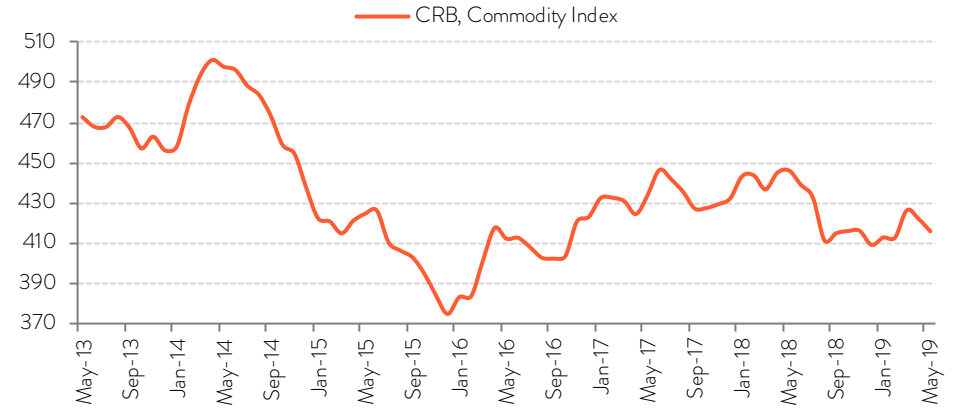
Source: Bloomberg

FIG 173 – DXY INCHED UP TO 97.75 IN MAY'19 WHILE CRUDE PRICES MODERATED



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

FIG 174 – COMMODITY PRICES ALSO EDGED DOWN DRIVEN BY LOWER ENERGY PRICES



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

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