

# India Economics

## Monthly Chartbook

November 2023

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## Growth holding ground

On the domestic front, growth indicators are showing resilience in activity. With the onset of festive season, demand has picked up pace, as seen through increased digital payments and electronic imports. Within services, credit growth still remains robust and GST collections are maintaining pace. Airline passenger traffic has surpassed pre-pandemic levels and pick up in rail freight also suggests growth in domestic trade. On the global front, risks of Fed hiking rate one more time persists, as economy is holding ground. This will have an impact on India's 10Y yield as well. Further, expectation of OMO sale calendar and tight liquidity conditions have added to the pressure on yields across tenors. Volatility in the global markets suggests continued RBI intervention to keep INR range bound. Going forward, we expect INR in the range of 83.25-83.5\$ in the near-term.

**Steady growth for domestic demand:** Some of the high frequency indicators have been signalling resilience in domestic demand as has been reflected by pickup in digital payments, power demand and even in electronic imports. However, non-oil and non-gold imports have registered some moderation. On the other hand, auto sales have recorded improvement on a monthly basis and is expected to improve further on the back of festive demand. Steady pickup has also been noticed in the output of consumer goods. Services indicators such as railway freight, air passenger and robust GST collections are also exhibiting strong growth.

**Health of centre's finances:** Fiscal deficit ratio (% of GDP, 12MMA basis) of the central government settled at 6.3% as of H1FY24 compared with 6.5% last year (H1FY23), on account of better net revenue collections. In H1FY24 (Apr-Sep'23), centre's net revenue receipts rose by 19.5%, compared with 8.2%

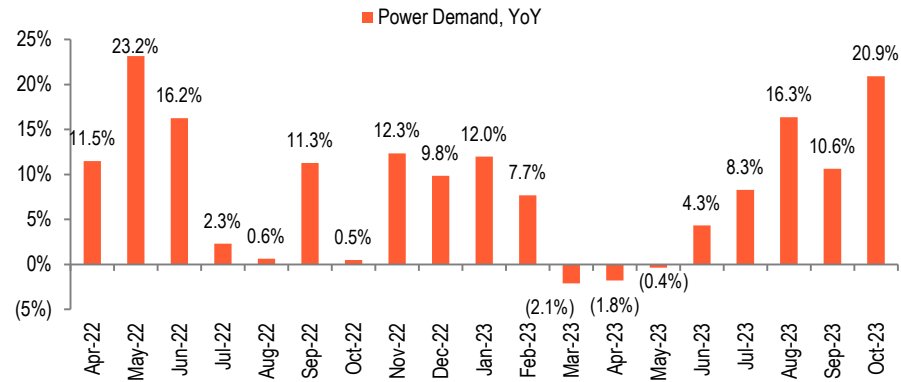
growth seen in H1FY23. This was driven by improvement in direct tax collections (25.4% versus 23.5%) and jump in non-tax receipts (50.2 versus -1.7%). On the other hand, indirect tax collections eased (6.6% versus 11.8%). On the spending front, momentum was maintained with overall growth at 16.2% versus 12.2% last year, led by revenue expenditure (10% versus 6%). Capex growth, despite some moderation in H1 this year, has managed to maintain momentum as it was up by 43.1% versus 49.5% last year. We expect spending momentum to pick up in H2 as government has utilized only 47% of its budgeted target.

**India's 10Y yield exhibited some volatility:** In line with global yields, India's 10Y yield witnessed some sell off pressure in Oct'23. This along with anticipation of publication of OMO sales calendar by RBI as well as underlying deficit liquidity conditions, have exerted pressure on India's yield. The entire curve across all spectrums has shifted upwards. In Nov'23, buying resumed on expectation of peaking of US Fed rate and also on account of risk-off sentiment surrounding geopolitical tensions. However, Fed Chair in his recent speech has highlighted to be watchful of the inflation trajectory as economic conditions have remained fairly buoyant. Going forward, we expect Fed's guidance will hold cue for evolution of domestic rates.

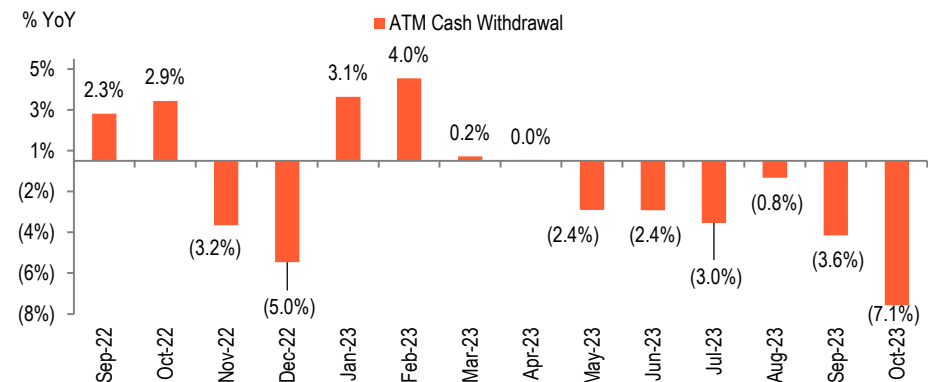
**INR at a record low:** INR has touched a fresh historic low in the last session as comments from Fed Chair have reignited fears of another rate hike in the US. Pressure on INR has remained, with the currency pair continuing to trade in a narrow range. Volatility has remained low indicating that RBI has been actively managing the exchange rate. We believe that the trend is likely to continue. We expect INR in the range of 83.25-83.5\$ in the near-term.

## High frequency indicators

**Fig 1 – Growth in power demand doubles**

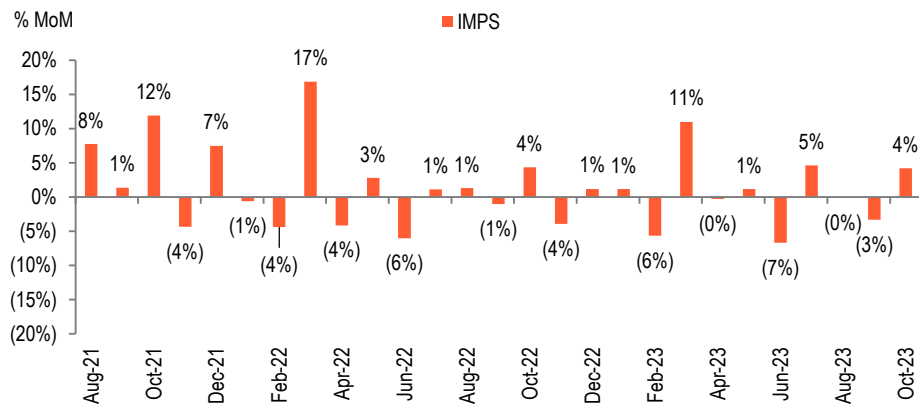


**Fig 2 – Growth for cash withdrawal continues to fall**



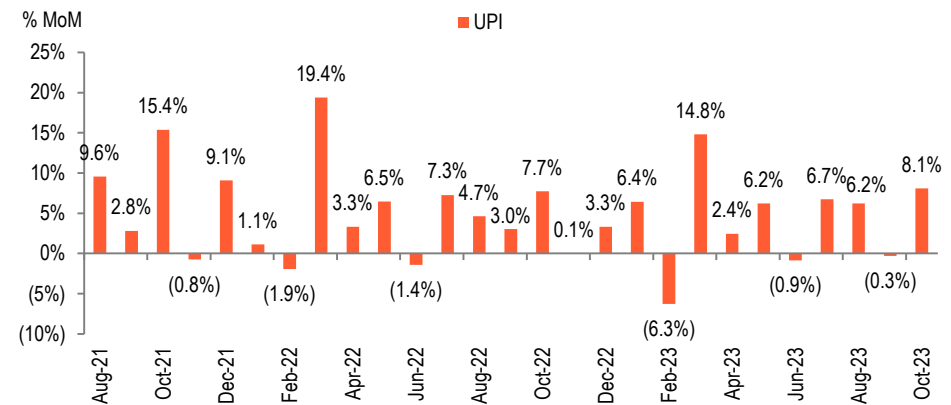
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

**Fig 3 – Uptick in IMPS transactions**



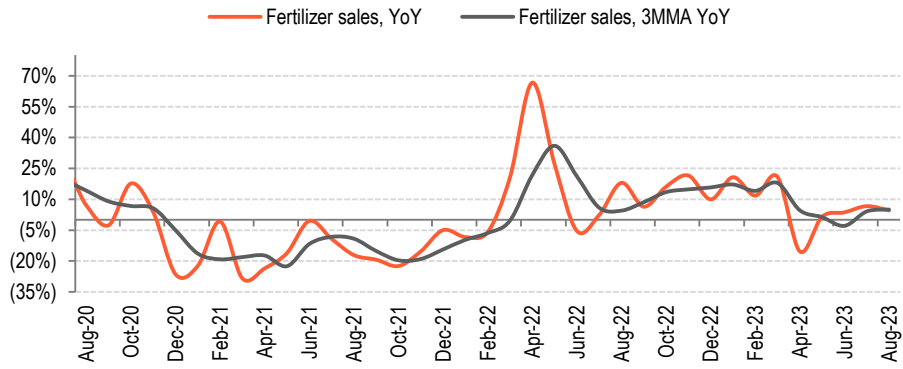
Source: RBI

**Fig 4 – Growth in UPI payments picks up**

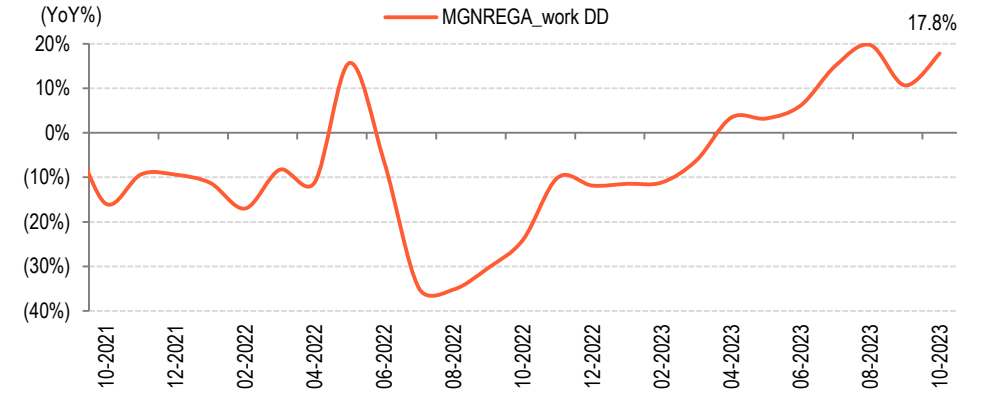


Source: RBI

**Fig 5 – Growth in fertilizer sales growth eases**



**Fig 6 – Demand for work (MGNREGA-household) increases**



Final consumption expenditure

Fig 7 – Private consumption higher in Q1FY24

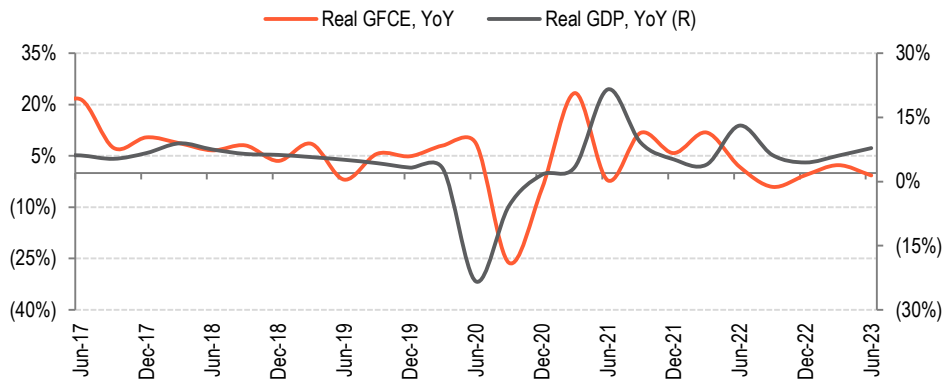


Fig 8 – Government consumption slids in Q1

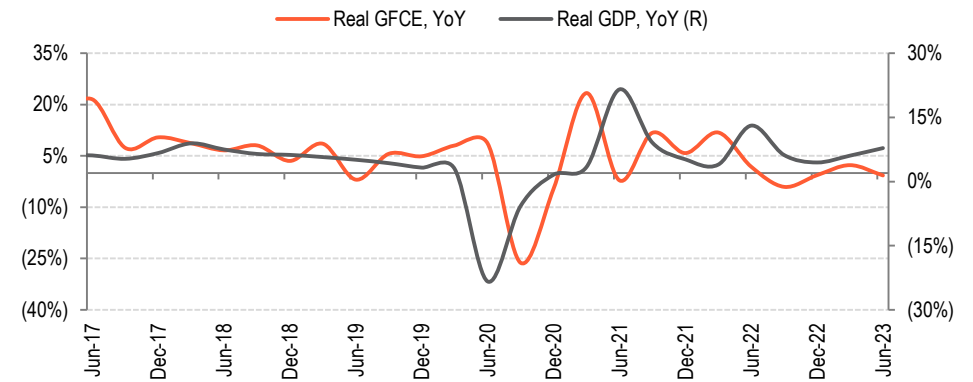


Fig 9 – General govt. revenue spending slips

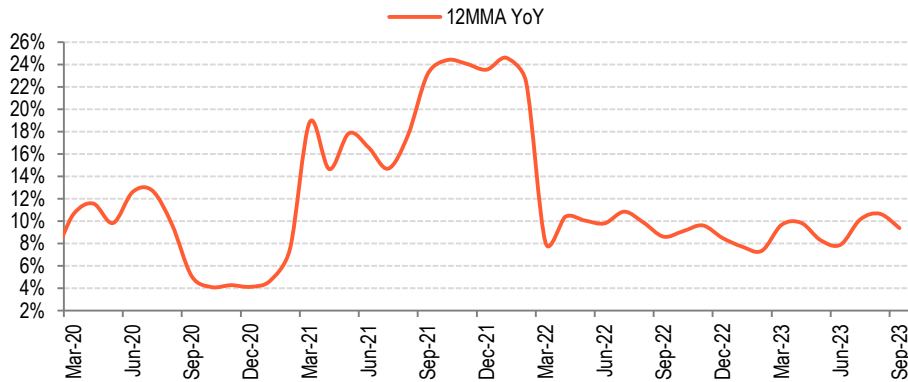
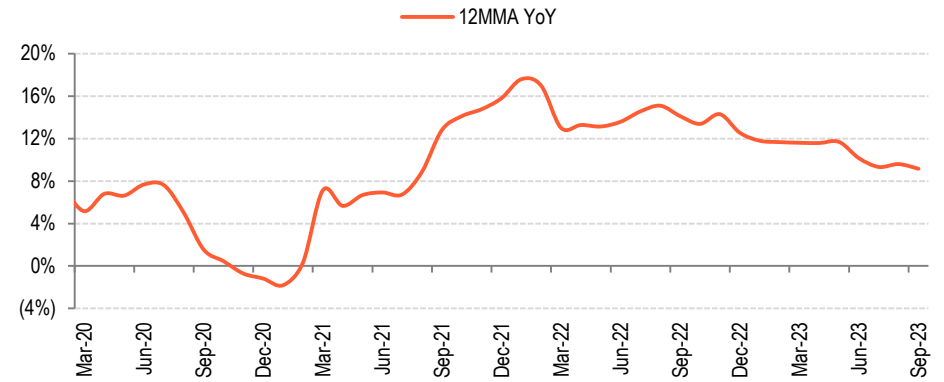


Fig 10 – .. similar movement for State\* govt. revenue spending



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

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports declines sharply

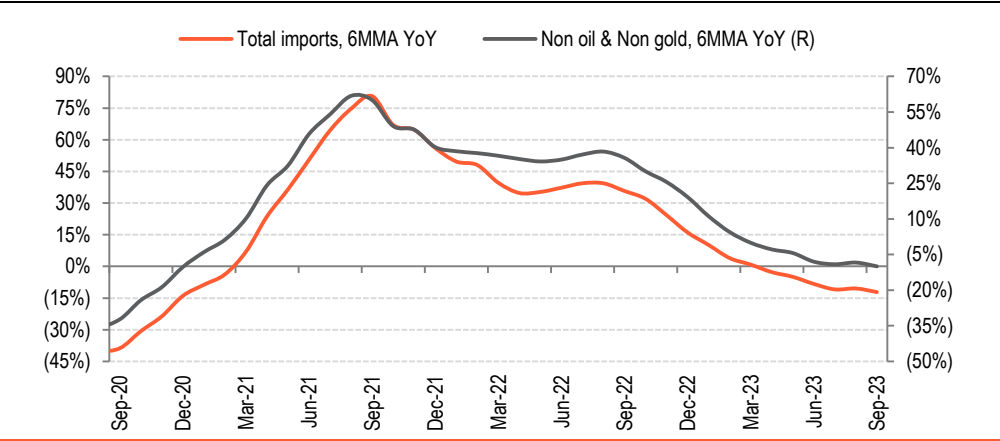


Fig 12 – Growth in electronic import improves

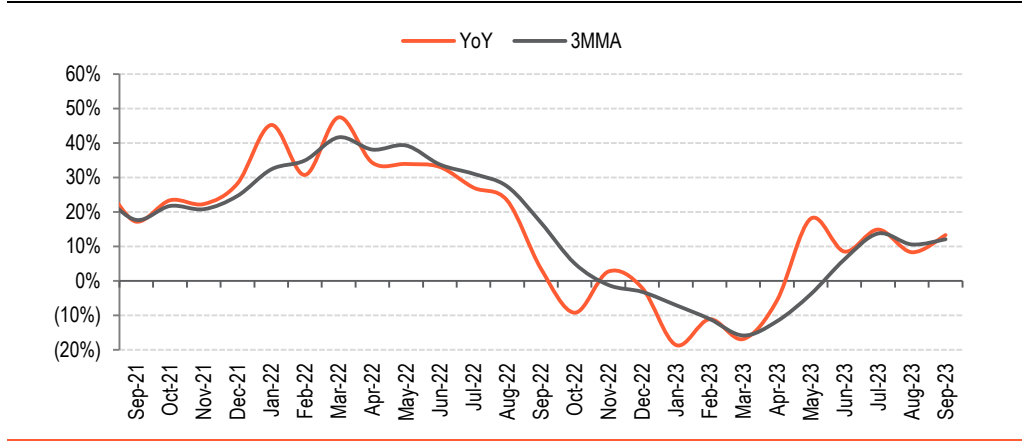
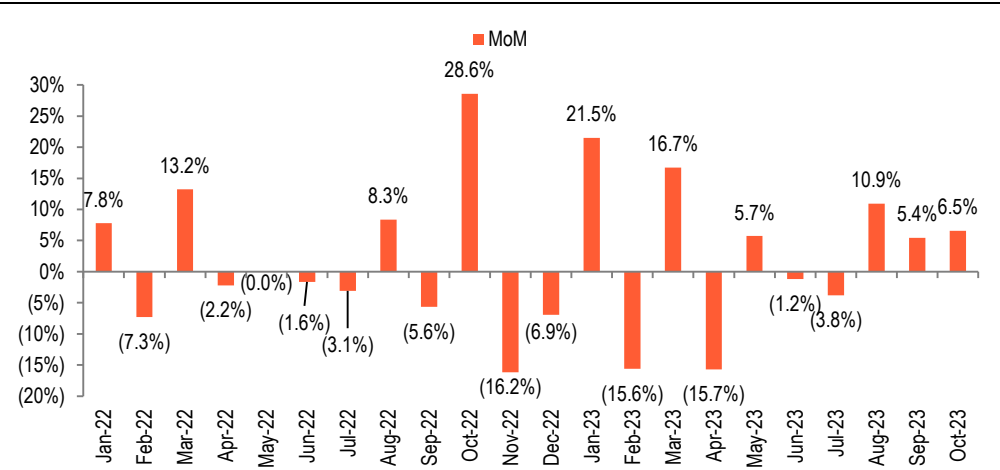
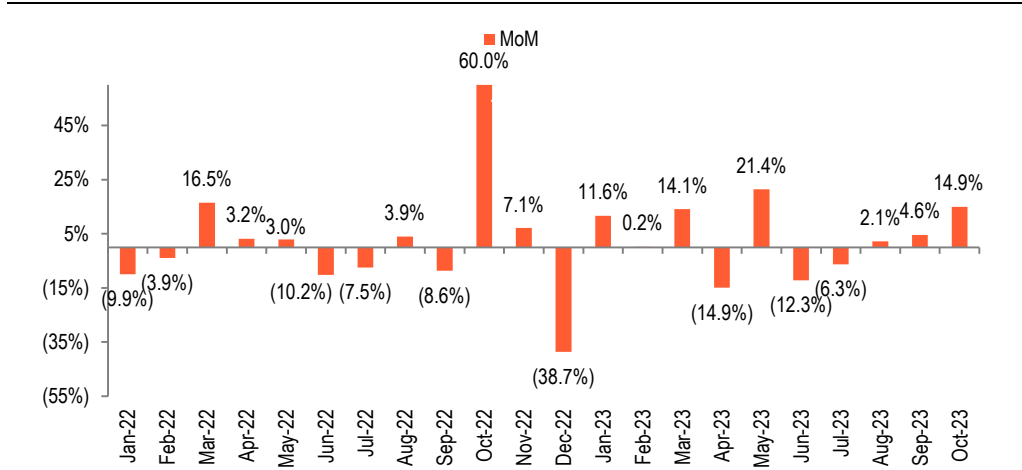


Fig 13 – Pick up in retail passenger vehicle sales



Source: FADA

Fig 14 – Double digit growth in two-wheeler sales



Credit deployment of personal loans

Fig 15 – Growth in credit card loan remains steady

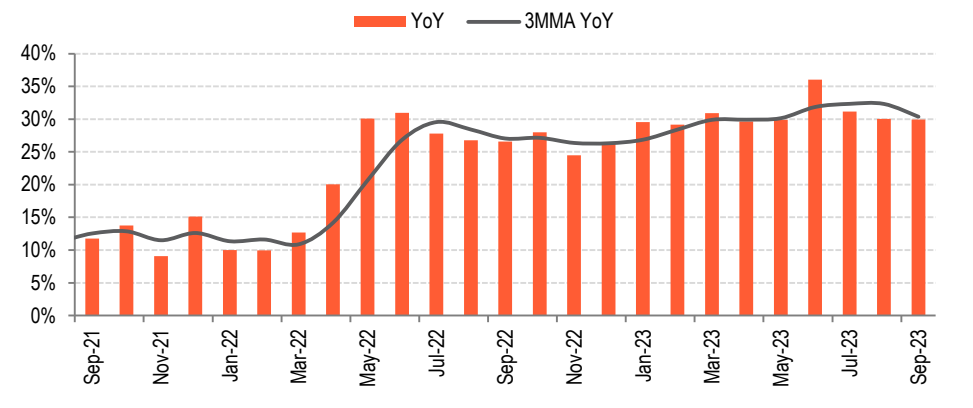


Fig 16 – Steady growth in personal loan

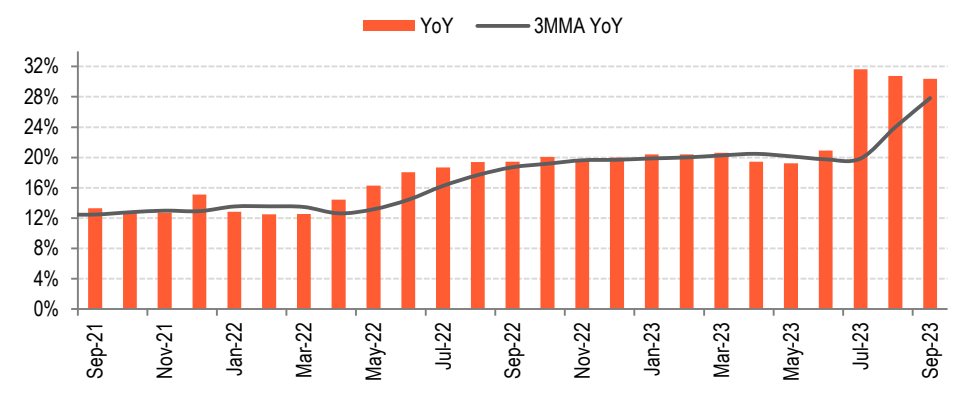


Fig 17 – Vehicle loans growth inched up in Sep'23

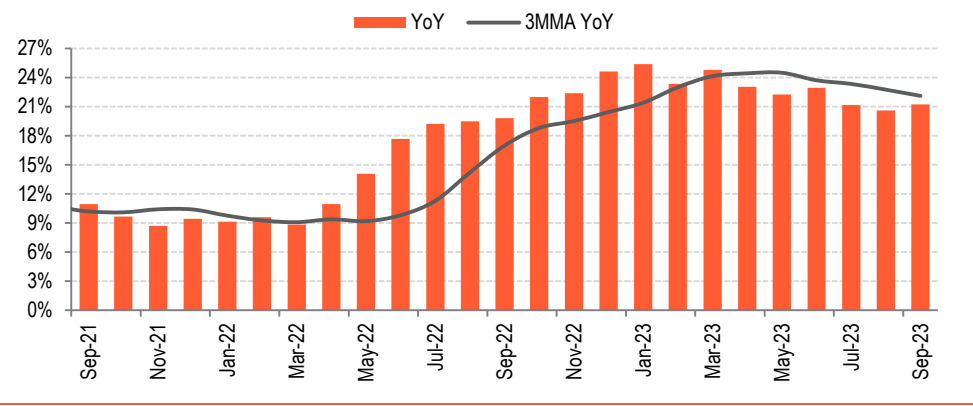
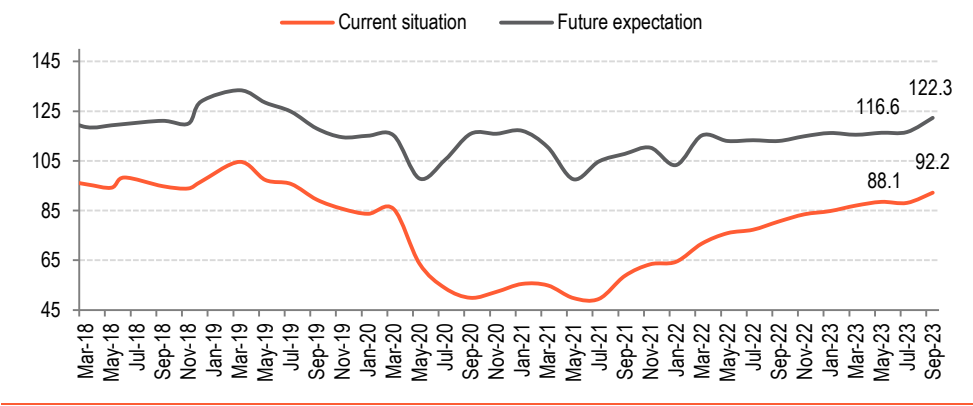
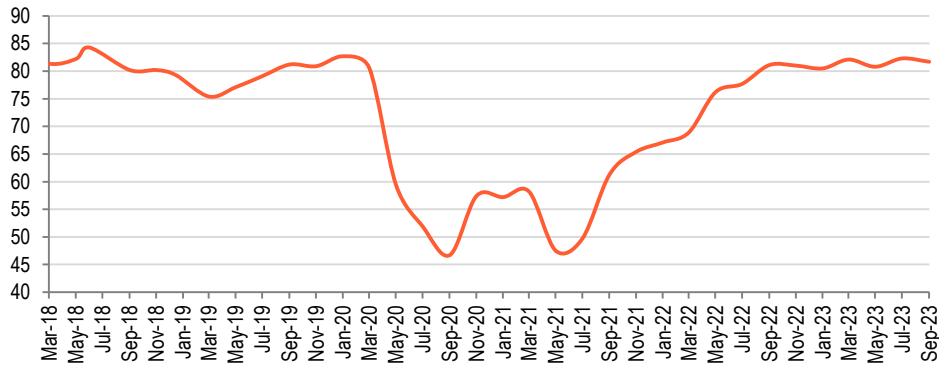


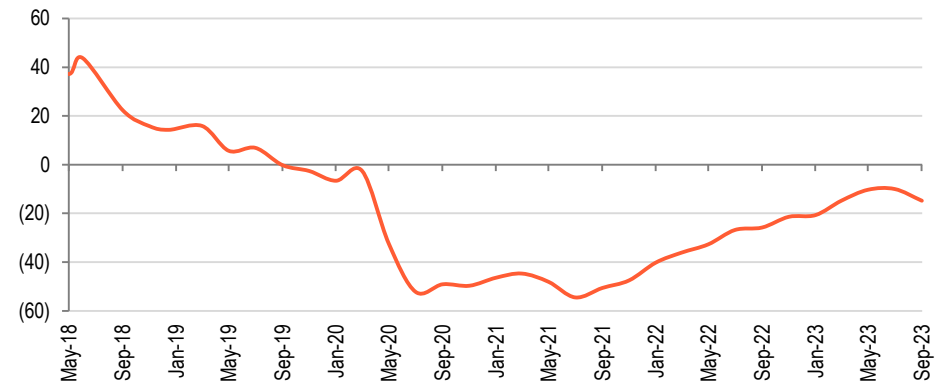
Fig 18 – Consumer's turn optimistic



**Fig 19 – RBI’s essential spending dips**

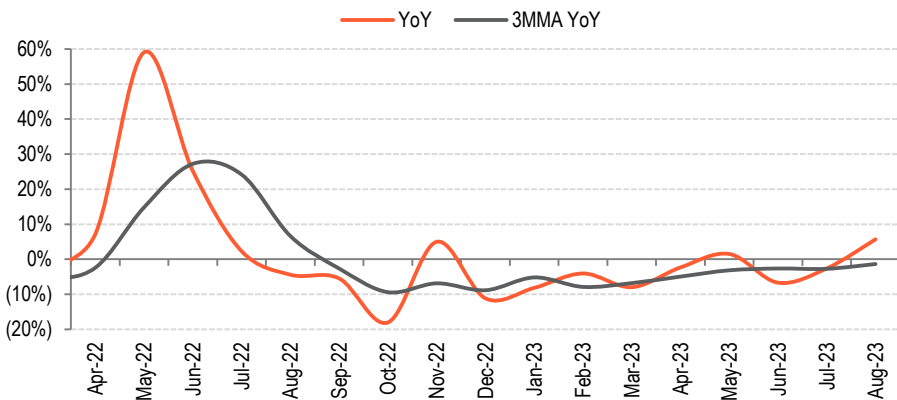


**Fig 20 – Non-essential spending continues to moderate**

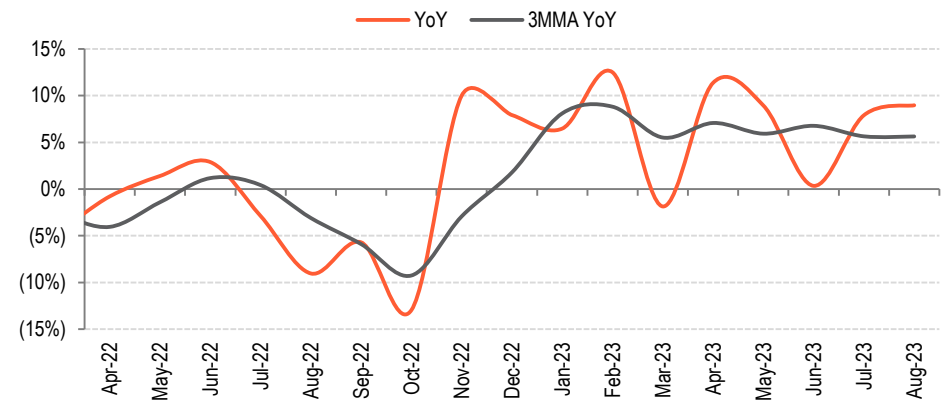


**Consumer durables & non-durables production**

**Fig 21 – Growth in consumer durables scales up**



**Fig 22 – Steady pick up in FMCG output**





Agriculture

Fig 23 – Agriculture growth steady in Q1FY24

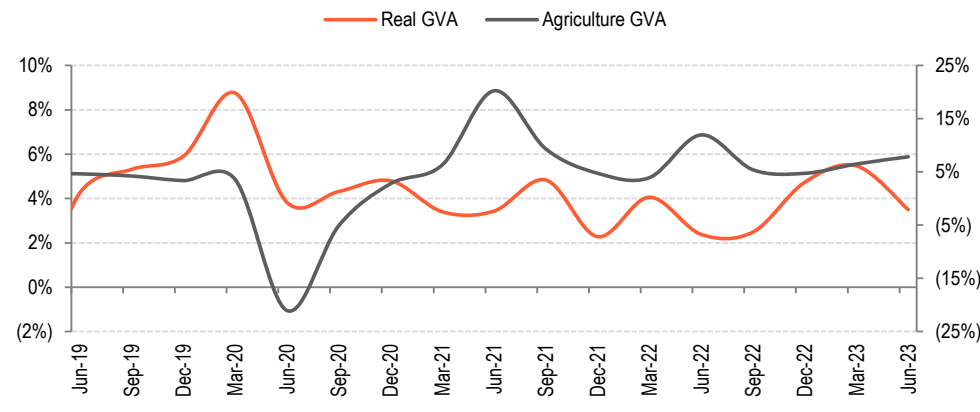
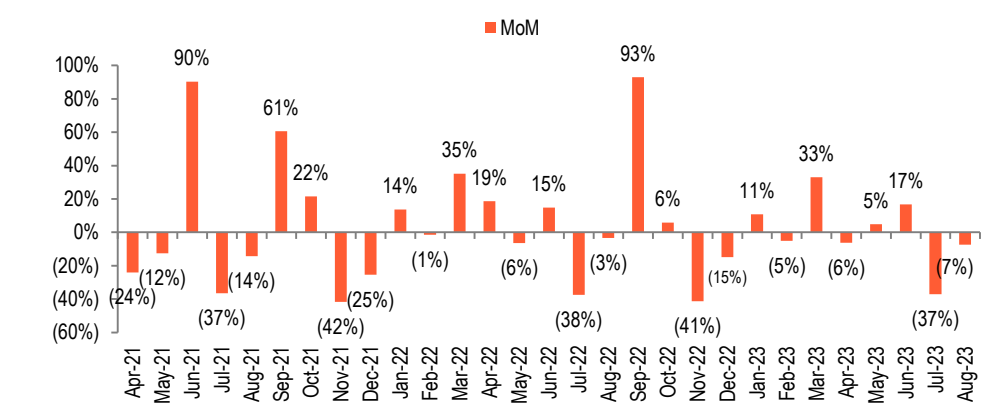


Fig 24 – Growth in tractor sales improves marginally



Note: Tractor sales including exports

Fig 25 – Growth in agriculture credit steady

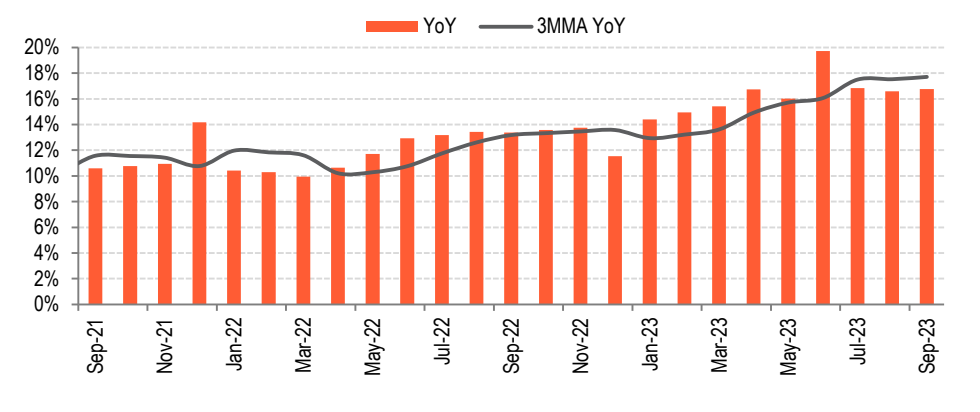
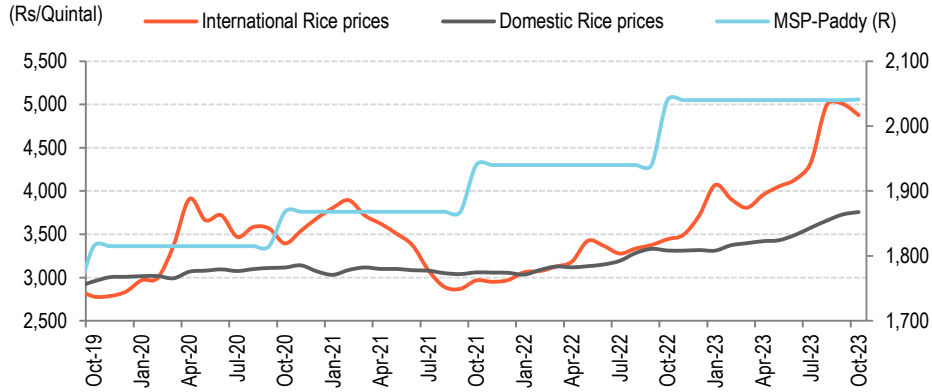


Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	57.59
2022-23	18.8	56.9
2023-24	26.2*	

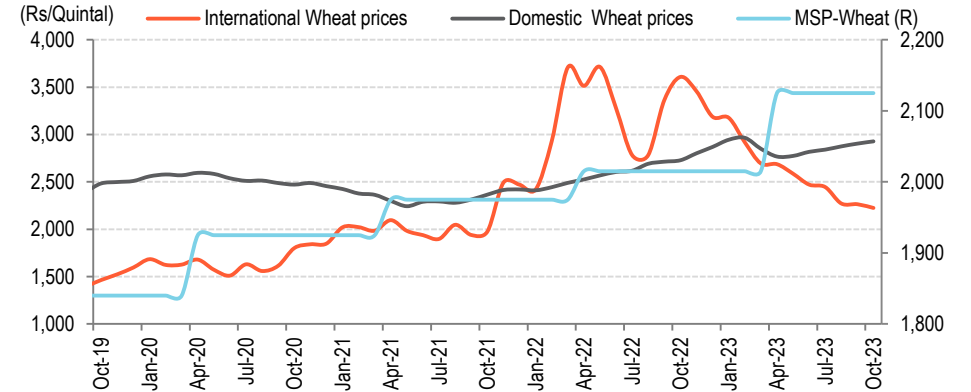
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 30 Aug 2023

**Fig 27 – International rice price dips; Domestic price inches up**



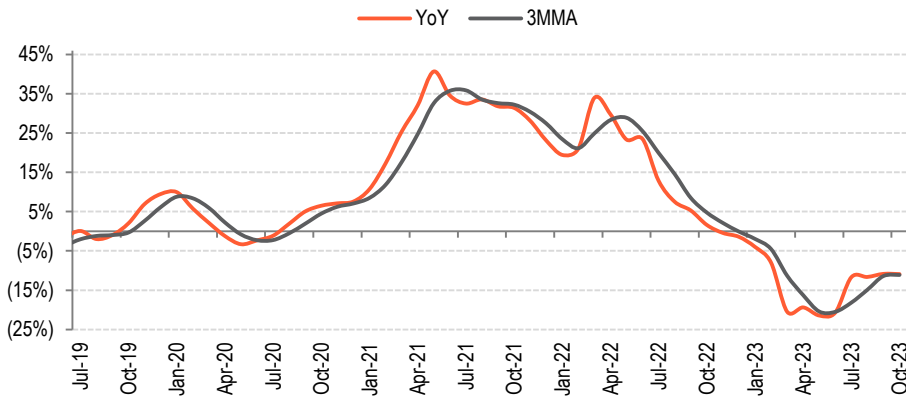
Source: World Bank

**Fig 28 – International wheat prices dips: Domestic price edges up**



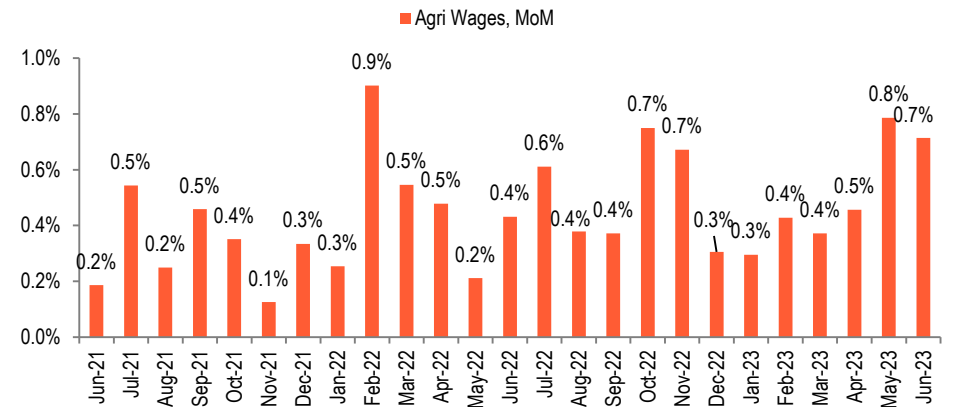
Source: World Bank

**Fig 29 – Global food prices decline at a slower pace**



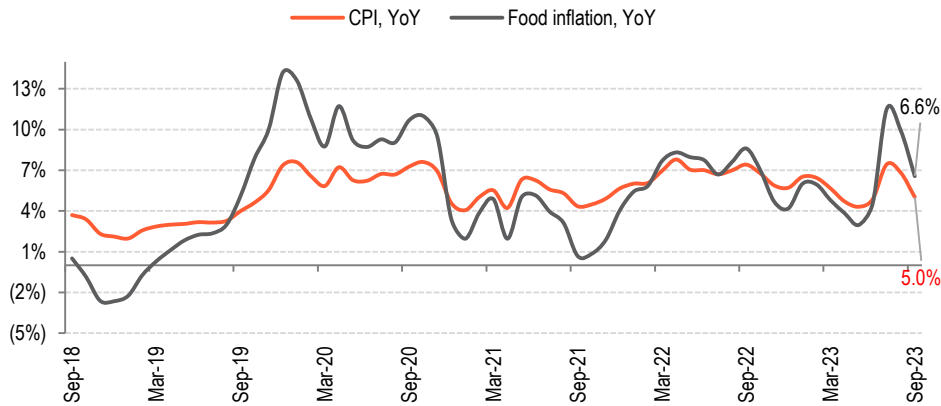
Source: FAO

**Fig 30 – Wage growth (men) steady**

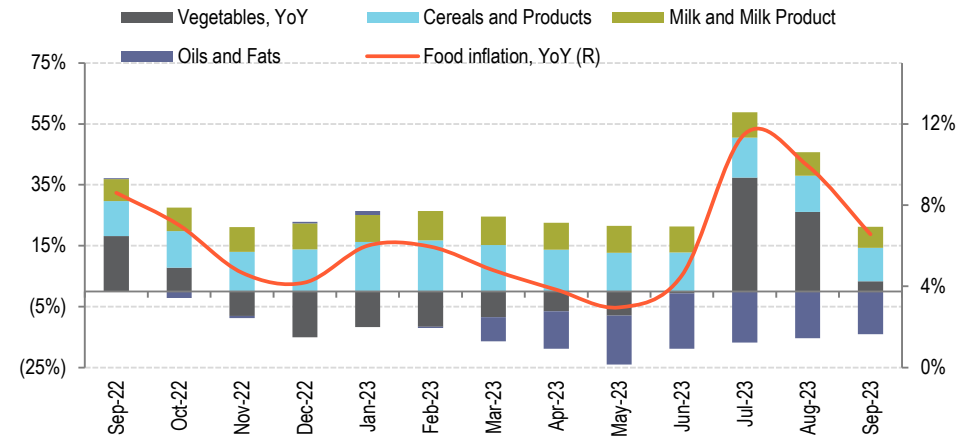


## Inflation

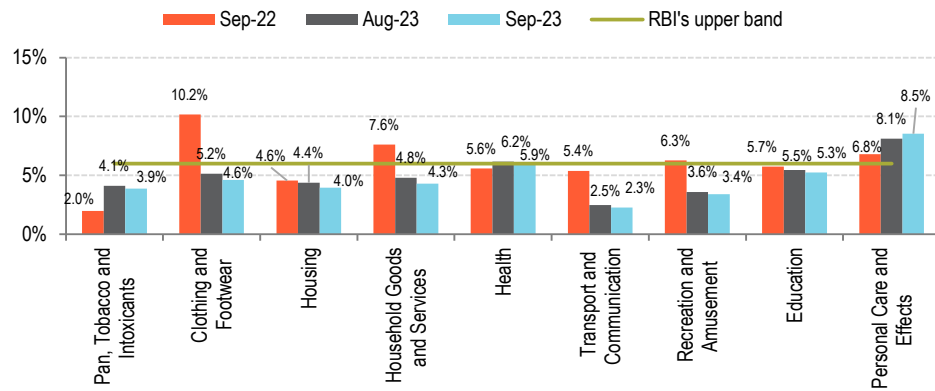
**Fig 31 – Headline CPI moderated to 5% in Sep’23 from 6.8% in Aug’23, dragged down by food inflation (337bps decrease)**



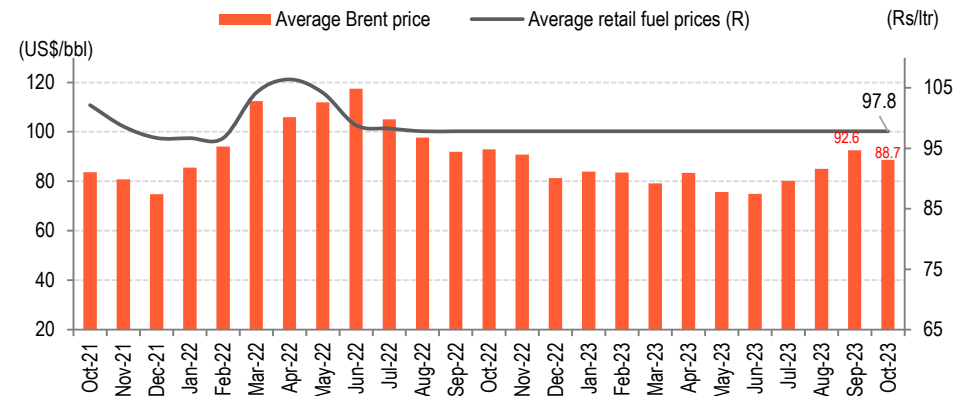
**Fig 32 – ...This was led by considerable moderation in vegetable inflation**



**Fig 33 – Core inflation and its sub-components continued to moderate**



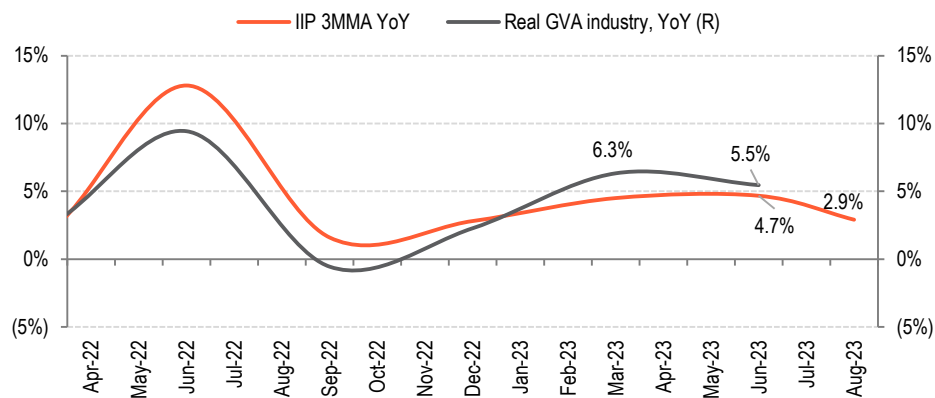
**Fig 34 – Domestic retail price was stable at Rs 98/lt, international crude price also edged down to US\$ 88.7/bbl in Oct’23 from US\$ 92.6/bbl in Sep’23**



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

## Industry

Fig 35 – IIP growth to improve in Q2



Note: Aug'23 data is average of Jul-Aug'23 on YoY basis

Fig 36 – Sectorwise growth lower in FYTD'24

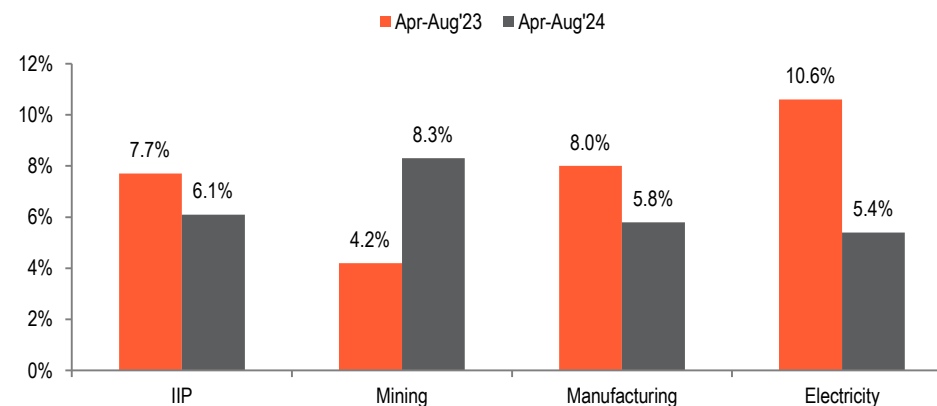
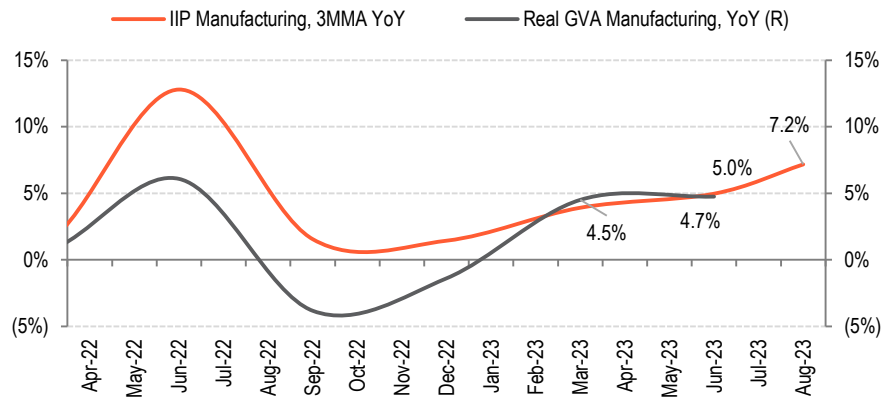


Fig 37 – IIP growth expands in Aug'23

Sectoral (%)	Weight	Aug-23	Jul-23	Aug-22	Apr-Aug'23	Apr-Aug'24
IIP	100.0	10.3	6.0	(0.7)	7.7	6.1
Mining	14.4	12.3	10.7	(3.9)	4.2	8.3
Manufacturing	77.6	9.3	4.6	(0.5)	8.0	5.8
Electricity	8.0	15.3	8.0	1.4	10.6	5.4
<b>Use-Based</b>						
Primary Goods	34.1	12.4	7.6	1.7	9.1	6.1
Capital Goods	8.2	12.6	4.6	4.3	18.4	6.3
Intermediate Goods	17.2	6.5	1.9	1.3	7.8	3.7
Infrastructure and Construction Goods	12.3	14.9	11.4	3.0	7.7	13.3
Consumer Durables Goods	12.8	5.7	(2.7)	(4.4)	14.0	(1.0)
Consumer Non-Durables Goods	15.3	9.0	7.4	(9.0)	(1.8)	7.4

## Manufacturing

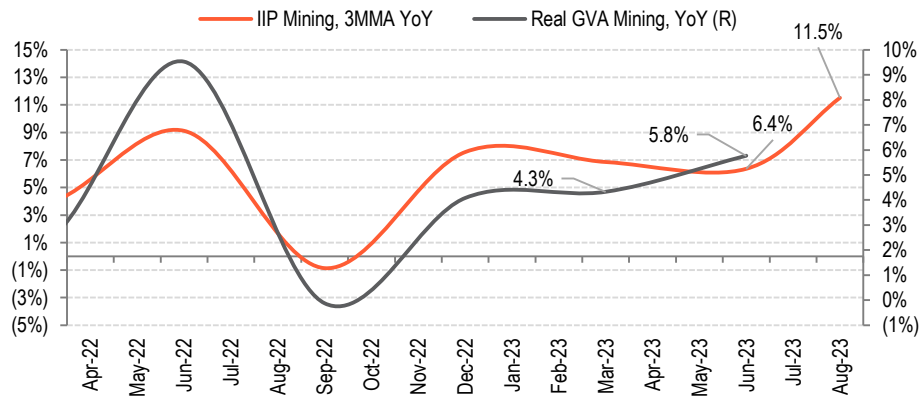
Fig 38 – Manufacturing growth edges upwards



Note: Aug'23 data is average of Jul-Aug'23 on YoY basis

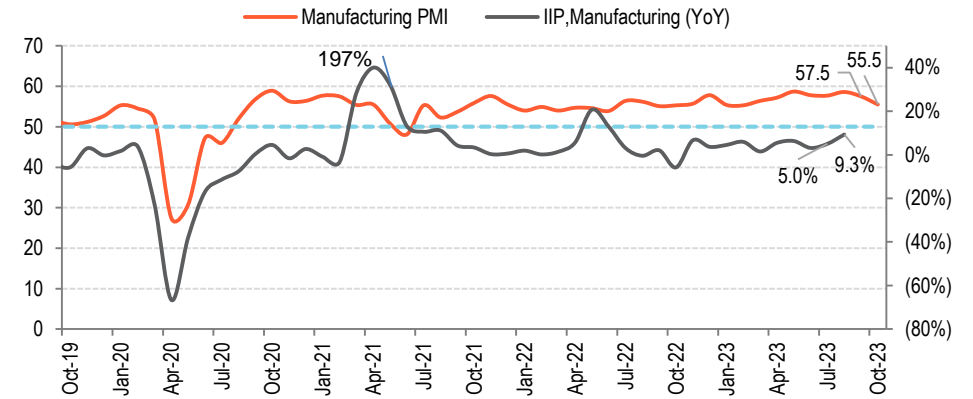
## Mining & Electricity

Fig 40 – Growth in mining activity improves



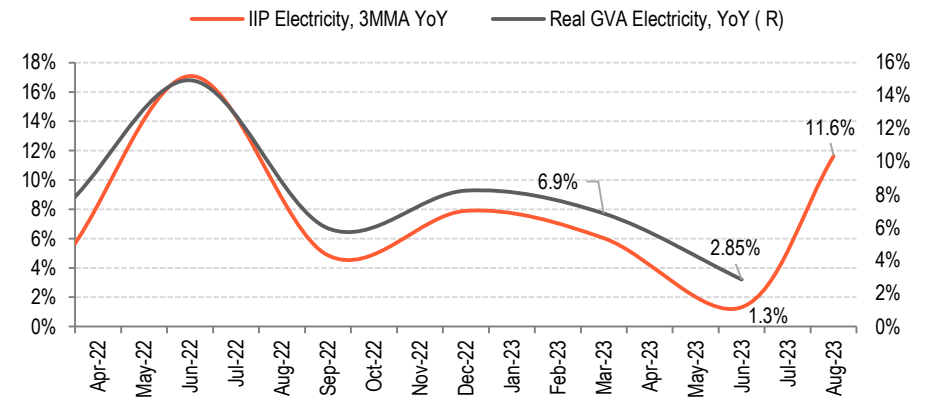
Note: Aug'23 data is average of Jul-Aug'23 on YoY basis

Fig 39 – Manufacturing PMI eases in Oct'23



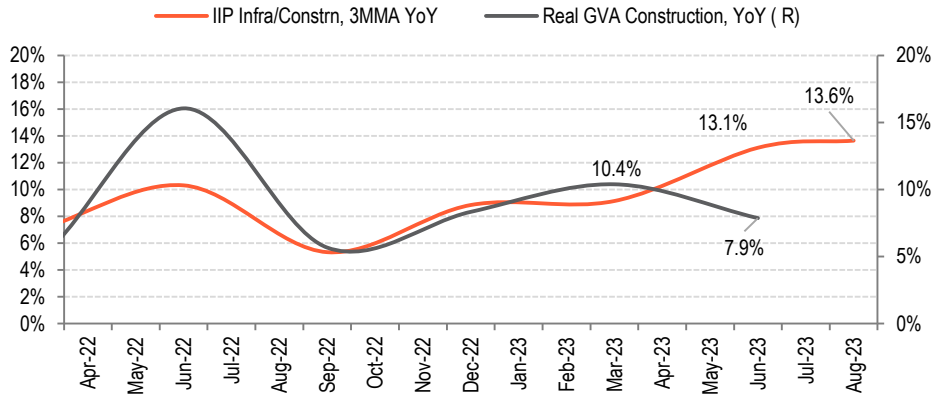
Source: Markit

Fig 41 – Growth in Q2 to be higher



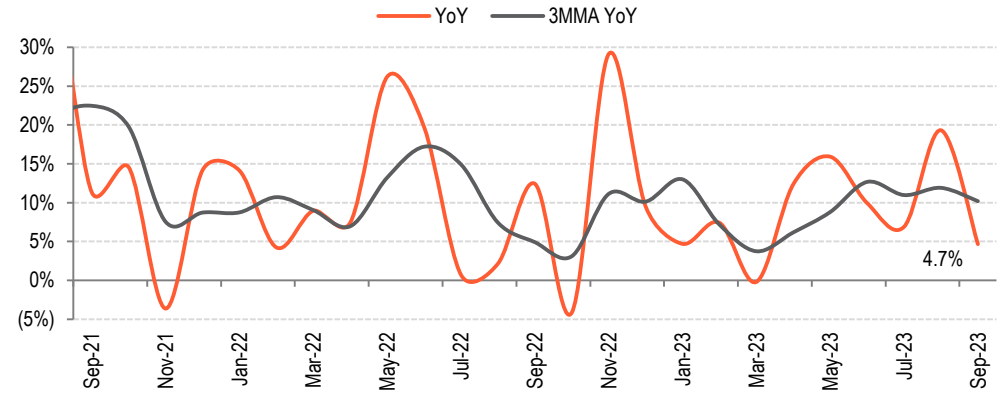
Infrastructure and construction

Fig 42 – Growth in construction sector output expected to improve



Note: Aug'23 data is average of Jul-Aug'23 on YoY basis

Fig 43 – Moderation in cement production



Infrastructure index

Fig 44 – Growth in infrastructure index moderates

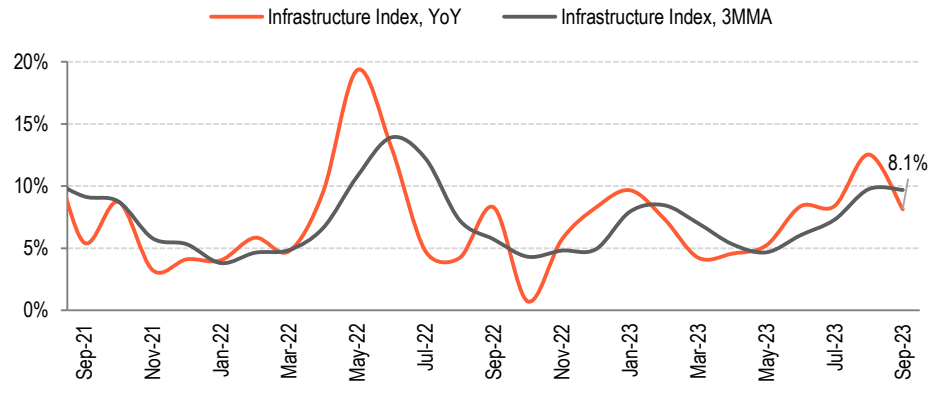
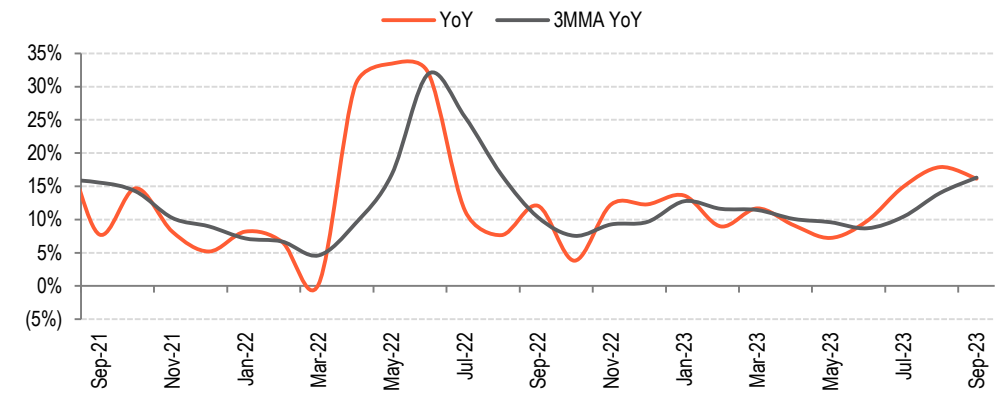


Fig 45 – Coal output slips



Auto production & business expectation index

Fig 46 – Auto production dips

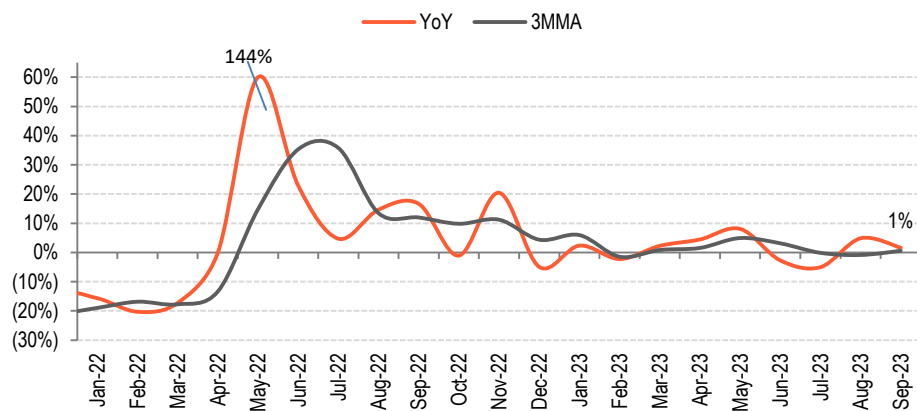


Fig 47 – Business sentiment rises

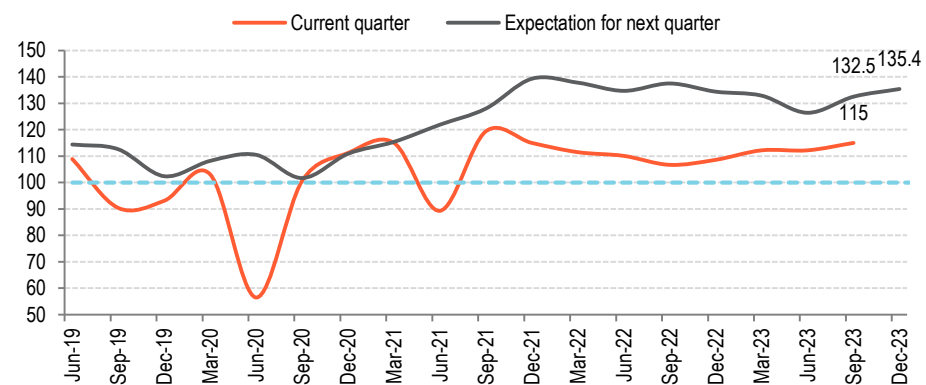
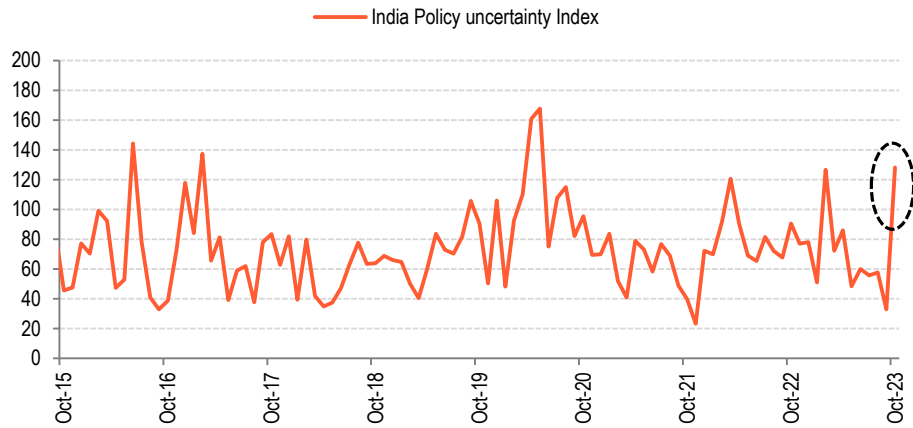


Fig 48 – Growth in Infrastructure index eases

(%)	Weight	Sep-23	Aug-23	Sep-22	Apr-Sep'23	Apr-Sep'24
Infrastructure Index	100	8.1	12.5	8.3	9.8	7.8
Coal	10.3	16.1	17.9	12.1	21.0	12.2
Crude Oil	9.0	(0.4)	2.1	(2.3)	(1.3)	(0.4)
Natural Gas	6.9	6.5	10.0	(1.7)	1.8	4.3
Petroleum Refinery Products	28.0	5.5	9.5	6.6	10.1	4.0
Fertilizers	2.6	4.2	1.8	11.8	11.5	7.0
Steel	17.9	9.6	1.4	7.7	6.9	14.2
Cement	5.4	4.7	19.3	12.4	11.0	11.5
Electricity	19.9	9.3	15.3	11.6	10.8	6.0

Investment

Fig 49 – Policy uncertainty index in India has risen in Oct'23



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

Fig 51 – Capital goods production inched up to 12.6% in Aug'23 from 4.6% in Jul'23

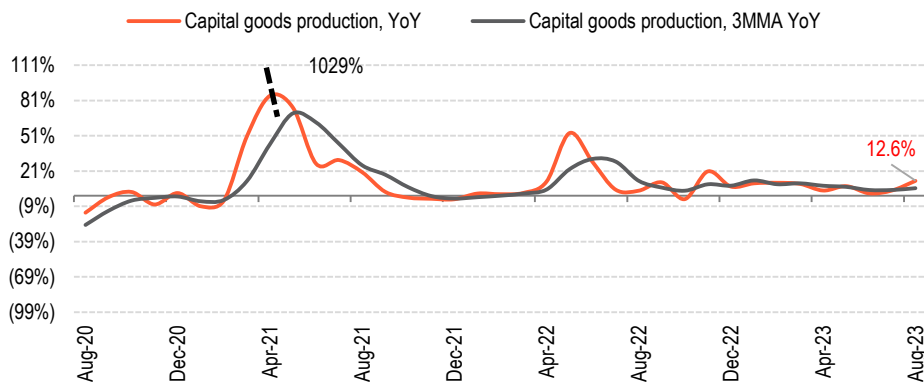
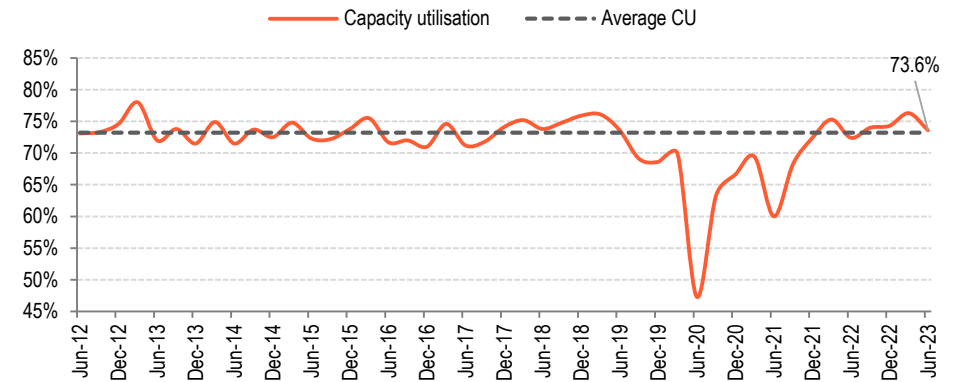
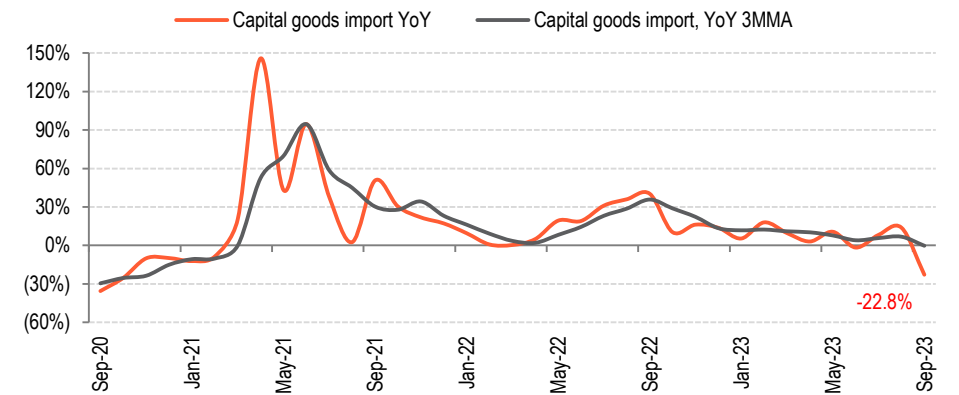


Fig 50 – Capacity utilisation moderated in Jun'23



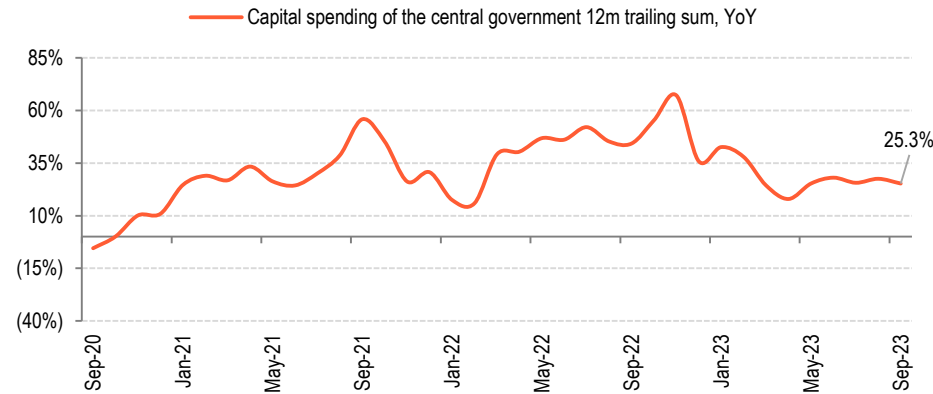
Source: [policyuncertainty.com](https://www.policyuncertainty.com)

Fig 52 – Capital goods imports fell by 22.8% in Sep'23 from 13.9% increase seen in Aug'23, on account of unfavourable base

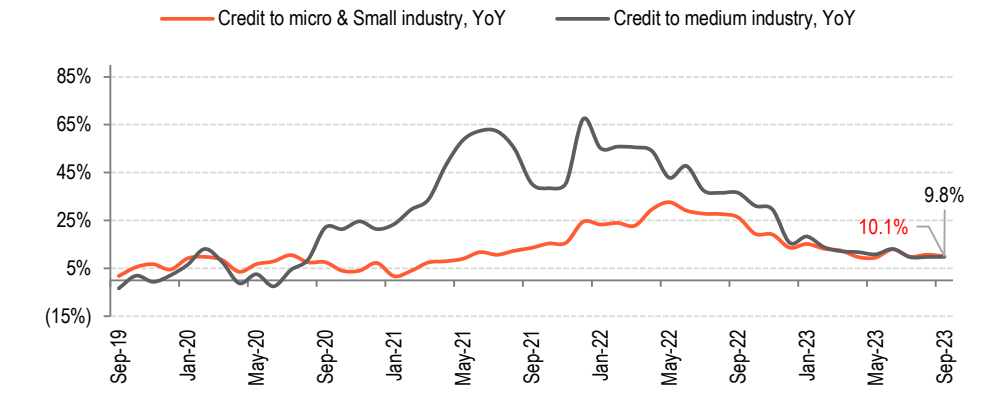




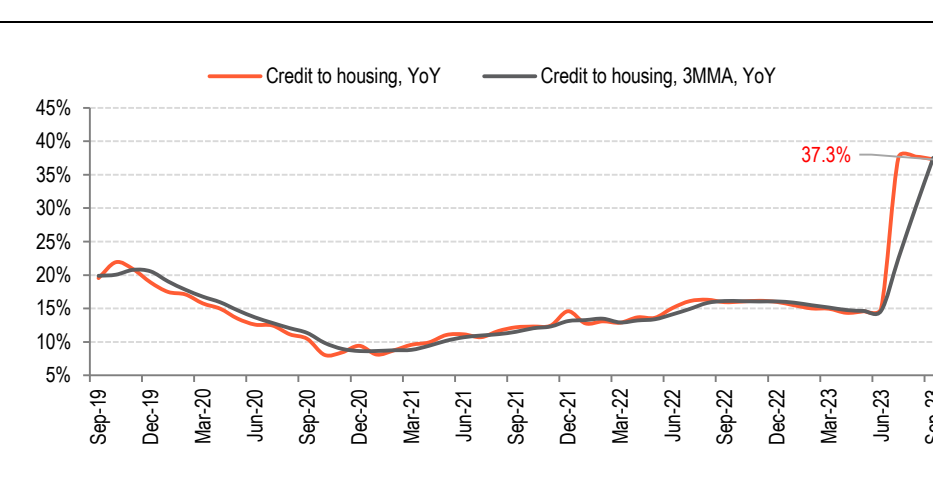
**Fig 53 – Centre’s capex spending noted growth of 25.3% in Sep’23 from 27.5% in Aug’23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24**



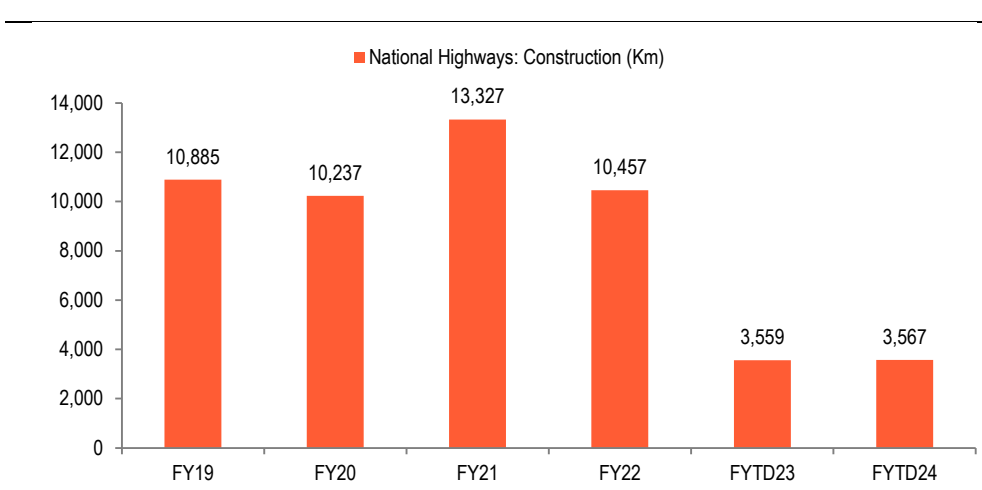
**Fig 54 – Credit to micro and small industry was at 10.1% in Sep’23 from 10.7% in Aug’23, for medium industry, it was stable at 9.8%**



**Fig 55 – Credit to housing sector maintained its momentum of 37.3% in Sep’23**



**Fig 56 – Highway construction is gaining pace**



Services sector

Fig 57 – GVA: Services activity picked up pace in Q1FY24 despite high base

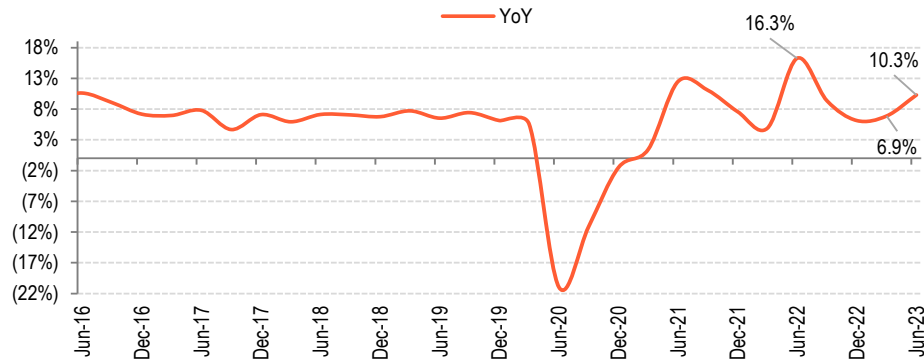
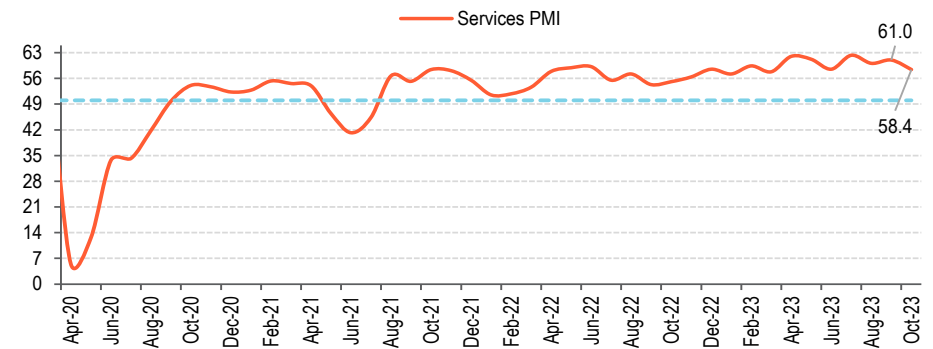


Fig 58 – At the start of Q3FY23, services PMI eased to 58.4 (Oct'23) and is currently below Q2FY24 average of 61.1



Source: Markit

Fig 59 – GVA: Trade & related services activity too moderated in Q4, as also indicated by trend in states' tax revenue growth

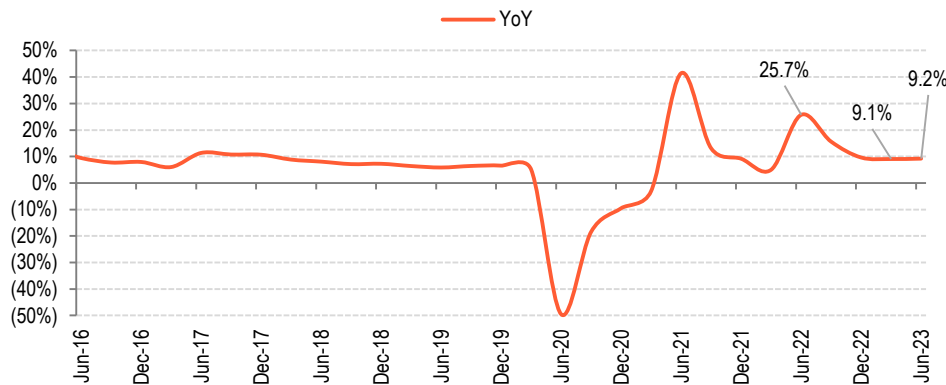
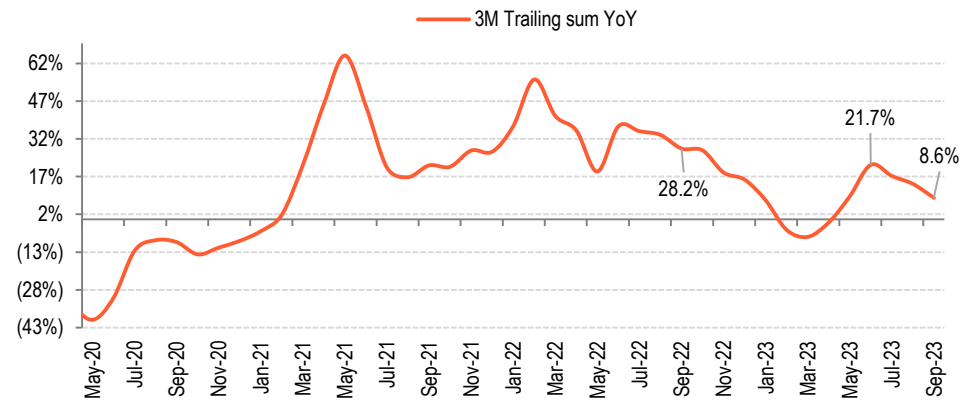


Fig 60 – States\*\* tax revenue growth ended Q2FY24 on a weaker note



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

Trade

Fig 61 – Vehicle registration growth seen easing in Oct’23, mainly owing to base effect

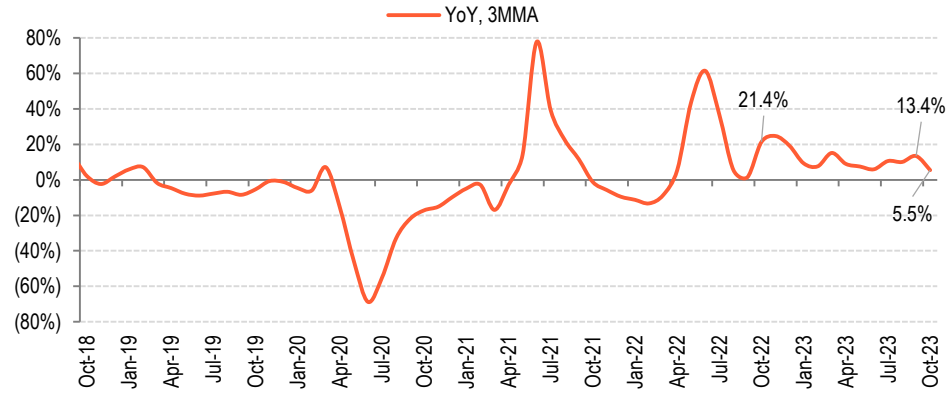


Fig 62 – Diesel consumption inched up in Oct’23, with the onset of festive season

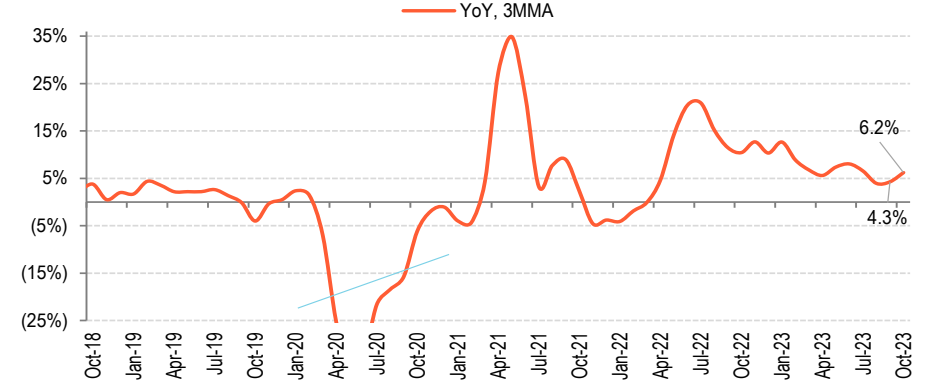


Fig 63 – Railway freight traffic growth in Oct’23 (7.2%), higher than Q2 (4.8%) levels

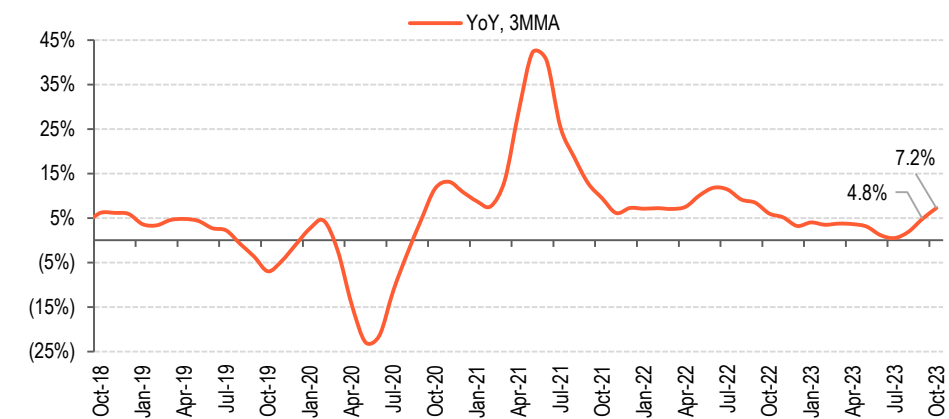


Fig 64 – Port cargo traffic also picking up pace

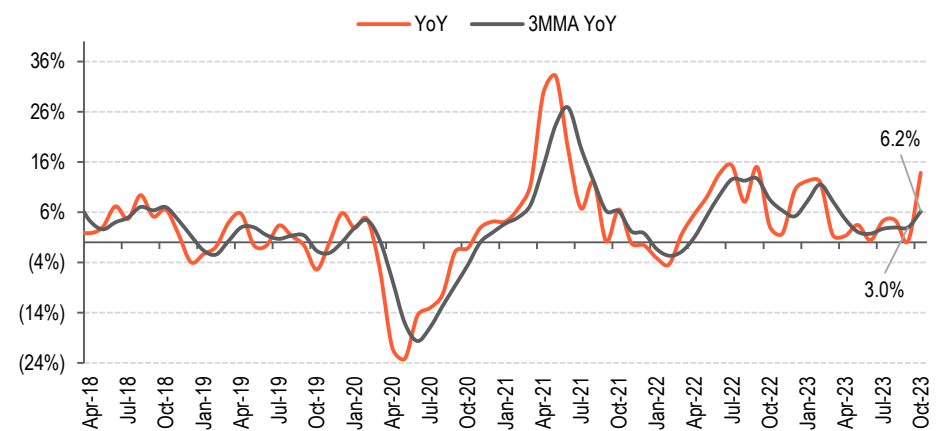


Fig 65 – Toll collections growth rose in Oct'23

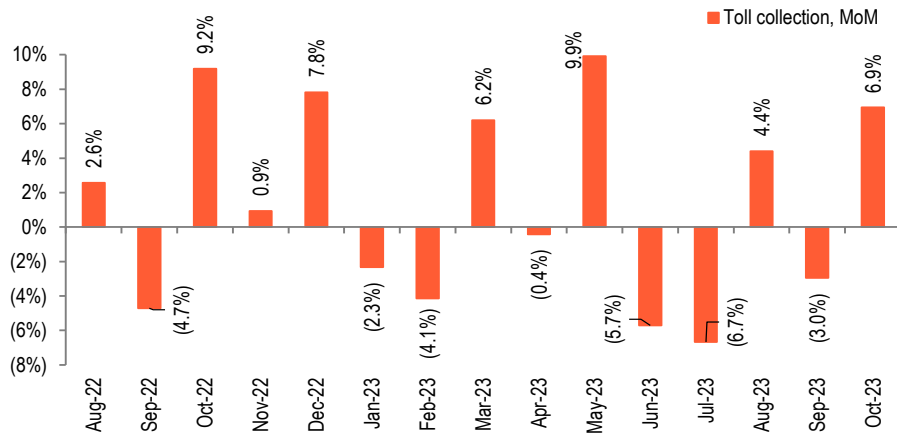
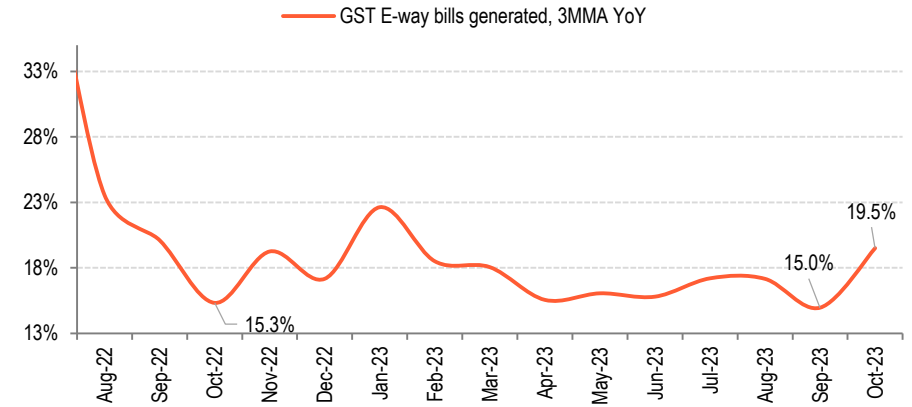


Fig 66 – Growth in E-way bills gaining momentum



Hotels and communications

Fig 67 – Airline passenger traffic has surpassed pre-pandemic levels...

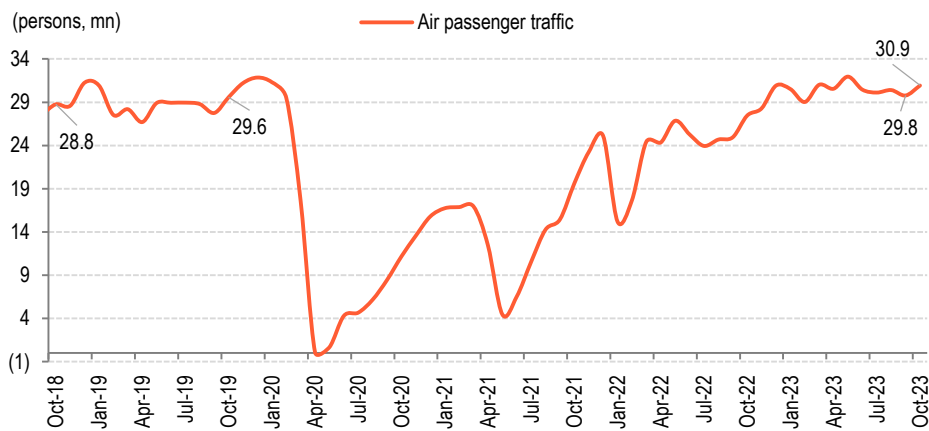


Fig 68 – ...led by domestic passenger traffic

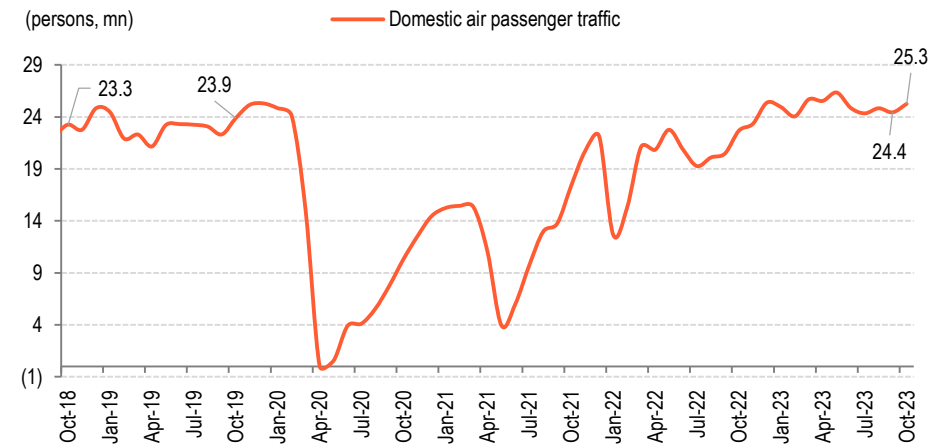


Fig 69 – Railway passenger traffic fell in Sep'23

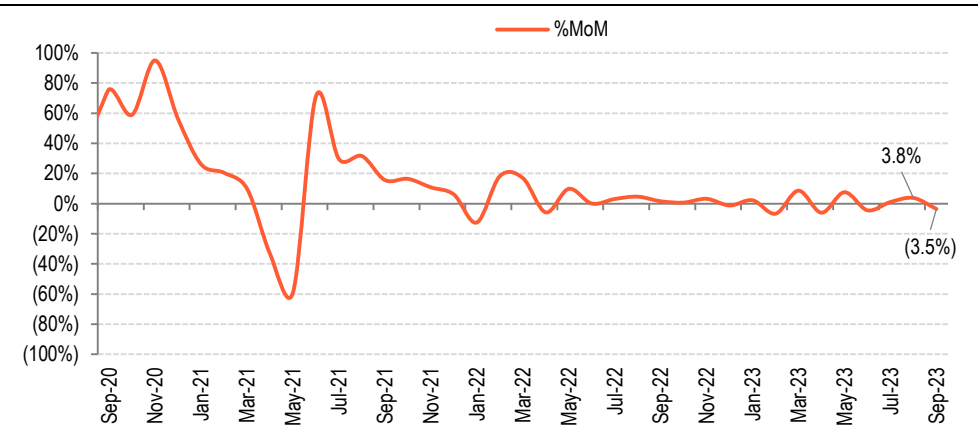
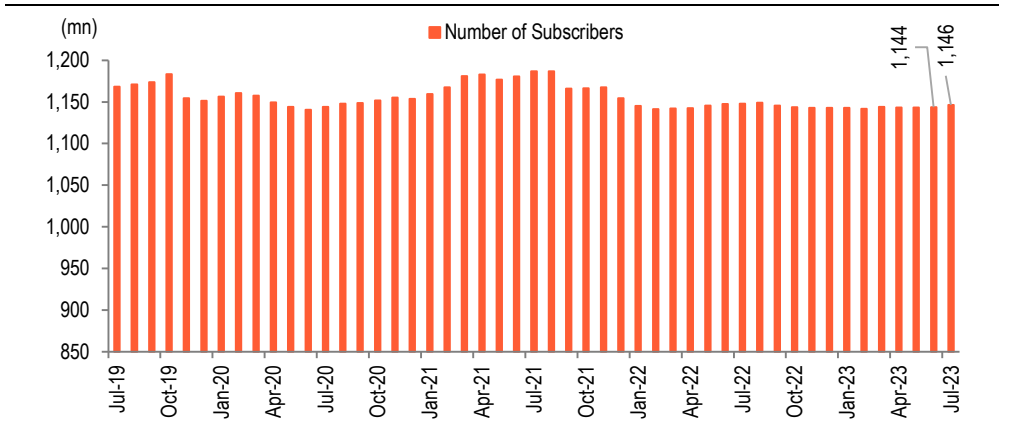


Fig 70 – Number of telecom subscribers rose by 2.7mn in Jul'23; compared with 0.3mn subscribers lost in Q1FY24



Finance and real estate

Fig 71 – Growth in GVA: Finance, real estate & prof. supported growth further in Q1

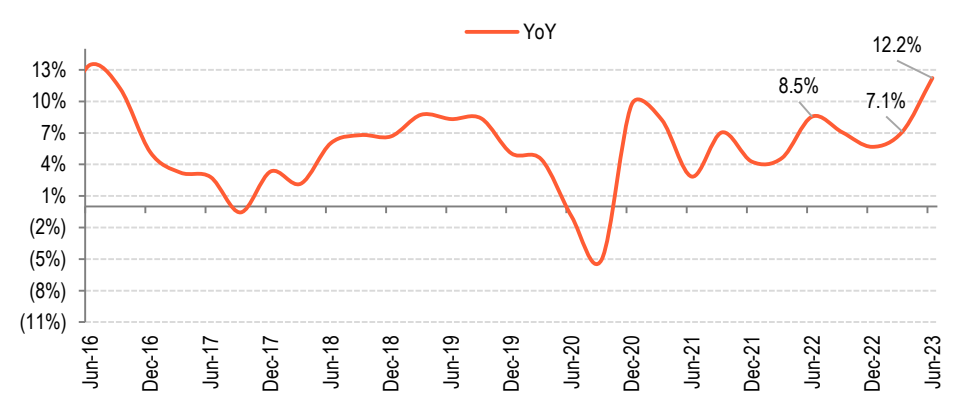
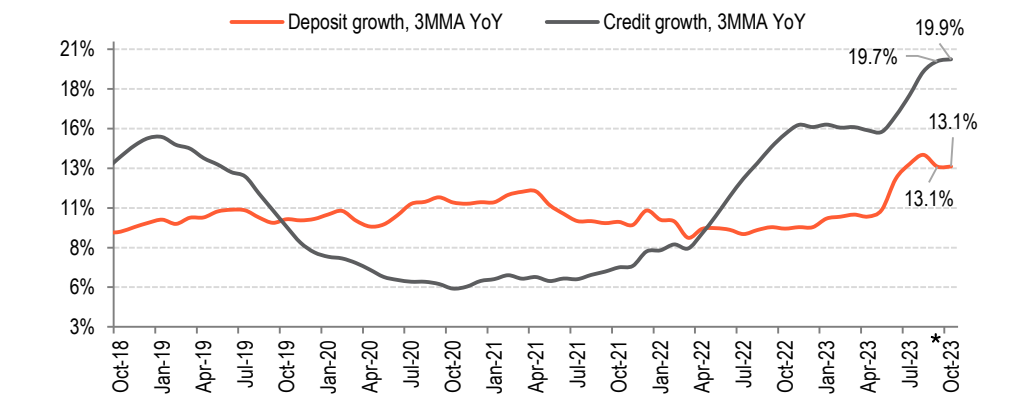
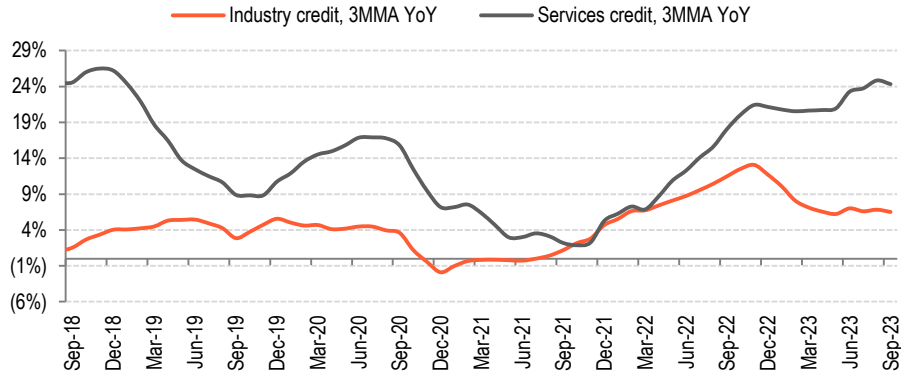


Fig 72 – Credit growth surged further in Oct'23; deposit growth stable

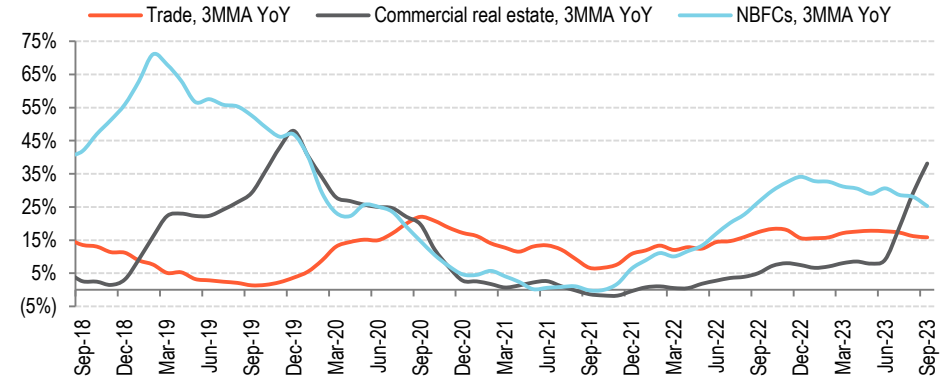


\*Data as of 20 oct 2023

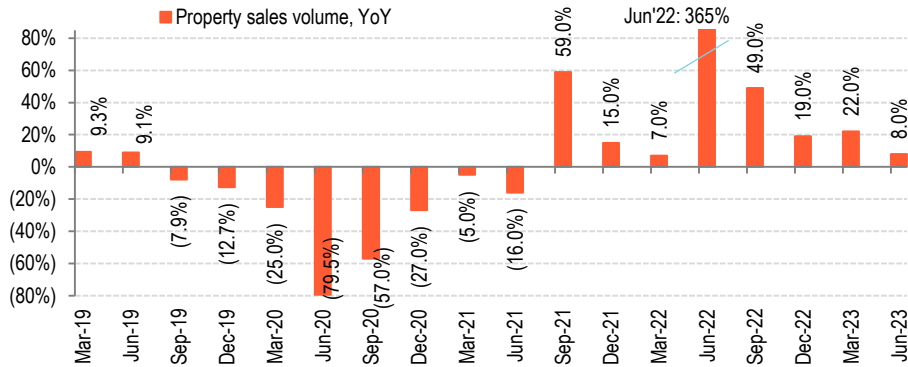
**Fig 73 – Credit to services services sector improved in Q2FY24 versus Q1, while to industry it slowed**



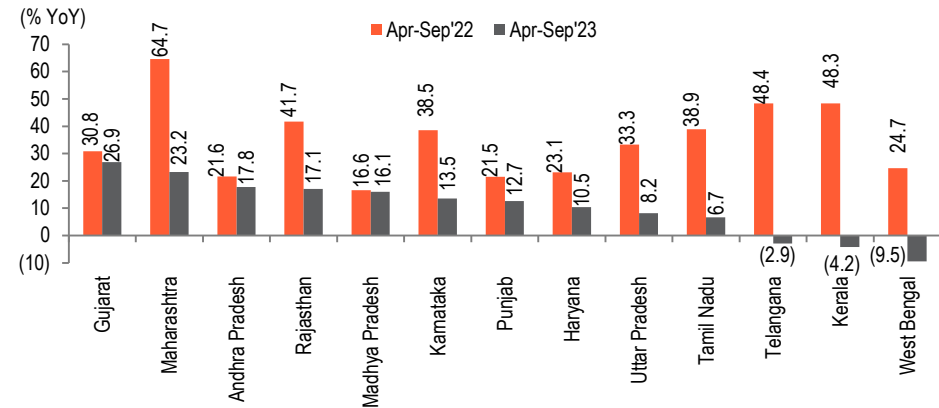
**Fig 74 – Within services, credit to commercial real estate seen rebounding, credit to trade and credit to NBFCs softening**



**Fig 75 – Property sales volumes in Q1FY24 slowed, on QoQ basis also declined by (-) 7%**



**Fig 76 – Stamp duty collections of states like Gujarat, AP, MP, continue to maintain momentum, while that of Telangana, Kerala and Bengal sees a decline in H1FY24**



Source: Proptiger

Labour market

Fig 77 – Naukri job index dipped again in Oct'23

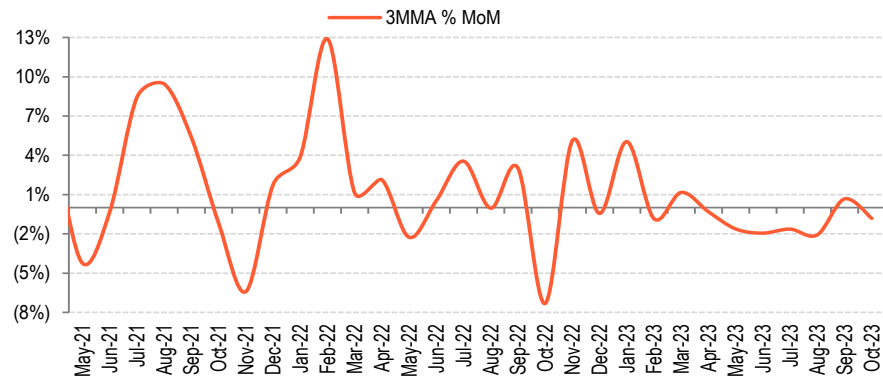
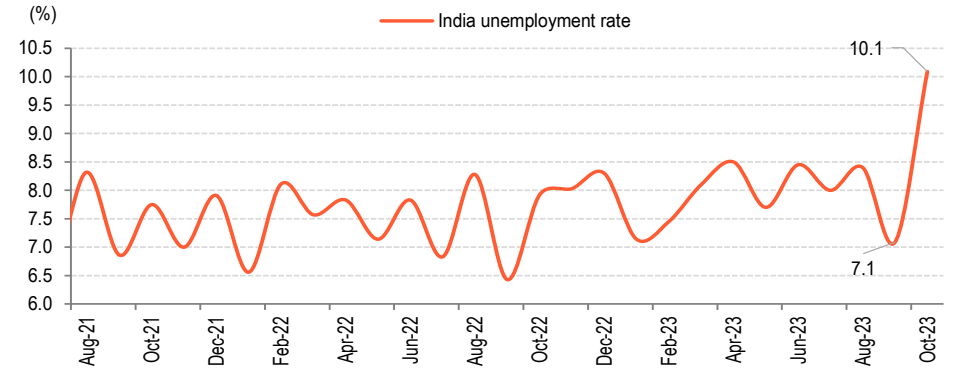


Fig 78 – Overall unemployment rate rose significantly to 10.1% in Oct'23 from 7.1% in Sep'23



Public administration

Fig 79 – Public admin & defence services also helped boost GDP growth in Q1

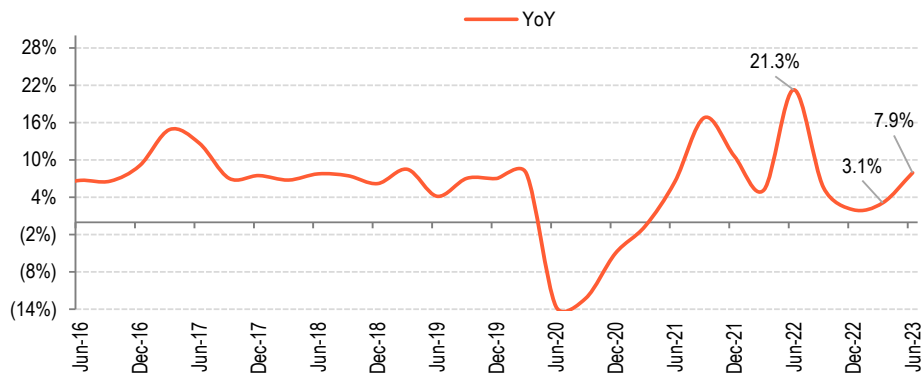


Fig 80 – General govt. spending slowed at the end of Q2FY24, but remains higher than Q1

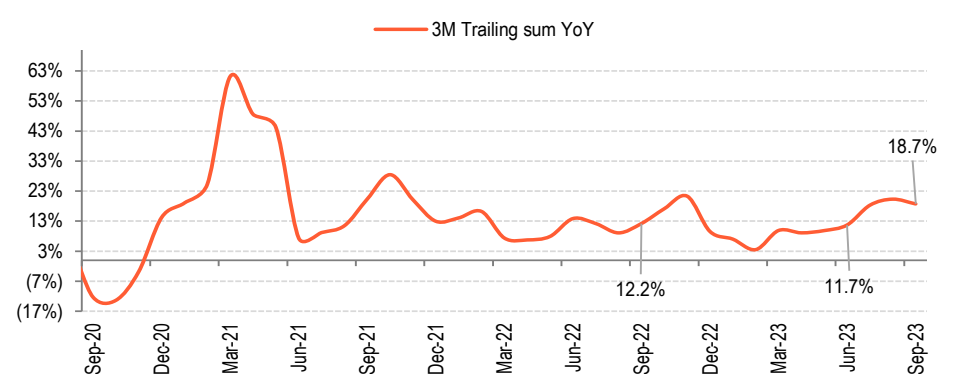


Fig 81 – ...mirroring the trend seen in central government spending

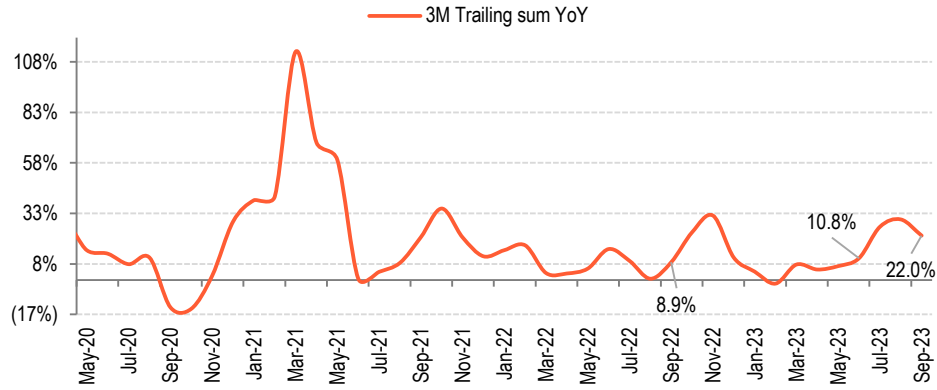
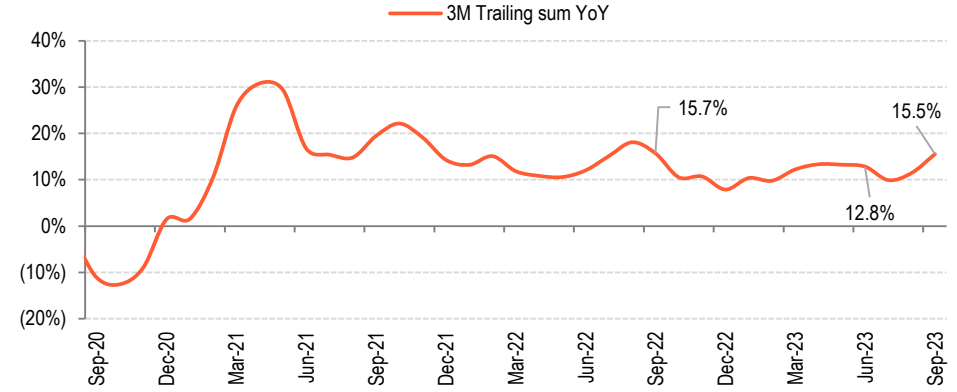


Fig 82 – State\* Govt. spending on the other hand is maintaining momentum



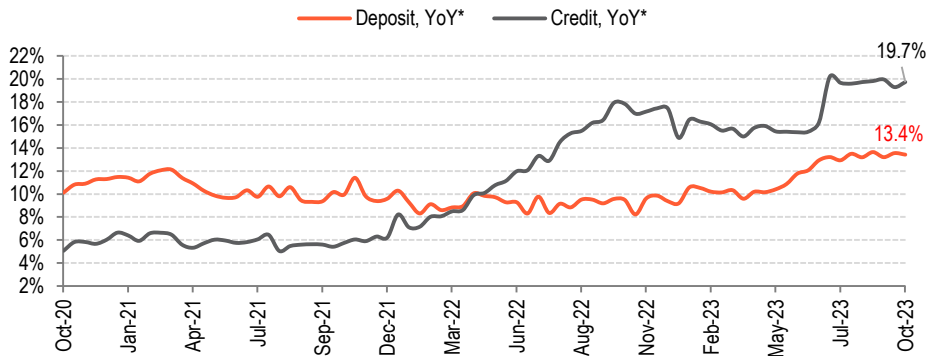
Note: \*All states excluding North Eastern states, Goa and J&K



## Financial sector

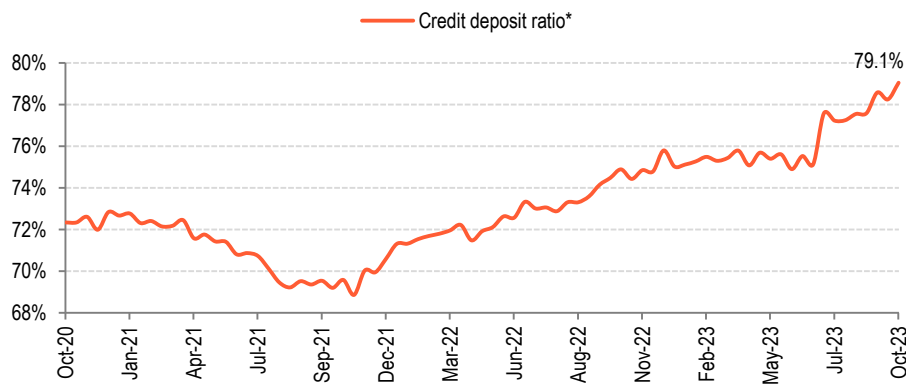
### Money and banking

**Fig 83 – Credit growth was at 19.7% in Oct'23\* from 20% in Sep'23 (incl. merger), deposit growth inched up to 13.4% from 13.2%**



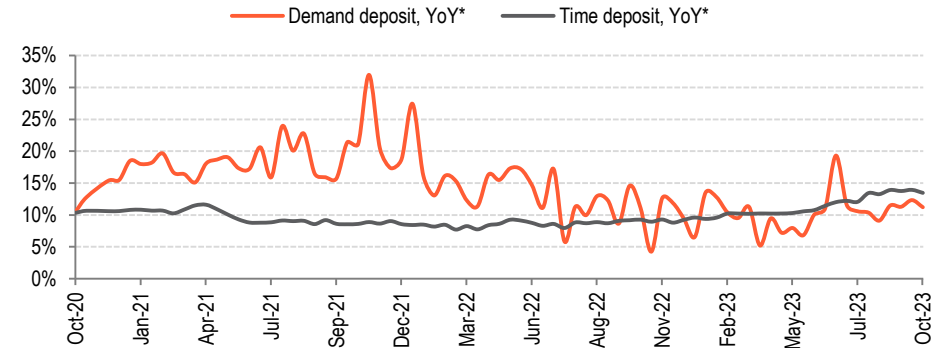
Note: \*Oct 23 implies fortnight as of 20 Oct 2023

**Fig 85 – CD ratio rose to 79.1%**



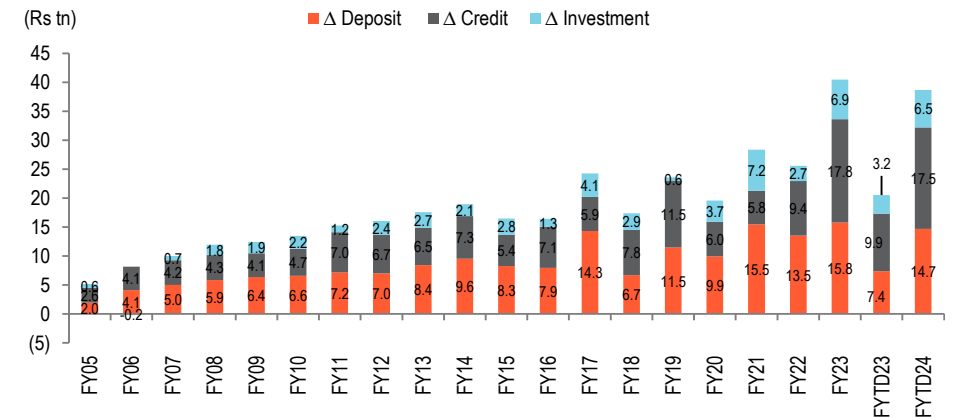
Note: \*Oct 23 implies fortnight as of 20 Oct 2023

**Fig 84 – ...Time deposits inched up, demand deposits inched down slightly**



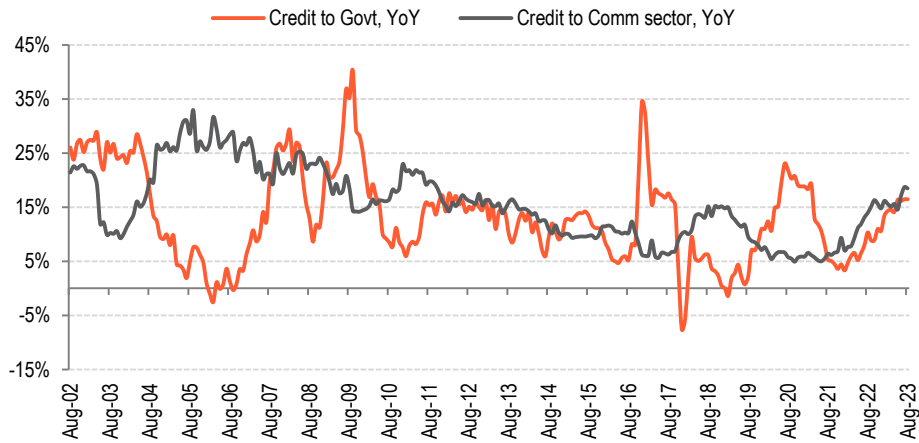
Note: \*Oct 23 implies fortnight as of 20 Oct 2023

**Fig 86 – Credit, deposit and investment accretion**

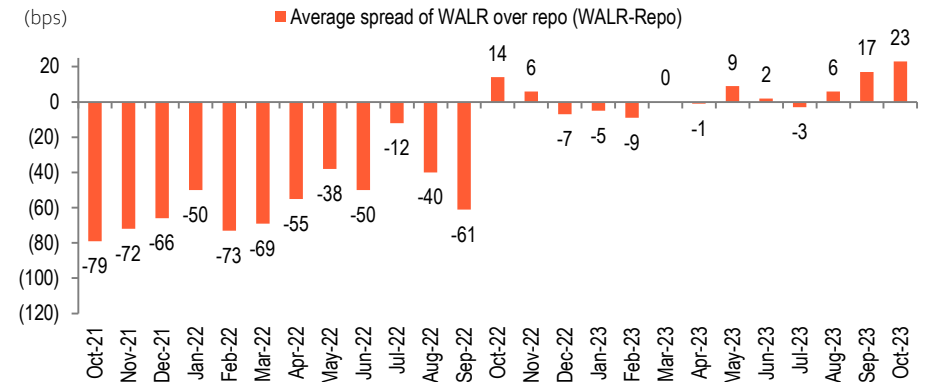


FYTD:Apr-Oct

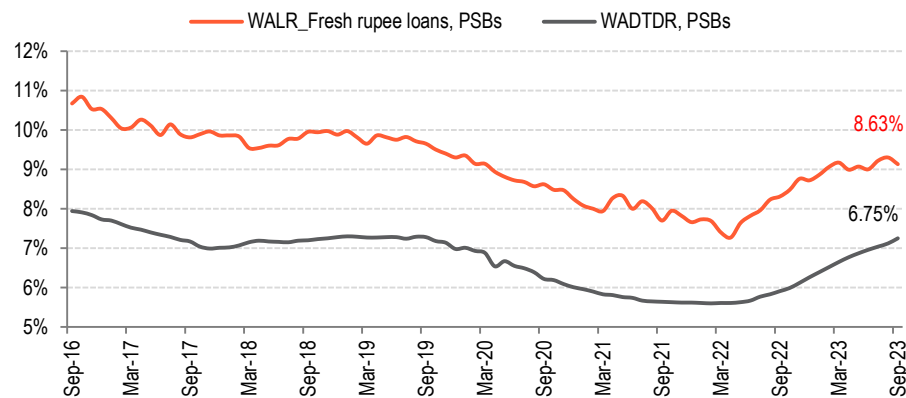
**Fig 87 – Credit to govt was stable at 16.5% in Aug'23, credit to commercial sector moderated to 17.9% from 18.1%**



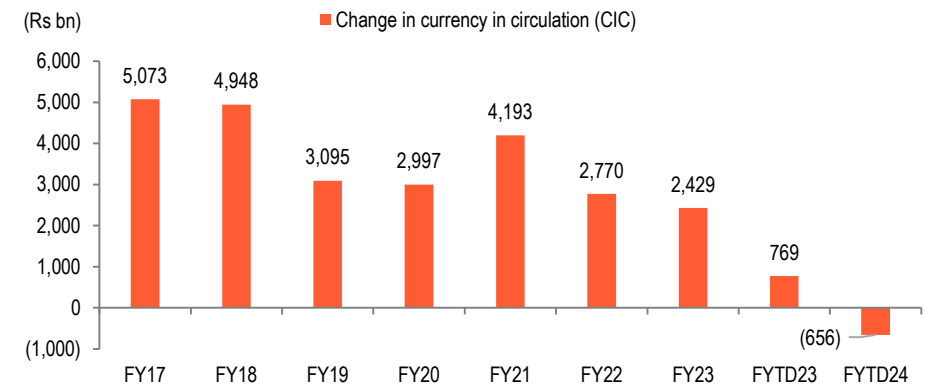
**Fig 88 – Gap between WALR and repo**



**Fig 89 – WALR moderated to 8.63% in Sep'23 from 8.80% in Aug'23, WADTDR rose to 6.75% from 6.62%**

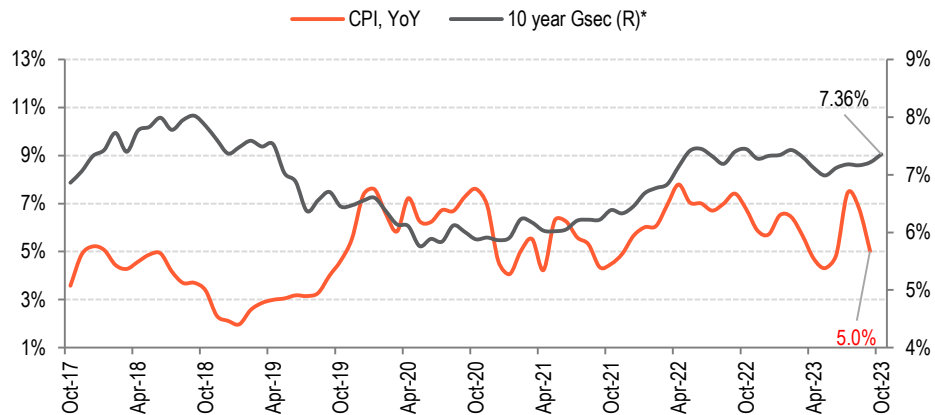


**Fig 90 – CIC accretion in FYTD24 has fallen by Rs 656bn**



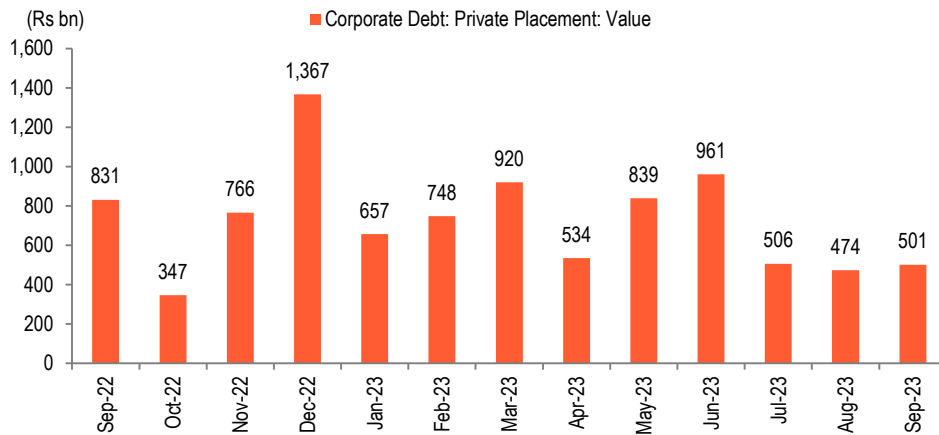
FYTD:Apr-Nov

**Fig 91 – 10Y GSec yield rose to 7.36% in Oct'23 from 7.22% in Sep'23 and currently trading lower at 7.28%, inflation moderated to 5% in Sep'23 from 6.8% in Aug'23**

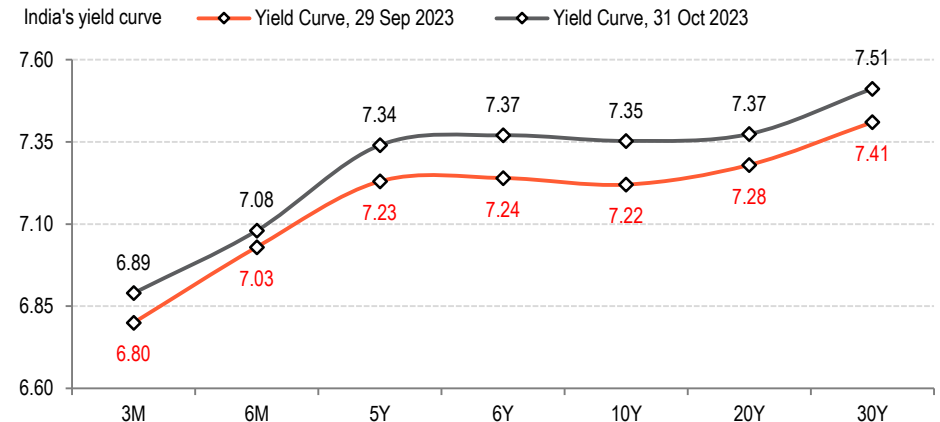


Note: \*As on last trading day of the month

**Fig 93 – Corporate debt issuances was at Rs 501bn in Sep'23 from Rs 474bn in Aug'23**

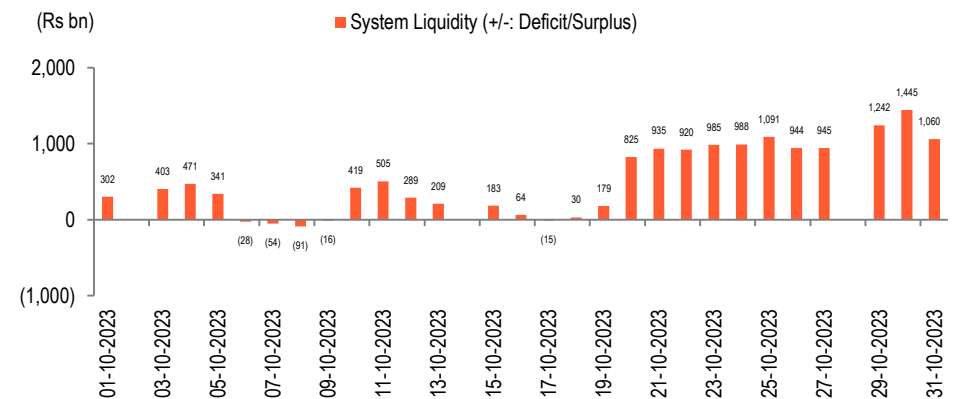


**Fig 92 – Yield curve has shifted upward post RBI's announcement of OMO sale**



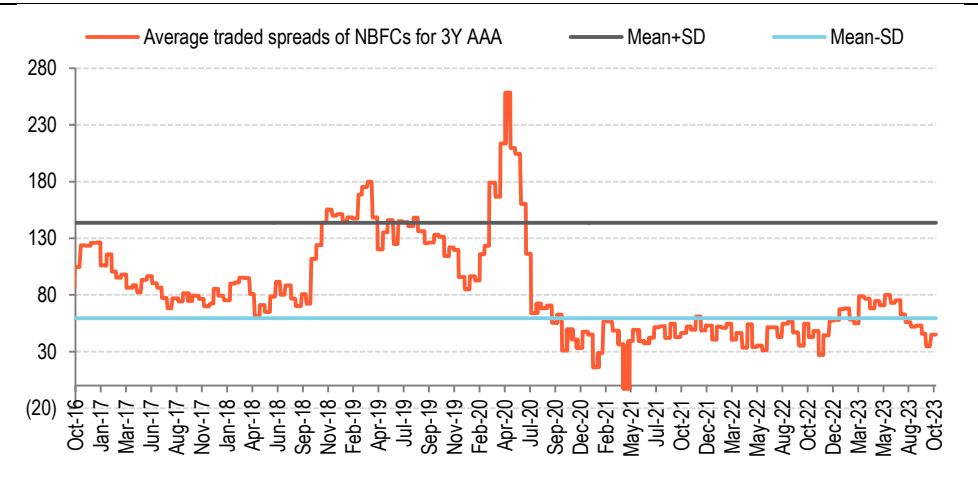
Source: Bloomberg, 6 Oct is chosen as it was the policy date

**Fig 94 – Average system liquidity deficit rose to Rs 570bn in Oct'23 from Rs 178bn deficit seen in Sep'23 and currently at deficit of Rs 0.5bn**

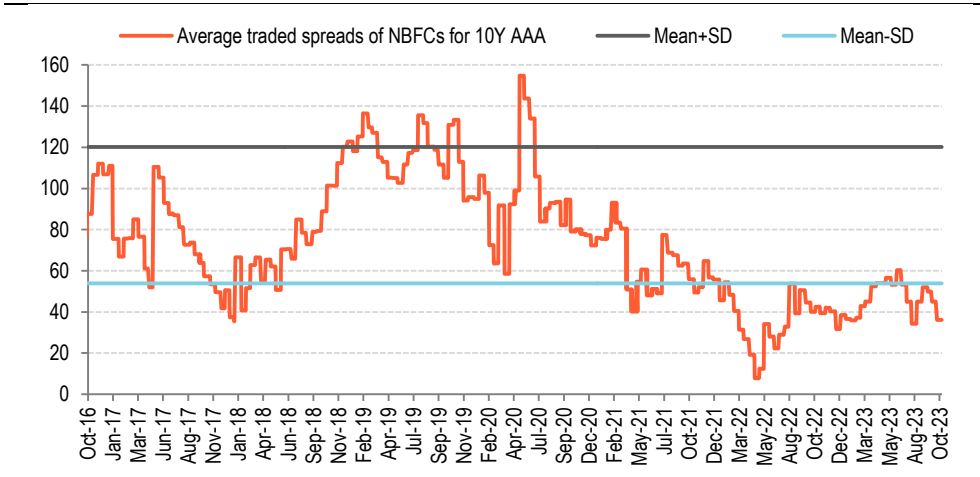


Source: RBI

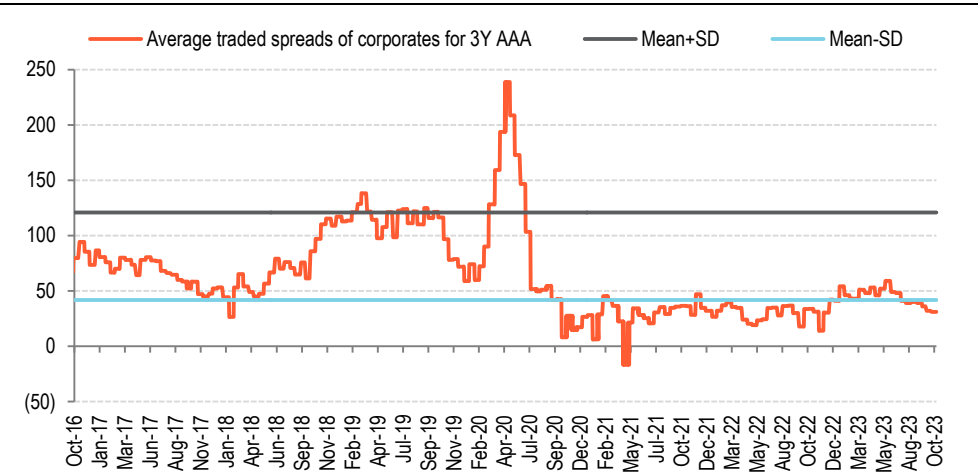
**Fig 95 – 3Y AAA NBFC spread was broadly stable at 45bps**



**Fig 96 – For 10Y AAA NBFC it fell to 36bps from 50bps**



**Fig 97 – 3Y AAA corp spread edged down to 31bps from 36bps**



**Fig 98 – For 10Y AAA corp spread, it was at 32bps from 35bps**

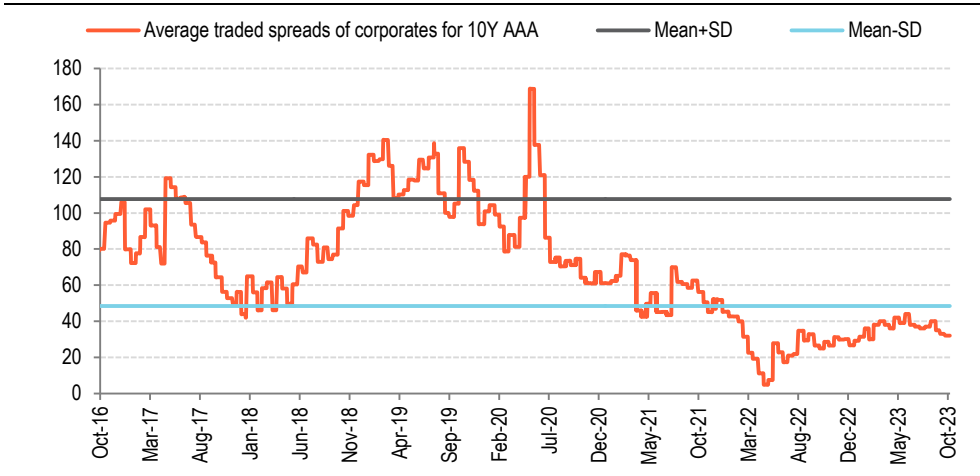


Fig 99 – INR 3Y swap moderated to 6.66 as on 31 Oct 2023 from 6.83 as on 29 Sep 2023

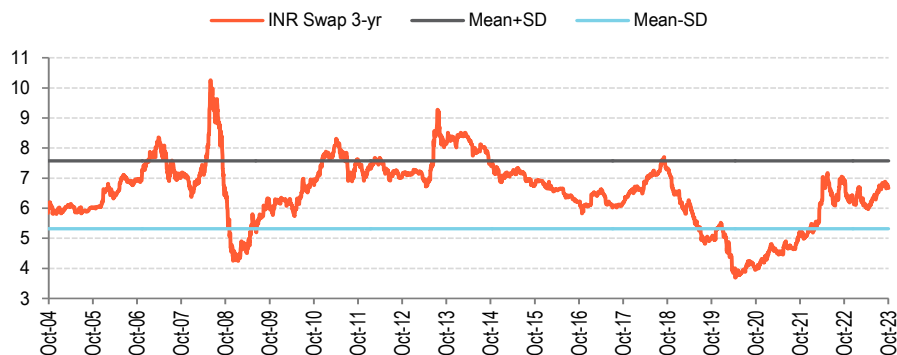
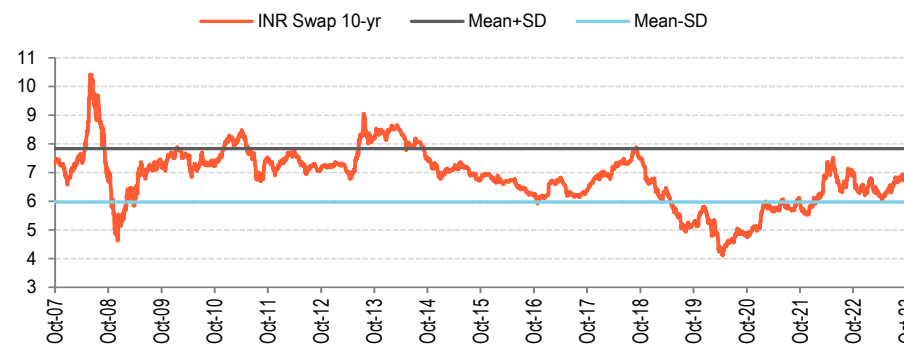


Fig 100 – For 10Y, it moderated to 6.74 from 6.84



### Interest rates on small savings schemes

Fig 101 – Interest rate on 5 year recurring deposits have been increased in Q3FY24

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.6	6.8	6.9	6.9
2 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7	6.8	6.9	7.0	7.0
3 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8	6.9	7.0	7.0	7.0
5 year time deposit	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	7.0	7.5	7.5	7.5
5 year recurring deposit	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	6.2	6.5	6.7
5 year senior citizen savings scheme	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6	8.0	8.2	8.2	8.2
5 year monthly income scheme	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7	7.1	7.4	7.4	7.4
5 year national savings certificate	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	7.0	7.7	7.7	7.7
Public provident fund scheme	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0	7.2	7.5	7.5	7.5
Sukanya samridhhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	8.0	8.0	8.0

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

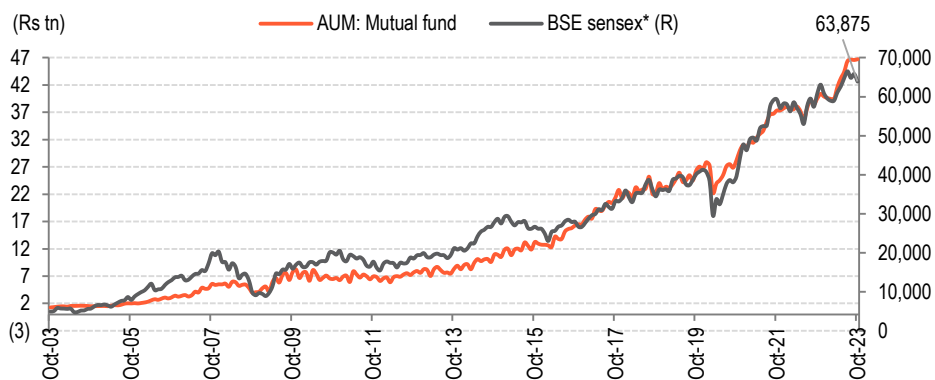
**Fig 102 – MCLR rate of banks have broadly remained unchanged**

1Y MCLR (%)	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23
<b>Public Sector Banks</b>															
Bank of Baroda	7.70	7.80	7.95	8.05	8.30	8.50	8.55	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70
Bank of India	7.60	7.70	7.80	7.95	8.15	8.30	8.40	8.50	8.60	8.60	8.65	8.65	8.70	8.70	8.70
Canara Bank	7.65	7.75	7.90	8.10	8.15	8.35	8.50	8.60	8.65	8.65	8.65	8.65	8.70	8.70	8.70
Indian Bank	7.65	7.75	7.85	8.10	8.20	8.30	8.45	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70
Punjab National Bank	7.65	7.70	7.75	8.05	8.10	8.30	8.40	8.50	8.50	8.50	8.60	8.60	8.60	8.65	8.65
State Bank of India	7.70	7.70	7.95	8.05	8.30	8.40	8.50	8.50	8.50	8.50	8.50	8.55	8.55	8.55	8.55
Union Bank of India	7.70	7.75	7.90	8.20	8.25	8.40	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.70	8.70
<b>Private Sector Banks</b>															
Axis Bank Ltd.	8.05	8.10	8.35	8.45	8.75	8.80	8.90	8.95	8.95	9.10	9.10	9.10	9.15	9.15	9.15
HDFC Bank Ltd.	8.10	8.20	8.20	8.55	8.60	8.85	8.90	8.95	8.95	9.05	9.05	9.05	9.10	9.15	9.20
ICICI Bank Ltd.	7.90	8.00	8.10	8.30	8.40	8.65	8.65	8.75	8.75	8.75	8.85	8.85	8.90	8.95	8.95
Indusind Bank	9.30	9.40	9.55	9.80	9.95	9.95	10.05	10.15	10.20	10.20	10.20	10.25	10.25	10.30	10.30
Kotak Mahindra Bank	8.10	8.20	8.45	8.55	8.65	8.95	9.00	9.05	9.10	9.20	9.20	9.25	9.30	9.30	9.35

Source: RBI, Note: Banks whose MCLR went up in Sep'23 have been marked red

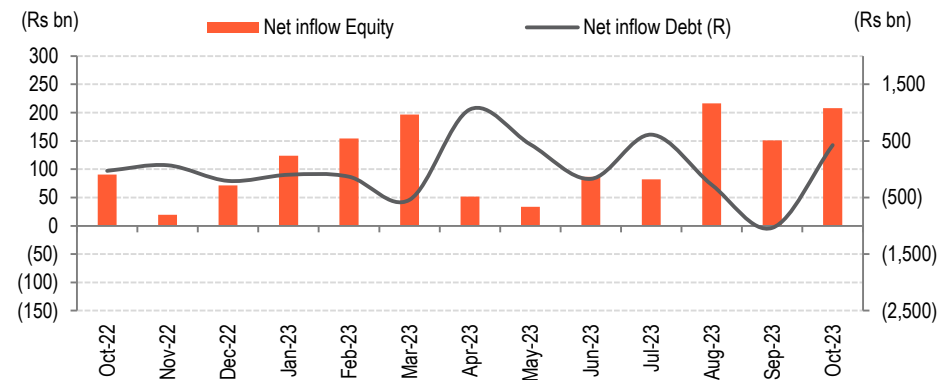
### Mutual fund (MF) indicators

**Fig 103 – Sensex fell by 3% to 63,875 in Oct'23, AUM of MFs rose to Rs 46.7tn in Oct'23 from Rs 46.6tn in Sep'23**



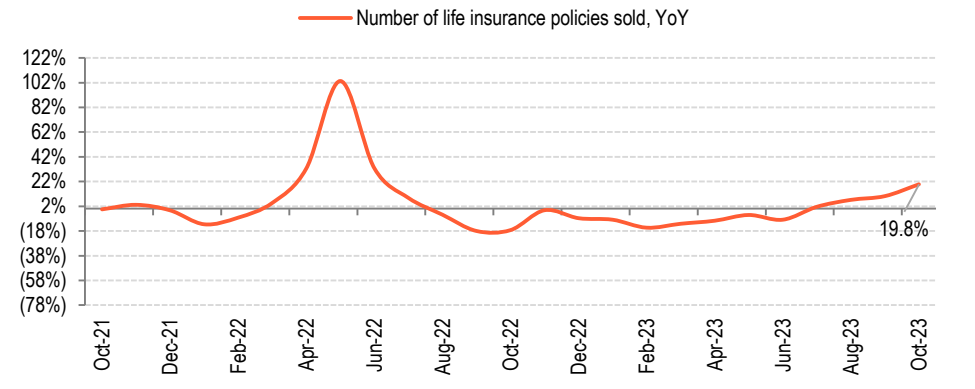
Source: \*Sensex as on last trading day of the month.

**Fig 104 – MF equity inflows rose to Rs 208bn in Oct'23 from Rs 151bn in Sep'23; debt inflow was at Rs 426bn from Rs 1036bn outflow in Sep'23**

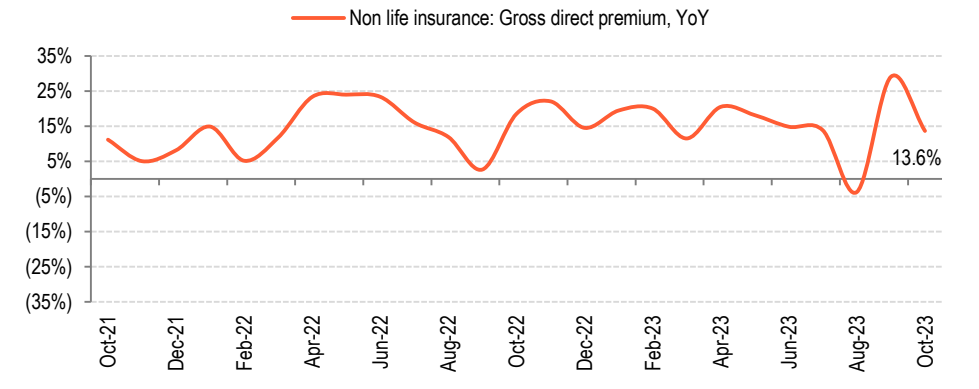


Insurance sector indicators

**Fig 105 – Sale of life insurance policies inched up by 19.8% in Oct'23 from 10.2% in Sep'23**



**Fig 106 – Gross direct premium for non-life insurance was at 13.6% in Oct'23 from 29.1% in Sep'23**



Public finance

Central government finances

Fig 107 – Fiscal deficit moderates to 6.3% of GDP as of Sep'23 (12MMA basis)

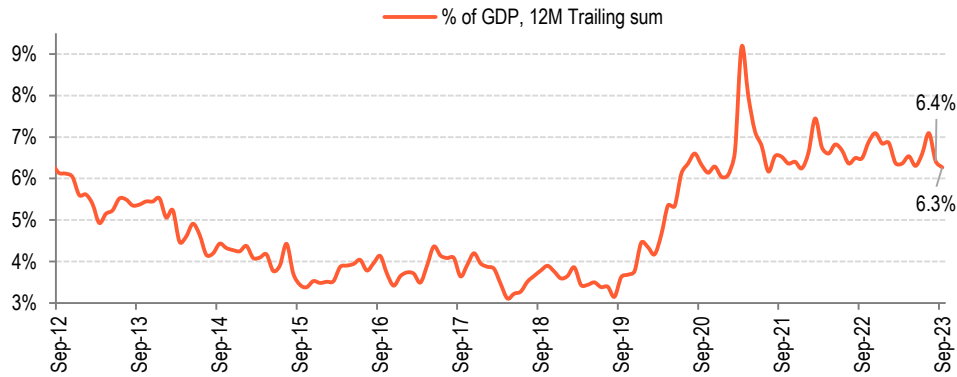


Fig 108 – Revenue deficit in Sep'23 eased further

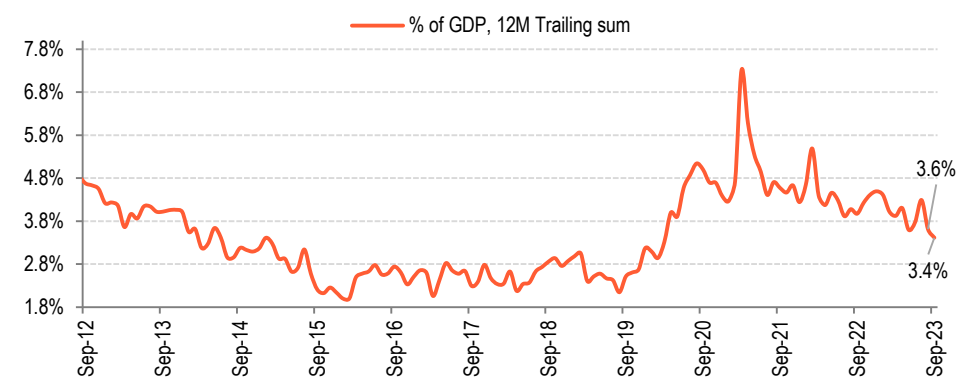


Fig 109 – Primary deficit at 2.9% as of Sep'23

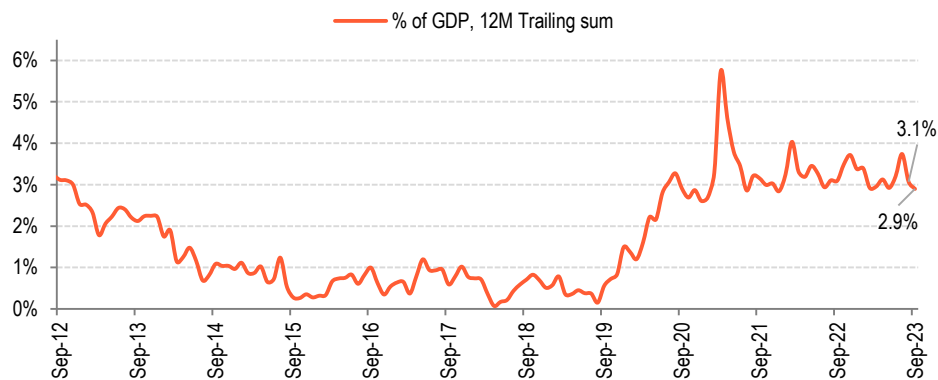


Fig 110 – Government spending seen slowing down towards the end of H1FY24

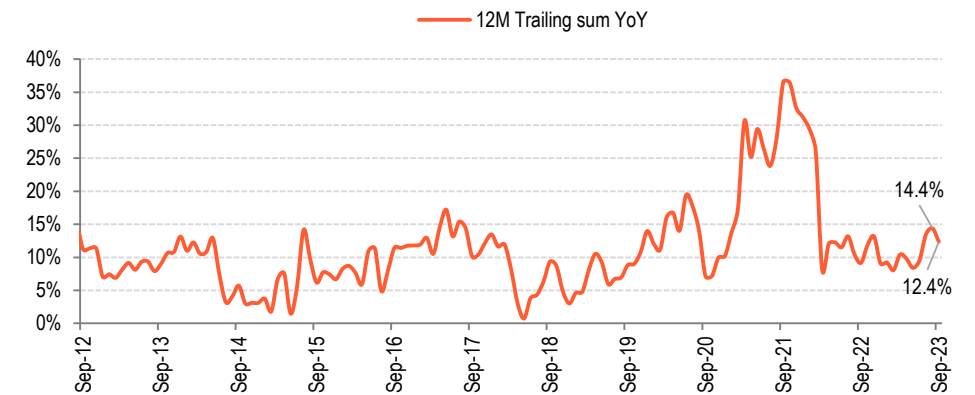




Fig 111 – ...dragged by both revenue expenditure, and...

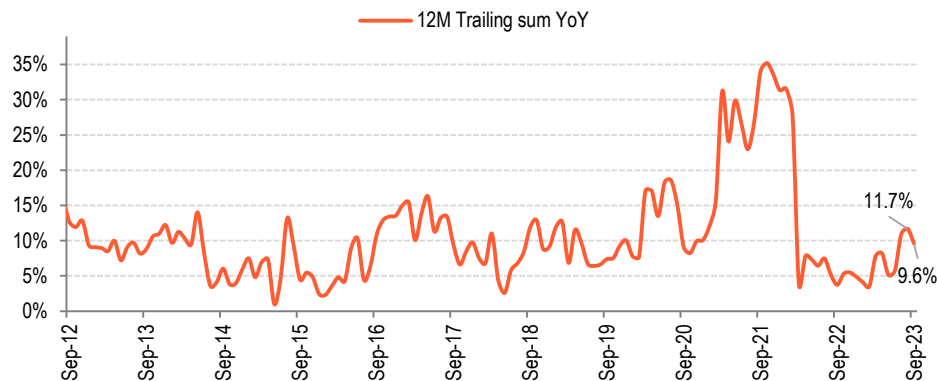


Fig 112 – ...Capex spending

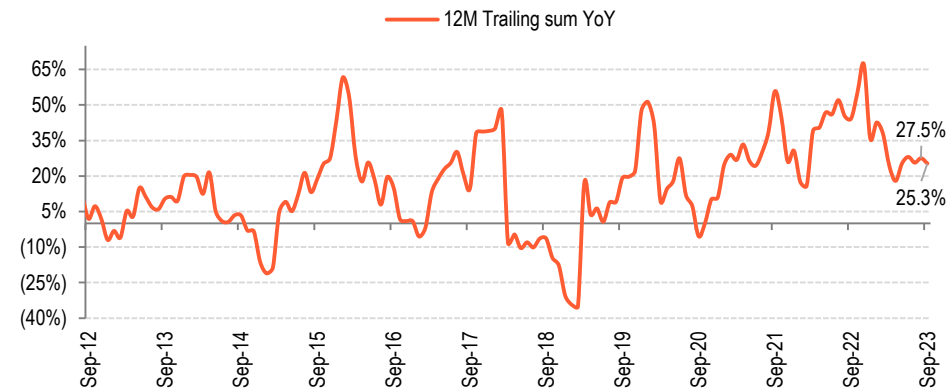
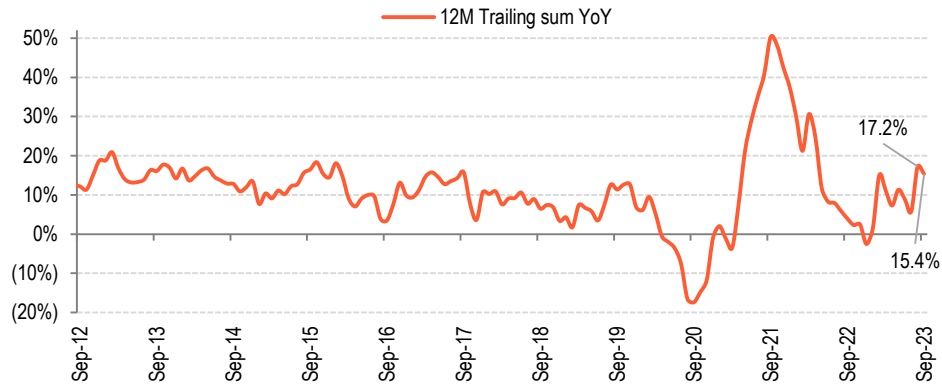


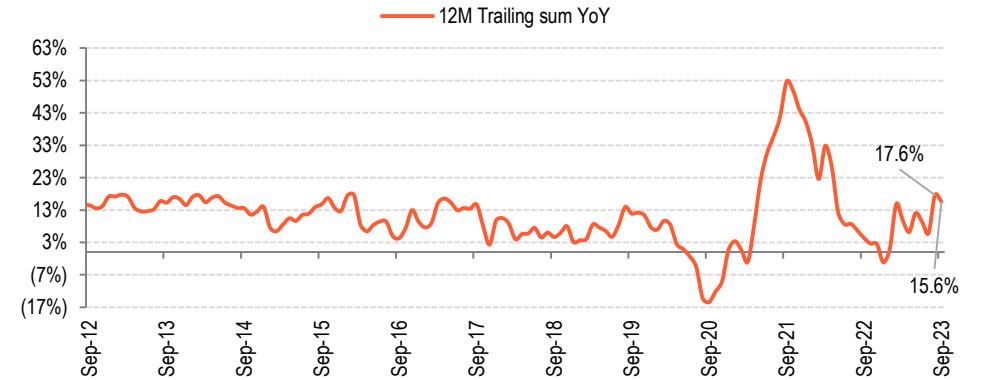
Fig 113 – Slowdown in spending seen by ministries of road transport, home affairs, consumer affairs, HRD and agriculture

Ministry	Apr-Sep'21	Apr-Sep'22	% change	Apr-Sep'23	% change
Ministry of Finance	5,833	6,018	3.2	7,339	22.0
Ministry of Defence	2,464	2,637	7.0	3,059	16.0
Ministry of Consumer Affairs, Food and Public Distribution	1,425	1,261	(11.5)	1,026	(18.6)
Ministry of Rural Development	821	761	(7.3)	764	0.5
Ministry of Home Affairs	783	924	18.0	996	7.8
Ministry of Human Resource Development	318	413	30.2	369	(10.7)
Ministry of Road Transport and Highways	804	1,305	62.3	1,645	26.1
Ministry of Chemicals and Fertilisers	488	820	68.2	1,103	34.4
Ministry of Petroleum and Natural Gas	34	19	(44.5)	19	2.3
Ministry of Agriculture	587	479	(18.4)	450	(6.0)
Ministry of Health and Family Welfare	377	354	(6.1)	364	3.0

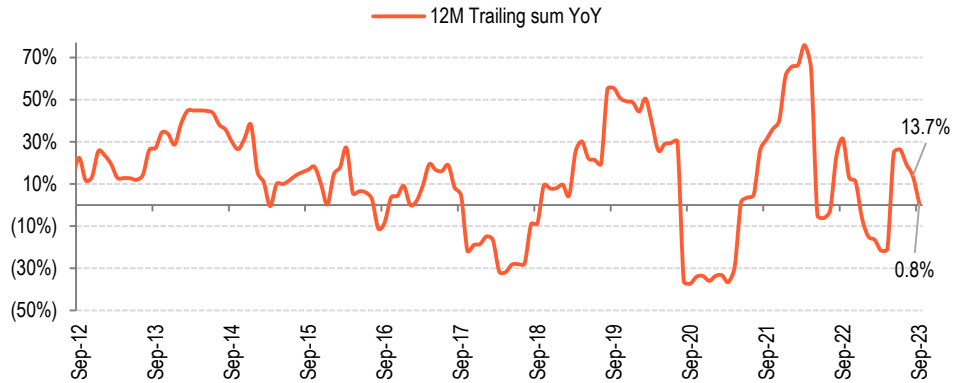
**Fig 114 – Receipt growth also slowed in Sep'23**



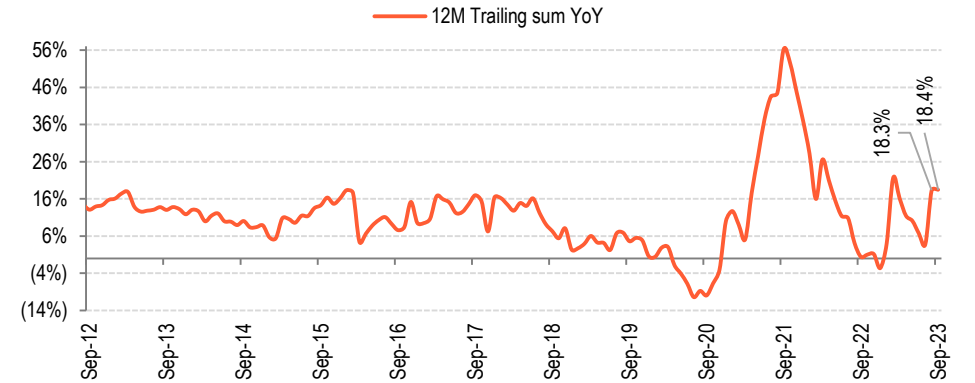
**Fig 115 – Revenue receipts drove the trend...**



**Fig 116 – ...As non-tax revenue receipts eased sharply**



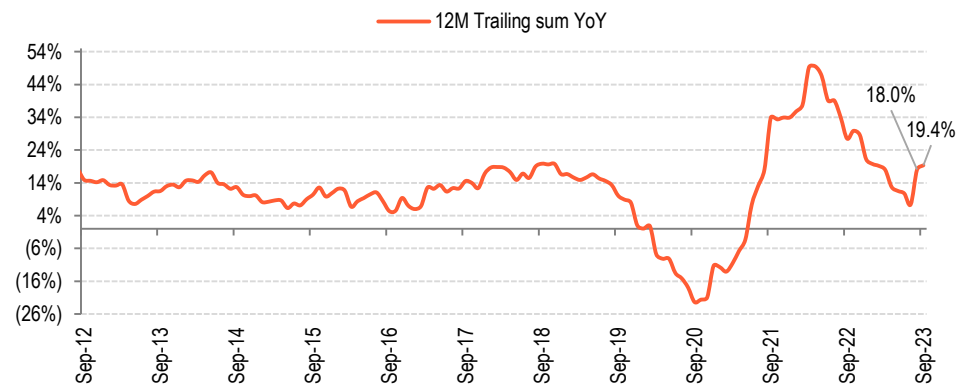
**Fig 117 – However, net-tax collections remained broadly stable**



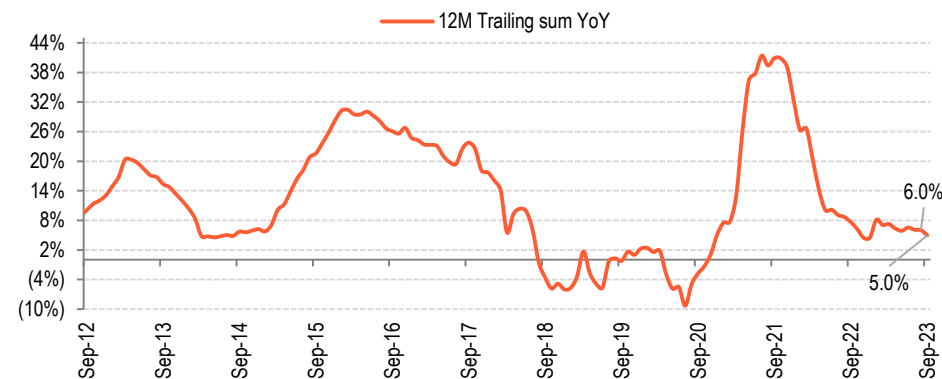
**Fig 118 – Centre’s net revenue collections in H1FY24 better than last year; capex growth is lower**

	Apr-Sep'21	Apr-Sep'22	% change	Apr-Sep'23	% change
Gross Tax revenue	11,838	13,918	17.6	16,193	16.3
Direct taxes	5,828	7,199	23.5	9,029	25.4
Corp Tax	3,087	3,753	21.6	4,513	20.2
Income Tax	2,742	3,445	25.7	4,516	31.1
Indirect taxes	6,010	6,720	11.8	7,164	6.6
Non-tax revenue	1,604	1,576	(1.7)	2,368	50.2
Centre's revenue (net)	10,810	11,696	8.2	13,971	19.5
Total expenditure	16,260	18,236	12.2	21,191	16.2
Capital exp	2,294	3,429	49.5	4,906	43.1
Revenue exp	13,967	14,807	6.0	16,285	10.0
Fiscal deficit	5,269	6,198	17.7	7,019	13.2

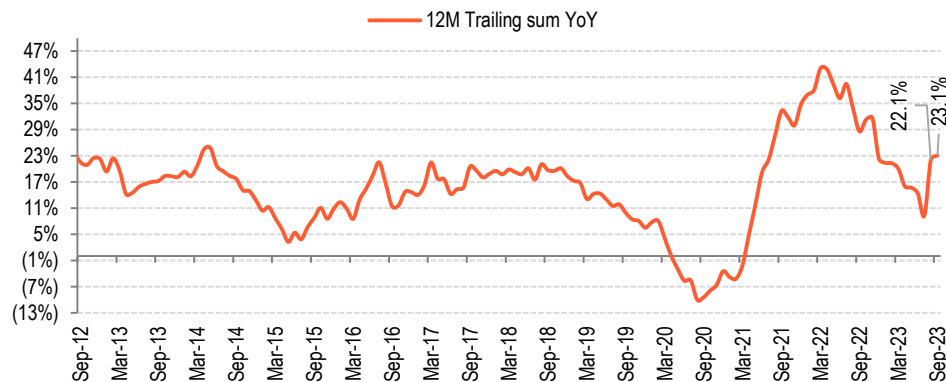
**Fig 119 – Gross direct tax collection growth has maintained momentum so far**



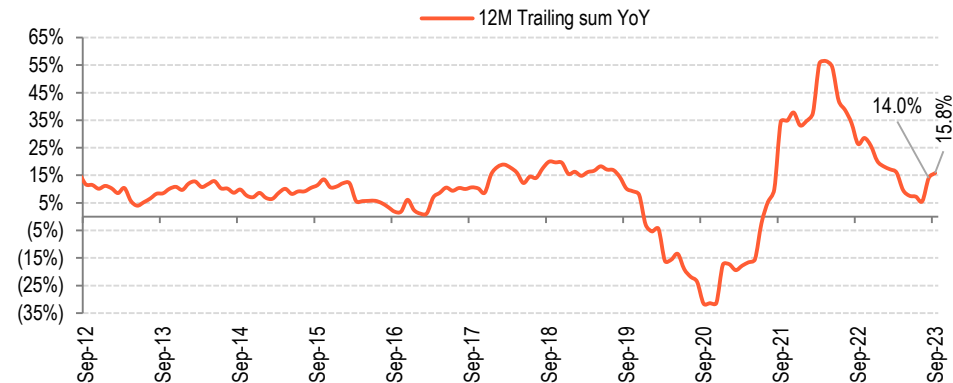
**Fig 120 – Gross indirect tax collection growth seen moderating**



**Fig 121 – Amongst direct taxes, income tax collections registered steady growth**



**Fig 122 – Corporate tax collections recorded improvement in Sep'23**



**Fig 123 – GST collections for Sep'23 breach Rs 1.7 lakh crore mark**

(Rs bn)	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Monthly run rate (FYTD24)	FYTD24	FY24 (BE)
CGST	547	722	578	608	652	601	611	809	607	648	672	627	617	663	3,981	8,116
UT GST	4.1	6.0	5.2	2.3	2.4	3.9	9.2	3.1	2.6	3.4	2.5	3.1	2.0	3	17	-
IGST	100	(194)	(26)	(34)	(17)	(23)	86	(93)	10	16	(24)	63	17	(2)	(12)	-
SGST*	767	821	834	874	754	901	1,062	733	884	865	826	820	970	850	5,098	-
Cess	100	103	103	109	104	118	102	119	112	118	114	114	114	115	691	1,450
<b>Total GST</b>	<b>1,517</b>	<b>1,459</b>	<b>1,495</b>	<b>1,559</b>	<b>1,496</b>	<b>1,601</b>	<b>1,870</b>	<b>1,571</b>	<b>1,615</b>	<b>1,651</b>	<b>1,591</b>	<b>1,627</b>	<b>1,720</b>	<b>1,629</b>	<b>9,775</b>	<b>-</b>

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

Fig 124 – Rising central government debt a key concern

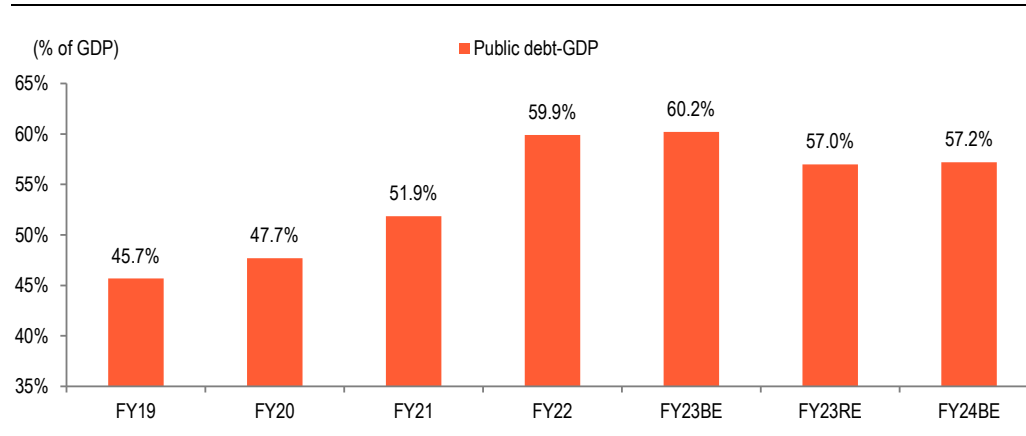
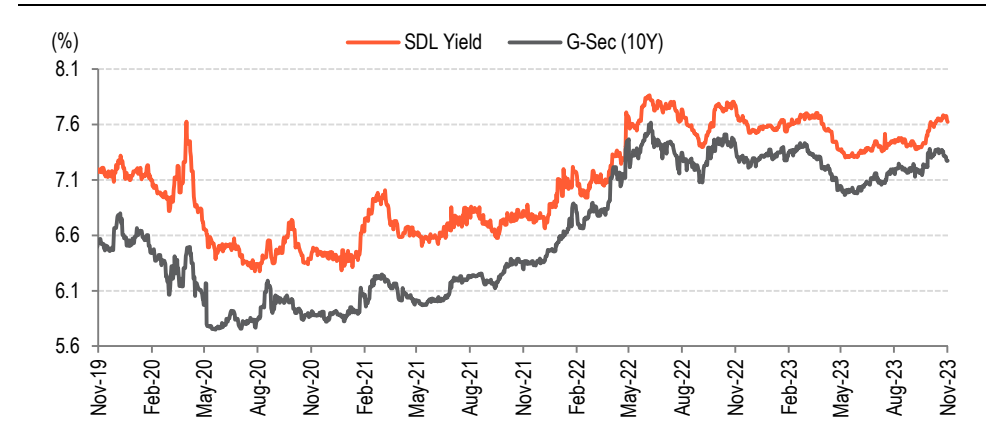
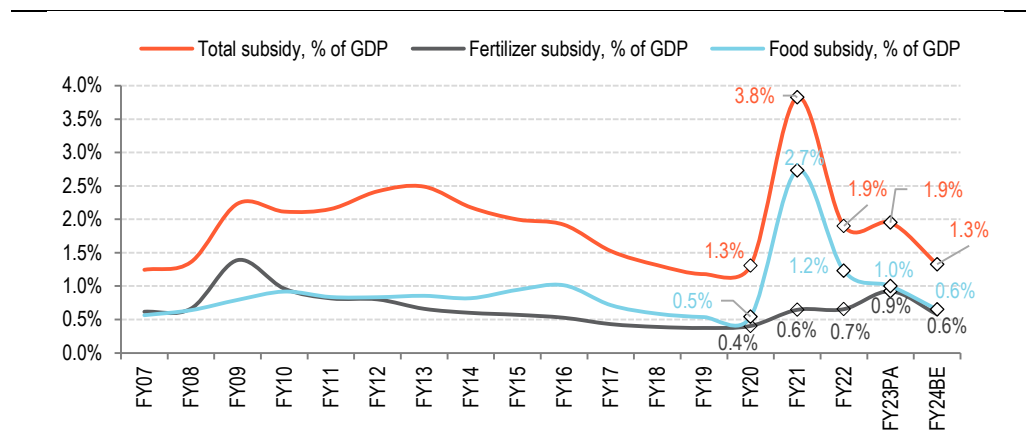


Fig 125 – Spread between 10Y G-sec and SDL yield narrowed in Oct'23, but has widened in Nov'23 so far



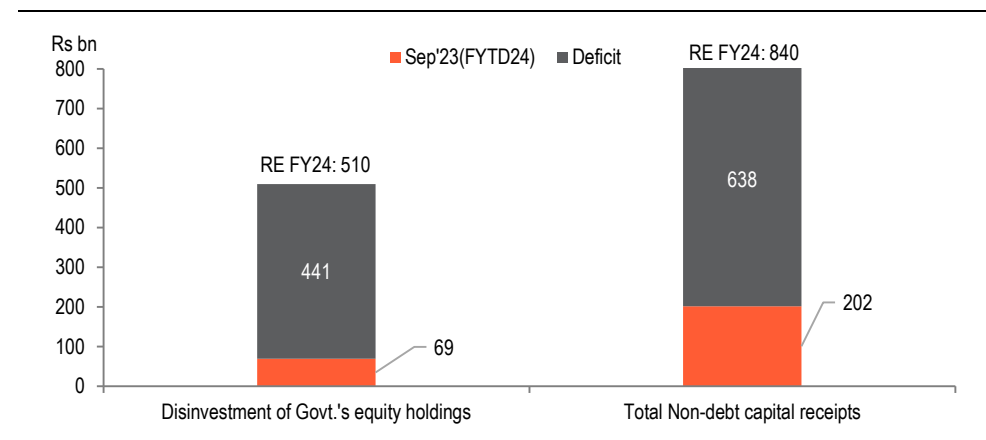
Source: CCIL

Fig 126 – Subsidy bill in FY23 was higher than revised estimates; FY24 to be lower



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

Fig 127 – Central gov. disinvestment status (FY24)



### Central government borrowing

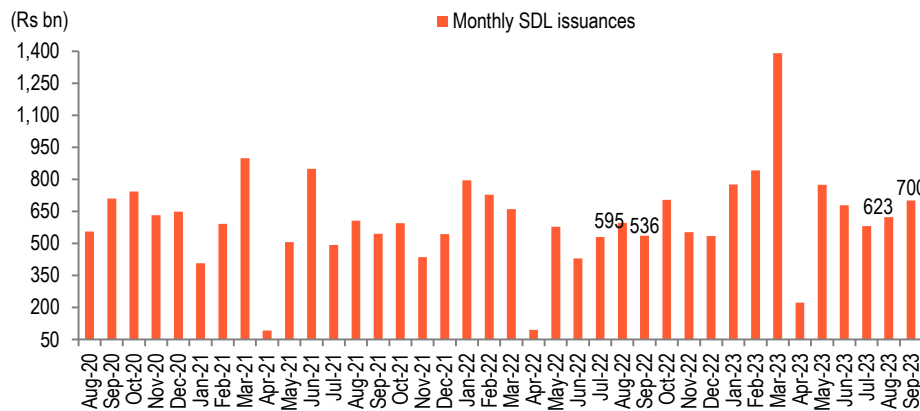
Fig 128 – Centre’s borrowing through T-bill in Q2FY24 has been at Rs 3.9tn

Total accepted amount (T-bills), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,963	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	3,899	3,120
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	1576*	3,120
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566	-	-
<b>Total</b>	<b>9,811</b>	<b>11,192</b>	<b>11,271</b>	<b>11,788</b>	<b>17,204</b>	<b>16,986</b>	<b>17,105</b>	-	-

Source: RBI, \* Till 8<sup>th</sup> Nov 2023

### State government borrowing

Fig 130 – State government borrowings picked up momentum in Sep'23



Source: RBI

Fig 129 – Centre’s gross borrowing in H2FY24 is planned at Rs 5.76tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	4,080	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	4,800	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	1,240#	3,480
Q4	800	670	1,680	920	3,191	1,370	2,740	-	2,280
<b>Total</b>	<b>5,820</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>	<b>13,461*</b>	<b>11,273</b>	<b>14,210</b>	-	-

Source: RBI\* Against budgeted Rs 12.8tn, # Only for Oct 2023

Fig 131 – States have met 50% of the planned borrowing in Q3FY24 so far

Quarterly SDL issuances, (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FYTD24 (actual)	FY24 (planned)
Q1	650	766	815	1,673	1,446	1,102	1,677	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661	1,903	2,374
Q3	1,054	1,277	1,470	2,023	1,653	1,879	1,184*	2,374
Q4	1,348	1,809	2,006	1,898	2,184	3,009	-	-
<b>Total</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,206</b>	<b>6,927</b>	<b>7,652</b>	<b>4,764*</b>	-

Source: RBI; \*as of 7 Nov 2023

External sector

Exports

Fig 132 – Global exports declined further

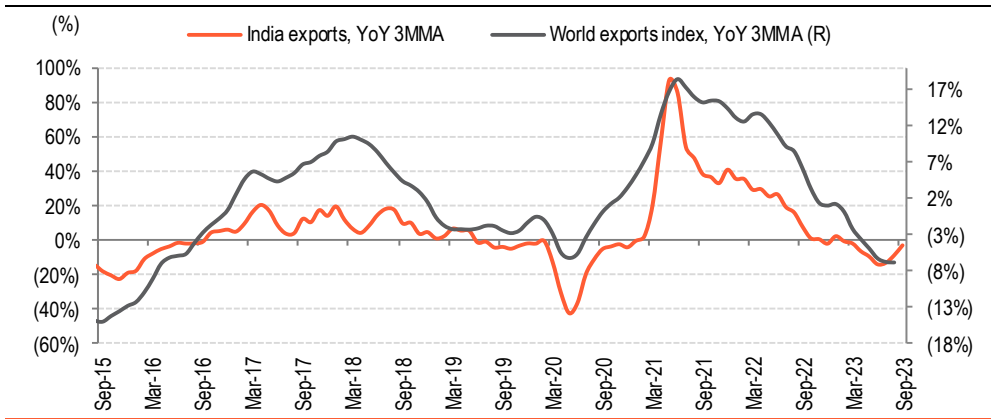
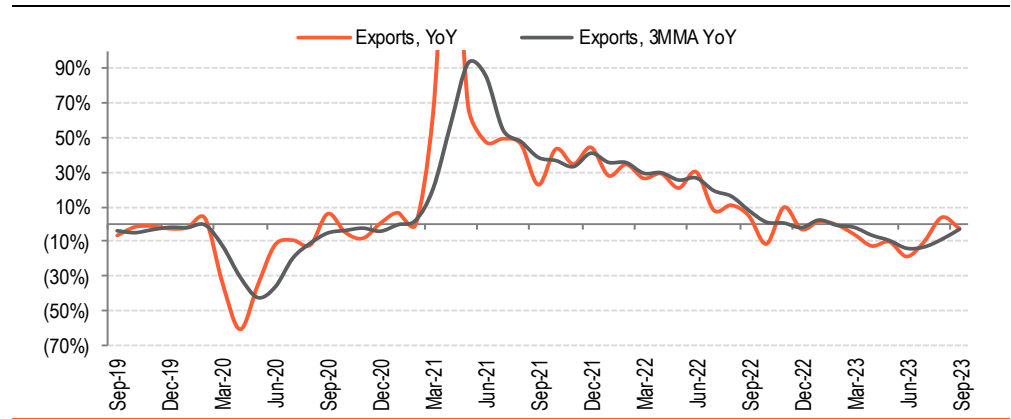


Fig 133 – India’s exports by 2.6% in Sep’23 after increasing by 3.9% in Aug’23, down by 8.8% in H1FY24



Exports by major sectors

Fig 134 – Oil exports declined by 10.6 in Sep’23, compared with an increase of 13.7% in Aug’23

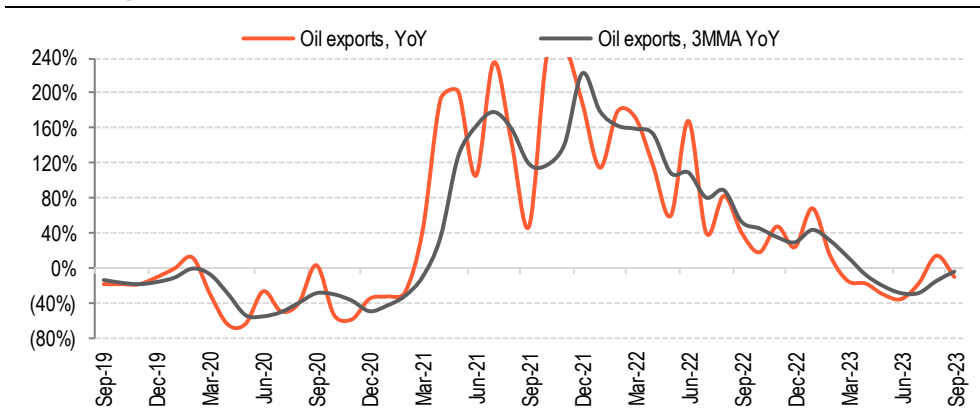


Fig 135 – Non-oil exports lower by 0.5% in Sep’23

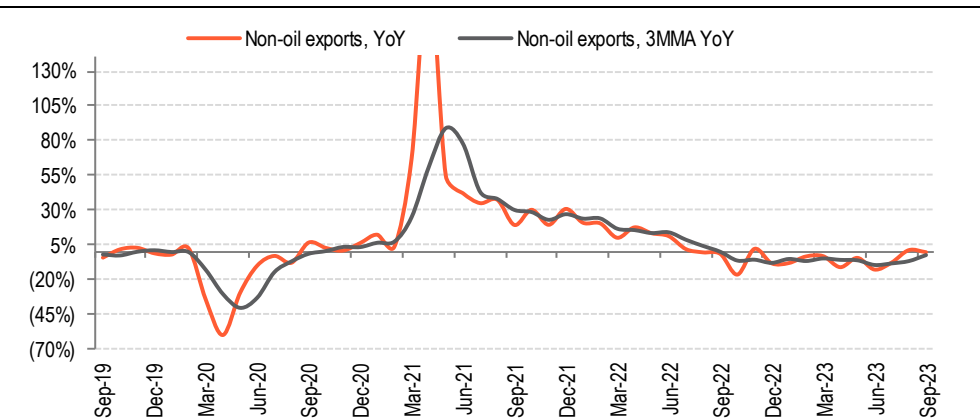


Fig 136 – ... led by gems and jewellery

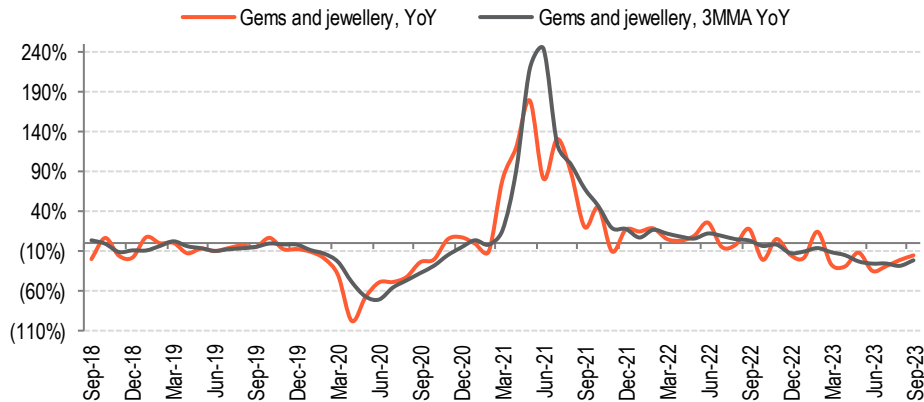
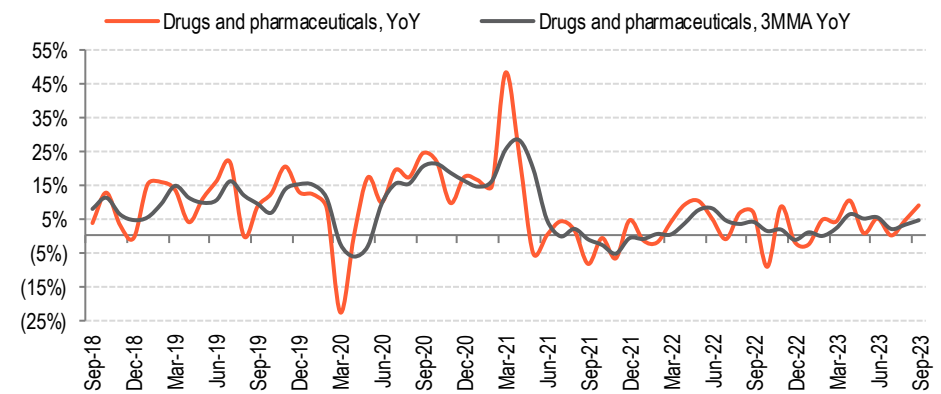


Fig 137 – Improvement in exports of drugs and pharmaceuticals



Imports

Fig 138 – Imports declined by 15% in Sep'23, after declining by 2.8% in Aug'23; down by 12.2% in H1FY24

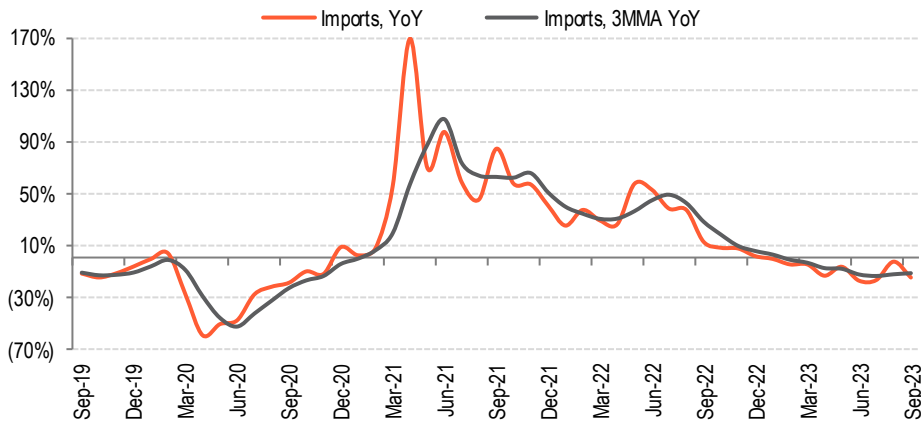
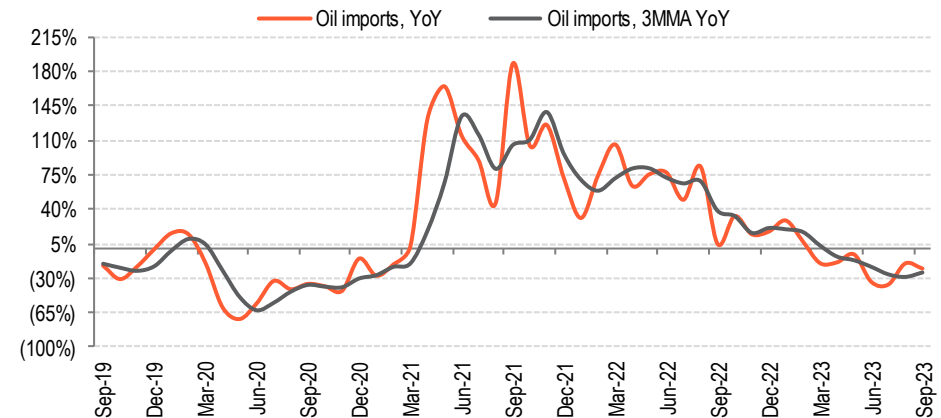
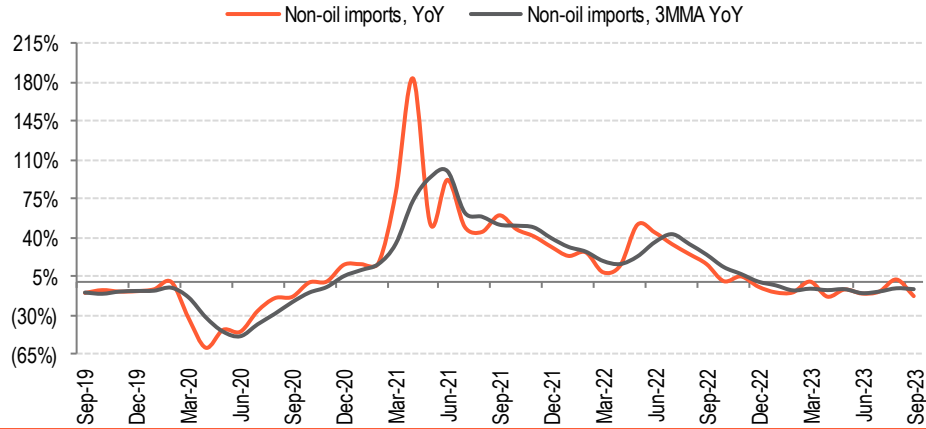


Fig 139 – Oil imports continued to slide

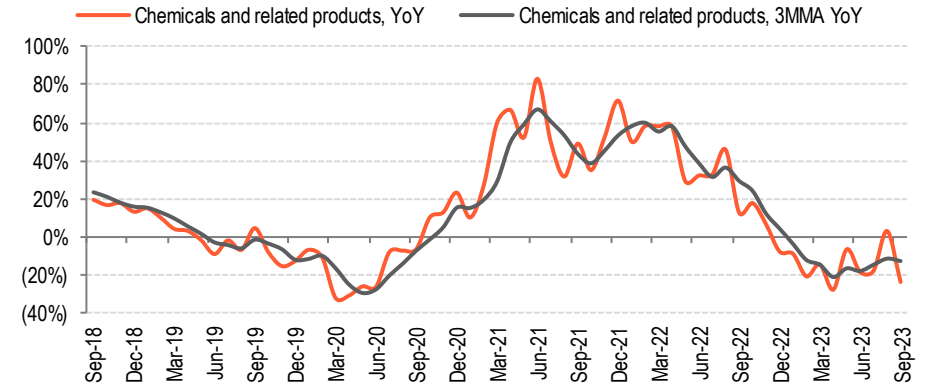




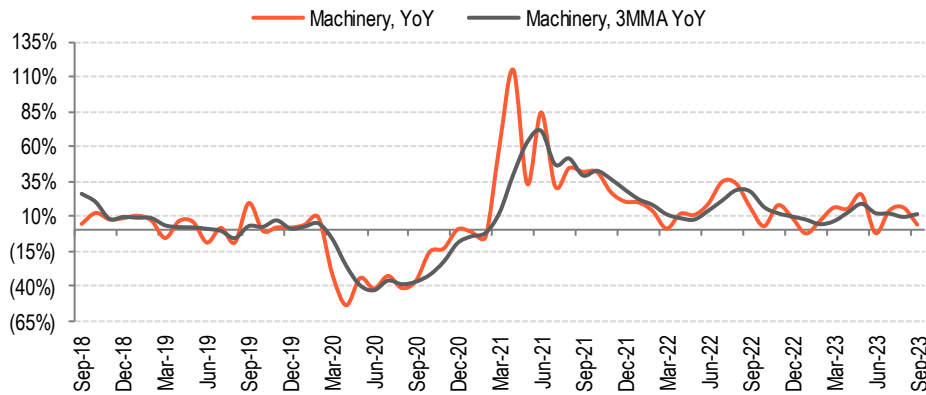
**Fig 140 – ... even non-oil imports lower**



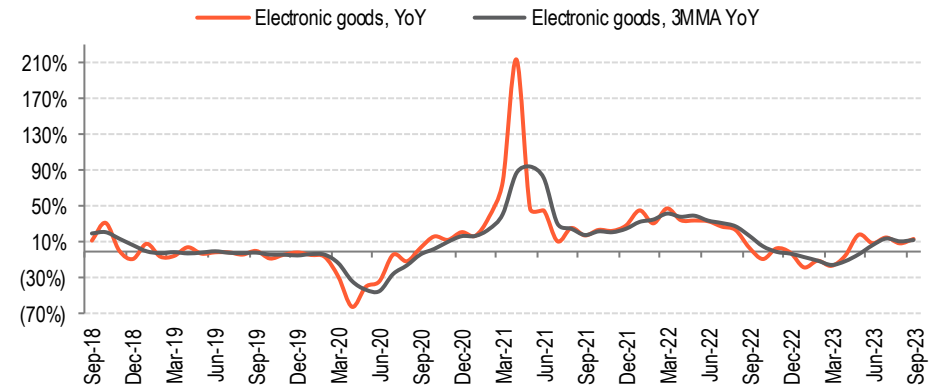
**Fig 141 – Sharp drop in imports of chemicals and related products**



**Fig 142 – .. and machinery imports**



**Fig 143 – Imports of electronic products on an uptick**



## Exports and imports by major regions

**Fig 144 – Except Europe, exports to all regions have witnessed a sharp drop in FYTD24, sharpest decline in exports to Asia and Pacific and China**

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Jul-23	Aug-23	Sep-23
Americas	23.7	18.6	(10.6)	(12.0)	(3.8)	(6.0)
Asia and Pacific (Ex. China)	23.3	6.7	(15.8)	(16.0)	6.5	(3.8)
China	3.5	(36.2)	(2.5)	(7.7)	42.4	29.7
Europe	22.0	22.9	1.2	2.4	15.9	(0.2)
Middle East and Africa	26.6	35.3	(11.3)	(14.2)	(5.1)	(5.1)
Other	0.9	200.4	6.2	3.4	38.7	10.9

**Fig 145 – Even imports are lower, led by Middle East and Africa and Asia and Pacific**

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Jul-23	Aug-23	Sep-23
Americas	11.2	(9.8)	(15.6)	(20.7)	(16.1)	(14.2)
Asia and Pacific (Ex. China)	24.9	0.9	(12.1)	(5.8)	(1.6)	(9.8)
China	13.8	(11.4)	(3.7)	(11.2)	(0.7)	(0.2)
Europe	12.6	(20.8)	(0.4)	(14.1)	15.7	(12.7)
Middle East and Africa	30.8	2.1	(31.3)	(36.4)	(20.9)	(31.1)
Other	6.8	145.9	59.1	25.0	66.6	1.8

Trade deficit

Fig 146 – Trade deficit narrowed to US\$ 19.4bn in Sep'23 from US\$ 21.7bn in Aug'23, monthly run rate of ~US\$ 19bn

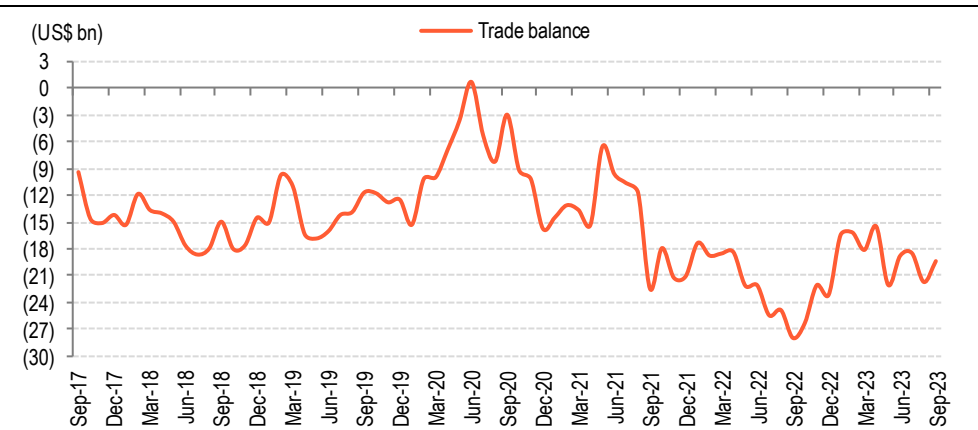
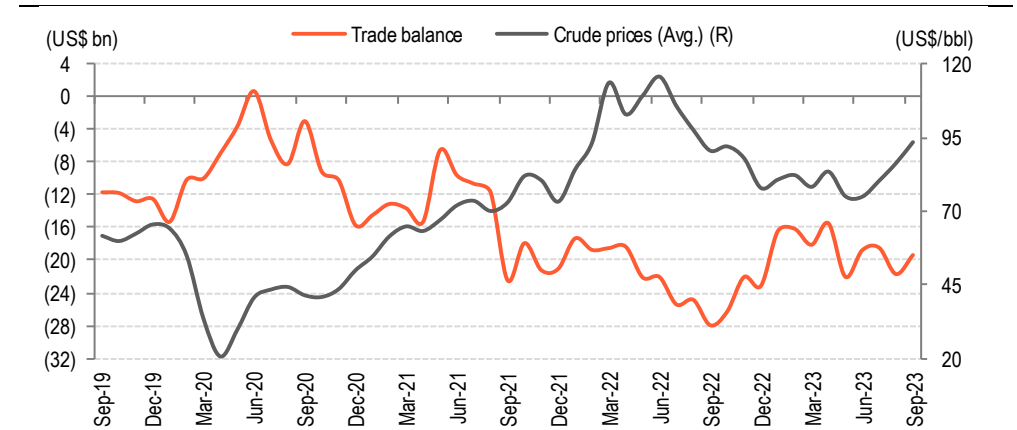
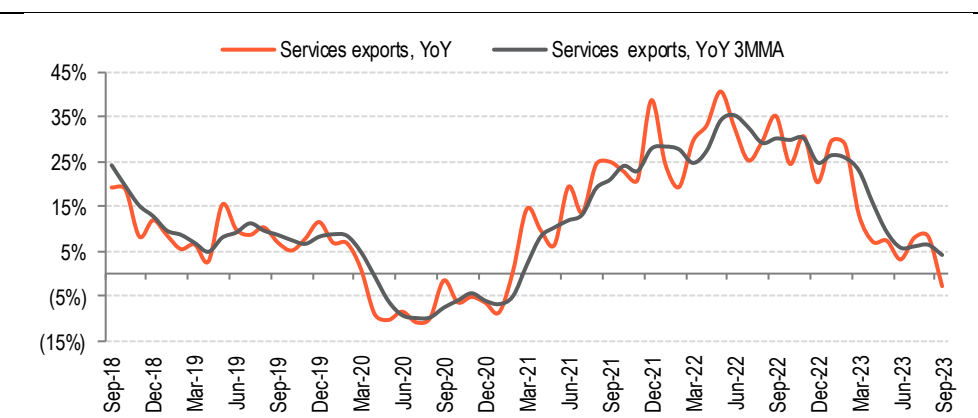


Fig 147 – Oil prices were higher in Sep'23



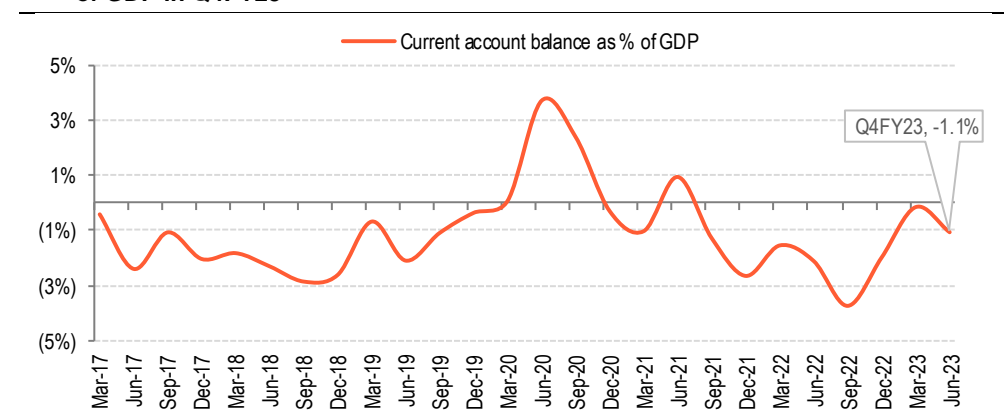
Trade in services

Fig 148 – Services exports declined by 2.6% in Sep'23; first decline in 33 months



BoP

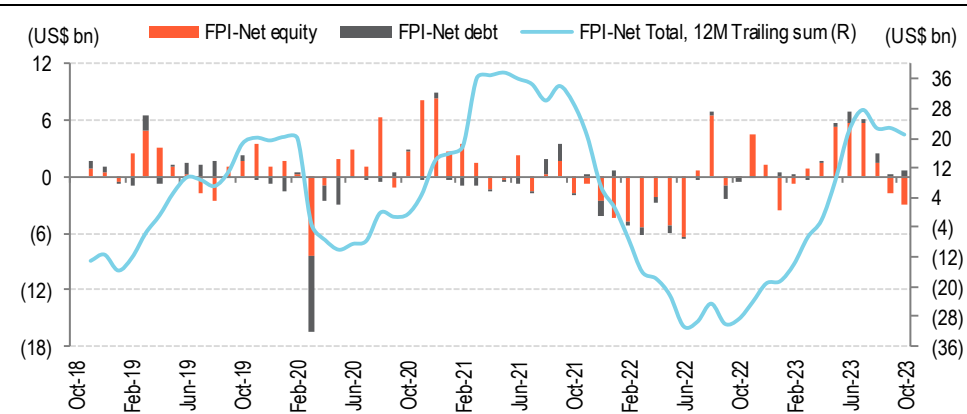
Fig 149 – India's current account deficit widened to 1.1% of GDP in Q1FY24 from 0.2% of GDP in Q4FY23



## Foreign inflows

### FPI inflows

**Fig 150 – FPI outflows gained pace, US\$ 2.1bn in Oct'23 versus US\$ 1.7bn in Sep'23**



Source: Bloomberg

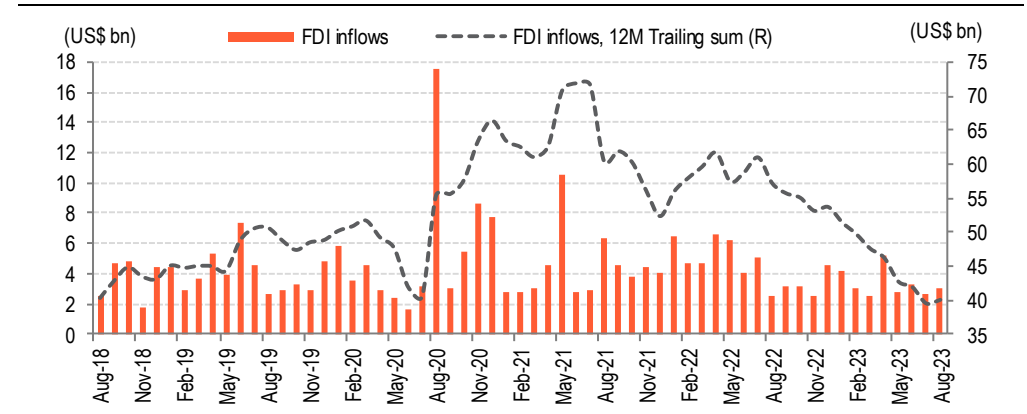
**Fig 152 – FDI inflows fall in Q1FY24, led by computer software and hardware and automobile sector**

Sector	% Share FY23	FY22	FY23	Q1FY23	Q4FY23	Q1FY24
Computer software and hardware	20.4	14.5	9.4	3.4	1.3	1.0
Services	18.9	7.1	8.7	2.6	2.1	2.5
Trading	10.4	4.5	4.8	2.0	0.6	0.5
Non-conventional energy	5.4	1.6	2.5	0.9	0.8	0.7
Drugs and Pharmaceuticals	4.5	1.4	2.1	0.5	0.2	0.1
Automobile industry	4.1	7.0	1.9	0.7	0.6	0.4
Construction (Infrastructure) activities	3.7	3.2	1.7	0.7	0.5	0.8

Source: DIPP

### FDI inflows

**Fig 151 – FDI equity inflows improves a tad to US\$ 3bn Aug'23 versus US\$ 2.7bn in Jul'23**



Source: RBI, Bank of Baroda Research

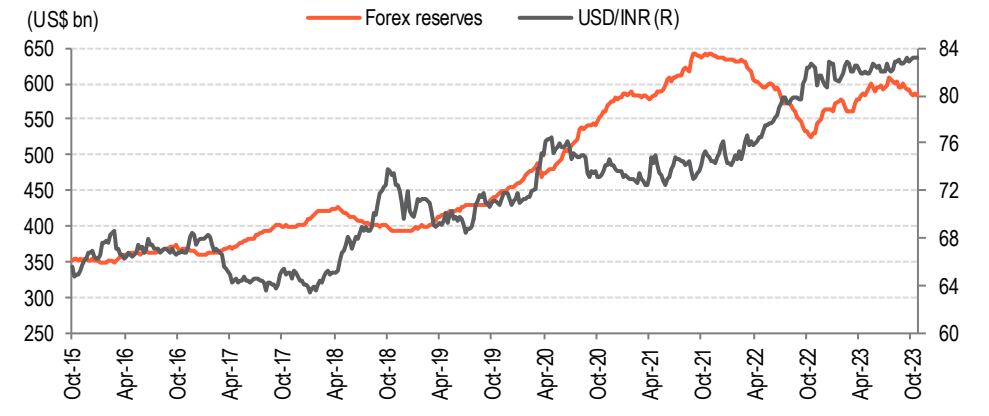
**Fig 153 – Country wise, inflows from Singapore and US dipped in Q1FY24**

Country (US\$ bn)	% Share FY23	FY22	FY23	Q1FY23	Q4FY23	Q1FY24
Singapore	37.4	15.9	17.2	5.7	4.1	3.0
US	13.3	9.4	6.1	2.4	1.4	1.0
Mauritius	13.1	10.5	6.0	1.5	1.1	1.1
Netherlands	5.4	4.6	2.5	1.1	0.3	1.5
UK	3.9	1.5	1.8	0.9	0.4	1.2
Japan	3.8	1.6	1.7	0.3	0.1	0.4

Source: DIPP

Forex reserves and external debt

Fig 154 – India’s FX reserves at US\$ 586.1bn; up by US\$ 7.7bn in FYTD24



Source: Bloomberg | Weekly data as of 27 Oct 2023

Fig 155 – India’s import cover remains comfortable

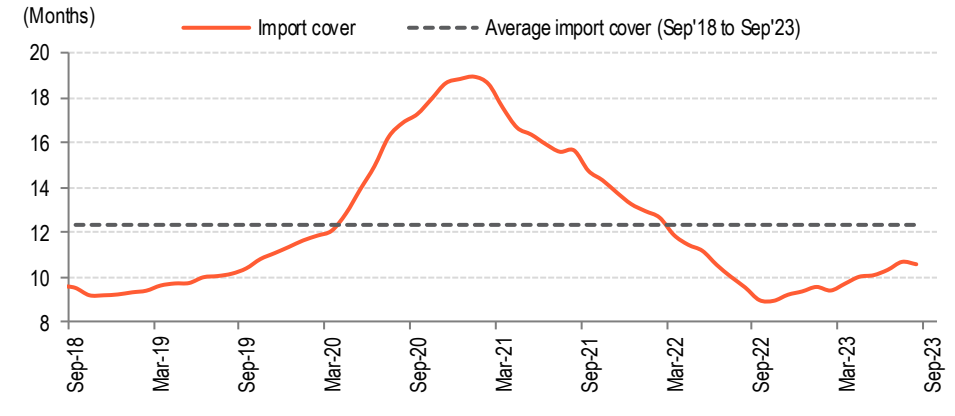


Fig 156 – RBI’s sold US\$ 3.9bn in the spot market in Aug’23

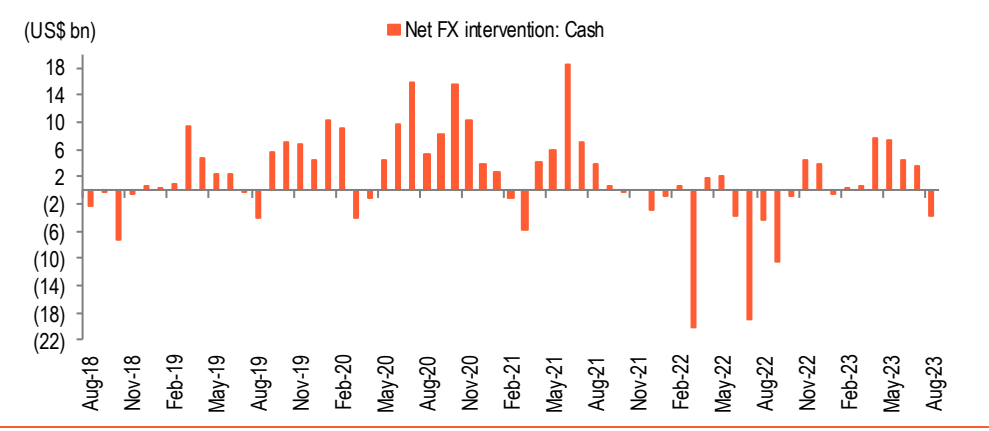
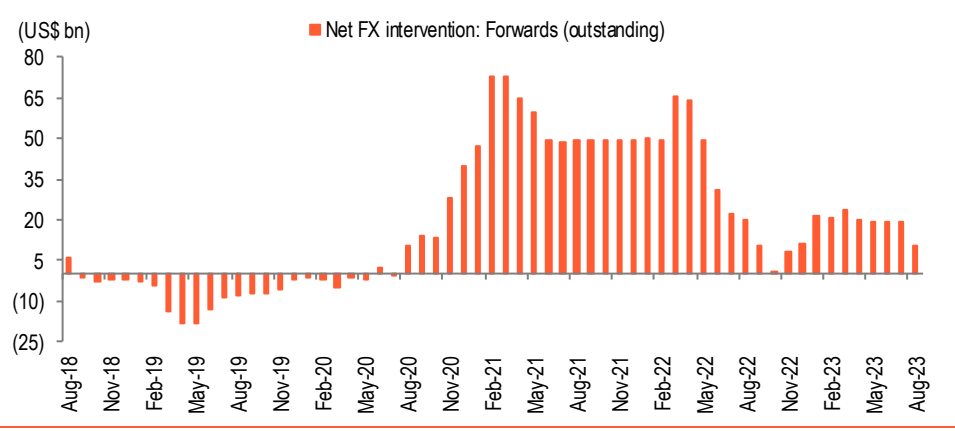


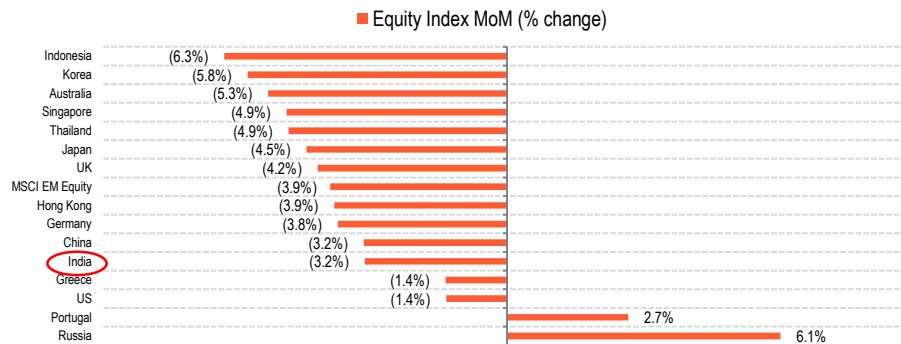
Fig 157 – RBI’s outstanding forwards position at US\$ 10.1bn as of Aug’23



Markets

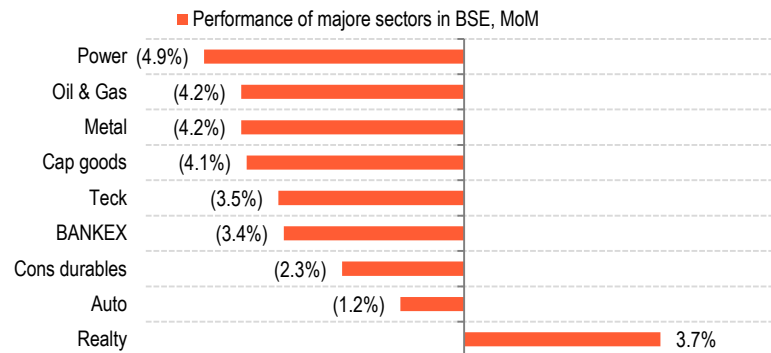
Equity

Fig 158 – In Oct'23, Sensex fell by 3.2%, in line with major markets



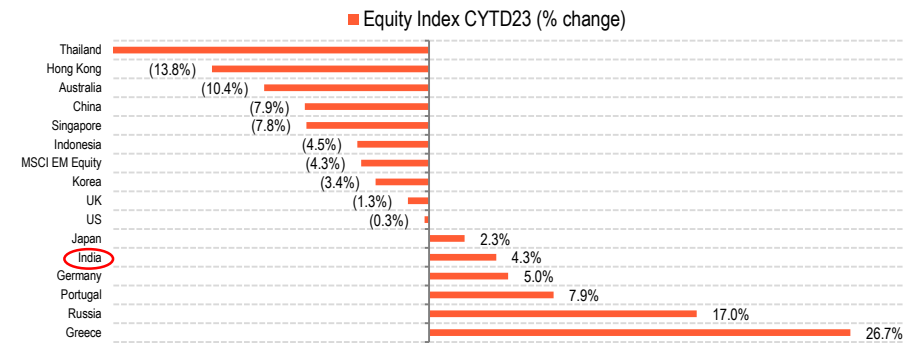
Source: Bloomberg | \* As on 31Oct 2023, Indices are in US\$ terms

Fig 160 – Power and oil and gas stocks fell the most in Oct'23



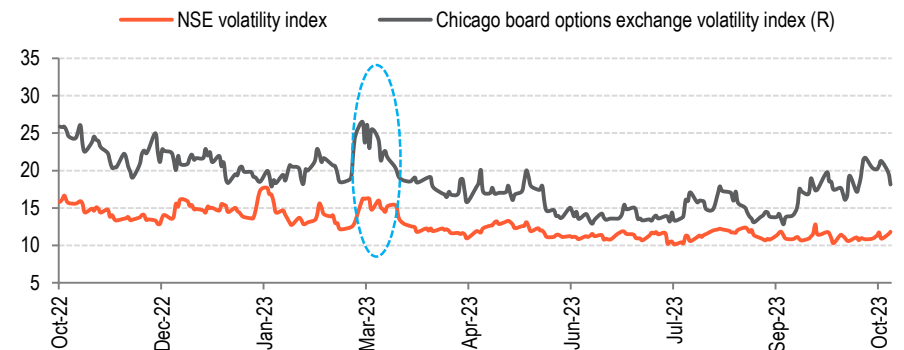
Source: Bloomberg | As on 29 Sep 2023

Fig 159 – However, in CYTD23, Sensex rose by 4.3%



Source: Bloomberg | \* As on 31Oct 2023, Indices are in US\$ terms

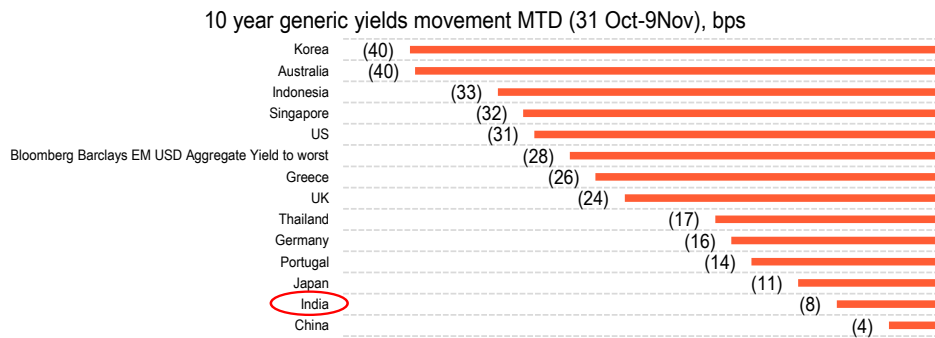
Fig 161 – VIX index was broadly at the same level at 11.83



Source: Bloomberg

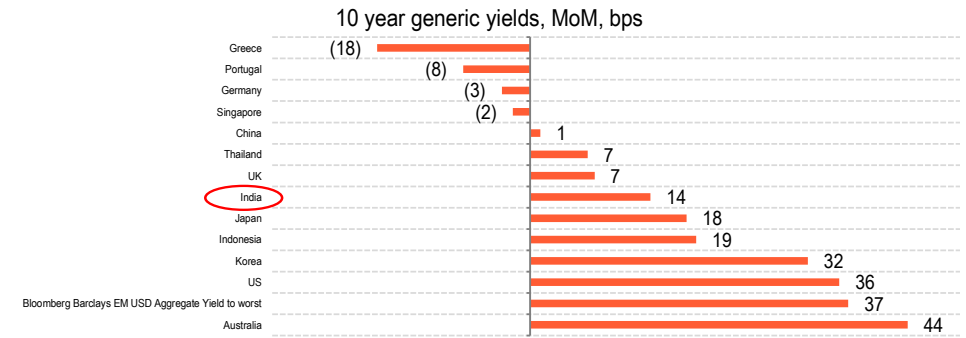
10-year bond yields

Fig 162 – On MTD basis, India’s 10Y yield fell by 8bps



Source: Bloomberg | As on 9 Nov 2023

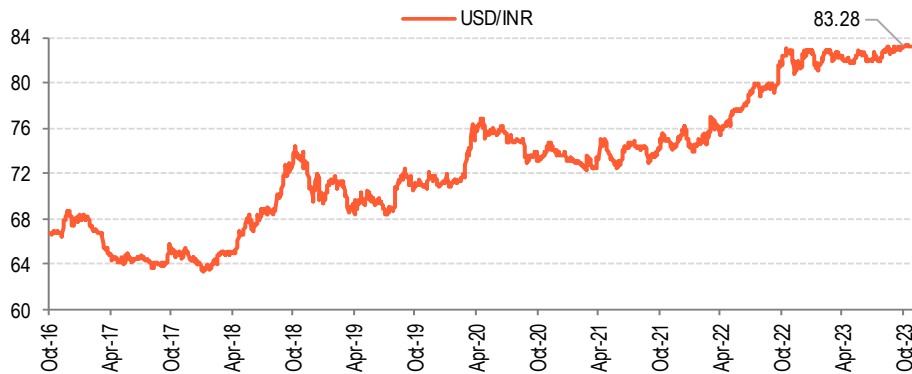
Fig 163 – On MoM basis, India’s 10Y yield rose by 14bps



Source: Bloomberg | As on 31 Oct 2023

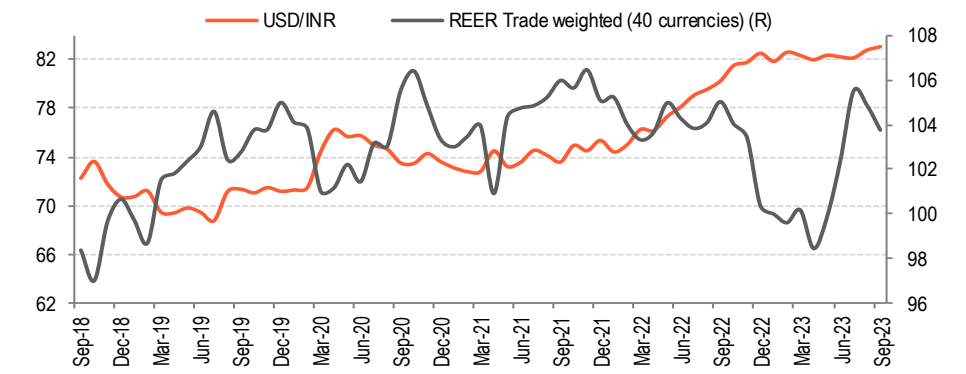
Currencies

Fig 164 – INR depreciated to a fresh record low in Oct’23



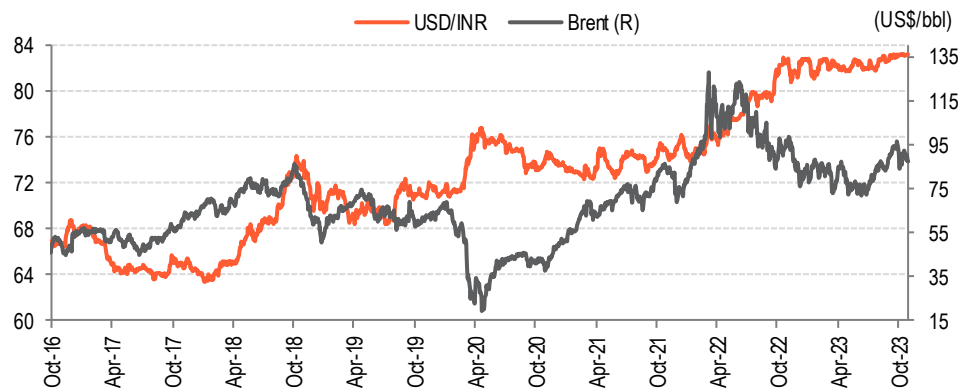
Source: Bloomberg | \*As on 31 Oct 2023

Fig 165 – INR still overvalued by 3.8% on REER basis



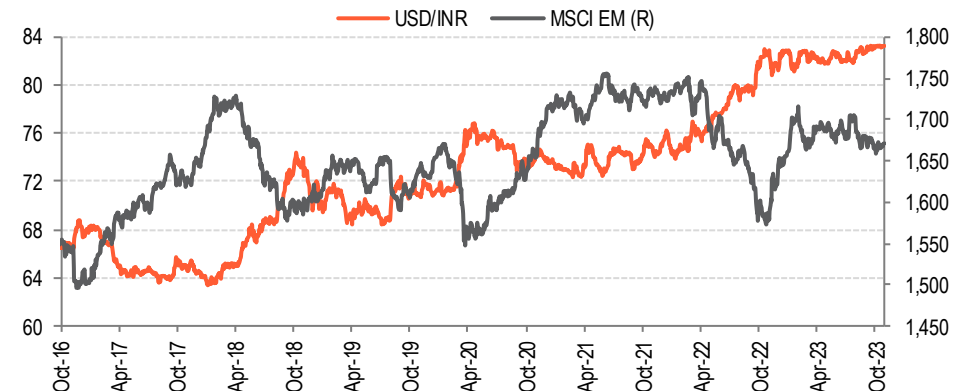
Source: Bloomberg

Fig 166 – Oil prices were lower in Oct'23



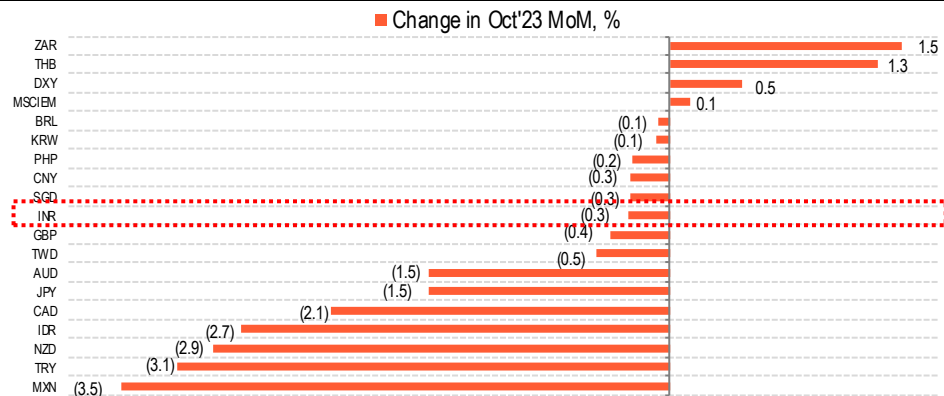
Source: Bloomberg | \*As on 31 Oct 2023

Fig 167 – EM currencies were marginally higher



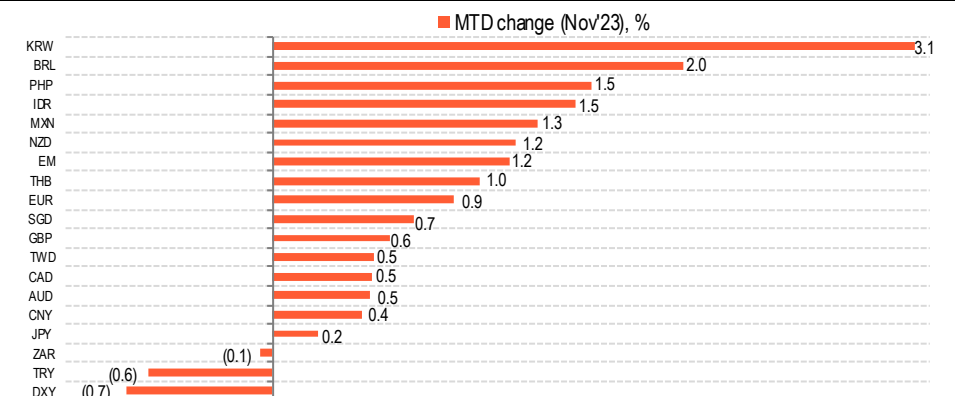
Source: Bloomberg | \*As on 31 Oct 2023

Fig 168 – In Oct'23, INR depreciated by 0.3%



Source: Bloomberg | \*As on 31 Oct 2023

Fig 169 – INR has depreciated to a fresh record-low in Nov'23

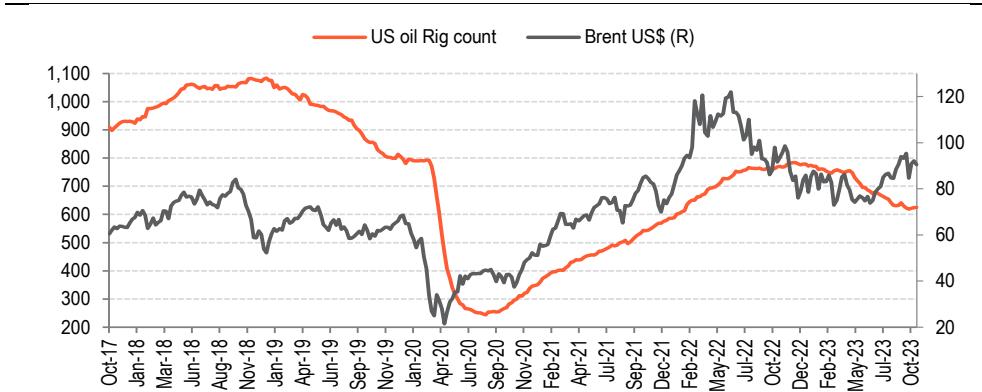


Source: Bloomberg | \*As on 9 Nov 2023



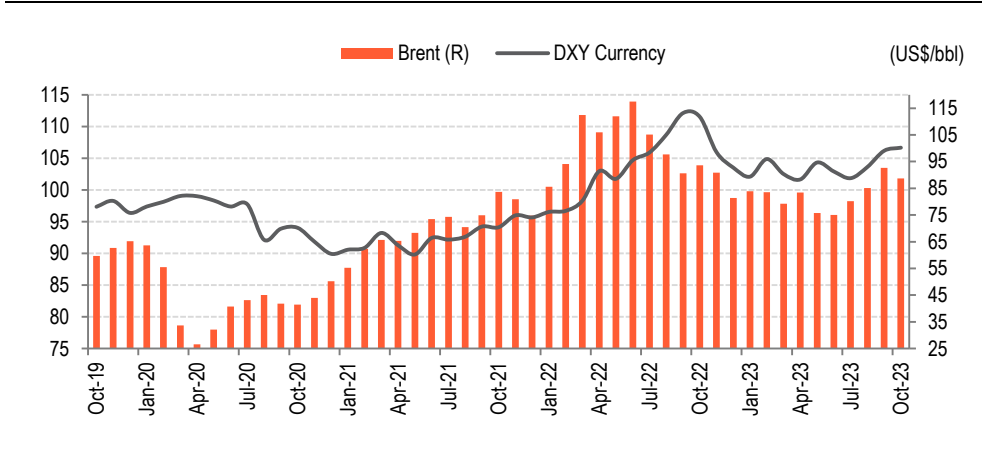
Commodities

Fig 170 – US rig count slightly inched up



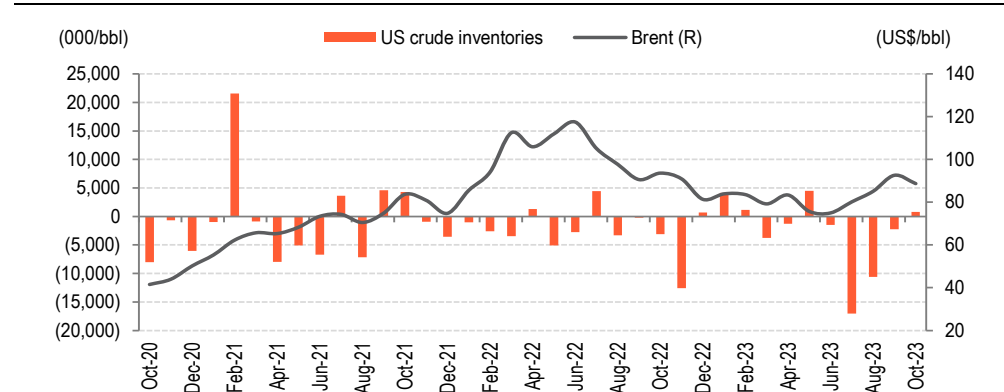
Source: Bloomberg

Fig 172 – Oil prices (average) moderated to US\$ 88.7/bbl in Oct'23 from US\$ 92.6/bbl in Sep'23, DXY rose to 106.66 from 106.17



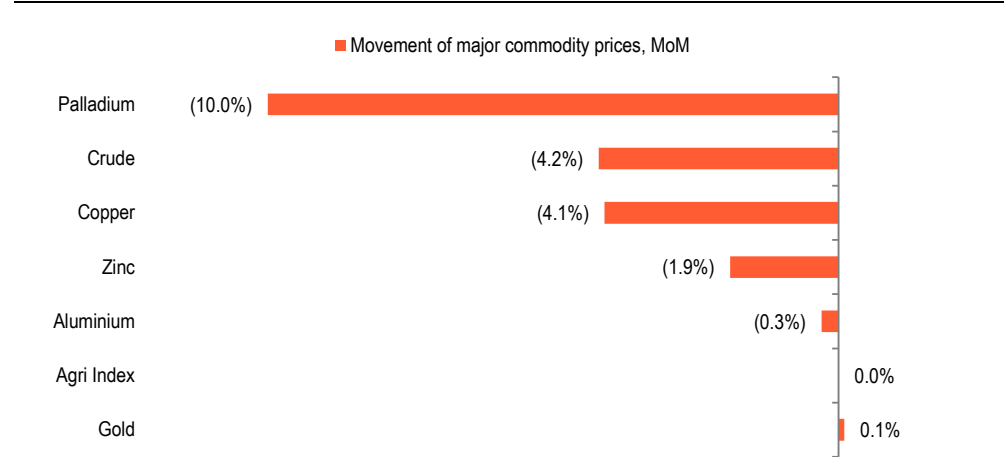
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 171 – Inventory accumulation was seen in Oct'23



Source: Bloomberg

Fig 173 – Broadly commodity prices have moderated



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

Fig 174 – Performance of high frequency indicators

Indicators	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
<b>Agriculture</b>													
Tractor sales	3.6	4.4	19.2	16.0	11.8	10.1	(13.0)	(2.4)	(0.7)	0	(4.1)	(15.6)	-
Two wheeler sales	51.1	23.6	(11.2)	10.1	14.8	12.4	(7.3)	9.3	6.8	8.2	6.3	21.7	(12.6)
MNREGA work (HH, MoM)	(7.1)	(19.4)	(14.2)	(2.3)	2.2	6.8	6.6	31.9	6.3	(30.4)	(18.5)	(3.2)	(1.1)
<b>Manufacturing</b>													
IIP: General index	(4.1)	7.6	5.1	5.8	6.0	1.7	4.6	5.7	3.8	6.0	10.3	-	-
IIP: Manufacturing	(5.8)	6.7	3.6	4.5	5.9	1.5	5.5	6.3	3.1	5.0	9.3	-	-
IIP: Capital goods	(2.9)	20.7	7.8	10.5	11.0	9.1	4.4	8.1	2.0	4.5	12.6	-	-
IIP: Infra & construction goods	1.7	14.3	11.0	11.3	9.0	7.2	13.4	13.0	12.9	12.4	14.9	-	-
IIP: Consumer goods	(18.1)	5.0	(11.2)	(8.2)	(4.1)	(8.1)	(2.3)	1.5	(6.7)	(2.6)	5.7	-	-
Steel	5.8	11.5	12.3	14.3	12.4	12.1	16.6	12.0	21.3	14.2	12.4	9.6	-
Cement	(4.2)	29.1	9.5	4.7	7.4	(0.2)	12.4	15.9	9.9	6.9	19.3	4.7	-
Electricity	1.2	12.7	10.4	12.7	8.2	(1.6)	(1.1)	0.8	4.2	8.0	15.3	9.3	-
PMI: Manufacturing	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5
<b>Services</b>													
Services PMI index	55.1	56.4	58.5	57.2	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0	58.4
Automobile sales	47.6	25.7	(5.4)	13.6	16.0	13.9	(4.0)	10.1	9.6	10.0	8.6	20.4	(7.7)
Passenger vehicle sales	40.6	21.3	8.1	21.9	11.0	14.4	(1.3)	4.3	4.8	4.0	6.5	19.0	(1.4)
Vehicle registration	48.5	19.0	(6.4)	14.2	16.6	14.8	(3.2)	11.0	10.3	10.6	9.4	20.7	(7.8)
Rail freight traffic	1.4	5.2	3.1	3.8	3.6	3.8	3.5	1.9	(1.9)	1.5	6.4	6.7	8.7
Port cargo volume	3.2	1.7	10.4	12.2	12.0	1.5	1.3	3.5	0.4	4.3	4.4	0.3	13.8
Credit growth	15.8	16.1	14.9	16.3	15.5	15.0	15.7	15.3	18.0	19.5	19.7	20.0	19.9
Deposit growth	8.9	9.8	9.2	10.5	10.1	9.6	10.1	11.4	15.5	12.9	13.2	13.2	12.9
CIC	9.0	7.9	8.2	8.6	8.2	7.8	7.6	6.9	4.9	4.4	4.0	4.1	2.9
Toll collection (in mn)	283.0	285.6	308.0	300.8	288.4	306.3	305.0	335.2	316.1	295.0	308.0	298.9	319.7
Diesel consumption	5.6	19.3	6.6	12.8	7.6	1.2	8.6	12.8	3.0	3.8	5.2	3.8	9.3
GST E-way bill (in mn)	76.9	80.7	84.1	82.4	81.8	90.9	84.4	88.2	86.1	88.0	93.4	92.0	100.3
<b>External Trade</b>													
Merchandise exports	(11.5)	9.7	(3.1)	1.6	(0.4)	(6.0)	(12.7)	(10.3)	(18.8)	(10.1)	3.9	(2.6)	-
Merchandise imports	8.0	7.4	1.5	(0.6)	(4.9)	(4.9)	(13.6)	(6.7)	(17.5)	(17.0)	(2.8)	(15.0)	-
Services exports	24.6	30.7	20.4	29.6	28.8	13.1	7.2	7.4	3.2	8.1	8.4	(2.7)	-
Services imports	15.9	21.7	5.7	7.5	10.8	6.0	(0.7)	4.5	(1.0)	(2.2)	(0.8)	(10.3)	-

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

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