

India Economics

Monthly Chartbook

January 2024

Economic Research Department

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Fiscal consolidation to hold key

India's high frequency growth indicators painted a mixed picture. While electricity demand and non-oil-non-gold imports showed some degree of moderation; consumer goods output and consumer confidence remained buoyant. Rabi sowing remains a cause of concern for agriculture output and inflation, going ahead. The coming month holds the key to major fiscal numbers. Overall, we expect consolidation on fiscal space with lower emphasis on government borrowings which will keep a lid on inflation. Recently, Bloomberg also proposed to include Indian bonds (FAR) in its EM local currency index from Sep'24. All this, will concomitantly put downward bias on yields. On external front, RBI's intervention and resumption of foreign inflows, along with the undertone of easing financial conditions globally, will keep INR range-bound.

Early signs of softening in domestic demand: Some high frequency indicators such as electricity demand, non-oil-non-gold imports and electronic imports have registered moderation in Nov'23, thereby signalling weakness in domestic demand. On the other hand, steady pace of growth in digital payments and consumer goods output have also been noticed. RBI's consumer confidence remained stable at 92.2 (unchanged from last round) with respondents remaining fairly optimistic. On rural front, as per the advance estimate, agriculture growth is expected to be lower in FY24 due to uneven distribution of rainfall. Currently, even Rabi sowing is trailing behind last year levels and needs to be monitored closely as sowing season is drawing to a close.

Health of centre's finances: Centre's fiscal deficit ratio (% of GDP, 12MMA) settled at 5.8% as of Nov'23 compared with 6.2% as of Oct'23, on account of further slowdown in spending. In FYTD24 (Apr-Nov'23), centre's overall

spending momentum eased to 8.6% versus 11.7% as of Oct'23. This was mainly driven by slowdown in revenue spending (3.6% versus 6.5%). Capex also moderated (31% versus 33.7%). On the income side, centre's net revenue receipts rose by 20.9%, compared with 16.1% growth seen as of Oct'23. This was driven by jump in both direct (24.8% versus 24.1%) and indirect tax collections (5.1% versus 3.7%). Within direct taxes, income tax collections moderated, while corporate receipts improved. Government's deficit ratio may come under pressure on account of lower than expected nominal GDP.

India's 10Y yield remained rangebound: In Dec'23, India's 10Y yield fell in line with global yields. Anticipation of easing financial conditions in the US have led to a buying rally in g-sec market. In CY23, India's 10Y yield closed lower by 15bps, and the year has seen a flatter yield curve with tight liquidity conditions impacting yields across short tenor. Long-end securities however, got buying support. With RBI's VRR, some easiness on liquidity front has been observed. We do not expect much volatility in India's long part of the curve, especially in a calendar-light month.

INR ends CY23 only marginally lower: INR appreciated by 0.2% in Dec'23, to end the year lower by 0.6%. This is quite remarkable given that it depreciated by over 10% in 2022. Factors which favoured INR are: a weaker dollar, lower oil prices, strong FPI inflows and range-bound external. Apart from this, INR also found support from timely intervention by RBI which helped in curbing excessive volatility. In the near-term, we expect INR to trade in the range of 83-83.5/\$. India's inclusion in Bloomberg index is likely to draw more inflows from FPIs, and hence we expect INR to trade with an appreciating bias in 2024.

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

High frequency indicators

Fig 1 – Growth in power demand slows down in Dec'23

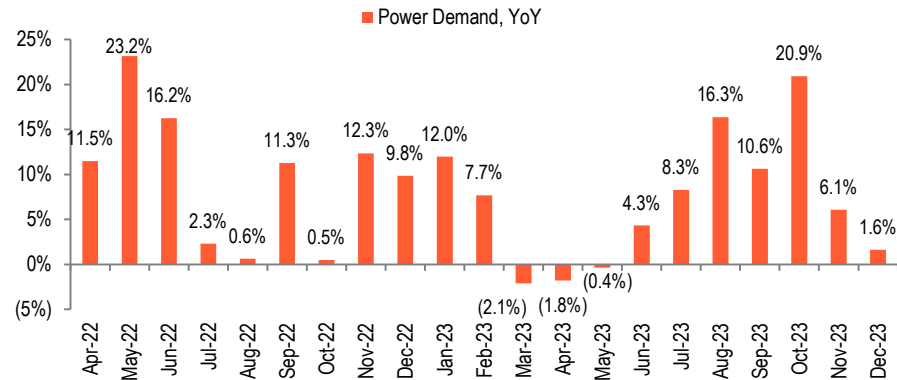
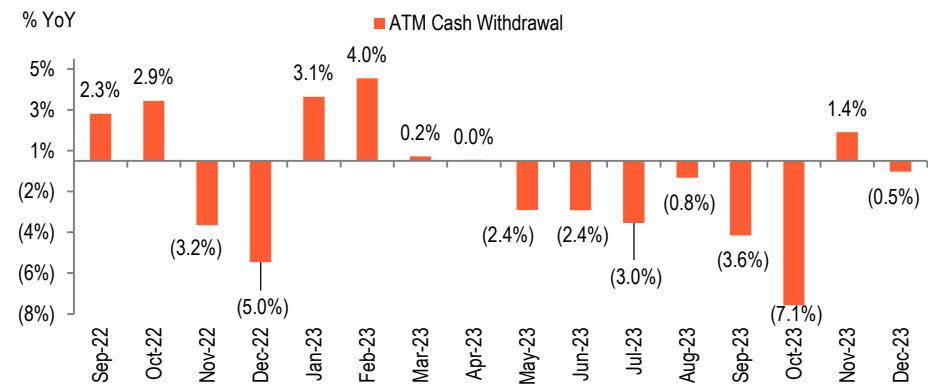
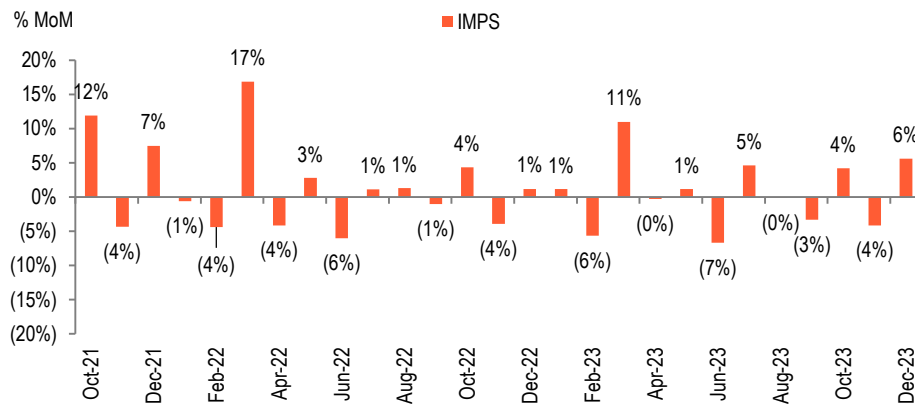


Fig 2 – Growth for cash withdrawal declines again



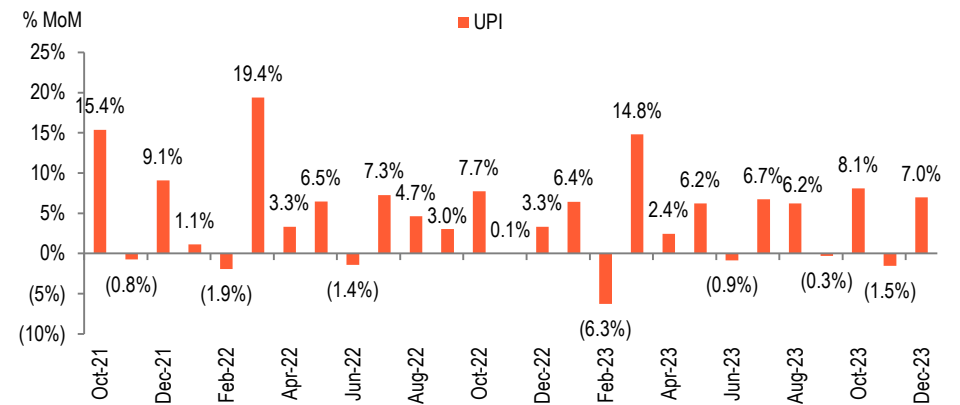
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – IMPS transactions rebound on a monthly basis



Source: RBI

Fig 4 – Growth in UPI payments too improves



Source: RBI

Fig 5 – Growth in fertilizer sales dips

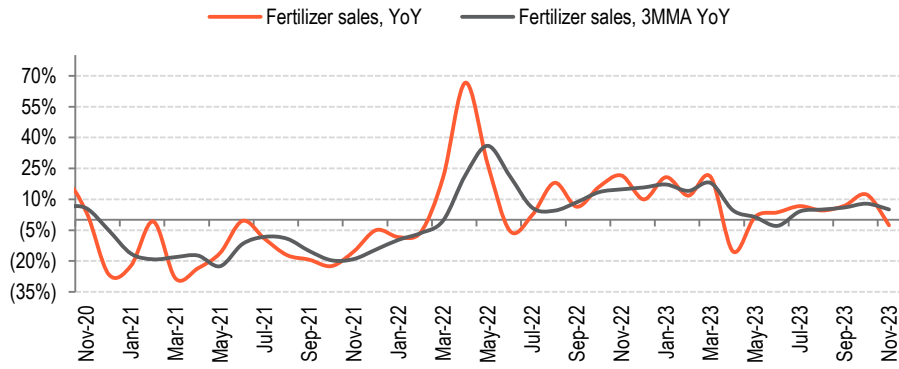
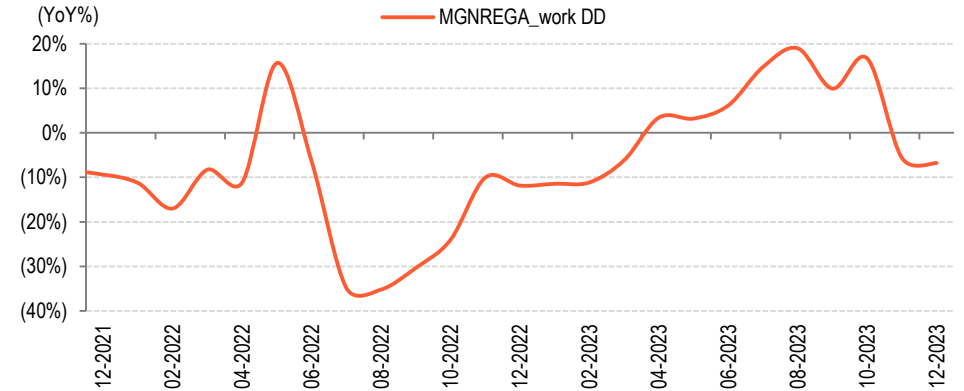


Fig 6 – Demand for work (MGNREGA-household) rebounds



Final consumption expenditure

Fig 7 – Private consumption moderates in Q2

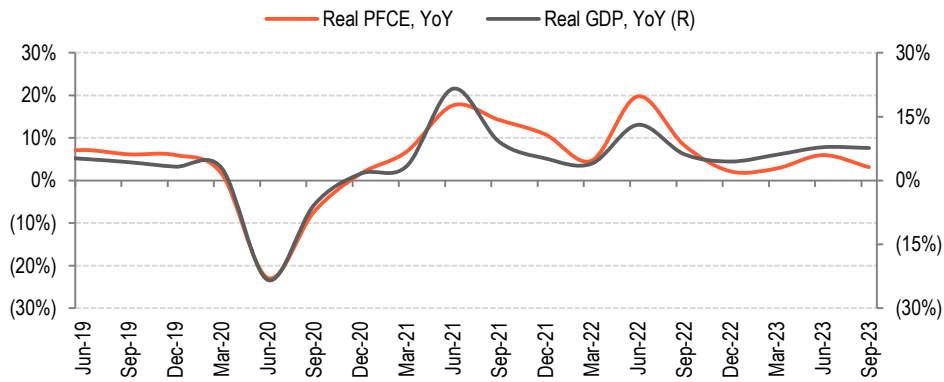


Fig 8 – Government consumption pickus up in Q2

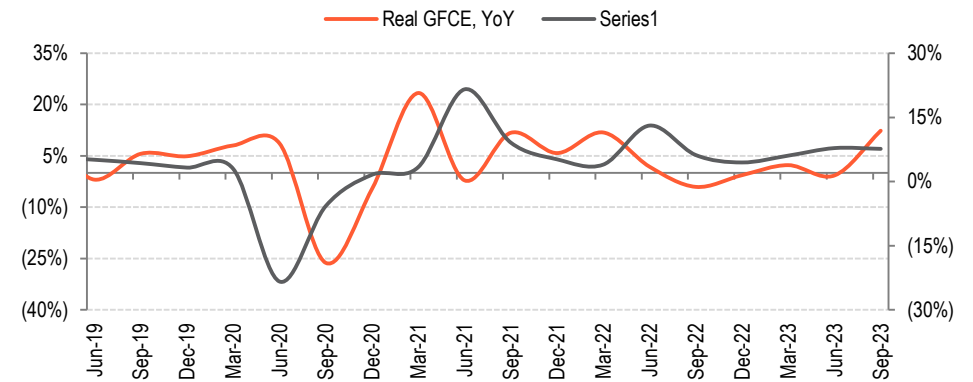


Fig 9 – General govt. revenue spending slips

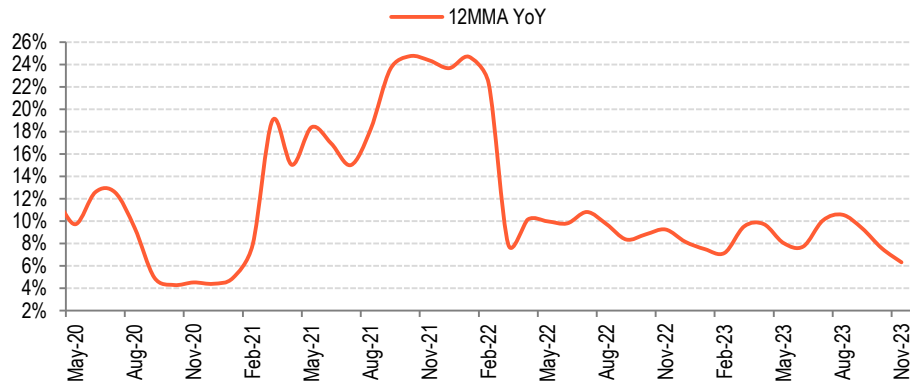
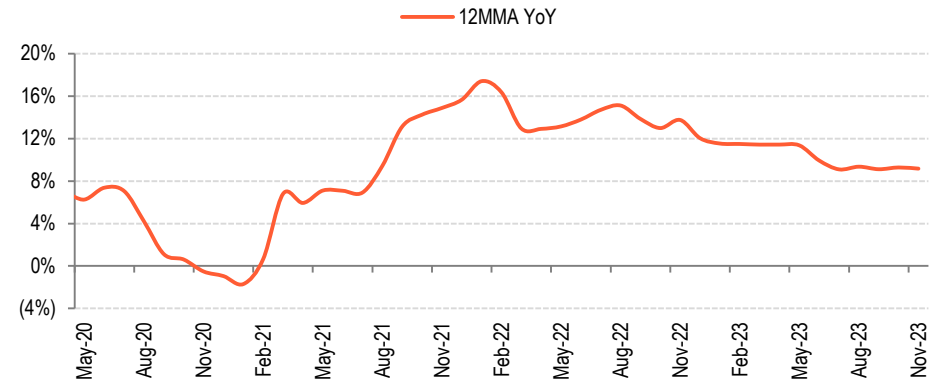


Fig 10 – .. similar movement for State* govt. revenue spending



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

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports declines in Nov’23

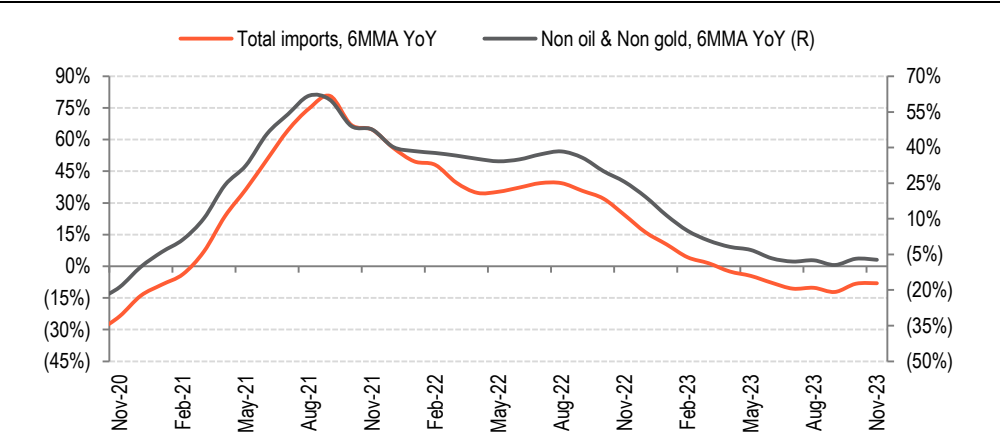


Fig 12 – Growth in electronic imports moderates

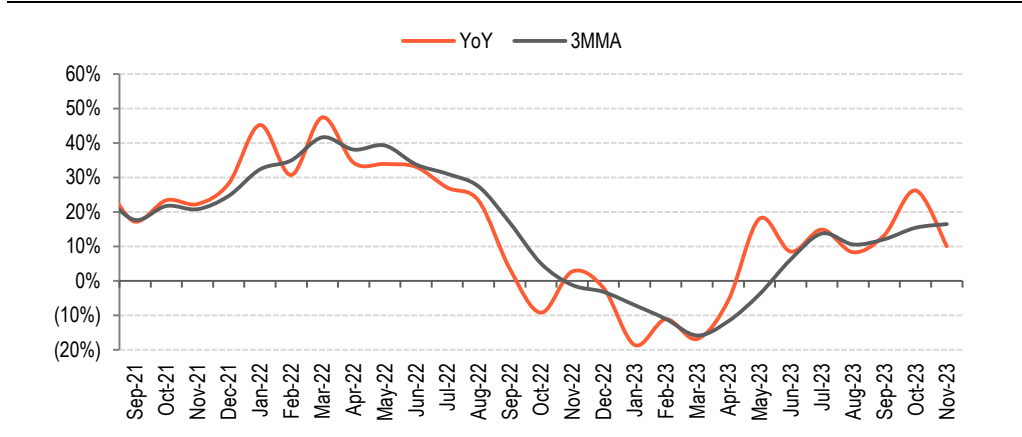
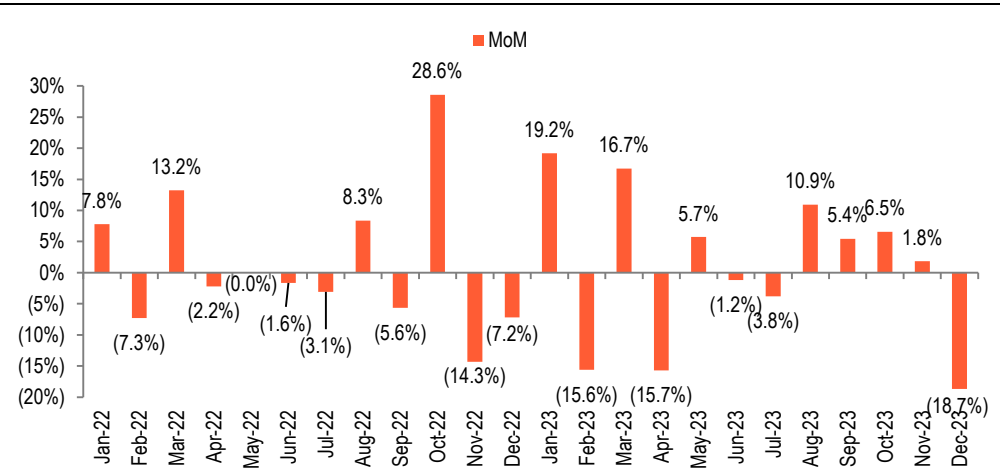
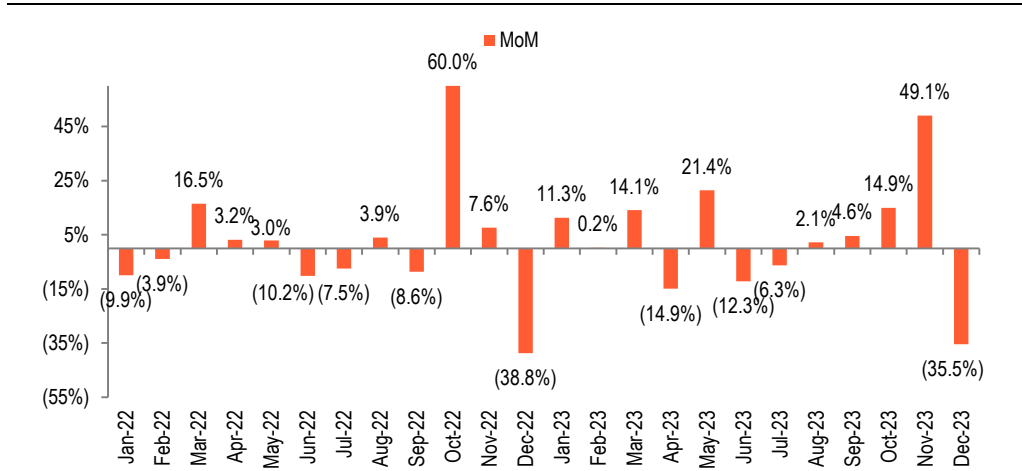


Fig 13 – Retail passenger vehicle sales contracts in Dec’23



Source: FADA

Fig 14 – Similar movement in two-wheeler sales



Credit deployment of personal loans

Fig 15 – Growth in credit card loan inches up

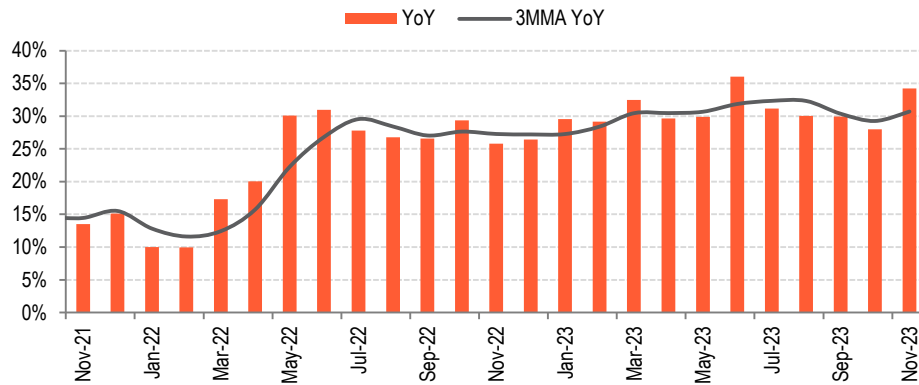


Fig 16 – Steady growth in personal loan

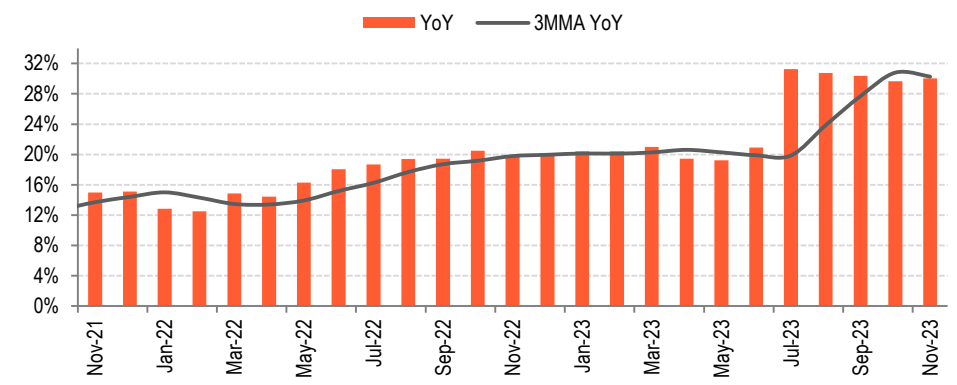


Fig 17 – Growth in vehicle loans improves in Nov'23

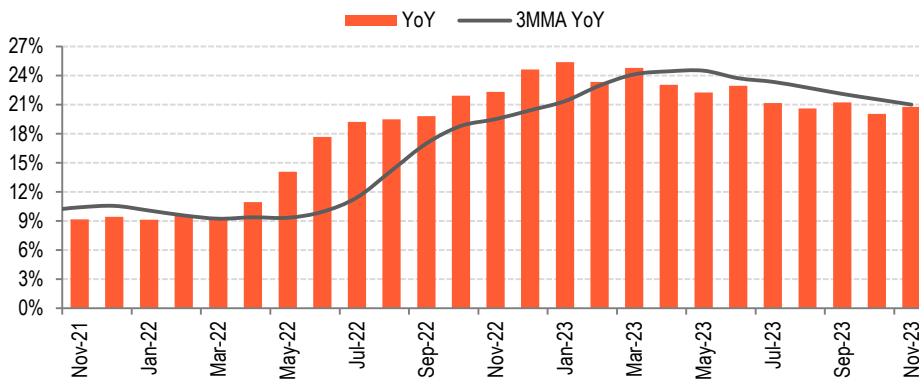


Fig 18 – Consumer's expectation remain stable

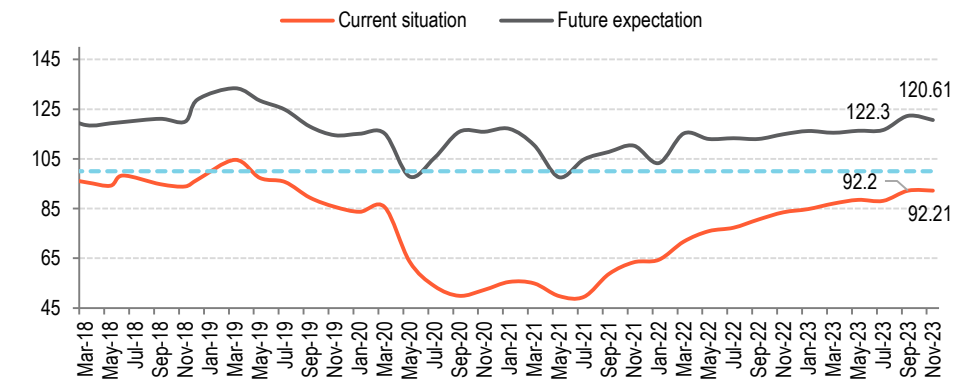


Fig 19 – RBI’s essential spending signals increase

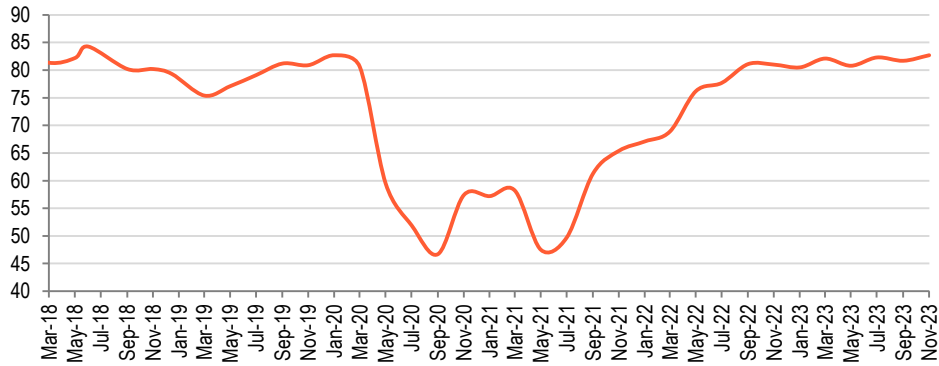
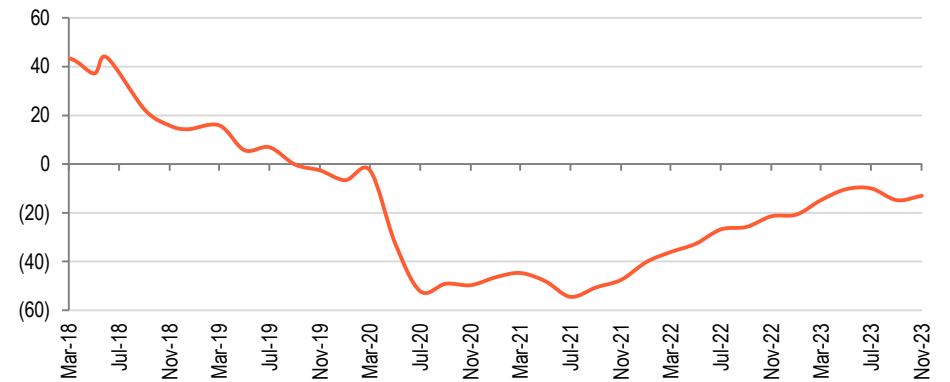


Fig 20 – Non-essential spending continues to inch up



Consumer durables & non-durables production

Fig 21 – Double digit growth in Consumer durables output

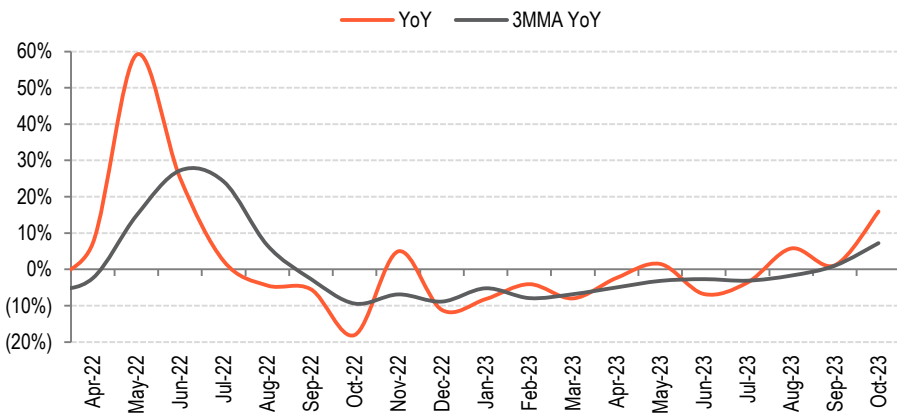
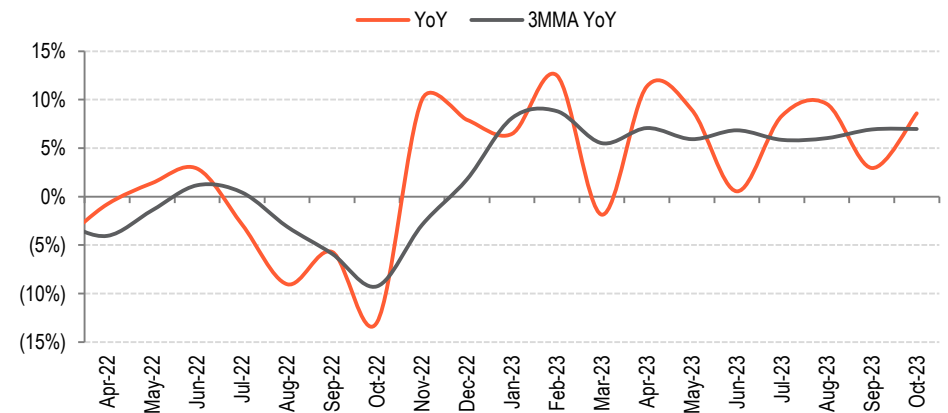


Fig 22 – Similar movement in FMCG output



Agriculture

Fig 23 – Agriculture growth falls in Q2

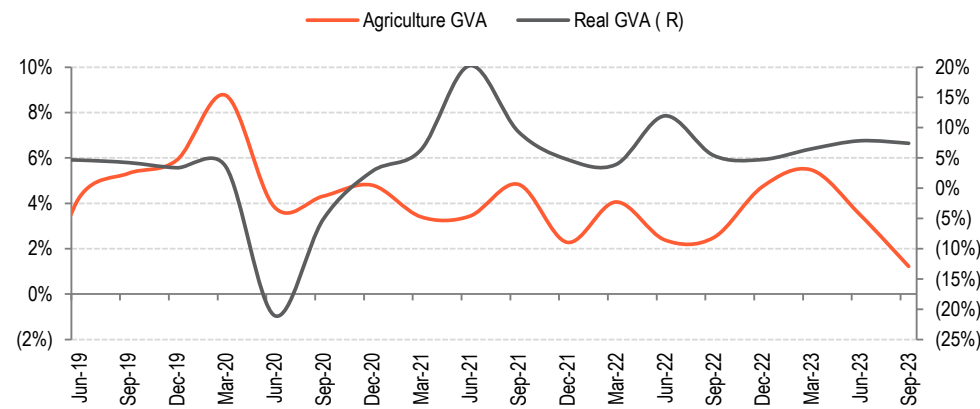
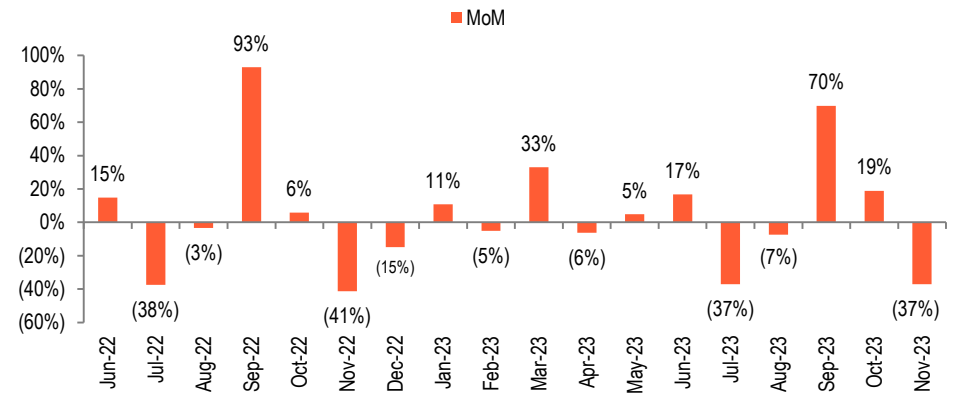


Fig 24 – Growth in tractor sales falters



Note: Tractor sales including exports

Fig 25 – Growth in agriculture credit picks up

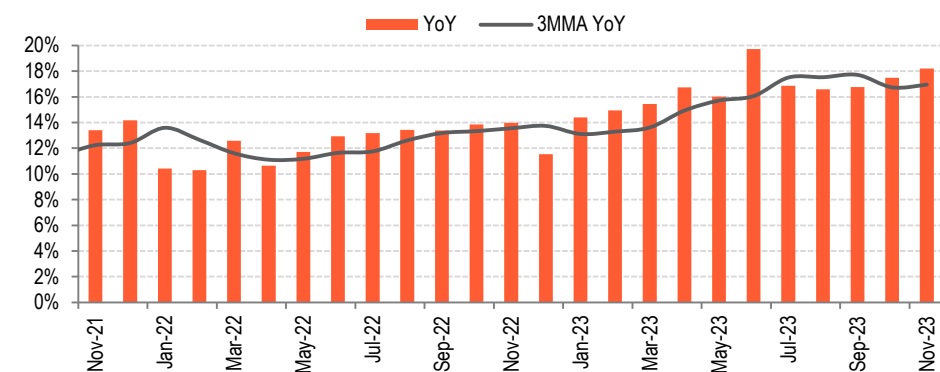
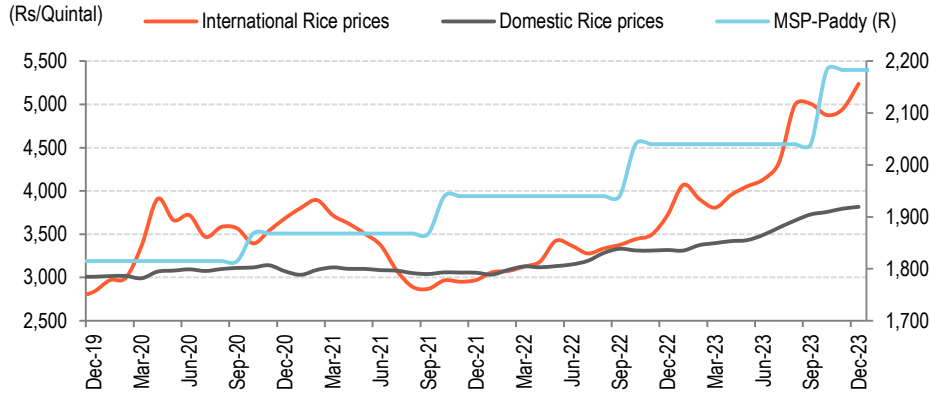


Fig 26 – Procurement of rice and wheat

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	20.2

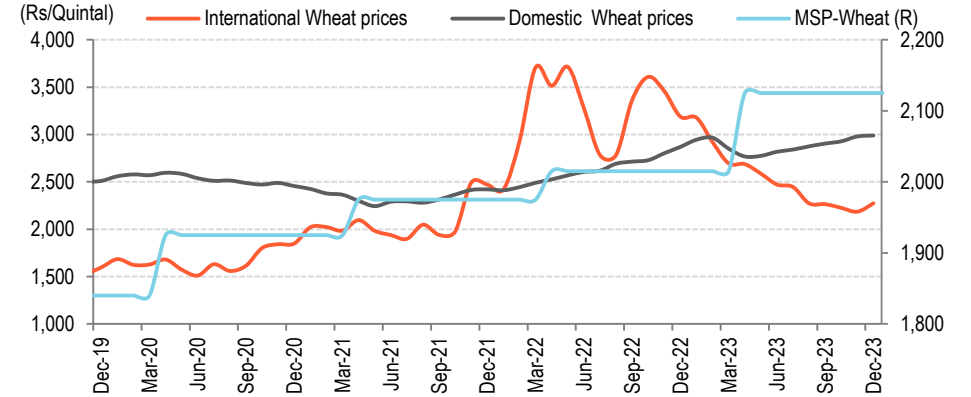
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Nov 2023

Fig 27 – Both domestic and international rice price inches up



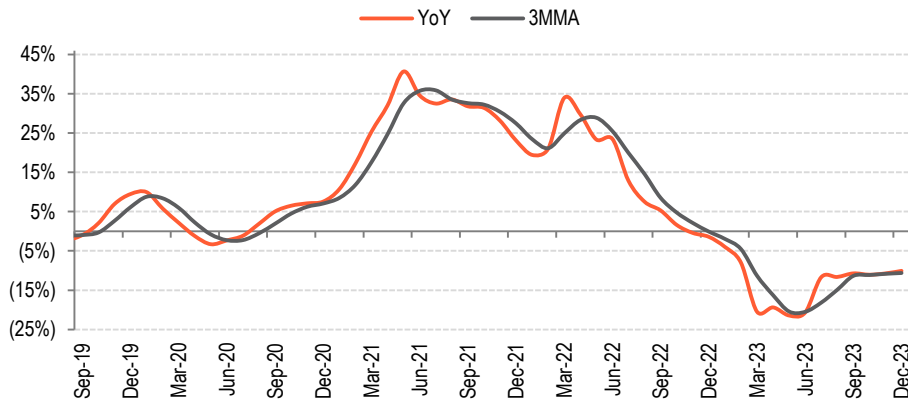
Source: World Bank

Fig 28 – International wheat prices rises; domestic prices moderate



Source: World Bank

Fig 29 – Global food prices declines further



Source: FAO

Fig 30 – Wage growth (men) inches up

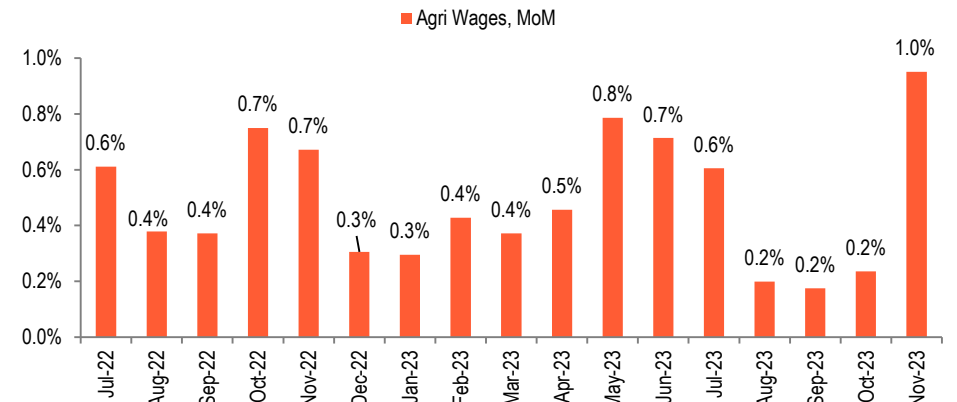


Fig 31 – Rabi sowing is lower compared with last year

Crop Type (Lakh ha)	Area sown in 2023-24	Area sown in 2022-23	Growth (YoY%)
Wheat	331.7	331.9	(0.1)
Rice	17.98	20.02	(10.2)
Coarse Cereals	49.82	48.31	3.1
Jowar	22	21.5	2.2
Maize	18.9	18.76	1.2
Pulses	148.2	156.2	(5.1)
Oilseeds	107.21	106.7	0.5
Total	654.9	663.1	(1.2)

*Note: Till 5 Jan 2024

Inflation

Fig 32 – Headline CPI inched up to 5.6% in Nov'23 from 4.9% in Oct'23, led by food

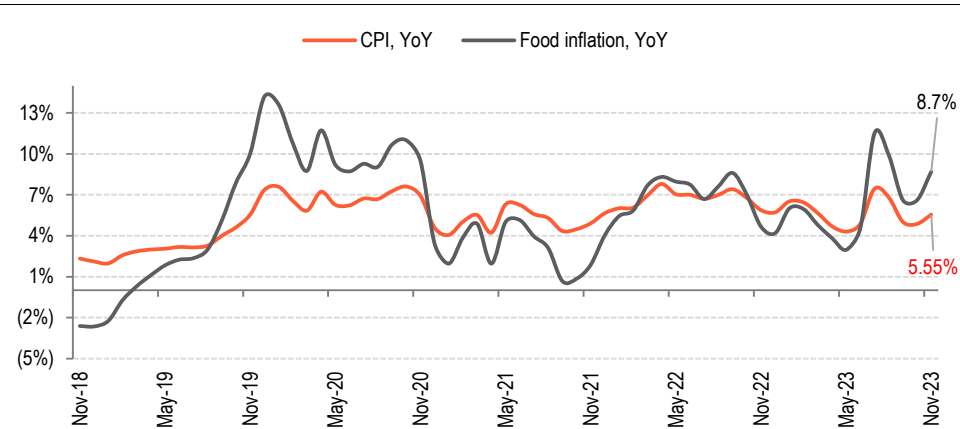


Fig 33 – ...Pressure was visible in case of vegetables, fruits, pulses etc.

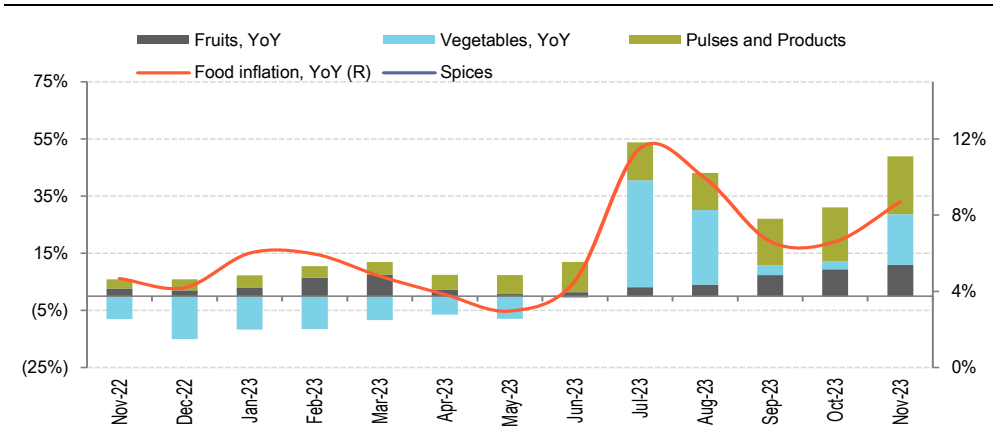


Fig 34 – Core inflation and its sub-components continued to moderate

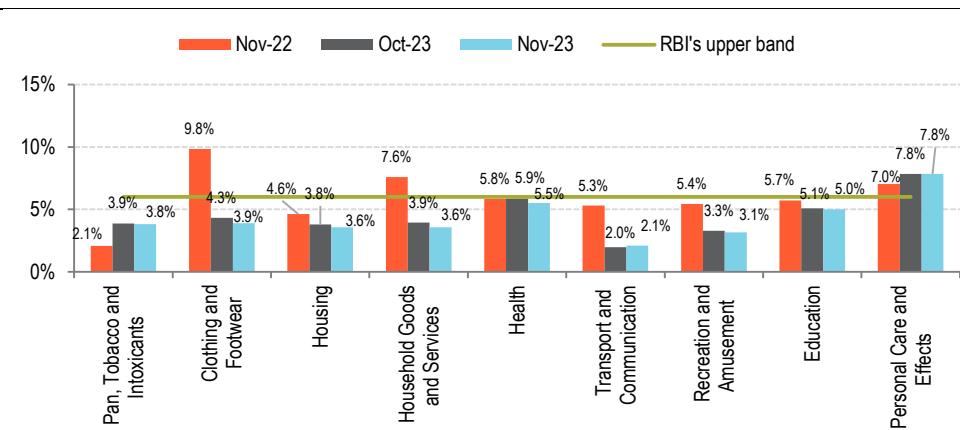
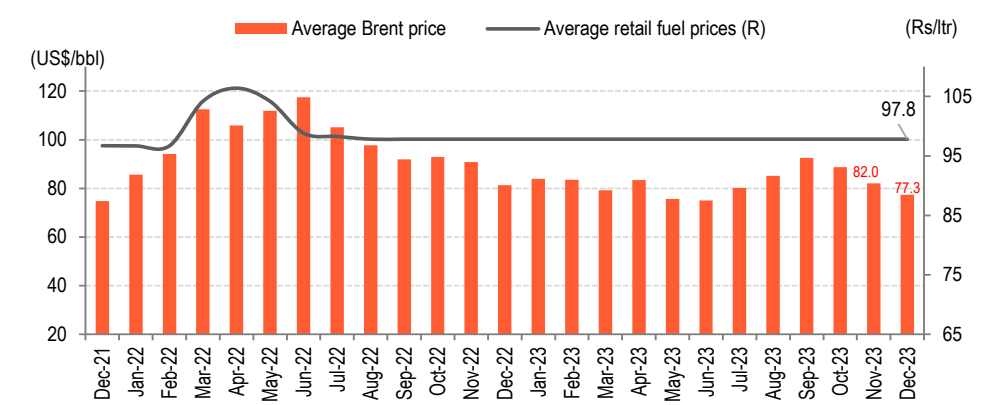


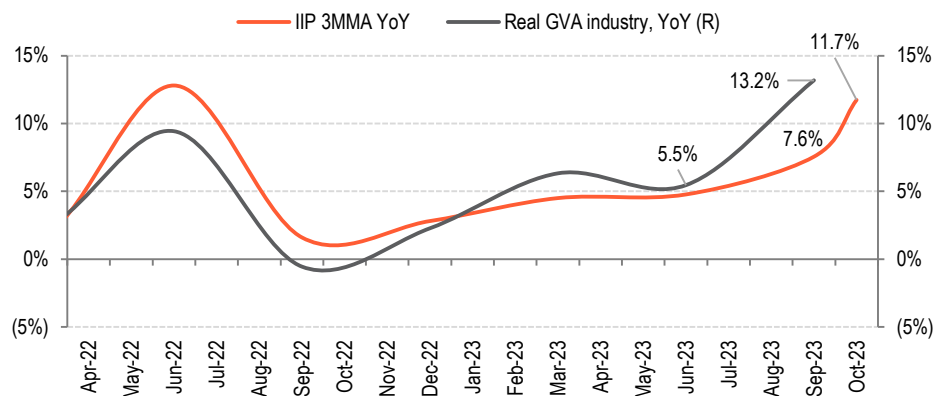
Fig 35 – Domestic retail price was stable at Rs 98/ltr, international crude price inched down to US\$ 77.3/bbl in Dec'23 from US\$ 82/bbl in Nov'23



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

Industry

Fig 36 – Industrial growth to improve in Q3



Note: Oct'23 data is on YoY basis

Fig 37 – Sectorwise growth higher in FYTD'24

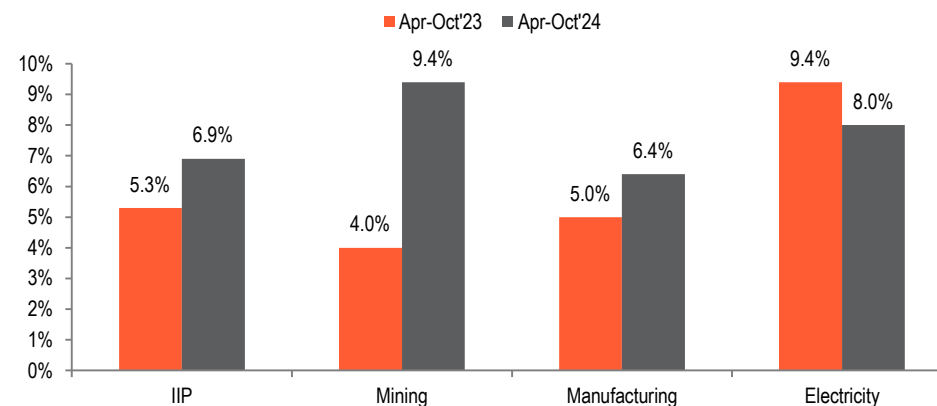
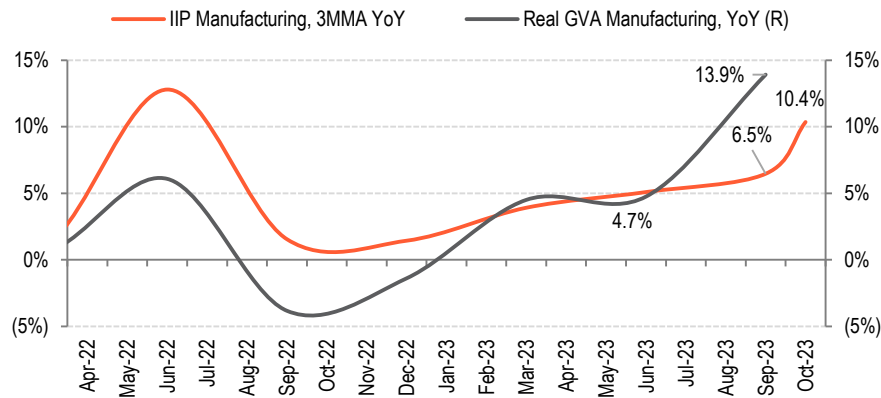


Fig 38 – Double digit growth in IIP

Sectoral (%)	Weight	Oct-23	Sep-23	Oct-22	Apr-Oct'24	Apr-Oct'23
IIP	100.0	11.7	6.2	(4.1)	6.9	5.3
Mining	14.4	13.1	11.5	2.6	9.4	4.0
Manufacturing	77.6	10.4	4.9	(5.8)	6.4	5.0
Electricity	8.0	20.4	9.9	1.2	8.0	9.4
Use-Based						
Primary Goods	34.1	11.4	8.0	2.1	7.0	8.2
Capital Goods	8.2	22.6	8.4	(2.9)	9.0	14.0
Intermediate Goods	17.2	9.7	6.1	(2.3)	5.1	5.4
Infrastructure and Construction Goods	12.3	11.3	8.9	1.7	12.3	6.8
Consumer Durables Goods	12.8	15.9	1.1	(18.1)	1.4	5.4
Consumer Non-Durables Goods	15.3	8.6	3.0	(13.0)	7.1	(4.0)

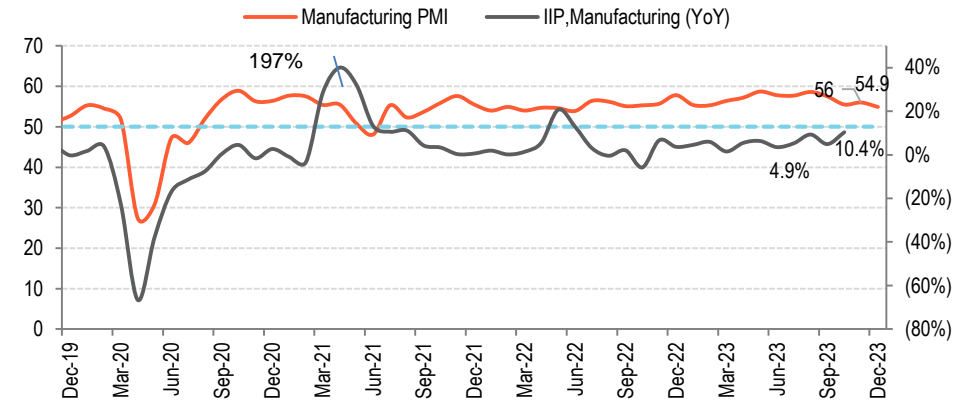
Manufacturing

Fig 39 – Higher manufacturing growth in Q3



Note: Oct'23 data is on YoY basis

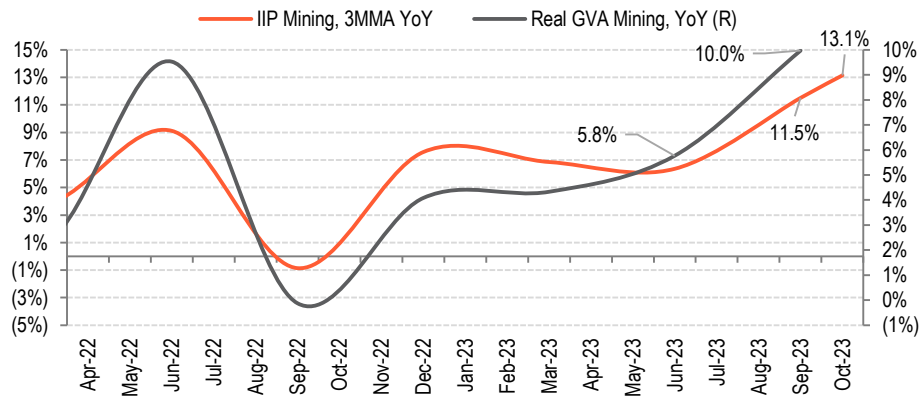
Fig 40 – Manufacturing PMI eases in Dec'23



Source: Markit

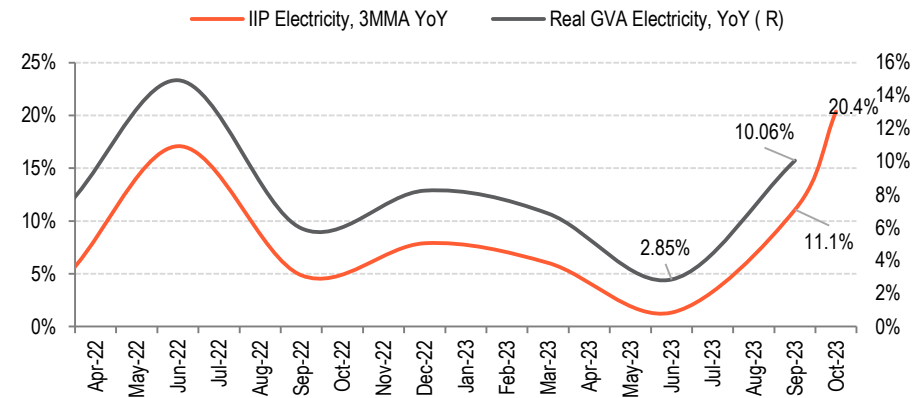
Mining & Electricity

Fig 41 – Growth in mining activity to be higher



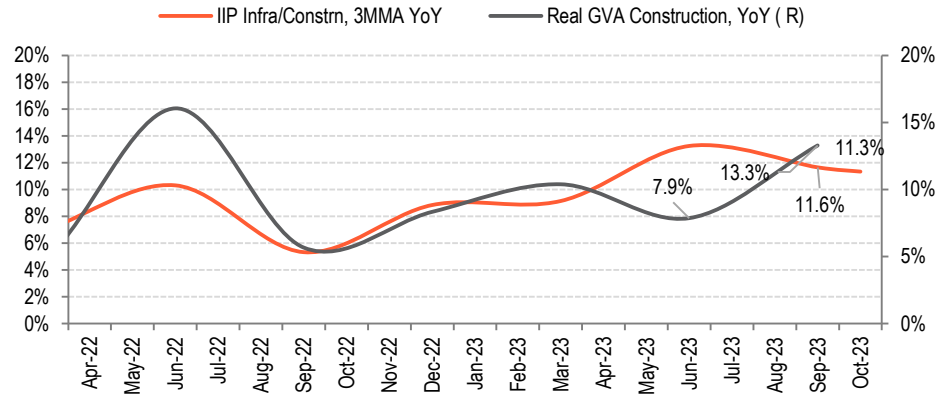
Note: Oct'23 data is on YoY basis

Fig 42 – Growth in Q3 to edge up



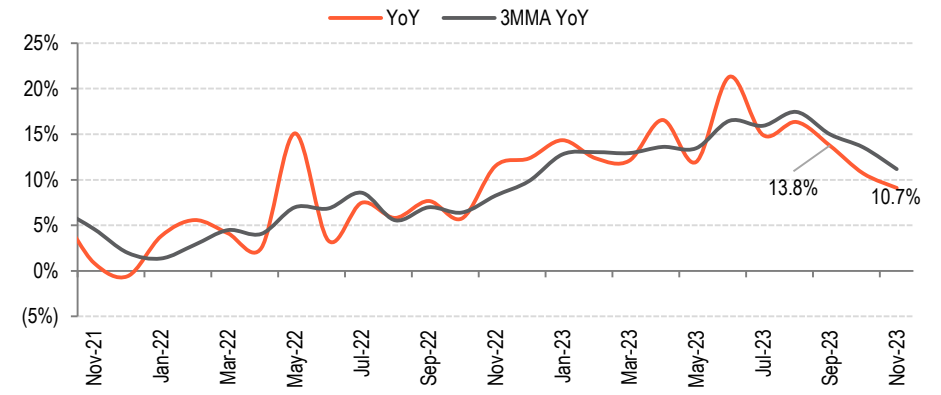
Infrastructure and construction

Fig 43 – Growth in construction sector output to improve



Note: Oct'23 data is on YoY basis

Fig 44 – However, slower growth in steel output in Nov'23



Infrastructure index

Fig 45 – Growth in infrastructure index slows down

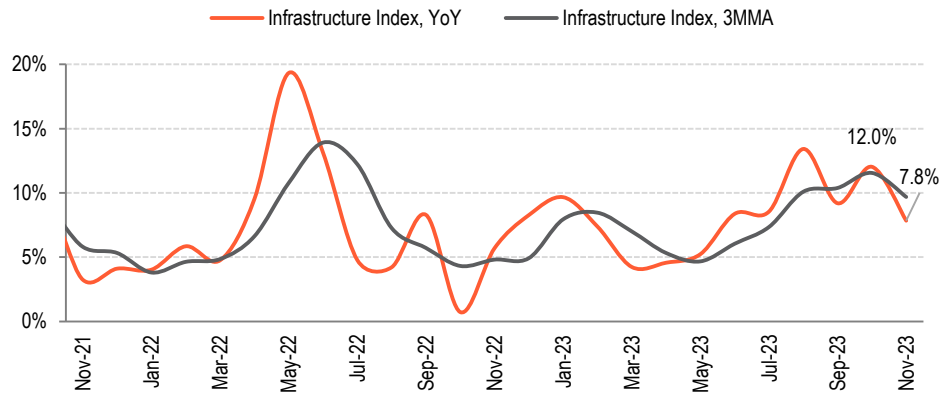
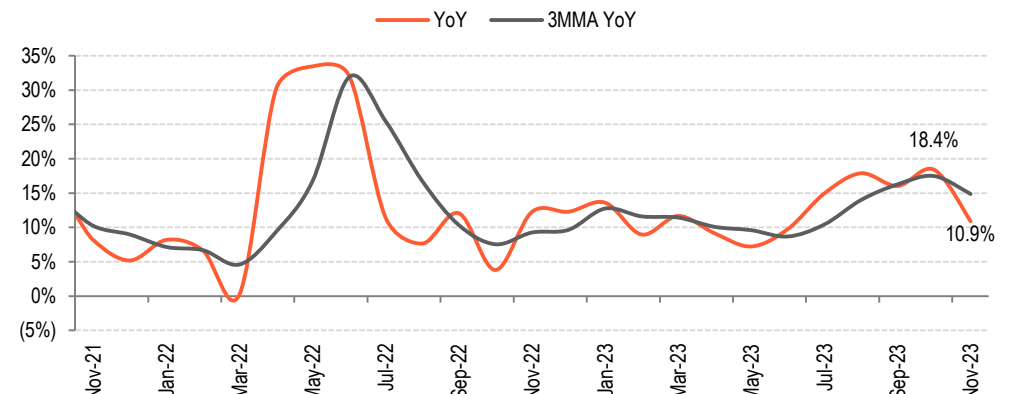


Fig 46 – Coal output moderates



Auto production & business expectation index

Fig 47 – Slower growth in auto production

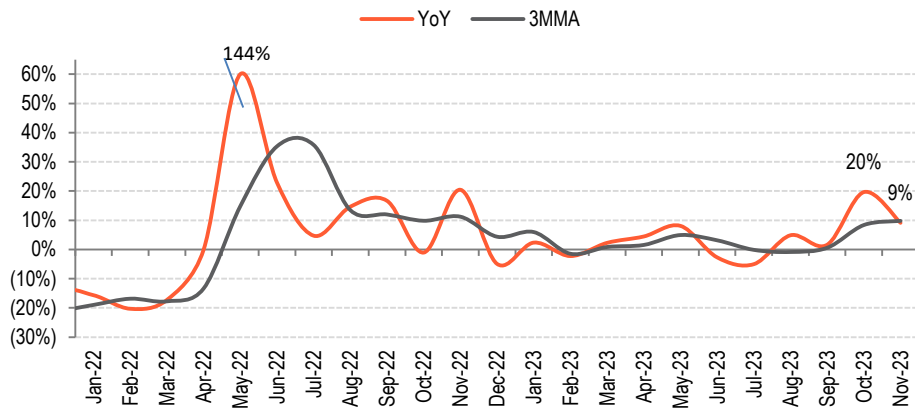


Fig 48 – Business sentiment rises

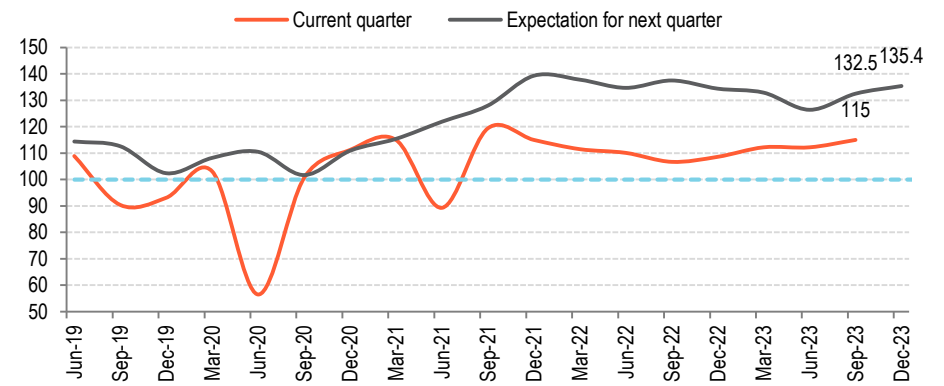
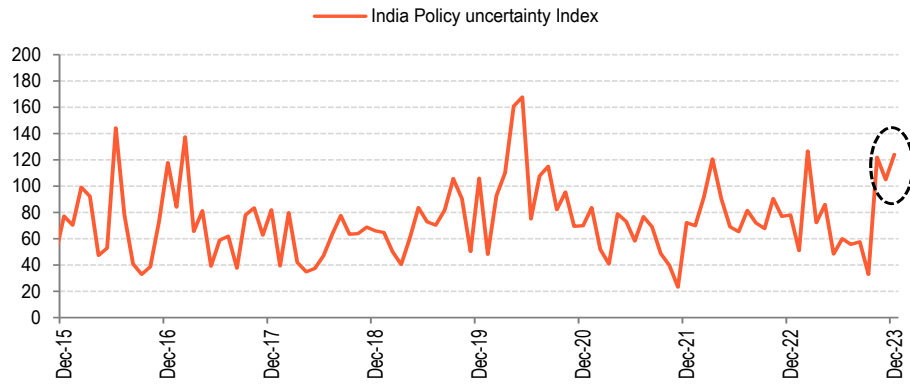


Fig 49 – Growth in infrastructure index eases

(%)	Weight	Nov-23	Oct-23	Nov-22	Apr-Nov'22	Apr-Nov'23
Infrastructure Index	100	7.8	12.0	5.7	8.1	8.6
Coal	10.3	10.9	18.4	12.3	17.2	12.8
Crude Oil	9.0	(0.4)	1.3	(1.1)	(1.4)	(0.2)
Natural Gas	6.9	7.6	9.9	(0.7)	0.7	5.4
Petroleum Refinery Products	28.0	12.4	4.2	(9.3)	5.7	5.0
Fertilizers	2.6	3.4	5.3	6.4	10.0	6.3
Steel	17.9	9.1	10.7	11.5	7.3	14.2
Cement	5.4	(3.6)	17.4	29.1	10.9	10.3
Electricity	19.9	5.6	20.3	12.7	9.8	7.7

Investment

Fig 50 – Policy uncertainty index in India inched up in Dec'23



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

Fig 52 – Capital goods production rose by 22.6% in Oct'23 from 8.4% in Sep'23

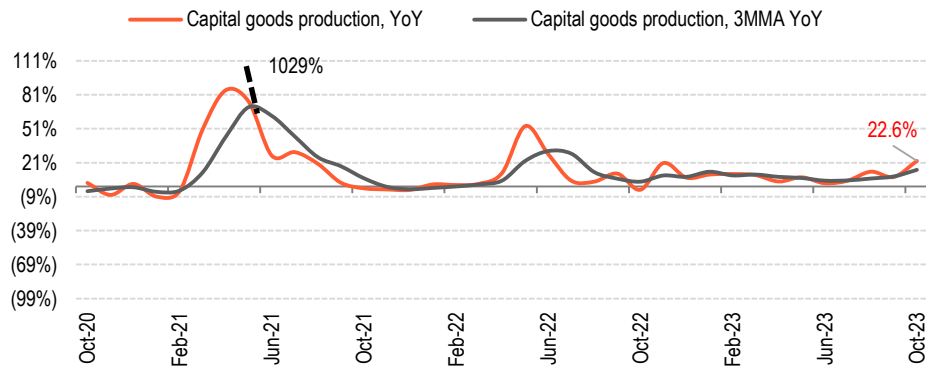


Fig 51 – Real GFCF grew at a robust pace of 11% in Q2FY24 from 8% in Q1FY24 and compared to 9.6% growth seen in Q2FY23

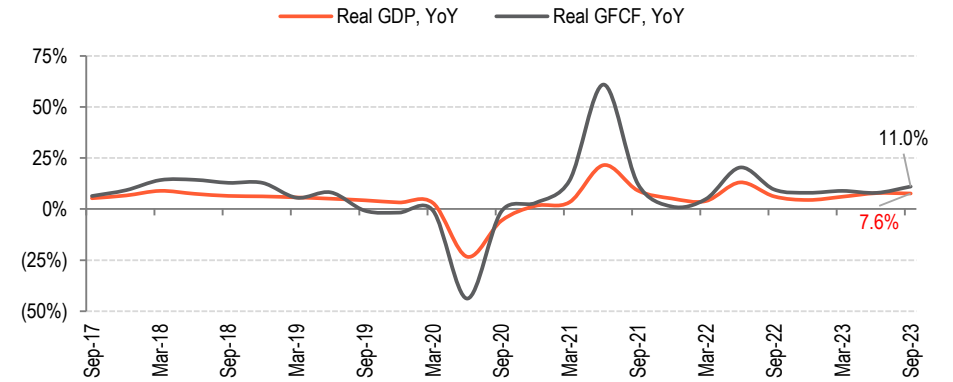


Fig 53 – Capital goods imports fell at a slower pace by 4.6% in Nov'23 from 5.5% decline seen in Oct'23

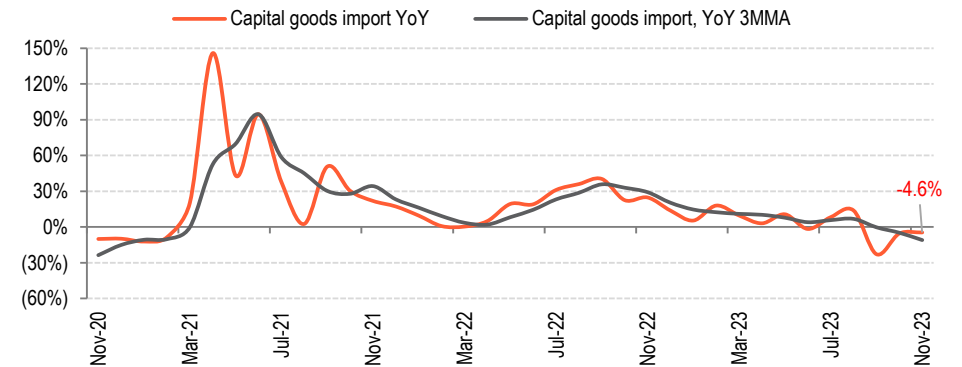


Fig 54 – Centre’s capex spending noted growth of 14.3% in Nov’23 from 16.9% in Oct’23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24

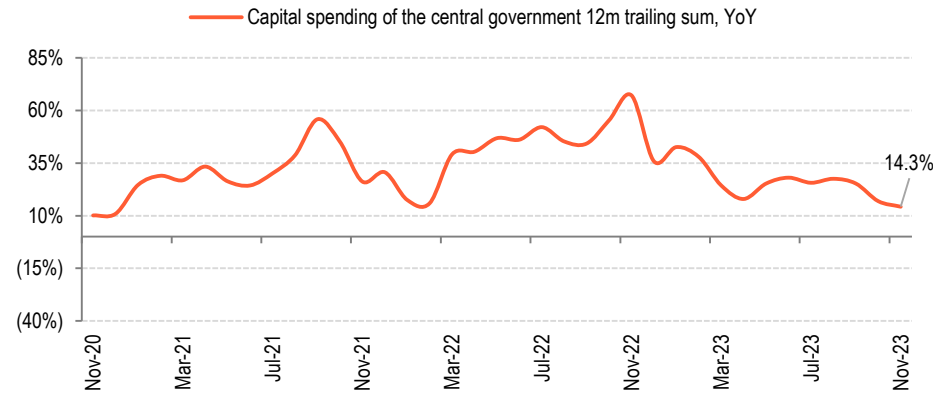


Fig 55 – Credit to micro and small industry rose by 17.2% in Nov’23 from 16.9% in Oct’23, for medium industry as well, it was broadly stable at 12%

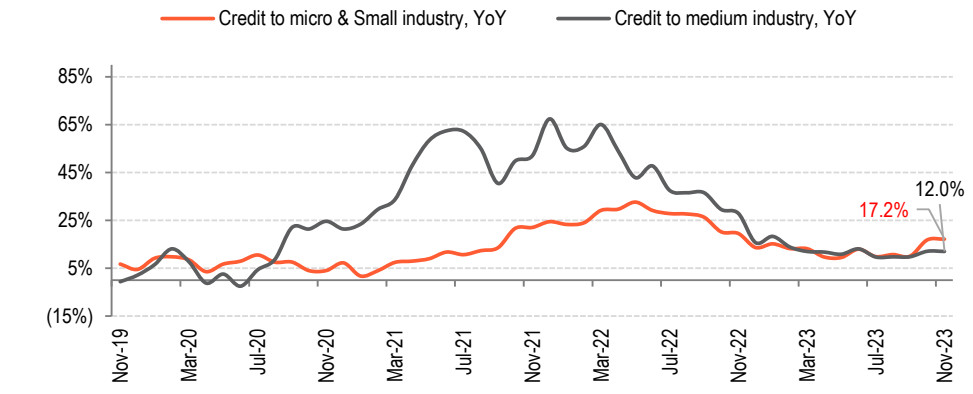


Fig 56 – Credit to housing sector rose by 37% in Nov’23 from 36.9% in Oct’23

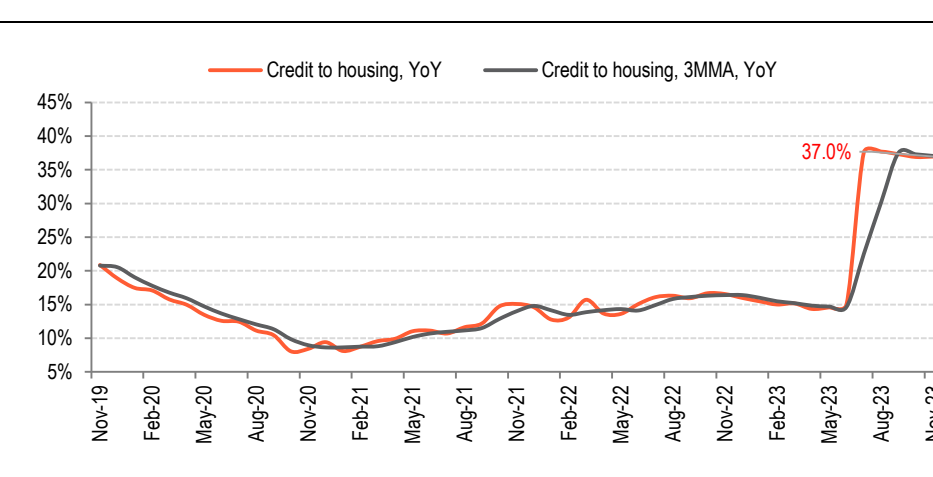
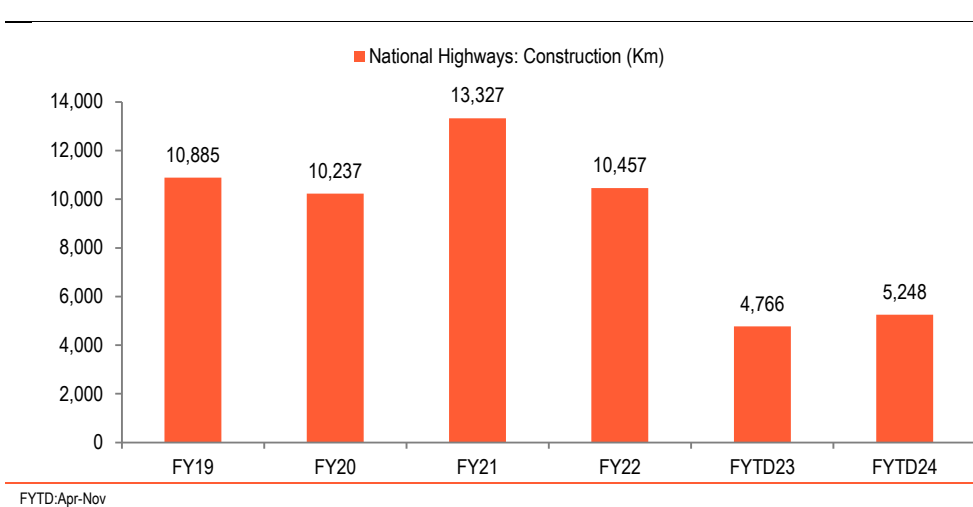
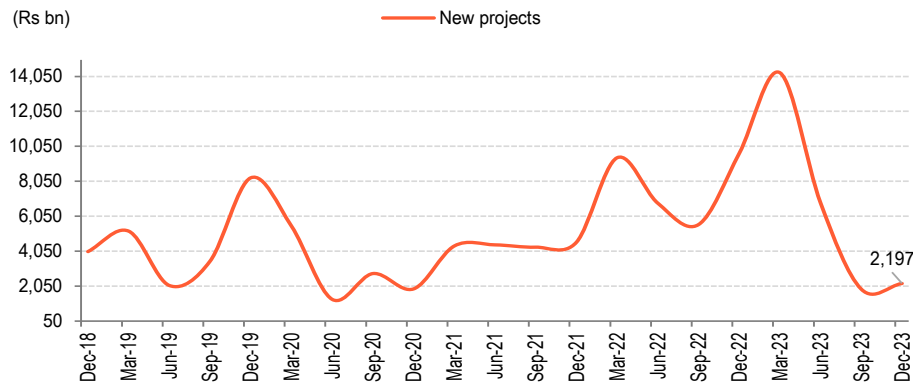


Fig 57 – Highway construction is gaining pace



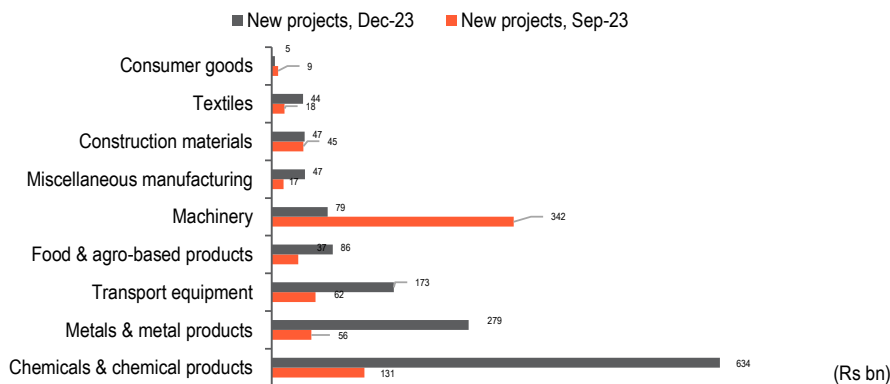
Capex data

Fig 58 – New project announcements picked up to Rs 2.2tn in Q3FY24 from Rs 1.9tn in Q2FY24, albeit lower than Rs 9.6tn announcements seen during Dec’22



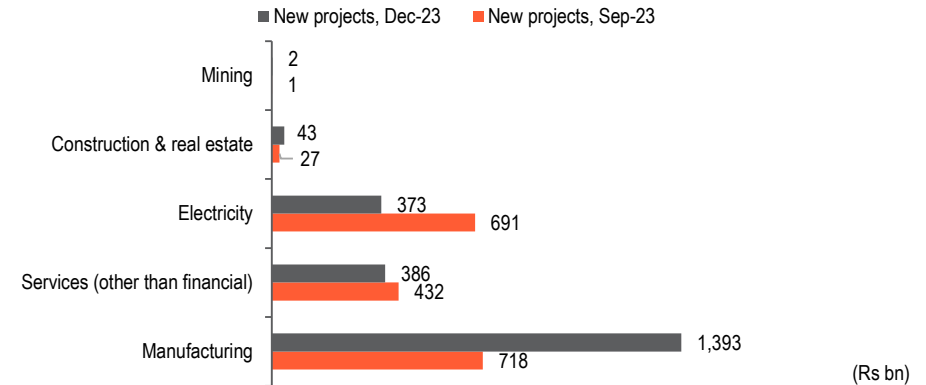
Source: CMIE

Fig 60 – ...within manufacturing, it was across segments such as chemicals, metals and transport equipment, amongst others



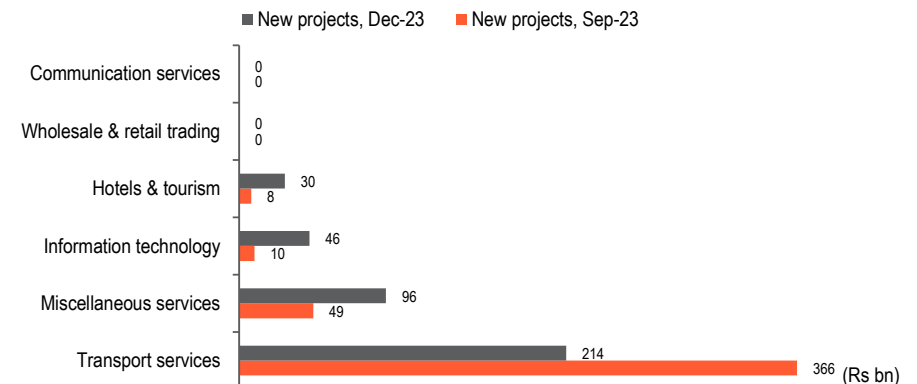
Source: CMIE

Fig 59 – ...in Q3, new project announcements in manufacturing sector have picked up considerably



Source: CMIE

Fig 61 – Within services, announcements moderated due to drop in announcements in transport services



Source: CMIE

Services sector

Fig 62 – GVA: Services activity picked up pace in Q1FY24 despite high base

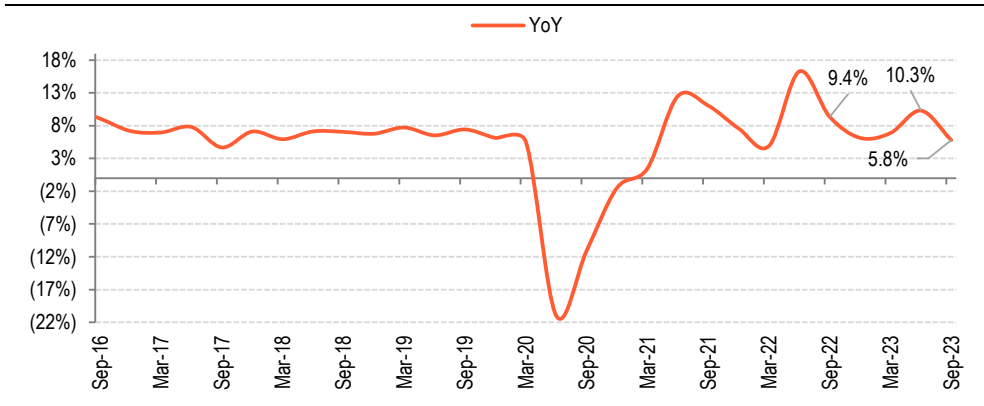
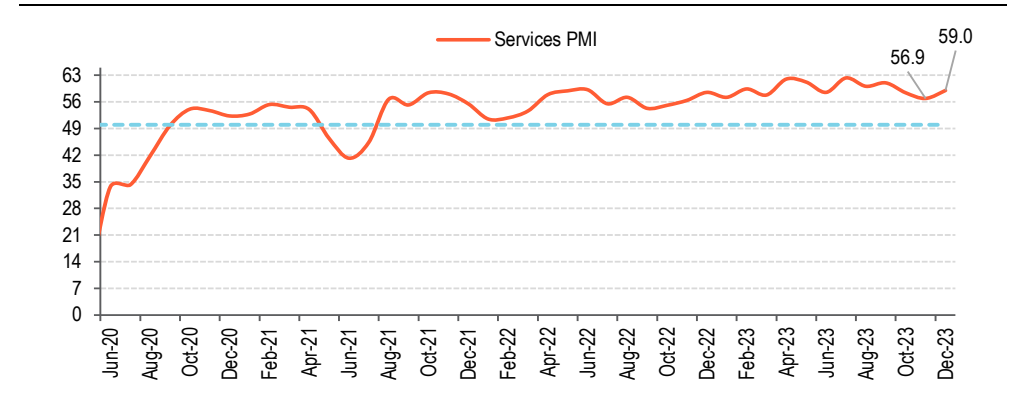


Fig 63 – Services PMI bounced back in Dec'23, bringing down Q3 average to 58.1 from 61.1 in Q2



Source: Markit

Fig 64 – GVA: Trade & related services activity too moderated in Q4, as also indicated by trend in states' tax revenue growth

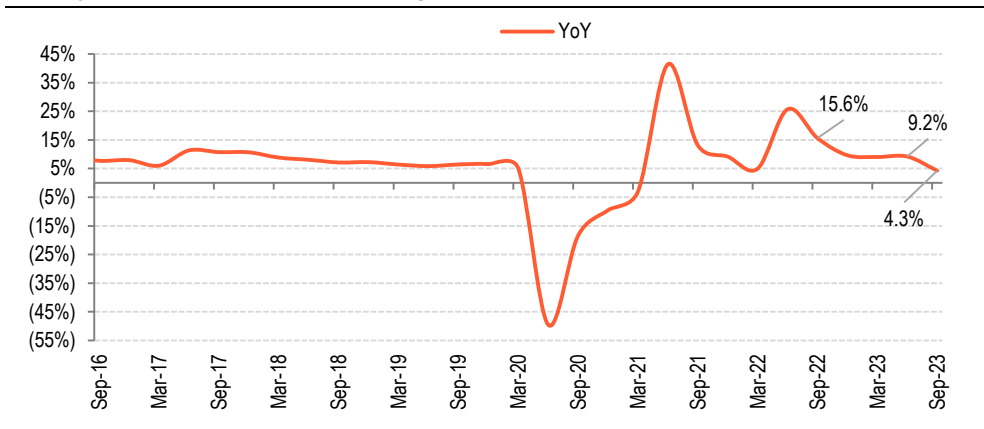
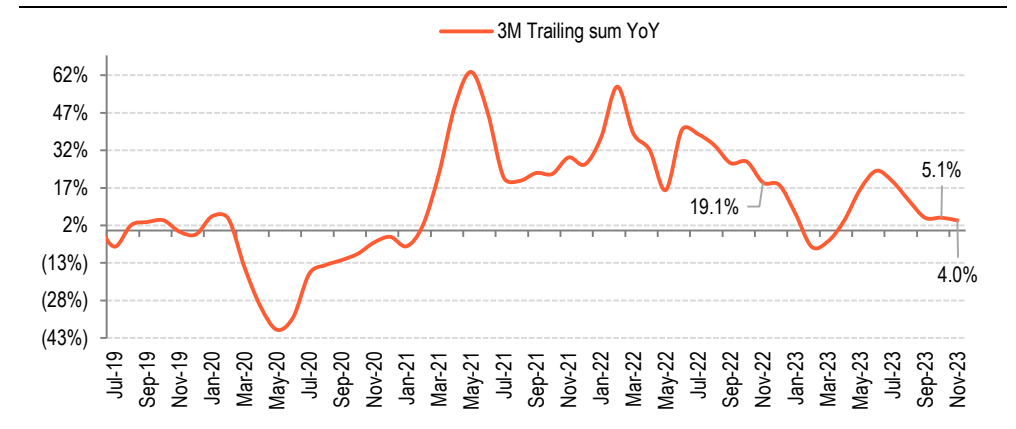


Fig 65 – States** tax revenue growth eased in Nov'23



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

Trade

Fig 66 – Vehicle registration growth was stable in Dec'23

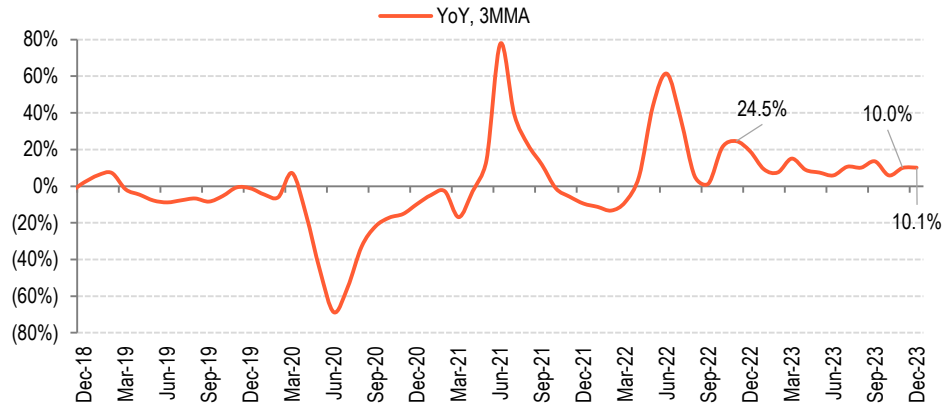


Fig 67 – Diesel consumption moderated further in Dec'23

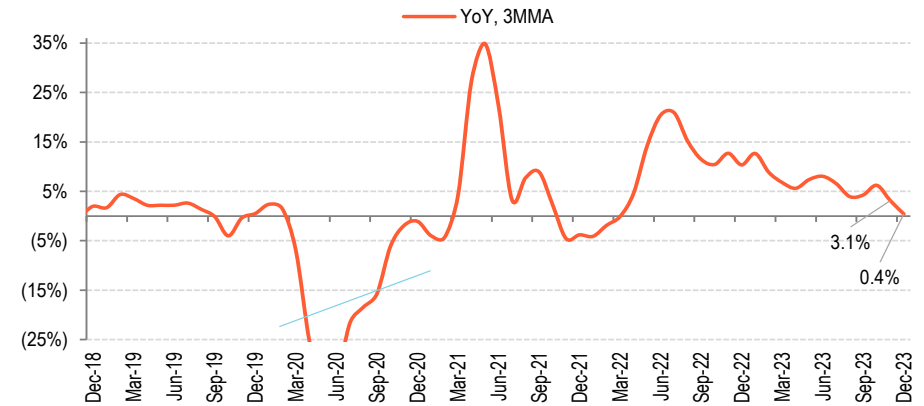


Fig 68 – Railway freight traffic growth in Oct-Nov'23 (6.9%), higher than Q2 (2.4%) levels

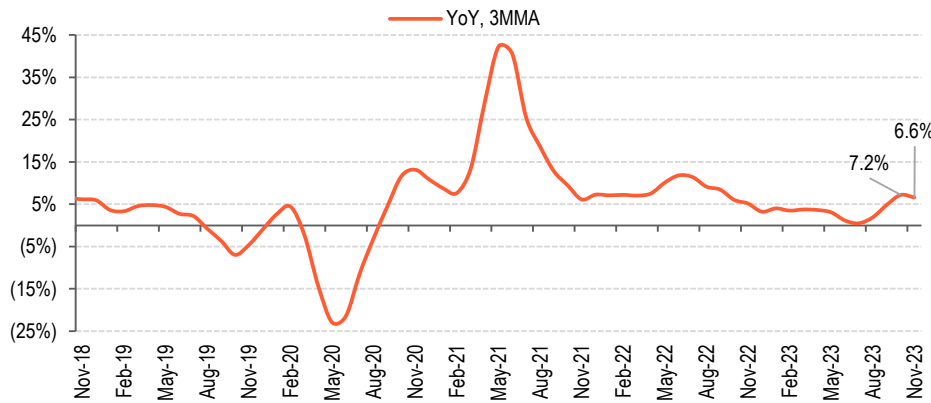


Fig 69 – Port cargo traffic in Q3 was much higher than Q2

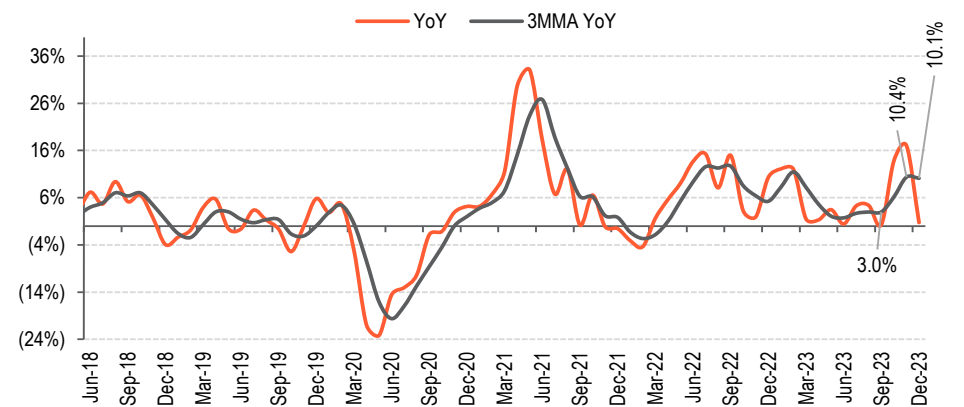


Fig 70 – Toll collections growth jumped sharply in Dec’23, owing to holiday season

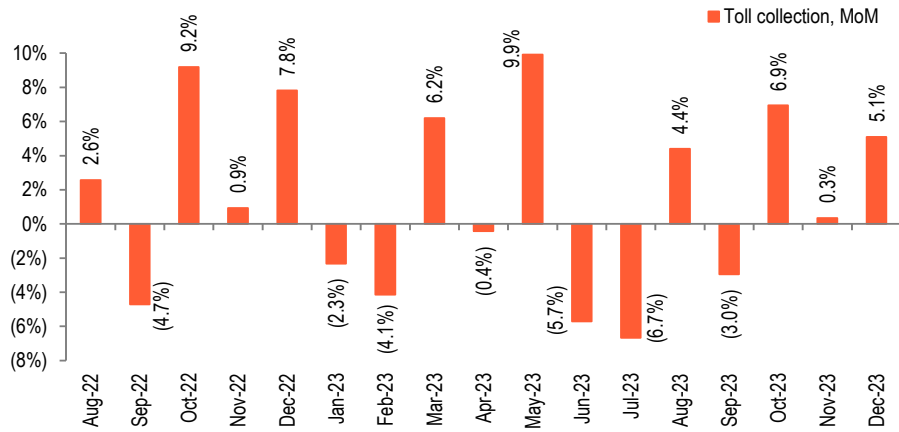
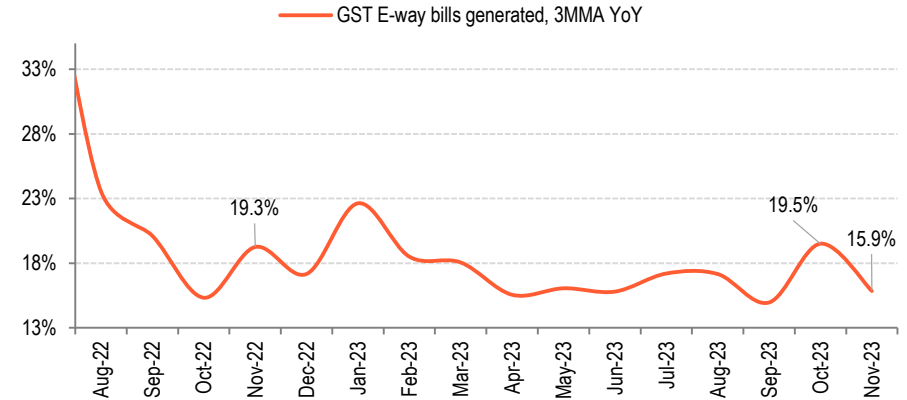


Fig 71 – Growth in E-way bills also eased, dragged by festive holidays



Hotels and communications

Fig 72 – Airline passenger traffic reached pre-pandemic levels in Dec’23...

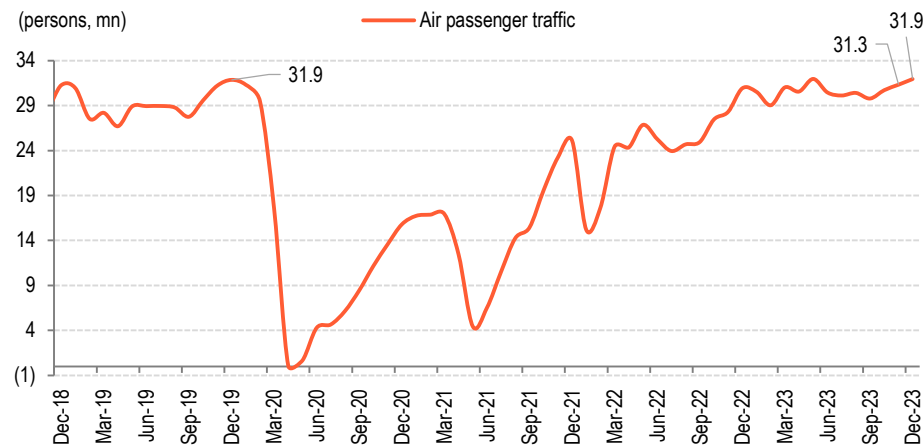


Fig 73 – ...as domestic passenger traffic surpassed pre-pandemic levels

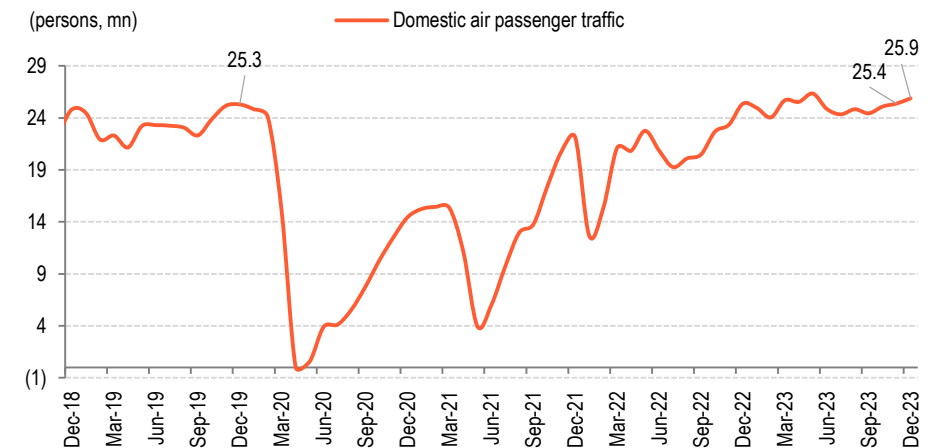


Fig 74 – Railway passenger traffic picked up pace in Oct'23

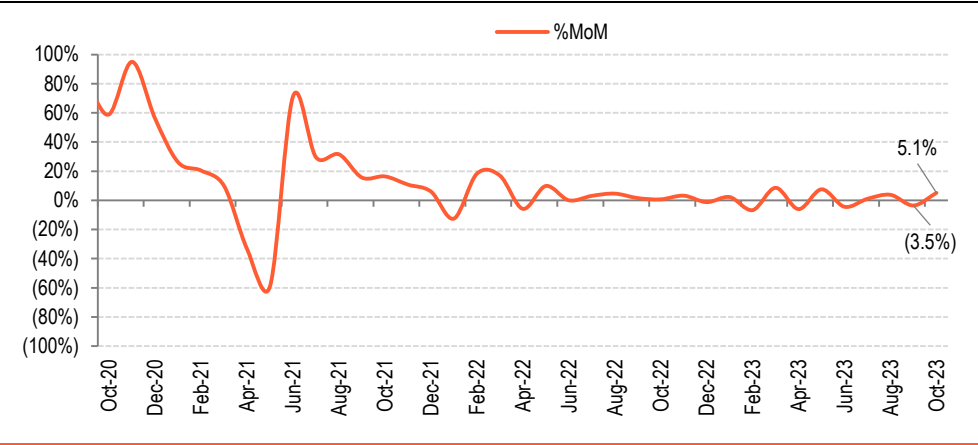
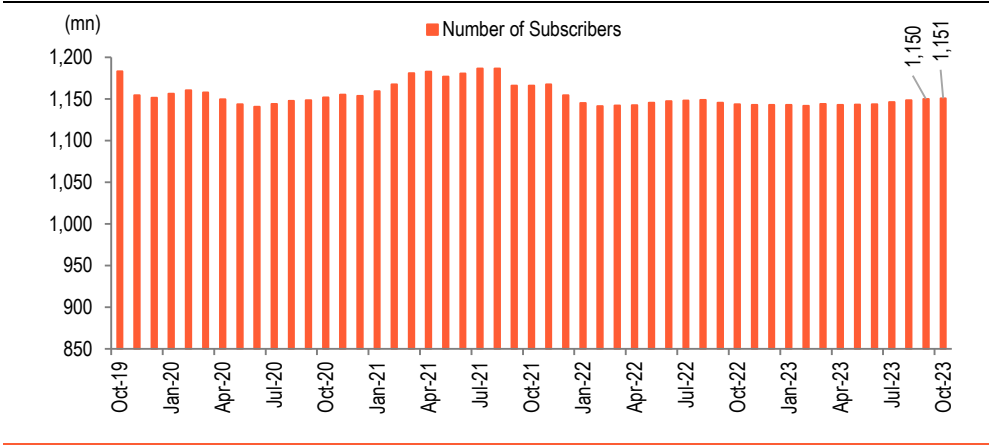


Fig 75 – Number of telecom subscribers rose by 0.8mn in Oct'23, following 1.7mn subscribers added in Sep'23



Finance and real estate

Fig 76 – Growth in GVA: Finance, real estate & prof. dragged growth lower in Q2

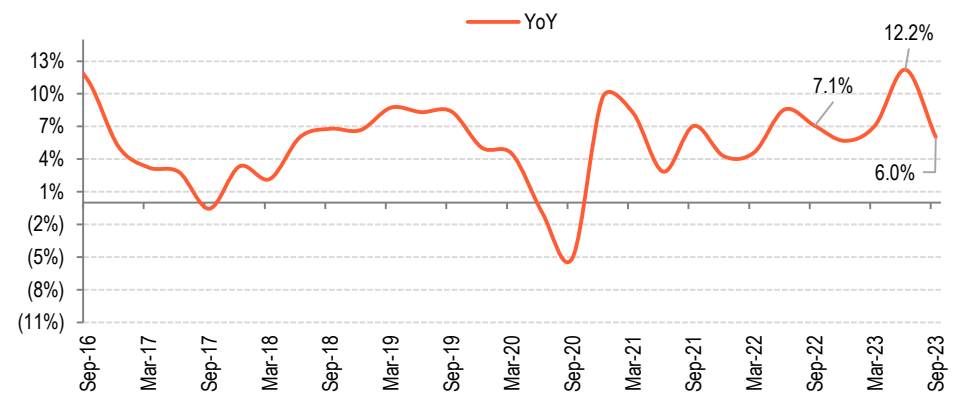
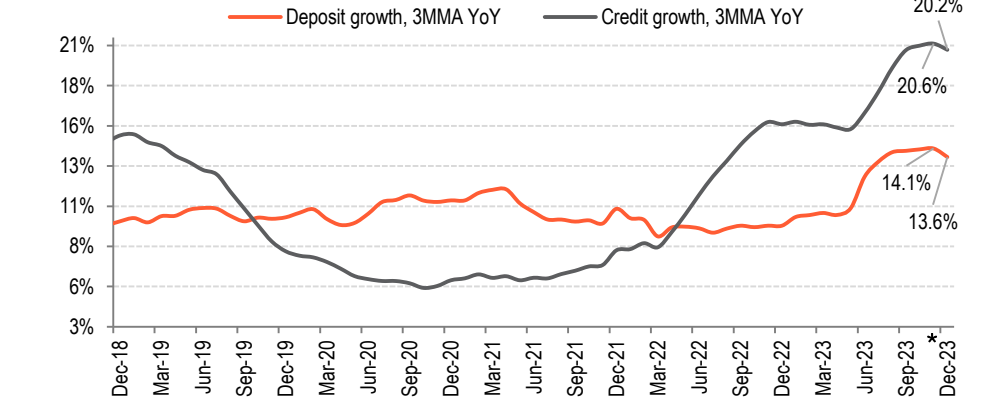


Fig 77 – Both credit and deposit growth begins to moderate



*Data as of 15 Dec 2023

Fig 78 – Credit to both services and industry sector remained stable in Nov’23

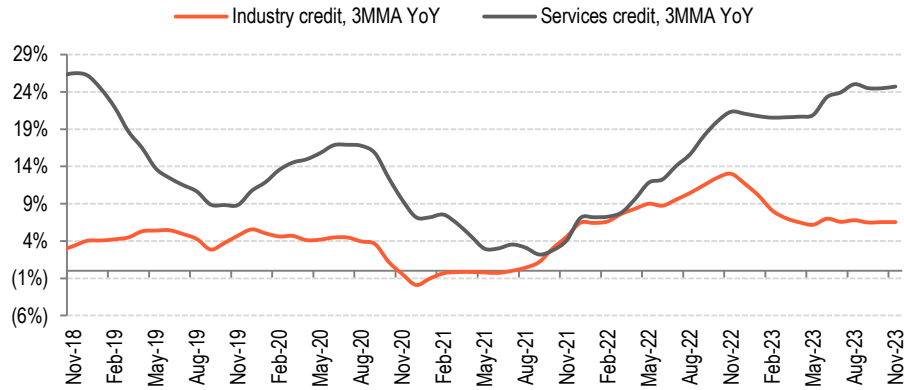


Fig 79 – Within services, credit to trade sector inching up, credit to NBFCs softening

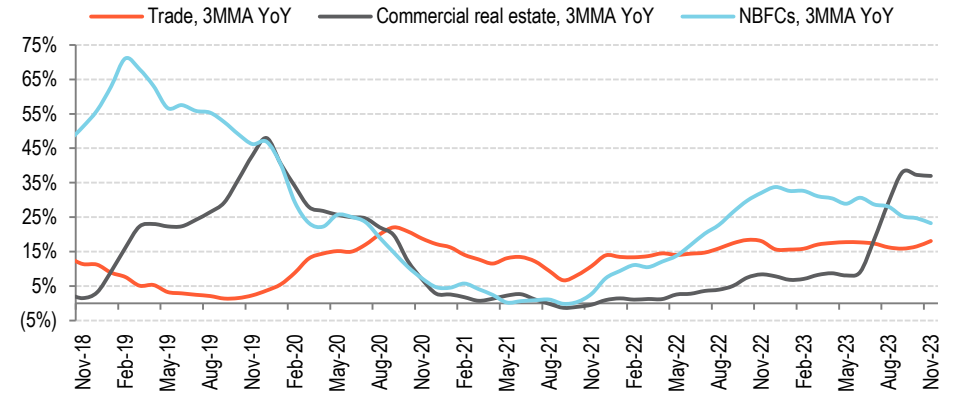
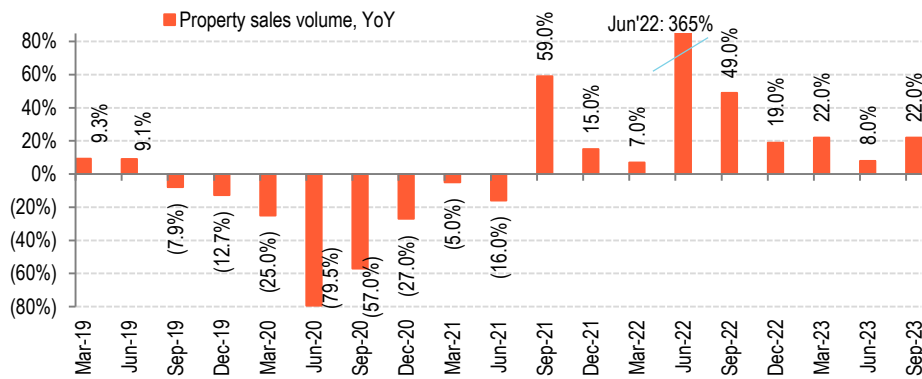
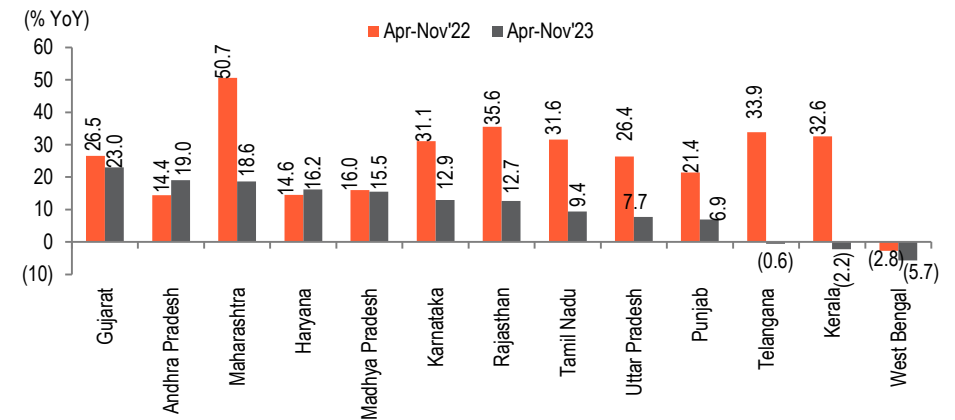


Fig 80 – Property sales volumes zoomed in Q2FY24



Source: Proptiger

Fig 81 – Stamp duty collection growth of only A.P. and Haryana was higher than last year, while that of Telangana, Kerala and W.Bengal saw a decline in Nov’23



Labour market

Fig 82 – Naukri job index dipped again in Oct'23

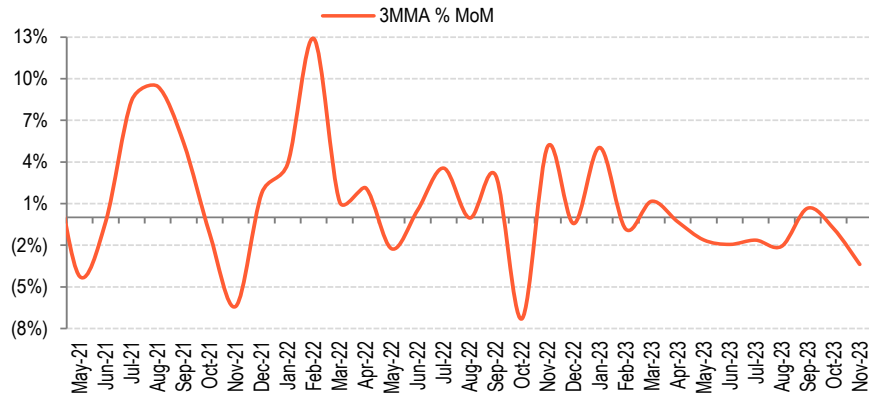


Fig 83 – Overall unemployment rate stabilized in Dec'23



Public administration

Fig 84 – Public admin & defence services eased only slightly in Q2

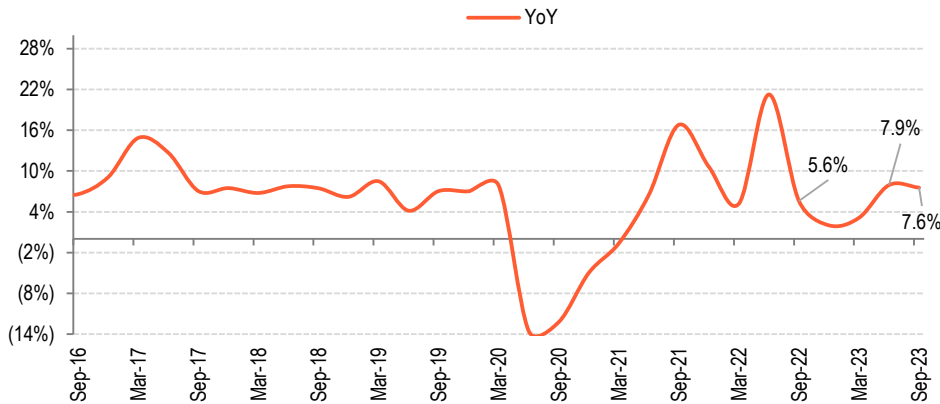


Fig 85 – General govt. spending continued to slow in Nov'23

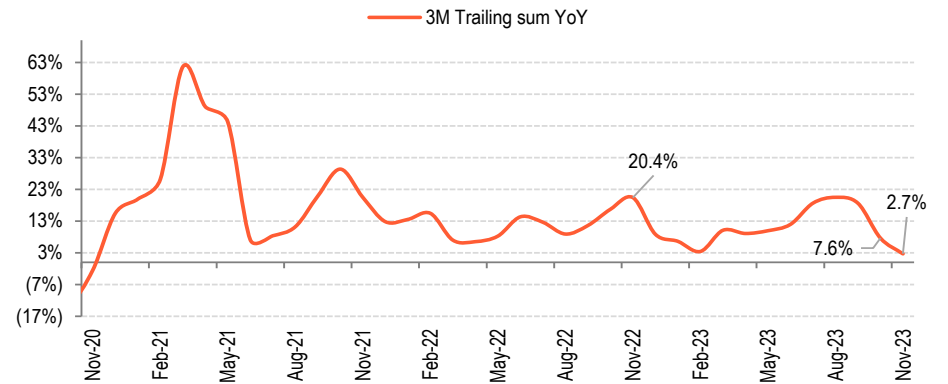


Fig 86 – ...dragged by drop in central government spending

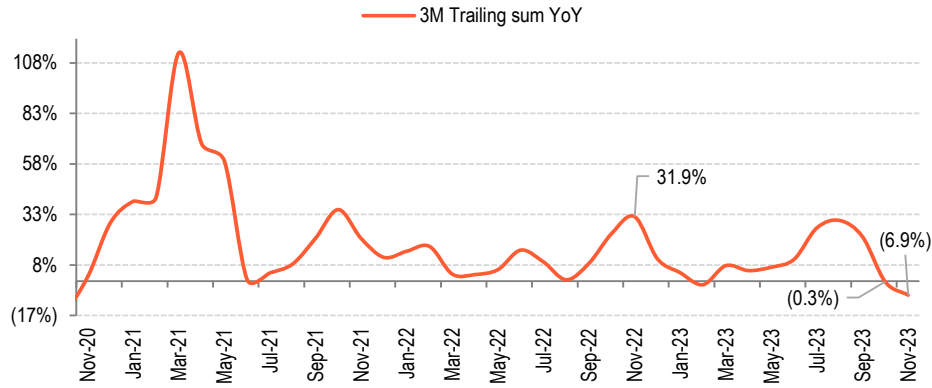
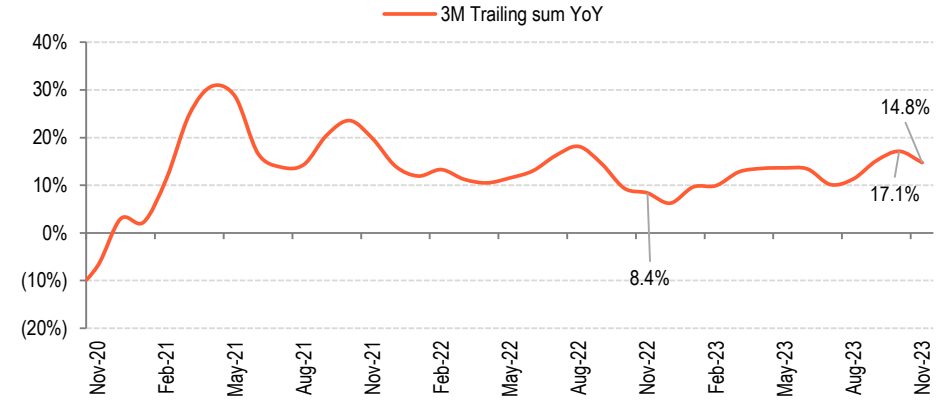


Fig 87 – Slowdown in State* Govt. spending not as sharp

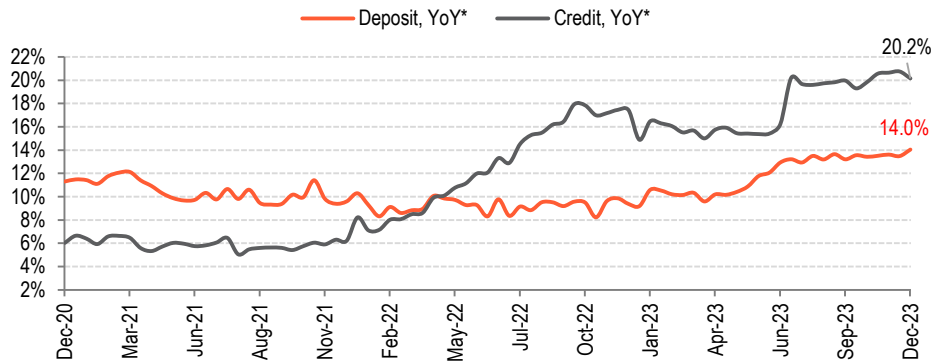


Note: *All states excluding North Eastern states, Bihar, Goa and J&K

Financial sector

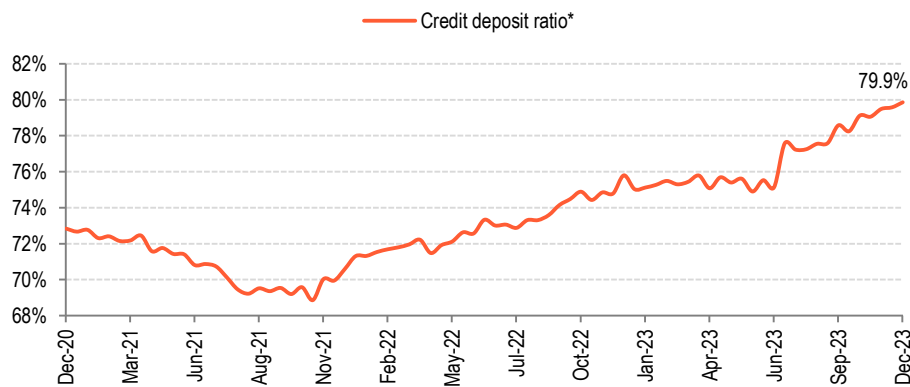
Money and banking

Fig 88 – Credit growth was at 20.2% in Dec’23 from 20.6% in Nov’23 (incl. merger), deposit growth inched up to 14% from 13.6%



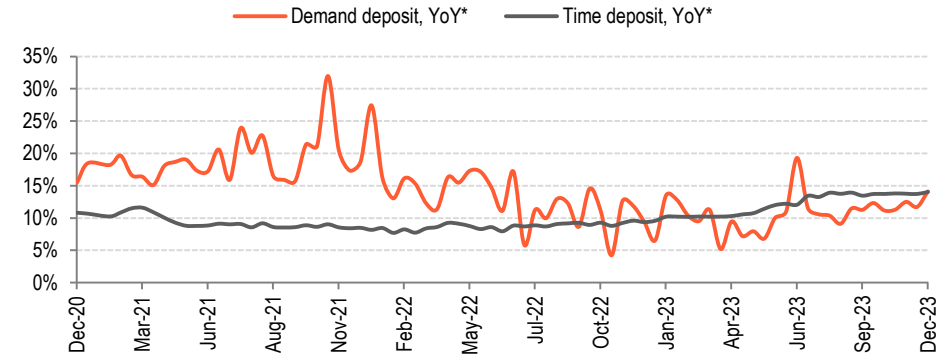
Note: *Dec 23 implies fortnight as of 15 Dec 2023

Fig 90 – CD ratio rose to 79.9%



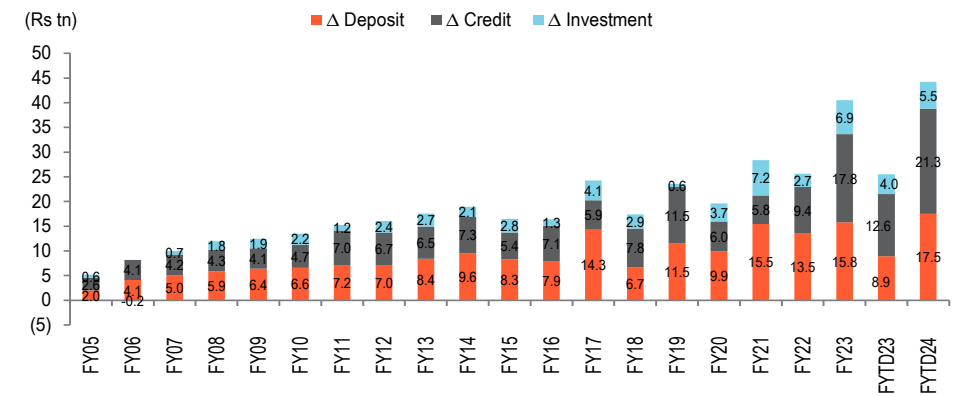
Note: *Dec 23 implies fortnight as of 15 Dec 2023

Fig 89 – ...Both demand and time deposits inched up



Note: *Dec 23 implies fortnight as of 15 Dec 2023

Fig 91 – Credit, deposit and investment accretion



FYTD:Apr-15 Dec

Fig 92 – Credit to govt inched up to 17.8% in Oct'23 from 15.6% in Sep'23, credit to commercial sector was stable at 14.2%

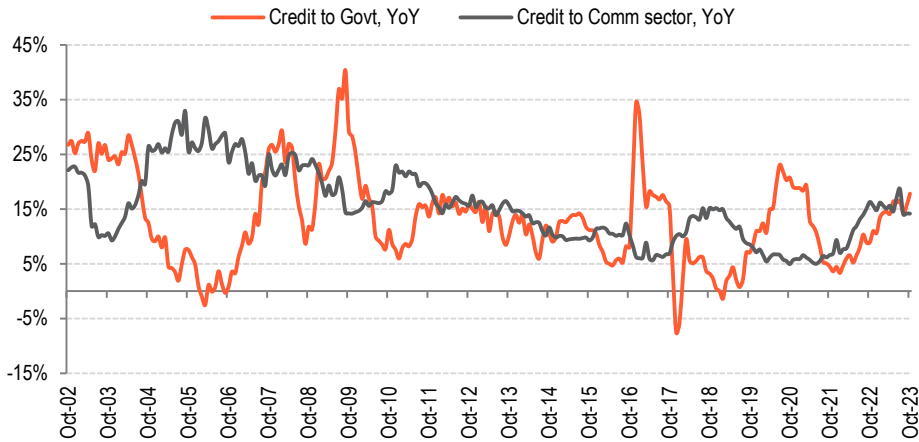


Fig 93 – Gap between WALR and repo

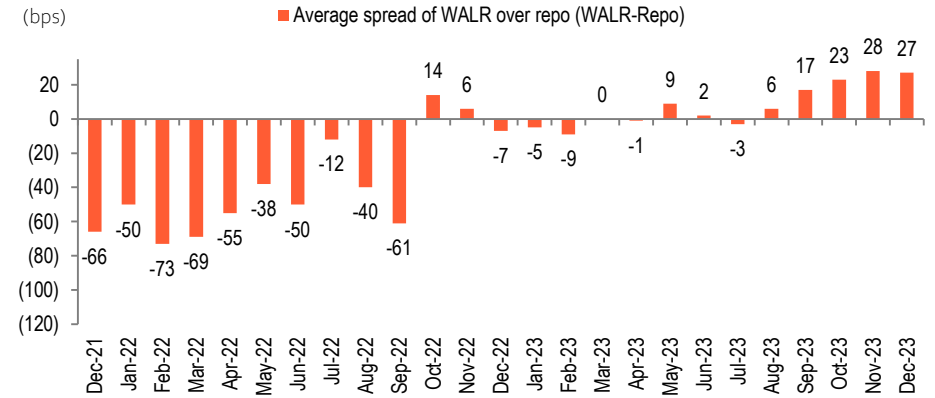


Fig 94 – WALR moderated to 8.6% in Nov'23 from 8.67% in Oct'23, WADTDR rose to 6.85% from 6.80%

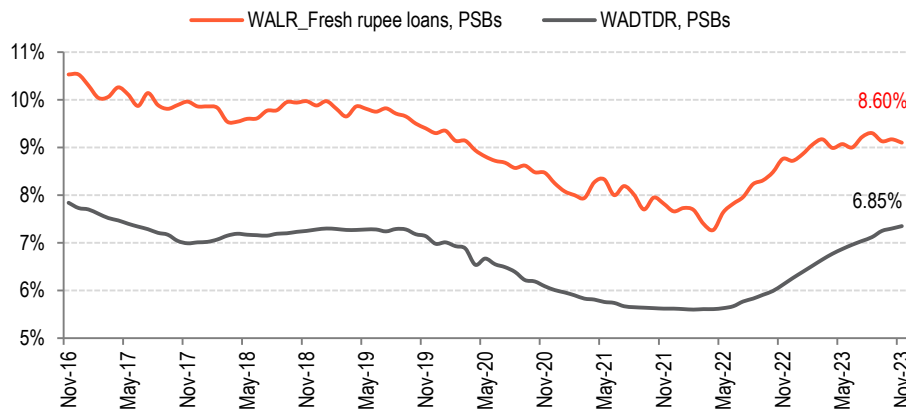
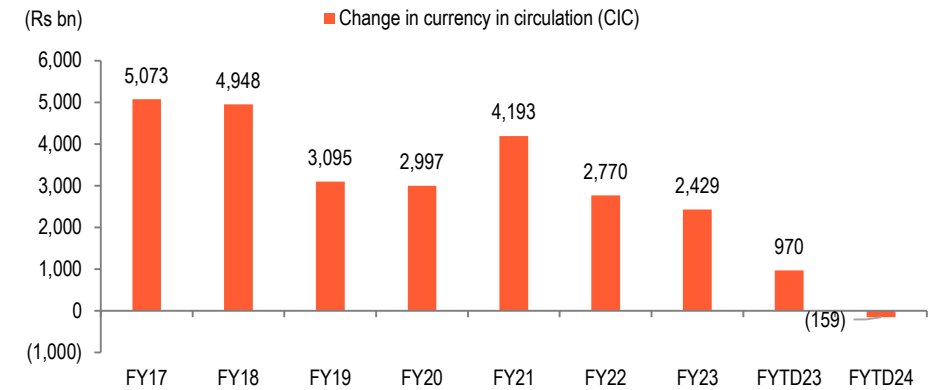
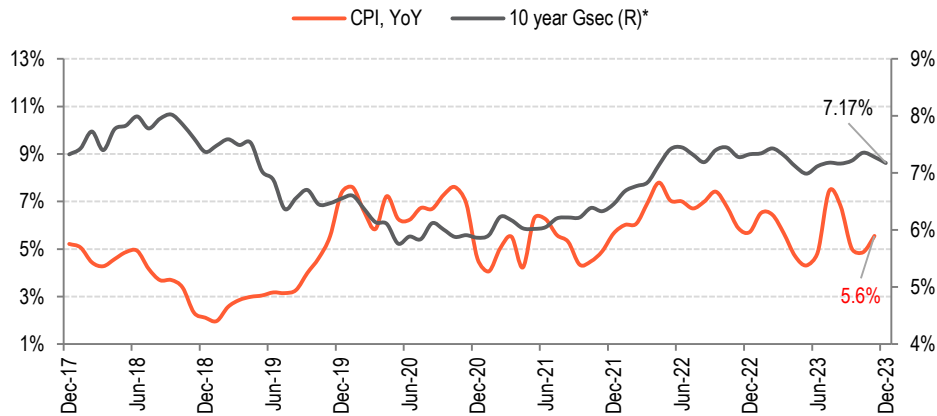


Fig 95 – CIC accretion in FYTD24 has fallen by Rs 159bn



FYTD:Apr-Nov

Fig 96 – 10Y GSec yield moderated to 7.17% in Dec'23 from 7.28% in Nov'23 and currently at 7.20%, inflation inched up to 5.6% in Nov'23 from 4.9% in Oct'23



Note: *As on last trading day of the month

Fig 98 – Corporate debt issuances rose to Rs 714bn in Nov'23 from Rs 333bn in Oct'23

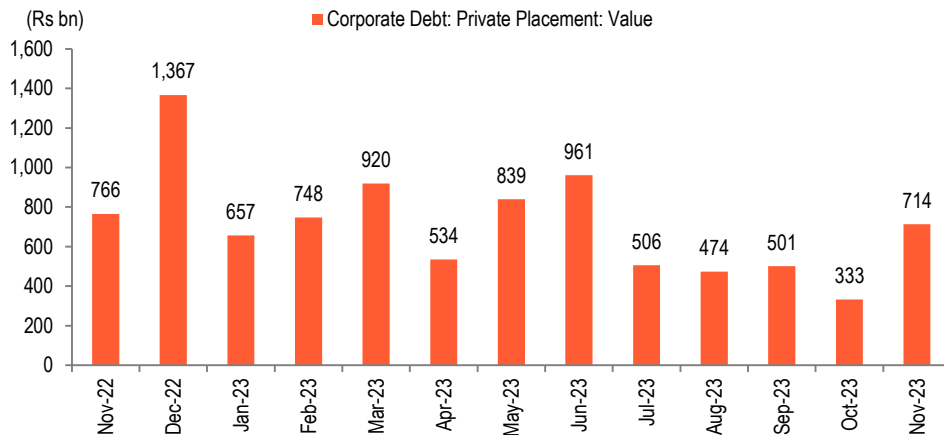
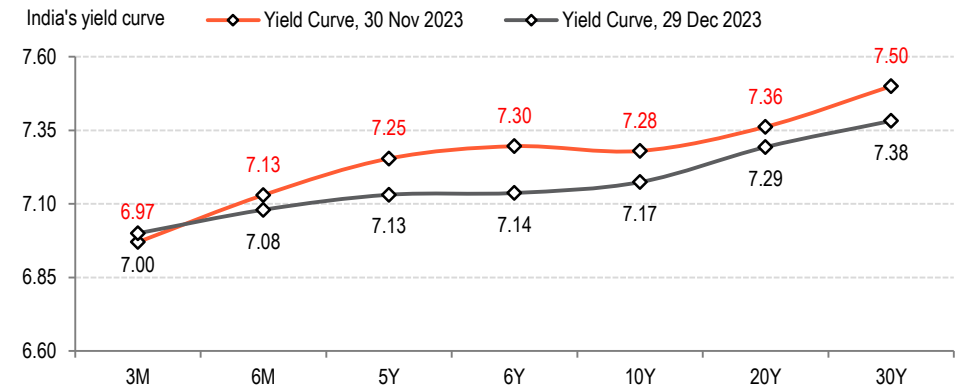
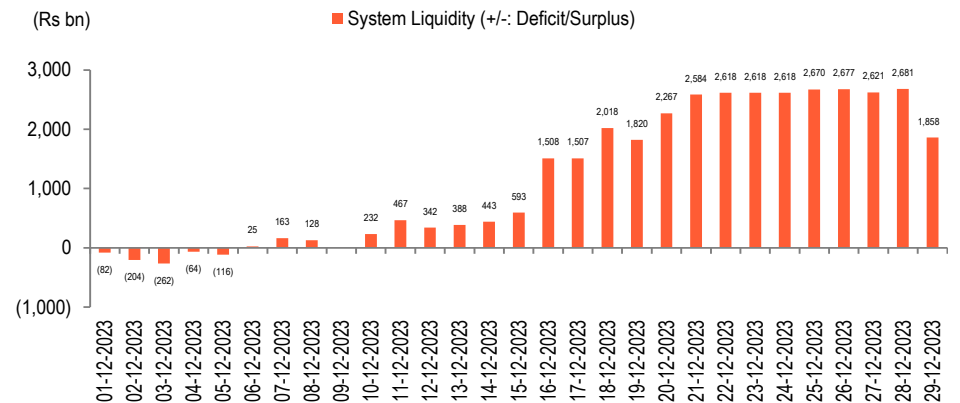


Fig 97 – Yield curve has shifted downward, short end sticky amidst tight liquidity



Source: Bloomberg

Fig 99 – Average system liquidity deficit rose to Rs 1.2tn from Rs 652bn in Nov'23 and currently at deficit of Rs 1.6tn



Source: RBI

Fig 100 – 3Y AAA NBFC spread rose to 64bps as on 29 Dec 2023 from 58bps as on 30 Nov 2023

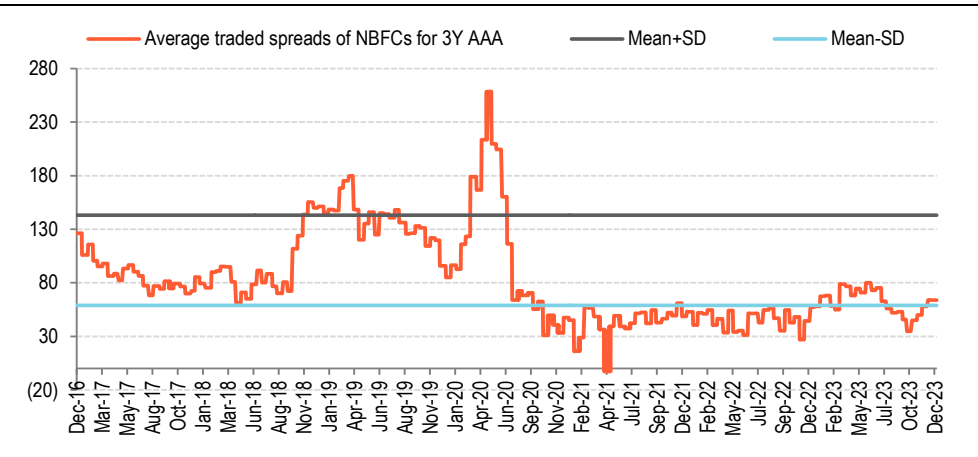


Fig 101 – For 10Y AAA NBFC it rose to 56bps from 48bps

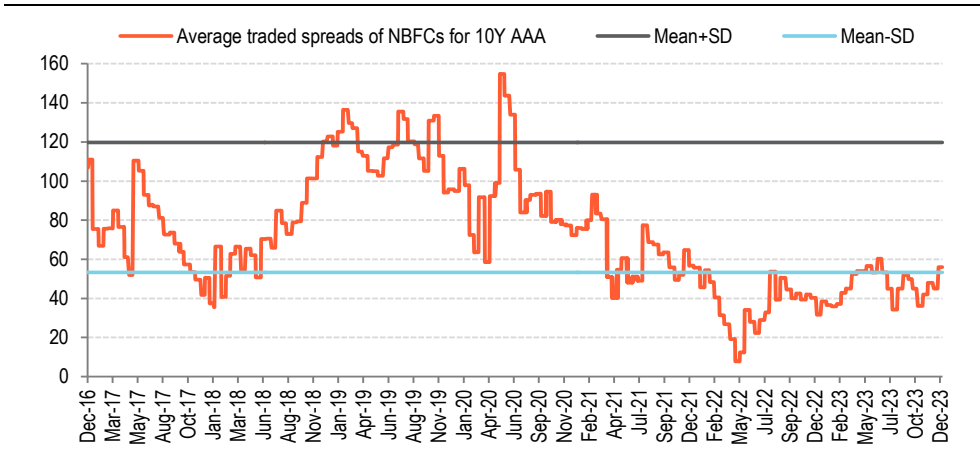


Fig 102 – 3Y AAA corp spread edged up to 57bps from 46bps

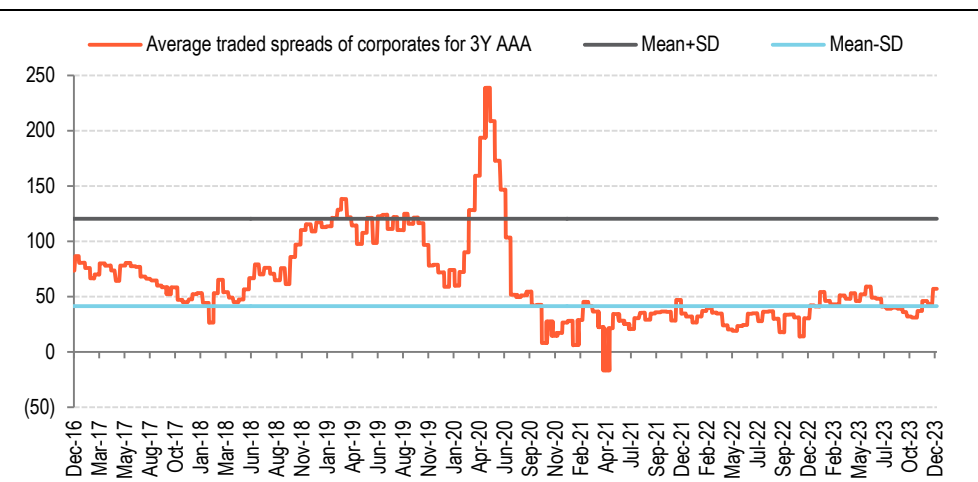


Fig 103 – For 10Y AAA corp spread, it rose to 43bps from 41bps

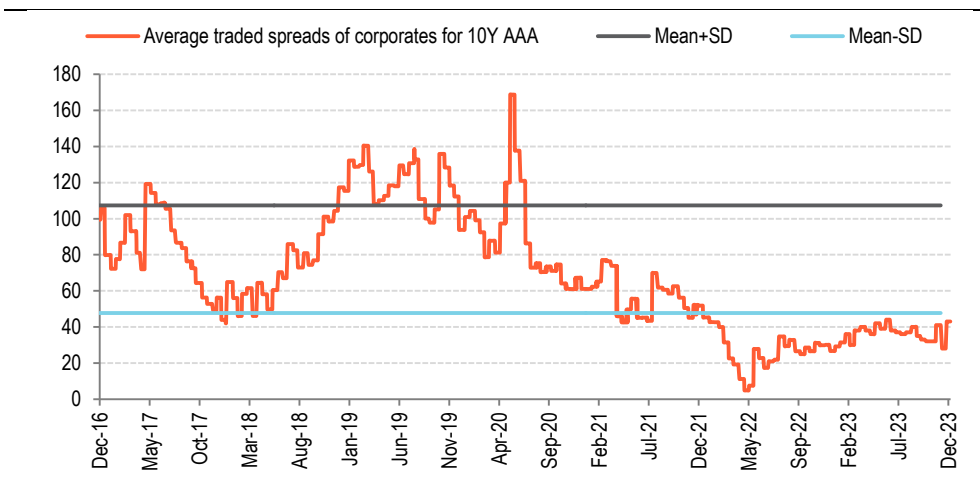


Fig 104 – INR 3Y swap moderated to 6.25 as on 29 Dec 2023 from 6.56 as on 30 Nov 2023

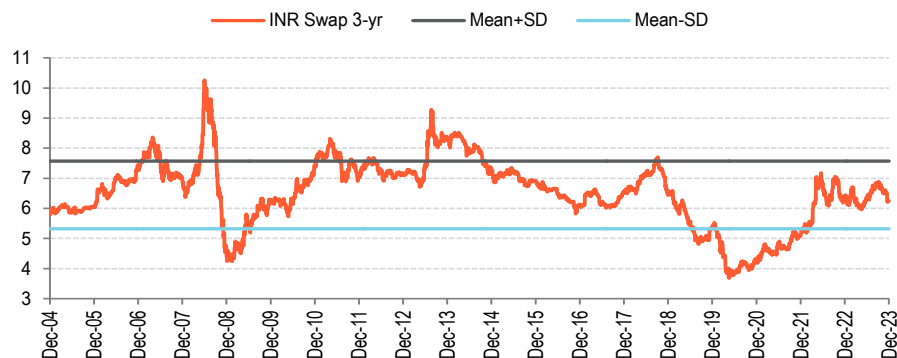
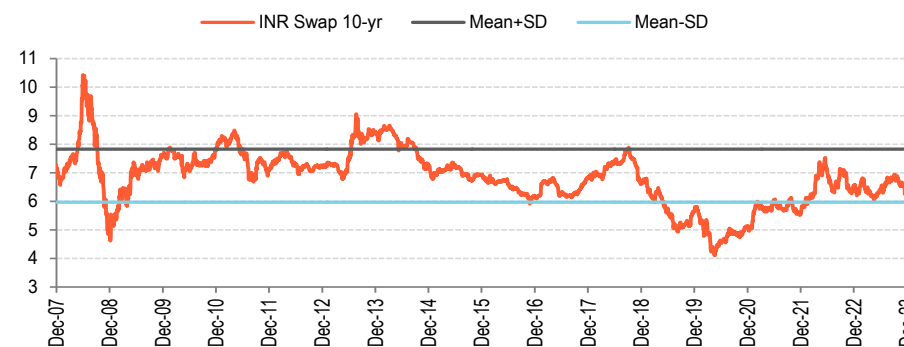


Fig 105 – For 10Y, it moderated to 6.25 from 6.59



Interest rates on small savings schemes

Fig 106 – Interest rate on 3 year recurring deposits and Sukanya samriddhi scheme have been increased in Q4FY24

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
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	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	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	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	7.1
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	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	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	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	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	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	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	7.5
Sukanya samriddhi 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	8.2

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

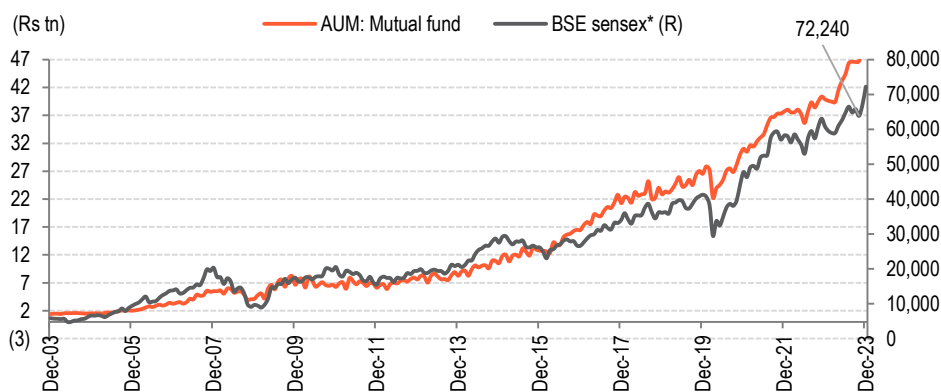
Fig 107 – MCLR rate of banks have broadly remained at the same level, except SBI and Axis Bank

1Y MCLR (%)	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	Nov'23	Dec'23
Public Sector Banks															
Bank of Baroda	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	8.75	8.75
Bank of India	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	8.75	8.80
Canara Bank	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	8.75	8.75
Indian Bank	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	8.75	8.75
Punjab National Bank	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	8.65	8.65
State Bank of India	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	8.55	8.65
Union Bank of India	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	8.70	8.75
Private Sector Banks															
Axis Bank Ltd.	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	9.20	9.25
HDFC Bank Ltd.	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	9.20	9.20
ICICI Bank Ltd.	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	9.00	9.00
Indusind Bank	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	10.35	10.35
Kotak Mahindra Bank	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	9.35	9.35

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

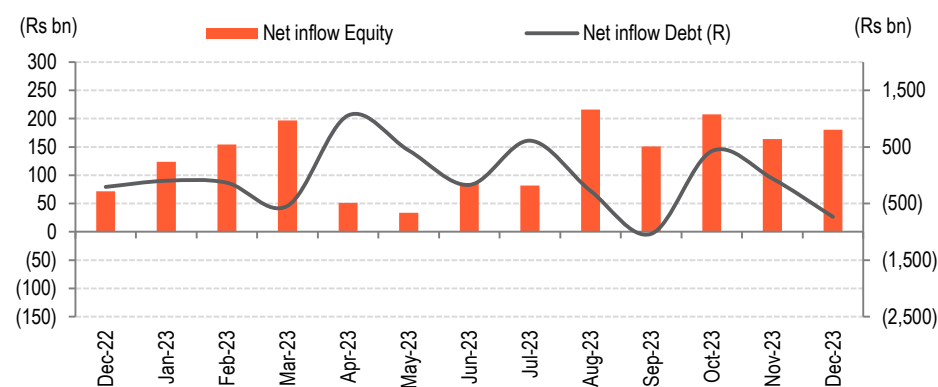
Mutual fund (MF) indicators

Fig 108 – Sensex inched up by 7.8% in Dec'23, AUM of MFs rose to Rs 50.8tn in Dec'23 from Rs 49tn in Nov'23



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

Fig 109 – MF equity inflows rose to Rs 180bn in Dec'23 from Rs 164bn in Nov'23; debt outflow rose to Rs 735bn from Rs 59bn outflow in Nov'23



Insurance sector indicators

Fig 110 – Sale of life insurance policies fell by 5.1% in Nov'23 from 19.8% increase seen in Oct'23 due to unfavourable base

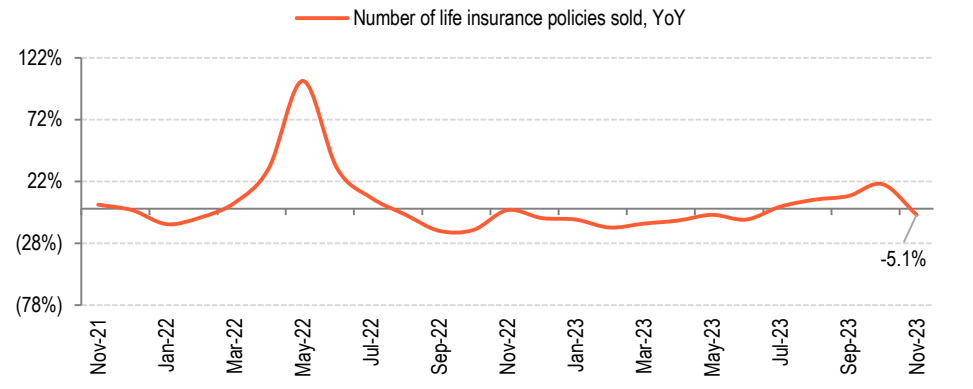
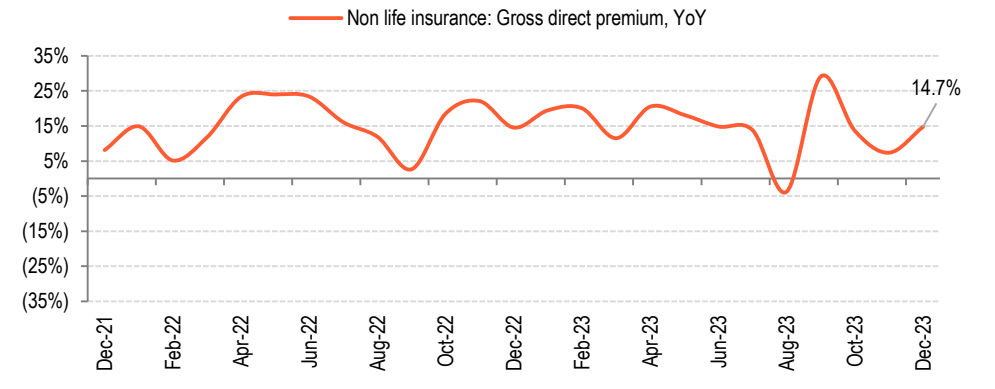


Fig 111 – Gross direct premium for non-life insurance rose by 14.7% in Dec'23 from 7.4% in Nov'23



Public finance

Central government finances

Fig 112 – Fiscal deficit inched further down in Nov'23 (12MMA basis)

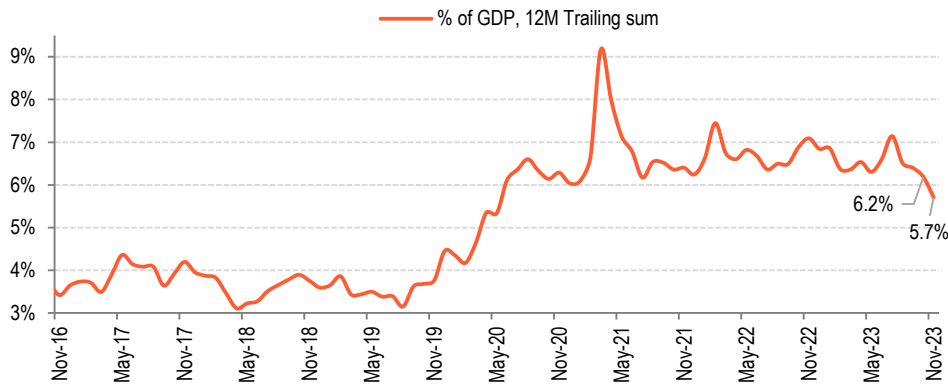


Fig 113 – Revenue deficit has also come down

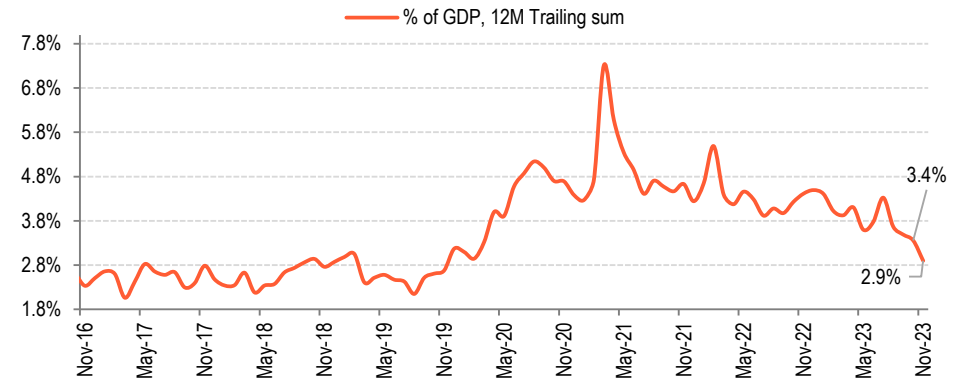


Fig 114 – Primary deficit at 2.3% as of Nov'23

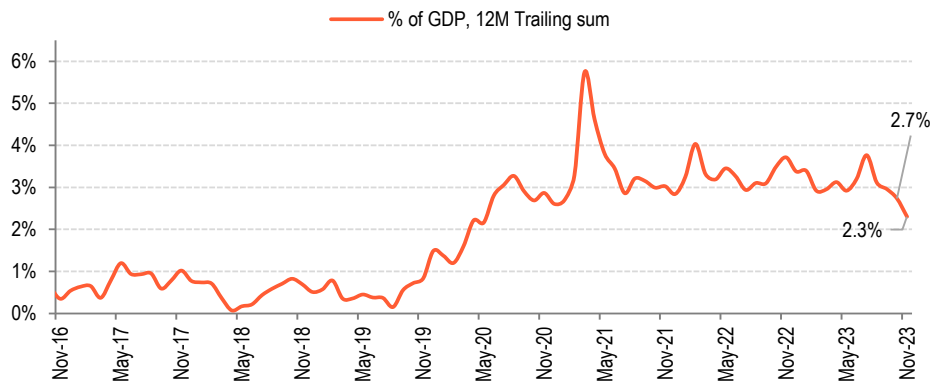


Fig 115 – Government spending continued to cool down in Nov'23 (12MMA basis)

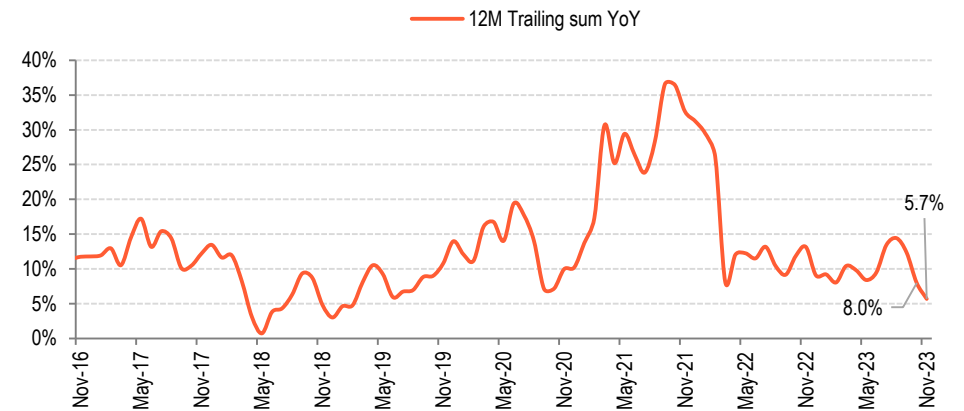


Fig 116 – ...dragged by both revenue expenditure, and...

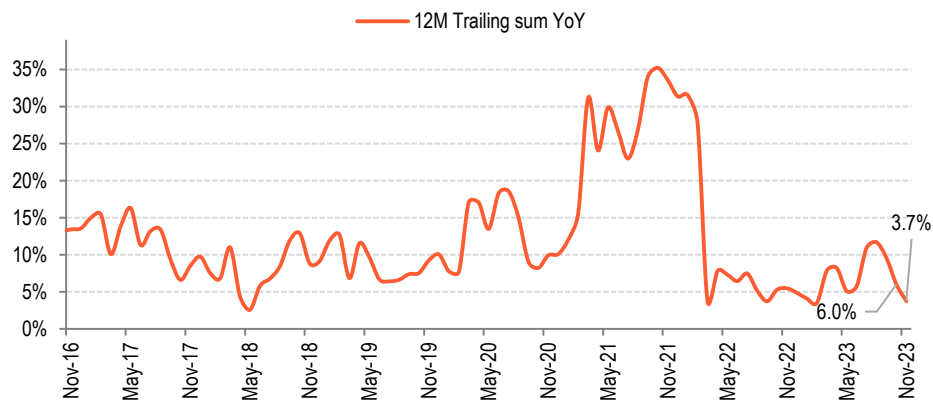


Fig 117 – ...Capex spending

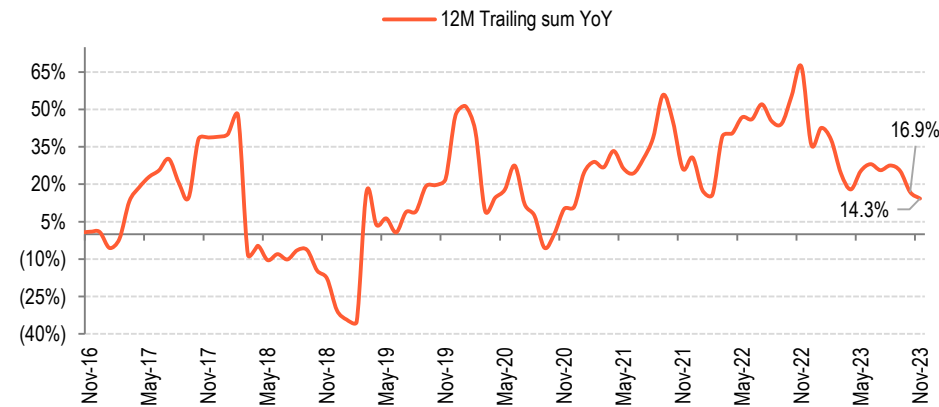


Fig 118 – Slowdown in spending led by ministries of consumer affairs, rural development, agriculture and petroleum

Ministry	Apr-Nov'21	Apr-Nov'22	% change	Apr-Nov'23	% change
Ministry of Finance	7,701	8,459	9.8	9,088	7.4
Ministry of Defence	3,174	3,354	5.6	4,012	19.6
Ministry of Consumer Affairs, Food and Public Distribution	1,763	1,481	(16.0)	1,192	(19.5)
Ministry of Rural Development	968	955	(1.3)	877	(8.2)
Ministry of Home Affairs	1,077	1,210	12.4	1,281	5.8
Ministry of Human Resource Development	443	587	32.6	538	(8.3)
Ministry of Road Transport and Highways	806	1,580	96.1	1,835	16.1
Ministry of Chemicals and Fertilisers	656	1,526	132.7	1,278	(16.3)
Ministry of Petroleum and Natural Gas	43	23	(46.5)	21	(9.8)
Ministry of Agriculture	664	682	2.6	682	0.1
Ministry of Health and Family Welfare	470	433	(8.0)	483	11.7

Fig 119 – Receipt growth jumped back in Nov'23

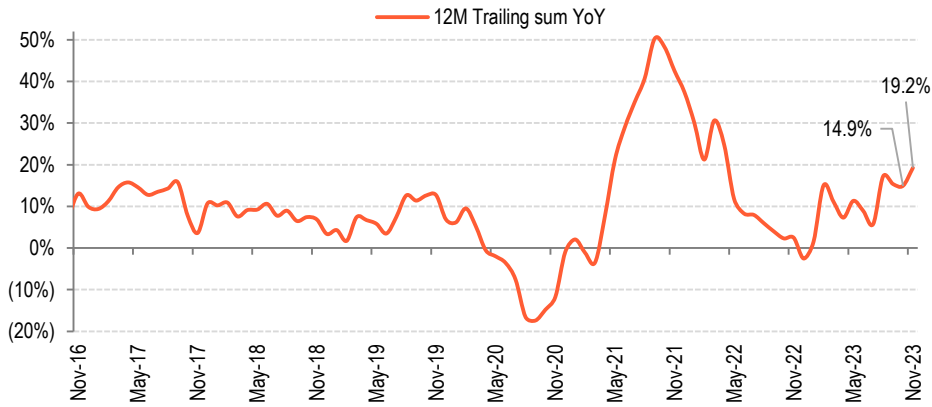


Fig 120 – Revenue receipts drove the trend...

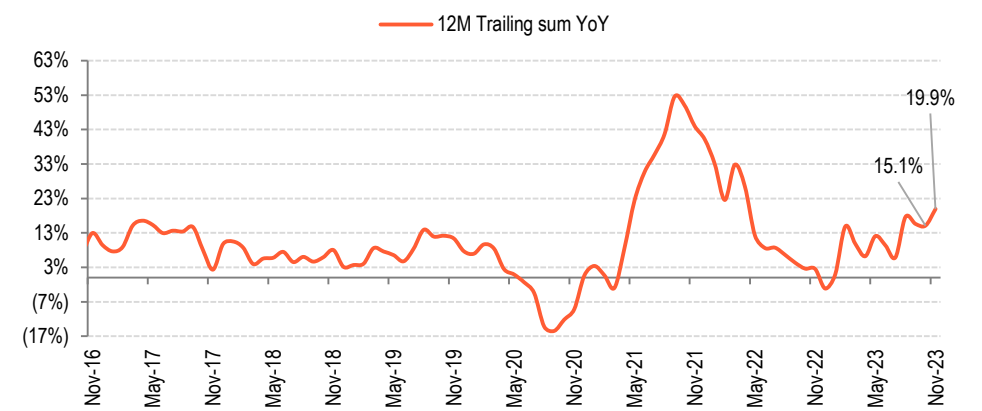


Fig 121 – ...As net-tax revenue receipts improved

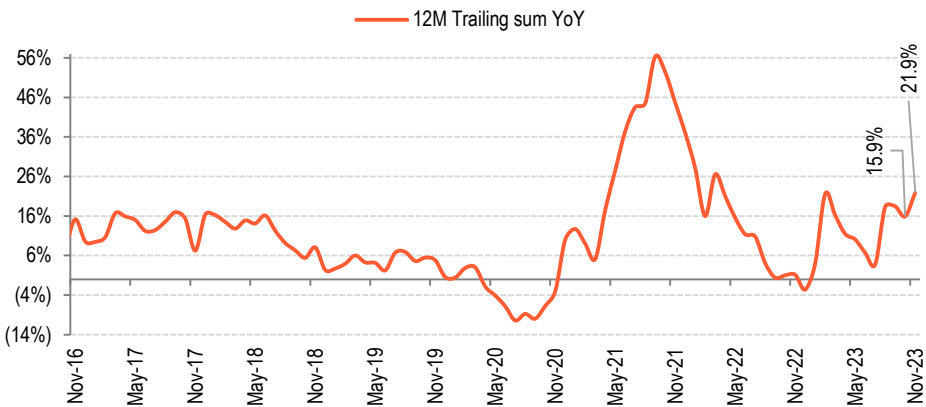


Fig 122 – However, non-tax collections cooled down

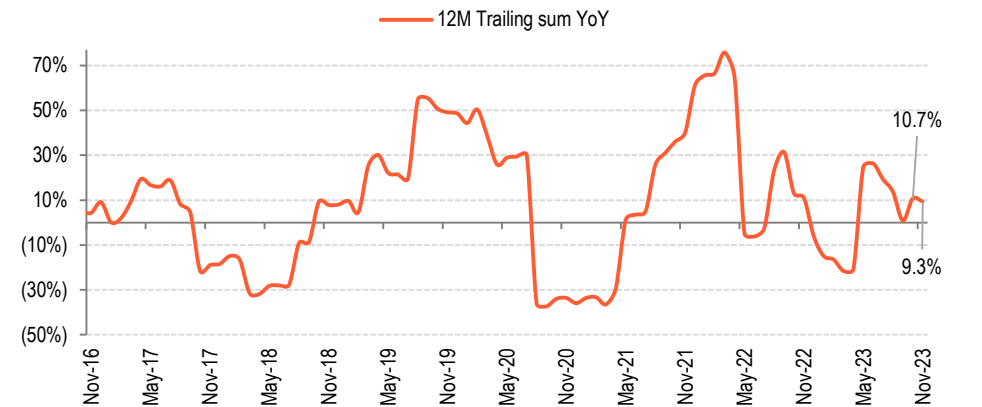


Fig 123 – Centre’s net revenue collections as of Nov’23, far better than last year; capex growth lower on account of base effect

	Apr-Nov’21	Apr-Nov’22	% change	Apr-Nov’23	% change
Gross Tax revenue	15,419	17,807	15.5	20,420	14.7
Direct taxes	6,997	8,668	23.9	10,818	24.8
Corp Tax	3,536	4,282	21.1	5,144	20.1
Income Tax	3,461	4,386	26.7	5,674	29.4
Indirect taxes	8,423	9,138	8.5	9,602	5.1
Non-tax revenue	2,230	1,983	(11.1)	2,844	43.4
Centre’s revenue (net)	13,583	14,232	4.8	17,201	20.9
Total expenditure	20,746	24,428	17.7	26,522	8.6
Capital exp	2,736	4,471	63.4	5,856	31.0
Revenue exp	18,010	19,957	10.8	20,665	3.6
Fiscal deficit	6,956	9,782	40.6	9,066	(7.3)

Fig 124 – Gross direct tax collection growth continues to maintain momentum

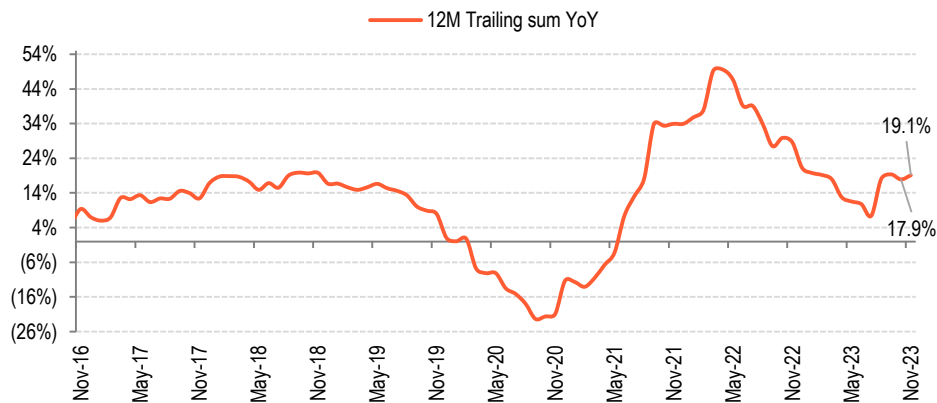


Fig 125 – Gross indirect tax collections also gathered pace

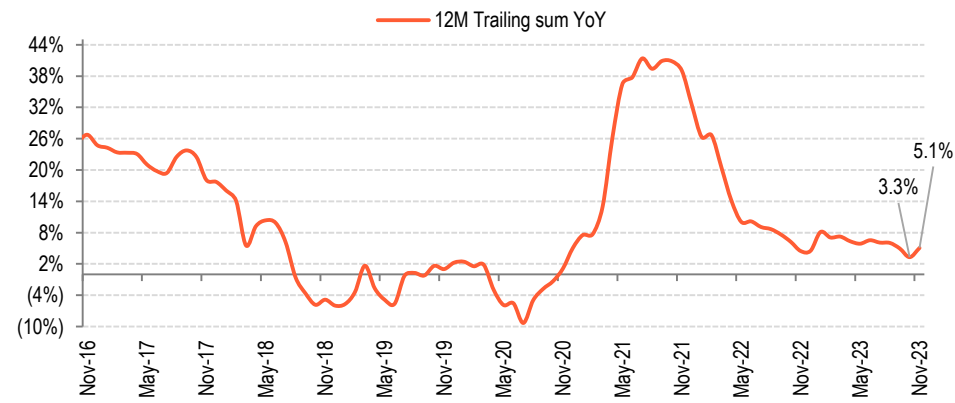


Fig 126 – Amongst direct taxes, both corporate tax collections and...

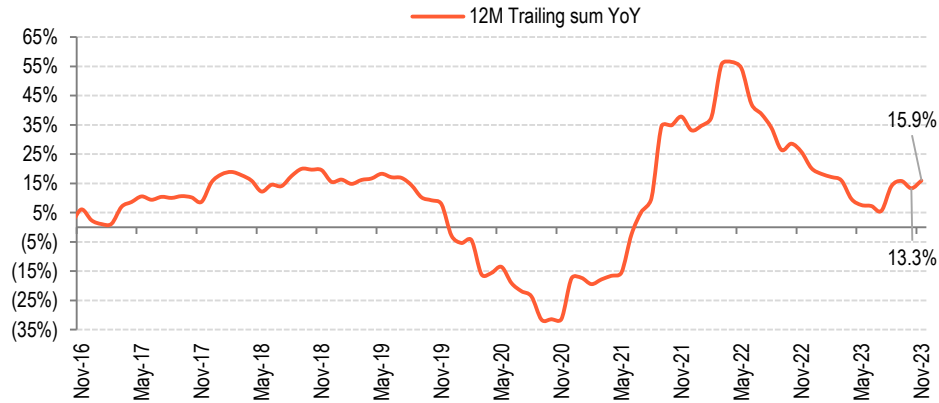


Fig 127 – ...Income tax collections supported growth

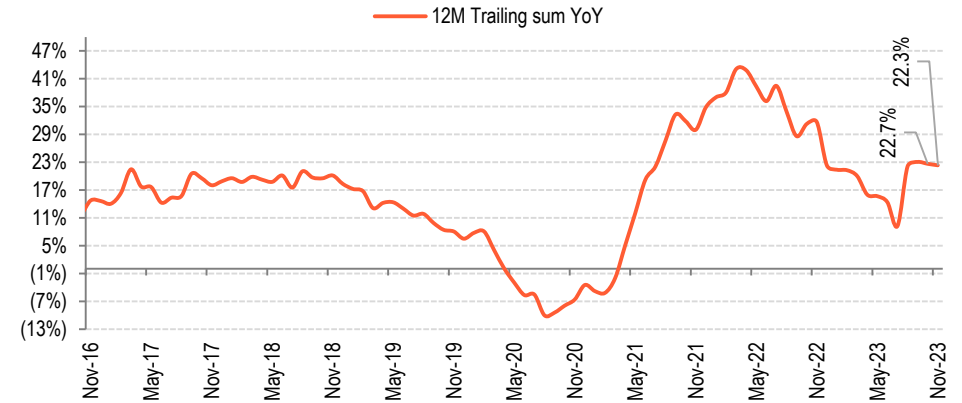


Fig 128 – GST collections for Nov23 broadly stable

(Rs bn)	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Monthly run rate (FYTD24)	FYTD24	FY24 (BE)
CGST	578	608	652	601	611	809	607	648	672	627	617	705	661	668	5,347	8,116
UT GST	5.2	2.3	2.4	3.9	9.2	3.1	2.6	3.4	2.5	3.1	2.0	11.2	2.5	4	30	-
IGST	(26)	(34)	(17)	(23)	86	(93)	10	16	(24)	63	17	(159)	43	(16)	(128)	-
SGST*	834	874	754	901	1,062	733	884	865	826	820	970	1,003	824	866	6,926	-
Cess	103	109	104	118	102	119	112	118	114	114	114	119	118	116	928	1,450
Total GST	1,495	1,559	1,496	1,601	1,870	1,571	1,615	1,651	1,591	1,627	1,720	1,679	1,649	1,638	13,103	-

Source: PIB | *Computed from PIB and CGA data

Fig 129 – Rising central government debt a key concern

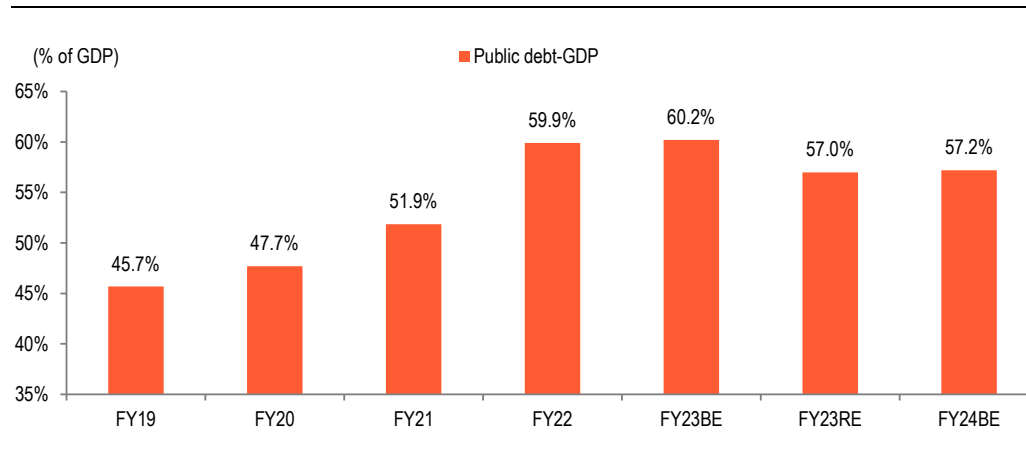
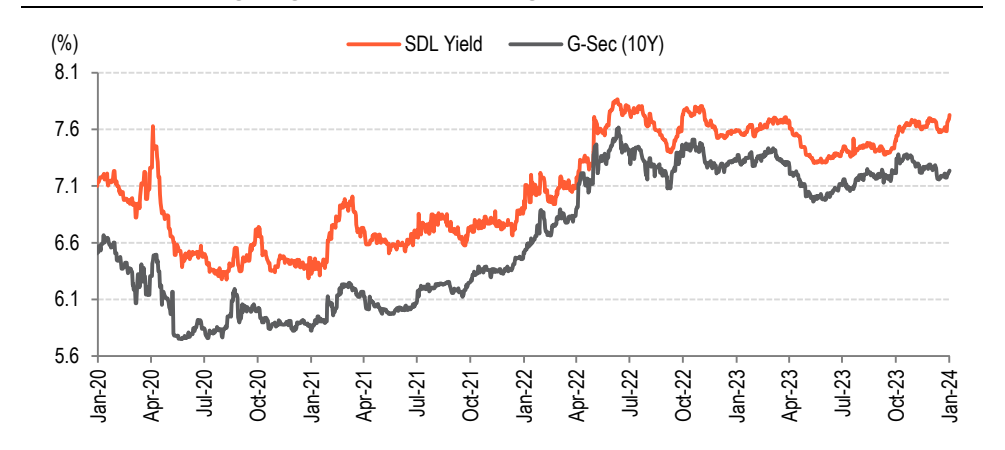


Fig 130 – Spread between 10Y G-sec and SDL yield rose less significantly in Dec'23, but is showing signs of further widening in Jan'24 so far



Source: CCIL

Fig 131 – Subsidy bill in FYTD24 lower than last year, in line with budgeted targets

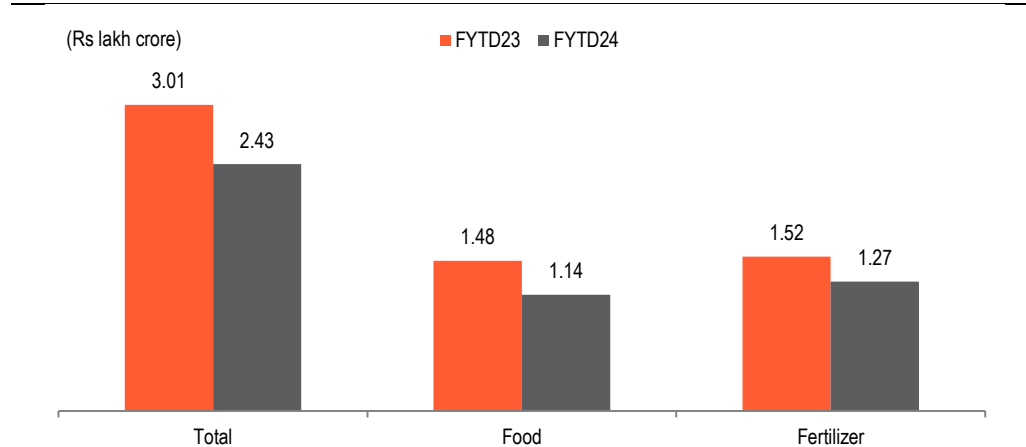
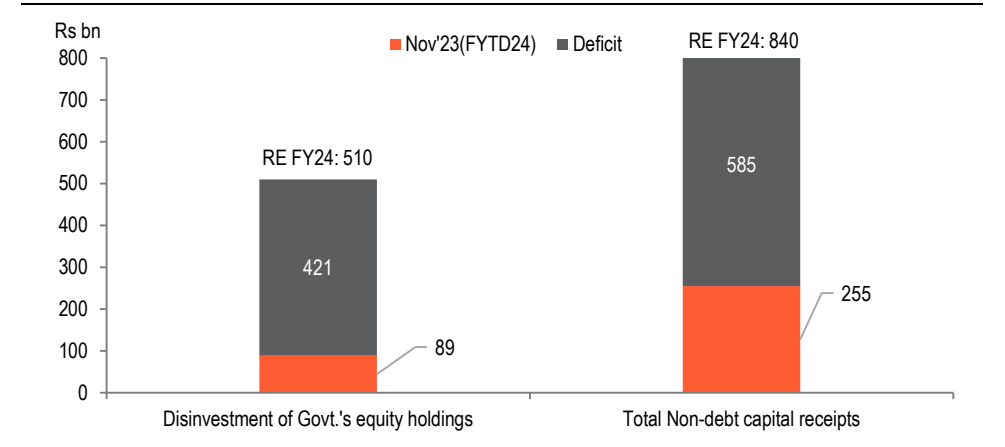


Fig 132 – Central gov. disinvestment status (FY24)



Central government borrowing

Fig 133 – Centre’s borrowing through T-bill in Q3 has been at Rs 3.6tn

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	3,611	3,120
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566	298*	3,930
Total	9,811	11,192	11,271	11,788	17,204	16,986	17,105		14,330

Source: RBI, * Till 3 Jan 2024

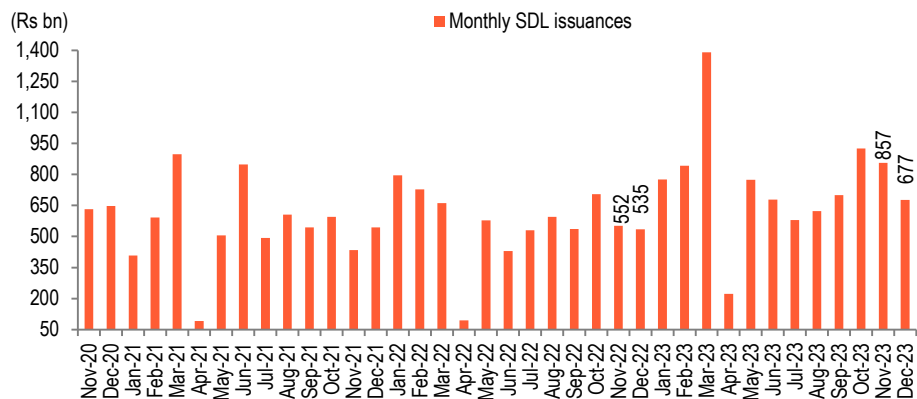
Fig 134 – Centre’s gross borrowing in Q3 is at Rs 3.9tn

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	3,850	3,480
Q4	800	670	1,680	920	3,191	1,370	2,740	340#	2,280
Total	5,820	5,880	5,710	7,100	13,461*	11,273	14,210		

Source: RBI* Against budgeted Rs 12.8tn, # Till 5 Jan 2024

State government borrowing

Fig 135 – State government borrowings slowed in Dec’23



Source: RBI

Fig 136 – States borrowed more than planned in Q3; Q4 target also higher

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	2,460	2,374
Q4	1,348	1,809	2,006	1,898	2,184	3,009	160*	4,135
Total	4,182	4,661	5,731	7,206	6,927	7,652	6,200*	10,880

Source: RBI; *as of 2 Jan 2024

External sector

Exports

Fig 137 – Global exports have remained depressed

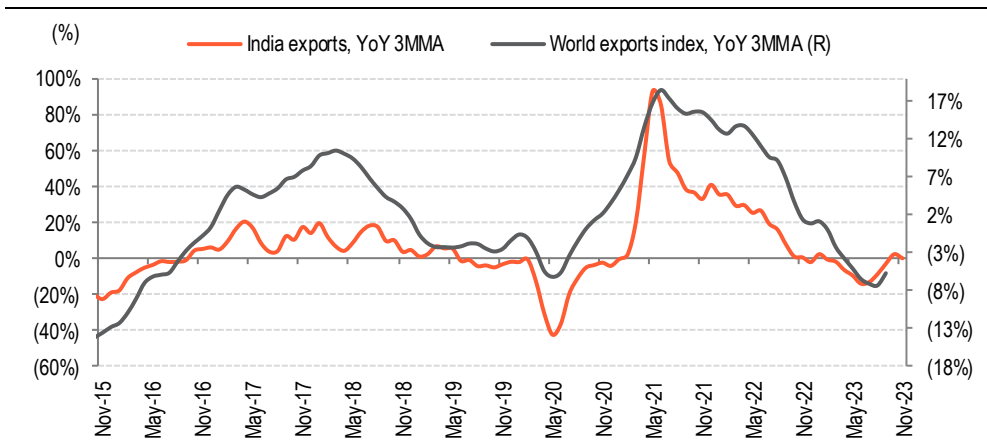
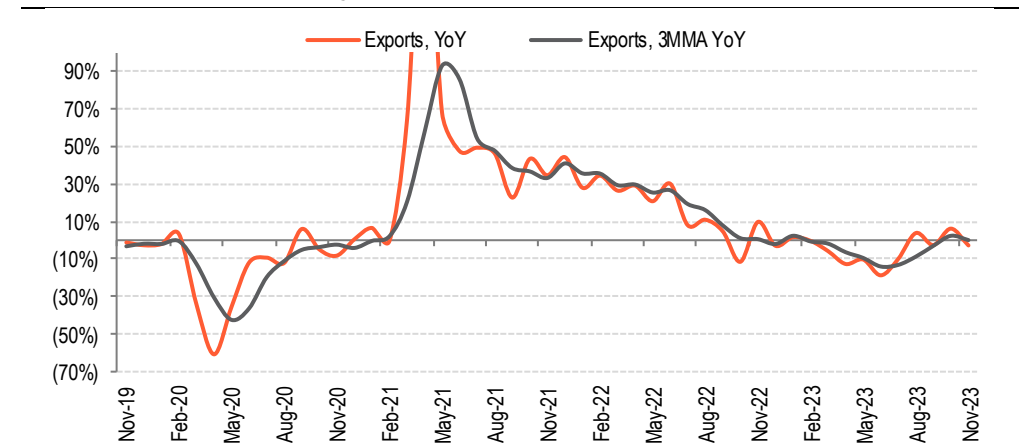


Fig 138 – India's exports declined by 2.8% in Nov'23 on a YoY basis, after increasing by 9.6% in Oct'23; lower by 6.5% in FYTD24



Exports by major sectors

Fig 139 – Oil exports declined by 7.4%, following a decline of 4.6% in Oct'23

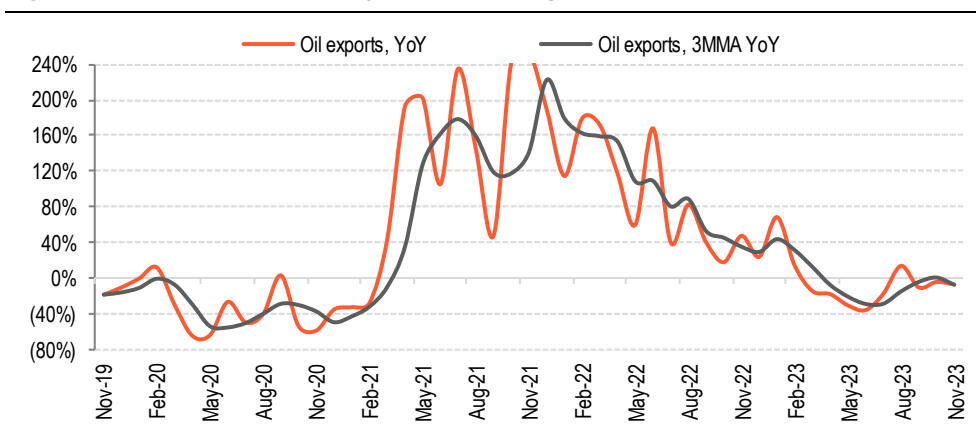


Fig 140 – Within non-oil exports, organic and inorganic chemicals fell sharply

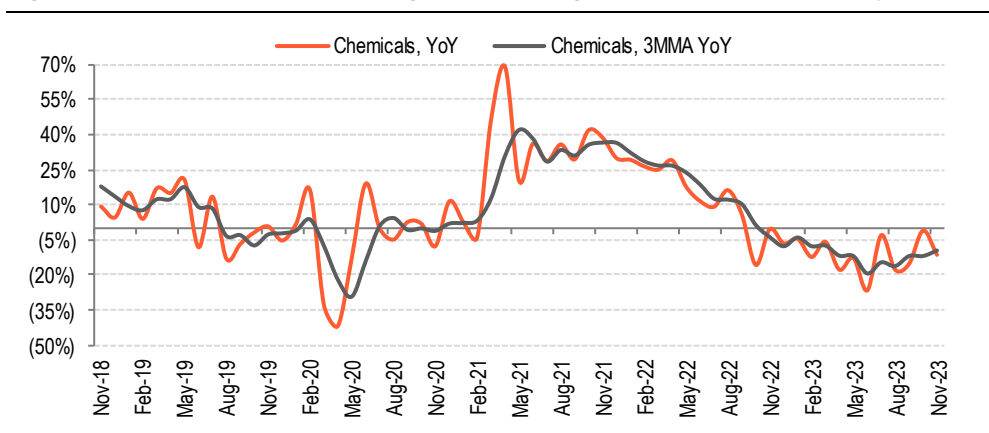


Fig 141 – Agricultural exports also trading lower

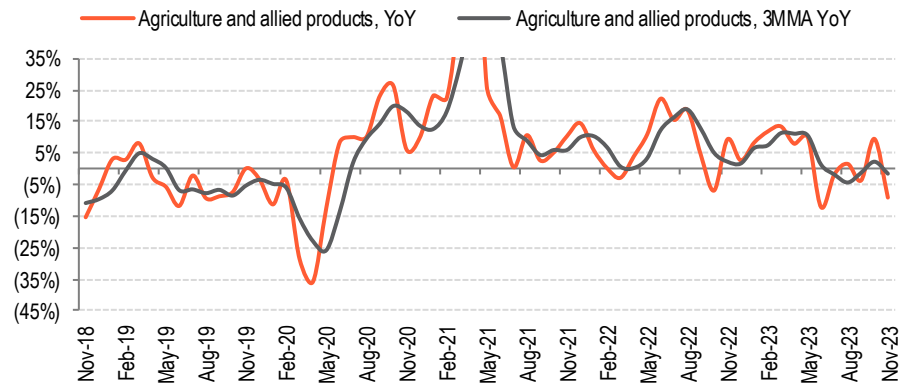
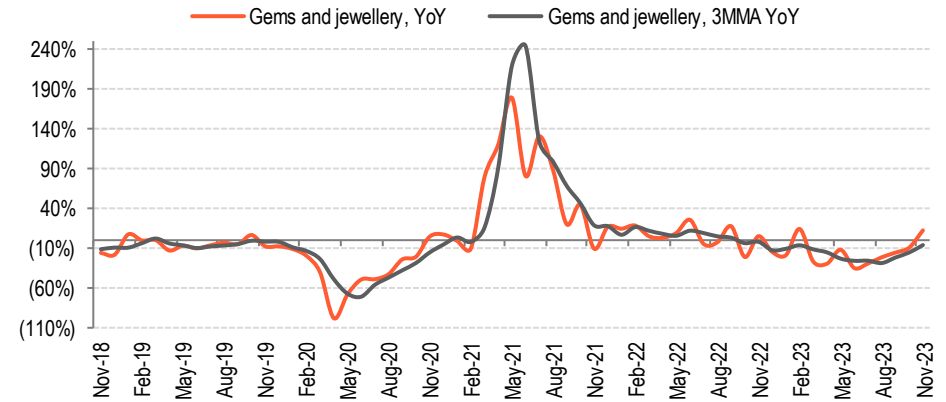


Fig 142 – Pickup visible in exports of gems and jewellery



Imports

Fig 143 – Imports declined by 4.3% in Nov'23 after increasing by 9.6% in Oct'23; down by 8.7% in FYTD24

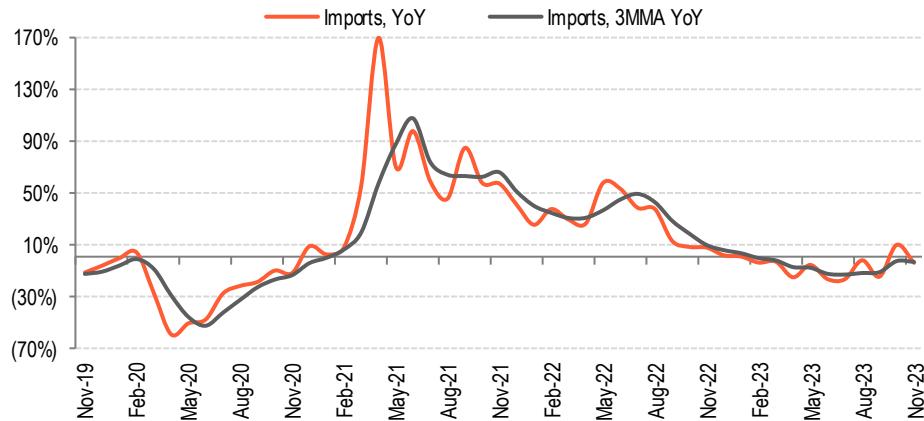


Fig 144 – Gold imports decelerate

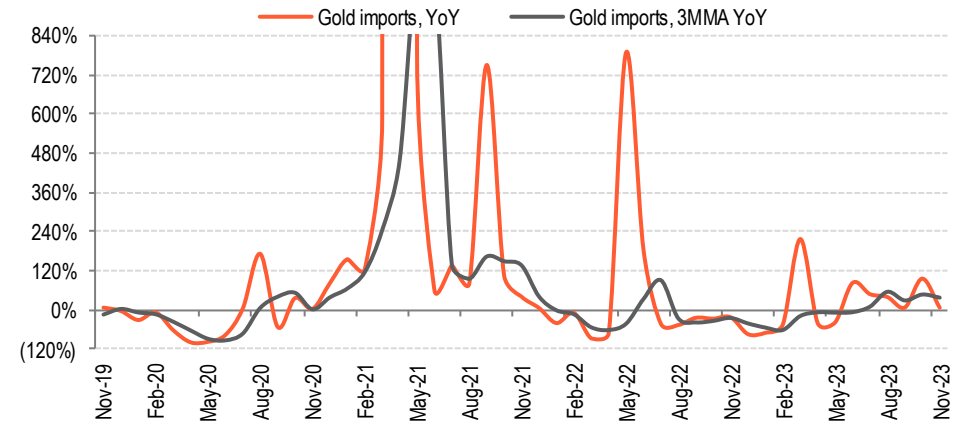


Fig 145 – Oil imports fell by 8.5%, following a decline in global oil prices

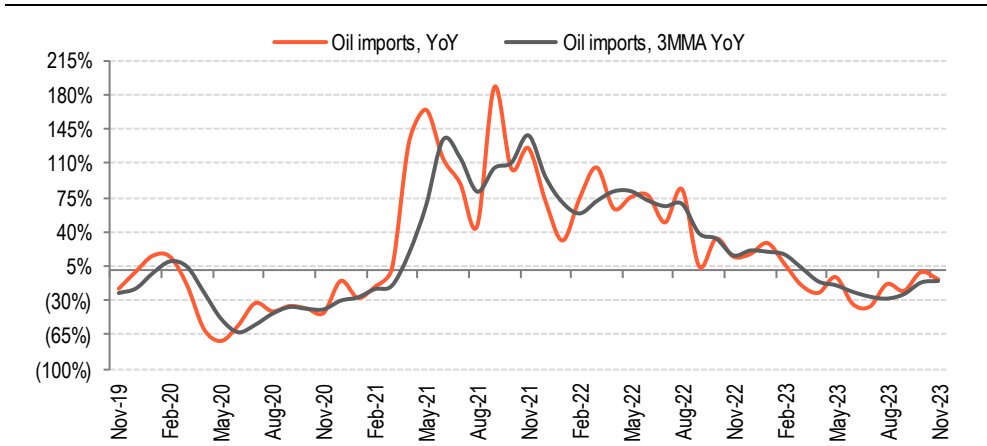


Fig 146 – Within non-oil-non-gold imports, imports of pearls and precious stones has declined the most

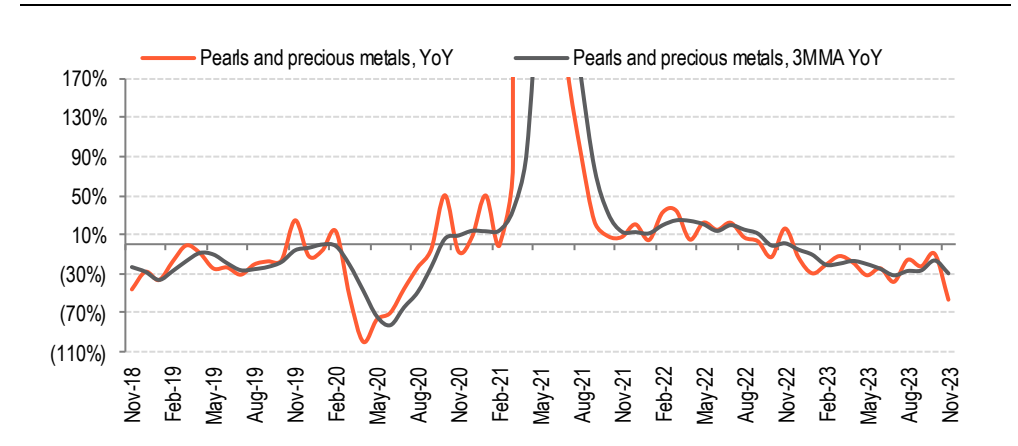


Fig 147 – Imports of vegetable oils fell further in Nov'23

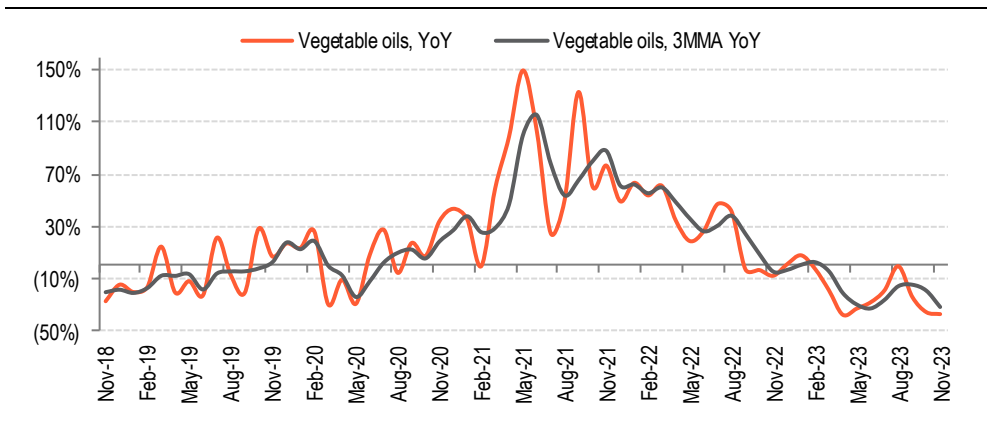
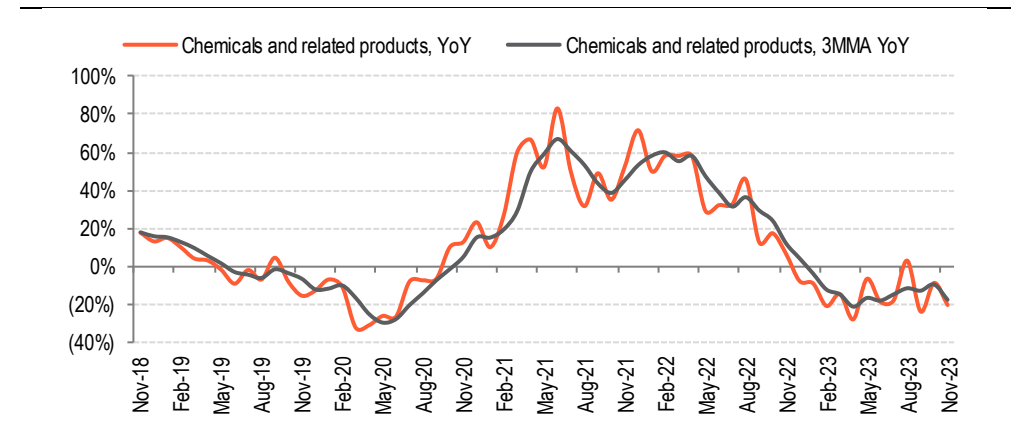


Fig 148 – Imports of chemicals and related products also lower



Exports and imports by major regions

Fig 149 – Except China and Europe, exports to all regions have declined in FYTD24, sharpest decline in exports to Asia and Pacific

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Sep-23	Oct-23	Nov-23
Americas	23.7	12.9	(8.3)	(6.0)	6.0	(6.0)
Asia and Pacific (Ex. China)	23.3	0.2	(13.1)	(2.9)	(3.4)	(3.2)
China	3.5	(36.6)	4.0	28.6	26.8	31.6
Europe	22.0	18.9	1.4	(0.3)	7.0	(1.8)
Middle East and Africa	26.6	31.0	(8.2)	(5.4)	9.2	(3.4)
Other	0.9	158.6	1.8	12.3	49.4	(40.9)

Fig 150 – Even imports are lower, led by Middle East and Africa and Americas

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Sep-23	Oct-23	Nov-23
Americas	11.2	19.8	(15.4)	(14.2)	(12.1)	(17.0)
Asia and Pacific (Ex. China)	24.9	31.2	(8.0)	(9.3)	11.4	0.1
China	13.8	14.8	0.2	(0.2)	21.5	4.7
Europe	12.6	5.1	4.9	(12.7)	42.0	(0.5)
Middle East and Africa	30.8	31.4	(26.6)	(31.1)	(7.8)	(12.7)
Other	6.8	250.1	48.5	1.8	30.8	9.3

Trade deficit

Fig 151 – Trade deficit scales back to US\$ 20.6bn, monthly run rate of ~US\$ 21bn maintained

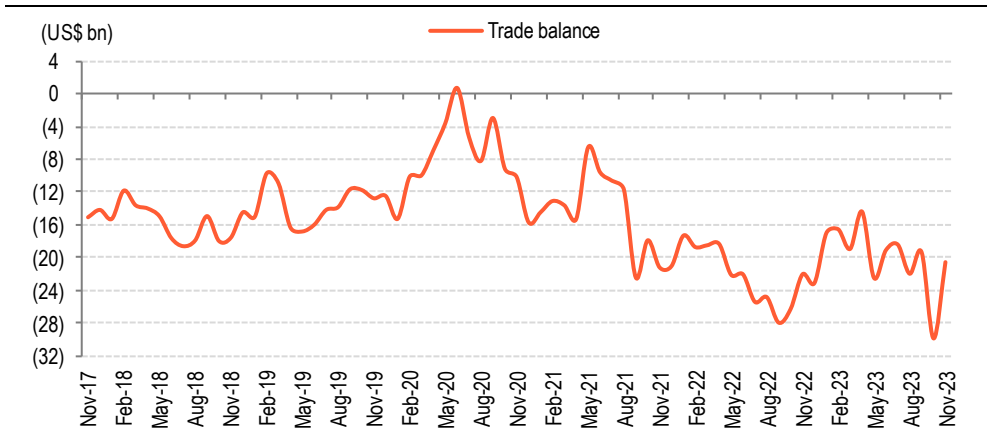
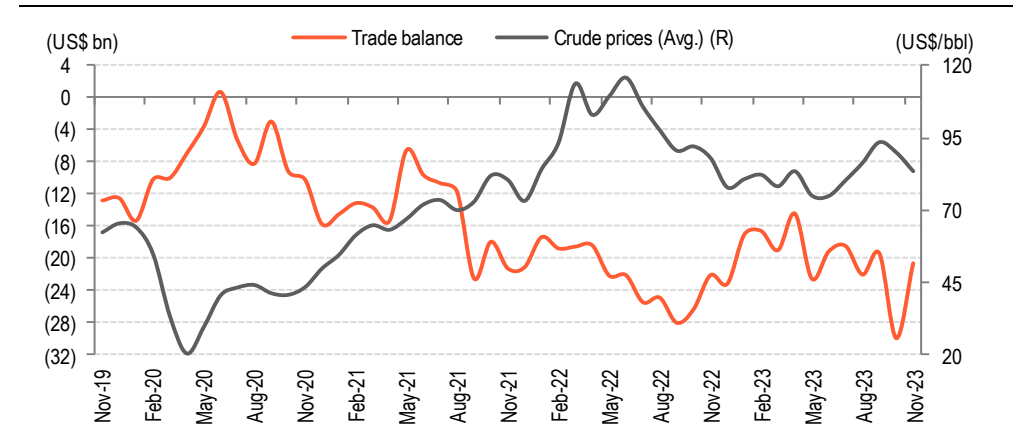
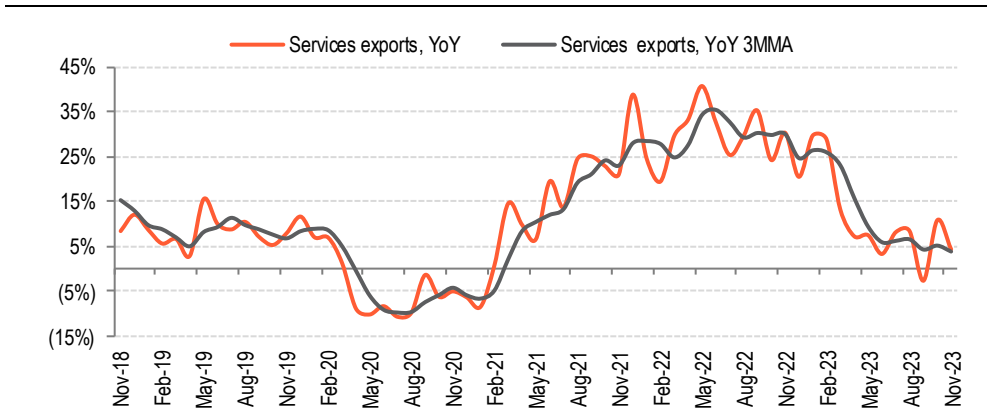


Fig 152 – Led by lower oil prices



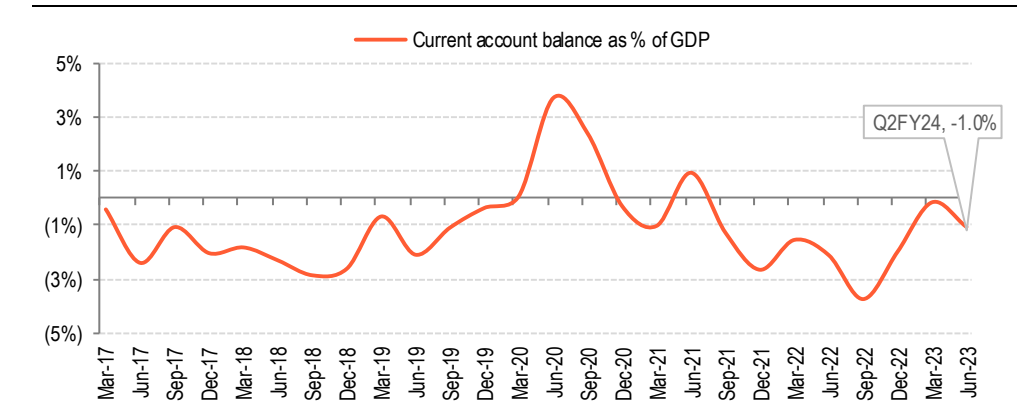
Trade in services

Fig 153 – Services exports increased by 10.8% in Oct'23, after falling 2.7% in Sep'23



BoP

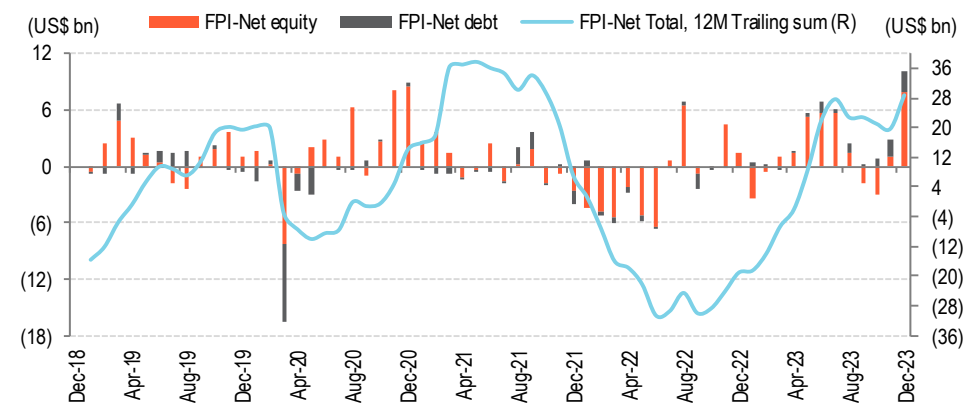
Fig 154 – India's current account deficit narrowed a tad to 1% of GDP in Q2FY24 from 1.1% of GDP in Q1FY24



Foreign inflows

FPI inflows

Fig 155 – FPI inflows in Dec'23 at record high of US\$ 10.1bn; inflows of US\$ 28.7bn in 2023



Source: Bloomberg

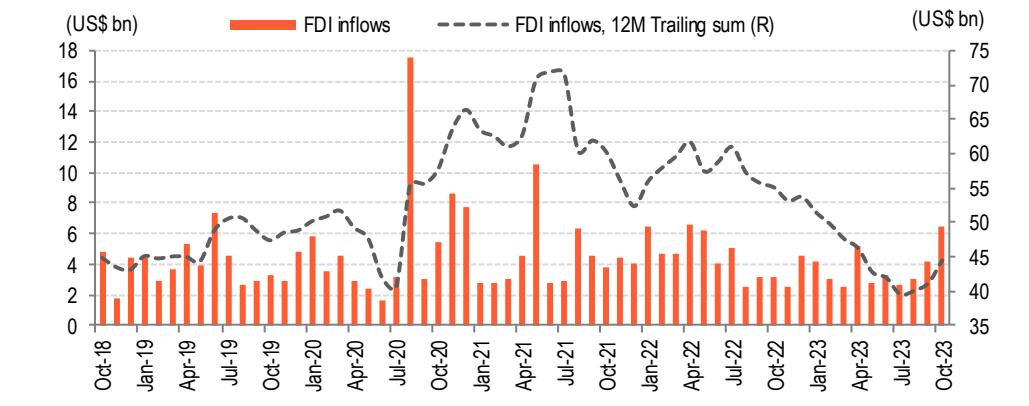
Fig 157 – FDI inflows fall in Q2FY24, led by services sector

Sector	% Share FY23	FYTD23	FYTD24	Q2FY23	Q1FY24	Q2FY24
Computer software and hardware	20.4	6.3	2.4	2.9	1.0	1.4
Services	18.9	4.2	3.9	1.6	2.5	1.3
Trading	10.4	3.3	0.9	1.2	0.5	0.4
Non-conventional energy	5.4	1.4	1.2	0.5	0.7	0.5
Drugs and Pharmaceuticals	4.5	0.7	0.1	0.2	0.1	0.0
Automobile industry	4.1	0.9	0.7	0.2	0.4	0.3
Construction (Infrastructure) activities	3.7	1.0	2.4	0.3	0.8	1.6

Source: DIPP

FDI inflows

Fig 156 – FDI equity inflows gather pace, inflows of US\$ 6.5bn in Oct'23 compared with US\$ 4.2bn in Sep'23



Source: RBI, Bank of Baroda Research

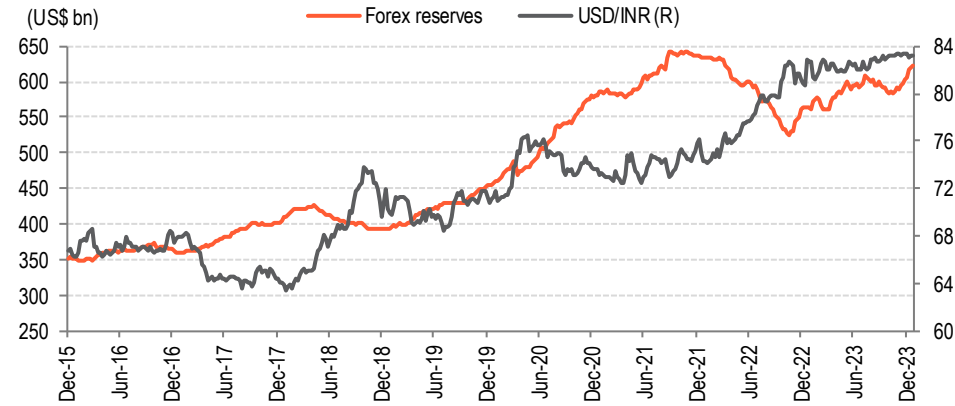
Fig 158 – Country wise, inflows from Netherlands and Singapore dipped in Q2FY24, inflows from Mauritius pick up

Country (US\$ bn)	% Share FY23	FYTD23	FYTD24	Q2FY23	Q1FY24	Q2FY24
Singapore	37.4	10.0	5.2	4.3	3.0	2.2
US	13.3	3.3	3.0	0.9	1.0	2.0
Mauritius	13.1	2.6	2.1	1.1	1.1	1.0
Netherlands	5.4	1.8	1.9	0.7	1.5	0.4
UK	3.9	1.2	2.1	0.3	1.2	0.9
Japan	3.8	0.9	0.6	0.6	0.4	0.2

Source: DIPP

Forex reserves and external debt

Fig 159 – India’s FX reserves at US\$ 623.2bn; up by US\$ 44.8bn in FYTD24



Source: Bloomberg | Note: Weekly data as of 29 Dec 2023

Fig 160 – India’s import cover improving amidst an accretion in forex reserves

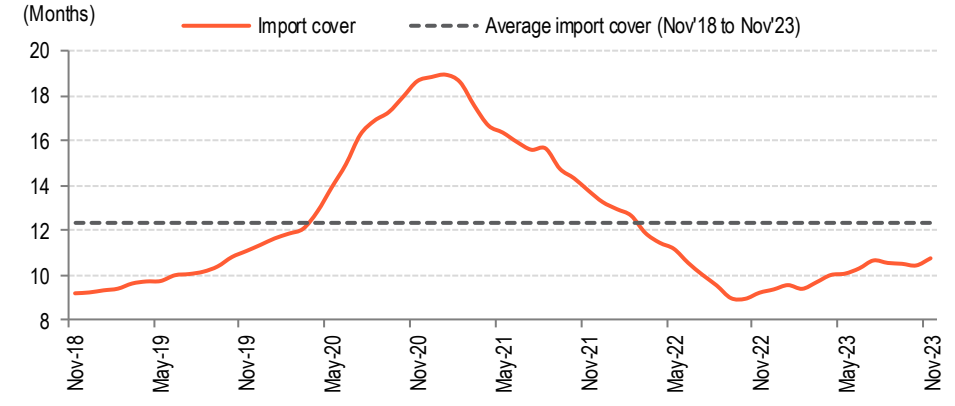


Fig 161 – RBI’s sold net US\$ 310mn in the spot market in Oct’23

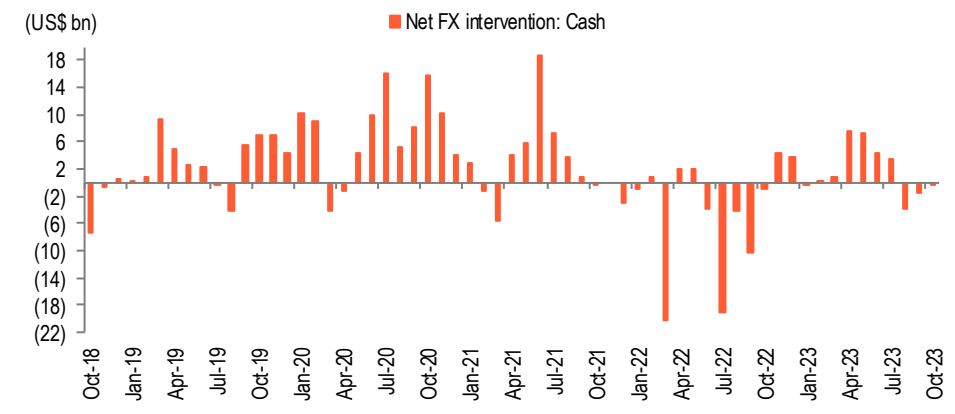
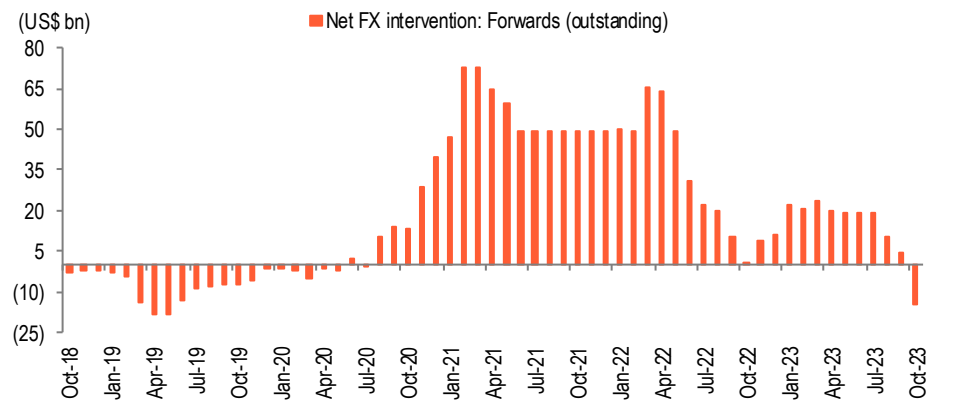


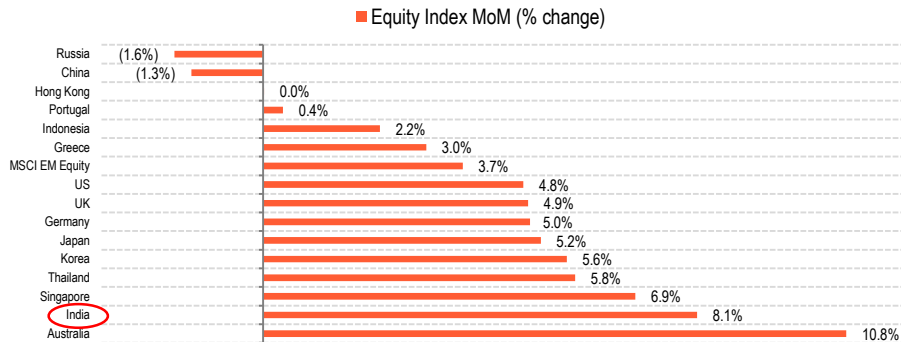
Fig 162 – RBI’s outstanding forwards book drops sharply in Oct’23



Markets

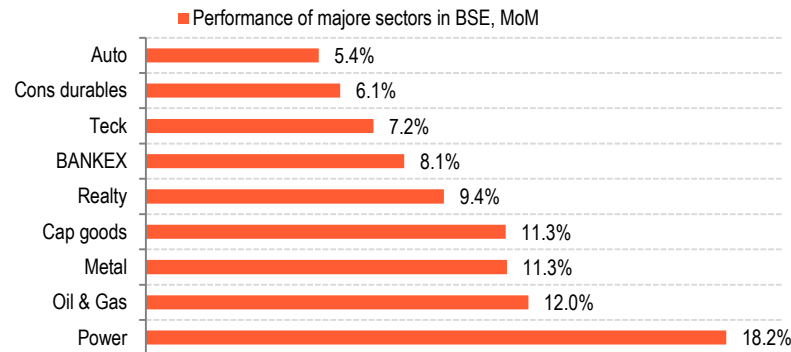
Equity

Fig 163 – In Dec'23, Sensex outperformed MSCI EM and rose by 8.1%



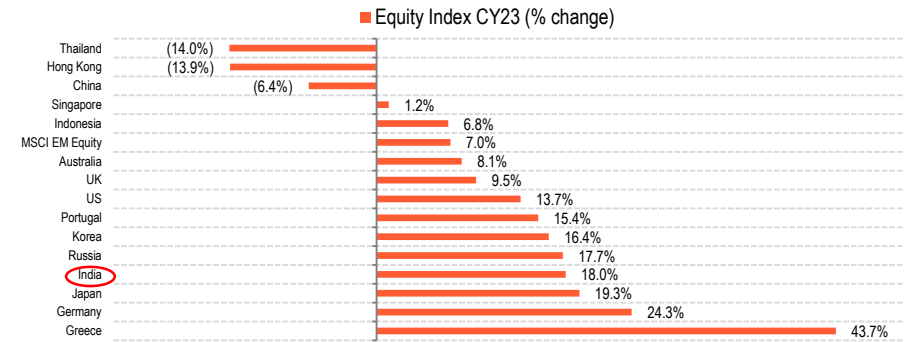
Source: Bloomberg | * As on 29 Dec 2023, Indices are in US\$ terms

Fig 165 – Power and oil and gas stocks rose the most in Dec'23



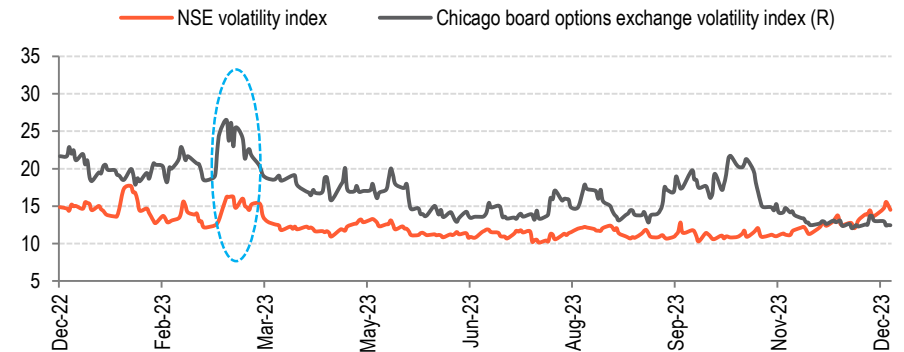
Source: Bloomberg | * As on 29 Dec 2023

Fig 164 – In CY23, Sensex has risen by 18%



Source: Bloomberg | * As on 29 Dec 2023, Indices are in US\$ terms

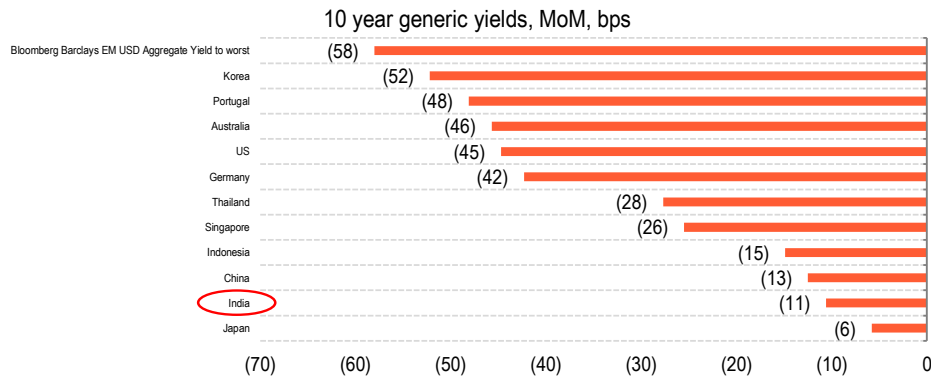
Fig 166 – VIX index rose to 14.50 in Dec'23 from 12.69 in Nov'23



Source: Bloomberg

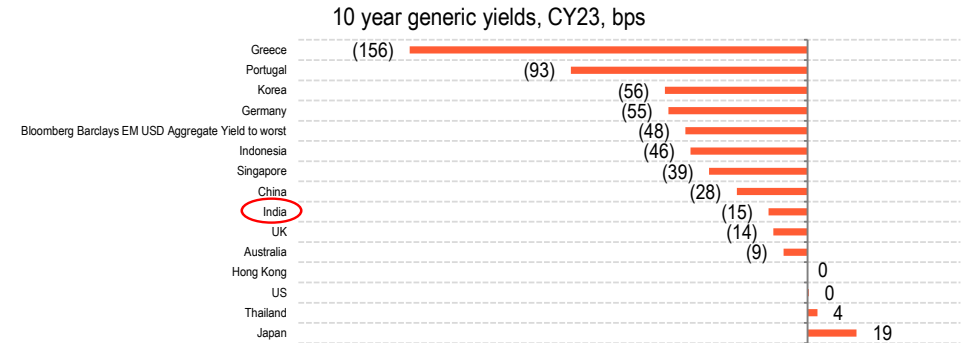
10-year bond yields

Fig 167 – On MoM basis, India’s 10Y yield fell by 11bps



Source: Bloomberg | As on 29 Dec 2023

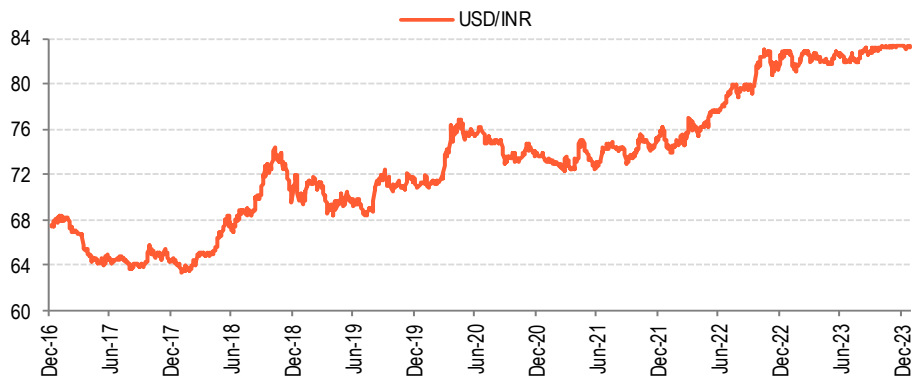
Fig 168 – In CY23, India’s 10Y yield has fallen by 15bps



Source: Bloomberg

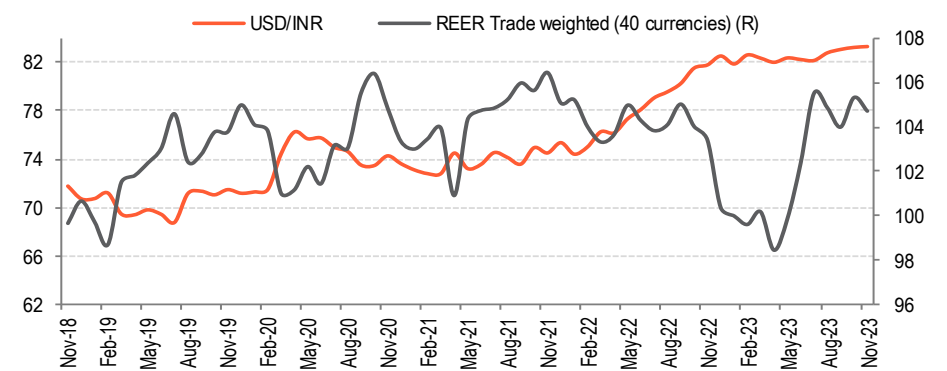
Currencies

Fig 169 – INR remained fairly stable in Dec’23



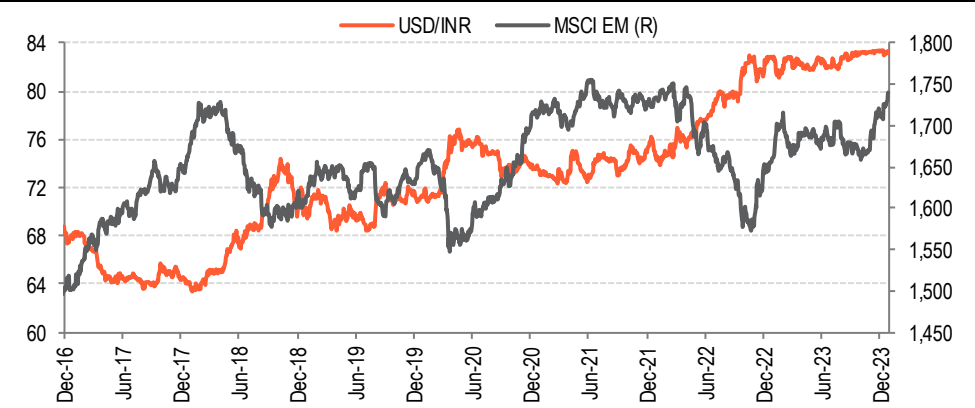
Source: Bloomberg | *As on 29 Dec 2023

Fig 170 – INR overvalued by 4.7% on REER basis



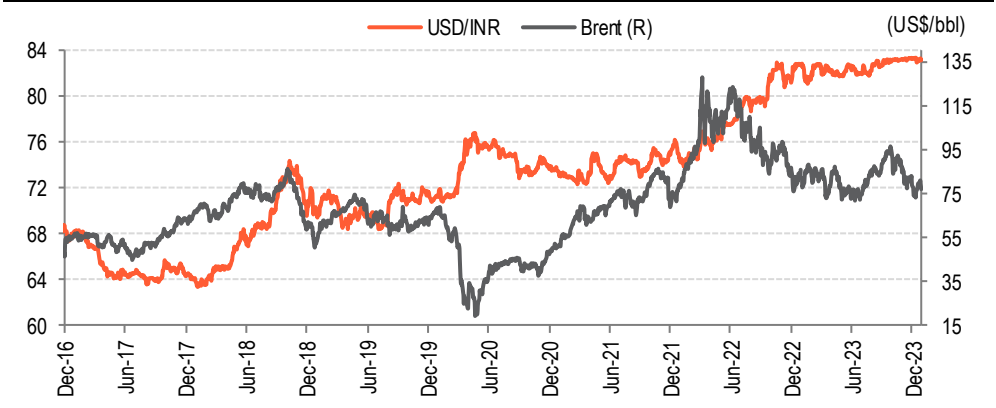
Source: Bloomberg

Fig 171 – EM currencies appreciated against the dollar in Dec'23



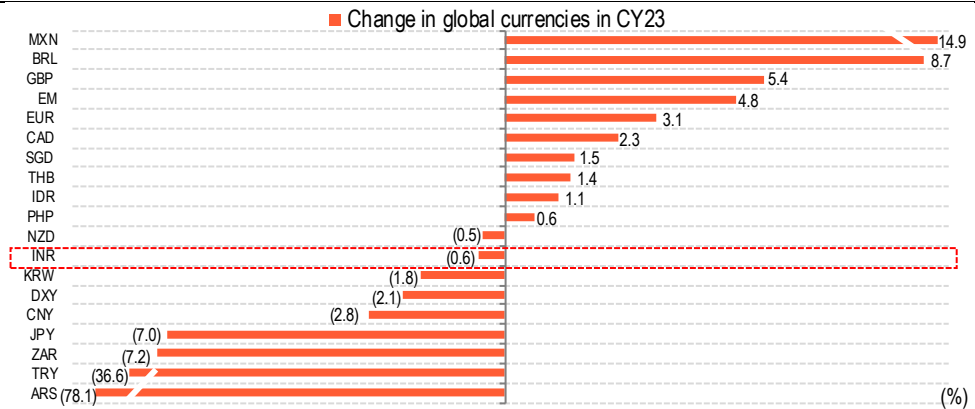
Source: Bloomberg | *As on 29 Dec 2023

Fig 172 – ... supported by lower oil prices



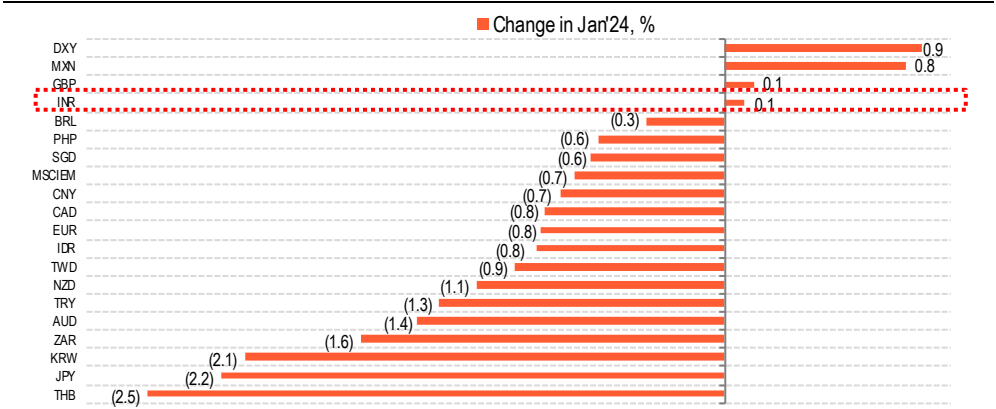
Source: Bloomberg | *As on 29 Dec 2023

Fig 173 – In Nov'23, INR depreciated by 0.2%, despite a weaker dollar



Source: Bloomberg | *As on 29 Dec 2023

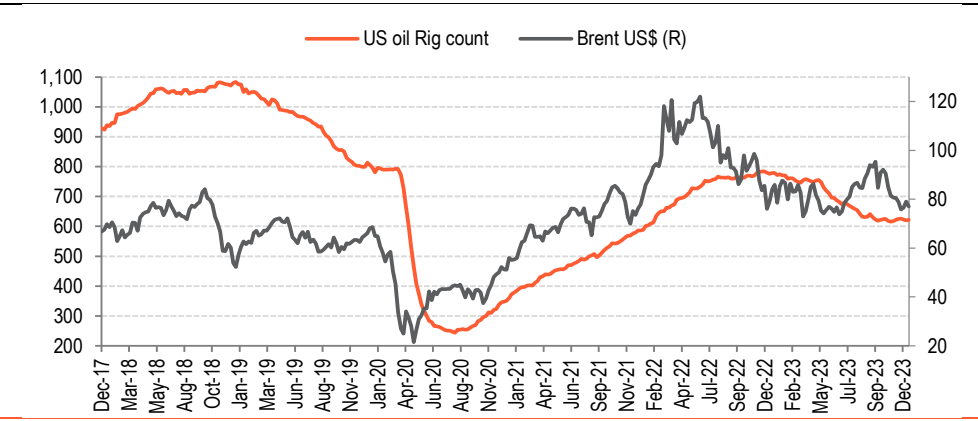
Fig 174 – In Jan'24, INR has appreciated by 0.1%



Source: Bloomberg | *As on 8 Jan 2024

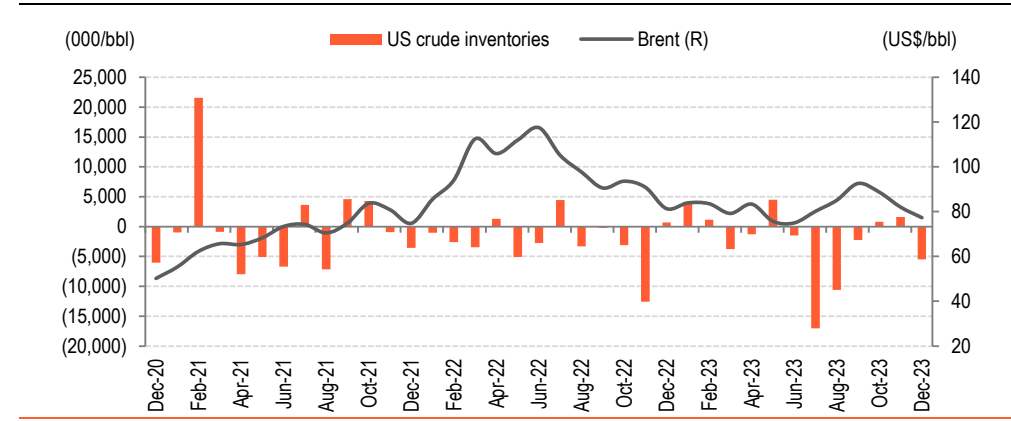
Commodities

Fig 175 – US rig count was broadly stable



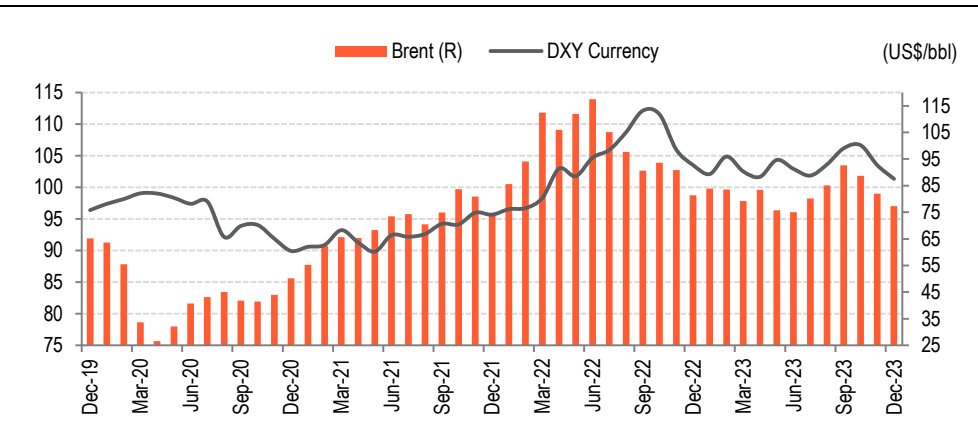
Source: Bloomberg

Fig 176 – Inventory drawdown was seen in Dec'23



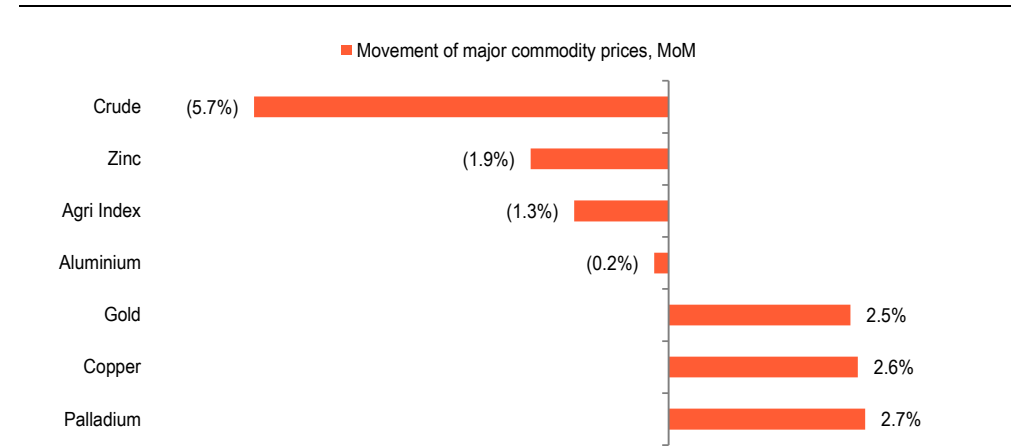
Source: Bloomberg

Fig 177 – Oil prices (average) moderated to US\$ 77.3/bbl in Dec'23 from US\$ 82/bbl in Nov'23, DXY also moderated to 101.33 from 103.5



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

Fig 178 – Crude prices have fallen sharply



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

Fig 179 – Performance of high frequency indicators

Indicators	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Agriculture													
Tractor sales	19.2	16.0	11.8	10.1	(13.0)	(2.4)	(0.7)	0	(4.1)	(15.6)	(5.3)	1.5	-
Two wheeler sales	(11.2)	10.1	14.8	12.4	(7.3)	9.3	6.8	8.2	6.3	21.7	(12.6)	21.1	27.6
MNREGA work (HH, MoM)	(14.2)	(2.3)	2.2	6.8	6.6	31.9	6.3	(30.4)	(18.9)	(3.2)	(1.4)	(3.5)	12.8
Manufacturing													
IIP: General index	5.1	5.8	6.0	1.7	4.6	5.7	3.8	6.0	10.3	6.2	11.7	-	-
IIP: Manufacturing	3.6	4.5	5.9	1.5	5.5	6.3	3.1	5.0	9.3	4.9	10.4	-	-
IIP: Capital goods	7.8	10.5	11.0	9.1	4.4	8.1	2.0	4.5	13.1	8.4	22.6	-	-
IIP: Infra & construction goods	11.0	11.3	9.0	7.2	13.4	13.0	12.9	12.4	13.5	8.9	11.3	-	-
IIP: Consumer goods	(11.2)	(8.2)	(4.1)	(8.1)	(2.3)	1.5	(6.7)	(2.6)	5.8	1.1	15.9	-	-
Steel	12.3	14.3	12.4	12.1	16.6	12.0	21.3	14.2	12.4	13.8	10.7	9.1	-
Cement	9.5	4.7	7.4	(0.2)	12.4	15.9	9.9	6.9	19.3	4.6	17.4	(3.6)	-
Electricity	10.4	12.7	8.2	(1.6)	(1.1)	0.8	4.2	8.0	15.3	9.9	20.3	5.6	-
PMI: Manufacturing	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9
Services													
Services PMI index	58.5	57.2	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0	58.4	56.9	59.0
Automobile sales	(5.4)	13.6	16.0	13.9	(4.0)	10.1	9.6	10.0	8.6	20.4	(7.7)	18.5	21.1
Passenger vehicle sales	8.1	21.9	11.0	14.4	(1.3)	4.3	4.8	4.0	6.5	19.0	(1.4)	17.2	2.7
Vehicle registration	(6.4)	14.1	16.5	14.7	(3.4)	10.9	10.3	10.6	9.5	20.9	(7.0)	19.0	20.9
Rail freight traffic	3.1	3.8	3.6	3.8	3.5	1.9	(1.9)	1.5	6.4	6.7	8.5	4.6	-
Port cargo volume	10.3	12.1	12.0	1.5	1.3	3.5	0.4	4.3	4.4	0.3	13.8	17.0	0.7
Credit growth	14.9	16.3	15.5	15.0	15.7	15.3	18.0	19.5	19.7	21.3	20.4	20.1	20.2
Deposit growth	9.2	10.5	10.1	9.6	10.1	11.4	15.5	12.9	13.2	15.7	13.2	13.4	14.0
CIC	8.2	8.6	8.2	7.8	7.6	6.9	4.9	4.4	4.0	4.1	2.9	4.3	4.0
Toll collection (in mn)	308.0	300.8	288.4	306.3	305.0	335.2	316.1	295.0	308.0	298.9	319.7	320.8	337.2
Diesel consumption	6.6	12.8	7.6	1.2	8.6	12.8	3.0	3.8	5.2	3.8	9.3	(3.0)	(4.1)
GST E-way bill (in mn)	84.1	82.4	81.8	90.9	84.4	88.2	86.1	88.0	93.4	92.0	100.3	87.6	
External Trade													
Merchandise exports	(3.0)	1.6	(0.4)	(5.9)	(12.7)	(10.3)	(18.8)	(10.0)	3.8	(2.6)	6.1	(2.8)	-
Merchandise imports	1.5	0.5	(4.1)	(3.4)	(15.5)	(6.0)	(16.9)	(17.0)	(2.4)	(15.0)	9.6	(4.3)	-
Services exports	20.4	29.6	28.8	13.1	7.2	7.4	3.2	8.1	8.4	(2.7)	10.8	4.3	-
Services imports	5.7	7.5	10.8	6.0	(0.7)	4.5	(1.0)	(2.3)	(0.8)	(10.4)	(0.4)	(11.1)	-

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

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