

# India Economics

## Monthly Chartbook

June 2023

Economic Research Department

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## Hawkish pause; monsoon to hold key

India's GDP data confirmed that economic growth remains on firm ground. RBI in its latest policy also reaffirmed its bullish outlook on growth and expects the strength to continue in Q1FY24 as well. High frequency data for May'23 (port cargo, vehicle registration, toll collections, PMIs, air passenger traffic) supports this. RBI also cautioned that it will closely monitor the price trajectory, as it aims to bring back inflation to targeted 4%. This slightly hawkish stance led to marginal increase in 10Y yield. Globally as well, central banks are sounding hawkish alarm bells (RBA, Central Bank of Canada). All eyes are now on Fed, which is likely to pause in Jun'23. Oil prices remain range bound as concerns of slowing global demand outweigh benefits from production cut by OPEC+ members.

**Demand continues to showcase resilience:** Robust consumption demand was registered in Q1FY24 as reflected by high frequency indicators including, auto sales, manufacturing PMI (31-month high) and domestic air passenger traffic. UPI payments remained steady, though deceleration in electricity demand and non-oil-non-gold imports will be monitored. RBI's consumers confidence index signalled optimism. On rural front, two wheeler sales recorded double digit growth (MoM). Government hiked MSP of all the crops, in the range of 5-10%, with the exception of cotton. With the arrival of monsoon, focus is expected to shift towards distribution of rainfall.

**Centre's finances:** Union government managed to meet its fiscal deficit (% of GDP) target of 6.4% for FY23, supported by better than expected revenue growth, and despite miss in disinvestment target. Overshooting of expenditure by certain ministries (subsidy bill, finance), was met by cuts in other ministries (agri, rural development.). In FY24, statistical base is at play, resulting in

negative revenue growth in Apr'23. Gross tax revenues are down by (-) 6.1% versus 36.5% increase in Apr'22 and net revenue is down by (-) 13.9% versus 41.1% increase in Apr'22. For the same reason, expenditure growth is also showing moderation (10.6% in Apr'23 versus 21.2% in Apr'22). Capex is down by (-) 0.6% versus 67.5% jump recorded in Apr'22. On the other hand, revenue spending seems to be holding ground, registering 15.2% increase following 9.1% rise in Apr'22.

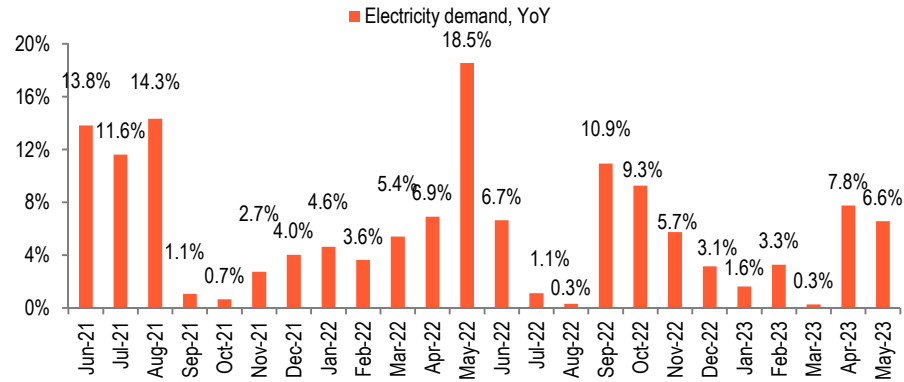
**India's 10Y yield to remain rangebound:** India's 10Y yield fell by 13bps in May'23, whereas global yields were on an upswing especially UK and US as macro signals gave confusing view on rate trajectory. In Jun'23, India's 10Y yield rose by 3bps, especially post policy increase was seen as Governor's tone reflected a hawkish pause. Cautiousness reined over inflation while bullishness on growth prevailed. We no longer foresee rate cut in Q3FY24. The earliest possibility of cut has now shifted to Feb'24. We expect India's 10Y yield to remain in the range of 6.95-7.05% in the current month. Downside risk may persist from a comfortable CPI print in May'23 (our est.: 4.5%).

**INR likely to remain range-bound:** In May'23, INR was under pressure amidst uncertainty around the Fed policy. This was despite lower oil prices and resurgent FPI inflows. Support also came from likely FX intervention by the RBI, which helped keep INR in a tight range, even as DXY rose by 2.6% in May'23. In Jun'23, with investors paring back expectations of a rate hike by Fed, dollar strength has once again come under question. Oil prices have also remained stable despite output cut by OPEC+. FPI inflows have also continued. Hence, we expect INR to continue to trade in the range of 82-83/\$ in the near-term.

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

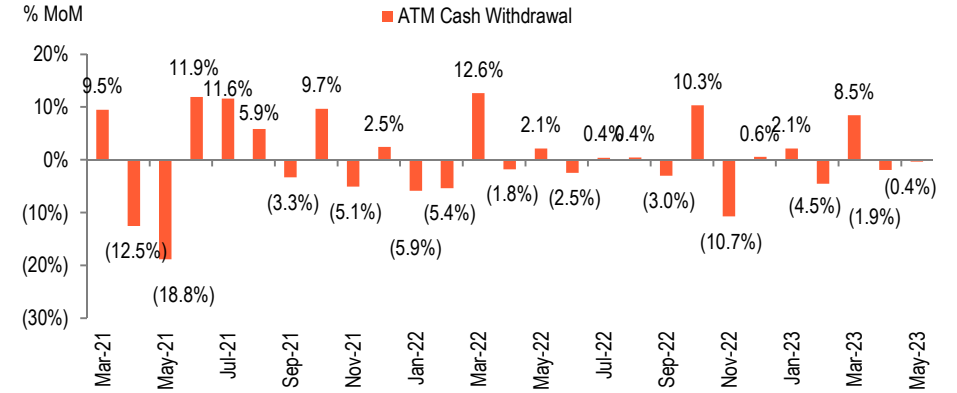
## High frequency indicators

**Fig 1 – Electricity demand moderates in May'23**



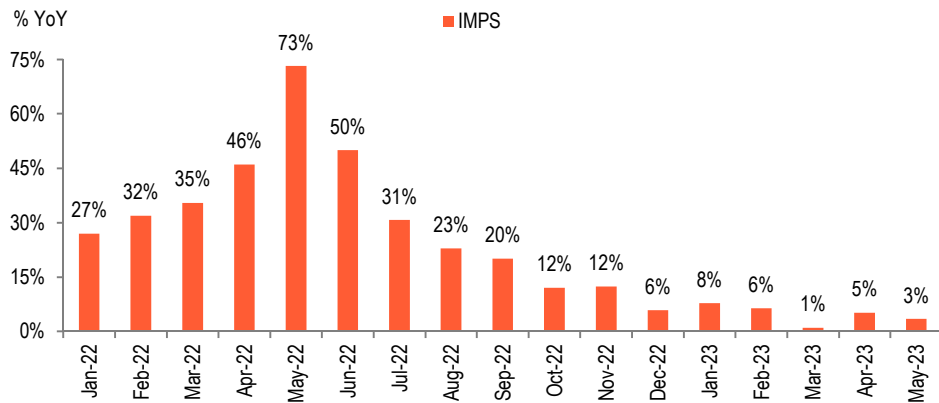
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

**Fig 2 – Slower pace of contraction in Cash withdrawal**



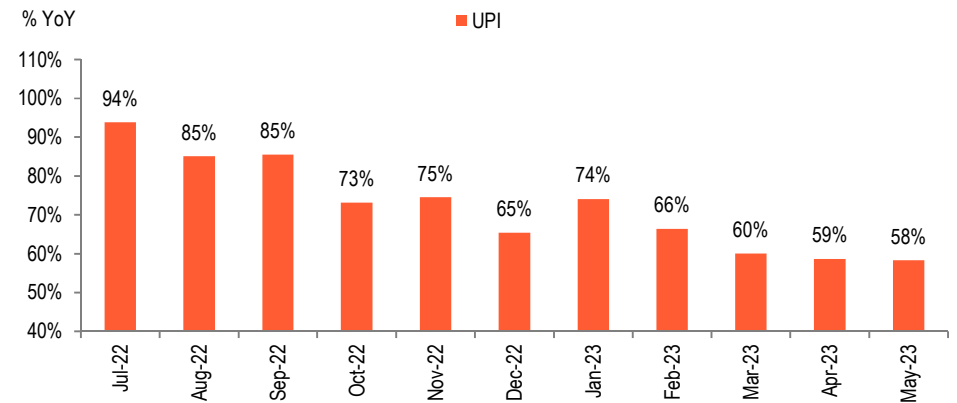
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

**Fig 3 – Growth in IMPS transactions dips marginally**



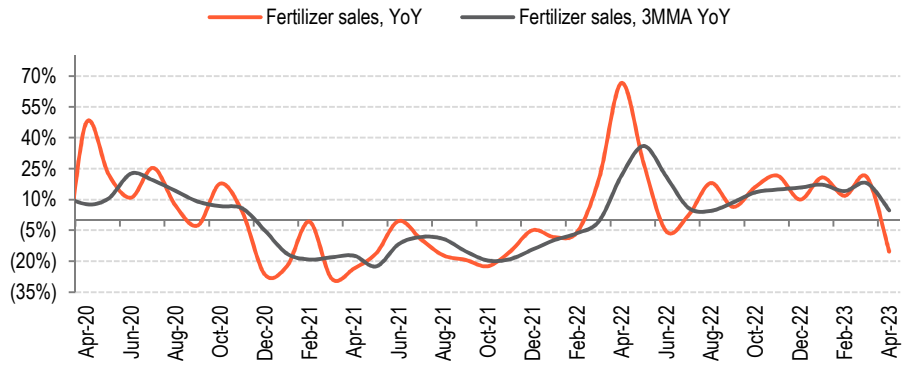
Source: NPCI

**Fig 4 – UPI payments registered steady movement**

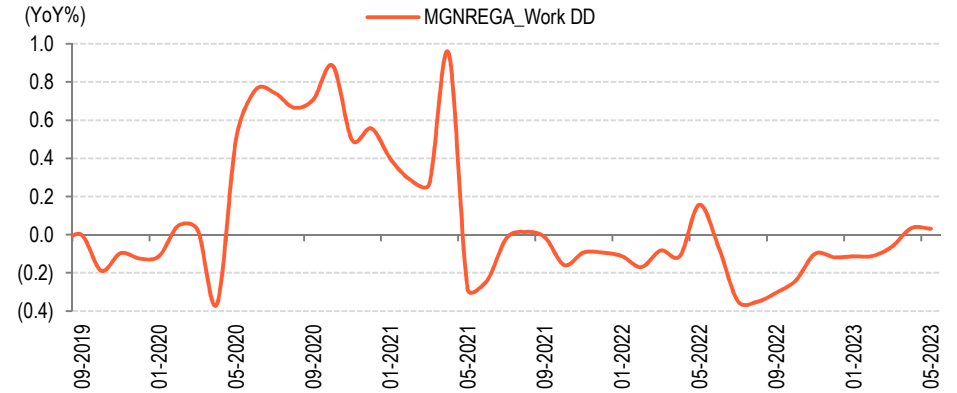


Source: NPCI

**Fig 5 – Fertilizer sales growth slips in to contraction**



**Fig 6 – Demand for work (MGNREGA-household) remains stable in May'23**



Final consumption expenditure

Fig 7 – Marginal improvement pushed private consumption higher in Q4FY23

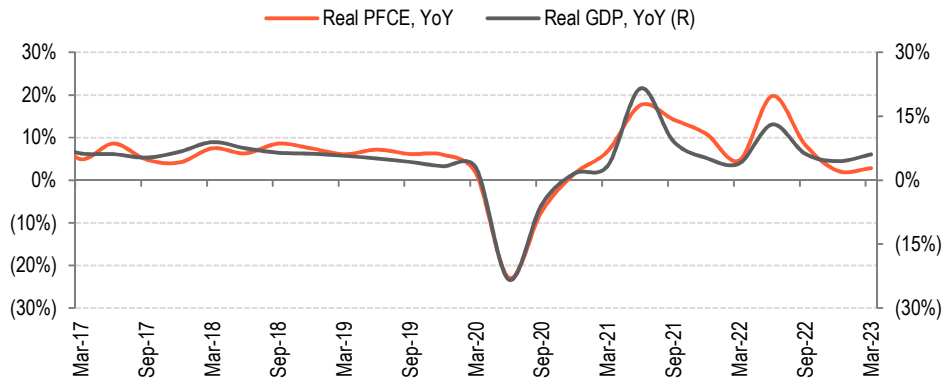


Fig 8 – Government consumption too edges upwards

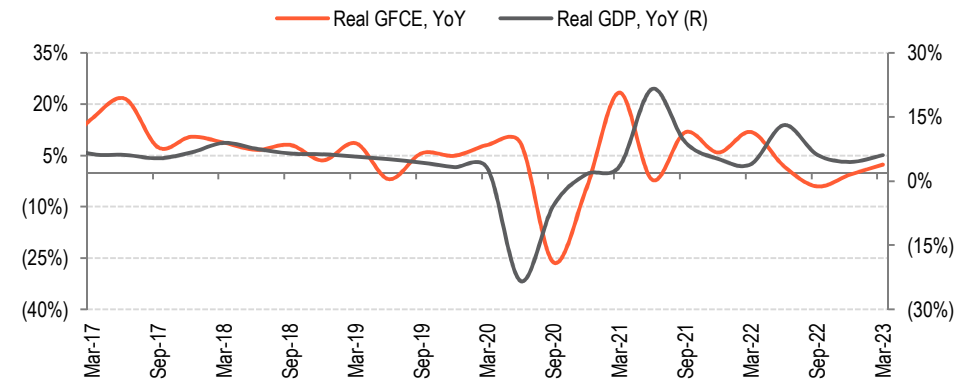


Fig 9 – General govt. revenue spending dips

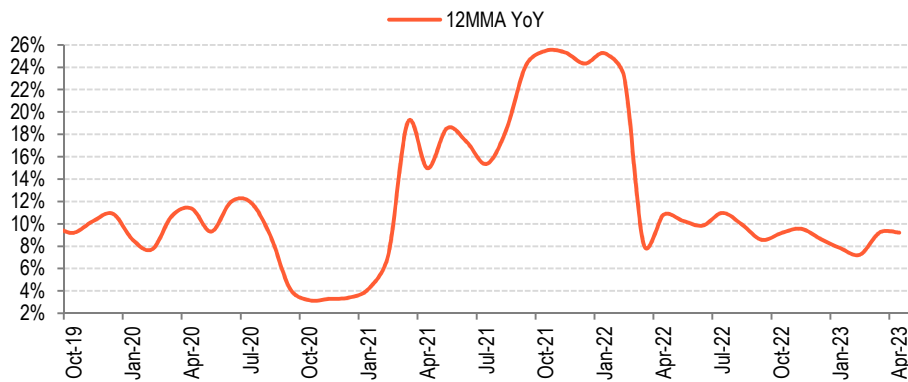
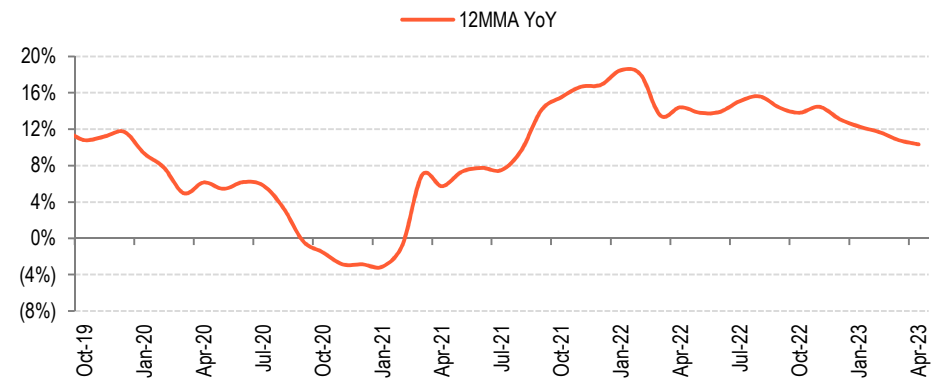


Fig 10 – ...State\* govt. revenue spending too slowing down



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

Non-oil imports, electronic imports

Fig 11 – Growth in Non-oil-non-gold imports drops sharply

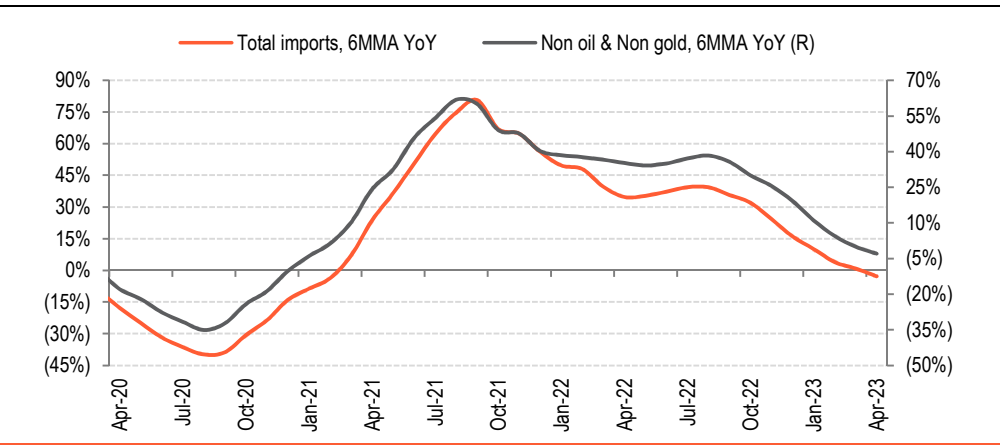


Fig 12 – Growth in electronic import rebounds

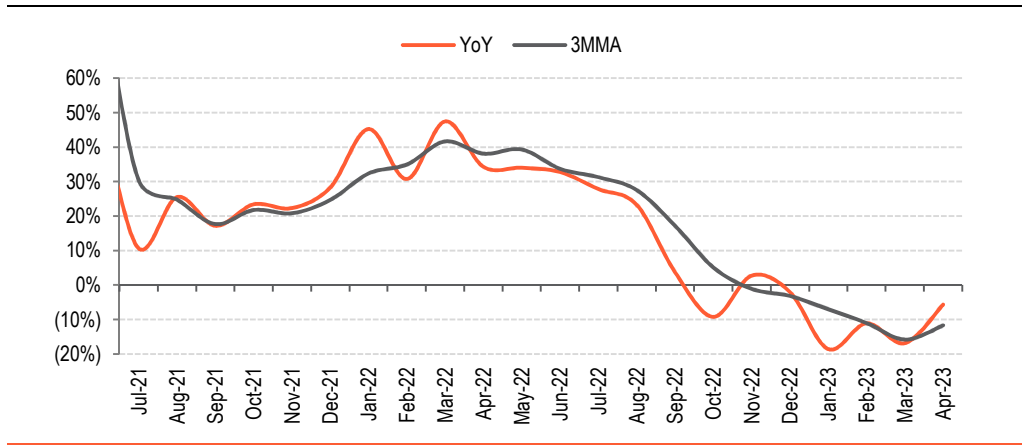


Fig 13 – Retail passenger vehicle sales clocks a robust growth in May'23

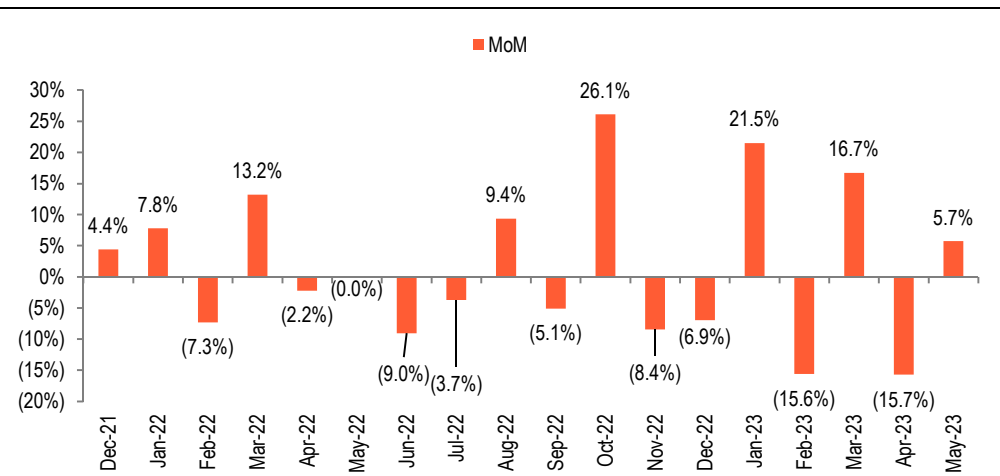
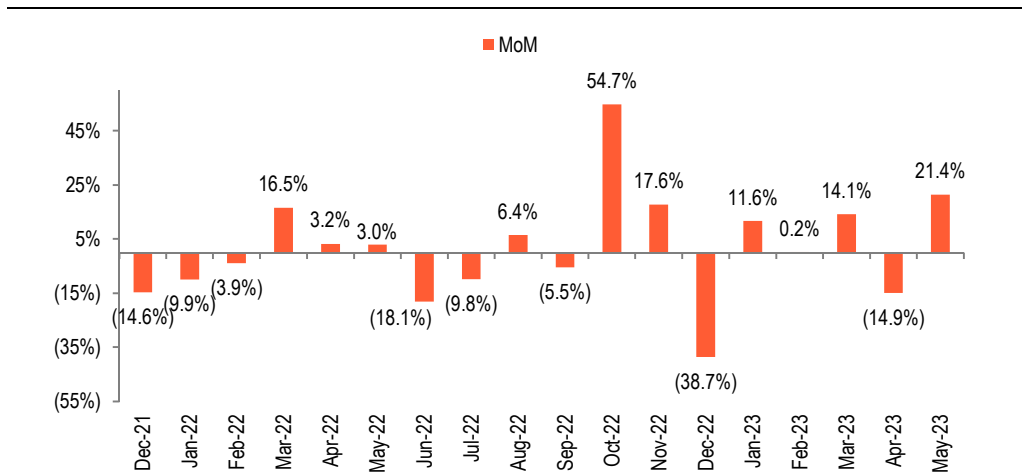


Fig 14 – Positive factors drive two-wheeler sales



Source: FADA

Credit deployment of personal loans

Fig 15 – Marginal moderation in credit card loan

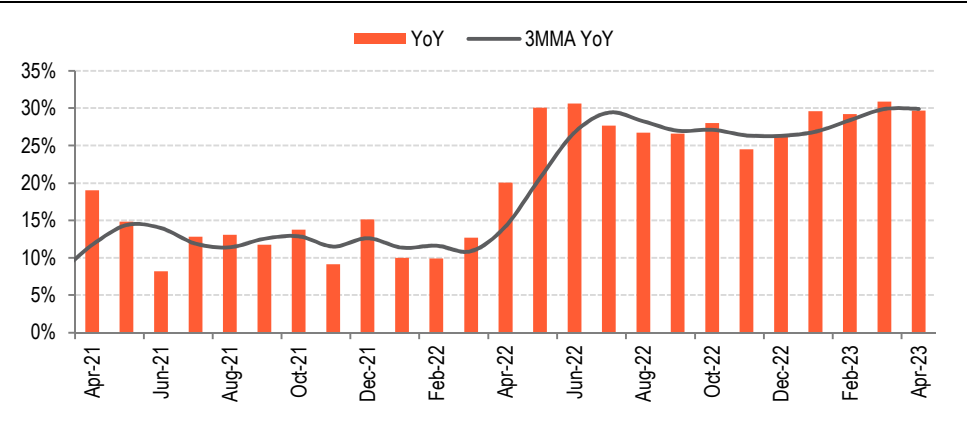


Fig 16 – Growth in personal loan sees a similar movement

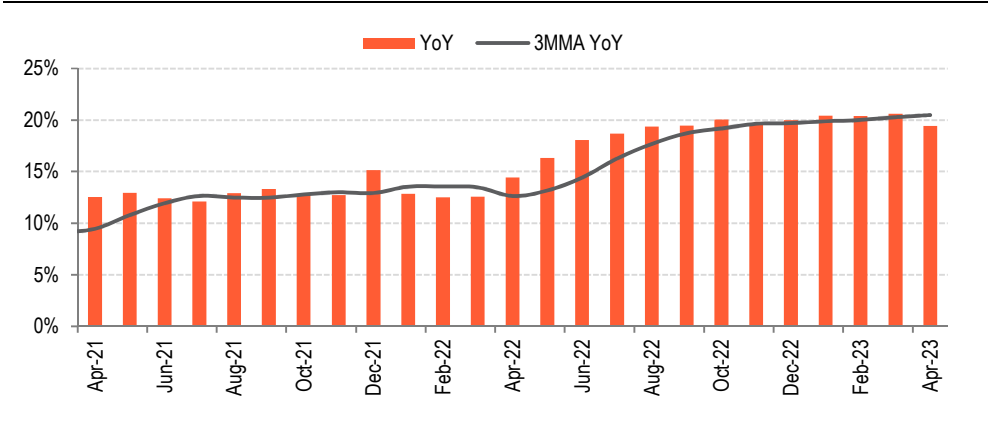


Fig 17 – Vehicle loans growth eases a tad little

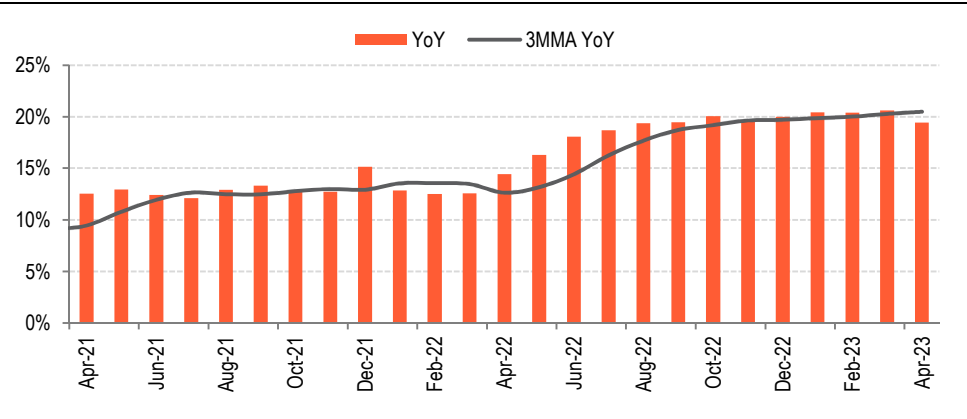
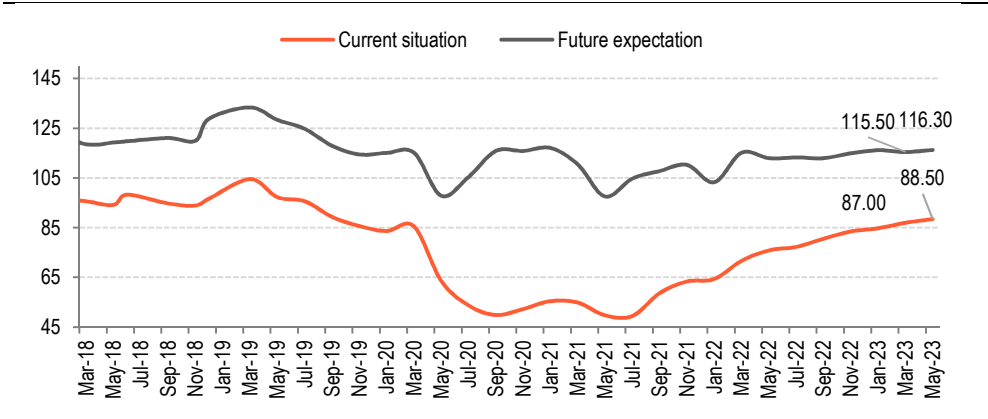
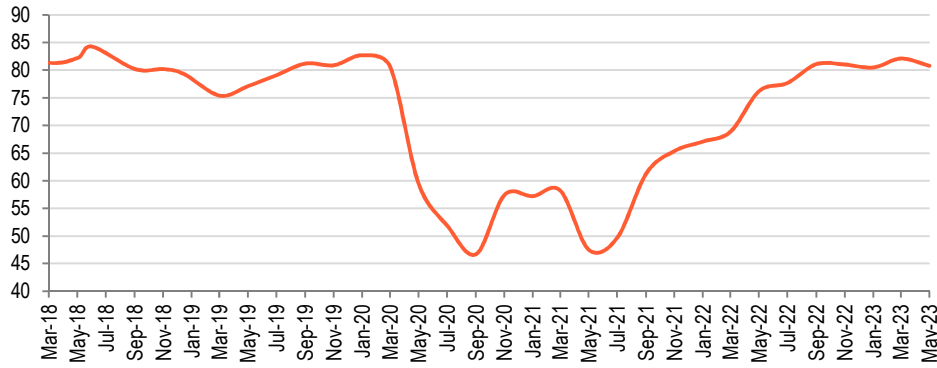


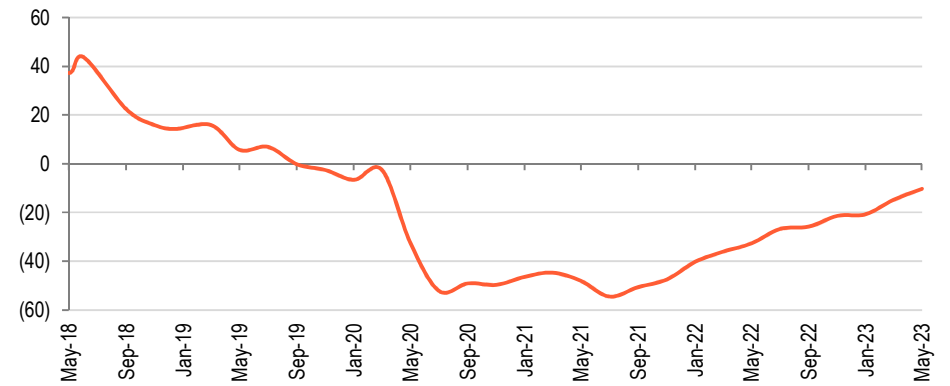
Fig 18 – Consumer's remained optimistic



**Fig 19 – RBI's essential spending signals some moderation**

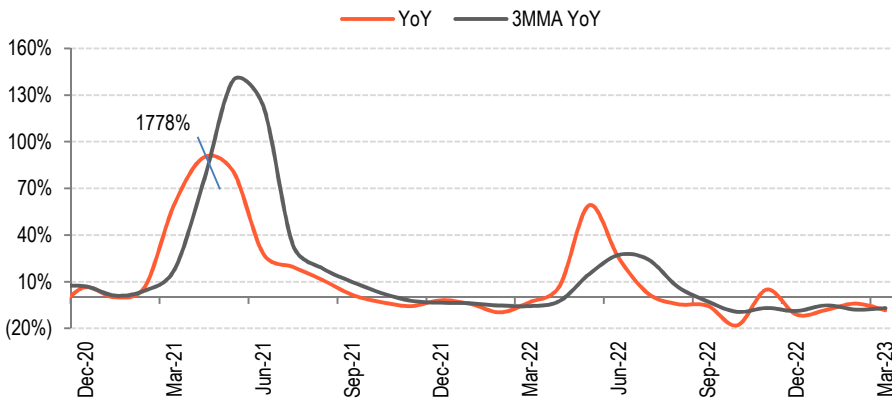


**Fig 20 – ...non-essential spending however continues to scale new heights**

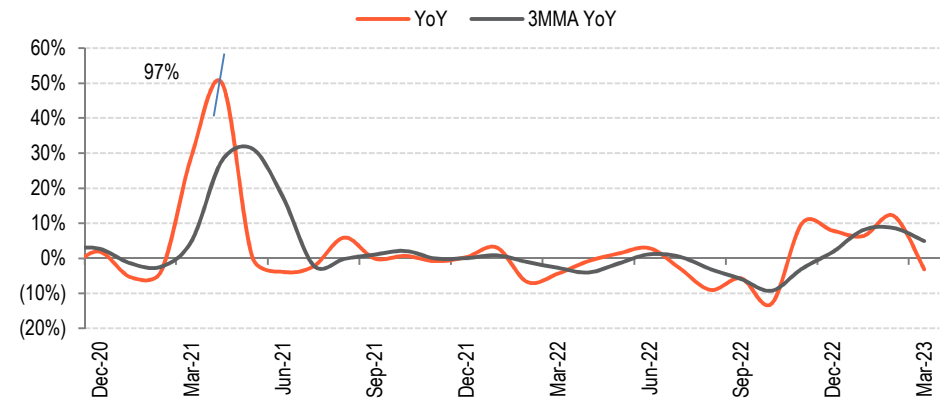


**Consumer durables & non-durables production**

**Fig 21 – Consumer durables growth falls steeply**



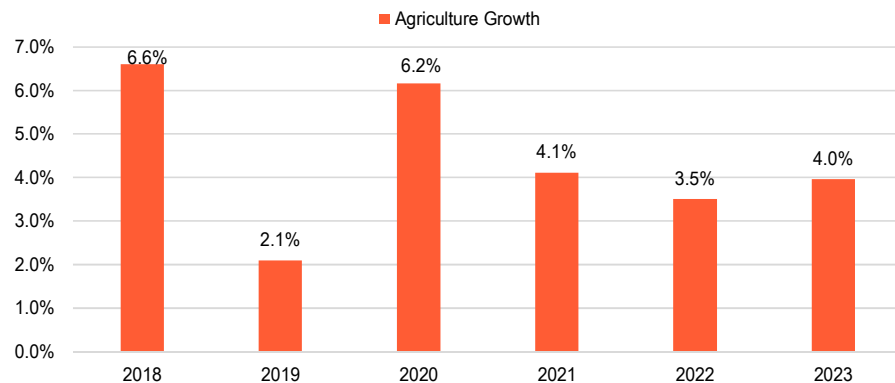
**Fig 22 – FMCG output slips in to contraction**



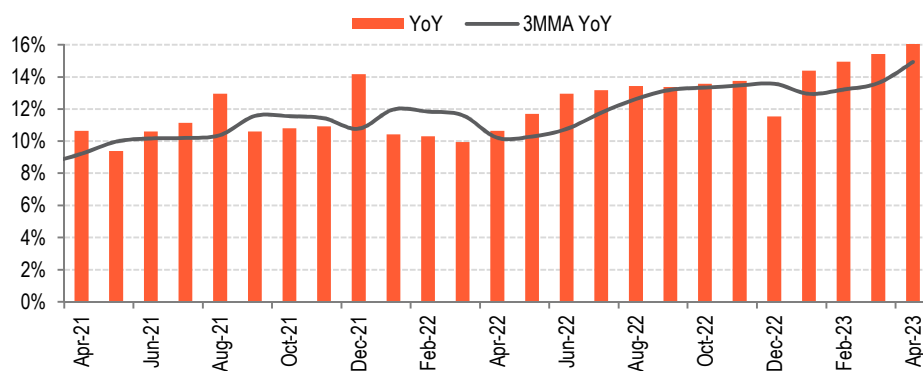


## Agriculture

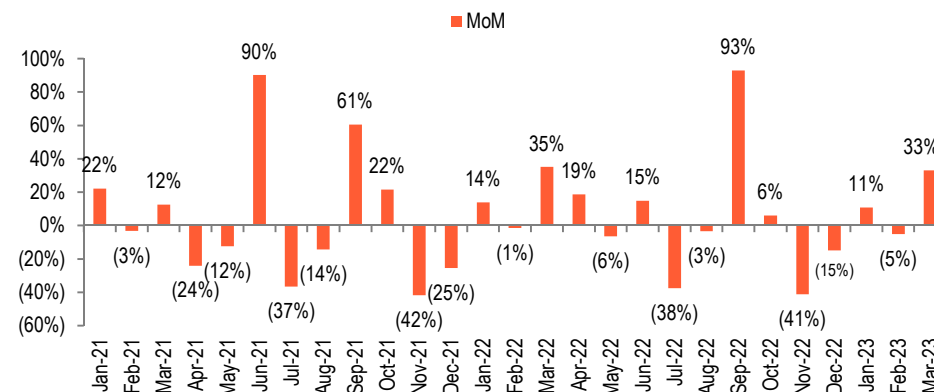
**Fig 23 – Robust agriculture growth in 2023**



**Fig 25 – Agriculture credit continues to scale up**



**Fig 24 – Higher tractor sales in Mar'23**



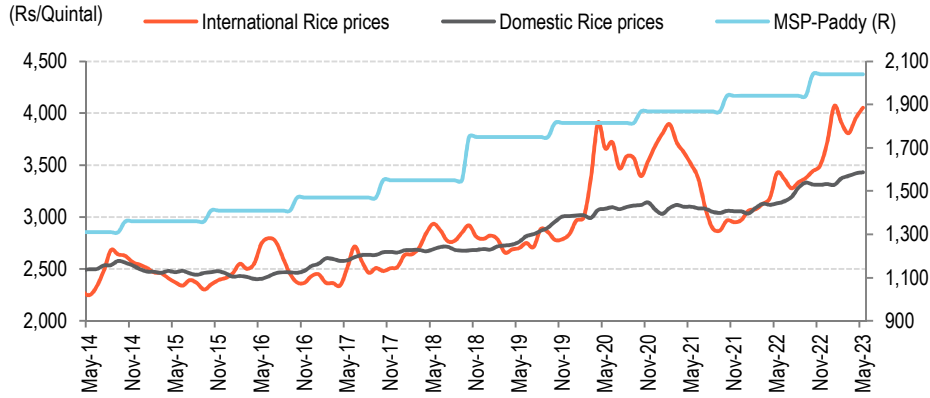
Note: Tractor sales including exports

**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	53.4*
2023-24	26.19	

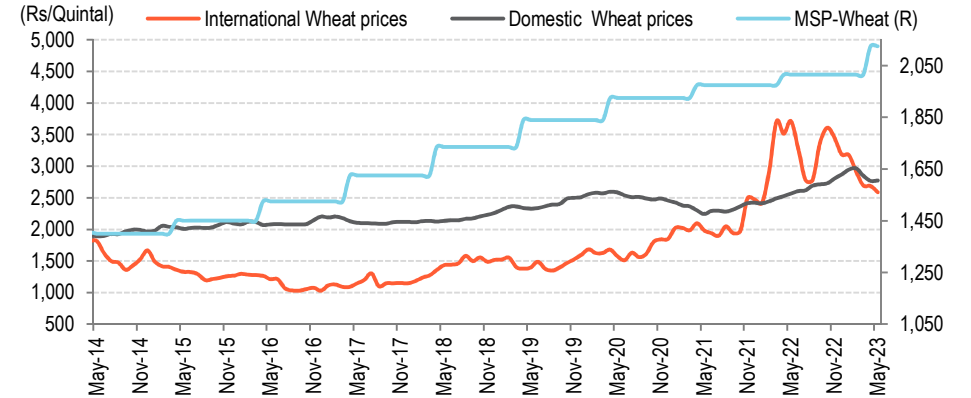
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 May 2023

**Fig 27 – Both domestic and international rice price inch up**



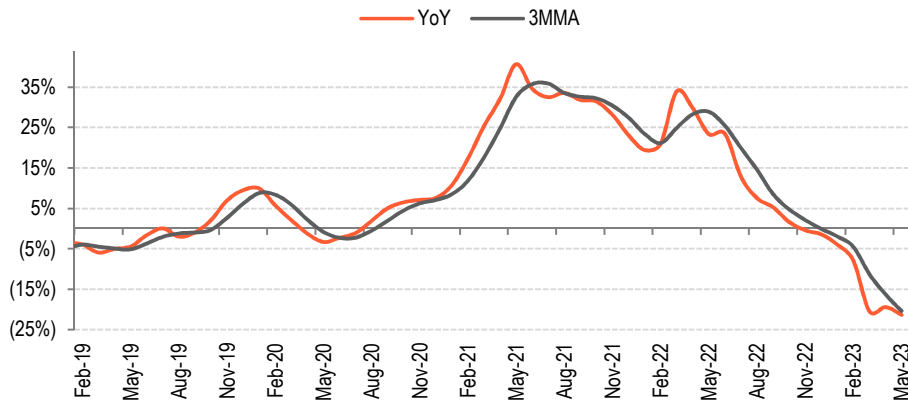
Source: World Bank

**Fig 28 – Both international wheat and domestic prices falls**



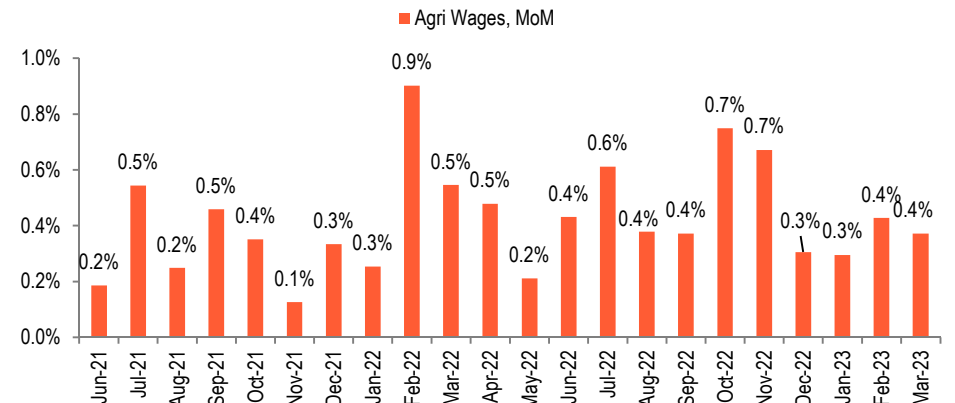
Source: World Bank

**Fig 29 – Global food prices drops further in May'23**



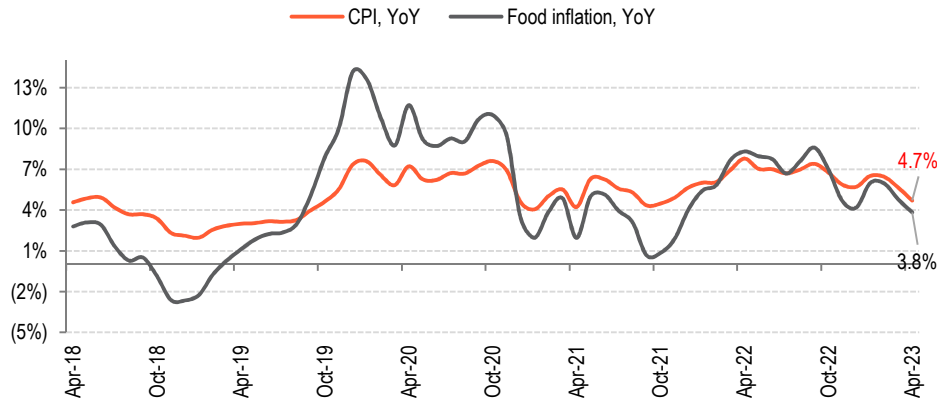
Source: FAO

**Fig 30 – Wage growth (men) remains steady**

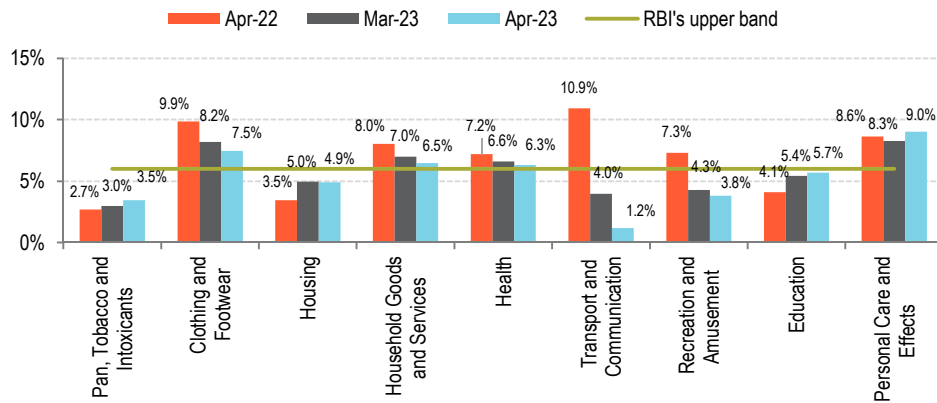


## Inflation

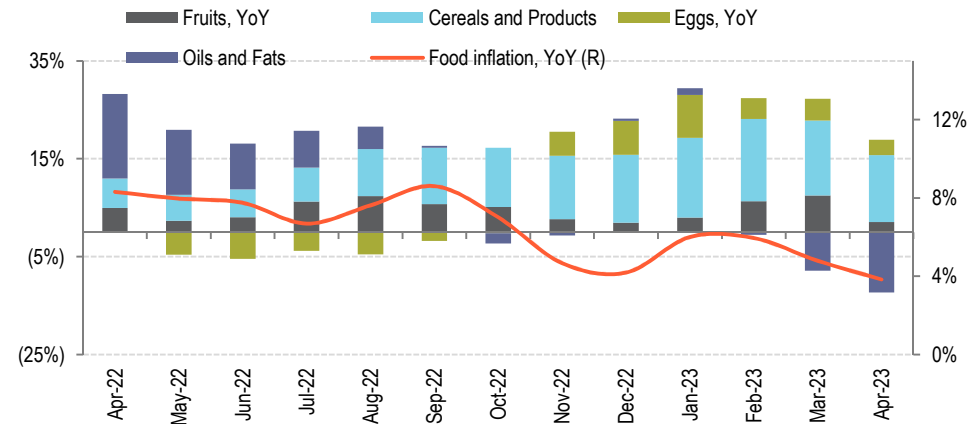
**Fig 31 – Headline CPI moderated to its lowest since Oct’21 to 4.7% in Apr’23 from 5.7% in Mar’23, driven by sharp fall in food inflation (100bps fall)**



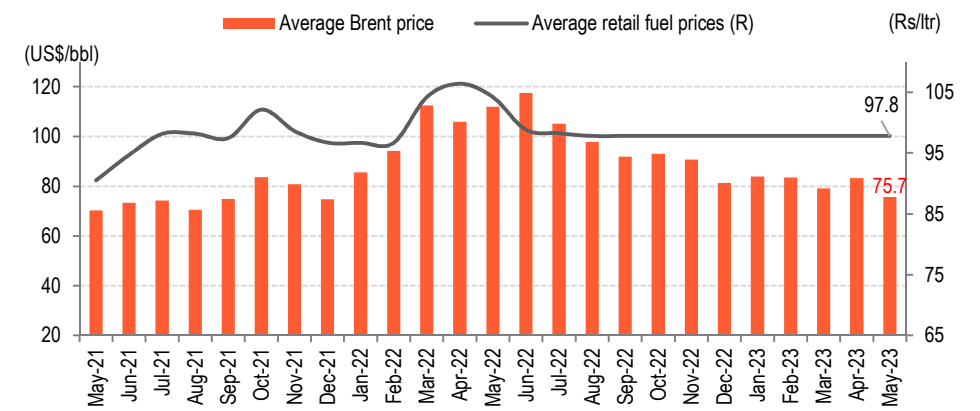
**Fig 33 – Moderation in inflation of major components of core was visible with majority of the components dipping below 6% mark**



**Fig 32 – ...Dip in food inflation was driven by cereals, fruits, oil and fats etc.**



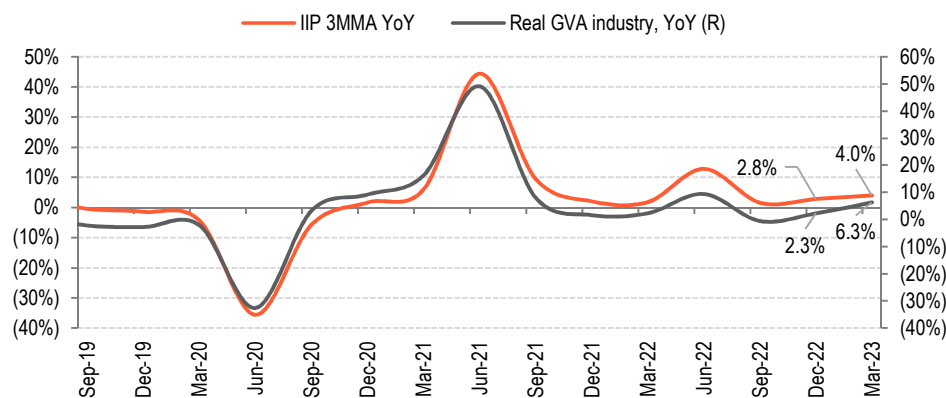
**Fig 34 – Domestic retail prices was stable at Rs 98/ltr, however international crude prices edged down to US\$ 75.7/bbl in May’23 from US\$ 83/bbl in Apr’23**



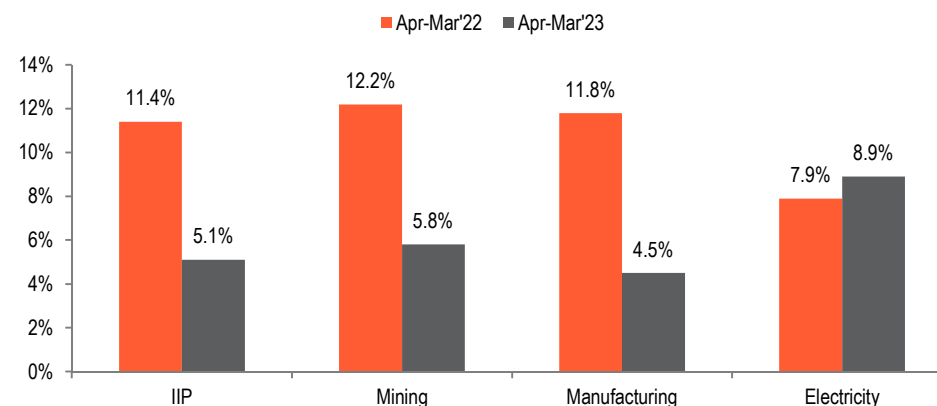
Note: Average retail price of petrol and diesel for Delhi, Kolkata, Mumbai and Chennai have been taken

## Industry

**Fig 35 – IIP growth improves in Q4FY23**



**Fig 36 – Sectorwise growth lower in FY23 against FY22**

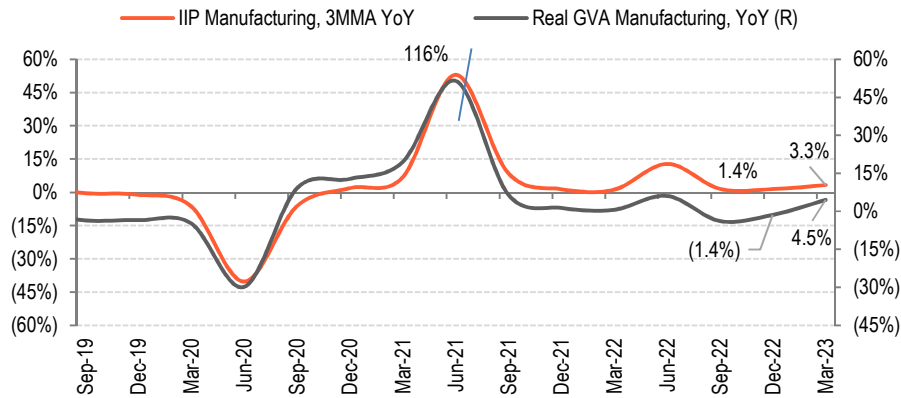


**Fig 37 – IIP growth moderates in Mar'23**

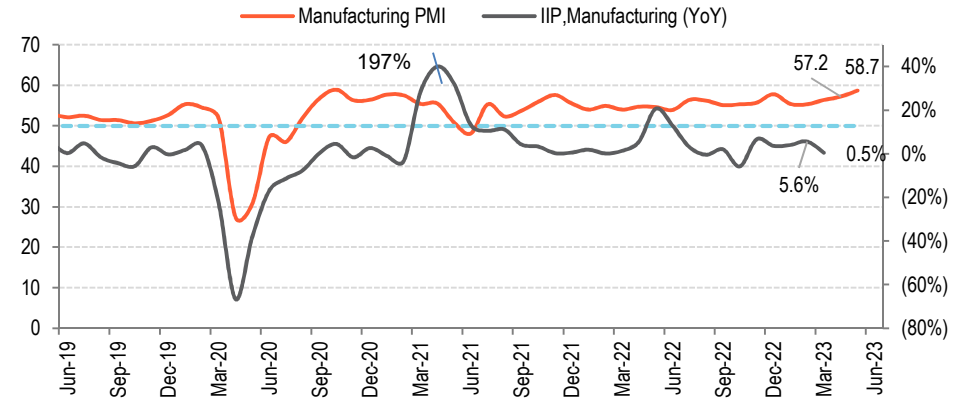
Sectoral (%)	Weight	Mar-23	Feb-23	Mar-22	Apr-Mar'23	Apr-Mar'22
IIP	100.0	1.1	5.8	2.2	5.1	11.4
Mining	14.4	6.8	4.8	3.9	5.8	12.2
Manufacturing	77.6	0.5	5.6	1.4	4.5	11.8
Electricity	8.0	(1.6)	8.2	6.1	8.9	7.9
<b>Use-Based</b>						
Primary Goods	34.1	3.3	6.9	5.7	7.4	9.7
Capital Goods	8.2	8.1	10.5	2.4	12.9	16.9
Intermediate Goods	17.2	1.0	0.7	1.8	3.7	15.4
Infrastructure and Construction Goods	12.3	5.4	8.4	6.7	8.0	18.8
Consumer Durables Goods	12.8	(8.4)	(4.1)	(3.1)	0.5	12.5
Consumer Non-Durables Goods	15.3	(3.1)	12.1	(4.4)	0.5	3.2

## Manufacturing

**Fig 38 – Manufacturing growth rose by 3.3% in Q4**



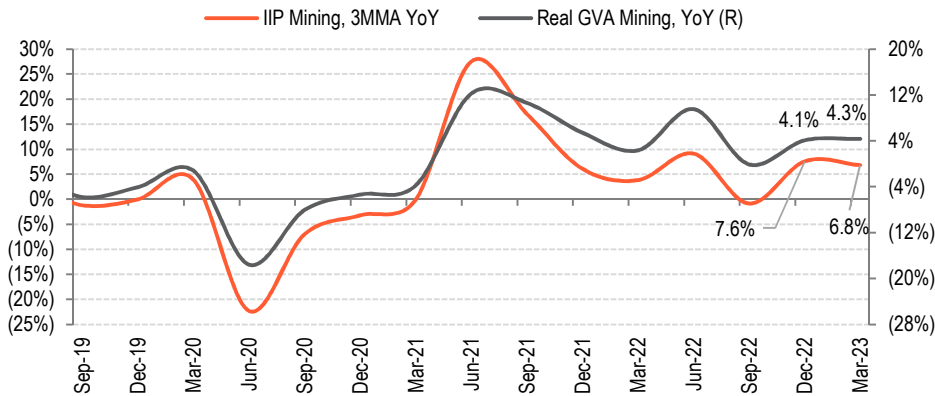
**Fig 39 – Manufacturing PMI scales to 31-month high**



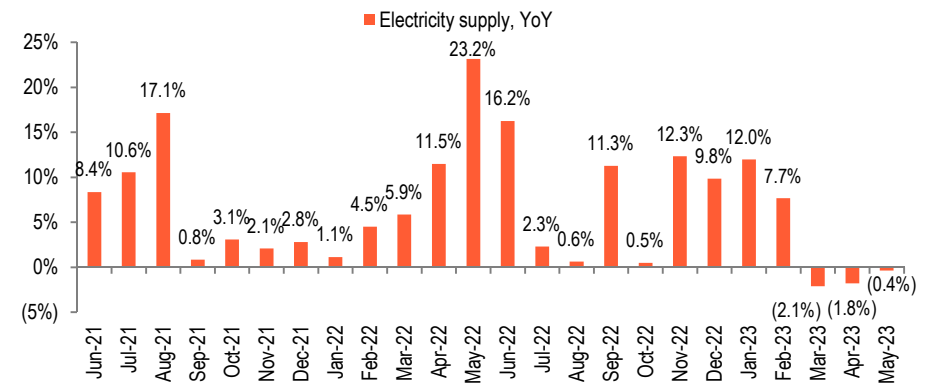
Source: Markit

## Mining & Electricity

**Fig 40 – Mining activity eases in Q4**



**Fig 41 – Growth contracts at slower pace in May'23**



Source: Posoco. Note: Average Energy Met (MU)

Infrastructure and construction

Fig 42 – Construction sector witnesses some deceleration in Q4

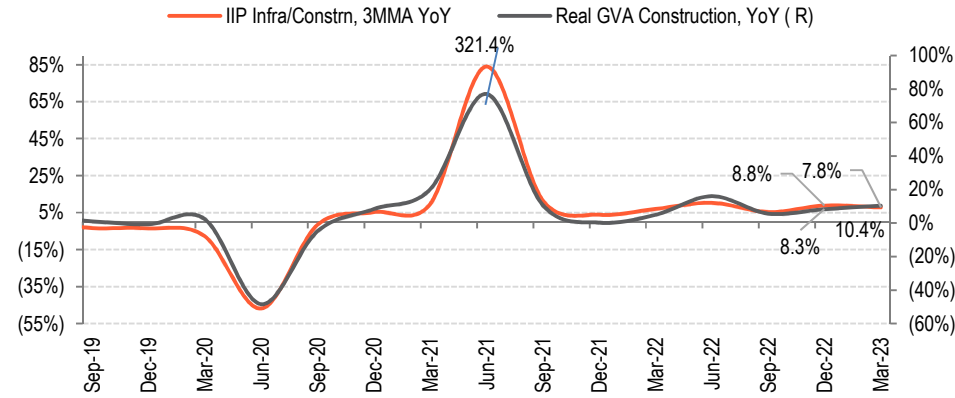
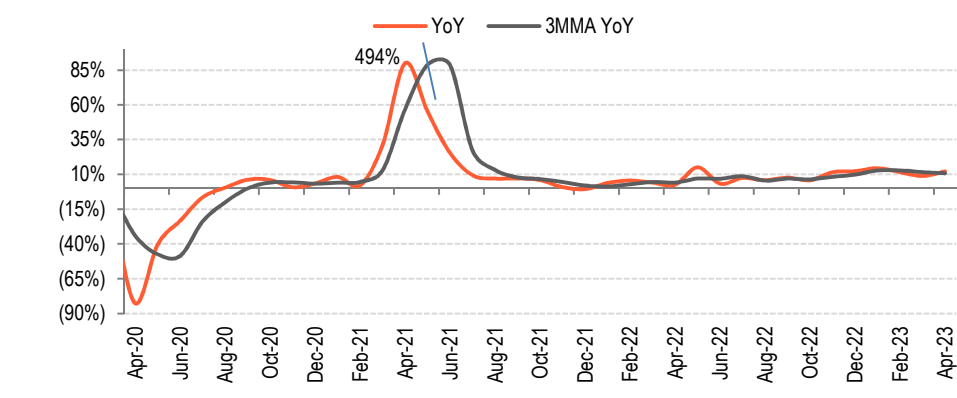


Fig 43 – Steel production rebounds in Apr'23



Infrastructure index

Fig 44 – Growth in infrastructure index slows marginally

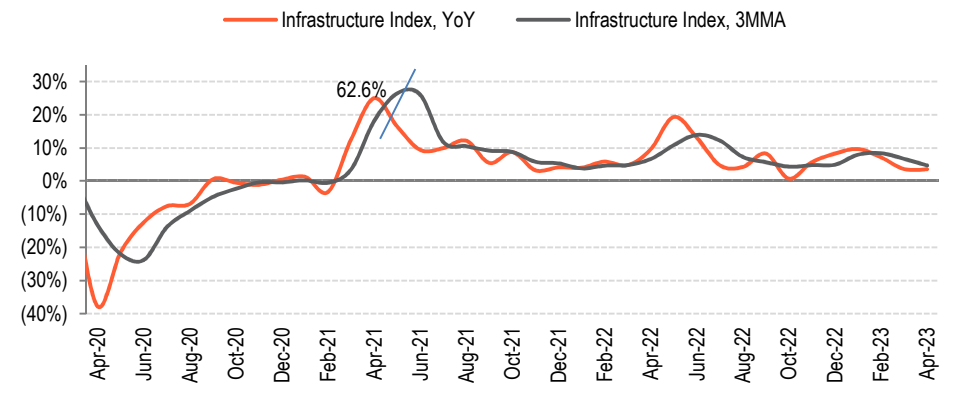
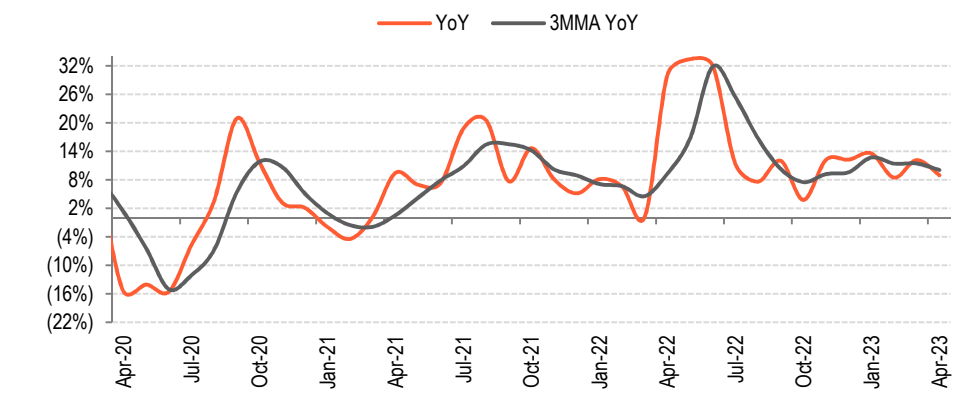
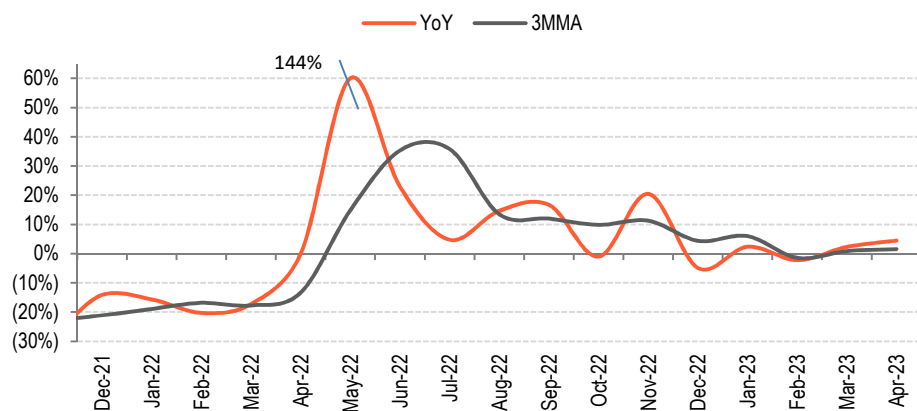


Fig 45 – Coal Output rises at a much slower pace in Apr'23

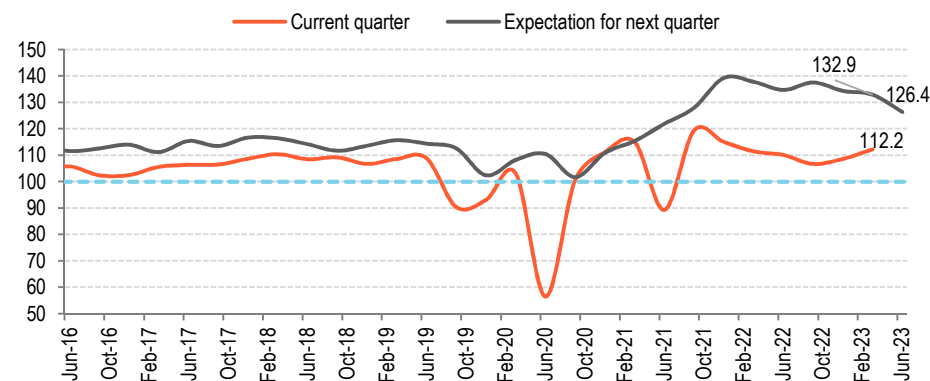


### Auto production & business expectation index

**Fig 46 – Auto production improves**



**Fig 47 – Business sentiment moderates**

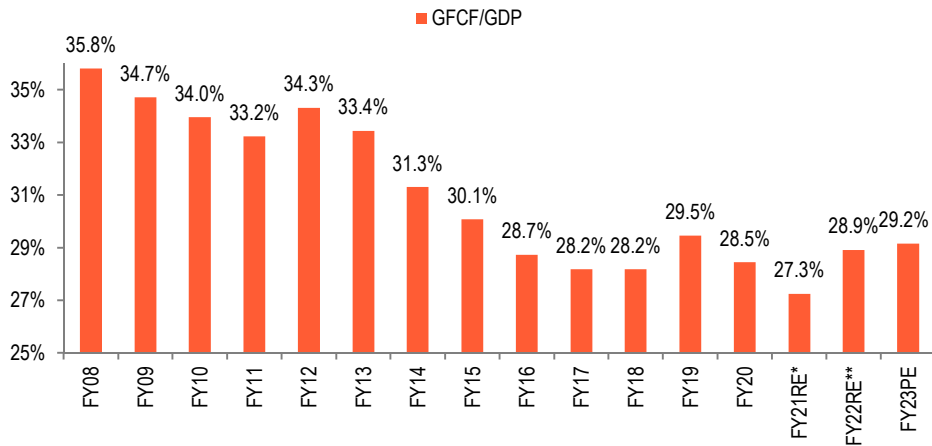


**Fig 48 – Core sector output slows marginally**

(%)	Weight	Apr-23	Mar-23	Apr-22	Apr-Mar'23	Apr-Mar'22
Infrastructure Index	100	3.5	3.6	9.5	7.6	10.4
Coal	10.3	9.0	12.2	30.1	14.9	8.5
Crude Oil	9.0	(3.5)	(2.8)	(0.9)	(1.7)	(2.6)
Natural Gas	6.9	(2.8)	2.8	6.4	1.6	19.2
Petroleum Refinery Products	28.0	(1.5)	1.5	9.2	4.8	8.9
Fertilizers	2.6	23.5	9.7	8.8	11.3	0.7
Steel	17.9	12.1	8.8	2.5	8.9	16.9
Cement	5.4	11.6	(0.8)	7.4	8.7	20.8
Electricity	19.9	(1.4)	(1.8)	11.8	8.9	8.0

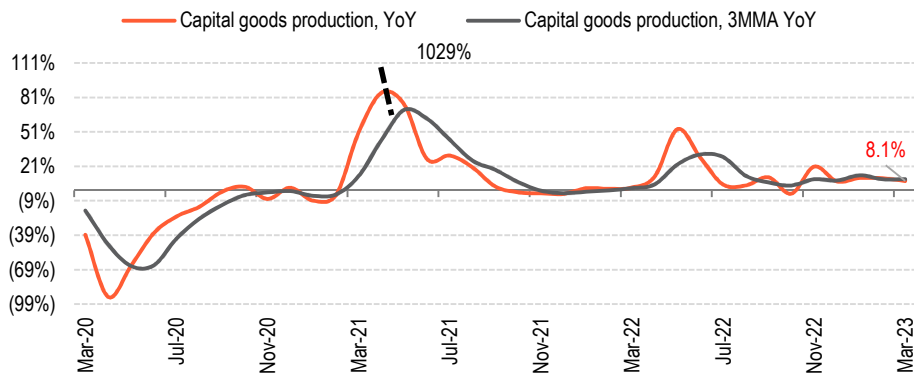
## Investment

**Fig 49 – Gross fixed capital formation to GDP picking pace**

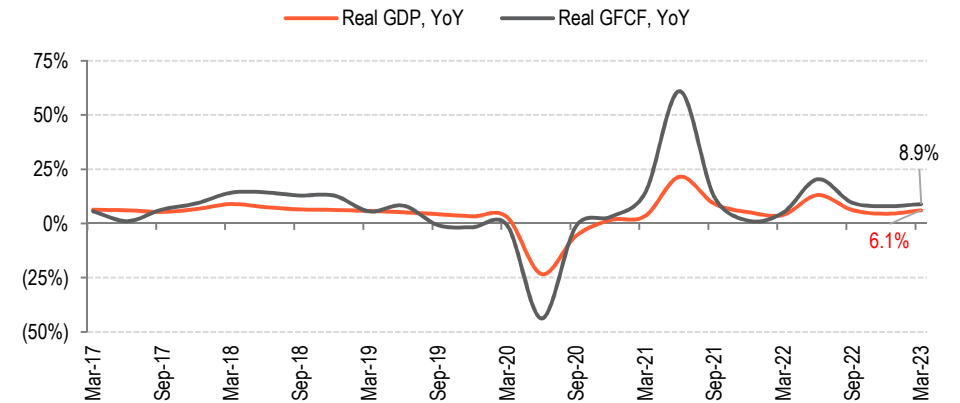


Note: RE\*: 2<sup>nd</sup> Revised Estimate, \*\*1<sup>st</sup> Revised Estimate, PE: Provisional Estimate

**Fig 51 – Capital goods production moderated to 8.1% in Mar'23 from 10.5% in Feb'23, in FY23, the growth was at 12.9% compared to 16.9% in FY22**

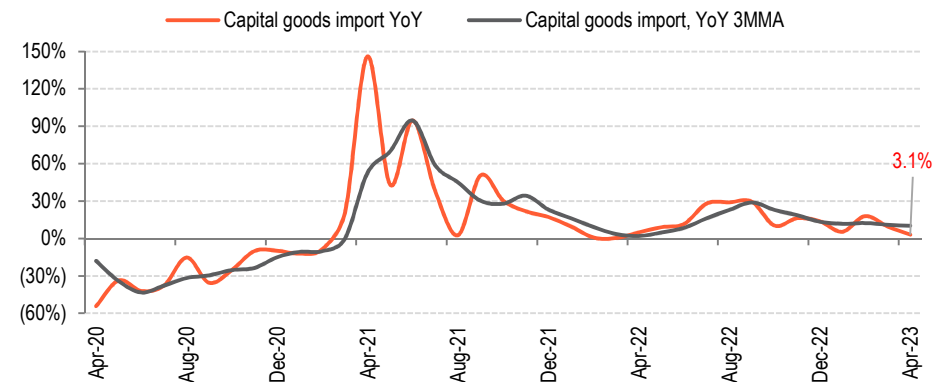


**Fig 50 – GFCF growth picked up to 8.9% in Q4FY23 compared to 8% in Q3, GDP growth picked up to 6.1% from 4.5% in Q3**



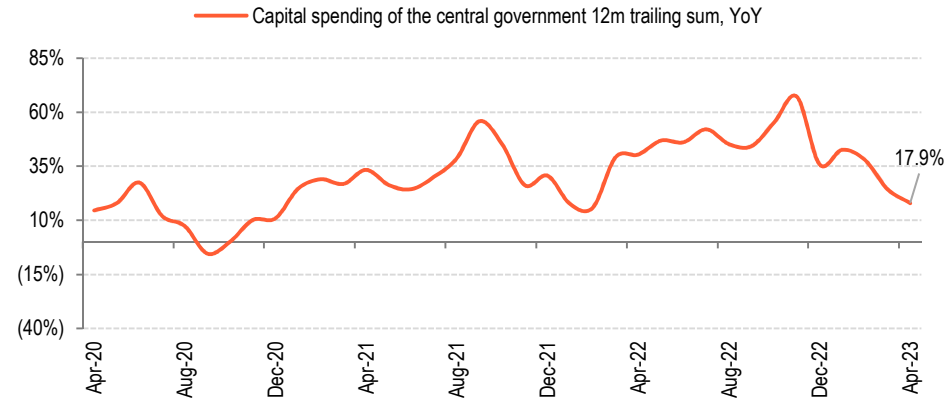
Source: policyuncertainty.com

**Fig 52 – Capital goods imports moderated to 3.1% in Apr'23 from 9.6% in Mar'23, due to an unfavourable base**

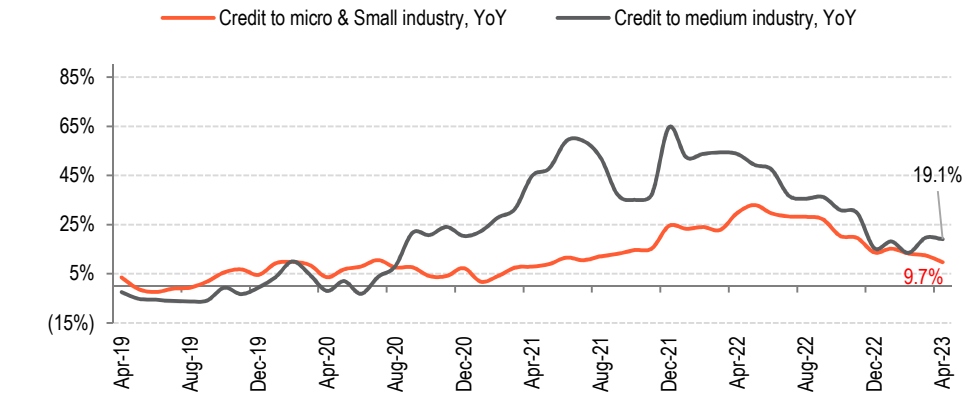




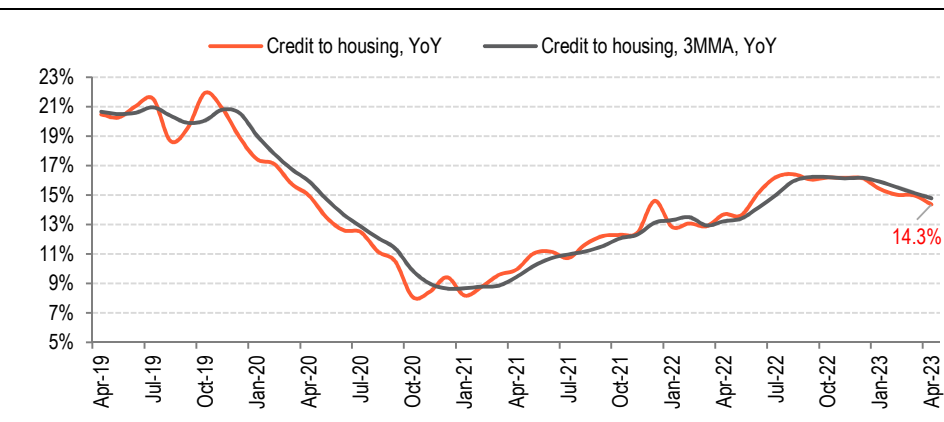
**Fig 53 – Centre’s capex spending noted growth of 17.9% in Apr’23 from 24.4% in Mar’23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24**



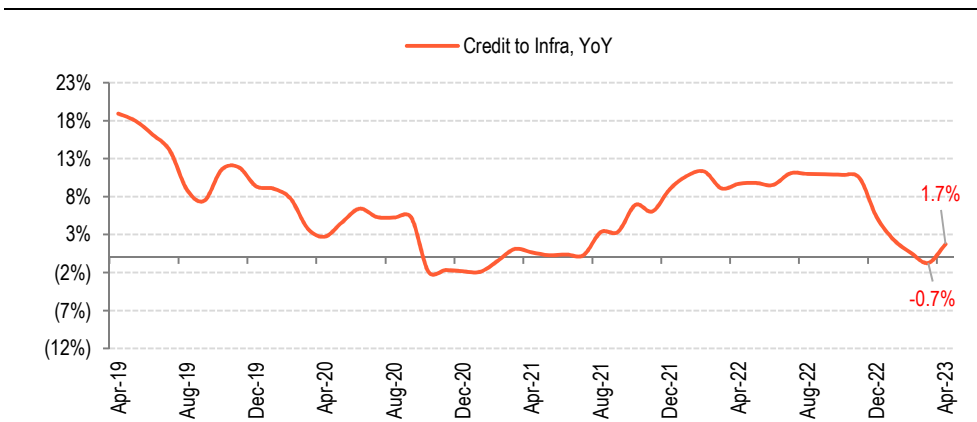
**Fig 54 – Credit to micro and small industry moderated to 9.7% in Apr’23 from 12.3% in Mar’23, for medium industry it edged down marginally to 19.1% from 19.6%**



**Fig 55 – Credit to housing sector was at 14.3% in Apr’23 from 15% in Mar’23**

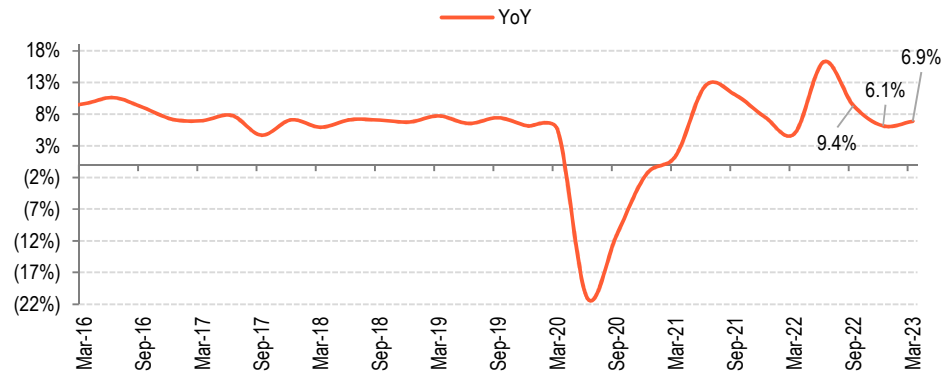


**Fig 56 – Credit to infra sector inched up to 1.7% in Apr’23 from -0.7% in Mar’23**

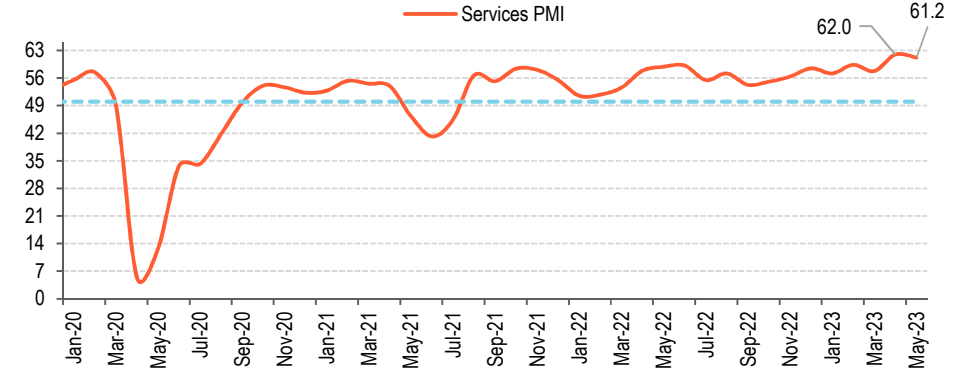


Services sector

**Fig 57 – GVA: Services activity picked up pace in Q4FY23; compared to pre-pandemic (FY20), activity rose by 36% in Q4 versus 34% in Q3**

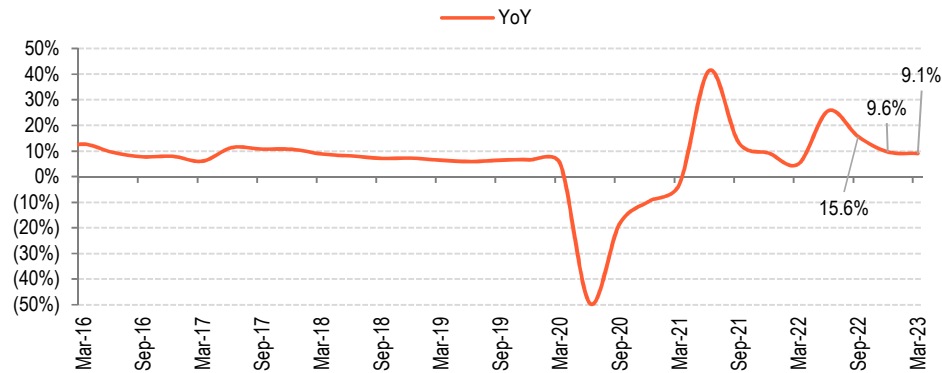


**Fig 58 – Services PMI eased in May'23; however Q1FYTD24 (Apr-May) average of 61.6 is still higher than last year's 58.4**

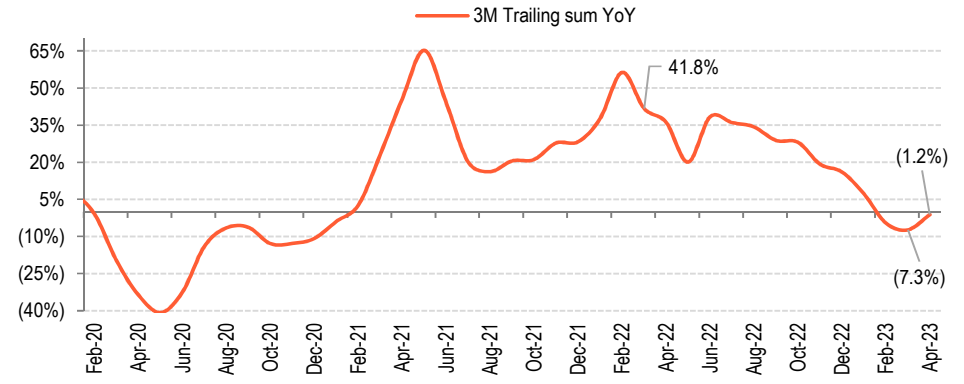


Source: Markit

**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 fell in Q4FY23 owing to high base; seen improving in Apr'23**



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

Trade

Fig 61 – Vehicle registration growth picked up pace in May'23

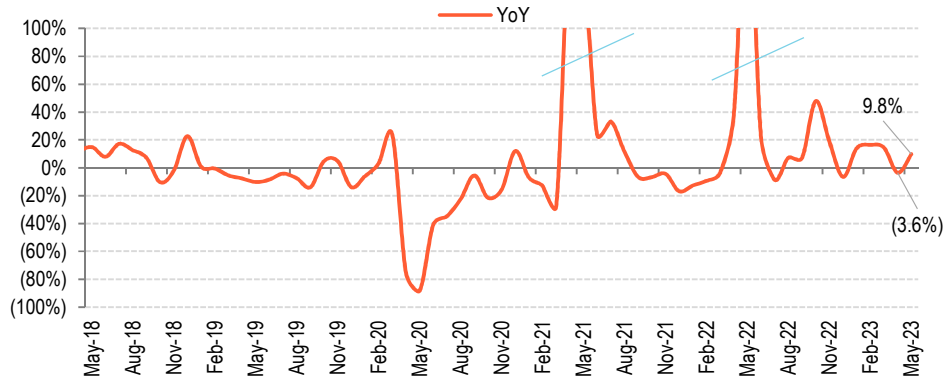


Fig 62 – Diesel consumption gathered momentum in May'23, supported by seasonal factors (agri demand, and onset of summers)

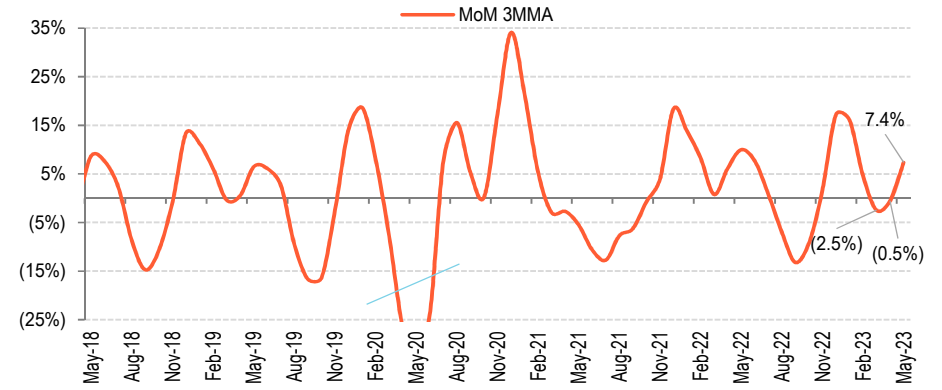


Fig 63 – Railway freight traffic movement moderates in May'23

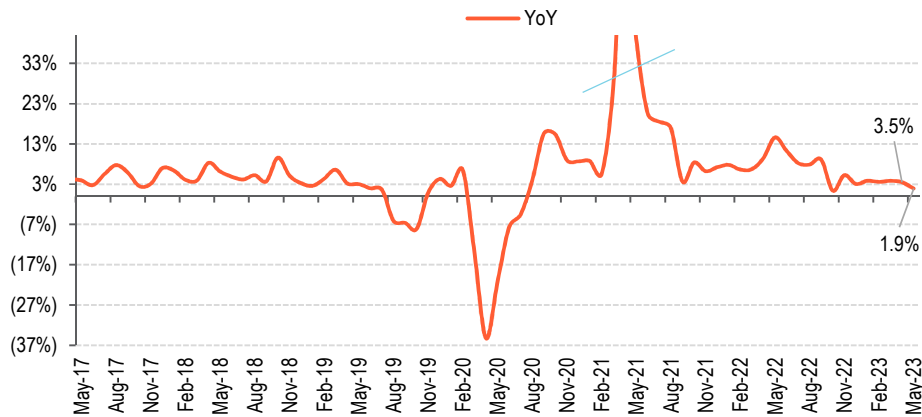
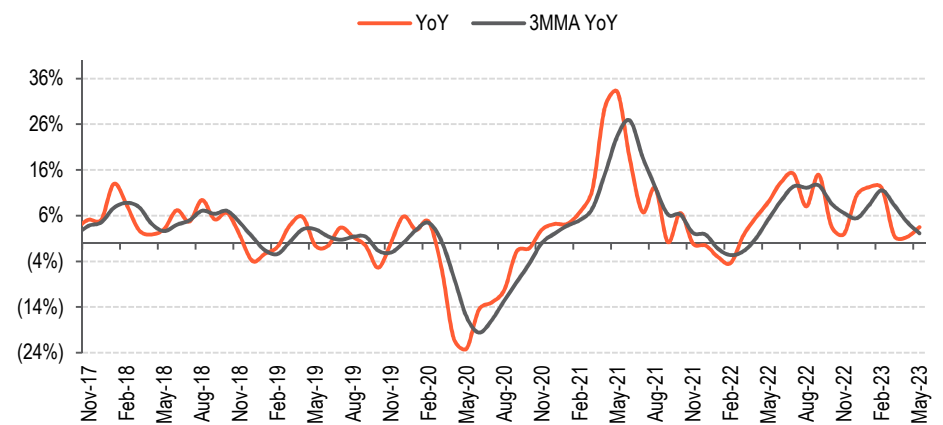
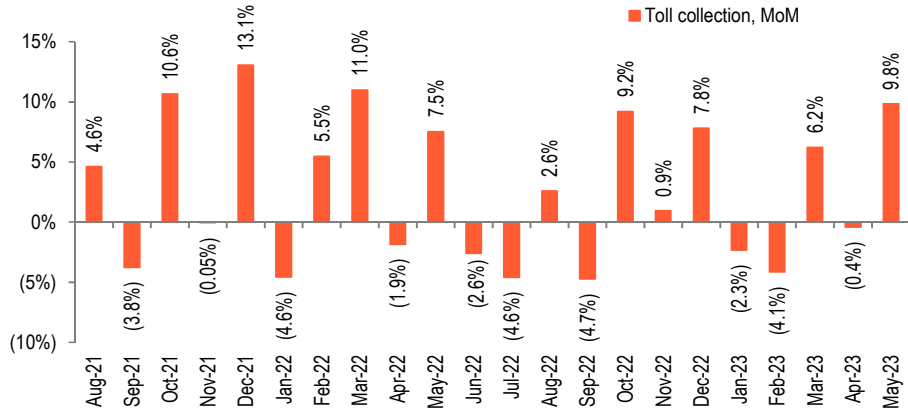


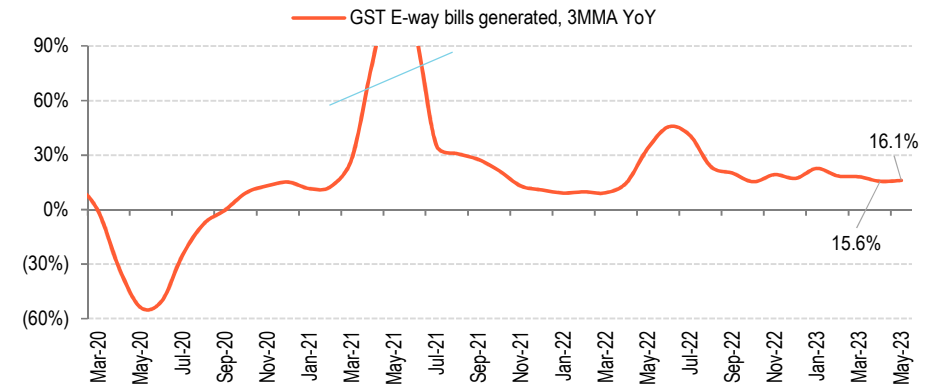
Fig 64 – Port cargo traffic seen reviving in May'23



**Fig 65 – Toll collections increased picked up again in May'23**

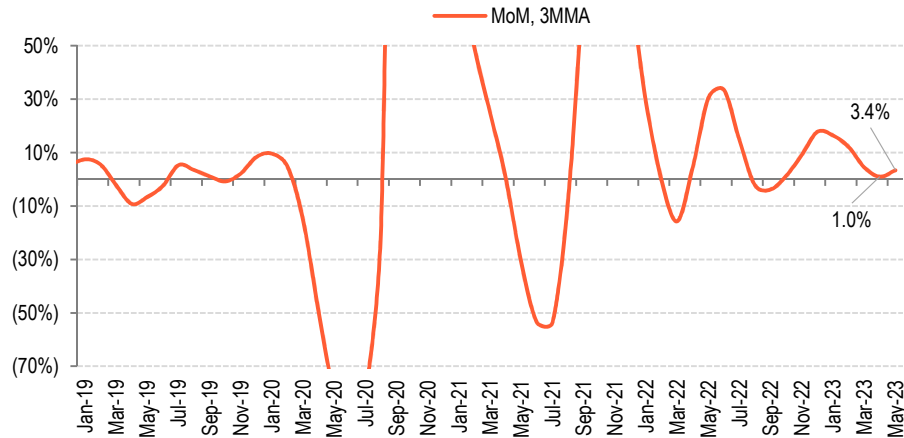


**Fig 66 – E-way bill showing improvement**

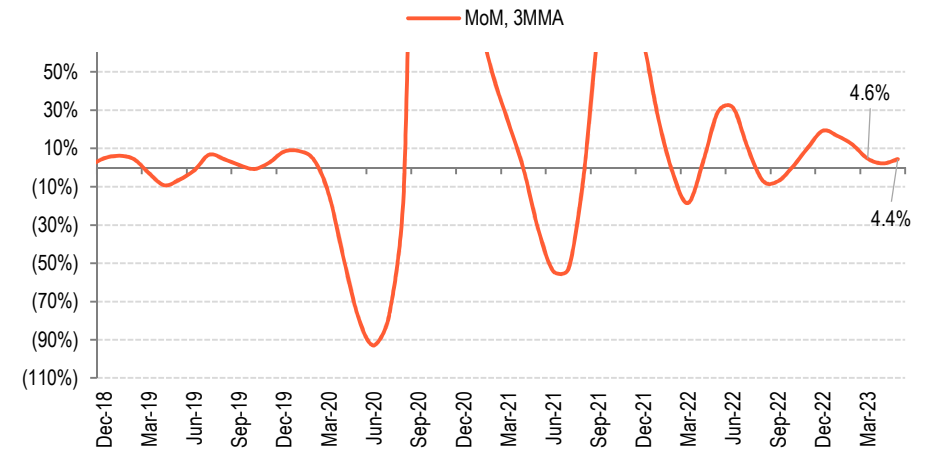


**Hotels and communications**

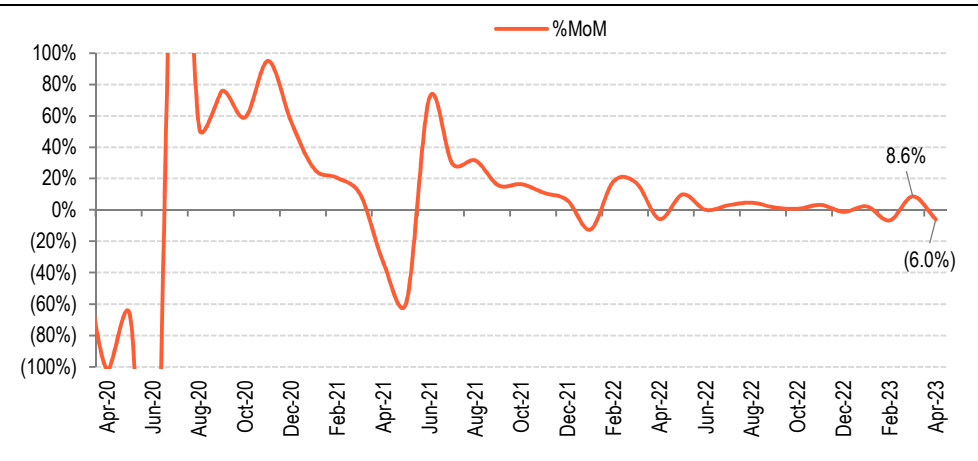
**Fig 67 – Airline passenger traffic growth also seeing gains**



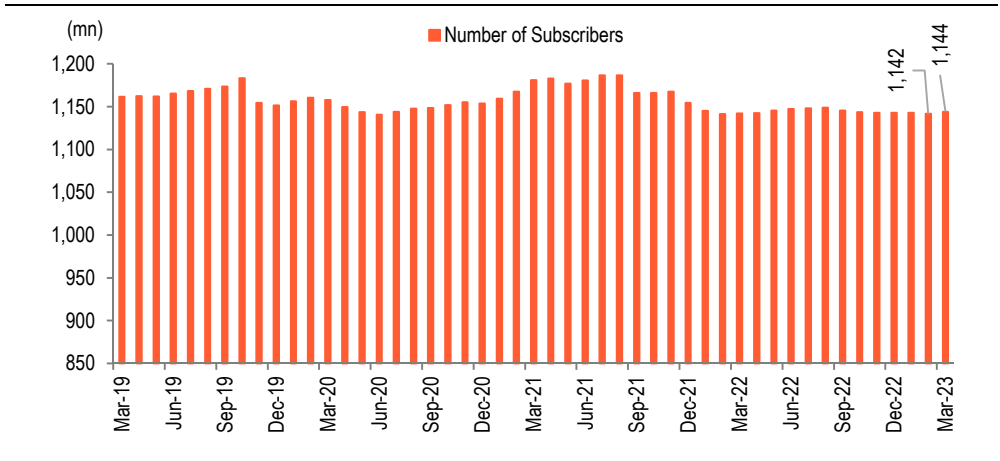
**Fig 68 – Even as domestic passenger growth sees slight easing**



**Fig 69 – Railway passenger traffic growth slipped in Apr'23**

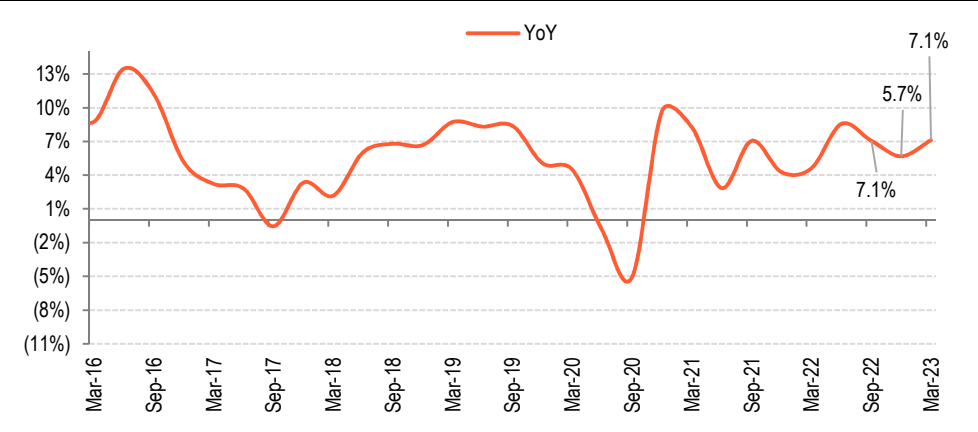


**Fig 70 – Number of telecom subscribers rose by 1.8mn in FY23, following 3.2mn subscribers lost in FY22**

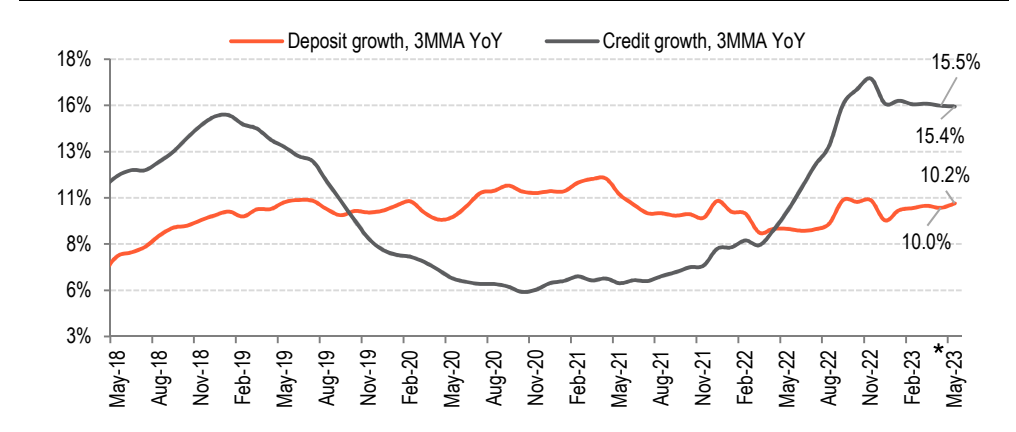


**Finance and real estate**

**Fig 71 – Growth in GVA: Finance, real estate & prof. jumped notably in Q4FY23**

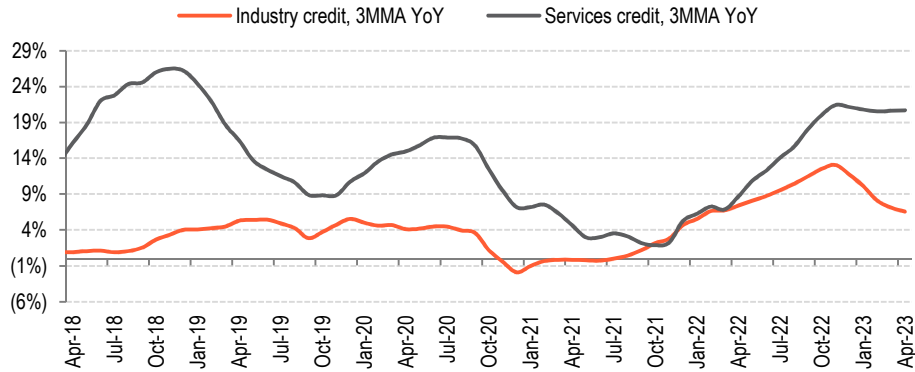


**Fig 72 – Credit growth broadly stable in May'23; Deposit growth picking up**

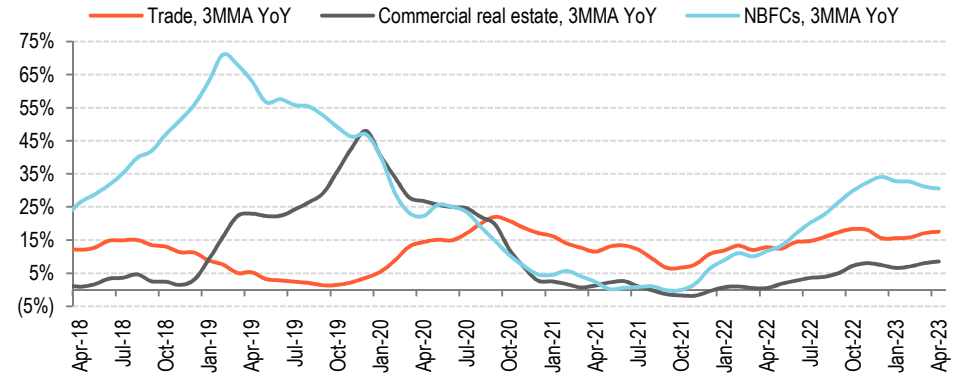


\*as of fortnight ending 19 May 2023

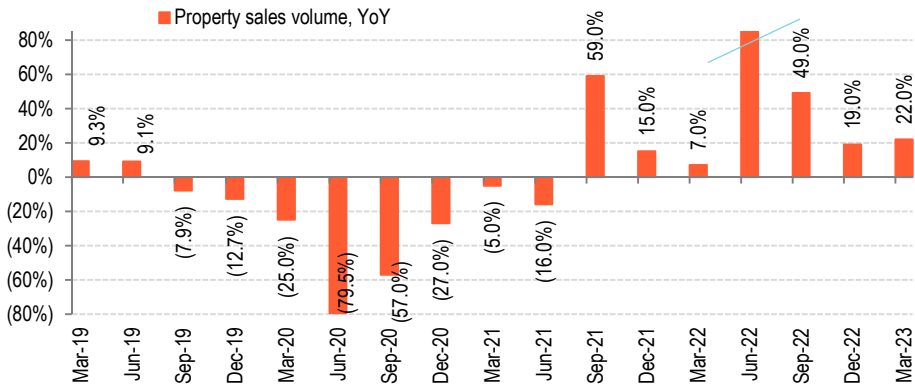
**Fig 73 – Credit to industries fell more sharply than to services sector in Feb'23**



**Fig 74 – Within services, credit to trade, commercial real estate broadly steady; credit to NBFCs begins to decline**

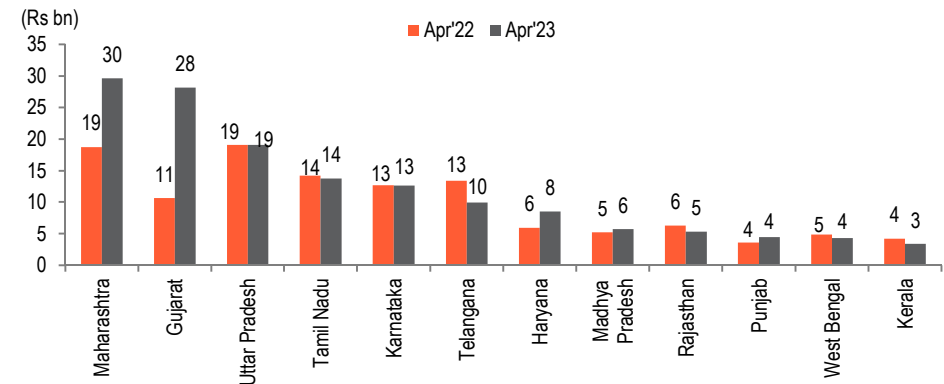


**Fig 75 – Property sales volumes continue to maintain pace in Q4FY23 as well; in FY23 sales volume rose by 114% on an average versus 16% rise in FY22**



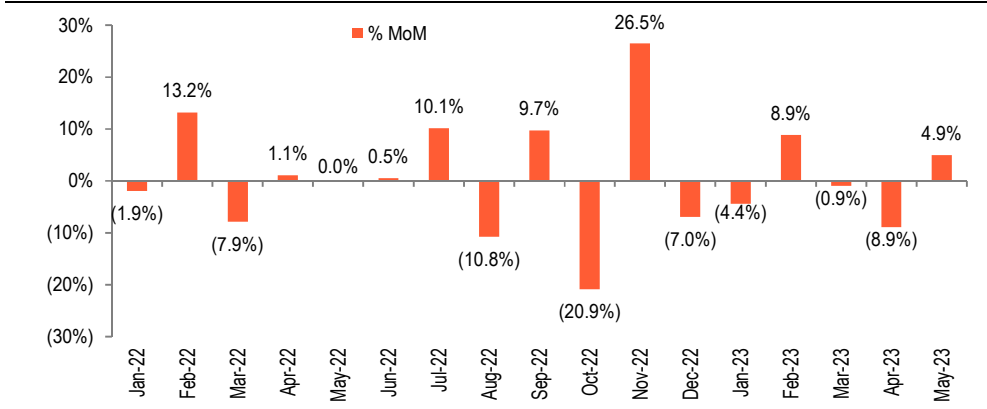
Source: Proptiger

**Fig 76 – Stamp duty collections of Maharashtra and Gujarat start FY24 with a bang**

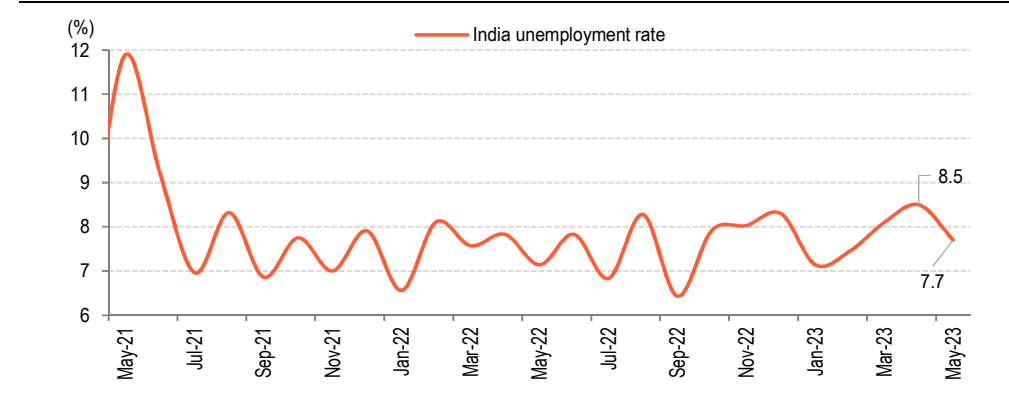


Labour market

**Fig 77 – Naukri job index showed improvement on sequential basis; on YoY terms growth fell owing to high base**

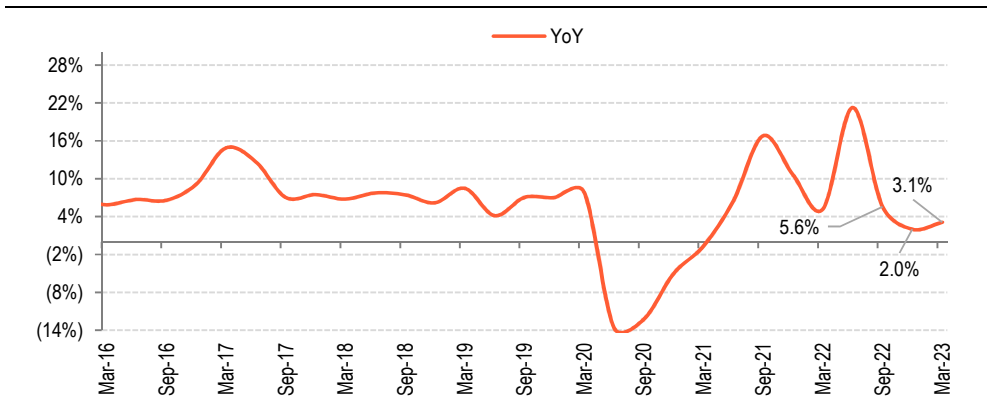


**Fig 78 – Overall unemployment rate dipped in May'23**

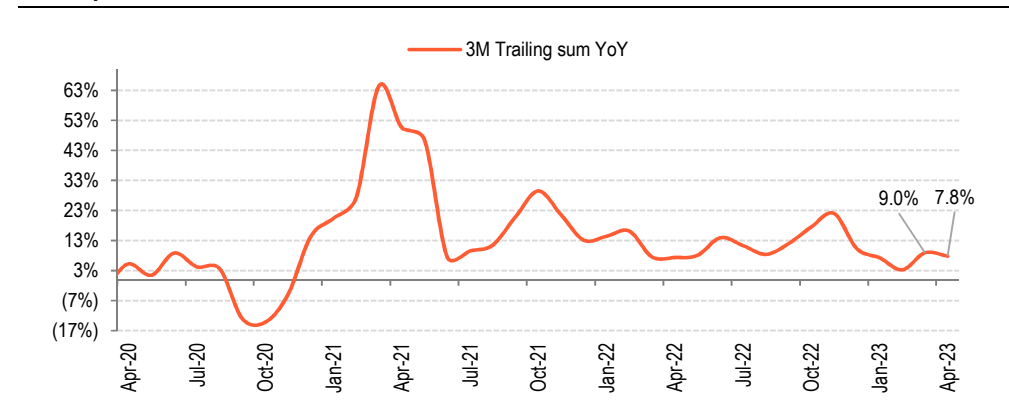


Public administration

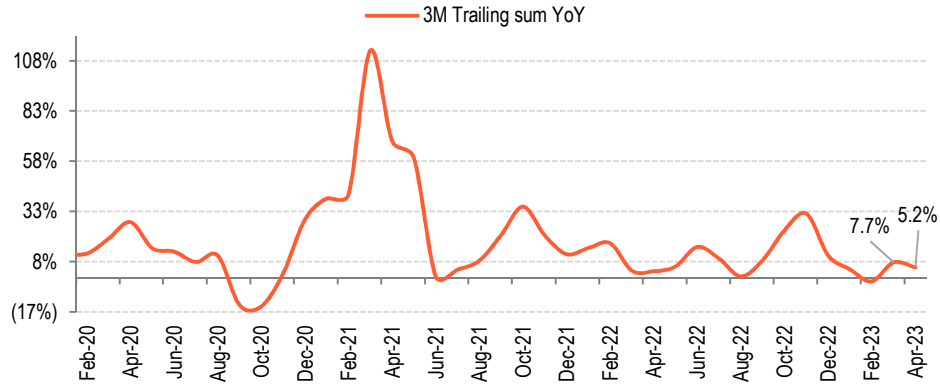
**Fig 79 – Public administration & defence services helped boost GDP growth in Q4FY23**



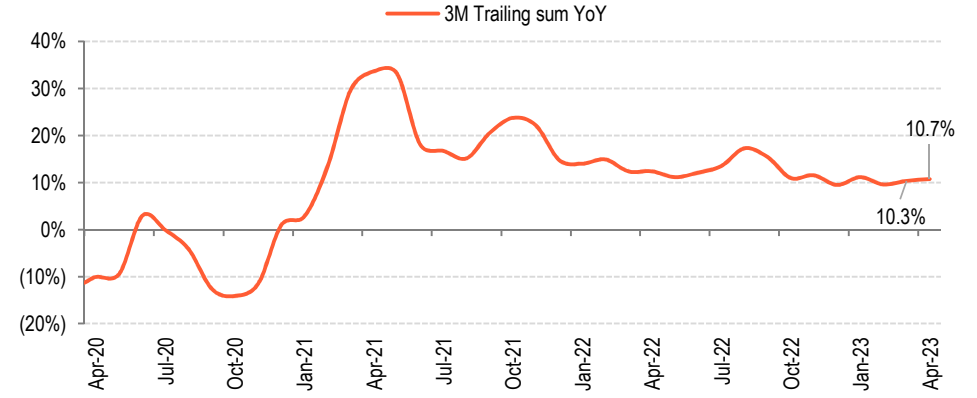
**Fig 80 – General govt. spending provided support in Q4, but is off to a slow start in Apr'23**



**Fig 81 – ...mirroring the trend in Central government spending**



**Fig 82 – State\* Govt. spending showing modest improvement**



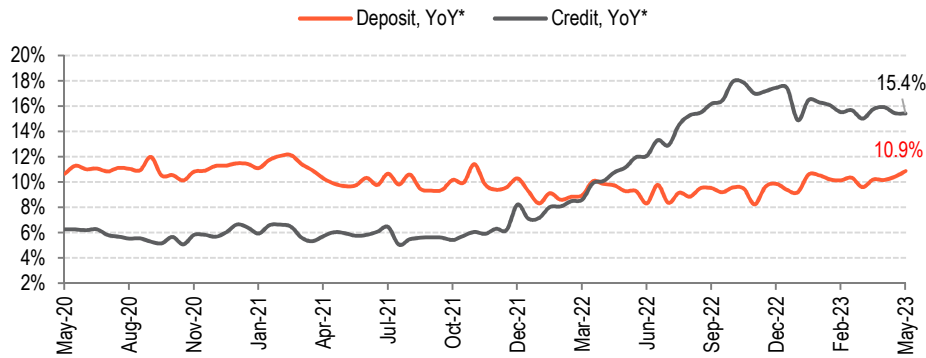
Note: \*All states excluding N.E states, A.P., Goa, and J&K



Financial sector

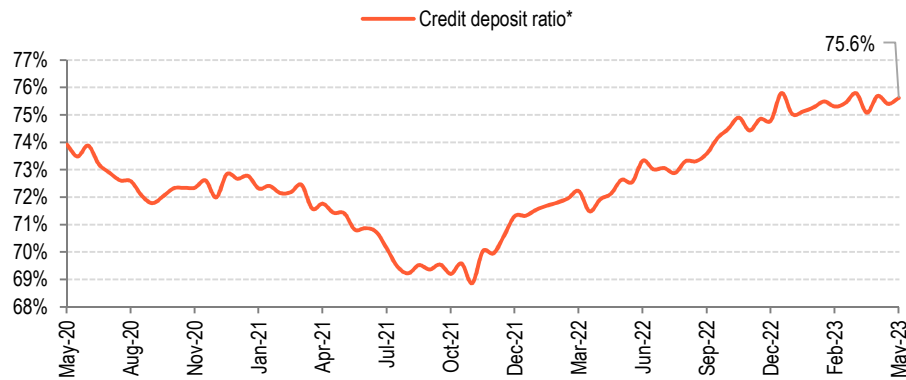
Money and banking

**Fig 83 – Credit and deposit growth was at 15.4% and 10.9% respectively in May'23 from 15.9% and 10.2% in Apr'23**



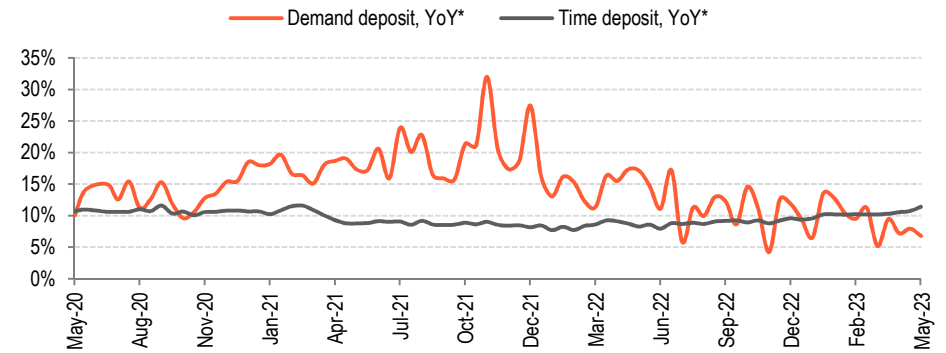
Note: \*May 23 implies fortnight as of 19 May 2023

**Fig 85 – CD ratio rose to 75.6%**



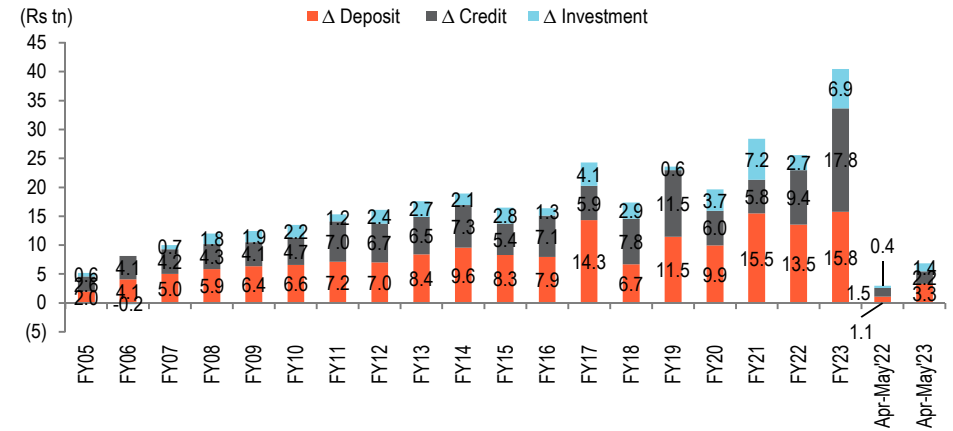
Note: \*May 23 implies fortnight as of 19 May 2023

**Fig 84 – ...Time deposits inched up, while demand deposits moderated**

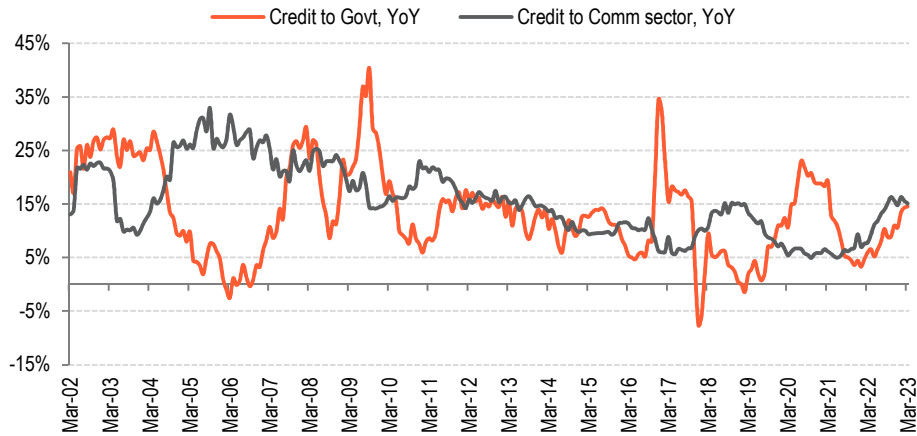


Note: \*May 23 implies fortnight as of 19 May 2023

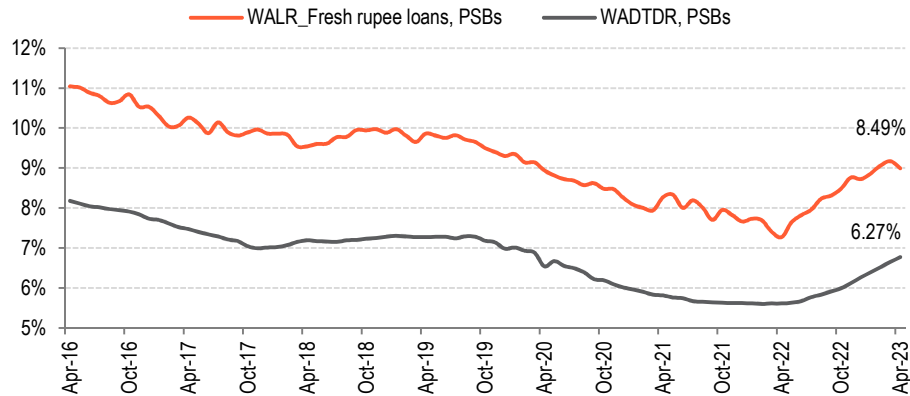
**Fig 86 – Pace of accretion of credit, investment and deposit**



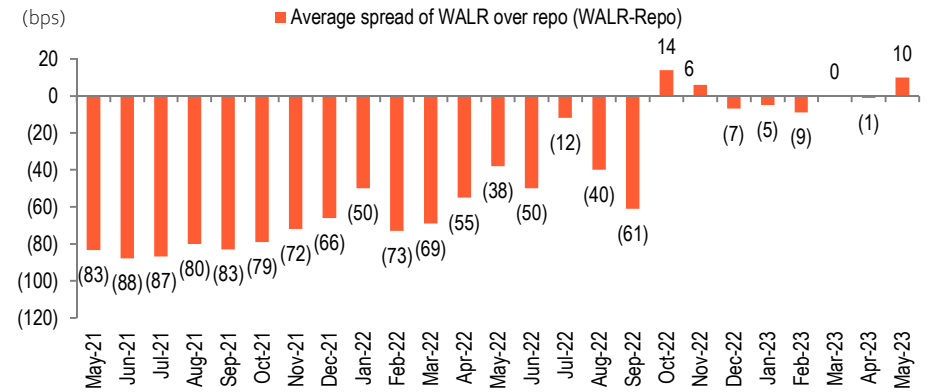
**Fig 87 – Credit to govt inched up to 14.5% in Mar'23 from 14.3% in Feb'23, credit to commercial sector moderated slightly to 15.1% from 15.6%**



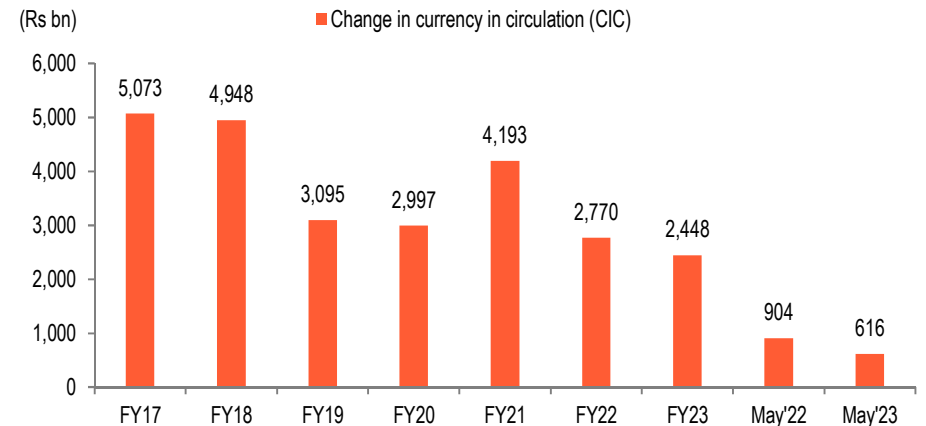
**Fig 89 – WALR moderated to 8.49% in Apr'23 from 8.67% in Mar'23, WADTDR inched up to 6.27% from 6.15%**



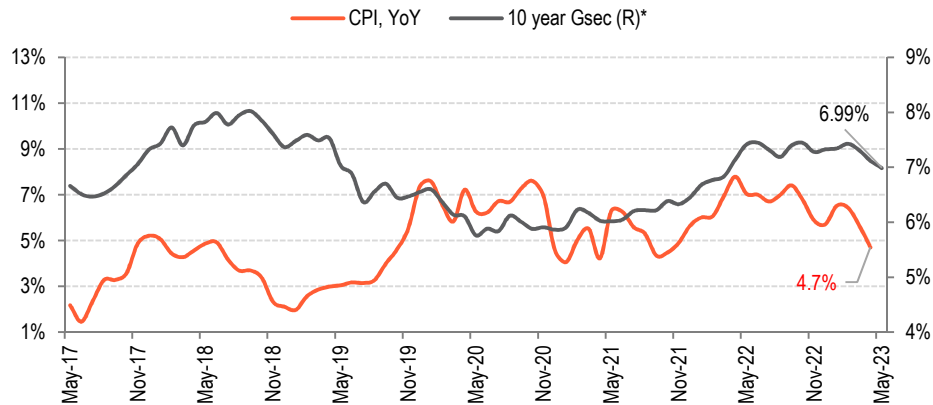
**Fig 88 – Gap between WALR and repo**



**Fig 90 – CIC accretion in May'23 is at Rs 616bn against Rs 904bn in FY22, notably reserve money balances have fallen by Rs 381bn post withdrawal of 2000 rupee notes (till May'23)**

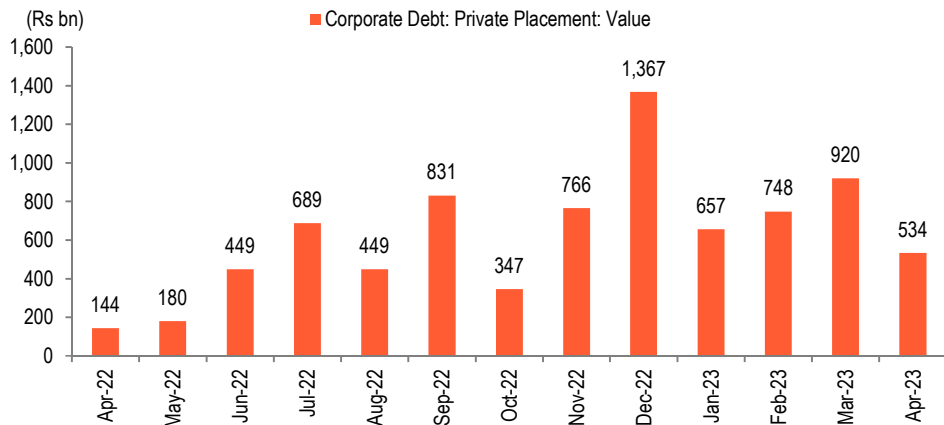


**Fig 91 – 10Y GSec yield fell to 6.99% in May'23 from 7.12% in Apr'23, inflation moderated to 4.7% from 5.7% in Mar'23**

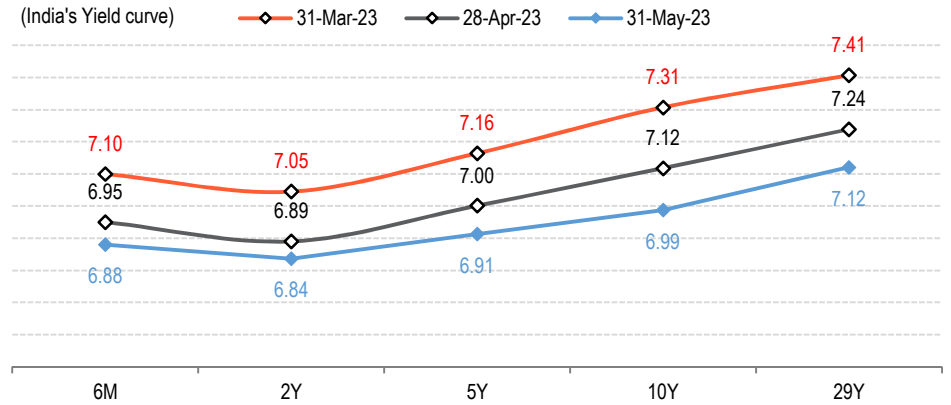


Note: \*As on last trading day of the month

**Fig 93 – Corporate debt issuance fell to Rs 534bn in Apr'23 from Rs 920bn in Mar'23**

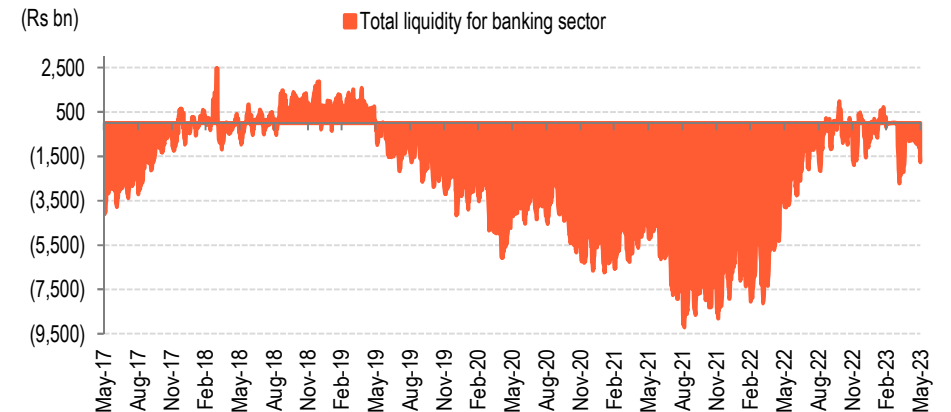


**Fig 92 – Yield curve has shifted down entirely in May'23 supported by RBI's announcement of withdrawal of 2000 rupee notes which will boost liquidity**



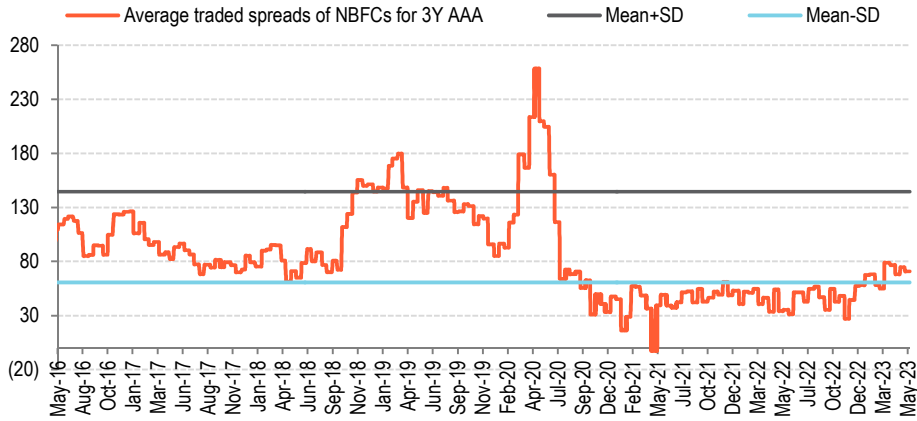
Source: Bloomberg

**Fig 94 – Average system liquidity went into surplus of Rs 725.9bn in May'23 compared to surplus of Rs 1.5tn surplus in Apr'23 and currently at Rs 2tn surplus**

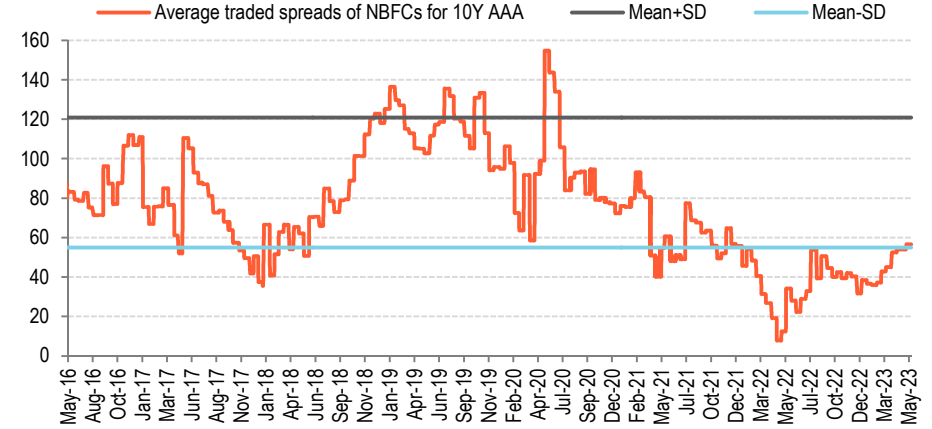


Source: RBI

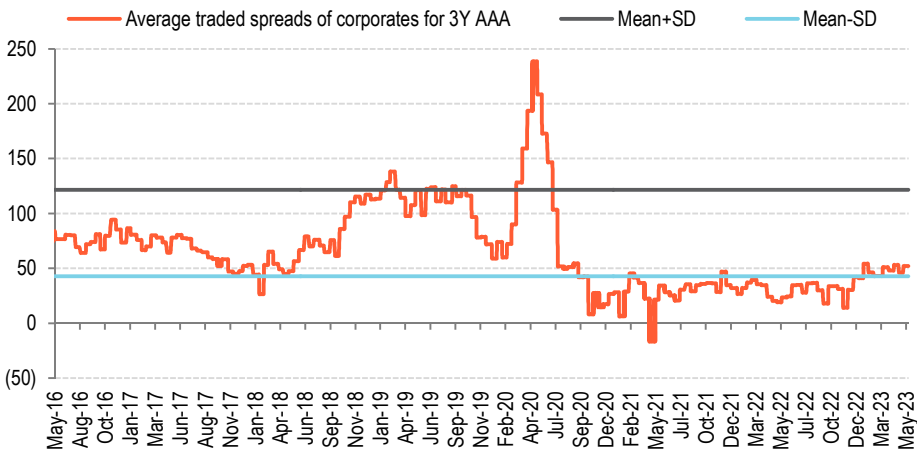
**Fig 95 – 3Y AAA NBFC spread inched up slightly to 71bps as on 31 May 2023 from 68bps as on 28 Apr 2023**



**Fig 96 – For 10Y AAA NBFC it rose to 57bps from 54bps**



**Fig 97 – 3Y AAA corp spread it was a tad lower at 52bps compared to 53bps**



**Fig 98 – For 10Y AAA corp spread, it inched up slightly to 42bps from 38bps**

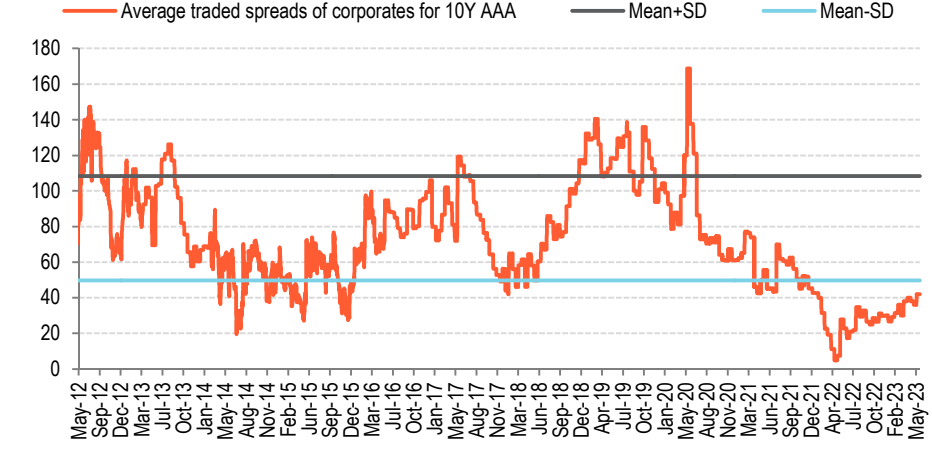


Fig 99 – INR 3Y swap rose to 6.09 as on 31 May 2023 from 6.07 as on 28 Apr 2023

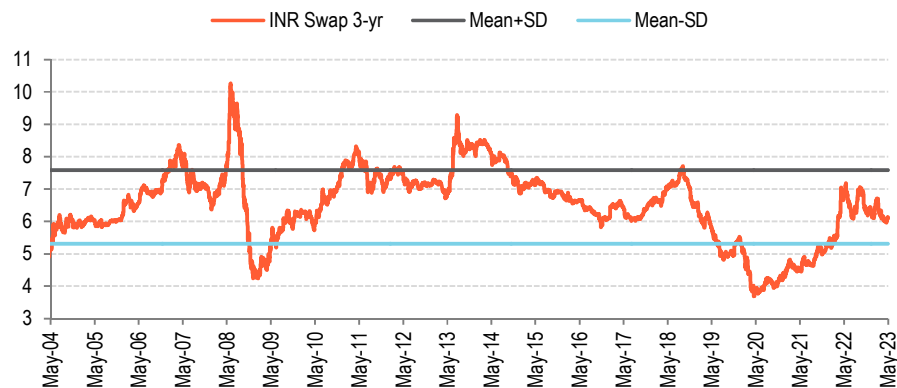
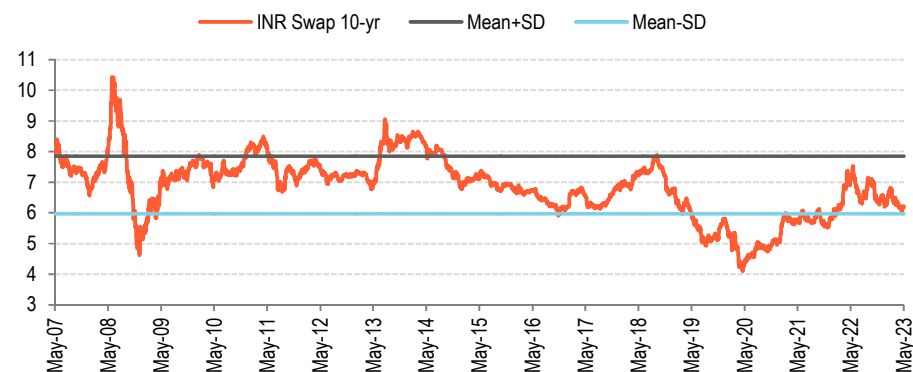


Fig 100 – For 10Y, it moderated to 6.18 from 6.23



### Interest rates on small savings schemes

Fig 101 – Interest rates on small savings scheme increased in Q1FY24 as well

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
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
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
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
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
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
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
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
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
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
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
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
Sukanya samridhi 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

Source: Department of Economic Affairs, Ministry of Finance, Government of India

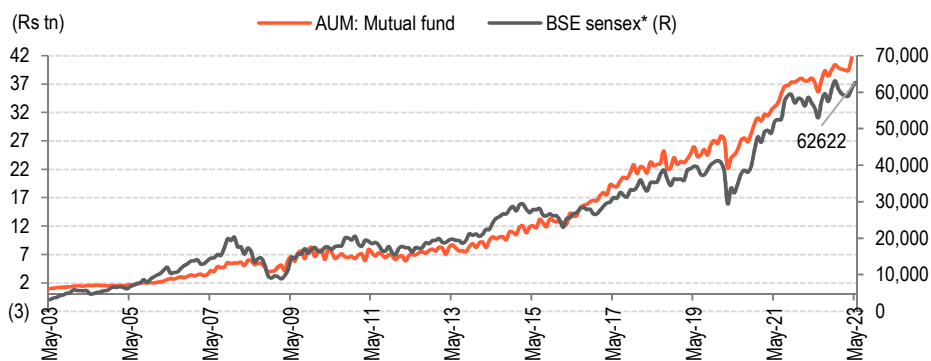
**Fig 102 – MCLR rate of private banks increased**

1Y MCLR (%)	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23
<b>Public Sector Banks</b>															
Bank of Baroda	7.30	7.35	7.40	7.50	7.65	7.70	7.80	7.95	8.05	8.30	8.50	8.55	8.55	8.60	8.60
Bank of India	7.25	7.25	7.25	7.35	7.50	7.60	7.70	7.80	7.95	8.15	8.30	8.40	8.50	8.60	8.60
Canara Bank	7.25	7.25	7.35	7.40	7.50	7.65	7.75	7.90	8.10	8.15	8.35	8.50	8.60	8.65	8.65
Indian Bank	7.30	7.30	7.30	7.40	7.55	7.65	7.75	7.85	8.10	8.20	8.30	8.45	8.55	8.60	8.60
Punjab National Bank	7.25	7.25	7.25	7.40	7.55	7.65	7.70	7.75	8.05	8.10	8.30	8.40	8.50	8.50	8.50
State Bank of India	7.00	7.10	7.20	7.40	7.50	7.70	7.70	7.95	8.05	8.30	8.40	8.50	8.50	8.50	8.50
Union Bank of India	7.25	7.25	7.35	7.45	7.55	7.70	7.75	7.90	8.20	8.25	8.40	8.65	8.65	8.65	8.65
<b>Private Sector Banks</b>															
Axis Bank Ltd.	7.35	7.40	7.75	7.95	8.00	8.05	8.10	8.35	8.45	8.75	8.80	8.90	8.95	8.95	9.10
HDFC Bank Ltd.	7.25	7.25	7.50	7.85	8.05	8.10	8.20	8.20	8.55	8.60	8.85	8.90	8.95	8.95	9.05
ICICI Bank Ltd.	7.25	7.25	7.25	7.55	7.75	7.90	8.00	8.10	8.30	8.40	8.65	8.65	8.75	8.75	8.75
Indusind Bank	8.50	8.55	8.75	9.00	9.10	9.30	9.40	9.55	9.80	9.95	9.95	10.05	10.15	10.20	10.20
Kotak Mahindra Bank	7.35	7.40	7.65	7.85	8.05	8.10	8.20	8.45	8.55	8.65	8.95	9.00	9.05	9.10	9.20

Source: RBI

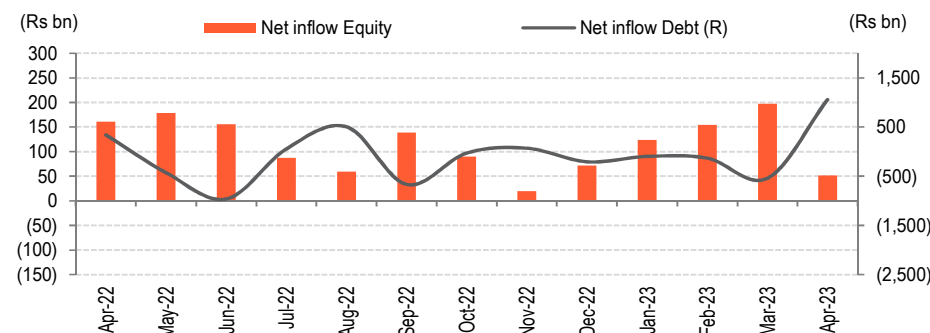
### Mutual fund (MF) indicators

**Fig 103 – Sensex rose by 2.5% to 62,622 in May'23, AUM of MFs rose to Rs 41.6tn in Apr'23 from Rs 39.4tn in Mar'23**



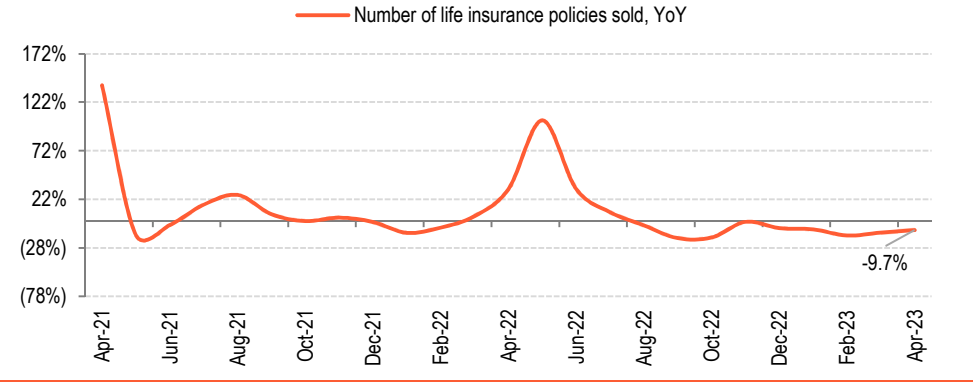
Source: \*Sensex as on last trading day of the month.

**Fig 104 – MF equity inflows moderated to Rs 51bn in Apr'23 from Rs 197bn in Mar'23; debt inflow rose to Rs 1.1tn from outflow of Rs 541bn**

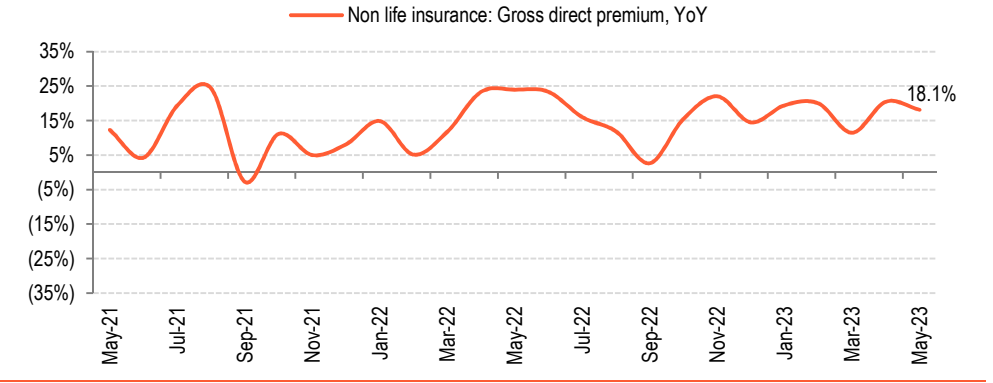


Insurance sector indicators

**Fig 105 – Sale of life insurance policies fell at a slower pace by 9.7% in Apr'23 from 12.2% drop in Mar'23**



**Fig 106 – Gross direct premium for non-life insurance moderated slightly to 18.1% in May'23 from to 20.5% in Apr'23**



Public finance

Central government finances

Fig 107 – Fiscal deficit target met in FY23; Apr'23 deficit lower than last year

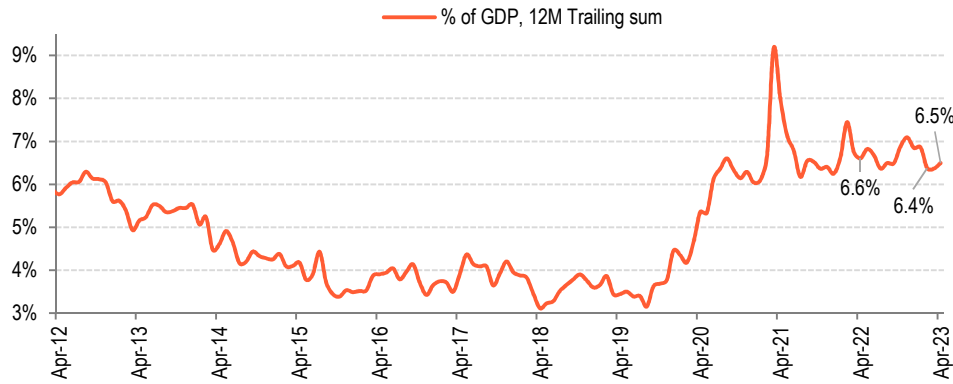


Fig 108 – Revenue deficit Apr'23 also lower than Apr'22

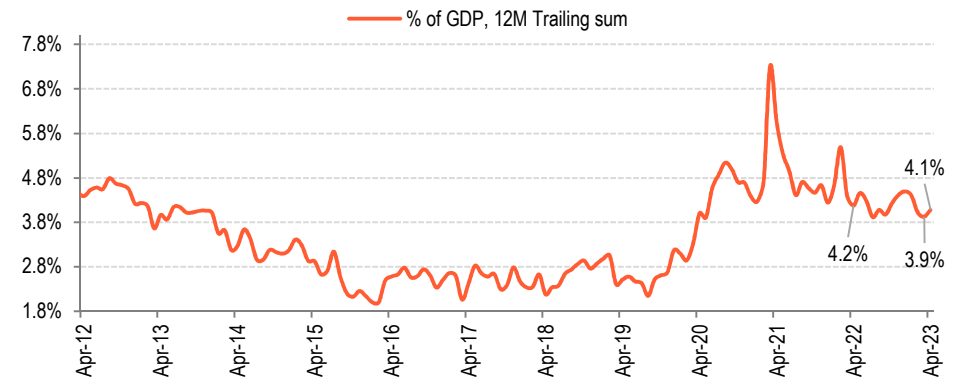


Fig 109 – Primary deficit at 3.1% as of Apr'23

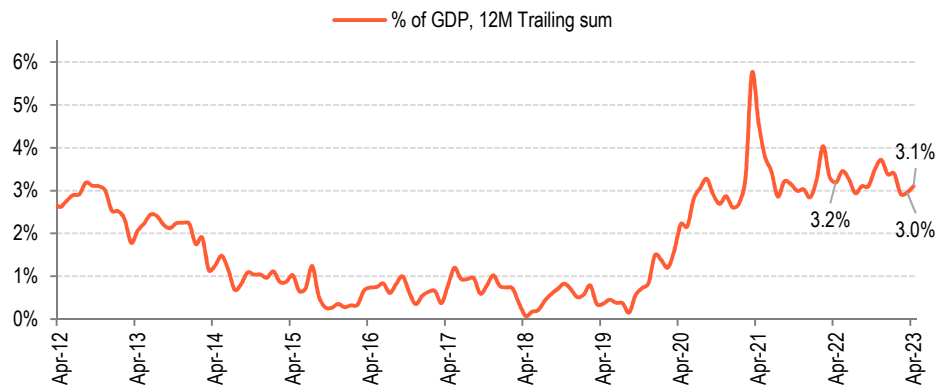


Fig 110 – Government spending off to a slower start in Apr'23

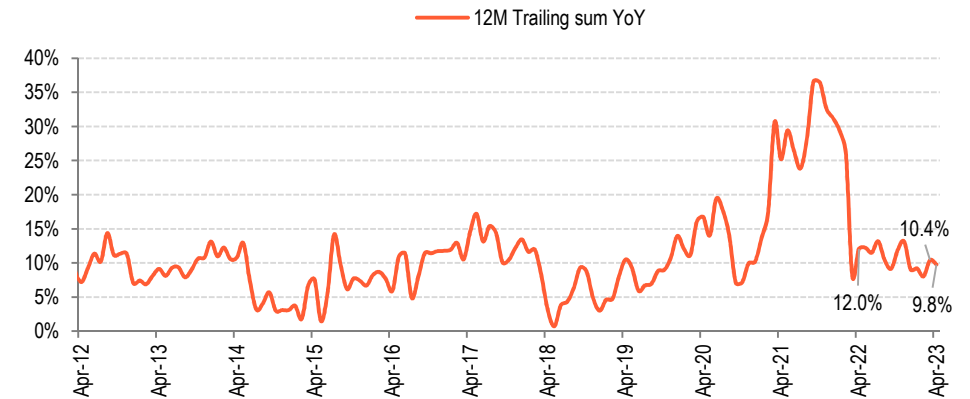




Fig 111 – ...led by moderation in capex

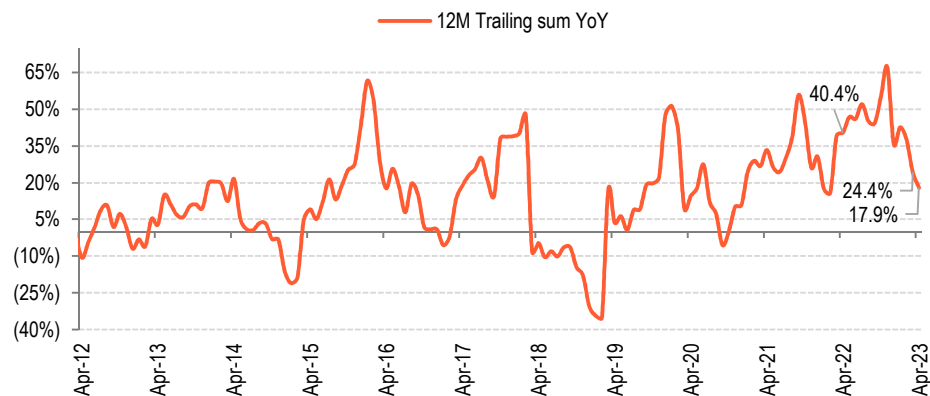


Fig 112 – Revenue spending beginning to pick up

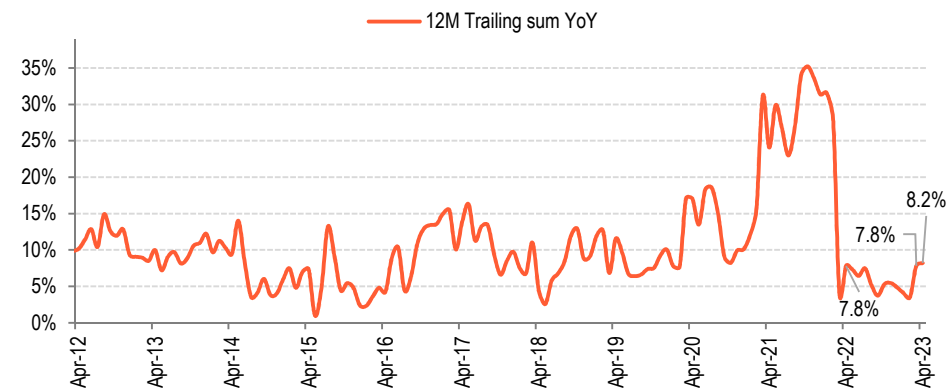
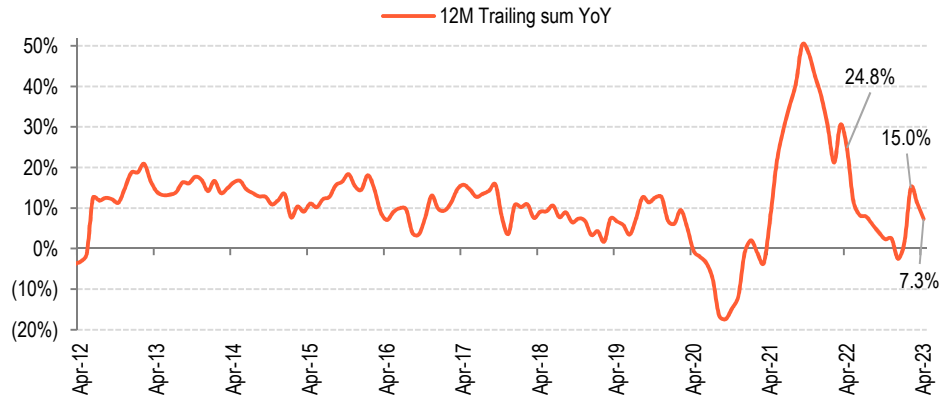


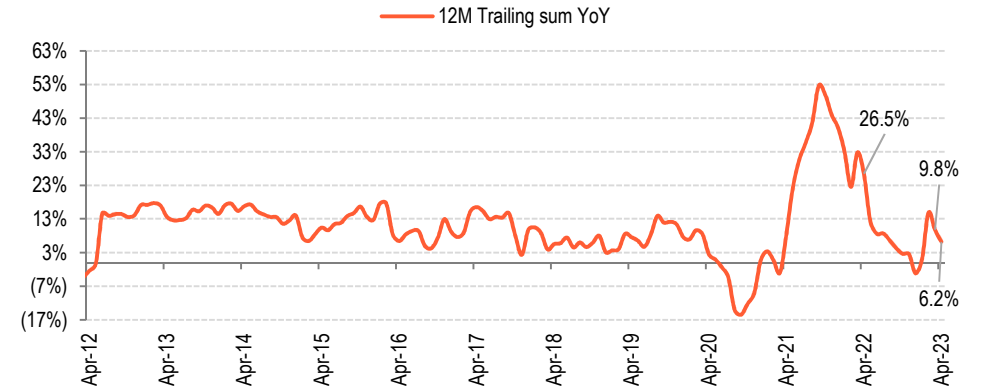
Fig 113 – Spending by ministries of chemicals, Defence and HRD take the lead in Apr'23

Ministry	Apr'21	Apr'22	% change	Apr'23	% change
Ministry of Finance	651	637	(2.1)	688	7.9
Ministry of Defence	292	442	51.7	557	26.0
Ministry of Consumer Affairs, Food and Public Distribution	394	150	(61.9)	100	(33.2)
Ministry of Rural Development	44	12	(73.2)	1	(87.6)
Ministry of Home Affairs	176	227	28.7	205	(9.8)
Ministry of Human Resource Development	24	43	79.1	48	11.0
Ministry of Road Transport and Highways	249	431	72.9	410	(5.0)
Ministry of Chemicals and Fertilisers	15	52	238.4	152	194.0
Ministry of Petroleum and Natural Gas	0	0.05	21.9	0.06	4.0
Ministry of Agriculture	52	155	199.7	46	(70.6)
Ministry of Health and Family Welfare	59	45	(23.8)	37	(18.0)

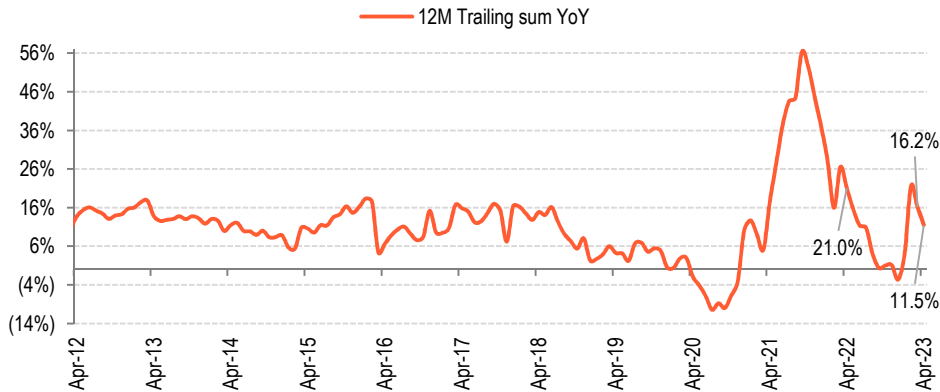
**Fig 114 – Receipt growth in Apr'23 was much lower than what was seen last year**



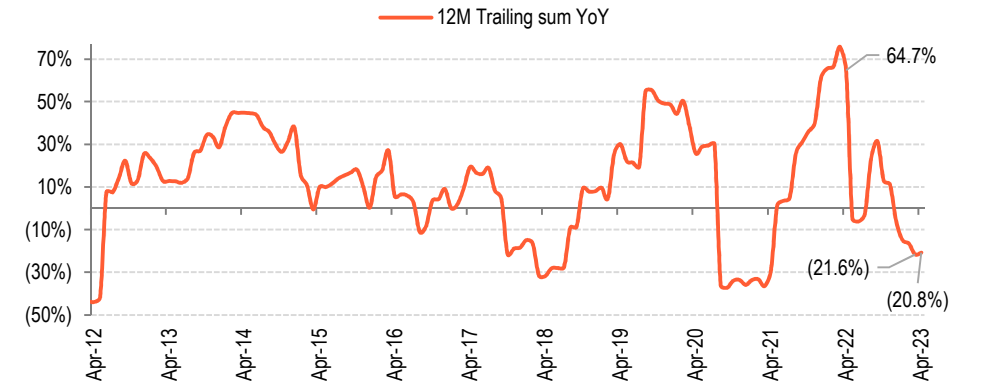
**Fig 115 – Revenue receipts lead the trend**



**Fig 116 – Net tax receipts also eased, coming off a high base**



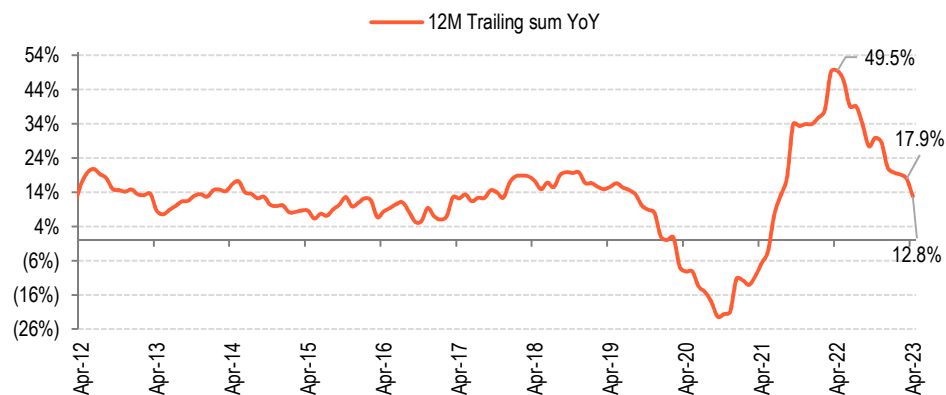
**Fig 117 – Non-tax revenue growth in Apr'23 fell compared with last year**



**Fig 118 – Centre’s revenue growth seeing moderation, owing to unfavourable base; expenditure growth supported by revenue spending**

	Apr'21	Apr'22	% change	Apr'23	% change
Gross Tax revenue	1,701	2,323	36.5	2,181	(6.1)
Direct taxes	800	1,328	65.9	1,206	(9.2)
Corp Tax	324	567	75.2	386	(32.0)
Income Tax	477	761	59.6	820	7.8
Indirect taxes	901	995	10.4	975	(1.9)
Non-tax revenue	168	119	(29.0)	110	(8.2)
Centre's revenue (net)	1,308	1,846	41.1	1,589	(13.9)
Total expenditure	2,267	2,748	21.2	3,041	10.6
Capital exp	471	789	67.5	785	(0.6)
Revenue exp	1,796	1,959	9.1	2,256	15.2
Fiscal deficit	787	748	-	1,336	-

**Fig 119 – Gross direct tax growth impacted by high base**



**Fig 120 – Gross indirect tax collections see some dip in Apr'23**

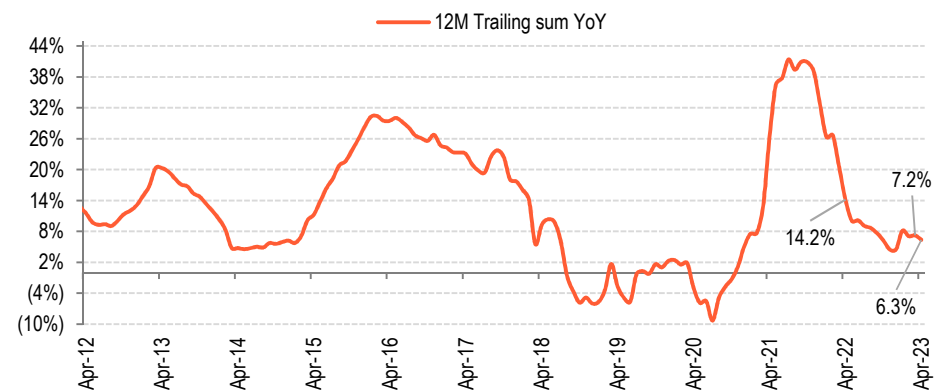


Fig 121 – Both corporate tax collections and...

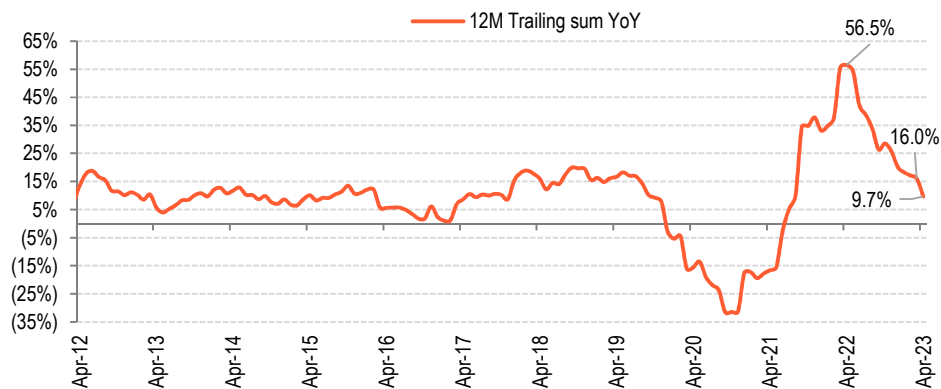


Fig 122 – ...income tax collection growth slip in Apr'23

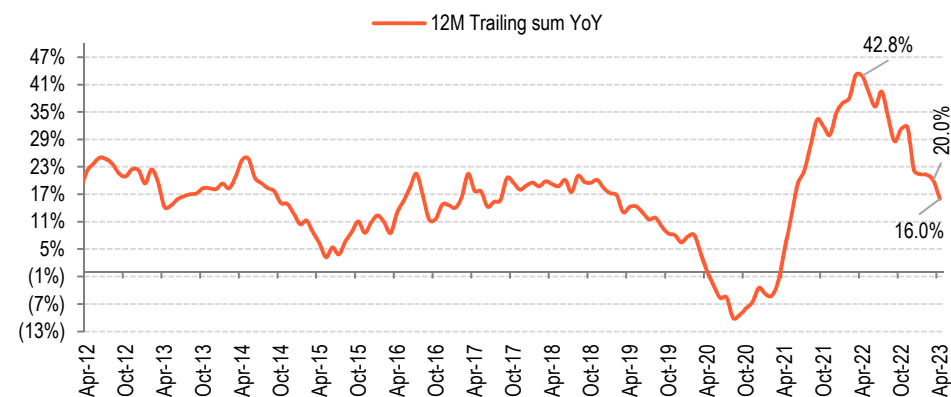


Fig 123 – GST collections for Apr'23 eased, however still remain above Rs 1.5 lakh crore mark

(Rs bn)	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Monthly run rate (FYTD24)	FYTD24	FY24 (BE)
CGST	641	499	654	554	519	547	722	578	608	652	601	611	809	809	809	8,116
UT GST	1.6	2.4	2.6	1.6	1.5	4.1	6.0	5.2	2.3	2.4	3.9	9.2	3.1	3.0	3.0	-
IGST	113	47	(164)	69	89	100	(194)	(26)	(34)	(17)	(23)	86	(93)	(93)	(93)	-
SGST*	549	796	890	705	768	767	821	834	874	754	901	1,062	733	733	733	-
Cess	104	102	107	107	99	100	103	103	109	104	118	102	119	119	119	1,450
<b>Total GST</b>	<b>1,409</b>	<b>1,446</b>	<b>1,490</b>	<b>1,436</b>	<b>1,477</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>1,571</b>	<b>1,571</b>	-

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

Fig 124 – Rising central government debt a key concern

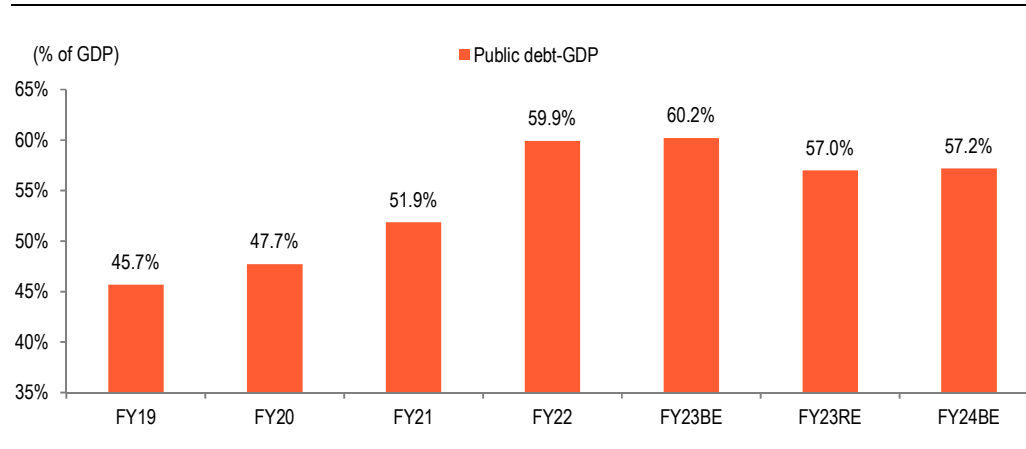
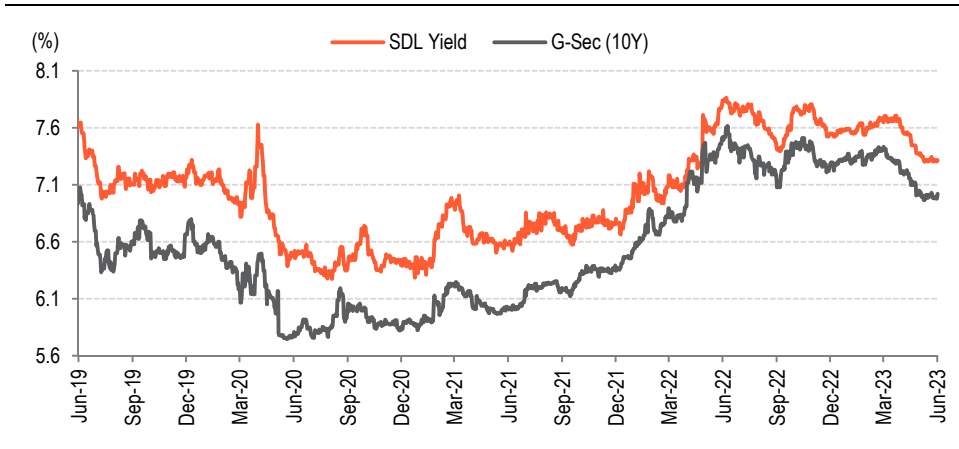
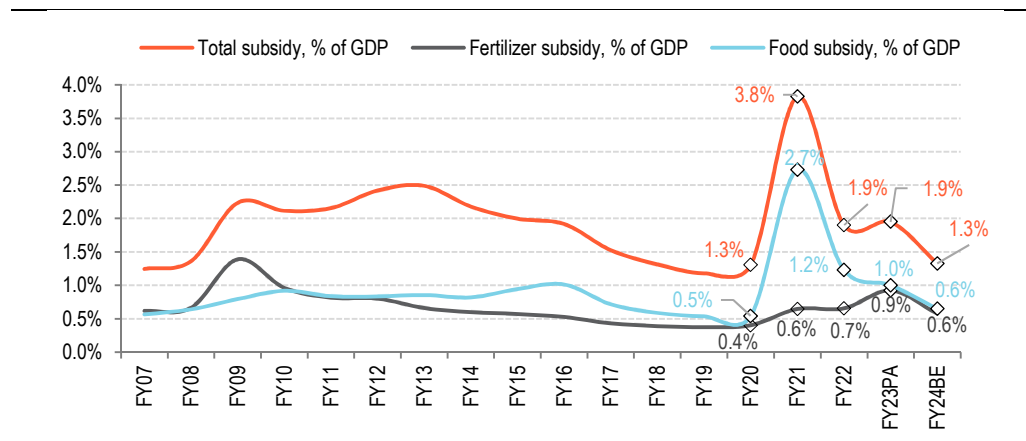


Fig 125 – Spread between 10Y G-sec and SDL yield narrowed in May'23, and has come down further in Jun'23 so far



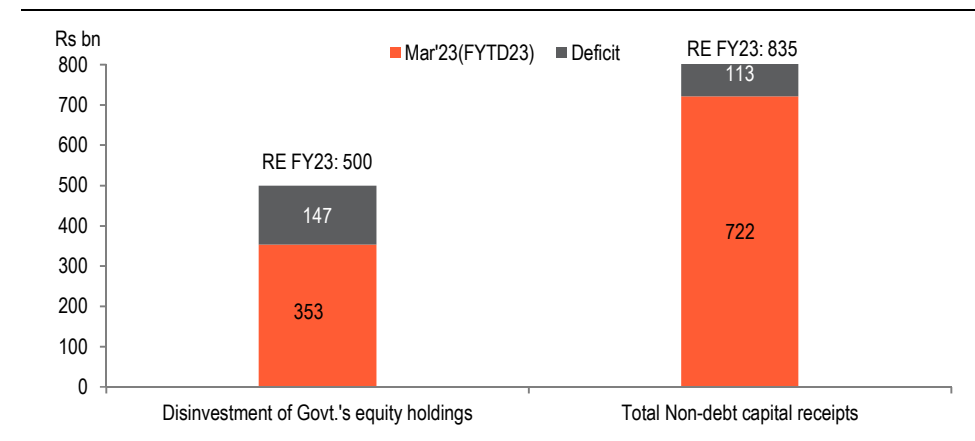
Source: CCIL

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 govt. missed FY23 disinvestment target



### Central government borrowing

**Fig 128 – Centre’s T-bill issuances in Q1FY24 till date has been at Rs 3.8tn**

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	3,813*	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704		-
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589		-
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, \* Data till 7 Jun 2023

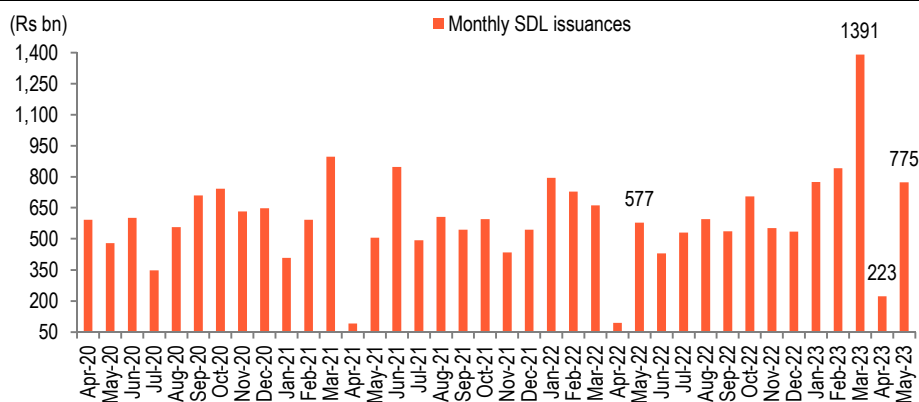
**Fig 129 – Centre’s gross borrowing in Q1FY24 till date is at Rs 2.7tn**

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	2,720*	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	-	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	-	-
Q4	800	670	1,680	920	3,191	1,370	2,740	-	-
<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, \*Data till 2 Jun 2023 is taken

### State government borrowing

**Fig 130 – State government borrowings noted significant jump in May’23**



Source: RBI

**Fig 131 – States’ market borrowings in Q1FY24 at 59%**

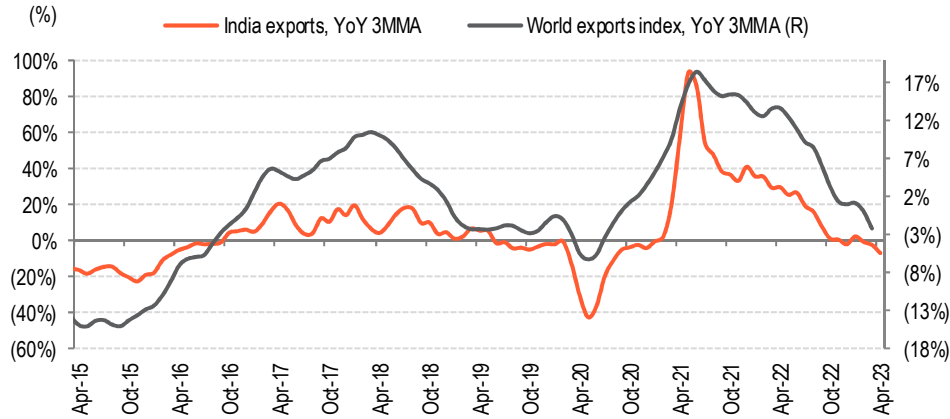
Quarterly SDL issuances, (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FYTD24 (actual)	FY24 (planned)
Q1	650	766	815	1,673	1,446	1,102	1,171*	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661		
Q3	1,054	1,277	1,470	2,023	1,653	1,879		
Q4	1,348	1,809	2,006	1,898	2,184	3,009		
<b>Total</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,206</b>	<b>6,927</b>	<b>7,652</b>		

Source: RBI; \*as of 6Jun 2023

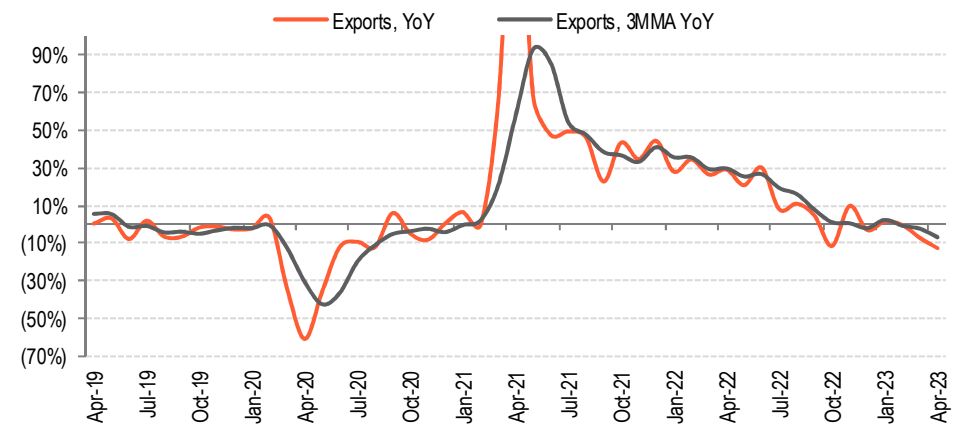
## External sector

### Exports

**Fig 132 – Global exports on a downward trend**

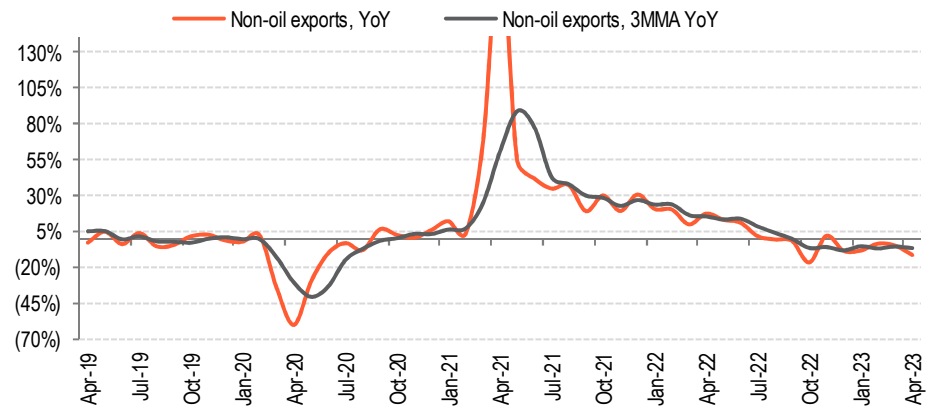


**Fig 133 – India's exports decline by 12.7% in Apr'23 after declining by 7.2% in Mar'23**

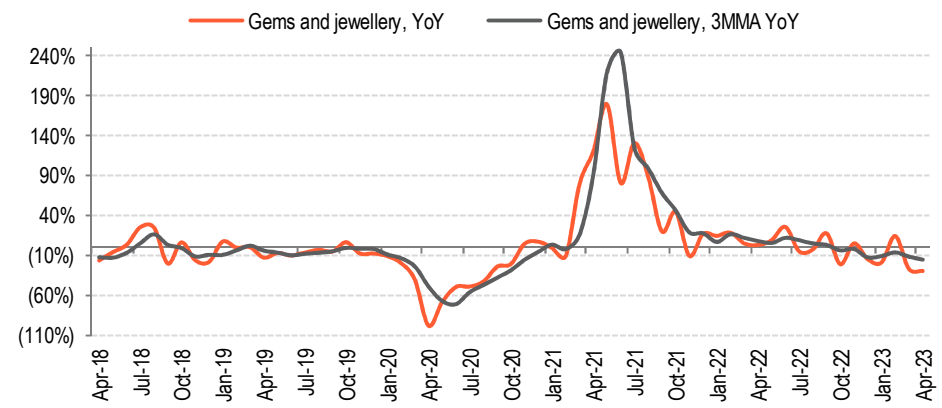


### Exports by major sectors

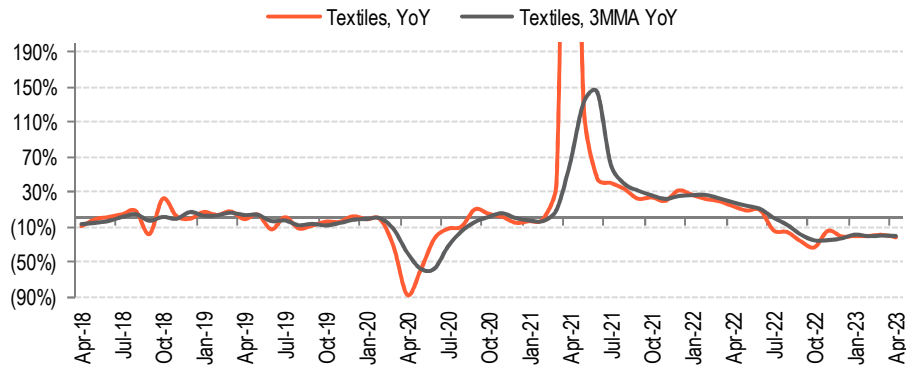
**Fig 134 – .. led by a sharp fall in non-oil exports which dipped by 11.5% in Apr'23 compared with a decline of 4.9% in Mar'23**



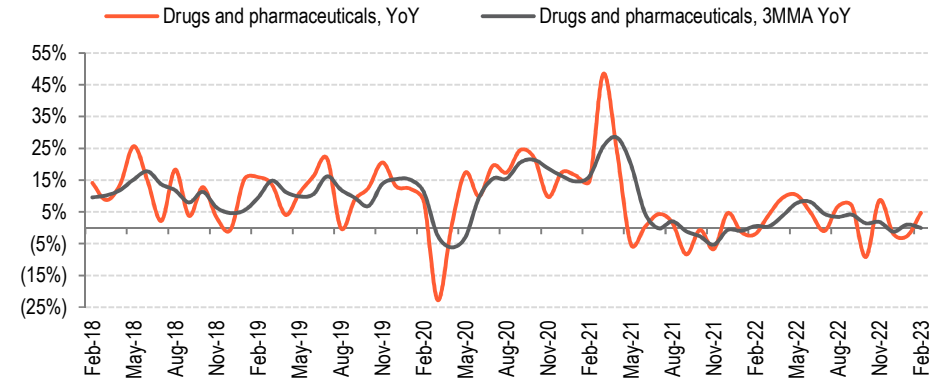
**Fig 135 – ...Within this, exports of gems and jewellery contracted the most by 30% in Apr'23 compared with a decline of 27.4% in Mar'23**



**Fig 136 – Textile exports also continued to dip amidst a fall in global demand**

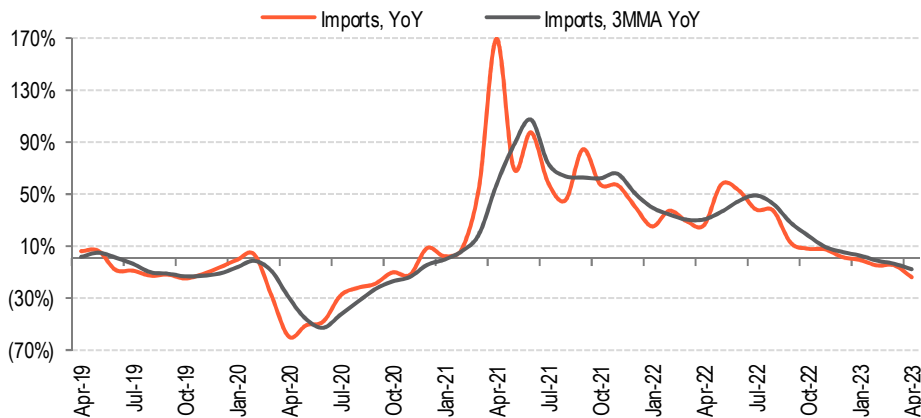


**Fig 137 – .. however, exports of drugs and pharmaceuticals picked up to 10.4% in Apr'23 versus 4.2% in Mar'23**

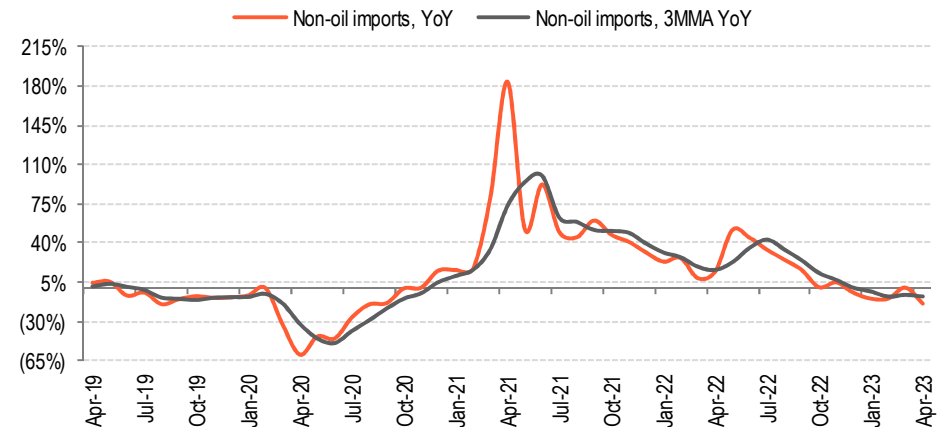


**Imports**

**Fig 138 – Imports declined by 14.1% in Apr'23, compared with a decline of 4.9% in Mar'23**

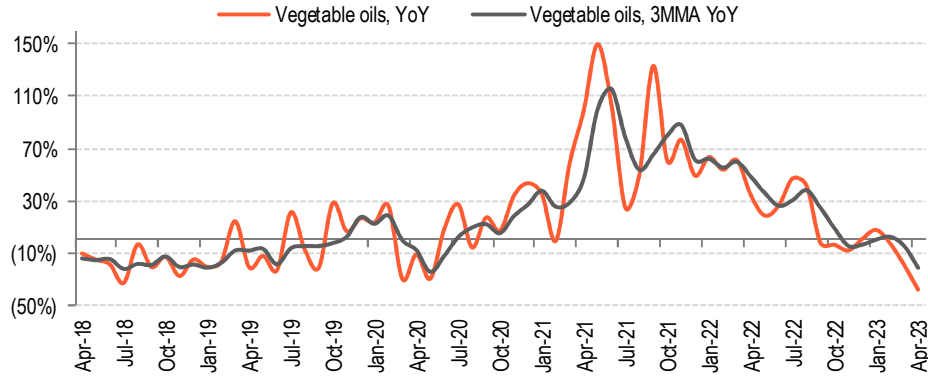


**Fig 139 – .. led by a 14.1% decline in non-oil imports**

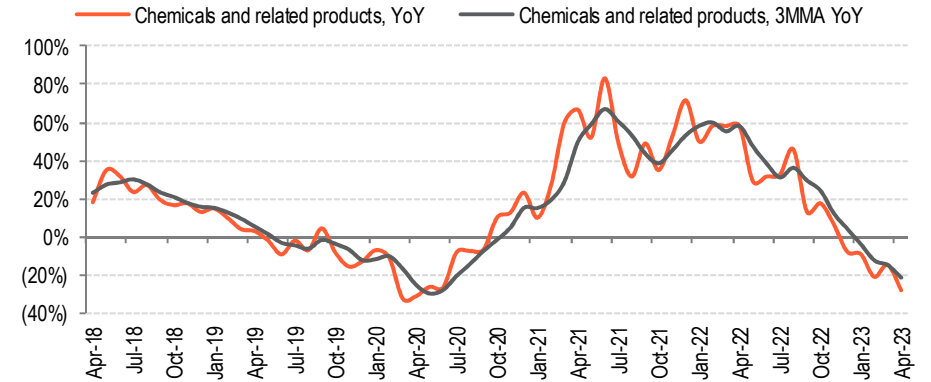




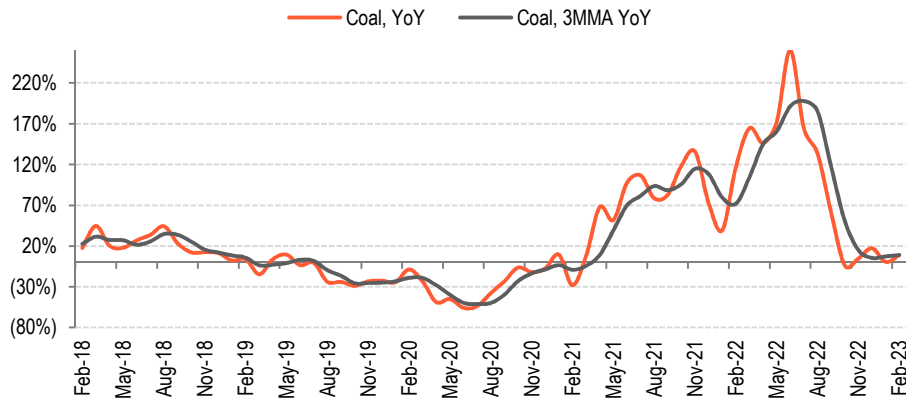
**Fig 140 – Import of vegetable oils also continued to fall**



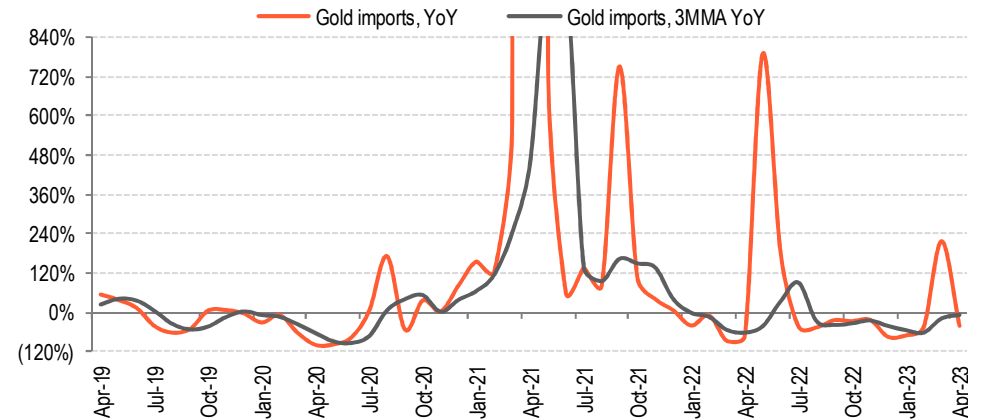
**Fig 141 – ... similar trend in imports of chemicals and related products**



**Fig 142 – Oil imports dipped by 13.9% in Apr'23, after falling by 14.8% in the previous month**



**Fig 143 – Gold imports also lower**



## Exports and imports by major regions

**Fig 144 – Exports to all regions contracted sharply in Apr'23, sharpest decline in exports to Asia and Pacific (ex. China)**

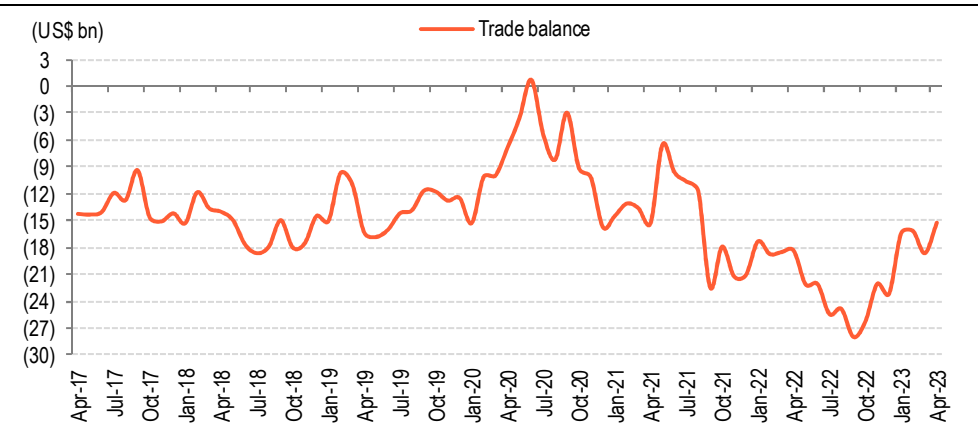
Region (% YoY)	Share in FY23	FY22	FY23	Feb-23	Mar-23	Apr-23
Americas	23.7	46.5	5.8	(3.9)	(4.8)	(16.3)
Asia and Pacific (Ex. China)	23.3	43.4	(9.0)	(14.4)	(19.5)	(27.9)
China	3.5	0.3	(28.1)	1.5	17.2	(4.3)
Europe	22.0	55.9	13.1	(3.7)	2.2	(5.0)
Middle East and Africa	26.6	50.2	24.1	23.5	(4.9)	(3.5)
Other	0.9	84.9	76.9	2.6	(55.3)	(1.4)

**Fig 145 – Barring Europe, imports from all regions declined in Apr'23**

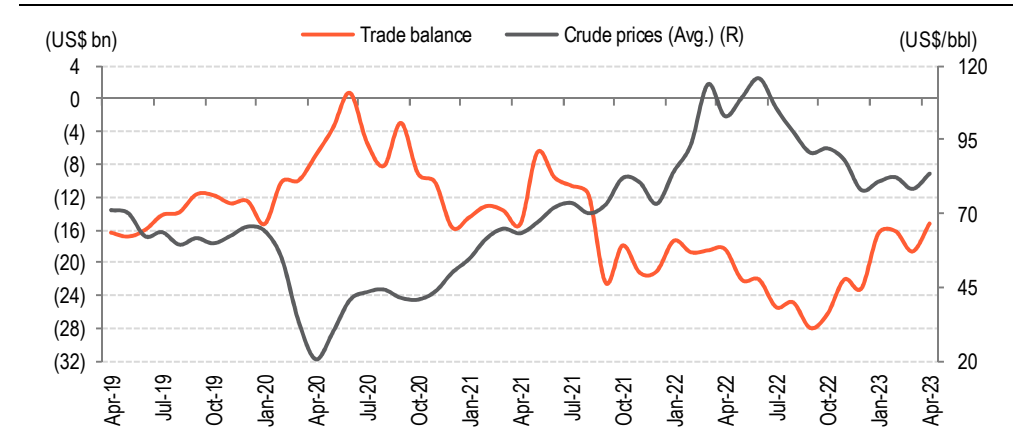
Region (% YoY)	Share in FY23	FY22	FY23	Feb-23	Mar-23	Apr-23
Americas	11.2	54.8	10.6	(22.0)	(16.4)	(26.5)
Asia and Pacific (Ex. China)	24.9	44.7	19.6	(1.6)	0.1	(18.4)
China	13.8	45.0	4.2	(18.7)	(14.8)	(5.6)
Europe	12.6	32.1	4.5	(11.6)	35.6	15.1
Middle East and Africa	30.8	87.3	11.3	(12.1)	(27.9)	(34.8)
Other	6.8	52.8	242.4	270.3	232.1	175.4

Trade deficit

**Fig 146 – Trade deficit narrowed to a 20-month low at US\$ 15.2bn in Apr'23 from US\$ 18.6bn in Mar'23**

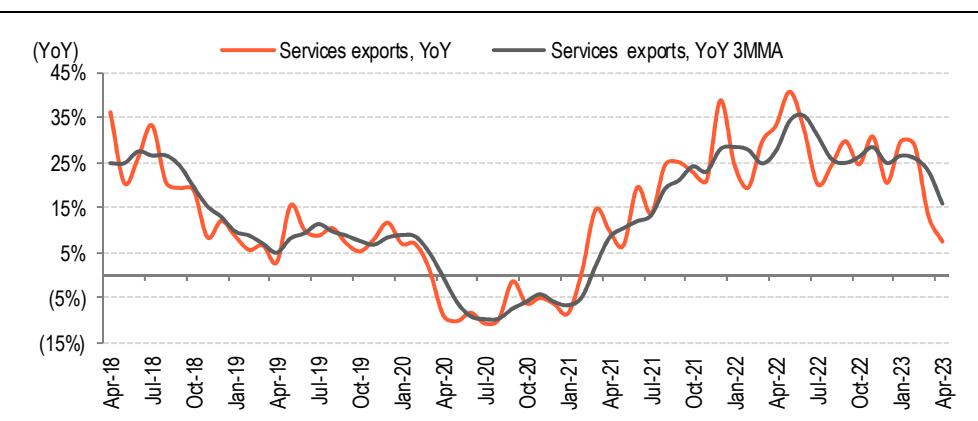


**Fig 147 – Oil prices remained rangebound**



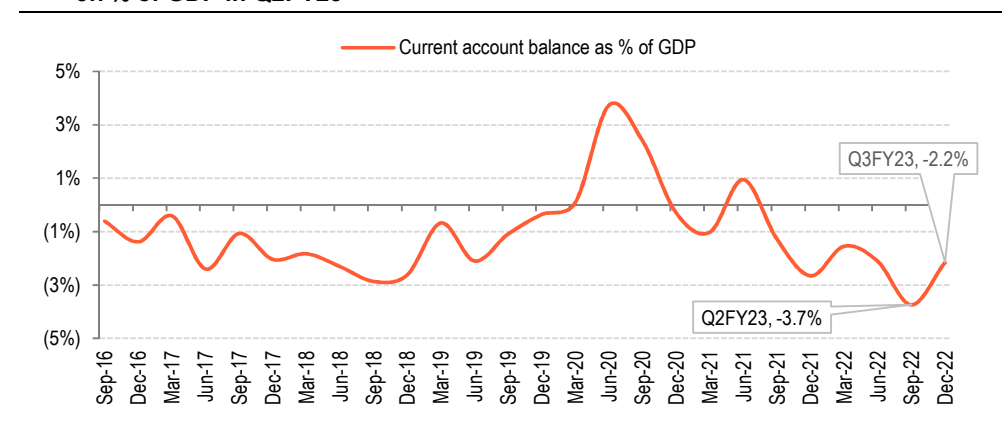
Trade in services

**Fig 148 – Services exports decelerating**



BoP

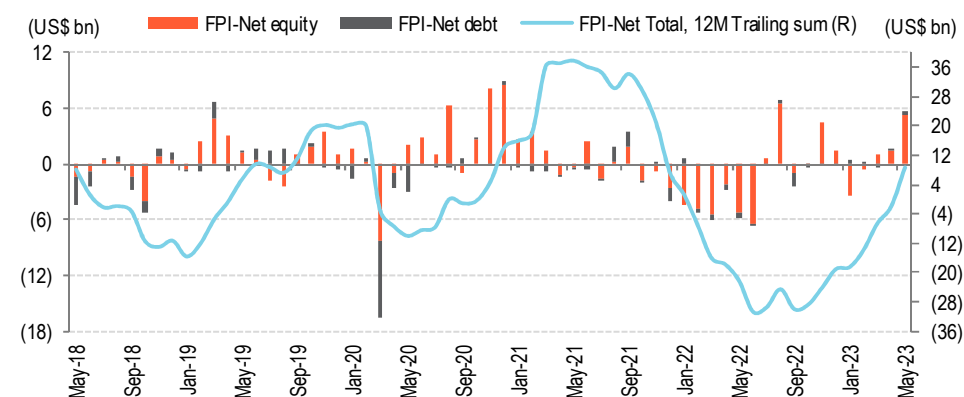
**Fig 149 – India's current account deficit narrowed to 2.2% of GDP in Q3FY23 from 3.7% of GDP in Q2FY23**



## Foreign inflows

### FPI inflows

**Fig 150 – FPI inflows rise to a 9-month high of US\$ 5.9bn in May'23, led by equity inflows**



Source: Bloomberg

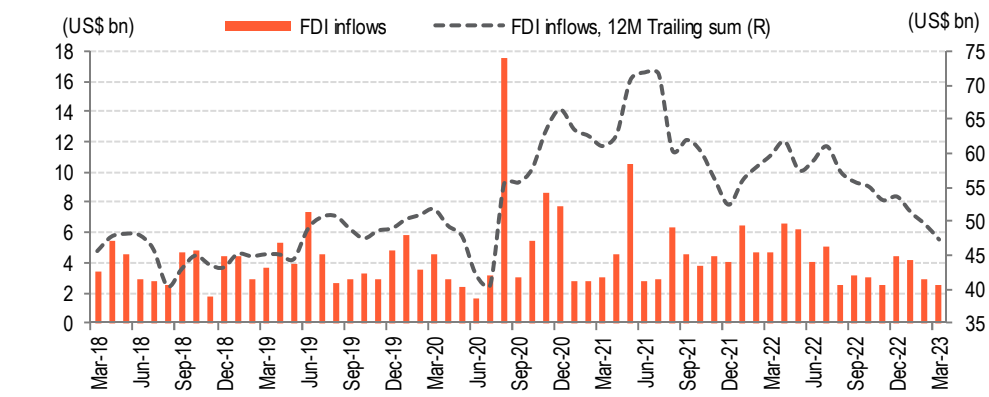
**Fig 152 – FDI inflows fall in FY23, led by computer software and hardware and automobile sector**

Sector	% Share FY23	FY22	FY23	Q4FY22	Q3FY23	Q4FY23
Computer software and hardware	20.4	14.5	9.4	4.2	1.8	1.3
Services Sector	18.9	7.1	8.7	1.8	2.4	2.1
Trading	10.4	4.5	4.8	1.5	0.9	0.6
Non Conventional Energy	5.4	1.6	2.5	0.4	0.3	0.8
Drugs and Pharmaceuticals	4.5	1.4	2.1	0.2	1.1	0.2
Automobile industry	4.1	7.0	1.9	1.0	0.3	0.6
Construction (Infrastructure) activities	3.7	3.2	1.7	1.7	0.2	0.5

Source: DIPP

### FDI inflows

**Fig 151 – FDI equity inflows moderate further to US\$ 2.5bn in Mar'23 from US\$ 2.9bn in Feb'23**



Source: RBI, Bank of Baroda Research

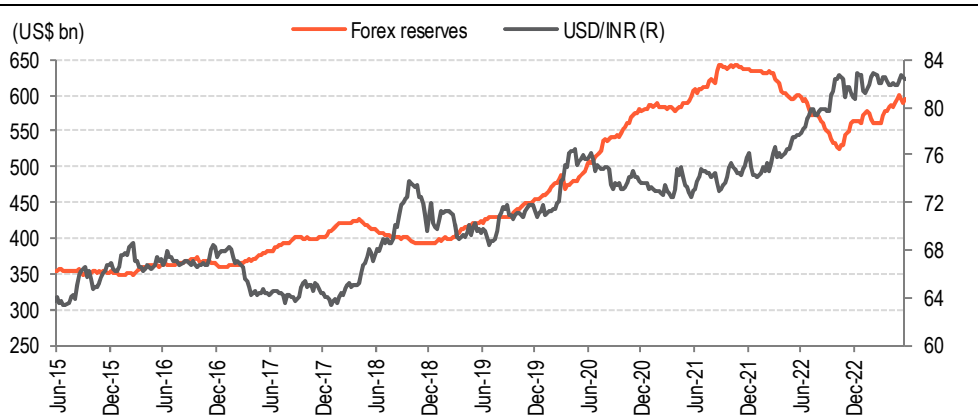
**Fig 153 – Countrywise, inflows from Mauritius and US have dipped in FY23**

Country (US\$ bn)	% Share FY23	FY22	FY23	Q4FY22	Q3FY23	Q4FY23
Singapore	37.4	15.9	17.2	4.2	3.1	4.1
Mauritius	13.3	9.4	6.1	2.8	1.4	1.4
US	13.1	10.5	6.0	3.0	2.4	1.1
Netherlands	5.4	4.6	2.5	2.0	0.4	0.3
Japan	3.9	1.5	1.8	0.6	0.2	0.4
UK	3.8	1.6	1.7	0.2	0.7	0.1

Source: DIPP

Forex reserves and intervention

Fig 154 – India’s FX reserves at US\$ 595.1bn in Jun’23, up by US\$ 16.7bn in FYTD24



Source: Bloomberg | Weekly data as of 26 May 2023

Fig 155 – India’s import cover improves to ~10-months; remains below long-term average

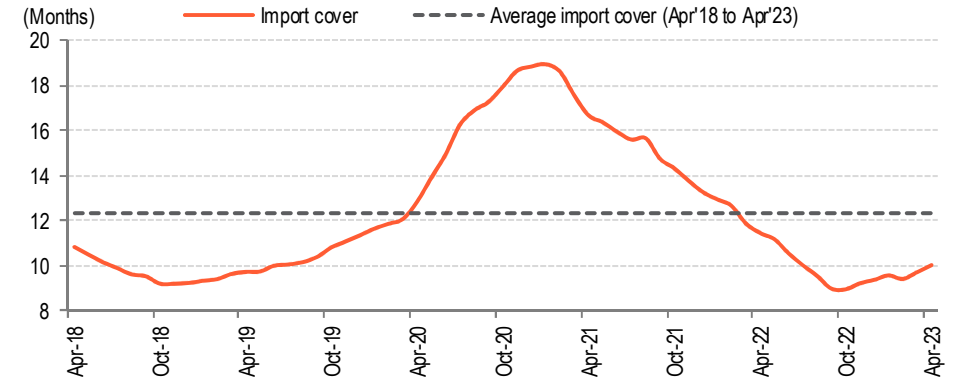


Fig 156 – RBI’s purchased net US\$ 750mn in the spot market in Mar’23

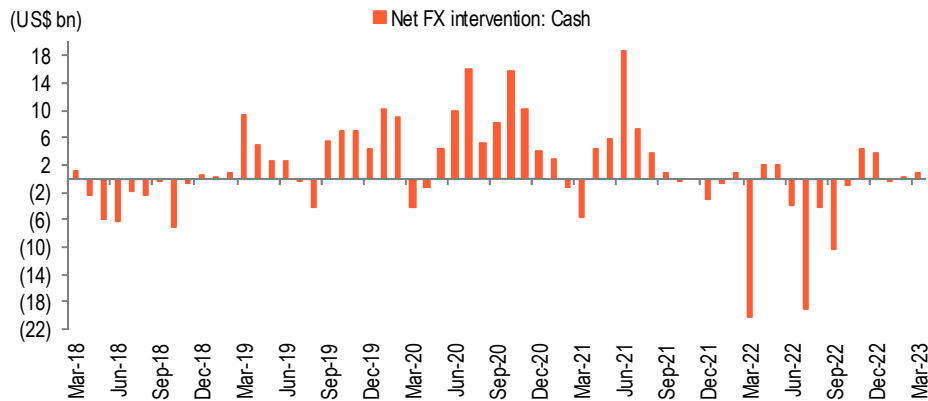
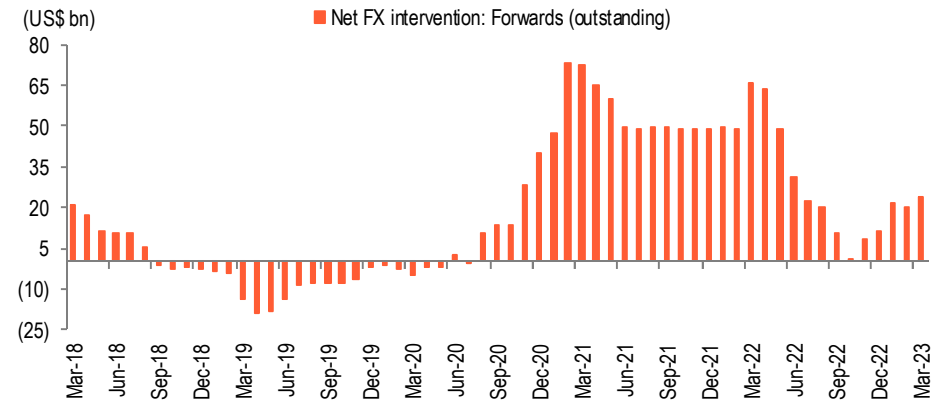


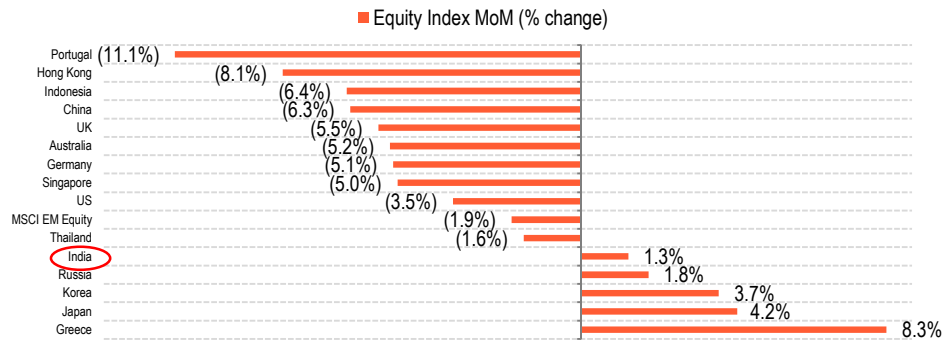
Fig 157 – RBI’s outstanding forwards position improves to US\$ 23.6bn in Mar’23



Markets

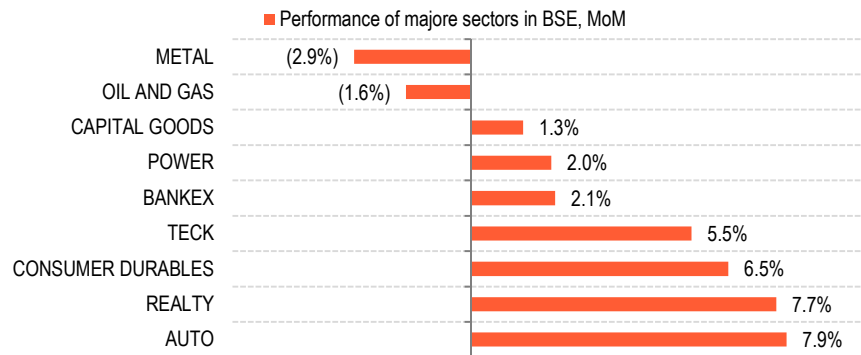
Equity

Fig 158 – In May'23, Sensex rose by 1.3%, while MSCI EM fell by 1.9%



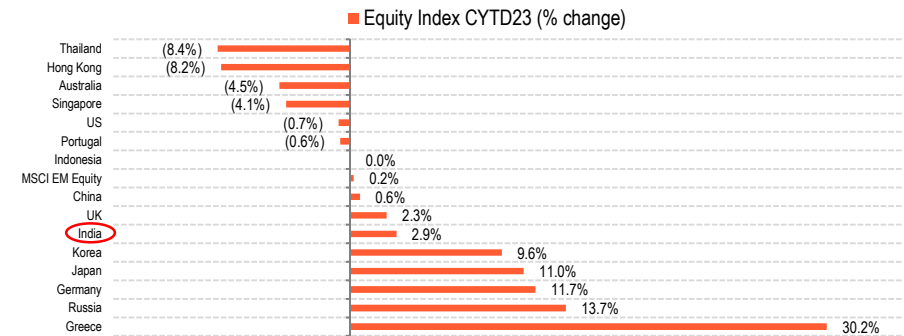
Source: Bloomberg | \* As on 31 May 2023, Indices are in US\$ terms

Fig 160 – Auto and Real Estate stocks rose the most in May'23



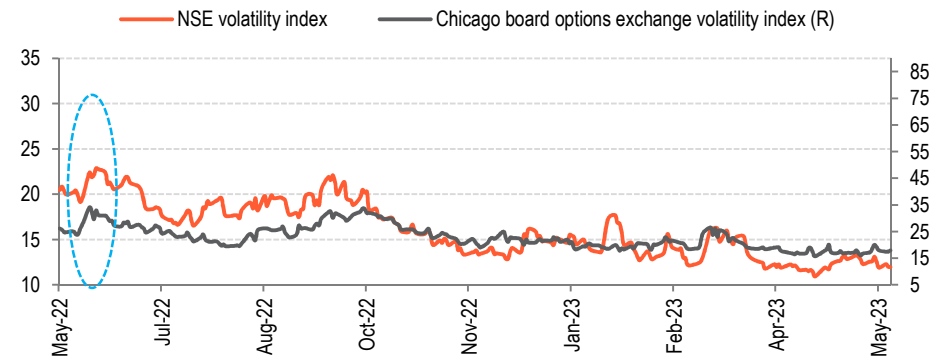
Source: Bloomberg | As on 31 May 2023

Fig 159 – In CYTD23, Sensex rose by 2.9%



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

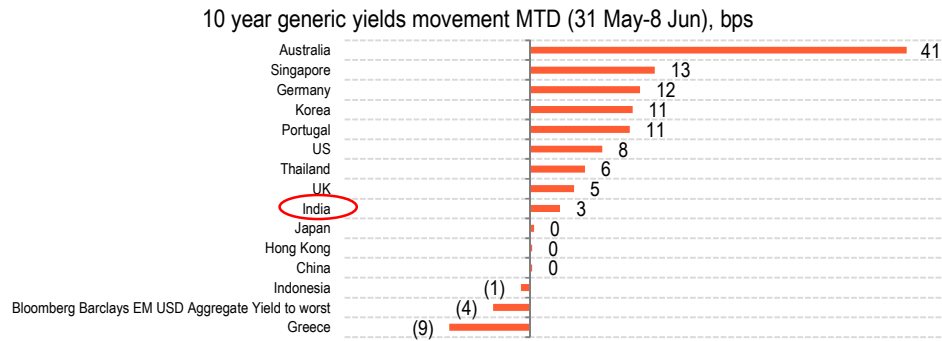
Fig 161 – VIX index rose to 11.97 in May'23 from 10.95 in Apr'23



Source: Bloomberg

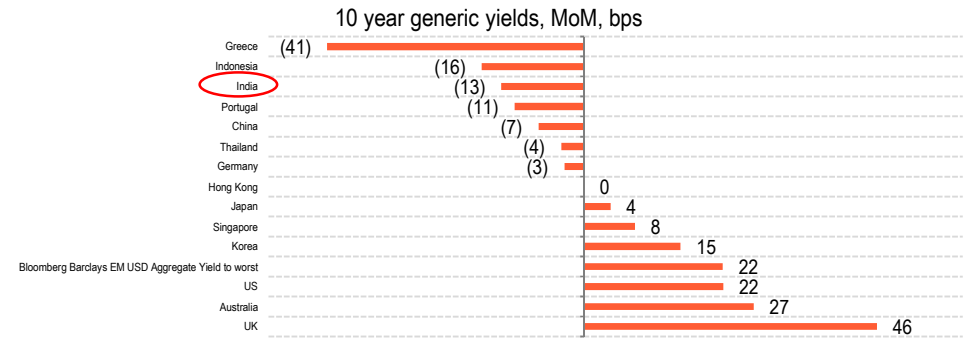
10-year bond yields

Fig 162 – On MTD basis, India’s 10Y yield inched up slightly by 3bps



Source: Bloomberg | As on 8 Jun 2023

Fig 163 – However, on MoM basis, India’s 10Y yield fell by 13bps



Source: Bloomberg | As on 31 May 2023

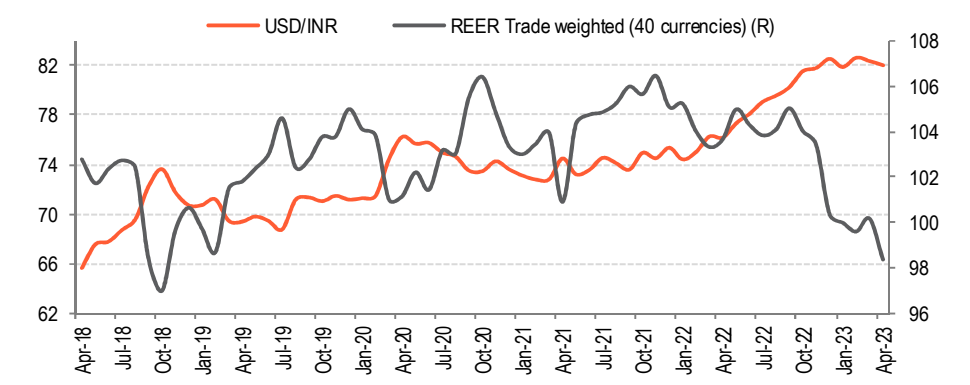
Currencies

Fig 164 – INR was under pressure in May’23 amidst a resurgence in dollar strength



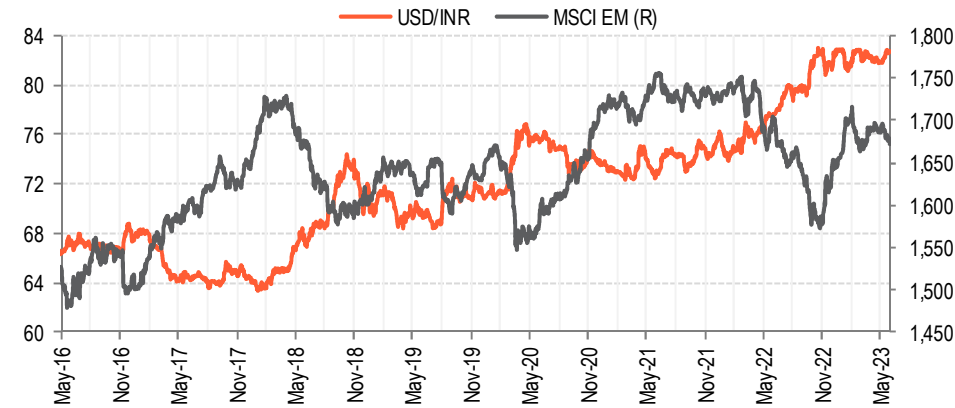
Source: Bloomberg | \*As on 31 May 2023

Fig 165 – India’s REER falls below 100



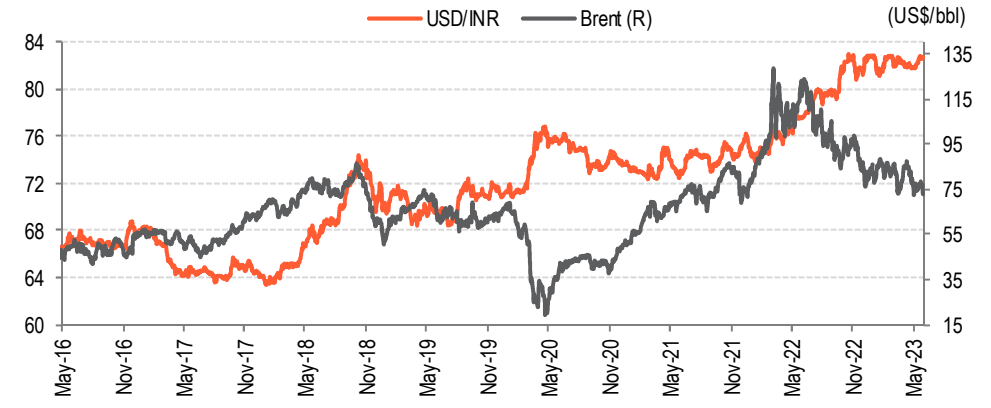
Source: Bloomberg

Fig 166 – Other EM currencies were also lower



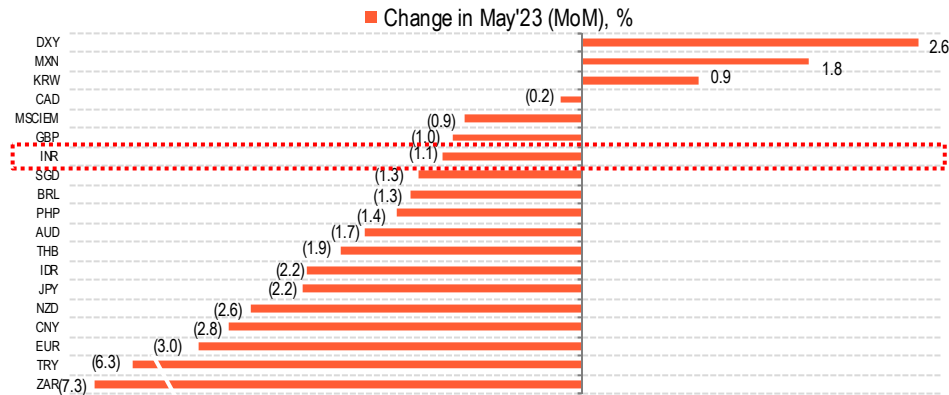
Source: Bloomberg | \*As on 31 May 2023

Fig 167 – Despite lower oil prices



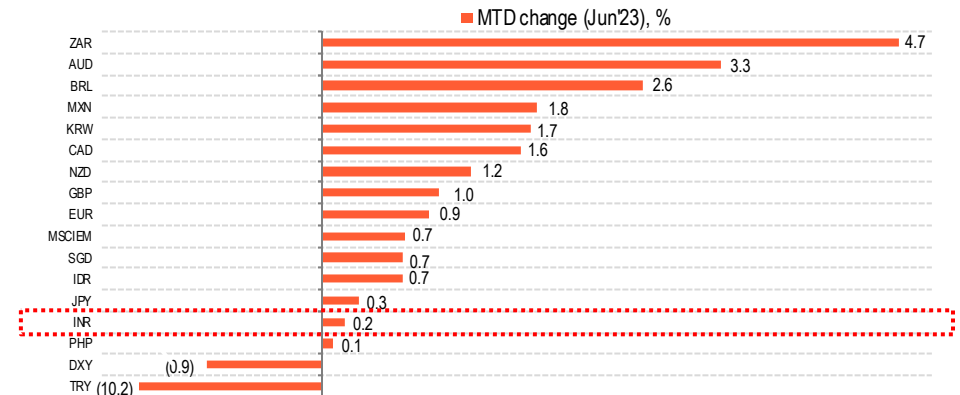
Source: Bloomberg | \*As on 31 May 2023

Fig 168 – Global currencies depreciated in May'23, as DXY rose



Source: Bloomberg | \*As on 31 Mar 2023

Fig 169 – In Jun'23, INR has strengthened amidst expectations of a pause by Fed

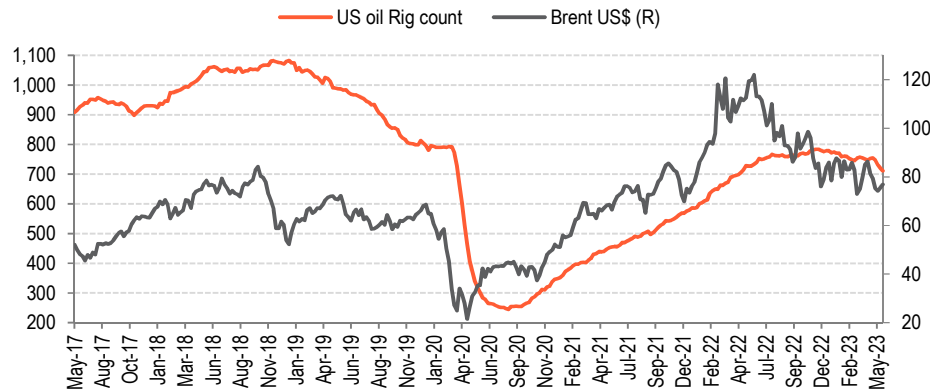


Source: Bloomberg | \*As on 8 Jun 2023



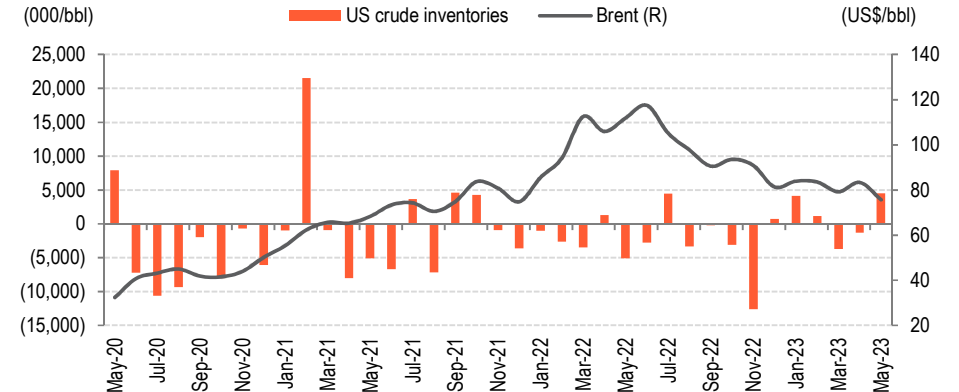
Commodities

Fig 170 – US rig count moderated in May'23



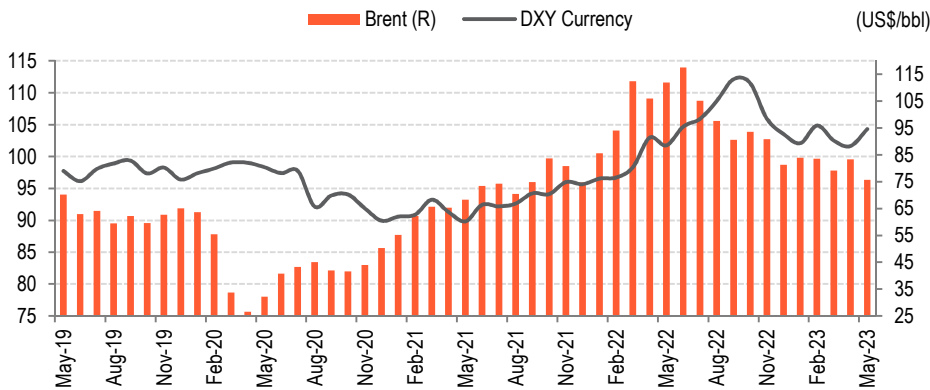
Source: Bloomberg

Fig 171 – US crude oil inventory rose in May'23



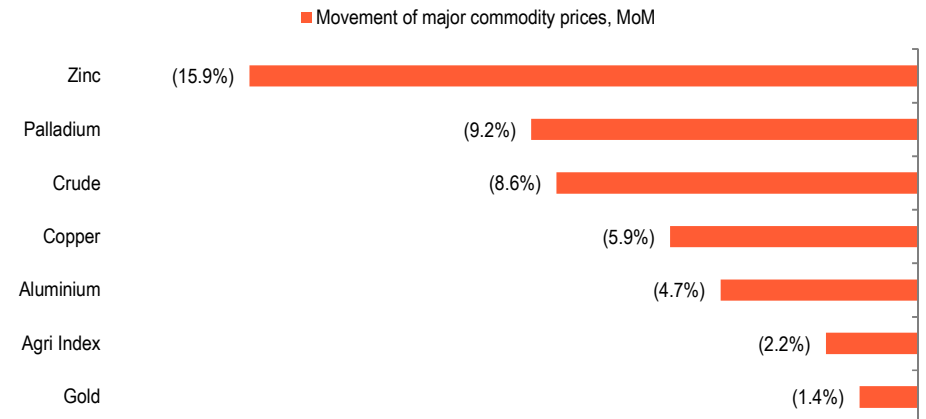
Source: Bloomberg

Fig 172 – Oil prices (average) rose to US\$ 75.7/bbl in May'23 from US\$ 83/bbl in Apr'23, DXY rose to 104.33 from 101.66



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

Fig 173 – Prices of major commodities have fallen



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

**Fig 174 – Performance of high frequency indicators**

Indicators	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
<b>Agriculture</b>													
Tractor sales	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	19.2	16.0	11.8	10.1	(13.0)	(2.4)
Two wheeler sales	197.7	20.2	(10.9)	8.5	9.0	51.1	23.6	(11.2)	10.1	14.8	12.4	(7.3)	9.3
MNREGA work (HH, MoM)	15.7	(6.5)	(34.9)	(35.2)	(30.3)	(24.0)	(10.1)	(11.9)	(11.4)	(11.1)	(6.2)	3.4	3.1
<b>Manufacturing</b>													
IIP: General index	19.7	12.6	2.2	(0.7)	3.3	(4.1)	7.6	5.1	5.5	5.8	1.1	-	-
IIP: Manufacturing	20.7	12.9	3.1	(0.5)	2.0	(5.8)	6.7	3.6	4.0	5.6	0.5	-	-
IIP: Capital goods	53.3	28.6	5.1	4.3	11.4	(2.9)	20.7	7.8	10.7	10.5	8.1	-	-
IIP: Infra & construction goods	18.4	9.4	4.8	3.0	8.2	1.7	14.3	11.0	9.8	8.4	5.4	-	-
IIP: Consumer goods	59.1	25.2	2.3	(4.4)	(5.5)	(18.1)	5.0	(11.2)	(8.2)	(4.1)	(8.4)	-	-
Steel	15.1	3.3	7.5	5.8	7.7	5.8	11.5	12.3	14.3	11.6	8.8	12.1	-
Cement	26.2	19.7	0.7	2.1	12.4	(4.2)	29.1	9.5	4.7	7.4	(0.6)	11.6	-
Electricity	23.5	16.5	2.3	1.4	11.6	1.2	12.7	10.4	12.7	8.2	(1.6)	(1.4)	-
PMI: Manufacturing	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7
<b>Services</b>													
Services PMI index	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2	59.4	57.8	62.0	61.2
Automobile sales	206.8	27.2	(7.8)	8.3	10.9	47.6	25.7	(5.4)	13.6	16.0	13.9	(4.0)	10.1
Passenger vehicle sales	204.3	40.2	(4.7)	6.5	9.7	40.6	21.3	8.1	21.9	11.0	14.4	(1.3)	4.3
Vehicle registration	208.5	21.6	(8.7)	7.3	7.1	47.9	18.8	(6.6)	14.0	16.5	14.4	(3.6)	9.8
Rail freight traffic	14.6	11.3	8.3	7.9	9.1	1.4	5.2	3.1	3.8	3.6	3.8	3.5	1.9
Port cargo volume	9.0	13.3	15.1	8.0	14.9	3.6	2.0	10.4	12.2	12.0	1.5	1.3	3.5
Credit growth	11.2	12.3	13.4	14.3	18.9	15.8	16.1	14.9	16.3	15.5	15.0	15.9	15.4
Deposit growth	8.6	8.6	9.2	9.5	12.5	8.9	9.8	9.2	10.5	10.1	9.6	10.2	10.9
CIC	8.6	8.0	8.1	8.1	8.2	9.0	7.9	8.2	8.6	8.2	7.8	7.7	6.7
Toll collection (in mn)	285.4	277.9	265.2	272.0	259.2	283.0	285.6	308.0	300.8	288.4	306.3	305.0	335.0
Diesel consumption	31.7	23.9	8.1	13.2	13.4	5.6	19.3	6.6	12.8	7.5	1.2	6.7	6.7
GST E-way bill (in mn)	73.6	74.5	75.6	78.2	84.0	76.9	80.7	84.1	82.4	81.8	90.9	84.4	88.2
<b>External Trade</b>													
Merchandise exports	20.8	30.1	7.9	10.9	4.7	(11.5)	9.7	(3.1)	1.6	(0.4)	(7.2)	(12.7)	-
Merchandise imports	57.4	52.9	38.2	37.2	12.6	8.0	7.4	1.5	(0.6)	(4.9)	(4.9)	(14.1)	-
Services exports	40.7	32.6	20.2	24.3	29.7	24.6	30.7	20.4	29.6	28.8	13.1	7.4	-
Services imports	52.8	45.5	22.3	27.1	28.1	15.9	21.7	5.7	7.5	10.8	6.0	(3.1)	-

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

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