

India Economics

Monthly Chartbook

November 2024

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Markets brace for Trump presidency

In the run-up to Presidential elections in the US, market volatility was heightened as it was presumed to be a close race between Trump and Harris. In the end, President elect Trump emerged as a clear winner. Elevated rates and higher inflation can be expected as he assumes power. On the domestic front, GDP data for Q2 is awaited, and we expect growth at 6.9% versus 6.7% in Q1. With festive season starting from Sep'24 and running upto Oct'24 end, high frequency indicators have shown a revival in demand. Air passenger traffic volume picked up pace and services PMI improved. Toll collections, vehicle registrations, non-oil-non-gold imports, government spending (states and centre) also regained momentum towards the end of Q2/start of Q3. Price data for Oct suggests persistent pressures. In view of this and growth indicators, we expect no change in rates by RBI in Dec'24 meeting and a cut in Feb'25.

Early signs of improvement: Bouyed by festive demand, there has been some recovery in consumption. This is supported by improvement in high frequency indicators such as digital payments, auto sales and non-oil-non-gold imports. Pick up in both manufacturing and services PMI is positive. RBI's consumer confidence in Sep'24 has remained steady. However, moderation in credit growth across sectors has to be monitored. On rural front, two wheeler and tractor sales have also rebounded. According to 1st advance estimates, kharif foodgrain production is estimated at a record high in 2024-25.

Central government finances: Centre's fiscal deficit eased to 4.5% as of Sep'24 (12MMA basis) from 4.7% in Aug'24, as revenue growth held ground and spending remained weak. In H1FY25 (FYTD basis), total expenditure was lower by (-) 0.4% compared with 16.2% increase registered in H1FY24. This

was due to steeper decline in capex (-15.4% versus 43.1%). Revenue spending also noted some moderation (4.2% versus 10%). In contrast, on the income side, Centre's net revenue growth held ground as it rose by 16.1% versus 19.5% last year, supported by indirect tax collections (10% versus 6.6%) and non-tax receipts (50.9% versus 50.2%). Direct tax collections eased slightly. We expect pickup in spending in H2 to meet budgeted targets.

Yields to witness upside pressure: India's 10Y yield has risen in Oct in line with major global yields. During the same period US 10Y yield has jumped by 50bps in the run up to the elections. However, post Republican Party's win some correction was witnessed as frontloading happened earlier. Going forward, however, some sell-off in US 10Y might be witnessed as some policies of the new Government may prefer exceptionalism approach. This in turn might be inflationary and might push Fed in taking a nimble approach on rates. Thus impact will be felt in yields of major EMs like India to maintain yield differential with the US to attract foreign flows. On domestic liquidity, some pressure might be witnessed on account of a weaker currency.

INR at lifetime-low: INR depreciated by 0.3% in Oct'24, as foreign investors reversed course. The dollar also strengthened amid expectations of lower magnitude of Fed rate cuts. In Nov'24, INR fell further and is trading near a record low of 84.38/\$. FPI outflows have continued even this month. Dollar has also continued its upward climb after the US elections and a shallow rate cut by the Fed. We believe that given the unfavourable external climate, pressure on INR is likely to remain. RBI is likely to intervene to curb excess volatility. We foresee a range of 84-84.5/\$.

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

High frequency indicators

Fig 1 – Power demand inched up in Oct'24

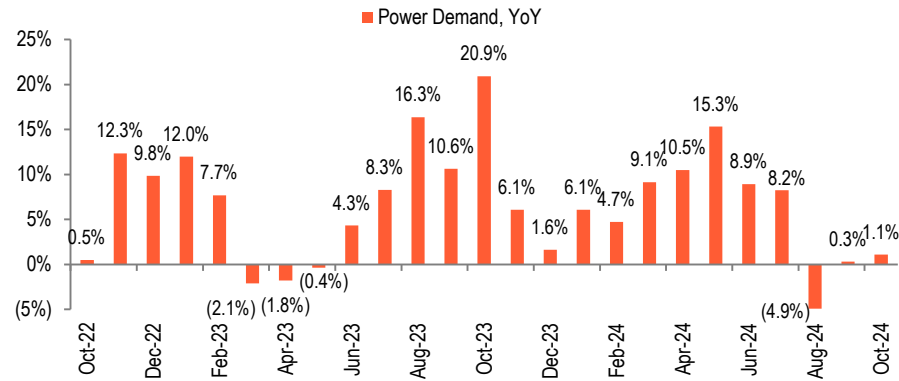
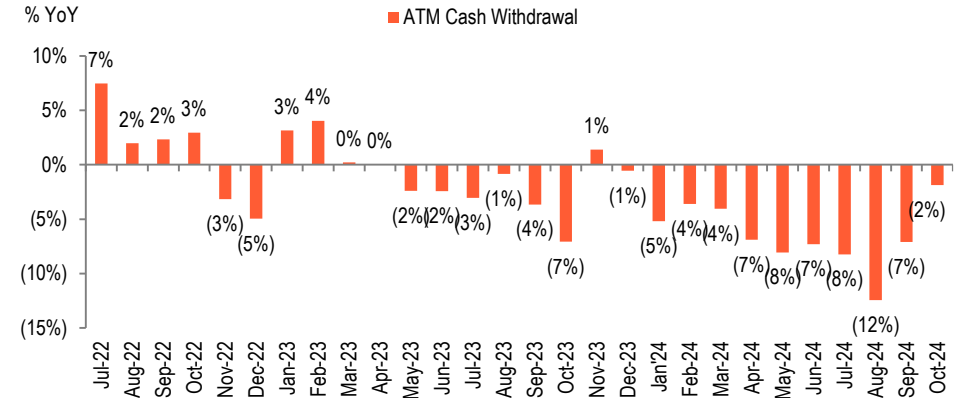
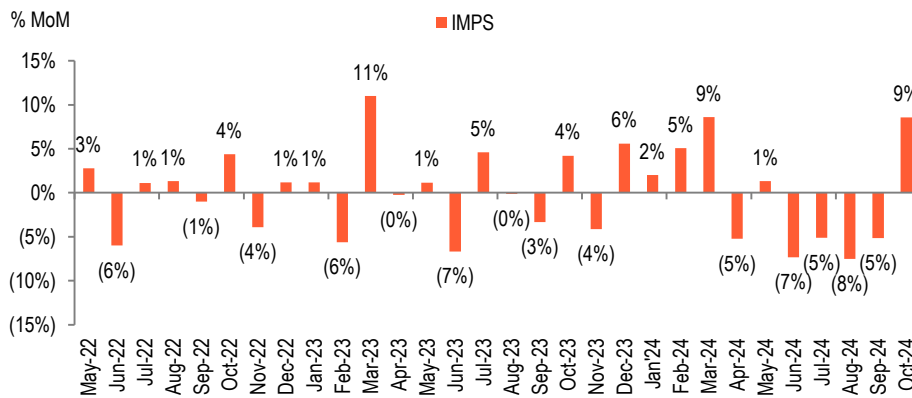


Fig 2 – Cash withdrawals decline at a slower pace



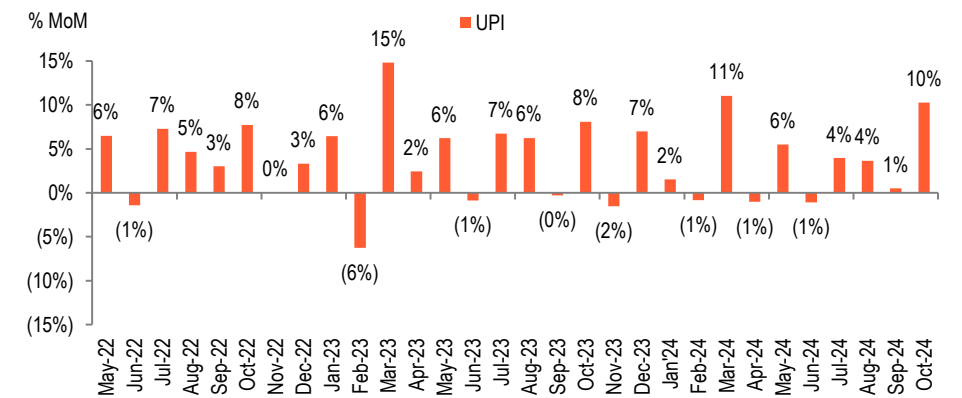
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

Fig 3 – Volume of IMPS transactions surge sharply



Source: RBI

Fig 4 – Rebound in UPI payments



Source: RBI

Fig 5 – Growth in fertilizer sales improves marginally

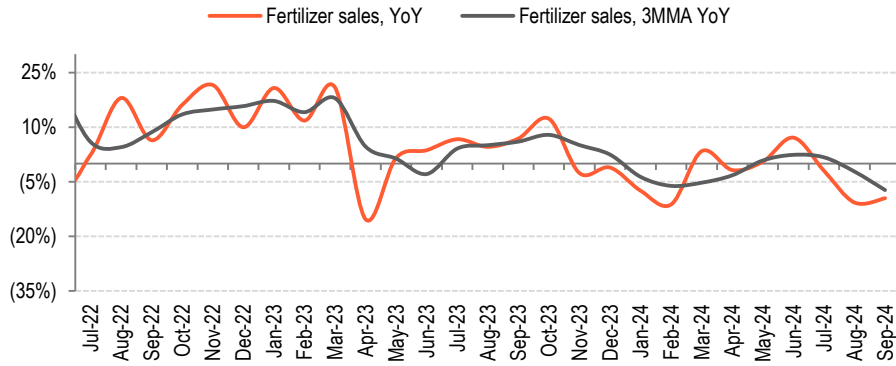
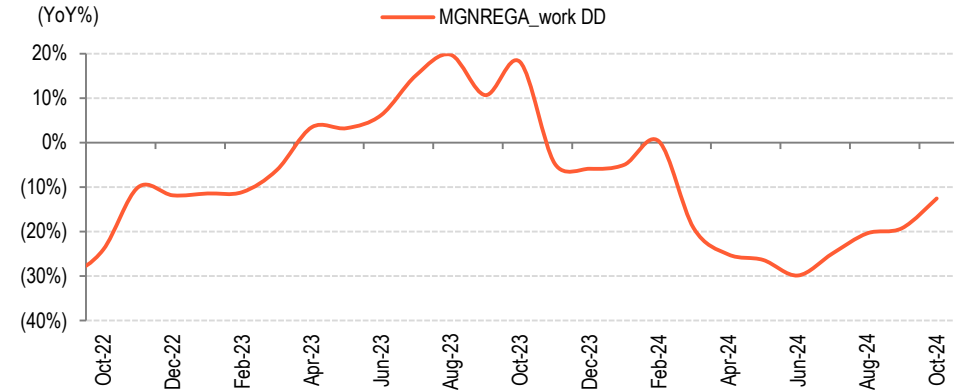


Fig 6 – Demand for work (MGNREGA-household) slowly inching up



Final consumption expenditure

Fig 7 – Private consumption accelerates to 7.4% in Q1FY25

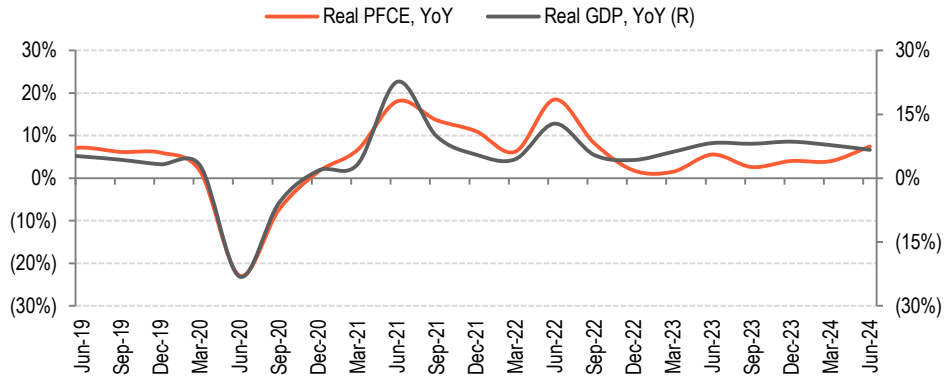


Fig 8 – Government consumption growth declines in Q1

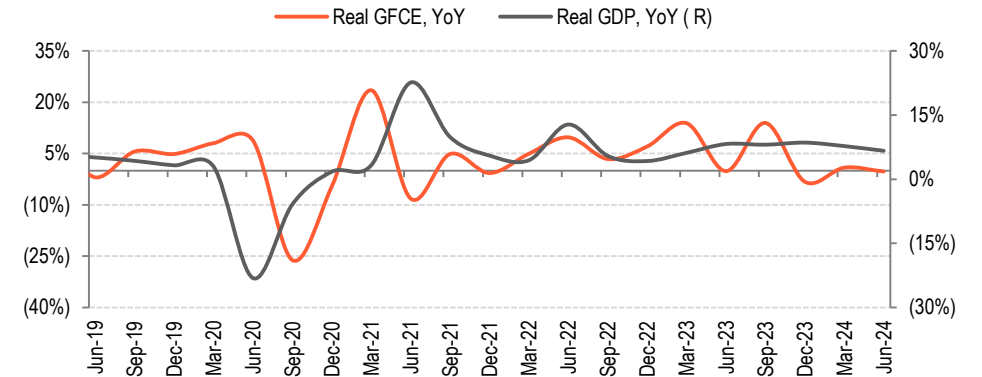


Fig 9 – Improved General govt. revenue spending, led by central government

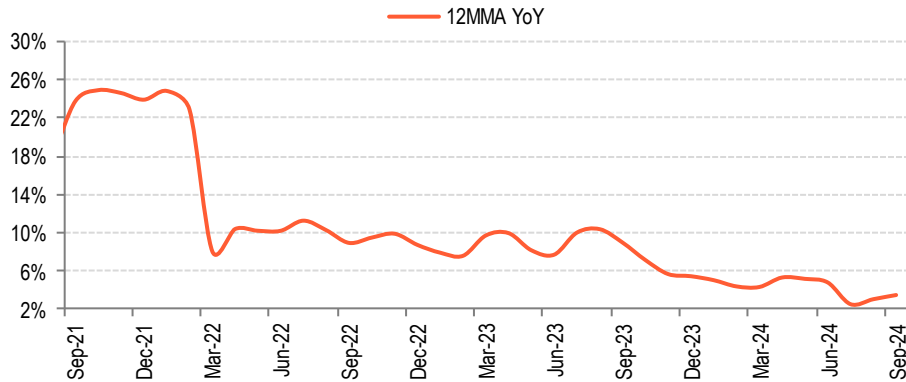
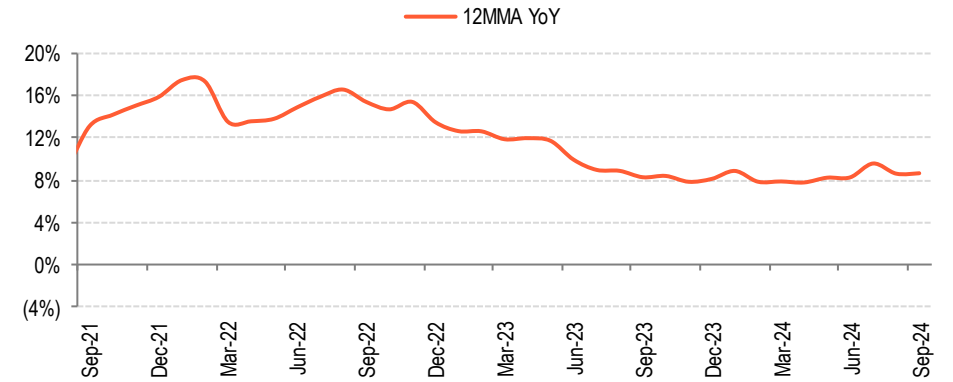


Fig 10 – State* govt. revenue spending steady



Note: *All states excluding North Eastern states (ex Assam), Goa, J&K, Jharkhand and Odisha

Non-oil imports, electronic imports

Fig 11 – Non-oil-non-gold imports improve

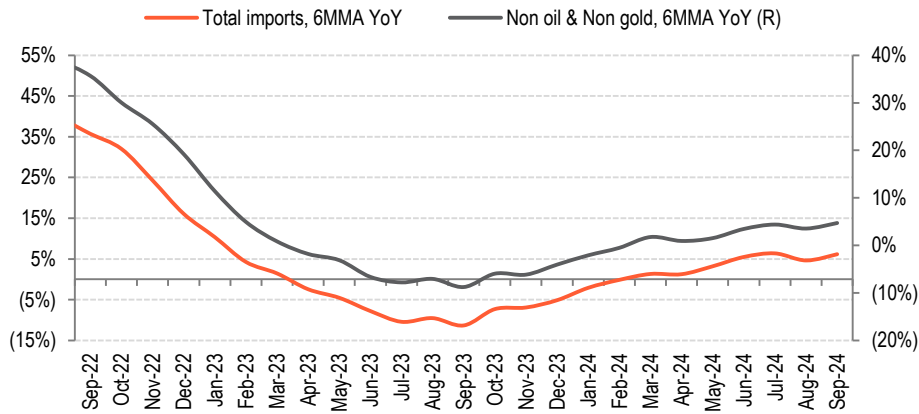


Fig 12 – Electronic imports slip in Sep'24

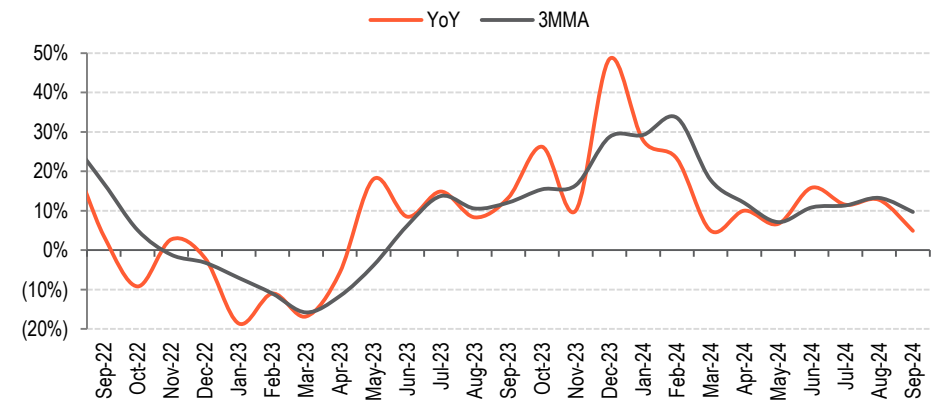
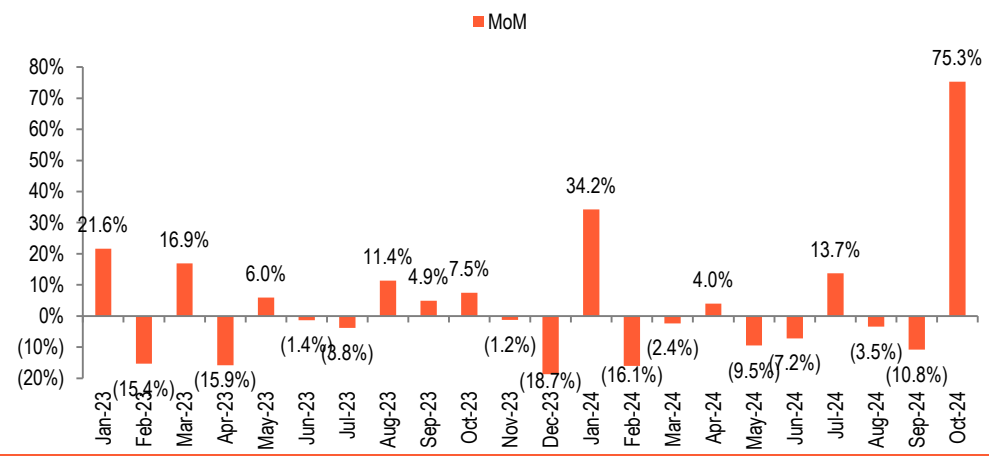
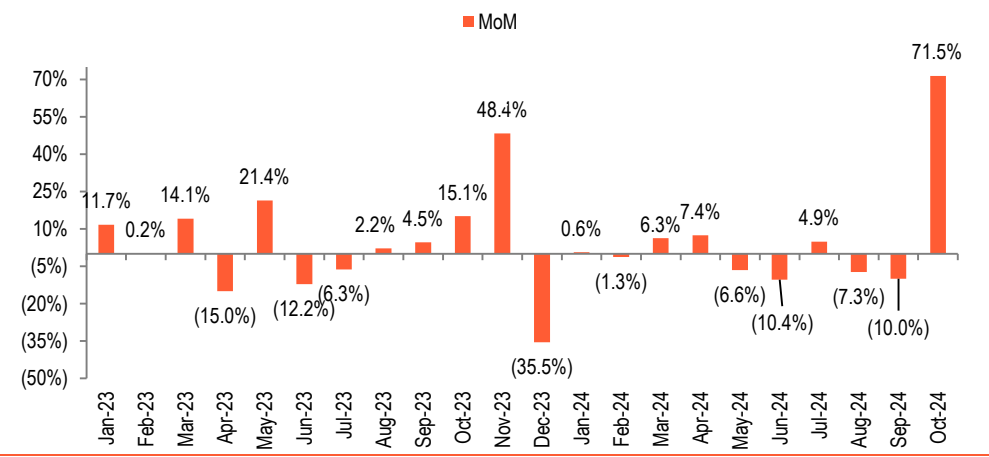


Fig 13 – Retail passenger vehicle witness bumper sales in Oct'24



Source: FADA

Fig 14 – Two-wheeler sales too surged in Oct'24



Credit deployment of personal loans

Fig 15 – Slowdown in personal loans growth

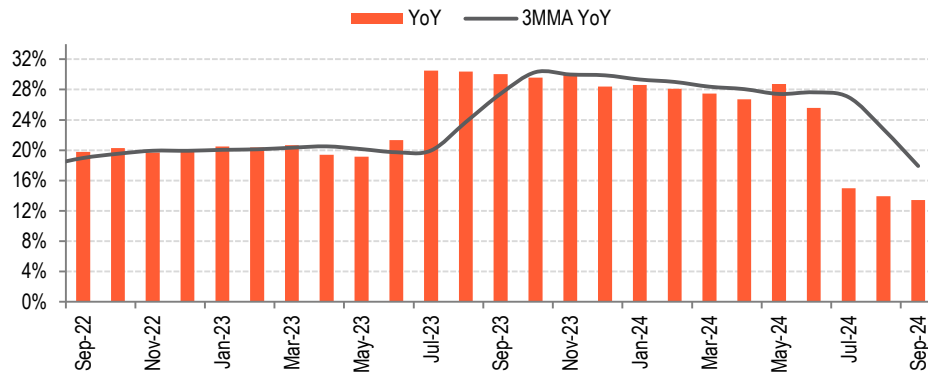


Fig 16 – Similar movement in growth of credit card outstanding

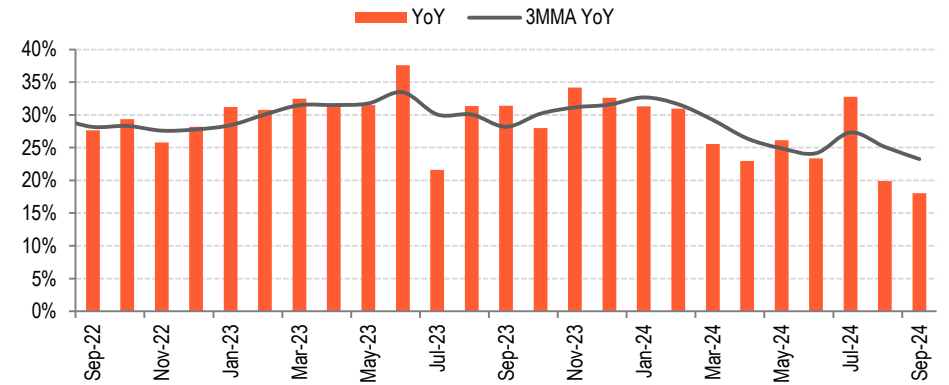


Fig 17 – Moderation in vehicle loans

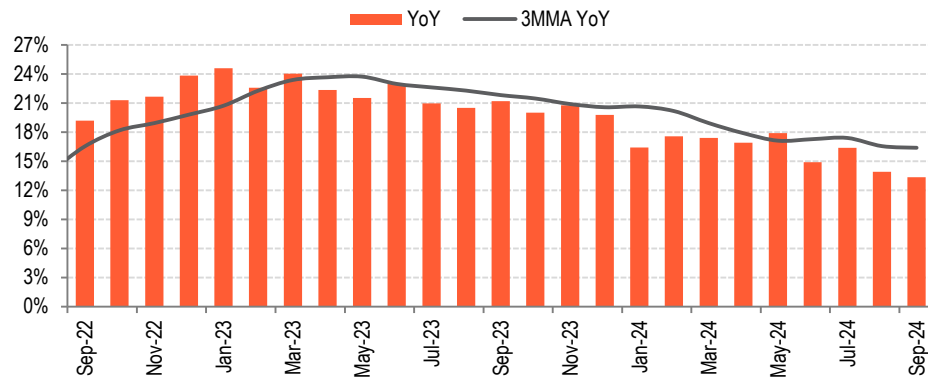


Fig 18 – Consumer's confidence steady

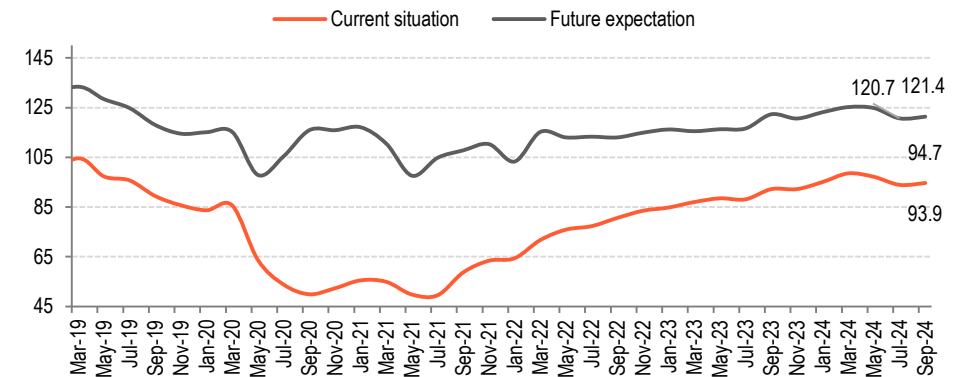


Fig 19 – Higher spending on essential items as per RBI’s survey

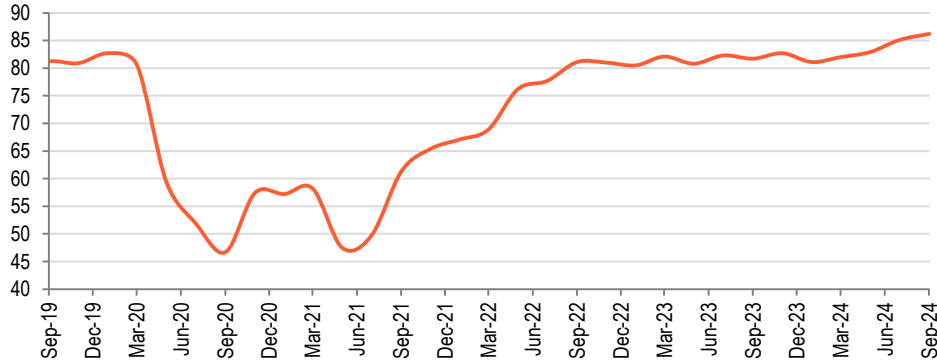
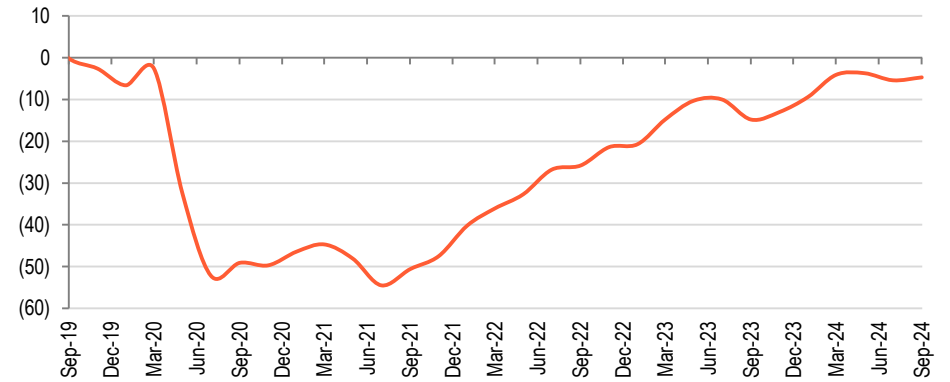


Fig 20 – Lower spending on non-essential items



Consumer durables & non-durables production

Fig 21 – Consumer durables output moderates

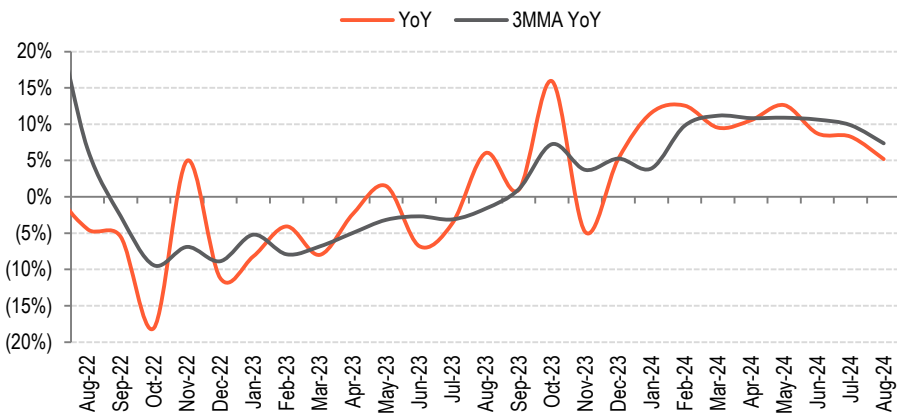
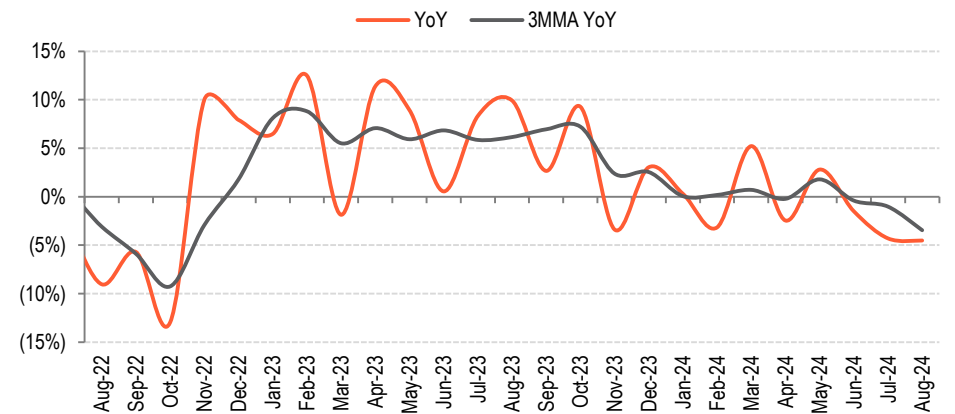


Fig 22 – FMCG output contracts further



Agriculture

Fig 23 – Agriculture GVA improves in Q1

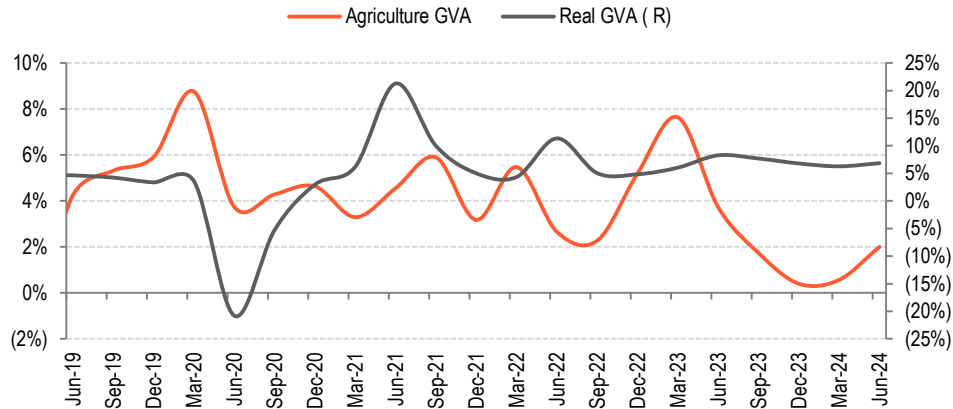
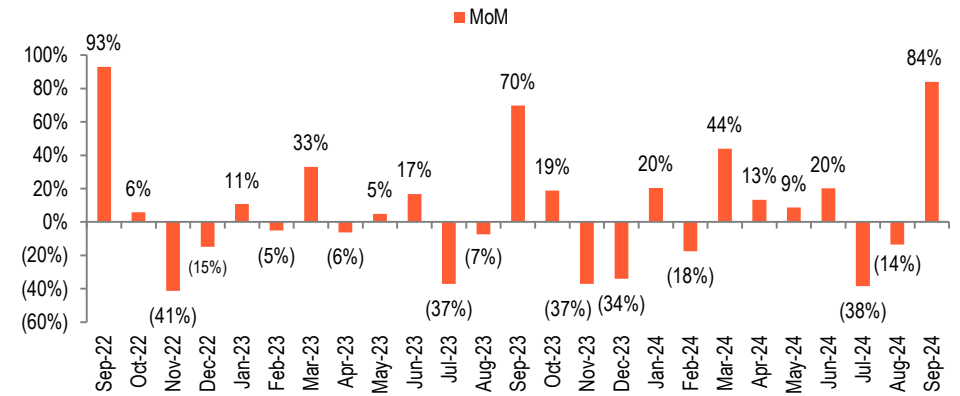


Fig 24 – Rebound in tractor sales



Note: Tractor sales including exports

Fig 25 – Growth in agriculture credit slows

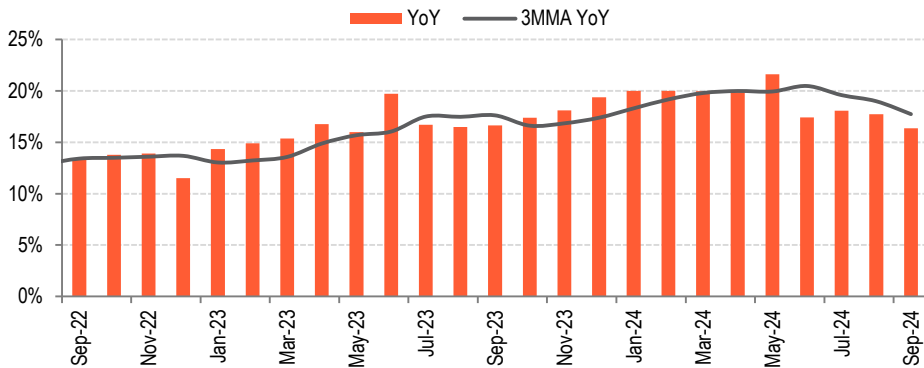
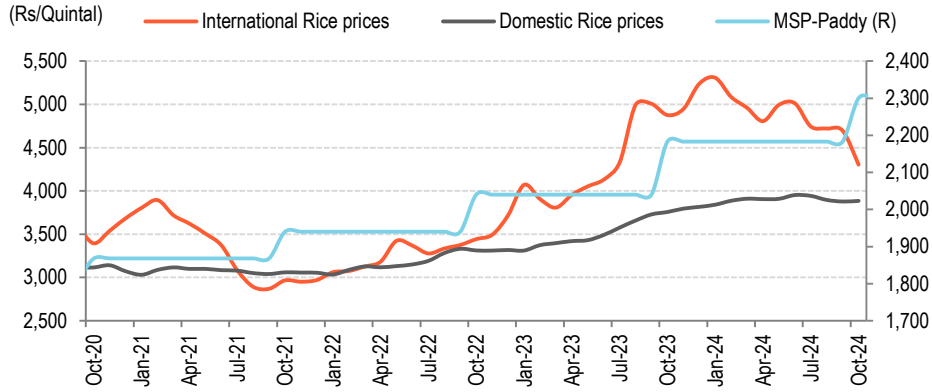


Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
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	18.79	54.32
2023-24	26.20	52.53
2024-25	26.61*	

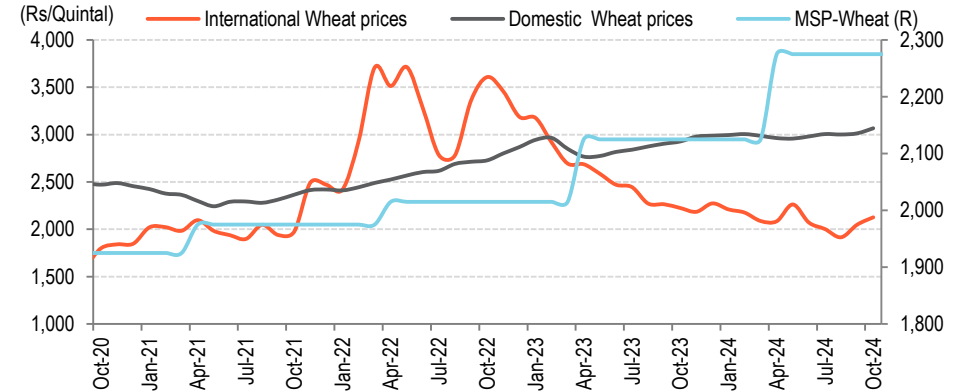
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Aug 2024

Fig 27 – International rice prices moderate; domestic prices inch up



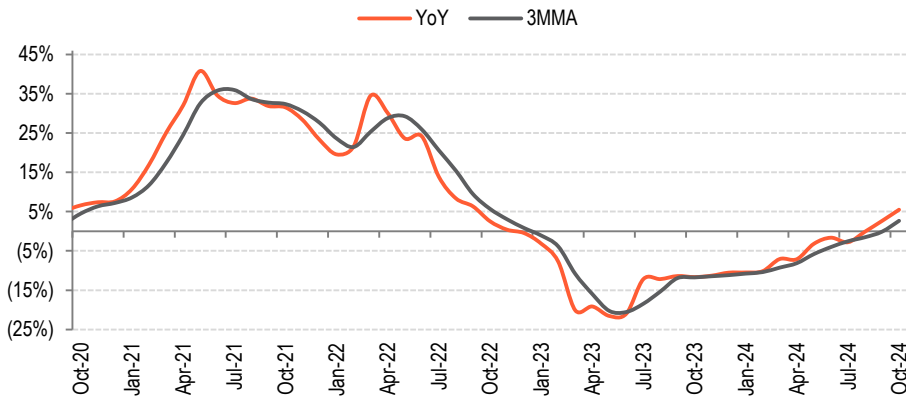
Source: World Bank

Fig 28 – Higher wheat prices noted in both domestic and international market



Source: World Bank

Fig 29 – Global food prices higher across the board



Source: FAO

Fig 30 – Wage growth (men) rises in Aug'24

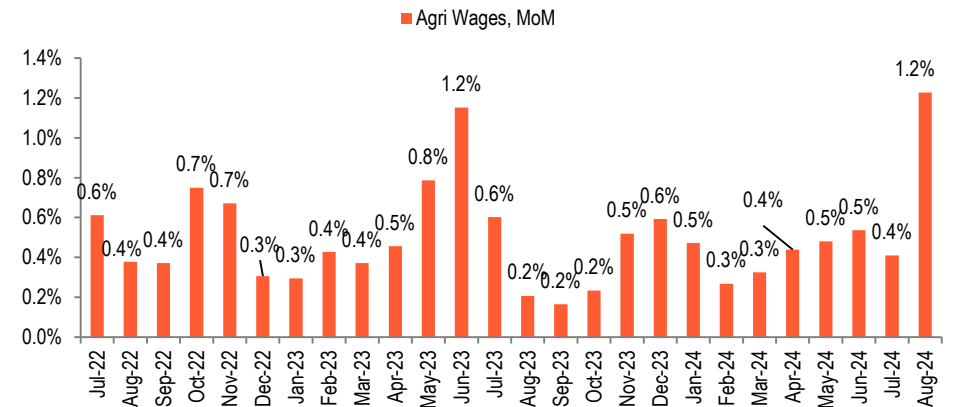


Fig 31 – Growth in Foodgrain production (Kharif)

Crop Type (YoY%)	2023-24	2024-25
Rice	2.5	5.9
Pulses	(8.5)	(0.3)
Coarse Cereals	(5.4)	6.4
Cereals	0.5	6.0
Foodgrain	-	5.7
Sugarcane	(7.6)	(2.9)
Oilseeds	(7.6)	6.6
Cotton	(3.4)	(8.0)

Note: For 2024-25 based on 1st Advance Estimates

Inflation

Fig 32 – Headline CPI firmed up to its highest since Dec’23 to 5.5% in Sep’24 from 3.7% in Aug’24

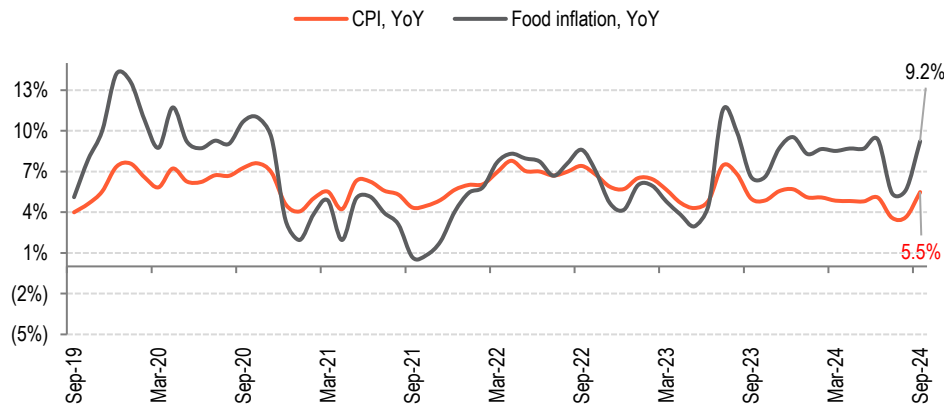


Fig 33 – Food inflation firmed up to 9.2% from 5.7%, led by vegetables, fruits, etc. among others

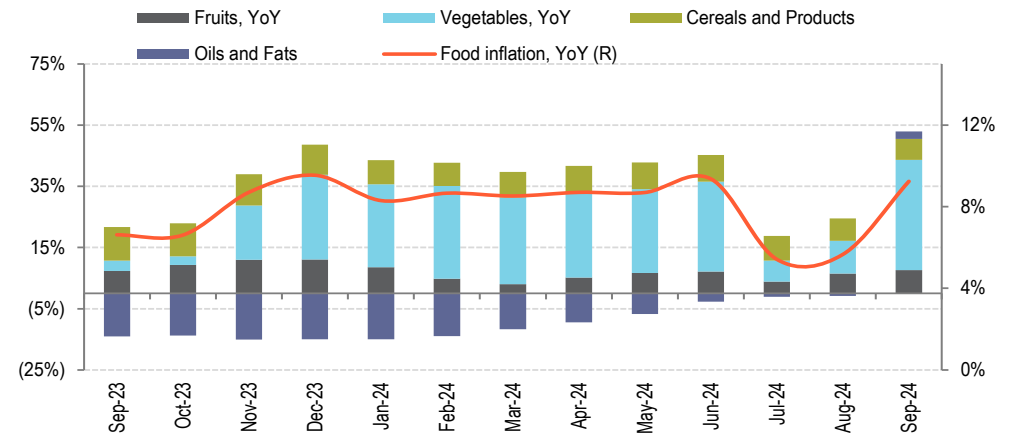


Fig 34 – Some correction in core inflation and its components is also visible

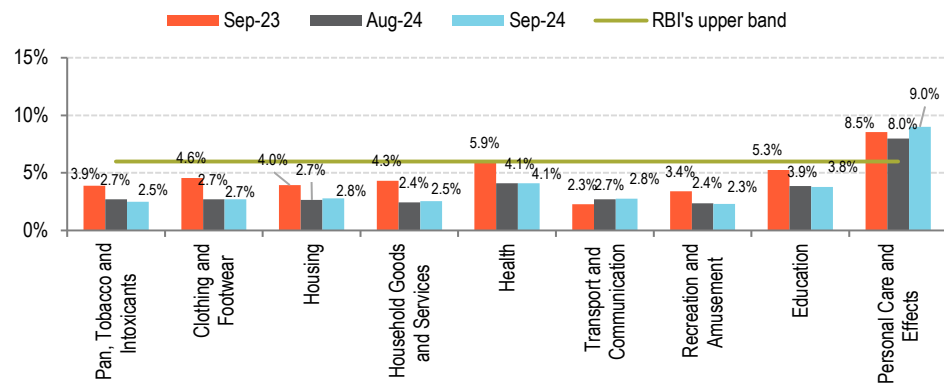
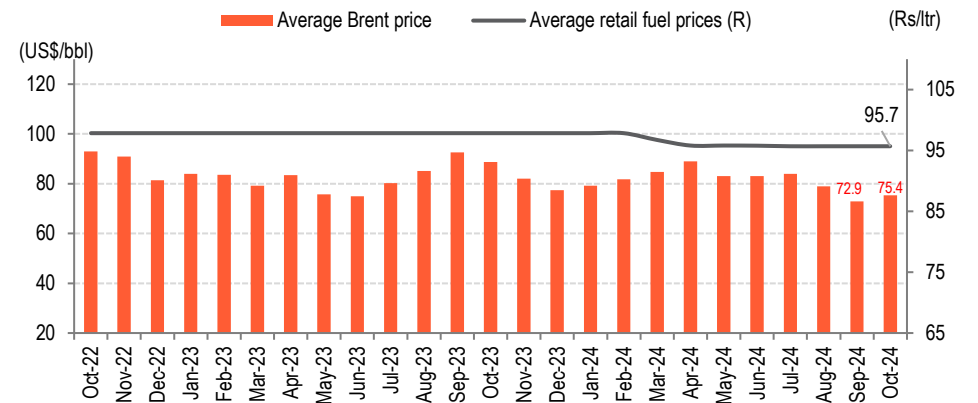


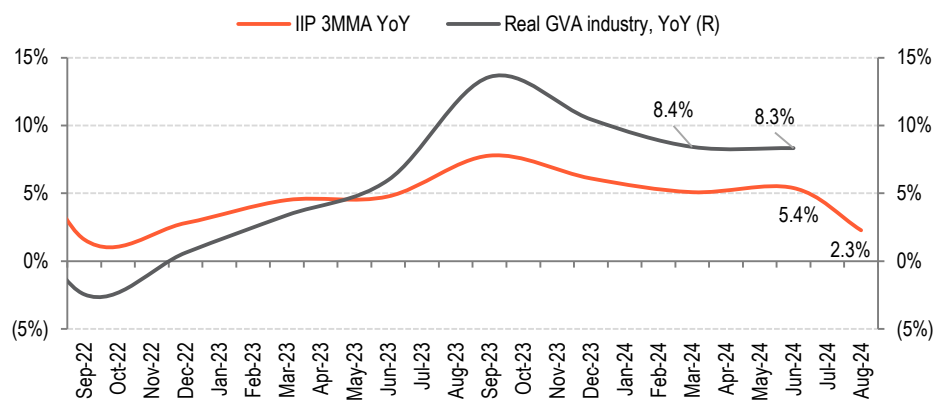
Fig 35 – Domestic retail price was stable at Rs 95.7/lt in Oct’24, average crude price inched up to US\$ 75.4/bbl in Oct’24 from US\$ 72.9/bbl in Sep’24



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

Industry

Fig 36 – IIP growth likely to be lower in Q2



Note: IIP for Aug'24 data based on average of Jul-Aug on YoY basis

Fig 37 – Sectorwise growth higher in FYTD25; except for Mining and Manufacturing

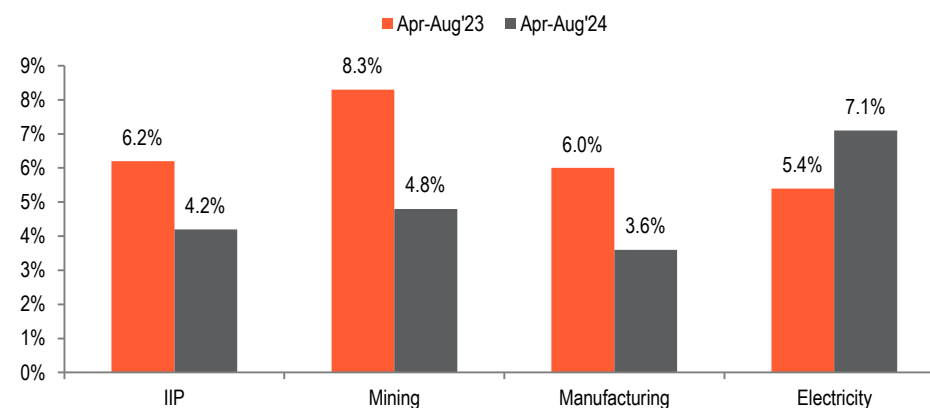
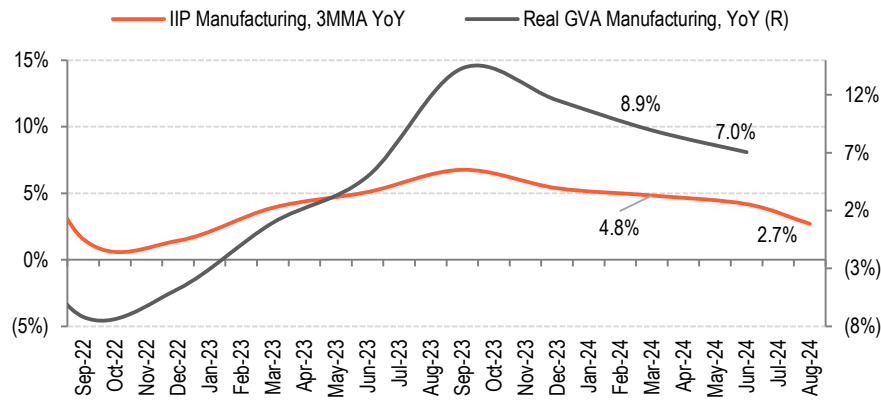


Fig 38 – IIP growth contracts in Aug'24

Sectoral (%)	Weight	Jul-24	Aug-24	Aug-23	Apr-Aug'23	Apr-Aug'24
IIP	100.0	4.7	(0.1)	10.9	6.2	4.2
Mining	14.4	3.8	(4.3)	12.3	8.3	4.8
Manufacturing	77.6	4.4	1.0	10.0	6.0	3.6
Electricity	8.0	7.9	(3.7)	15.3	5.4	7.1
Use-Based						
Primary Goods	34.1	5.9	(2.6)	12.4	6.1	4.8
Capital Goods	8.2	11.8	0.7	13.1	6.7	4.3
Intermediate Goods	17.2	6.4	3.0	7.4	4.2	3.9
Infrastructure and Construction Goods	12.3	4.6	1.9	15.7	13.6	5.9
Consumer Durables Goods	12.8	8.3	5.2	6.0	(1.2)	9.0
Consumer Non-Durables Goods	15.3	(4.3)	(4.5)	9.9	7.7	(2.0)

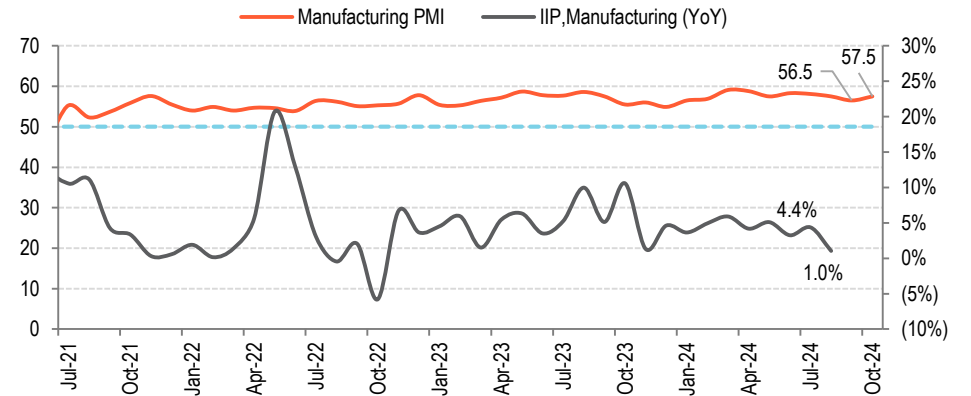
Manufacturing

Fig 39 – Manufacturing growth to be lower



Note: Aug'24 data is average of Jul-Aug'24 on YoY basis

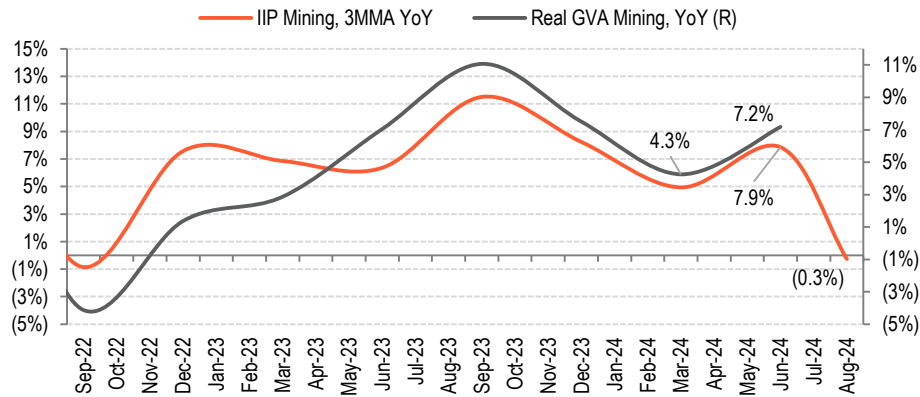
Fig 40 – Manufacturing PMI rebounds in Oct'24



Source: Markit

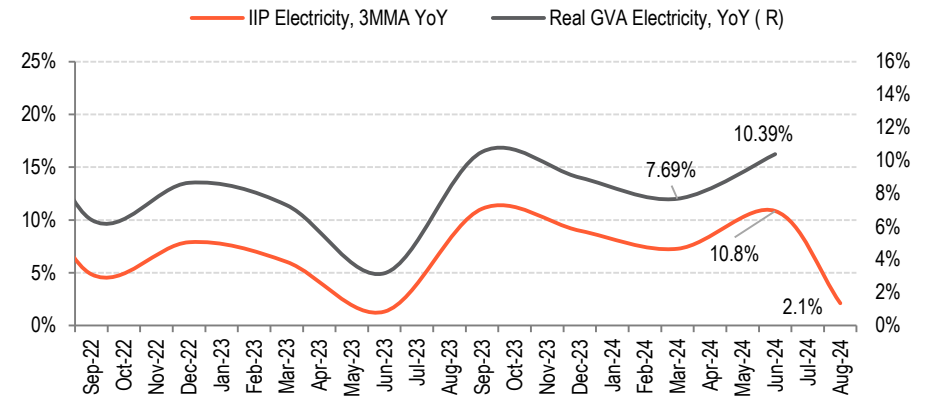
Mining & Electricity

Fig 41 – Mining activity to be lower in Q2



Note: Aug'24 data is average of Jul-Aug'24 on YoY basis

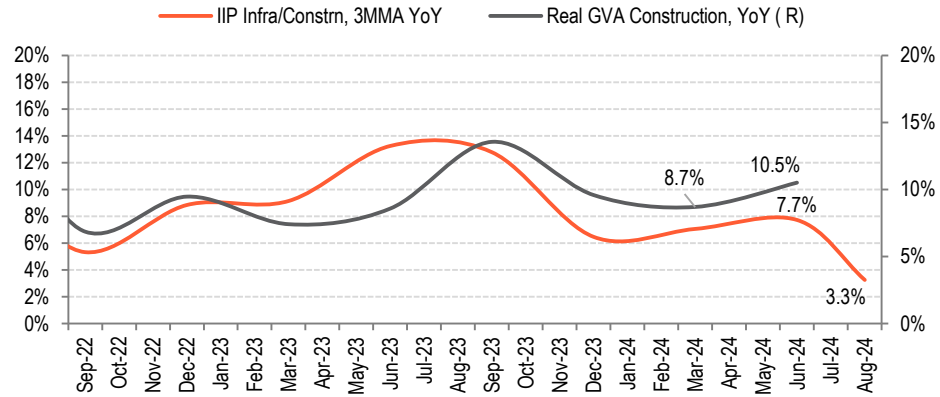
Fig 42 – Lower electricity growth expected in Q2



Note: Aug'24 data is average of Jul-Aug'24 on YoY basis

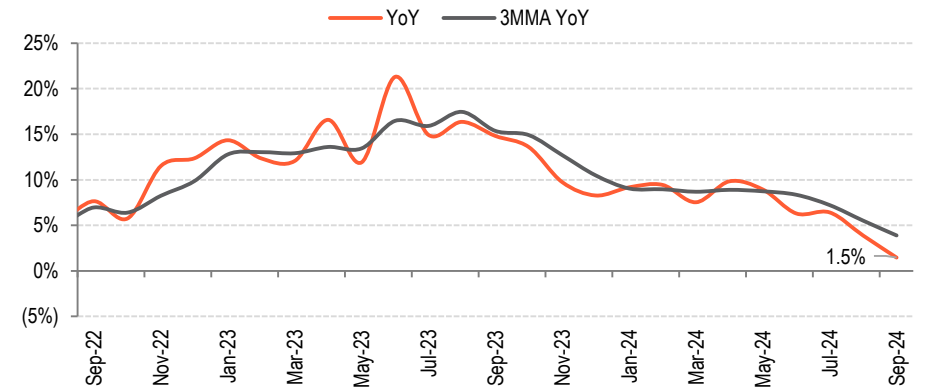
Infrastructure and construction

Fig 43 – Slower construction growth in Q2 expected



Note: Aug'24 data is average of Jul-Aug'24 on YoY basis

Fig 44 – Slower growth in steel output



Infrastructure index

Fig 45 – Core sector output rebounds

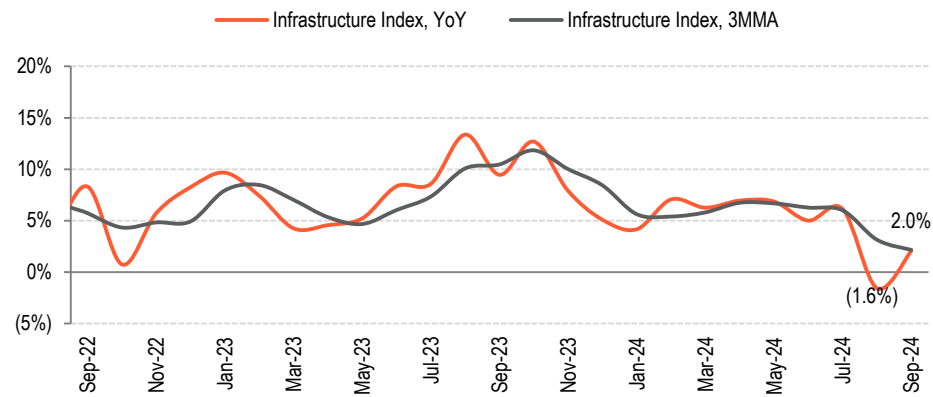
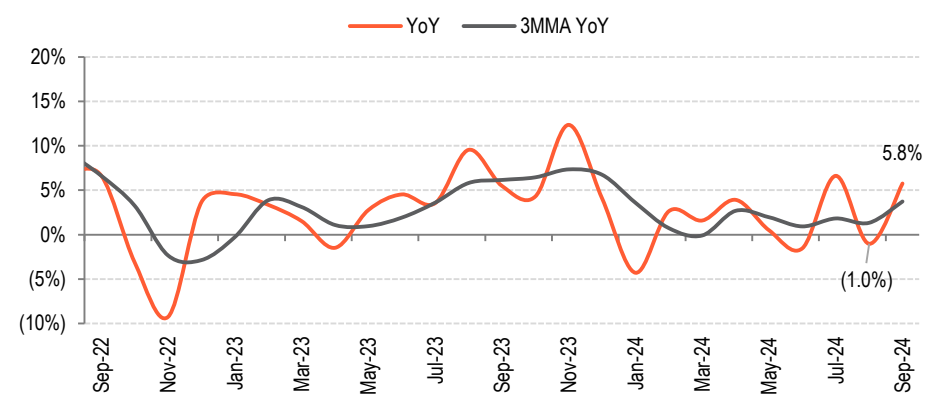


Fig 46 – Output of refinery products makes a strong comeback



Auto production & business expectation index

Fig 47 – Auto production climbs up in Sep'24

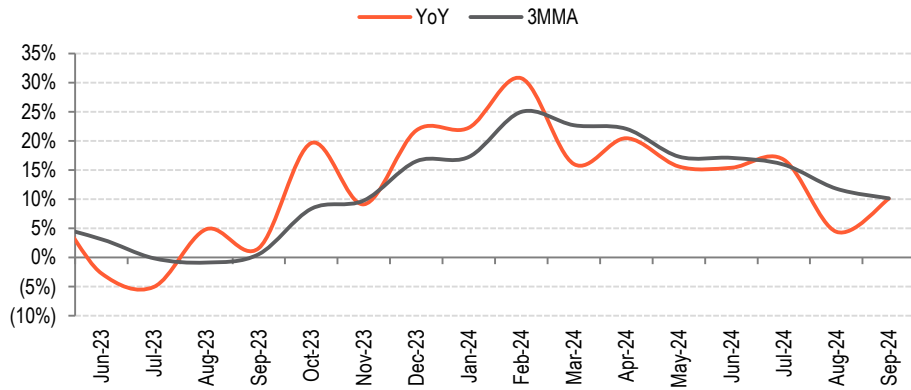


Fig 48 – Business sentiments remain optimistic for Q2 but tad lower than Q1

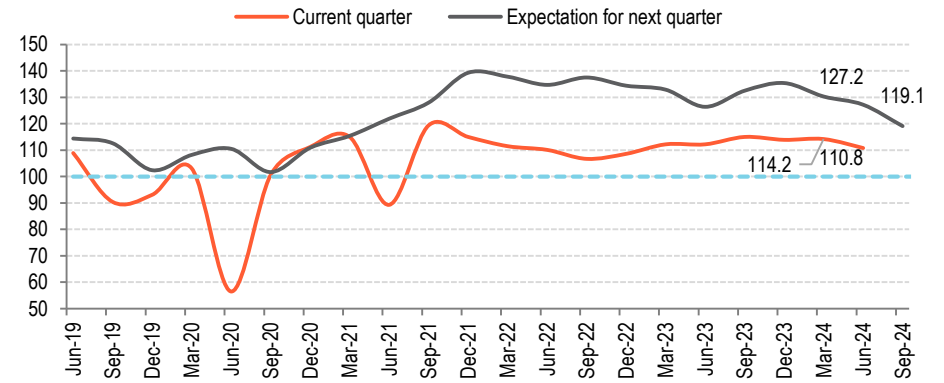
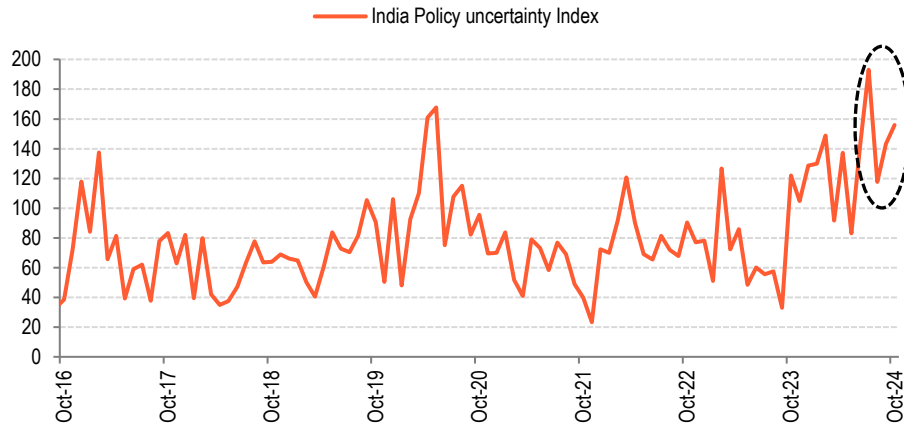


Fig 49 – Infrastructure index improves

(%)	Weight	Sep-24	Aug-24	Sep-23	Apr-Sep'23	Apr-Sep'24
Infrastructure Index	100	2.0	(1.6)	9.5	8.2	4.2
Coal	10.3	2.6	(8.1)	16.0	12.2	5.9
Crude Oil	9.0	(3.9)	(3.4)	(0.4)	(0.4)	(2.1)
Natural Gas	6.9	(1.3)	(3.6)	6.5	4.3	2.0
Petroleum Refinery Products	28.0	5.8	(1.0)	5.5	4.0	2.3
Fertilizers	2.6	1.9	3.2	4.2	7.0	1.7
Steel	17.9	1.5	3.9	14.8	15.9	6.1
Cement	5.4	7.1	(3.0)	4.7	11.6	1.6
Electricity	19.9	(0.5)	(3.7)	9.9	6.1	5.9

Investment

Fig 50 – Policy uncertainty index in India inched up in Oct’24



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

Fig 52 – Capital goods production moderated by 0.7% in Aug’24 from 11.8% in Jul’24

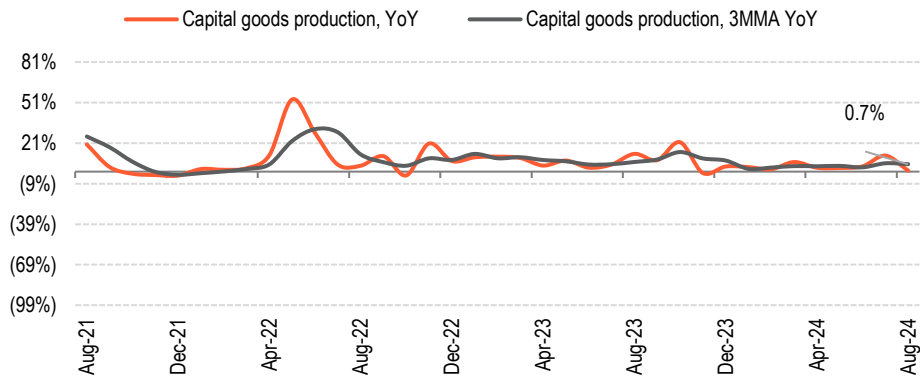


Fig 51 – CU data showed some moderation

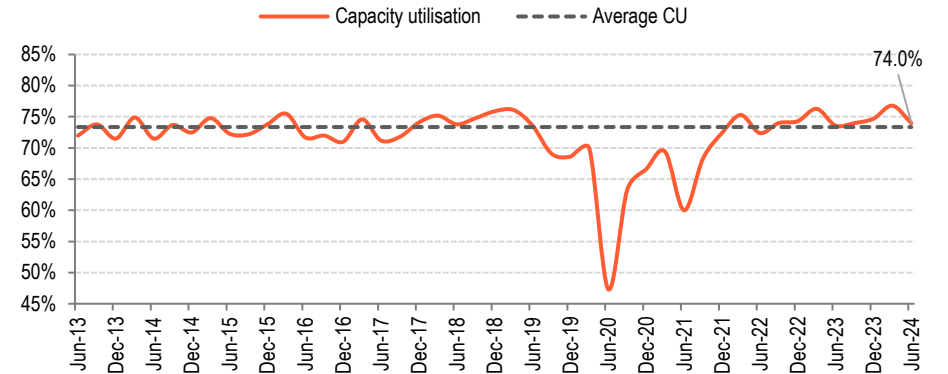


Fig 53 – Capital goods imports have risen at a sharper pace by 12.5% in Sep’24 from 8.4% in Aug’24 supported by a favourable base

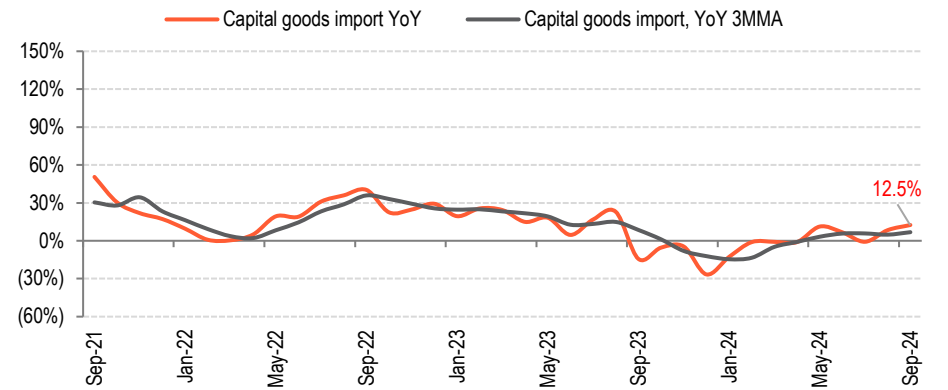


Fig 54 – Centre’s capex spending has fallen by 1.6% in Sep’24 from 1.7% increase seen in Aug’24

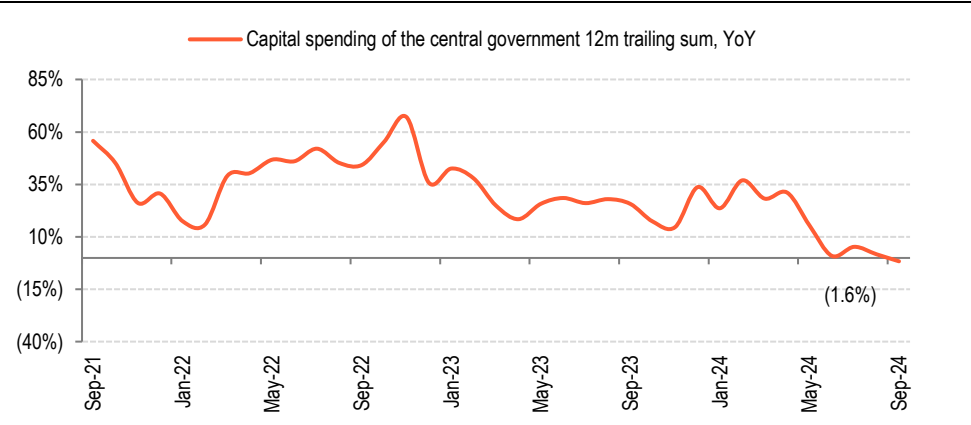


Fig 55 – Credit to micro and small industry was stable at 13.4% in Sep’24, for medium industry, it inched up to 20.5% from 19.2%

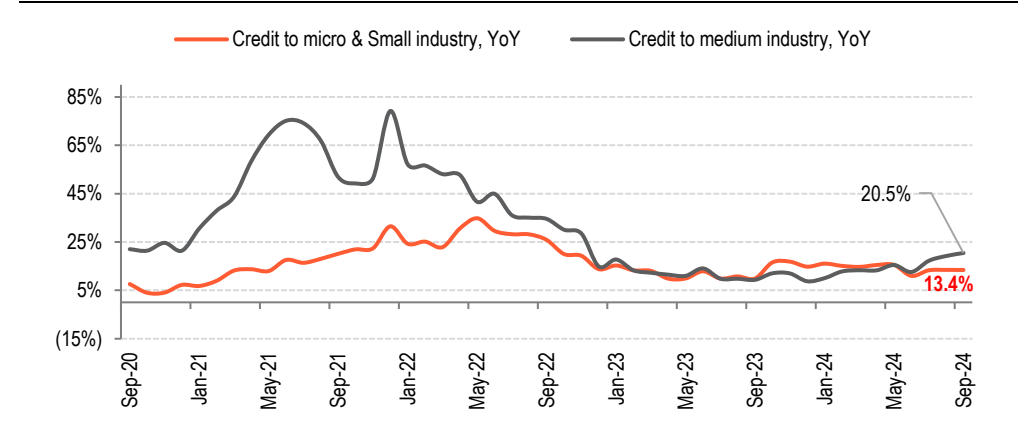


Fig 56 – Credit to housing moderated to 12.6% in Sep’24 from 13.1% in Aug’24

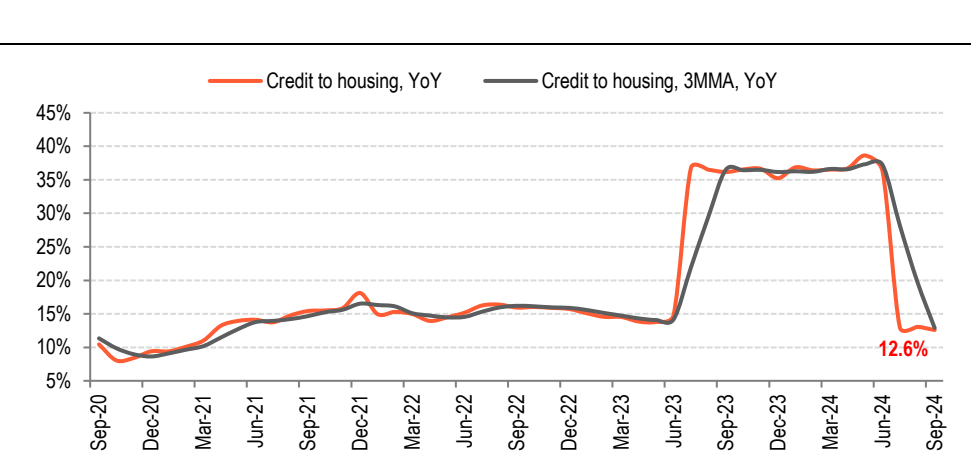
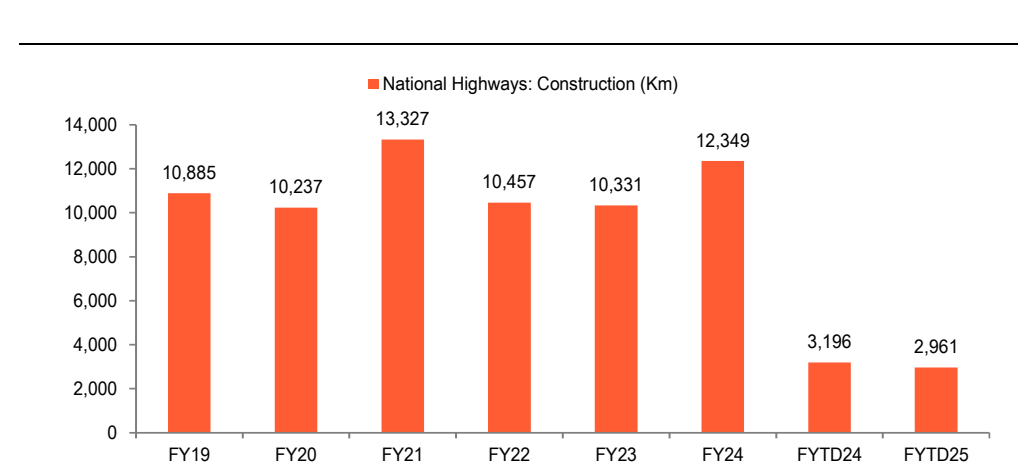


Fig 57 – Highway construction



FYTD: Till Aug

Services sector

Fig 58 – GVA: Services sector growth noted revival in Q1FY25 versus Q4FY24

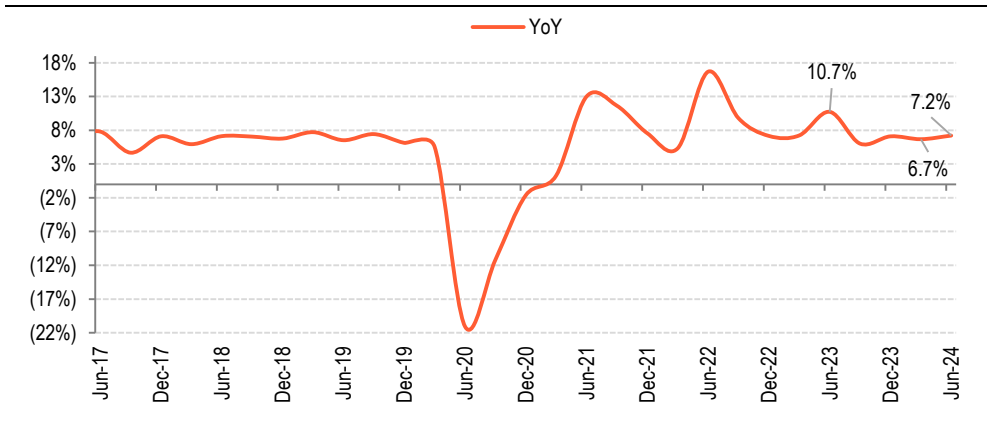
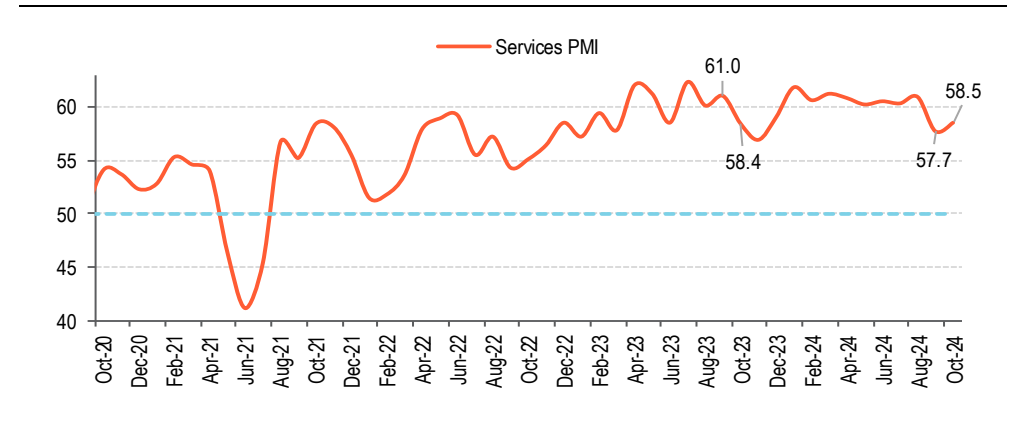


Fig 59 – Services PMI shows activity rebounded in Oct'24, supported by festive demand



Source: Markit

Fig 60 – GVA: Trade & related services activity maintained pace in Q1 versus Q4

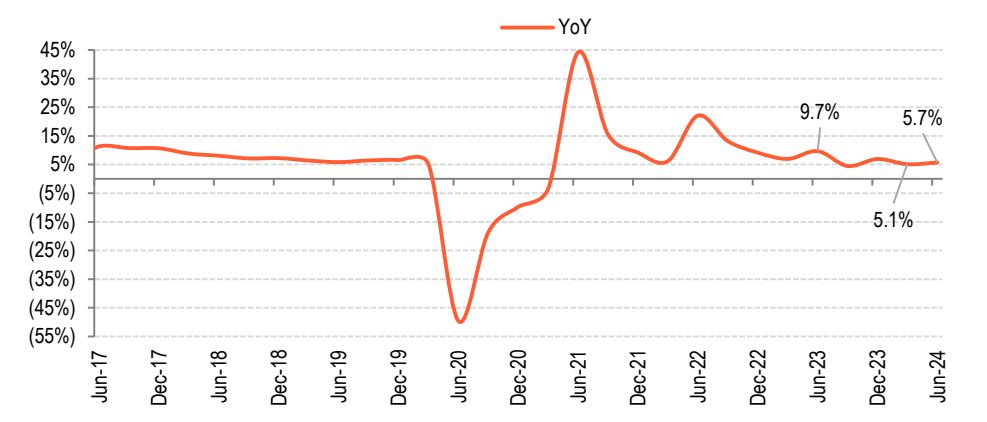
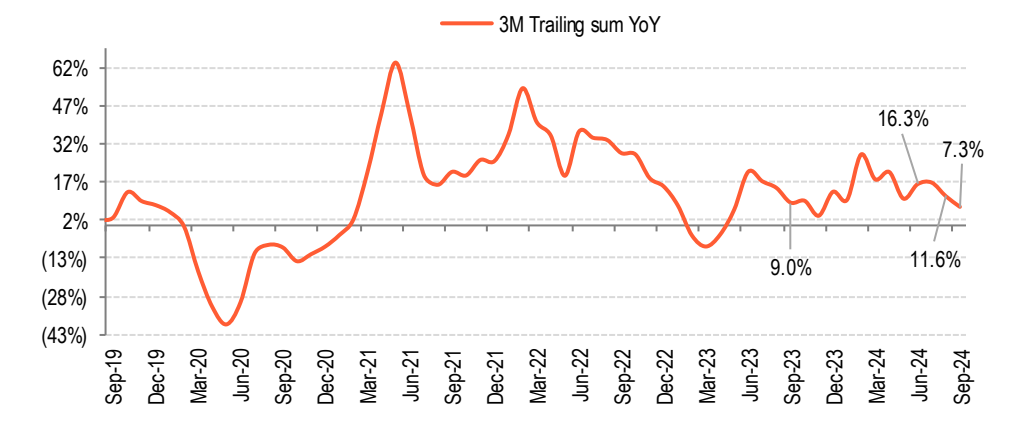


Fig 61 – States' tax revenue growth slowed in Q2FY25 versus Q1 and even Q2FY24



Note: *All states excluding North Eastern states (ex Assam), Goa, Gujarat, J&K, Jharkhand and Odisha

Trade

Fig 62 – Vehicle registration growth bounced back in Oct'24

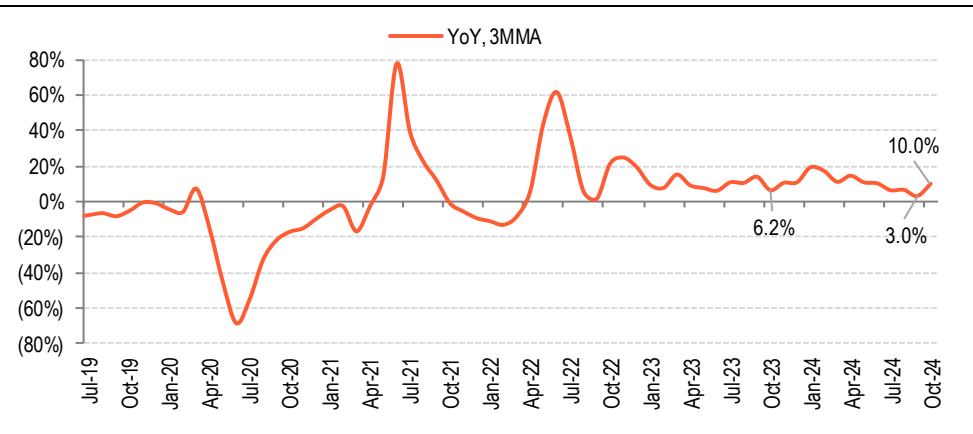


Fig 63 – Diesel consumption growth fell in Oct'24, due to base effect and fewer working days during the festive season

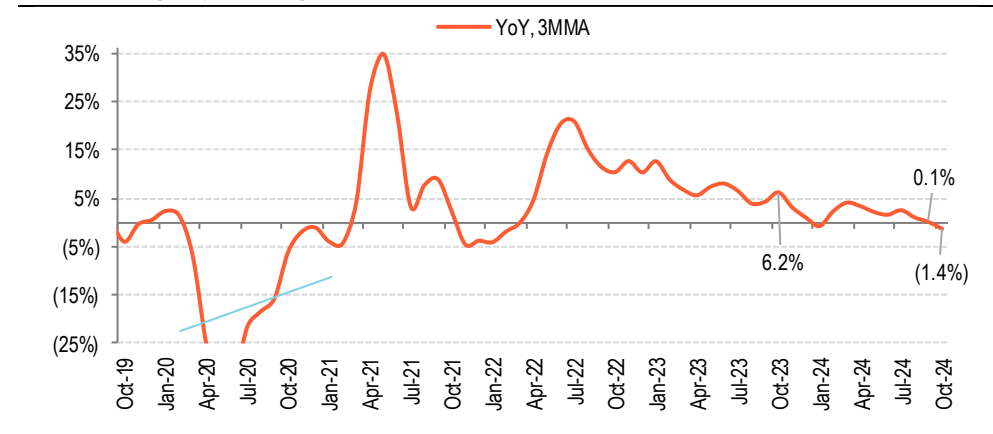


Fig 64 – Railway freight traffic growth registered moderation in Aug'24

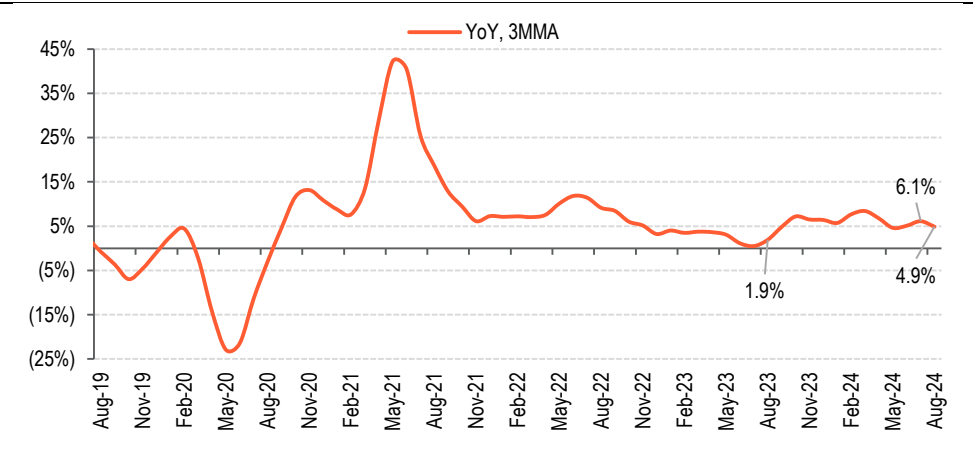


Fig 65 – Port cargo traffic growth in Q2FY25 was higher Q1 and even Q2FY24

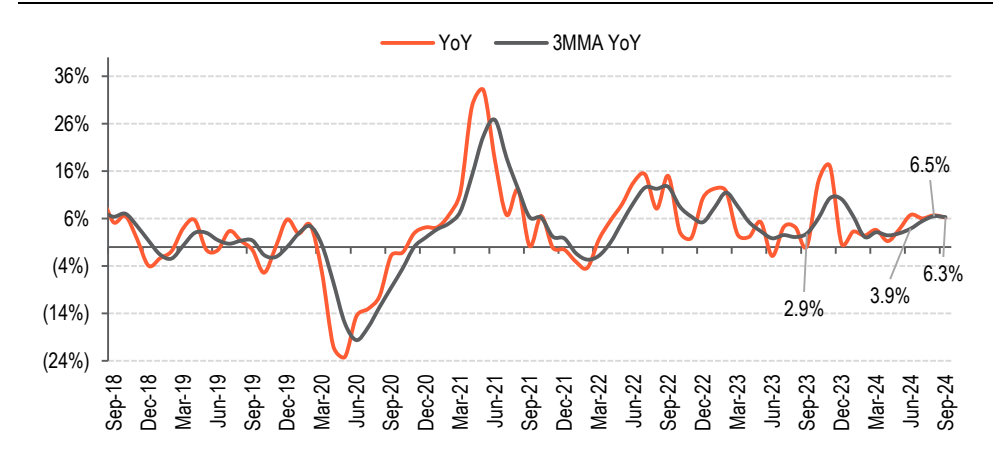


Fig 66 – Toll collection growth in value terms improved at the start of Q3 versus Q2

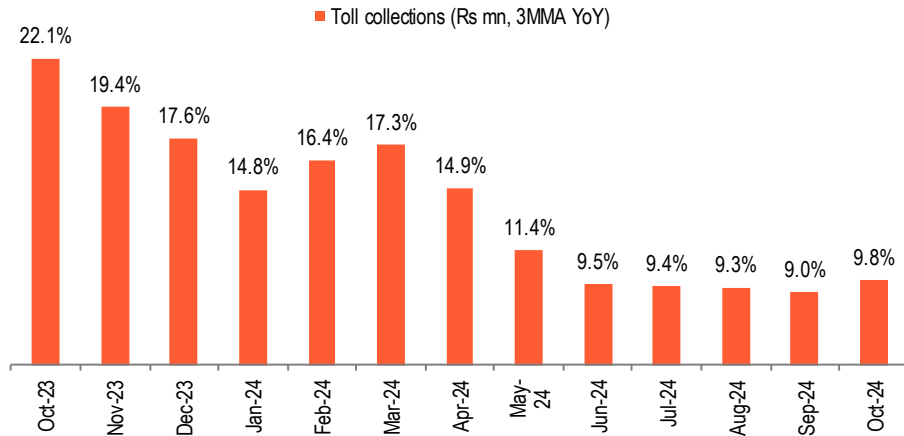
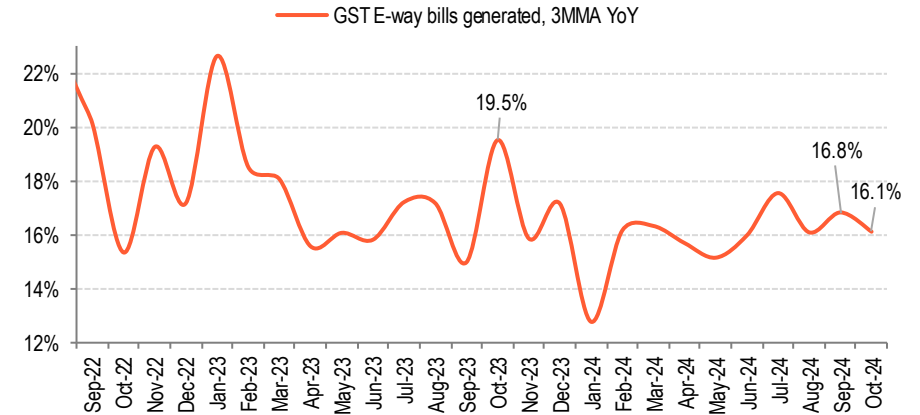


Fig 67 – Growth in E-way bills broadly holding ground, despite a high base



Hotels and communications

Fig 68 – Airline passenger traffic jumped in Oct'24; was higher than last year also

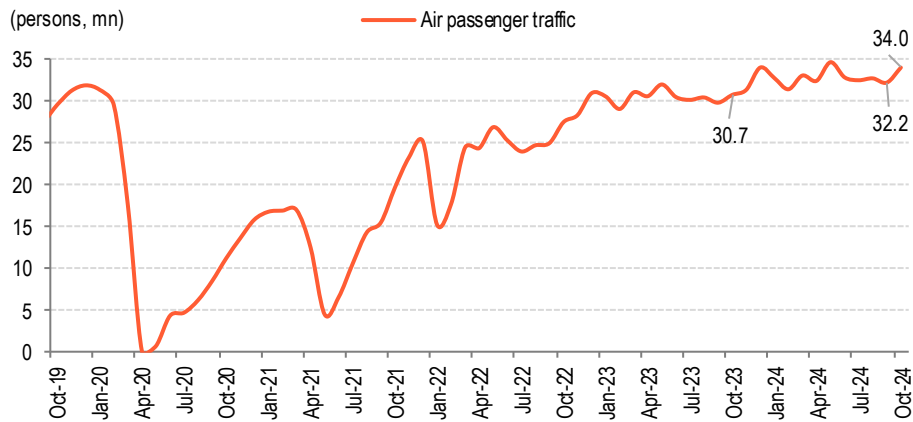


Fig 69 – Domestic passenger traffic drives the trend in headline numbers

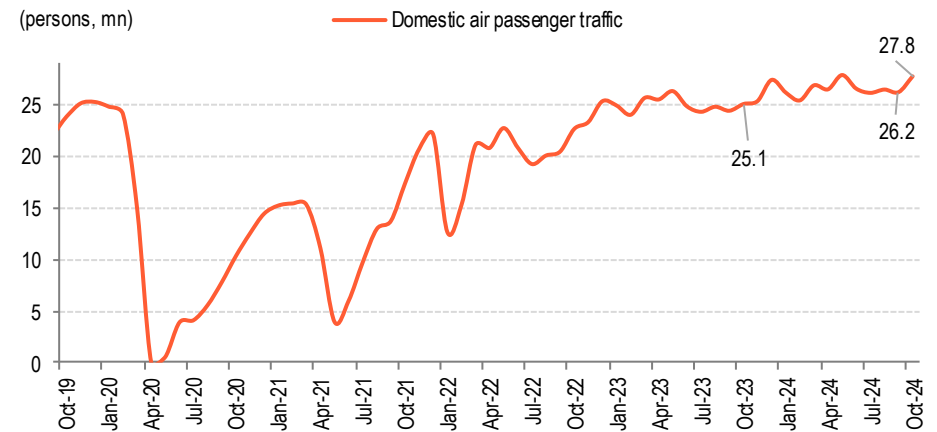


Fig 70 – Foreign tourist arrivals began recovering from Jul’24 onwards

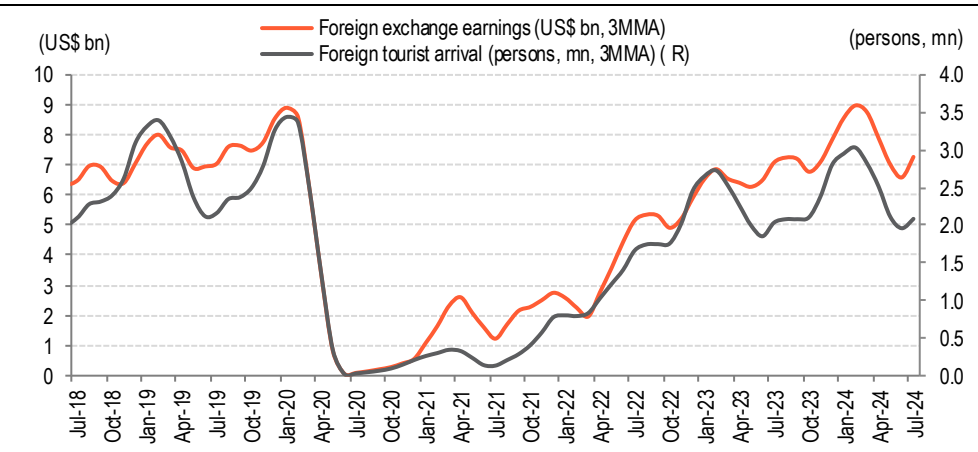
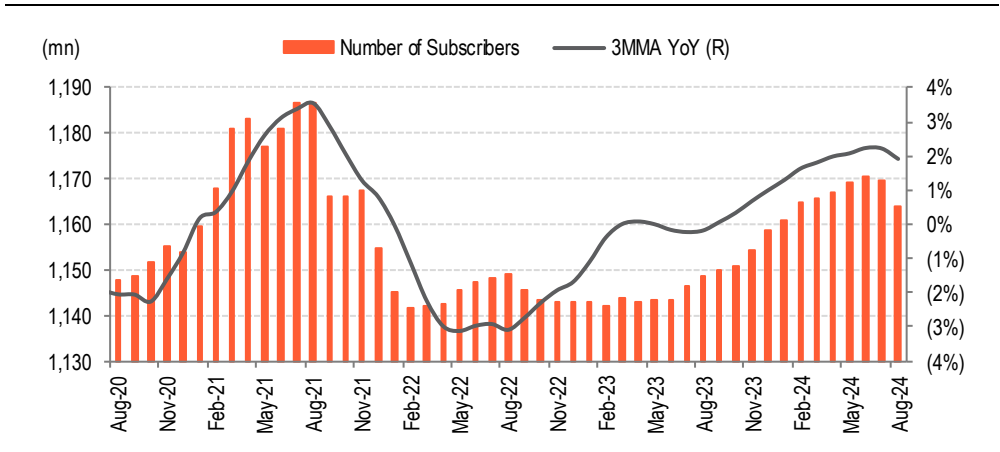


Fig 71 – Number of telecom subscribers fell by 5.8mn in Aug’24; in Q2FY25 so far subscribers have fallen by 6.7mn versus 5mn increase seen in Q1



Finance and real estate

Fig 72 – Growth in GVA: Finance, real estate & prof. acted as a drag in Q1

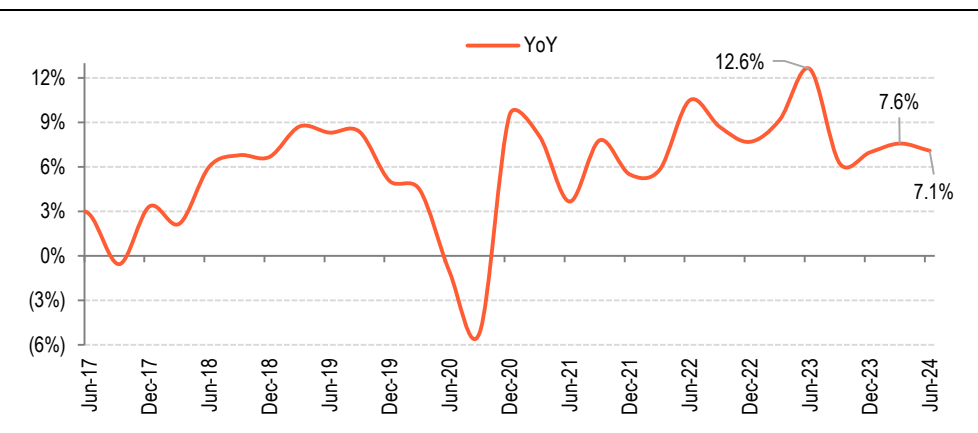
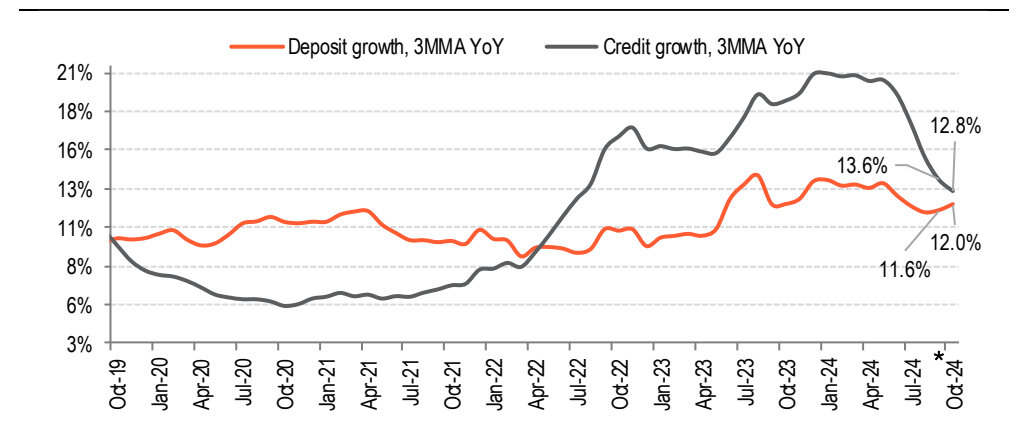


Fig 73 – Credit growth slowed further in Oct’24*. deposit growth continues to improve



*Data as of 18 Oct 2024

Fig 74 – Credit to industry improved in Q2 versus Q1, but credit to service sector slowed sharply

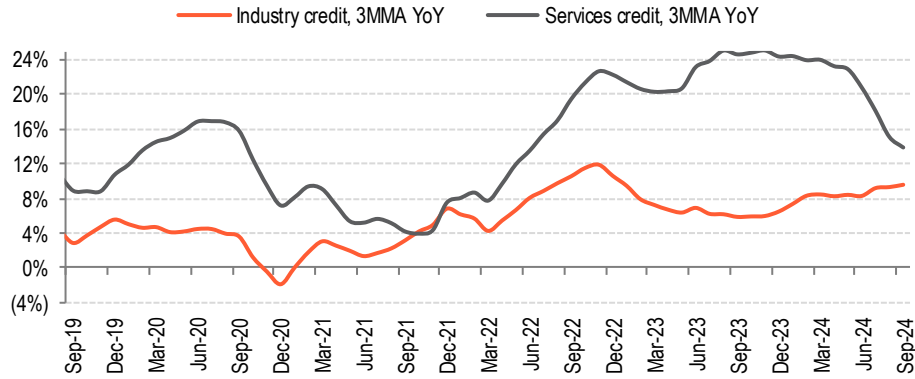


Fig 75 – Within services, credit to commercial real estate has dragged growth lower

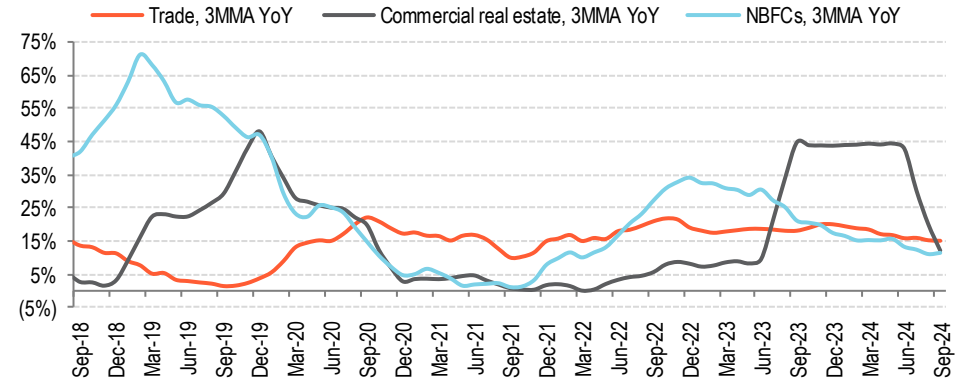
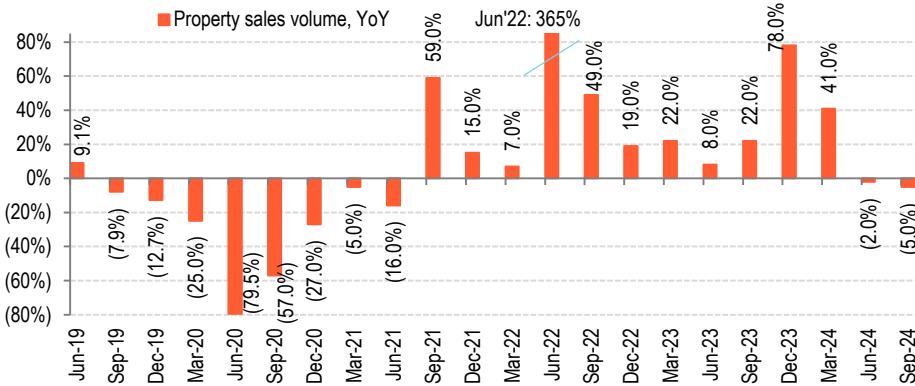
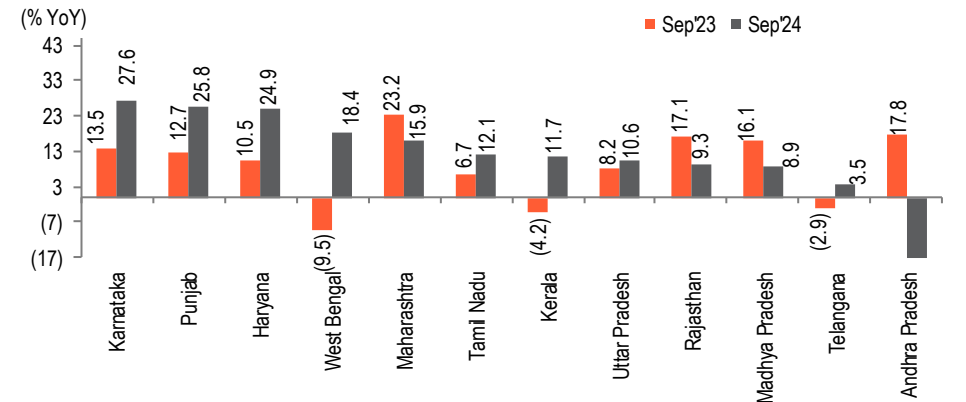


Fig 76 – Property sales volume fell further Q2FY25



Source: Proptiger

Fig 77 – Barring Maharashtra, Rajasthan, MP and AP, stamp duty collections of other states recorded improvement in H1FY25 (FYTD basis) versus last year



Labour market

Fig 78 – Naukri job index has steadied over the last few months

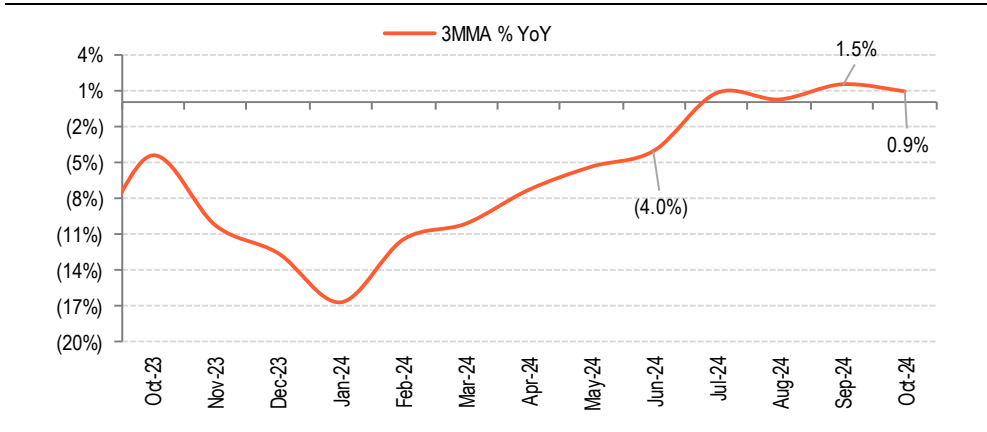
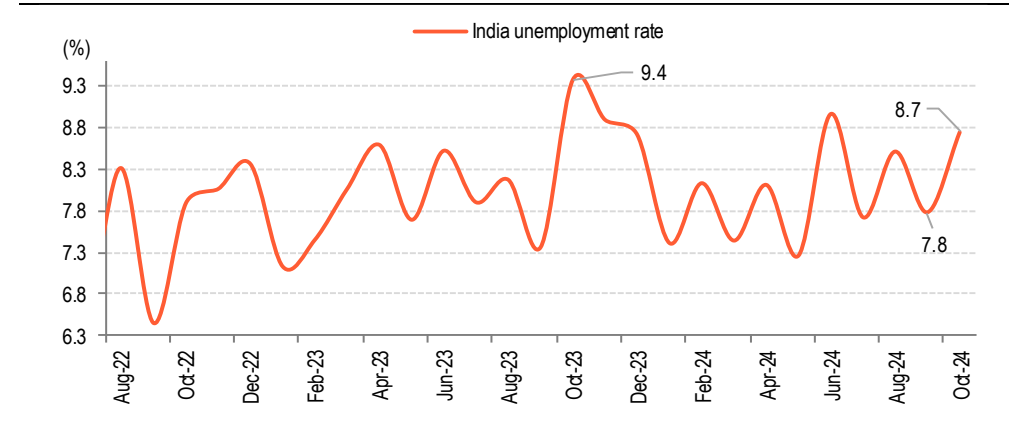


Fig 79 – Overall unemployment rate inched up in Oct'24, but remains lower than last year



Public administration

Fig 80 – Public admin & defence services rose in Q1

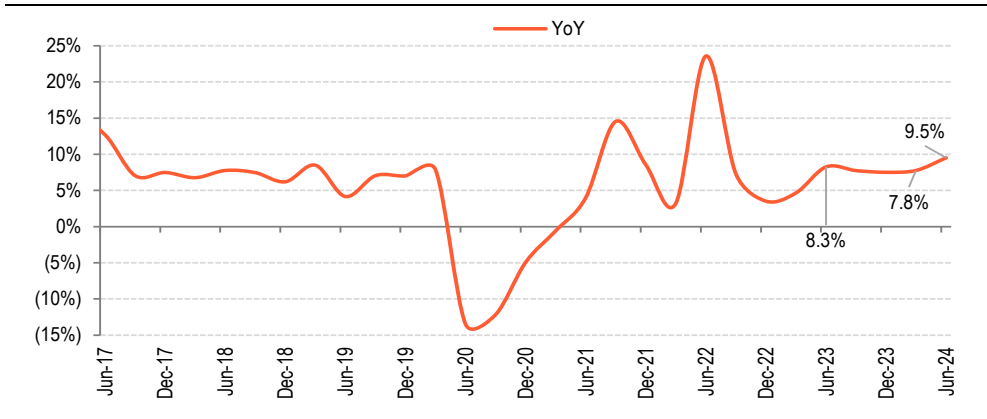


Fig 81 – General govt. spending rebounded in Q2FY25 compared with Q1

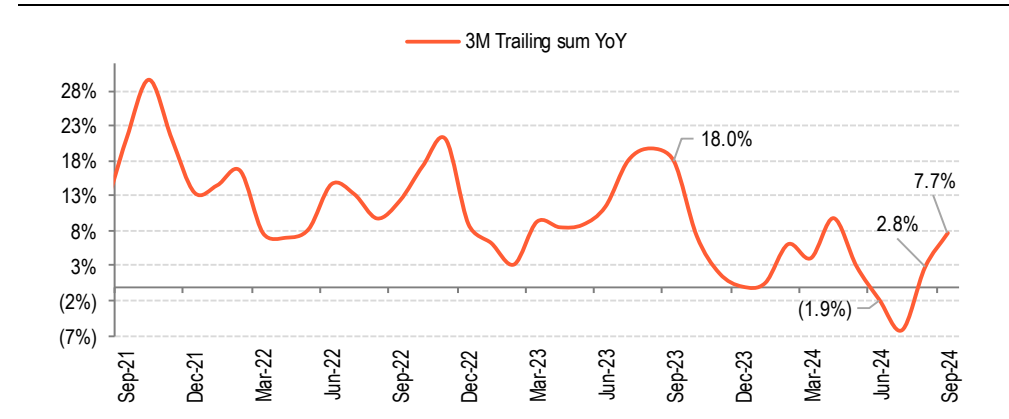


Fig 82 – ...mirroring the trend in central government spending

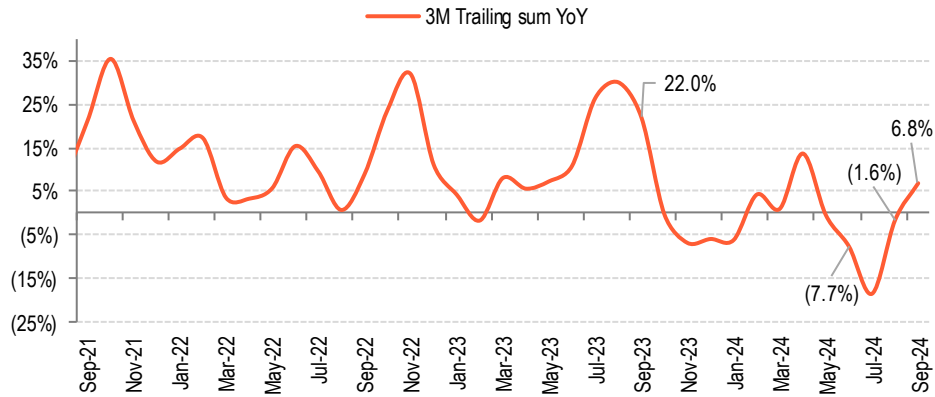
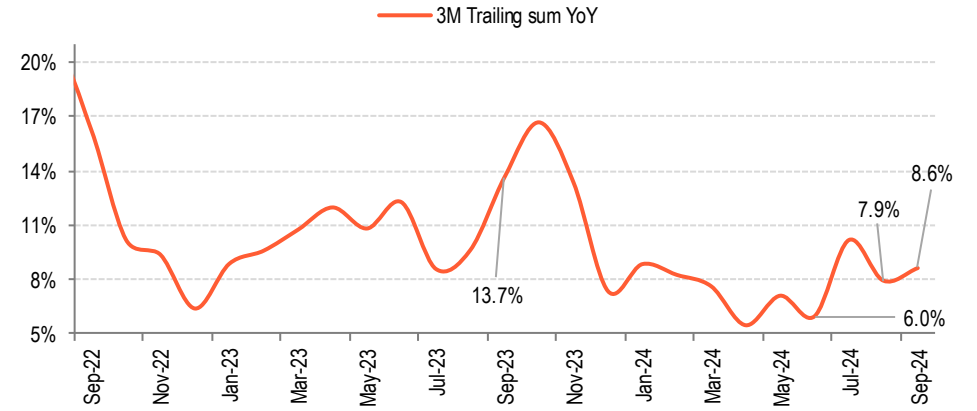


Fig 83 – State* Govt. spending also picked up pace in Q2 versus Q1

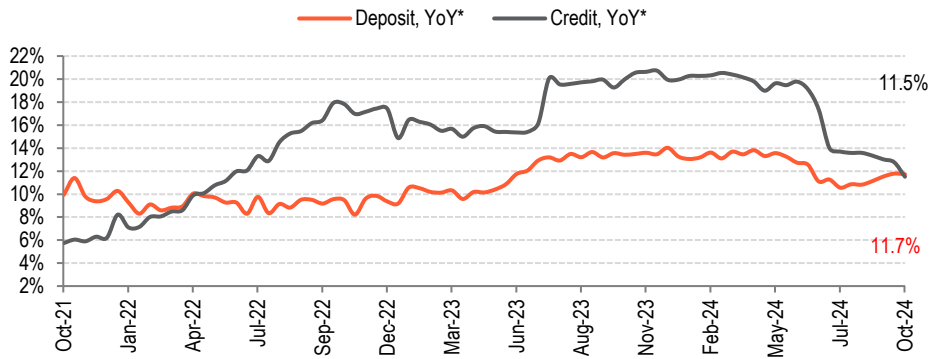


Note: *All states excluding North Eastern states (ex Assam), Goa, Gujarat, J&K, Jharkhand and Odisha

Financial sector

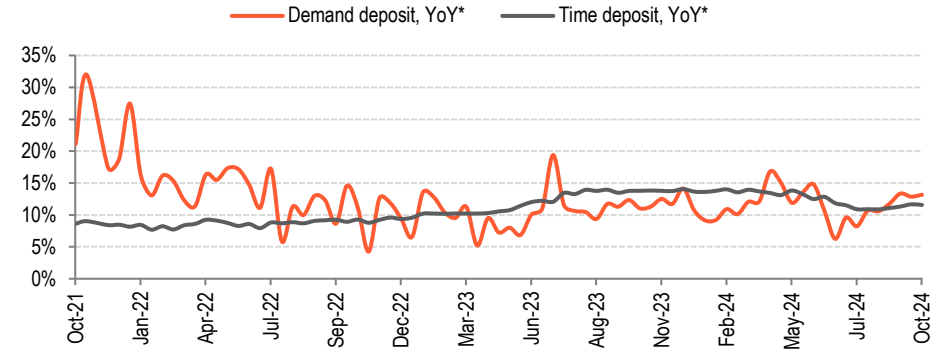
Money and banking

Fig 84 – Credit growth moderated to 11.5% in Oct'24 from 13% in Sep'24 (incl. merger), deposit growth inched up to 11.7% from 11.5%



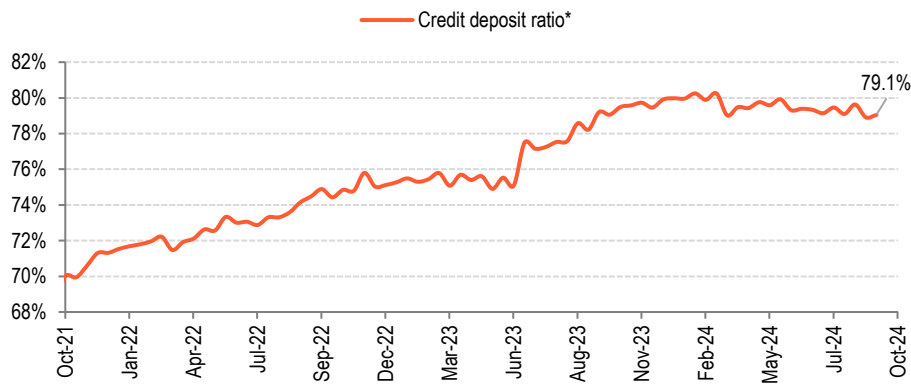
Note: Fortnight as of 18 Oct '2024

Fig 85 – ... time deposits picked pace



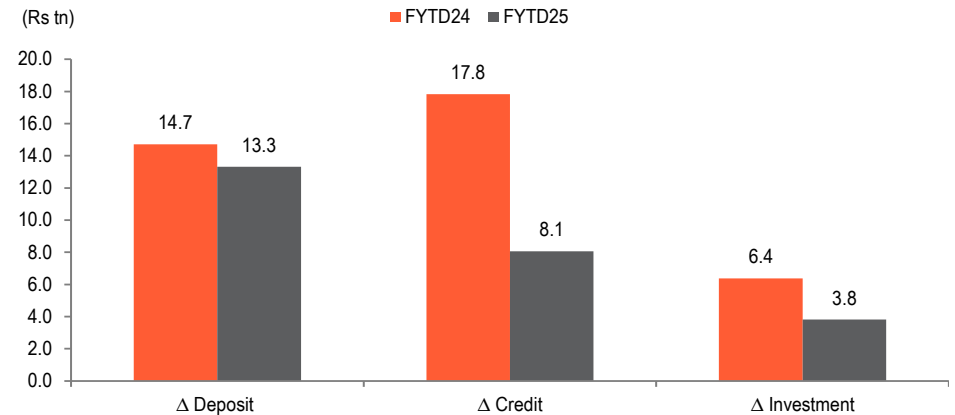
Note: Fortnight as of 18 Oct '2024

Fig 86 – CD ratio was at 79.1



Note: Fortnight as of 18 Oct '2024

Fig 87 – Credit, deposit and investment accretion



Note: Note: Fortnight as of 18 Oct '2024, Accretion from March

Fig 88 – Credit to govt moderated to 8.8% in Aug'24 from 9.1% in Jul'24, credit to commercial sector inched up to 14.2% from 13.9%

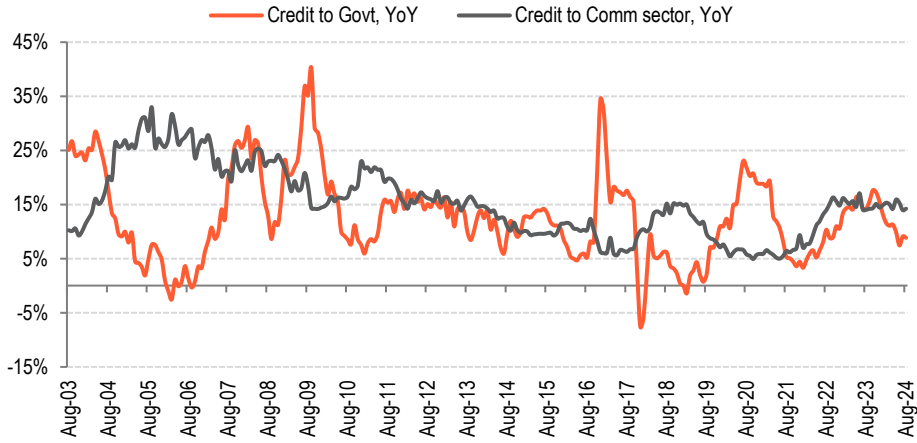


Fig 89 – WALR and repo remains closely aligned

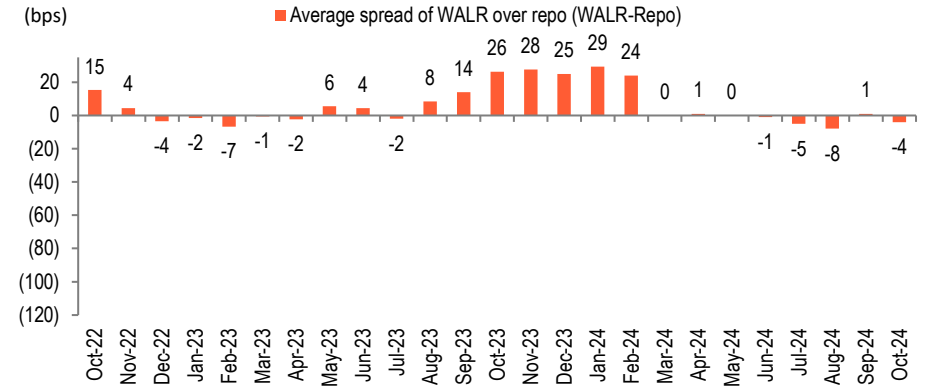


Fig 90 – WALR on fresh loans inched down slightly to 8.57% in Sep'24 from 8.60% in Aug'24, WADTDR rose a tad to 7.07% from 7.05%

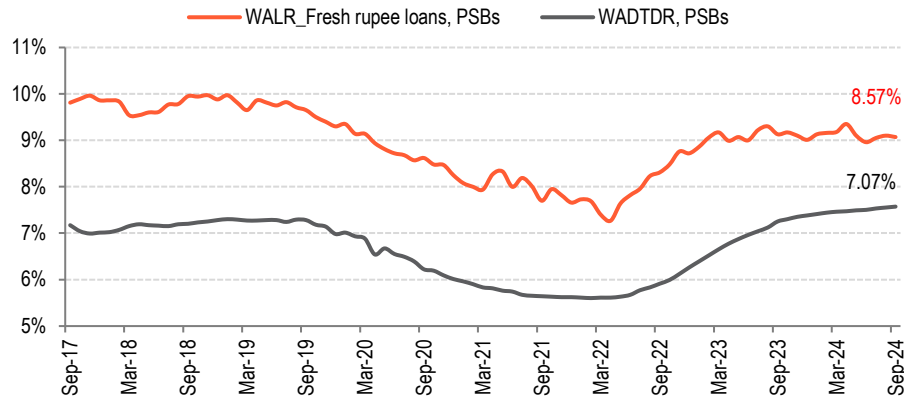
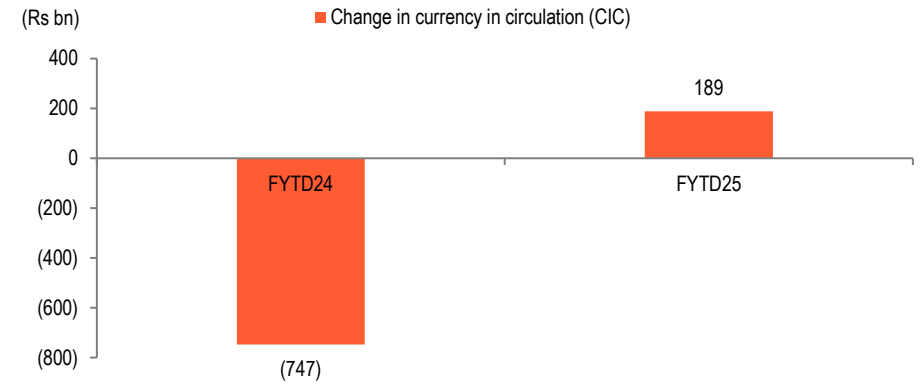
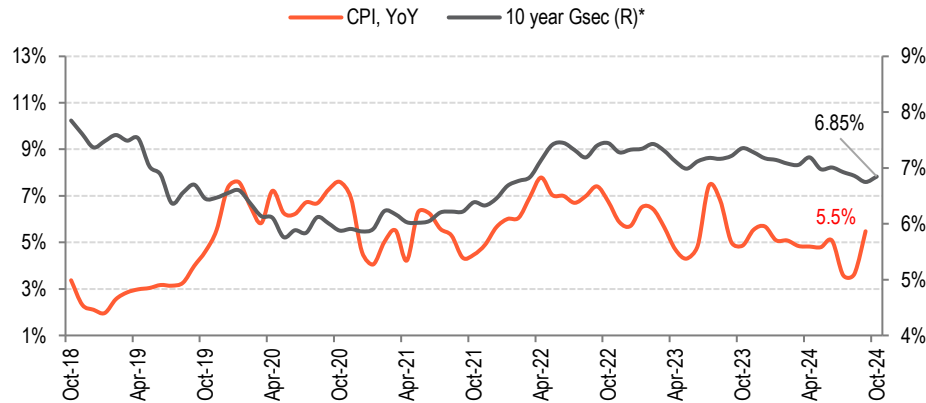


Fig 91 – CIC accretion picking up at a slower pace



Note: Accretion from Mar

Fig 92 – 10Y GSec yield rose to 6.85% from 6.75% in Sep'24 and is trading at 6.81% today, inflation was higher at 5.5% in Sep'24



Note: *As on last trading day of the month

Fig 94 – Corporate debt issuances rose to Rs 1.3tn from Rs 794bn in Aug'24

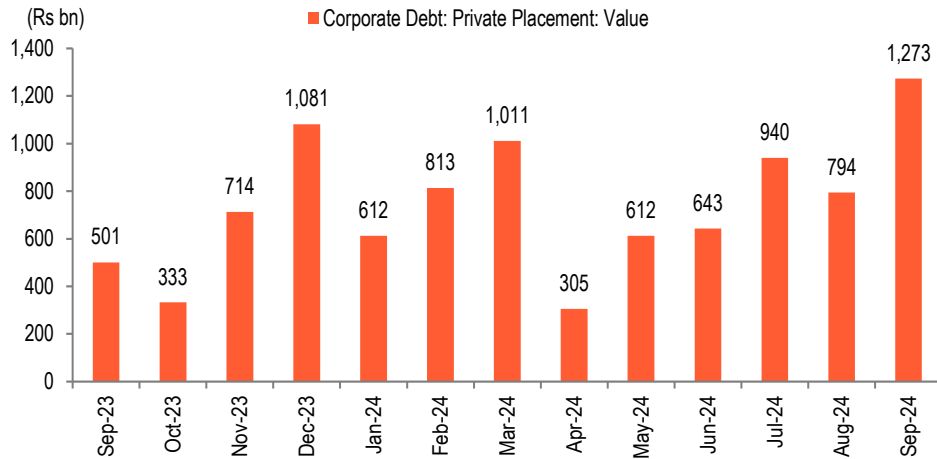
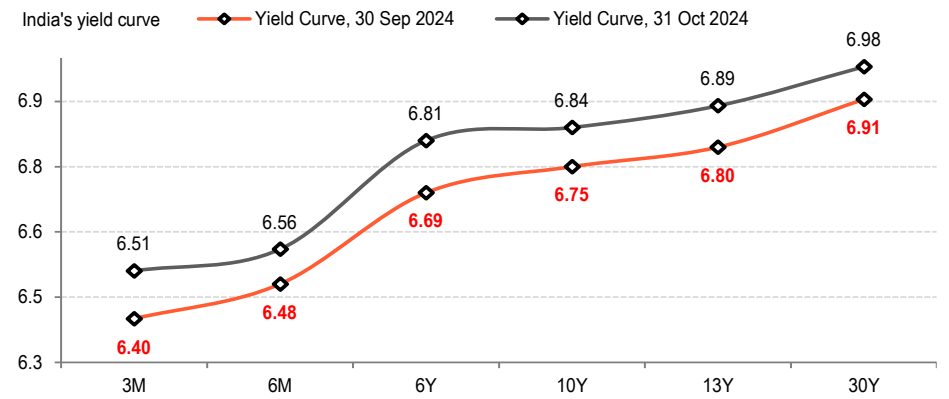
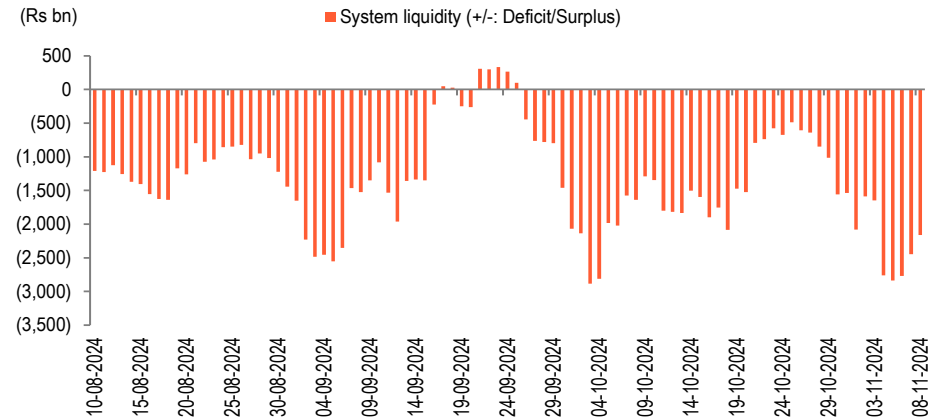


Fig 93 – Yield curve has shifted upward completely



Source: Bloomberg

Fig 95 – Avg. system liquidity surplus was higher at Rs 1.5tn in Oct'24 from Rs 1.1tn in Sep'24 and currently at an avg. of Rs 2.3tn (till 8th Nov)



Source: RBI

Fig 96 – 3Y AAA NBFC spread moderated to 87bps as on 31 Oct 2024 from 93bps as on 30 Sep 2024

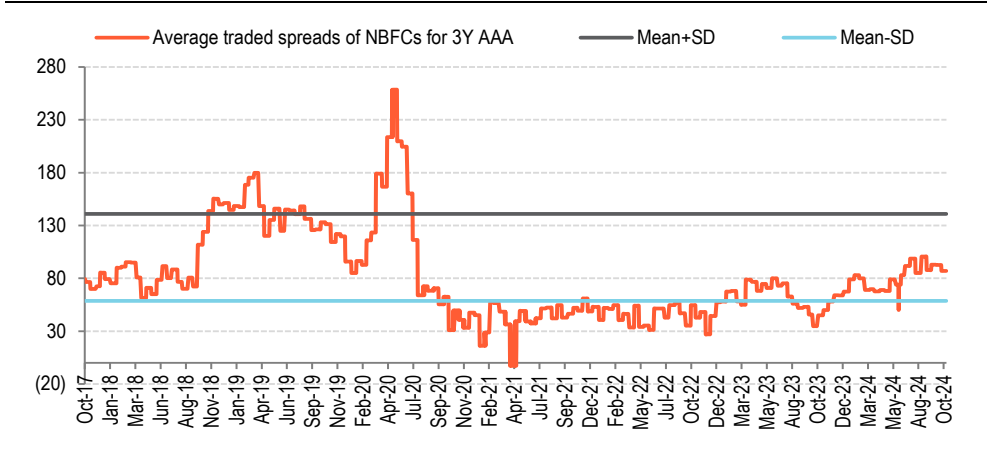


Fig 97 – For 10Y AAA NBFC, it edged down to 63bps from 66bps

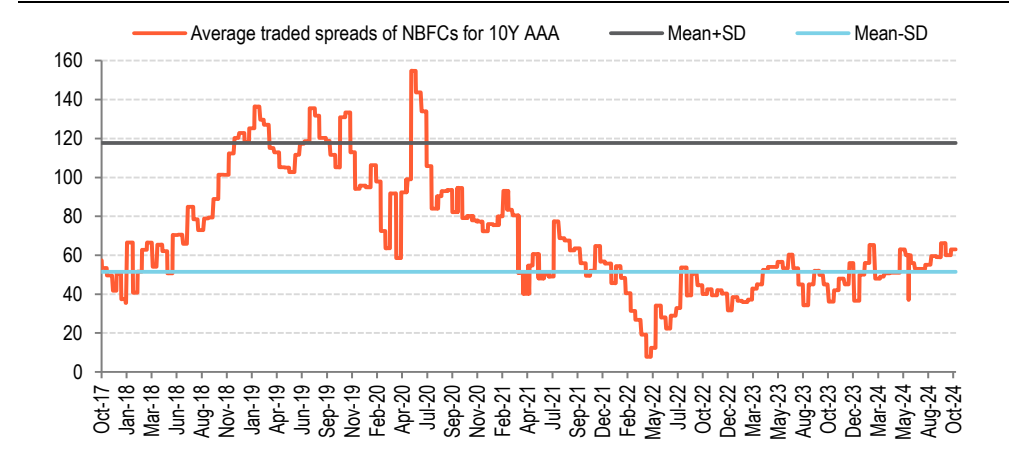


Fig 98 – 3Y AAA corp spread softened to 65bps from 73bps

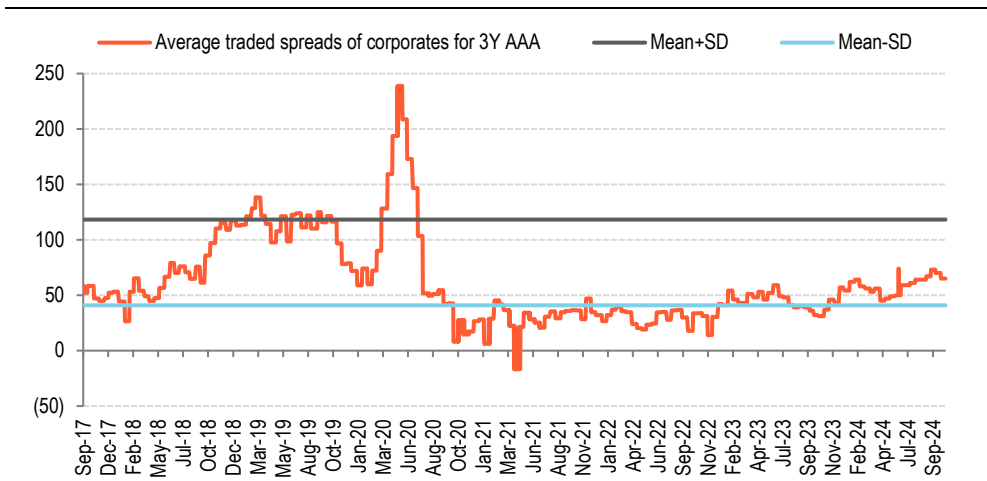


Fig 99 – For 10Y AAA corp spread, it was lower at 36bps from 41bps

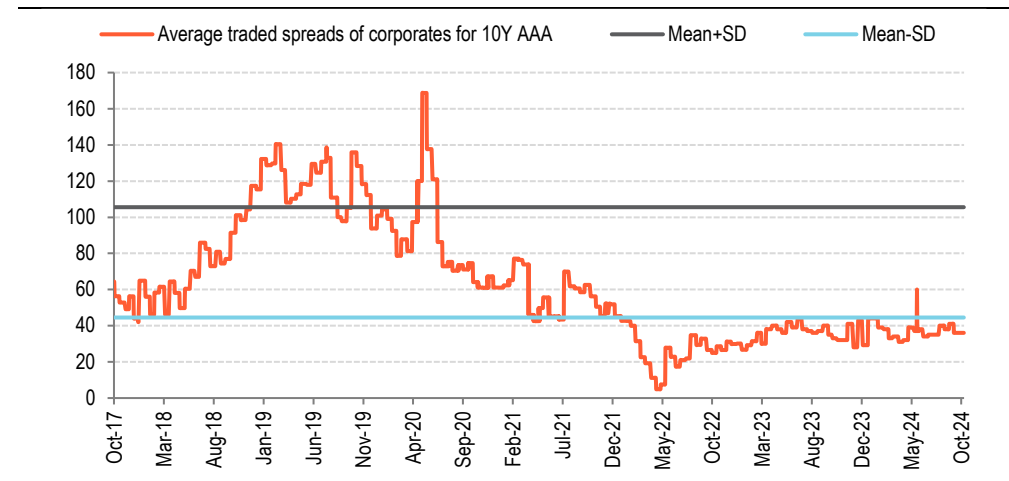


Fig 100 – INR 3Y swap rose to 6.30 as on 31 Oct 2024 from 6.03 as on 30 Sep 2024

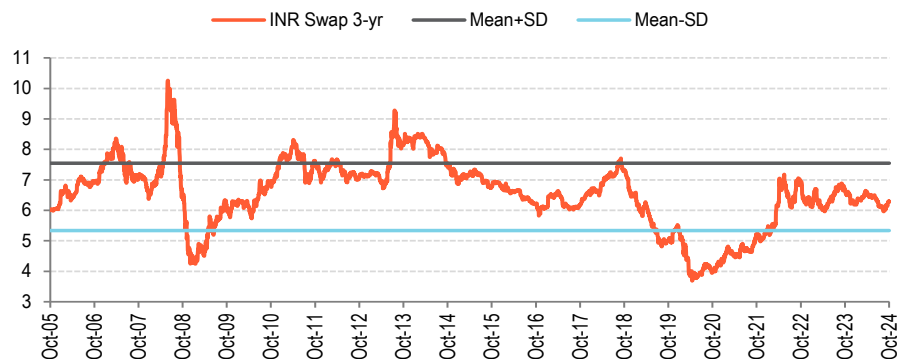
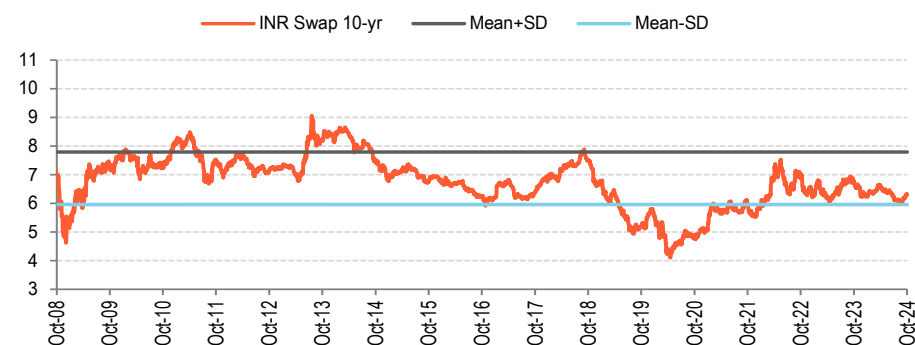


Fig 101 – For 10Y as well, it was higher at 6.31 compared to 6.08



Interest rates on small savings schemes

Fig 102 – Interest rate on small savings scheme to remain unchange in Q3FY25

Instrument (%)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
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	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	6.9	6.9	6.9
2 year time deposit	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	7.0	7.0	7.0
3 year time deposit	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	7.1	7.1	7.1
5 year time deposit	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	7.5	7.5	7.5
5 year recurring deposit	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	6.7	6.7	6.7
5 year senior citizen savings scheme	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	8.2	8.2	8.2
5 year monthly income scheme	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	7.4	7.4	7.4
5 year national savings certificate	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	7.7	7.7	7.7
Public provident fund scheme	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	7.1
Kisan vikas patra	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	7.5	7.5	7.5
Sukanya samridhhi account scheme	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	8.2	8.2	8.2

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

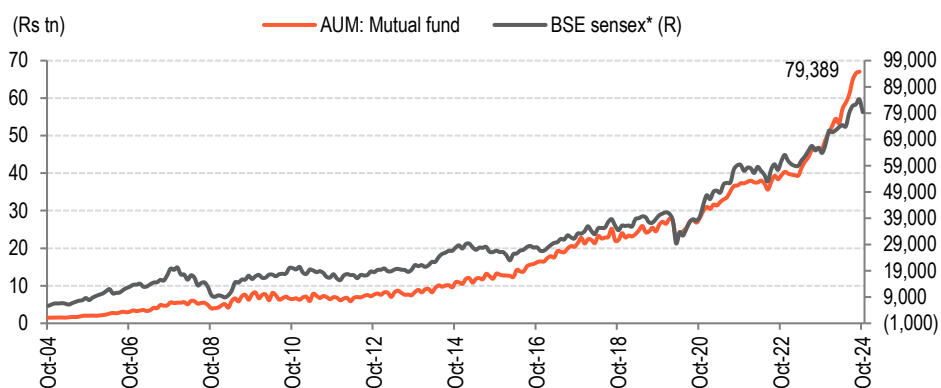
Fig 103 – MCLR rate of majority banks has broadly remained unchanged

1Y MCLR (%)	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24	Oct'24
Public Sector Banks																
Bank of Baroda	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.80	8.80	8.85	8.85	8.85	8.90	8.95	8.95	8.95
Bank of India	8.65	8.70	8.70	8.70	8.75	8.80	8.80	8.80	8.85	8.85	8.85	8.90	8.90	8.95	8.95	8.95
Canara Bank	8.65	8.70	8.70	8.70	8.75	8.75	8.80	8.85	8.90	8.90	8.90	8.90	8.95	9.00	9.00	9.05
Indian Bank	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.85	8.85	8.85	8.85	8.90	8.95	8.95	9.00	9.00
Punjab National Bank	8.60	8.60	8.65	8.65	8.65	8.65	8.70	8.80	8.80	8.80	8.80	8.85	8.85	8.90	8.90	8.95
State Bank of India	8.55	8.55	8.55	8.55	8.55	8.65	8.65	8.65	8.65	8.65	8.65	8.75	8.85	8.95	8.95	8.95
Union Bank of India	8.65	8.65	8.70	8.70	8.70	8.80	8.80	8.90	8.90	8.90	8.90	8.90	8.90	8.95	8.95	8.95
Private Sector Banks																
Axis Bank Ltd.	9.10	9.15	9.15	9.15	9.20	9.25	9.25	9.30	9.30	9.30	9.30	9.30	9.30	9.35	9.35	9.35
HDFC Bank Ltd.	9.05	9.10	9.15	9.20	9.20	9.20	9.25	9.30	9.30	9.30	9.30	9.30	9.40	9.45	9.45	9.45
ICICI Bank Ltd.	8.85	8.90	8.95	8.95	9.00	9.00	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10
Indusind Bank	10.25	10.25	10.30	10.30	10.35	10.35	10.35	10.40	10.40	10.40	10.45	10.45	10.45	10.55	10.55	10.55
Kotak Mahindra Bank	9.25	9.30	9.30	9.35	9.35	9.35	9.35	9.45	9.45	9.45	9.45	9.50	9.50	9.55	9.55	9.55

Source: RBI, Note: Banks whose MCLR went up in Oct'24 has been marked red

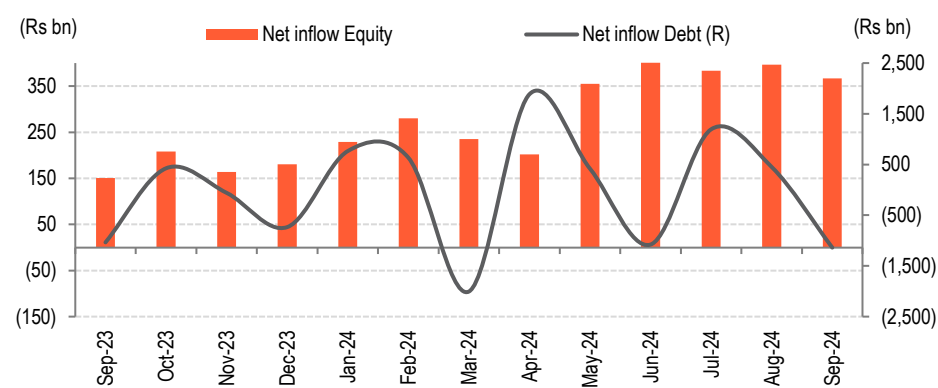
Mutual fund (MF) indicators

Fig 104 – Sensex fell by 5.8% in Oct'24, AUM of MFs rose to Rs 67.1tn in Sep'24 from Rs 66.7tn in Aug'24



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

Fig 105 – MF equity inflows moderated to Rs 367bn in Sep'24 from Rs 397bn in Aug'24; debt outflow was at Rs 1.1tn from Rs 451bn inflow seen in Aug'24



Insurance sector indicators

Fig 106 – Sale of life insurance policies jumped up by 45.5% in Sep'24 from 1.4% in Aug'24, despite an elevated base

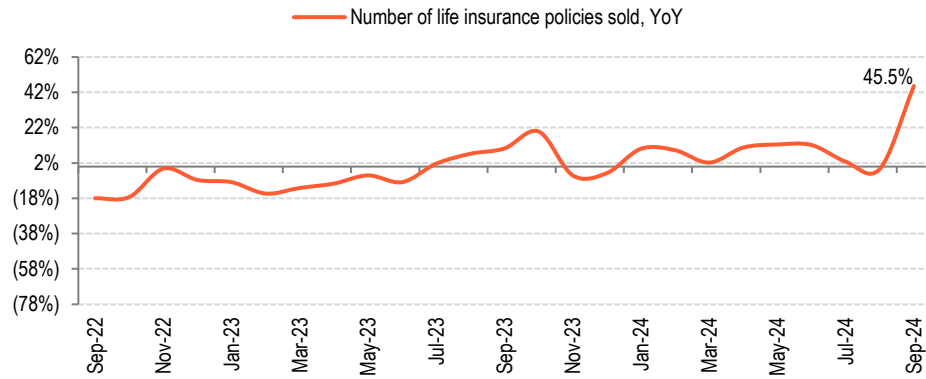
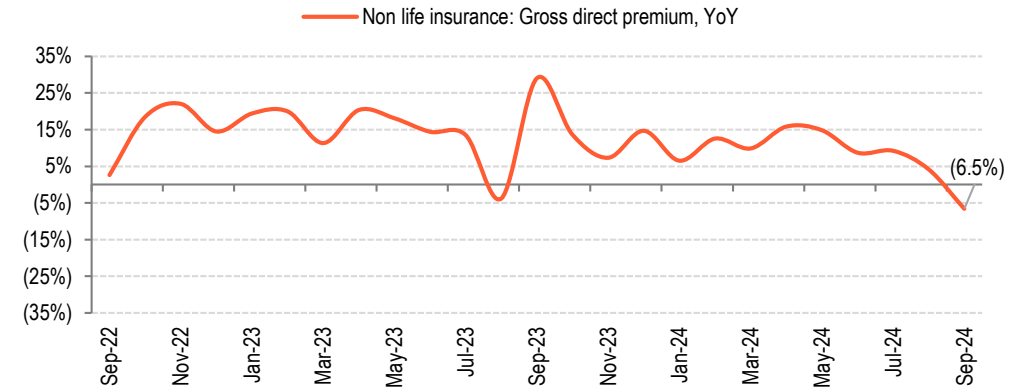


Fig 107 – Gross direct premium for non-life insurance fell by 6.5% from 4.2% increase seen in Aug'24, led by an unfavourable base



Public finance

Central government finances

Fig 108 – Fiscal deficit eased in Sep'24 (12MMA basis); was lower than last year also

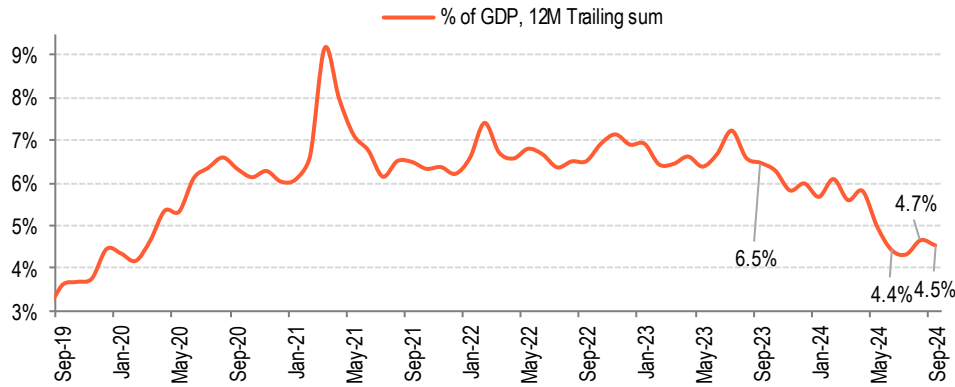


Fig 109 – Revenue deficit also moderated

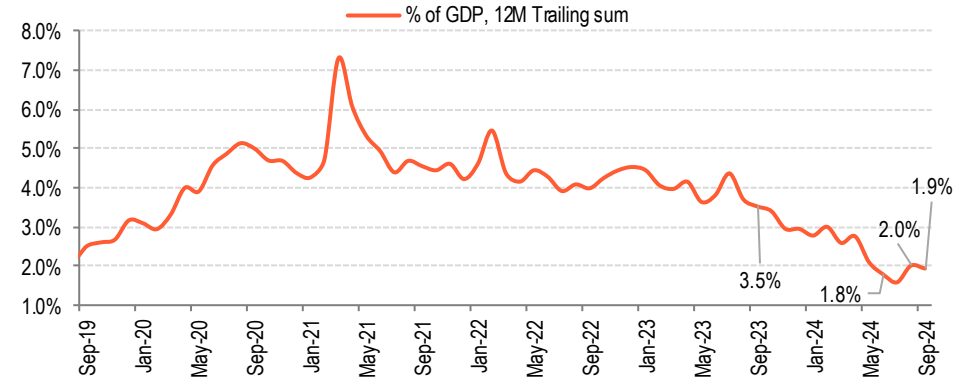


Fig 110 – Primary deficit stable at 1.1% as of Sep'24

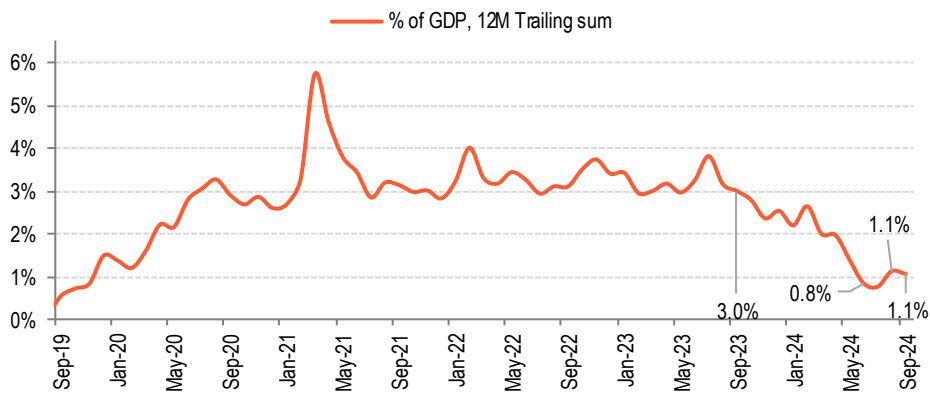


Fig 111 – Government spending in Q2 was weaker than Q1 and even last year (12MMA basis)...

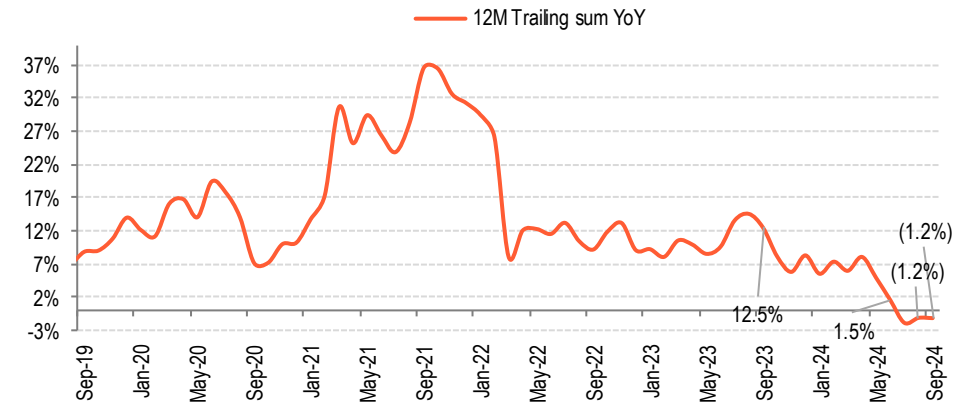


Fig 112 – ...led by drop in capex spending

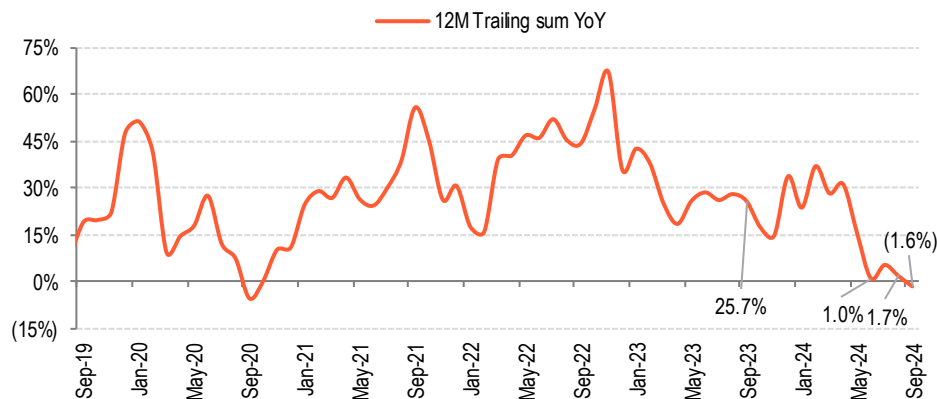


Fig 113 – Revenue expenditure seen regaining momentum towards then end of Q2

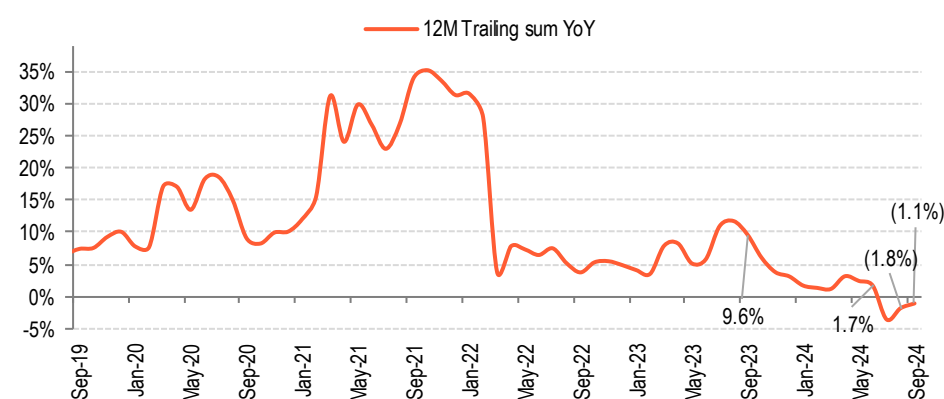


Fig 114 – Capex spending was hit in H1 due to lower outgo from ministry of road transport; revenue exp seen improving due ministry of consumer affair/rural development

Ministry	Apr-Sep'22	Apr-Sep'23	% change	Apr-Sep'24	% change
Ministry of Finance	6,018	7,339	22.0	7,326	(0.2)
Ministry of Defence	2,637	3,059	16.0	3,005	(1.8)
Ministry of Consumer Affairs, Food and Public Distribution	1,261	1,026	(18.6)	1,348	31.3
Ministry of Rural Development	761	764	0.5	863	12.9
Ministry of Home Affairs	924	996	7.8	1,180	18.5
Ministry of Education	413	369	(10.7)	416	12.7
Ministry of Road Transport and Highways	1,305	1,645	26.1	1,463	(11.1)
Ministry of Chemicals and Fertilisers	820	1,103	34.4	902	(18.3)
Ministry of Petroleum and Natural Gas	19	19	2.3	39	101.0
Ministry of Agriculture	479	450	(6.0)	484	7.5
Ministry of Health and Family Welfare	354	364	3.0	458	25.8

Fig 115 – Receipt growth was broadly stable at the end of Q2; was lower than Q1

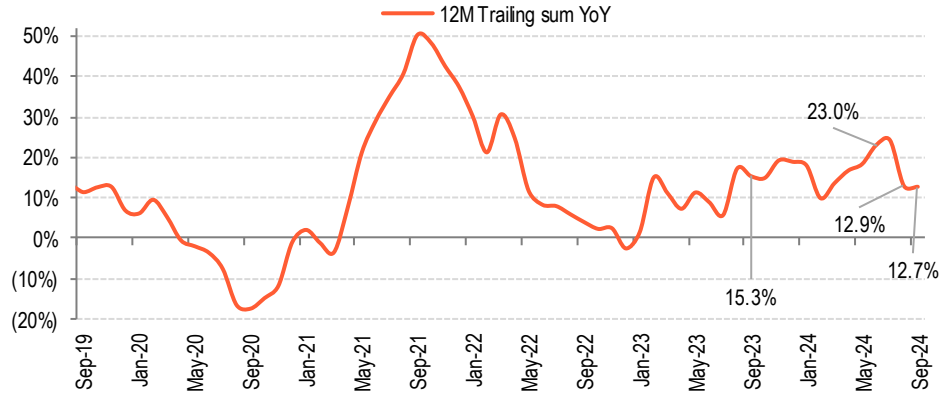


Fig 116 – Revenue receipts have held ground; but are weaker than Q1 and last year

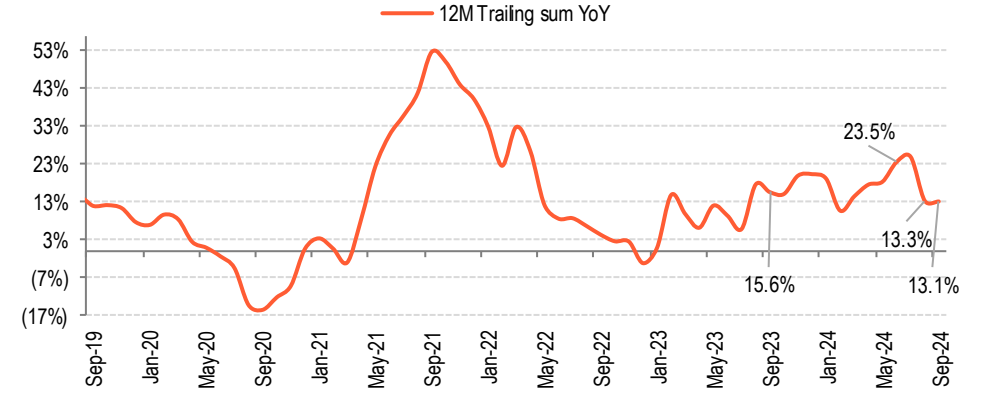


Fig 117 – Net tax revenue receipts eased

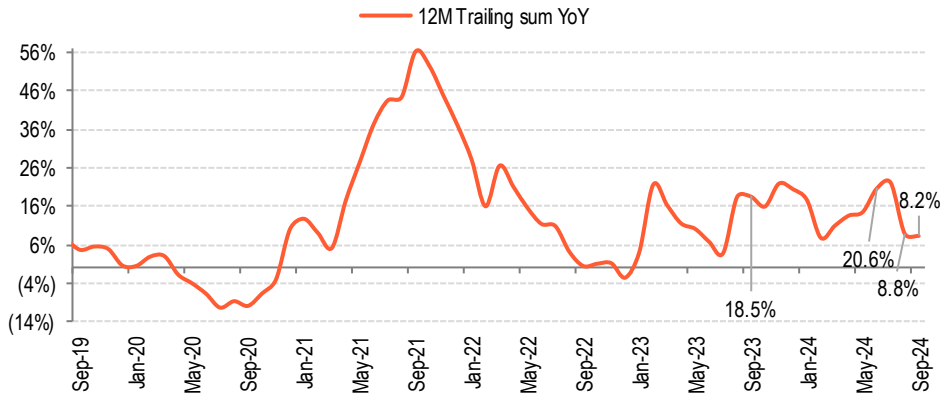


Fig 118 – Non-tax collections continue to maintain steady growth path

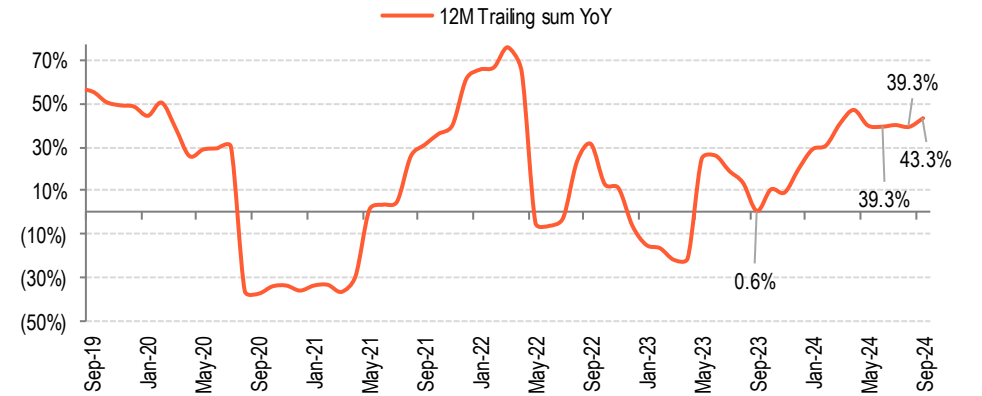


Fig 119 – Centre’s net tax collections maintained healthy growth rate in H1FY25, despite higher base; overall spending has taken a hit

	Apr-Sep'22	Apr-Sep'23	% change	Apr-Sep'24	% change
Gross Tax revenue	13,918	16,193	16.3	18,138	12.0
Direct taxes	7,199	9,029	25.4	10,260	13.6
Corp Tax	3,753	4,513	20.2	4,615	2.3
Income Tax	3,445	4,516	31.1	5,645	25.0
Indirect taxes	6,720	7,164	6.6	7,878	10.0
Non-tax revenue	1,576	2,368	50.2	3,572	50.9
Centre's revenue (net)	11,696	13,971	19.5	16,224	16.1
Total expenditure	18,236	21,191	16.2	21,115	(0.4)
Capital exp	3,429	4,906	43.1	4,150	(15.4)
Revenue exp	14,807	16,285	10.0	16,965	4.2
Fiscal deficit	6,198	7,019	-	4,745	-

Fig 120 – Gross direct tax collections driving the moderation

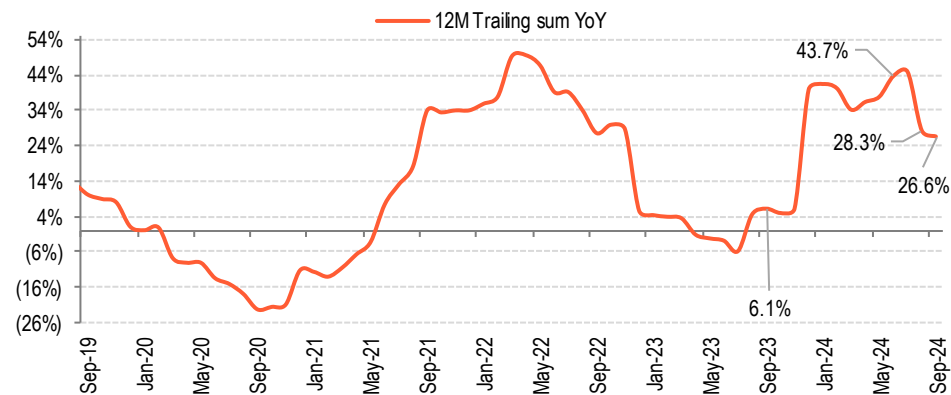


Fig 121 – Gross indirect tax collections remain steady

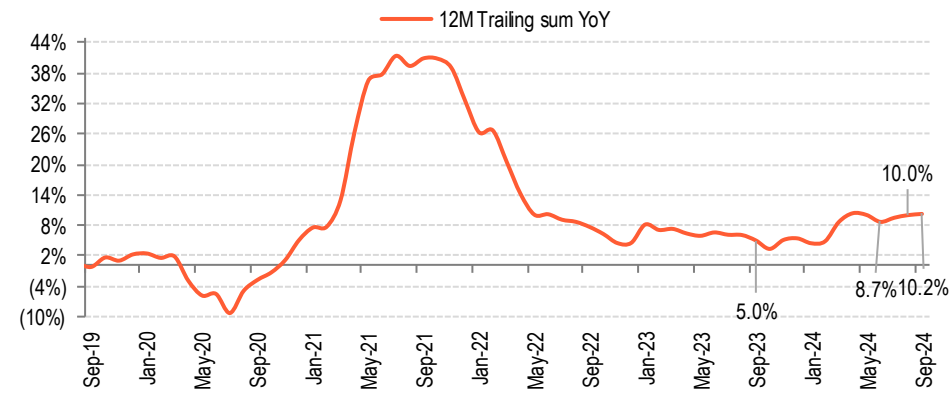


Fig 122 – Amongst direct taxes, corporate tax collections softened due high base

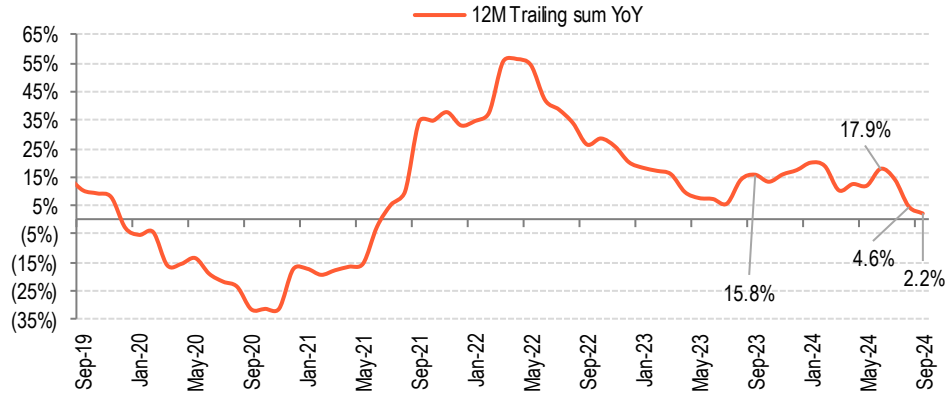


Fig 123 – Income tax collections growth holding ground

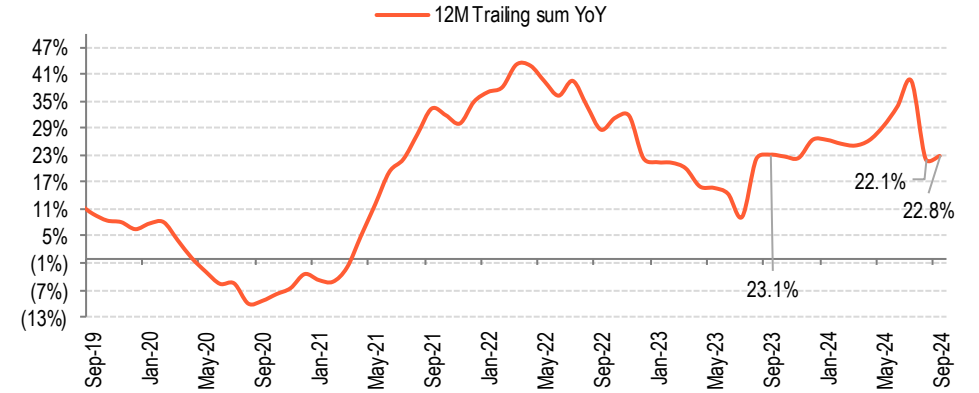


Fig 124 – GST collections for Sep'24 see a recovery

(Rs bn)	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Monthly run rate (FYTD25)	FYTD25	FY25 (BE)
CGST	617	705	661	680	737	711	731	912	677	695	723	706	700	735	4,412	9,177
UT GST	2.0	11.2	2.5	4.5	4.7	3.8	7.0	2.9	3.1	2.8	0.6	3.5	3.4	3	16	-
IGST	17	(159)	43	(113)	(65)	(127)	383	(26)	(82)	7	(5)	82	16	(1)	(8)	-
SGST*	970	1,003	824	1,031	891	1,067	855	709	1,023	987	903	822	1,035	913	5,479	-
Cess	114	119	118	118	116	125	127	130	118	129	128	119	119	124	743	1,500
Total GST	1,720	1,679	1,649	1,721	1,683	1,780	2,103	1,727	1,738	1,821	1,750	1,732	1,873	1,774	10,642	-

Source: PIB | *Computed from PIB and CGA data

Fig 125 – Total subsidy disbursed in H1FY25 was higher than last year, led by food subsidies

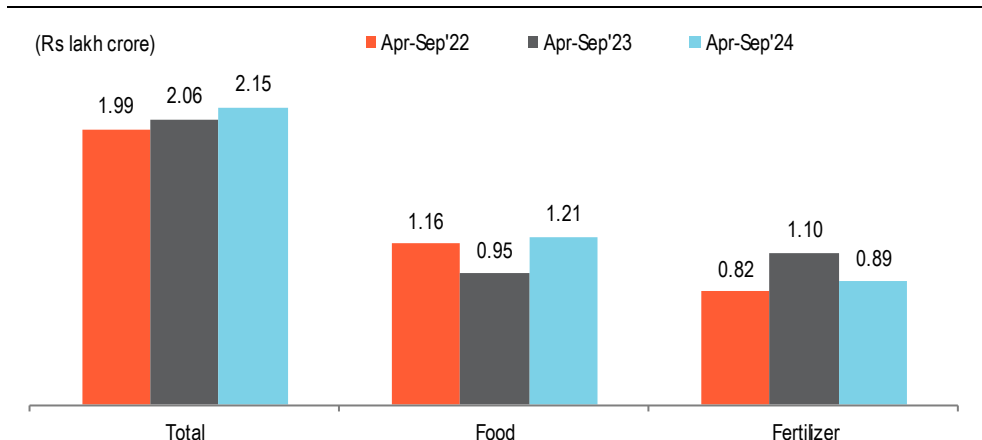
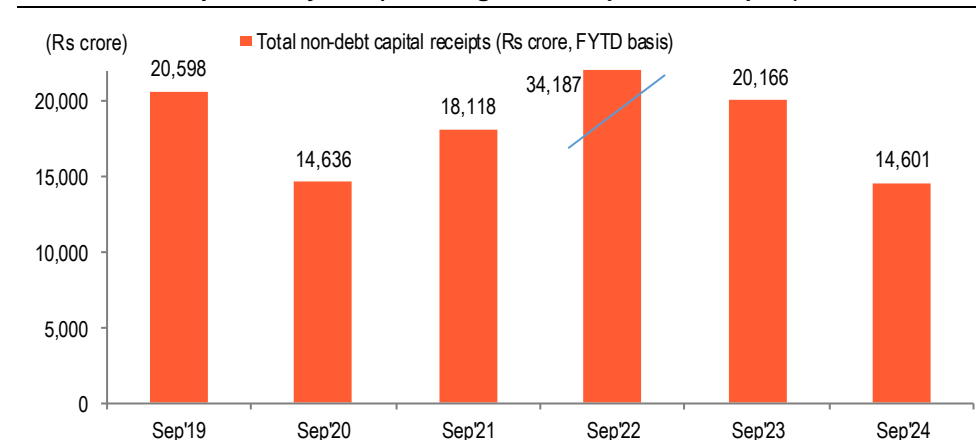


Fig 126 – Central gov't's non-debt capital receipts as of H1FY25 continue to track lower than previous years (including Covid-19 period of Sep'20)



Central government borrowing

Fig 127 – Centre's borrowing through T-bill in Q3 has been at Rs 1.9tn

Total accepted amount (T-bills), (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 (planned)
Q1	2,888	3,089	3,364	5,328	5,375	5,247	4,963	3,469	3,210
Q2	3,186	3,299	3,024	5,417	3,215	3,704	3,899	3,242	2,600
Q3	2,632	3,070	2,889	3,745	3,630	3,589	3,611	1,919*	2,470
Q4	2,486	1,812	2,511	2,714	4,766	4,566	4,258		
Total	11,192	11,271	11,788	17,204	16,986	17,105	16,731		

Source: RBI, *Till 6th Nov

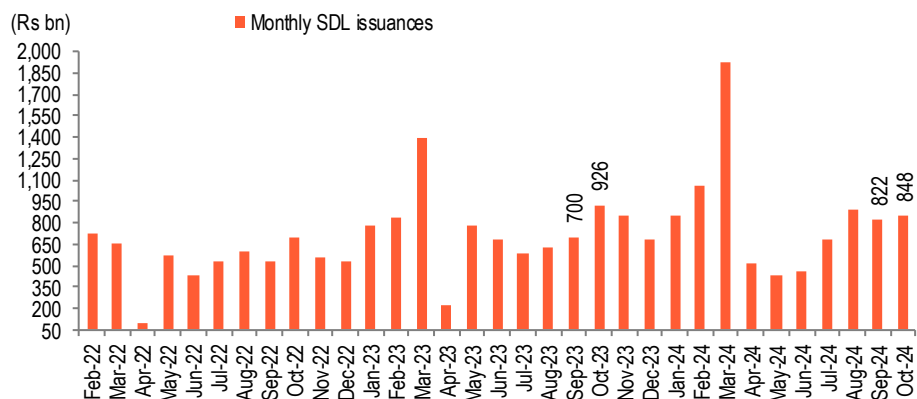
Fig 128 – Centre has raised Rs 1.9tn in Q3

Total accepted amount (G-Sec), (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 (planned)
Q1	1,680	1,320	2,040	3,140	3,064	3,570	4,080	3,410	3,780
Q2	1,890	1,440	2,210	4,220	3,649	4,390	4,800	3,647	3,720
Q3	1,640	1,270	1,930	2,910	3,190	3,510	3,850	1,890*	4,140
Q4	670	1,680	920	3,191	1,370	2,740	2,700		2,470
Total	5,880	5,710	7,100	13,461*	11,273	14,210	15,430		14,110

Source: RBI* Against budgeted Rs 12.8tn, * Till 8th Nov 2024

State government borrowing

Fig 129 – State government borrowings in Oct'24 were lower than last year



Source: RBI

Fig 130 – States have borrowed only 29% of the planned amount in Q3FY25 so far

Quarterly SDL issuances, (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FYTD25 (actual)	FY25 (planned)
Q1	766	815	1,673	1,446	1,102	1,677	1,401	2,540
Q2	809	1,439	1,614	1,644	1,661	1,903	2,536	2,636
Q3	1,277	1,470	2,023	1,653	1,879	2,460	943*	3,201
Q4	1,809	2,006	1,898	2,184	3,009	3,838		
Total	4,661	5,731	7,206	6,927	7,652	9,879	4,880	8,377

Source: RBI; *as of 5 Nov 2024

External sector

Exports

Fig 131 – Global exports showing a gradual improvement

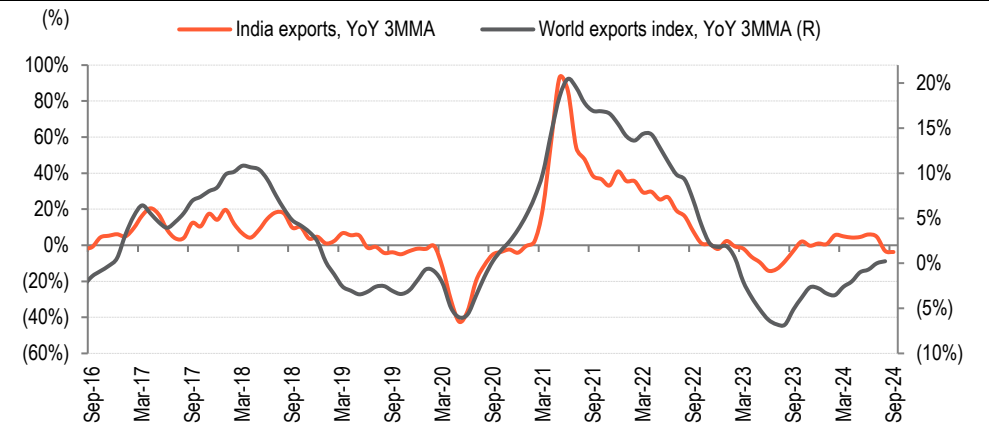
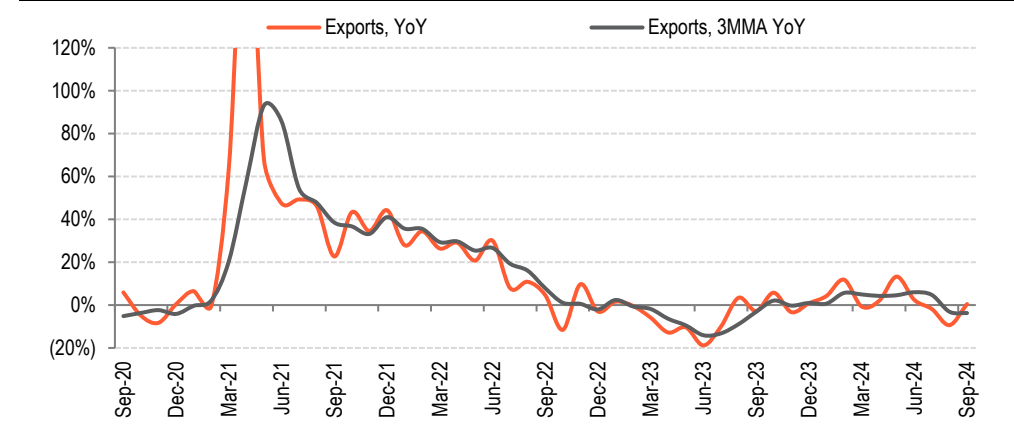


Fig 132 – India's exports rose by 0.5% in Sep'24 after declining by 9.3% in Aug'24



Exports by major sectors

Fig 133 – Non-oil exports rose by 6.8% in Sep'24 compared with flat growth in Aug'24

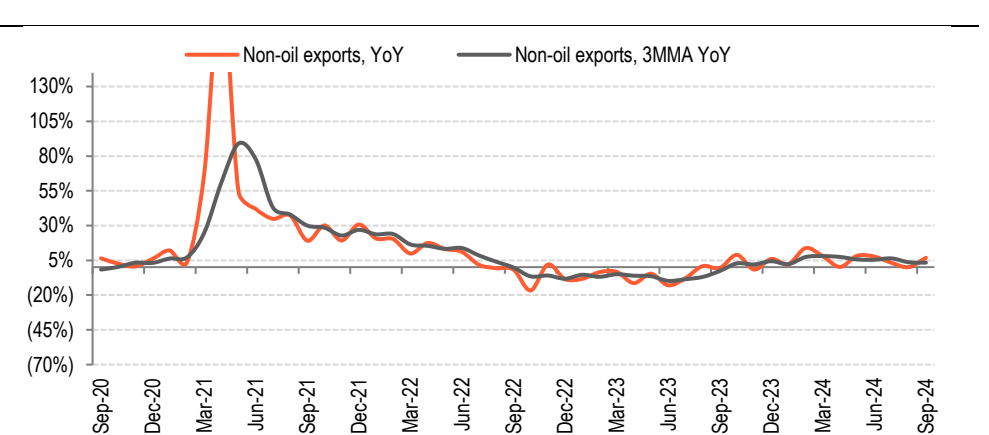


Fig 134 – Within non-oil exports, engineering goods exhibit upward momentum to rise by 10.6% in Sep'24 versus 4.4% growth in Aug'24

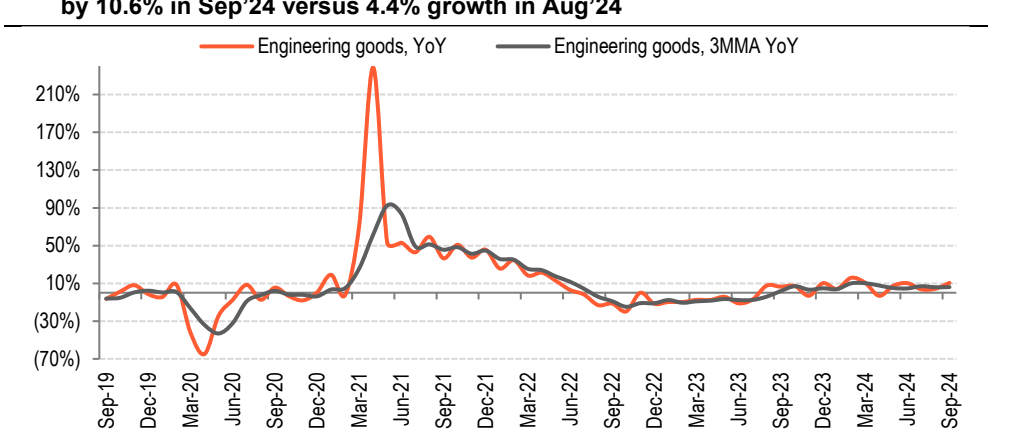


Fig 135 – Exports of agriculture and allied products also higher

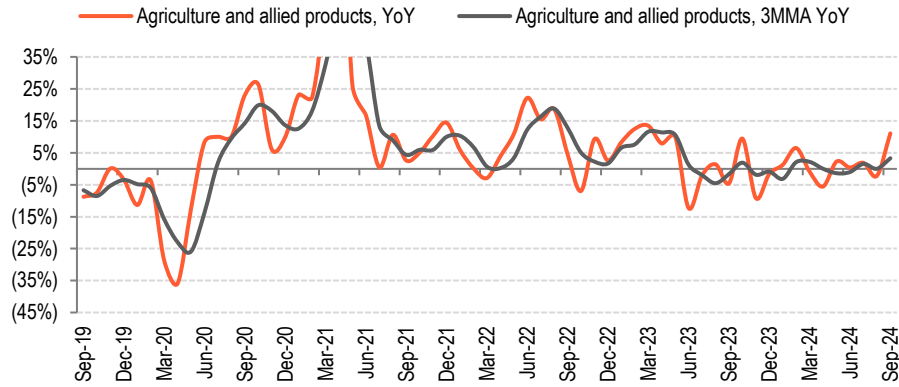
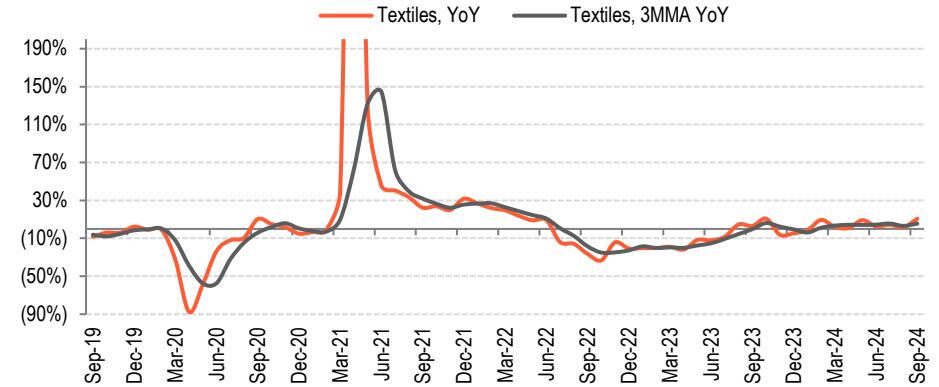


Fig 136 – Improvement in textiles exports also visible



Imports

Fig 137 – Import growth decelerated to 1.6% in Sep'24 from 3.3% in Aug'24

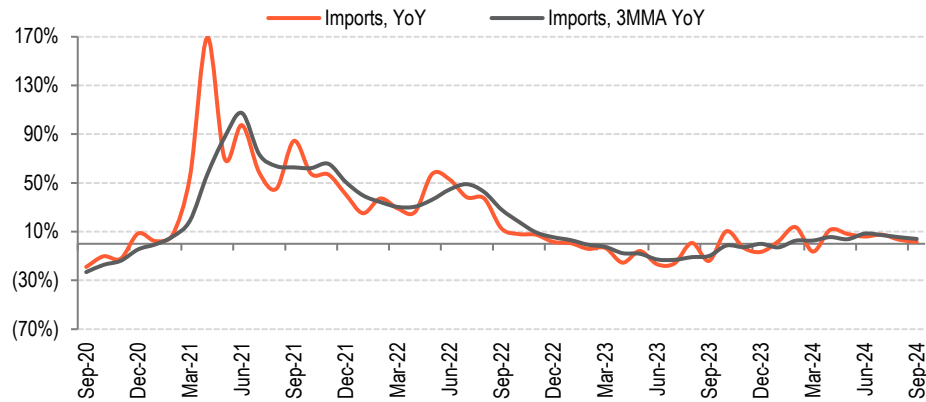


Fig 138 – ... led by a sharp slowdown in gold imports

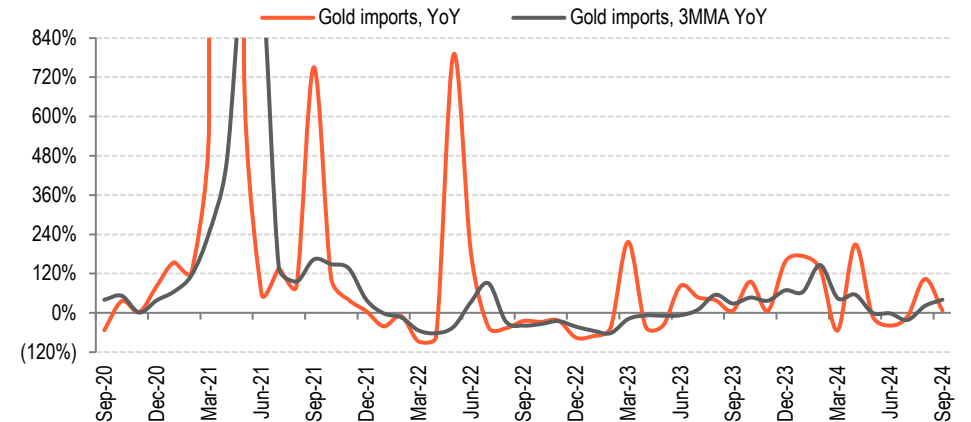


Fig 139 – Imports of vegetable oils continued to contract even in Sep'24 and declined by 23.2% in Sep'24

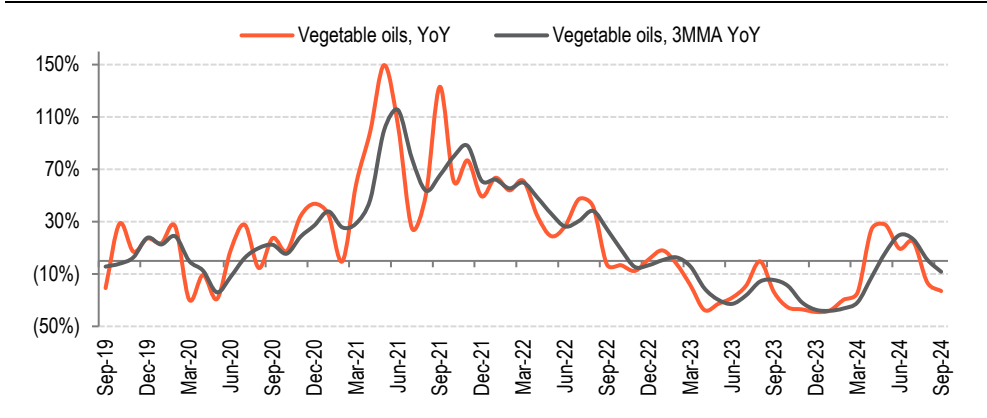


Fig 140 – Imports of transport equipment also contracted

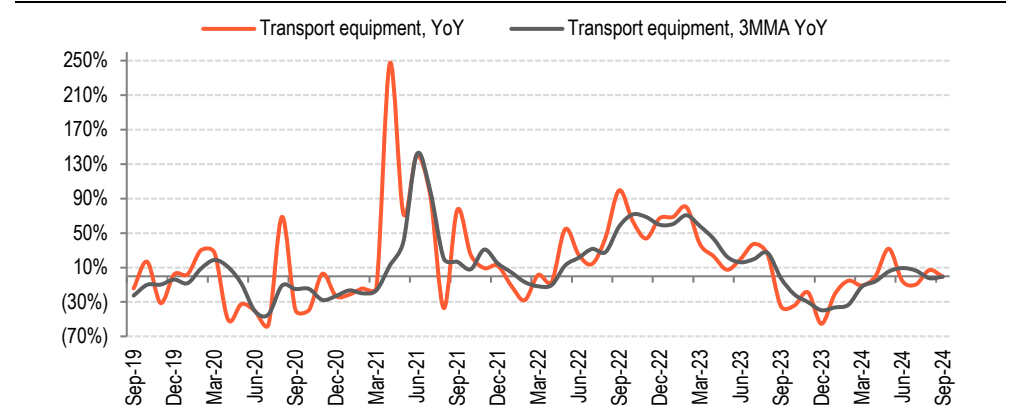


Fig 141 – Some pickup in machinery imports

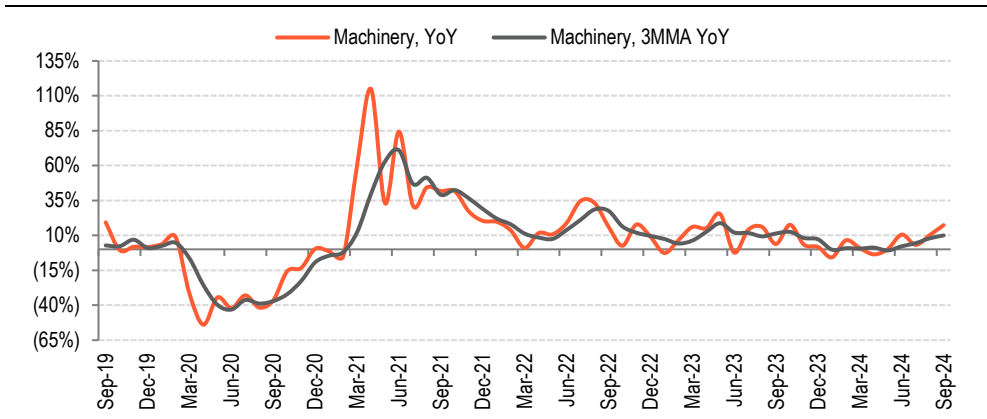
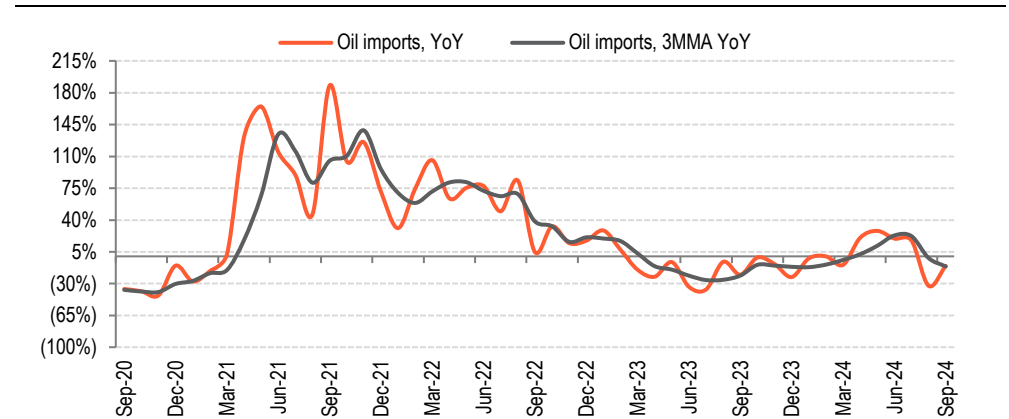


Fig 142 – Oil imports declined at a slower pace in Sep'24



Exports and imports by major regions

Fig 143 – Barring Europe and Americas, India’s exports to all other regions have declined in FYTD25

Region (% YoY)	Share in FY24	FYTD24	FYTD25	Jul-24	Aug-24	Sep-24
Americas	23.5	(10.6)	5.7	2.9	(2.5)	7.7
Asia and Pacific (Ex. China)	22.5	(15.8)	(2.8)	(4.3)	(13.1)	(5.4)
China	3.9	(2.6)	(9.3)	(9.3)	(22.8)	(14.1)
Europe	22.9	1.0	3.9	(3.7)	(10.2)	6.1
Middle East and Africa	26.3	(11.4)	(2.4)	(1.7)	(12.9)	(3.2)
Other	1.0	6.4	(12.7)	(29.0)	(10.3)	(37.5)

Fig 144 – Continued weakness in imports from Europe

Region (% YoY)	Share in FY24	FYTD24	FYTD25	Jul-24	Aug-24	Sep-24
Americas	10.4	(14.4)	2.7	(2.1)	1.8	1.8
Asia and Pacific (Ex. China)	25.0	(10.4)	1.8	2.9	(6.5)	1.2
China	15.0	(3.7)	11.5	13.0	15.4	14.4
Europe	14.1	2.4	(4.5)	(14.2)	20.3	(14.4)
Middle East and Africa	26.3	(31.3)	14.6	20.6	14.3	1.6
Other	9.2	59.2	6.9	22.3	(36.7)	3.0

Trade deficit

Fig 145 – Trade deficit narrowed to US\$ 20.8bn in Sep'24 from US\$ 29.6bn in Aug'24

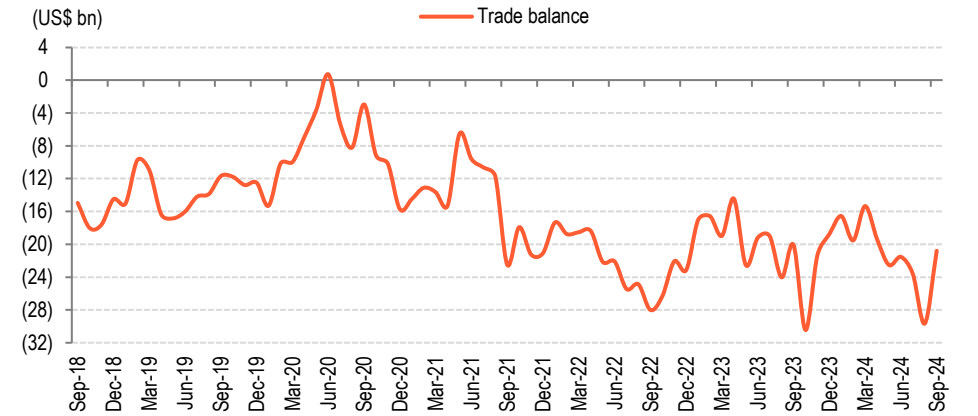
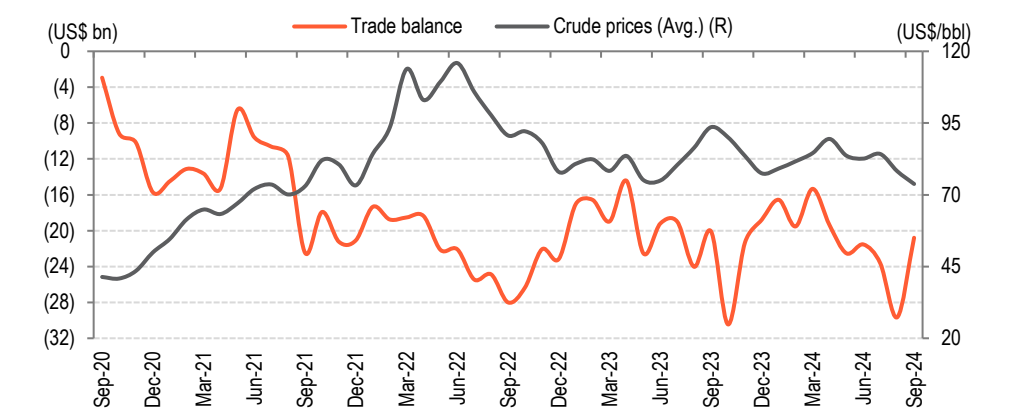


Fig 146 – As oil prices remained range-bound



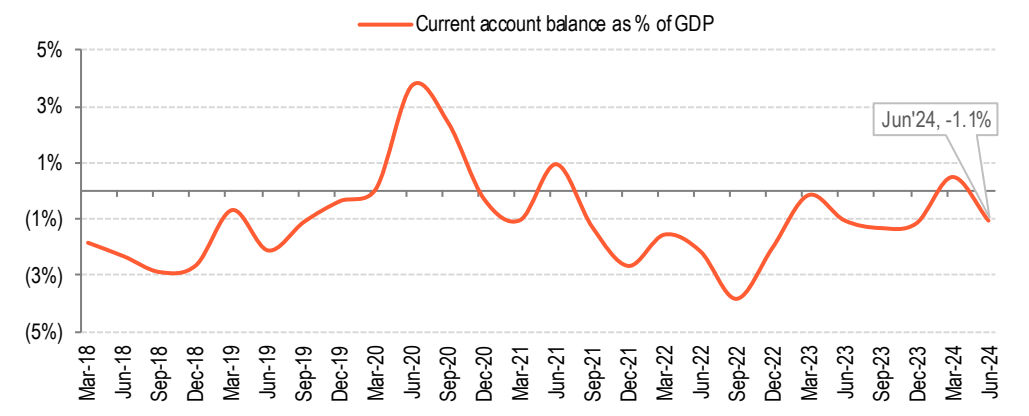
Trade in services

Fig 147 – Services exports rise by 14.6% in Sep'24 after registering a growth of 5.7% in Aug'24



BoP

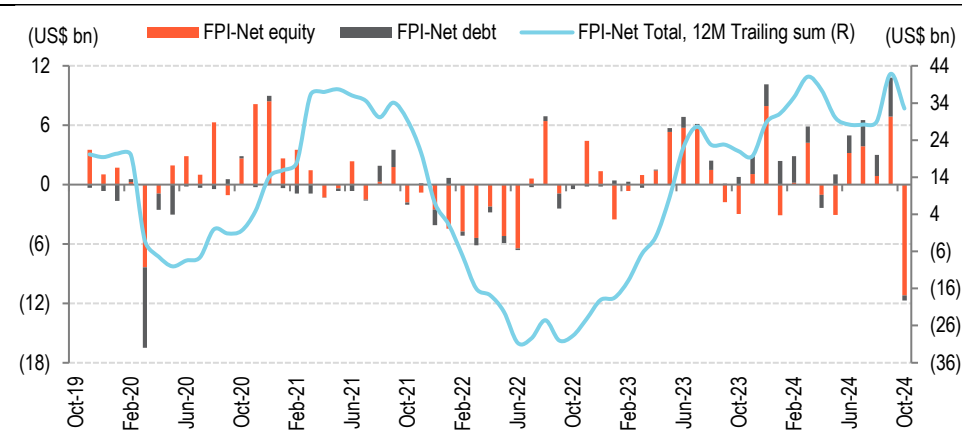
Fig 148 – India's current account slips back into a deficit in Q1FY25, CAD at 1.1% of GDP



Foreign inflows

FPI inflows

Fig 149 – FPIs reverse course in Oct'24, outflows at record high



Source: Bloomberg

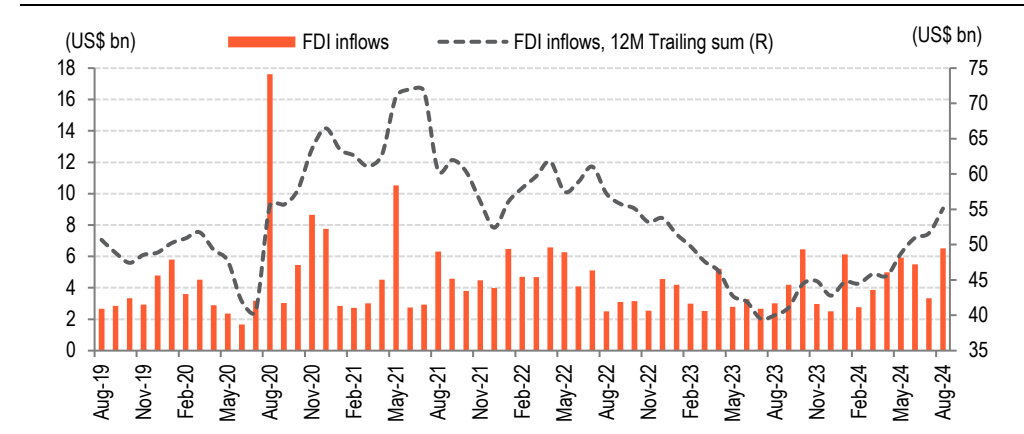
Fig 151 – FDI inflows into services sector rise sharply in Q1FY25

Sector	% Share FY24	FY23	FY24	Q1FY24	Q4FY24	Q1FY25
Computer software and hardware	17.9	9.4	8.0	1.0	4.6	2.7
Services Sector	14.9	8.7	6.6	2.5	1.5	4.0
Construction (Infrastructure) activities	9.5	1.7	4.2	0.8	0.4	0.7
Trading	8.7	4.8	3.9	0.5	1.2	0.5
Non Conventional Energy	8.5	2.5	3.8	0.7	1.6	1.0
Automobile industry	3.4	1.9	1.5	0.4	0.6	0.4
Drugs and Pharmaceuticals	2.4	2.1	1.1	0.1	0.2	0.2

Source: DIPP

FDI inflows

Fig 150 – Positive traction continues in FDI inflows with inflows increasing to US\$ 6.5bn in Aug'24 versus US\$ 3.3bn in Jul'24



Source: RBI, Bank of Baroda Research

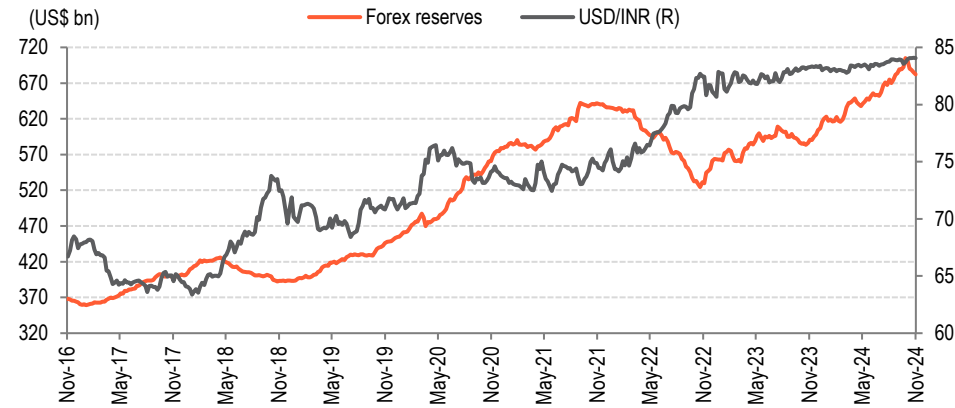
Fig 152 – Country wise, inflows from Mauritius recover in Q1FY25

Country (US\$ bn)	% Share FY24	FY23	FY24	Q1FY24	Q4FY24	Q1FY25
Singapore	26.5	17.2	11.8	3.0	4.3	3.9
Mauritius	17.9	6.1	8.0	1.0	0.9	3.2
US	11.3	6.0	5.0	1.1	2.2	1.5
Netherlands	11.1	2.5	4.9	1.5	2.6	2.5
Japan	7.2	1.8	3.2	1.2	0.4	0.6
UK	2.7	1.7	1.2	0.4	0.3	0.1

Source: DIPP

Forex reserves and external debt

Fig 153 – India’s FX reserves slip to US\$ 682bn, accretion of US\$ 36.5bn in FYTD25



Source: Bloomberg | Note: Weekly data as of 1 Nov 2024

Fig 154 – India’s import cover is still adequate at close to 12 months

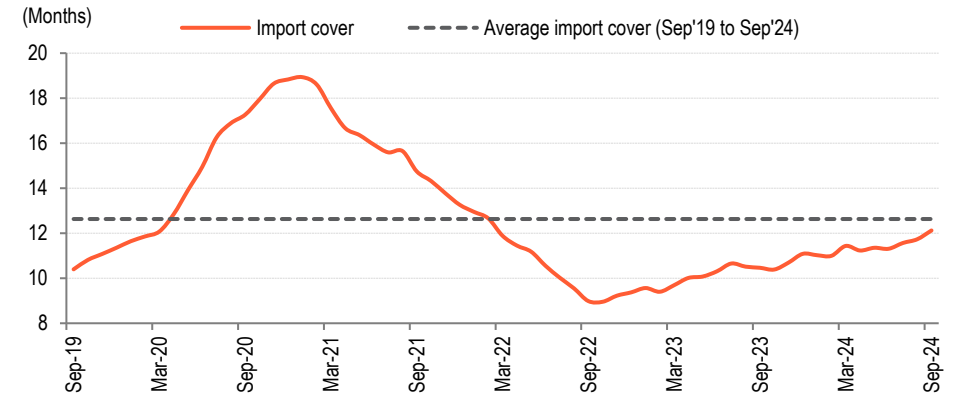


Fig 155 – RBI’s sold US\$ 6.5bn in the spot market in Aug’24; INR depreciated by 0.2% in the same period

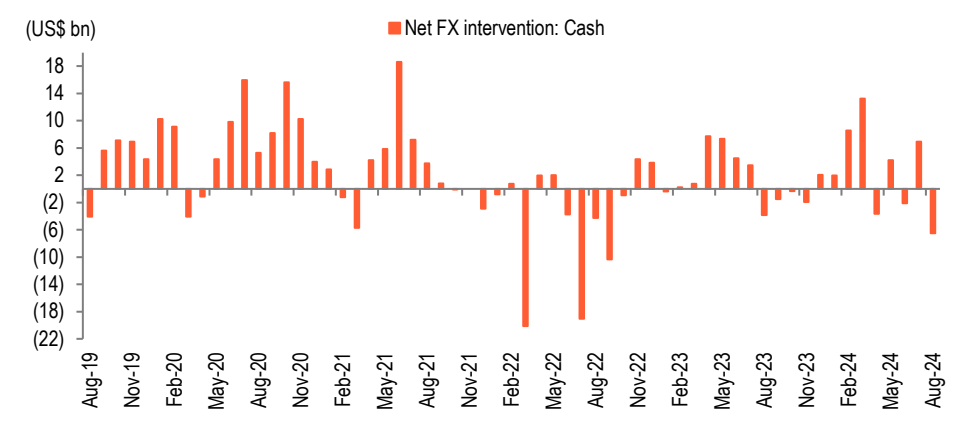
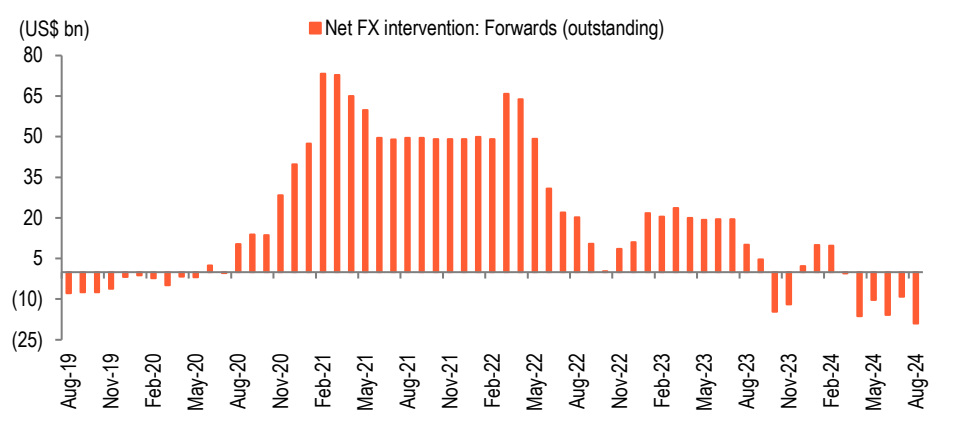


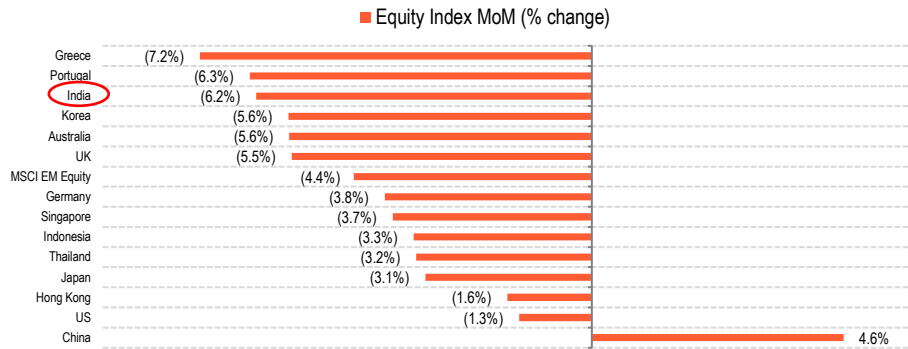
Fig 156 – RBI’s outstanding forwards position stands at (-) US\$ 19bn in Aug’24



Markets

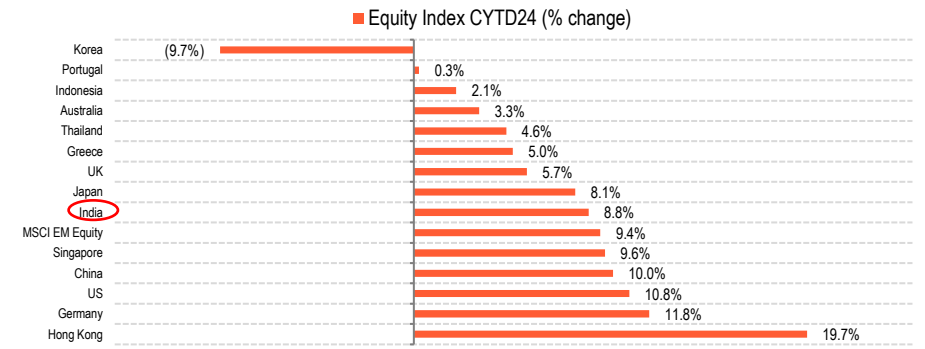
Equity

Fig 157 – In Oct'24, Sensex fell by 6.2%



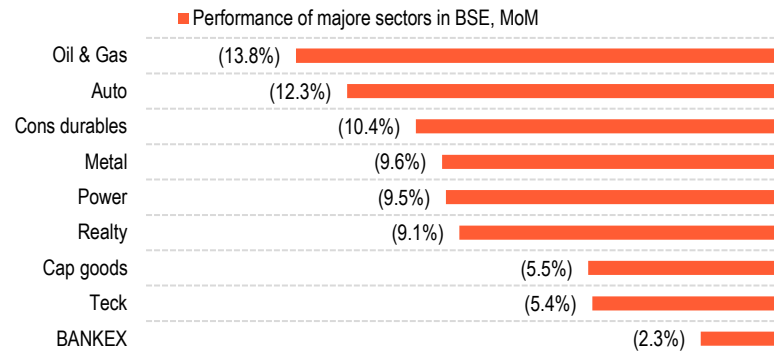
Source: Bloomberg | * As on 31 Oct 2024, Indices are in US\$ terms

Fig 158 – However, in CYTD24, Sensex rose by 8.8%



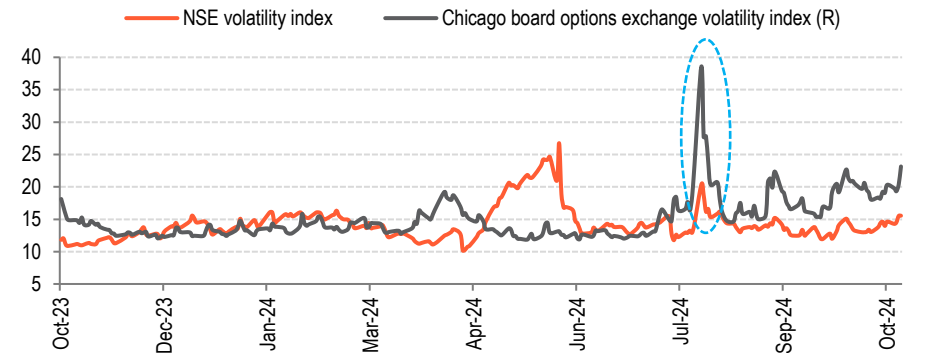
Source: Bloomberg | * As on 31 Oct 2024, Indices are in US\$ terms

Fig 159 – Banking and technology stocks fell the most



Source: Bloomberg | * As on 31 Oct 2024

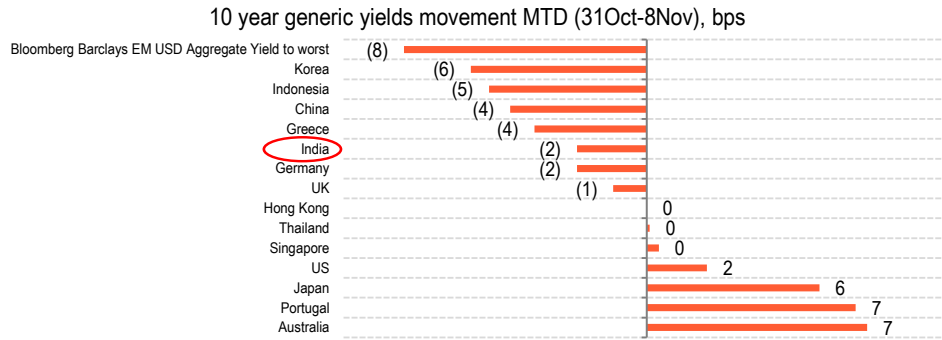
Fig 160 – VIX index rose to 15.55 as on 31 Oct 2024 from 12.79 as on 30 Sep 2024



Source: Bloomberg

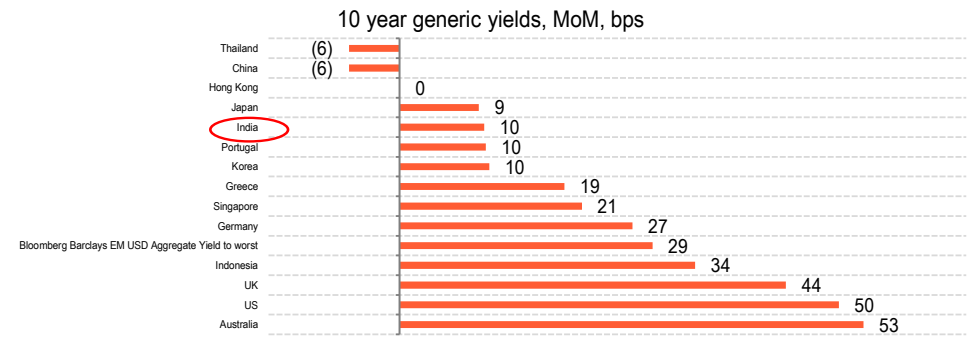
10-year bond yields

Fig 161 – In Nov'24*, India's 10Y yield has fallen by 2bps



Source: Bloomberg, *As on 8 Nov 2024

Fig 162 – However, in Oct'24, India's 10Y yield has risen by 10bps



Source: Bloomberg, As on 31 Oct 2024

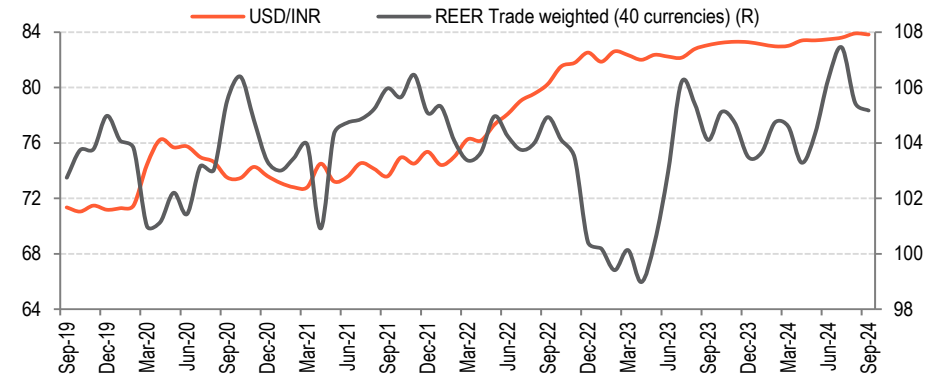
Currencies

Fig 163 – INR appreciated by 0.1% in Sep'24



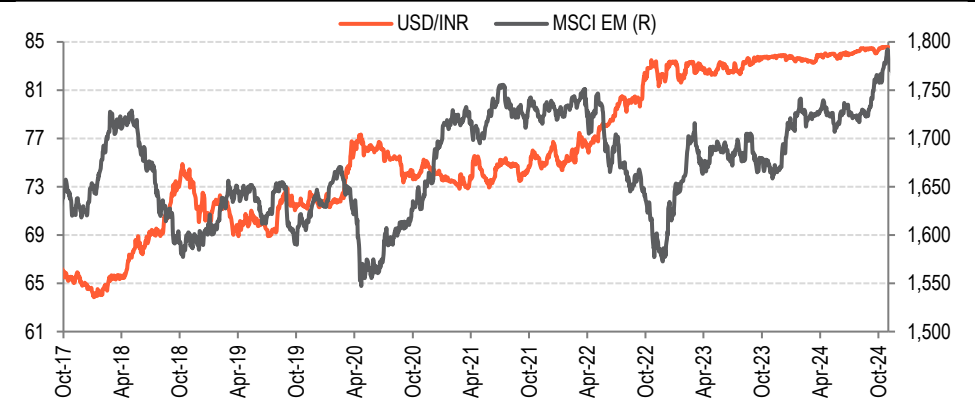
Source: Bloomberg | *As on 31 Oct 2024

Fig 164 – INR overvalued by 5.2% on REER basis (Sep'24)



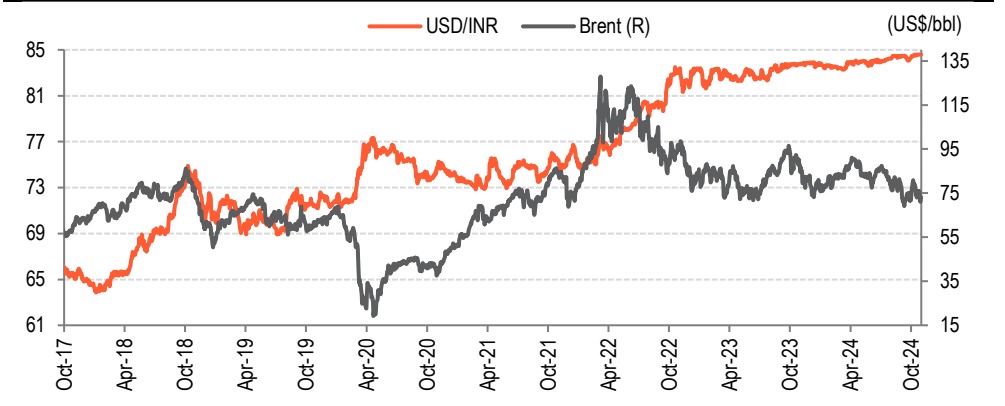
Source: Bloomberg

Fig 165 – EM currencies remained under pressure in Oct'24



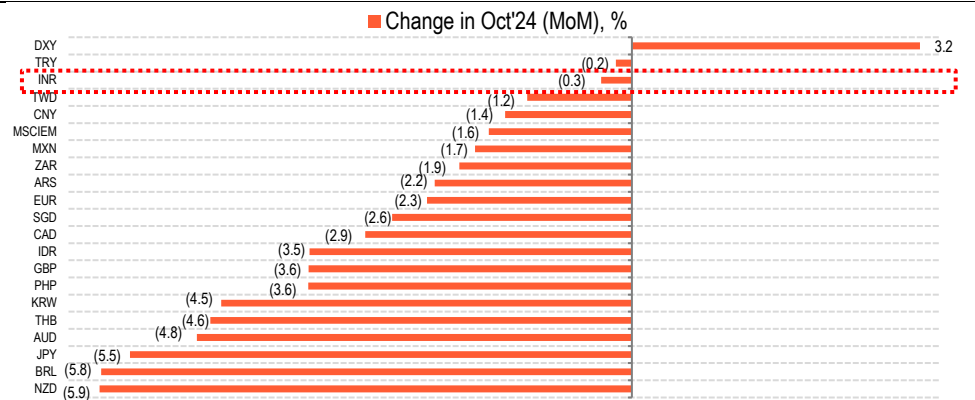
Source: Bloomberg | *As on 31 Oct 2024

Fig 166 – .. as oil prices were higher



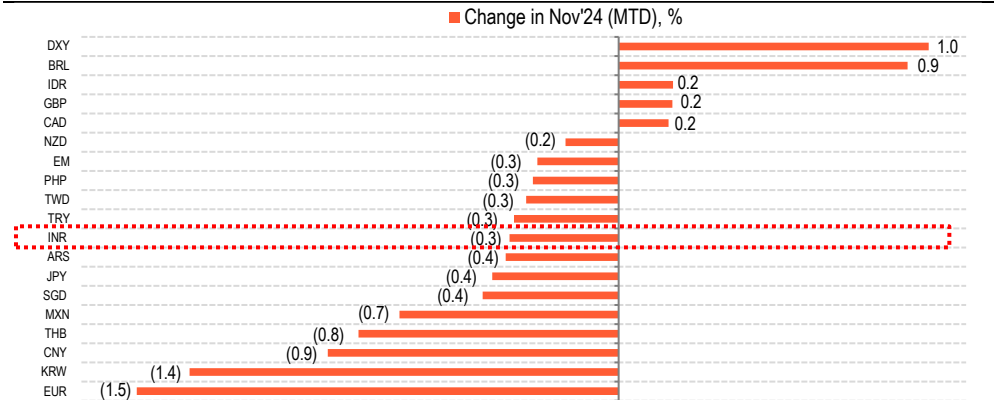
Source: Bloomberg | *As on 31 Oct 2024

Fig 167 – INR depreciated less than other EM currencies in Oct'24



Source: Bloomberg | *As on 31 Oct 2024

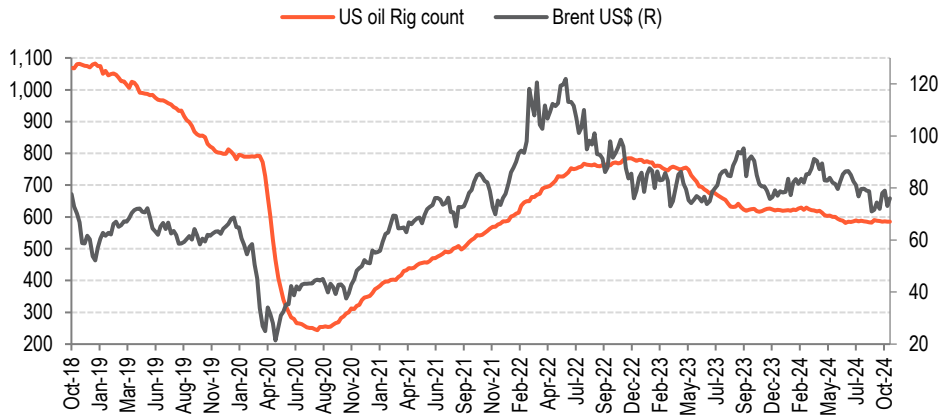
Fig 168 – In Nov'24, INR has depreciated further by 0.3% to trade at a lifetime low



Source: Bloomberg | *As on 8 Nov 2024

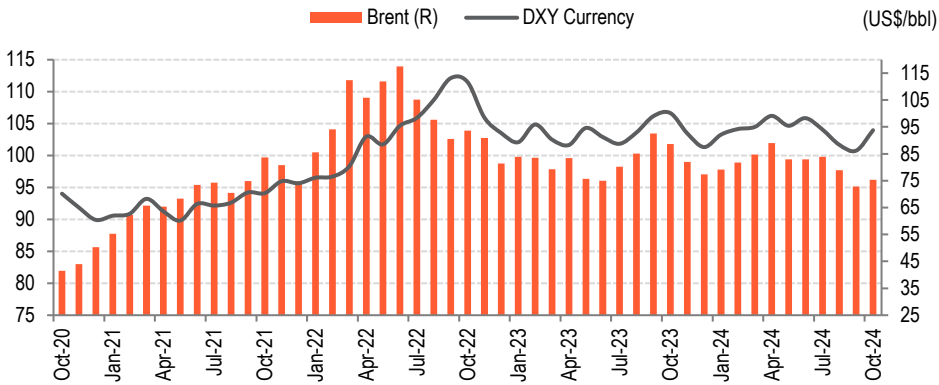
Commodities

Fig 169 – US rig count moderated slightly



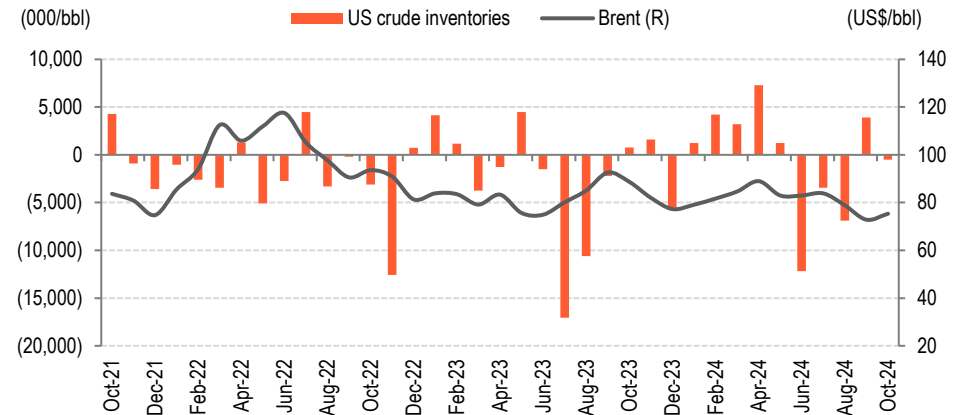
Source: Bloomberg

Fig 171 – Oil price averaged to US\$ 75.4/bbl in Oct'24 from US\$ 72.9/bbl in Sep'24, DXY rose to 104 from 100.8 owing to the political uncertainty



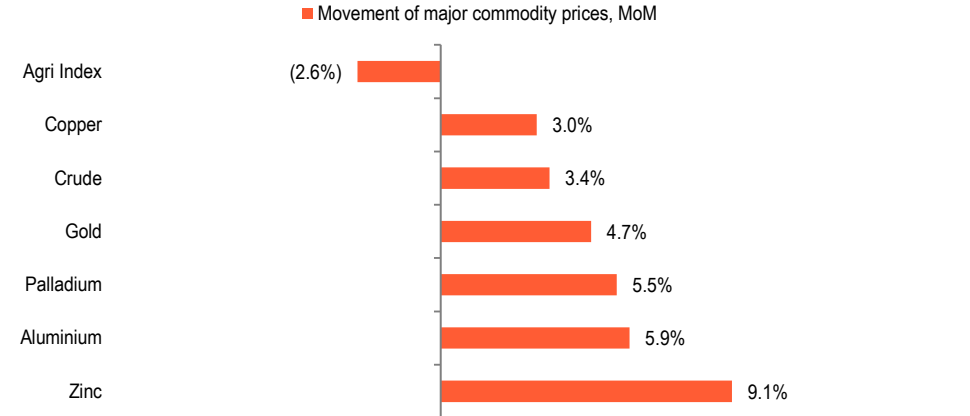
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 170 – Crude inventories have fallen



Source: Bloomberg

Fig 172 – Prices inched up broadly



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

Fig 173 – Performance of high frequency indicators

Indicators	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Agriculture													
Tractor sales	(5.3)	1.5	(21.3)	(14.5)	(25.7)	(19.5)	(2.9)	0.5	3.5	1.4	(5.5)	2.4	-
Two wheeler sales	(12.2)	21.1	27.6	15.0	13.3	5.4	33.2	2.5	4.7	17.2	6.3	(8.5)	36.3
MNREGA work (HH)	18.1	(4.7)	(5.9)	(5.0)	0.3	(19.2)	(25.1)	(26.4)	(29.9)	(24.9)	(20.4)	(19.2)	(12.6)
Manufacturing													
IIP: General index	11.9	2.5	4.4	4.2	5.6	5.5	5.2	6.3	4.7	4.7	(0.1)	-	-
IIP: Manufacturing	10.6	1.3	4.6	3.6	4.9	5.9	4.2	5.1	3.2	4.4	1.0	-	-
IIP: Capital goods	21.7	(1.1)	3.7	3.2	1.7	7.0	2.8	2.6	3.8	11.8	0.7	-	-
IIP: Infra & construction goods	12.6	1.5	5.5	5.5	8.3	7.4	8.5	7.6	7.1	4.6	1.9	-	-
IIP: Consumer goods	15.9	(4.8)	5.2	11.6	12.6	9.5	10.5	12.6	8.7	8.3	5.2	-	-
Steel	13.6	9.7	8.3	9.2	9.4	7.5	9.8	8.9	6.3	6.4	3.9	1.5	-
Cement	16.9	(4.7)	3.8	4.1	7.8	10.6	0.2	(0.6)	1.8	5.5	(3.0)	7.1	-
Electricity	20.4	5.8	1.2	5.7	7.6	8.6	10.2	13.7	8.6	7.9	(3.7)	(0.5)	-
PMI: Manufacturing	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5
Services													
Services PMI index	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.9	57.7	58.5
Automobile sales	(6.6)	18.5	21.1	15.0	13.1	3.1	26.7	2.6	0.7	13.8	2.9	(9.3)	32.1
Passenger vehicle sales	(1.7)	17.2	2.7	13.3	12.4	(6.2)	15.9	(1.0)	(6.8)	10.2	(4.5)	(18.8)	32.4
Vehicle registration	(6.6)	19.6	22.0	16.1	14.0	3.8	27.5	3.3	1.4	14.7	3.7	(8.8)	32.0
Rail freight traffic	8.5	4.3	6.4	6.4	10.1	8.6	1.4	3.7	10.1	4.5	0.0	-	-
Port cargo volume	13.5	17.0	0.7	3.2	2.4	3.6	1.3	3.7	6.8	6.0	6.7	5.9	-
Credit growth	20.2	21.1	20.0	20.3	20.5	20.2	19.2	20.7	17.4	13.7	14.0	13.0	11.5
Deposit growth	13.0	14.2	13.3	13.2	13.1	13.5	12.6	14.0	11.1	10.6	12.7	11.5	11.7
CIC	2.9	4.3	4.0	3.9	3.7	4.1	3.2	4.6	6.0	6.4	5.7	5.9	7.0
Toll collection (in mn)	319.7	320.8	337.2	331.4	323.4	338.7	328.1	347.4	334.4	312.3	329.0	318.4	345.0
Diesel consumption	9.3	(3.1)	(2.4)	3.4	6.3	2.7	1.4	2.4	1.0	4.5	(2.5)	(1.9)	0.1
GST E-way bill (in mn)	100.3	87.6	95.3	96.0	97.3	103.5	96.7	103.2	100.1	104.9	105.5	109.1	117.3
External Trade													
Merchandise exports	5.8	(3.3)	0.8	4.3	11.9	(0.6)	2.0	13.3	2.4	(1.8)	(9.3)	0.5	-
Merchandise imports	10.3	(3.3)	(6.6)	2.0	13.7	(6.4)	11.5	8.1	5.9	7.4	3.3	1.6	-
Services exports	10.7	4.2	1.7	10.8	3.4	(1.4)	17.1	9.7	3.2	16.6	5.7	14.6	-
Services imports	(0.4)	(11.1)	(1.1)	0.1	1.7	(2.1)	20.0	6.2	(3.1)	15.7	8.8	13.2	-

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

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