

India Economics

Monthly Chartbook

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Economic Research Department

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Inflation rearing its ugly head again

Globally, prospects of more rate hikes by major central banks have revived fears of impending recession. International commodity prices have come down, while US\$ remains strong. Bond yields have risen sharply. Latest remarks by Fed Chair Powell indicate that rate hikes might be more aggressive than earlier anticipated. On the domestic front, high frequency indicators are showing mixed trends. While non-oil-non-gold and electronic imports have moderated, electricity demand and fertilizer sales are showing an uptick. Going ahead, it will be critical to monitor the factors determining monsoon and its impact on food prices. Food prices have been inching up and will remain a key concern for RBI. We expect at least one more rate hike from RBI, before a pause.

Uneven tracks: India's GDP growth for Q3FY23 moderated to 4.4% against a growth of 6.3% in Q2. PFCE growth has also fallen sharply during this period (2.1% against 8.8% in Q2). Consumption demand has been showing uneven recovery as reflected by slowdown in non-oil-non-gold and electronic imports. On other hand, improvement in electricity demand and fertilizer sales is positive. RBI's consumer confidence remains optimistic (84.8 vs 83.5). For rural demand, uptick in two-wheeler and tractor sales bodes well. Agriculture sector remained resilient (3.7% vs 2.4% in Q2) on the back of good kharif crop. Concerns over possible heatwaves casts doubts on wheat crop yield.

Centre's spending regains momentum: Entering into the final quarter of FY23, centre's fiscal deficit as of Jan'23 (12MMA basis) remained unchanged from previous month at 6.9% (of GDP). Spending picked up pace again and total expenditure (Apr-Jan) rose by 12.8% from 11.8% as of Dec'22. This was led by surge in capex (29% versus 25.1%). Revenue expenditure was up only

moderately (9.7% versus 9.3%). support to spending was provided by pick up centre's revenue receipts (4.4% versus 2.1%), primarily indirect tax collections (8.5% versus 7.1%). Within indirect taxes, custom duty collections rose, while contraction in excise collections eased. GST collections also remain steady. Centre's direct tax collections however continued to slow (16.8% versus 18%).

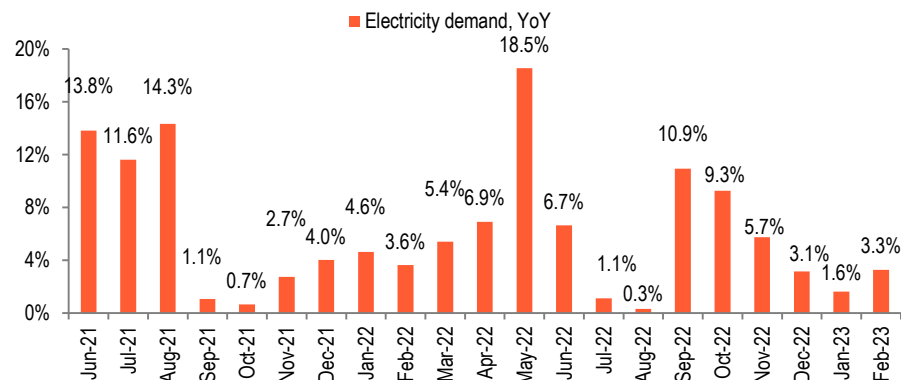
India's 10Y yield on an upward trajectory: Global yields edged up in Feb'23 amidst expectations of higher rates by global central banks. 10Y yields in UK, US and Germany rose by 49bps, 41bps and 37bps respectively. India's 10Y yield also rose by 9bps, following global cues. Tighter liquidity conditions and continued inflationary pressures also weighed on domestic yields. It must be noted that domestic price pressures have surfaced again amidst intense heat conditions in some parts of the country. This raises the possibility of another rate hike by RBI. This is also reflected in the upward momentum seen in short-end papers as well as OIS rates. Liquidity deficit is likely to swell amidst maturing of LTROs and TLTROs, putting further pressure on yields.

Pressure on INR: INR depreciated by 0.9% in Feb'23. Possibility of more rate hikes by Fed amidst positive macro data fuelled a rally in DXY. FPI outflows and weakness in domestic equity markets also weighed on the rupee. USD/INR started Mar'23 on a positive note, but has since come under pressure. With the Fed Chairman signalling that more and probably faster rate hikes may be needed to cool inflation, dollar has once again moved upwards. As a result, INR and other currencies have come under pressure. US jobs and CPI report will be key in assessing the Fed's future stance, and hence the trajectory of INR. Even so, we do not see USD/INR to breach the 83/\$ mark.

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

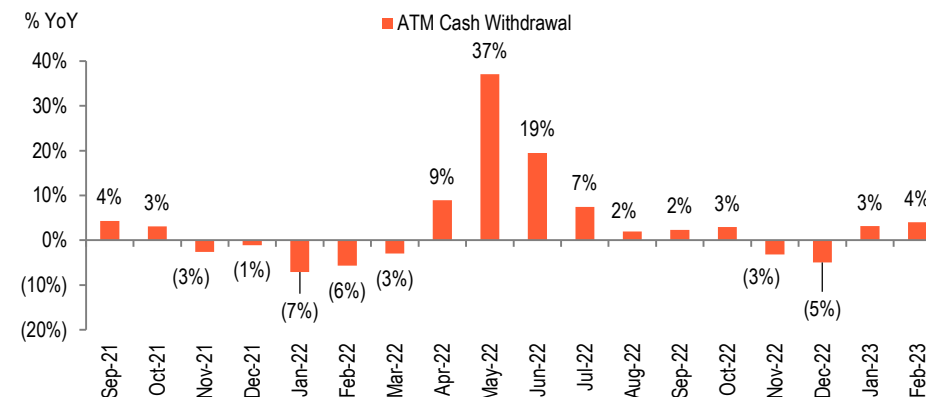
High frequency indicators

Fig 1 – Electricity demand rebounds in Feb'23



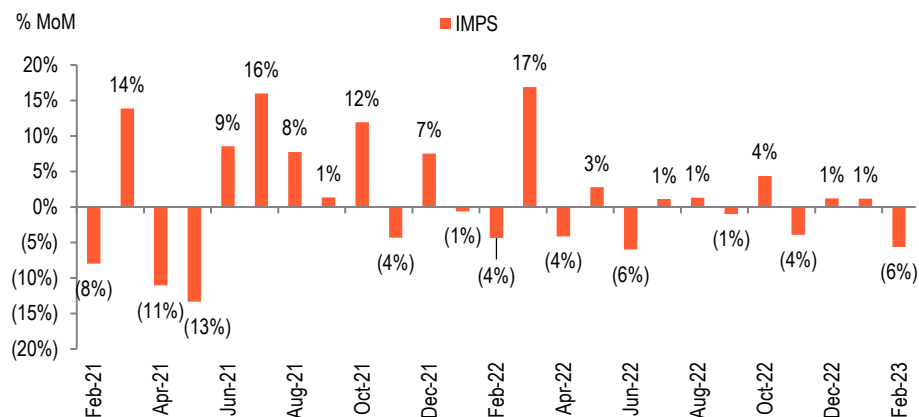
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 2 – Cash withdrawal edges upwards



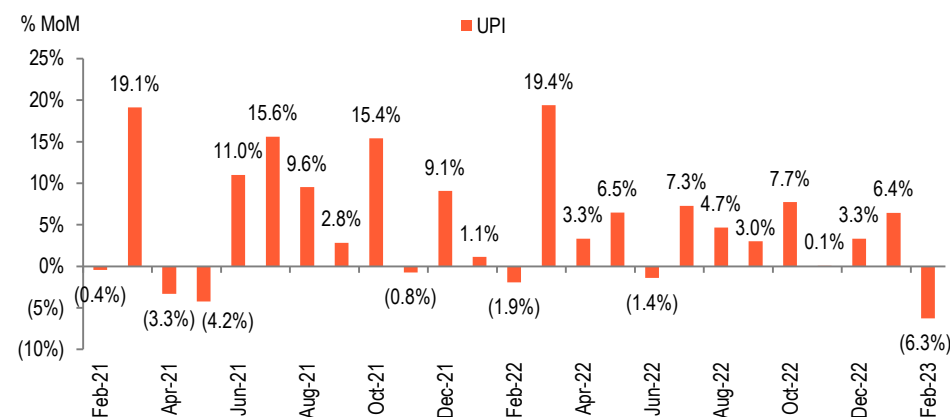
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

Fig 3 – IMPS transactions slip



Source: NPCI

Fig 4 – Growth in UPI payments decline



Source: NPCI

Fig 5 – Fertilizer sales growth improves

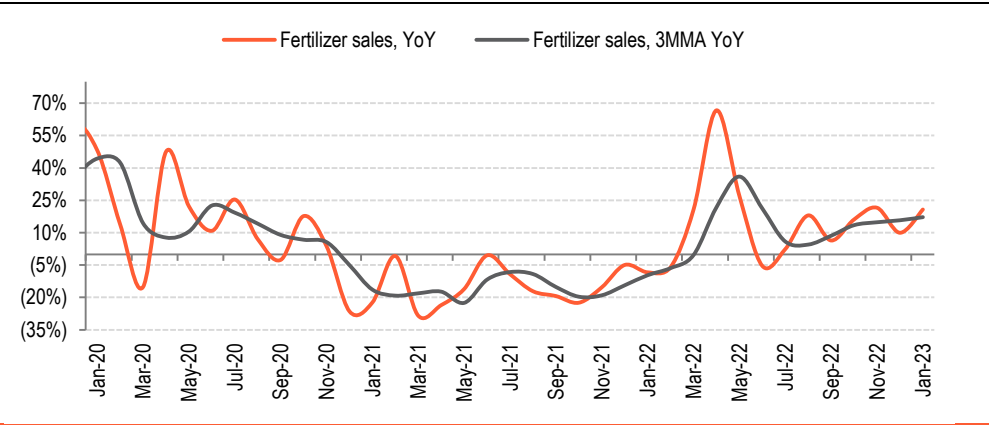
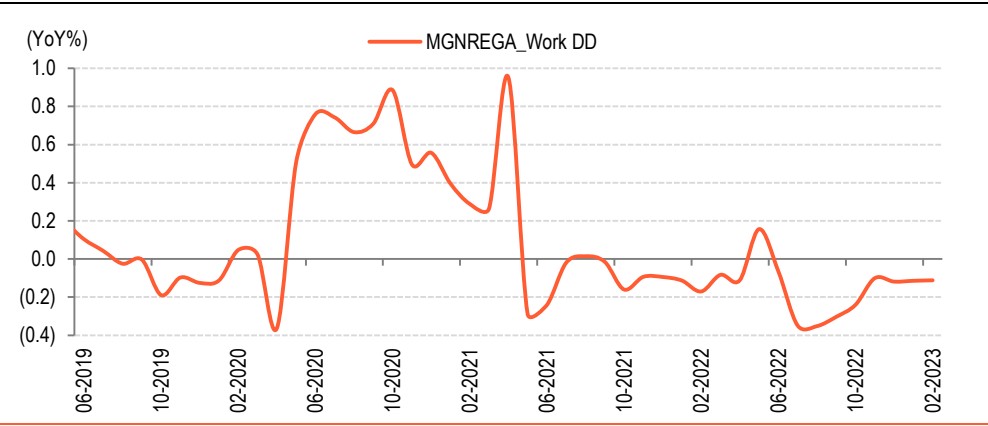


Fig 6 – Demand for work remains steady (MGNREGA-household)



Final consumption expenditure

Fig 7 – Private consumption disappoints in Q3FY23

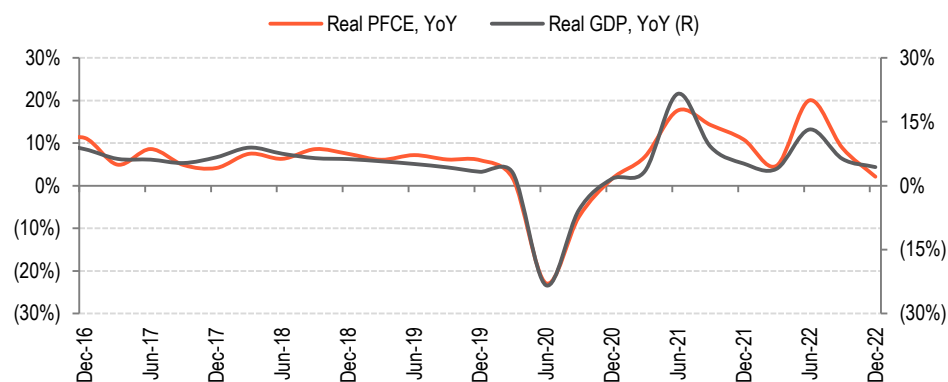


Fig 8 – Government consumption improves marginally

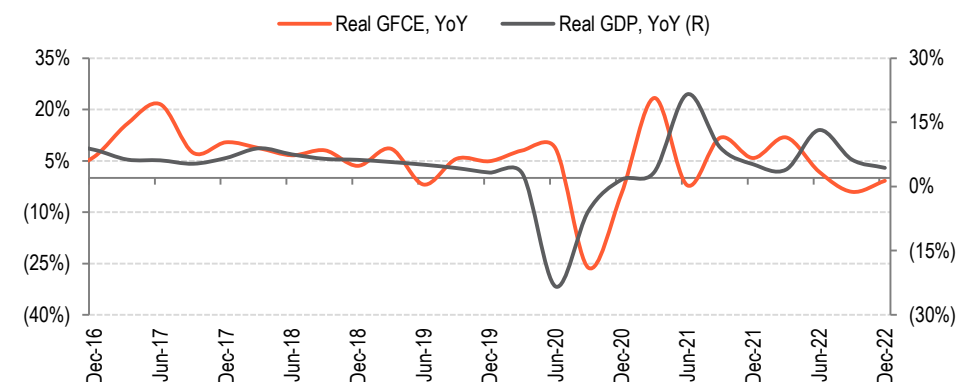


Fig 9 – General govt. revenue spending continues to dip further

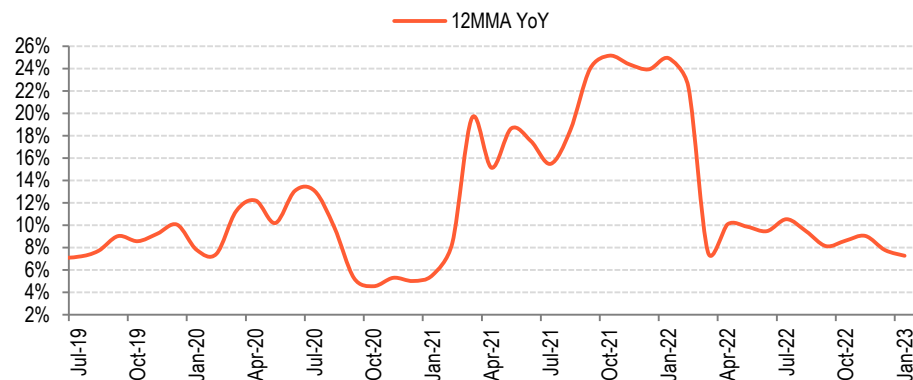
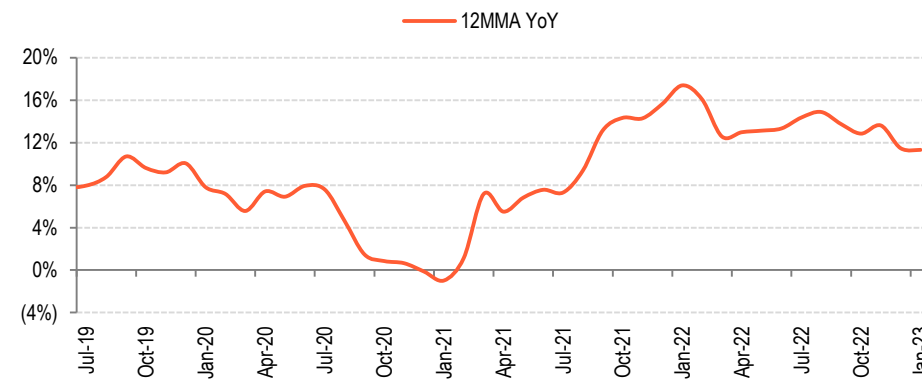


Fig 10 – ...State* govt. revenue spending steady



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

Non-oil imports, electronic imports

Fig 11 – Non-oil-non-gold import continues to slip

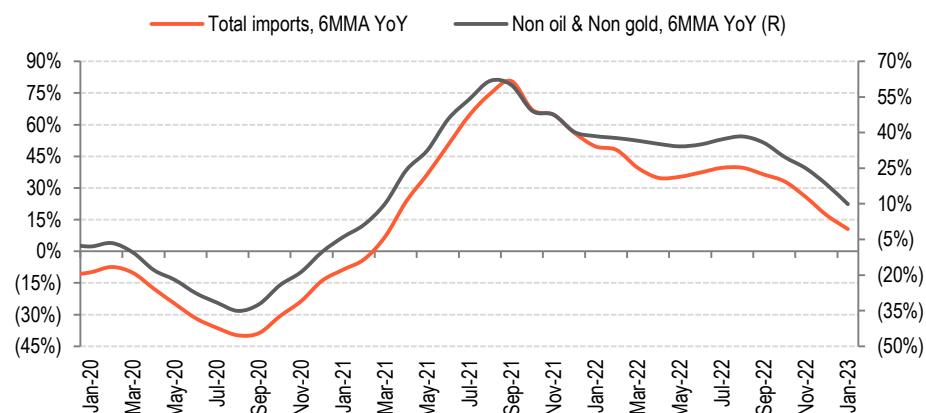


Fig 12 – Double digit contraction in electronic imports

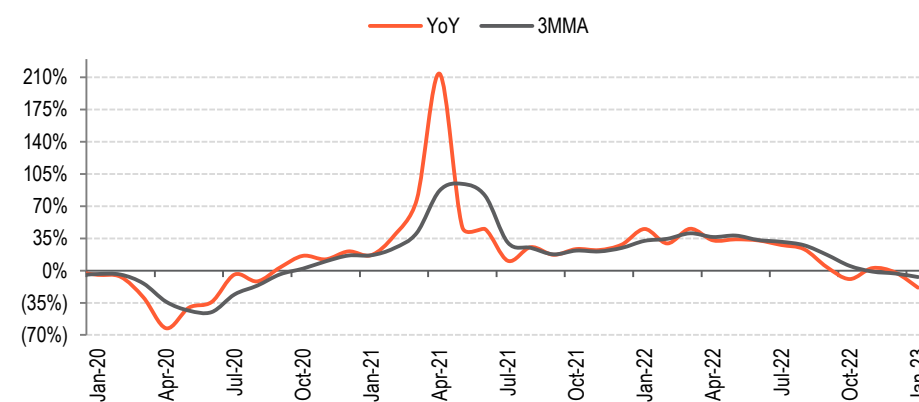
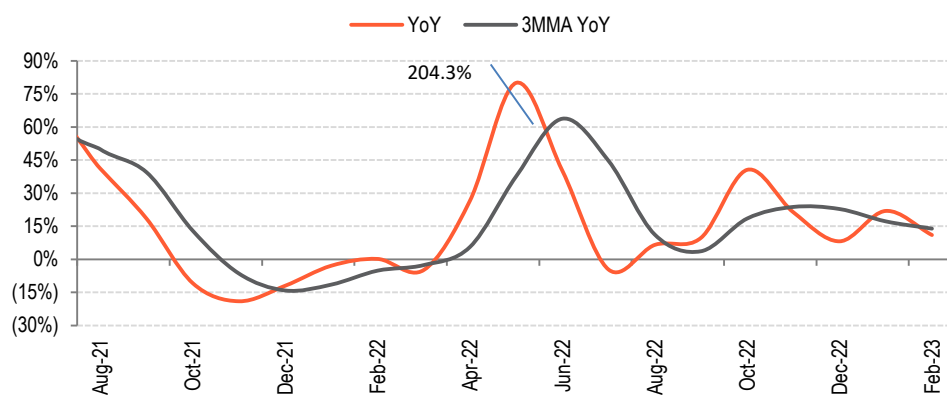
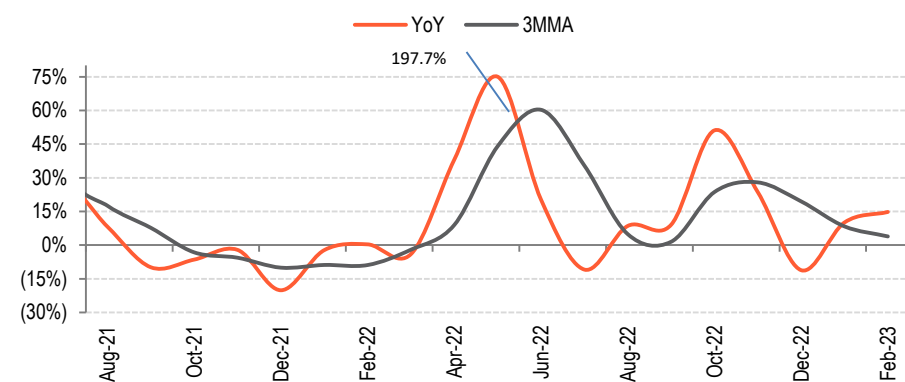


Fig 13 – Retail passenger vehicle sales disappoints



Source: FADA

Fig 14 – Growth in two-wheeler sales improves tad bit



Credit deployment of personal loans

Fig 15 – Growth in credit card loan moves up

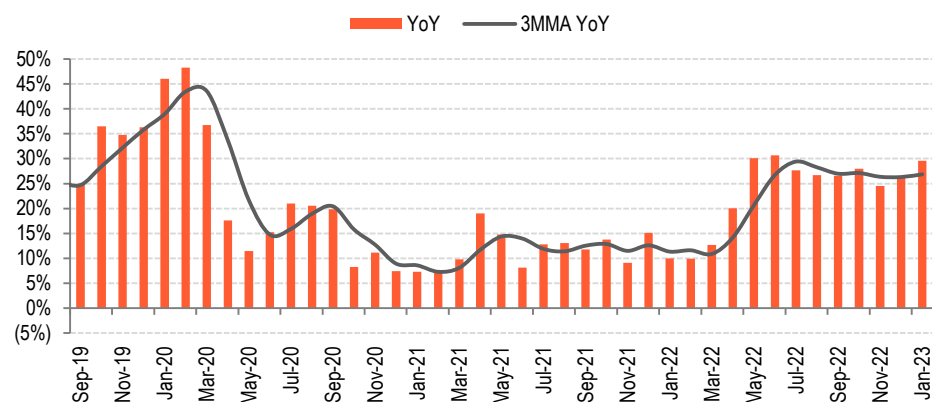


Fig 16 – Growth in personal loan remains steady

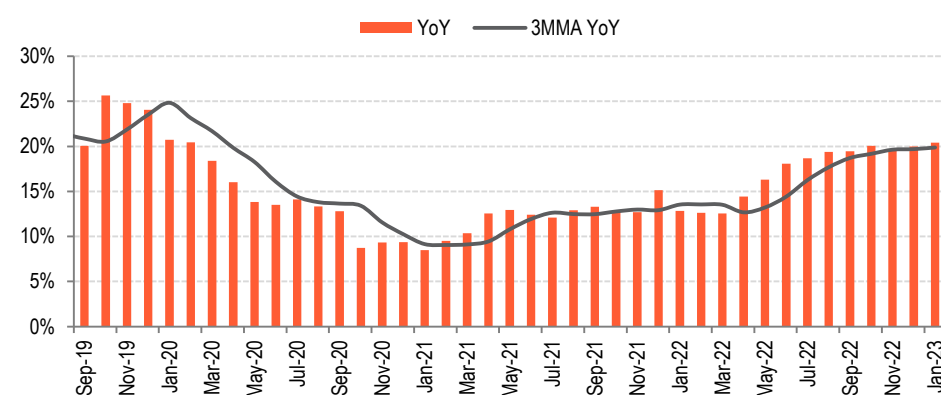


Fig 17 – Higher growth registered in Vehicle loans

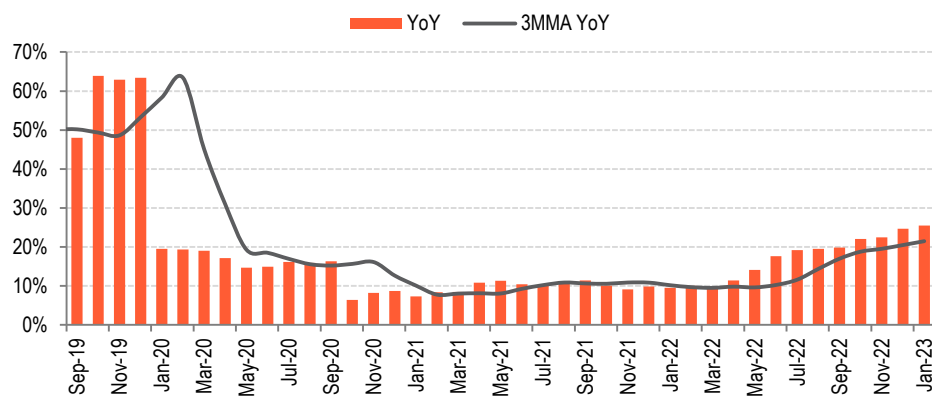


Fig 18 – Consumer's optimism gathers momentum

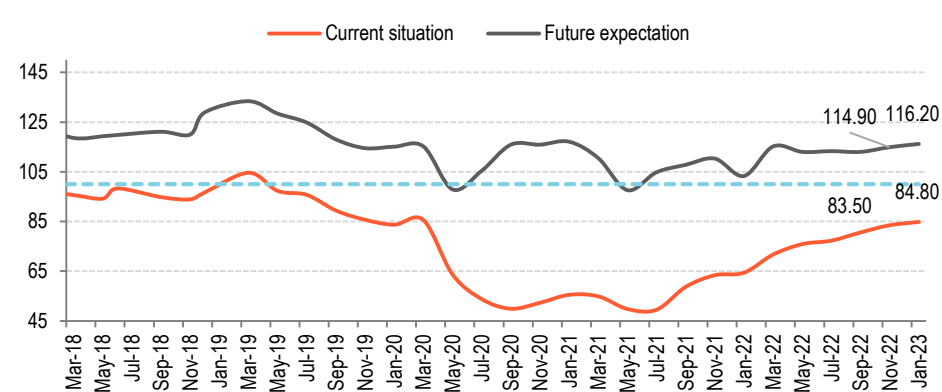
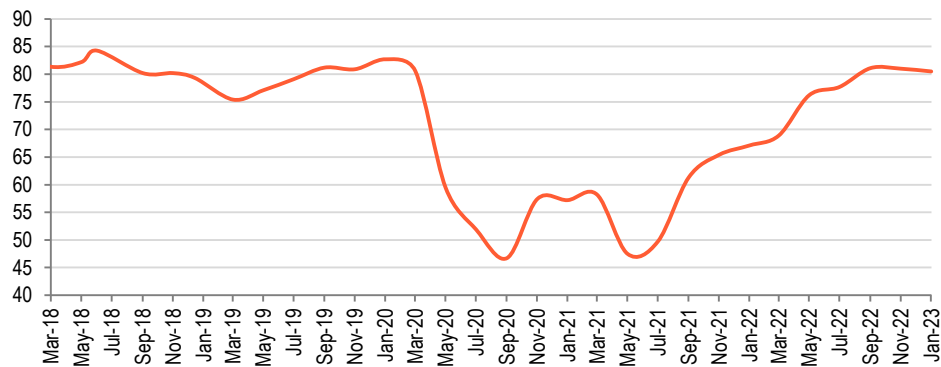
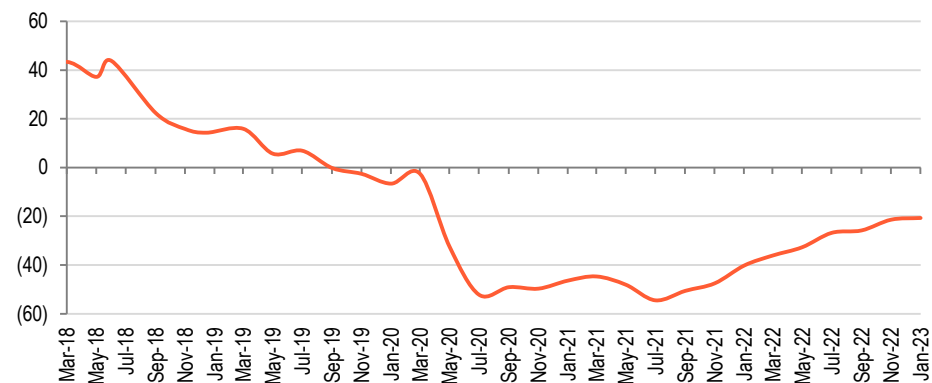
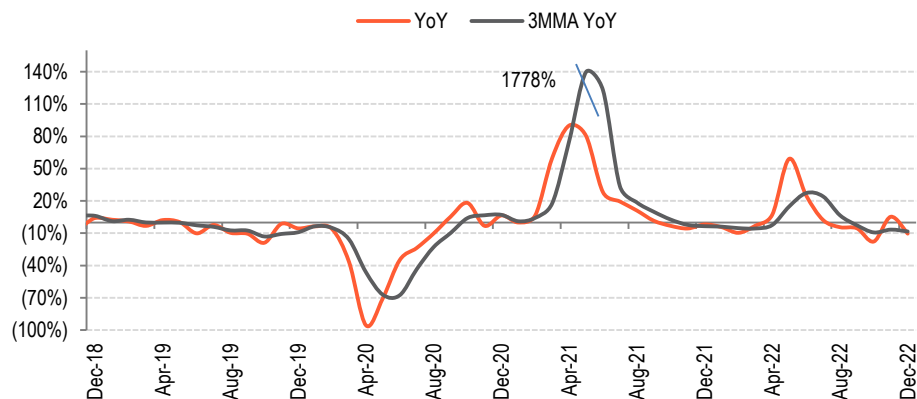
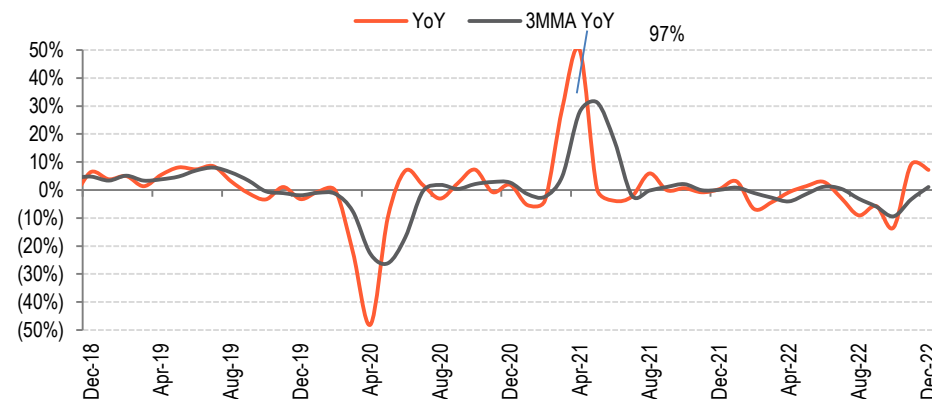


Fig 19 – RBI's essential spending signals a dip**Fig 20 – ...non-essential spending slowly gathering pace**

Consumer durables & non-durables production

Fig 21 – Consumer durables output contracts**Fig 22 – FMCG output eases**

Agriculture

Fig 23 – Agriculture sector continues to remain resilient

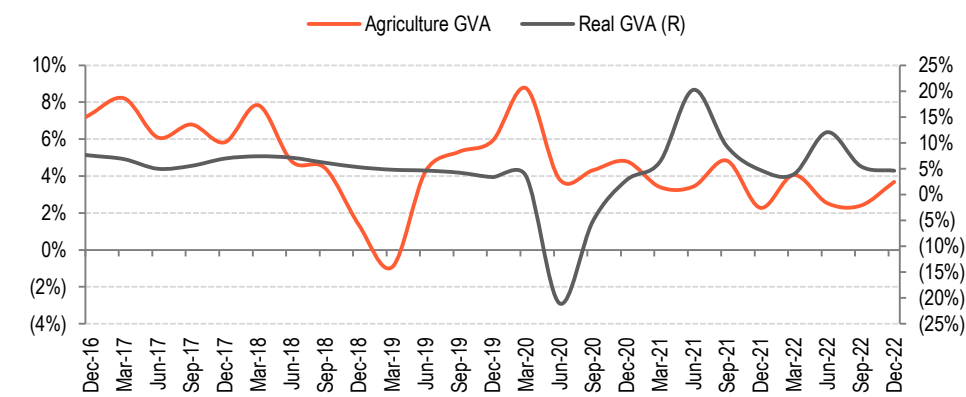


Fig 25 – Agriculture credit registers higher growth

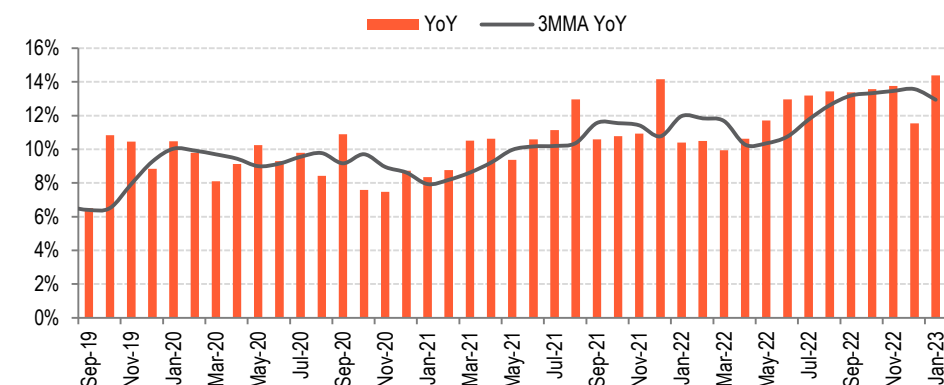
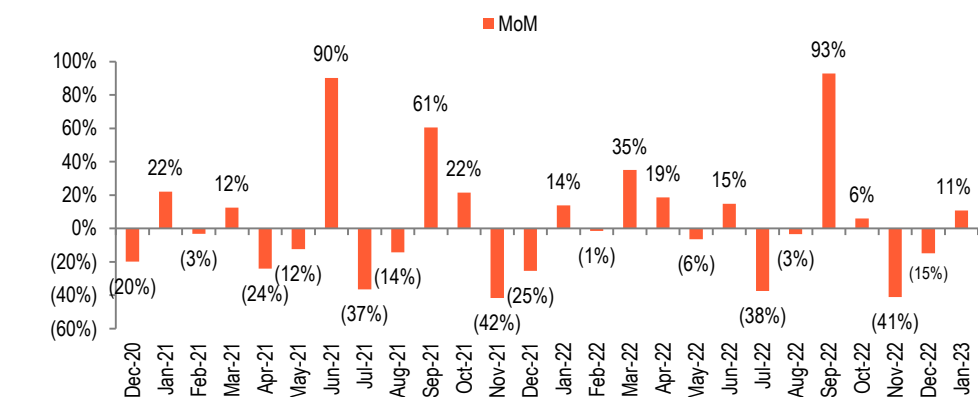


Fig 24 – Double digit growth in tractor sales

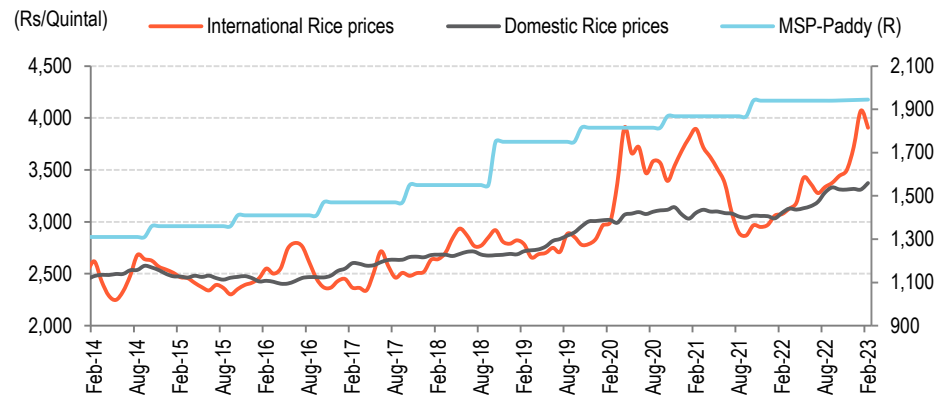


Note: Tractor sales including exports

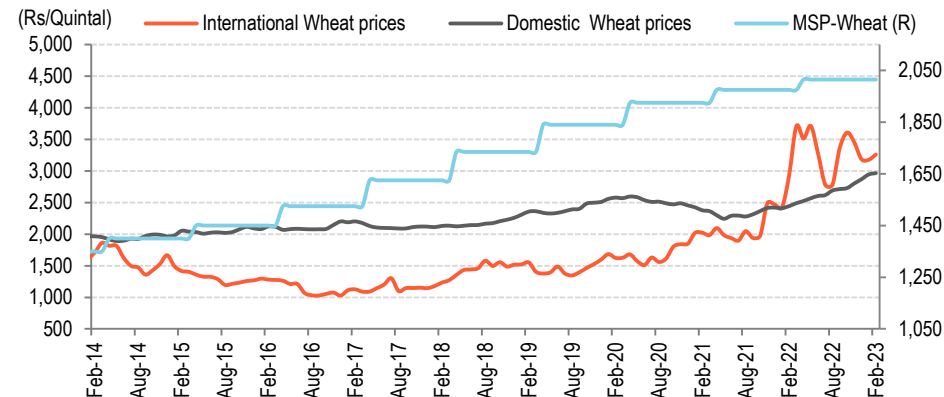
Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	58.17
2022-23	18.8	35.5*

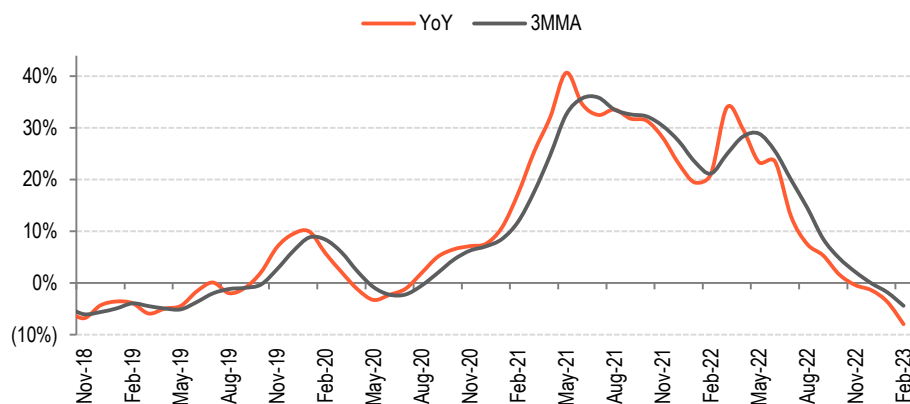
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Dec 2022

Fig 27 – International rice price moderates; Domestic price inches up

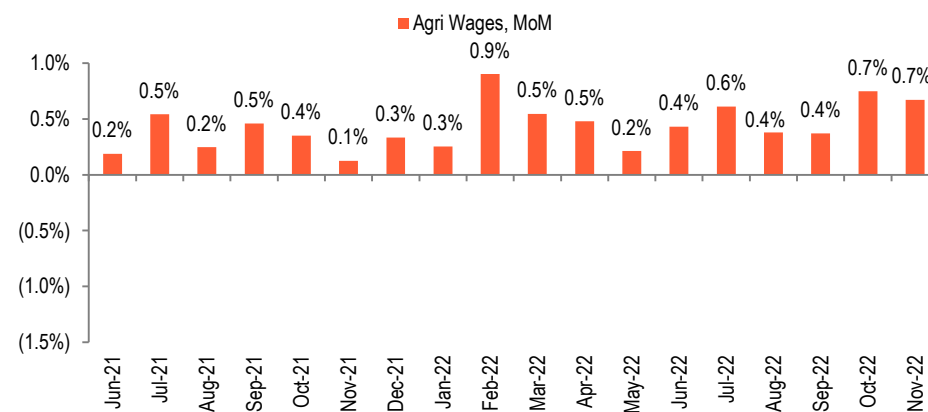
Source: World Bank

Fig 28 – Both Domestic and International wheat prices edge up

Source: World Bank

Fig 29 – Global food prices continue to decline

Source: FAO

Fig 30 – Wage growth (men) remains steady

Inflation

Fig 31 – Headline CPI inched up to its 3-month high of 6.5% in Jan'23 from 5.7% in Dec'22, again crossing RBI's upper tolerance band

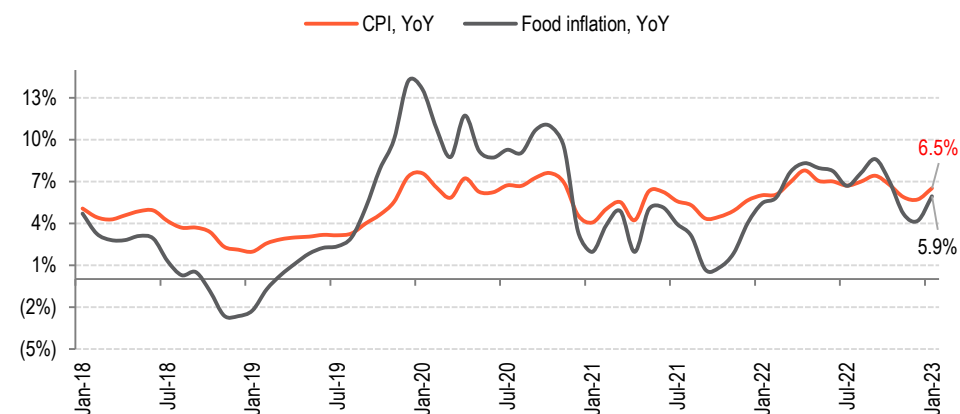


Fig 32 – ...Food inflation was driven by cereals, vegetables, fruits and meat and fish component

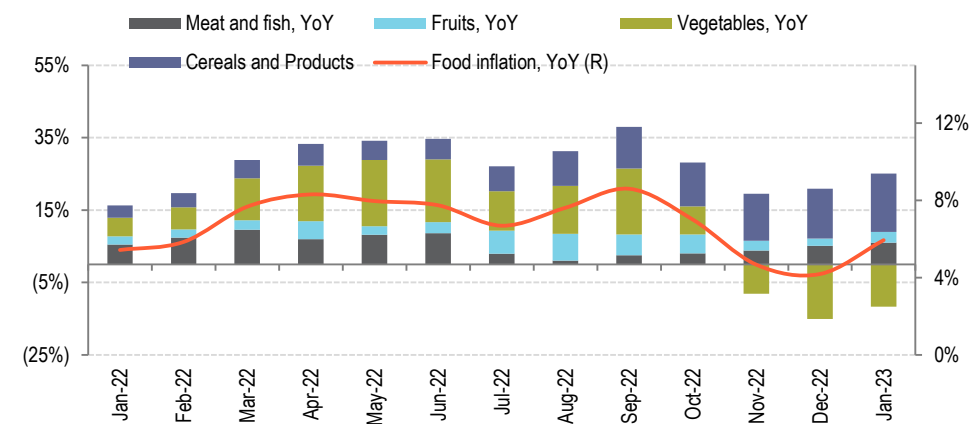


Fig 33 – Stickiness of core inflation persists

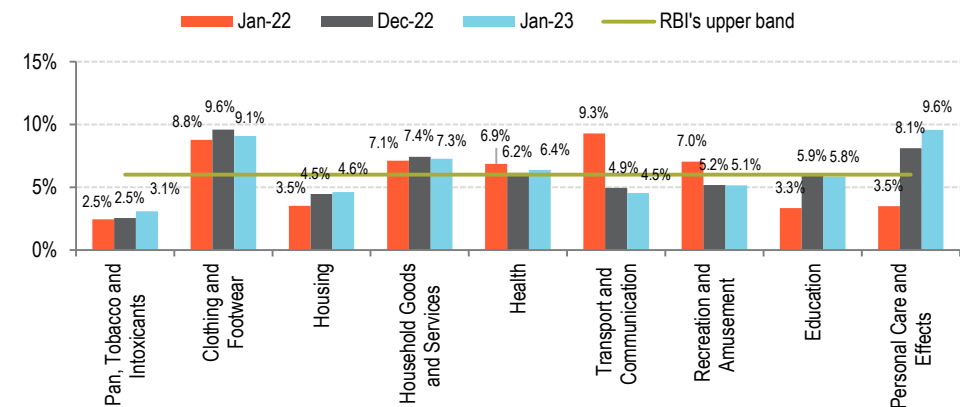
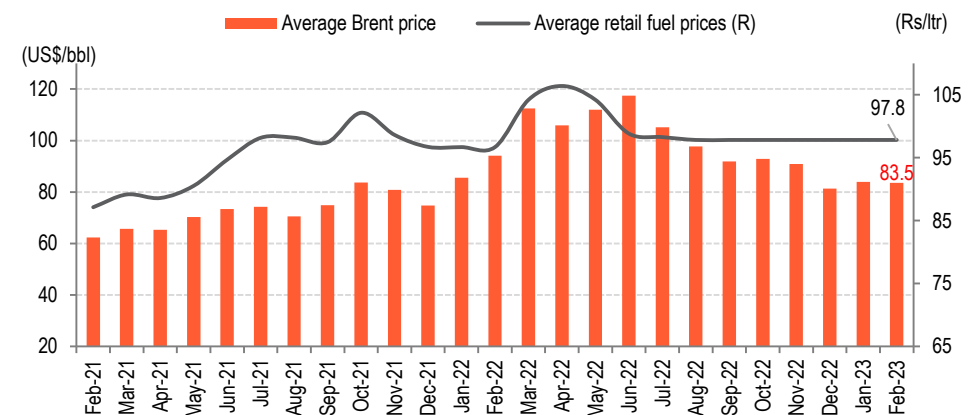


Fig 34 – Domestic retail prices was stable at Rs 98/ltr, even international crude prices on an average was stable at US\$ 84/bbl



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

Industry

Fig 35 – IIP growth improves in Q3

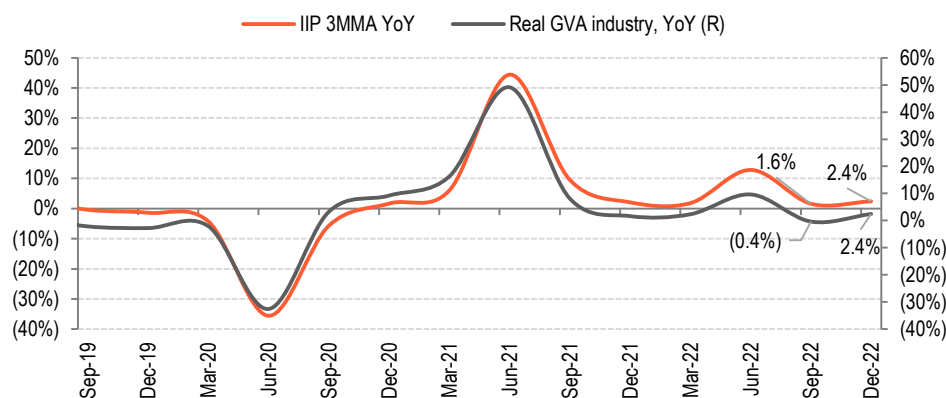


Fig 36 – Sectorwise growth lower, due to base effect

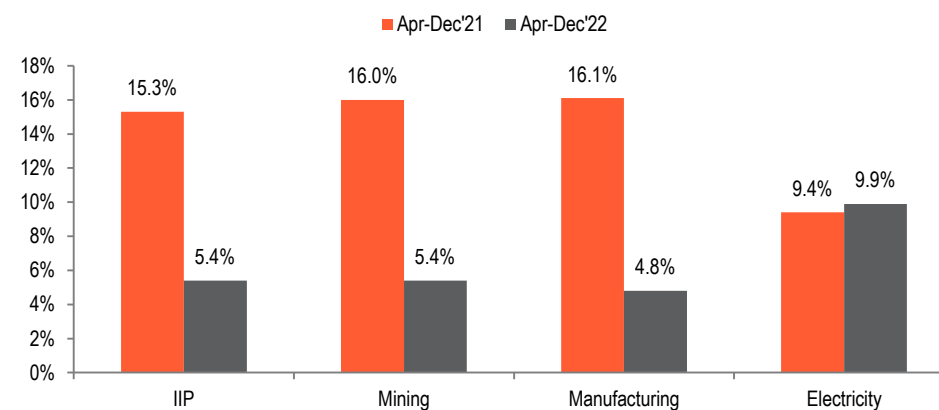


Fig 37 – IIP growth edge upwards

Sectoral (%)	Weight	Dec-22	Nov-22	Dec-21	Apr-Dec'22	Apr-Dec'21
IIP	100.0	4.3	7.3	1.0	5.4	15.3
Mining	14.4	9.8	9.7	2.6	5.4	16.0
Manufacturing	77.6	2.6	6.4	0.6	4.8	16.1
Electricity	8.0	10.4	12.7	2.8	9.9	9.4
Use-Based						
Primary Goods	34.1	8.3	4.8	2.8	7.8	11.8
Capital Goods	8.2	7.6	21.6	(3.0)	14.1	24.3
Intermediate Goods	17.2	(0.3)	3.3	1.0	4.5	20.8
Infrastructure and Construction Goods	12.3	8.2	13.2	2.0	7.6	23.9
Consumer Durables Goods	12.8	(10.4)	5.3	(1.9)	3.4	20.6
Consumer Non-Durables Goods	15.3	7.2	9.1	0.3	(1.2)	5.4

Manufacturing

Fig 38 – Manufacturing growth continues to remain lower in Q3

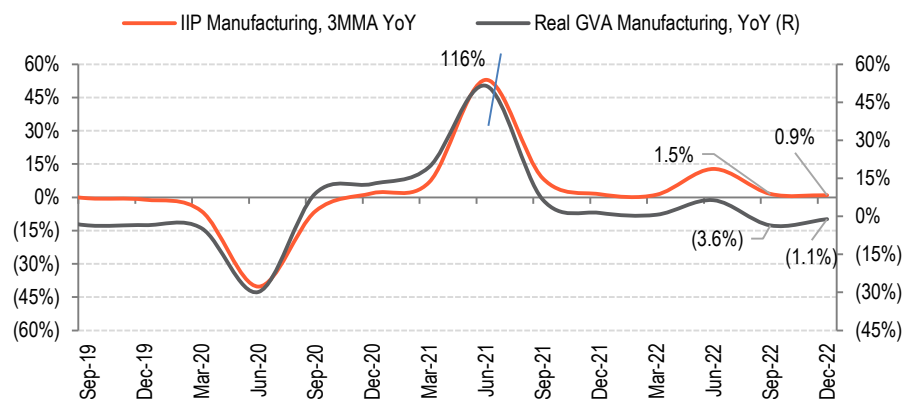
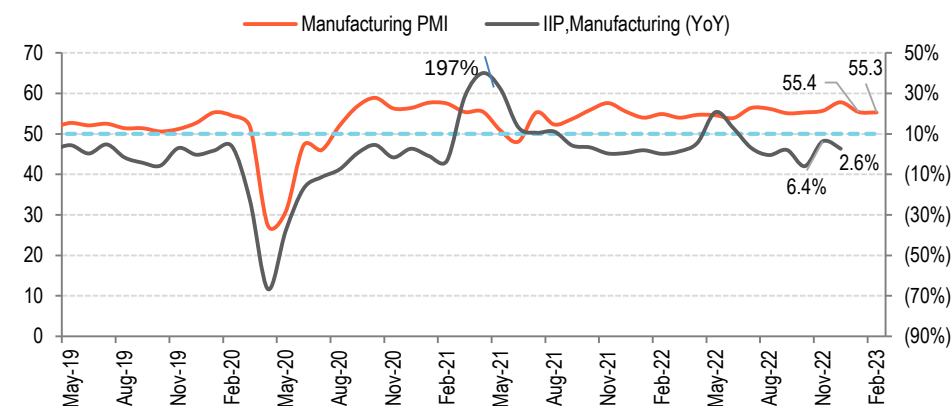


Fig 39 – Manufacturing PMI remains steady in Feb'23



Source: Markit

Mining & Electricity

Fig 40 – Mining activity inch up in Q3

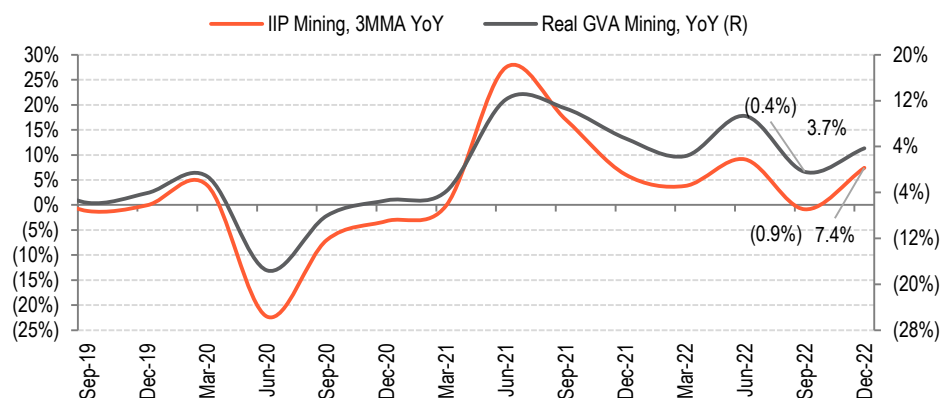
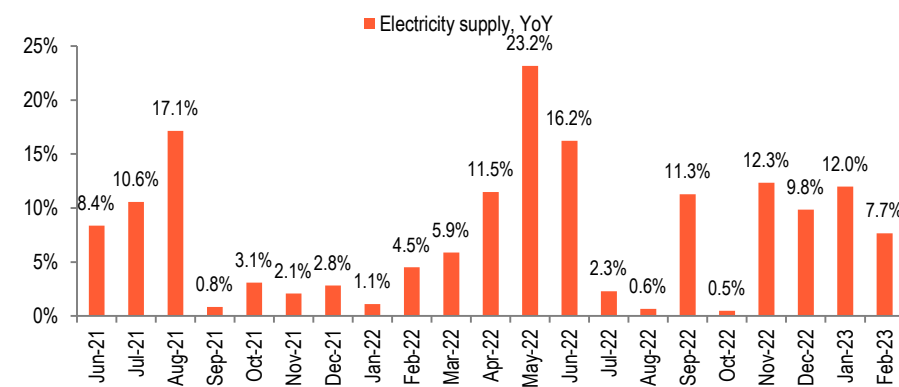


Fig 41 – Growth in electricity supply eases



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

Infrastructure and construction

Fig 42 – Growth in Construction improve in Q3FY23

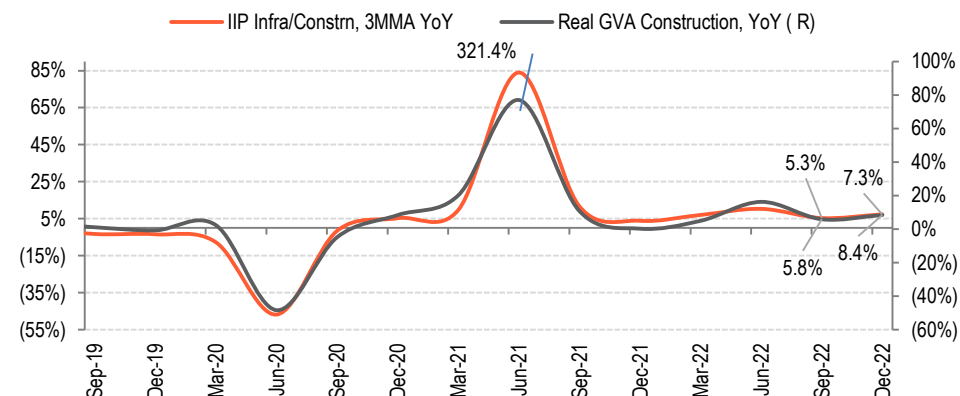
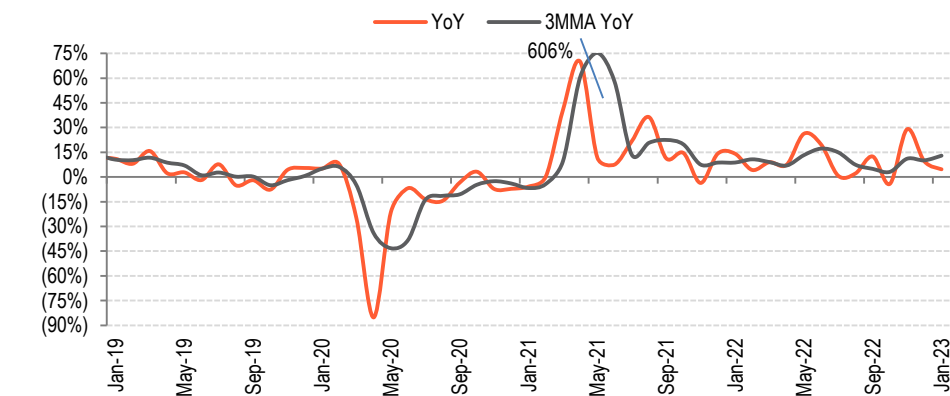


Fig 43 – Growth in Cement output lower in Jan'23



Infrastructure index

Fig 44 – Growth in infrastructure index improves

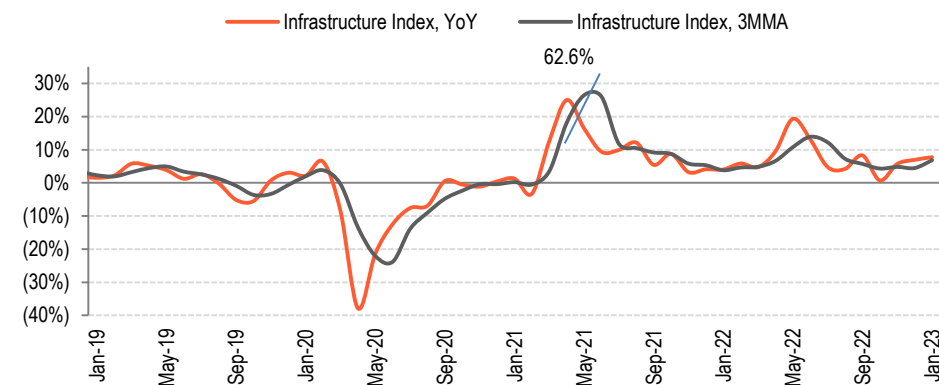
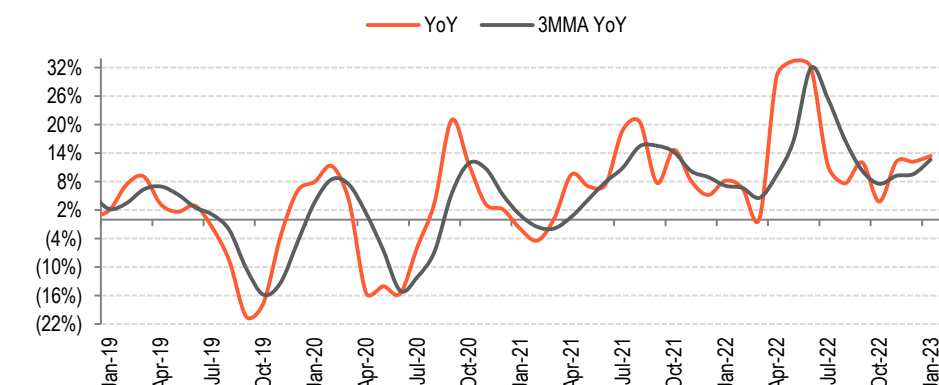


Fig 45 – Coal output registers an improvement



Auto production & business expectation index

Fig 46 – Auto production rebounds in Jan'23

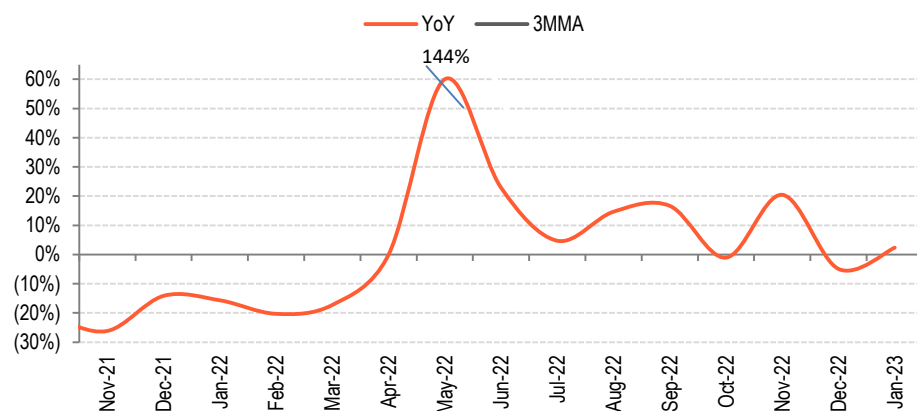


Fig 47 – Business sentiment moderates

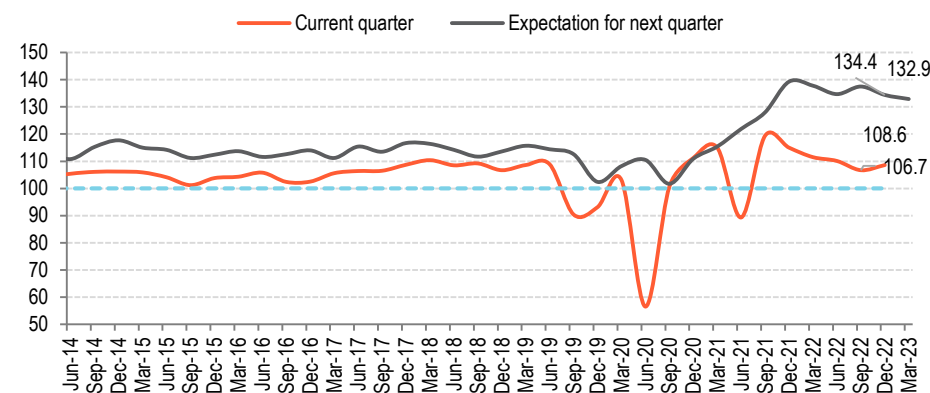
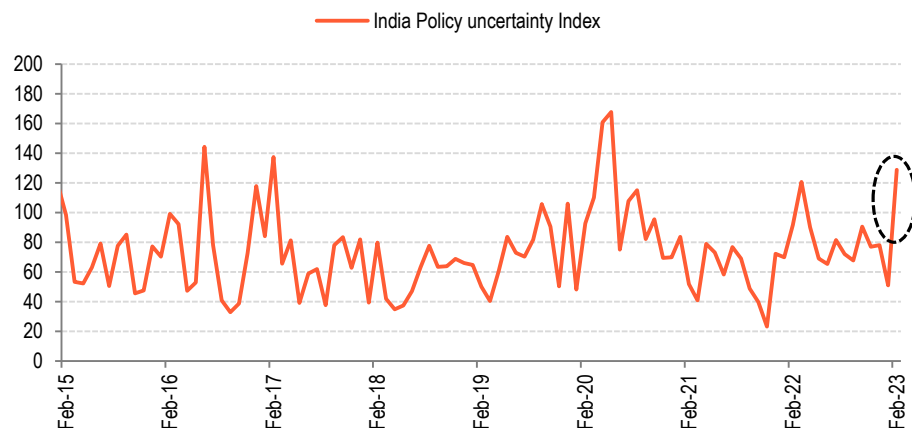


Fig 48 – Core sector output accelerates to 4-month high

(%)	Weight	Jan-23	Dec-22	Jan-22	Apr-Jan'23	Apr-Jan'22
Infrastructure Index	100	7.8	7.0	4.0	7.9	11.6
Coal	10.3	13.4	12.2	8.2	16.1	10.3
Crude Oil	9.0	(1.1)	(1.2)	(2.4)	(1.3)	(2.6)
Natural Gas	6.9	5.3	2.6	11.7	1.4	21.2
Petroleum Refinery Products	28.0	4.5	3.7	3.7	5.4	9.3
Fertilizers	2.6	17.9	7.3	(2.0)	10.5	(0.3)
Steel	17.9	6.2	6.3	3.8	7.1	19.9
Cement	5.4	4.6	9.5	14.1	10.0	24.7
Electricity	19.9	12.0	10.4	0.9	10.1	8.5

Investment

Fig 49 – Policy uncertainty index in India rose in Feb'23 due to tighter financial conditions



Source: policyuncertainty.com

Fig 51 – Capital goods production inched down to 7.6% in Dec'22 from 21.6% in Nov'22

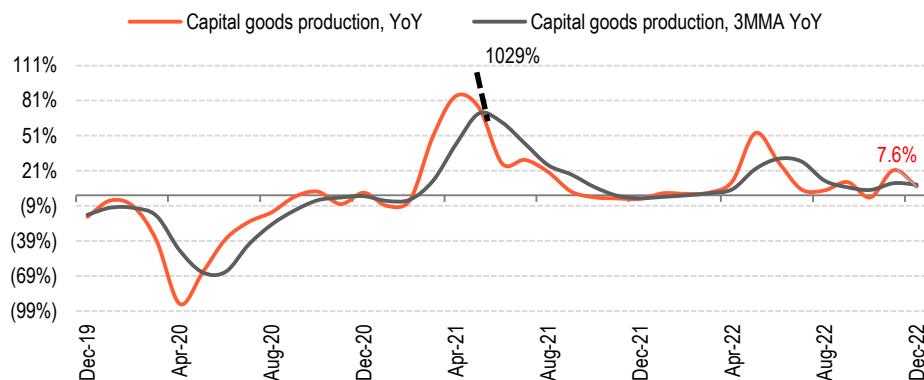
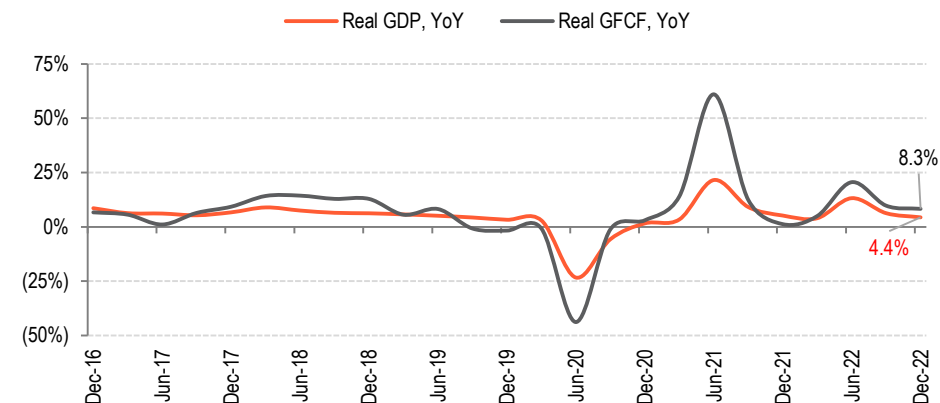


Fig 50 – Real GFCF growth moderated slightly to 8.3% in Q3FY23 from 9.7% in Q2, real GDP growth moderated to 4.4% from 6.3%



Source: policyuncertainty.com

Fig 52 – Capital goods imports moderated to 5.4% in Jan'23 from 13.8% in Dec'22, despite favourable base

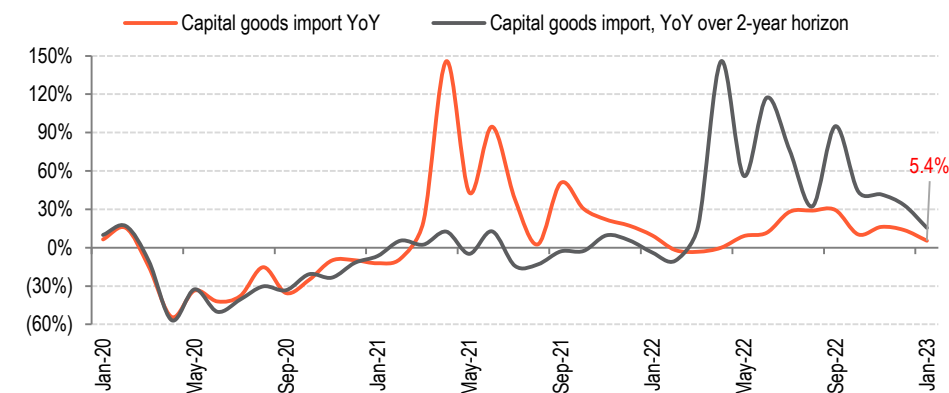


Fig 53 – Centre’s capex spending noted growth of 42.7% in Jan’23 from 36% in Dec’22, in FY24, capex spending is likely to rise by 37.4% to Rs 10tn

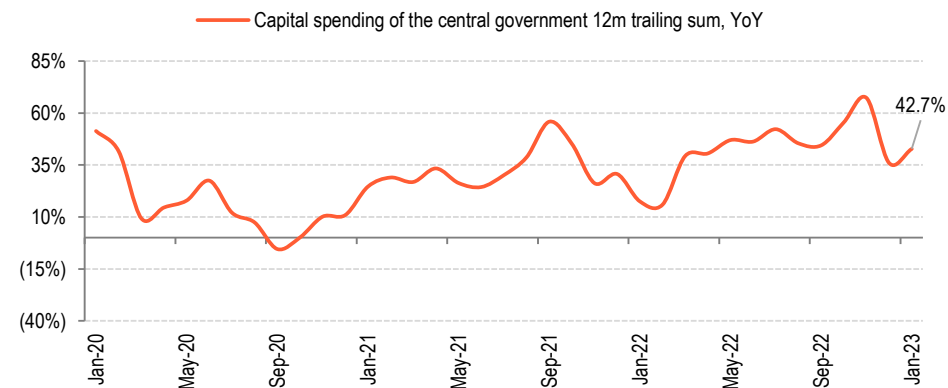


Fig 54 – Credit to micro and small industry inched up to 15.2% in Jan’23 from 13.7% in Dec’22, for medium industry it rose to 18.1% from 15.4%

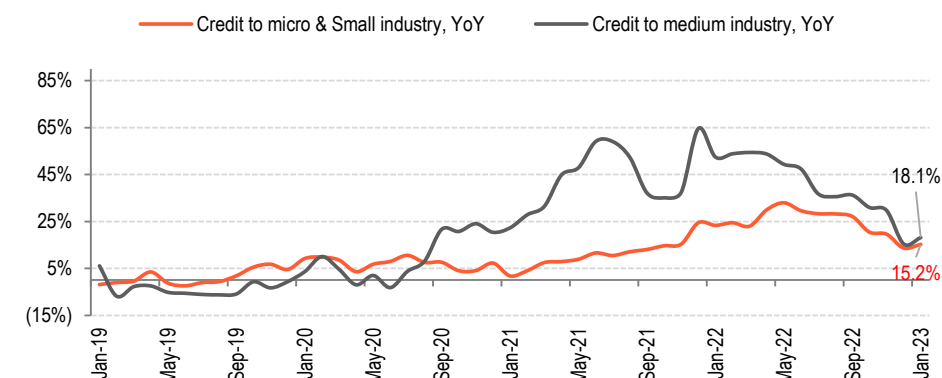


Fig 55 – Credit to housing sector moderated slightly to 15.4% in Jan’23 compared to 16.1% in Dec’22

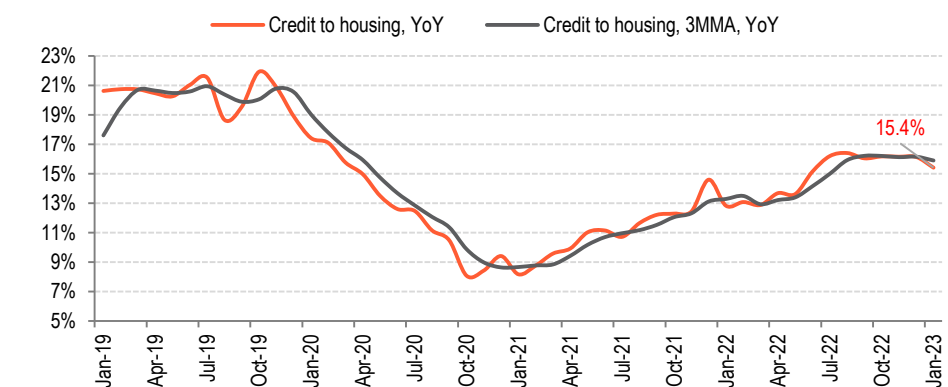
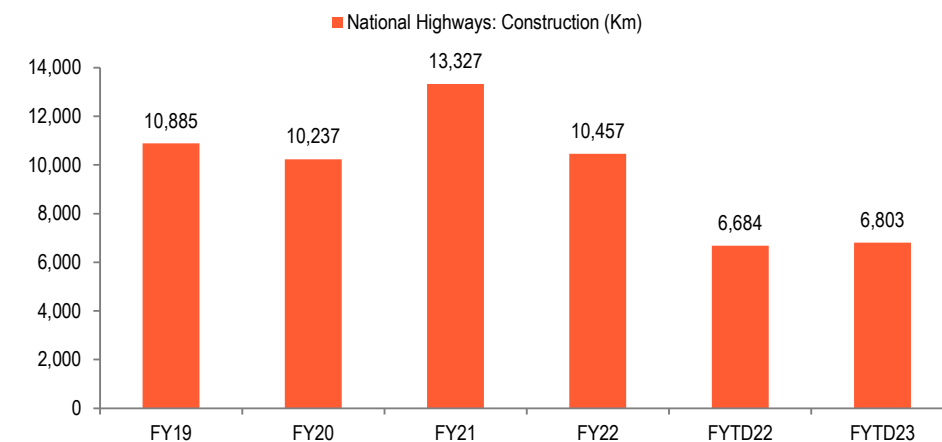


Fig 56 – Pace of National highway construction



Note: FYTD: Apr-Jan

Services sector

Fig 57 – GVA: Services activity eased further in Q3FY23; compared to pre-pandemic (FY20), activity rose by 34% in Q3 versus 30% in Q2

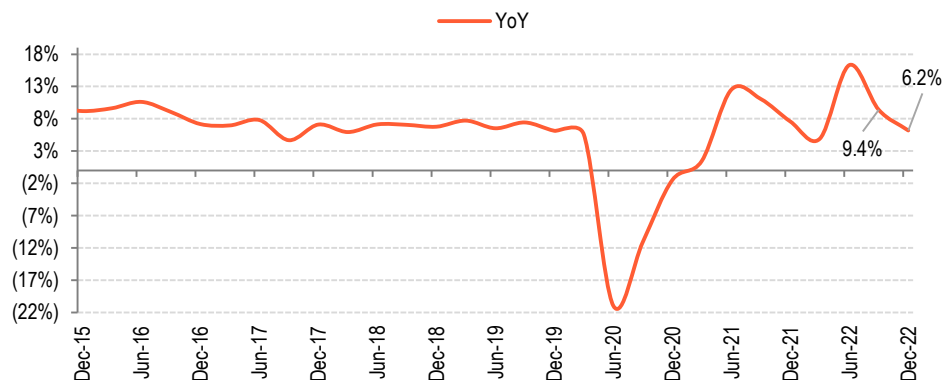
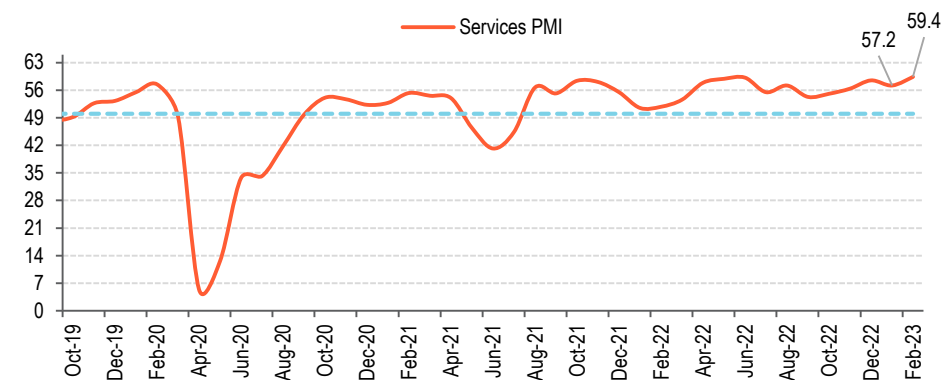


Fig 58 – Services PMI eased in Jan'23, but remains higher than Q3FY23 avg of 56.7



Source: Markit

Fig 59 – GVA: Trade & related services activity too moderated in Q3, as also indicated by trend in states' tax revenue growth

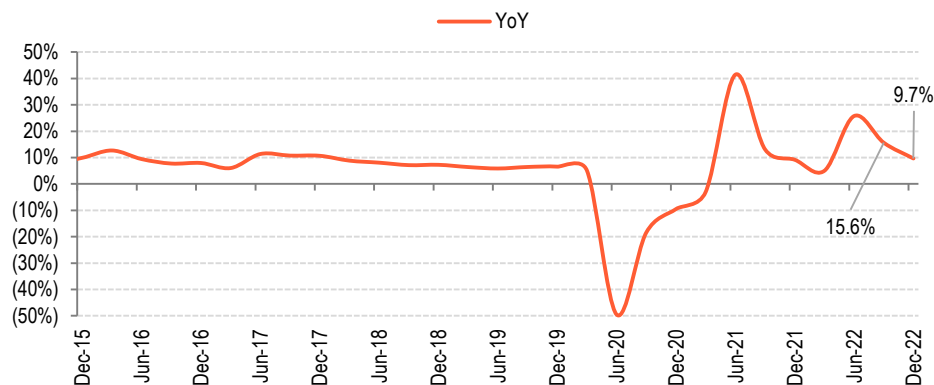
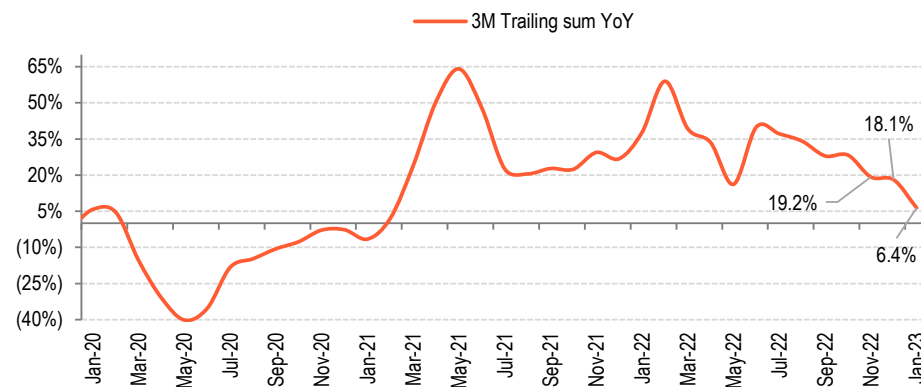


Fig 60 – States tax revenue growth continues to slow even in Jan'23**



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

Trade

Fig 61 – Vehicle registration growth fell in Feb'23

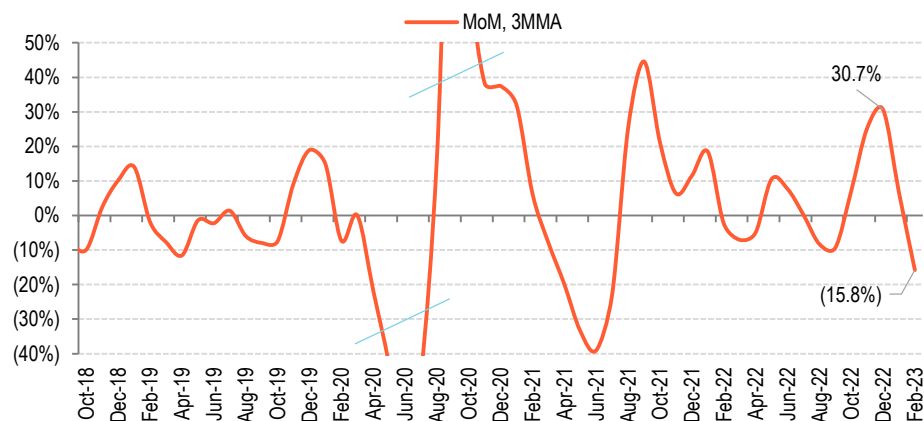


Fig 62 – Diesel consumption improved a tad in Feb'23; offset of winter conditions helping

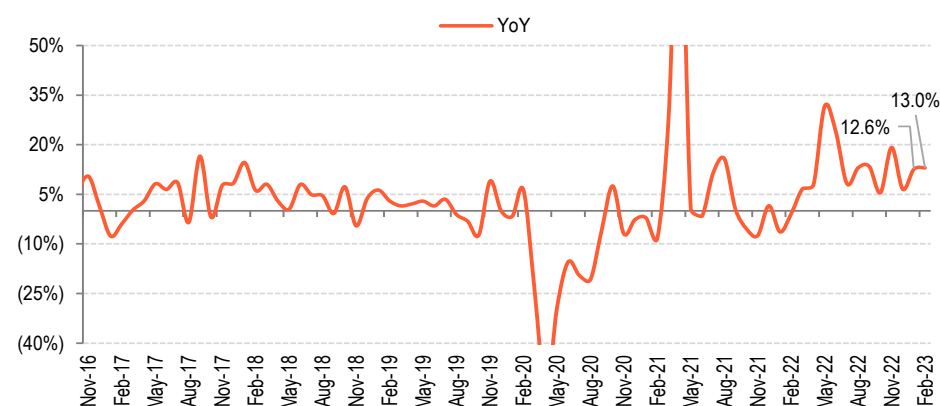


Fig 63 – Railway freight traffic movement seen gathering pace in Feb'23

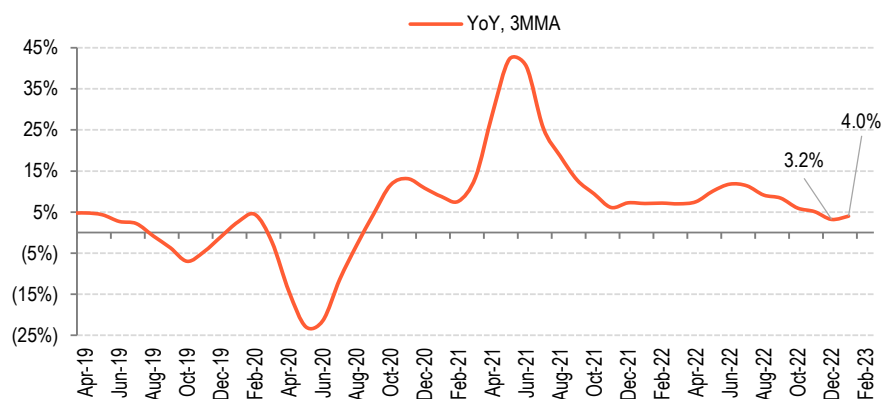


Fig 64 – Port cargo traffic broadly stable in Feb'23

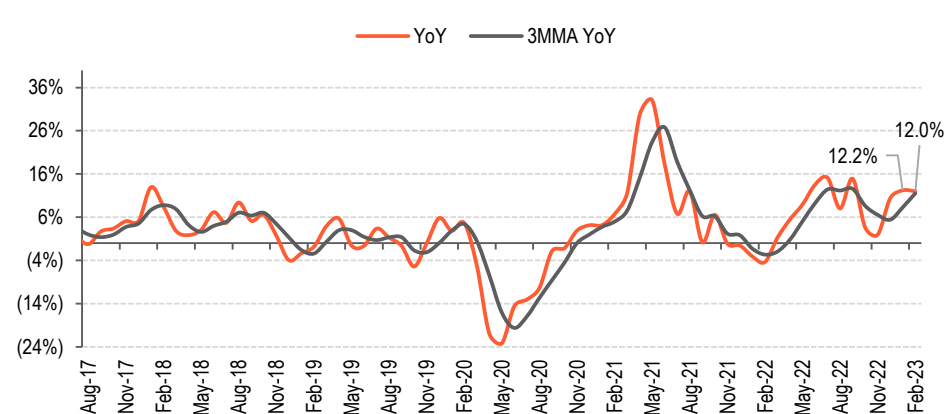


Fig 65 – Toll collections dipped further in Feb'23

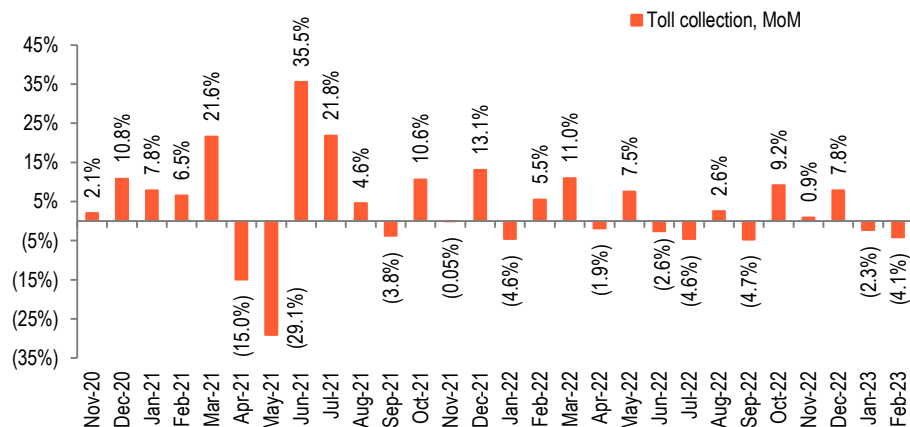
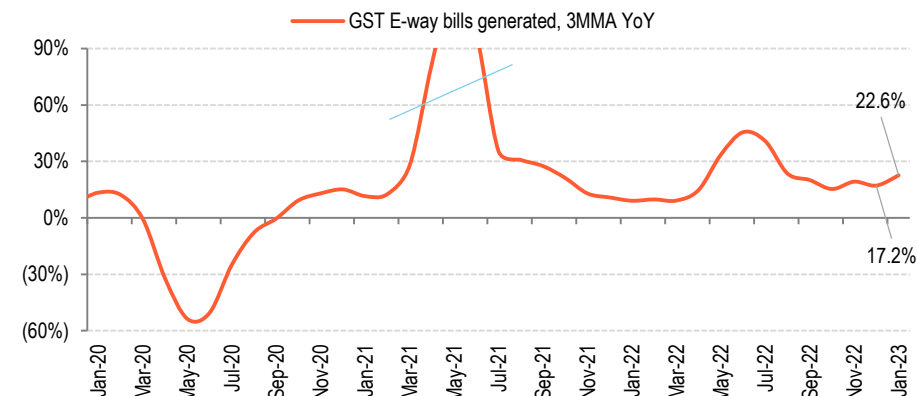


Fig 66 – E-way bill generation slowed in Dec'22



Hotels and communications

Fig 67 – Airline passenger traffic growth falls further lower than pre-pandemic (FY20) levels

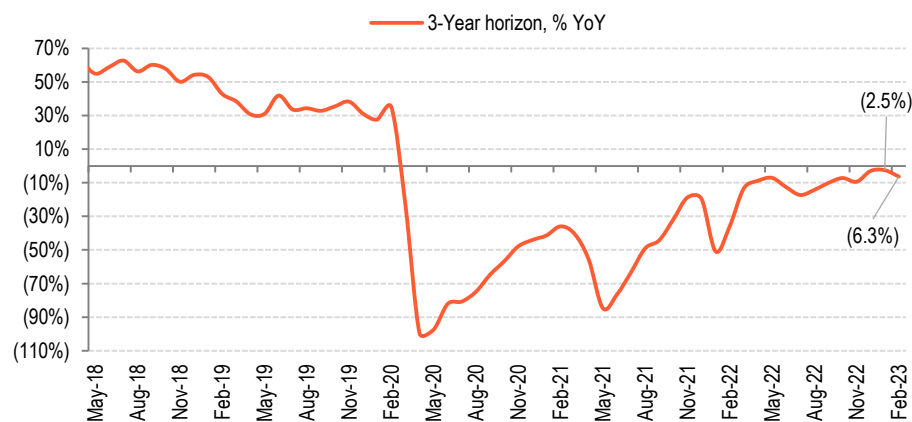


Fig 68 – Dip in domestic passenger growth a key drag

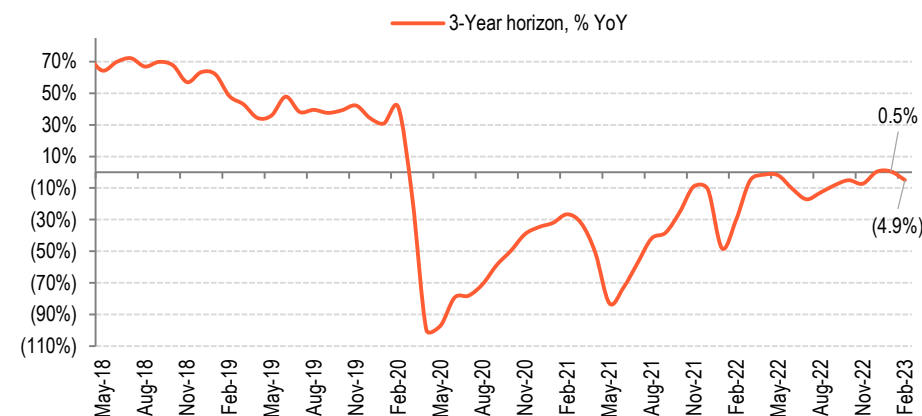
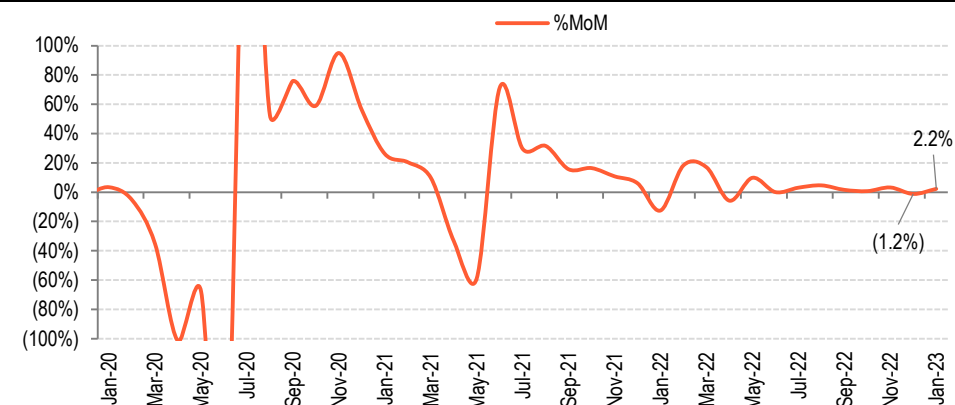
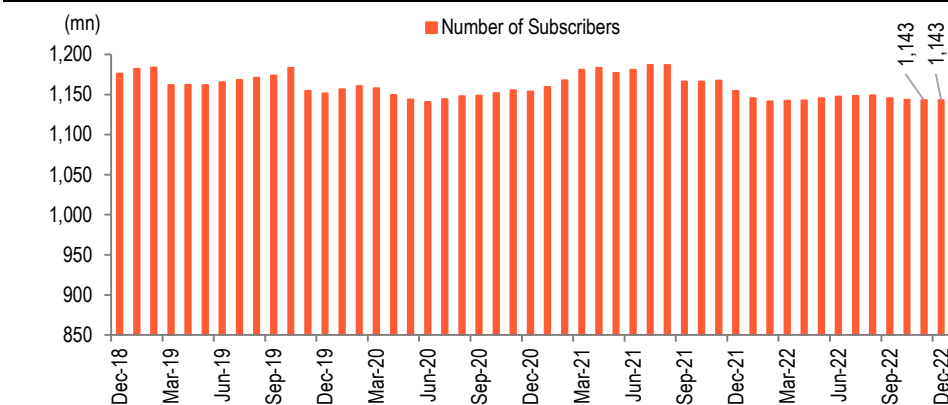
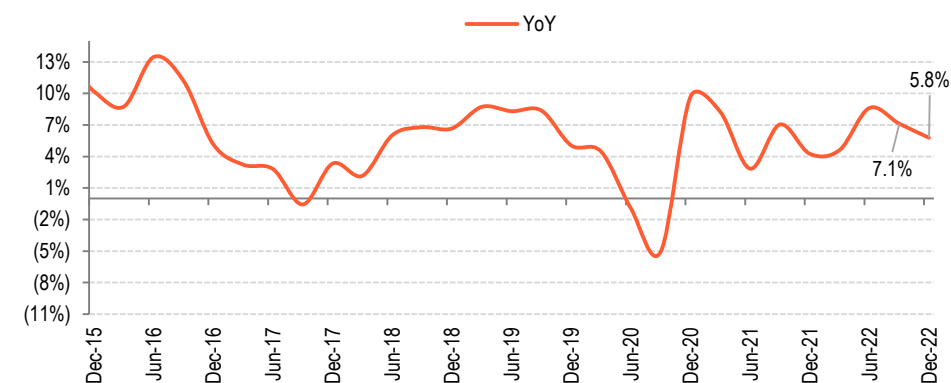
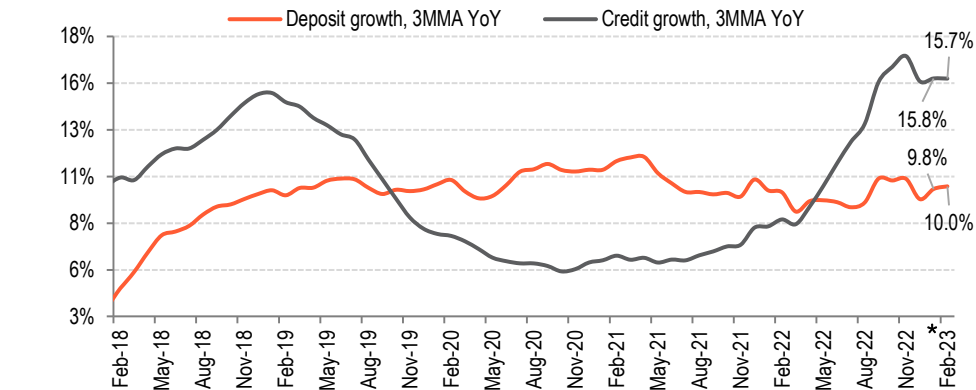
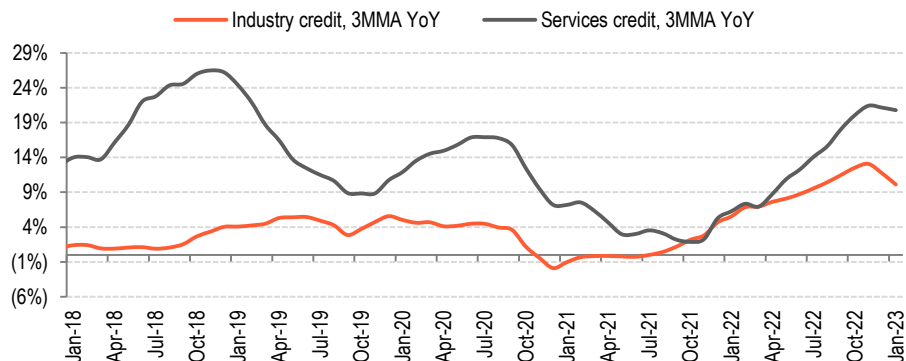
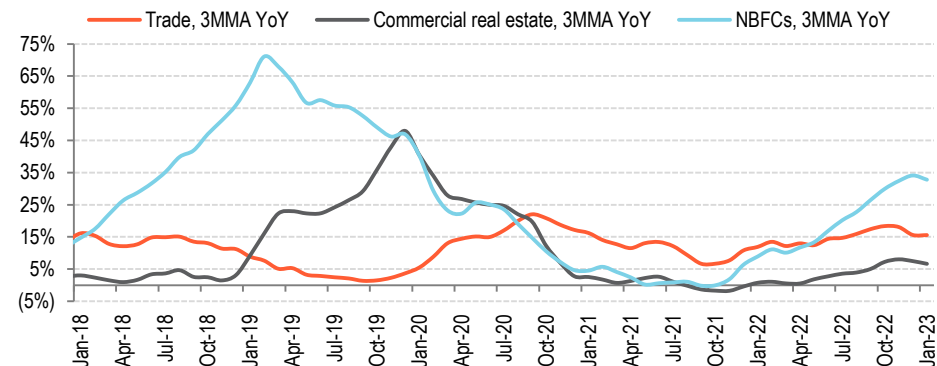
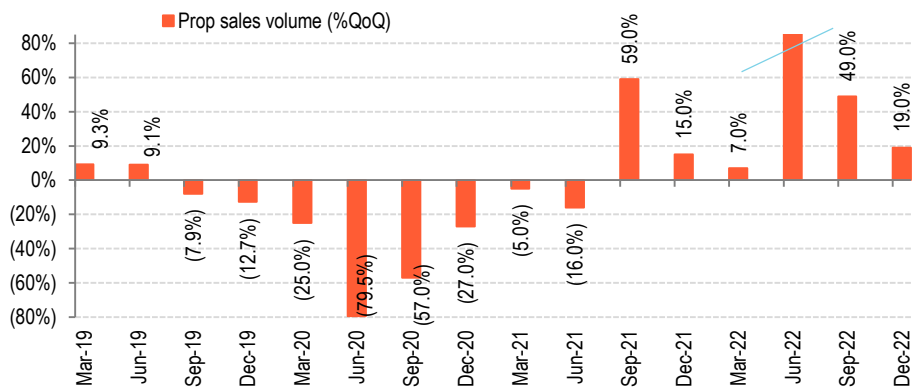


Fig 69 – Railway passenger traffic picked up momentum in Jan'23**Fig 70 – Number of telecom subscribers fell for the 4th consecutive month in Dec'22, lost 2.5mn subscribers in Q3 following 1.9mn decline in Q2**

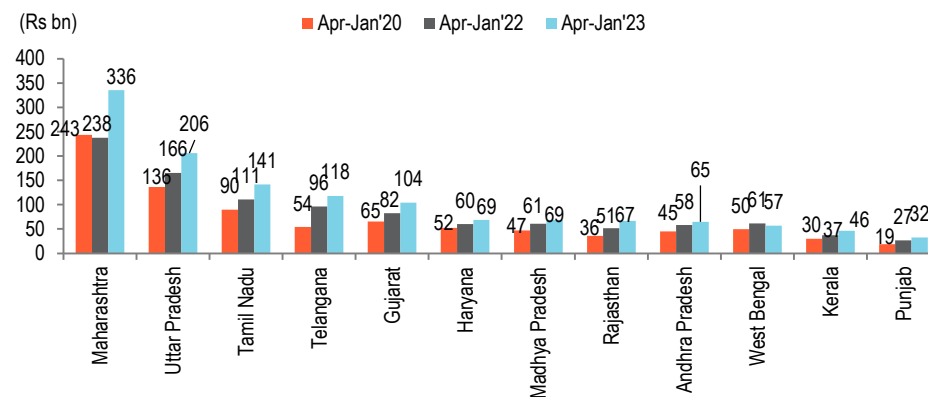
Finance and real estate

Fig 71 – Growth in GVA: Finance, real estate & prof. also moderated in Q3FY23**Fig 72 – Credit growth broadly steady in Feb'23; Deposit growth inched up slightly**

*as of fortnight ending 10 Feb 2023

Fig 73 – Credit to both industries and services moderated in Dec'22**Fig 74 – Credit to NBFCs maintaining momentum; to trade and real estate it eased****Fig 75 – Property sales volumes moderated in Q3FY23; sales in CY22 were 50% higher than CY21**

Source: Proptiger

Fig 76 – Stamp duty collections of all states in FYTD23 continues to surpass pre-pandemic levels (FYTD20)

Labour market

Fig 77 – Naukri job index jumps in Feb'23; and compared with Feb'20 the index remains 25% higher

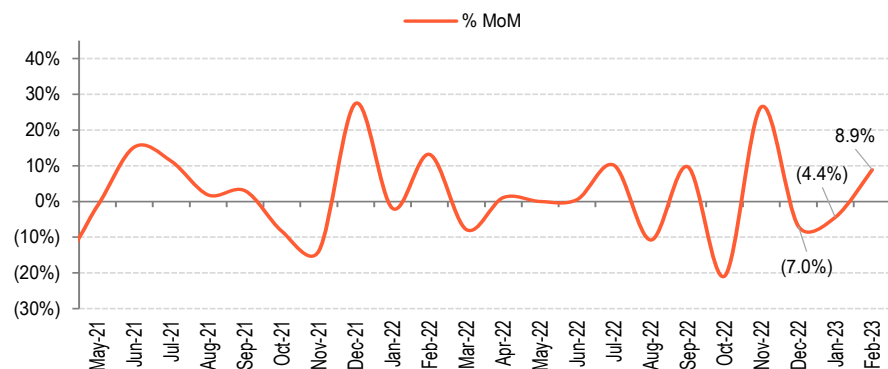


Fig 78 – Overall unemployment rate worsened in Feb'23



Public administration

Fig 79 – Public administration & defence services too dragged services growth down in Q3

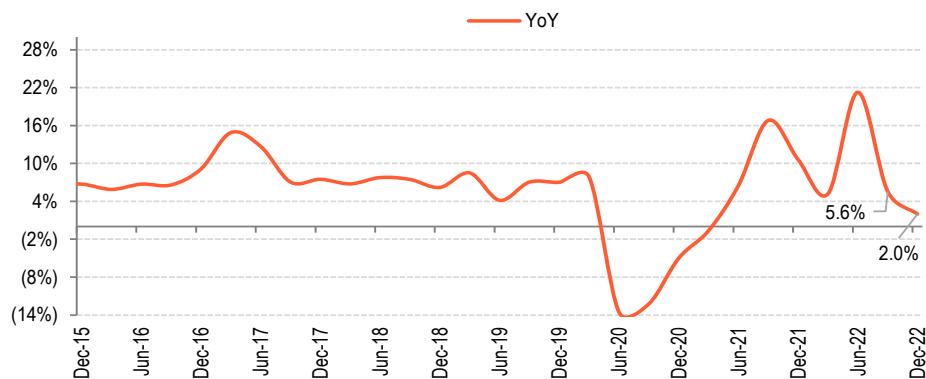


Fig 80 – General govt. spending slowed further in Jan'23

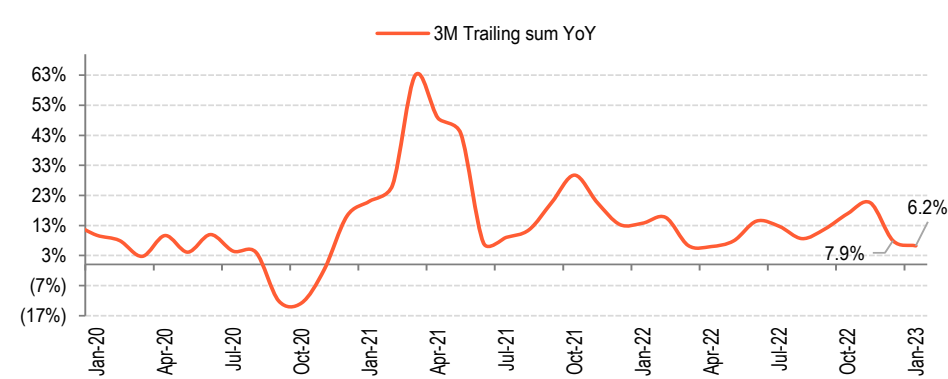


Fig 81 – ...mirroring the trend in Central government spending

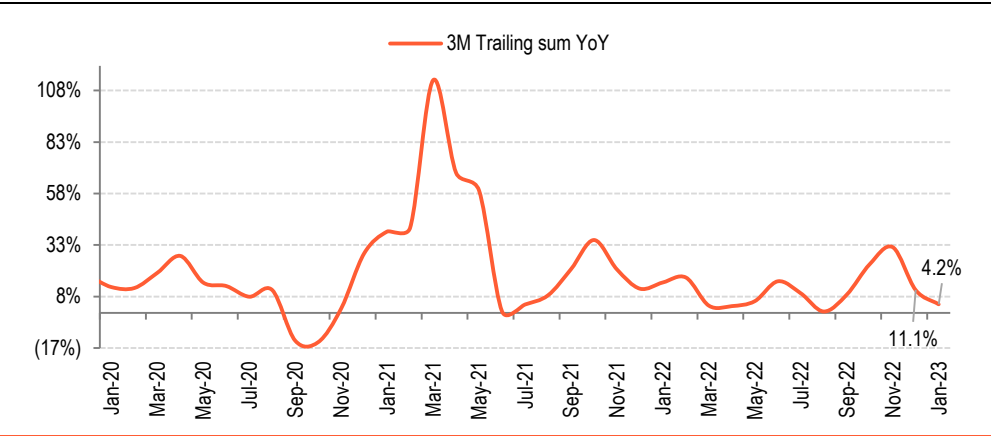
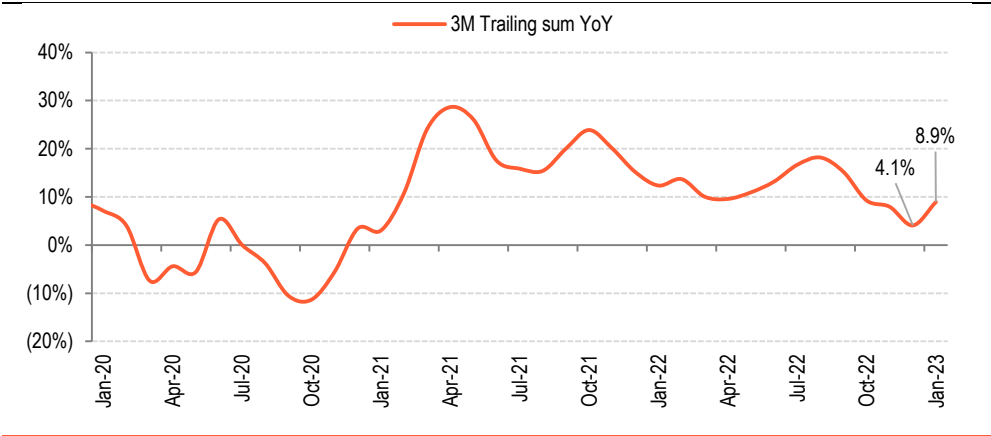


Fig 82 – State* Govt. spending on the other hand is showing pick up in momentum

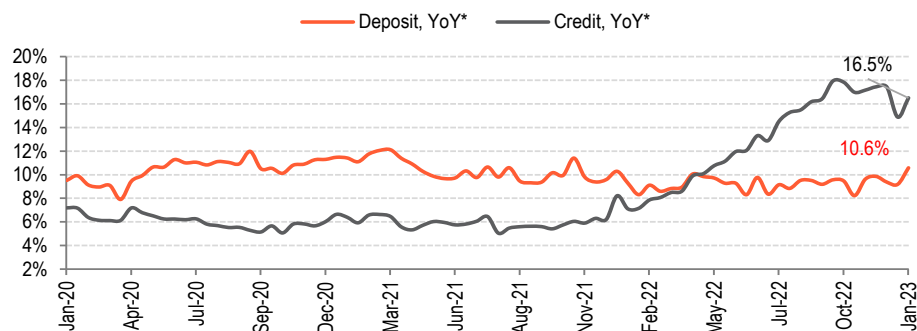


Note: *All states excluding N.E states, Bihar, Goa, Karnataka, and J&K

Financial sector

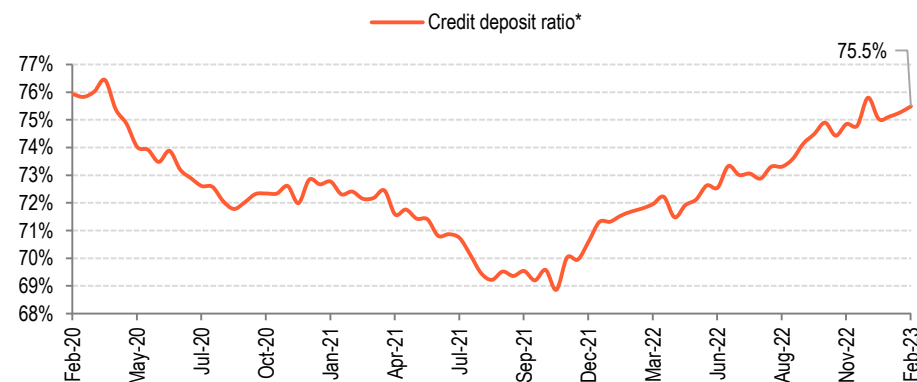
Money and banking

Fig 83 – Credit and deposit growth was at 16.1% and 10.2% respectively, in Feb'23 from 16.3% and 10.5%, in Jan'23



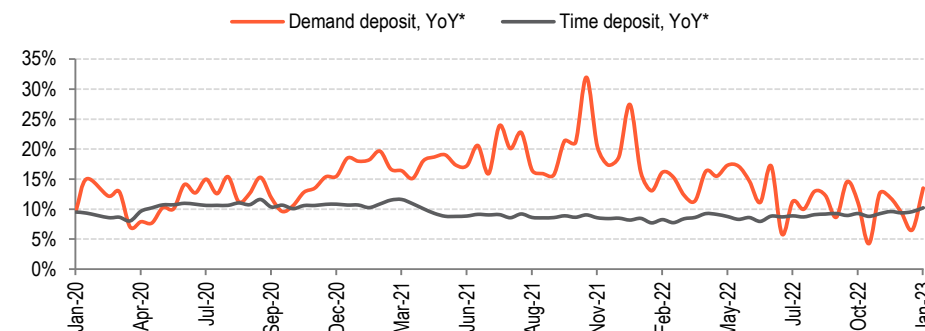
Note: *Feb'23 implies fortnight as of 10 Feb 2023

Fig 85 – CD ratio rose to 75.5%



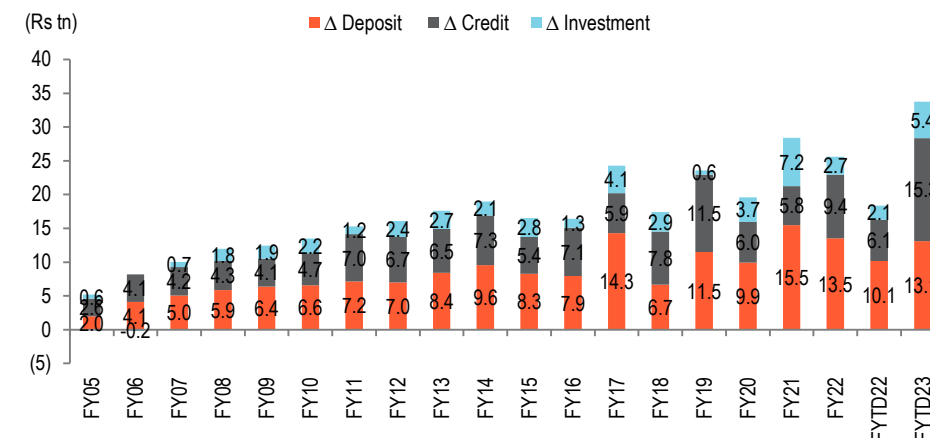
Note: *Feb'23 implies fortnight as of 10 Feb 2023

Fig 84 – ...Time deposits was stable, while demand deposits showed moderation



Note: *Feb'23 implies fortnight as of 10 Feb 2023

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



Note: FYTD:Apr-Feb

Fig 87 – Credit to govt moderated to 10.6% from 11% in Nov'22, credit to commercial sector inched down slightly to 14.8% from 15.6%

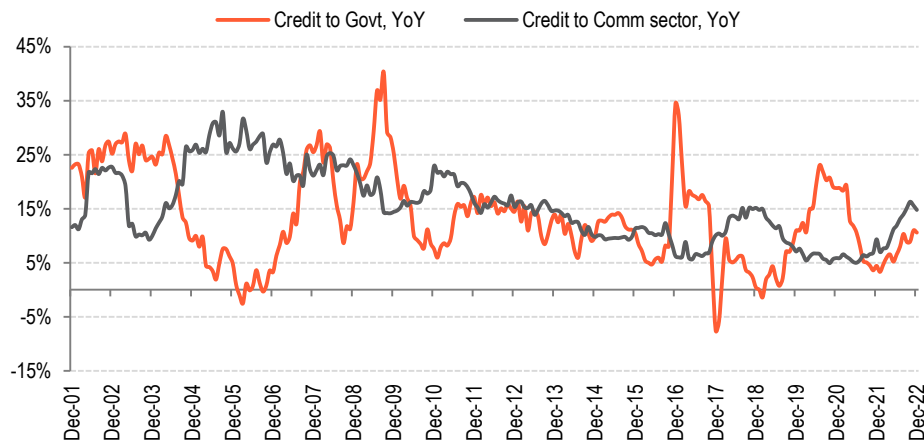


Fig 88 – Spread between call rate and repo

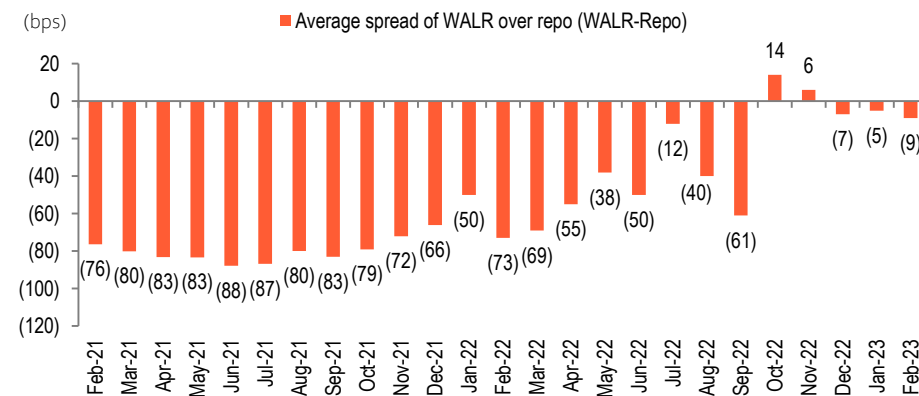


Fig 89 – WALR rose to 8.36% in Jan'23 from 8.22% in Dec'22, WADTDR inched up to 5.89% from 5.76%

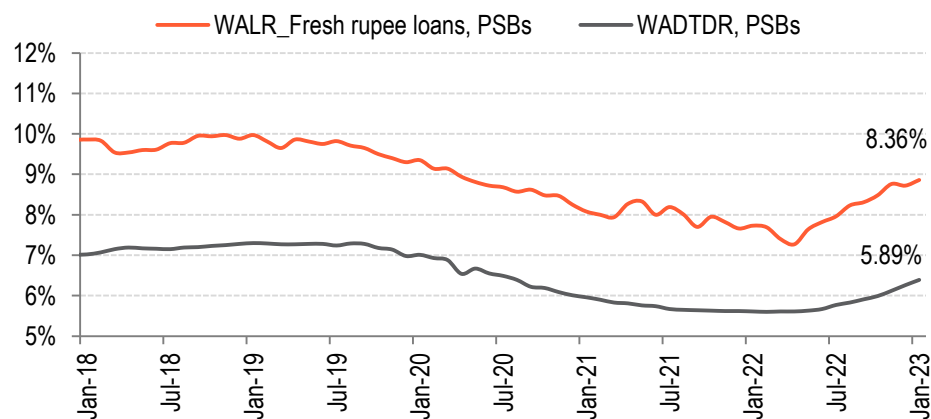
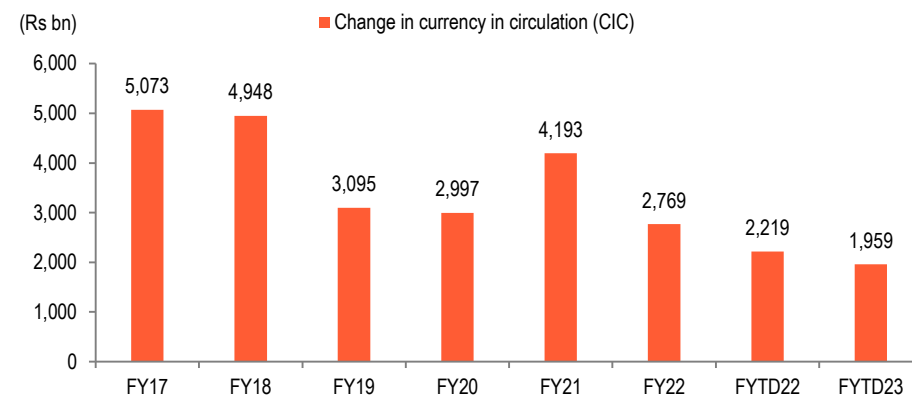
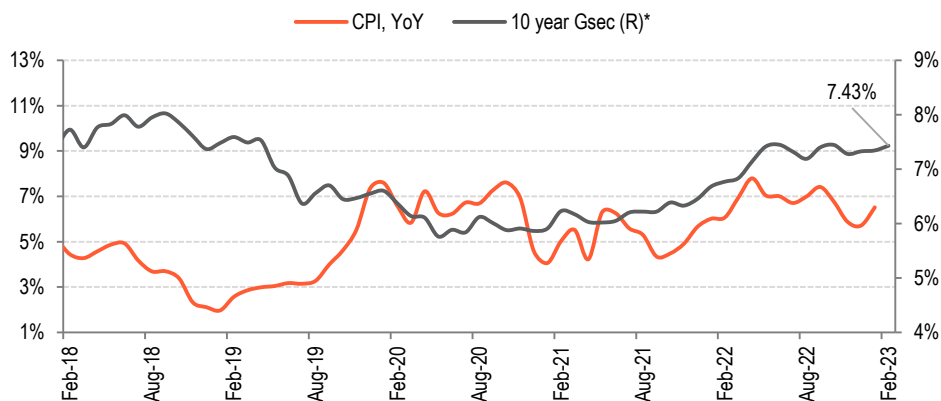


Fig 90 – CIC accretion in FYTD23 is at Rs 2tn against Rs 2.2tn seen in the same period of last year



Note: FYTD: Apr-Feb

Fig 91 – 10Y GSec yield rose to 7.43% in Feb'23 from 7.34% in Jan'23, inflation rose to 6.5% in Jan'23 from 5.7% in Dec'22



Note: *As on last trading day of the month

Fig 93 – Corporate debt issuance rose to Rs 657bn in Jan'23 from Rs 1.4tn in Dec'22

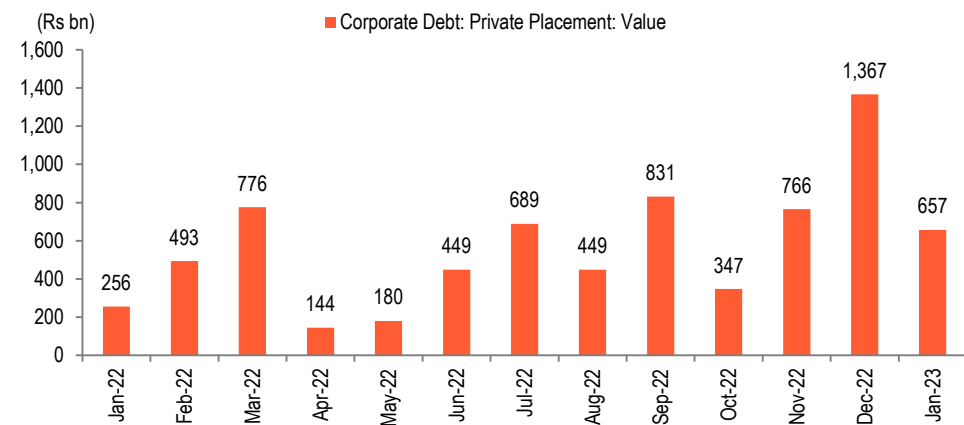
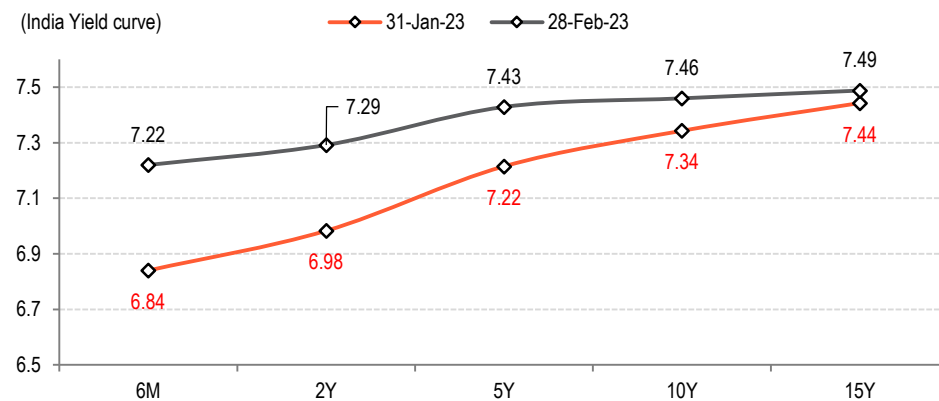
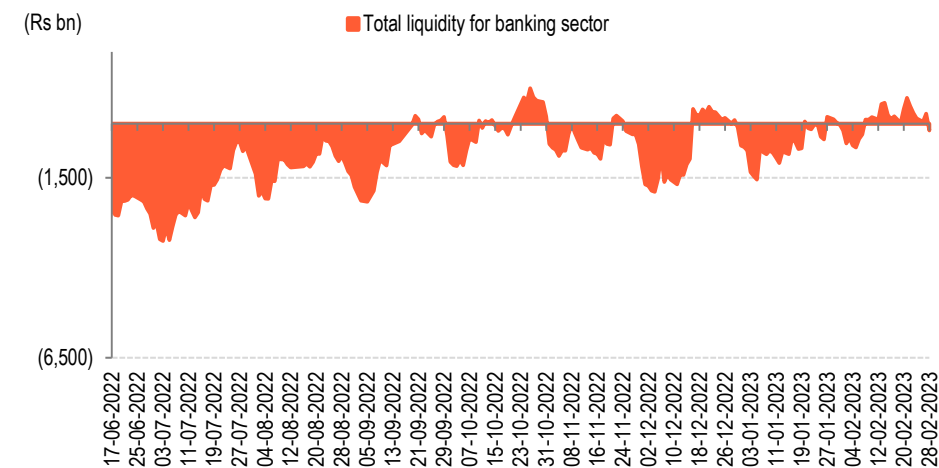


Fig 92 – Gap between short end and long end yield have fallen considerably due to rising yield of short end paper



Source: Bloomberg

Fig 94 – Average system liquidity went into deficit of Rs 54bn in Feb'23 from surplus of Rs 559bn in Jan'23



Source: RBI

Fig 95 – 3Y AAA NBFC spread was at 58bps as on 28 Feb 2023 from 67bps as on 31 Jan 2023

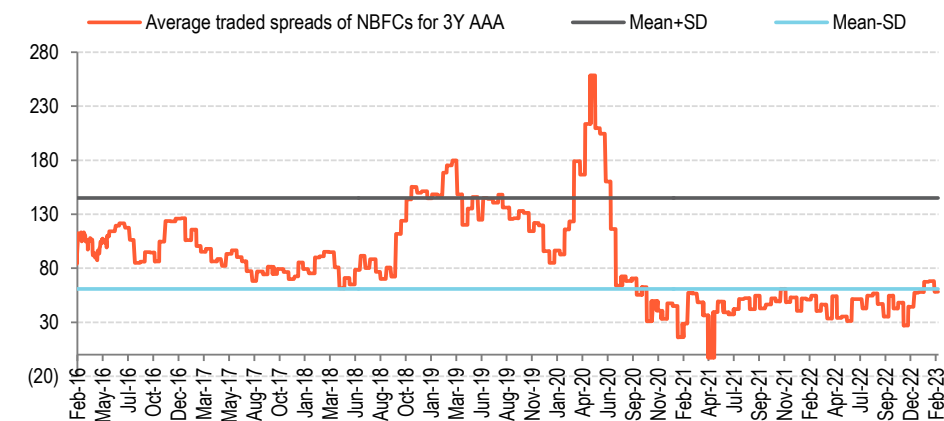


Fig 96 – For 10Y AAA NBFC it was stable at 37bps

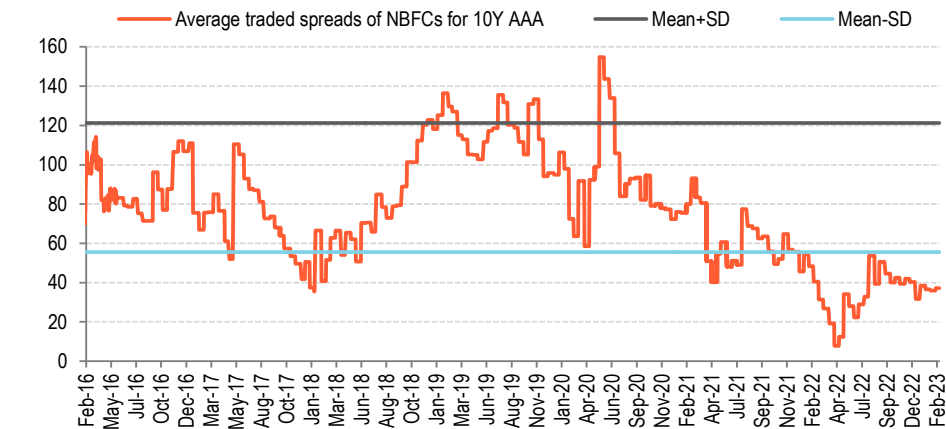


Fig 97 – 3Y AAA corp spread fell to 43bps from 54bps

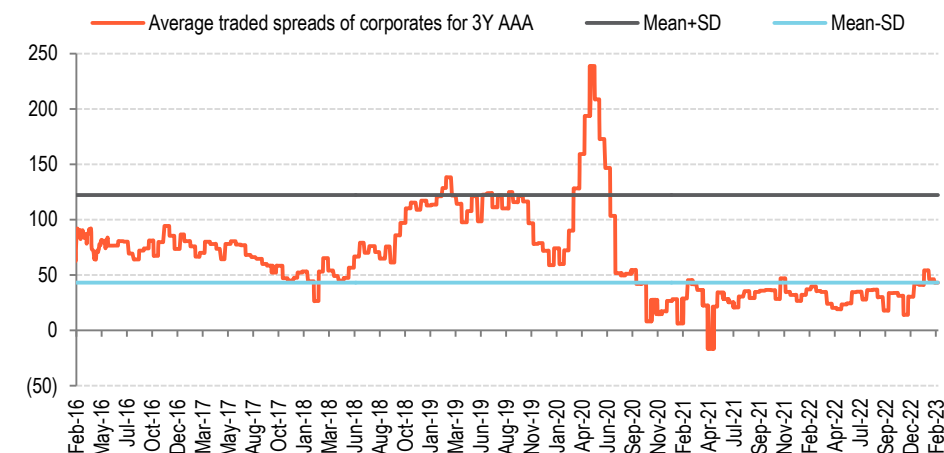


Fig 98 – For 10Y AAA corp spread it inched up to 36bps from 29bps

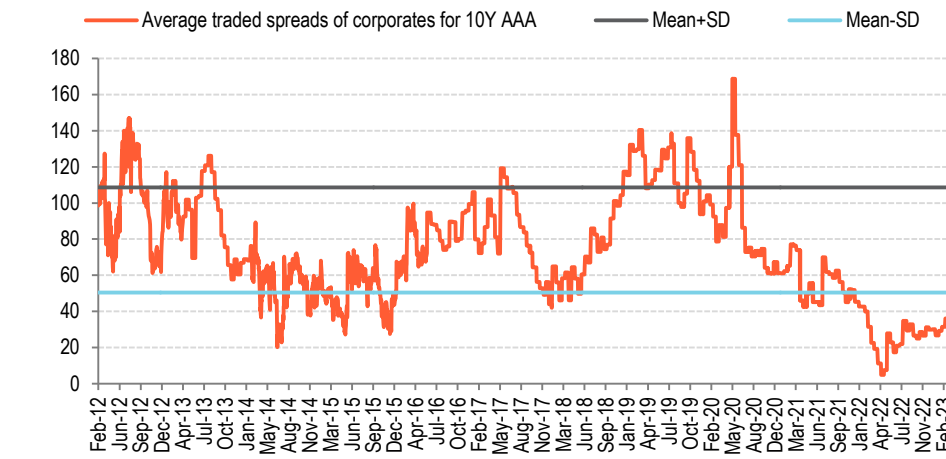
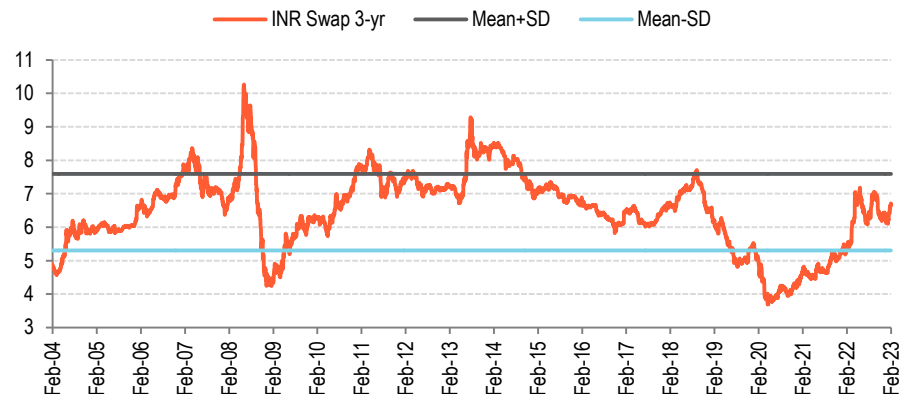
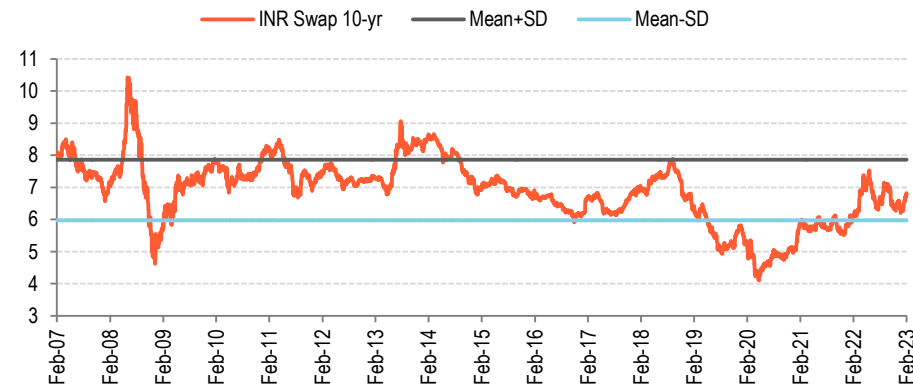


Fig 99 – INR 3Y swap rose to 6.68 as on 28 Feb 2023 from 6.27 as on 31 Jan 2023**Fig 100 – For 10Y, it rose to 6.78 from 6.43**

Interest rates on small savings schemes

Fig 101 – Interest rates on small savings scheme increased in Q4 as well

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
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
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
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
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
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
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
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
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
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
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
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
Sukanya samriddhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6

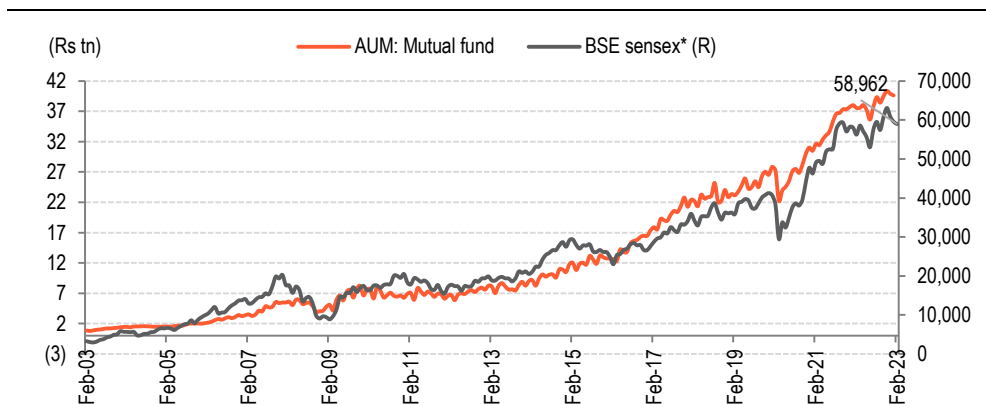
Source: Department of Economic Affairs, Ministry of Finance, Government of India

Fig 102 – MCLR rate of banks increased

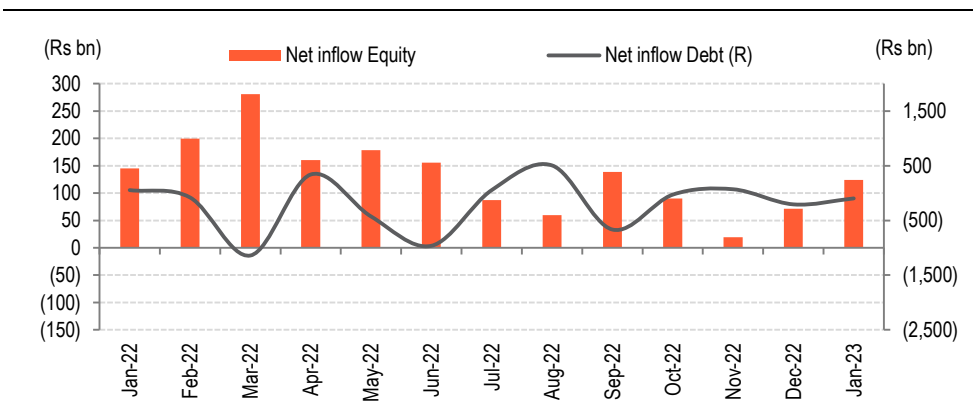
1Y MCLR (%)	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23
Public Sector Banks															
Bank of Baroda	7.30	7.30	7.30	7.30	7.35	7.40	7.50	7.65	7.70	7.80	7.95	8.05	8.30	8.50	8.55
Bank of India	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.50	7.60	7.70	7.80	7.95	8.15	8.30	8.40
Canara Bank	7.25	7.25	7.25	7.25	7.25	7.35	7.40	7.50	7.65	7.75	7.90	8.10	8.15	8.35	8.50
Indian Bank	7.30	7.30	7.30	7.30	7.30	7.30	7.40	7.55	7.65	7.75	7.85	8.10	8.20	8.30	8.45
Punjab National Bank	7.25	7.25	7.25	7.25	7.25	7.25	7.40	7.55	7.65	7.70	7.75	8.05	8.10	8.30	8.40
State Bank of India	7.00	7.00	7.00	7.00	7.10	7.20	7.40	7.50	7.70	7.70	7.95	8.05	8.30	8.40	8.50
Union Bank of India	7.25	7.25	7.25	7.25	7.25	7.35	7.45	7.55	7.70	7.75	7.90	8.20	8.25	8.40	8.65
Private Sector Banks															
Axis Bank Ltd.	7.35	7.35	7.35	7.35	7.40	7.75	7.95	8.00	8.05	8.10	8.35	8.45	8.75	8.80	8.90
HDFC Bank Ltd.	7.20	7.20	7.20	7.25	7.25	7.50	7.85	8.05	8.10	8.20	8.20	8.55	8.60	8.85	8.90
ICICI Bank Ltd.	7.25	7.25	7.25	7.25	7.25	7.25	7.55	7.75	7.90	8.00	8.10	8.30	8.40	8.65	8.65
Indusind Bank	8.45	8.45	8.45	8.50	8.55	8.75	9.00	9.10	9.30	9.40	9.55	9.80	9.95	9.95	10.05
Kotak Mahindra Bank	7.20	7.25	7.30	7.35	7.40	7.65	7.85	8.05	8.10	8.20	8.45	8.55	8.65	8.95	9.00

Source: RBI

Mutual fund (MF) indicators

Fig 103 – Sensex fell by 1% to 58,962 in Feb'23, AUM of MFs was at Rs 39.6tn in Jan'23 from Rs 39.9tn in Dec'22

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

Fig 104 – MF equity inflows rose to Rs 124bn from Rs 72bn in Dec'22; debt outflow also moderated to Rs 97bn from Rs 206bn

Insurance sector indicators

Fig 105 – Sale of life insurance policies fell by 8.9% in Jan’23 from 7.6% decline seen in Dec’22, despite a favourable base

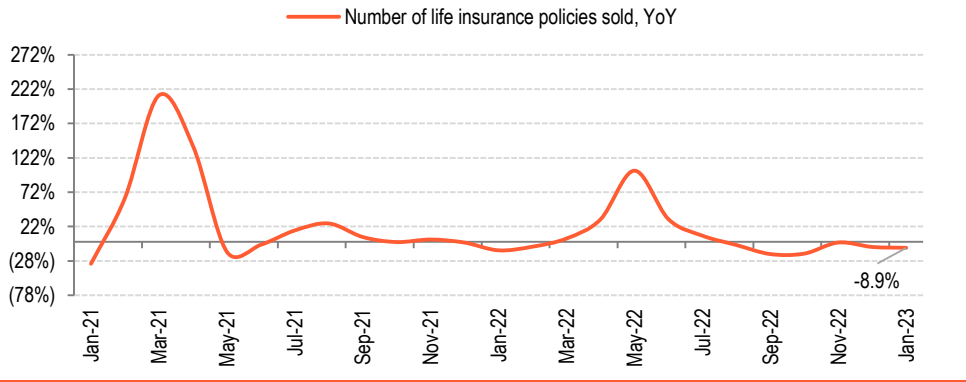
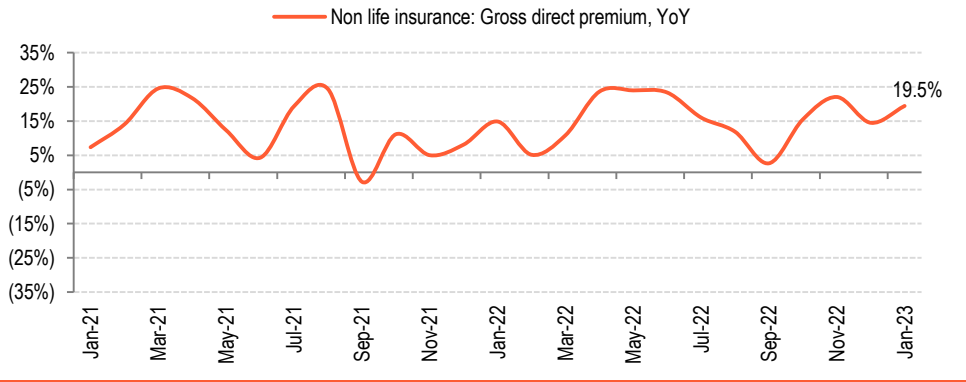


Fig 106 – Gross direct premium for non-life insurance on the other hand, rose by 19.5% in Jan’23 from 14.5% in Dec’22



Public finance

Central government finances

Fig 107 – Fiscal deficit steady at 6.9% in Jan'23

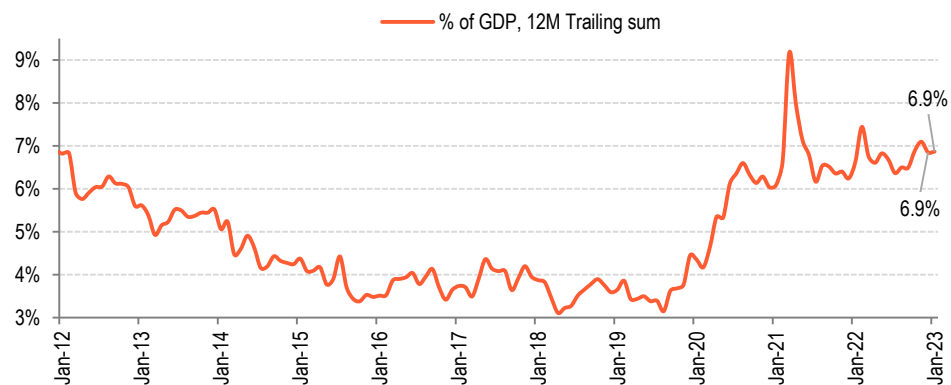


Fig 108 – Revenue deficit also eased marginally

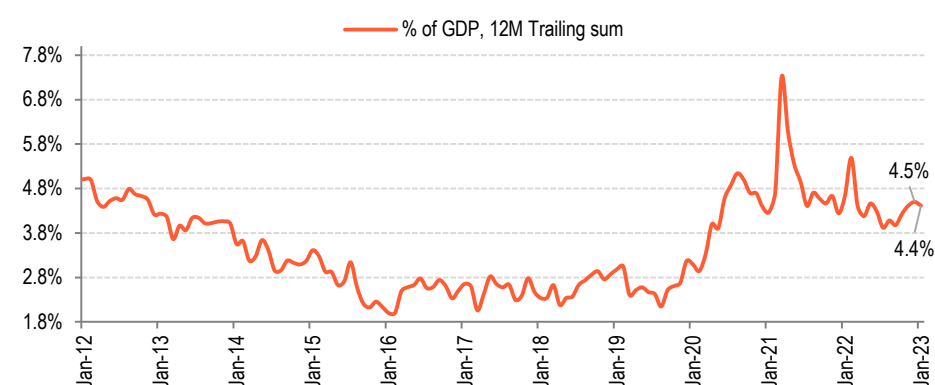


Fig 109 – Primary deficit also unchanged in Jan'23

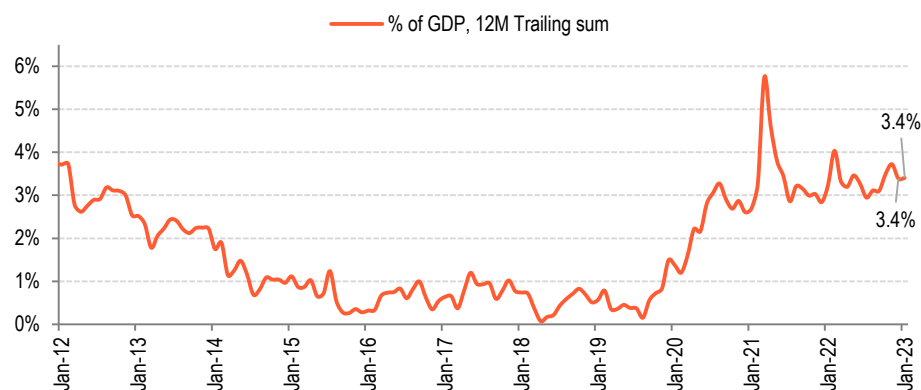


Fig 110 – Government spending rose a tad in Jan'23

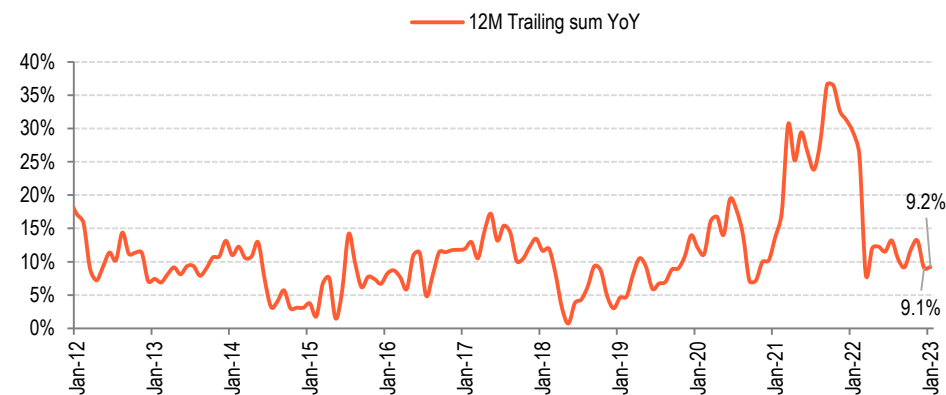
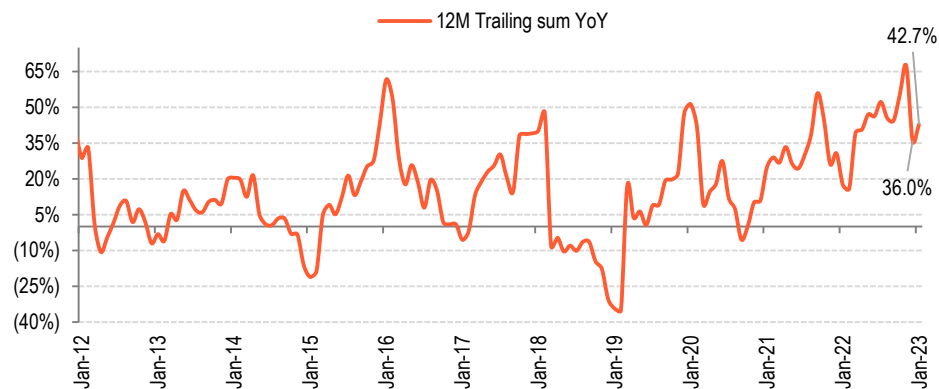
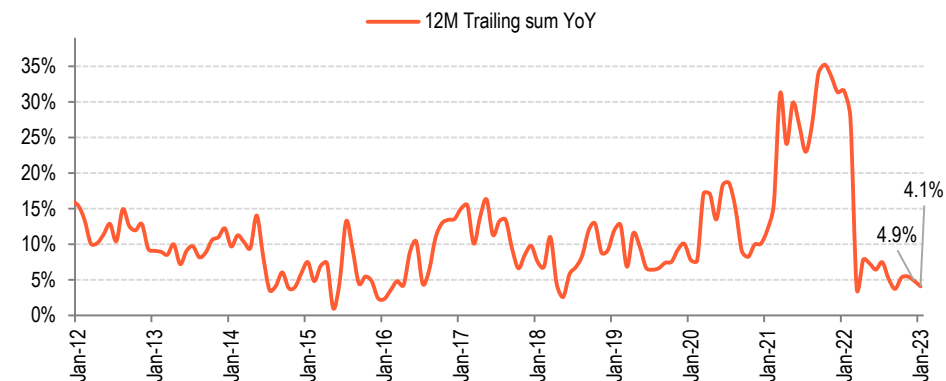


Fig 111 – ...supported by pickup in capex**Fig 112 – Revenue spending continues to slow****Fig 113 – In FYTD23, ministries of road transport, chemicals, petroleum and home affairs driving expenditure growth**

Ministry	Apr-Jan'21	Apr-Jan'22	% change	Apr-Jan'23	% change
Ministry of Finance	9,640	10,246	6.3	11,019	7.5
Ministry of Defence	3,829	3,992	4.3	4,309	7.9
Ministry of Consumer Affairs, Food and Public Distribution	1,539	2,226	44.7	1,936	(13.1)
Ministry of Rural Development	1,685	1,207	(28.3)	1,185	(1.9)
Ministry of Home Affairs	1,201	1,362	13.4	1,551	13.9
Ministry of Human Resource Development	621	590	(5.0)	687	16.4
Ministry of Road Transport and Highways	857	1,059	23.6	2,063	94.9
Ministry of Chemicals and Fertilisers	992	1,172	18.1	2,074	77.0
Ministry of Petroleum and Natural Gas	321	45	(86.1)	252	467.1
Ministry of Agriculture	1,008	1,007	(0.2)	721	(28.4)
Ministry of Health and Family Welfare	621	632	1.7	566	(10.4)

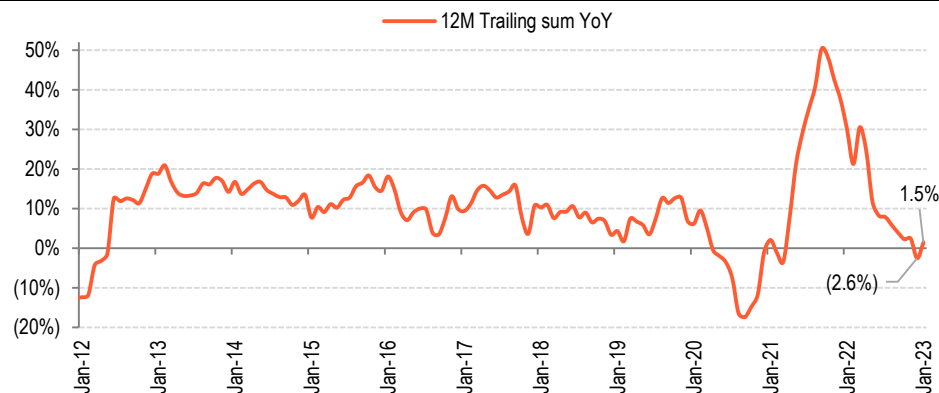
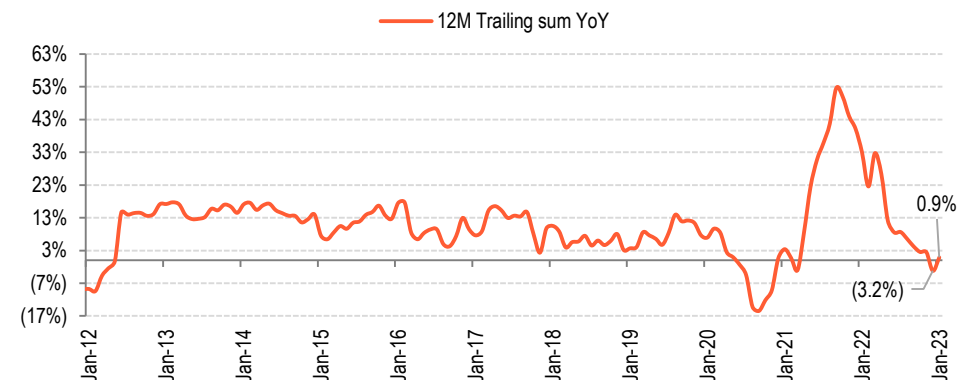
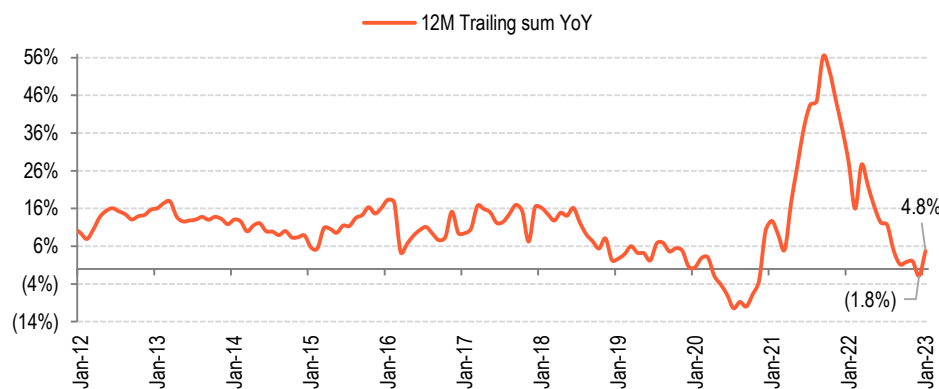
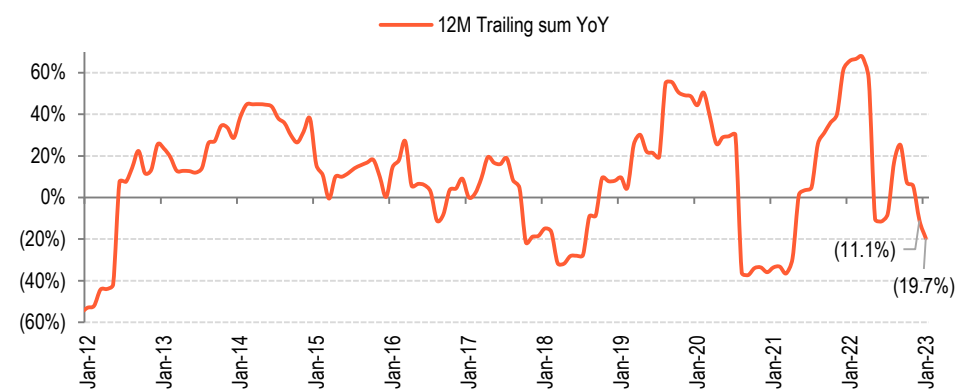
Fig 114 – Receipt growth showed signs of reversal in Jan'23**Fig 115 – Revenue receipts led the trend****Fig 116 – Tax receipts showed significant improvement****Fig 117 – Non-tax revenue growth fell further in Jan'23**

Fig 118 – Centre’s net tax revenue improved from last month; revival in capex boosting overall spending

	Apr-Jan'21	Apr-Jan'22	% change	Apr-Jan'23	% change
Gross Tax revenue	15,151	20,982	38.5	23,627	12.6
Direct taxes	6,677	10,420	56.1	12,166	16.8
Corp Tax	3,345	5,477	63.8	6,290	14.8
Income Tax	3,332	4,943	48.3	5,876	18.9
Indirect taxes	8,474	10,562	24.6	11,460	8.5
Non-tax revenue	1,411	2,915	106.6	2,309	(20.8)
Centre's revenue (net)	12,430	18,389	47.9	19,196	4.4
Total expenditure	25,173	28,094	11.6	31,676	12.8
Capital exp	3,621	4,417	22.0	5,699	29.0
Revenue exp	21,552	23,677	9.9	25,978	9.7
Fiscal deficit	12,340	9,379	-	11,908	-

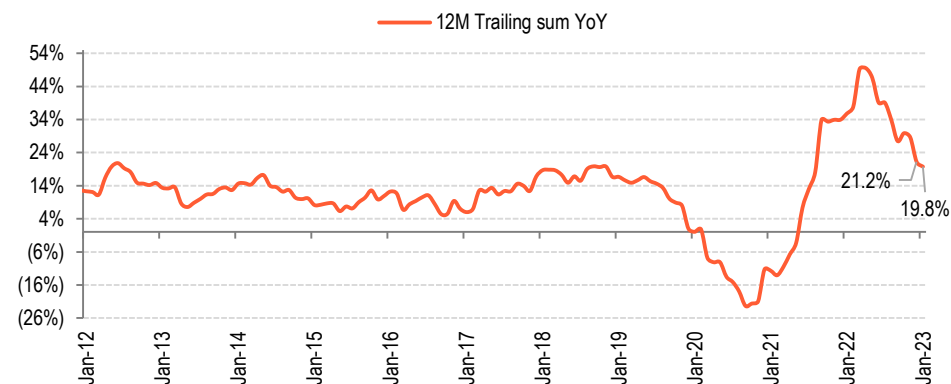
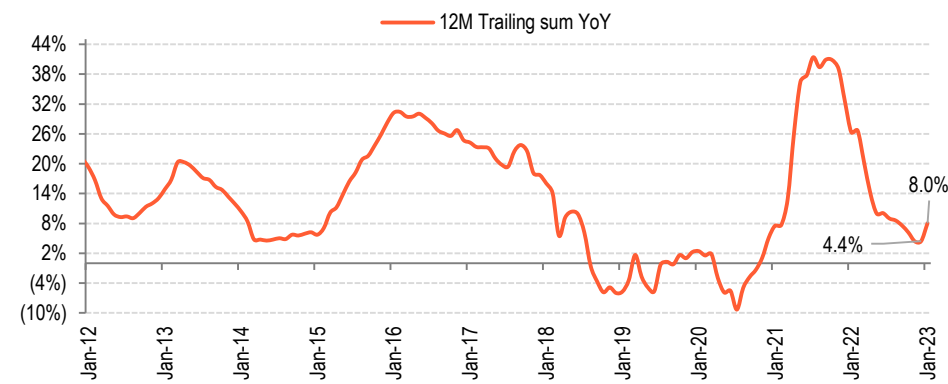
Fig 119 – Gross direct tax collections continued to moderate in Jan'23**Fig 120 – Gross indirect tax collections led the rebound in revenue receipts**

Fig 121 – Both corporate tax collections and...

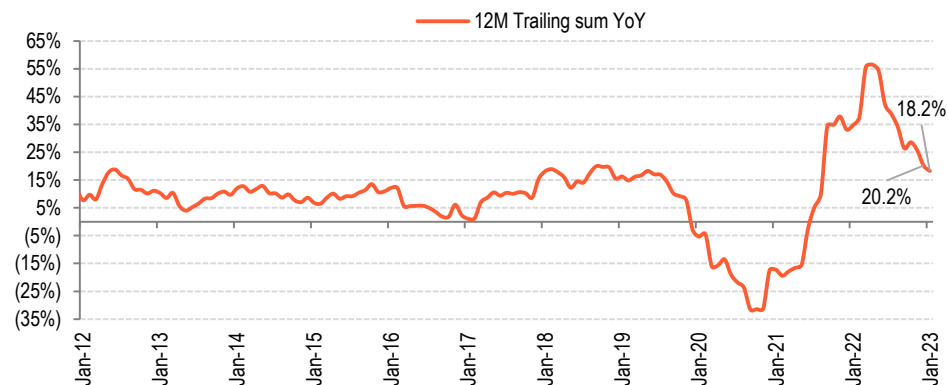


Fig 122 – ...income tax collections eased in Jan'23

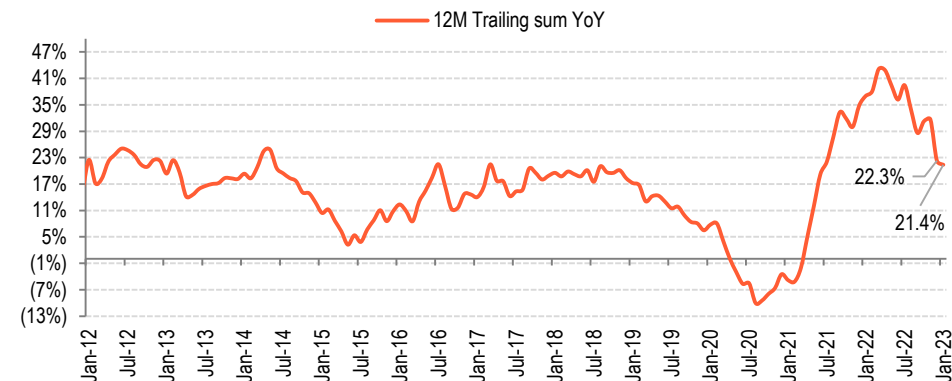
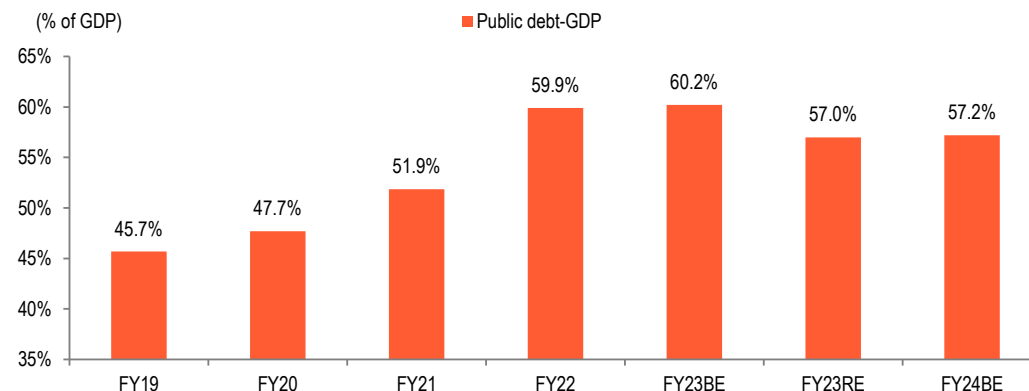
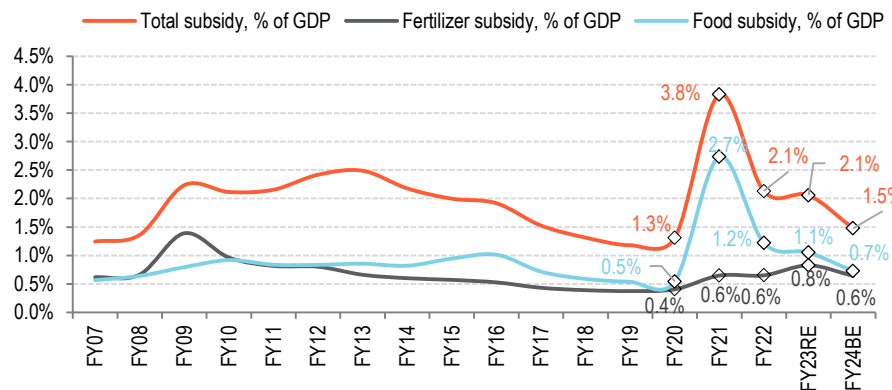


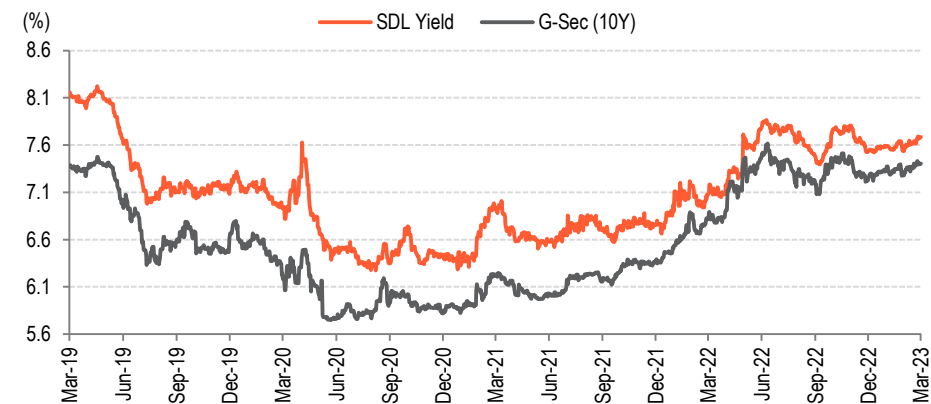
Fig 123 – GST collections for Jan'23 remain broadly steady

(Rs bn)	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Monthly run rate (FY23)	FYTD23	FY23 (RE)
CGST	697	482	633	641	499	654	554	519	547	722	578	608	652	597	5,974	7,240
UT GST	4.3	1.6	12.3	1.6	2.4	2.6	1.6	1.5	4.1	6.0	5.2	2.3	2.4	3	30	-
IGST	(279)	79	(145)	113	47	(164)	69	89	100	(194)	(26)	(34)	(17)	(2)	(15)	-
SGST*	814	758	1,084	549	796	890	705	768	767	821	834	874	754	776	7,758	-
Cess	95	101	91	104	102	107	107	99	100	103	103	109	104	104	1,038	1,300
Total GST	1,330	1,421	1,675	1,409	1,446	1,490	1,436	1,477	1,517	1,459	1,495	1,559	1,496	1,478	14,784	-

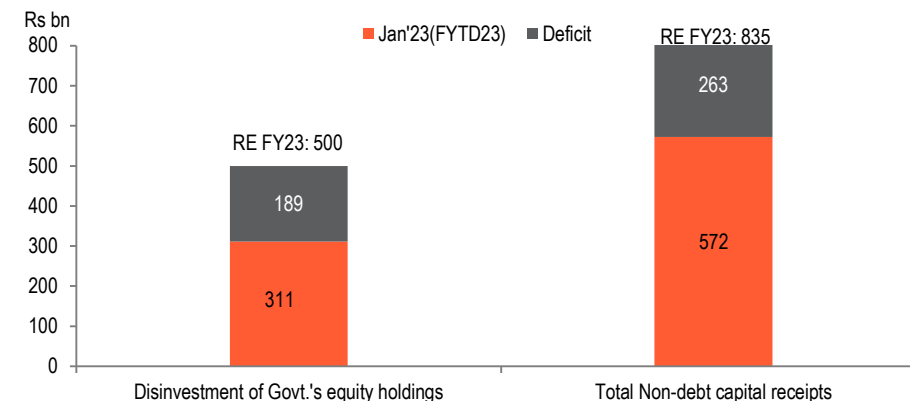
Source: PIB | *Computed from PIB and CGA data

Fig 124 – Rising central government debt a key concern**Fig 126 – Subsidy burden to come down in FY24(BE), following upward revision in FY23**

RE-Revised Estimates; RE-Revised Estimates; BE-Budget Estimates

Fig 125 – Spread between 10Y G-sec and SDL yield remained steady in Feb'23, but is seen inching up in Mar'23 so far

Source: CCIL

Fig 127 – Central govt. FY23 disinvestment status showing weak performance so far

Central government borrowing

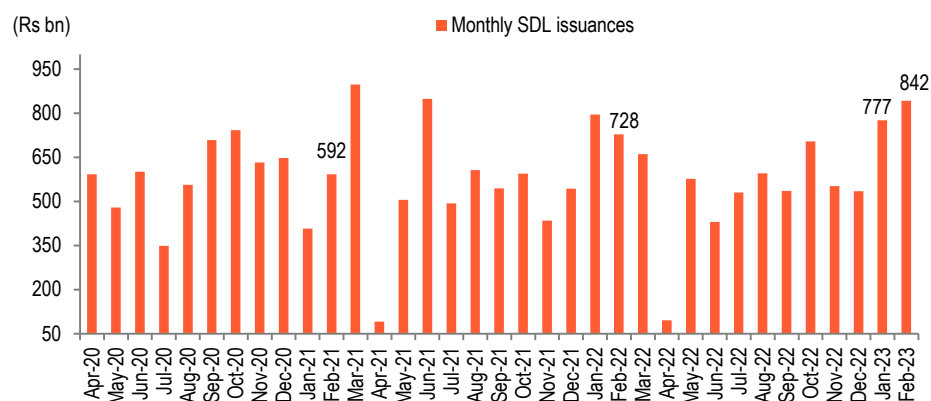
Fig 128 – Centre's T-bill issuances in Q4FY23 has been at Rs 3tn*

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,320
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	2,730
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	2,860
Q4	1,684	2,486	1,812	2,511	2,714	4,766	3,004*	3,800
Total	9,811	11,192	11,271	11,788	17,204	16,986		13,710

Source: RBI, *Till 1 Mar 2023

State government borrowing

Fig 130 – State government borrowings gathering momentum in Q4FY23



Source: RBI

Fig 129 – Centre's gross borrowing in FY24 has been pegged at Rs 15.4tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	3,900
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	4,550
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	2,320
Q4	800	670	1680	920	3,191	1370	2,297**	3,440
Total	5,820	5,880	5,710	7,100	13,461^	11,273	-	14,210

Source: RBI^ Against budgeted Rs 12.8tn, * Till 24 Feb 2023, ** Rs 83bn have been devolved to primary dealers

Fig 131 – States' market borrowings have reached 66% of the planned amount so far (FYTD basis)

Quarterly SDL issuances, (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FYTD23 (actual)	FY23 (planned)
Q1	548	650	766	815	1,673	1,446	1,102	1,904
Q2	792	1,130	809	1,439	1,614	1,644	1,661	2,116
Q3	1,214	1,054	1,277	1,470	2,023	1,653	1,879	2,531
Q4	1,322	1,348	1,809	2,006	1,898	2,184	1,913*	3,408
Total	3,876	4,182	4,661	5,731	7,206	6,927	6,556*	9,958

Source: RBI; *as of 6 Mar 2023

External sector

Exports

Fig 132 – Moderation in global exports

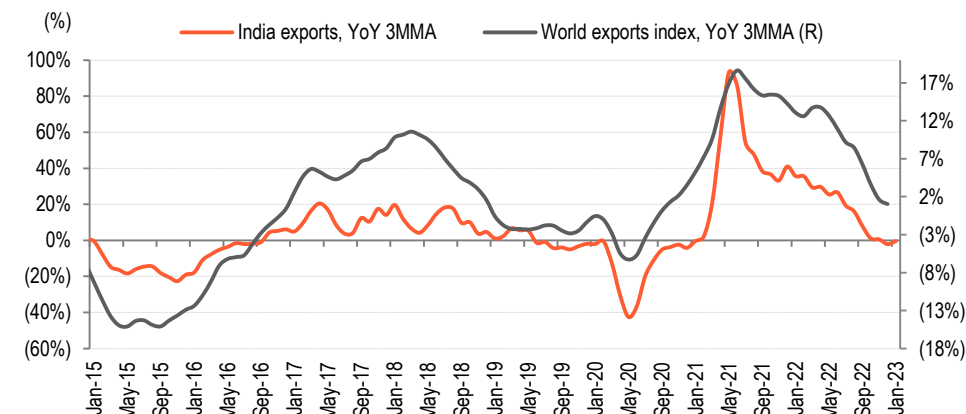
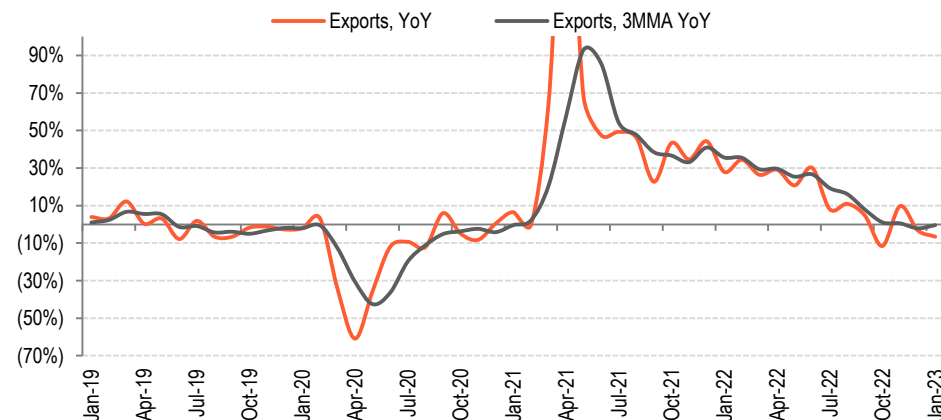


Fig 133 – India's exports declined further by 6.6% in Jan'23, after dipping 3.1% in Dec'22



Exports by major sectors

Fig 134 – Oil exports moderate significantly

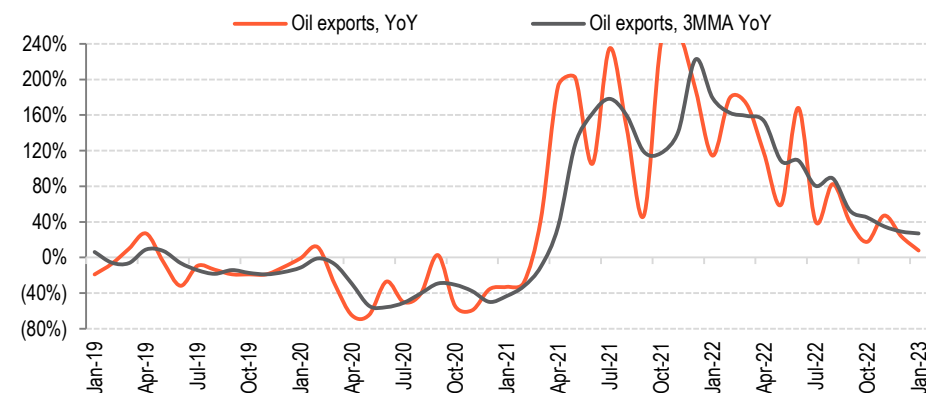


Fig 135 – ... Non-oil exports continued to contract

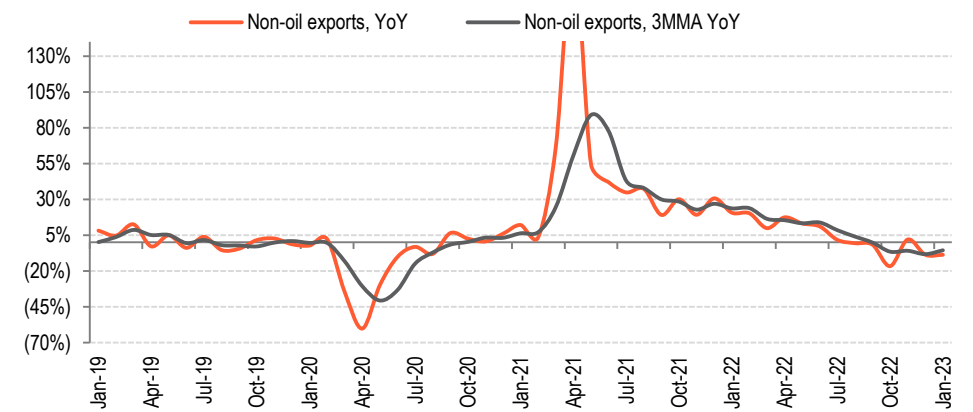


Fig 136 – Gems and jewellery exports contract by 19.3% in Jan'23, after declining by 15.2% in Dec'22

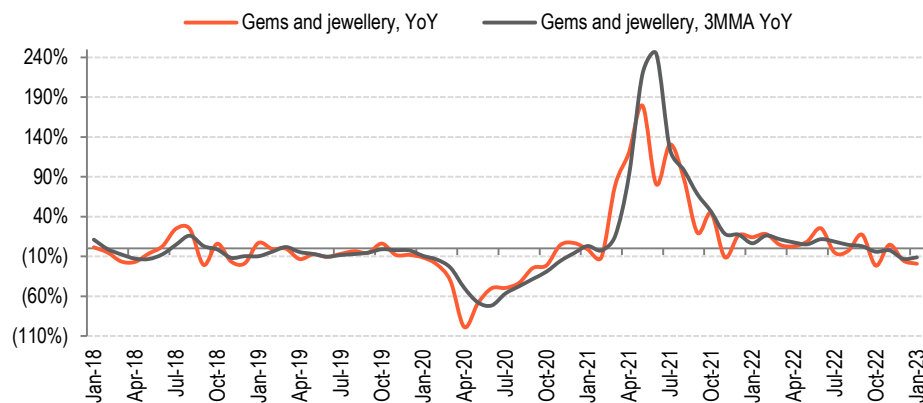
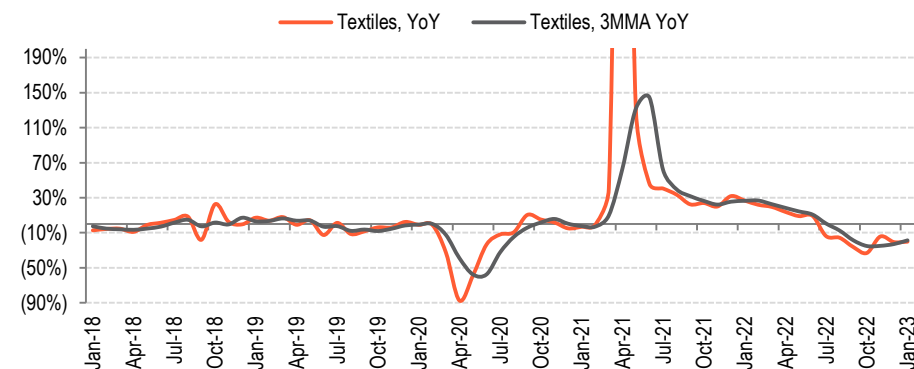


Fig 137 – Textile exports also contracted sharply by 20.3% in Jan'23



Imports

Fig 138 – Imports declined by 3.6% in Jan'23 compared with a 0.2% decline in Dec'22

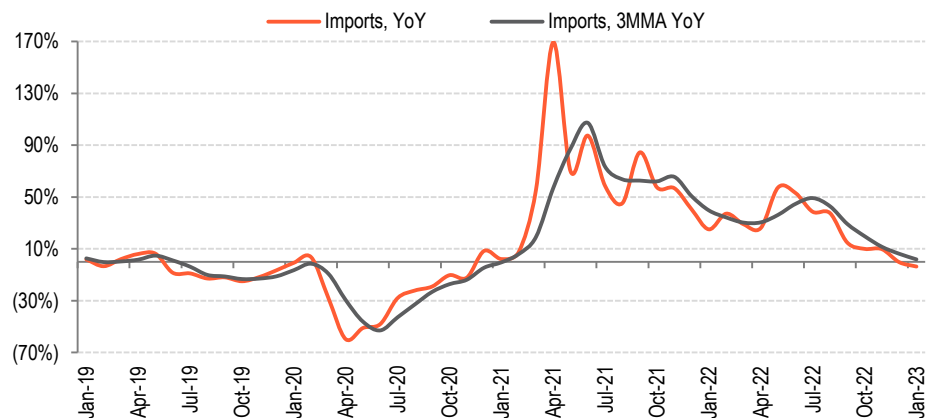


Fig 139 – .. non-oil imports fall sharply

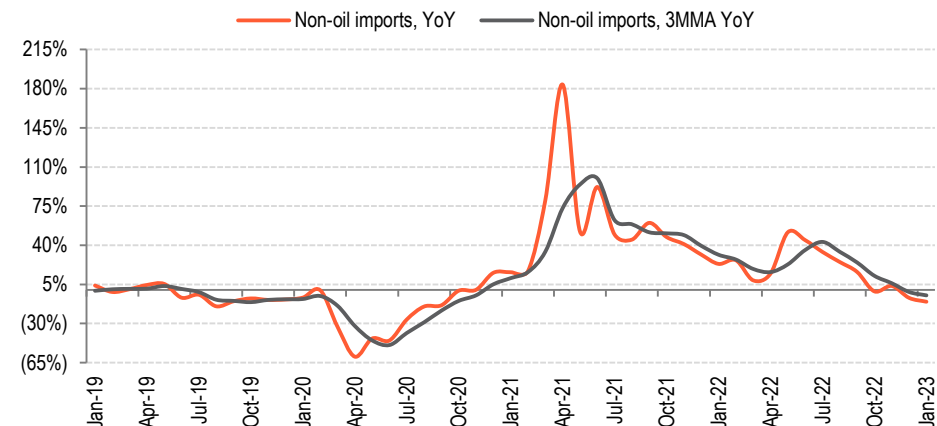
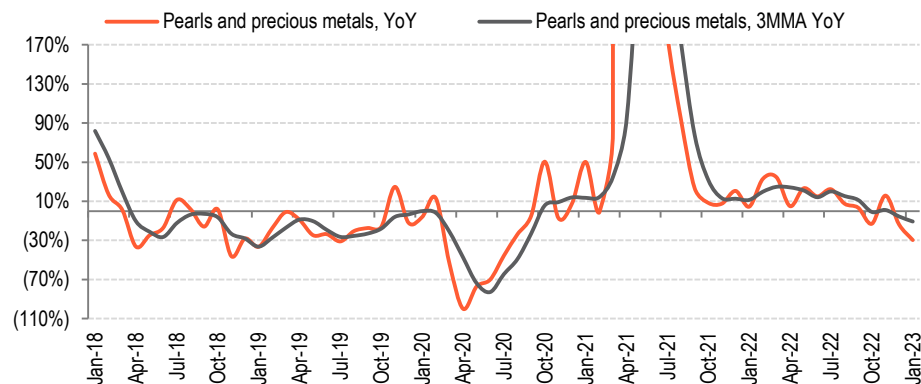
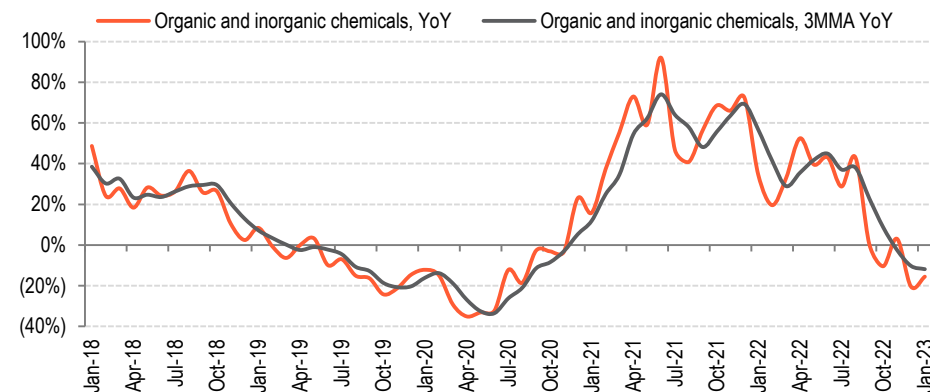
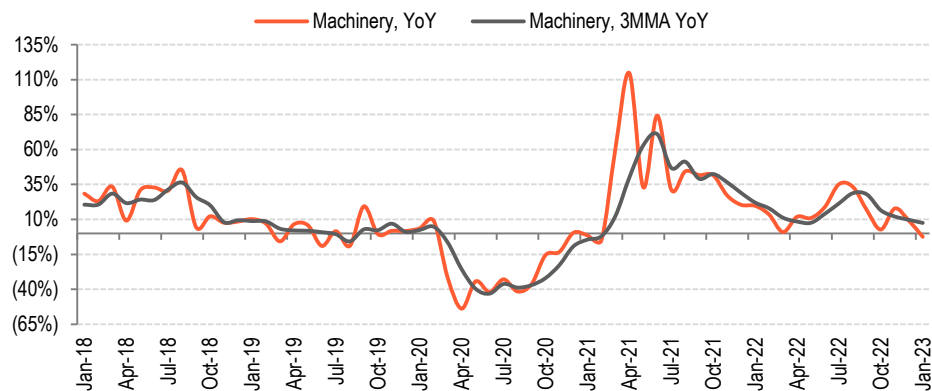
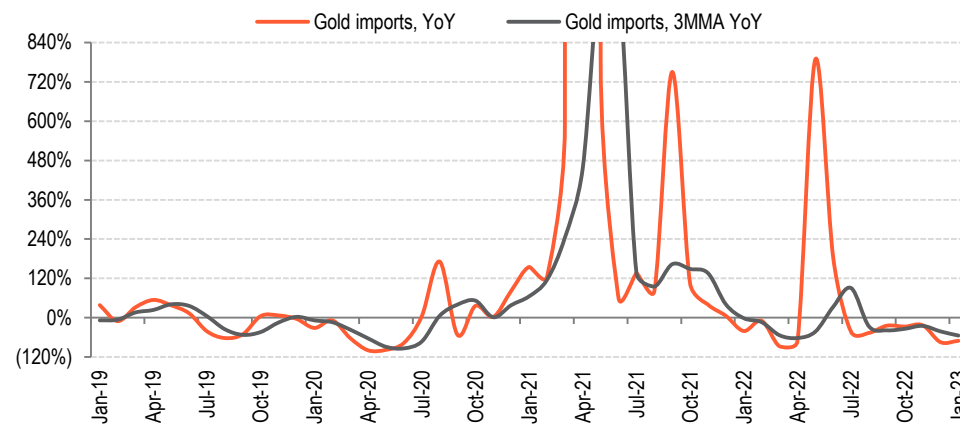


Fig 140 – Import of pearls and precious metals drops sharply in Jan'23**Fig 141 – ... similar trend in imports of organic and inorganic chemicals****Fig 142 – Machinery imports decline by 2.5% in Jan'23 versus an increase of 9.2% in Dec'22****Fig 143 – Gold imports also trailing**

Exports and imports by major regions

Fig 144 – Exports to China have declined sharply in FYTD23

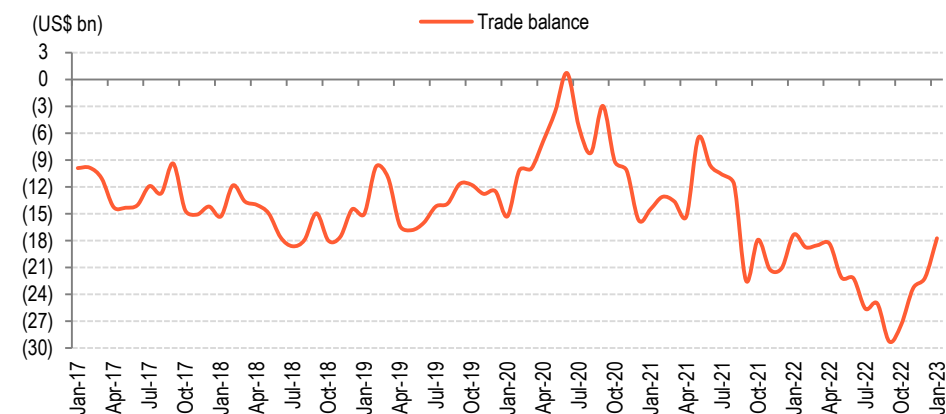
Region (% YoY)	Share in FY22	FYTD22	FYTD23	Nov-22	Dec-22	Jan-23
Americas	23.8	50.5	8.7	12.5	(5.0)	(8.9)
Asia and Pacific (Ex. China)	27.2	49.8	(6.1)	(16.5)	(28.1)	(26.0)
China	5.1	9.4	(33.8)	(31.3)	(25.7)	(8.8)
Europe	20.6	58.8	18.1	18.0	12.0	19.3
Middle East and Africa	22.8	51.3	30.0	35.9	20.9	33.0
Other	0.6	52.0	124.4	203.1	27.2	46.9

Fig 145 – Imports from all regions have moderated in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Nov-22	Dec-22	Jan-23
Americas	11.8	61.8	17.2	14.5	(0.5)	10.5
Asia and Pacific (Ex. China)	24.2	50.9	24.1	6.0	10.0	(11.3)
China	15.4	47.7	9.0	(5.4)	(7.8)	(12.9)
Europe	13.9	51.2	1.7	2.9	(16.2)	3.5
Middle East and Africa	32.3	90.3	21.7	(0.9)	(13.7)	(13.7)
Other	2.3	48.7	259.1	395.2	231.2	206.6

Trade deficit

Fig 146 – Trade deficit narrowed to US\$ 17.7bn in Jan'23 from US\$ 22.1bn in Dec'22, US\$ 233.2bn in FYTD23



Trade in services

Fig 148 – Services exports rose by 29.6% in Jan'23 from 20.4% in Dec'22

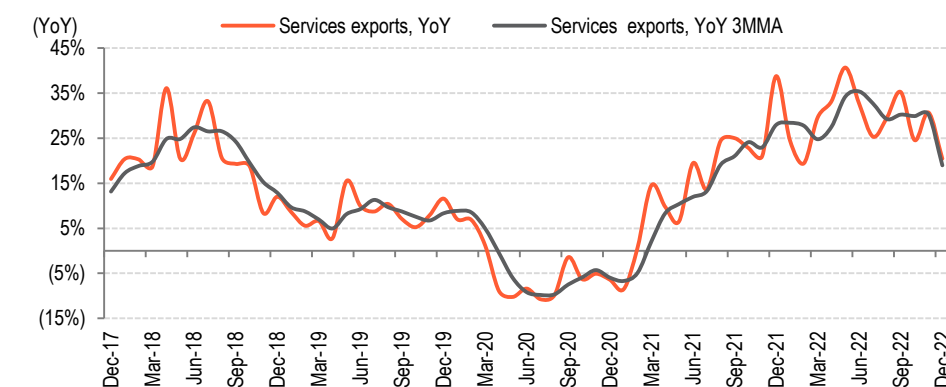
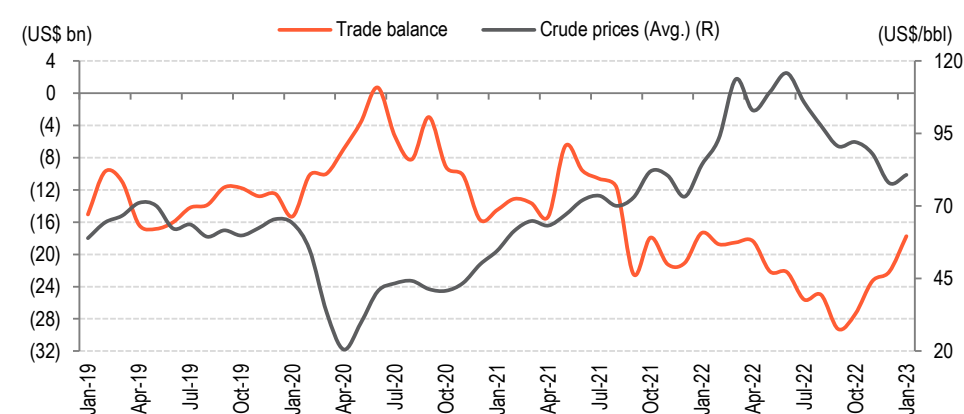
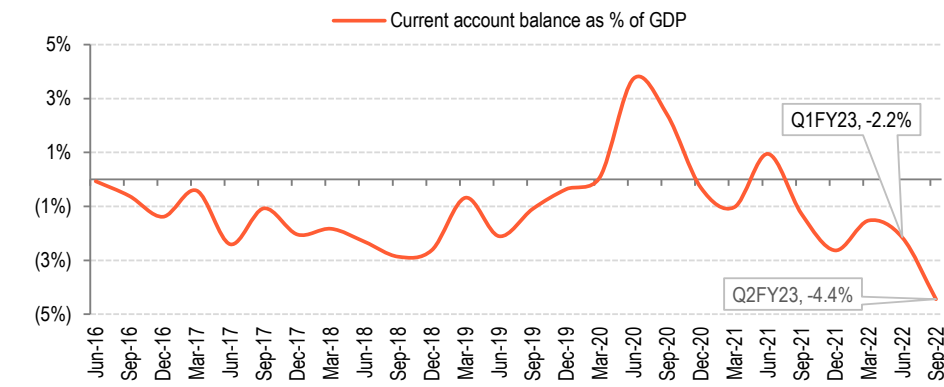


Fig 147 – Oil prices remained rangebound



BoP

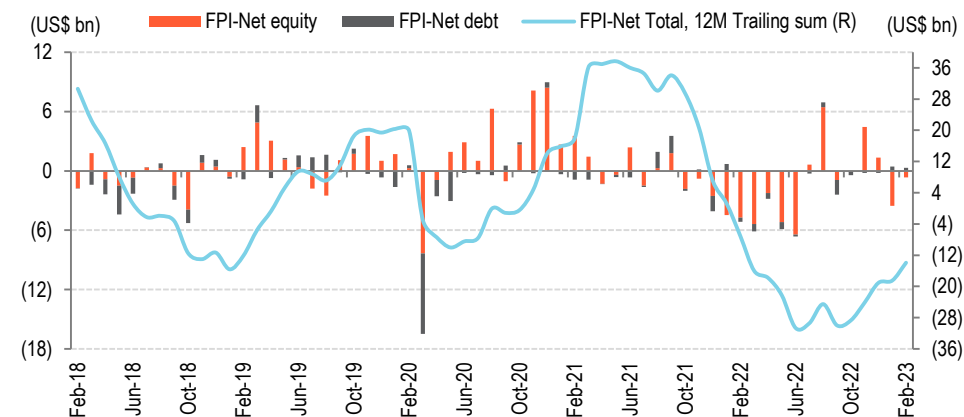
Fig 149 – India's current account deficit expanded to 4.4% of GDP in Q2FY23 from 2.2% of GDP in Q1FY23



Foreign inflows

FPI inflows

Fig 150 – FPI outflows eased to US\$ 501mn in Feb'23



Source: Bloomberg

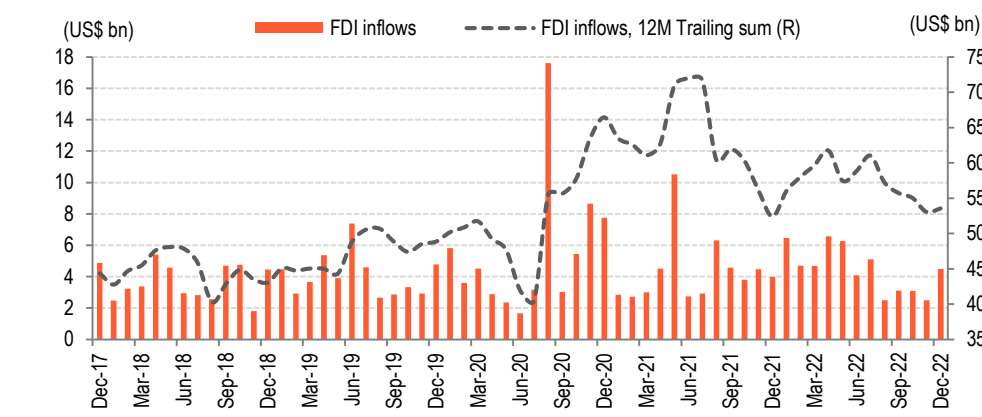
Fig 152 – FDI inflows into services sector rise in Q3FY23

Sector	% Share FY22	FYTD22	FYTD23	Q1FY23	Q2FY23	Q3FY23
Computer software and hardware	43.8	0.6	0.7	0.6	0.1	0.0
Construction (Infrastructure) activities	13.2	10.3	8.1	3.4	2.9	1.8
Services Sector	8.5	5.3	6.5	2.6	1.6	2.4
Trading	4.4	3.0	4.1	2.0	1.2	0.9
Automobile industry	2.7	6.0	1.3	0.7	0.2	0.3
Drugs and Pharmaceuticals	2.5	1.6	1.2	0.7	0.3	0.2
Metallurgical industries	2.2	1.4	0.2	0.1	0.0	0.1

Source: DIPP

FDI inflows

Fig 151 – FDI equity inflows rose to US\$ 4.5bn in Dec'22 versus US\$ 2.5bn in Nov'22



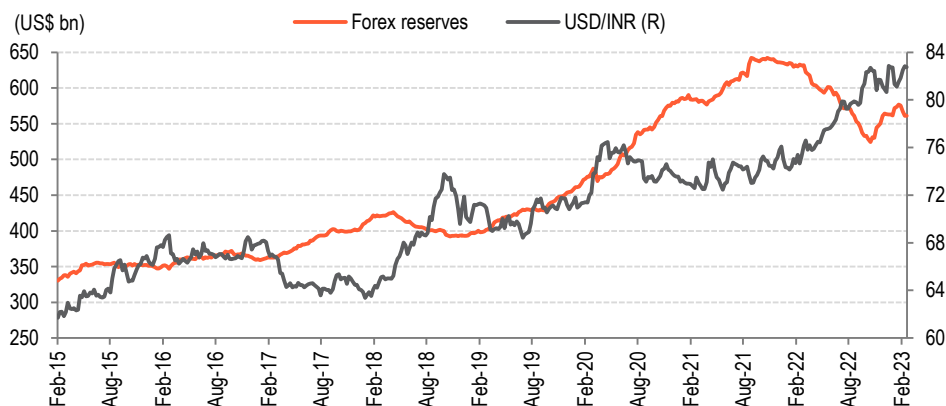
Source: RBI, Bank of Baroda Research

Fig 153 – FDI inflows from Singapore moderated in Q3FY23

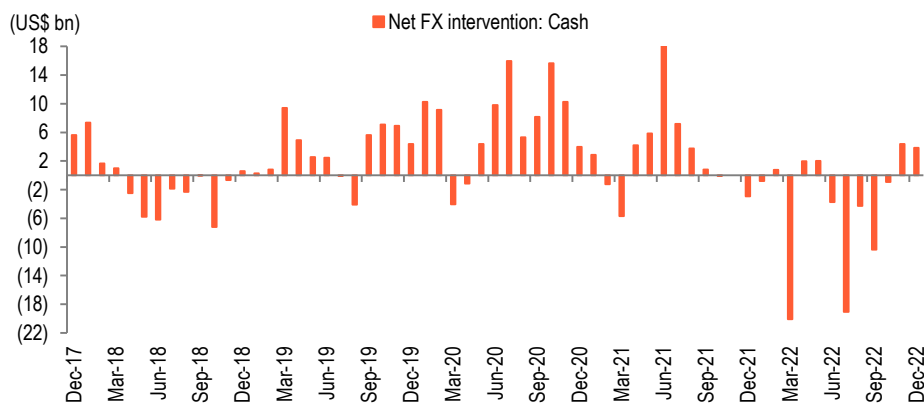
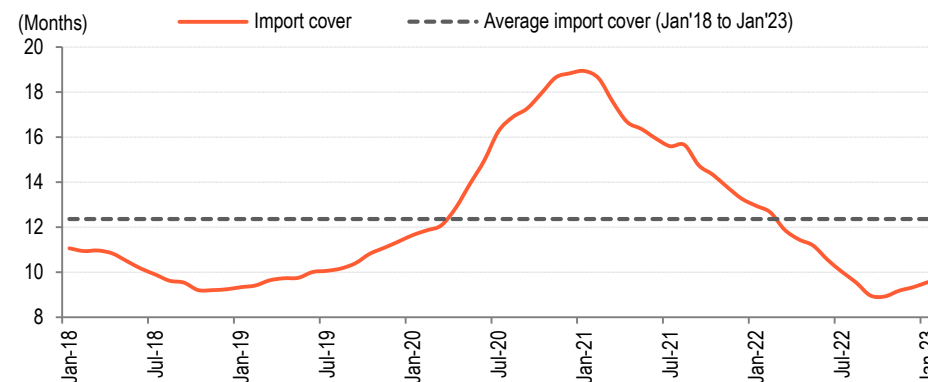
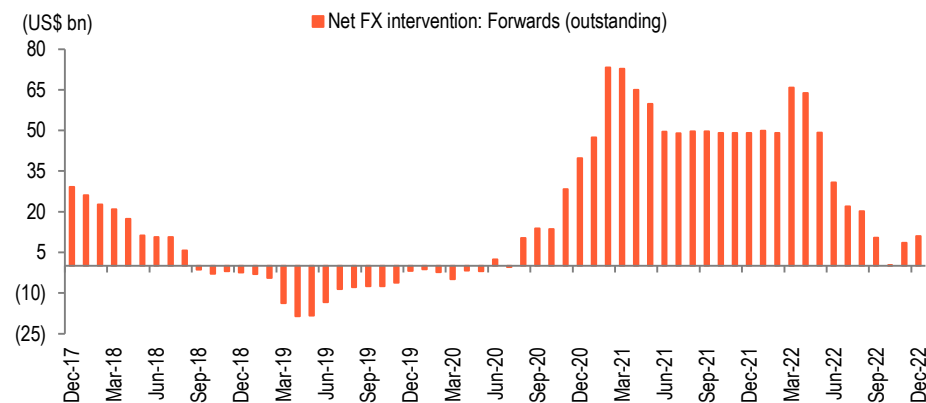
Country (US\$ bn)	% Share FY22	FYTD22	FYTD23	Q1FY23	Q2FY23	Q3FY23
Singapore	27.0	11.7	13.1	5.7	4.3	3.1
US	17.9	7.5	5.0	1.5	1.1	2.4
Mauritius	16.0	6.6	4.7	2.4	0.9	1.4
Netherlands	7.9	2.7	2.2	1.1	0.7	0.4
UK	2.8	1.4	1.8	0.3	0.6	0.9
Japan	2.5	0.9	1.4	0.9	0.3	0.2

Source: DIPP

Forex reserves and intervention

Fig 154 – India's FX reserves at US\$ 560.9bn in Feb'23, down US\$ 56.7bn in FYTD23

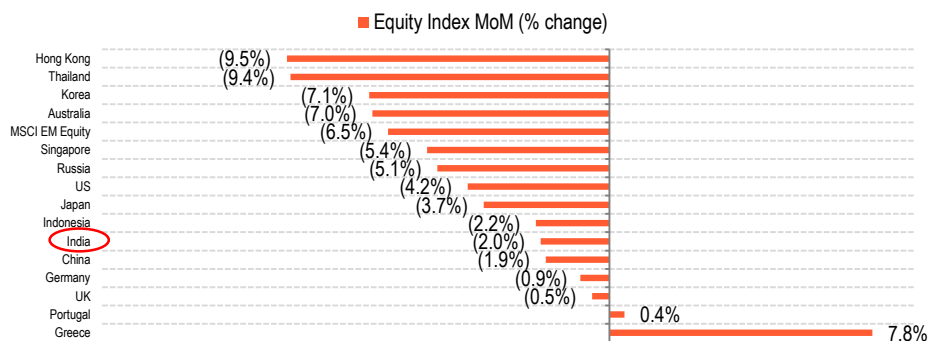
Source: Bloomberg | Weekly data as of 24 Feb 2023

Fig 156 – RBI's bought US\$ 3.8 bn in the spot market in Dec'22 versus US\$ 4.4bn in Nov'22**Fig 155 – India's import cover improves marginally in Jan'23; remains below long-term average****Fig 157 – RBI's outstanding forwards position improves to US\$ 11bn in Dec'22**

Markets

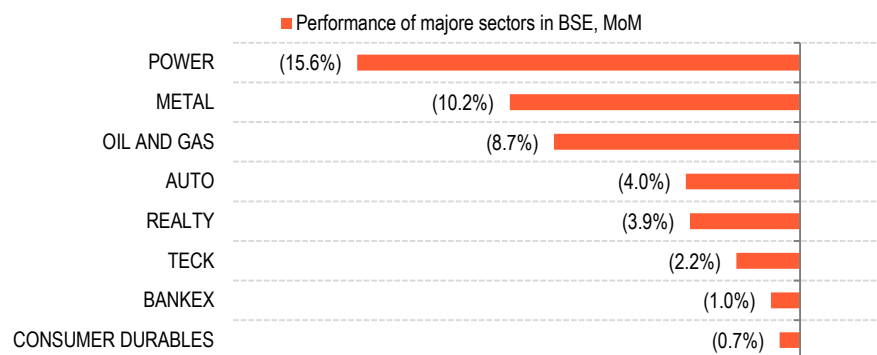
Equity

Fig 158 – In Feb'23, Sensex fell by 2%, while MSCI EM which fell by 6.5%



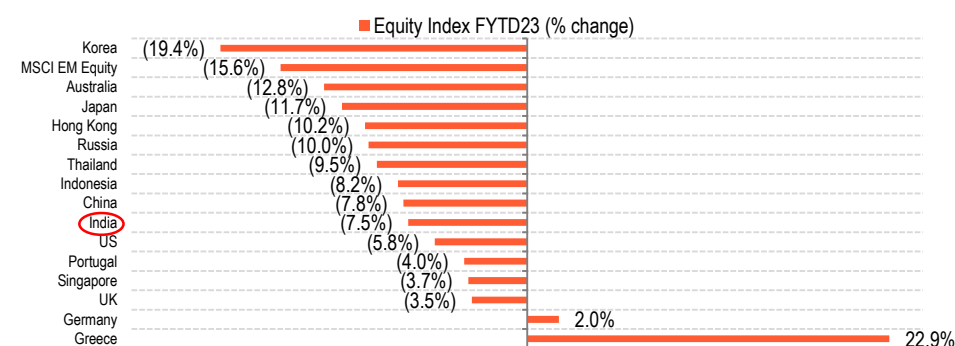
Source: Bloomberg | * As on 28 Feb 2023, Indices are in US\$ terms

Fig 160 – Power and metal stocks fell the most in Feb'23



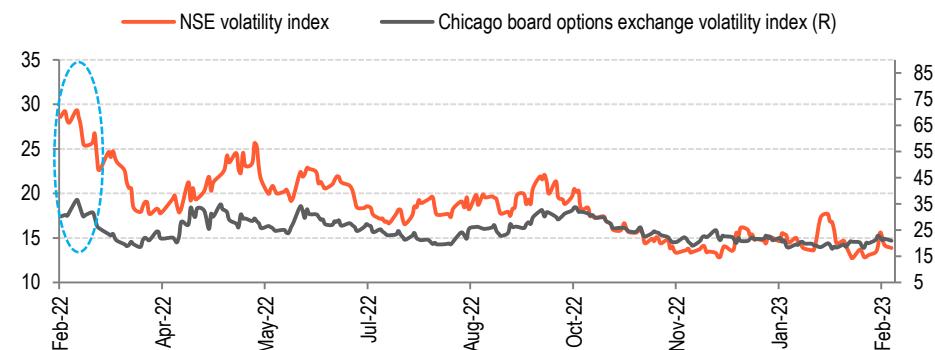
Source: Bloomberg | As on 28 Feb 2023

Fig 159 – In FYTD23 as well, Sensex fell by 7.5%



Source: Bloomberg | * As on 28 Feb 2023, Indices are in US\$ terms

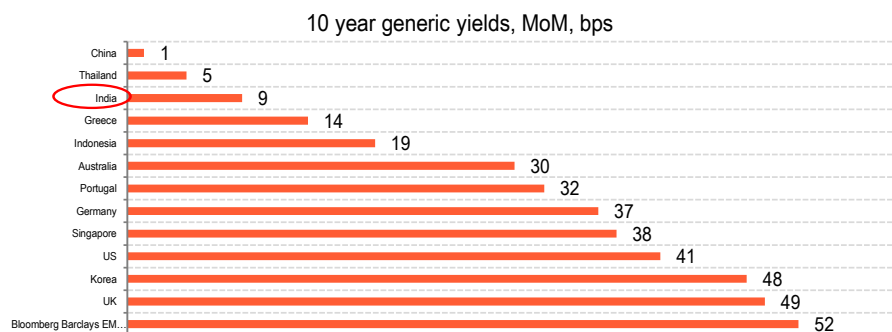
Fig 161 – VIX index moderated to 13.88 from 16.88 in Feb'23



Source: Bloomberg

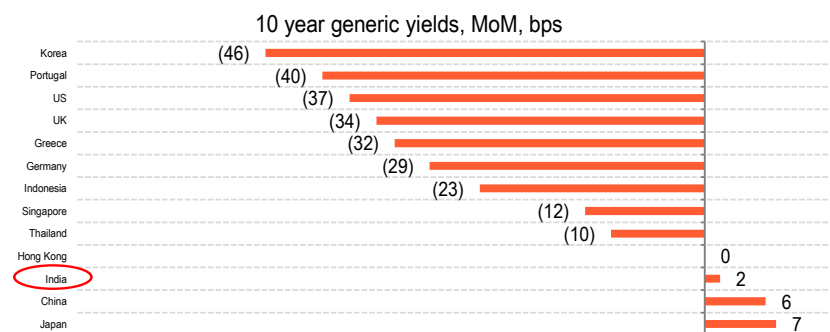
10-year bond yields

Fig 162 – On MoM basis, India's 10Y yield rose by 9bps in line with global yields



Source: Bloomberg | As on 28 Feb 2023

Fig 163 – In FYTD23, India's 10Y yield rose by 60BPS



Source: Bloomberg | As on 28 Feb 2023

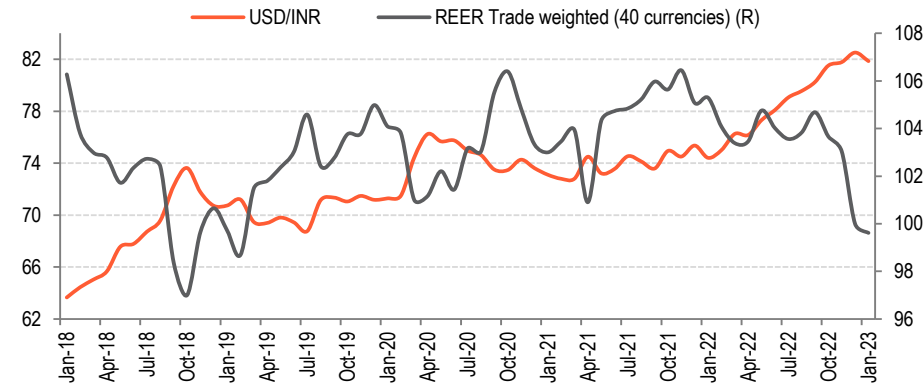
Currencies

Fig 164 – INR depreciated by 0.9% in Feb'23

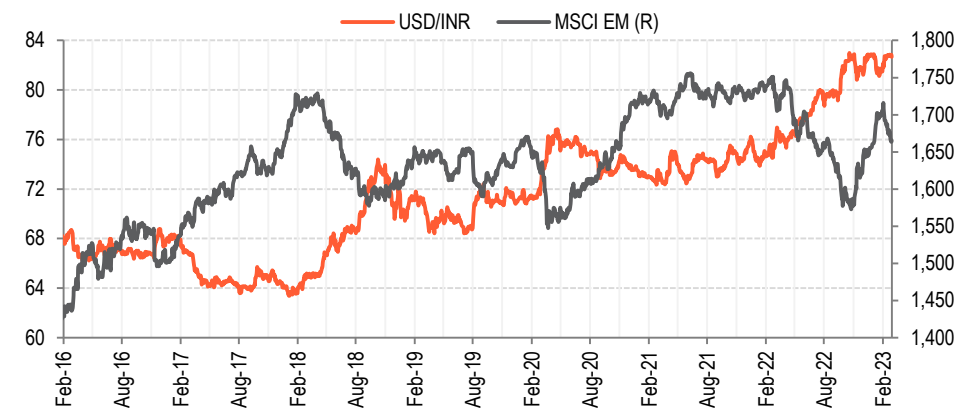


Source: Bloomberg | *As on 28 Feb 2023

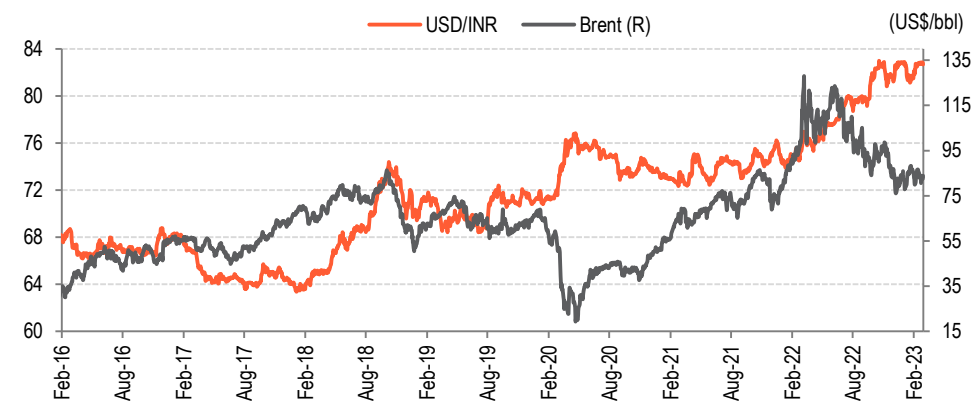
Fig 165 – India's REER falls below 100



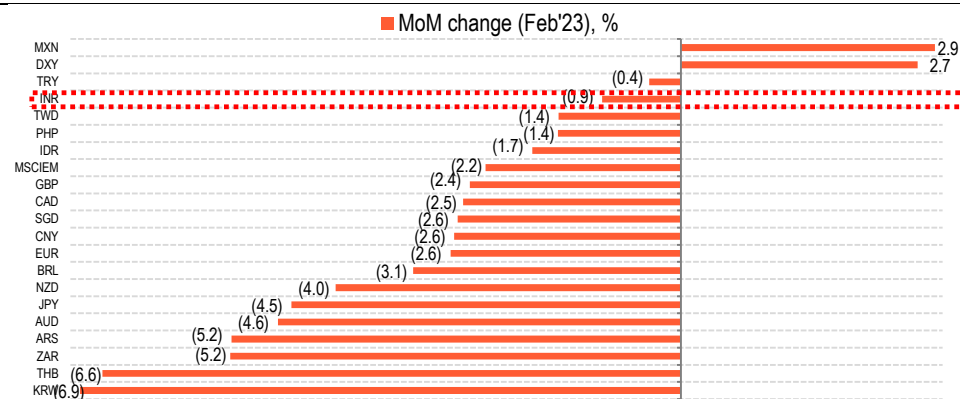
Source: Bloomberg

Fig 166 – Other EM currencies also fell..

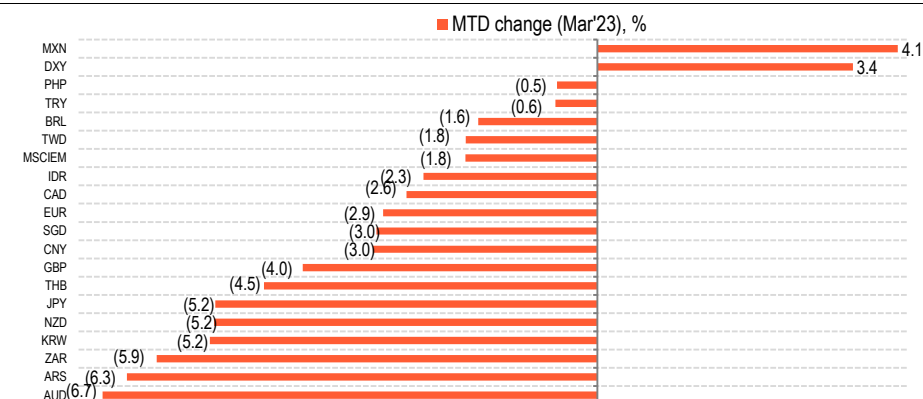
Source: Bloomberg | *As on 28 Feb 2023

Fig 167 – ...despite rangebound oil prices

Source: Bloomberg | *As on 28 Feb 2023

Fig 168 – Most global currencies depreciated against the dollar in Feb'23

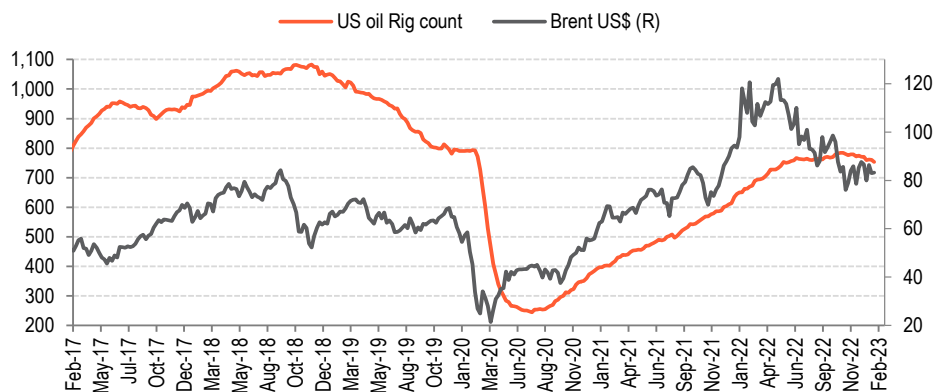
Source: Bloomberg | *As on 28 Feb 2023

Fig 169 – DXY has strengthened further in Mar'23 amidst expectations of more rate hikes by Fed

Source: Bloomberg | *As on 7 Mar 2023

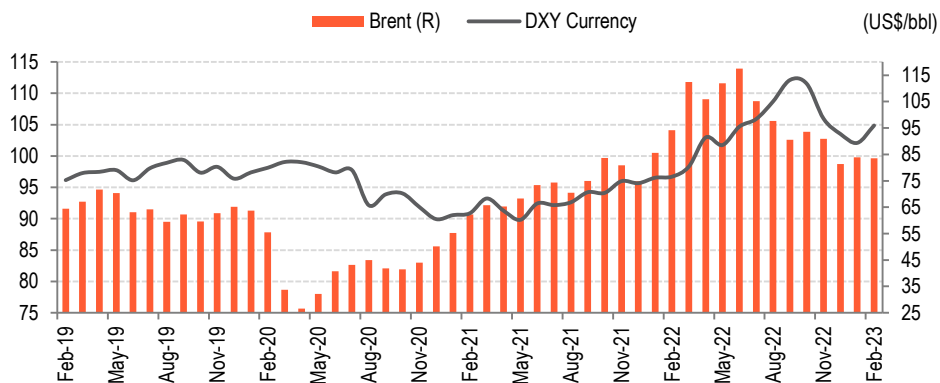
Commodities

Fig 170 – US rig count moderated in Feb'23



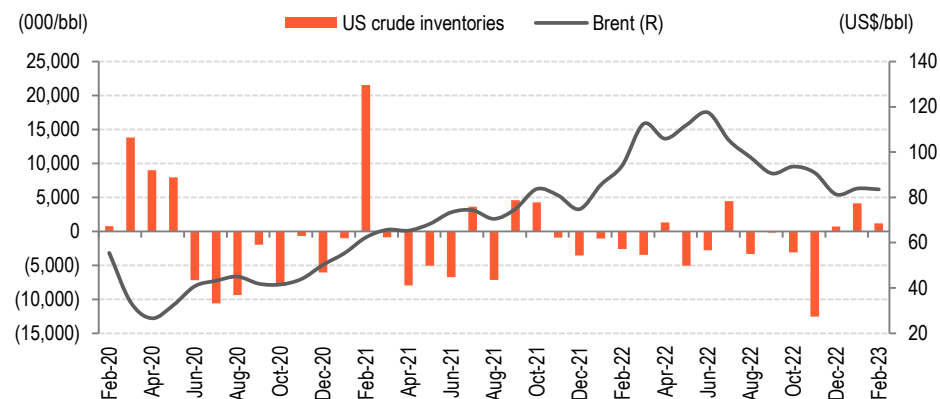
Source: Bloomberg

Fig 172 – Oil prices (average) was stable at US\$ 84/bbl in Feb'23, DXY rose to 104.9 from 102.1 on expectation of faster pace of rate hike by Fed



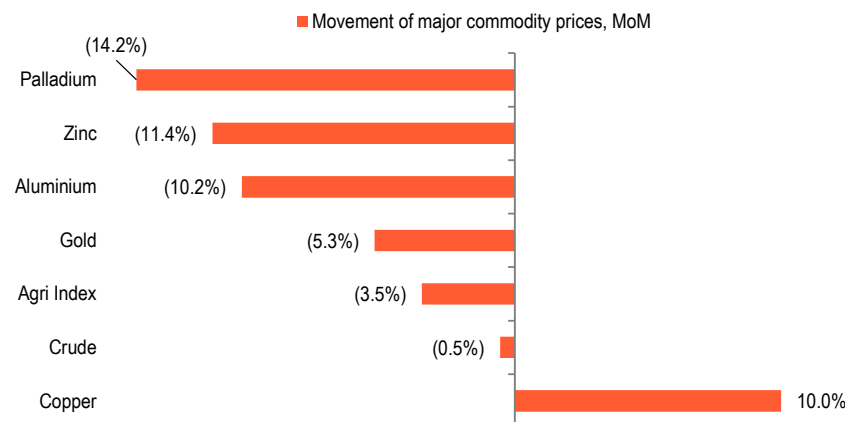
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 171 – US crude oil inventory rose slightly in Feb'23



Source: Bloomberg

Fig 173 – Commodity prices inching up on better demand outlook of China



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

Fig 174 – Performance of high frequency indicators

Indicators	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Agriculture													
Tractor sales	(26.4)	(11.6)	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	19.2	16.0	-
Two wheeler sales	(10.7)	(4.0)	38.1	197.7	20.2	(10.9)	8.5	9.0	51.1	23.6	(11.2)	10.1	14.8
MNREGA work (HH, MoM)	1.9	1.1	(3.3)	32.2	3.3	(35.7)	(21.7)	4.7	(7.1)	19.4	14.2	(2.3)	2.1
Manufacturing													
IIP: General index	1.2	2.2	6.7	19.7	12.6	2.2	(0.7)	3.5	(4.2)	7.3	4.3	-	-
IIP: Manufacturing	0.2	1.4	5.6	20.7	12.9	3.0	(0.5)	2.2	(5.9)	6.4	2.6	-	-
IIP: Capital goods	1.3	2.4	12.0	53.3	28.6	5.7	4.3	11.4	(1.7)	21.6	7.6	-	-
IIP: Infra & construction goods	8.6	6.7	4.0	18.4	9.4	4.8	2.1	7.7	1.1	13.2	8.2	-	-
IIP: Consumer goods	(9.7)	(3.1)	7.2	59.1	25.2	2.3	(4.4)	(3.2)	(17.8)	5.3	(10.4)	-	-
Steel	5.6	4.1	2.5	15.1	3.3	7.5	5.2	5.7	6.5	11.7	6.3	6.2	-
Cement	4.2	9.0	7.4	26.2	19.7	0.7	1.8	12.4	(4.3)	29.0	9.5	4.6-	-
Electricity	4.5	6.1	11.8	23.5	16.5	2.3	1.4	11.6	1.2	12.7	10.4	12.0	-
PMI: Manufacturing	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3
Services													
Services PMI index	51.8	53.6	57.9	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2	59.4
Automobile sales	(9.2)	(2.9)	37.3	206.8	27.2	(7.8)	8.3	10.9	47.6	25.7	(5.4)	13.6	16.0
Passenger vehicle sales	(7.8)	(4.9)	26.6	204.3	40.2	(4.7)	6.5	9.7	40.6	21.3	8.1	21.9	11.0
Vehicle registration	(9.4)	(3.8)	37.6	207.8	21.5	(8.8)	7.2	6.8	47.7	18.5	(6.9)	13.6	15.5
Rail freight traffic	6.6	6.7	9.4	14.6	11.3	8.3	7.9	9.1	1.4	5.2	3.1	3.8	5.0
Port cargo volume	(3.9)	0.8	5.5	8.9	13.5	15.1	8.0	14.9	3.6	2.0	10.4	12.2	12.0
Credit growth	8.1	8.6	10.0	11.4	12.3	13.4	14.3	18.9	15.8	16.1	14.9	16.3	16.1
Deposit growth	8.6	8.9	10.0	8.8	8.6	9.2	9.5	12.5	8.9	9.8	9.2	10.5	10.2
CIC	8.6	9.7	10.1	8.6	8.0	8.1	8.1	8.2	9.0	7.9	8.2	8.5	8.5
Toll collection (in mn)	243.6	270.4	265.4	285.4	277.9	265.2	272.0	259.2	283.0	285.6	308.0	300.8	288.4
Diesel consumption	(0.9)	6.6	7.9	31.7	23.9	8.2	13.0	13.4	5.5	19.2	6.5	12.6	13.0
GST E-way bill (in mn)	69.1	78.2	75.2	73.6	74.5	75.6	78.2	84.0	76.9	80.7	84.1	82.4	-
External Trade													
Merchandise exports	34.5	26.4	29.1	20.8	30.2	8.1	10.9	4.7	(11.5)	9.7	(3.1)	(6.6)	-
Merchandise imports	37.2	29.0	26.1	57.4	53.2	38.7	37.6	14.9	10.0	9.8	(0.2)	(3.6)	-
Services exports	19.1	29.3	25.1	32.2	24.6	20.2	24.3	29.7	24.6	30.7	20.4	29.6	-
Services imports	24.8	25.0	46.1	52.7	45.5	22.3	27.1	28.1	15.9	21.7	5.7	7.5	-

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

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