

# India Economics

## Monthly Chartbook

August 2024

Economic Research Department

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## Food inflation: breaker for rate cut

Major high frequency indicators are giving mixed signals regarding domestic growth. For instance, while government spending, credit and deposit growth, air passenger traffic, port cargo volumes, are pointing towards a slowdown, at the same time, higher than normal rainfall activity and pickup in Kharif sowing is positive for consumption growth. RBI however still remains cautious of food inflation. In its latest statement, it revised the forecasts for Q2 and Q3 CPI upward by 60bps and 10bps, respectively. Growth forecast for Q1FY25 was revised lower. We remain slightly more optimistic about growth (7.3-7.4%), due to expected revival in rural demand and improvement in employment prospects, supported by initiatives announced in the Union Budget. Strong domestic fundamentals, along with inflows from JP Morgan EM index, will help support INR and keep yields also range bound.

**Domestic demand:** Strengthening of domestic demand has been evident through higher growth in non-oil-non-gold, electronic imports, auto sales and digital payments. However, slower growth in personal loan, credit card needs to be monitored. Moreover, RBI's consumer confidence has been marginally lower at 120.7 vs 124.8 in Jul'24. On monsoon, the ENSO neutral conditions will take some time before transitioning to La Nina. The above normal rainfall (7.3% above LPA) has resulted in higher acreage of Kharif crops.

**Budget lowers FD target:** In the budget announced for FY25, government lowered its fiscal deficit (% of GDP) target to 4.9% from 5.1% set in the interim budget. This will be helped by improvement in revenues (tax and non-tax), and without compromising on its expenditures (both revenue and capex) have seen a similar increase compared with FY24). In Q1FY25 (FYTD basis), centre's

fiscal deficit ratio (% of GDP) eased considerably compared with last year. This was on account of sharp reduction in government spending as total expenditure was lower by (-) 7.7% compared with 10.8% increase as of Jun'23. Capex fell, while revenue spending rose. On income side, net revenue growth picked up sharply, led by jump in direct tax collections. Indirect tax collections was stable

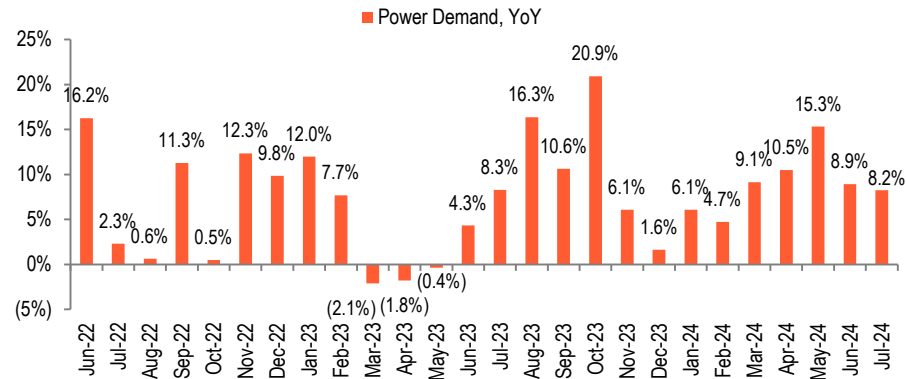
**Yields southward:** India's 10Y yield has fallen by 8bps in Jul'24 and by another 6bps till 8th Aug. The underlying global narrative supported a lower yield. Some volatility was noticed due to US and Japan's policy divergence. But most of the US macro indicators call for support in terms of lower borrowing cost. The quantum is still uncertain. Apart from the global rhetoric, domestic yields got support from surplus liquidity conditions and faster pace of frontloading by FPIs (debt) (US\$ 2.7bn in Jul'24). This same condition is likely to prevail in this quarter as well, as government spending picks up. More correction will be seen in the short run part of the curve. The spread between 3m and 30Y paper widened to 40bps in Jul'24 from 26bps in Jun'24, which is hinting at some bit of steepness. Long end yields are likely to be broadly stable.

**Pressure on INR:** INR has been touching fresh record-lows in the last few sessions amid continued weakness in domestic equities even as the global backdrop has been favourable given a weaker dollar and lower oil prices. Volatility in financial markets due to unwinding of the global carry trade has put pressure on EM currencies such as India. These factors are temporary in nature, and we believe that given India's strong macro fundamentals, the depreciation in INR should correct in the coming months. This will also be aided by the much-awaited rate cuts in the US.

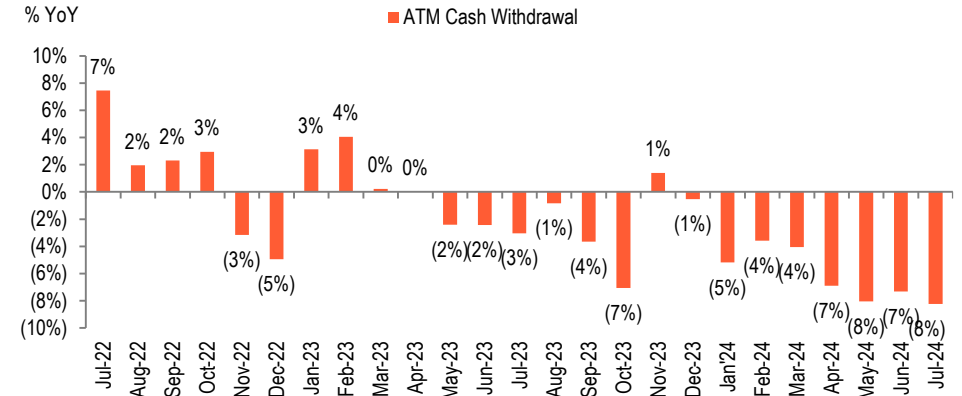
**Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified**

## High frequency indicators

**Fig 1 – Power demand slows in Jul'24**

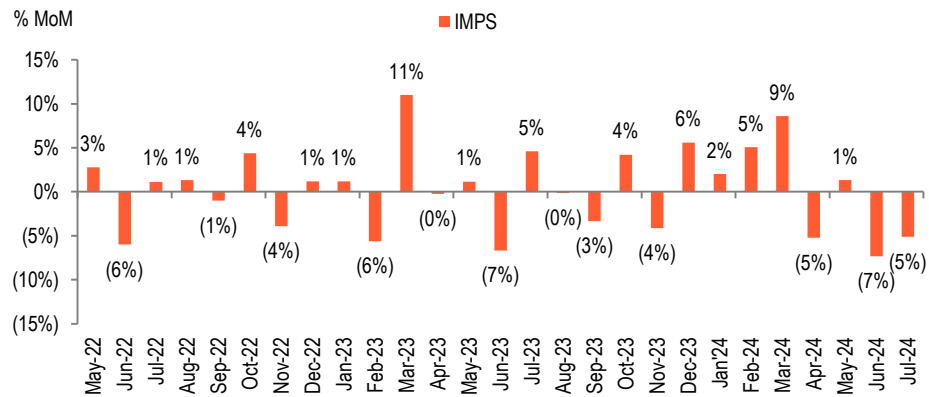


**Fig 2 – Growth for cash withdrawal continues to decline**



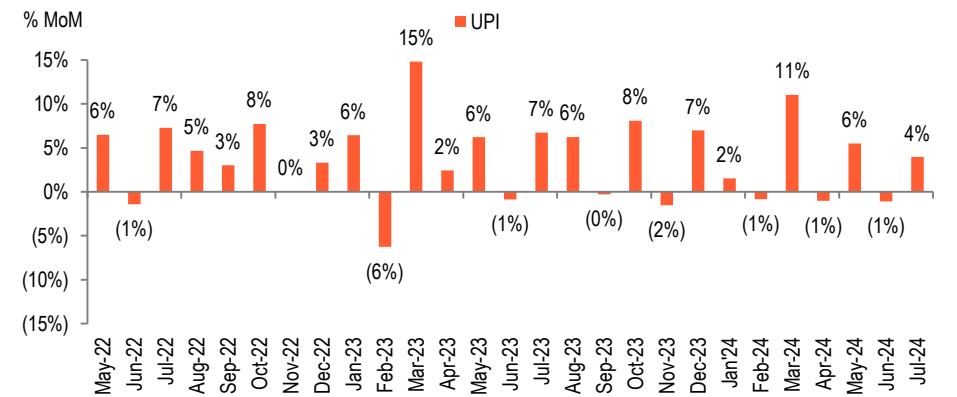
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

**Fig 3 – Volume of IMPS transactions rebounds**



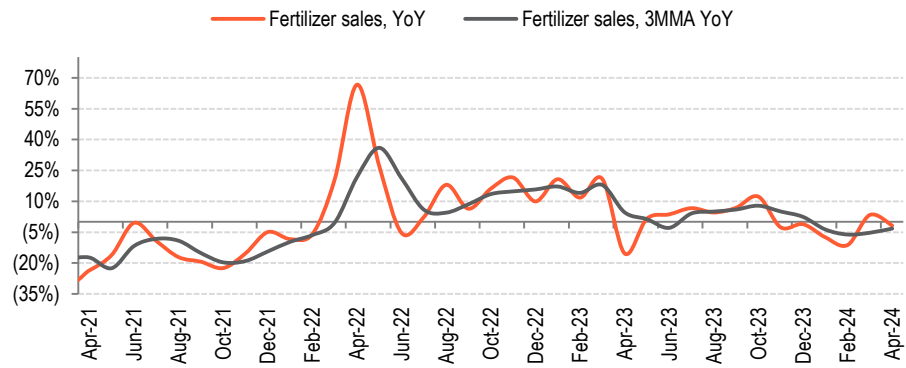
Source: RBI

**Fig 4 – Higher Growth in UPI payments**

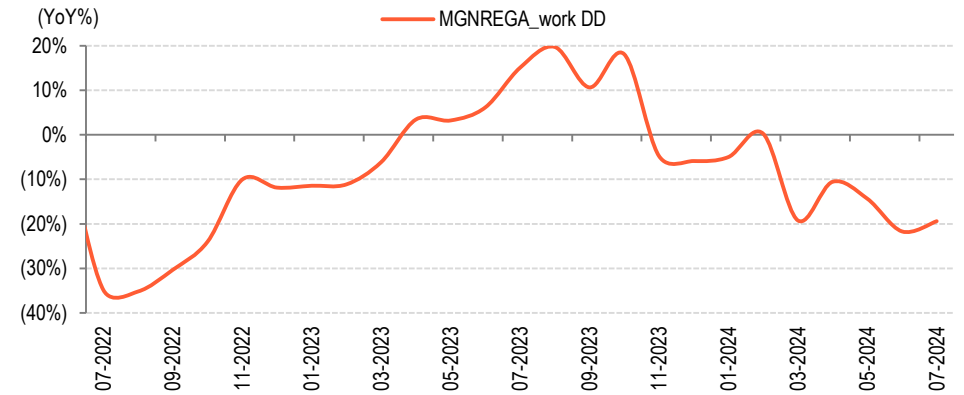


Source: RBI

**Fig 5 – Growth in fertilizer sales dips**

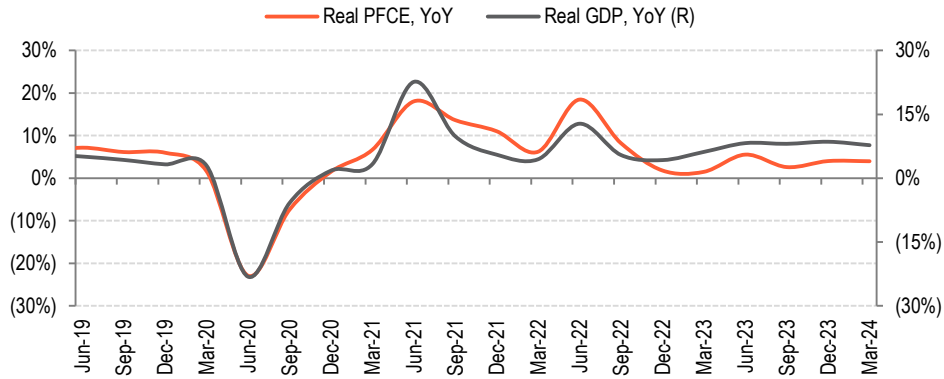


**Fig 6 – Demand for work (MGNREGA-household) edges upwards**

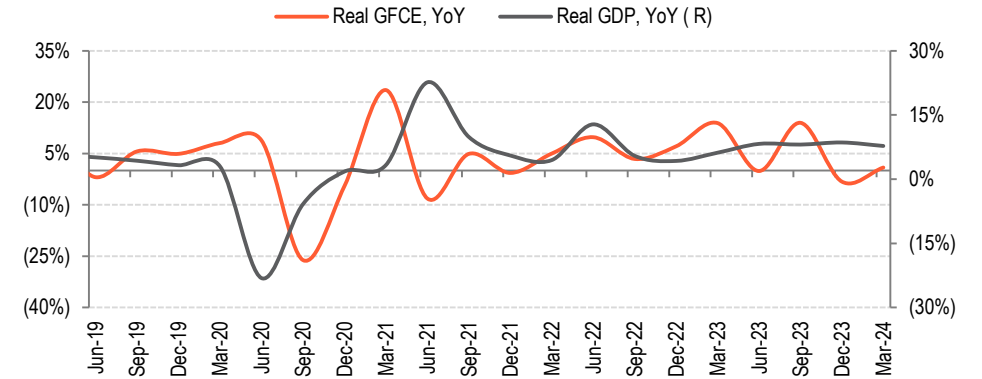


## Final consumption expenditure

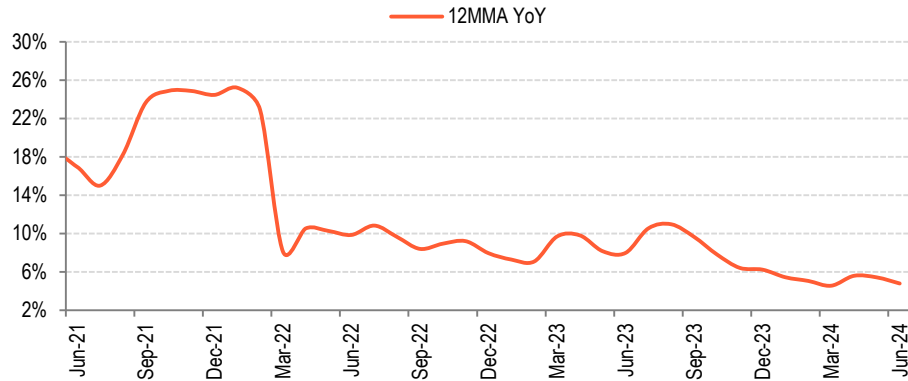
**Fig 7 – Private consumption remains steady in Q4**



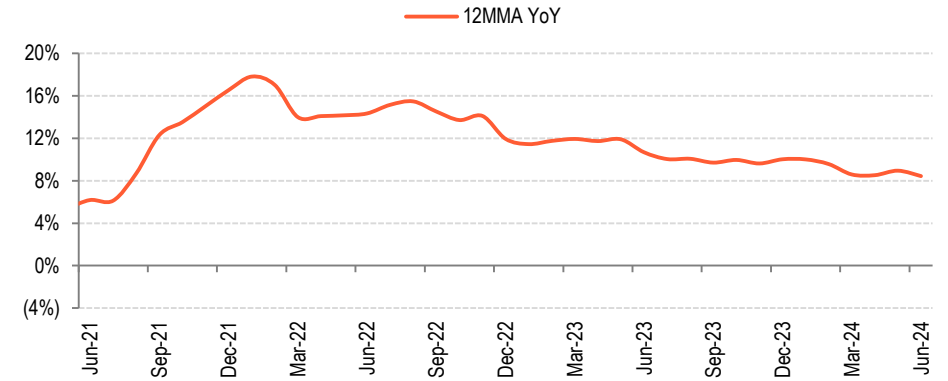
**Fig 8 – Government consumption growth rebounds in Q4**



**Fig 9 – General govt. revenue spending moderates**



**Fig 10 – State\* govt. revenue spending also eases**



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

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports inches up

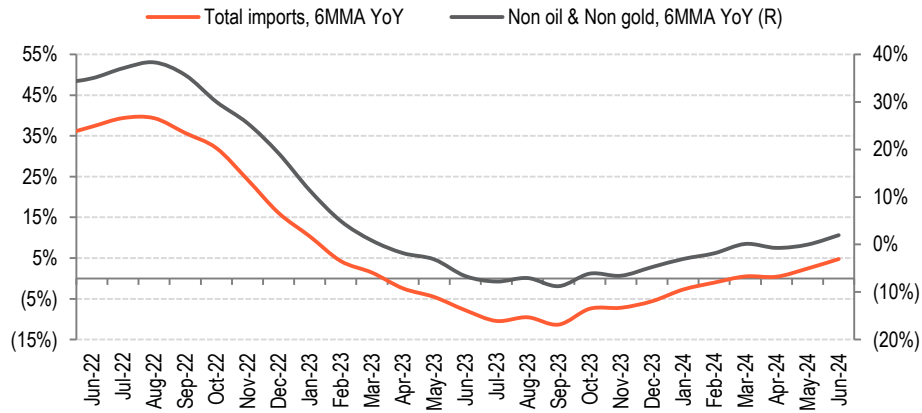


Fig 12 – Growth in electronic imports improves

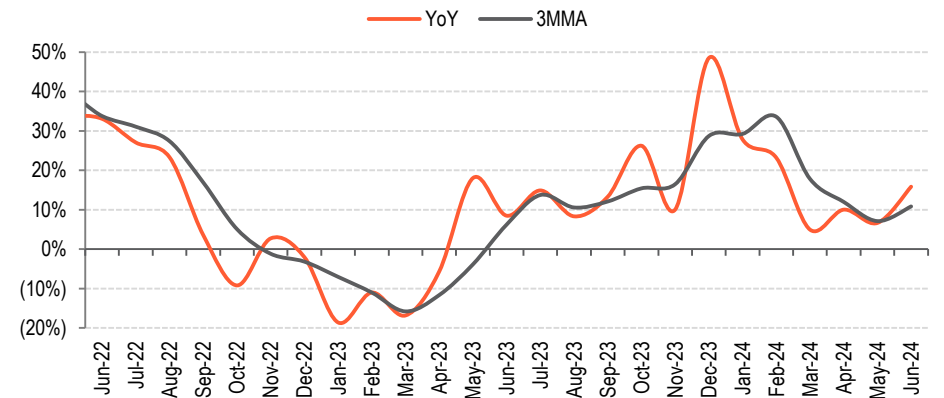
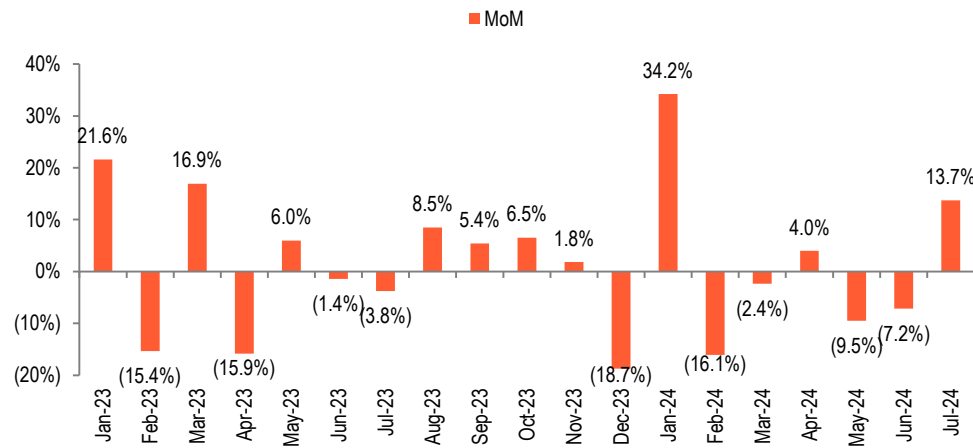
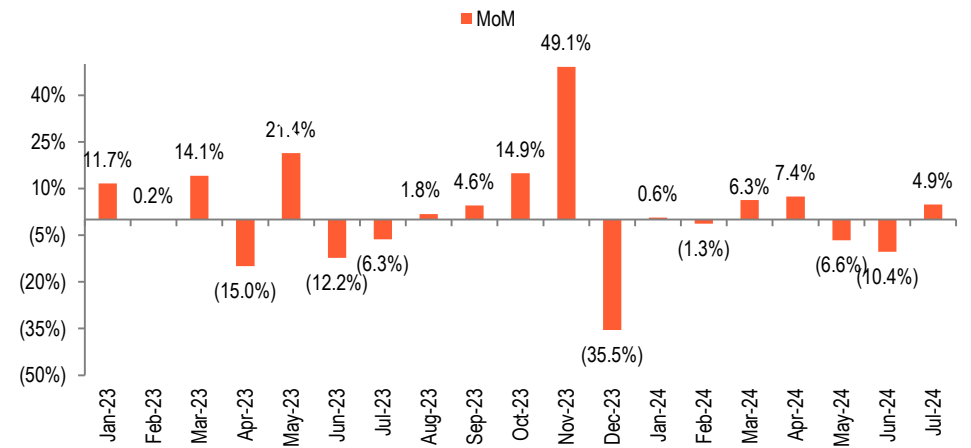


Fig 13 – Double digit growth in retail passenger vehicle sales



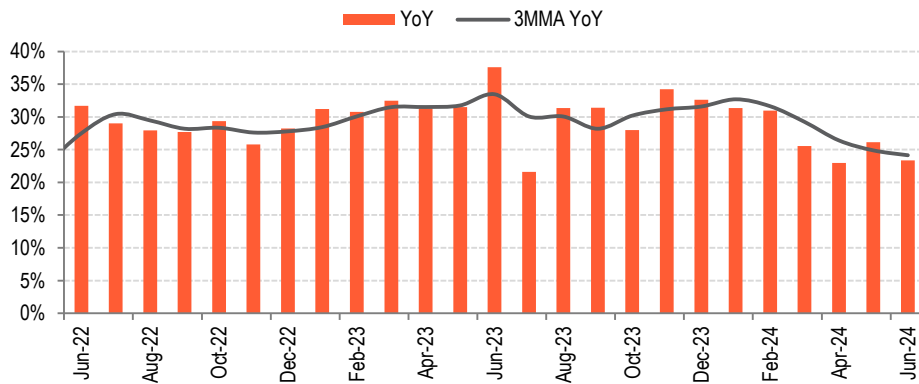
Source: FADA

Fig 14 – Two-wheeler sales rebounds

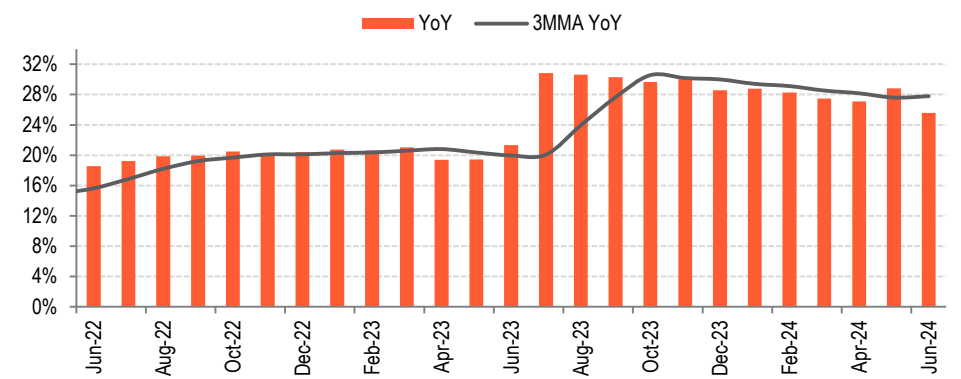


### Credit deployment of personal loans

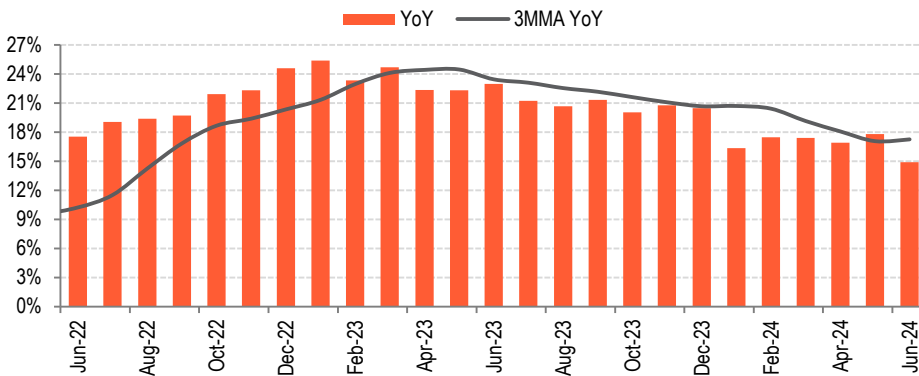
**Fig 15 – Slower growth in credit card loans**



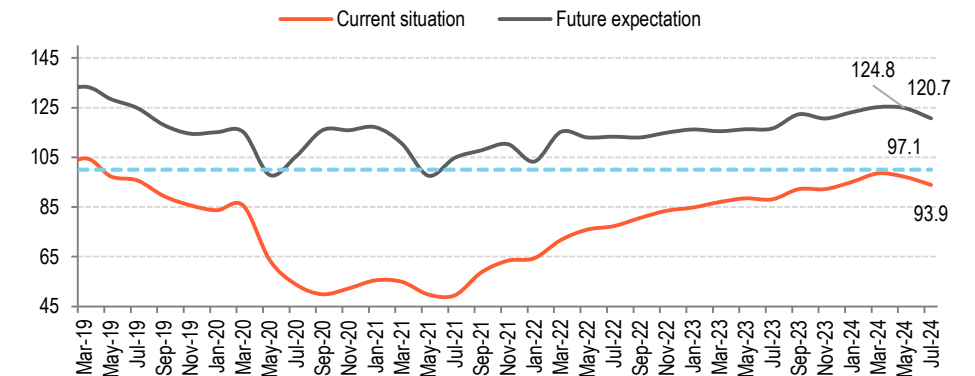
**Fig 16 – Moderation in personal loans growth**



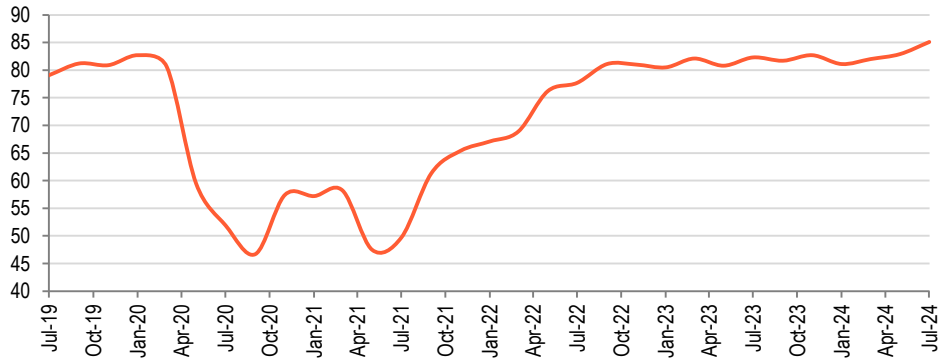
**Fig 17 – Growth in vehicle loans eases**



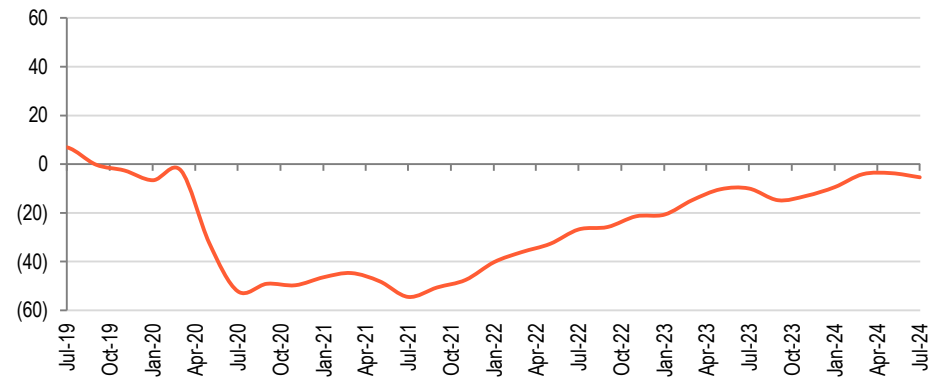
**Fig 18 – Consumer's confidence declines**



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

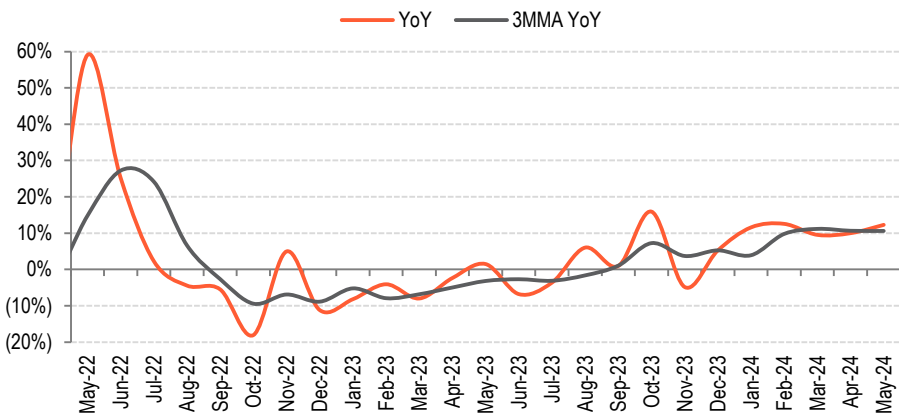


**Fig 20 – Lower spending on non-essential items**

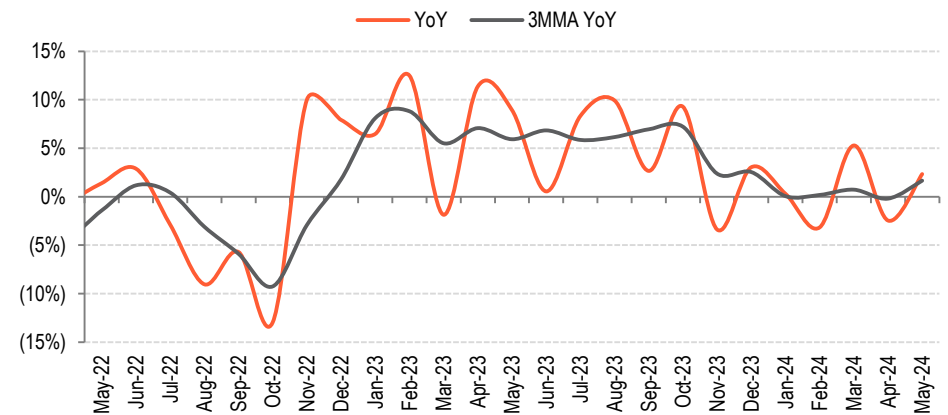


**Consumer durables & non-durables production**

**Fig 21 – Steady growth for consumer durables output**



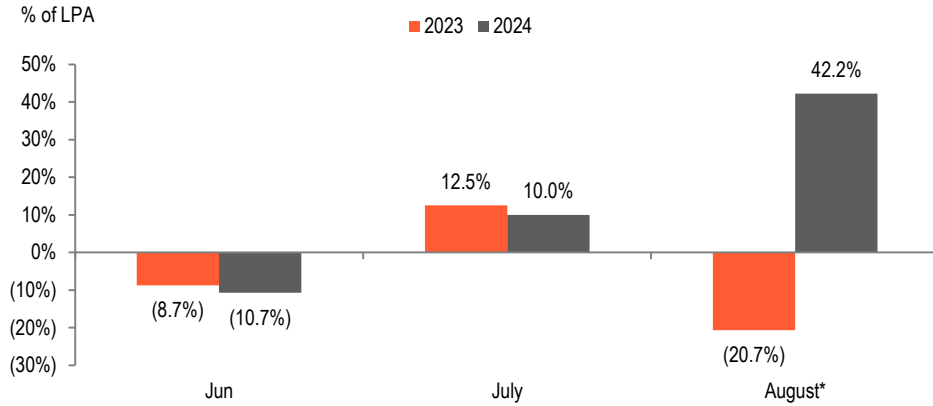
**Fig 22 – FMCG output rebounds**





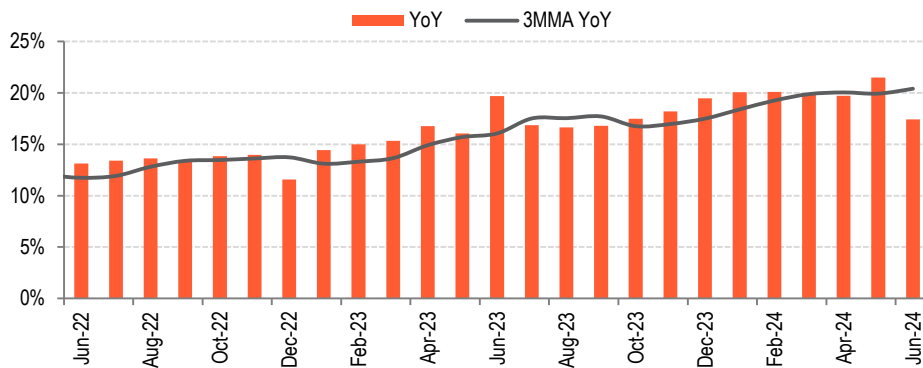
## Agriculture

**Fig 23 – Bountiful rains this year**

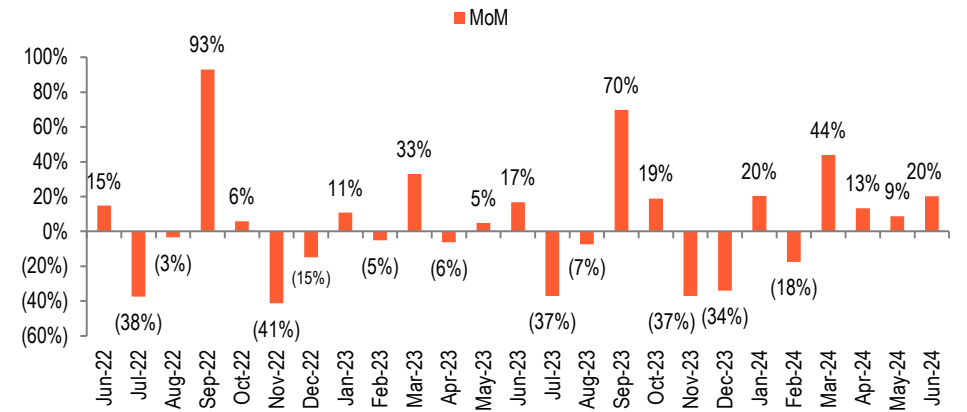


Note: Data for August is till 8th August for both the years

**Fig 25 – Growth in agriculture credit slows down**



**Fig 24 – Double digit growth in tractor sales**



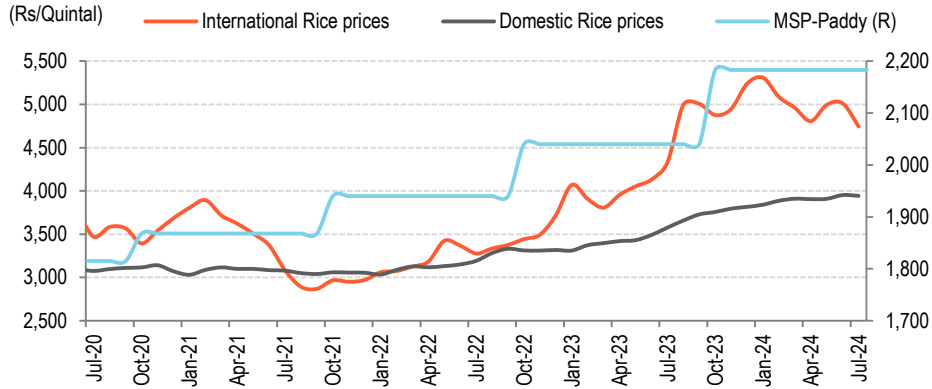
Note: Tractor sales including exports

**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	52.08
2024-25	26.61*	

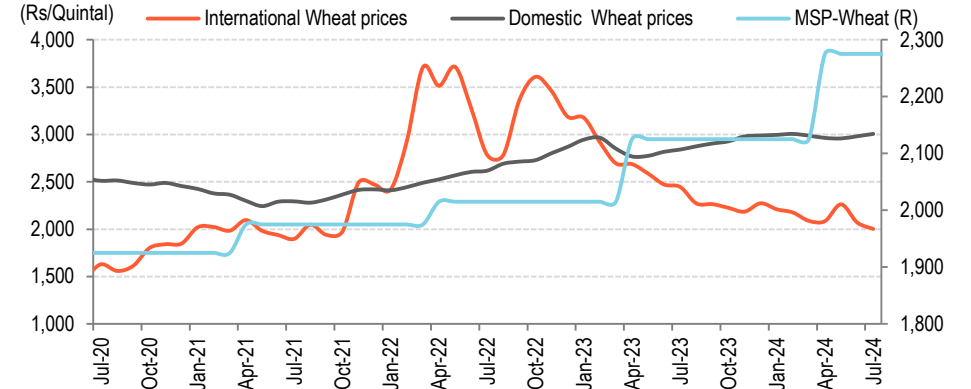
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 30 Jun 2024

**Fig 27 – Both domestic and international rice prices have fallen**



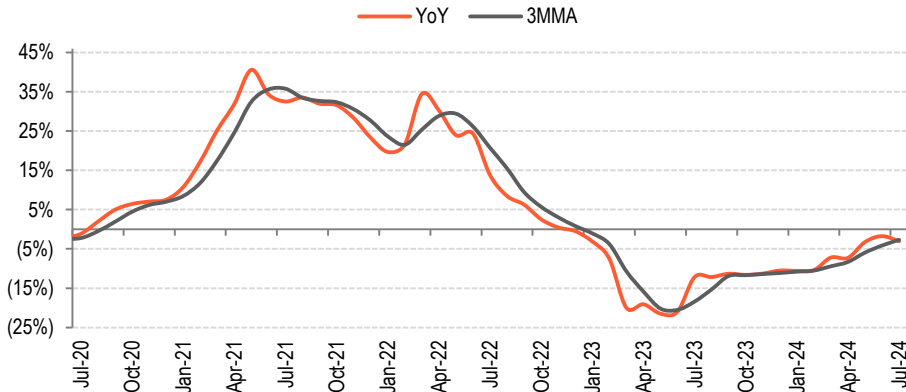
Source: World Bank

**Fig 28 – Domestic wheat prices inch up; international wheat price falls sharply**



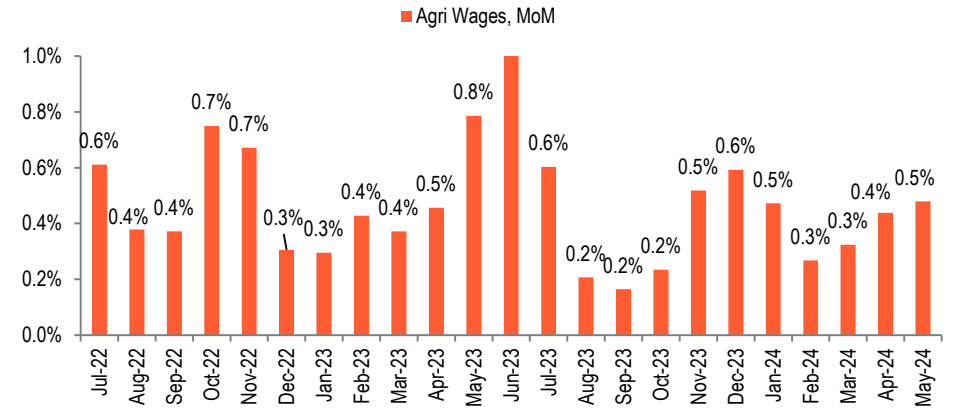
Source: World Bank

**Fig 29 – Global food prices dips marginally**



Source: FAO

**Fig 30 – Wage growth (men) steady**



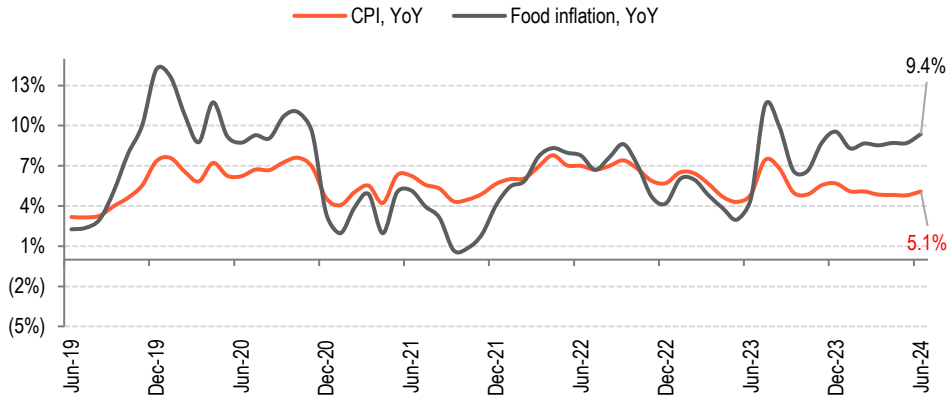
**Fig 31 – Kharif sowing is higher compared with last year**

Crop Type (mn ha)	Area sown in 2023-24	Area sown in 2024-25
Foodgrains	52.3	55.3
Cereals	42.3	44.3
Rice	26.3	27.7
Pulses	10.0	11.1
Oilseeds	17.5	18.0
Cotton	11.8	10.8
Sugarcane	5.7	5.8
Jute and Mesta	0.6	0.6
<b>Total</b>	<b>87.9</b>	<b>90.46</b>

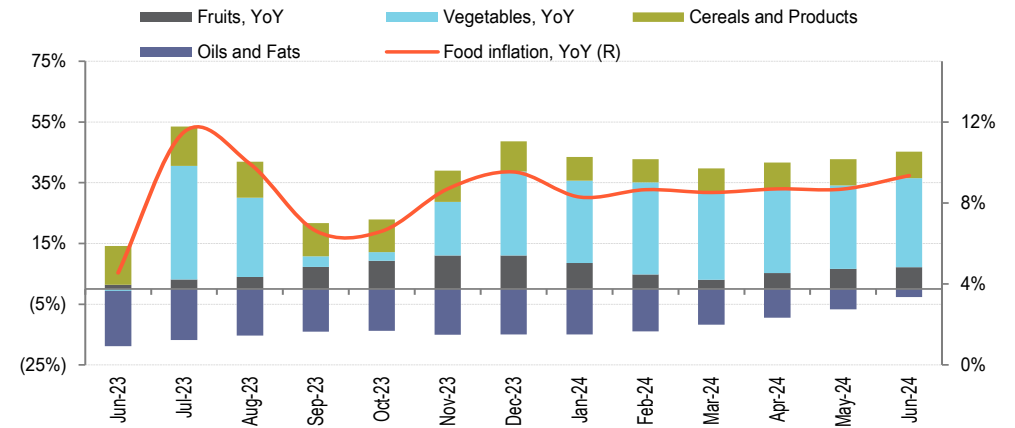
Note: For the week ended 2 Aug 2024

## Inflation

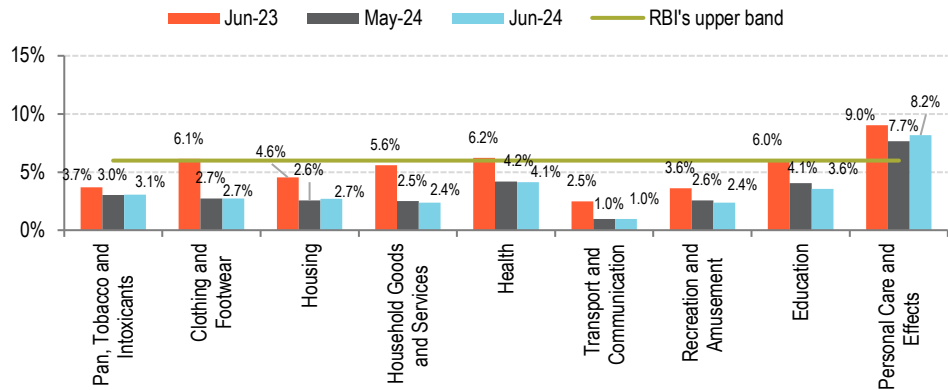
**Fig 32 – Headline CPI rose to 5.1% in Jun'24, highest since Feb'24**



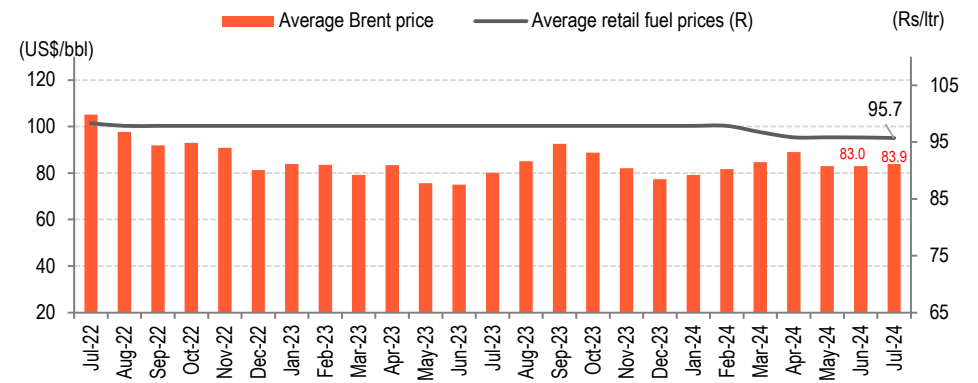
**Fig 33 – Food inflation rose by 67bps to 9.4% led by cereals, fruits and vegetables**



**Fig 34 – Except Personal care and effects, core inflation and its sub-components continued to provide comfort**



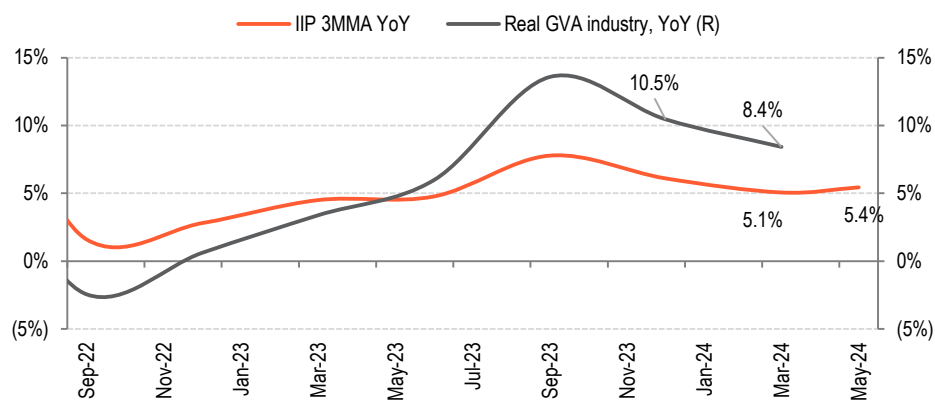
**Fig 35 – Domestic retail price was broadly stable at Rs 95.7/lt in Jul'24, average crude price inched up to US\$ 83.9/bbl in Jul'24 from US\$ 83/bbl in Jun'24**



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

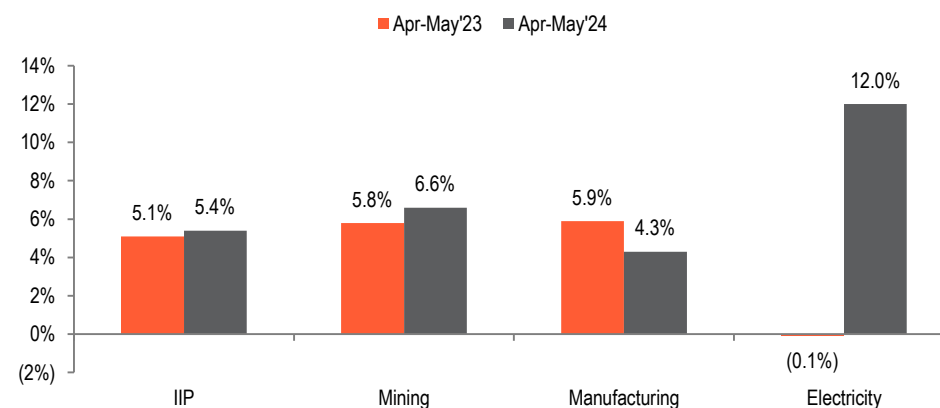
## Industry

**Fig 36 – Slower industrial growth likely in Q1**



Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

**Fig 37 – Sectorwise growth higher in FYTD25**

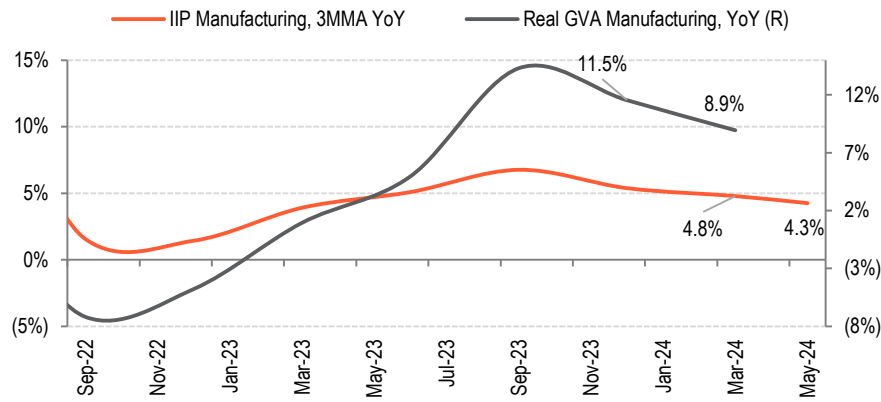


**Fig 38 – IIP growth scales higher**

Sectoral (%)	Weight	Apr-24	May-24	May-23	Apr-Mar'23	Apr-Mar'24
IIP	100.0	5.0	5.9	5.7	5.1	5.4
Mining	14.4	6.8	6.6	6.4	5.8	6.6
Manufacturing	77.6	3.9	4.6	6.3	5.9	4.3
Electricity	8.0	10.2	13.7	0.9	(0.1)	12.0
<b>Use-Based</b>						
Primary Goods	34.1	7.0	7.3	3.6	2.8	7.2
Capital Goods	8.2	2.7	2.5	8.1	6.3	2.6
Intermediate Goods	17.2	3.2	2.5	3.4	2.6	2.8
Infrastructure and Construction Goods	12.3	8.0	6.9	13.0	13.2	7.5
Consumer Durables Goods	12.8	10.0	12.3	1.5	(0.4)	11.2
Consumer Non-Durables Goods	15.3	(2.5)	2.3	8.9	10.2	(0.1)

## Manufacturing

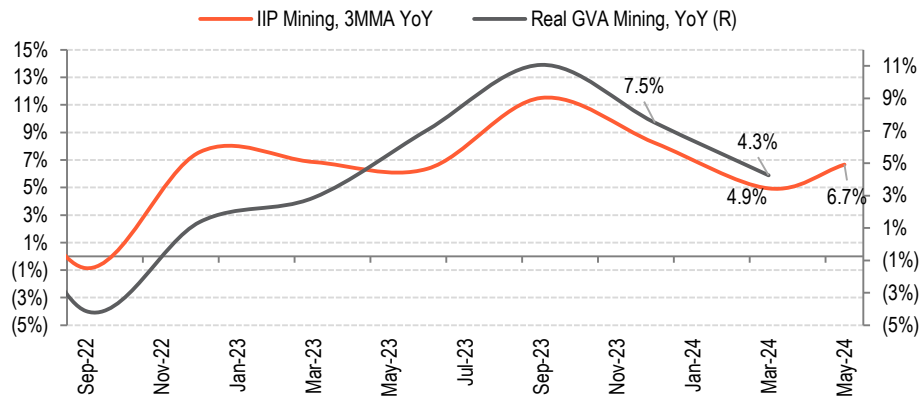
**Fig 39 – Manufacturing growth likely to be lower**



Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

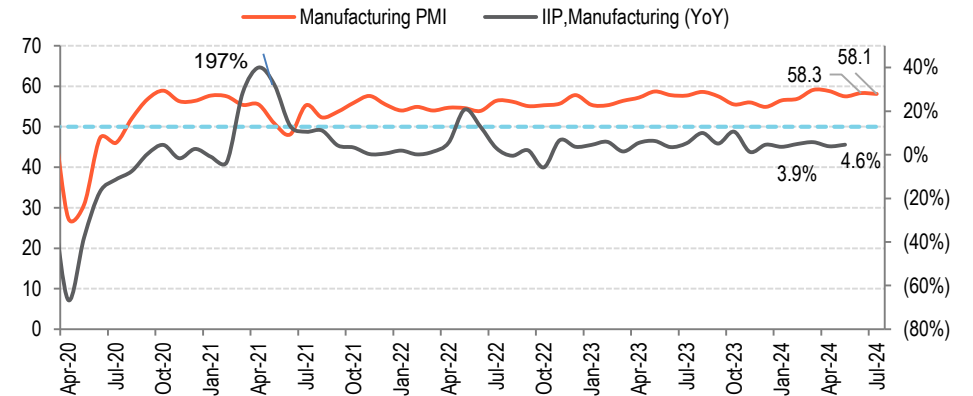
## Mining & Electricity

**Fig 41 – Mining activity expected to improve in Q1**



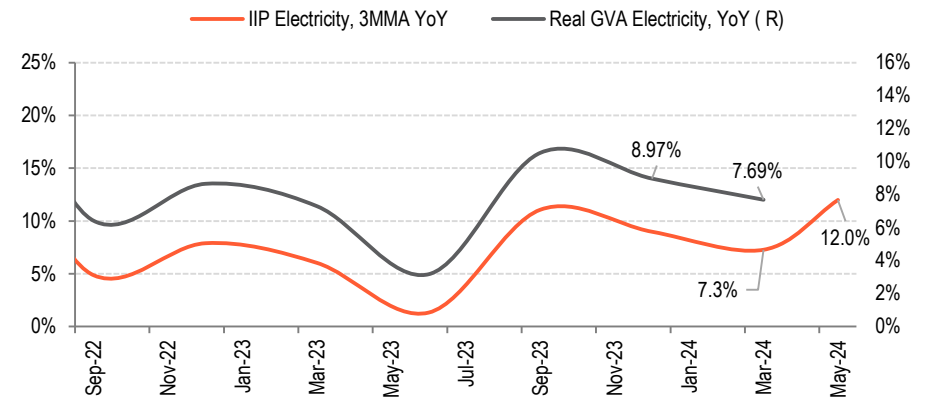
Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

**Fig 40 – Manufacturing PMI softens marginally**



Source: Markit

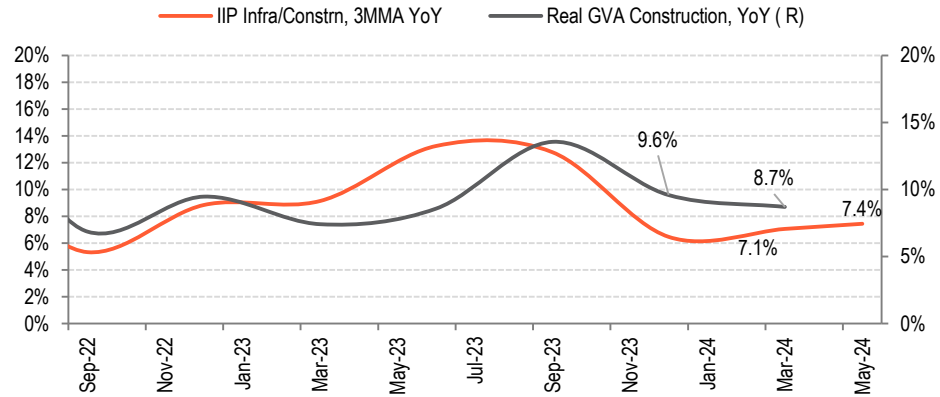
**Fig 42 – Higher electricity growth**



Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

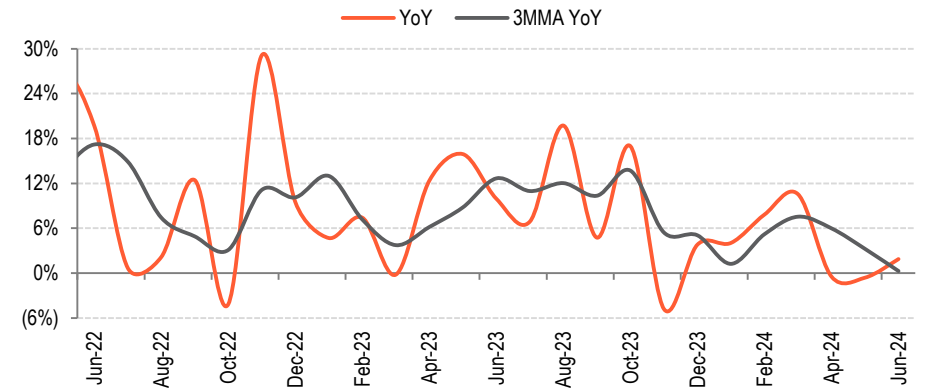
### Infrastructure and construction

**Fig 43 – Growth in construction to be higher in Q1**



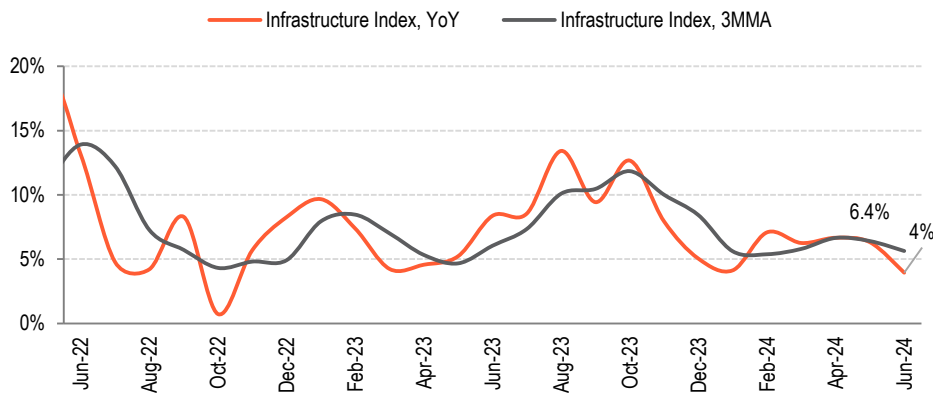
Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

**Fig 44 – Higher growth in cement output**

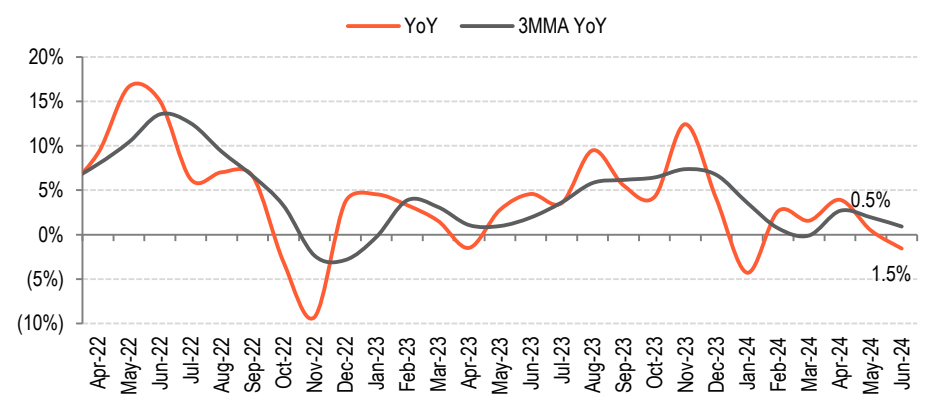


### Infrastructure index

**Fig 45 – Growth eases for infrastructure index**

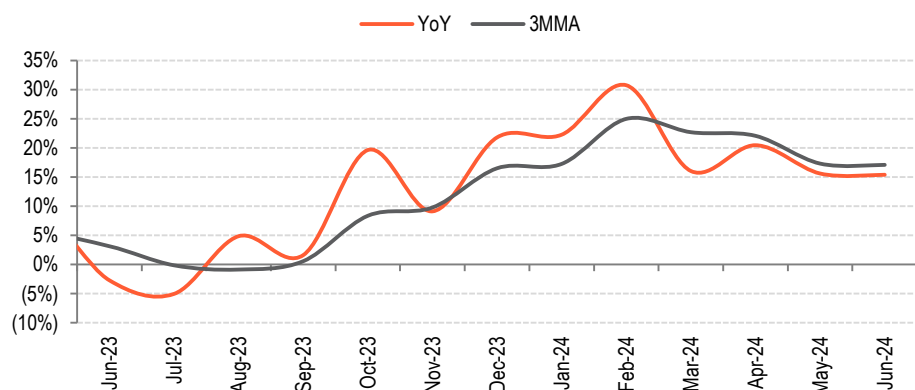


**Fig 46 – Moderation in refinery output**

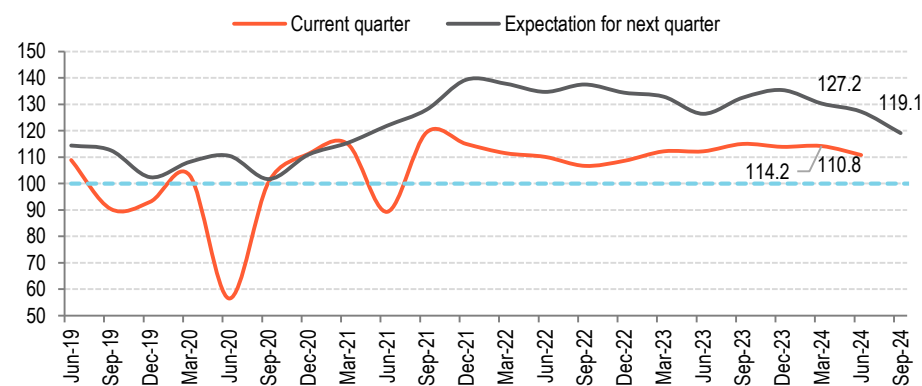


### Auto production & business expectation index

**Fig 47 – Slower pace of growth in auto production**



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



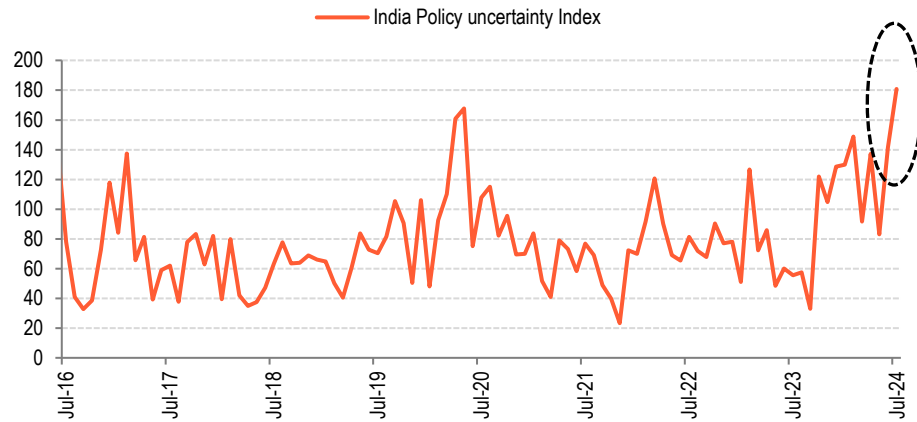
**Fig 49 – Infrastructure index moderates**

(%)	Weight	May-24	Jun-24	Jun-23	Apr-Jun'23	Apr-Jun'24
Infrastructure Index	100	6.4	4.0	8.4	6.0	5.7
Coal	10.3	10.2	14.8	9.8	8.7	10.8
Crude Oil	9.0	(1.1)	(2.6)	(0.6)	(2.0)	(0.7)
Natural Gas	6.9	7.5	3.3	3.5	0.1	6.4
Petroleum Refinery Products	28.0	0.5	(1.5)	4.6	1.9	0.9
Fertilizers	2.6	(1.7)	2.4	3.4	11.2	0
Steel	17.9	6.8	2.7	21.3	16.5	6.1
Cement	5.4	(0.6)	1.9	9.9	12.5	0.3
Electricity	19.9	13.7	7.7	4.2	1.3	10.5



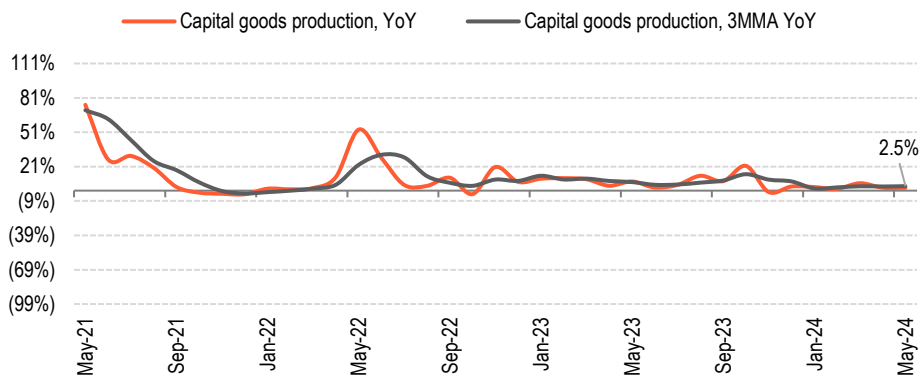
## Investment

**Fig 50 – Policy uncertainty index in India inched up tracking the Budget**

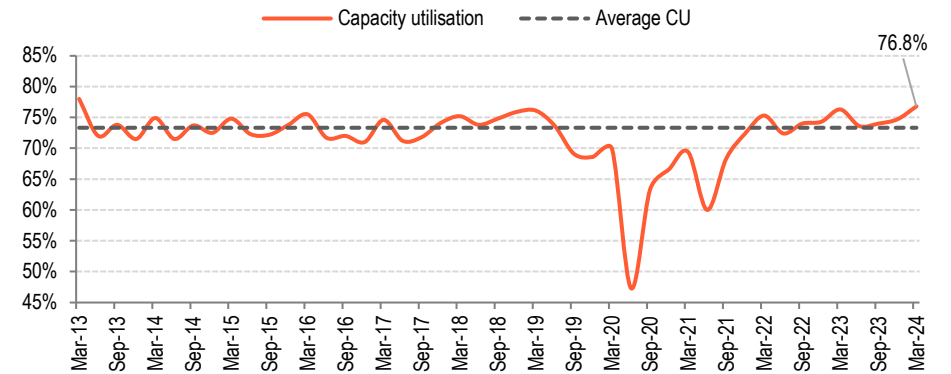


Source: <https://www.policyuncertainty.com>

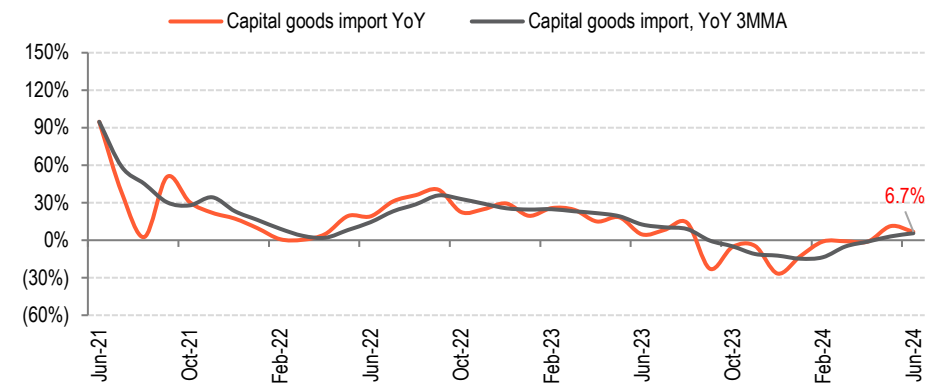
**Fig 52 – Capital goods production moderated to 2.5% in May'24 from 2.7% in Apr'24**



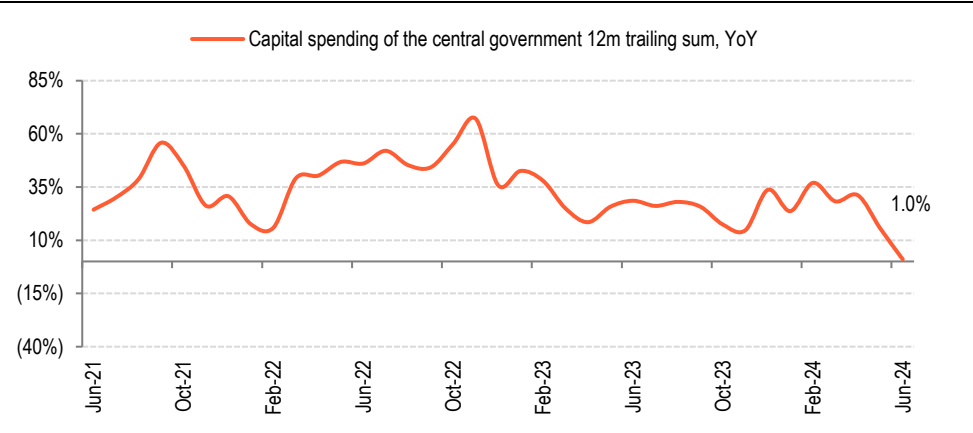
**Fig 51 – CU data firmed above long run average reflecting better utilisation rate**



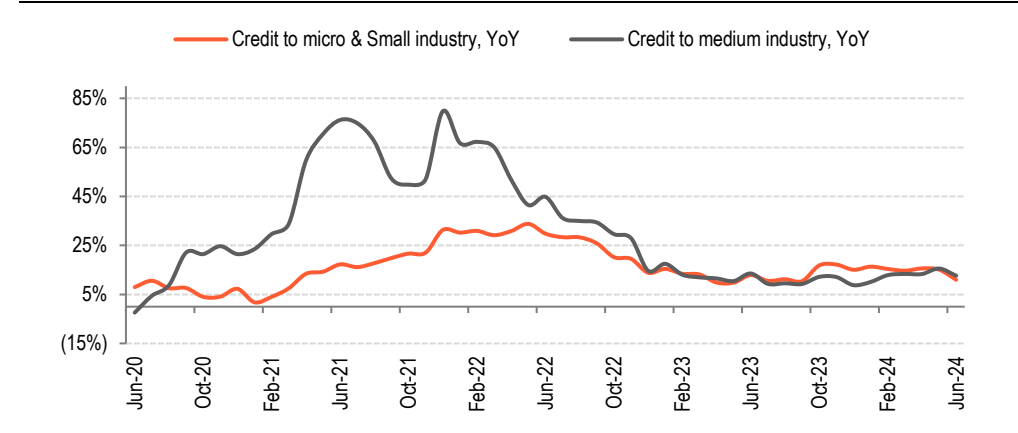
**Fig 53 – Capital goods imports rose by 6.7% in Jun'24 from 11.3% in May'24, albeit a favourable base**



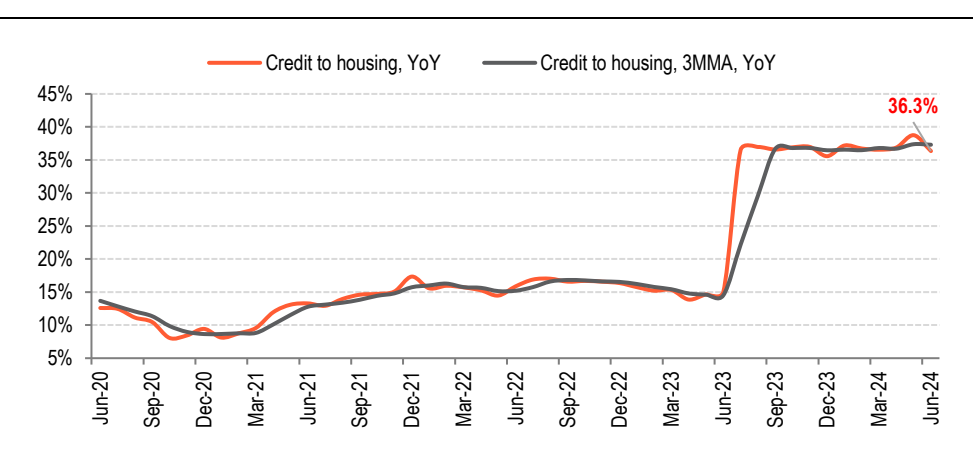
**Fig 54 – Centre’s capex spending growth was at 1% in Jun’24, ahead of the budget**



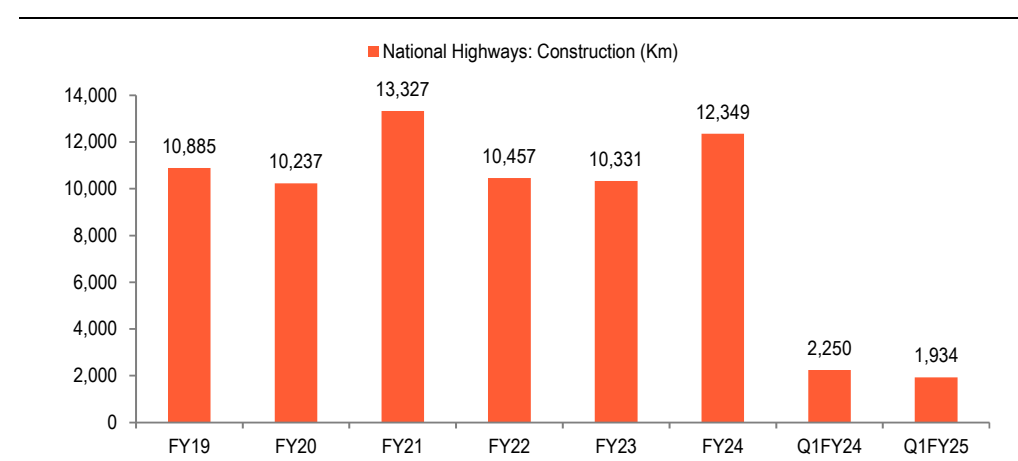
**Fig 55 – Credit to micro and small industry rose at a moderate pace by 11% in Jun’24 from 15.1% in May’24, for medium industry, it edged down to 12.6% from 15.5%**



**Fig 56 – Credit to housing sector rose by 36.3% in Jun’24 from 38.7% in May’24**

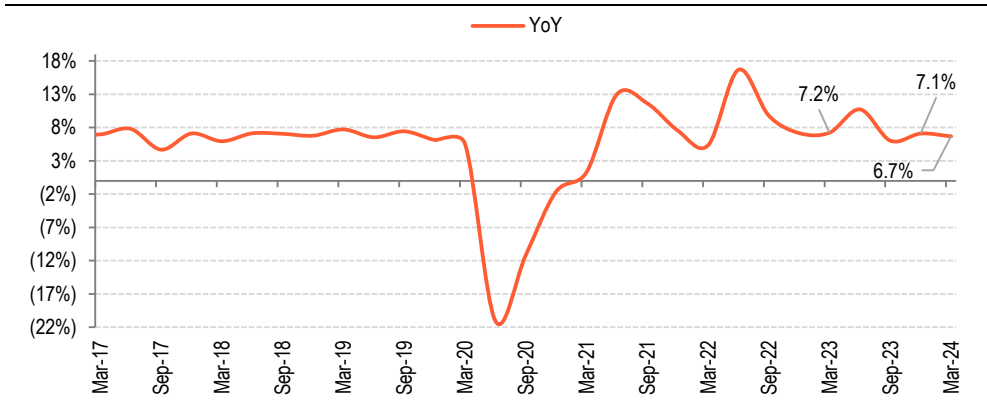


**Fig 57 – Highway construction**

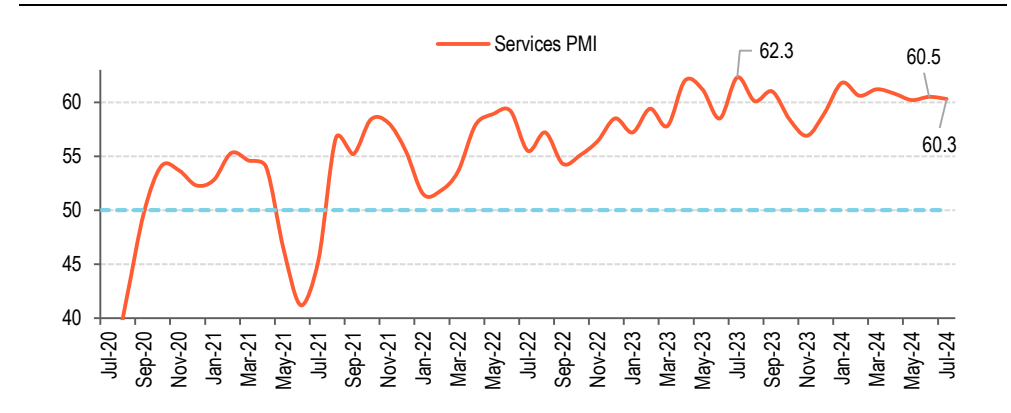


Services sector

**Fig 58 – GVA: Services sector growth slowed in Q4FY24; FY24 growth also lower than last year**

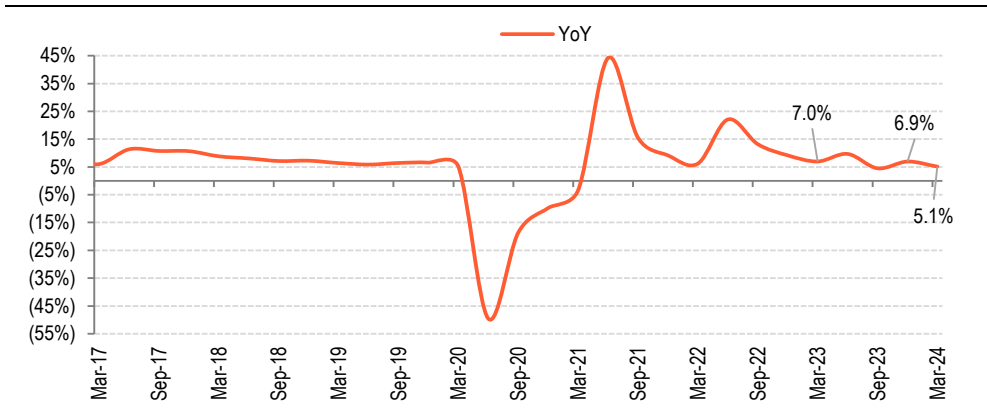


**Fig 59 – Services PMI inched down at the start of Q2 as well (Jul'24); Q1 avg aslo lower than Q4**

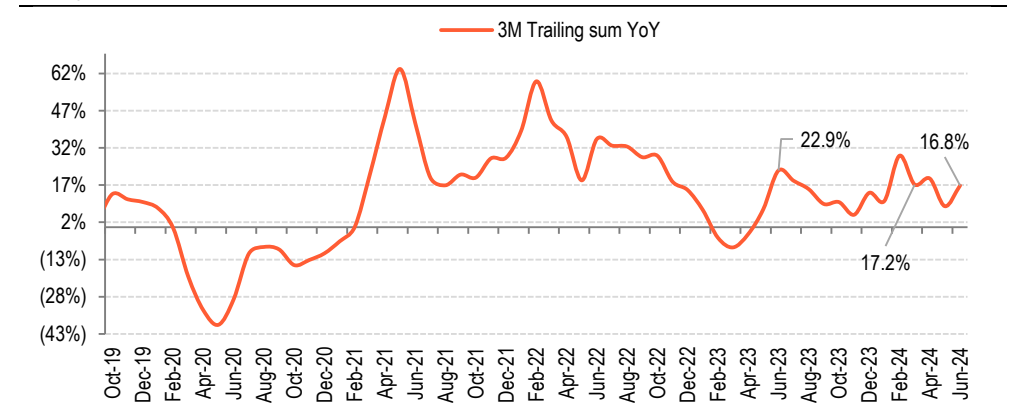


Source: Markit

**Fig 60 – GVA: Trade & related services activity also eased in Q4; FY24 noted much sharper slowdown**



**Fig 61 – States' tax revenue growth slowed in Q1FY25, compared with Q4 and last year as well**



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

Trade

Fig 62 – Vehicle registration growth eased further in Jul'24

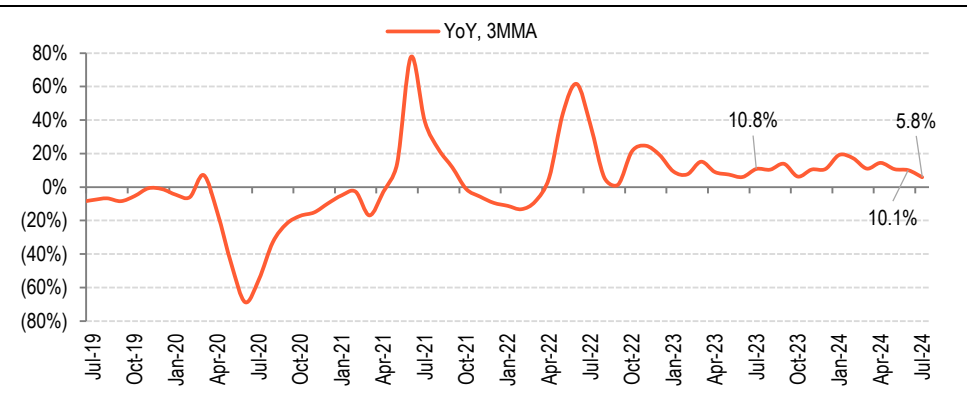


Fig 63 – Diesel consumption growth seen picking up in Jul'24, after slowing in Q1 versus Q4

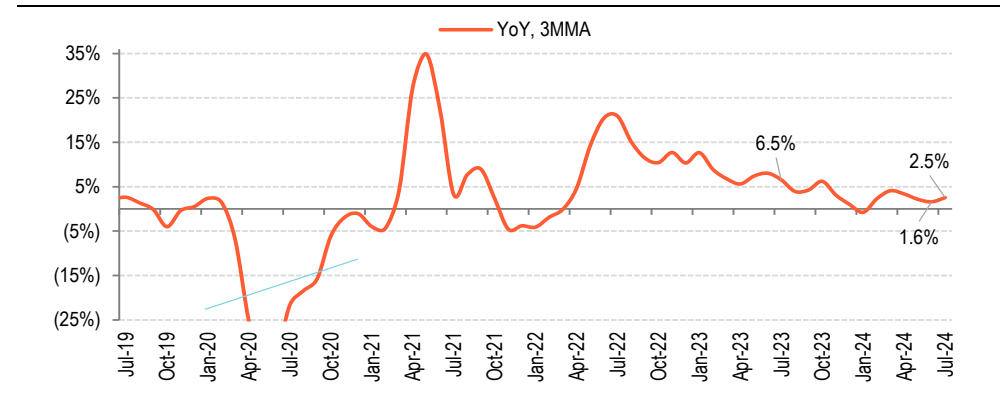


Fig 64 – Railway freight traffic growth recovered in Jun'24; Q1 average better than Q4

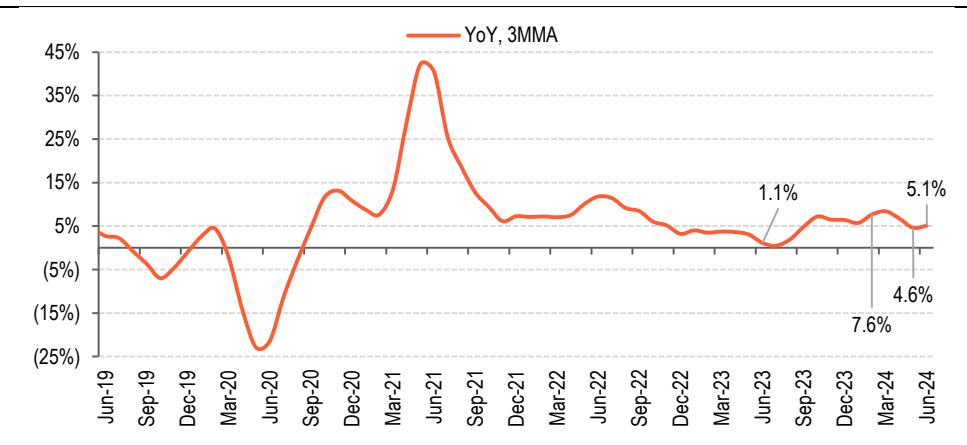
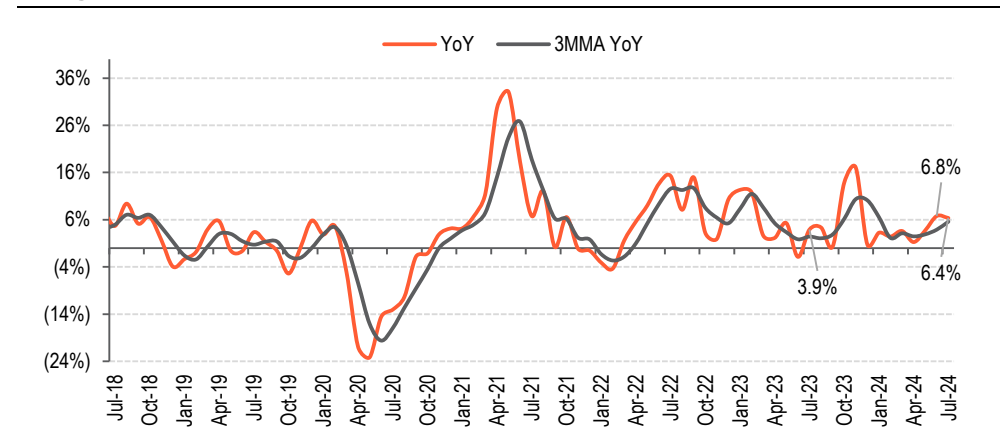
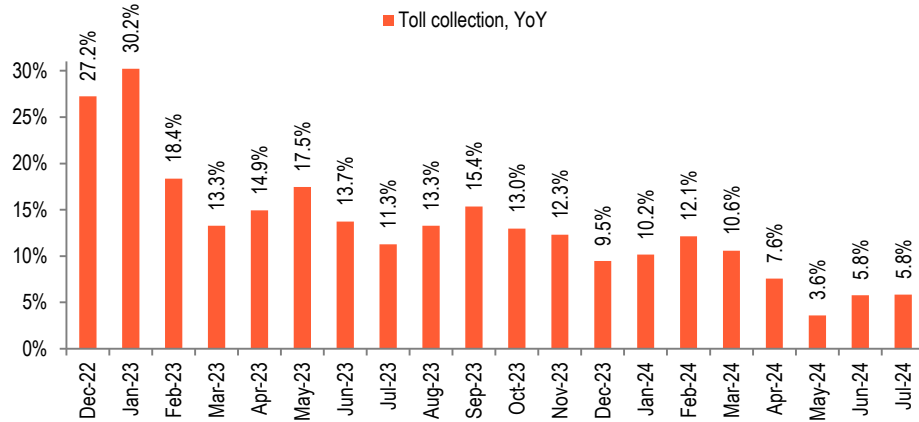


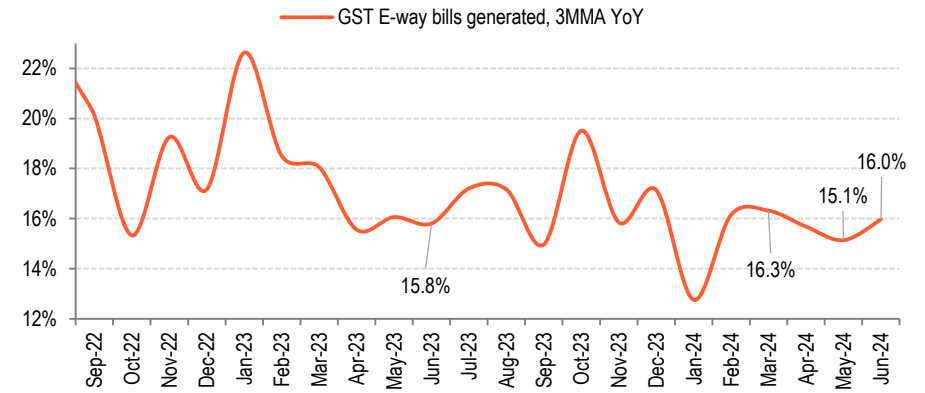
Fig 65 – Port cargo traffic growth moderated in Jul'24, following improvement in growth in Q1 versus Q4



**Fig 66 – Toll collections growth stabilized in Jul'24; Q1 average was lower than last year, mainly due to base effect**

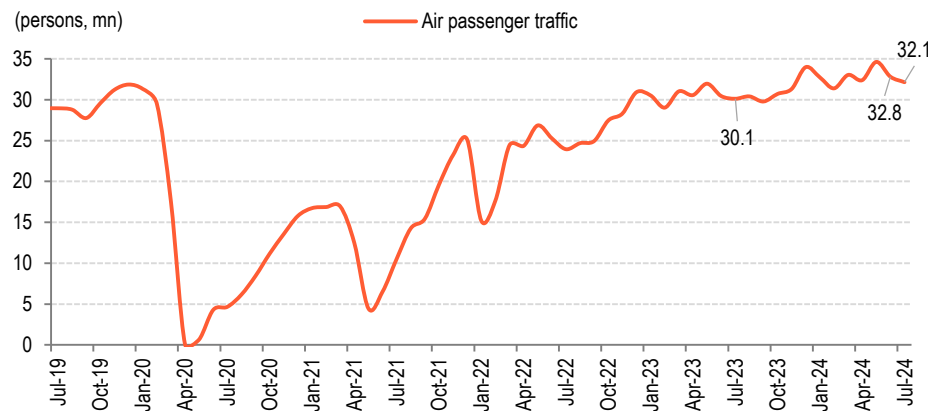


**Fig 67 – Growth in e-way bills maintained pace in Q1, growth broadly similar to Q4**

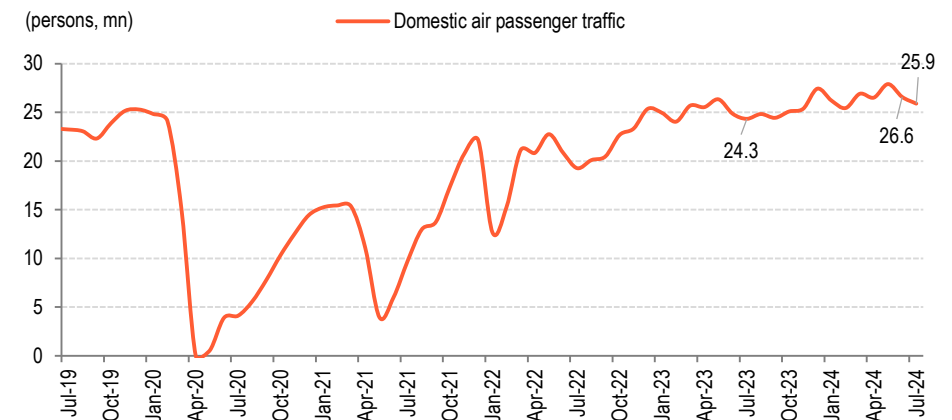


**Hotels and communications**

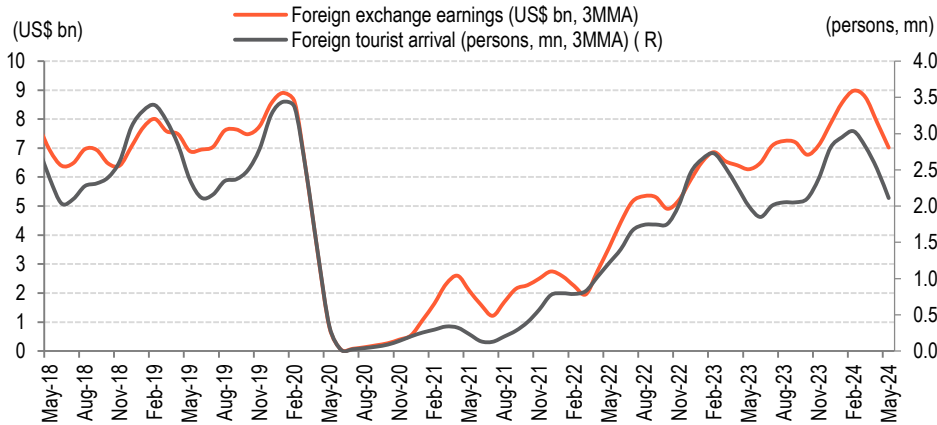
**Fig 68 – Airline passenger traffic slowed in Jul'24; but remains higher than last year**



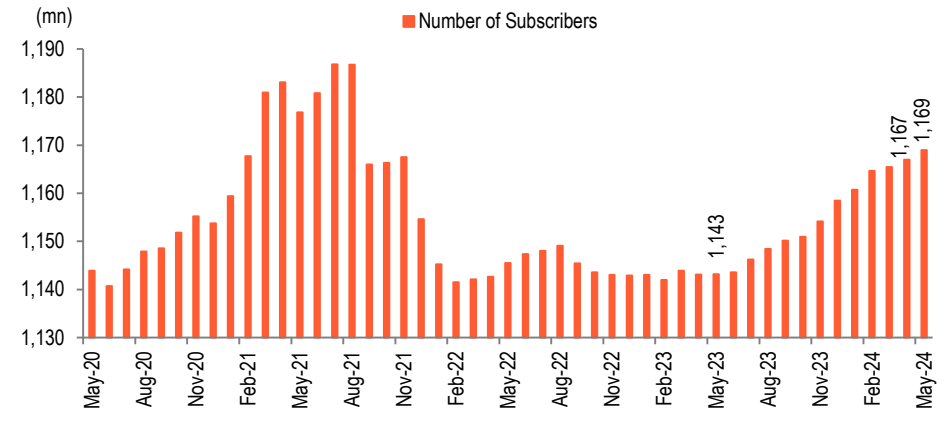
**Fig 69 – Domestic passenger traffic led the sluggishness**



**Fig 70 – Foreign tourist arrivals remained downbeat in May'24, due to unfavourable weather conditions at that time**

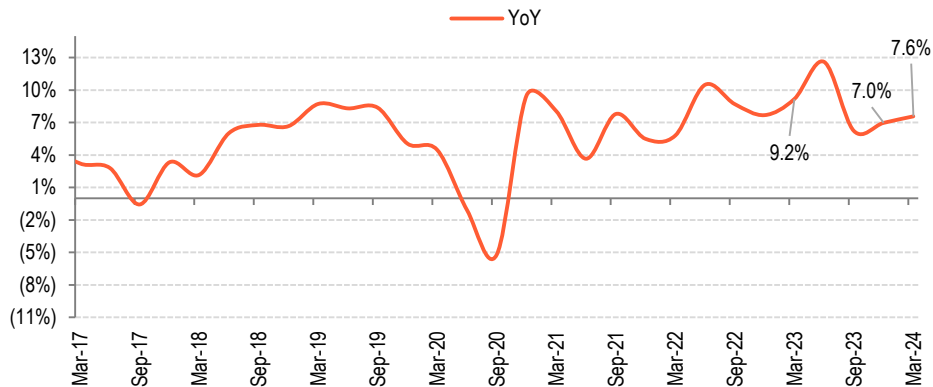


**Fig 71 – Number of telecom subscribers rose by 2mn in May'24, Q1 (Apr-May) has seen 3.5mn additions to subscribers, compared with 0.7mn subscribers lost in Q4**

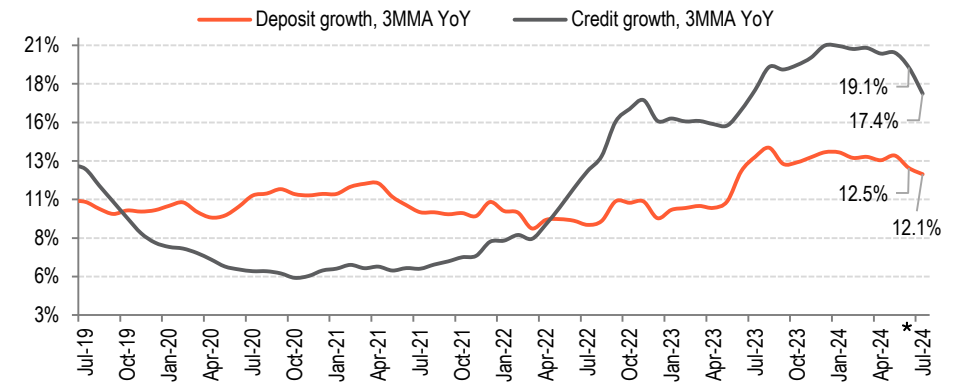


**Finance and real estate**

**Fig 72 – Growth in GVA: Finance, real estate & prof. pushed growth higher in Q4**

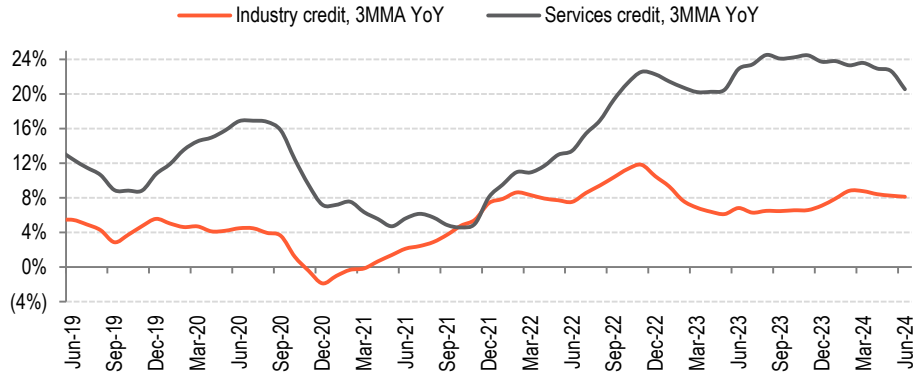


**Fig 73 – Credit growth continues to moderate at the start of Q2 as well (Jul'24); deposits also slowing**

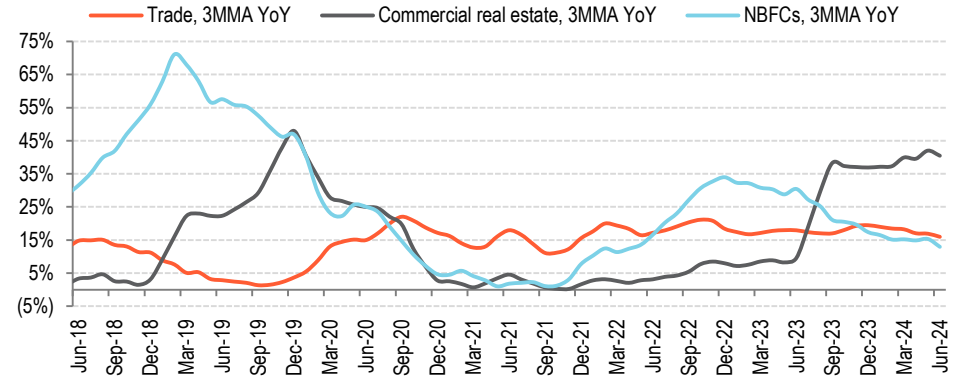


\*Data as of 12 July 2024

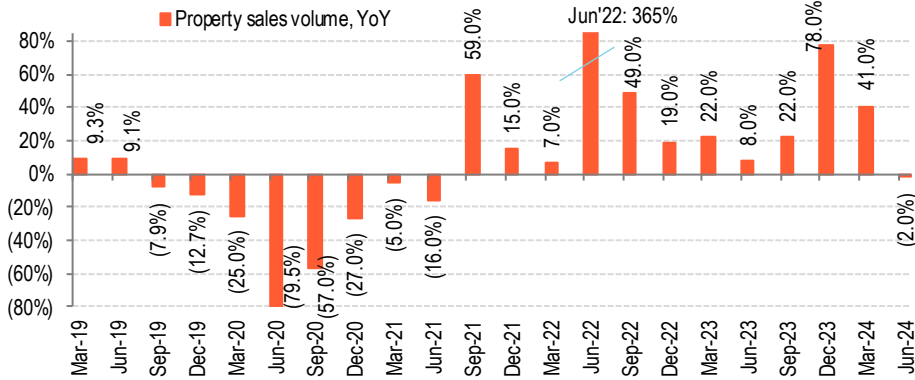
**Fig 74 – Credit to industry broadly stable, credit to service sector slipped in Jun'24**



**Fig 75 – Within services, credit to commercial real estate, NBFCs and trade sector cooled off**

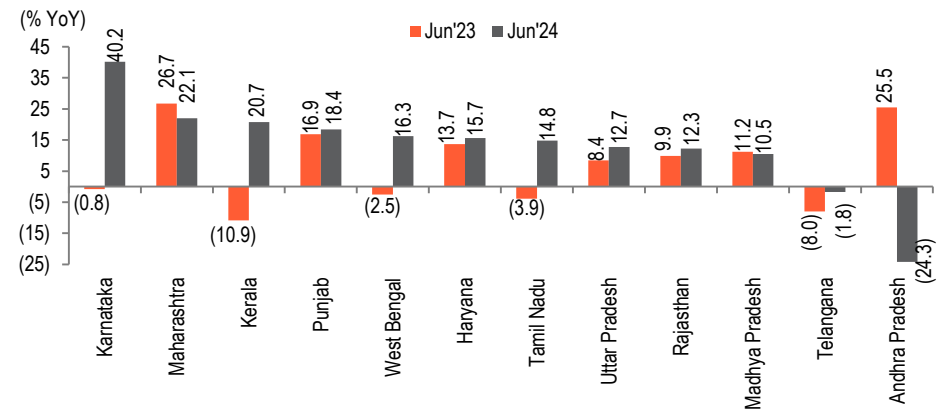


**Fig 76 – Property sales volume growth in Q1FY25 declines**



Source: Proptiger

**Fig 77 – Barring Maharashtra, MP and Telangana, stamp duty collections of other states recorded improvement in Q1FY25 versus Q1FY24**



Labour market

Fig 78 – Naukri job index rebounded in Jul'24, after slowing Q1FY25 versus Q4

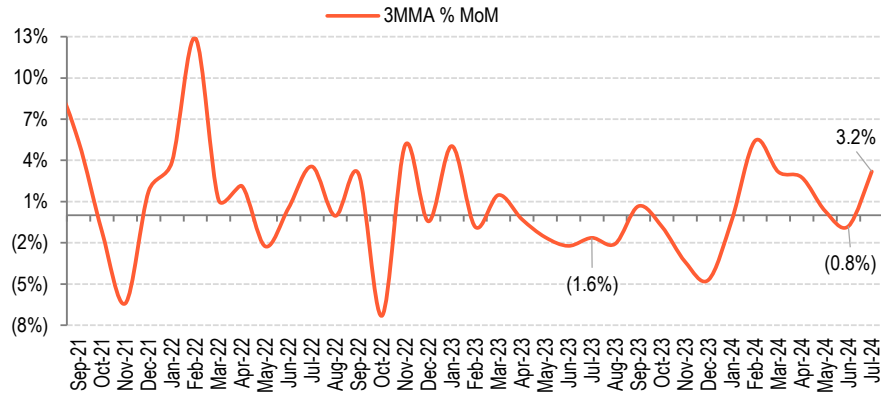
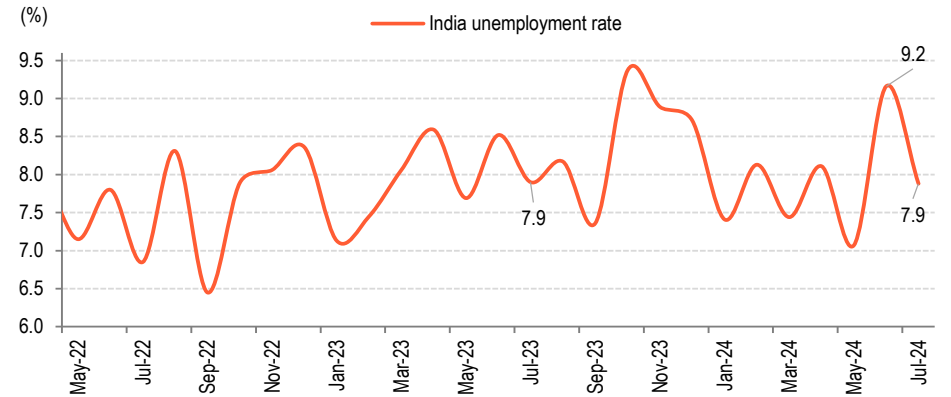


Fig 79 – Overall unemployment rate also dipped in Jul'24



Public administration

Fig 80 – Public admin & defence services rose marginally in Q4

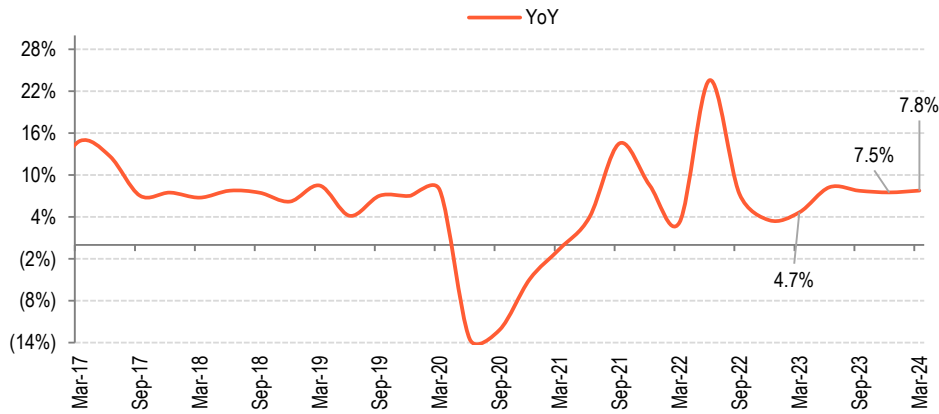


Fig 81 – General govt. spending fell in Q1FY25, was lower than both Q4 and last year

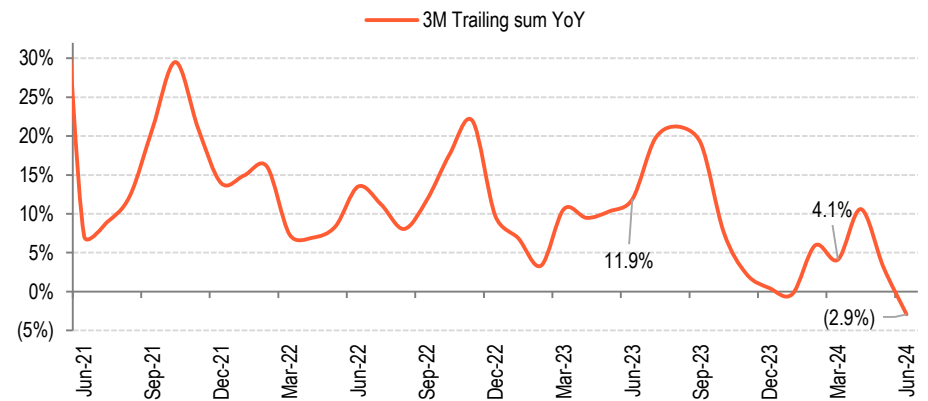




Fig 82 – ...mirroring the trend in central government spending

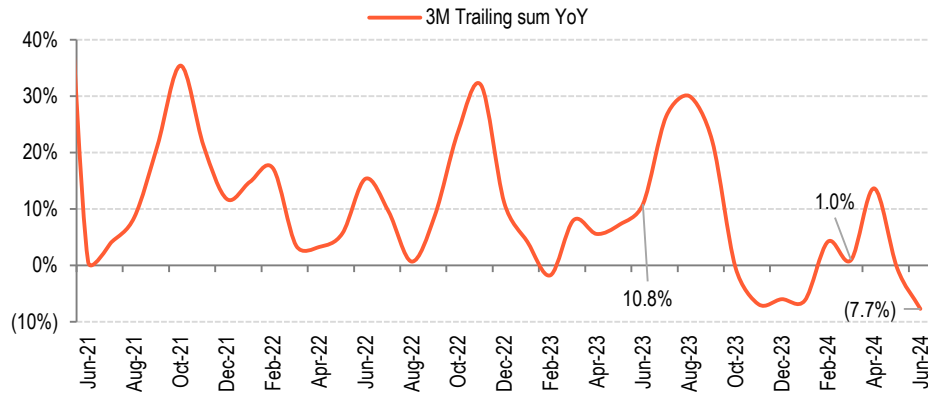
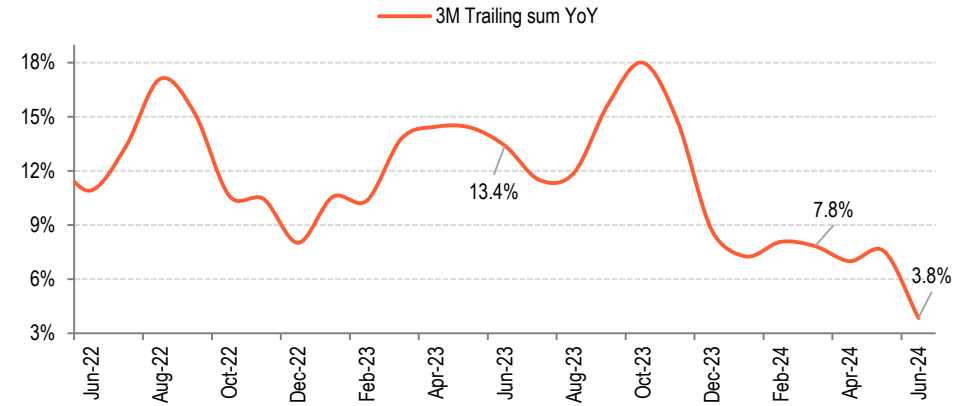


Fig 83 – State\* Govt. spending also cooled down in Q1FY25

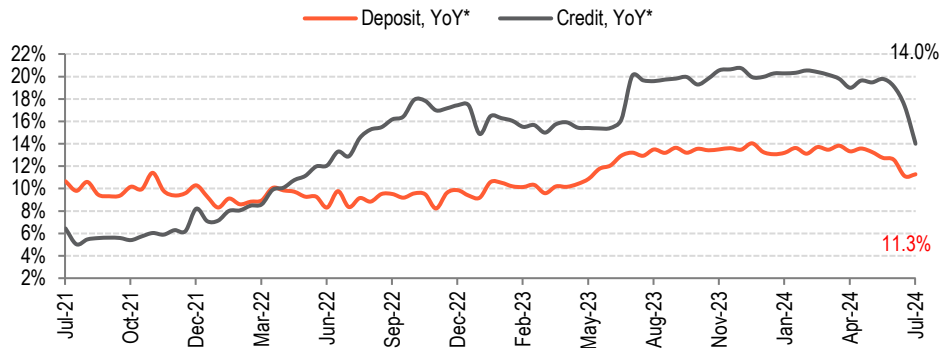


Note: \*All states excluding North Eastern states, Gujarat, Goa, J&K, and Tamil Nadu

Financial sector

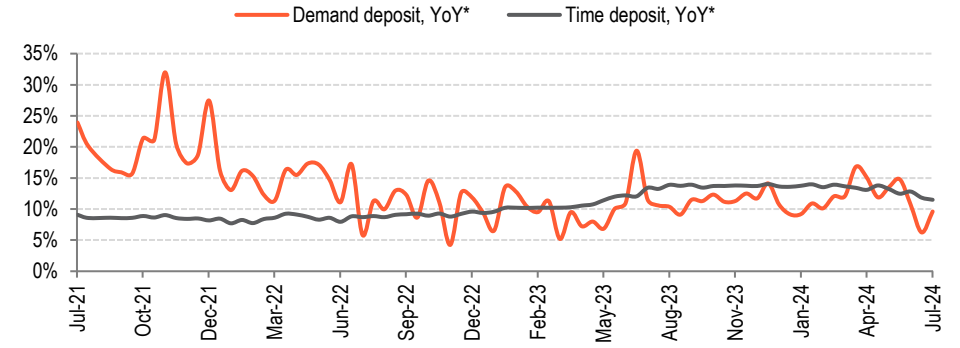
Money and banking

**Fig 84 – Credit growth moderated to 14% in Jul'24\* from 17.4% in Jun'24 (incl. merger), deposit growth inched up to 11.3% from 11.1%**



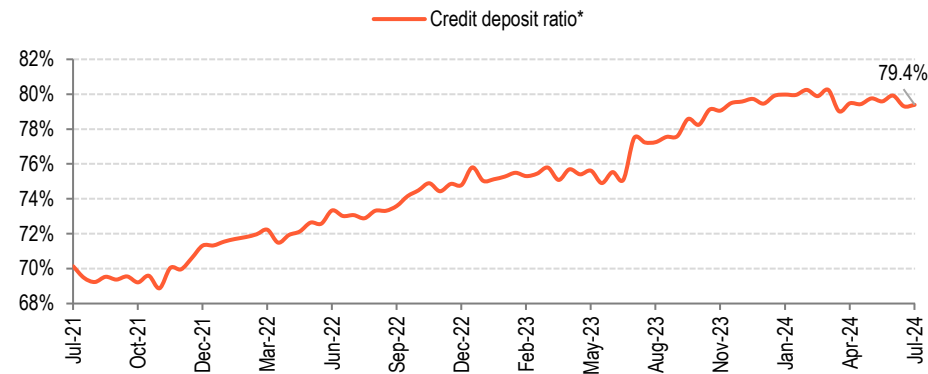
Note: Fortnight as of 12 Jul '2024

**Fig 85 – ...Time deposits remained stable, demand deposits picked pace**



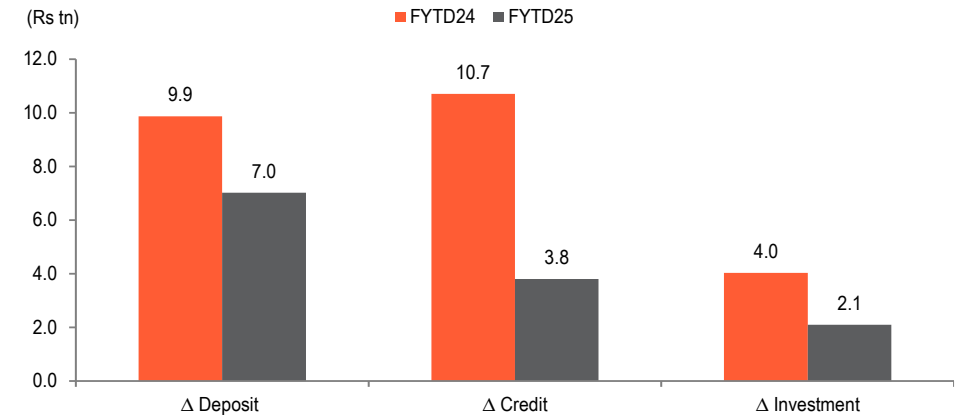
Note: Fortnight as of 12 Jul '2024

**Fig 86 – CD ratio was at 79.4**



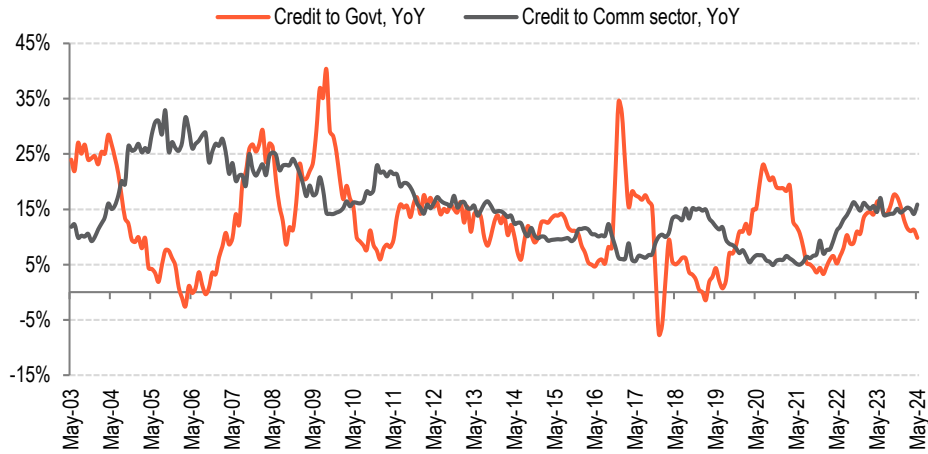
Note: Fortnight as of 12 Jul '2024

**Fig 87 – Credit, deposit and investment accretion**

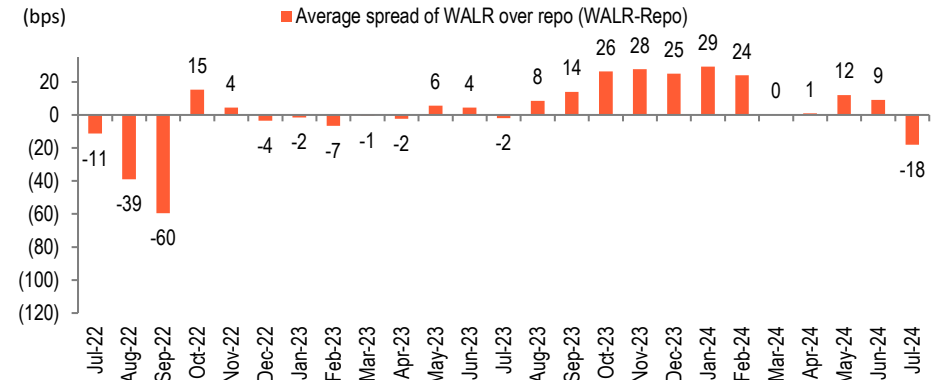


Note: Fortnight as of 12 Jul '2024, Accretion from March

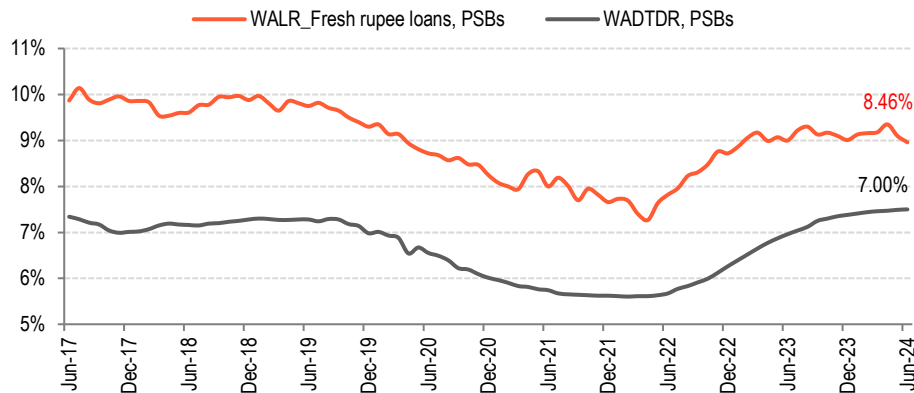
**Fig 88 – Credit to govt moderated to 9.9% in May'24 from 11.3% in Apr'24, credit to commercial sector inched up to 15.9% from 14.2%**



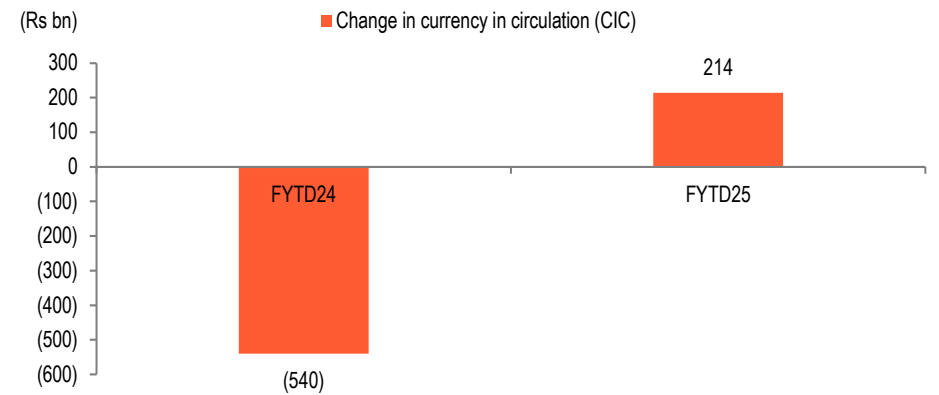
**Fig 89 – WALR and repo**



**Fig 90 – WALR on fresh loans inched down to 8.46% in Jun'24 from 8.6% in May'24, WADTDR was broadly stable at 7%**

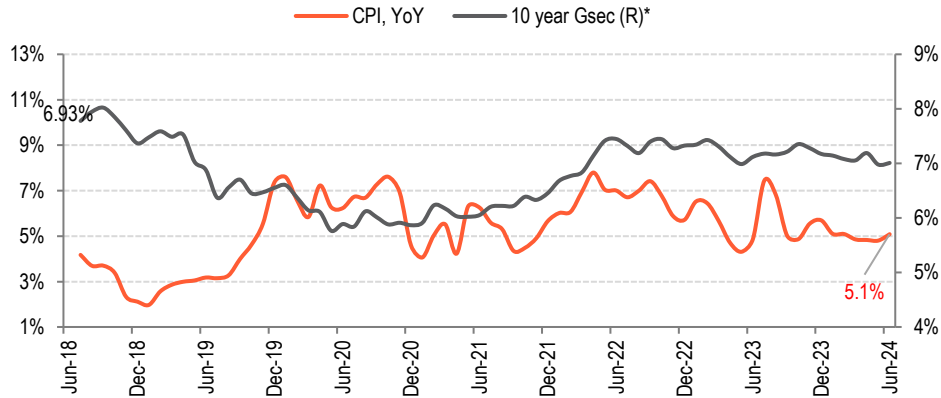


**Fig 91 – CIC accretion is gaining pace**



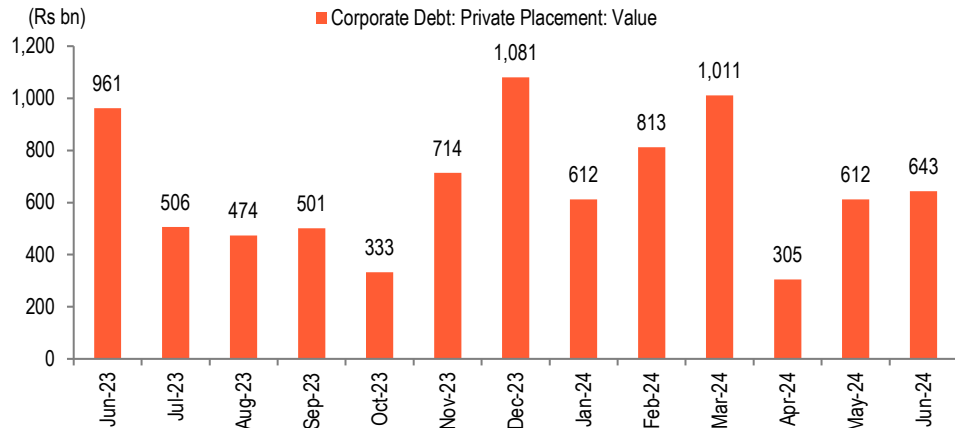
Note: Accretion from Mar

**Fig 92 – 10Y GSec yield inched down to 6.93% in Jun'24 from 7.01% in Jun'24 and currently trading lower at 6.86%, inflation edged up to 5.1% in Jun'24**

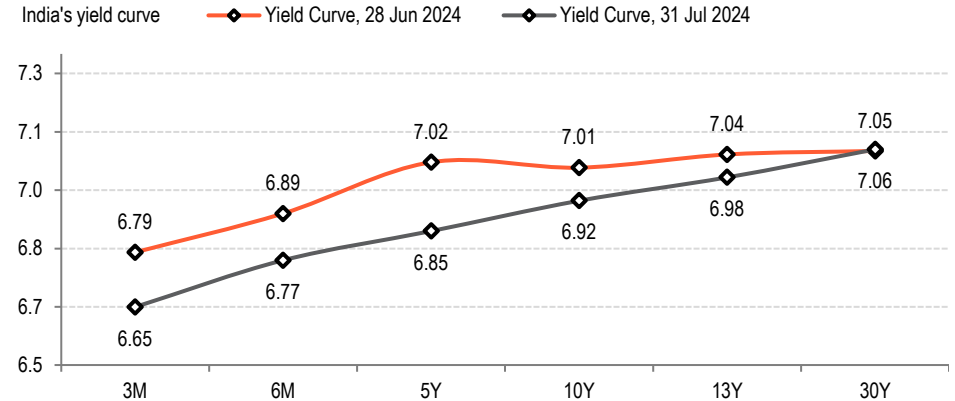


Note: \*As on last trading day of the month

**Fig 94 – Corporate debt issuances rose to Rs 643bn in Jun'24**

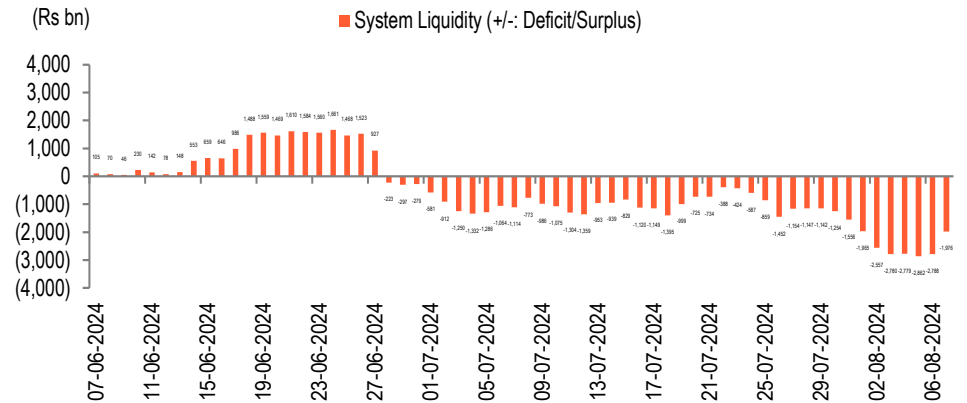


**Fig 93 – Steepening bias of India's yield curve due to faster pace of decline in short end part of the curve**



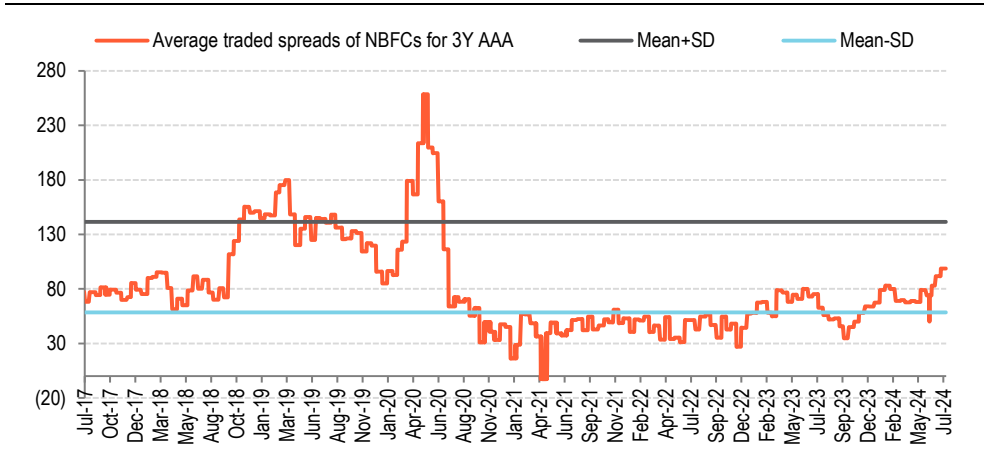
Source: Bloomberg

**Fig 95 – Avg. system liquidity surplus was at Rs 1.03tn in Jul'24 from Rs Rs 547bn deficit in Jun'24 and is currently at an avg. surplus of Rs 2.4tn (till 8<sup>th</sup> Aug)**

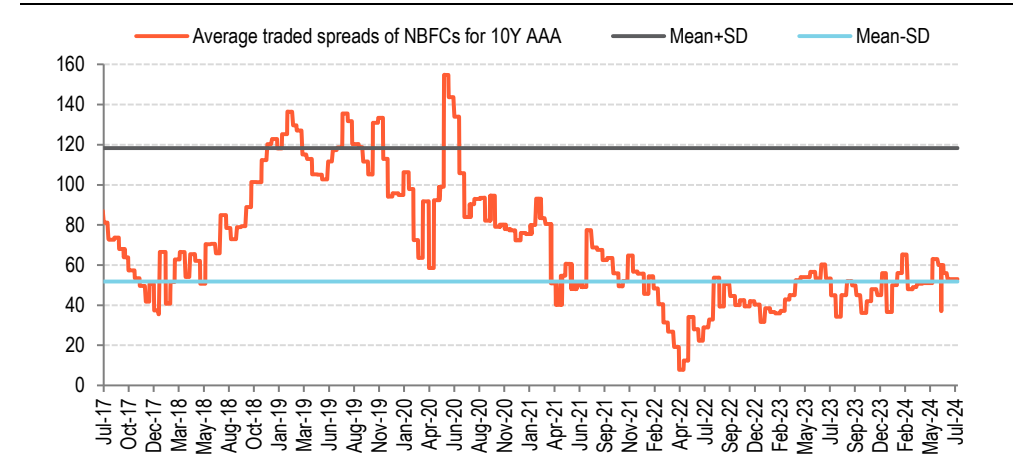


Source: RBI

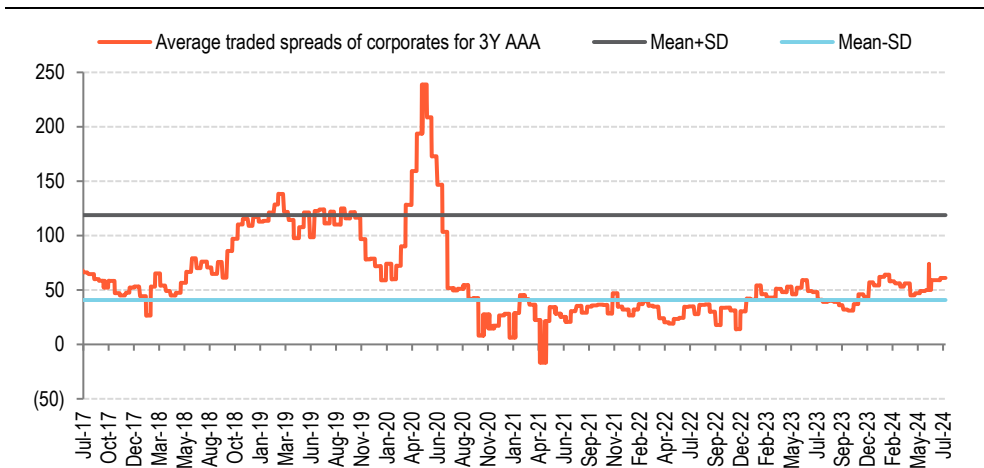
**Fig 96 – 3Y AAA NBFC spread rose to 99bps as on 31 Jul 2024 from 83bps as on 28 Jun 2024**



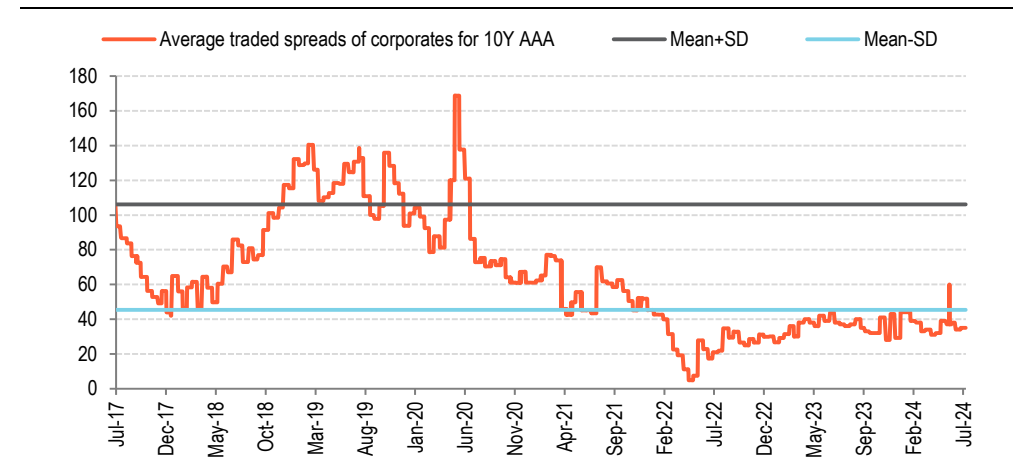
**Fig 97 – For 10Y AAA NBFC, it moderated to 53bps from 56bps**



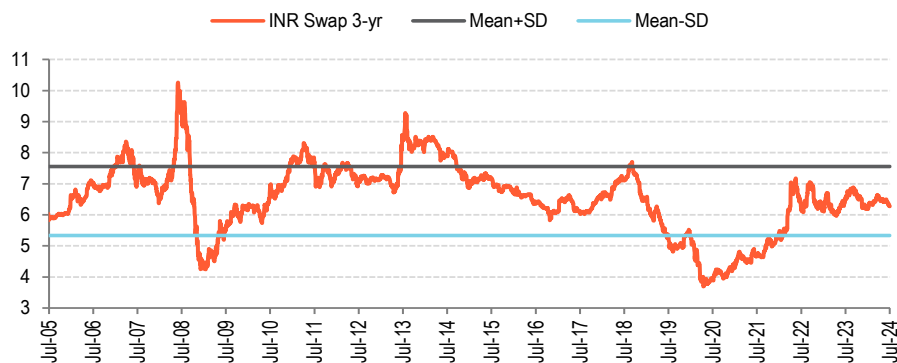
**Fig 98 – 3Y AAA corp spread inched up to 61bps from 59bps**



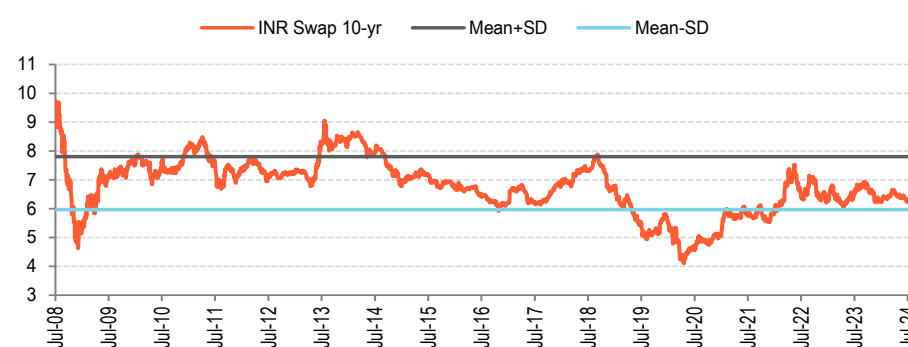
**Fig 99 – For 10Y AAA corp spread, it was slightly lower at 35bps from 38bps**



**Fig 100 – INR 3Y swap it was lower at 6.27 from 6.49**



**Fig 101 – For 10Y, it was slightly lower at 6.24 from 6.44**



### Interest rates on small savings schemes

**Fig 102 – Interest rate small savings scheme to remain unchanged in Q2FY25**

Instrument (%)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
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	5.5	6.6	6.8	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	5.5	5.7	6.8	6.9	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	5.5	5.8	6.9	7.0	7.0	7.0	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	6.7	7.0	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	5.8	6.2	6.5	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	7.4	7.6	8.0	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	6.6	6.7	7.1	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	6.8	7.0	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	6.9	7.0	7.2	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	7.6	8.0	8.0	8.0	8.2	8.2	8.2

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

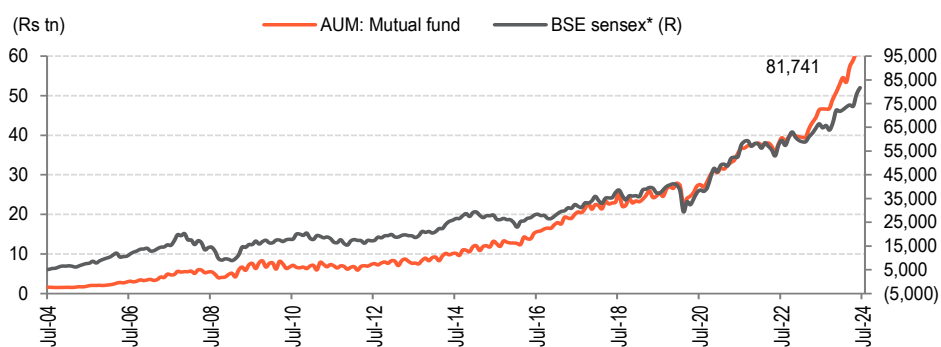
**Fig 103 – MCLR rate of some banks increased**

1Y MCLR (%)	Apr'23	May'23	Jun'23	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
<b>Public Sector Banks</b>																
Bank of Baroda	8.60	8.60	8.65	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
Bank of India	8.60	8.60	8.65	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
Canara Bank	8.65	8.65	8.65	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
Indian Bank	8.60	8.60	8.65	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
Punjab National Bank	8.50	8.50	8.60	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
State Bank of India	8.50	8.50	8.50	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
Union Bank of India	8.65	8.65	8.65	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
<b>Private Sector Banks</b>																
Axis Bank Ltd.	8.95	9.10	9.10	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
HDFC Bank Ltd.	8.95	9.05	9.05	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
ICICI Bank Ltd.	8.75	8.75	8.85	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
Indusind Bank	10.20	10.20	10.20	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
Kotak Mahindra Bank	9.10	9.20	9.20	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

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

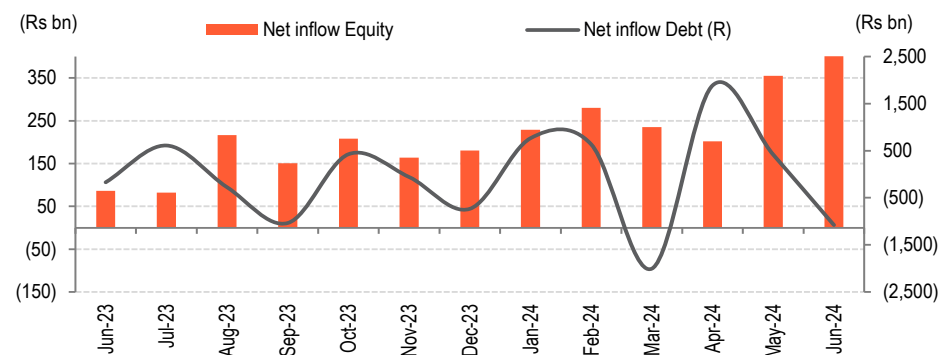
### Mutual fund (MF) indicators

**Fig 104 – Sensex inched up by 3.4% in Jul'24, AUM of MFs rose to Rs 61.2tn in Jun'24 from Rs 58.9tn in May'24**



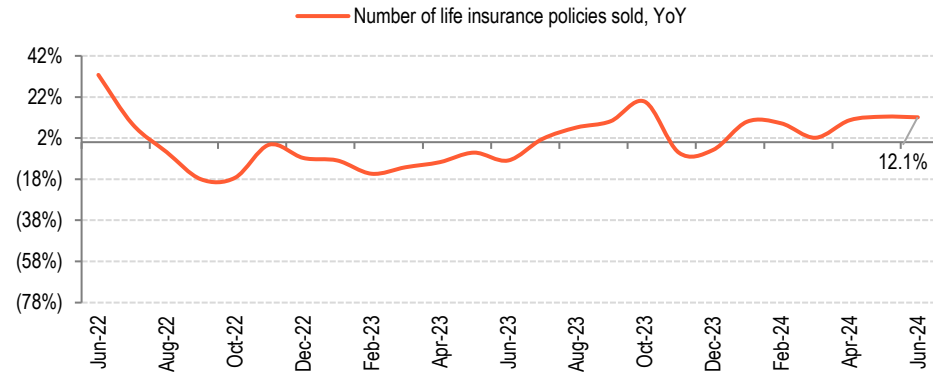
Source: \*Sensex as on last trading day of the month.

**Fig 105 – MF equity inflows inched up to Rs 416bn from Rs 355bn; debt outflow was at Rs 1.1tn from Rs 417bn inflow in May'24**

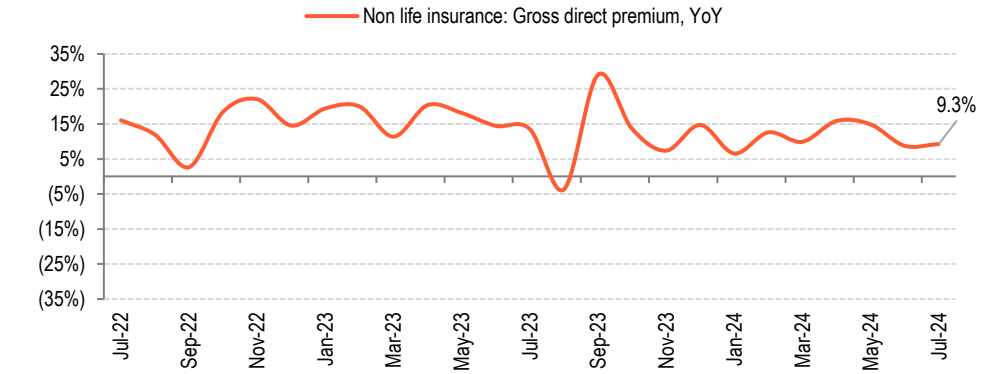


Insurance sector indicators

**Fig 106 – Sale of life insurance policies inched down a tad by 12.1% in Jun'24 from 12.4% in May'24**



**Fig 107 – Gross direct premium for non-life insurance rose by 9.3% in Jul'24 from 8.8% in Jun'24**





Public finance

Central government finances

Fig 108 – Fiscal deficit much lower in Q1FY25 versus Q1FY24 (12MMA basis)

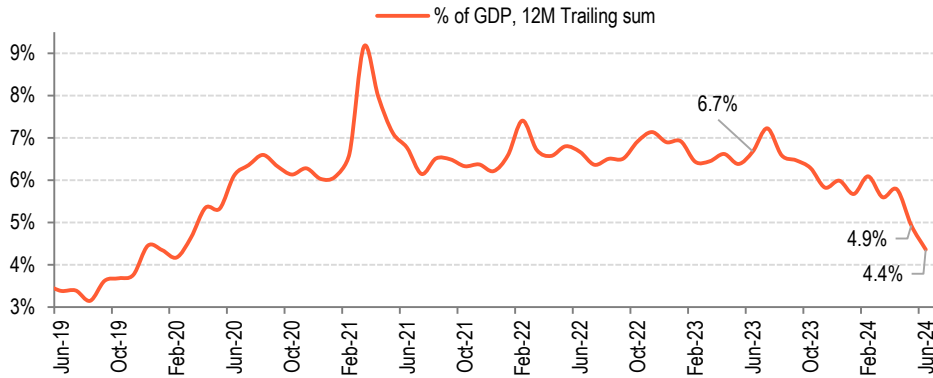


Fig 109 – Revenue deficit has also inched down

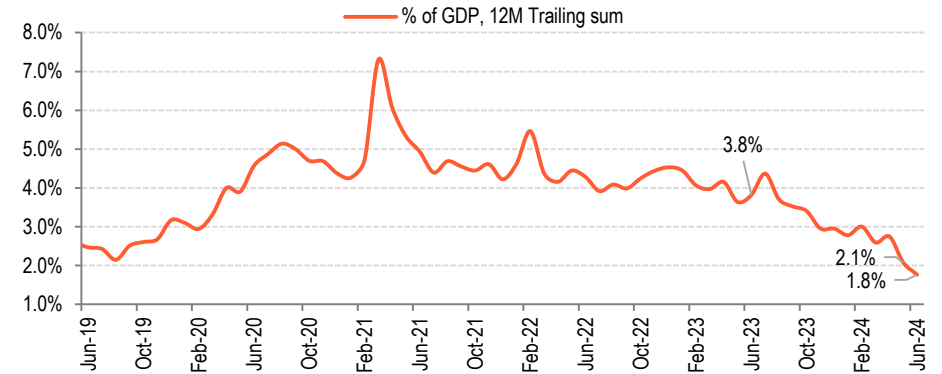


Fig 110 – Primary deficit at 0.8% as of Jun'24 versus 3.2% as of Jun'23

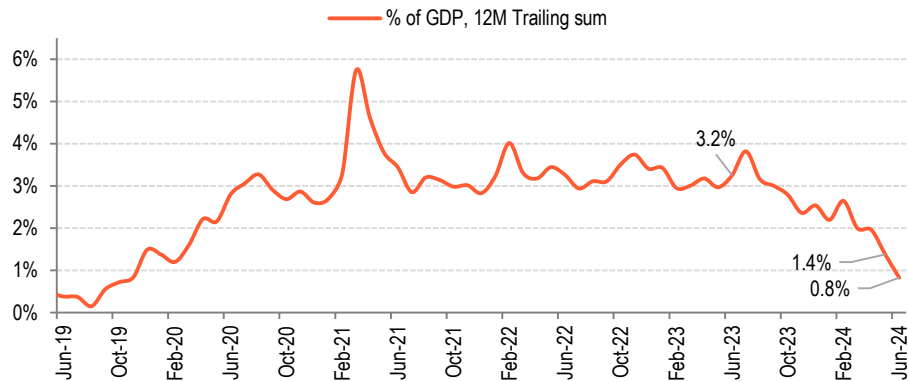
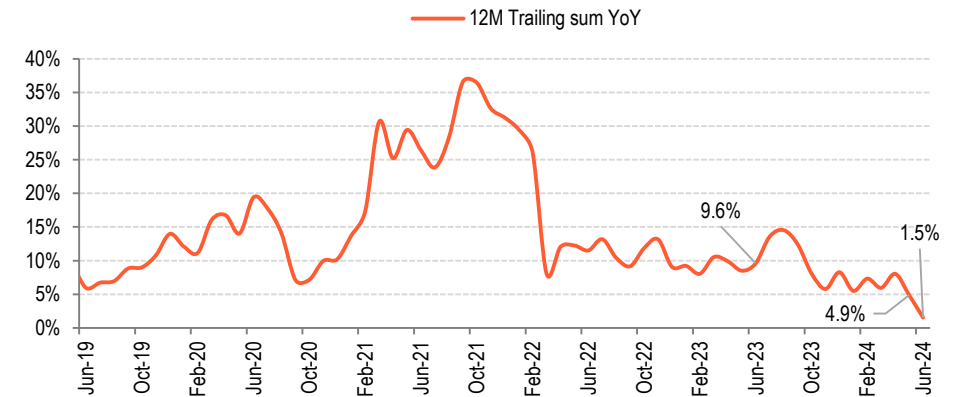
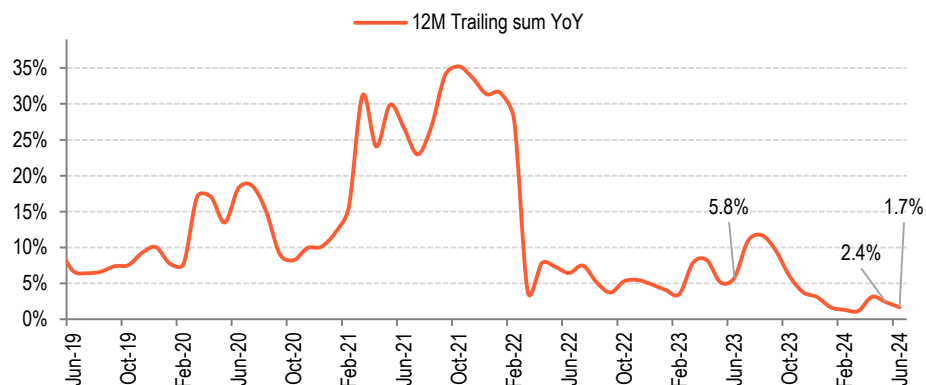


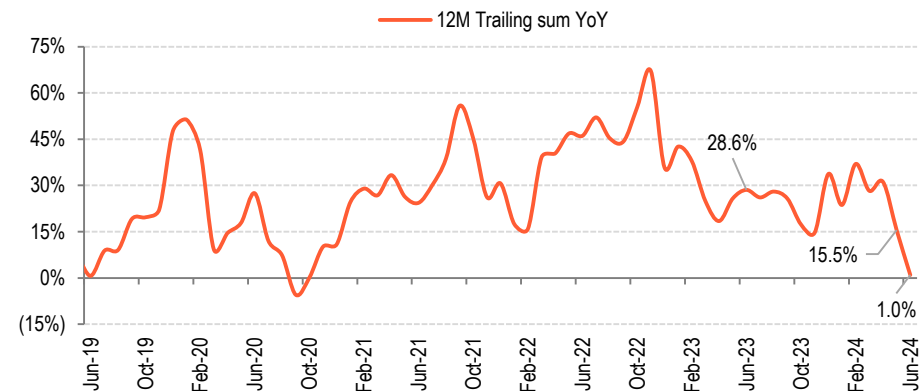
Fig 111 – Government spending slowed considerably in Jun'24 (12MMA basis)...



**Fig 112 – ...dragged by both revenue expenditure and**



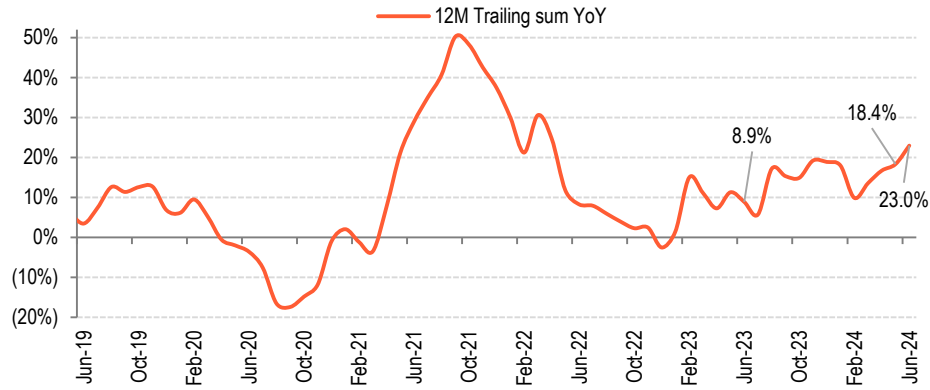
**Fig 113 – ...Capex spending**



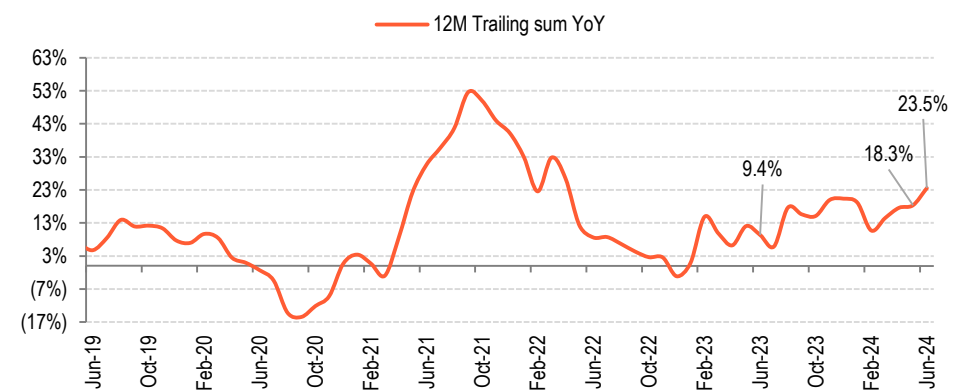
**Fig 114 – Spending was dragged by ministries of road transport, chemicals, and defence**

Ministry	Apr-Jun'22	Apr-Jun'23	% change	Apr-Jun'24	% change
Ministry of Finance	3,798	3,476	(8.5)	3,445	(0.9)
Ministry of Defence	1,301	1,499	15.2	1,415	(5.6)
Ministry of Consumer Affairs, Food and Public Distribution	527	522	(0.9)	691	32.2
Ministry of Rural Development	343	391	14.0	390	(0.1)
Ministry of Home Affairs	502	524	4.5	580	10.7
Ministry of Education	120	144	20.1	160	10.9
Ministry of Road Transport and Highways	864	1,055	22.2	617	(41.6)
Ministry of Chemicals and Fertilisers	254	452	77.7	278	(38.5)
Ministry of Petroleum and Natural Gas	0	6	-	4	(24.2)
Ministry of Agriculture	273	117	(57.1)	278	138.0
Ministry of Health and Family Welfare	148	167	12.6	219	31.5

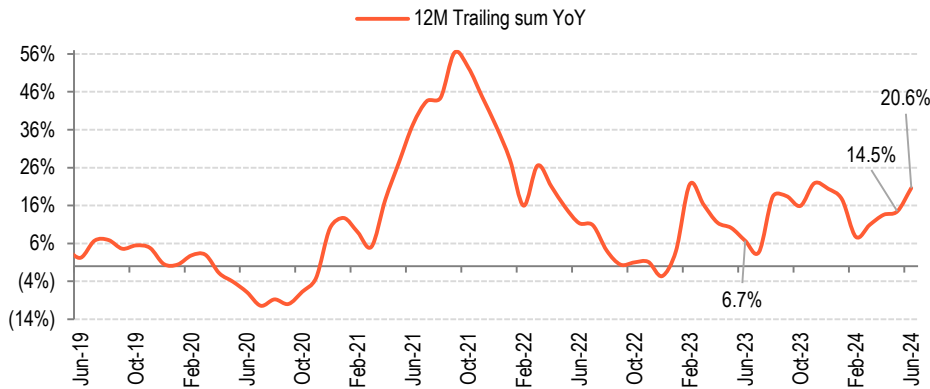
**Fig 115 – Receipt growth continued to maintain momentum in Jun'24...**



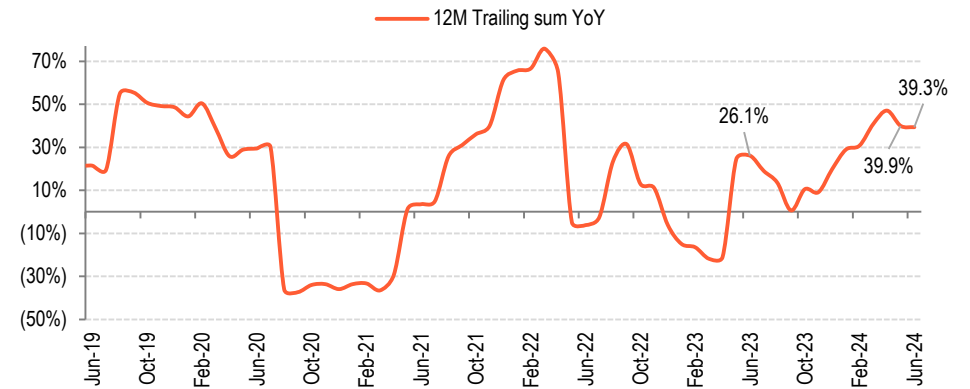
**Fig 116 – ...Driven by growth in Revenue receipts**



**Fig 117 – ...As net tax revenue receipts continue to inch up**



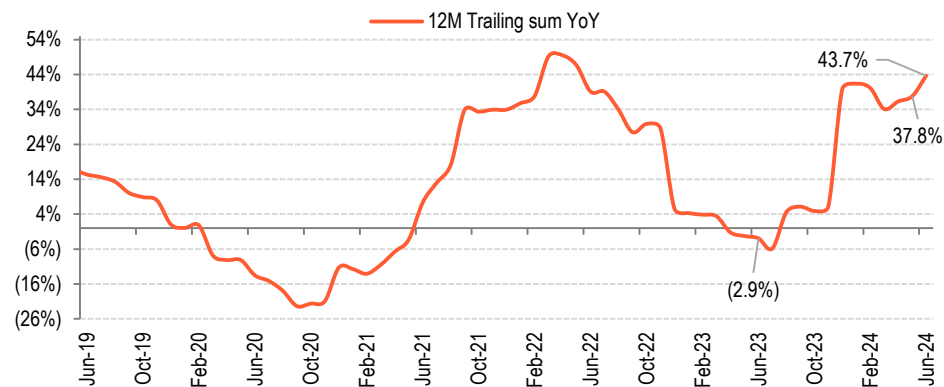
**Fig 118 – Non-tax collection growth seen stabilizing**



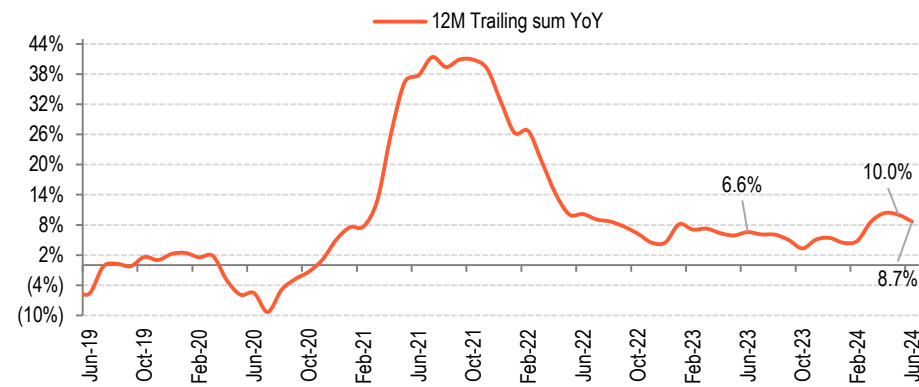
**Fig 119 – Centre’s net tax collections are off to good start in Q1FY25; overall spending is weaker, dragged by weakness in capex**

	Apr-Jun'22	Apr-Jun'23	% change	Apr-Jun'24	% change
Gross Tax revenue	6,505	6,719	3.3	8,308	23.7
Direct taxes	3,335	3,302	(1.0)	4,621	39.9
Corp Tax	1,608	1,385	(13.9)	1,748	26.2
Income Tax	1,727	1,917	11.0	2,873	49.9
Indirect taxes	3,170	3,416	7.8	3,687	7.9
Non-tax revenue	622	1,550	149.3	2,800	80.7
Centre's revenue (net)	5,681	5,886	3.6	8,297	41.0
Total expenditure	9,479	10,507	10.8	9,699	(7.7)
Capital exp	1,751	2,785	59.1	1,811	(35.0)
Revenue exp	7,728	7,722	(0.1)	7,889	2.2
Fiscal deficit	3,519	4,514	-	1,357	-

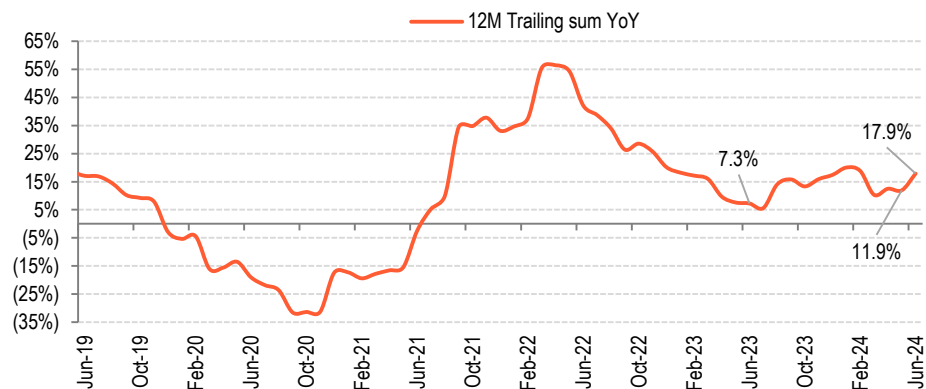
**Fig 120 – Gross direct tax collections driving the growth**



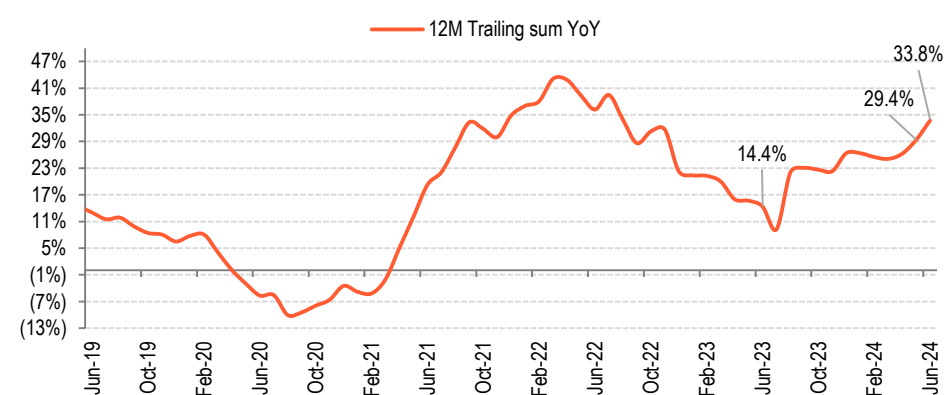
**Fig 121 – Gross indirect tax collections seen easing**



**Fig 122 – Amongst direct taxes, both corporate tax collections...**



**Fig 123 – ... and Income tax collections growth picked up pace in Q1**

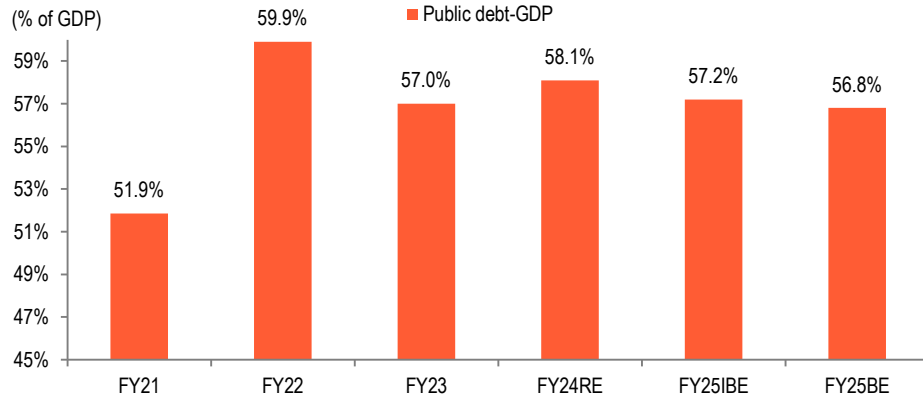


**Fig 124 – GST collections in Q1FY25 higher at Rs 5.3 lakh crore versus Rs 4.8 lakh crore in Q1FY24**

(Rs bn)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Monthly run rate (FYTD25)	FYTD25	FY25 (BE)
CGST	648	672	627	617	705	661	680	737	711	731	912	677	695	761	2,283	9,177
UT GST	3.4	2.5	3.1	2.0	11.2	2.5	4.5	4.7	3.8	7.0	2.9	3.1	2.8	3	9	-
IGST	16	(24)	63	17	(159)	43	(113)	(65)	(127)	383	(26)	(82)	7	(34)	(102)	-
SGST*	865	826	820	970	1,003	824	1,031	891	1,067	855	711	1,023	987	907	2,721	-
Cess	118	114	114	114	119	118	118	116	125	127	130	118	129	126	378	1,500
<b>Total GST</b>	<b>1,651</b>	<b>1,591</b>	<b>1,627</b>	<b>1,720</b>	<b>1,679</b>	<b>1,649</b>	<b>1,721</b>	<b>1,683</b>	<b>1,780</b>	<b>2,103</b>	<b>1,730</b>	<b>1,738</b>	<b>1,821</b>	<b>1,763</b>	<b>5,289</b>	<b>-</b>

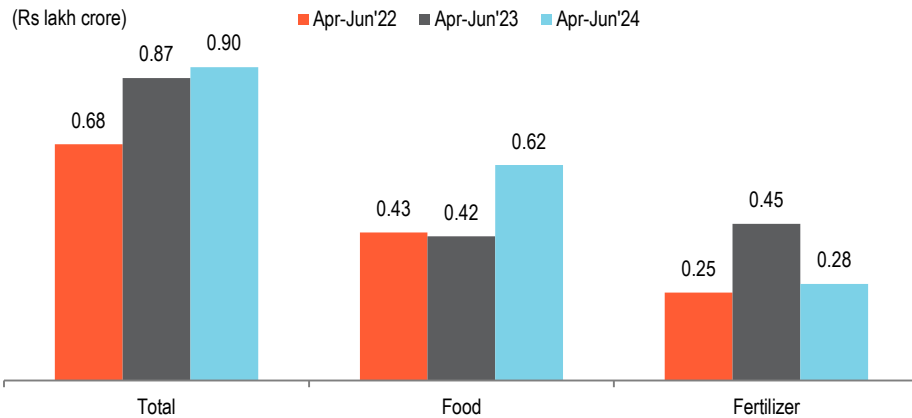
Source: PIB | \*Computed from PIB and CGA data

**Fig 125 – Central government debt is estimated to come down in FY25**

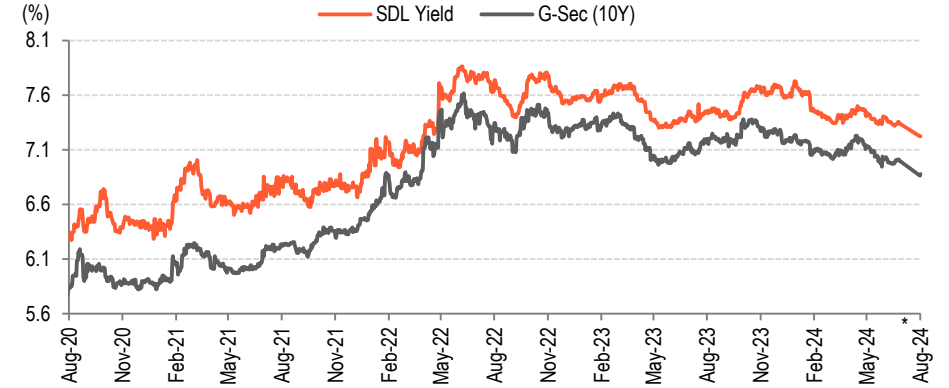


Source: Union Budget documents

**Fig 127 – Total subsidy disbursed so far in Q1FY25 higher than last year, led by food subsidy**

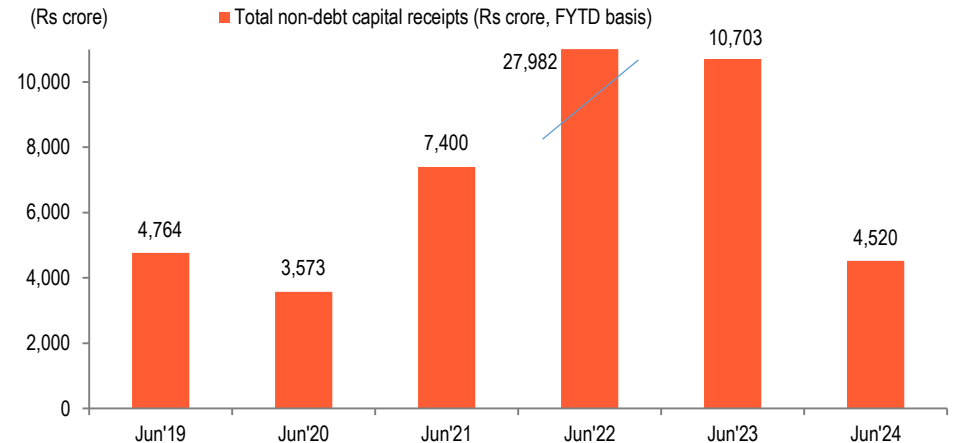


**Fig 126 – Spread between 10Y G-sec and SDL yield seen inching up in Aug'24 so far**



Source: CCIL | \* Data as of 8 Aug 2024

**Fig 128 – Central gov't non-debt capital receipts in Q1FY25 much lower than last previous years (except Covid-19 period of Jun'20)**



### Central government borrowing

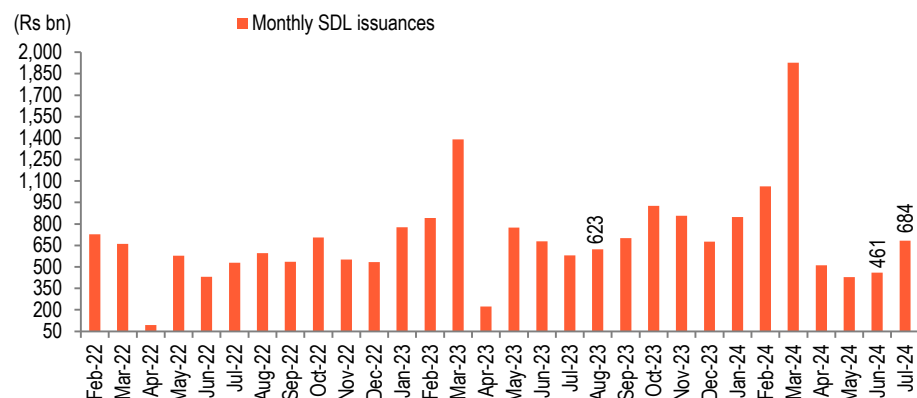
**Fig 129 – Centre’s borrowing through T-bill in Q2\* has been at Rs 1.7 lakh crore**

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	1,721*	2,600
Q3	2,632	3,070	2,889	3,745	3,630	3,589	3,611		
Q4	2,486	1,812	2,511	2,714	4,766	4,566	4,258		
<b>Total</b>	<b>11,192</b>	<b>11,271</b>	<b>11,788</b>	<b>17,204</b>	<b>16,986</b>	<b>17,105</b>	<b>16,731</b>		

Source: RBI, \*Till 7<sup>th</sup> Aug

### State government borrowing

**Fig 131 – State government borrowings picked up pace in Jul’24**



Source: RBI

**Fig 130 – Centre has raised Rs 1.3 lakh crore in Q2\***

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	1,296	3,720
Q3	1,640	1,270	1,930	2,910	3,190	3,510	3,850		
Q4	670	1,680	920	3,191	1,370	2,740	2,700		
<b>Total</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>	<b>13,461*</b>	<b>11,273</b>	<b>14,210</b>	<b>15,430</b>		

Source: RBI\* Against budgeted Rs 12.8tn, \* Till 2<sup>nd</sup> Aug 2024

**Fig 132 – States have borrowed only 35% of the planned amount in Q2FY25 so far\***

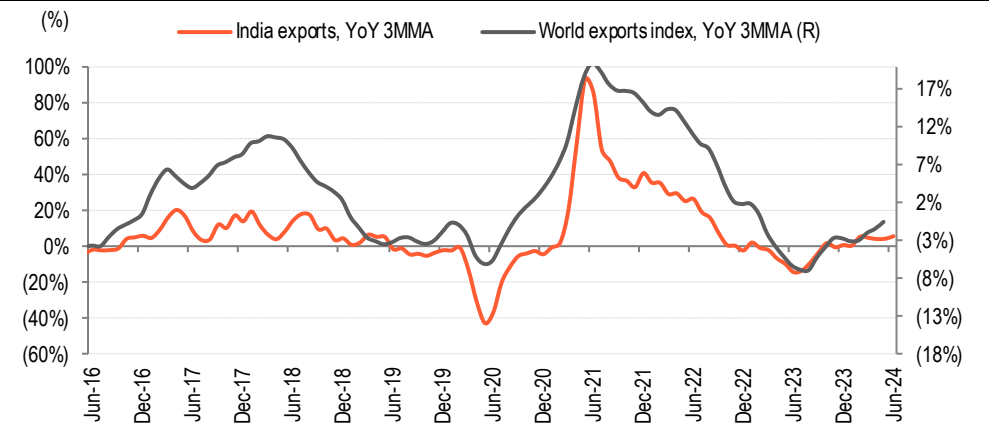
Quarterly SDL issuances, (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FYTD25 (actual)	FY25 (planned)
Q1	766	815	1,673	1,446	1,102	1,677	1,401	2,540
Q2	809	1,439	1,614	1,644	1,661	1,903	916*	2,636
Q3	1,277	1,470	2,023	1,653	1,879	2,460		
Q4	1,809	2,006	1,898	2,184	3,009	3,838		
<b>Total</b>	<b>4,661</b>	<b>5,731</b>	<b>7,206</b>	<b>6,927</b>	<b>7,652</b>	<b>9,879</b>		

Source: RBI; \*as of 6 Aug 2024

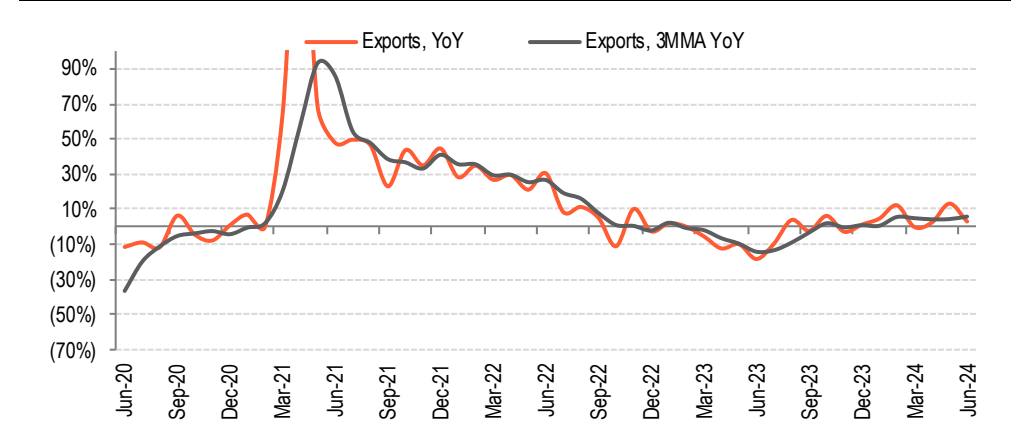
## External sector

### Exports

**Fig 133 – Global export growth shows some momentum**

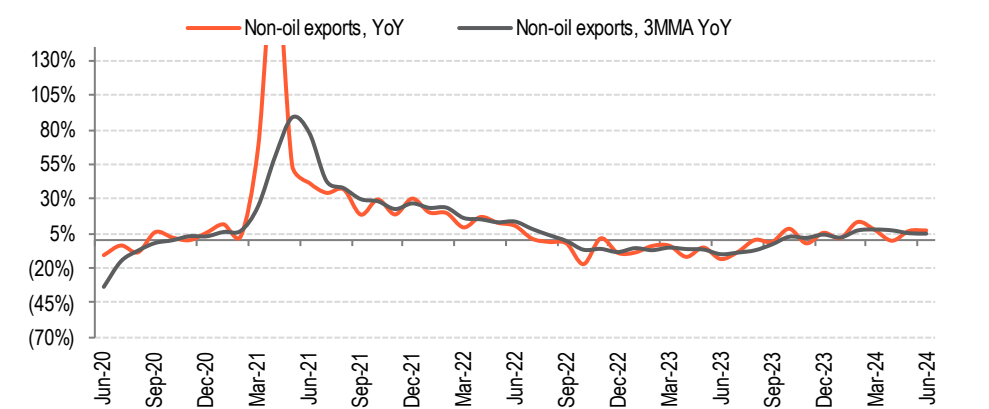


**Fig 134 – India's export growth eased in Jun'24 but remains higher on a FYTD basis**

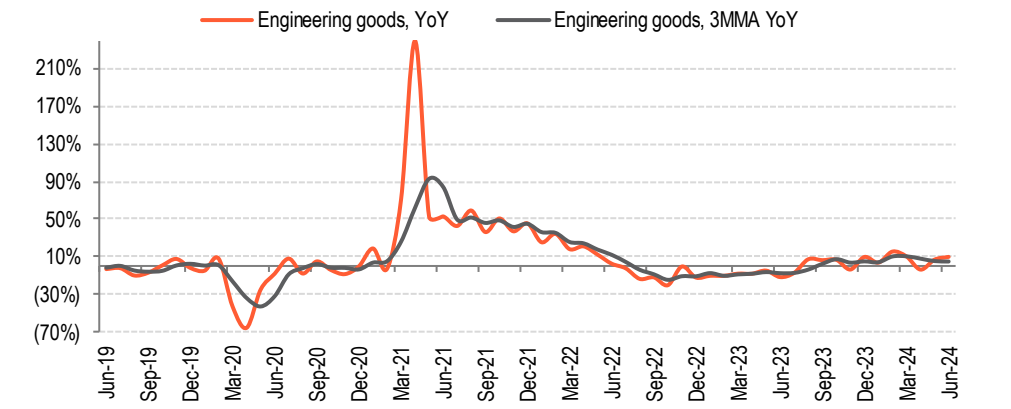


### Exports by major sectors

**Fig 135 – Non-oil exports increased by 7.7% in Jun'24 after increasing by 7.3% in May'24**

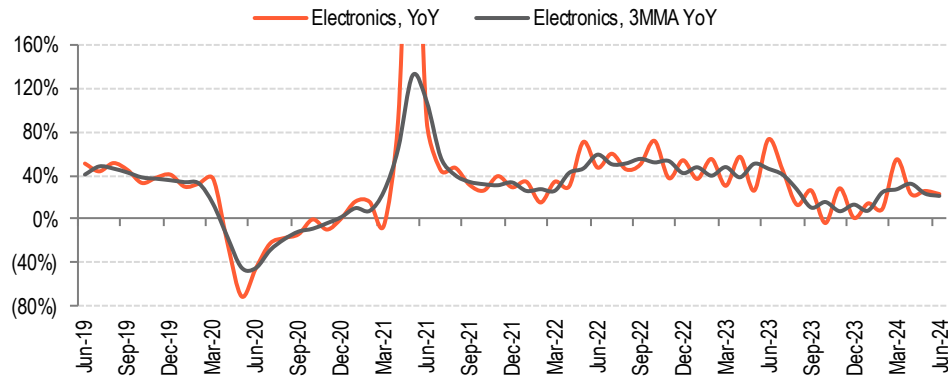


**Fig 136 – Engineering goods export rose by 10.3% in Jun'24 compared with 7.4% in May'24**

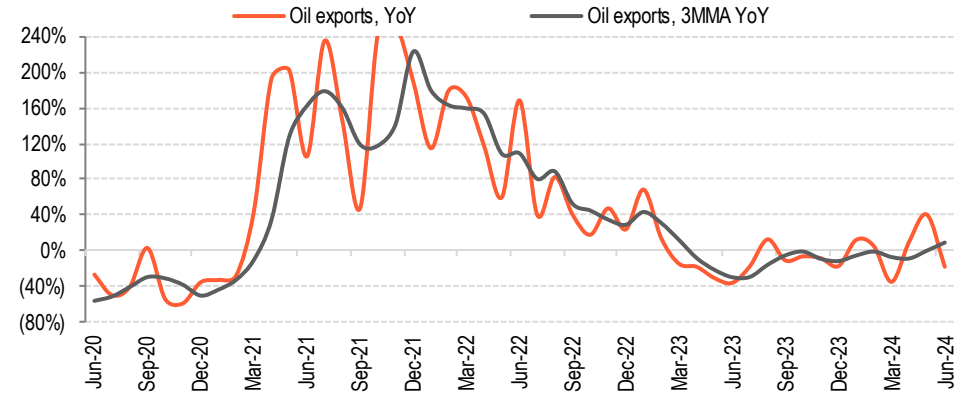




**Fig 137 – Electronics exports increasing at a brisk pace**

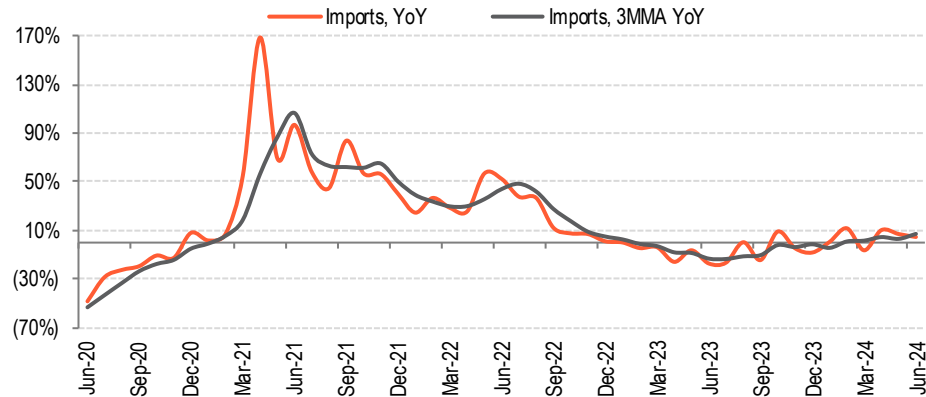


**Fig 138 – However, oil exports declined sharply in Jun'24**

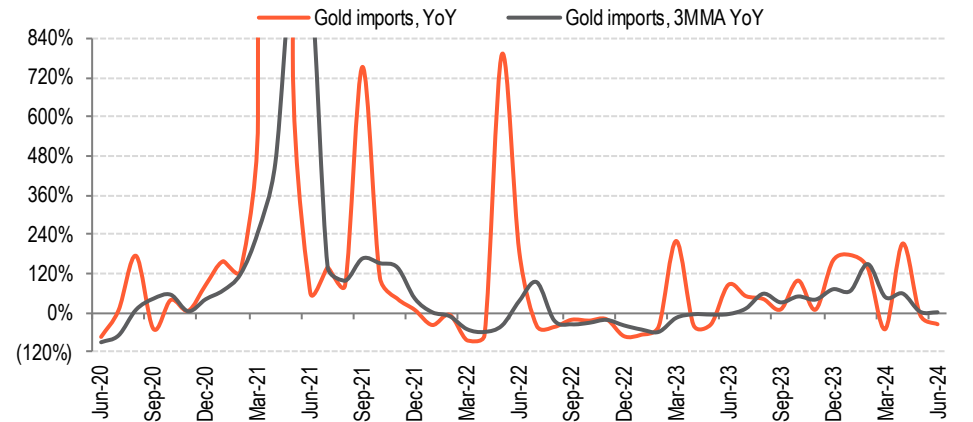


**Imports**

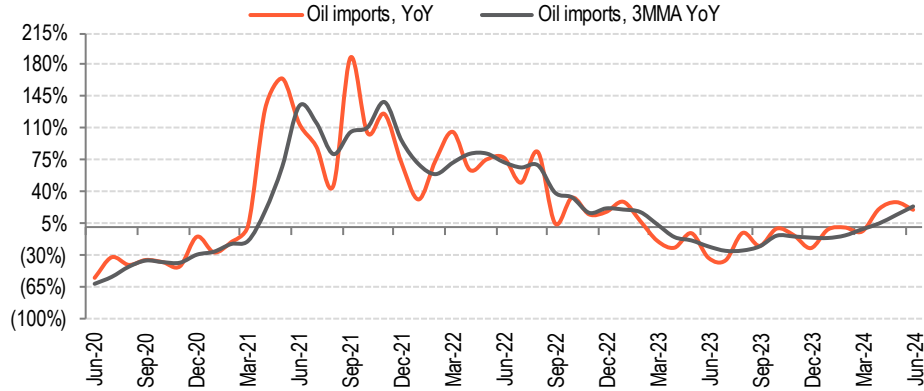
**Fig 139 – Import growth eased to 5% in Jun'24 from 7.4% in May'24**



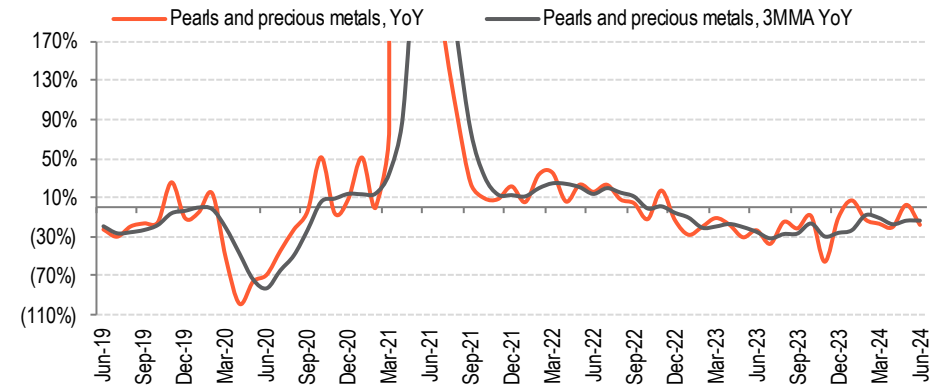
**Fig 140 – .... Led by lower gold imports**



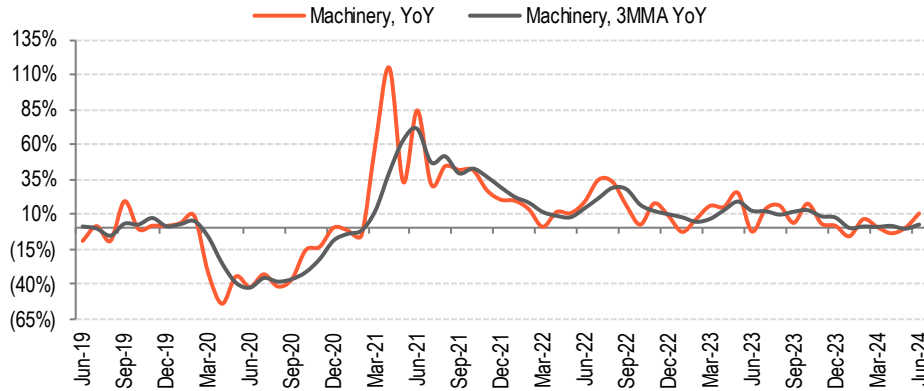
**Fig 141 – Oil imports also moderated marginally in Jun'24**



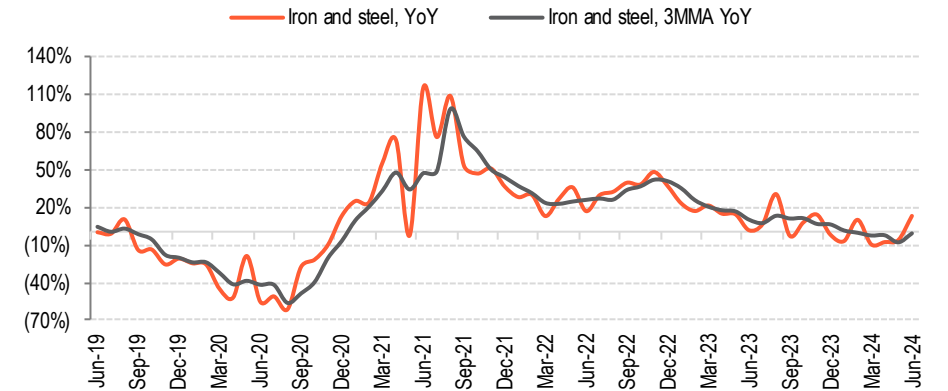
**Fig 142 – Imports of pearls and precious stones decline in Jun'24**



**Fig 143 – Pickup in machinery imports**



**Fig 144 – Iron and steel imports also witness an improvement**



## Exports and imports by major regions

**Fig 145 – Exports to China have declined in Q1 FY25**

Region (% YoY)	Share in FY24	FYTD24	FYTD25	Apr-24	May-24	Jun-24
Americas	26.3	(13.6)	9.0	7.7	14.7	4.2
Asia and Pacific (Ex. China)	3.9	(25.1)	2.7	0.9	3.9	3.3
China	23.5	(16.8)	(3.0)	(10.4)	2.5	(0.5)
Europe	22.5	(3.2)	10.7	11.2	21.3	(0.2)
Middle East and Africa	22.9	(14.4)	1.8	(9.3)	13.7	1.3
Other	1.0	(7.6)	5.8	4.6	27.3	(11.8)

**Fig 146 – Barring Europe, imports from all other regions have picked up in Q1 FY25**

Region (% YoY)	Share in FY24	FYTD24	FYTD25	Apr-24	May-24	Jun-24
Americas	10.3	(13.7)	3.1	21.4	(9.2)	2.4
Asia and Pacific (Ex. China)	25.1	(18.5)	5.2	4.6	6.5	4.4
China	15.1	(2.9)	8.3	3.9	2.8	18.4
Europe	13.9	3.6	(11.7)	13.6	(18.3)	(26.0)
Middle East and Africa	26.4	(32.9)	17.3	10.1	29.6	11.2
Other	9.3	107.6	20.5	24.9	17.7	20.2

Trade deficit

Fig 147 – Trade deficit narrowed to US\$ 21bn in Jun'24 versus US\$ 22.3bn in May'24

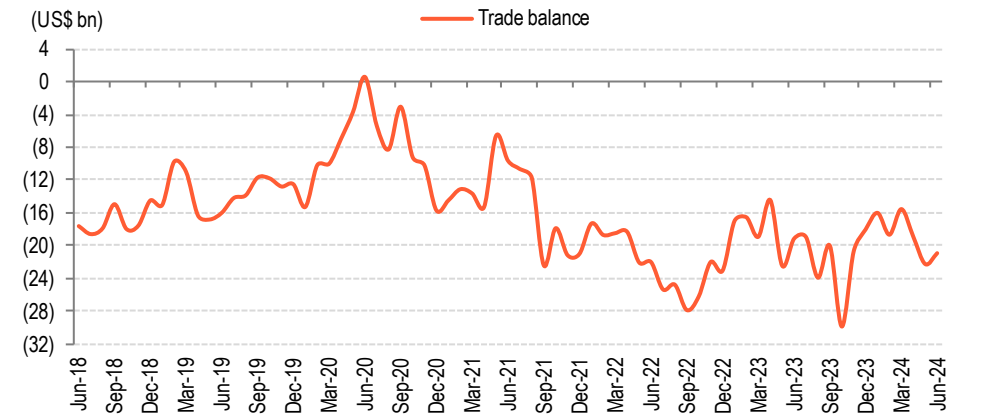
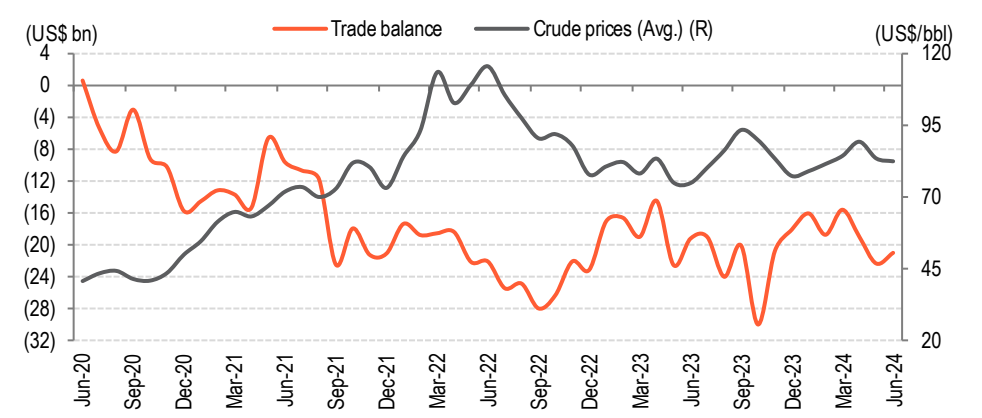
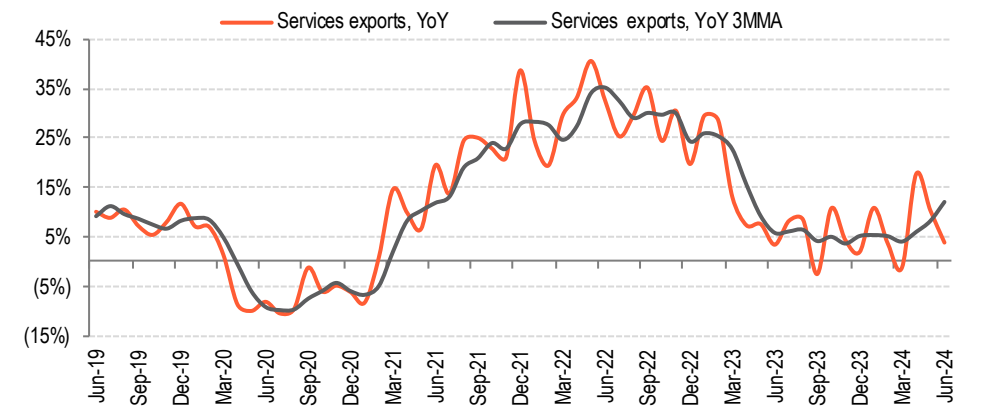


Fig 148 – ... as oil prices eased



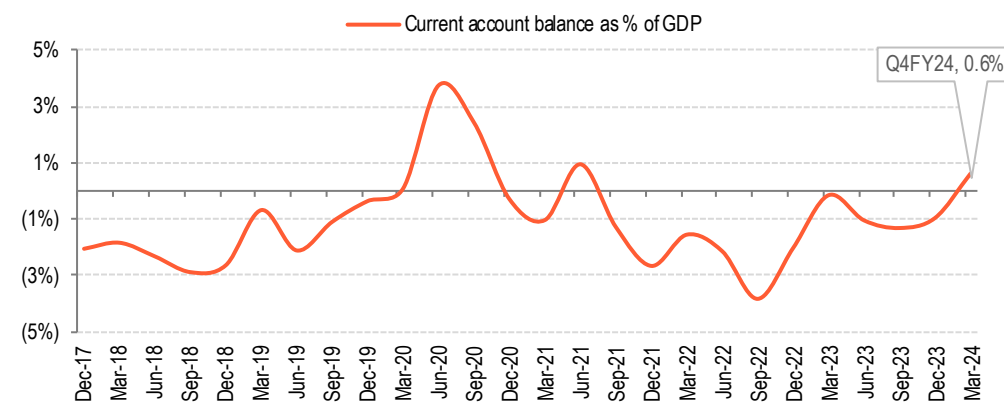
Trade in services

Fig 149 – Services exports moderated in Jun'24 to 3.7% after increasing by 10.2% in May'24



BoP

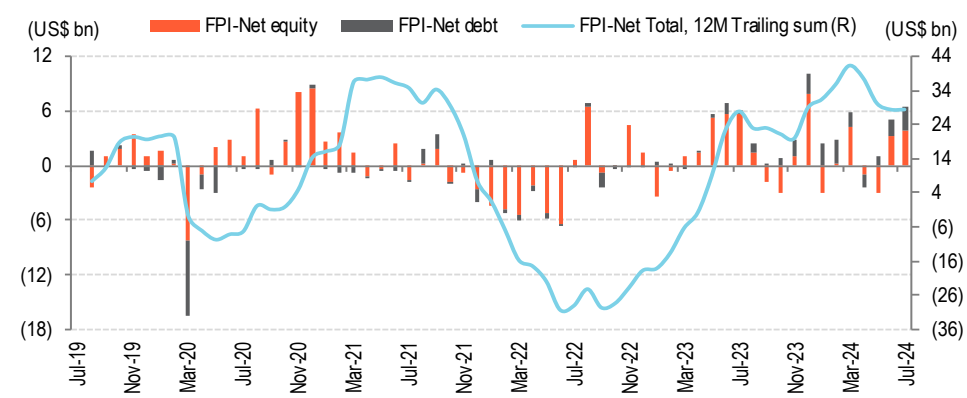
Fig 150 – India's current account recorded a first surplus in the last 11 quarters in Q4 FY24



## Foreign inflows

### FPI inflows

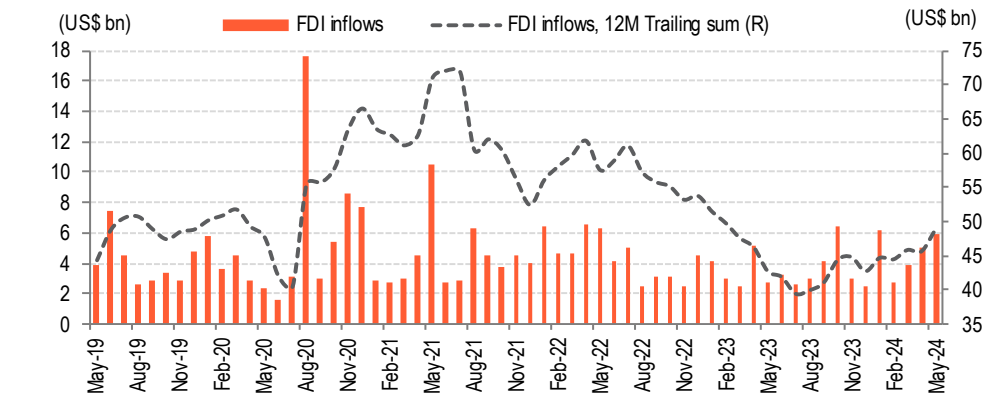
**Fig 151 – FPI inflows at US\$ 5.8bn in Jul’24 led by pickup in both equity and debt inflows**



Source: Bloomberg

### FDI inflows

**Fig 152 – FDI equity inflows rise to US\$ 6bn in May’24 versus US\$ 5bn in Apr’24**



Source: RBI, Bank of Baroda Research

**Fig 153 – FDI inflows lower in FY24, led by computer hardware and software and services**

Sector	% Share FY24	FY23	FY24	Q4FY23	Q3FY24	Q4FY24
Computer software and hardware	17.9	9.4	8.0	1.3	1.0	4.6
Services Sector	14.9	8.7	6.6	2.1	1.3	1.5
Construction (Infrastructure) activities	9.5	1.7	4.2	0.5	1.4	0.4
Trading	8.7	4.8	3.9	0.6	1.7	1.2
Non Conventional Energy	8.5	2.5	3.8	0.8	0.9	1.6
Automobile industry	3.4	1.9	1.5	0.6	0.2	0.6
Drugs and Pharmaceuticals	2.4	2.1	1.1	0.2	0.8	0.2

Source: DIPP

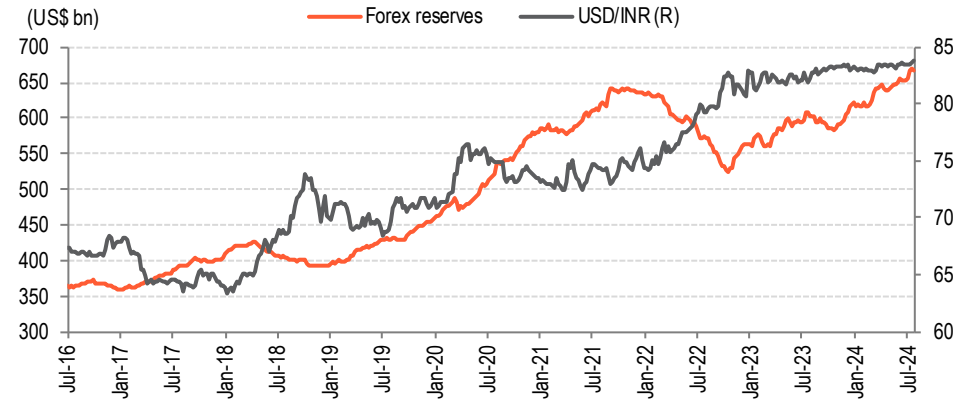
**Fig 154 – Country wise, inflows from Singapore have fallen sharply in FY24, while inflows from Mauritius, Japan and Netherlands have been higher**

Country (US\$ bn)	% Share FY24	FY23	FY24	Q4FY23	Q3FY24	Q4FY24
Singapore	26.5	17.2	11.8	4.1	2.2	4.3
Mauritius	17.9	6.1	8.0	1.4	4.1	0.9
US	11.3	6.0	5.0	1.1	0.8	2.2
Netherlands	11.1	2.5	4.9	0.3	0.4	2.6
Japan	7.2	1.8	3.2	0.4	0.6	0.4
UK	2.7	1.7	1.2	0.1	0.3	0.3

Source: DIPP

Forex reserves and external debt

Fig 155 – India’s FX reserves at US\$ 667.4bn; accretion of US\$ 21.8bn in FYTD25



Source: Bloomberg | Note: Weekly data as of 26 July 2024

Fig 156 – India’s import cover at ~11 months

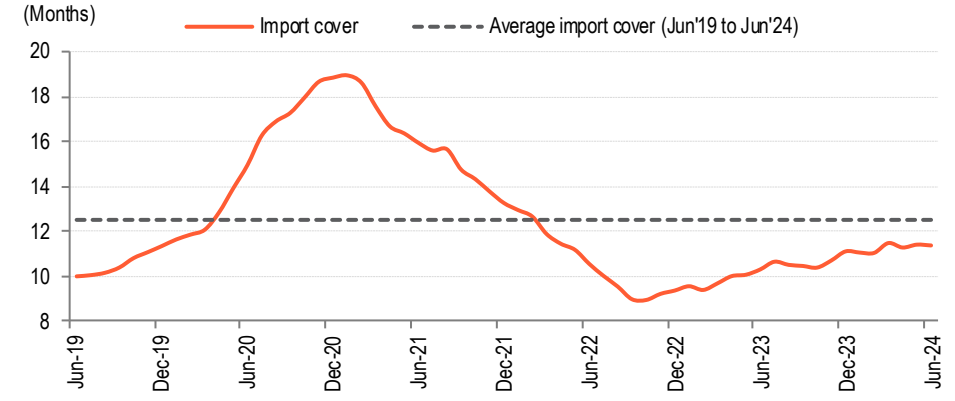


Fig 157 – RBI’s bought net US\$ 4.2bn in the spot market in May’24

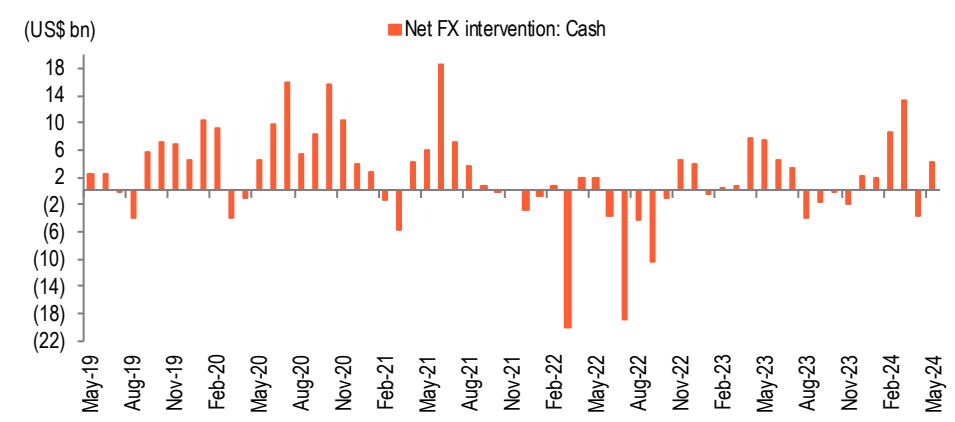
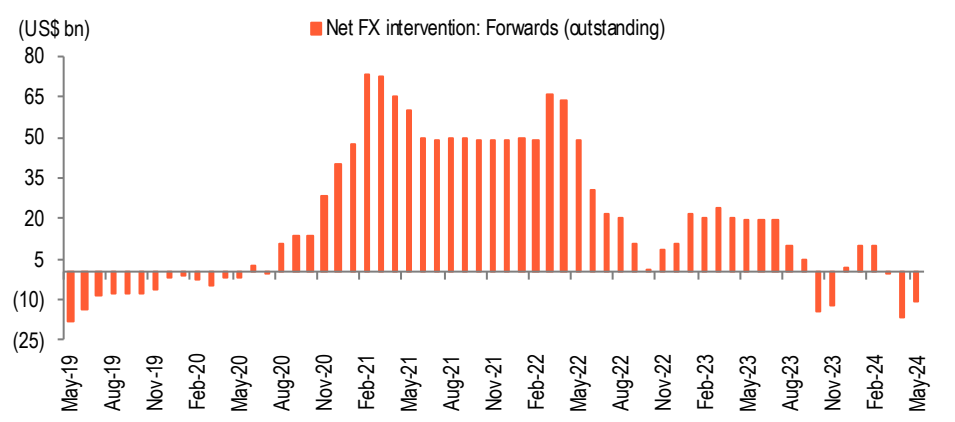


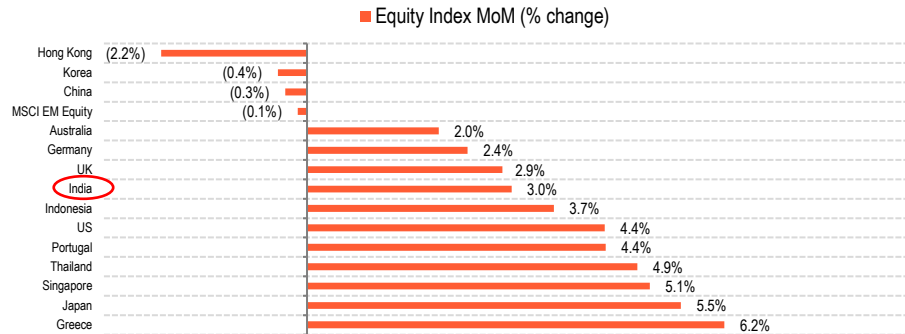
Fig 158 – RBI’s rebuilding its forwards book



Markets

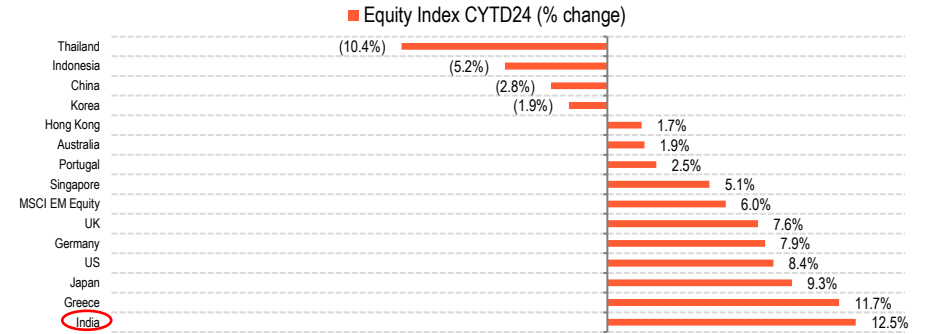
Equity

Fig 159 – In Jul'24, Sensex has risen by 3%, outperforming MSCI EM



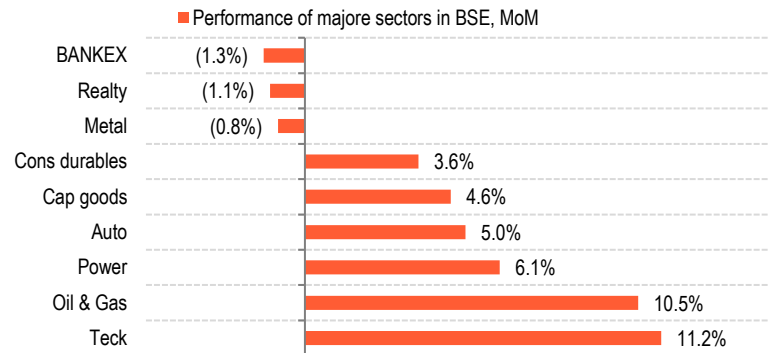
Source: Bloomberg | \* As on 31 Jul 2024, Indices are in US\$ terms

Fig 160 – In CYTD24 as well, Sensex rose at the sharpest pace by 12.5%



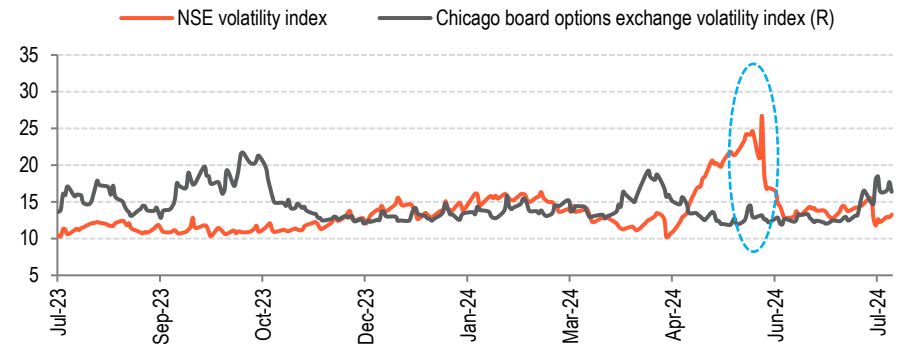
Source: Bloomberg | \* As on 31 Jul 2024, Indices are in US\$ terms

Fig 161 – Technology stocks rose the most



Source: Bloomberg | \* As on 31 Jul 2024

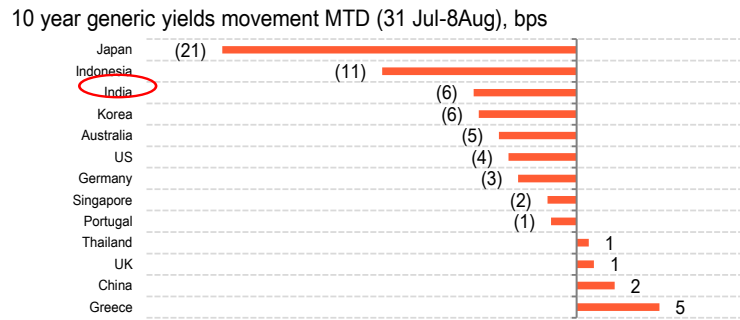
Fig 162 – VIX index moderated to 13.25 as on 31 Jul'24 from 13.8 as on 28 Jun 2024



Source: Bloomberg

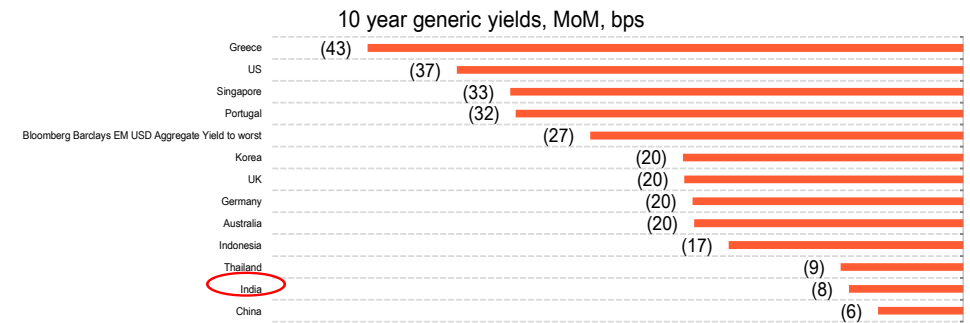
10-year bond yields

Fig 163 – In Aug'24\*, India's 10Y yield has fallen by 6bps, in line with global yields



Source: Bloomberg, \*As on 8 Aug 2024

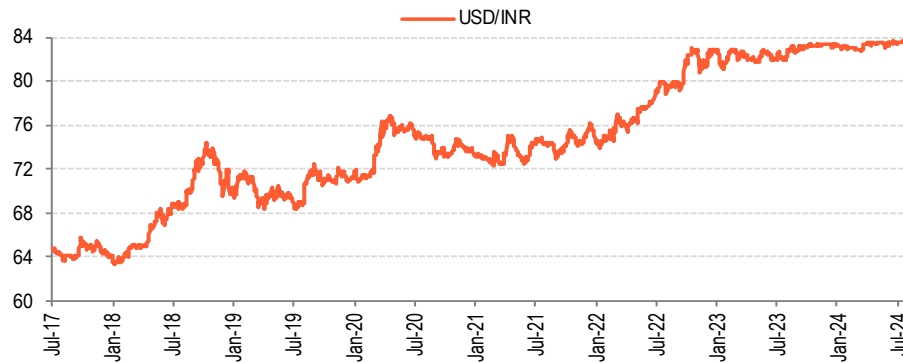
Fig 164 – In Jul'24 as well, India's 10Y yield has fallen by 8bps



Source: Bloomberg, As on 31 Jul 2024

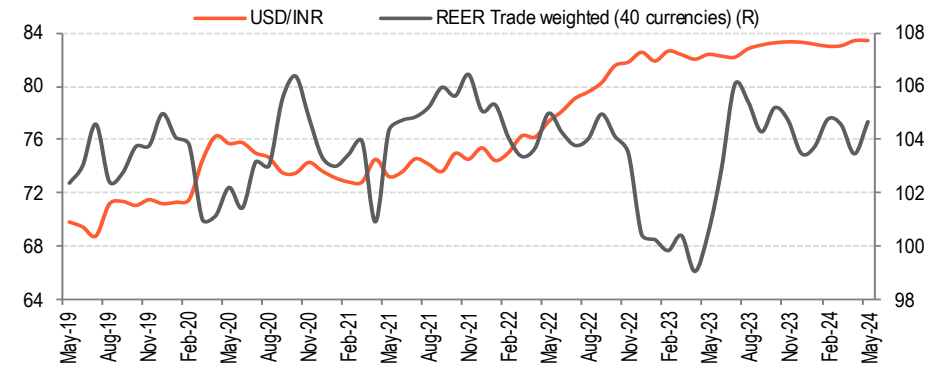
Currencies

Fig 165 – INR depreciated in Jul'24



Source: Bloomberg | \*As on 31 July 2024

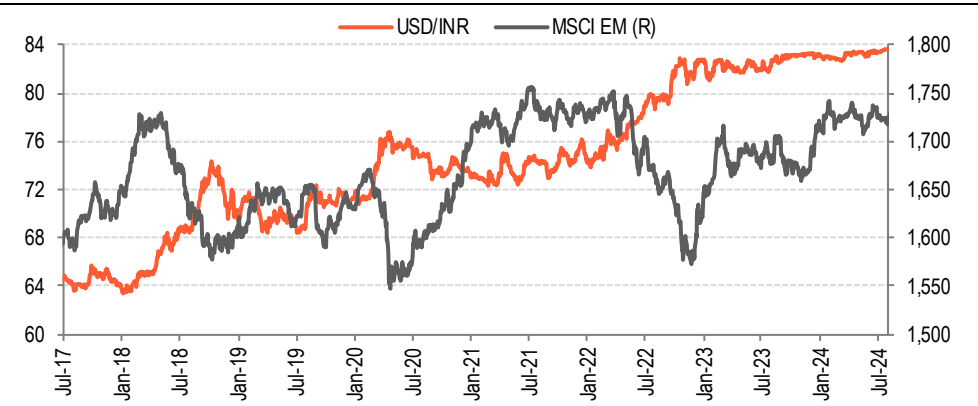
Fig 166 – INR overvalued by 6.5% on REER basis (Jun'24)



Source: Bloomberg

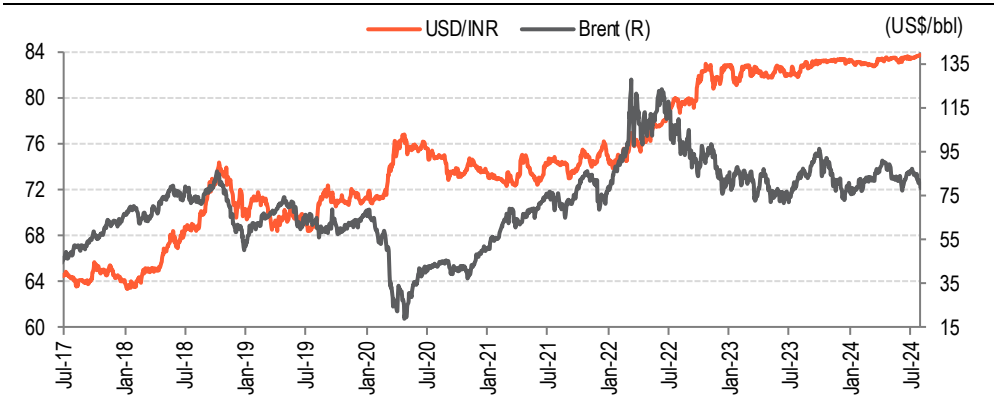


Fig 167 – EM currencies appreciated in Jul'24



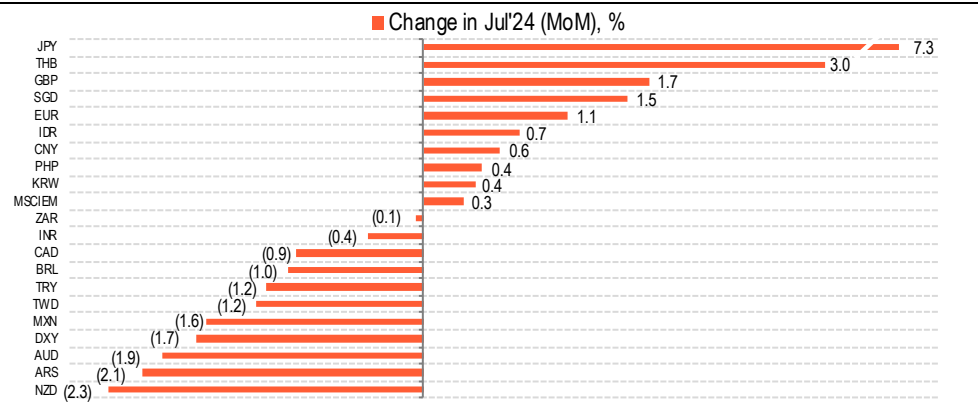
Source: Bloomberg | \*As on 31 July 2024

Fig 168 – .. as oil prices were largely stable



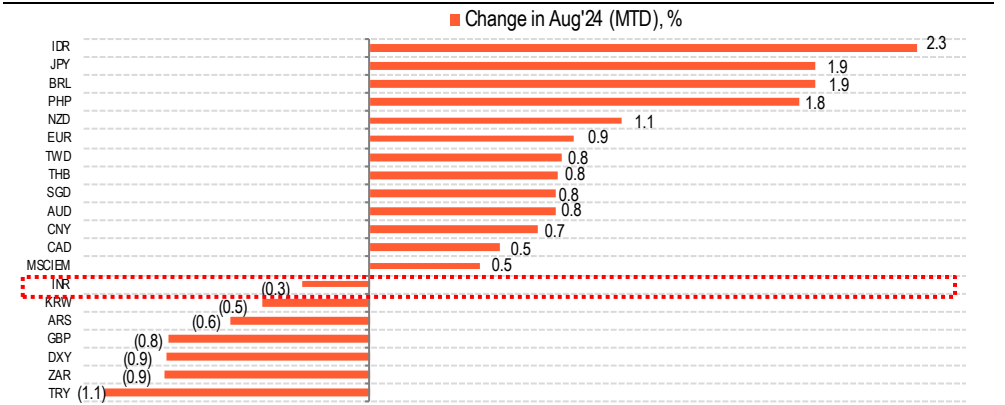
Source: Bloomberg | \*As on 31 July 2024

Fig 169 – INR depreciated by 0.4% in Jul'24



Source: Bloomberg | \*As on 31 July 2024

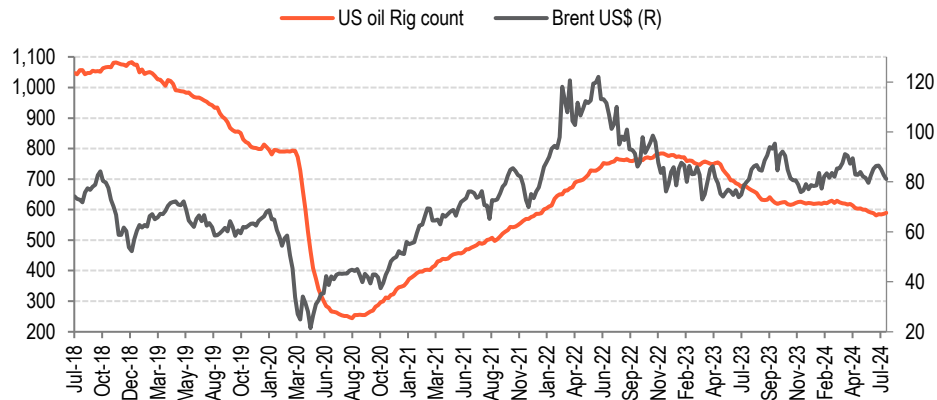
Fig 170 – In Aug'24 has depreciated further by 0.3% to trade near a record low



Source: Bloomberg | \*As on 8 Aug 2024

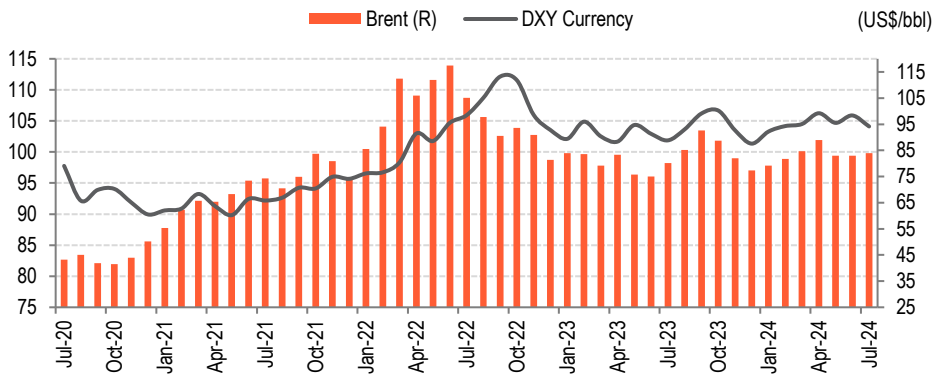
Commodities

Fig 171 – US rig count inched up



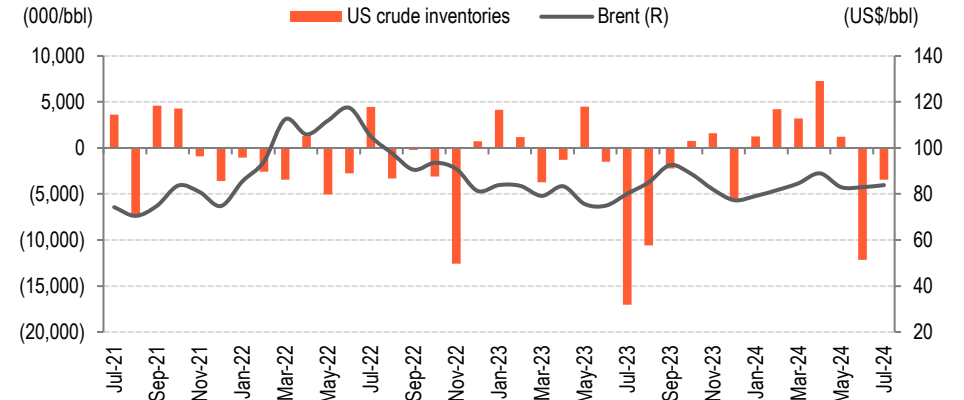
Source: Bloomberg

Fig 173 – Oil price averaged at US\$ 83.9/bbl in Jul'24, DXY softened to 104.1 in Jul'24 from 105.87 in Jun'24 over speculation of faster pace of rate cut by Fed



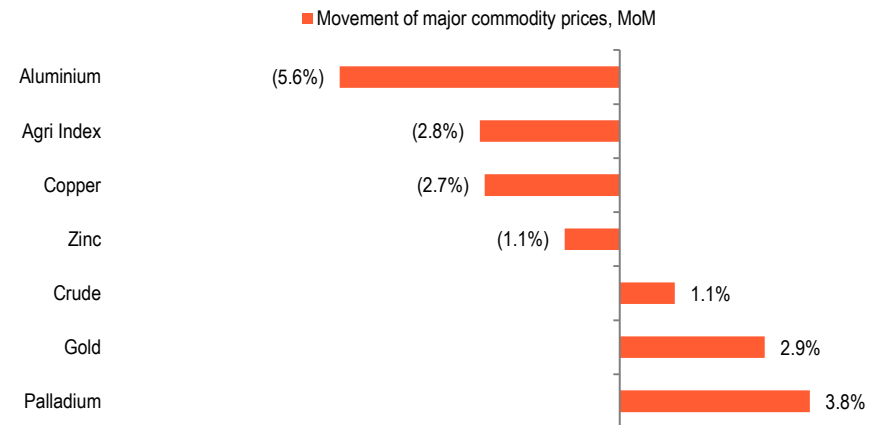
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 172 – Inventory draw down was arrested to some extent



Source: Bloomberg

Fig 174 – Oil and Gold prices firmed up



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

**Fig 175 – Performance of high frequency indicators**

Indicators	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
<b>Agriculture</b>													
Tractor sales	0	(4.1)	(15.6)	(5.3)	1.5	(21.3)	(14.5)	(25.7)	(19.5)	(2.9)	0.5	3.5	-
Two wheeler sales	8.2	6.3	21.7	(12.6)	21.1	27.6	15.0	13.3	5.4	33.2	2.5	4.7	-
MNREGA work (HH)	15.1	19.8	10.7	18.1	(4.7)	(5.9)	(5.0)	0.3	(19.2)	(10.6)	(14.3)	(21.7)	-
<b>Manufacturing</b>													
IIP: General index	6.2	10.9	6.4	11.9	2.5	4.4	4.1	5.6	5.4	5.0	5.9	-	-
IIP: Manufacturing	5.3	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.8	3.9	4.6	-	-
IIP: Capital goods	5.1	13.1	8.4	21.7	(1.1)	3.7	3.2	1.7	6.6	2.7	2.5	-	-
IIP: Infra & construction goods	12.6	15.7	10.1	12.6	1.5	5.5	5.5	8.3	7.4	8.0	6.9	-	-
IIP: Consumer goods	(3.6)	6.0	1.0	15.9	(4.8)	5.2	11.6	12.6	9.5	10.0	12.3	-	-
Steel	14.9	16.3	14.8	13.6	9.8	8.3	9.2	9.4	7.5	8.8	6.7	2.7	-
Cement	6.9	19.7	4.7	17.0	(4.8)	3.8	4.0	7.8	10.6	(0.5)	(0.6)	1.9	-
Electricity	8.0	15.3	9.9	20.3	5.7	1.2	5.7	7.6	8.6	10.2	13.8	7.7	-
PMI: Manufacturing	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1
<b>Services</b>													
Services PMI index	62.3	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3
Automobile sales	10.0	8.6	20.4	(7.7)	18.5	21.1	15.0	13.1	3.1	26.7	2.6	0.7	13.8
Passenger vehicle sales	4.0	6.5	19.0	(1.4)	17.2	2.7	13.3	12.4	(6.2)	15.9	(1.0)	(6.8)	10.2
Vehicle registration	10.9	9.8	21.3	(6.6)	19.6	22.0	16.1	14.0	3.8	27.5	3.2	1.3	13.7
Rail freight traffic	1.5	6.4	6.7	8.5	4.3	6.4	6.4	10.1	8.6	1.4	3.7	10.1	-
Port cargo volume	3.9	4.4	0.3	13.8	17.0	0.7	3.2	2.4	3.6	1.3	3.7	6.8	6.4
Credit growth	19.5	19.7	17.6	20.4	21.1	20.0	20.3	20.5	20.2	19.2	20.7	17.4	14.0
Deposit growth	12.9	13.2	12.3	13.2	14.2	13.3	13.2	13.1	13.5	12.6	14.0	11.1	11.3
CIC	4.4	4.0	4.1	2.9	4.3	4.0	3.9	3.7	4.1	3.2	4.6	6.0	6.4
Toll collection (in mn)	295.0	308.0	298.9	319.7	320.8	337.2	331.4	323.4	338.7	328.1	347.4	334.4	312.3
Diesel consumption	3.8	5.2	3.8	9.3	(3.1)	(2.4)	3.4	6.3	2.7	1.4	2.4	1.0	4.5
GST E-way bill (in mn)	88.0	93.4	92.0	100.3	87.6	95.3	96.0	97.3	103.5	96.7	103.2	100.1	-
<b>External Trade</b>													
Merchandise exports	(10.0)	3.5	(2.8)	5.8	(3.3)	0.8	4.3	11.9	(0.6)	2.1	12.8	2.6	-
Merchandise imports	(16.1)	0.7	(14.0)	9.5	(4.3)	(7.8)	1.0	12.2	(6.0)	10.7	7.4	5.0	-
Services exports	8.1	8.3	(2.7)	10.7	4.2	1.7	10.8	3.4	(1.4)	17.7	10.2	3.7	-
Services imports	(2.3)	(0.9)	(10.4)	(0.4)	(11.1)	(1.1)	0.1	1.7	(2.1)	19.1	5.4	(3.8)	-

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

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