

RESEARCH**BOB ECONOMICS RESEARCH | ELECTION 2024**

India's General Election

Daily macro indicators

Indicator	10-Apr	11-Apr	Chg (%)
US 10Y yield (%)	4.54	4.59	4bps
India 10Y yield (%)	7.15	7.11	(4bps)
USD/INR	83.32	83.19	0.1
Brent Crude (US\$/bbl)	90.5	89.7	(0.8)
Dow	38,462	38,459	0.0
Hang Seng	17,139	17,095	(0.3)
Sensex	74,684	75,038	0.5
India FII (US\$ mn)	05-Apr	08-Apr	Chg (\$ mn)
FII-D	(194.9)	66.8	261.7
FII-E	229.6	1,023.4	793.8

Source: Bank of Baroda Economics Research

SUMMARY**INDIA ECONOMICS: ELECTION 2024**

World's largest democracy will hold General Elections this month with over 96.8cr eligible voters expected to participate in this spectacle and elect 543 members to the Lok Sabha. The study looks at various macroeconomic factors in the last election cycle back in 2019 and how they look in the present calendar year. The focus will be on the months wherein election is scheduled specifically, Apr-May period.

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12 April 2024

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Jahnvi Prabhakar
Economist

Evolving macroeconomic picture during the Election months:

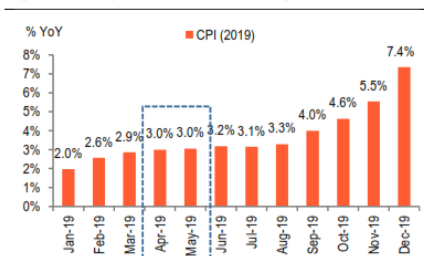
In the coming 6-weeks starting from Apr-19 to Jun-1, India will go through the 18th General Elections. Lok Sabha elections will be held in over 7-phases for a period of over 44-days and the results will be announced by June 4. Back in 2019, the elections were held during Apr'19 and May'19 with the results being announced on 23 May 2019.

A range of macroeconomic variables has been considered including inflation, movement of bond yields, currency, equity markets, government capex and new investments projects in the analysis.

For inflation, the CPI in 2019 started going up post July and peaked in December. It was steady for the Apr-May'19 period. It does not look like that there was any untoward pressure on inflation due to the Elections spending in 2019 in the immediate months though lagged effects cannot be ruled out.

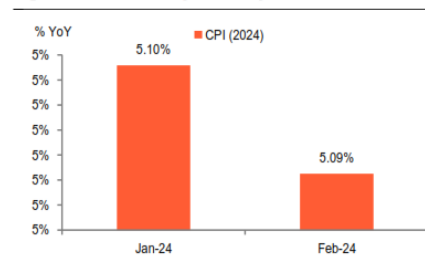
For the current year, inflation is expected to remain at the current levels with the possibility of some moderation during the election months. This follows more from the RBI forecasts of inflation put out which are likely to materialize.

Figure 1: CPI print was stable during election months



Source: CMI, Bank of Baroda Research

Figure 2: CPI currently at steady levels



Source: CMI, Bank of Baroda Research

Credit Growth

During the election months for 2019, credit growth registered stable growth of 13% for the month of Apr and May'19. It did slow down relative to March but this could also be due to the seasonal impact of being the beginning of the year.



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