

India Economics

Monthly Chartbook

June 2022

Economic Research Department

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Important disclosures are provided at the end of this report.



Central banks on war footing

With inflation remaining elevated across countries (US, EU, UK), global central banks are increasingly adopting a hawkish stance. US Fed has already begun its rate hike cycle and expected to continue doing so for the next few months. ECB too has announced end of its asset purchase program from 1 Jul 2022 and signalled a 25bps rate hike in Jul'22. RBI also hiked repo rate by another 50bps to 4.9%. Impact of elevated inflation, high interest rates, Covid-19 curbs in China and war in Ukraine, will be visible on growth. Most external agencies (IMF, World Bank, OECD) have lowered their growth forecasts for CY22. Domestically, so far economic activity seems on solid footing with high frequency indicators (rail freight, air passenger traffic, GST collections, and diesel consumption) showing pickup in growth in Apr-May'22 period. Hike in MSP and normal monsoon will also boost rural demand going forward.

Sustainable recovery: The economy is on the recovery pathway led by pickup in economic activity and supported by stronger demand as has been reflected in high frequency indicators and contact-intensive sectors. Electricity demand has clocked double digit growth and digital transactions are also on the rise. However, growth in passenger vehicles and electronic imports have moderated further, keeping the enthusiasm in check. On the agri front, normal south-west monsoon bodes well for kharif production. Food grain production is expected to rise to a record 314.51mn tonne for AY'22 (3rd AE). Global food prices have moderated after reaching an all-time high in Mar'22.

Centre's finances in good health: Centre's fiscal deficit (% of GDP) for FY22 came in lower at 6.7% versus RE of 6.9%. While this was largely on account of higher than estimated nominal GDP growth, buoyant revenue stream also

helped keep deficit level in check, despite slippage in disinvestment receipts and higher than estimated expenditure growth. Even at the start of FY23, revenue collections remain robust with gross tax collections 37% higher than last year, supported largely by direct (66%) tax collections, followed by indirect (10%) tax collections. Expenditure growth is also off to a solid start with significant front-loading in capex spending.

Rate hikes in full swing: Between May and Jun'22, RBI cumulatively raised policy repo rate by 90bps (50+40bps). This is apart from the introduction of SDF (earlier reverse repo at 3.35%) as the floor of the policy corridor introduced in Apr'22 meeting. Further stance has been changed to 'withdrawal of accommodation'. Clearly, the policy gear has shifted towards price stability after headline CPI breached RBI's upper tolerance band for 4-consecutive months. In the current policy, CPI forecast for FY23 has been revised upwards by 100bps to 6.7%, with the trajectory expected to remain above 6% for the next 3 quarters of FY23. Between May and Jun'22, India's 10Y yield rose by 36bps. We now expect 10Y yield to trade between 7.75-8% against our earlier forecast of 7.5-7.75% in FY23.

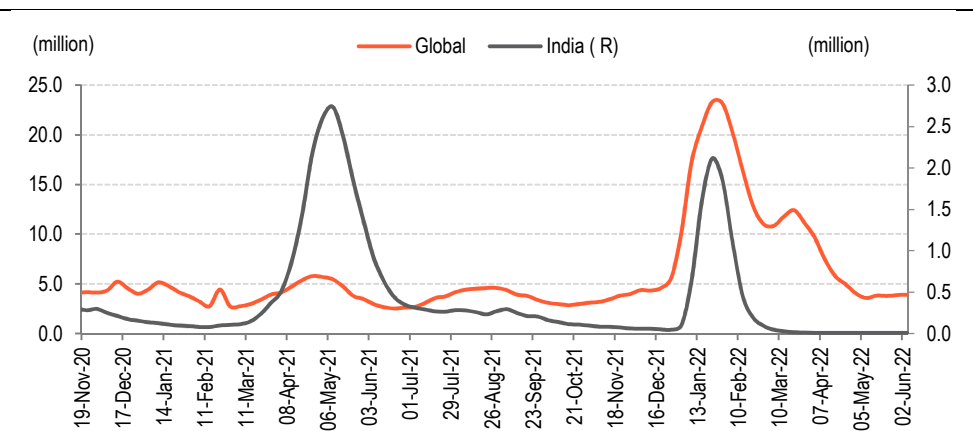
INR falls to a record-low: INR depreciated to a fresh record-low of 77.73/\$ on 19 May 2022 amidst a broad based dollar strength. Expectations of aggressive policy tightening by Fed as well as risks to global growth have increased the safe-haven demand for dollar which is weighing on INR. Apart from this, higher domestic inflation, FPI outflows, risks to domestic growth outlook and a widening trade deficit are also contributing to the downward bias in INR. INR is likely to trade in the narrow range of 77.5-78.5/\$ in the short-term.

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

High frequency indicators

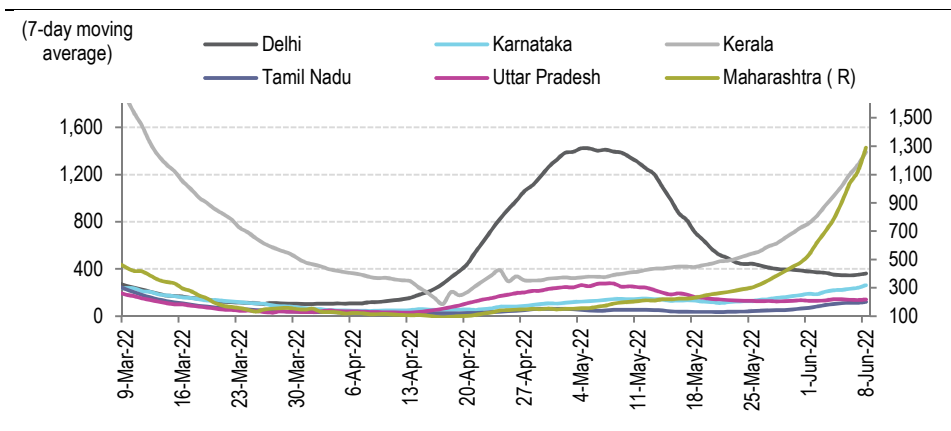
Mobility index and Covid cases

Fig 1 – Global Covid-19 cases continue to fall



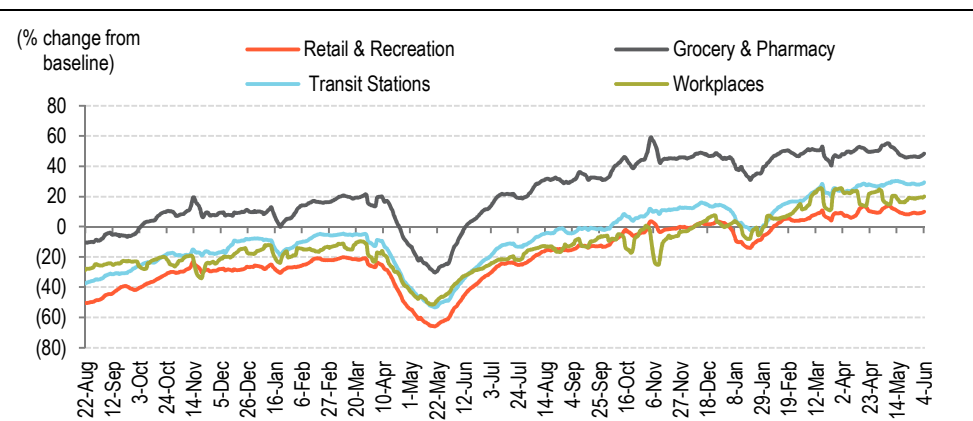
Source: Bloomberg

Fig 2 – Covid-19 cases on a rise in Maharashtra



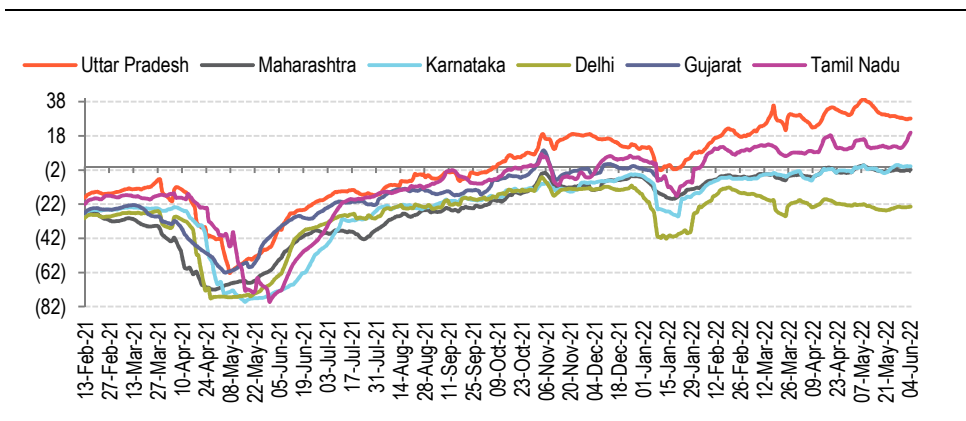
Note: Data taken as 7 days rolling average

Fig 3 – Google mobility indices continue to move up



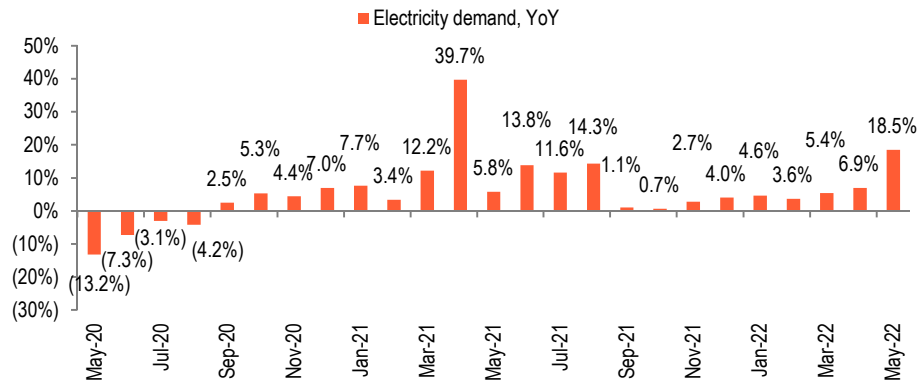
Highlights % change in visits to place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb2020)

Fig 4 – Retail and recreation index largely inching up



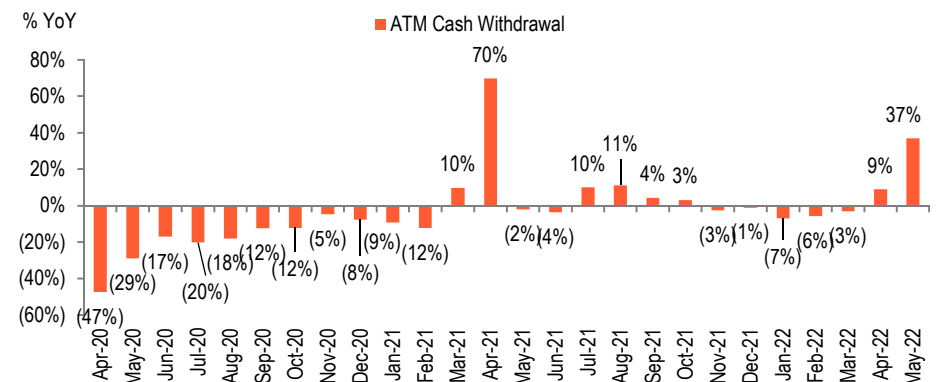
Note: Data taken as 7 days rolling average

Fig 5 – Double digit growth in electricity demand



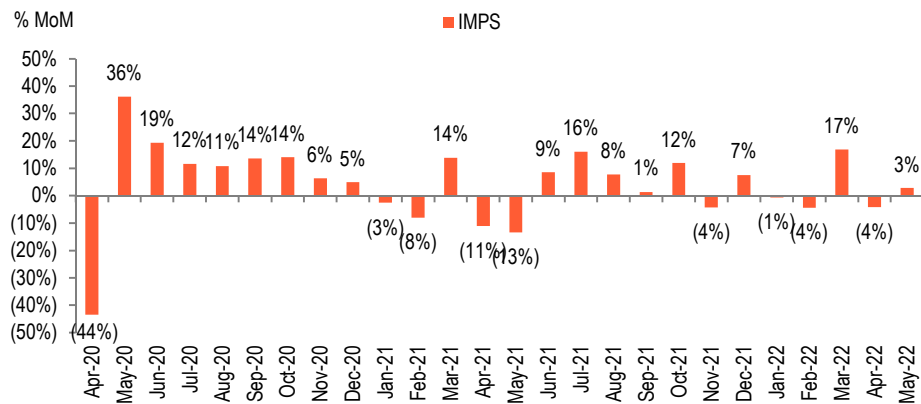
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 6 – Cash withdrawal transactions on a rise



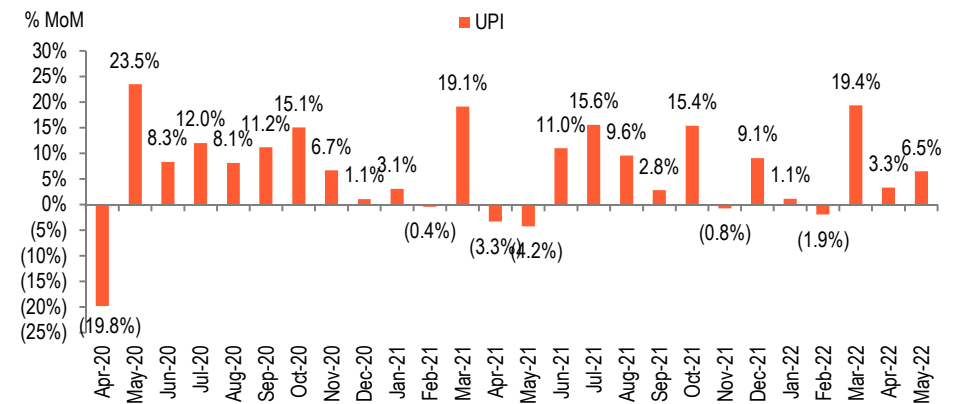
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 7 – IMPS transactions back in green



Source: NPCI

Fig 8 – Growth in UPI transactions doubles



Source: NPCI

Fig 9 – Fertilizer sales on a upswing

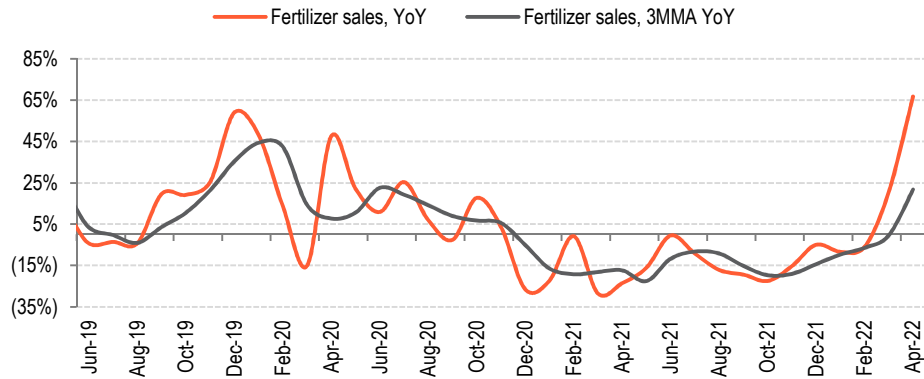
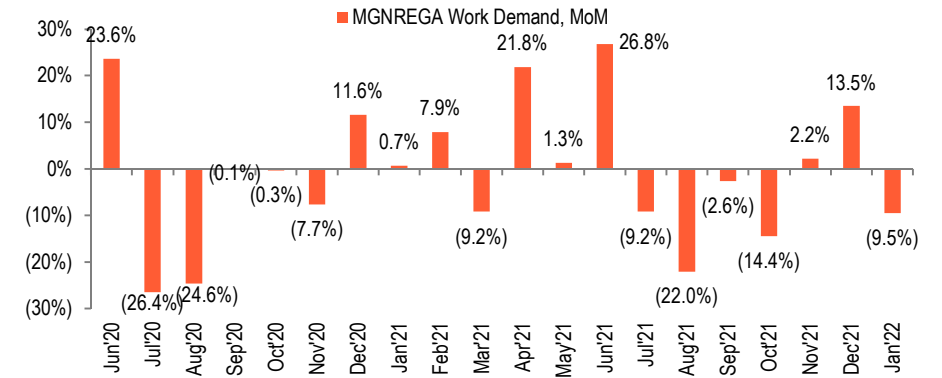


Fig 10 – MGNREGA work demand slows



Source: MGNREGA

Final consumption expenditure

Fig 11 – Private consumption slips in Q4FY22

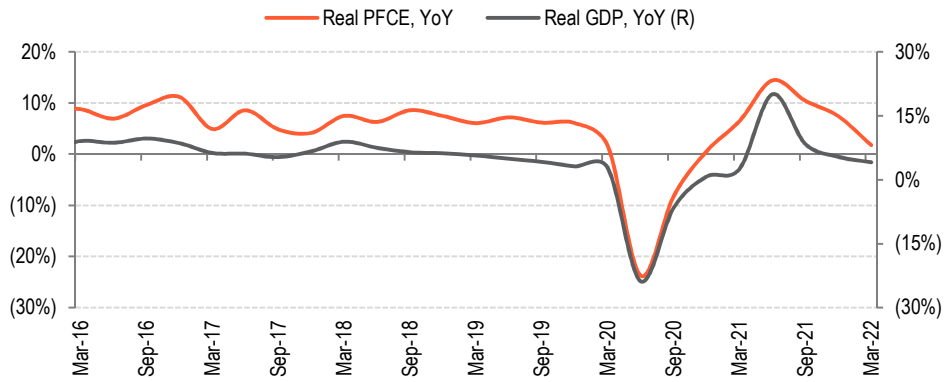


Fig 12 – Government consumption inches up

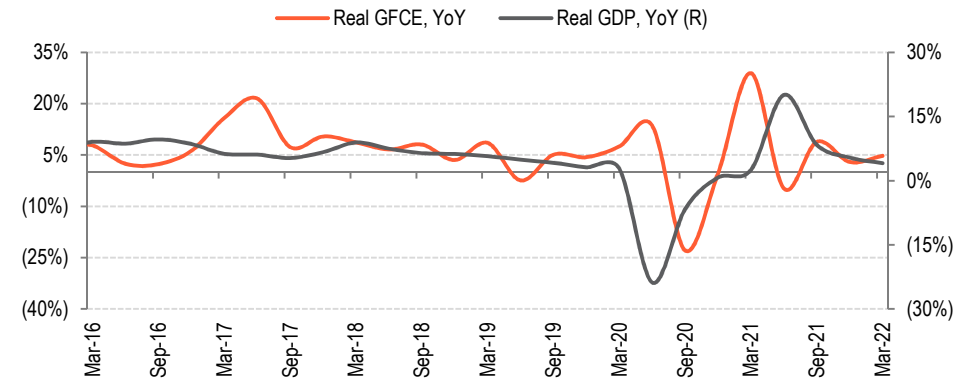


Fig 13 – General govt. revenue spending improves

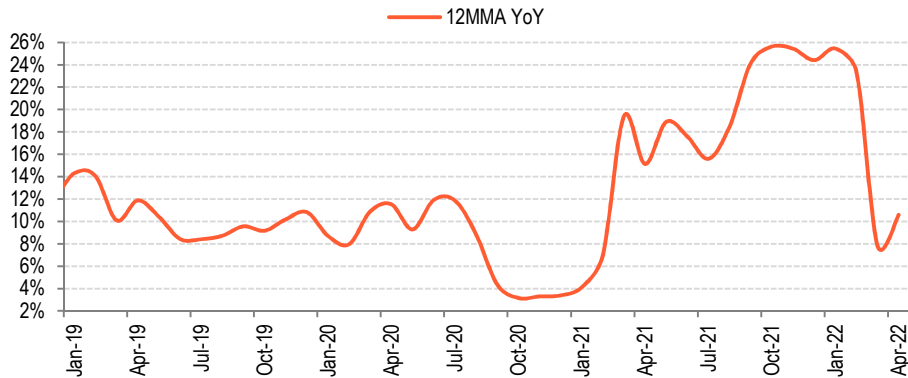
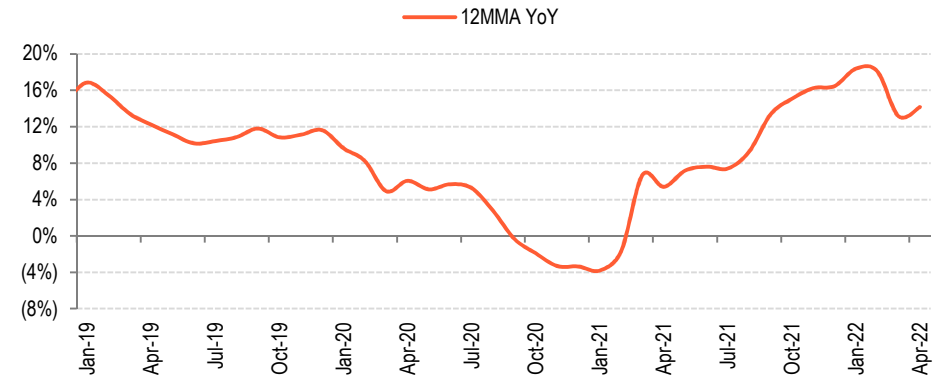


Fig 14 – State* govt. revenue spending also improves



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

Non-oil imports, electronic imports

Fig 15 – Non-oil-non-gold imports moderate in May'22

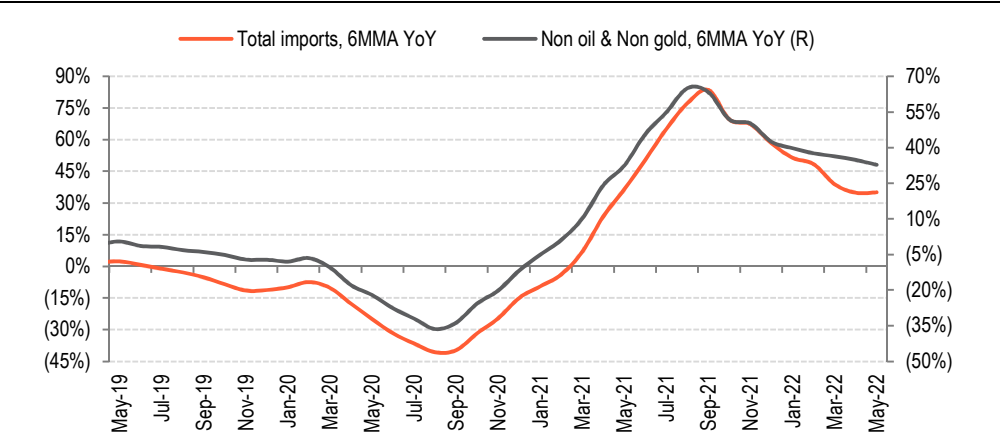


Fig 16 – Growth in electronic imports too dips marginally

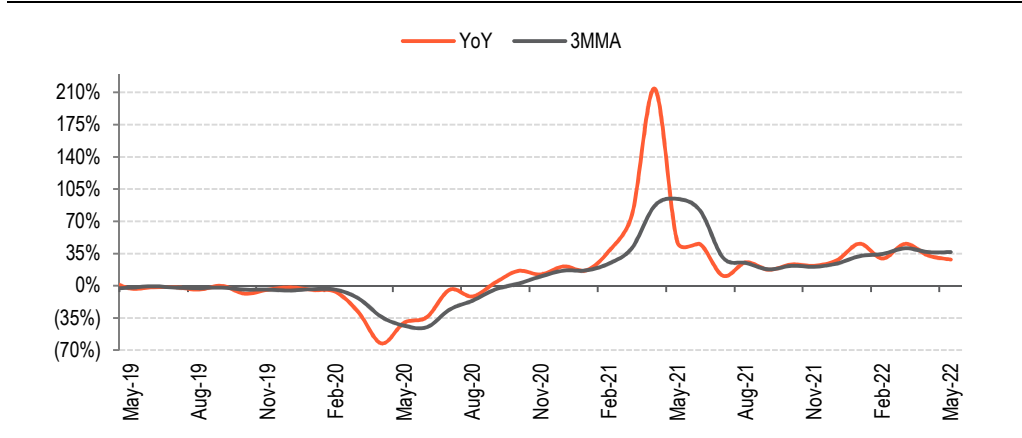


Fig 17 – Retail passenger vehicles sales drop

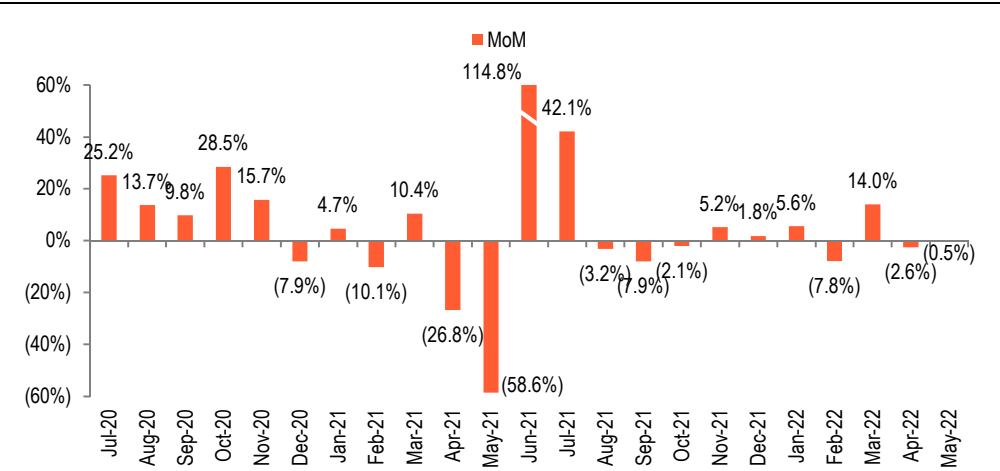
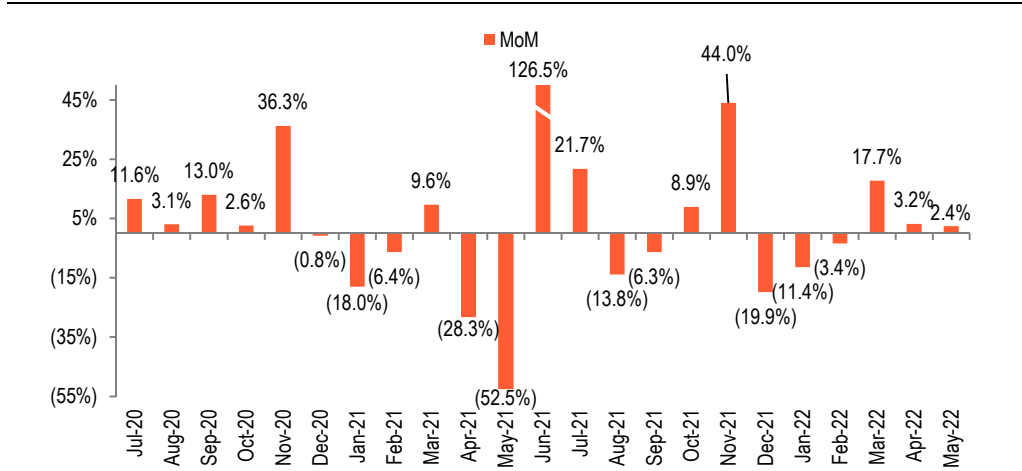


Fig 18 – Two-wheeler sales dip



Source: FADA

Credit deployment of personal loans

Fig 19 – Growth in credit card edges upwards

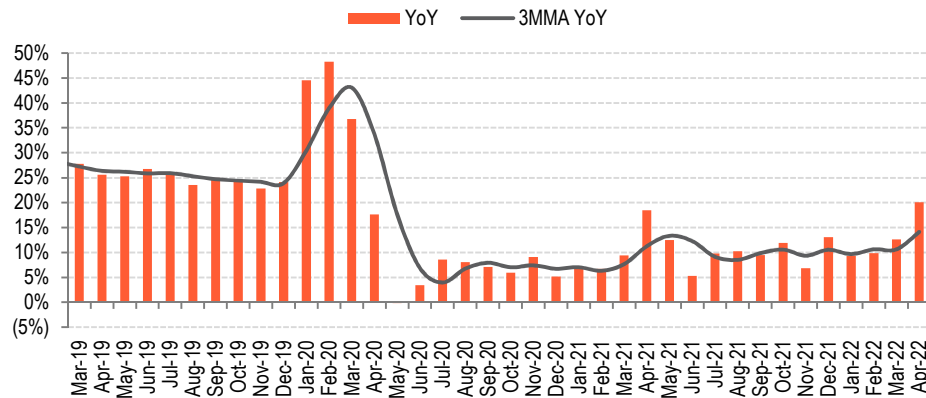


Fig 20 – Growth in personal loan moves up too

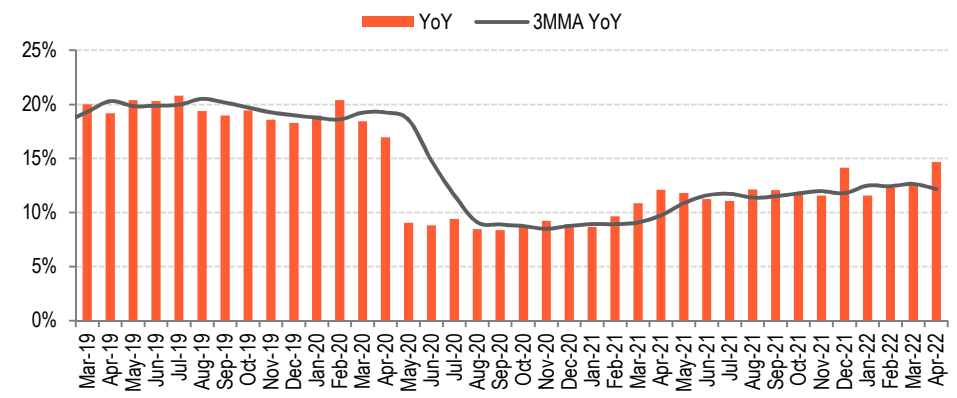


Fig 21 – Growth in vehicle loans inch up in Apr'22

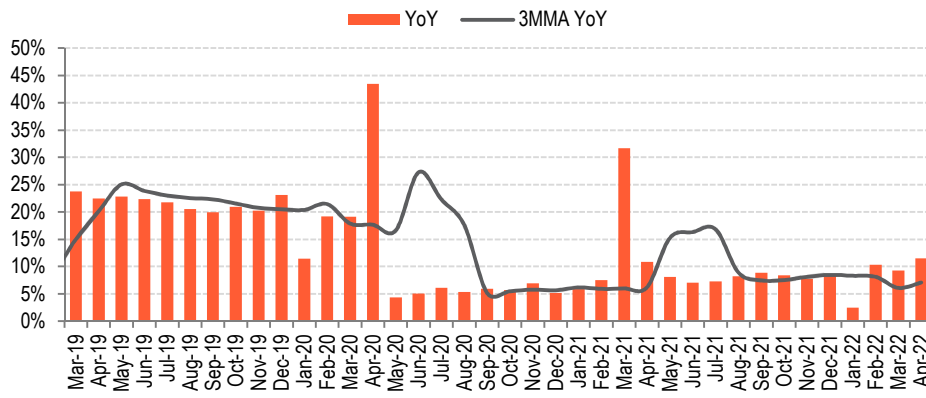


Fig 22 – Consumers remain optimistic

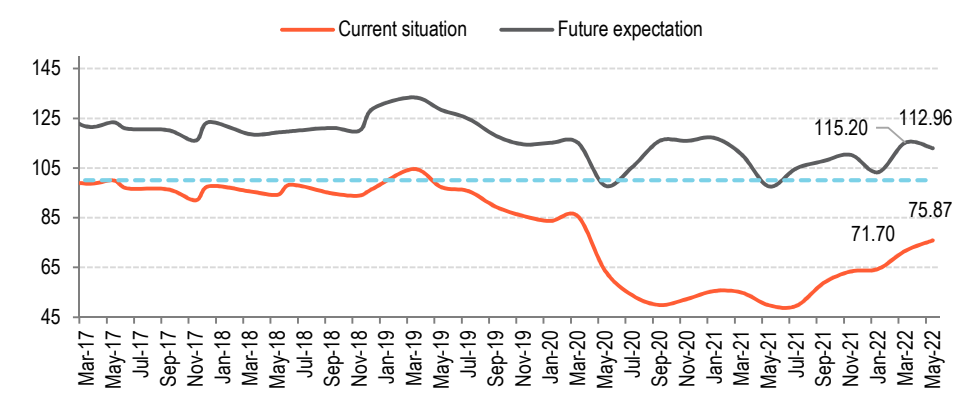


Fig 23 – RBI's essential spending continues to improve

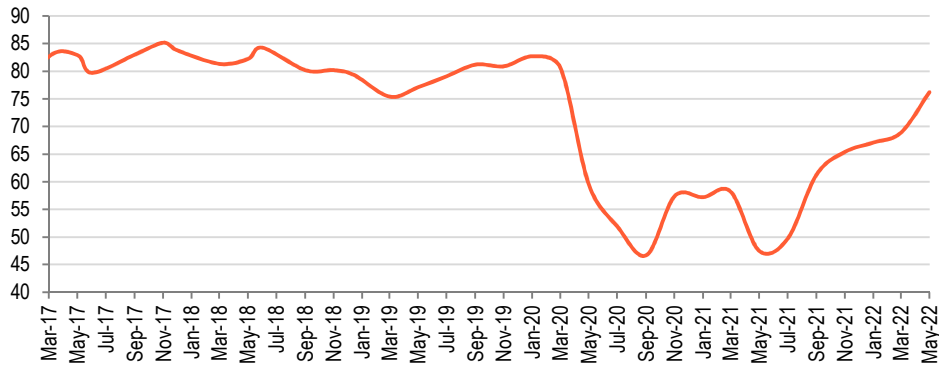
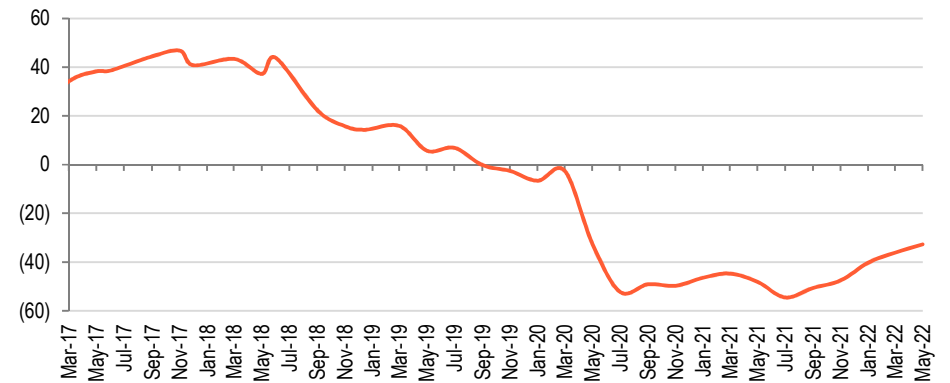


Fig 24 – ...non-essential spending too witnesses an upward momentum



Consumer durables & non-durables production

Fig 25 – Consumer durables output improves

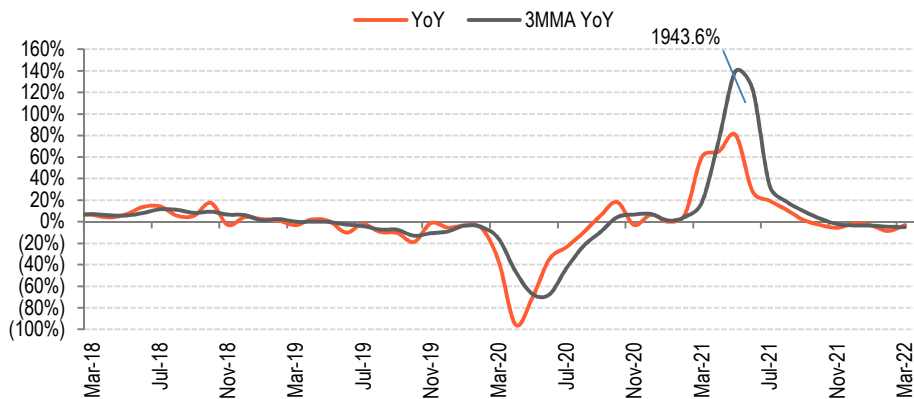
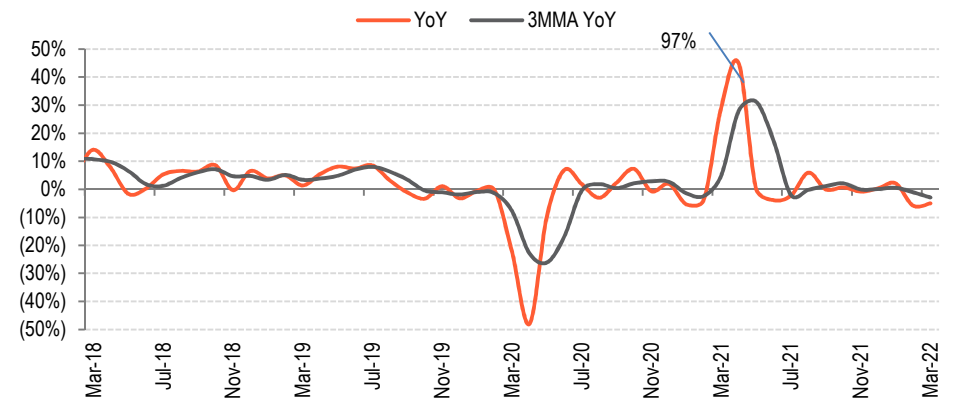


Fig 26 – FMCG output too following suit



Agriculture

Fig 27 – Agriculture remains pandemic proof

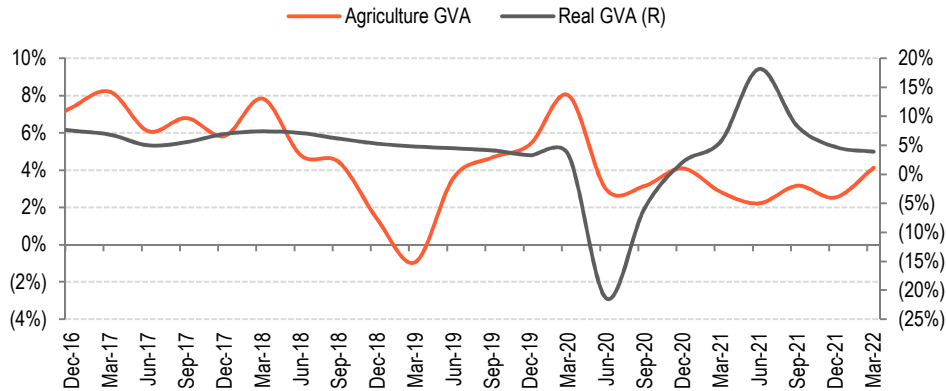
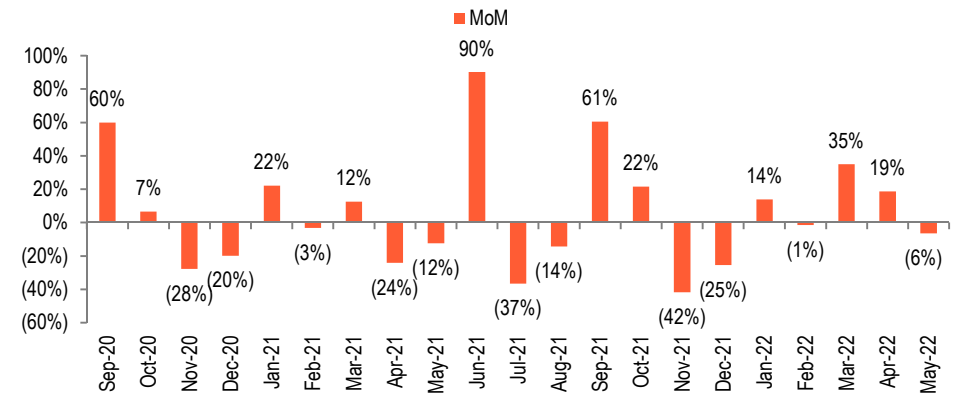


Fig 28 – Tractor sales contract in May'22



Note: Tractor sales including exports

Fig 29 – Agriculture credit edges upwards in Apr'22

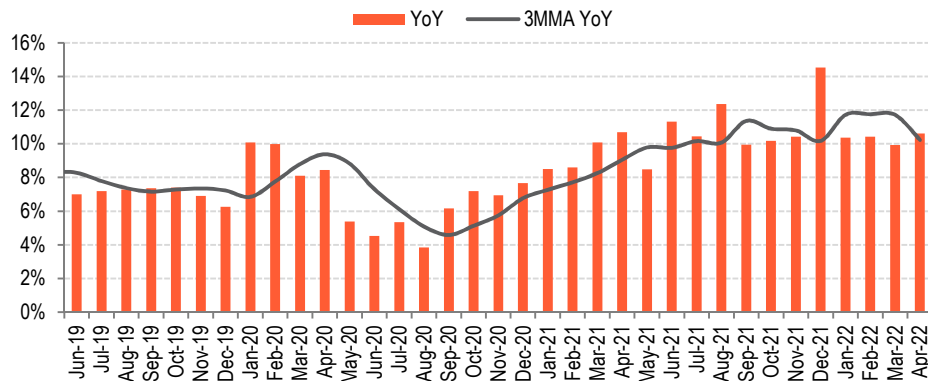
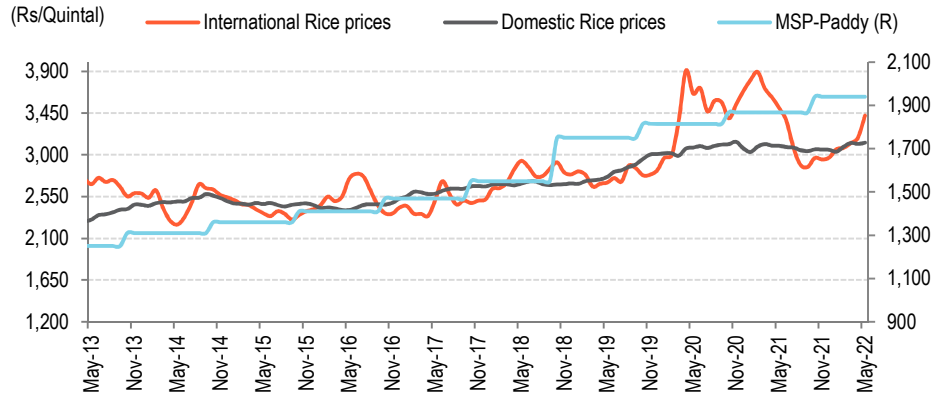


Fig 30 – Procurement of rice and wheat

Year	Wheat	Rice
2013-14	25.09	31.85
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	60.19
2021-22	43.34	54.7*
2022-23	18.6	

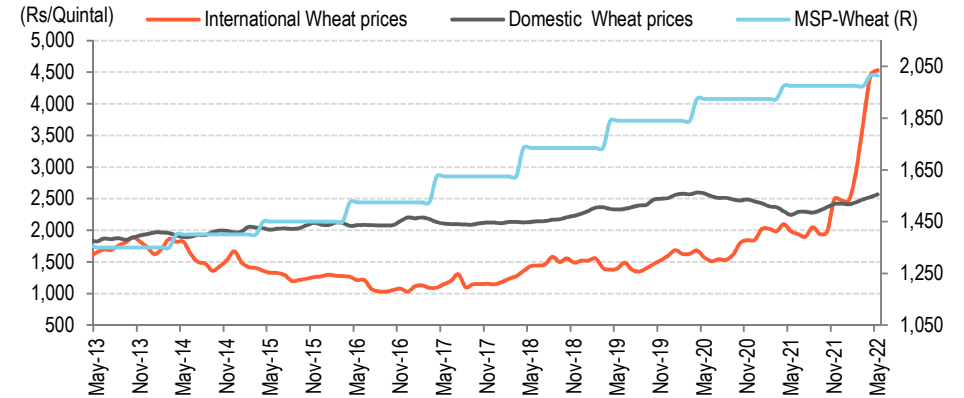
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 May 2022

Fig 31 – International and domestic rice price surges



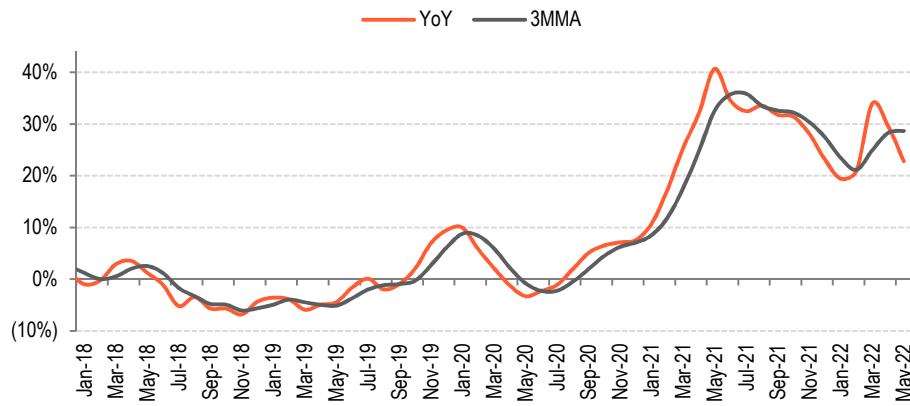
Source: World Bank

Fig 32 – Both domestic and international wheat price on a rise



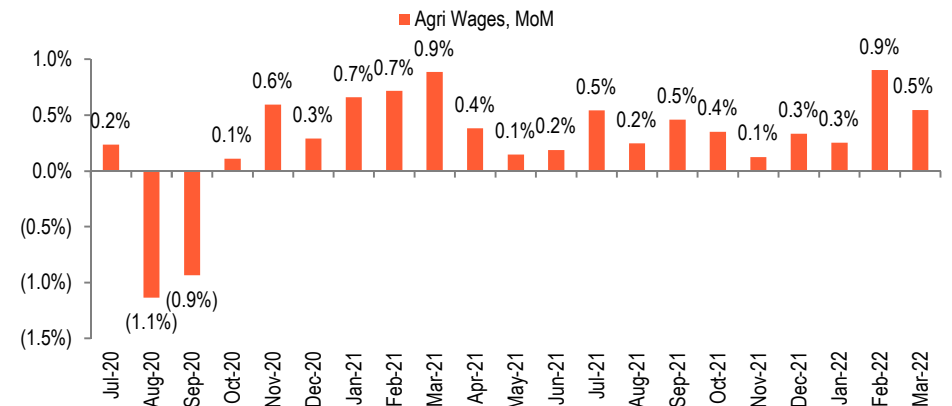
Source: World Bank

Fig 33 – Global food prices moderate



Source: FAO

Fig 34 – Wage growth (men) slows in Mar'22



Inflation

Fig 35 – Headline CPI firmed up to its highest since May'14 to 7.8% in Apr'22 from 7% in Mar'22 (FY22:5.5%), led by food inflation

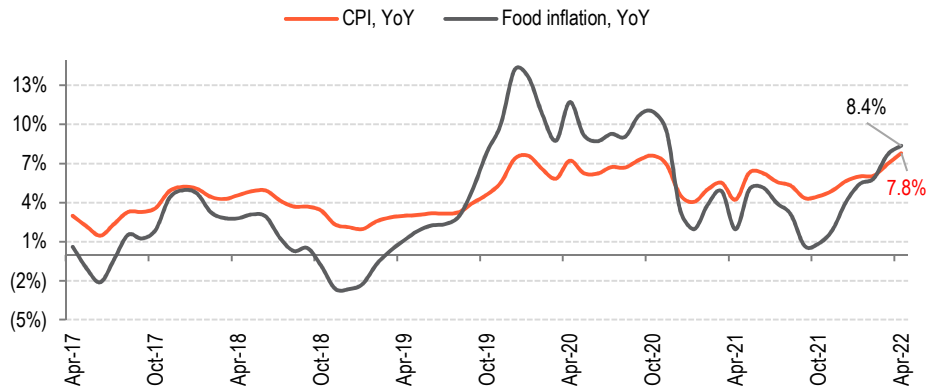


Fig 37 – Core inflation remained elevated at 7%

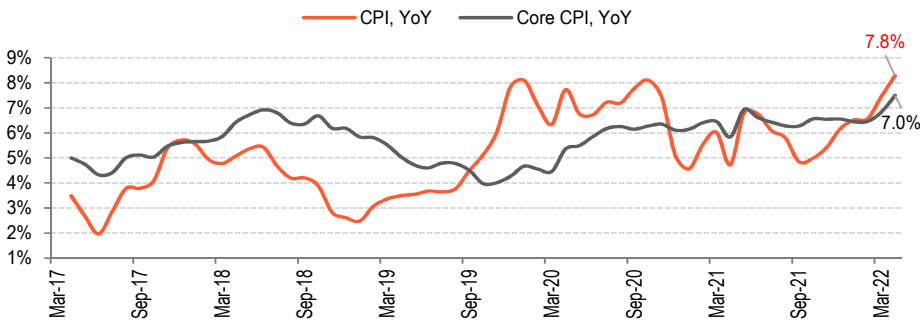


Fig 36 – ...Vegetables, fruits, cereals, and edible oils all noted an uptrend

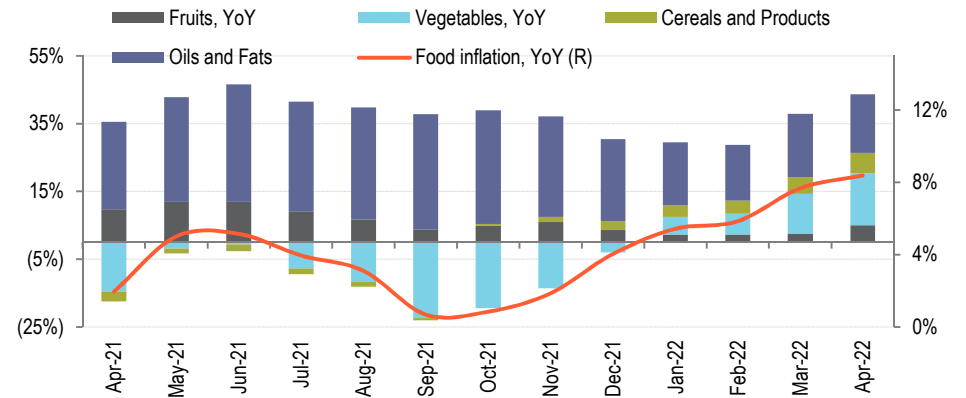
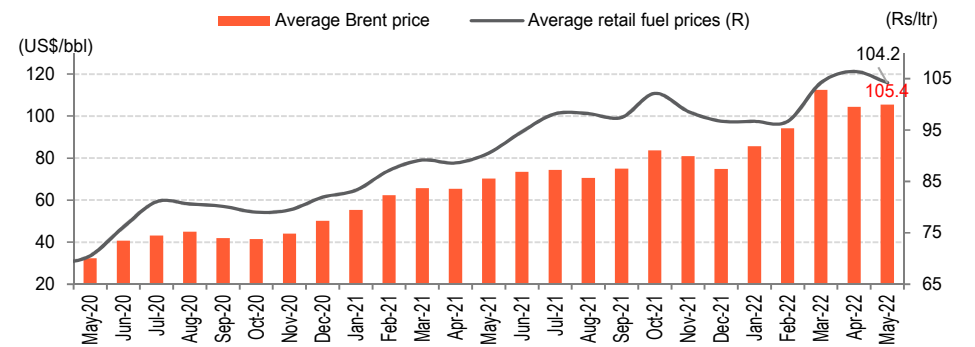


Fig 38 – Some comfort in domestic retail prices seen (Rs 104/ltr from Rs 106/ltr), despite rise in international crude prices



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

Industry

Fig 39 – Industrial growth slows in Q4FY22

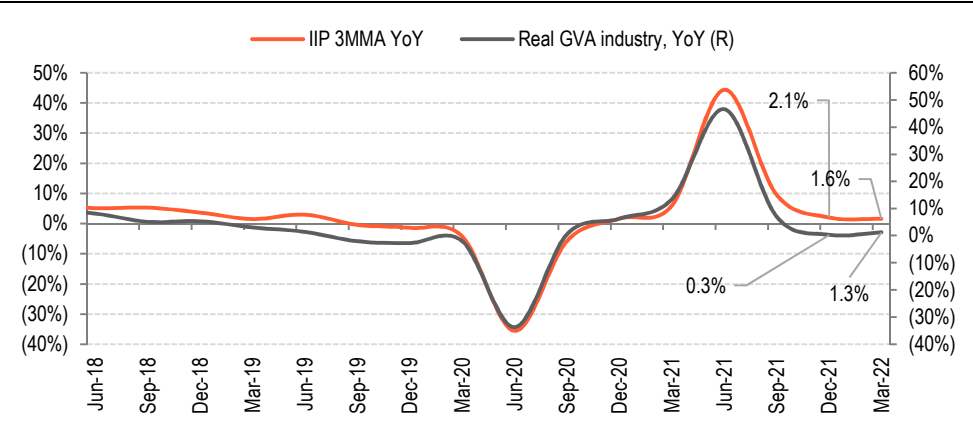


Fig 40 – Broad based improvement on the back of base effect

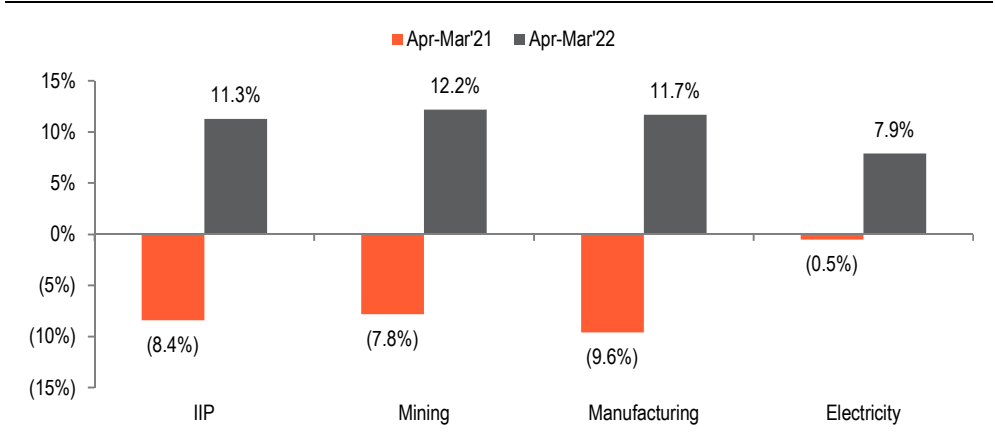


Fig 41 – Higher IIP growth in Mar'22

Sectoral (%)	Weight	Mar-22	Mar-21	Apr-Mar'22	Apr-Mar'21
IIP	100.0	1.9	24.2	11.3	(8.4)
Mining	14.4	4.0	6.1	12.2	(7.8)
Manufacturing	77.6	0.9	28.4	11.7	(9.6)
Electricity	8.0	6.1	22.5	7.9	(0.5)
Use-Based					
Primary Goods	34.1	5.7	7.9	9.7	(7.0)
Capital Goods	8.2	0.7	50.4	16.7	(18.6)
Intermediate Goods	17.2	0.6	22.4	15.1	(9.4)
Infrastructure and Construction Goods	12.3	7.3	35.1	19.0	(8.7)
Consumer Durables Goods	12.8	(3.2)	59.9	12.5	(15.0)
Consumer Non-Durables Goods	15.3	(5.0)	29.2	3.2	(2.2)

Manufacturing

Fig 42 – Manufacturing growth slows in Q4FY22

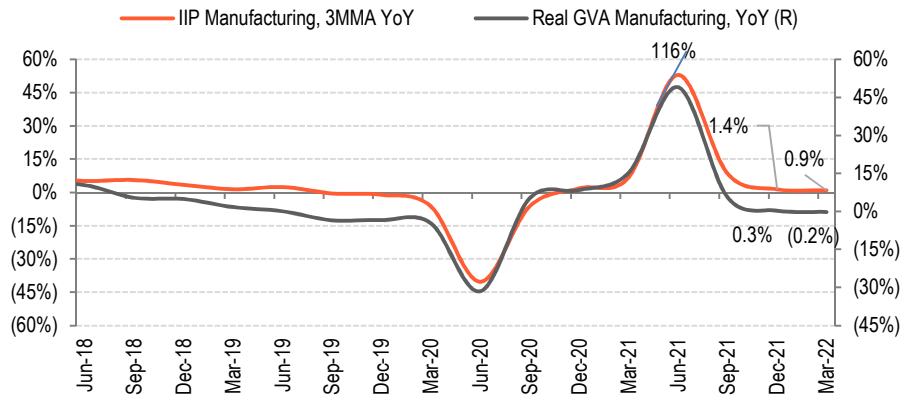
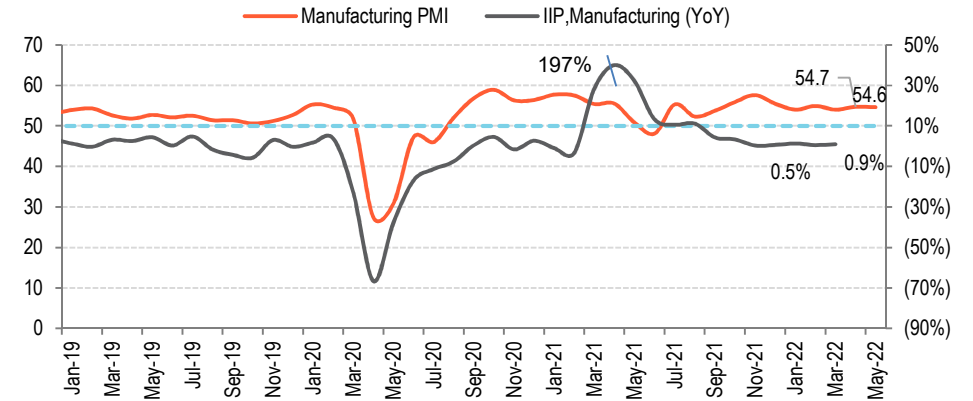


Fig 43 – Manufacturing PMI moderates marginally in May'22



Source: Markit

Mining & Electricity

Fig 44 – Mining activity dips in Q4

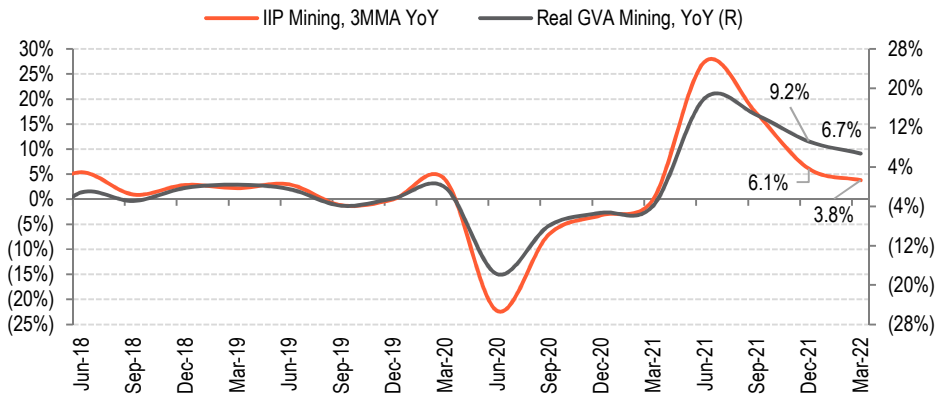
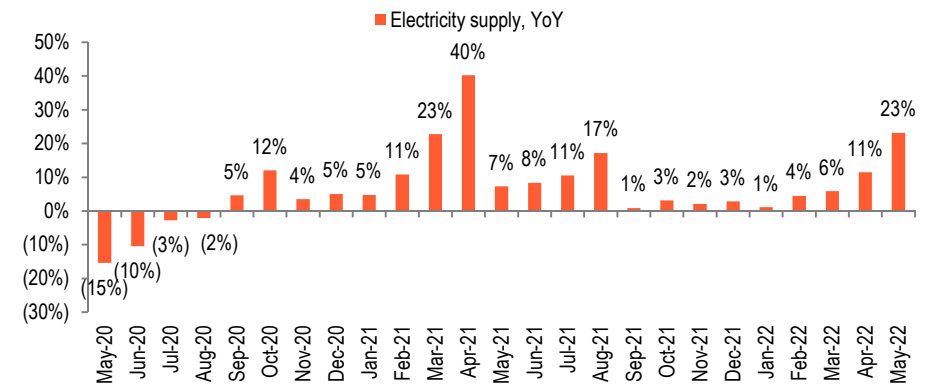


Fig 45 – Surge in electricity supply



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

Infrastructure and Construction

Fig 46 – Growth in construction sector inches up in Q4FY22

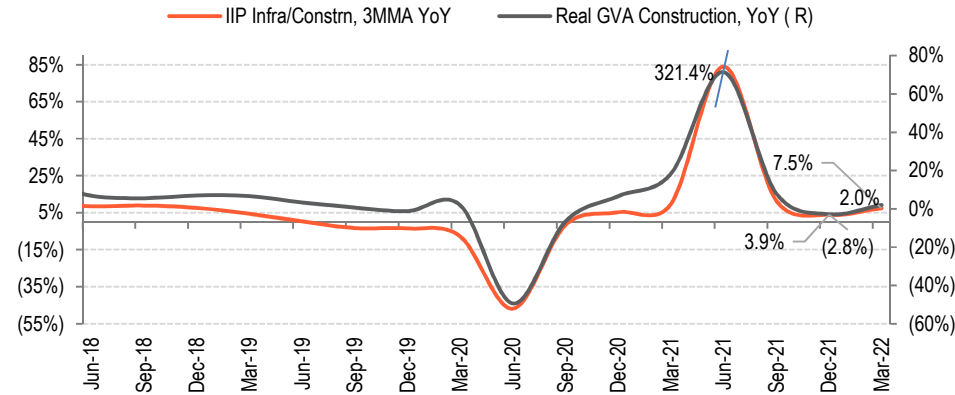
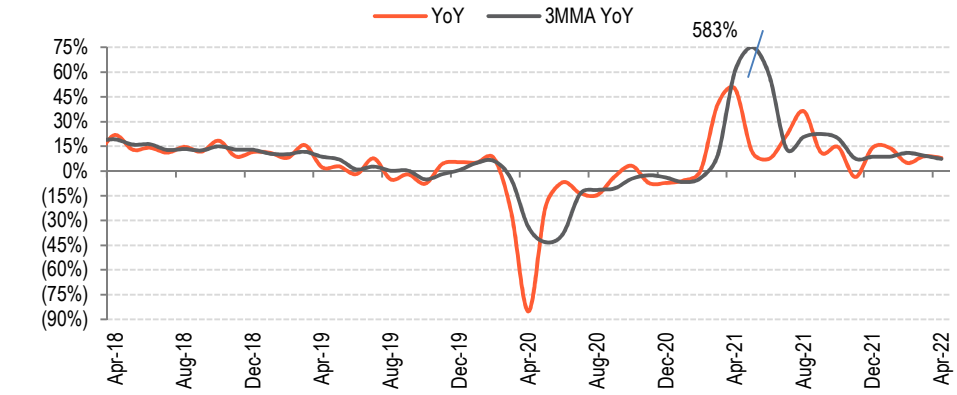


Fig 47 – Lower cement output in Apr'22



Infrastructure Index

Fig 48 – Uptick in infra index

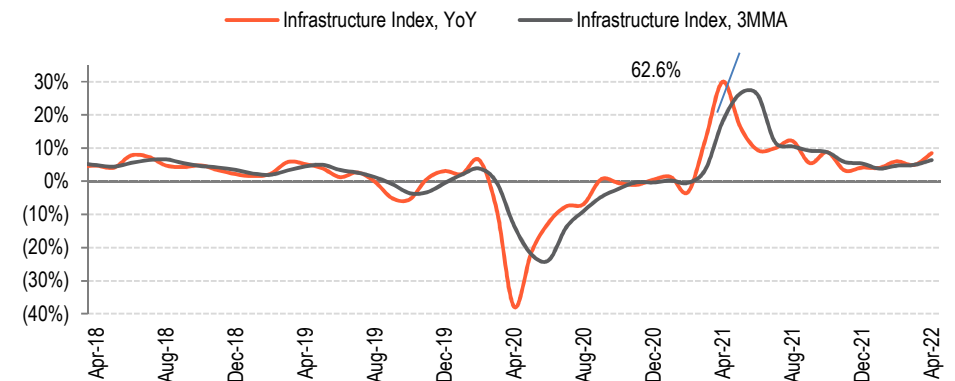
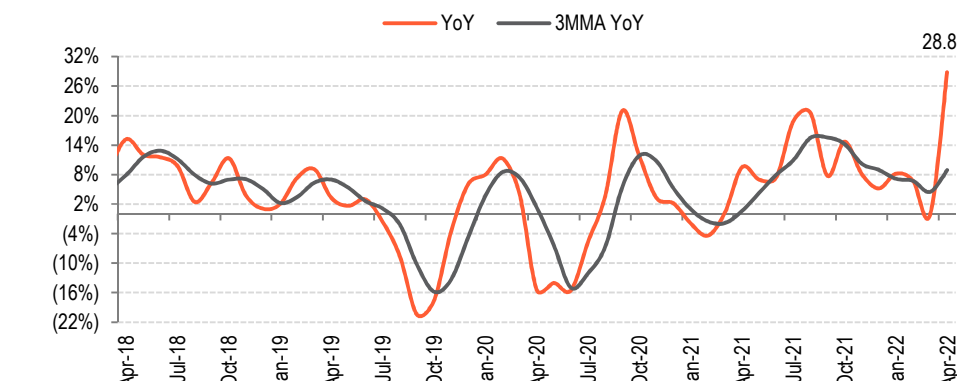


Fig 49 – Coal production shoots higher



Auto production & Business expectation index

Fig 50 – Auto production slips once again

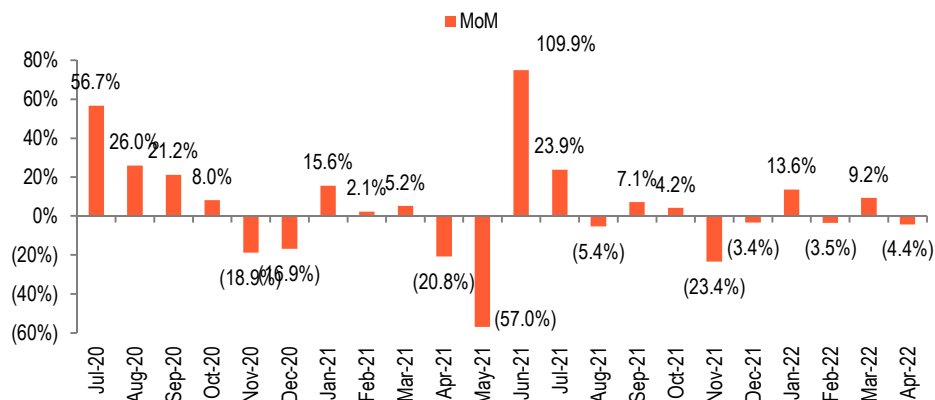


Fig 51 – Business sentiment moderates further

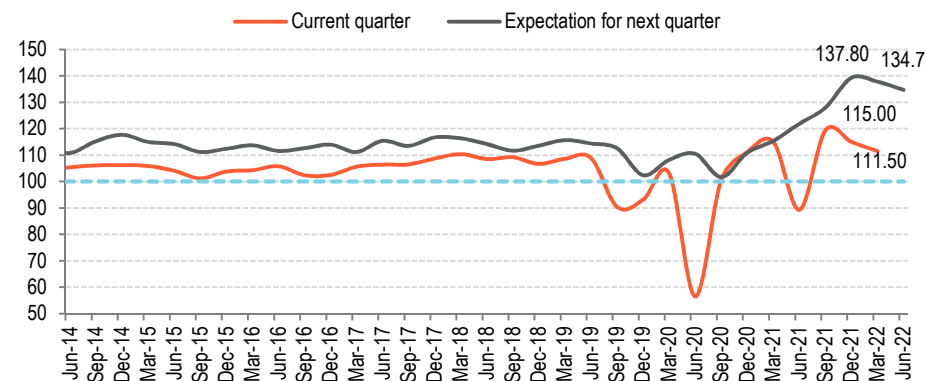
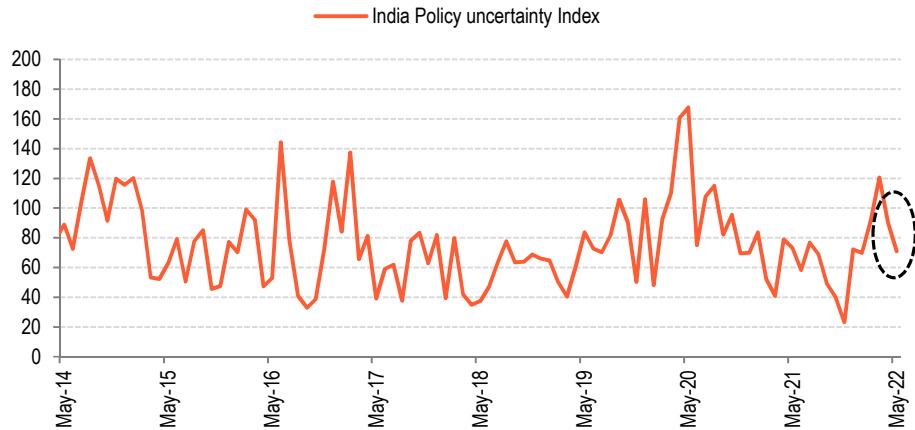


Fig 52 – Infrastructure index rises to 6-month high in Apr'22

(%)	Weight	Apr-22	Mar-22	Apr-21	Apr-Mar'22	Apr-Mar'21
Infrastructure Index	100	8.4	4.9	62.6	10.4	(6.4)
Coal	10.3	28.8	(0.1)	9.5	8.5	(1.9)
Crude Oil	9.0	(0.9)	(3.4)	(2.1)	(2.6)	(5.2)
Natural Gas	6.9	6.4	7.6	25.0	19.2	(8.2)
Petroleum Refinery Products	28.0	9.2	6.1	30.9	8.9	(11.2)
Fertilizers	2.6	8.7	15.3	3.9	0.7	1.7
Steel	17.9	(0.7)	5.0	494.8	16.9	(8.7)
Cement	5.4	8.0	9.0	606.6	20.8	(10.8)
Electricity	19.9	10.7	6.1	38.5	7.8	(0.5)

Investment

Fig 53 – Policy uncertainty in India fell in May'22 compared with Apr'22



Source: policyuncertainty.com

Fig 55 – Capital goods production moderated by 0.7% in Mar'22 from 2% in Feb'22, due to unfavourable base

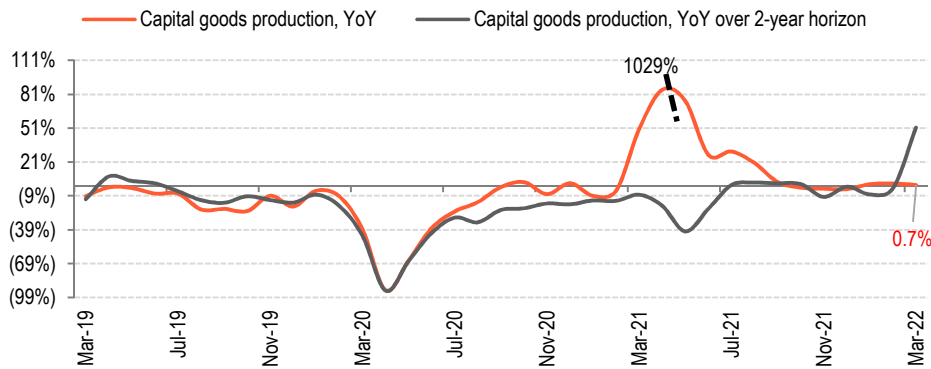
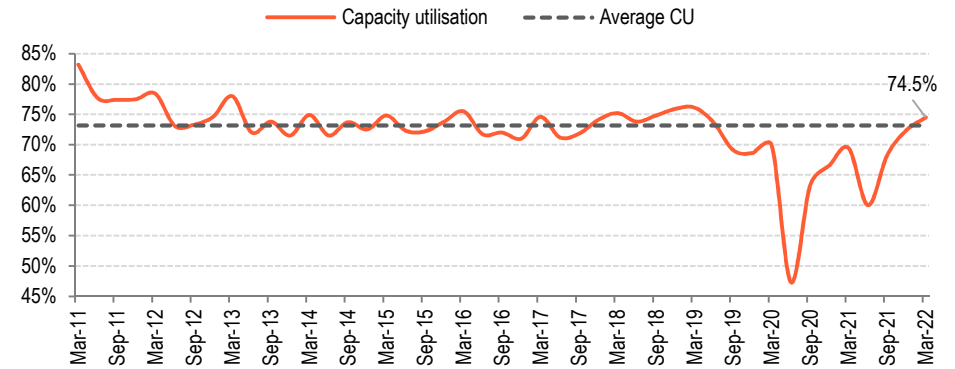


Fig 54 – Capacity utilisation improved in Q4FY22



Source: policyuncertainty.com

Fig 56 – Capital goods imports fell by 0.1% in Apr'22 from 3.2% decline in Mar'22, due to unfavourable base, however on a 2 year basis, it picked pace

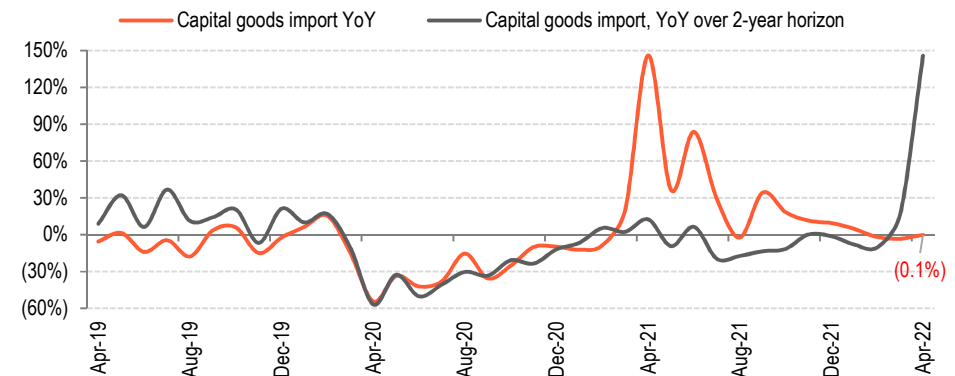


Fig 57 – Centre’s capex spending inched up to 40.5% in Apr’22 from 39.3% in Mar’22, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn

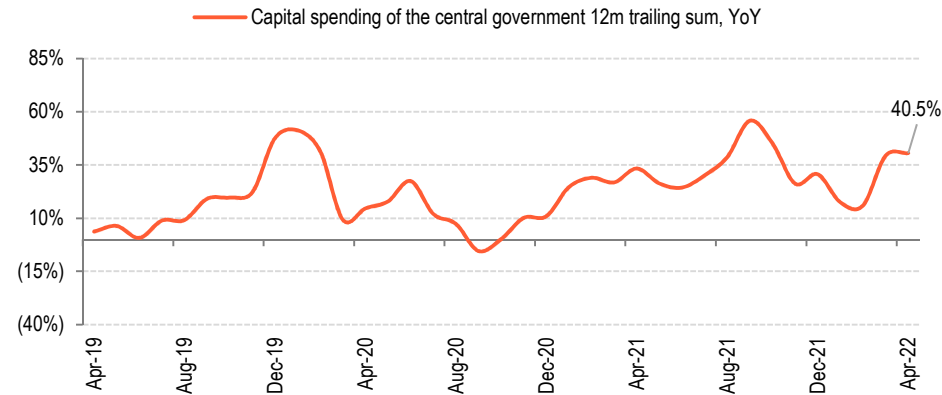


Fig 58 – Credit to micro and small industry rose by 29% in Apr’22 from 23.1% in Mar’22, for medium industry it was at 53.5% against 54.5% in Mar’22

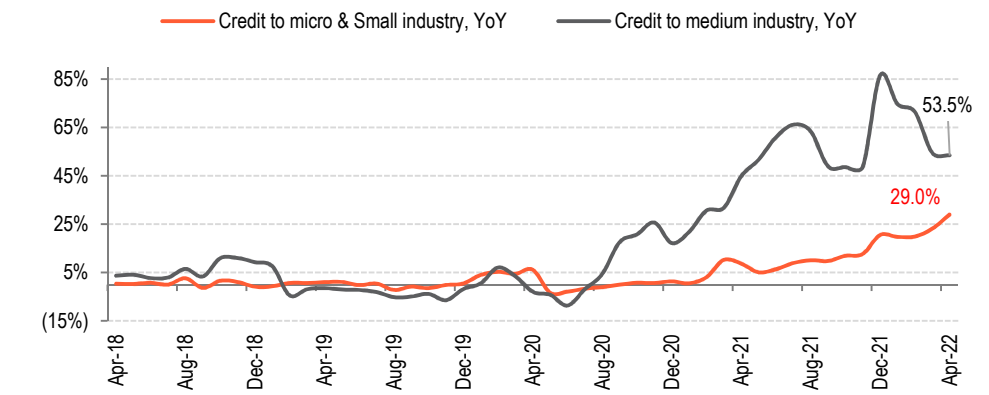


Fig 59 – Credit to housing sector picked up to 13.7% in Apr’22 from 12.9% in Mar’22

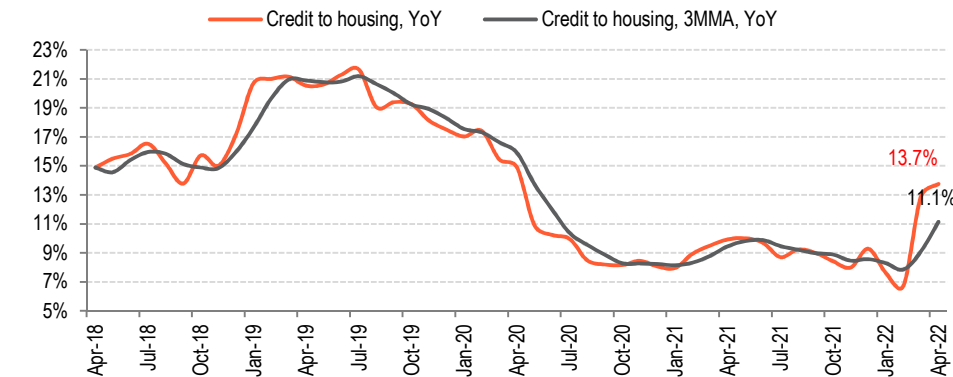
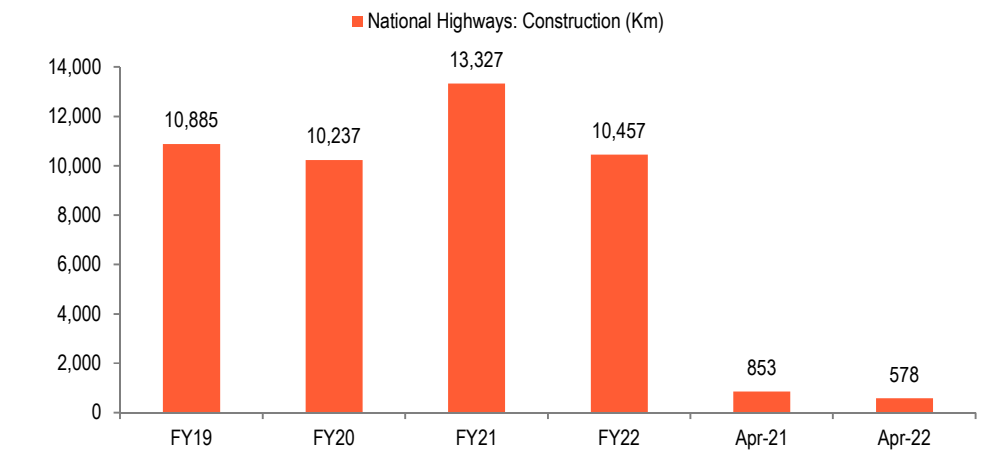


Fig 60 – Pace of national highway construction



Services sector

Fig 61 – GVA: Services activity eased further in Q4FY22

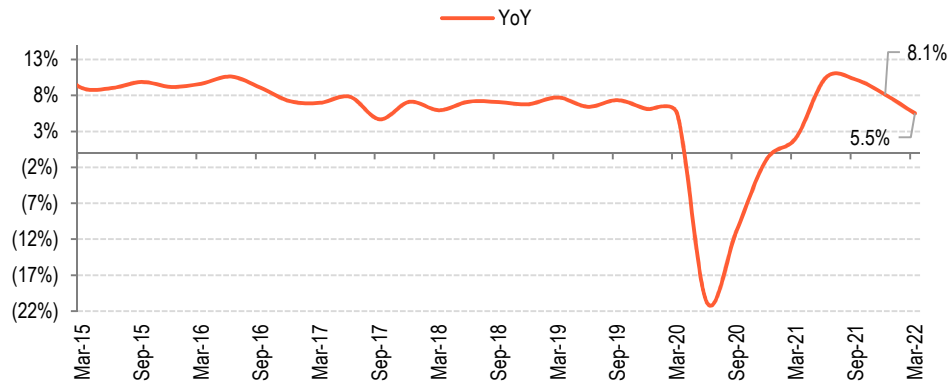
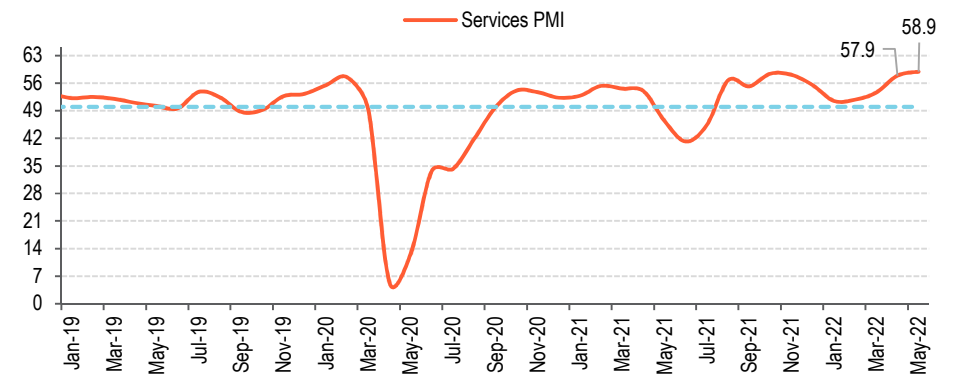


Fig 62 – Services PMI shows continued improvement in May'22



Source: Markit

Fig 63 – GVA: Trade & related services seen stabilizing further in Q4

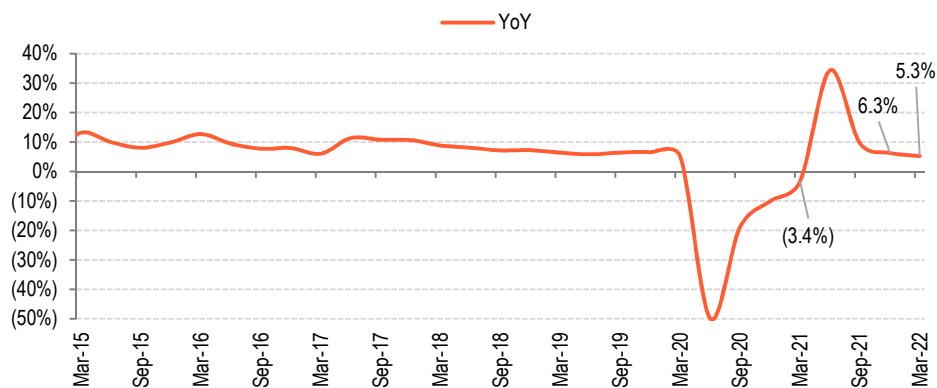
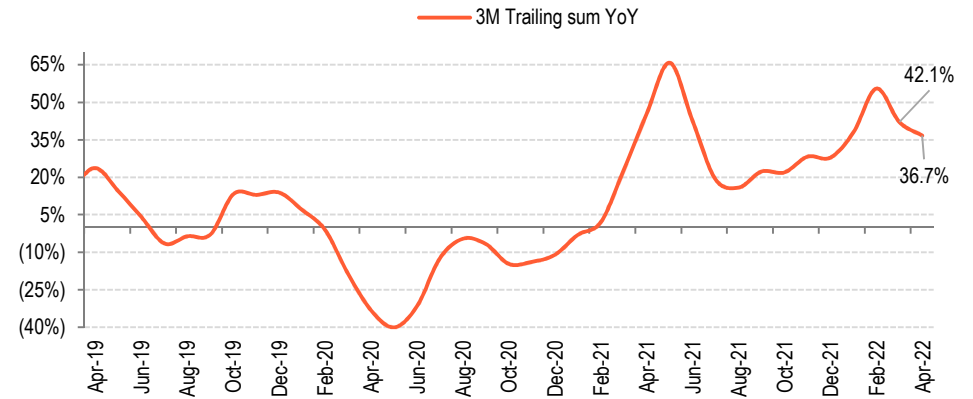


Fig 64 – States** tax revenue growth eased marginally in Apr'22, after pick up in Q4



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

Trade

Fig 65 – Vehicle registrations recover in May'22

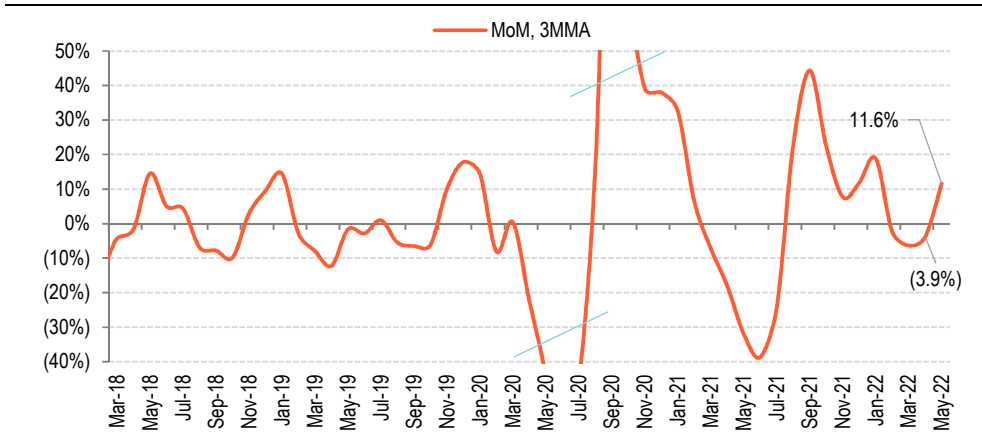


Fig 66 – Diesel consumption rebounded sharply in May'22, even higher than levels in May'19

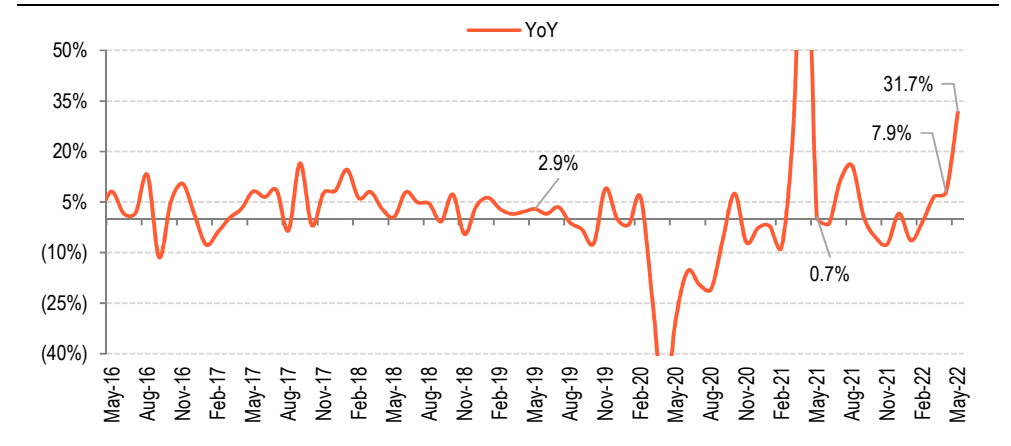


Fig 67 – Port cargo volume growth too remained robust in May'22

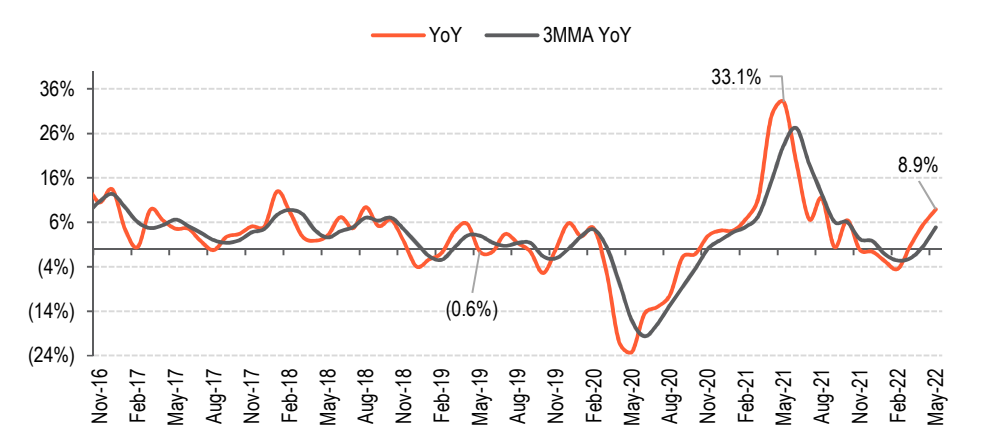


Fig 68 – Railway freight traffic also picking up pace

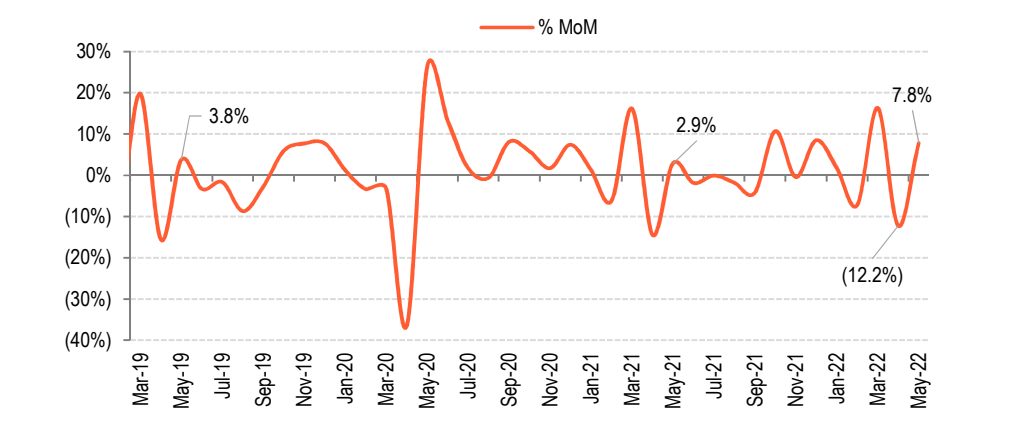


Fig 69 – Toll collections continue to improve as Covid-19 related restrictions end

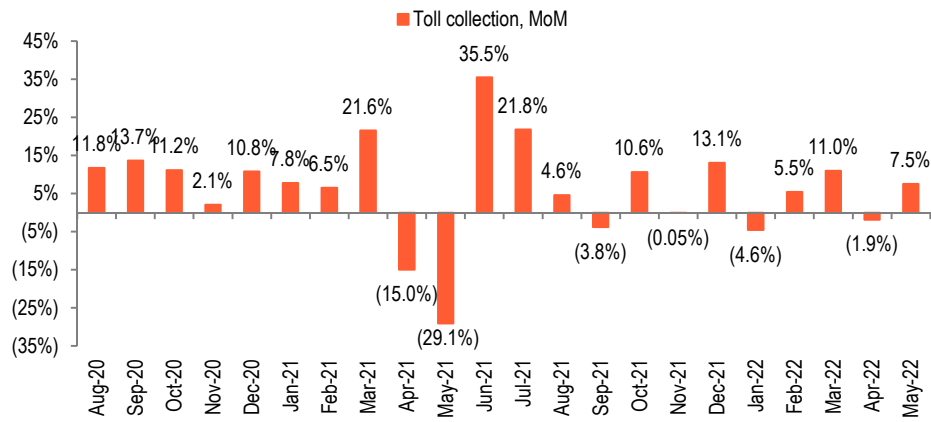
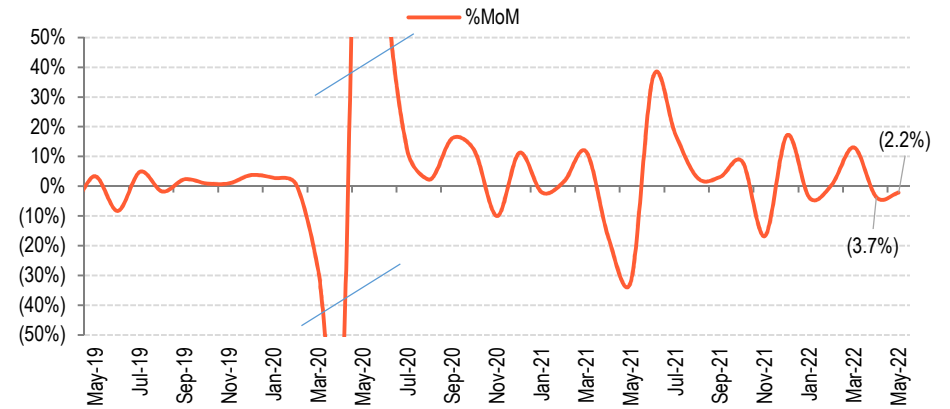


Fig 70 – E-way bill generation also seen improving in May'22



Hotels and communications

Fig 71 – Airline passenger traffic growth higher than pre-pandemic levels

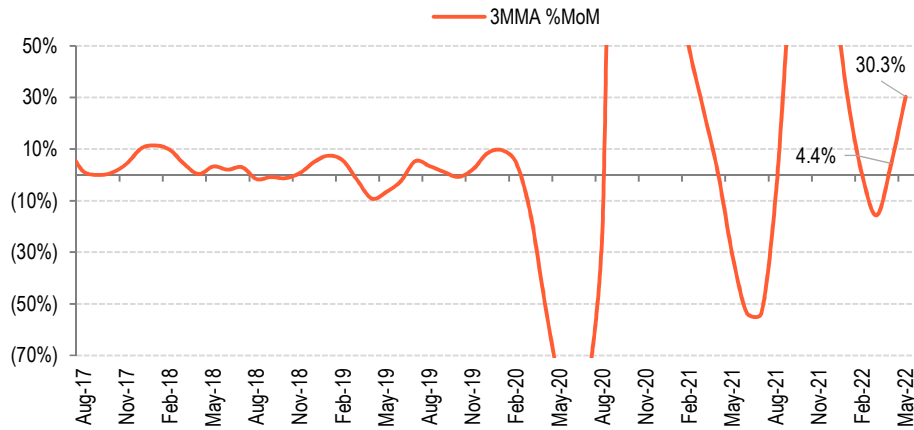


Fig 72 – ...led by revival in domestic passenger movement

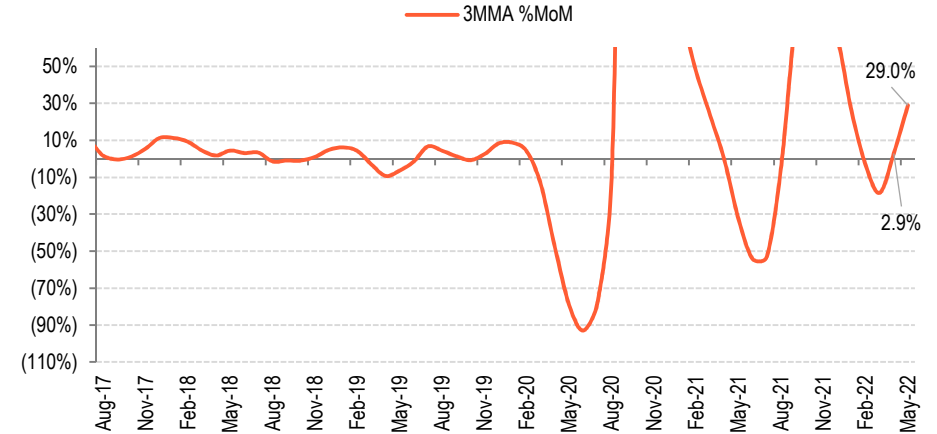


Fig 73 – Railway passenger traffic growth turns positive in Apr'22

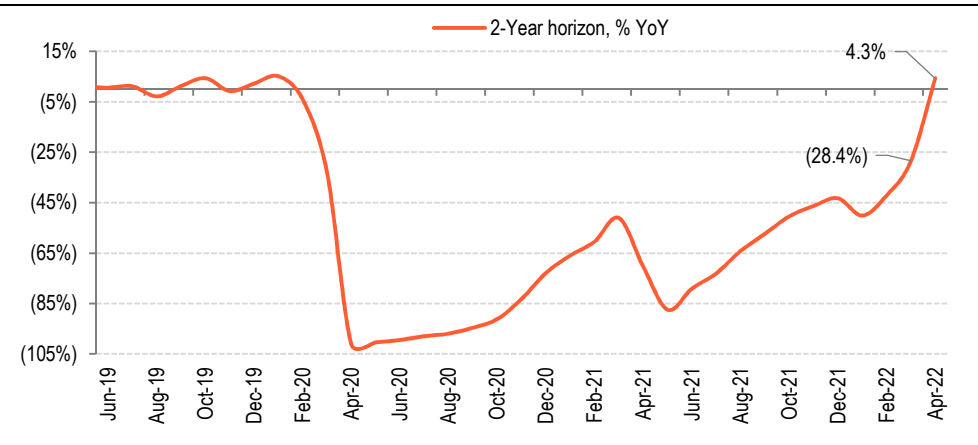
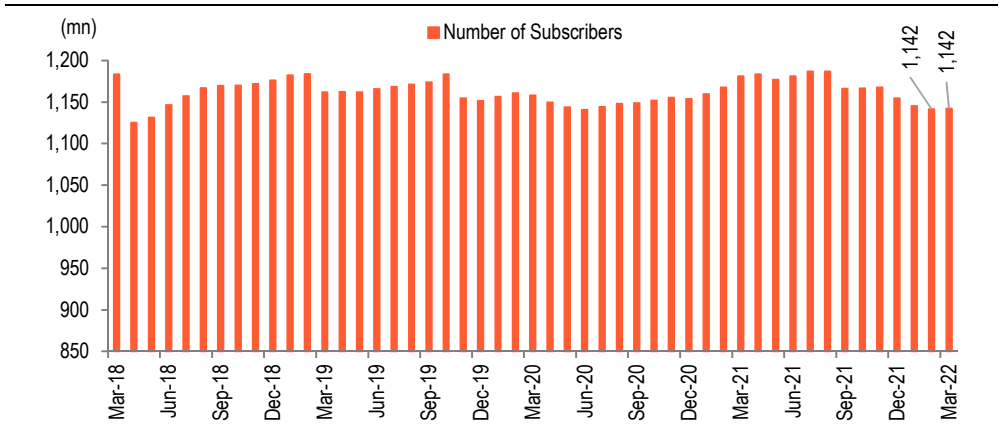


Fig 74 – Telecom sector added only 0.6mn wireless subscribers in Mar'22; but cumulatively lost 38.9mn subscribers in FY22 versus 23.2 added in FY21



Finance and real estate

Fig 75 – Growth in GVA: Finance, real estate & prof. was stable in Q4

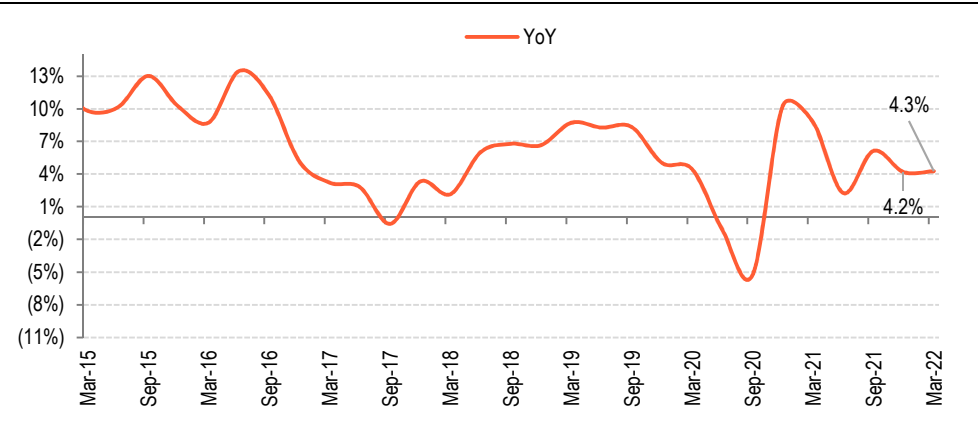
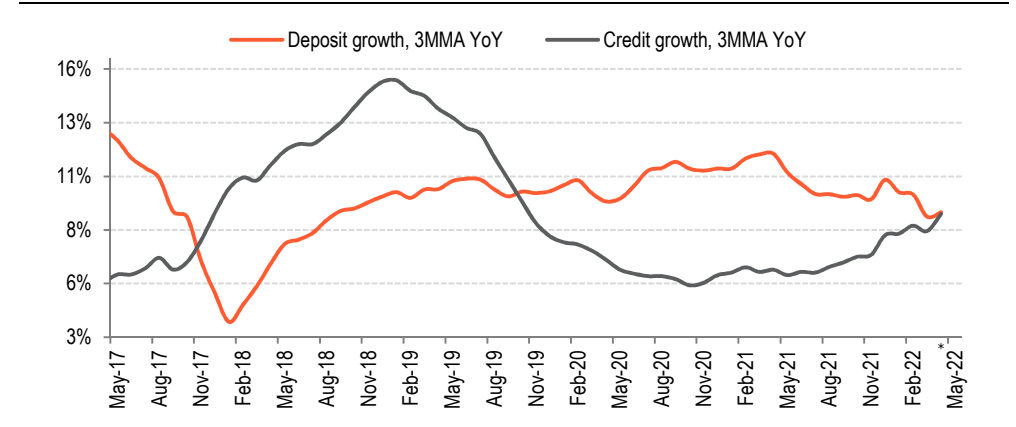


Fig 76 – Both credit and deposit growth seen picking up in May'22



*Data as of 20 May 2022

Fig 77 – Credit to both services and industry picks up further pace

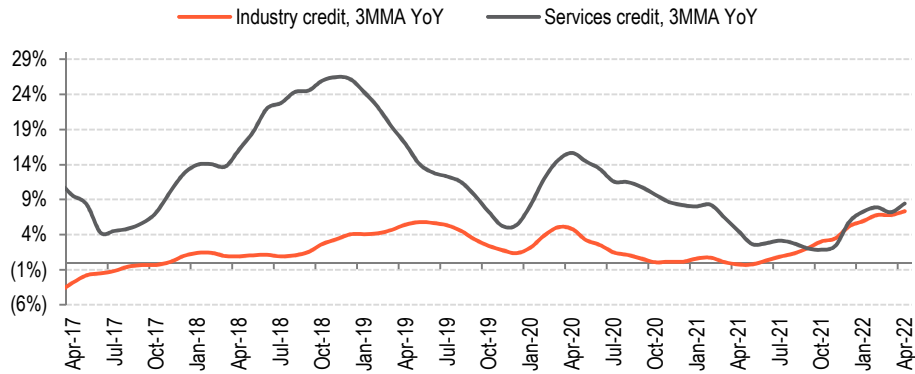


Fig 78 – Credit to NBFCs and trade lead the trend

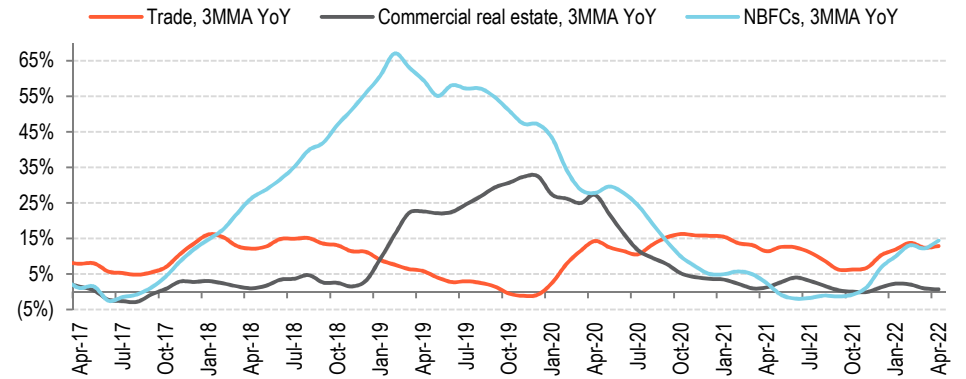
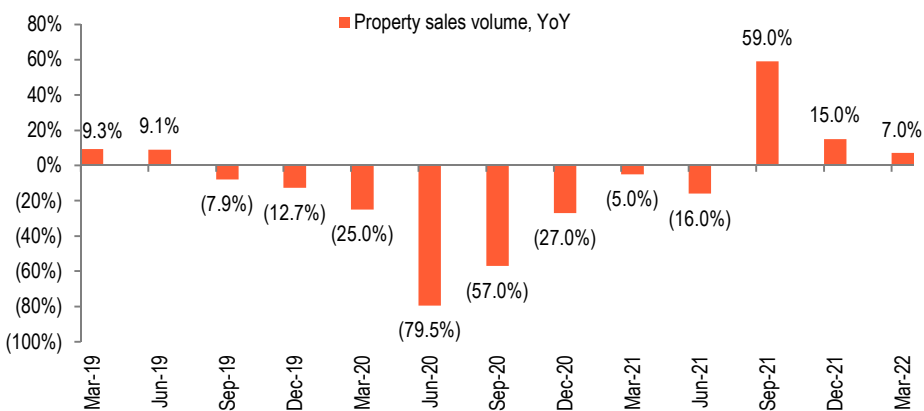
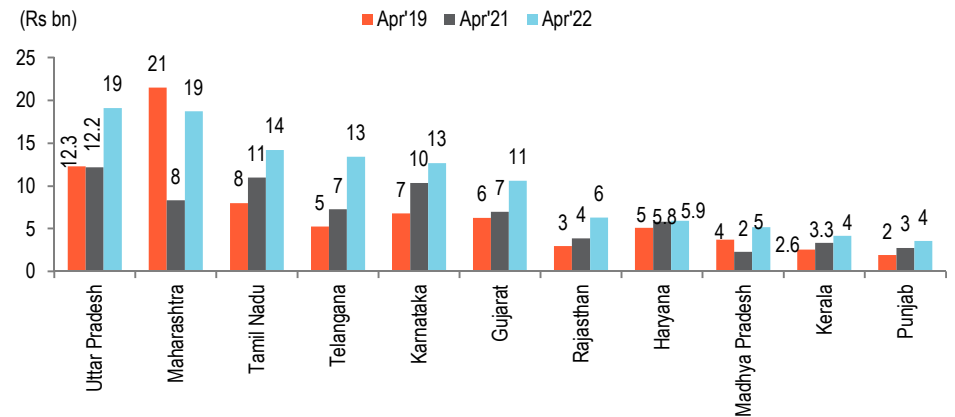


Fig 79 – Property sales volumes seen normalising



Source: Proptiger

Fig 80 – Barring Maharashtra, stamp duty collections elsewhere are above pre-pandemic levels at the start of FY23



Labour market

Fig 81 – Naukri job index showed employment growth flattened in May'22

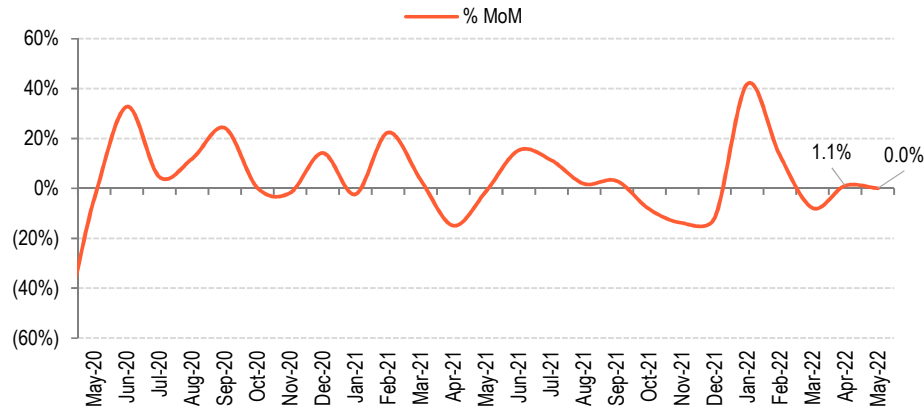
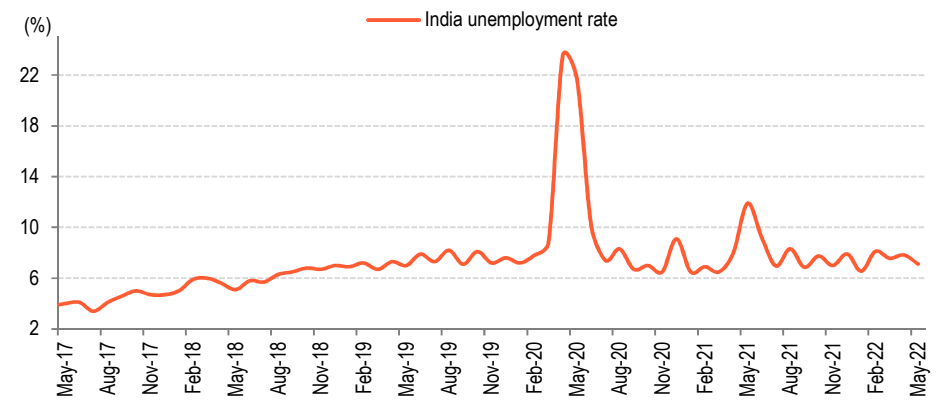


Fig 82 – Overall unemployment rate declined in May'22, after picking up in Apr'22



Public administration

Fig 83 – Public administration & defence services eased in the last quarter of FY22

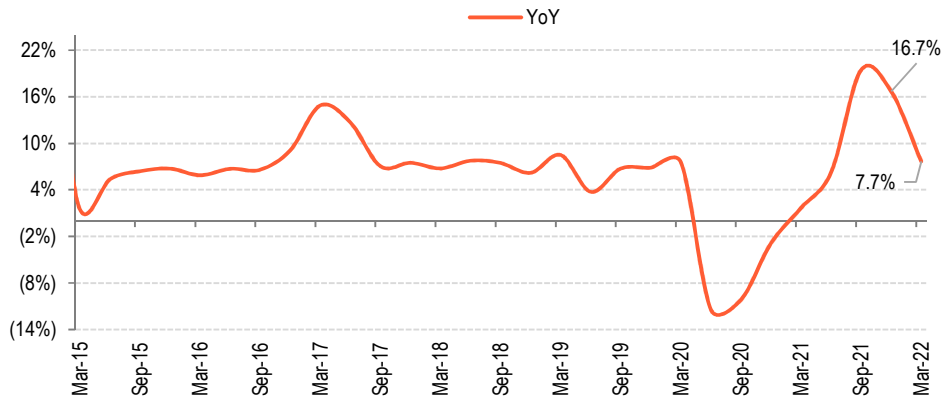


Fig 84 – General govt. spending sees further slowdown in Apr'22

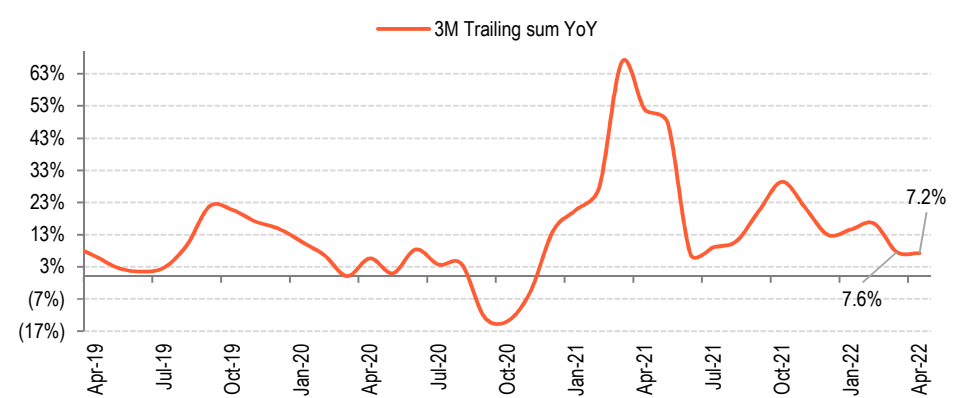


Fig 85 – led by both Central government...

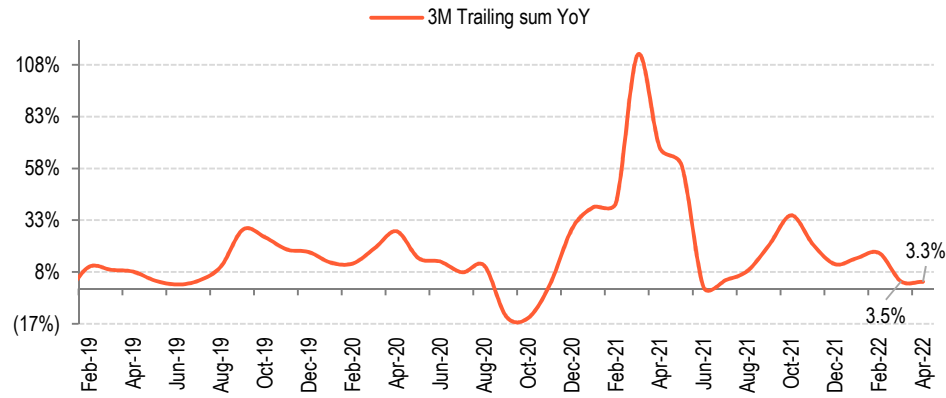
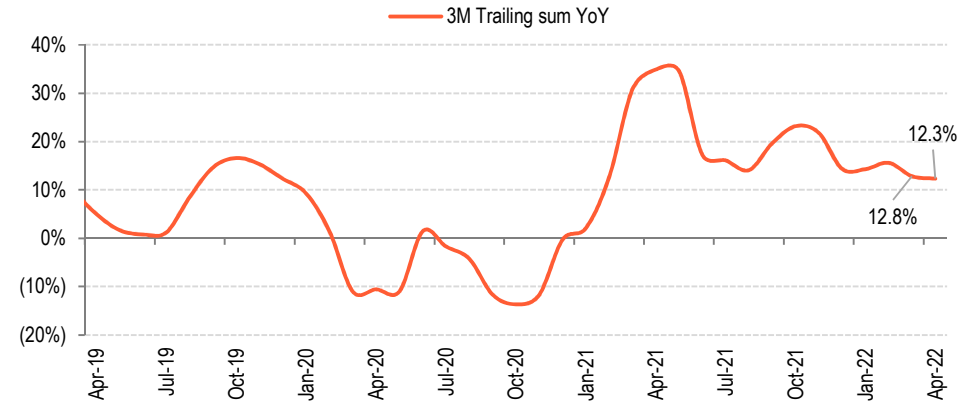


Fig 86 – ...and State* Govt. spending

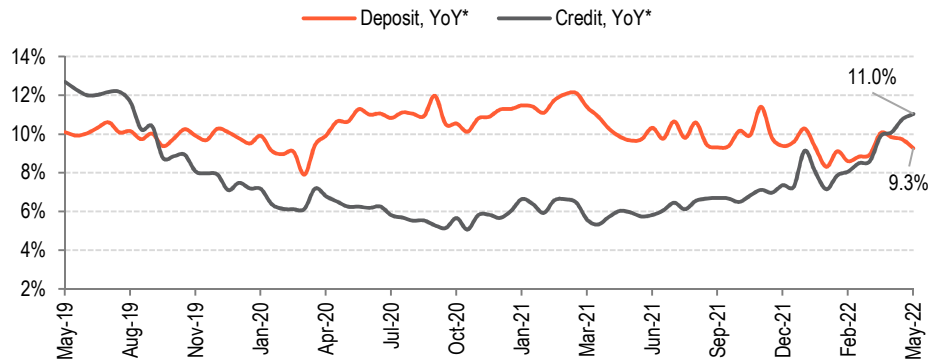


Note: *All states excluding N.E states, A.P, Goa, J&K and W.Bengal

Financial sector

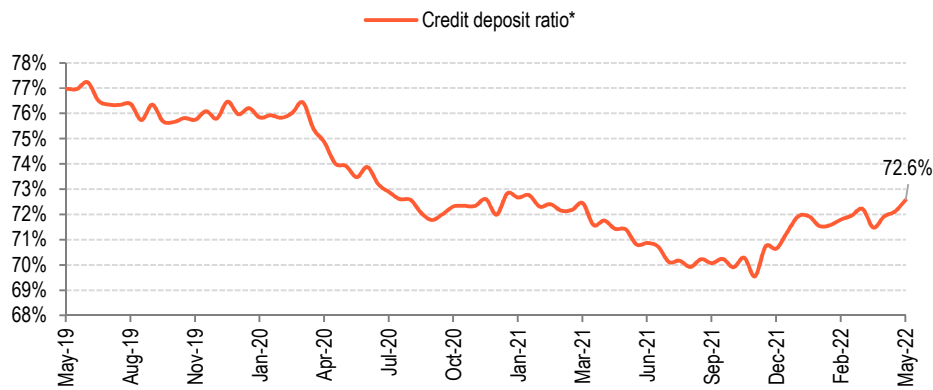
Money and banking

Fig 87 – Credit demand rose to 11% in May'22 from 10.1% in Apr'22, deposit growth moderated to 9.3% from 9.8%



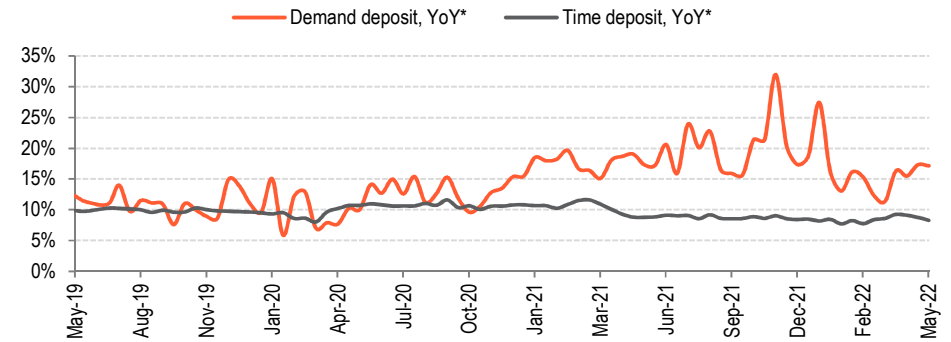
Note: *May'22 implies fortnight as of 20 May 2022

Fig 89 – CD ratio was at 72.6%



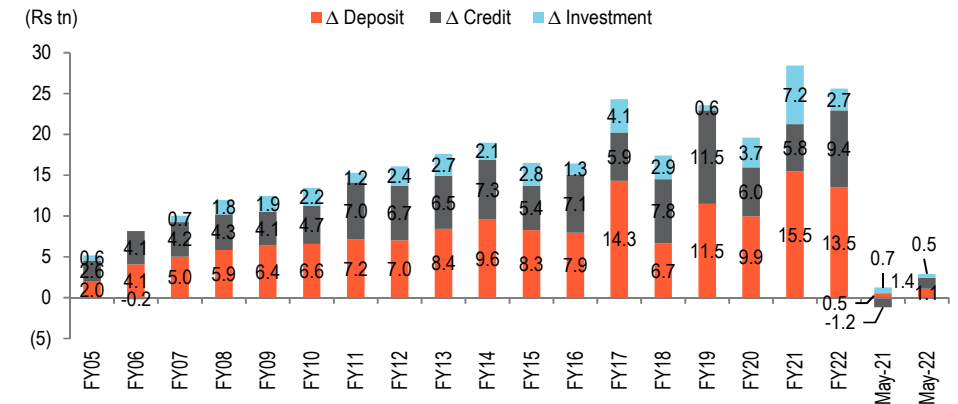
Note: *May'22 implies fortnight as of 20 May 2022

Fig 88 – ...Both demand and time deposits slightly moderated



Note: *May'22 implies fortnight as of 20 May 2022

Fig 90 – Pace of accretion of credit, investment and deposit



Note: *May'22 implies fortnight as of 20 May 2022

Fig 91 – Credit to govt picked up to 6.7% in Apr'22 from 6% in Mar'22, credit to commercial sector rose to 9.3% from 7.8%

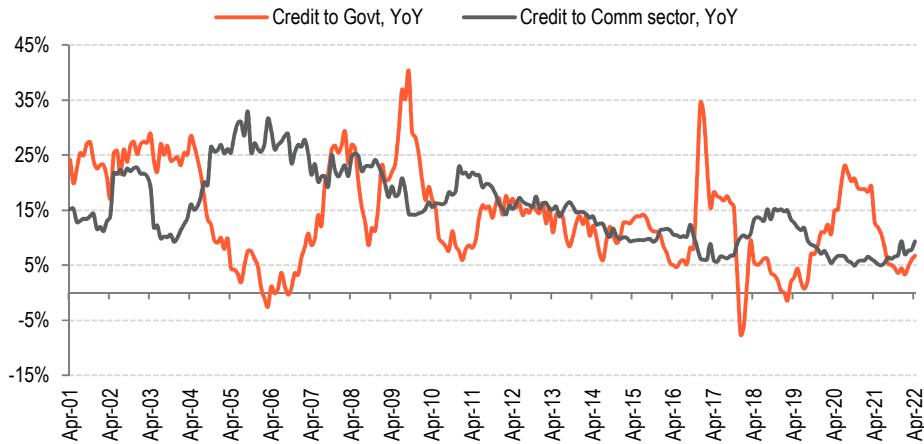


Fig 92 – Spread between call rate and repo

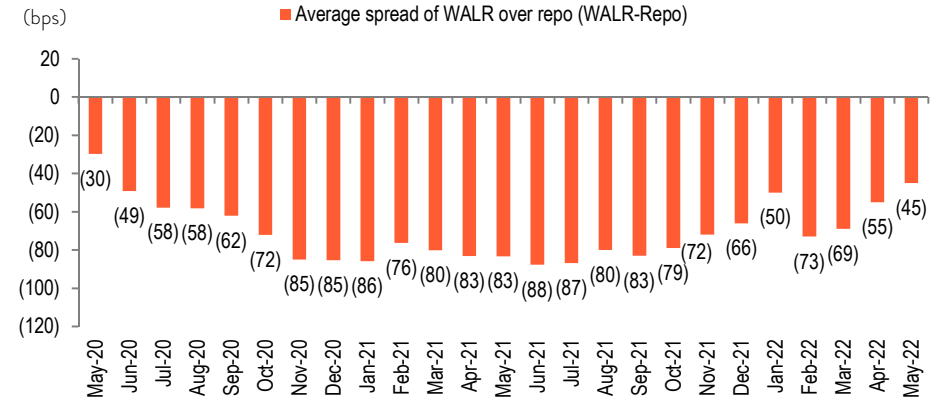


Fig 93 – WALR inched down to 6.81% in Apr'22 from 6.9% in Mar'22, while WADTDR was stable at 5.11%

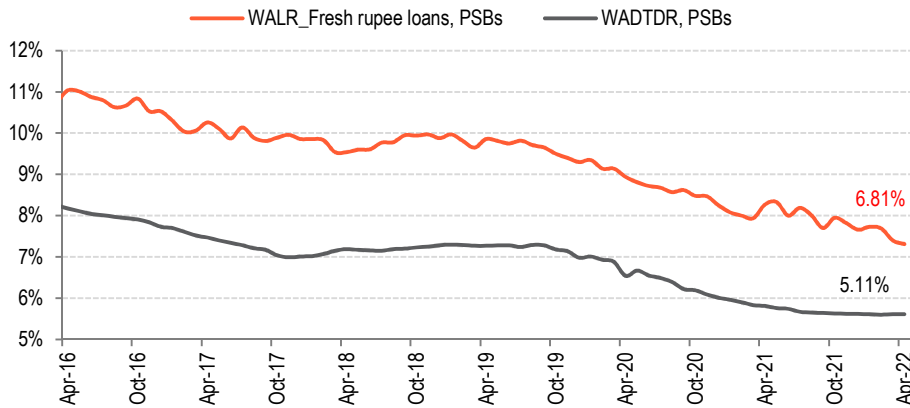


Fig 94 – CIC accretion in May'22 has been Rs 838bn lower than same period of last year

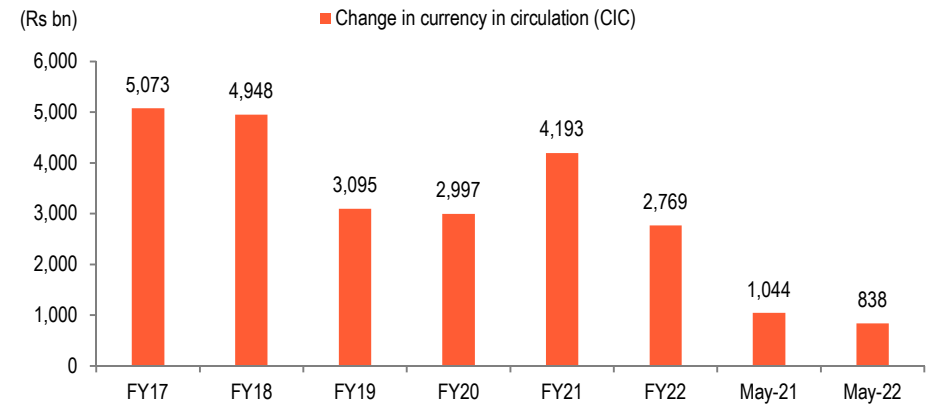
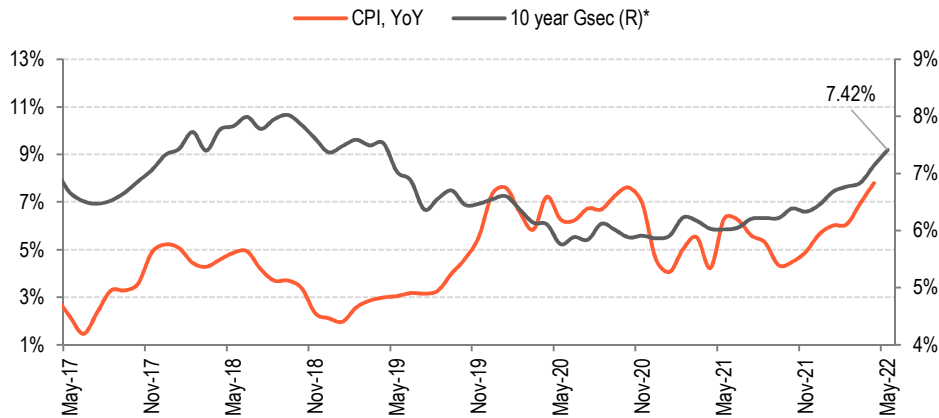


Fig 95 – 10Y GSec yield inched up to 7.42% from 7.14% in Apr'22 and currently higher at 7.5%, inflation edged up to 7.8% in Apr'22



Note: *As on last trading day of the month, 6.10GS2031 benchmark security is taken

Fig 97 – Corporate debt issuance rose to Rs 180bn from Rs 144bn in Apr'22

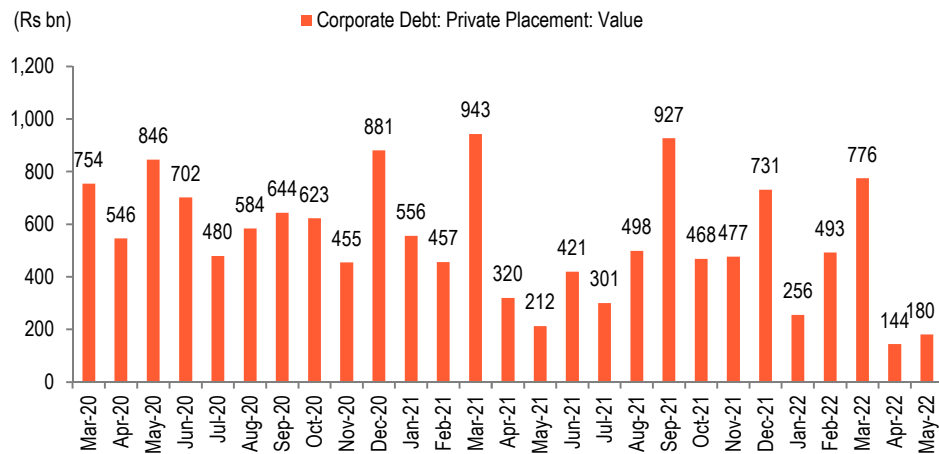
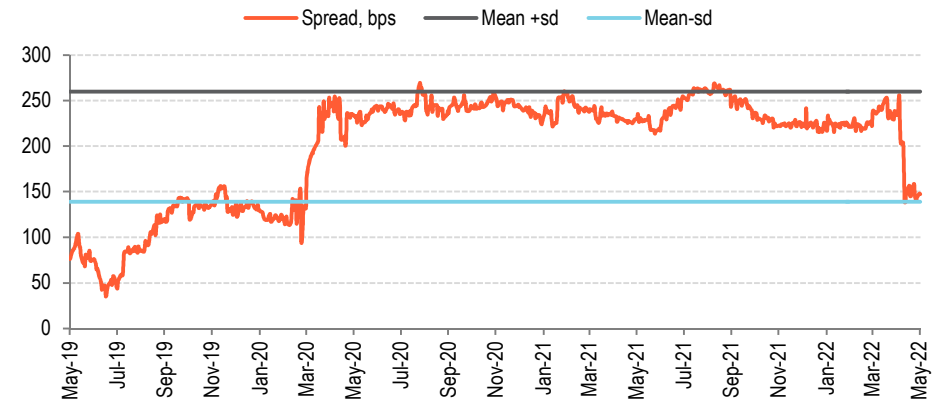
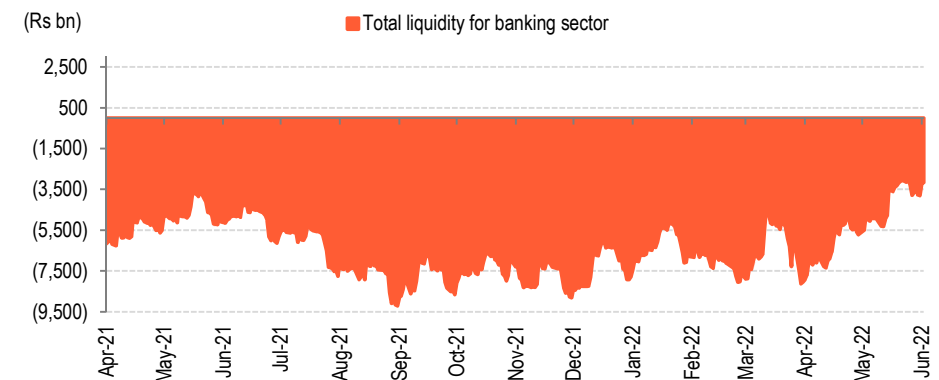


Fig 96 – Spread between 1Y TBill and 10Y Gsec is nearing its lower mean reversion level



Source: Bloomberg

Fig 98 – Average system liquidity surplus has fallen to Rs 4.3tn in May'22 from Rs 6.5tn in Apr'22 and currently lower at Rs 3.2tn



Source: RBI

Fig 99 – 3Y AAA NBFC spread was at 35bps as on 30 May 2022 compared to 54bps as on 29 Apr 2022

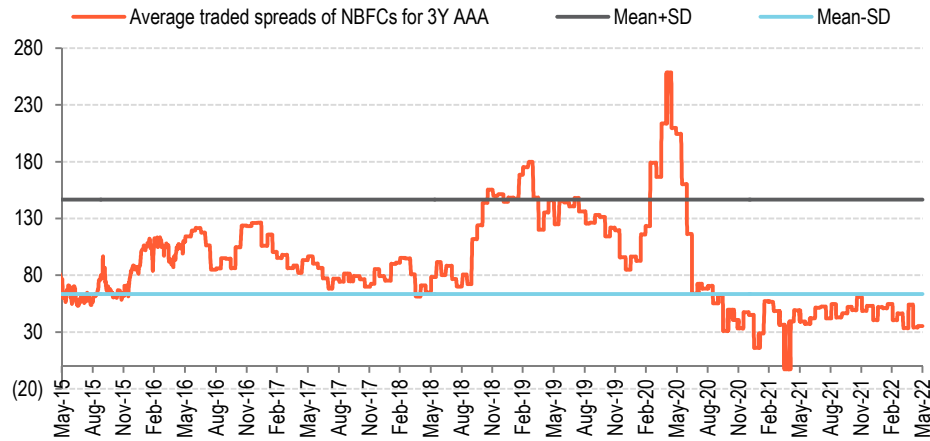


Fig 100 – However, 10Y AAA NBFC spread was higher at 34bps compared to 8bps as on 29 Apr 2022

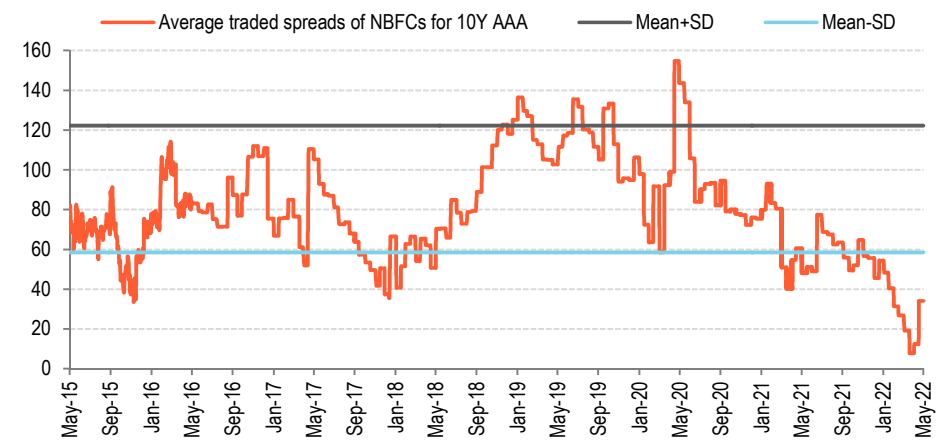


Fig 101 – Even 3Y AAA corp rose to 23bps compared to 20bps as on 29 Apr 2022

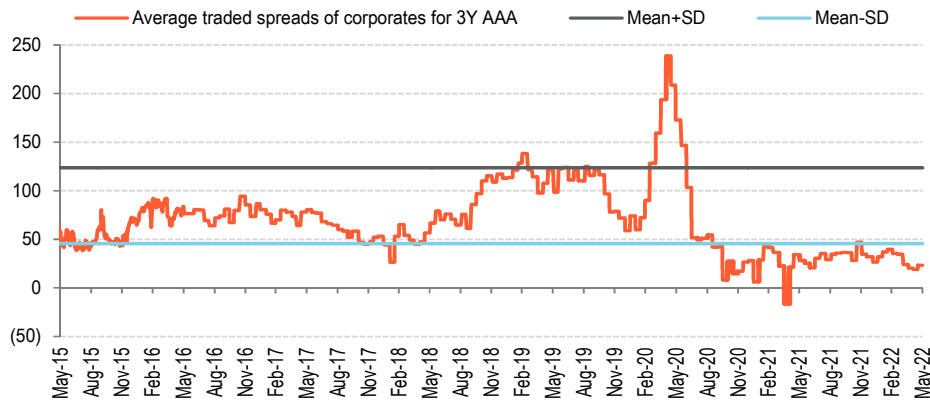


Fig 102 – 10Y AAA corp spread rose from its current record low of 5bps as on 29 Apr 2022 to 28bps as on 30 May 2022

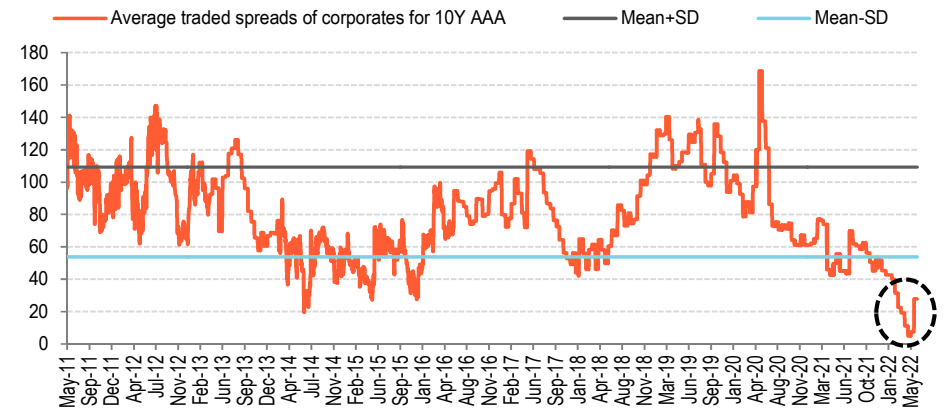


Fig 103 – INR 3Y swap rose to 6.80 as on 30 May 2022 compared to 6.28 as on 29 Apr 2022

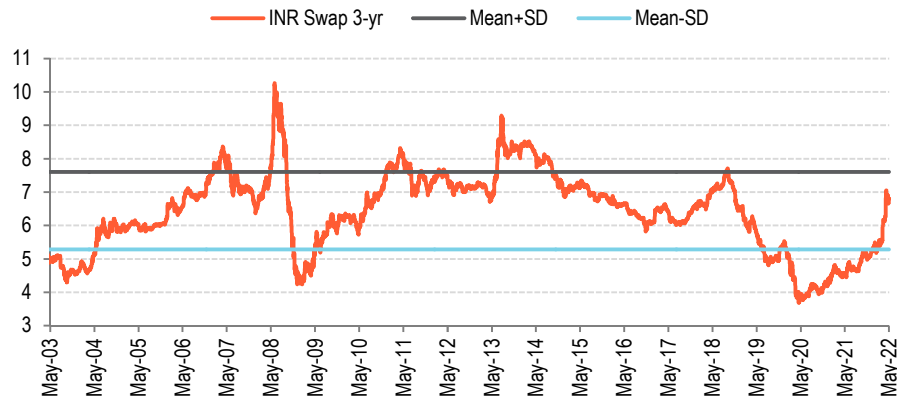
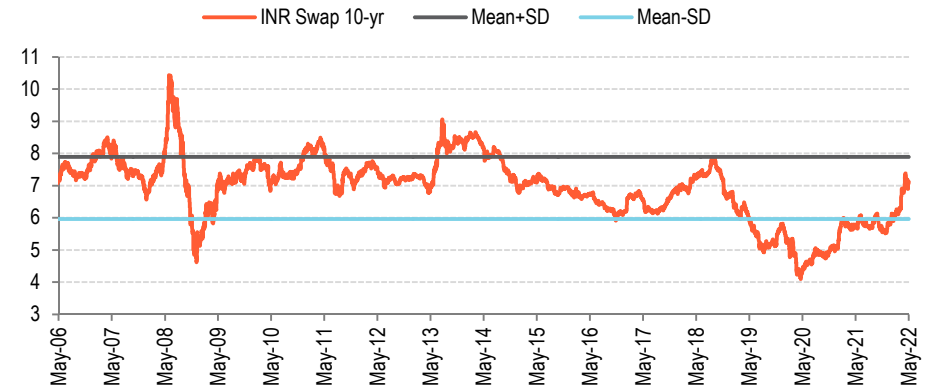


Fig 104 – For 10Y, it rose to 7.12 from 6.92



Interest rates on small savings schemes

Fig 105 – Interest rates on small savings scheme to remain unchanged in Q1FY23 as well

Instrument (%)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Savings deposit	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	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
2 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
3 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
5 year time deposit	7.7	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 year recurring deposit	7.2	7.2	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	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
5 year monthly income scheme	7.6	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
5 year national savings certificate	7.9	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Public provident fund scheme	7.9	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Sukanya samridhi account scheme	8.4	8.4	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

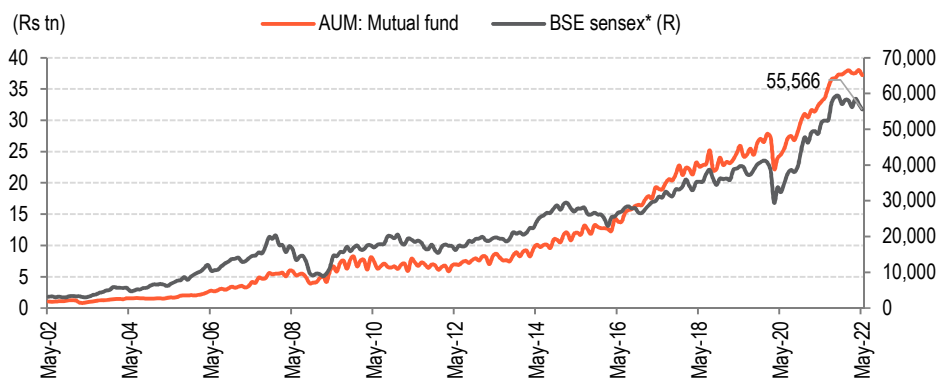
Fig 106 – MCLR rate of few banks increased

1Y MCLR (%)	Mar-21	Apr-21	May-21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22
Public Sector Banks															
Bank of Baroda	7.40	7.40	7.40	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.35	7.40
Bank of India	7.35	7.35	7.35	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Canara Bank	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35
Indian Bank	7.30	7.30	7.30	7.30	7.30	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.30
Punjab National Bank	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.10	7.20
Union Bank of India	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35
Private Sector Banks															
Axis Bank Ltd.	7.40	7.40	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.40	7.40
HDFC Bank Ltd.	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.50
ICICI Bank Ltd.	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Indusind Bank	8.60	8.60	8.60	8.60	8.55	8.45	8.45	8.45	8.45	8.45	8.45	8.45	8.50	8.55	8.75
Kotak Mahindra Bank	7.25	7.25	7.25	7.25	7.25	7.25	7.20	7.20	7.20	7.20	7.25	7.30	7.35	7.40	7.65

Source: RBI

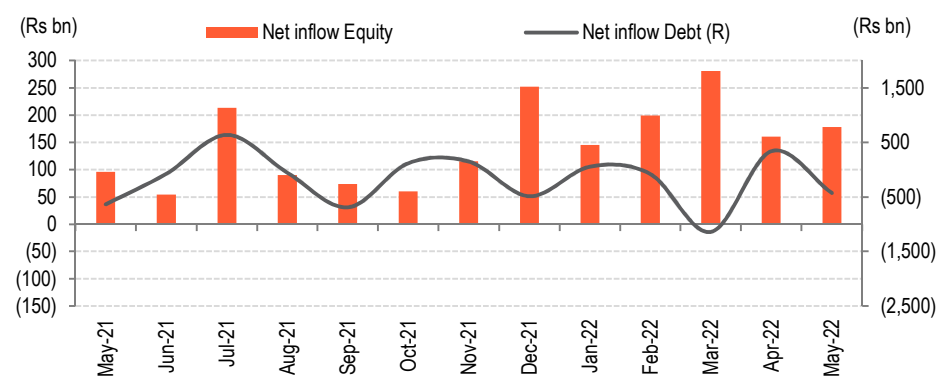
Mutual fund (MF) indicators

Fig 107 – Sensex fell by 2.6% to 55,566 in May'22, AUM of MFs was at Rs 37tn in May'22



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

Fig 108 – MF equity inflows rose to Rs 179bn in May'22 from Rs 160bn in Apr'22; debt outflow rose to Rs 427bn from Rs 340bn inflow seen last month



Insurance sector indicators

Fig 109 – Sale of life insurance policies increased by 103.3% in May'22 from 32.5% in Apr'22 supported by favourable base

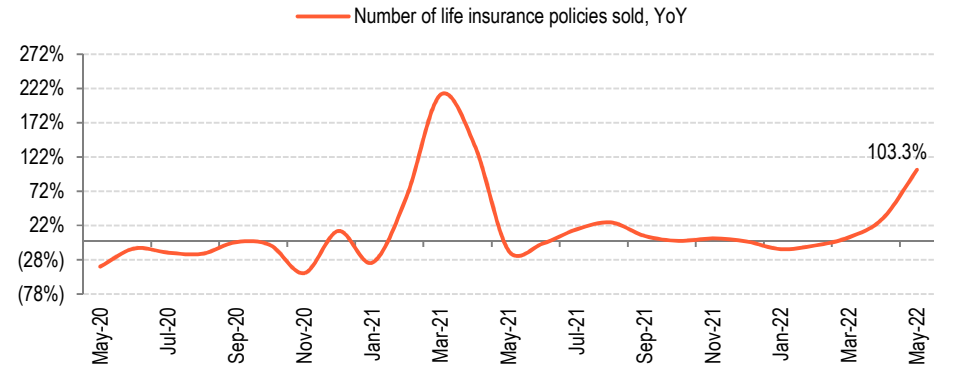
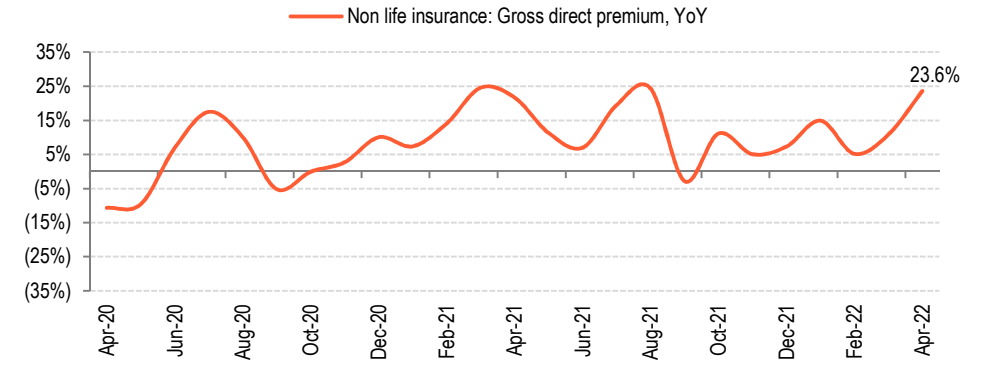


Fig 110 – Gross direct premium for non-life insurance rose to 23.6% in Apr'22 from 10.9% in Mar'22



Public finance

Central government finances

Fig 111 – Fiscal deficit settled lower at 6.7% in Mar'22, and is further down to 6.5% in Apr'22

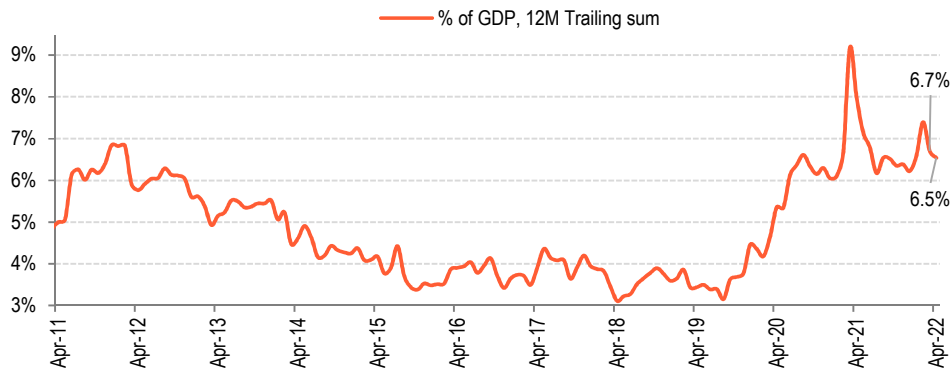


Fig 112 – Revenue deficit also seen narrowing

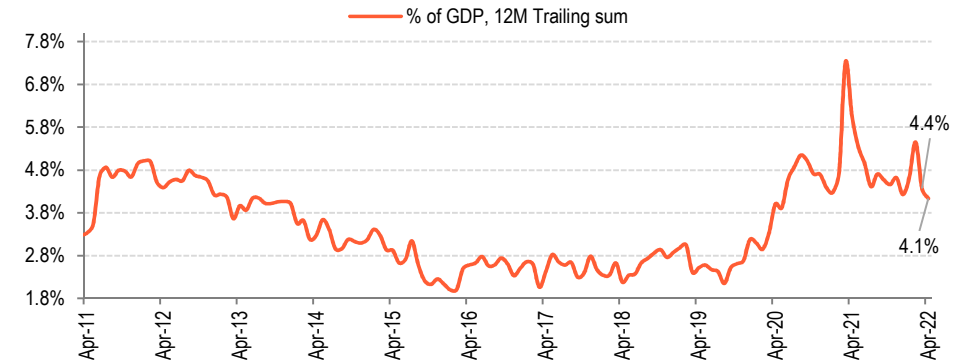


Fig 113 – Primary deficit eased to 3.3% in FY22; is down to 3.2% in Apr'22

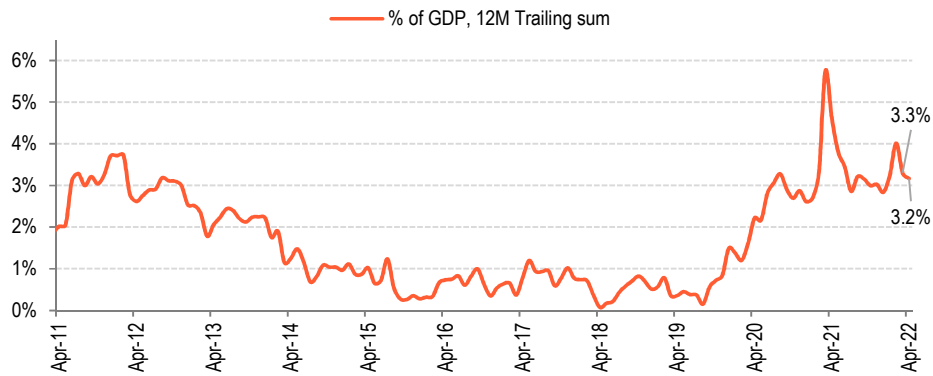


Fig 114 – Government spending rose by 8.1% in Mar'22 (12MMA) compared with RE of 7.4%; front-loading of expenditure is also visible in FY23...

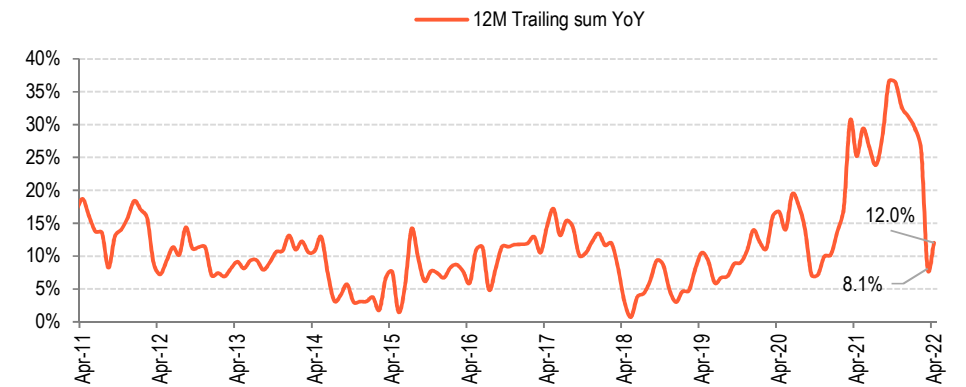


Fig 115 – ...led by revenue spending (3.8% in FY22 versus RE of 2.7%)

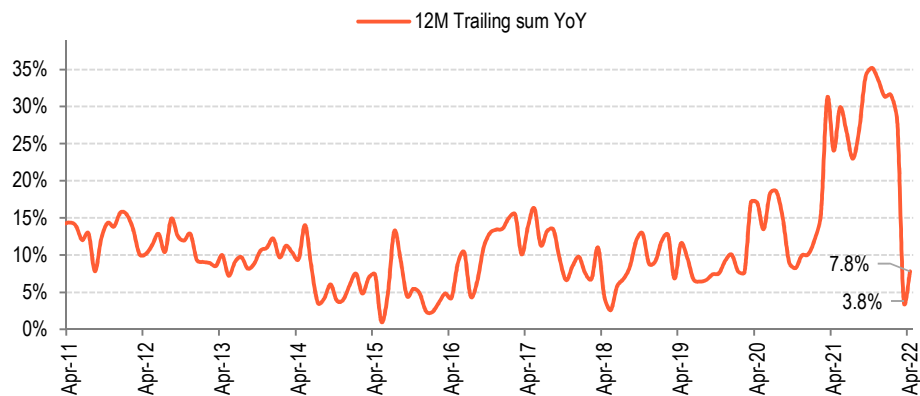


Fig 116 – Capex growth was broadly in line with budget target in FY22; onto steady start in FY23

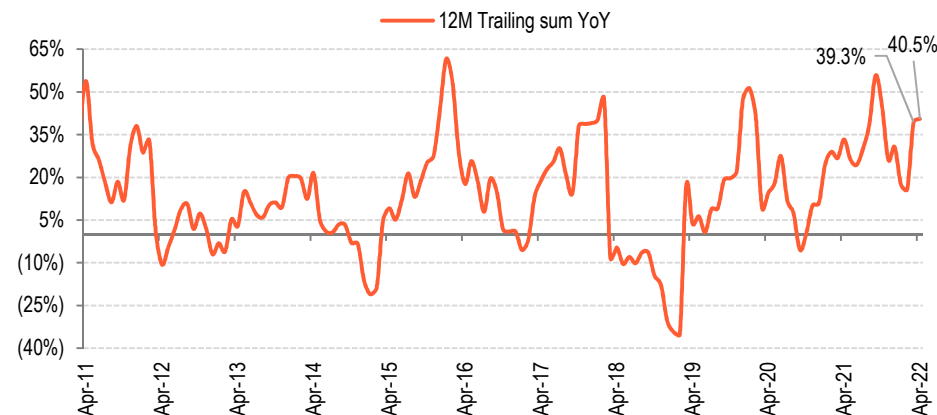


Fig 117 – Spending by ministries of fertilizer and agriculture begin front-loading of expenditure in Apr'22

Ministry	Apr'20 (Rs bn)	Apr'21 (Rs bn)	% change	Apr'22 (Rs bn)	% change
Ministry of Finance	727	651	(10.4)	637	(2.1)
Ministry of Defence	471	292	(38.1)	442	51.7
Ministry of Consumer Affairs, Food and Public Distribution	197	394	100.2	150	(61.9)
Ministry of Rural Development	381	44	(88.5)	12	(73.2)
Ministry of Home Affairs	140	176	25.7	227	28.7
Ministry of Human Resource Development	50	24	(51.2)	43	79.1
Ministry of Road Transport and Highways	72	249	246.2	431	72.9
Ministry of Chemicals and Fertilisers	206	15	(92.6)	52	238.4
Ministry of Petroleum and Natural Gas	77	0.04	(99.9)	0.05	21.9
Ministry of Agriculture	257	52	(79.9)	155	199.7
Ministry of Health and Family Welfare	129	59	(54.3)	45	(23.8)

Fig 118 – Receipt growth off to a slow start in FY23...

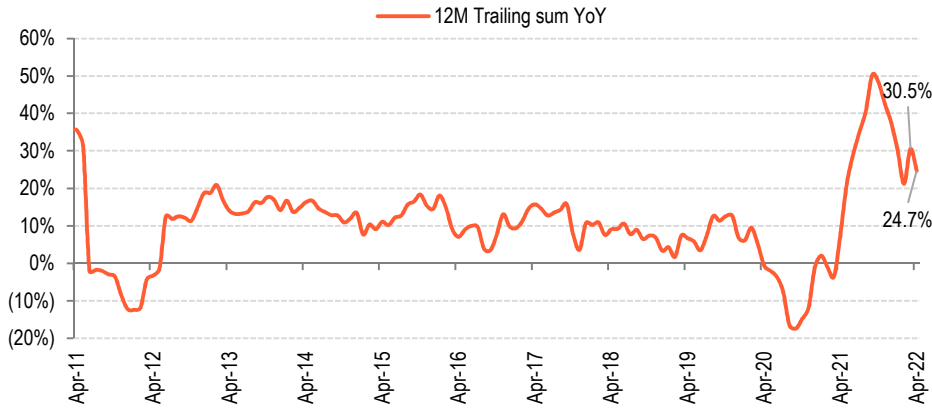


Fig 119 – ...dragged by revenue receipts

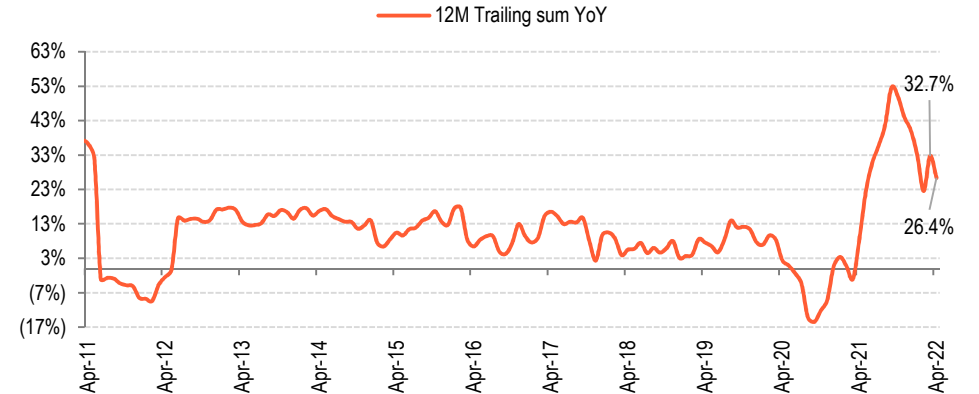


Fig 120 – Tax receipts also seeing moderation on 12MMA basis

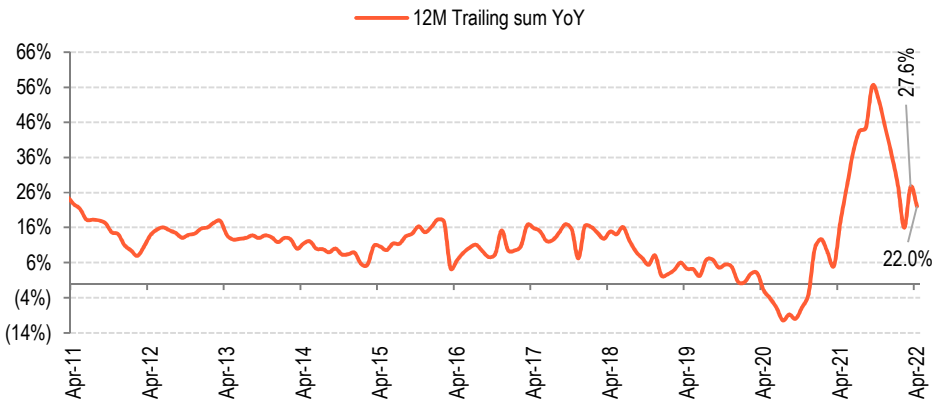


Fig 121 – Non-tax revenue growth remains steady

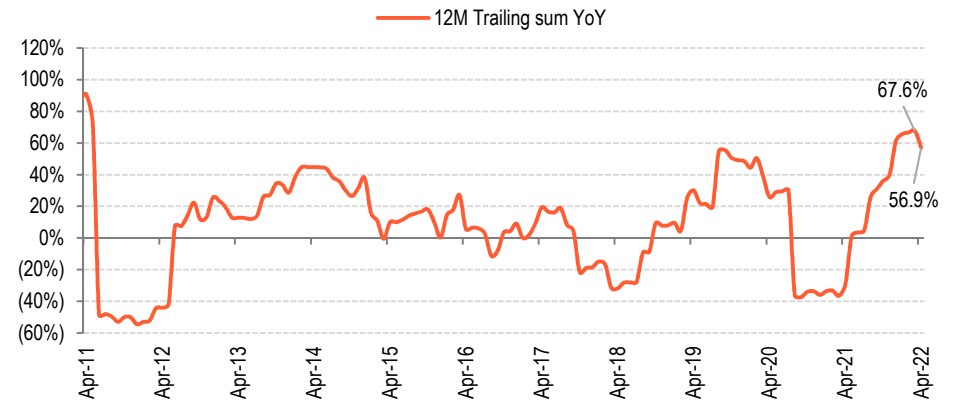


Fig 122 – Centre’s spending is off to a slow start in FY23; revenue collections remain bouyant

	Apr'20 (Rs bn)	Apr'21 (Rs bn)	% change	Apr'22 (Rs bn)	% change
Gross Tax revenue	676	1,701	151.8	2,323	36.5
Direct taxes	465	800	72.2	1,328	65.9
Corp Tax	195	324	65.9	567	75.2
Income Tax	270	477	76.7	761	59.6
Indirect taxes	211	901	327.6	995	10.4
Non-tax revenue	58	168	191.2	119	(29.0)
Centre's revenue (net)	214	1,308	510.9	1,846	41.1
Total expenditure	3,071	2,267	(26.2)	2,748	21.2
Capital exp	283	471	66.5	789	67.5
Revenue exp	2,788	1,796	(35.6)	1,959	9.1
Fiscal deficit	2,795	787	-	748	-

Fig 123 – Gross direct tax collections remain steady in Apr'22

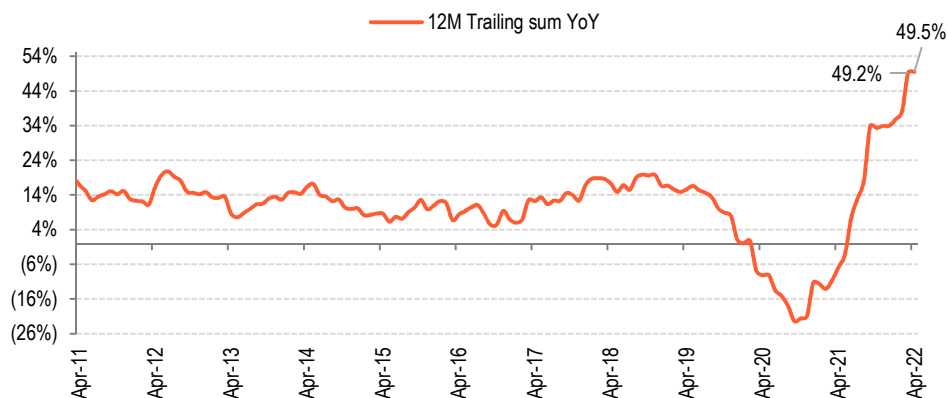


Fig 124 – Gross indirect tax collections on the path of normalisation

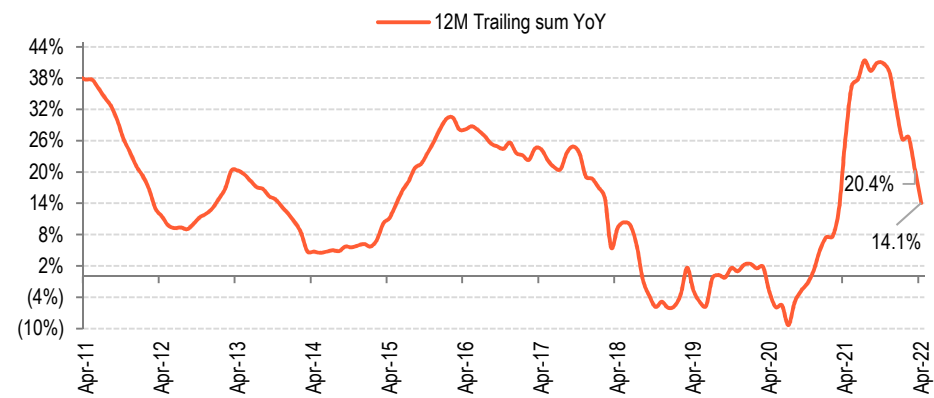


Fig 125 – Both, corporate tax collections...

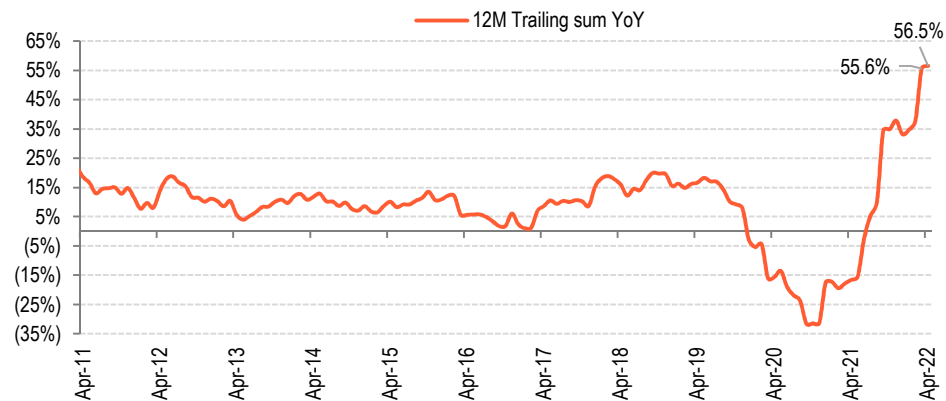


Fig 126 – ...and income tax collections remained broadly steady at the start of Apr'22

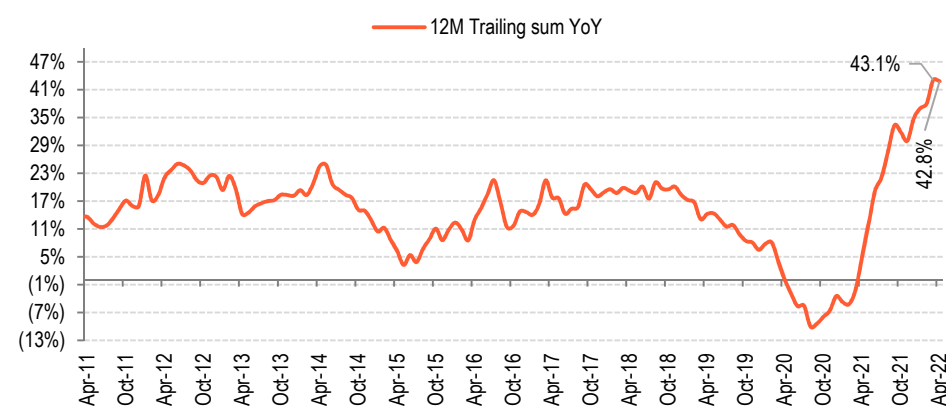


Fig 127 – Centre's GST collections for Apr'22 running above average run-rate assumed in FY23 BE

(Rs bn)	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Monthly run rate (FY23)	FYTD23	FY23 (BE)
CGST	555	283	337	479	533	474	485	492	462	697	482	633	641	641	641	6,600
UT GST	1.6	1.6	1.7	2.5	2.9	2.2	1.4	1.2	2.5	4.3	1.6	12.3	1.6	1.6	2	-
IGST	48	153	64	(37)	(162)	(6)	90	72	146	(279)	79	(145)	113	113	113	-
SGST*	331	402	696	601	711	747	656	637	681	814	758	1,084	549	549	549	-
Cess	92	89	66	75	85	85	82	94	91	95	101	91	104	104	104	1,200
Total GST	1,027	928	1,164	1,120	1,170	1,301	1,315	1,298	1,384	1,330	1,421	1,675	1,409	1,409	1,409	-

Source: PIB | *Computed from PIB and CGA data

Fig 128 – Rising central government debt a key concern

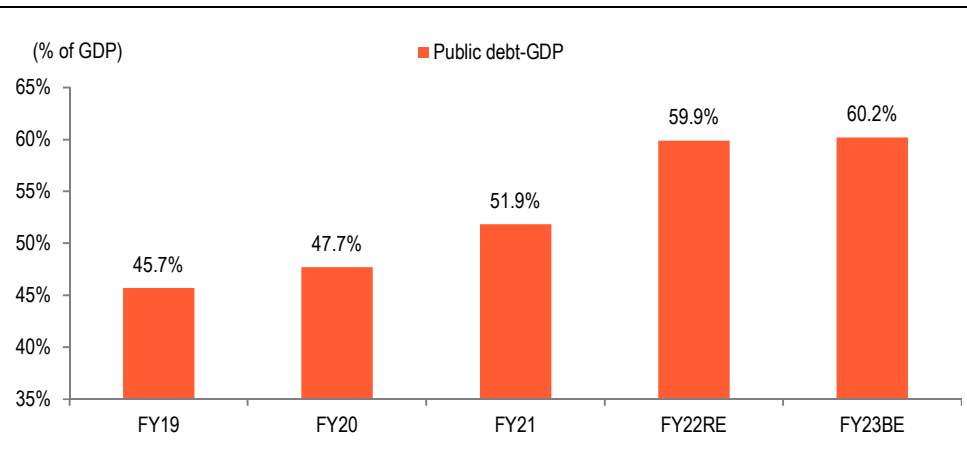
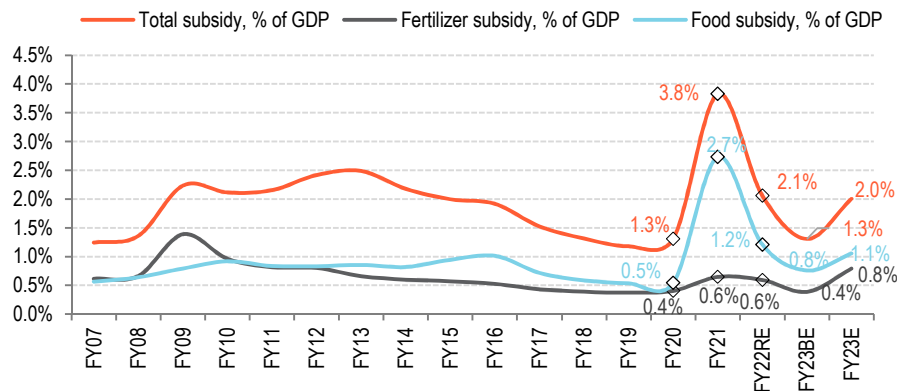
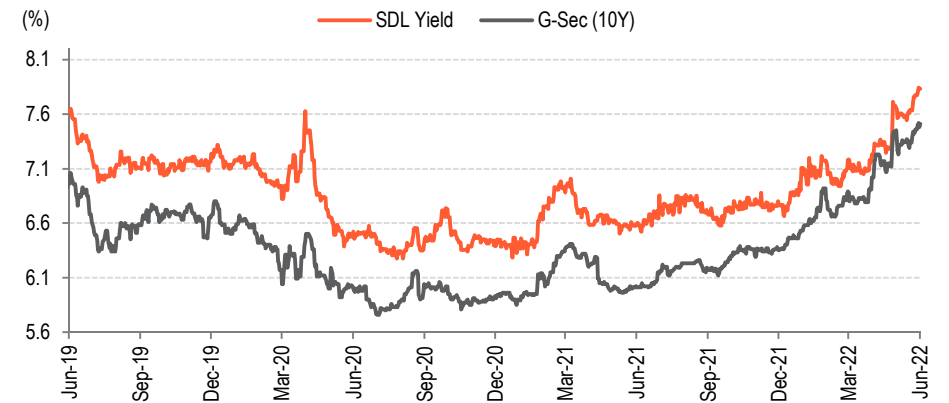


Fig 130 – Subsidy burden to inch up in FY23E



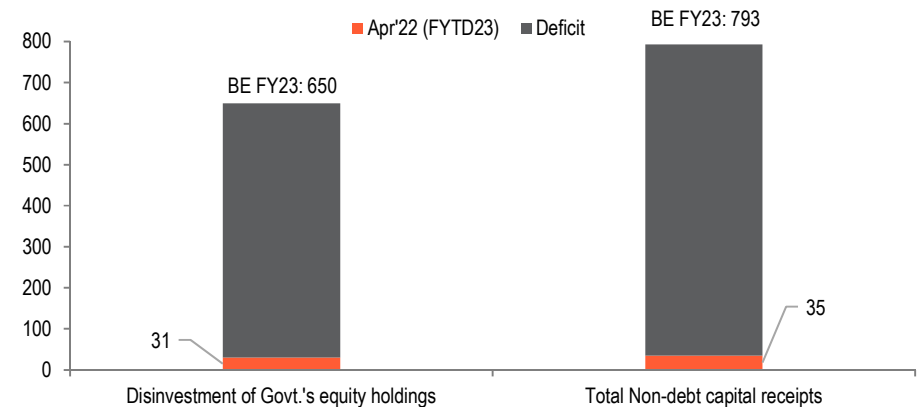
RE-Revised Estimates; BE-Budget Estimates; E-Bank of Baroda estimates

Fig 129 – Spread between 10Y G-sec and SDL yield widened in May'22, and is further up in Jun'22 so far



Source: CCIL

Fig 131 – Central govt. FY23 disinvestment status



Central government borrowing

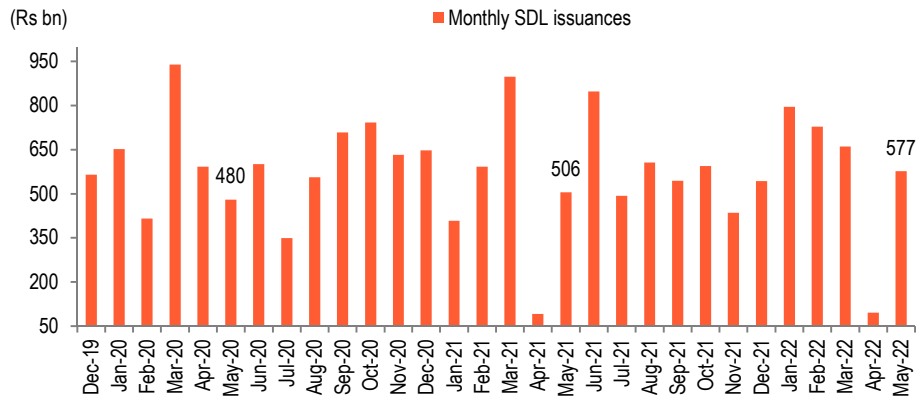
Fig 132 – Centre’s T-bill issuances in Q1FY23 till date is at Rs 4tn

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	3989*	4,320
Q2	2,584	3,186	3,299	3,024	5,417	3,215		-
Q3	2,747	2,632	3,070	2,889	3,745	3,630		-
Q4	1,684	2,486	1,812	2,511	2,714	4,766		-
Total	9,811	11,192	11,271	11,788	17,204	16,986		-

Source: RBI *Till 08 Jun 2022

State government borrowing

Fig 134 – State government borrowings in May’22 higher than previous 2 years



Source: RBI

Fig 133 – Centre’s gross borrowing in Q1Y23 till date is at Rs 2.6tn

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	2578*	3,900
Q2	1,910	1,890	1,440	2,210	4,220	3,649		4,550
Q3	1,610	1,640	1,270	1,930	2,910	3,190		-
Q4	800	670	1680	920	3,191	1370		-
Total	5,820	5,880	5,710	7,100	13,461^	11,273		-

Source: RBI^ Against budgeted Rs 12.8tn *Till 3 Jun 2022

Fig 135 – States’ Q1 market borrowings in FY23 only at 42% of the planned amount

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

Source: RBI; *as of 7 Jun 2022

External sector

Exports

Fig 136 – Global exports recovering

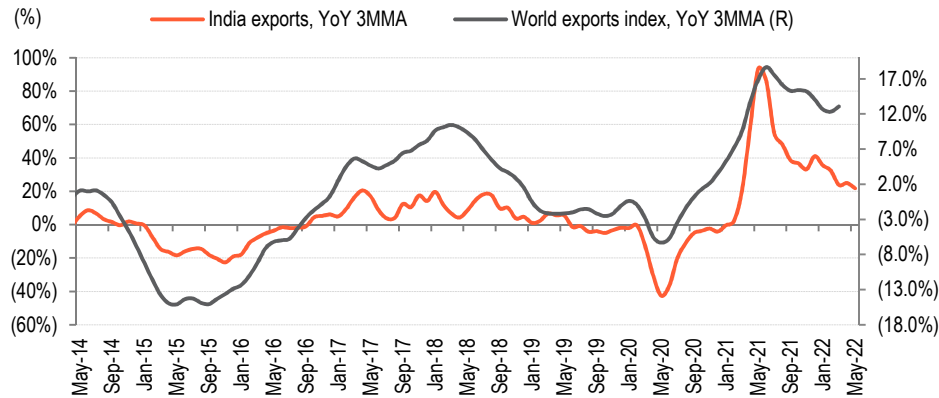
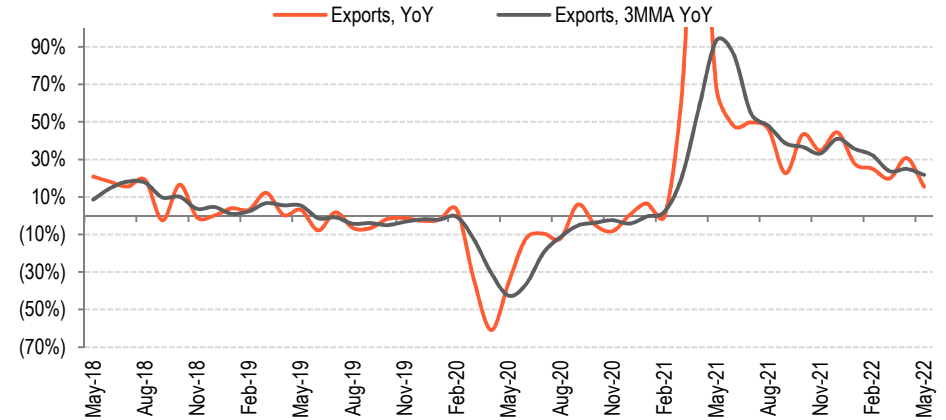


Fig 137 – India's exports moderate to 15.4% in May'22 from 30.7% in Apr'22



Exports by major sectors

Fig 138 – .. led by moderation in non-oil exports to 8.1% compared with 17.7% in Apr'22

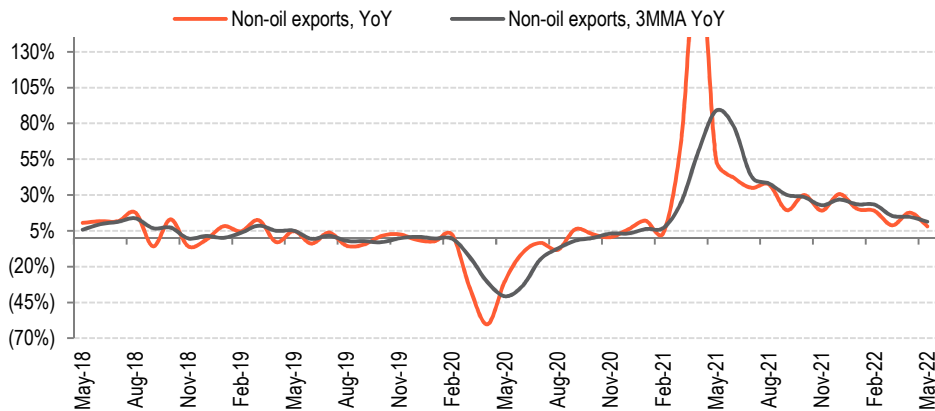


Fig 139 – Sharp slump in exports of chemicals in May'22

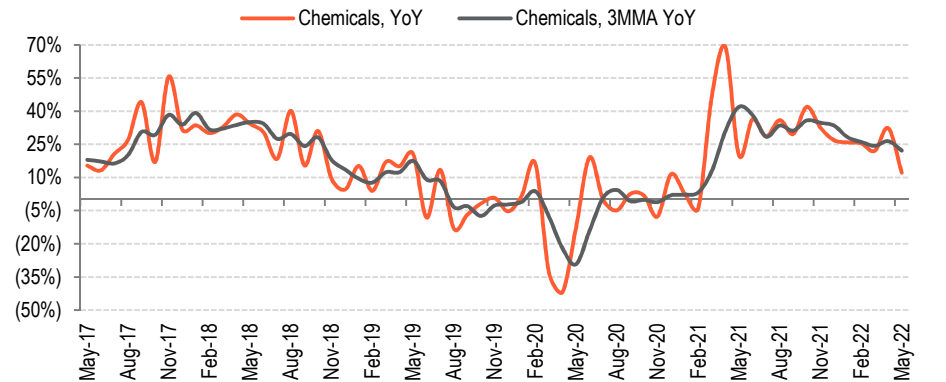


Fig 140 – Export of engineering goods also showing a steady moderation

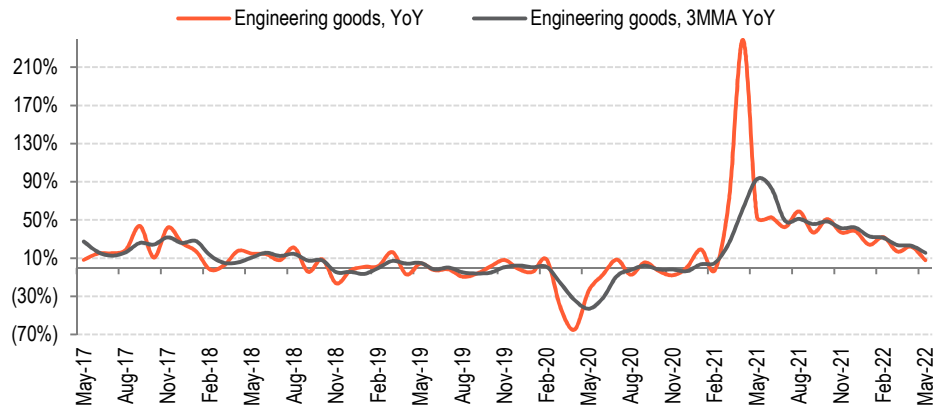
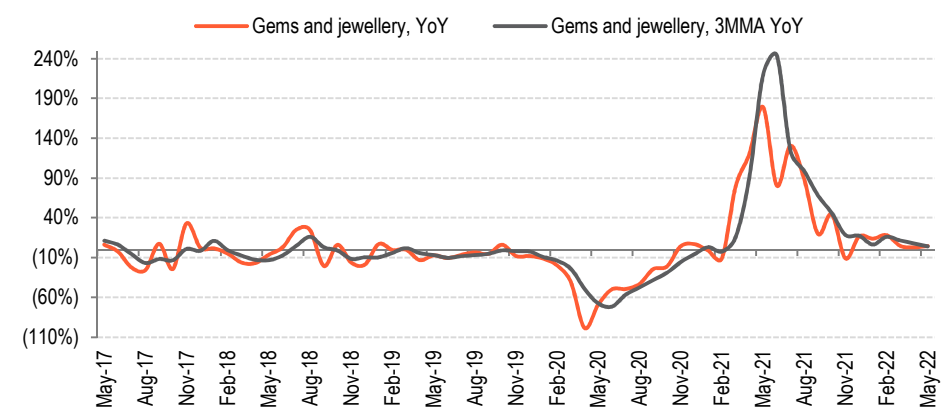


Fig 141 – However, exports of gems and jewellery picked up in May'22



Imports

Fig 142 – Imports remained buoyant at 56.1% in May'22 compared with 31% in Apr'22

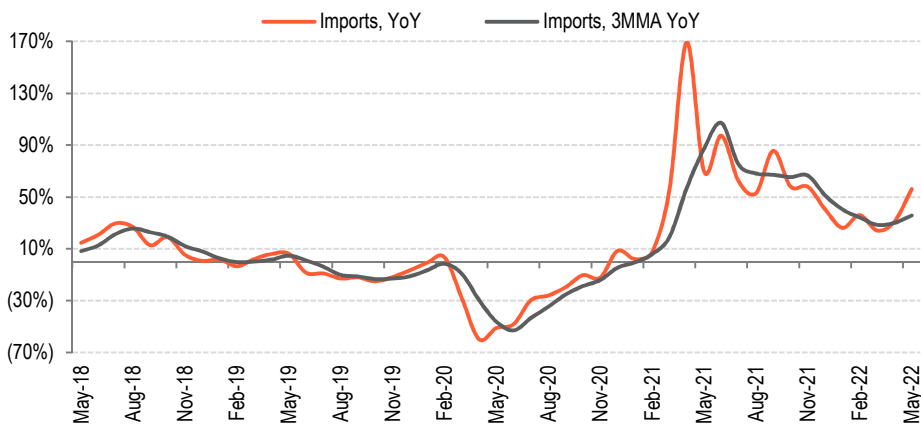


Fig 143 – Gold imports picked up sharply in May'22, led by lower gold prices

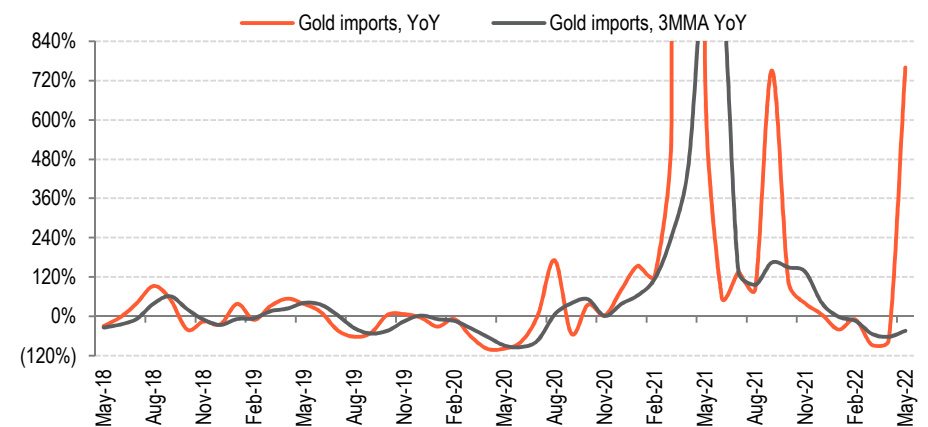


Fig 144 – Oil imports too rose by 91.6% in May'22 versus 87.5% in Apr'22

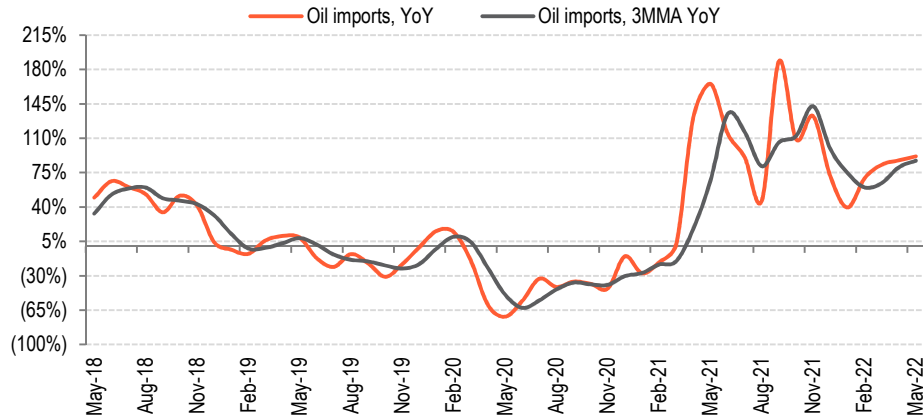


Fig 145 – Coal imports tracking higher even in May'22

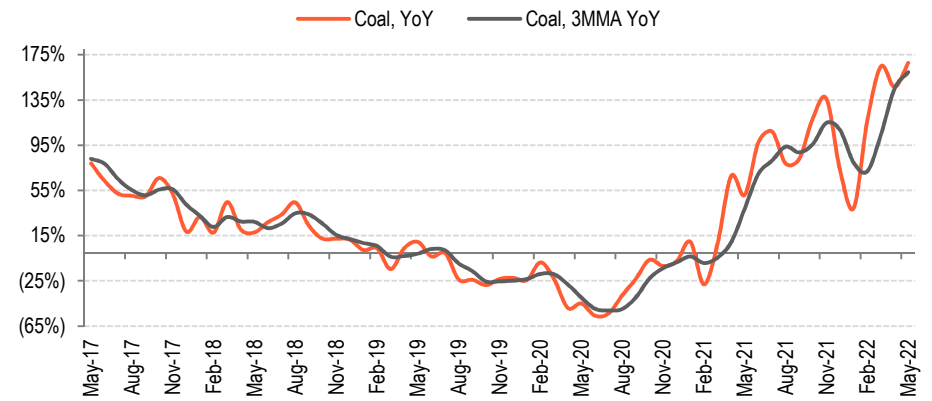


Fig 146 – Import of transport equipments too increases for the first time in 8-months

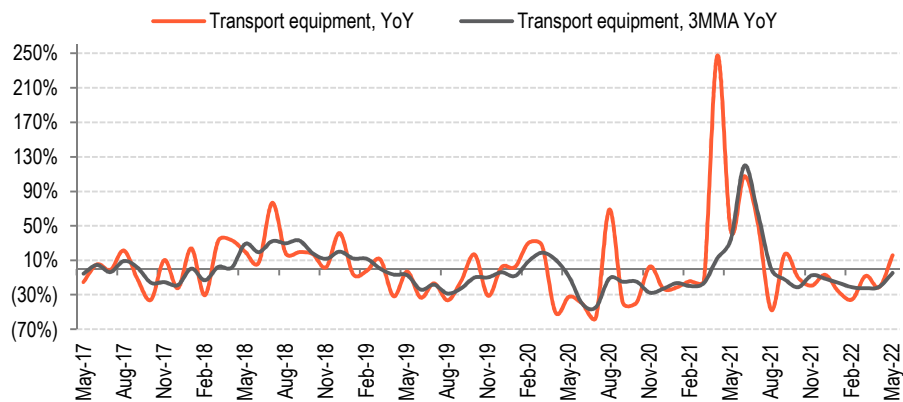
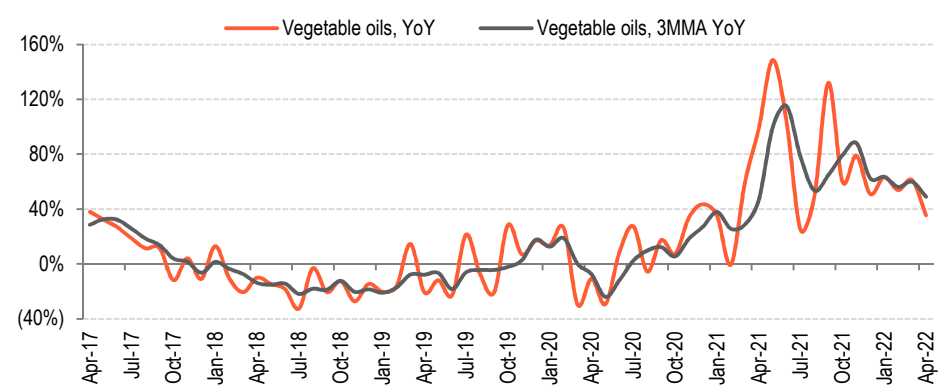


Fig 147 – Moderation in import of vegetable oils on a YoY basis



Exports and imports by major regions

Fig 148 – Exports to Asia and Pacific (ex.China) accelerated the most in Apr'22

Region (% YoY)	Share in FY22	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Americas	23.8	38.6	29.5	27.7	32.4	32.5
Asia and Pacific (Ex. China)	27.2	53.1	35.3	42.1	6.7	15.2
China	5.1	(6.7)	(18.3)	(18.0)	(45.3)	(36.4)
Europe	20.6	49.8	35.6	45.3	46.8	56.1
Middle East and Africa	22.8	48.5	21.5	34.9	56.0	46.9
Other	0.6	172.3	114.3	246.7	239.1	194.7

Fig 149 – Imports from Americas and Asia and Pacific (ex. China) picking up

Region (% YoY)	Share in FY22	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Americas	11.8	52.8	23.3	36.9	23.8	34.8
Asia and Pacific (Ex. China)	24.2	39.3	16.8	19.0	26.0	31.6
China	15.4	31.3	34.5	34.6	31.9	20.7
Europe	13.9	4.3	(10.8)	6.7	(40.4)	(33.3)
Middle East and Africa	32.3	60.5	47.0	73.4	81.0	61.3
Other	2.3	56.5	59.8	61.2	76.7	192.5

Trade deficit

Fig 150 – Trade deficit widened to a record-high of US\$ 23.3bn in May'22 from US\$ 20.1 bn in Apr'22

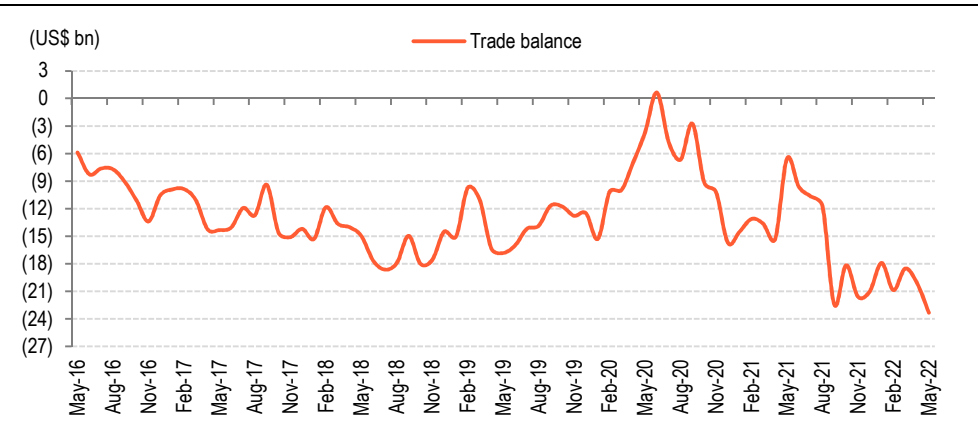
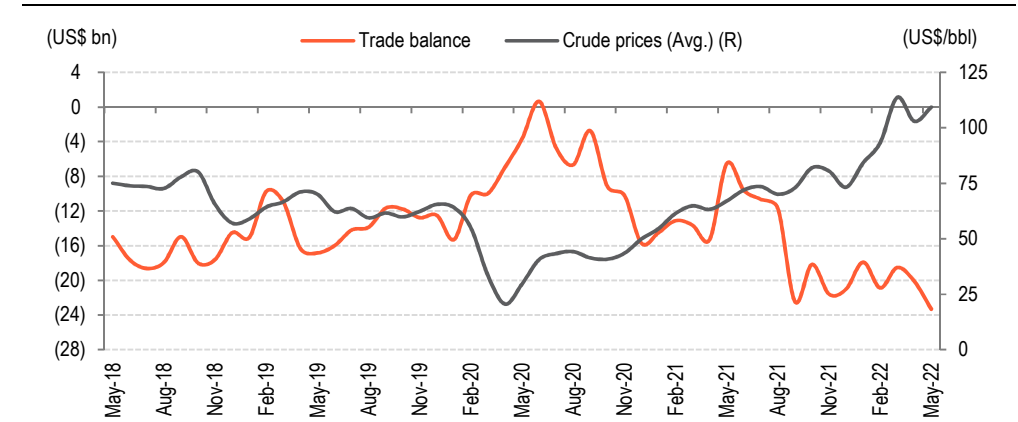


Fig 151 – ... led by higher oil prices



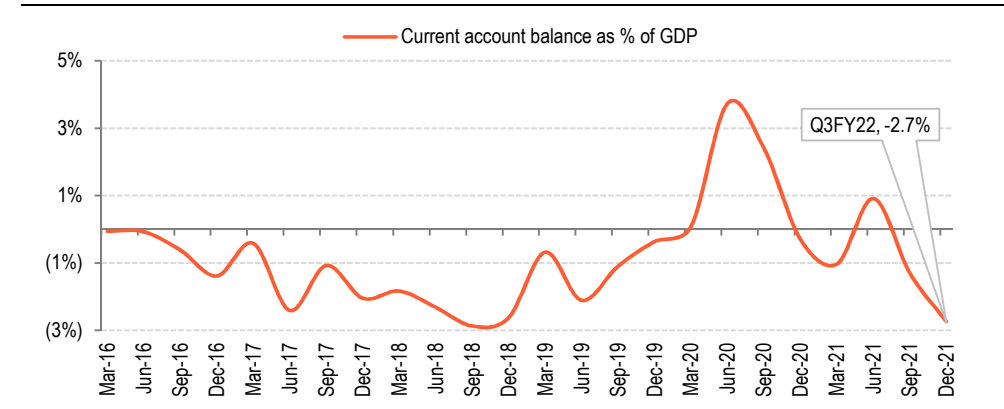
Trade in services

Fig 152 – Services exports rise by 25.1% in Ap'22 versus 29.3% in Mar'22



BoP

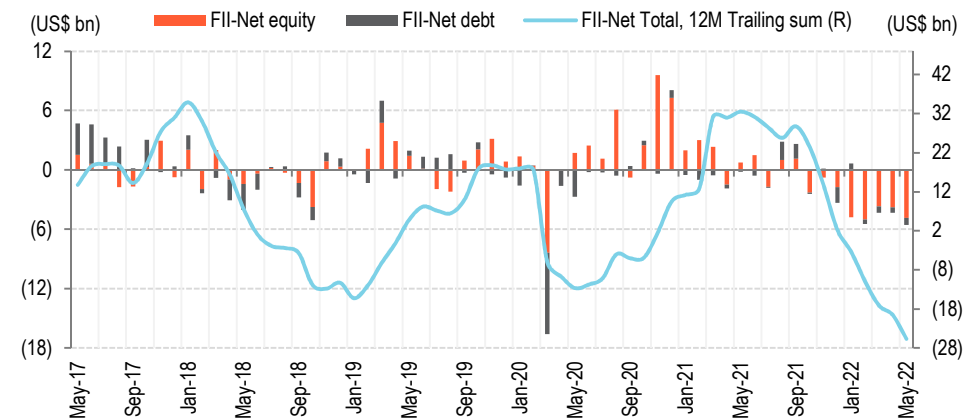
Fig 153 – India's current account deficit widened to a 13-quarter high of 2.7% of GDP in Q3FY22



Foreign inflows

FII inflows

Fig 154 – FII outflows intensify to US\$ 5.6bn in May'22 from US\$ 4.3bn in Apr'22



Source: Bloomberg

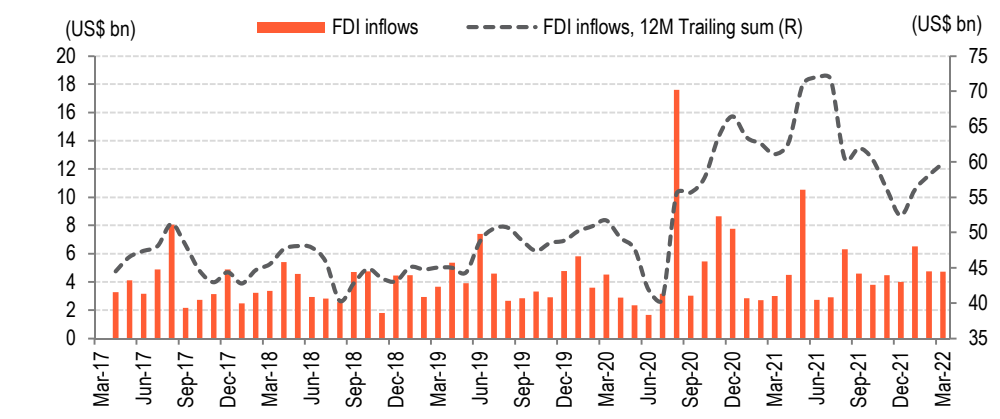
Fig 156 – FDI inflows in computer software and hardware sector have fallen sharply in FY22

Sector	% Share FY22	FY18	FY19	FY20	FY21	FY22
Computer software and hardware	43.8	6.2	6.4	7.7	26.1	14.5
Construction (Infrastructure) activities	13.2	2.7	2.3	2.0	7.9	3.2
Services Sector	8.5	6.7	9.2	7.9	5.1	7.1
Trading	4.4	4.3	4.5	4.6	2.6	4.5
Automobile industry	2.7	2.1	2.6	2.8	1.6	7.0
Metallurgical industries	2.2	0.4	0.6	2.1	1.3	2.3
Telecommunications	0.7	6.2	2.7	4.4	0.4	0.7

Source: DIPP

FDI inflows

Fig 155 – FDI equity inflows stable at US\$ 4.7bn in Mar'22



Source: RBI, Bank of Baroda Research

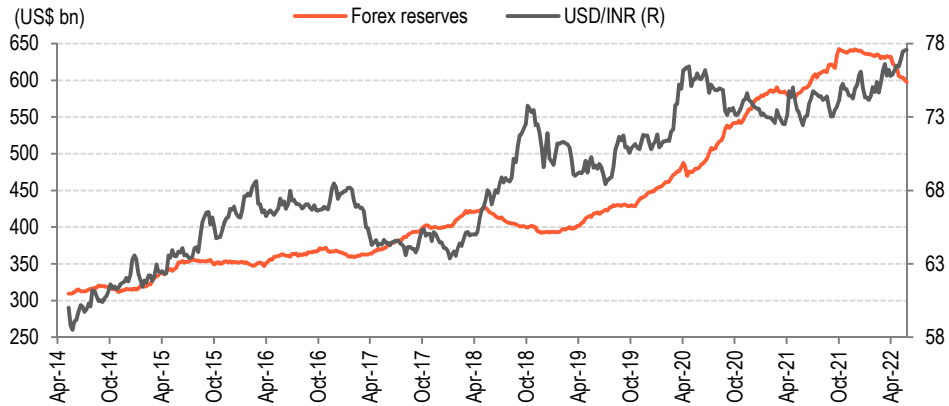
Fig 157 – FDI inflows from Mauritius and Netherlands picked up in FY22

Country (US\$ bn)	% Share in FY22	FY18	FY19	FY20	FY21	FY22
Singapore	27.0	12.2	16.2	14.7	17.4	15.9
US	17.9	2.1	3.1	4.2	13.8	10.5
Mauritius	16.0	15.9	8.1	8.2	5.6	9.4
Netherlands	7.9	2.8	3.9	6.5	2.8	4.6
UK	2.8	0.8	1.4	1.4	2.0	1.6
Japan	2.5	1.6	3.0	3.2	1.9	1.5

Source: DIPP

Forex reserves and external debt

Fig 158 – India’s FX reserves at US\$ 601.4bn, down US\$ 32.3bn in CYTD22



Source: Bloomberg | Weekly data as of 27 May 2022

Fig 159 – India’s import cover falls further

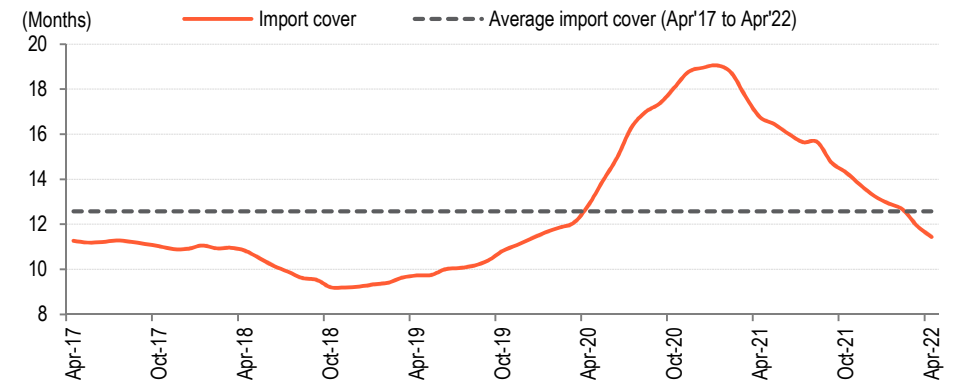


Fig 160 – RBI’s sold a record US\$ 20.1bn in the spot market in Mar’22 to defend the Rupee

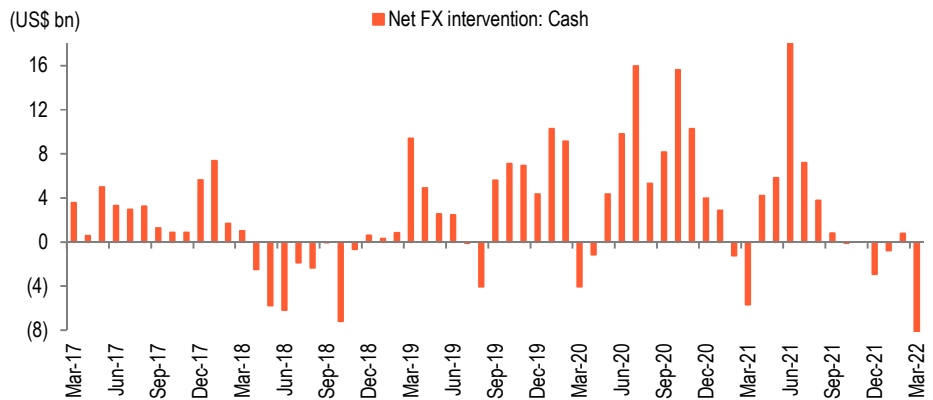
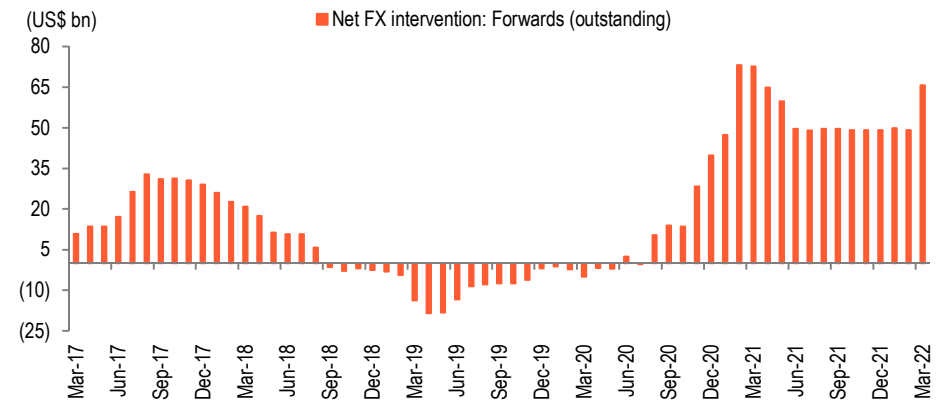


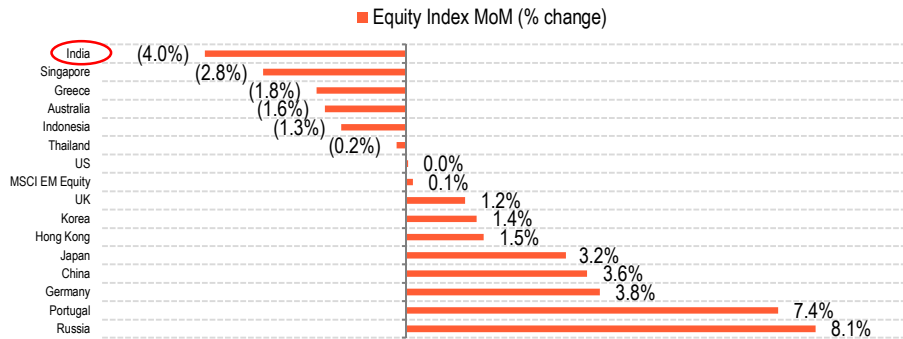
Fig 161 – In the forwards market, RBI bought US\$ 16.7bn in Mar’22, outstanding forex position at US\$ 65.8bn as of Mar’22



Markets

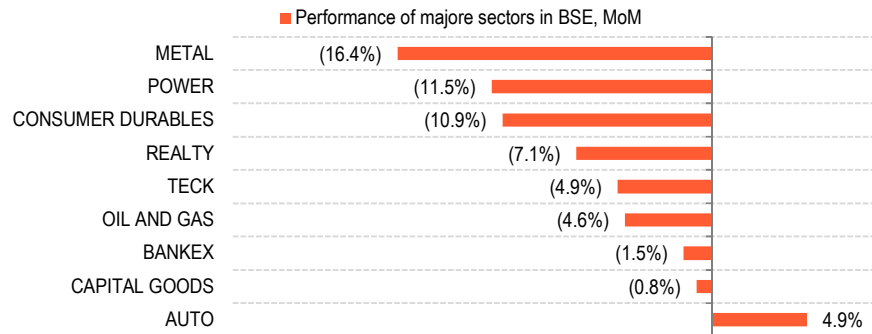
Equity

Fig 162 – In May'22, Sensex fell by the most by 4%, MSCI EM rose by 0.1%



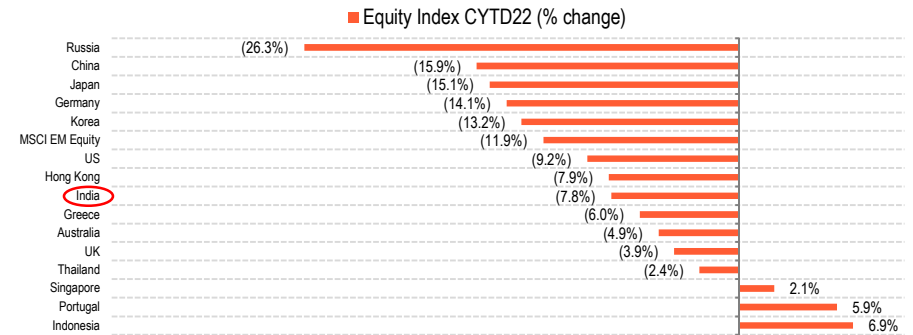
Source: Bloomberg | * As on 31 May 2022, Indices are in US\$ terms

Fig 164 – Metal and power stocks fell the most



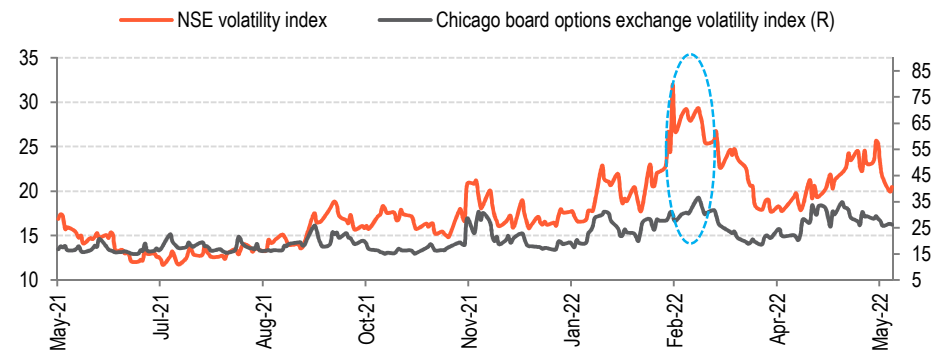
Source: Bloomberg | As on 31 May 2022

Fig 163 – In CYTD22 as well, Sensex fell by 7.8%



Source: Bloomberg | * As on 31 May 2022, Indices are in US\$ terms

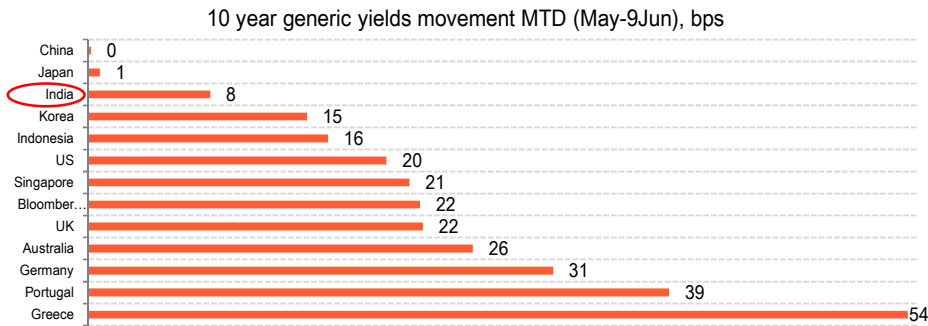
Fig 165 – VIX index was at 20.48 versus 19.42 in Apr'22



Source: Bloomberg

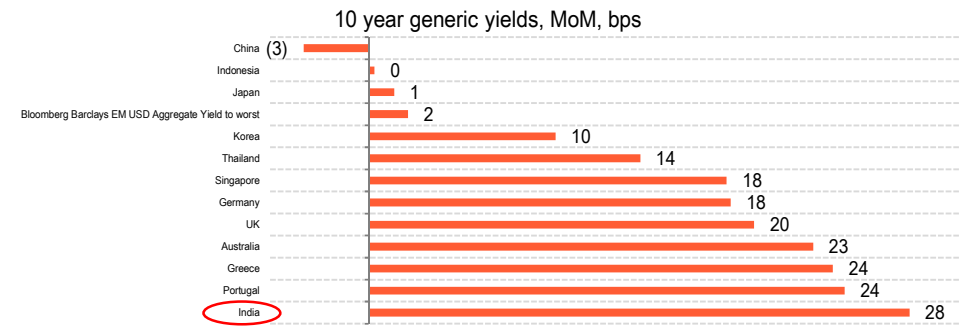
10-year bond yields

Fig 166 – On MTD basis, India’s 10Y yield rose by 8bps



Source: Bloomberg | As on 9 Jun 2022

Fig 167 – In May’22, India’s 10Y yield rose by 28bps



Source: Bloomberg | As on 31 May 2022

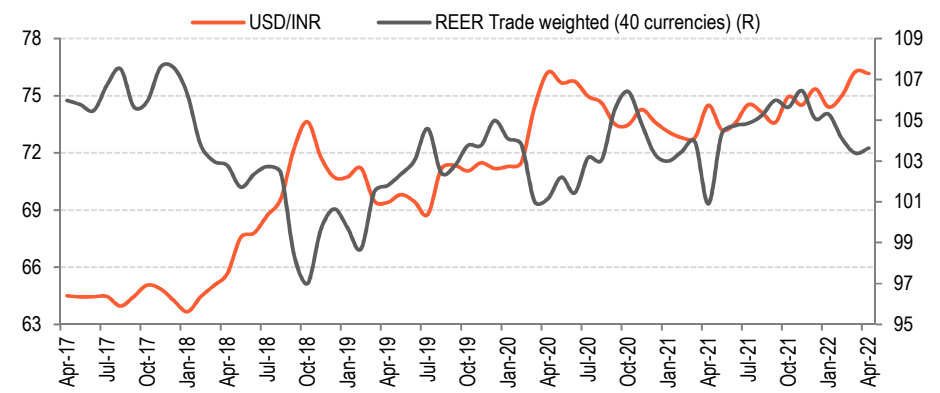
Currencies

Fig 168 – INR under pressure



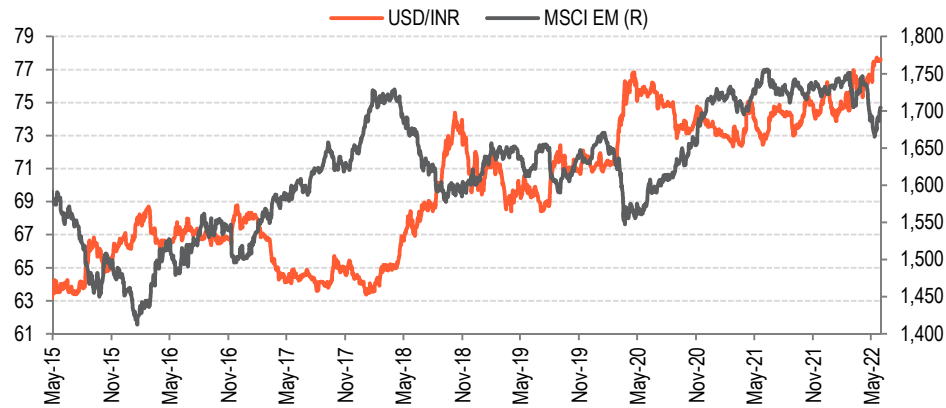
Source: Bloomberg | *As on 31 May 2022

Fig 169 – INR still overvalued by 3.6% (Apr’22)



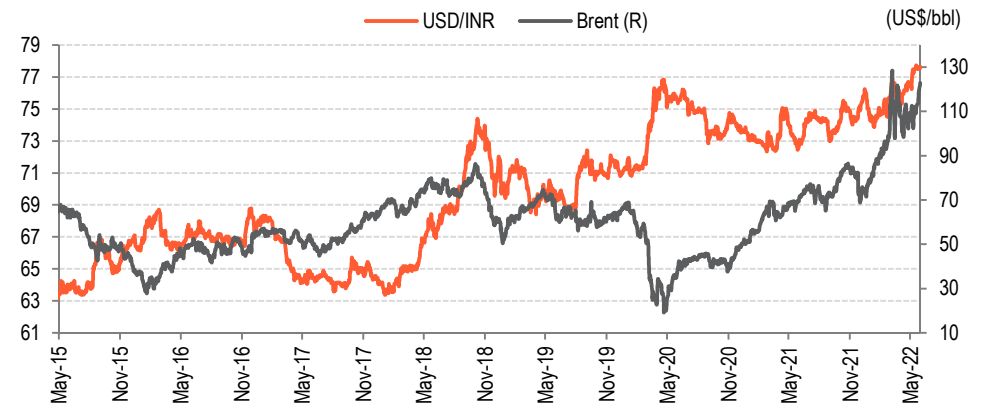
Source: Bloomberg

Fig 170 – EM currencies however appreciated



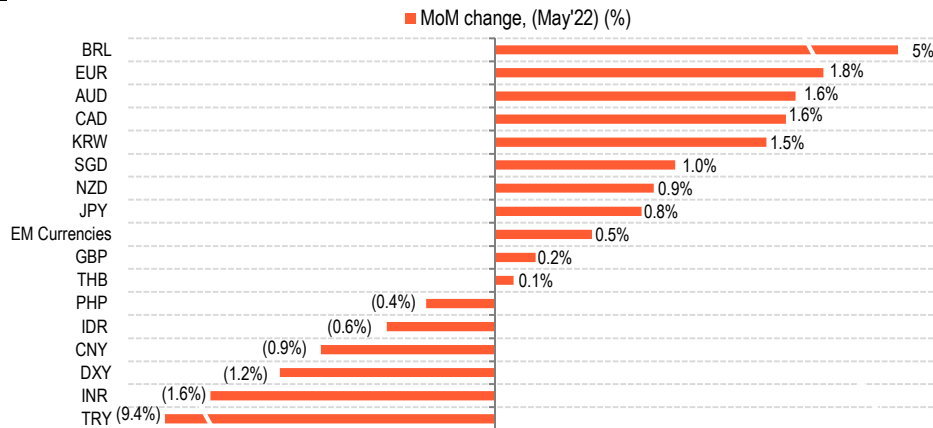
Source: Bloomberg | *As on 31 May 2022

Fig 171 – .. even as oil prices remain elevated



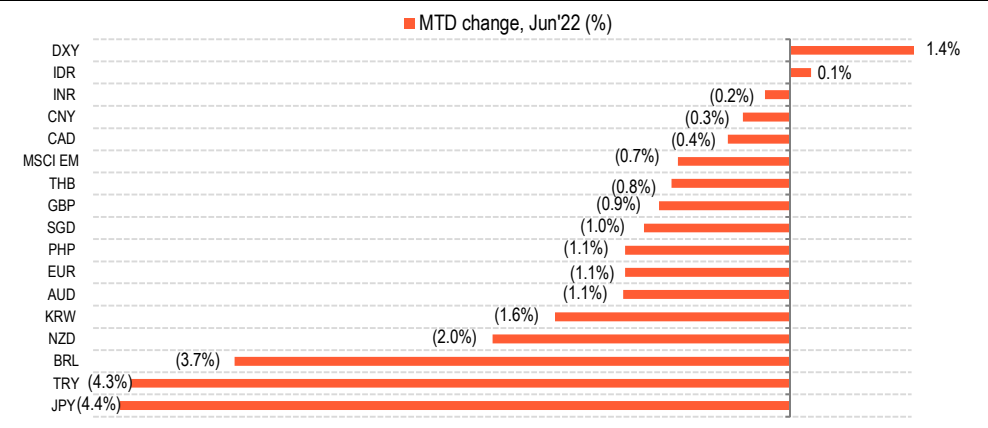
Source: Bloomberg | *As on 31 May 2022

Fig 172 – INR depreciated by 1.6% in May'22



Source: Bloomberg | *As on 31 May 2022

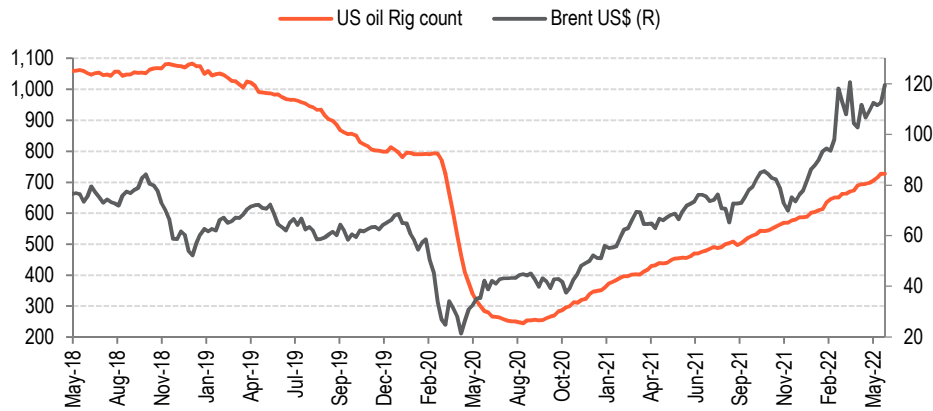
Fig 173 – .. it has depreciated further by 0.2% in Jun'22



Source: Bloomberg | *As on 9 Jun 2022

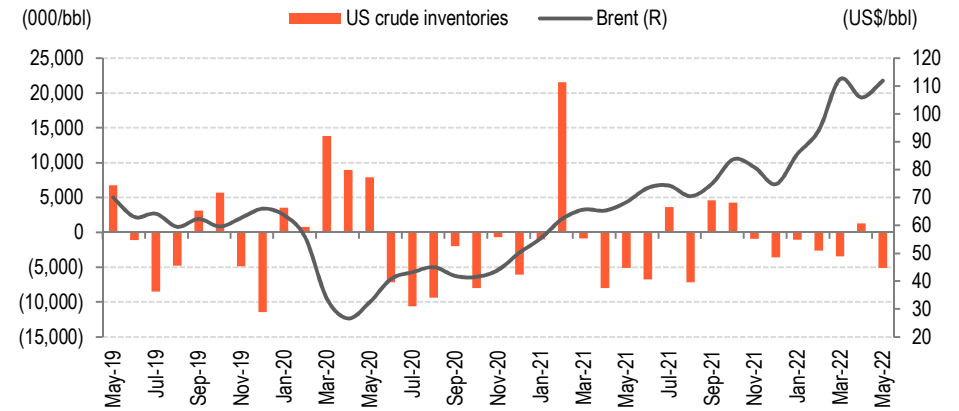
Commodities

Fig 174 – US rig count inched up



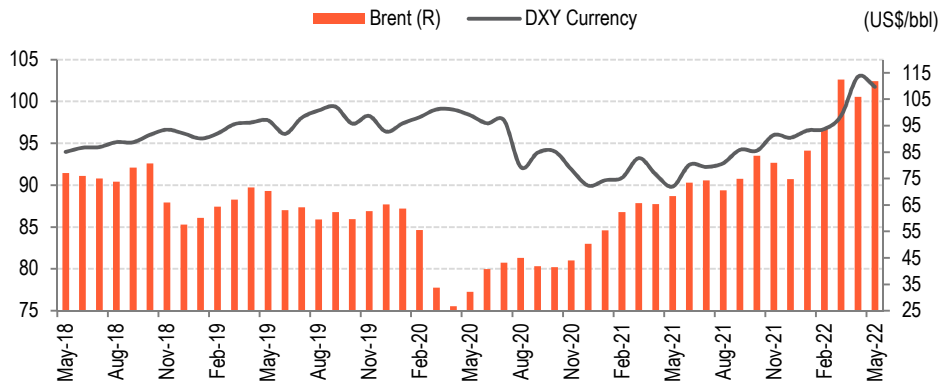
Source: Bloomberg

Fig 175 – US crude oil inventory fell in May'22



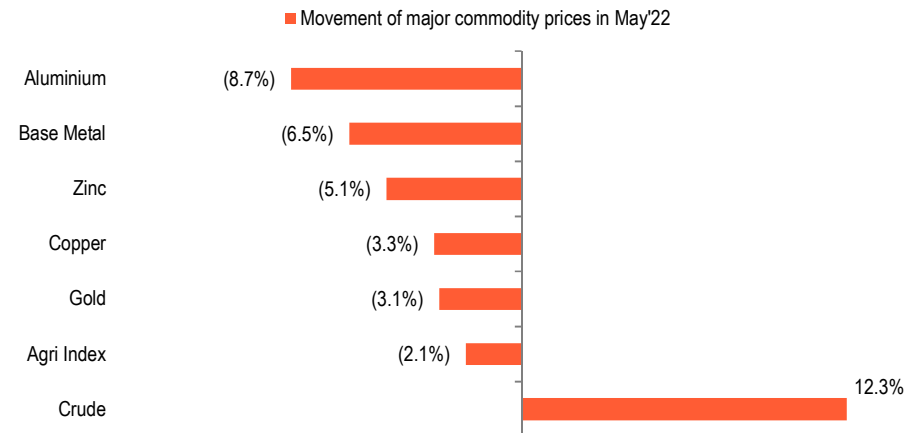
Source: Bloomberg

Fig 176 – Oil prices averaged to US\$ 112/bbl in May'22 from US\$ 106 in Apr'22, DXY was at 101.75



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

Fig 177 – Energy prices still remained elevated in May'22



Source: Bloomberg | As on last trading day of the month

Fig 178 – Performance of high frequency indicators

Indicators	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Agriculture													
Tractor sales	(2.4)	22.1	8.2	(9.8)	(9.5)	3.2	(16.7)	(22.5)	(27.8)	(26.4)	(11.6)	38.1	47.7
Two wheeler sales	158.3	16.9	27.6	6.7	(11.5)	(6.1)	(0.8)	(19.9)	(13.4)	(10.7)	(4.0)	38.1	197.7
MNREGA work (HH, MoM)	1.3	26.8	(9.2)	(22.0)	(2.6)	(14.4)	2.2	13.5	(9.5)	-	-	-	-
Manufacturing													
IIP: General index	27.6	13.8	11.5	13.0	4.4	4.2	1.3	0.7	1.5	1.5	1.9	-	-
IIP: Manufacturing	32.1	13.2	10.5	11.1	4.3	3.3	0.3	0.2	1.3	0.5	0.9	-	-
IIP: Capital goods	74.9	27.3	30.3	20.0	3.3	(1.6)	(2.6)	(3.8)	1.4	2.0	0.7	-	-
IIP: Infra & construction goods	46.5	20.0	12.3	13.5	9.3	6.6	3.1	2.1	6.1	9.1	7.3	-	-
IIP: Consumer goods	80.4	28.0	19.4	11.1	1.6	(3.2)	(5.4)	(2.6)	(3.6)	(8.7)	(3.2)	-	-
Steel	55.1	25.2	9.4	6.9	7.1	5.9	0.9	(0.7)	3.8	5.9	5.0	(0.7)	-
Cement	11.7	7.5	21.7	36.3	11.3	14.6	(3.6)	13.9	14.2	14.1	9.0	8.0	-
Electricity	7.5	8.2	11.0	16.0	0.9	3.2	2.1	2.9	0.9	4.5	6.1	10.7	-
PMI: Manufacturing	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0	54.7	54.6
Services													
Services PMI index	46.4	41.2	45.4	56.7	55.2	58.4	58.1	55.5	51.5	51.8	53.6	57.9	58.9
Automobile sales	164.4	22.6	34.1	14.5	(5.3)	(5.3)	(2.7)	(16.1)	(10.7)	(9.2)	(2.9)	37.3	206.8
Passenger vehicle sales	178.8	43.5	62.9	38.7	16.3	(11.4)	(19.4)	(10.9)	(10.1)	(7.8)	(4.9)	26.6	204.3
Vehicle registration	158.6	22.5	34.0	14.6	(5.3)	(5.3)	(2.7)	(16.0)	(10.6)	(9.0)	(2.8)	37.2	205.9
Rail freight traffic	39.1	20.5	18.4	16.9	3.6	8.4	6.1	7.2	7.7	6.6	6.7	9.4	14.6
Port cargo volume	33.0	19.5	6.7	11.4	0.4	6.5	(0.2)	(0.6)	(2.8)	(4.5)	0.8	5.5	8.9
Credit growth	5.9	6.1	6.1	6.7	6.7	6.9	6.9	9.4	7.1	8.1	8.6	9.6	11.0
Deposit growth	9.5	9.8	9.8	9.5	9.4	10.0	8.9	12.1	8.3	8.6	8.9	8.9	9.3
CIC	13.2	12.0	10.3	9.8	9.0	8.5	7.7	7.8	8.0	8.6	9.7	10.1	8.6
Toll collection (in mn)	116.5	157.9	192.3	201.2	193.6	214.2	214.1	242.1	231.0	243.6	270.4	265.4	285.4
Diesel consumption	0.7	(1.6)	11.4	15.8	0.5	(5.5)	(7.6)	1.6	(6.4)	(0.8)	6.7	7.9	31.7
GST E-way bill (in mn)	40.0	54.7	64.2	65.9	67.9	73.5	61.2	71.6	68.8	69.1	78.2	75.2	73.6
External Trade													
Merchandise exports	68.3	47.9	49.7	46.3	22.7	43.4	34.6	44.4	27.6	25.1	19.8	30.7	15.4
Merchandise imports	69.9	97.4	62.2	52.9	85.6	58.1	57.9	40.5	26.2	36.1	24.2	31.0	56.1
Services exports	6.5	19.4	8.8	19.1	19.6	19.7	17.9	35.2	24.2	19.1	29.3	25.1	-
Services imports	0.1	8.8	10.1	20.0	20.5	21.8	24.4	29.5	33.8	24.8	25.0	46.1	-

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

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