

India Economics

Monthly Chartbook

March 2024

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India's growth continues to impress

India's high frequency growth indicators remained broadly resilient. Electricity demand, non-oil-non-gold imports, PMI data and credit offtake showed resilience. On fiscal front, consolidation is underway. The biggest announcement of the month is India's inclusion in the Bloomberg EM Index. Already positive sentiments have resulted in increased debt inflows which has supported yields. Thus, India's 10Y yield may soon reach below the 7% mark. From Jun'24 onwards, with inclusion into the JP Morgan Index, further downward pressure on yields cannot be ruled out. The macro environment of moderation in inflation and easing cycle by RBI going forward, also supports narrative of a lower yields in the near to medium term.

Domestic demand showing momentum: The recent estimates for Q3FY24 GDP highlighted a pickup in private consumption (3.5% from 2.4% in Q2). Some high frequency indicators such as electricity demand, non-oil-non-gold imports along with digital payments have also registered improvement in the month of Jan'24. Robust GST collections, strong manufacturing PMI and buoyancy in credit growth bode well for domestic growth. On rural front, agriculture growth contracted by (-) 0.8% in Q3FY24 after increasing by 1.6% in Q2. According to the 2nd advance estimates, wheat output is expected at a record high of 112 mn tonnes from 110.5mn tonnes in 2022-23. The rabi foodgrain production is estimated to be marginally lower than last year and the kharif foodgrain production is pegged to grow at a steady pace as last year.

Health of centre's finances: Centre's fiscal deficit ratio (% of GDP, 12MMA) settled at 5.7% as of Jan'24 compared with 6.0% as of Dec'23, on account of further slowdown in spending. In FYTD24 (Apr'23-Jan'24), centre's overall

spending momentum eased to 5.9% versus 7.1% as of Dec'23. This was mainly driven by slowdown in revenue spending (1.4% versus 2.5%). Capex also moderated (26.5% versus 28.4%). On the income side, centre's net revenue receipts rose by 15.5%, compared with 13.3% growth seen as of Dec'23. This was driven by jump in direct tax collections (48.1% versus 17.2%). On the other hand, indirect tax collections slowed (4.9% versus 7.1%). Within direct taxes, both income and corporate receipts picked up pace.

A sub 7% mark for yield seems likely: In Feb'24 and Mar'24 (till 7th), India's 10Y yield has fallen by 11bps. Much of this fall is attributable to buoyant foreign flows (FII debt inflows in Feb and Mar totalled US\$ 3.1bn). Inclusion of India in the Bloomberg EM Index also boosted investor sentiments. Liquidity condition of the system also turned favourable with a pickup in government spending towards the end of financial year. Liquidity moved from a deficit of Rs 1.9 lakh crore (average) in Feb'24 to a surplus of Rs 599 crore (average) in Mar'24. Going forward, all the macro conditions point towards India's 10Y yield touching below the 7% mark in the near term.

INR to trade with an appreciating bias: INR appreciated by 0.2% in Feb'24 and is trading at a 6-month high in Mar'24. India's strong macroeconomic performance has been underlining the strength in INR in recent times. This is supplemented by robust FPI inflows, especially in the debt segment. With India now being included in the Bloomberg global index as well, FPI inflows are likely to see further pick up. Along with this, Fed Chair also gave a clear indication of rate cuts, which will also benefit INR. Hence, we expect INR to appreciate further. However, the gains will continue to be gradual.

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

High frequency indicators

Fig 1 – Slower growth in power demand

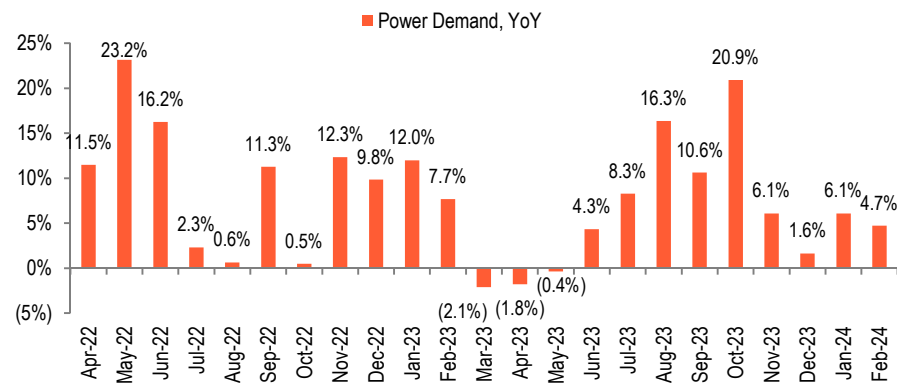
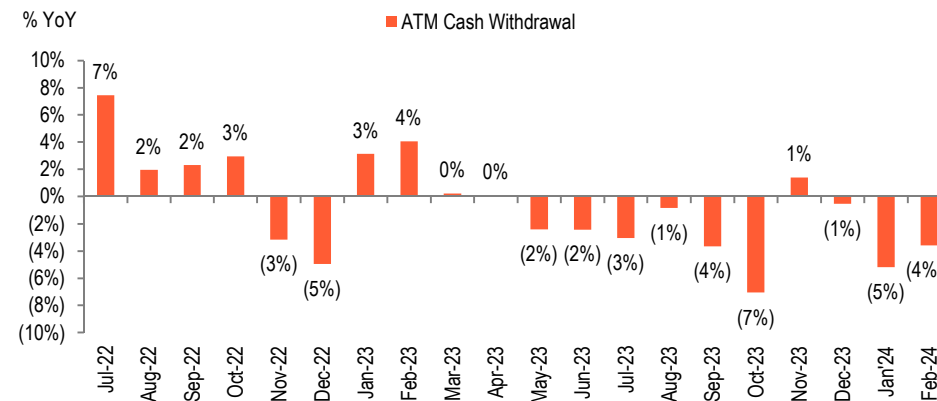
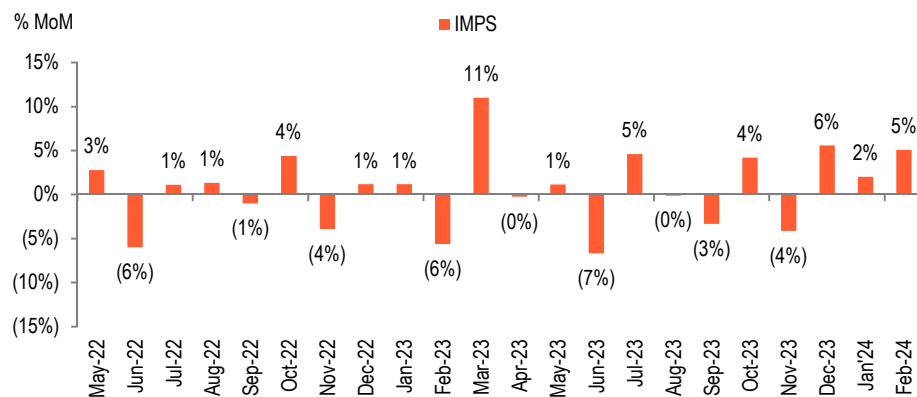


Fig 2 – Growth for cash withdrawal continues to decline



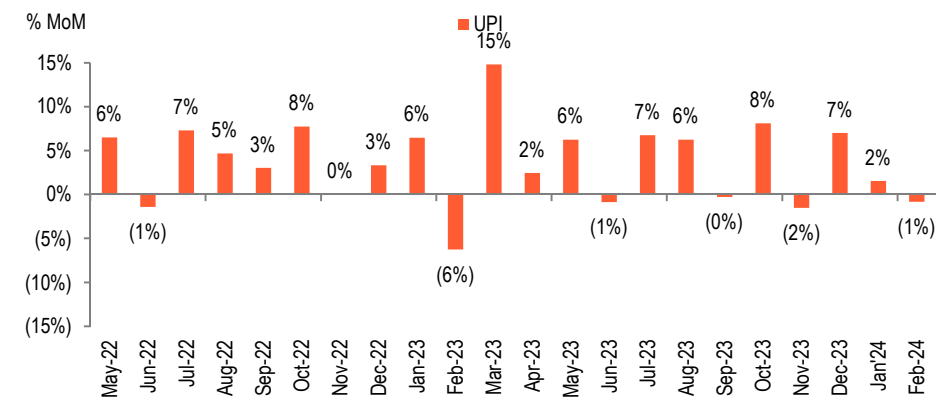
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – Volume of IMPS transactions rises in Feb'24



Source: RBI

Fig 4 – Some moderation in UPI payments



Source: RBI

Fig 5 – Growth in fertilizer sales dips

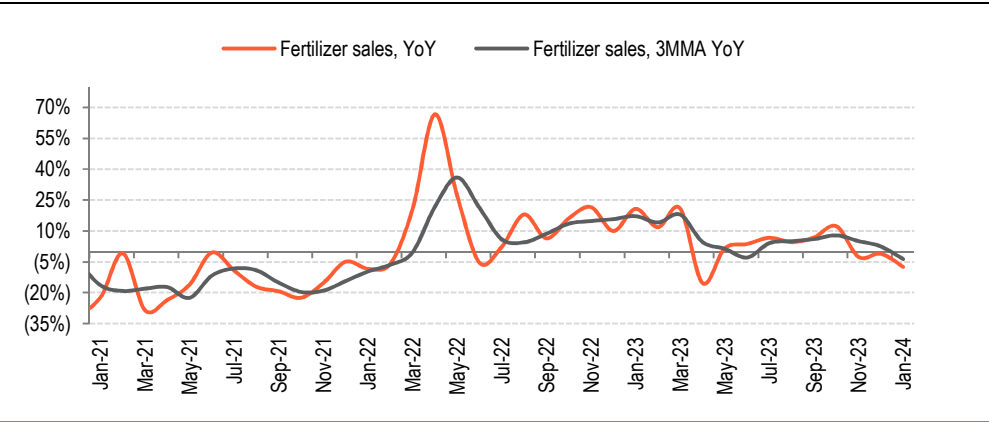
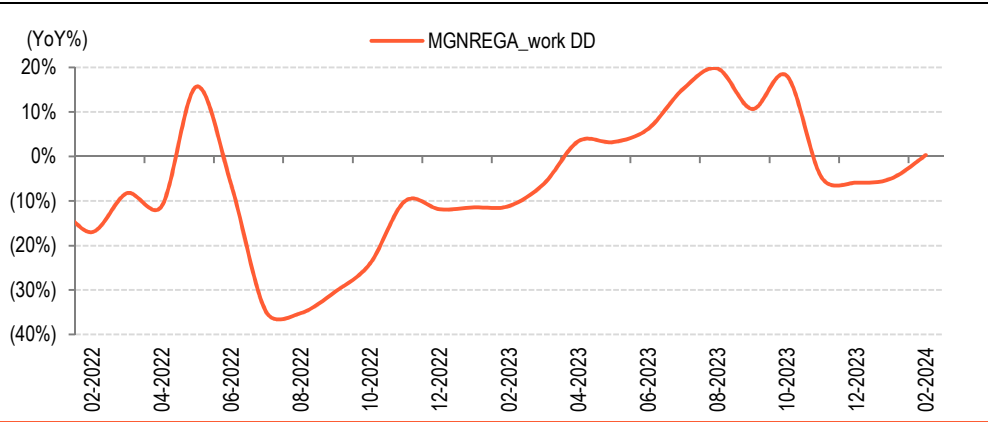


Fig 6 – Demand for work (MGNREGA-household) rising at a steady pace



Final consumption expenditure

Fig 7 – Private consumption improves in Q3

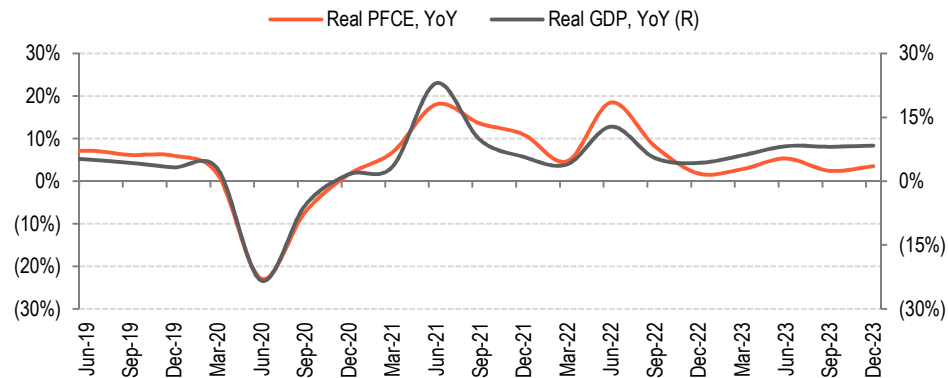


Fig 8 – Government consumption growth declines

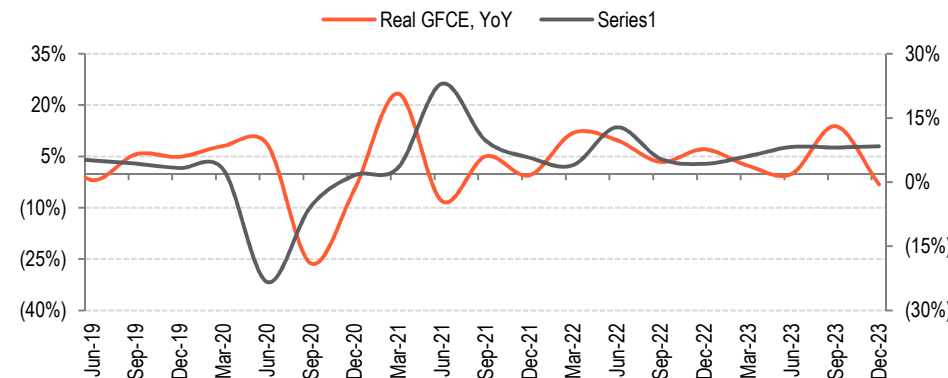


Fig 9 – General govt. revenue spending slips

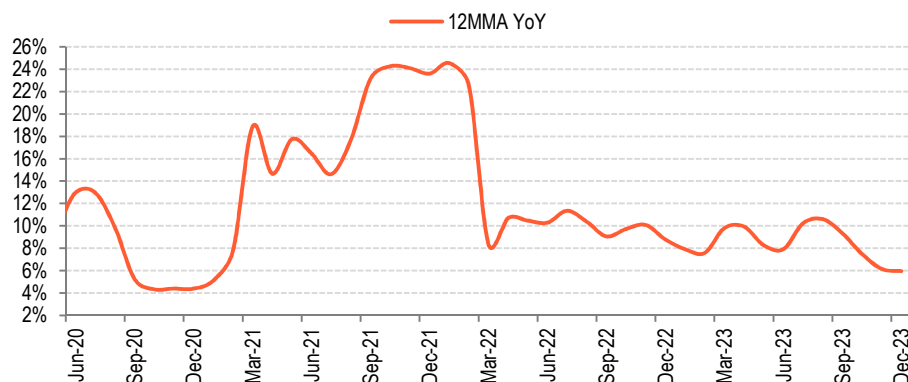
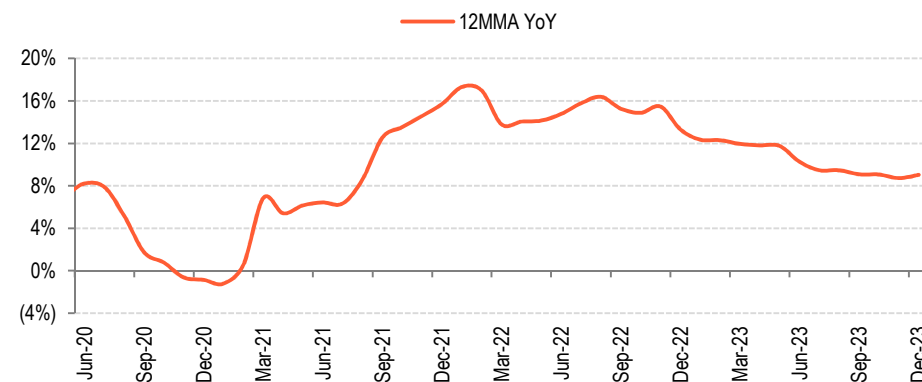


Fig 10 – State* govt. revenue spending inching up



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

Non-oil imports, electronic imports

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

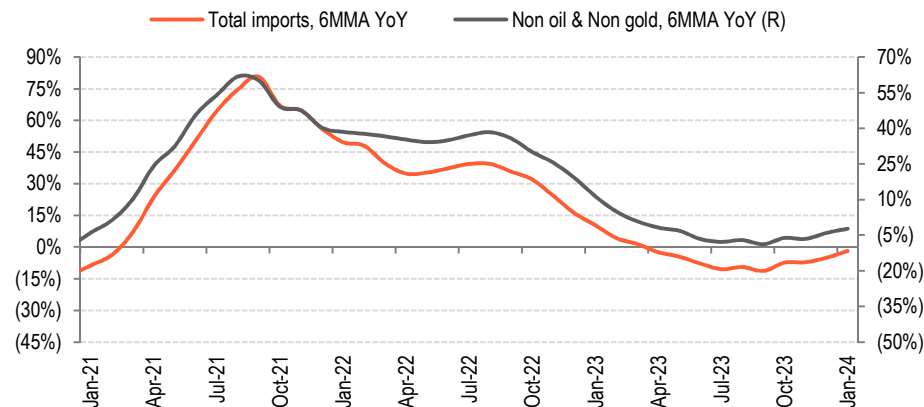


Fig 12 – Growth in electronic imports slips in Jan'24

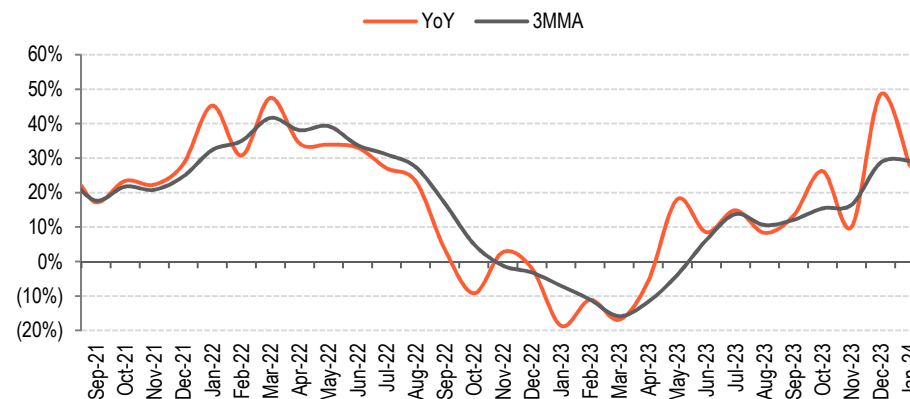
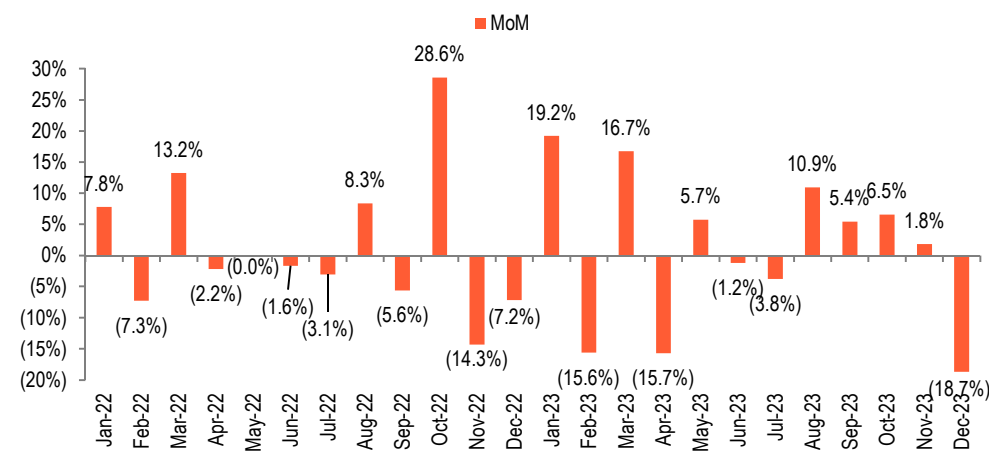
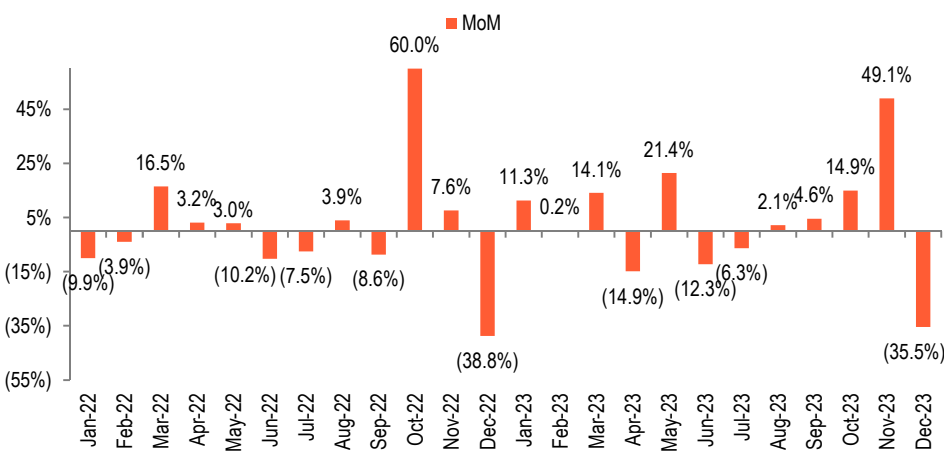


Fig 13 – Retail passenger vehicle sales contracts in Dec'23



Source: FADA

Fig 14 – Similar movement in two-wheeler sales



Credit deployment of personal loans

Fig 15 – Growth in credit card loan moderates marginally

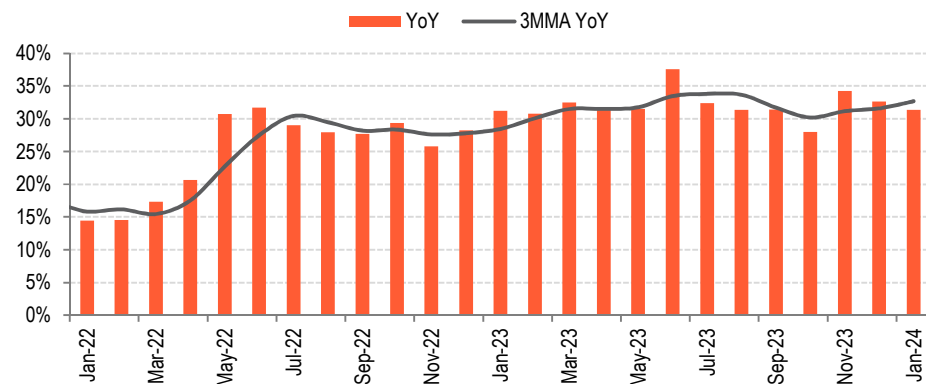


Fig 16 – Growth in personal loan inch up

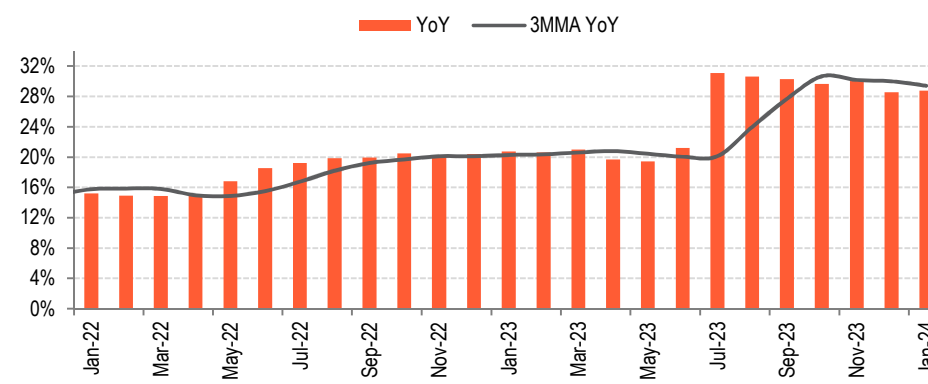


Fig 17 – Slower growth in vehicle loans

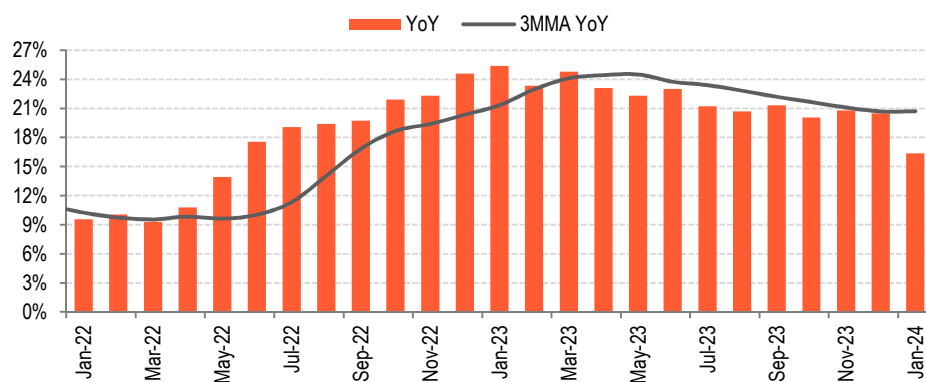


Fig 18 – Consumer's expectation turn optimistic

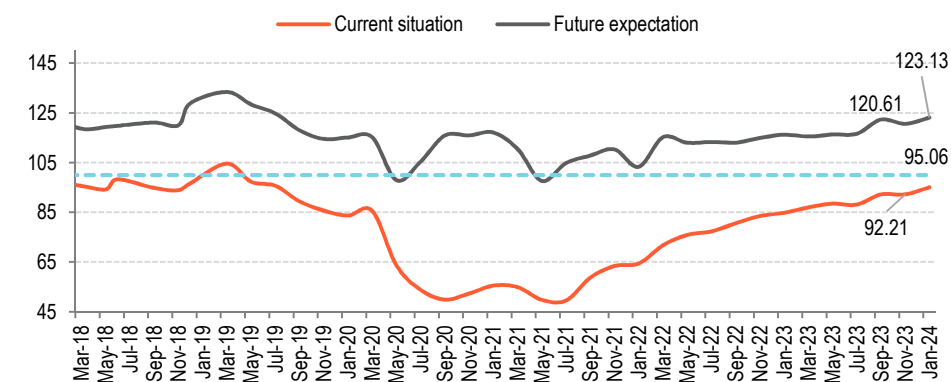
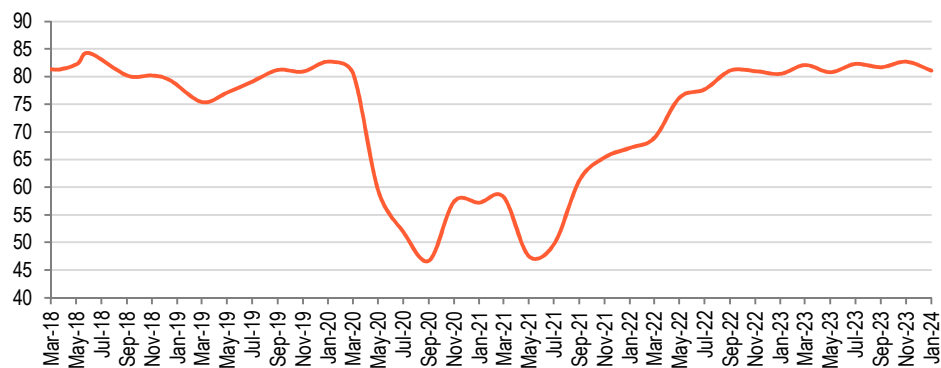
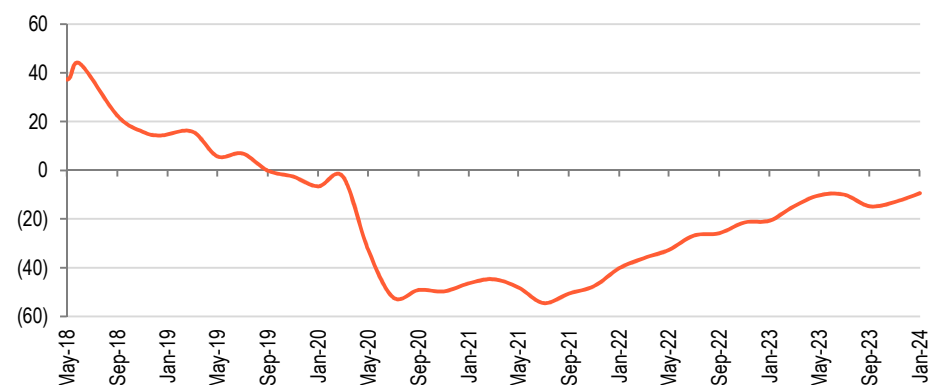
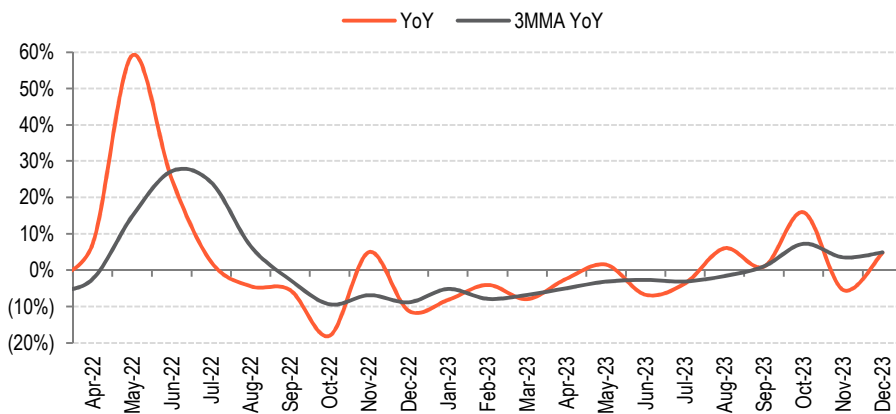
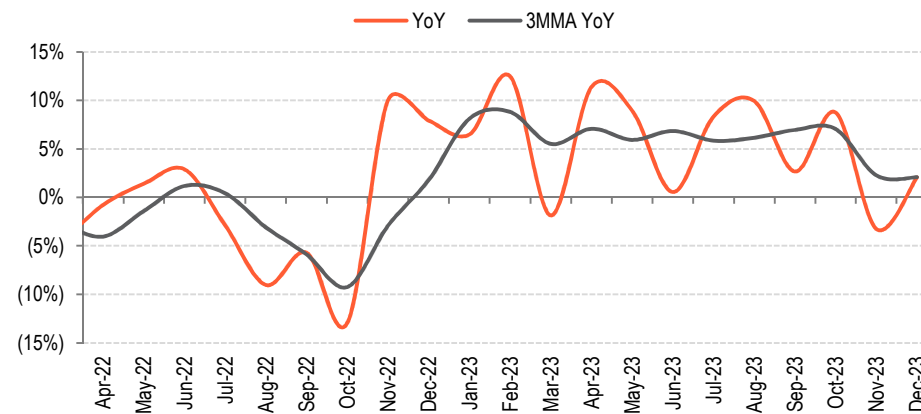


Fig 19 – RBI's essential spending signals dip**Fig 20 – Non-essential spending registering some improvement**

Consumer durables & non-durables production

Fig 21 – Growth rebounds in consumer durables output**Fig 22 – Similar movement in FMCG output**

Agriculture

Fig 23 – Agriculture growth contracts in Q3

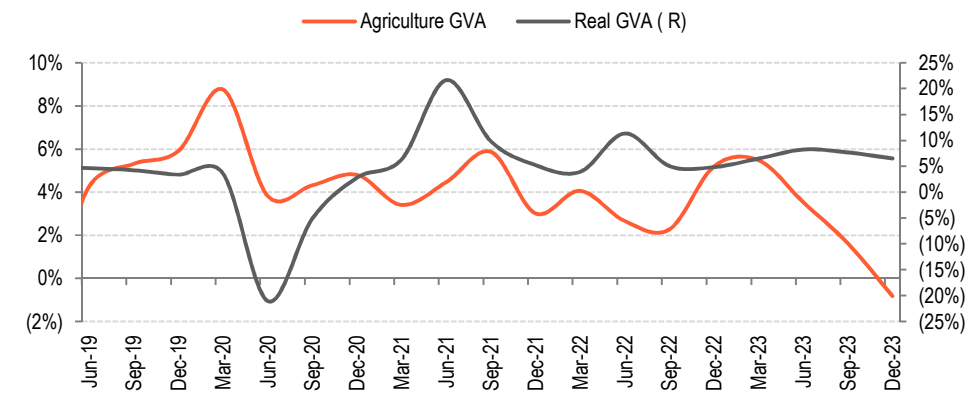


Fig 25 – Growth in agriculture credit picks up

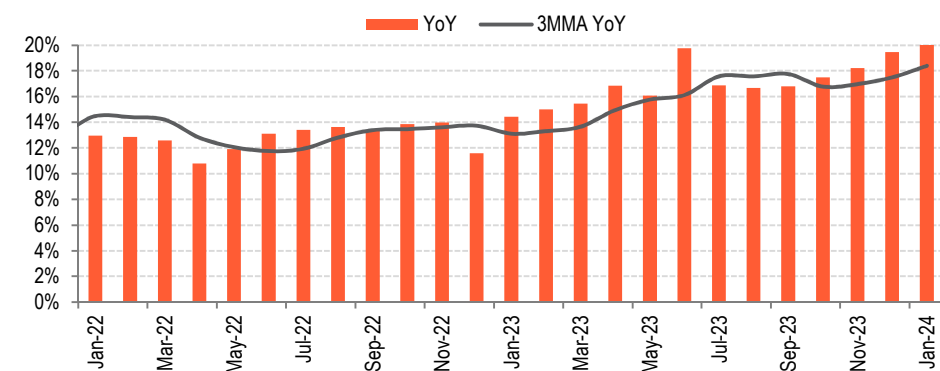
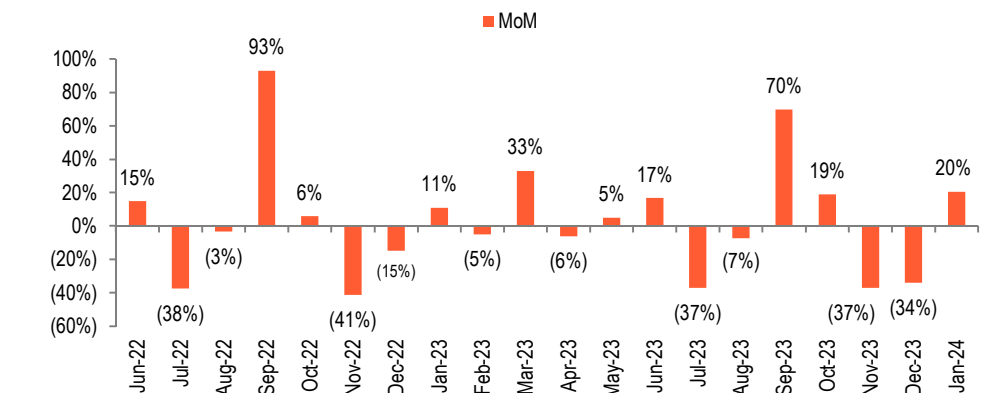


Fig 27 – Domestic rice price climbs higher; international rice prices declines

Fig 24 – Double digit growth in tractor sales



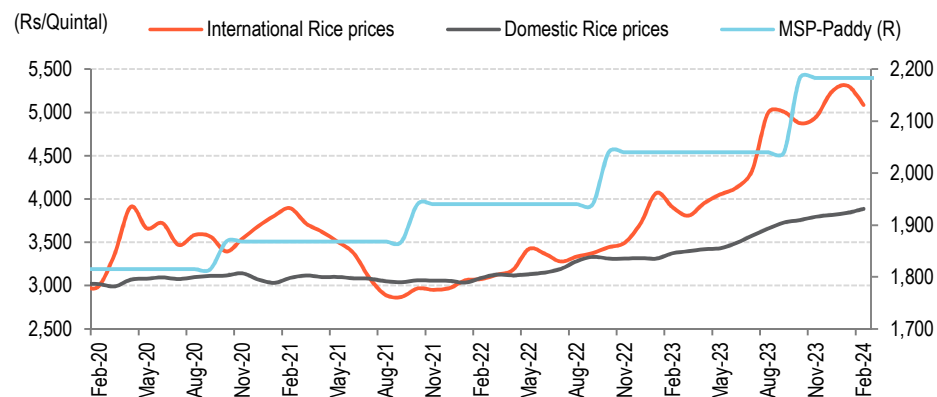
Note: Tractor sales including exports

Fig 26 – Procurement of rice and wheat

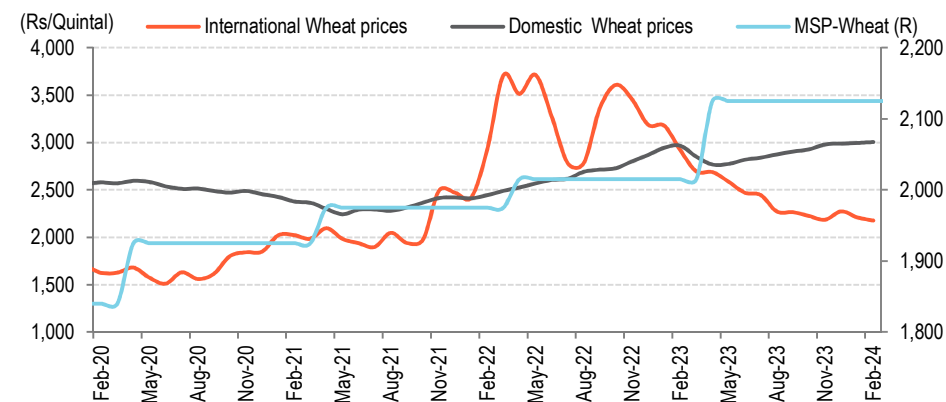
Year	Wheat	Rice
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	57.59
2022-23	18.8	56.9
2023-24*	26.2	29.9

Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Dec 2023

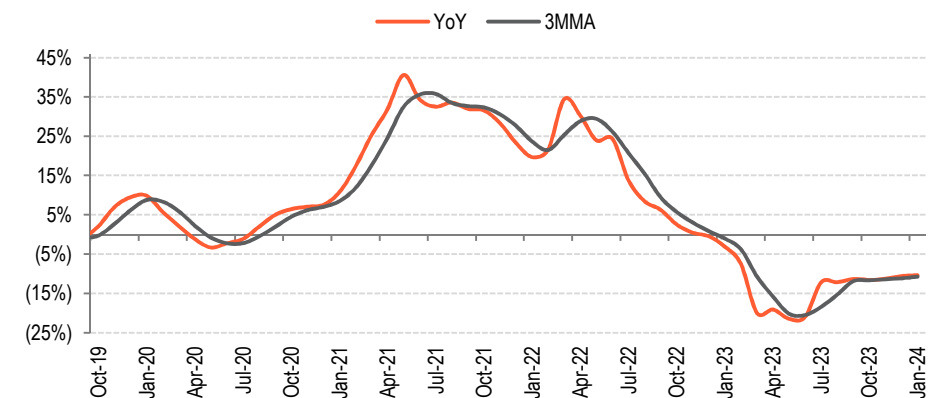
Fig 28 – Domestic wheat price scales up; International prices falls sharply



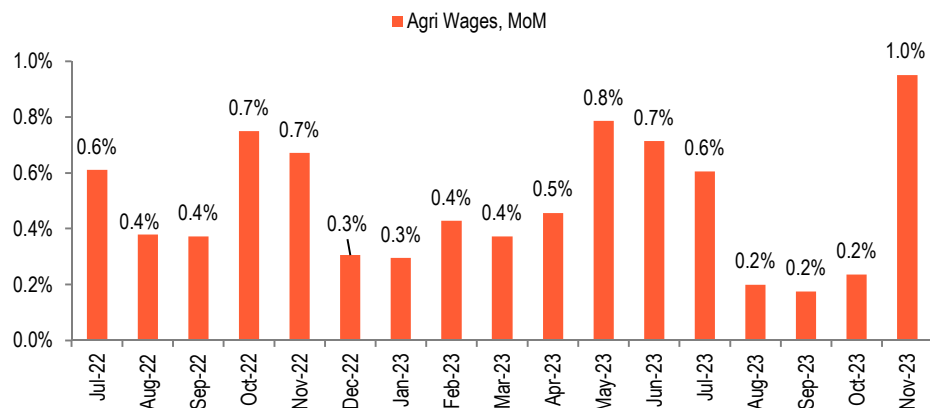
Source: World Bank

Fig 29 – Global food prices decline in Jan'24, led by wheat

Source: World Bank

Fig 30 – Wage growth (men) inches up

Source: FAO

Fig 31 – Growth in foodgrain production over the years

Crop Type (Lakh tonnes)	2021	2022	2023
Rice	1294.7	1357.5	1238.1
Wheat	1077.4	1105.5	1120.2
Pulses	273.0	260.6	234.4
Cereals	2883.1	3036.3	2859.1
Foodgrain Production	3156.2	3296.9	3093.5
Sugarcane	4394.2	4905.3	4464.3
Oilseeds	379.6	413.5	366.0
Cotton	311.2	336.6	323.1

*Note: As per 2nd Advance Estimates, Cotton production in bales

Inflation

Fig 32 – Headline CPI eases to 5.1% in Jan'24 from 5.7% in Dec'23

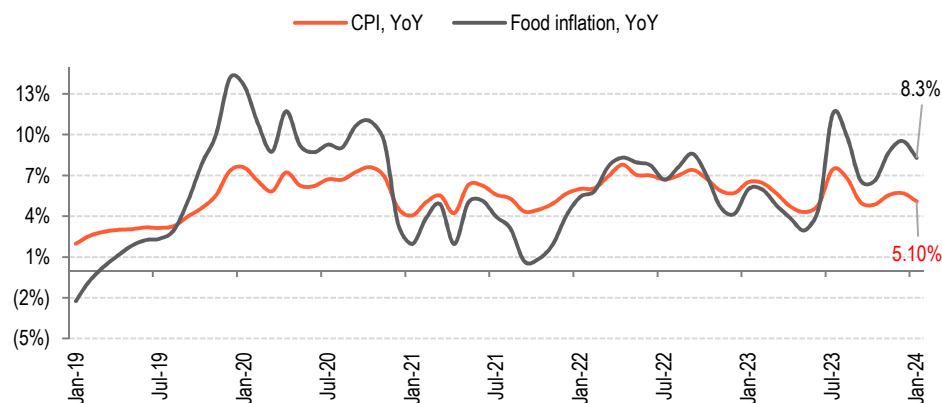


Fig 34 – Core inflation and its sub-components continued to provide comfort

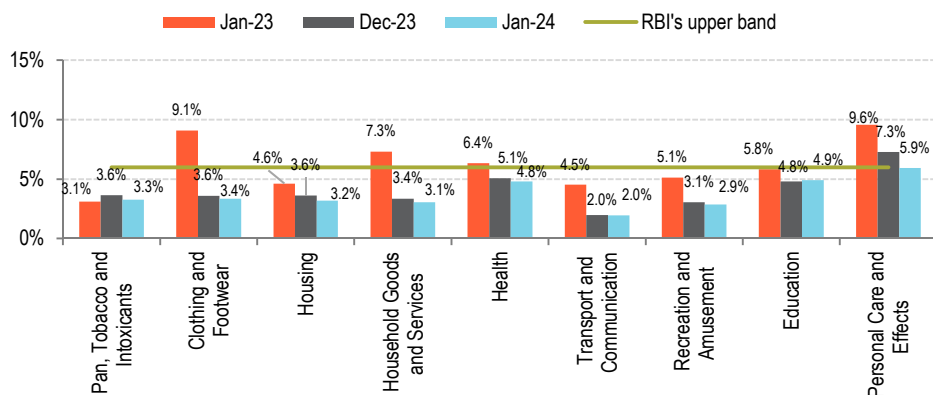


Fig 33 – Some softening observed for cereals, fruits, etc.

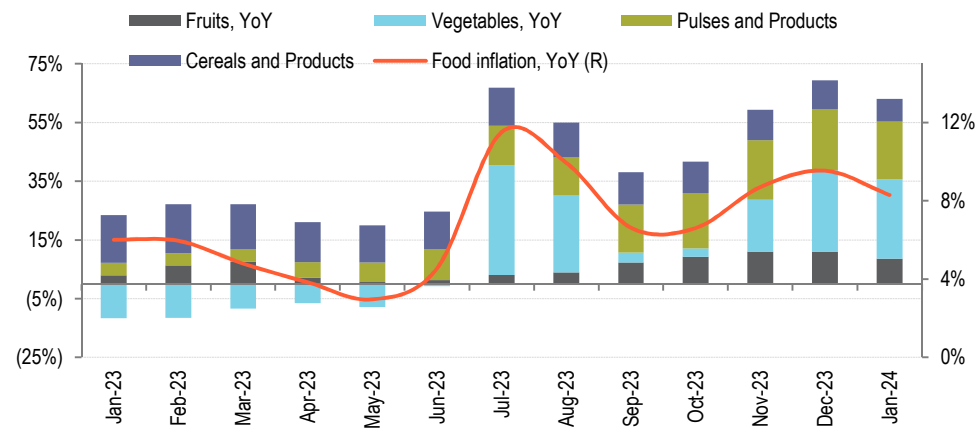
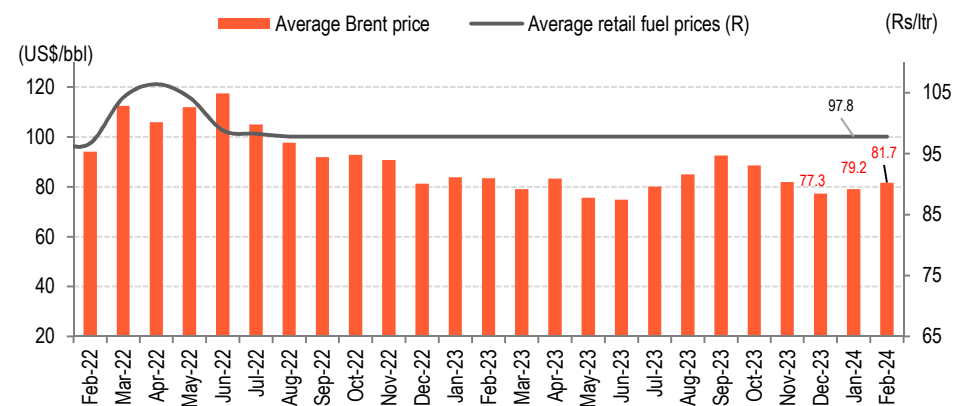


Fig 35 – Domestic retail price was stable at Rs 98/lt, international crude price inched up to US\$ 81.7/bbl in Feb'24 from US\$ 79.2/bbl in Jan'24



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

Industry

Fig 36 – Industrial growth trends lower in Q3

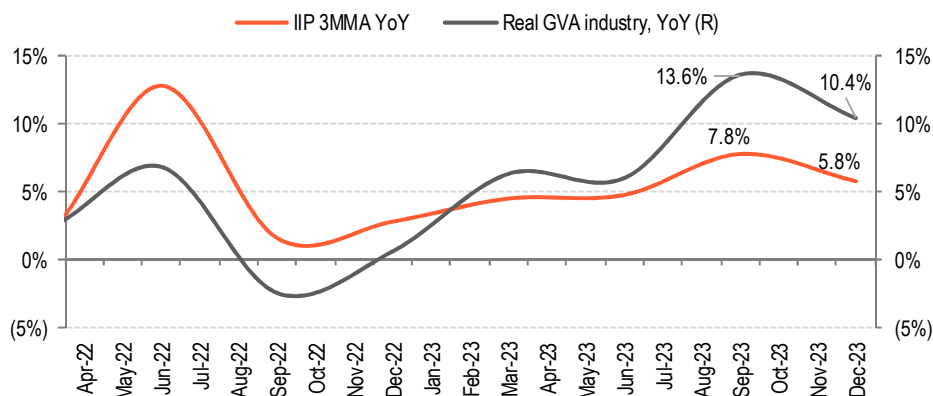


Fig 37 – Sectorwise growth higher in FYTD'24 barring electricity

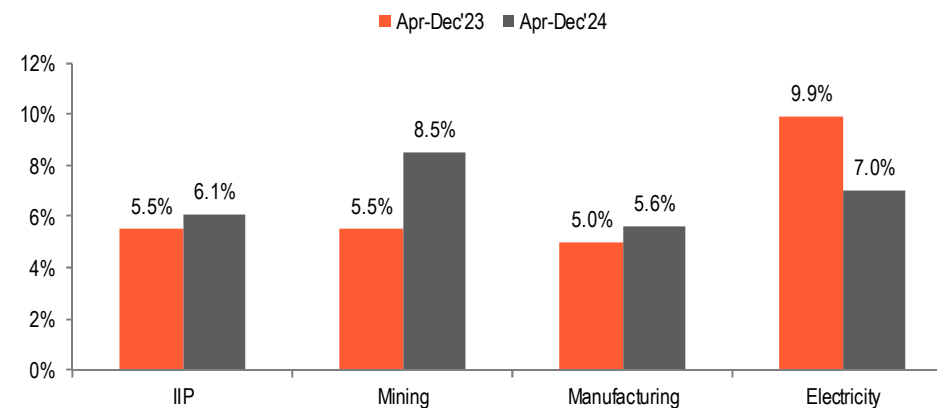
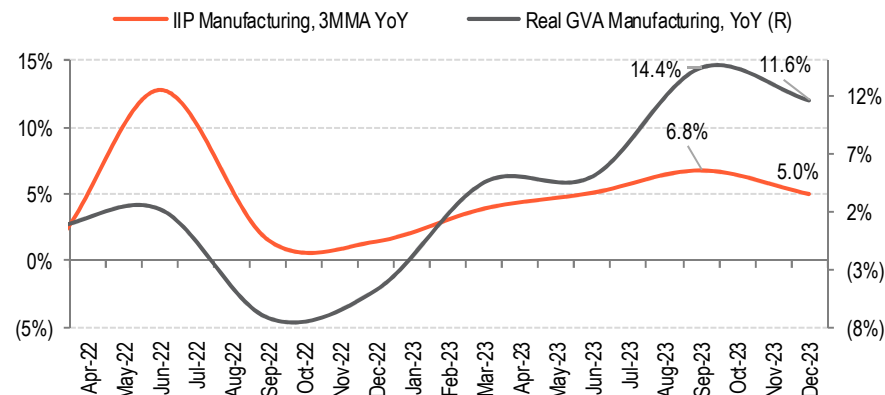
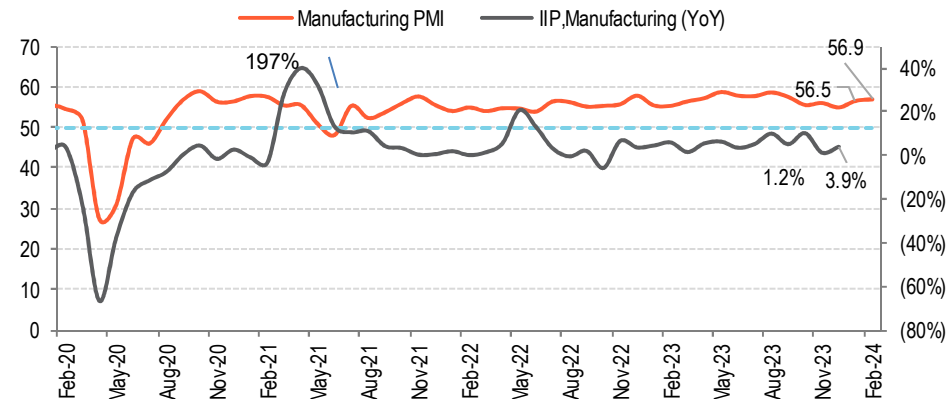


Fig 38 – IIP growth higher than last year

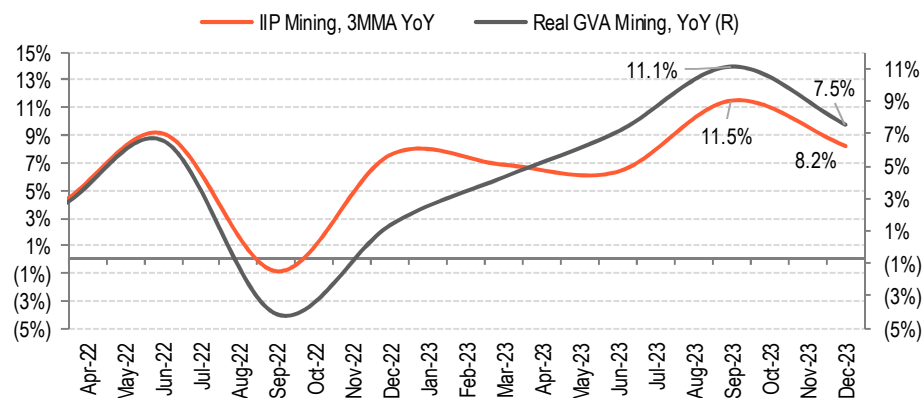
Sectoral (%)	Weight	Nov-23	Dec-23	Dec-22	Apr-Dec'23	Apr-Dec'24
IIP	100.0	2.4	3.8	5.1	5.8	6.2
Mining	14.4	7.0	5.1	10.1	5.3	8.8
Manufacturing	77.6	1.2	3.9	3.6	5.4	5.7
Electricity	8.0	5.8	1.2	10.4	10.1	7.2
Use-Based						
Primary Goods	34.1	8.5	4.6	8.5	7.9	7.0
Capital Goods	8.2	(1.1)	3.2	7.8	15.6	7.3
Intermediate Goods	17.2	3.1	3.4	1.5	4.9	4.8
Infrastructure and Construction Goods	12.3	1.7	4.1	11.0	8.3	10.6
Consumer Durables Goods	12.8	(5.5)	4.8	(11.2)	6.6	1.2
Consumer Non-Durables Goods	15.3	(3.3)	2.1	7.9	(1.0)	5.5

Manufacturing

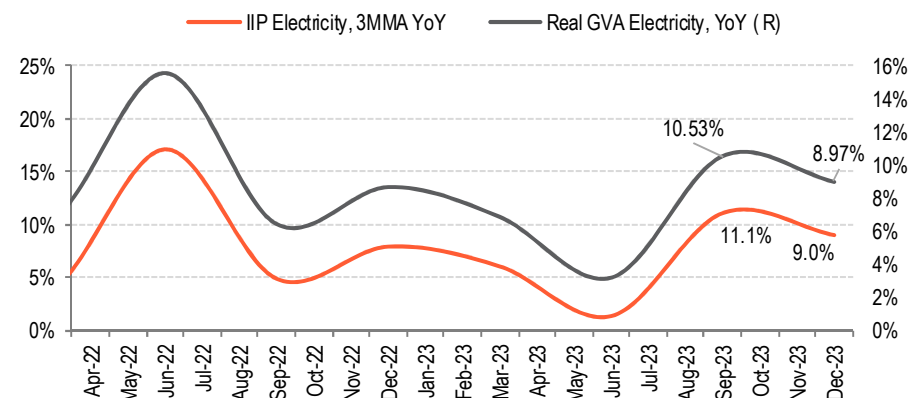
Fig 39 – Manufacturing growth decelerates in Q3**Fig 40 – Manufacturing PMI improves further in Feb'24**

Source: Markit

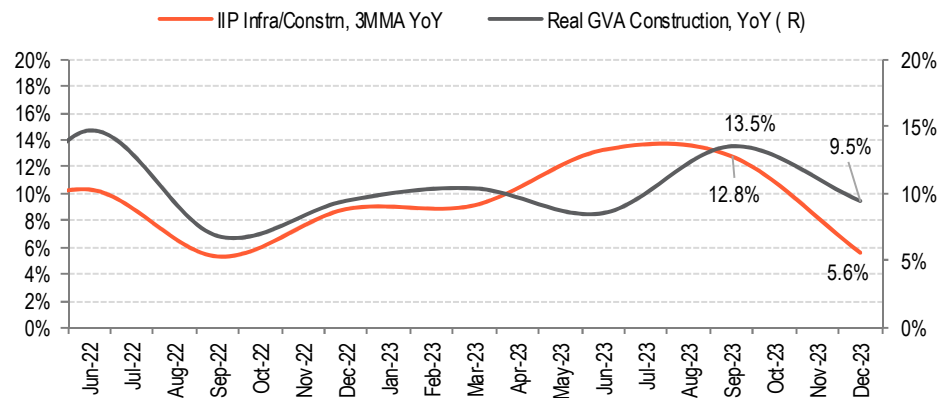
Mining & Electricity

Fig 41 – Growth in mining activity also lower

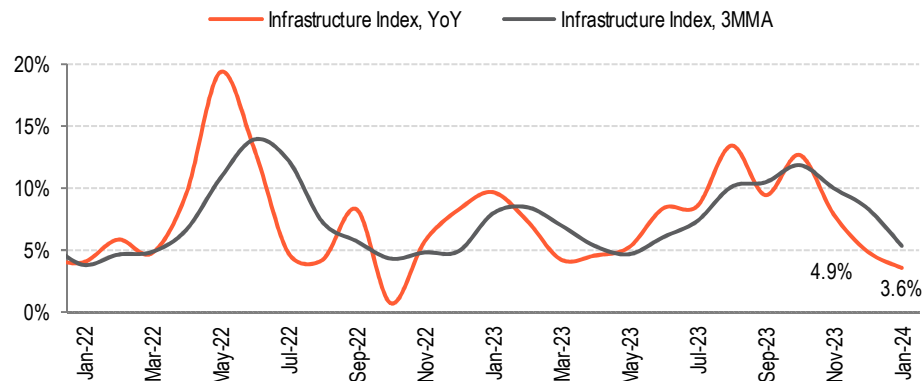
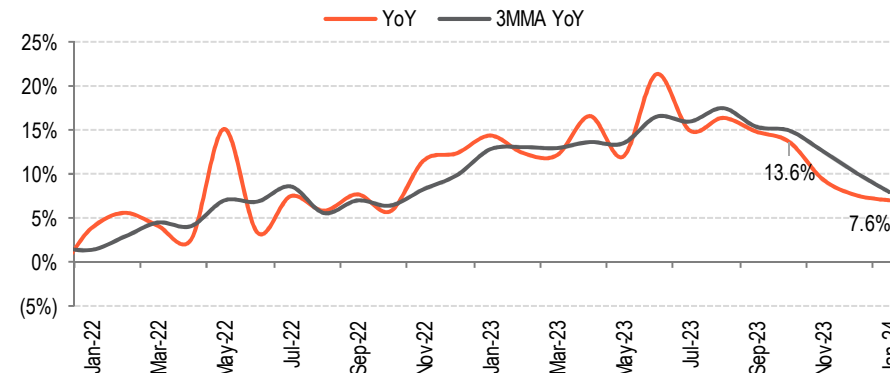
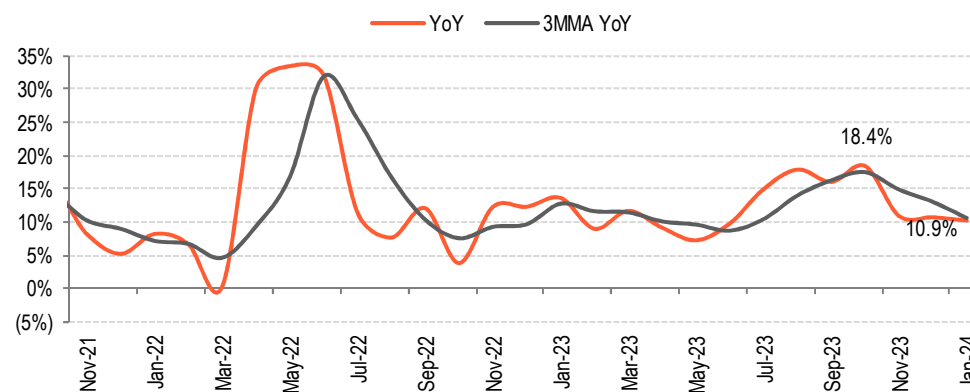
Note: Oct'23 data is on YoY basis

Fig 42 – Electricity production in Q3 moderated

Infrastructure and construction

Fig 43 – Growth in construction sector weaker

Note: Oct'23 data is on YoY basis

Infrastructure index**Fig 45 – Growth in infrastructure index slows down****Auto production & business expectation index****Fig 47 – Slower growth in auto production****Fig 44 – Steel output lower****Fig 46 – Coal output moderates****Fig 48 – Business sentiment rises**

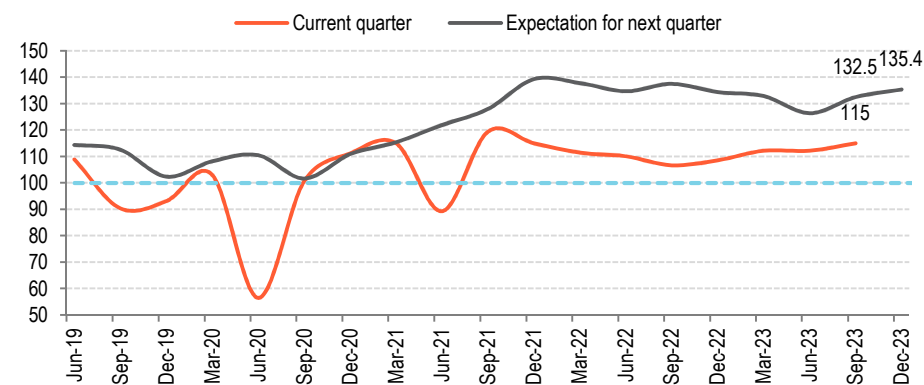
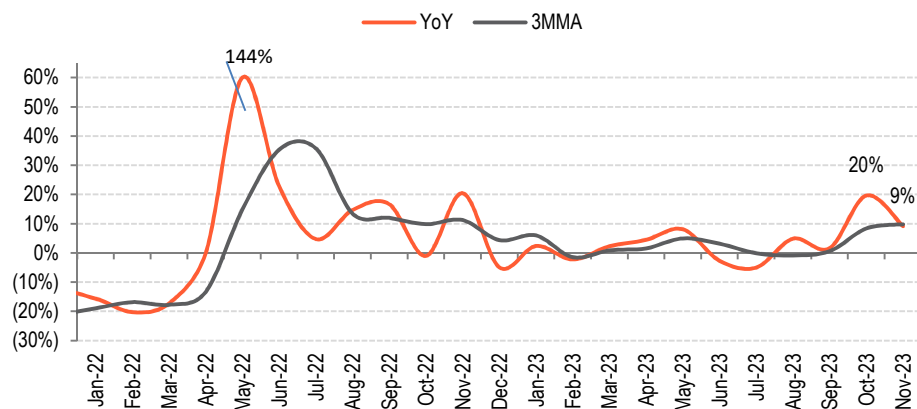


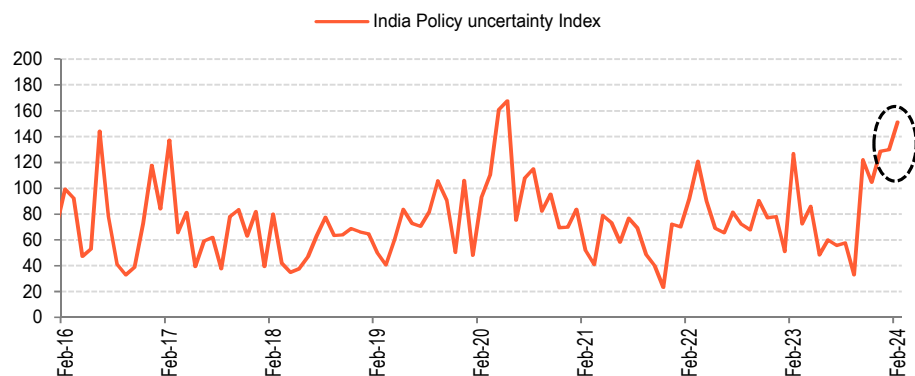
Fig 49 – Growth in infrastructure index eases

(%)	Weight	Dec-23	Jan-24	Nov-22	Apr-Dec'23	Apr-Dec'24
Infrastructure Index	100	4.9	3.6	5.7	8.4	7.9
Coal	10.3	10.7	10.2	12.3	16.9	12.5
Crude Oil	9.0	(1.0)	0.7	(1.1)	(1.3)	(0.2)
Natural Gas	6.9	6.6	5.5	(0.7)	1.5	5.5
Petroleum Refinery Products	28.0	4.0	(4.3)	(9.3)	5.7	4.1
Fertilizers	2.6	5.8	(0.6)	6.4	10.7	6.0
Steel	17.9	7.6	7.0	11.5	8.6	13.3
Cement	5.4	3.8	5.6	29.1	10.8	9.2
Electricity	19.9	1.2	5.2	12.7	10.4	7.0

Investment

Fig 50 – Policy uncertainty index in India inched up in Feb'24

Fig 51 – Real GFCF grew at a steady pace of 10.6% in Q3FY24 from 5% in Q3FY23



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

Fig 52 – Capital goods production improved by 3.2% in Dec'23 after declining by 1.1% in Nov'23, on account of a favourable base

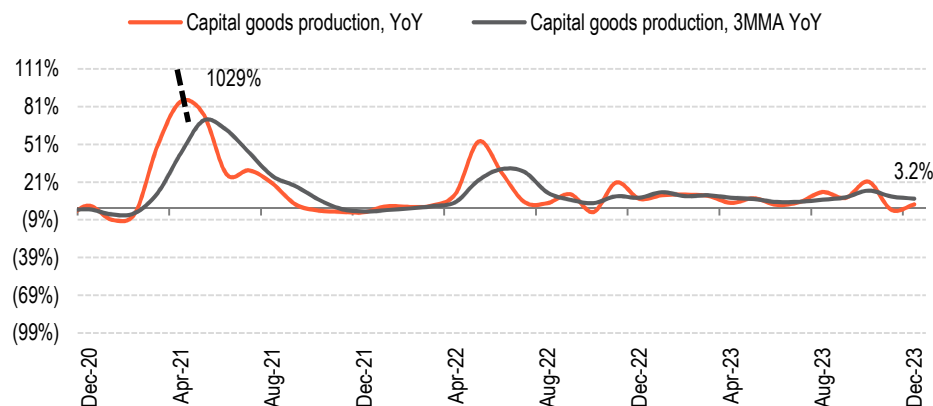


Fig 54 – Centre's capex spending growth was at 23.2% in Jan'24 from 33.3% in Dec'23

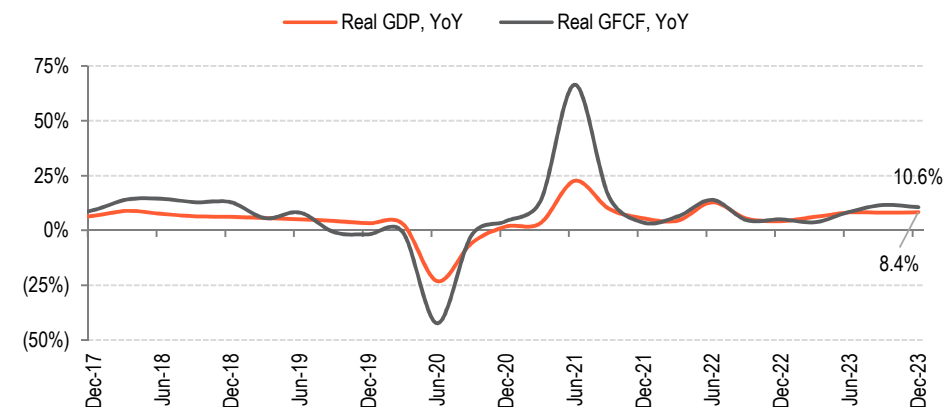


Fig 53 – Capital goods imports declined at a much slower pace by 12.8% in Jan'24 from 26.7% decline in Dec'23

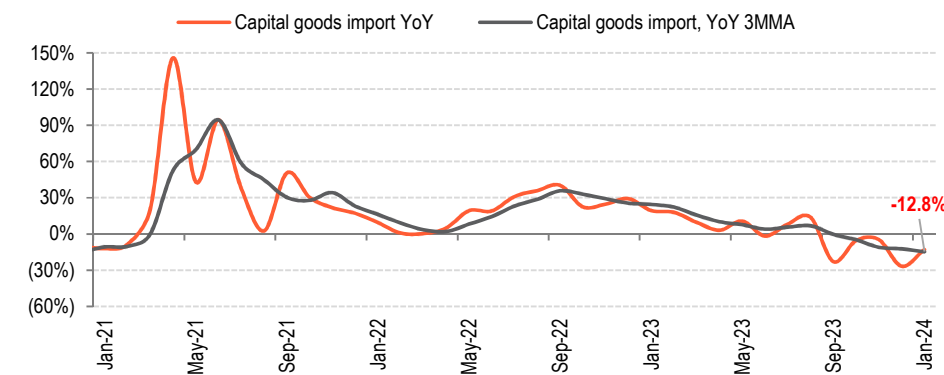


Fig 55 – Credit to micro and small industry rose by 16.3% in Jan'24 from 15.1% in Dec'23, for medium industry as well, it inched up to 10%

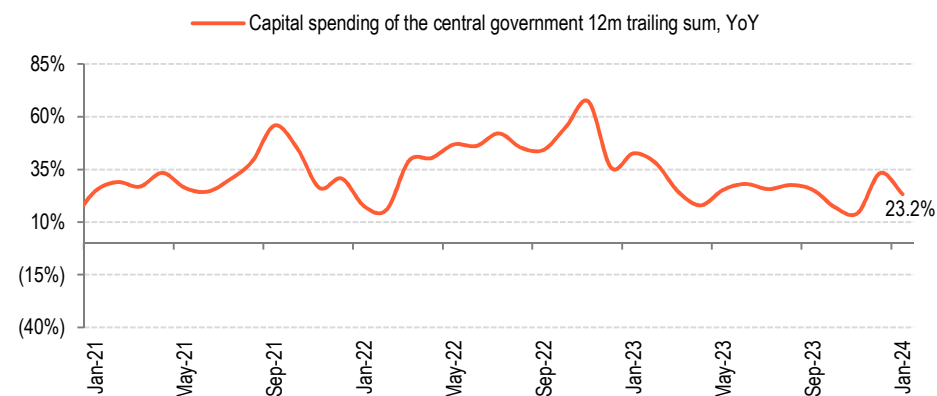
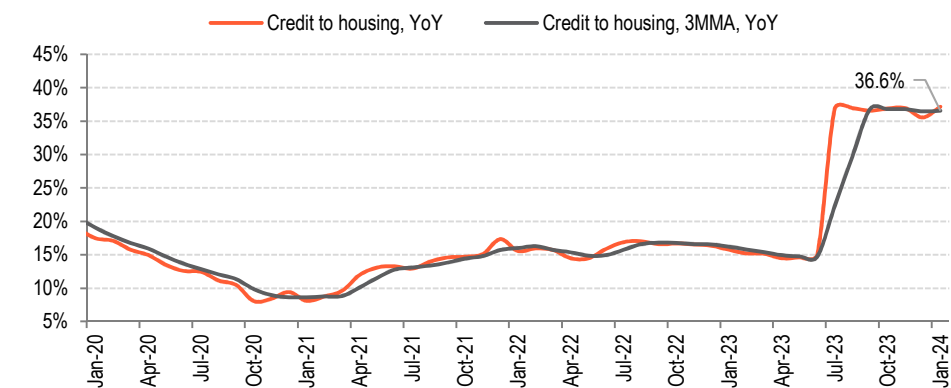


Fig 56 – Credit to housing sector rose by 36.6% in Jan'24 from 36.5% in Dec'23



Services sector

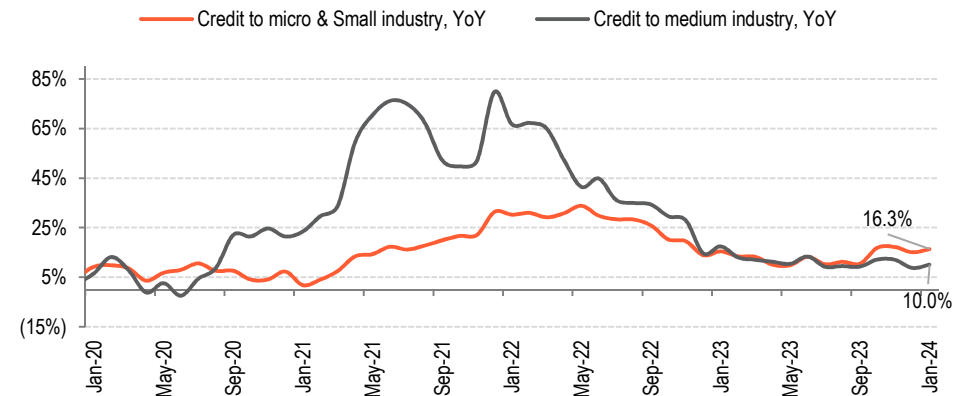


Fig 57 – Highway construction is gaining pace

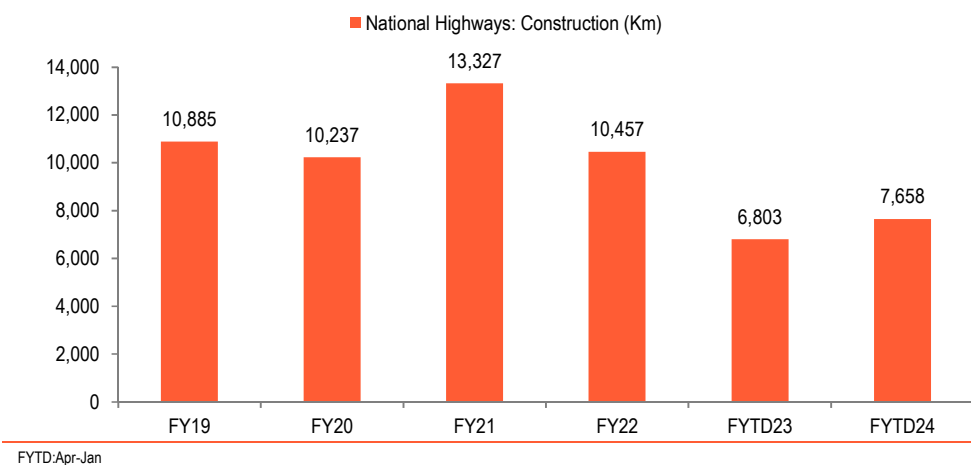
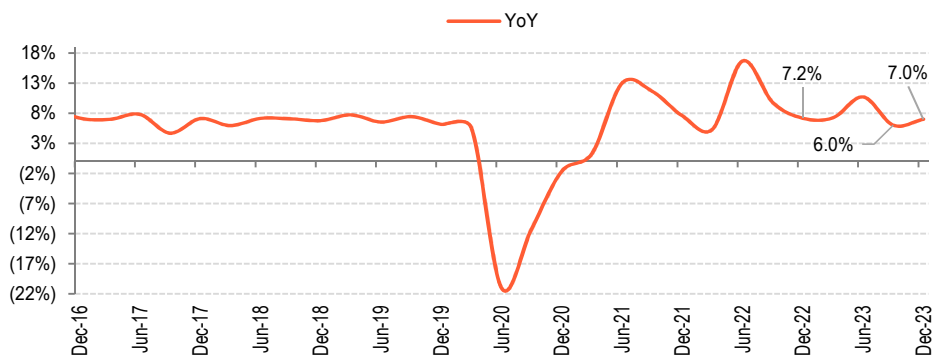
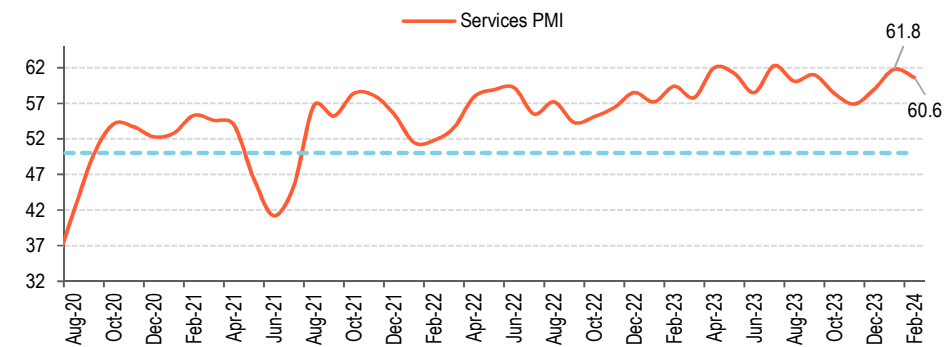
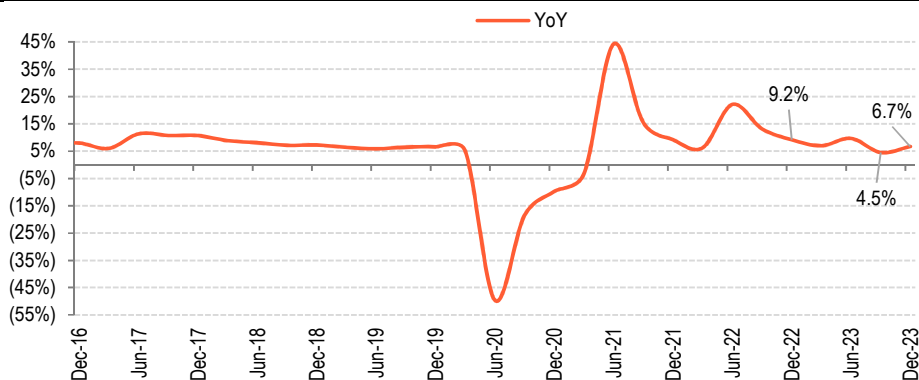
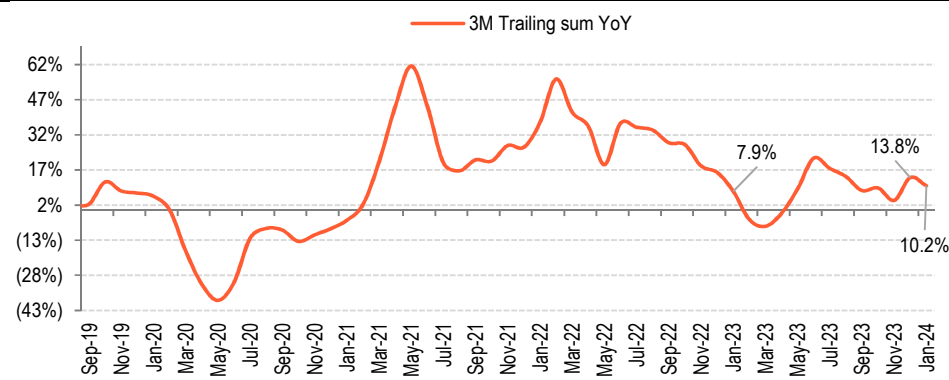


Fig 58 – GVA: Services sector growth picked up pace in Q3FY24**Fig 59 – Services PMI decelerates in Feb'24; still above the 50-mark**

Source: Markit

Fig 60 – GVA: Trade & related services activity supported growth in Q3**Fig 61 – However states' tax revenue growth seen slowing at the start of Q4FY24**

Note: *All states excluding North Eastern states, Goa and J&K

Trade

Fig 62 – Vehicle registration growth softened in Feb'24**Fig 63 – Diesel consumption regained momentum in Feb'24**

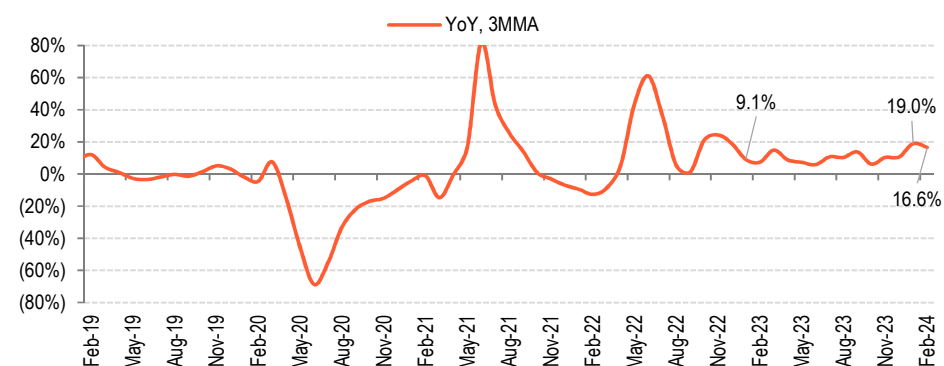


Fig 64 – Railway freight traffic growth in Jan-Feb'24 (8.3%), higher than Q3 (6.4%)

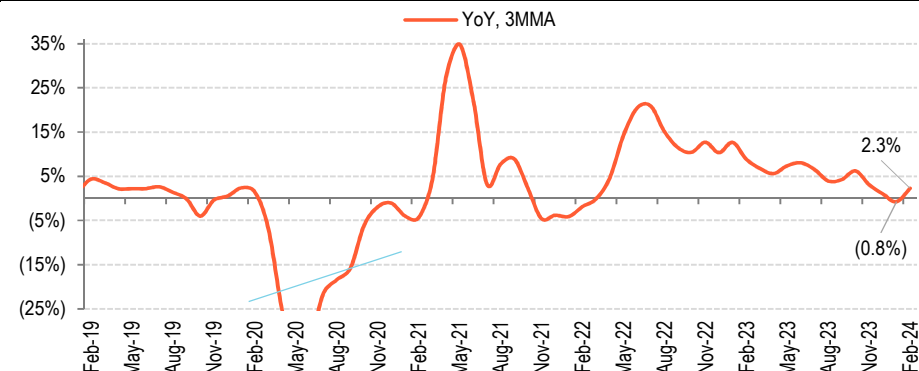


Fig 65 – Port cargo traffic growth showed improvement in Jan'24

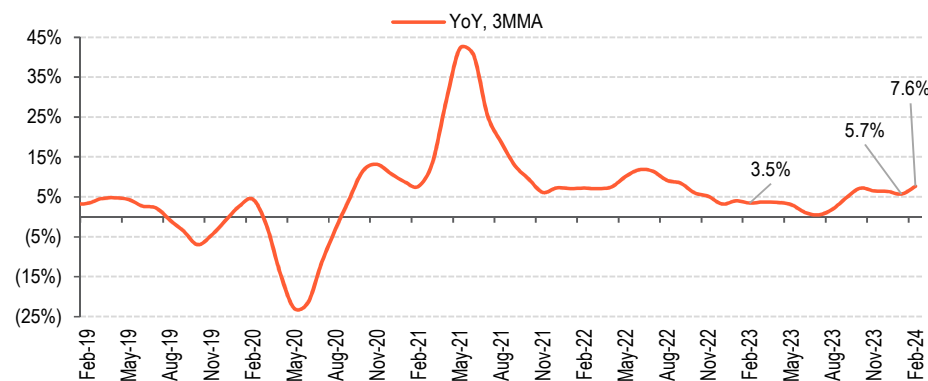


Fig 66 – Toll collections growth seen picking up pace

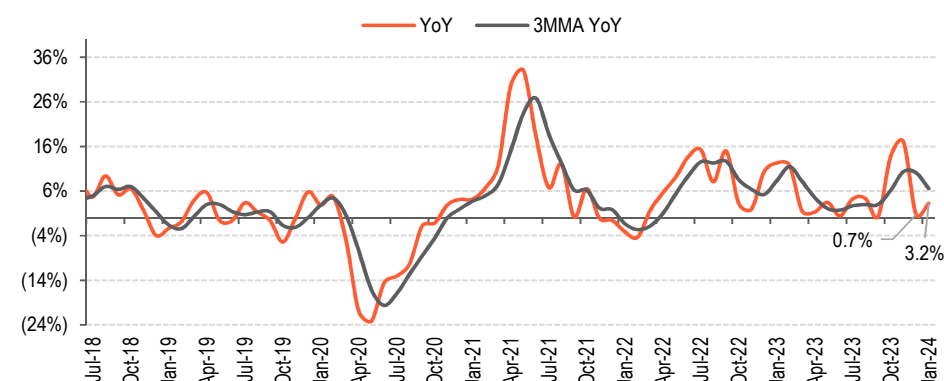
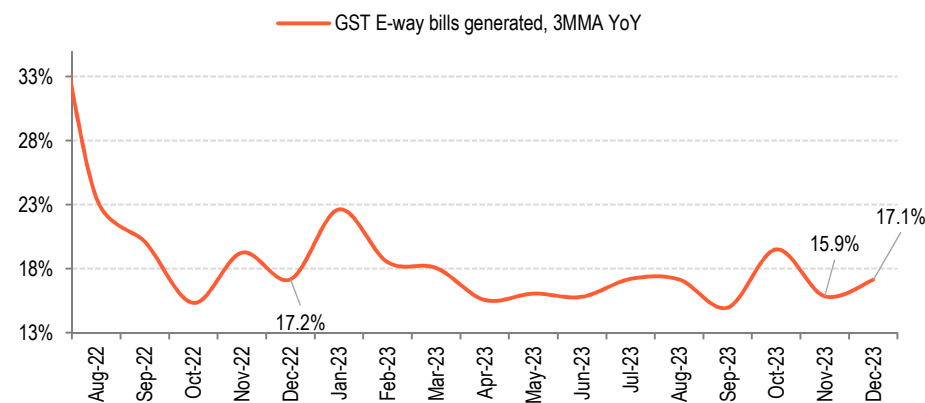
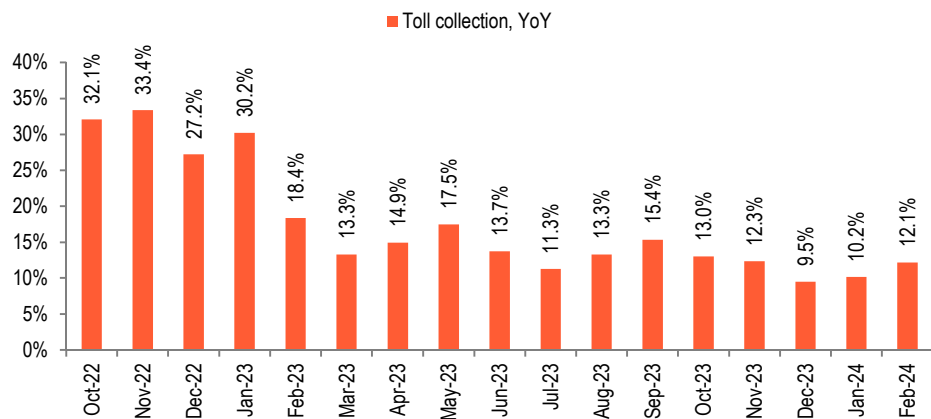


Fig 67 – Growth in E-way bills inched up in Dec'23



Hotels and communications

Fig 68 – Airline passenger traffic slowed in Feb'24, but remains above pre-pandemic level...

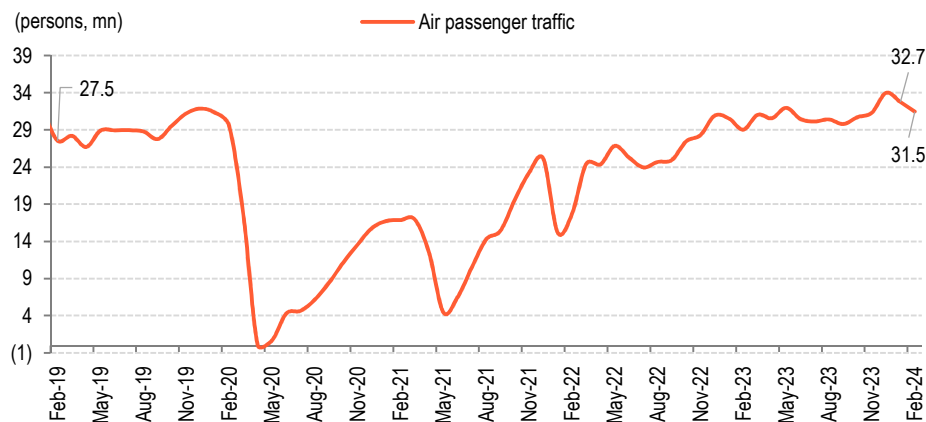


Fig 70 – Railway passenger traffic picked up pace in Oct'23

Fig 69 – ...similar trend observed in domestic passenger traffic flows

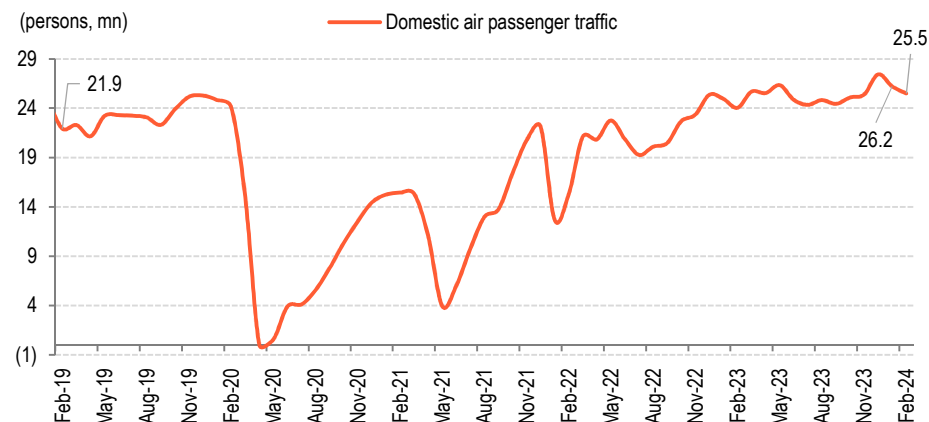
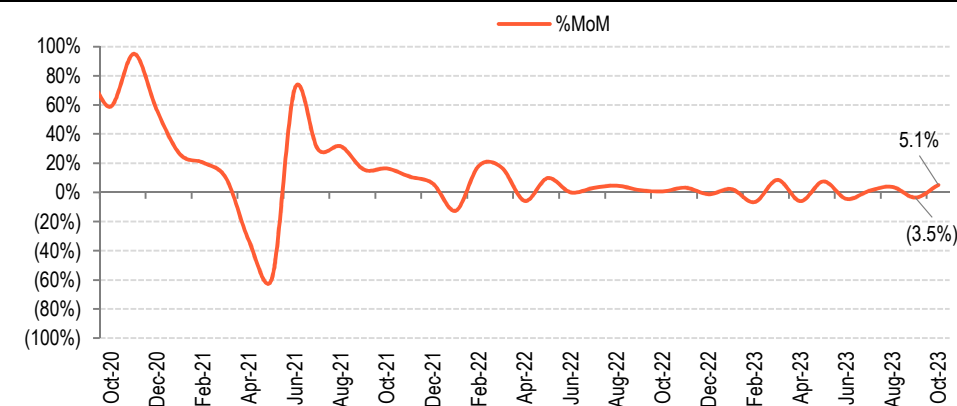


Fig 71 – Number of telecom subscribers rose by 8.3mn in Q3FY24, following 6.6mn subscribers added in Q2



Finance and real estate

Fig 72 – Growth in GVA: Finance, real estate & prof. pushed growth higher in Q3

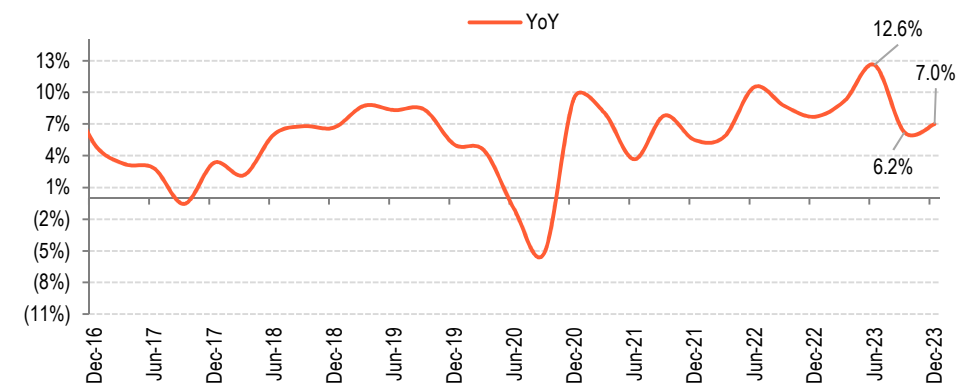


Fig 74 – Credit to services remained stable, credit to industries showed improvement in Jan'24

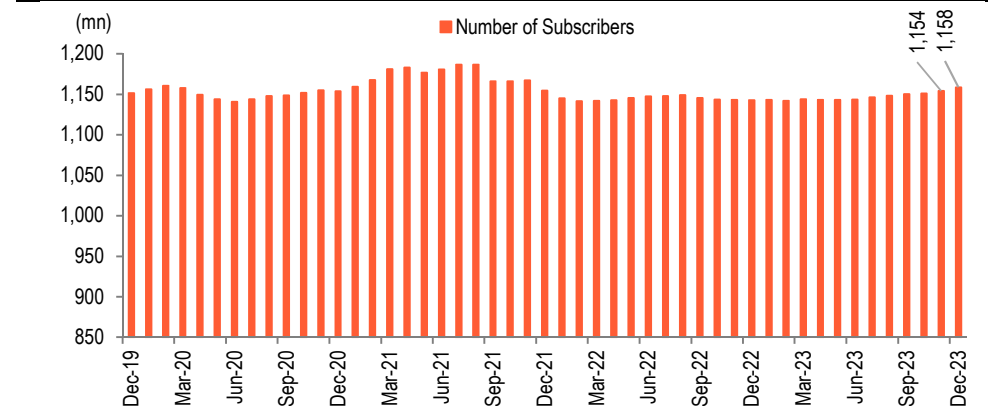
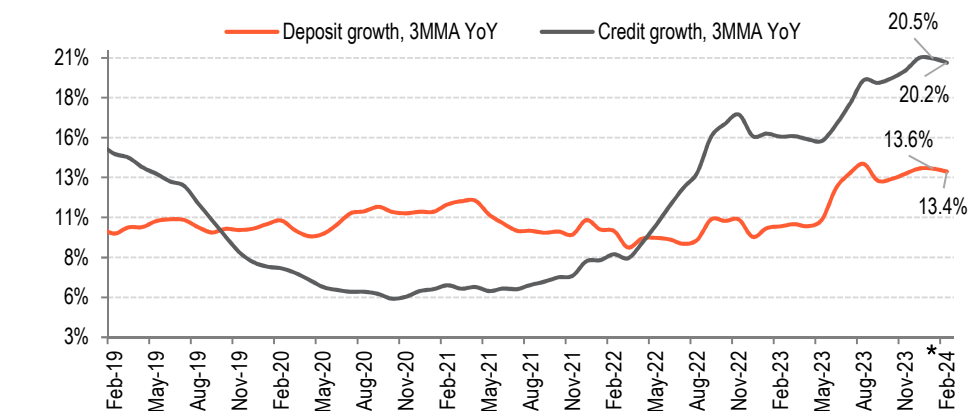


Fig 73 – Both credit and deposit growth broadly steady



*Data as of 9 Feb 2024

Fig 75 – Within services, credit to NBFCs remains under pressure, and credit to trade and commercial real estate seen stabilizing

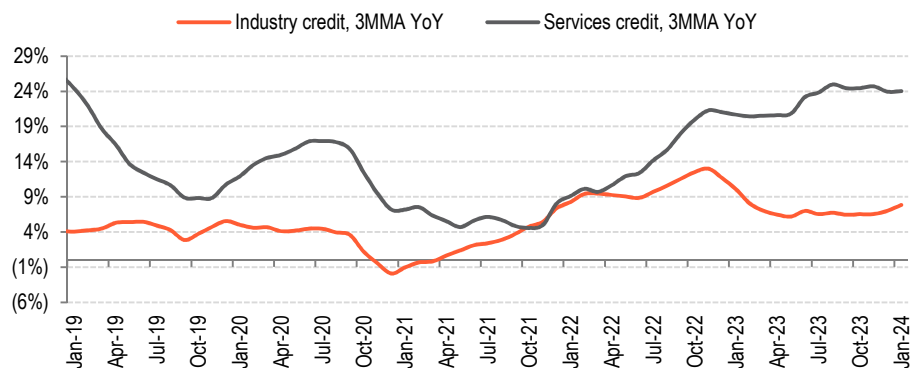
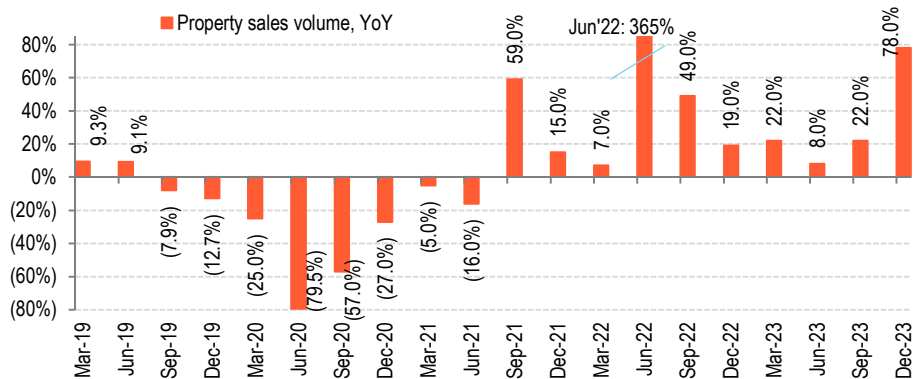


Fig 76 – Property sales volume continued to increase in Q3FY24; were up by 33% in CY23



Source: Proptiger

Labour market

Fig 78 – Naukri job index rebounded in Feb'24

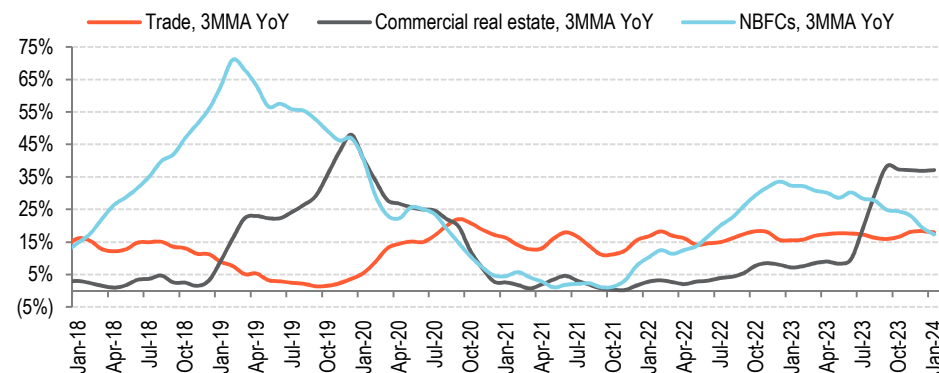


Fig 77 – Stamp duty collection growth of Haryana, A.P. and M.P. continues to do well, while that of Telangana, Kerala and W.Bengal declined further in Jan'24

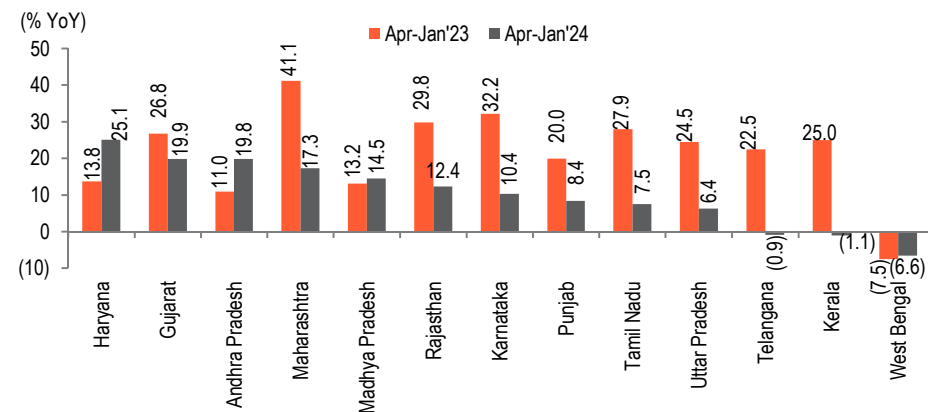
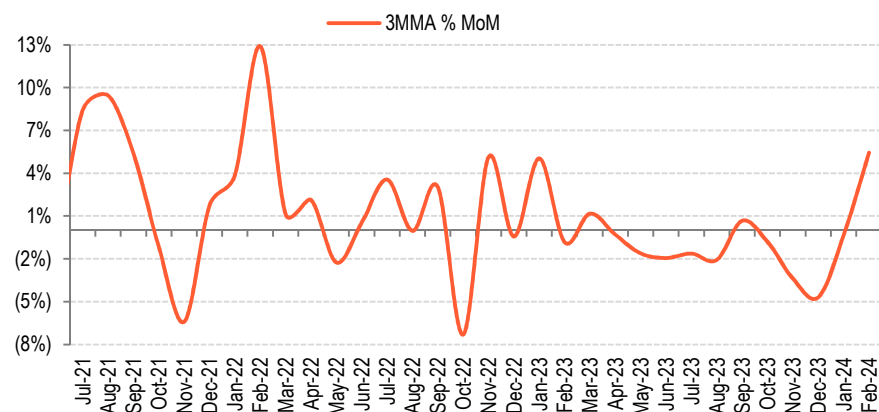


Fig 79 – On the other hand, overall unemployment rate reached 8% in Feb'24



Public administration

Fig 80 – Public admin & defence services eased only slightly in Q3

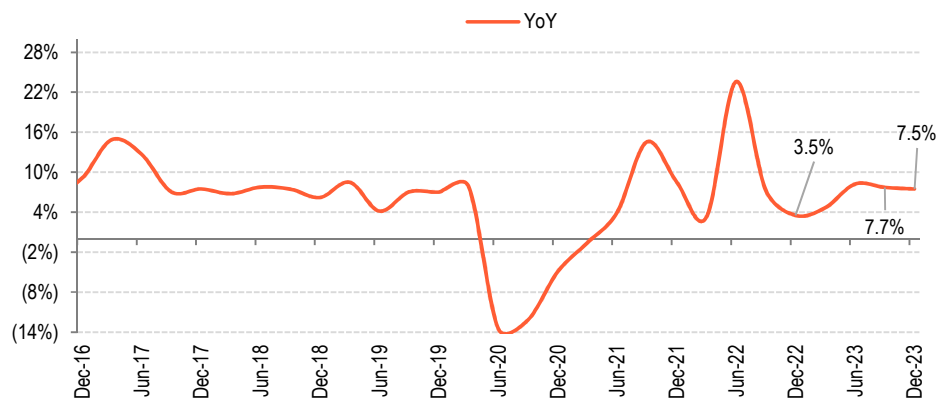


Fig 82 – Central government spending remains subdued

Fig 81 – General govt. spending seen picking up pace in Jan'24

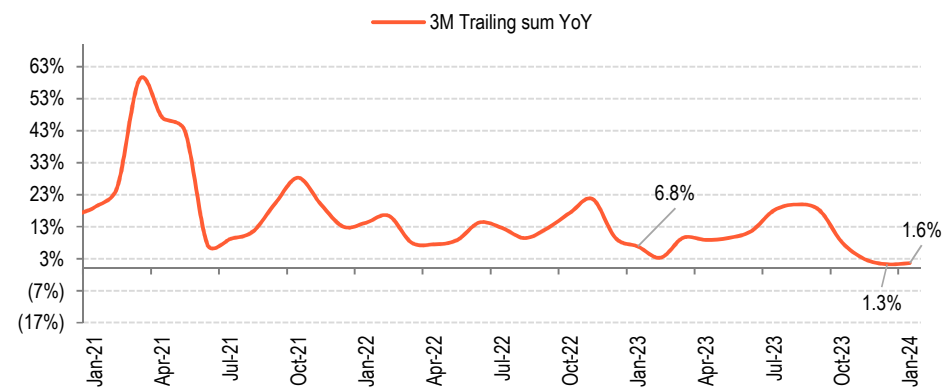
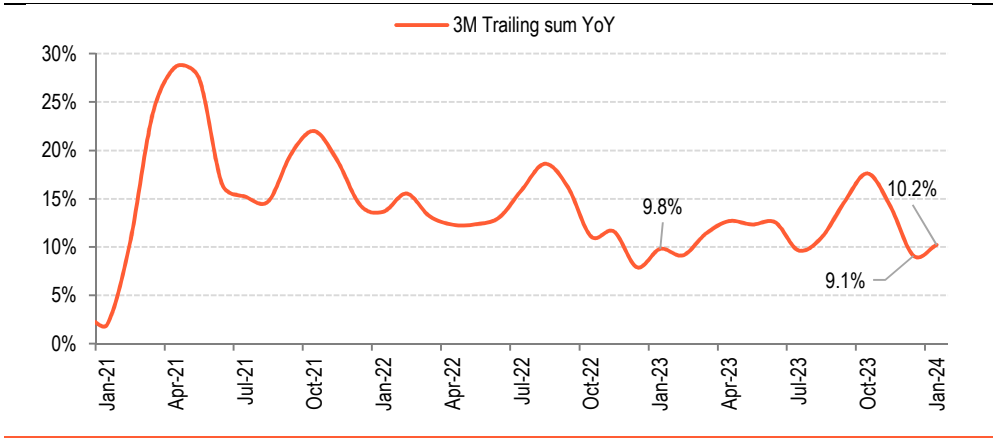
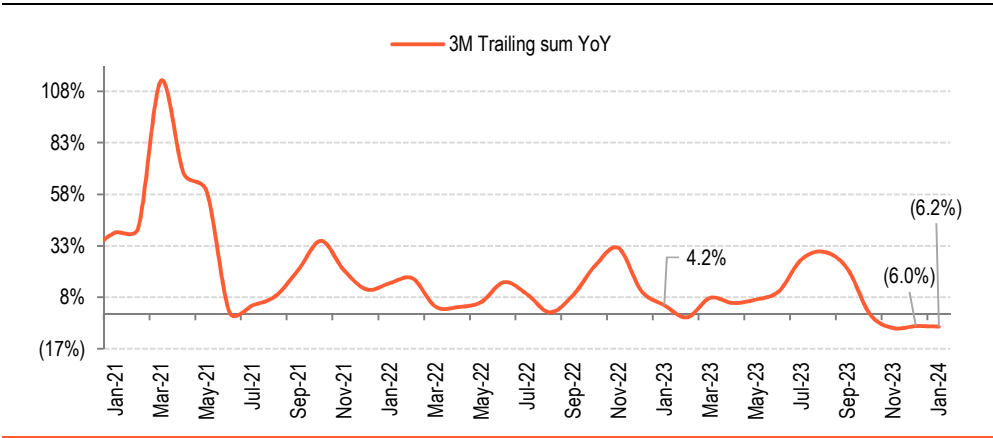


Fig 83 – Support to spending provided by State* Govt. in Jan'24

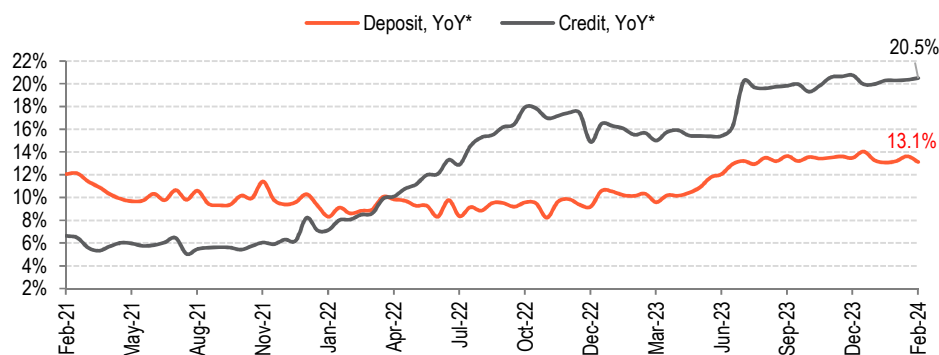


Note: *All states excluding North Eastern states, Goa and J&K

Financial sector

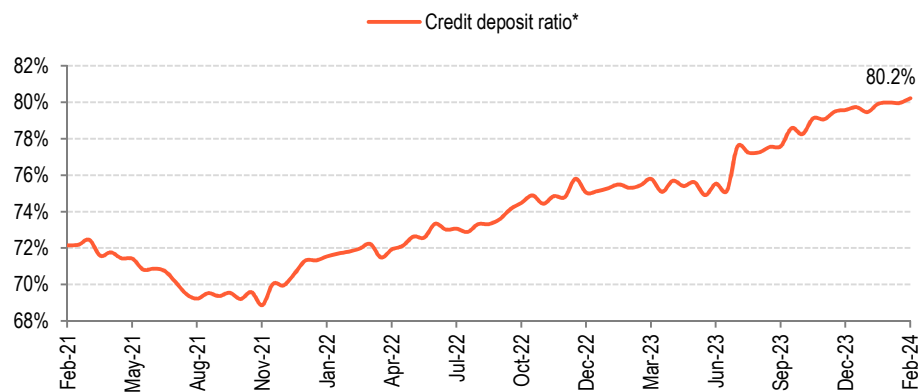
Money and banking

Fig 84 – Credit growth was buoyant at 20.5% in Feb'24 (incl. merger), deposit growth was at 13.1% from 13.2% in Jan'24



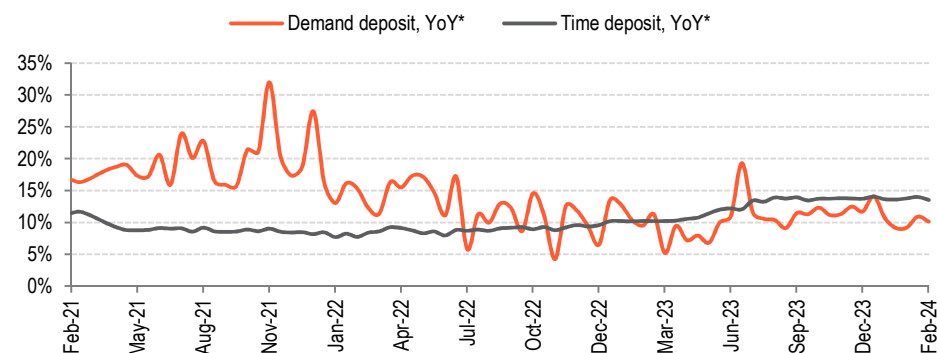
Note: *Feb'24 implies fortnight as of 23 Feb 2024

Fig 86 – CD ratio rose to 80.2%



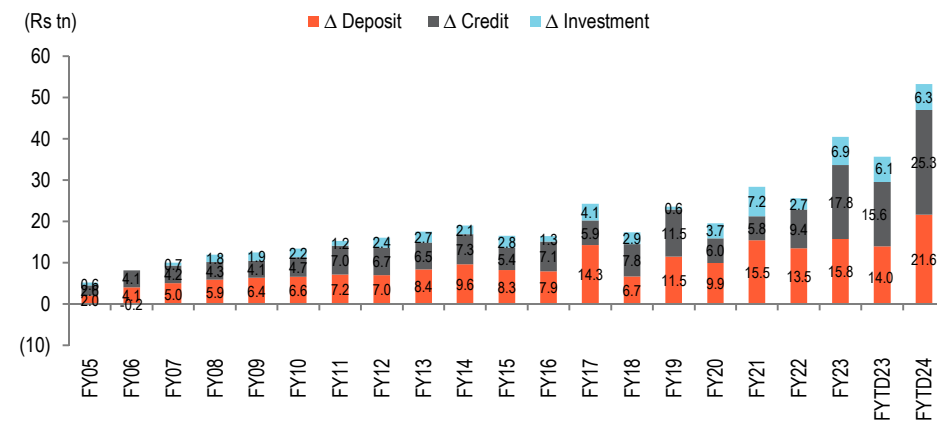
Note: *Feb'24 implies fortnight as of 23 Feb 2024

Fig 85 – ...Demand deposits inched up, growth in time deposits was at 13.5% in Feb'24 from 13.8% in Jna'24



Note: *Feb'24 implies fortnight as of 23 Feb 2024

Fig 87 – Credit, deposit and investment accretion



FYTD:Apr-Feb

Fig 88 – Credit to govt moderated to 15.6% in Dec'23 from 17.2% in Nov'23, credit to commercial sector also edged down to 14.4% from 15.1%

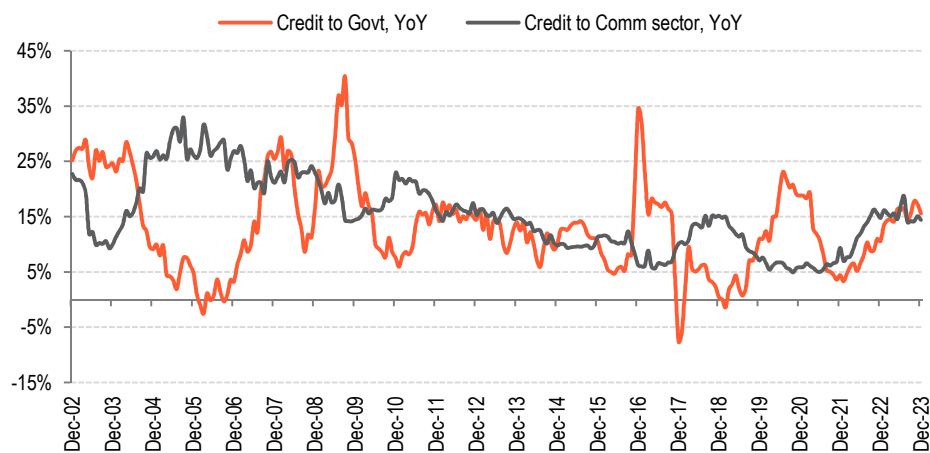


Fig 90 – WALR on fresh loan rose to 8.63% in Jna'24 from 8.51% in Dec'23, WADTDR rose to 6.91% from 6.88%

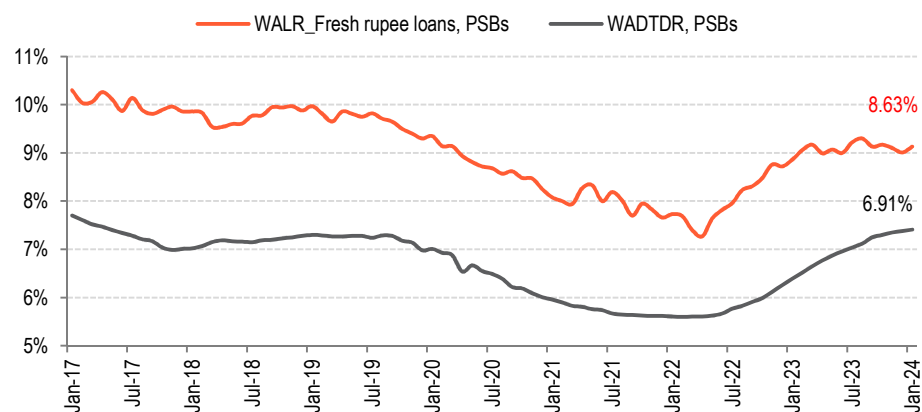


Fig 89 – Gap between WALR and repo

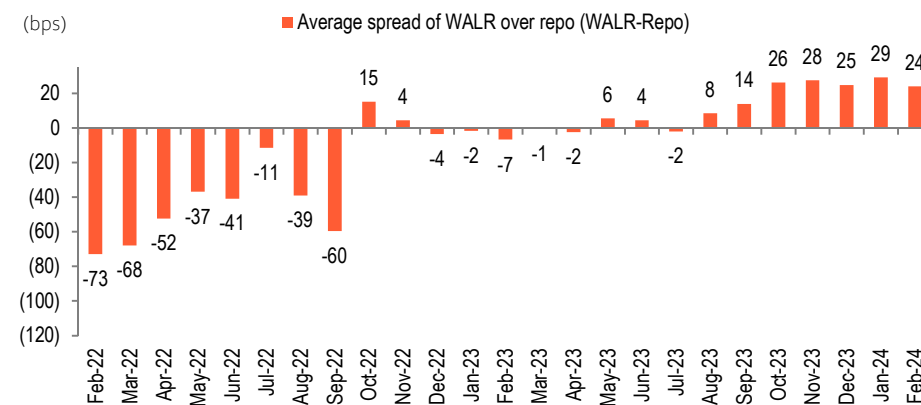
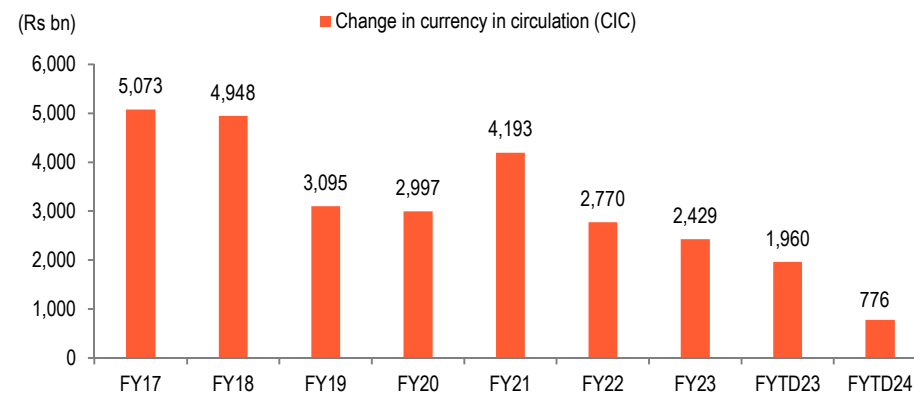


Fig 91 – CIC accretion in FYTD24 is gaining pace



FYTD:Apr-Feb

Fig 92 – 10Y GSec yield moderated to 7.08% in Feb'24 from 7.14% in Jan'24 and currently at 7.01%, inflation moderated to 5.1% in Jan'24 from 5.7% in Dec'23

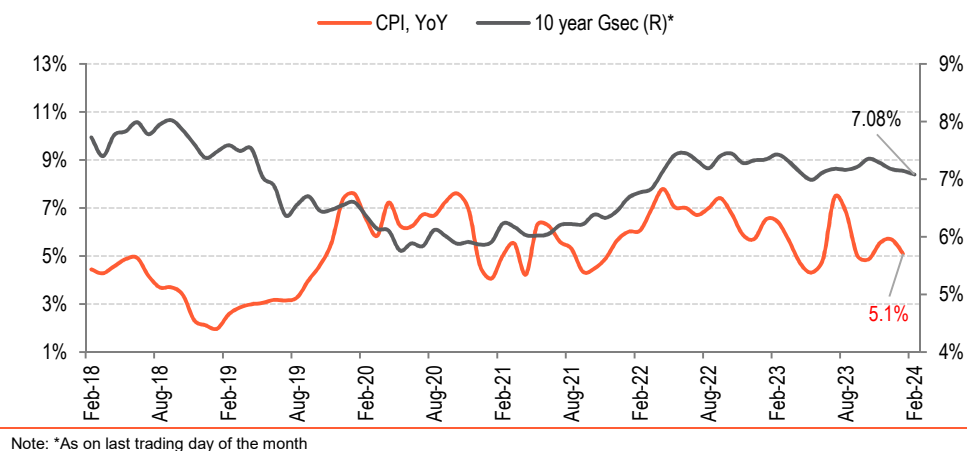


Fig 94 – Corporate debt issuances moderated to Rs 612bn in Jan'24 from Rs 1,081bn in Dec'23

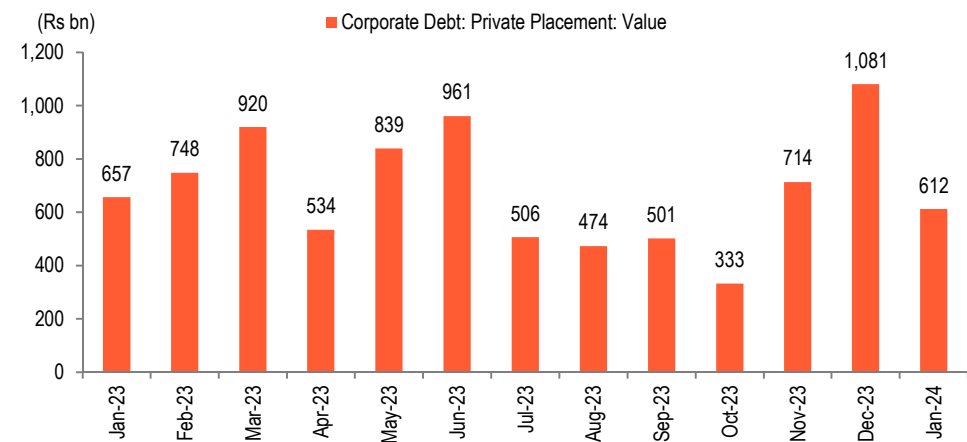


Fig 93 – Longer part of India's yield curve shifted downwards completely

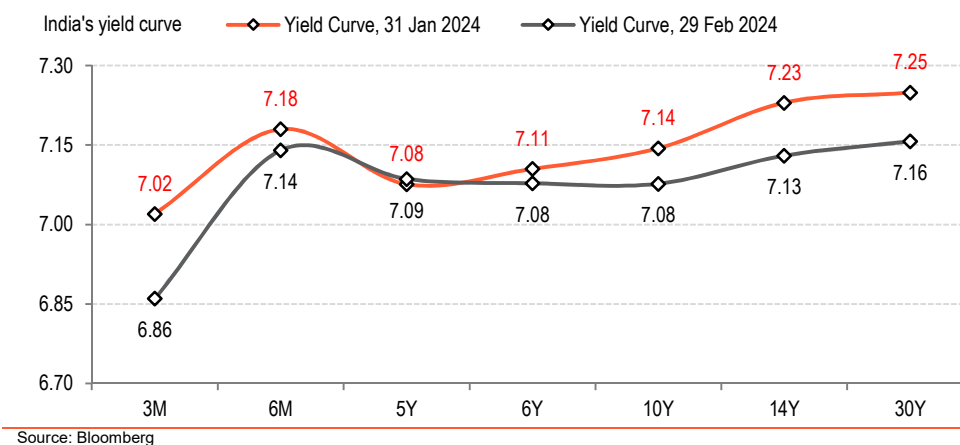


Fig 95 – Average system liquidity deficit moderated to Rs 1.9lakh crore in Feb'24 from Rs 2.1 lakh crore in Jan'24 and currently at surplus of Rs 57bn

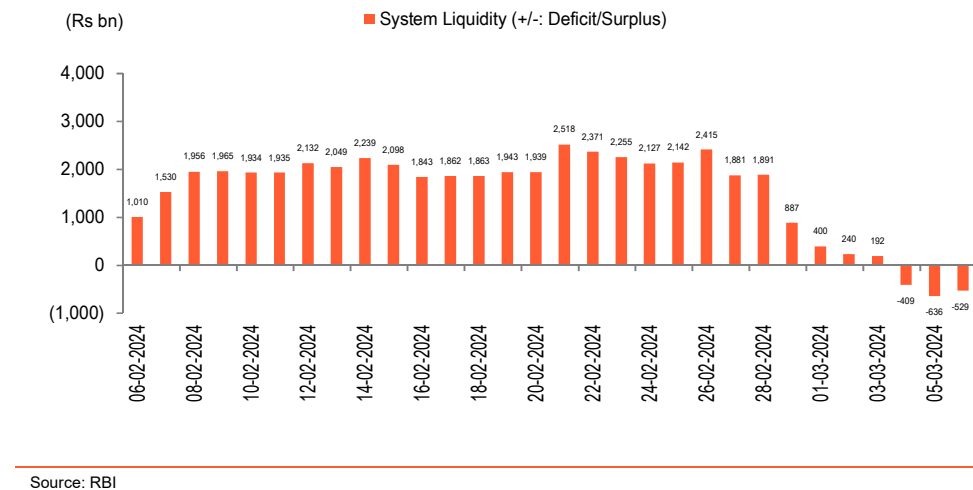


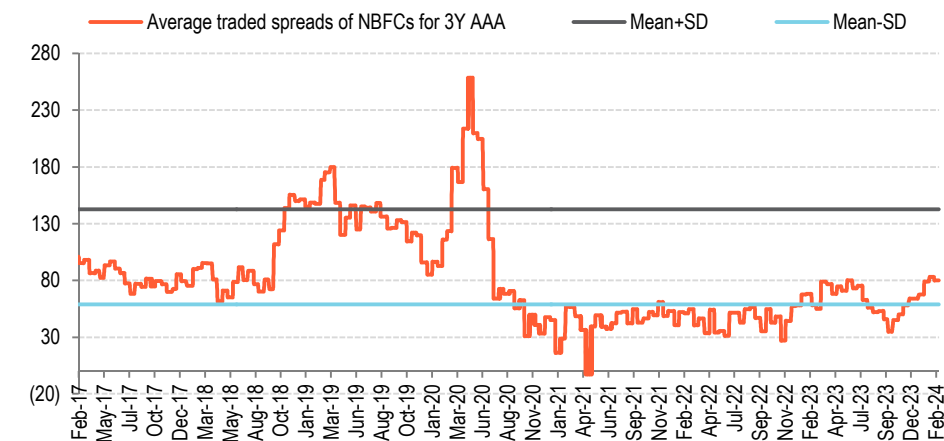
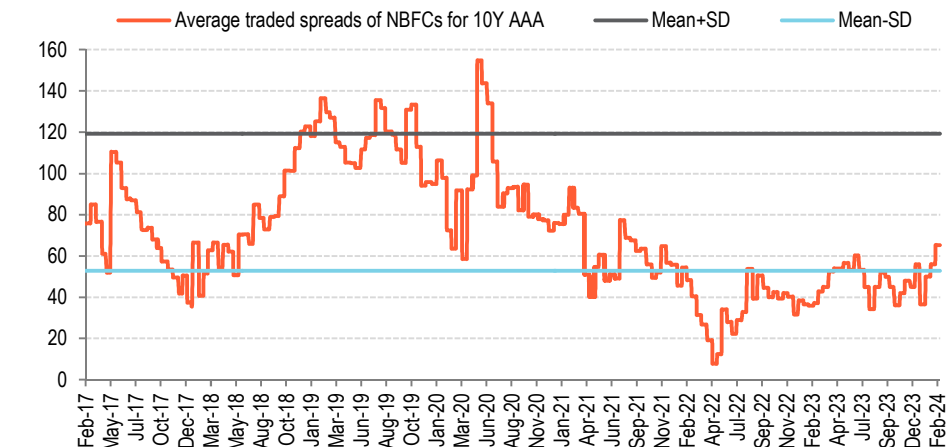
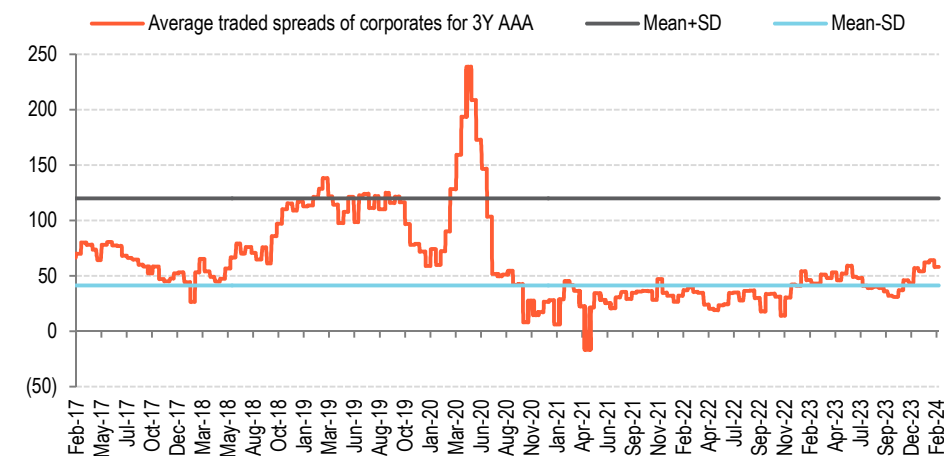
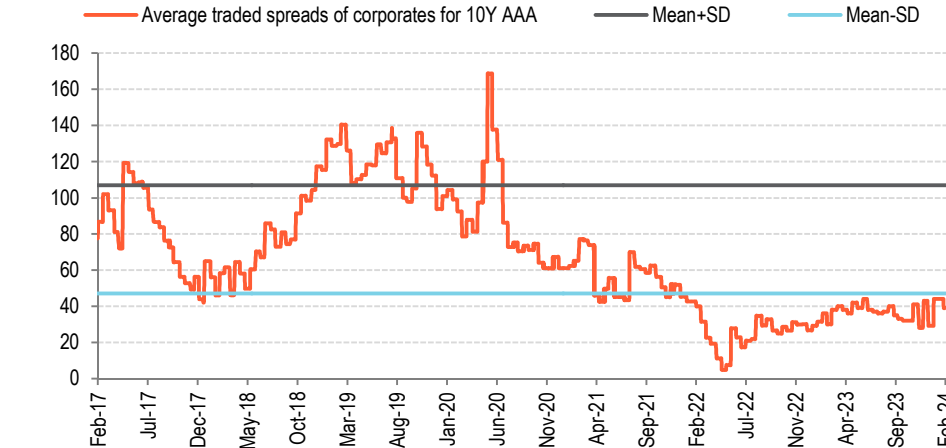
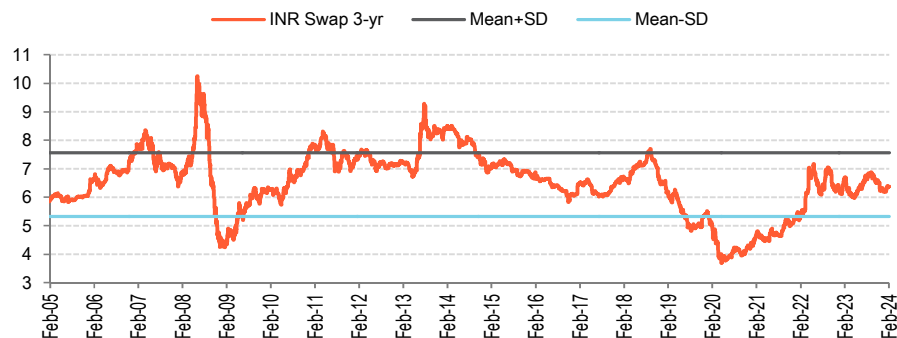
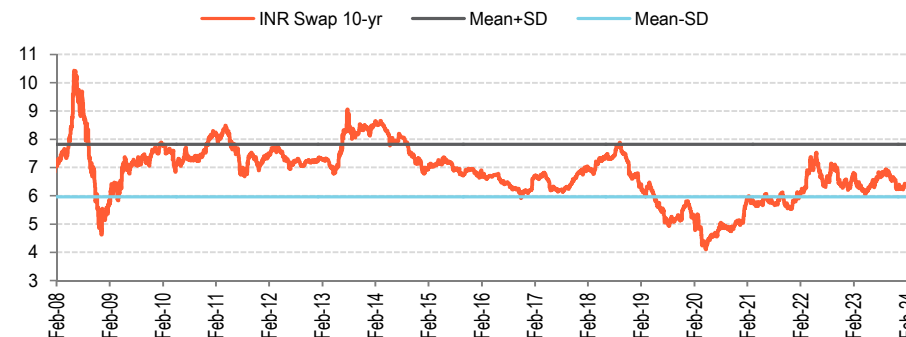
Fig 96 – 3Y AAA NBFC spread was broadly stable at 80bps as on 29 Feb 2024**Fig 97 – For 10Y AAA NBFC it rose to 65bps from 50bps****Fig 98 – 3Y AAA corp spread moderated to 58bps from 62bps****Fig 99 – For 10Y AAA corp spread, it moderated to 39bps from 44bps**

Fig 100 – INR 3Y swap inched up to 6.39 as on 29 Feb 2024 from 6.22 as on 31 Jan 2024

Fig 101 – For 10Y, it rose to 6.41 from 6.28


Interest rates on small savings schemes

Fig 102 – Interest rate small savings scheme to remain unchanged in Q1FY25

Instrument (%)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
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	5.5	6.6	6.8	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	5.5	5.7	6.8	6.9	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	5.5	5.8	6.9	7.0	7.0	7.0	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	6.7	7.0	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	5.8	6.2	6.5	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	7.4	7.6	8.0	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	6.6	6.7	7.1	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	6.8	7.0	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	6.9	7.0	7.2	7.5	7.5	7.5	7.5	7.5
Sukanya samridhi account scheme	7.6	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

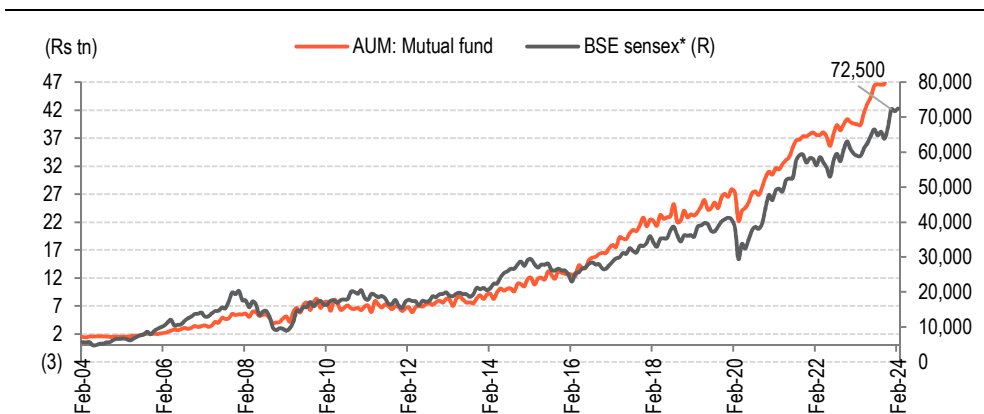
Source: Department of Economic Affairs, Ministry of Finance, Government of India, Red highlighted ones are the change in rates

Fig 103 – MCLR rate of major banks have increased

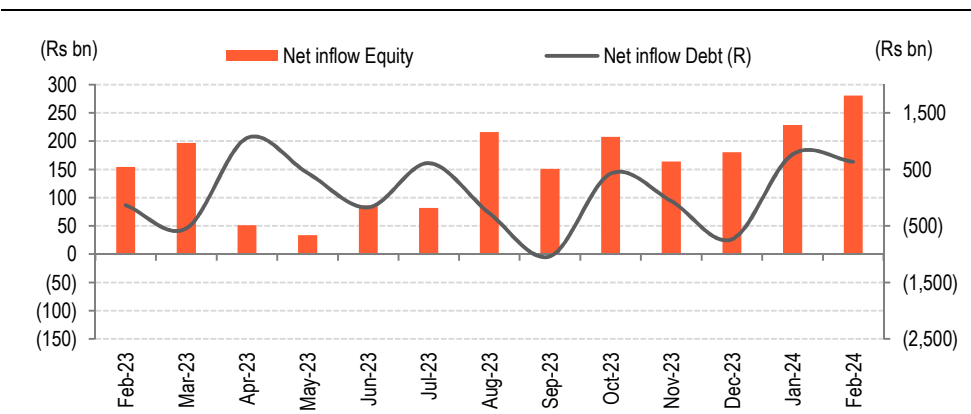
1Y MCLR (%)	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24
Public Sector Banks															
Bank of Baroda	8.30	8.50	8.55	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.80
Bank of India	8.15	8.30	8.40	8.50	8.60	8.60	8.65	8.65	8.70	8.70	8.70	8.75	8.80	8.80	8.80
Canara Bank	8.15	8.35	8.50	8.60	8.65	8.65	8.65	8.65	8.70	8.70	8.70	8.75	8.75	8.80	8.85
Indian Bank	8.20	8.30	8.45	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.85
Punjab National Bank	8.10	8.30	8.40	8.50	8.50	8.50	8.60	8.60	8.60	8.65	8.65	8.65	8.65	8.70	8.80
State Bank of India	8.30	8.40	8.50	8.50	8.50	8.50	8.50	8.55	8.55	8.55	8.55	8.55	8.65	8.65	8.65
Union Bank of India	8.25	8.40	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.70	8.70	8.70	8.80	8.80	8.90
Private Sector Banks															
Axis Bank Ltd.	8.75	8.80	8.90	8.95	8.95	9.10	9.10	9.10	9.15	9.15	9.15	9.20	9.25	9.25	9.30
HDFC Bank Ltd.	8.60	8.85	8.90	8.95	8.95	9.05	9.05	9.05	9.10	9.15	9.20	9.20	9.20	9.25	9.30
ICICI Bank Ltd.	8.40	8.65	8.65	8.75	8.75	8.75	8.85	8.85	8.90	8.95	8.95	9.00	9.00	9.10	9.10
Indusind Bank	9.95	9.95	10.05	10.15	10.20	10.20	10.20	10.25	10.25	10.30	10.30	10.35	10.35	10.35	10.40
Kotak Mahindra Bank	8.65	8.95	9.00	9.05	9.10	9.20	9.20	9.25	9.30	9.30	9.35	9.35	9.35	9.35	9.45

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

Mutual fund (MF) indicators

Fig 104 – Sensex inched up by 1% in Feb'24, AUM of MFs rose to Rs 54.5tn in Feb'24 from Rs 52.7tn in Jan'24

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

Fig 105 – MF equity inflows rose to Rs 280bn in Feb'24 from Rs 229bn in Jan'24; debt inflow moderated to Rs 636bn from Rs 766bn

Insurance sector indicators

Fig 106 – Sale of life insurance policies moderated to 9.2% in Feb’24 from 10% in Jan’24

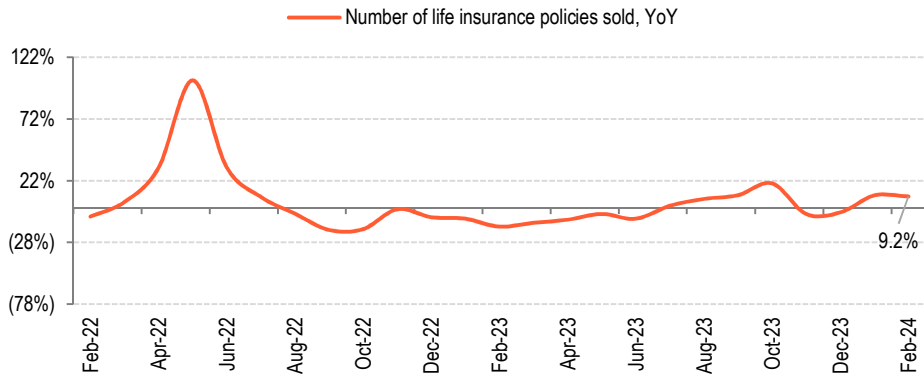
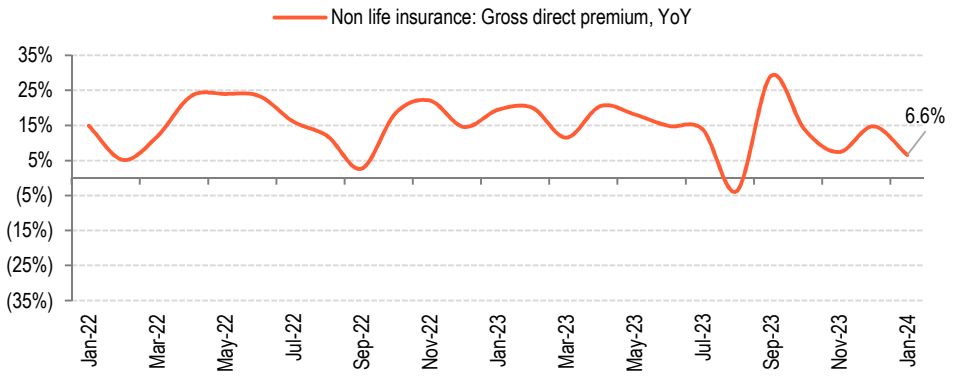


Fig 107 – Gross direct premium for non-life insurance moderated to 6.6% in Jan’24 from 14.7% in Dec’23 due to an unfavourable base



Public finance

Central government finances

Fig 108 – Fiscal deficit eased in Jan'24 (12MMA basis)

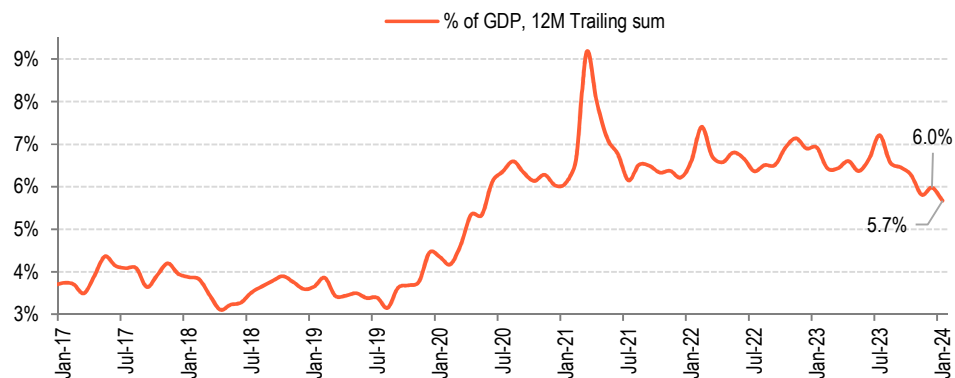


Fig 109 – Revenue deficit also inched down a bit

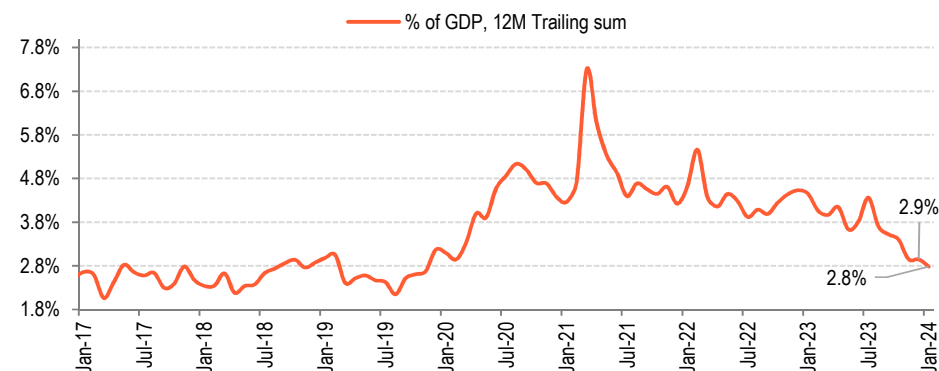


Fig 110 – Primary deficit at 2.2% as of Jan'24

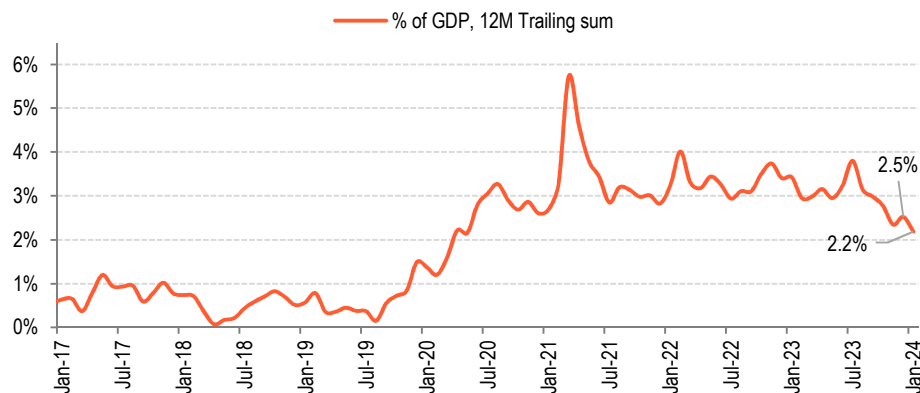


Fig 111 – Government spending faltered again in Jan'24 (12MMA basis)

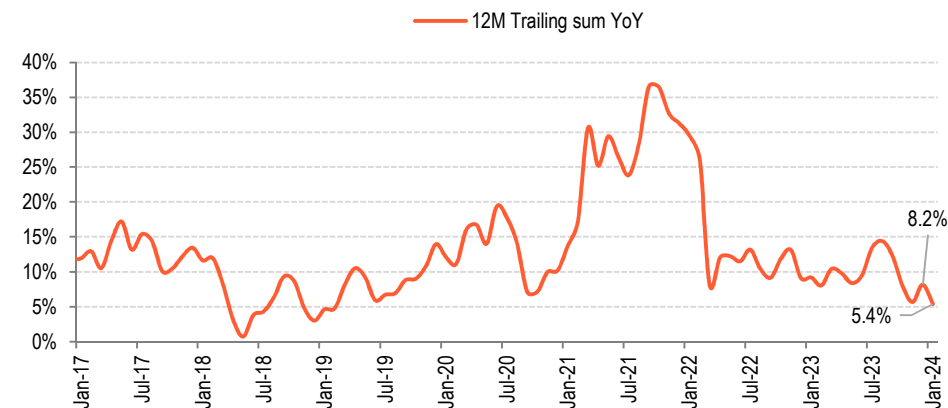
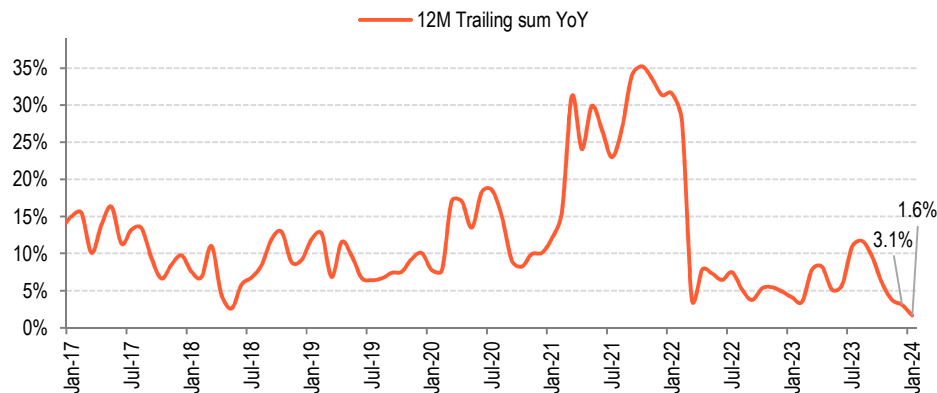
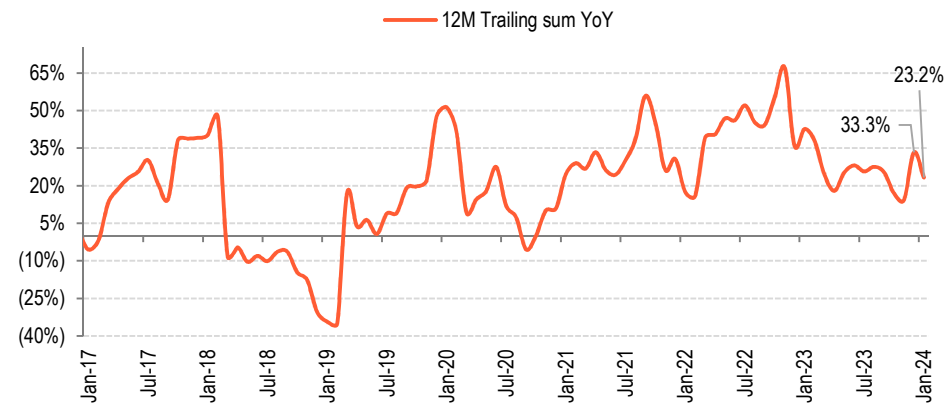


Fig 112 – ...led by slowdown in revenue spending**Fig 113 – Capex too moderated****Fig 114 – Moderation in spending led by ministries of consumer affairs, chemicals and petroleum**

Ministry	Apr-Jan'22	Apr-Jan'23	% change	Apr-Jan'24	% change	FY24RE	% change
Ministry of Finance	10,246	11,019	7.5	11,956	8.5	16,272	8.9
Ministry of Defence	3,992	4,309	7.9	4,911	14.0	6,239	8.9
Ministry of Consumer Affairs, Food and Public Distribution	2,226	1,936	(13.1)	1,537	(20.6)	2,222	(21.7)
Ministry of Rural Development	1,207	1,185	(1.9)	1,150	(2.9)	1,730	(2.7)
Ministry of Home Affairs	1,362	1,551	13.9	1,642	5.8	2,000	7.1
Ministry of Human Resource Development	590	687	16.4	702	2.2	1,297	33.5
Ministry of Road Transport and Highways	1,059	2,063	94.9	2,421	17.3	2,764	27.3
Ministry of Chemicals and Fertilisers	1,172	2,074	77.0	1,663	(19.8)	1,922	(24.2)
Ministry of Petroleum and Natural Gas	45	252	467.1	31	(87.8)	148	(52.3)
Ministry of Agriculture	1,007	721	(28.4)	811	12.5	1,267	17.0
Ministry of Health and Family Welfare	632	566	(10.4)	612	8.1	805	6.3

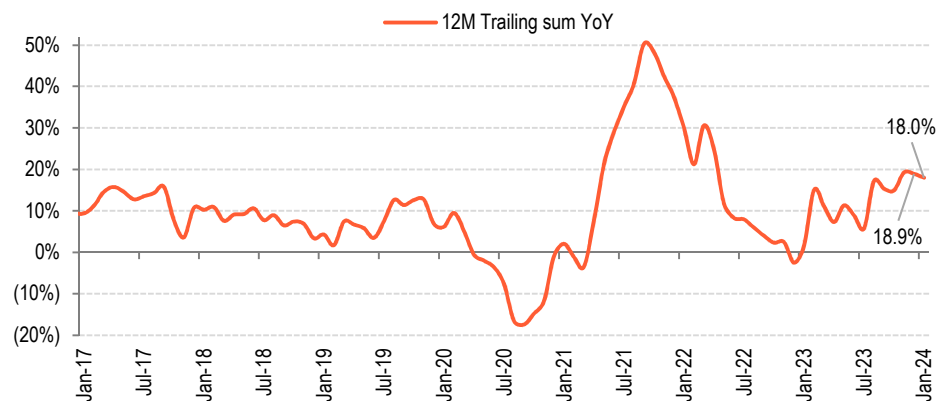
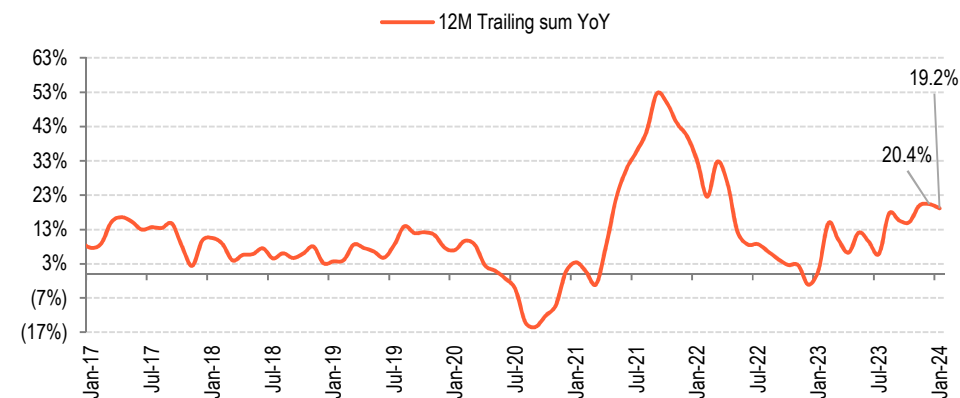
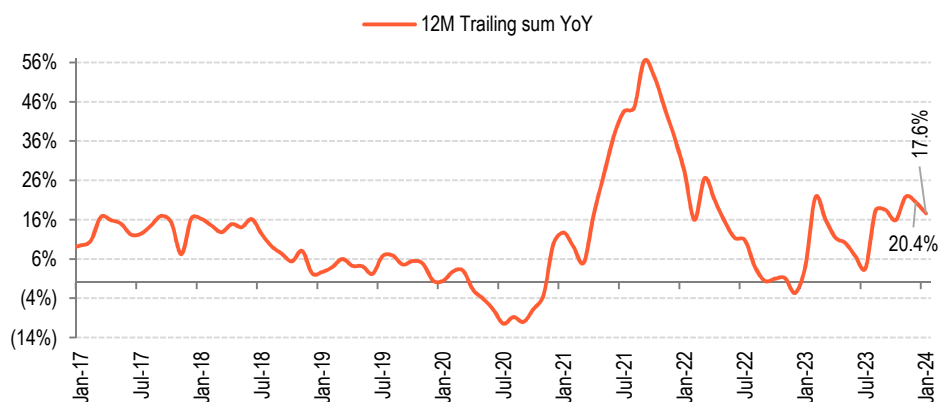
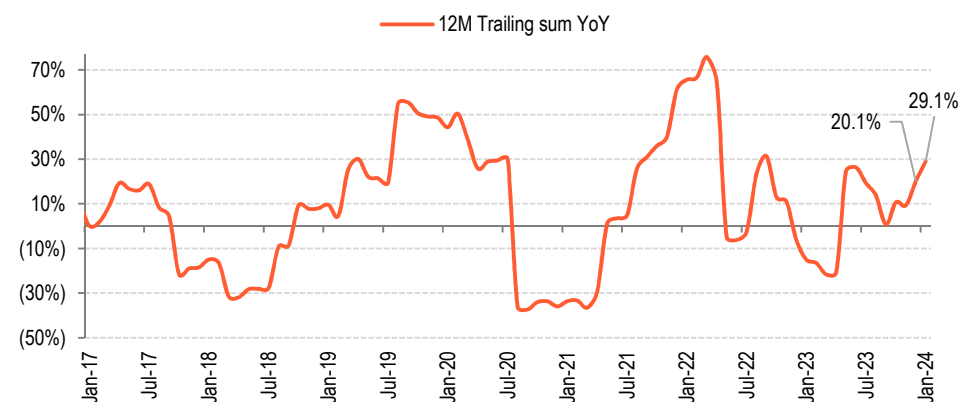
Fig 115 – Receipt growth slowed further in Jan'24**Fig 116 – Revenue receipts contributed to the drag****Fig 117 – ...As net tax revenue receipts growth moderated****Fig 118 – However, non-tax collections inched up**

Fig 119 – Centre's gross tax collections at 79% of FY24RE as of Jan'24; net revenue at 82%; capex at 76%

	Apr-Jan'22	Apr-Jan'23	% change	Apr-Jan'24	% change	FY24RE	% change
Gross Tax revenue	20,982	21,616	3.0	27,062	25.2	34,372	12.5
Direct taxes	10,420	10,156	(2.5)	15,038	48.1	19,450	17.2
Corp Tax	5,477	6,290	14.8	7,556	20.1	9,227	11.7
Income Tax	4,943	5,876	18.9	7,483	27.3	10,223	22.7
Indirect taxes	10,562	11,460	8.5	12,024	4.9	14,794	7.1
Non-tax revenue	2,915	2,309	(20.8)	3,381	46.4	3,758	31.7
Centre's revenue (net)	18,389	19,196	4.4	22,179	15.5	26,997	13.3
Total expenditure	28,094	31,676	12.8	33,547	5.9	44,905	7.1
Capital exp	4,417	5,699	29.0	7,212	26.5	9,502	28.4
Revenue exp	23,677	25,978	9.7	26,335	1.4	35,402	2.5
Fiscal deficit	9,379	11,908	-	11,026	-	17,348	-

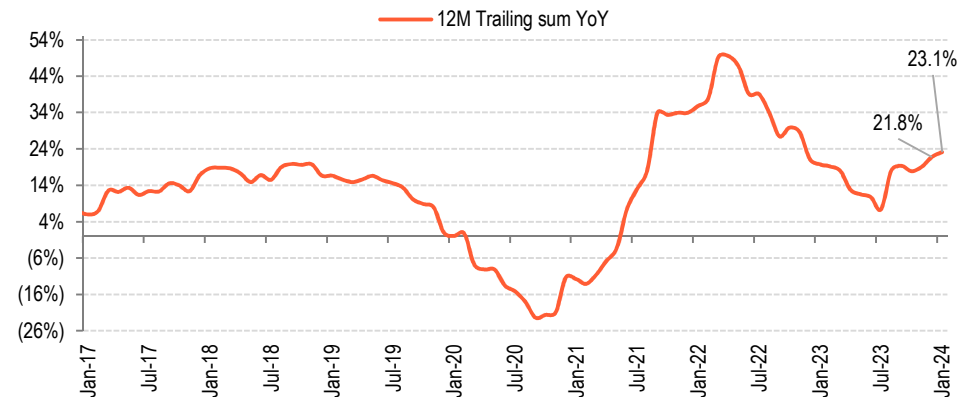
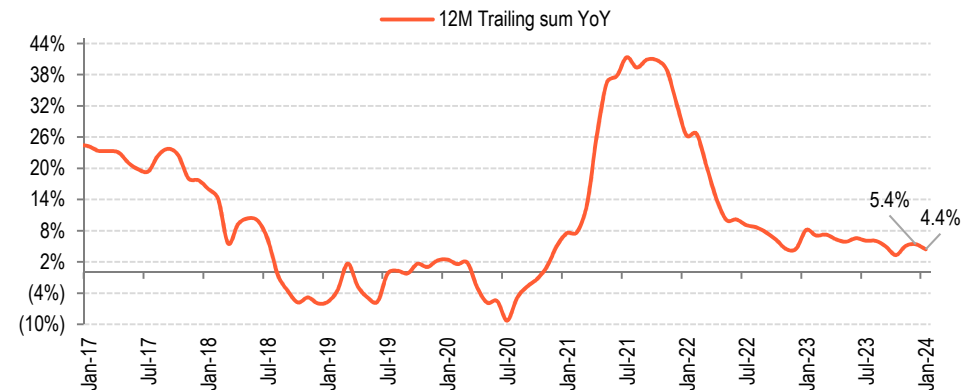
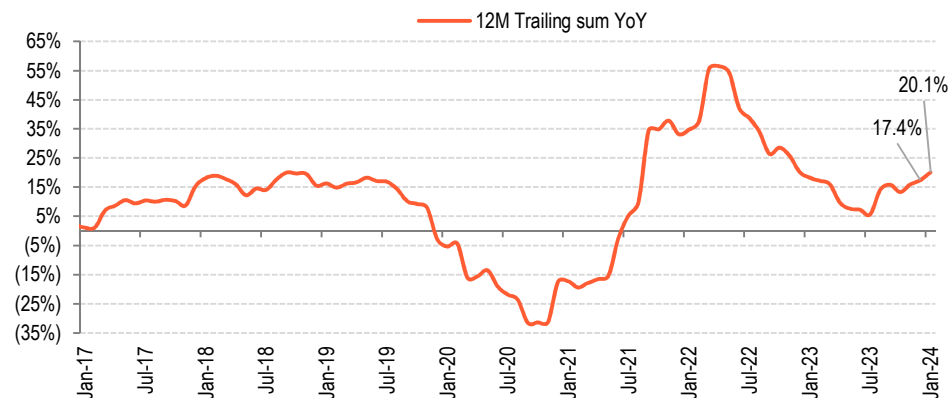
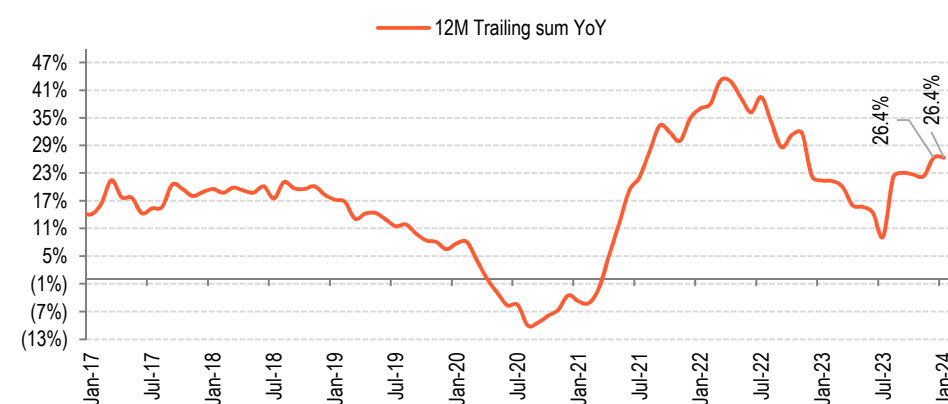
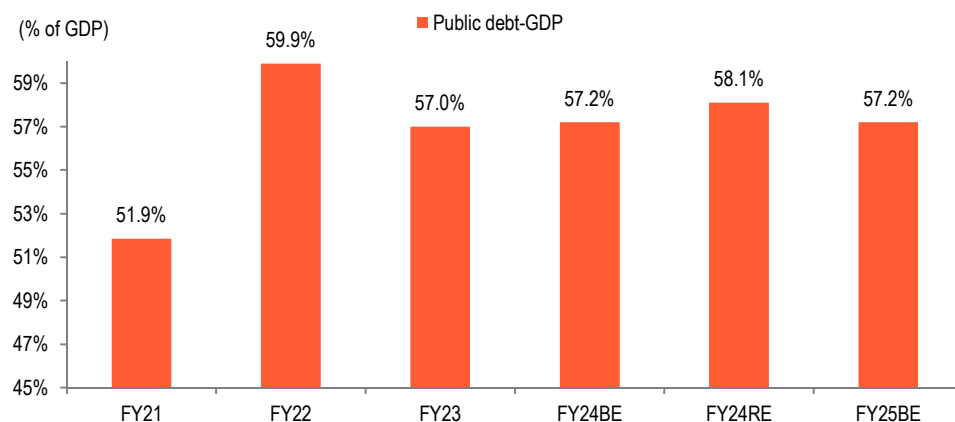
Fig 120 – Gross direct tax collection growth continues to maintain momentum**Fig 121 – Gross indirect tax collections contributed to easing of tax receipts**

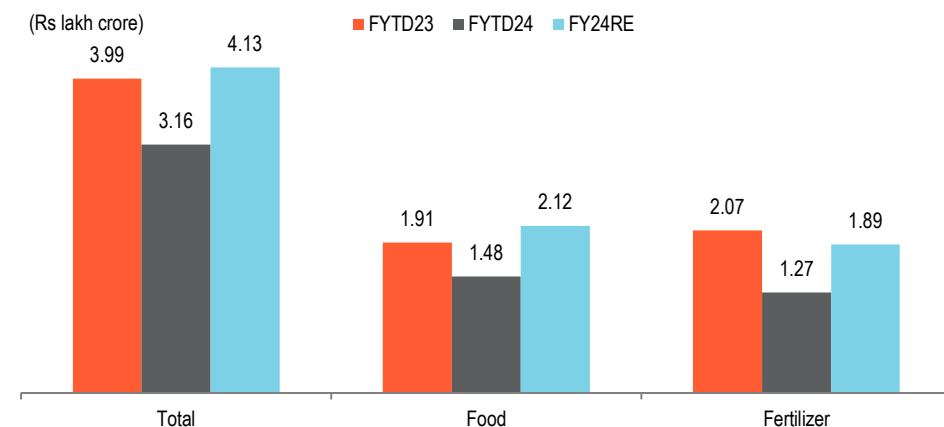
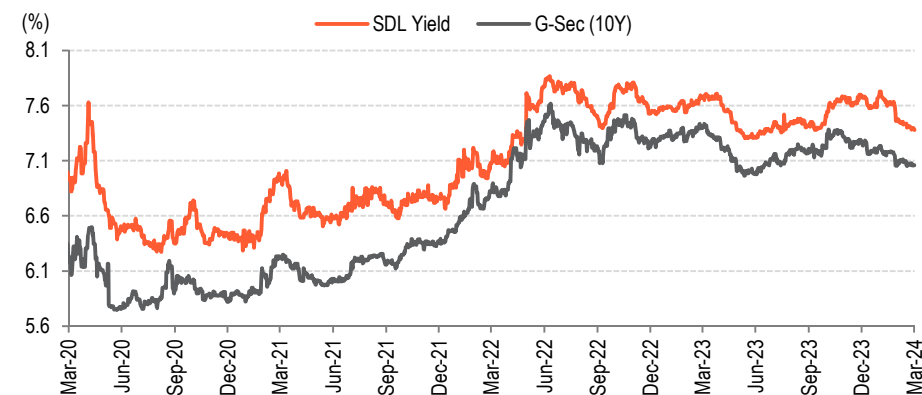
Fig 122 – Amongst direct taxes, corporate tax collections lead the way**Fig 123 – Income tax collections remain stable****Fig 124 – GST collections for Jan'24 eased a tad**

(Rs bn)	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Monthly run rate (FYTD24)	FYTD24	FY24 (RE)
CGST	652	601	611	809	607	648	672	627	617	705	661	680	737	676	6,764	8,116
UT GST	2.4	3.9	9.2	3.1	2.6	3.4	2.5	3.1	2.0	11.2	2.5	4.5	4.7	4	40	-
IGST	(17)	(23)	86	(93)	10	16	(24)	63	17	(159)	43	(113)	(65)	(31)	(306)	-
SGST*	754	901	1,062	733	884	865	826	820	970	1,003	824	1,031	891	885	8,848	-
Cess	104	118	102	119	112	118	114	114	114	119	118	118	116	116	1,162	1,450
Total GST	1,496	1,601	1,870	1,571	1,615	1,651	1,591	1,627	1,720	1,679	1,649	1,721	1,683	1,651	16,508	-

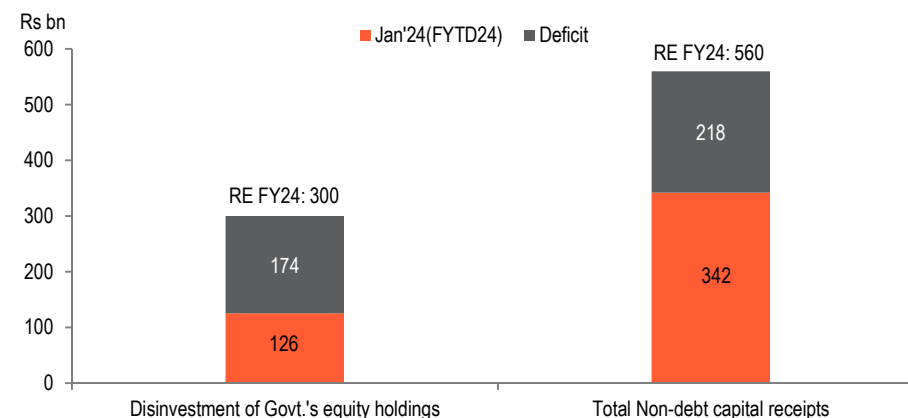
Source: PIB | *Computed from PIB and CGA data

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

Source: Union Budget documents

Fig 127 – Subsidy bill lower so far in FYTD24 (till Jan'24) compared with FYTD23**Fig 126 – Spread between 10Y G-sec and SDL yield narrowed significantly in Feb'24, and is showing further signs of narrowing in Mar'24 so far**

Source: CCIL

Fig 128 – Central govt. disinvestment status (FYTD24)

Central government borrowing

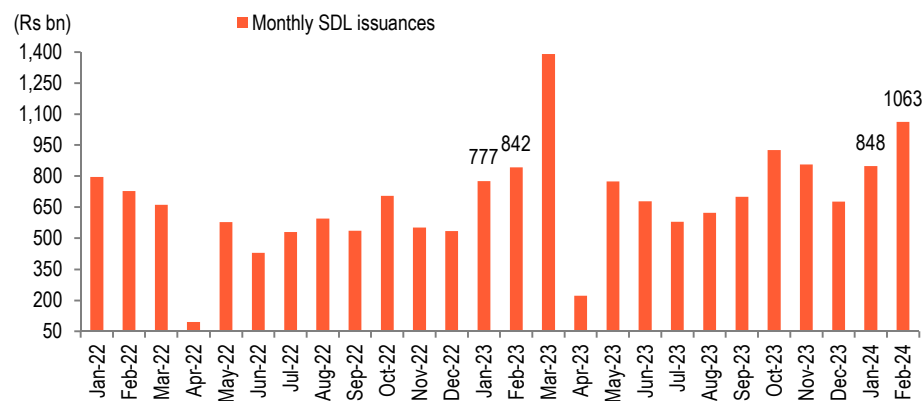
Fig 129 – Centre’s borrowing through T-bill in Q4* has been at Rs 3.2tn

Total accepted amount (T-bills), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,963	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	3,899	3,120
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	3,611	3,120
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566	3,173*	3,930
Total	9,811	11,192	11,271	11,788	17,204	16,986	17,105		14,330

Source: RBI, * Till 6 Mar 2024

State government borrowing

Fig 131 – State government borrowings rose by 26% (YoY) in Feb’24



Source: RBI

Fig 130 – Centre’s gross borrowing in FY24 stood at Rs 15.1tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	4,080	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	4,800	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	3,850	3,480
Q4	800	670	1,680	920	3,191	1,370	2,740	2,370	2,280
Total	5,820	5,880	5,710	7,100	13,461*	11,273	14,210	15,100	

Source: RBI* Against budgeted Rs 12.8tn

Fig 132 – States have raised 53% of the planned borrowing in Q4 so far

Quarterly SDL issuances, (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FYTD24 (actual)	FY24 (planned)
Q1	650	766	815	1,673	1,446	1,102	1,677	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661	1,903	2,374
Q3	1,054	1,277	1,470	2,023	1,653	1,879	2,460	2,374
Q4	1,348	1,809	2,006	1,898	2,184	3,009	2,191*	4,135
Total	4,182	4,661	5,731	7,206	6,927	7,652	8,231*	10,880

Source: RBI; *as of 5 Mar 2024

External sector

Exports

Fig 133 – Global exports showing signs of a pickup

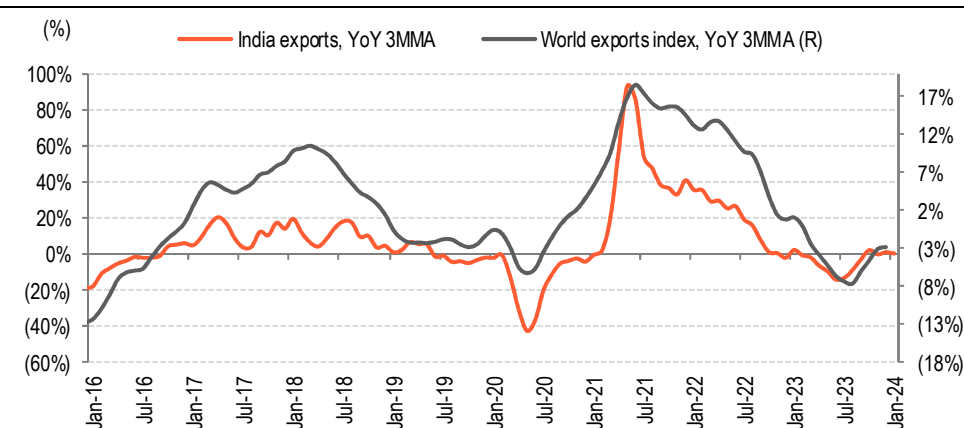
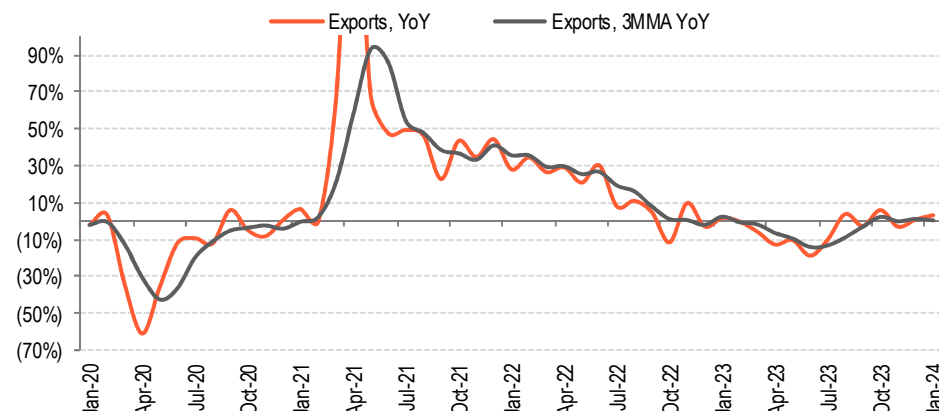


Fig 134 – India's exports increased by 3.1% in Jan'24 on a YoY basis, after increasing by 0.8% in Dec'23; lower by 4.9% in FYTD24



Exports by major sectors

Fig 135 – Oil exports increased by 6.6% in Jan'24 after declining for 10-straight months

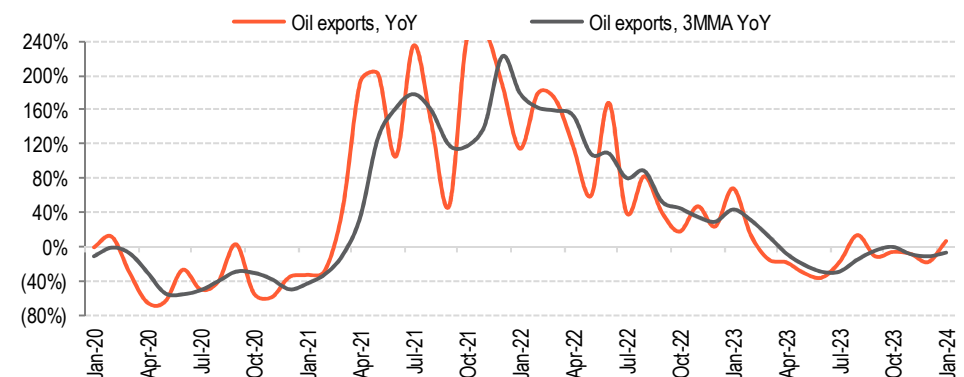


Fig 136 – Within non-oil, exports of drugs and pharmaceuticals moderated

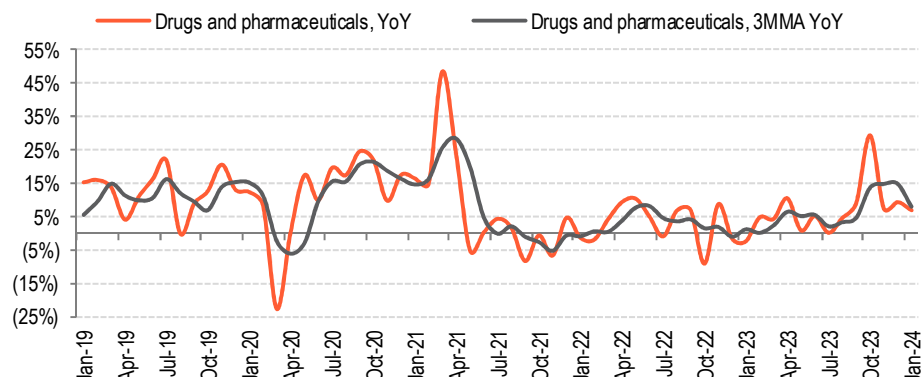
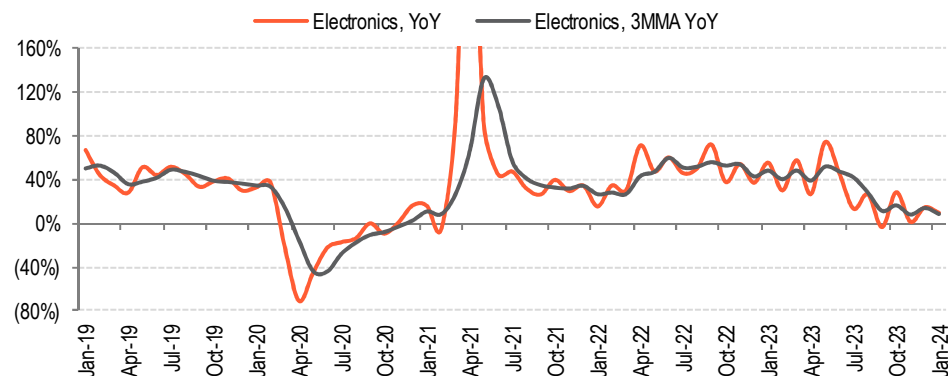
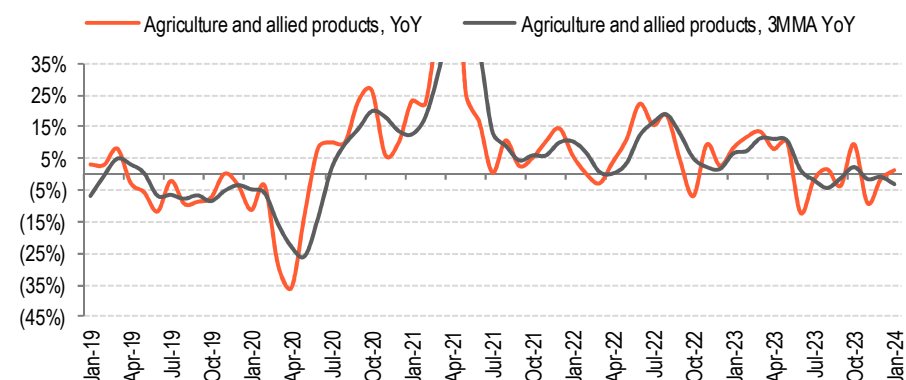


Fig 137 – Electronic exports increasing at a robust pace in FYTD24**Fig 138 – Agricultural exports showed some uptick in Jan'24**

Imports

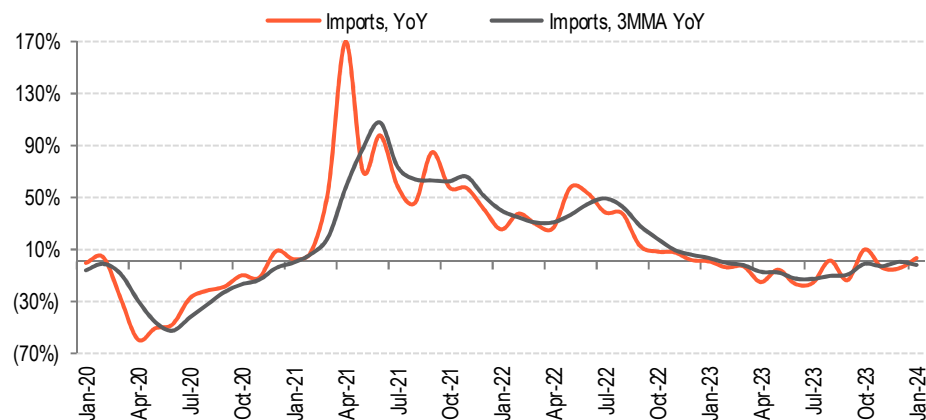
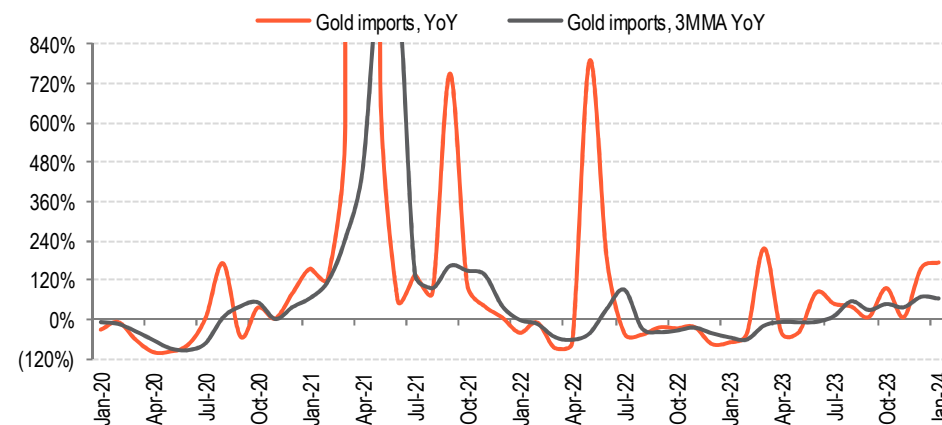
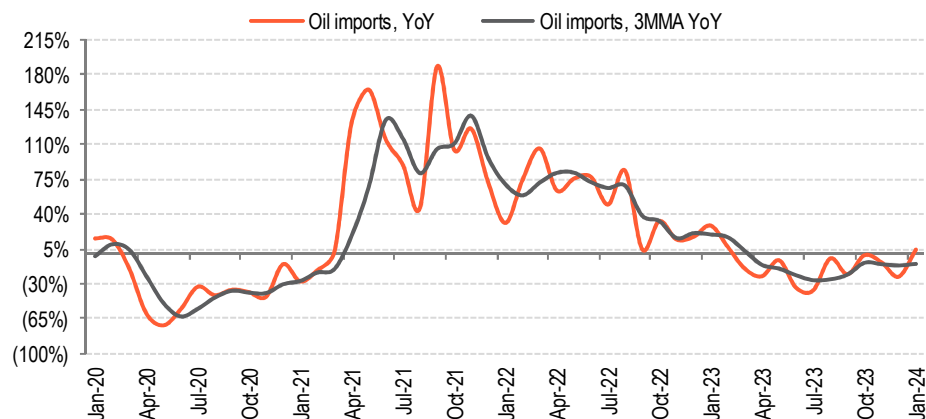
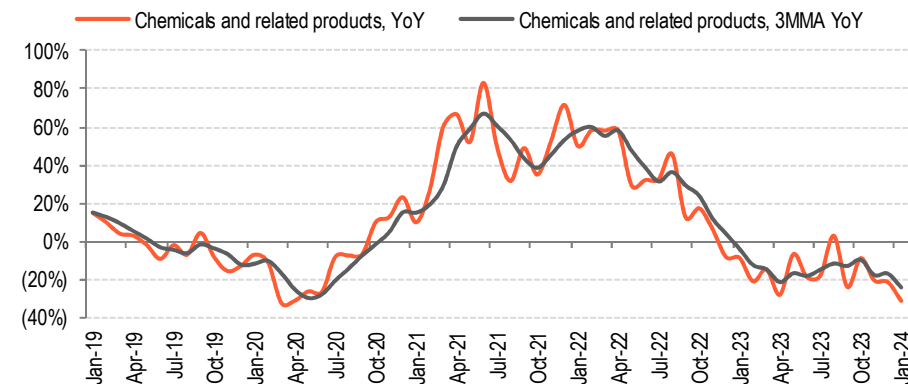
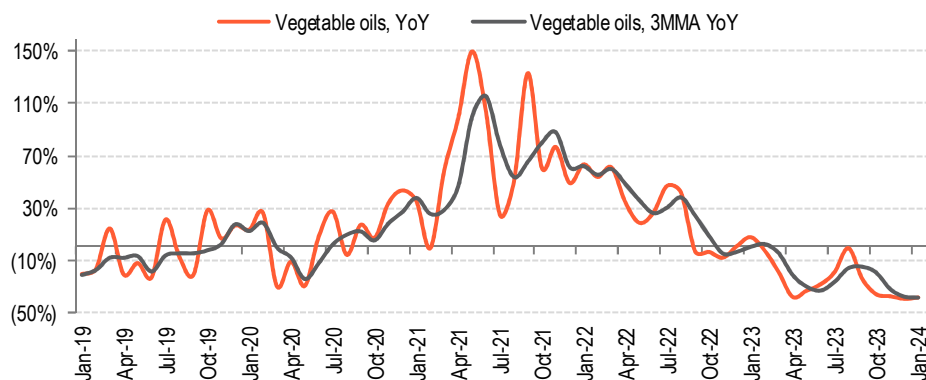
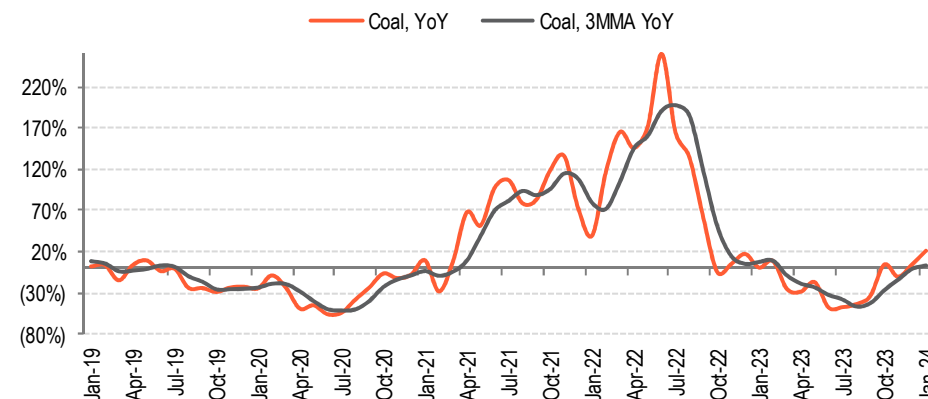
Fig 139 – Import growth too picked up and increased by 3% in Jan'24 from a decline of 4.9% in Dec'23**Fig 140 – Gold imports increased sharply on a YoY basis**

Fig 141 – Even oil imports showed an uptick**Fig 142 – However, non-oil-non-gold imports were lower led by chemicals****Fig 143 – ... and vegetable oils****Fig 144 – Coal imports however increased by 21.2% in Jan'24**

Exports and imports by major regions

Fig 145 – Except China, exports to all regions have declined in FYTD24

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Nov-23	Dec-23	Jan-24
Americas	23.7	8.7	(6.6)	(6.1)	(0.6)	2.5
Asia and Pacific (Ex. China)	23.3	(6.0)	(8.9)	(3.1)	(1.7)	22.8
China	3.5	(33.8)	10.9	31.5	47.7	34.2
Europe	22.0	18.1	(0.6)	(2.2)	(5.1)	(9.1)
Middle East and Africa	26.6	30.0	(6.8)	(3.8)	1.8	(3.7)
Other	0.9	125.9	0.7	(40.6)	27.7	(36.7)

Fig 146 – Imports from Middle East and Africa have declined the most in FYTD24

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Nov-23	Dec-23	Jan-24
Americas	11.2	17.7	(16.4)	(17.0)	(23.1)	(24.9)
Asia and Pacific (Ex. China)	24.9	24.4	(4.3)	0.6	(0.7)	14.4
China	13.8	9.0	2.6	4.7	12.3	13.6
Europe	12.6	4.1	3.7	(0.4)	2.0	(24.4)
Middle East and Africa	30.8	20.2	(23.1)	(12.7)	(14.2)	2.6
Other	6.8	239.5	38.1	9.3	7.0	10.7

Trade deficit

Fig 147 – Trade deficit narrows to US\$ 17.5bn in Jan'24 from US\$ 19.9bn in Dec'23

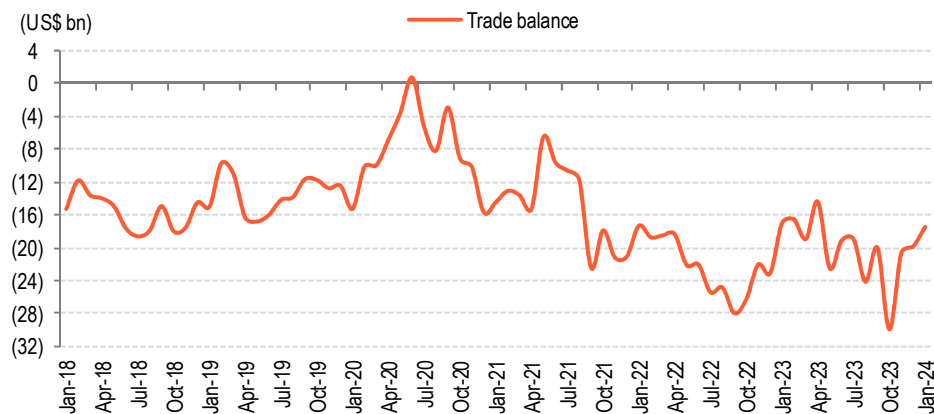
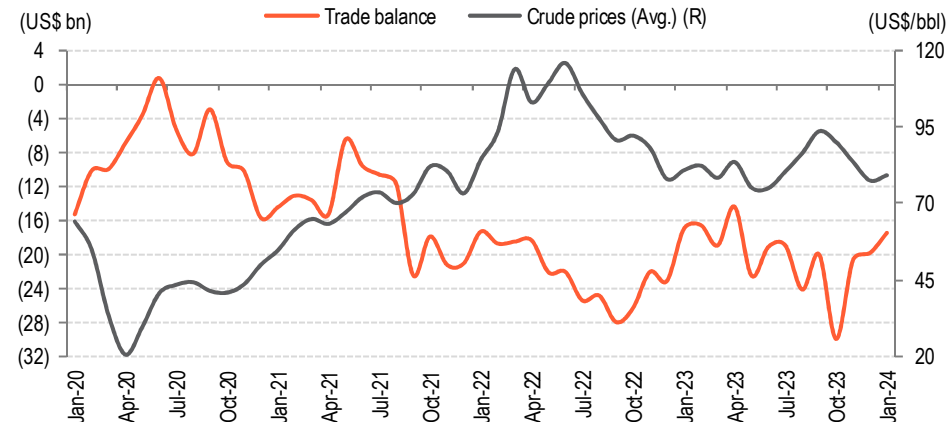
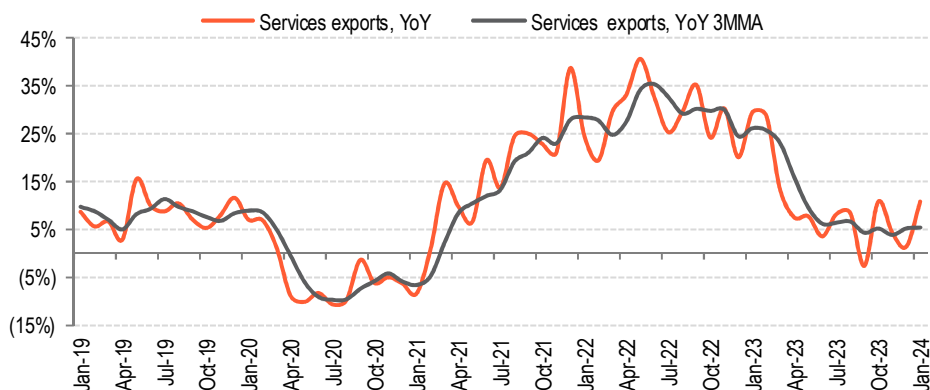


Fig 148 – ... even as oil prices were higher



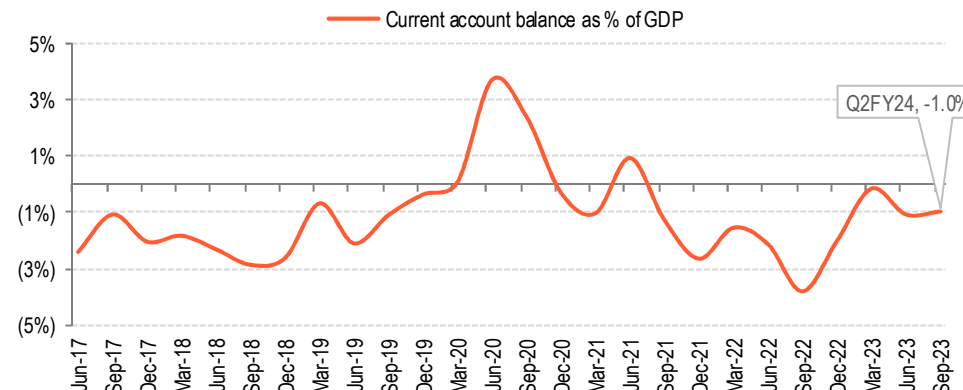
Trade in services

Fig 149 – Services exports bounce back to 10.8% in Jan'24 from 1.3% in Dec'23



BoP

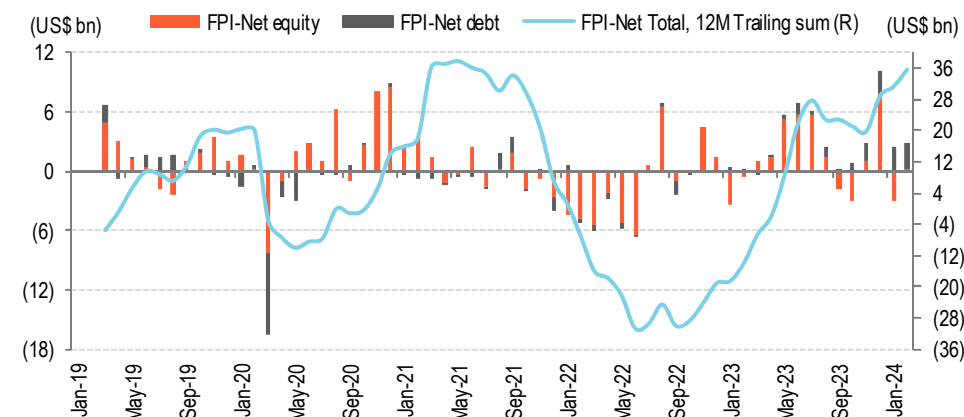
Fig 150 – India's current account deficit narrowed a tad to 1% of GDP in Q2FY24 from 1.1% of GDP in Q1FY24



Foreign inflows

FPI inflows

Fig 151 – FPI inflows at US\$ 2.8bn in Feb'24, led by debt inflows of US\$ 2.7bn



Source: Bloomberg

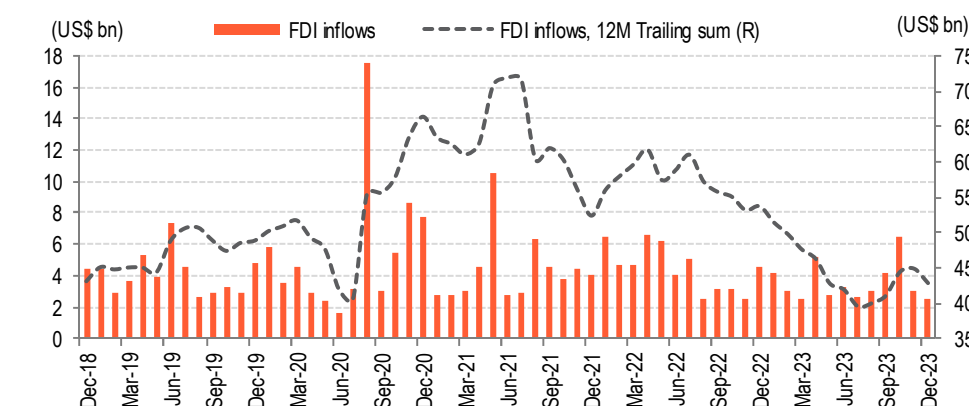
Fig 153 – FDI inflows lower in FYTD24, led by computer hardware and software and services

Sector	% Share FY23	FYTD23	FYTD24	Q3FY23	Q2FY24	Q3FY24
Computer software and hardware	20.4	8.1	3.4	1.8	1.4	1.0
Services	18.9	6.6	5.2	2.4	1.3	1.3
Trading	10.4	4.1	2.7	0.9	0.4	1.7
Non-conventional energy	5.4	1.7	2.1	0.3	0.5	0.9
Drugs and Pharmaceuticals	4.5	1.8	0.9	1.1	0.0	0.8
Automobile industry	4.1	1.3	0.9	0.3	0.3	0.2
Construction (Infrastructure) activities	3.7	1.2	3.8	0.2	1.6	1.4

Source: DIPP

FDI inflows

Fig 152 – FDI equity inflows at US\$ 12bn in Q3FY24 versus US\$ 9.9bn in Q2FY24



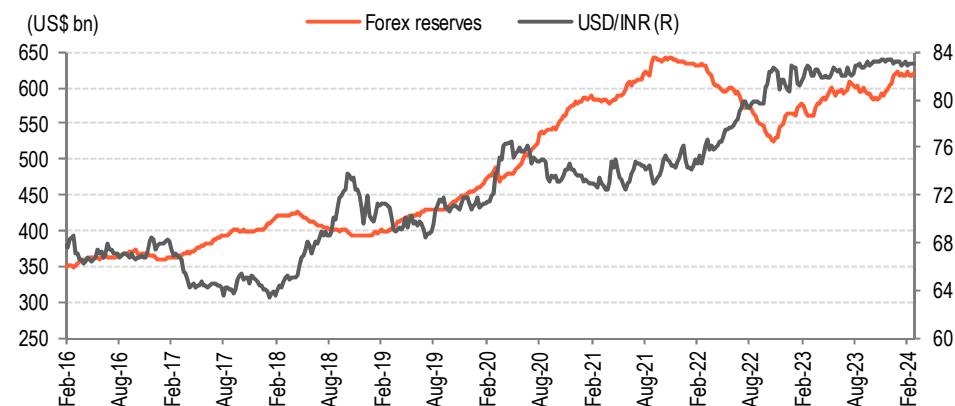
Source: RBI, Bank of Baroda Research

Fig 154 – Country wise, inflows from Singapore have fallen sharply in FYTD24 while inflows from US have been higher

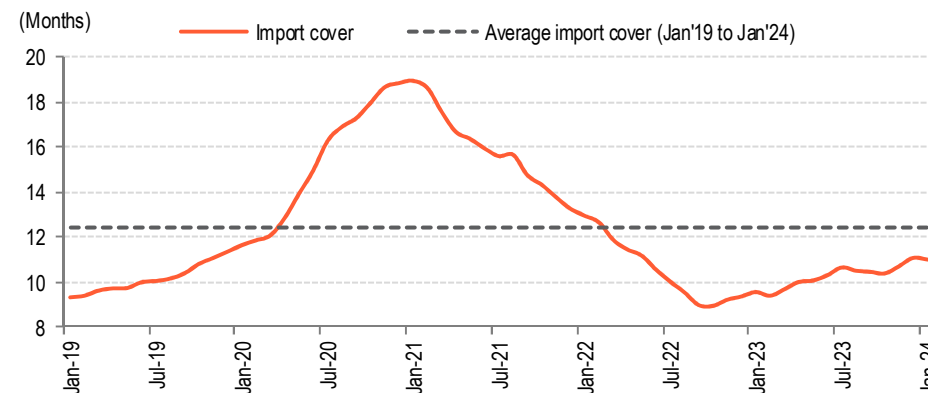
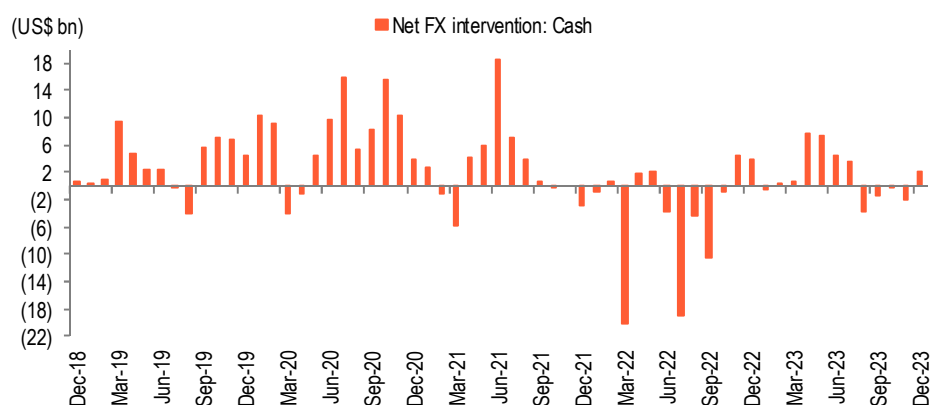
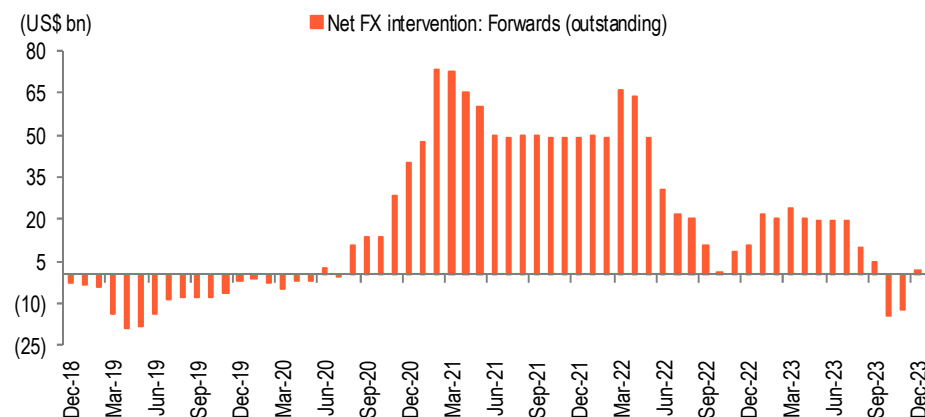
Country (US\$ bn)	% Share FY23	FYTD23	FYTD24	Q3FY23	Q2FY24	Q3FY24
Singapore	37.4	13.1	7.4	3.1	2.2	2.2
US	13.3	4.7	7.0	1.4	2.0	4.1
Mauritius	13.1	5.0	2.8	2.4	1.0	0.8
Netherlands	5.4	2.2	2.3	0.4	0.4	0.4
UK	3.9	1.4	2.7	0.2	0.9	0.6
Japan	3.8	1.6	0.9	0.7	0.2	0.3

Source: DIPP

Forex reserves and external debt

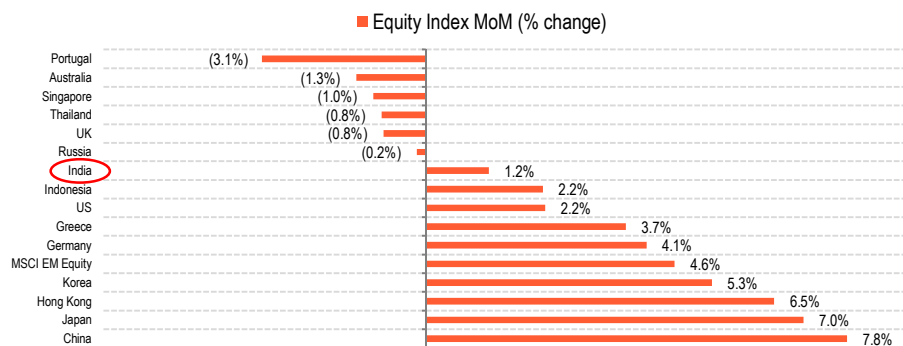
Fig 155 – India's FX reserves at US\$ 619.1bn in Feb'24; up by US\$ 40.6bn in FYTD24

Source: Bloomberg | Note: Weekly data as of 29 Dec 2023

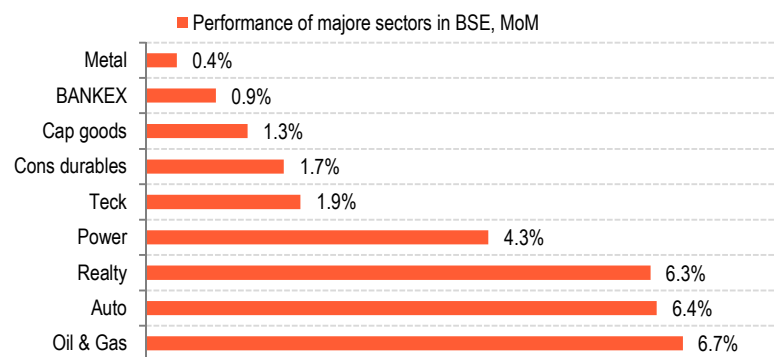
Fig 156 – India's import cover at 11 months as of Jan'24**Fig 157 – RBI's bought net US\$ 2.1bn in the spot market in Dec'23****Fig 158 – RBI's outstanding forwards book at US\$ 2.2bn as of Dec'23**

Markets

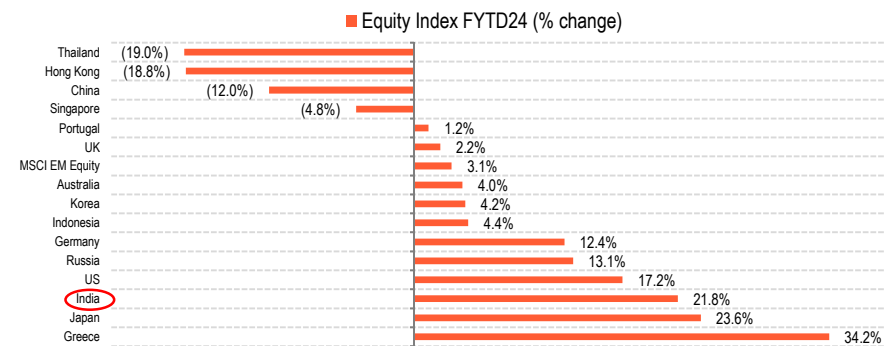
Equity

Fig 159 – In Feb'24, Sensex underperformed MSCI EM and rose by 1.2%

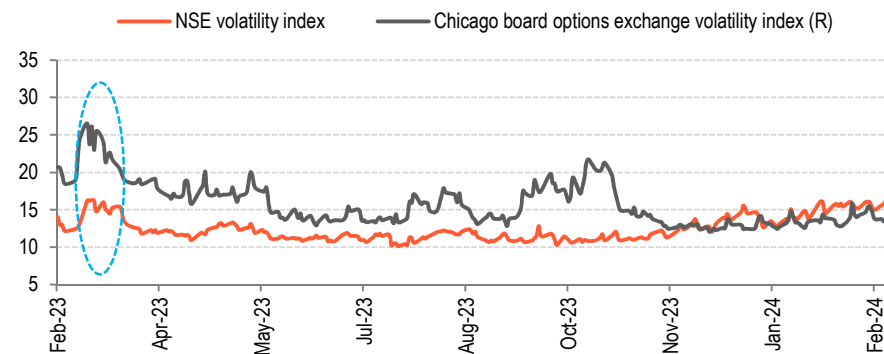
Source: Bloomberg | * As on 29 Feb 2024, Indices are in US\$ terms

Fig 161 – Oil and gas stocks rose the most in Feb'24

Source: Bloomberg | * As on 29 Feb 2024, Indices are in US\$ terms

Fig 160 – In FYTD24, Sensex has risen by 21.8%

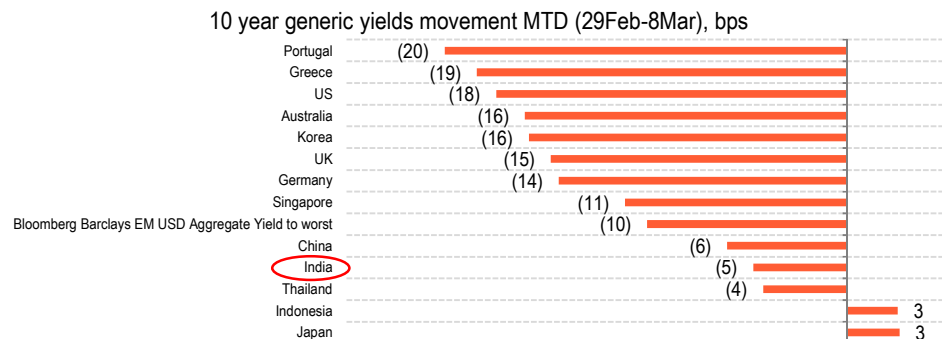
Source: Bloomberg | * As on 29 Feb 2024, Indices are in US\$ terms

Fig 162 – VIX index moderated to 15.57 in Feb'24 from 16.05 in Jan'24

Source: Bloomberg

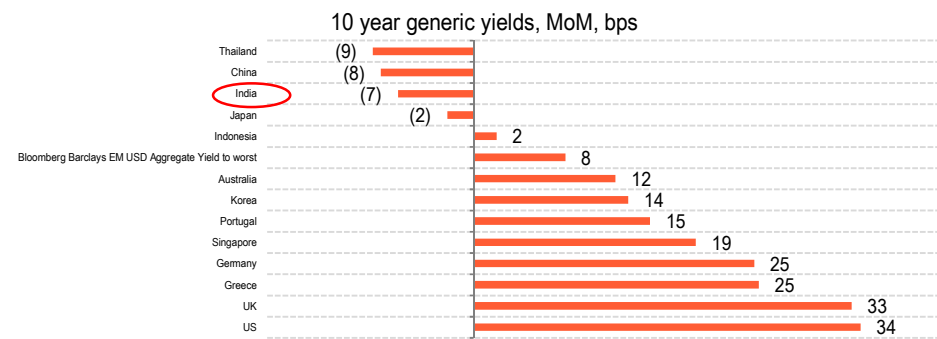
10-year bond yields

Fig 163 – In Mar'24, India's 10Y yield fell by 5bps



Source: Bloomberg

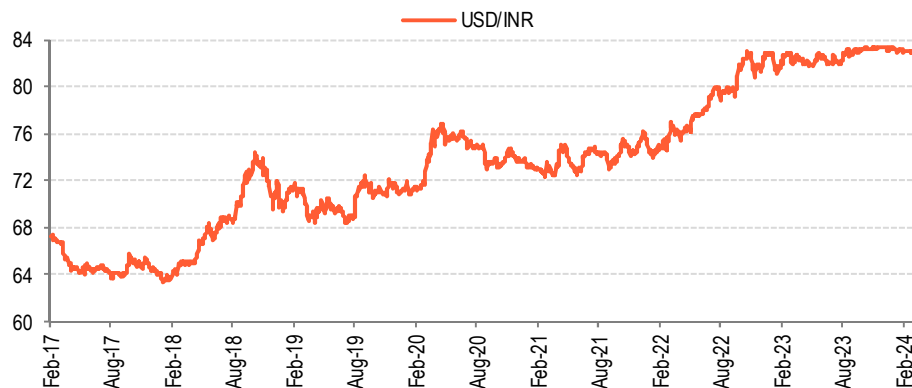
Fig 164 – On MoM basis, India's 10Y yield has fallen by 7bps



Source: Bloomberg, As on 29 Feb 2024

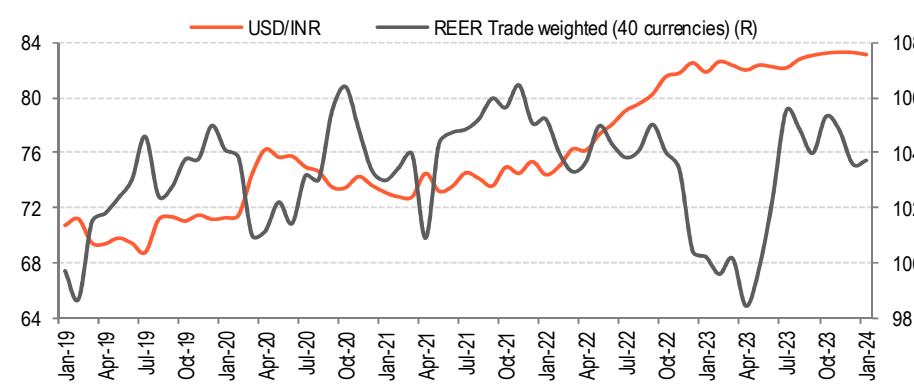
Currencies

Fig 165 – INR remained appreciated a tad in Feb'24

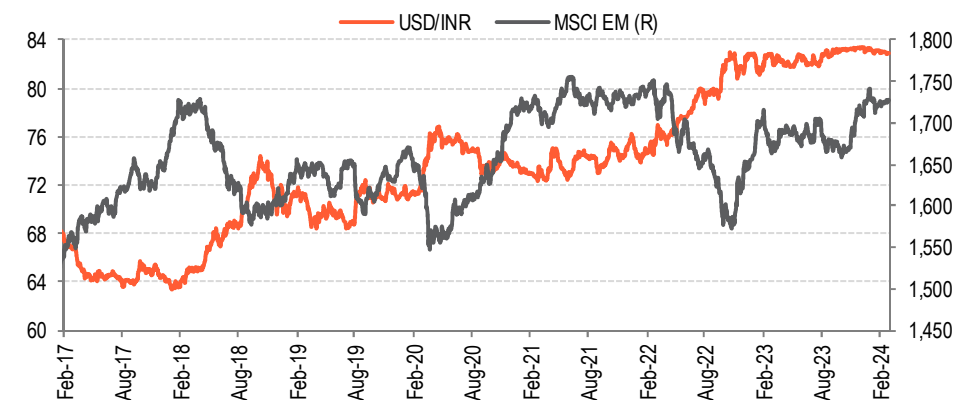


Source: Bloomberg | *As on 29 Feb 2024

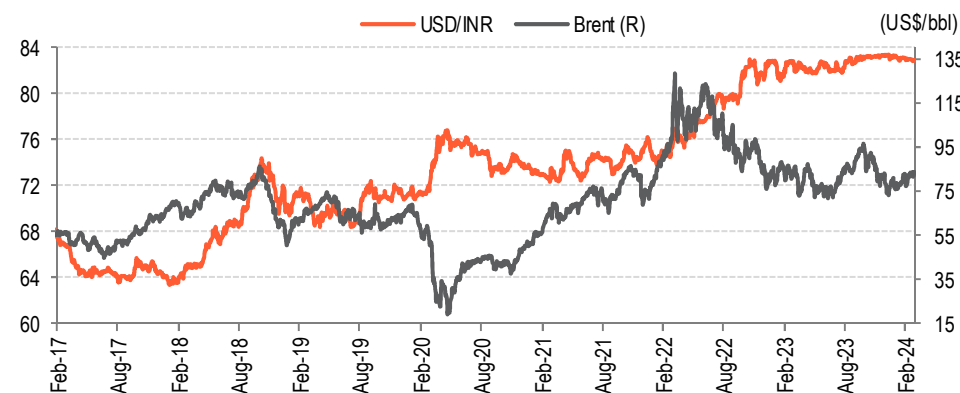
Fig 166 – INR overvalued by 3.7% on REER basis



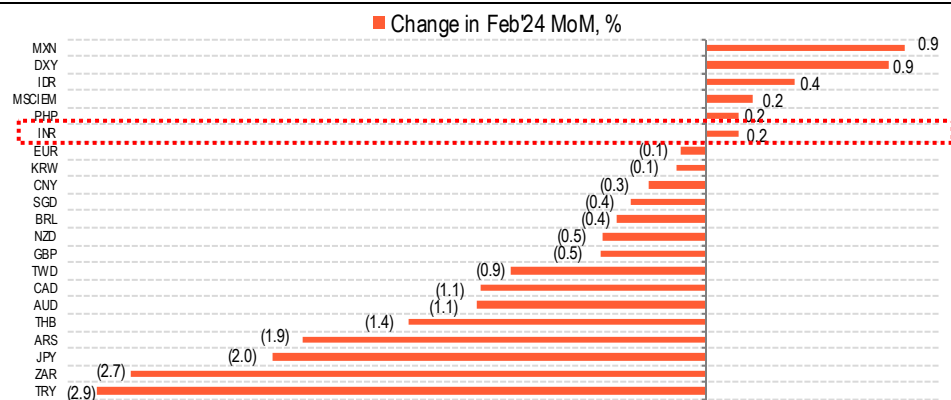
Source: Bloomberg

Fig 167 – EM currencies were marginally higher against the dollar

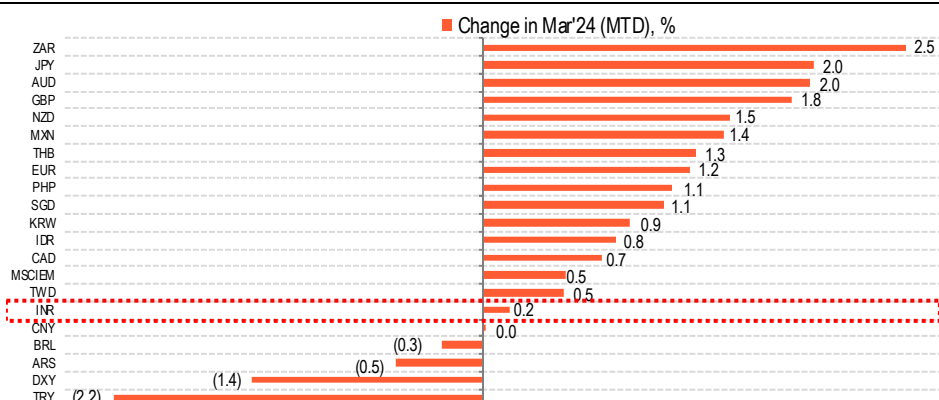
Source: Bloomberg | *As on 29 Feb 2024

Fig 168 – ... even as oil prices inched up on an average

Source: Bloomberg | *As on 29 Feb 2024

Fig 169 – In Feb'24, INR appreciated by 0.2% despite a stronger dollar

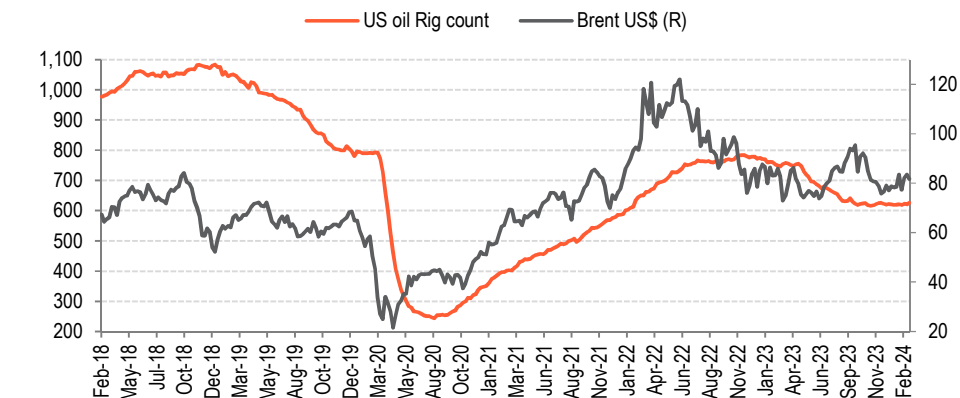
Source: Bloomberg | *As on 29 Feb 2024

Fig 170 – In Mar'24, INR has appreciated further by 0.2% and is trading near a 6-month high

Source: Bloomberg | *As on 8 Mar 2024

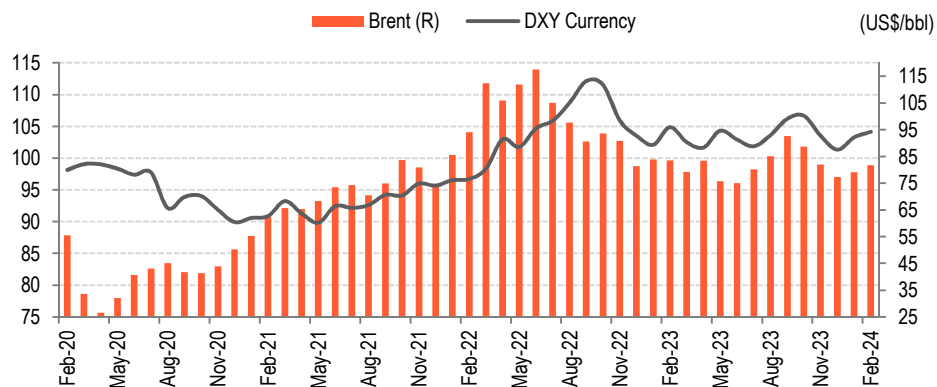
Commodities

Fig 171 – US rig count inched up



Source: Bloomberg

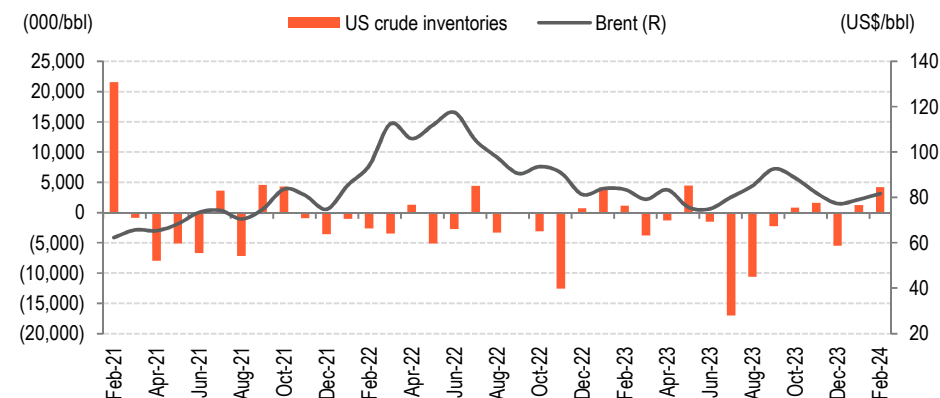
Fig 173 – Oil prices (average) inched up to US\$ 81.3/bbl in Feb'24 from US\$ 77.3/bbl in Jan'24, DXY also rose to 104.16 from 103.27



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

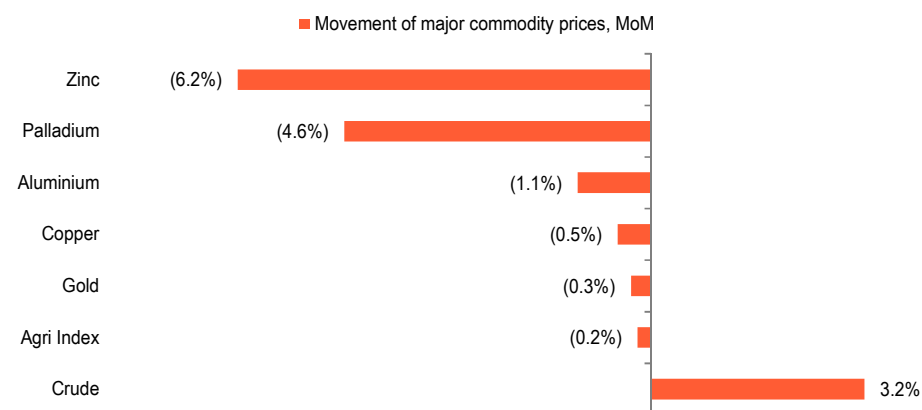
Fig 175 – Performance of high frequency indicators

Fig 172 – Inventory accumulation was observed in Feb'24



Source: Bloomberg

Fig 174 – Crude prices have risen the most, amongst major commodities



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

Indicators	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Agriculture													
Tractor sales	11.8	10.1	(13.0)	(2.4)	(0.7)	0	(4.1)	(15.6)	(5.3)	1.5	(21.3)	(14.5)	-
Two wheeler sales	14.8	12.4	(7.3)	9.3	6.8	8.2	6.3	21.7	(12.6)	21.1	27.6	-	-
MNREGA work (HH, MoM)	2.2	6.8	6.6	31.9	6.3	(30.4)	(18.9)	(3.2)	(1.4)	(3.5)	12.8	(1.7)	-
Manufacturing													
IIP: General index	6.0	1.7	4.6	5.7	3.8	6.0	10.3	6.2	11.6	2.4	3.8	-	-
IIP: Manufacturing	5.9	1.5	5.5	6.3	3.1	5.0	9.3	4.9	10.2	1.2	3.9	-	-
IIP: Capital goods	11.0	9.1	4.4	8.1	2.0	4.5	13.1	8.4	21.3	(1.1)	3.2	-	-
IIP: Infra & construction goods	9.0	7.2	13.4	13.0	12.9	12.4	13.5	8.9	11.3	1.5	4.1	-	-
IIP: Consumer goods	(4.1)	(8.1)	(2.3)	1.5	(6.7)	(2.6)	5.8	1.1	15.9	(5.5)	4.8	-	-
Steel	12.4	12.1	16.6	12.0	21.3	14.2	12.4	13.8	10.7	9.4	7.6	7.0	-
Cement	7.4	(0.2)	12.4	15.9	9.9	6.9	19.3	4.6	17.4	(4.0)	3.8	5.6	-
Electricity	8.2	(1.6)	(1.1)	0.8	4.2	8.0	15.3	9.9	20.3	5.7	1.2	5.2	-
PMI: Manufacturing	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9
Services													
Services PMI index	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0	58.4	56.9	59.0	61.8	60.6
Automobile sales	16.0	13.9	(4.0)	10.1	9.6	10.0	8.6	20.4	(7.7)	18.5	21.1	-	-
Passenger vehicle sales	11.0	14.4	(1.3)	4.3	4.8	4.0	6.5	19.0	(1.4)	17.2	2.7	-	-
Vehicle registration	16.4	14.6	(3.4)	10.9	10.4	10.9	9.7	21.2	(6.6)	19.5	21.9	15.7	12.8
Rail freight traffic	3.6	3.8	3.5	1.9	(1.9)	1.5	6.4	6.7	8.5	4.3	6.4	6.4	10.1
Port cargo volume	11.8	1.5	1.3	3.5	0.4	4.3	4.4	0.3	13.8	17.0	0.7	3.2	-
Credit growth	15.5	15.0	15.7	15.3	18.0	19.5	19.7	17.6	20.4	21.1	20.0	20.3	20.3
Deposit growth	10.1	9.6	10.1	11.4	15.5	12.9	13.2	12.3	13.2	14.2	13.3	13.2	13.6
CIC	8.2	7.8	7.6	6.9	4.9	4.4	4.0	4.1	2.9	4.3	4.0	3.9	3.6
Toll collection (in mn)	288.4	306.3	305.0	335.2	316.1	295.0	308.0	298.9	319.7	320.8	337.2	331.4	323.4
Diesel consumption	7.6	1.2	8.6	12.8	3.0	3.8	5.2	3.9	9.3	(3.1)	(2.3)	3.5	6.2
GST E-way bill (in mn)	81.8	90.9	84.4	88.2	86.1	88.0	93.4	92.0	100.3	87.6	95.3	-	-
External Trade													
Merchandise exports	(0.4)	(5.9)	(12.7)	(10.4)	(18.8)	(10.0)	3.8	(2.7)	6.0	(3.1)	0.8	3.1	-
Merchandise imports	(4.1)	(3.4)	(15.5)	(6.0)	(16.9)	(16.1)	1.1	(14.0)	9.6	(4.3)	(4.9)	3.0	-
Services exports	28.8	13.1	7.4	7.7	3.5	8.1	8.4	(2.7)	10.8	4.3	1.3	10.8	-
Services imports	10.8	6.0	(3.1)	2.0	(3.4)	(2.2)	(0.8)	(10.3)	(0.4)	(11.1)	(1.2)	0.1	-

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

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