

India Economics

Monthly Chartbook

November 2022

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Important disclosures are provided at the end of this report.



Global growth slowing down; India steady

Stubbornly high inflation print worldwide has nudged global central banks on rate hike spree. Both Fed and BoE raised rates by 75bps to tame accelerating inflation. BoE has also warned of 'long and painful recession'. ECB too has raised rates. Furthermore, IMF in its bi-annual World Economic Outlook report has projected global growth to slow down to 3.2% in CY22 (6% in CY21) and expects further moderation to 2.7% in CY23. Against this backdrop, global yields have surged. On the currency front, dollar continued to strengthen further with INR depreciating by 1.7% in Oct'22. Softening of global demand has resulted in moderation of oil prices. Global food prices have also edged down to 9-month low, signalling some possible relief from high inflation. Domestically, RBI is likely to continue with monetary tightening in line with other Central Banks.

Mixed signals for domestic demand: On the back of the festive surge, consumption demand improved as has been reflected by higher auto sales (retail vehicles), robust credit growth (17.9% in Oct'22 against 5.7% in Oct'21) and buoyant GST collections (2nd highest level since inception). However, moderation in power demand and fertilizer sales has raised some concerns over the strengthening of domestic demand. On the agri front, rabi sowing has begun with sown area of pulses and oilseeds higher compared with last year.

Centre's finances remain healthy: Centre's fiscal deficit (% of GDP, 12MMA basis), was unchanged at 6.4% in Sep'22, despite pick up in spending. Ahead of upcoming state elections, centre's overall spending rose considerably in Sep'22 and in H1FY23 it is up by 12.2% versus 8.9% during Apr-Aug'22. Both

capex (49.5% versus 46.8%) and revenue expenditure (6% versus 3%) increased. This was also supported by sharp increase in centre's net revenues (8.2% versus 2.9%). Driven by festive spending and higher prices, indirect tax collections rose (11.8% versus 11.2%). Non-tax revenues also improved (-1.7% versus -21.4%). Going forward, higher expenditure can be expected on account of food and fertilizer subsidies. In addition, with negligible room to raise excise duty, expected drop in custom duty collections as commodity prices ease, weak trend in disinvestment receipts, pressure on fiscal deficit will remain.

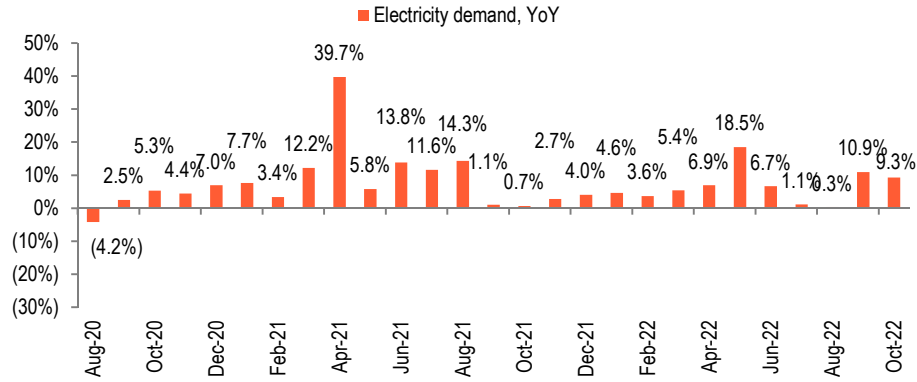
India's 10Y yield rising: Global yields continued to inch up as US Fed, ECB, and BoE all hiked policy rates again. Stubborn inflation data has led to central banks reaffirming tightening stance until it cools down significantly. In Oct'22, US 10Y yield inched up (MoM) by 22bps. In Nov'22 so far (MTD) it is further up by 11bps. In comparison (MoM), UK's 10Y has gone up by 2bps and India's 10Y yield by 2bps. We continue to expect a terminal repo rate of 6.5% as RBI aims to tame rising inflation. CPI inflation in Oct'22 is estimated to have eased to 6.8% from 7.4% in Sep'22.

INR to remain range-bound: INR depreciated by 1.7% in Oct'22 and fell to another record-low as Fed indicated a higher than expected terminal Fed fund rate. Higher oil prices and negative FPI flows also contributed to the weakness in the rupee. However in Nov'22, INR has regained some of its losses mostly on the back of waning dollar strength. INR trajectory in the near-term is likely to be governed by the movement in DXY. We believe INR is likely to trade in the range of 82.5-82.95/\$ in the near term.

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

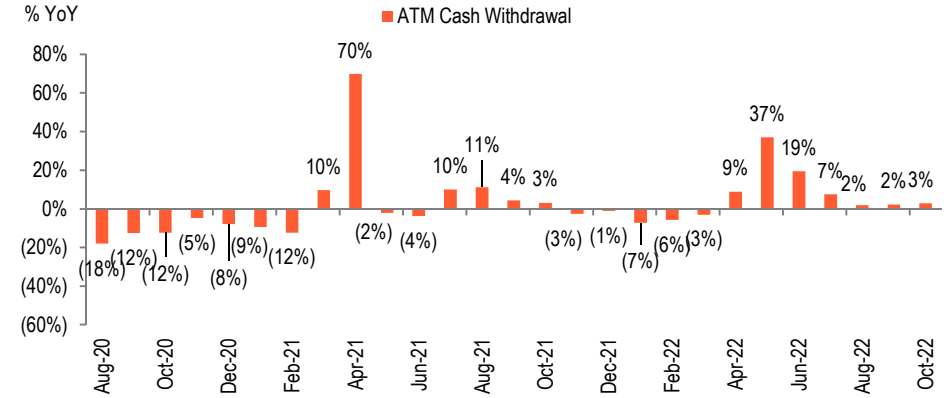
High frequency indicators

Fig 1 – Electricity demand moderates



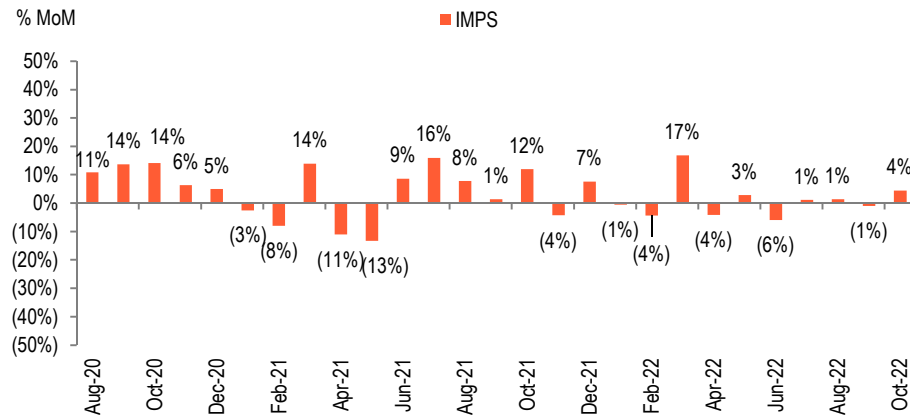
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 2 – Cash withdrawal inches up in Oct'22



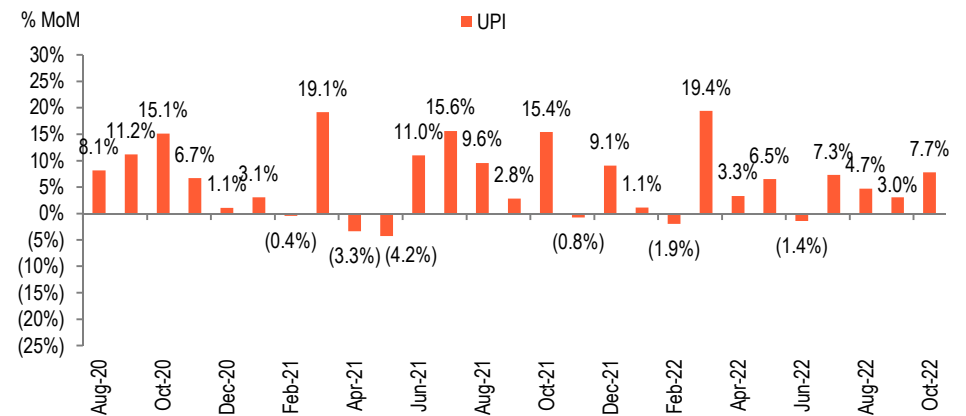
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – IMPS transactions edge upward



Source: NPCI

Fig 4 – Robust growth in UPI payments



Source: NPCI

Fig 5 – Fertilizer sales dip in Sep'22

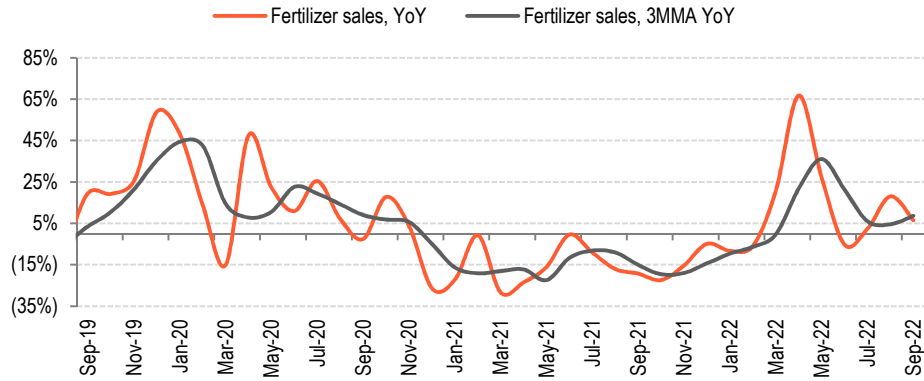
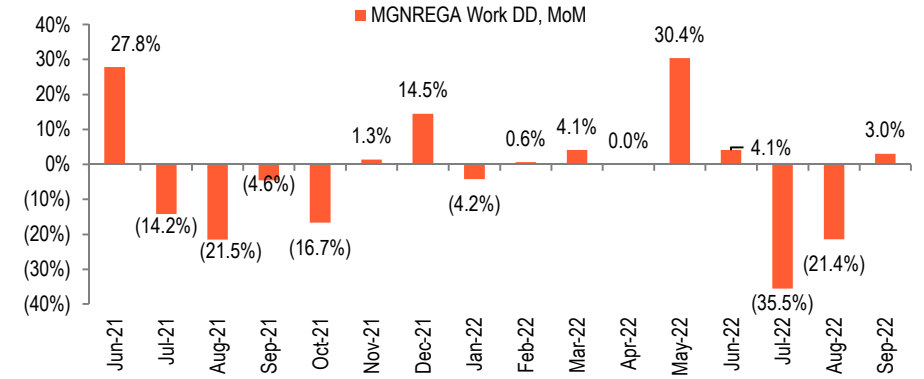


Fig 6 – MGNREGA work signals improvement



Source: MGNREGA

Final consumption expenditure

Fig 7 – Private consumption rebounds in Q1FY23

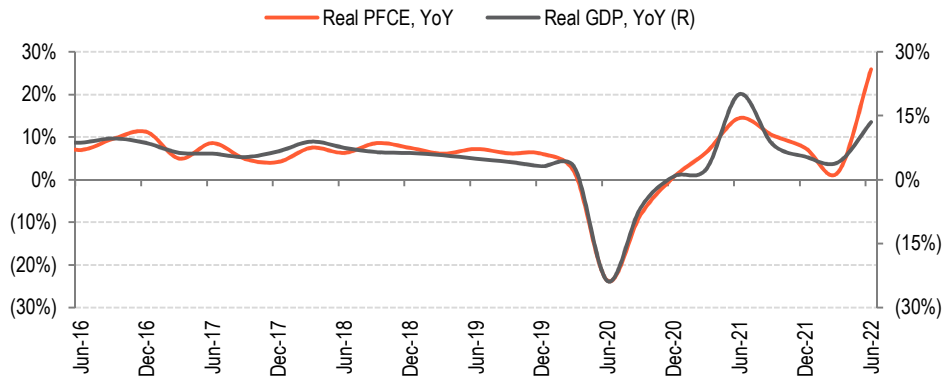


Fig 8 – Government consumption slipped

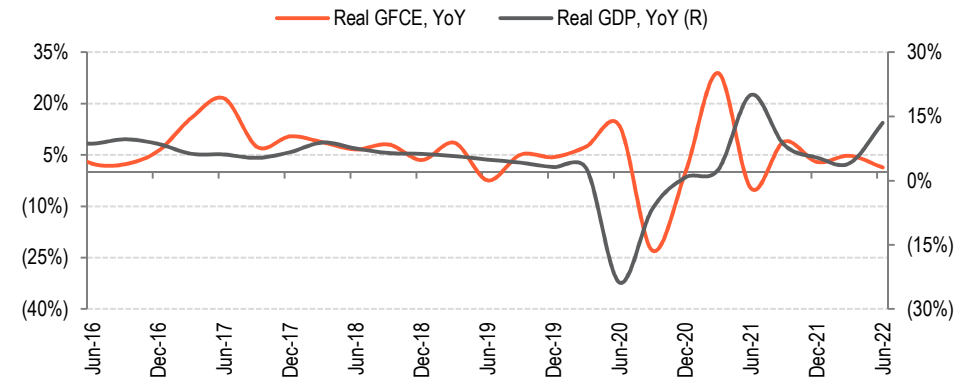


Fig 9 – General govt. revenue spending drops

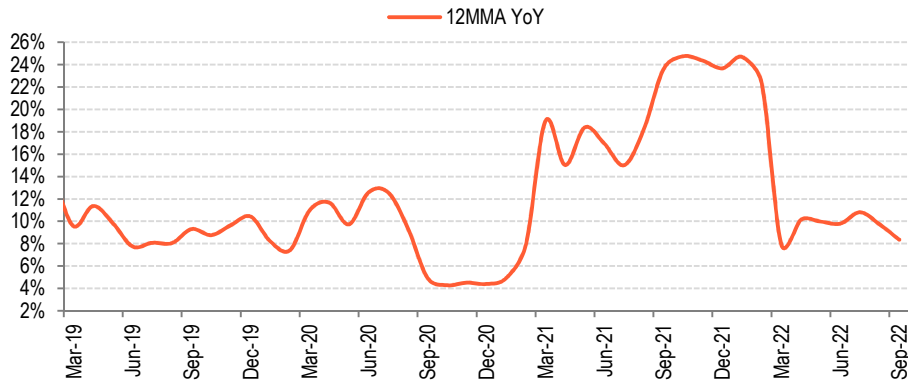
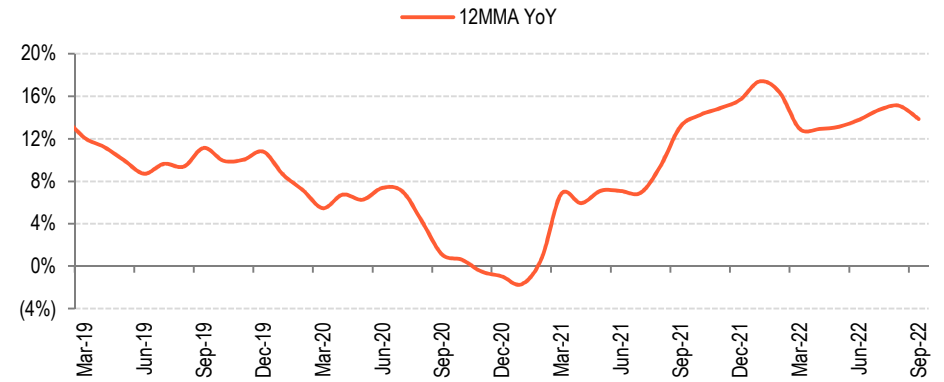


Fig 10 – State* govt. revenue spending too slips



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

Non-oil imports, electronic imports

Fig 11 – Non-oil-non-gold import growth moderates

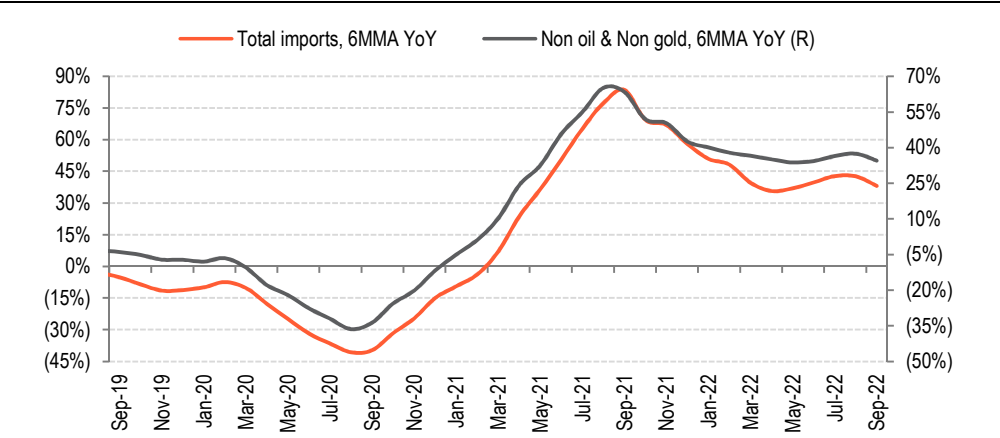


Fig 12 – Growth in electronic import stumbles

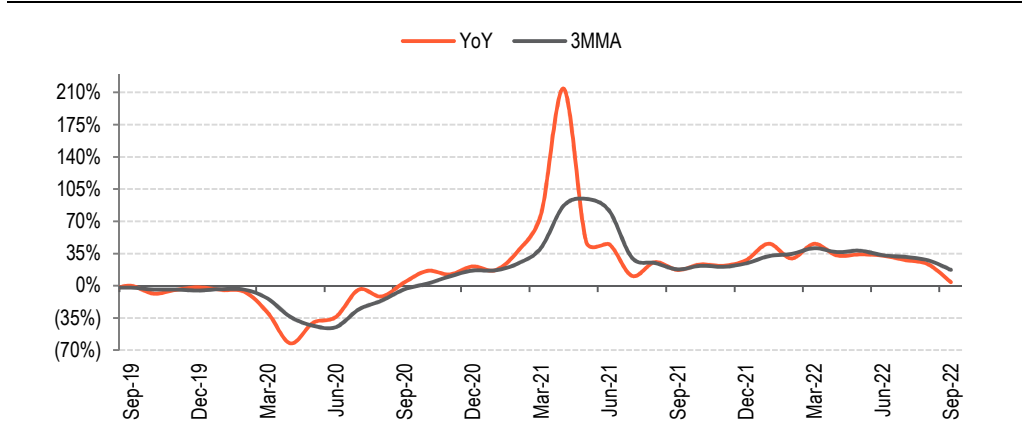


Fig 13 – Retail passenger vehicle sales get a boost in festive period

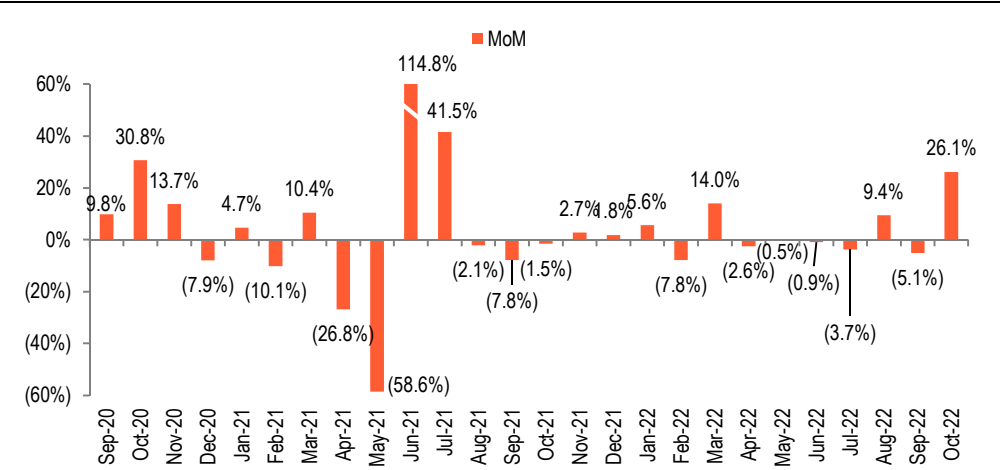
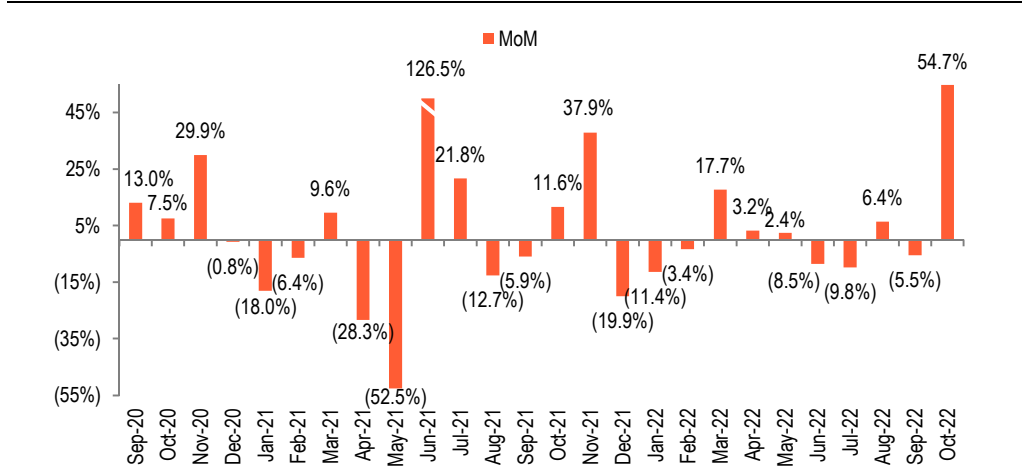


Fig 14 – Two-wheeler sales skyrocket in Oct'22



Source: FADA

Credit deployment of personal loans

Fig 15 – Steady growth in credit card loan

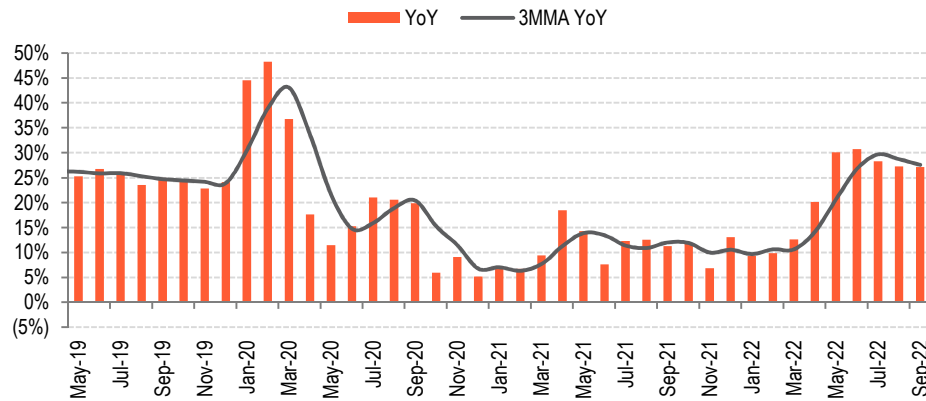


Fig 16 – Growth in personal loan moves up

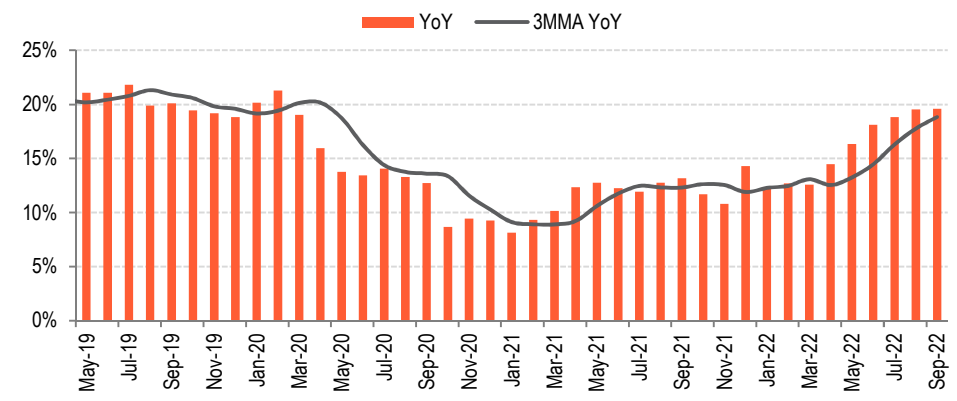


Fig 17 – Higher growth in vehicle loans

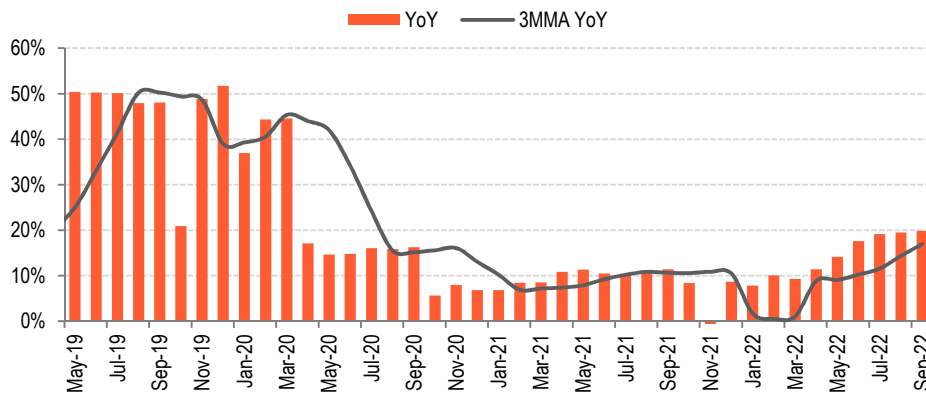


Fig 18 – Consumer confidence remains optimistic since the last survey (current situation)

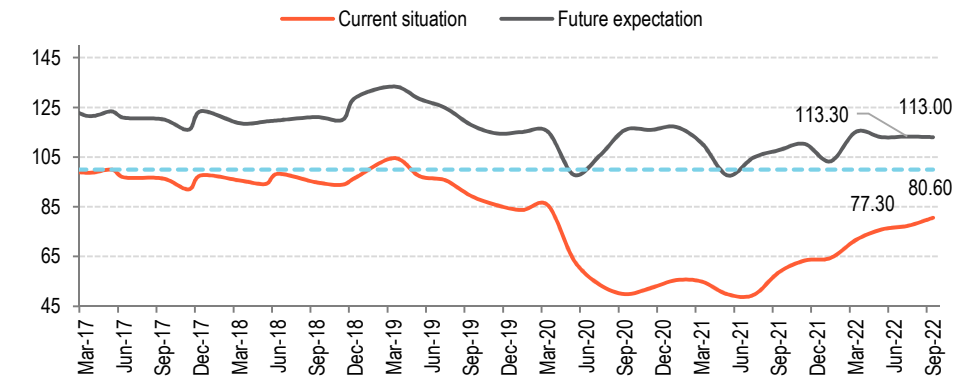


Fig 19 – RBI's essential spending signals an increase

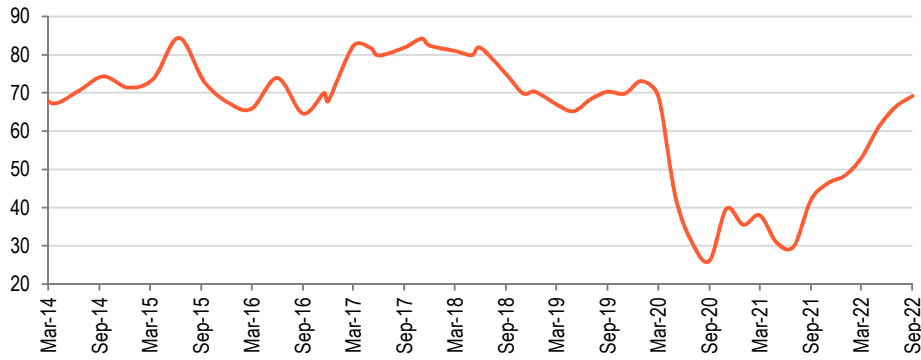
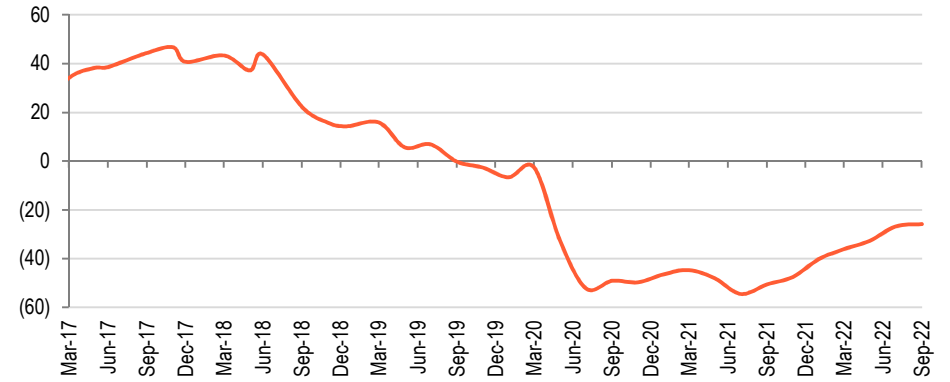


Fig 20 – ...non-essential spending too witnesses an upward momentum



Consumer durables & non-durables production

Fig 21 – Consumer durables output slips

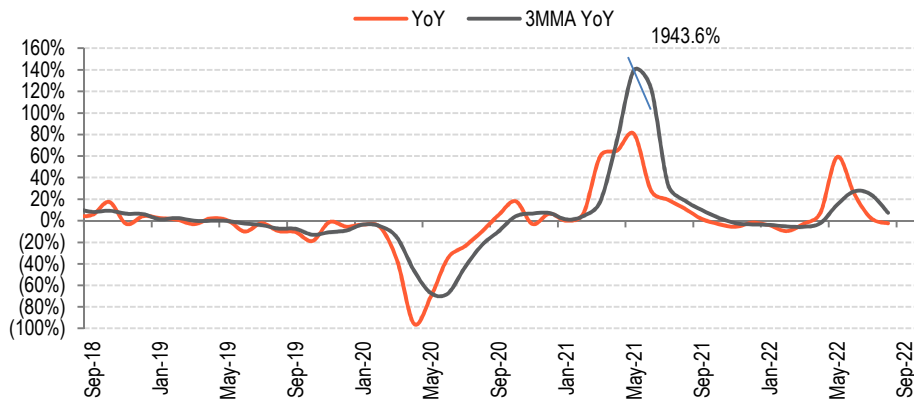
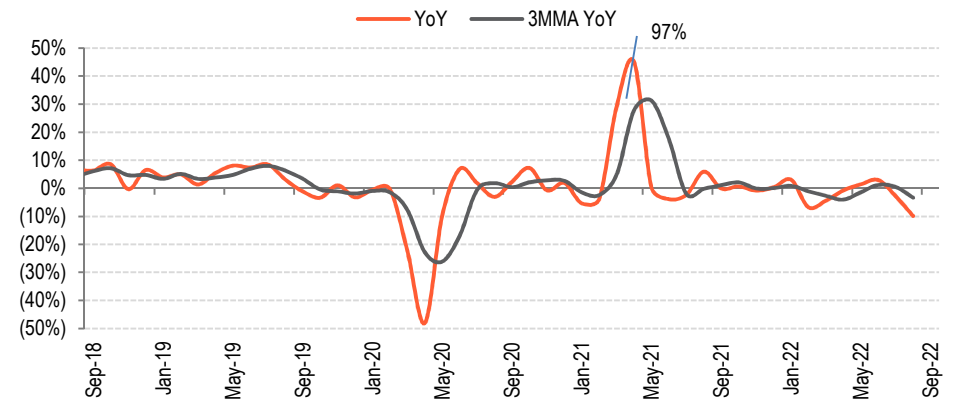


Fig 22 – Negative growth for FMCG output



Agriculture

Fig 23 – Agriculture growth steadied in Q1FY23

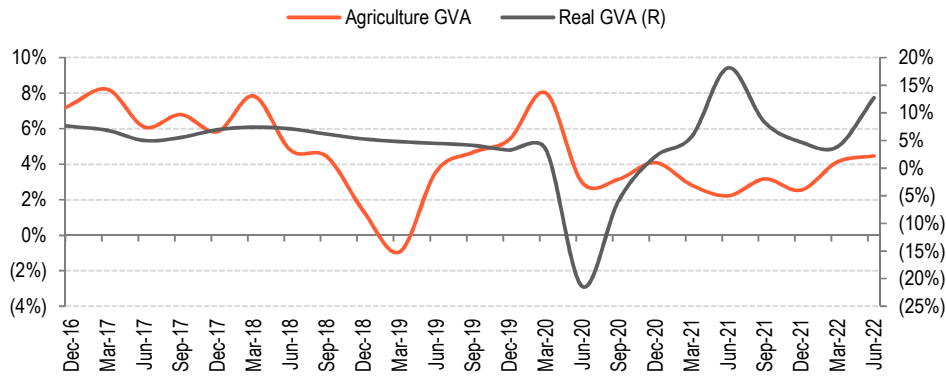


Fig 25 – Agriculture credit growth remains steady

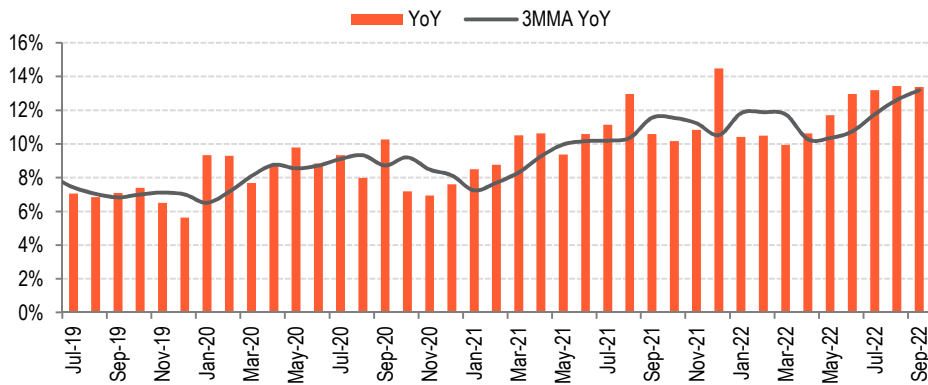
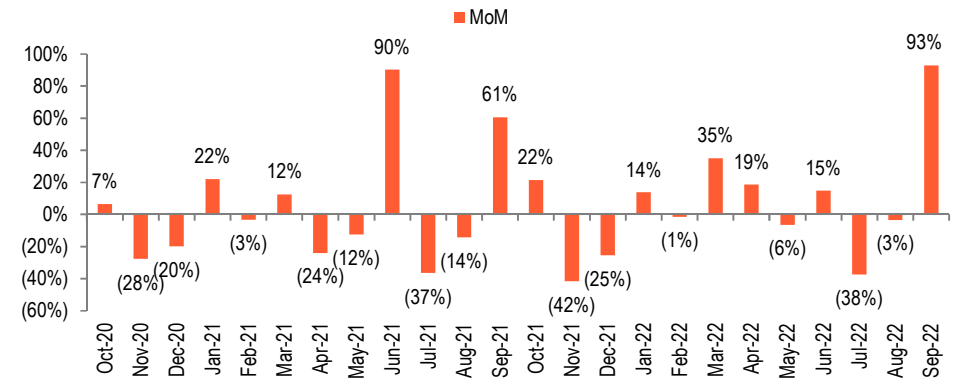


Fig 24 – Tractor sales shoot up in festive month



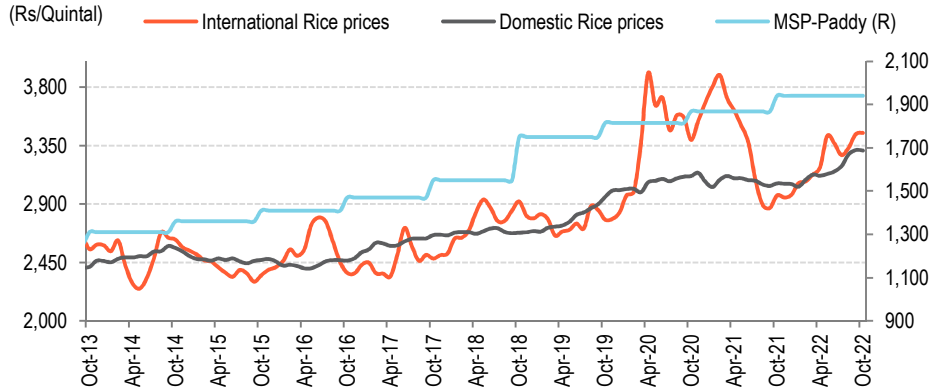
Note: Tractor sales including exports

Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.19
2021-22	43.34	59.27*
2022-23	18.8	0.2

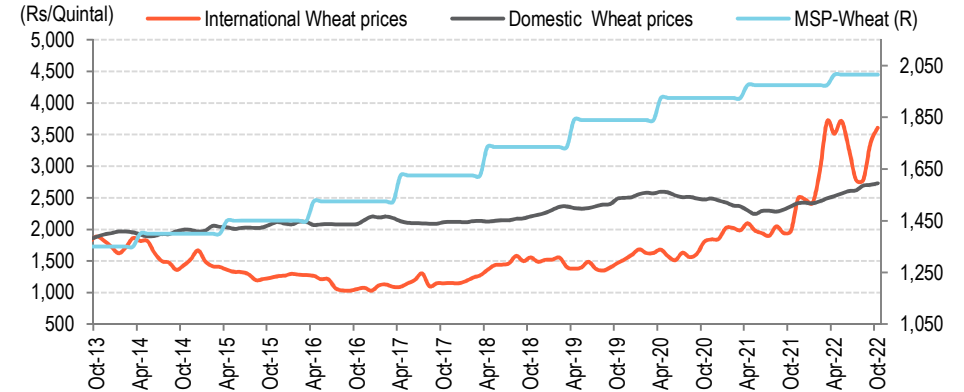
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Sep 2022

Fig 27 – Higher international rice price; domestic price ease



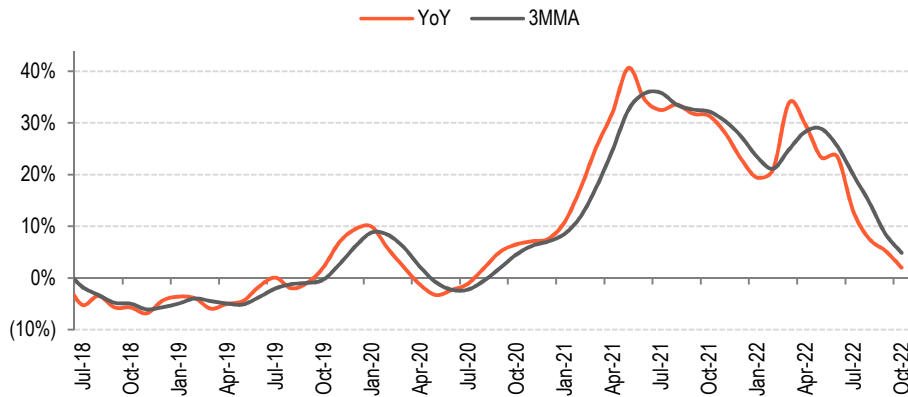
Source: World Bank

Fig 28 – International wheat prices continue to soar further



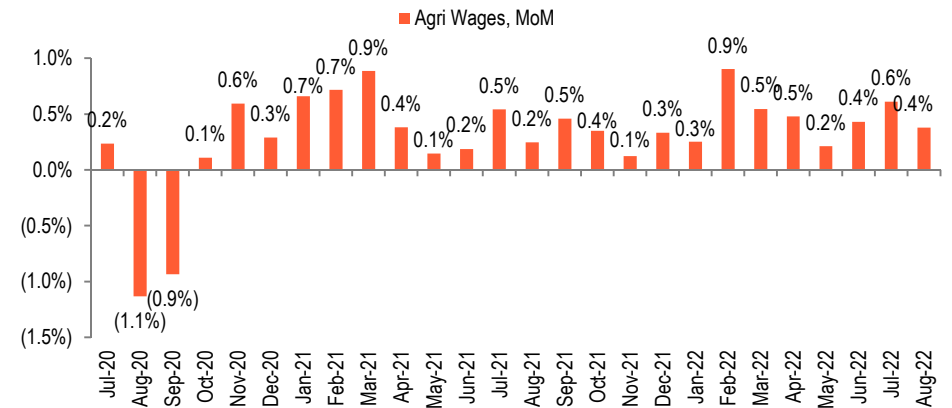
Source: World Bank

Fig 29 – Global food prices down by 14.9% since its peak in Mar'22



Source: FAO

Fig 30 – Wage growth (men) moderating



Inflation

Fig 31 – Headline CPI inched up to 7.4% in Sep'22 from 7% in Aug'22 on YoY basis, remaining above RBI's upper tolerance band for the 9th consecutive month

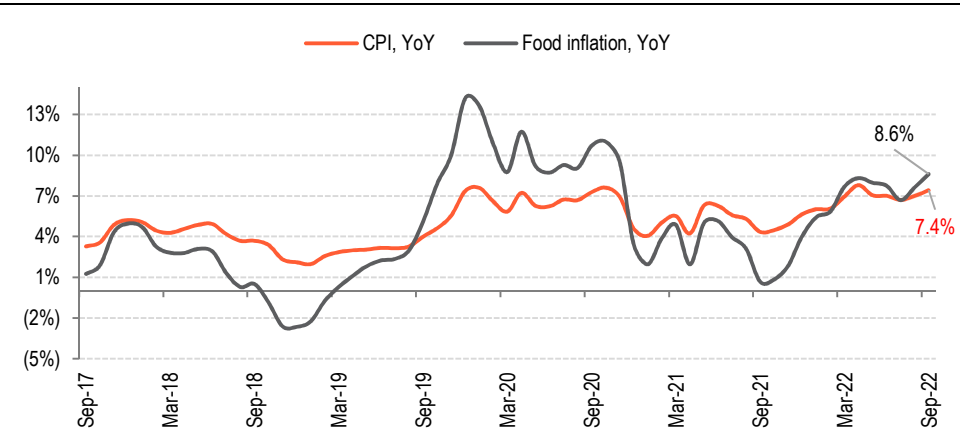


Fig 33 – Major components of core inflation also hovering around or above RBI's upper tolerance level of 6%

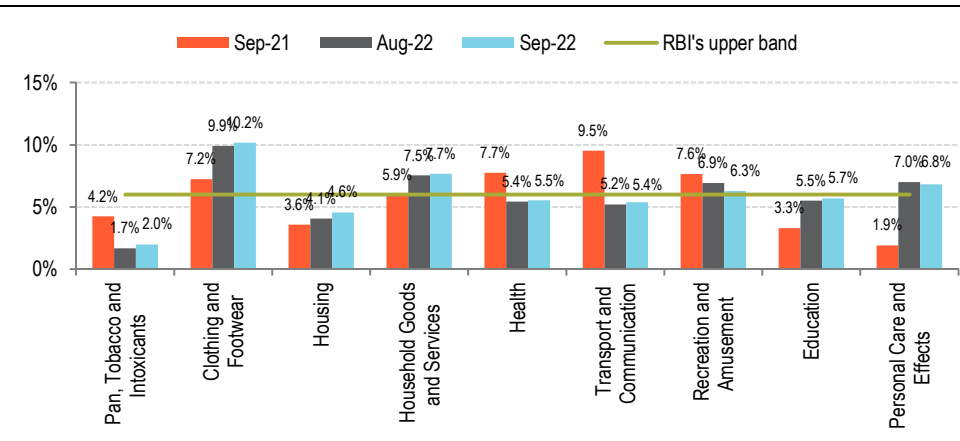


Fig 32 – ...Food inflation rose by 100bps led by vegetables and protein based items

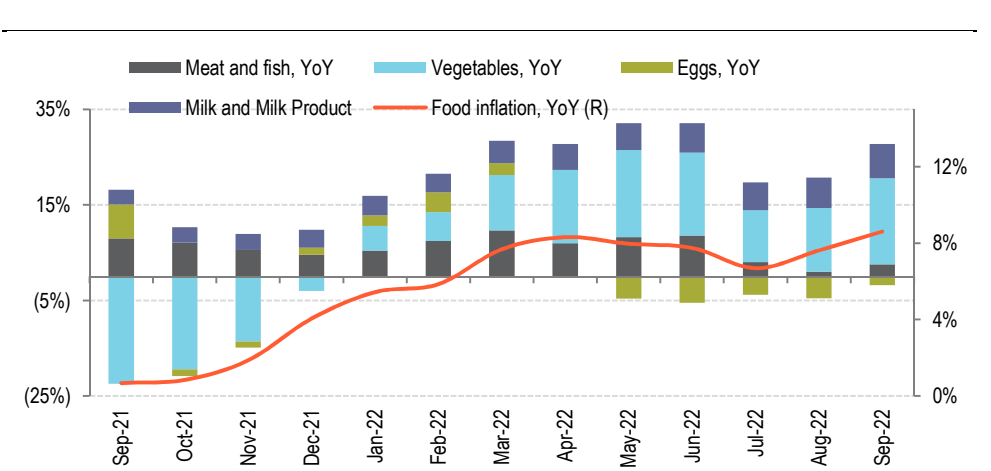
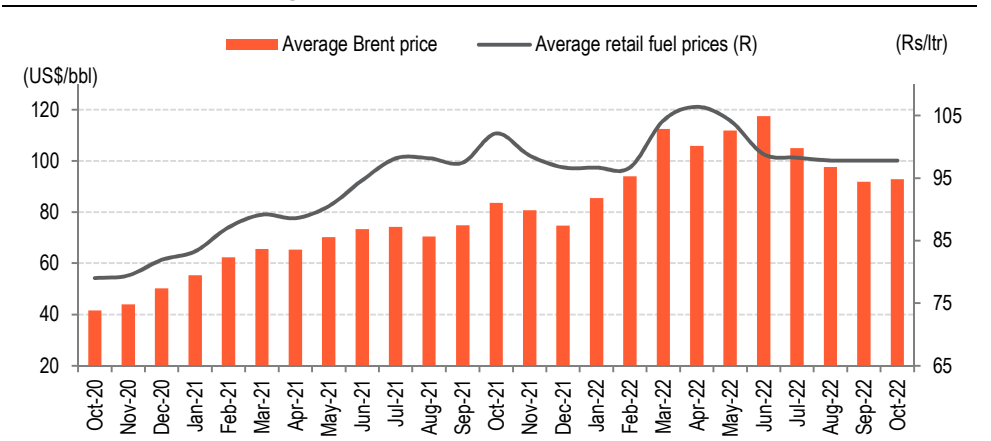


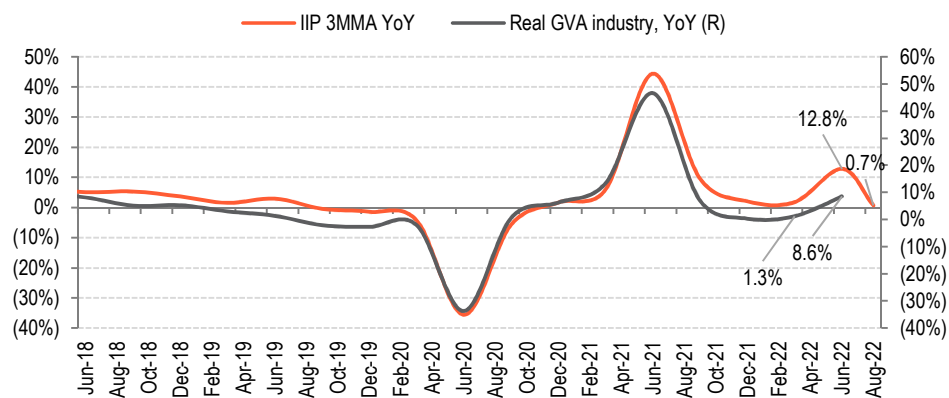
Fig 34 – Domestic retail prices was stable at Rs 98/ltr, however international crude prices on an average rose to US\$ 93/bbl in Oct'22 from US\$ 92/bbl in Sep'22



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

Industry

Fig 35 – Moderation in IIP growth in Aug'22



Note: Aug'22 data is average of Jul-Aug'22 on YoY basis

Fig 36 – Sectorwise growth lower, due to base effect

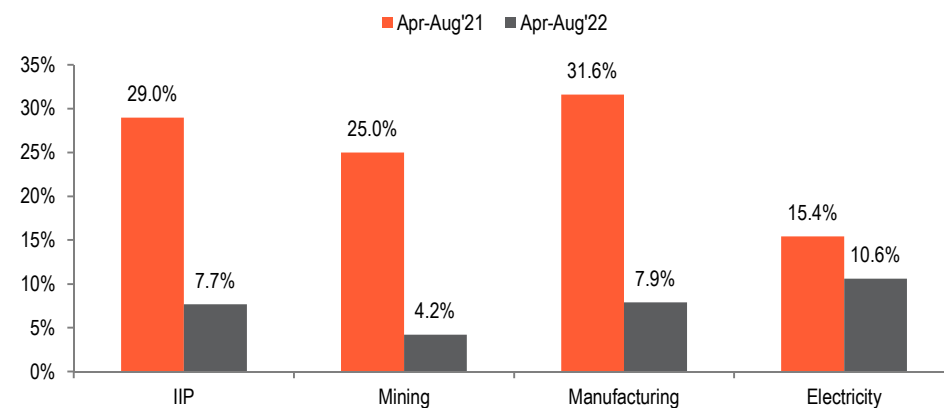
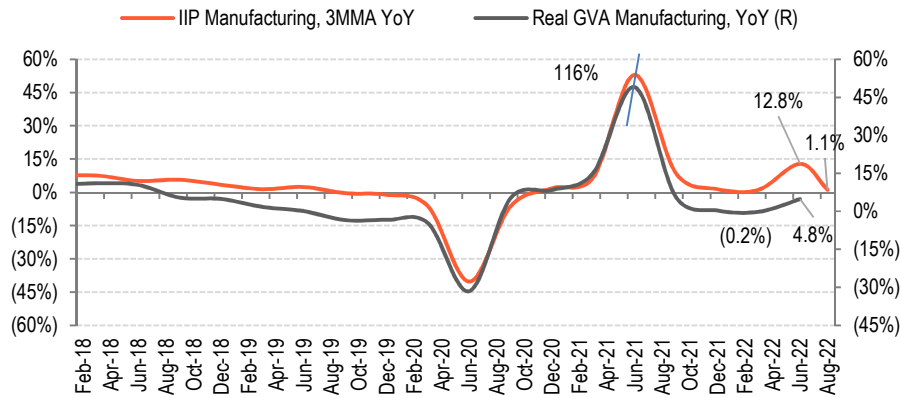


Fig 37 – IIP growth contracts for first time in 18-months

Sectoral (%)	Weight	Aug-22	Jul-22	Aug-21	Apr-Aug'22	Apr-Aug'21
IIP	100.0	(0.8)	2.2	13.0	7.7	29.9
Mining	14.4	(3.9)	(3.3)	23.3	4.2	25.0
Manufacturing	77.6	(0.7)	3.0	11.1	7.9	31.6
Electricity	8.0	1.4	2.3	16.0	10.6	15.4
Use-Based						
Primary Goods	34.1	1.7	2.5	16.9	9.1	18.2
Capital Goods	8.2	5.0	5.7	20.0	18.7	60.3
Intermediate Goods	17.2	0.6	3.8	11.8	7.6	40.4
Infrastructure and Construction Goods	12.3	1.7	3.8	13.5	7.2	45.8
Consumer Durables Goods	12.8	(2.5)	2.3	11.1	14.5	55.0
Consumer Non-Durables Goods	15.3	(9.9)	(2.8)	5.9	(1.9)	10.3

Manufacturing

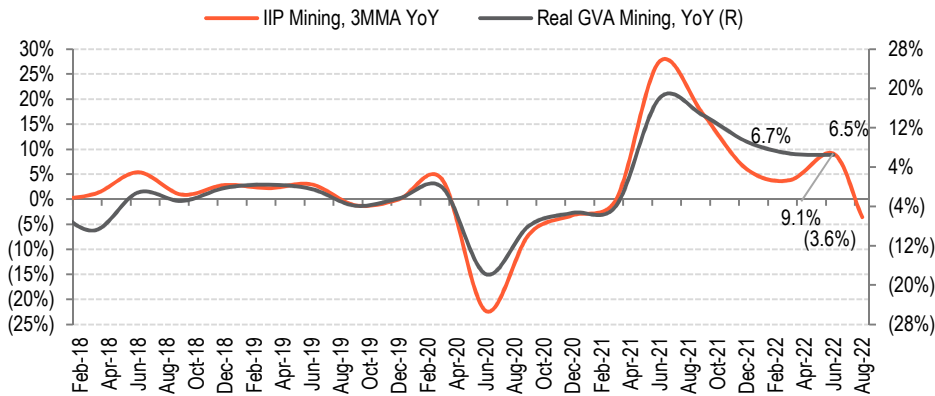
Fig 38 – Manufacturing growth eases



Note: Aug'22 data is average of Jul-Aug'22 on YoY basis

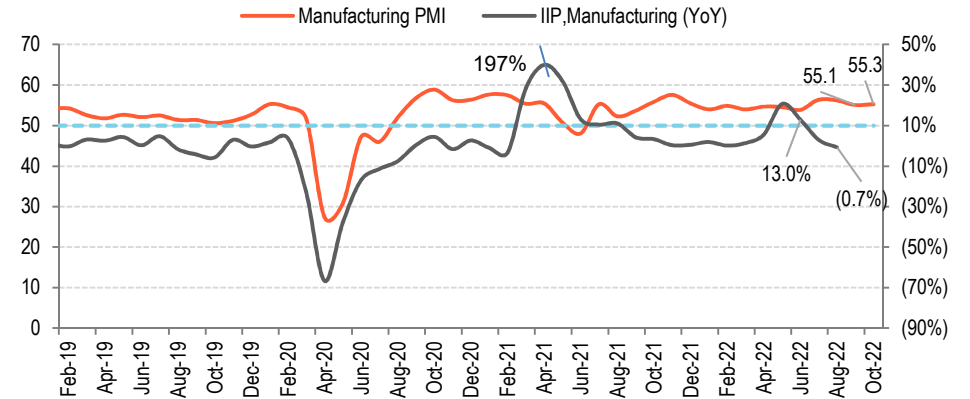
Mining & Electricity

Fig 40 – Mining activity slips further



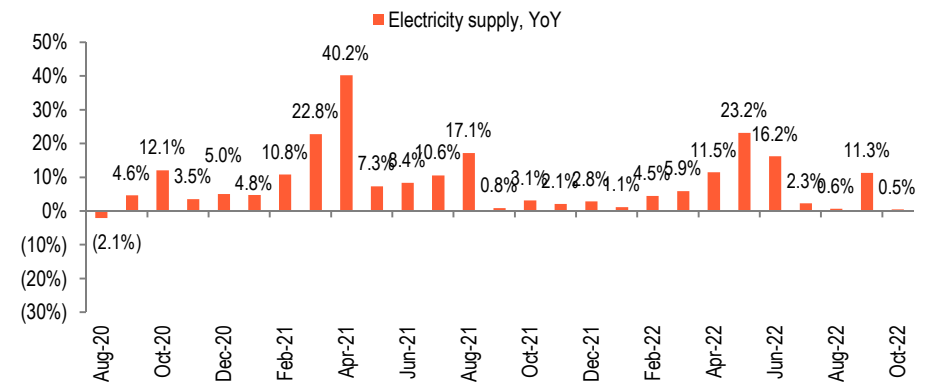
Note: Aug'22 data is average of Jul-Aug'22 on YoY basis

Fig 39 – Manufacturing PMI edges upwards in Oct'22



Source: Markit

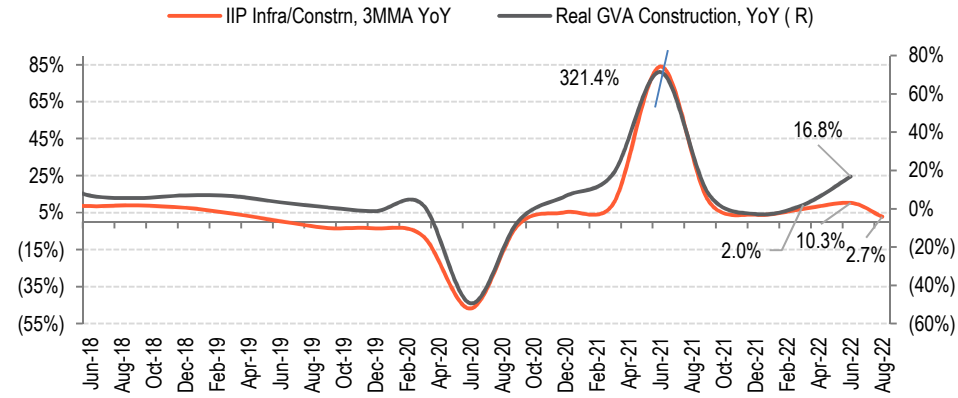
Fig 41 – Moderation in growth of electricity supply



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

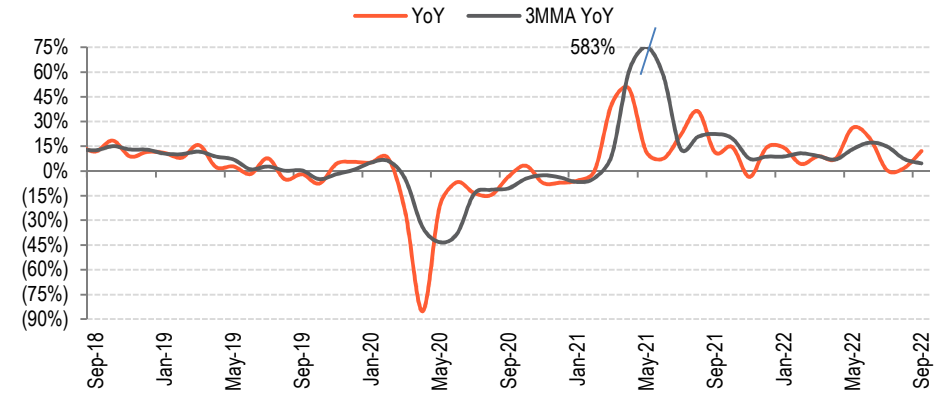
Infrastructure and construction

Fig 42 – Construction sector expected to improve in Sep'22 despite a dip in Aug'22



Note: Aug'22 data is average of Jul-Aug'22 on YoY basis

Fig 43 – Cement production scales up in Sep'22



Infrastructure index

Fig 44 – Growth in infrastructure index improves

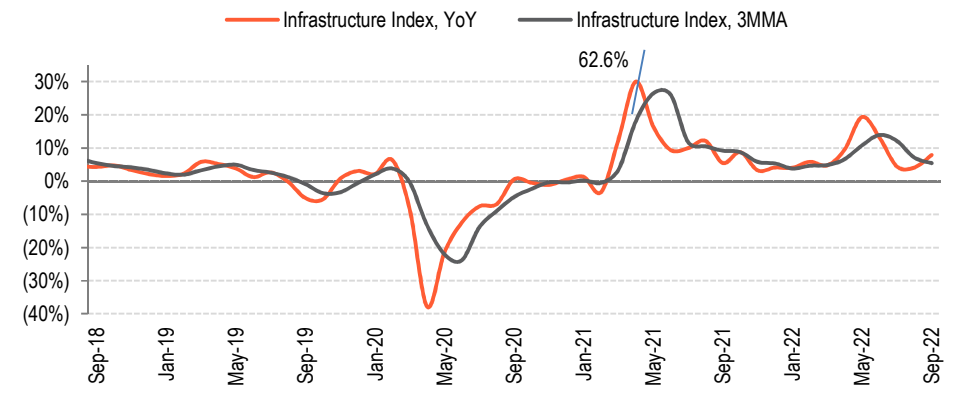
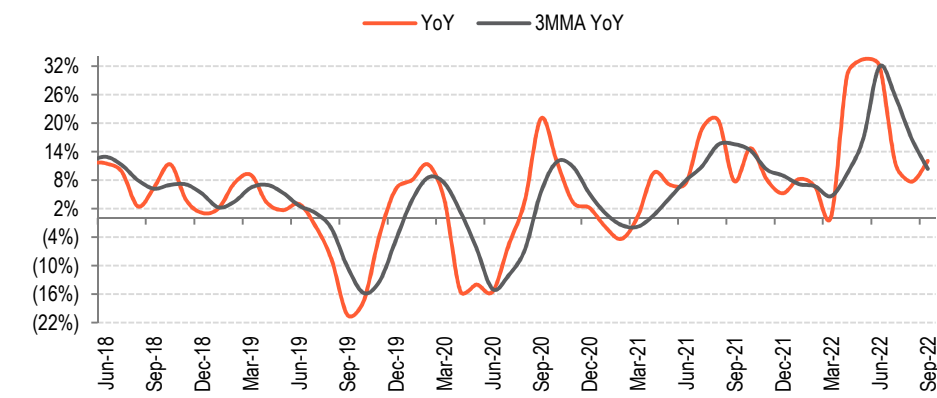


Fig 45 – Coal production edges upwards in Sep'22



Auto production & business expectation index

Fig 46 – Auto production improves in Sep'22

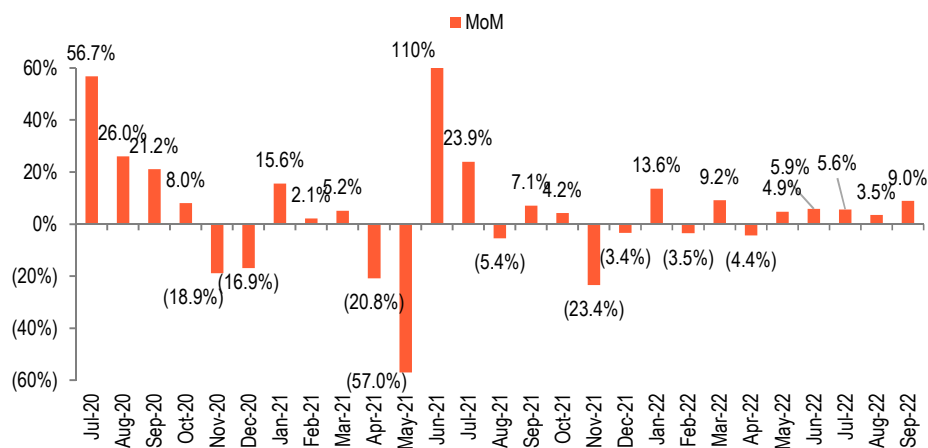


Fig 47 – Business sentiment moderates; Remained optimistic

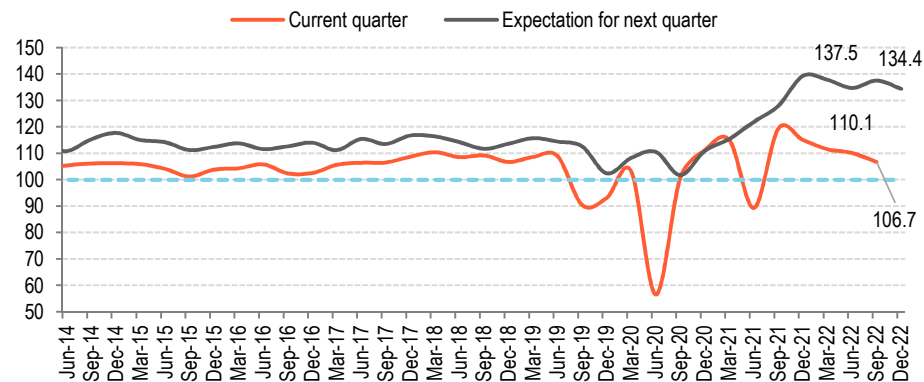
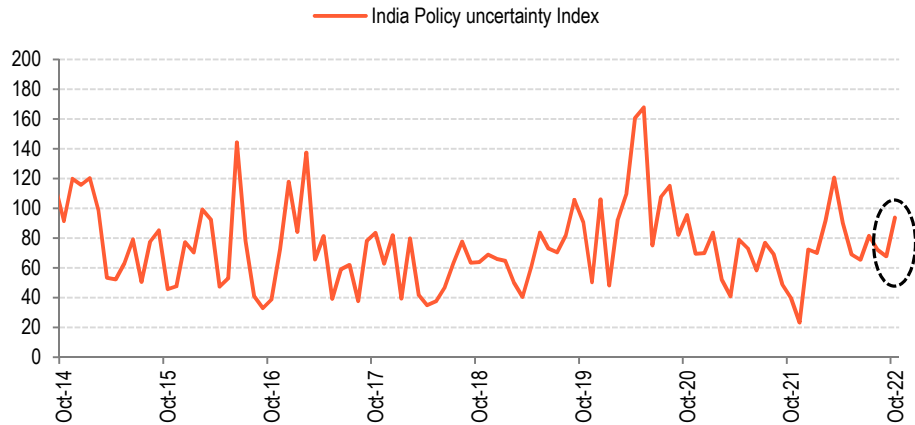


Fig 48 – Core sector output jumps in Sep'22

(%)	Weight	Sep-22	Aug-22	Sep-21	Apr-Sep'22	Apr-Sep'21
Infrastructure Index	100	7.9	4.1	5.4	9.6	16.9
Coal	10.3	12.0	7.7	7.8	21.0	11.7
Crude Oil	9.0	(2.3)	(3.3)	(1.7)	(1.3)	(2.9)
Natural Gas	6.9	(1.7)	(0.9)	27.5	1.8	22.1
Petroleum Refinery Products	28.0	6.6	7.0	6.0	10.1	11.2
Fertilizers	2.6	11.8	11.9	0	11.5	(1.3)
Steel	17.9	6.7	5.2	7.1	6.4	36.5
Cement	5.4	12.1	1.8	11.3	10.9	37.8
Electricity	19.9	11.0	1.4	0.9	10.7	12.8

Investment

Fig 49 – Policy uncertainty index in India fell in Sep'22 compared to Aug'22 due to spillover impact of global financial tightening



Source: policyuncertainty.com

Fig 51 – Capital goods production moderated to 55 in Aug'22 from 5.7% in Jul'22

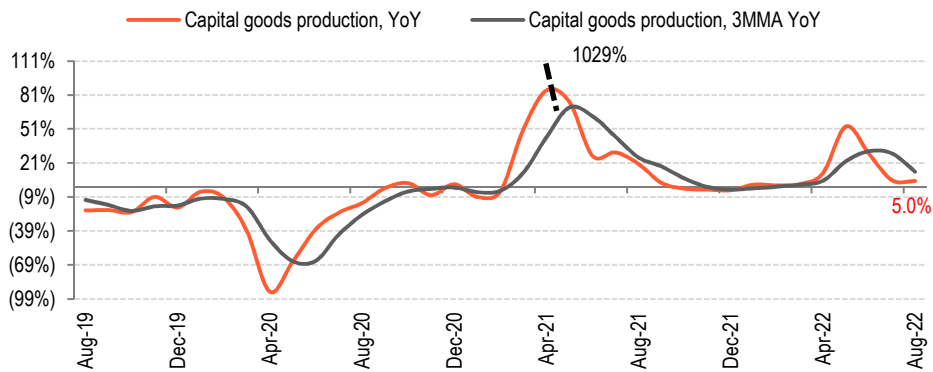
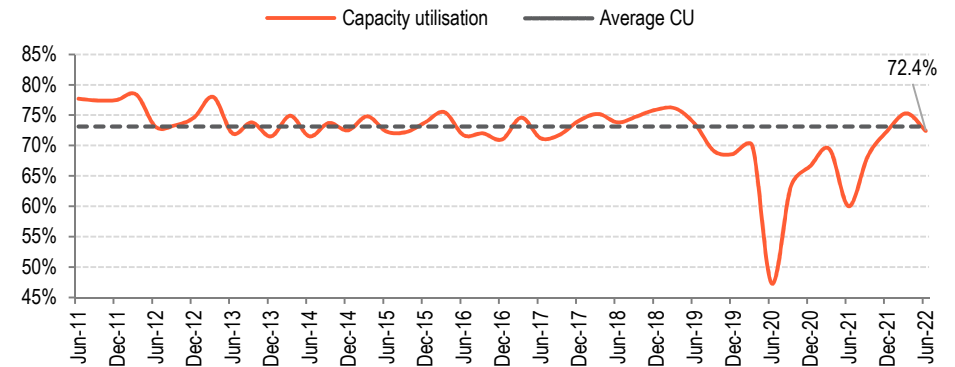


Fig 50 – Capacity Utilisation is at 72.4 for Q1FY23



Source: policyuncertainty.com

Fig 52 – Capital goods imports rose by 29.5% in Sep'22 against 29% in Aug'22

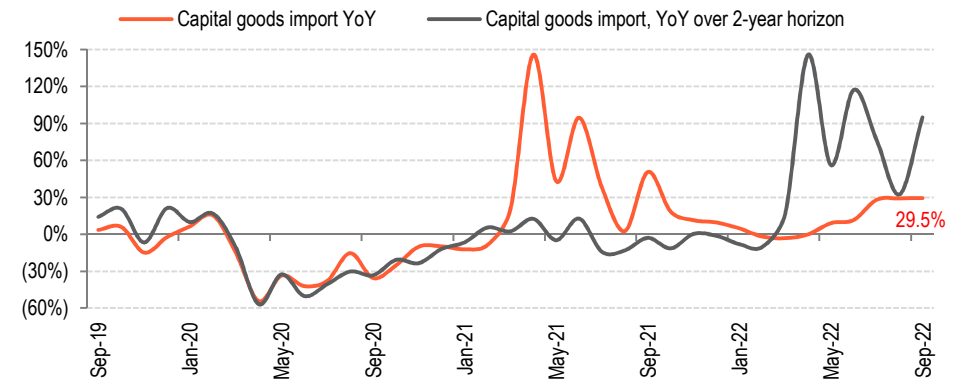


Fig 53 – Centre’s capex spending noted growth of 44.4% compared to 45.4% in Aug’22, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn

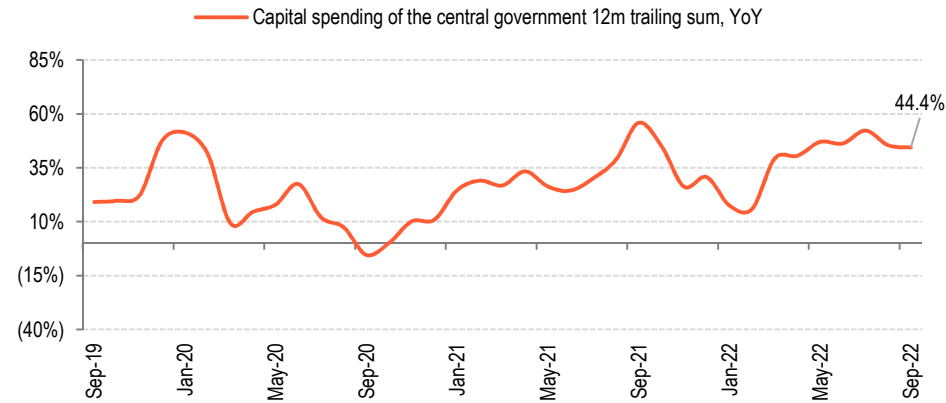


Fig 54 – Credit to micro and small industry was at 27.1% in Sep’22 compared to 28.2% in Aug’22, for medium industry it rose to 36.2% from 35.6%

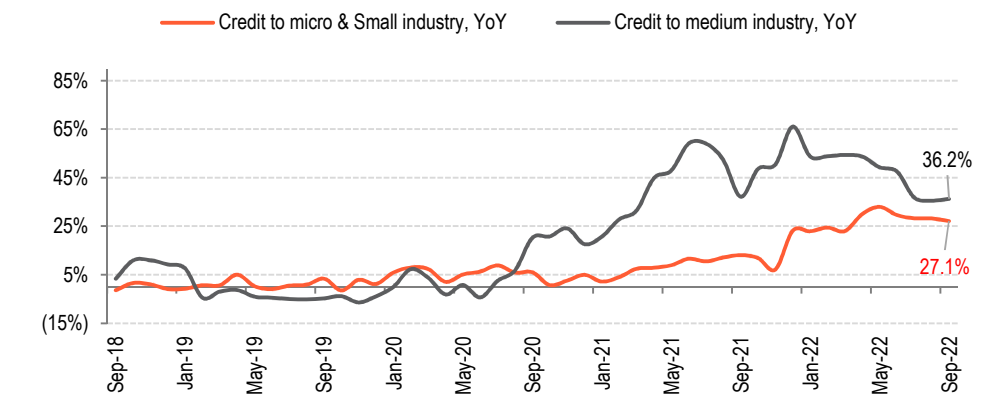


Fig 55 – Credit to housing sector was at 16.0% in Sep’22 compared to 16.4% in Aug’22

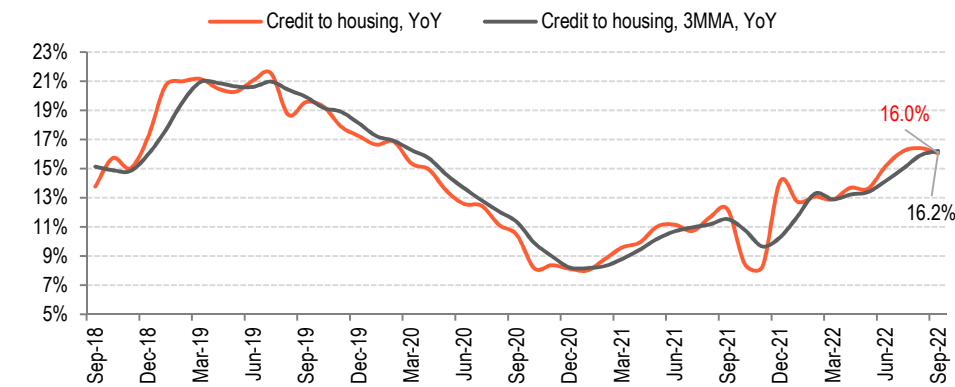
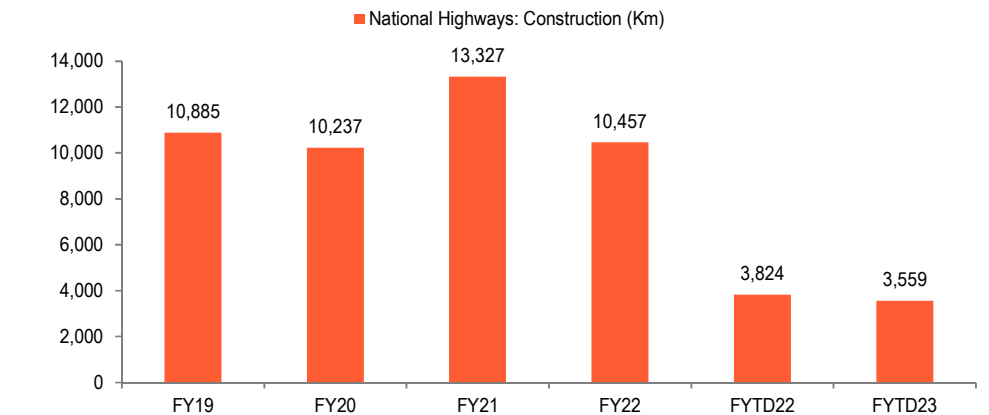


Fig 56 – Pace of National highway construction



Note: FYTD: Apr-Sep

Services sector

Fig 57 – GVA: Services activity rebounds in Q1FY23, largely due to low base

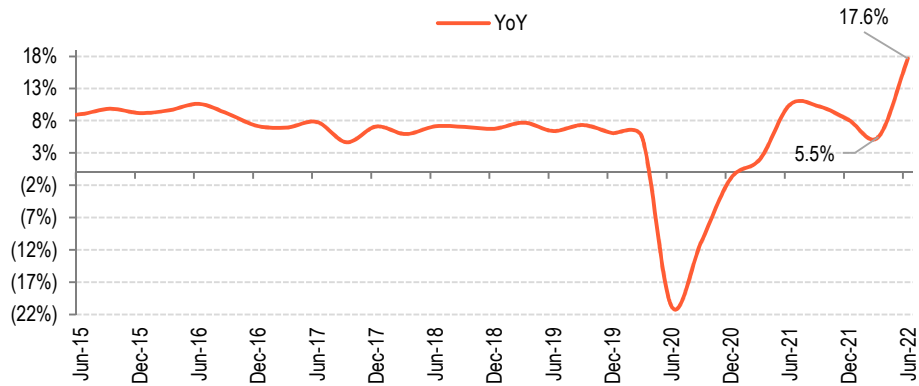
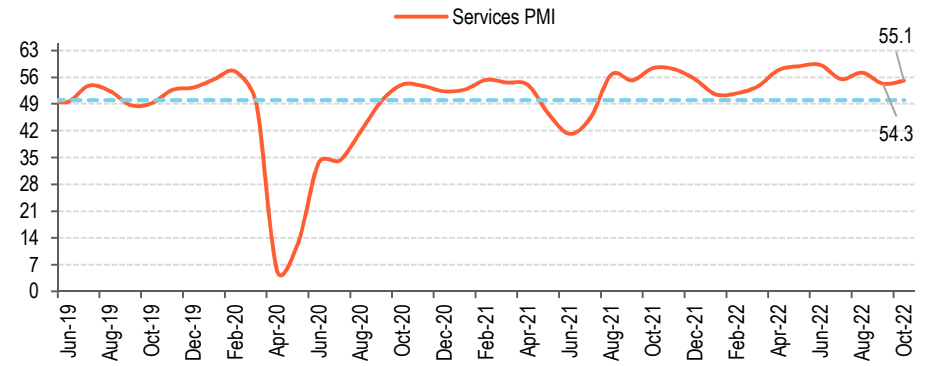


Fig 58 – Services PMI gathered pace in Oct'22, supported by festivities



Source: Markit

Fig 59 – GVA: Trade & related services picked up pace in Q1

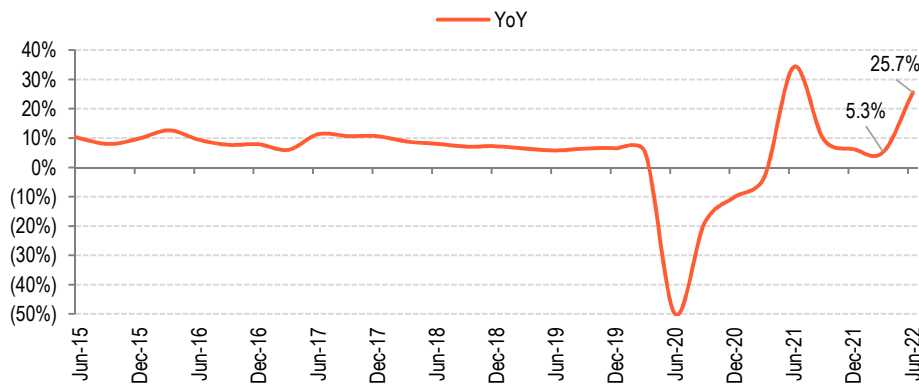
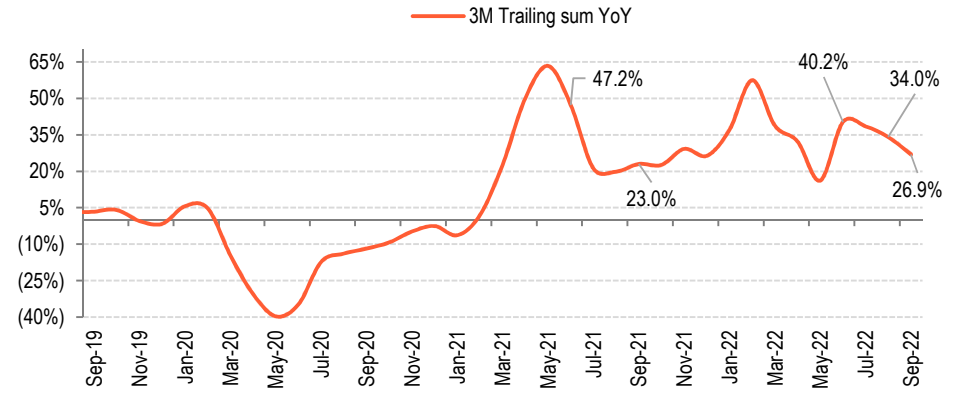


Fig 60 – States** tax revenue growth moderated in Q2FY23



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

Trade

Fig 61 – Vehicle registrations seen recovering in Sep’22, Q2FY23 data only a tad lower than Q1-mainly due to base effect

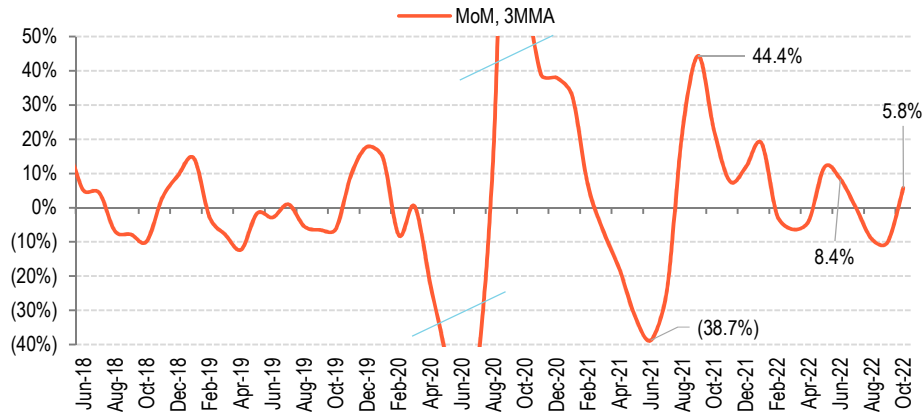


Fig 62 – Diesel consumption during Oct’22 was much higher than pre-pandemic (Oct’19) levels

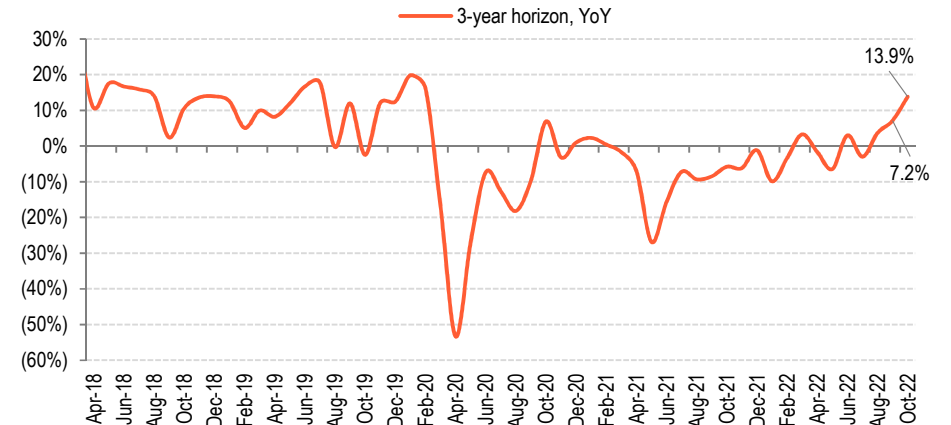


Fig 63 – Railway freight traffic movement eased further in Oct’22

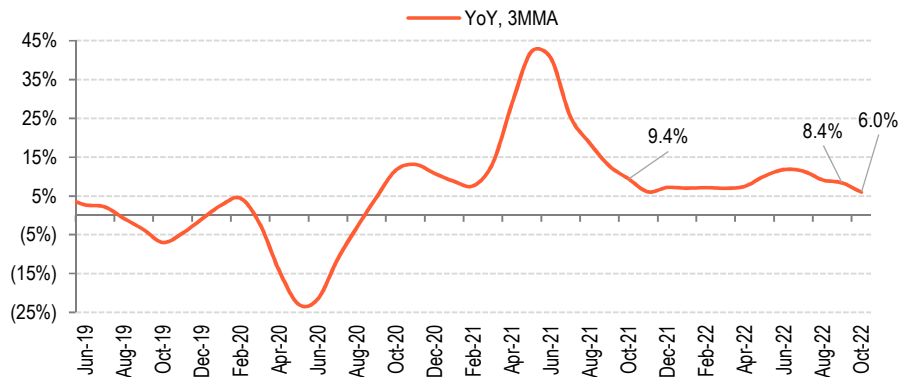


Fig 64 – Port cargo traffic in Q2FY23 up compared with previous quarter

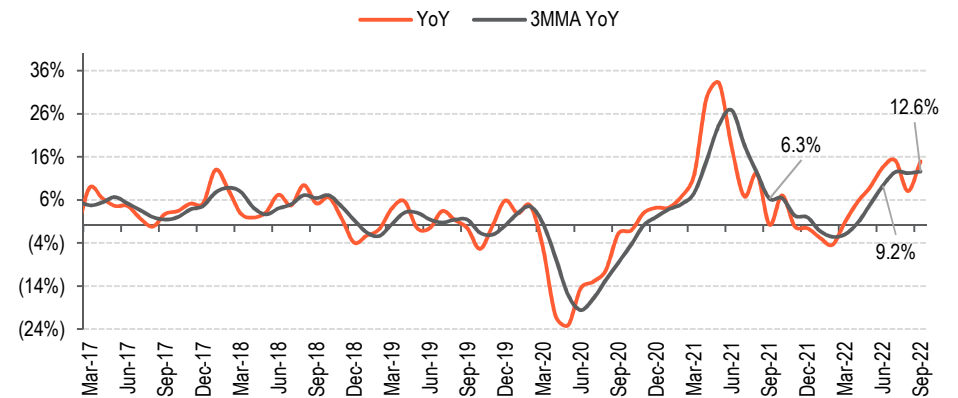


Fig 65 – Toll collections seen recovering in Oct’22

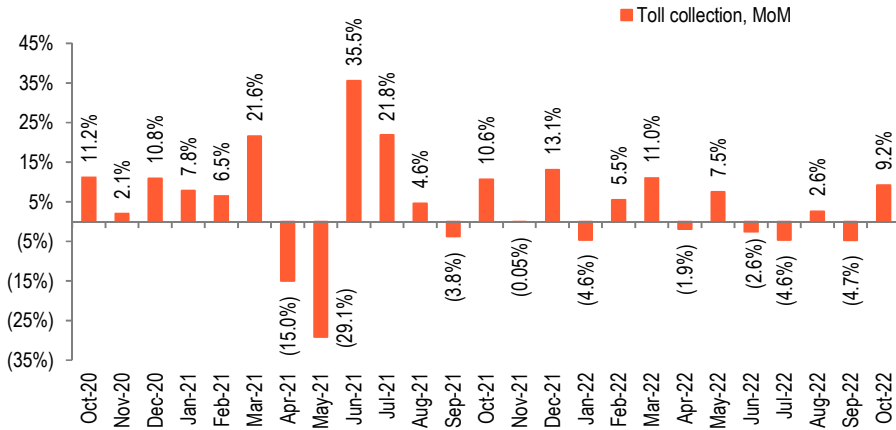
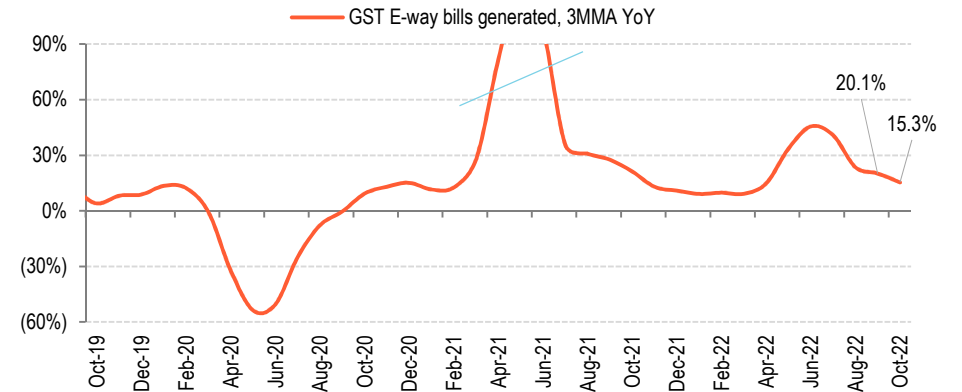


Fig 66 – E-way bill generation eased in Oct’22, possibly on account of festive holidays



Hotels and communications

Fig 67 – Airline passenger traffic growth still unable to return to pre-pandemic (2019) levels

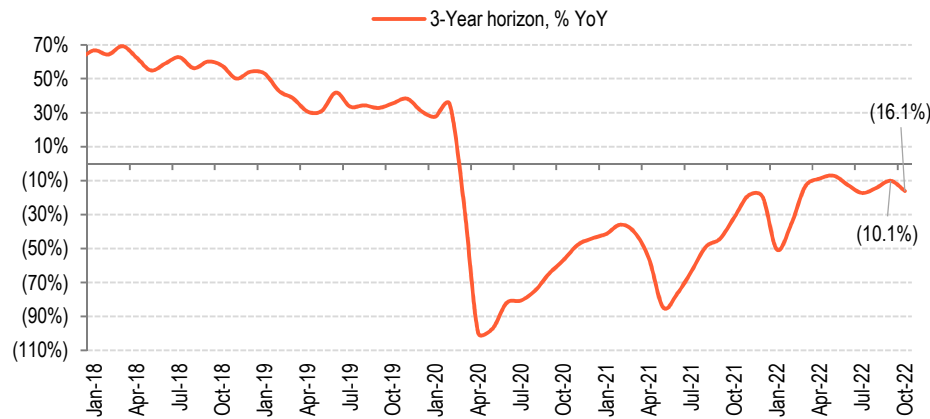


Fig 68 – ...dragged by weakness in domestic passenger movement and high prices

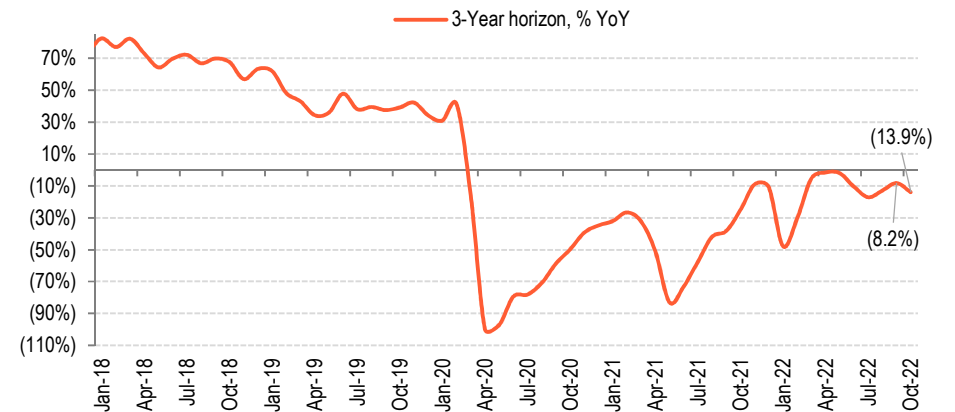


Fig 69 – Railway passenger traffic picked up pace in Sep'22

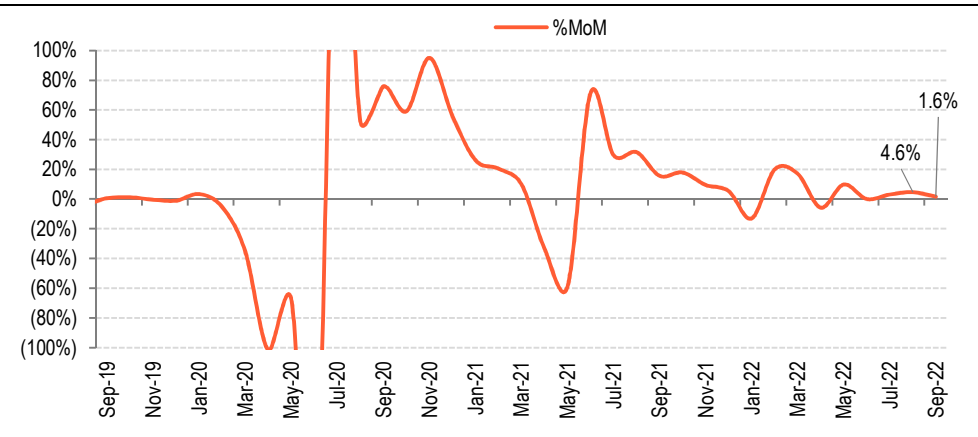
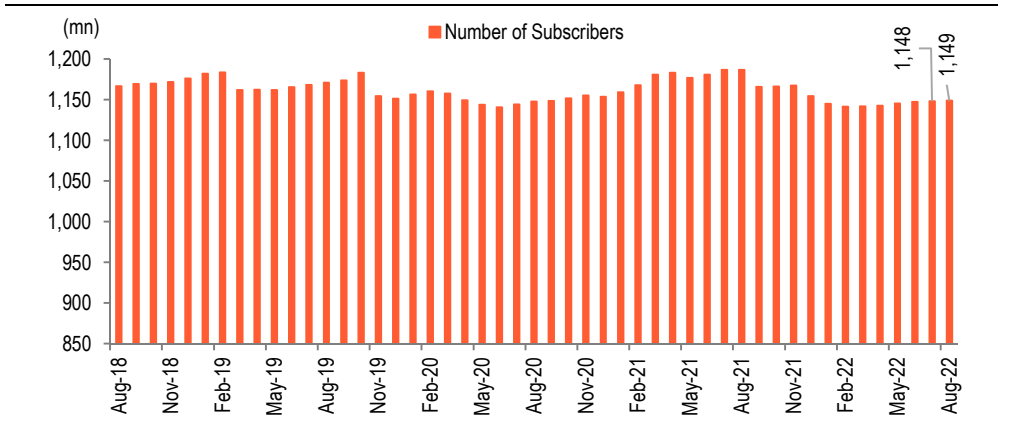


Fig 70 – Number of telecom subscribers rose by 1.1mn in Aug'22 versus 0.6mn added in Jul'22



Finance and real estate

Fig 71 – Growth in GVA: Finance, real estate & prof. jumped sharply in Q1FY23

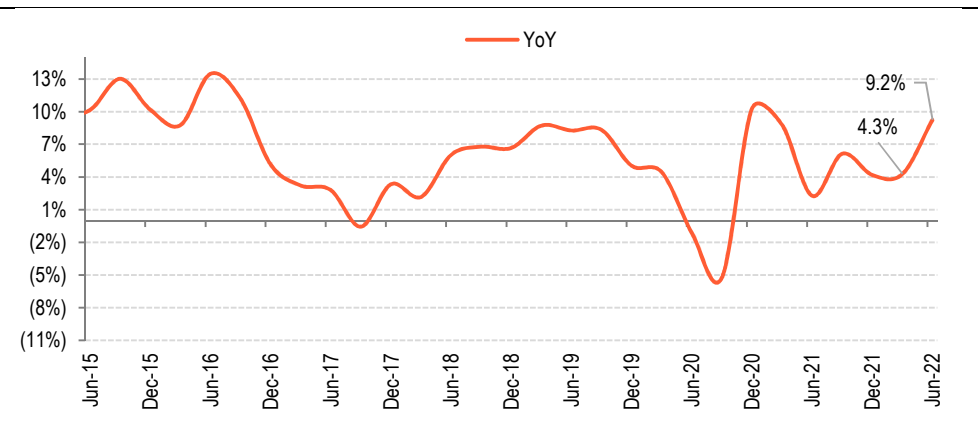
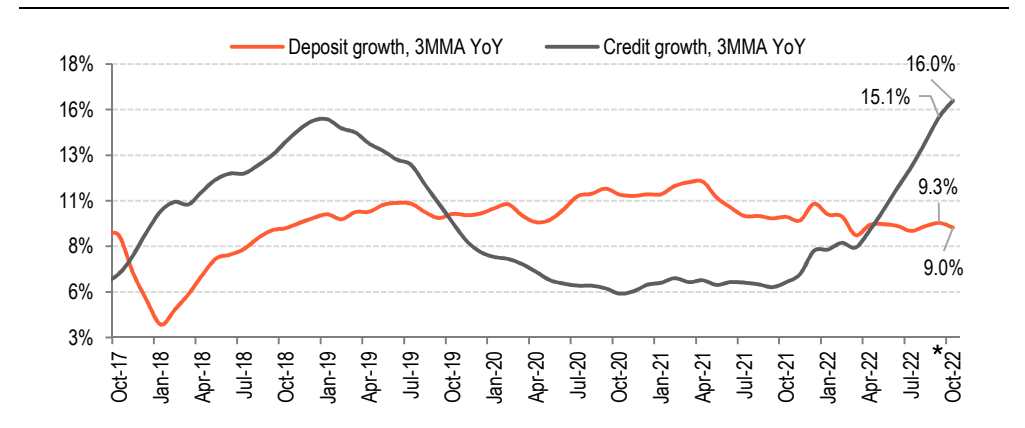


Fig 72 – Credit growth continued to accelerate even in Oct'22; deposit growth moderates



*as of fortnight ending 21 Oct 2022

Fig 73 – Credit to both services and industry remains healthy

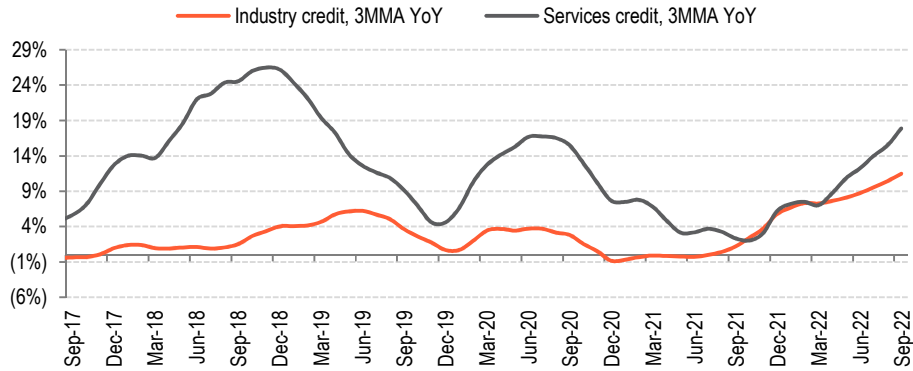


Fig 74 – Credit to NBFCs, trade, real estate all showing improvement

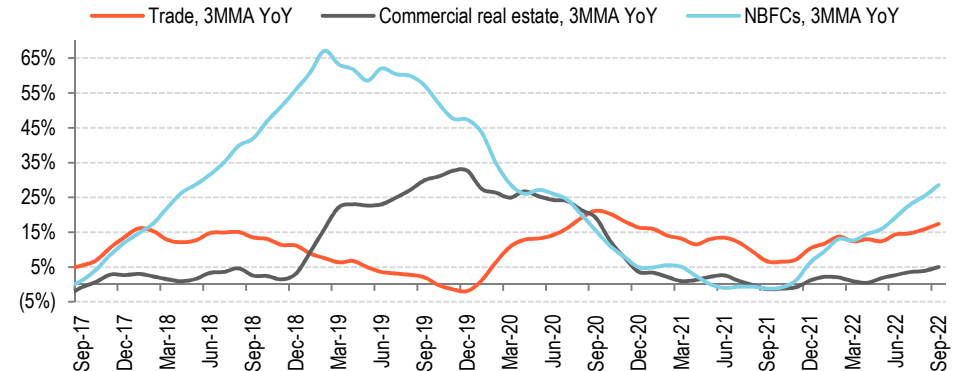
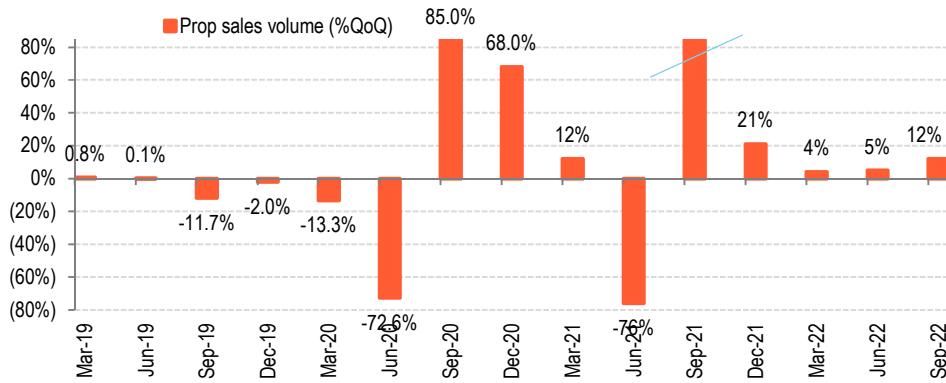
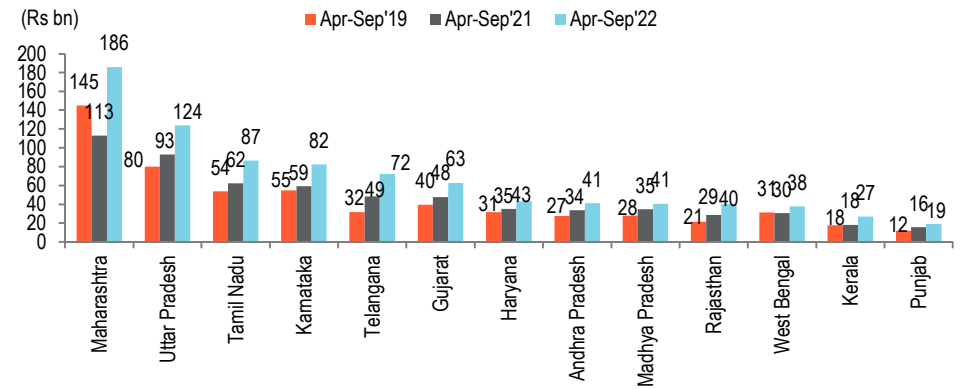


Fig 75 – Property sales volumes picked up pace during festive season in Q2FY23



Source: Proptiger

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



Labour market

Fig 77 – Naukri job index dropped in Sep'22; although compared with Oct'19 the index remain 15.8% higher

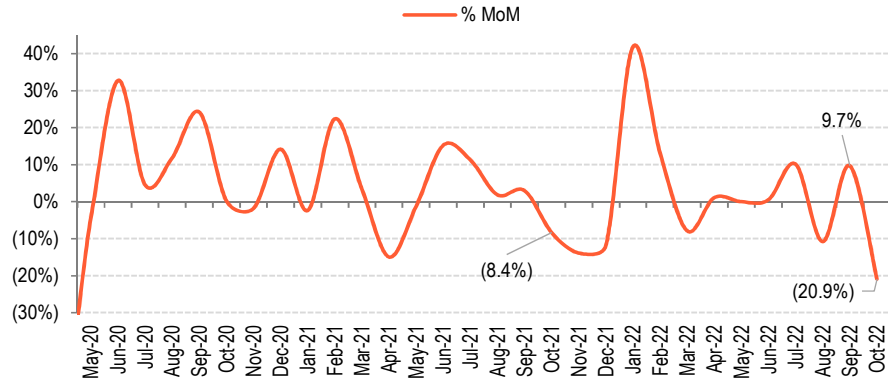


Fig 78 – Overall unemployment rate too inched up in Oct'22



Public administration

Fig 79 – Public administration & defence services supported services growth in Q1

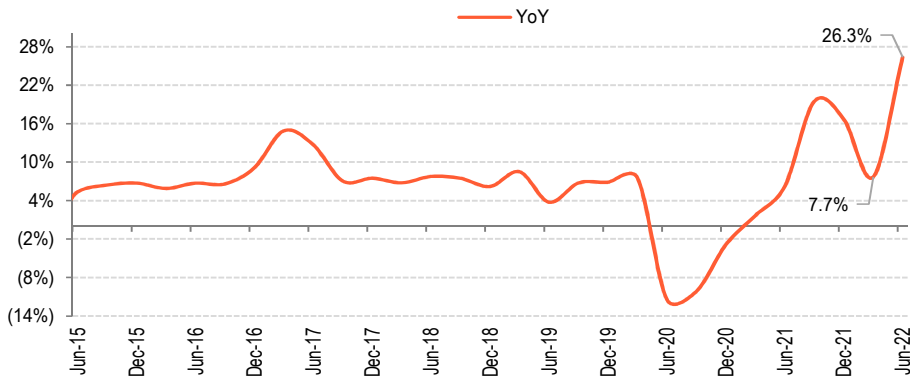


Fig 80 – General govt. spending picked up pace in Sep'22, Q2 spending marginally lower than Q1

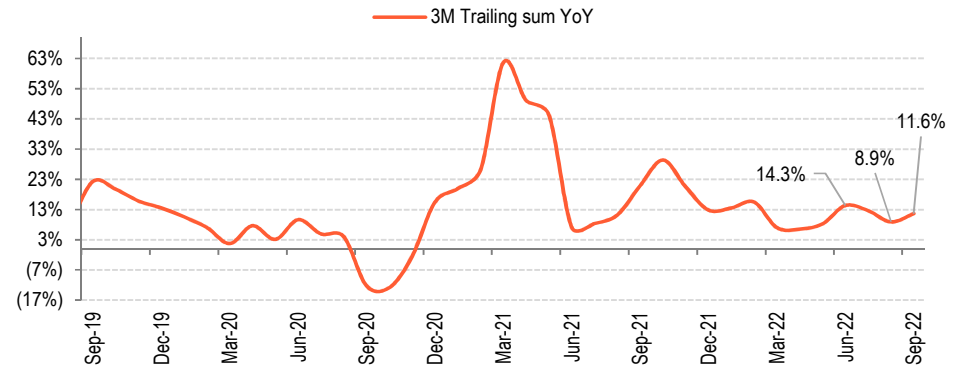


Fig 81 – ...mirroring trend in Central government spending

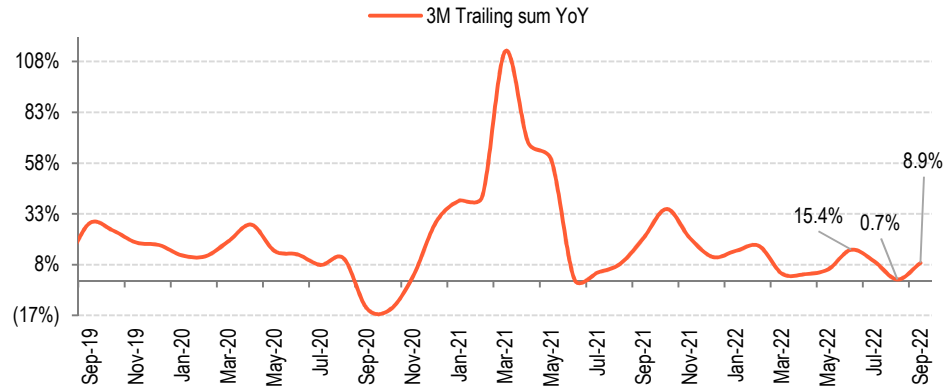
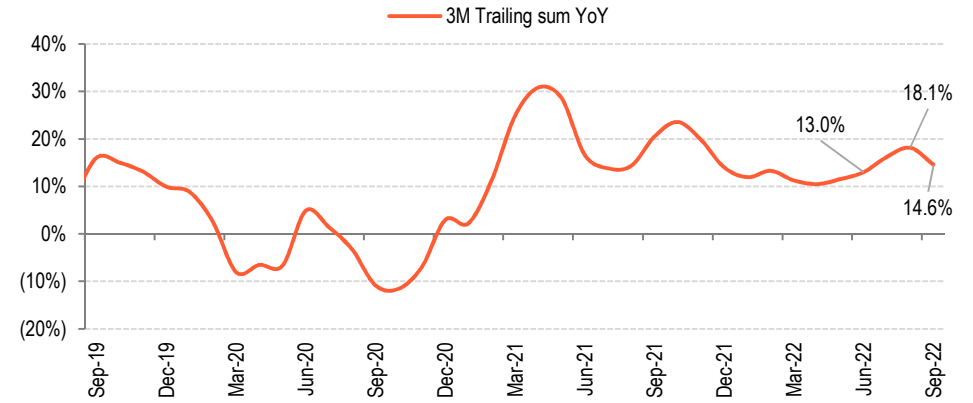


Fig 82 – State* Govt. spending eased in Sep'22; Q2 spending still higher than Q1

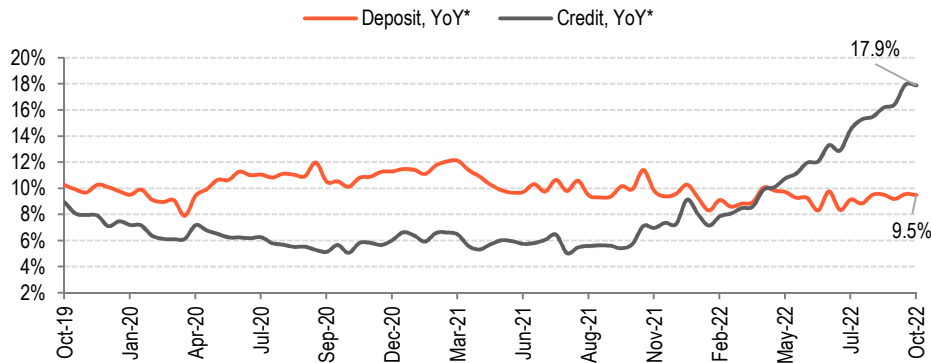


Note: *All states excluding N.E states, Bihar, Goa and J&K

Financial sector

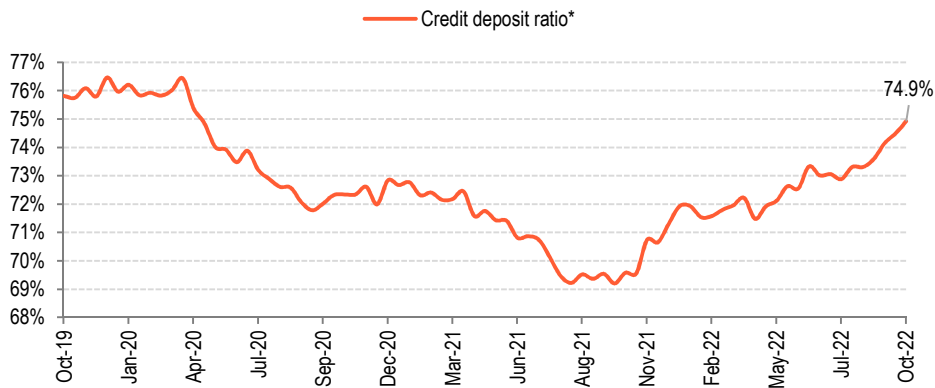
Money and banking

Fig 83 – Credit demand picked up to 17.9% in Oct'22 from 16.4% in Sep'22, deposit growth rose to 9.5% from 9.2%



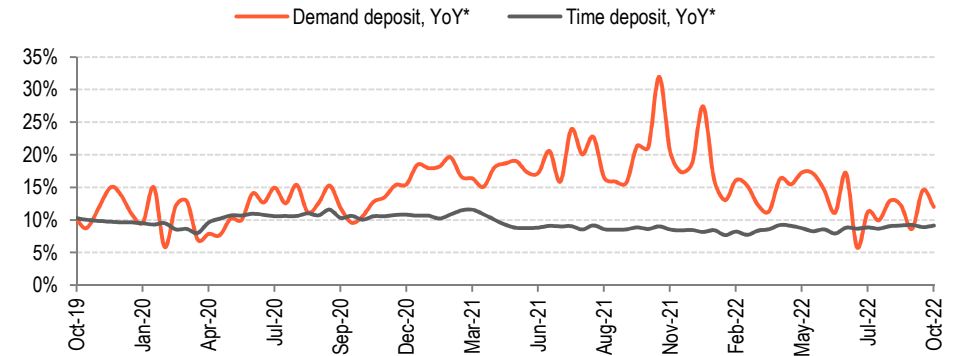
Note: *Sep'22 implies fortnight as of 9 Sep 2022

Fig 85 – CD ratio rose to 74.9%



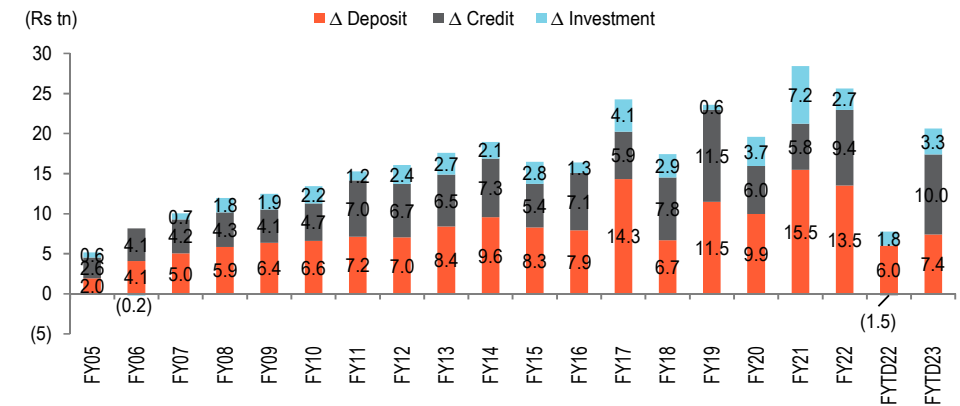
Note: *Sep'22 implies fortnight as of 9 Sep 2022

Fig 84 – ...Time deposits inched up; demand deposits showed moderation



Note: *Sep'22 implies fortnight as of 9 Sep 2022

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



Note: FYTD:Apr-Sep

Fig 87 – Credit to govt rose to 10.3% in Aug'22 from 8% in Jul'22, credit to commercial sector rose to 14.2% from 13.1%

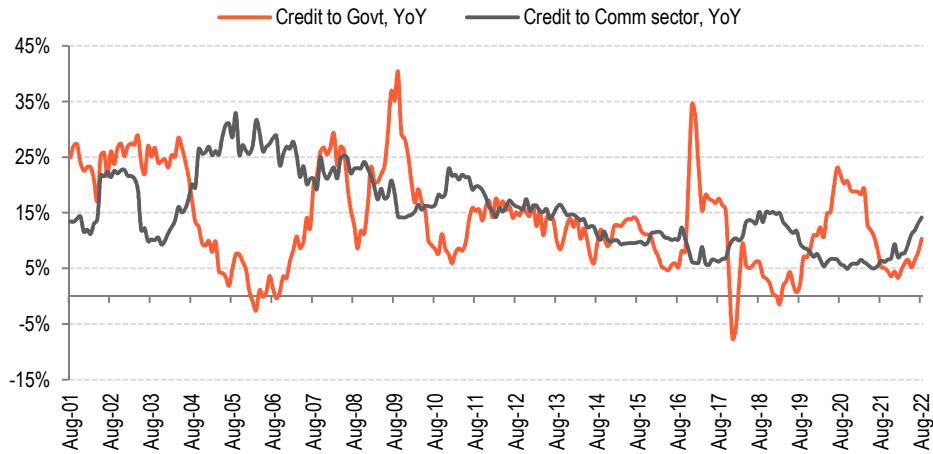


Fig 88 – Spread between call rate and repo

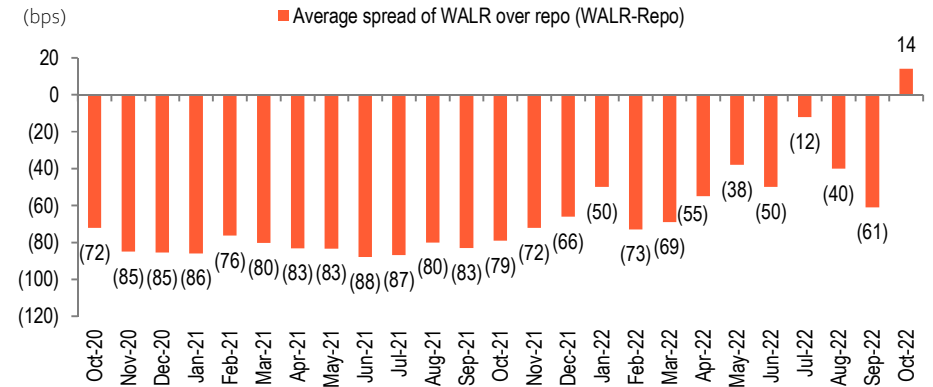


Fig 89 – WALR rose to 7.81% in Sep'22 from 7.73% in Aug'22, WADTDR also inched up to 5.41% from 5.33%

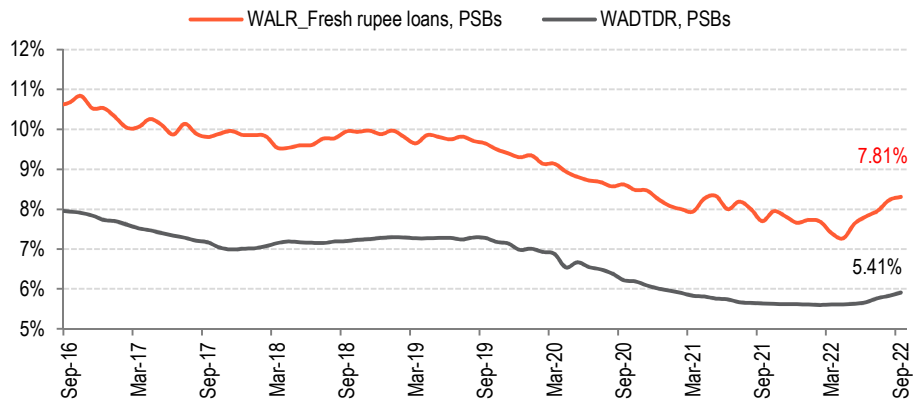
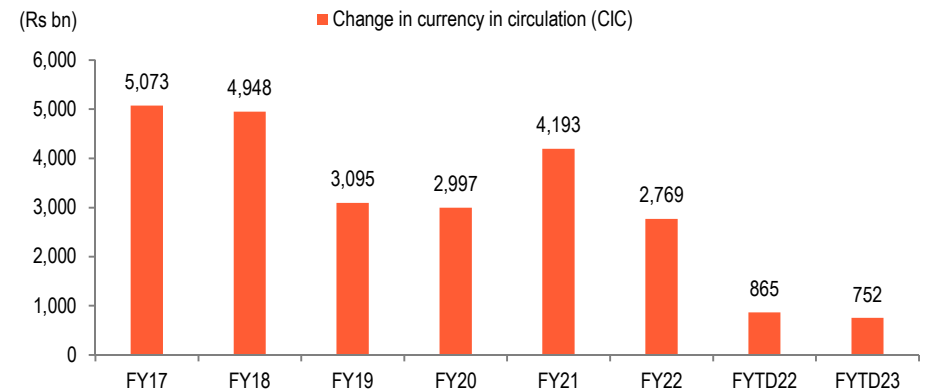
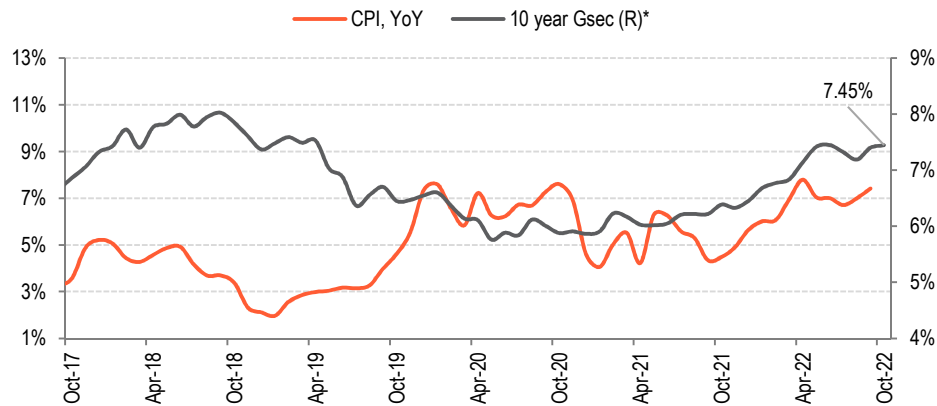


Fig 90 – CIC accretion in FYTD23 is at Rs 752bn against Rs 865bn seen in the same period of last year



Note: FYTD:Apr-Sep

Fig 91 – 10Y GSec yield rose slightly to 7.45% from 7.4% in Sep'22 and currently trading at 7.44%, inflation was at 7.4% in Sep'22



Note: *As on last trading day of the month

Fig 93 – Corporate debt issuance fell to Rs 347bn in Oct'22 from Rs 831bn in Sep'22

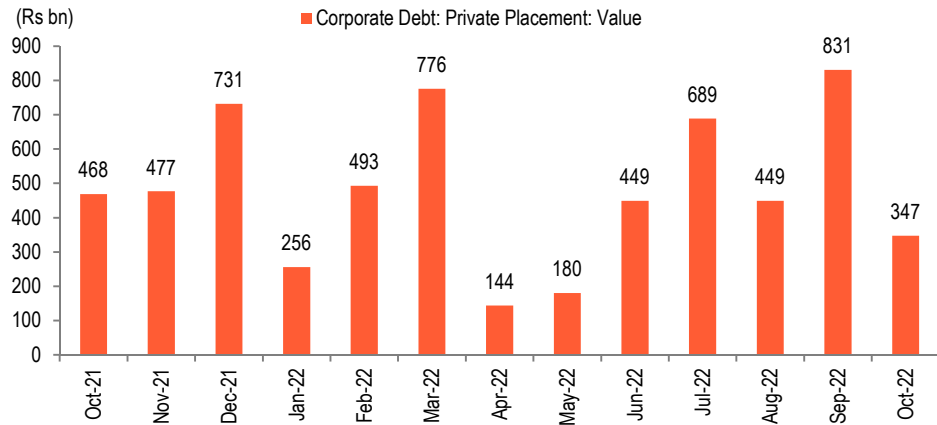
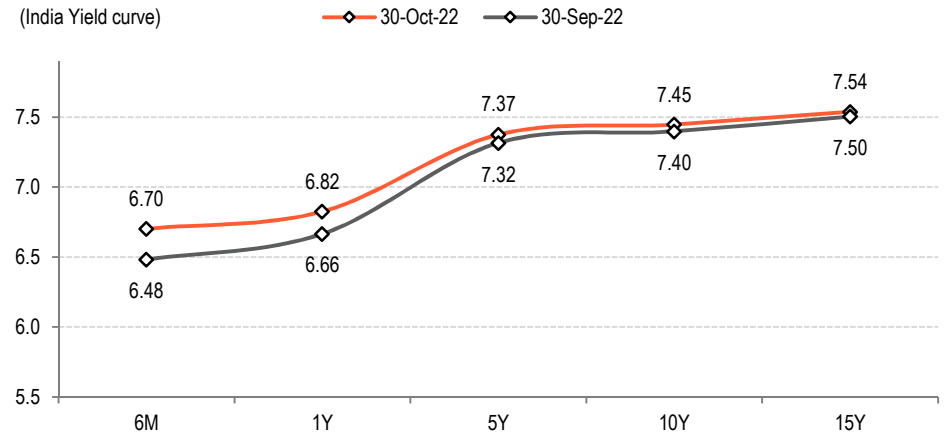
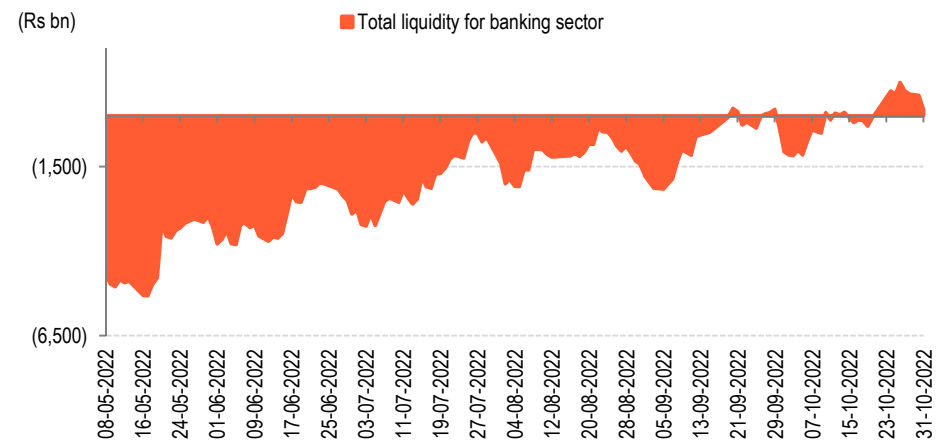


Fig 92 – Gap between long and short end yields reducing



Source: Bloomberg

Fig 94 – Average system liquidity surplus has fallen to Rs 71bn in Oct'22 from 822bn in Sep'22



Source: RBI

Fig 95 – 3Y AAA NBFC spread rose to 43bps as on 31 Oct 2022 from 35bps as on 30 Sep 2022

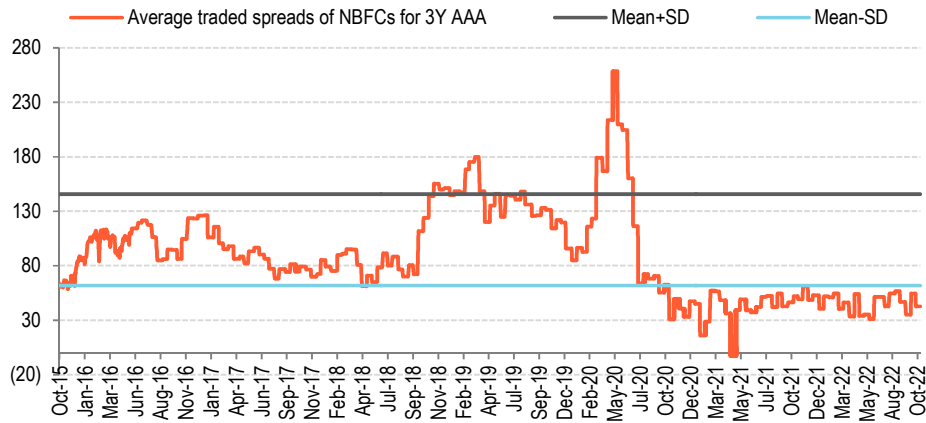


Fig 96 – 10Y AAA NBFC spread was at 43bps as on 31 Oct 2022 compared to 45bps as on 30 Sep 2022

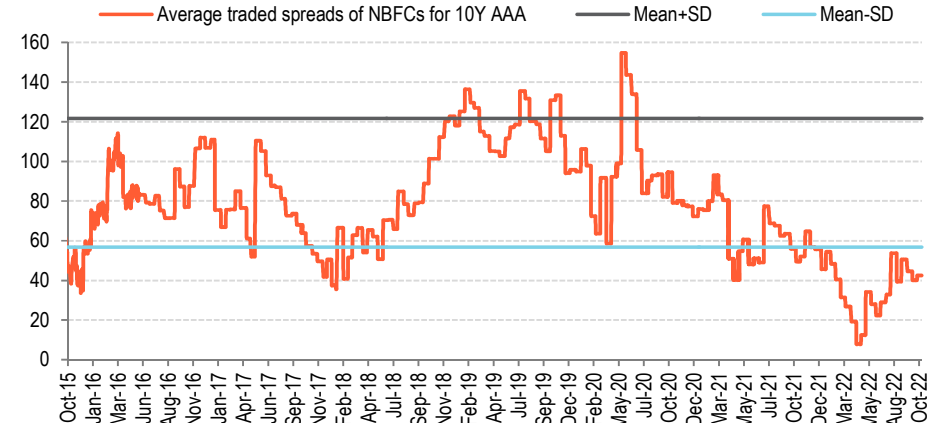


Fig 97 – 3Y AAA corp rose to 33bps from 18bps

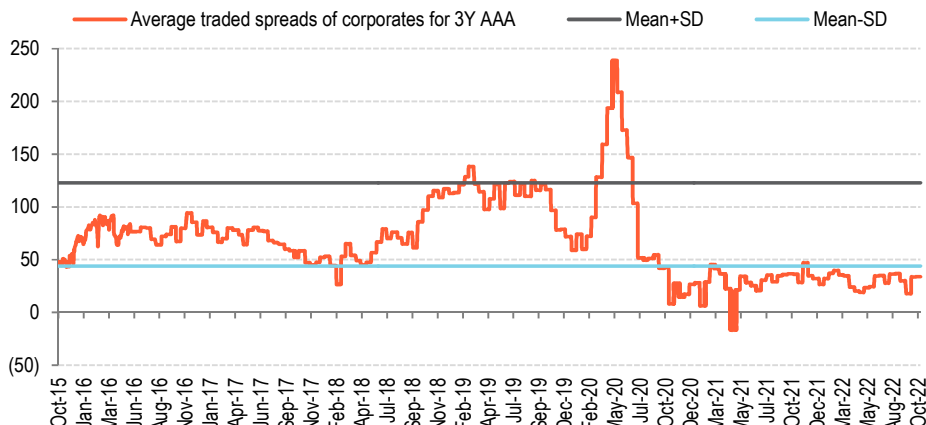


Fig 98 – 10Y AAA corp spread inched up to 29bps from 26bps

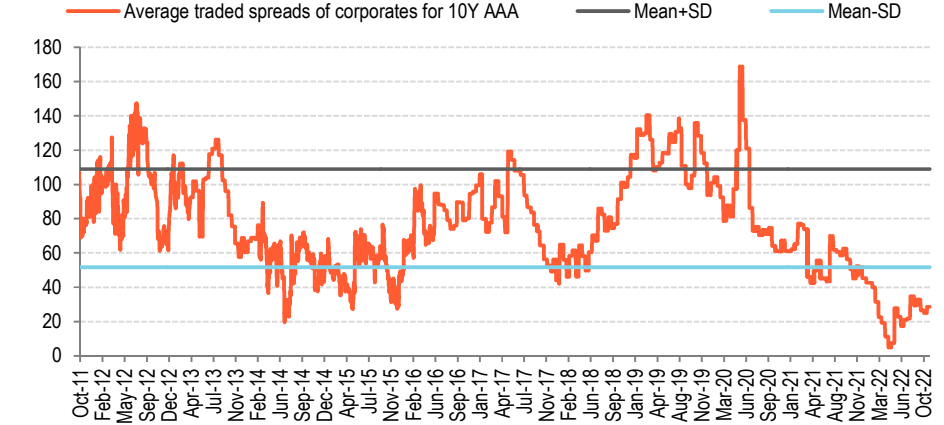


Fig 99 – INR 3Y swap was at 6.87 as on 31 Oct 2022 compared to 6.86 as on 30 Sep 2022

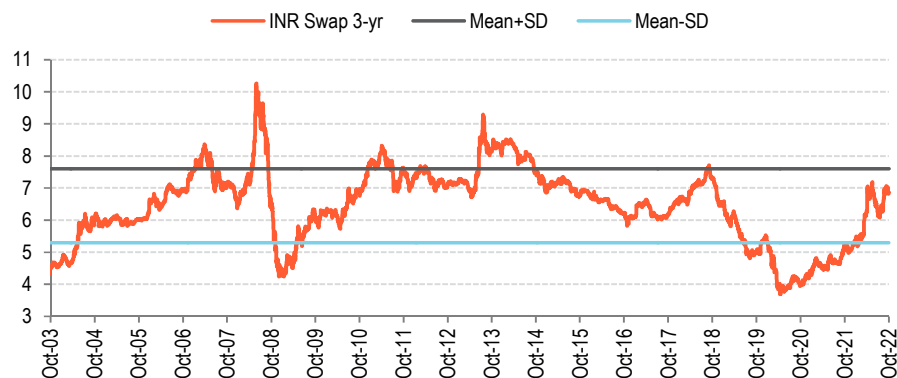
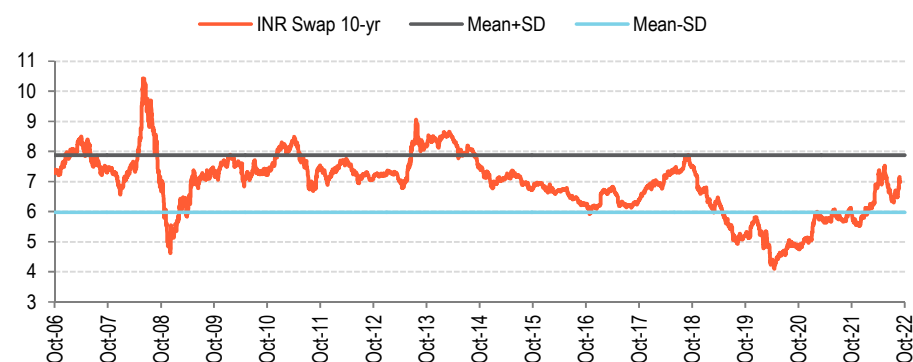


Fig 100 – For 10Y, it fell to 6.94 as on 31 Oct 2022 from 6.98 as on 30 Sep 2022



Interest rates on small savings schemes

Fig 101 – Interest rates on small savings scheme increased

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
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
1 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
2 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7
3 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8
5 year time deposit	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 year recurring deposit	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
5 year senior citizen savings scheme	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6
5 year monthly income scheme	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7
5 year national savings certificate	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Public provident fund scheme	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0
Sukanya samridhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6

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

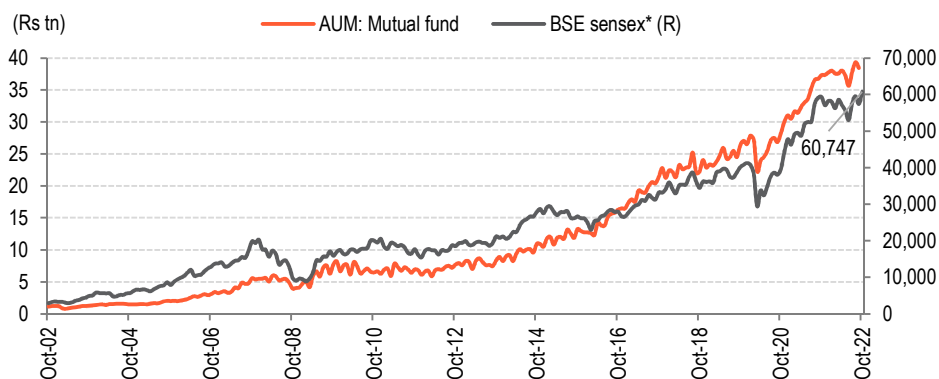
Fig 102 – MCLR rate of banks increased

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

Source: RBI

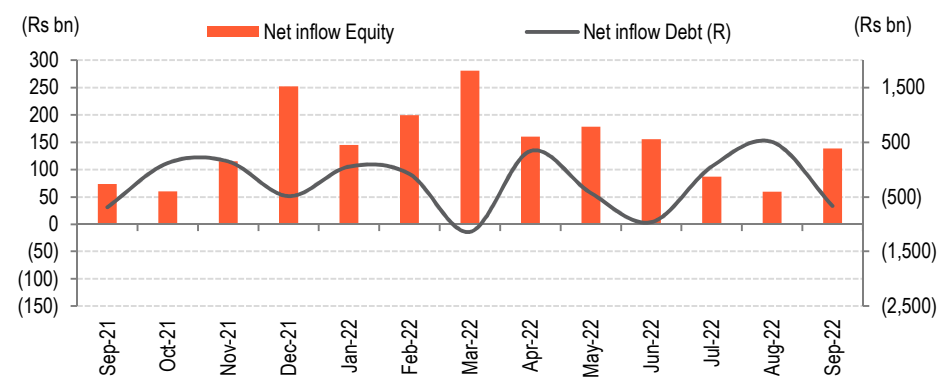
Mutual fund (MF) indicators

Fig 103 – Sensex fell by 5.8% to 60,747 in Sep'22, AUM of MFs was at Rs 38.4tn from Rs 39tn in Aug'22



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

Fig 104 – MF equity inflows rose to Rs 139bn in Sep'22 from Rs 60bn in Aug'22; however debt outflow rose to Rs 666bn from Rs 506bn inflow in Aug'22



Insurance sector indicators

Fig 105 – Sale of life insurance policies declined by 18% in Sep'22 from 4.8% decline in Aug'22

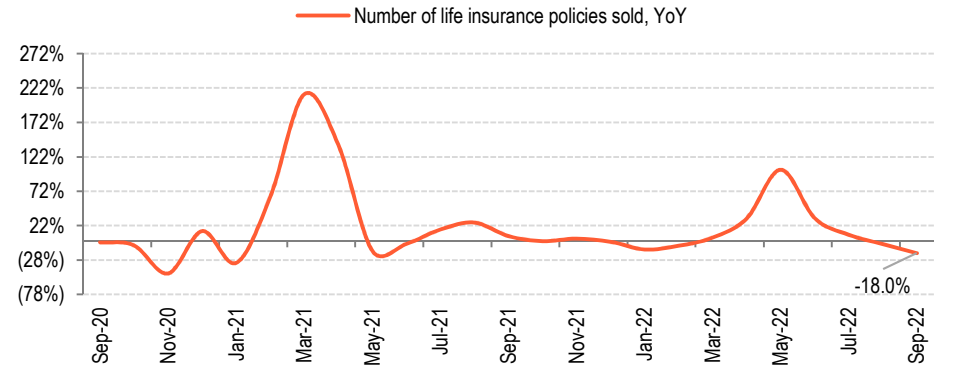
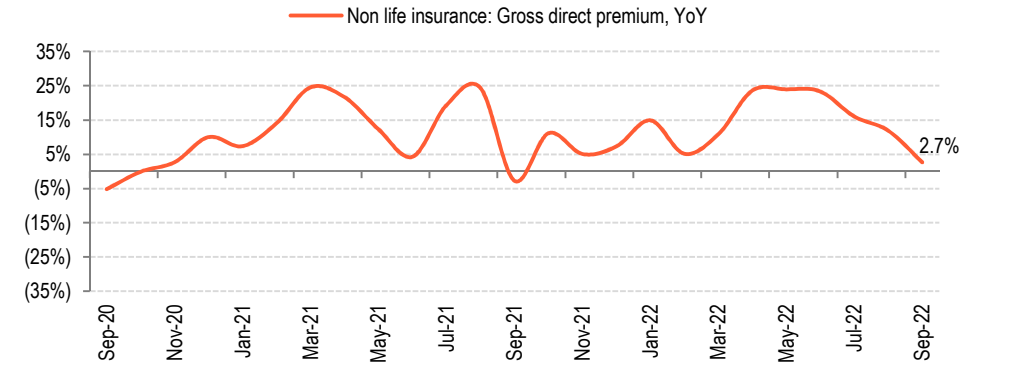


Fig 106 – Gross direct premium for non-life insurance moderated to 2.7% from 11.9% in Aug'22



Public finance

Central government finances

Fig 107 – Fiscal deficit steadies at 6.4% in Sep'22

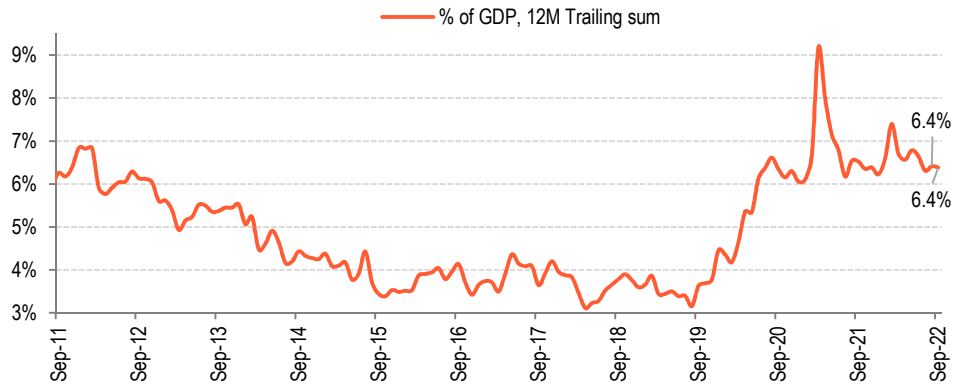


Fig 108 – Revenue deficit eased a tad

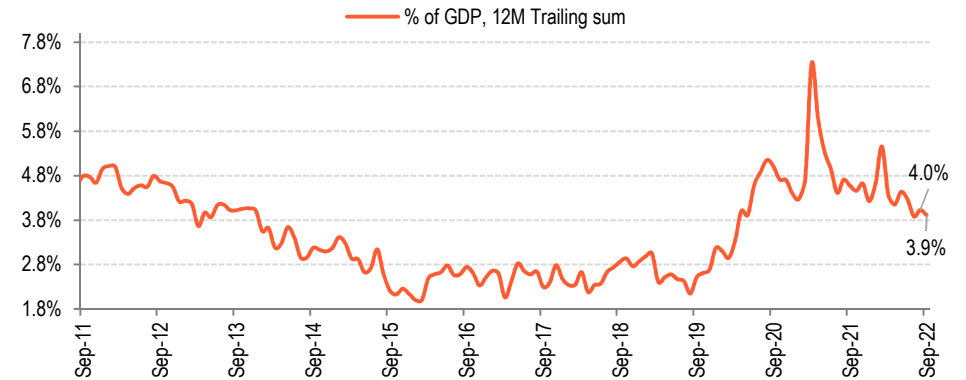


Fig 109 – ...similar trend was visible in primary deficit

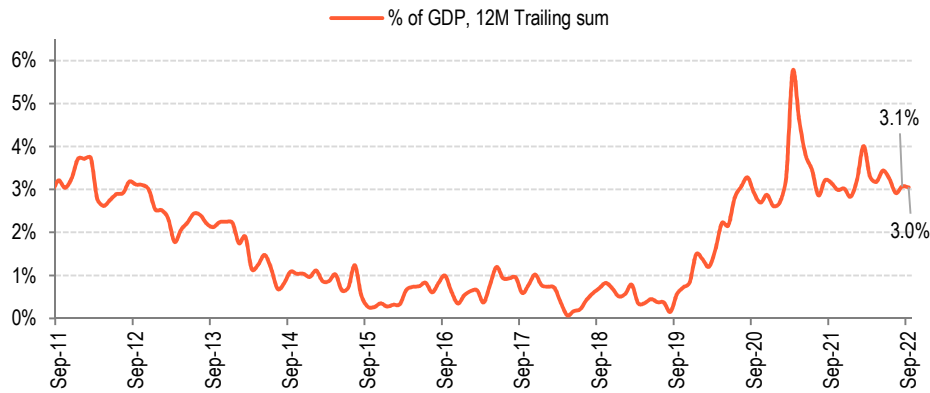


Fig 110 – Government spending moderated further in Sep'22 (12MMA)

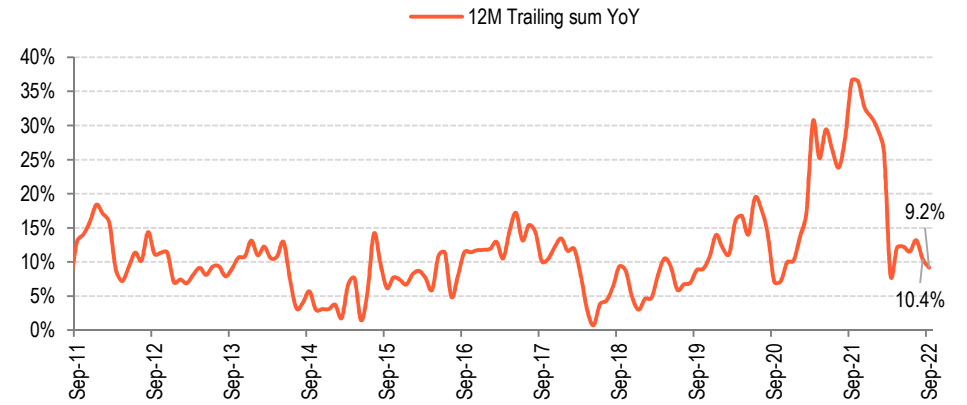


Fig 111 – ...dragged by revenue spending

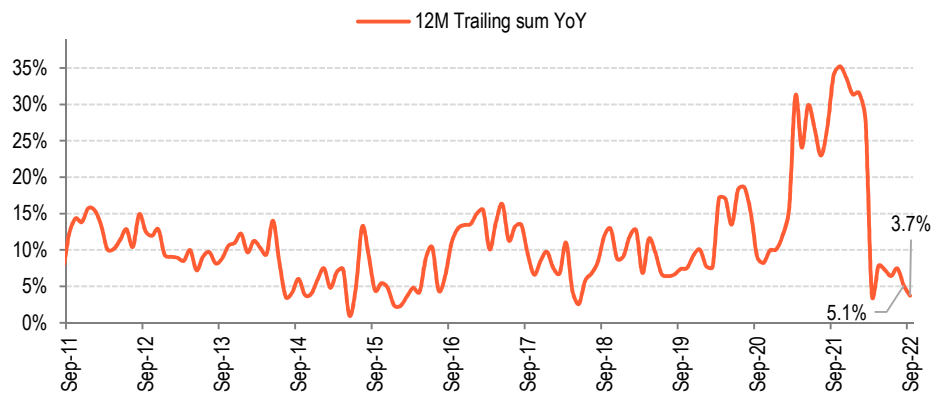


Fig 112 – Capex remains broadly stable

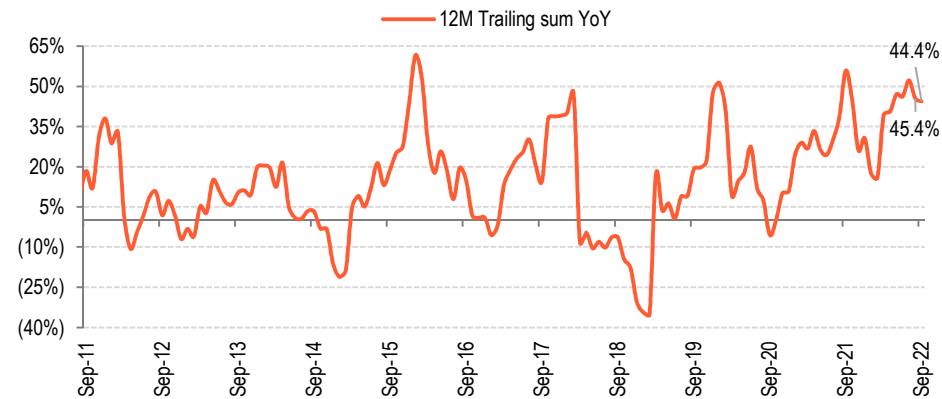


Fig 113 – In FYTD23, ministries of road transport, chemicals, home affairs, defence and HRD have supported spending in H1FY23 so far

Ministry	Apr-Sep'20	Apr-Sep'21	% change	Apr-Sep'22	% change
Ministry of Finance	5,153	5,833	13.2	6,018	3.2
Ministry of Defence	2,327	2,464	5.9	2,637	7.0
Ministry of Consumer Affairs, Food and Public Distribution	989	1,425	44.1	1,261	(11.5)
Ministry of Rural Development	1,251	821	(34.4)	761	(7.3)
Ministry of Home Affairs	707	783	10.7	924	18.0
Ministry of Human Resource Development	309	318	2.6	413	30.2
Ministry of Road Transport and Highways	459	804	75.0	1,305	62.3
Ministry of Chemicals and Fertilisers	556	488	(12.4)	820	68.2
Ministry of Petroleum and Natural Gas	210	34	(83.9)	19	(44.5)
Ministry of Agriculture	711	587	(17.5)	479	(18.4)
Ministry of Health and Family Welfare	388	377	(2.9)	354	(6.1)

Fig 114 – Receipt growth slowed again in Sep'22...

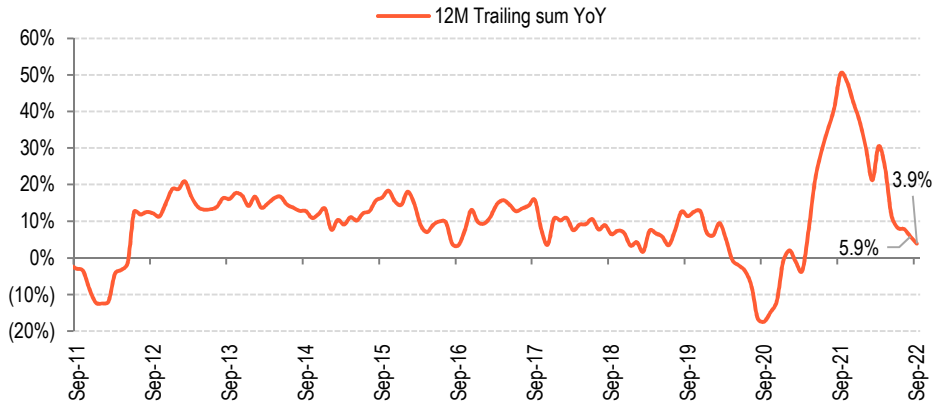


Fig 115 – ...again dragged by revenue receipts

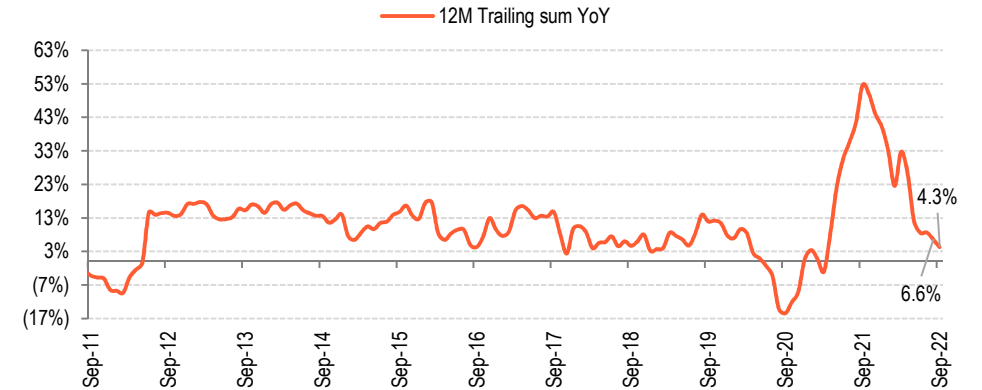


Fig 116 – Tax receipts cooled down further on 12MMA basis

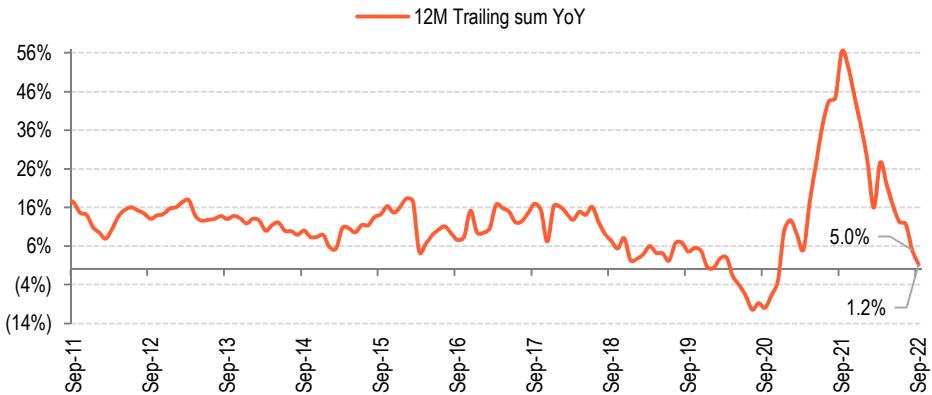


Fig 117 – Non-tax revenue growth continues to show signs of improvement

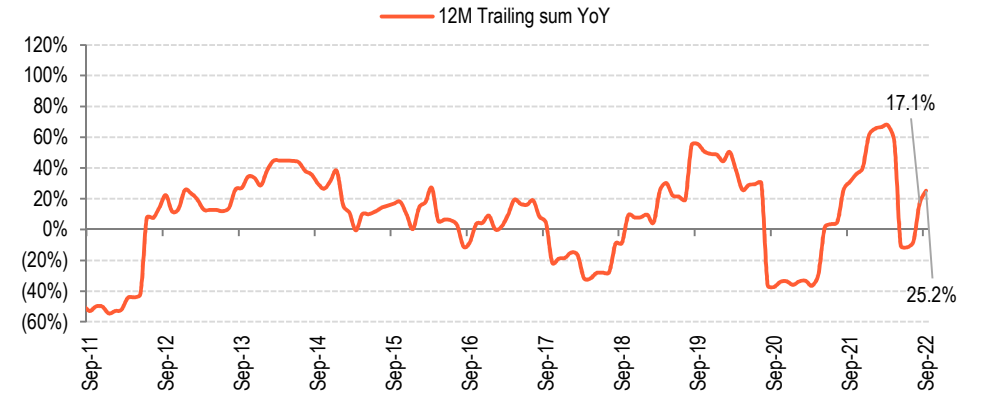


Fig 118 – Centre’s spending in H1FY23 much higher than last year; revenues also in a better place

	Apr-Sep'20	Apr-Sep'21	% change	Apr-Sep'22	% change
Gross Tax revenue	7,209	11,838	64.2	13,918	17.6
Direct taxes	3,170	5,828	83.9	7,199	23.5
Corp Tax	1,505	3,087	105.1	3,753	21.6
Income Tax	1,665	2,742	64.7	3,445	25.7
Indirect taxes	4,039	6,010	48.8	6,720	11.8
Non-tax revenue	923	1,604	73.8	1,576	(1.7)
Centre's revenue (net)	5,508	10,810	96.3	11,696	8.2
Total expenditure	14,794	16,260	9.9	18,236	12.2
Capital exp	1,658	2,294	38.3	3,429	49.5
Revenue exp	13,136	13,967	6.3	14,807	6.0
Fiscal deficit	9,140	5,269	(42.4)	6,198	17.7

Fig 119 – Gross direct tax collections continue to moderate in Sep'22 (12MMA basis)

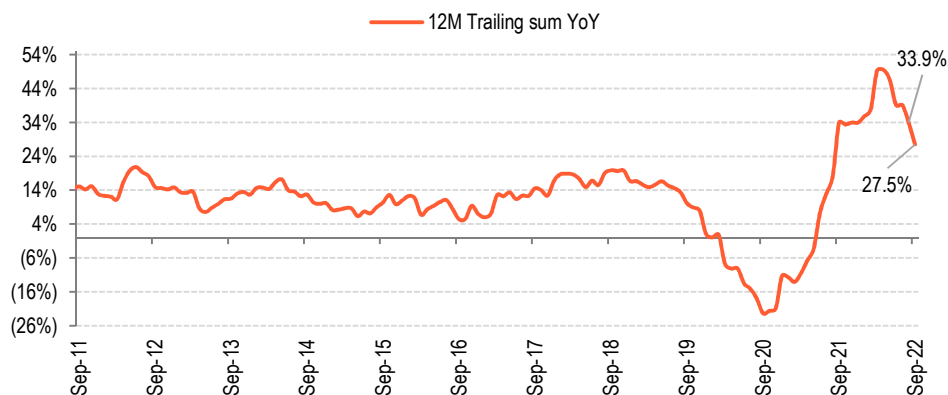


Fig 120 – Gross indirect tax collections too seen slowing down

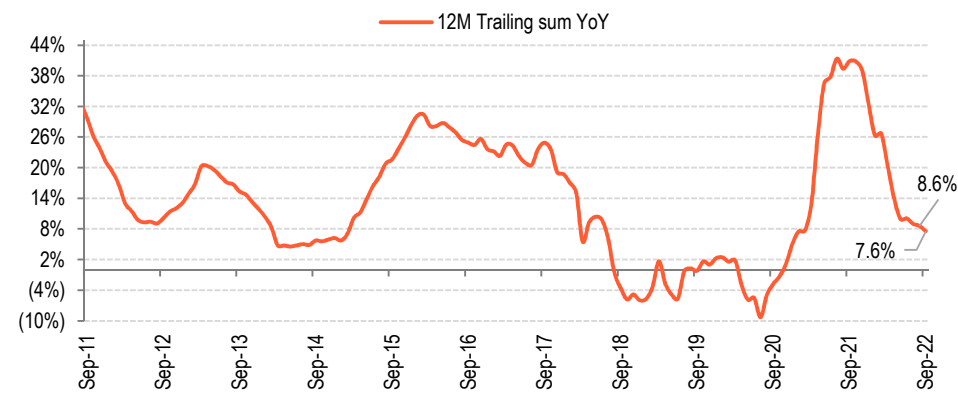


Fig 121 – Corporate tax collections and...

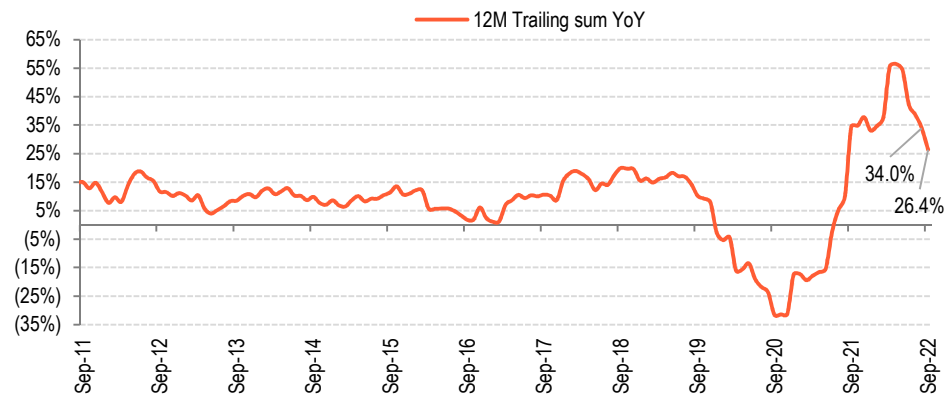


Fig 122 – ...Income tax collections dragged direct tax collections down in Sep'22

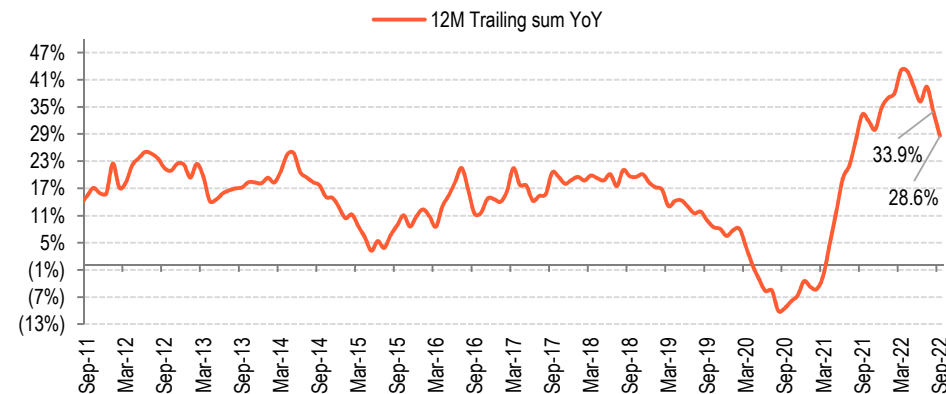


Fig 123 – GST collections for Sep'22 rose further, supported by festive season spending

(Rs bn)	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Monthly run rate (FY23)	FYTD23	FY23 (BE)
CGST	474	485	492	462	697	482	633	641	499	654	554	519	547	569	3,413	6,600
UT GST	2.2	1.4	1.2	2.5	4.3	1.6	12.3	1.6	2.4	2.6	1.6	1.5	4.1	2	14	-
IGST	(6)	90	72	146	(279)	79	(145)	113	47	(164)	69	89	100	42	255	-
SGST*	747	656	637	681	814	758	1,084	549	796	890	705	768	767	746	4,474	-
Cess	85	82	94	91	95	101	91	104	102	107	107	99	100	103	619	1,200
Total GST	1,301	1,315	1,298	1,384	1,330	1,421	1,675	1,409	1,446	1,490	1,436	1,477	1,517	1,463	8,775	-

Source: PIB | *Computed from PIB and CGA data

Fig 124 – Rising central government debt a key concern

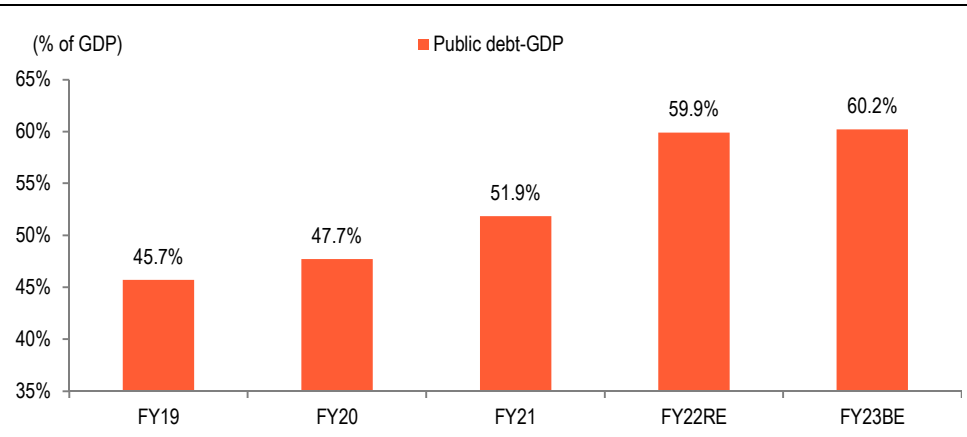
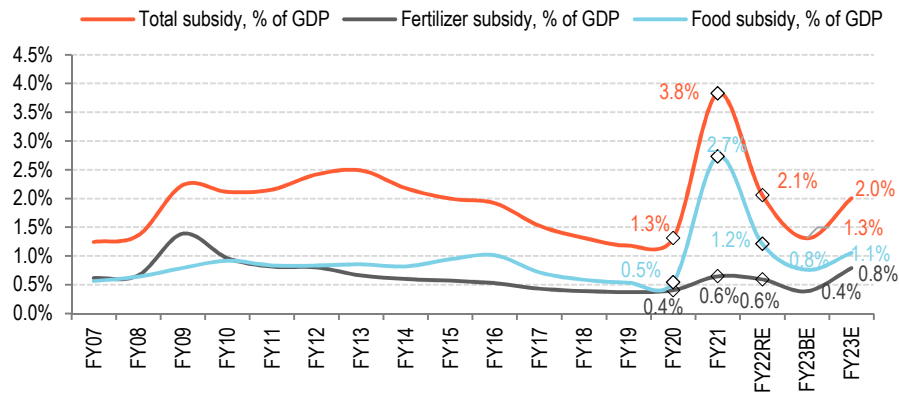
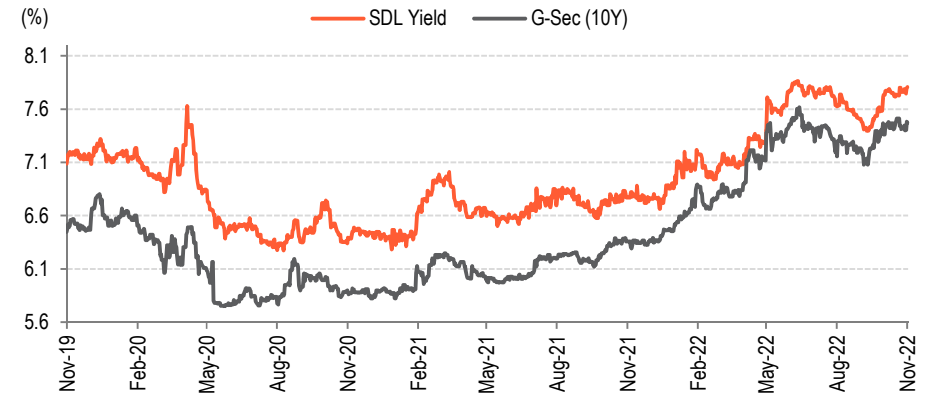


Fig 126 – Subsidy burden to inch up in FY23E



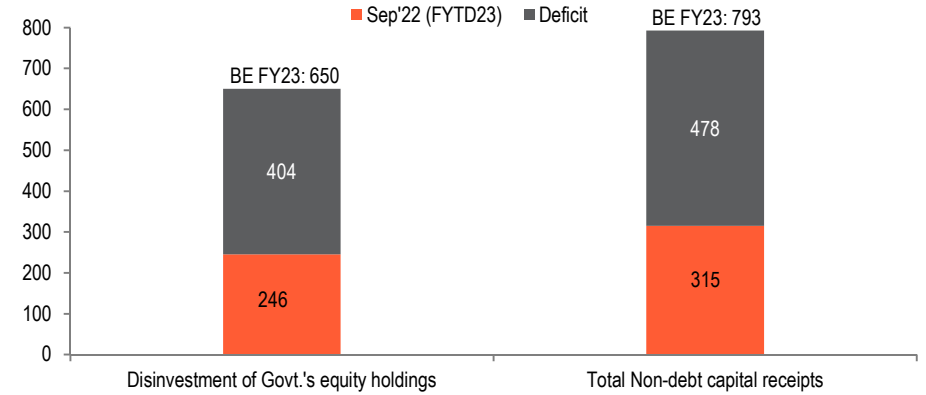
RE-Revised Estimates; BE-Budget Estimates; E-Bank of Baroda estimates

Fig 125 – Spread between 10Y G-sec and SDL yield increased in Oct'22, and is further up in Nov'22 so far



Source: CCIL

Fig 127 – Central gov. FY23 disinvestment status as of H1FY23



Central government borrowing

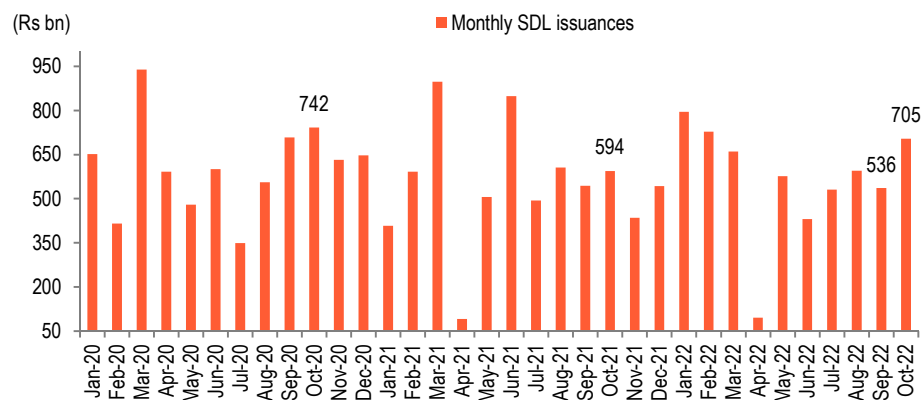
Fig 128 – Centre’s T-bill issuances in Q2FY23 has been at Rs 3.5tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,320
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	2,730
Q3	2,747	2,632	3,070	2,889	3,745	3,630	1313*	2,860
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: RB, Till 2 Nov 2022

State government borrowing

Fig 130 – State government borrowings picked up pace in Oct’22



Source: RBI

Fig 129 – Centre’s gross borrowing in Q2FY23 is at Rs 4.4tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	3,900
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	4,550
Q3	1,610	1,640	1,270	1,930	2,910	3,190	1160*	2,320
Q4	800	670	1680	920	3,191	1370	-	3,440
Total	5,820	5,880	5,710	7,100	13,461^	11,273	-	14,210

Source: RBI^ Against budgeted Rs 12.8tn, *Till 4 Nov

Fig 131 – States’ Q2 market borrowings in FY23 was only 79% 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	1,102	1,904
Q2	792	1,130	809	1,439	1,614	1,644	1,661	2,116
Q3	1,214	1,054	1,277	1,470	2,023	1,653	912*	2,531
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	3,675*	

Source: RBI; *as of 7 Nov 2022

External sector

Exports

Fig 132 – India’s exports moderating in line with global exports

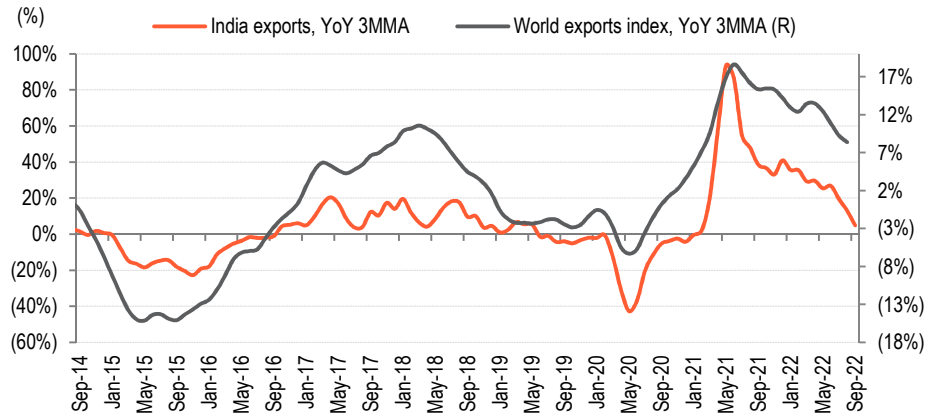
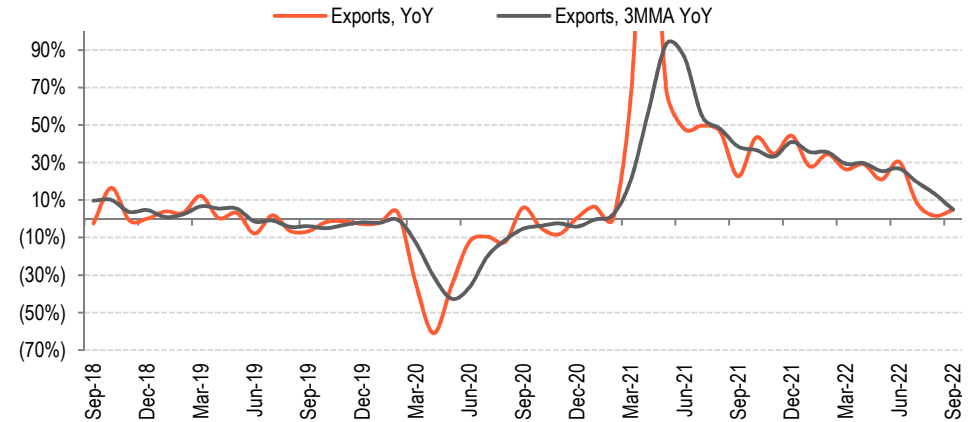


Fig 133 – India’s export growth moderated to 4.9% in Q2FY23 from 26.8% in Q1



Exports by major sectors

Fig 134 – .. as non-oil exports fell by 0.8% in Q2FY23 compared with an increase of 13.9% in Q1

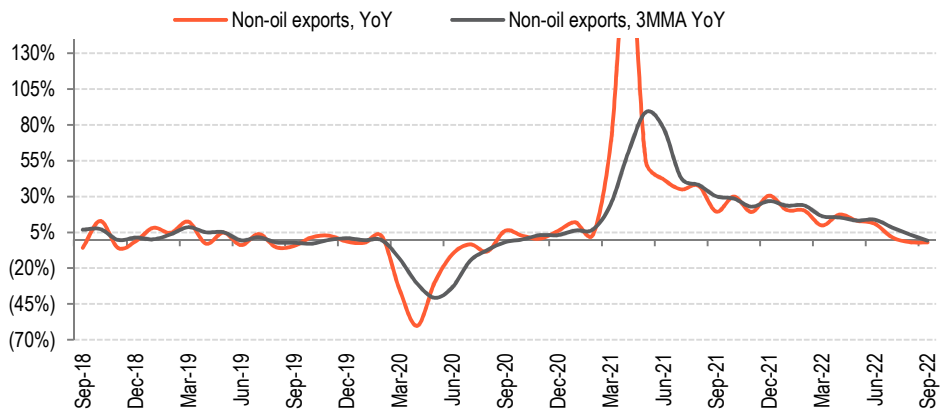


Fig 135 – Sharp decline in exports of engineering goods

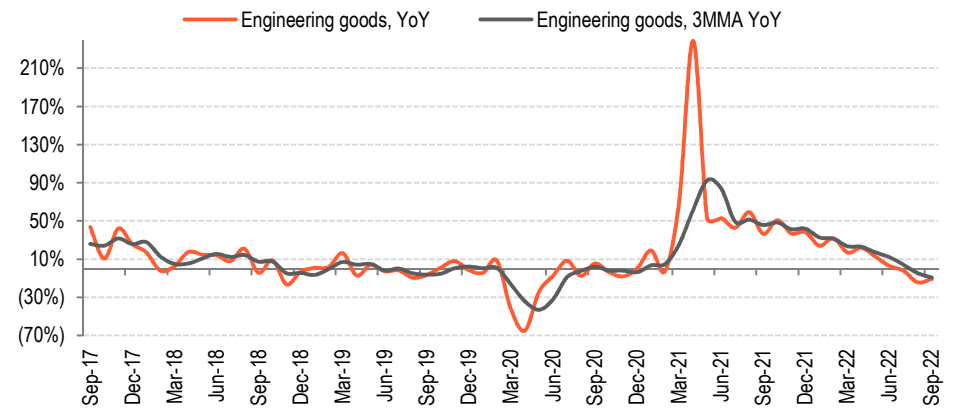


Fig 136 – Textile exports also declining

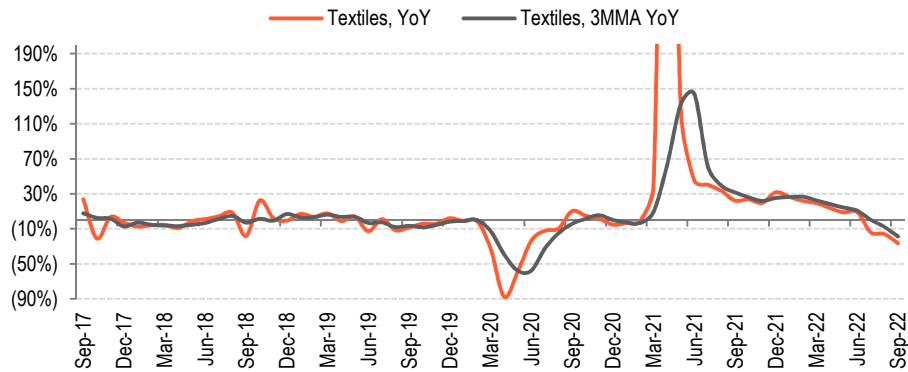
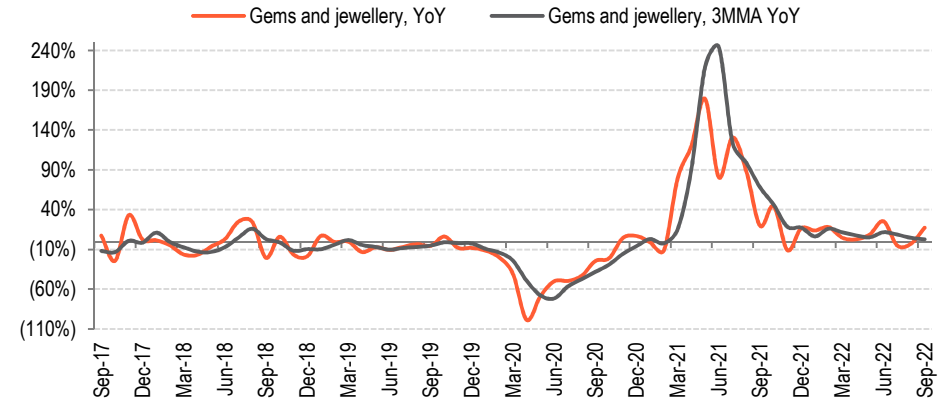


Fig 137 – Export of gems and jewellery picked up in Sep'22



Imports

Fig 138 – Import growth slowed to 8.7% in Sep'22 from 37.3% in Aug'22

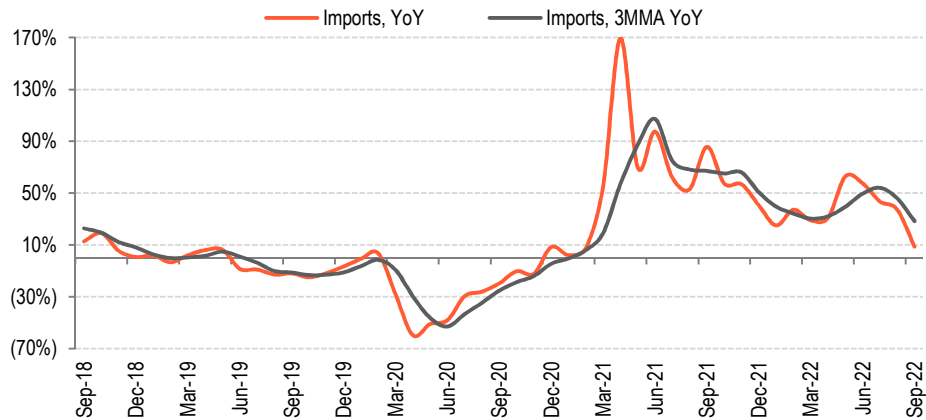


Fig 139 – .. led by a decline in oil imports

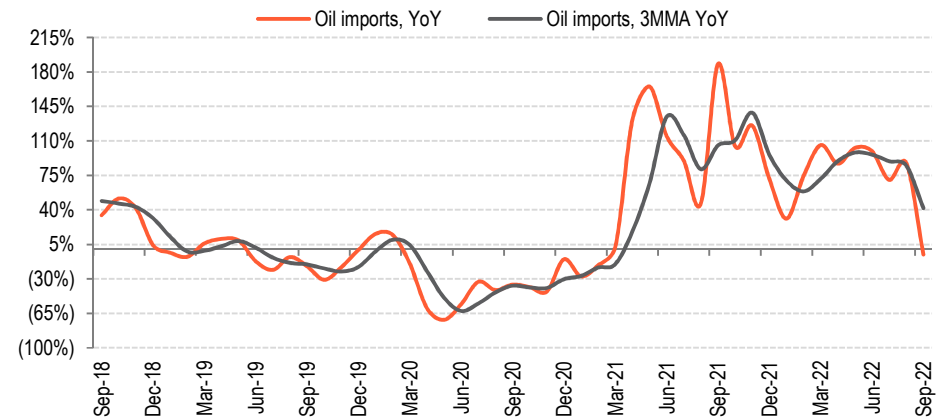


Fig 140 – Imports of vegetable oils fall sharply in Sep'22

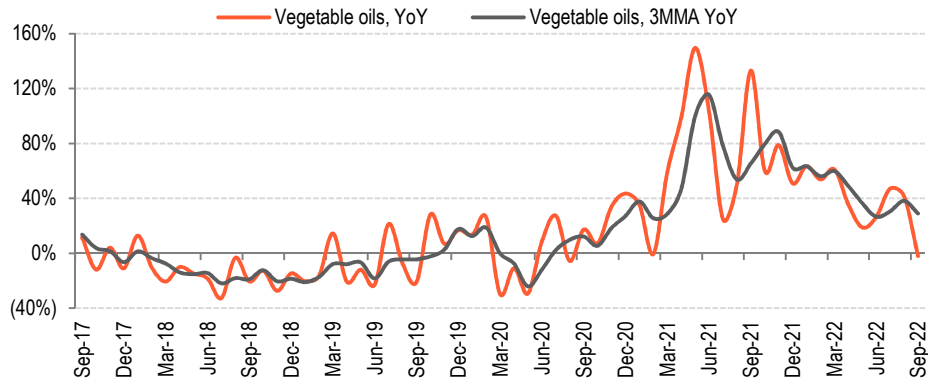


Fig 141 – ...Similar trend in imports of ores and minerals

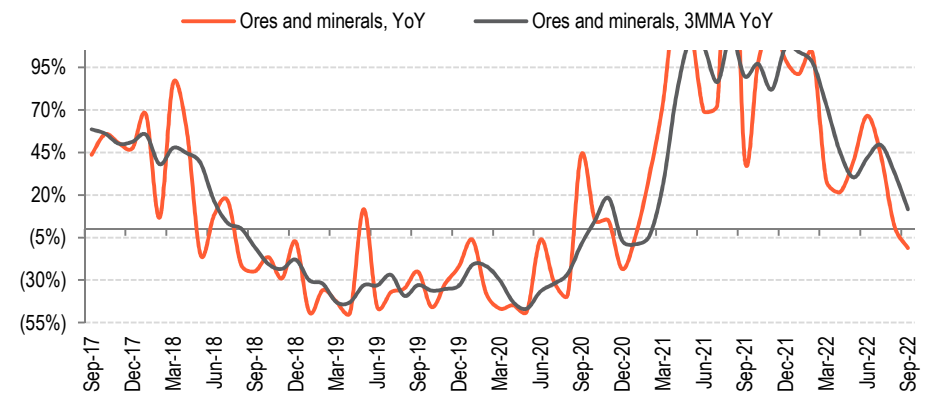


Fig 142 – Sharp deceleration in coal imports in Sep'22

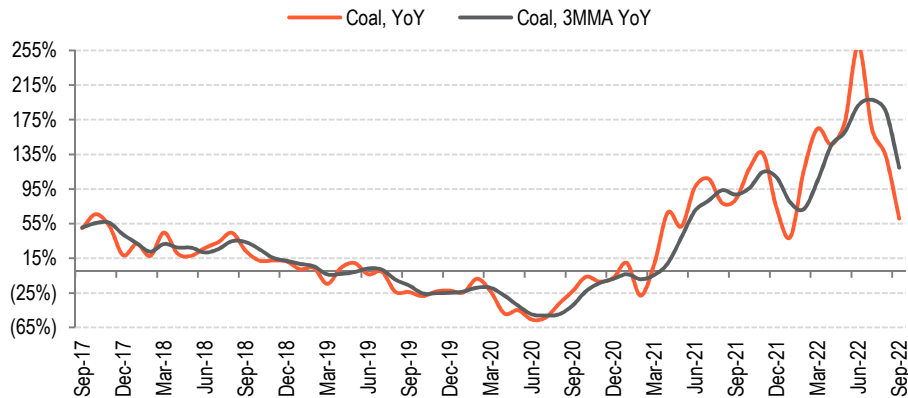
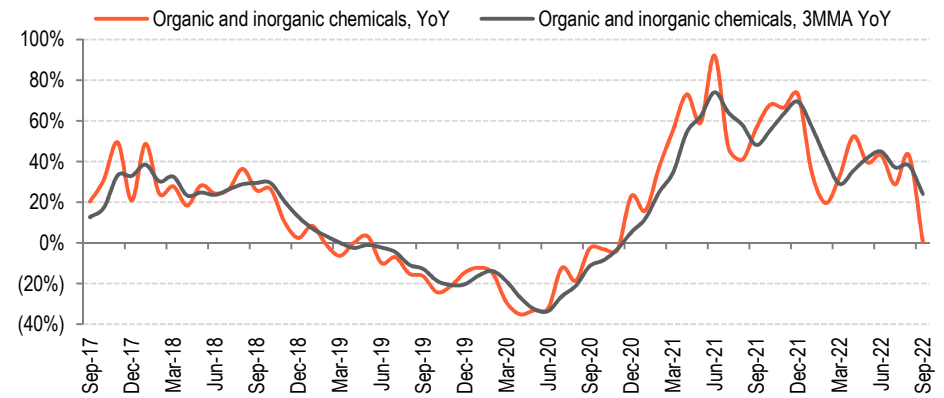


Fig 143 – .. similar case for organic and inorganic chemicals



Exports and imports by major regions

Fig 144 – Exports to China have declined sharply in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Jul-22	Aug-22	Sep-22
Americas	23.8	64.5	18.6	8.4	12.6	(0.6)
Asia and Pacific (Ex. China)	27.2	56.2	6.6	3.7	(3.6)	(2.1)
China	5.1	15.3	(35.9)	(40.9)	(46.7)	(37.5)
Europe	20.6	68.9	24.0	8.5	7.9	10.3
Middle East and Africa	22.8	63.5	38.1	24.5	37.4	40.5
Other	0.6	(3.5)	194.0	203.7	213.9	97.7

Fig 145 – Imports from all regions have moderated in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Jun-22	Jul-22	Aug-22
Americas	11.8	72.4	28.8	50.6	37.1	(10.1)
Asia and Pacific (Ex. China)	24.2	63.6	42.0	45.3	43.7	18.6
China	15.4	54.8	23.7	45.6	45.1	2.8
Europe	13.9	89.2	6.7	15.0	(14.1)	(6.9)
Middle East and Africa	32.3	120.8	48.9	32.7	47.8	13.5
Other	2.3	43.6	292.1	363.6	461.7	294.5

Trade deficit

Fig 146 – Trade deficit moderated in Sep'22; still remains elevated

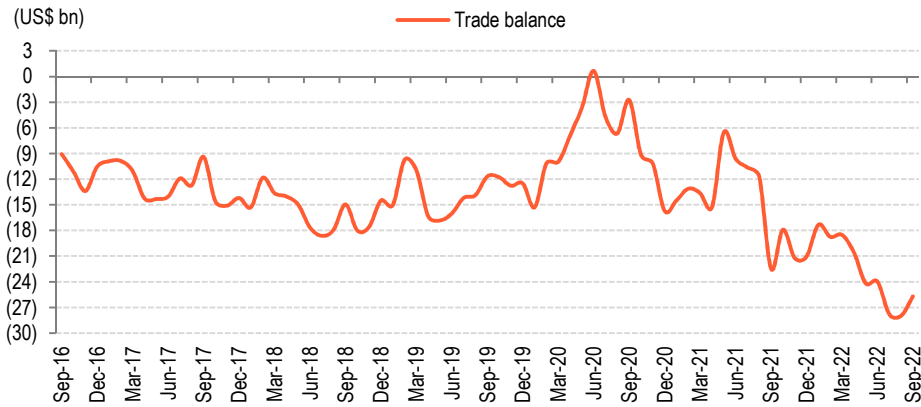
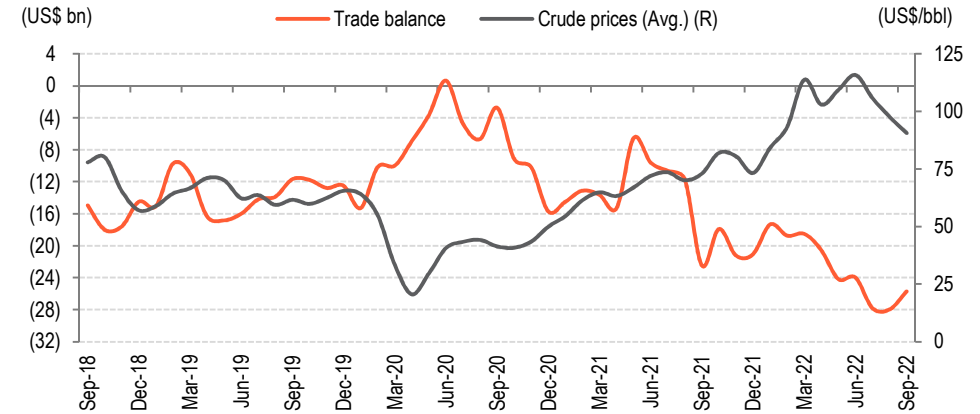
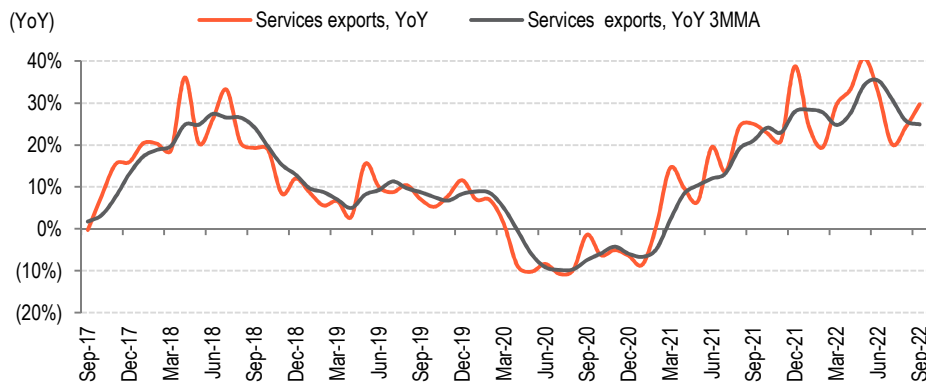


Fig 147 – Lower oil prices contributed to smaller trade deficit



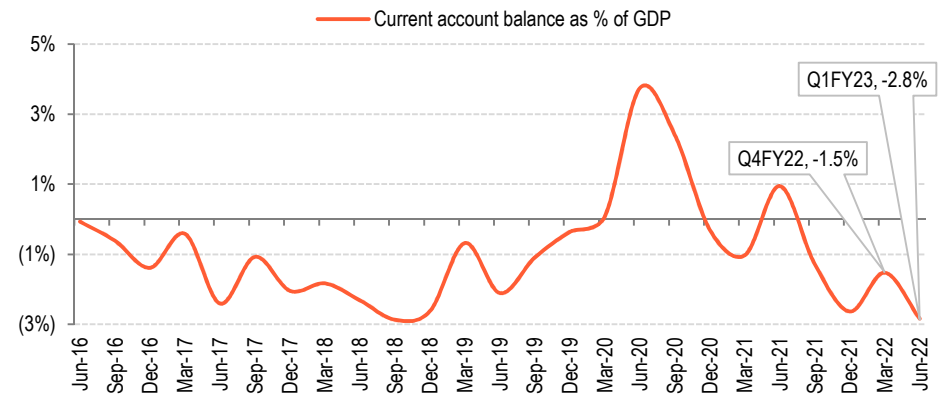
Trade in services

Fig 148 – Services exports rise by 29.7% in Sep'22 versus 24.3% in Aug'22



BoP

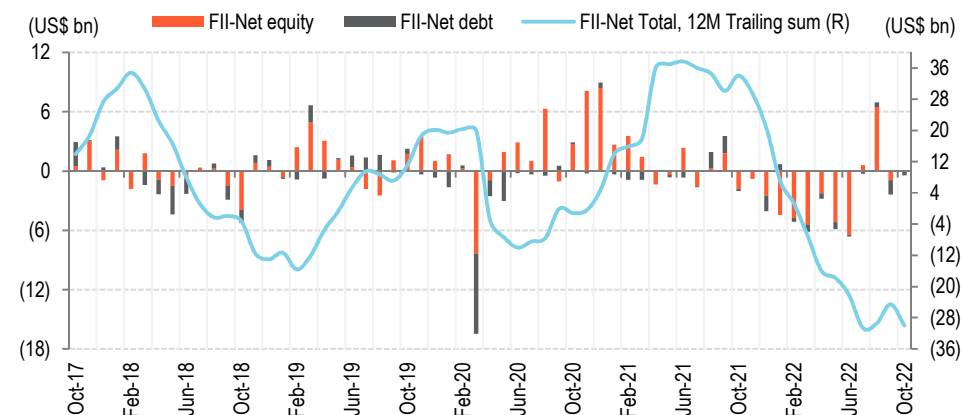
Fig 149 – India's current account deficit expanded to 2.8% of GDP in Q1FY23 compared with 1.5% of GDP in Q4FY22



Foreign inflows

FPI inflows

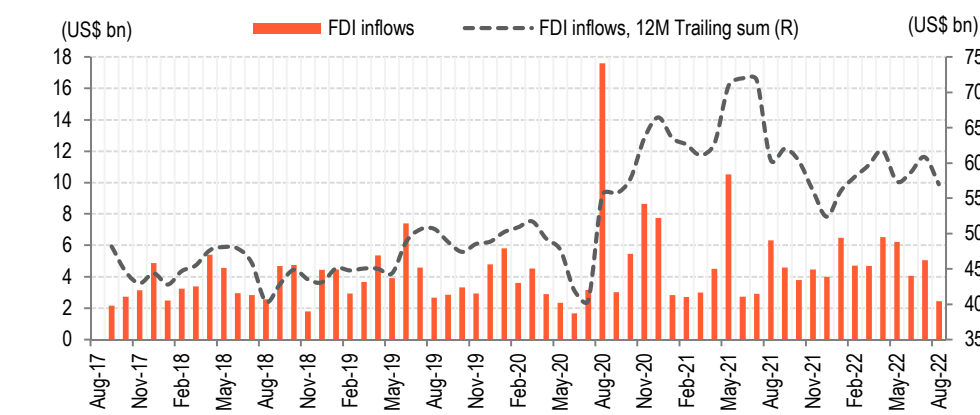
Fig 150 – FPIs remain net seller in the domestic market in Oct'22



Source: Bloomberg

FDI inflows

Fig 151 – FDI equity inflows moderate to US\$ 2.5bn in Aug'22 from US\$ 5bn in Jul'22



Source: RBI, Bank of Baroda Research

Fig 152 – FDI inflows in services and trading sector picked up in Q1FY23

Sector (US\$ bn)	% Share FY22	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Computer software and hardware	43.8	3.1	4.1	3.1	4.2	3.4
Construction (Infrastructure) activities	13.2	0.7	0.6	0.4	1.7	0.7
Services Sector	8.5	1.9	1.3	2.2	1.8	2.6
Trading	4.4	0.6	1.5	0.9	1.5	2.0
Automobile industry	2.7	4.7	0.3	1.0	1.0	0.7
Metallurgical industries	2.2	1.3	0.0	0.1	0.9	0.1
Telecommunications	0.7	0.3	0.1	0.2	0.1	0.6

Source: DIPP

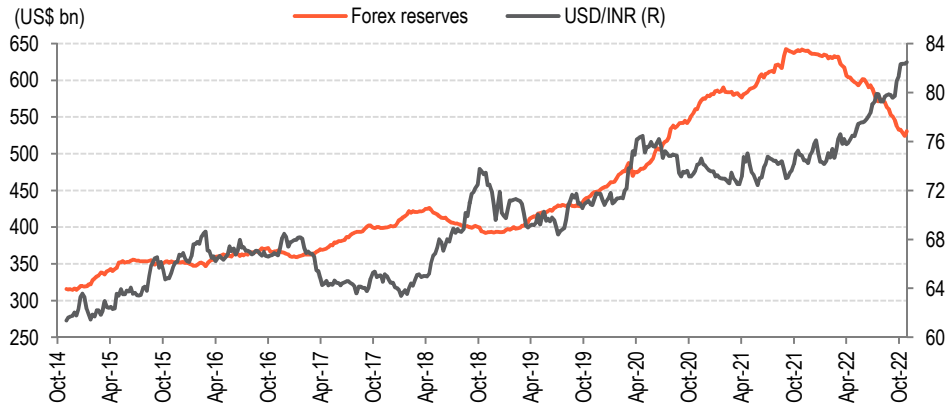
Fig 153 – Barring Mauritius, FDI inflows from other regions improved in Q1FY23

Country (US\$ bn)	% Share in FY22	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Singapore	27.0	3.3	4.8	3.6	4.2	5.7
US	17.9	2.0	2.7	0.0	0.0	1.5
Mauritius	16.0	3.3	1.0	2.2	2.8	2.4
Netherlands	7.9	1.1	1.0	0.0	0.0	1.1
UK	2.8	0.3	0.8	0.0	0.0	0.3
Japan	2.5	0.5	0.3	0.0	0.0	0.9

Source: DIPP

Forex reserves and external debt

Fig 154 – India’s FX reserves fall to US\$ 531.1bn, down US\$ 86.6bn in FYTD23



Source: Bloomberg | Weekly data as of 28 Oct 2022

Fig 155 – India’s import cover falls further to 8.9 months

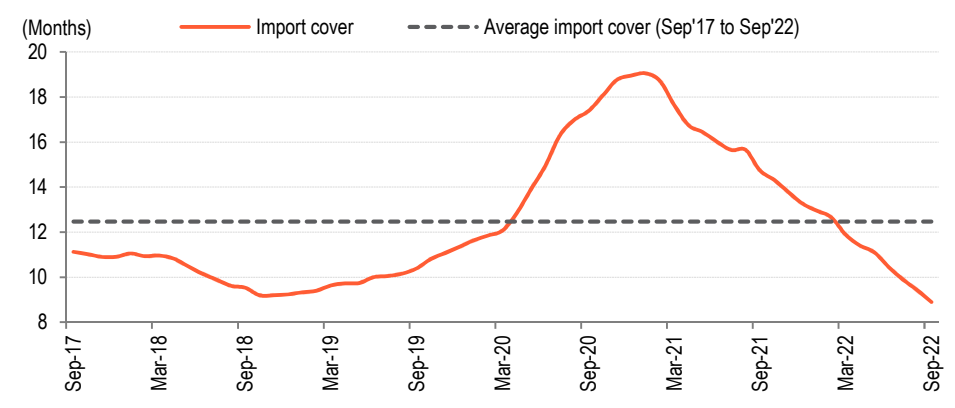


Fig 156 – RBI’s sold US\$ 4.3bn in the spot market in Aug’22

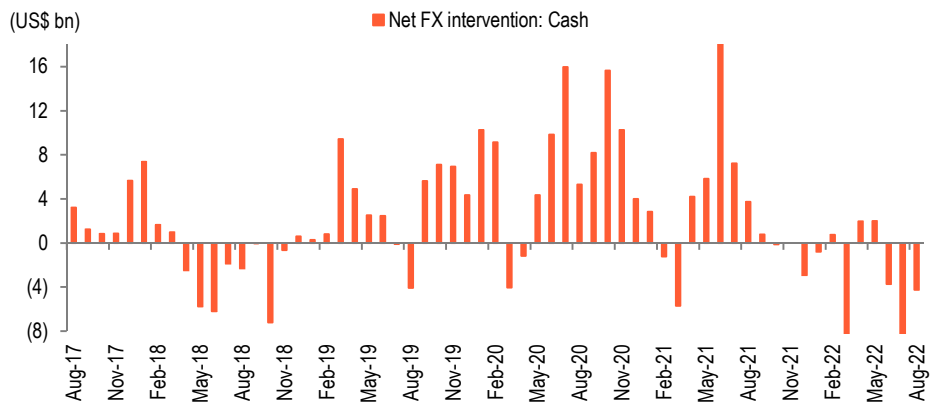
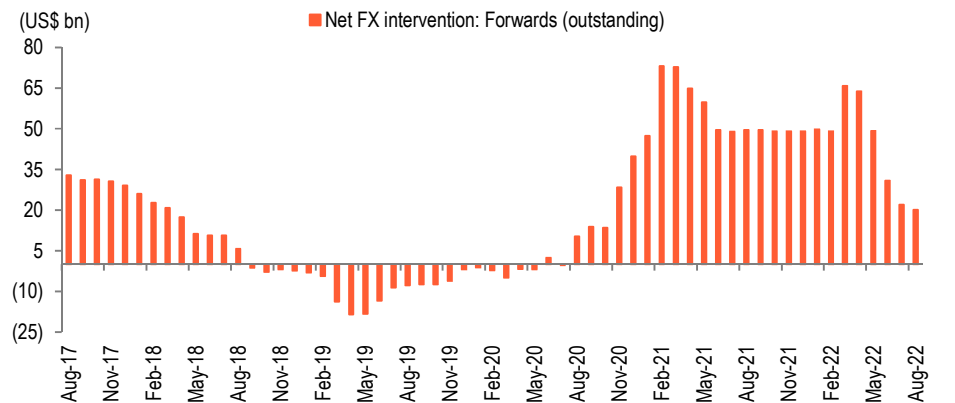


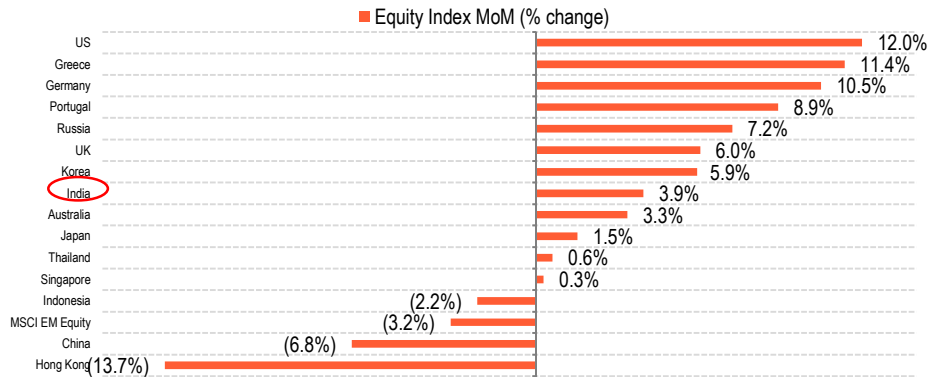
Fig 157 – RBI’s outstanding forwards position falls to US\$ 20.2bn as of end Aug’22



Markets

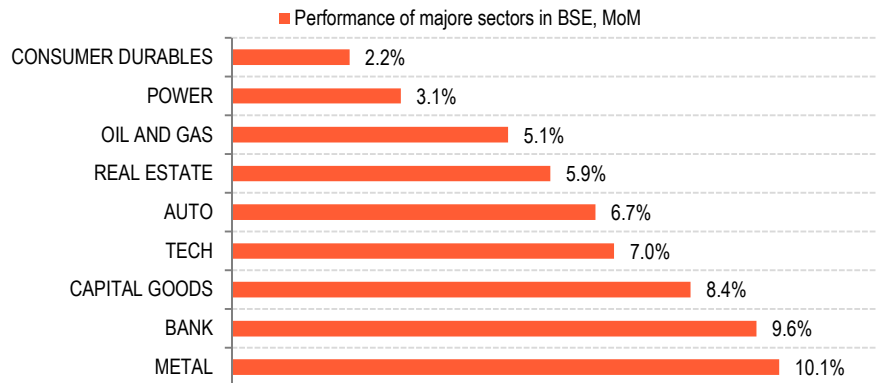
Equity

Fig 158 – In Oct'22, Sensex gained 3.3%, MSCI EM index fell by 3.2%



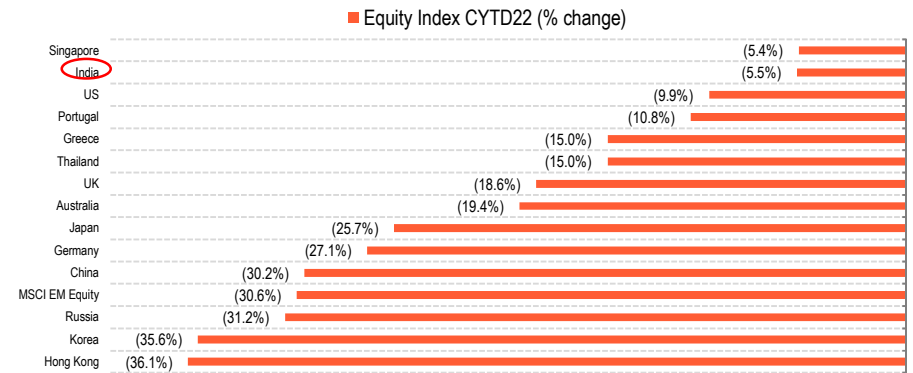
Source: Bloomberg | * As on 31 Oct 2022, Indices are in US\$ terms

Fig 160 – Metal and banking stocks gained sharply in Oct'22



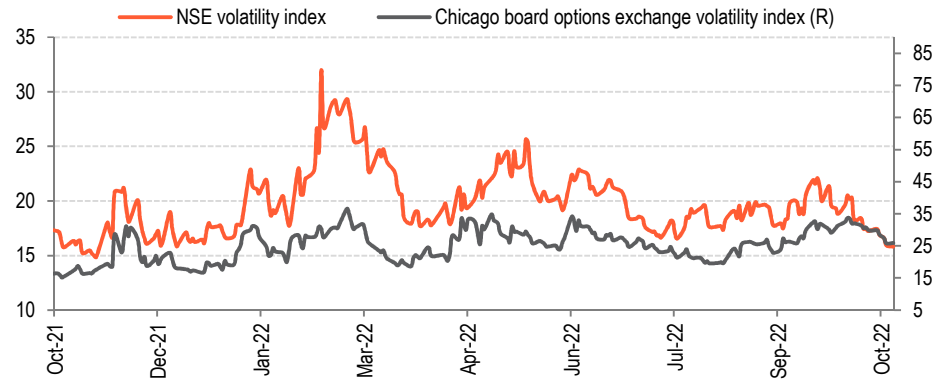
Source: Bloomberg | As on 31 Oct 2022

Fig 159 – In CYTD22, Sensex fell by 5.5%



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

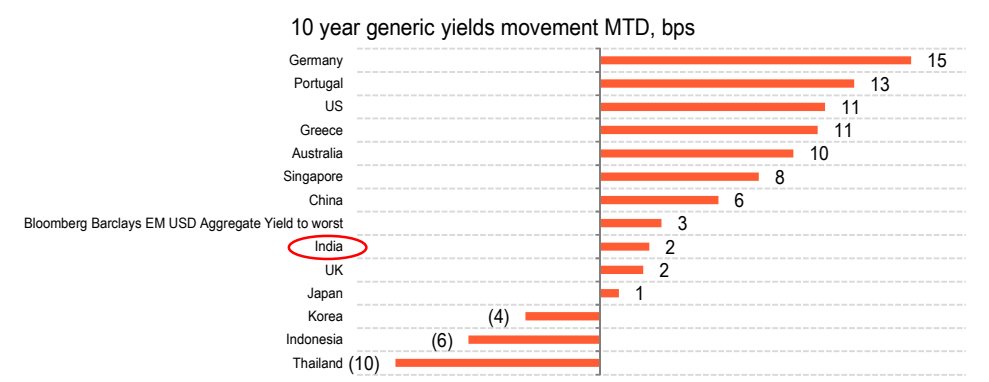
Fig 161 – VIX index fell to 15.8 in Oct'22 from 20 in Sep'22



Source: Bloomberg

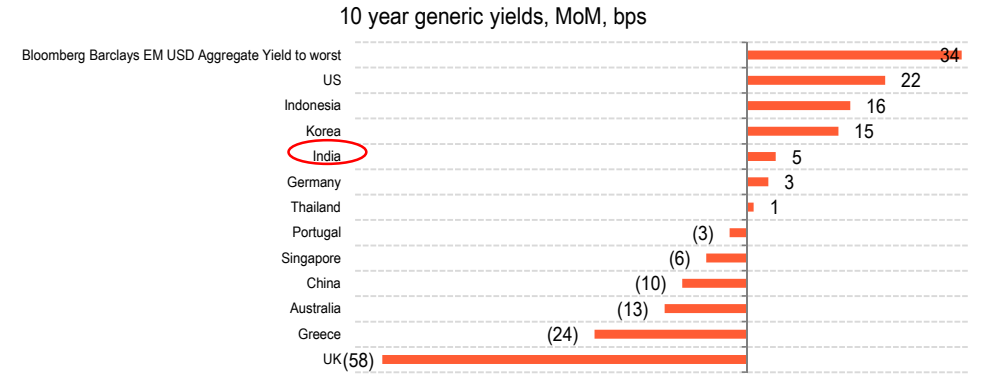
10-year bond yields

Fig 162 – On MTD basis, India’s 10Y yield has risen by 2bps



Source: Bloomberg | As on 4 Nov 2022

Fig 163 – In Oct'22, India’s 10Y yield rose by 5bps



Source: Bloomberg | As on 31 Oct 2022

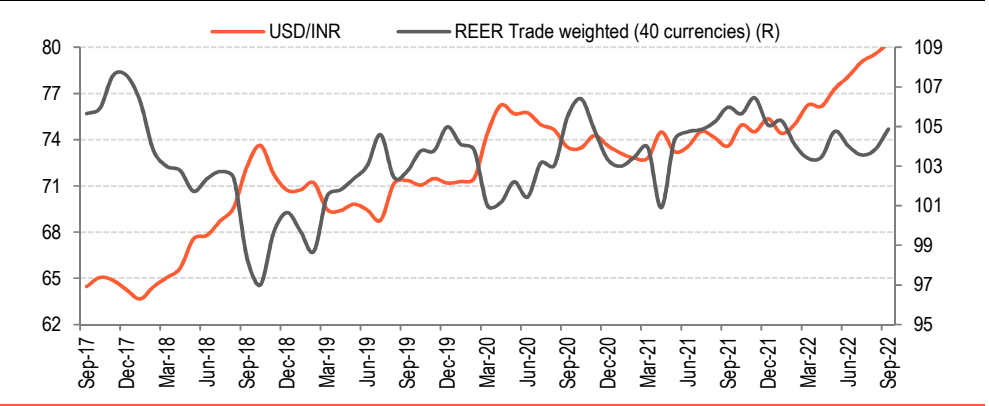
Currencies

Fig 164 – INR depreciated to a fresh record low in Oct'22



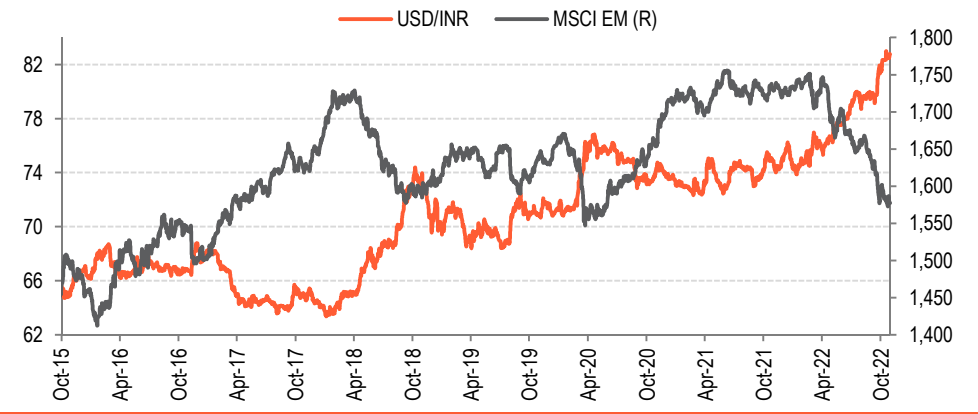
Source: Bloomberg | *As on 31 Oct 2022

Fig 165 – INR still overvalued by 4.9% (Sep'22)



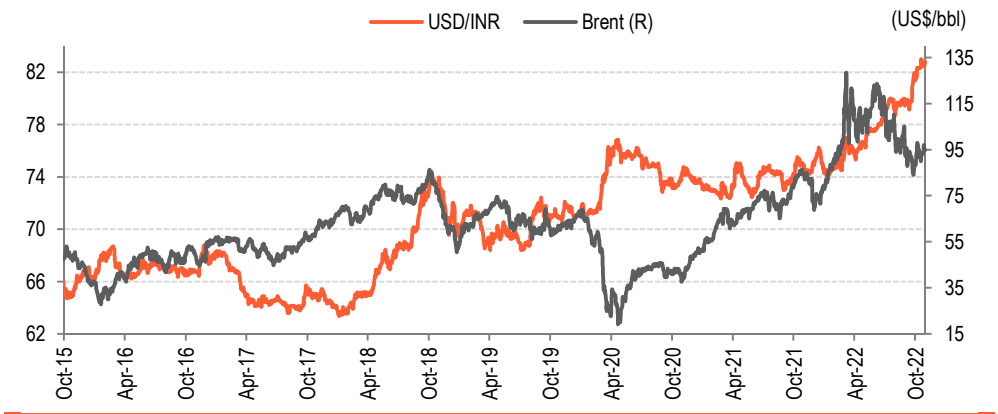
Source: Bloomberg

Fig 166 – Other EM currencies also depreciated



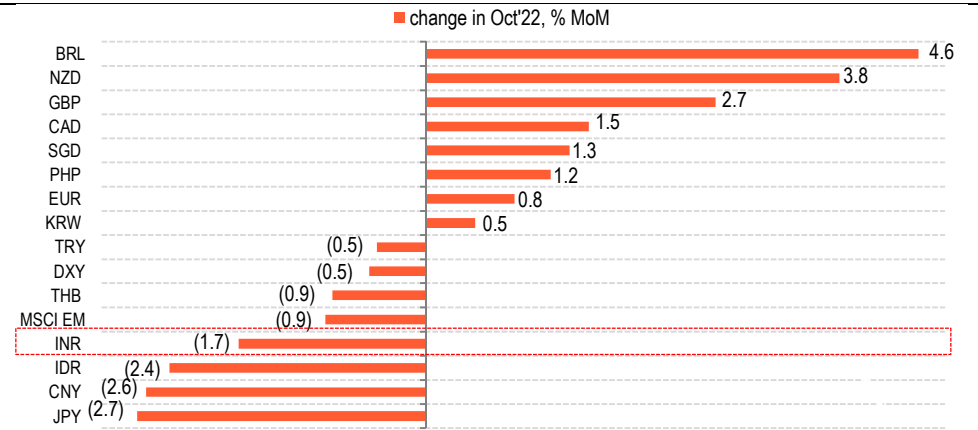
Source: Bloomberg | *As on 31 Oct 2022

Fig 167 – .. as oil prices inched up



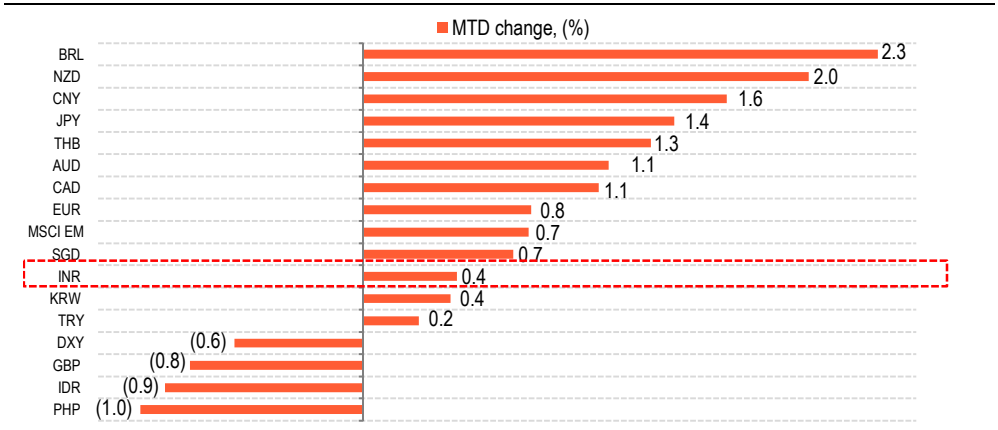
Source: Bloomberg | *As on 31 Oct 2022

Fig 168 – INR depreciated by 1.7% in Oct'22



Source: Bloomberg | *As on 31 Oct 2022

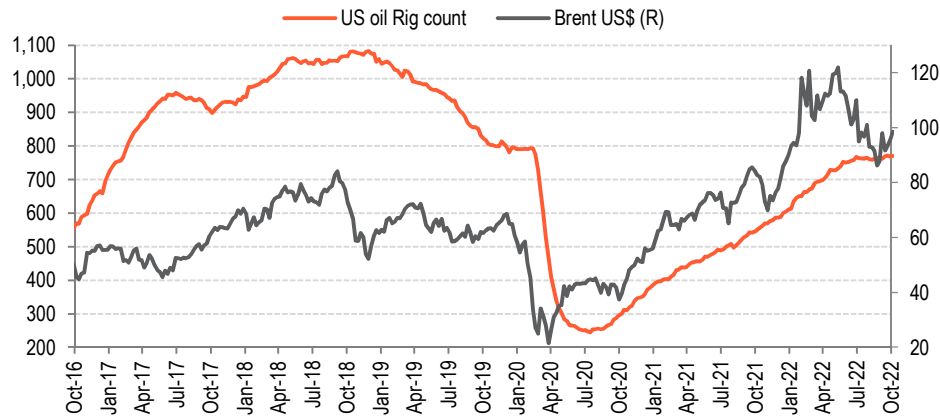
Fig 169 – ... However INR has regained some ground in Nov'22



Source: Bloomberg | *As on 4 Nov 2022

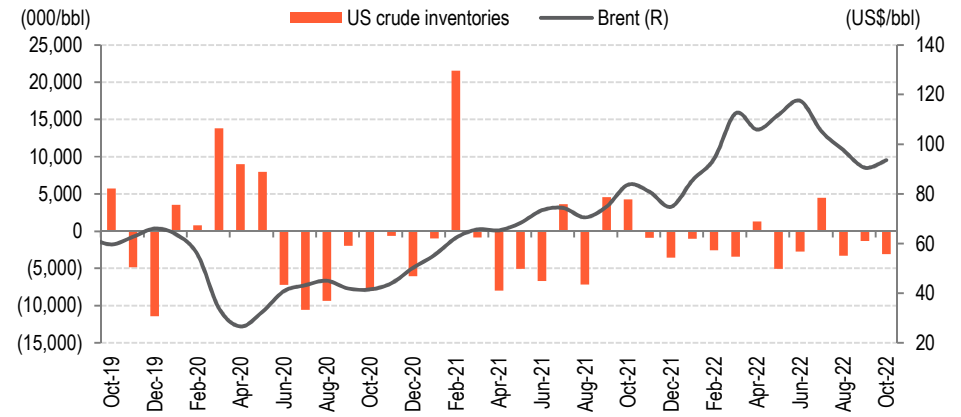
Commodities

Fig 170 – US rig count inched up marginally in Oct'22



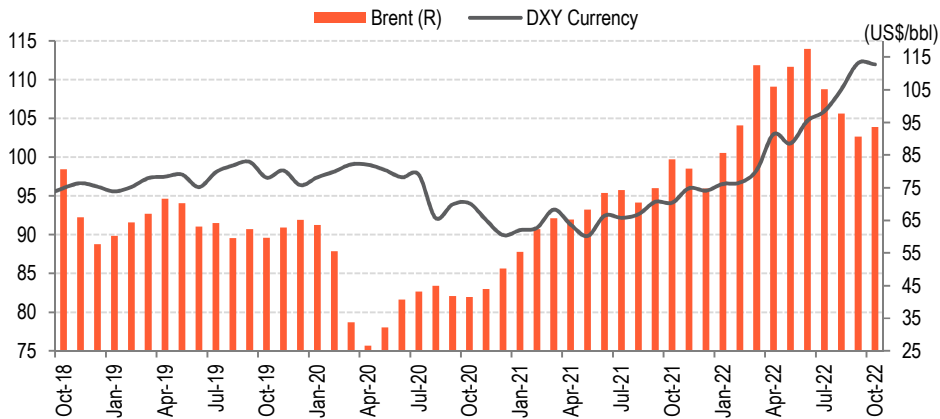
Source: Bloomberg

Fig 171 – US crude oil inventory fell further in Oct'22



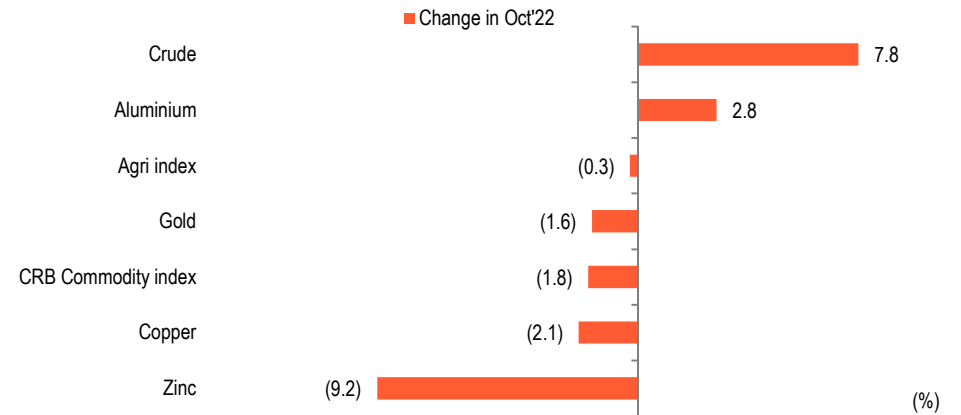
Source: Bloomberg

Fig 172 – Oil prices on an average increased to US\$ 94/bbl from US\$ 91/bbl in Sep'22,



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

Fig 173 – Crude prices rose by 7.8% in Oct'22



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

Fig 174 – Performance of high frequency indicators

Indicators	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Agriculture													
Tractor sales	3.2	(16.7)	(22.5)	(27.8)	(26.4)	(11.6)	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	-
Two wheeler sales	(6.5)	(0.8)	(19.9)	(13.4)	(10.7)	(4.0)	38.1	197.7	20.2	(10.9)	8.5	9.0	51.1
MNREGA work (HH, MoM)	(16.7)	1.3	14.5	(4.2)	0.6	4.1	-	30.4	4.1	(35.5)	(21.4)	3.0	-
Manufacturing													
IIP: General index	4.2	1.0	1.0	2.0	1.2	2.2	6.7	19.7	12.7	2.2	(0.8)	-	-
IIP: Manufacturing	3.3	0.3	0.6	1.9	0.2	1.4	5.6	20.7	13.0	3.0	(0.7)	-	-
IIP: Capital goods	(1.6)	(2.6)	(3.0)	1.8	1.3	2.4	12.0	53.3	29.1	5.7	5.0	-	-
IIP: Infra & construction goods	6.6	3.1	2.0	5.9	8.6	6.7	4.0	18.4	9.3	3.8	1.7	-	-
IIP: Consumer goods	(3.2)	(5.7)	(1.9)	(4.4)	(9.7)	(3.1)	7.2	59.1	25.1	2.3	(2.5)	-	-
Steel	5.9	0.9	(0.6)	3.8	5.6	4.1	2.5	15.1	3.3	6.0	5.2	6.7	-
Cement	14.6	(3.6)	14.2	14.1	4.2	9.0	7.4	26.2	19.7	0.5	1.8	12.1	-
Electricity	3.2	2.1	2.9	0.9	4.5	6.1	11.8	23.5	16.5	2.3	1.4	11.0	-
PMI: Manufacturing	55.9	57.6	55.5	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3
Services													
Services PMI index	58.4	58.1	55.5	51.5	51.8	53.6	57.9	58.9	59.2	55.5	57.2	54.3	55.1
Automobile sales	(5.5)	(2.7)	(16.1)	(10.7)	(9.2)	(2.9)	37.3	206.8	27.2	(7.8)	8.3	10.9	47.6
Passenger vehicle sales	(10.8)	(19.4)	(10.9)	(10.1)	(7.8)	(4.9)	26.6	204.3	40.2	(4.7)	6.5	9.7	40.6
Vehicle registration	(5.3)	(2.7)	(16.0)	(10.6)	(9.0)	(2.8)	37.3	207.6	26.3	(7.5)	5.9	9.1	46.7
Rail freight traffic	8.4	6.1	7.2	7.7	6.6	6.7	9.4	14.6	11.3	8.3	7.9	9.1	1.4
Port cargo volume	7.0	(0.2)	(0.6)	(2.8)	(4.5)	0.8	5.5	8.9	13.5	15.1	8.0	14.9	-
Credit growth	6.9	6.9	9.4	7.1	8.1	8.6	10.0	11.4	12.3	13.4	15.5	16.4	16.1
Deposit growth	10.0	8.9	12.1	8.3	8.6	8.9	10.0	8.8	8.6	9.2	9.5	9.2	8.4
CIC	8.5	7.7	7.8	8.0	8.6	9.7	10.1	8.6	8.0	8.1	8.1	-	-
Toll collection (in mn)	214.2	214.1	242.1	231.0	243.6	270.4	265.4	285.4	277.9	265.2	272.0	259.2	283.0
Diesel consumption	(5.5)	(7.5)	1.5	(6.4)	(0.9)	6.6	7.9	31.7	23.9	8.2	13.0	13.4	12.0
GST E-way bill (in mn)	73.5	61.2	71.6	68.8	69.1	78.2	75.2	73.6	74.5	75.6	78.2	84.0	76.9
External Trade													
Merchandise exports	43.4	34.6	44.3	27.9	34.5	26.4	29.2	20.9	30.4	8.2	1.6	4.9	-
Merchandise imports	57.4	56.8	40.5	25.1	37.2	29.0	30.9	62.9	57.6	43.6	37.3	8.7	-
Services exports	19.7	17.9	35.2	24.2	19.1	29.3	25.1	32.2	24.6	20.2	24.3	29.7	-
Services imports	21.8	24.4	29.5	33.8	24.8	25.0	46.1	52.7	45.5	22.3	27.1	28.1	-

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

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