

India Economics

Monthly Chartbook

October 2022

Economic Research Department

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Important disclosures are provided at the end of this report.



India's growth holding ground

With major Central Banks (Fed, ECB, BoE) on course to continue hiking rates aggressively, global yields have inched up and fears of global recession have increased. Currencies too have been impacted with GBP, EUR falling steeply and even INR crossing 82/\$ mark today. Increase in oil prices following production cuts announced by OPEC+ has refuelled inflationary concerns. In India, ahead of the festive season, while consumption is showing signs of improvement, key risks to recovery remains. Rebound in inflation can dampen the consumer sentiment. Weak global demand can also hurt exports. Further, tight monetary conditions will persist as RBI continues to hike repo rates, in line with other global central banks.

Festive cheer to strengthen domestic demand: Ahead of the festive season, India's domestic demand is showing early signs of improvement with electricity demand clocking double-digit growth. Pick up in fertilizer sales and MGNREGA work demand also attest to the same. However, some area of concerns are emerging as has been reflected by slowdown in electronic, non-oil-non-gold imports. Auto sales is also marginally lower (MoM basis) but is expected to pick up in the coming month due to festive surge. Furthermore, other indicators such as strong GST collections (Rs 1.4tn mark for 7th month in a row) and credit growth also signal the same. On the agri front, South-West monsoon remained above normal this year and stood at 6% above LPA. Kharif sowing was tad lower (0.8%) compared with last year levels. Sowing of pulses and rice contributed the most to lower sowing. However, with rice stocks remaining above the buffer norm level, prices are less likely to be impacted.

Centre's finances on track: Centre's fiscal deficit (% of GDP, 12MMA basis), settled at 6.4% in Aug'22, up from 6.3%. Compared with BE, fiscal deficit in

FYTD23 reached 32.6% of the target versus 31.1% last year. In FYTD23 (Apr-Aug'22), centre's revenue receipts are up by 12.8% compared with 14.7% in Apr-Jul'22. Both direct (28.8% versus 42.7%) and indirect (11.2% versus 10.9%) tax collections have seen normalisations. Indirect taxes are reflecting the impact of inflation. Within direct taxes, both income and corporate tax collections remain healthy. Following front-loading of spending in the earlier months, now overall government expenditure is witnessing marginal slowdown (8.9% versus 12.2%). this is on account of both revenue spending and capex. Going ahead, trajectory of capex spending and GST collections will be key in estimating if there will be any slippage in fiscal deficit.

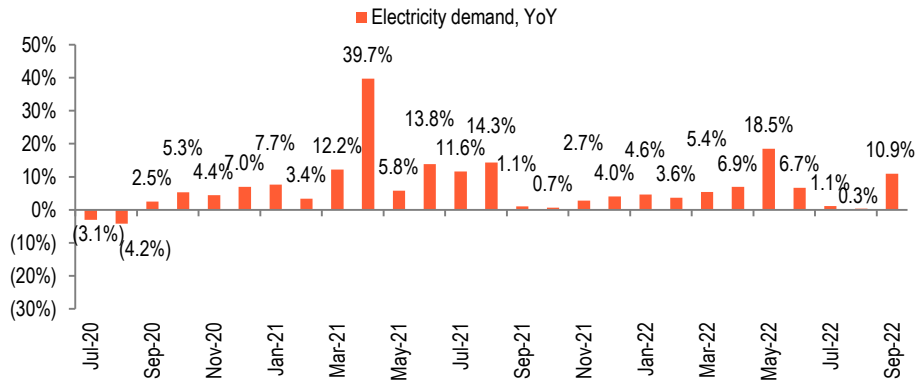
India's 10Y yield rising: Global yields edged up after th Fed policy as the central bank's projection of Fed funds rates was revised upward much more than expected. US 10Y yield inched up by 64bps. Even in UK, 10Y yield rose sharply amidst concerns over the government's new fiscal plan. In India, 10Y yield rose by 21bps as the RBI raised policy rates by 50bps. We expect a terminal repo rate of 6.5% as RBI hike rates further to tame rising inflation. Incidentally, CPI inflation in Sep'22 is estimated to have increased to 7.3% from 7% in Sug'22.

Pressure on INR: Fed's hawkish than expected guidance drove global currencies sharply lower in Sep'22. INR too depreciated to a record low. Other factors contributing to the weakness in INR include: elevated trade deficit, slowdown in FPI flows and high domestic inflation. Even today, INR opened sharply lower above the 82/\$ mark-a new record low. The adverse global environment entails that INR is likely to remain under pressure in the near-term.

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

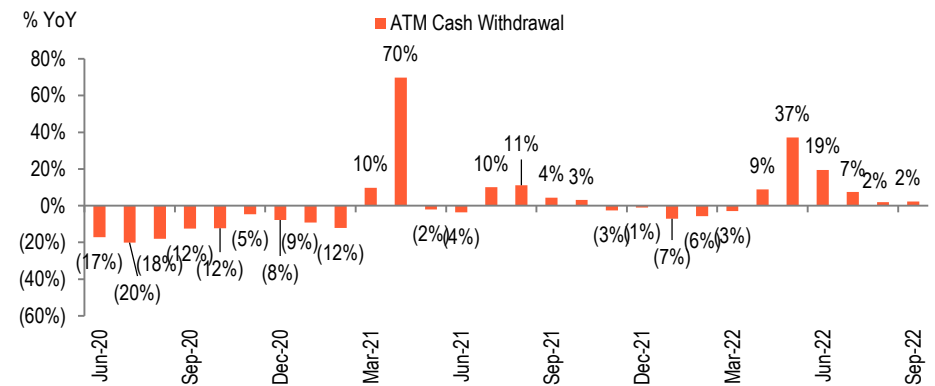
High frequency indicators

Fig 1 – Electricity demand back in Double digit



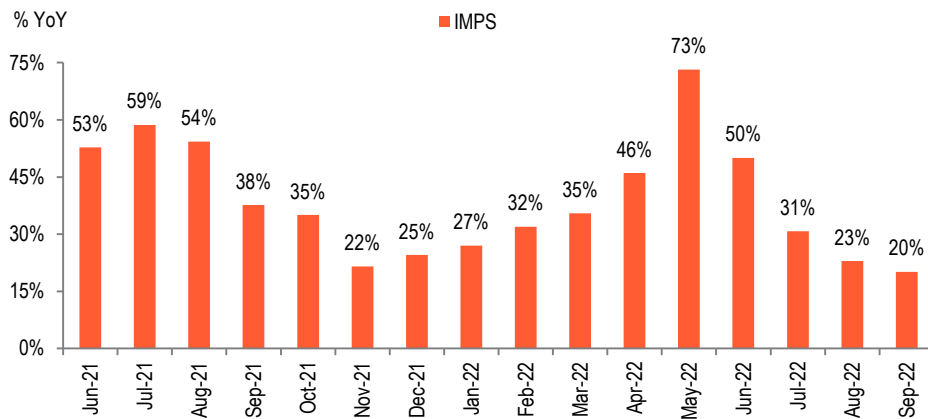
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 2 – Cash withdrawal steady in Sep'22



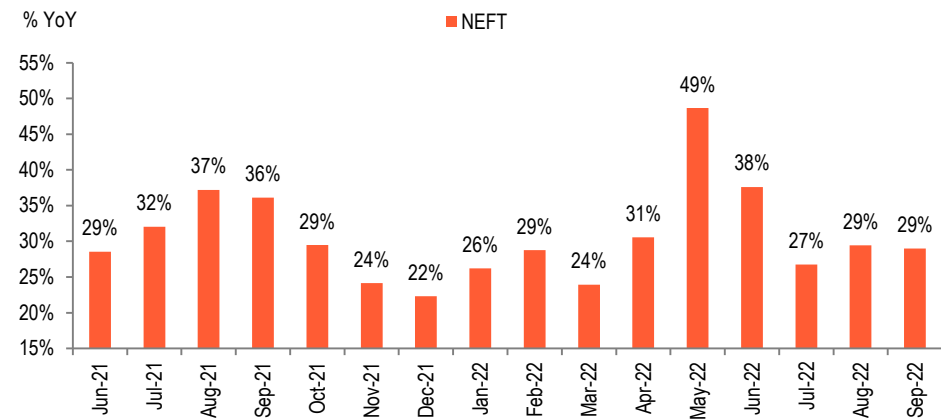
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – IMPS transactions moderates tad bit



Source: NPCI

Fig 4 – Volume of NEFT transactions growing at a steady pace



Source: NPCI

Fig 5 – Fertilizer sales improve in Aug'22

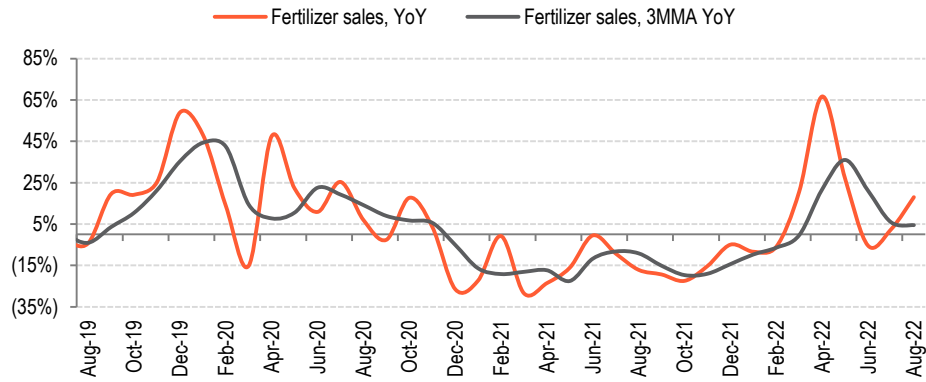
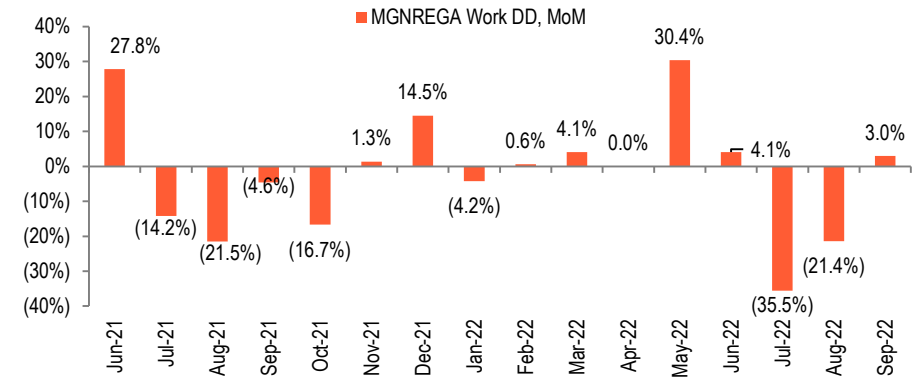


Fig 6 – MGNREGA work signs improvement



Source: MGNREGA

Final consumption expenditure

Fig 7 – Private consumption rebounds in Q1FY23

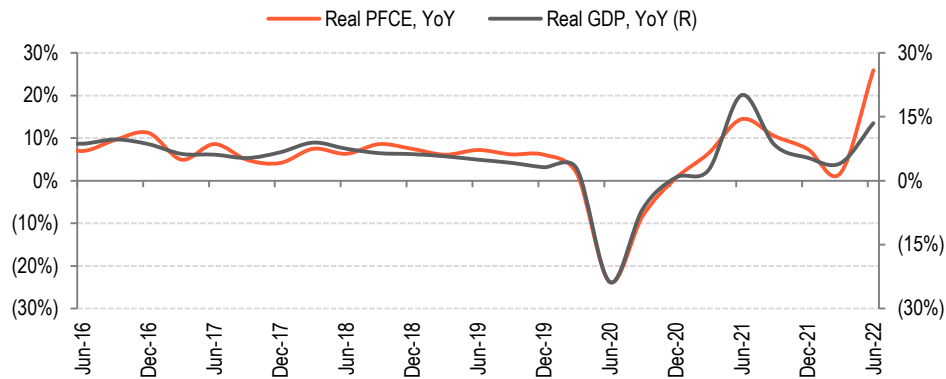


Fig 8 – Government consumption slipped

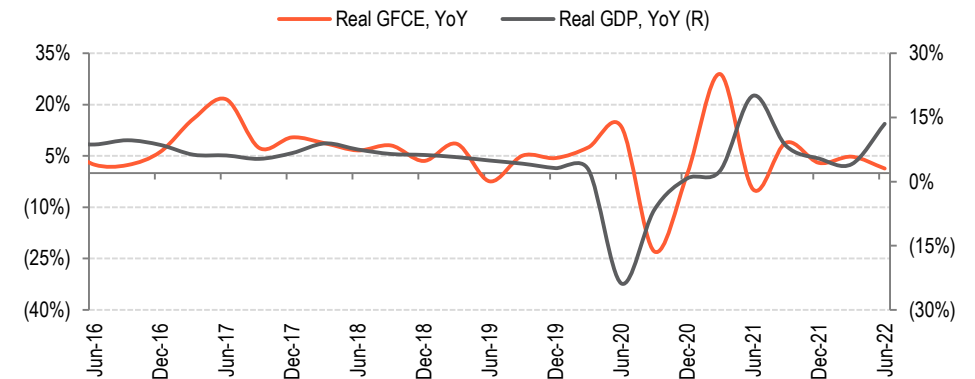


Fig 9 – General govt. revenue spending drops

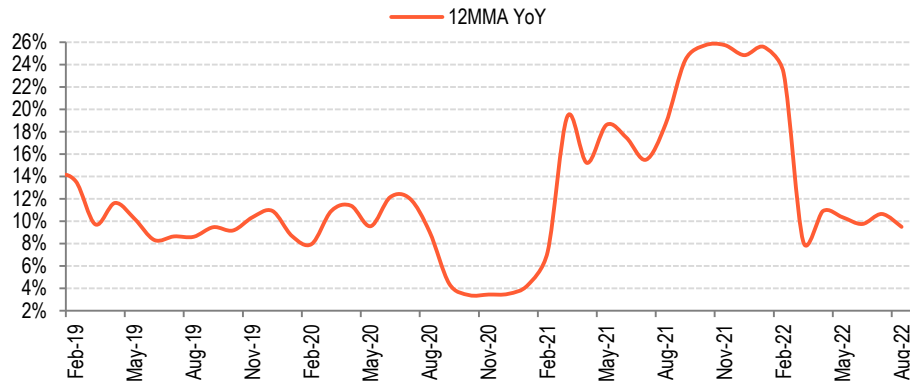
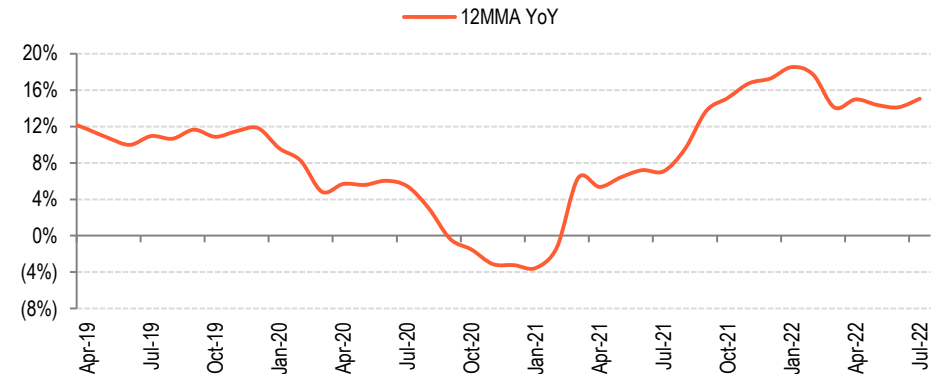


Fig 10 – State* govt. revenue spending continues to inch upwards



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

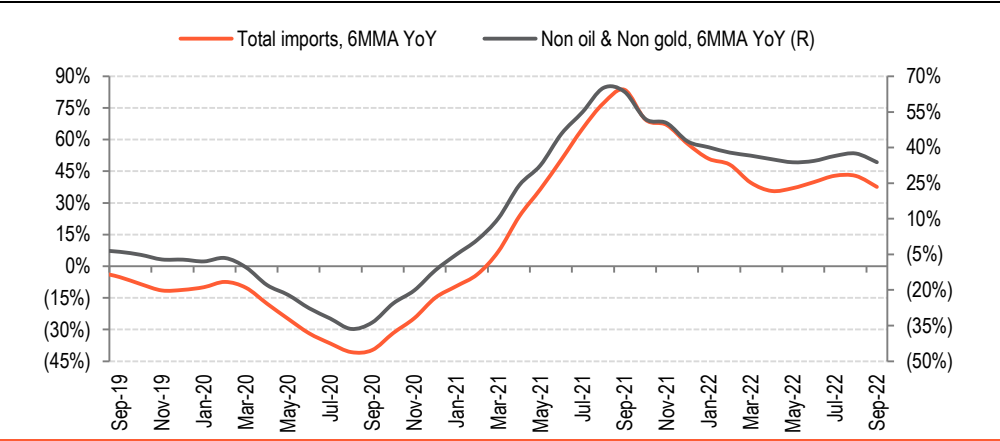


Fig 12 – Growth in electronic import stumbles

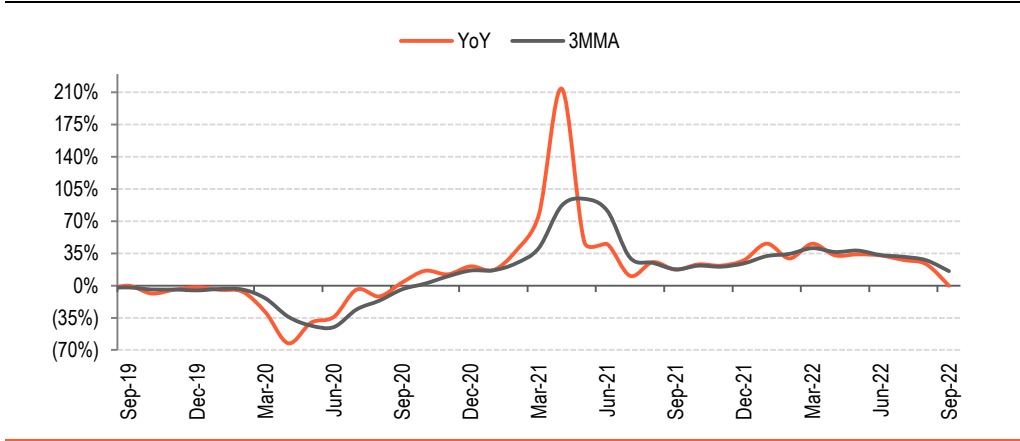
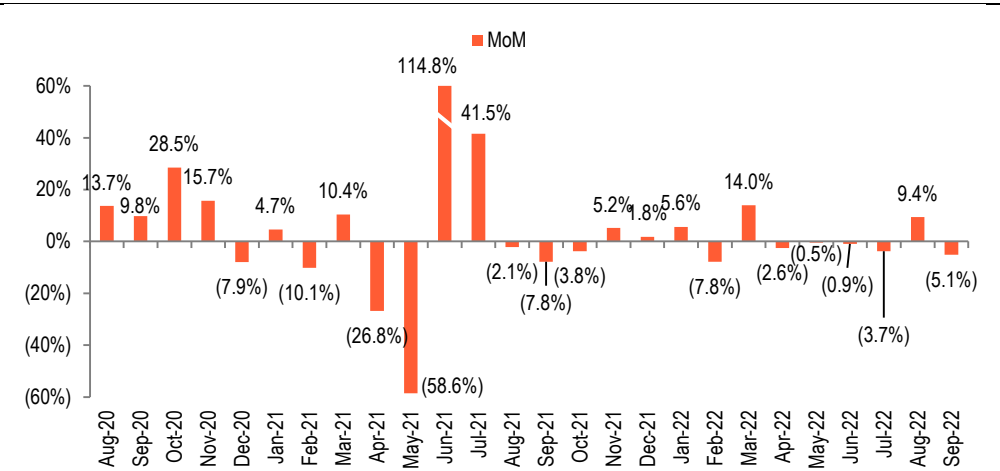
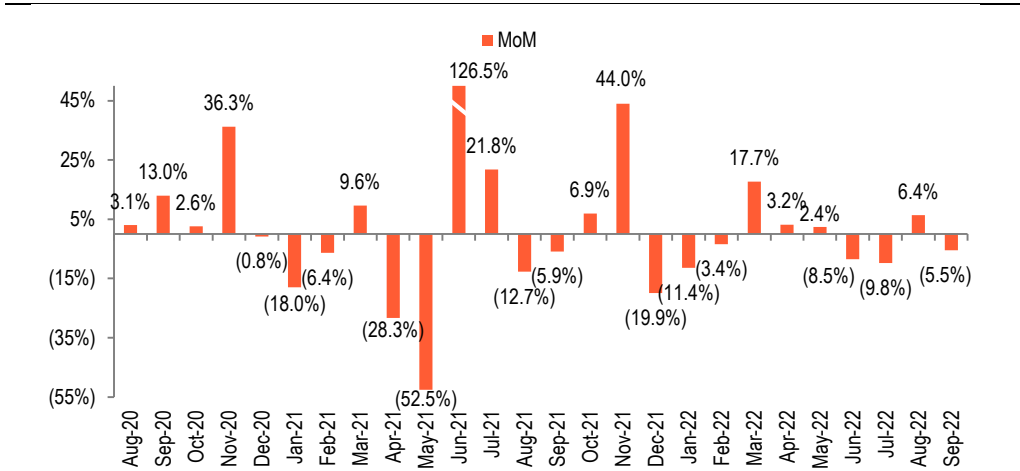


Fig 13 – Retail passenger vehicle sales dips in Sep'22 on monthly basis



Source: FADA

Fig 14 – Two-wheeler sales too contract in Sep'22



Credit deployment of personal loans

Fig 15 – Growth in credit card loan dips

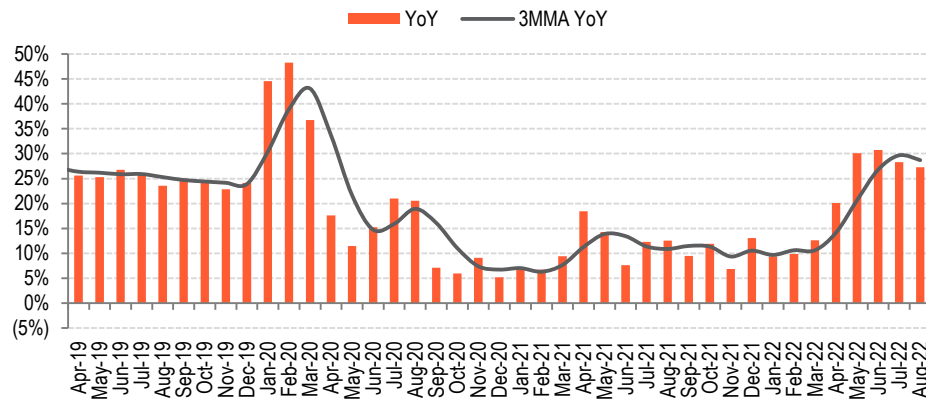


Fig 16 – Growth in personal loan inches up

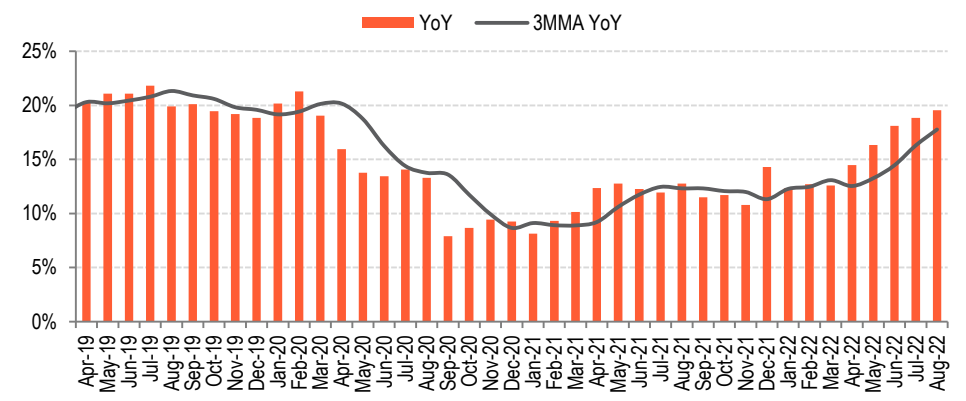


Fig 17 – Higher growth in vehicle loans continues

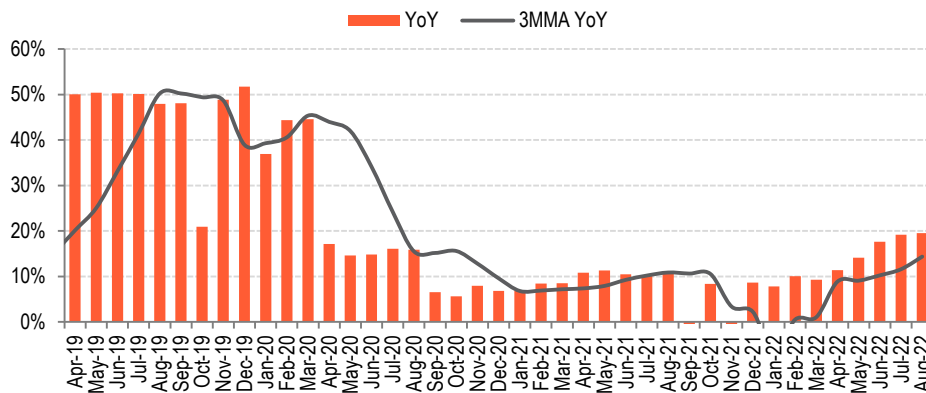


Fig 18 – Consumer confidence remains optimistic since the last survey (current situation)

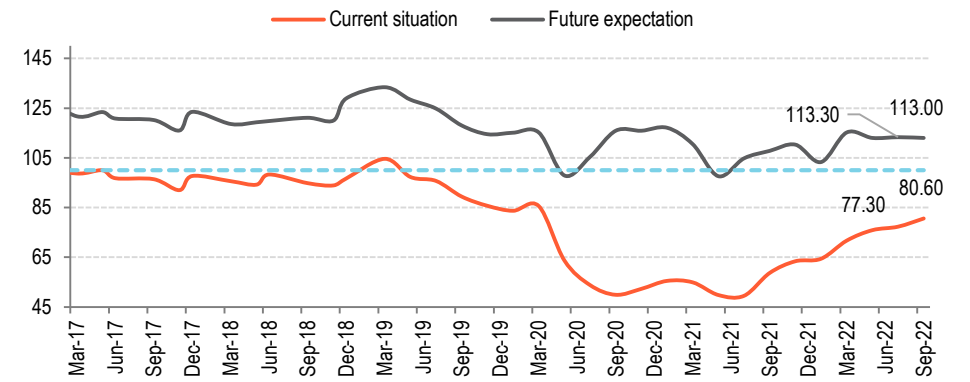


Fig 19 – RBI’s essential spending signals an increase

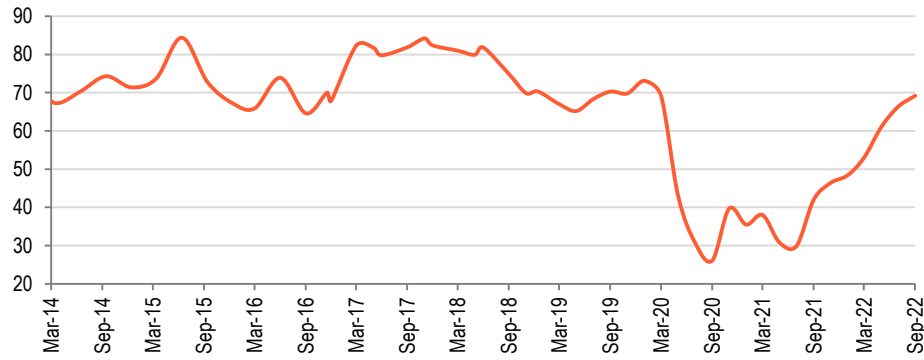
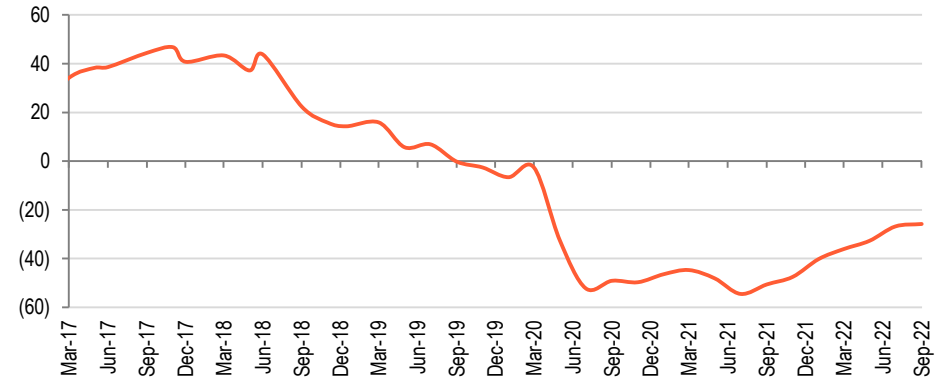


Fig 20 – ...non-essential spending too witnesses an upward momentum



Consumer durables & non-durables production

Fig 21 – Consumer durables output dips further in Jul'22

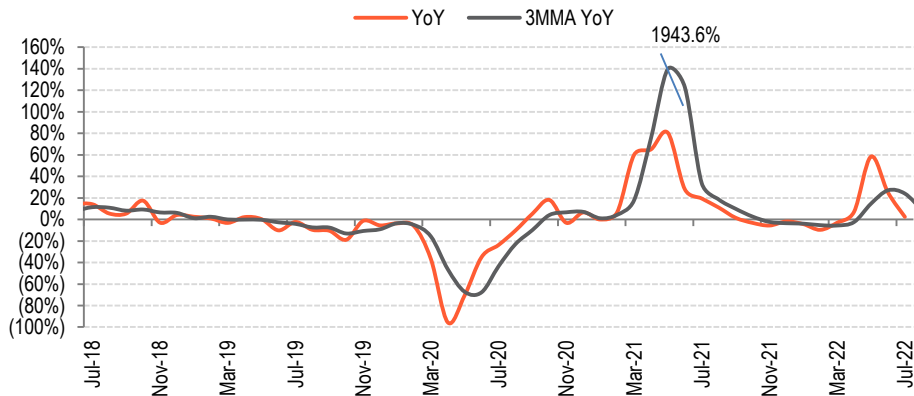
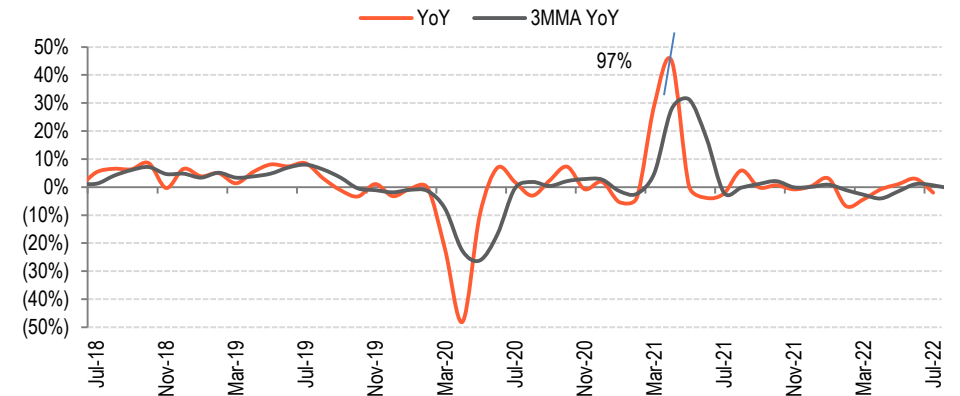


Fig 22 – FMCG output too moderated



Agriculture

Fig 23 – Agriculture growth steadied in Q1FY23

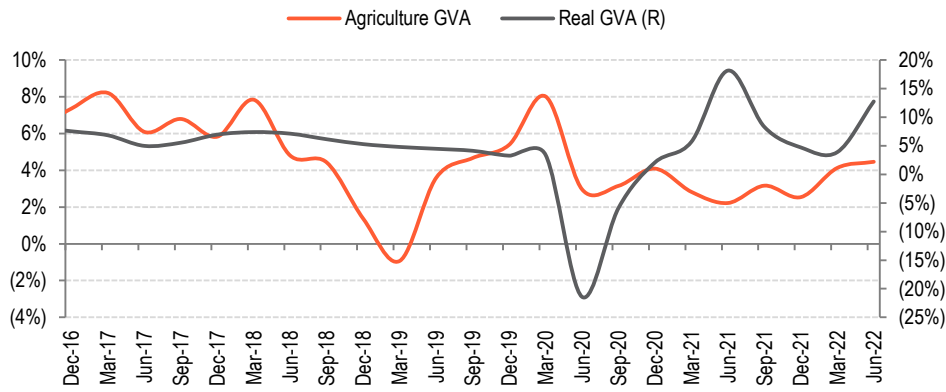
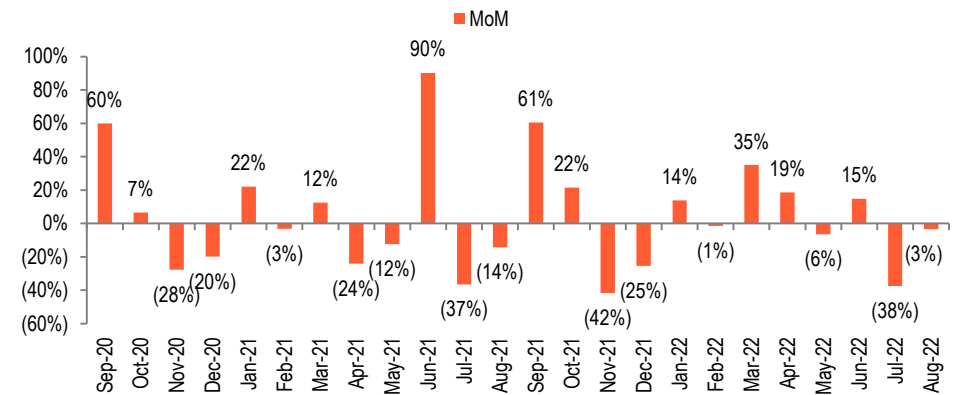


Fig 24 – Tractor sales contract at a slower pace in Aug'22



Note: Tractor sales including exports

Fig 25 – Agriculture credit edges upwards

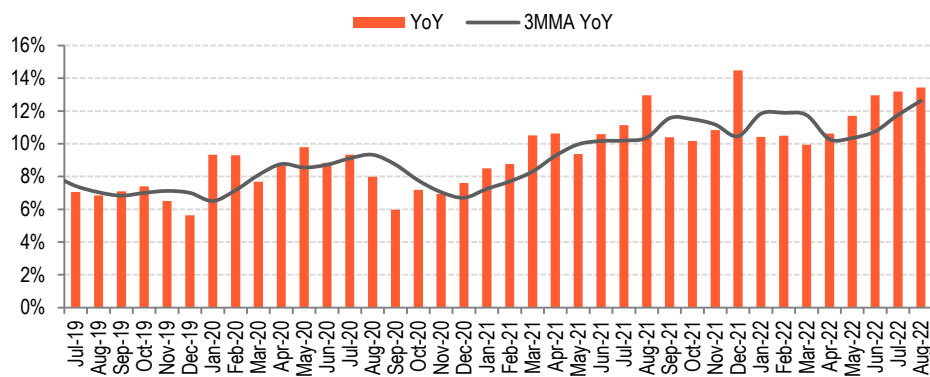
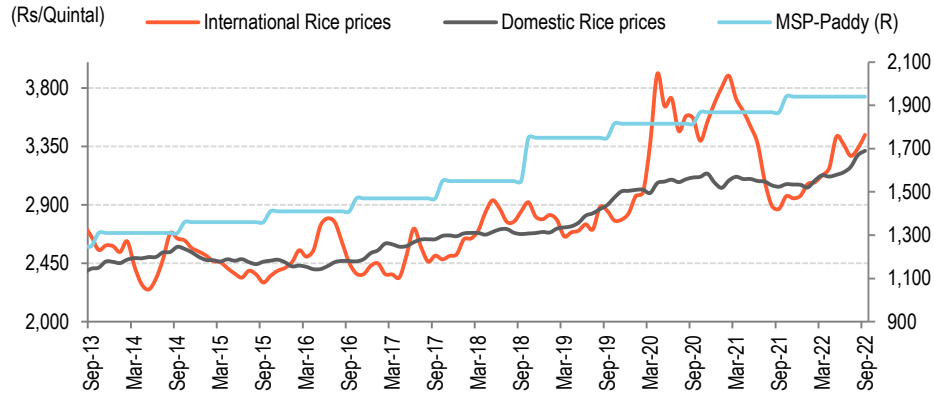


Fig 26 – Procurement of rice and wheat

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	59.2*
2022-23	18.8*	

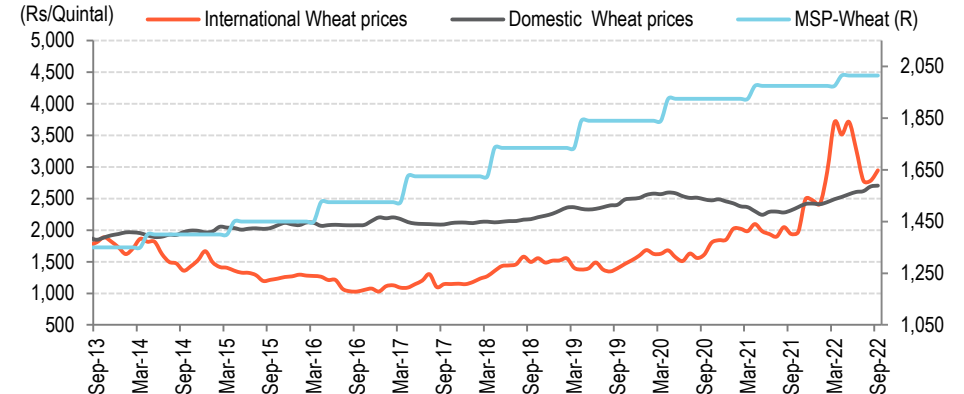
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Aug 2022

Fig 27 – Both domestic and international rice price inching up



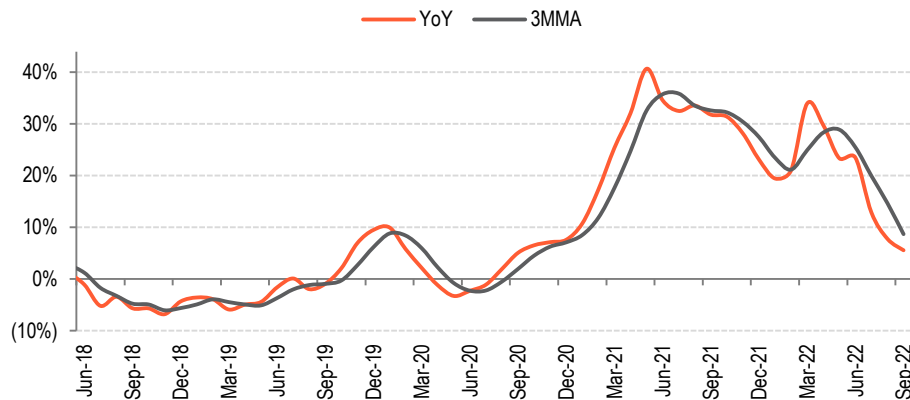
Source: World Bank

Fig 28 – Similar case with wheat prices



Source: World Bank

Fig 29 – Global food prices declines for 6-month in a row



Source: FAO

Fig 30 – Wage growth (men) moderating

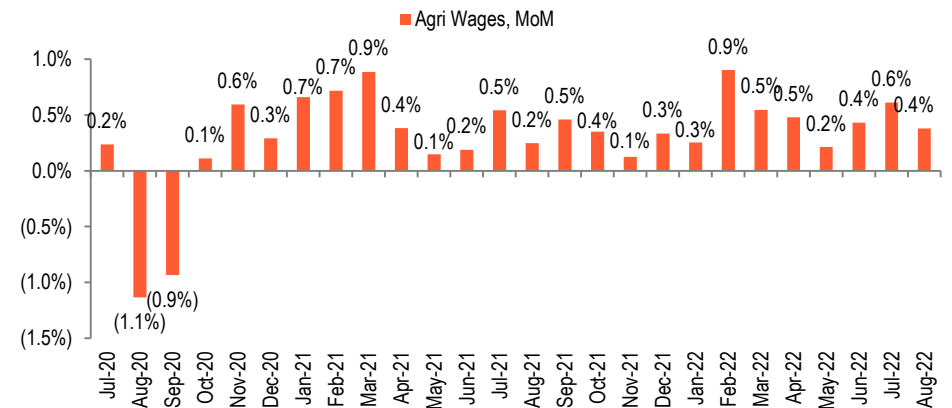


Fig 31 – Kharif sowing is tad lower compared with last year

Crop Type (mn ha)	Area sown in 2022-23	Area sown in 2021-22	Growth (YoY%)
Foodgrains	72.0	73.7	(2.3)
Rice	40.3	42.3	(4.8)
Pulses*	13.4	13.9	(4.0)
Oilseeds*	19.2	19.4	(1.0)
Cotton*	12.8	11.9	7.5
Sugarcane	5.6	5.5	0.9
Jute and Mesta*	0.7	0.7	(0.1)
Total	110.28	111.2	(0.8)

Note: As of 30 Sep 2022

Inflation

Fig 32 – Headline CPI inched up to 7% in Aug'22 from 6.7% in Jul'22, on YoY basis, remaining above RBI's upper tolerance band for the 8th consecutive month

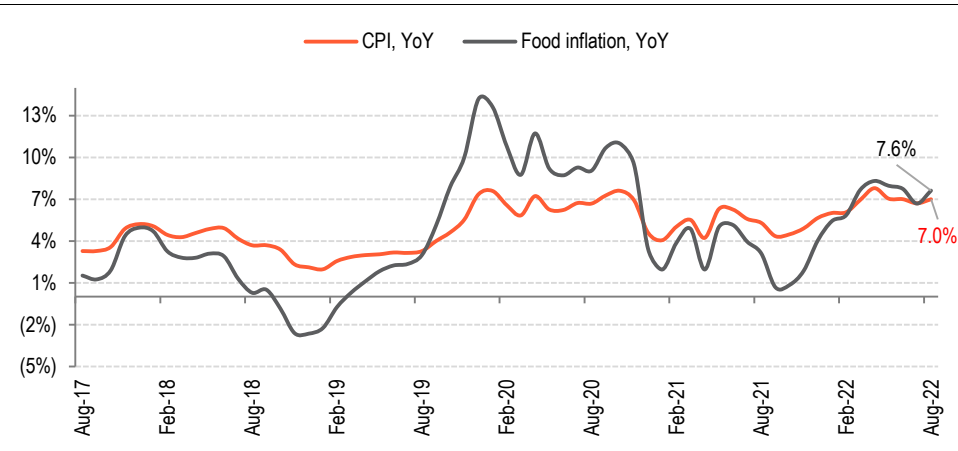


Fig 34 – Major components of core inflation also hovering around or above RBI's upper tolerance level of 6%

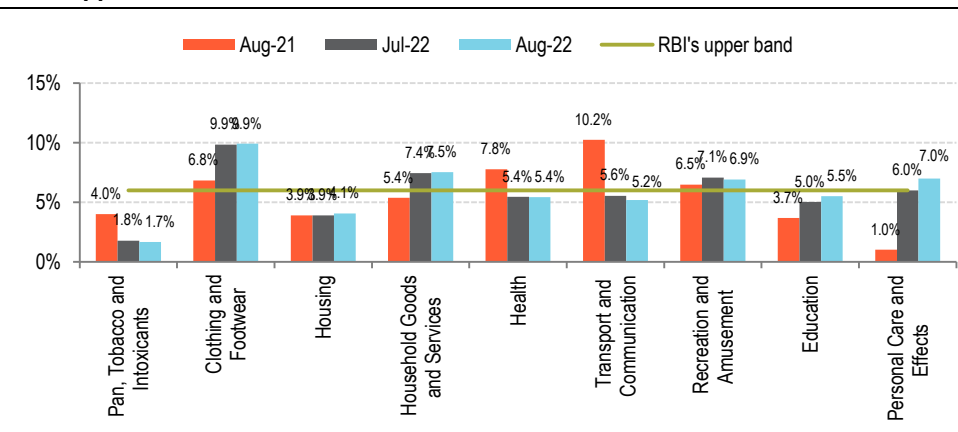


Fig 33 – ...Food inflation rose by 90bps led by vegetables, fruits, pulses

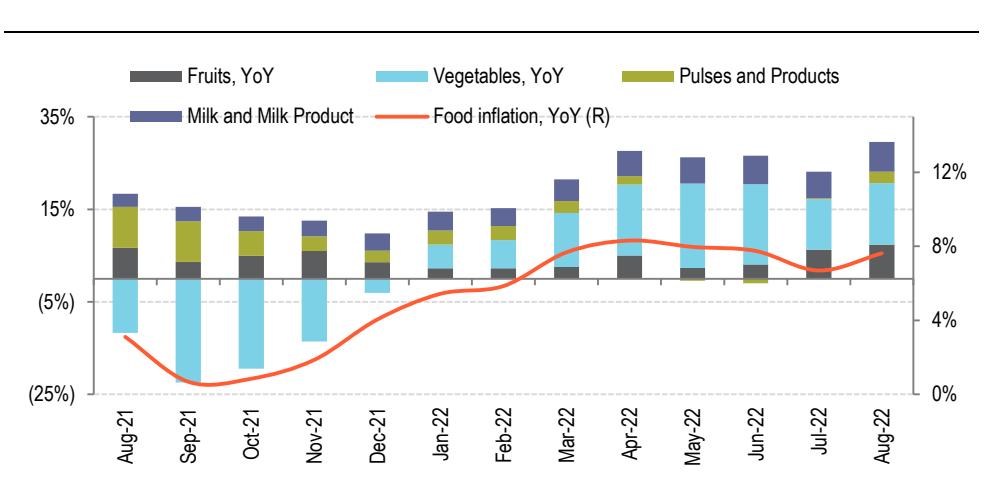
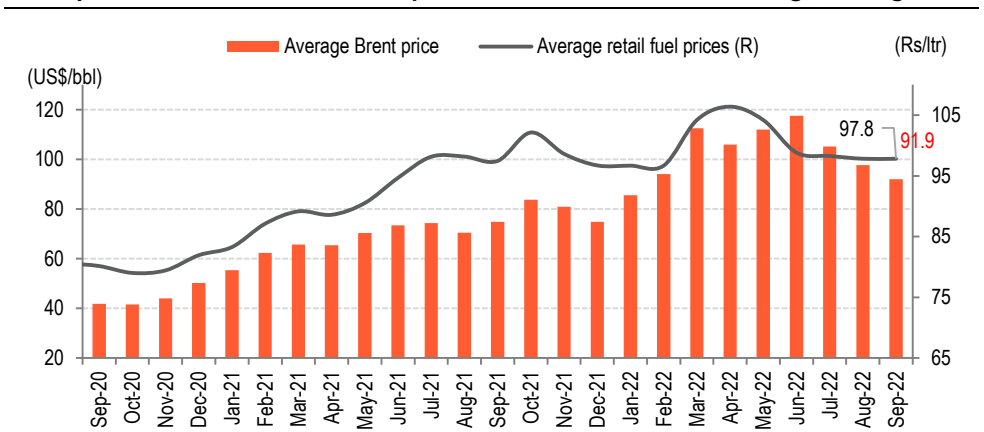


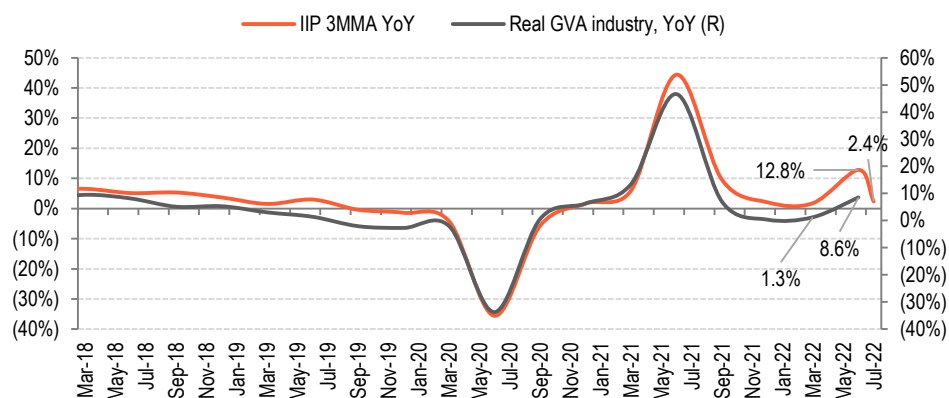
Fig 35 – Domestic retail prices was stable at Rs 98/lt, however international crude prices fell to US\$ 90/bbl in Sep'22 from US\$ 98/bbl on an average, in Aug'22



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

Industry

Fig 36 – IIP growth dips in Jul'22



Note: Jul'21 data is on YoY basis

Fig 37 – Sectorwise growth lower due to base effect

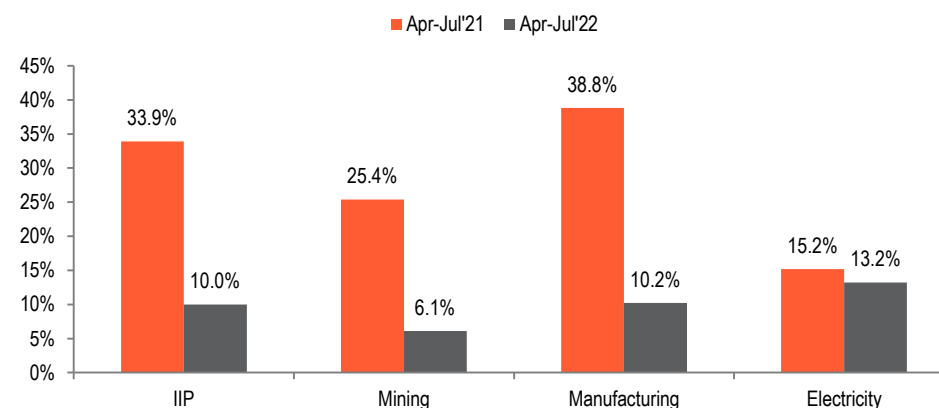
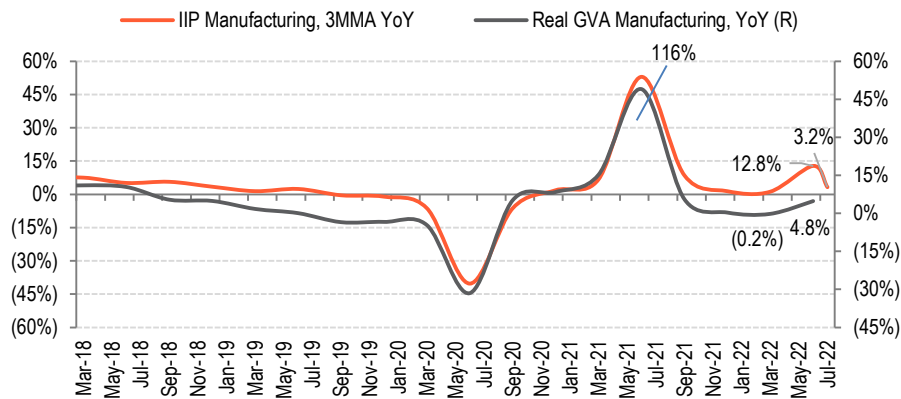


Fig 38 – IIP growth slips down to single digit in Jul'22

Sectoral (%)	Weight	Jul-22	Jun-22	Jul-21	Apr-Jul'22	Apr-Jul'21
IIP	100.0	2.4	12.7	11.5	10.0	33.9
Mining	14.4	(3.3)	7.8	19.5	6.1	25.4
Manufacturing	77.6	3.2	13.0	10.5	10.2	38.8
Electricity	8.0	2.3	16.4	11.1	13.2	15.2
Use-Based						
Primary Goods	34.1	2.5	13.8	12.4	11.0	18.6
Capital Goods	8.2	5.8	29.1	30.3	23.0	77.4
Intermediate Goods	17.2	3.6	10.5	14.6	9.5	50.6
Infrastructure and Construction Goods	12.3	3.9	9.3	12.3	8.6	57.8
Consumer Durables Goods	12.8	2.4	25.1	19.4	19.6	76.7
Consumer Non-Durables Goods	15.3	(2.0)	3.0	(2.3)	0.3	11.6

Manufacturing

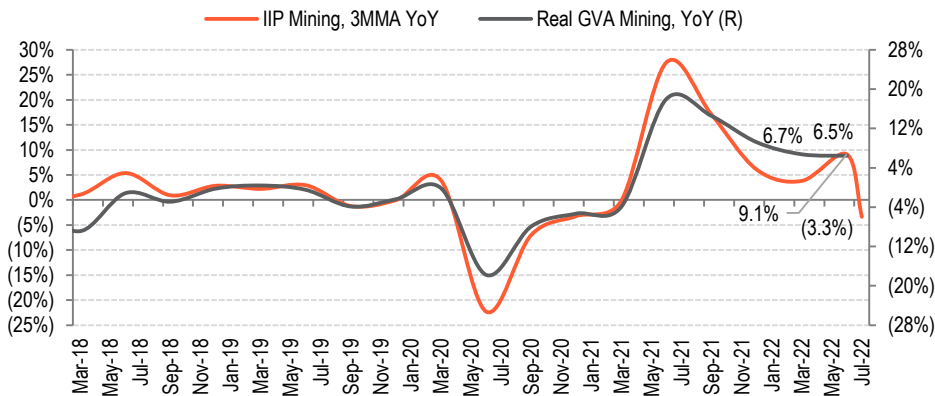
Fig 39 – Manufacturing growth eases in Jul'22



Note: Jul'21 data is on YoY basis

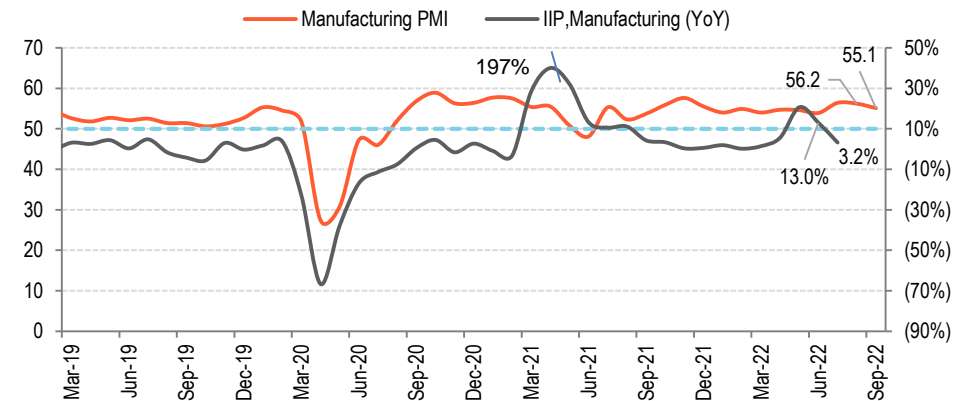
Mining & Electricity

Fig 41 – Mining activity contracts in Jul'22



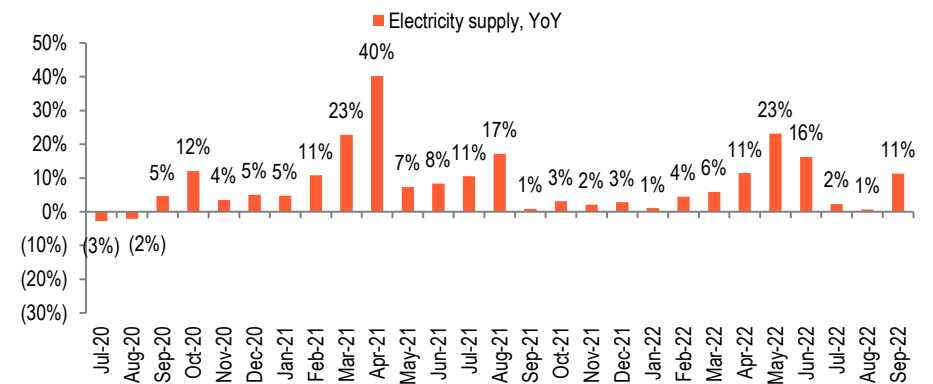
Note: Jul'21 data is on YoY basis

Fig 40 – Manufacturing PMI moderates a tad lower to 55.1 in Sep'22



Source: Markit

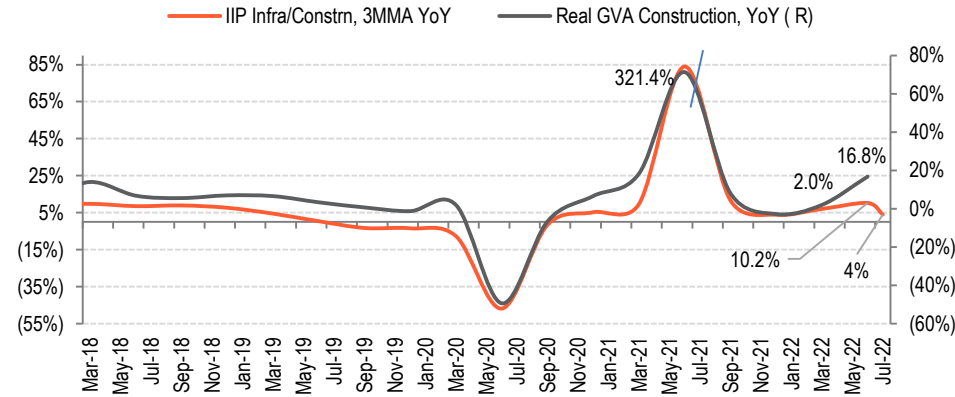
Fig 42 – Electricity supply clocks double digit growth



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

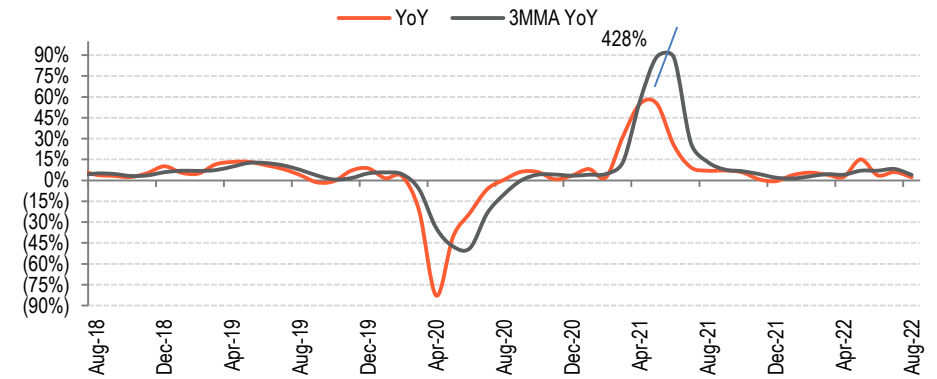
Infrastructure and construction

Fig 43 – Construction sector moderates in Jul'22



Note: Jul'21 data is on YoY basis

Fig 44 – Steel production slips in Aug'22



Infrastructure index

Fig 45 – Growth in infrastructure index eases further

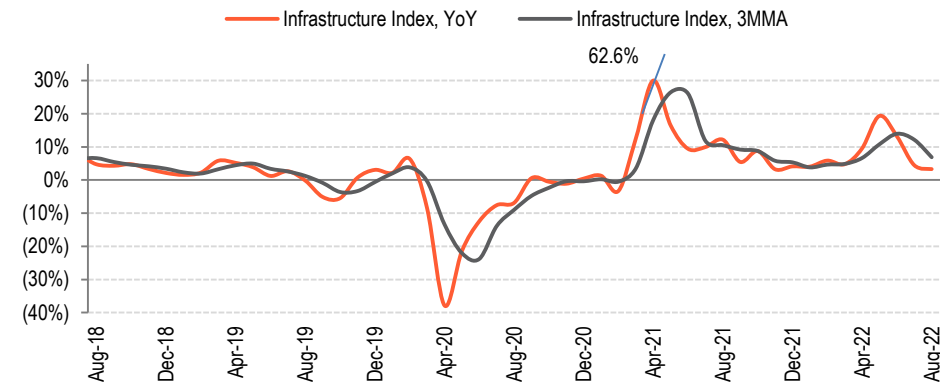
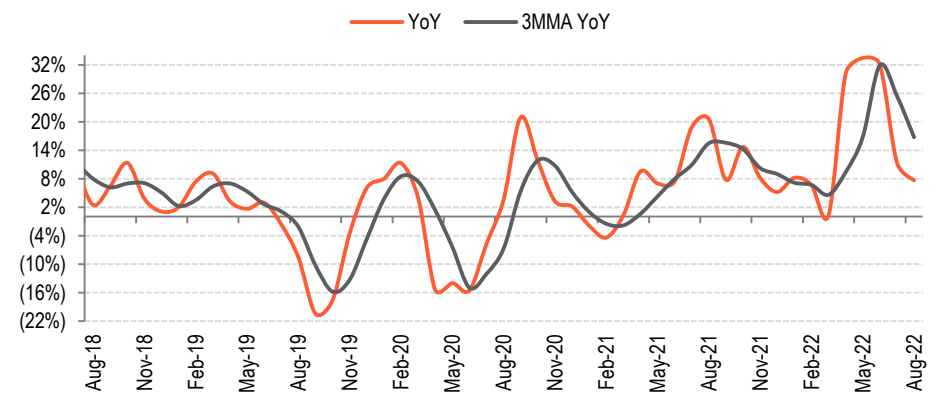


Fig 46 – Coal production edges downward in Aug'22



Auto production & business expectation index

Fig 47 – Moderation in Auto production

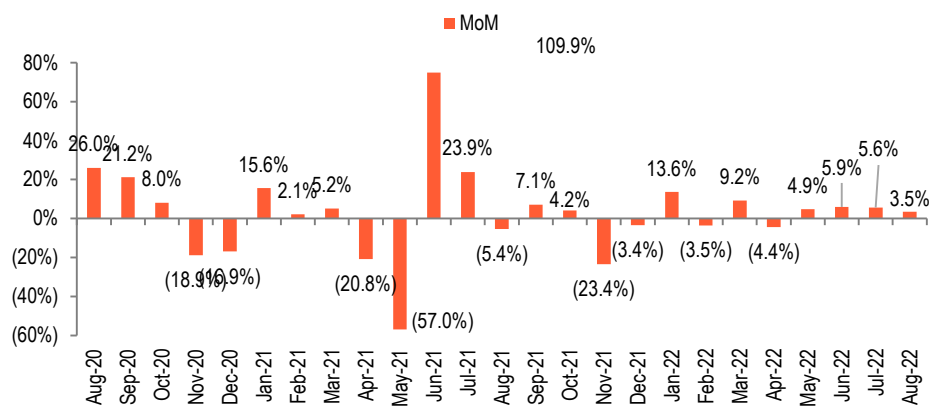


Fig 48 – Business sentiment moderates; Remained optimistic

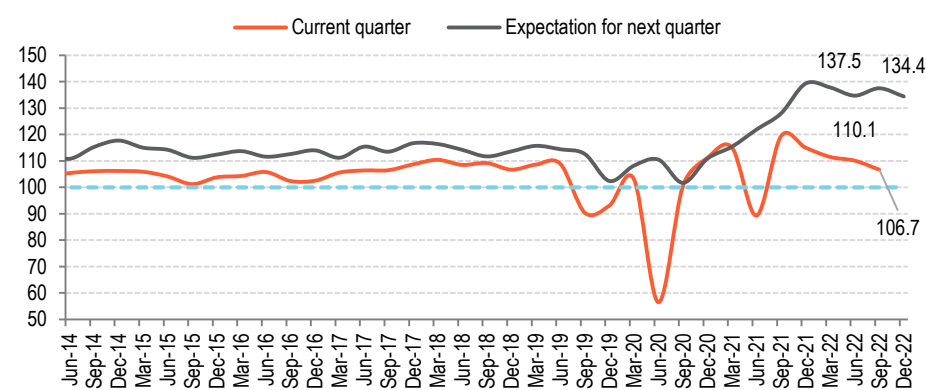
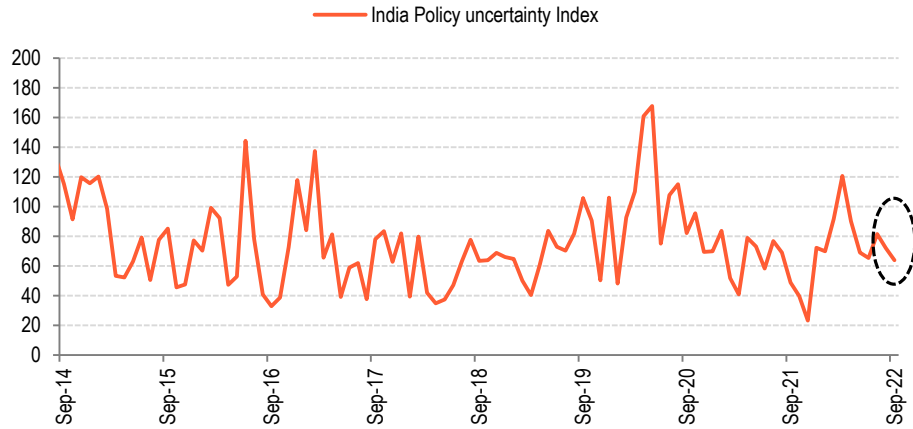


Fig 49 – Core sector output moderates in Aug'22

(%)	Weight	Aug-22	Jul-22	Aug-21	Apr-Jul'22	Apr-Jul'21
Infrastructure Index	100	3.3	4.5	12.2	9.8	19.4
Coal	10.3	7.6	11.4	20.6	22.7	12.5
Crude Oil	9.0	(3.3)	(3.8)	(2.3)	(1.1)	(3.1)
Natural Gas	6.9	(0.9)	(0.3)	20.7	2.6	21.0
Petroleum Refinery Products	28.0	7.0	6.2	9.1	10.8	12.3
Fertilizers	2.6	11.9	6.2	(3.1)	11.4	(1.5)
Steel	17.9	2.2	6.0	6.9	5.8	44.7
Cement	5.4	1.8	0.5	36.3	10.6	44.3
Electricity	19.9	0.9	2.3	16.0	10.5	15.4

Investment

Fig 50 – 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 52 – Capital goods production moderated to 5.8% in Jul'22 from 29.1% in Jun'22 due to unfavourable base

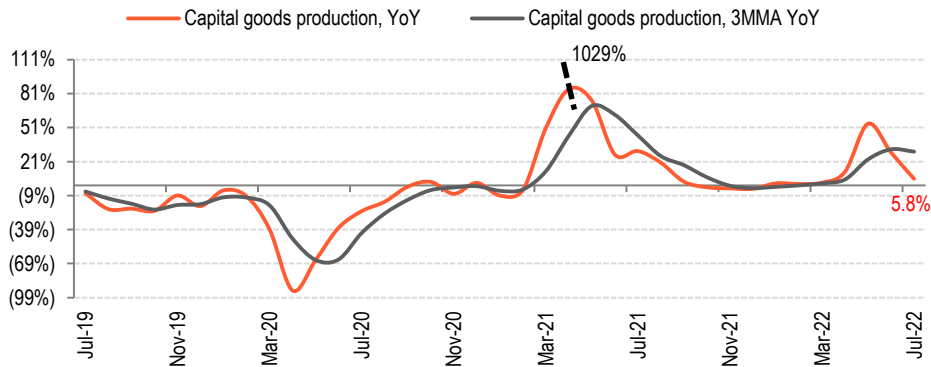
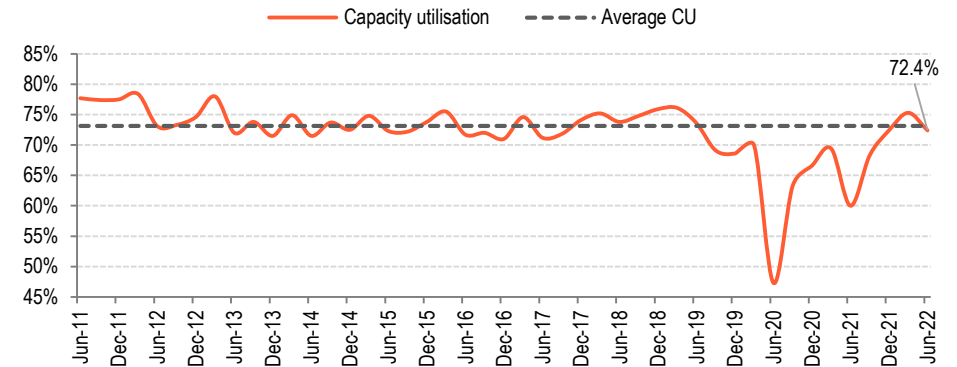


Fig 51 – Capacity Utilisation is at 72.4 for Q1FY23



Source: policyuncertainty.com

Fig 53 – Capital goods imports rose by 29% in Aug'22 from 28% in Jul'22

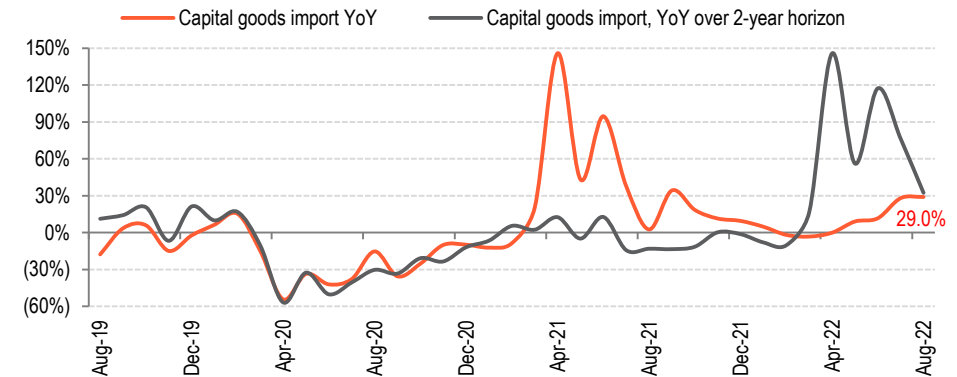


Fig 54 – Centre’s capex spending noted growth of 45.4% compared to 52.2% in Jul’122, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn

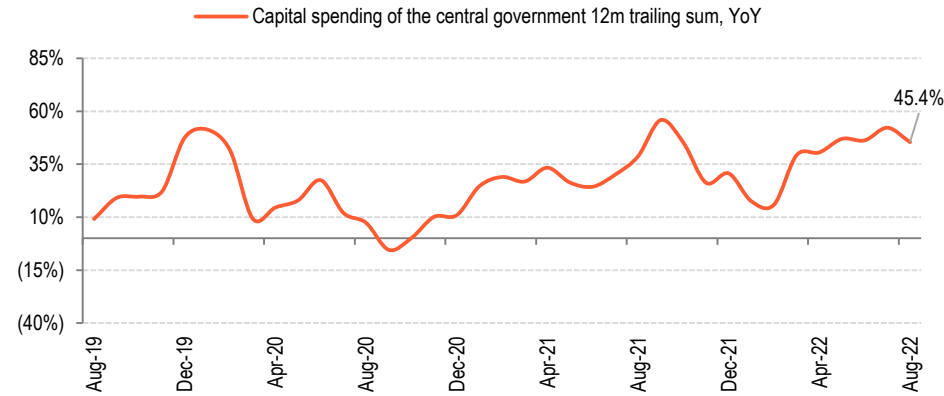


Fig 55 – Credit to micro and small industry was at 28.2% in Aug’22 from 28.3% in Jul’22, for medium industry it was at 35.6% from 36.8%

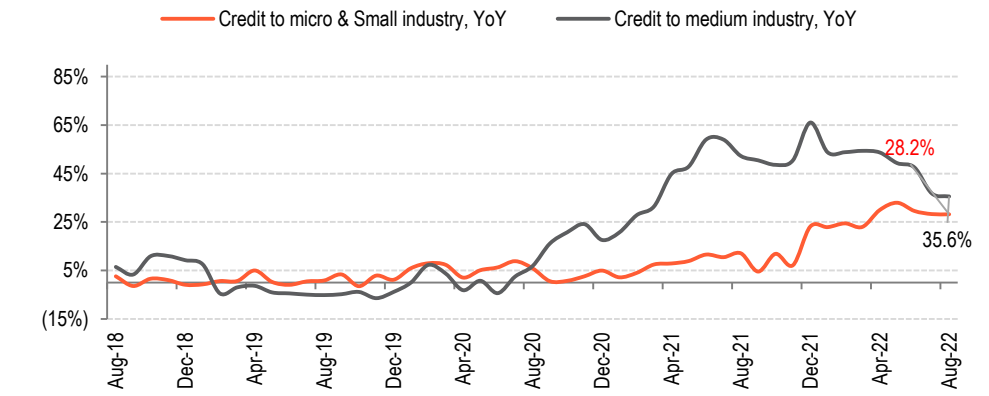


Fig 56 – Credit to housing sector rose to 16.4% in Aug’22 from 16.2% in Jul’22

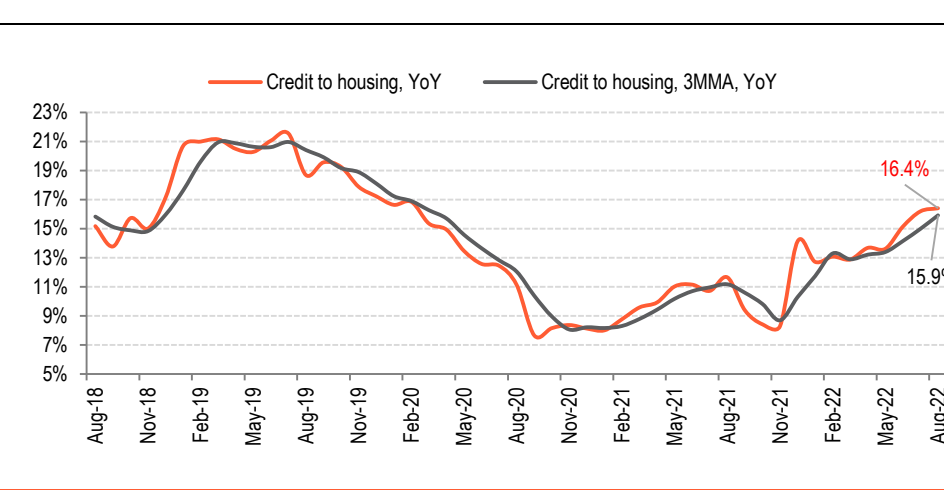
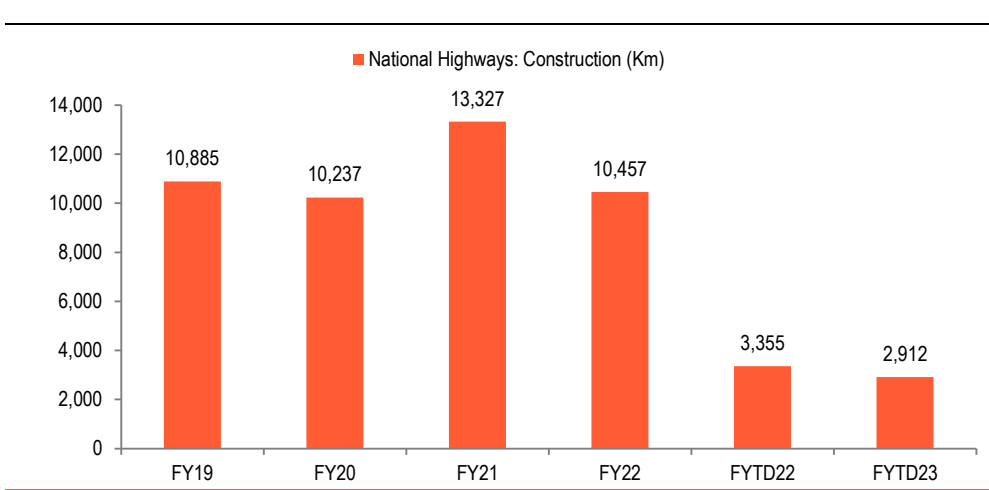


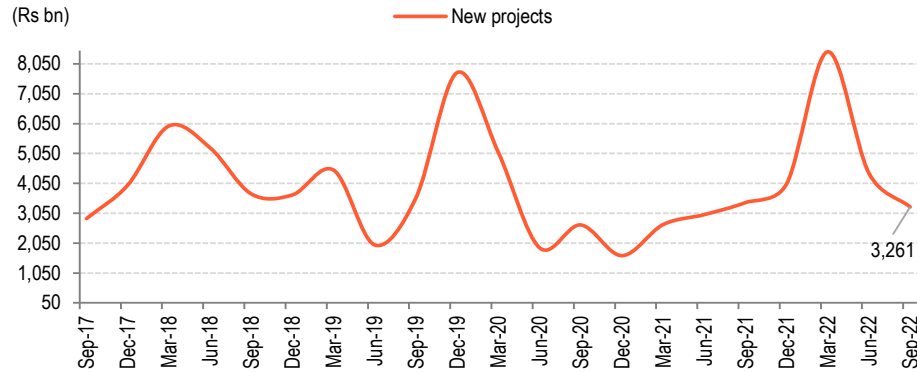
Fig 57 – Pace of National highway construction



Note: FYTD: Apr-Jul

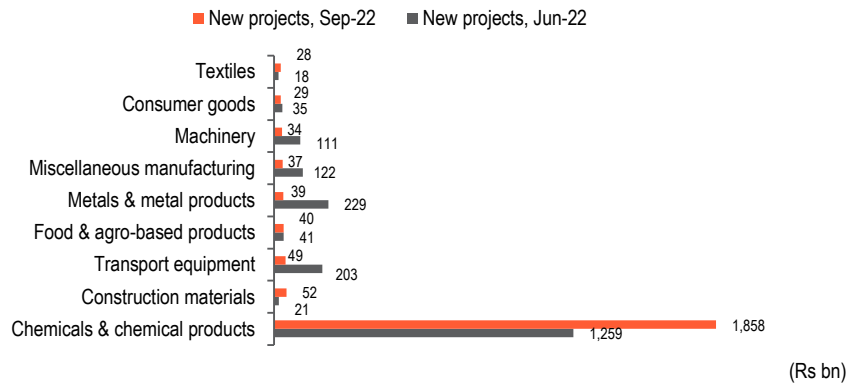
Capex data

Fig 58 – New project announcements fell to Rs 3.3tn in Sep'22 from Rs 4.4tn in Jun'22 and Rs 3.4tn in Sep'21



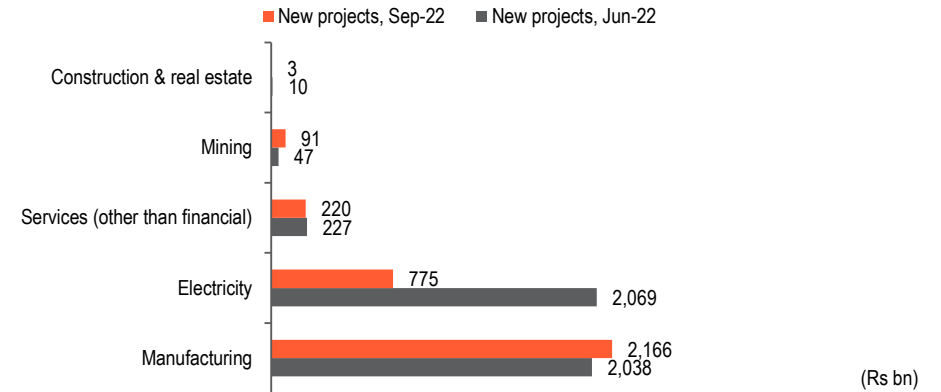
Source: CMIE

Fig 60 – ...Within manufacturing, metals and machinery showed the biggest drop



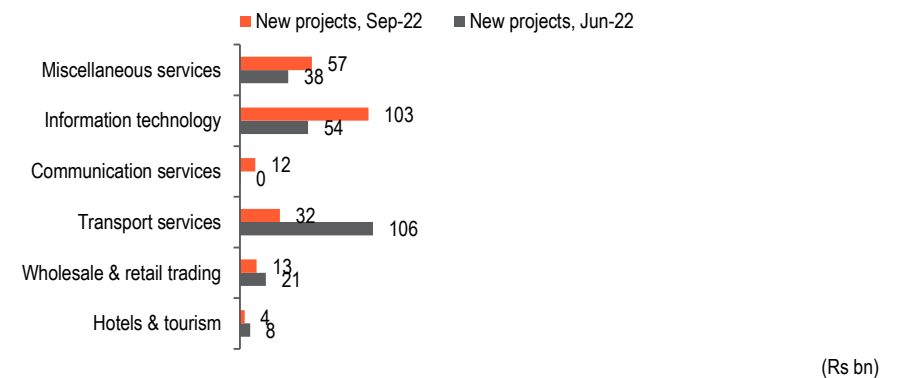
Source: CMIE

Fig 59 – ...Led by electricity



Source: CMIE

Fig 61 – Within services, transport services fell the most



Source: CMIE

Services sector

Fig 62 – GVA: Services activity rebounds in Q1FY23, largely due to low base

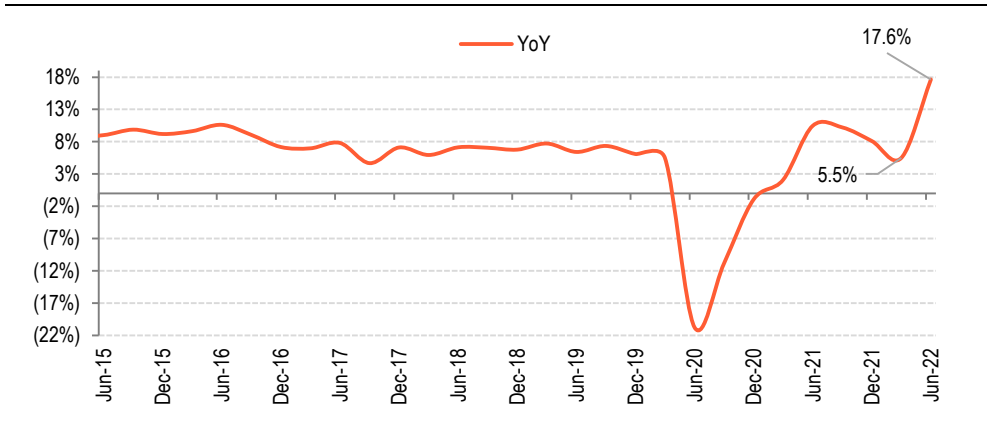
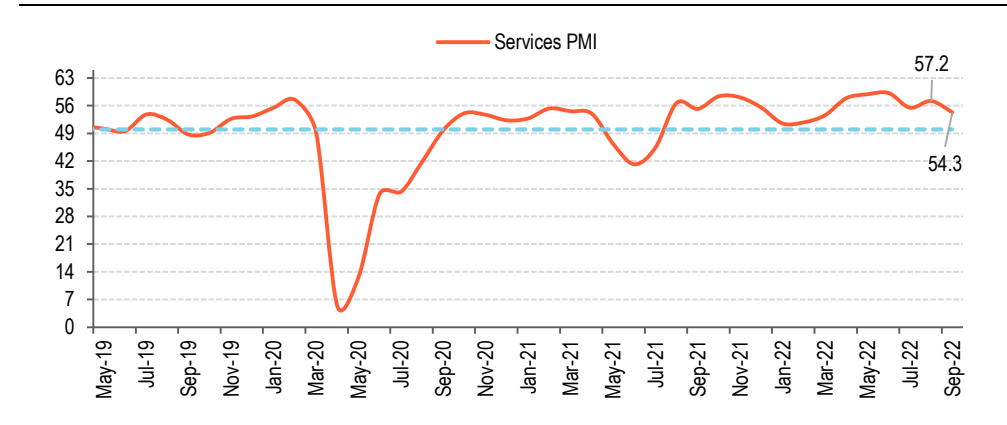


Fig 63 – Services PMI slowed in Sep'22; index average in Q2FY23 (55.7) was also lower than Q1 average (58.7)



Source: Markit

Fig 64 – GVA: Trade & related services picked up pace in Q1

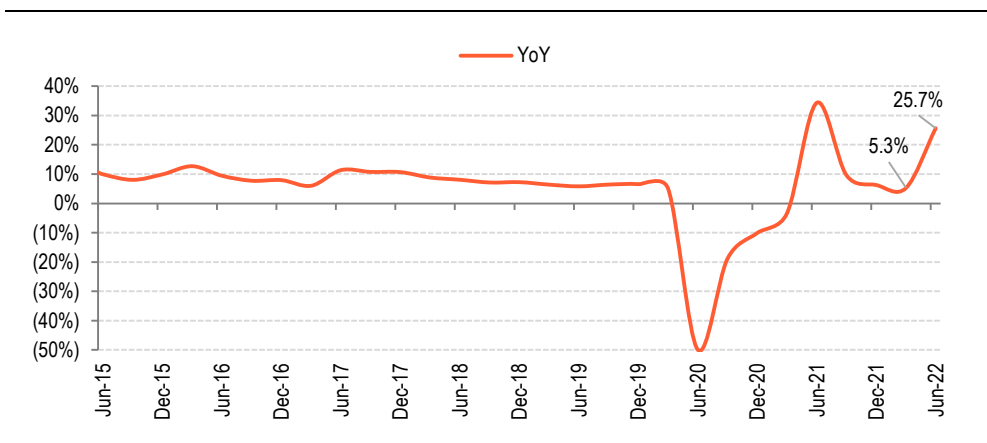
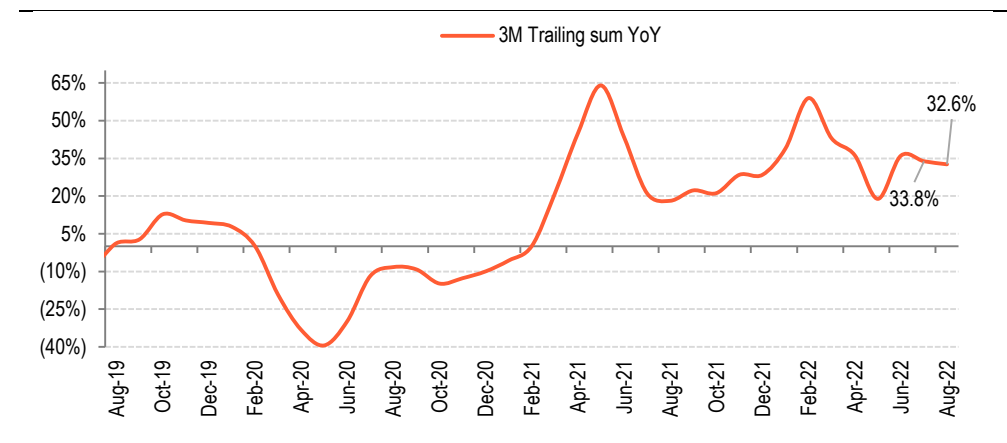


Fig 65 – States** tax revenue growth eases further in Aug'22



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

Trade

Fig 66 – Vehicle registrations drop further in Aug'22

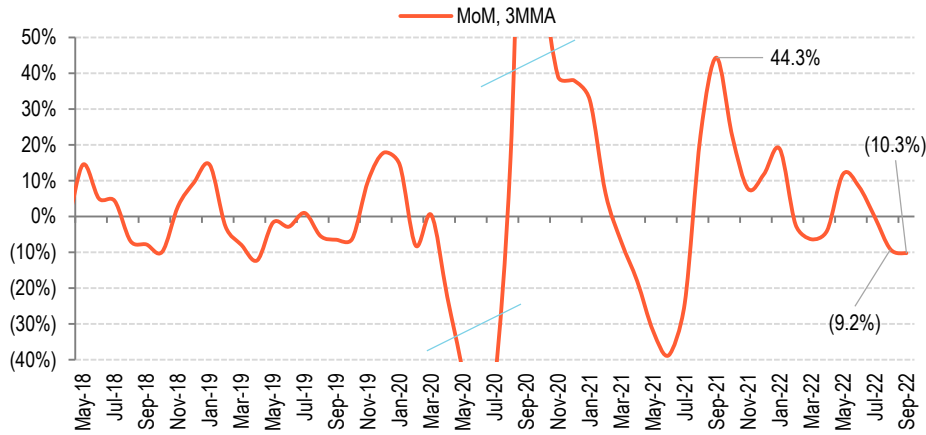


Fig 67 – Diesel consumption picks up on low base and supported by festive season

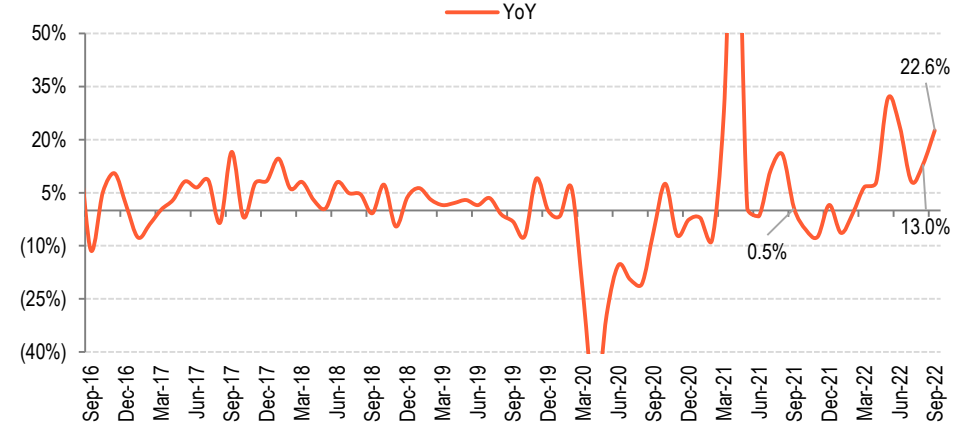


Fig 68 – Railway freight traffic movement in Q2FY23 slows slightly from Q1

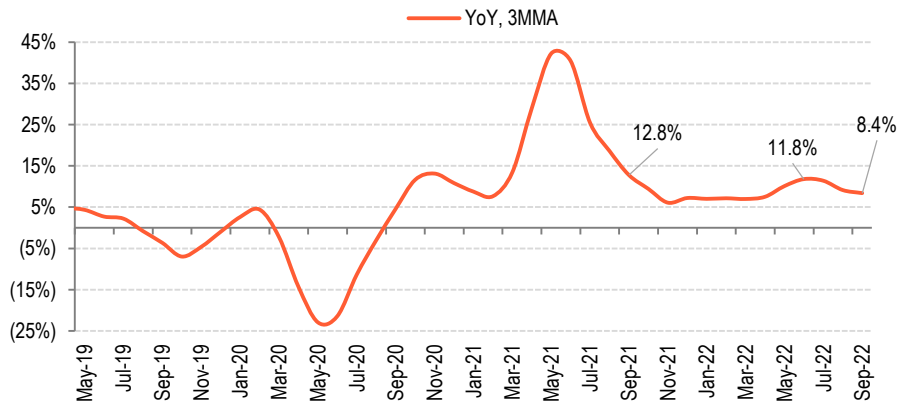


Fig 69 – Port cargo traffic in Q2FY23 up compared with previous quarter

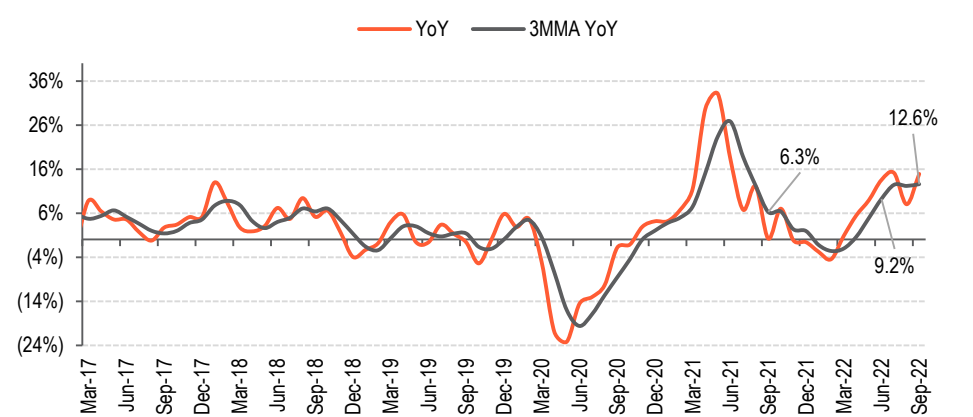


Fig 70 – Toll collections dip again in Sep'22

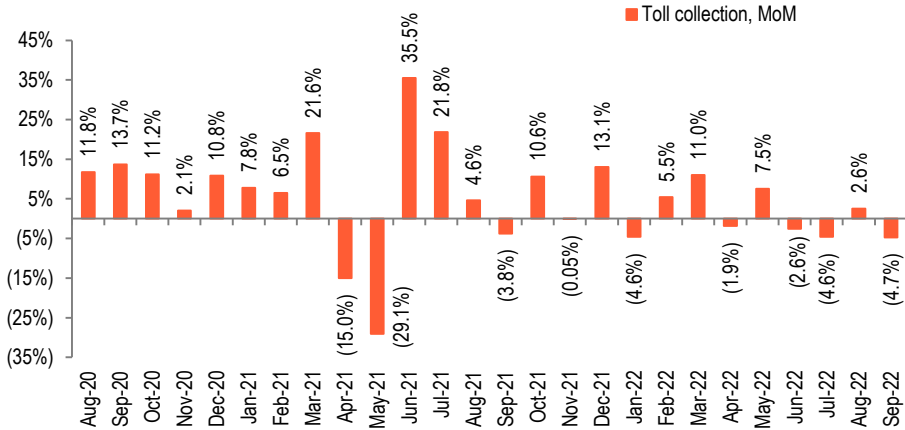
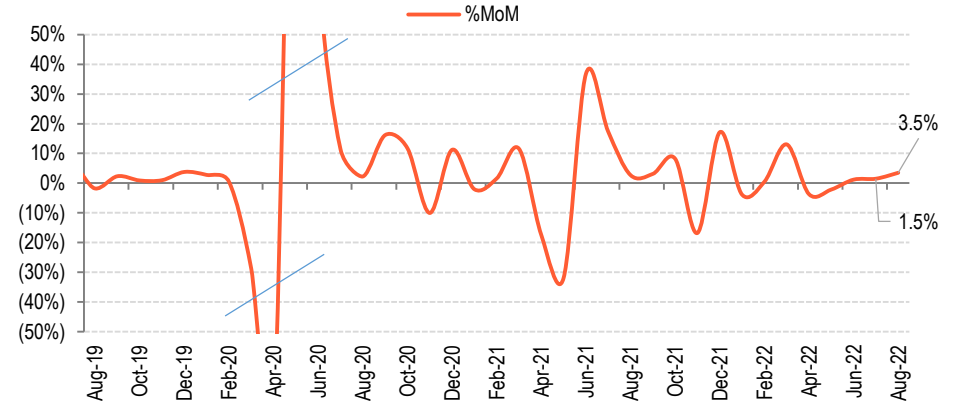


Fig 71 – E-way bill generation picks up pace



Hotels and communications

Fig 72 – Airline passenger traffic growth still unable to return to pre-pandemic (2019) levels

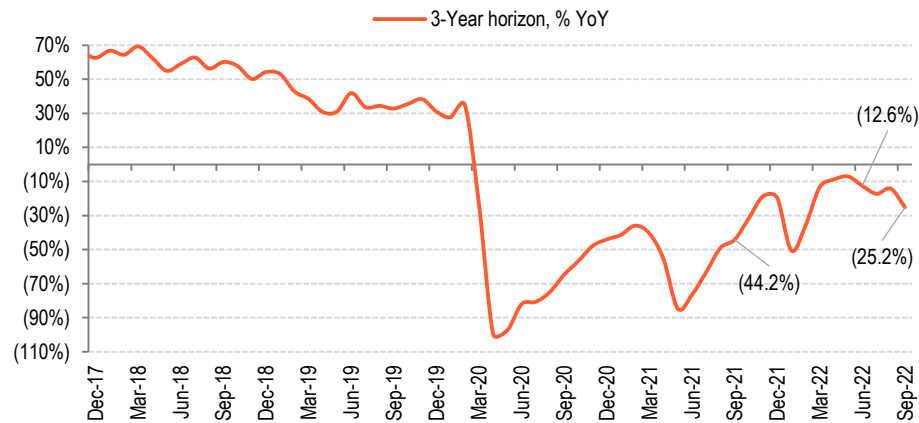


Fig 73 – ...dragged by weakness in domestic passenger movement and high prices

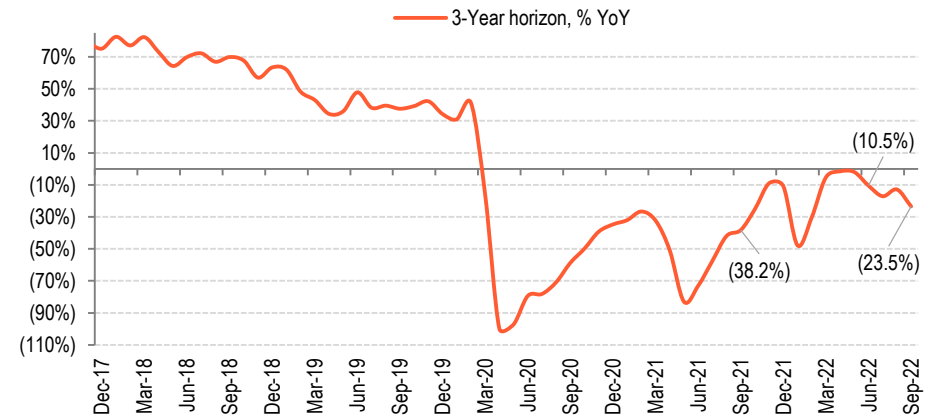


Fig 74 – Railway passenger traffic improves further in Aug'22

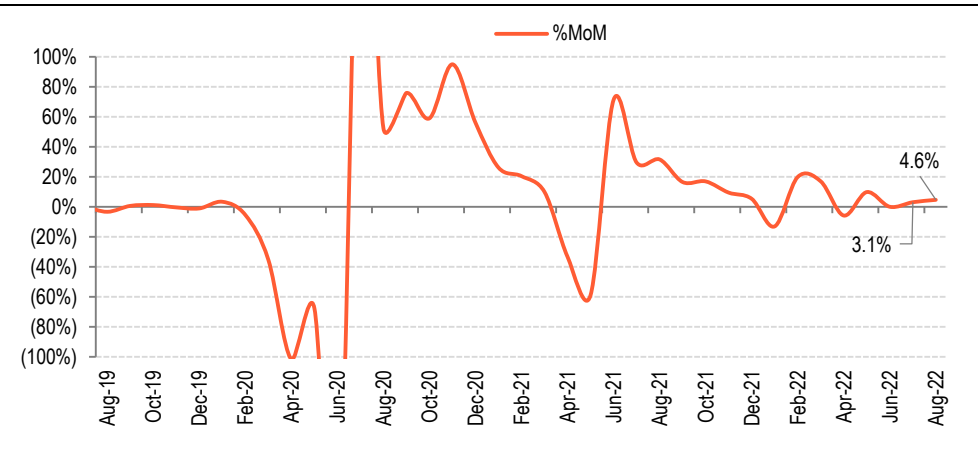
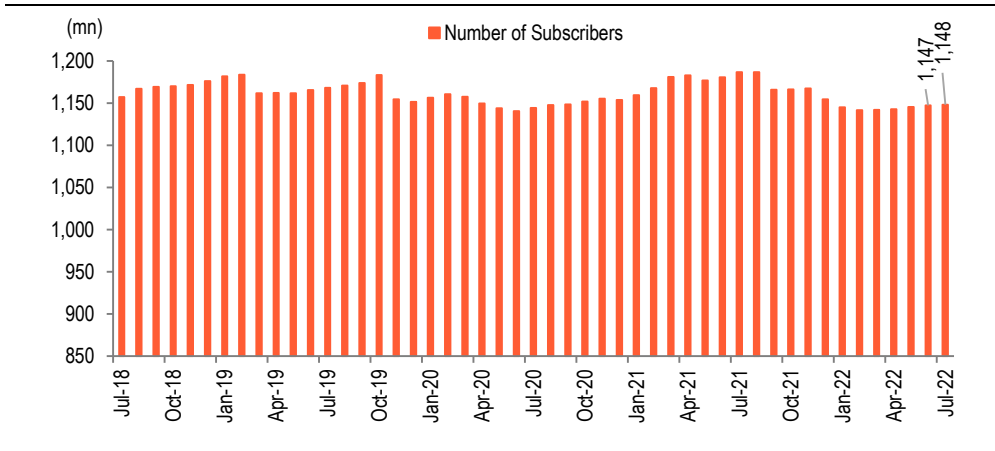


Fig 75 – Number of telecom subscribers rose by 0.6mn in Jul'22 versus 1.9mn added in Jun'22



Finance and real estate

Fig 76 – Growth in GVA: Finance, real estate & prof. jumped sharply in Q1FY23

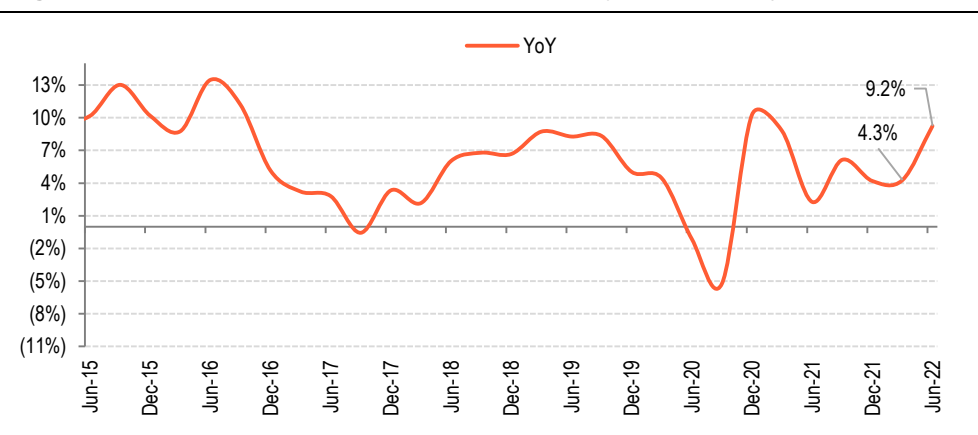
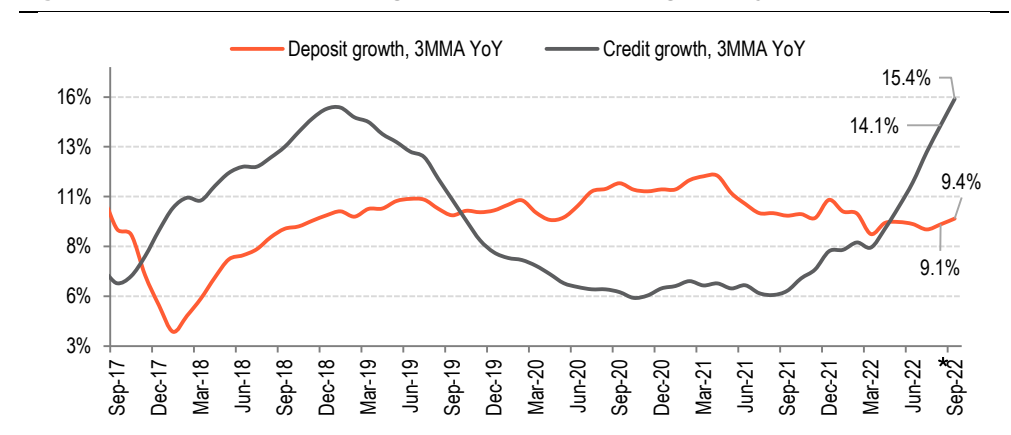


Fig 77 – Both credit and deposit growth seen accelerating in early Sep'22



*as of fortnight ending 9 Sep 2022

Fig 78 – Credit to both services and industry remains healthy

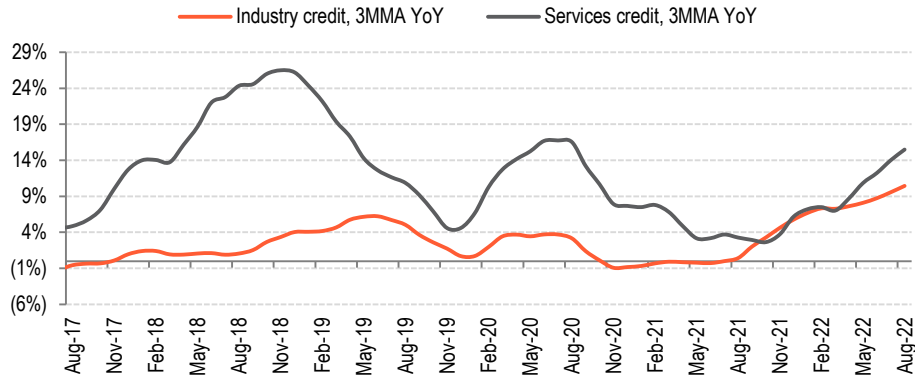


Fig 79 – Credit to NBFCs and trade lead the trend

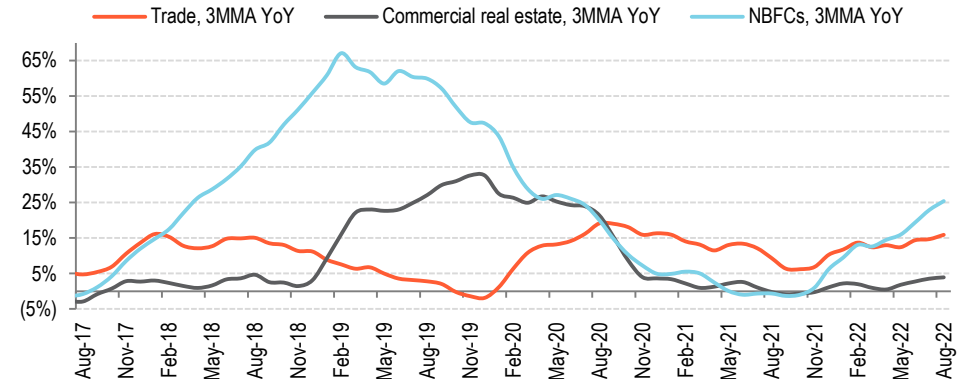
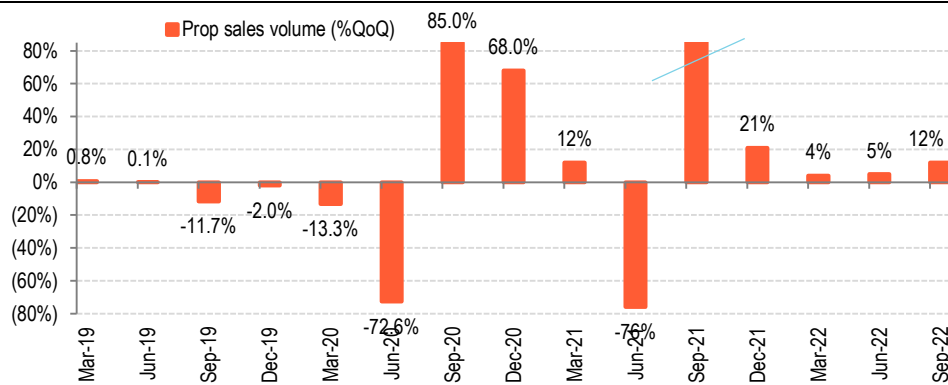
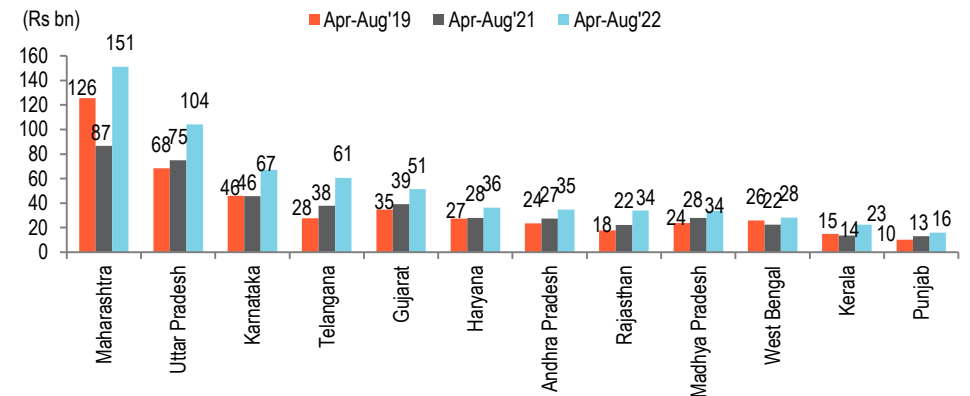


Fig 80 – Property sales volumes picked up pace during festive season in Q2FY23



Source: Proptiger

Fig 81 – Stamp duty collections of all states in FYTD23 surpasses pre-pandemic levels (FYTD20)



Labour market

Fig 82 – Naukri job index rebounds in Sep'22; although compared with Sep'19 the index remain 36.2% higher

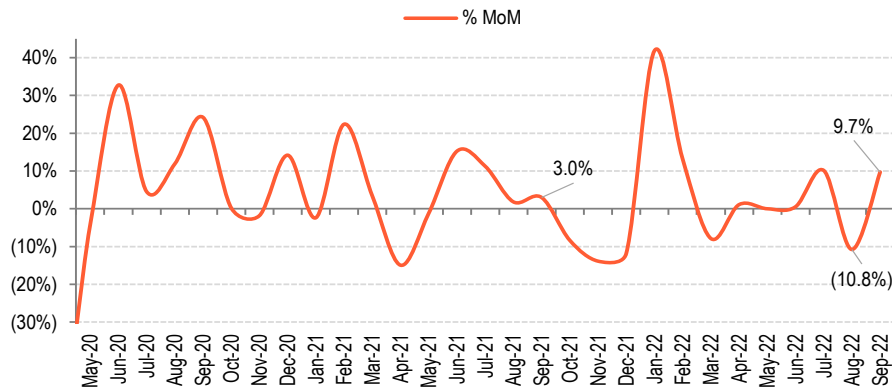
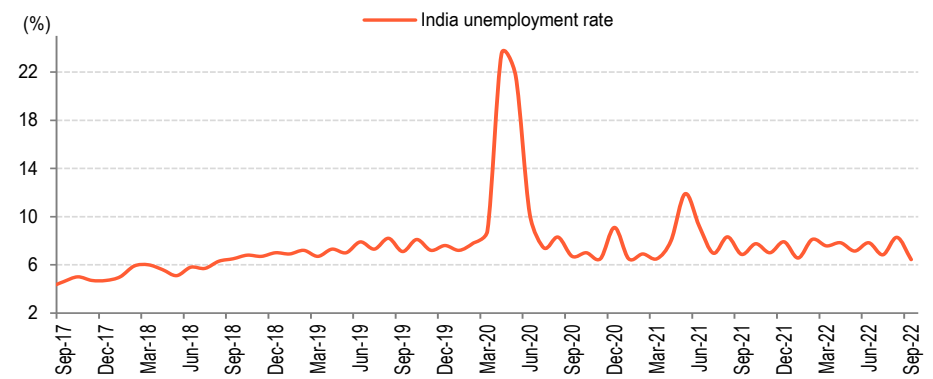


Fig 83 – Overall unemployment rate too inched down in Sep'22



Public administration

Fig 84 – Public administration & defence services supported services growth in Q1

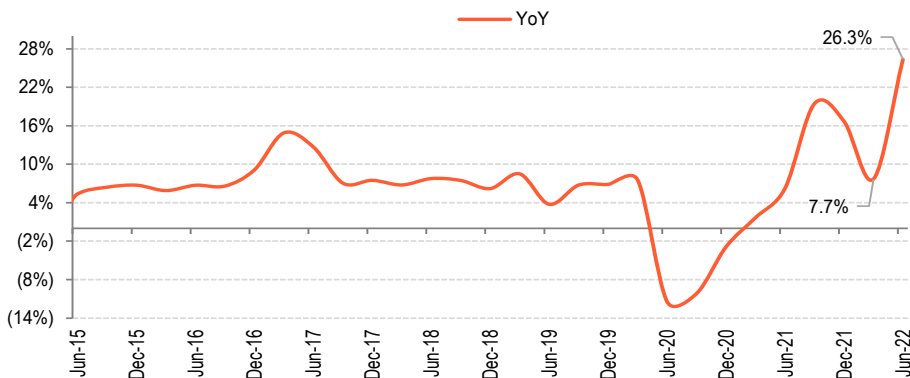


Fig 85 – General govt. spending slows futher in Aug'22; is also lower than last year...

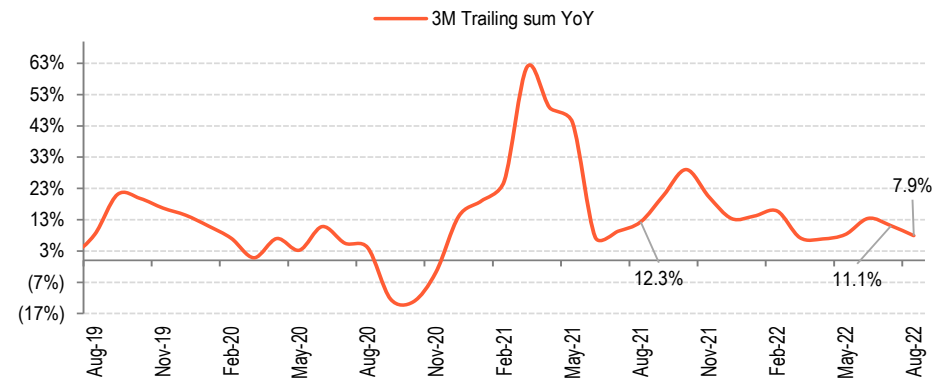


Fig 86 – ...led by Central government

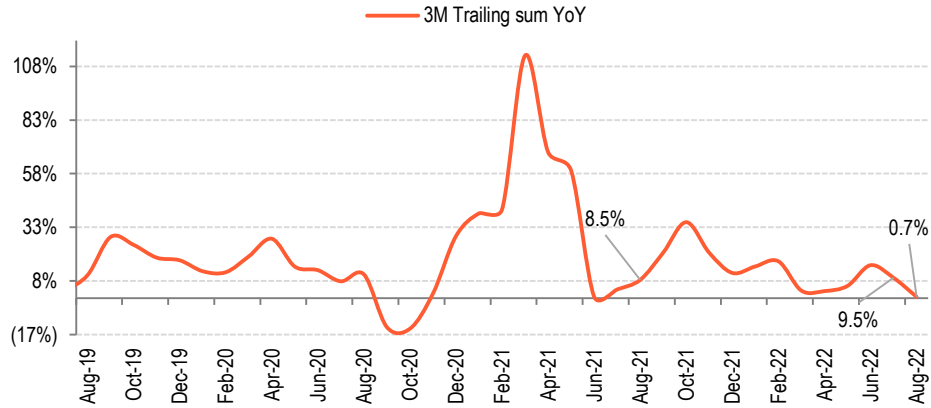
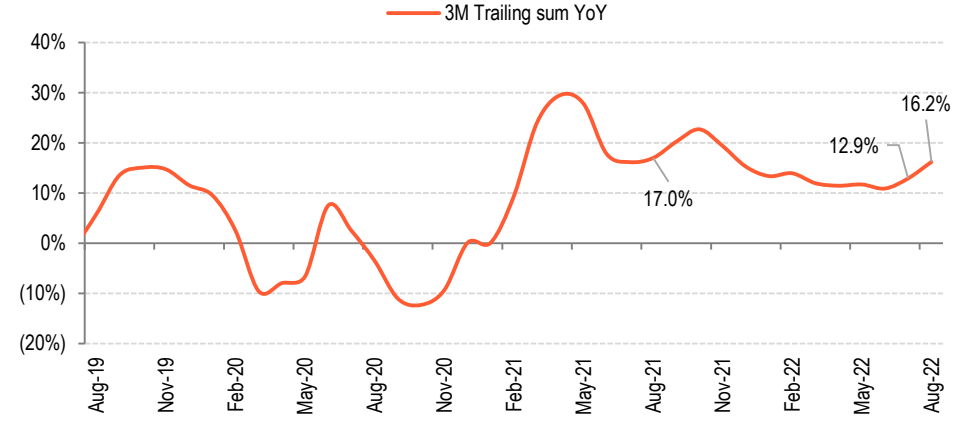


Fig 87 – State* Govt. spending is slowly gathering pace

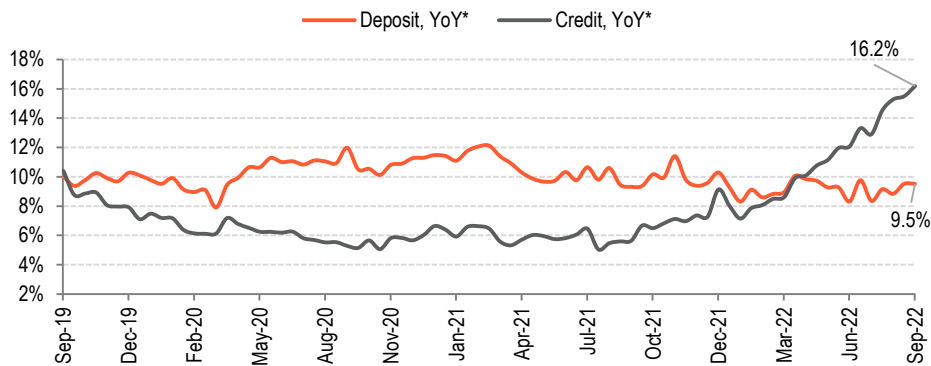


Note: *All states excluding N.E states, Goa, J&K and Tamil Nadu

Financial sector

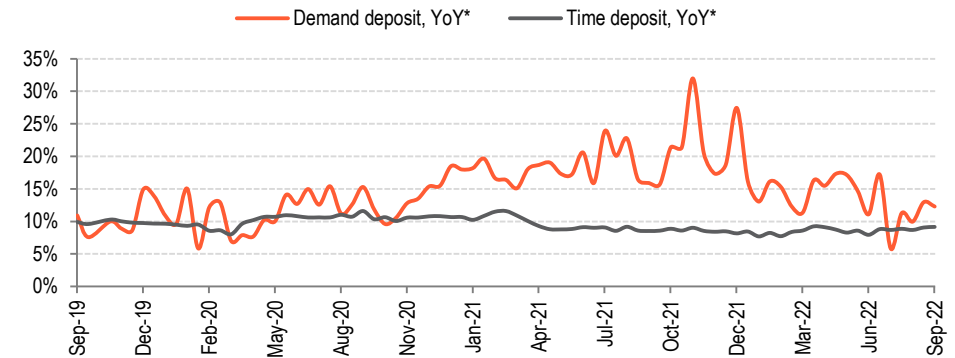
Money and banking

Fig 88 – Credit demand picked up to 16.2% in Sep'22 from 15.5% in Aug'22, deposit growth was stable at 9.5%



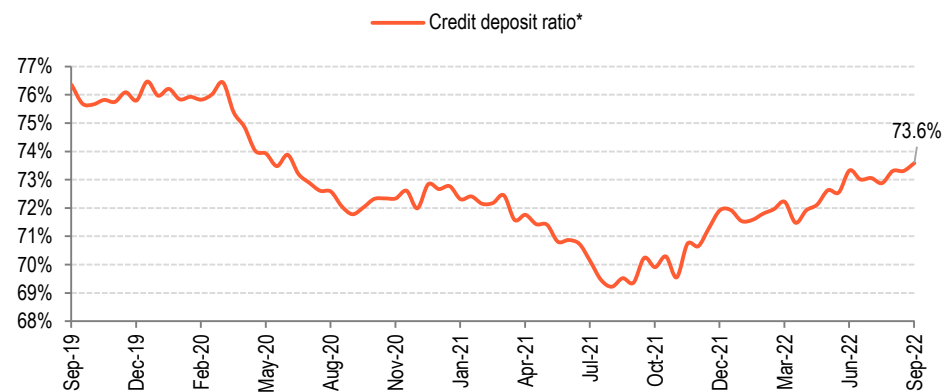
Note: *Sep'22 implies fortnight as of 9 Sep 2022

Fig 89 – ...Time deposits remained stable; demand deposits showed slight moderation



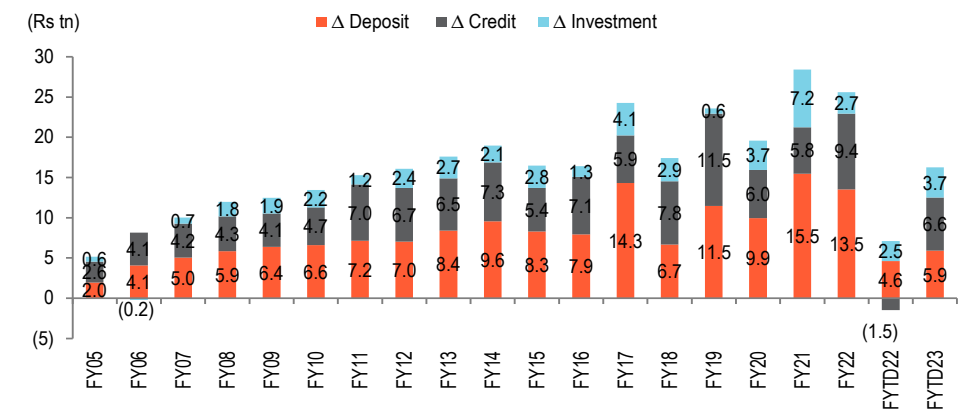
Note: *Sep'22 implies fortnight as of 9 Sep 2022

Fig 90 – CD ratio rose to 73.6%



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

Fig 91 – Pace of accretion of credit, investment and deposit



Note: FYTD:Apr-Sep

Fig 92 – Credit to govt rose to 8% in Jul’22 from 6.5% in Jun’22, credit to commercial sector rose to 13.2% from 12.0%

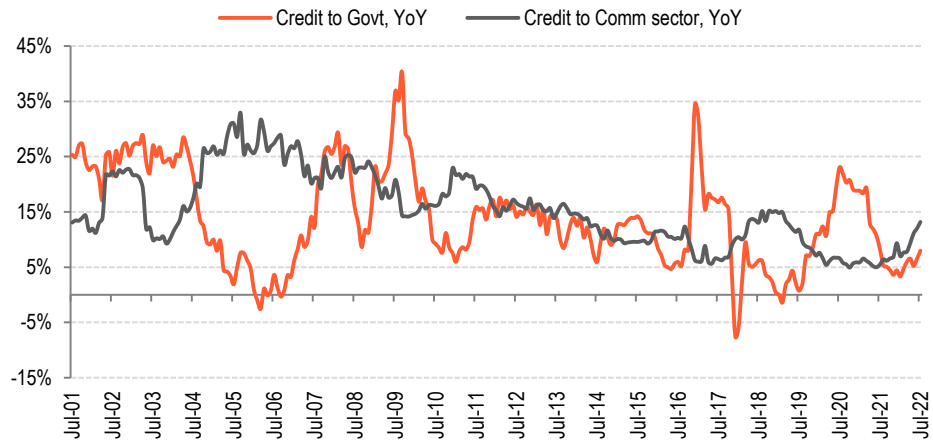


Fig 94 – WALR rose to 7.73% in Aug’22 from 7.46% in Jul’22, WADTDR also inched up to 5.33% from 5.27%

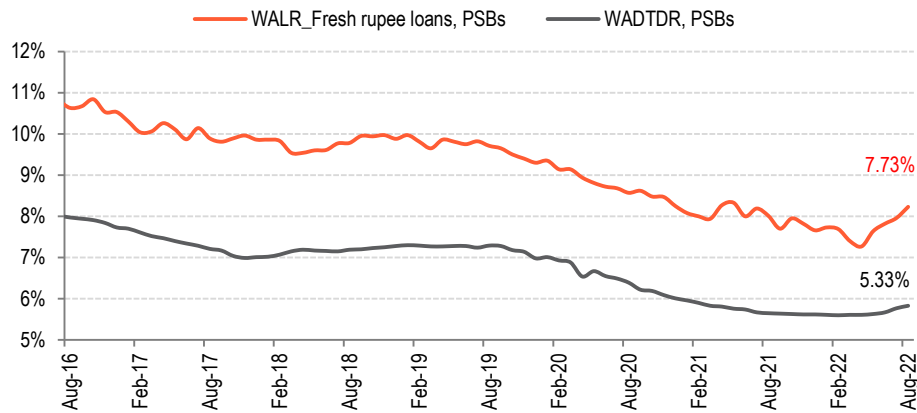


Fig 93 – Spread between call rate and repo

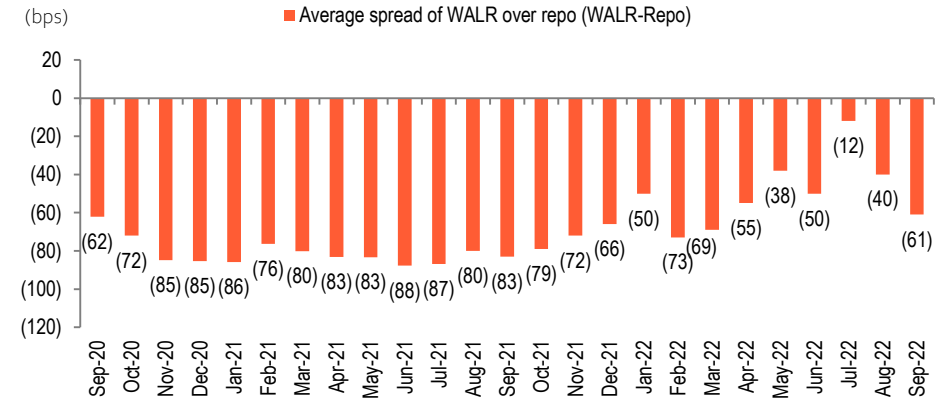
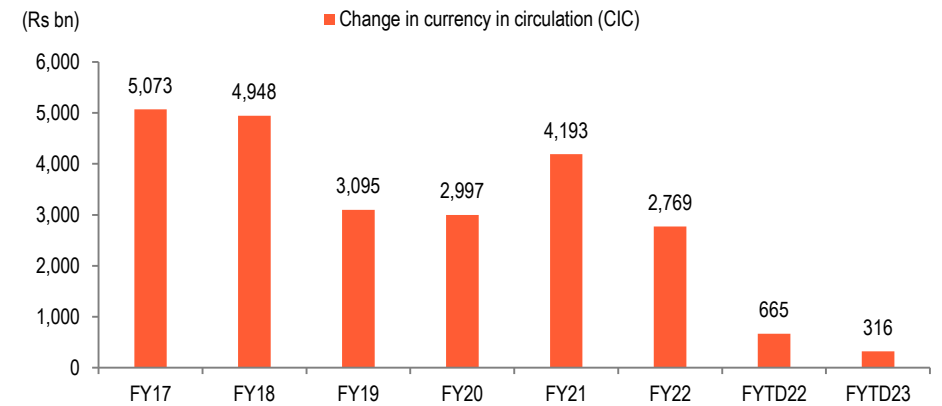
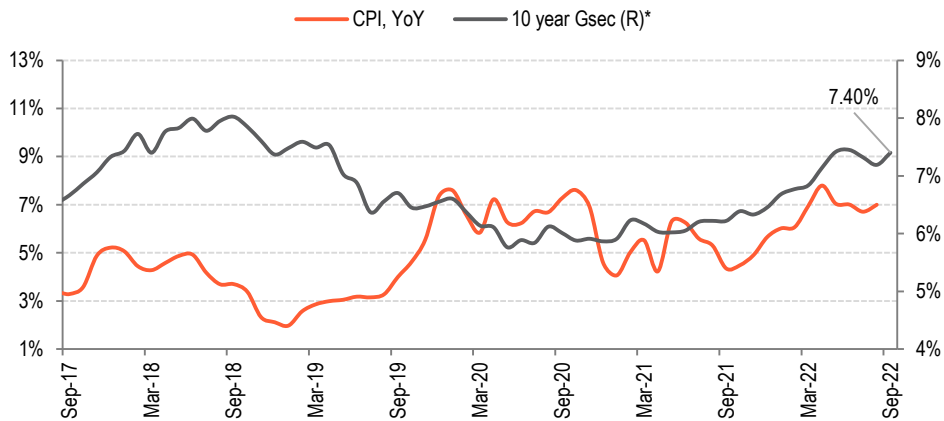


Fig 95 – CIC accretion in FYTD23 is happening at a far slower pace of Rs 316bn against Rs 665bn seen in the same period of last year



Note: FYTD:Apr-Sep

Fig 96 – 10Y GSec yield rose to 7.4% from 7.19% in Aug'22 and currently trading at 7.55%, inflation was at 7% in Aug'22



Note: *As on last trading day of the month

Fig 98 – Corporate debt issuance fell to Rs 449bn in Aug'22 from Rs 689bn in Jul'22

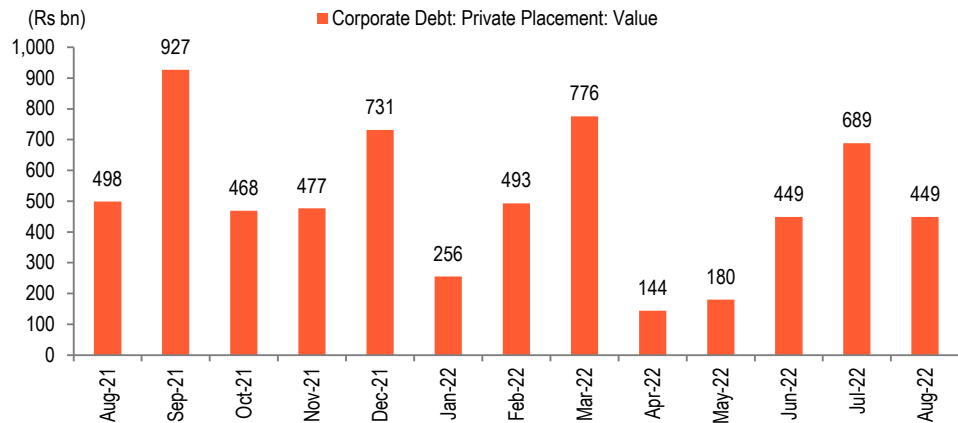
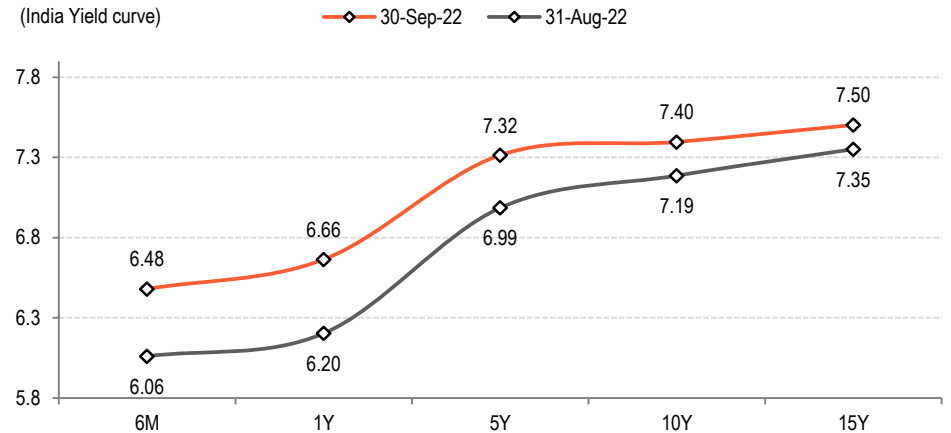
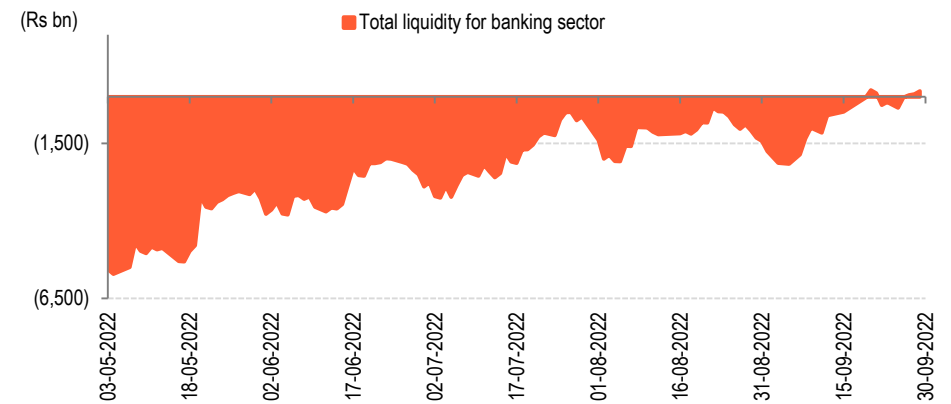


Fig 97 – Yield curve flattening is noticed



Source: Bloomberg

Fig 99 – Average system liquidity surplus has fallen to Rs 734bn in Sep'22 from Rs 1.2tn in Aug'22



Source: RBI

Fig 100 – 3Y AAA NBFC spread fell to 35bps as on 30 Sep 2022 from 57bps as on 31 Aug 2022

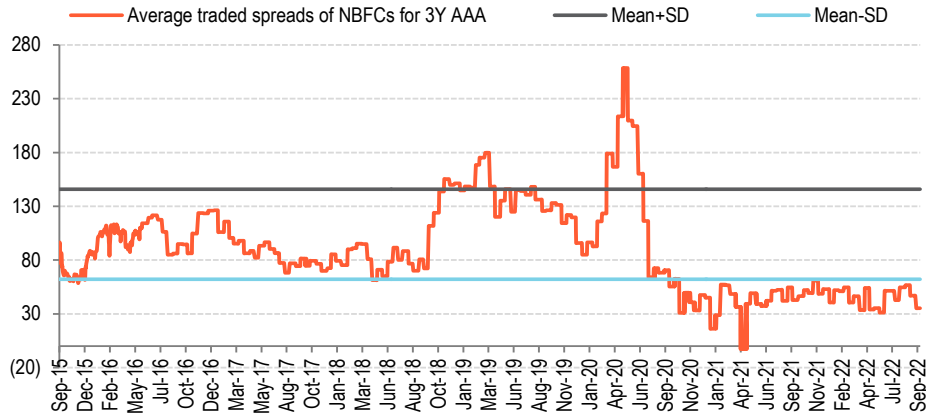


Fig 101 – However, 10Y AAA NBFC spread rose to 45bps as on 30 Sep 2022 from 39bps as on 31 Aug 2022

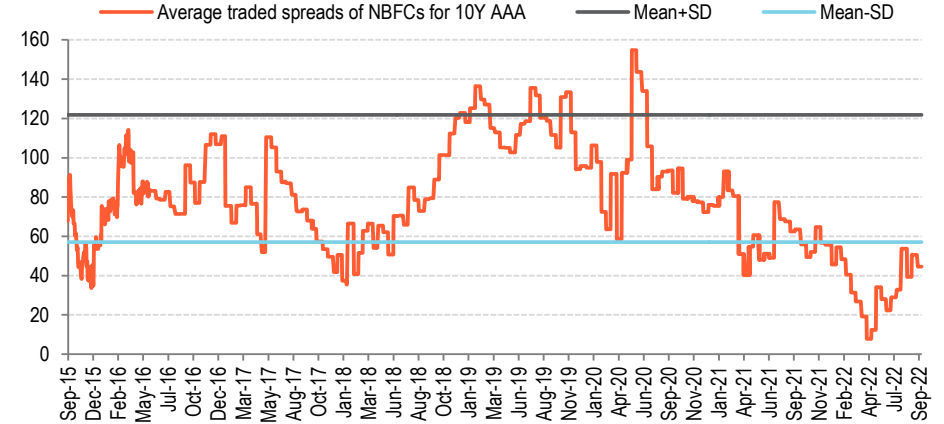


Fig 102 – 3Y AAA corp fell to 18bps from 37bps as on 31 Aug 2022

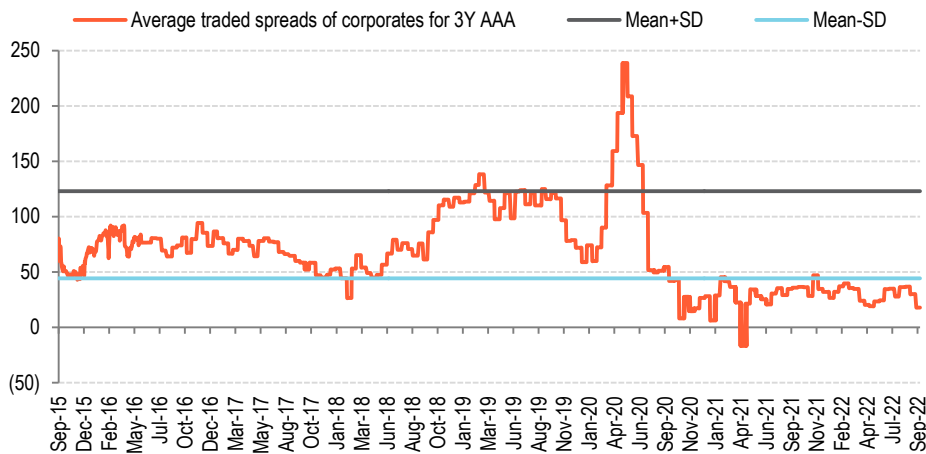


Fig 103 – However, 10Y AAA corp spread fell to 26bps from 29bps as on 31 Aug 2022

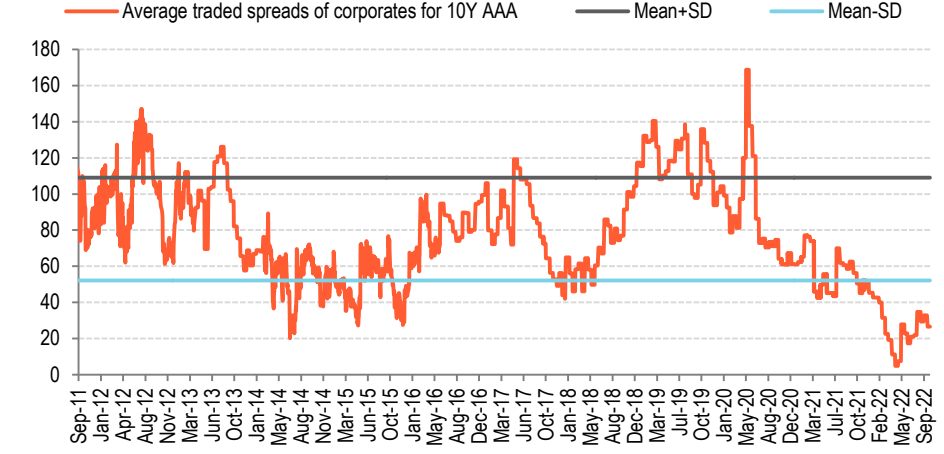


Fig 104 – INR 3Y swap was rose to 6.86 as on 30 Sep 2022 from 6.37 as on 30 Aug 2022

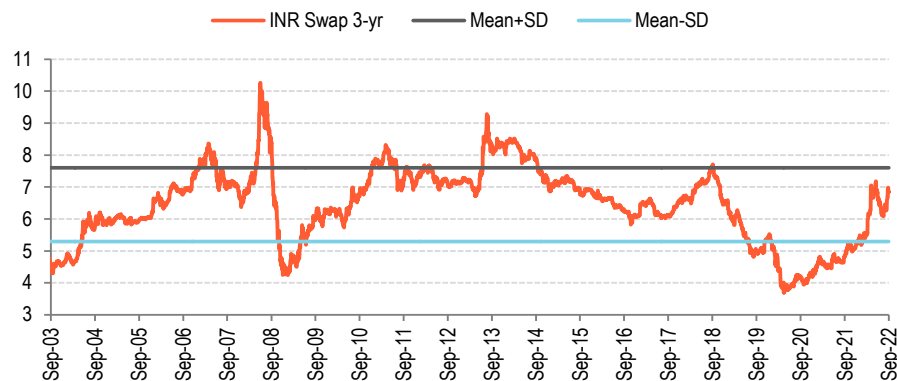
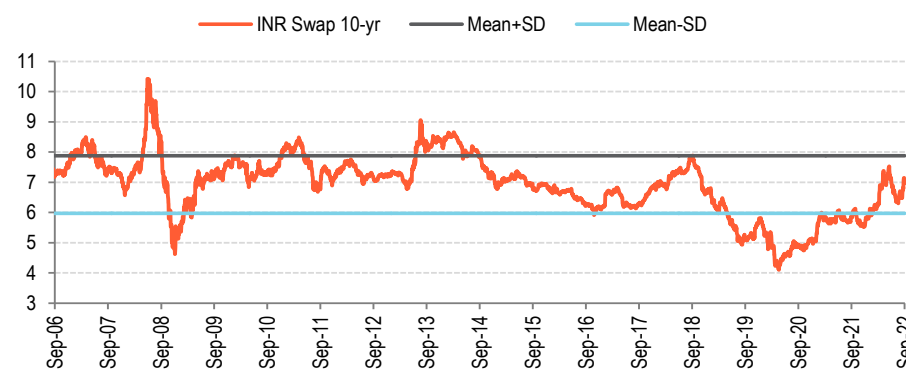


Fig 105 – For 10Y, it rose to 6.98 as on 30 Sep 2022 from 6.60 as on 30 Aug 2022



Interest rates on small savings schemes

Fig 106 – 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 samridhhi 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

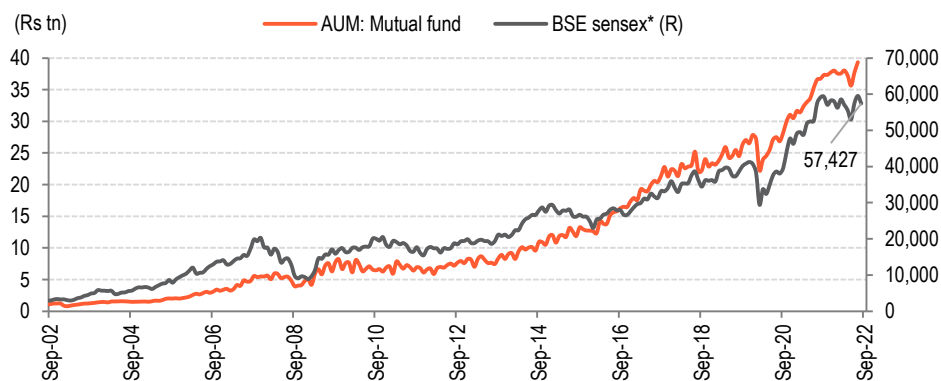
Fig 107 – MCLR rate of banks increased

1Y MCLR (%)	Jul'21	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
Public Sector Banks															
Bank of Baroda	7.35	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
Bank of India	7.30	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
Canara Bank	7.35	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
Indian Bank	7.30	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
Punjab National Bank	7.30	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
State Bank of India	7.00	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
Union Bank of India	7.20	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
Private Sector Banks															
Axis Bank Ltd.	7.35	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
HDFC Bank Ltd.	7.20	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
ICICI Bank Ltd.	7.25	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
Indusind Bank	8.55	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
Kotak Mahindra Bank	7.25	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

Source: RBI

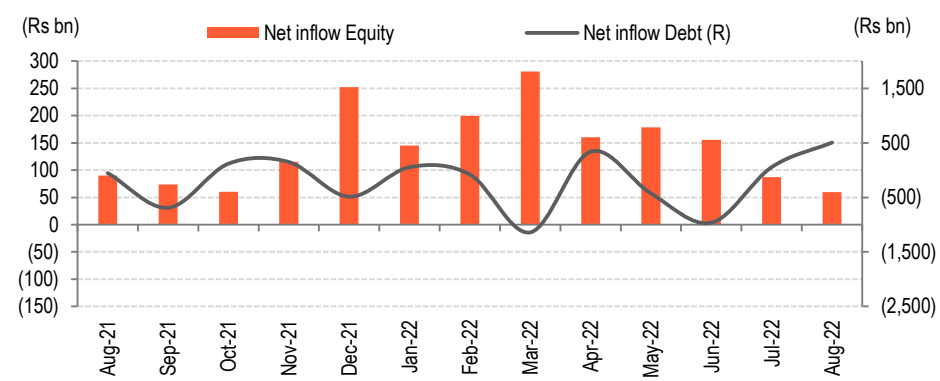
Mutual fund (MF) indicators

Fig 108 – Sensex fell by 3.5% to 57,427 in Aug'22, AUM of MFs rose to Rs 39tn in Aug'22 from Rs 38tn in Jul'22



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

Fig 109 – MF equity inflows moderated to Rs 60bn in Aug'22 from Rs 87bn in Jul'22; however debt inflow rose to Rs 506bn from Rs 55bn



Insurance sector indicators

Fig 110 – Sale of life insurance policies declined by 4.8% from 8.8% in Jul'22

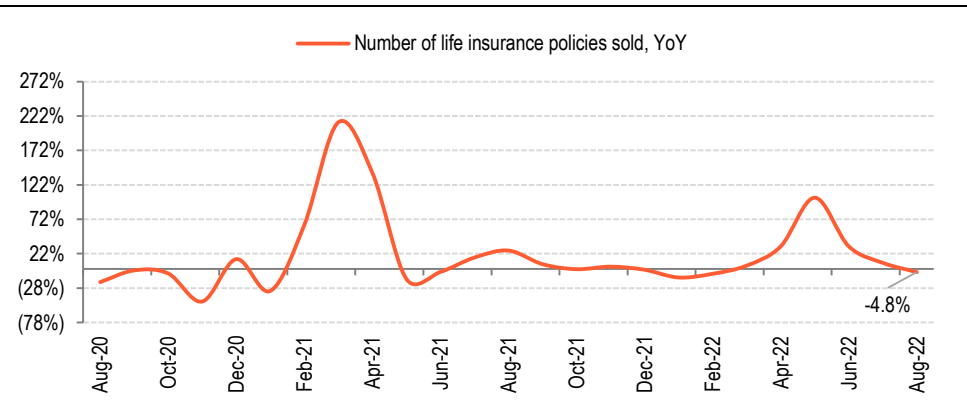
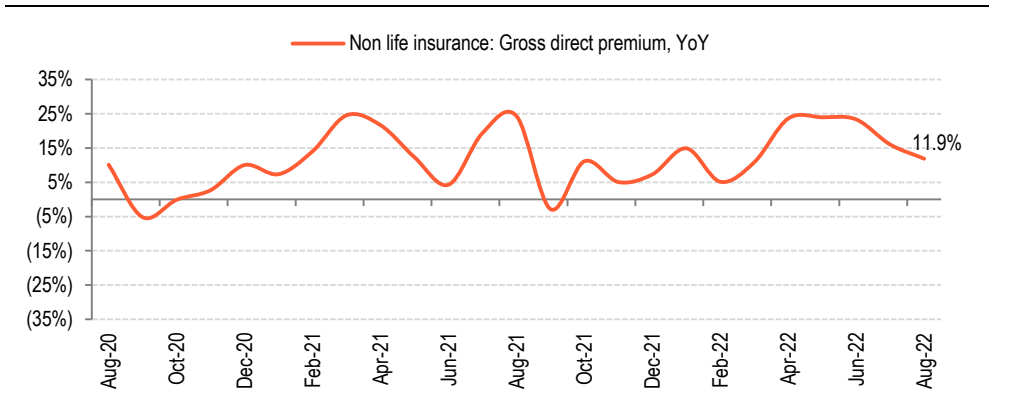


Fig 111 – Gross direct premium for non-life insurance moderated to 11.9% in Aug'22 from 16% in Jul'22, on account of unfavourable base



Public finance

Central government finances

Fig 112 – Fiscal deficit inches up to 6.4% in Aug'22

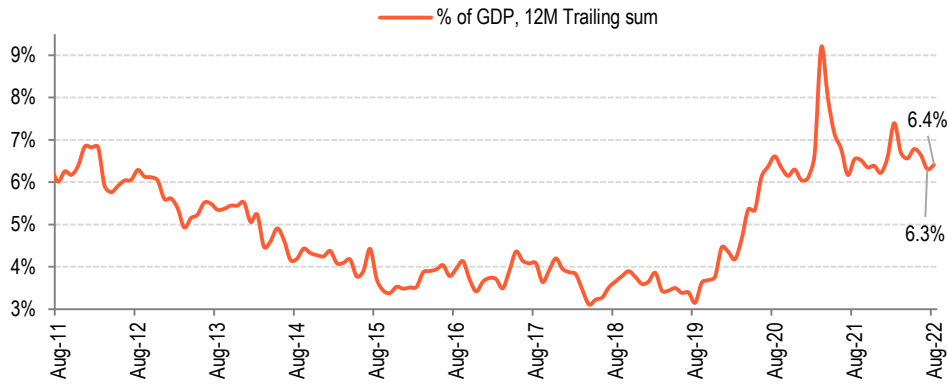


Fig 113 – Revenue deficit to ticks up

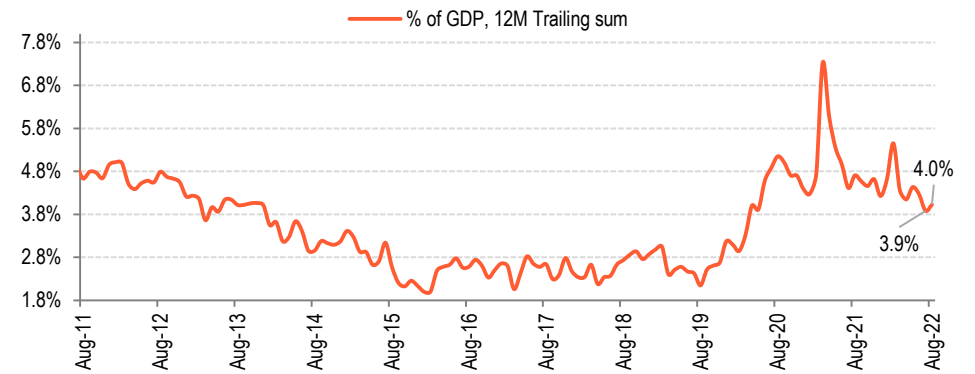


Fig 114 – ...similar trend was visible in primary deficit

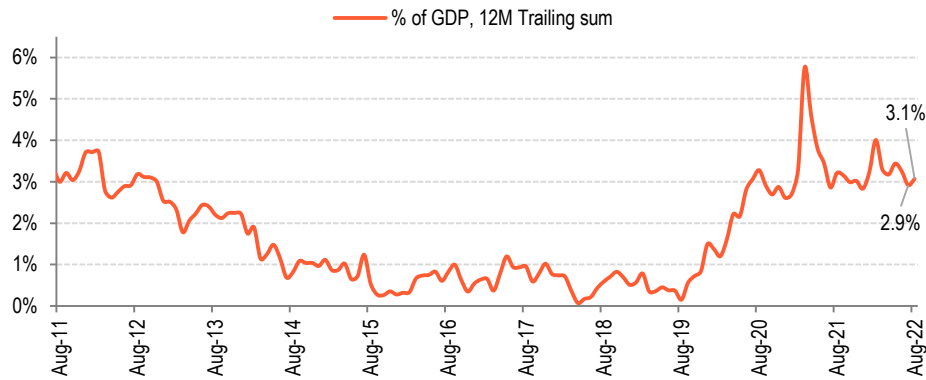


Fig 115 – Government moderates in Aug'22 (12MMA)

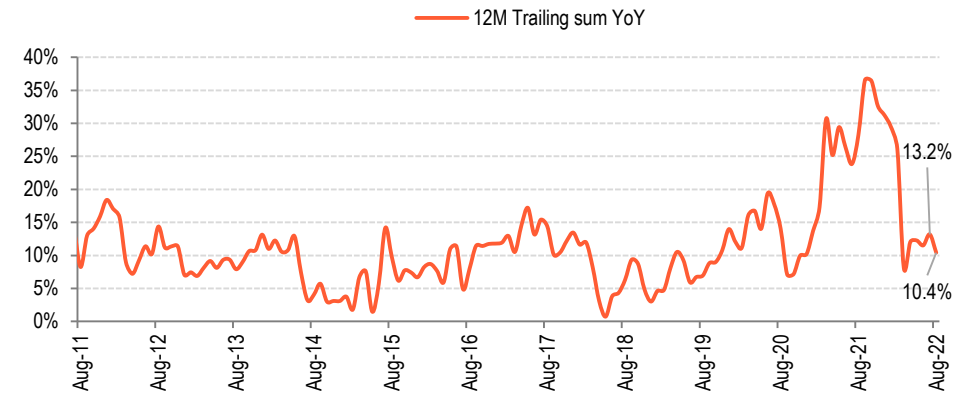


Fig 116 – ...led by revenue spending

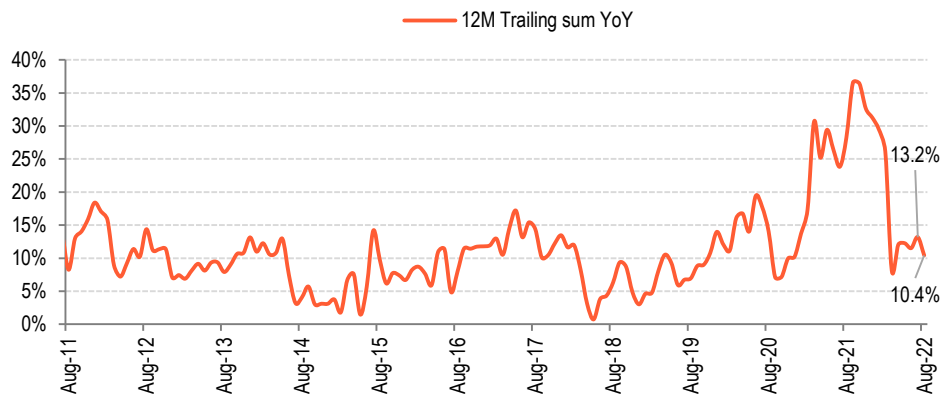


Fig 117 – Capex too slipped in Aug'22

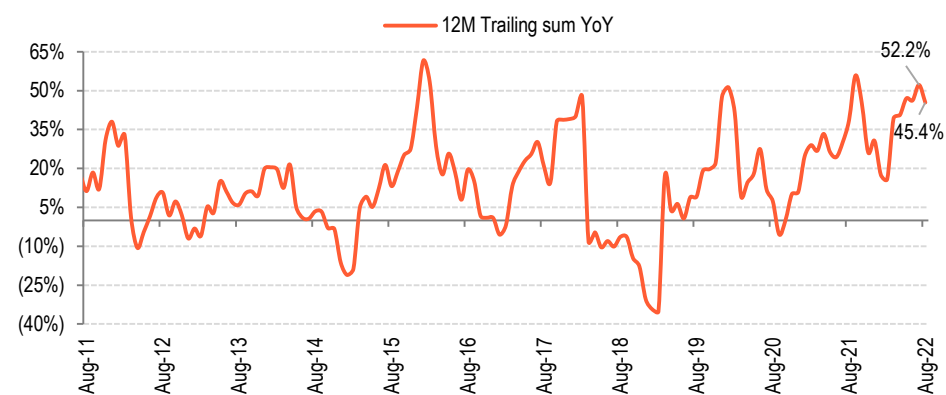


Fig 118 – In FYTD23, ministries of petroleum, consumer affairs, and agriculture cut back spending the most, while it was accelerated by ministries of road transport and chemicals

Ministry	Apr-Aug'20	Apr-Aug'21	% change	Apr-Aug'22	% change
Ministry of Finance	4,306	4,459	3.6	4,837	8.5
Ministry of Defence	1,930	1,831	(5.1)	2,088	14.0
Ministry of Consumer Affairs, Food and Public Distribution	864	1,148	32.9	853	(25.7)
Ministry of Rural Development	1,151	675	(41.3)	597	(11.5)
Ministry of Home Affairs	586	675	15.2	797	18.0
Ministry of Human Resource Development	260	270	4.1	201	(25.6)
Ministry of Road Transport and Highways	374	780	108.6	1,153	47.8
Ministry of Chemicals and Fertilisers	433	396	(8.6)	612	54.7
Ministry of Petroleum and Natural Gas	197	25	(87.1)	4	(84.1)
Ministry of Agriculture	619	564	(8.9)	315	(44.2)
Ministry of Health and Family Welfare	332	315	(5.1)	249	(20.8)

Fig 119 – Receipt growth seen easing further in Aug'22...

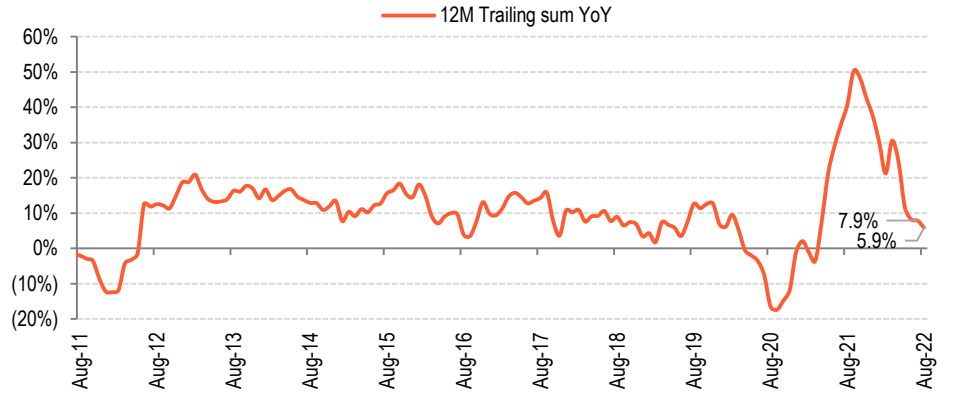


Fig 120 – ...dragged by revenue receipts

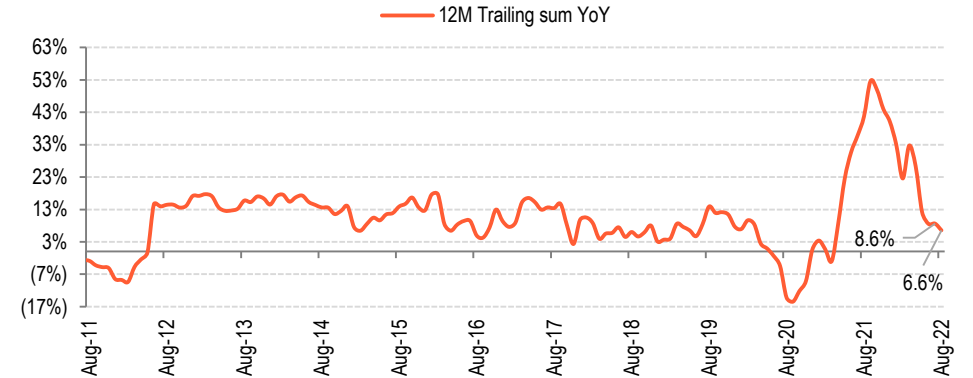


Fig 121 – Tax receipts see further moderation on 12MMA basis

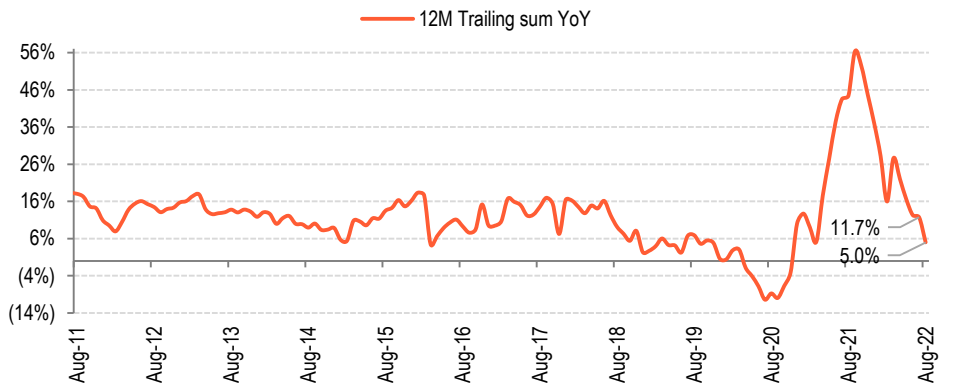


Fig 122 – Non-tax revenue growth continues to show signs of improvement

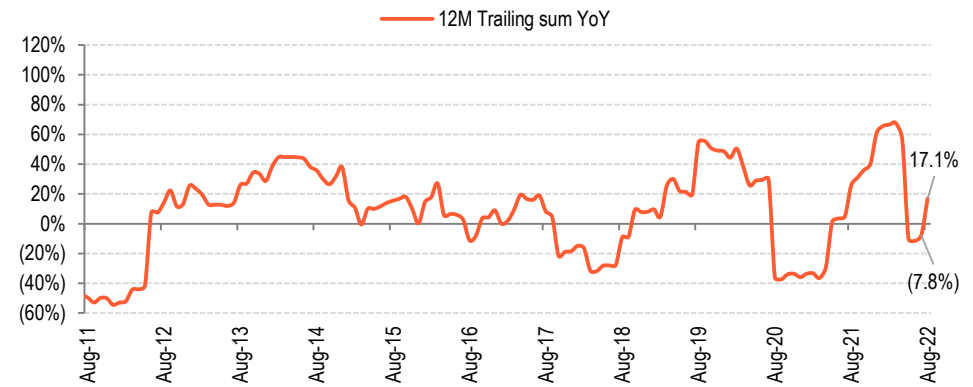


Fig 123 – Centre’s spending slowing; revenue collections on track

	Apr-Aug'20	Apr-Aug'21	% change	Apr-Aug'22	% change
Gross Tax revenue	5,042	8,596	70.5	10,206	18.7
Direct taxes	1,825	3,674	101.4	4,732	28.8
Corp Tax	647	1,681	159.7	2,076	23.6
Income Tax	1,177	1,994	69.3	2,656	33.2
Indirect taxes	3,217	4,921	53.0	5,474	11.2
Non-tax revenue	861	1,487	72.6	1,168	(21.4)
Centre's revenue (net)	3,706	7,935	114.1	8,169	2.9
Total expenditure	12,477	12,767	2.3	13,900	8.9
Capital exp	1,344	1,719	27.8	2,523	46.8
Revenue exp	11,132	11,048	(0.8)	11,377	3.0
Fiscal deficit	8,703	4,680	(46.2)	5,416	15.7

Fig 124 – Gross direct tax collections remained ease in Aug'22 (12MMA basis)

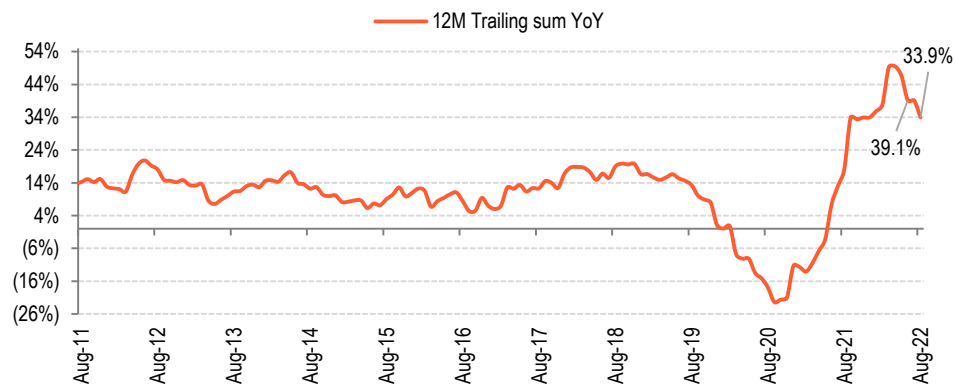


Fig 125 – Gross indirect tax collections too moderate

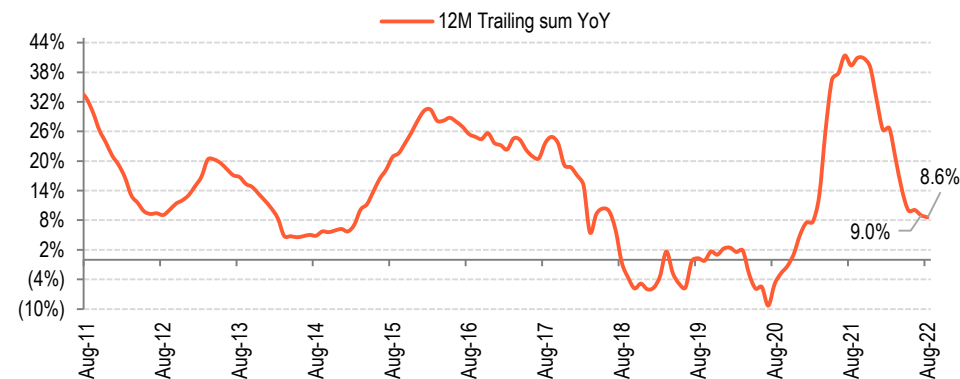


Fig 126 – Corporate tax collections register further dip

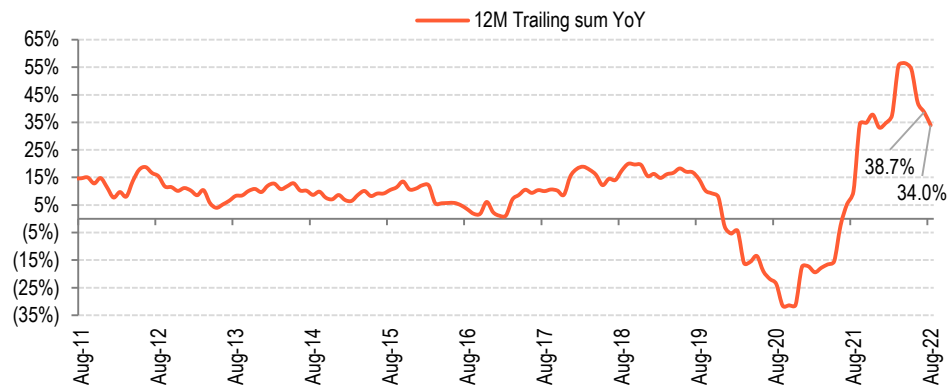


Fig 127 – Income tax collections too slowed in Aug'22

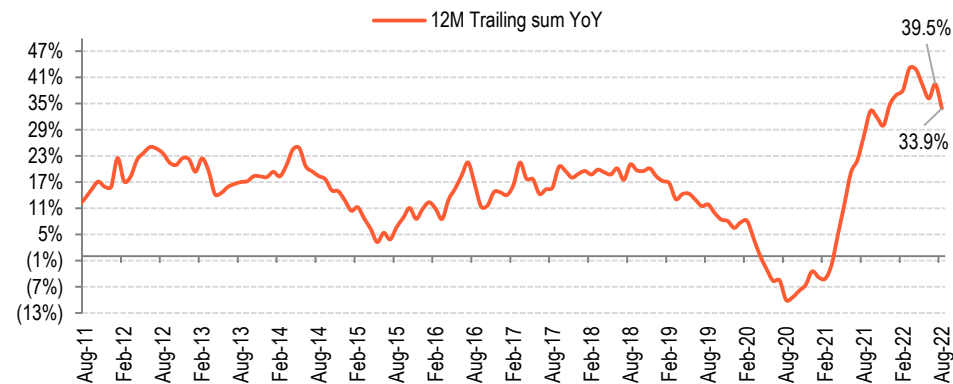


Fig 128 – GST collections for Aug'22 accelerate

(Rs bn)	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	Monthly run rate (FY23)	FYTD23	FY23 (BE)
CGST	533	474	485	492	462	697	482	633	641	499	654	554	519	573	2,867	6,600
UT GST	2.9	2.2	1.4	1.2	2.5	4.3	1.6	12.3	1.6	2.4	2.6	1.6	1.5	2	10	-
IGST	(162)	(6)	90	72	146	(279)	79	(145)	113	47	(164)	69	89	31	155	-
SGST*	711	747	656	637	681	814	758	1,084	549	796	890	705	768	741	3,707	-
Cess	85	85	82	94	91	95	101	91	104	102	107	107	99	104	519	1,200
Total GST	1,170	1,301	1,315	1,298	1,384	1,330	1,421	1,675	1,409	1,446	1,490	1,436	1,477	1,452	7,258	-

Source: PIB | *Computed from PIB and CGA data

Fig 129 – Rising central government debt a key concern

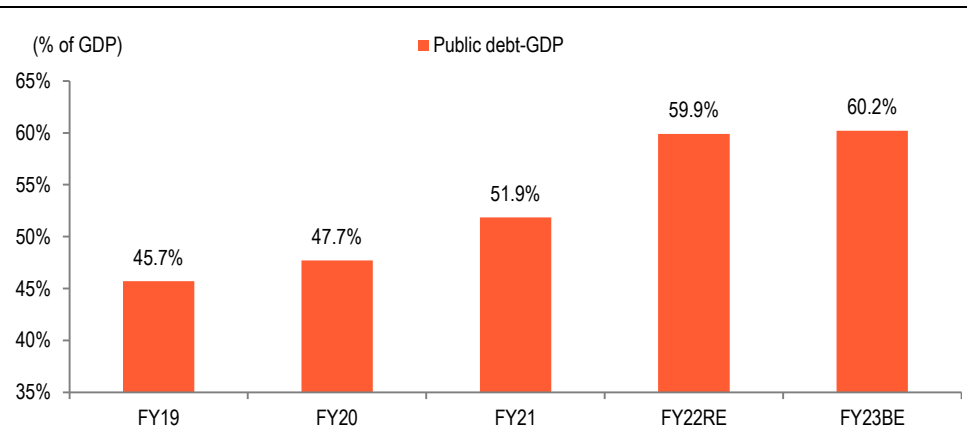
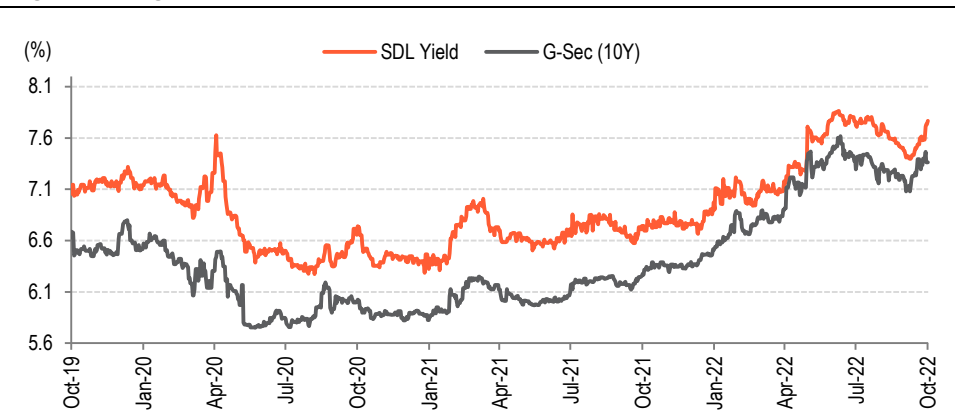
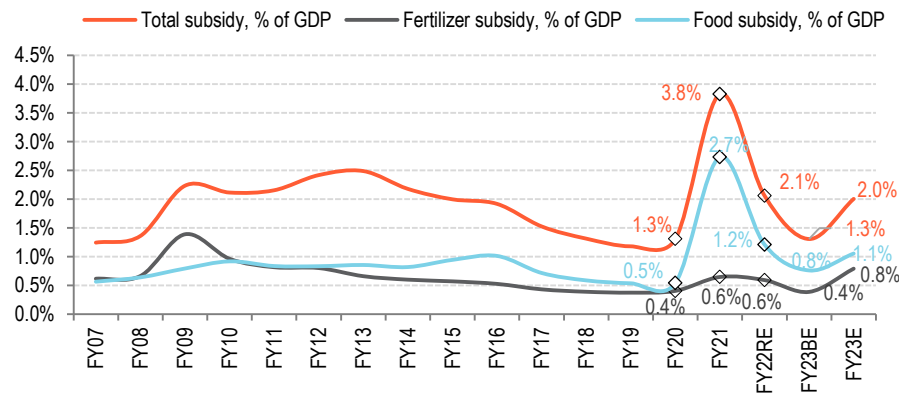


Fig 130 – Spread between 10Y G-sec and SDL yield narrowed in Sep'22, but has begun inching up in Oct'22 so far



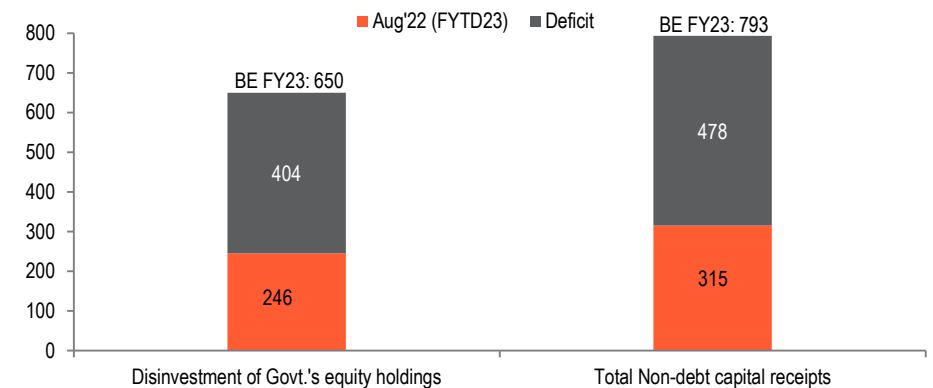
Source: CCIL

Fig 131 – Subsidy burden to inch up in FY23E



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

Fig 132 – Central govt. FY23 disinvestment status



Central government borrowing

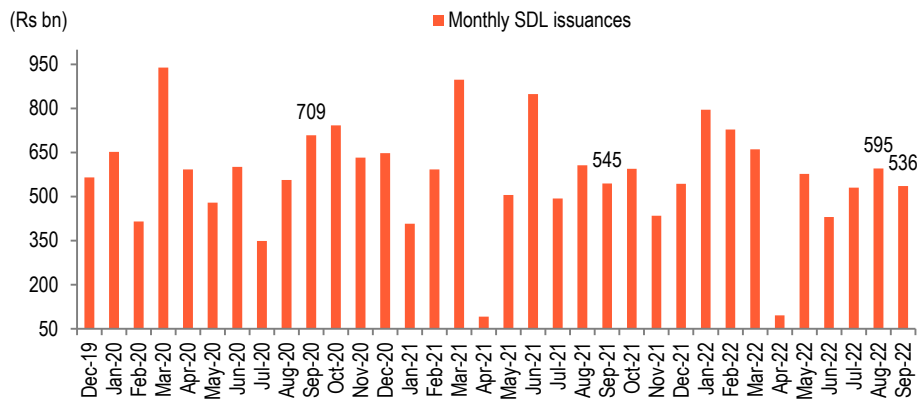
Fig 133 – Centre’s T-bill issuances in Q2FY23 has been at Rs 3.5tn

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	3,463	2,730
Q3	2,747	2,632	3,070	2,889	3,745	3,630	-	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: RBI

State government borrowing

Fig 135 – State government borrowings slowed in Sep'22



Source: RBI

Fig 134 – 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	-	2,320
Q4	800	670	1,680	920	3,191	1,370	-	3,440
Total	5,820	5,880	5,710	7,100	13,461^	11,273	-	14,210

Source: RBI^ Against budgeted Rs 12.8tn

Fig 136 – 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	195*	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	2,958*	

Source: RBI; *as of 3 Oct 2022

External sector

Exports

Fig 137 – India’s exports moderating in line with global exports

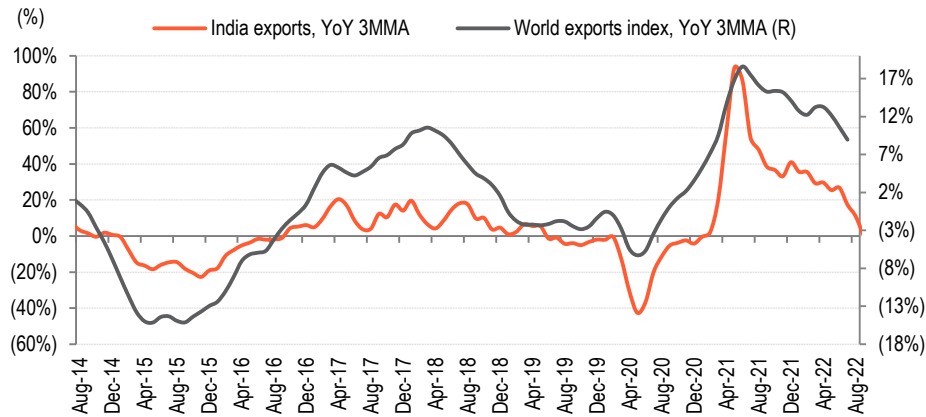
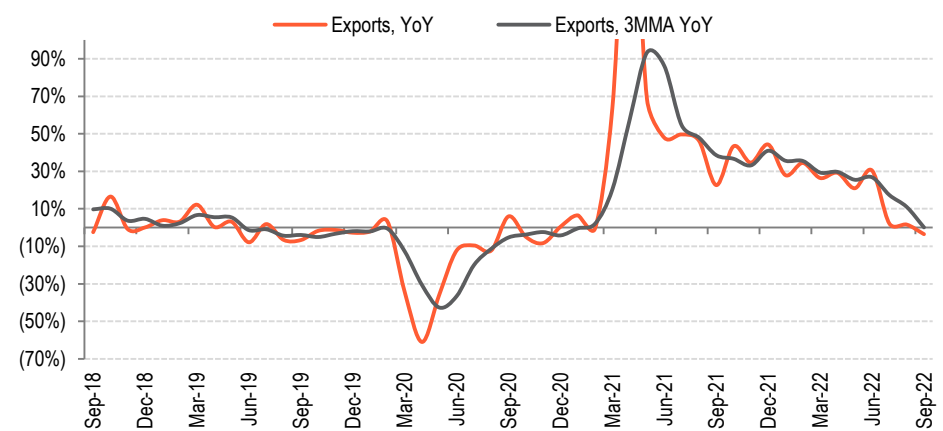


Fig 138 – India’s export growth declined sharply by 7.3% in Sep’22



Exports by major sectors

Fig 139 – ... led by non-oil exports

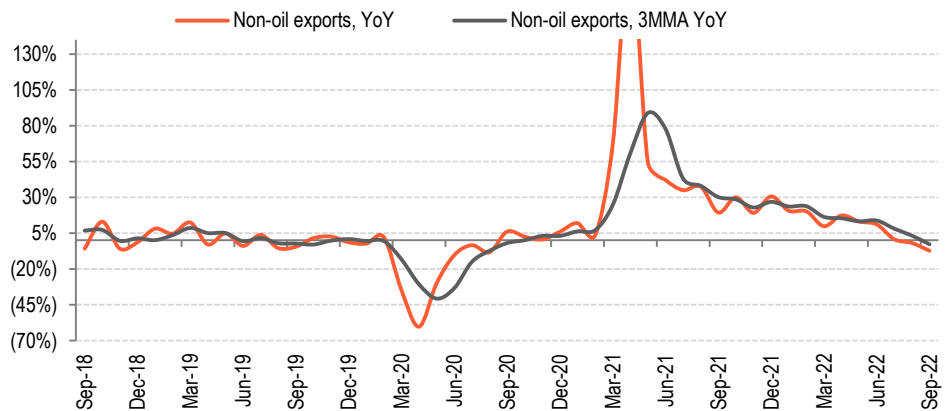


Fig 140 – Moderation in exports of drugs and pharmaceuticals

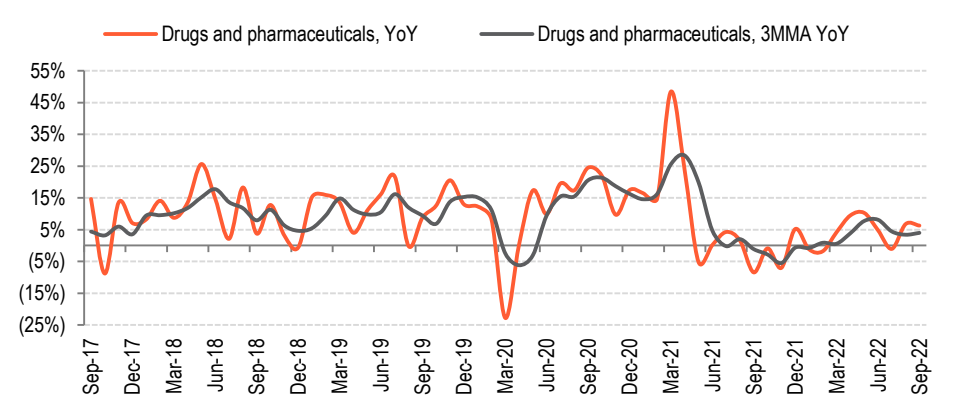


Fig 141 – On a YoY basis, exports of engineering goods improves

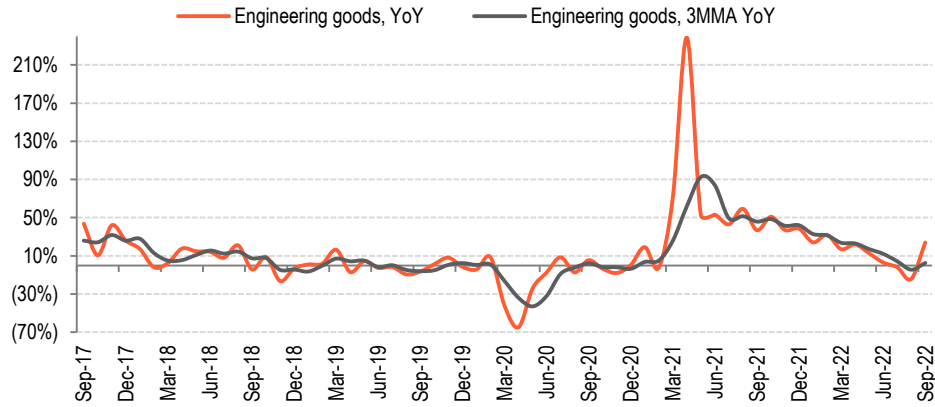
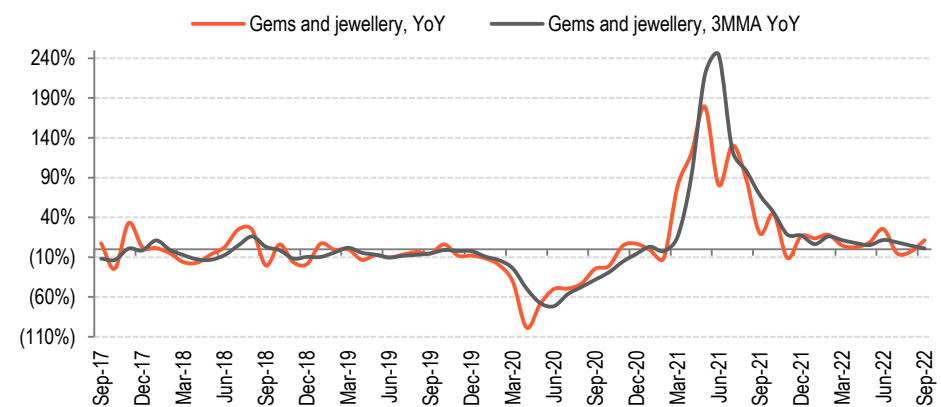


Fig 142 – ... similar trend in exports of gems and jewellery



Imports

Fig 143 – Import growth also slows to 5.4% in Sep'22

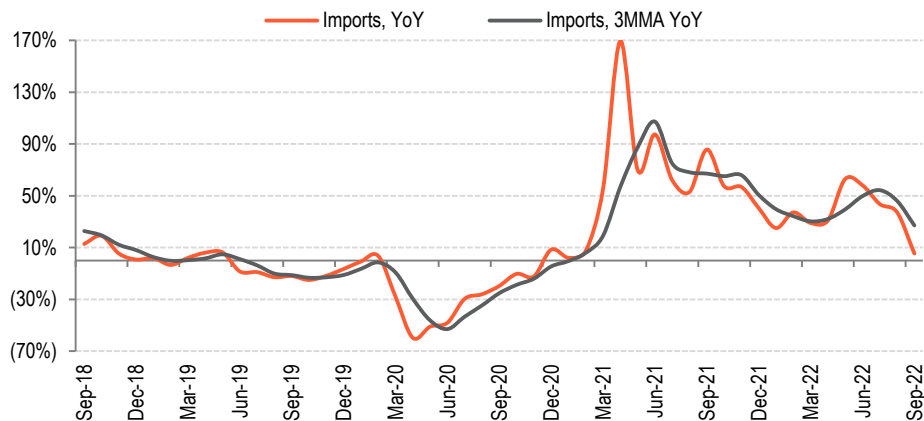


Fig 144 – .. led by a sharp slowdown in oil imports

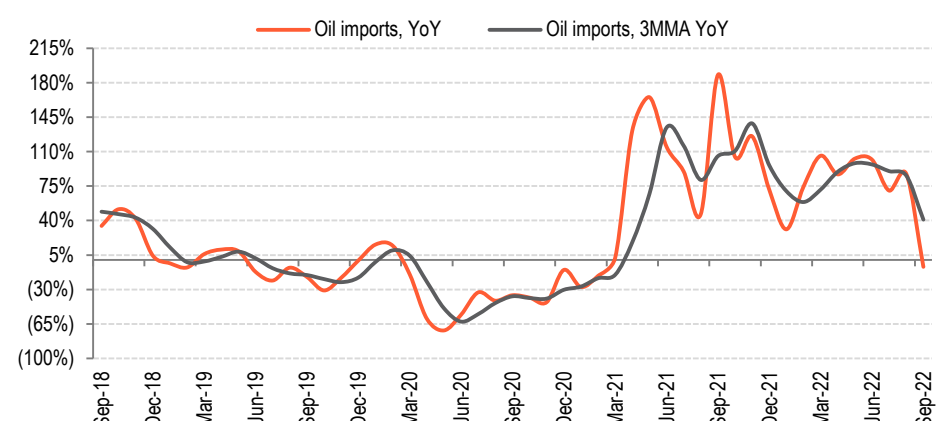


Fig 145 – Coal imports drop sharply in Sep'22

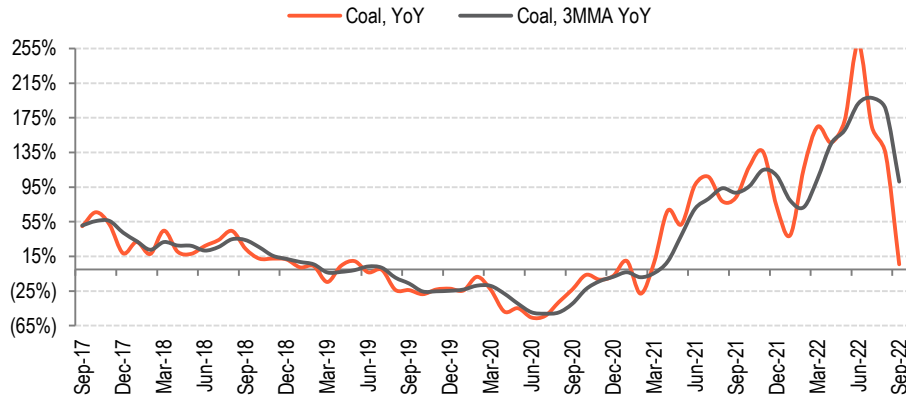


Fig 146 – Similar trend in imports of vegetable oils

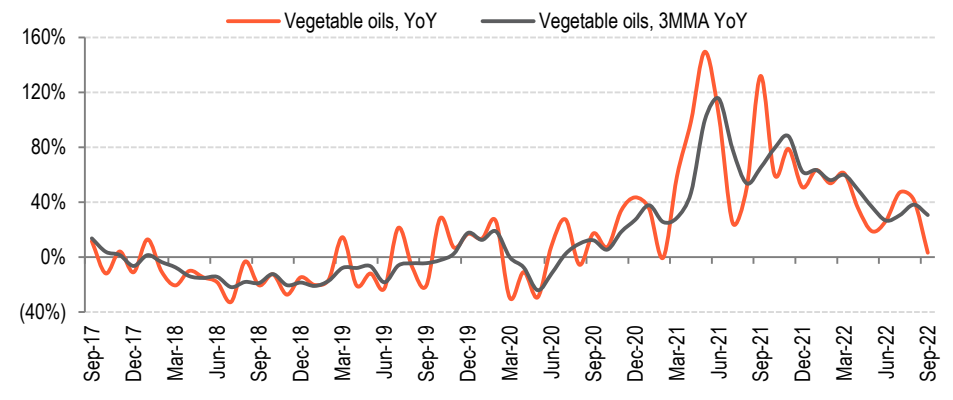


Fig 147 – Machinery imports dip

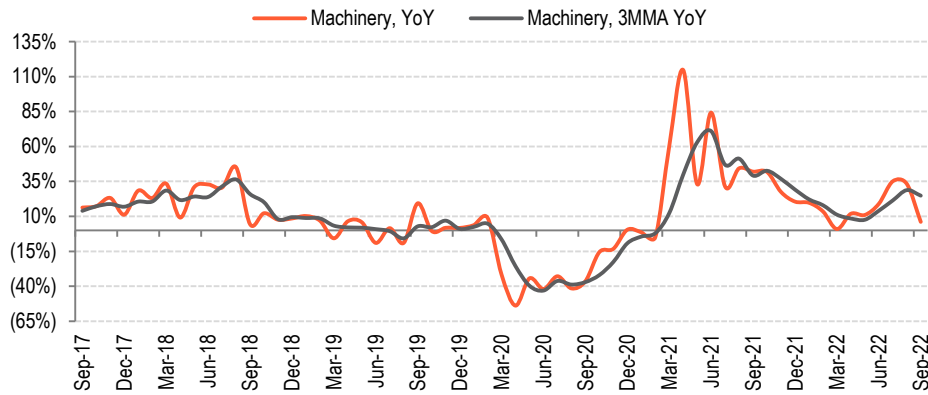
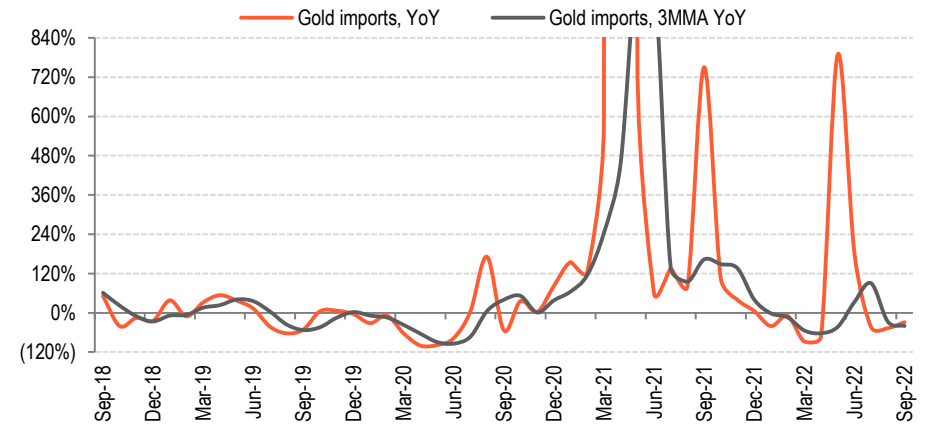


Fig 148 – .. However gold imports inch up a tad



Exports and imports by major regions

Fig 149 – Exports to China have declined sharply in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Jun-22	Jul-22	Aug-22
Americas	23.8	78.5	22.8	33.6	8.4	12.6
Asia and Pacific (Ex. China)	27.2	64.9	8.4	24.8	3.8	(3.6)
China	5.1	17.7	(35.6)	(31.4)	(40.9)	(46.7)
Europe	20.6	78.5	27.1	32.2	8.5	7.9
Middle East and Africa	22.8	76.8	37.7	49.4	24.5	37.4
Other	0.6	(12.5)	220.9	268.3	203.7	213.9

Fig 150 – Imports from all regions have moderated in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Jun-22	Jul-22	Aug-22
Americas	11.8	63.3	40.3	32.5	50.7	37.1
Asia and Pacific (Ex. China)	24.2	68.1	47.9	67.2	45.3	43.7
China	15.4	58.3	28.6	26.4	45.4	45.1
Europe	13.9	86.3	7.4	31.0	15.1	(14.1)
Middle East and Africa	32.3	118.1	59.9	69.2	32.7	47.8
Other	2.3	29.7	301.2	331.6	363.6	461.7

Trade deficit

Fig 151 – Trade deficit moderated in Sep'22; still remains elevated

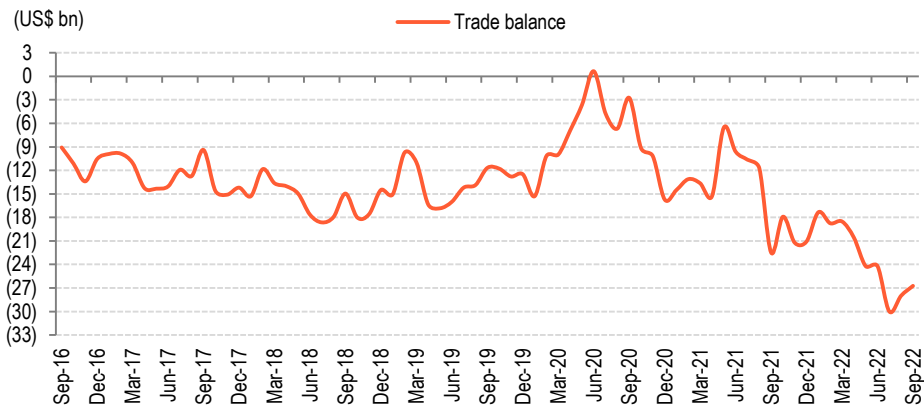
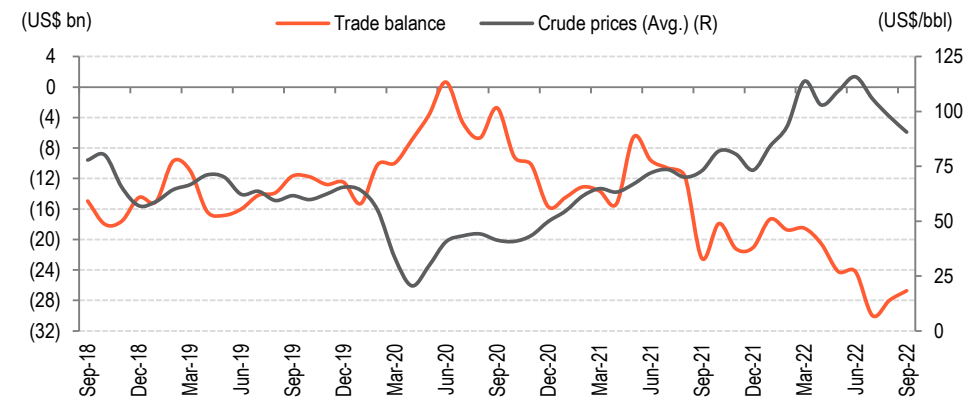
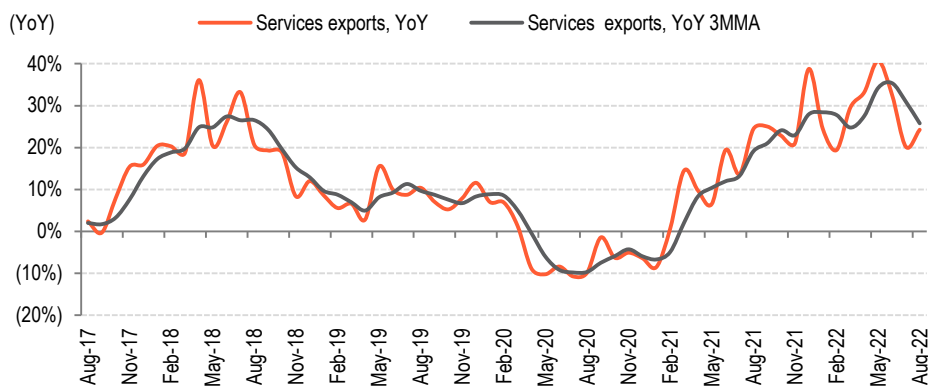


Fig 152 – Lower oil prices contributed to smaller trade deficit



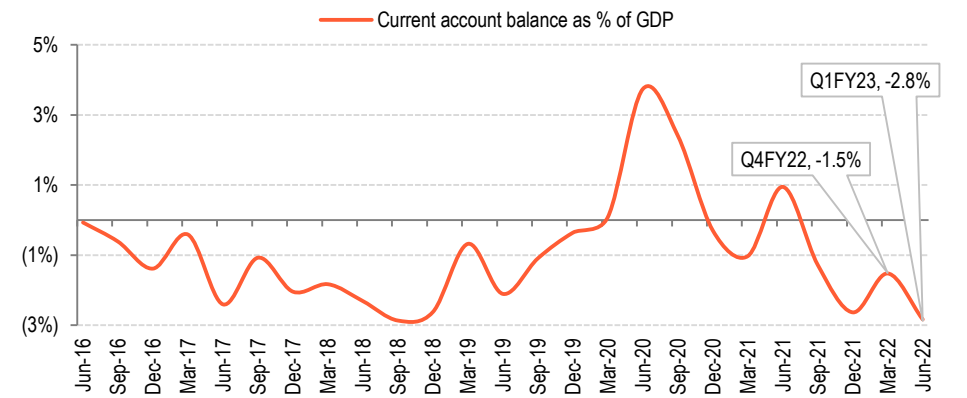
Trade in services

Fig 153 – Services exports rise by 24.3% in Aug'22 versus 20.2% in Jul'22



BoP

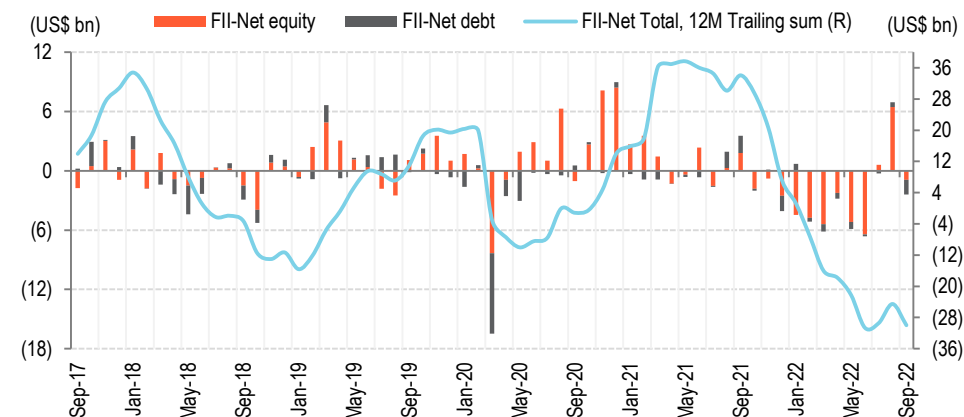
Fig 154 – India's current account deficit expanded to 2.8% of GDP in Q1FY23 compared with 1.5% of GDP in Q4FY22



Foreign inflows

FII inflows

Fig 155 – FII inflows at a 20-month high at US\$ 7.1bn in Aug'22



Source: Bloomberg

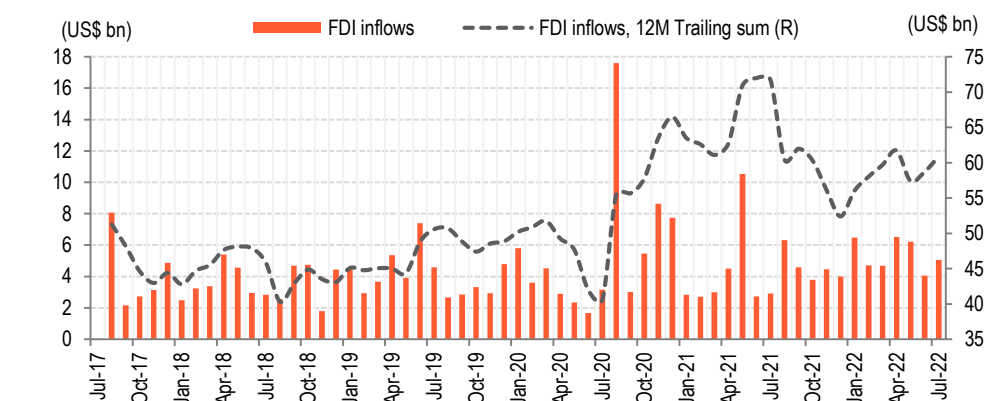
Fig 157 – FDI inflows in services and trading sector picked up in Q1FY23

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

FDI inflows

Fig 156 – FDI equity inflows rise to US\$ 5bn in Jul'22 compared with US\$ 4bn in Jun'22



Source: RBI, Bank of Baroda Research

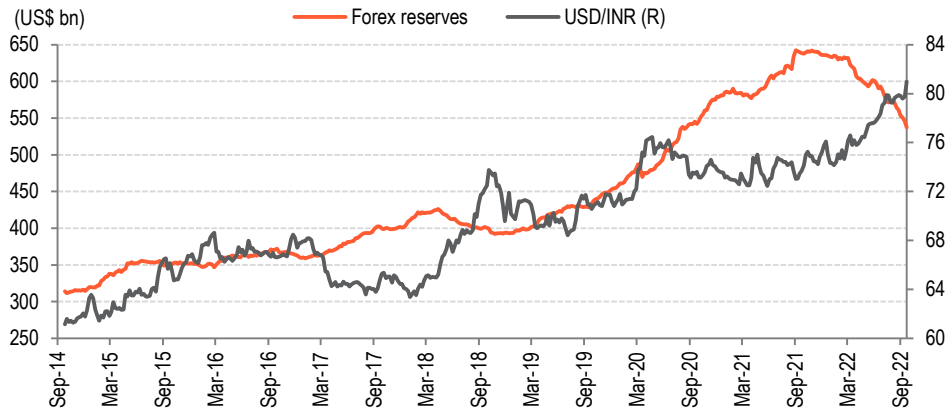
Fig 158 – Barring Mauritius, FDI inflows from other regions improved in Q1FY23

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 159 – India’s FX reserves fall to US\$ 537.5bn, down US\$ 80.1bn in FYTD23



Source: Bloomberg | Weekly data as of 23 Sep 2022

Fig 160 – India’s import cover falls further to 9.4 months

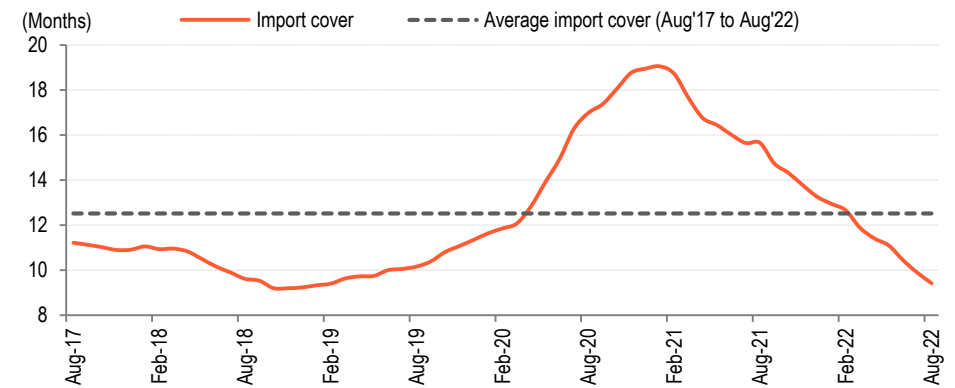


Fig 161 – RBI’s sold US\$ 19bn in the spot market in Jul’22

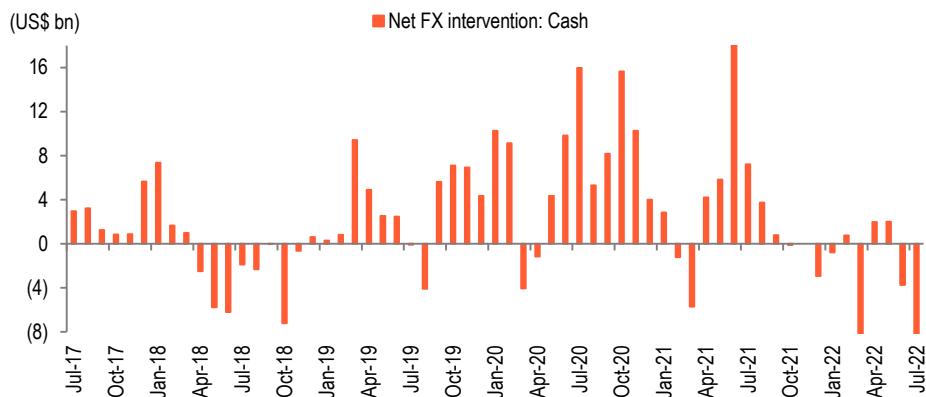
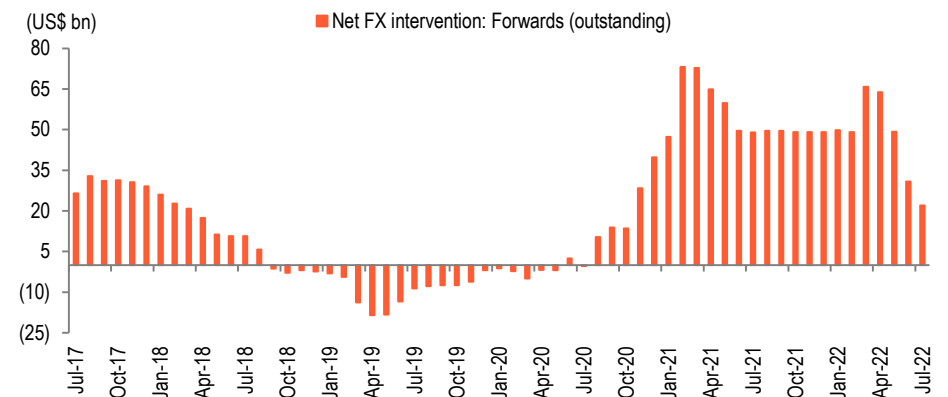


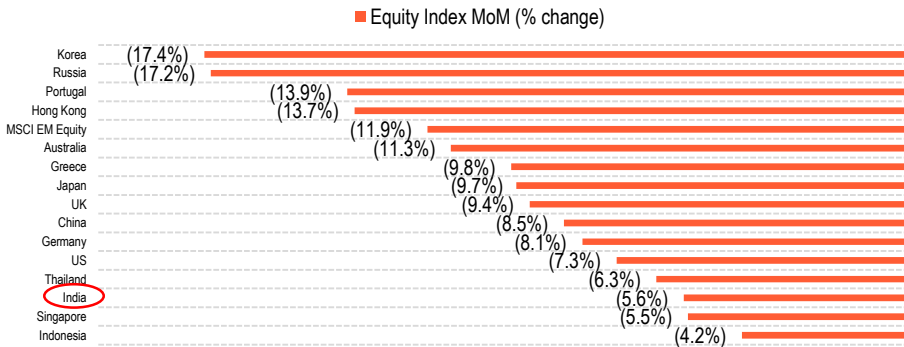
Fig 162 – RBI’s outstanding forwards position falls to US\$ 22bn as of end Jul’22



Markets

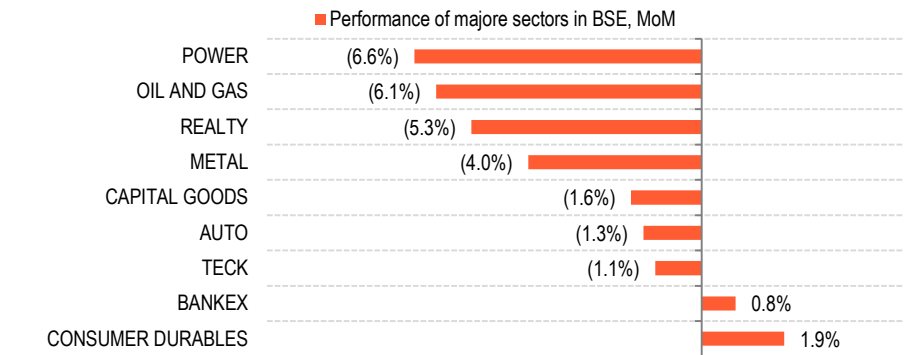
Equity

Fig 163 – In Sep'22, Sensex fell by 5.6%, MSCI EM fell by 11.9%



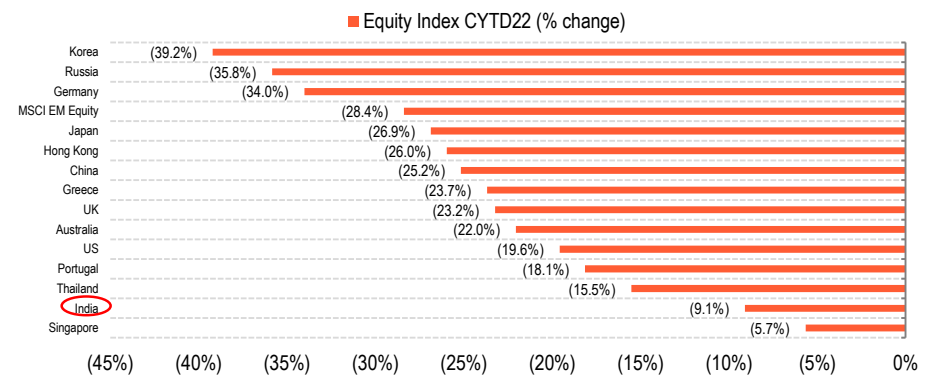
Source: Bloomberg | * As on 30 Sep 2022, Indices are in US\$ terms

Fig 165 – Power and oil and gas stocks fell the most in Sep'22



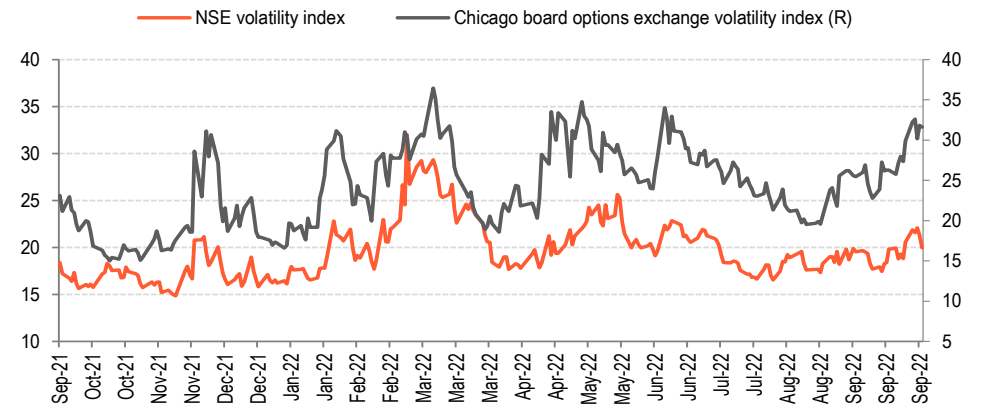
Source: Bloomberg | As on 30 Sep 2022

Fig 164 – In CYTD22, Sensex fell by 9.1%



Source: Bloomberg | * As on 30 Sep 2022, Indices are in US\$ terms

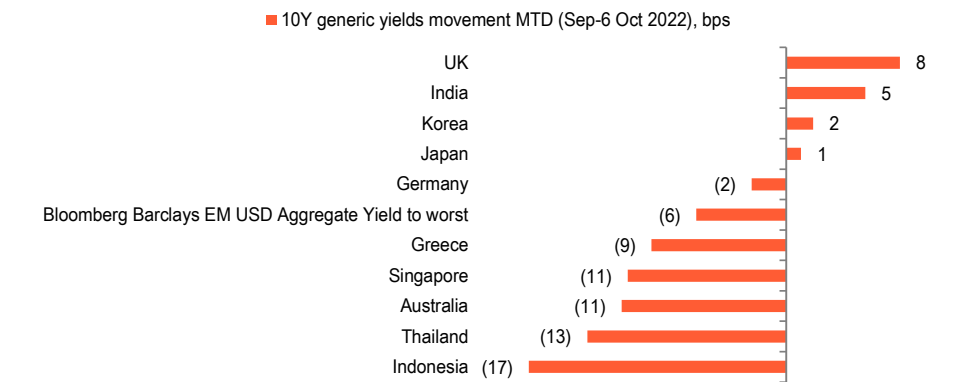
Fig 166 – VIX index rose to 20 from 18.7 in Aug'22, amidst turmoil in the global market



Source: Bloomberg

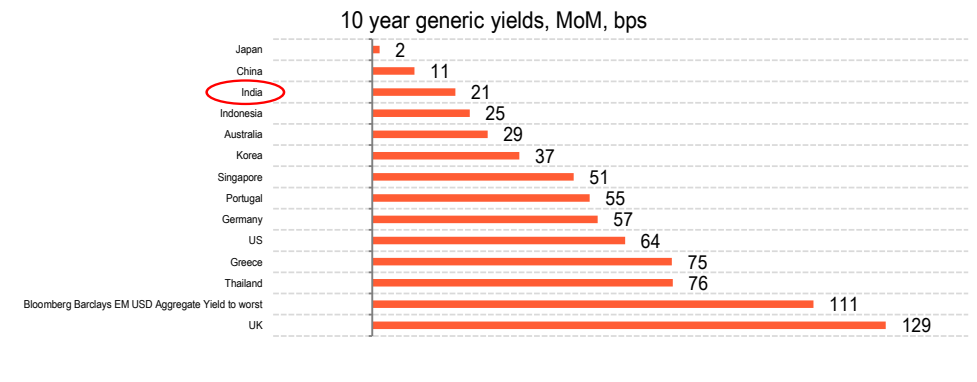
10-year bond yields

Fig 167 – On MTD basis, India’s 10Y yield has risen by 5bps



Source: Bloomberg | As on 5 Sep 2022

Fig 168 – In Sep’22, India’s 10Y yield rose by 21bps



Source: Bloomberg | As on 30 Sep 2022

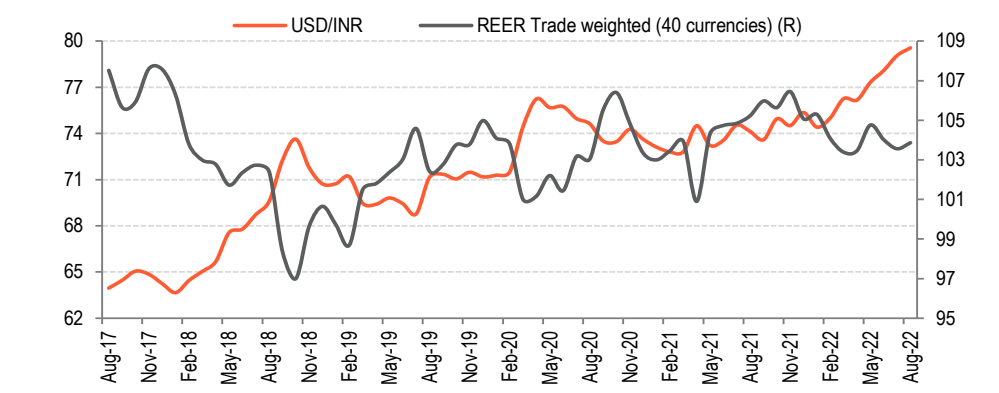
Currencies

Fig 169 – INR depreciated to a record low in Sep’22



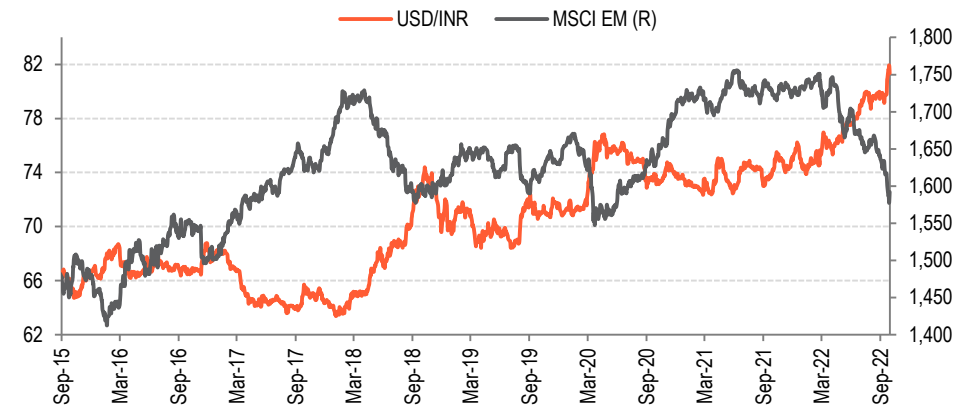
Source: Bloomberg | *As on 31 Aug 2022

Fig 170 – INR still overvalued by 3.9% (Aug’22)



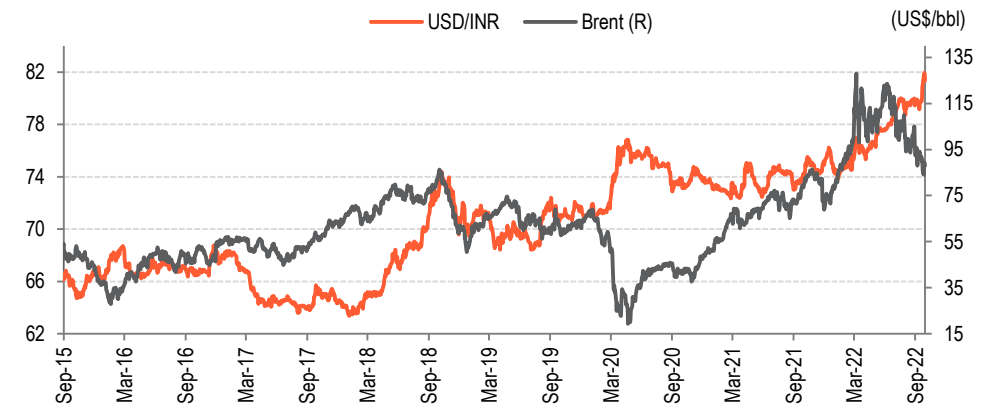
Source: Bloomberg

Fig 171 – Other EM currencies also depreciated



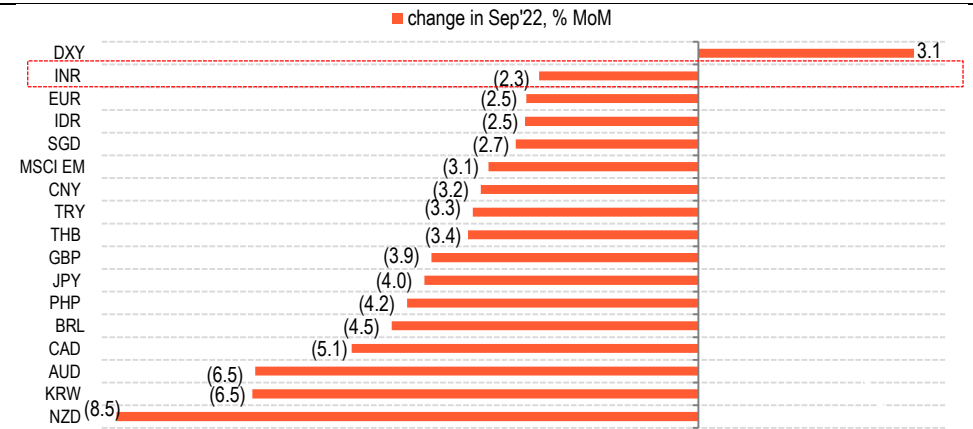
Source: Bloomberg | *As on 30 Sep 2022

Fig 172 – .. even as oil prices eased



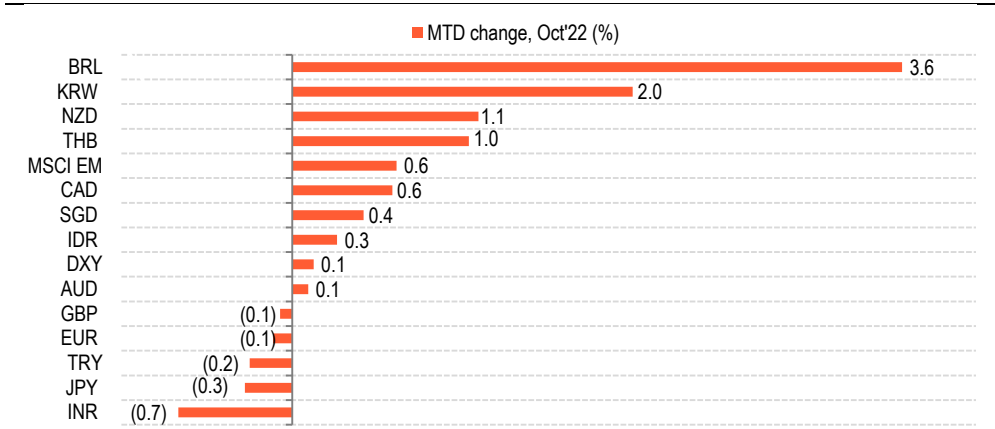
Source: Bloomberg | *As on 30 Sep 2022

Fig 173 – Global currencies declined in Sep'22 as DXY rose



Source: Bloomberg | *As on 30 Sep 2022

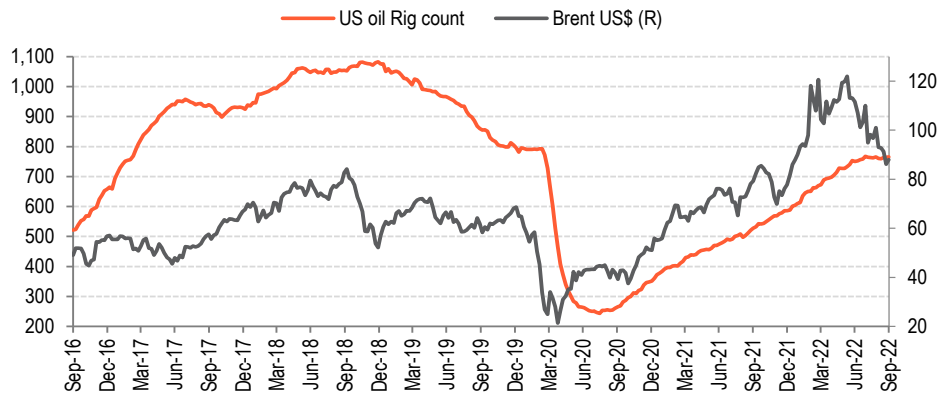
Fig 174 – In Oct'22, INR has once again come under pressure



Source: Bloomberg | *As on 6 Oct 2022

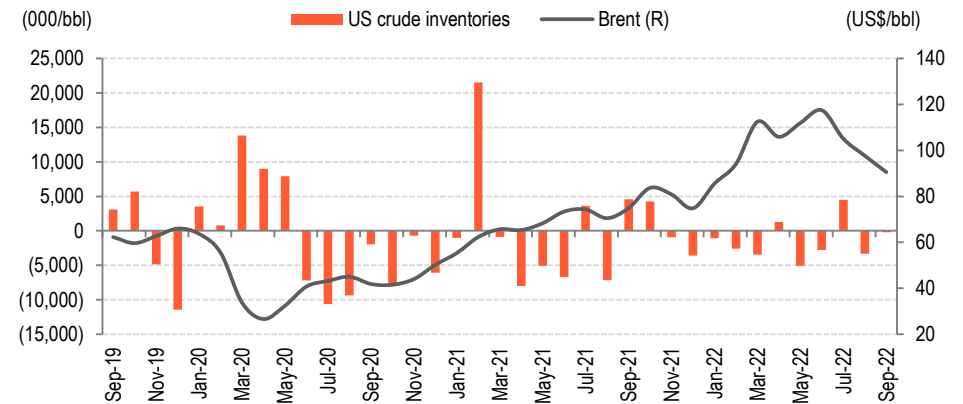
Commodities

Fig 175 – US rig count was stable in Sep'22



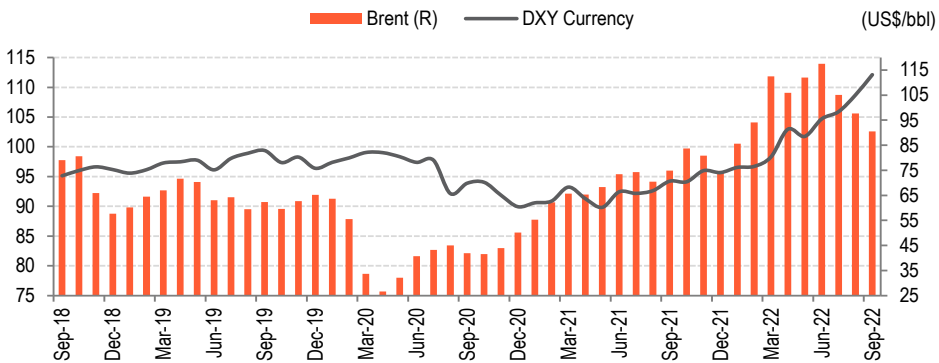
Source: Bloomberg

Fig 176 – US crude oil inventory fell in Sep'22



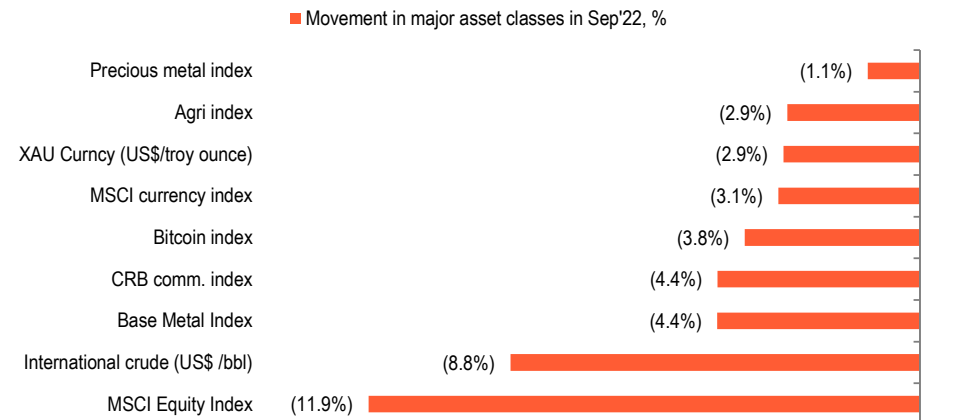
Source: Bloomberg

Fig 177 – Oil prices on an average fell to US\$ 92/bbl from US\$ 98/bbl from US\$ 105/bbl in Aug'22, DXY rose to 112.12 from 108.70 amidst rate hike spree by US Fed



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

Fig 178 – MSCI EM index fell sharply in Sep'22



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

Fig 179 – Performance of high frequency indicators

Indicators	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
Agriculture													
Tractor sales	(9.5)	3.2	(16.7)	(22.5)	(27.8)	(26.4)	(11.6)	38.1	47.7	(10.9)	(12.2)	(1.0)	-
Two wheeler sales	(11.5)	(6.1)	(0.8)	(19.9)	(13.4)	(10.7)	(4.0)	38.1	197.7	20.2	(10.9)	8.5	9.0
MNREGA work (HH, MoM)	(4.6)	(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	4.4	4.2	1.0	1.0	2.0	1.2	2.2	6.7	19.6	12.7	2.4	-	-
IIP: Manufacturing	4.3	3.3	0.3	0.6	1.9	0.2	1.4	5.6	20.6	13.0	3.2	-	-
IIP: Capital goods	3.3	(1.6)	(2.6)	(3.0)	1.8	1.3	2.4	12.0	54.4	29.1	5.8	-	-
IIP: Infra & construction goods	9.3	6.6	3.1	2.0	5.9	8.6	6.7	4.0	18.1	9.3	3.9	-	-
IIP: Consumer goods	1.6	(3.2)	(5.7)	(1.9)	(4.4)	(9.7)	(3.1)	7.2	58.4	25.1	2.4	-	-
Steel	7.1	5.9	0.9	(0.6)	3.8	5.6	4.1	2.5	15.1	3.6	6.0	2.2	-
Cement	11.3	14.6	(3.6)	14.2	14.1	4.2	9.0	7.4	26.2	19.7	0.5	1.8	-
Electricity	0.9	3.2	2.1	2.9	0.9	4.5	6.1	11.8	23.5	16.5	2.3	0.9	-
PMI: Manufacturing	53.7	55.9	57.6	55.5	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1
Services													
Services PMI index	55.2	58.4	58.1	55.5	51.5	51.8	53.6	57.9	58.9	59.2	55.5	57.2	54.3
Automobile sales	(5.3)	(5.3)	(2.7)	(16.1)	(10.7)	(9.2)	(2.9)	37.3	206.8	27.2	(7.8)	8.3	10.9
Passenger vehicle sales	16.3	(11.4)	(19.4)	(10.9)	(10.1)	(7.8)	(4.9)	26.6	204.3	40.2	(4.7)	6.5	9.7
Vehicle registration	(5.3)	(5.3)	(2.7)	(16.0)	(10.6)	(9.0)	(2.8)	37.3	207.6	26.3	(7.5)	5.9	8.6
Rail freight traffic	3.6	8.4	6.1	7.2	7.7	6.6	6.7	9.4	14.6	11.3	8.3	7.9	9.1
Port cargo volume	0.2	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	6.7	6.9	6.9	9.4	7.1	8.1	8.6	10.0	11.4	12.3	14.5	15.5	16.2
Deposit growth	9.4	10.0	8.9	12.1	8.3	8.6	8.9	10.0	8.8	8.6	9.2	9.5	9.5
CIC	9.0	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)	193.6	214.2	214.1	242.1	231.0	243.6	270.4	265.4	285.4	277.9	265.2	272.0	259.2
Diesel consumption	0.5	(5.5)	(7.5)	1.5	(6.4)	(0.9)	6.6	7.9	31.7	23.9	8.2	13.0	22.6
GST E-way bill (in mn)	67.9	73.5	61.2	71.6	68.8	69.1	78.2	75.2	73.6	74.5	75.6	78.2	-
External Trade													
Merchandise exports	22.6	43.4	34.6	44.3	27.9	34.5	26.4	29.2	21.0	30.4	2.1	1.6	(3.5)
Merchandise imports	85.7	57.4	56.8	40.5	25.1	37.2	29.0	30.9	63.0	58.2	43.6	37.3	5.4
Services exports	19.6	19.7	17.9	35.2	24.2	19.1	29.3	25.1	32.2	24.6	20.2	24.3	-
Services imports	20.5	21.8	24.4	29.5	33.8	24.8	25.0	46.1	52.7	45.5	22.3	27.1	-

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

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