

# India Economics

## Monthly Chartbook

February 2021

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## India's recovery gaining ground

India's FM presented a historic Budget with a vision to spend and monetise assets to lead India's economic recovery. Government spending has seen a sharp uplift in Q3FY21 with Centre's expenditure increasing by 28.9% and States by 0.3% (-13.5% and -9.9% respectively as of Q2). Spending will increase further in Q4. Even consumption demand continues to hold up and exports are seeing a pick-up. Thus we see room for upward revision in growth estimates for FY21/22. However, fiscal expansion is also driving yields higher as government will have to borrow more than earlier anticipated. While some dip in food inflation is positive, we see a steady upward shift in yield curve in coming months.

**Budget-a booster for spending:** Both Centre and States have pushed the pedal. Centre's expenditure increased by 28.9% as of Dec'20 (2.2% increase as of Nov'20) led by capex: 110.5% as of Dec'20. States too are now showing an increase in spending at 0.3% as of Dec'20 (decline of 9.9% as of Sep'20). We see a sharp increase in government spending in Q4FY21 to meet the Budget targets. Capex is likely to see an increase of Rs 1.3tn (42% higher than 9MFY21). Revenue is likely to jump by Rs 10.4tn in Q4 (53% higher than 9MFY21).

**Consumption gaining traction:** The spending by government is coinciding with a gradual recovery in consumption as seen in pick-up in two-wheeler and four-wheeler sales, non-oil-non-gold consumption imports and housing demand. Our now casting model shows consumption to have increased by 12% in Q3FY21 from 1.6% in Q2FY21. Agri demand is expected to remain buoyant with agri credit continuing to

grow and rabi sowing being 2.9% higher than last year. However, lower food inflation (at 3.4% in Dec'20 versus 9.2% in 9MFY21) is likely to offset some of the gains to rural India despite global food prices continuing to gain traction. This calls for higher exports to improve terms of trade of farm sector.

**Yields inching up :** With Centre's fiscal deficit increasing to 9.5/6.8% in FY21/22, Centre's borrowing requirement for FY21 went up by Rs 800bn. For FY22, Centre's gross borrowing is at Rs 12.05tn and states will borrow additional Rs 10tn. The above backdrop has driven India's long-end yields higher with 10Y yield (5.85GS2030) rising by 17bps in Jan'21. Short-end yields also rose in Jan'21 after announced normalisation of term reverse repo operations with a Rs 2tn reverse repo auction. While bond markets may find some comfort in falling food inflation, RBI's trajectory of retail inflation at 5-5.2% in H1FY22 (revised up from 4.6-5.2%) and roll back of CRR dispensation implies steady left ward shift in India's yield curve along with steepening bias that may creep in coming months. We do not see any change in policy rates in FY22.

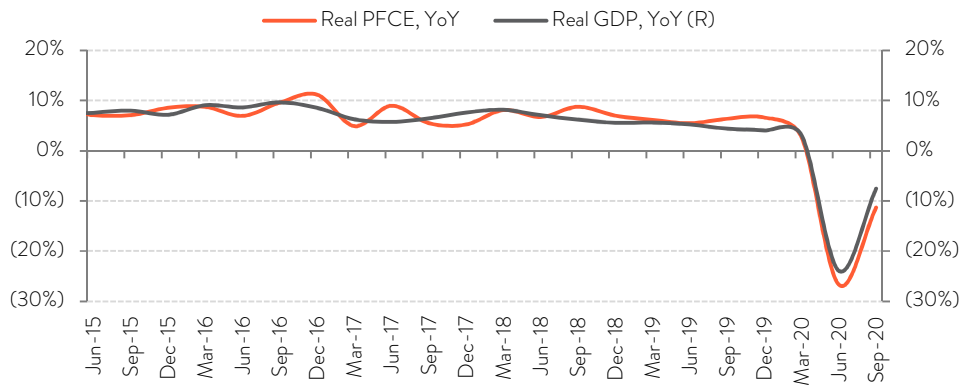
**INR to remain stable:** INR appreciated for the 3rd straight month in Jan'21 and rose by 0.2% compared with 1.3% gain in Dec'20. Higher oil prices (+10.2% in Jan'21 MoM) and moderation in FII inflows (US\$ 1.5bn in Jan'21 versus US\$ 8bn in Dec'20) limited gains in INR. While oil prices have continued to climb up even in Feb'21, FII inflows have been buyoaynt at US\$ 1.6bn. Hence, we believe INR to trade in a narrow range in the short-term with an appreciating bias.

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

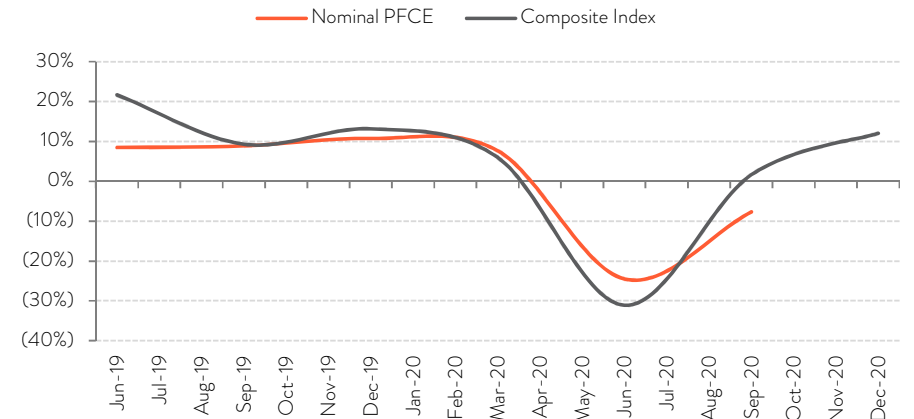
# Consumption

## Final consumption expenditure

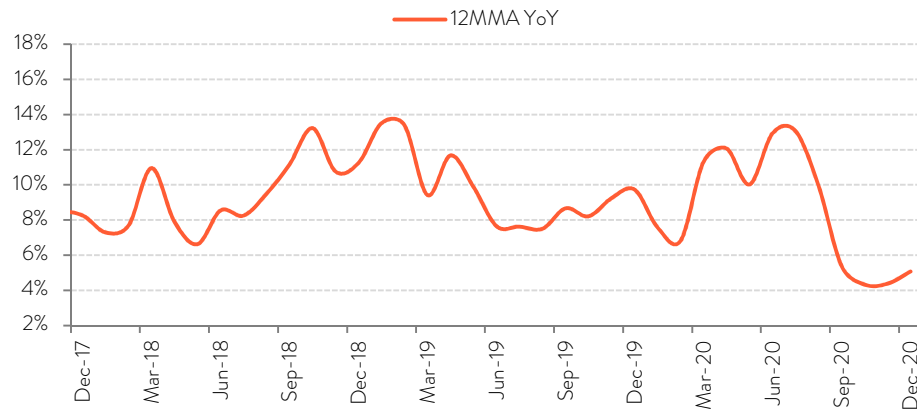
**FIG 1 – CONSUMPTION IMPROVES IN Q2**



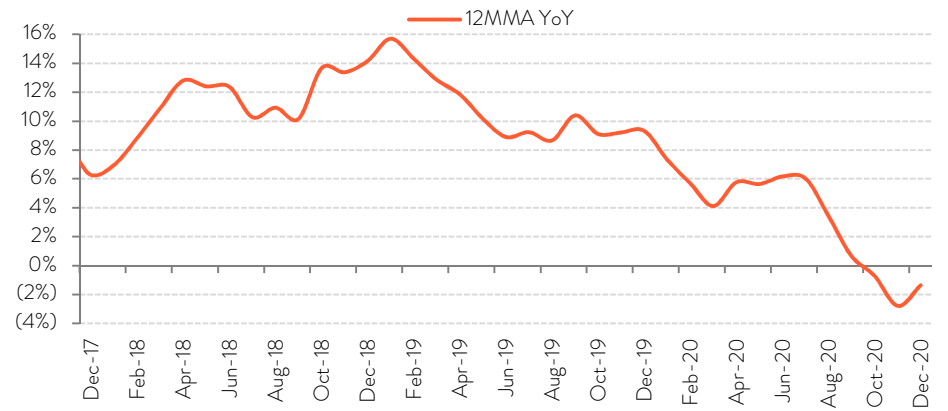
**FIG 2 – NOWCASTING SUGGEST IMPROVEMENT IN DEC'20**



**FIG 3 – GENERAL GOV REVENUE SPENDING IMPROVES**



**FIG 4 – STATE\* GOV REVENUE SPENDING TOO INCHES UP**



Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS STABLE

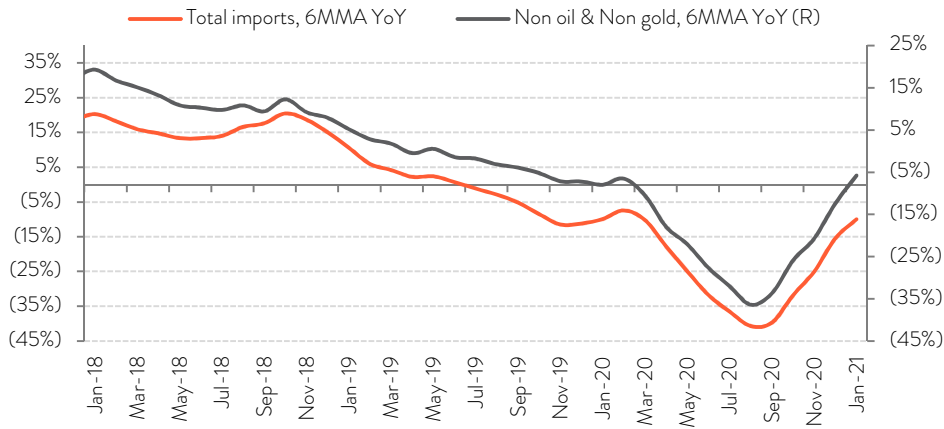


FIG 6 – ELECTRONIC IMPORTS DIP

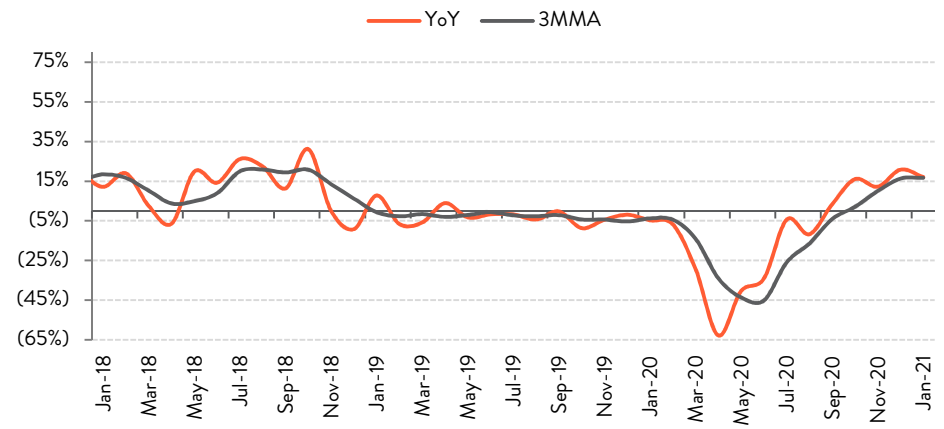


FIG 7 – PASSENGER CAR SALES BACK IN DOUBLE DIGIT

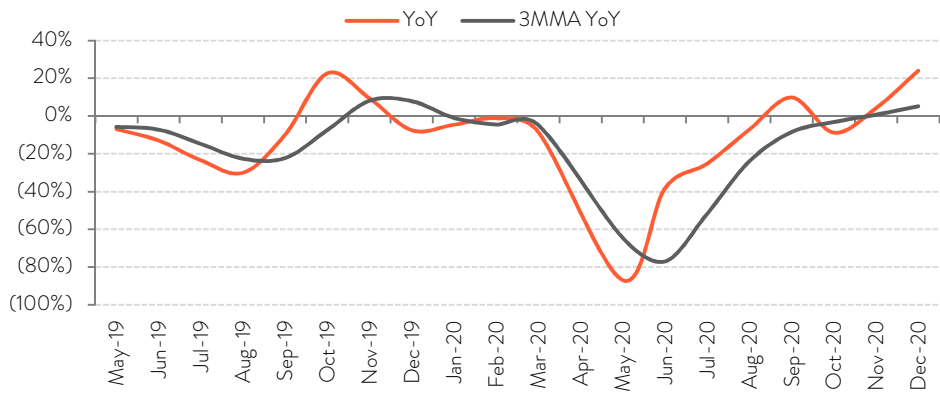
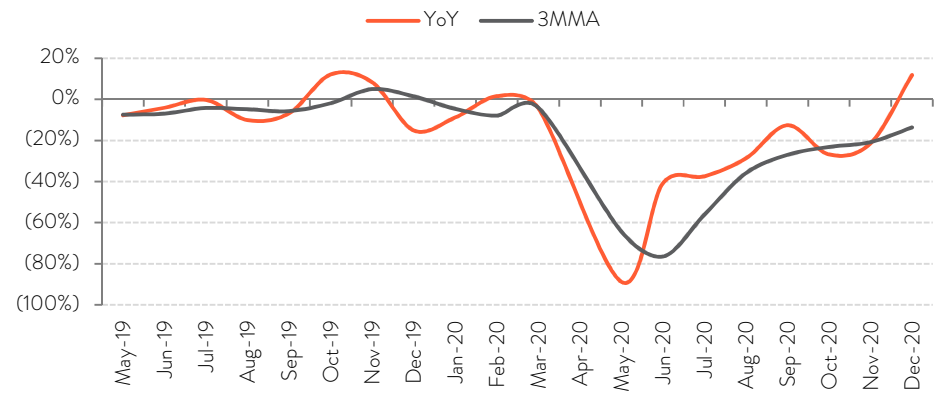


FIG 8 – TWO-WHEELER SALES TOO IMPROVE



Credit deployment of personal loans

FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING SLOWS

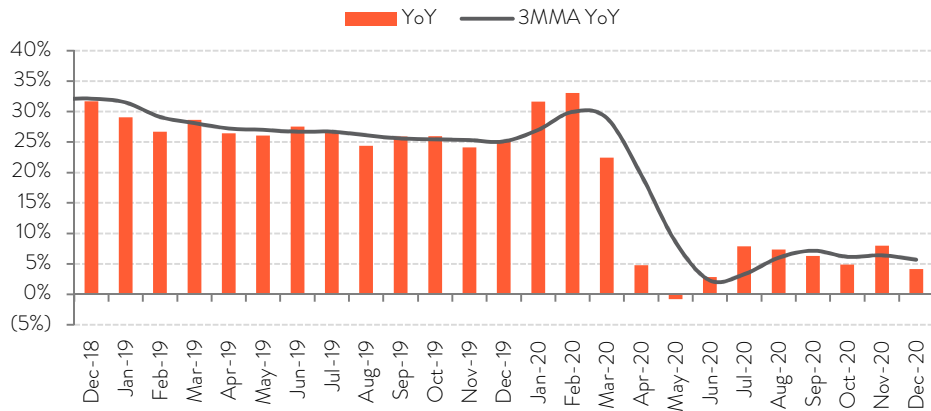


FIG 10 – GROWTH IN PERSONAL LOAN TOO MODERATES

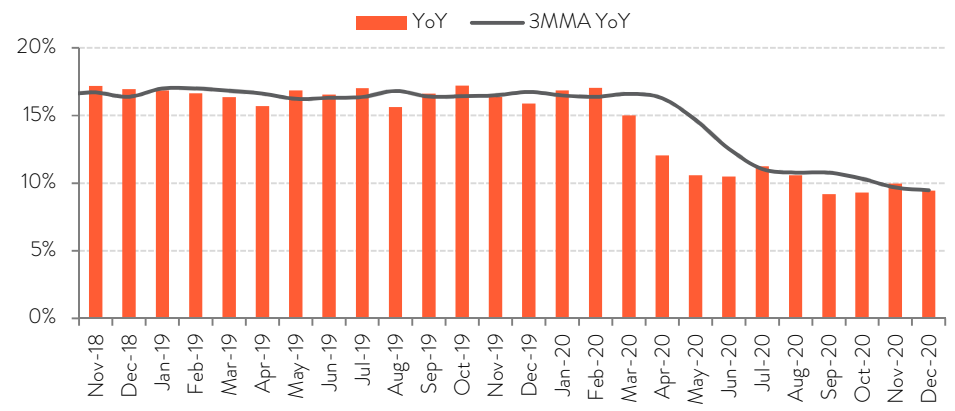


FIG 11 – GROWTH IN VEHICLE LOAN SLOWS

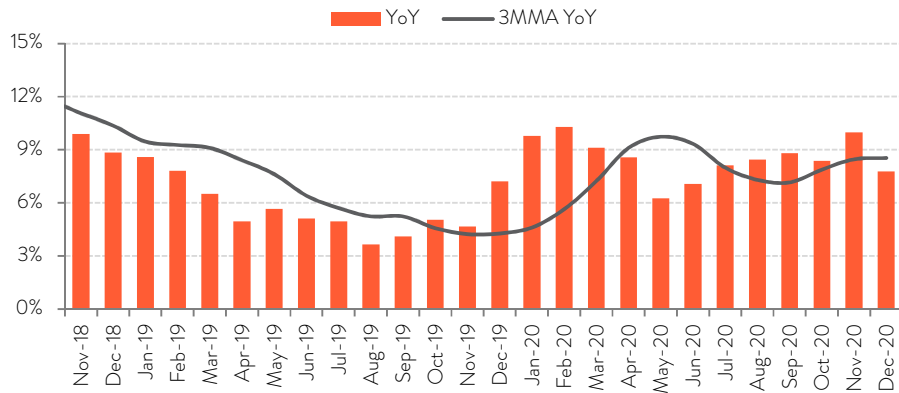


FIG 12 – CONSUMER CONFIDENCE IMPROVES

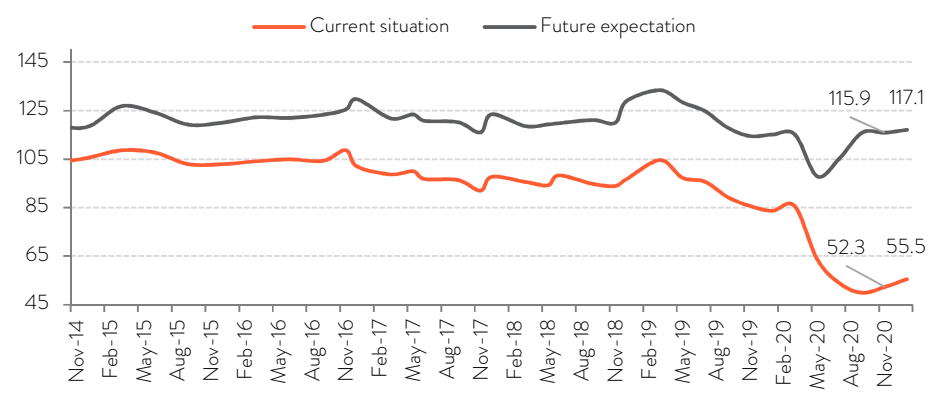


FIG 13 – RBI’S ESSENTIAL SPENDING DIPS IN JAN’21

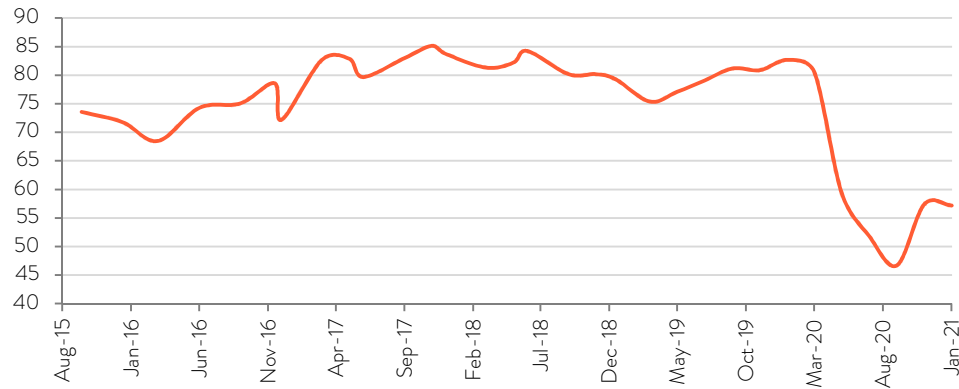
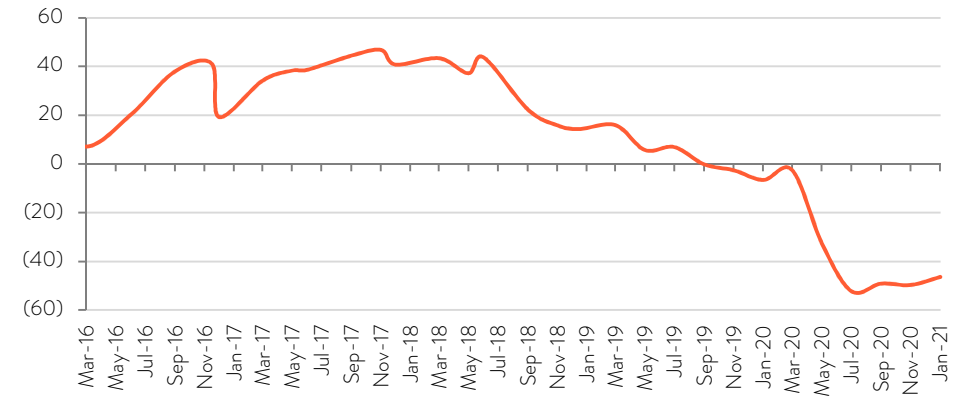
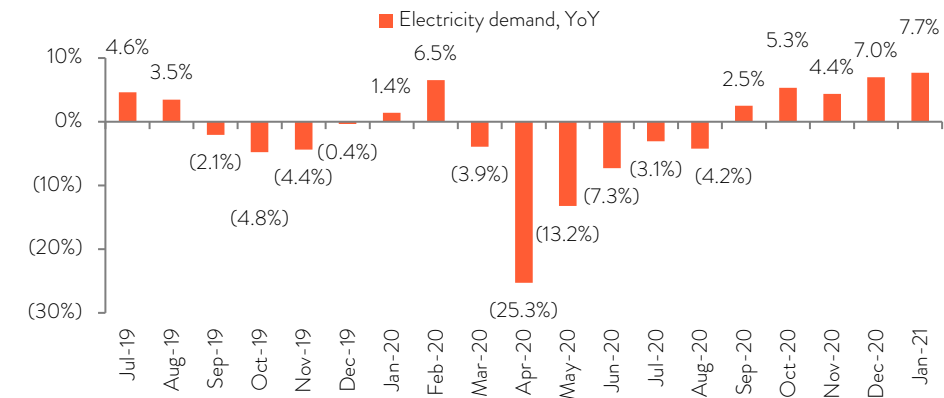


FIG 14 – ...NON-ESSENTIAL SPENDING PLATEAUING



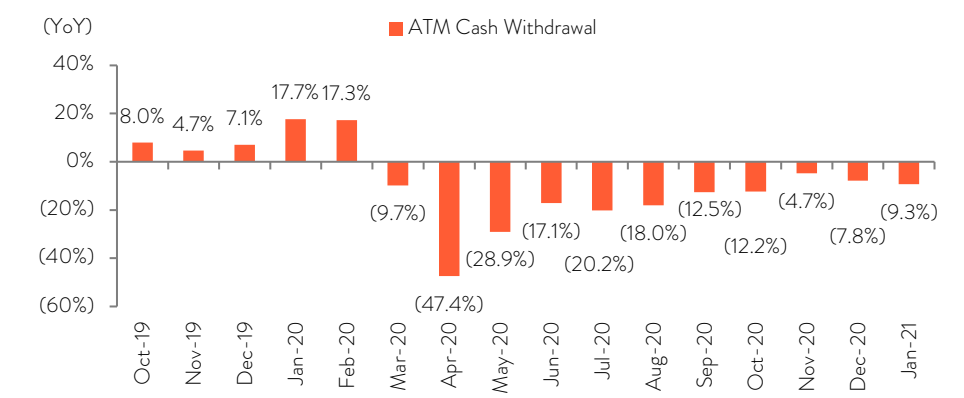
Electricity Demand, Digital Payments, COVID cases, Google mobility Index

FIG 15 – ELECTRICITY DEMAND SCALES UPWARDS



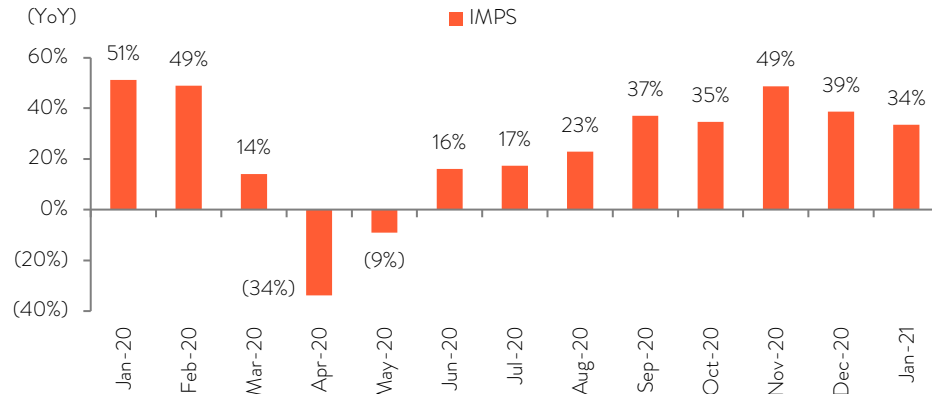
Source: Posco. Note: Maximum Demand met during peak evening hours (MW)

FIG 16 – CASH WITHDRAWAL SLIPS FURTHER



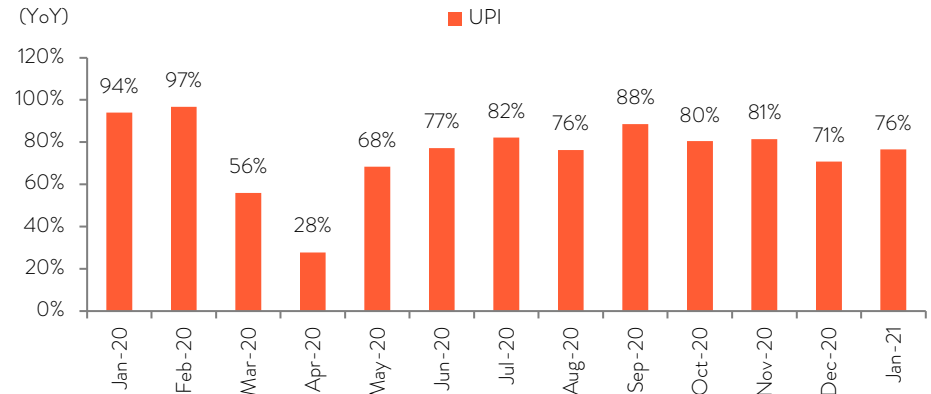
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

**FIG 17 – IMPS PAYMENTS CONTINUE TO GROW AT SLOWER PACE**

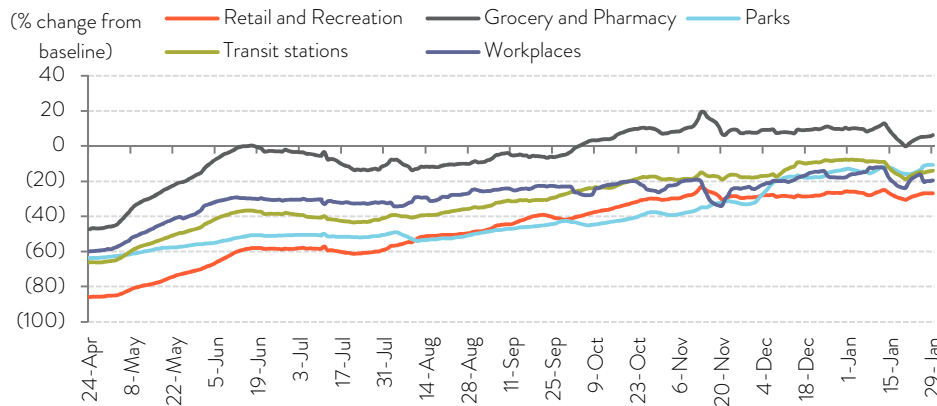


Source: NPCI

**FIG 18 – UPI PAYMENTS INCH UP IN JAN'21**

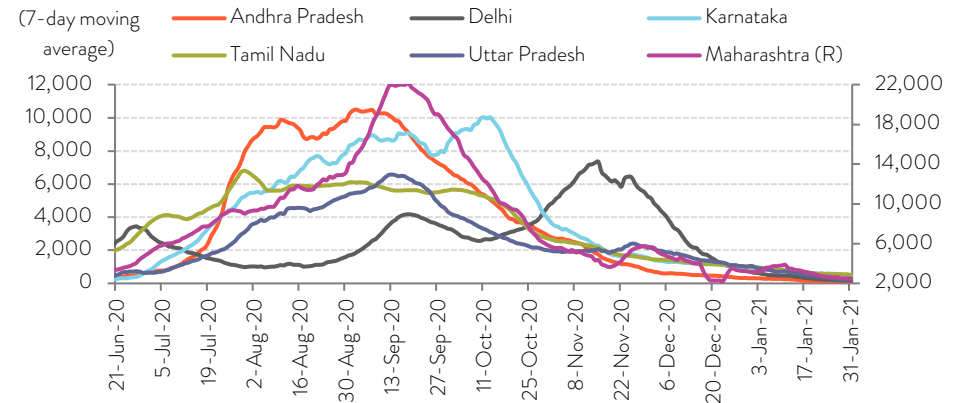


**FIG 19 – GOOGLE MOBILITY INDEX REMAINS STEADY**

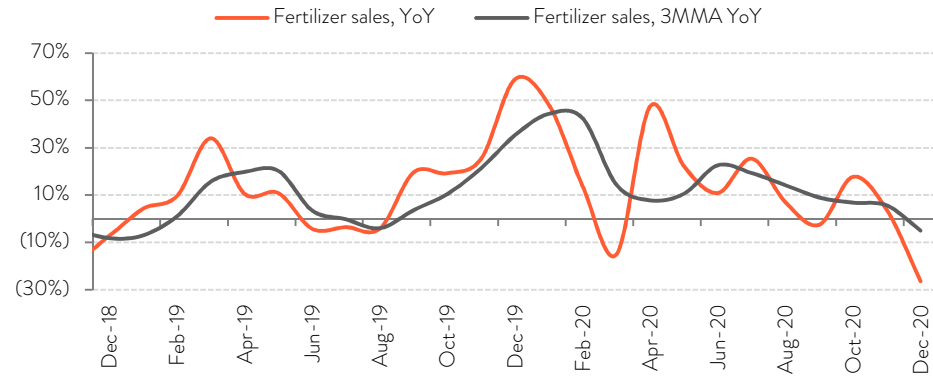


Source: Google Mobility Reports. Note: Highlights percentage change in visits to the place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb 2020)  
Note: Data taken as 7 days rolling average

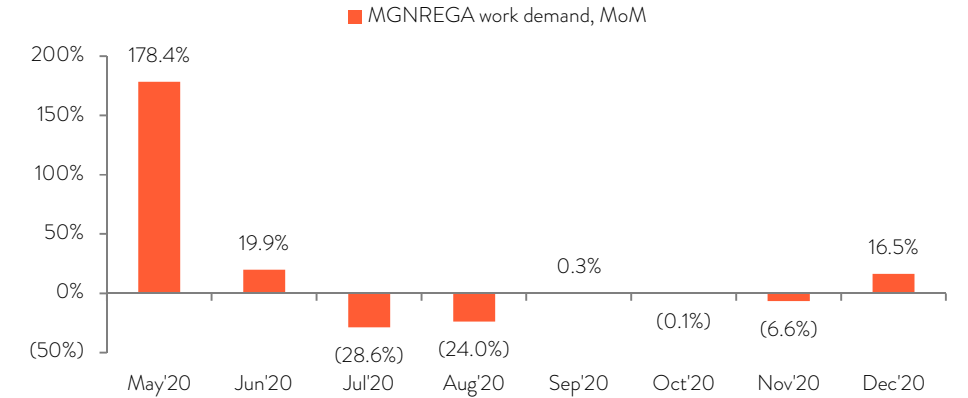
**FIG 20 – DAILY CHANGE IN COVID-19 CASES STATEWISE**



**FIG 21 – FERTILIZER SALES FALLS IN DEC'20**



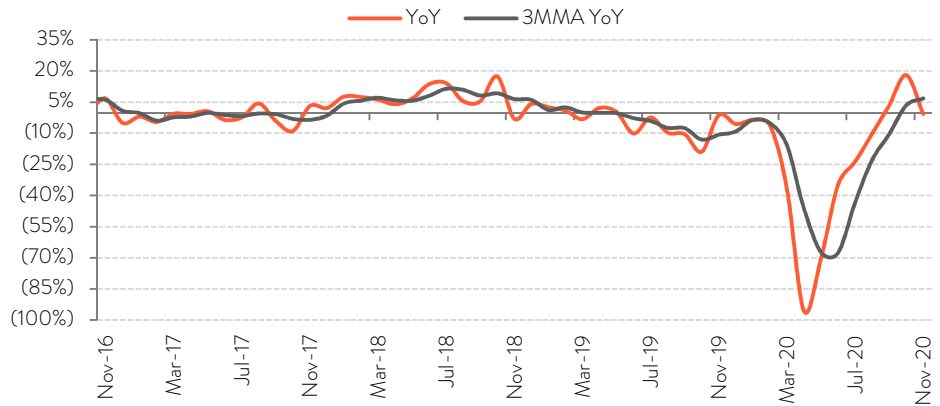
**FIG 22 – MGNREGA WORK DEMAND IMPROVES IN DEC'20**



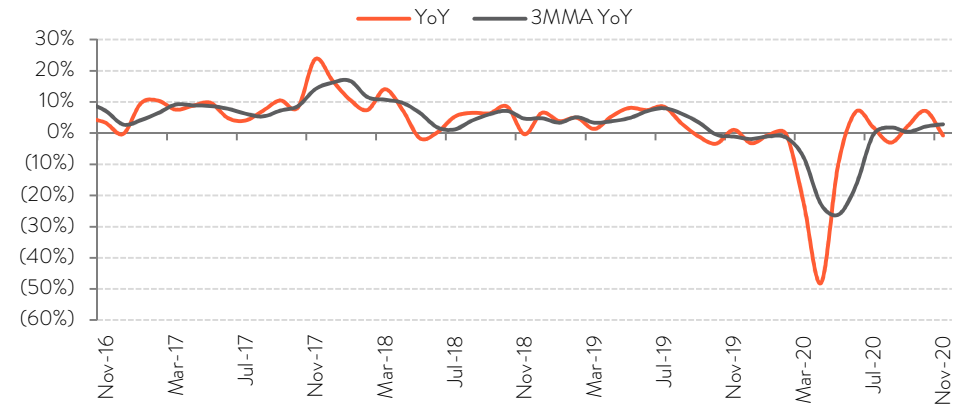
Source: MGNREGA

**Consumer durables & non-durables production**

**FIG 23 – CONSUMER DURABLES OUTPUT DIPS IN NOV'20**



**FIG 24 – FMCG OUTPUT TOO FALLS**





Agriculture

FIG 25 – AGRI GROWTH CONTINUES TO RISE AT A STEADY PACE IN Q2FY21

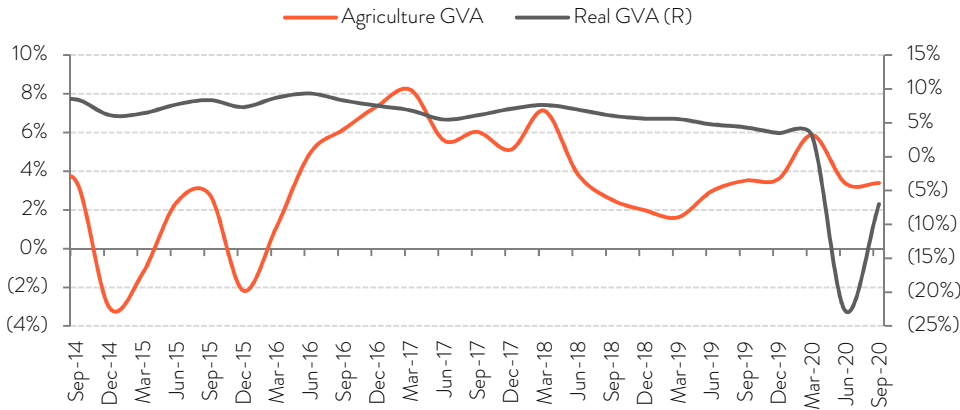


FIG 26 – GROWTH IN TRACTOR SALES SLIPS

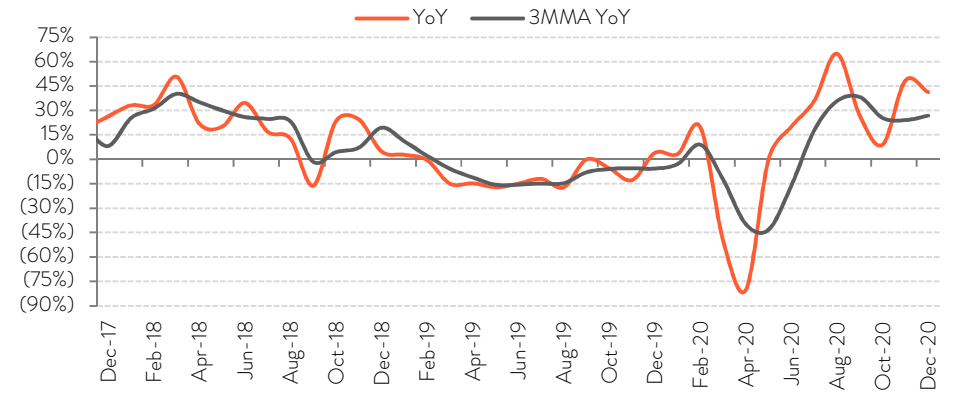


FIG 27 – AGRICULTURE CREDIT IMPROVES SHARPLY

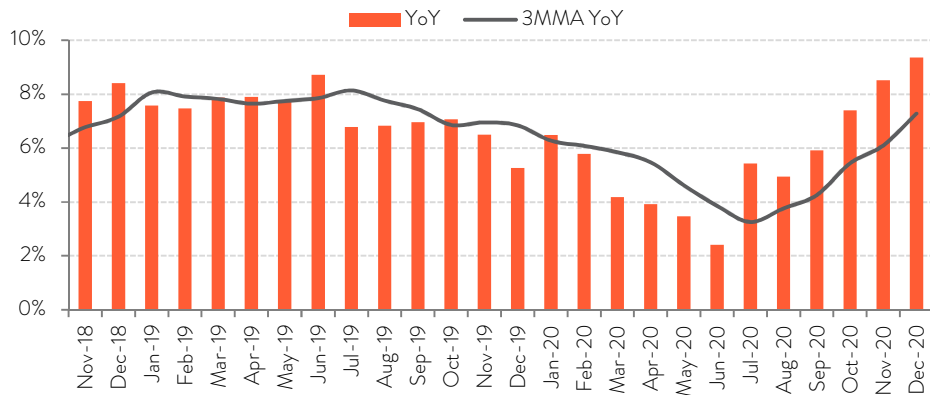
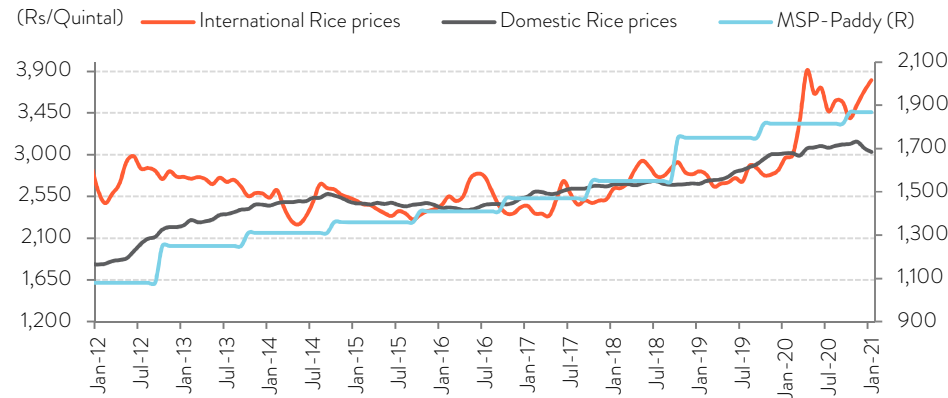


FIG 28 – HIGHER PROCUREMENT OF WHEAT

Year	Wheat	Rice
2011-12	28.34	35.04
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.99*
2020-21	38.99*	32.15*

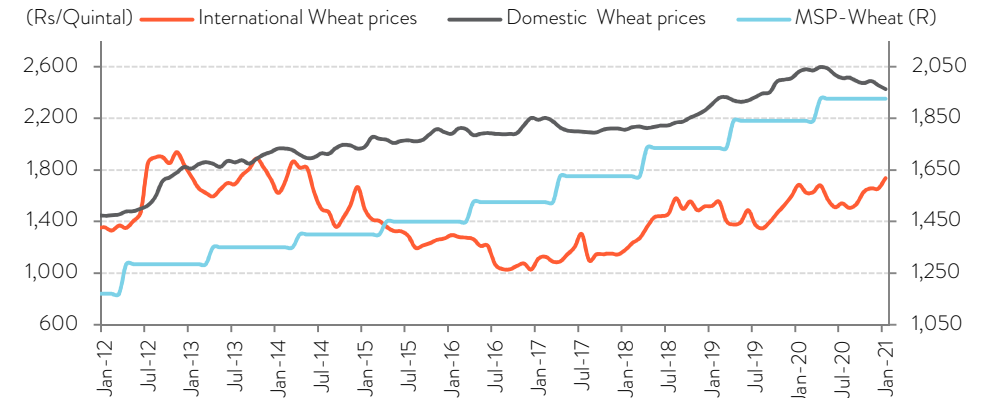
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 Dec 2020

**FIG 29 – WHILE DOMESTIC PRICE OF RICE HAS FALLEN, INTERNATIONAL PRICE HAS RISEN**



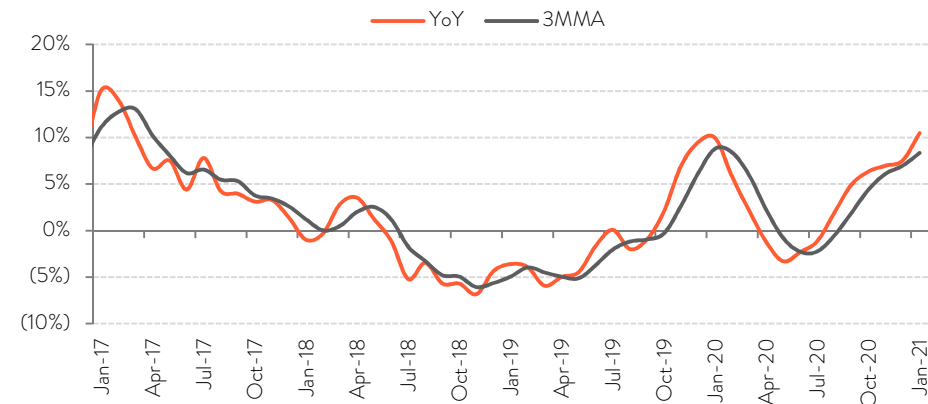
Source: World Bank

**FIG 30 – WHILE DOMESTIC PRICE OF WHEAT HAS FALLEN, INTERNATIONAL PRICES HAVE BEEN RISING**



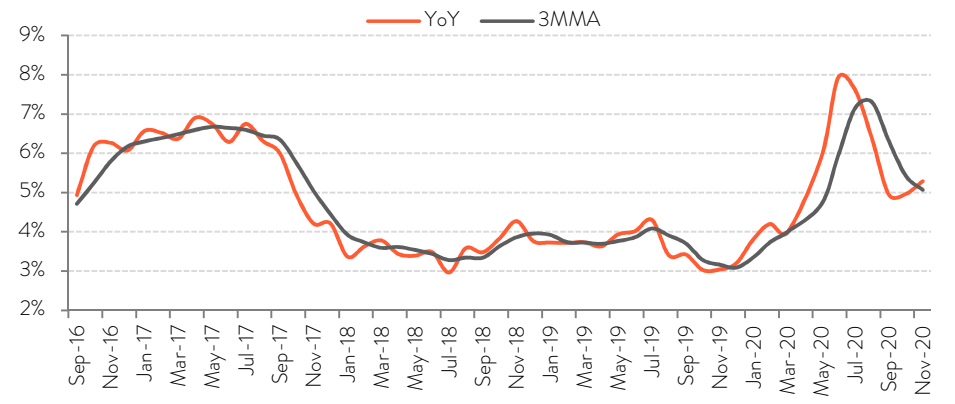
Source: World Bank

**FIG 31 – SURGE IN GLOBAL FOOD PRICES CONTINUE**



Source: FAO

**FIG 32 – WAGE GROWTH (MEN) SHOWS AN UPTICK**

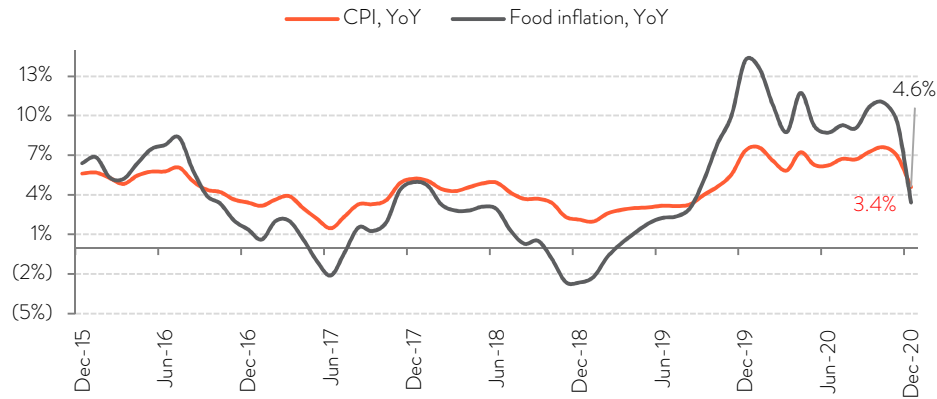


**FIG 33 – RABI SOWING HIGHER COMPARED WITH LAST YEAR**

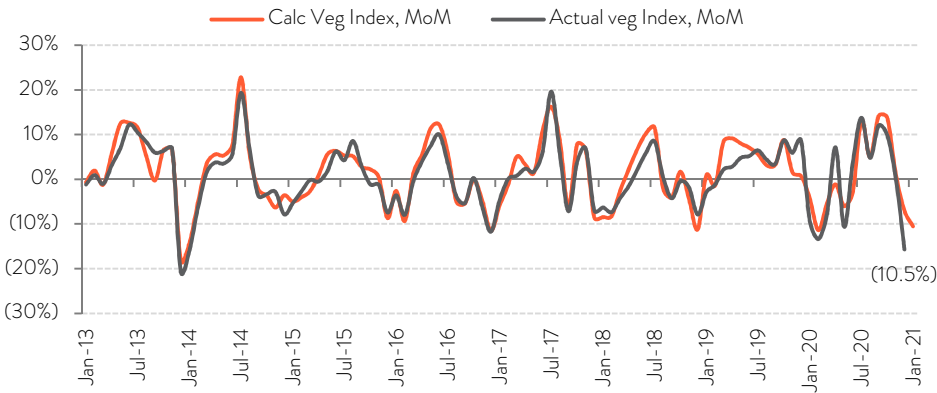
	Area sown in 2020-21	Area sown in 2019-20	Normal area for whole Rabi Season	Growth (% YoY)
Wheat	34.6	33.6	30.3	3.0
Rice	3.5	3.0	4.2	16.7
Coarse Cereals	5.2	5.6	5.7	(7.9)
Pulses	16.7	16.3	14.5	2.8
Oilseeds	8.4	8.0	7.3	5.0
<b>Total</b>	<b>68.5</b>	<b>66.6</b>	<b>62.0</b>	<b>2.9</b>

## Inflation

**FIG 34 – RETAIL INFLATION FELL TO ITS LOWEST SINCE SEP'19 AT 4.6% IN DEC'20 FROM 6.9% IN NOV'20...**

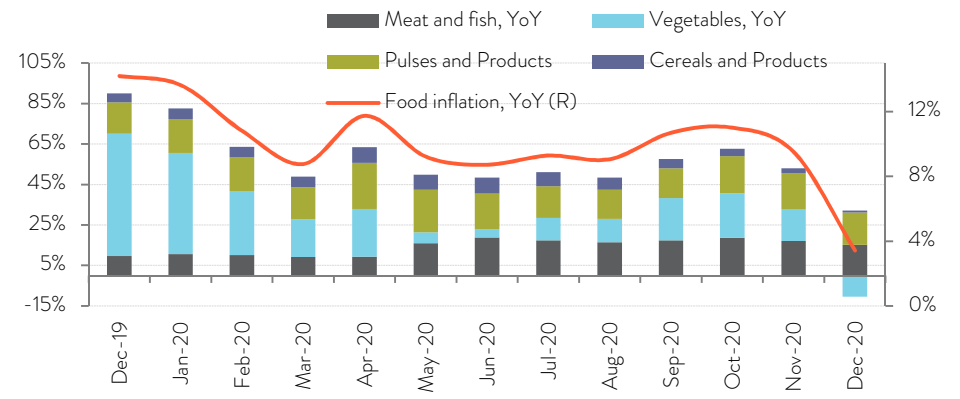


**FIG 36 – VEGETABLE PRICES DECLINING IN JAN'21 AS WELL**

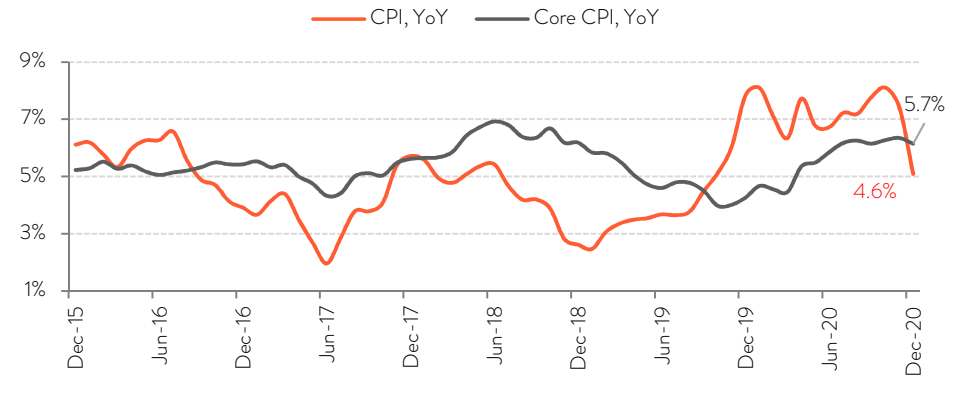


Note: \*Vegetable index computed using average retail price of major items

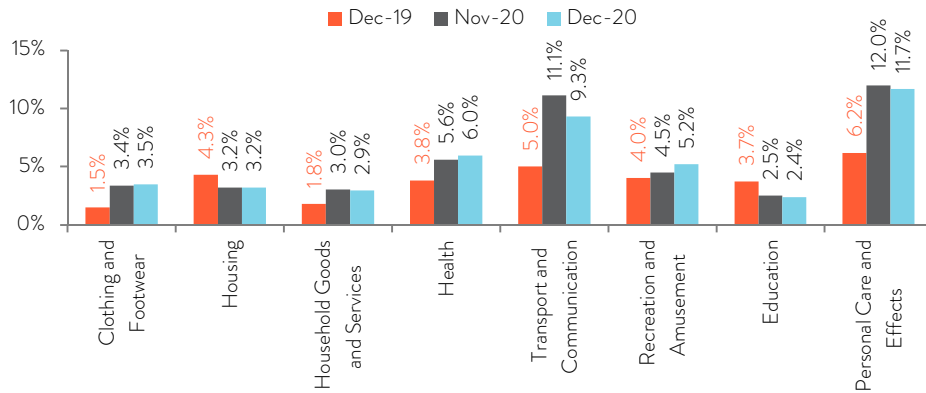
**FIG 35 – ...FOOD INFLATION FELL BY 610BPS TO 3.4% FROM 9.5% IN NOV'20 LED BY VEGETABLES, CEREALS AND PULSES**



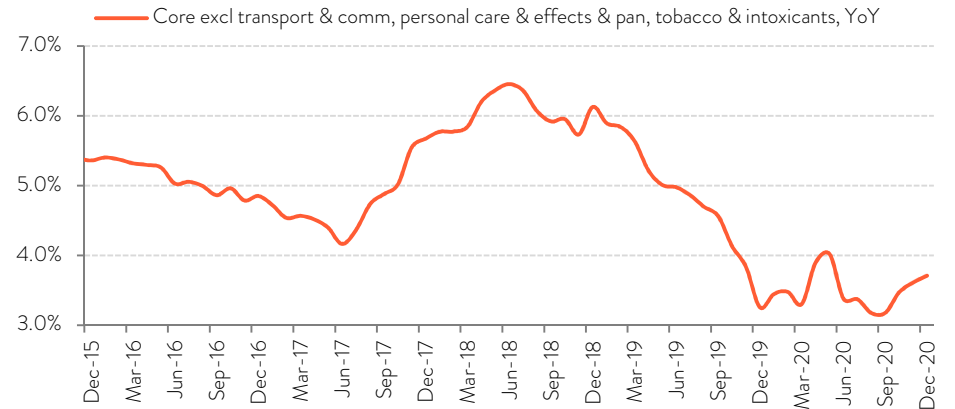
**FIG 37 – CPI EXCL. FOOD AND FUEL ALSO FELL BY 30BPS TO 5.7% FROM 6% IN NOV'20**



**FIG 38 – ...LED BY TRANSPORT AND COMMUNICATION AND PERSONAL CARE AND EFFECTS INFLATION**

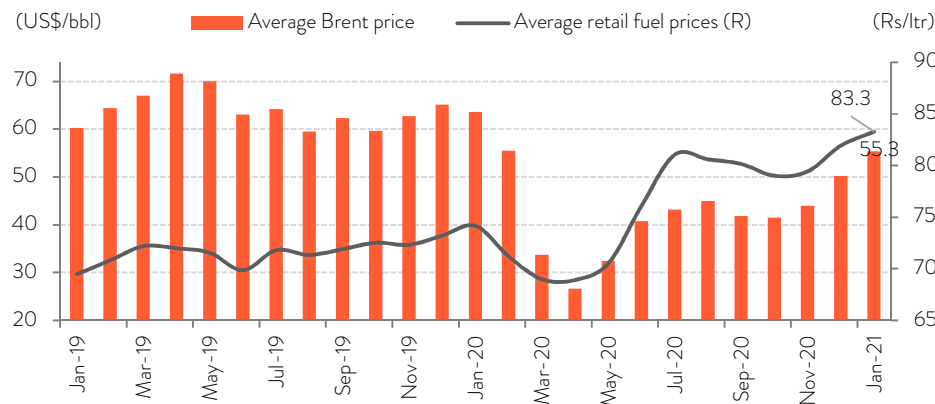


**FIG 39 – HOWEVER, CORE EXCL. MAJOR VOLATILE ITEMS HAS INCHED UP SLIGHTLY TO 3.7% IN DEC'20 FROM 3.6% IN NOV'20**

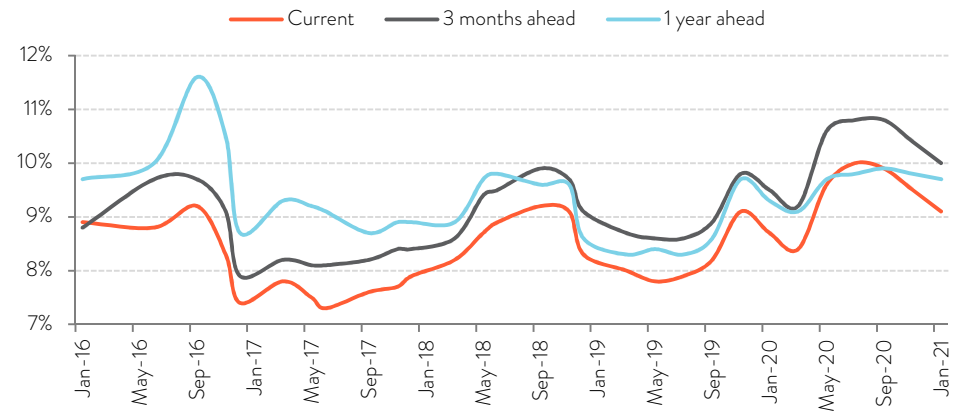


Note: \*Average retail price of Delhi, Kolkata, Mumbai and Chennai

**FIG 40 – RETAIL FUEL PRICES ROSE TO RS 83/LT FROM RS 82/LT IN DEC'20 IN LINE WITH INTERNATIONAL CRUDE PRICE**

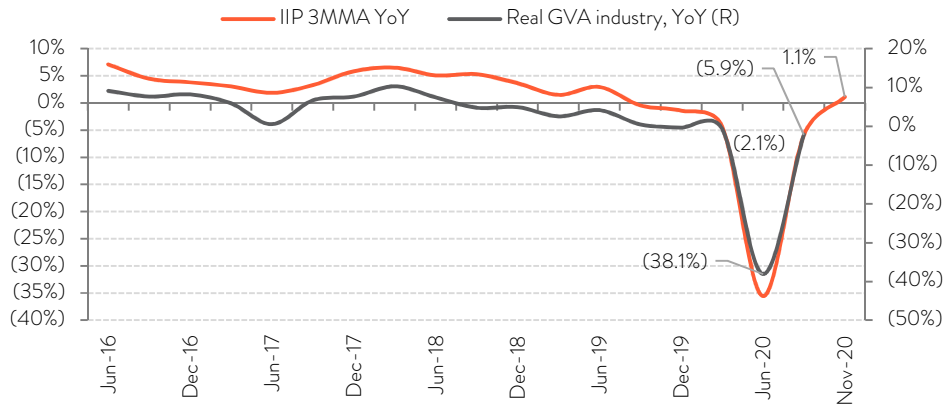


**FIG 41 – HOWEVER INFLATION IS WELL ANCHORED AS VISIBLE IN RBI'S INFLATION EXPECTATION SURVEY**



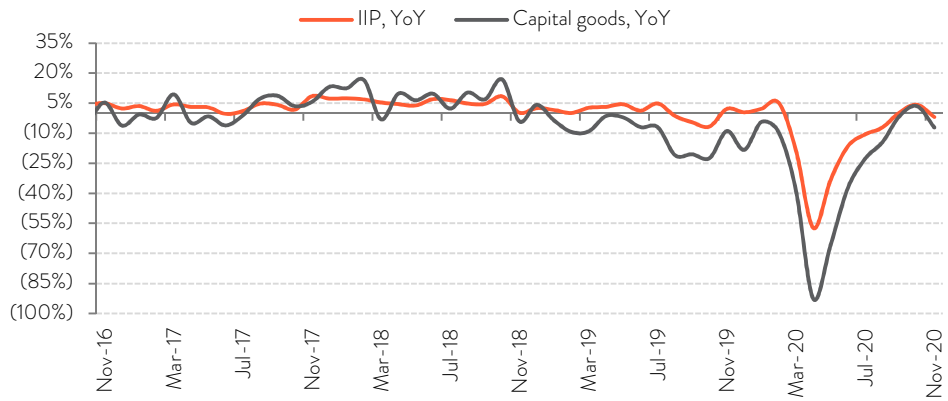
## Industry

**FIG 42 – INDUSTRIAL OUTPUT EXPECTED TO BE HIGHER IN Q3FY21**

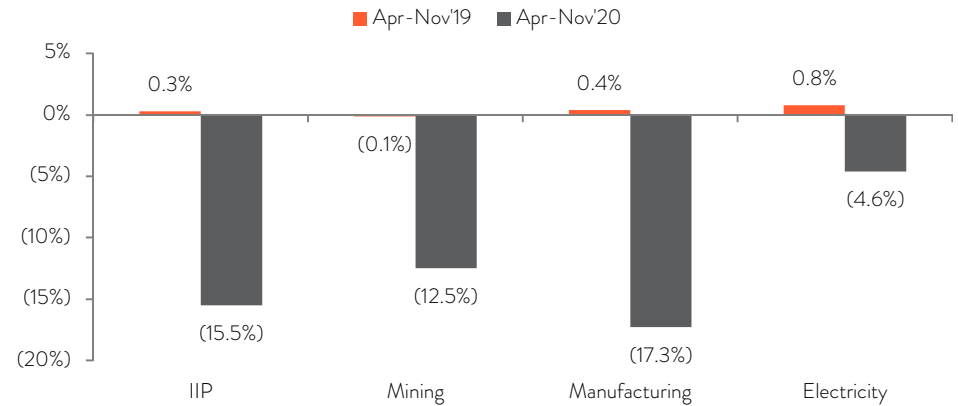


Note: IIP for Oct-Nov'20 is average on YoY basis

**FIG 44 – CAPITAL GOODS CONTRACTS IN NOV'20**



**FIG 43 – HOWEVER, BROAD BASED SLOWDOWN ON FYTD BASIS CAN BE SEEN**



**FIG 45 – INTERMEDIATE GOODS TOO FALLS IN NOV'20**

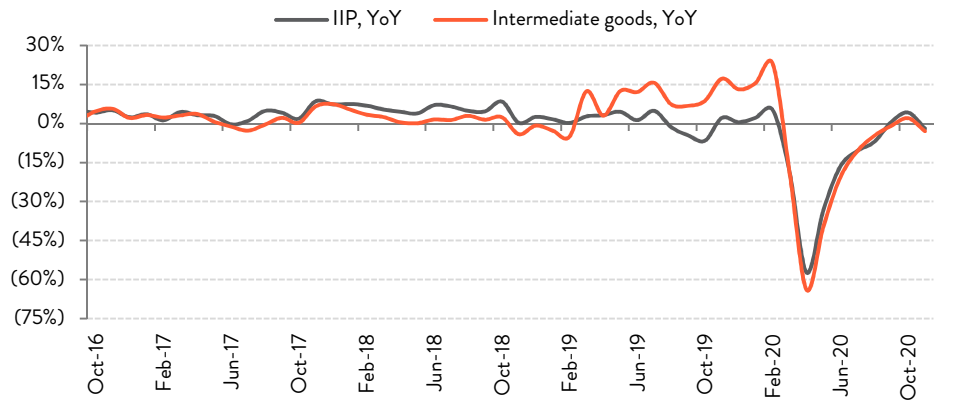
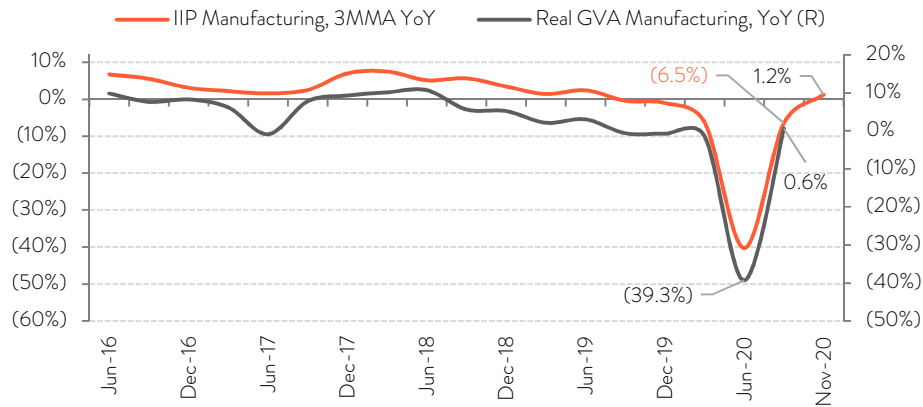


FIG 46 – IIP GROWTH SLIPS IN NOV'20

Sectoral (%)	Weight	Nov-20	Oct-20	Nov-19	Apr-Nov'20	Apr-Nov'19
IIP	100.0	(1.9)	4.2	2.1	(15.5)	0.3
Mining	14.4	(7.3)	(1.3)	1.9	(12.5)	(0.1)
Manufacturing	77.6	(1.7)	4.1	3.0	(17.3)	0.4
Electricity	8.0	3.5	11.2	(5.0)	(4.6)	0.8
<b>Use-Based</b>						
Primary Goods	34.1	(2.6)	(3.2)	(0.2)	(11.3)	0.1
Capital Goods	8.2	(7.1)	3.5	(8.9)	(31.1)	(11.7)
Intermediate Goods	17.2	(3.0)	2.1	17.2	(17.2)	10.3
Infrastructure and Construction Goods	12.3	0.7	9.9	(0.7)	(17.7)	(2.4)
Consumer Durables Goods	12.8	(0.7)	18.0	(1.4)	(28.1)	(6.6)
Consumer Non-Durables Goods	15.3	(0.7)	7.1	1.1	(5.4)	3.5

## Manufacturing

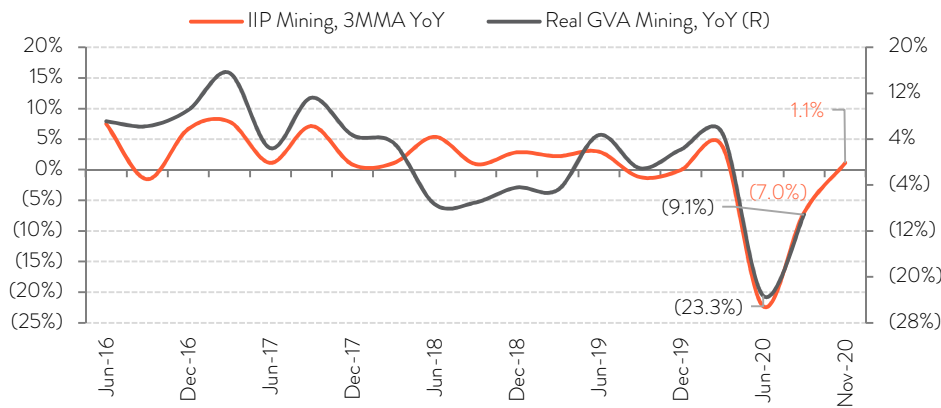
**FIG 47 – RECOVERY LIKELY IN Q3FY21**



Note: IIP for Oct-Nov'20 is average on YoY basis

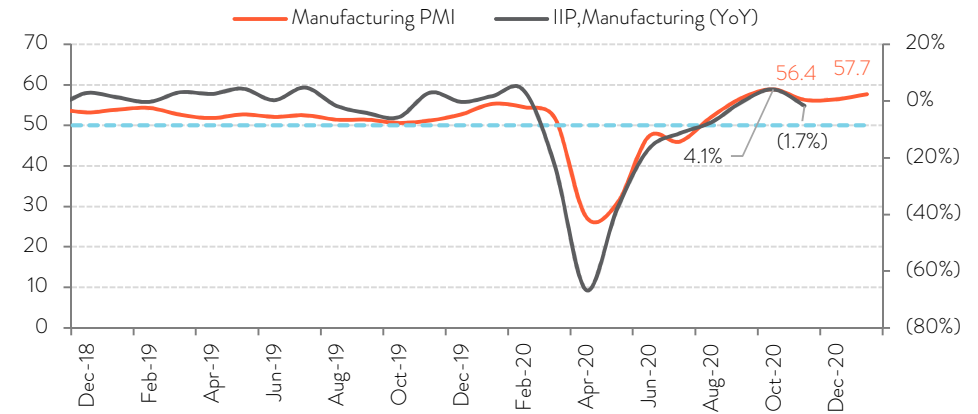
## Mining & Electricity

**FIG 49 – MINING ACTIVITY TO IMPROVES IN Q3FY21**



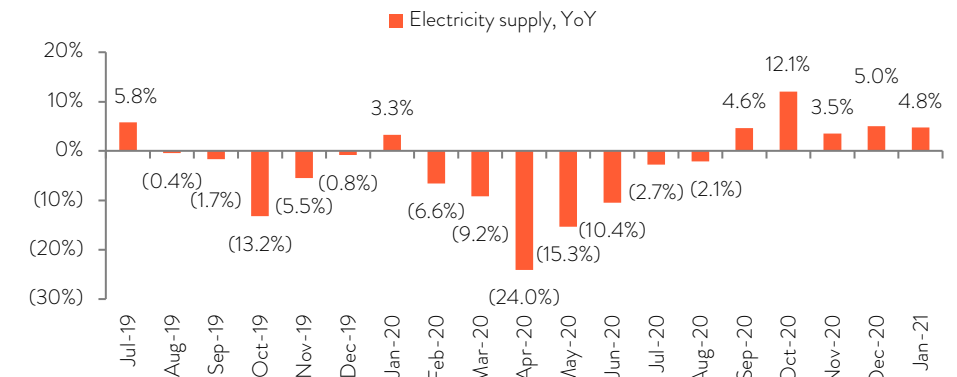
Note: IIP for Oct-Nov'20 is average on YoY basis

**FIG 48 – MANUFACTURING PMI IMPROVES IN DEC'20**



Source: Markit

**FIG 50 – ELECTRICITY OUTPUT GROWTH DIPS IN JAN'21**

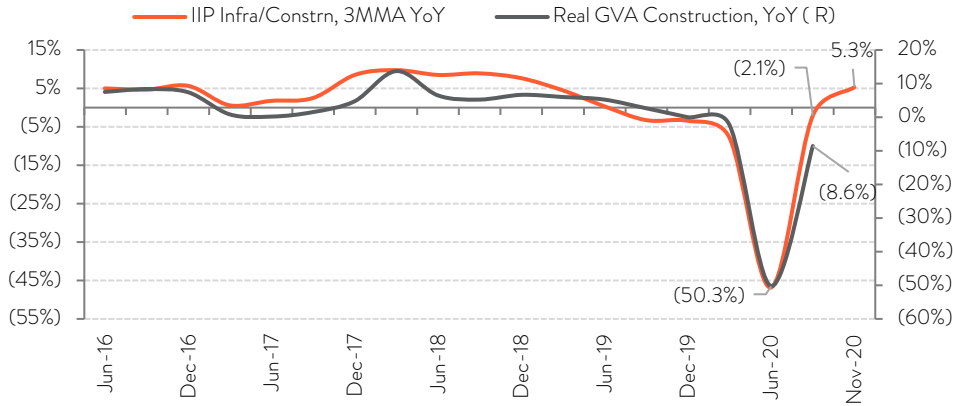


Source: Posco. Note: Average Energy Met (MU)



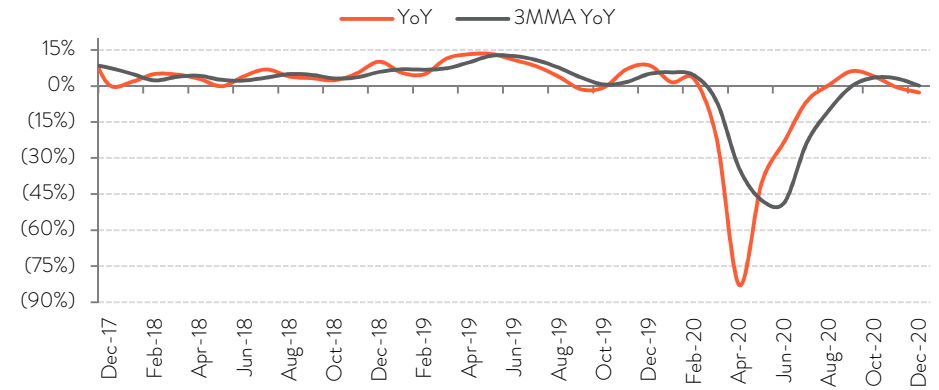
### Infrastructure and Construction

**FIG 51 – GROWTH IN CONSTRUCTION DIPS IN NOV'20**



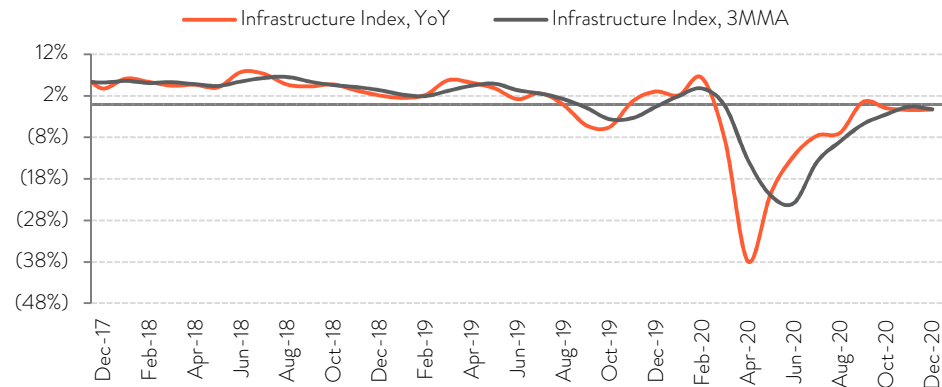
Note: IIP for Oct-Nov'20 is average on YoY basis

**FIG 52 – CEMENT PRODUCTION EDGES DOWNWARDS**

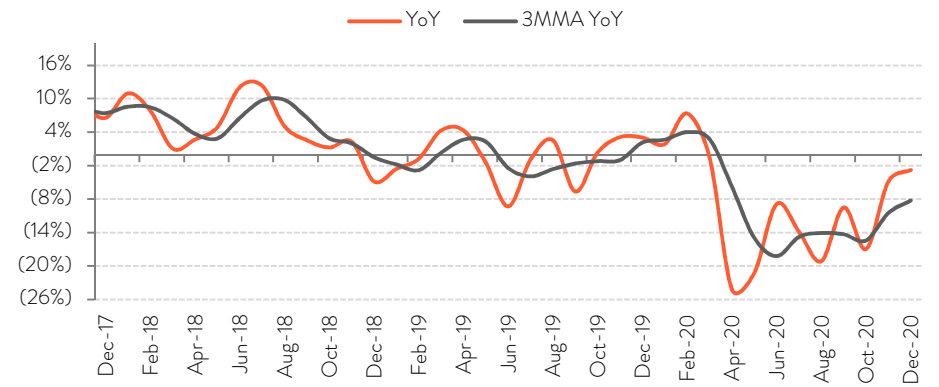


### Infrastructure Index

**FIG 53 – INFRA INDEX CONTRACTS AT A SLOWER PACE**

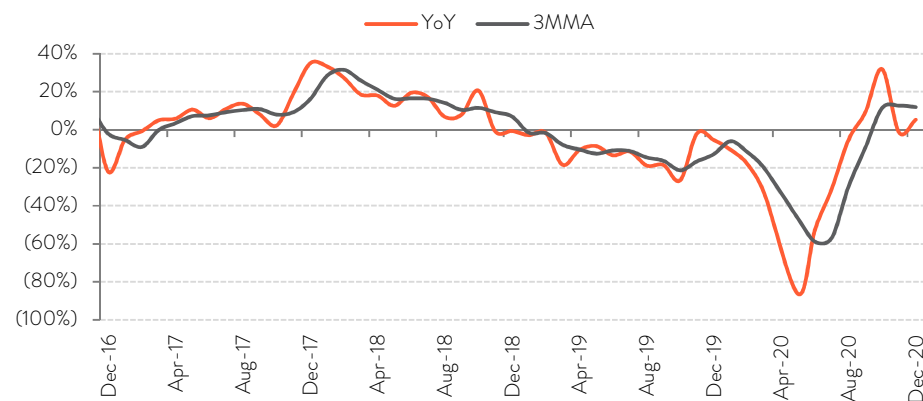


**FIG 54 – REFINERY OUTPUT IMPROVES**

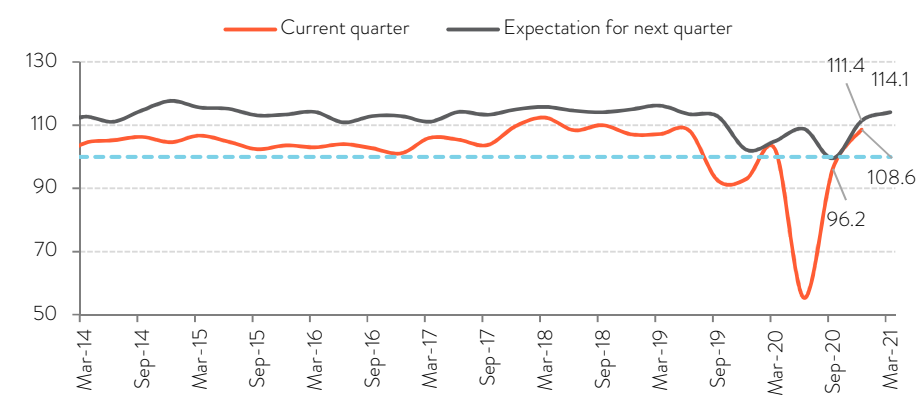


## Auto production & Business expectation index

**FIG 55 – AUTO PRODUCTION REGISTERS A POSITIVE GROWTH**



**FIG 56 – BUSINESS SENTIMENT TURNS OPTIMISTIC**

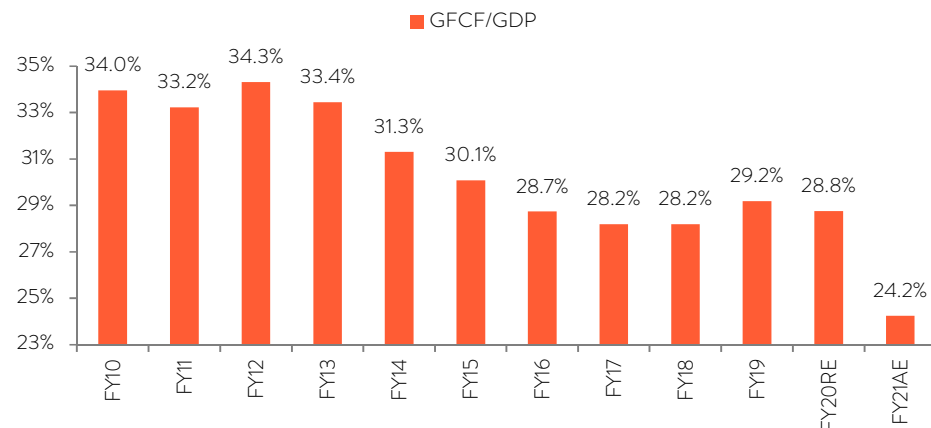


**FIG 57 – INFRASTRUCTURE INDEX DECLINES TO 1.3% IN DEC'20**

(%)	Weight	Dec-20	Nov-20	Dec-19	Apr-Dec'20	Apr-Dec'19
Infrastructure Index	100	(1.3)	(1.4)	3.1	(10.1)	0.6
Coal	10.3	2.2	3.3	6.1	(1.9)	(3.9)
Crude Oil	9.0	(3.6)	(4.9)	(7.4)	(5.7)	(6.0)
Natural Gas	6.9	(7.2)	(9.3)	(9.2)	(11.6)	(3.8)
Petroleum Refinery Products	28.0	(2.8)	(4.8)	3.0	(13.5)	(0.6)
Fertilizers	2.6	(2.9)	1.6	10.2	3.0	4.7
Steel	17.9	(2.7)	(0.5)	8.7	(16.7)	6.9
Cement	5.4	(9.7)	(7.3)	5.5	(18.3)	(0.7)
Electricity	19.9	4.2	3.5	0	(3.7)	(0.7)

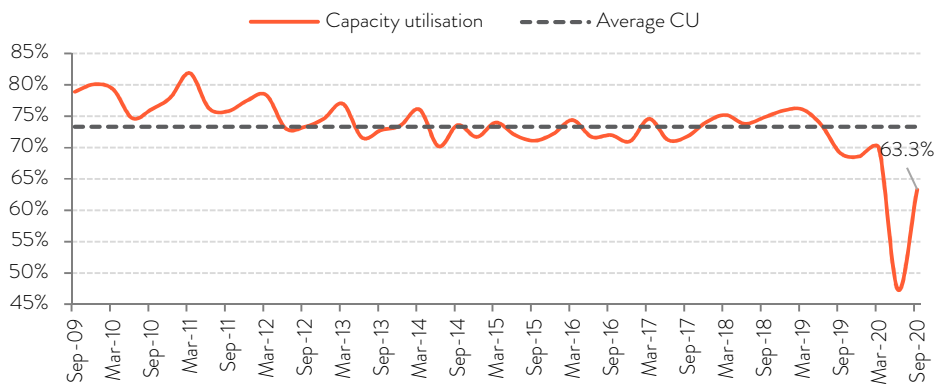
## Investment

**FIG 58 – GFCF RATIO HAS FALLEN TO ITS DECADAL LOW OF 24.2% IN FY21**

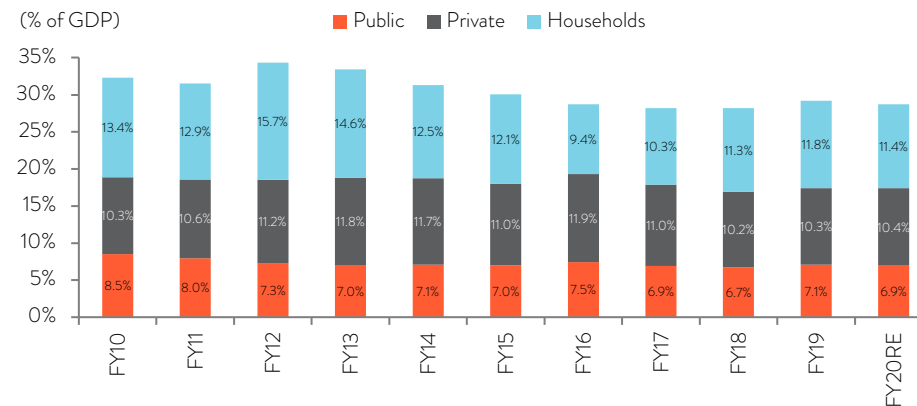


Note: RE: Revised Estimate, AE: Advance Estimate

**FIG 60 – CAPACITY UTILISATION PICKED UP IN SEP'20**

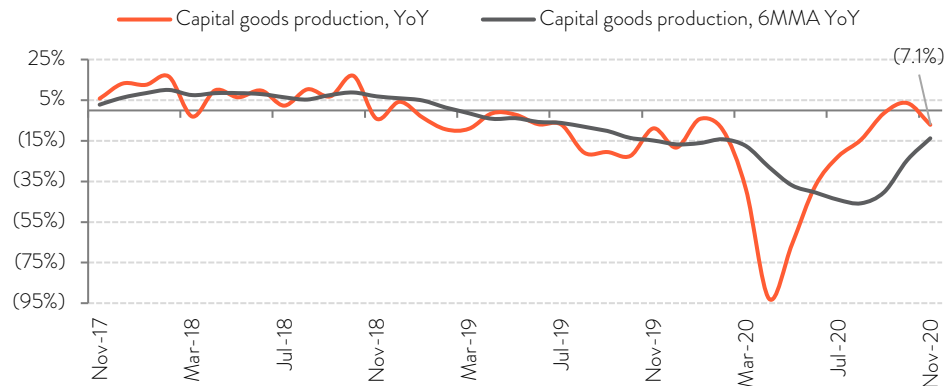


**FIG 59 – PUBLIC INVESTMENT HAS FALLEN CONSIDERABLY IN THE LAST DECADE (6.9% FROM 8.5%), SO IS HOUSEHOLD INVESTMENT (13.4% TO 11.4%)**

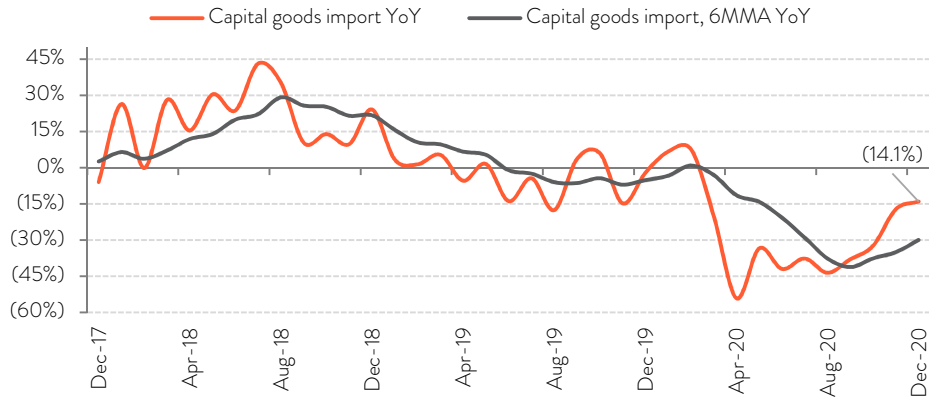


Note: RE: Revised Estimate, AE: Advance Estimate

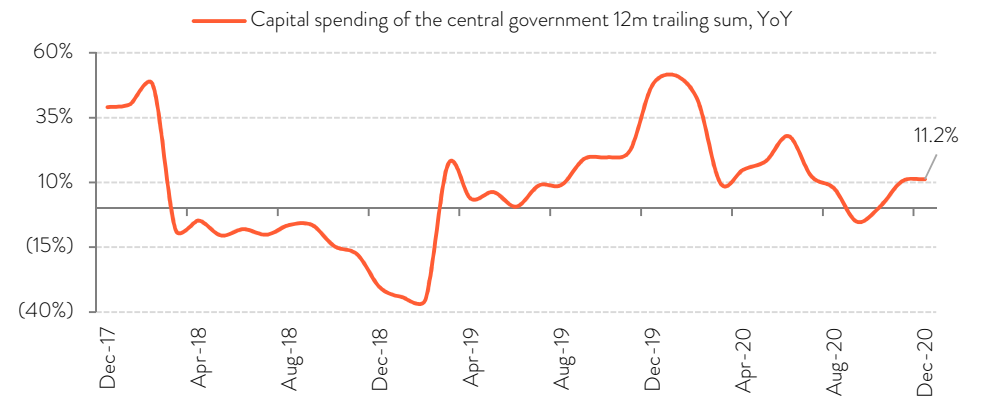
**FIG 61 – CAPITAL GOODS PRODUCTION FELL BY 7.1% IN NOV'20 VERSUS AN INCREASE OF 3.5% IN OCT'20**



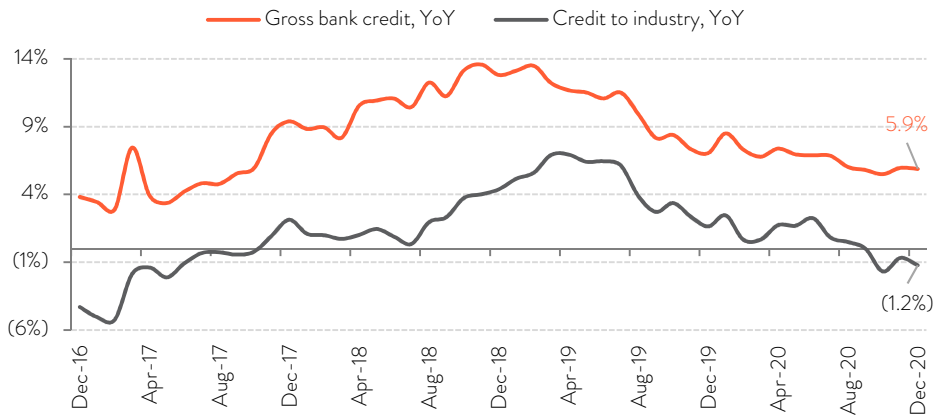
**FIG 62 – CONTRACTION IN IMPORTS OF CAPITAL GOODS EASED TO 14.1% IN DEC'20 FROM 17.3% DECLINE IN NOV'20**



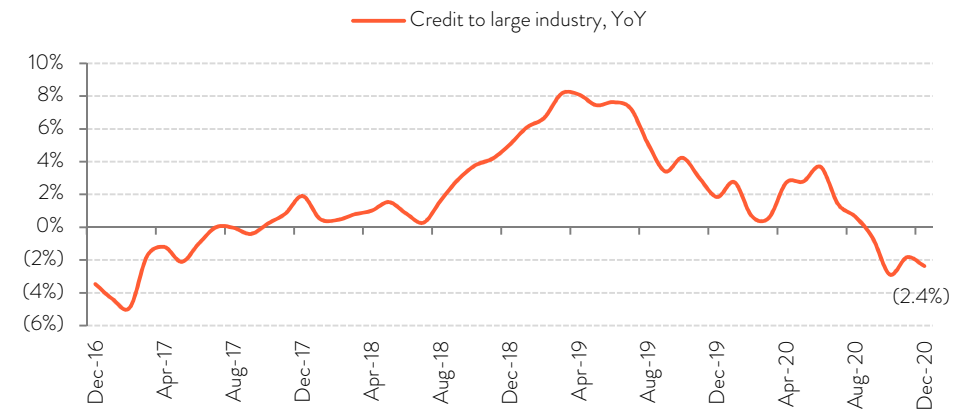
**FIG 63 – CENTRE'S CAPEX SPENDING INCHED UP BY 11.2% IN DEC'20 AS AGAINST 10.5% IN NOV'20**



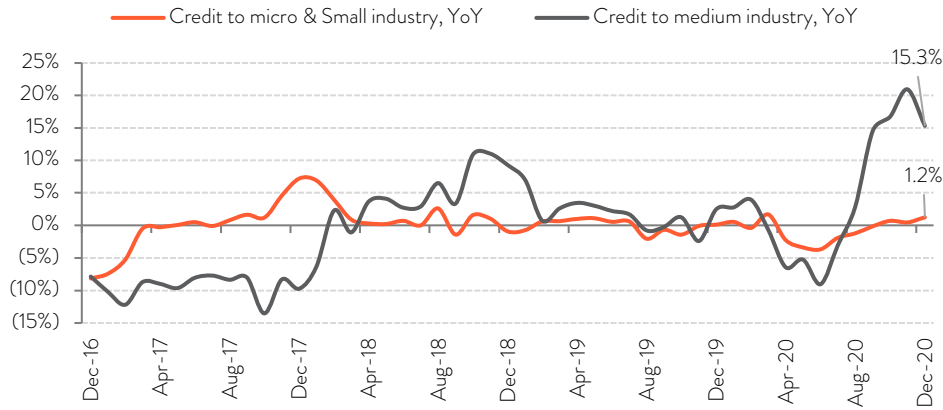
**FIG 64 – GROSS BANK CREDIT MODERATED TO 5.9% IN DEC'20 FROM 6% IN NOV'20, INDUSTRY CREDIT ALSO DECLINED BY 1.2% FROM 0.7% IN NOV'20**



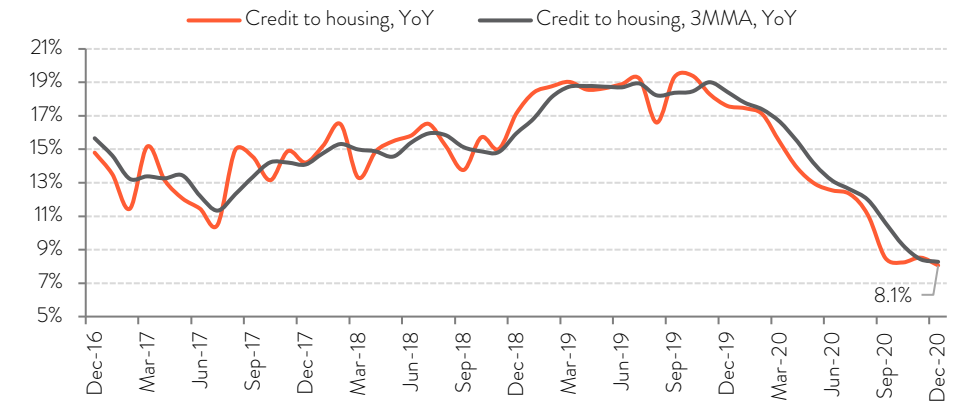
**FIG 65 – FOR LARGE INDUSTRY AS WELL, CREDIT OFFTAKE DECLINED BY 2.4% FROM 1.8% DECLINE IN NOV'20**



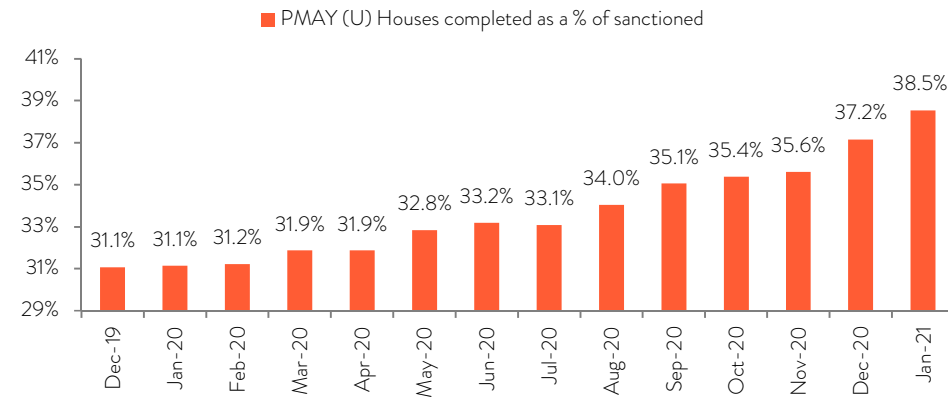
**FIG 66 – CREDIT TO MEDIUM INDUSTRY EDGED DOWN TO 15.3% FROM 20.9% IN NOV'20, FOR MICRO AND SMALL IT ROSE TO 1.2% FROM 0.5%**



**FIG 67 – HOUSING CREDIT MODERATED TO 8.1% IN DEC'20 FROM 8.5% IN NOV'20**

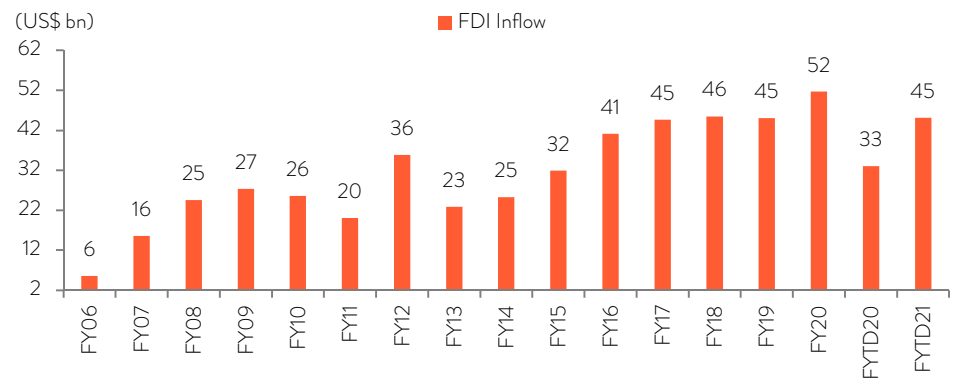


**FIG 68 – AFFORDABLE HOUSING IS ALSO PICKING PACE**



Source: MOHUA

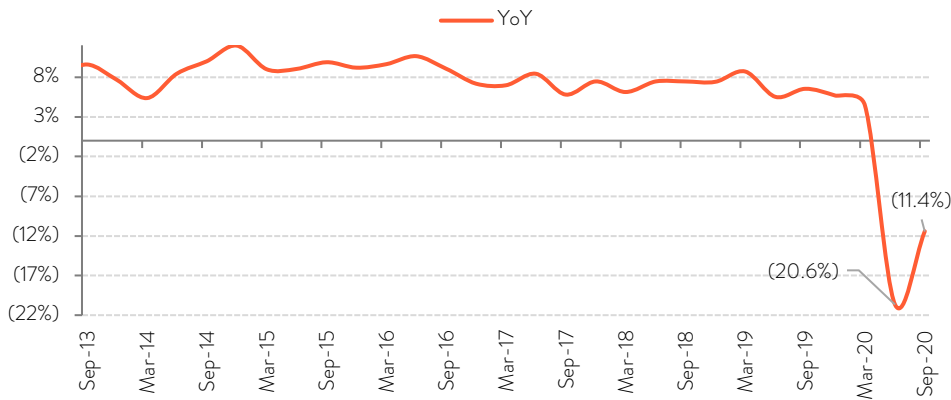
**FIG 69 – FDI INFLOWS ARE HIGHER AT US\$ 45BN IN FYTD21\* AGAINST US\$ 33BN IN THE SAME PERIOD OF PREVIOUS YEAR**



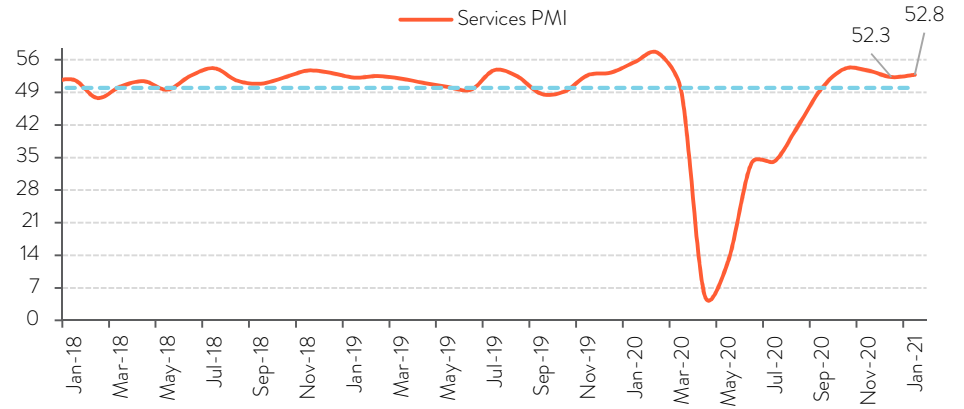
Source: RBI, FYTD: Apr-Nov

## Services sector

**FIG 70 – GVA: SERVICES ACTIVITY BEGAN RECOVERING IN Q2FY21**

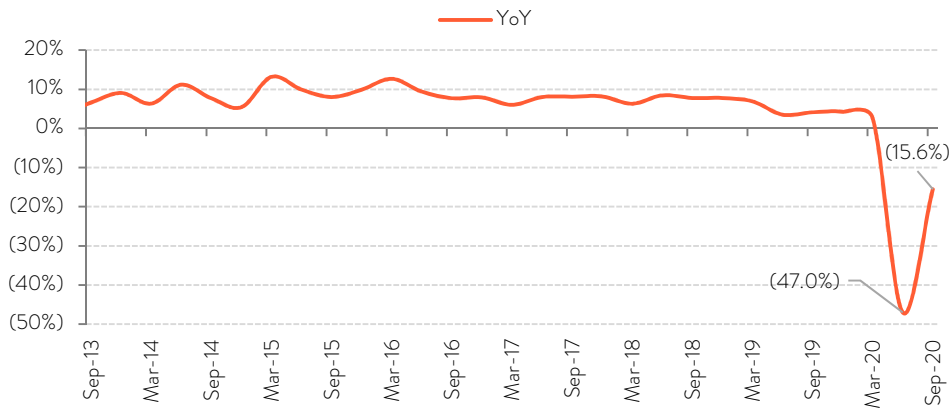


**FIG 71 – SERVICES PMI SHOWS ACTIVITY CONTINUES TO EXPAND**

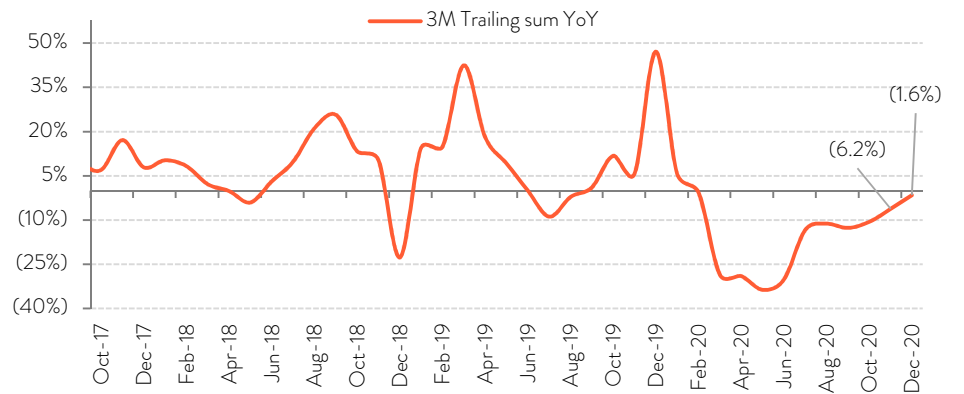


Source: Markit

**FIG 72 – GVA: TRADE & RELATED SERVICES JUMPED SHAPRLY...**



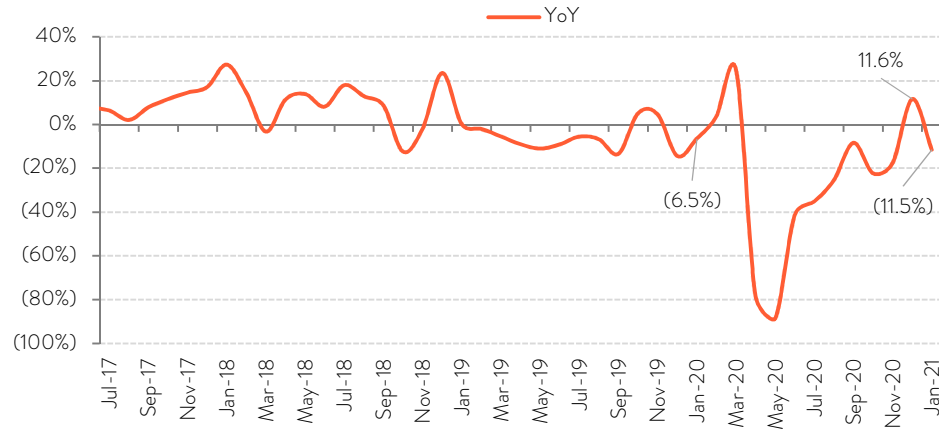
**FIG 73 – STATES\* TAX REVENUE GROWTH SEEN RECOVERING IN Q3FY21**



Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

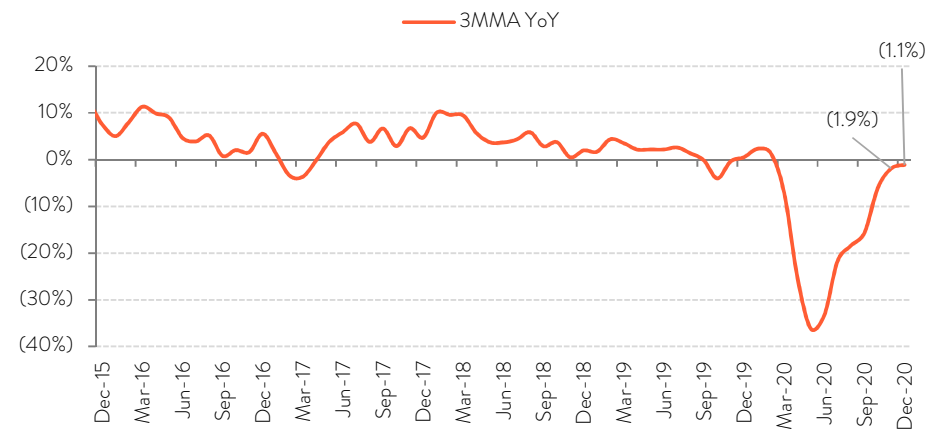
Trade

FIG 74 – VEHICLE REGISTRATION GROWTH BEGINS TO SLIP AGAIN IN JAN'21



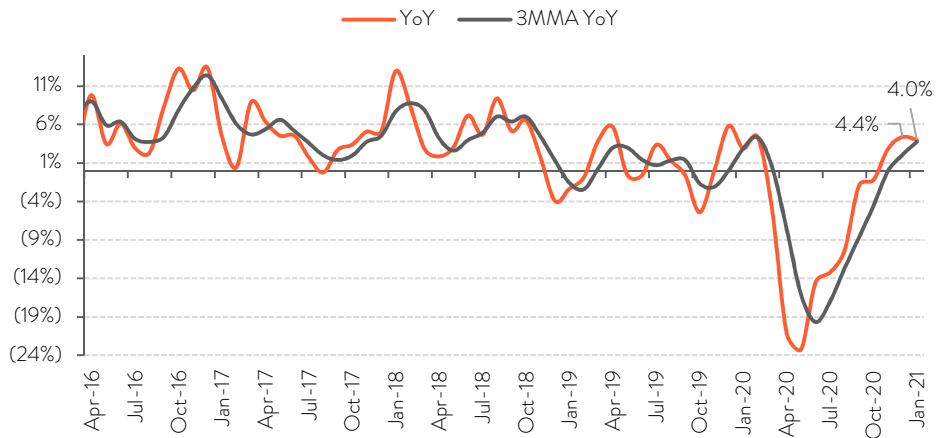
Source: MoRTH

FIG 75 – DIESEL CONSUMPTION IMPROVING, ALBEIT AT A SLOWER PACE

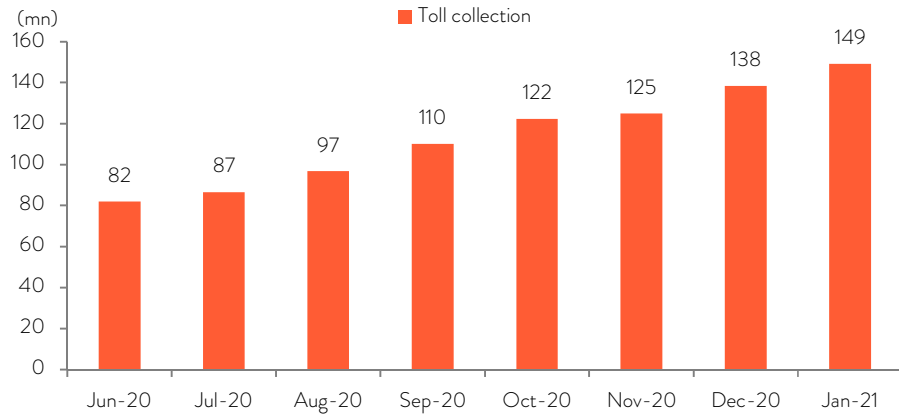


Source: PPAC

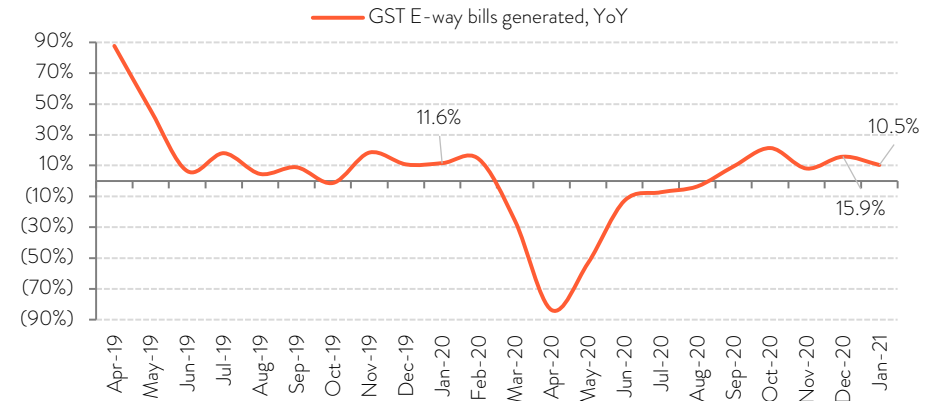
FIG 76 – PORT CARGO VOLUME GROWTH BROADLY STEADY



**FIG 78 – TOLL COLLECTIONS ON UPWARD PATH**

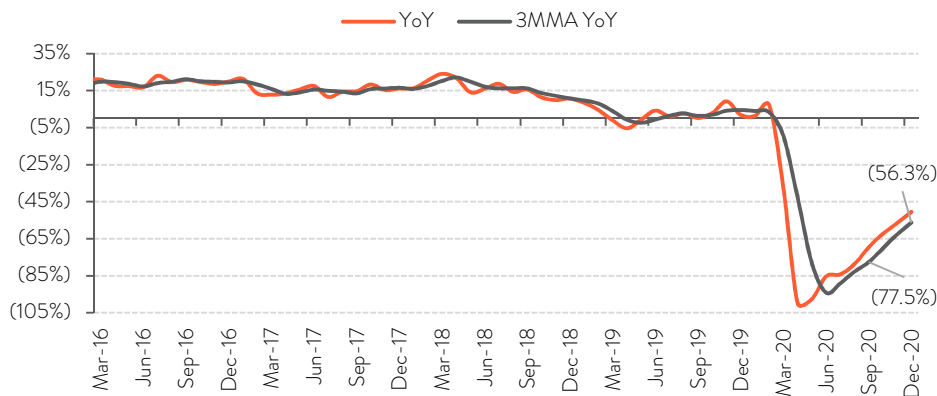


**FIG 79 – E-WAY BILLS GENERATED SLOWED IN JAN'21**

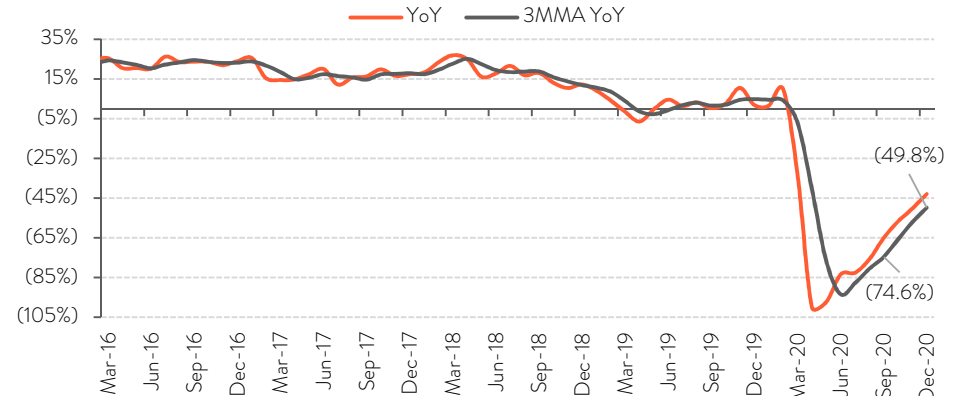


**Hotels and Communications**

**FIG 80 – AIRLINE PASSENGER TRAFFIC GROWTH MAINTAINING UPWARD TREND**

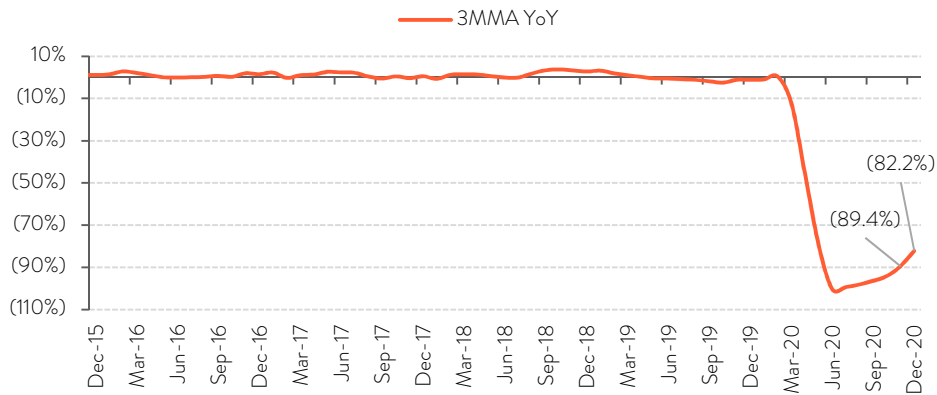


**FIG 81 – ...SUPPORTED BY DOMESTIC PASSENGER GROWTH**

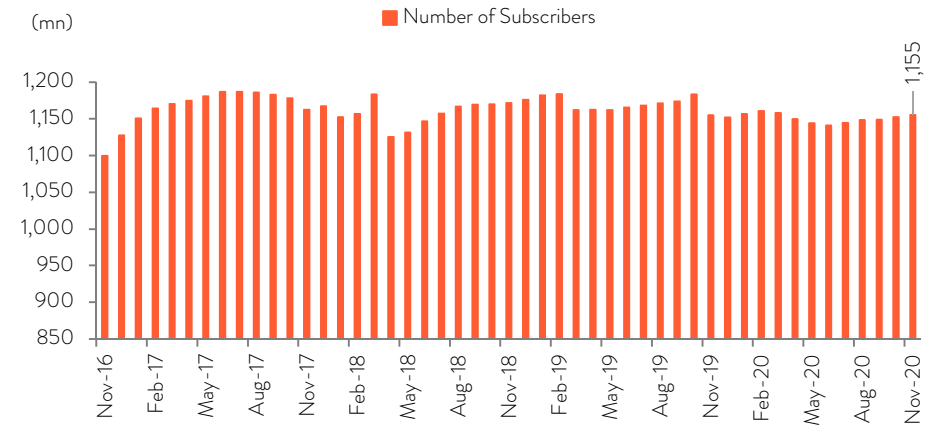




**FIG 82 – RAILWAY PASSENGER TRAFFIC GROWTH ALSO IMPROVING**

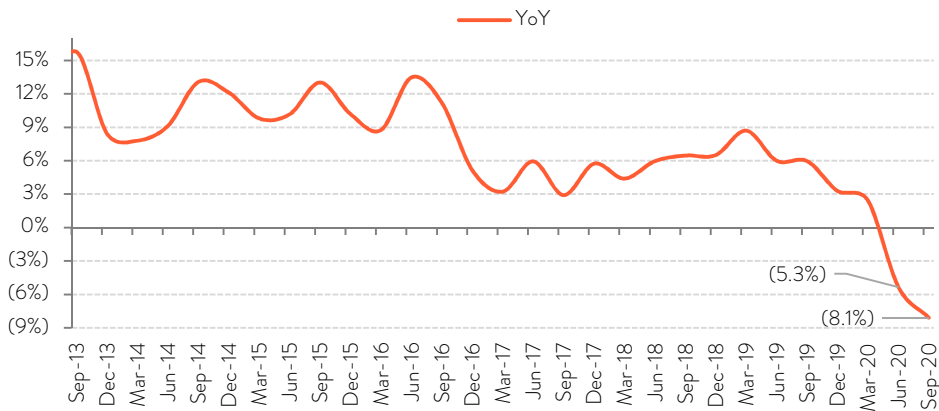


**FIG 83 – TELECOM SECTOR ADDED 3.4MN WIRELESS SUBSCRIBERS IN NOV'20 VERSUS 3.2MN ADDED IN OCT'20**

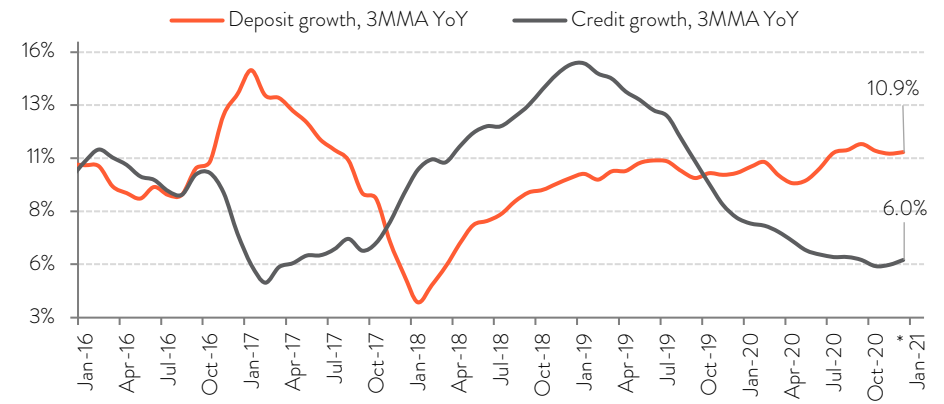


**Finance and Real estate**

**FIG 84 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES REMAINED UNDER STRESS IN Q2FY21 AS WELL**

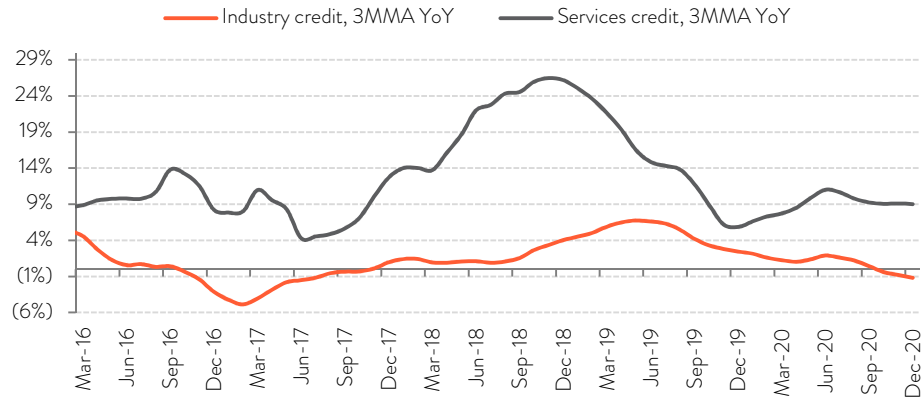


**FIG 85 – CREDIT GROWTH RISING; DEPOSIT GROWTH ALSO IMPROVING**

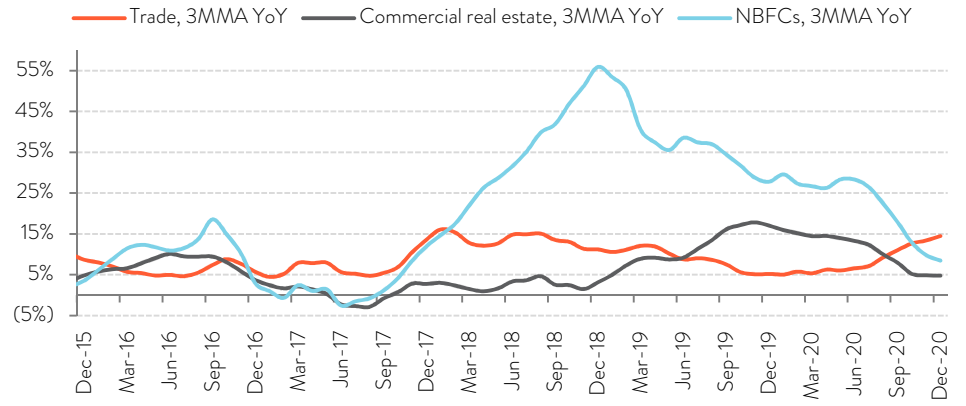


Note: \*Jan'21 implies fortnight as of 15 Jan 2021

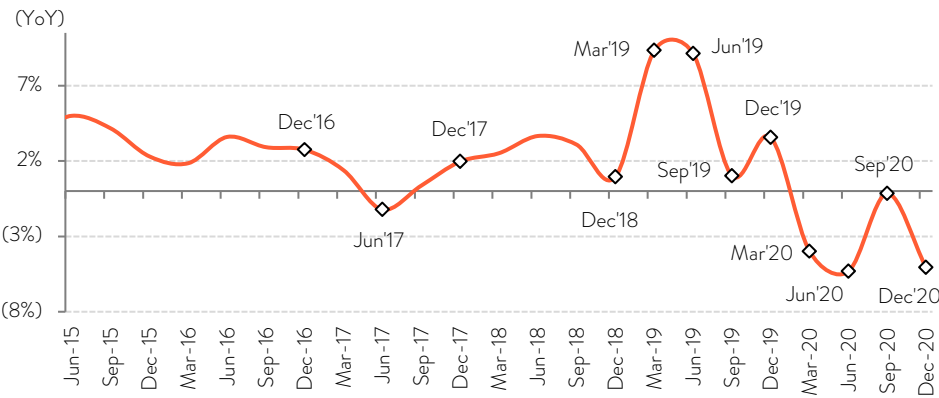
**FIG 86 – CREDIT TO MANUFACTURING SECTOR CONTINUES TO CONTRACT, CREDIT TO SERVICES SECTOR REMAINS STEADY**



**FIG 87 – CREDIT TO TRADE SERVICES INCHES FURTHER UP, NBFC LEADS THE DECLINE IN DEC'20**

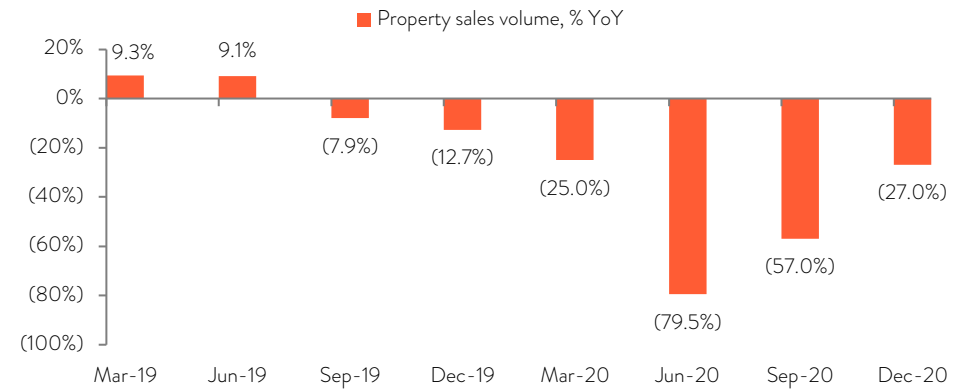


**FIG 88 – AVERAGE PROPERTY RENTAL PRICE INDEX\* FELL IN Q3FY21**



Source: \*Index for Delhi-NCR, Mumbai & Bangalore; using Colliers International data for commercial property rental price (Rs/sqft)

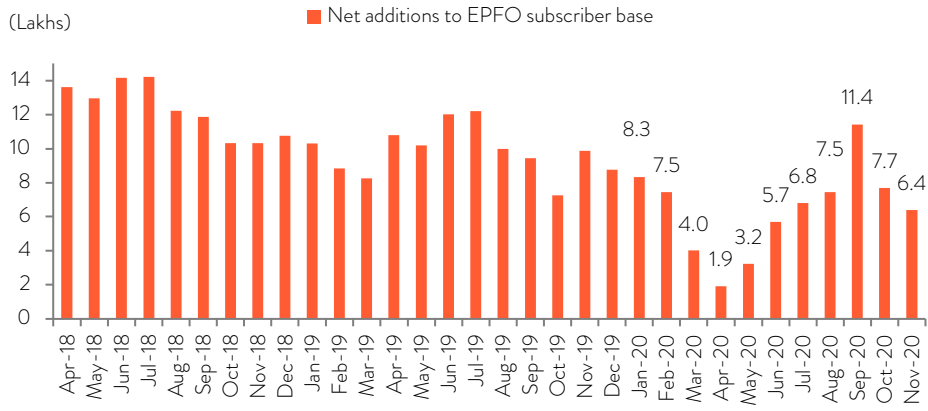
**FIG 89 – PROPERTY SALES VOLUMES CONTINUE TO IMPROVE**



Source: Proptiger

Labour market

FIG 90 – NET ADDITIONS TO EPFO SUBSCRIBER BASE EASED IN NOV'20



Public administration

FIG 92 – PUBLIC ADMINISTRATION & DEFENCE SERVICES CONTINUED TO ACT AS A DRAG IN Q2FY21...

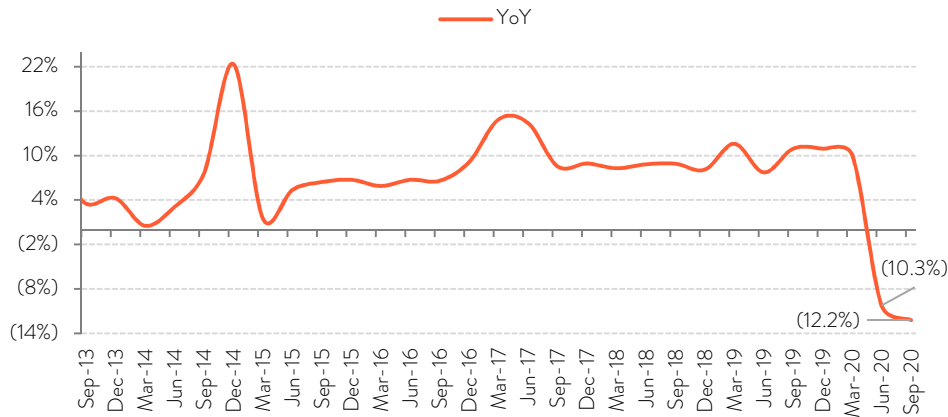


FIG 91 – UNEMPLOYMENT RATE DROPPED IN JAN'21



FIG 93 – GENERAL GOVT. SPENDING SHOOTS UP IN Q3FY21

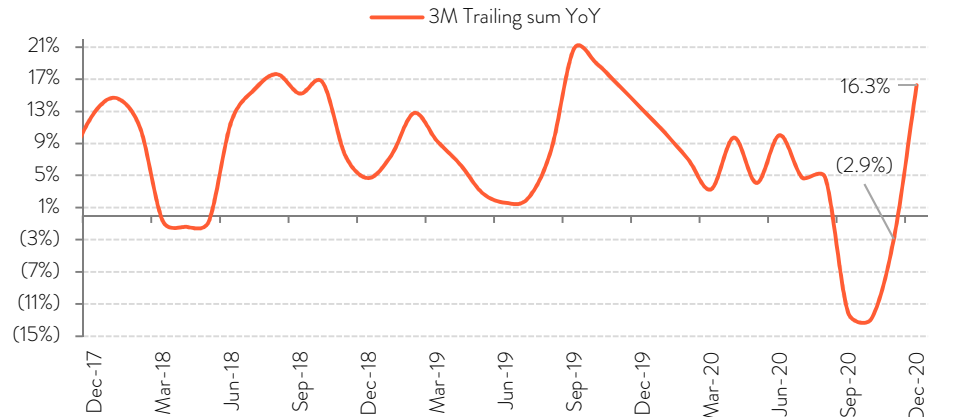


FIG 94 – ...LED BY CENTRAL GOVERNMENT

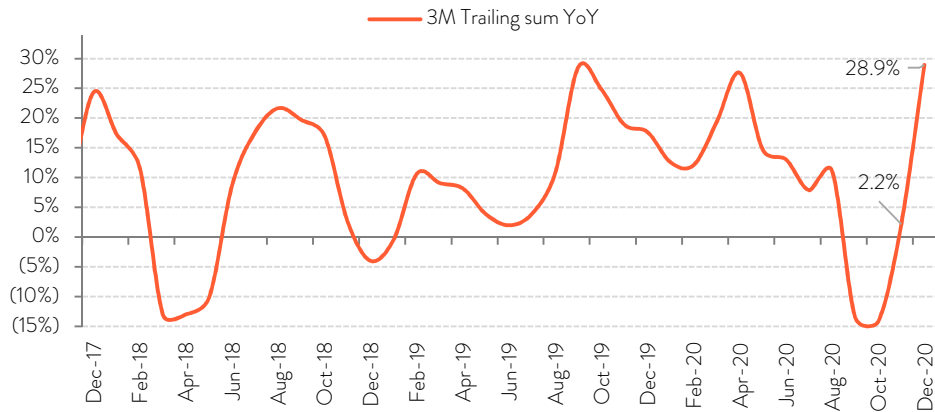
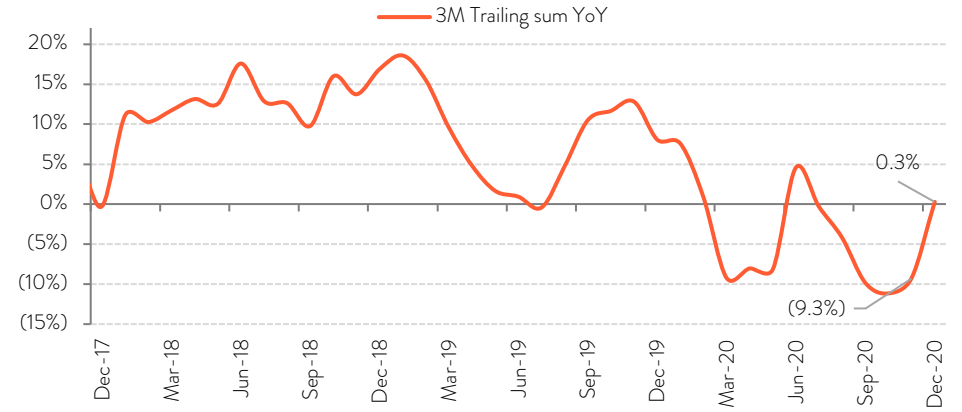


FIG 95 – STATE\* GOVT. SPENDING FOLLOWING SUIT

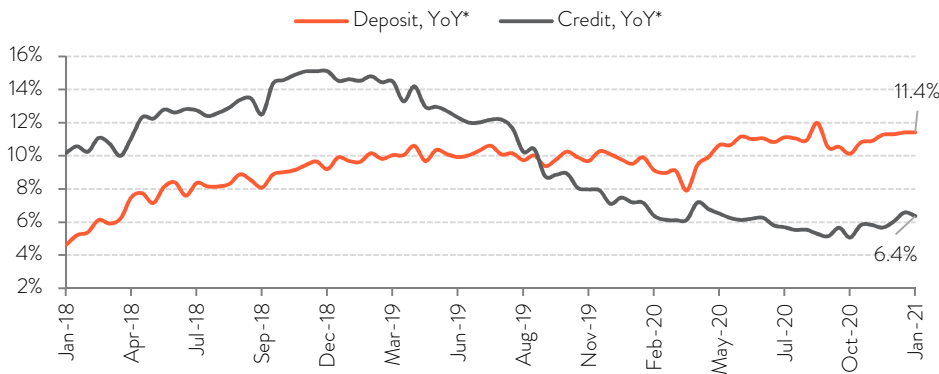


Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

## Financial sector

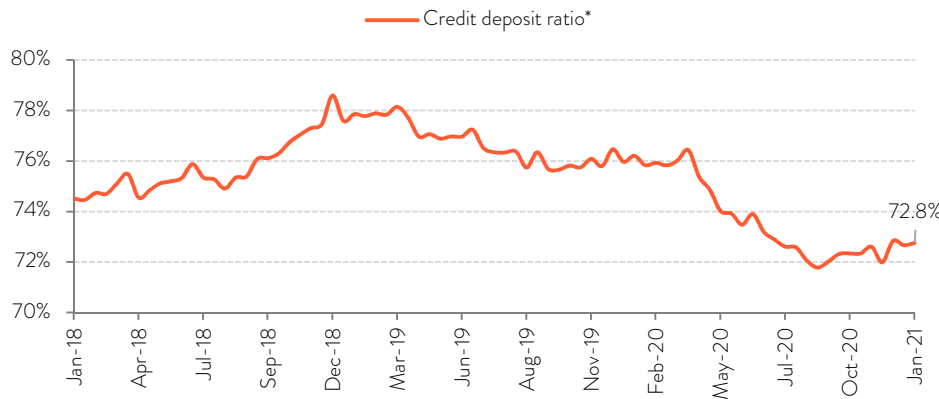
### Money and banking

**FIG 96 – CREDIT DEMAND PICKED UP TO 6.4% IN JAN'21 (6% IN DEC'20) AND DEPOSIT GROWTH INCREASED TO 11.4% FROM 11.3%**



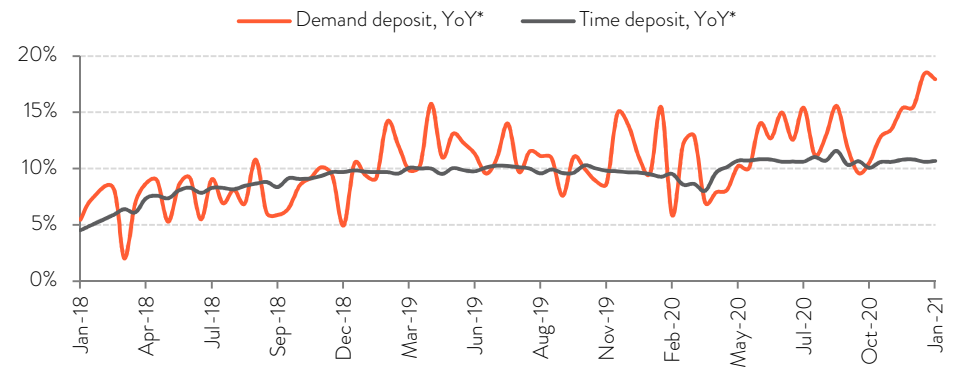
Note: \*Jan-20 implies fortnight as of 15 Jan 2021

**FIG 98 – CD RATIO WAS STABLE AT 72.8%**



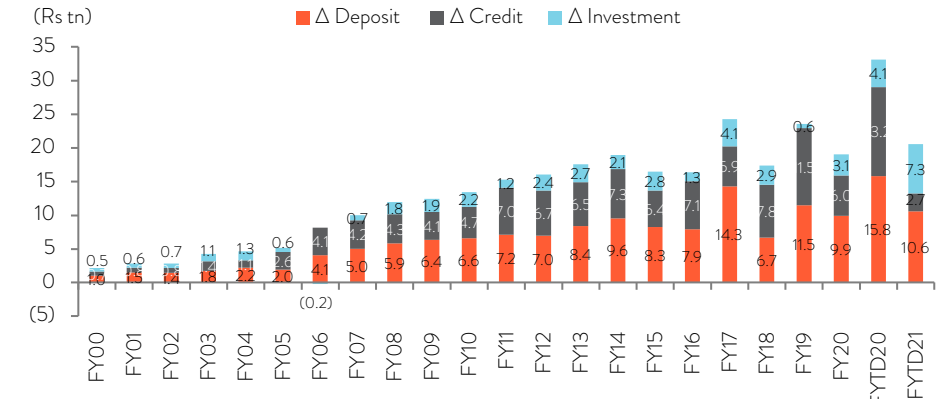
Note: \*Jan-20 implies fortnight as of 15 Jan 2021

**FIG 97 – DEMAND DEPOSITS ROSE TO 17.9% IN JAN'21 FROM 15.5% IN DEC'20 AND TIME DEPOSITS MODERATED SLIGHTLY TO 10.7% FROM 10.8%**



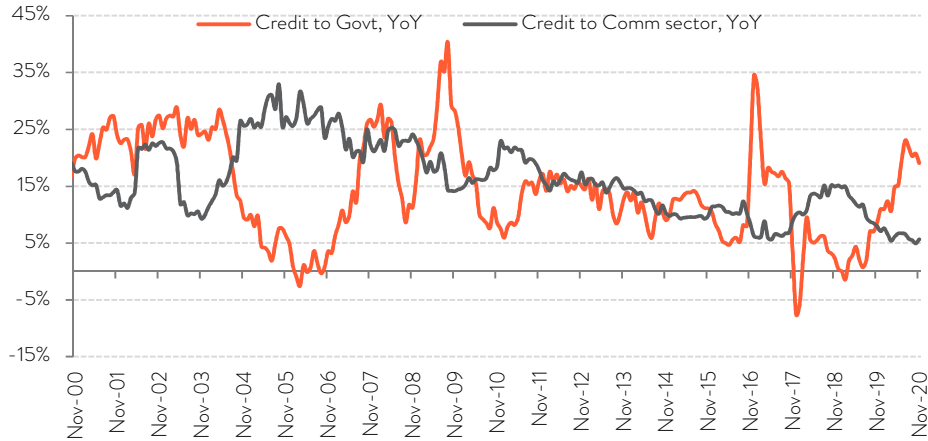
Note: \*Jan-20 implies fortnight as of 15 Jan 2021

**FIG 99 – PACE OF ACCRETION OF INVESTMENT IS GAINING PACE**

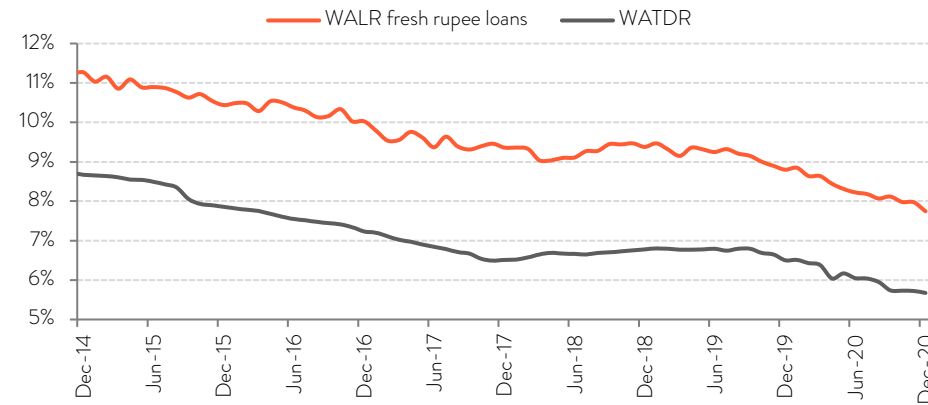


FYTD: Apr-Dec

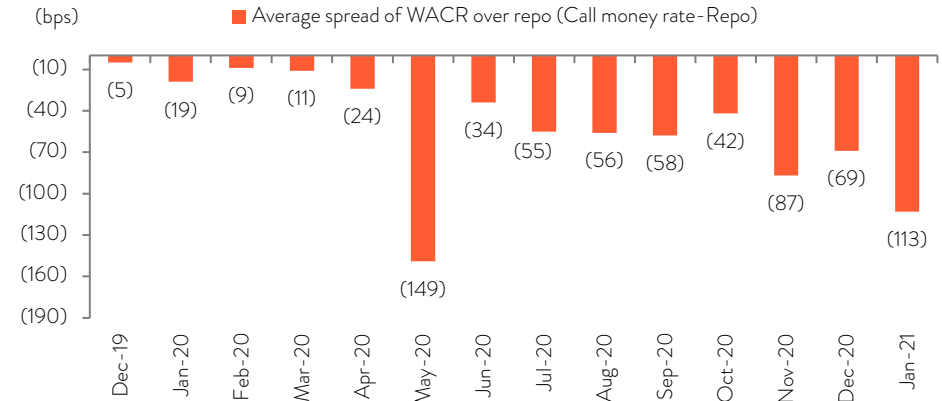
**FIG 100 – CREDIT TO GOV. PICKED UP BY 19.1% IN NOV'20 FROM 20.8% IN OCT'20, CREDIT TO COMM SECTOR ROSE TO 5.7% (4.9% IN OCT'20)**



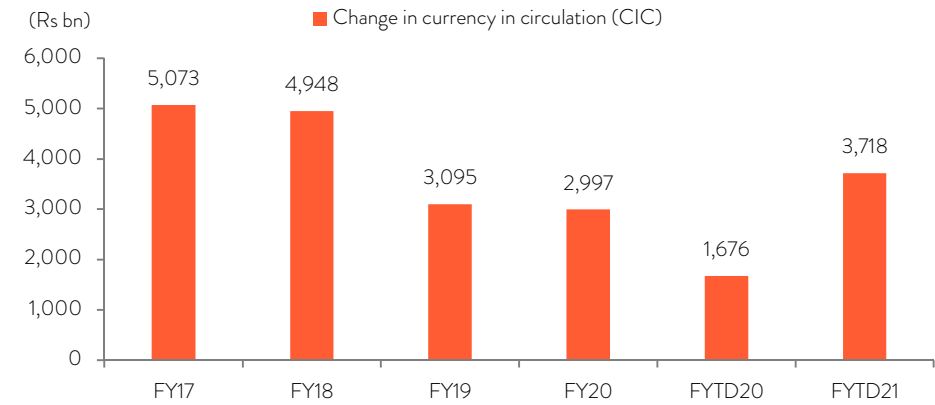
**FIG 102 – BOTH WATDR AND WALR INCHED DOWN TO 5.67% AND 7.74% RESPECTIVELY IN DEC'20 (VERSUS 5.82/7.97% IN NOV'20)**



**FIG 101 – SPREAD BETWEEN CALL RATE AND REPO**

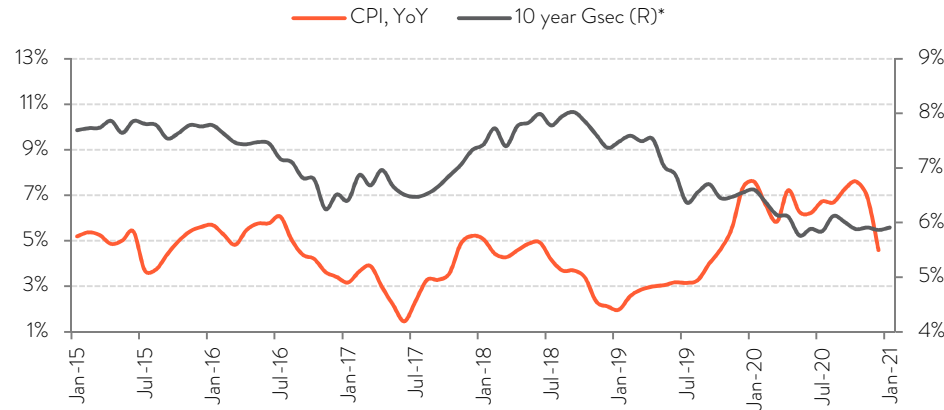


**FIG 103 – CIC ACCRETION IS FAR HIGHER AT RS 3.7TN IN FYTD21 COMPARED WITH RS 1.7TN IN FYTD20**



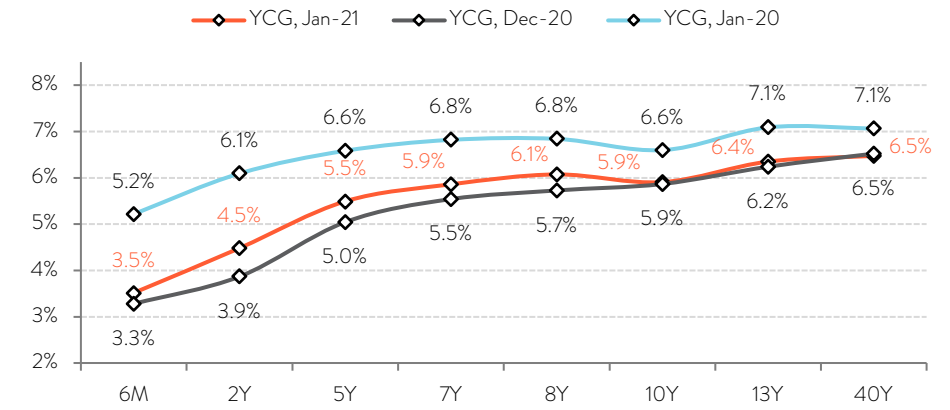
FYTD: Apr-Jan

**FIG 104 – 10Y GSEC YIELD INCHED UP TO 5.91% IN JAN'21 FROM 5.87% IN DEC'20, INFLATION EDGED DOWN TO 4.6% IN DEC'20 FROM 6.93%**



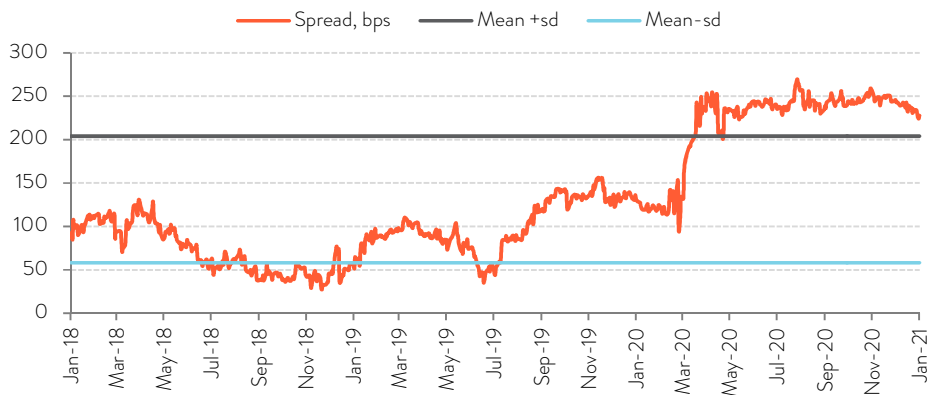
Note: \*As on last trading day of the month, 5.85GS2030 benchmark security is taken

**FIG 105 – YIELD CURVE GRAPH (YCG) SHOWS FLATENING BIAS**

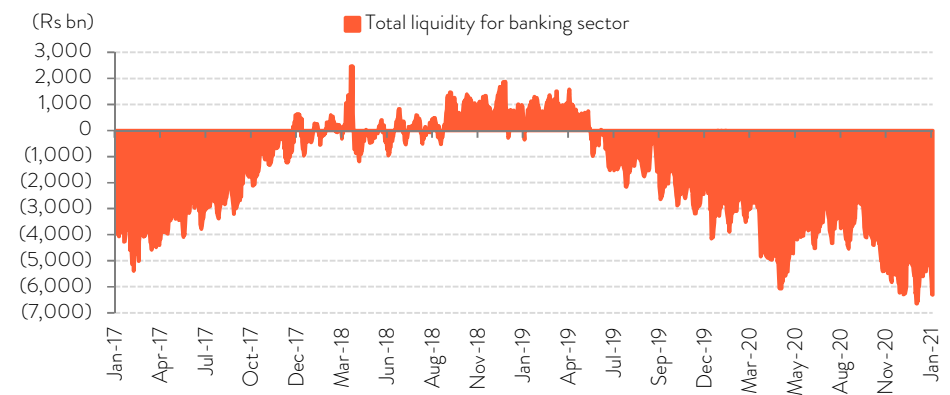


Source: Bloomberg

**FIG 106 – SPREAD BETWEEN 10Y GSEC AND 1Y TBILL FELL TO 235BPS FROM 247BPS IN DEC'20, NEARING ITS MEAN REVERSION LEVELS**

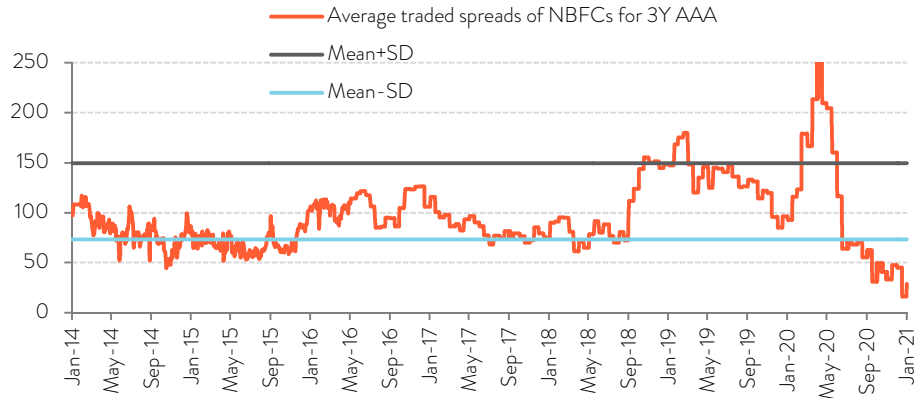


**FIG 107 – AVERAGE SYSTEM LIQUIDITY SURPLUS ROSE TO RS 5.7TN IN JAN'21 FROM RS 5.6TN IN DEC'20 AND IS CURRENTLY HIGHER AT ~RS 6.6TN**

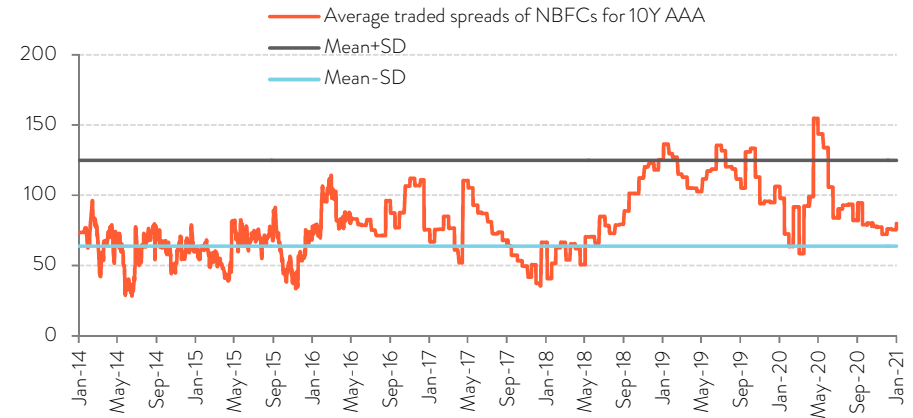


Source: RBI

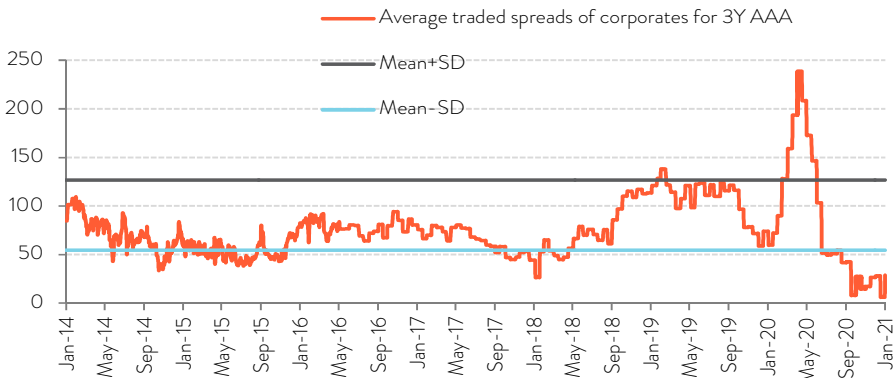
**FIG 108 – NBFC 3Y AAA SPREAD FELL TO 29BPS AS ON 29 JAN 2021 VERSUS 45BPS AS ON 31 DEC 2020**



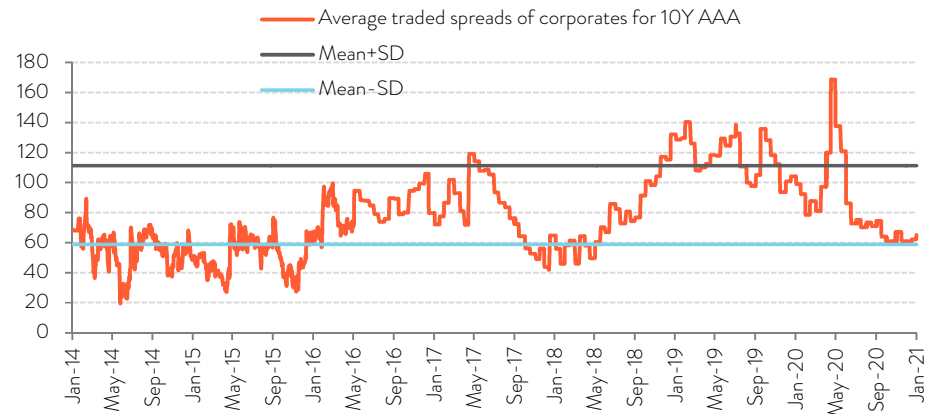
**FIG 109 – FOR 10Y AAA RATED PAPER IT INCHED UP SLIGHTLY TO 80BPS FROM 76BPS**



**FIG 110 – CORPORATE 3Y AAA SPREAD WAS AT 29BPS AS ON 29 JAN 2021 VERSUS 28BPS AS ON 31 DEC 2020**

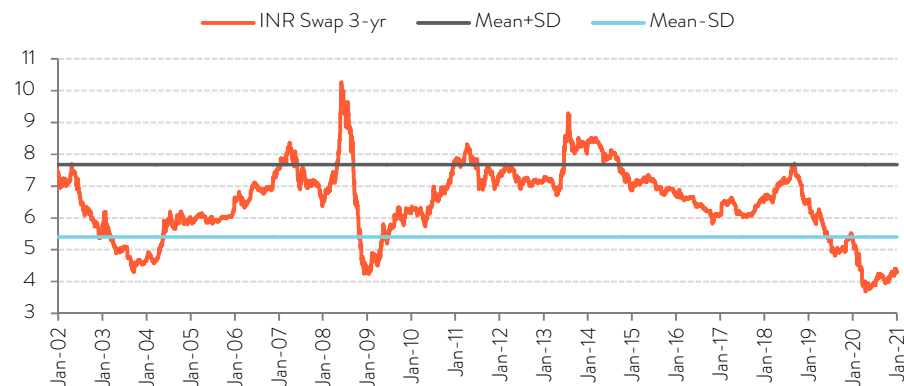


**FIG 111 – FOR 10YAAA RATED PAPER IT ROSE TO 65BPS FROM 61BPS**

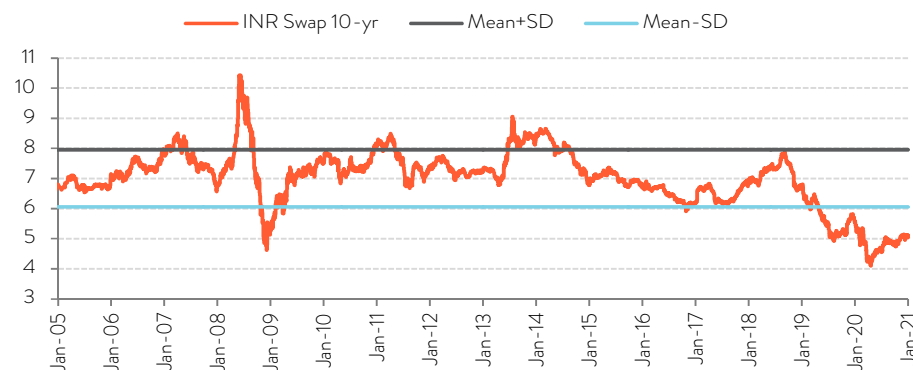




**FIG 112 – INR 3Y SWAP IS AT 4.31 AS ON 29 JAN 2021 VERSUS 4.26 AS ON 31 DEC 2020**



**FIG 113 – FOR 10Y IT IS AT 5.1% AS ON 29 JAN 2021 VERSUS 5.15 AS ON 31 DEC 2020**



### Interest rates on small savings schemes

**FIG 114 – INTEREST RATES ON SMALL SAVINGS SCHEME TO REMAIN UNCHANGED IN Q4FY21**

Instrument (%)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	GSec Yield (1 Feb 2021)
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
1 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	4.19
2 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	4.65
3 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.11
5 year time deposit	7.8	7.7	7.7	7.7	6.7	6.7	6.7	6.7	5.46
5 year recurring deposit	7.3	7.2	7.2	7.2	5.8	5.8	5.8	5.8	5.46
5 year senior citizen savings scheme	8.7	8.6	8.6	8.6	7.4	7.4	7.4	7.4	5.46
5 year monthly income scheme	7.7	7.6	7.6	7.6	6.6	6.6	6.6	6.6	5.46
5 year national savings certificate	8	7.9	7.9	7.9	6.8	6.8	6.8	6.8	5.46
Public provident fund scheme	8	7.9	7.9	7.9	7.1	7.1	7.1	7.1	6.06
Kisan vikas patra	7.7	7.6	7.6	7.6	6.9	6.9	6.9	6.9	-
Sukanya samridhi account scheme	8.5	8.4	8.4	8.4	7.6	7.6	7.6	7.6	-

Source: Department of Economic Affairs, Ministry of Finance, Government of India, \*10Y benchmark yield 5.85GS2030

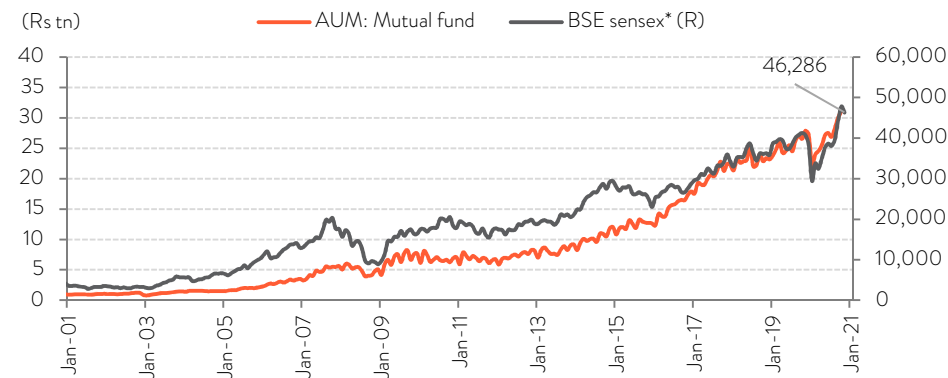
**FIG 115 – INTEREST RATES CHARGED BY LEADING BANKS**

1Y MCLR (%)	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec-20	Jan-21
<b>Public Sector Banks</b>															
Bank of Baroda	8.30	8.25	8.20	8.15	8.15	8.00	7.80	7.65	7.60	7.60	7.55	7.50	7.45	7.40	7.40
Bank of India	8.30	8.20	8.20	8.20	8.20	8.20	7.95	7.70	7.60	7.45	7.40	7.35	7.35	7.35	7.35
Canara Bank	8.35	8.35	8.35	8.20	8.20	7.85	7.85	7.65	7.55	7.45	7.40	7.40	7.35	7.35	7.35
Indian Bank	8.35	8.35	8.30	8.25	8.25	8.10	7.80	7.50	7.40	7.35	7.30	7.30	7.30	7.30	7.30
Punjab National Bank	8.15	8.15	8.05	8.05	8.05	7.75	7.75	7.60	7.60	7.35	7.35	7.35	7.35	7.35	7.35
State Bank of India	8.00	7.90	7.90	7.85	7.75	7.40	7.25	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Union Bank of India	8.25	8.20	8.10	8.10	8.00	7.75	7.70	7.60	7.40	7.25	7.20	7.20	7.20	7.20	7.20
<b>Private Sector Banks</b>															
Axis Bank Ltd.	8.25	8.15	8.15	8.15	8.10	7.95	7.80	7.75	7.65	7.55	7.50	7.45	7.45	7.45	7.40
HDFC Bank Ltd.	8.30	8.15	8.15	8.15	8.15	7.95	7.95	7.65	7.45	7.35	7.30	7.30	7.25	7.25	7.25
ICICI Bank Ltd.	8.35	8.25	8.20	8.20	8.15	8.00	7.75	7.70	7.55	7.45	7.40	7.35	7.35	7.35	7.30
Indusind Bank	9.45	9.40	9.30	9.30	9.25	9.25	9.25	9.15	9.05	8.95	8.85	8.75	8.70	8.65	8.65
Kotak Mahindra Bank	8.50	8.40	8.40	8.35	8.35	8.10	7.90	7.75	7.60	7.50	7.50	7.45	7.35	7.35	7.35

Source: RBI

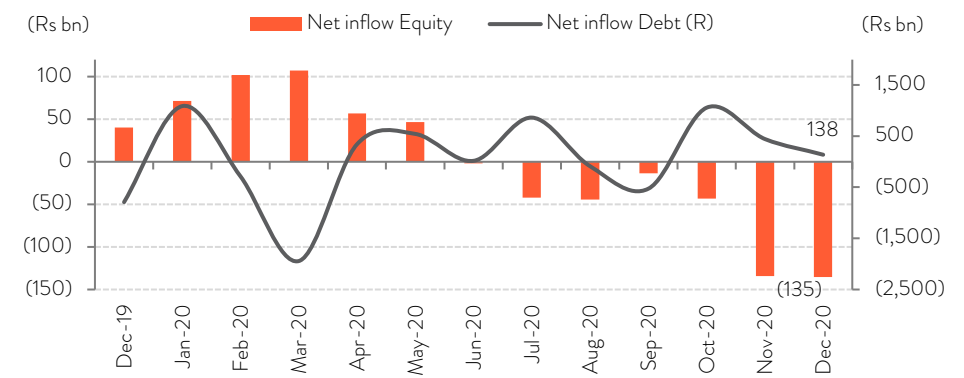
### Mutual fund (MF) indicators

**FIG 116 – SENSEX FELL BY 3.1% TO 46,286 IN JAN'21, AUM OF MFS ROSE TO RS 31TN IN DEC'20 FROM 30TN IN NOV'20**

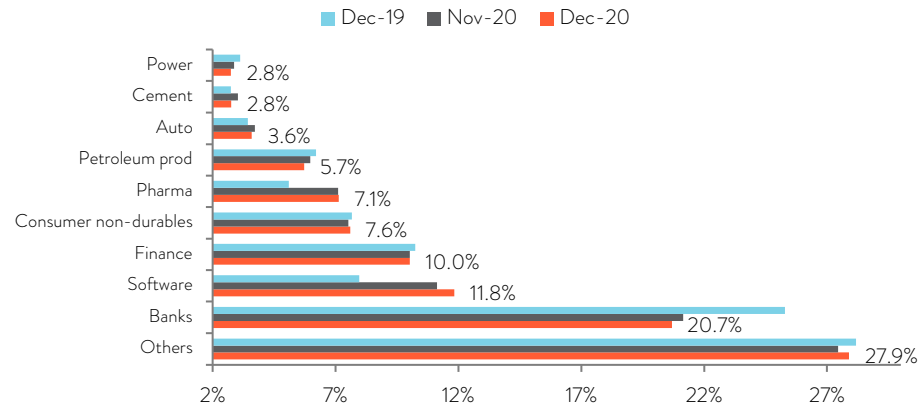


Source: \*Sensex as on last trading day of the month.

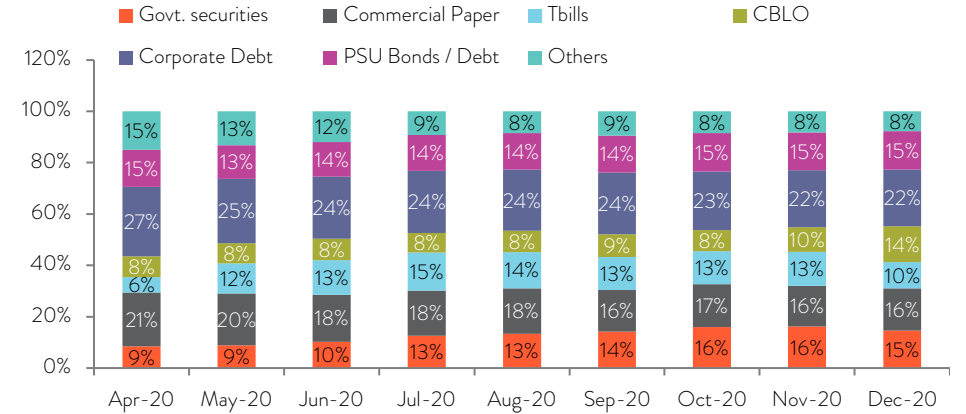
**FIG 117 – MF EQUITY OUTFLOW WAS BROADLY UNCHANGED AT RS 135BN IN DEC'20, MF DEBT INFLOW MODERATED TO RS 138BN FROM RS 447BN**



**FIG 118 – PATTERN OF MF DEPLOYMENT OF EUIY FUNDS**

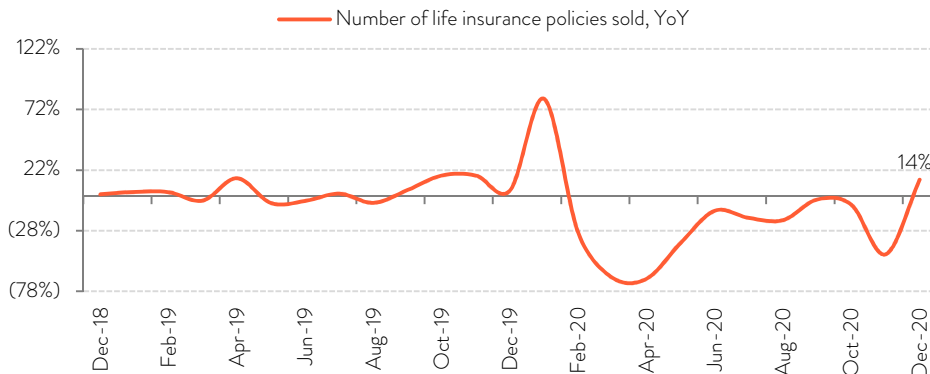


**FIG 119 – MF DEPLOYMENT OF DEBT FUNDS**

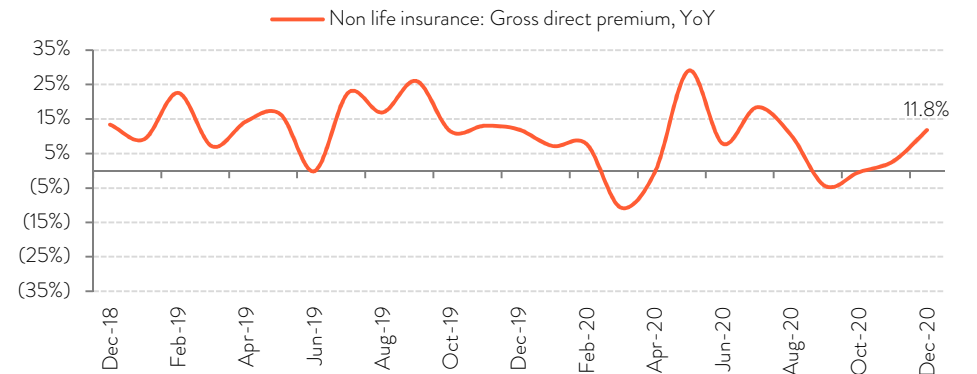


**Insurance sector indicators**

**FIG 120 – SALE OF LIFE INSURANCE POLICIES PICKED UP IN DEC'20**



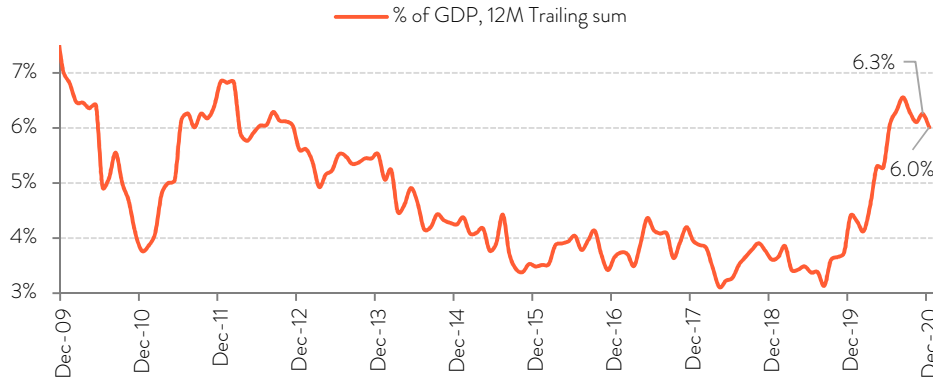
**FIG 121 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ROSE TO 11.8% IN DEC'20 FROM 2.7% IN NOV'20**



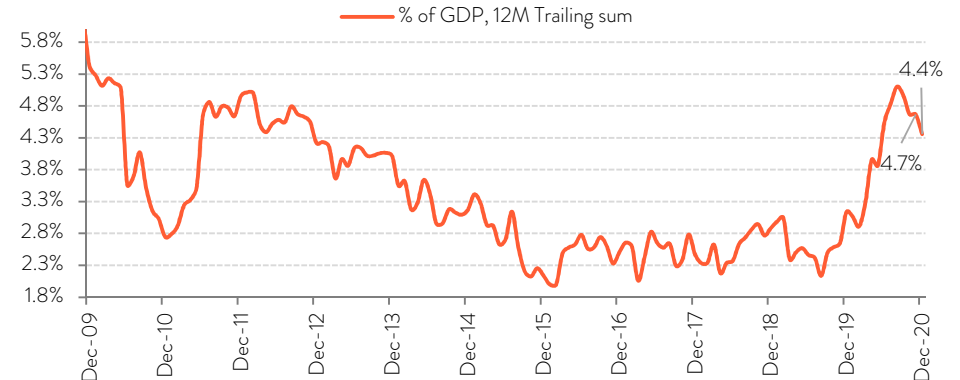
## Public finance

### Central government finances

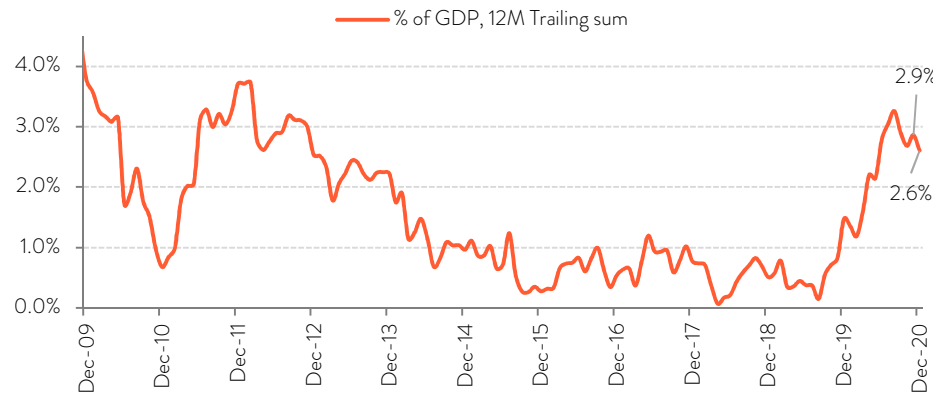
**FIG 122 – FISCAL DEFICIT NARROWS TO 6% IN DEC'20, WILL RISE IN Q4**



**FIG 123 – REVENUE DEFICIT ALSO IMPROVED IN DEC'20**



**FIG 124 – PRIMARY DEFICIT DOWN TO 2.6% IN DEC'20**



**FIG 125 – GOVERNMENT SPENDING ROSE FURTHER IN DEC'20 (12MMA)**

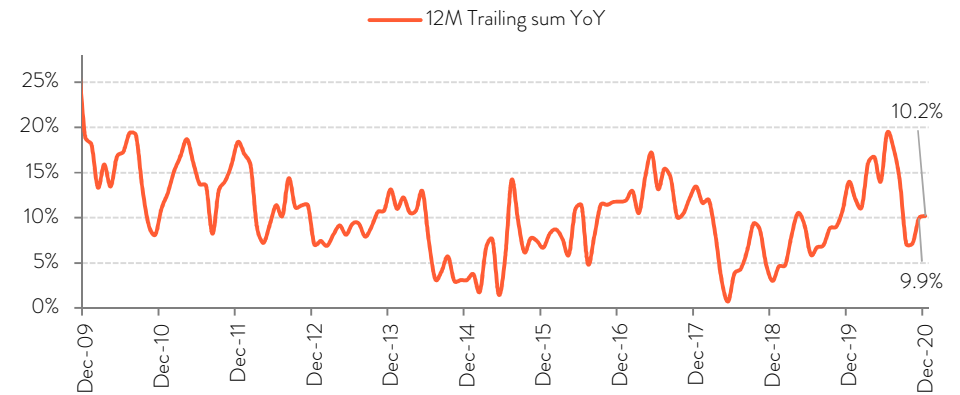


FIG 126 – ...LED BY HIGHER CAPEX

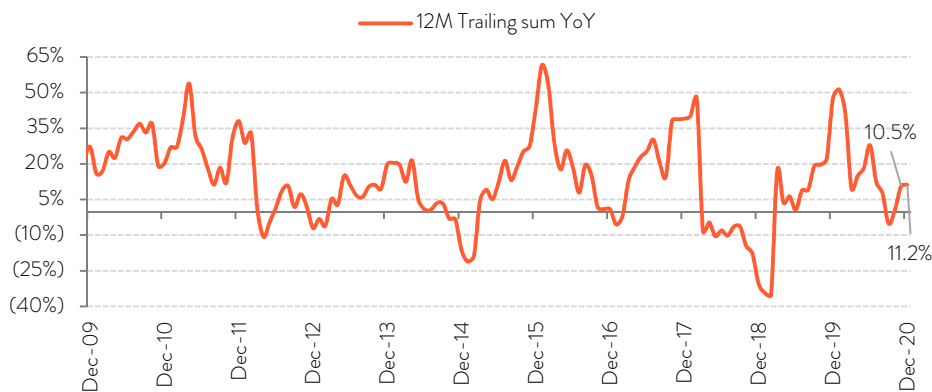


FIG 127 – REVENUE SPENDING WAS BROADLY STEADY

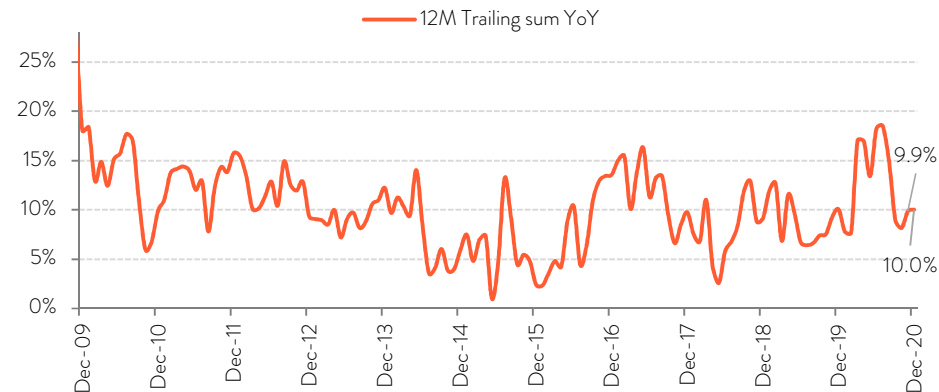
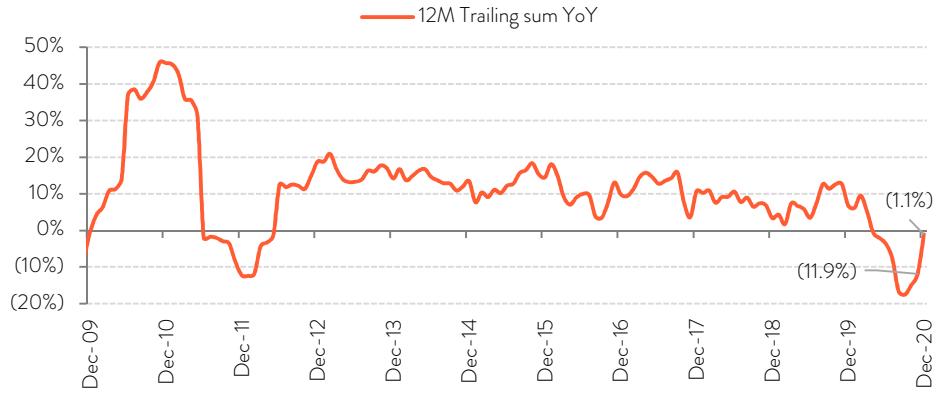


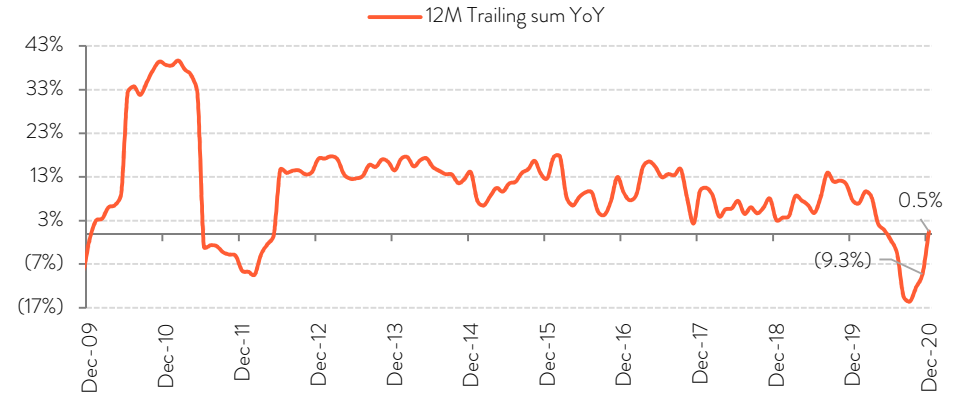
FIG 128 – SPENDING BY MINSTRIES OF RURAL DEVELOPMENT, FINANCE AND HEALTH CONTRIBUTE TO HIGHER EXPENDITURE GROWTH (FYTD BASIS)

Ministry	Apr'18-Dec'18 (Rs bn)	Apr'19-Dec'19 (Rs bn)	% change	Apr'20-Dec'20 (Rs bn)	% change	FY21RE % change
Ministry of Finance	6,018	7,184	19.4	8,630	20.1	16.1
Ministry of Defence	3,330	3,637	9.2	3,386	(6.9)	7.0
Ministry of Consumer Affairs, Food and Public Distribution	1,658	1,462	(11.8)	1,512	3.4	284.9
Ministry of Rural Development	926	935	0.9	1,573	68.3	60.7
Ministry of Home Affairs	896	991	10.6	1,065	7.5	10.7
Ministry of Human Resource Development	464	683	47.3	586	(14.3)	(4.9)
Ministry of Road Transport and Highways	537	718	33.7	724	0.9	30.1
Ministry of Chemicals and Fertilisers	601	778	29.4	740	(4.8)	65.2
Ministry of Petroleum and Natural Gas	281	407	44.8	317	(22.0)	0.2
Ministry of Agriculture	427	843	97.1	976	15.9	22.7
Ministry of Health and Family Welfare	412	507	22.8	591	16.7	29.1

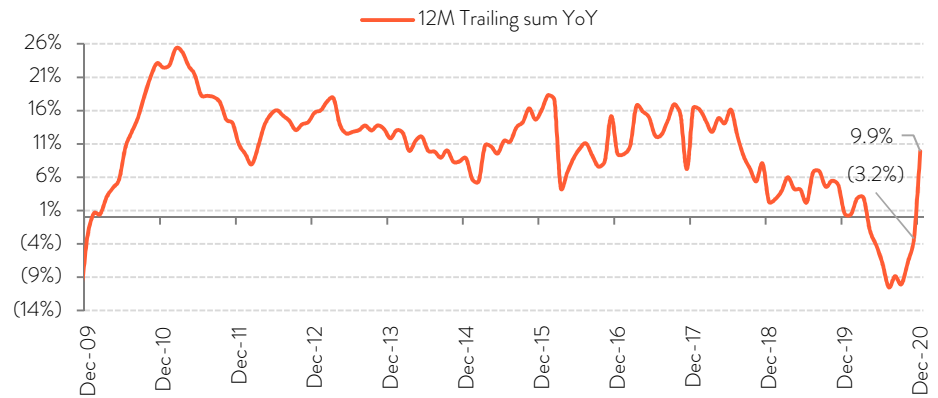
**FIG 129 – CONTRACTION IN RECEIPT GROWTH EASED SHARPLY IN DEC'20...**



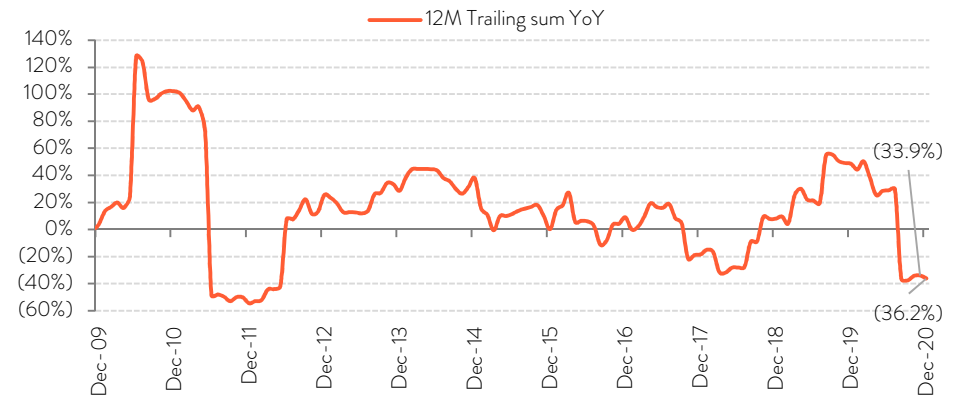
**FIG 130 – ...AS REVENUE RECEIPTS RECORDED POSITIVE GROWTH**



**FIG 131 – TAX RECEIPTS LEAD THE TREND**



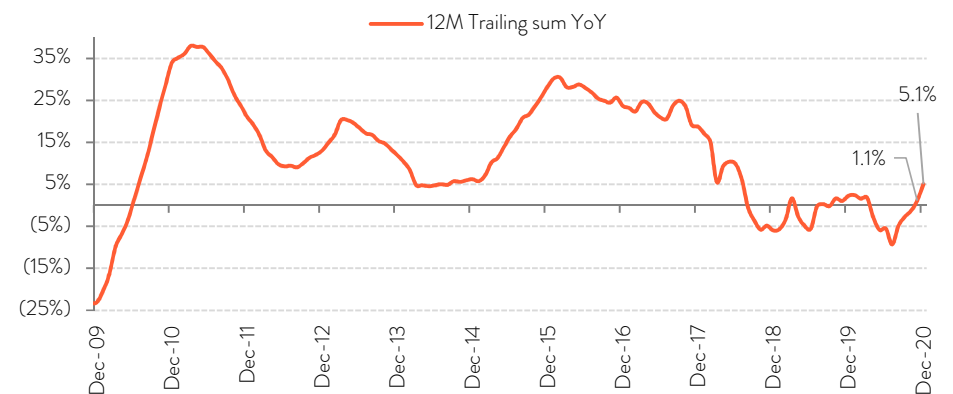
**FIG 132 – NON-TAX REVENUES REMAIN MUTED**



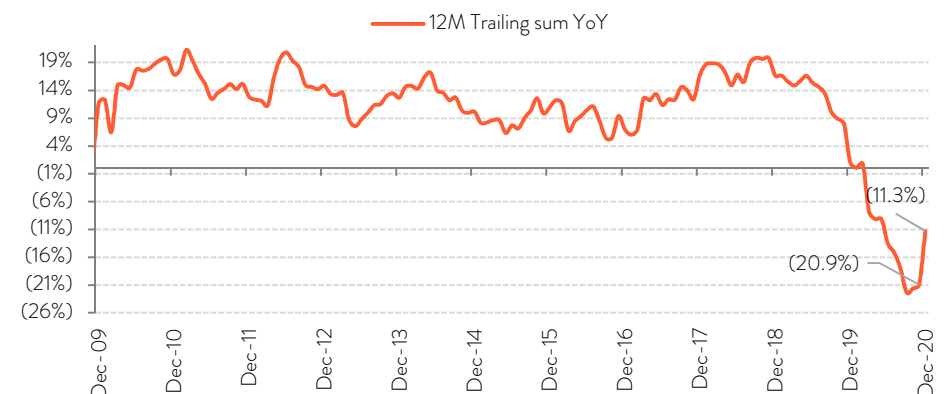
**FIG 133 – CENTRE’S SPENDING TO JUMP SHARPLY IN Q4 TO MEET BUDGETED TARGETS**

	Apr'18-Dec'18 (Rs bn)	Apr'19-Dec'19 (Rs bn)	% change	Apr'20-Dec'20 (Rs bn)	% change	FY21 RE % change
Gross Tax revenue	14,245	13,830	(2.9)	13,381	(3.2)	(5.5)
Direct taxes	7,296	6,872	(5.8)	6,103	(11.2)	(13.8)
Corp Tax	4,275	3,695	(13.6)	3,125	(15.4)	(19.9)
Income Tax	3,022	3,177	5.1	2,978	(6.2)	(6.8)
Indirect taxes	6,948	6,959	0.2	7,278	4.6	3.6
Non-tax revenue	1,477	2,420	63.8	1,262	(47.8)	(35.6)
Centre's revenue (net)	10,840	11,469	5.8	10,886	(5.1)	(7.7)
Total expenditure	18,320	21,096	15.2	22,801	8.1	28.4
Capital exp	2,118	2,555	20.6	3,090	20.9	30.8
Revenue exp	16,202	18,541	14.4	19,712	6.3	28.1
Fiscal deficit	7,015	9,317	32.8	11,585	24.3	

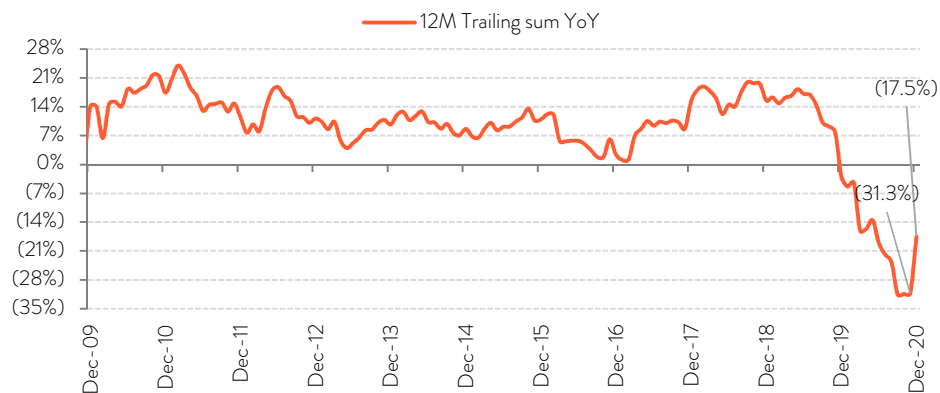
**FIG 134 – GROSS INDIRECT TAX COLLECTIONS PUSHED TAX RECEIPTS HIGHER**



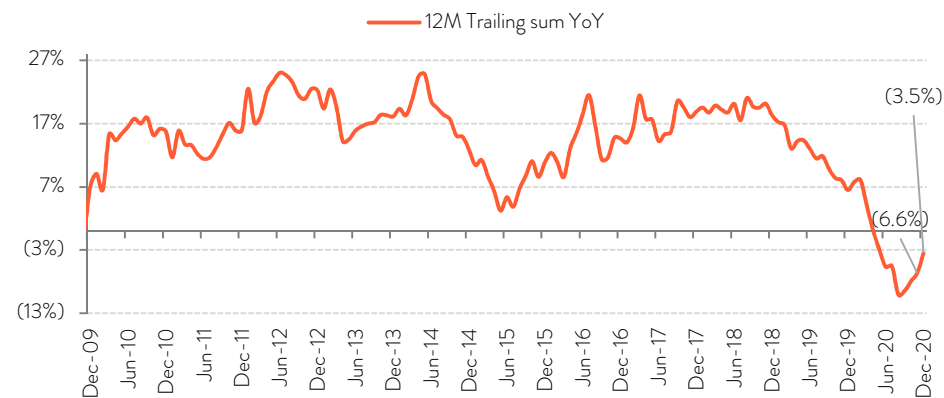
**FIG 135 – GROSS DIRECT TAX COLLECTIONS ALSO RECOVERING**



**FIG 136 – CORPORATE TAX COLLECTIONS IMPROVING**



**FIG 137 – INCOME TAX COLLECTIONS ALSO RECOVERING**



**FIG 138 – TOTAL GST COLLECTIONS CROSS RS 1TN MARK FOR 4<sup>TH</sup> STRAIGHT MONTH IN DEC'20**

(Rs bn)	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Monthly run rate (FY21)	FYTD21	FY21 (RE)
CGST	405	438	413	402	59	190	302	379	324	372	429	398	430	320	2,882	5,151
UT GST	1.7	1.6	1.6	4.5	0.3	1.1	1.5	2.2	1.9	2.4	1.4	1.3	1.4	2	14	-
IGST	(18)	21	6	24	97	96	97	(60)	52	(3)	2	76	124	54	482	-
SGST*	641	509	470	(189)	454	562	400	475	509	612	539	596	560	523	4,707	-
Cess	79	84	86	81	10	60	75	68	69	68	78	80	82	66	591	841
<b>Total GST</b>	<b>1,108</b>	<b>1,054</b>	<b>976</b>	<b>322</b>	<b>622</b>	<b>909</b>	<b>874</b>	<b>864</b>	<b>955</b>	<b>1,052</b>	<b>1,050</b>	<b>1,152</b>	<b>1,198</b>	<b>964</b>	<b>8,676</b>	<b>-</b>

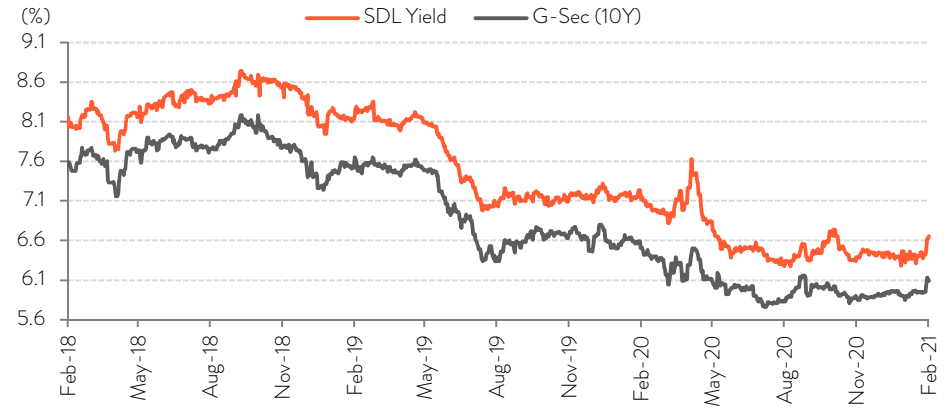
Source: PIB | \*Computed from PIB and CGA data



**FIG 139 – CENTRAL GOVT. PUBLIC DEBT IN Q2FY21 AT ~16 YEAR HIGH**

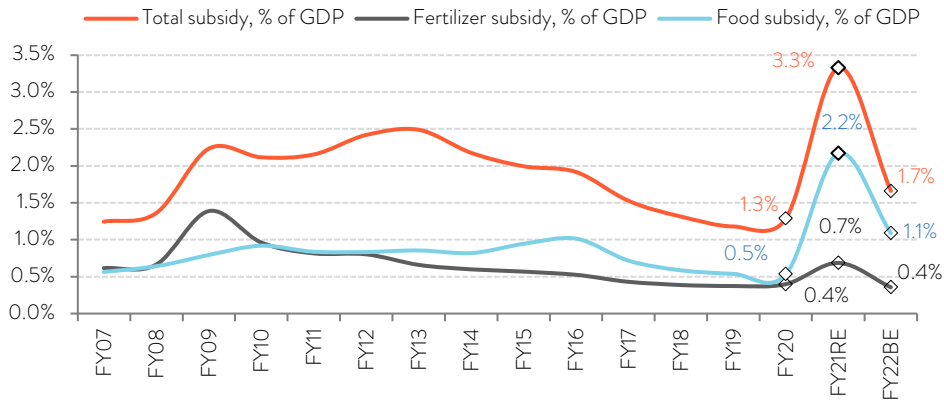


**FIG 140 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC ROSE BY 0.5BPS IN JAN'21; AND IS HIGHER BY ANOTHER 1.9BPS IN FEB'21 SO FAR**



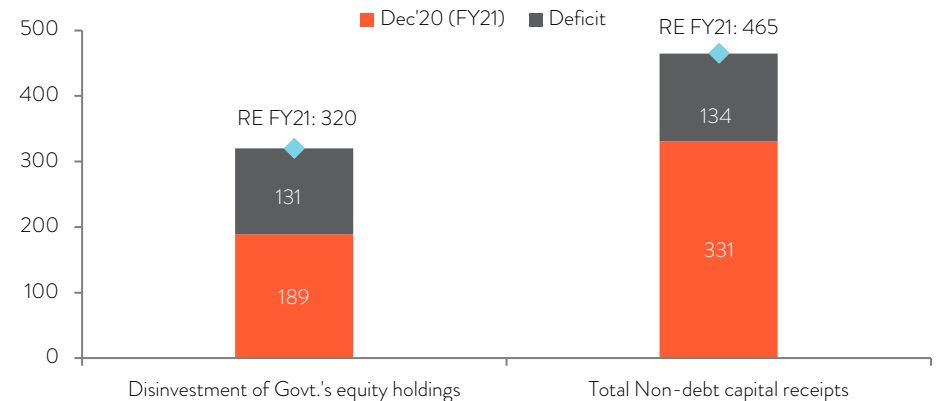
Source: CCIL

**FIG 141 – SUBSIDY BURDEN INCREASED SIGNIFICANTLY IN FY21**



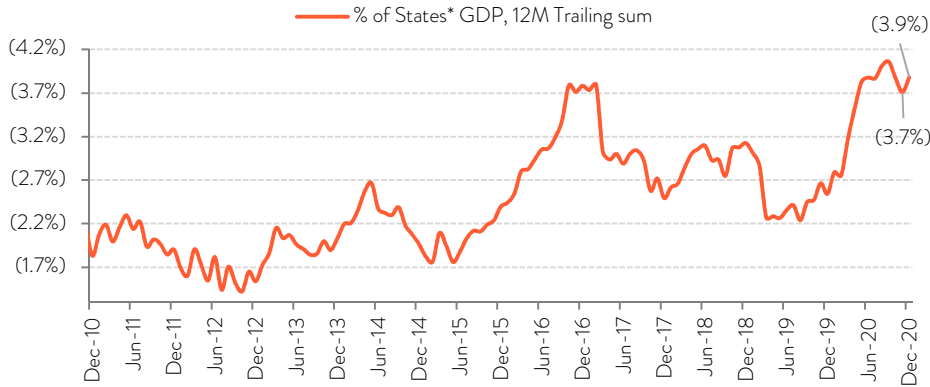
E - Bank of Baroda estimates

**FIG 142 – CENTRAL GOVT.'S FY21 DISINVESTMENT STATUS**



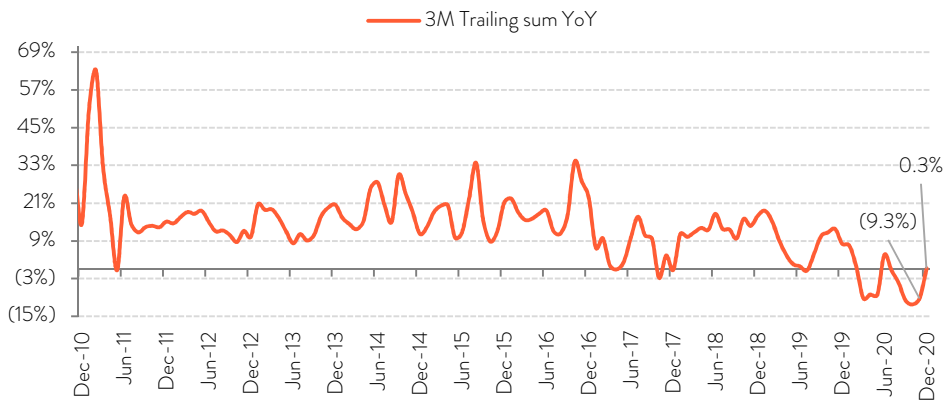
State government finances

FIG 143 – STATES\* FISCAL DEFICIT INCHED INCHED UP IN DEC'20



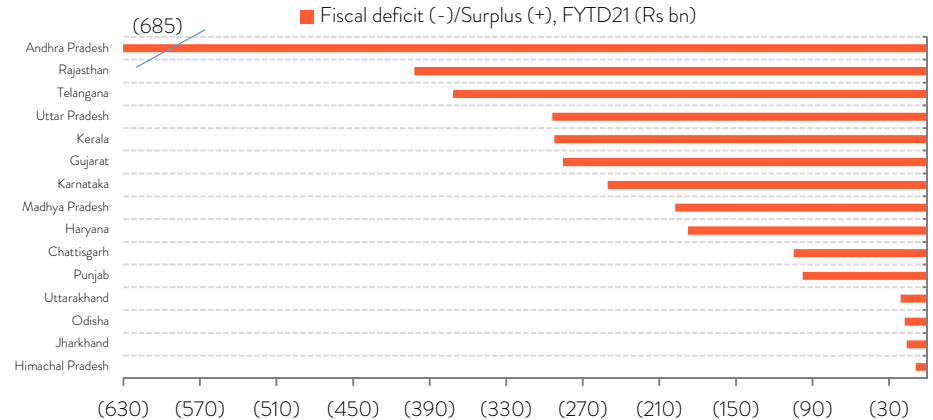
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

FIG 145 – TOTAL EXPENDITURE OF STATES\* SEEN RECOVERING...



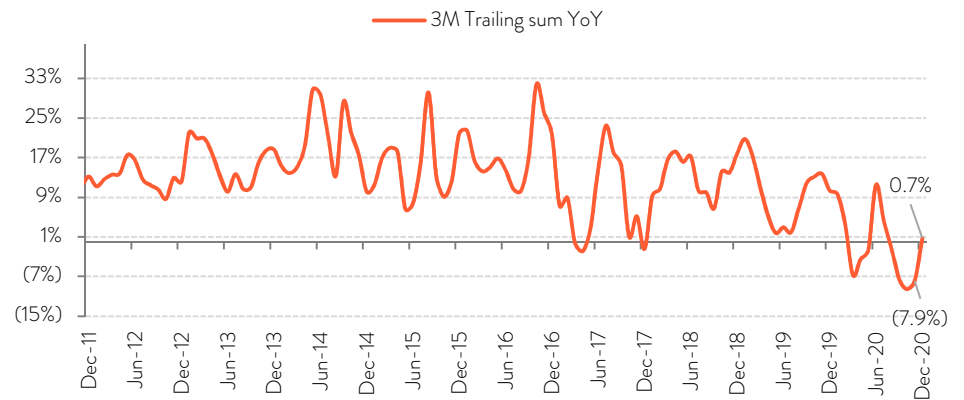
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

FIG 144 – A.P AND RAJASTHAN HIGHEST FISCAL DEFICIT STATES SO FAR



Note: FYTD is Apr'20-Dec'20

FIG 146 – ...LED BY PICK UP IN REVENUE SPENDING OF STATES\*



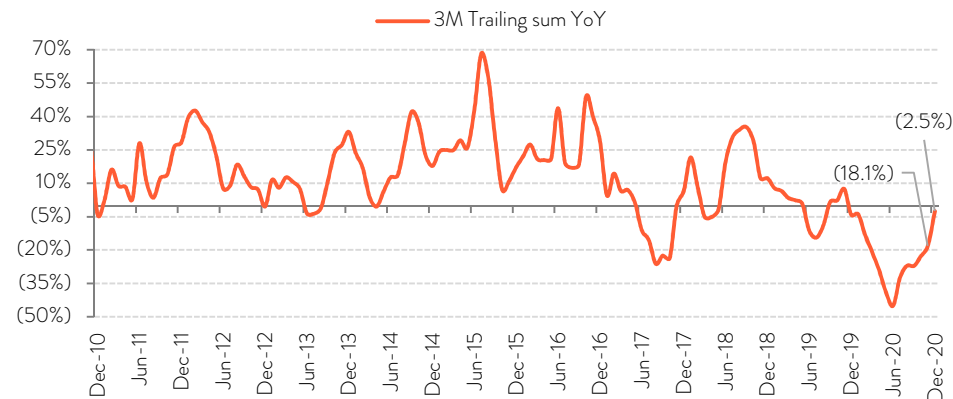
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

**FIG 147 – STATE\* GOVT. TAX REVENUES AND CAPEX UNDER STRESS IN FYTD21 SO FAR**

	Apr'18-Dec'18 (Rs bn)	Apr'19-Dec'19 (Rs bn)	% change	Apr'20-Dec'20 (Rs bn)	% change
Total Receipts	13,176	14,145	7.4	13,515	(4.5)
Revenue Receipts	11,045	11,585	4.9	10,461	(9.7)
Receipts: Tax Revenue	7,493	8,439	12.6	7,233	(14.3)
Receipts: Non-Tax Revenue	838	857	2.2	703	(18.0)
Receipts: Grant in aid & contribution	1,554	2,289	47.3	2,978	30.1
Capital Receipts	2,259	2,561	13.3	3,054	19.3
Total Expenditure	13,043	13,921	6.7	13,624	(2.1)
Revenue Expenditure	11,176	12,137	8.6	12,243	0.9
Capital Expenditure	1,867	1,784	(4.4)	1,381	(22.6)
Revenue Surplus or Deficit	(161)	(620)	286.2	(1,596)	157.3
Fiscal Surplus or Deficit	(2,206)	(2,694)	22.1	(3,421)	27.0

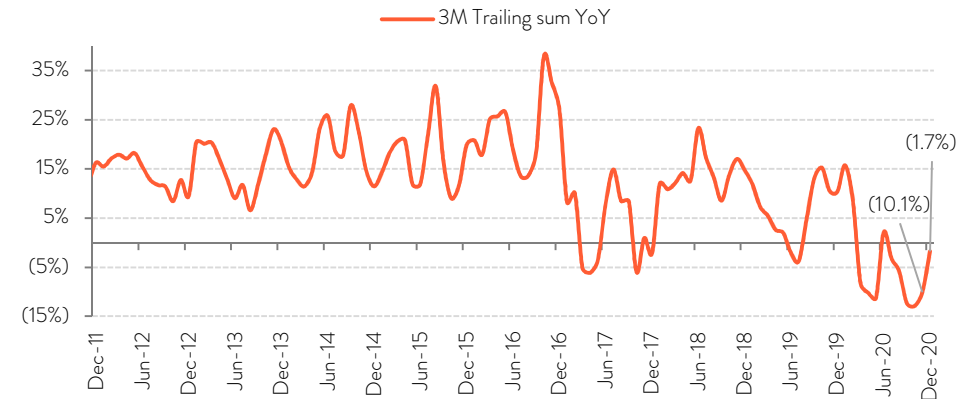
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

**FIG 148 – CAPEX OF STATES\* ALSO IMPROVING**



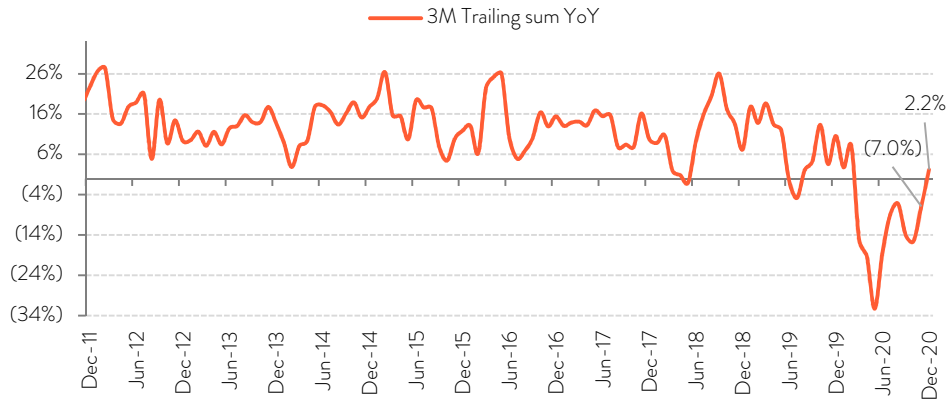
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

**FIG 149 – RECOVERY IN TOTAL RECEIPT OF STATES\* GATHERING PACE**



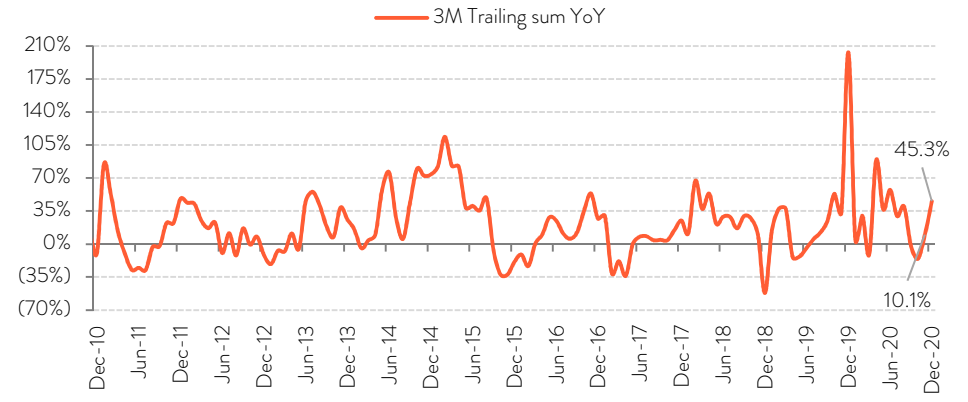
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

**FIG 150 – ...AS REVENUE RECEIPTS OF STATES\* REGISTERED POSITIVE GROWTH**



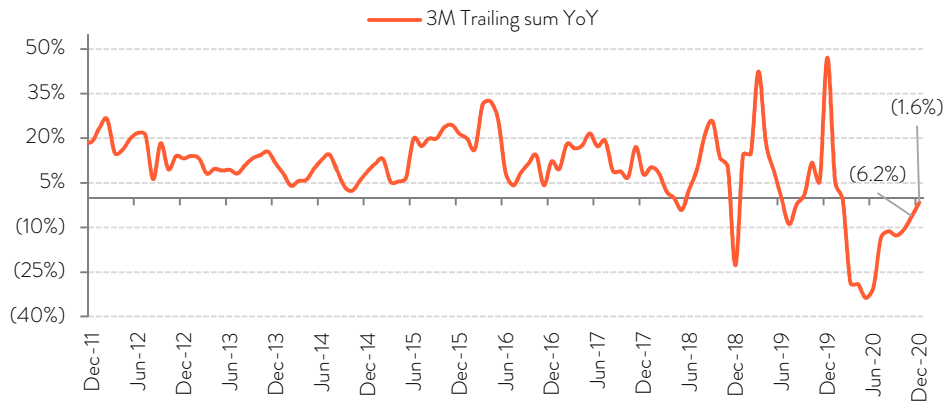
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

**FIG 151 – LED BY GRANT IN AID TO STATES\* FROM CENTRE...**



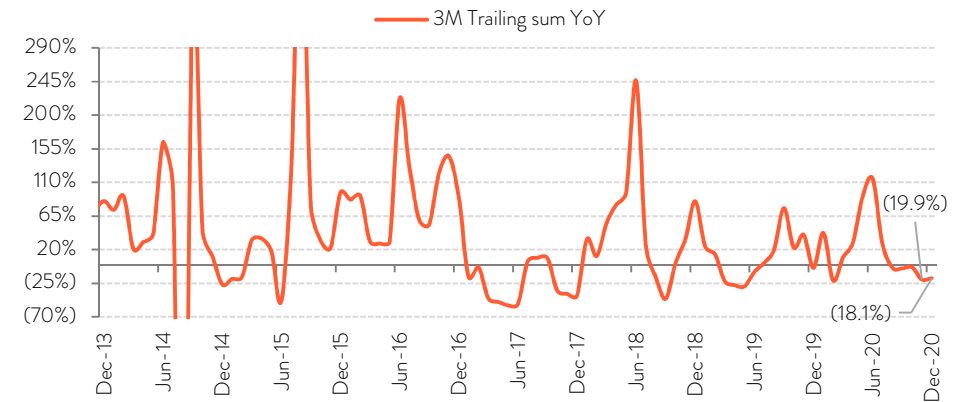
Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

**FIG 152 – ...AND HIGHER TAX RECEIPTS OF STATES\***



Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

**FIG 153 – CAPITAL RECEIPTS OF STATES\* REMAINED MUTED**



Note: \*All states excluding N.E states, Bihar, J&K, Maharashtra, T.N., and W.Bengal

## Central government borrowing

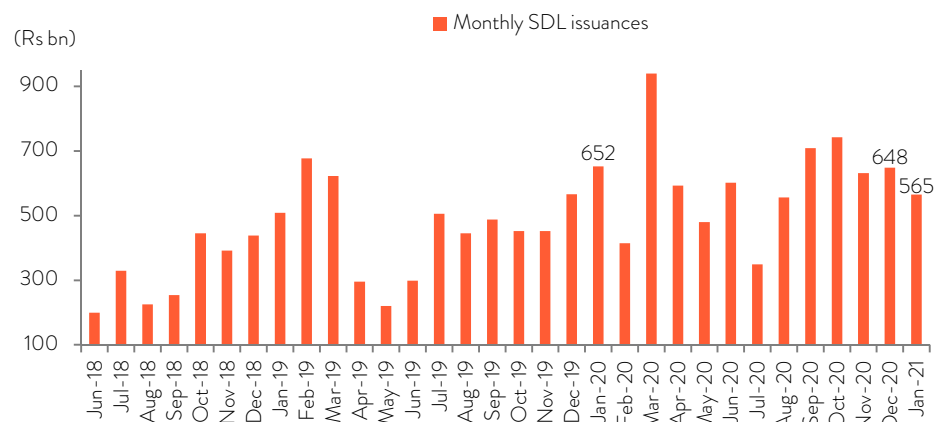
FIG 154 – CENTRE’S T-BILL ISSUANCES AT RS 1.1TN IN Q4

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1		2,613	2,797	2,888	3,089	3,364	5,328	5,000
Q2		2,667	2,584	3,186	3,299	3,024	5,417	4,550
Q3		2,645	2,747	2,632	3,070	2,889	3,745	2,080
Q4		2,104	1,684	2,486	1,812	2,511	1,0,34^	2,470
<b>Total</b>	<b>10,029</b>	<b>9,811</b>	<b>11,192</b>	<b>11,271</b>	<b>11,788</b>	<b>14,692</b>	<b>14,100</b>	

Source: RBI; ^as of 3 Feb 2021

## State government borrowing

FIG 156 – STATE GOVERNMENT BORROWINGS EASED IN JAN'21



Source: RBI

FIG 155 – CENTRE’S GROSS BORROWING CALENDAR IN FYTD21 STANDS AT RS 11.3TN

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	2,040	3,140	3,380
Q2	1,570	1,630	1,910	1,890	1,440	2,210	4,220	3,600
Q3	1,430	1,640	1,610	1,640	1,270	1,930	2,910	3,110
Q4	1,090	840	800	670	1,680	920	1072^	3,130
<b>Total</b>	<b>5,920</b>	<b>5,850</b>	<b>5,820</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>	<b>11,342</b>	<b>13,220</b>

Source: RBI; ^ as of Jan 2021

FIG 157 – MARKET BORROWINGS OF STATES AT RECORD HIGH IN FYTD21

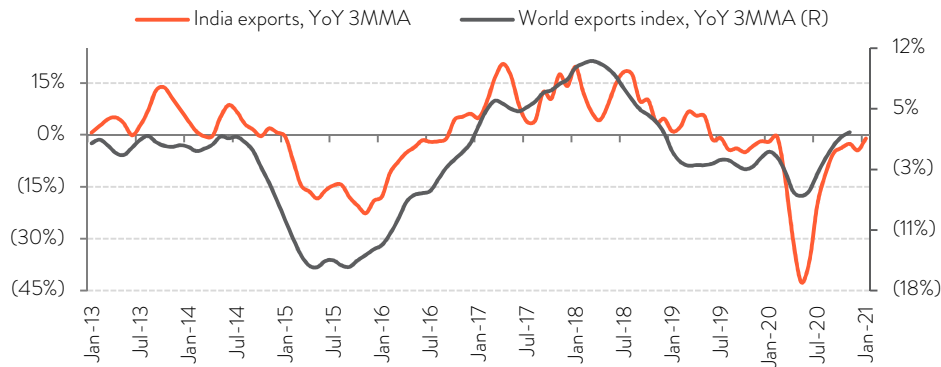
Quarterly SDL issuances, (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1	502	548	650	766	815	1,673	1,272
Q2	627	792	1,130	809	1,439	1,614	1,783
Q3	858	1,214	1,054	1,277	1,470	2,023	2,022
Q4	959	1,322	1,348	1,809	2,006	769^	3,165
<b>Total</b>	<b>2,946</b>	<b>3,876</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>6,078</b>	<b>8,242</b>

Source: RBI; ^ as of 2 Feb 2021

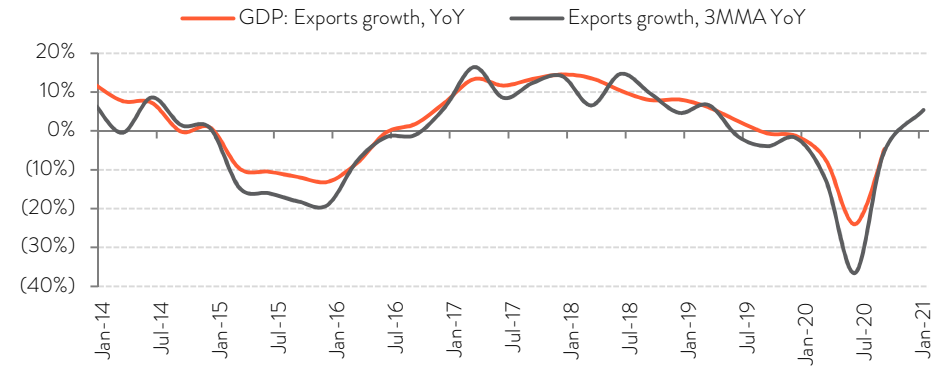
## External sector

### Exports

**FIG 158 – GLOBAL EXPORTS GAIN MOMENTUM IN NOV'20**



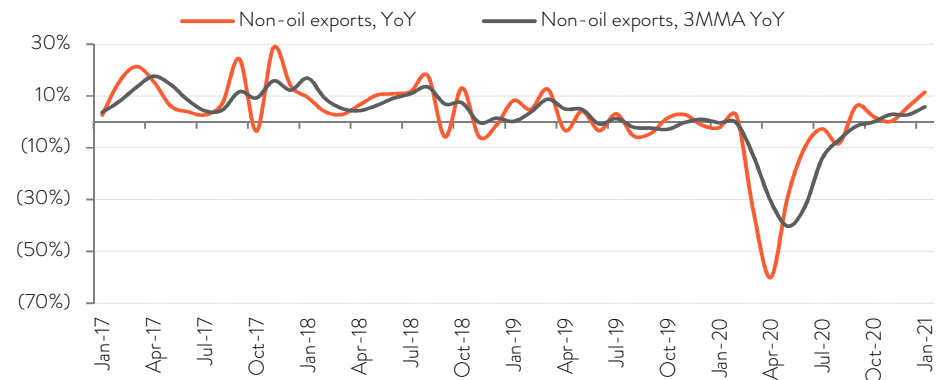
**FIG 159 – INDIA'S EXPORTS ROSE BY 5.4% IN JAN'21**



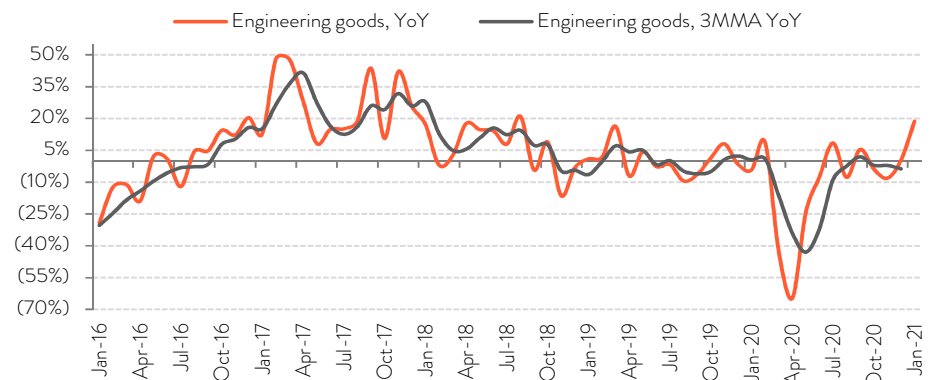
Note: Figure for Jan'21 is YoY growth

### Exports by major sectors

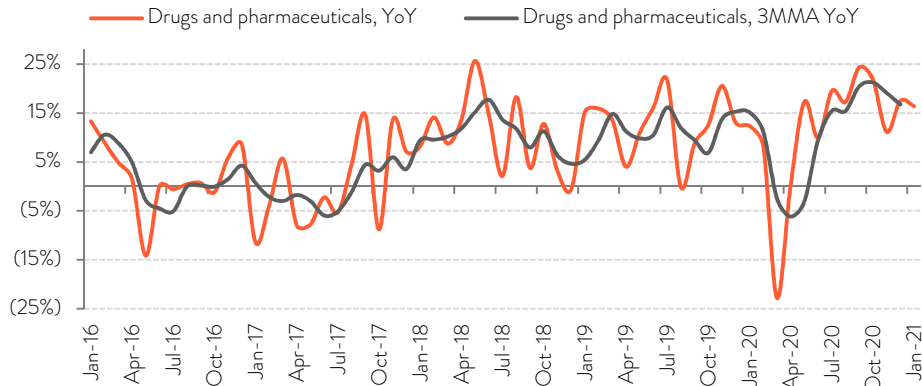
**FIG 160 – NON-OIL EXPORTS INCREASE BY 11.4% IN JAN'21 VERSUS 5.6% IN DEC'20**



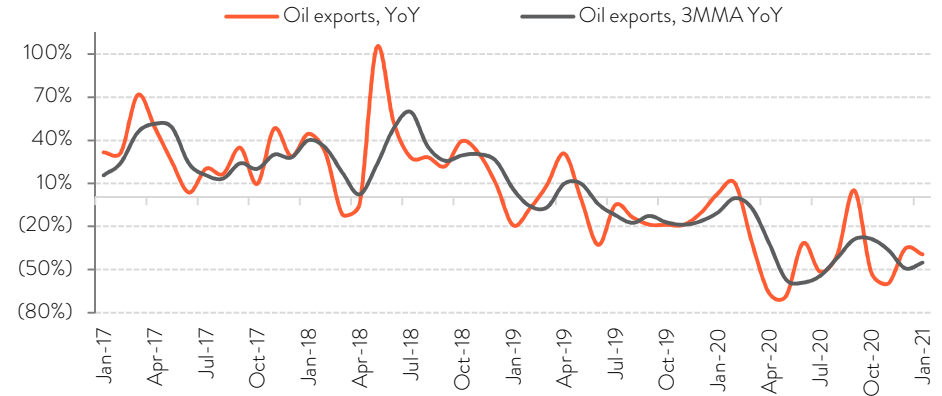
**FIG 161 – LED BY ENGINEERING EXPORTS AT 18.7% COMPARED WITH 0.3% IN DEC'20**



**FIG 162 – DRUGS AND PHARMACEUTICAL EXPORTS ALSO REMAIN BUOYANT**

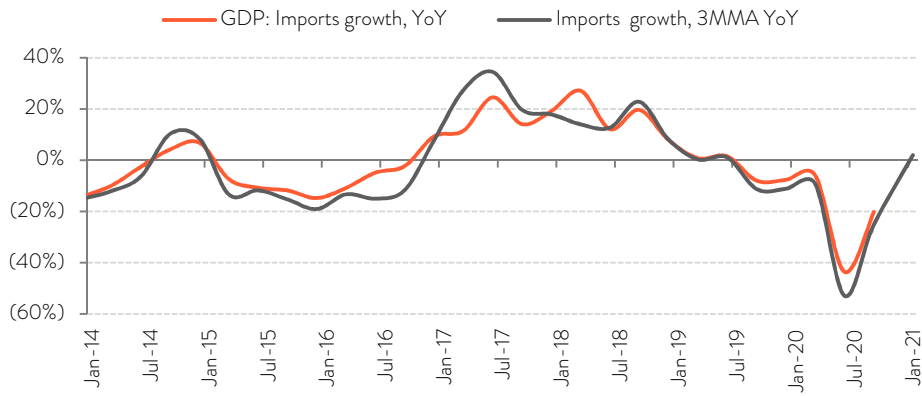


**FIG 163 – OIL EXPORTS HOWEVER DECLINED**



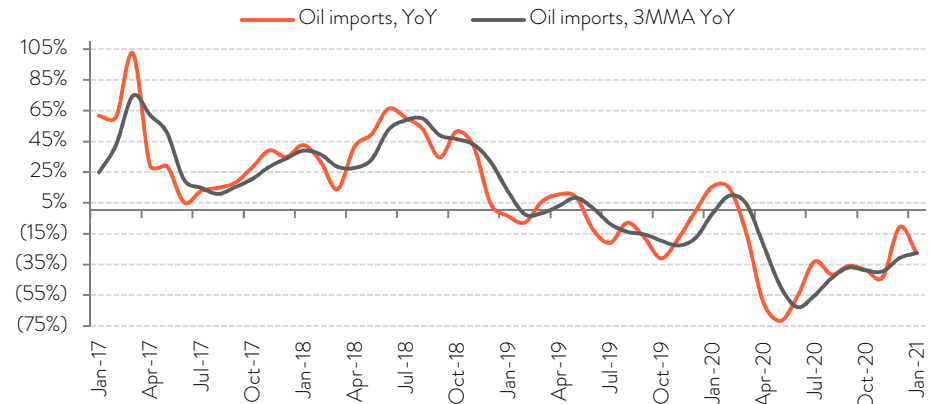
Imports

**FIG 164 – IMPORT GROWTH DECELERATED TO 2% IN JAN'21 FROM 7.6% IN DEC'20**

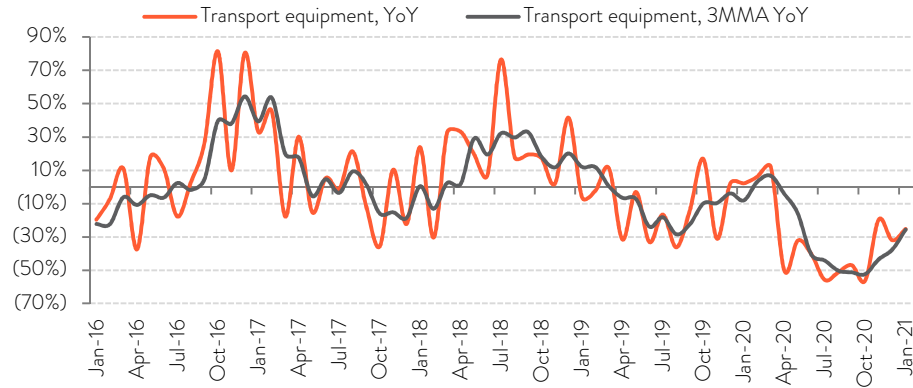


Note: Figure for Jan'21 is YoY growth

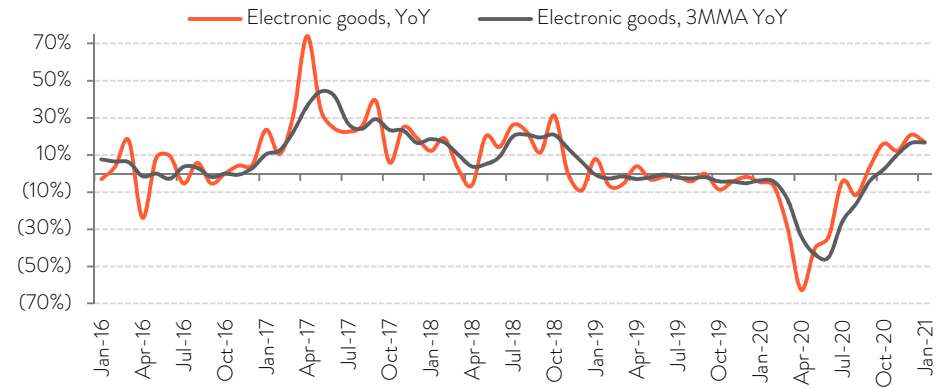
**FIG 165 – LED BY A SHARP FALL IN OIL IMPORTS**



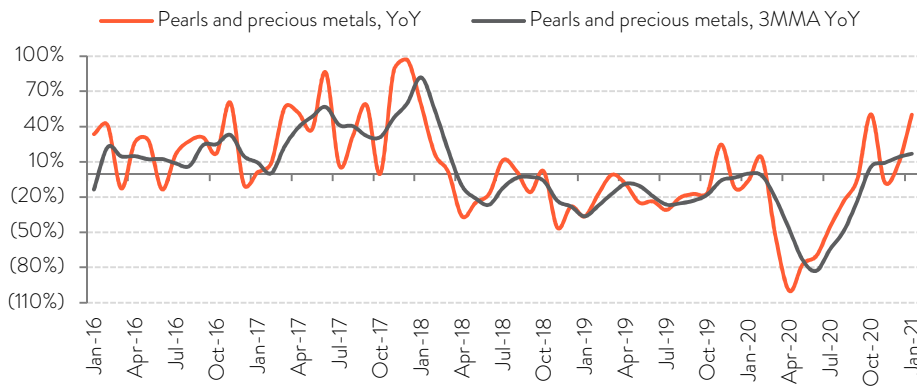
**FIG 166 – IMPORT OF TRANSPORT EQUIPMENTS REMAINS WEAK**



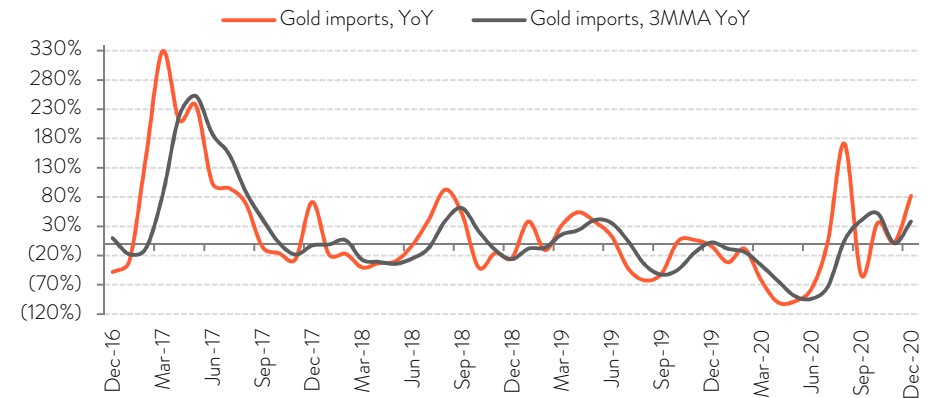
**FIG 167 – ELECTRONIC GOODS IMPORTS ALSO REMAIN BUOYANT**



**FIG 168 – IMPORTS OF PEARLS AND PRECIOUS STONES ALSO PICKS UP**



**FIG 169 – GOLD IMPORTS RISE BY 157.4% IN JAN'21**





## Exports and imports by major regions

**FIG 170 – EXPORTS TO CHINA HAVE CONTINUED TO REMAIN BUOYANT IN FYTD21**

Region (% YoY)	Share (in %) FY20	Oct'20	Nov'20	Dec'20	FYTD20	FYTD21
Americas	22.5	6.6	3.0	3.6	3.3	(9.9)
Asia and Pacific (Ex. China)	25.5	0.7	(5.2)	9.2	(12.4)	(10.9)
China	5.4	1.7	(4.9)	10.8	2.9	18.1
Europe	19.5	(6.7)	(6.1)	(2.1)	(2.9)	(19.0)
Middle East and Africa	25.9	(17.2)	(20.2)	(11.5)	2.0	(27.8)
Other	1.1	(79.1)	(77.5)	(63.8)	4.7	(66.3)

Note: FYTD is Apr-Dec

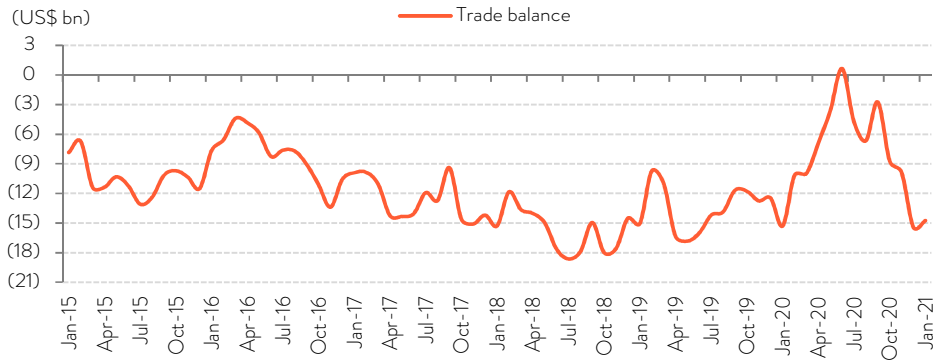
**FIG 171 – IMPORTS FROM ALL REGIONS HOWEVER CONTINUE TO DECLINE**

Region (% YoY)	Share in FY20	Oct'20	Nov'20	Dec'20	FYTD20	FYTD21
Americas	12.8	(24.6)	(12.0)	(8.5)	(6.3)	(31.5)
Asia and Pacific (Ex. China)	25.0	(3.2)	(6.2)	3.3	(7.1)	(25.1)
China	13.8	11.7	3.1	30.6	(3.7)	(12.6)
Europe	15.0	(14.5)	(12.4)	4.2	(7.6)	(30.2)
Middle East and Africa	30.8	(21.5)	(24.3)	8.1	(10.3)	(36.3)
Other	2.6	(23.2)	(36.1)	(11.3)	17.1	(26.3)

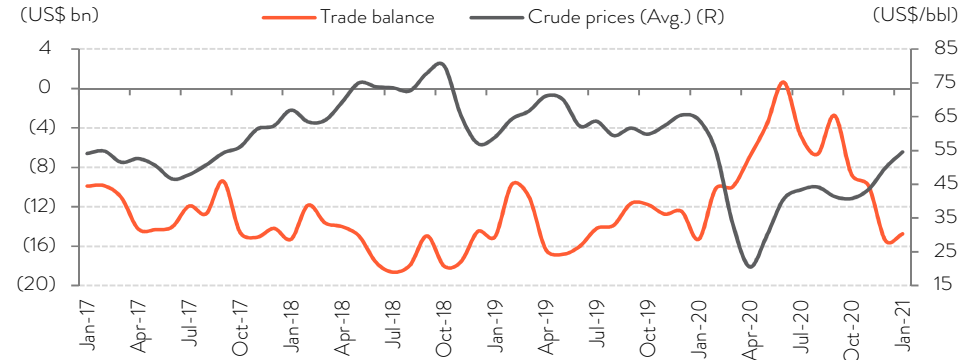
Note: FYTD is Apr-Dec

Trade deficit

**FIG 172 – TRADE DEFICIT NARROWS TO US\$ 14.8BN FROM AN 18-MONTH HIGH AT US\$ 15.7BN IN DEC'20**

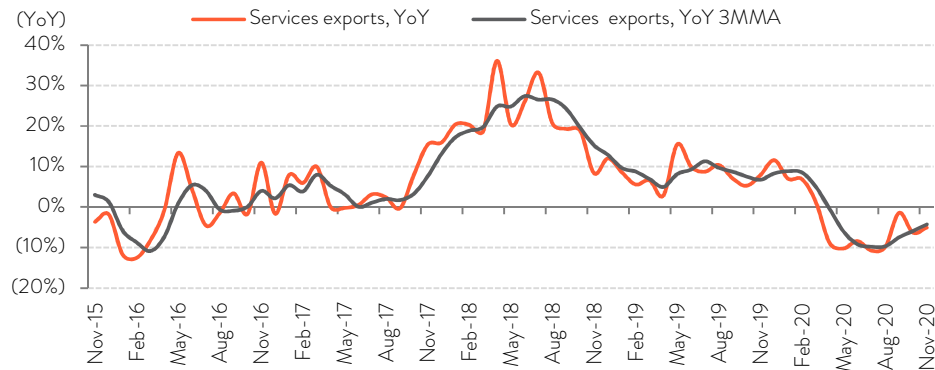


**FIG 173 – EVEN AS OIL PRICES INCHED UP**



Trade in services

**FIG 174 – CONTRACTION IN SERVICES EXPORTS EASES TO 5.1% IN NOV'20 VERSUS 6.3% DIP IN OCT'20**



BoP

**FIG 175 – CURRENT ACCOUNT SURPLUS NARROWS TO 2.4% OF GDP IN Q2FY21 FROM A RECORD HIGH OF 3.9% OF GDP IN Q1FY21**

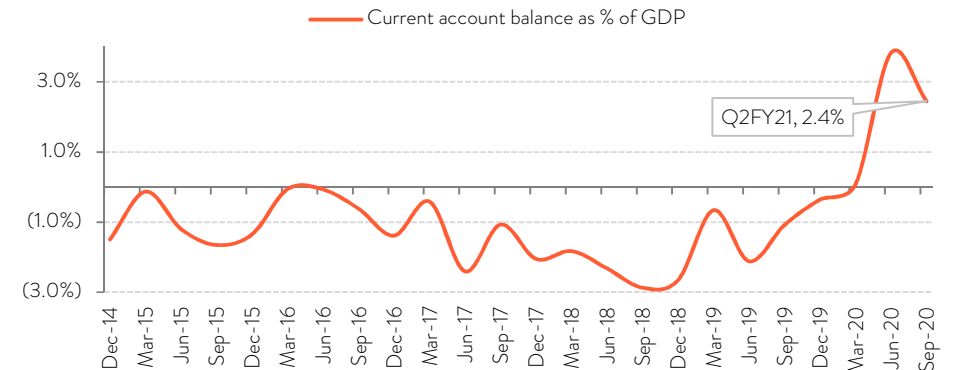


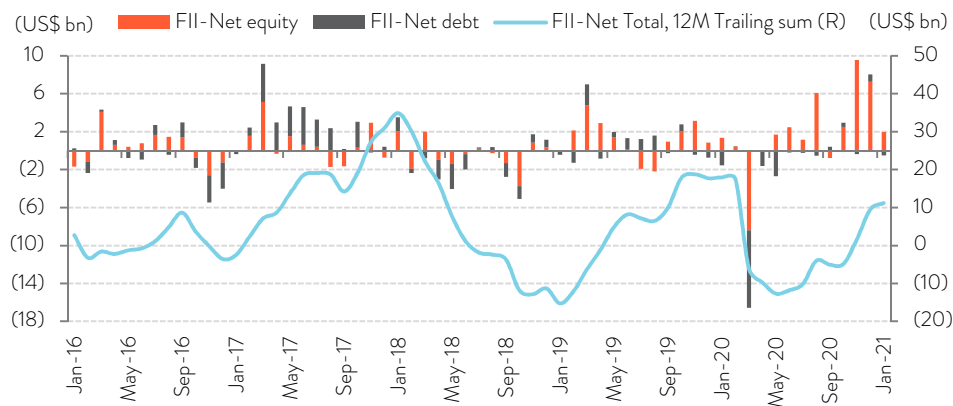
FIG 176 – LED BY HIGHER TRADE DEFICIT

(US\$ bn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
<b>Current account</b>	<b>(7.6)</b>	<b>(2.6)</b>	<b>0.6</b>	<b>19.2</b>	<b>15.5</b>
<b>CAD/GDP (%)</b>	<b>(1.1)</b>	<b>(0.4)</b>	<b>0.1</b>	<b>3.8</b>	<b>2.4</b>
Trade balance	(39.6)	(36.0)	(35.0)	(10.8)	(14.8)
- Merchandise exports	80	81.2	76.5	52.4	75.6
- Merchandise imports	119.6	117.3	111.6	63.1	90.4
- Net Services	20.9	21.9	22	20.5	21.2
- - Software	21.1	21.5	21.1	20.8	22.3
Transfers	20	18.9	18.4	17	18.4
Other invisibles	(8.8)	(7.4)	(4.8)	(7.5)	(9.3)
<b>Capital account</b>	<b>13.6</b>	<b>23.6</b>	<b>17.4</b>	<b>1.1</b>	<b>15.4</b>
<b>% of GDP</b>	<b>1.9</b>	<b>3.3</b>	<b>2.4</b>	<b>0.2</b>	<b>2.4</b>
Foreign investments	9.8	17.6	(1.8)	(0.2)	31.6
- FDI	7.3	9.7	12.0	(0.8)	24.6
- FII	2.5	7.8	(13.7)	0.6	7.0
Banking capital	(1.8)	(2.3)	(4.6)	2.2	(11.2)
Short-term credit	(0.6)	(1.4)	(1.0)	(0.2)	(1.8)
ECBs	3.3	3.2	10.3	(1.4)	(4.3)
External assistance	0.4	1.3	0.6	4.1	1.9
Other capital account items	2.5	5.2	13.8	(3.5)	(0.7)
E&O	(0.9)	0.6	0.9	(0.4)	0.6
<b>Overall balance</b>	<b>5.1</b>	<b>21.6</b>	<b>18.8</b>	<b>19.9</b>	<b>31.6</b>

## Foreign inflows

### FII inflows

**FIG 177 – FII INFLOWS EASE TO US\$ 1.5BN FOLLOWING INFLOWS OF US\$ 8BN IN DEC'20**



Source: Bloomberg

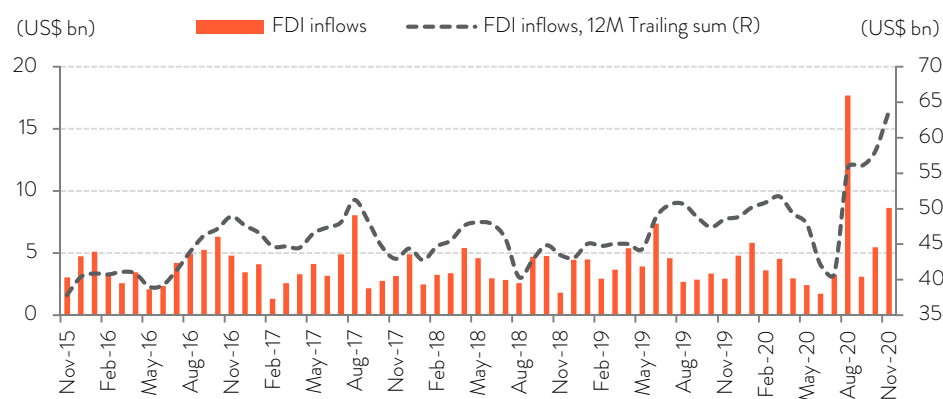
**FIG 179 – FDI INFLOWS IN COMPUTER, SOFTWARE SKYROCKET IN Q2FY21**

Sector	% Share FY20	Sep'19	Dec'19	Mar'20	Jun'20	Sep'20
Services Sector	15.7	1.7	2.1	1.3	1.1	1.1
Computer software and hardware	15.4	1.8	2.3	1.3	1.1	16.5
Trading	9.2	1.0	1.4	1.1	0.4	0.5
Telecommunications	8.9	0.1	0.0	0.2	0	0
Automobile industry	5.7	1.2	0.4	0.3	0.3	0.1

Source: DIPP

### FDI inflows

**FIG 178 – FDI INFLOWS RISE BY US\$ 8.6BN IN NOV'20 VERSUS US\$ 5.5BN IN OCT'20**



Source: RBI, Bank of Baroda Research

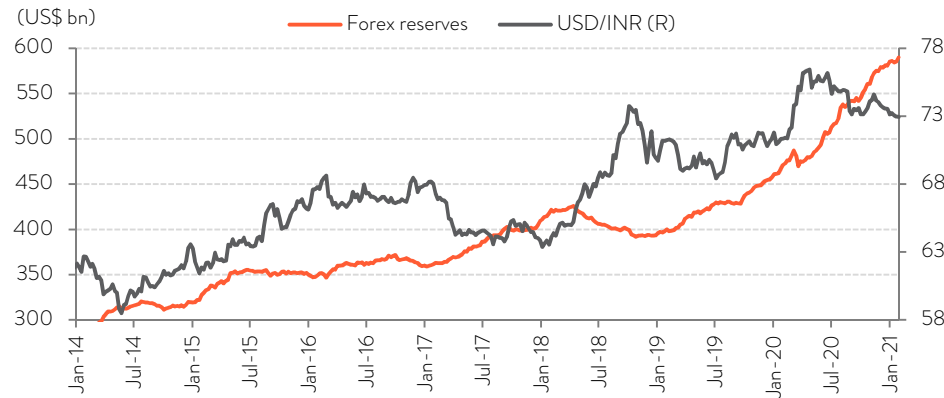
**FIG 180 – FDI INFLOWS FROM SINGAPORE ACCELERATE THE MOST IN Q2FY21**

Country (US\$ bn)	% Share in FY20	Sep'19	Dec'19	Mar'20	Jun'20	Sep'20
Singapore	29.4	2.7	3.6	3.0	1.8	6.5
Mauritius	16.5	1.7	1.1	0.8	0.9	1.1
Netherlands	13.0	1.0	1.2	3.0	1.1	0.4
Japan	6.5	1.3	1.0	0.4	0.4	0.2
UK	2.8	0.6	0.3	0.3	0.2	1.2

Source: DIPP

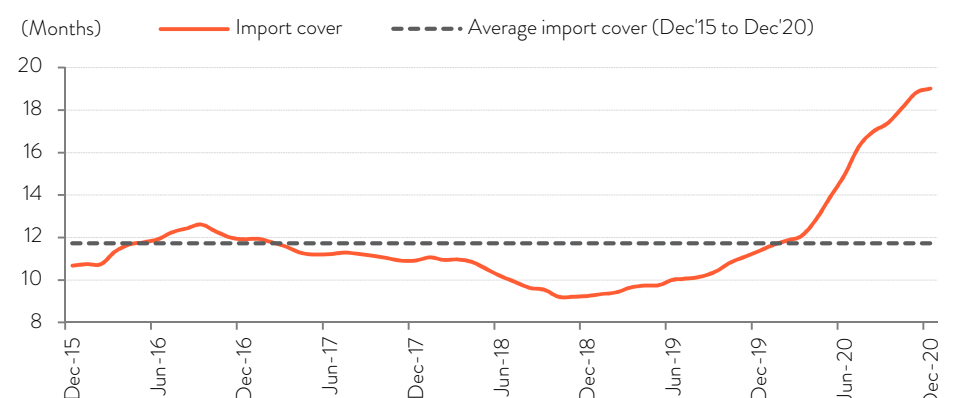
Forex reserves and external debt

**FIG 181 – INDIA’S FX RESERVES AT A HISTORIC HIGH AT US\$ 590.2BN IN JAN’21, US\$ 114.8BN ACCRETION IN FYTD21**

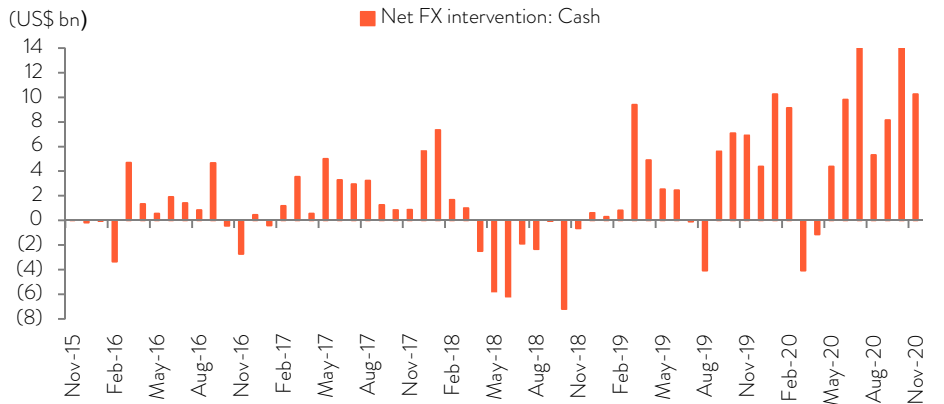


Source: Bloomberg | Weekly data as of 29 Jan 2021

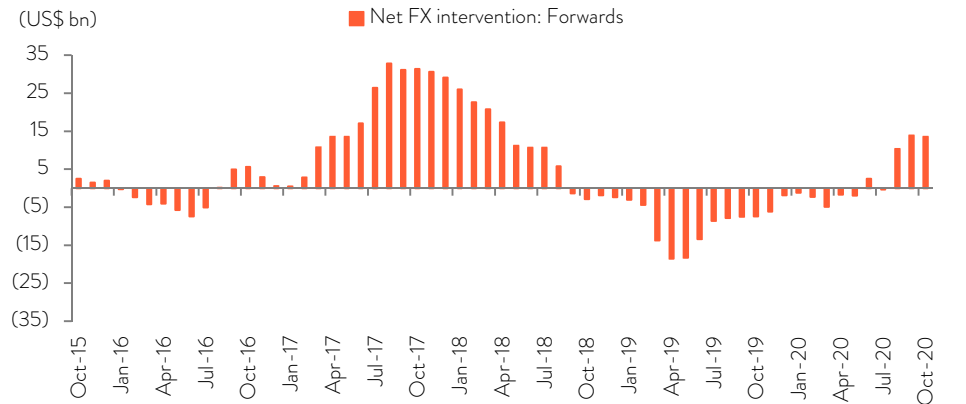
**FIG 182 – IMPORT COVER ALSO RISES TO 19 MONTHS IN DEC’20**



**FIG 183 – IN THE SPOT MARKET, RBI BOUGHT US\$ 10.3BN IN NOV’20 VERSUS US\$ 15.6BN IN OCT’20**



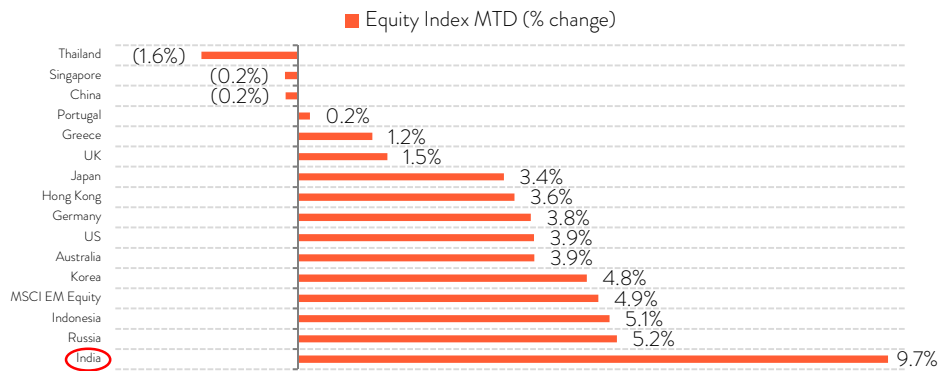
**FIG 184 – IN FORWARDS MARKET, RBI BOUGHT US\$ 14.8BN IN NOV’20, OUTSTANDING POSITION AT US\$ 28.3BN IN NOV’20**



## Markets

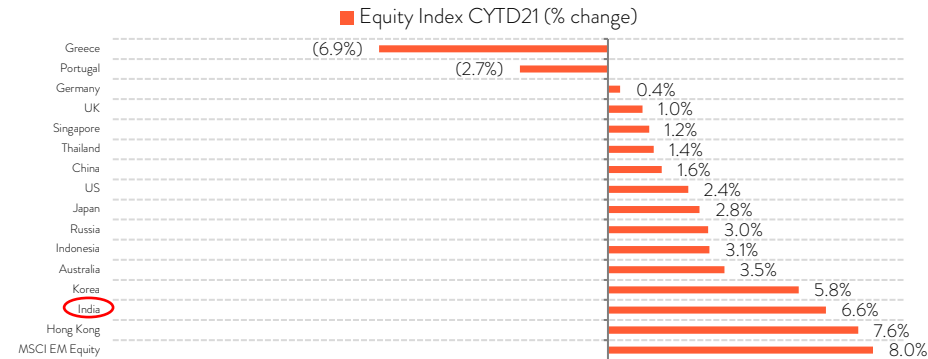
### Equity

**FIG 185 – IN FEB'21, SENSEX ROSE THE MOST FOLLOWING THE BULL RUN UP POST BUDGET**



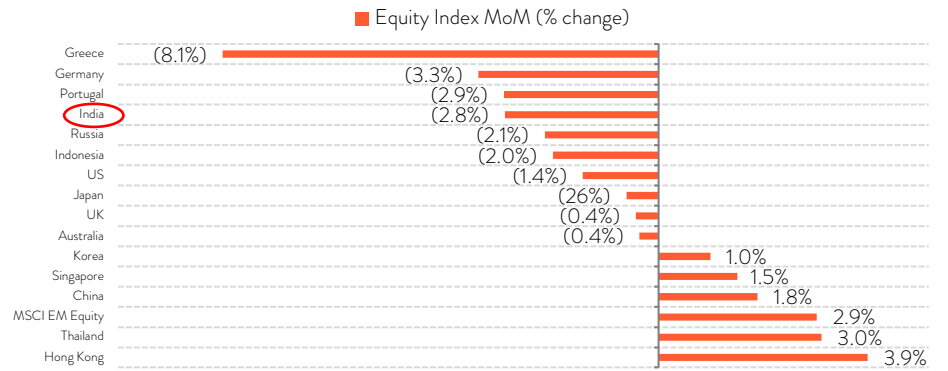
Source: Bloomberg | \* As on 5 Feb 2021, Indices are in US\$ terms

**FIG 187 – IN CYTD21, SENSEX ROSE BY 6.6%**



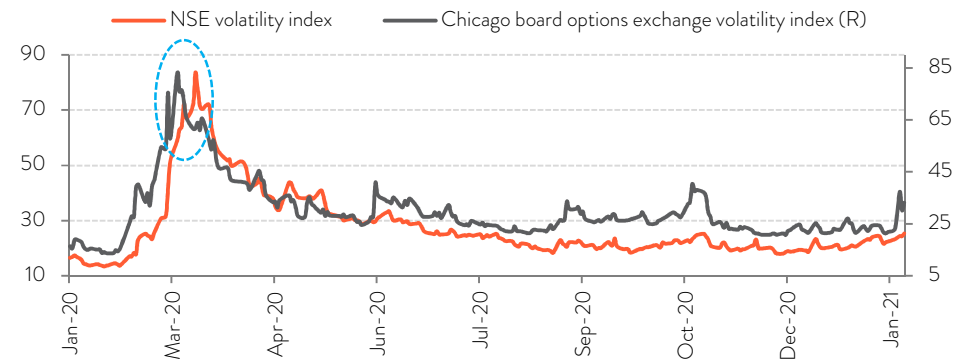
Source: Bloomberg | \* As on 5 Feb 2021, Indices are in US\$ terms

**FIG 186 – HOWEVER, IN JAN'21 SENSEX FELL BY 2.8%**



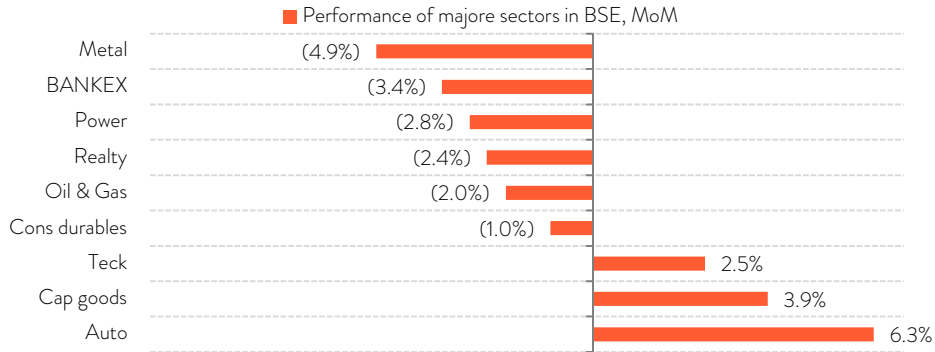
Source: Bloomberg | \* As on 29 Jan 2021, Indices are in US\$ terms

**FIG 188 – VIX INDEX ROSE TO 25.3 IN JAN'21 FROM 21.1 IN DEC'20**



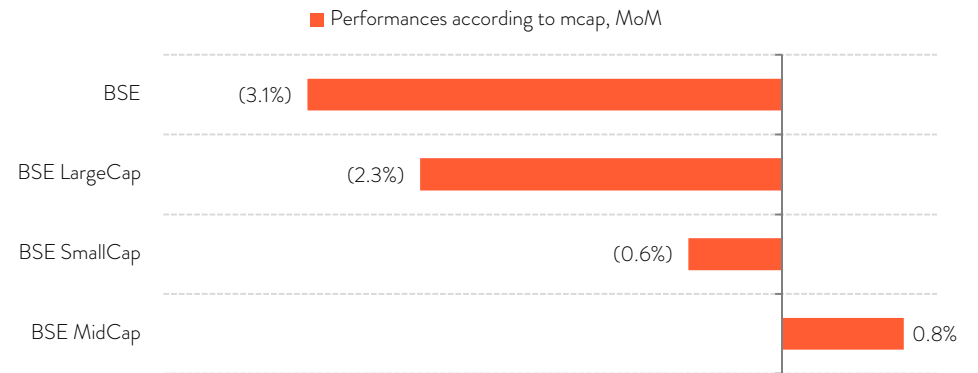
Source: Bloomberg

**FIG 189 – METAL AND BANKING STOCKS FELL THE MOST**



Source: Bloomberg | As on 31 Dec 2020

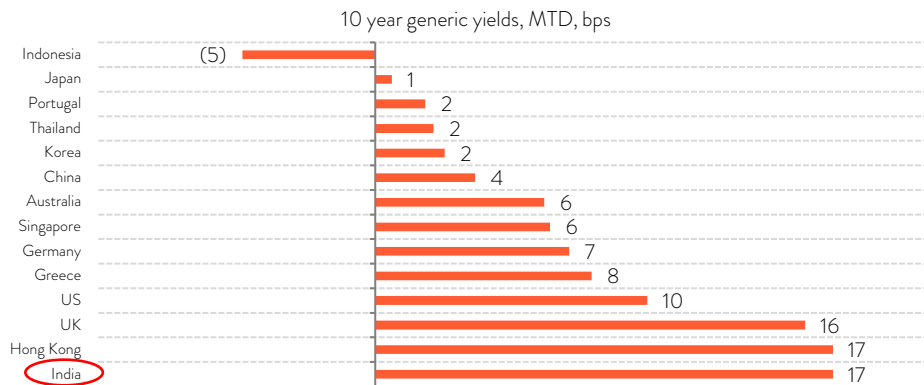
**FIG 190 – LARGE CAPS FELL THE MOST**



Source: Bloomberg | As on 31 Dec 2020

## 10 year bond yields

**FIG 191 – IN FEB'21, INDIA'S 10Y YIELD ROSE THE MOST BY 17BPS**



Source: Bloomberg | \* As on 5 Feb 2021, Note: For India 5.85GS2030 yield is taken

**FIG 192 – IN JAN'21, INDIA'S 10Y YIELD ROSE BY 4BPS**



Source: Bloomberg | \* As on 29 Jan 2021, Note: For India 5.85GS2030 yield is taken

**FIG 193 – IN CYTD21, INDIA’S 10Y YIELD ROSE BY 21BPS**



Source: Bloomberg | \* As on 5 Feb 2021, Note: For India 5.85GS2030 yield is taken

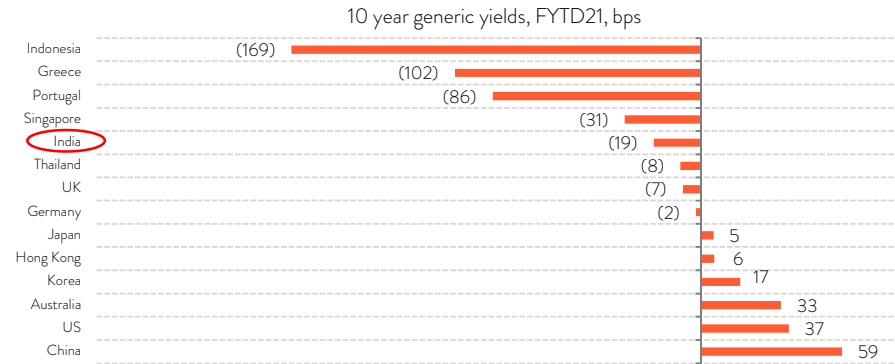
Currencies

**FIG 195 – INR APPRECIATED FURTHER IN JAN'21**



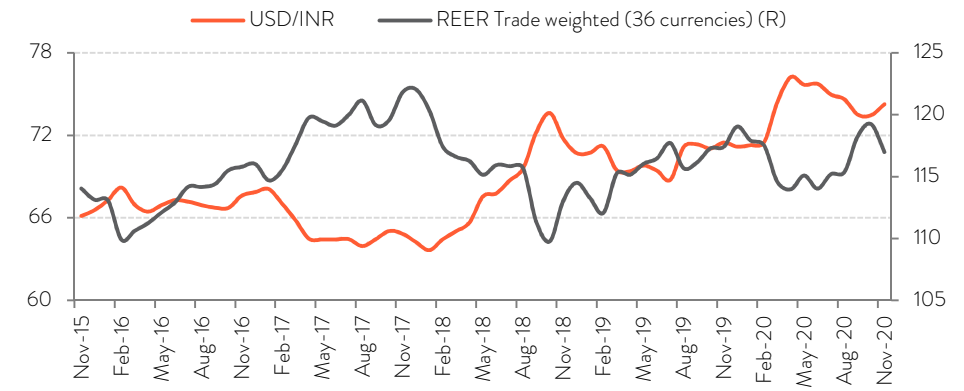
Source: Bloomberg | \*As on 29 Jan 2021

**FIG 194 – IN FYTD21, INDIA’S 10Y YIELD FELL BY 19BPS**



Source: Bloomberg | \*\* As on 29 Jan 2021, Note: For India 5.85GS2030 yield is taken

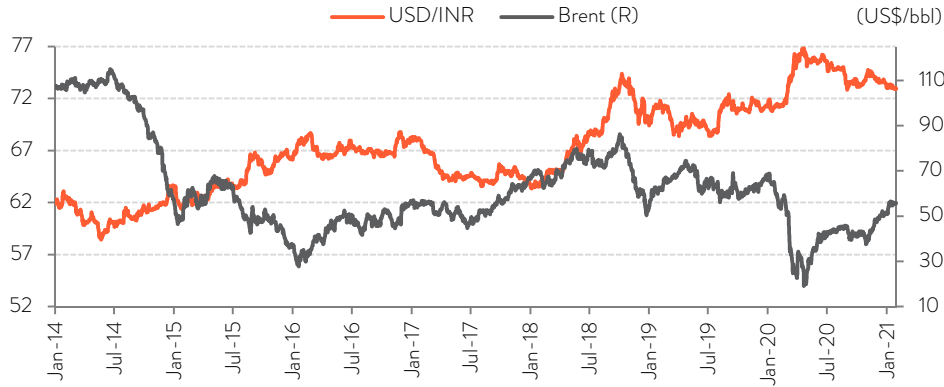
**FIG 196 – INR STILL OVERVALUED BY 17% (NOV'20)**



Source: Bloomberg

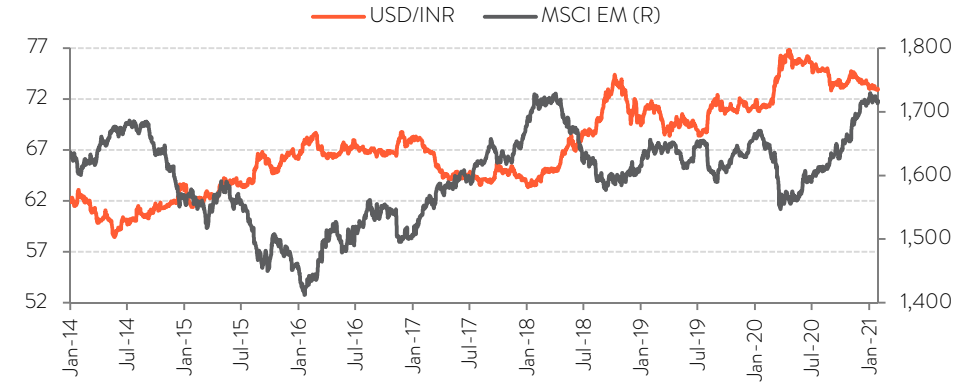


**FIG 197 – EVEN AS OIL PRICES ROSE**



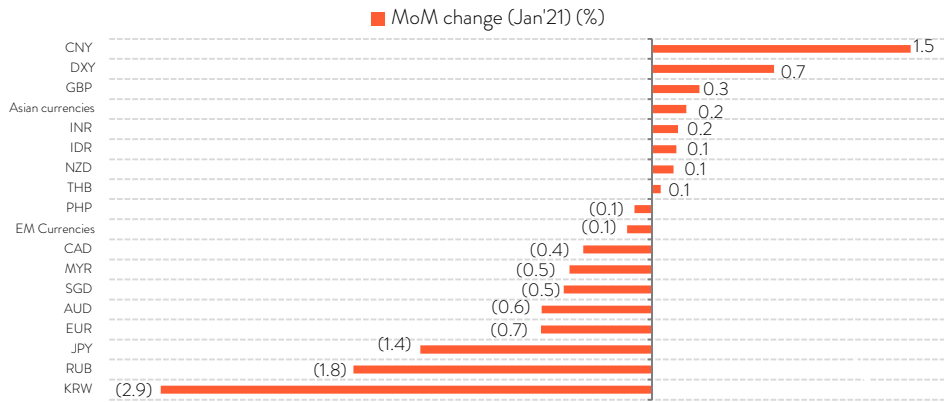
Source: Bloomberg | \*As on 29 Jan 2021

**FIG 198 – EM CURRENCIES DEPRECIATED IN JAN'21**



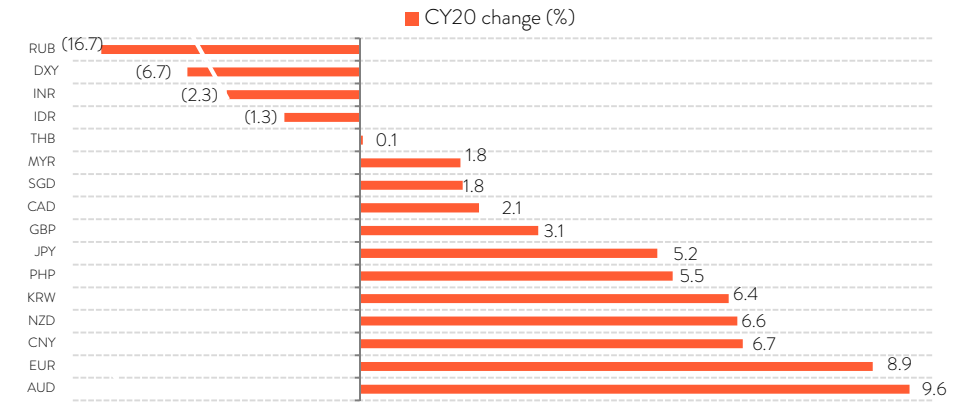
Source: Bloomberg | \*As on 29 Jan 2021

**FIG 199 – GLOBAL CURRENCIES CLOSED MIXED**



Source: Bloomberg | \*As on 29 Jan 2021

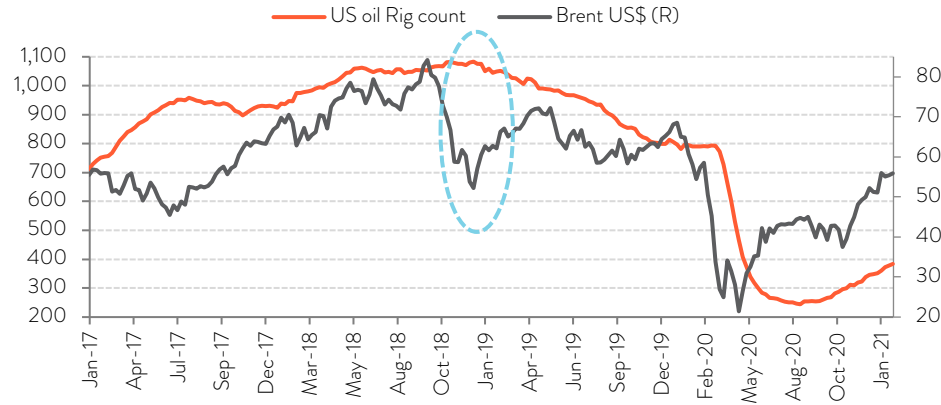
**FIG 200 – IN CYTD20, INR DEPRECIATED BY 2.3%**



Source: Bloomberg | \*As on 31 Dec 2020

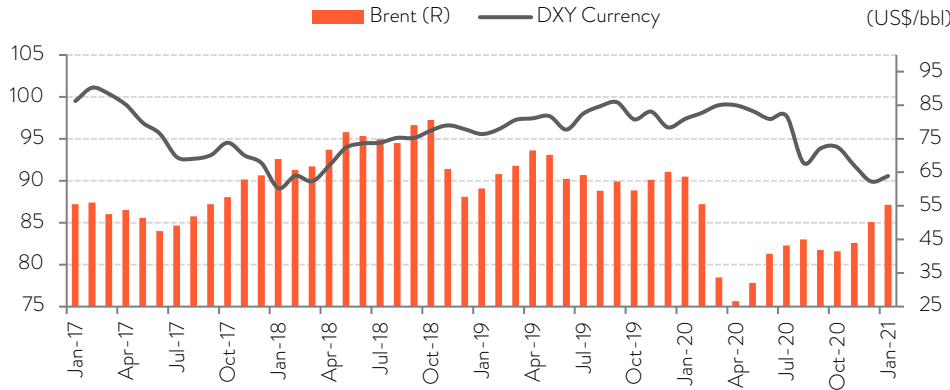
Commodities

FIG 201 – OIL PRICES ROSE IN JAN'21 AND US RIG COUNT INCHED UP



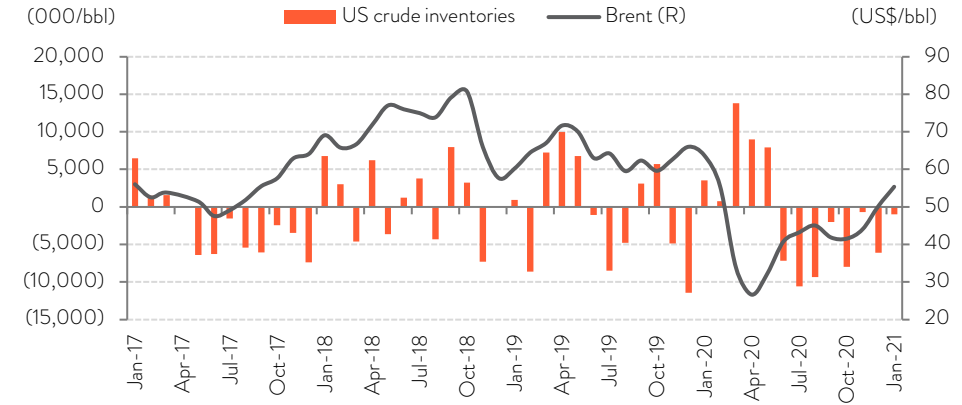
Source: Bloomberg

FIG 203 – OIL PRICES ON AN AVERAGE ROSE TO US\$ 55/BBL IN JAN'21 FROM US\$ 50/BBL IN DEC'20, DXY ROSE TO 90.58 FROM 89.94



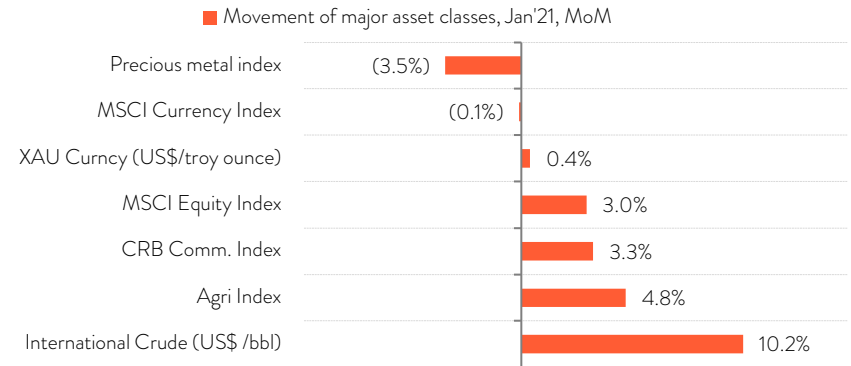
Source: Bloomberg | DXY Index as on last trading day of the month

FIG 202 – US CRUDE OIL INVENTORIES CONTINUED TO FALL IN JAN'21 AS WELL



Source: Bloomberg

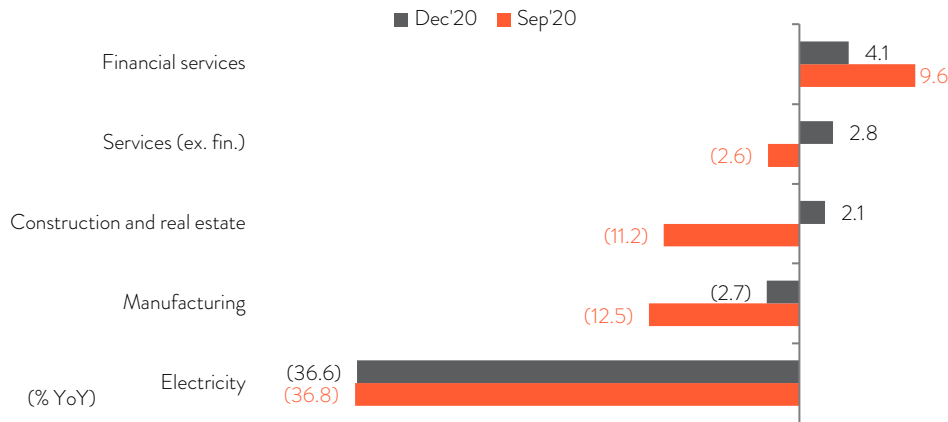
FIG 204 – INTERNATIONAL CRUDE PRICE SHOT THE MOST IN JAN'21, AMONGST MAJOR ASSET CLASS



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

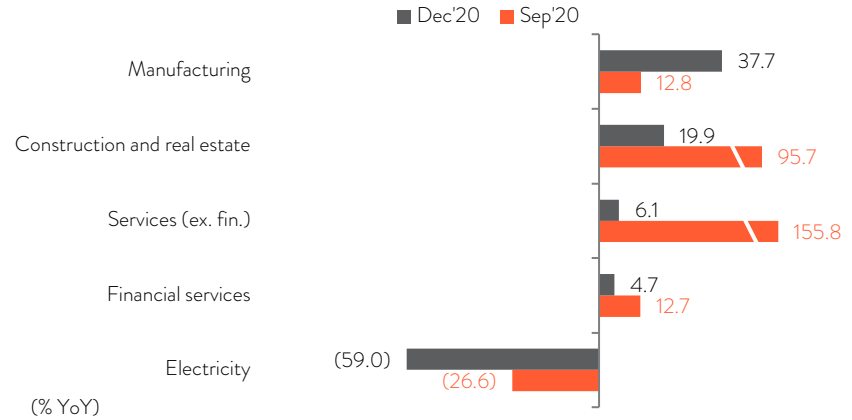
## Corporate earnings

**FIG 205 – NET SALES IN SERVICES SECTOR IMPROVES IN SEP'20**



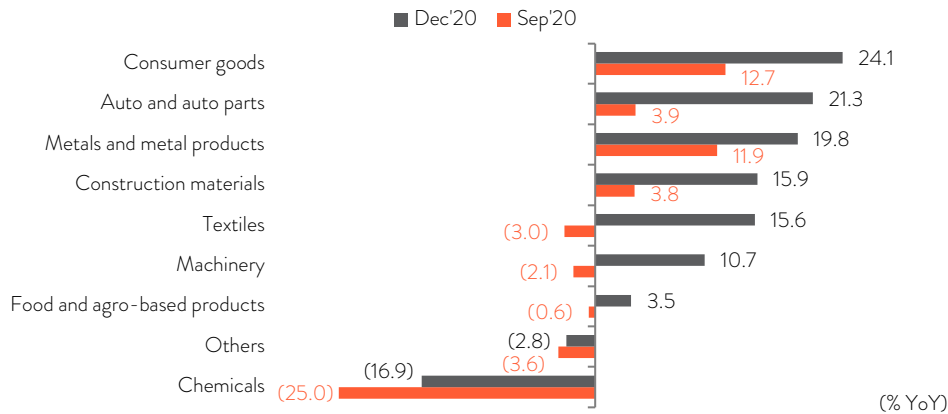
Source: CMIE Prowess database, Note: based on financial results of 242 BSE listed companies

**FIG 206 – PBDIT IN MANUFACTURING IMPROVES THE MOST IN DEC'20**



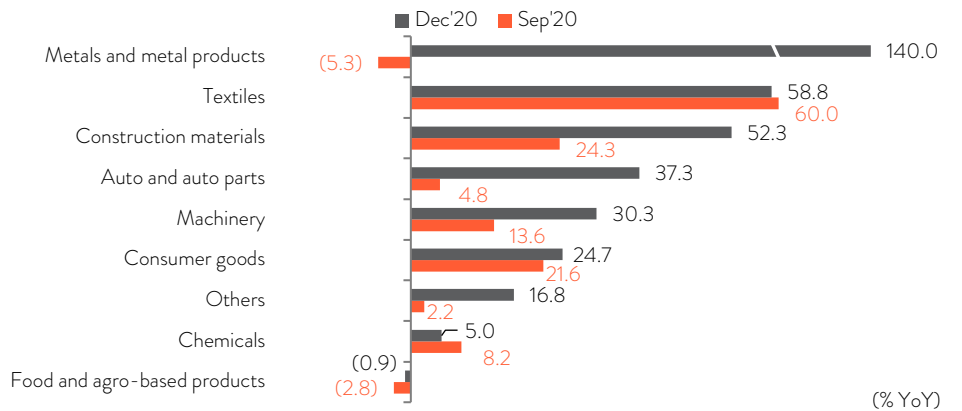
Source: CMIE Prowess database, Note: based on financial results of 242 BSE listed companies

**FIG 207 – WITHIN MANUFACTURING, NET SALES IN CHEMICALS DECLINED THE MOST IN Q3FY21**



Source: CMIE Prowess database, Note: based on financial results of 124 BSE listed companies

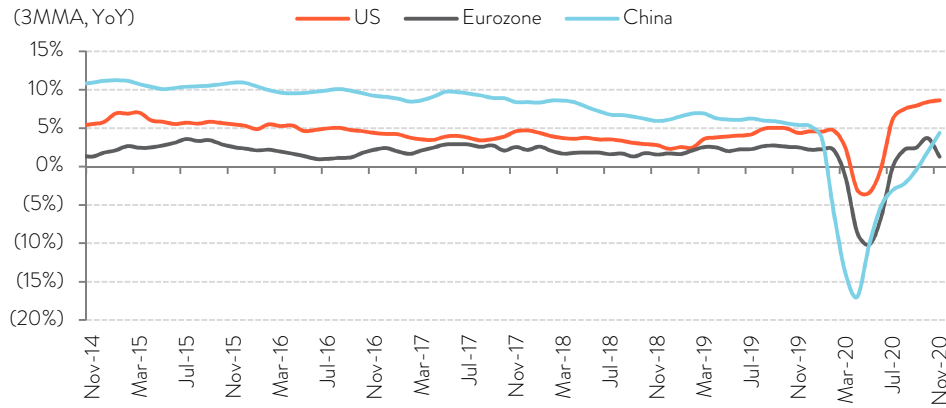
**FIG 208 – PBDIT OF METALS SECTOR ROSE THE MOST**



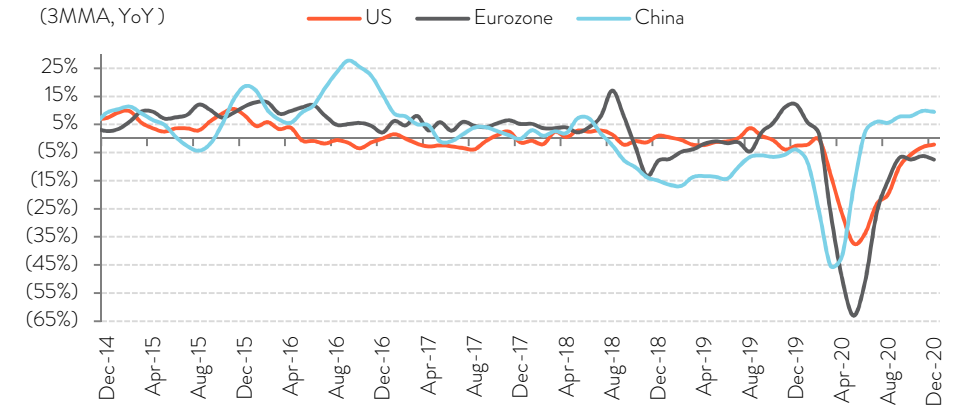
Source: Source: CMIE Prowess database, Note: based on financial results of 124 BSE listed companies

## Global consumption

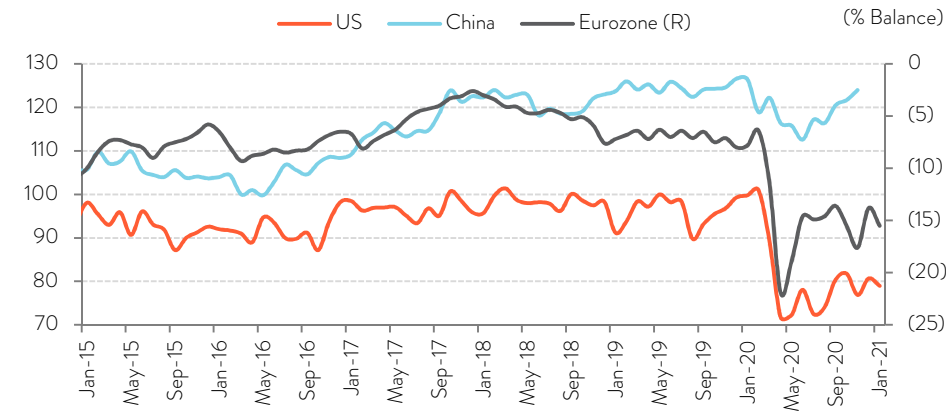
**FIG 209 – RETAIL SALES IMPROVE IN CHINA AND US**



**FIG 210 – AUTO SALES MODERATE**

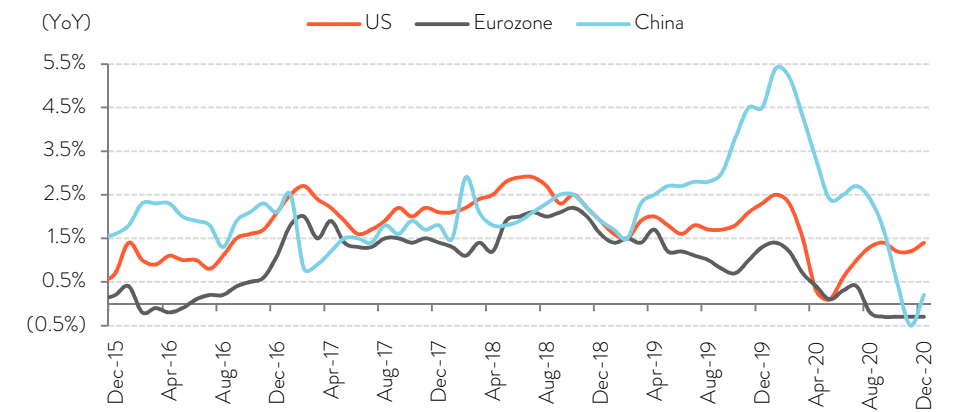


**FIG 211 – CONSUMER CONFIDENCE DIPS FOR US AND EUROZONE**



Note: Consumer confidence for eurozone is % diffusion index. Data for China is for Nov'20

**FIG 212 – CPI CONTINUES TO EDGE DOWNWARDS IN CHINA**



## Policy

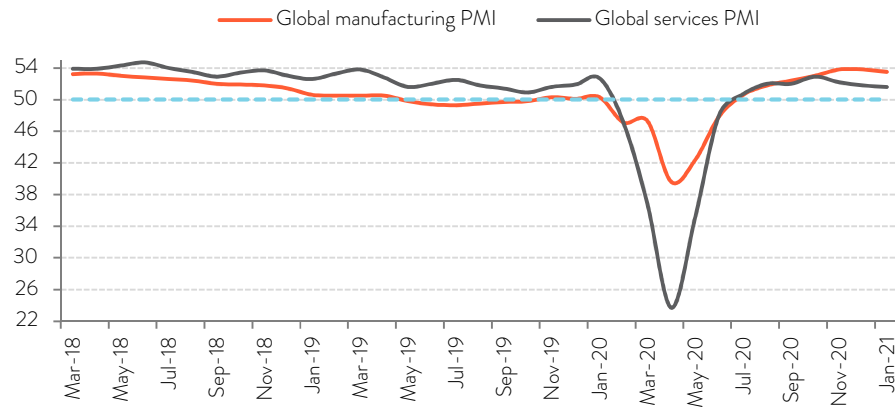
**FIG 213 – GLOBAL CENTRAL BANKS ARE ON MONETARY EASING CYCLE**

Country	Current inflation rate (%)	Current policy rate (%)	CY19 (change in bps)	CY20 (change in bps)	Direction of policy rate in CY20
Mexico	3.2	4.25	(100)	(300)	↓
Brazil	4.5	2.00	275	(250)	↓
Russia	5.2	4.25	(150)	(200)	↓
Philippines	4.2	2.00	(75)	(200)	↓
US	1.4	0.25	(75)	(150)	↓
Indonesia	1.6	3.75	(100)	(125)	↓
Malaysia	(1.4)	1.75	(25)	(125)	↓
India	4.6	4.00	(135)	(115)	↓
Korea	0.6	0.50	(50)	(75)	↓
Thailand	(0.3)	0.50	(50)	(75)	↓
UK	0.6	0.10	0	(65)	↓
Australia	0.9	0.25	(75)	(65)	↓
Germany	(0.3)	0.00	0	0	-
Japan	(1.2)	(0.10)	0	0	-
China	0.2	4.35	0	0	-
Turkey	15.0	17.00	(1200)	500	↑

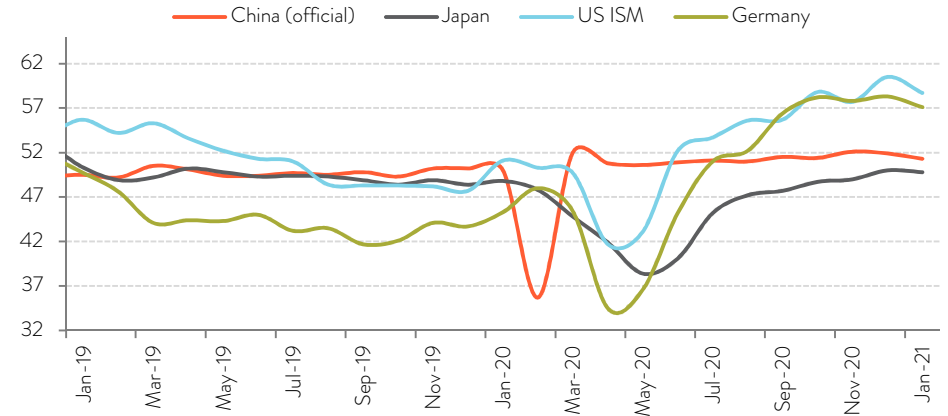
Source: Bloomberg

## Global investment and manufacturing

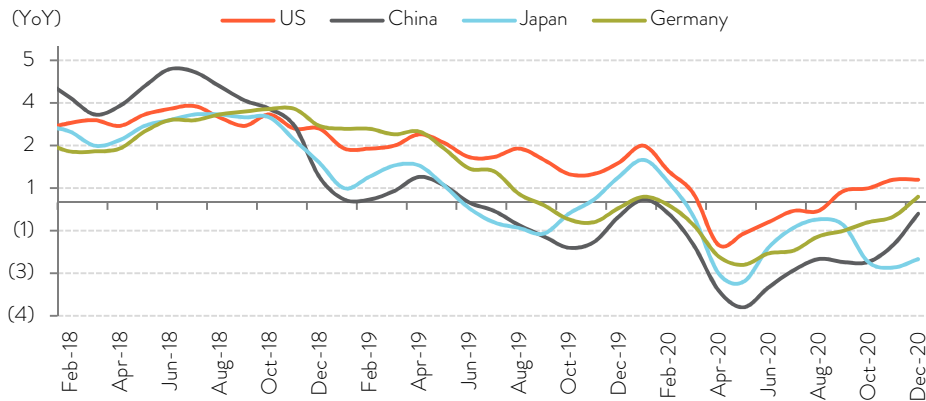
**FIG 214 – GLOBAL MANUFACTURING AND SERVICES EASED A TAD IN JAN'21**



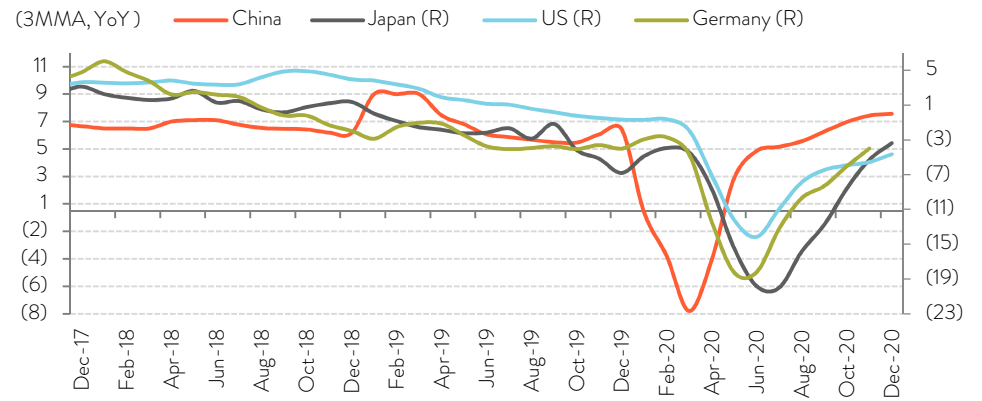
**FIG 215 – MANUFACTURING ACTIVITY (PMI) SLOWED ACROSS BOARD**



**FIG 216 – PRODUCER PRICES INCHED UP THE MOST IN CHINA AND GERMANY**



**FIG 217 – GLOBAL INDUSTRIAL PRODUCTION SEEN RECOVERING IN DEC'20**



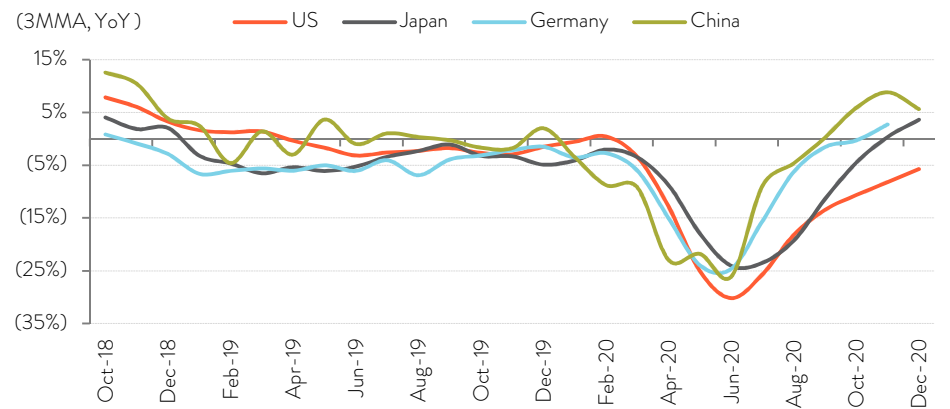
## Global trade

**FIG 218 – WORLD TRADE VOLUME SHOWED FURTHER IMPROVEMENT IN NOV'20**



Source: NPB, World Trade Monitor

**FIG 220 – EXPORTS FROM MAJOR COUNTRIES IMPROVING**



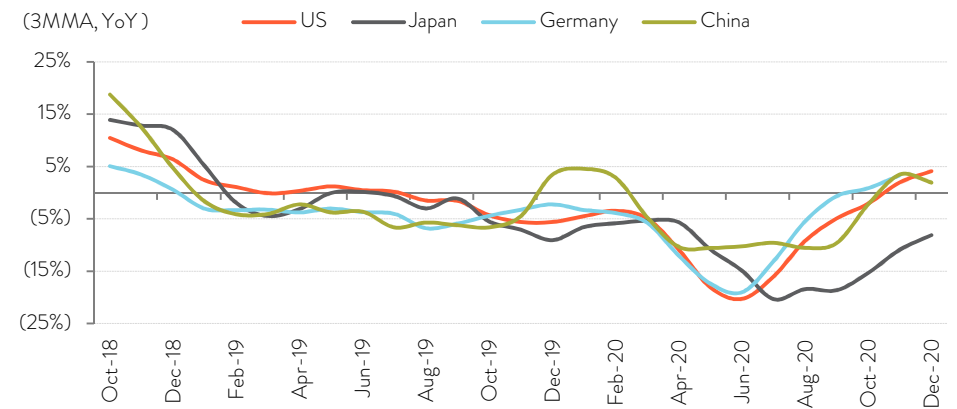
Source: Bloomberg

**FIG 219 – ...LED BY CHINA**

Country/Region (% YoY)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Africa and Middle East	(3.0)	(6.3)	(8.6)	(7.8)	(5.6)	(4.9)
China	(1.7)	0	2.9	5.1	7.1	8.2
Eastern Europe / CIS	(2.8)	(3.1)	(3.2)	(3.3)	(3.7)	(3.1)
Emerging Asia (ex. China)	(17.5)	(19.2)	(16.4)	(10.6)	(7.9)	(6.0)
Euro Area	(20.0)	(20.7)	(14.7)	(9.5)	(6.5)	(4.6)
Japan	(7.9)	(11.9)	(14.2)	(13.2)	(11.3)	(7.7)
Latin America	(15.1)	(18.1)	(16.6)	(10.5)	(8.6)	(6.9)
US	(16.0)	(19.8)	(16.2)	(10.5)	(6.4)	(4.1)

Source: CPB, World Trade Monitor

**FIG 221 – ...SIMILAR TREND IN IMPORTS**



Source: Bloomberg

FIG 222 – PERFORMANCE OF HIGH FREQUENCY INDICATORS

Indicators	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
<b>Agriculture</b>										
Domestic Tractor Sales	(80.1)	0.5	20.2	35.9	64.8	26.7	9.0	48.3	41.2	-
Two Wheeler Sales	-	(89)	(41)	(37)	(29)	(13)	(27)	(21)	12	-
MNREGA work (HH, MoM)	-	179	20	(29)	(24)	0.3	(0.3)	(6.6)	16.5	-
<b>Manufacturing</b>										
IIP: General Index	(57.3)	(33.4)	(16.6)	(10.8)	(7.4)	0.5	4.2	(1.9)	-	-
IIP: Manufacturing	(66.6)	(37.8)	(17.0)	(11.6)	(7.9)	(0.2)	4.1	(1.7)	-	-
IIP: Capital goods	(92.7)	(65.9)	(37.4)	(22.8)	(14.8)	(1.3)	3.5	(7.1)	-	-
IIP: Infra & Construction goods	(85)	(39)	(18.3)	(8.2)	(1.6)	2.5	9.9	0.7	-	-
IIP: Consumer goods	(95.7)	(70.3)	(34.8)	(23.7)	(9.6)	3.4	18.0	(0.7)	-	-
Steel	(82.8)	(40.4)	(23.2)	(6.5)	0.5	6.2	4	(0.5)	(2.7)	-
Cement	(85.3)	(21.4)	(6.8)	(13.5)	(14.6)	(3.5)	3.2	(7.3)	(9.7)	-
Electricity demand	(25.3)	(13.2)	(7.3)	(3.1)	(4.2)	2.5	5.3	4.4	7.0	7.7
PMI: Manufacturing	27.4	30.8	47.2	46	52	56.8	58.9	56.3	56.4	57.7
<b>Services</b>										
Services PMI index	5.4	12.6	33.7	34.2	41.8	49.8	54.1	53.7	52.3	52.8
Automobile sales	-	(89)	(42.0)	(36.0)	(27.0)	(10.0)	(24)	(19.0)	11.0	-
Passenger vehicle sales	-	(87)	(38)	(25)	(7)	10	(9)	4	24	-
Vehicle Registration	(78.3)	(88.6)	(41.4)	(35.2)	(25.4)	(8.4)	(22.3)	(17.5)	11.6	(11.5)
Domestic air passenger traffic	(99.9)	(97.4)	(83.5)	(82.6)	(75.8)	(65.1)	(56.8)	(50.2)	(42.9)	-
Rail freight traffic	(35.3)	(21.3)	(7.7)	(4.6)	3.9	15.5	15.4	9.0	8.7	8.7
Port Cargo volume	(21.1)	(23.3)	(14.5)	(13.2)	(10.4)	(1.9)	(1.2)	2.8	4.4	4.0
Credit growth	6.8	5.5	5.6	6.4	5.5	5.1	5.4	5.7	5.8	6.4
Deposit growth	9.9	10.5	9.6	12.1	10.9	10.5	11.1	10.5	10.7	11.4
CIC	15.7	19.1	22.0	23	23.2	22.7	20.3	22.8	22.4	21.1
Toll collection (in mn)	-	-	81.9	86.6	96.8	110.1	122.4	124.9	138.4	149.2
Diesel consumption	(55.6)	(29.5)	(15.5)	(19.4)	(20.7)	(5.9)	7.5	(6.9)	(2.8)	-
GST E-way bill (in mn)	8.6	25.5	43.4	48.4	49.4	57.4	64.2	57.7	64.2	62.9
<b>External Trade</b>										
Merchandise exports	(60.6)	(35.7)	(12.4)	(9.9)	(12.6)	6.0	(5.1)	(8.7)	(0.8)	5.4
Merchandise imports	(59.7)	(51.2)	(48.1)	(29.6)	(26.0)	(19.6)	(11.5)	(13.3)	7.6	2.0
Services exports	(8.9)	(10.2)	(8.4)	(10.8)	(9.9)	(1.4)	(6.3)	(5.1)	-	-
Services imports	(18.4)	(20.4)	(15.3)	(21.7)	(20.1)	(8.7)	(12.3)	(11.8)	-	-

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



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