

# India Economics

## Monthly Chartbook

March 2022

Economic Research Department

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Important disclosures are provided at the end of this report.



## All eyes on Russia-Ukraine war

**Russia-Ukraine war has grappled markets worldwide. Commodity markets faced the direct brunt of it with crude reaching +US\$ 120/bbl mark. Even other commodities such as base metals, aluminium, copper, zinc also shot up. The direct ramification will be on India's macrofundamentals. Inflation, current account deficit and fiscal health will be deteriorated. India's 10Y yield continued to rise in Mar'22 and would not shy off from reaching the 7% mark soon. Recently, we have seen economic activity gaining momentum from pick up in pace of high frequency indicators. But current geopolitical tensions do pose downside risk to our growth forecast (7.5% in FY23).**

**Swift recovery:** As the country recovered from the 3rd wave of Covid-19, some of the high frequency indicators have been showing early signs of revival. As a result, google mobility indices climbed higher in Feb'22. Improvement in digital payments and electricity demand added further support. However, moderation in electronic imports and dip in PV sales remain a cause of concern. On agri front, overall rabi sowing improved compared with last year. Notably, global food prices continued its upward momentum. Even prices of wheat surged higher in Feb'22 on the back of Russia-Ukraine conflict.

**Centre's finances stable:** Central government's fiscal health so far remains robust. Net revenues have seen 48% jump in FYTD so far (till Jan'22), while spending has risen by 11.6%. Compared to revised targets set in the budget,

net revenue has reached 88% of the target, while spending has reached 75% of the target. We expect spending to pick up in the remaining two months. One key concern on the revenue front remains on the disinvestment side. So far, only Rs 120bn has been collected versus RE of Rs 780bn. A huge part of receipts are dependent upon LIC IPO, which is clouded by uncertainty.

**Yields inching up:** India's 10Y yield shot up by 12bps in Mar'22. This is on account of elevated oil prices which rose by 22% in Mar'22 due to war between Russia and Ukraine. Higher international oil prices will be translated in the CPI and WPI print. Even RBI's dovish statement and lower than planned borrowing in FY22 could not comfort yields. We expect 10Y yield to touch the 7% mark soon. All eyes will be on the H1 borrowing calendar and its pattern of issuance to give cues about the movement of yield curve.

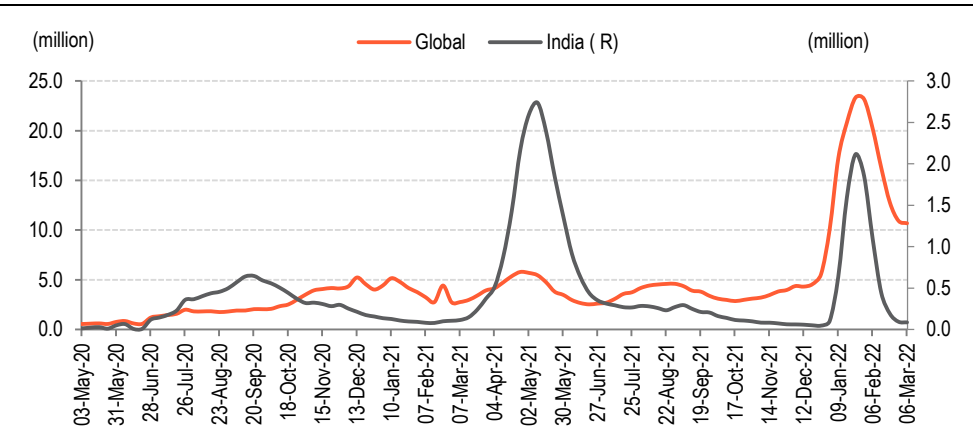
**INR depreciates to a record-low:** INR depreciated to a record-low of 76.97/\$ on 7 Mar 2022 on the back of elevated oil prices. Persistent FPI outflows, particularly in the equity segment are also weighing on the Rupee. Trade deficit too expanded in Feb'22 due to higher prices of oil. With the Russia-Ukraine conflict still lingering on and oil prices hovering near a 20-year high, we expect INR to remain under pressure. We expect INR to trade in the range of 77-78\$ in Mar'22. Over the longer term, pace of Fed tightening and growth impulse will drive INR.

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

## High frequency indicators

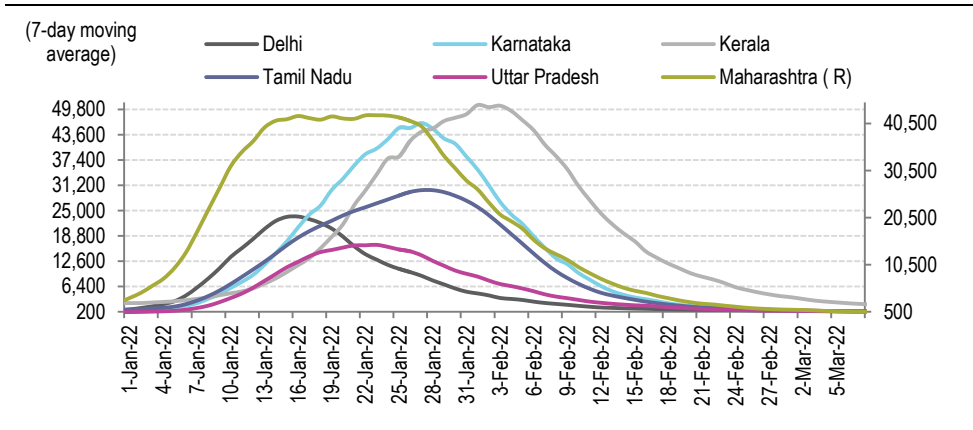
### Mobility index and Covid cases

**Fig 1 – Global Covid-19 cases fall further**



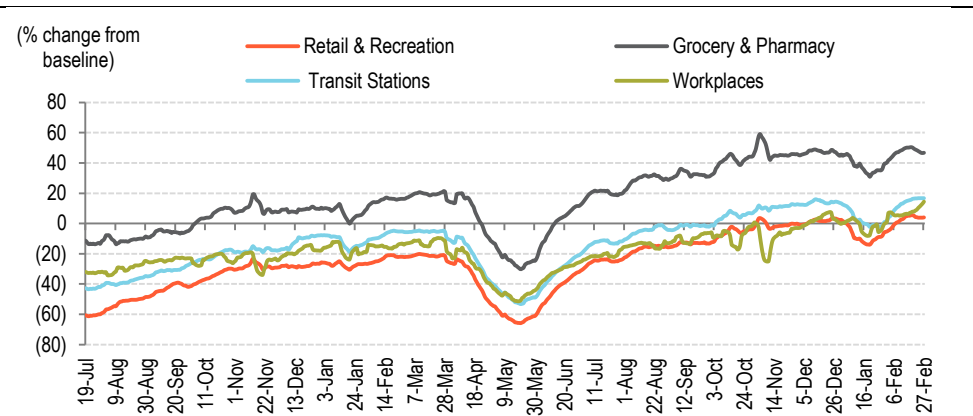
Source: Bloomberg

**Fig 2 – Statewise cases slows down**



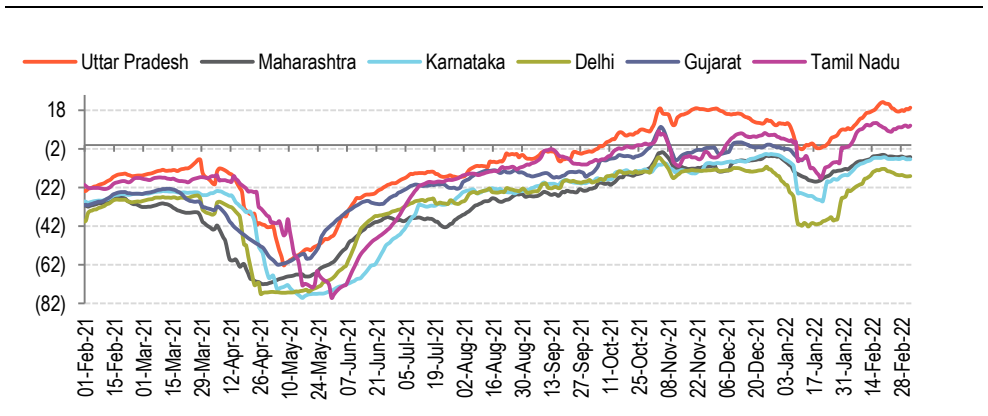
Note: Data taken as 7 days rolling average

**Fig 3 – Google mobility indices largely inches up; dips only for Grocery & Pharmacy**



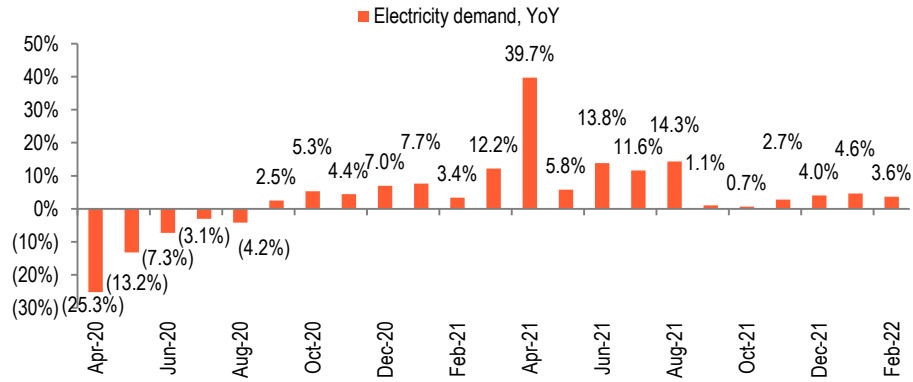
Highlights % change in visits to place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb2020)

**Fig 4 – Retail and Recreation index moves up**



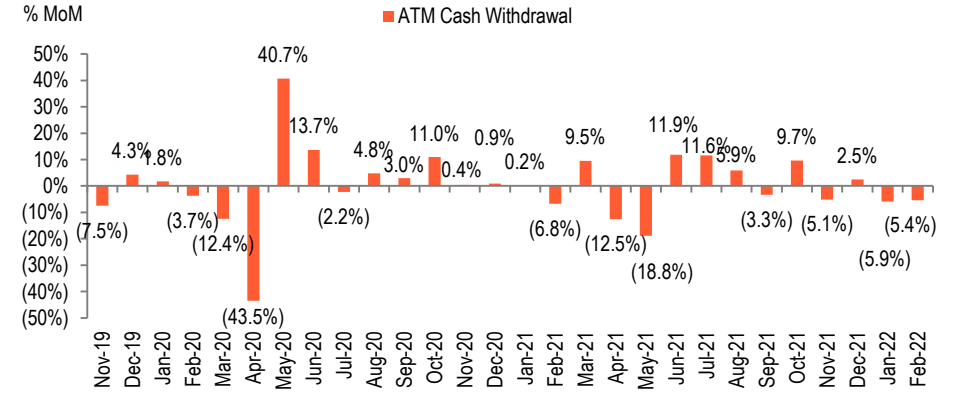
Note: Data taken as 7 days rolling average

**Fig 5 – Improvement in electricity demand**



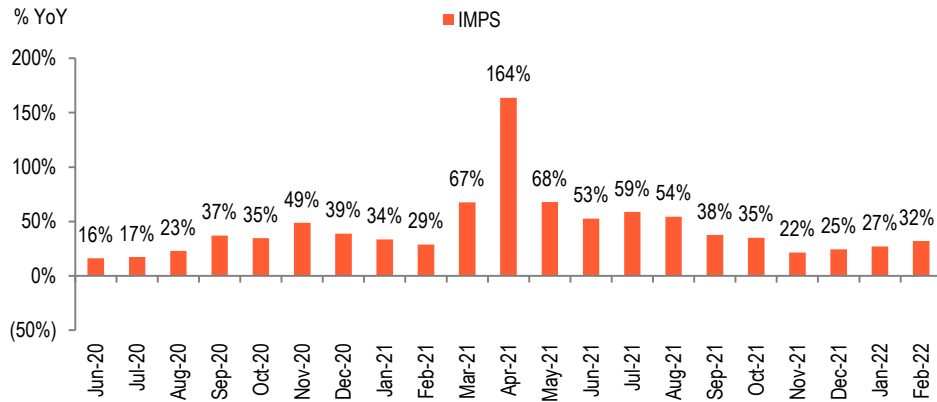
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

**Fig 6 – Cash Withdrawal dips at a slower pace**



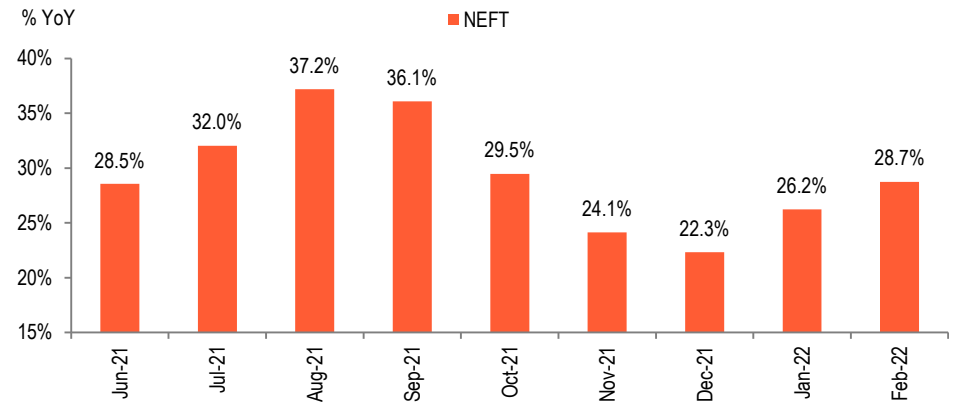
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

**Fig 7 – IMPS payments edges upwards**



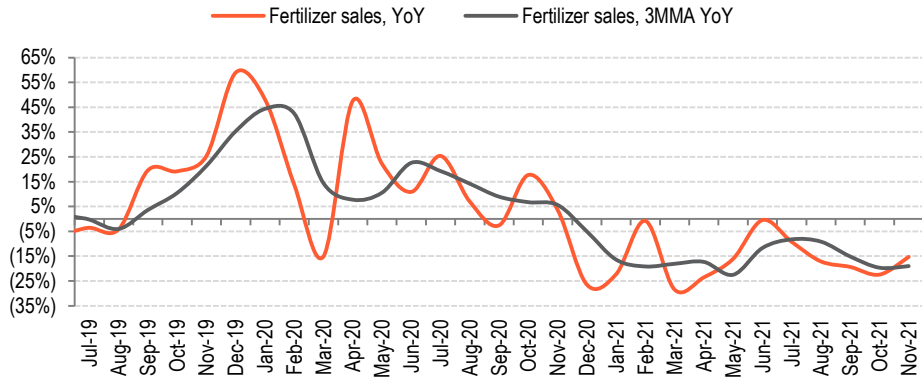
Source: NPCI

**Fig 8 – Volume of NEFT transactions rises**

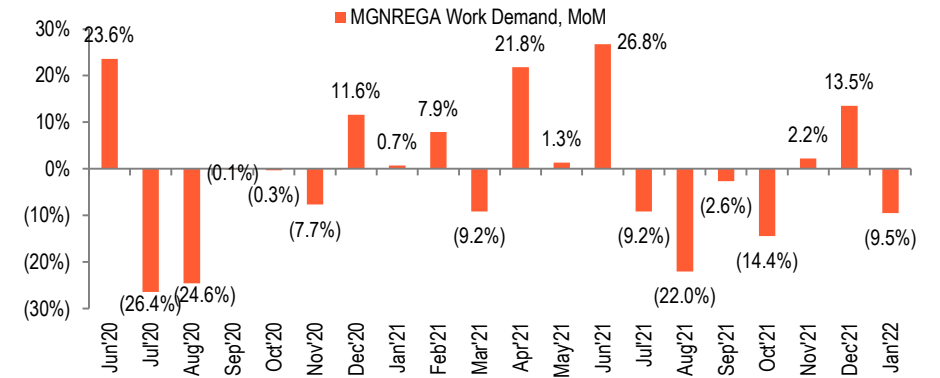


Source: NPCI

**Fig 9 – Fertilizer sales rebounds in Nov'21**



**Fig 10 – MGNREGA work demand Slows**



Source: MGNREGA

Final consumption expenditure

Fig 11 – Private consumption drops in Q3FY22

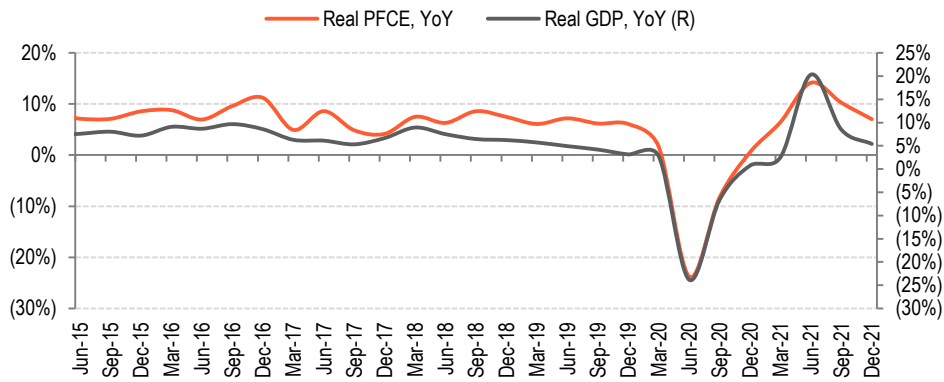


Fig 12 – Government consumption too dips

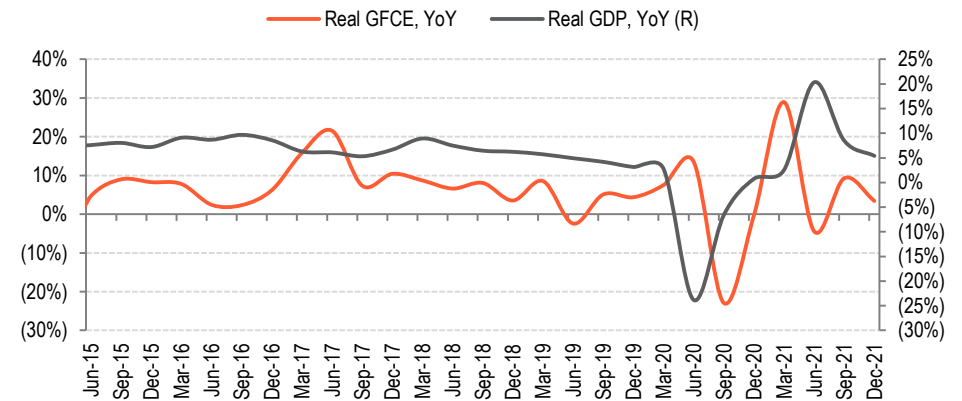


Fig 13 – General govt. revenue spending inch up

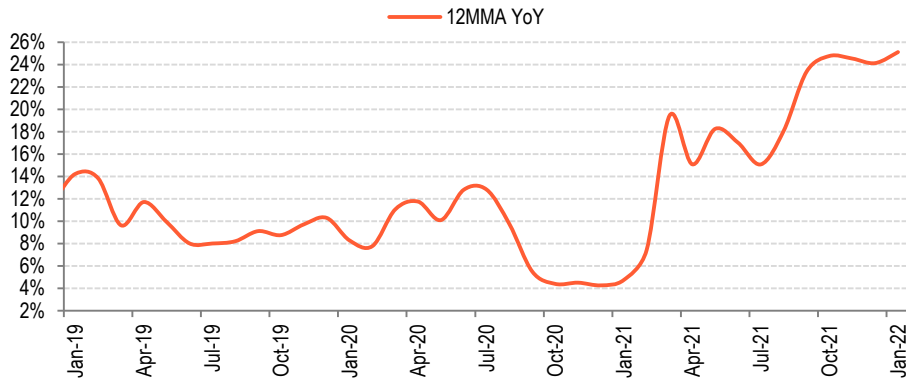
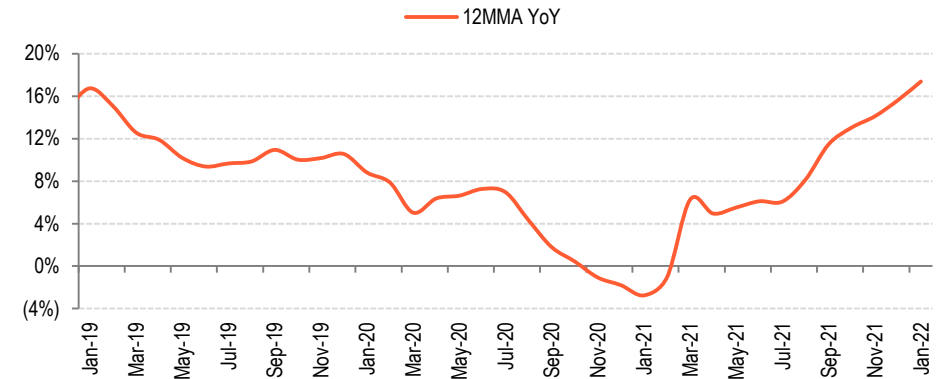


Fig 14 – State\* govt. revenue spending also improves



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

Non-oil imports, electronic imports

Fig 15 – Non-oil-non-gold imports eases in Feb'22

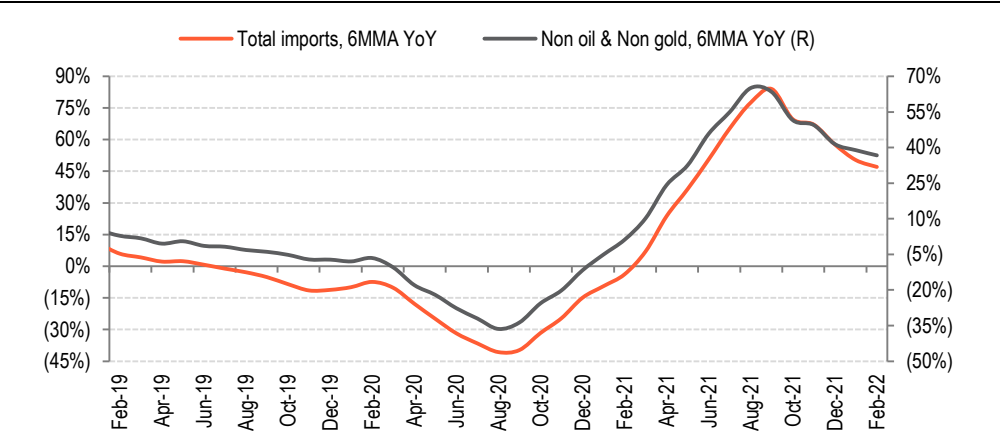


Fig 16 – Electronic imports moderate in Feb'22

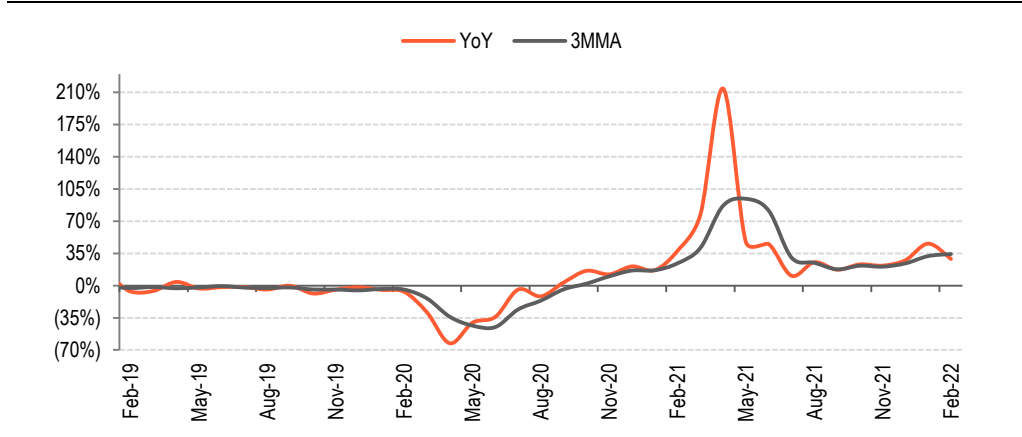


Fig 17 – Retail passenger vehicles sales contracts

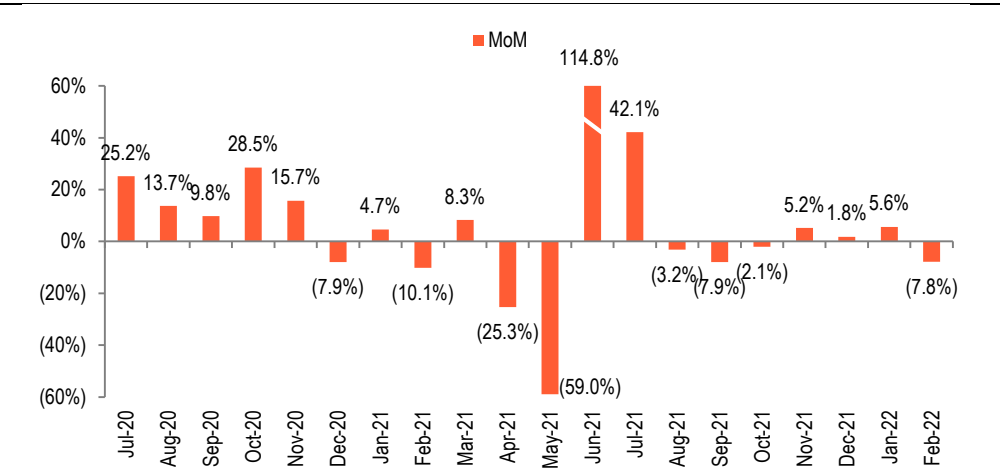
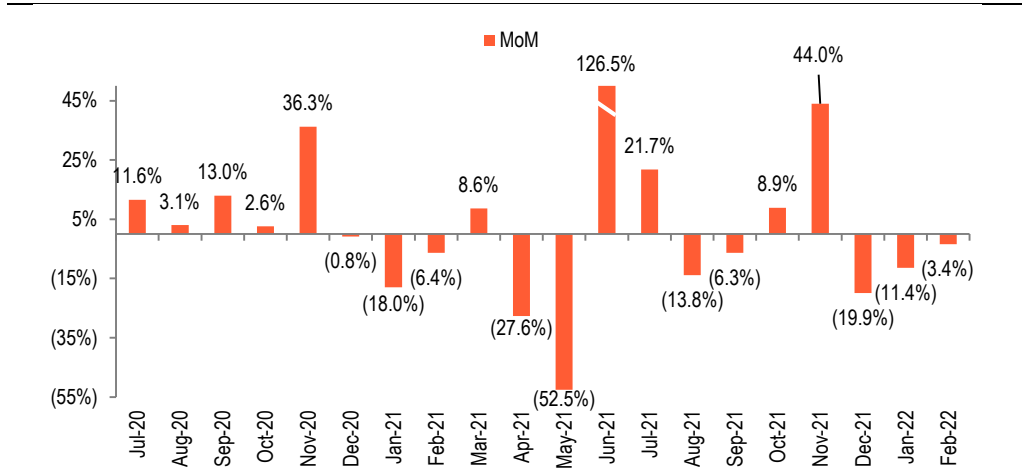


Fig 18 – Two-wheeler sales contracts at a slower pace



Source: FADA

Credit deployment of personal loans

Fig 19 – Growth in credit card outstanding dips

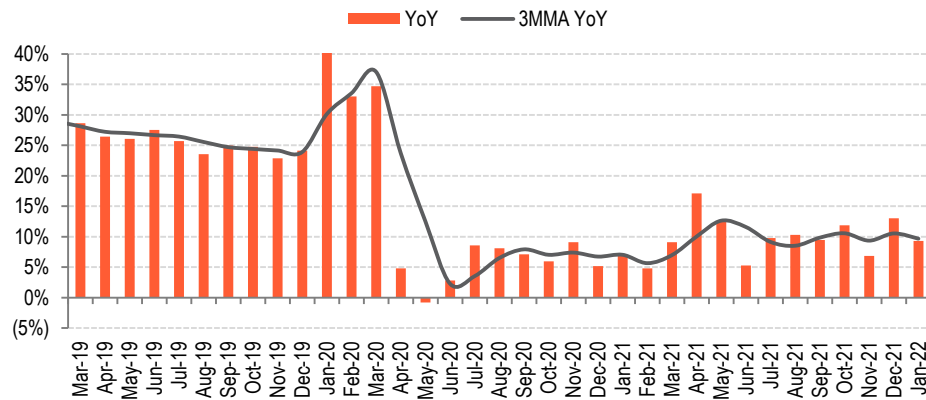


Fig 20 – Growth in personal loan too moderates

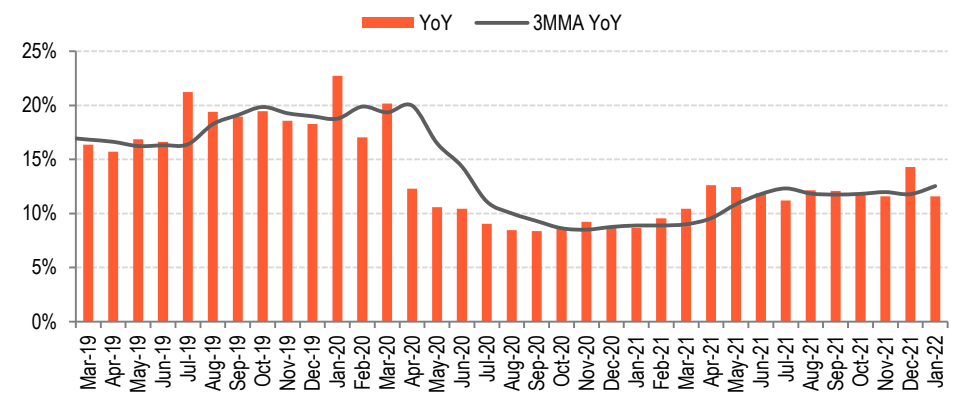


Fig 21 – Growth in vehicle loans eases

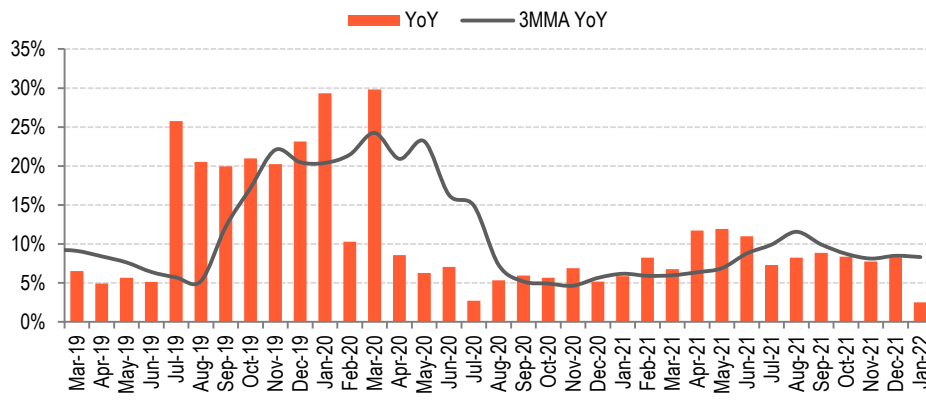


Fig 22 – Consumer optimism moderates for future

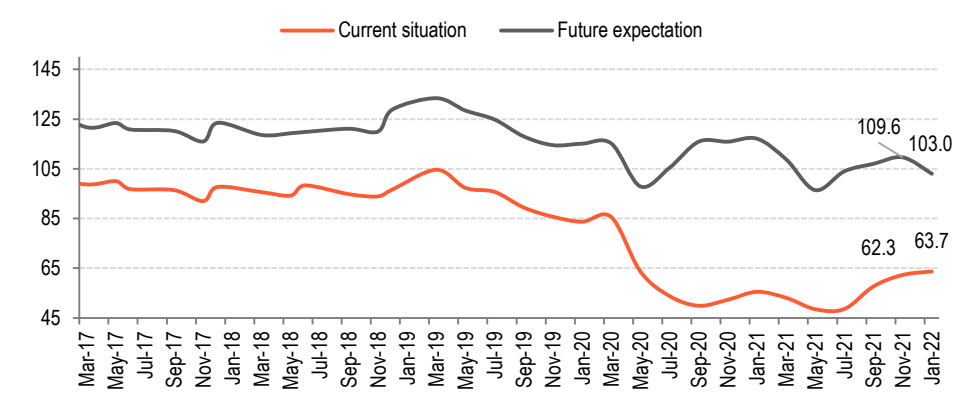




Fig 23 – RBI's essential spending continues to improve

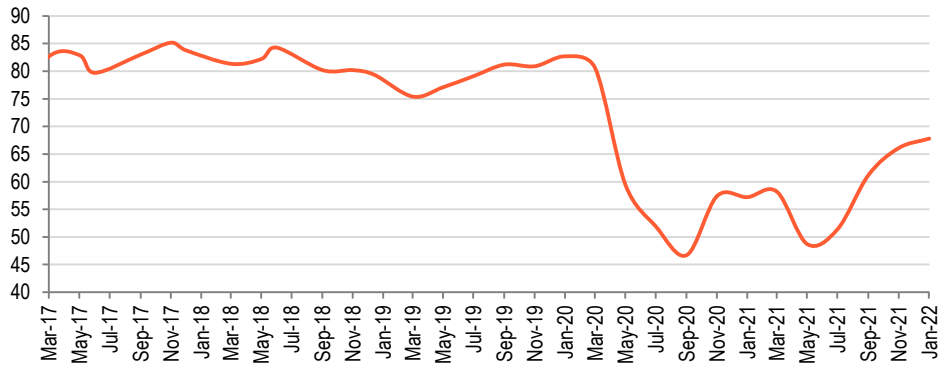
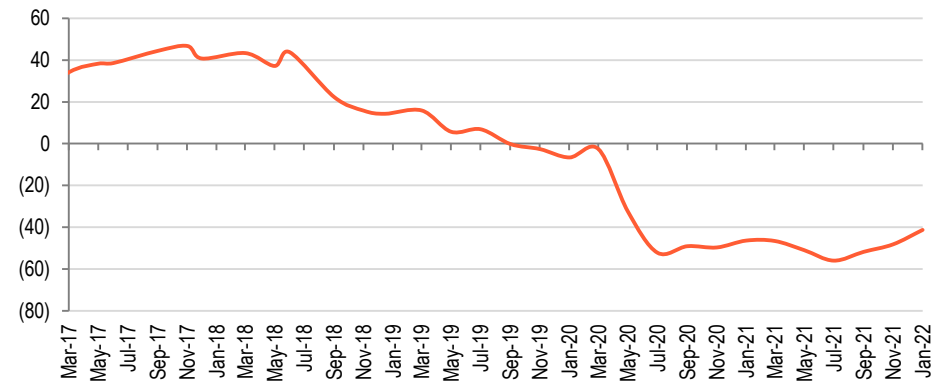


Fig 24 – ...non-essential spending too witnesses an uptick



Consumer durables & non-durables production

Fig 25 – Consumer durables output contracts at a slower pace

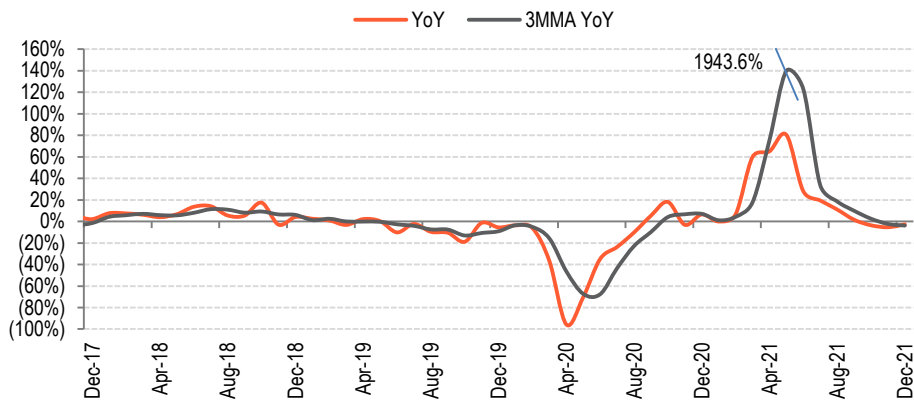
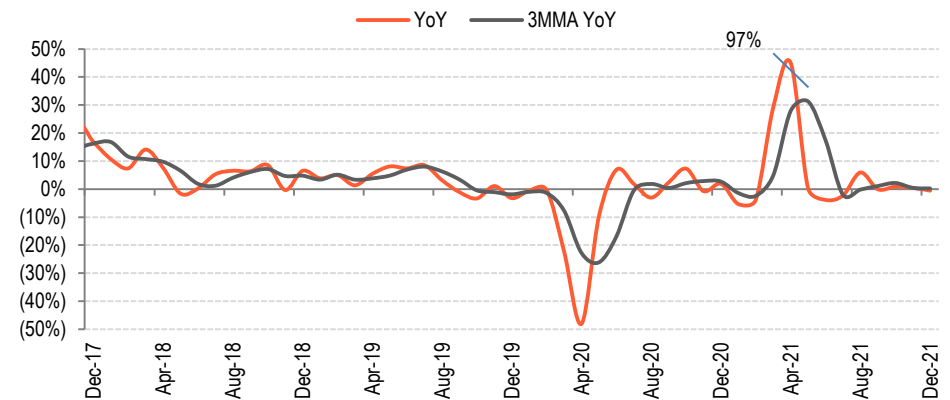


Fig 26 – FMCG output though declines further



Agriculture

Fig 27 – Slower pace of agriculture growth in Q3FY22

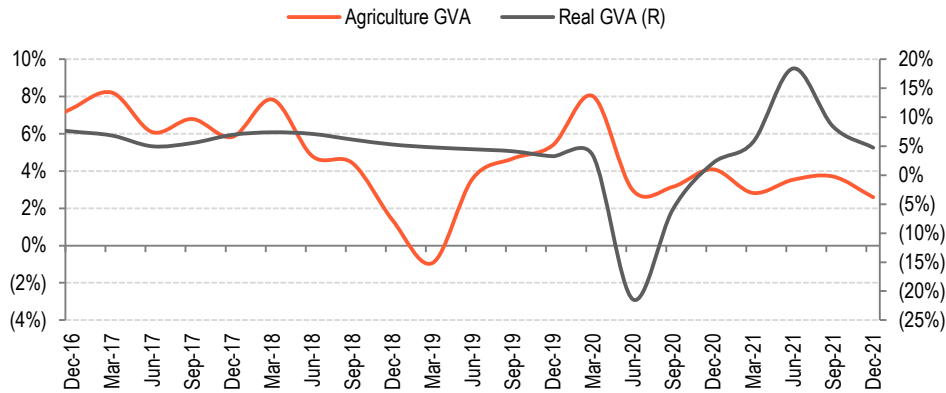
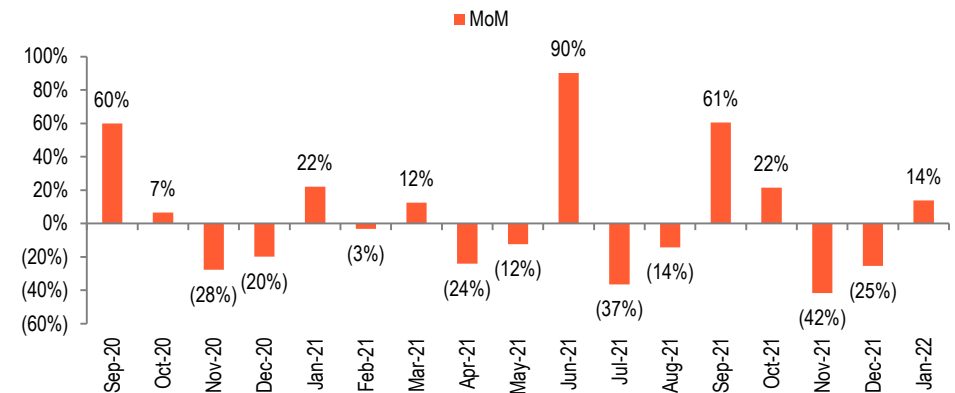


Fig 28 – Tractor sales improves in Jan'22



Note: Tractor sales including exports

Fig 29 – Agriculture credit slips

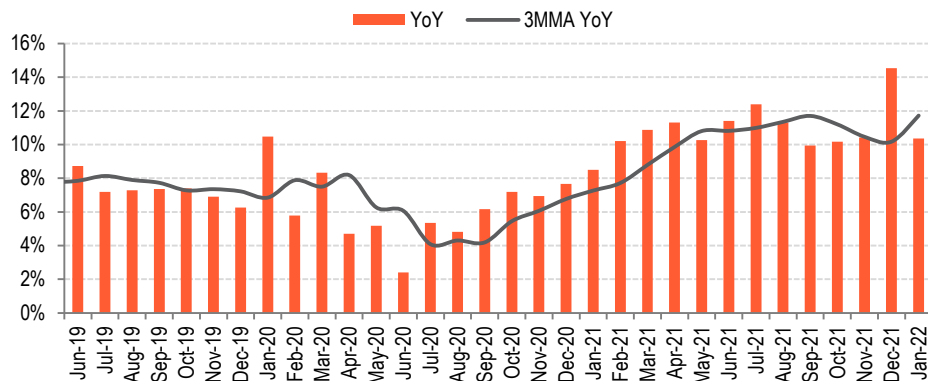
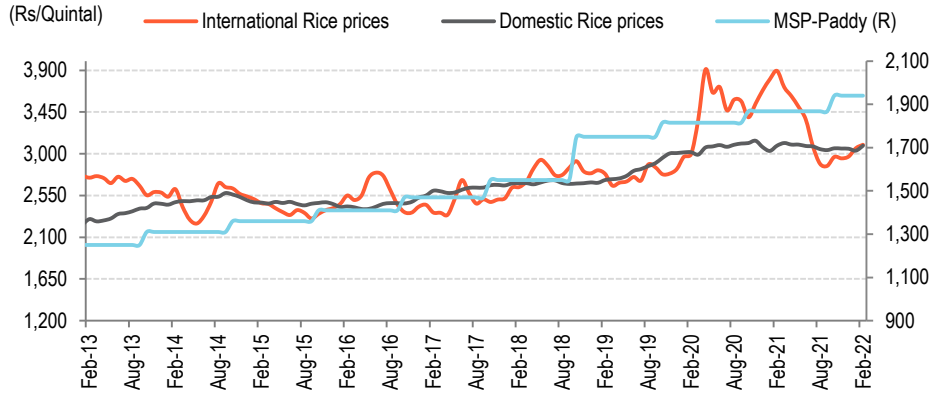


Fig 30 – Procurement of rice and wheat

Year	Wheat	Rice
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	51.83
2020-21	38.99	60.19
2021-22	43.34	42.79*

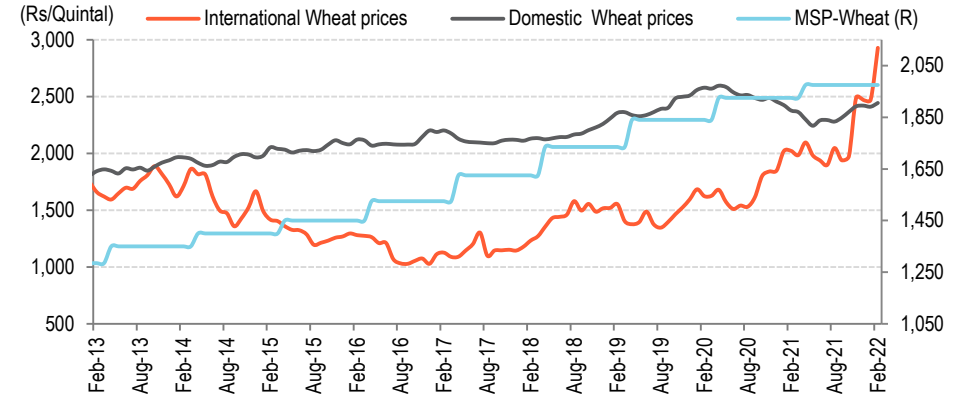
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 Jan 2022

**Fig 31 – Domestic and International rice price edges upwards**



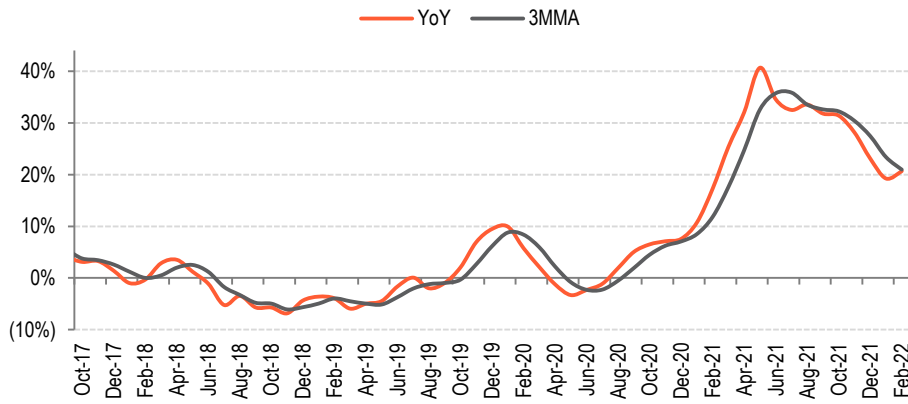
Source: World Bank

**Fig 32 – Both domestic and International wheat price surges**



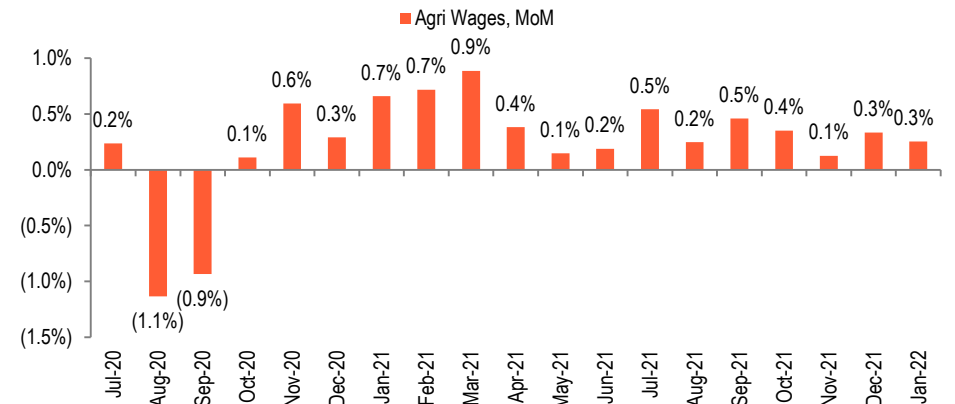
Source: World Bank

**Fig 33 – Global food prices inch up**



Source: FAO

**Fig 34 – Wage growth (men) remains steady**



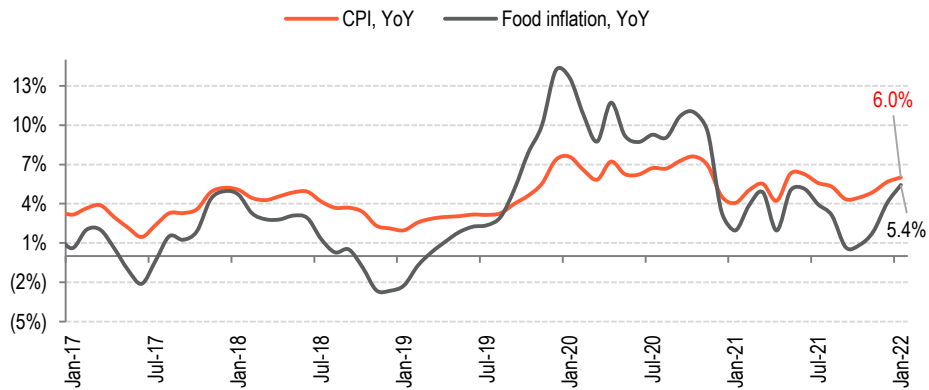
**Fig 35 – Rabi sowing is higher compared with last year**

Crop Type (mn ha)	Area sown in 2022-23	Area sown in 2021-22	Normal Area for whole Rabi season	Growth (YoY%)
Wheat	34.3	34.6	30.3	(0.8)
Rice	3.5	4.3	4.4	(17.5)
Coarse Cereals	5.1	5.2	5.6	(1.4)
Pulses	16.8	16.6	14.6	1.3
Oilseeds	10.3	8.4	7.7	22.8
<b>Total</b>	<b>70.1</b>	<b>69.1</b>	<b>62.7</b>	<b>1.5</b>

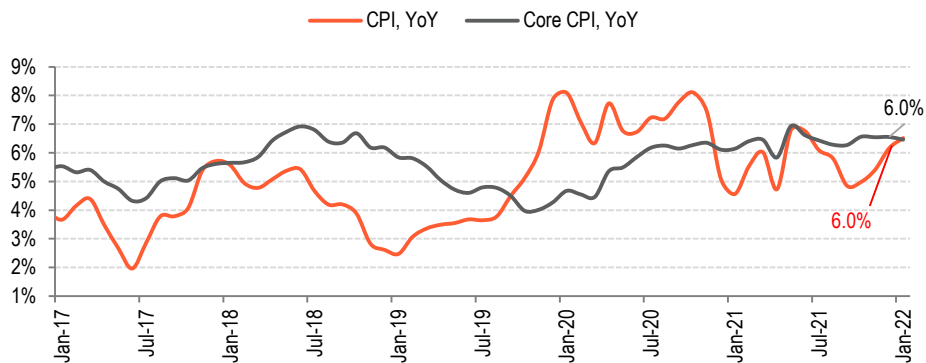
\*Note: Till 4 Feb 2021

## Inflation

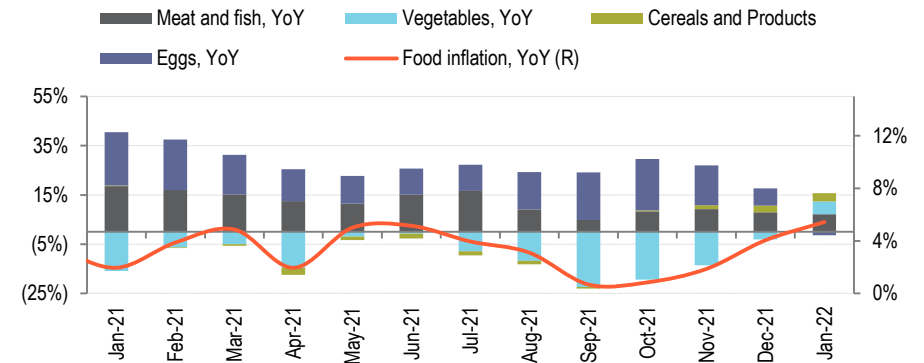
**Fig 36 – Headline CPI firmed up to its 7-month high in Jan'22, led by food inflation (14-months high)**



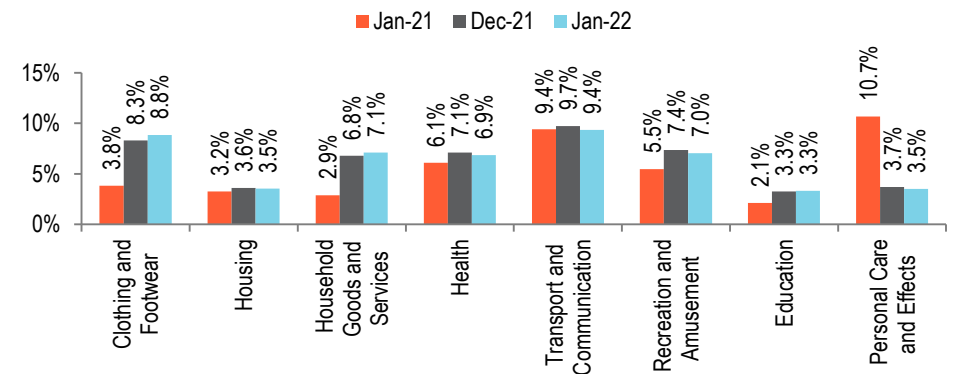
**Fig 38 – Core inflation also remained sticky at 6.0%**



**Fig 37 – ...Vegetables, cereals, protein based items all noted an uptrend**

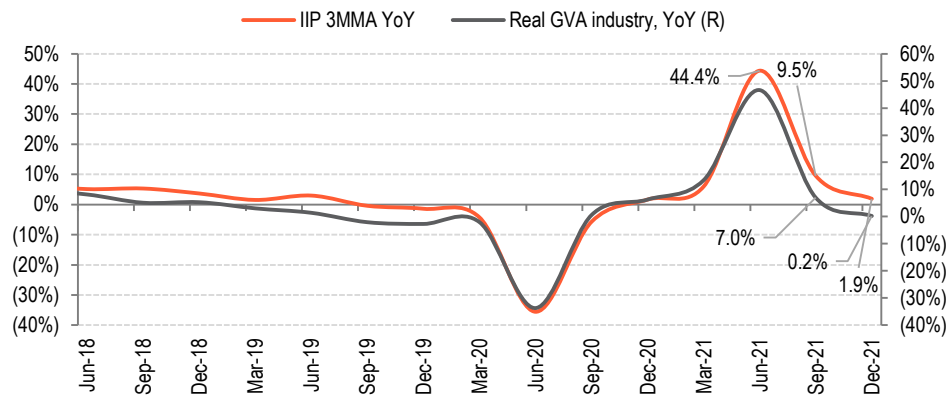


**Fig 39 – Clothing, footwear, household goods and services and education inflation remained elevated**

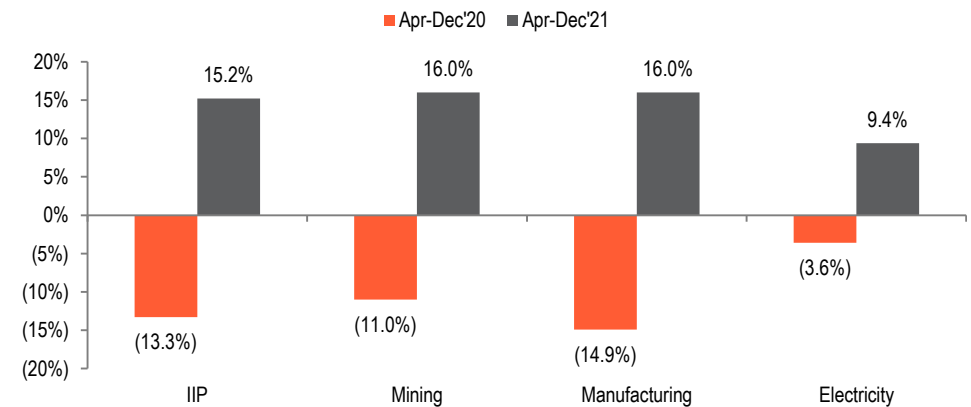


## Industry

**Fig 40 – Industrial growth slows down in Q3FY22**



**Fig 41 – Broad based improvement on FYTD basis**



**Fig 42 – IIP growth slips**

Sectoral (%)	Weight	Dec-21	Dec-20	Apr-Dec'21	Apr-Dec'20
IIP	100.0	0.4	2.2	15.2	(13.3)
Mining	14.4	2.6	(3.0)	16.0	(11.0)
Manufacturing	77.6	(0.1)	2.7	16.0	(14.9)
Electricity	8.0	2.8	5.1	9.4	(3.6)
<b>Use-Based</b>					
Primary Goods	34.1	2.8	0.4	11.8	(9.9)
Capital Goods	8.2	(4.6)	2.2	24.2	(27.4)
Intermediate Goods	17.2	0.3	2.3	20.6	(14.6)
Infrastructure and Construction Goods	12.3	1.7	3.1	23.9	(14.8)
Consumer Durables Goods	12.8	(2.7)	6.5	20.4	(24.5)
Consumer Non-Durables Goods	15.3	(0.6)	1.9	5.4	(4.5)

## Manufacturing

Fig 43 – Manufacturing growth slips in Q3FY22

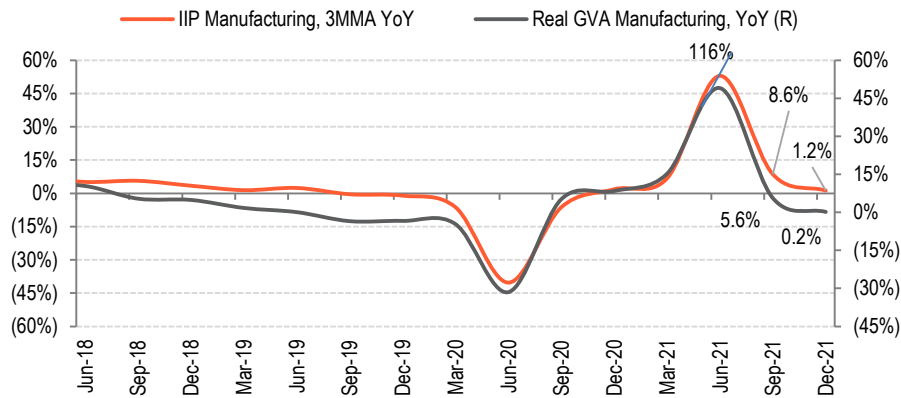
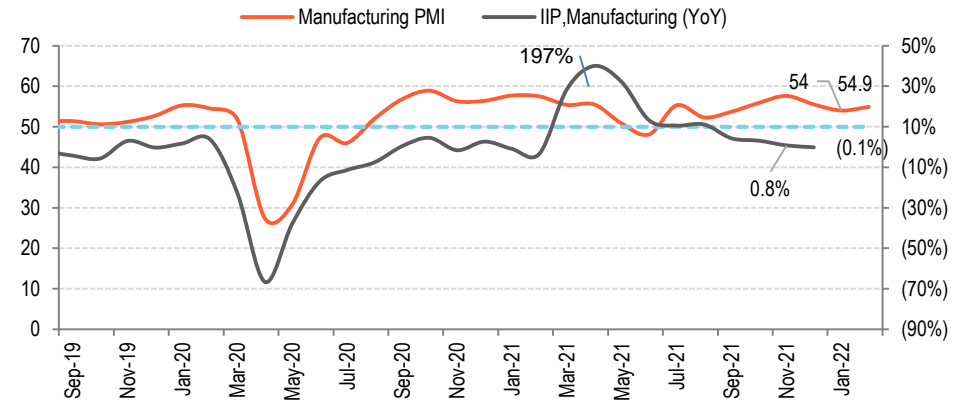


Fig 44 – Manufacturing PMI expands in Feb'22



Source: Markit

## Mining & Electricity

Fig 45 – Mining activity moderates in Q3FY22

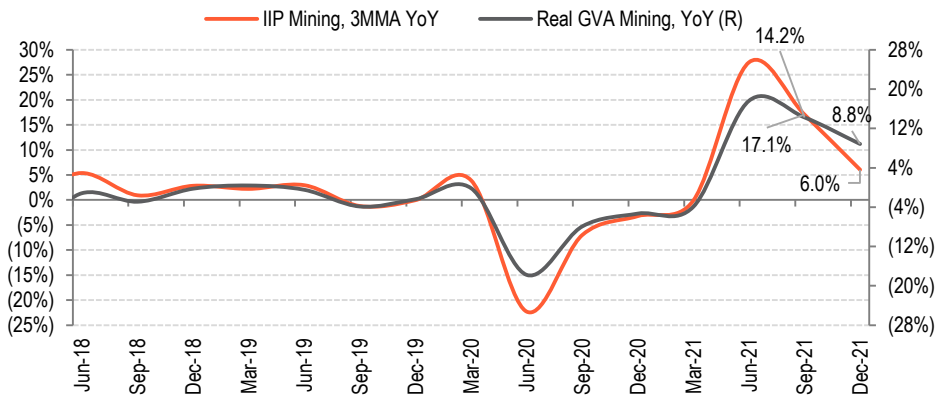
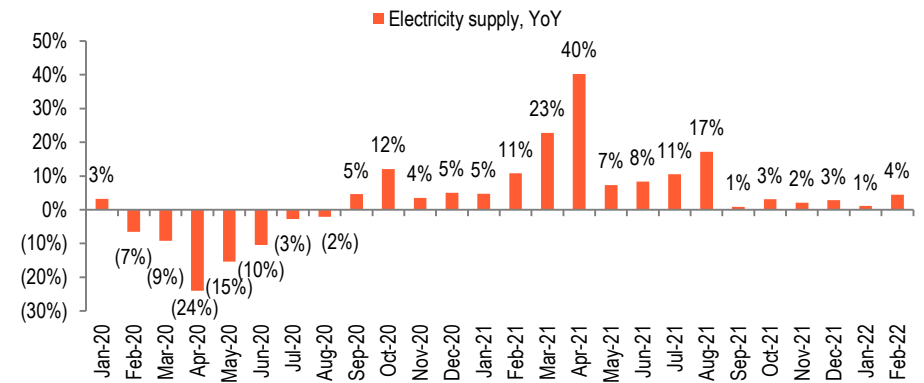


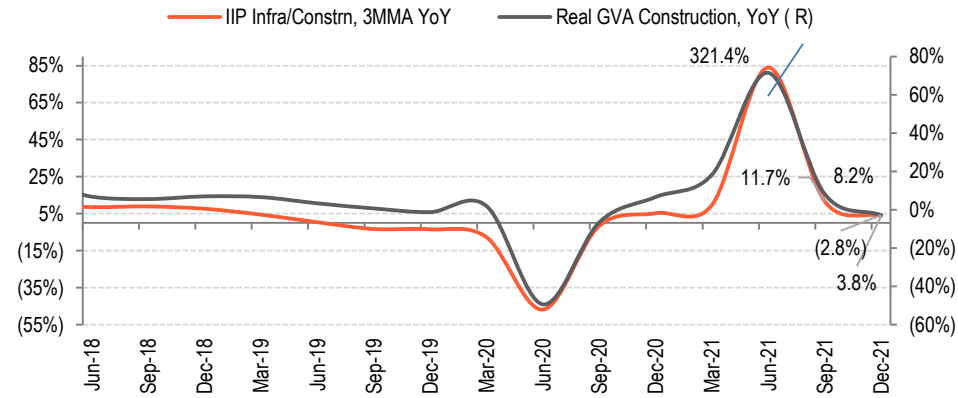
Fig 46 – Electricity output improves



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

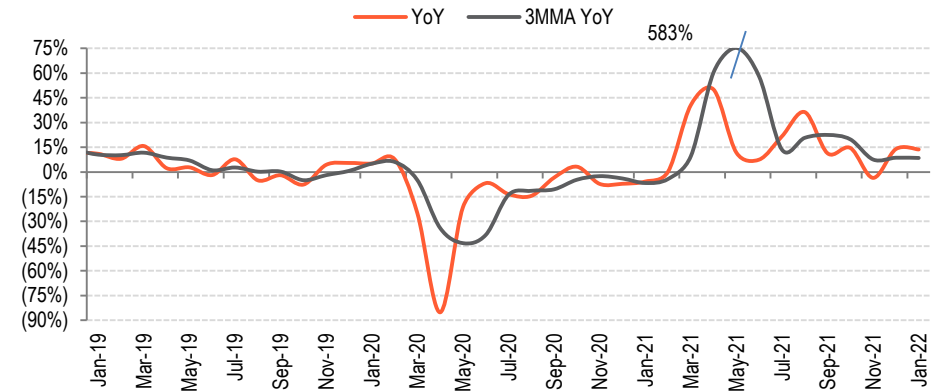
### Infrastructure and Construction

**Fig 47 – Further dip in construction sector seen in Q3**



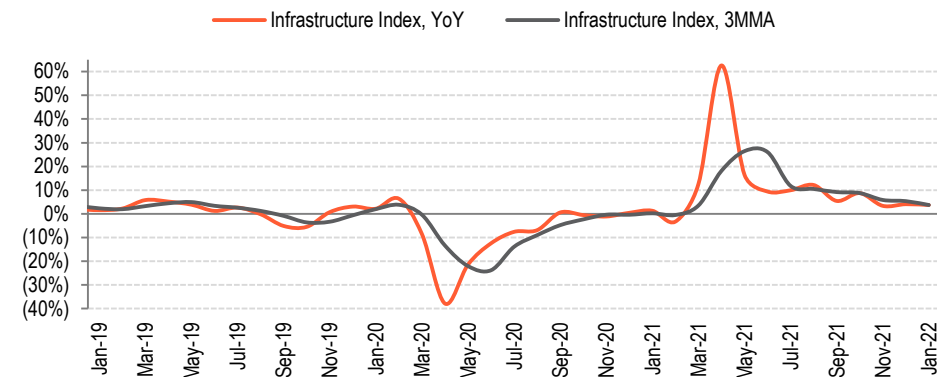
Note: Nov'21 data is average of Oct-Nov'21 on YoY basis

**Fig 48 – Cement output steady in Jan'22**

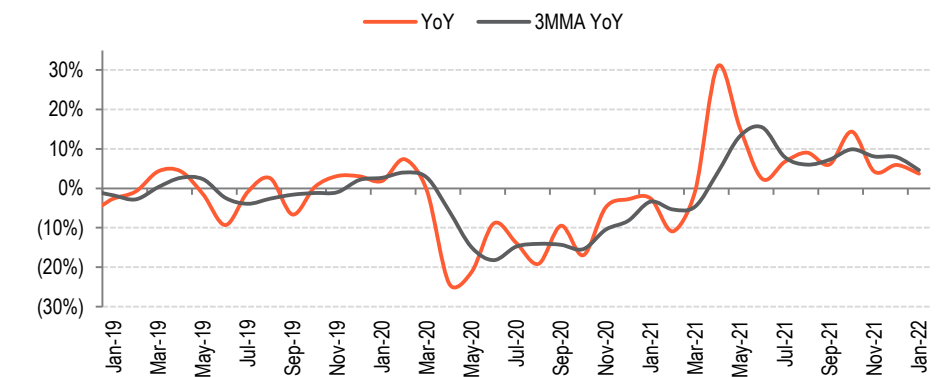


### Infrastructure Index

**Fig 49 – Moderation in Infra index**



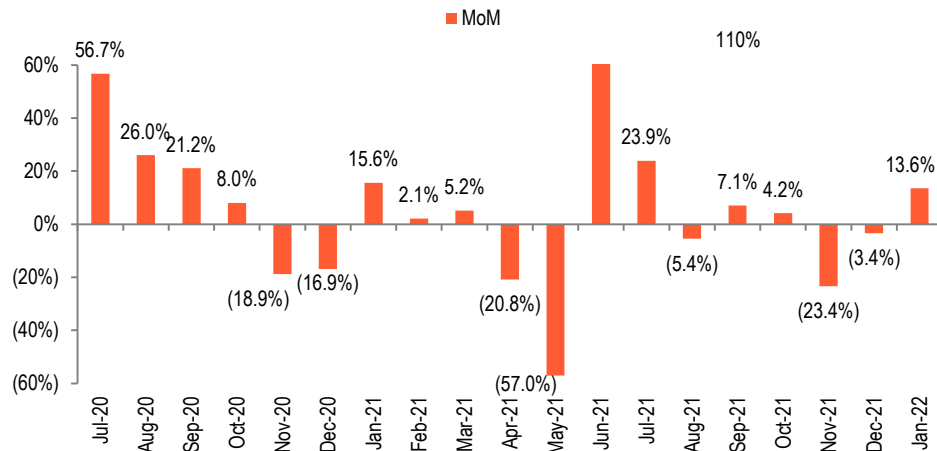
**Fig 50 – Refinery output drops in Jan'22**



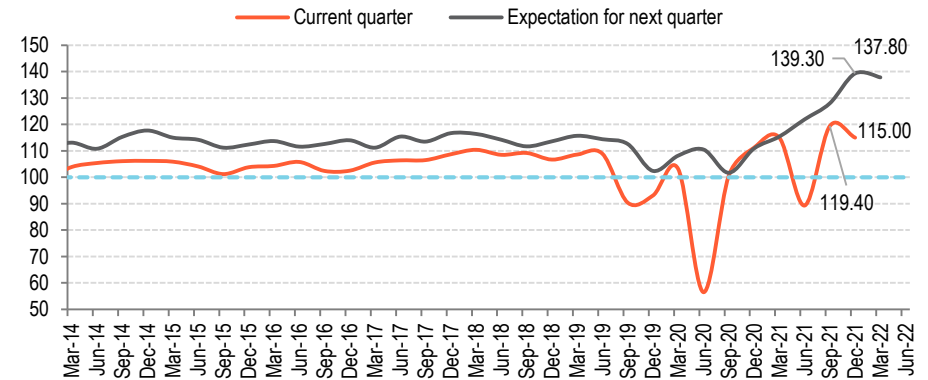


### Auto production & Business expectation index

**Fig 51 – Auto production rebounds in Jan'22**



**Fig 52 – Business sentiment moderates**

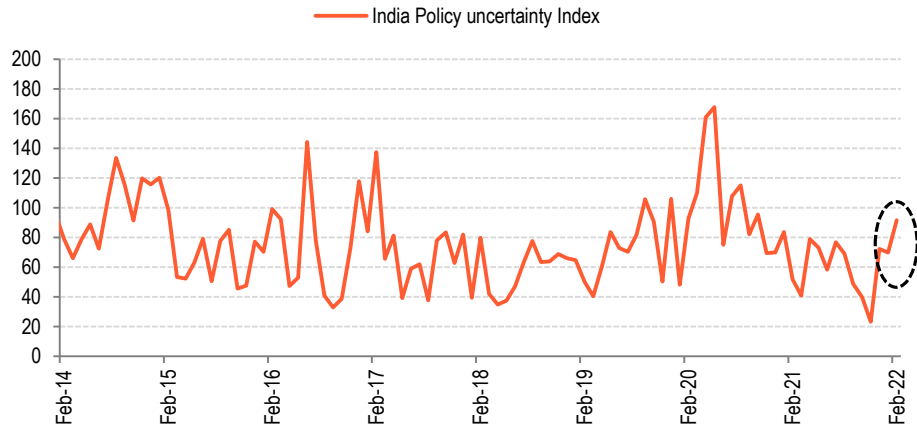


**Fig 53 – Infrastructure index growth eases in Jan'22**

(%)	Weight	Jan-22	Dec-21	Jan-21	Apr-Jan'22	Apr-Jan'21
Infrastructure Index	100	3.7	4.1	1.3	11.6	(8.6)
Coal	10.3	8.2	5.2	(1.9)	10.3	(1.9)
Crude Oil	9.0	(2.4)	(1.8)	(4.6)	(2.6)	(5.6)
Natural Gas	6.9	11.7	19.5	(2.1)	21.2	(10.7)
Petroleum Refinery Products	28.0	3.7	5.9	(2.6)	9.3	(12.4)
Fertilizers	2.6	(2.0)	3.5	0.8	(0.3)	2.8
Steel	17.9	2.8	(0.7)	8.2	19.9	(13.2)
Cement	5.4	13.6	13.9	(5.8)	24.6	(16.6)
Electricity	19.9	0.5	2.9	5.5	8.5	(2.7)

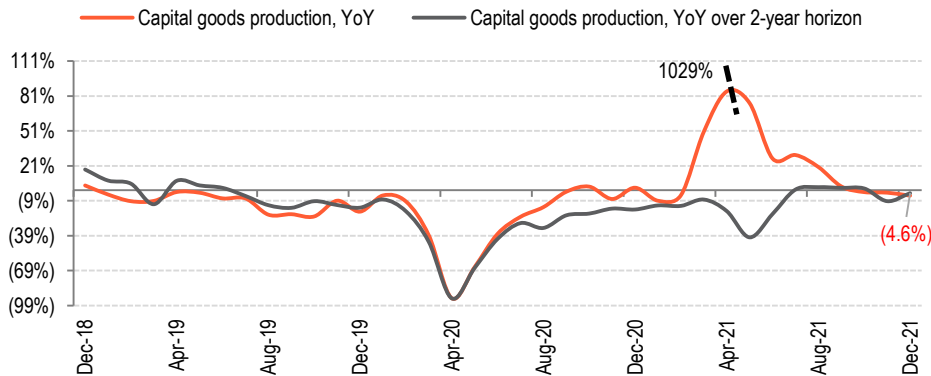
Investment

**Fig 54 – Policy uncertainty in India rose in Feb'22, as tensions were escalated following announcement of Russia-Ukraine war**

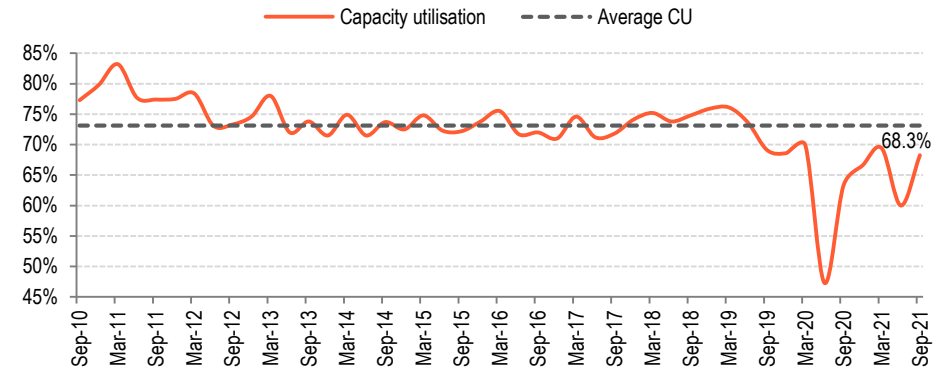


Source: policyuncertainty.com

**Fig 56 – Capital goods production fell by 4.6% from 2% decline in Nov'21, due to unfavourable base**

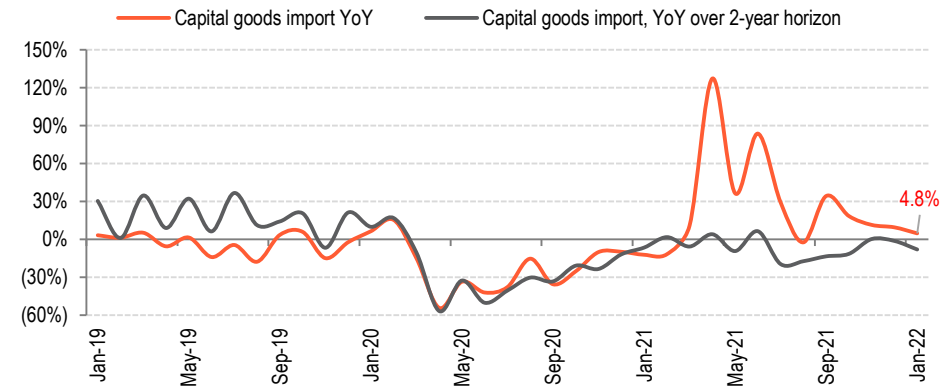


**Fig 55 – Capacity utilisation improved and nearing its average level**

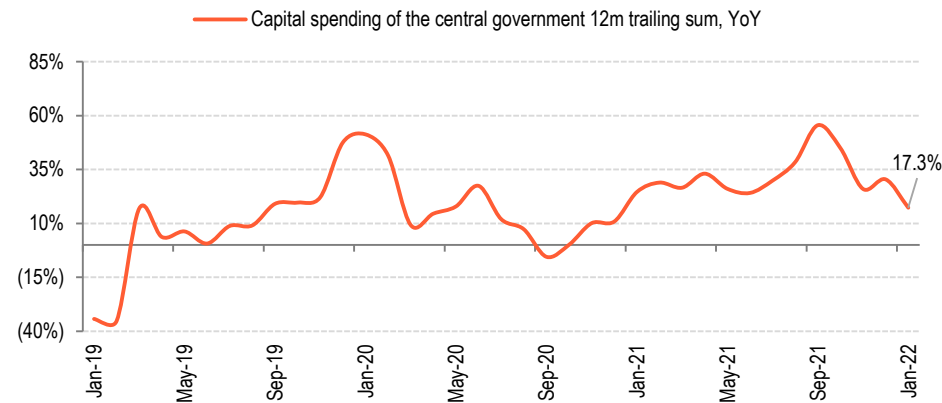


Note: FY22 calculation is based on RE of FY21 and not as given in AE

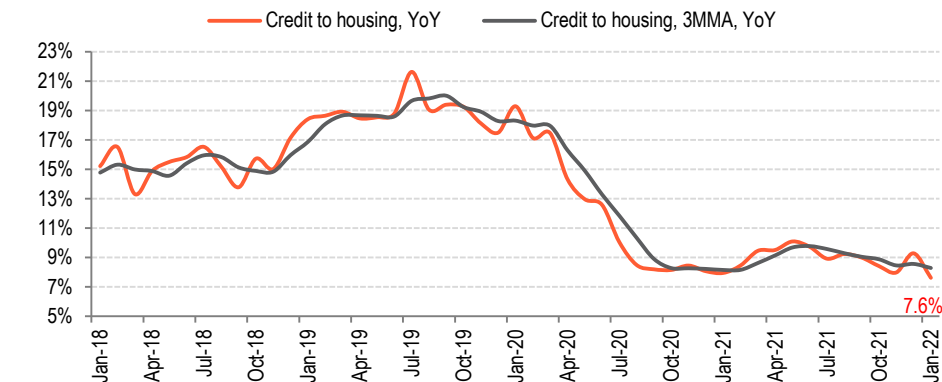
**Fig 57 – Capital goods imports moderated to 4.8% in Jan'22 from 9.5% in Dec'21, on 2Y basis as well it fell by 8%**



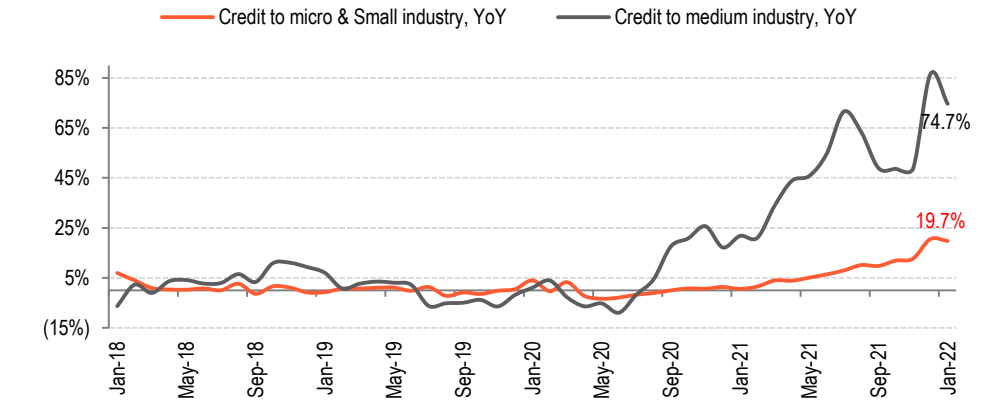
**Fig 58 – Centre’s capex spending moderated to 17.3% in Jan’22 from 30.5% in Dec’21, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn**



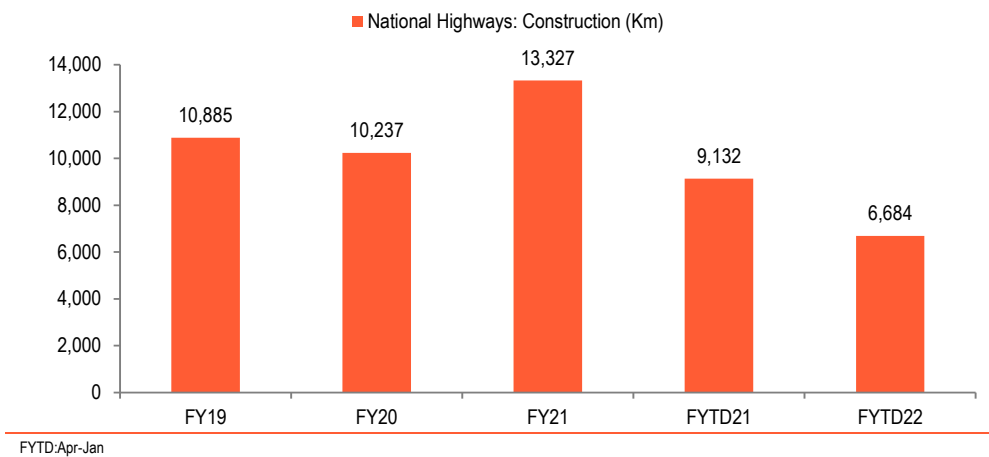
**Fig 60 – Credit to housing sector moderated to 7.6% in Jan’22 against 9.3% in Dec’21**



**Fig 59 – Credit to micro and small industry rose by 19.7% against 20.5% in Dec’21, to medium industry by 74.7% from 86.5% in Dec’21**



**Fig 61 – National highway construction pace is slower compared to same period of previous year**



Services sector

Fig 62 – GVA: Services activity eased in Q3FY22 as well, owing to base effect

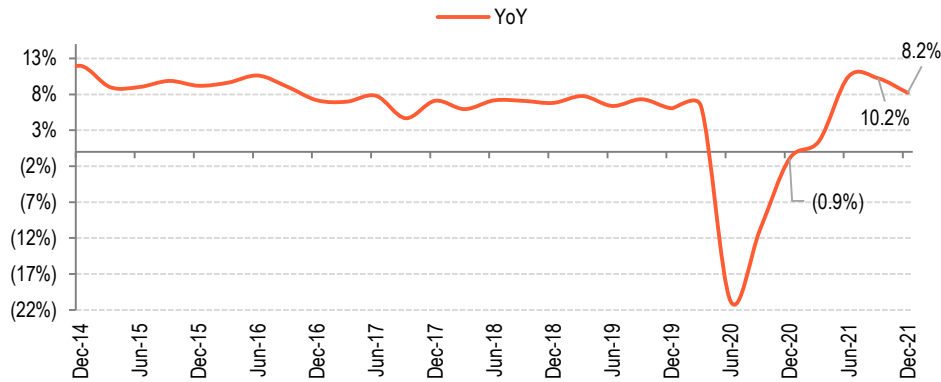
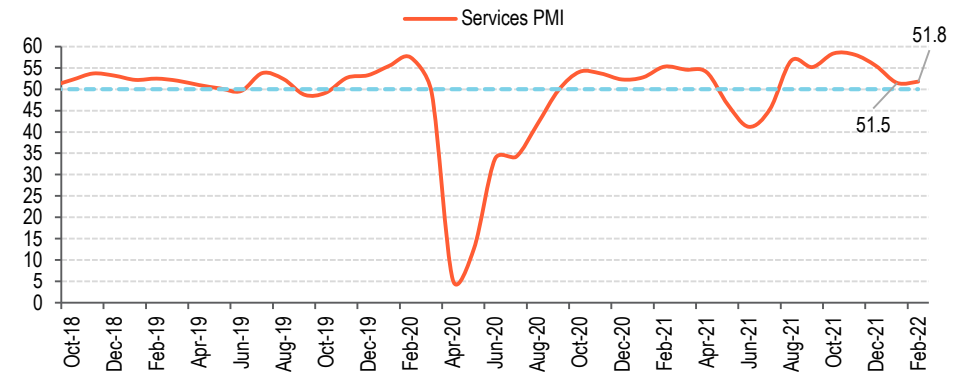


Fig 63 – Services PMI showed moderate improvement in Feb'22



Source: Markit

Fig 64 – GVA: Trade & related services seen stabilizing in Q3

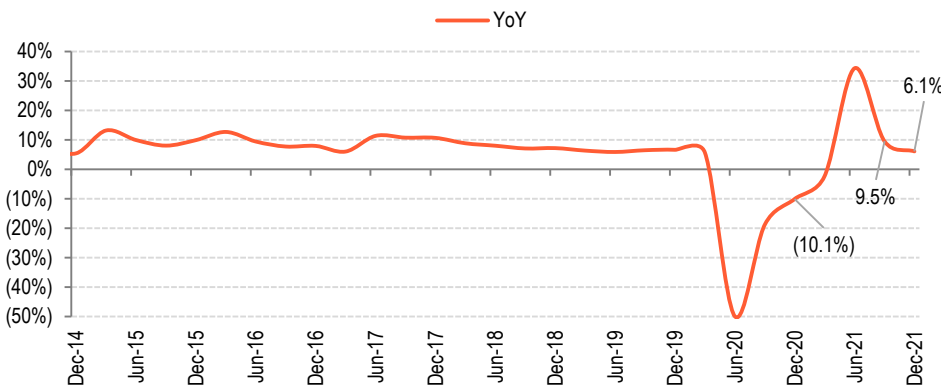
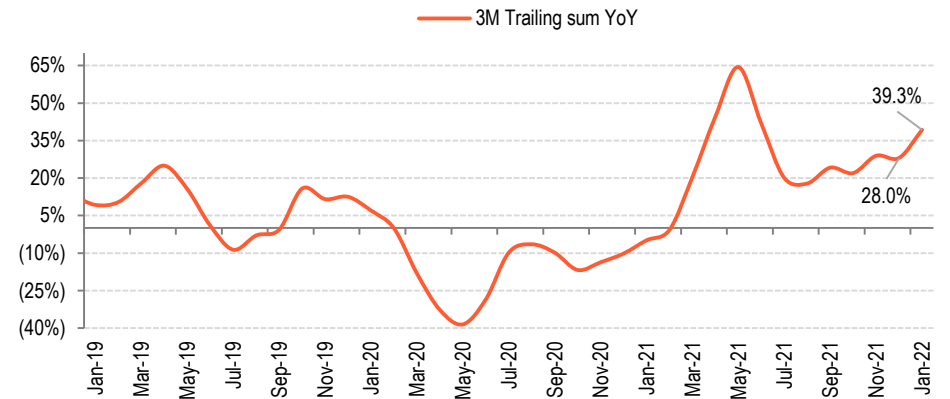


Fig 65 – States\*\* tax revenue growth in Q3 were higher than Q2



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

Trade

Fig 66 – Vehicle registrations dropped further in Feb’22

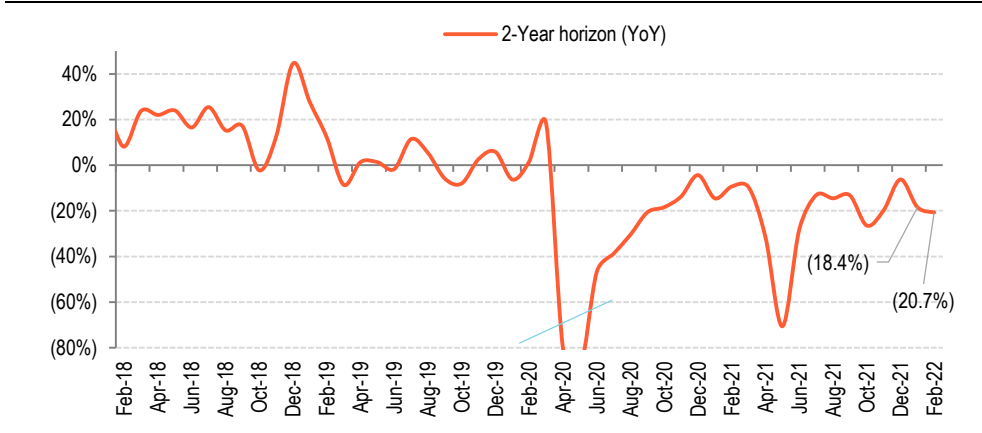


Fig 67 – Diesel consumption betters in Feb’22, as Covid-19 restrictions eased

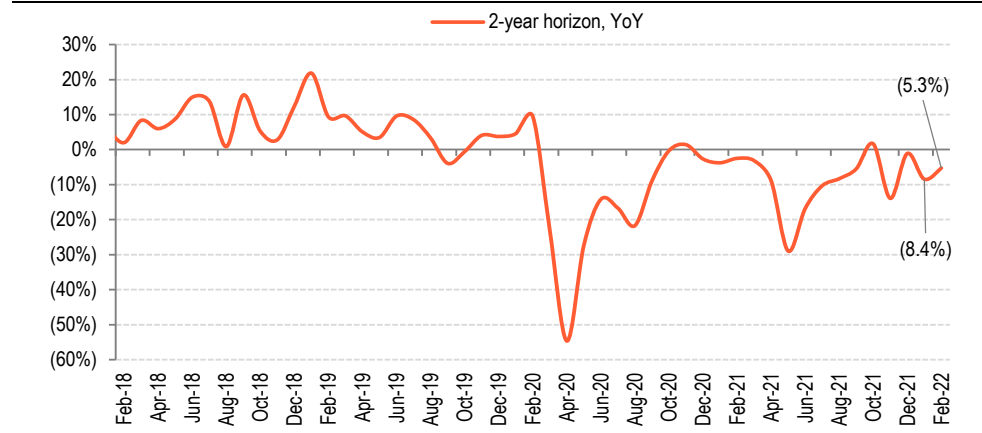


Fig 68 – Port cargo volume growth picked up in Feb’22

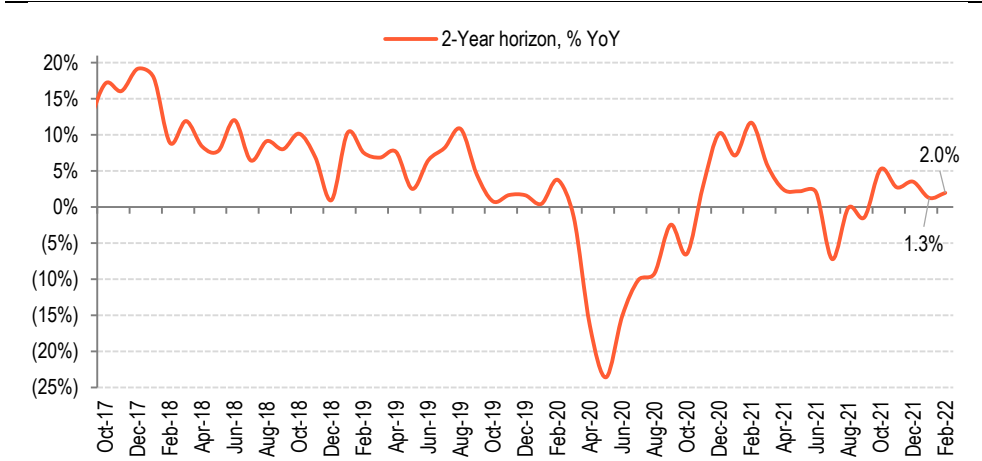
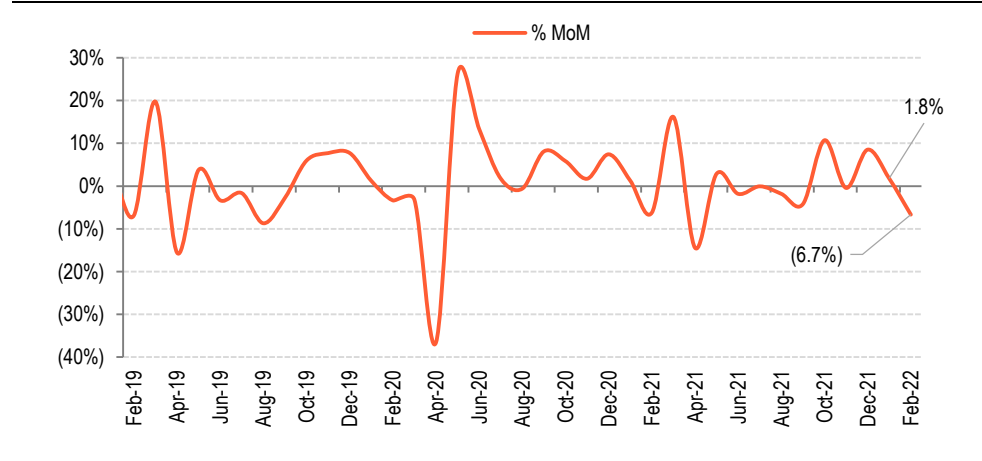
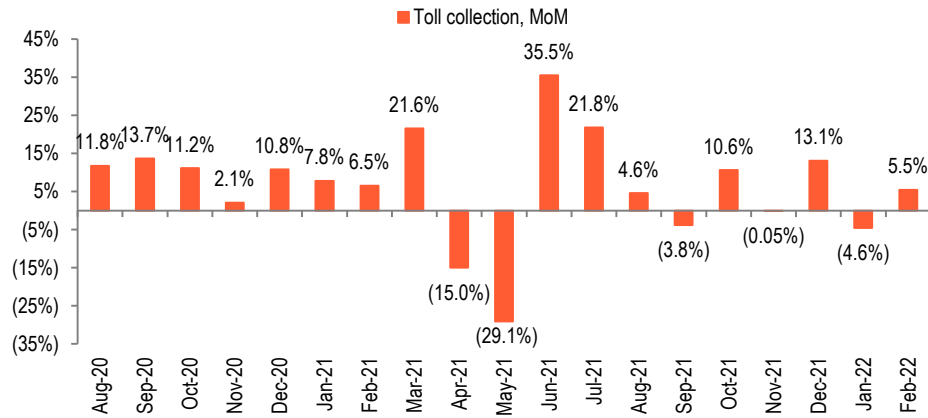


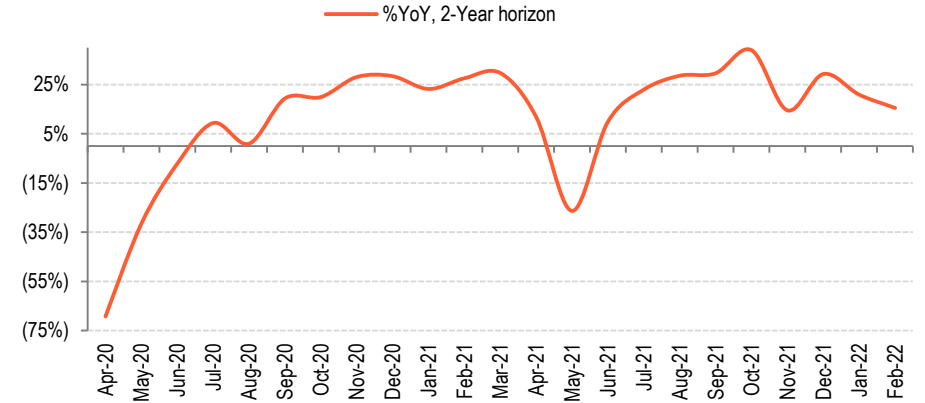
Fig 69 – Railway freight traffic growth weekend further in Feb’22



**Fig 70 – Toll collections revive as Covid related restrictions end**

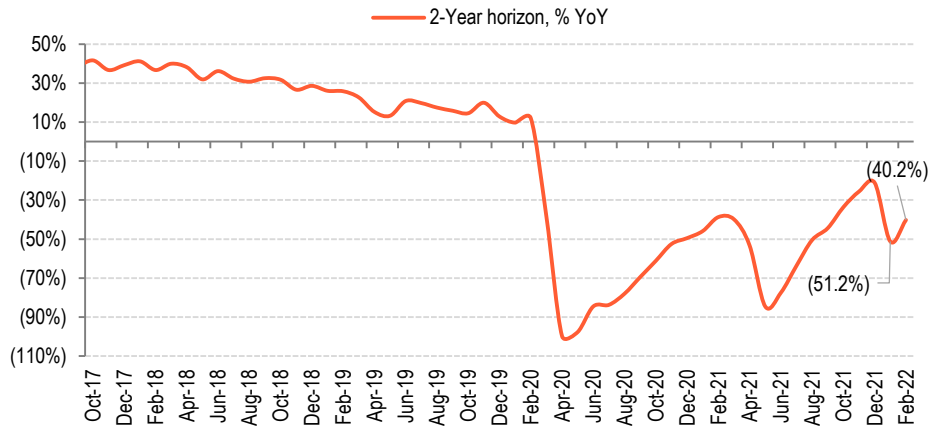


**Fig 71 – E-way bill generation stabilizing over 2-year period**

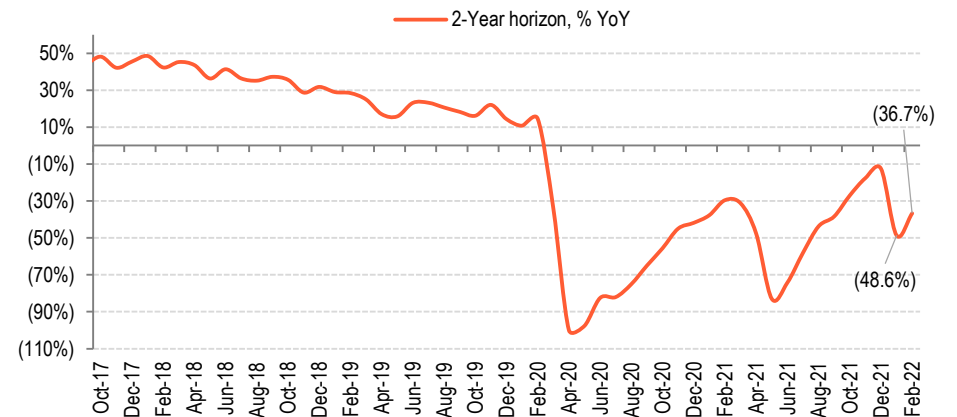


**Hotels and communications**

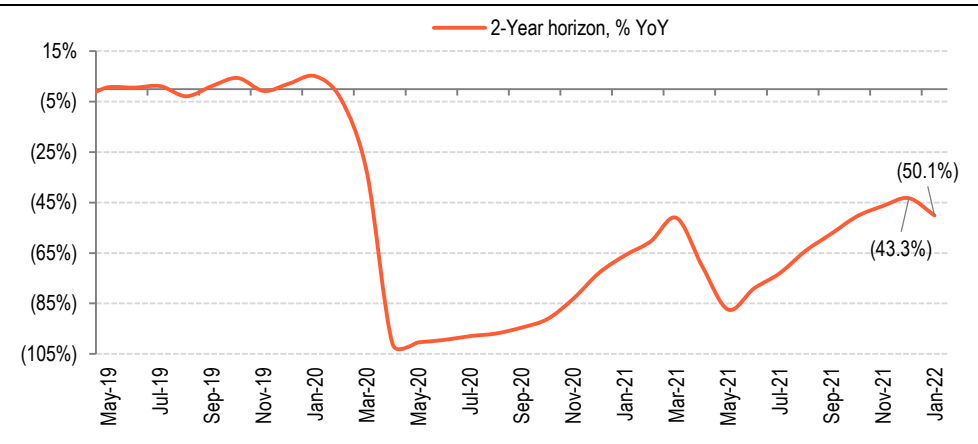
**Fig 72 – Airline passenger traffic growth seen picking up in Feb'22...**



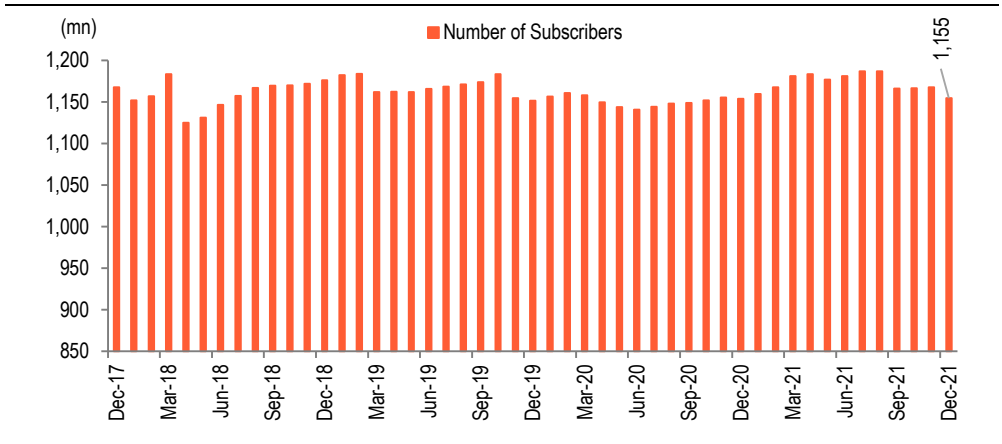
**Fig 73 – ...led by revival in domestic passenger movement**



**Fig 74 – Railway passenger traffic suffered in Jan'22 due to Covid-19**

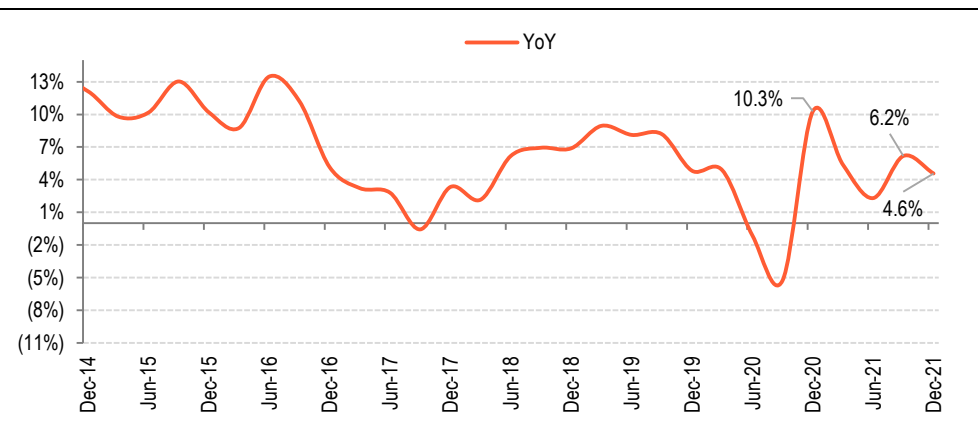


**Fig 75 – Telecom sector lost 12.9mn wireless subscribers in Dec'21 following 1.2mn subscribers added in Nov'21**

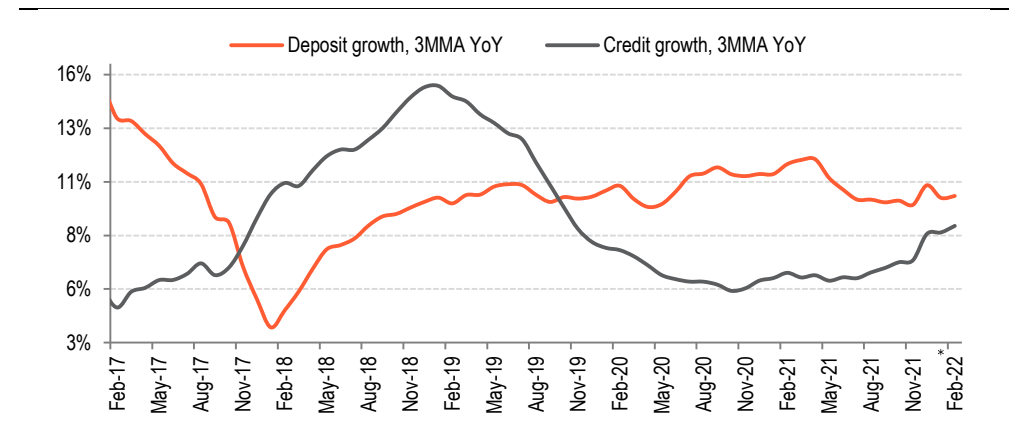


**Finance and real estate**

**Fig 76 – Growth in GVA: Finance, real estate & prof. also saw impact of base effect in Q3**



**Fig 77 – Deposit growth steady in Feb'22; credit growth seen picking up**



\*Data as of 11 Feb 2022

Fig 78 – Credit to both services and industry picks up pace

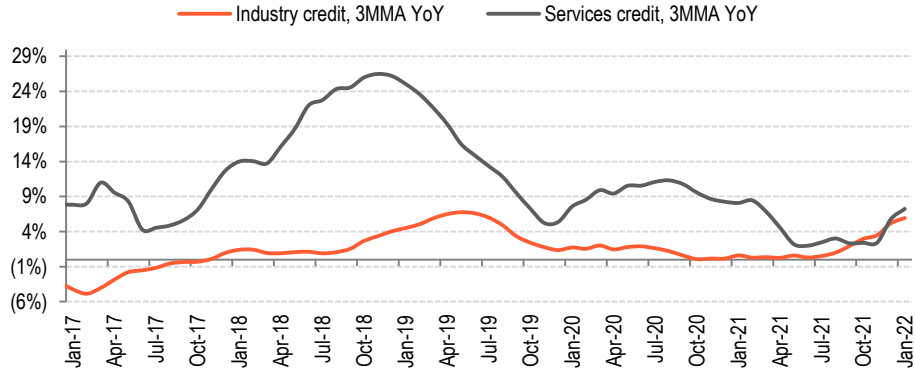


Fig 79 – Credit to NBFCs continues to lead the trend, followed by credit to services

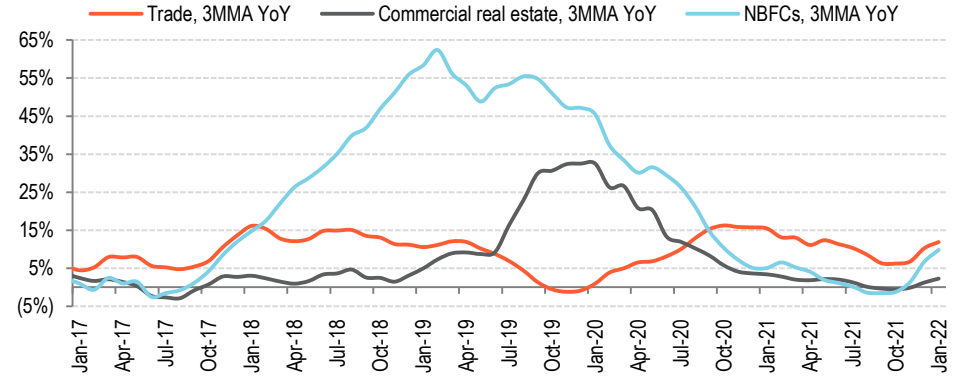
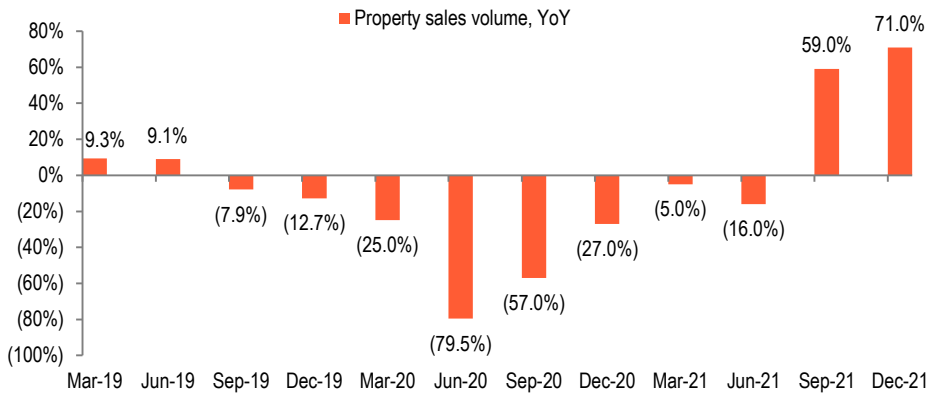
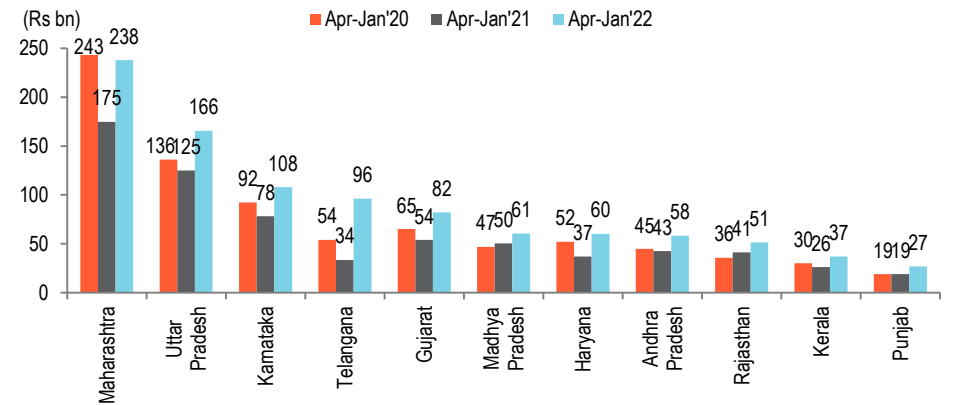


Fig 80 – Property sales volumes maintained momentum in Q3FY22 as well



Source: Proptiger

Fig 81 – Barring Maharashtra, stamp duty collections of other states remain above pre-pandemic levels in FYTD22 so far





Labour market

Fig 82 – Naukri job index showed sharp improvement in formal job market in Feb’22

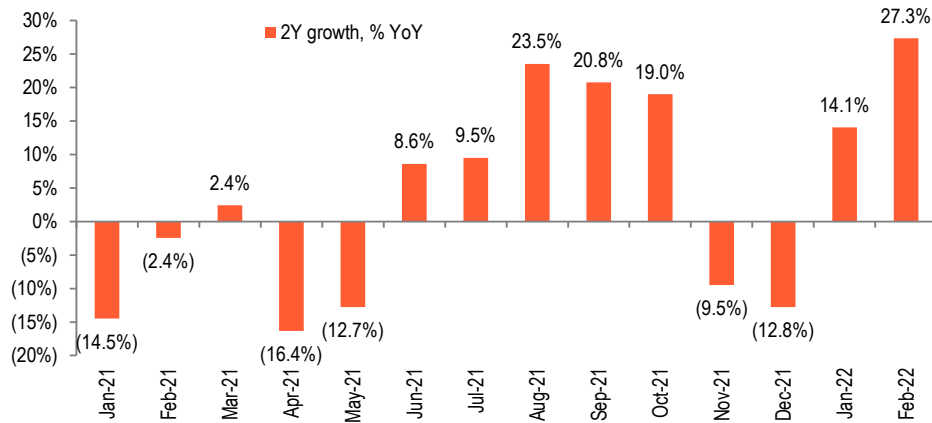


Fig 83 – However, overall unemployment rate inched up in Feb’22



Public administration

Fig 84 – Public administration & defence services eased in Q3FY22

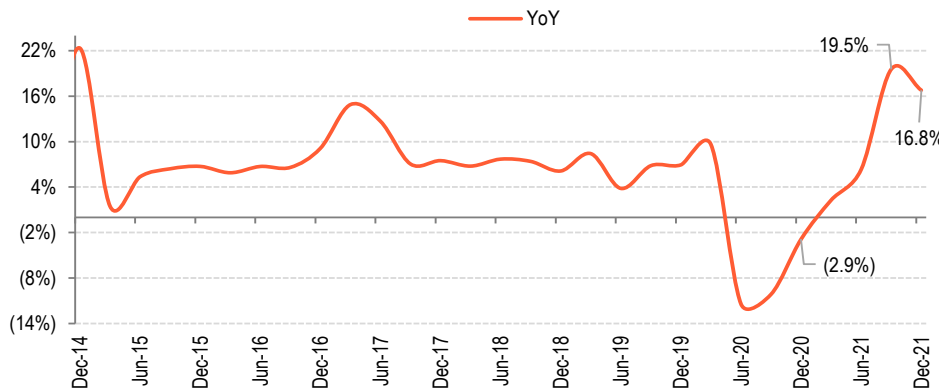
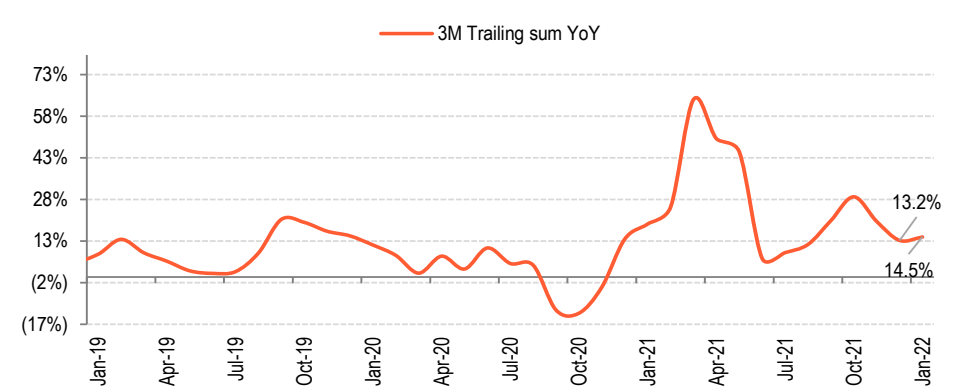
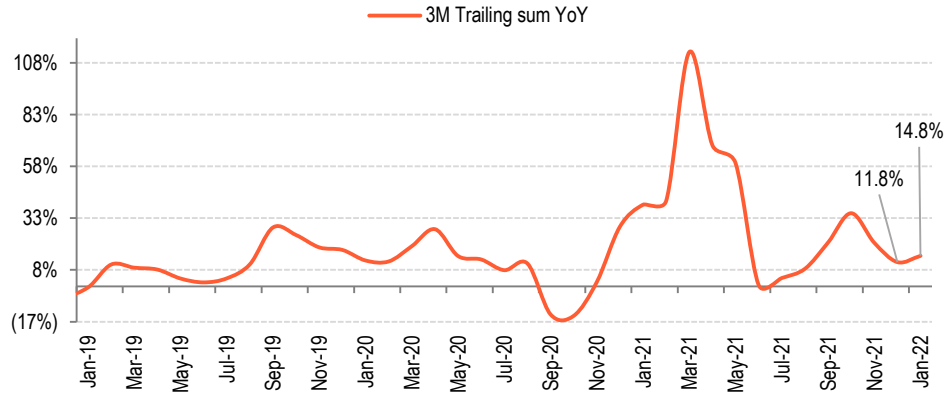


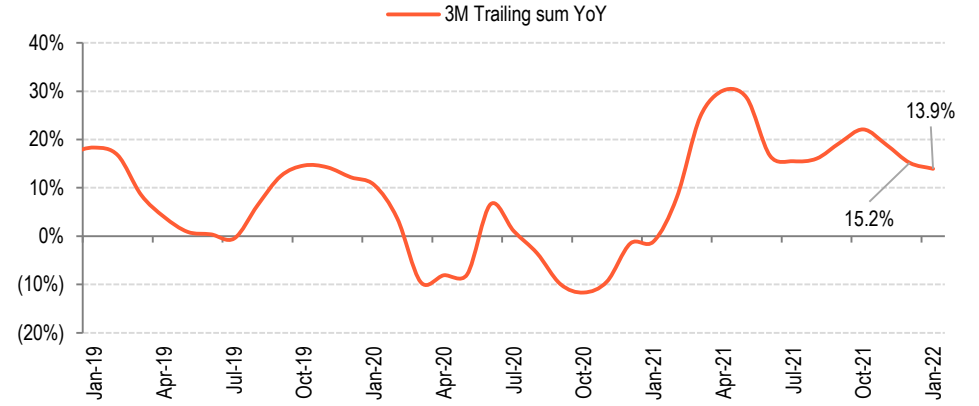
Fig 85 – General govt. spending seen picking up in Jan’22



**Fig 86 – ...led by Central government spending**



**Fig 87 – State\* Govt. spending continues to act as a drag**

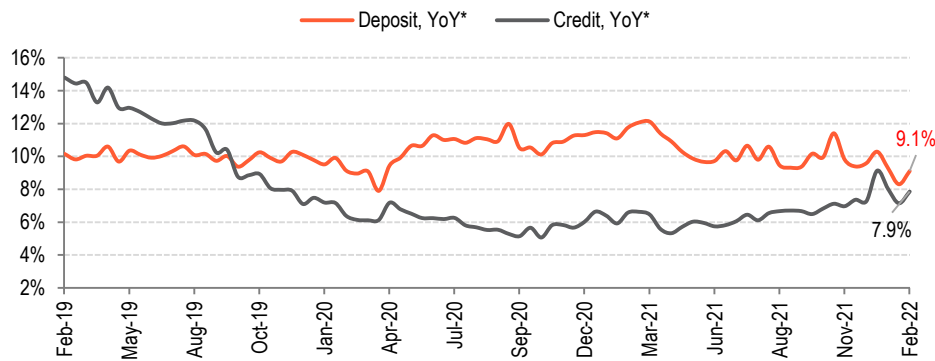


Note: \*All states excluding N.E states, Goa, J&K, Tamil Nadu and West Bengal

## Financial sector

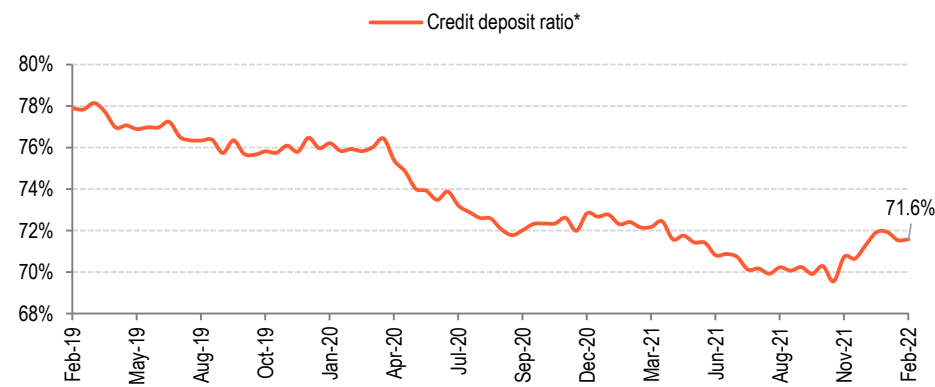
### Money and banking

**Fig 88 – Credit demand rose to 7.9% from 7.1% in Jan'22 and at 5.4% on FYTD22 basis, deposit growth rose to 9.1% from 8.3% and at 6.7% in FYTD22**



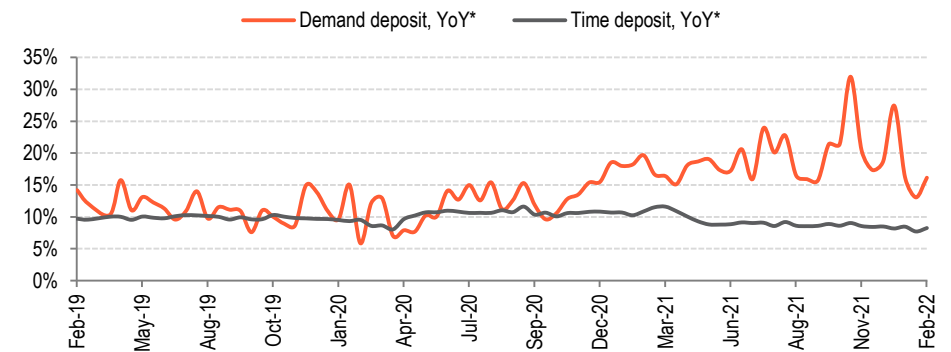
Note: \*Feb'22 implies fortnight as of 11 Feb 2022

**Fig 90 – CD ratio was at 71.6%**



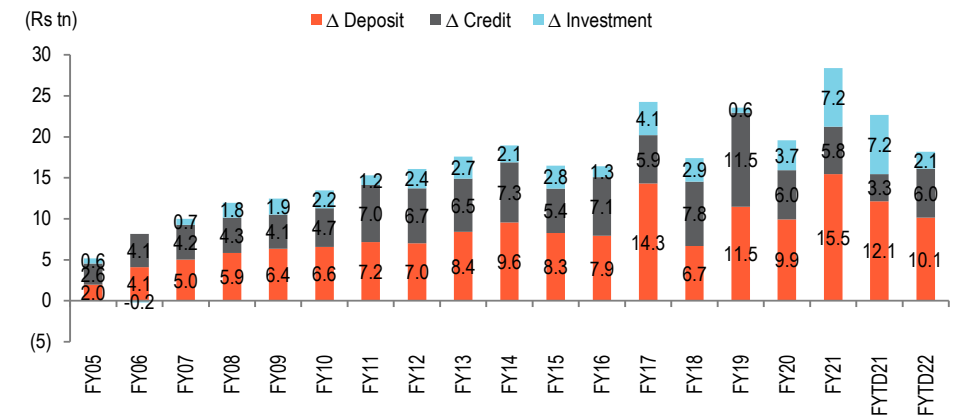
Note: \*Feb'22 implies fortnight as of 11 Feb 2022

**Fig 89 – ...Both demand and time deposits picked up**



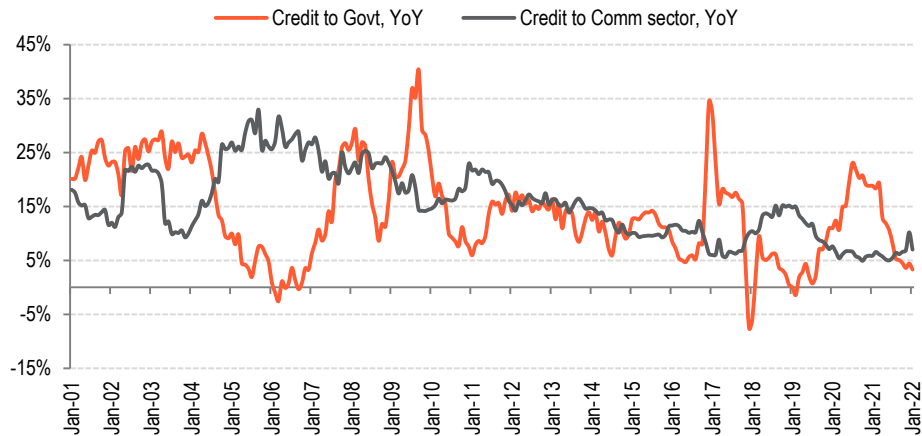
Note: \*Feb'22 implies fortnight as of 11 Feb 2022

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

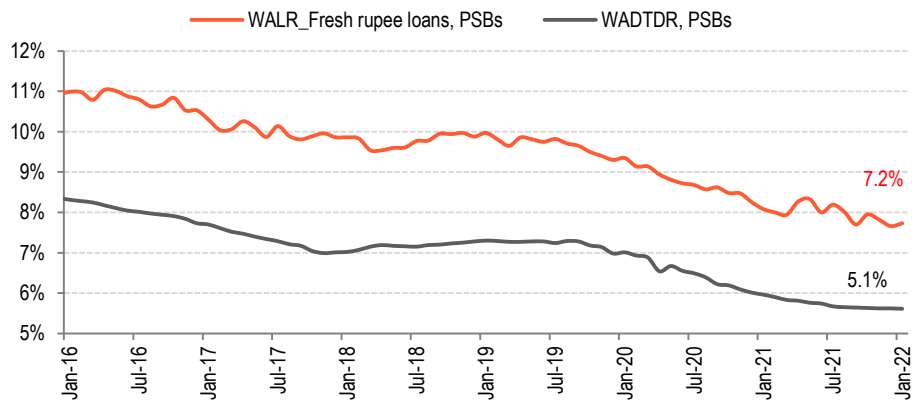


Note: \*Feb'22 implies fortnight as of 11 Feb 2022

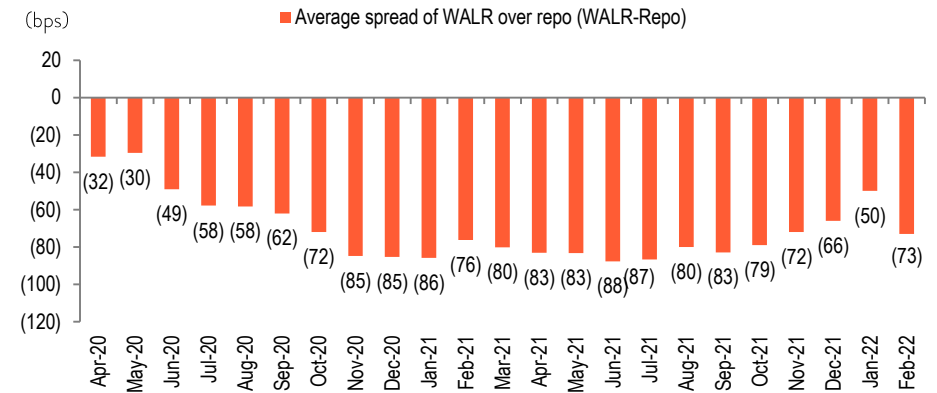
**Fig 92 – Credit to govt moderated to 3.3% in Jan'22 from 4.4% in Dec'21, credit to commercial sector moderated to 7.1% from 10.7%**



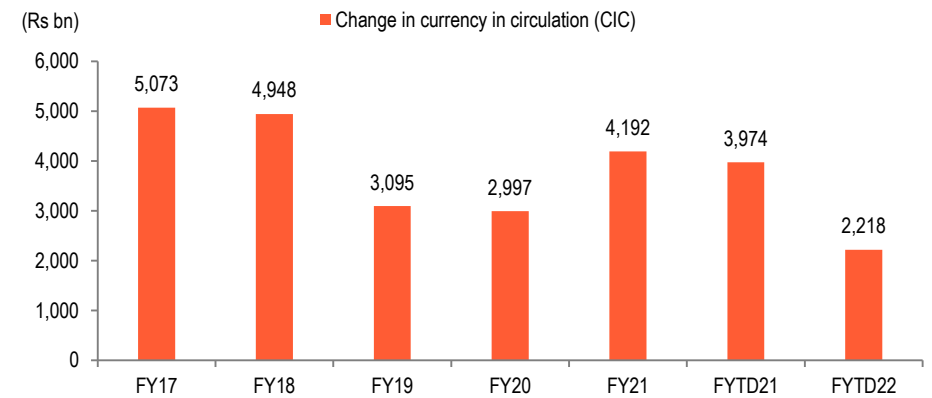
**Fig 94 – WALR inched up to 7.23% in Jan'22 from 7.16% in Dec'21, while WADTDR moderated to 5.11% from 5.12%**



**Fig 93 – Spread between call rate and repo**

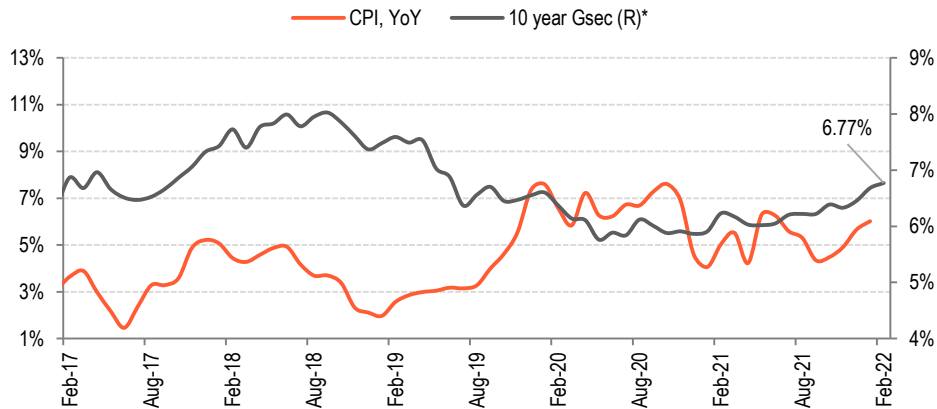


**Fig 95 – CIC accretion at a much slower pace of Rs 2.2tn in FYTD22 against Rs 4tn in the same period of previous year**



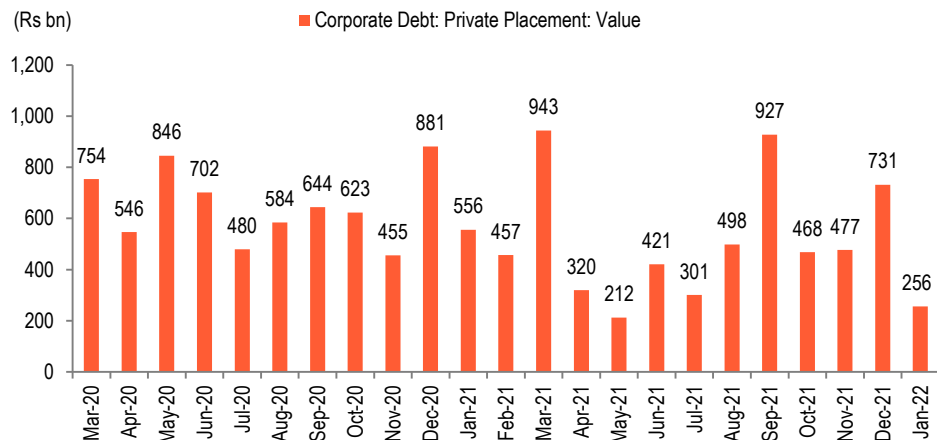
FYTD: Apr-Feb

**Fig 96 – 10Y GSec yield inched up to 6.77% from 6.68% in Jan'22 and currently higher at 6.89%, inflation edged up to 6% from 5.7% in Dec'21**

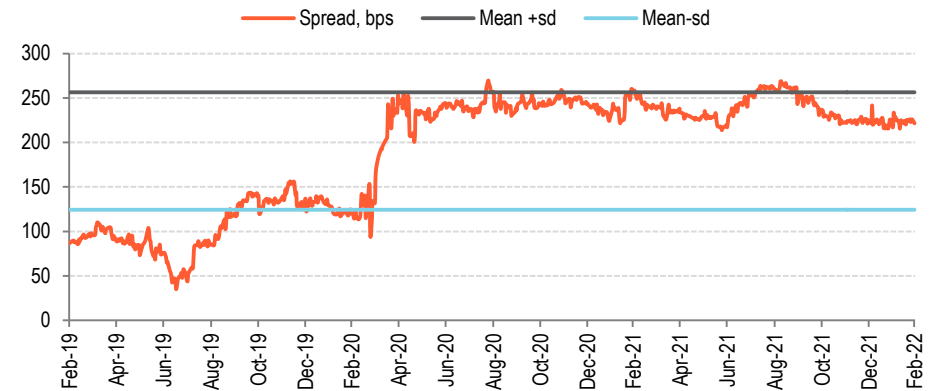


Note: \*As on last trading day of the month, 6.10GS2031 benchmark security is taken

**Fig 98 – Corporate debt issuance moderated to Rs 256bn from Rs 731bn in Dec'21**

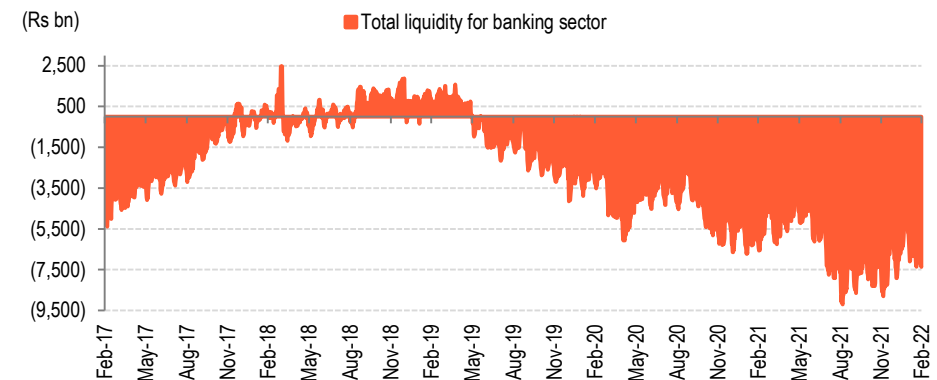


**Fig 97 – Spread between 10Y Gsec and 1Y Tbill is nearing its mean reversion level-upper bound**



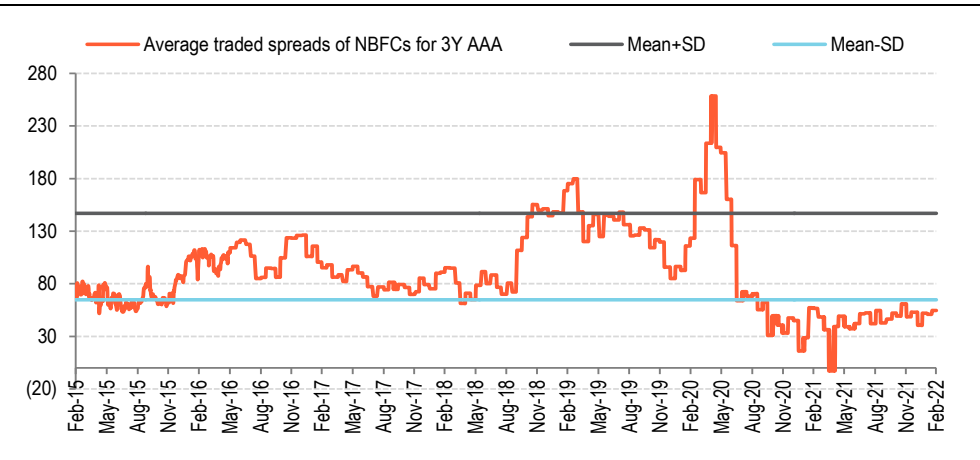
Source: Bloomberg

**Fig 99 – Average system liquidity surplus rose to Rs 6.9tn against Rs 6.4tn in Jan'22 and currently higher at Rs 7.9tn**

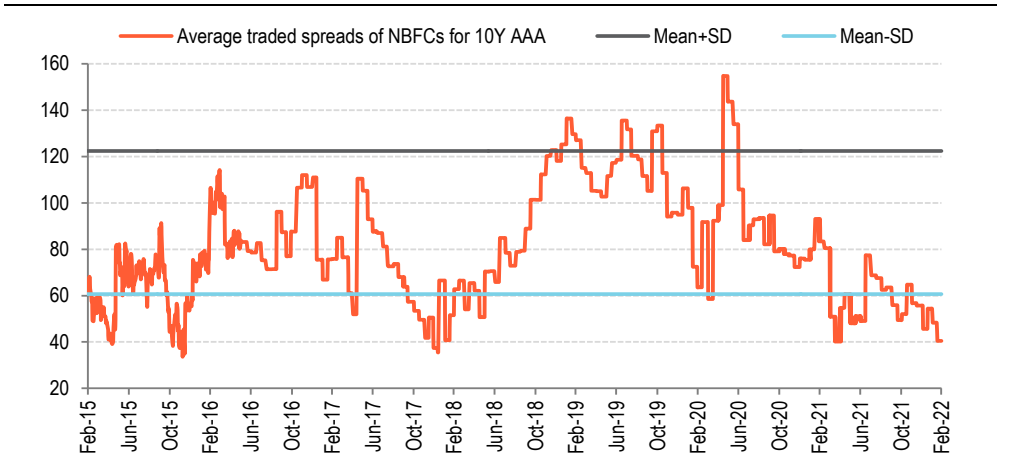


Source: RBI

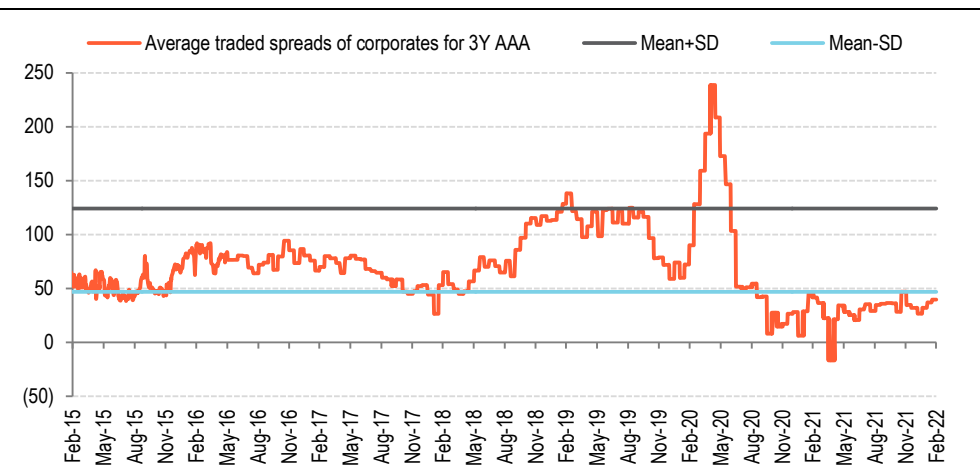
**Fig 100 – 3Y AAA NBFC spread rose to 54bps as on 28 Feb 2022 against 52bps as on 31 Jan 2022**



**Fig 101 – 10Y AAA NBFC spread was lower at 40bps against 54bps as on 31 Jan 2022**



**Fig 102 – 3Y AAA corp rose to 40bps against 32bps as on 31 Jan 2022**



**Fig 103 – 10Y AAA corp spread fell to 31bps against 43bps as on 31 Jan 2022**

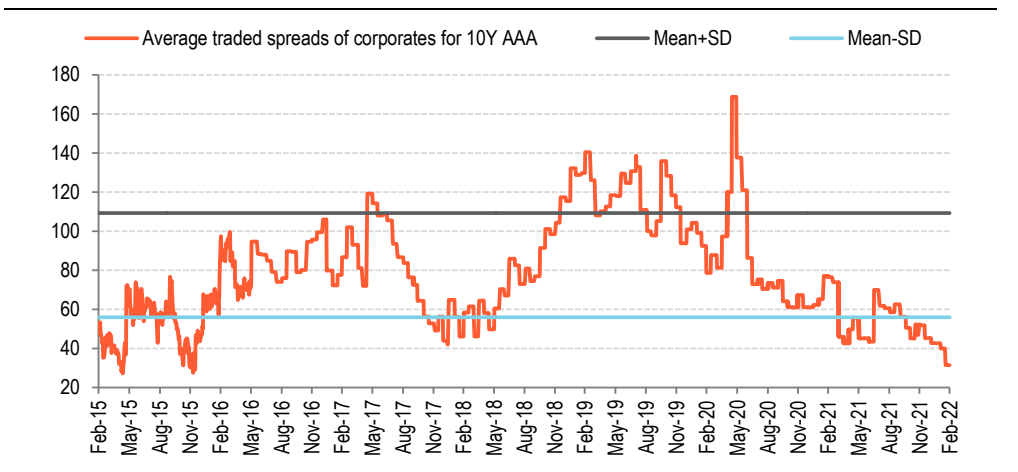


Fig 104 – INR 3Y swap was at 5.31 as on 28 Feb 2022 from 5.37 as on 31 Jan 2022

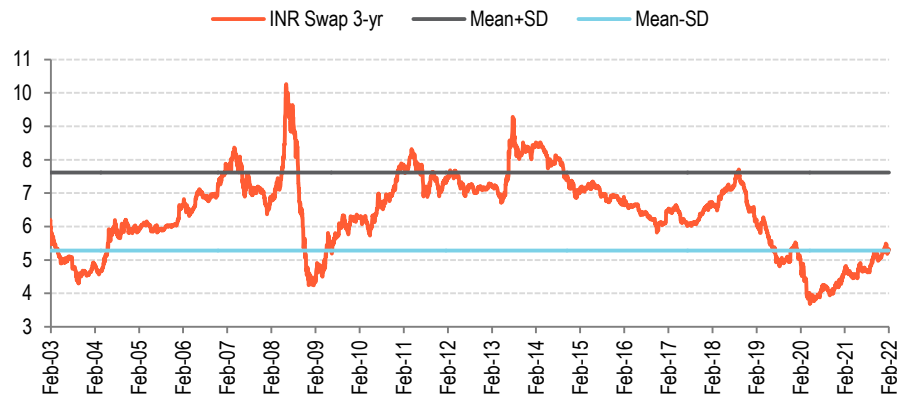
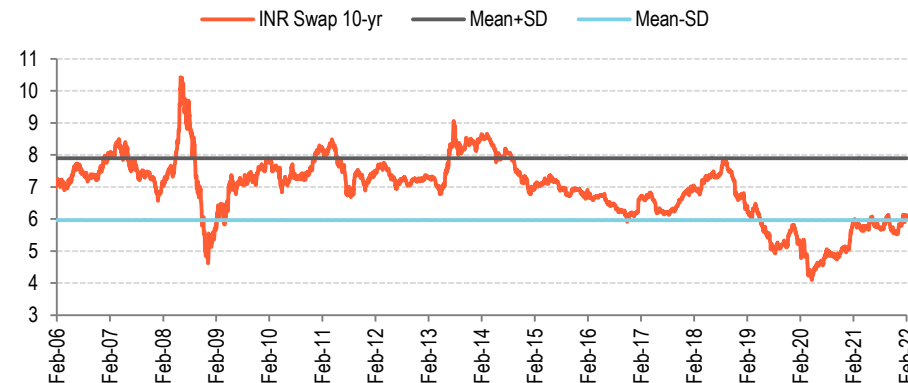


Fig 105 – For 10Y, it rose to 6.08 from 5.89



### Interest rates on small savings schemes

Fig 106 – Interest rates on small savings scheme to remain unchanged in Q4FY22 as well

Instrument (%)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
2 year time deposit	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
3 year time deposit	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
5 year time deposit	7.7	7.7	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 year recurring deposit	7.2	7.2	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
5 year senior citizen savings scheme	8.6	8.6	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
5 year monthly income scheme	7.6	7.6	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
5 year national savings certificate	7.9	7.9	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Public provident fund scheme	7.9	7.9	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	7.6	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Sukanya samridhi account scheme	8.4	8.4	8.4	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

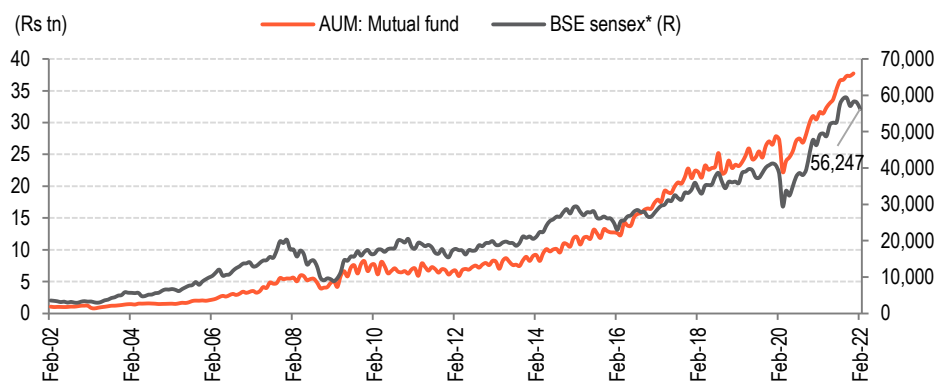
**Fig 107 – Interest rates charged by leading banks**

1Y MCLR (%)	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22
<b>Public Sector Banks</b>															
Bank of Baroda	7.40	7.40	7.40	7.40	7.40	7.40	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30
Bank of India	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Canara Bank	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.25	7.25	7.25	7.25	7.25
Indian Bank	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.35	7.35	7.35	7.30	7.30	7.30	7.30
Punjab National Bank	7.35	7.35	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Union Bank of India	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.25	7.25	7.25
<b>Private Sector Banks</b>															
Axis Bank Ltd.	7.45	7.40	7.40	7.40	7.40	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35
HDFC Bank Ltd.	7.25	7.25	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
ICICI Bank Ltd.	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Indusind Bank	8.65	8.65	8.60	8.60	8.60	8.60	8.60	8.55	8.45	8.45	8.45	8.45	8.45	8.45	8.45
Kotak Mahindra Bank	7.35	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.20	7.20	7.20	7.20	7.25	7.30

Source: RBI

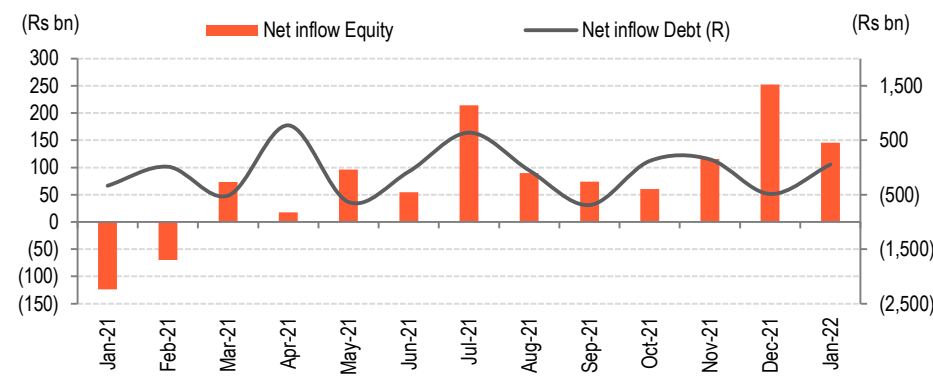
### Mutual fund (MF) indicators

**Fig 108 – Sensex fell by 3% to 56,247 in Feb'22, AUM of MFs rose to Rs 38tn in Jan'22**



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

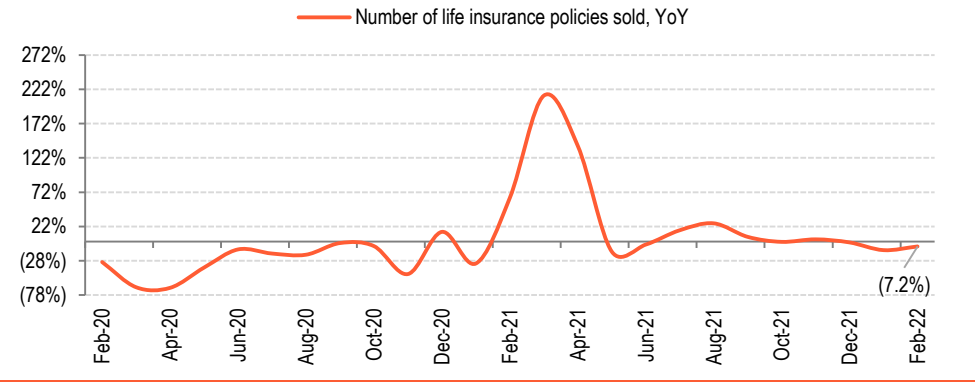
**Fig 109 – MF equity inflows moderated to Rs 145bn from Rs 252bn in Dec'21; debt inflow rose to Rs 55bn from Rs 486bn outflow in Dec'21**



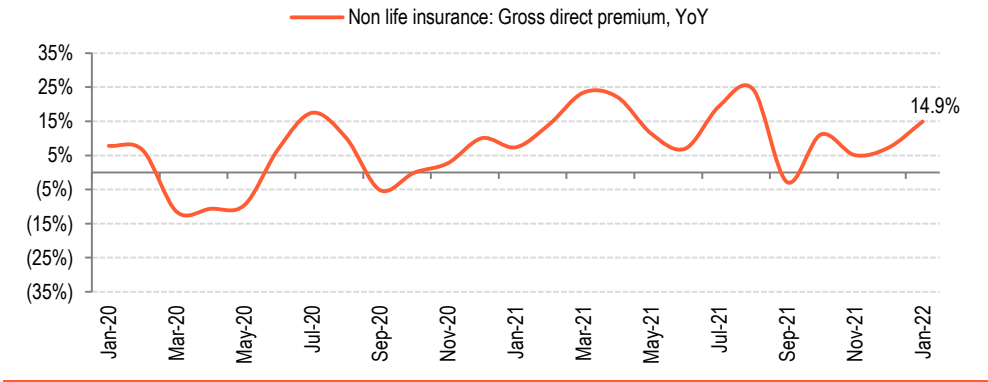


Insurance sector indicators

**Fig 110 – Sale of life insurance policies declined by 7.2% in Feb'22 from 12.6% decline in Jan'22, led by unfavourable base**



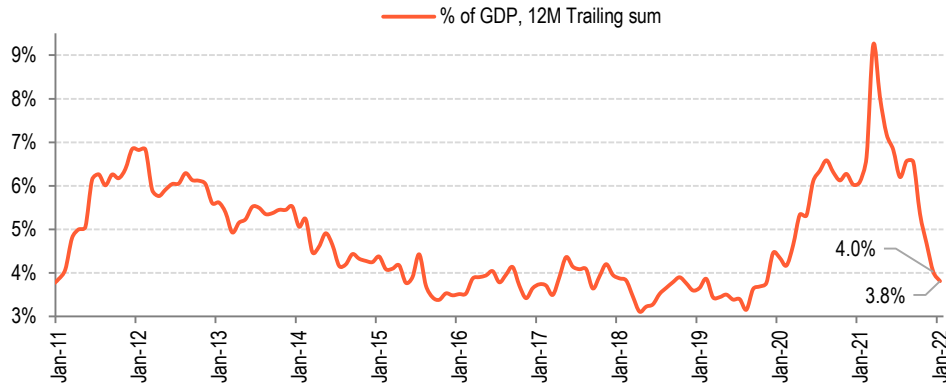
**Fig 111 – Gross direct premium for non-life insurance rose to 14.9% from 7.3% in Dec'21**



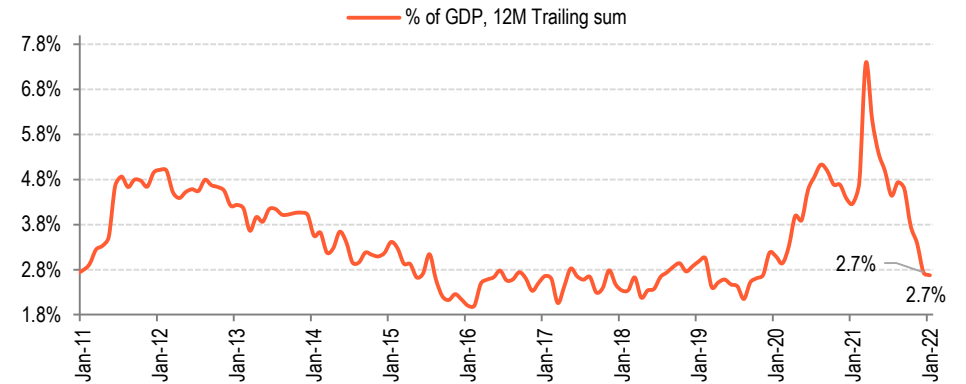
## Public finance

### Central government finances

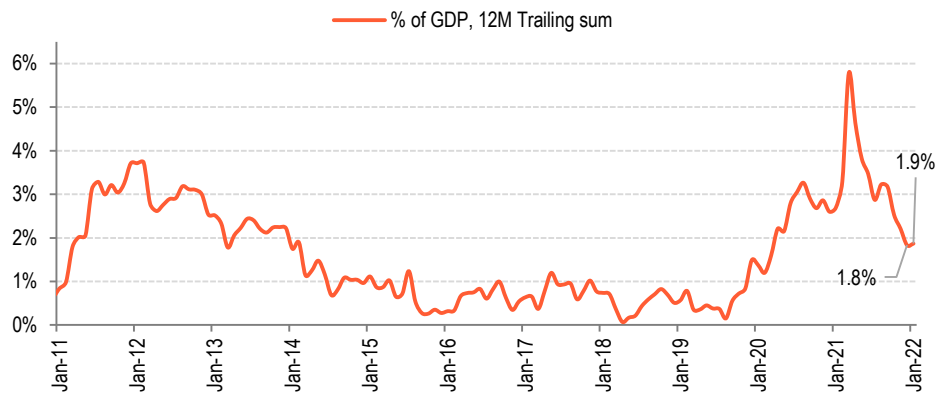
**Fig 112 – Fiscal deficit narrowed further in Jan'22; to pick up in next 2 months**



**Fig 113 – Revenue deficit remained stable**



**Fig 114 – Primary deficit increased a tad to 1.9%**



**Fig 115 – Government spending moderated further in Jan'22 (12MMA)...**

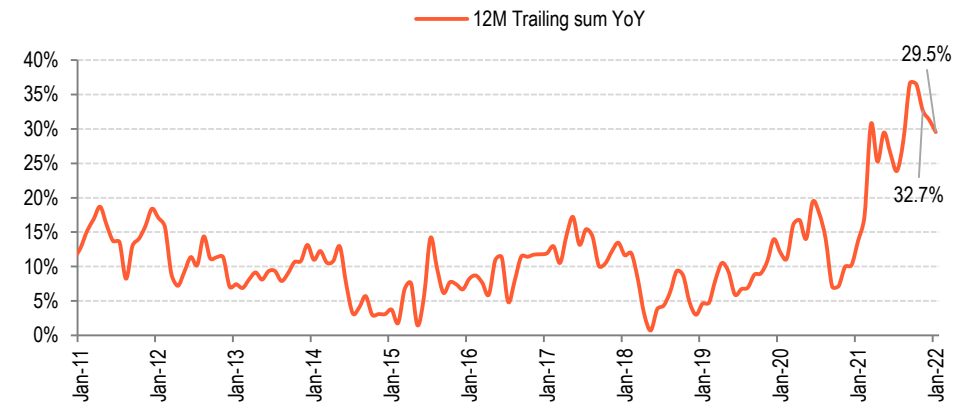


Fig 116 – ...led by capex growth

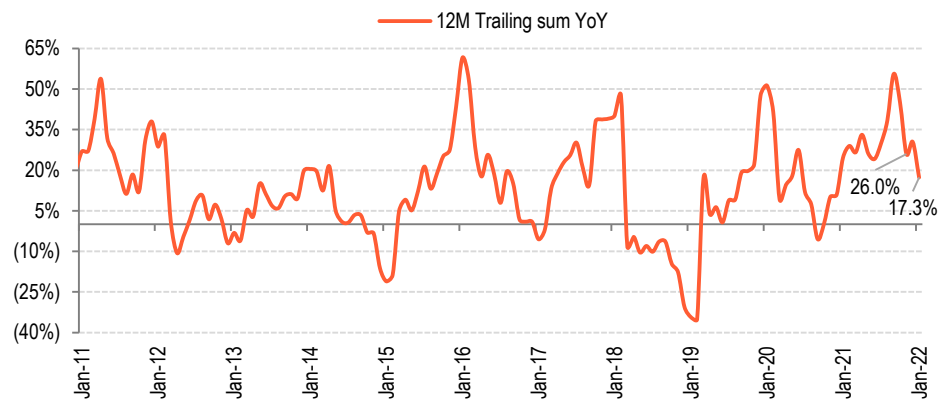


Fig 117 – Revenue spending broadly steady

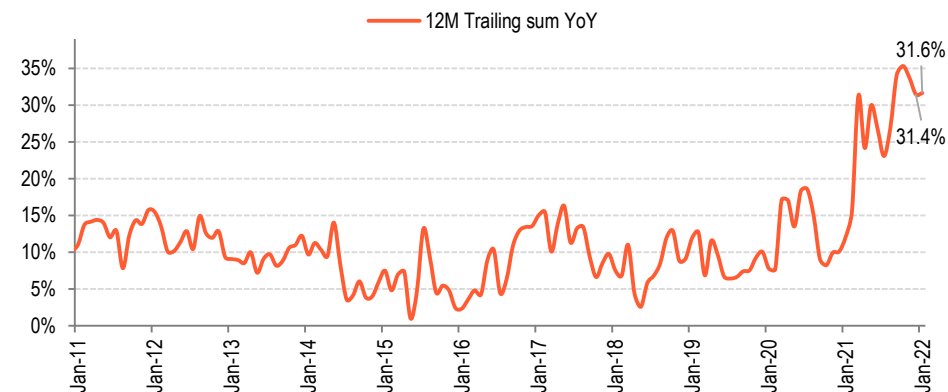
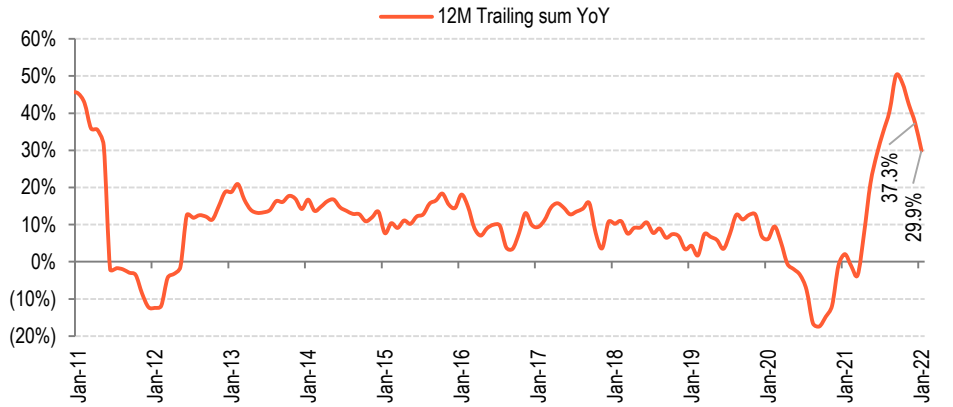


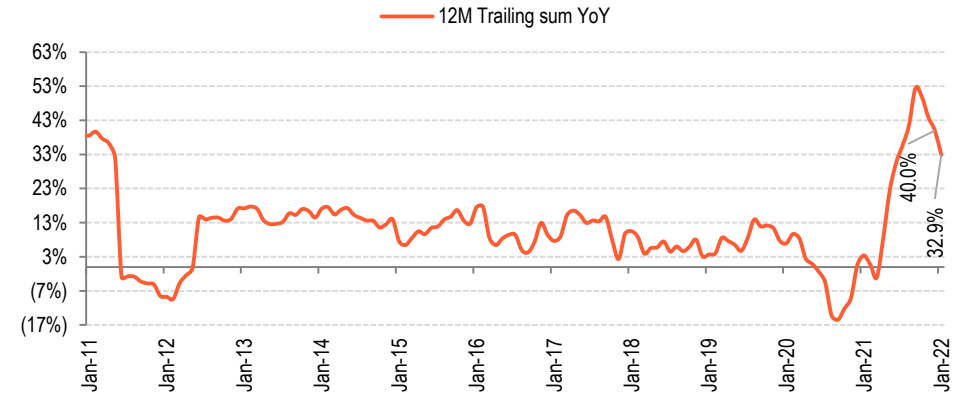
Fig 118 – Spending by ministries of rural development, petroleum and HRD fell in Jan'22 (FYTD basis)

Ministry	Apr-Jan'20 (Rs bn)	Apr-Jan'21 (Rs bn)	% change	Apr-Jan'22 (Rs bn)	% change
Ministry of Finance	7,767	9,640	24.1	10,246	6.3
Ministry of Defence	3,971	3,829	(3.6)	3,992	4.3
Ministry of Consumer Affairs, Food and Public Distribution	1,557	1,539	(1.1)	2,226	44.7
Ministry of Rural Development	1,025	1,685	64.5	1,207	(28.3)
Ministry of Home Affairs	1,127	1,201	6.6	1,362	13.4
Ministry of Human Resource Development	710	621	(12.5)	590	(5.0)
Ministry of Road Transport and Highways	719	857	19.2	1,059	23.6
Ministry of Chemicals and Fertilisers	805	992	23.2	1,172	18.1
Ministry of Petroleum and Natural Gas	408	321	(21.3)	45	(86.1)
Ministry of Agriculture	873	1,008	15.6	1,007	(0.2)
Ministry of Health and Family Welfare	535	621	16.2	632	1.7

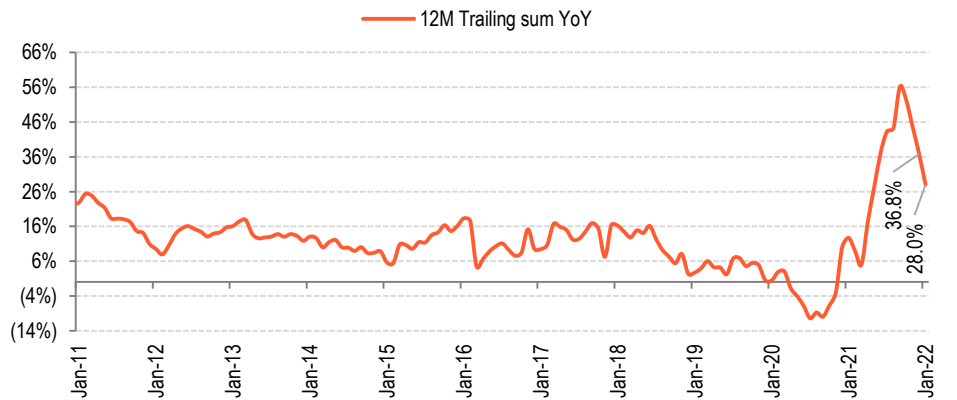
**Fig 119 – Receipt growth slipped further in Jan'22...**



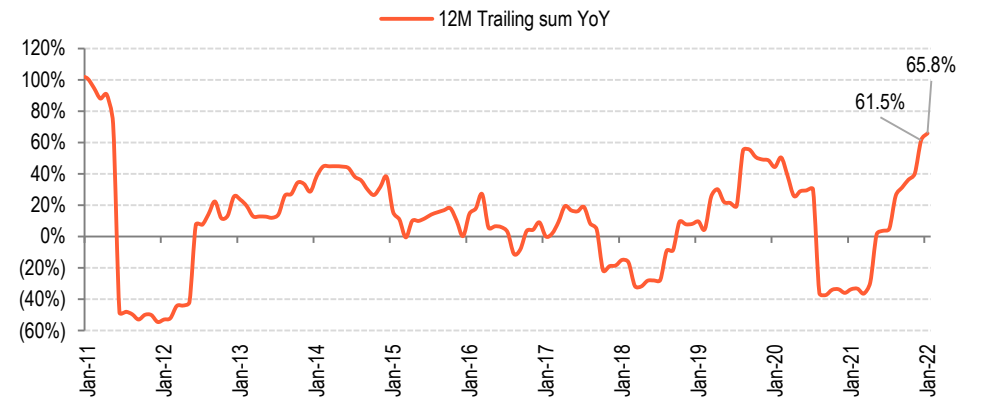
**Fig 120 – ...dragged by revenue receipts**



**Fig 121 – Tax receipts eased in Jan'22 as well**



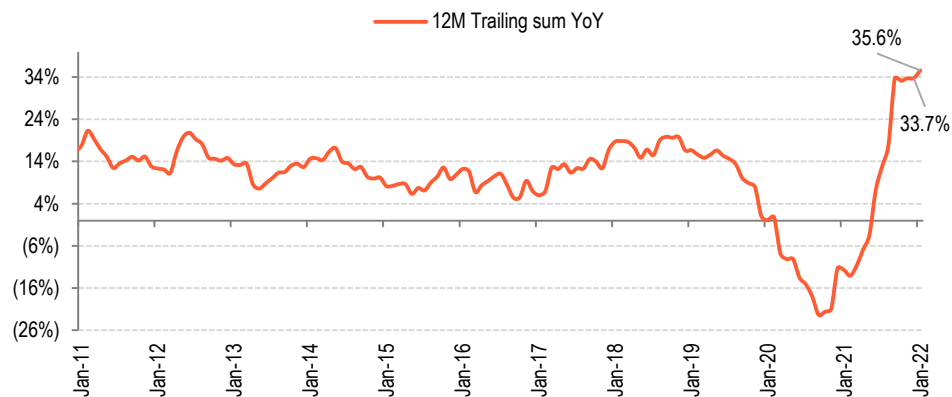
**Fig 122 – Non-tax revenue growth maintains upward momentum**



**Fig 123 – Centre’s revenue situation remains robust over 2-year horizon (FYTD basis)**

	Apr-Jan'20 (Rs bn)	Apr-Jan'21 (Rs bn)	% change	Apr-Jan'22 (Rs bn)	% change	2-Year change (% YoY)
Gross Tax revenue	15,309	15,151	(1.0)	20,982	38.5	21.0
Direct taxes	7,457	6,677	(10.5)	10,420	56.1	6.7
Corp Tax	3,932	3,345	(14.9)	5,477	63.8	5.5
Income Tax	3,524	3,332	(5.5)	4,943	48.3	4.9
Indirect taxes	7,853	8,474	7.9	10,562	24.6	10.6
Non-tax revenue	2,521	1,411	(44.0)	2,915	106.6	2.9
Centre's revenue (net)	12,501	12,430	(0.6)	18,389	47.9	18.4
Total expenditure	22,683	25,173	11.0	28,094	11.6	28.1
Capital exp	2,677	3,621	35.2	4,417	22.0	4.4
Revenue exp	20,006	21,552	7.7	23,677	9.9	23.7
Fiscal deficit	9,855	12,340	-	9,379	-	-

**Fig 124 – Gross direct tax collections rose slightly in Jan'22**



**Fig 125 – Gross indirect tax collections on the path of normalisation**

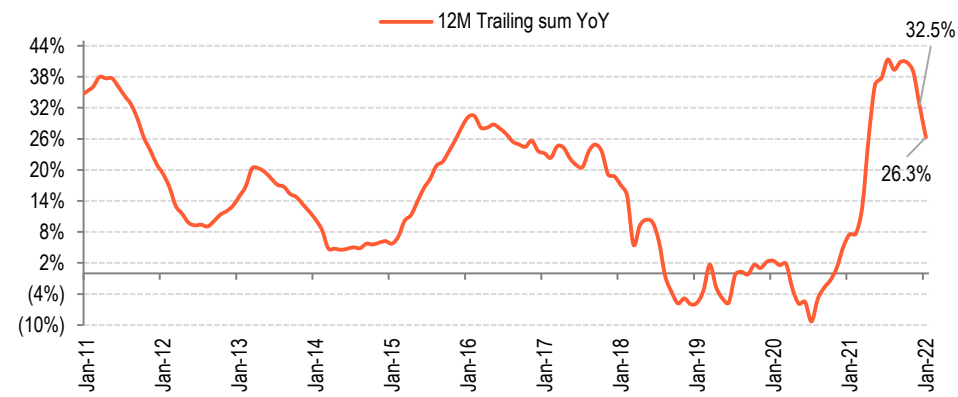


Fig 126 – Both, corporate tax collections...

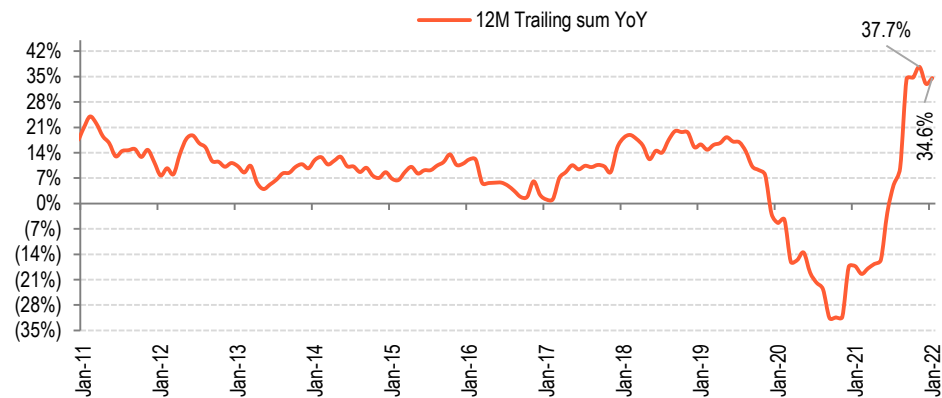


Fig 127 – ...and income tax collections saw a pick up in Jan'22

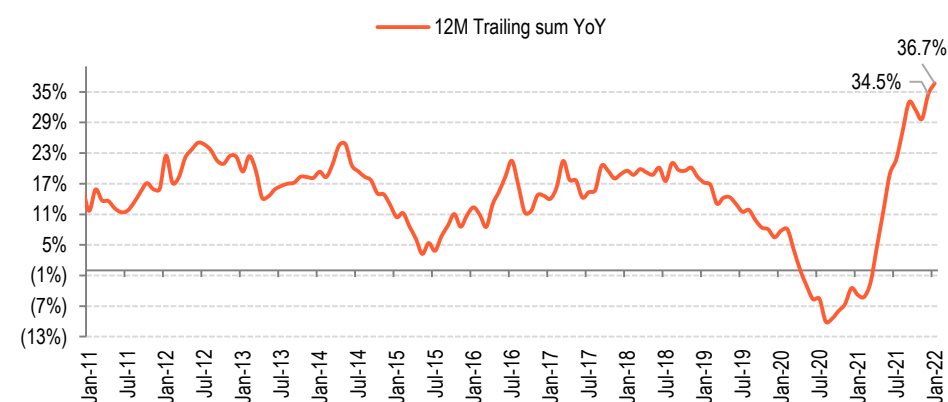


Fig 128 – GST collections for Jan'22 were broadly steady; remain above Rs 1tn mark for 8 months in a row

(Rs bn)	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Monthly run rate (FY22)	FYTD22	FY22 (BE)
CGST	447	666	568	555	283	337	479	533	474	485	492	462	697	480	4,797	5,300
UT GST	3.2	4.1	3.2	1.6	1.6	1.7	2.5	2.9	2.2	1.4	1.2	2.5	4.3	2	22	-
IGST	68	(373)	(104)	48	153	64	(37)	(162)	(6)	90	72	146	(279)	9	89	-
SGST*	531	848	862	331	402	696	601	711	747	656	637	681	814	628	6,276	-
Cess	83	93	84	92	89	66	75	85	85	82	94	91	95	85	854	1,000
<b>Total GST</b>	<b>1,131</b>	<b>1,239</b>	<b>1,414</b>	<b>1,027</b>	<b>928</b>	<b>1,164</b>	<b>1,120</b>	<b>1,170</b>	<b>1,301</b>	<b>1,315</b>	<b>1,298</b>	<b>1,384</b>	<b>1,330</b>	<b>1,204</b>	<b>12,038</b>	<b>-</b>

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

Fig 129 – Rising central government debt a key concern

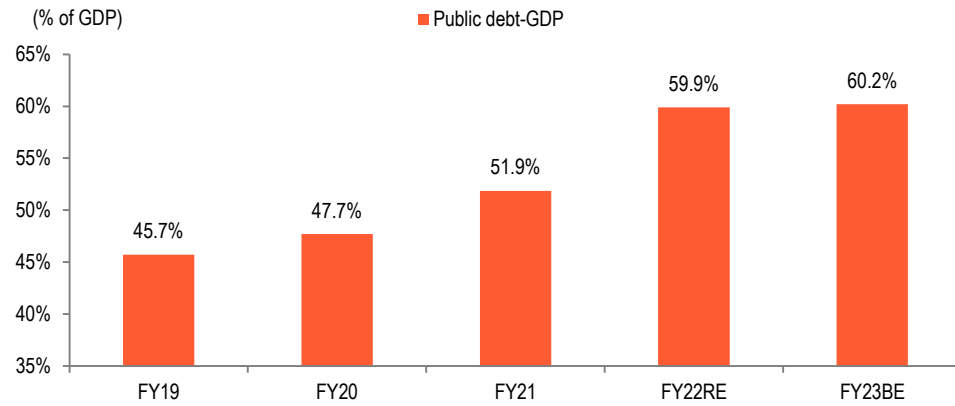
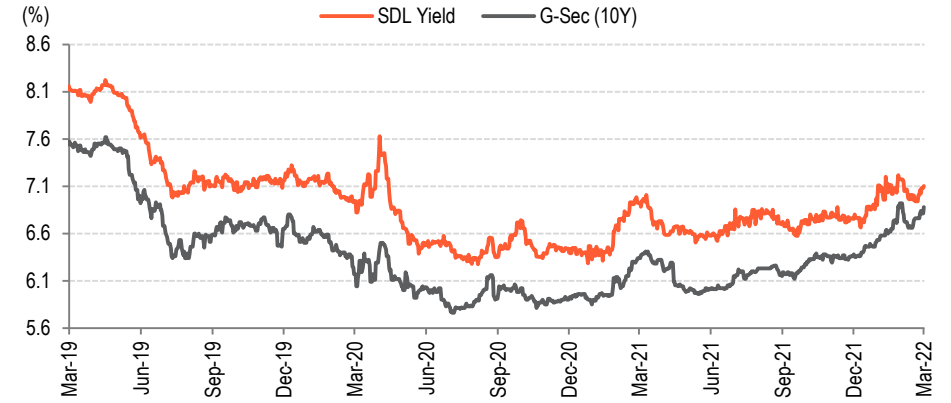
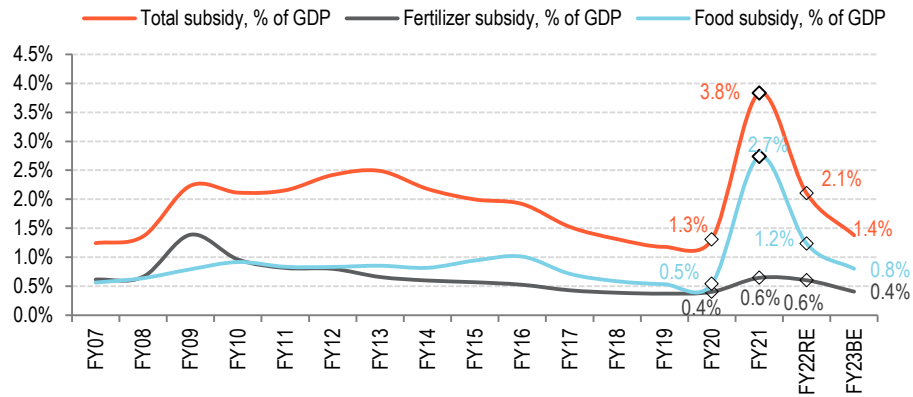


Fig 130 – Both 10Y G-sec and SDL yield inching up Mar'22 (so far)



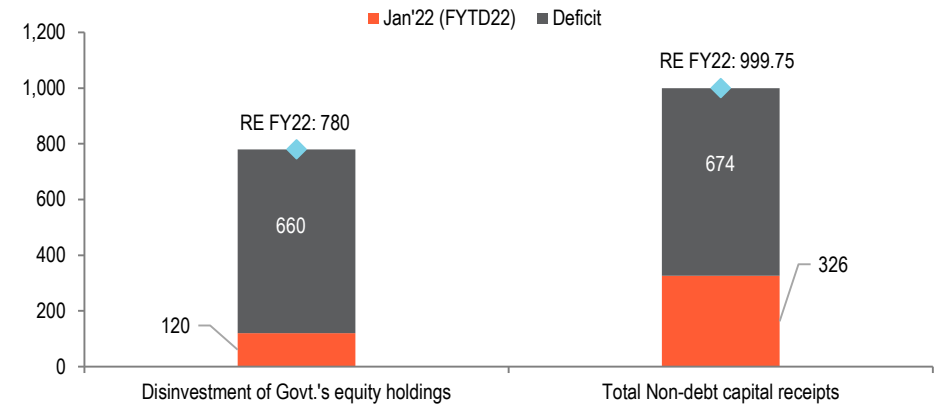
Source: CCIL

Fig 131 – Subsidy burden to ease as per FY22RE



RE-Revised Estimates; BE-Budget Estimates

Fig 132 – Central govt. FY22 disinvestment status



## Central government borrowing

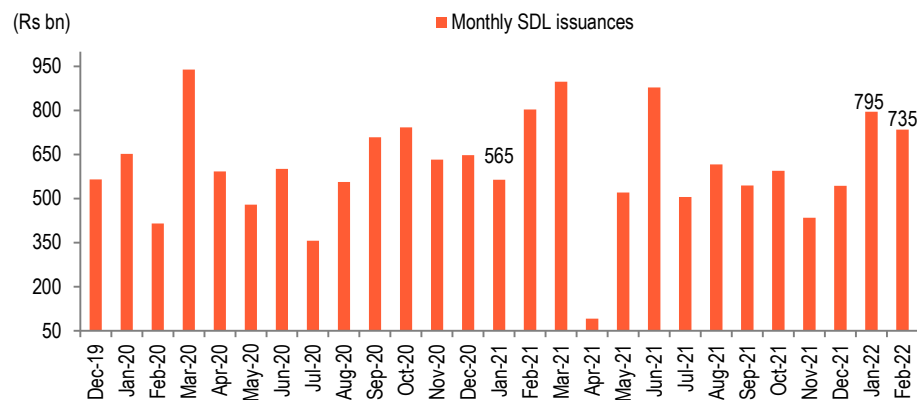
Fig 133 – Centre’s T-bill issuances at Rs 2.9tn in Q4

Total accepted amount (G-Sec), (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY22 (planned)
Q1	2,613	2,797	2,888	3,089	3,364	5,328	5,375	4,680
Q2	2,667	2,584	3,186	3,299	3,024	5,417	3,215	2,210
Q3	2,645	2,747	2,632	3,070	2,889	3,745	3,630	2,600
Q4	2,104	1,684	2,486	1,812	2,511	2,714	2,896*	3,940
<b>Total</b>	<b>10,029</b>	<b>9,811</b>	<b>11,192</b>	<b>11,271</b>	<b>11,788</b>	<b>17,204</b>	<b>-</b>	<b>13,430</b>

Source: RBI \*Till 02 Mar 2022

## State government borrowing

Fig 135 – State government borrowings in Feb’22 much higher than last year



Source: RBI

Fig 134 – Centre’s gross borrowing in Q4 is at Rs 1.1tn

Total accepted amount (G-Sec), (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY22 (planned)
Q1	1,740	1,500	1,680	1,320	2,040	3,140	3,064	3,800
Q2	1,630	1,910	1,890	1,440	2,210	4,220	3,649	3,440
Q3	1,640	1,610	1,640	1,270	1,930	2,910	3,190	2,160
Q4	840	800	670	1,680	920	3,191	1,140*	2,870
<b>Total</b>	<b>5,850</b>	<b>5,820</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>	<b>13,461^</b>	<b>-</b>	<b>-</b>

Source: RBI^ Against budgeted Rs 12.8tn \*Till 25 Feb 2022

Fig 136 – States’ market borrowings steadily up in Q4

Quarterly SDL issuances, (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FYTD22 (actual)	FY22 (planned)
Q1	502	548	650	766	815	1,673	1,491	1,783
Q2	627	792	1,130	809	1,439	1,614	1,667	1,696
Q3	858	1,214	1,054	1,277	1,470	2,023	1,653	2,019
Q4	959	1,322	1,348	1,809	2,006	2,448	1,719*	3,100
<b>Total</b>	<b>2,946</b>	<b>3,876</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,757</b>	<b>6,530*</b>	<b>8,597</b>

Source: RBI; \*as of 8 Mar 2022



External sector

Exports

Fig 137 – Global exports moderating

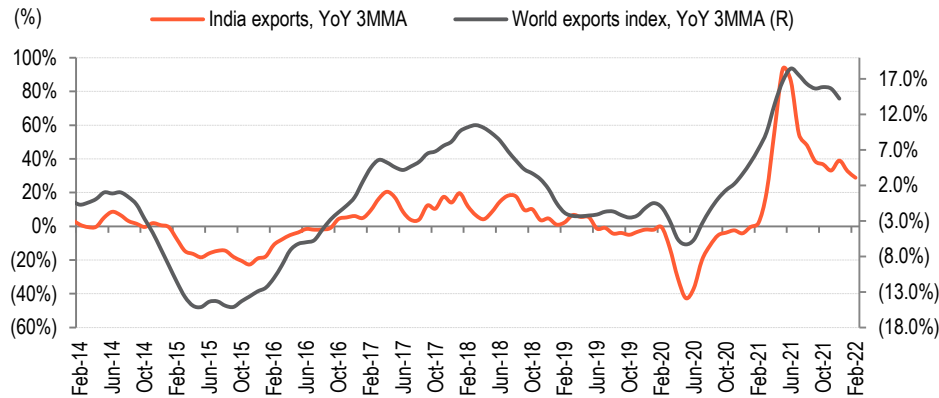
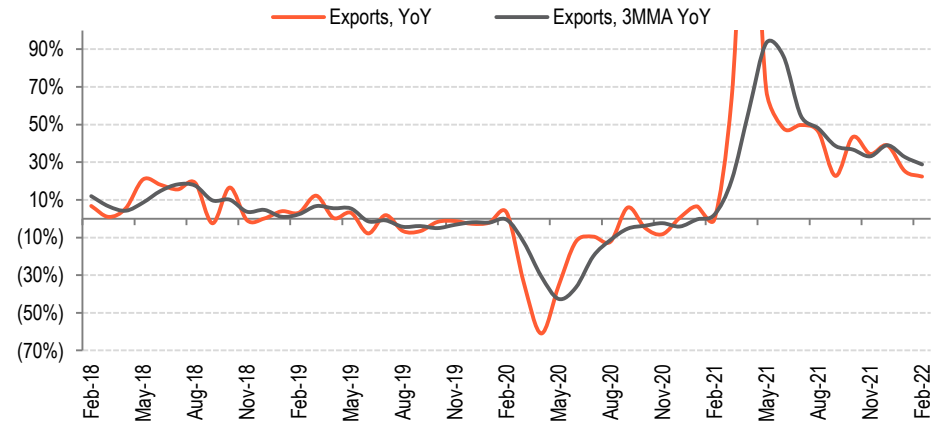


Fig 138 – India's exports decelerate further in Feb'22 to 22.4% from 25.3% in Jan'22



Exports by major sectors

Fig 139 – ...led by non-oil exports

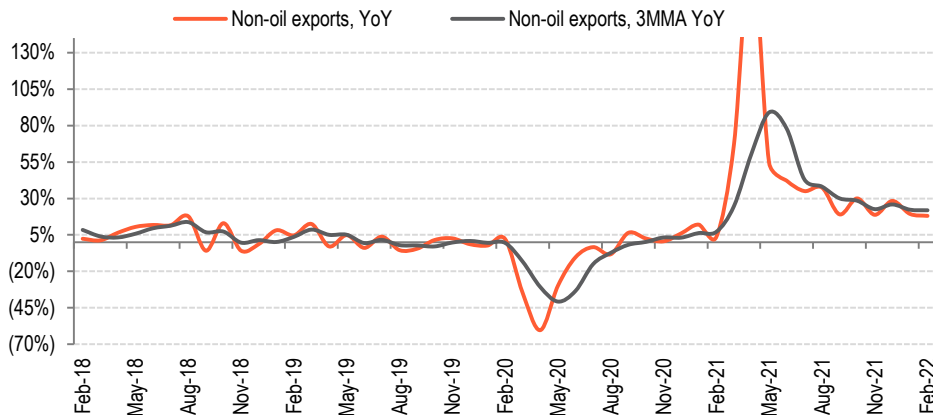
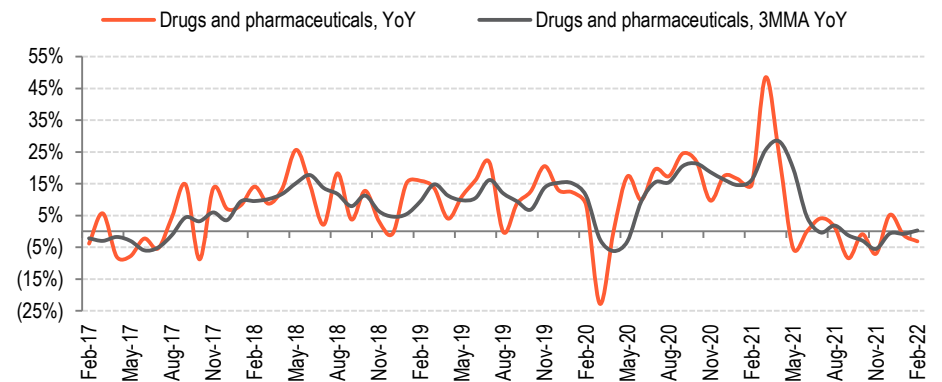
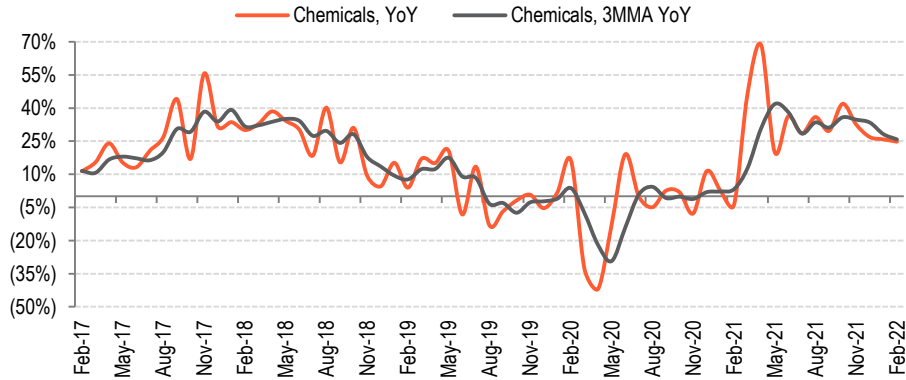


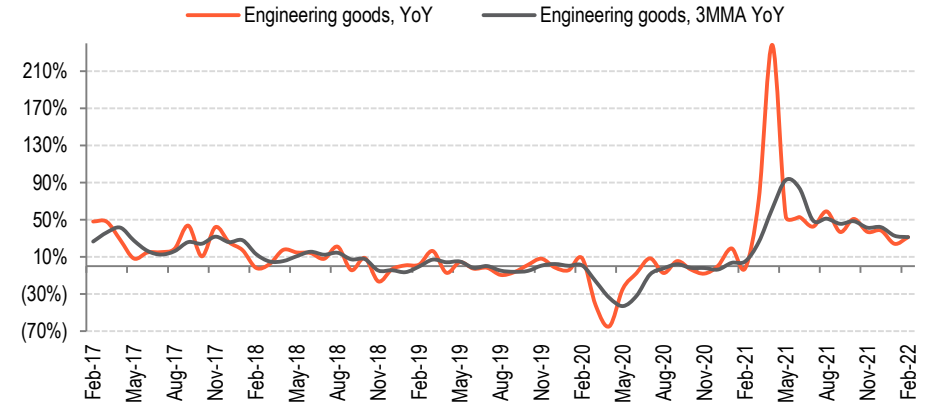
Fig 140 – Exports of drugs and pharmaceuticals continue to decline even in Feb'22



**Fig 141 – Similar trend in exports of chemicals**

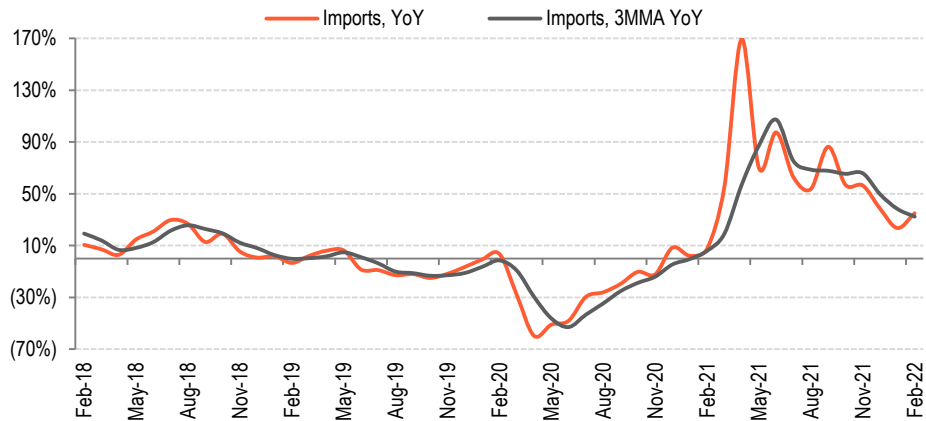


**Fig 142 – Exports of engineering goods improve in Feb'22**



**Imports**

**Fig 143 – Imports improve to 35% in Feb'22 from 23.6% in Jan'22**



**Fig 144 – ...led by a pickup in oil imports**

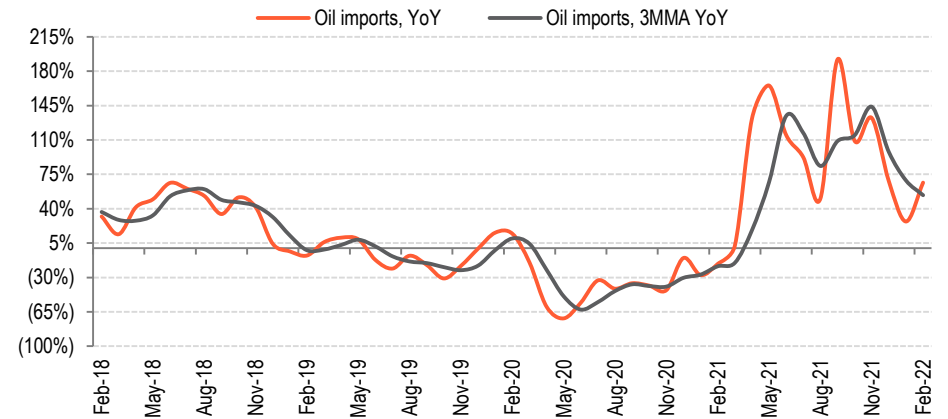


Fig 145 – ... and gold imports

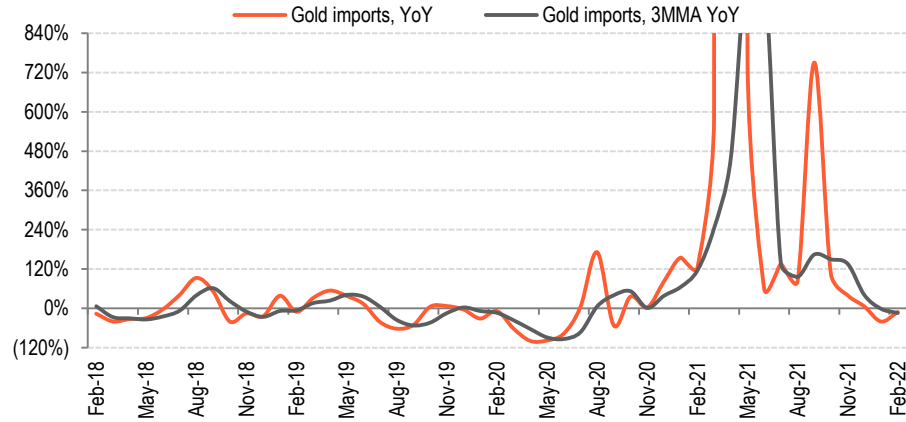


Fig 146 – However, imports of organic and inorganic chemicals moderating

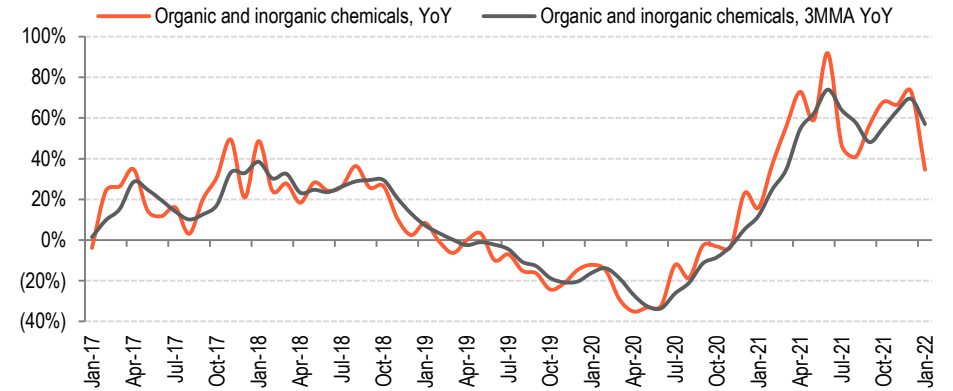


Fig 147 – Similar trend in machinery imports

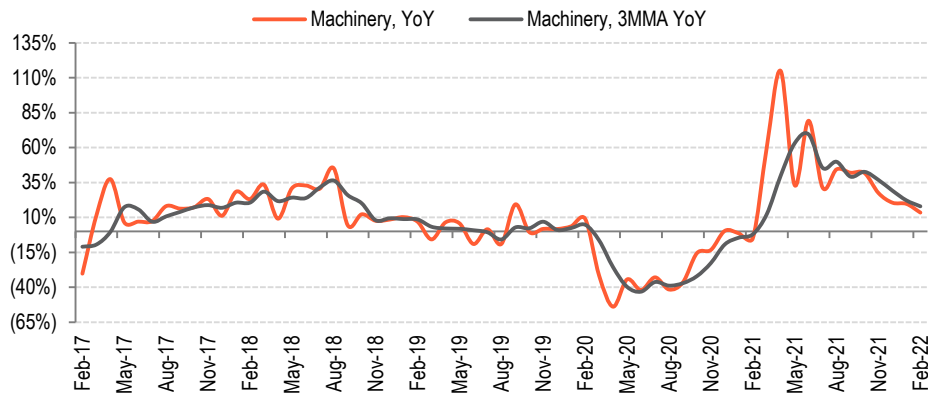
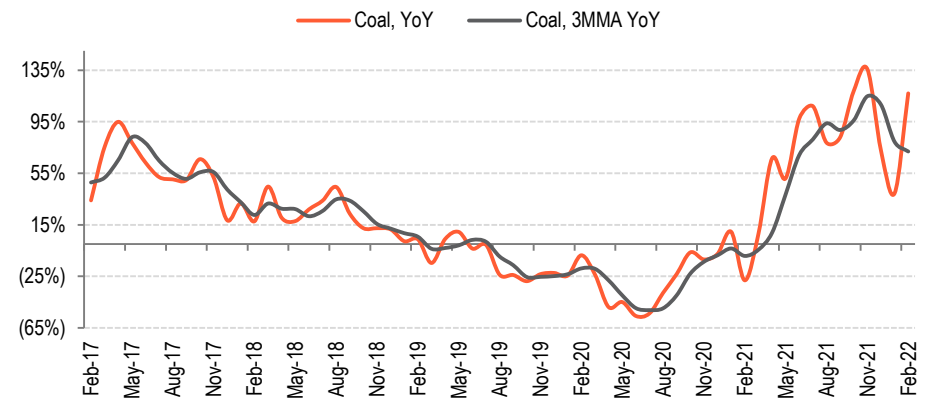


Fig 148 – Import of coal surges in Feb'22



## Exports and imports by major regions

**Fig 149 – Barring China, exports to all regions have picked up in FYTD22 (Apr-Dec’21) due to favourable base**

Region (% YoY)	Share in FY21	FYTD21	FYTD22	Nov-21	Dec-21	Jan-22
Americas	23.7	(8.0)	50.6	24.6	38.7	29.5
Asia and Pacific (Ex. China)	27.3	(7.5)	49.5	39.8	53.1	33.7
China	7.4	16.6	9.4	1.2	(6.7)	(17.8)
Europe	19.2	(16.7)	58.8	50.8	49.1	35.7
Middle East and Africa	22.0	(25.6)	51.4	35.4	48.6	21.4
Other	0.4	(65.6)	51.4	146.9	172.3	107.4

**Fig 150 – Imports from all regions have picked up in FYTD22**

Region (% YoY)	Share in FY21	FYTD21	FYTD22	Nov-21	Dec-21	Jan-22
Americas	12.8	(29.1)	62.5	48.9	52.9	28.2
Asia and Pacific (Ex. China)	25.0	(21.0)	51.0	55.9	39.2	16.8
China	13.8	(10.2)	47.2	51.9	31.4	34.6
Europe	15.0	(22.3)	47.6	19.5	(2.7)	(14.3)
Middle East and Africa	30.8	(34.1)	91.7	82.6	60.9	51.0
Other	2.6	(26.7)	54.0	76.5	56.5	67.0

Trade deficit

Fig 151 – Trade deficit expands to US\$ 21.2bn in Feb'22 from US\$ 17.4bn in Jan'22

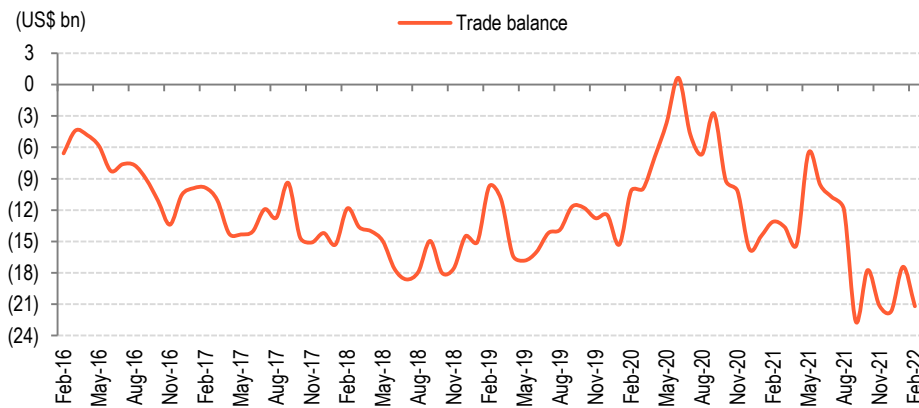
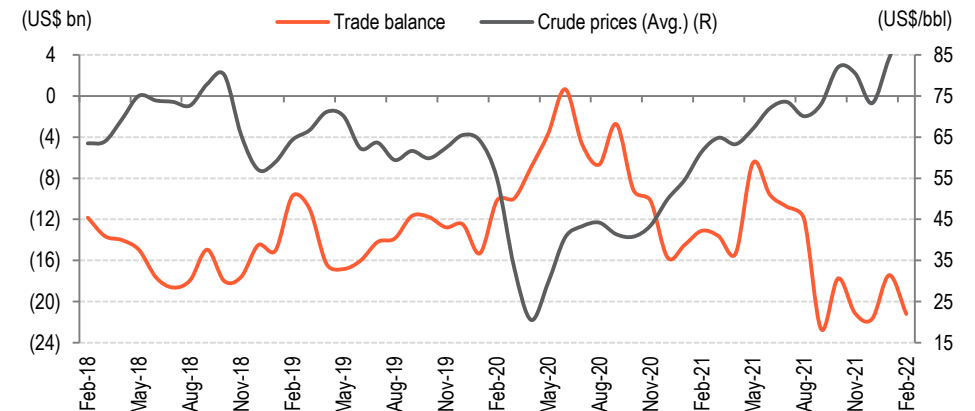
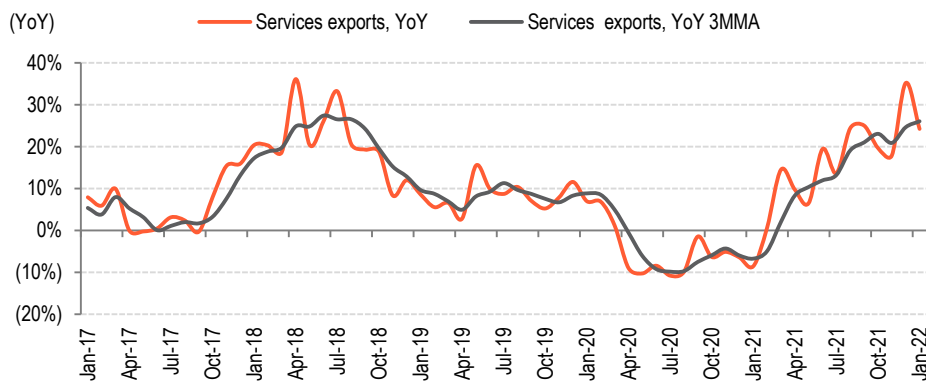


Fig 152 – ... led by higher oil prices



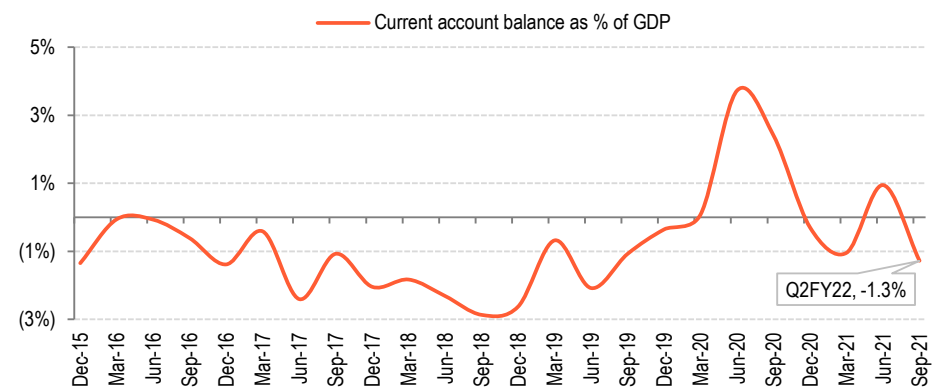
Trade in services

Fig 153 – Services exports moderate to 24.2% in Jan'22 from 35.2% in Dec'21



BoP

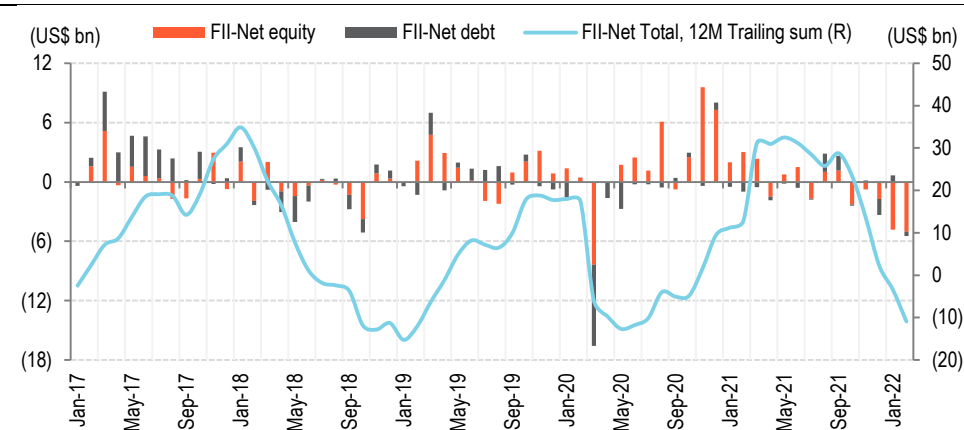
Fig 154 – India's current account returns to a deficit of 1.3% of GDP in Q2FY22 from a surplus of 0.9% of GDP in Q1FY22



## Foreign inflows

### FII inflows

Fig 155 – FII outflows intensify to US\$ 5.5bn in Feb'22 from US\$ 4.2bn in Jan'22



Source: Bloomberg

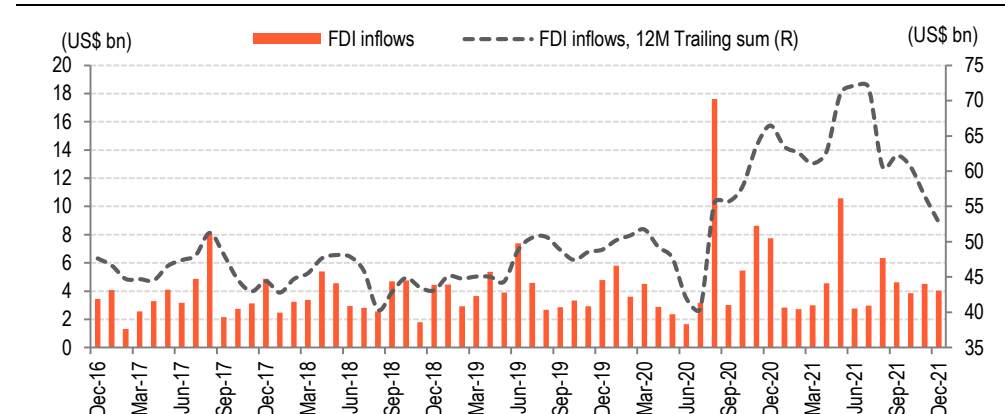
Fig 157 – FDI inflows in services and auto sector rise in Q3FY22

Sector	% Share FY21	FYTD21	FYTD22	Jun'21	Sep'21	Dec'21
Computer software & hardware	43.8	24.4	10.3	3.1	4.1	3.1
Construction (infra.) activities	13.2	7.1	1.6	0.7	0.6	0.4
Services Sector	8.5	3.9	5.3	1.9	1.3	2.2
Trading	4.4	2.1	3.0	0.6	1.5	0.9
Automobile industry	2.7	1.2	6.0	4.7	0.3	1.0
Metallurgical industries	2.2	0.9	1.4	1.3	0.0	0.1
Telecommunications	0.7	0.4	0.3	0.3	0.0	0.0

Source: DIPP

### FDI inflows

Fig 156 – FDI equity inflows at US\$ 4bn in Dec'21 compared with inflows of US\$ 4.5bn in Nov'21



Source: RBI, Bank of Baroda Research

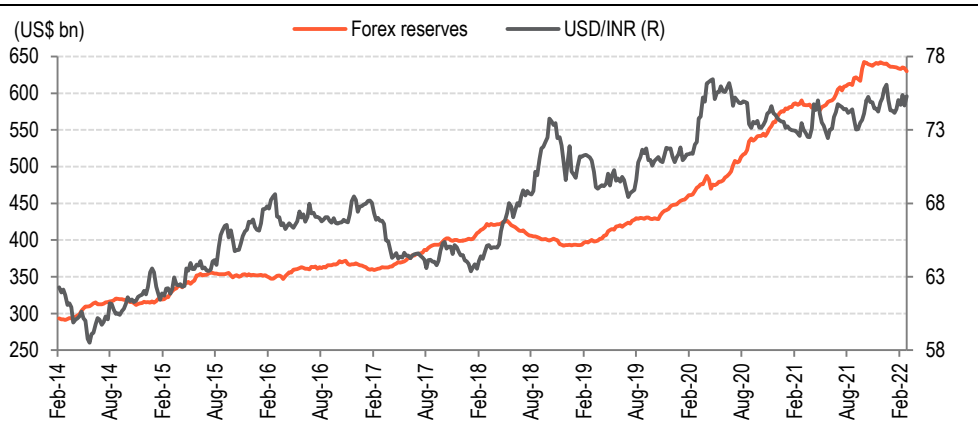
Fig 158 – FDI inflows from Mauritius accelerate the most in Q3FY22

Country (US\$ bn)	% Share in FY21	FYTD21	FYTD22	Jun'21	Sep'21	Dec'21
Singapore	29.2	15.7	11.7	3.3	4.8	3.6
US	23.2	12.8	7.5	2.0	2.7	2.9
Mauritius	9.5	3.5	6.6	3.3	1.0	2.2
Netherlands	4.7	2.4	2.7	1.1	1.0	0.5
UK	3.4	1.8	1.4	0.3	0.8	0.3
Japan	3.3	1.0	0.9	0.5	0.3	0.1

Source: DIPP

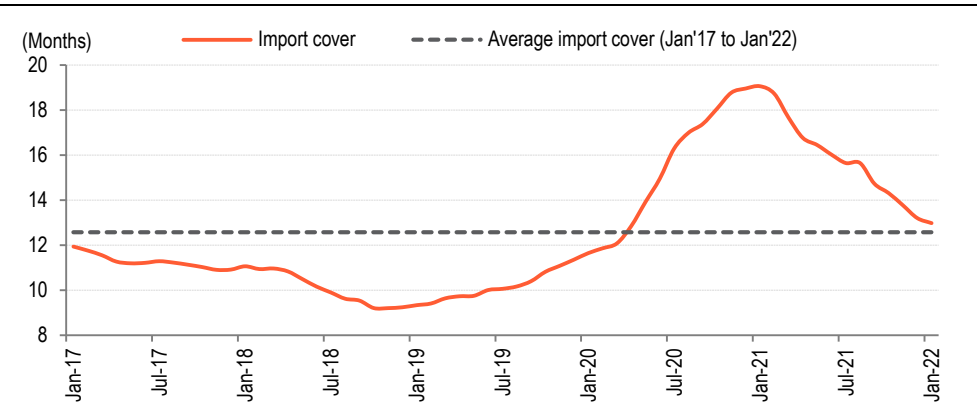
Forex reserves and external debt

**Fig 159 – India’s FX reserves at US\$ 631.5bn in Feb’22, US\$ 52.2bn accretion in FYTD22**

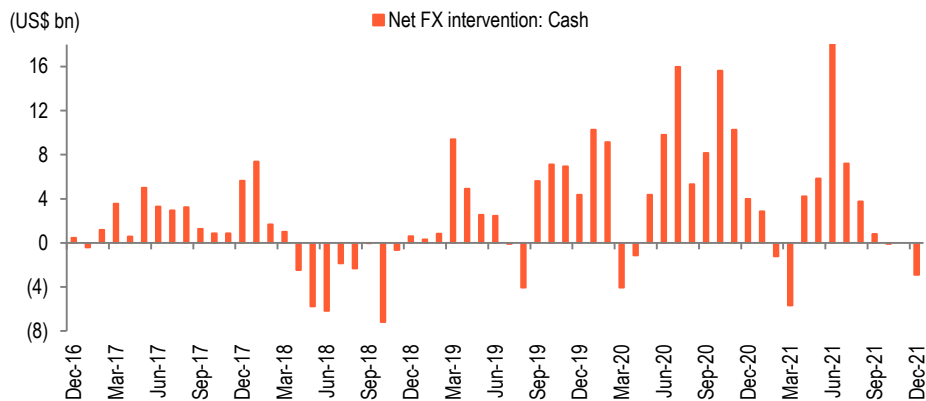


Source: Bloomberg | Weekly data as of 25 Feb 2022

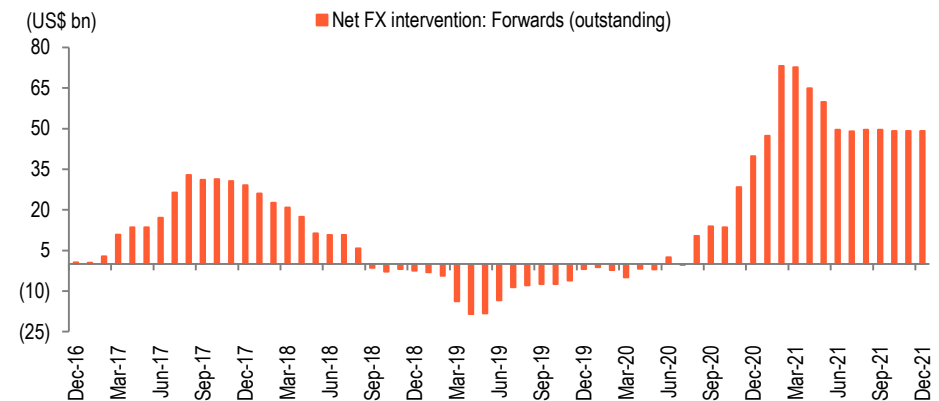
**Fig 160 – India’s import cover edging towards the long-term average**



**Fig 161 – RBI’s sold US\$ 2.9bn in Dec’21 in the spot market**



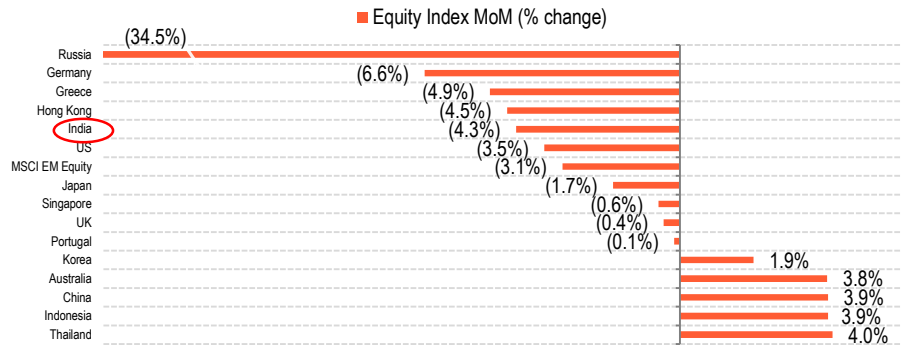
**Fig 162 – RBI’s outstanding forwards position at US\$ 49.1bn as of end Dec’21**



Markets

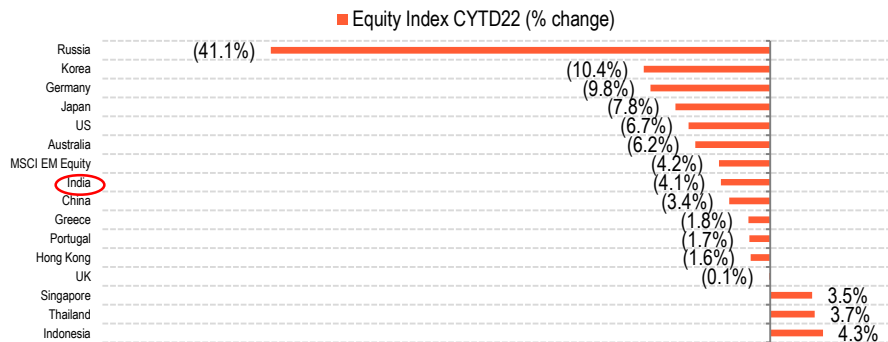
Equity

Fig 163 – In Feb'22, Russia's stocks fell the most, Sensex dropped by 4.3%



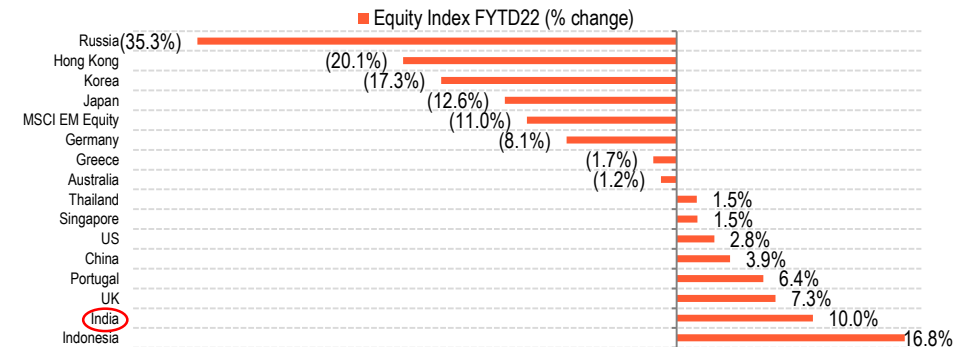
Source: Bloomberg | \* As on 28 Feb 2022, Indices are in US\$ terms

Fig 165 – In CYTD22, Sensex fell by 4.1%



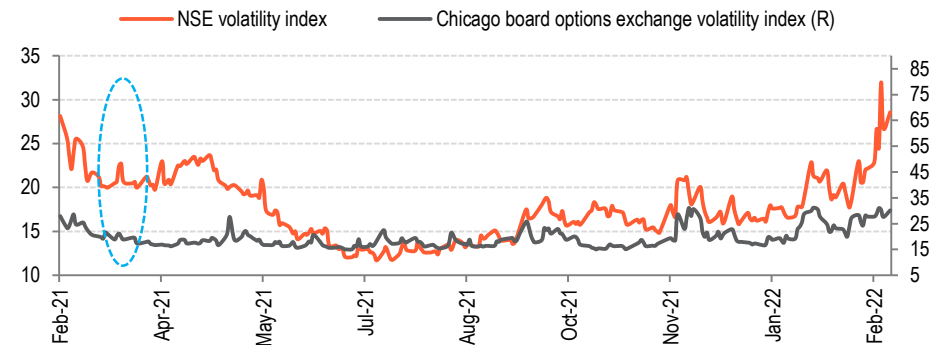
Source: Bloomberg | \* As on 28 Feb 2022, Indices are in US\$ terms

Fig 164 – In FYTD22, Sensex rose by 10%



Source: Bloomberg | \* As on 28 Feb 2022, Indices are in US\$ terms

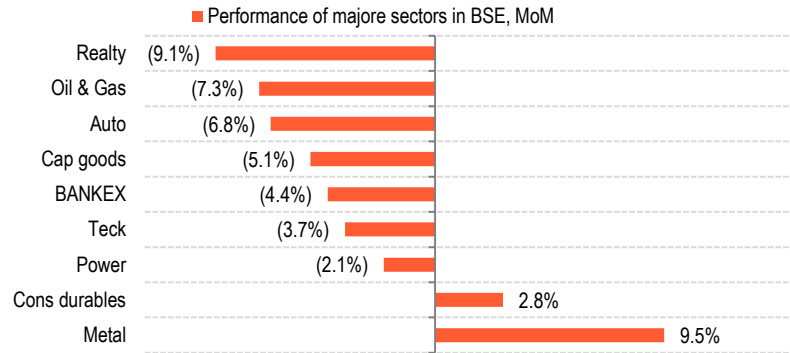
Fig 166 – VIX index rose to 28.6 from 22.0 in Jan'22, on account of war between Russia and Ukraine



Source: Bloomberg

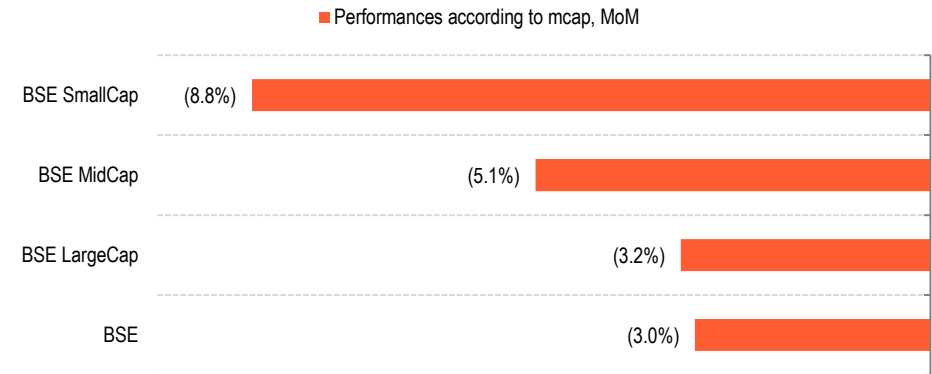


Fig 167 – Real estate and oil and gas stocks fell the most



Source: Bloomberg | As on 28 Feb 2022

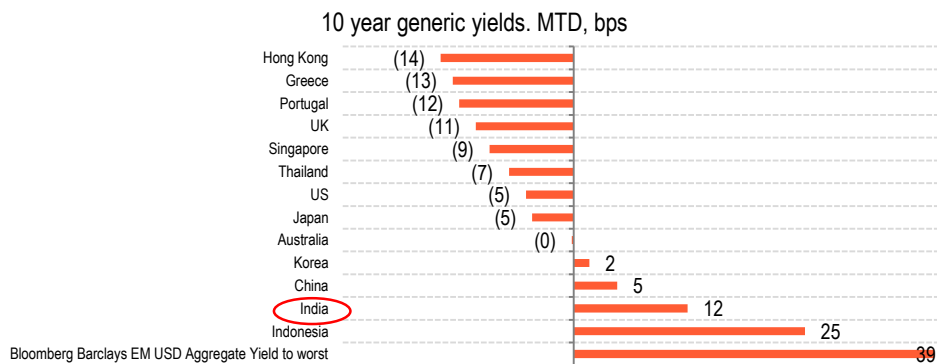
Fig 168 – Small caps fell the most



Source: Bloomberg | As on 28 Feb 2022

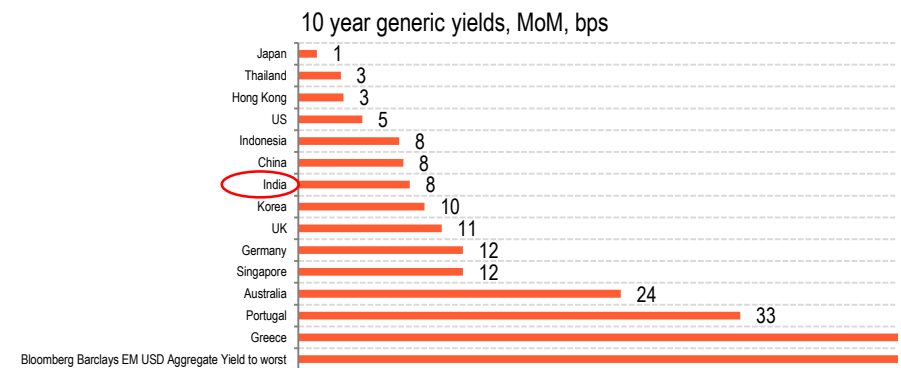
10-year bond yields,

Fig 169 – On MTD basis, India's 10Y yield rose by 12bps



Source: Bloomberg | As on 7 Mar 2022

Fig 170 – In Feb'22, India's 10Y yield rose by 8bps



Source: Bloomberg | As on 28 Feb 2022

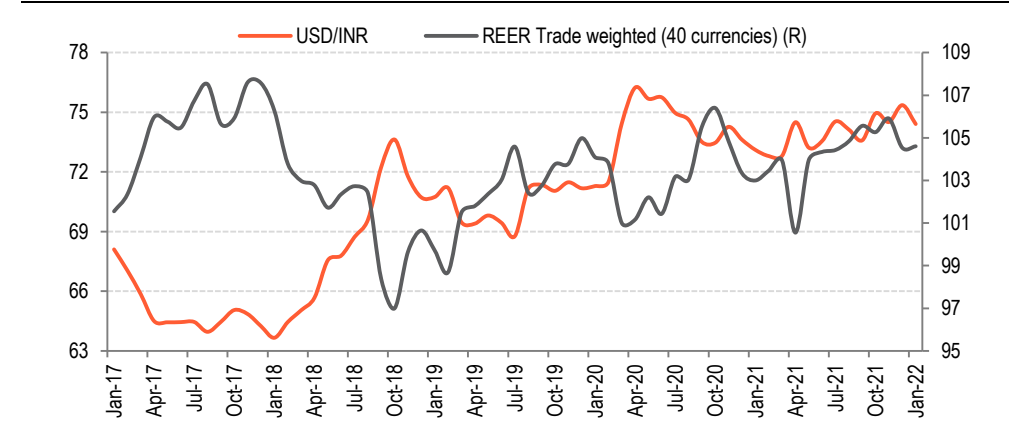
Currencies

Fig 171 – INR depreciated to a record low in Mar'22



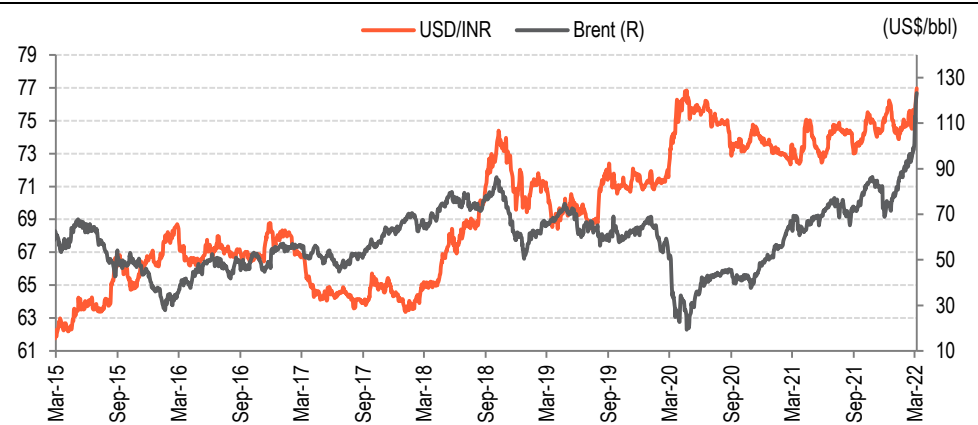
Source: Bloomberg | \*As on 7 Mar 2022

Fig 172 – INR still overvalued by 4.6% (Jan'22)



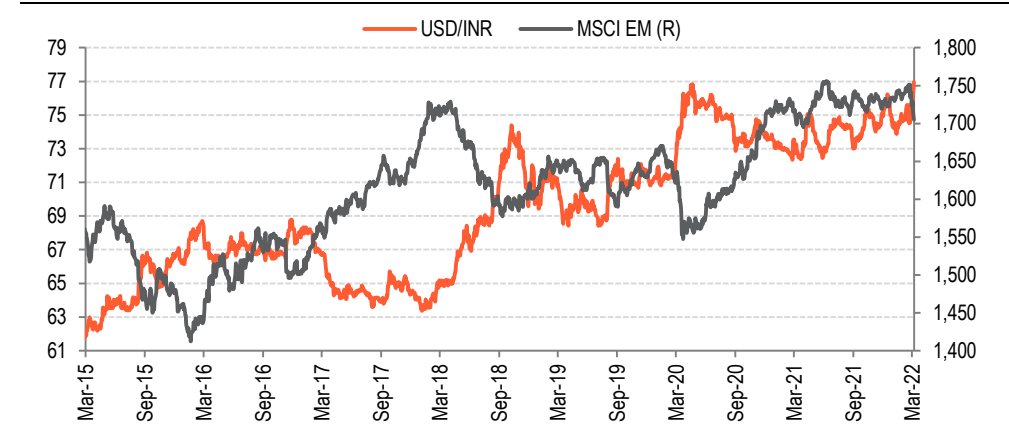
Source: Bloomberg

Fig 173 – Higher oil prices weighing on INR



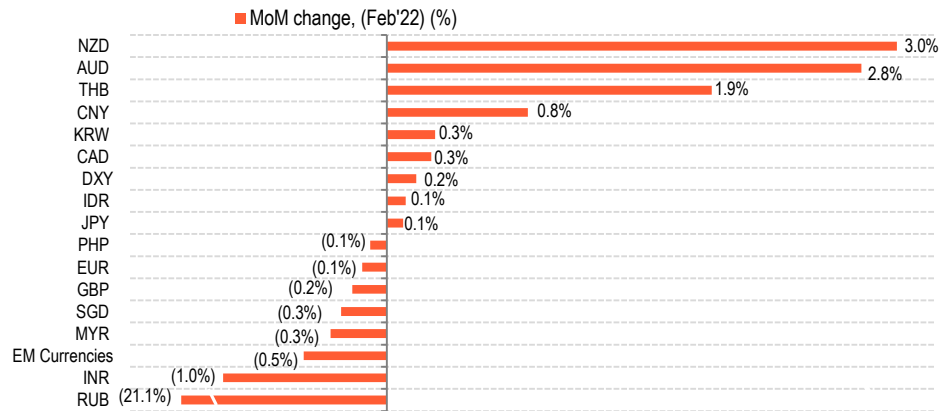
Source: Bloomberg | \*As on 7 Mar 2022

Fig 174 – .. EM currencies also lower



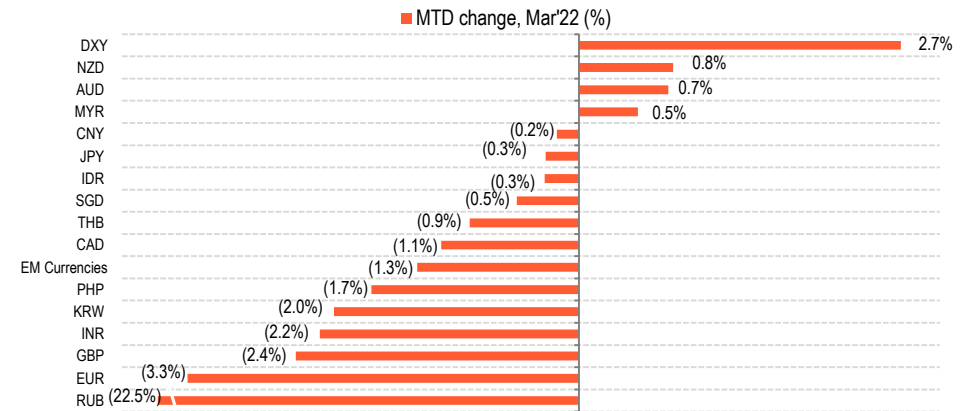
Source: Bloomberg | \*As on 7 Mar 2022

Fig 175 – INR depreciated by 1% in Feb'22



Source: Bloomberg | \*As on 28 Feb 2022

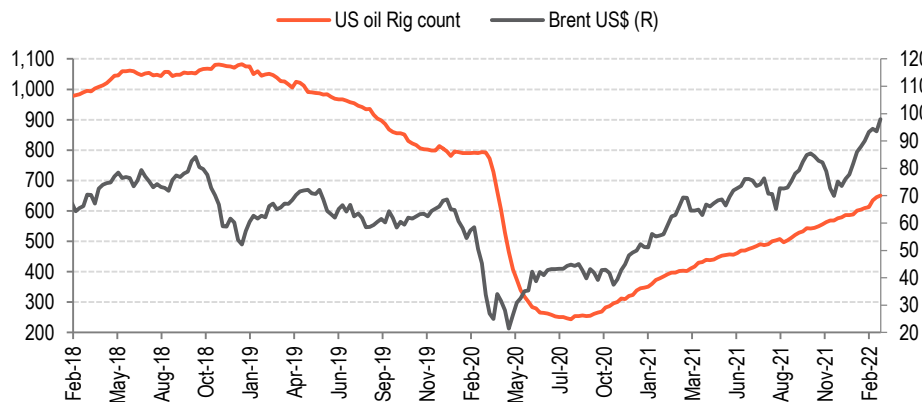
Fig 176 – In Mar'22, INR has depreciated by another 2.2%



Source: Bloomberg | \*As on 7 Mar 2022

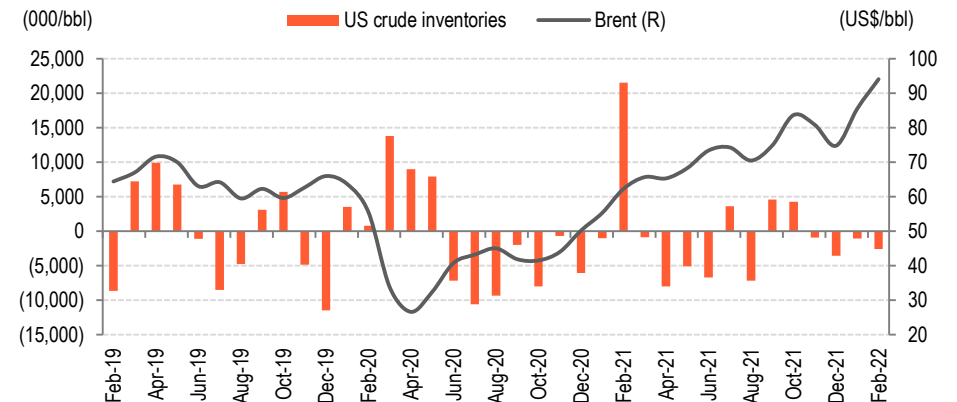
Commodities

Fig 177 – US rig count inched up



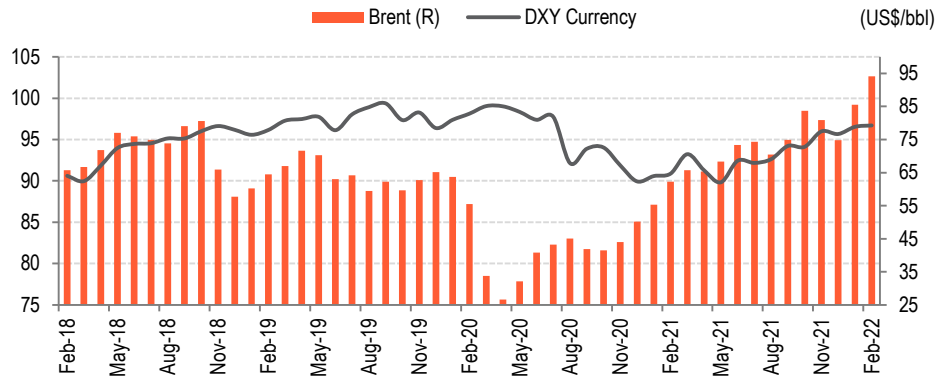
Source: Bloomberg

Fig 178 – US crude oil inventories also rose in Feb'22



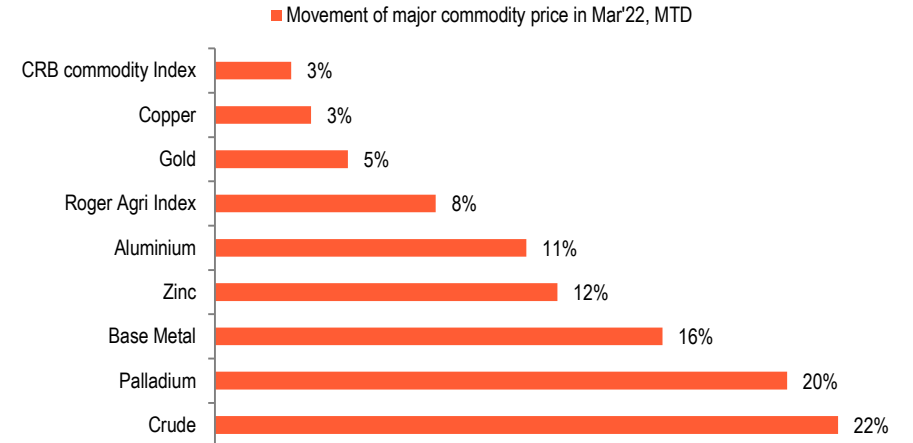
Source: Bloomberg

**Fig 179 – Oil prices on an average rose to US\$ 94/bbl from US\$ 85.6/bbl in Jan'22 and currently at US\$ 123/bbl, DXY rose to 96.71 from 96.54**



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

**Fig 180 – Crude prices rose the most**



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

**Fig 181 – Performance of high frequency indicators**

Indicators	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
<b>Agriculture</b>													
Tractor sales	30.4	170.4	480.8	(2.4)	22.1	8.2	(9.8)	(9.5)	3.2	(16.7)	(22.5)	(27.8)	-
Two wheeler sales	(16.0)	(35.0)	-	158.3	16.9	27.6	6.7	(11.5)	(6.1)	(0.8)	(19.9)	(13.4)	(10.7)
MNREGA work (HH, MoM)	8.9	(8.5)	4.2	1.3	26.8	(9.2)	(22.0)	(2.6)	(14.4)	2.2	13.5	(9.5)	
<b>Manufacturing</b>													
IIP: General index	(3.2)	24.2	134.6	27.6	13.8	11.5	12.0	3.3	4.0	1.3	0.4	-	-
IIP: Manufacturing	(3.4)	28.4	196	32.1	13.2	10.5	11.1	3.0	3.1	0.8	(0.1)	-	-
IIP: Capital goods	(4.2)	50.4	1042.9	74.9	27.3	30.3	20.0	3.3	(1.5)	(2.0)	(4.6)	-	-
IIP: Infra & construction goods	(3.5)	35.1	609.4	46.5	20.0	12.3	13.5	9.3	6.6	3.1	1.7	-	-
IIP: Consumer goods	6.6	59.9	1943.6	80.4	28.0	19.4	11.1	1.6	(3.6)	(5.4)	(2.7)	-	-
Steel	2.2	31.5	472.7	55.1	25.2	9.4	6.9	7.1	5.9	1.4	(0.7)	2.8	-
Cement	0.2	40.6	582.7	11.7	7.5	21.7	36.3	11.3	14.6	(3.6)	13.9	13.6	-
Electricity	0.2	22.5	38.5	7.5	8.2	11.0	16.0	0.9	3.2	2.1	2.9	0.5	-
PMI: Manufacturing	57.5	55.4	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9
<b>Services</b>													
Services PMI index	55.3	54.6	54.0	46.4	41.2	45.4	56.7	55.2	58.4	58.1	55.5	51.5	51.8
Automobile sales	(13.4)	(28.6)	-	164.4	22.6	34.1	14.5	(5.3)	(5.3)	(2.7)	(16.1)	(10.7)	(9.2)
Passenger vehicle sales	10.6	28.4	-	178.8	43.5	62.9	38.7	16.3	(11.4)	(19.4)	(10.9)	(10.1)	(7.8)
Vehicle registration	(12.6)	(27.7)	215.5	158.6	22.5	34.0	14.6	(5.3)	(5.3)	(2.7)	(16.0)	(10.7)	(9.3)
Rail freight traffic	5.5	26.6	70.7	39.1	20.5	18.4	16.9	3.6	8.4	6.1	7.2	7.7	7.2
Port cargo volume	1.9	16.4	29.5	33.0	19.5	6.7	11.4	0.4	6.5	(0.2)	(0.6)	(2.8)	(4.5)
Credit growth	6.6	5.6	6.2	5.9	6.1	6.1	6.7	6.7	6.9	6.6	10.3	7.1	7.9
Deposit growth	12.1	11.4	11.2	9.5	9.8	9.8	9.5	9.4	10.0	8.8	12.1	8.3	9.1
CIC	20.3	17.2	15.0	13.2	12.0	10.3	9.8	9.0	8.5	7.7	7.8	8.0	8.6
Toll collection (in mn)	159	193.3	164.3	116.5	157.9	192.3	201.2	193.6	214.2	214.1	242.1	231.0	-
Diesel consumption	(8.3)	27.6	105.3	0.7	(1.6)	11.4	15.8	0.5	(5.5)	(7.6)	1.6	(6.4)	3.3
GST E-way bill (in mn)	63.8	71.2	58.8	40.0	54.7	64.2	65.9	67.9	73.5	61.2	71.6	68.8	66.1
<b>External Trade</b>													
Merchandise exports	(0.4)	64.1	202.6	68.3	47.9	49.7	46.3	22.7	43.4	34.4	38.9	25.3	22.4
Merchandise imports	7.5	55.4	169.5	69.9	97.4	62.6	53.7	86.4	57.0	56.4	38.5	23.6	35.0
Services exports	0.7	14.5	9.8	6.5	19.4	8.8	19.1	19.6	19.7	17.9	35.2	24.2	-
Services imports	(6.2)	10.4	3.4	0.1	8.8	10.1	20.0	20.5	21.8	24.4	29.5	33.8	-

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

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