

# India Economics

## Monthly Chartbook

April 2021

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## Second wave poses risk to recovery

**Rising Covid-19 infections in India pose a risk to our growth estimate of 11.5% in FY22. As of now, at least seven state governments have imposed some form of restrictions to contain infections. However, consumption led recovery currently underway as seen in higher rural demand and imports, have not been impacted. Tax collections—direct and indirect—have also seen a positive surprise. This along with RBI’s GSAP 1.0 program for purchase of Rs 1tn of government securities in Q1 has driven domestic yields lower. But RBI’s (5%) and our inflation forecast (4.8%) remains above MPC’s target of 4%. This implies India’s monetary cycle should see normalisation beginning in H2FY22 with 50bps of repo rate hike in FY23.**

**State specific restrictions to impact growth:** Second wave of infections has hit a number of states led by Maharashtra (13.7% of India’s GDP), Karnataka (8%), Gujarat (7.8%), Rajasthan (4.9%), Tamil Nadu (8.5%), Madhya Pradesh (4.2%) and Punjab (2.7%). States have put restrictions to contain the virus. Google mobility index is showing drop in activity across segments, in particular discretionary activities. This, in our view poses downside risk to growth. Our current estimate is 11.5%.

**Tax collections see a positive surprise:** Gross tax collections are likely to see a positive surprise. During Apr-Feb’21, direct tax collections are (-) 10.5% versus FY21RE of (-) 13.8% and indirect tax collections are +7.8% versus FY21RE of +3.6%. This implies fiscal deficit may be 0.5% lower than our estimate of 9.5% of GDP.

**Consumption led recovery:** While rising infections will impact services sector and broader consumption as well, for now high frequency

indicators such as PV sales, non-oil-non-gold and electronic imports are resilient. On the agri front, rural demand should remain buoyant with record agri production. This along with improved rabi sowing and likelihood of normal monsoon bodes well for agriculture growth. At the same time, two-wheeler and CV sales are weaker. Capacity utilisation has now improved to 66.6% (Dec’20) from 63.3% (Sep’20).

**Yields to remain between 6.2-6.5% :** India’s 10Y yield fell by 7bps in Mar’21 and further by 9bps in Apr’21. EM yields rose by 28bps. The decrease in Apr’21 is due to RBI’s announcement of G-Sec Acquisition Program (GSAP-1) of Rs 1tn in Q1FY22. Centre’s H1 borrowing plan is as per expectation at Rs 7.2tn. But is skewed towards long-end (>10 year=69% of issuances). This implies structurally long-end yields are bound to move higher. RBI’s inflation forecast till FY23 is above MPC’s 4% target. This calls for reduction in corridor between repo and reverse repo in H2FY22, operative rate to be closer to repo rate rather than reverse repo and eventual increase in repo rate in early FY23.

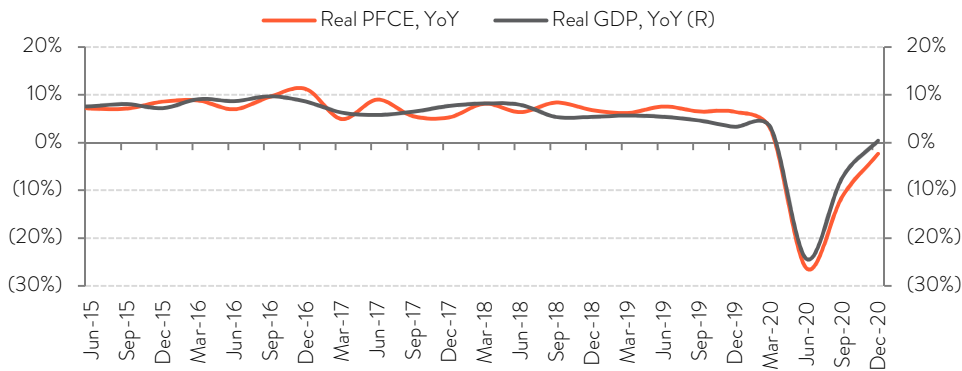
**Depreciation pressure on INR:** INR appreciated by 0.5% in Mar’21 supported by FII inflows (US\$ 1.7bn) and lower oil prices. However, INR has depreciated sharply by 2% in Apr’21 amidst a sharp uptick in Covid-19 cases in India. DXY index has strengthened as US economy is likely to show a sharp rebound. In addition to this, current account deficit in India is likely to expand to 1.5% of GDP in FY22 from a surplus of 0.9% of GDP in FY21. Hence, we believe that the pressure on INR will persist

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

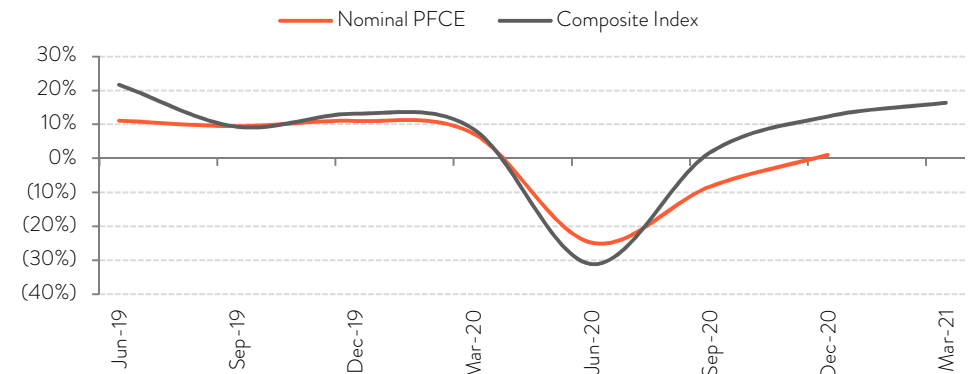
## Consumption

### Final consumption expenditure

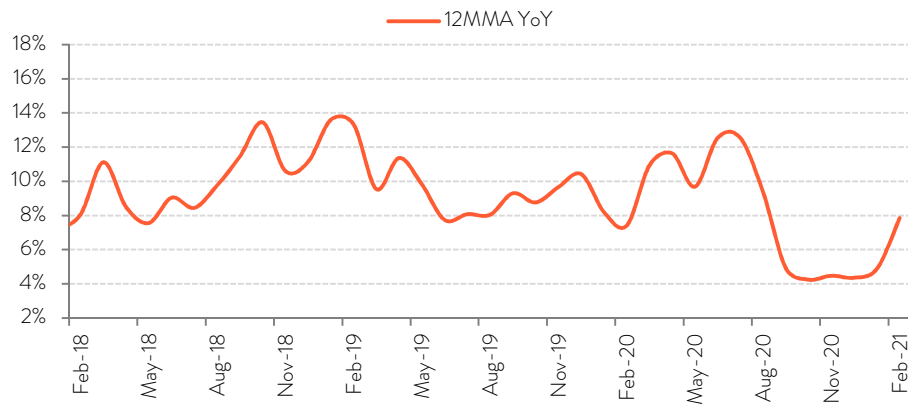
**FIG 1 – PRIVATE CONSUMPTION IMPROVES IN Q3**



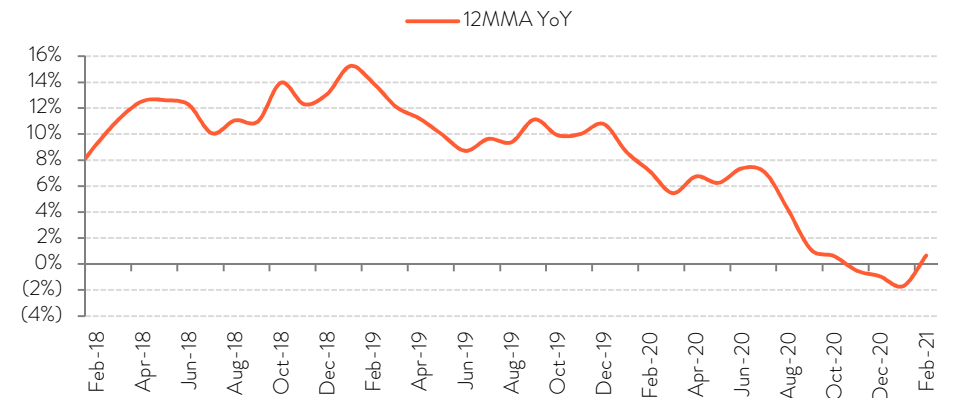
**FIG 2 – CONSUMPTION TO IMPROVE IN Q4FY21**



**FIG 3 – GENERAL GOV REVENUE SPENDING JUMPS IN FEB'21**



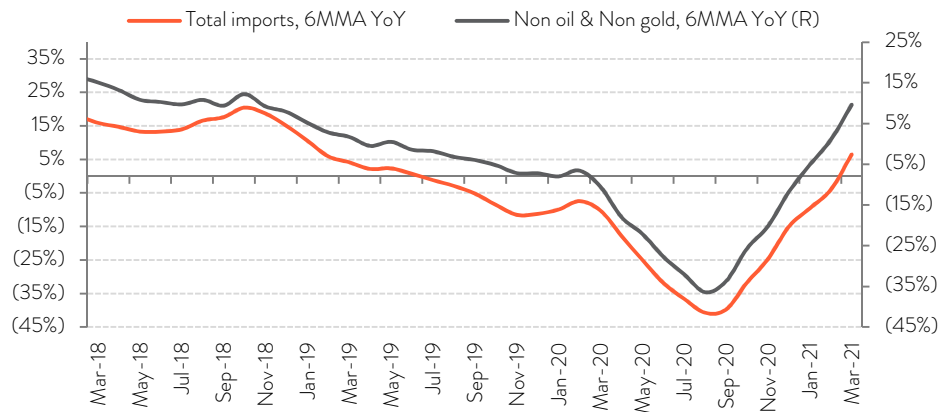
**FIG 4 – STATE\* GOV REVENUE SPENDING TOO INCHES UP**



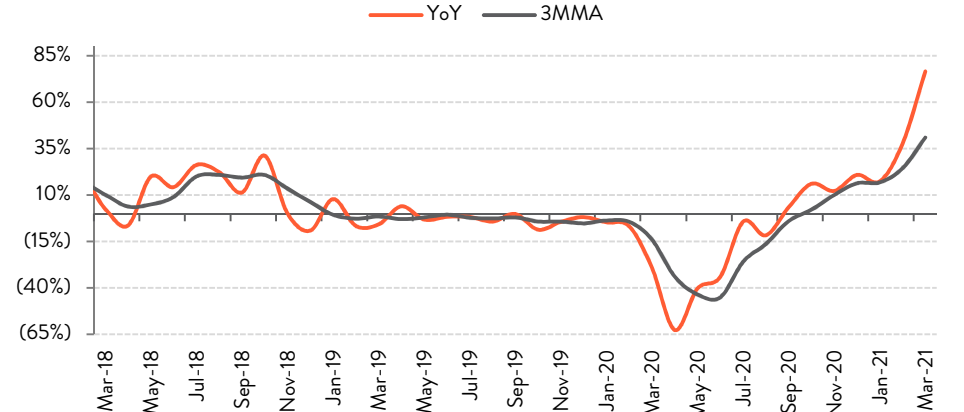
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K and W.Bengal

### Non-oil imports, electronic imports

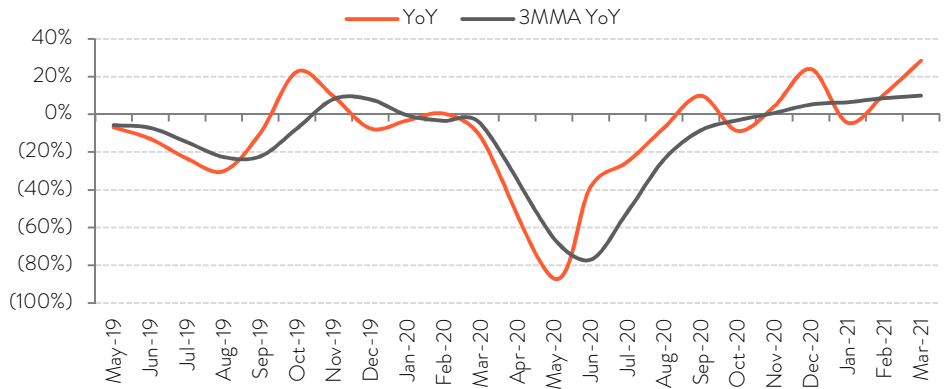
**FIG 5 – NON-OIL-NON-GOLD IMPORTS JUMPS IN MAR'21**



**FIG 6 – ELECTRONIC IMPORTS ACCELERATED ON ACCOUNT OF LOW BASE**

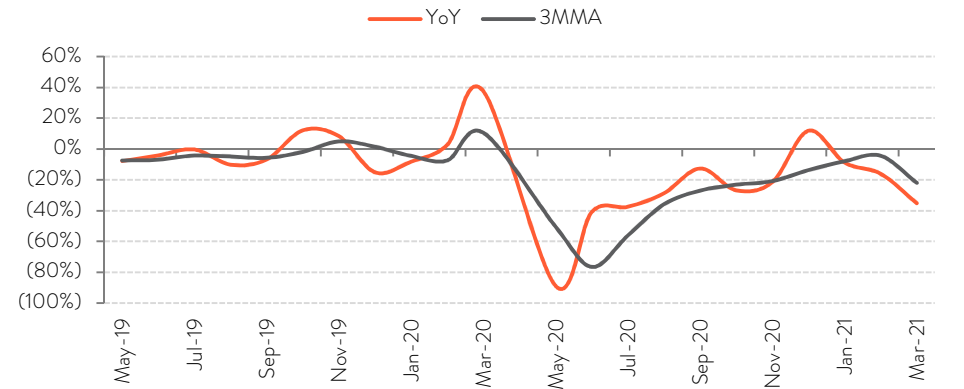


**FIG 7 – PASSENGER CAR SALES IMPROVES IN MAR'21**



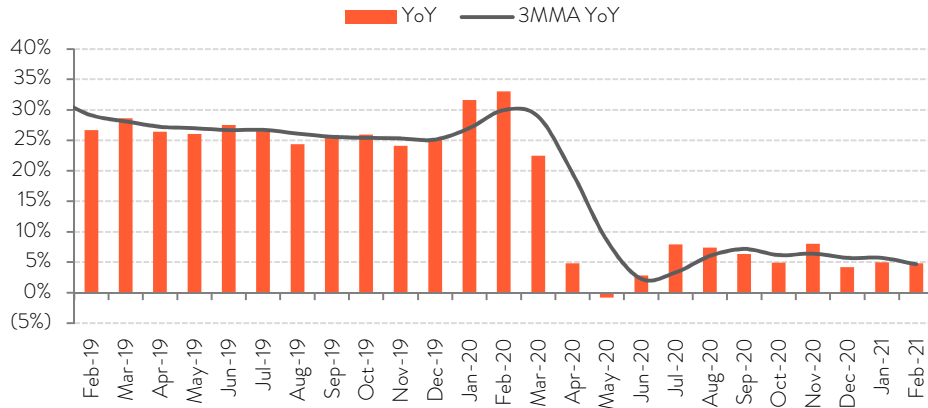
Source: FADA

**FIG 8 – TWO-WHEELER SALES CONTINUES TO FALL**

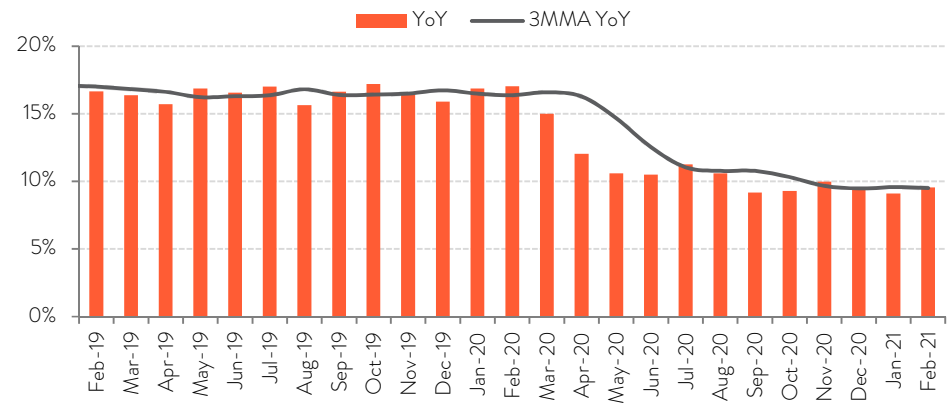


**Credit deployment of personal loans**

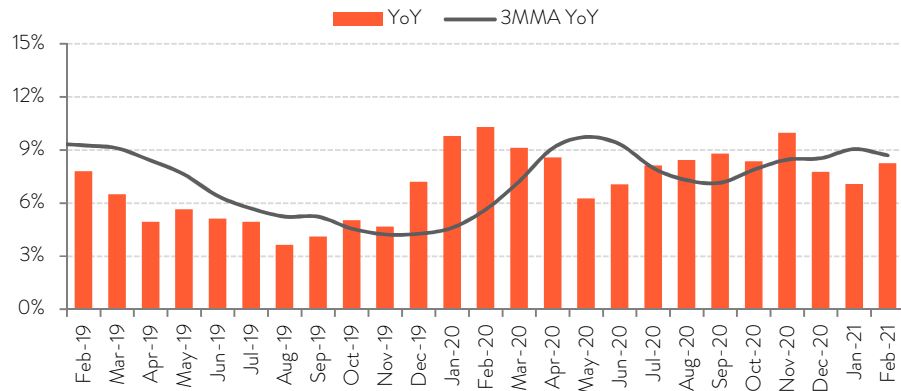
**FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING MODERATES**



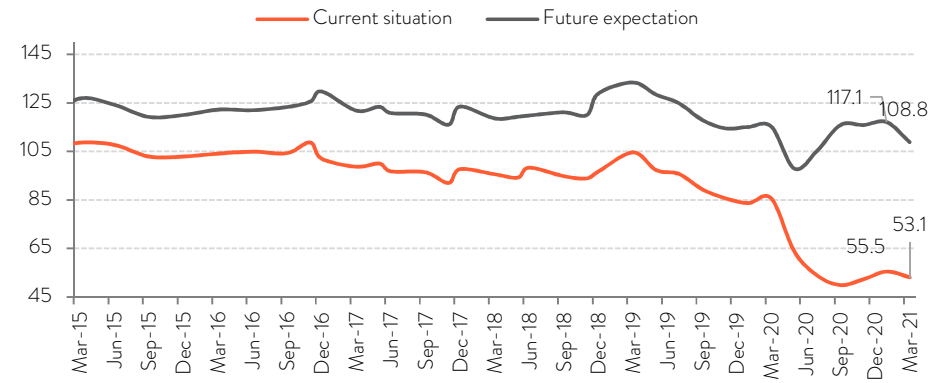
**FIG 10 – GROWTH IN PERSONAL LOAN INCH UP**



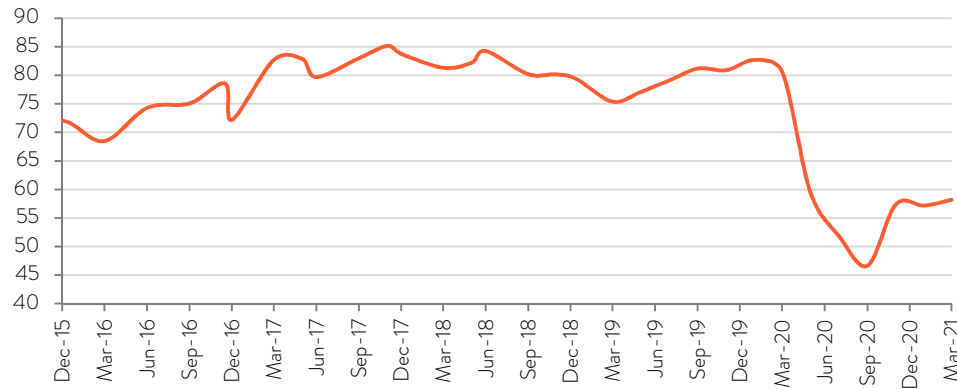
**FIG 11 – GROWTH IN VEHICLE LOAN IMPROVES**



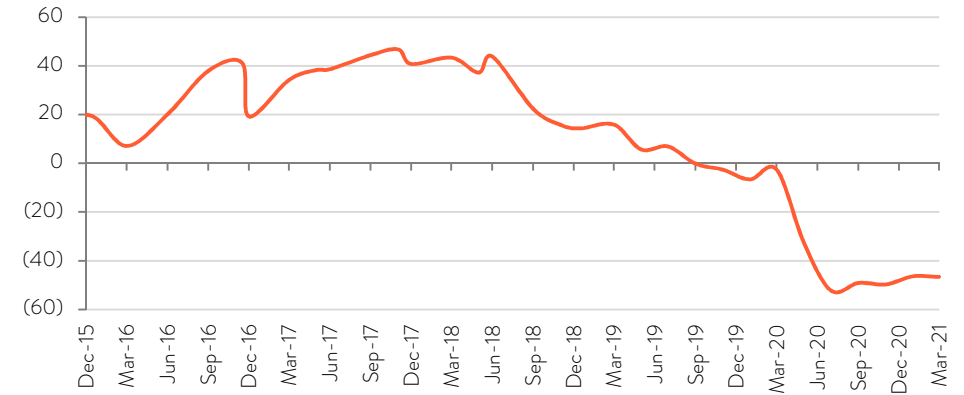
**FIG 12 – CONSUMER CONFIDENCE WEAKENED**



**FIG 13 – RBI’S ESSENTIAL SPENDING IMPROVES IN MAR’21**

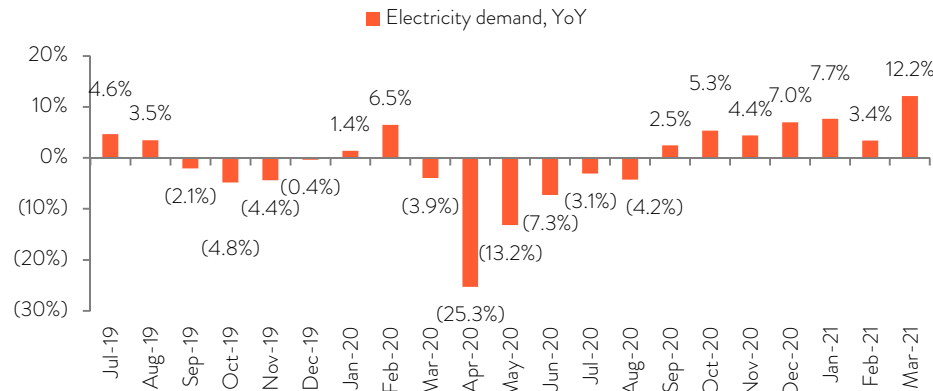


**FIG 14 – ...NON-ESSENTIAL SPENDING MODERATES**



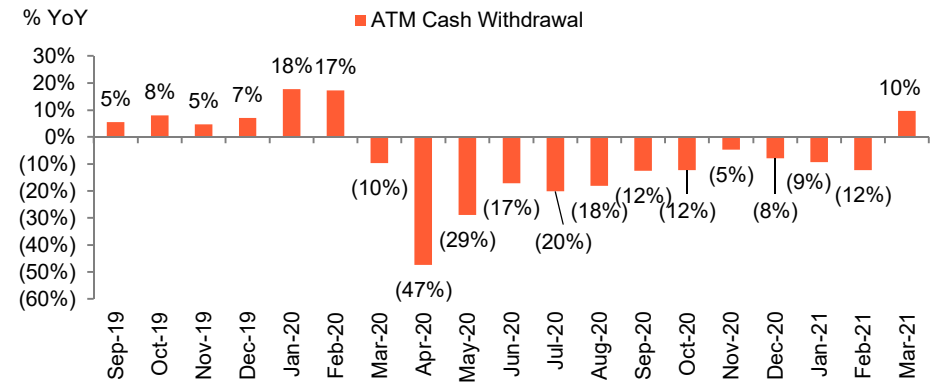
**Electricity Demand, Digital Payments, COVID cases, Google mobility Index**

**FIG 15 – ELECTRICITY DEMAND IMPROVES ON ACCOUNT OF LOW BASE**



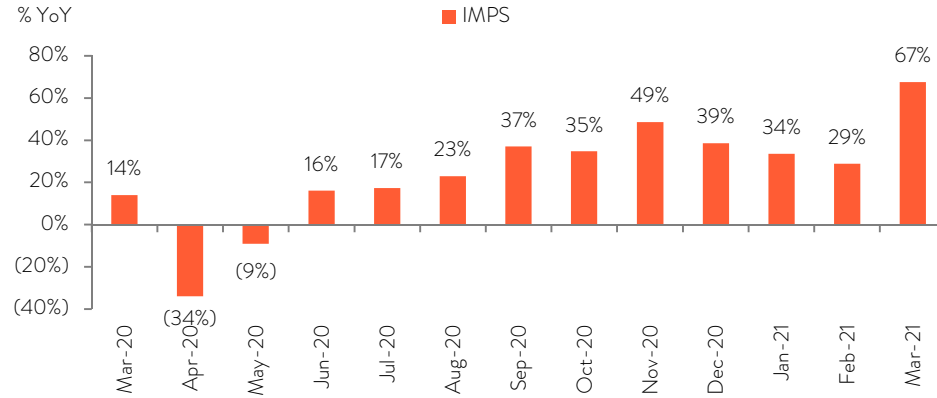
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

**FIG 16 – CASH WITHDRAWAL REBOUNDS IN MAR’21**



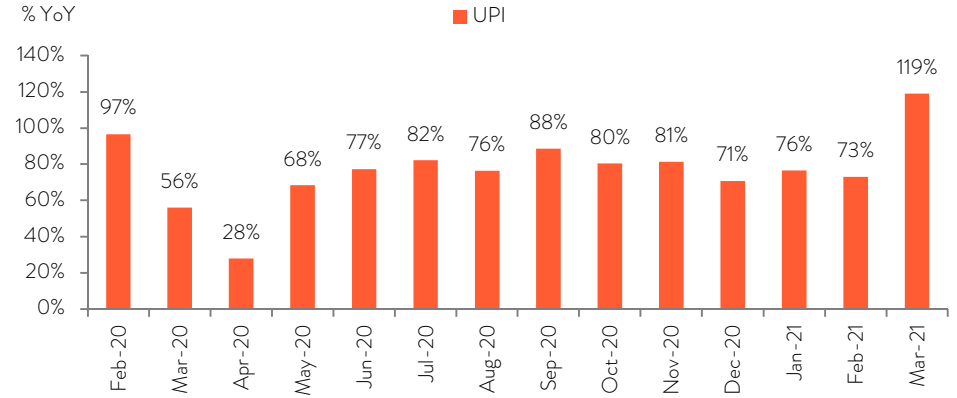
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

**FIG 17 – IMPS PAYMENTS ON A RISE**

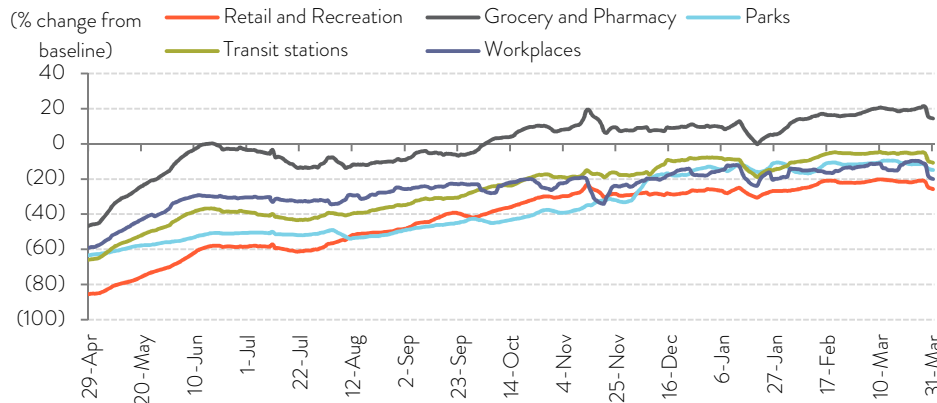


Source: NPCI

**FIG 18 – STRONG GROWTH IN UPI PAYMENTS**



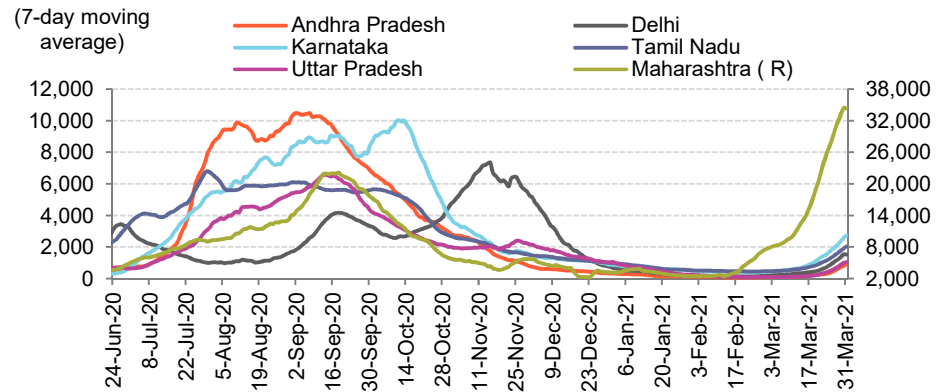
**FIG 19 – GOOGLE MOBILITY INDEX DIPS**



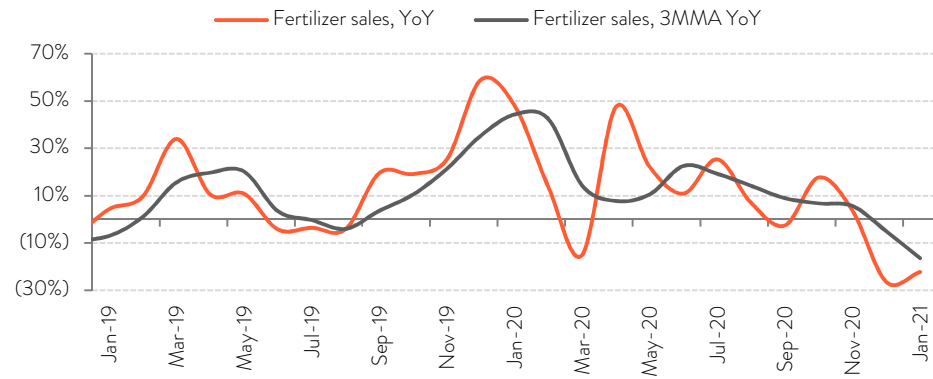
Source: Google Mobility Reports. Note: Highlights percentage change in visits to the place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb 2020)

Note: Data taken as 7 days rolling average

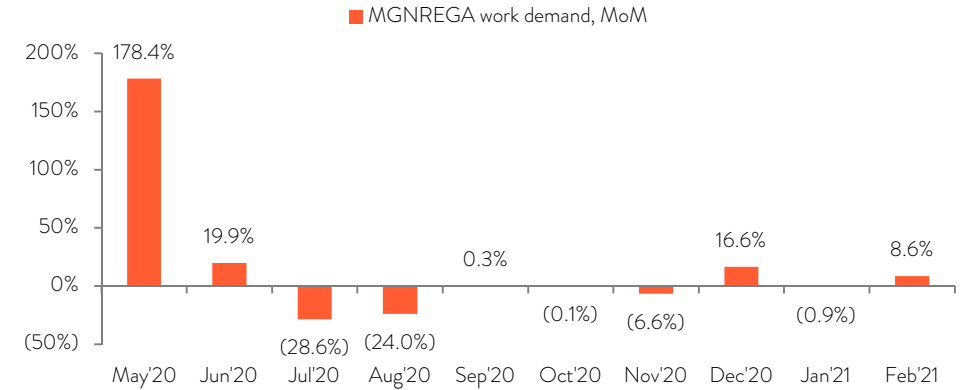
**FIG 20 – SECOND WAVE OF INFECTIONS; STATEWISE CASES RISING**



**FIG 21 – FERTILIZER SALES INCHING BACK UP IN JAN'21**



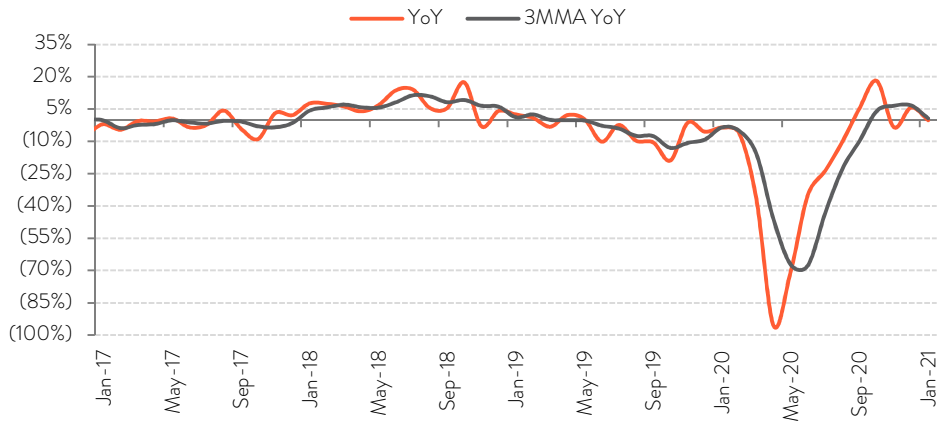
**FIG 22 – MGNREGA WORK DEMAND IMPROVES IN FEB'21**



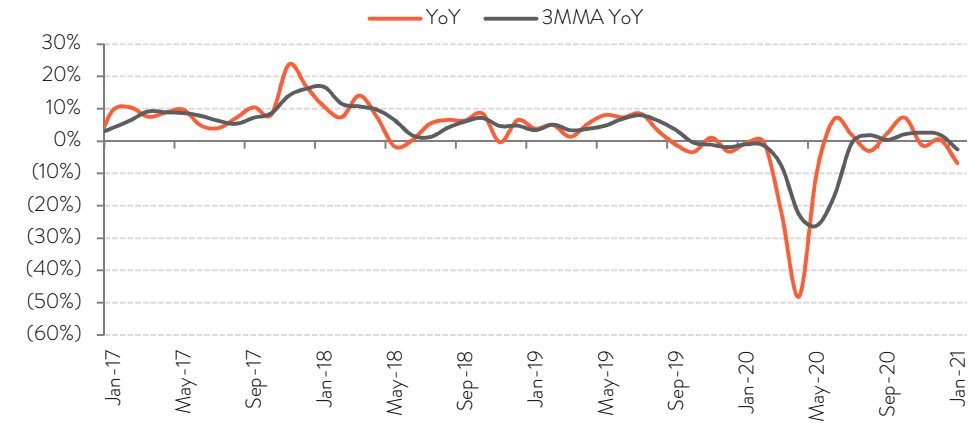
Source: MGNREGA

## Consumer durables & non-durables production

**FIG 23 – CONSUMER DURABLES OUTPUT DIPS**



**FIG 24 – FMCG OUTPUT TOO SLIPS IN JAN'21**





Agriculture

FIG 25 – HIGHER AGRI GROWTH IN Q3FY21

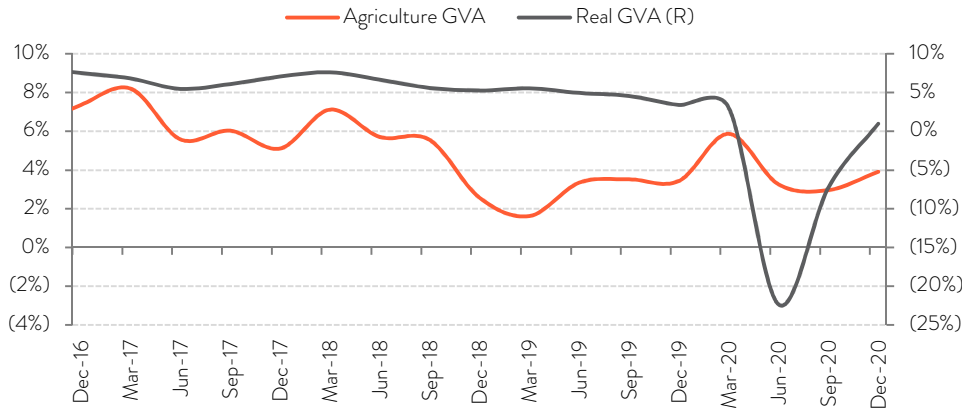


FIG 26 – GROWTH IN TRACTOR SALES DROPS

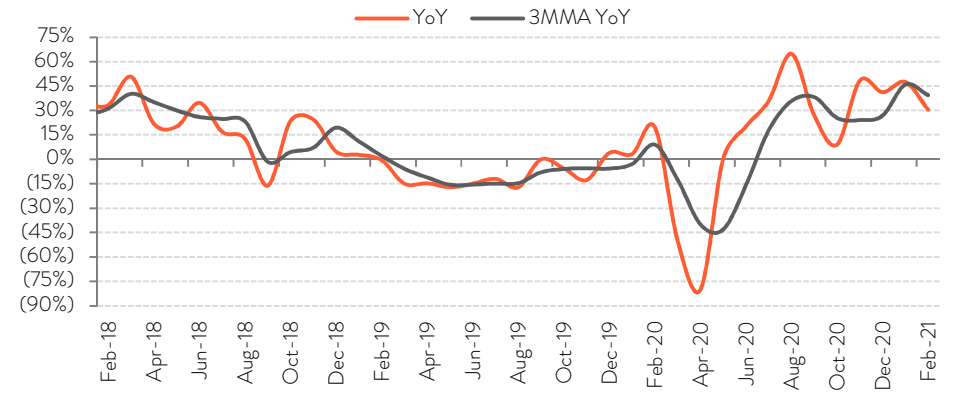


FIG 27 – AGRICULTURE CREDIT ACCELERATES

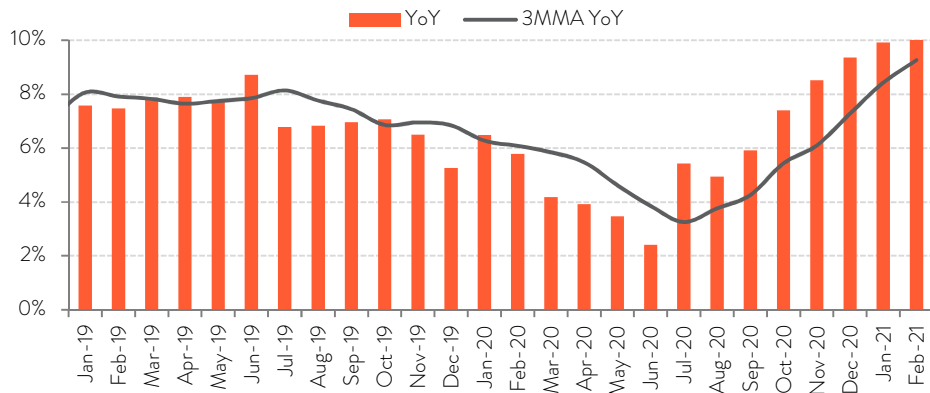
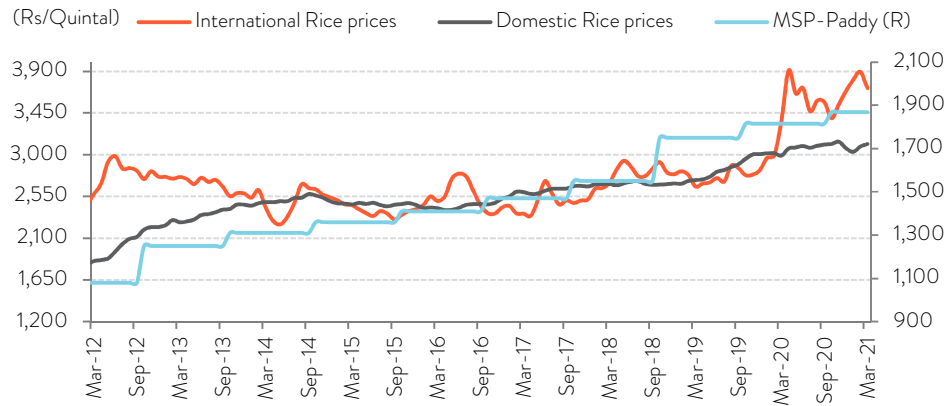


FIG 28 – HIGHER PROCUREMENT OF RICE

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	44.56*

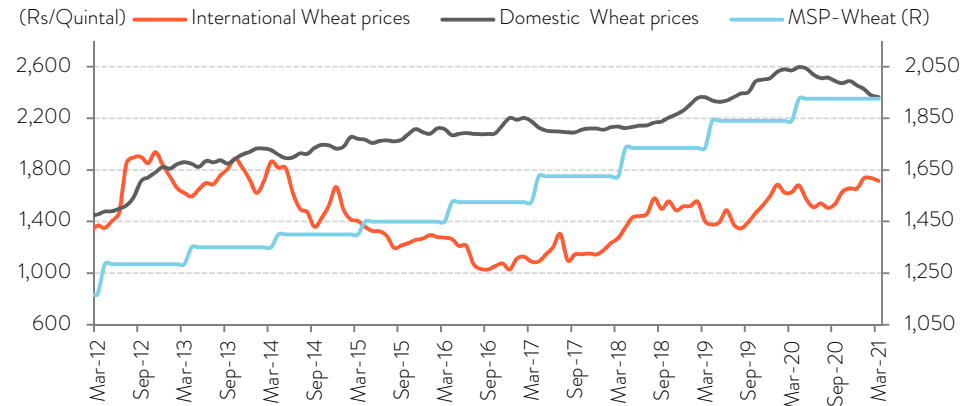
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 27 Feb 2021

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



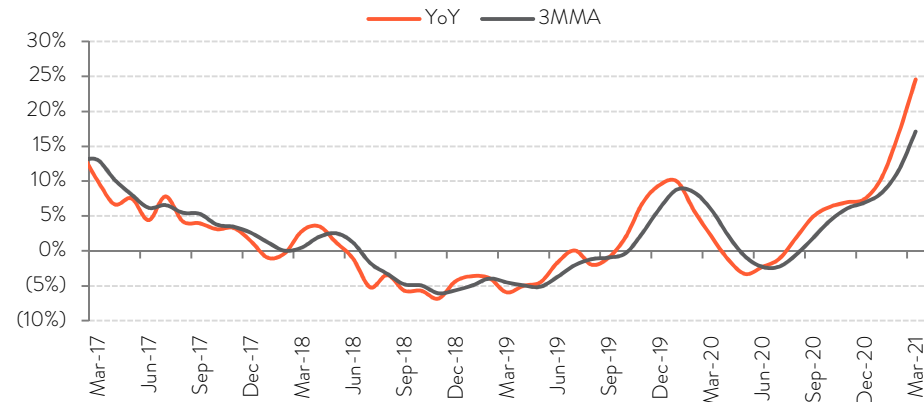
Source: World Bank

**FIG 30 – BOTH DOMESTIC AND INTERNATIONAL PRICE OF WHEAT HAS MODERATED**



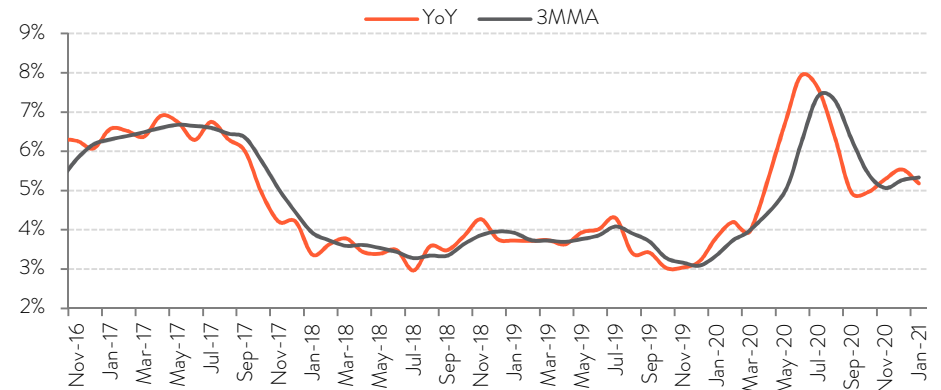
Source: World Bank

**FIG 31 – GLOBAL FOOD PRICES ACCELERATE FURTHER**



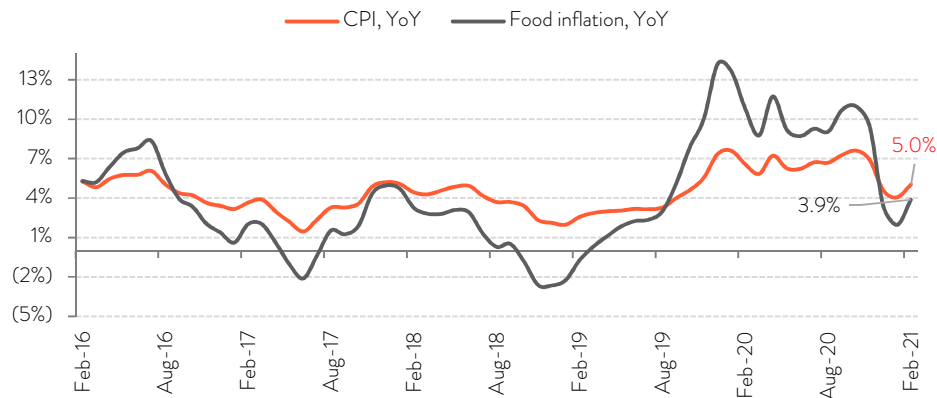
Source: FAO

**FIG 32 – WAGE GROWTH (MEN) SLOWS IN JAN'21**

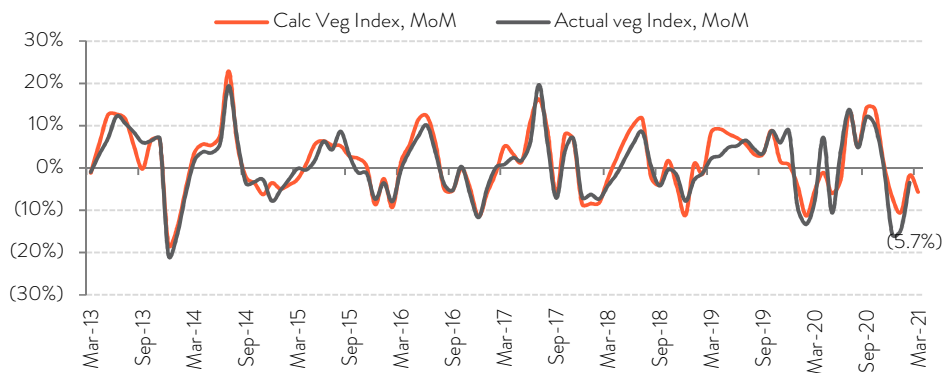


## Inflation

**FIG 33 – RETAIL INFLATION ROSE TO A 3-MONTH HIGH OF 5% IN FEB'21 FROM 4.1% IN JAN'21...**

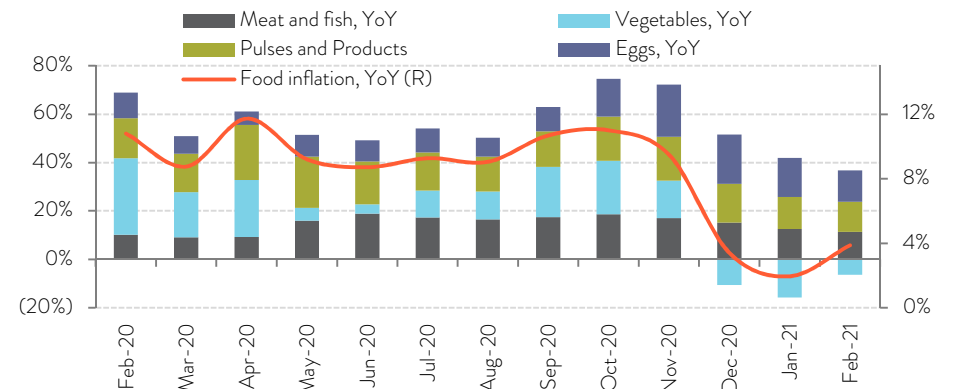


**FIG 35 – HOWEVER, VEGETABLE PRICES SEEN DECLINING IN MAR'21**

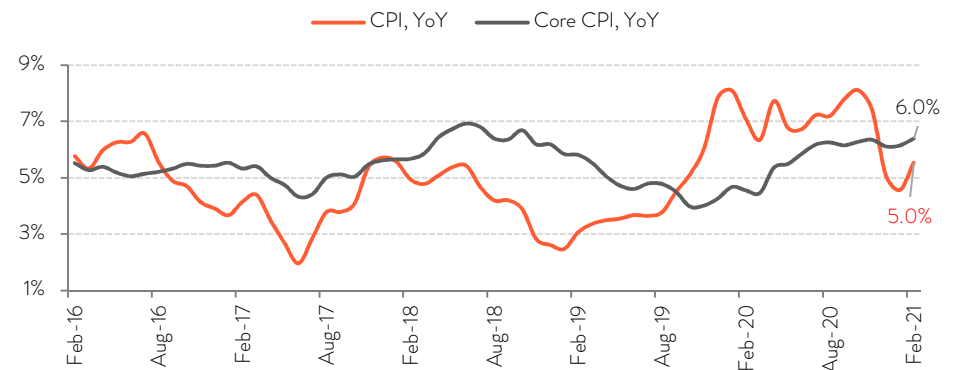


Note: \*Vegetable index computed using average retail price of major items

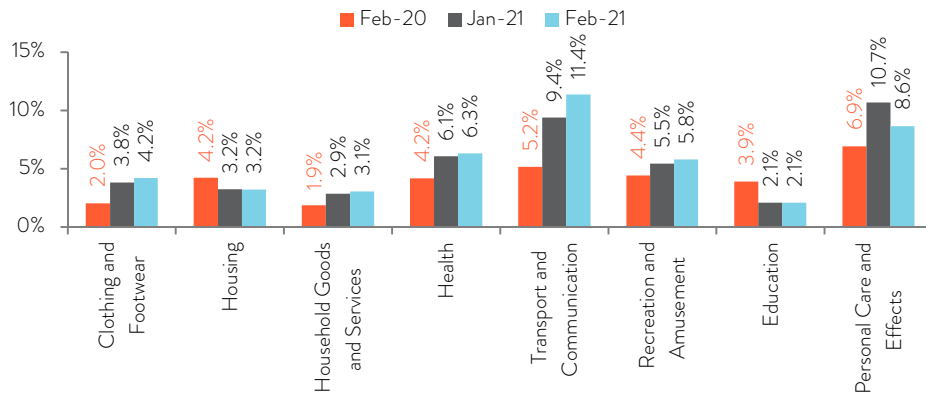
**FIG 34 – ...FOOD INFLATION ROSE BY 192BPS TO 3.9% IN FEB'21 FROM 2% IN JAN'21 LED BY VEGETABLES, PULSES, MEAT & FISH**



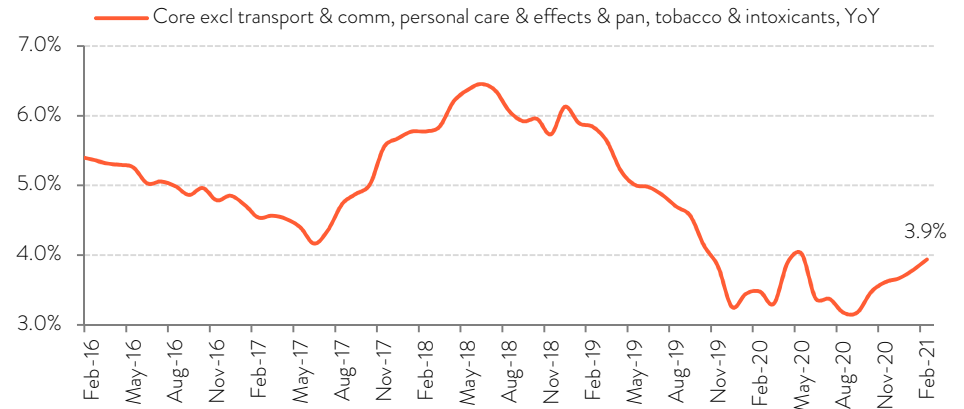
**FIG 36 – CPI EXCL. FOOD AND FUEL FIRMED UP TO 6% IN FEB'21 FROM 5.7% IN JAN'21**



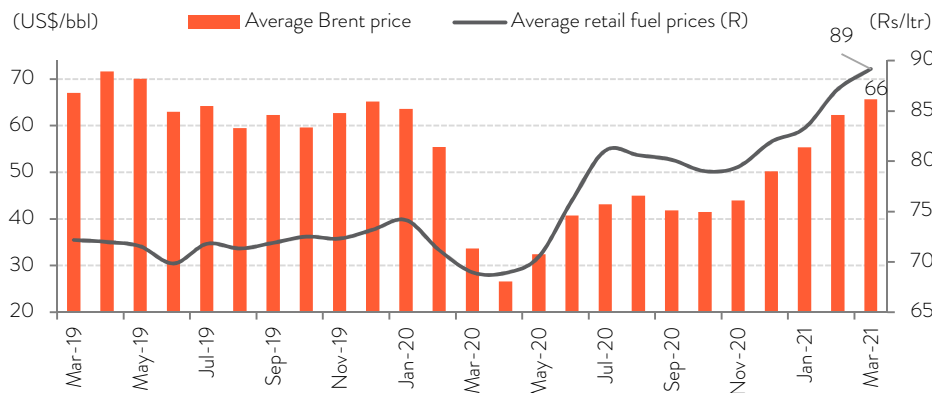
**FIG 37 – ...LED BY TRANSPORT AND COMMUNICATION, HEALTH, RECREATION AND AMUSEMENT INFLATION**



**FIG 38 – EVEN, CORE EXCL. MAJOR VOLATILE ITEMS HAS INCHEDED UP SLIGHTLY TO 3.9% IN FEB'21 FROM 3.8% IN JAN'21**

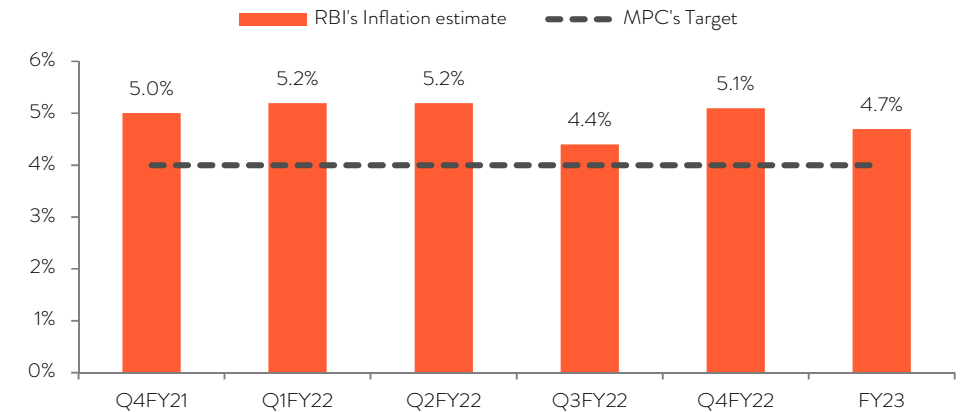


**FIG 39 – RETAIL FUEL PRICES ROSE TO A LIFETIME HIGH OF RS 89/LT IN MAR'21 FROM 87/LT IN FEB'21 IN LINE WITH INTERNATIONAL CRUDE PRICE**



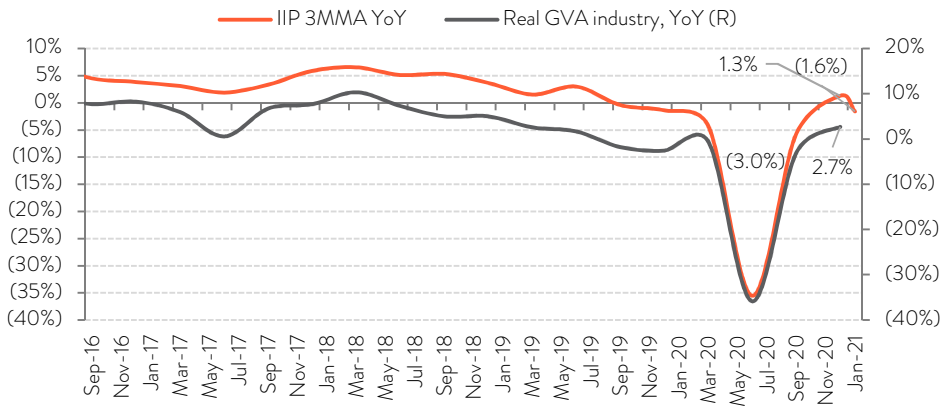
Note: \*Average retail price of Delhi, Kolkata, Mumbai and Chennai

**FIG 40 – RBI'S NEW INFLATION ESTIMATE IS ABOVE MPC'S 4% TARGET**



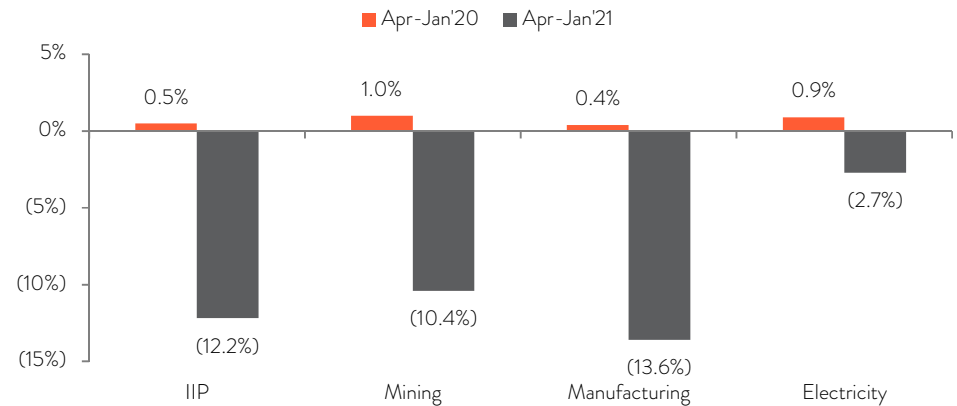
## Industry

**FIG 41 – INDUSTRIAL OUTPUT DIPS IN JAN'21**

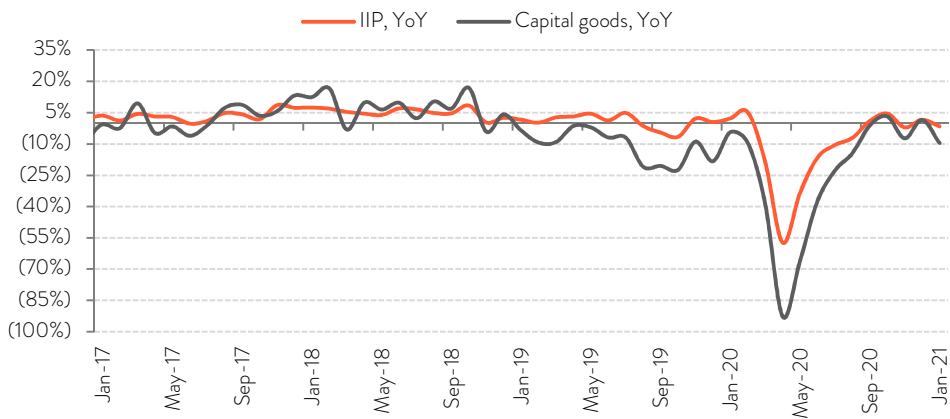


Note: IIP for Jan'21 is on YoY basis

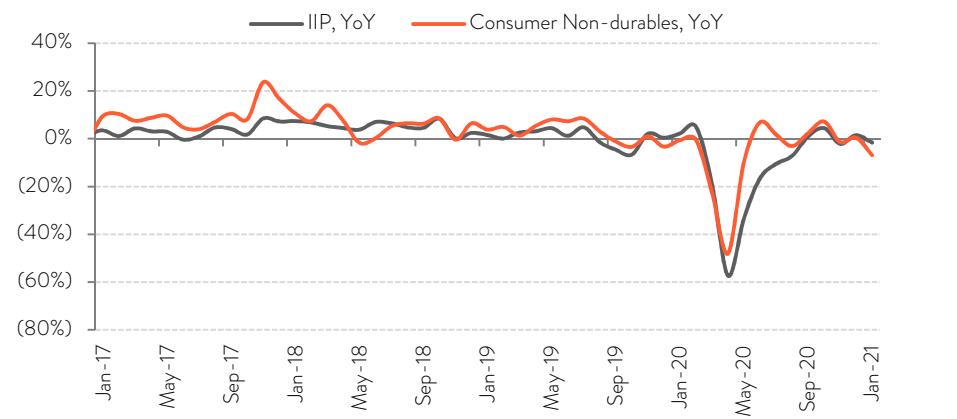
**FIG 42 – BROAD BASED SLOWDOWN ON FYTD BASIS CAN BE SEEN**



**FIG 43 – CAPITAL GOODS OUTPUT DROP**



**FIG 44 – FMCG GOODS HAS ALSO CONTRACTED**

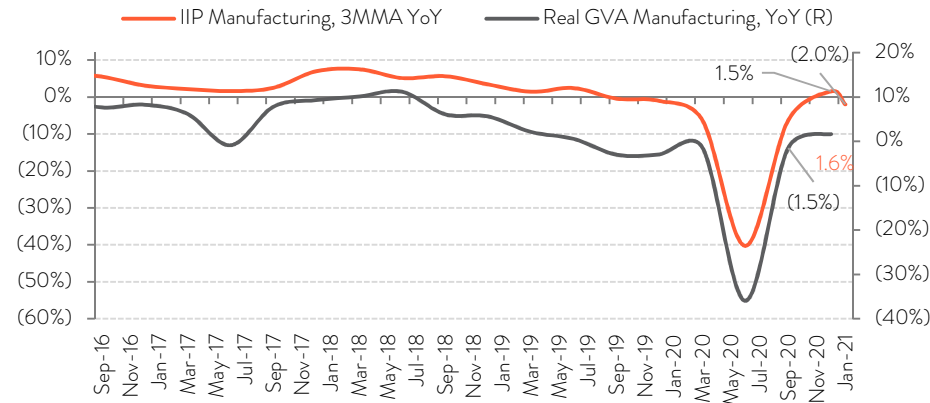


**FIG 45 – IIP GROWTH SLIPS BACK IN JAN'21**

Sectoral (%)	Weight	Jan-21	Dec-20	Jan-20	Apr-Jan'21	Apr-Jan'20
IIP	100.0	(1.6)	1.6	2.2	(12.2)	0.6
Mining	14.4	(3.7)	(4.2)	4.4	(10.2)	0.9
Manufacturing	77.6	(2.0)	2.1	1.8	(13.7)	0.5
Electricity	8.0	5.5	5.1	3.1	(2.2)	1.0
<b>Use-Based</b>						
Primary Goods	34.1	0.2	(0.1)	1.8	(8.9)	0.5
Capital Goods	8.2	(9.6)	1.5	(4.4)	(24.7)	(11.3)
Intermediate Goods	17.2	0.5	2.2	15.6	(13.7)	11.2
Infrastructure and Construction Goods	12.3	0.3	2.7	(0.3)	(13.1)	(1.9)
Consumer Durables Goods	12.8	(0.2)	5.7	(3.7)	(20.9)	(6.0)
Consumer Non-Durables Goods	15.3	(6.8)	0.5	(0.6)	(5.0)	2.5

## Manufacturing

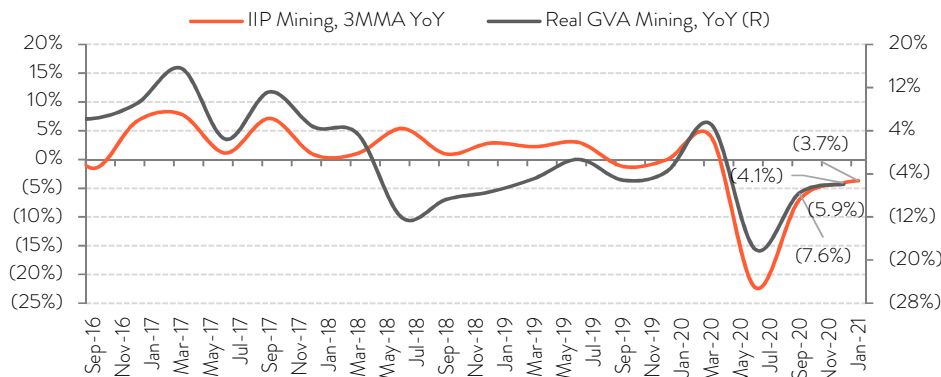
**FIG 46 – MANUFACTURING ACTIVITY DIPS IN JAN'21**



Note: IIP for Jan'21 is on YoY basis

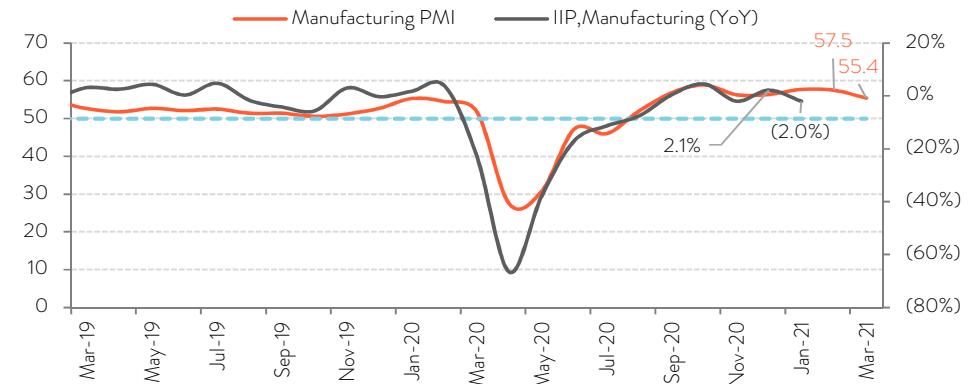
## Mining & Electricity

**FIG 48 – MINING ACTIVITY SLOWLY IMPROVING IN JAN'21**



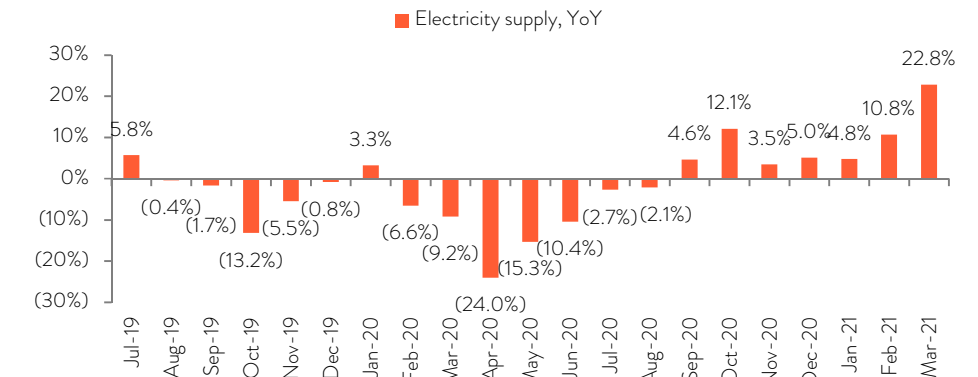
Note: IIP for Jan'21 is on YoY basis

**FIG 47 – MANUFACTURING PMI MODERATES IN MAR'21**



Source: Markit

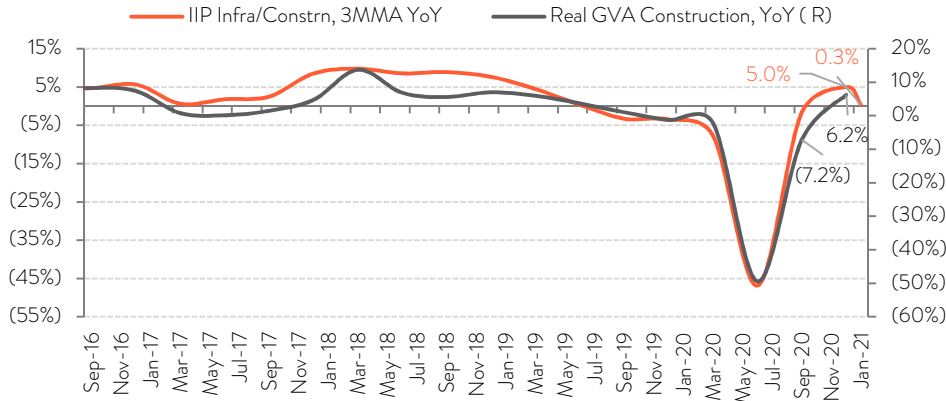
**FIG 49 – GROWTH IN ELECTRICITY OUTPUT ACCELERATES ON ACCOUNT OF LOW BASE**



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

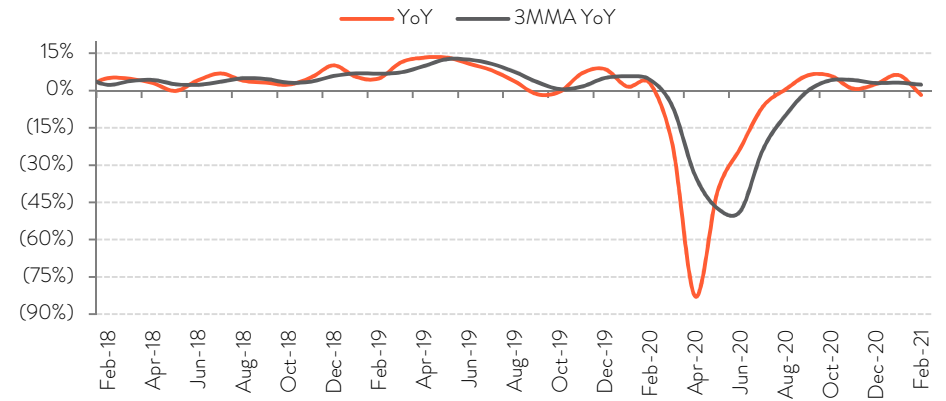
Infrastructure and Construction

FIG 50 – GROWTH IN CONSTRUCTION FALLS IN JAN'21



Note: IIP for Jan'21 is on YoY basis

FIG 51 – STEEL PRODUCTION TOO DIPS IN FEB'21



Infrastructure Index

FIG 52 – INFRA INDEX SLIPS IN TO CONTRACTION

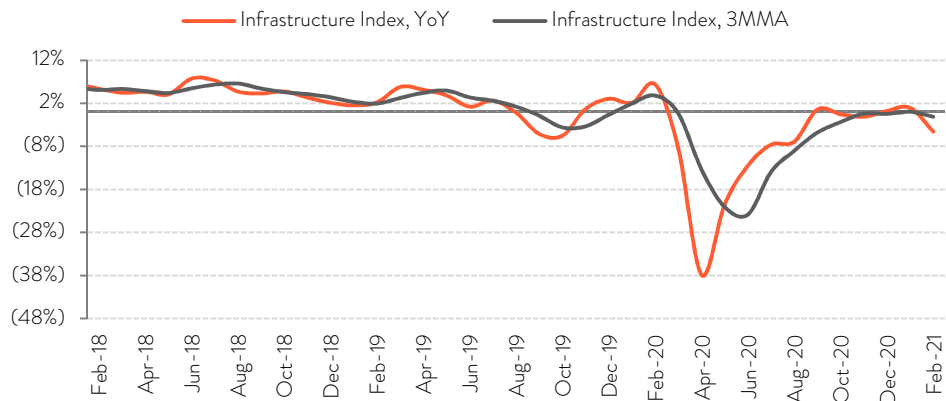
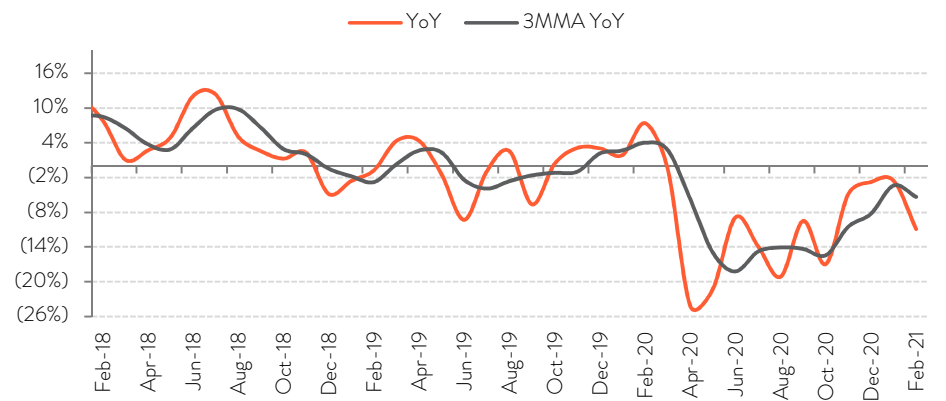


FIG 53 – DOUBLE DIGIT CONTRACTION FOR PETROLEUM REFINERY OUTPUT





## Auto production & Business expectation index

FIG 54 – AUTO PRODUCTION IMPROVES

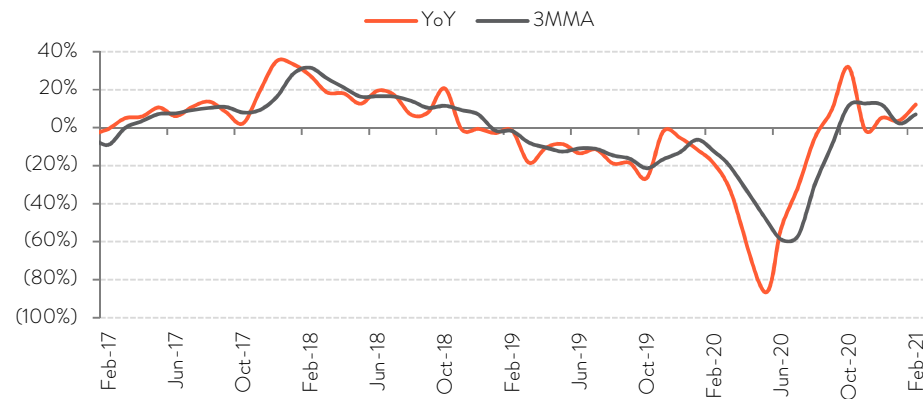


FIG 55 – BUSINESS SENTIMENT TURNS OPTIMISTIC

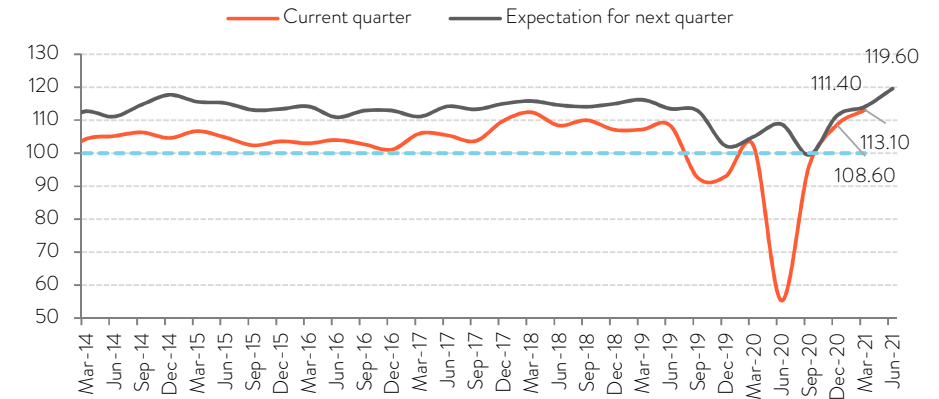
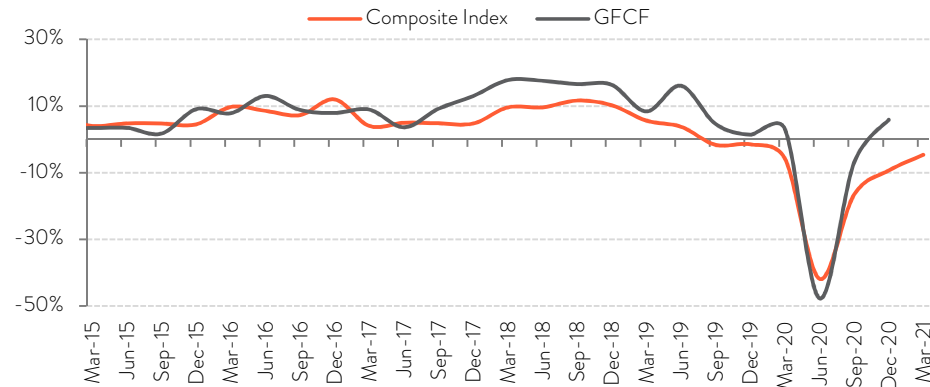


FIG 56 – INFRASTRUCTURE INDEX DROPS TO 6-MONTH LOW

(%)	Weight	Feb-21	Jan-21	Feb-20	Apr-Feb'21	Apr-Feb'20
Infrastructure Index	100	(4.6)	0.9	6.4	(8.3)	1.3
Coal	10.3	(4.4)	(1.9)	11.3	(2.2)	(1.0)
Crude Oil	9.0	(3.2)	(4.6)	(6.4)	(5.4)	(6.0)
Natural Gas	6.9	(1.0)	(2.0)	(9.6)	(9.9)	(4.8)
Petroleum Refinery Products	28.0	(10.9)	(2.6)	7.4	(12.2)	(0.3)
Fertilizers	2.6	(3.7)	2.7	2.9	2.4	4.1
Steel	17.9	(1.8)	6.2	2.9	(12.4)	6.1
Cement	5.4	(5.5)	(5.8)	7.8	(15.5)	1.8
Electricity	19.9	(0.2)	5.5	11.5	(2.5)	1.8

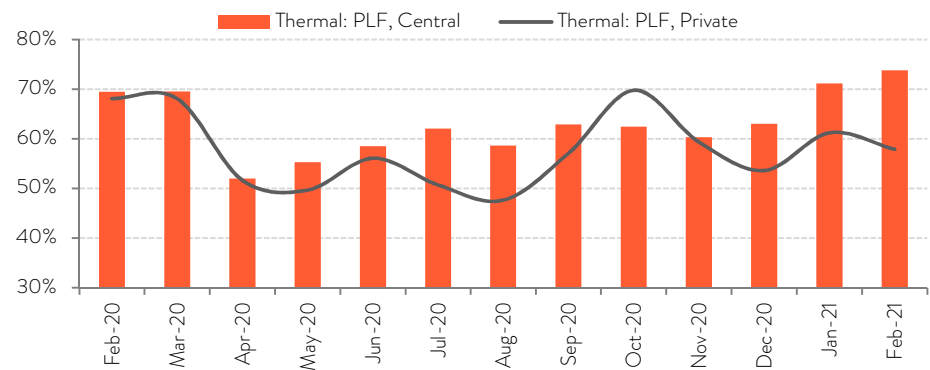
## Investment

**FIG 57 – COMPOSITE INDEX OF INVESTMENT DEMAND STILL IN NEGATIVE TERRITORY DESPITE SHOWING SOME IMPROVEMENT**

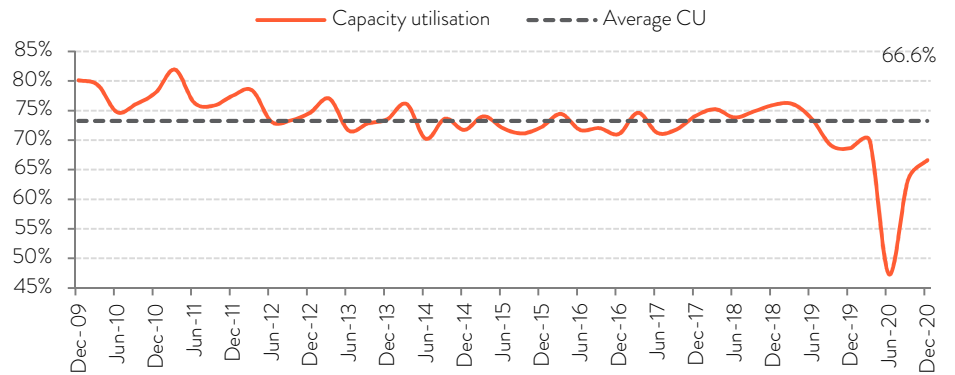


Note: Composite Index is calculated using equal weightage for indicators such as capital goods production, imports, steel, cement and state government capex

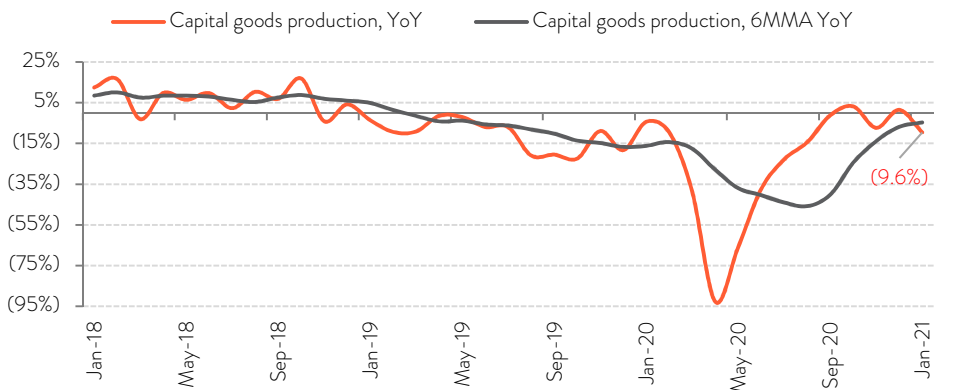
**FIG 59 – PLF OF CENTRAL THERMAL PLANTS PICKED UP IN FEB'21 AS WELL, HOWEVER FOR PRIVATE PLANTS IT EDGED DOWN**



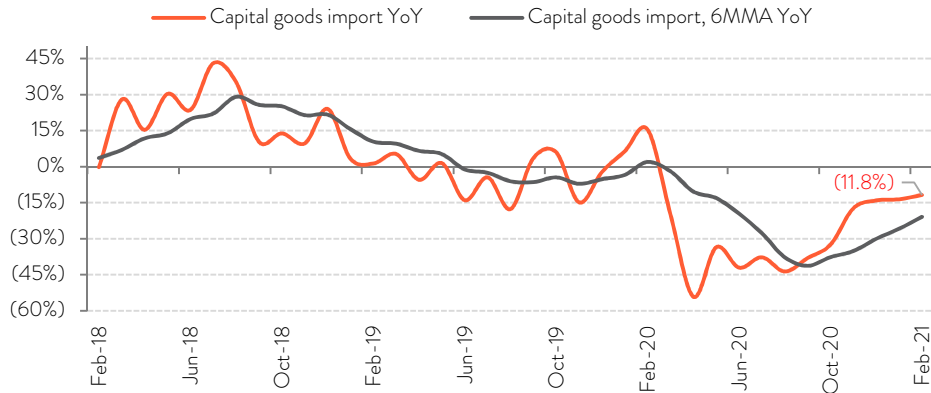
**FIG 58 – RBI'S SURVEY SHOWED CAPACITY UTILISATION PICKED UP IN DEC'20**



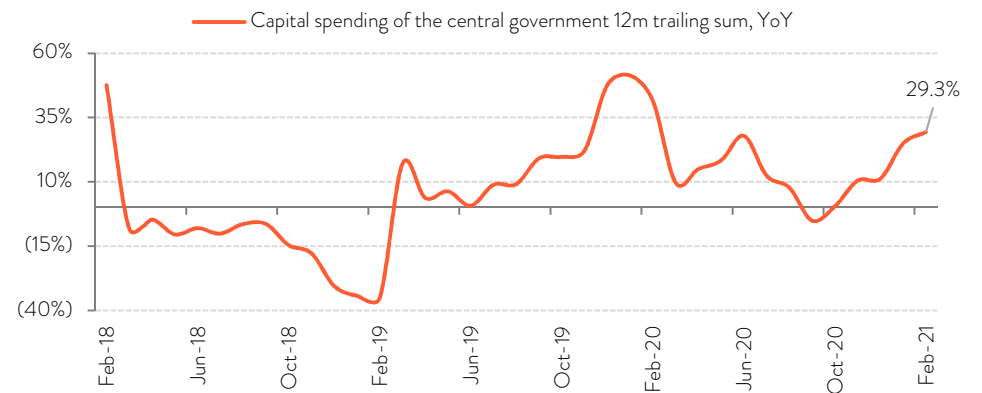
**FIG 60 – CAPITAL GOODS PRODUCTION FELL SHARPLY BY 9.6% IN JAN'21 FROM 1.6% INCREASE IN DEC'20**



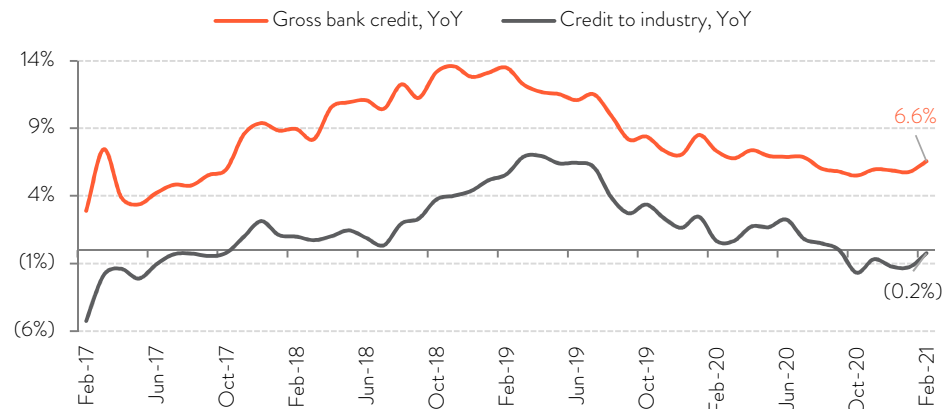
**FIG 61 – CONTRACTION IN IMPORTS OF CAPITAL GOODS EASED TO 11.8% IN FEB’21 FROM 13.6% IN JAN’21**



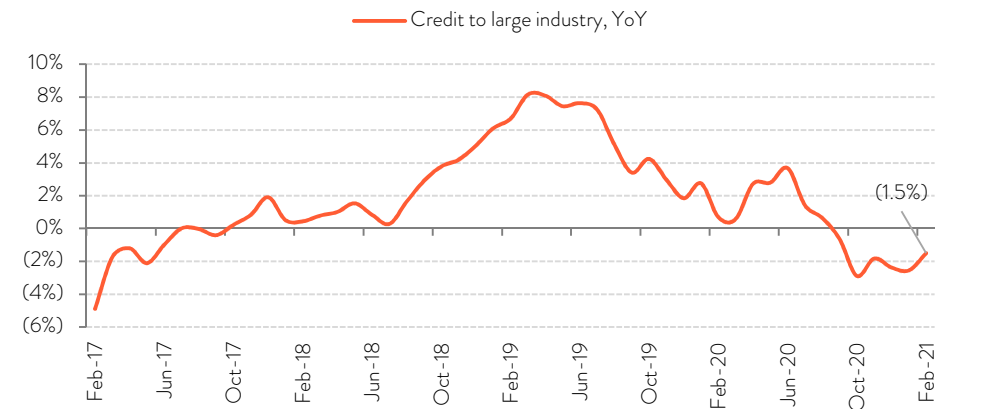
**FIG 62 – CENTRE’S CAPEX SPENDING SHOT UP BY 29.3% IN FEB’21 VERSUS 24.9% IN JAN’21**



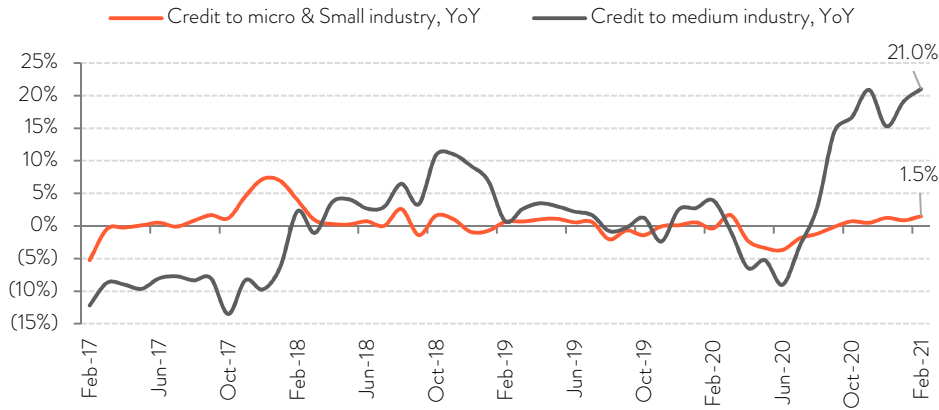
**FIG 63 – PACE OF DECLINE IN INDUSTRY CREDIT EASED TO 0.2% IN FEB’21 FROM 1.3% DECLINE IN JAN’21**



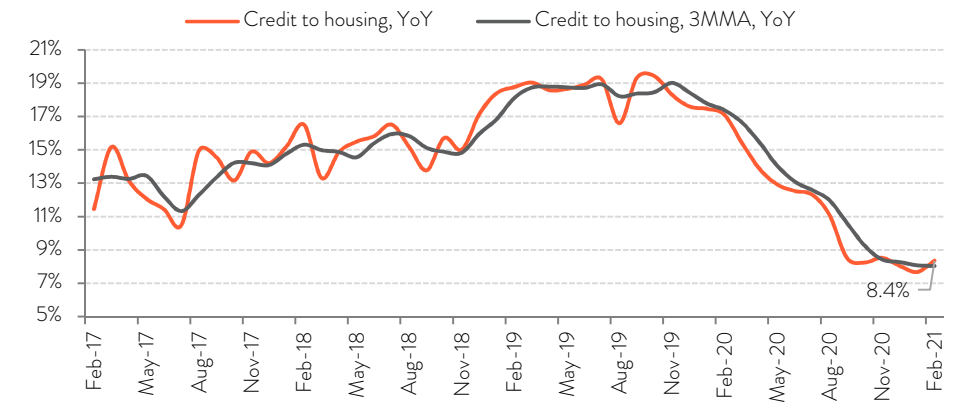
**FIG 64 – FOR LARGE INDUSTRY AS WELL, CREDIT OFFTAKE DECLINED AT A LESSER PACE OF 1.5% COMPARED WITH 2.6% DECLINE IN JAN’21**



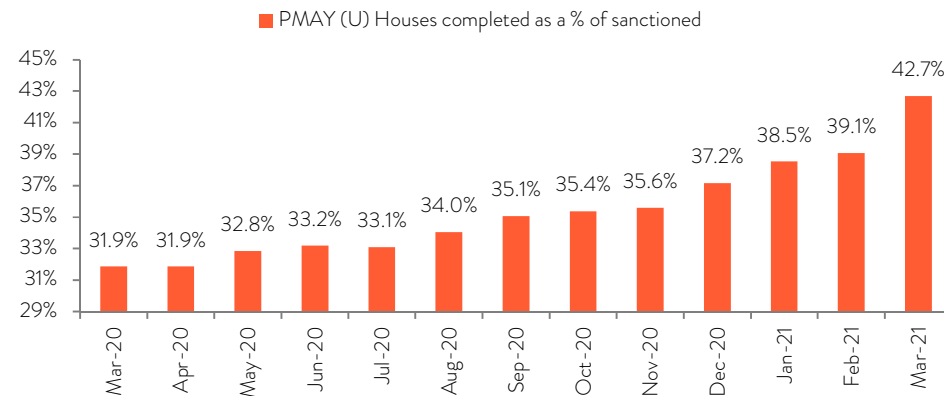
**FIG 65 – CREDIT TO MEDIUM INDUSTRY ICHE D UP TO 21% IN FEB'21 FROM 19.1% IN JAN'21, FOR MICRO AND SMALL IT ROSE TO 1.5% FROM 0.9%**



**FIG 66 – HOUSING CREDIT PICKED UP TO 8.4% IN FEB'21 FROM 7.7% IN JAN'21**

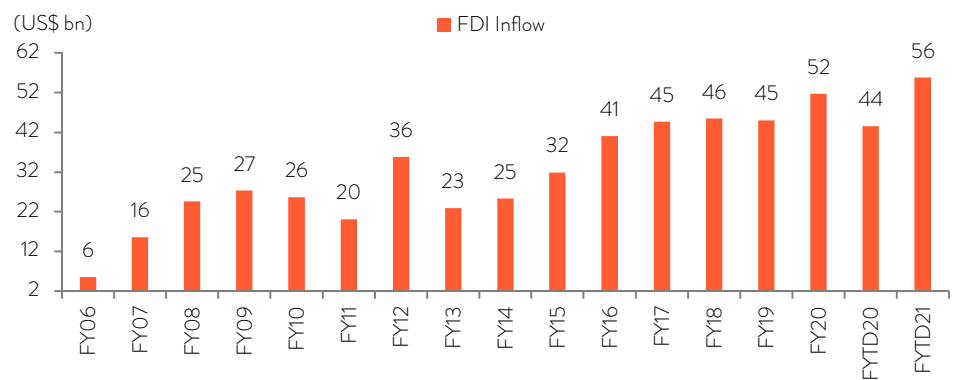


**FIG 67 – AFFORDABLE HOUSING IS ALSO PICKING PACE**



Source: MOHUA

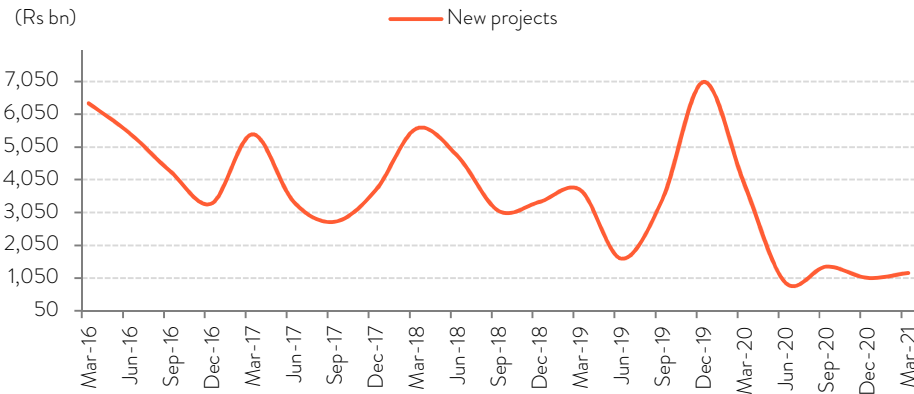
**FIG 68 – FDI INFLOWS ARE FAR HIGHER AT US\$ 56BN IN FYTD21\* AGAINST US\$ 44BN IN THE SAME PERIOD OF PREVIOUS YEAR**



Source: RBI, FYTD: Apr-Jan

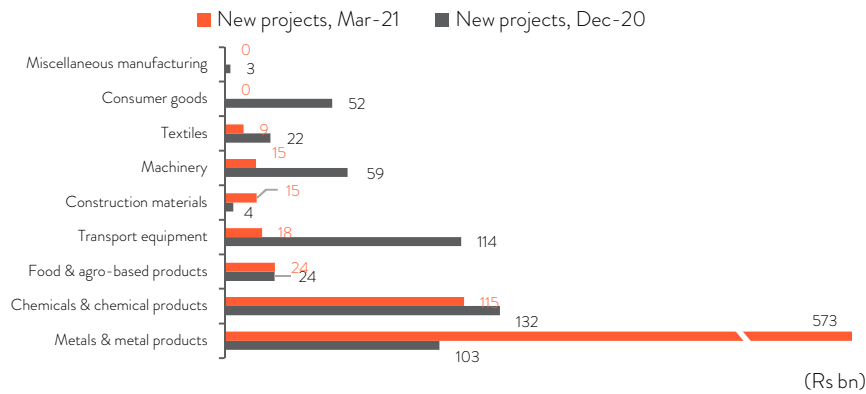
Capex data

**FIG 69 – NEW PROJECT ANNOUNCEMENTS PICKED UPTO RS 1.2TN IN MAR’21 FROM RS 1.1TN IN DEC’20**



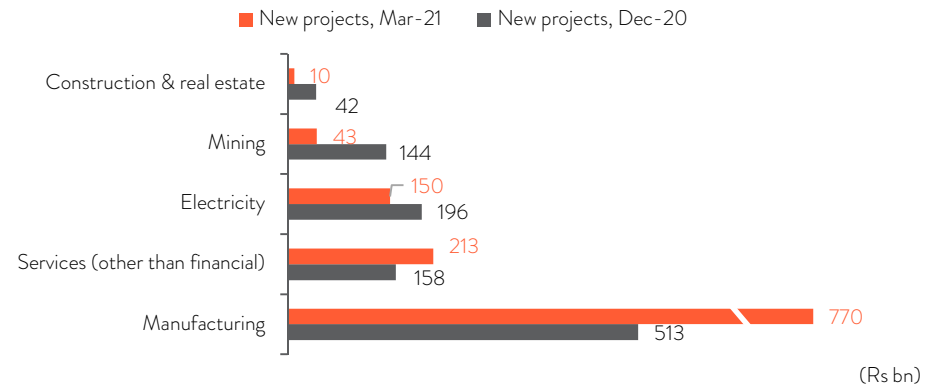
Source: CMIE

**FIG 71 – WITHIN MANUFACTURING, METAL AND METAL PRODUCTS AND CONSTRUCTION SECTOR NOTED INCREASE**



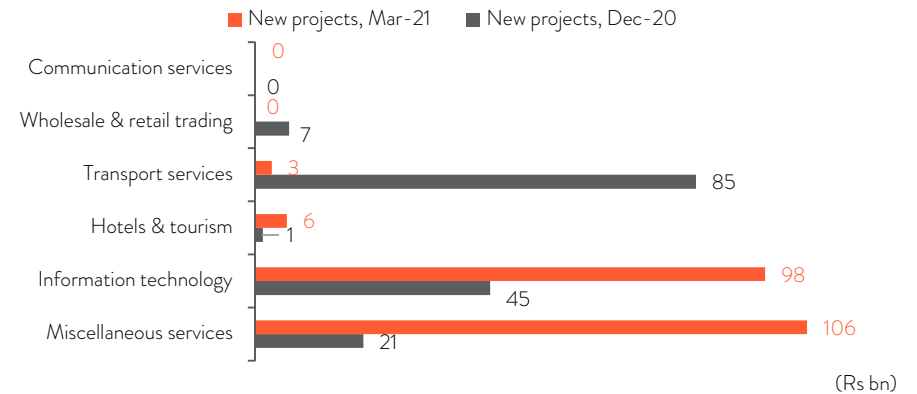
Source: CMIE

**FIG 70 – ...LED BY MANUFACTURING AND SERVICES SECTOR**



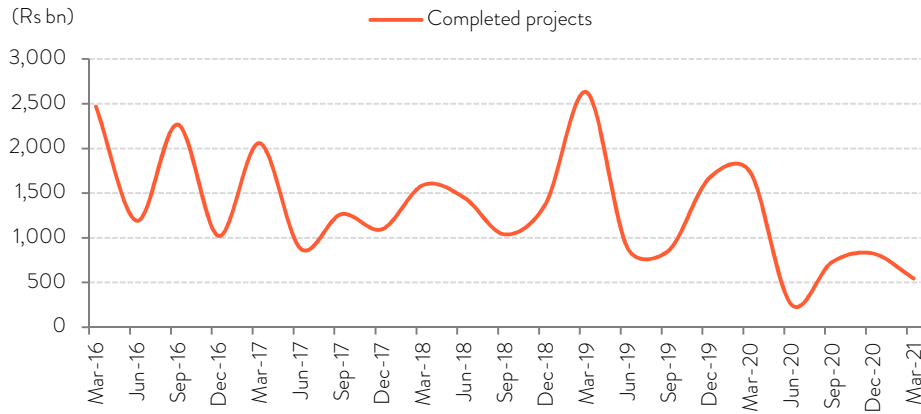
Source: CMIE

**FIG 72 – ...WITHIN SERVICES, IT AND MISCELLANEOUS SERVICES PICKED UP**



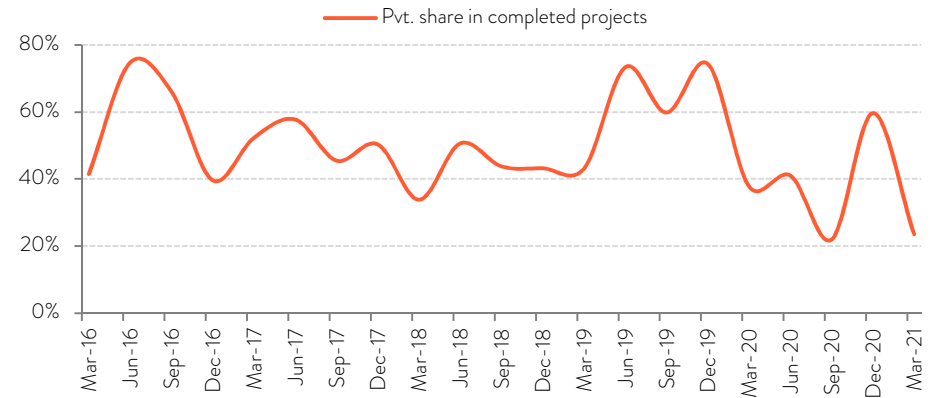
Source: CMIE

**FIG 73 – COMPLETED PROJECTS FELL TO RS 545BN IN MAR'21 COMPARED WITH RS 825BN IN DEC'20**



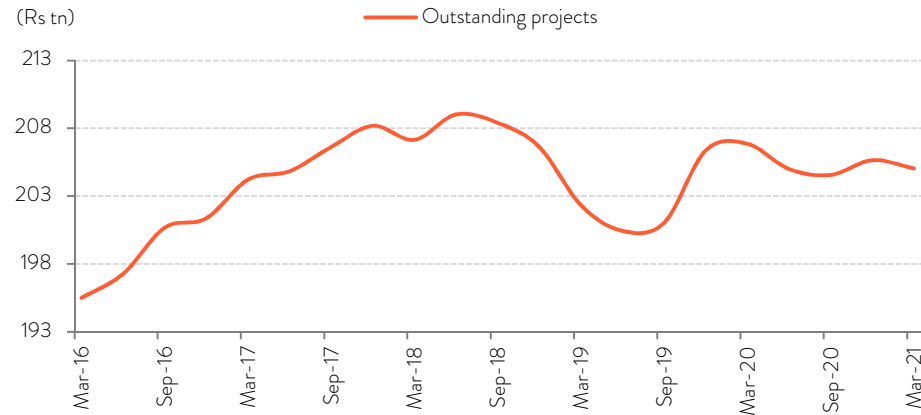
Source: CMIE

**FIG 74 – ... LED BY PRIVATE SECTOR**



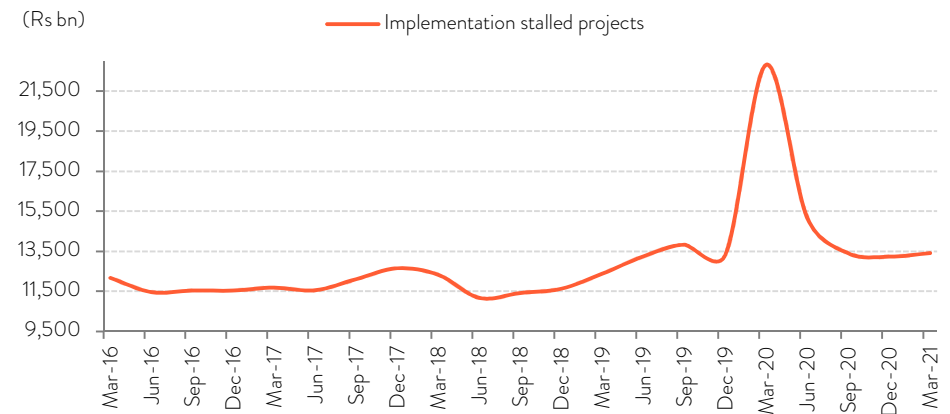
Source: CMIE

**FIG 75 – OUTSTANDING PROJECTS STOOD AT RS 205TN**



Source: CMIE

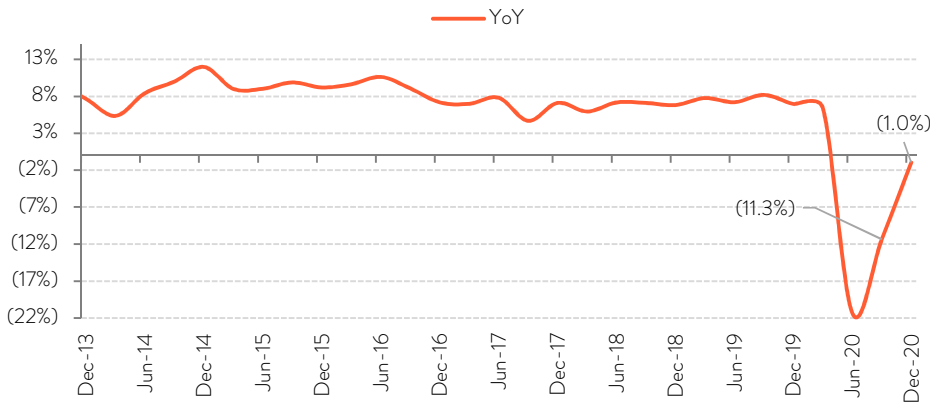
**FIG 76 – IMPLEMENTATION STALLED PROJECTS WAS STABLE AT RS 13TN**



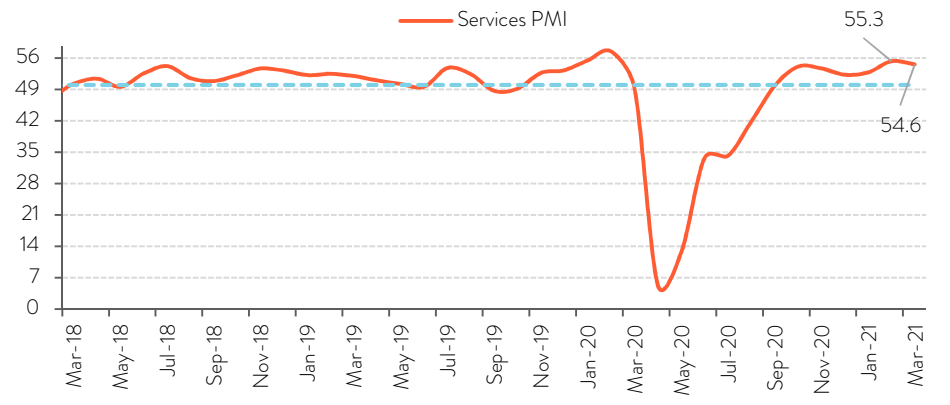
Source: CMIE

## Services sector

**FIG 77 – GVA: SERVICES ACTIVITY RECOVERED SIGNIFICANTLY INQ3FY21**

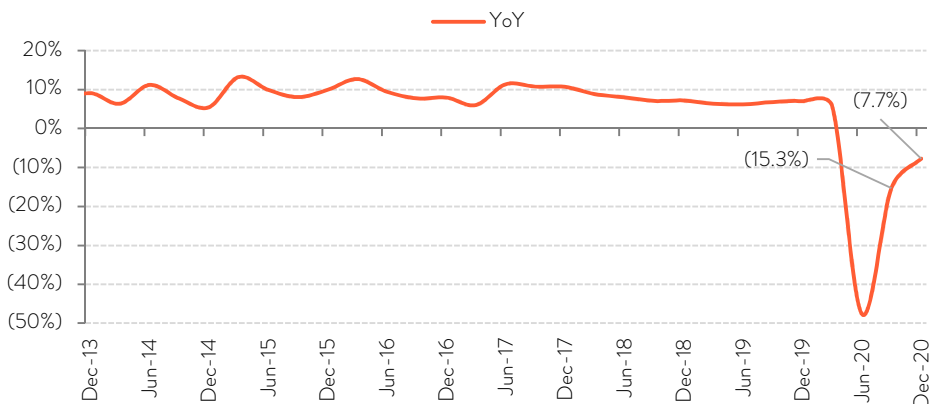


**FIG 78 – SERVICES PMI EASED IN MAR'21**

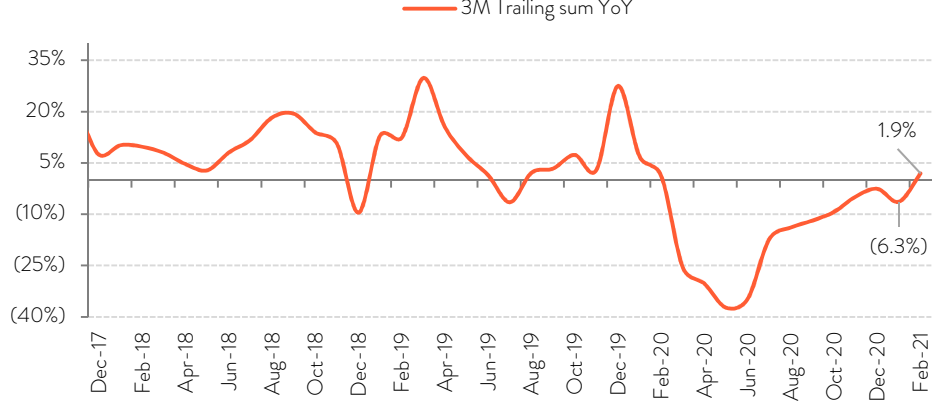


Source: Markit

**FIG 79 – GVA: TRADE & RELATED SERVICES JUMPED SHAPRLY...**



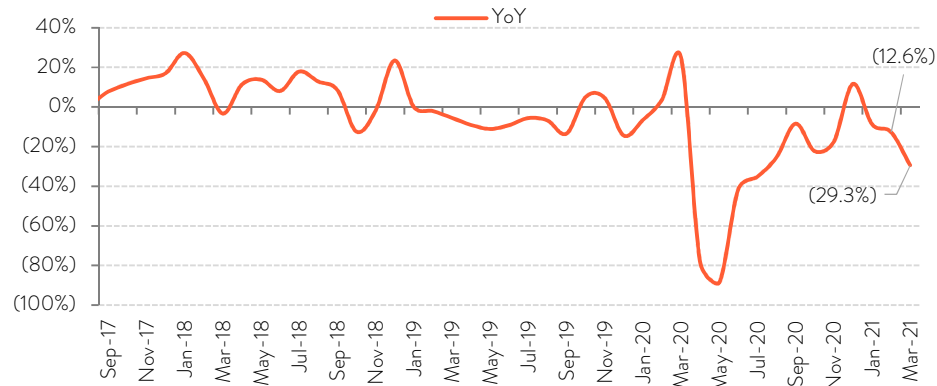
**FIG 80 – STATES\* TAX REVENUE GROWTH IMPROVED IN FEB'21**



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

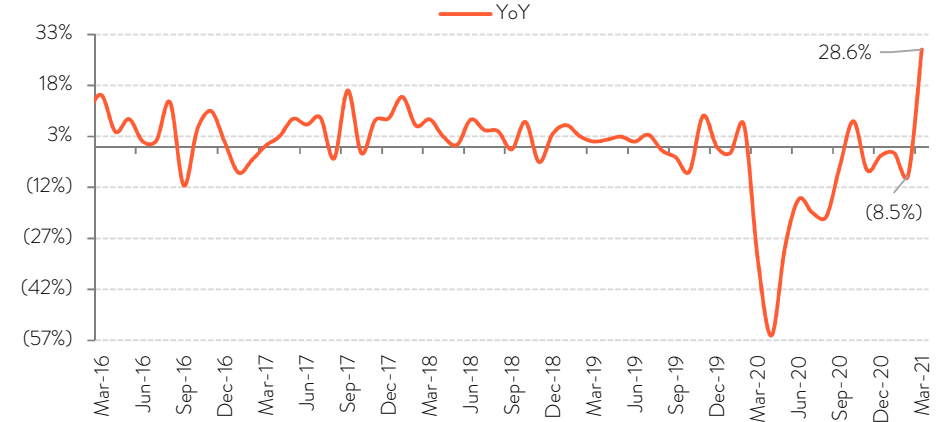
Trade

FIG 81 – VEHICLE REGISTRATION GROWTH SLIPPED FURTHER IN MAR'21



Source: MoRTH

FIG 82 – DIESEL CONSUMPTION PICKED UP SHARPLY IN MAR'21



Source: PPAC

FIG 83 – PORT CARGO VOLUME GROWTH ALSO IMPROVED

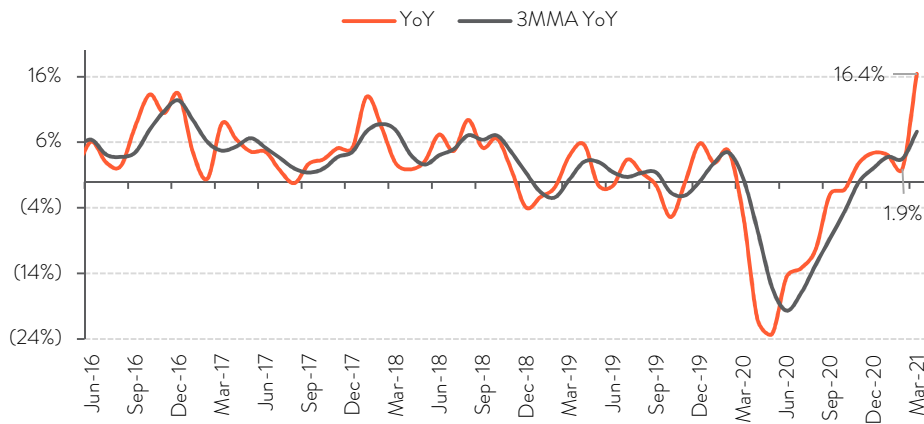
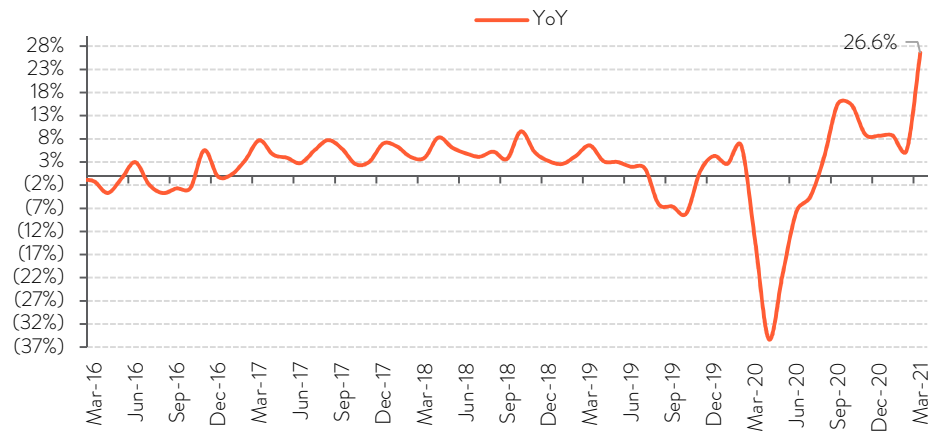
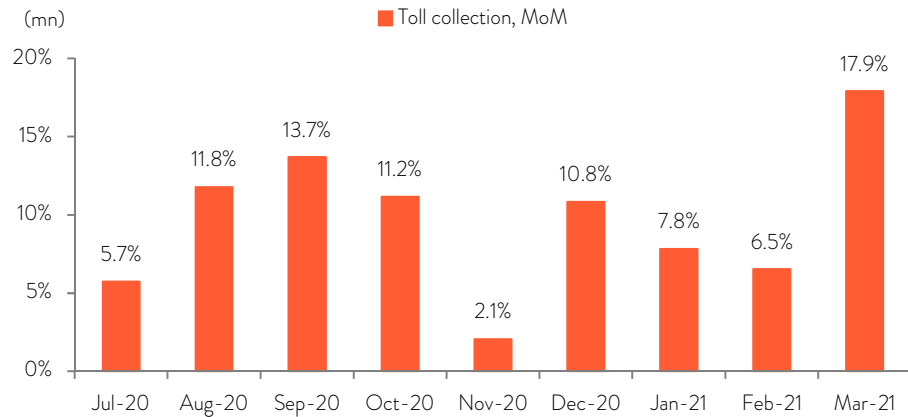


FIG 84 – RAILWAY FREIGHT TRAFFIC CONTINUES TO IMPROVE

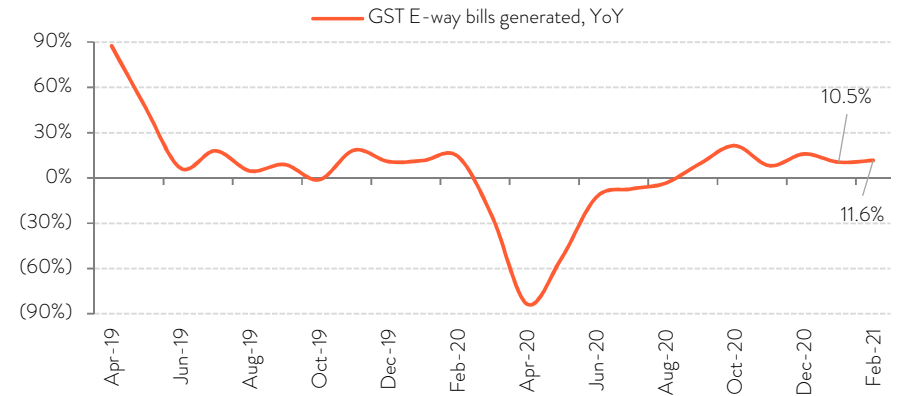




**FIG 85 – TOLL COLLECTION GROWTH PICKS UP SHARPLY IN MAR'21**

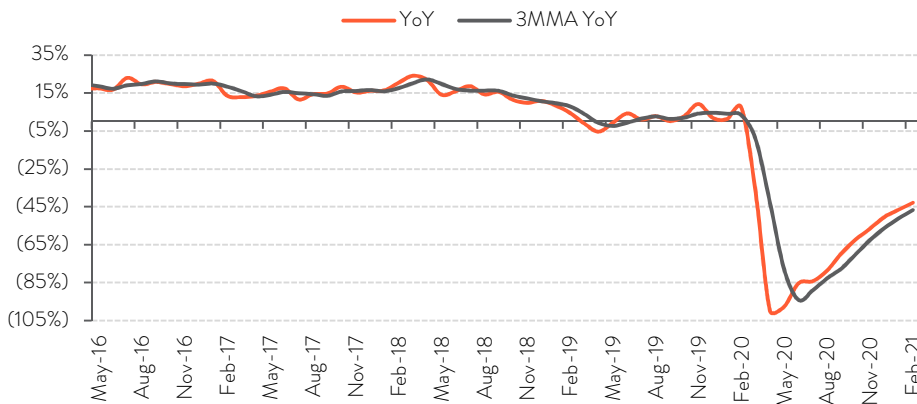


**FIG 86 – E-WAY BILLS GENERATED GROWTH IMPROVED IN FEB'21**

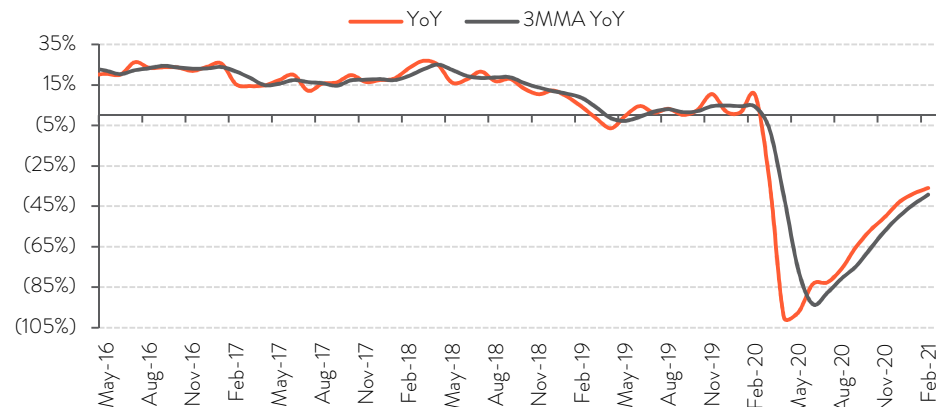


**Hotels and Communications**

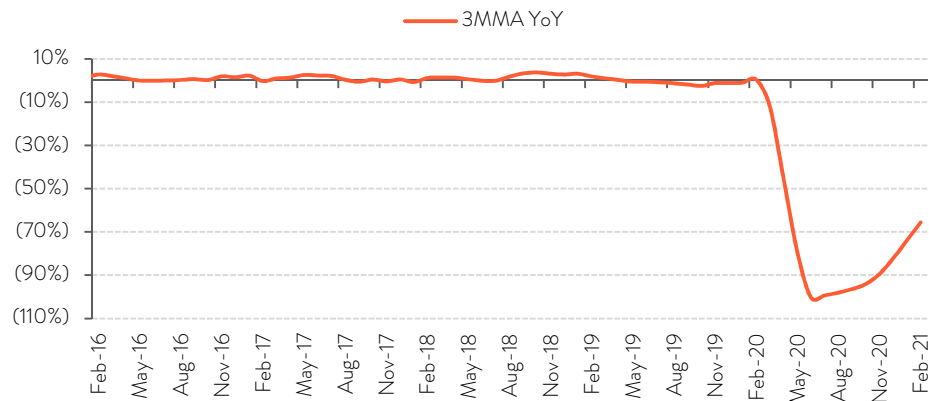
**FIG 87 – AIRLINE PASSENGER TRAFFIC GROWTH IMPROVING ONLY GRADUALLY**



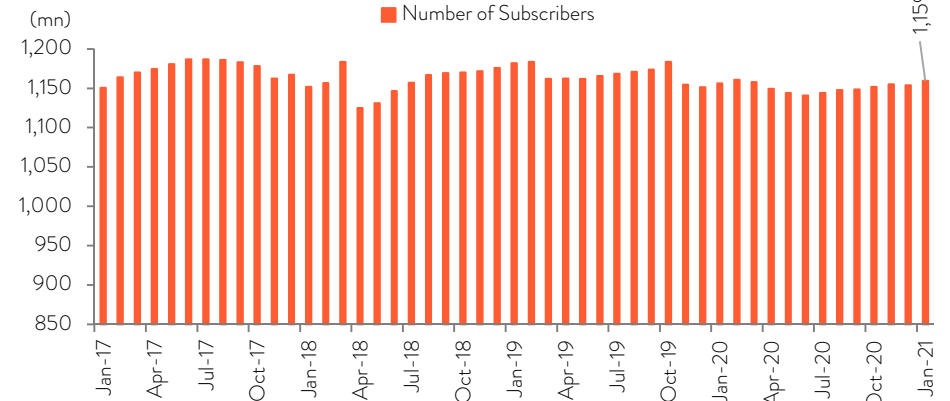
**FIG 88 – ...SUPPORTED BY DOMESTIC PASSENGER GROWTH**



**FIG 89 – RAILWAY PASSENGER TRAFFIC REMAINS WEAK**

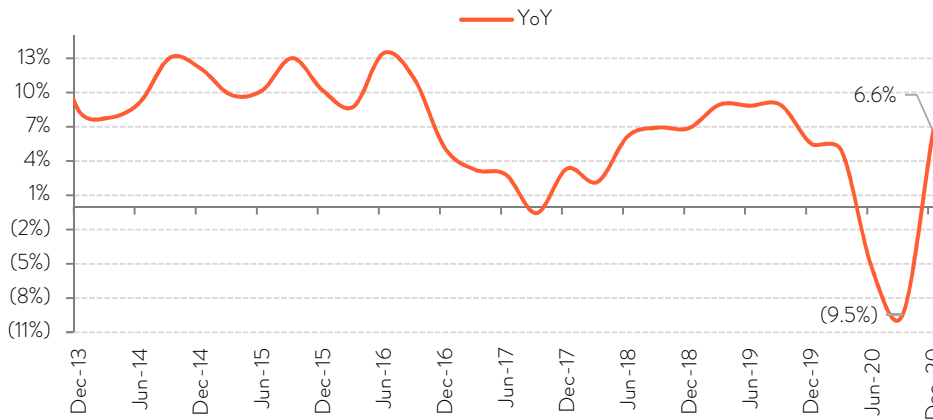


**FIG 90 – TELECOM WIRELESS SUBSCRIBERS STEADY IN JAN'21**

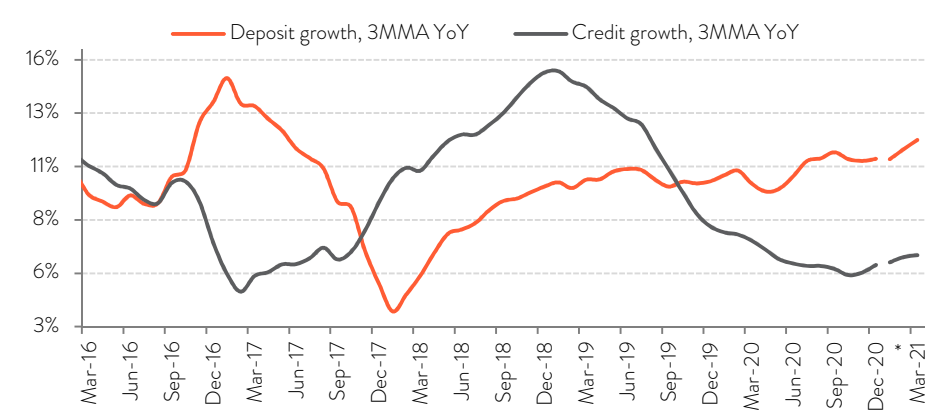


**Finance and Real estate**

**FIG 91 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES JUMPED SHARPLY IN Q3FY21**

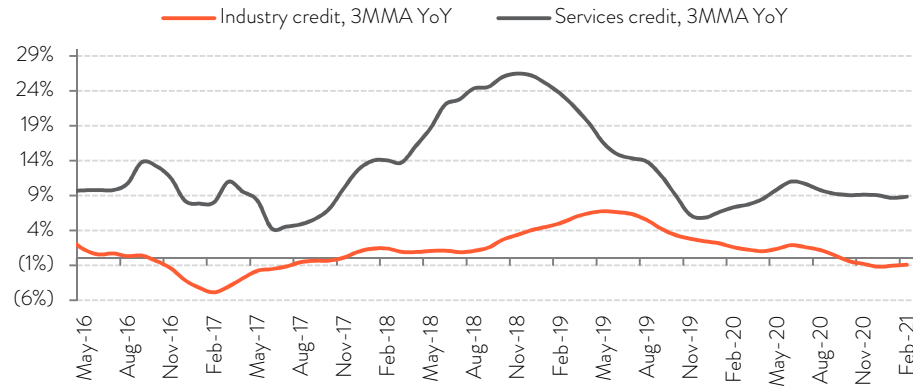


**FIG 92 – CREDIT AND DEPOSIT GROWTH RISING**

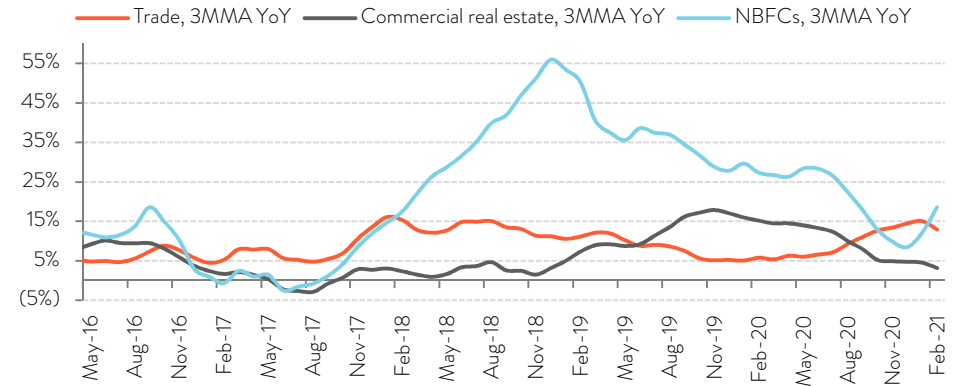


Note: \*Mar'21 implies fortnight as of 12 Mar 2021

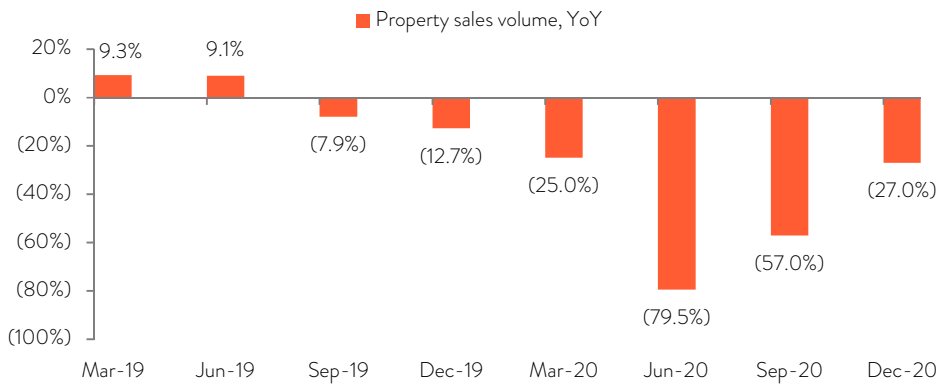
**FIG 93 – CREDIT TO MANUFACTURING SECTOR REMAINS WEAK, CREDIT TO SERVICES SECTOR BROADLY STEADY**



**FIG 94 – CREDIT TO NBFCs PICKED UP IN FEB'21**

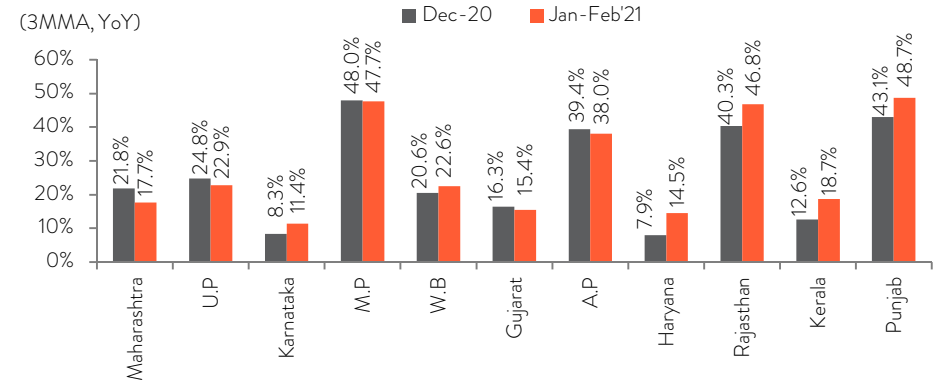


**FIG 95 – PROPERTY SALES VOLUMES CONTINUE TO IMPROVE...**



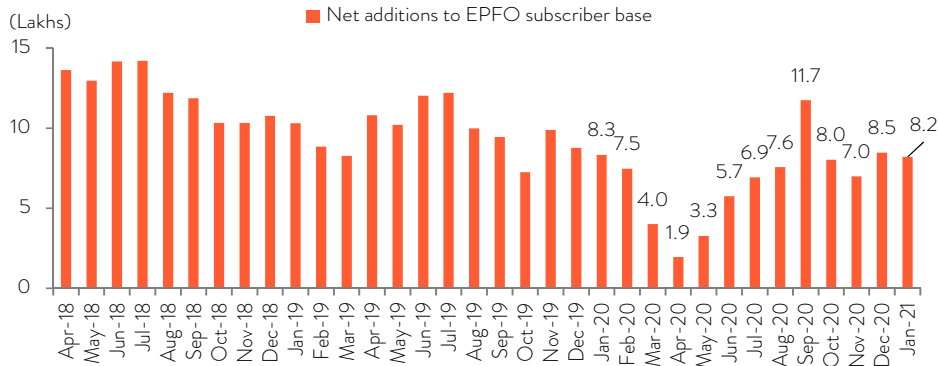
Source: Proptiger

**FIG 96 – ...STAMP DUTY COLLECTION OF STATES SEES SHARP REVIVAL**



Labour market

FIG 97 – NET ADDITIONS TO EPFO SUBSCRIBER BASE FELL MARGINALLY IN JAN'21



Public administration

FIG 99 – PUBLIC ADMINISTRATION & DEFENCE SERVICES SHOWED IMPROVEMENT IN Q3FY21, TO FURTHER PICK UP IN Q4

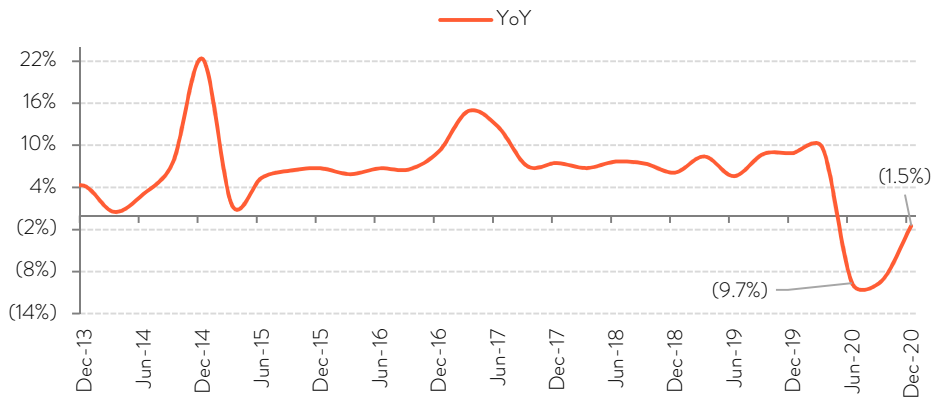


FIG 98 – UNEMPLOYMENT RATE DECLINED UP IN MAR'21



FIG 100 – GENERAL GOVT. SPENDING ROSE FURTHER IN FEB'21

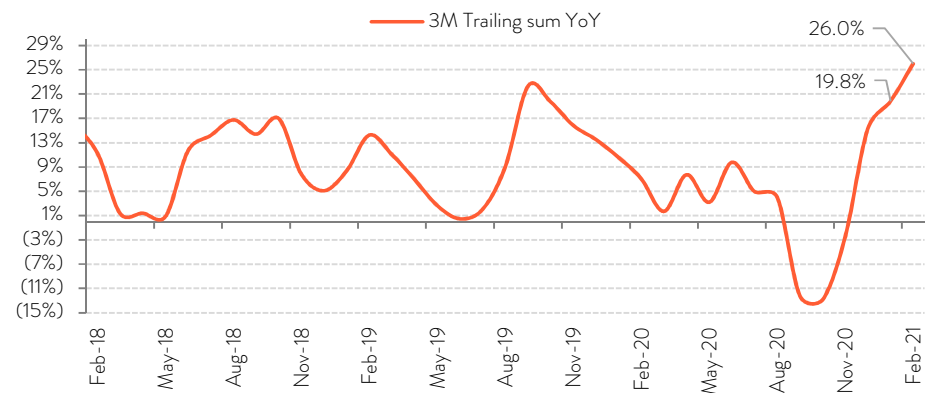


FIG 101 – ...LED BY CENTRAL GOVERNMENT

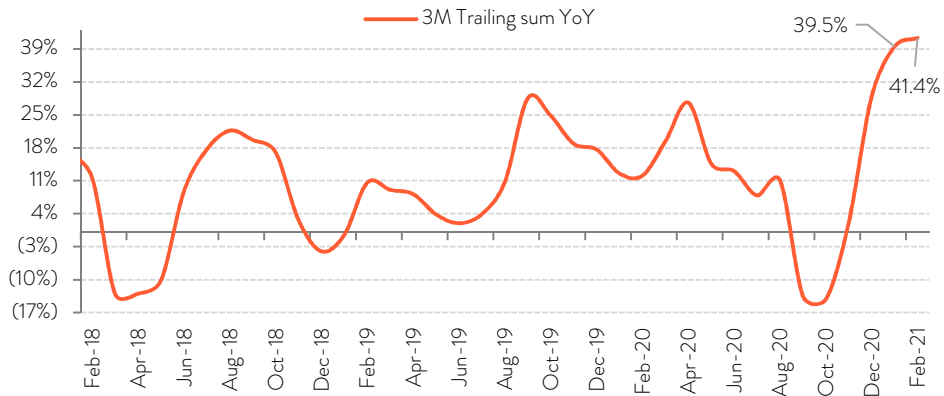
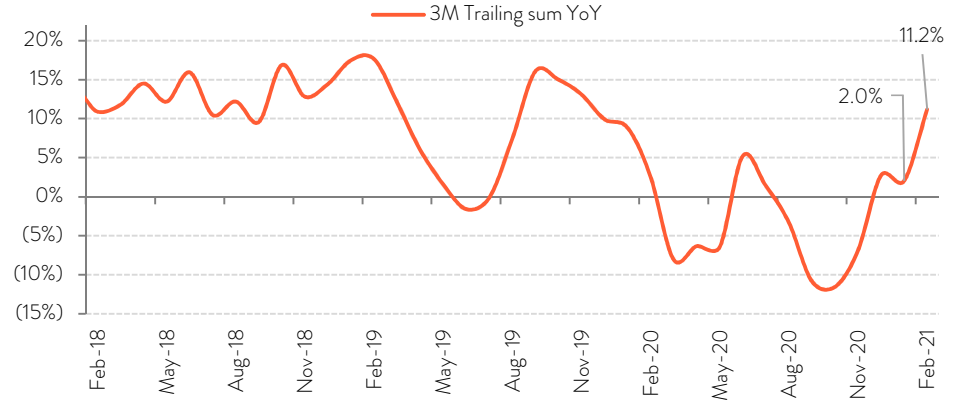


FIG 102 – STATE\* GOVT. SPENDING ALSO PICKED UP

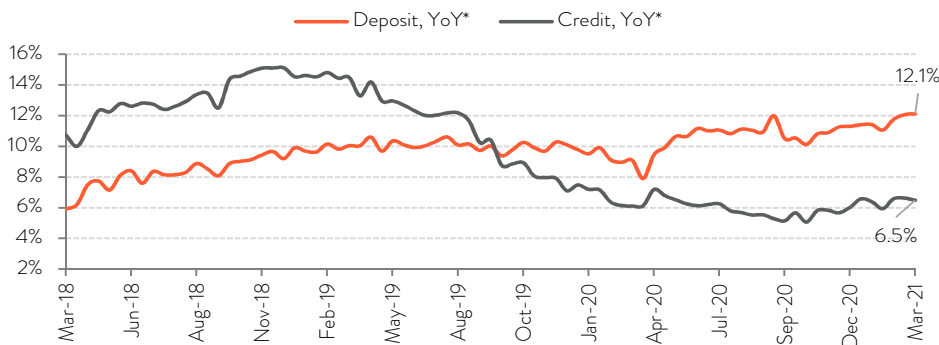


Note: \*All states excluding N,E states, Bihar, Gujarat, J&K and W.Bengal

## Financial sector

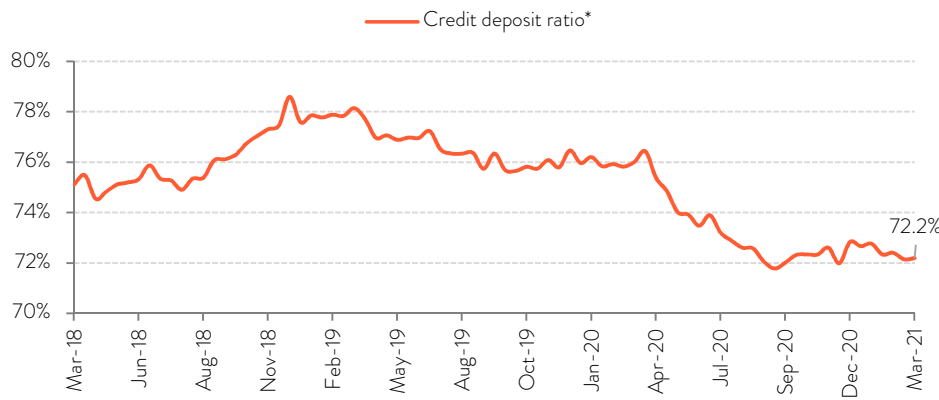
### Money and banking

**FIG 103 – CREDIT DEMAND INCHED DOWN SLIGHTLY TO 6.5% IN MAR'21 FROM 6.6% IN FEB'21 AND DEPOSIT GROWTH WAS STABLE AT 12.1%**



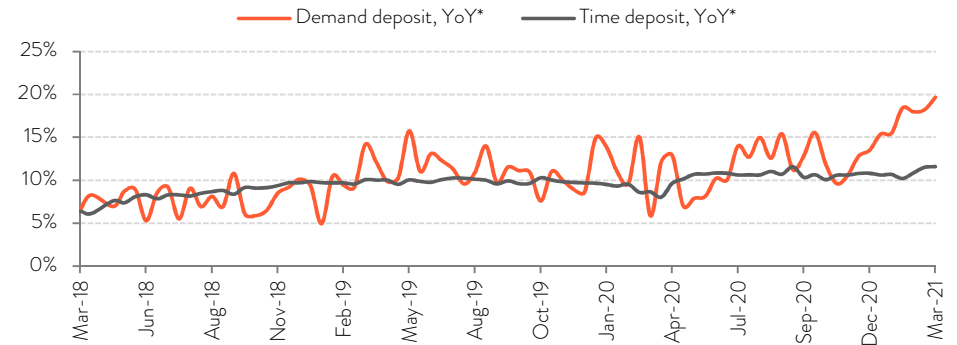
Note: \*Mar-21 implies fortnight as of 12 Mar 2021

**FIG 105 – CD RATIO WAS STABLE AT 72.2% IN MAR'21**



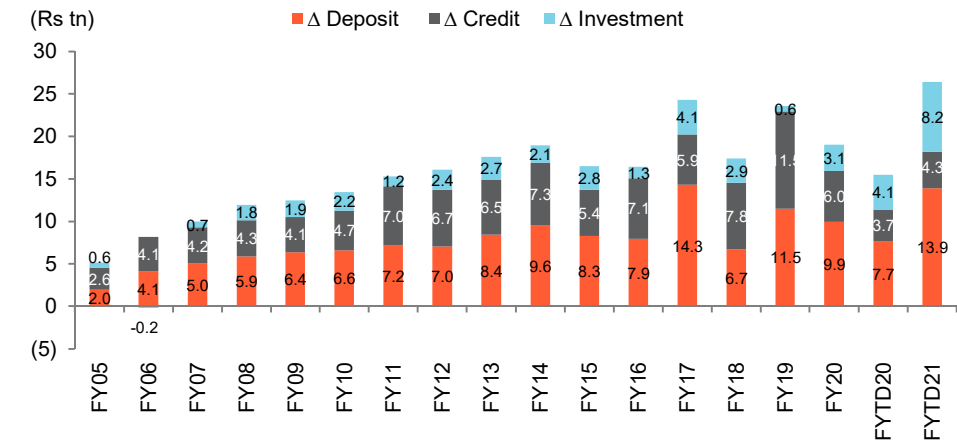
Note: \*Mar-21 implies fortnight as of 12 Mar 2021

**FIG 104 – DEMAND DEPOSITS FELL TO 16.4% IN MAR'21 FROM 16.7% IN FEB'21 AND TIME DEPOSITS ROSE A TAD TO 11.6% FROM 11.5%**



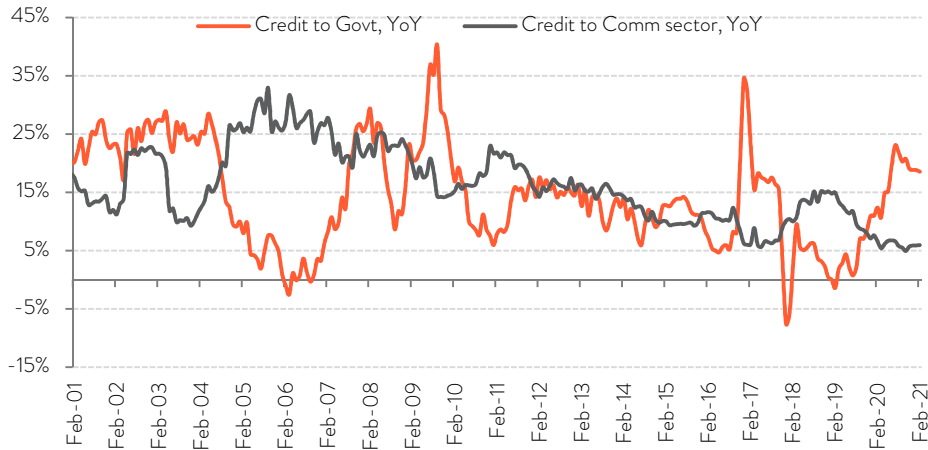
Note: \*Mar-21 implies fortnight as of 12 Mar 2021

**FIG 106 – PACE OF ACCRETION OF INVESTMENT IS GAINING PACE**

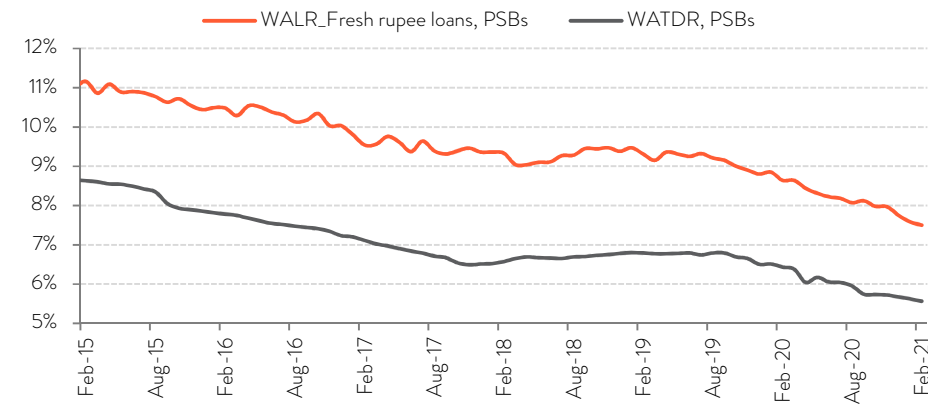


FYTD: Apr-12<sup>th</sup> Mar

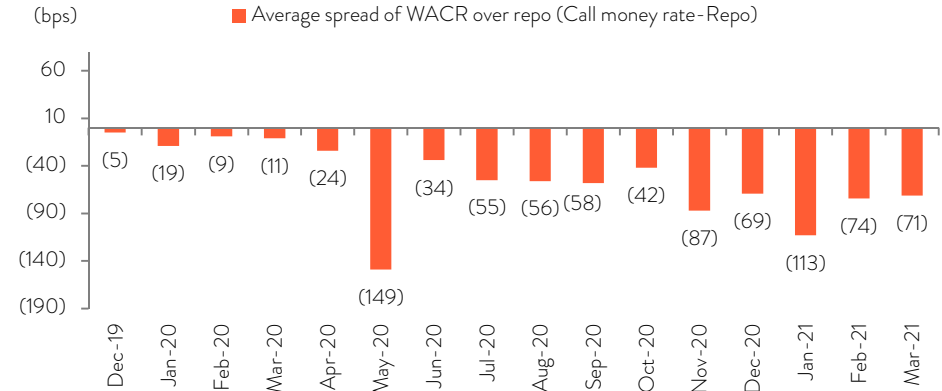
**FIG 107 – CREDIT TO GOV. MODERATED SLIGHTLY TO 18.5% IN FEB'21 FROM 18.8% IN JAN'21, CREDIT TO COMMERCIAL SECTOR WAS STABLE AT 5.9%**



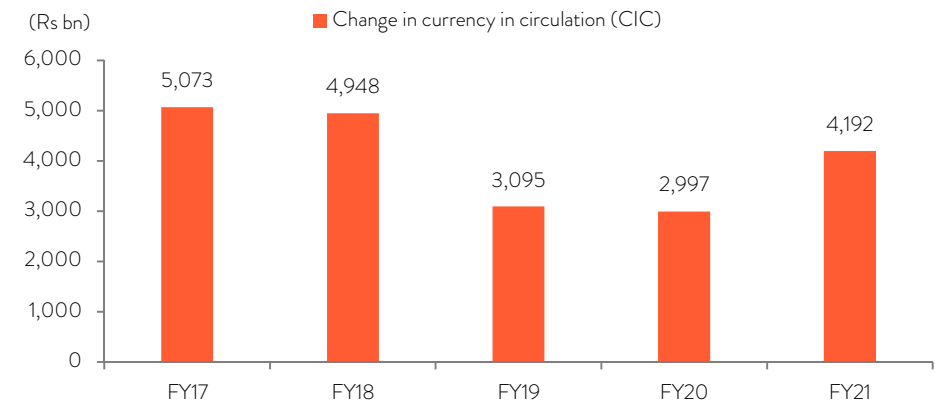
**FIG 109 – BOTH WATDR AND WALR INCHED DOWN TO 5.62% AND 7.58% IN JAN'21 FROM 5.67% AND 7.75% RESPECTIVELY IN DEC'20**



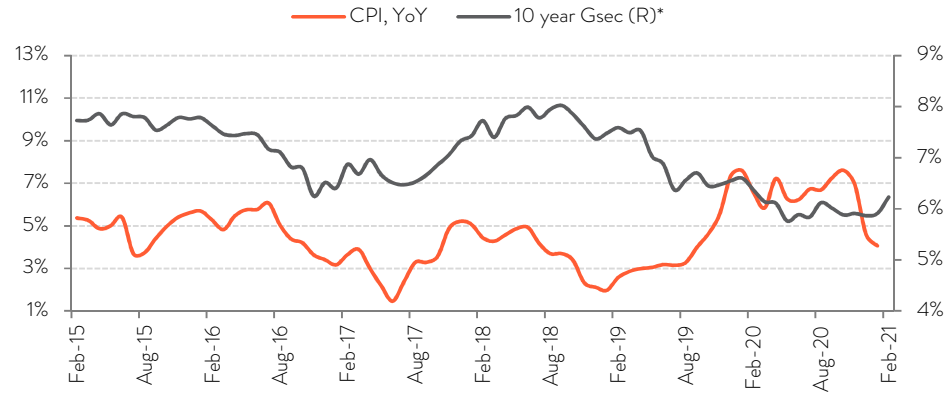
**FIG 108 – SPREAD BETWEEN CALL RATE AND REPO**



**FIG 110 – CIC ACCRETION IS FAR HIGHER AT RS 4.2TN IN FY21 COMPARED WITH RS 3TN IN FY20**

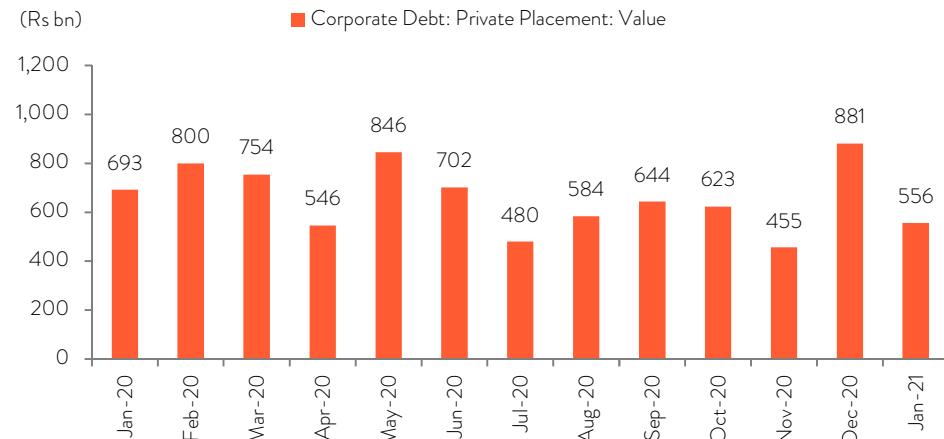


**FIG 111 – 10Y GSEC YIELD INCHED UP TO 6.23% IN FEB’21 FROM 5.91% IN JAN’21, INFLATION DIPPED TO 4.1% IN JAN’21 FROM 4.6% IN DEC’20**

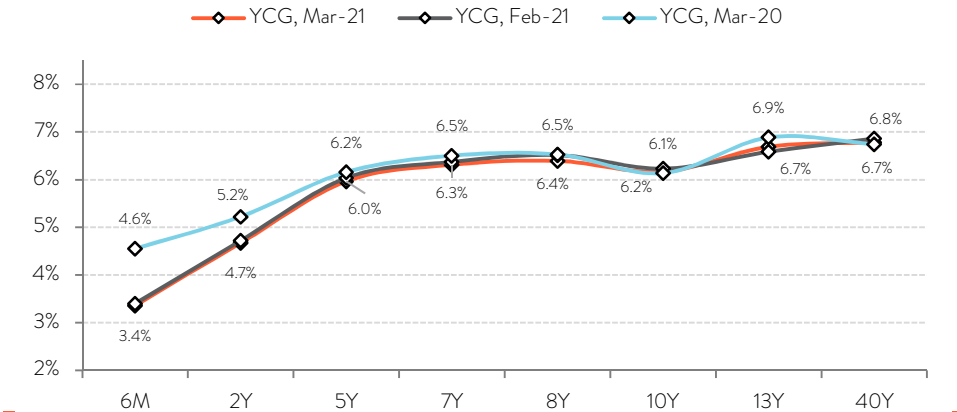


Note: \*As on last trading day of the month, 5.85GS2030 benchmark security is taken

**FIG 113 – CORPORATE DEBT ISSUANCE FELL TO RS 556BN IN JAN’21 FROM RS 881BN IN DEC’20**

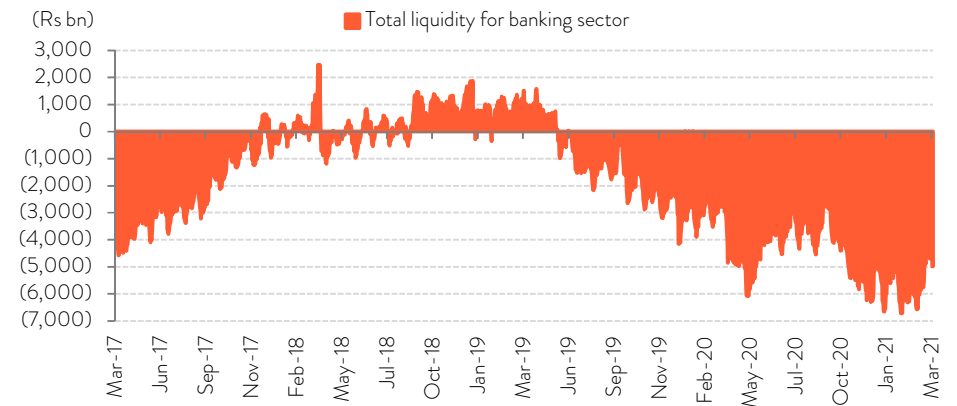


**FIG 112 – YIELD CURVE GRAPH (YCG) SHOWS STEEPENING BIAS**



Source: Bloomberg

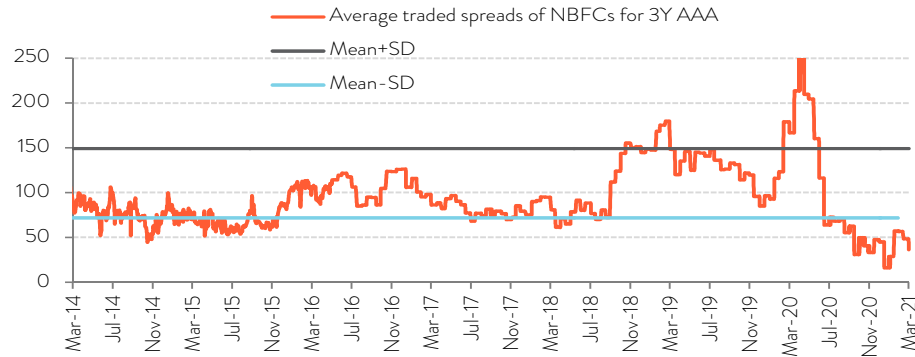
**FIG 114 – AVERAGE SYSTEM LIQUIDITY SURPLUS FELL TO 5.2TN IN MAR’21 FROM RS 6.1TN IN FEB’21 AND CURRENTLY HIGHER AT RS 6.1TN**



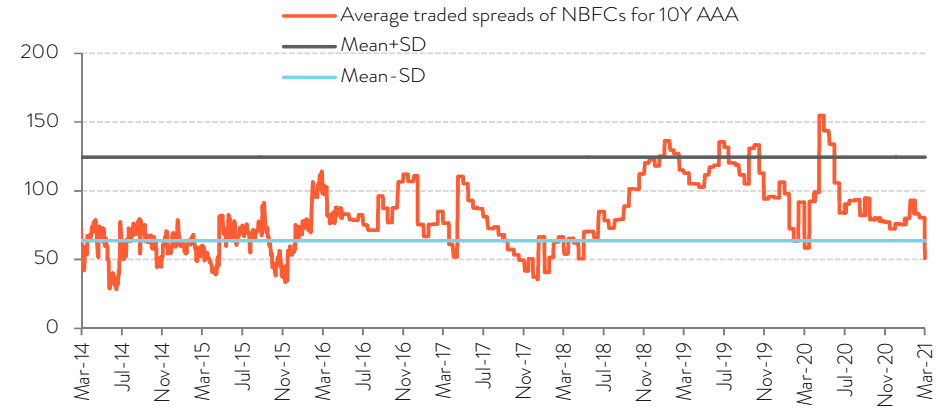
Source: RBI



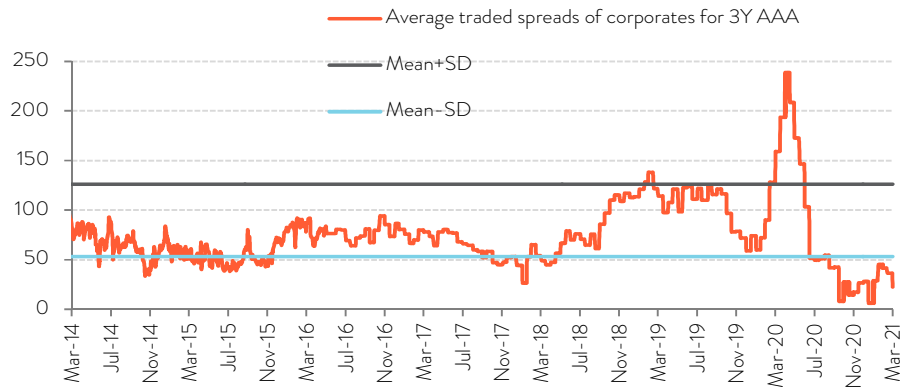
**FIG 115 – NBFC 3Y AAA SPREAD FELL TO 36BPS AS ON 31 MAR 2021 FROM 57BPS AS ON 26 FEB 2021**



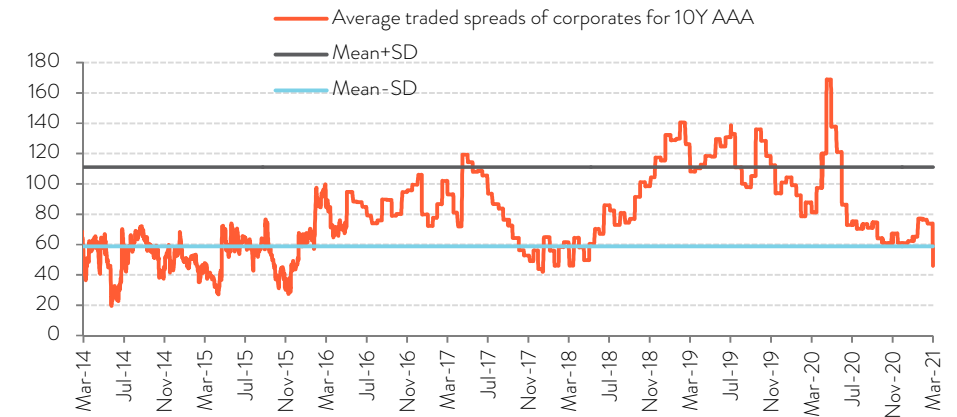
**FIG 116 – FOR 10Y AAA RATED PAPER IT FELL TO 51BPS AS ON 31 MAR 2021 FROM 83BPS AS ON 26 FEB 2021**



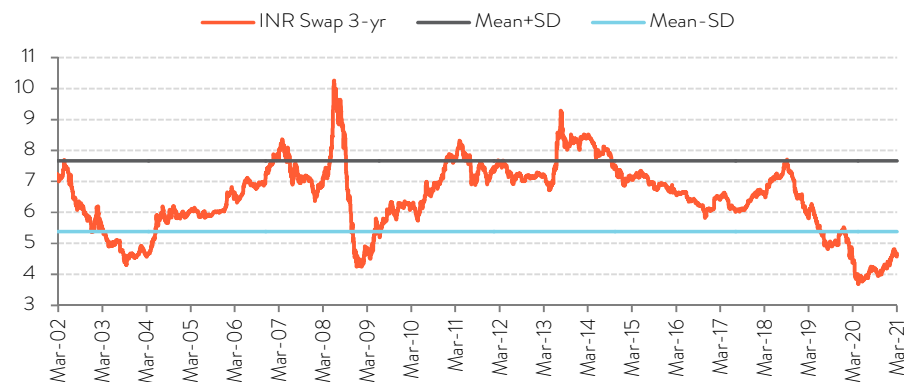
**FIG 117 – CORPORATE 3Y AAA SPREAD WAS LOWER AT 22BPS AS ON 31 MAR 2021 FROM 42BPS AS ON 26 FEB 2021**



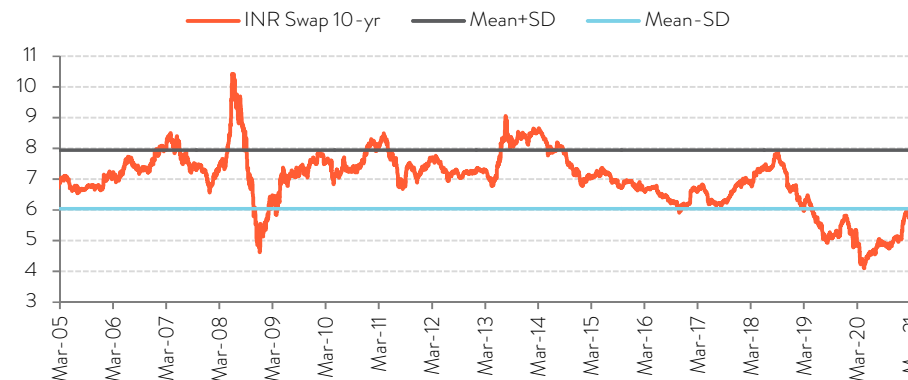
**FIG 118 – FOR 10YAAA RATED PAPER IT FELL TO 45BPS AS ON 31 MAR 2021 FROM 76BPS AS ON 26 FEB 2021**



**FIG 119 – INR 3Y SWAP ON AN AVERAGE ROSE TO 4.7 IN MAR’21 FROM 4.5 IN FEB’21**



**FIG 120 – FOR 10Y, ON AN AVERAGE IT ROSE TO 5.9 IN MAR’21 FROM AT 5.6 IN FEB’21**



### Interest rates on small savings schemes

**FIG 121 – INTEREST RATES ON SMALL SAVINGS SCHEME TO REMAIN UNCHANGED IN Q1FY22**

Instrument (%)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	GSec Yield (1 Apr 2021)
Savings deposit	4.0	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	5.5	3.78
2 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	4.67
3 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	4.91
5 year time deposit	7.8	7.7	7.7	7.7	6.7	6.7	6.7	6.7	6.7	5.97
5 year recurring deposit	7.3	7.2	7.2	7.2	5.8	5.8	5.8	5.8	5.8	5.97
5 year senior citizen savings scheme	8.7	8.6	8.6	8.6	7.4	7.4	7.4	7.4	7.4	5.97
5 year monthly income scheme	7.7	7.6	7.6	7.6	6.6	6.6	6.6	6.6	6.6	5.97
5 year national savings certificate	8	7.9	7.9	7.9	6.8	6.8	6.8	6.8	6.8	5.97
Public provident fund scheme	8	7.9	7.9	7.9	7.1	7.1	7.1	7.1	7.1	6.17
Kisan vikas patra	7.7	7.6	7.6	7.6	6.9	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	7.6	-

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

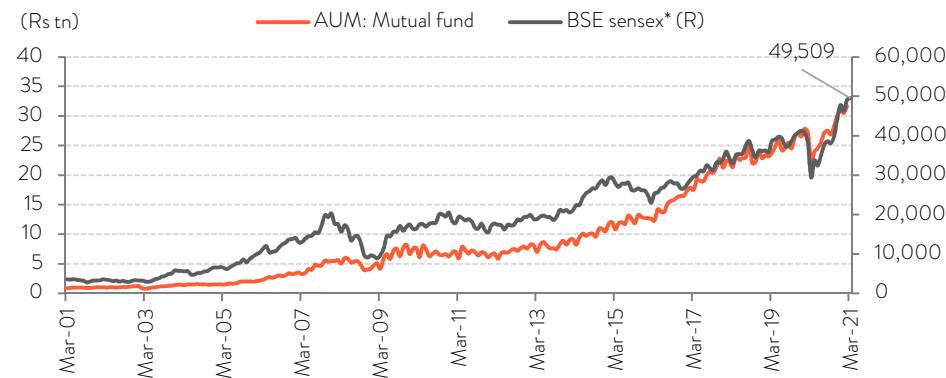
**FIG 122 – INTEREST RATES CHARGED BY LEADING BANKS**

1Y MCLR (%)	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	Feb-21	Mar-21
<b>Public Sector Banks</b>															
Bank of Baroda	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	7.40	7.40
Bank of India	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	7.35	7.35
Canara Bank	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	7.35	7.35
Indian Bank	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	7.30	7.30
Punjab National Bank	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	7.35	7.35
State Bank of India	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	7.00	7.00
Union Bank of India	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	7.20	7.20
<b>Private Sector Banks</b>															
Axis Bank Ltd.	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	7.40	7.40
HDFC Bank Ltd.	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	7.20	7.20
ICICI Bank Ltd.	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	7.30	7.30
Indusind Bank	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	8.60	8.60
Kotak Mahindra Bank	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	7.30	7.25

Source: RBI

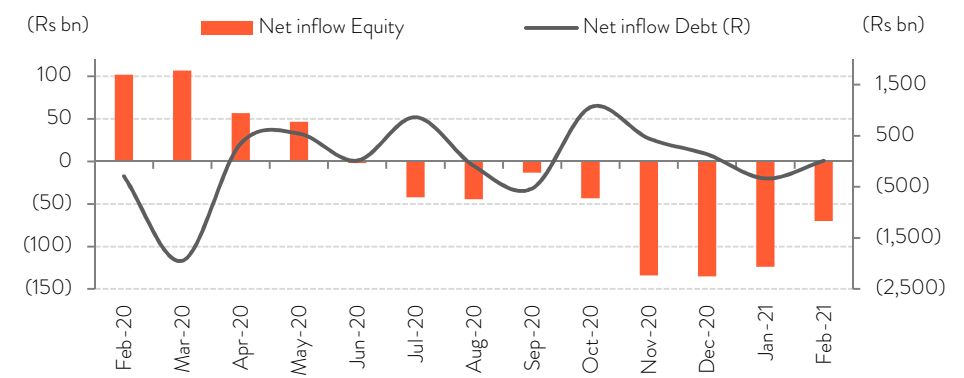
### Mutual fund (MF) indicators

**FIG 123 – SENSEX ROSE BY 0.8% TO 49,509 IN MAR'21, AUM OF MFS ROSE TO RS 32TN IN FEB'21 FROM RS 31TN JAN'21**

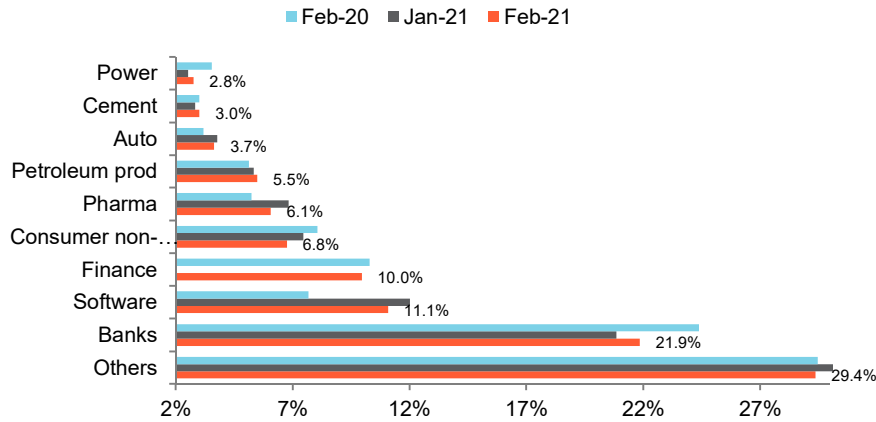


Source: \*Sensex as on last trading day of the month.

**FIG 124 – MF EQUITY AND DEBT OUTFLOW WAS AT RS 124BN (RS 135BN IN DEC'20) AND RS 335BN (RS 138BN INFLOW IN DEC'20), RESPECTIVELY**

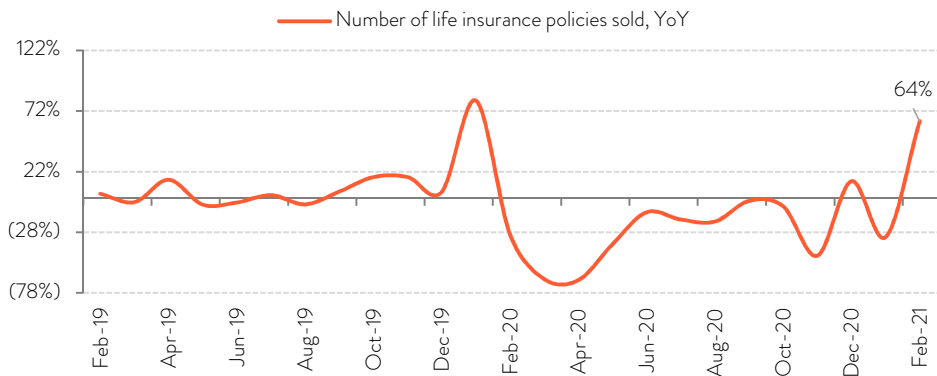


**FIG 125 – PATTERN OF MF DEPLOYMENT OF EUIY FUNDS**

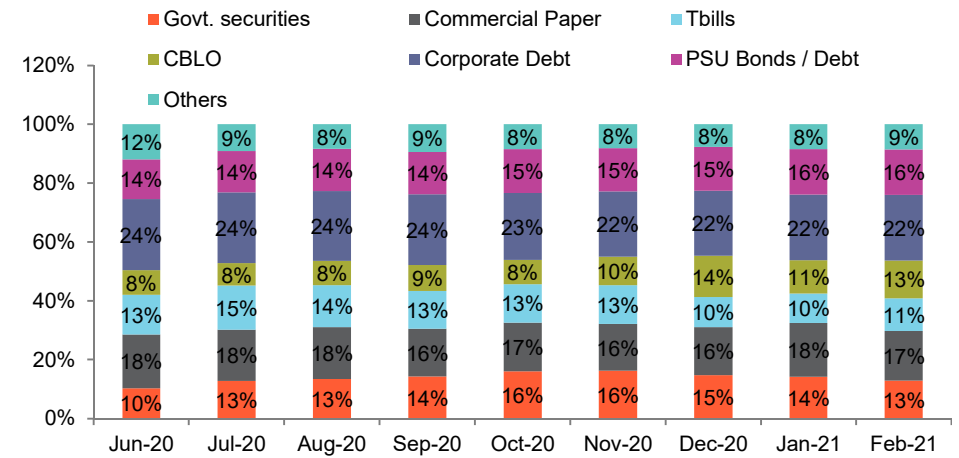


**Insurance sector indicators**

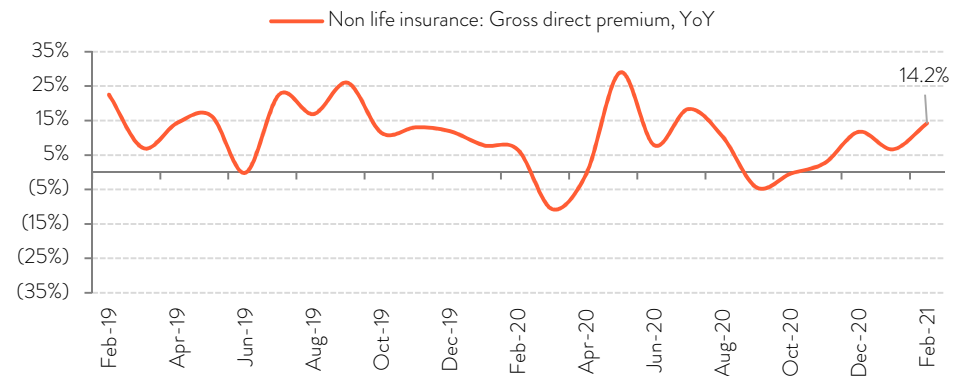
**FIG 127 – SALE OF LIFE INSURANCE POLICIES INCREASED BY 64% IN FEB'21 FROM 32% DECLINE IN JAN'21 LED BY FAVOURABLE BASE**



**FIG 126 – MF DEPLOYMENT OF DEBT FUNDS**



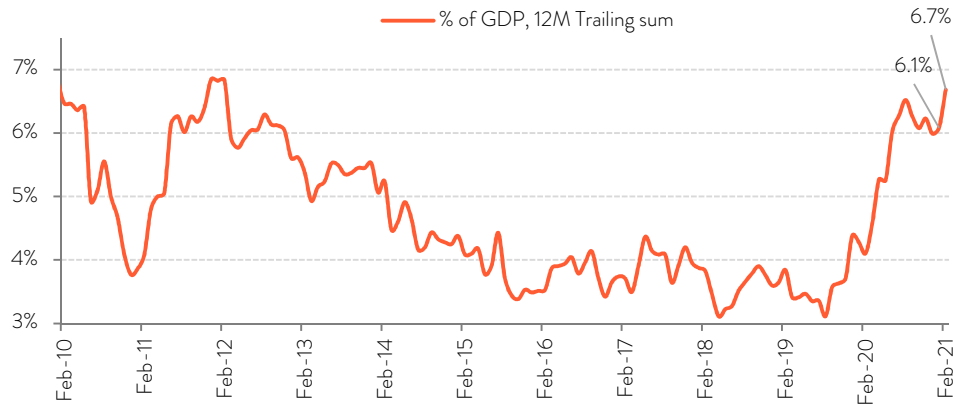
**FIG 128 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ROSE TO 14.2% IN FEB'21 FROM 6.7% IN JAN'21**



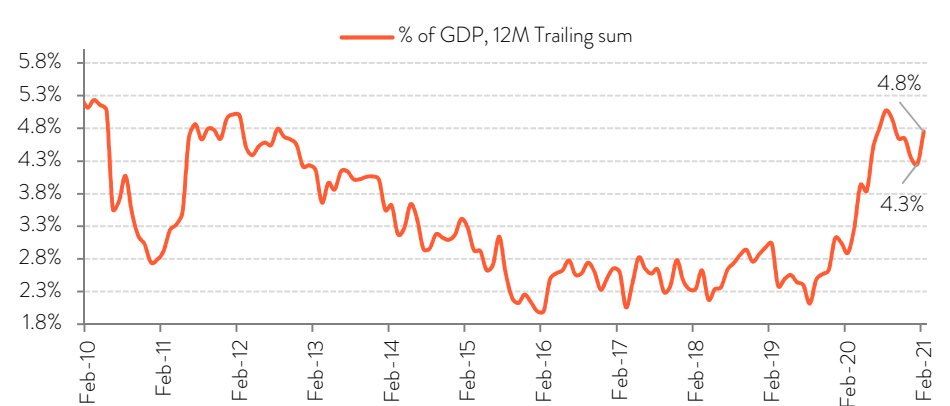
## Public finance

### Central government finances

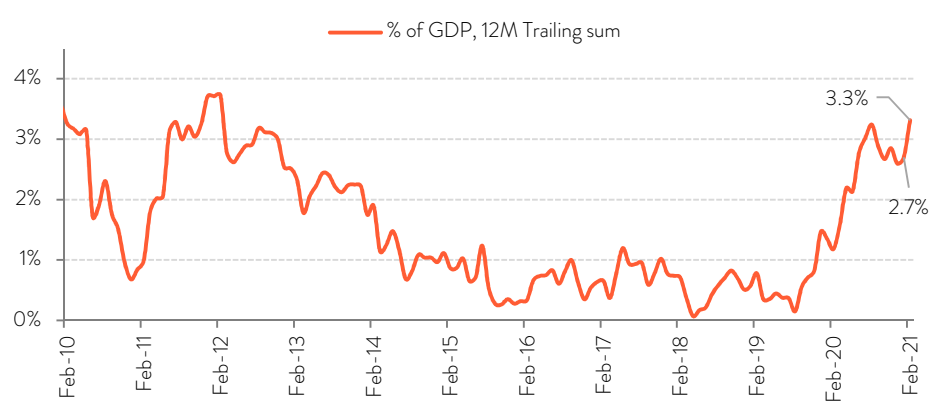
**FIG 129 – FISCAL DEFICIT UP AT 6.7% AS OF FEB'21**



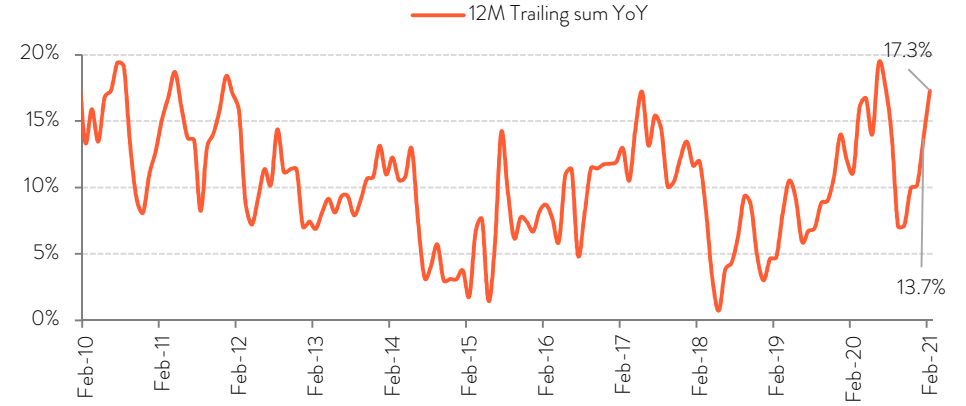
**FIG 130 – REVENUE DEFICIT ALSO UP IN FEB'21**



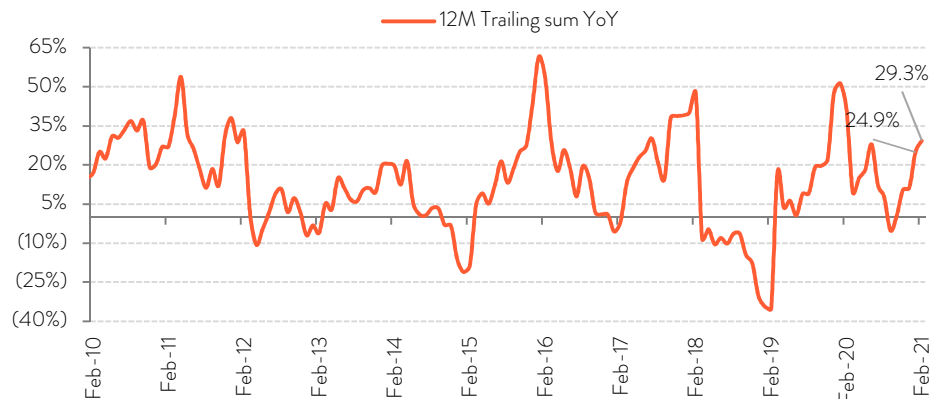
**FIG 131 – PRIMARY DEFICIT INCHES UP TO 3.3% IN FEB'21**



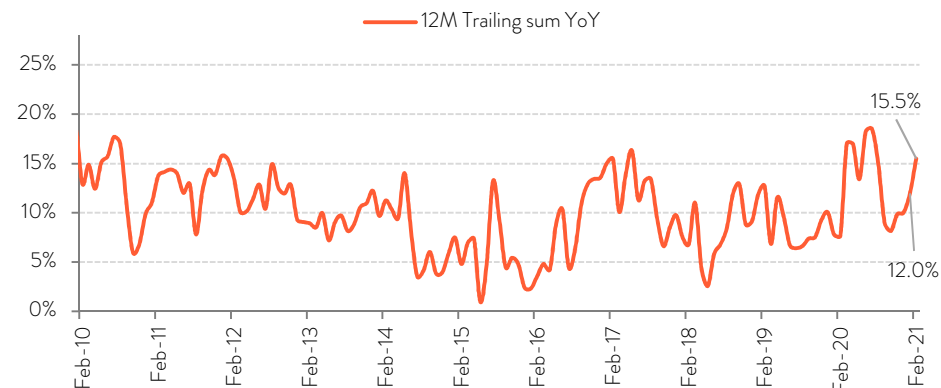
**FIG 132 – GOVERNMENT SPENDING GATHERS FURTHER MOMENTUM**



**FIG 133 – ...LED BY HIGHER CAPEX**



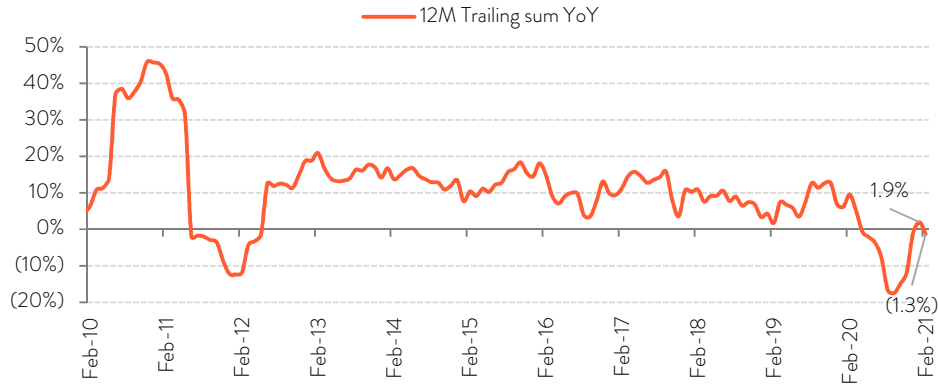
**FIG 134 – ...AND PICK UP IN REVENUE SPENDING**



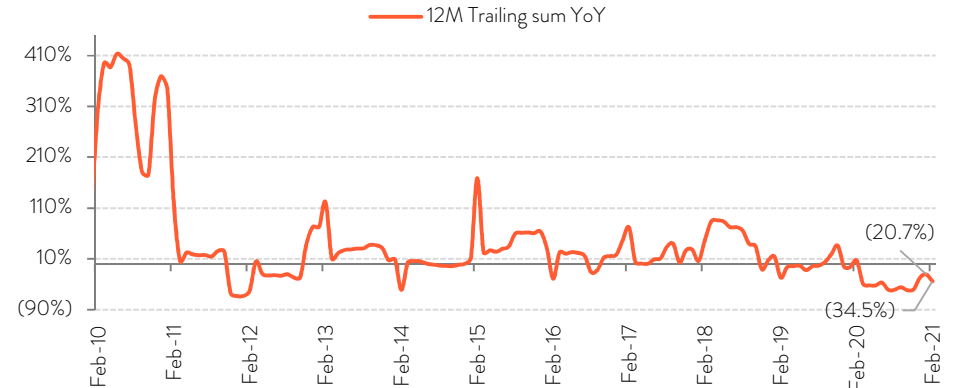
**FIG 135 – SPENDING BY MINSTRIES OF RURAL DEVELOPMENT, FINANCE AND TRANSPORT CONTRIBUTE TO HIGHER EXPENDITURE GROWTH (FYTD BASIS)**

Ministry	Apr'18-Jan'19 (Rs bn)	Apr'19-Jan'20 (Rs bn)	% change	Apr'20-Jan'21 (Rs bn)	% change	FY21RE % change
Ministry of Finance	6,829	7,767	13.7	9,640	24.1	16.1
Ministry of Defence	3,663	3,971	8.4	3,829	(3.6)	7.0
Ministry of Consumer Affairs, Food and Public Distribution	1,728	1,557	(9.9)	1,539	(1.1)	284.9
Ministry of Rural Development	949	1,025	7.9	1,685	64.5	60.7
Ministry of Home Affairs	977	1,127	15.3	1,201	6.6	10.7
Ministry of Human Resource Development	511	710	38.9	621	(12.5)	(4.9)
Ministry of Road Transport and Highways	562	719	27.8	857	19.2	30.1
Ministry of Chemicals and Fertilisers	670	805	20.1	992	23.2	65.2
Ministry of Petroleum and Natural Gas	294	408	38.4	321	(21.3)	0.2
Ministry of Agriculture	435	873	100.8	1,008	15.6	22.7
Ministry of Health and Family Welfare	447	535	19.6	621	16.2	29.1

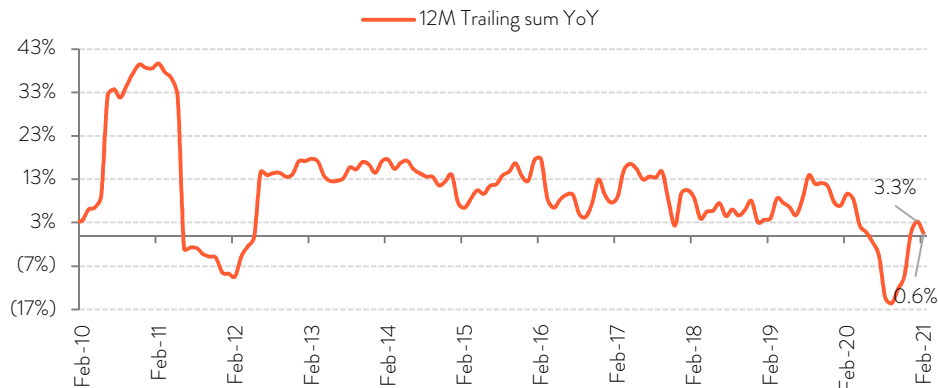
**FIG 136 – RECEIPT GROWTH DIPPED AGAIN IN FEB'21**



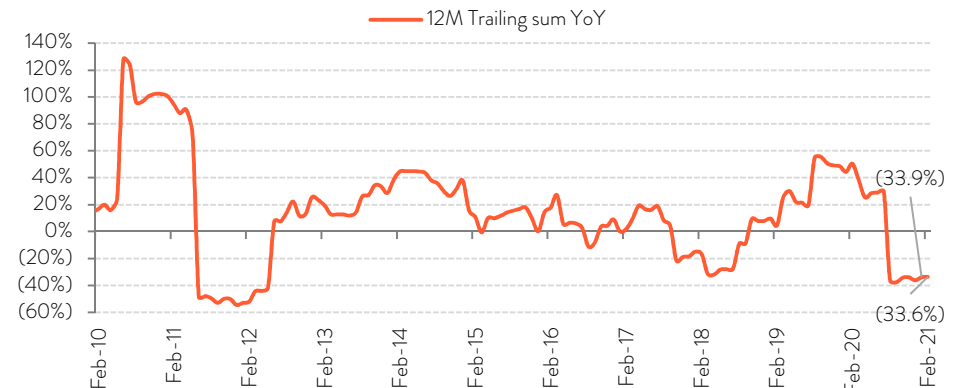
**FIG 137 – ...AS CAPITAL RECEIPTS FELL IN FEB'21**



**FIG 138 – REVENUE RECEIPTS ALSO EASED IN FEB'21**



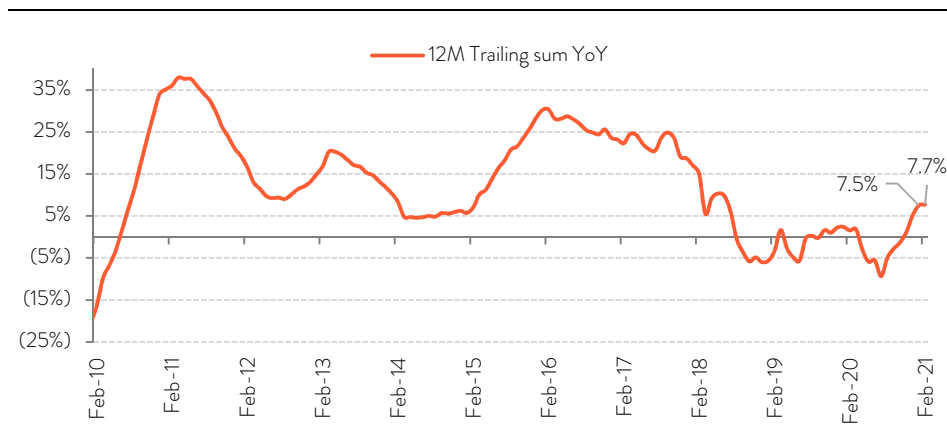
**FIG 139 – NON-TAX REVENUES STILL DOWN**



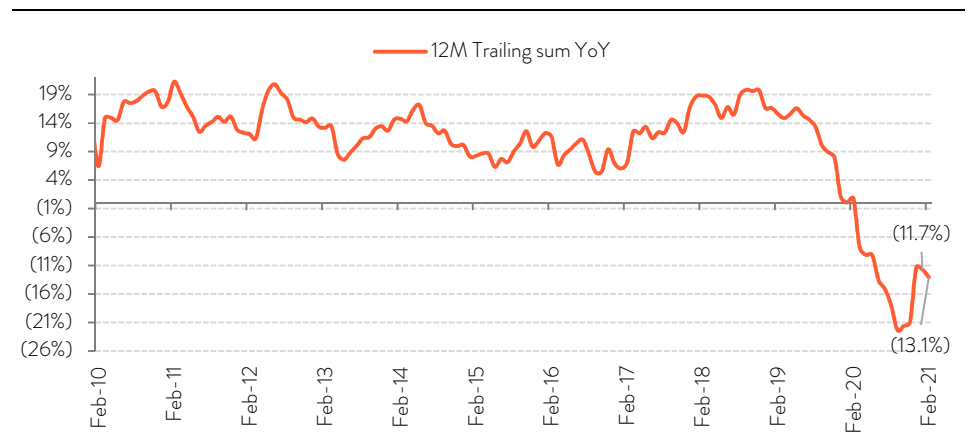
**FIG 140 – CENTRE’S INDIRECT TAX REVENUES IMPROVE, SPENDING ALSO PICKING UP**

	Apr'18-Jan'19 (Rs bn)	Apr'19-Jan'20 (Rs bn)	% change	Apr'20-Jan'21 (Rs bn)	% change	FY21 RE % change
Gross Tax revenue	15,624	15,309	(2.0)	15,151	(1.0)	(5.5)
Direct taxes	7,843	7,457	(4.9)	6,677	(10.5)	(13.8)
Corp Tax	4,547	3,932	(13.5)	3,345	(14.9)	(19.9)
Income Tax	3,297	3,524	6.9	3,332	(5.5)	(6.8)
Indirect taxes	7,780	7,853	0.9	8,474	7.9	3.6
Non-tax revenue	1,621	2,521	55.5	1,411	(44.0)	(35.6)
Centre's revenue (net)	11,814	12,501	5.8	12,430	(0.6)	(7.7)
Total expenditure	20,016	22,683	13.3	25,173	11.0	28.4
Capital exp	2,297	2,677	16.5	3,621	35.2	30.8
Revenue exp	17,719	20,006	12.9	21,552	7.7	28.1
Fiscal deficit	7,708	9,855	-	12,340	-	-

**FIG 141 – GROSS INDIRECT TAX COLLECTIONS STEADY**

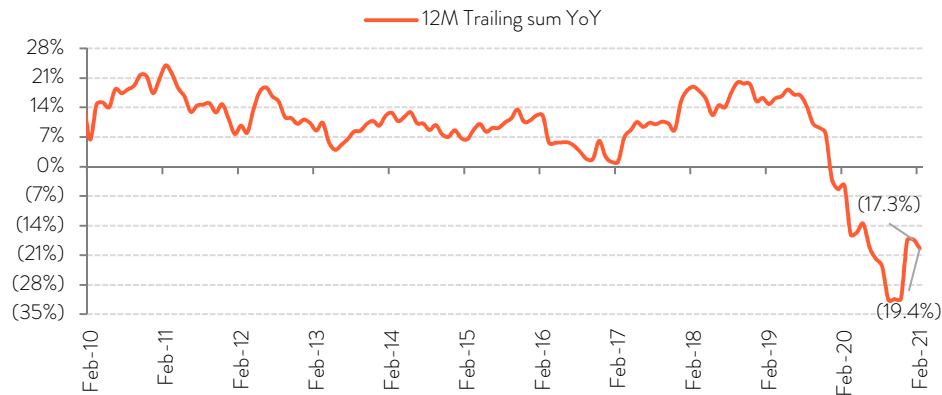


**FIG 142 – GROSS DIRECT TAX COLLECTIONS REMAIN SUBDUED**

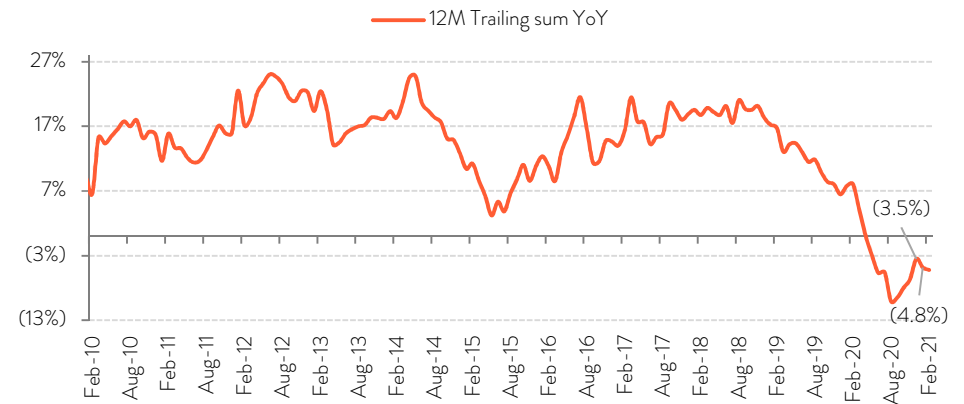




**FIG 143 – CORPORATE TAX COLLECTIONS CONTRACT AT A FASTER PACE IN FEB'21**



**FIG 144 – INCOME TAX COLLECTIONS ALSO WEAKEND IN FEB'21**



**FIG 145 – TOTAL GST COLLECTIONS CROSS RS 1TN MARK FOR 6<sup>TH</sup> STRAIGHT MONTH IN FEB'21**

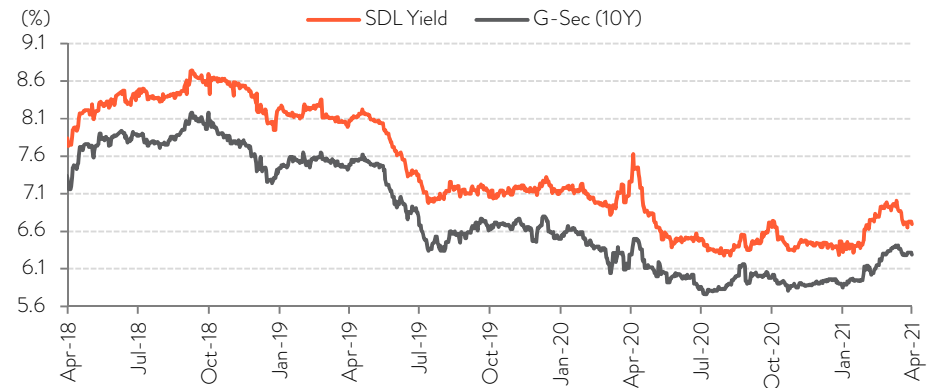
(Rs bn)	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Monthly run rate (FY21)	FYTD21	FY21 (RE)
CGST	413	402	59	190	302	379	324	372	429	398	430	447	666	363	3,995	4,310
UT GST	1.6	4.5	0.3	1.1	1.5	2.2	1.9	2.4	1.4	1.3	1.4	3.2	4.1	2	21	-
IGST	6	24	97	96	97	(60)	52	(3)	2	76	124	68	(373)	16	176	-
SGST*	470	(189)	454	562	400	475	509	612	539	596	560	531	848	553	6,086	-
Cess	86	81	10	60	75	68	69	68	78	80	82	83	93	70	768	841
<b>Total GST</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>1,131</b>	<b>1,239</b>	<b>1,004</b>	<b>11,046</b>	-

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

**FIG 146 – CENTRAL GOVT. PUBLIC DEBT RISES FURTHER IN Q3FY21 TO 51.6% OF GDP**

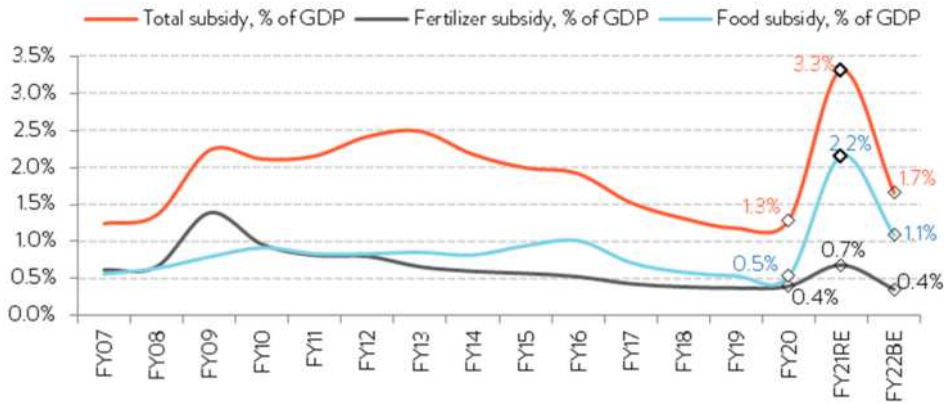


**FIG 147 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC FELL BY 10BPS IN FEB'21; AND IS LOWER BY ANOTHER 12BPS IN APR'21 SO FAR**



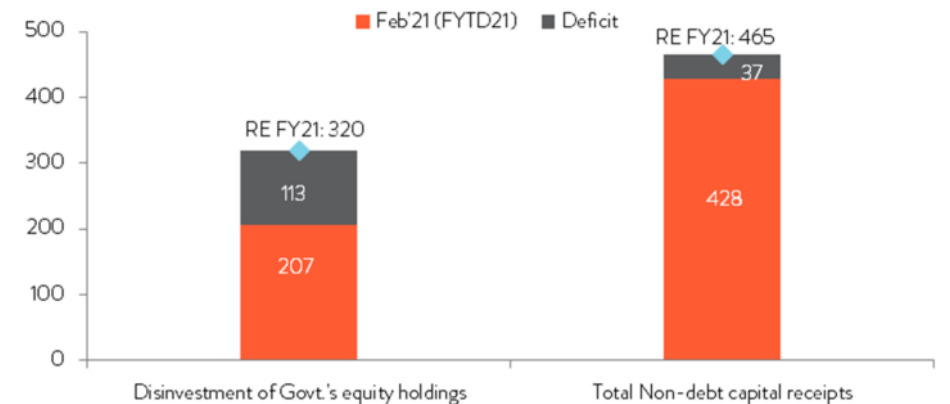
Source: CCIL

**FIG 148 – SUBSIDY BURDEN INCREASED SIGNIFICANTLY IN FY21**



E-Bank of Baroda estimates

**FIG 149 – CENTRAL GOVT.'S FY21 DISINVESTMENT STATUS**



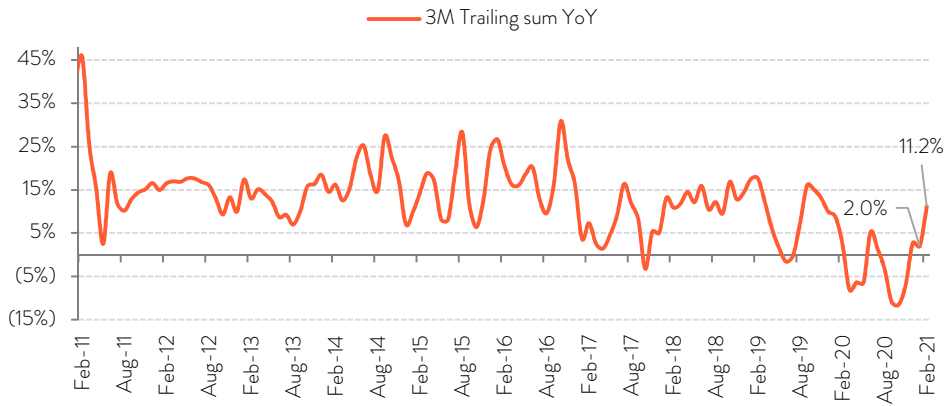
State government finances

FIG 150 – STATES\* FISCAL DEFICIT AT 4.1% IN FEB'21



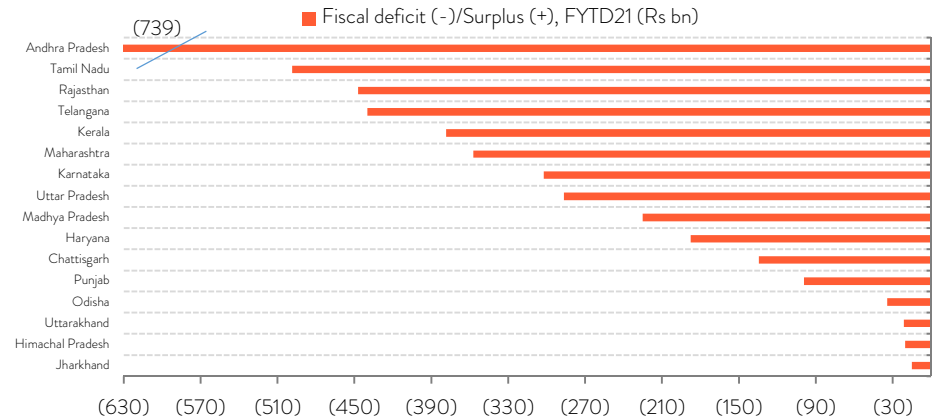
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

FIG 152 – TOTAL EXPENDITURE OF STATES\* IMPROVES IN FEB'21



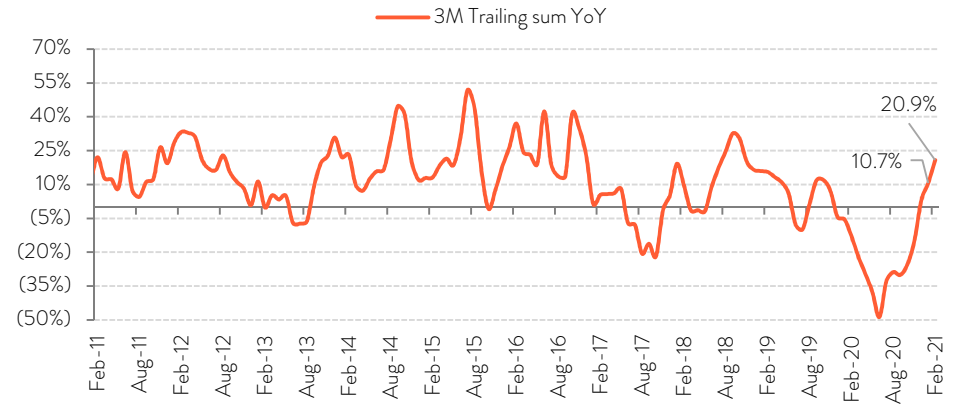
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

FIG 151 – A.P AND T.N HIGHEST FISCAL DEFICIT STATES SO FAR



Note: FYTD is Apr'20 - Feb'21

FIG 153 – ...AS CAPITAL SPENDING BY STATES\* PICKS UP



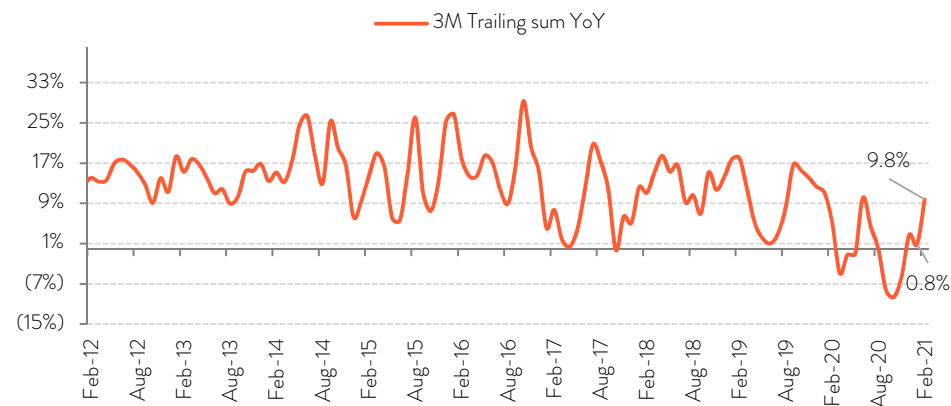
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

**FIG 154 – STATE\* GOVT. TAX REVENUES REMAIN WEAK, CAPEX ALSO FAR LOWER THAN LAST YEAR (FYTD BASIS)**

	Apr'18-Feb'19 (Rs bn)	Apr'19-Feb'20 (Rs bn)	% change	Apr'20-Feb'21 (Rs bn)	% change
Total Receipts	21,870	23,641	8.1	23,708	0.3
Revenue Receipts	18,569	19,585	5.5	17,911	(8.5)
Receipts: Tax Revenue	14,301	14,554	1.8	12,792	(12.1)
Receipts: Non-Tax Revenue	1,381	1,361	(1.4)	1,163	(14.6)
Receipts: Grant in aid & contribution	2,887	3,670	27.1	6,757	84.1
Capital Receipts	3,576	4,056	13.4	5,797	42.9
Total Expenditure	21,900	23,297	6.4	23,494	0.8
Revenue Expenditure	19,027	20,583	8.2	21,075	2.4
Capital Expenditure	2,856	2,787	(2.4)	2,419	(13.2)
Revenue Surplus or Deficit	(526)	(1,119)	112.8	(3,369)	201.0
Fiscal Surplus or Deficit	(3,170)	(4,196)	32.4	(5,958)	42.0

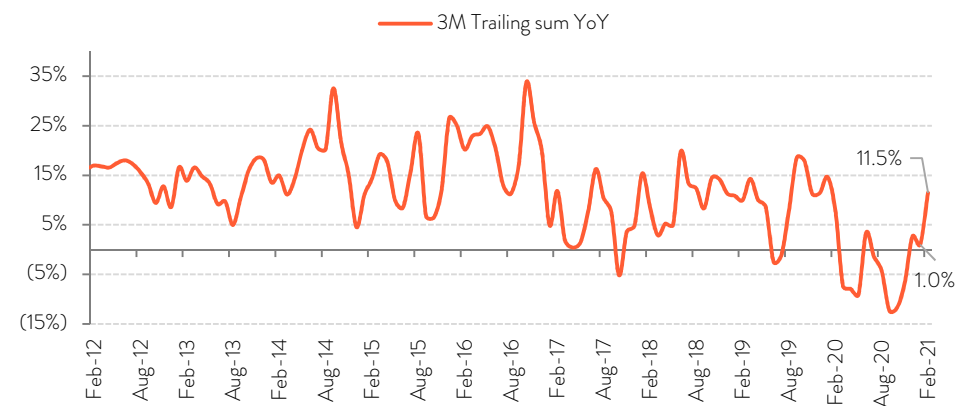
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

**FIG 155 – REVENUE SPENDING OF STATES\* PICKED UP IN FEB'21**



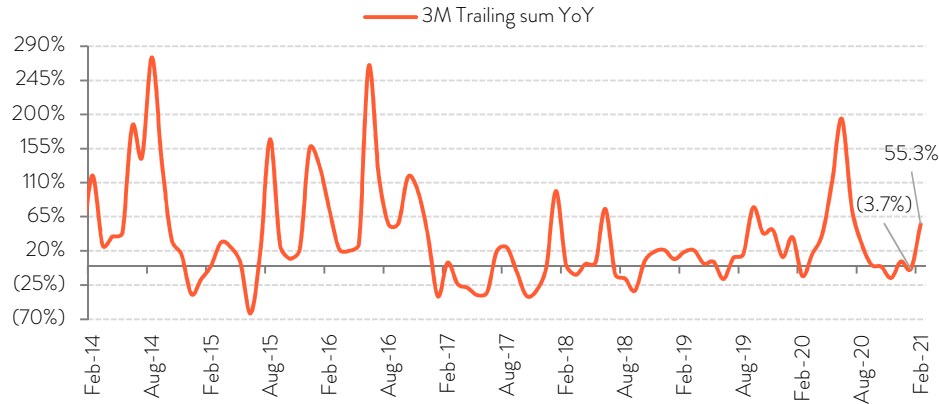
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

**FIG 156 – TOTAL RECEIPTS OF STATES\* IMPROVED IN FEB'21**



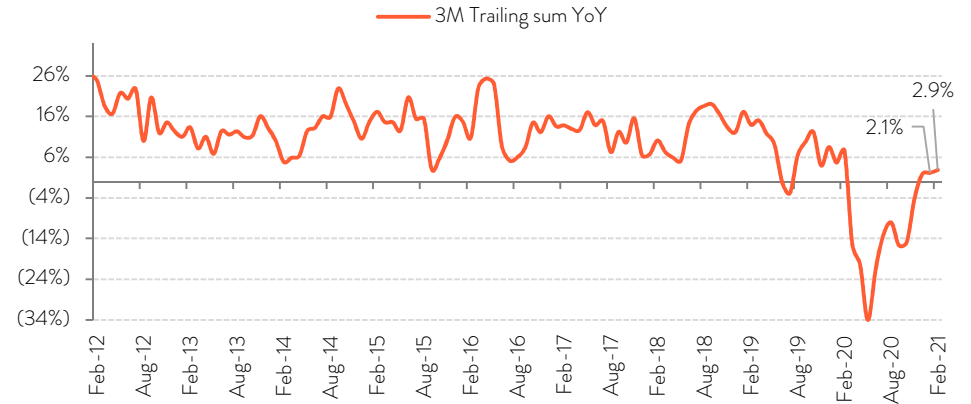
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

**FIG 157 – ...AS CAPITAL RECEIPTS PICKED UP**



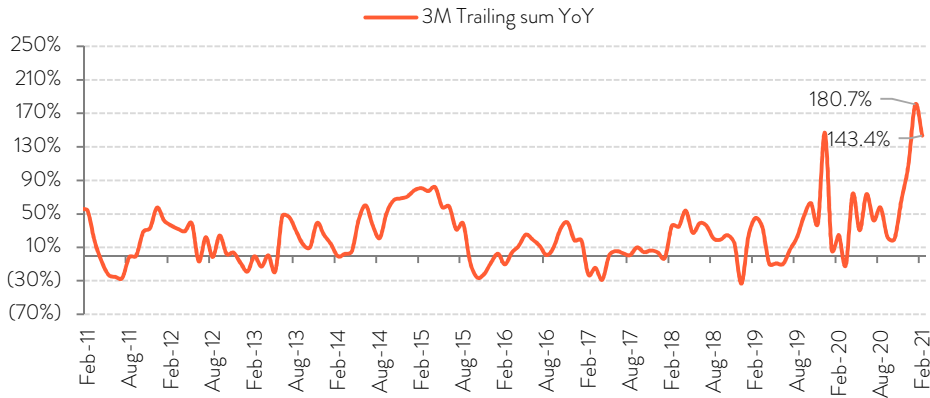
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

**FIG 158 – REVENUE RECEIPTS OF STATES\* STEADY...**



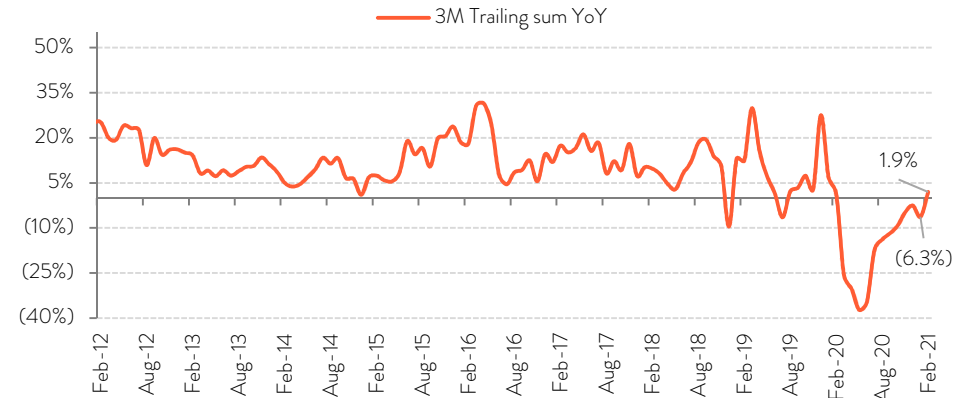
Note: \*All states excluding N.E states, Bihar, Gujarat, J&K, and W.Bengal

**FIG 159 – ...AS GRANT-IN AID FROM CENTRE TO STATES\* MODERATED IN FEB'21**



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

**FIG 160 – TAX REVENUE OF STATES\* IMPROVED IN FEB'21**



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

## Central government borrowing

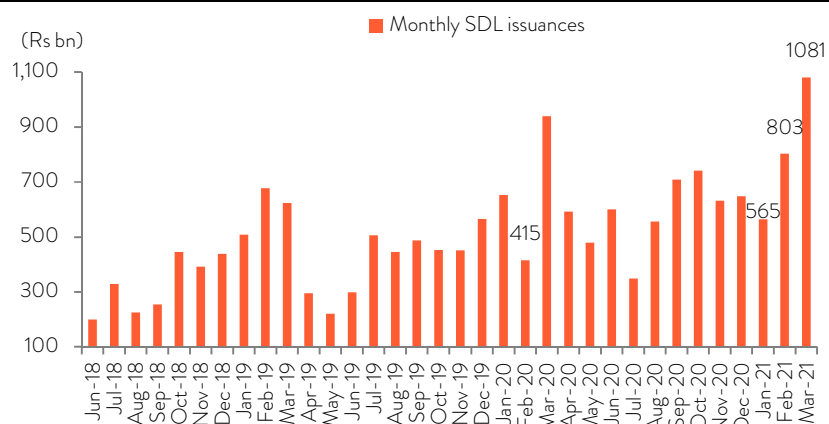
**FIG 161 – CENTRE'S T-BILL ISSUANCES AT RS 2.7TN IN Q4 ABD AT RS 17.2TN IN FY21**

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 (planned)
Q1		2,613	2,797	2,888	3,089	3,364	5,328	4,680*
Q2		2,667	2,584	3,186	3,299	3,024	5,417	-
Q3		2,645	2,747	2,632	3,070	2,889	3,745	-
Q4		2,104	1,684	2,486	1,812	2,511	2,714	-
<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>	

Source: RBI; ^as of Feb 2021

## State government borrowing

**FIG 163 – STATE GOVERNMENT BORROWINGS ROSE SHARPLY IN MAR'21**



Source: RBI

**FIG 162 – CENTRE'S GROSS BORROWING CALENDAR IN H1FY22 PLANNED AT RS 7.2**

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	2,040	3,140	3,800
Q2	1,570	1,630	1,910	1,890	1,440	2,210	4,220	3,440
Q3	1,430	1,640	1,610	1,640	1,270	1,930	2,910	2,408
Q4	1,090	840	800	670	1,680	920	3,190	2,408
<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>13,461^</b>	<b>12,055</b>

Source: RBI^ Against budgeted Rs 12.8tn

**FIG 164 – MARKET BORROWINGS OF STATES AT RECORD HIGH IN FYTD21**

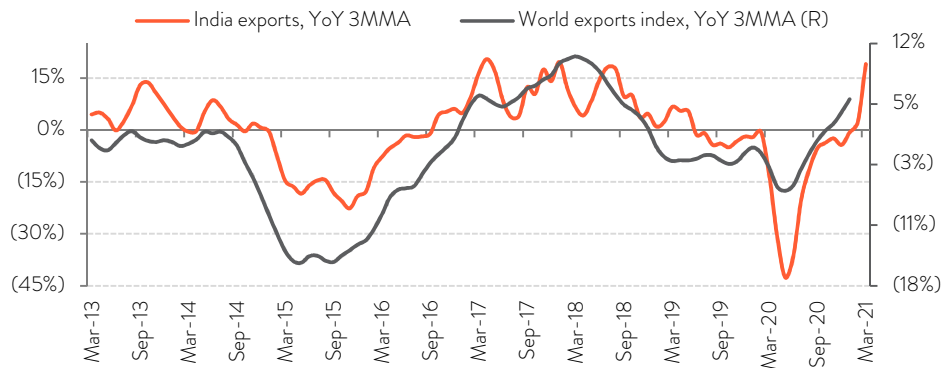
Quarterly SDL issuances, (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FYTD22 (actual)	FY22 (planned)
Q1	502	548	650	766	815	1,673	40*	1,783
Q2	627	792	1,130	809	1,439	1,614		
Q3	858	1,214	1,054	1,277	1,470	2,023		
Q4	959	1,322	1,348	1,809	2,006	2,448		
<b>Total</b>	<b>2,946</b>	<b>3,876</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,757</b>		

Source: RBI; \* as of 8 Apr 2021

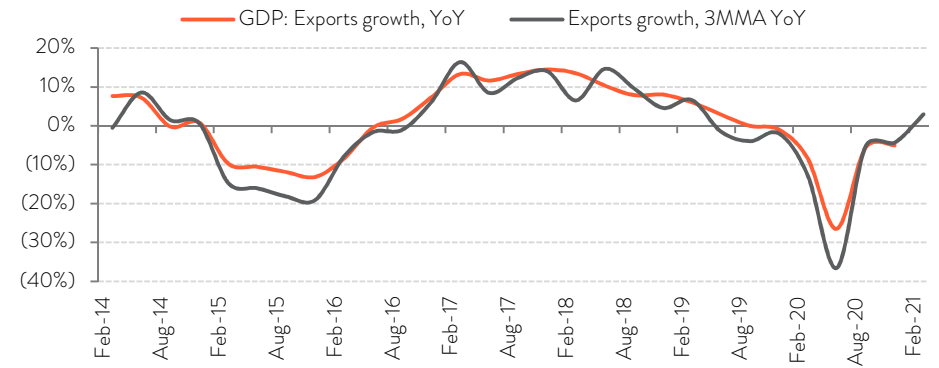
## External sector

### Exports

**FIG 165 – GLOBAL EXPORTS RECOVERING STEADILY**



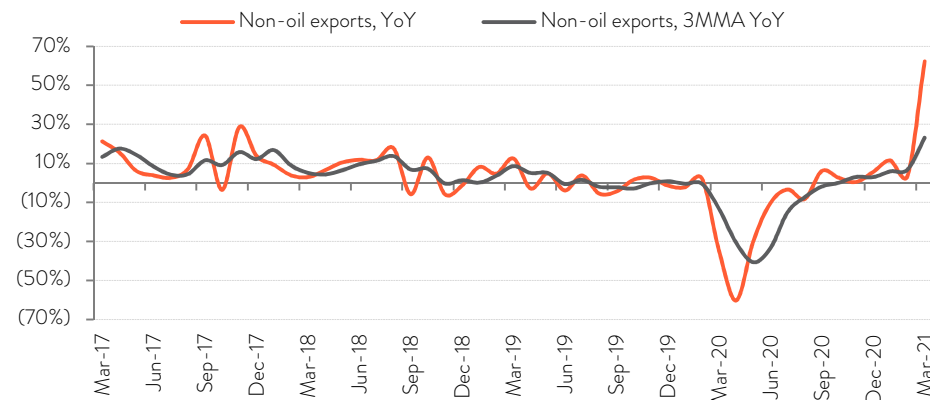
**FIG 166 – INDIA'S EXPORTS RISE TO A LIFETIME HIGH OF US\$ 34BN IN MAR'21; FOR FY21 EXPORTS CONTRACTED BY 6.1% VERSUS 4.6% DIP IN FY20**



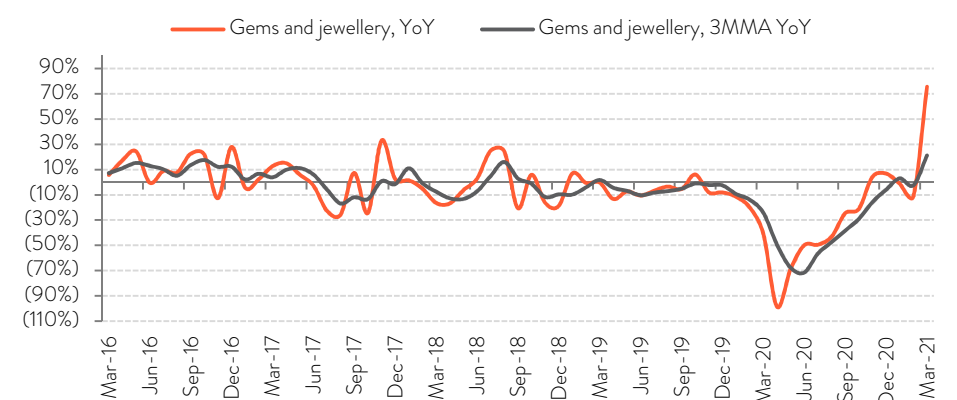
Note: Figure for Mar'21 is average YoY growth for Jan-Mar'21

### Exports by major sectors

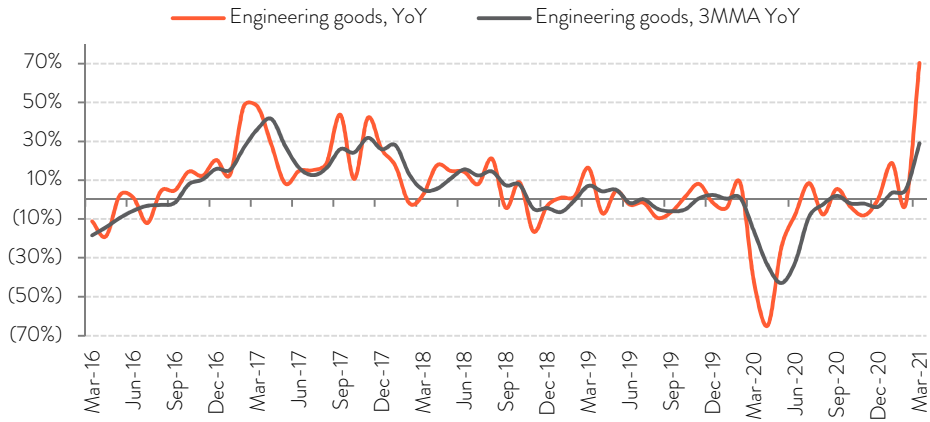
**FIG 167 – NON-OIL EXPORTS RISE SHARPLY IN MAR'21..**



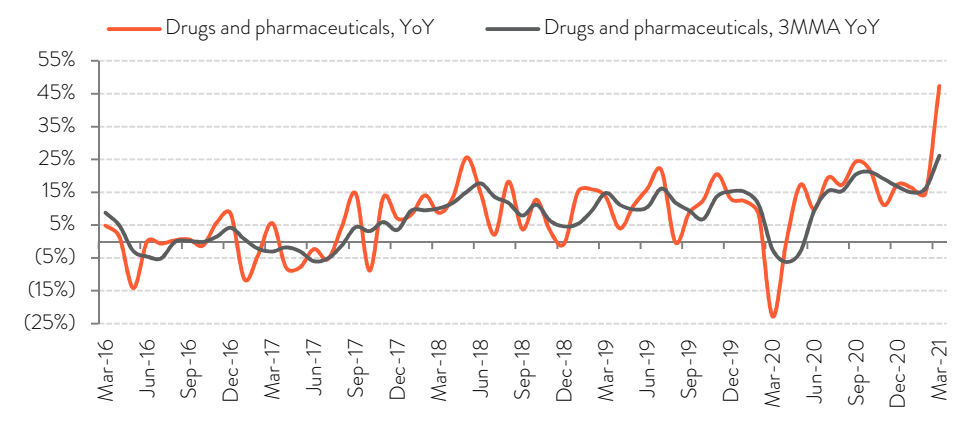
**FIG 168 – ..LED BY GEMS AND JEWELLERY AT 75.6%**



**FIG 169 – EXPORTS OF ENGINEERING GOODS ALSO IMPROVED TO 70.3% IN MAR'21 VERSUS 2.4% DECLINE IN FEB'21**

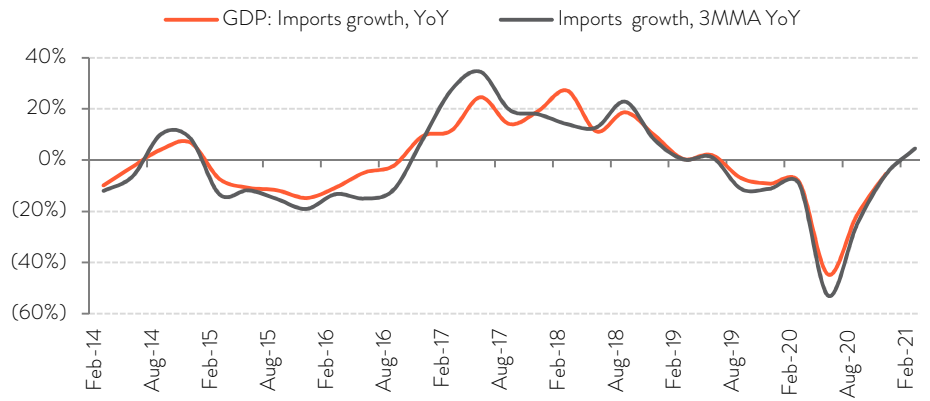


**FIG 170 – EXPORTS OF DRUGS AND PHARMACEUTICALS CONTINUED TO REMAIN BUOYANT**



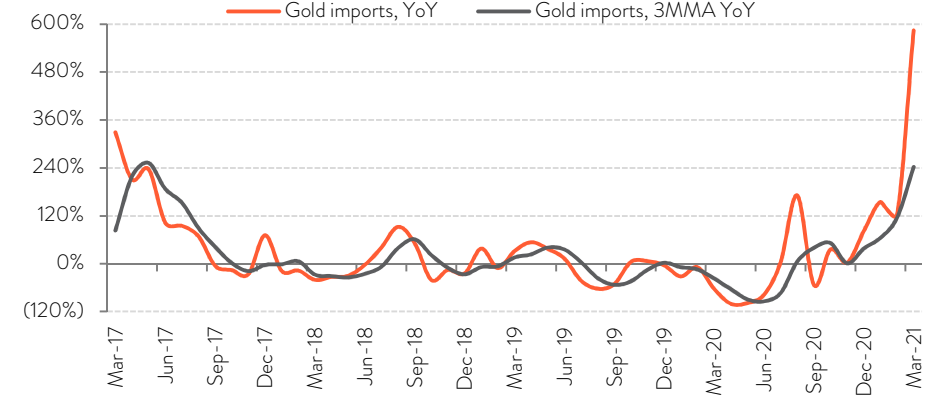
Imports

**FIG 171 – IMPORT GROWTH ALSO PICKING UP PACE**



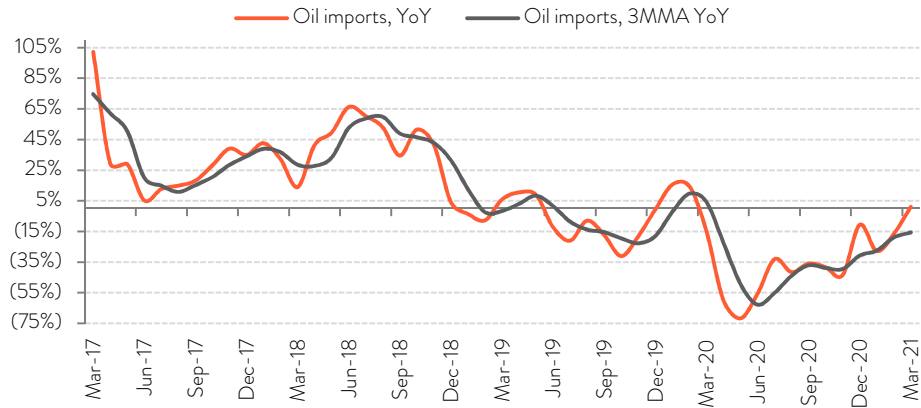
Note: Figure for Mar'21 is average YoY growth for Jan-Mar'21

**FIG 172 – LED BY GOLD IMPORTS (UP BY 584.2% IN MAR'21)**

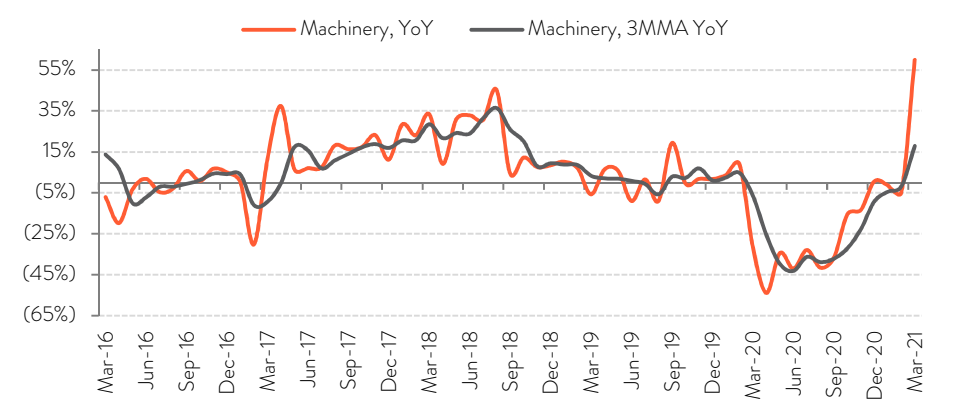




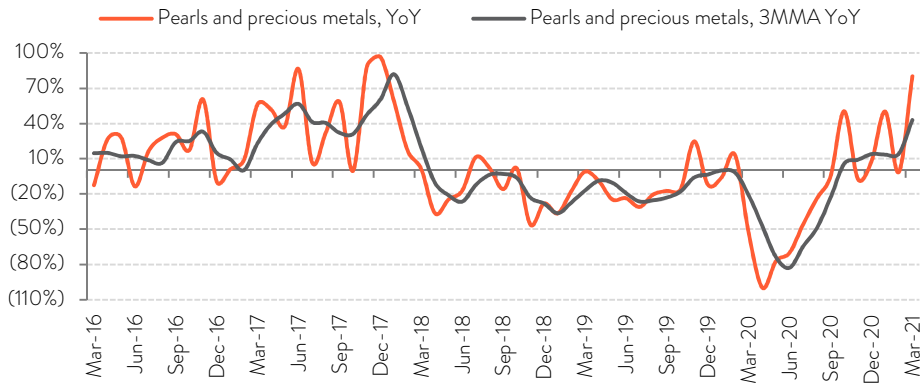
**FIG 173 – OIL IMPORTS ROSE FOR THE FIRST TIME IN 13-MONTHS**



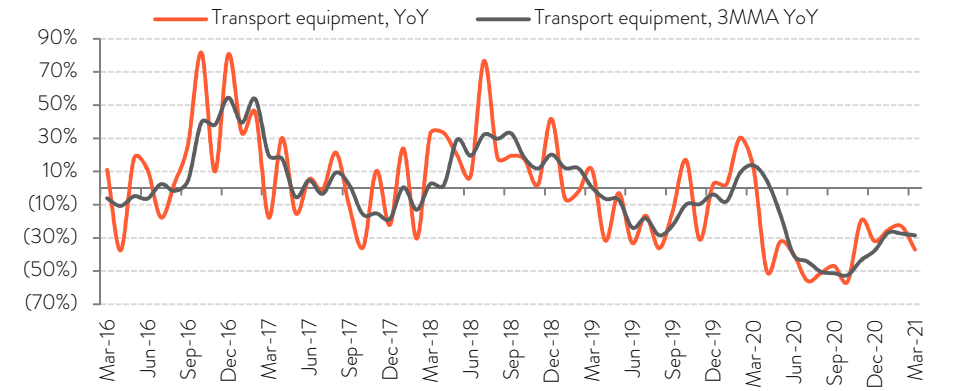
**FIG 174 – MACHINERY IMPORTS ALSO ROSE BY 59.9% IN MAR'21**



**FIG 175 – IMPORTS OF PEARLS AND PRECIOUS METALS ALSO INCHED UP**



**FIG 176 – HOWEVER IMPORTS OF TRANSPORT EQUIPMENTS CONTINUES TO REMAIN WEAK**



## Exports and imports by major regions

**FIG 177 – EXPORTS TO CHINA HAVE PICKED UP IN FYTD21; EXPORTS FROM OTHER REGIONS HAVE DECLINED**

Region (% YoY)	Share (in %) FY20	Dec'20	Jan'21	Feb'21	FYTD20	FYTD21
Americas	22.5	3.6	9.4	3.9	4.1	(6.8)
Asia and Pacific (Ex. China)	25.5	10.2	20.8	4.0	(11.6)	(6.6)
China	5.4	10.9	3.5	59.6	3.2	19.7
Europe	19.5	(2.3)	2.9	8.4	(2.6)	(14.4)
Middle East and Africa	25.9	(11.6)	(4.1)	(17.9)	2.6	(24.8)
Other	1.1	(63.8)	(67.9)	(64.3)	(4.1)	(66.2)

Note: FYTD is Apr-Feb

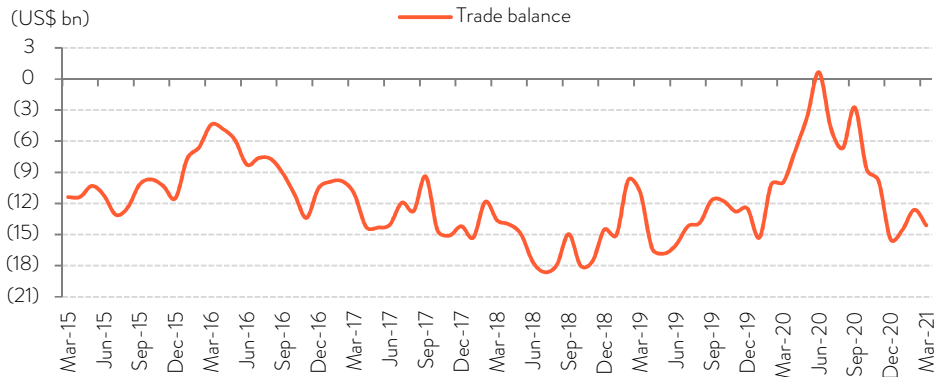
**FIG 178 – IMPORTS FROM ALL REGIONS HAVE DECLINED**

Region (% YoY)	Share in FY20	Dec'20	Jan'21	Feb'21	FYTD20	FYTD21
Americas	12.8	(8.5)	(8.4)	(12.7)	(4.2)	(27.6)
Asia and Pacific (Ex. China)	25.0	3.3	16.4	7.1	(6.3)	(18.6)
China	13.8	30.6	11.0	42.2	(4.4)	(6.4)
Europe	15.0	14.4	33.1	21.7	(6.9)	(19.0)
Middle East and Africa	30.8	8.1	(17.2)	(4.6)	(7.9)	(31.6)
Other	2.6	(11.3)	(28.4)	0.9	26.6	(24.6)

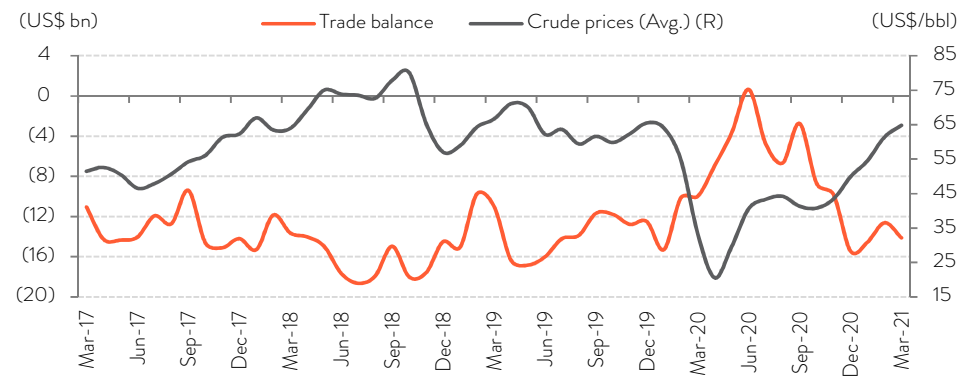
Note: FYTD is Apr-Feb

Trade deficit

**FIG 179 – TRADE DEFICIT EXPANDED TO US\$ 14.1BN IN MAR'21 FROM US\$ 12.6BN IN FEB'21**

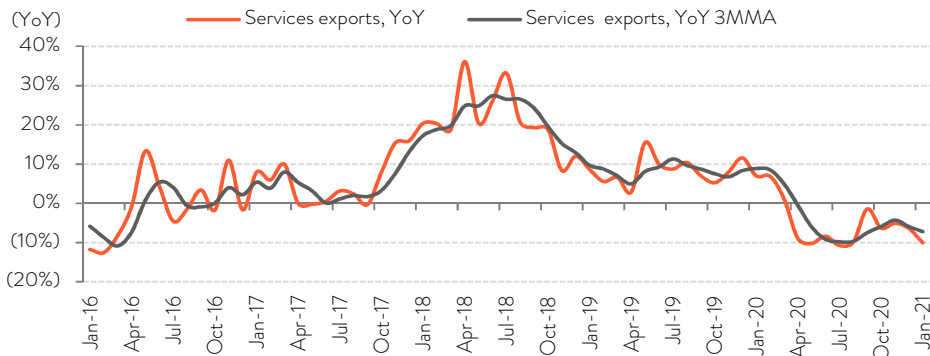


**FIG 180 – ... AS OIL PRICES INCHED UP**



Trade in services

**FIG 181 – SERVICES EXPORTS CONTRACT AT A FASTER PACE OF 10.1% IN JAN'21 VERSUS DECLINE OF 6.4% IN DEC'20**



BoP

**FIG 182 – CURRENT ACCOUNT MOVES INTO DEFICIT AGAIN IN Q3FY21**

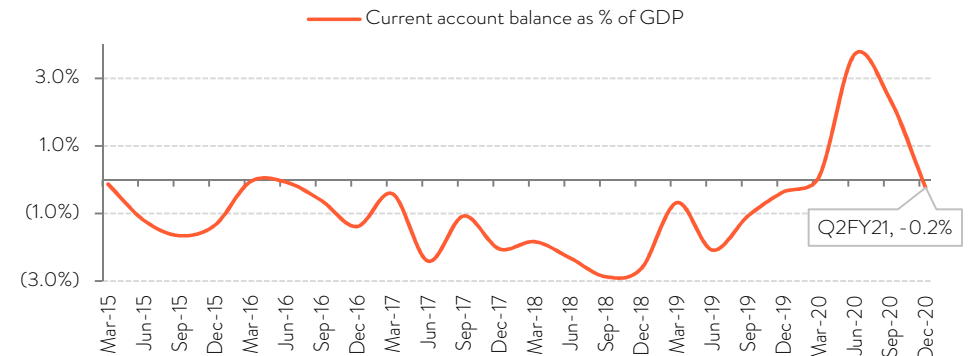


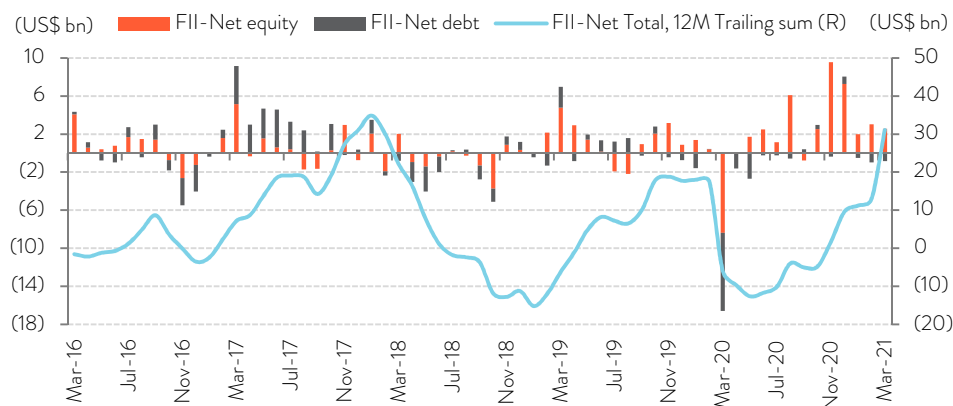
FIG 183 – .. AS TRADE DEFICIT EXPANDED

(US\$ bn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Current account</b>	<b>(2.6)</b>	<b>0.6</b>	<b>19.0</b>	<b>15.1</b>	<b>(1.7)</b>
<b>CAD/GDP (%)</b>	(0.4)	0.1	3.7	2.4	(0.2)
Trade balance	(36.0)	(35.0)	(10.8)	(14.8)	(34.5)
- Merchandise exports	81.2	76.5	52.4	75.6	77.2
- Merchandise imports	117.3	111.6	63.2	90.4	111.8
- Net Services	21.9	22.0	20.5	21.2	23.6
- -Software	21.5	21.1	20.8	22.0	23.4
Transfers	18.9	18.4	17.0	18.4	19.3
Other invisibles	(7.4)	(4.8)	(7.6)	(9.4)	(10.1)
<b>Capital account</b>	<b>23.6</b>	<b>17.4</b>	<b>1.3</b>	<b>16.1</b>	<b>33.5</b>
<b>% of GDP</b>	<b>3.3</b>	<b>2.4</b>	<b>0.3</b>	<b>2.5</b>	<b>4.5</b>
Foreign investments	17.6	(1.8)	(0.2)	31.6	38.2
- FDI	9.7	12.0	(0.8)	24.6	17.0
- FII	7.8	(13.7)	0.6	7.0	21.2
Banking capital	(2.3)	(4.6)	2.2	(11.3)	(7.6)
Short-term credit	(1.4)	(1.0)	(0.2)	(1.8)	0.2
ECBs	3.2	10.3	(1.2)	(3.9)	(1.2)
External assistance	1.3	0.6	4.1	1.9	1.2
Other capital account items	5.2	13.8	(3.5)	(0.4)	2.8
E&O	0.6	0.9	(0.4)	0.4	0.7
<b>Overall balance</b>	<b>21.6</b>	<b>18.8</b>	<b>19.9</b>	<b>31.6</b>	<b>32.5</b>

## Foreign inflows

### FII inflows

**FIG 184 – FII INFLOWS AT US\$ 1.7BN IN MAR'21 VERSUS US\$ 2BN IN FEB'21**



Source: Bloomberg

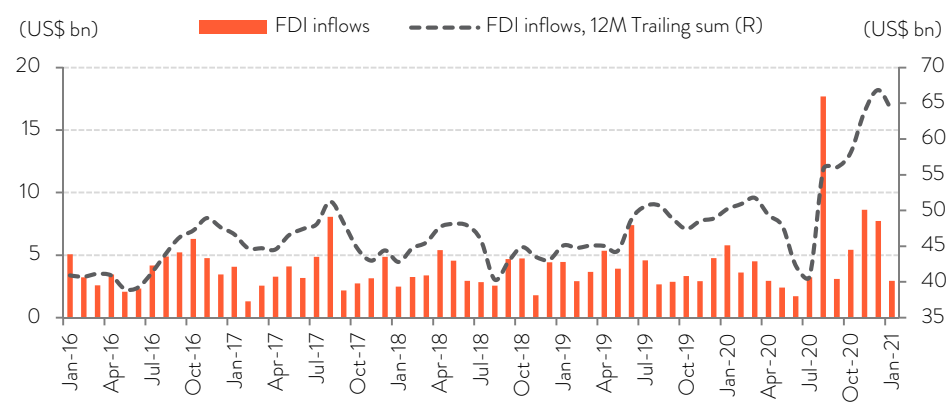
**FIG 186 – FDI INFLOWS IN COMPUTER, SOFTWARE REMAIN BUOYANT IN Q3FY21**

Sector	% Share FY20	Dec'19	Mar'20	Jun'20	Sep'20	Dec'20
Computer software and hardware	15.4	2.3	1.3	1.1	16.5	7.9
Services Sector	15.7	2.1	1.3	1.1	1.1	2.8
Trading	9.2	1.4	1.1	0.4	0.5	1.6
Automobile industry	5.7	0.4	0.3	0.3	0.1	1.1
Telecommunications	8.9	0.0	0.2	0.0	0.0	0.4

Source: DIPP

### FDI inflows

**FIG 185 – FDI INFLOWS REMAIN BUOYANT IN FYTD21**



Source: RBI, Bank of Baroda Research

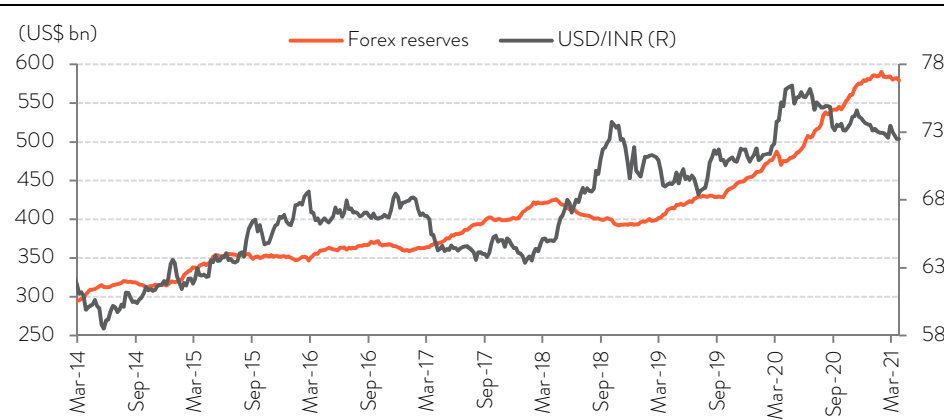
**FIG 187 – FDI INFLOWS FROM SINGAPORE ACCELERATE THE MOST IN Q3FY21**

Country (US\$ bn)	% Share in FY20	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Singapore	29.4	3.6	3.0	1.8	6.5	9.2
Mauritius	16.5	1.1	0.8	0.9	1.1	2.4
Netherlands	13.0	1.2	3.0	1.1	0.4	2.0
Japan	6.5	1.0	0.4	0.4	0.2	0.8
UK	2.8	0.3	0.3	0.2	1.2	0.7

Source: DIPP

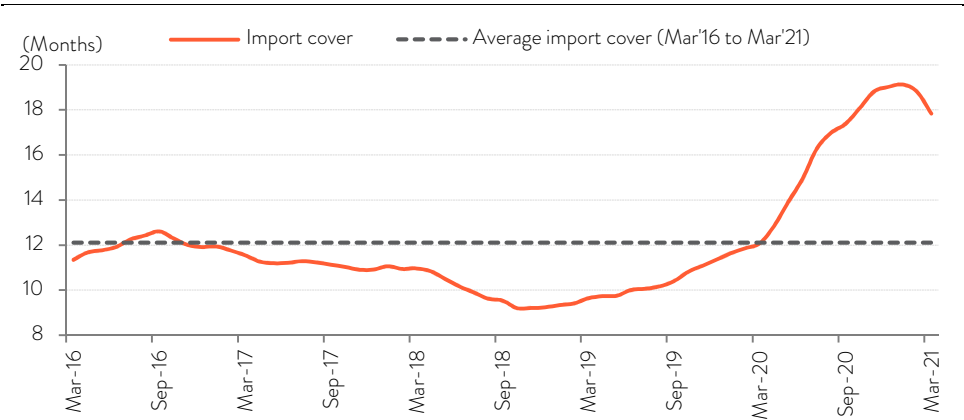
Forex reserves and external debt

**FIG 188 – INDIA’S FX RESERVES AT US\$ 579.3BN IN FEB’21, US\$ 104BN ACCRETION IN FY21**

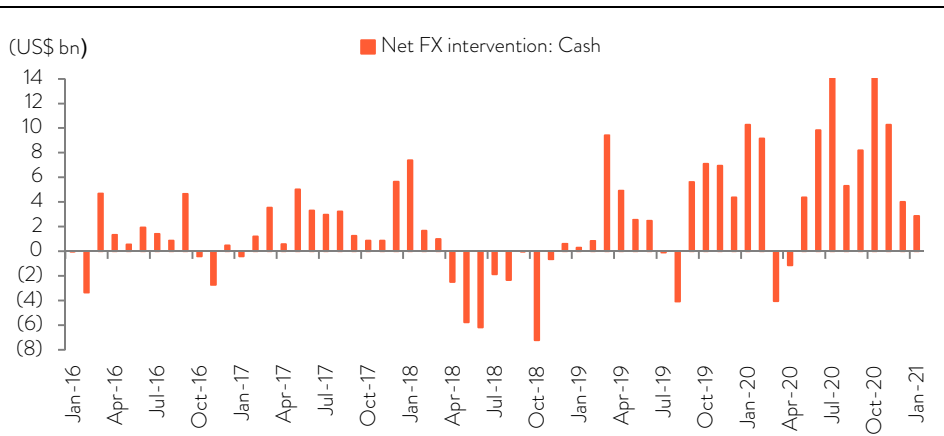


Source: Bloomberg | Weekly data as of 26 Mar 2021

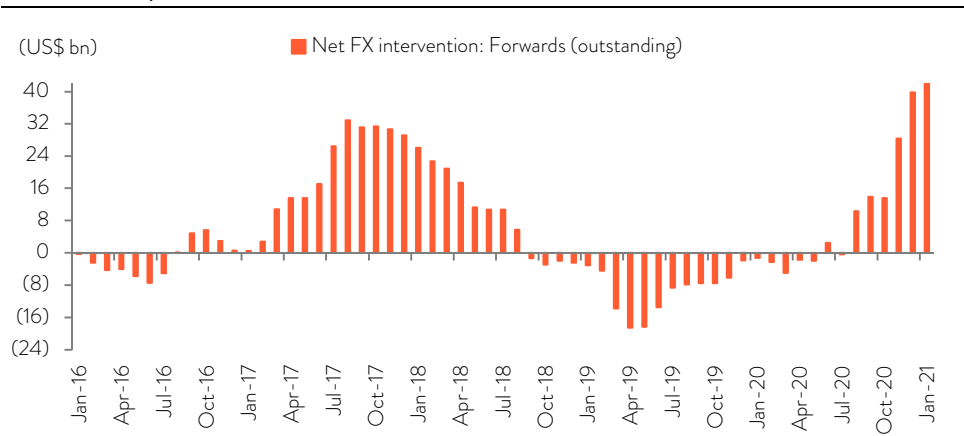
**FIG 189 – IMPORT COVER DIPS TO 17.8 MONTHS IN MAR’21**



**FIG 190 – IN THE SPOT MARKET, RBI BOUGHT US\$ 2.9BN IN JAN’21 VERSUS US\$ 4BN IN DEC’20**



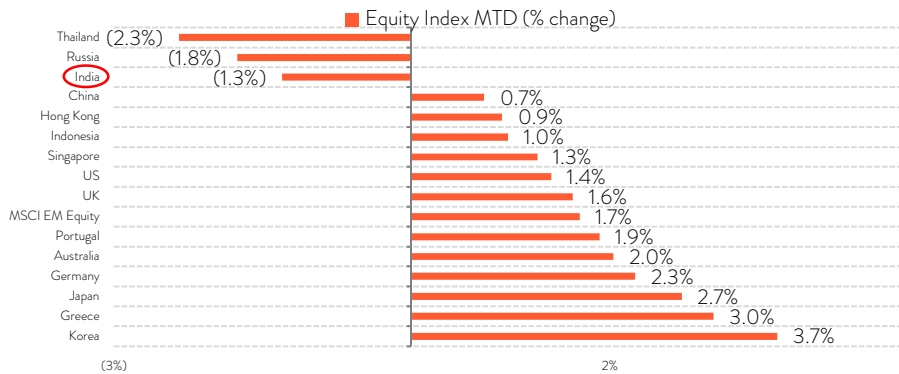
**FIG 191 – IN FORWARDS MARKET, RBI BOUGHT US\$ 7.6BN IN JAN’21 VERSUS US\$ 11.4BN, OUTSTANDING POSITION AT US\$ 47.4BN**



## Markets

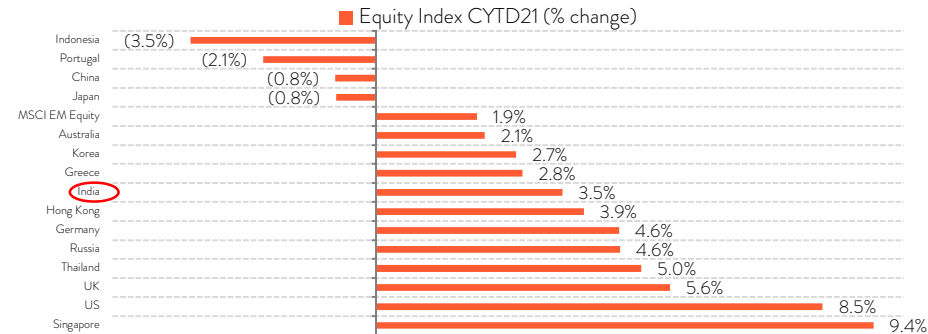
### Equity

**FIG 192 – IN APR'21, SENSEX FELL BY 1.3% DUE TO RISING COVID CASES**



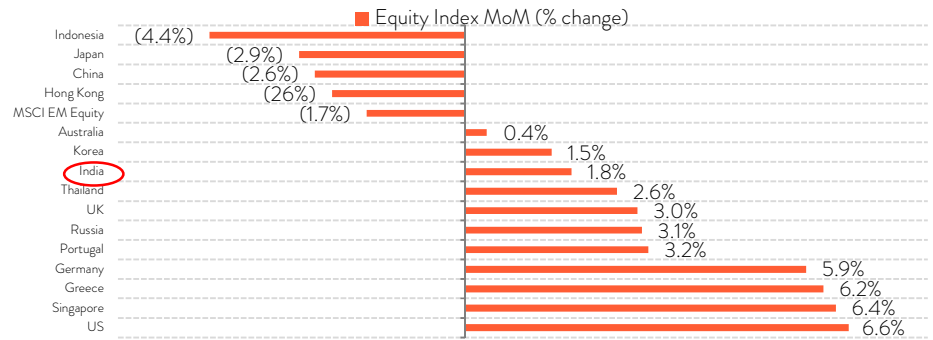
Source: Bloomberg | \* As on 7 Apr 2021, Indices are in US\$ terms

**FIG 194 – IN CYTD21, SENSEX ROSE BY 3.5%**



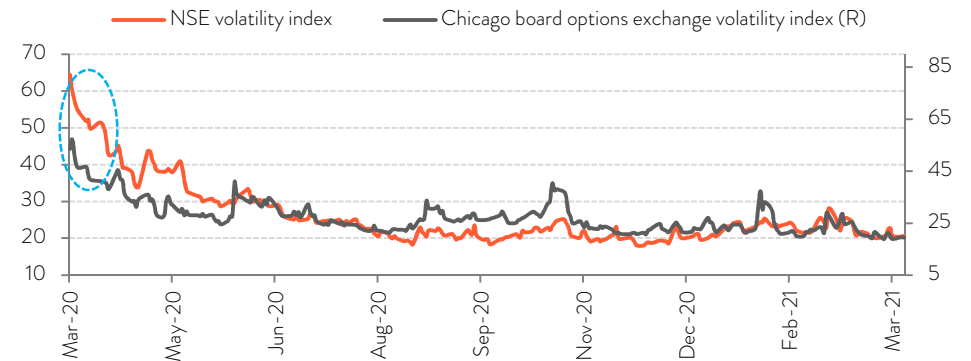
Source: Bloomberg | \* As on 31 Mar 2021, Indices are in US\$ terms

**FIG 193 – IN MAR'21 SENSEX OUTPERFORMED AND ROSE BY 1.8% AGAINST MSCI EM'S DECLINE OF ONLY 1.7%**



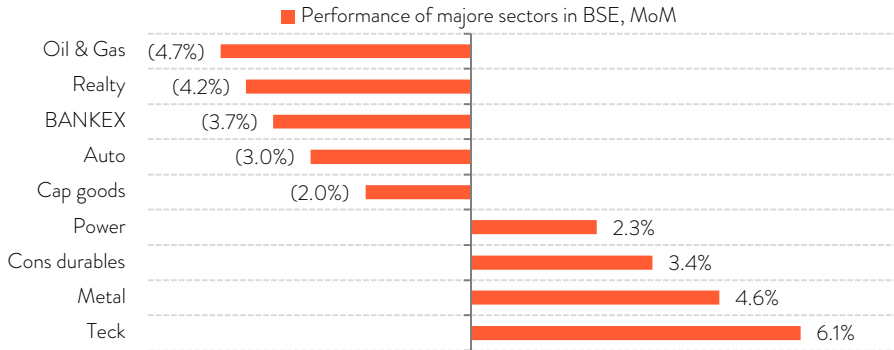
Source: Bloomberg | \* As on 31 Mar 2021, Indices are in US\$ terms

**FIG 195 – VIX INDEX ROSE TO 20.65 IN MAR'21 FROM 28.14 IN FEB'21**



Source: Bloomberg

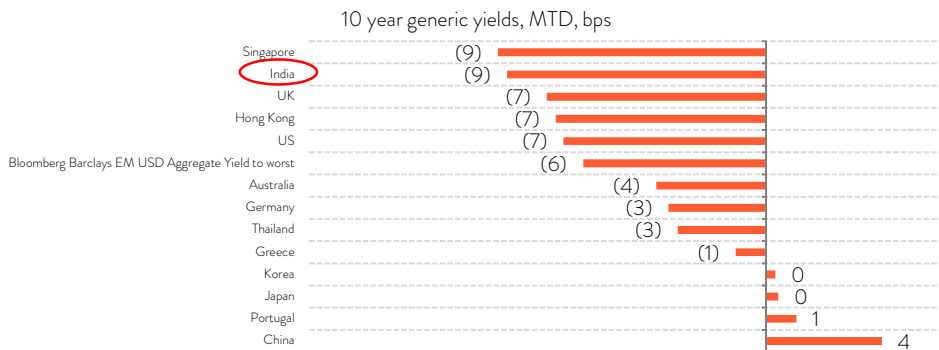
**FIG 196 – TECHNOLOGY AND METAL STOCKS ROSE THE MOST**



Source: Bloomberg | As on 31 Mar 2021

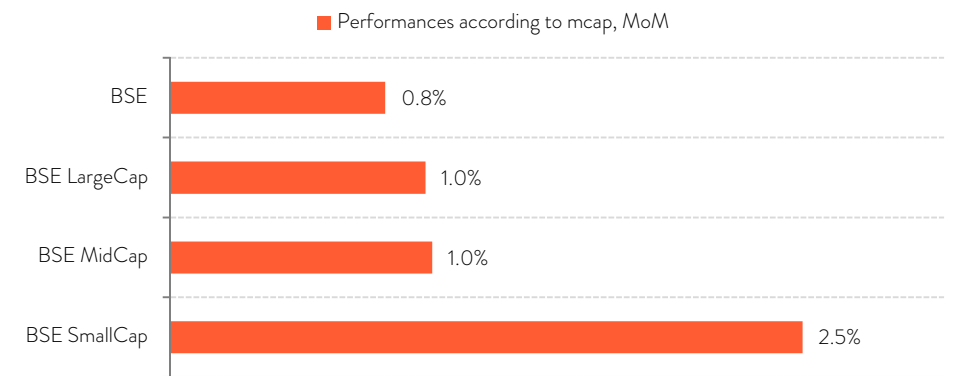
### 10 year bond yields

**FIG 198 – IN APR'21, INDIA'S 10Y YIELD FELL BY 9BPS**



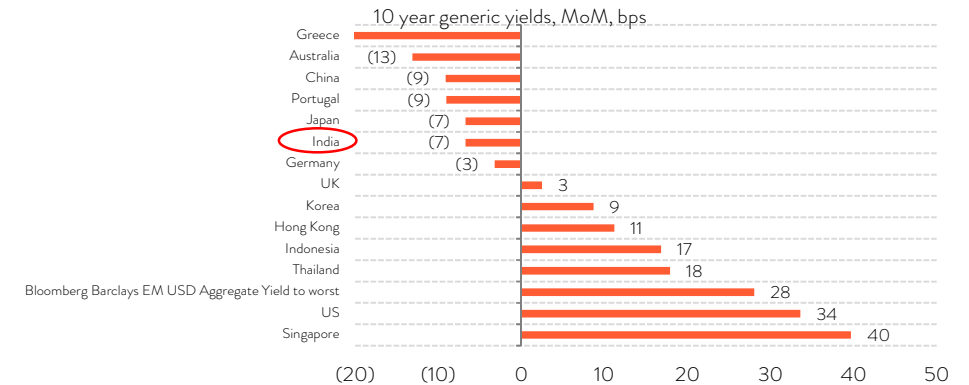
Source: Bloomberg | \* As on 7 Apr 2021, Note: For India 5.85GS2030 yield is taken

**FIG 197 – SMALL CAPS ROSE THE MOST**



Source: Bloomberg | As on 31 Mar 2021

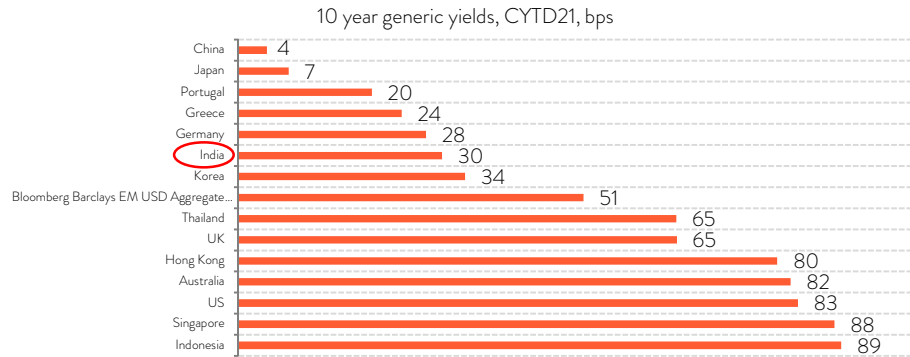
**FIG 199 – IN MAR'21, INDIA'S 10Y YIELD FELL BY 7BPS, WHILE EM COMPOSITE YIELD INDEX ROSE BY 28BPS**



Source: Bloomberg | \* As on 31 Mar 2021, Note: For India 5.85GS2030 yield is taken

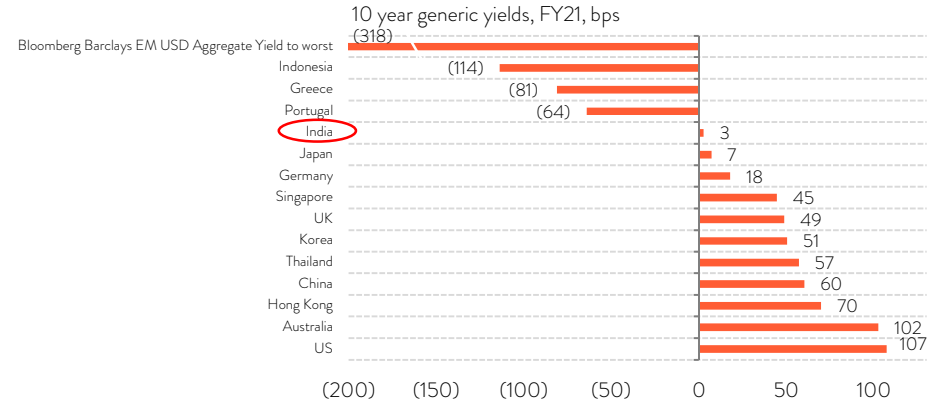


**FIG 200 – HOWEVER, IN CYTD21, INDIA’S 10Y YIELD ROSE BY 30BPS**



Source: Bloomberg | \* As on 31 Mar 2021, Note: For India 5.85GS2030 yield is taken

**FIG 201 – IN FY21, INDIA’S 10Y YIELD ROSE BY 3BPS**



Source: Bloomberg | \* As on 31 Mar 2021, Note: For India 5.85GS2030 yield is taken

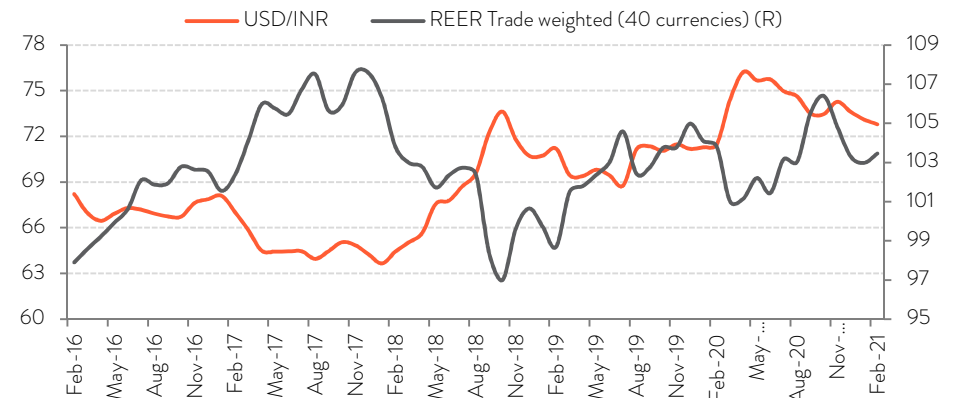
Currencies

**FIG 202 – INR ROSE BY 0.5% IN MAR’21**



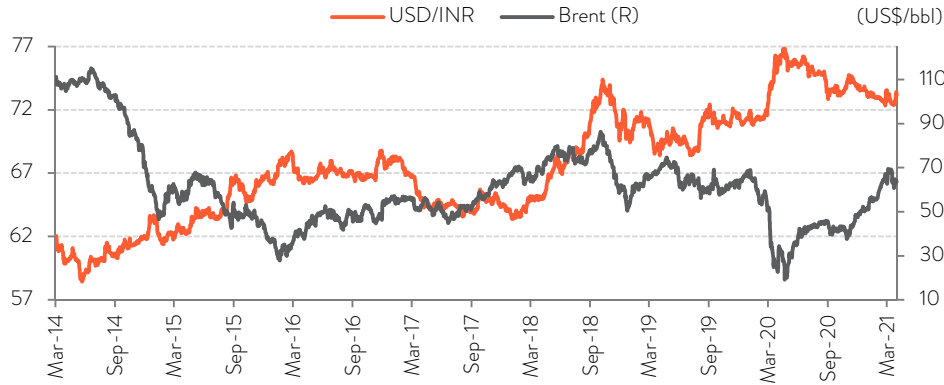
Source: Bloomberg | \*As on 31 Mar 2021

**FIG 203 – INR STILL OVERVALUED BY 3.5% (FEB’21)**



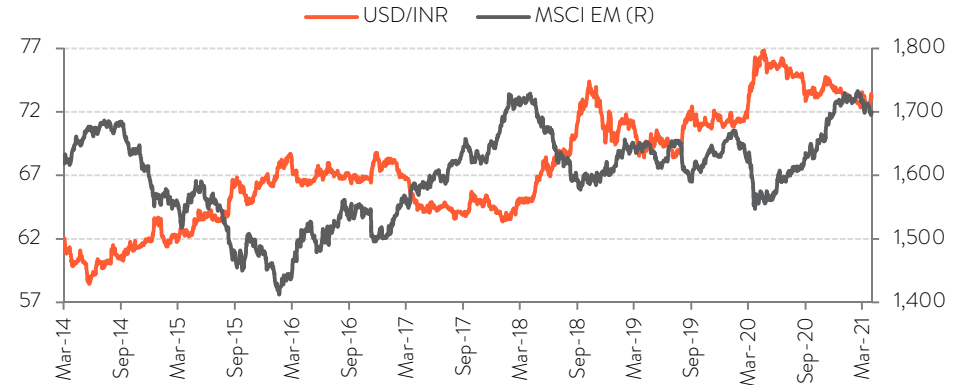
Source: Bloomberg

**FIG 204 – INR APPRECIATED AS OIL PRICES WERE LOWER ON AN AVERAGE**



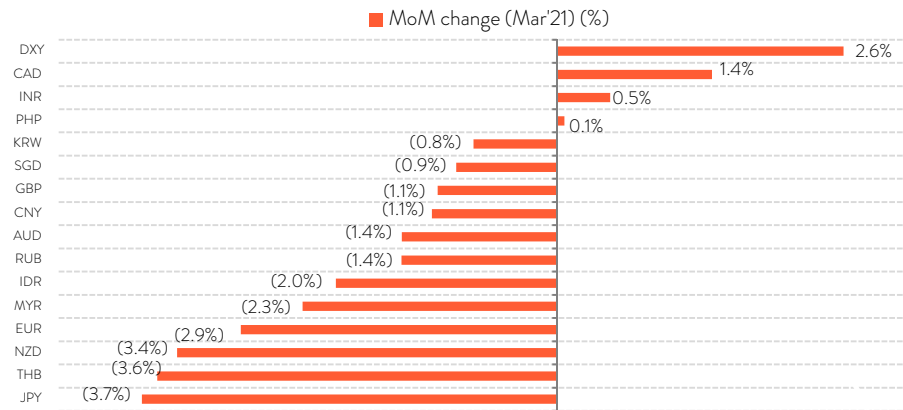
Source: Bloomberg | \*As on 31 Mar 2021

**FIG 205 – .. EM CURRENCIES HOWEVER DEPRECIATED**



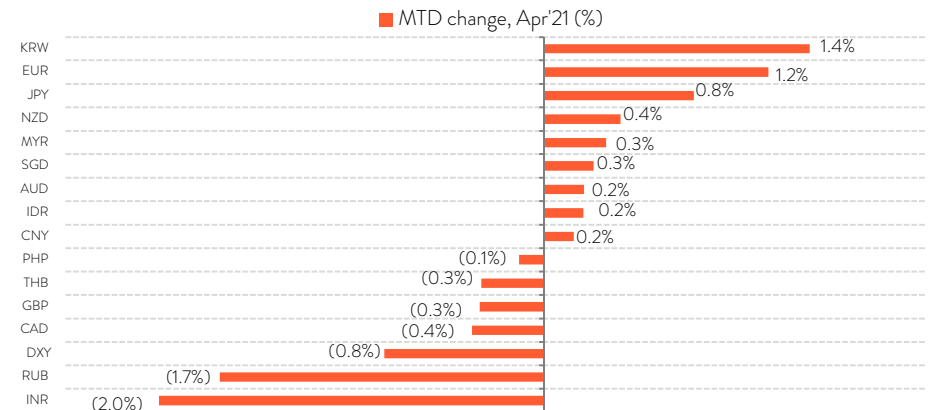
Source: Bloomberg | \*As on 31 Mar 2021

**FIG 206 – DXY ROSE SHARPLY BY 2.6% IN MAR'21**



Source: Bloomberg | \*As on 31 Mar 2021

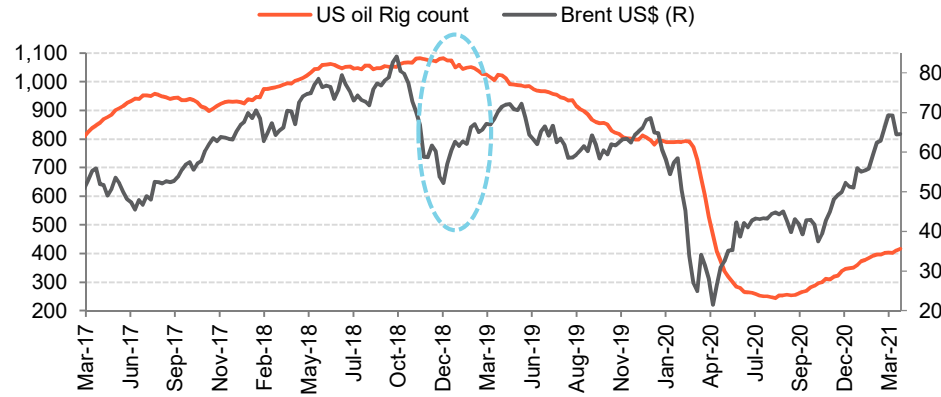
**FIG 207 – INR HAS DEPRECIATED BY 2% IN APR'21 SO FAR**



Source: Bloomberg | \*As on 8 Apr 2021

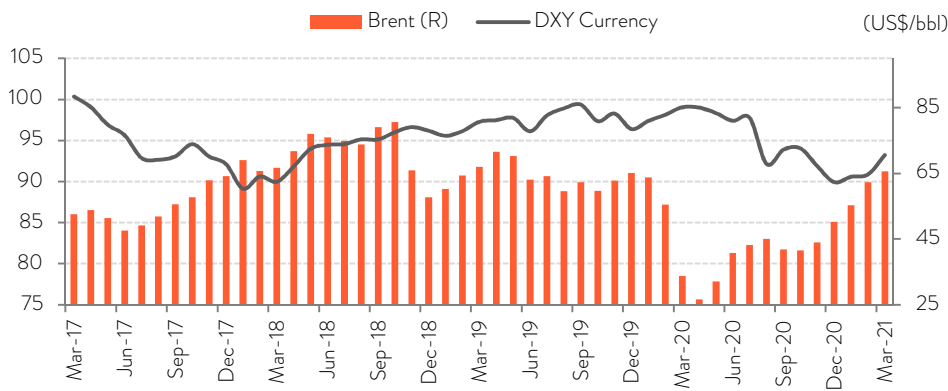
Commodities

**FIG 208 – US RIG COUNT INCHED UP, OIL PRICES ALSO REMAINED ELEVATED**



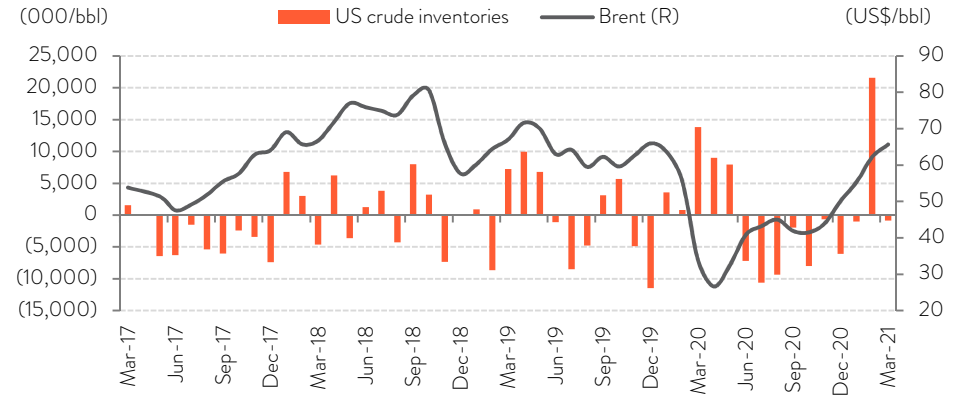
Source: Bloomberg

**FIG 210 – OIL PRICES ON AN AVERAGE ROSE TO US\$ 66/BBL IN MAR'21 FROM US\$ 62/BBL IN FEB'21, DXY ALSO ROSE TO 93.23 FROM 90.88**



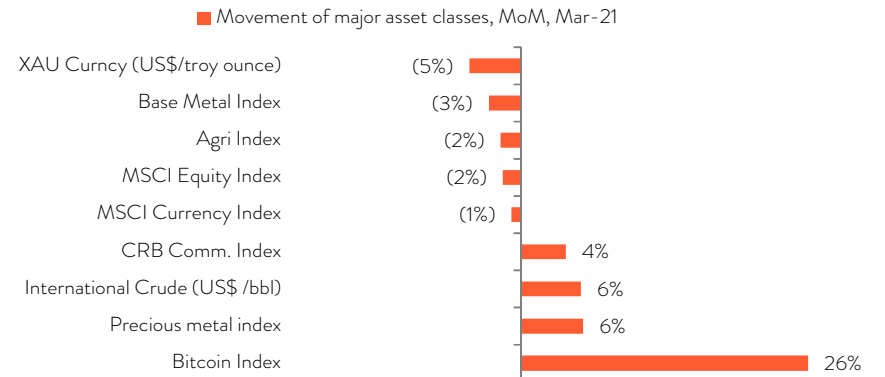
Source: Bloomberg | DXY Index as on last trading day of the month

**FIG 209 – US CRUDE OIL INVENTORIES INCREASED IN MAR'21, SO IS OIL PRICE**



Source: Bloomberg

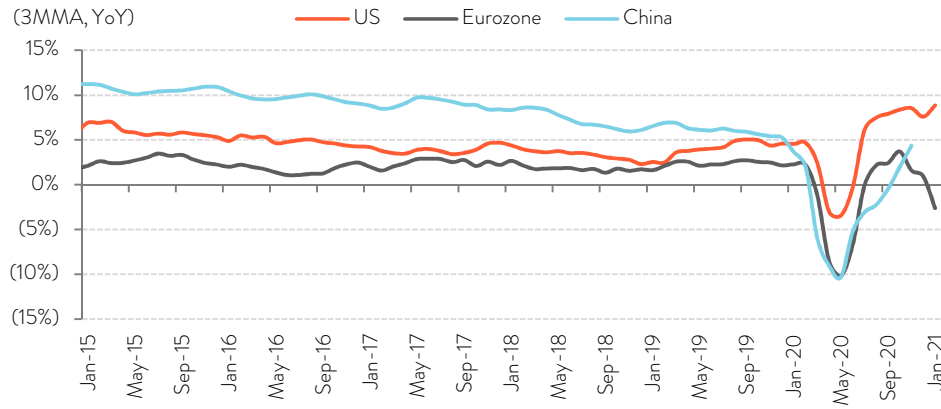
**FIG 211 – BITCOIN INDEX ROSE THE MOST FOLLOWED BY PRECIOUS METAL AND CRUDE, AMONGST MAJOR ASSET CLASS**



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

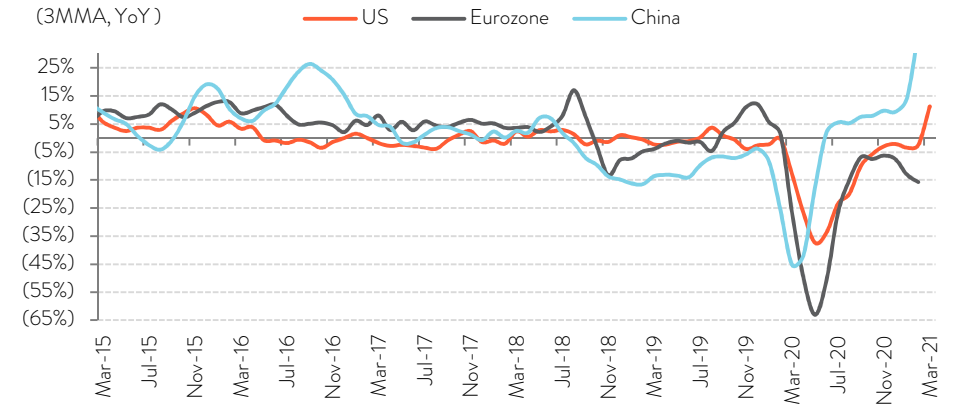
## Global consumption

**FIG 212 – RETAIL SALES IMPROVE IN CHINA AND US;DIPS IN EUROZONE**



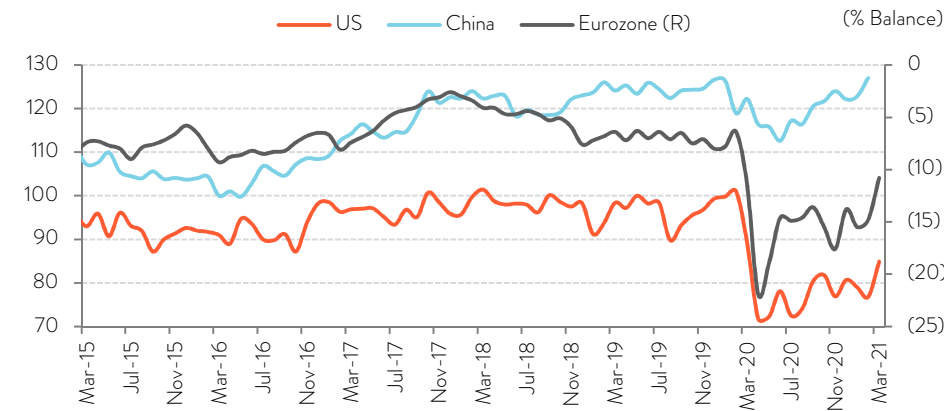
Note: Retail sales for China till Nov'20

**FIG 213 – AUTO SALES SLIPS DOWN FOR EUROZONE ; EDGING UP FOR US AND CHINA**



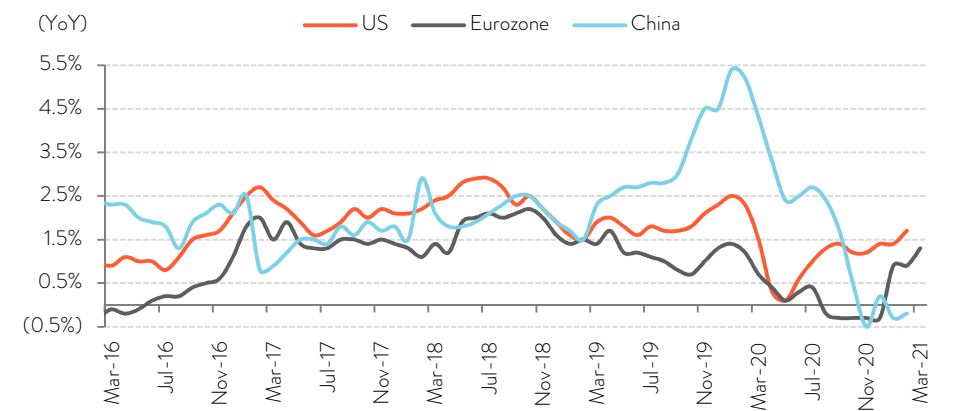
Note: Auto sales for Eurozone and China till Feb'21

**FIG 214 – CONSUMER CONFIDENCE INCHING UP ACROSS THE BOARD**



Note: Consumer confidence for eurozone is % diffusion index. Data for China is for Feb'21

**FIG 215 – CPI FIRING UP**



Note: Dta for US and China till Feb'21

## Policy

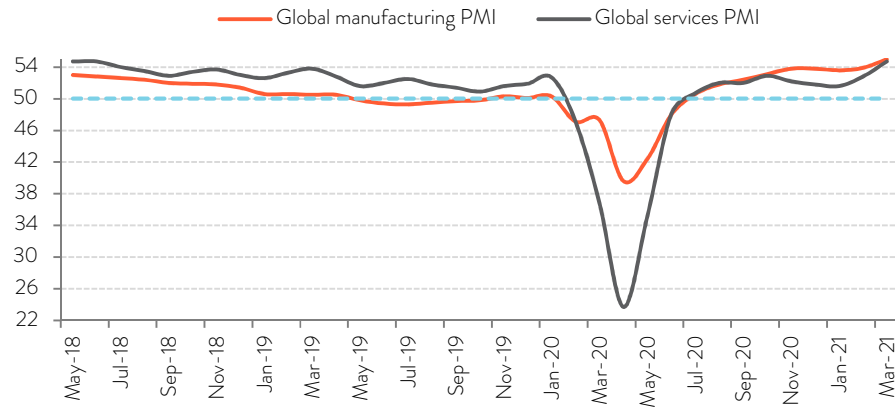
**FIG 216 – SOME CENTRAL BANKS ARE RAISING RATES**

Country	Current inflation rate (%)	Current policy rate (%)	CY20 (change in bps)	CYTD21 (change in bps)	Direction of policy rate in CYTD21
Turkey	16.2	19.0	500	200	↑
Brazil	5.2	2.8	(250)	75	↑
Russia	5.8	4.5	(200)	25	↑
Germany	1.7	0	0	0	-
UK	0.4	0.1	(65)	0	-
US	1.7	0.3	(150)	0	-
India	5.0	4.0	(115)	0	-
Japan	(0.4)	(0.1)	0	0	-
China	(0.2)	4.4	0	0	-
Korea	1.1	0.5	(75)	0	-
Australia	0.9	0.1	(65)	0	-
Thailand	(0.3)	0.5	(75)	0	-
Malaysia	0.1	1.8	(125)	0	-
Phillipines	4.5	2.0	(200)	0	-
Indonesia	1.4	3.5	(125)	(25)	↓
Mexico	3.8	4.0	(300)	(25)	↓

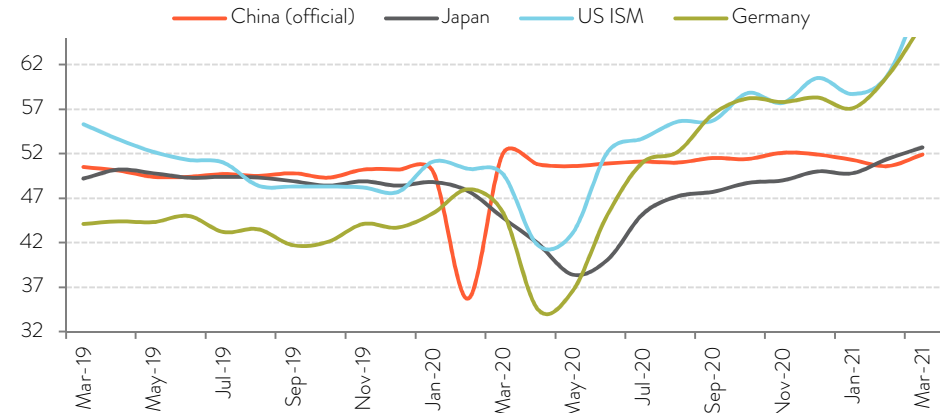
Source: Bloomberg

## Global investment and manufacturing

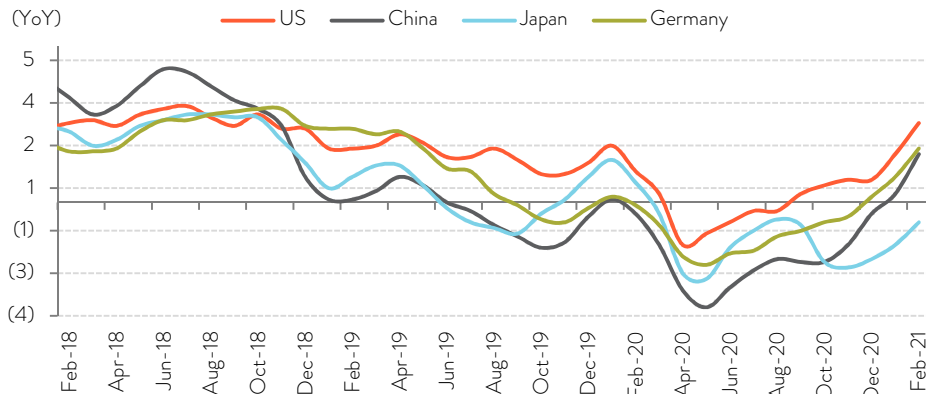
**FIG 217 – GLOBAL MANUFACTURING AND SERVICES PMI INCHED UP IN MAR'21**



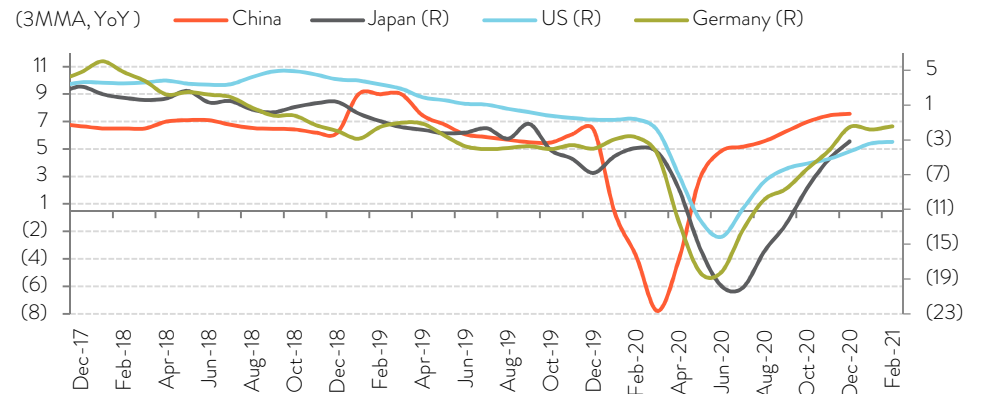
**FIG 218 – MANUFACTURING ACTIVITY (PMI) IN US AND JAPAN IMPROVED IN MAR'21**



**FIG 219 – PRODUCER PRICES INCHED UP THE MOST IN US AND GERMANY**

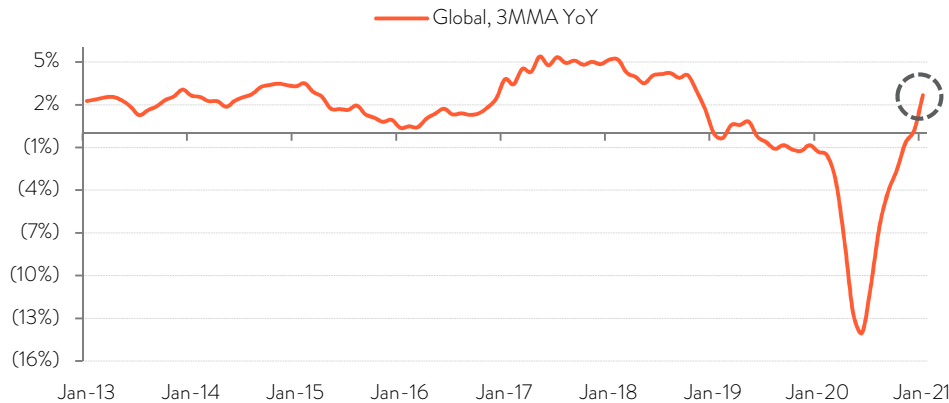


**FIG 220 – INDUSTRIAL PRODUCTION IN US AND GERMANY ROSE IN FEB'21**



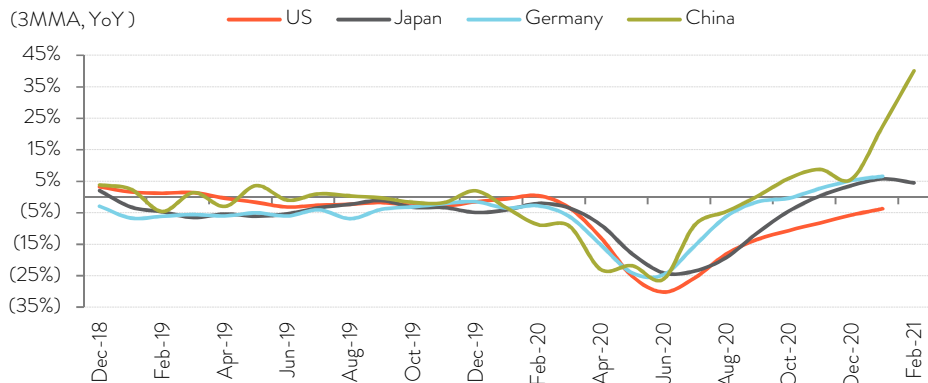
## Global trade

**FIG 221 – WORLD TRADE VOLUME SHOWING STEADY IMPROVEMENT**



Source: NPB, World Trade Monitor

**FIG 223 – CHINA'S EXPORTS RISE SHARPLY IN JAN-FEB'21**



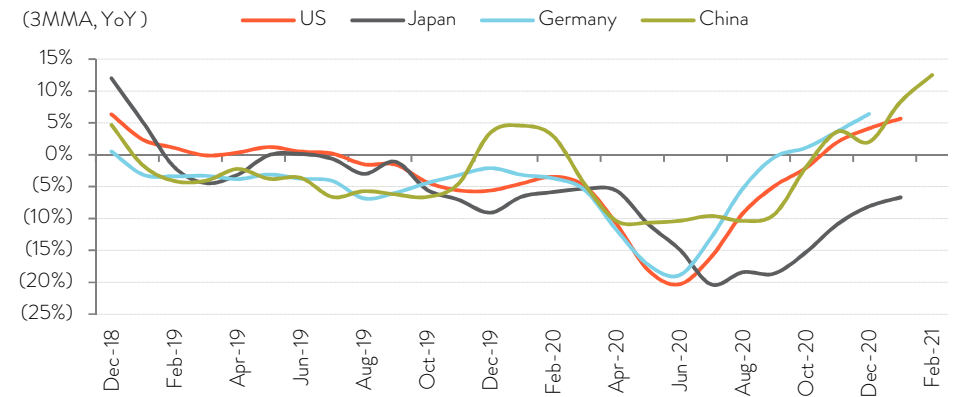
Source: Bloomberg

**FIG 222 – BARRING EUROPE, AFRICA AND MIDDLE EAST, TRADE VOLUMES IMPROVING IN OTHER REGIONS**

Country/Region (% YoY)	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Africa and Middle East	(8.3)	(5.9)	(4.9)	(5.0)	(5.3)	(4.8)
China	6.5	7.4	7.4	9.4	8.2	17.1
Eastern Europe / CIS	(7.0)	(10.6)	(12.6)	(13.4)	(12.6)	(10.3)
Emerging Asia (ex. China)	(9.8)	(7.2)	(5.4)	(3.0)	(1.4)	1.8
Euro Area	(9.3)	(6.3)	(4.5)	(3.1)	(2.2)	(1.3)
Japan	(13.0)	(11.0)	(7.4)	(3.3)	(0.7)	1.7
Latin America	(10.6)	(8.7)	(6.9)	(3.3)	(0.6)	1.5
US	(10.4)	(6.3)	(4.0)	(1.5)	0.3	1.5

Source: CPB, World Trade Monitor

**FIG 224 – ...SIMILAR TREND IN IMPORTS**



Source: Bloomberg

FIG 225 – 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	Feb-21	Mar-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	47.5	30.4	
Two Wheeler Sales	-	(88.8)	(40.9)	(37.5)	(28.7)	(12.6)	(26.8)	(21.4)	11.9	(8.8)	(16)	(35)
MNREGA work (HH, MoM)	-	179	20	(29)	(24)	0.3	(0.3)	(6.6)	16.5	(0.9)	(8.6)	
<b>Manufacturing</b>												
IIP: General Index	(57.3)	(33.4)	(16.6)	(10.5)	(7.1)	1.0	4.2	(2.1)	1.6	(1.6)	-	
IIP: Manufacturing	(66.6)	(37.8)	(17.0)	(11.4)	(7.6)	0.4	4.1	(2.0)	2.1	(2.0)	-	
IIP: Capital goods	(92.7)	(65.9)	(37.4)	(22.8)	(14.4)	(1.2)	3.5	(7.4)	1.5	(9.6)	-	
IIP: Infra & Construction goods	(85.0)	(39.0)	(18.3)	(8.2)	0	4.0	9.9	1.7	2.7	0.3	-	
IIP: Consumer goods	(95.7)	(70.3)	(34.8)	(23.7)	(10.2)	5.3	18.0	(3.4)	5.7	(0.2)	-	
Steel	(82.8)	(40.4)	(23.2)	(6.5)	0.5	6.2	5.9	0.7	2.6	6.2	(1.8)	
Cement	(85.2)	(21.4)	(6.8)	(13.5)	(14.5)	(3.4)	3.2	(7.3)	(7.2)	(5.8)	(5.5)	
Electricity demand	(25.3)	(13.2)	(7.3)	(3.1)	(4.2)	2.5	5.3	4.4	7.0	7.7	3.4	12.2
PMI: Manufacturing	27.4	30.8	47.2	46	52	56.8	58.9	56.3	56.4	57.7	57.5	55.4
<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	55.3	54.6
Automobile sales	-	(88.9)	(42.0)	(36.3)	(26.8)	(10.2)	(24.0)	(19.3)	11.0	(9.7)	(13.4)	(28.6)
Passenger vehicle sales	-	(87.0)	(38.3)	(25.2)	(7.1)	9.8	(8.8)	4.2	24.0	(4.5)	10.6	28.4
Vehicle Registration	(78.3)	(88.6)	(41.4)	(35.2)	(25.4)	(8.4)	(22.3)	(17.5)	11.7	(8.6)	(12.6)	(29.3)
Domestic air passenger traffic	(99.9)	(97.4)	(83.5)	(82.6)	(75.8)	(65.1)	(56.8)	(50.2)	(42.9)	(38.7)	(35.9)	
Rail freight traffic	(35.3)	(21.3)	(7.7)	(4.6)	3.9	15.5	15.4	9.0	8.7	8.7	5.5	26.6
Port Cargo volume	(21.1)	(23.3)	(14.5)	(13.2)	(10.4)	(1.9)	(1.2)	2.8	4.4	4.0	1.9	16.4
Credit growth	6.8	5.5	5.6	6.4	5.5	5.1	5.6	5.9	6.3	5.9	6.6	6.5
Deposit growth	9.9	10.5	9.6	12.1	10.9	10.5	11.1	10.7	10.8	11.1	12.1	12.1*
CIC	15.7	19.1	22.0	23	23.2	22.7	20.3	22.8	22.4	21.4	20.3	17.2^
Toll collection (in mn)	-	-	81.9	86.6	96.8	110.1	122.4	124.9	138.4	149.2	159	187.4
Diesel consumption	(55.6)	(29.5)	(15.5)	(19.4)	(20.7)	(5.9)	7.5	(6.9)	(2.7)	(1.9)	(8.5)	28.6
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	63.8	71.2
<b>External Trade</b>												
Merchandise exports	(61.0)	(35.7)	(12.2)	(9.5)	(12.2)	6.0	(4.7)	(8.6)	0.1	6.2	0.7	58.2
Merchandise imports	(59.7)	(51.0)	(48.0)	(29.6)	(26.0)	(19.6)	(11.5)	(13.3)	7.6	2.0	7.0	52.9
Services exports	(8.9)	(10.2)	(8.4)	(10.8)	(9.9)	(1.4)	(6.3)	(5.1)	(6.4)	(10.1)	-	
Services imports	(18.4)	(20.4)	(15.3)	(21.7)	(20.1)	(8.7)	(12.3)	(11.8)	(8.4)	(15.9)	-	

Source: CEIC, MoRTH, Posoco, Markit, RBI, Bank of Baroda Research \*-as on 12 Mar 2021



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