

# India Economics

## Monthly Chartbook

December 2022

Economic Research Department

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## India facing headwinds

Risks of a global recession have increased, as shown by macro data points from both US (housing sector) and China (trade, production, PMIs). European economy is also facing headwinds owing to ongoing energy crisis. Weak global demand has led to cooling down of commodity prices and hence inflation. Thus, US Fed is also expected to go in for smaller rate hikes starting Dec'22. On the domestic front, RBI has already toned down the pace of rate hikes, though flagging upside risks to inflation. Elevated prices and interest rates have impacted demand and signs of slowdown are visible in electricity demand, digital payments, non-oil-non-gold imports and electronic imports. Even GST collection have eased a tad. Going ahead, Fed rate path will be a key driver for INR and rates.

**Subdued demand:** Consumption spending disappointed in Q2FY23, with moderation in growth on the back of base effect. In Nov'22, early trends such as electricity demand and digital payments are suggesting some cooling-off in the economy. Dip in non-oil-non-gold imports as well as electronic imports also point towards a demand slowdown. Agriculture sector has been showcasing signs of resilience, supported by pick up in rabi sowing (higher compared with last year).

**Centre's spending boost:** Centre's fiscal deficit (% of GDP, 12MMA basis), rose to 6.9% as of Oct'22, up from 6.5% as of Sep'22, as spending picked up substantially. Total expenditure was up by 17.4% as of Oct'22 (FYTD basis), compared with 12.2% growth seen in H1. This was supported by 61.5% jump in capex (+49.5% in H1) and 10.2% rise in revenue spending (+6% in H1). On the

income side, gross tax revenues improved a tad, rising by 18% as of Oct'22 versus 17.6% increase noted in H1. Within this, while direct tax collections improved (25.9% versus 23.5%), indirect tax collections eased (11% versus 11.8%). Dip in revenue from customs and excise as prices cooled down, could be a reason. A key cause of concern on the revenue side is also the weakness in disinvestment receipts. We expect overall expenditure to remain high going forward (capex is at 54.6% of BE and revenue expenditure is at 54.3%) in order to order meet budgetary targets and on account of increased subsidy burden.

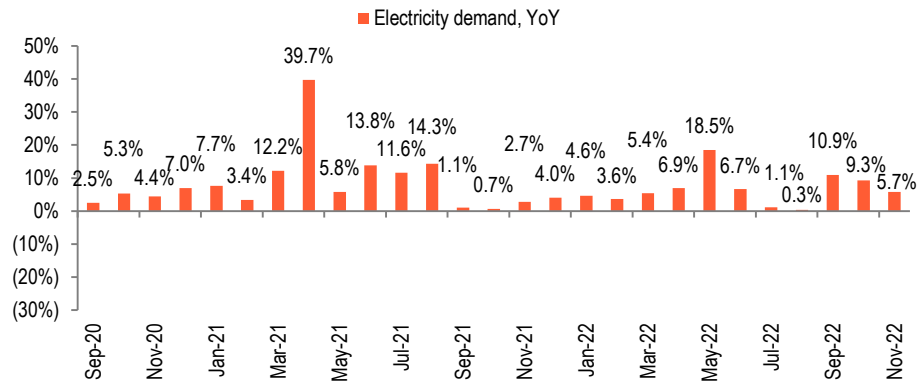
**India's 10Y yield on a downswing:** India's 10Y yield fell by 17bps in Nov'22. This was in line with fall in US 10Y yield by 44bps on account of Fed Chair's dovish comments regarding the pace of future rate hike. Moderation in inflation print in major BRICS economies also led to a fall in global yields. On domestic front, however, RBI was slightly hawkish and gave cautionary call to be watchful of future inflation prints. Governor's statement clearly indicated that RBI will be cognizant of next few CPI data and the forces driving it, before taking any call on rates. We do feel that there is yet another 25bps rate hike on the cards before a pause to support the growth cycle of the economy.

**Fed policy to drive INR:** In Nov'22, INR gained 1.7% which marked its first monthly gain this year. A weaker dollar and FPI inflows supported the gains in INR. It erased much of these gains in Dec'22 and fell by 1.2%, amidst uncertainty over Fed's future rate hike. However, with oil prices falling to levels before the Russia-Ukraine conflict, INR should get some comfort. DXY is also likely to remain subdued as Fed eases the pace of rate hikes going forward.

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

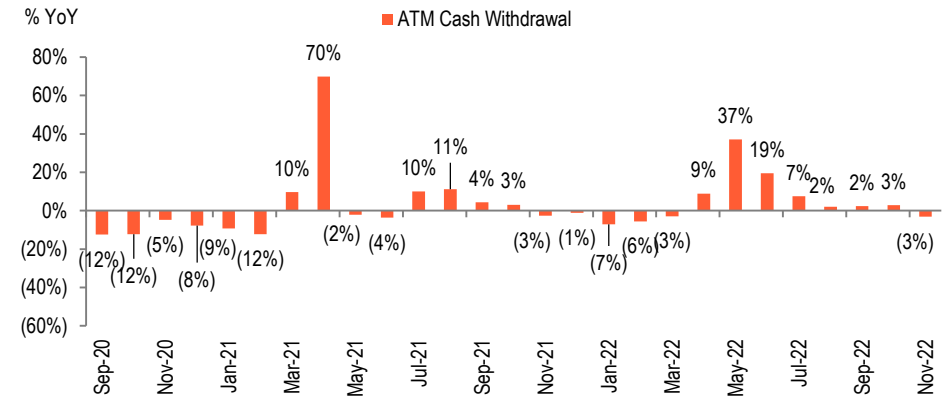
## High frequency indicators

**Fig 1 – Electricity demand continues to ease**



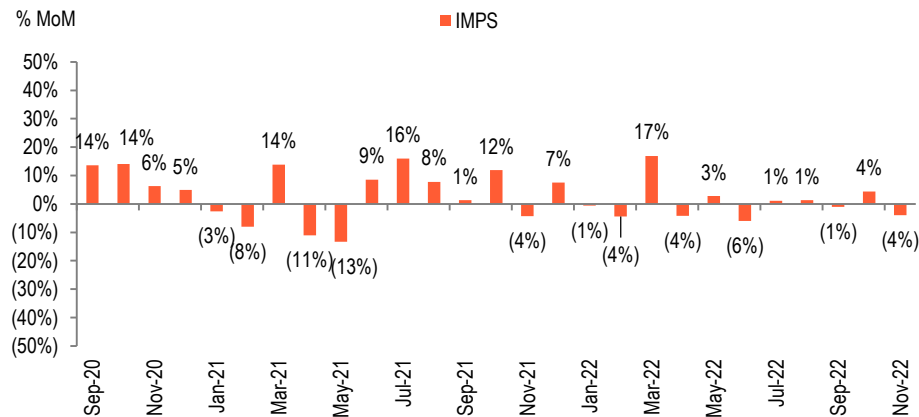
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

**Fig 2 – Cash withdrawal slips into negative zone**



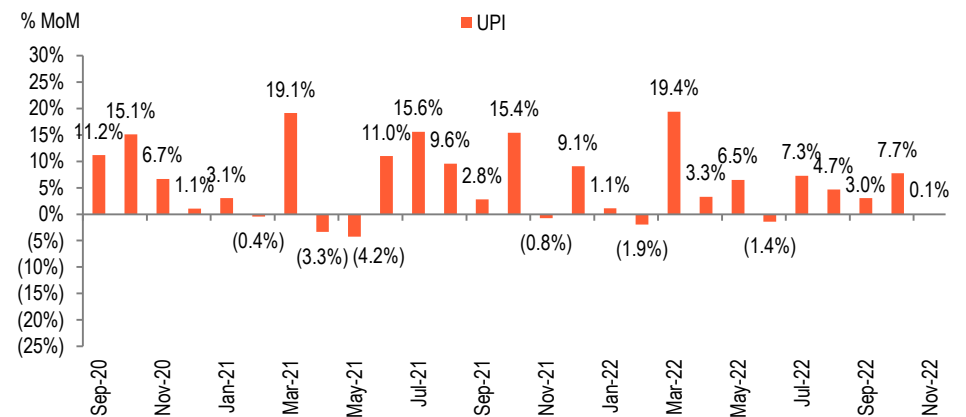
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

**Fig 3 – IMPS transactions slip down**



Source: NPCI

**Fig 4 – Moderation in UPI payments**



Source: NPCI

Fig 5 – Fertilizer sales inch up

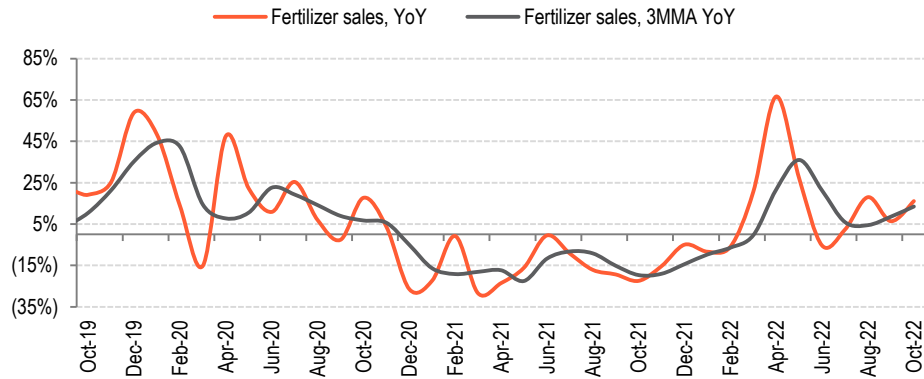
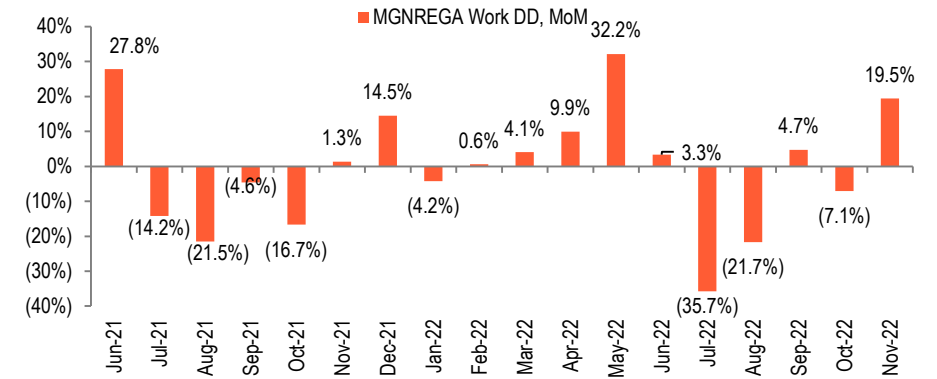


Fig 6 – Strong growth in demand for work (MGNREGA)



Source: MGNREGA

Final consumption expenditure

Fig 7 – Base effect drags down private consumption in Q2FY23

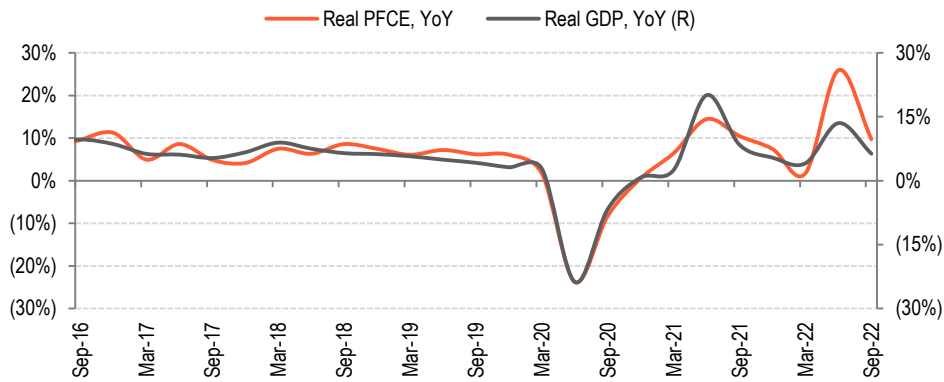


Fig 8 – Government consumption too edges downwards

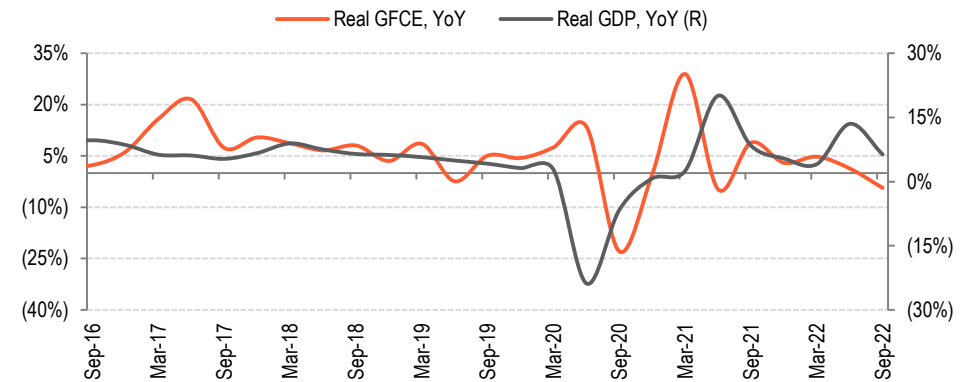


Fig 9 – General govt. revenue spending inches up

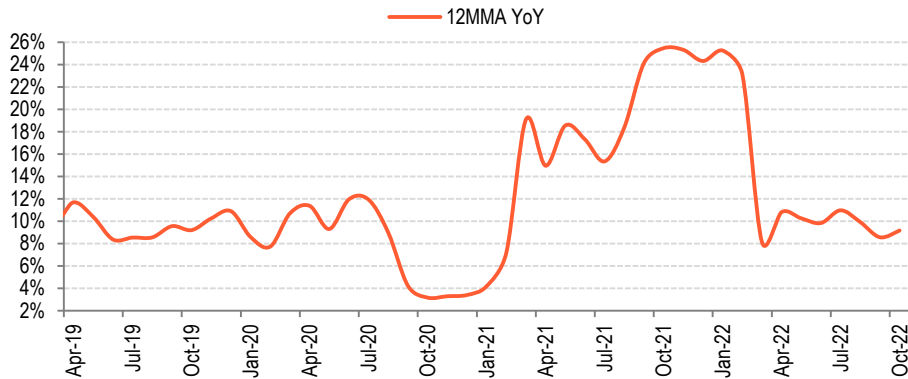
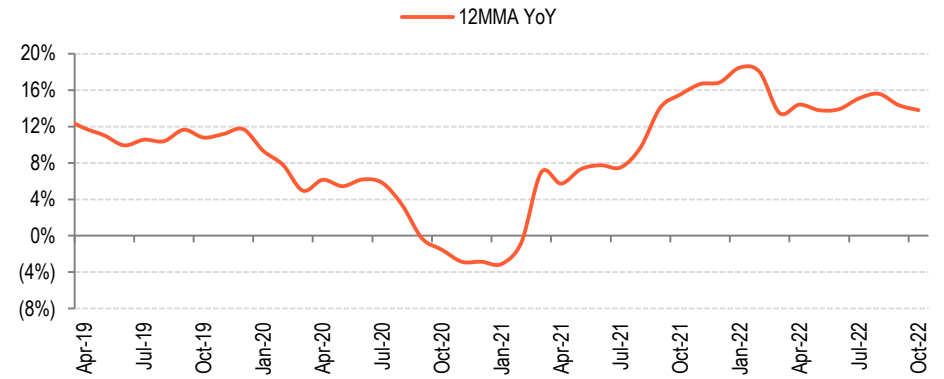


Fig 10 – State\* govt. revenue spending continues to moderate



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

Non-oil imports, electronic imports

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

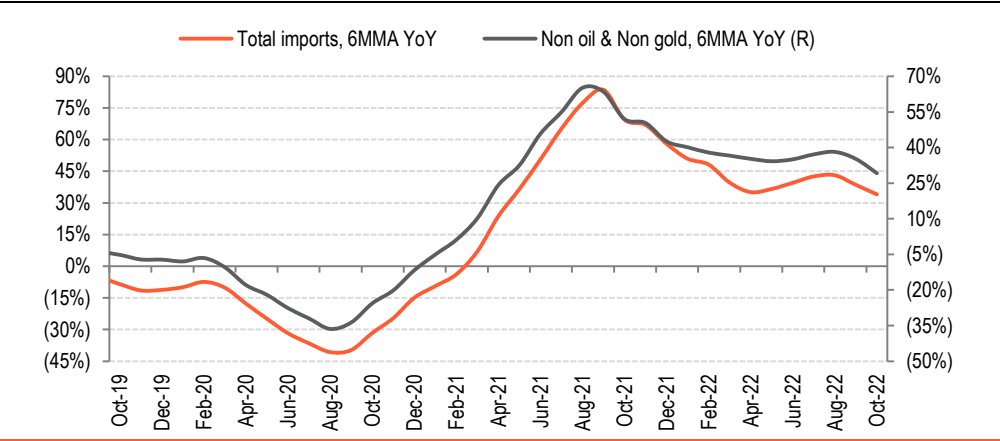


Fig 12 – Growth in electronic import dips

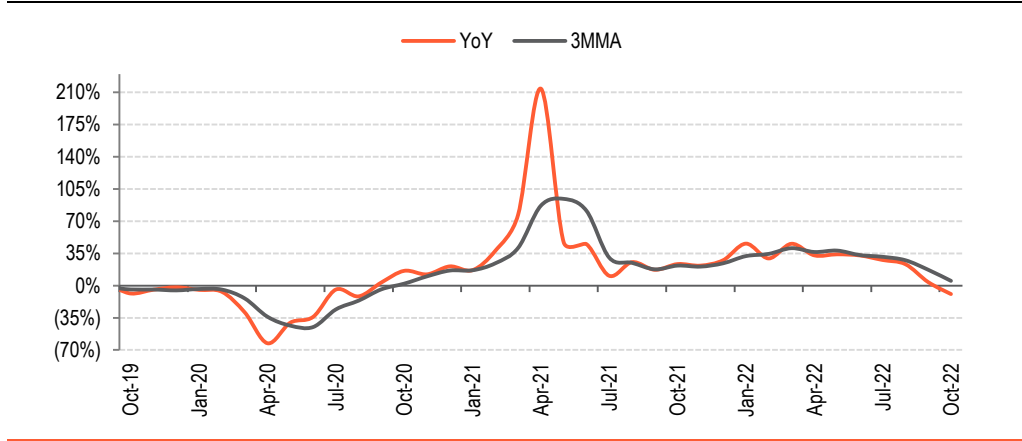


Fig 13 – Retail passenger vehicle sales gets a boost in festive period

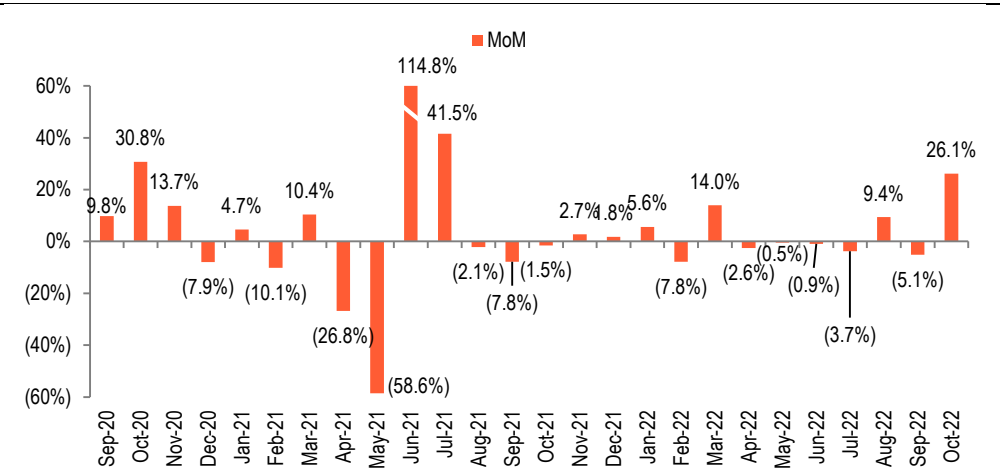
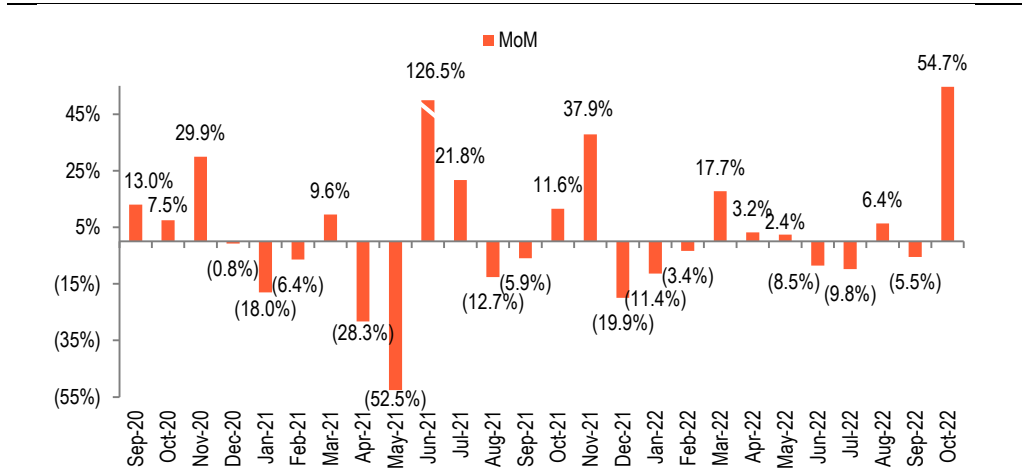


Fig 14 – Two-wheeler sales skyrocket in Oct'22



Source: FADA

Credit deployment of personal loans

Fig 15 – Growth in credit card loan remains steady

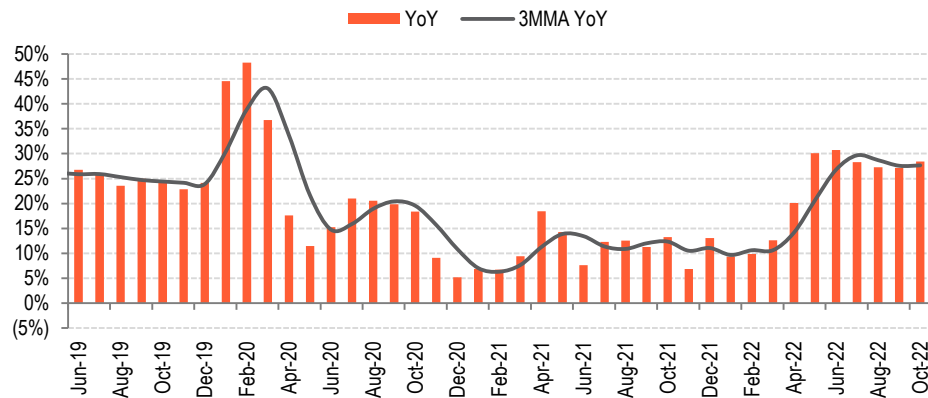


Fig 16 – Growth in personal loan inches up

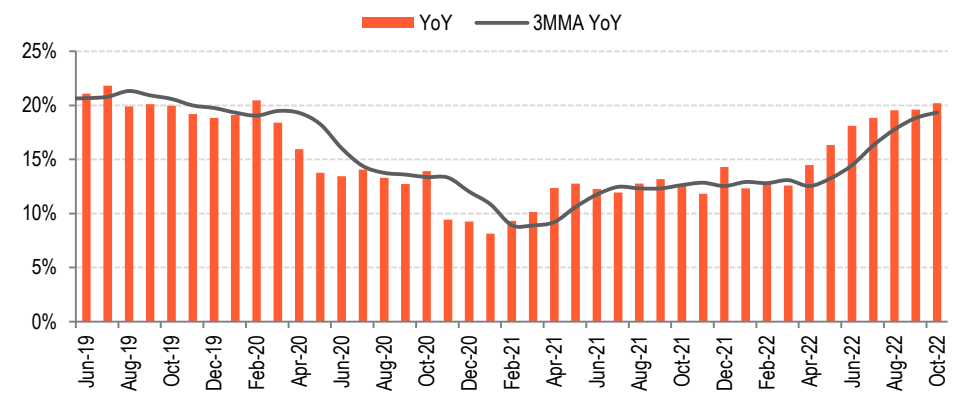


Fig 17 – Vehicle loans register higher growth

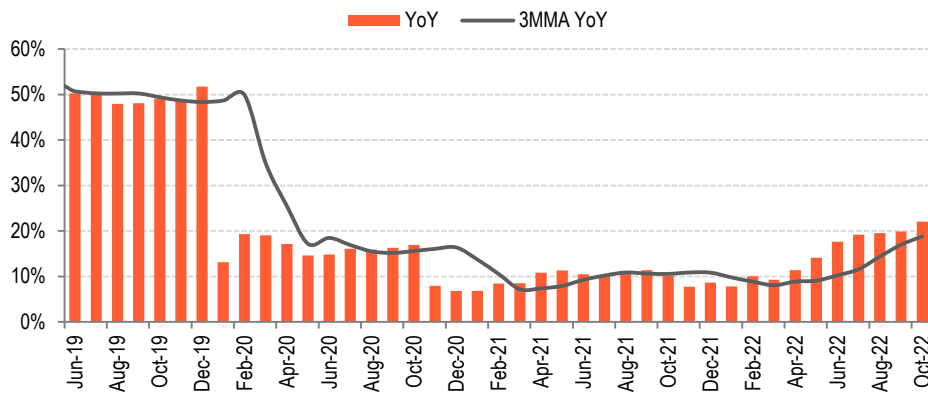
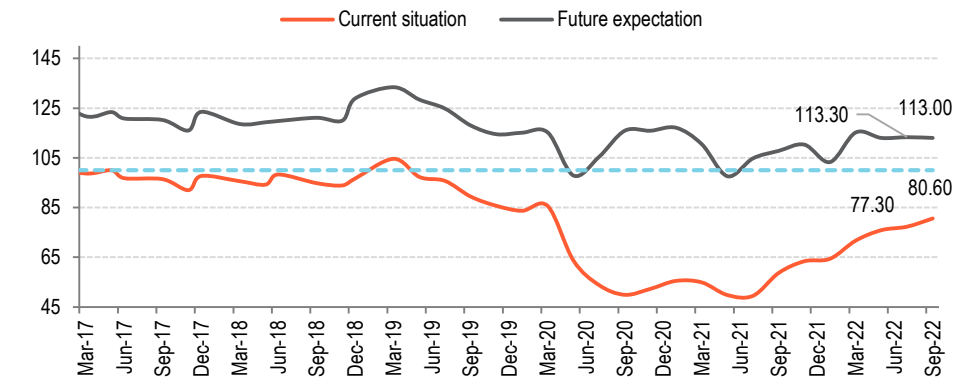
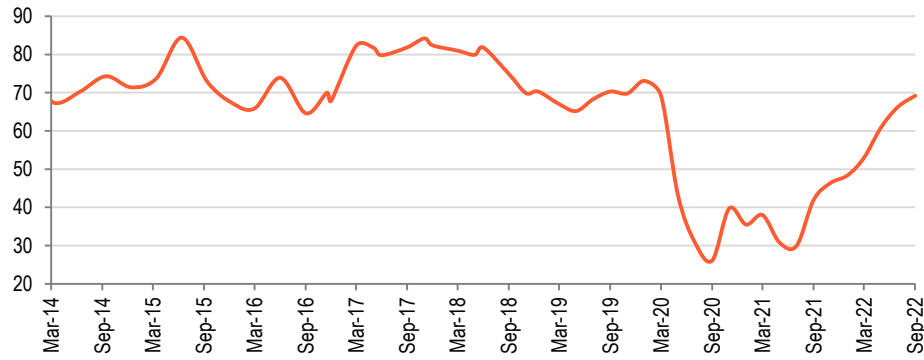


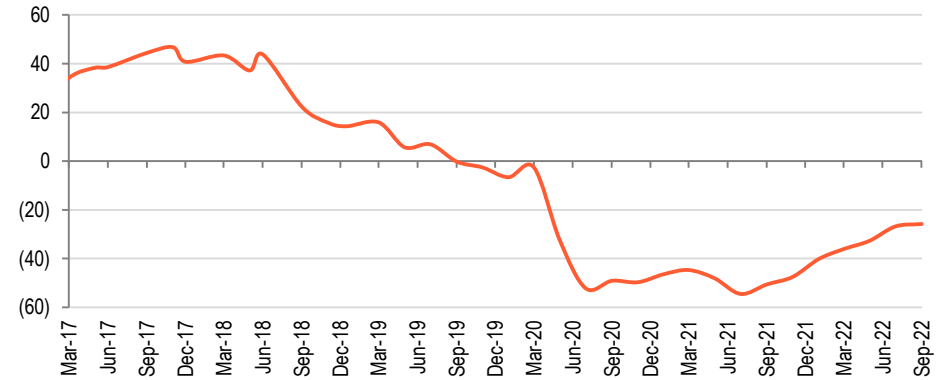
Fig 18 – Consumer confidence remains optimistic since the last survey (current situation)



**Fig 19 – RBI’s essential spending signals an increase**

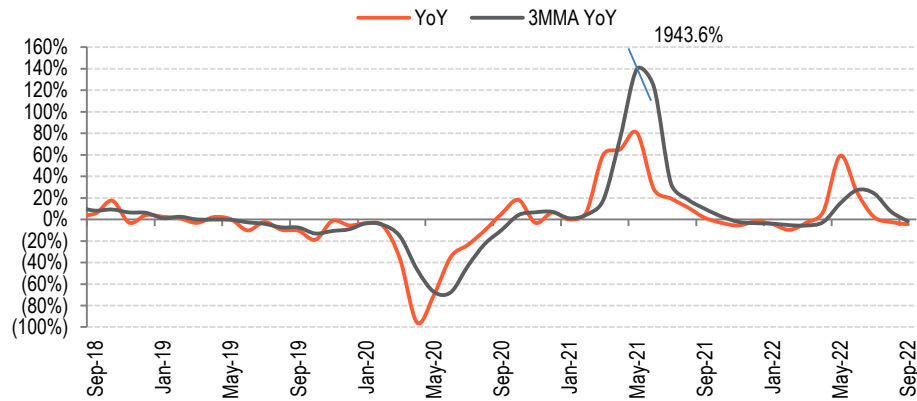


**Fig 20 – ...non-essential spending too witnesses an upward momentum**

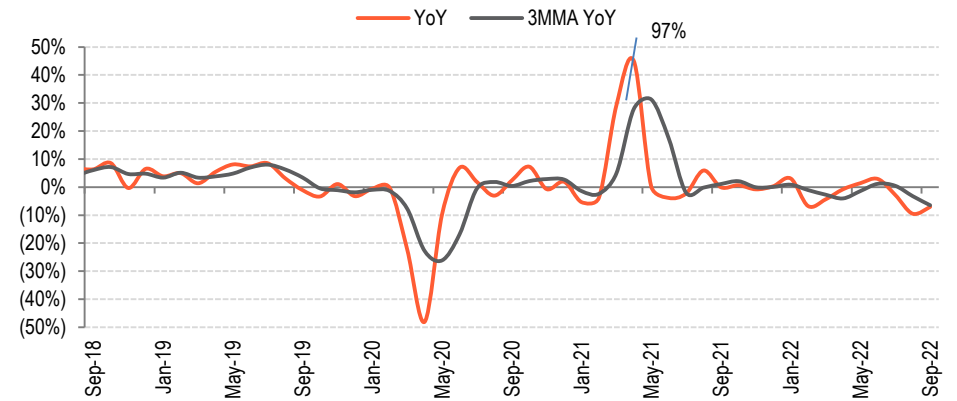


**Consumer durables & non-durables production**

**Fig 21 – Consumer durables output drops further**



**Fig 22 – Slower pace of contraction in FMCG output**





Agriculture

Fig 23 – Robust growth in agriculture sector

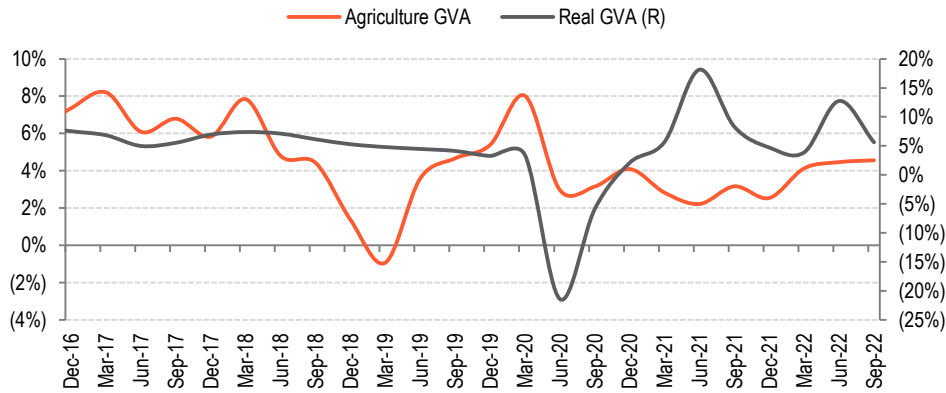
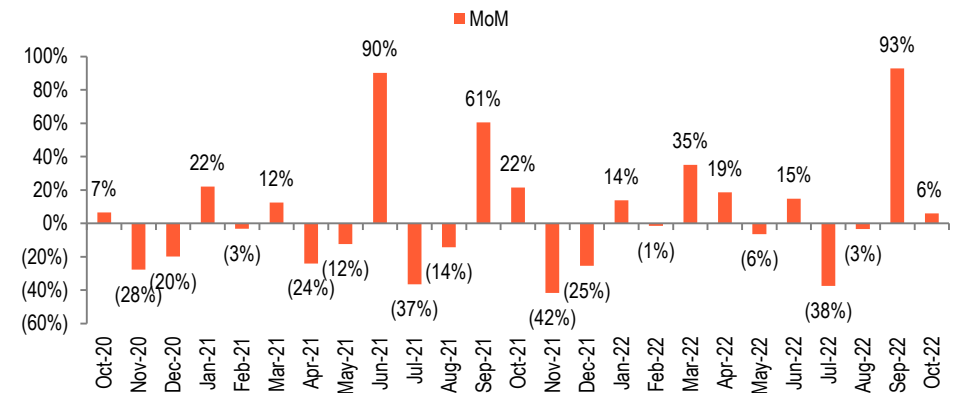


Fig 24 – Tractor sales slip in Oct'22



Note: Tractor sales including exports

Fig 25 – Steady growth in Agriculture credit

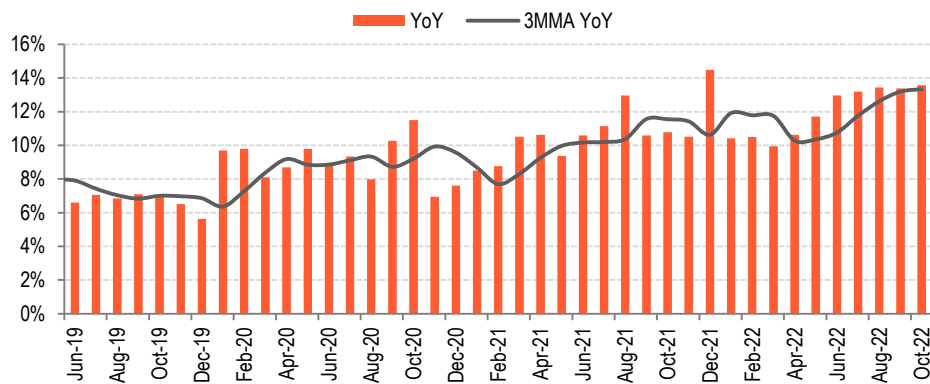
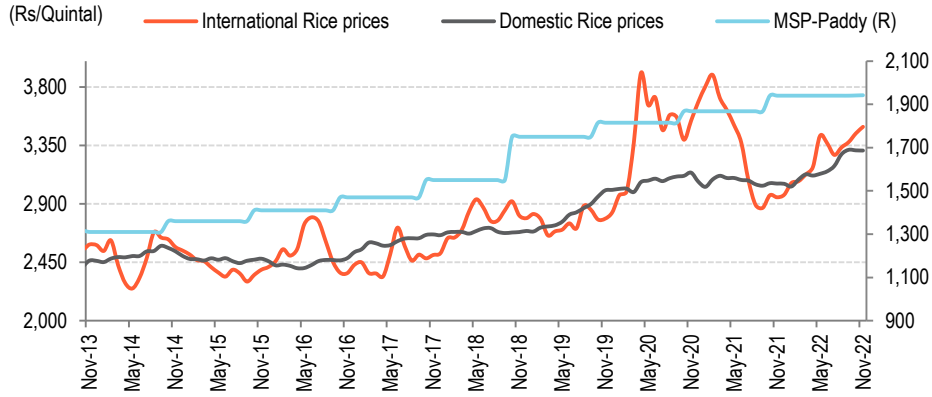


Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.19
2021-22	43.34	59.27*
2022-23	18.8	11.43*

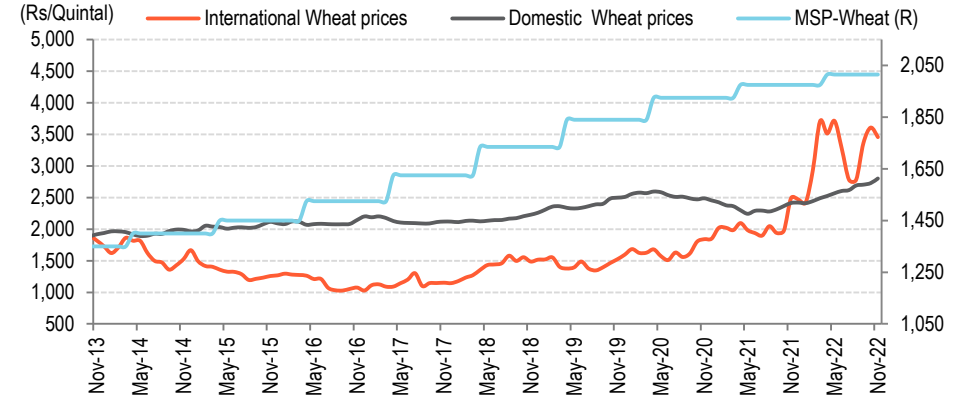
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 Oct 2022

**Fig 27 – Domestic international rice price stable; International price ease**



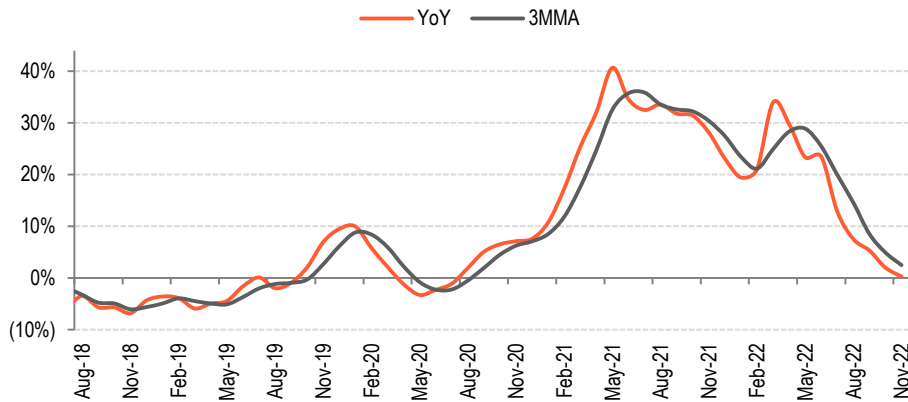
Source: World Bank

**Fig 28 – International wheat prices retreat; domestic prices still high**



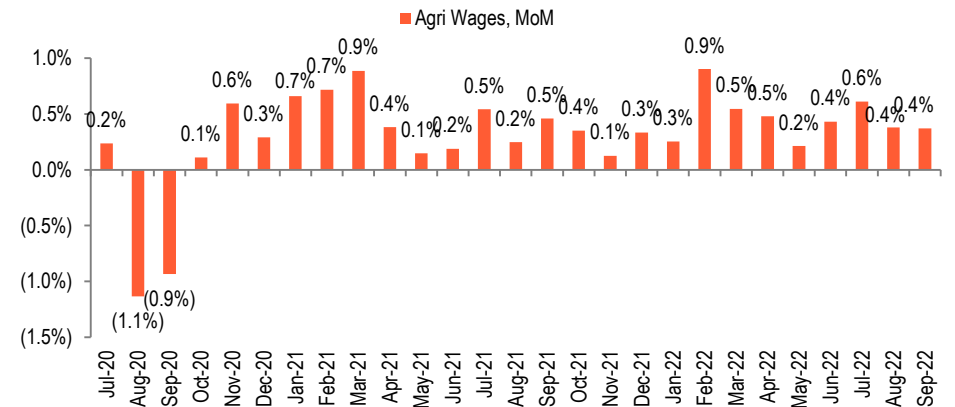
Source: World Bank

**Fig 29 – Global food prices cool-off further**



Source: FAO

**Fig 30 – Wage growth (men) steady**



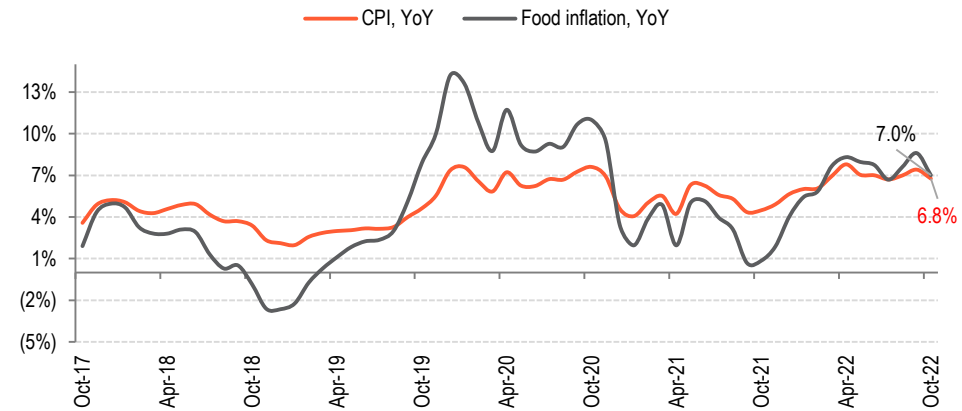
**Fig 31 – Rabi sowing is higher compared with last year**

Crop Type (mn ha)	Area sown in 2022-23	Area sown in 2021-22	Growth (YoY%)
Wheat	21.2	20.1	5.4
Rice	0	1.0	-
Coarse Cereals	3.3	2.9	12.4
Pulses	11.3	10.9	3.8
Oilseeds	8.3	7.6	10.0
<b>Total</b>	<b>44.0</b>	<b>42.4</b>	<b>3.9</b>

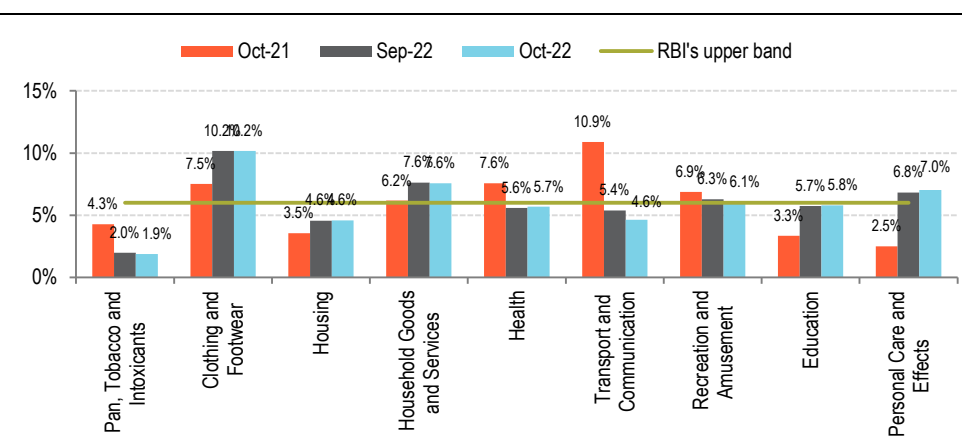
\*Note: Till 2 Dec 2022

### Inflation

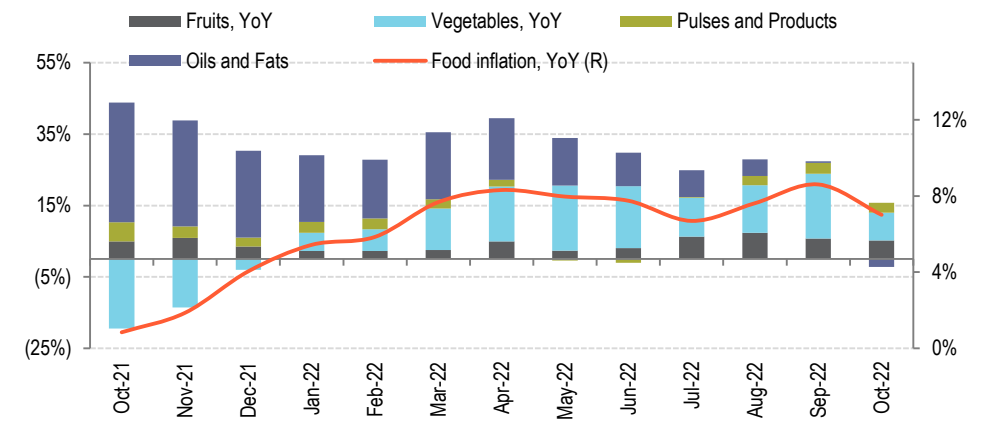
**Fig 32 – Headline CPI moderated to 6.8% in Oct'22 from 7.4% in Sep'22 on YoY basis, still remaining above RBI's upper tolerance band for the 10<sup>th</sup> month in a row**



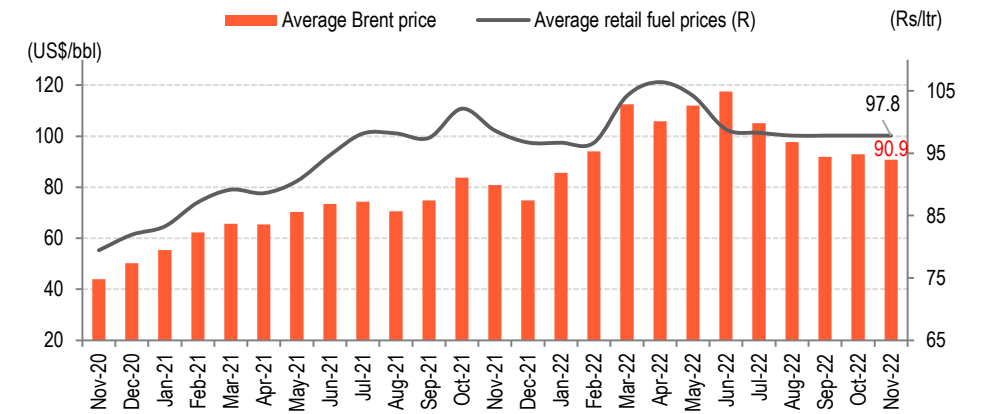
**Fig 34 – Major components of core inflation remaining sticky**



**Fig 33 – ...Food inflation got comfort from vegetables, fruits and pulses**



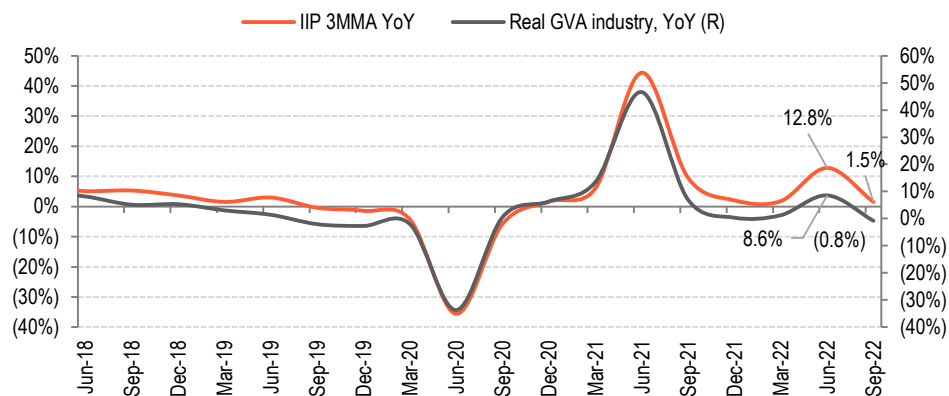
**Fig 35 – Domestic retail prices was stable at Rs 98/lt, however international crude prices on an average fell to US\$ 91/bbl IN Nov'22 from US\$ 94/bbl in Oct'22**



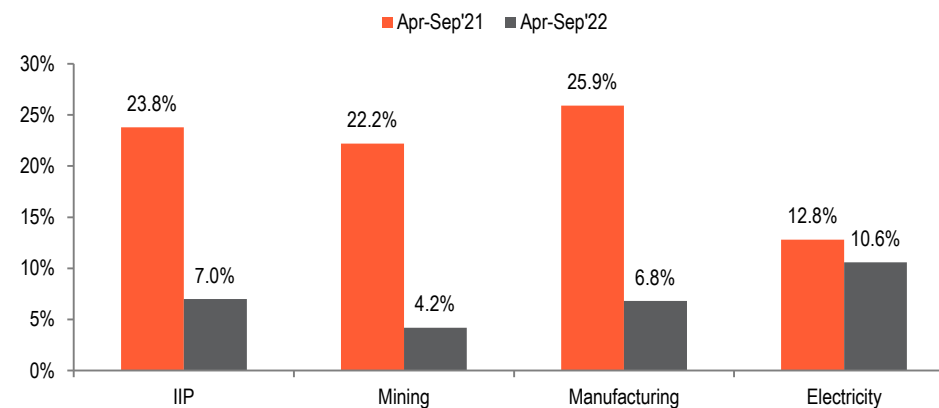
Note: Average retail price of petrol and diesel for Delhi, Kolkata, Mumbai and Chennai have been taken

## Industry

**Fig 36 – IIP growth down by 1.5% in Q2 versus 12.8% in Q1FY23**



**Fig 37 – Sectorwise growth lower, due to base effect**



**Fig 38 – IIP growth rebounds in Sep'22**

Sectoral (%)	Weight	Sep-22	Aug-22	Sep-21	Apr-Sep'22	Apr-Sep'21
IIP	100.0	3.1	(0.7)	4.4	7.0	23.8
Mining	14.4	4.6	(3.9)	8.6	4.2	22.2
Manufacturing	77.6	1.8	(0.5)	4.3	6.8	25.9
Electricity	8.0	11.6	1.4	0.9	10.8	12.8
<b>Use-Based</b>						
Primary Goods	34.1	9.3	1.7	4.6	9.2	15.8
Capital Goods	8.2	10.3	4.3	3.3	16.8	45.5
Intermediate Goods	17.2	2.0	1.2	7.0	6.8	33.2
Infrastructure and Construction Goods	12.3	7.4	2.1	9.3	7.3	37.9
Consumer Durables Goods	12.8	(4.5)	(2.5)	1.6	10.7	40.1
Consumer Non-Durables Goods	15.3	(7.1)	(9.5)	(0.1)	(2.8)	8.5

## Manufacturing

Fig 39 – Manufacturing growth moderates in Q2 to 1.4%

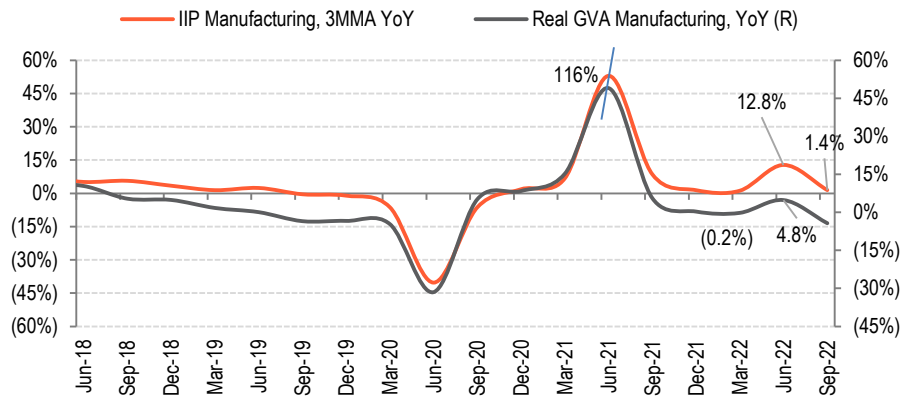
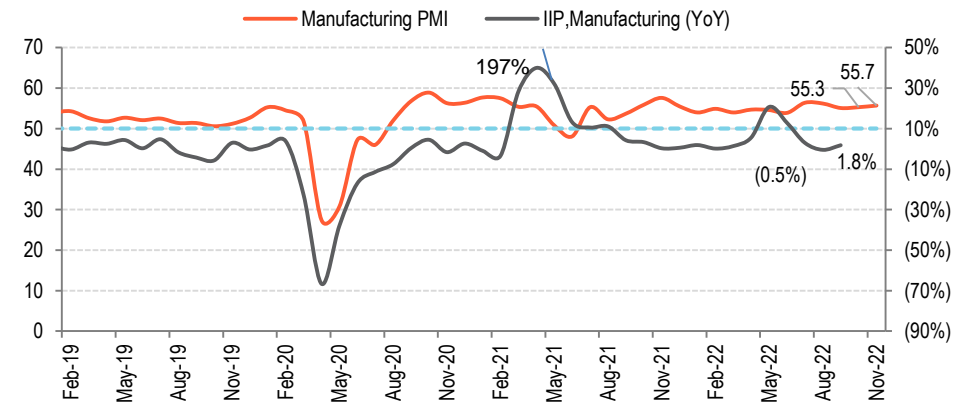


Fig 40 – Manufacturing PMI climbs to 3-month high



Source: Markit

## Mining & Electricity

Fig 41 – Mining activity slips into negative zone in Q2FY23

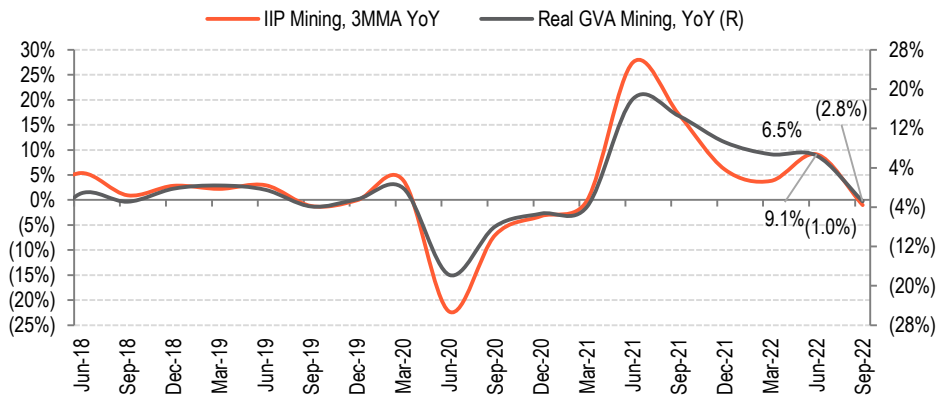
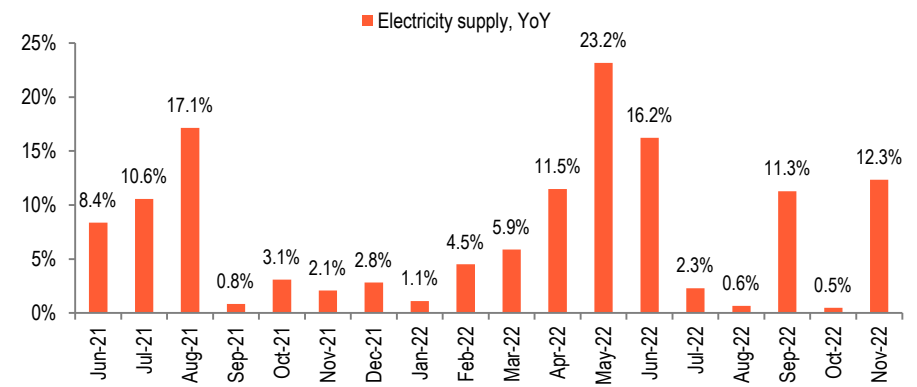


Fig 42 – Double digit growth in electricity supply



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

Infrastructure and construction

Fig 43 – Moderation in construction sector in Q2FY23

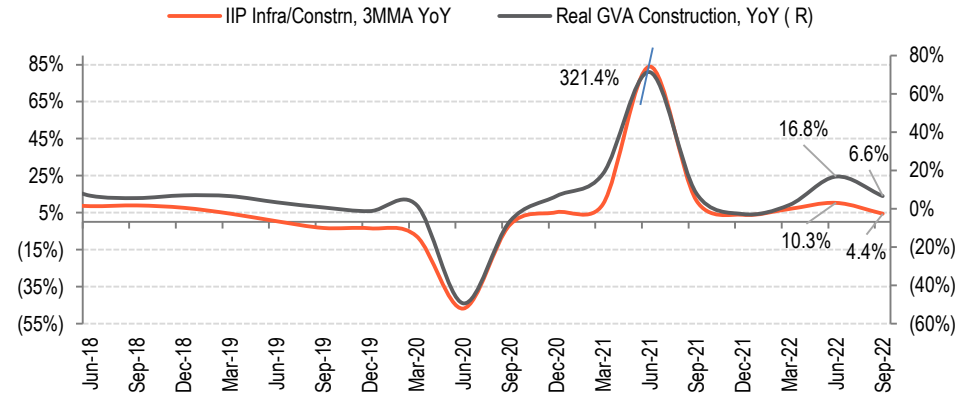
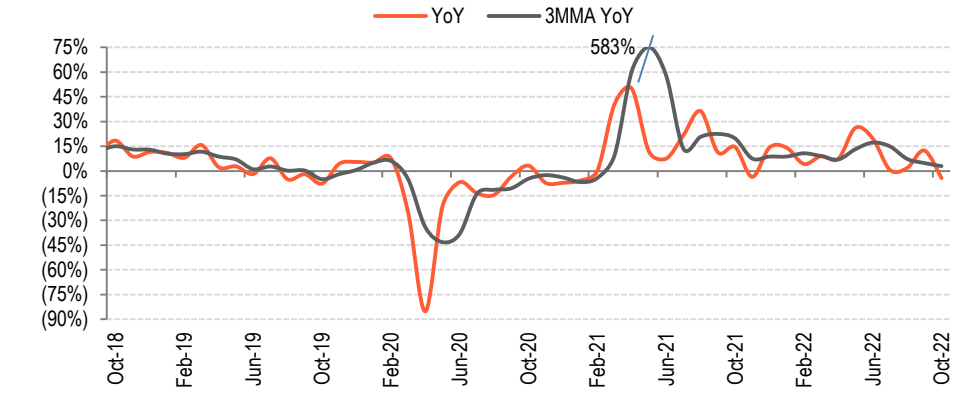


Fig 44 – Cement production contracts in Oct'22



Infrastructure index

Fig 45 – Growth in infrastructure index tumbles

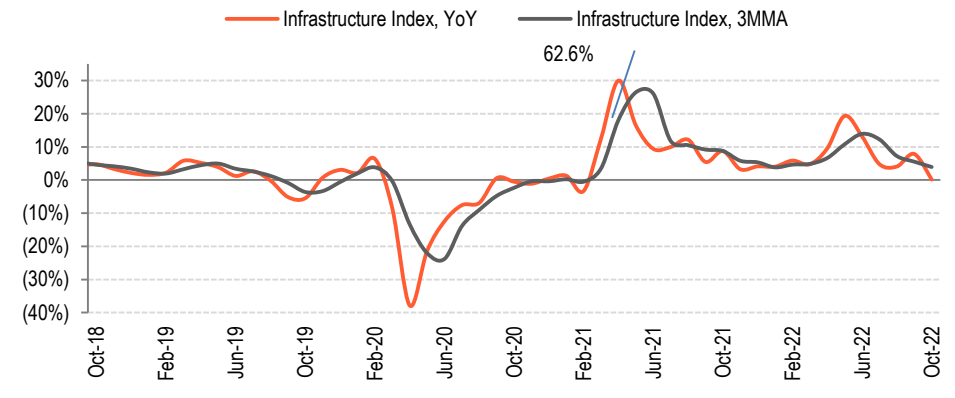
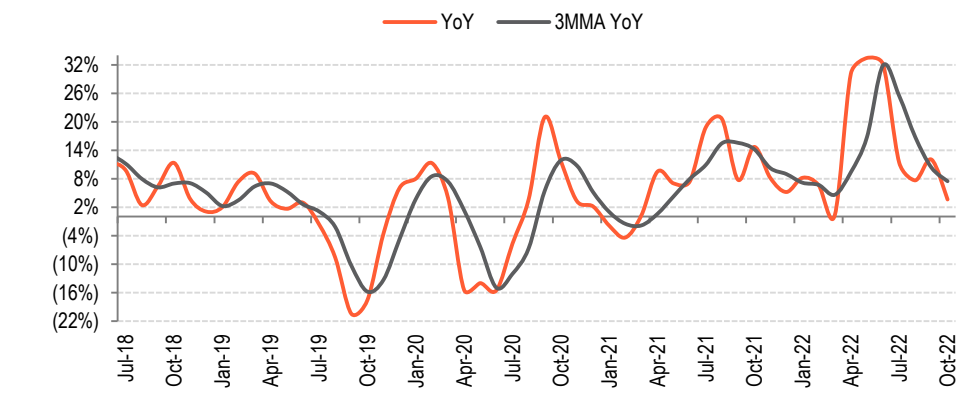
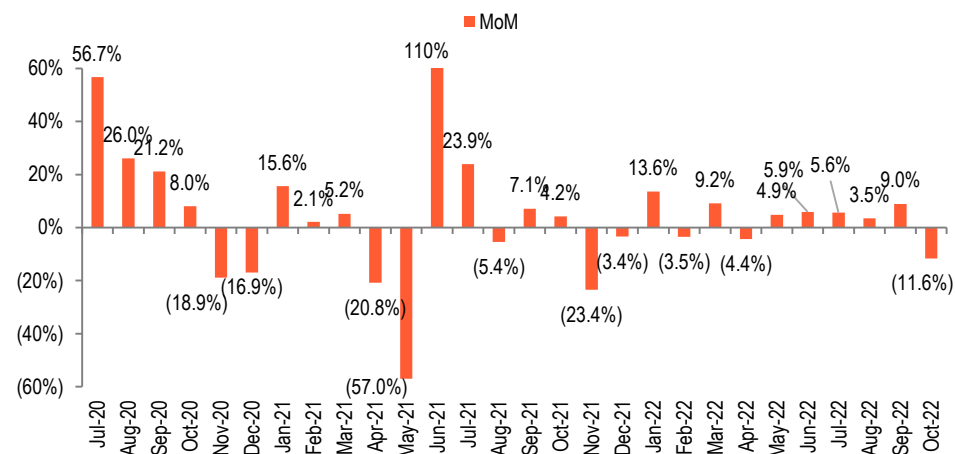


Fig 46 – Coal production edges downwards

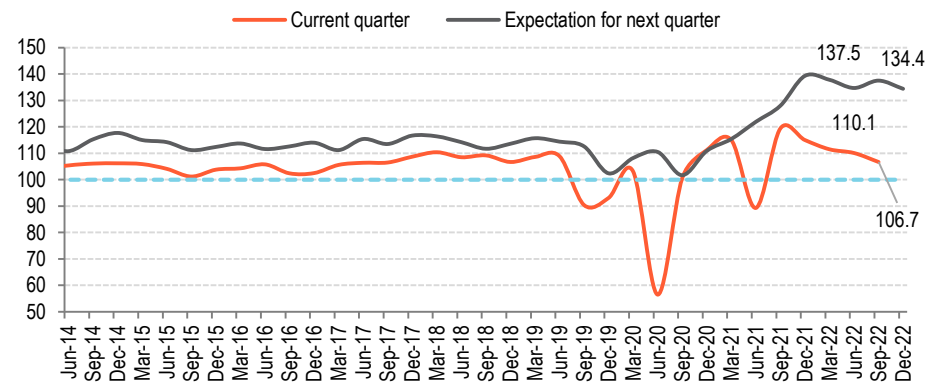


### Auto production & business expectation index

**Fig 47 – Auto production falls in Oct'22**



**Fig 48 – Business sentiment moderates; Remained optimistic**



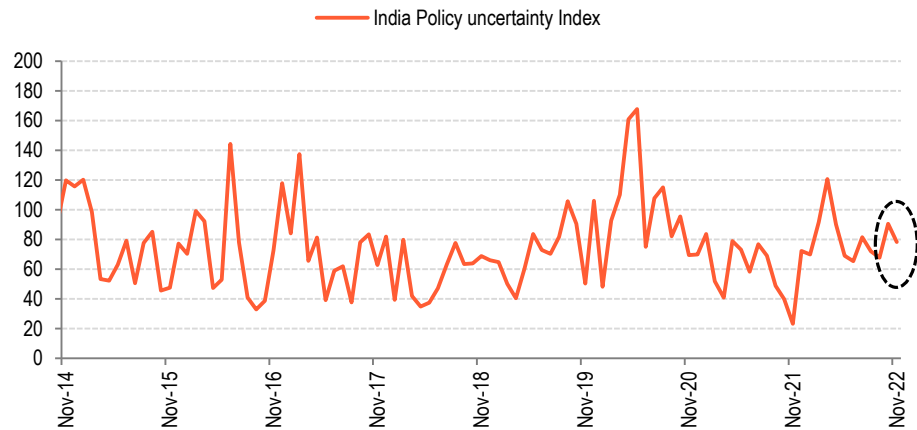
**Fig 49 – Core sector output disappoints**

(%)	Weight	Oct-22	Sep-22	Sep-21	Apr-Oct'22	Apr-Oct'21
Infrastructure Index	100	0.1	7.8	5.4	8.2	15.6
Coal	10.3	3.6	12.0	7.8	18.1	12.2
Crude Oil	9.0	(2.2)	(2.3)	(1.7)	(1.4)	(2.8)
Natural Gas	6.9	(4.2)	(1.7)	27.5	0.9	22.6
Petroleum Refinery Products	28.0	(3.1)	6.6	6.0	8.1	11.7
Fertilizers	2.6	5.4	11.8	0	10.5	(1.1)
Steel	17.9	4.0	5.7	7.1	6.1	30.8
Cement	5.4	(4.3)	12.4	11.3	8.6	33.6
Electricity	19.9	0.4	11.6	0.9	9.3	11.3



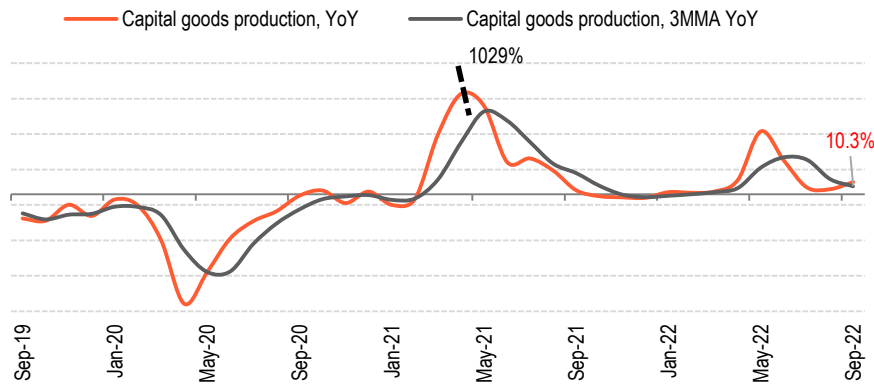
## Investment

**Fig 50 – Policy uncertainty index in India fell in Nov'22 compared to Oct'22**

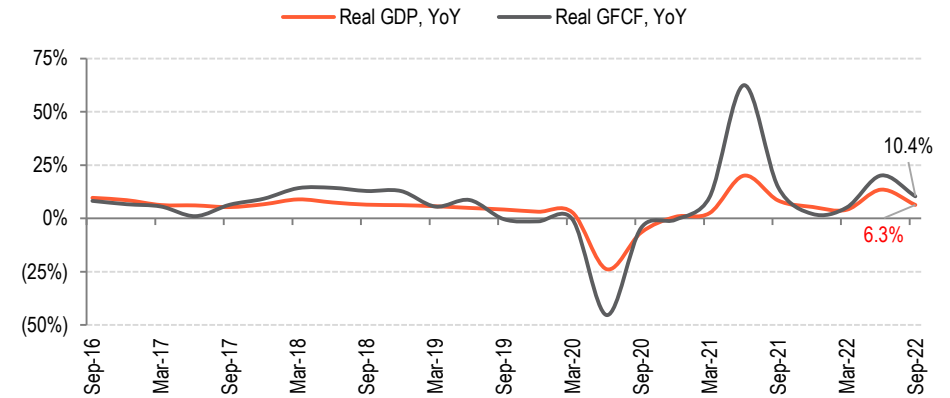


Source: policyuncertainty.com

**Fig 52 – Capital goods production rose to 10.3% in Sep'22 from 4.3% in Aug'22 supported by favourable base**

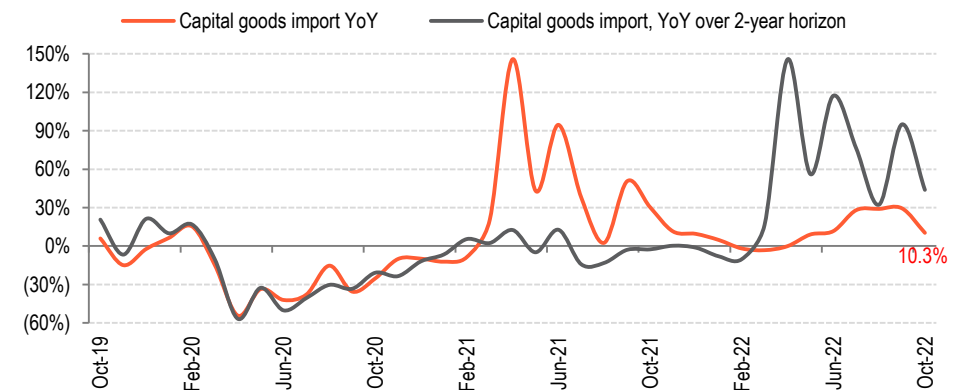


**Fig 51 – Real GDP growth moderated to 6.3% in Q2FY23 compared to 13.5% in Q1, GFCF growth also moderated to 10.4% from 20.1% in Q1**

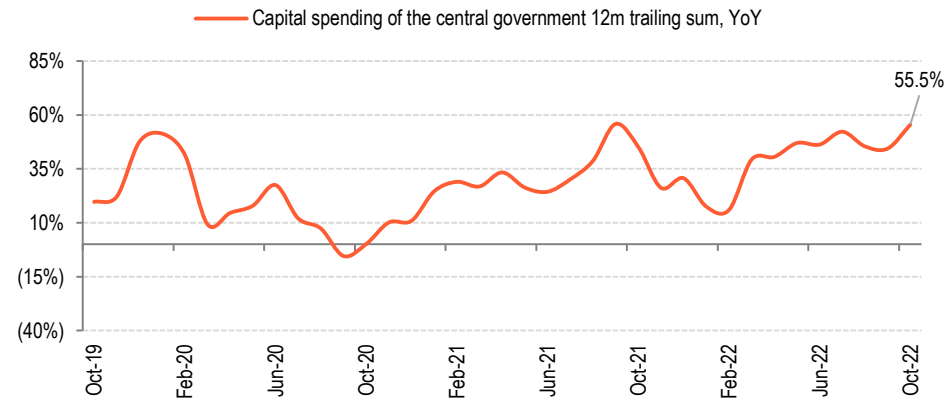


Source: policyuncertainty.com

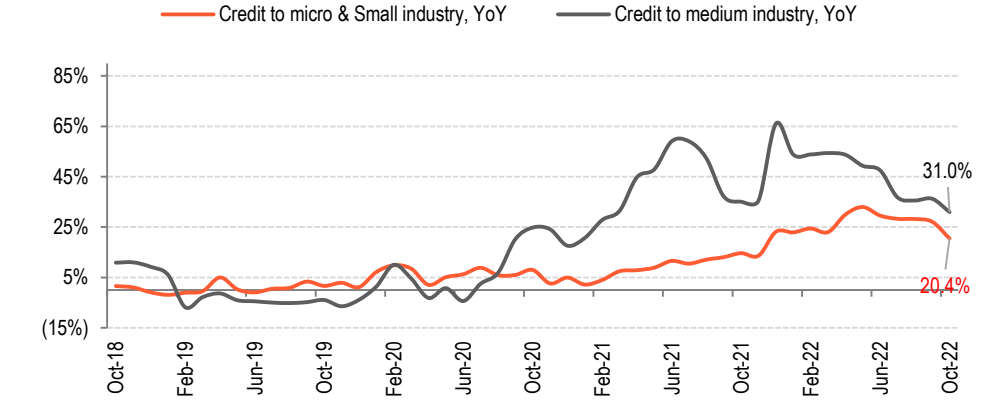
**Fig 53 – Capital goods imports edged down to 10.3% in Oct'22 from 29.5% in Sep'22**



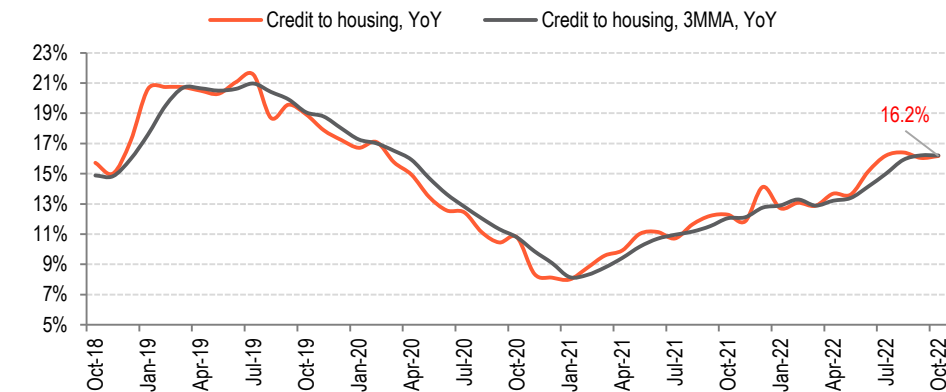
**Fig 54 – Centre’s capex spending noted growth of 55.5% compared to 44.4% in Oct’22, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn**



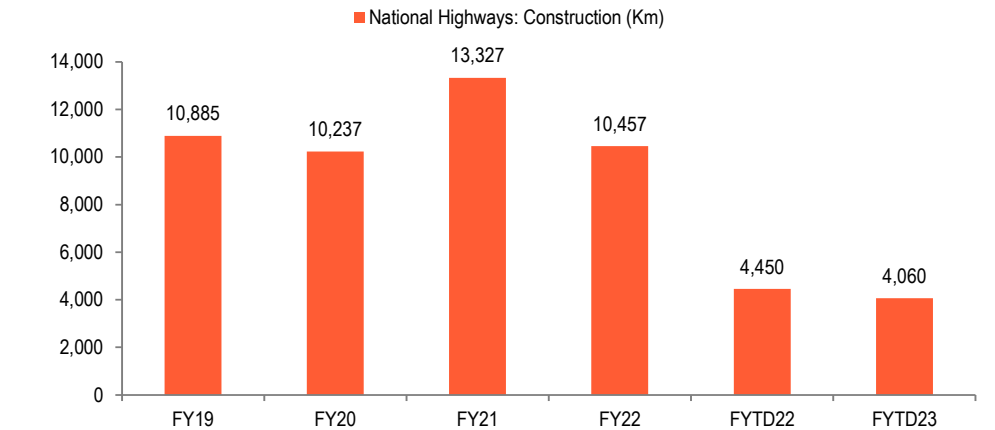
**Fig 55 – Credit to micro and small industry was at 20.4% compared to 27.1% in Sep’22, for medium industry it was at 31% from 36.2%**



**Fig 56 – Credit to housing sector inched up to 16.2% from 16.0% in Sep’22**



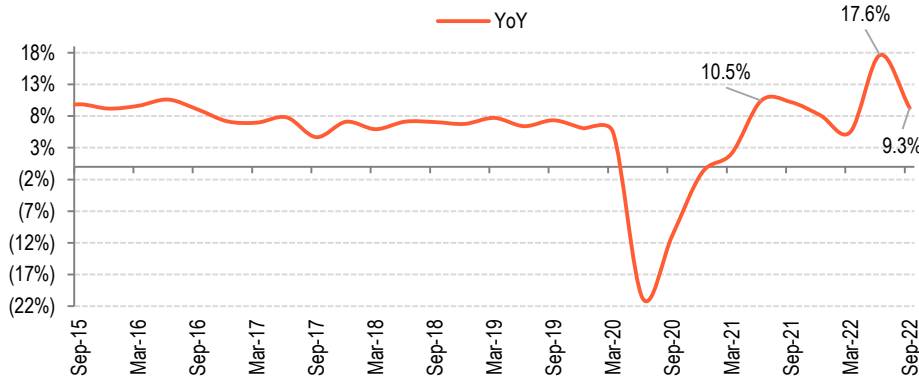
**Fig 57 – Pace of National highway construction**



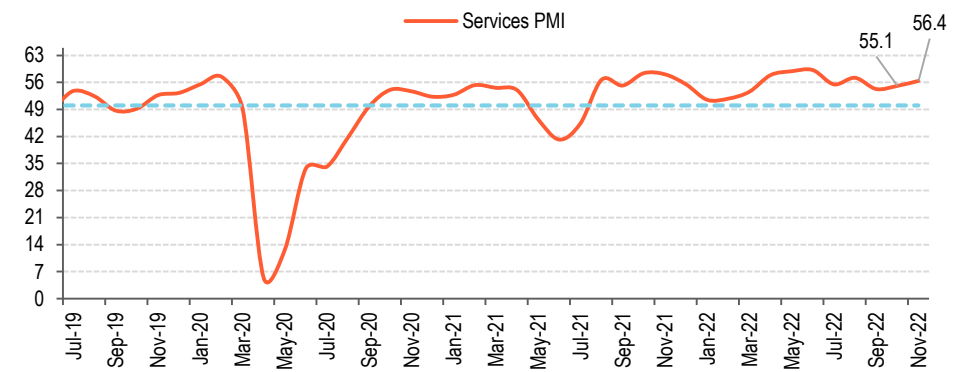
Note: FYTD: Apr-Oct

Services sector

**Fig 58 – GVA: Services activity eased in Q2FY23, largely due to high base; compared to pre-pandemic (FY20), activity rose by 7.4% in Q2 versus 3% in Q1**

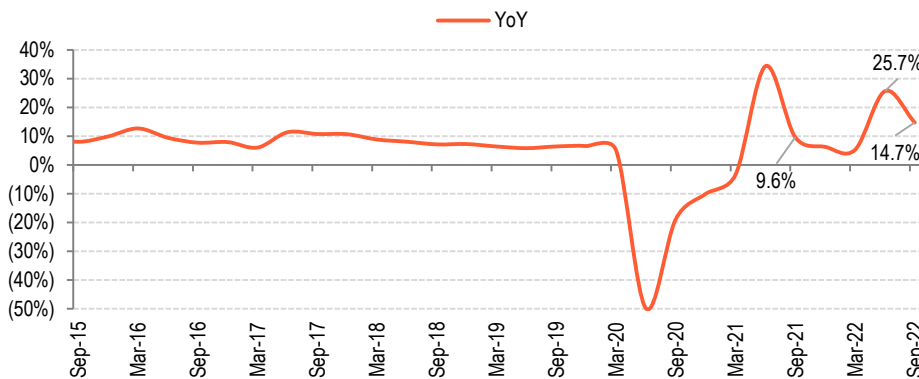


**Fig 59 – Services PMI rose further in Nov'22, Q3 (Oct-Nov) average at 55.8 much higher pre-pandemic (Oct-Nov'19) level of 51.0**

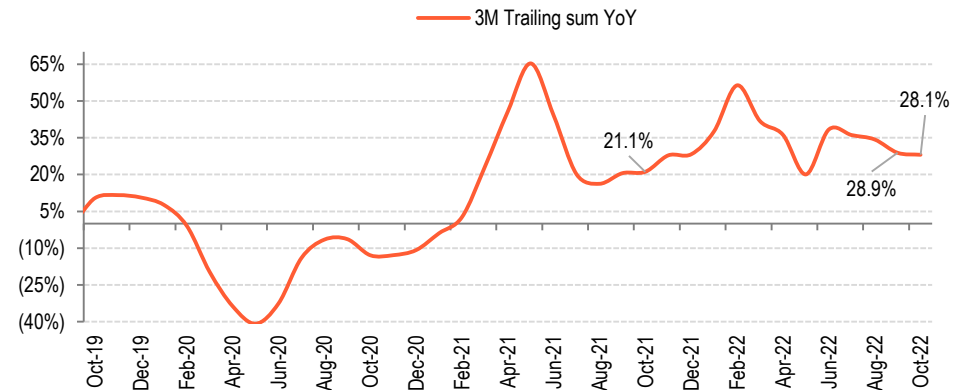


Source: Markit

**Fig 60 – GVA: Trade & related services activity too moderated in Q2**



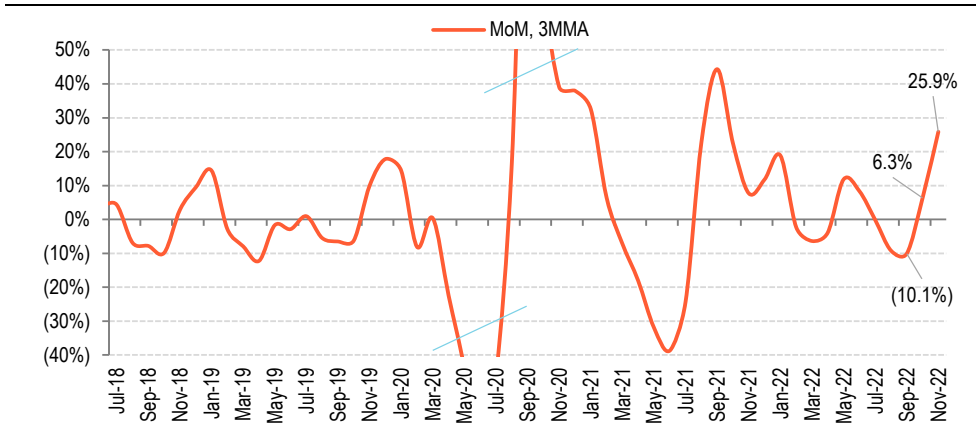
**Fig 61 – States\*\* tax revenue growth moderated in Q2FY23**



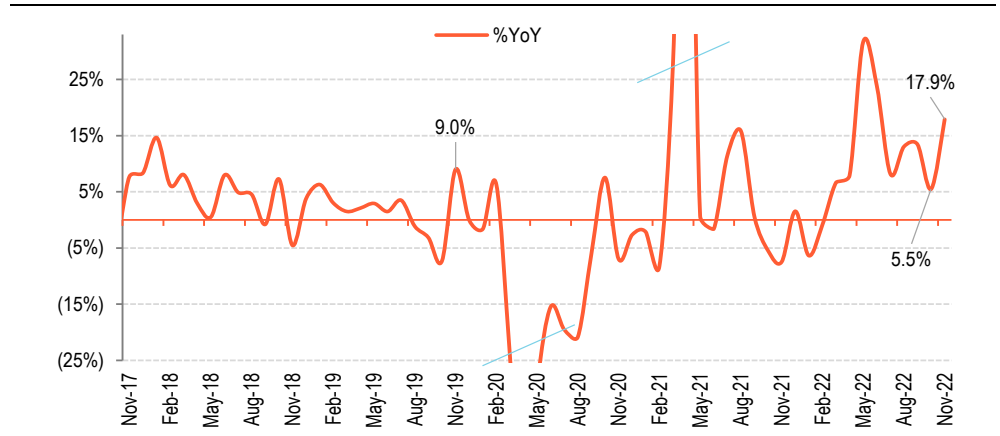
Note: \*\*All states excluding N.E states, A.P, Goa, and J&K

Trade

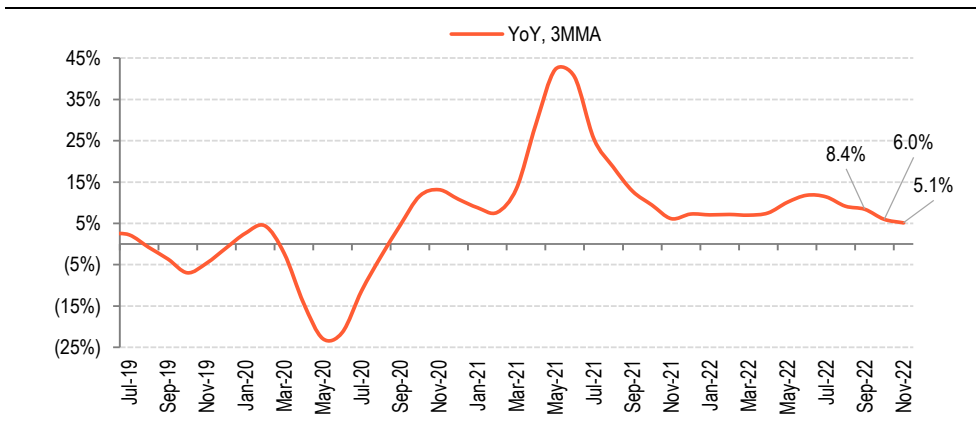
**Fig 62 – Vehicle registrations seen recovering Q3 (Oct-Nov) so far, is also better than Q2's 6.5% decline**



**Fig 63 – Diesel consumption rebounds in Nov'22, supported by farming and infrastructure activities**



**Fig 64 – Railway freight traffic movement continues to ease in Nov'22 as well**



**Fig 65 – Port cargo traffic seen slowing in Q3 (Oct-Nov) so far**

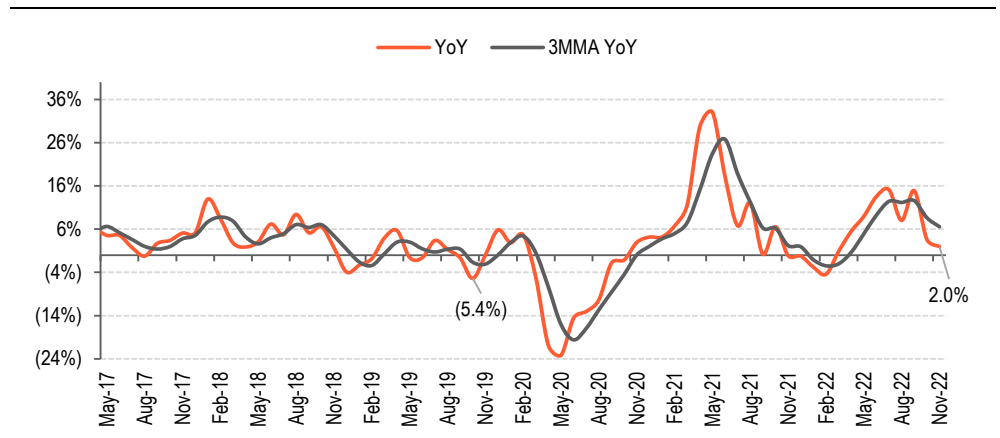


Fig 66 – Toll collections eased in Nov'22

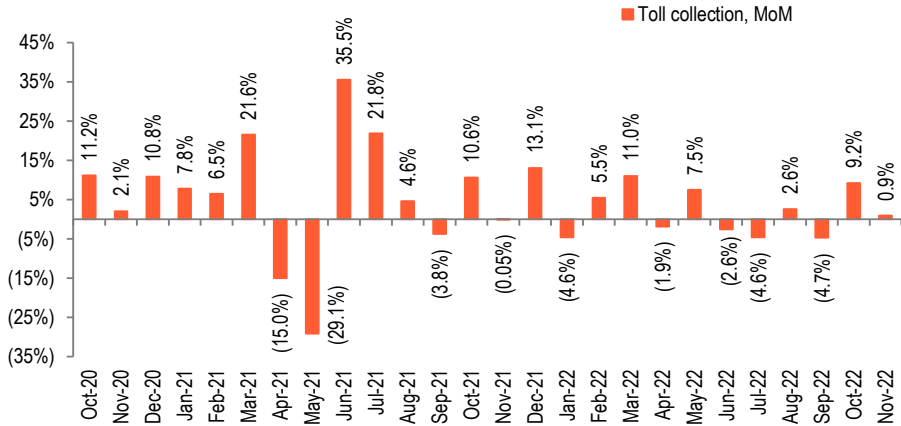
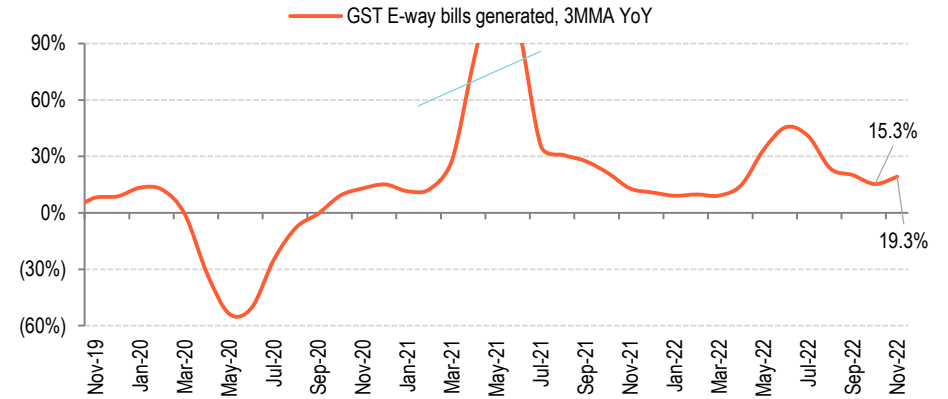


Fig 67 – E-way bill generation sees revival in Nov'22



Hotels and communications

Fig 68 – Airline passenger traffic growth still unable to return to pre-pandemic (2019) levels

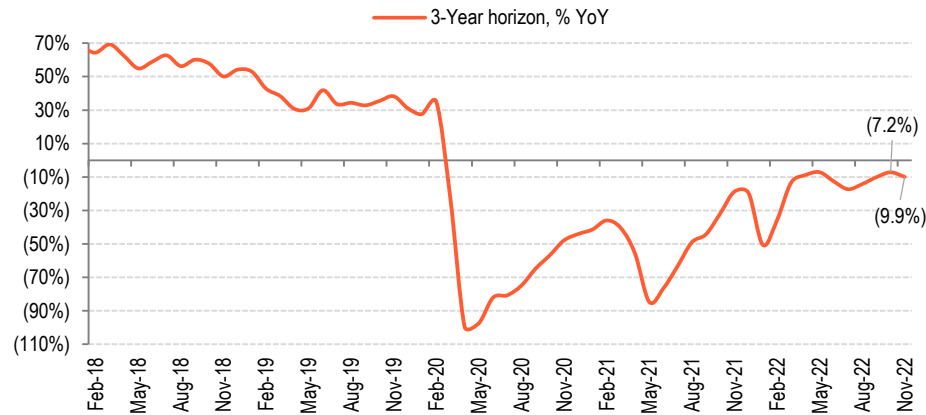
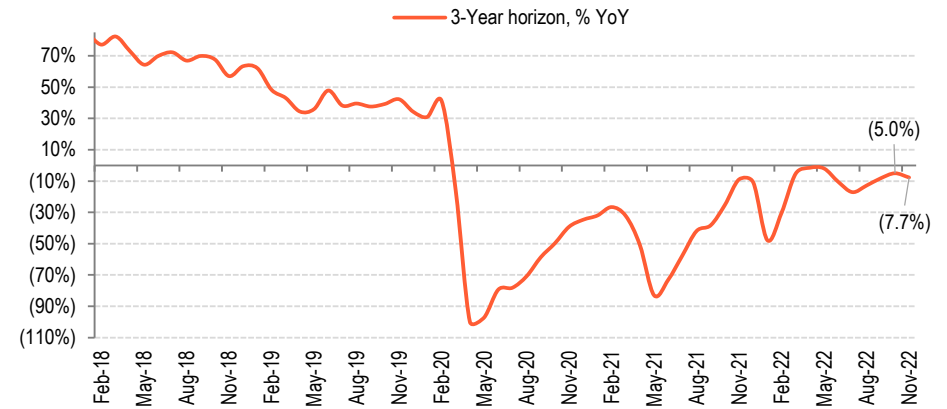
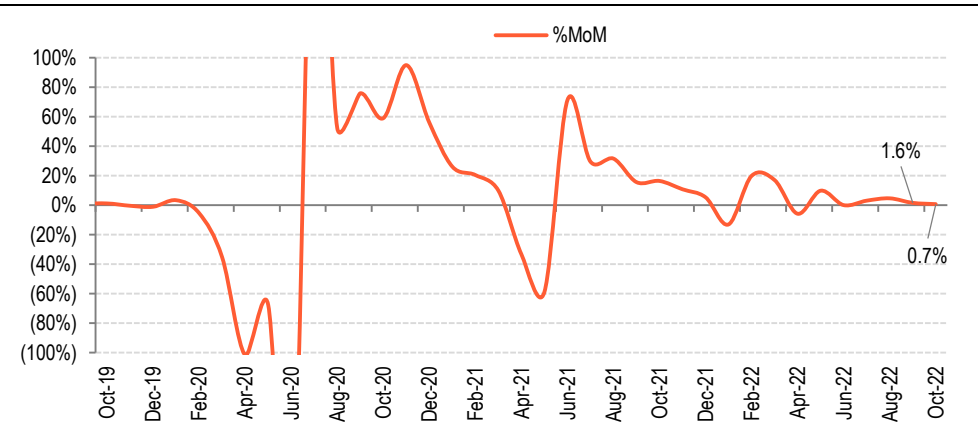


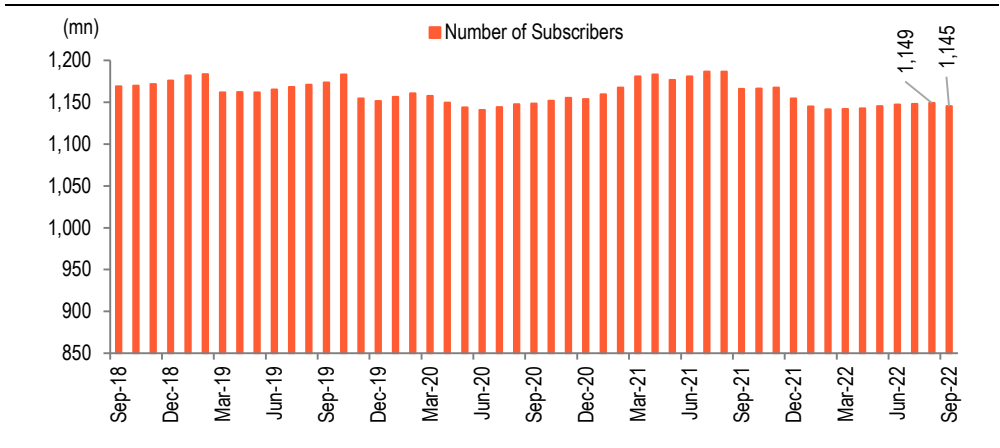
Fig 69 – ...dragged by weakness in domestic passenger movement and high prices



**Fig 70 – Railway passenger traffic was down in Oct'22**

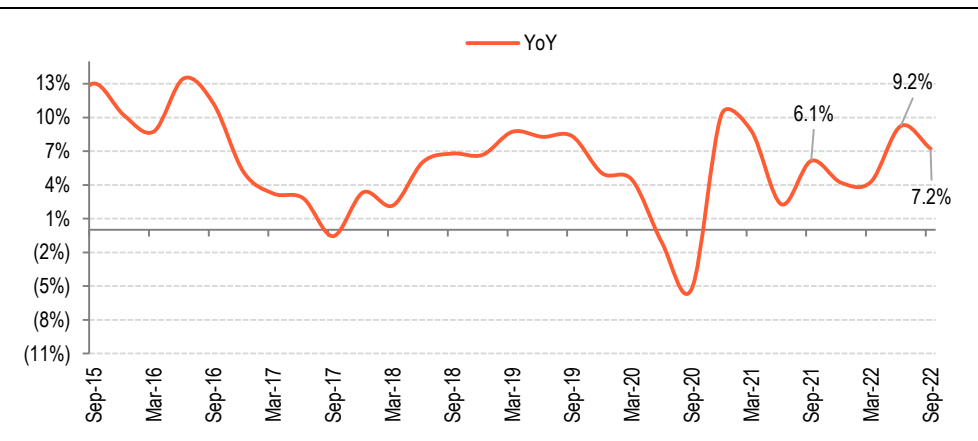


**Fig 71 – Number of telecom subscribers fell by 0.6mn in Q2FY23 versus 1.8mn added in Q1**

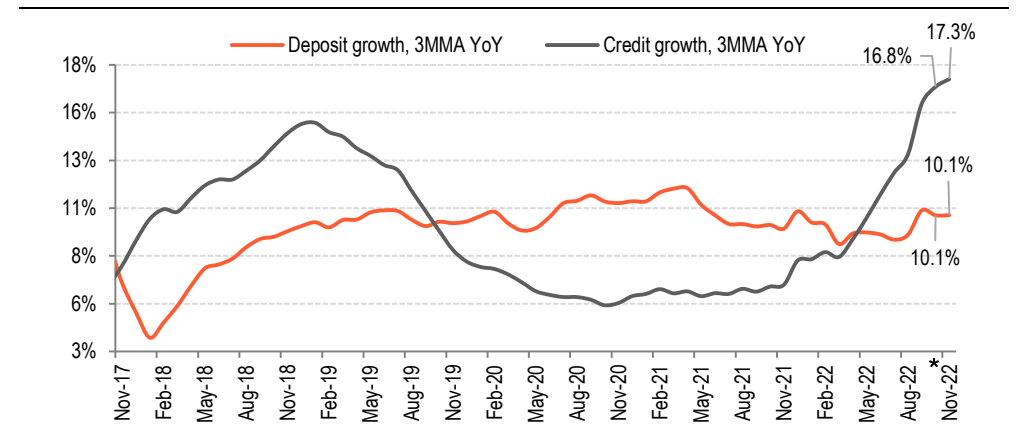


Finance and real estate

**Fig 72 – Growth in GVA: Finance, real estate & prof. eased in Q2FY23**



**Fig 73 – Credit growth continued to accelerate even in Nov'22; deposit growth flattens**



\*as of fortnight ending 21 Oct 2022

Fig 74 – Credit to services outpacing credit to industries

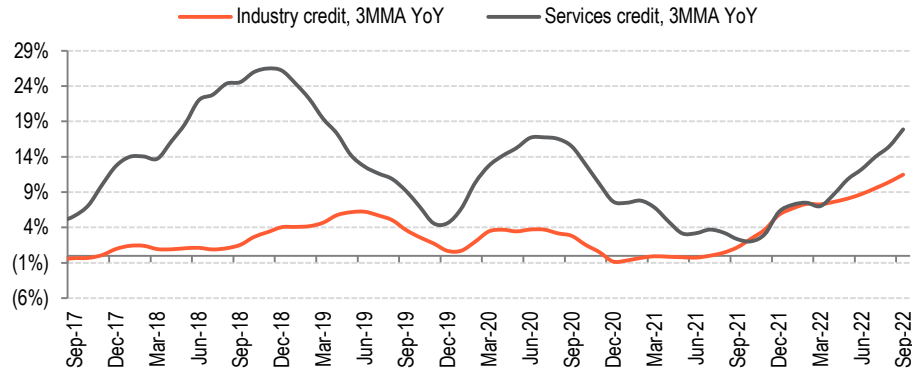


Fig 75 – Credit to NBFCs improving the most, followed by trade and real estate

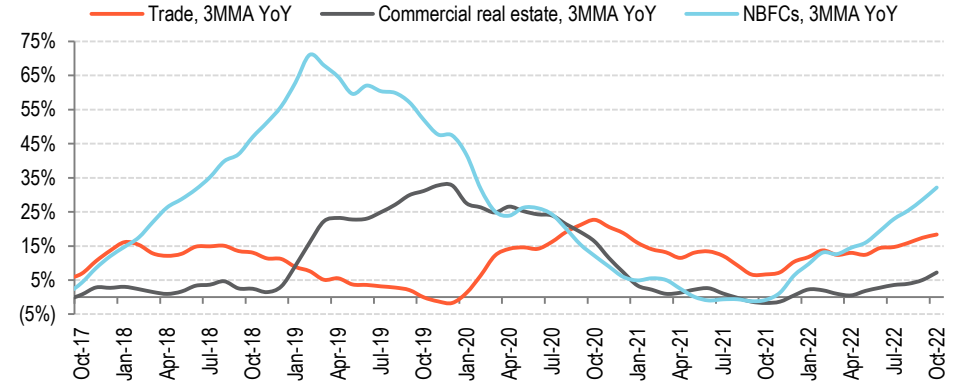


Fig 76 – Property sales volumes picked up pace during festive season in Q2FY23

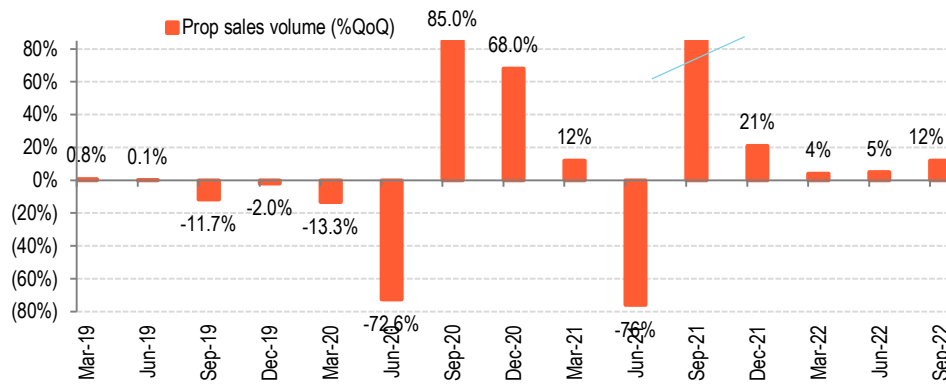
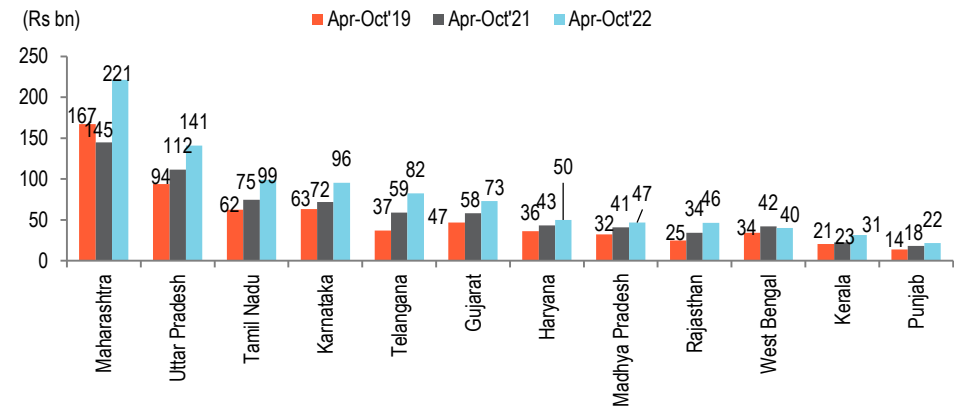


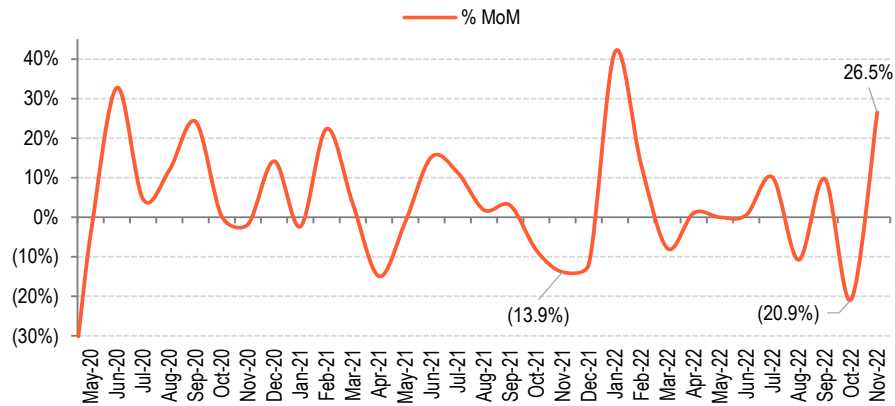
Fig 77 – Stamp duty collections of all states in FYTD23 continues to surpass pre-pandemic levels (FYTD20)



Source: Proptiger

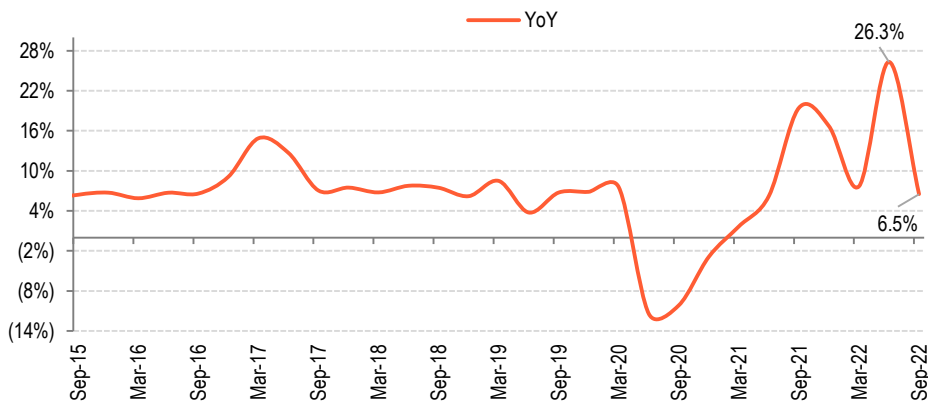
Labour market

**Fig 78 – Naukri job index rebounded in Nov'22; and compared with Nov'19 the index remain 29.4% higher**



Public administration

**Fig 80 – Public administration & defence services too dragged services growth down in Q2**



**Fig 79 – Overall unemployment rate picked up in Nov'22**



**Fig 81 – General govt. spending further gathers momentum in Oct'22**

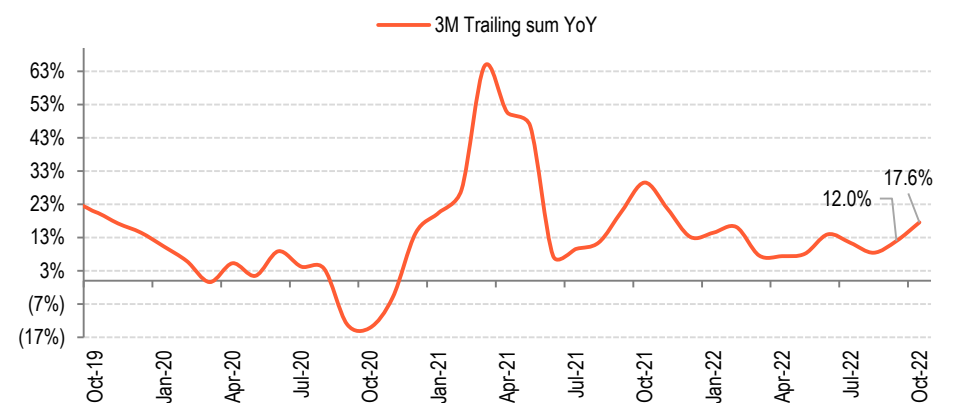




Fig 82 – ...mirroring trend in Central government spending

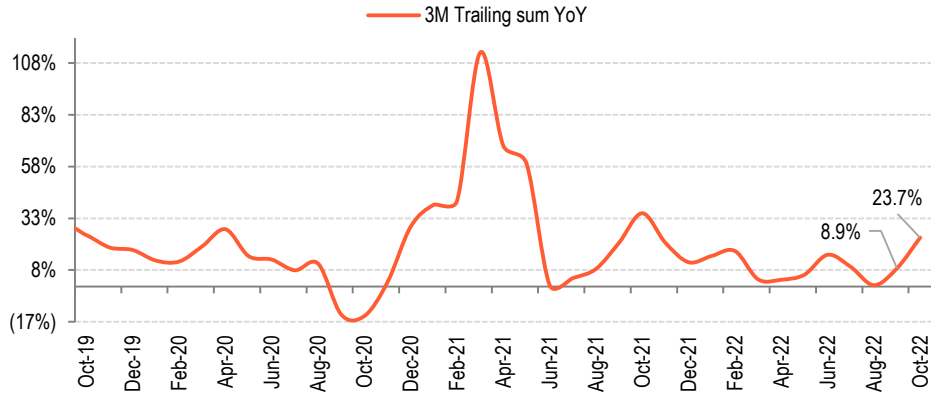
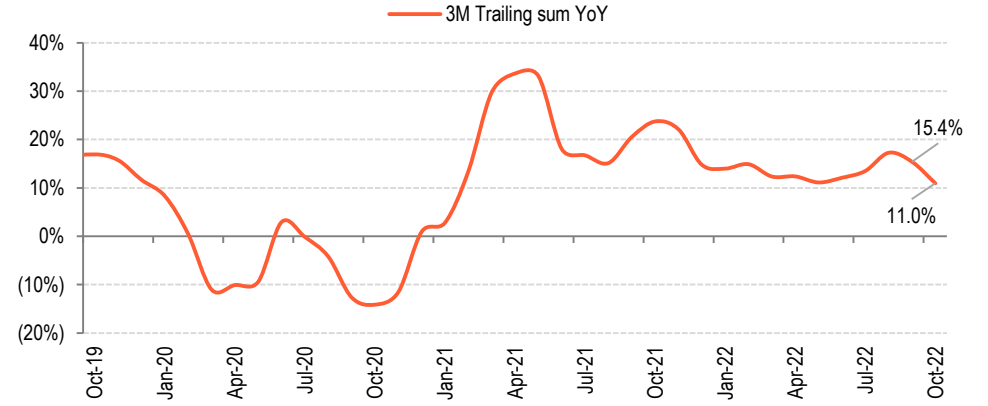


Fig 83 – State\* Govt. spending on the other hand continues to ease

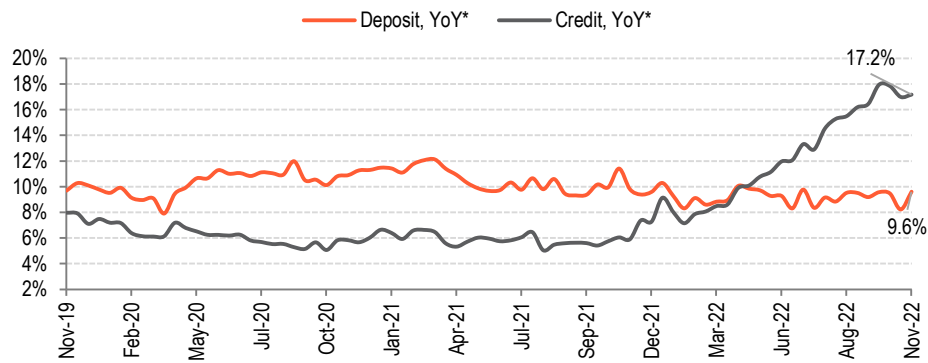


Note: \*All states excluding N.E states, A.P, Goa, and J&K

## Financial sector

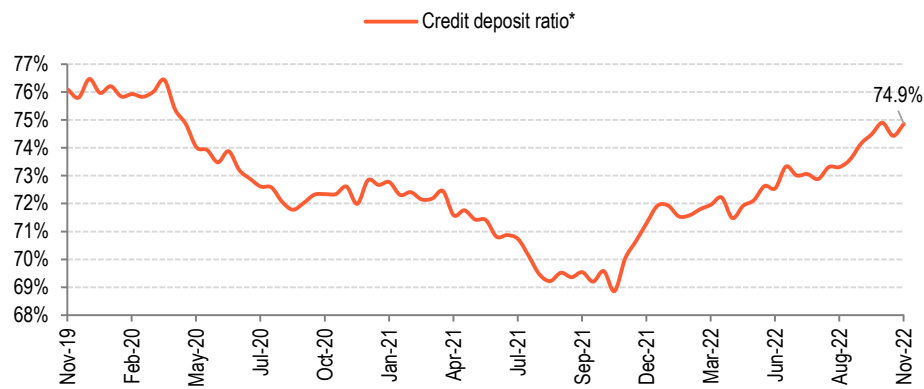
### Money and banking

**Fig 84 – Credit demand was at 17.2% in Nov'22 against 17.8% in Oct'22, deposit growth inched up to 9.6% from 9.5%**



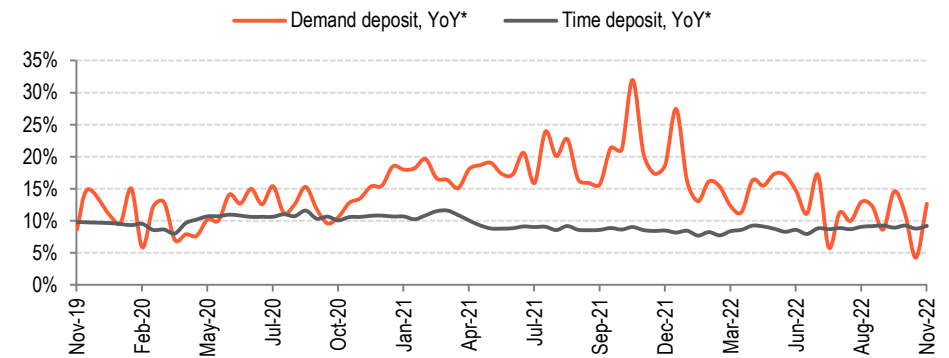
Note: \*Nov'22 implies fortnight as of 18 Nov 2022

**Fig 86 – CD ratio rose to 74.9%**



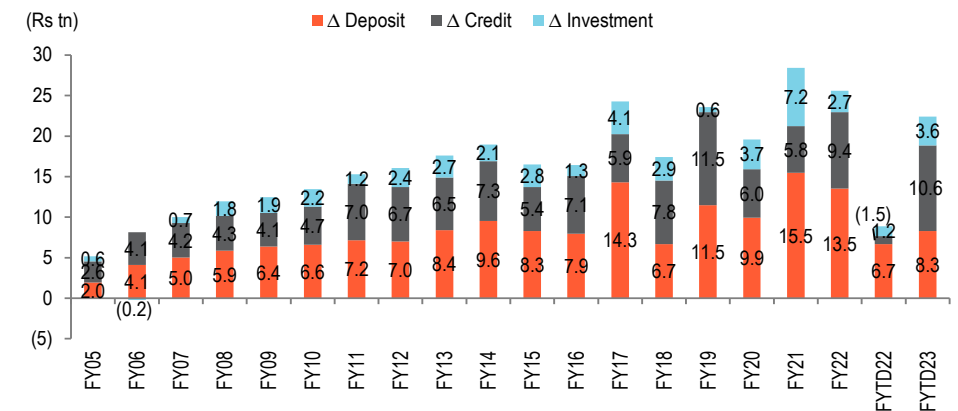
Note: \*Nov'22 implies fortnight as of 18 Nov 2022

**Fig 85 – ...Time deposits remained stable; demand deposits inched up**



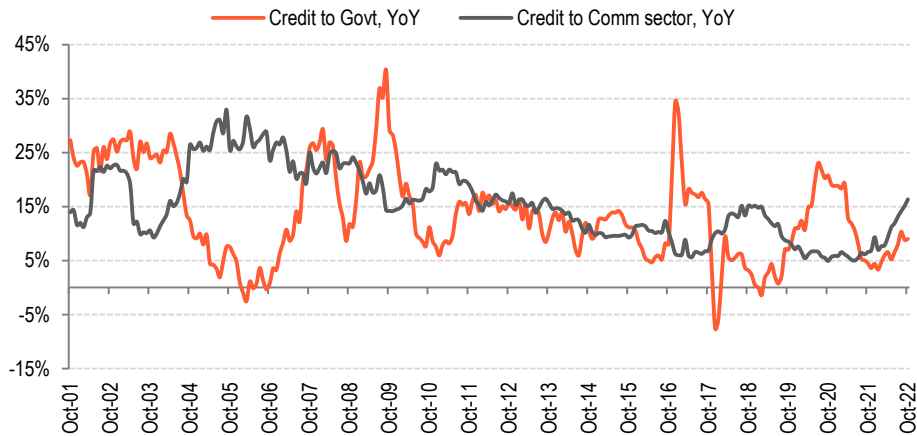
Note: \*Nov'22 implies fortnight as of 18 Nov 2022

**Fig 87 – Pace of accretion of credit, investment and deposit**

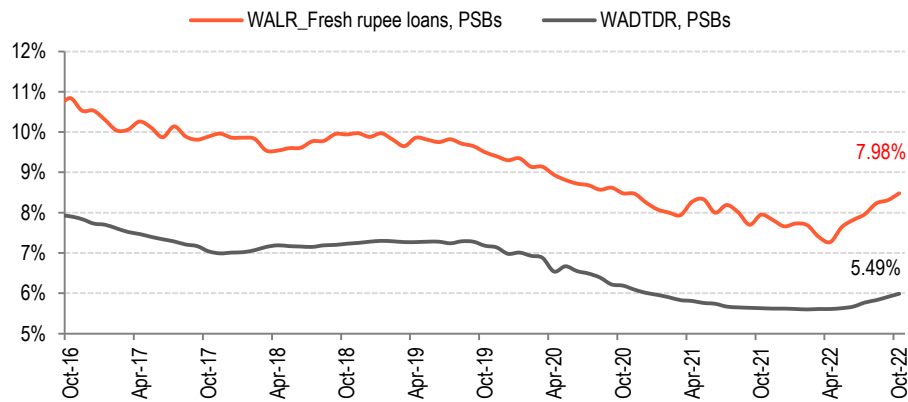


Note: FYTD:Apr-Nov

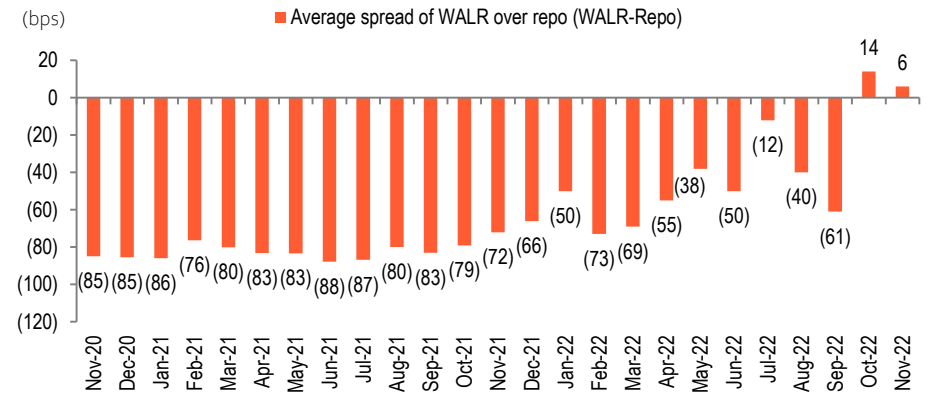
**Fig 88 – Credit to govt rose to 9% in Oct'22 from 8.9% in Sep'22, credit to commercial sector rose to 16.3% from 15.1%**



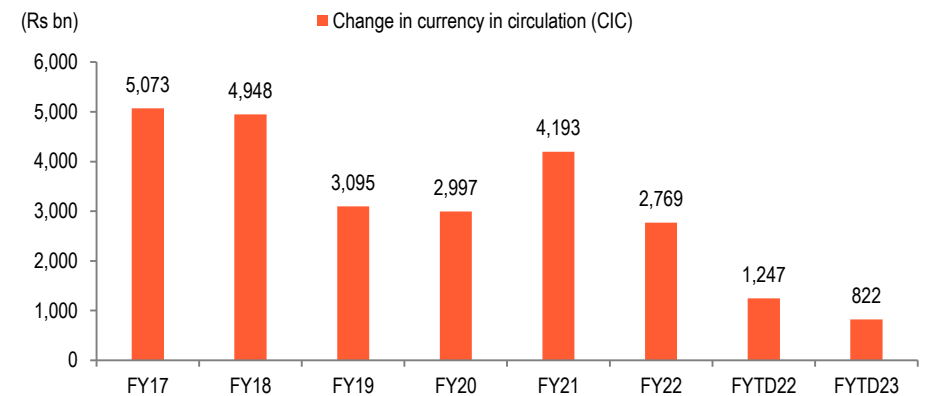
**Fig 90 – WALR rose to 7.98% in Oct'22 from 7.81% in Sep'22, WADTDR also inched up to 5.49% from 5.41%**



**Fig 89 – Spread between call rate and repo**

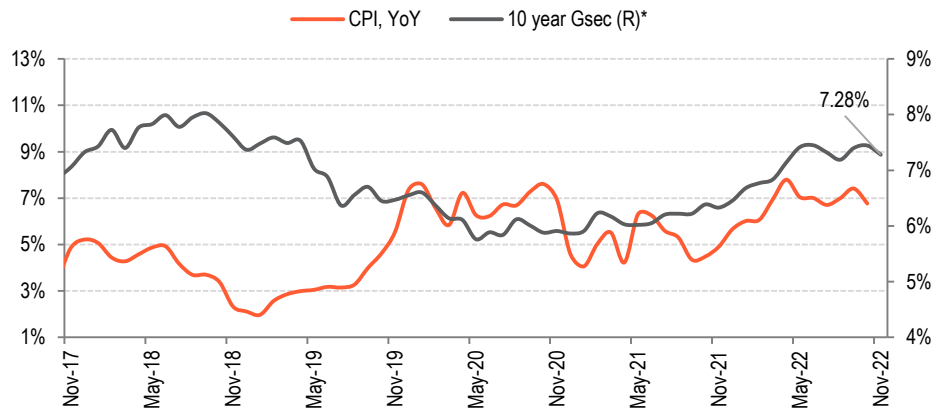


**Fig 91 – CIC accretion in FYTD23 is at Rs 822bn against Rs 1.2tn seen in the same period of last year**



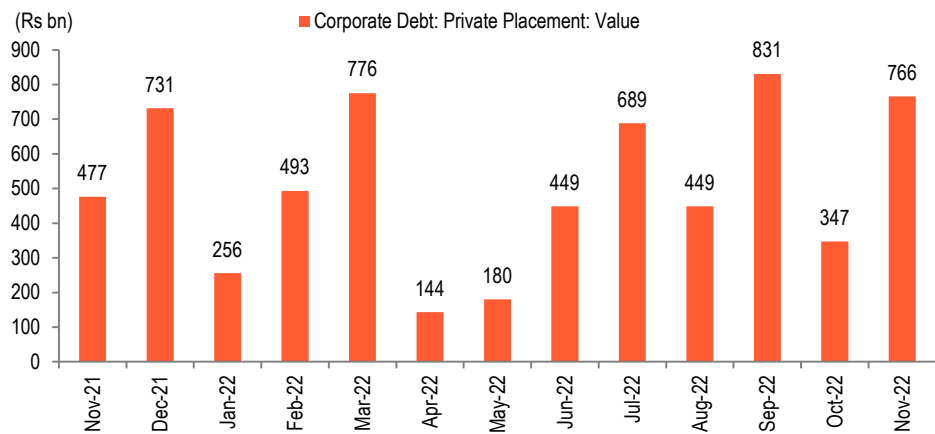
Note: FYTD:Apr-Nov

**Fig 92 – 10Y GSec yield rose edged down to 7.28% in Nov'22 from 7.45% in Oct'22 and currently trading at 7.27%, inflation moderated to 6.8% in Oct'22**

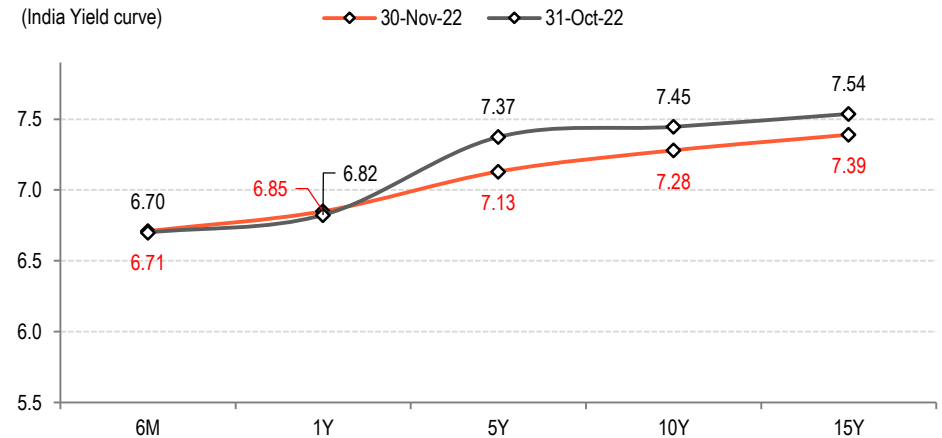


Note: \*As on last trading day of the month

**Fig 94 – Corporate debt issuance rose to Rs 766bn in Nov'22 from Rs 347bn in Oct'22**

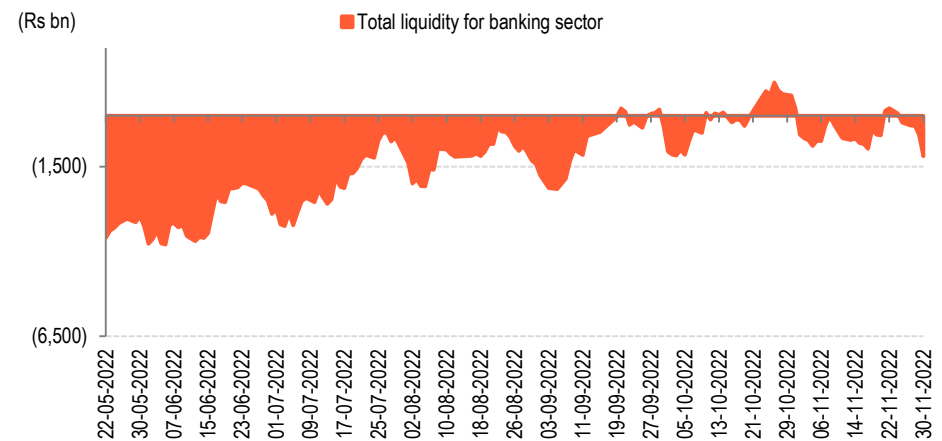


**Fig 93 – Gap between long and short end yields reducing**



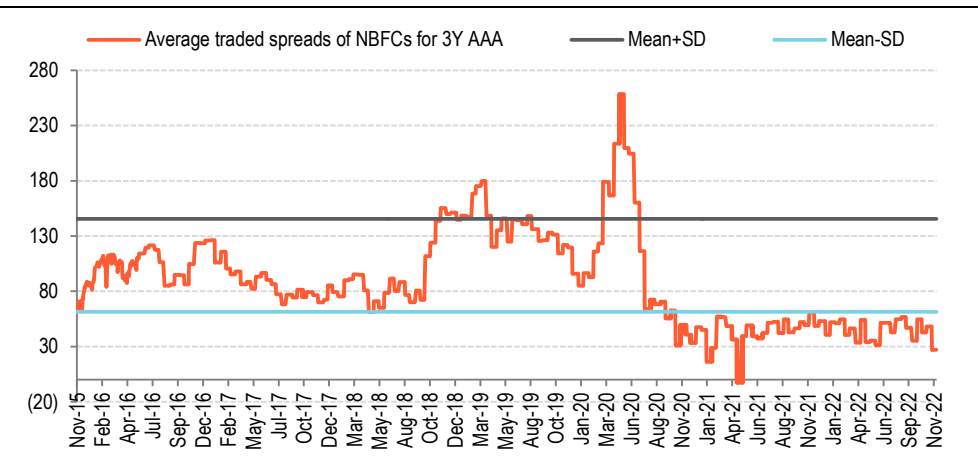
Source: Bloomberg

**Fig 95 – Average system liquidity surplus rose to Rs 481bn in Nov'22 compared to Rs 69bn seen in Oct'22 and currently at Rs 1.6tn surplus**

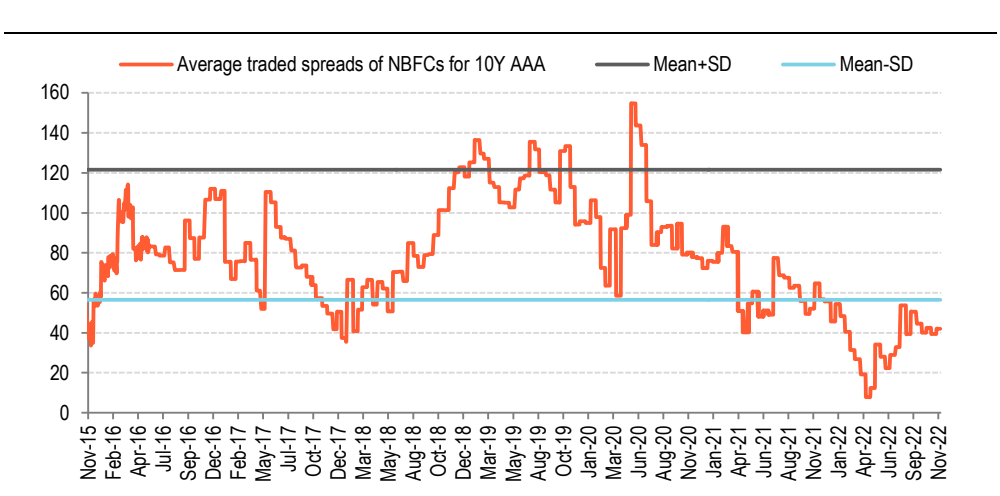


Source: RBI

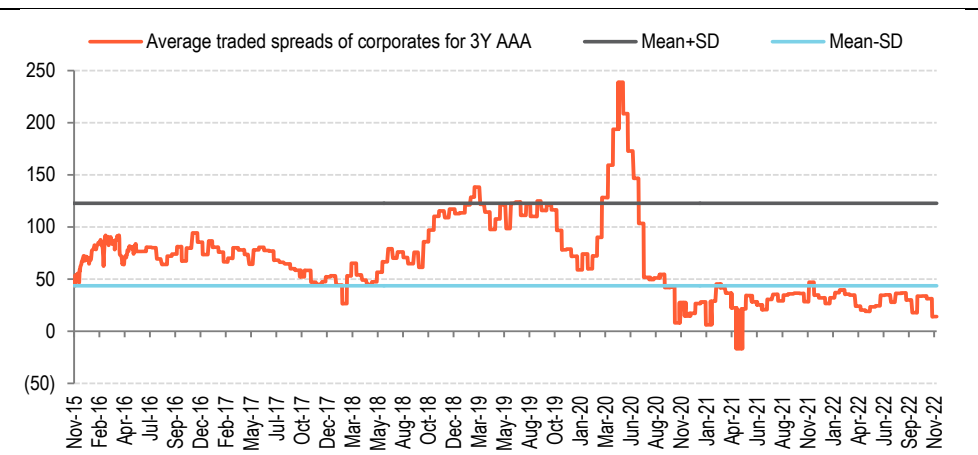
**Fig 96 – 3Y AAA NBFC spread fell to 27bps as on 30 Nov 2022 from 43bps as on 31 Oct 2022**



**Fig 97 – 10Y AAA NBFC was stable at 42bps as on 30 Nov 2022**



**Fig 98 – 3Y AAA corp came down to 14bps as on 30 Nov 2022 from 33bps as on 31 Oct 2022**



**Fig 99 – However, 10Y AAA corp spread inched up slightly to 31bps from 29bps**

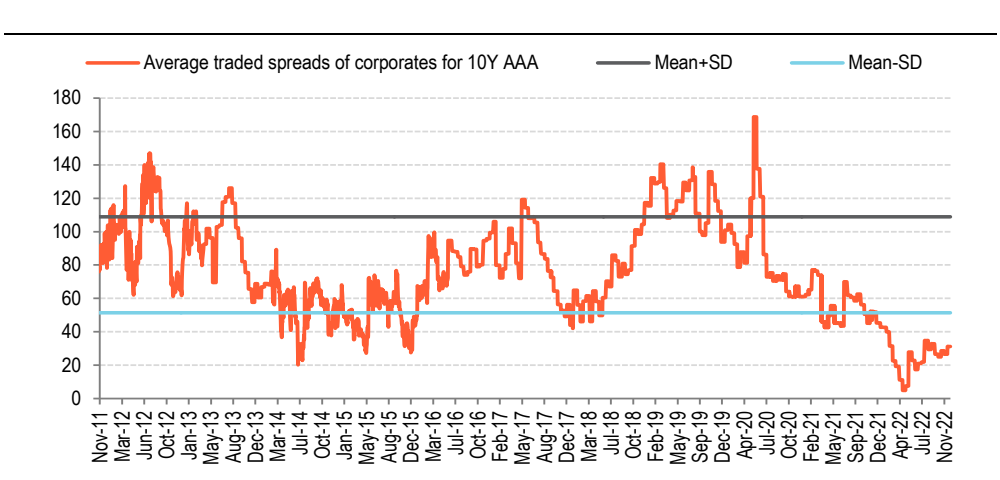


Fig 100 – INR 3Y swap fell to 6.33 as on 30 Nov 2022 from 6.87 as on 31 Oct 2022

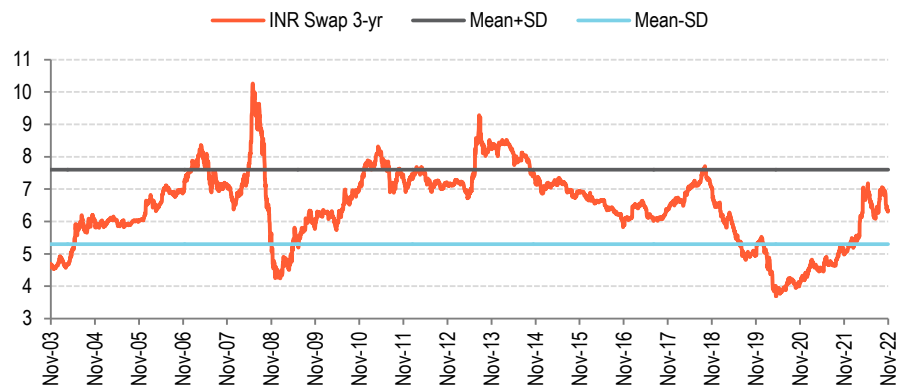
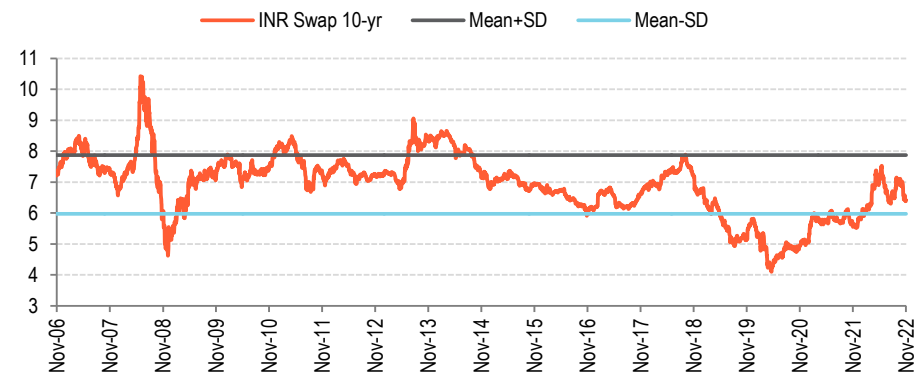


Fig 101 – For 10Y, it fell to 6.42 from 6.94



### Interest rates on small savings schemes

Fig 102 – Interest rates on small savings scheme increased

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
2 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7
3 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8
5 year time deposit	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 year recurring deposit	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
5 year senior citizen savings scheme	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6
5 year monthly income scheme	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7
5 year national savings certificate	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Public provident fund scheme	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0
Sukanya samridhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6

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

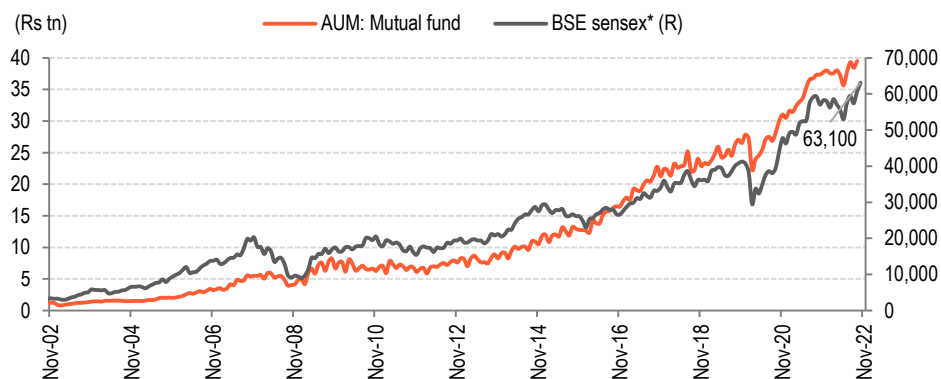
**Fig 103 – MCLR rate of banks increased**

1Y MCLR (%)	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22
<b>Public Sector Banks</b>															
Bank of Baroda	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.35	7.40	7.50	7.65	7.70	7.80	7.95	8.05
Bank of India	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.50	7.60	7.70	7.80	7.95
Canara Bank	7.35	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.40	7.50	7.65	7.75	7.90	8.10
Indian Bank	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.40	7.55	7.65	7.75	7.85	8.10
Punjab National Bank	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.40	7.55	7.65	7.70	7.75	8.05
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.10	7.20	7.40	7.50	7.70	7.70	7.95	8.05
Union Bank of India	7.20	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.45	7.55	7.70	7.75	7.90	8.20
<b>Private Sector Banks</b>															
Axis Bank Ltd.	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.40	7.75	7.95	8.00	8.05	8.10	8.35	8.45
HDFC Bank Ltd.	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.50	7.85	8.05	8.10	8.20	8.20	8.55
ICICI Bank Ltd.	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.55	7.75	7.90	8.00	8.10	8.30
Indusind Bank	8.45	8.45	8.45	8.45	8.45	8.45	8.50	8.55	8.75	9.00	9.10	9.30	9.40	9.55	9.80
Kotak Mahindra Bank	7.20	7.20	7.20	7.20	7.25	7.30	7.35	7.40	7.65	7.85	8.05	8.10	8.20	8.45	8.55

Source: RBI

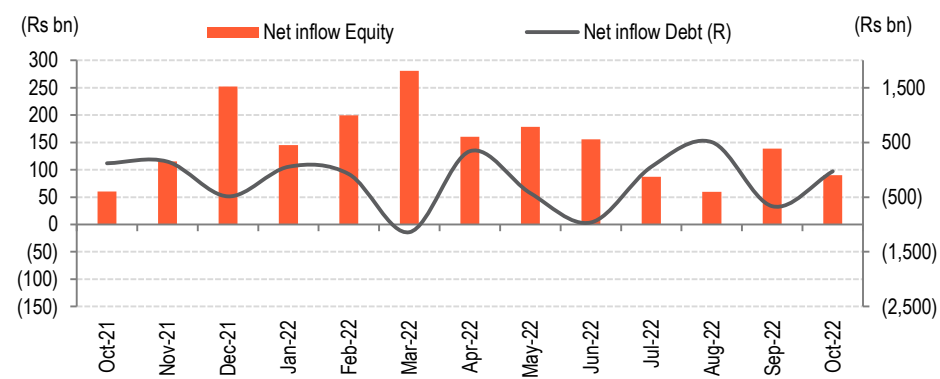
### Mutual fund (MF) indicators

**Fig 104 – Sensex rose by 3.9% to 63,100 in Nov'22, AUM of MFs rose to Rs 39.5tn in Oct'22 compared to Rs 38.4tn in Sep'22**



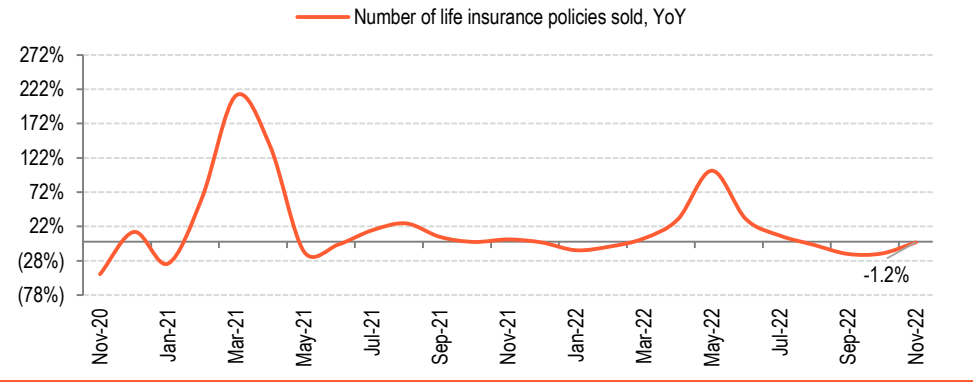
Source: \*Sensex as on last trading day of the month.

**Fig 105 – MF equity inflows moderated to Rs 90bn in Oct'22 compared to Rs 139bn in Sep'22; debt outflow also moderated to Rs 28bn from Rs 666bn outflow in Sep'22**

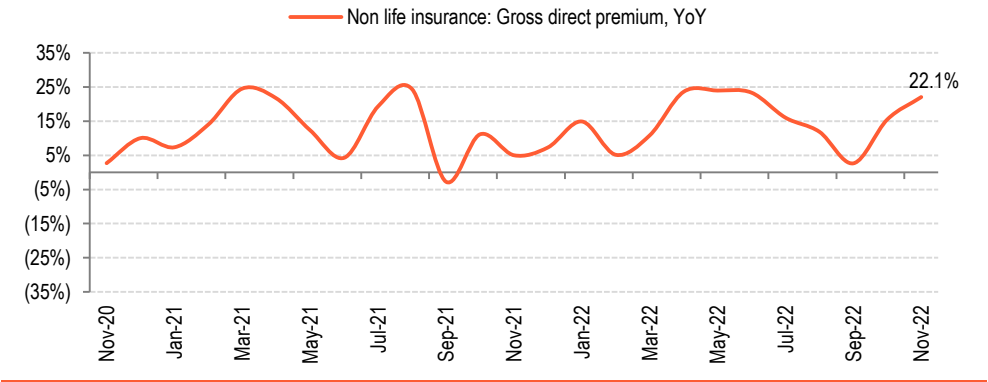


Insurance sector indicators

**Fig 106 – Sale of life insurance policies fell by 1.2% in Nov’22 much slower compared to 17% decline seen in Oct’22**



**Fig 107 – Gross direct premium for non-life insurance rose to 22.1% in Nov’22 from 15.5% in Oct’22, led by favourable base**





Public finance

Central government finances

Fig 108 – Fiscal deficit begins inching up in Oct'22

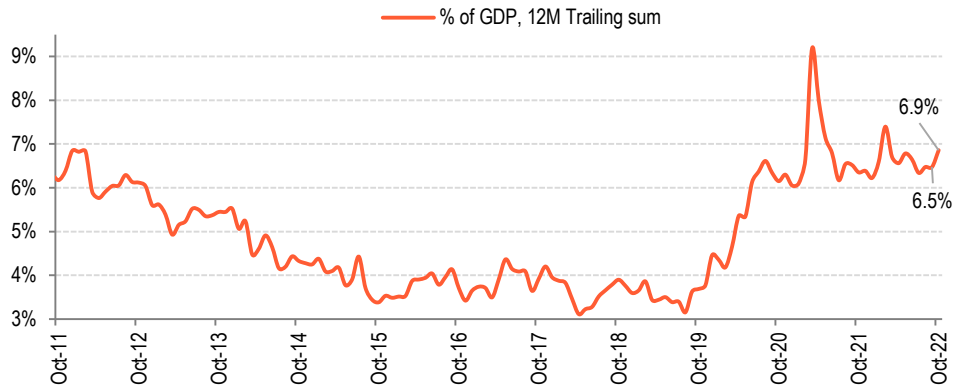


Fig 109 – Revenue deficit too picking up

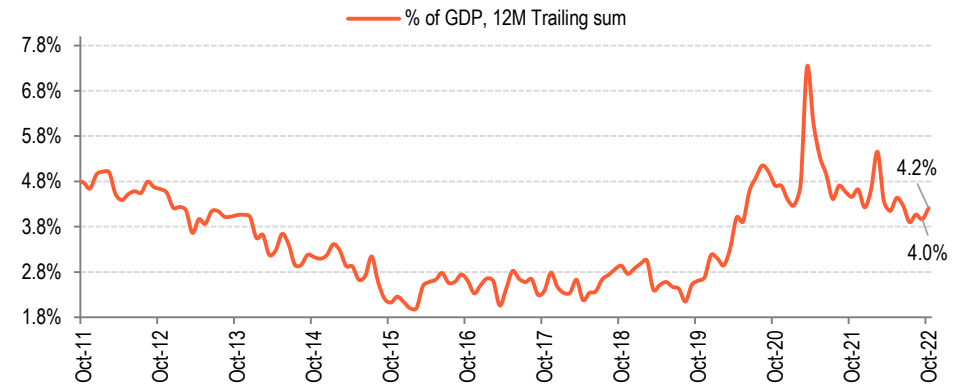


Fig 110 – ...similar trend was visible in primary deficit

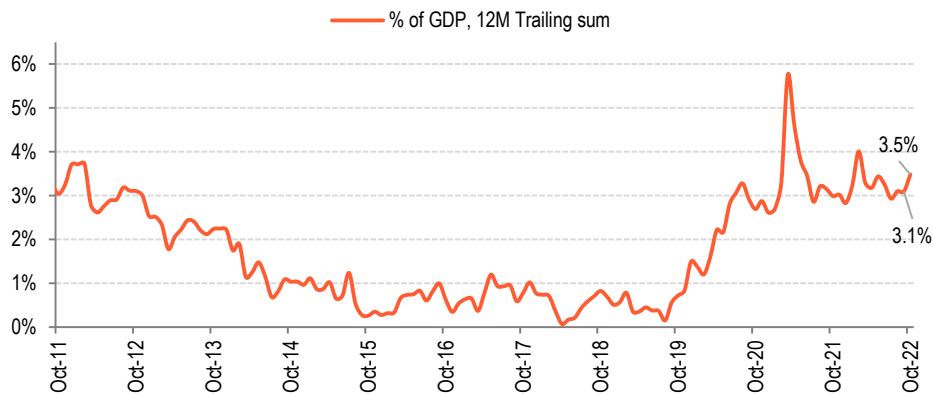


Fig 111 – Government spending gathering momentum again (12MMA)

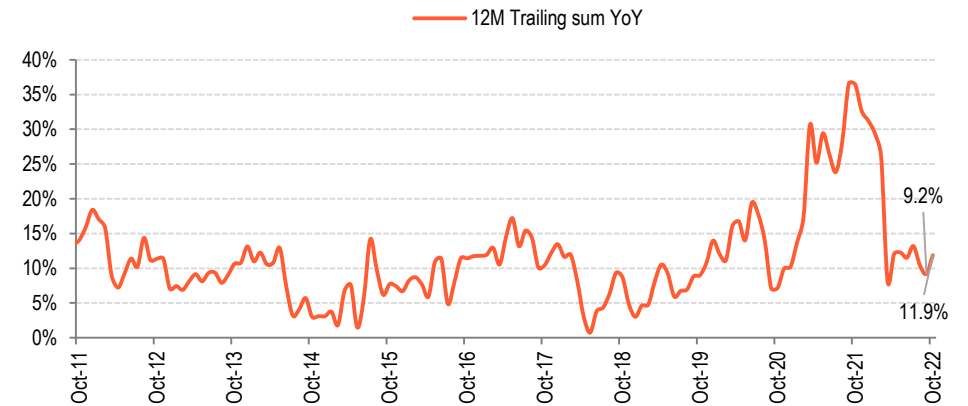


Fig 112 – ...supported by revenue spending

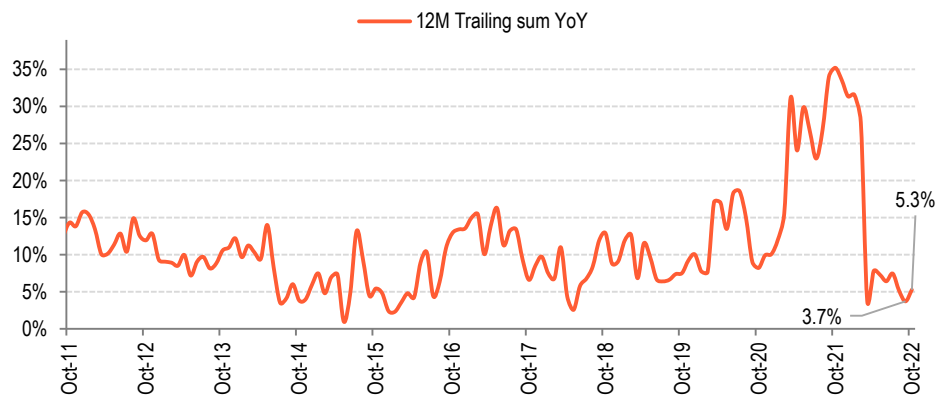


Fig 113 – ...Capex also gathering pace

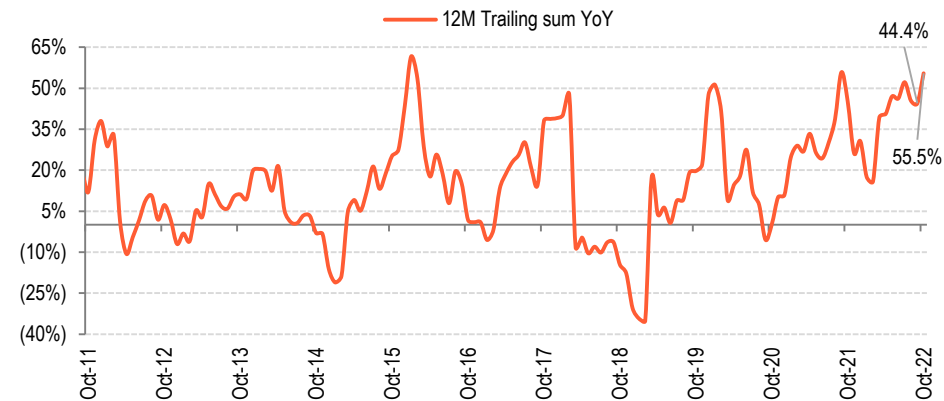
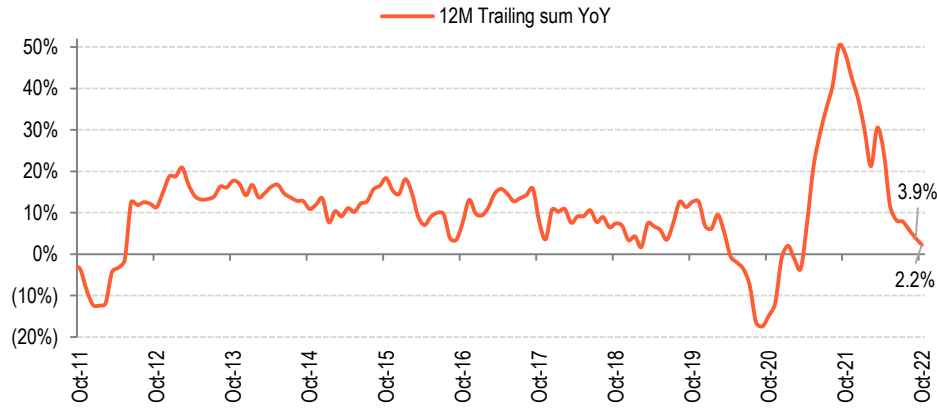


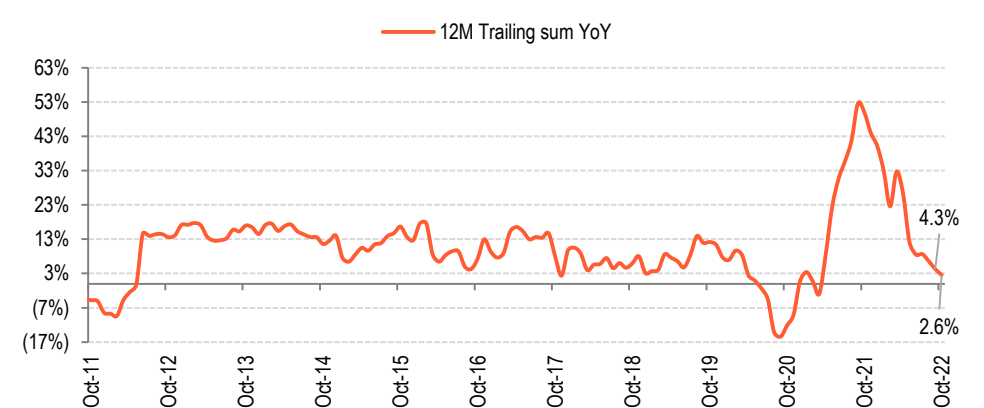
Fig 114 – In FYTD23, ministries of road transport, chemicals, HRD, home affairs and finance have supported pick up government spending

Ministry	Apr-Oct'20	Apr-Oct'21	% change	Apr-Oct'22	% change
Ministry of Finance	5,515	6,522	18.2	7,286	11.7
Ministry of Defence	2,658	2,811	5.8	3,012	7.2
Ministry of Consumer Affairs, Food and Public Distribution	1,279	1,672	30.7	1,353	(19.0)
Ministry of Rural Development	1,356	885	(34.8)	869	(1.8)
Ministry of Home Affairs	833	952	14.3	1,077	13.1
Ministry of Human Resource Development	359	395	10.1	488	23.5
Ministry of Road Transport and Highways	537	804	49.7	1,548	92.4
Ministry of Chemicals and Fertilisers	611	538	(11.9)	1,034	92.1
Ministry of Petroleum and Natural Gas	224	34	(84.9)	20	(39.6)
Ministry of Agriculture	729	627	(13.9)	671	7.0
Ministry of Health and Family Welfare	467	402	(13.8)	394	(2.0)

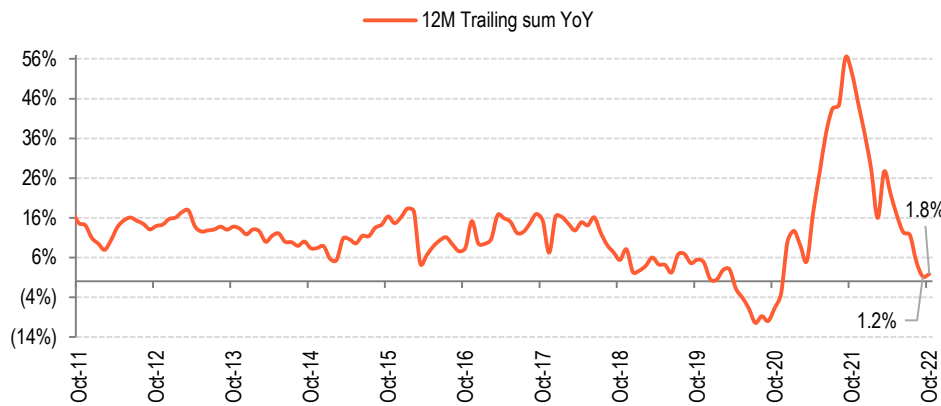
**Fig 115 – Receipt growth continues to slowdown in Oct’22 as well...**



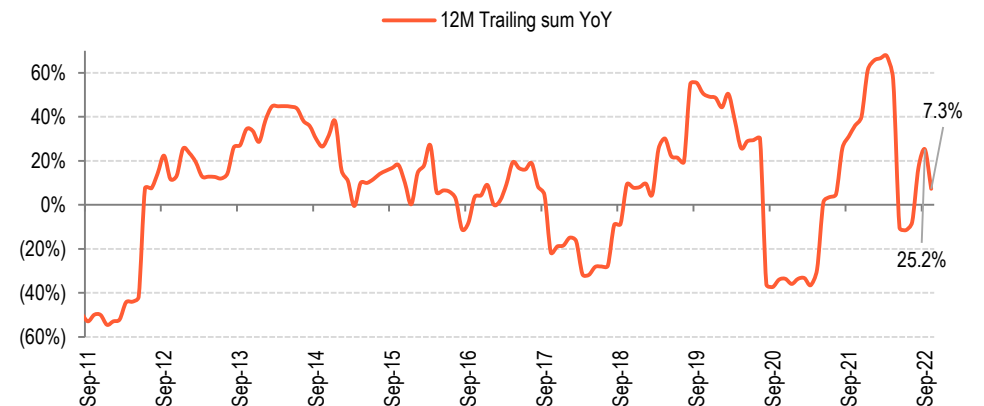
**Fig 116 – ...again dragged by revenue receipts**



**Fig 117 – Tax receipts cooled down further on 12MMA basis**



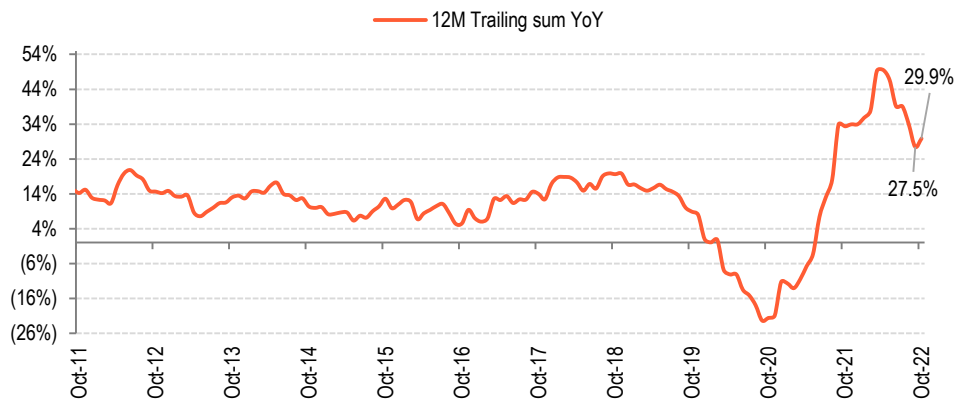
**Fig 118 – Non-tax revenue growth also seen moderating**



**Fig 119 – Centre’s spending gathering pace, revenues also set to meet the targets**

	Apr-Oct'20	Apr-Oct'21	% change	Apr-Oct'22	% change
Gross Tax revenue	8,756	13,641	55.8	16,096	18.0
Direct taxes	3,758	6,422	70.9	8,082	25.9
Corp Tax	1,727	3,309	91.6	4,106	24.1
Income Tax	2,031	3,113	53.3	3,976	27.7
Indirect taxes	4,998	7,219	44.5	8,014	11.0
Non-tax revenue	1,162	2,068	78.0	1,788	(13.6)
Centre's revenue (net)	6,919	12,600	82.1	13,499	7.1
Total expenditure	16,615	18,267	9.9	21,437	17.4
Capital exp	1,974	2,533	28.3	4,090	61.5
Revenue exp	14,641	15,735	7.5	17,347	10.2
Fiscal deficit	9,532	5,470	-	7,581	-

**Fig 120 – Gross direct tax collections show signs of picking up in Oct'22**



**Fig 121 – Gross indirect tax collections on the other hand continue to ease further**

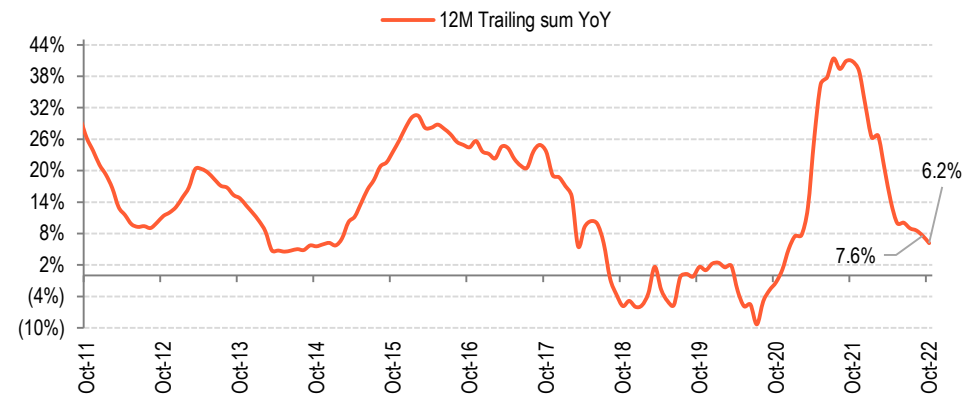


Fig 122 – Both, corporate tax collections and...

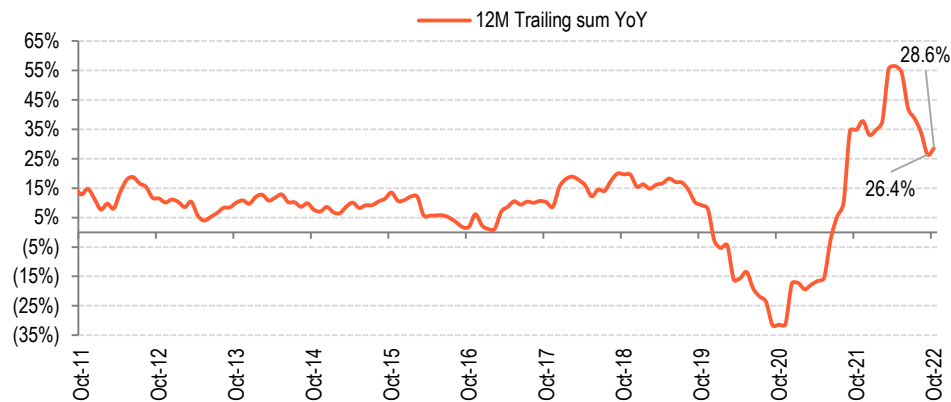


Fig 123 – ...Income tax collections pushed direct tax collections higher in Oct'22

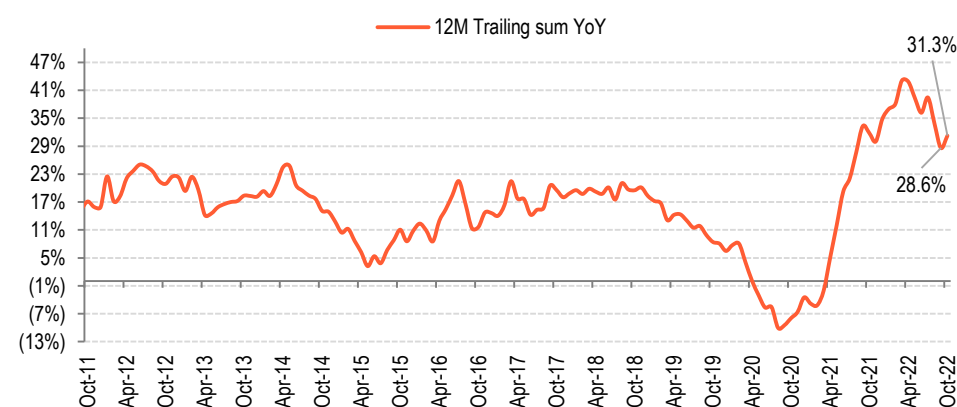


Fig 124 – GST collections for Oct'22 eased a tad; Although collections still remain above Rs 1.4 lakh crore mark for the 9<sup>th</sup> consecutive month

(Rs bn)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Monthly run rate (FY23)	FYTD23	FY23 (BE)
CGST	485	492	462	697	482	633	641	499	654	554	519	547	722	569	3,413	6,600
UT GST	1.4	1.2	2.5	4.3	1.6	12.3	1.6	2.4	2.6	1.6	1.5	4.1	6.0	2	14	-
IGST	90	72	146	(279)	79	(145)	113	47	(164)	69	89	100	(194)	42	255	-
SGST*	656	637	681	814	758	1,084	549	796	890	705	768	767	821	746	4,474	-
Cess	82	94	91	95	101	91	104	102	107	107	99	100	103	103	619	1,200
<b>Total GST</b>	<b>1,315</b>	<b>1,298</b>	<b>1,384</b>	<b>1,330</b>	<b>1,421</b>	<b>1,675</b>	<b>1,409</b>	<b>1,446</b>	<b>1,490</b>	<b>1,436</b>	<b>1,477</b>	<b>1,517</b>	<b>1,459</b>	<b>1,463</b>	<b>8,775</b>	<b>-</b>

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

Fig 125 – Rising central government debt a key concern

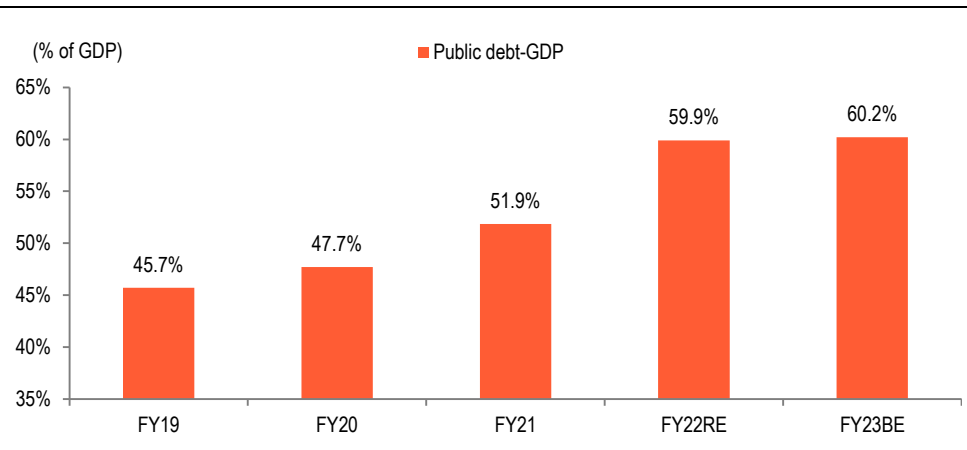
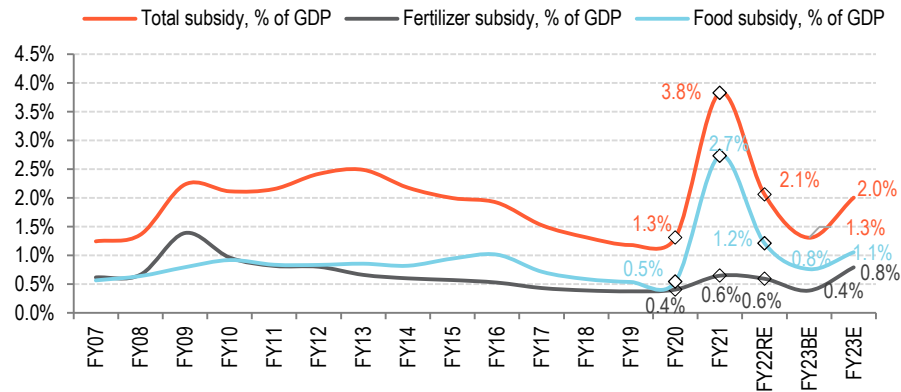
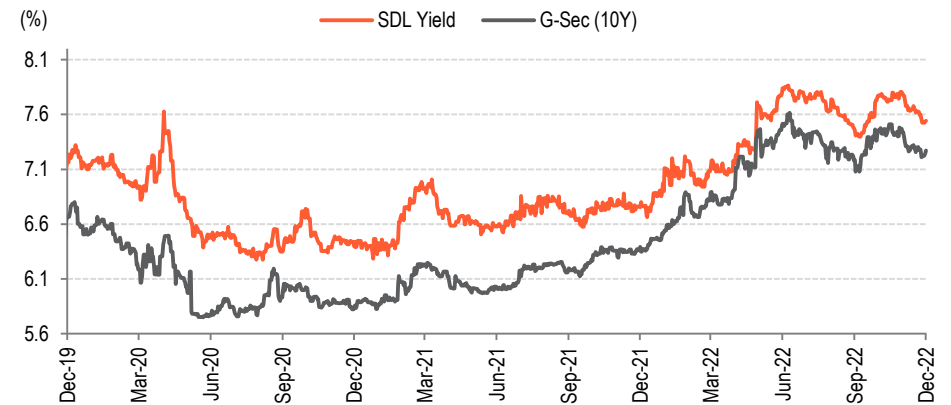


Fig 127 – Subsidy burden to inch up in FY23E



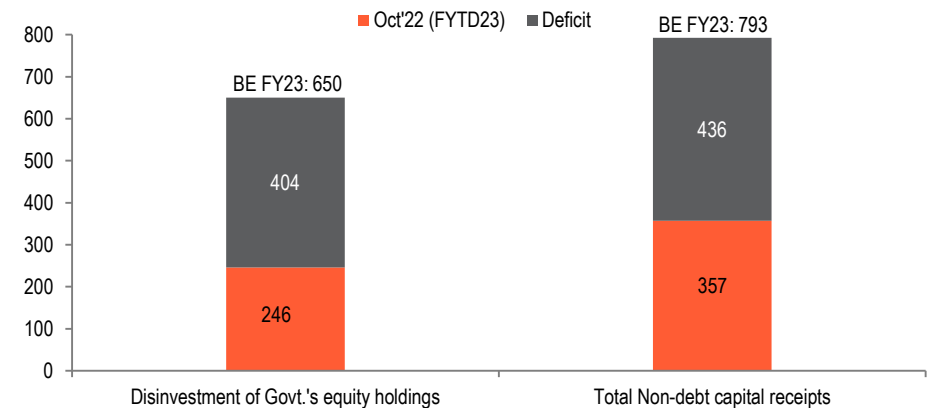
RE-Revised Estimates; BE-Budget Estimates; E-Bank of Baroda estimates

Fig 126 – Spread between 10Y G-sec and SDL yield increased in Nov'22, but is seen coming in Dec'22 so far



Source: CCIL

Fig 128 – Central govt. FY23 disinvestment status showing weakperformance so far



### Central government borrowing

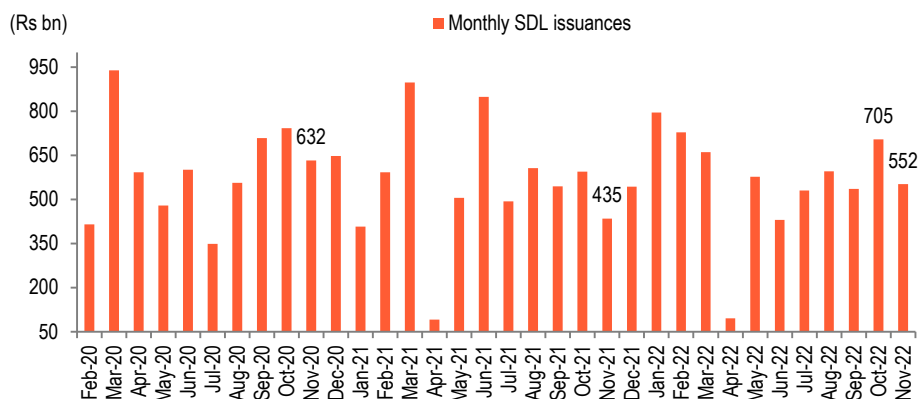
Fig 129 – Centre’s T-bill issuances in Q3FY23\* has been at Rs 2.7tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,320
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	2,730
Q3	2,747	2,632	3,070	2,889	3,745	3,630	2741*	2,860
Q4	1,684	2,486	1,812	2,511	2,714	4,766		
<b>Total</b>	<b>9,811</b>	<b>11,192</b>	<b>11,271</b>	<b>11,788</b>	<b>17,204</b>	<b>16,986</b>		<b>-</b>

Source: RB, Till 7 Dec 2022

### State government borrowing

Fig 131 – State government borrowings slowed in Nov’22, but were higher than last year



Source: RBI

Fig 130 – Centre’s gross borrowing in Q3FY23\* is at Rs 2.4tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	3,900
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	4,550
Q3	1,610	1,640	1,270	1,930	2,910	3,190	2350*	2,320
Q4	800	670	1680	920	3,191	1370	-	3,440
<b>Total</b>	<b>5,820</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>	<b>13,461^</b>	<b>11,273</b>	<b>-</b>	<b>14,210</b>

Source: RBI^ Against budgeted Rs 12.8tn, \*Till 2 Dec

Fig 132 – States’ Q3FY23 market borrowings have reached only 53% of the planned amount so far

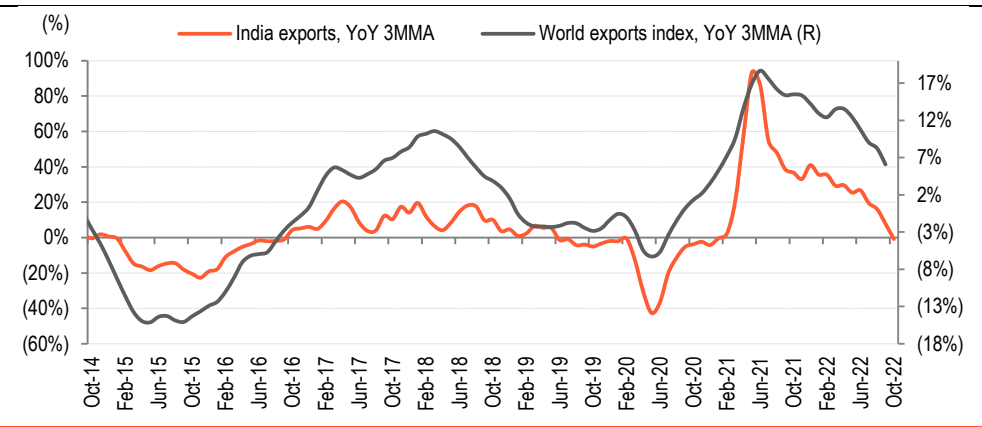
Quarterly SDL issuances, (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FYTD23 (actual)	FY23 (planned)
Q1	548	650	766	815	1,673	1,446	1,102	1,904
Q2	792	1,130	809	1,439	1,614	1,644	1,661	2,116
Q3	1,214	1,054	1,277	1,470	2,023	1,653	1,345*	2,531
Q4	1,322	1,348	1,809	2,006	1,898	2,184		
<b>Total</b>	<b>3,876</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,206</b>	<b>6,927</b>	<b>4,108*</b>	

Source: RBI; \*as of 7 Dec 2022

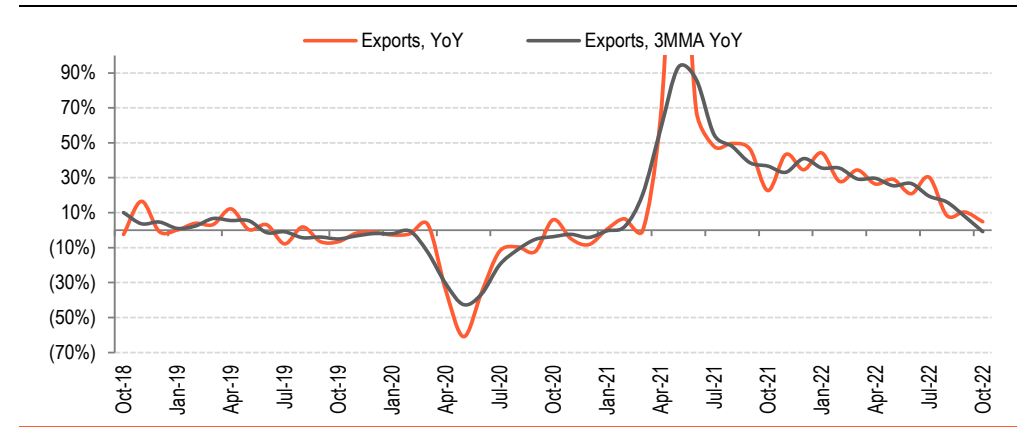
## External sector

### Exports

**Fig 133 – India’s exports moderating in line with global exports**

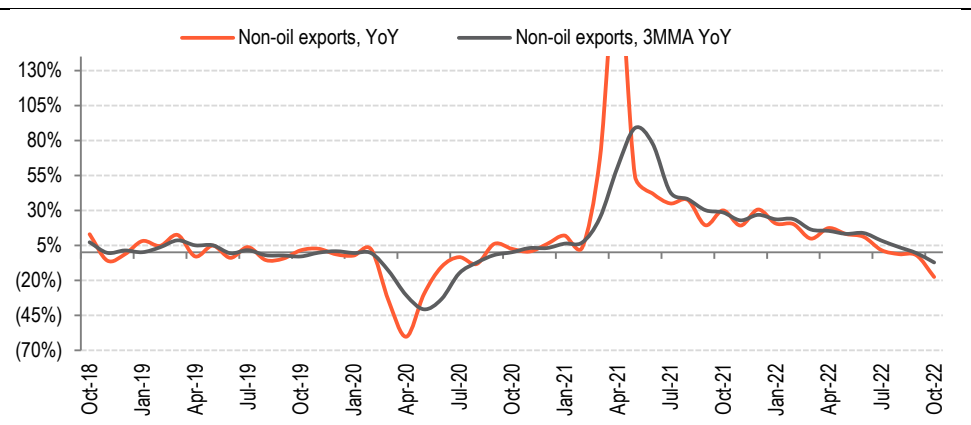


**Fig 134 – India’s export growth declined by 16.1% in Oct’22 registering first drop in 20-months**



### Exports by major sectors

**Fig 135 – Led by a 17.6% drop in non-oil exports**

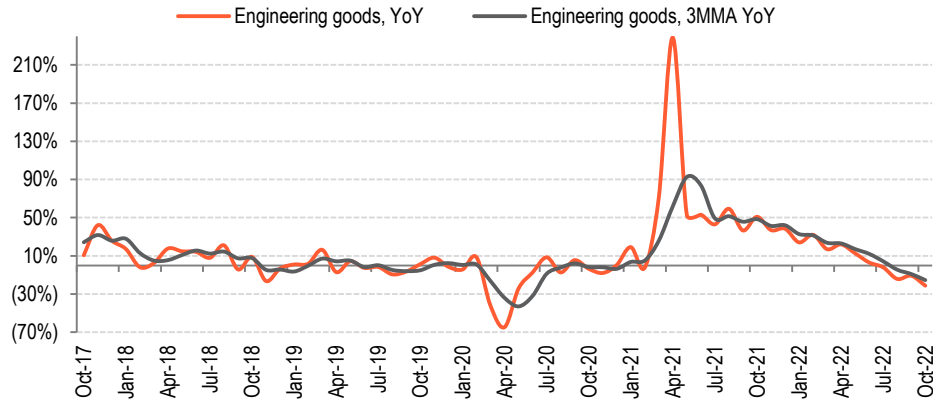


**Fig 136 – Gems and jewellery exports fell by 21.6% in Oct’22 versus an increase of 17.3% in Sep’22**

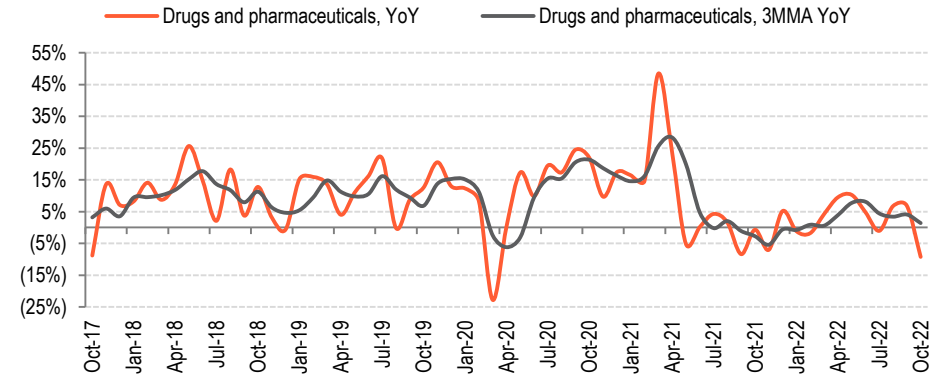




**Fig 137 – Engineering goods export also contracted**

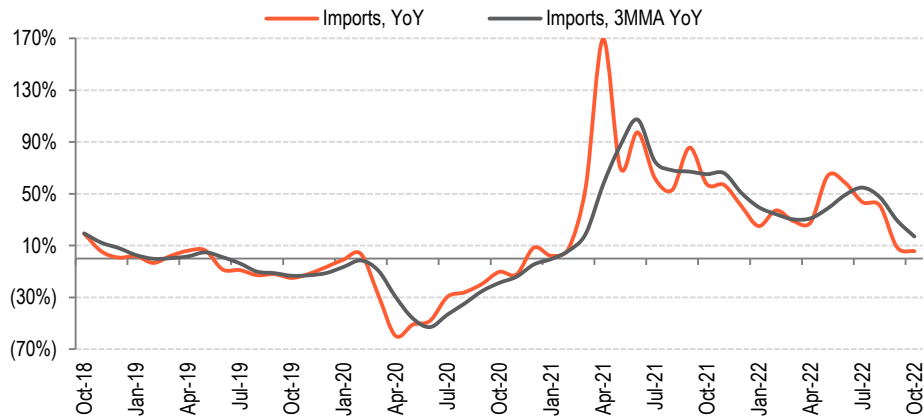


**Fig 138 – Sharp plunge in exports of drugs and pharmaceuticals**

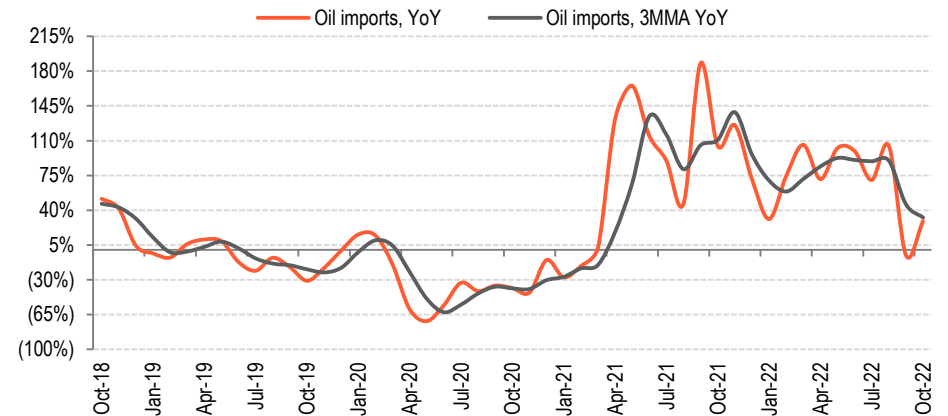


**Imports**

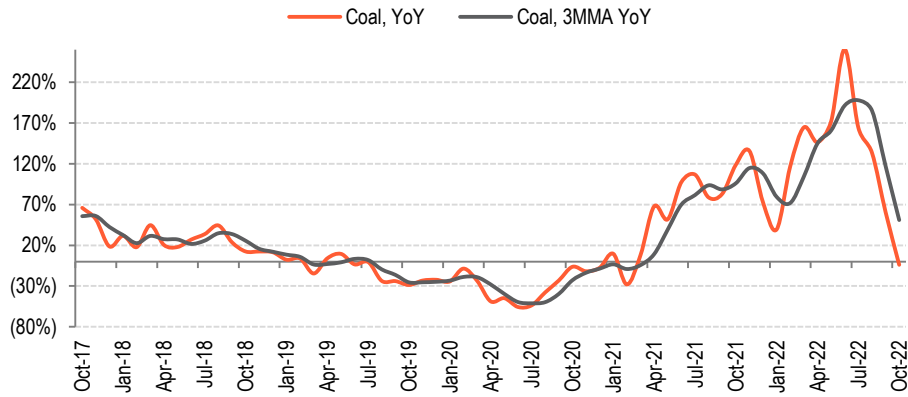
**Fig 139 – Import growth also tapering**



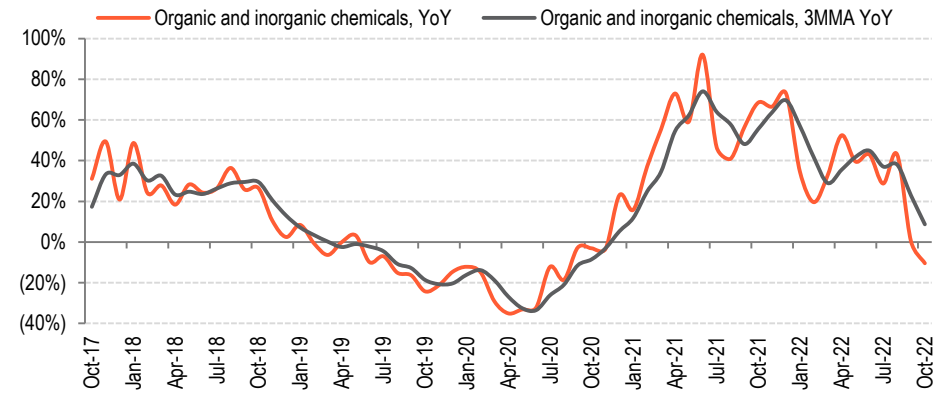
**Fig 140 – .. even as oil imports remained buoyant**



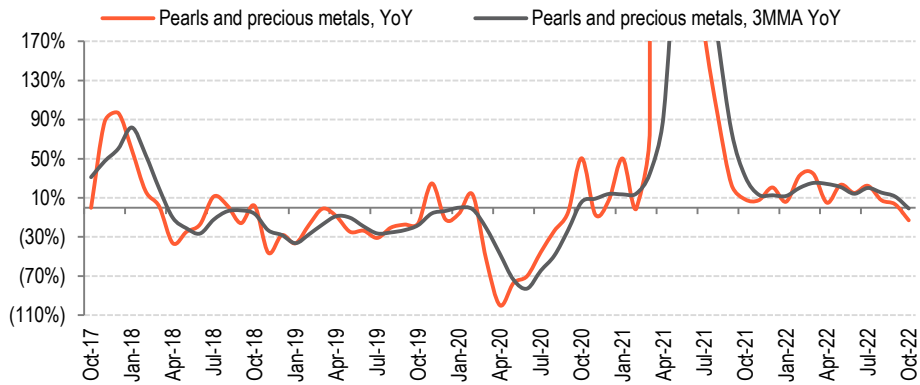
**Fig 141 – Coal imports fell by 4% in Oct'22 after increasing by 60.8% in Sep'22**



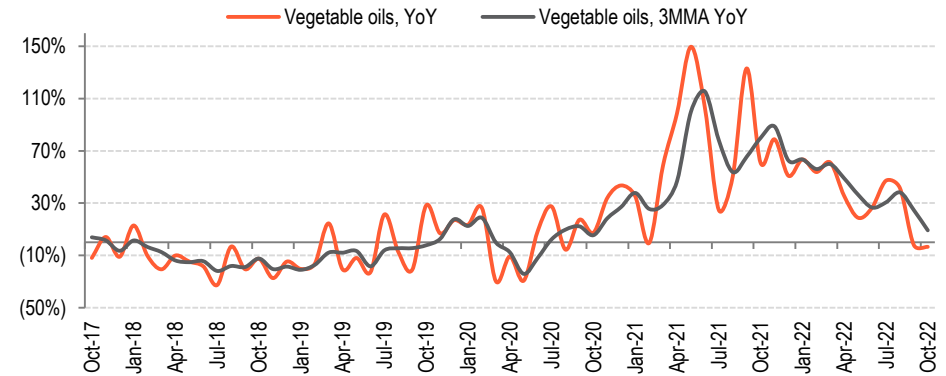
**Fig 142 – ...Similar trend in imports of organic and inorganic chemicals**



**Fig 143 – Imports of pearls and precious stones also lower**



**Fig 144 – Vegetable oil imports also moderating**



## Exports and imports by major regions

**Fig 145 – Exports to China have declined sharply in FYTD23**

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Aug-22	Sep-22	Oct-22
Americas	23.8	61.0	13.1	13.4	(0.9)	(15.7)
Asia and Pacific (Ex. China)	27.2	53.3	2.4	(3.6)	(1.5)	(22.3)
China	5.1	16.1	(37.2)	(46.7)	(39.9)	(44.0)
Europe	20.6	66.4	18.8	8.6	4.8	(4.4)
Middle East and Africa	22.8	60.1	30.6	37.3	26.2	2.5
Other	0.6	21.5	149.0	242.6	103.3	18.8

**Fig 146 – Imports from all regions have moderated in FYTD23**

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Jun-22	Jul-22	Aug-22
Americas	11.8	72.4	28.0	36.8	(10.1)	2.1
Asia and Pacific (Ex. China)	24.2	63.6	42.1	43.8	18.9	3.0
China	15.4	54.8	23.7	45.0	2.8	(9.7)
Europe	13.9	89.2	6.7	(14.1)	(6.9)	(15.2)
Middle East and Africa	32.3	120.8	46.5	47.7	13.5	19.3
Other	2.3	43.6	278.4	465.6	294.5	397.1

Trade deficit

Fig 147 – Trade deficit expanded to US\$ 26.9bn in Oct'22 from US\$ 25.7bn in Sep'22

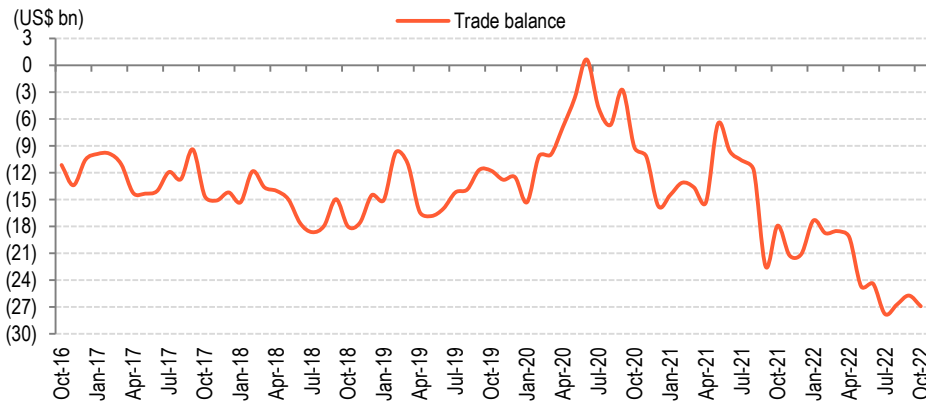
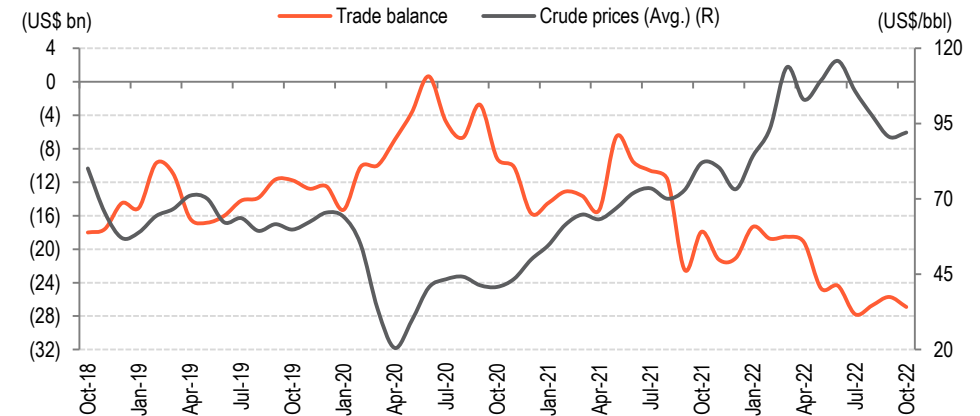
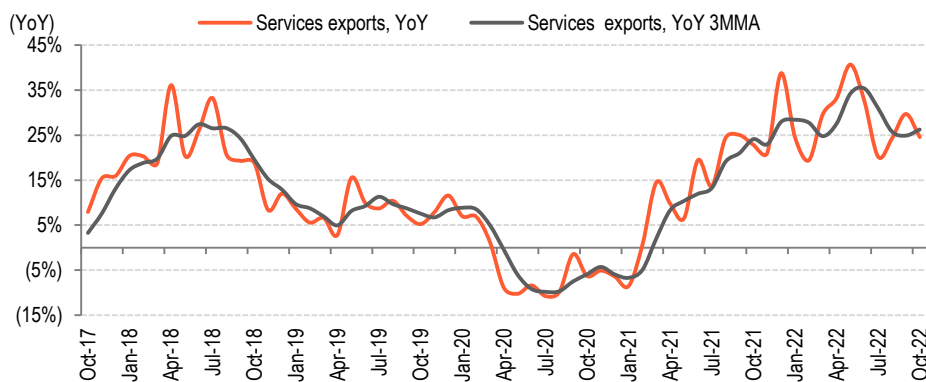


Fig 148 – ... as oil prices edged up



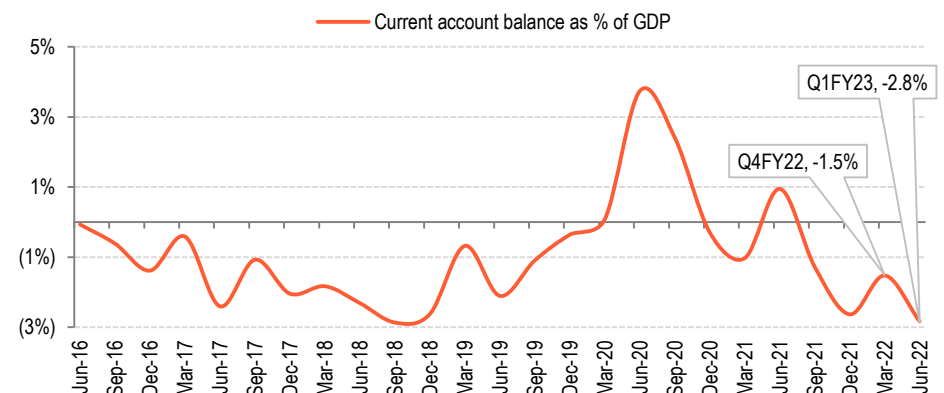
Trade in services

Fig 149 – Services exports rise by 24.6% in Oct'22 versus 29.7% in Sep'22



BoP

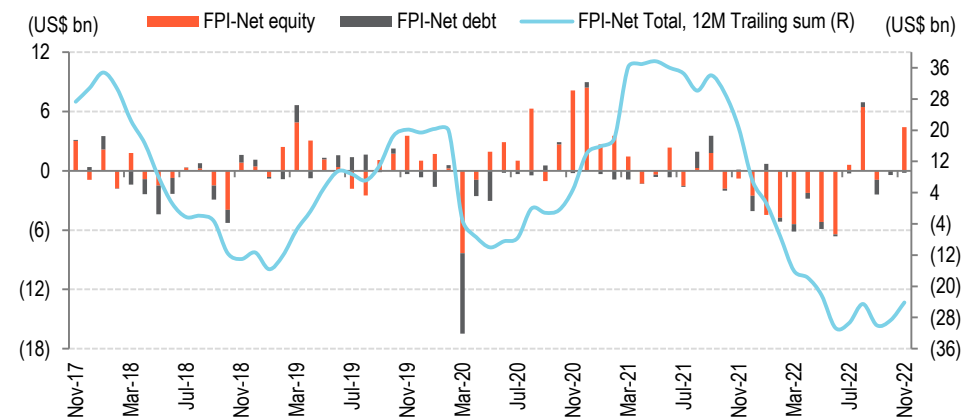
Fig 150 – India's current account deficit expanded to 2.8% of GDP in Q1FY23 compared with 1.5% of GDP in Q4FY22



## Foreign inflows

### FPI inflows

Fig 151 – FPI inflows of US\$ 4.2bn in Nov'22



Source: Bloomberg

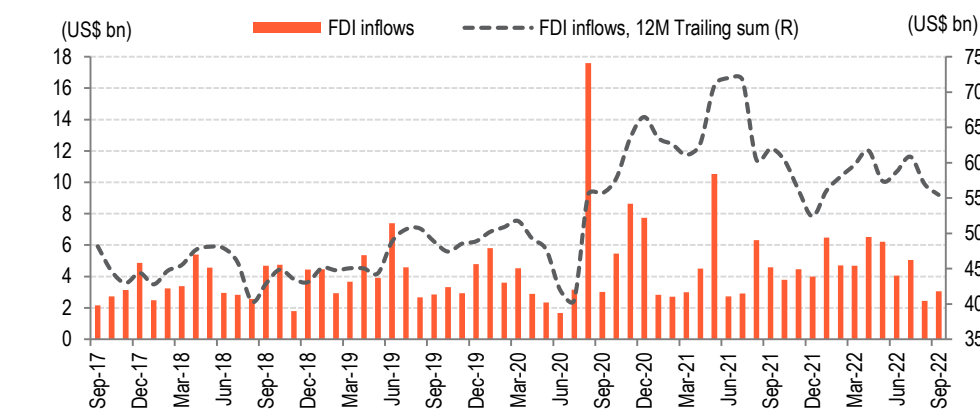
Fig 153 – FDI inflows moderated across industries in Q2FY23

Sector	% Share FY22	FYTD22	FYTD23	Q4FY22	Q1FY23	Q2FY23
Computer software and hardware	43.8	7.1	6.3	4.2	3.4	2.9
Construction (Infrastructure) activities	13.2	1.2	1.0	1.7	0.7	0.3
Services Sector	8.5	3.2	4.2	1.8	2.6	1.6
Trading	4.4	2.1	3.3	1.5	2.0	1.2
Automobile industry	2.7	4.9	0.9	1.0	0.7	0.2
Drugs and Pharmaceuticals	2.5	0.6	0.7	0.2	0.5	0.2
Metallurgical industries	2.2	1.3	0.1	0.9	0.1	0.0

Source: DIPP

### FDI inflows

Fig 152 – FDI equity inflows at US\$ 10.5bn in Q2FY23 versus US\$ 16.8bn in Q1FY23



Source: RBI, Bank of Baroda Research

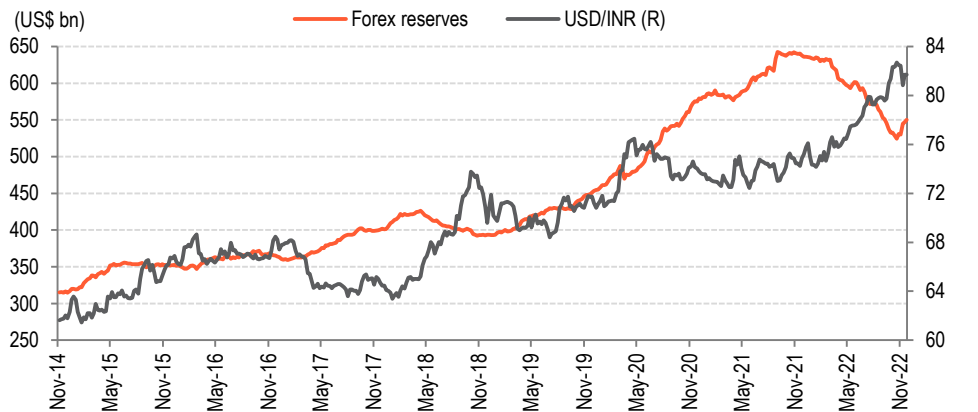
Fig 154 – Barring UK, FDI inflows from other regions slowed down in Q2FY23

Country (US\$ bn)	% Share FY22	FYTD22	FYTD23	Q4FY22	Q1FY23	Q2FY23
Singapore	27.0	8.1	10.0	4.2	5.7	4.3
US	17.9	4.6	2.6	3.0	1.5	1.1
Mauritius	16.0	4.3	3.3	2.8	2.4	0.9
Netherlands	7.9	2.1	1.8	2.0	1.1	0.7
UK	2.8	1.1	0.9	0.2	0.3	0.6
Japan	2.5	0.8	1.2	0.6	0.9	0.3

Source: DIPP

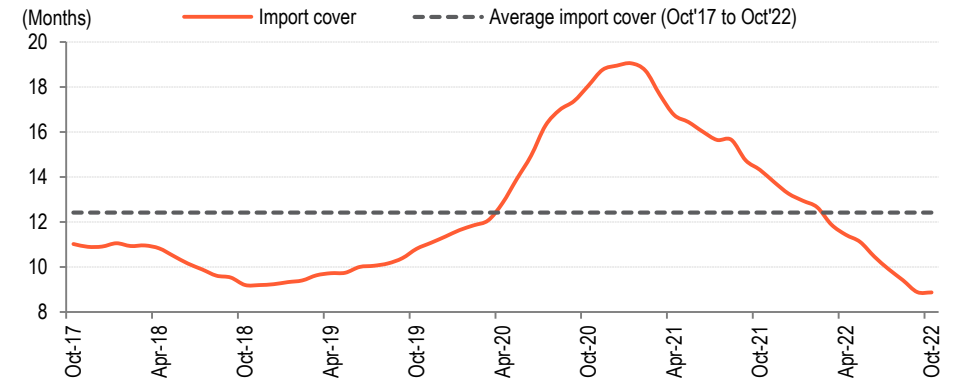
Forex reserves and external debt

**Fig 155 – India’s FX reserves edge up by US\$ 19.1bn in Nov’22, down US\$ 67.5bn in FYTD23**

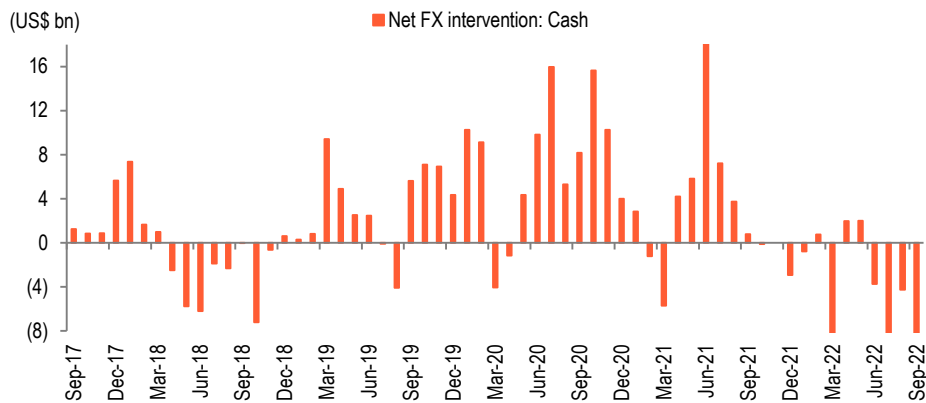


Source: Bloomberg | Weekly data as of 25 Nov 2022

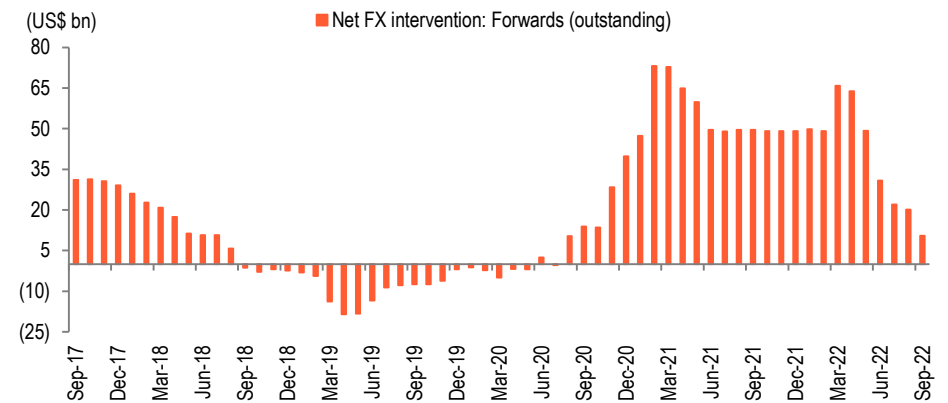
**Fig 156 – India’s import cover at 8.9 months as of Oct’22**



**Fig 157 – RBI’s sold US\$ 10.4bn in the spot market in Sep’22**



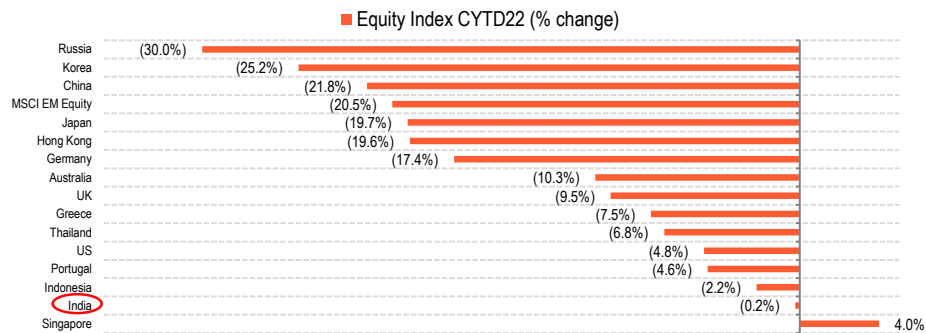
**Fig 158 – RBI’s outstanding forwards position falls to US\$ 10.4bn as of end Sep’22**



Markets

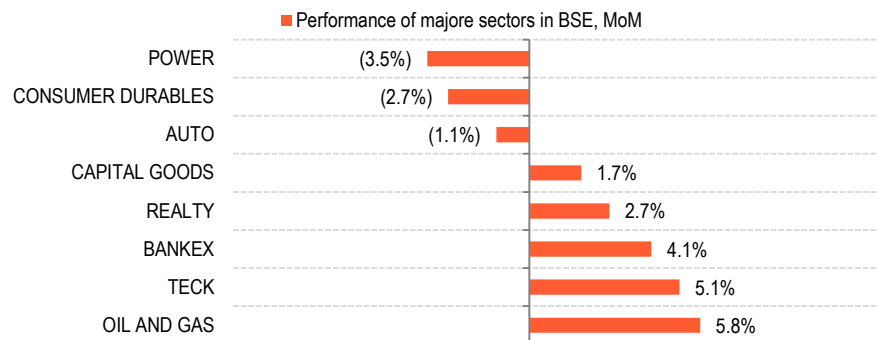
Equity

Fig 159 – In Nov'22, Sensex edged down marginally by 0.2%, MSCI EM fell by 20.5%



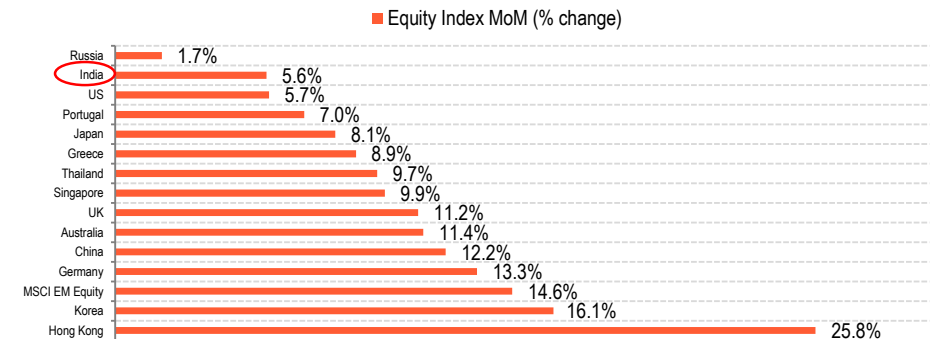
Source: Bloomberg | \* As on 30 Nov 2022, Indices are in US\$ terms

Fig 161 – Oil and gas and technology stocks rose the most in Nov'22, while power stocks fell the most



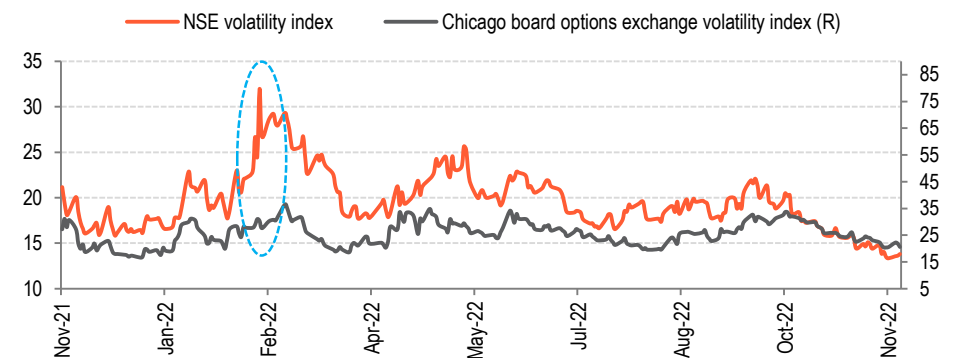
Source: Bloomberg | As on 30 Nov 2022

Fig 160 – However, in CYTD22, Sensex rose by 5.6%



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

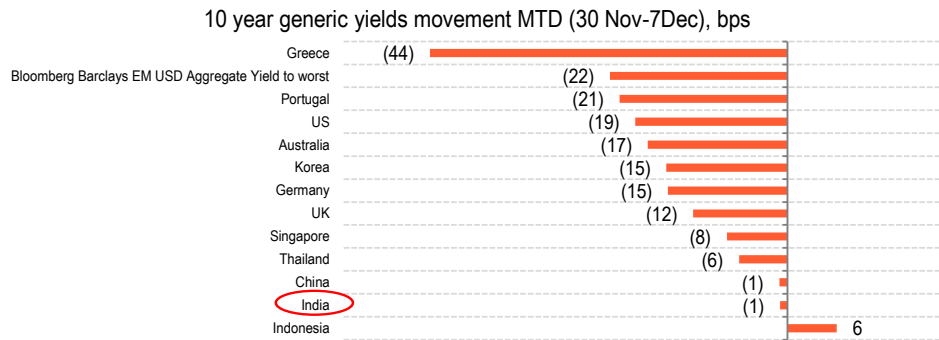
Fig 162 – VIX index fell to 14 in Nov'22 from 16 in Oct'22



Source: Bloomberg

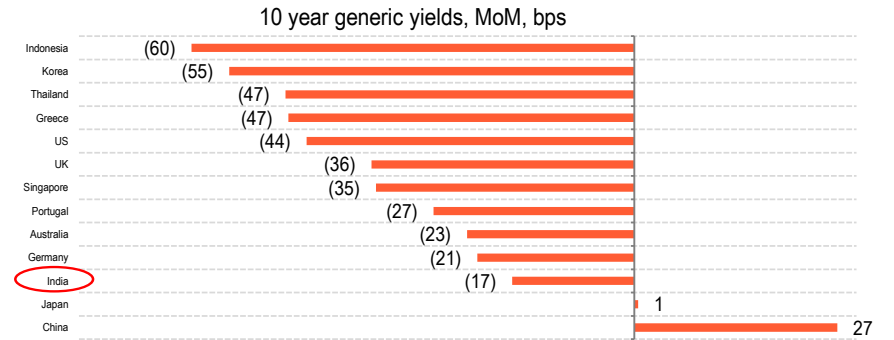
10-year bond yields

Fig 163 – On MTD basis, India’s 10Y yield fell a tad by 1bps



Source: Bloomberg | As on 7 Dec 2022

Fig 164 – However, in Nov'22, India’s 10Y yield fell by 17bps



Source: Bloomberg | As on 30 Nov 2022

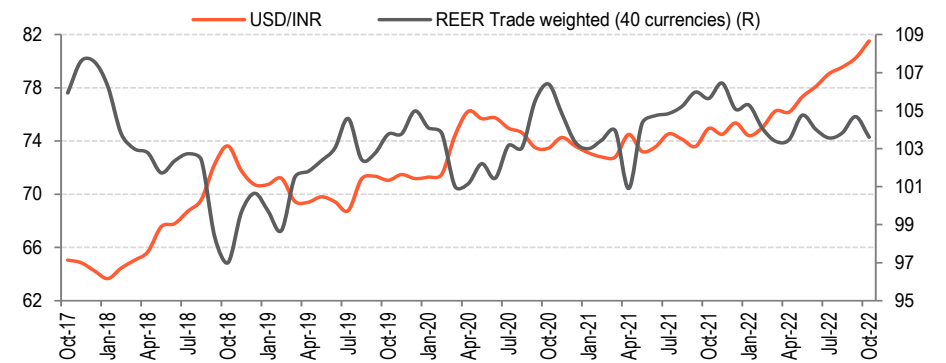
Currencies

Fig 165 – INR gained 1.7% in Nov'22



Source: Bloomberg | \*As on 30 Nov 2022

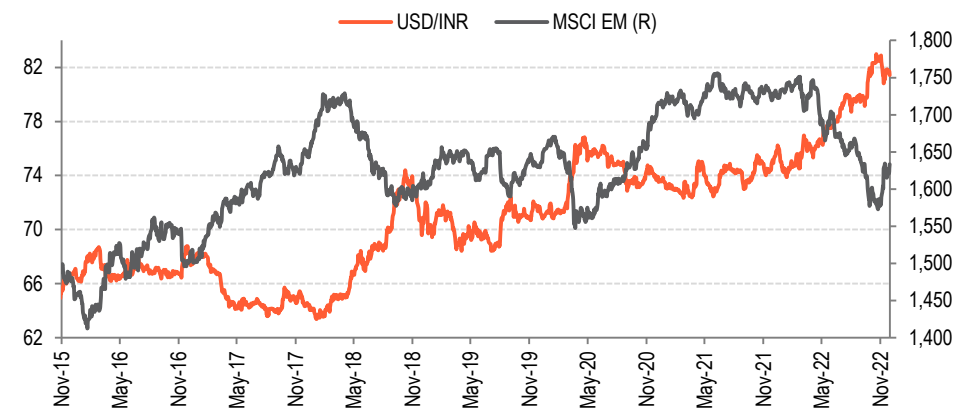
Fig 166 – INR still overvalued by 3.6% (Oct'22)



Source: Bloomberg

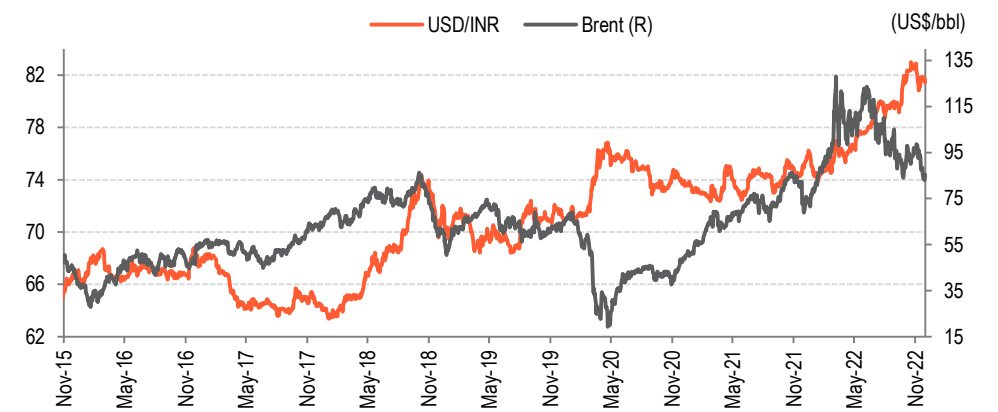


Fig 167 – Other EM currencies also gained



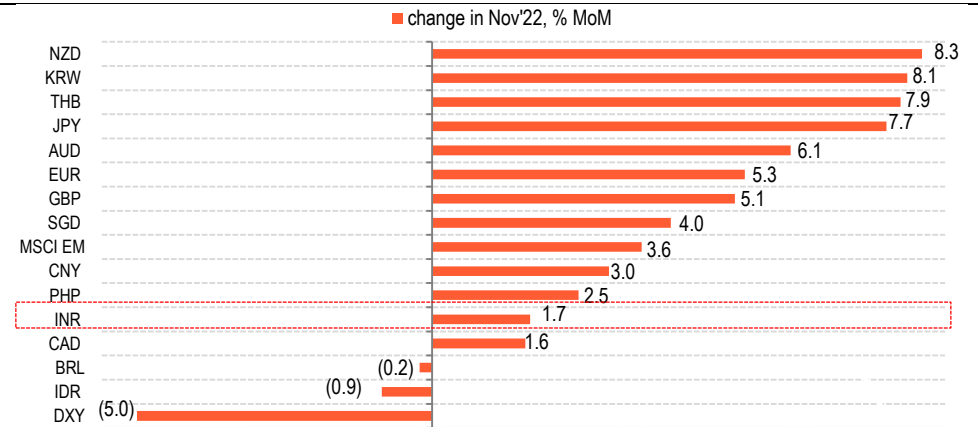
Source: Bloomberg | \*As on 30 Nov 2022

Fig 168 – .. as oil prices were lower



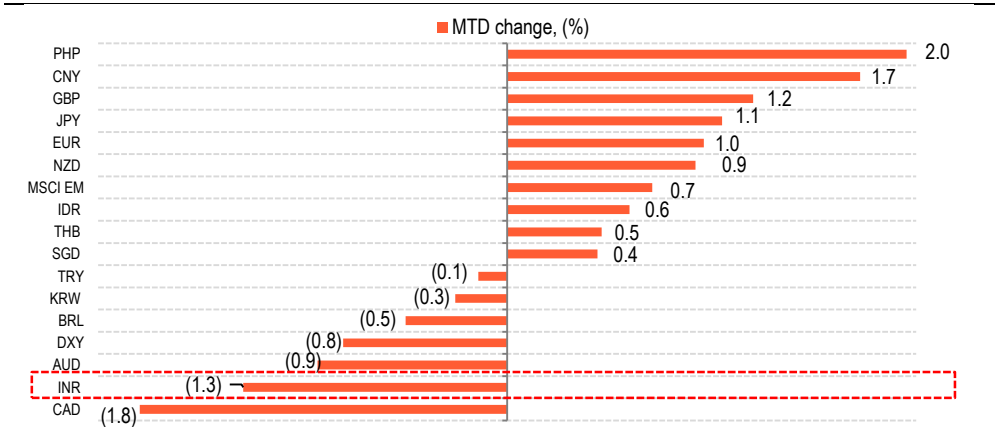
Source: Bloomberg | \*As on 30 Nov 2022

Fig 169 – Global currencies gained as DXY weakened in Nov'22



Source: Bloomberg | \*As on 30 Nov 2022

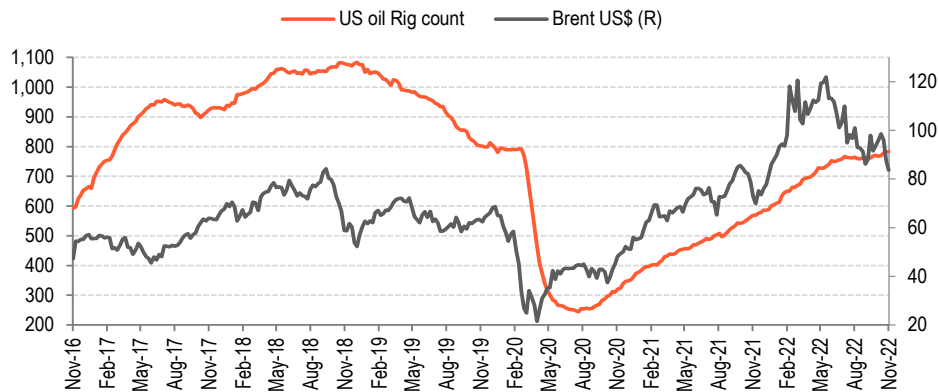
Fig 170 – ... However INR has depreciated by 1.3% in Dec'22 so far



Source: Bloomberg | \*As on 7 Dec 2022

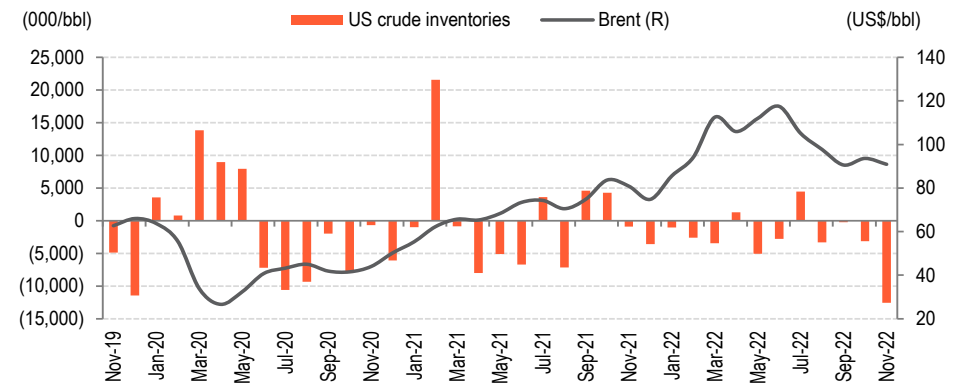
Commodities

Fig 171 – US rig count rose in Nov'22



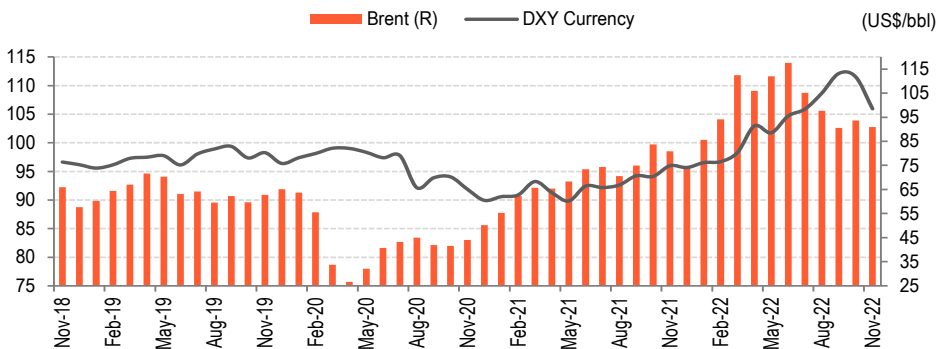
Source: Bloomberg

Fig 172 – US crude oil inventory fell in Nov'22



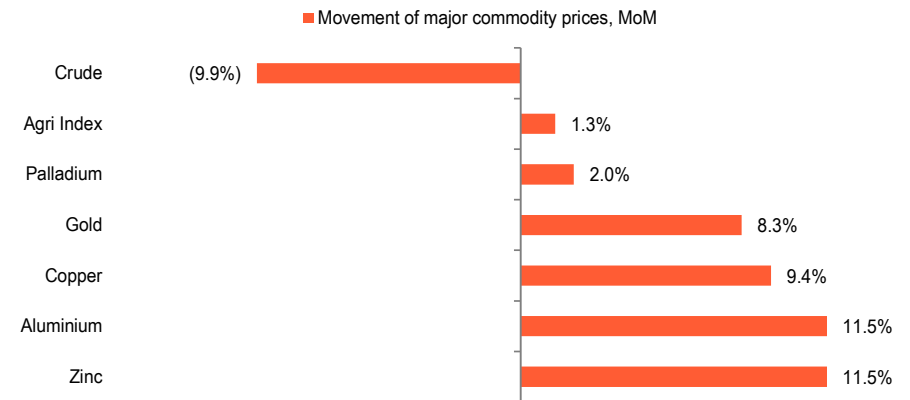
Source: Bloomberg

Fig 173 – Oil prices on an average fell to US\$ 91/bbl from US\$ 94/bbl in Oct'22, DXY fell to 105.95 from 111.53 amidst expectation of moderation in rate hike by Fed



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

Fig 174 – Crude prices fell the most amongst major commodities in Nov'22 compared to Oct'22



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

Fig 175 – Performance of high frequency indicators

Indicators	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
<b>Agriculture</b>													
Tractor sales	(16.7)	(22.5)	(27.8)	(26.4)	(11.6)	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	-
Two wheeler sales	(0.8)	(19.9)	(13.4)	(10.7)	(4.0)	38.1	197.7	20.2	(10.9)	8.5	9.0	51.1	-
MNREGA work (HH, MoM)	1.3	14.5	(4.2)	0.6	4.1	9.9	32.2	3.3	(35.7)	(21.7)	4.7	(7.1)	19.5
<b>Manufacturing</b>													
IIP: General index	1.0	1.0	2.0	1.2	2.2	6.7	19.7	12.6	2.2	(0.7)	3.1	-	-
IIP: Manufacturing	0.3	0.6	1.9	0.2	1.4	5.6	20.7	12.9	3.0	(0.5)	1.8	-	-
IIP: Capital goods	(2.6)	(3.0)	1.8	1.3	2.4	12.0	53.3	28.6	5.7	4.3	10.3	-	-
IIP: Infra & construction goods	3.1	2.0	5.9	8.6	6.7	4.0	18.4	9.4	3.8	2.1	7.4	-	-
IIP: Consumer goods	(5.7)	(1.9)	(4.4)	(9.7)	(3.1)	7.2	59.1	25.2	2.3	(2.5)	(4.5)	-	-
Steel	0.9	(0.6)	3.8	5.6	4.1	2.5	15.1	3.3	7.5	5.2	5.7	4.0	-
Cement	(3.6)	14.2	14.1	4.2	9.0	7.4	26.2	19.7	0.7	1.8	12.4	(4.3)	-
Electricity	2.1	2.9	0.9	4.5	6.1	11.8	23.5	16.5	2.3	1.4	11.6	0.4	-
PMI: Manufacturing	57.6	55.5	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7
<b>Services</b>													
Services PMI index	58.1	55.5	51.5	51.8	53.6	57.9	58.9	59.2	55.5	57.2	54.3	55.1	56.4
Automobile sales	(2.7)	(16.1)	(10.7)	(9.2)	(2.9)	37.3	206.8	27.2	(7.8)	8.3	10.9	47.6	-
Passenger vehicle sales	(19.4)	(10.9)	(10.1)	(7.8)	(4.9)	26.6	204.3	40.2	(4.7)	6.5	9.7	40.6	-
Vehicle registration	(2.7)	(16.0)	(10.6)	(9.0)	(2.8)	37.3	207.6	26.3	(7.5)	5.9	9.2	48.5	18.4
Rail freight traffic	6.2	7.2	7.7	6.6	6.7	9.4	14.6	11.3	8.3	7.9	9.1	1.4	5.2
Port cargo volume	(0.1)	(0.3)	(2.8)	(4.5)	0.8	5.5	8.9	13.5	15.1	8.0	14.9	3.6	2.0
Credit growth	6.9	9.4	7.1	8.1	8.6	10.0	11.4	12.3	13.4	14.3	20.2	16.0	17.2
Deposit growth	8.9	12.1	8.3	8.6	8.9	10.0	8.8	8.6	9.2	9.5	12.5	8.4	9.6
CIC	7.7	7.8	8.0	8.6	9.7	10.1	8.6	8.0	8.1	8.1	8.2	9.0	7.9
Toll collection (in mn)	214.1	242.1	231.0	243.6	270.4	265.4	285.4	277.9	265.2	272.0	259.2	283.0	285.6
Diesel consumption	(7.5)	1.5	(6.4)	(0.9)	6.6	7.9	31.7	23.9	8.2	13.0	13.4	5.5	17.9
GST E-way bill (in mn)	61.2	71.6	68.8	69.1	78.2	75.2	73.6	74.5	75.6	78.2	84.0	76.9	80.7
<b>External Trade</b>													
Merchandise exports	34.6	44.3	27.9	34.5	26.4	29.1	20.8	30.4	8.4	10.4	4.8	(16.7)	-
Merchandise imports	56.8	40.5	25.1	37.2	29.0	27.9	64.1	58.5	43.6	41.0	8.7	5.7	-
Services exports	17.9	35.2	24.2	19.1	29.3	25.1	32.2	24.6	20.2	24.3	29.7	24.6	-
Services imports	24.4	29.5	33.8	24.8	25.0	46.1	52.7	45.5	22.3	27.1	28.1	15.9	-

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

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