

India Economics

Monthly Chartbook

April 2023

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Rate hike off the table; Inflation holds the key

All eyes were around the surprise pause delivered by RBI. OIS curve immiediately responded with 2-month paper falling by 14bps post policy. On growth front, domestic high frequency indicators reflected mixed picture. Even the credit numbers have started showing the impact of transmission of earlier rate hike, thus moderating a bit in Mar'23. Going forward, with some degree of slowdown in India's growth in FY24, monetary tightening seems off the table. India's 10Y yield has also shown some moderation post RBI's policy. We expect the CPI to soften to 5.8%. The Fed rhetoric has again changed with markets now pricing a 71% probability for a rate hike of 25bps. Hence some pressure on DXY and thus INR cannot be ruled out.

Eyeing sustainable demand: High frequency indicators have been signalling mixed movement with electricity demand and non-oil –non gold imports registering moderation. However, steady growth in personal loan, digital payment and pick up in electronic imports have surprised positively. Sequentially, passenger vehicle sale have registered improvement. RBI's Consumer confidence (87 from 84.8) recovered from historic low. On rural front, sequential improvement in two wheeler sales along with robust rabi sowing and higher demand for work (MGNREGA) is positive. SKYMET has projected below normal monsoon threat of El Nino while IMD's expects normal one.

Centre set to meet fiscal target: Union government managed to bring down its fiscal deficit (% of GDP) as of Feb'23 to 6.4% from 6.9% as of Jan'23 (12MMA basis). As centre mainly front loads its spending, the momentum eases towards the end of the year and overall expenditure registered 11.1% growth (FYTD basis) versus 12.8% noted as of Jan'23. Capex growth moderated (21.7% versus 29%) more than revenue expenditure (9.2% versus

9.7%). So far, centre has met 83% of its overall expenditure target, 81% of its capex target and 84% of its revenue spending target. On the revenue front, gross tax collections eased in Feb'23 (12% versus 12.6%), while net revenue jumped (10.6% versus 4.4%). So far, government has collected 78% of the targeted amount in direct taxes, 91% in indirect taxes and 84% in net revenue.

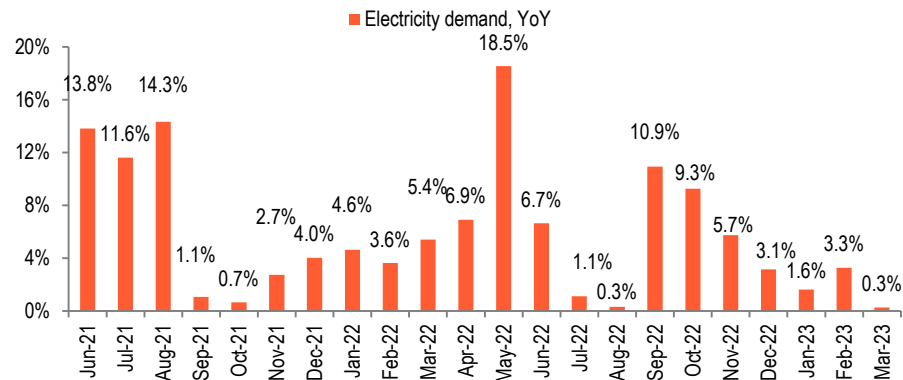
India's 10Y yield to remain stable: India's 10Y yield fell by 12bps in Mar'23, in line with major global yields. In Apr'22, India's 10Y yield fell by another 11bps. This is following RBI's surprise move of a pause in policy rate against market expectation of 25bps hike. Even the 2-month OIS paper has fallen sharply by 14bps and is not pricing in any more rate hike. While situation in the global yields have reversed again as market are pricing in a 71% probability of 25bps hike in US Fed fund rate due to stickiness in wage data. Overall we expect India's 10Y yield to remain stable. Also any deficit in liquidity is likely to be supported by RBI through its fine tuning operations.

INR appreciates: INR has seen a positive momentum in the last few weeks, amidst an improvement in risk sentiment and softening in dollar. Rangebound oil prices as well as buoyant services receipts have also worked in favour of the rupee. We do foresee further gains for INR. This is because while the Fed may hike rates by another 25bps in May'23, softening domestic activity may force it to lower rates in H2CY23. This will keep the dollar under pressure. Further, despite the surprise production cuts by OPEC+, oil prices have not jumped up significantly which is positive for India's trade deficit. Resilience in services earnings and remittances also suggests that the external sector is well insulated against a drop in merchandise exports.

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

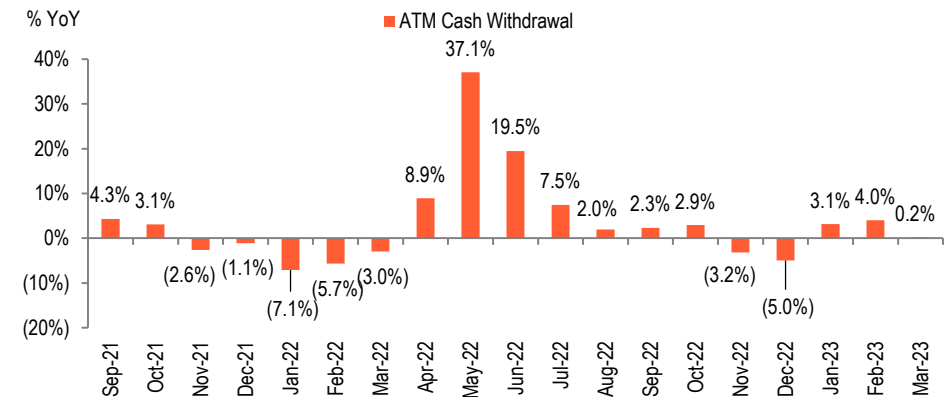
High frequency indicators

Fig 1 – Electricity demand slips in Mar'23



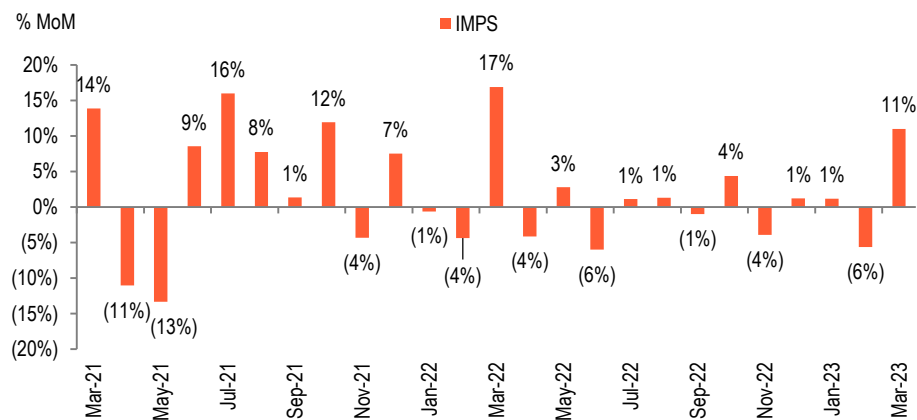
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 2 – Growth in Cash withdrawal falls down in Mar'23



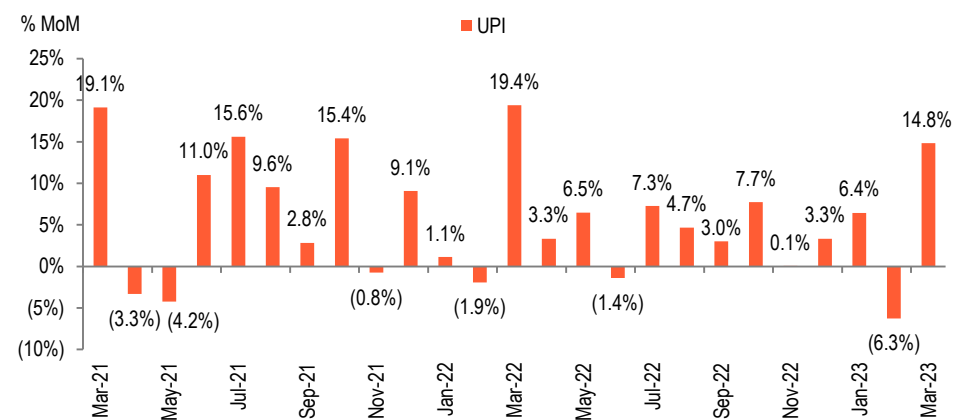
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

Fig 3 – Double digit growth in IMPS transactions



Source: NPCI

Fig 4 – Similar momentum seen building up in UPI payments



Source: NPCI

Fig 5 – Fertilizer sales growth moderates

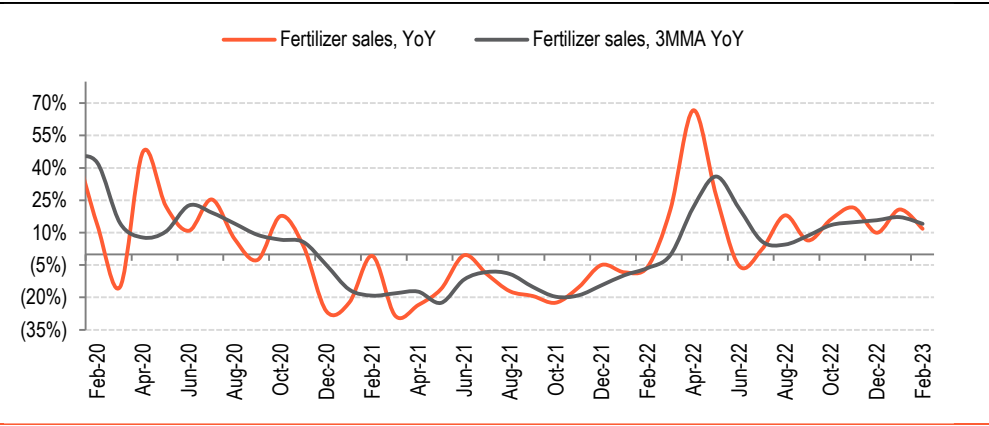
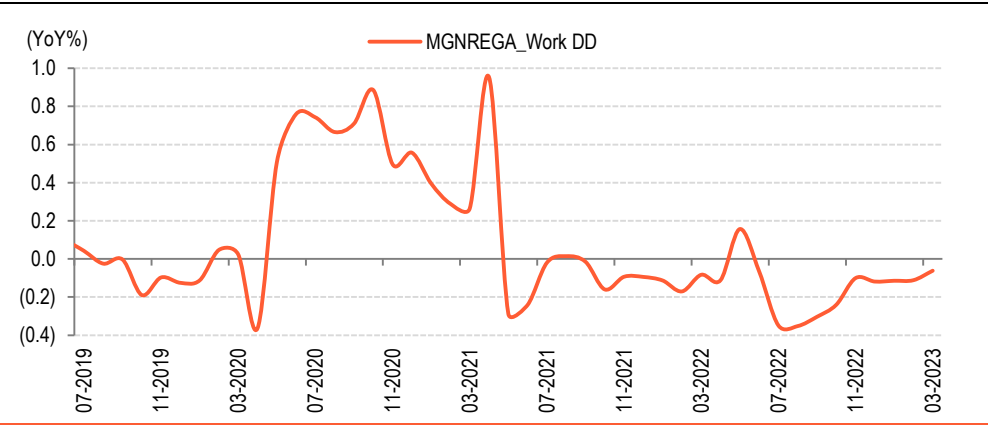


Fig 6 – Demand for work (MGNREGA-household) slowly picking up



Final consumption expenditure

Fig 7 – Base effect drags down private consumption in Q2FY23

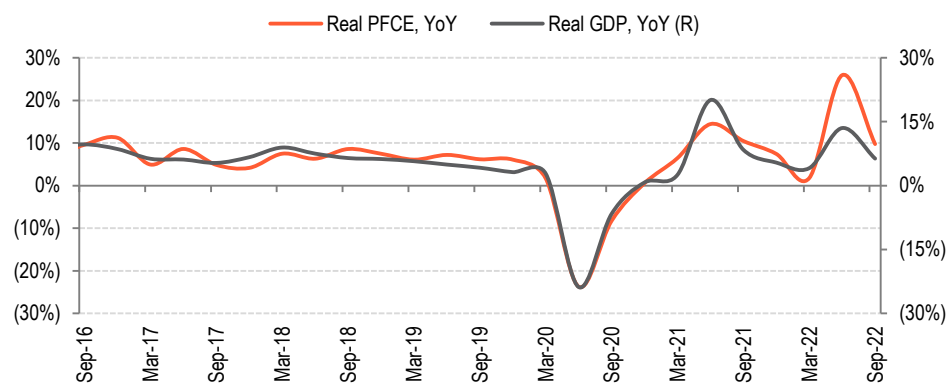


Fig 8 – Government consumption too edges downwards

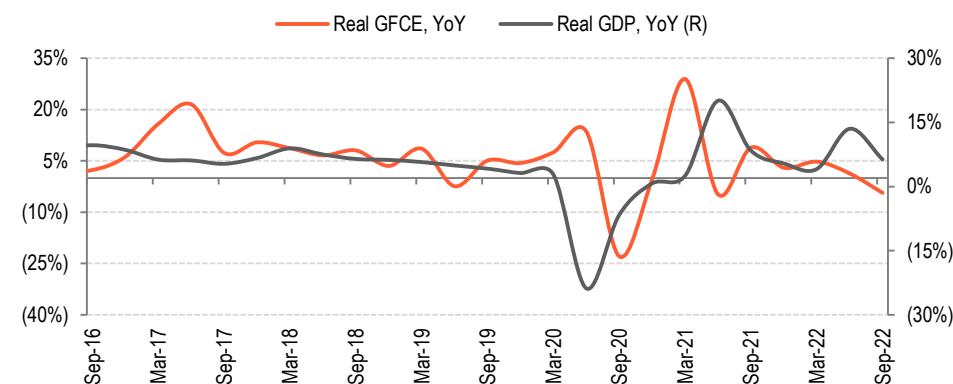


Fig 9 – General govt. revenue spending dips

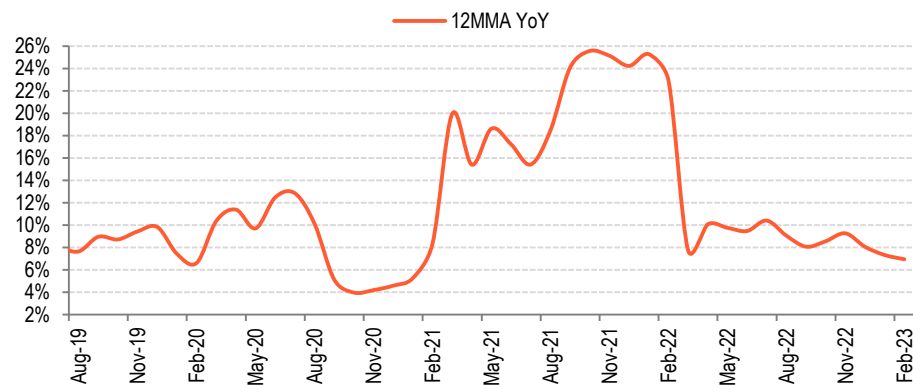
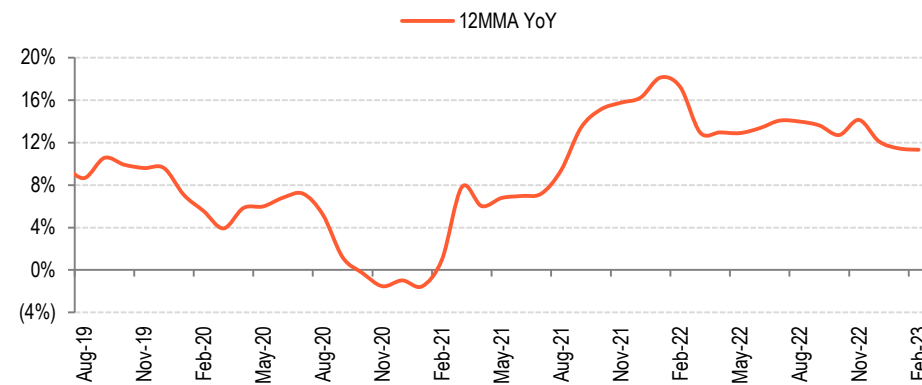


Fig 10 – ...State* govt. revenue spending too slowing down



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

Non-oil imports, electronic imports

Fig 11 – Slower pace of growth in Non-oil-non-gold imports

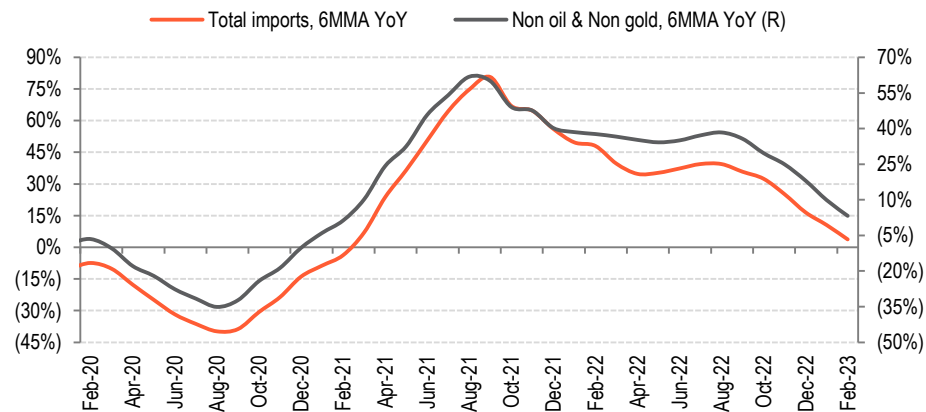


Fig 12 – Growth in electronic import picks up

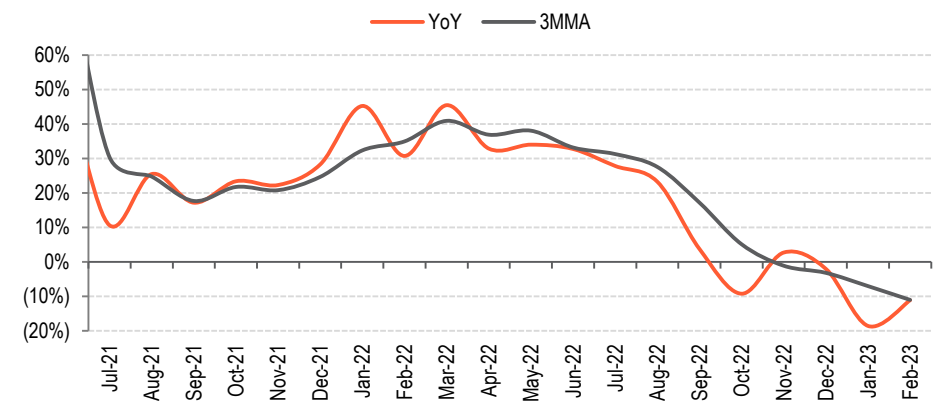
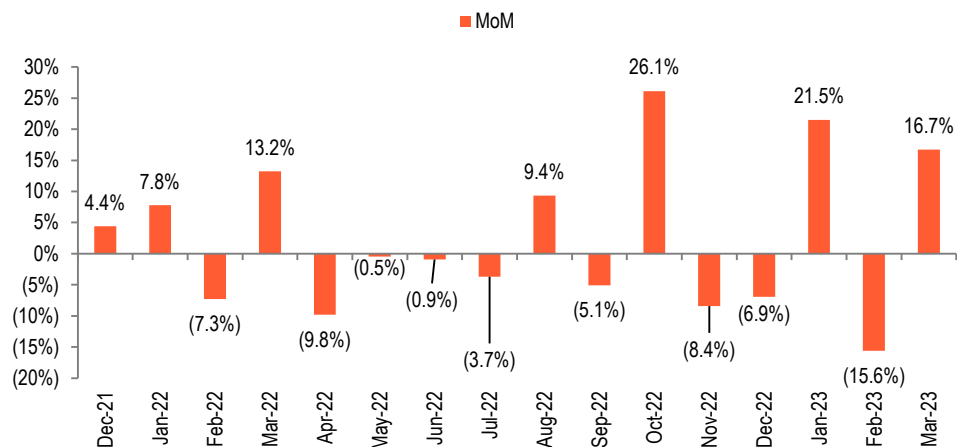
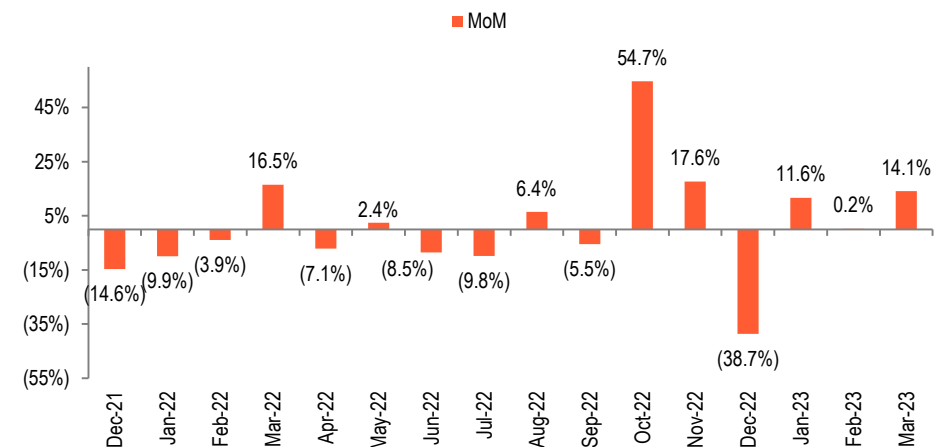


Fig 13 – Retail passenger vehicle sales looking up



Source: FADA

Fig 14 – two-wheeler sales registering strong growth in Mar'23



Credit deployment of personal loans

Fig 15 – Steady growth in credit card loan

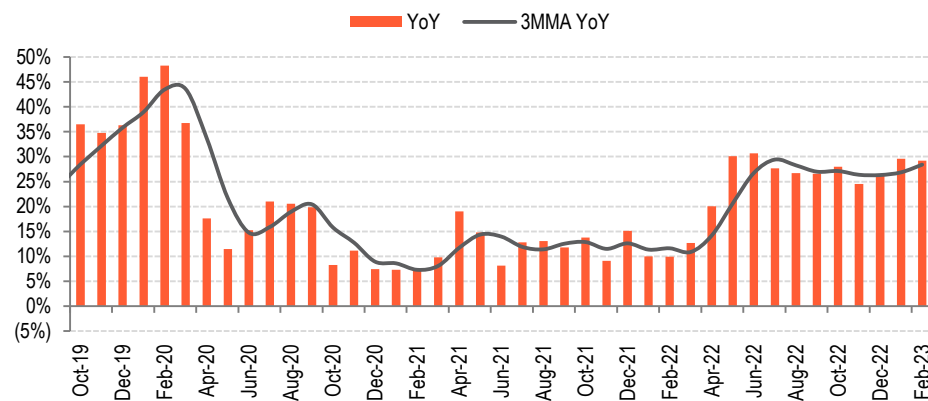


Fig 16 – Growth in personal loan stabilizes

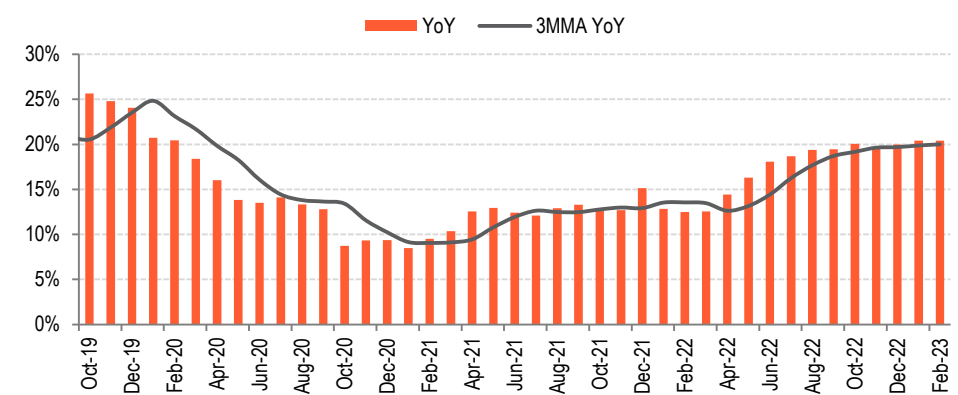


Fig 17 – Moderation in Vehicle loans growth

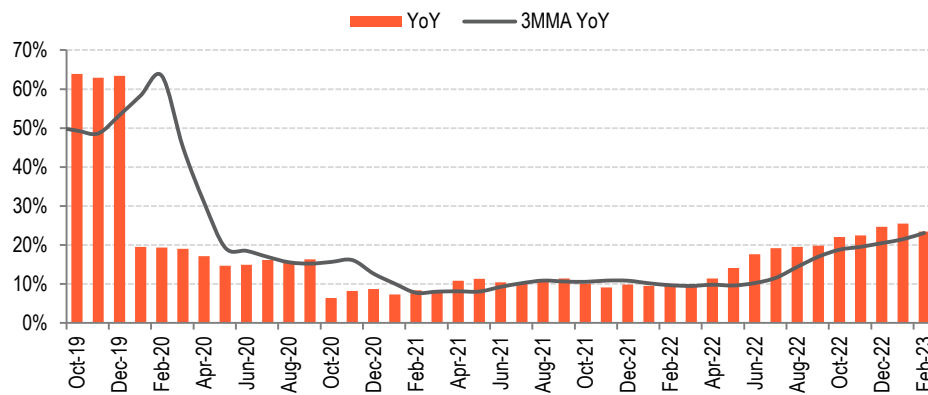


Fig 18 – Consumer's optimism gathers momentum

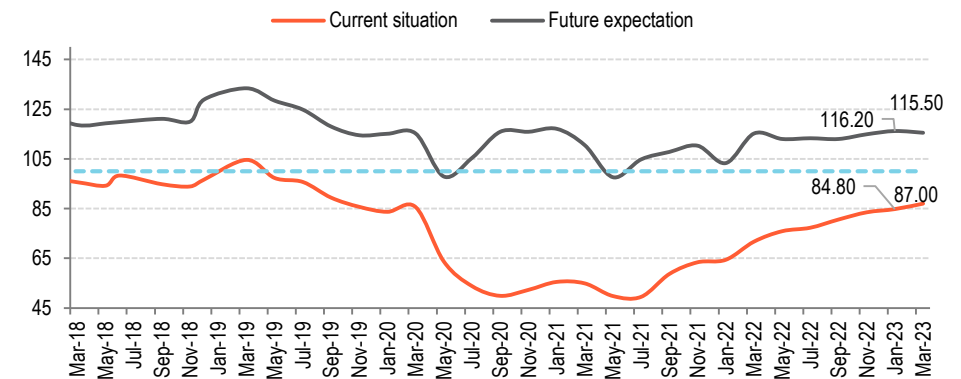
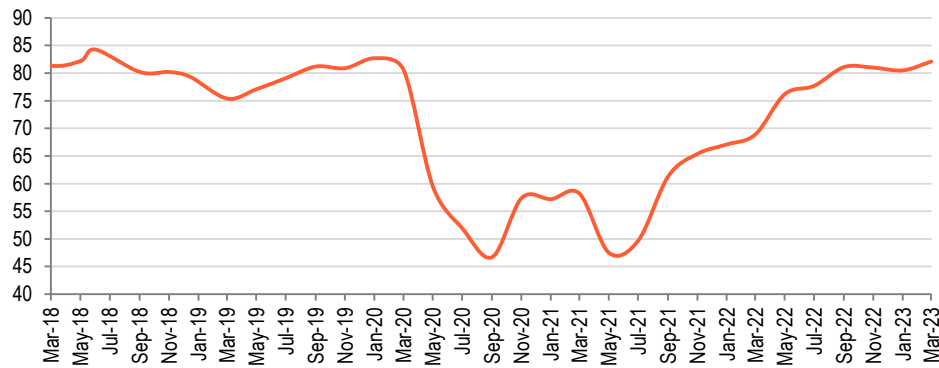
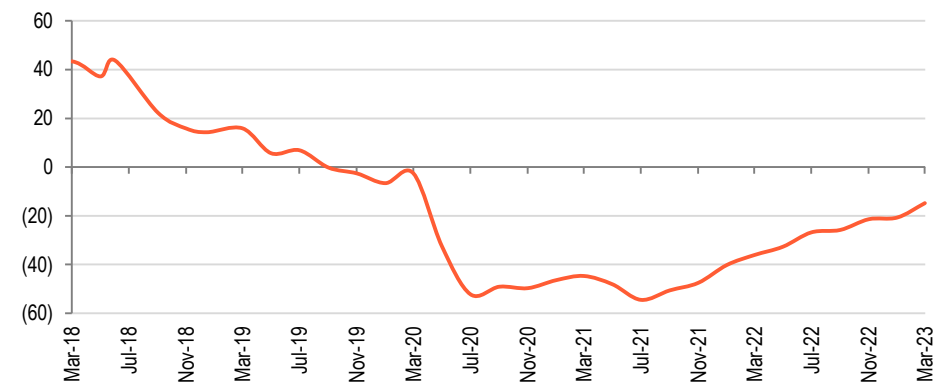
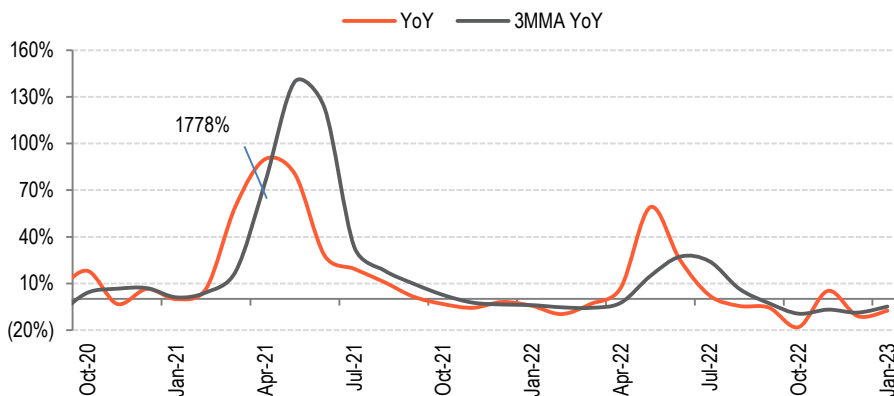
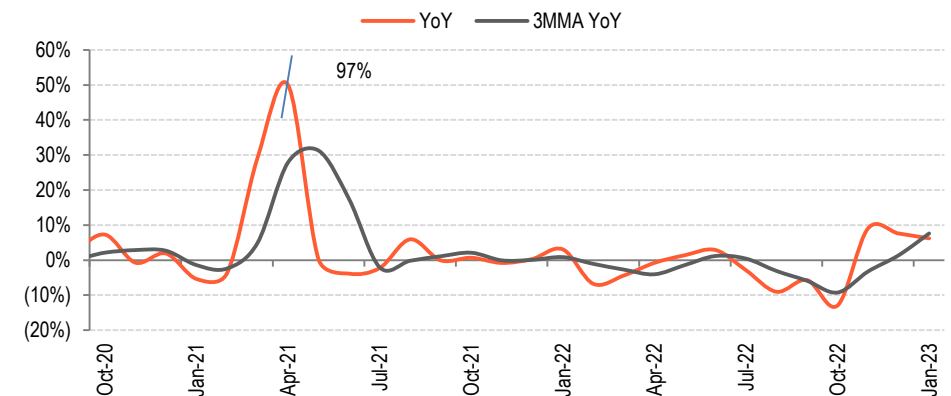


Fig 19 – RBI's essential spending signals an upward trajectory**Fig 20 – ...non-essential spending too registers an uptick**

Consumer durables & non-durables production

Fig 21 – Consumer durables output inches up**Fig 22 – FMCG output too edged upwards**

Agriculture

Fig 23 – IMD expects normal monsoon

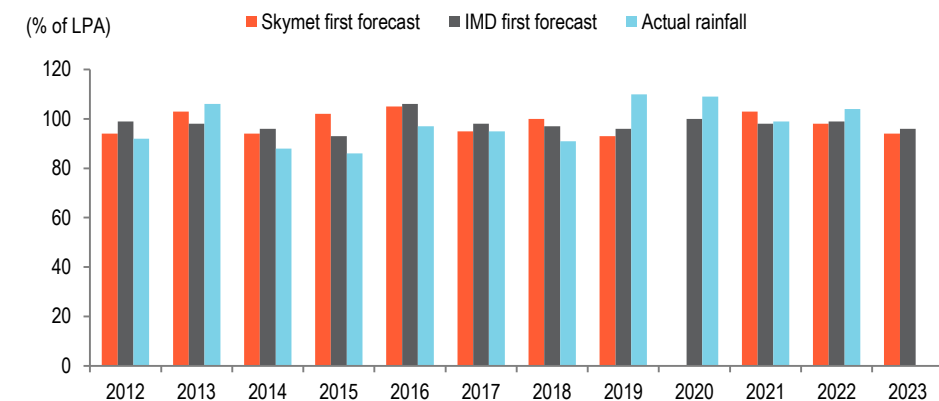


Fig 25 – Agriculture credit moves up

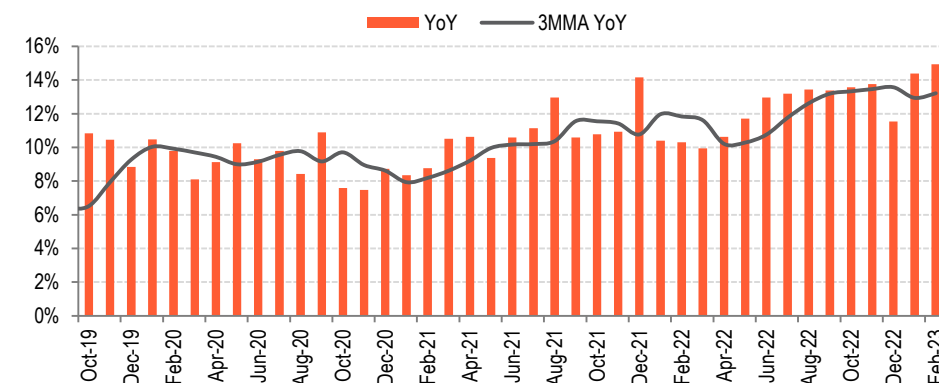
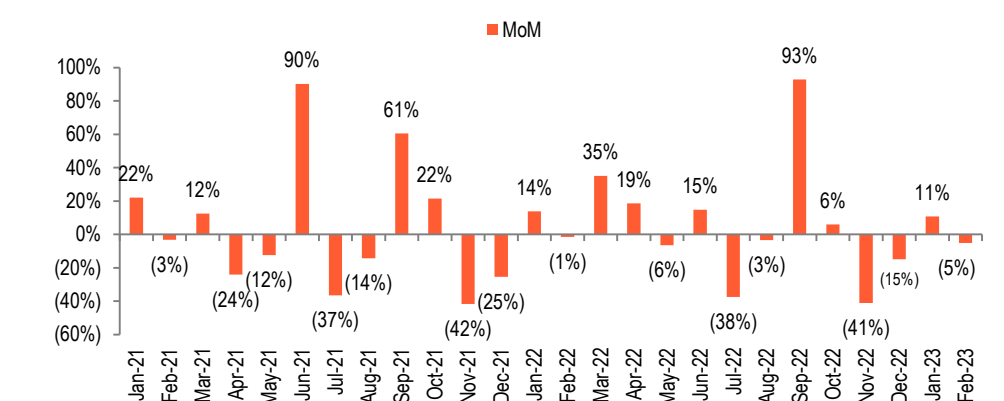


Fig 24 – Declining growth for tractor sales

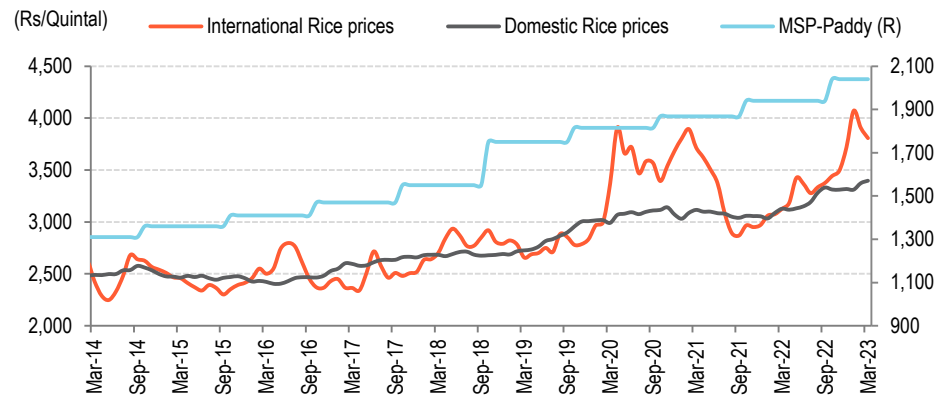


Note: Tractor sales including exports

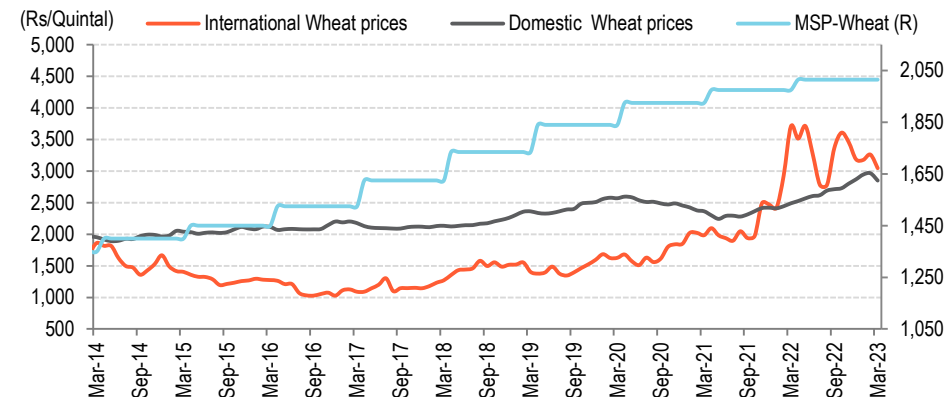
Fig 26 – Procurement of rice and wheat

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	60.17
2021-22	43.34	57.59
2022-23	18.8	47.83*

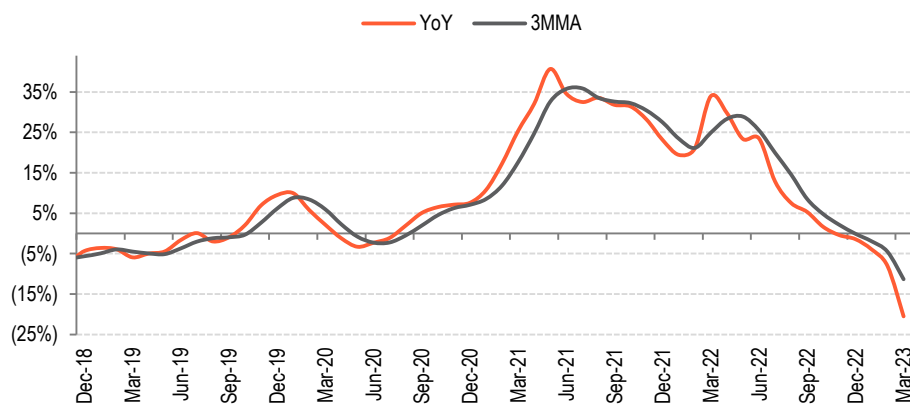
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 28 Feb 2023

Fig 27 – International rice price moderates; domestic price inches up

Source: World Bank

Fig 28 – International and domestic wheat prices slips down

Source: World Bank

Fig 29 – Global food prices continues with the downward trajectory

Source: FAO

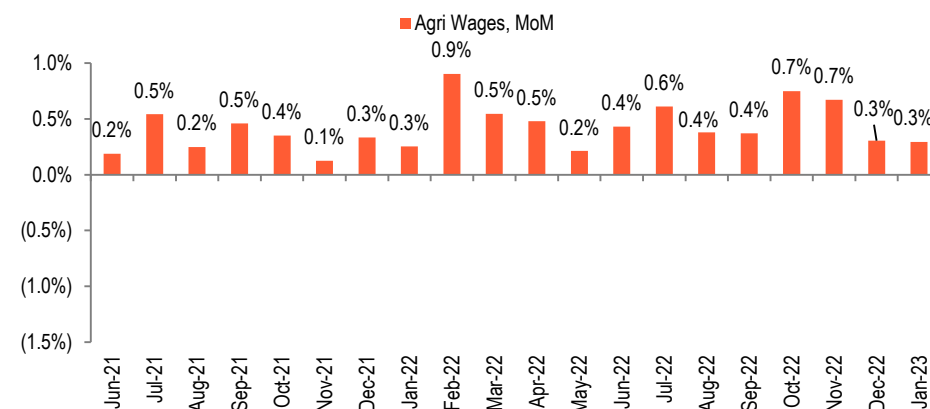
Fig 30 – Wage growth (men) remains steady

Fig 31 – Growth in foodgrain production over the years

Crop Type (mn ha)	2020	2021	2022
Rice	4.6	4.1	1.0
Wheat	1.6	(1.7)	4.0
Pulses	8.6	9.2	1.9
Cereals	4.5	4.0	(1.7)
Foodgrain	4.5	1.6	2.5
Sugarcane	9.4	8.4	6.7
Oilseeds	8.2	5.6	5.4
Cotton	(2.3)	(11.7)	8.4

Note: As per 2nd Advance Estimates

Inflation

Fig 32 – Headline CPI was at 6.4% in Feb'23 compared to 6.5% in Jan'23, remaining above RBI's upper tolerance band

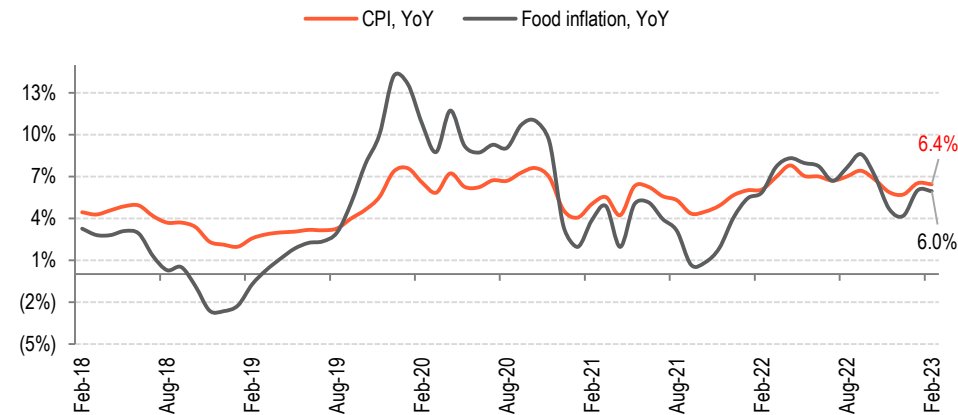


Fig 34 – Stickiness of core inflation persists

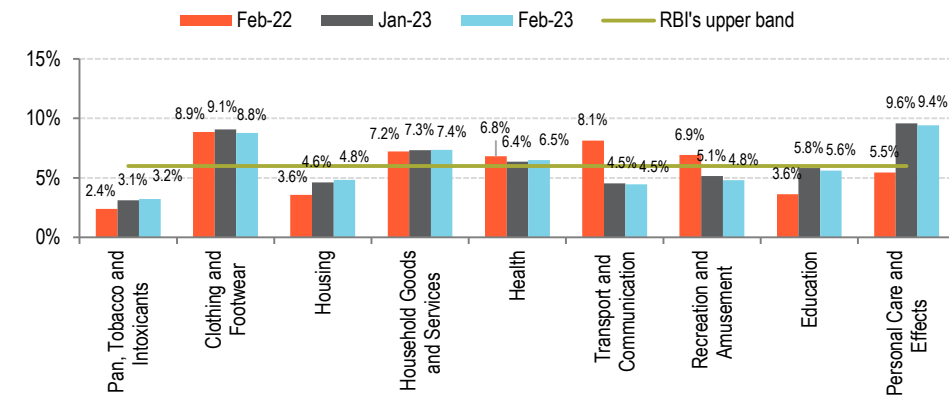


Fig 33 – ...Food inflation was driven by cereals, vegetables, fruits and milk component

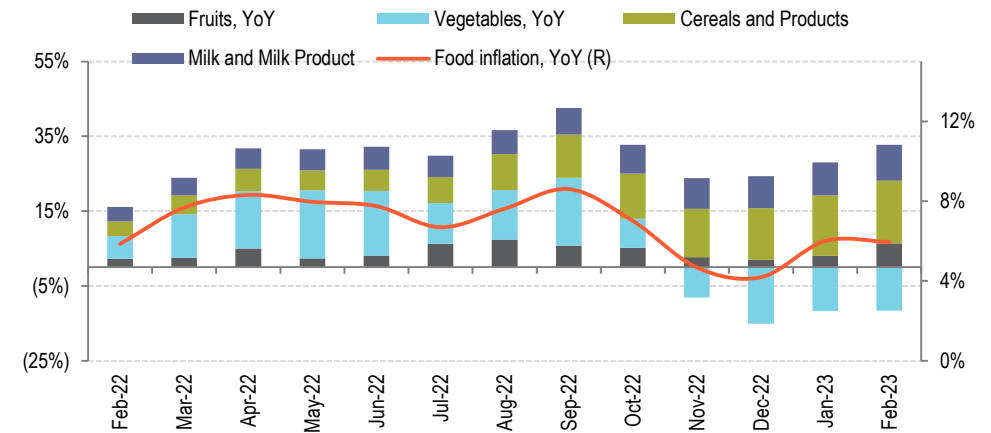
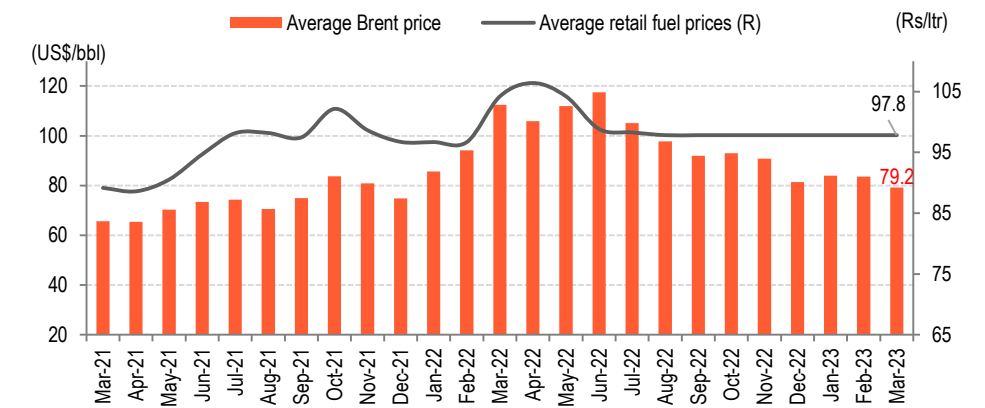


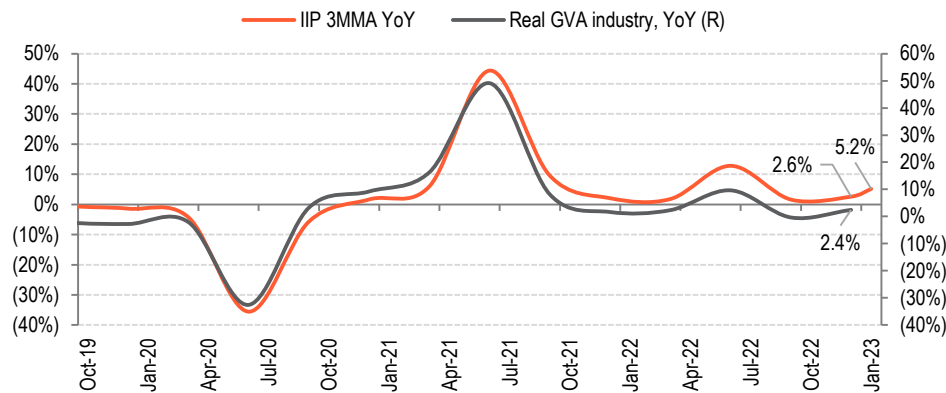
Fig 35 – Domestic retail prices was stable at Rs 98/ltr, international crude prices on the other hand moderated to US\$ 79/bbl in Mar'23 from US\$ 84/bbl in Feb'23



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

Industry

Fig 36 – IIP growth improves

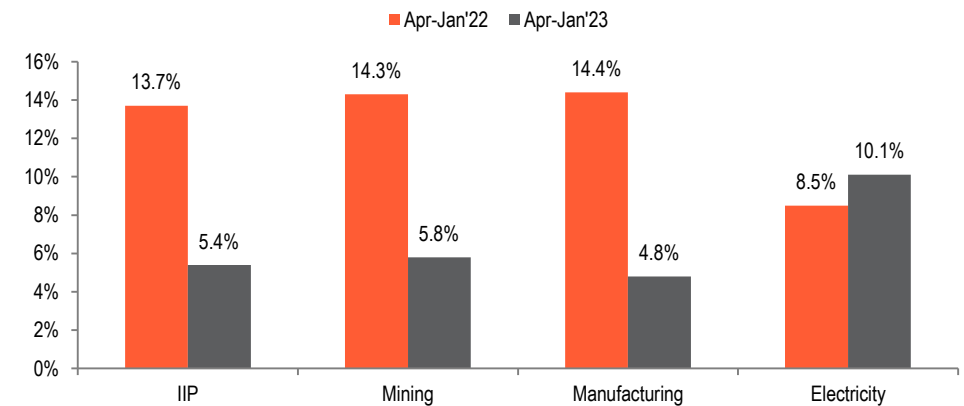


Note: IIP for Jan'23 is on YoY basis

Fig 38 – IIP growth rises to 5.2% in Jan'23

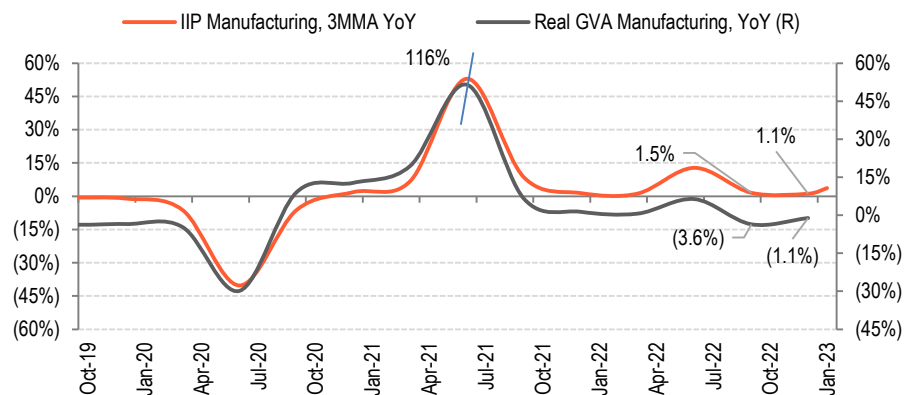
Sectoral (%)	Weight	Jan-23	Dec-22	Jan-22	Apr-Jan'23	Apr-Jan'22
IIP	100.0	5.2	4.7	2.0	5.4	13.7
Mining	14.4	8.8	10.0	3.0	5.8	14.3
Manufacturing	77.6	3.7	3.1	1.9	4.8	14.4
Electricity	8.0	12.7	10.4	0.9	10.1	8.5
Use-Based						
Primary Goods	34.1	9.6	8.4	1.6	8.0	10.6
Capital Goods	8.2	11.0	7.8	1.8	13.6	21.3
Intermediate Goods	17.2	0.1	0.6	2.5	4.1	18.5
Infrastructure and Construction Goods	12.3	8.1	9.1	5.9	7.8	21.6
Consumer Durables Goods	12.8	(7.5)	(11.0)	(4.4)	2.2	17.3
Consumer Non-Durables Goods	15.3	6.2	7.6	3.1	(0.4)	5.1

Fig 37 – Sectorwise growth lower, due to base effect



Manufacturing

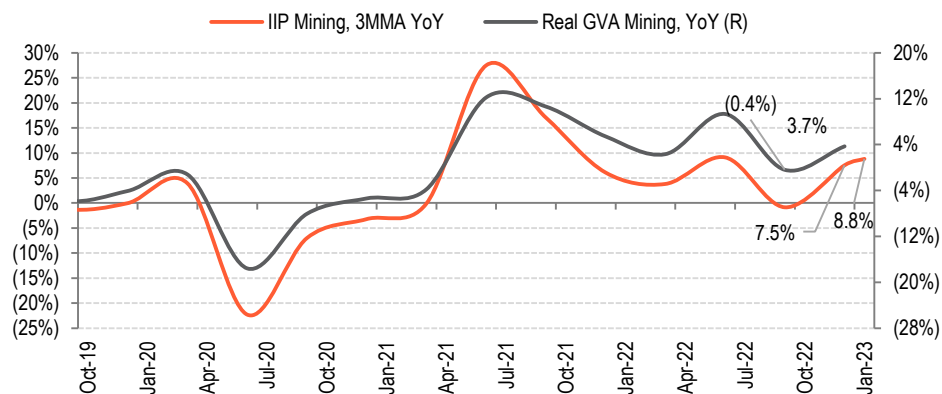
Fig 39 – Manufacturing growth slows



Note: IIP for Jan'23 is on YoY basis

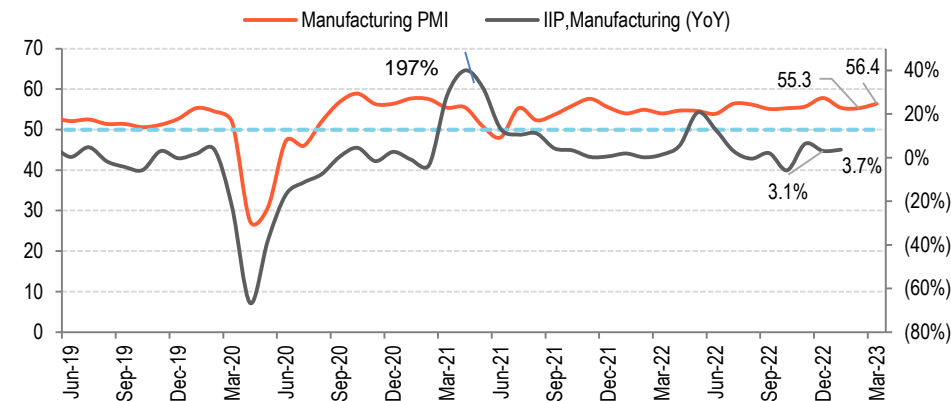
Mining & Electricity

Fig 41 – Mining activity to inch up in Q3



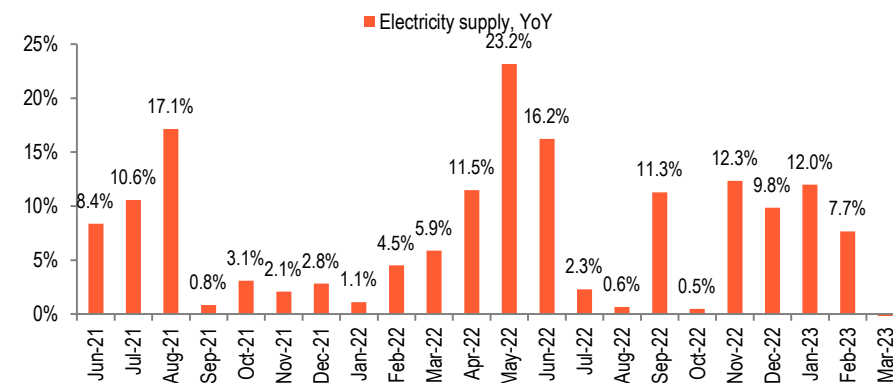
Note: IIP for Jan'23 is on YoY basis

Fig 40 – Manufacturing PMI improves



Source: Markit

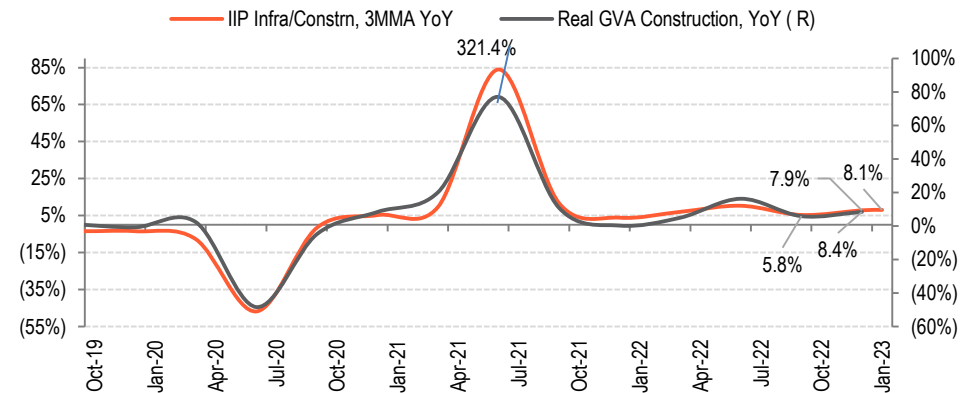
Fig 42 – Electricity supply growth eases



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

Infrastructure and construction

Fig 43 – Construction sector to improve in Q3FY23



Note: IIP for Jan23 is on YoY basis

Infrastructure index

Fig 45 – Growth in infrastructure index moderates to 3-month low

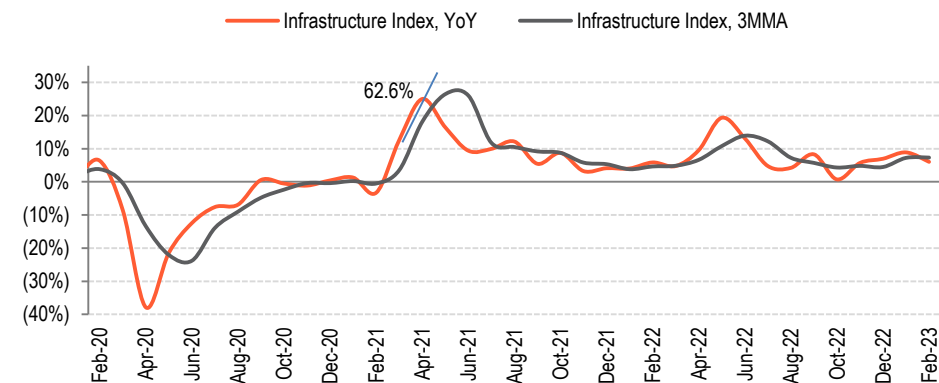


Fig 44 – Cement production edges up in Feb'23

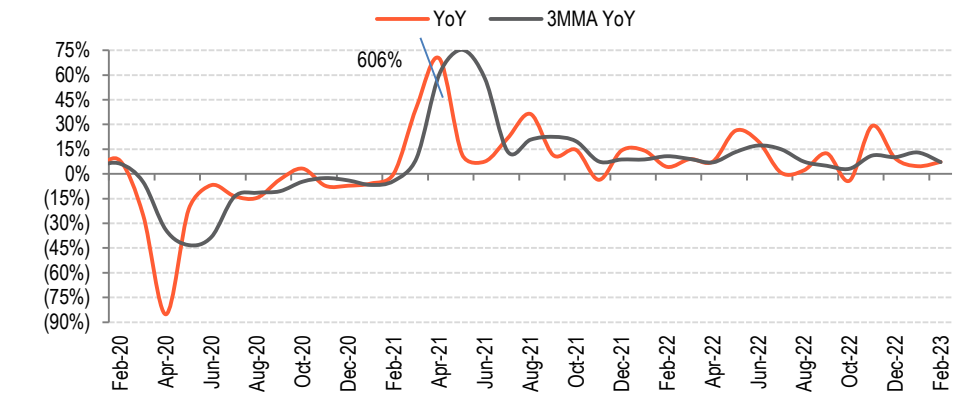
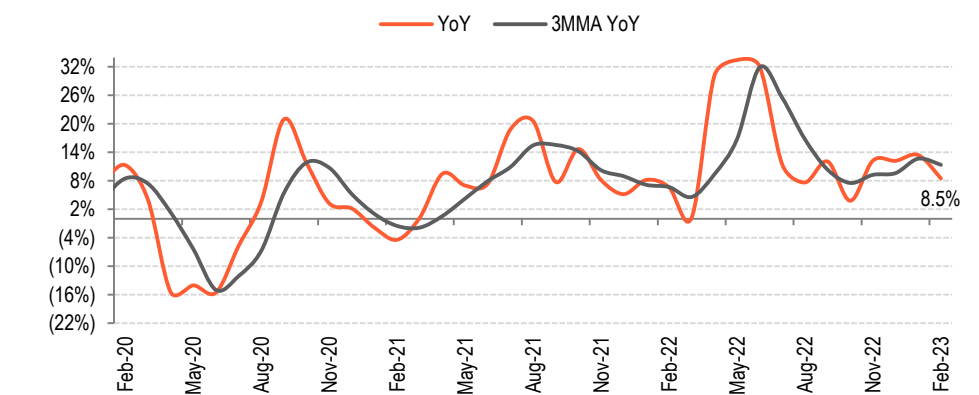


Fig 46 – Slower growth in Coal Output



Auto production & business expectation index

Fig 47 – Auto production slips in to red

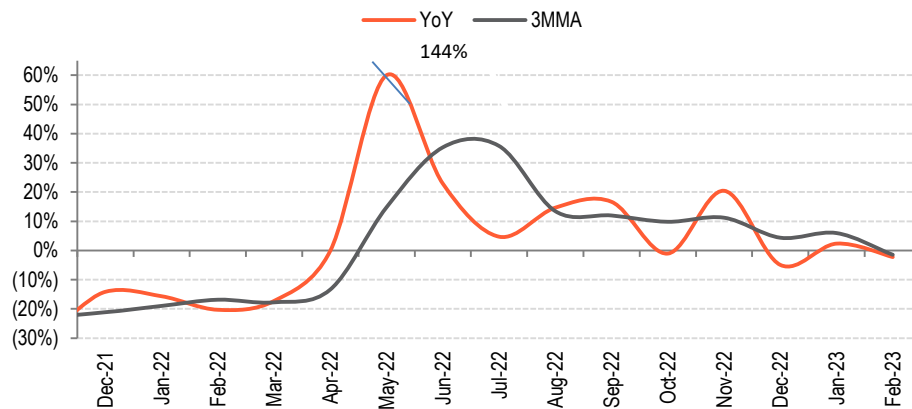


Fig 48 – Business sentiment moderates

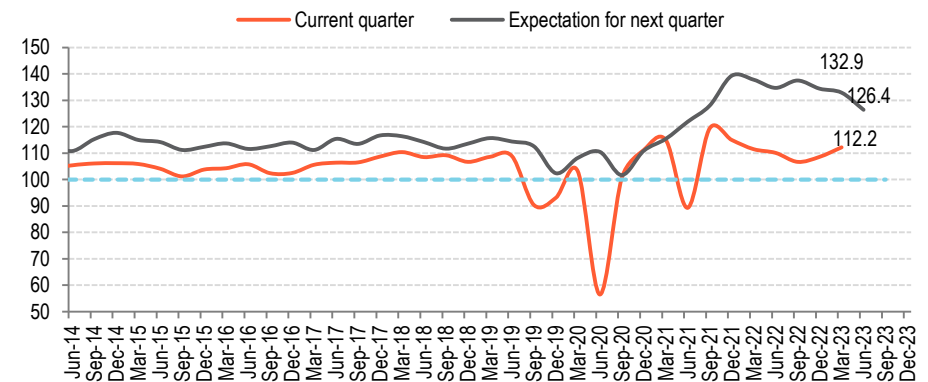
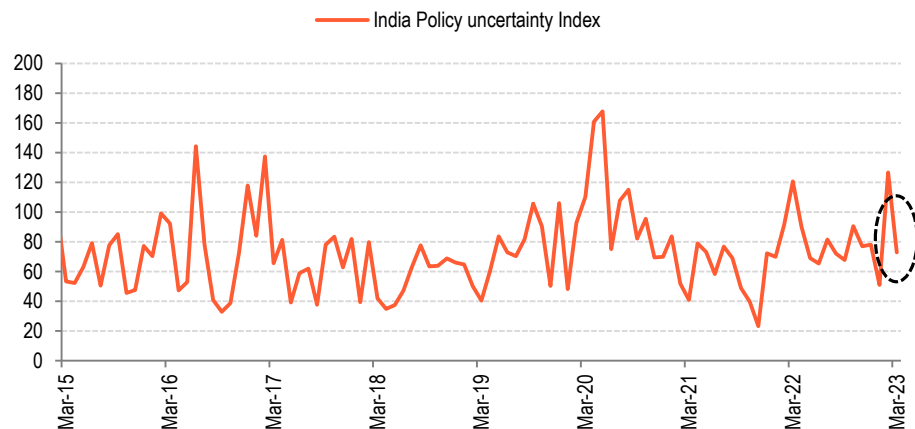


Fig 49 – Core sector output eases in Feb'23

(%)	Weight	Feb-23	Jan-23	Feb-22	Apr-Feb'23	Apr-Feb'22
Infrastructure Index	100	6.0	8.9	5.9	7.8	11.1
Coal	10.3	8.5	13.4	6.6	15.2	9.8
Crude Oil	9.0	(4.9)	(1.1)	(2.2)	(1.6)	(2.6)
Natural Gas	6.9	3.2	5.3	12.5	1.5	20.5
Petroleum Refinery Products	28.0	3.3	4.5	8.8	5.2	9.2
Fertilizers	2.6	22.2	17.9	(1.4)	11.5	(0.4)
Steel	17.9	6.9	10.8	5.6	7.5	18.4
Cement	5.4	7.3	4.6	4.2	9.7	22.3
Electricity	19.9	7.6	12.7	4.5	9.9	8.2

Investment

Fig 50 – Policy uncertainty index in India fell in Mar'23



Source: policyuncertainty.com

Fig 52 – Capital goods production inched up to 11% in Jan'23 from 7.8% in Dec'22

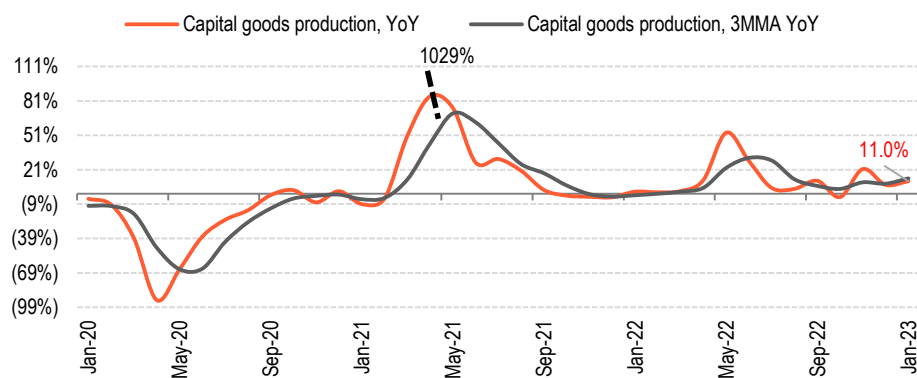
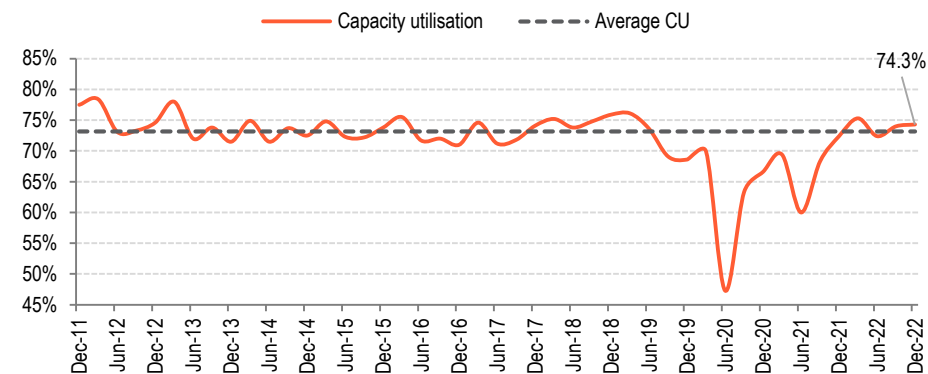


Fig 51 – Capacity utilisation rose above its long term average to 74.3 in Dec'22



Source: policyuncertainty.com

Fig 53 – Capital goods imports rose to 18% in Feb'23 from 5.4% in Jan'23, supported by favourable base

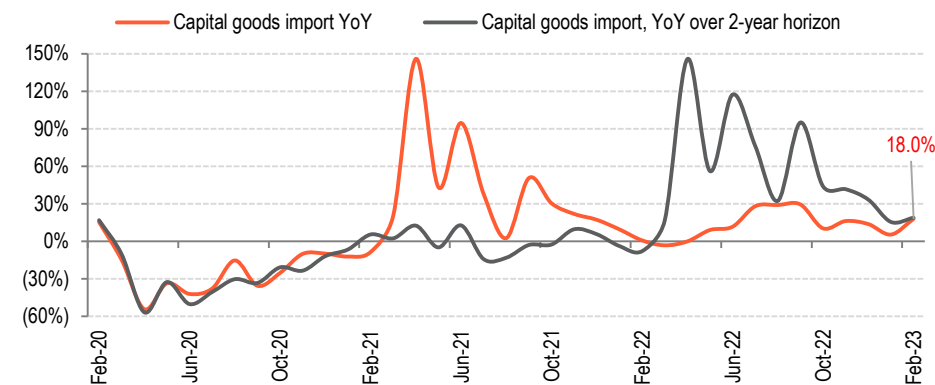


Fig 54 – Centre's capex spending noted growth of 38.1% in Feb'23 from 42.7% in Jan'23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24

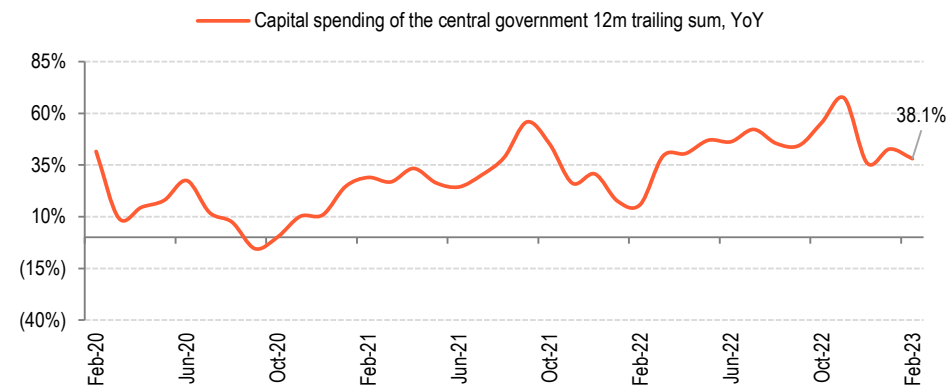


Fig 55 – Credit to micro and small industry moderated to 13.2% in Feb'23 from 15.2% in Jan'23, for medium industry it also inched down to 13.5% from 18.1%

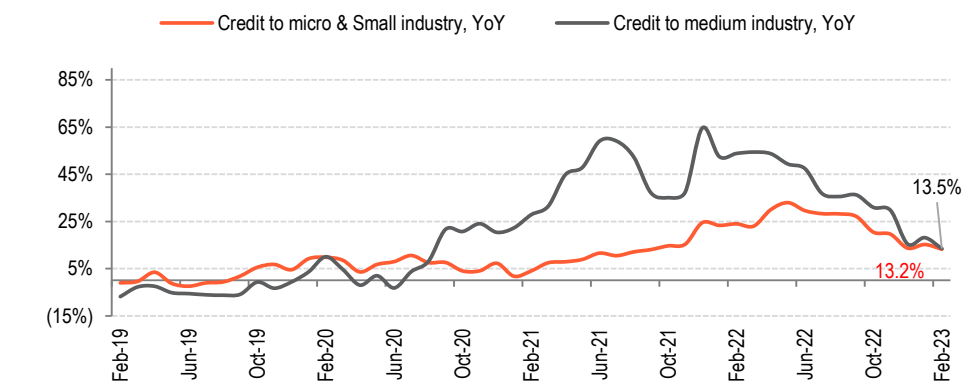


Fig 56 – Credit to housing sector moderated slightly to 15% from 15.4% in Jan'23

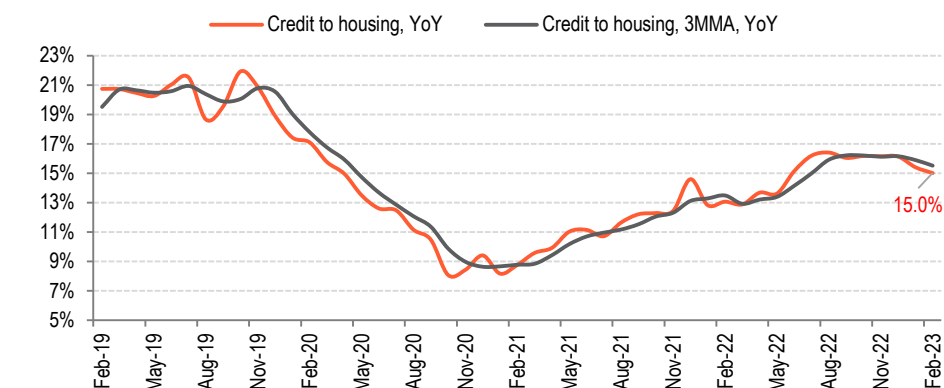
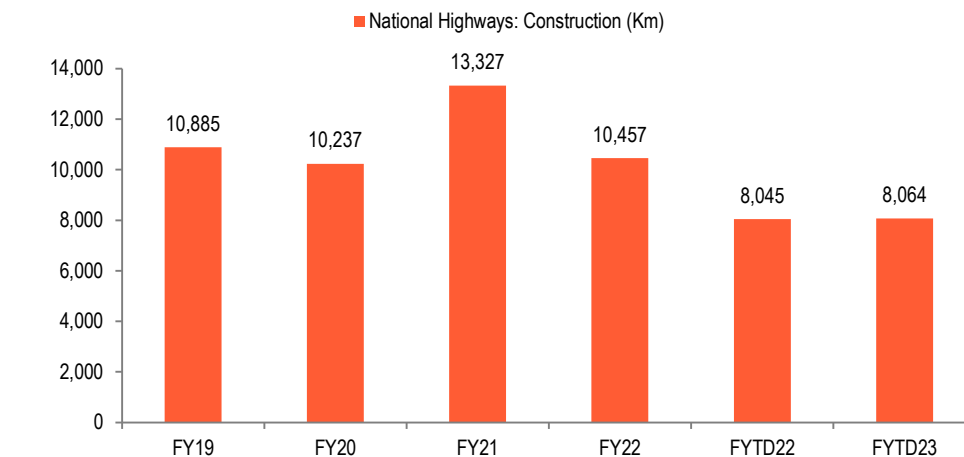


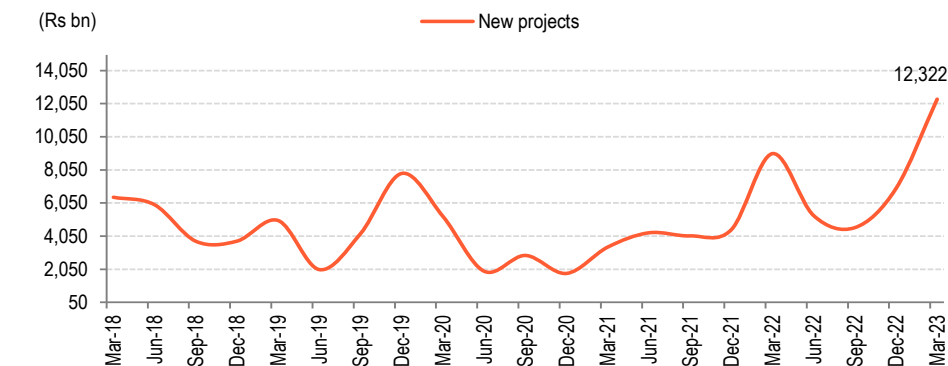
Fig 57 – Pace of National highway construction



Note: FYTD: Apr-Feb

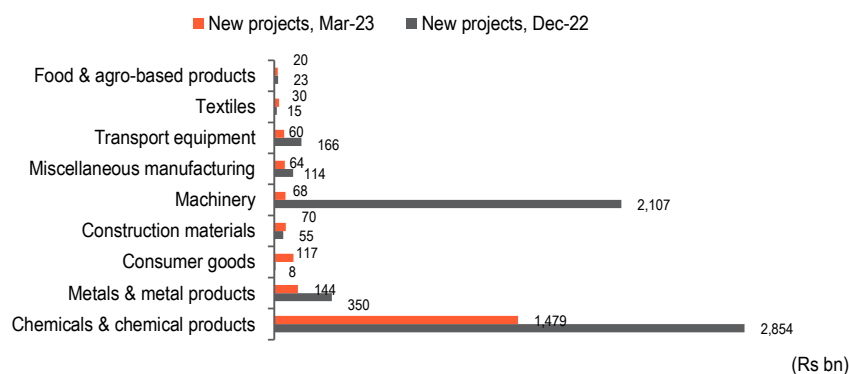
Capex data

Fig 58 – New project announcements rose to Rs 12tn in Mar'23 from Rs 6.9tn in Dec'22 on account of the financial year end phenomena



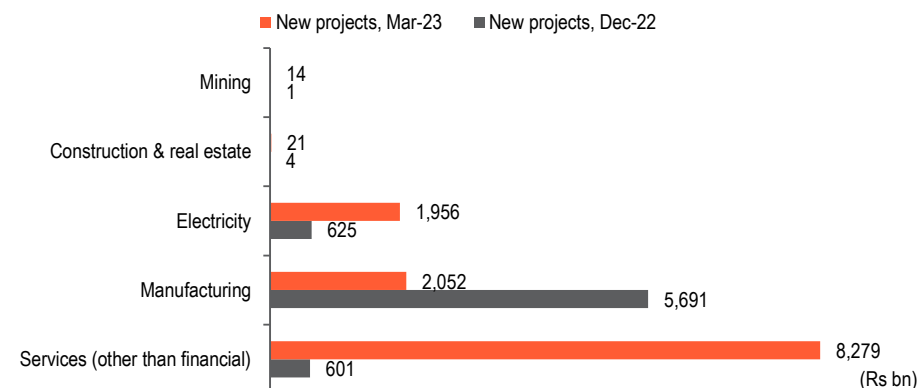
Source: CMIE

Fig 60 – ...Manufacturing however fared badly led by sharp drop in announcements in sectors such as chemicals and machinery



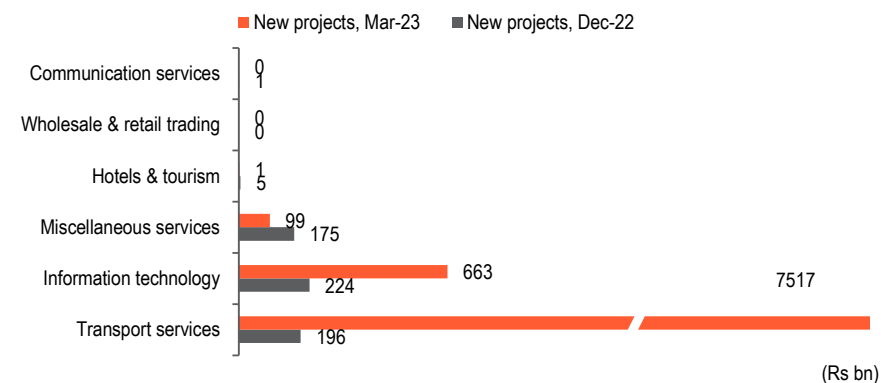
Source: CMIE

Fig 59 – ...Led by services and electricity sectors...



Source: CMIE

Fig 61 – Within services, transport services and IT improved considerably



Source: CMIE

Services sector

Fig 62 – GVA: Services activity eased further in Q3FY23; compared to pre-pandemic (FY20), activity rose by 34% in Q3 versus 30% in Q2

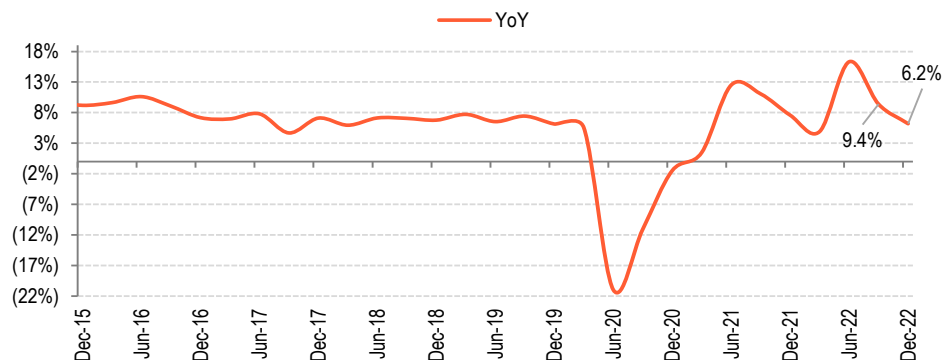
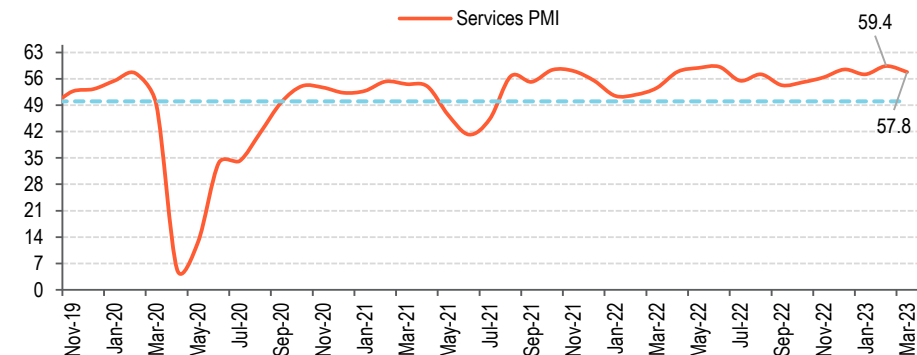


Fig 63 – Services PMI eased in Mar'23, but Q4FY23 average was still higher (58.1) than Q3 (56.7)



Source: Markit

Fig 64 – GVA: Trade & related services activity too moderated in Q3, as also indicated by trend in states' tax revenue growth

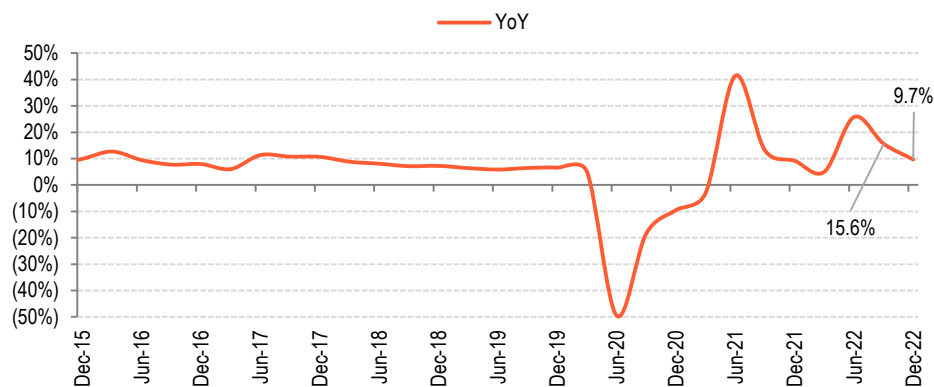
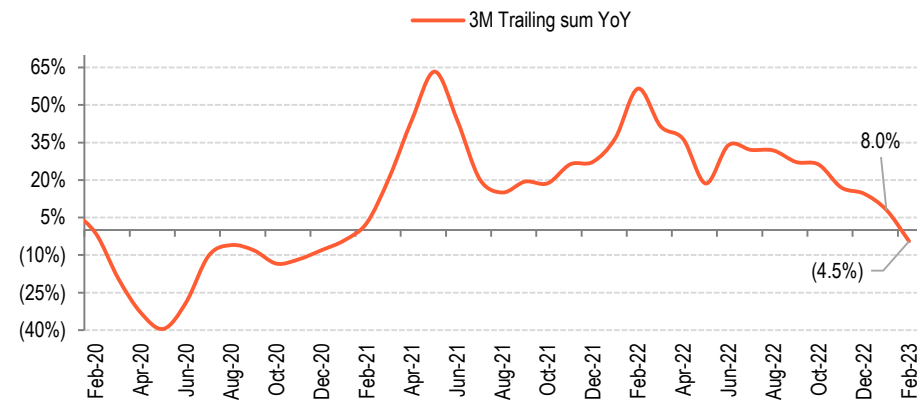


Fig 65 – States' tax revenue growth fell in Feb'23



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

Trade

Fig 66 – Vehicle registration growth seen improving in Mar'23; yet, growth in Q4FY23 was lower (-10.3%) than Q3 (+31%) and Q4FY22 (-7%)

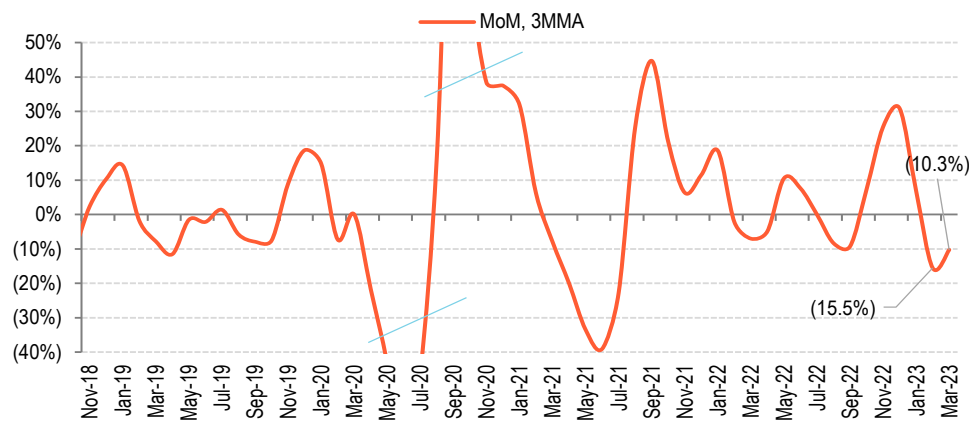


Fig 67 – Diesel consumption in Q4FY23 was lower (-2.5%) compared with Q3 (+17.2%) and Q4FY22 (+0.8%)

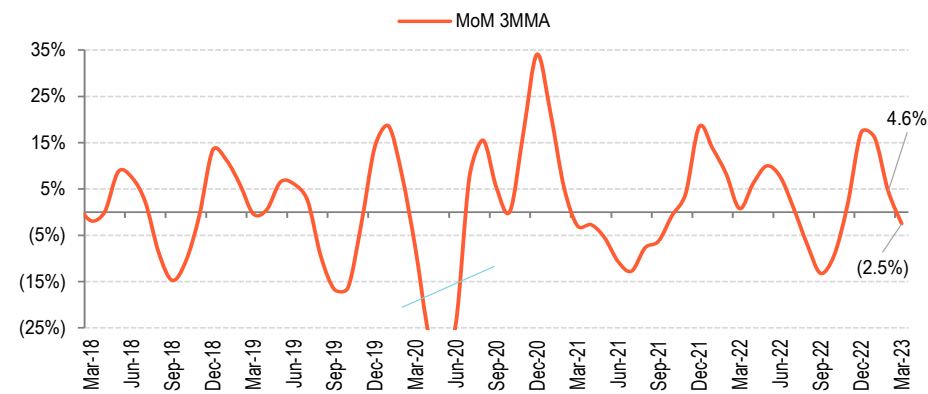


Fig 68 – Railway freight traffic movement improved in Q4 to 3.7% from 3.2% in Q3

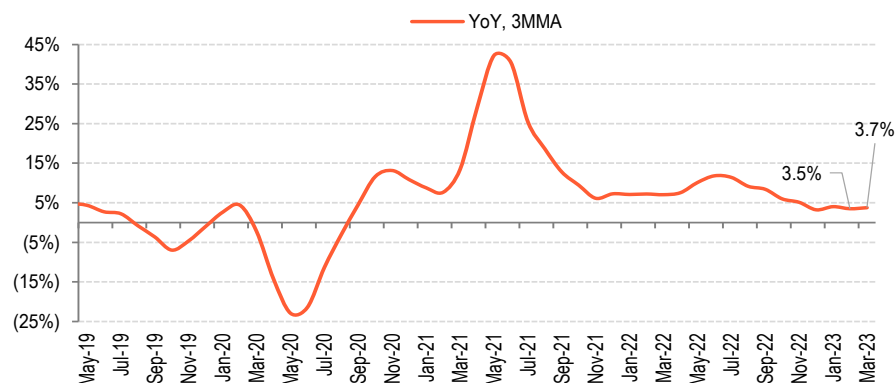


Fig 69 – Port cargo traffic broadly stable in Feb'23

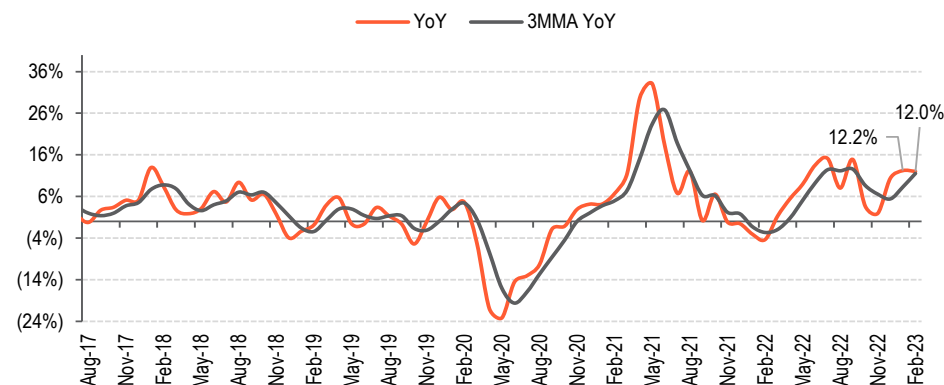
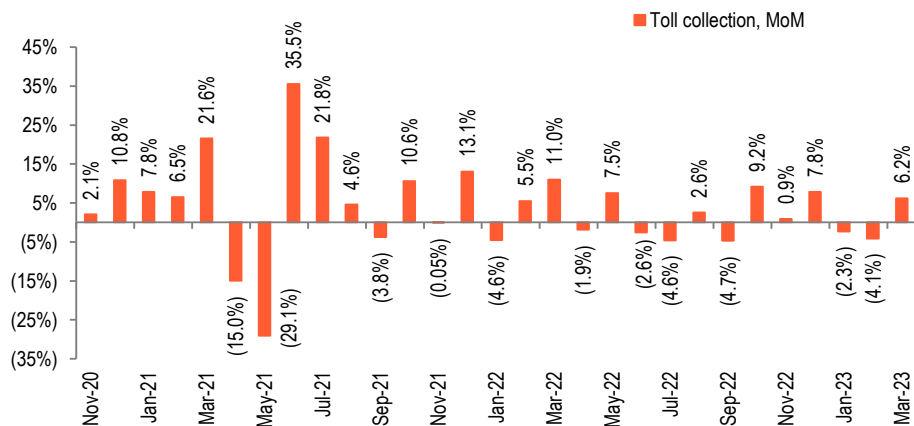
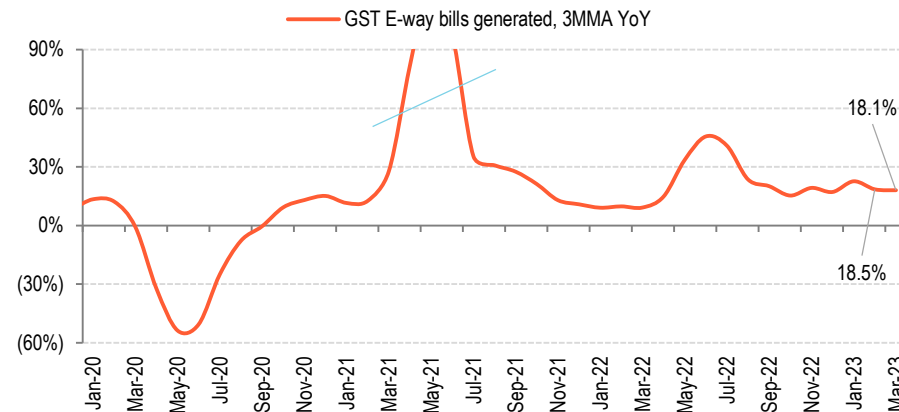


Fig 70 – Toll collections increased in Mar'23**Fig 71 – E-way bill generation slowed a tad in Mar'23**

Hotels and communications

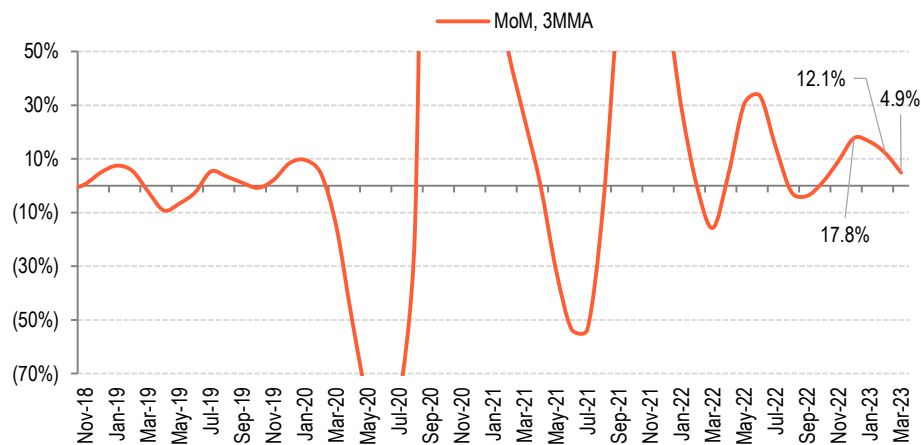
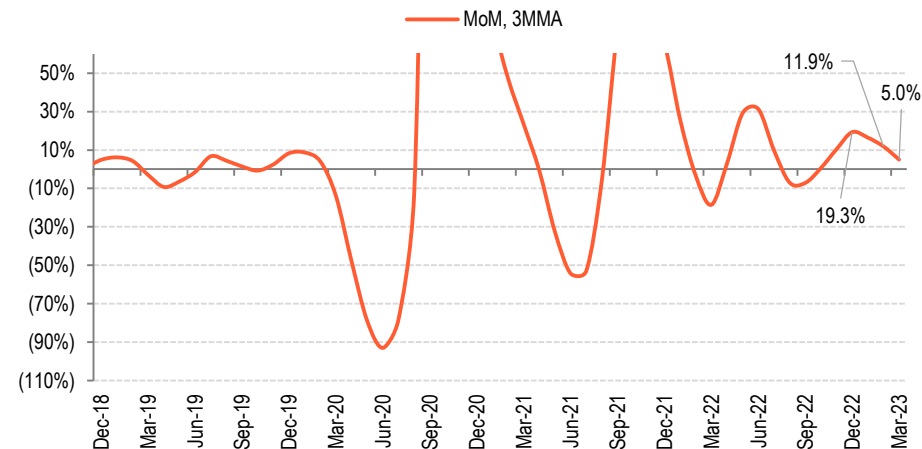
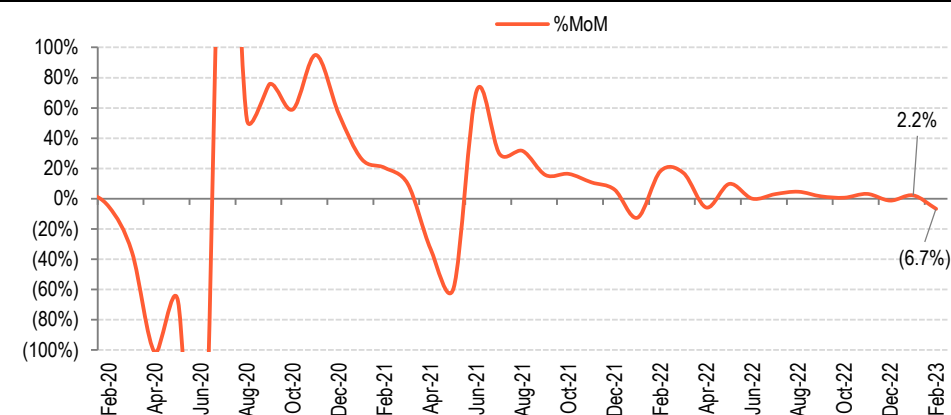
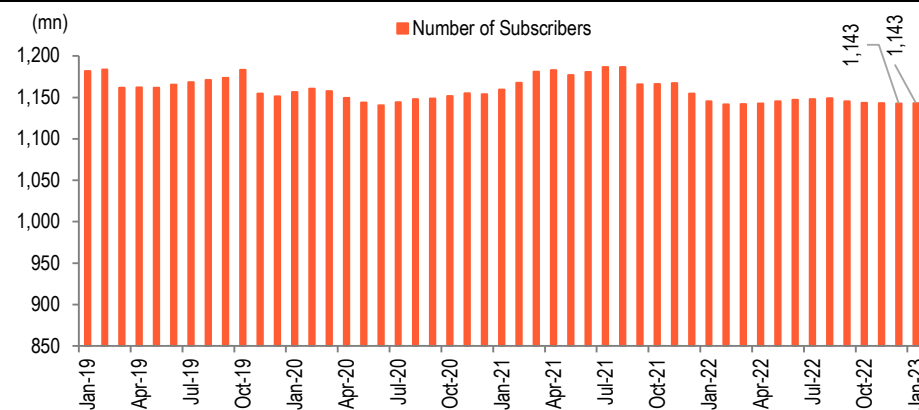
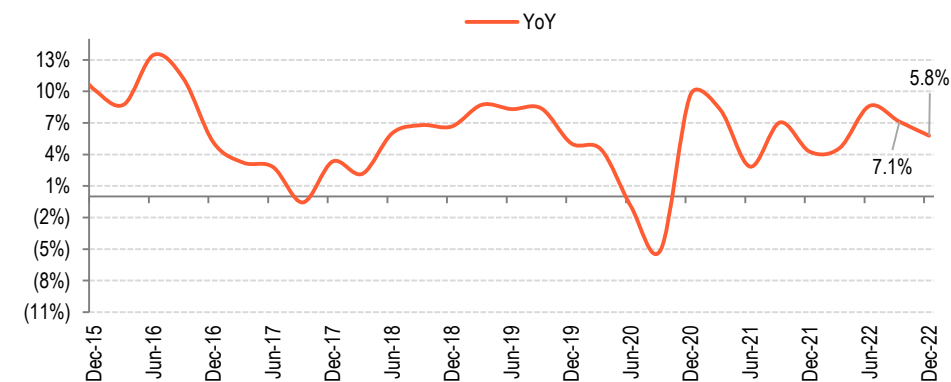
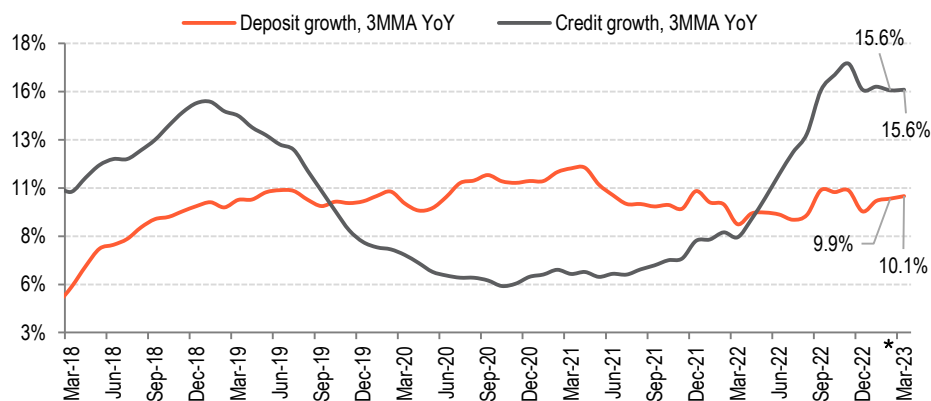
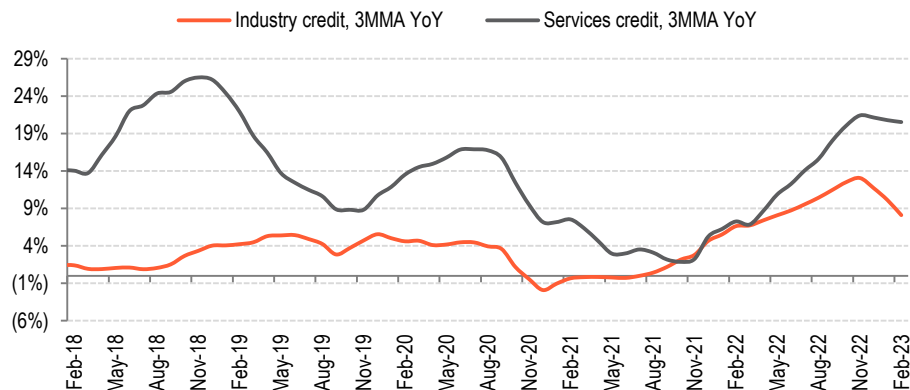
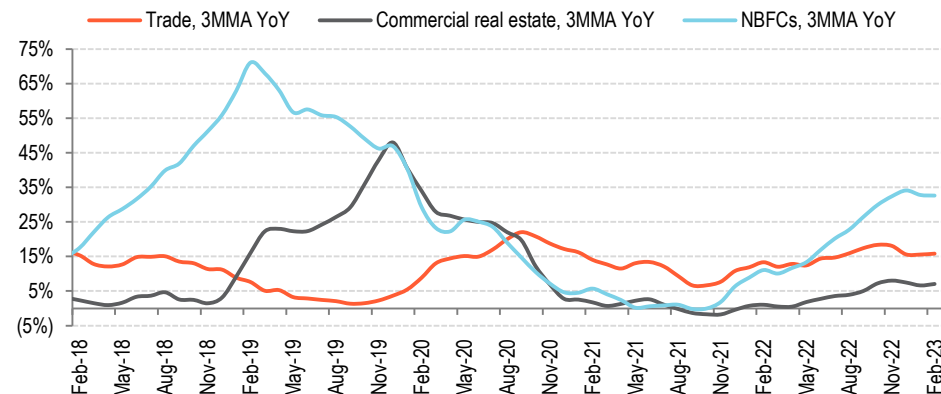
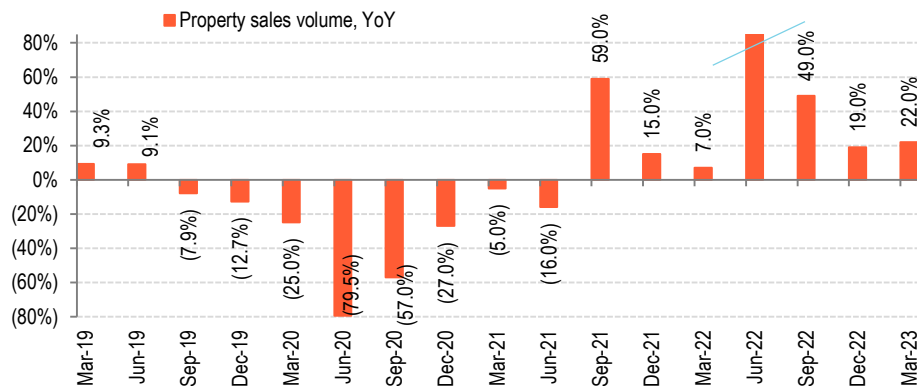
Fig 72 – Airline passenger traffic growth slowed in Q4**Fig 73 – Dip in domestic passenger growth a key drag**

Fig 74 – Railway passenger traffic picked up momentum in Feb'23**Fig 75 – Number of telecom subscribers fell for the 4th consecutive month in Dec'22, lost 2.5mn subscribers in Q3 following 1.9mn decline in Q2**

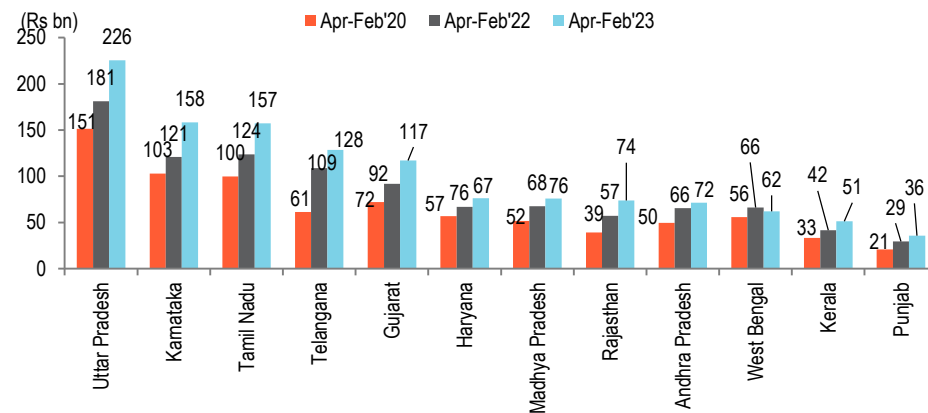
Finance and real estate

Fig 76 – Growth in GVA: Finance, real estate & prof. also moderated in Q3FY23**Fig 77 – Credit growth broadly steady in Mar'23; Deposit growth continues to improve**

*as of fortnight ending 24 Mar 2023

Fig 78 – Credit to industries fell more sharply than to services sector in Feb'23**Fig 79 – Within services, credit to trade, commercial real estate and NBFCs broadly steady****Fig 80 – Property sales volumes continue to maintain pace in Q4FY23 as well; in FY23 sales volume rose by 114% on an average versus 16% rise in FY22**

Source: Proptiger

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

Labour market

Fig 82 – Naukri job index jumps in Mar'23; and compared with Feb'20 the index remains 53% higher

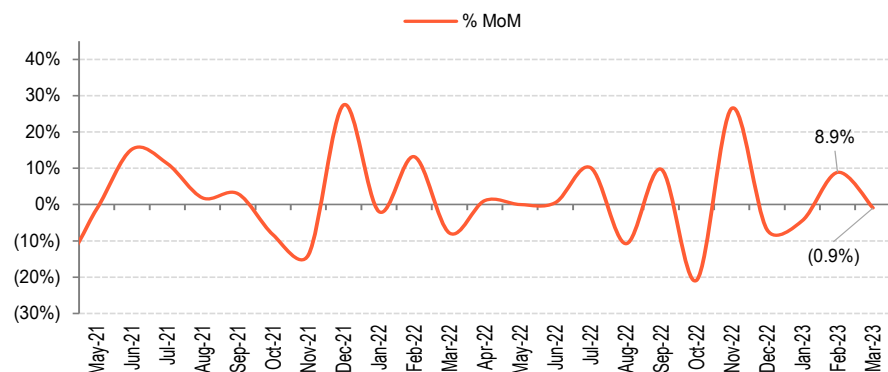


Fig 83 – Overall unemployment rate inched up in Mar'23; FY23 average was lower at 7.6% compared with 8% in FY22



Public administration

Fig 84 – Public administration & defence services too dragged services growth down in Q3

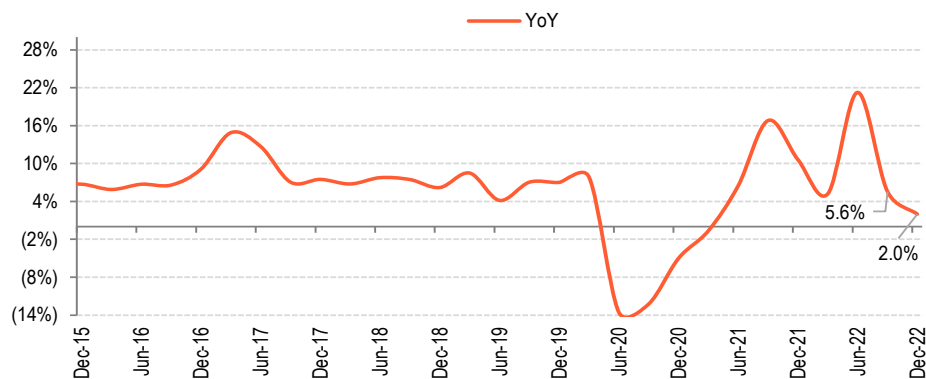


Fig 85 – General govt. spending continues to ease

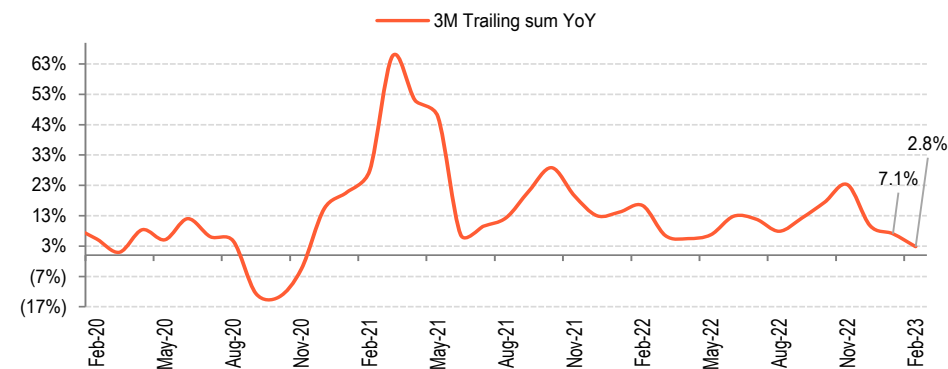


Fig 86 – ...mirroring the trend in Central government spending

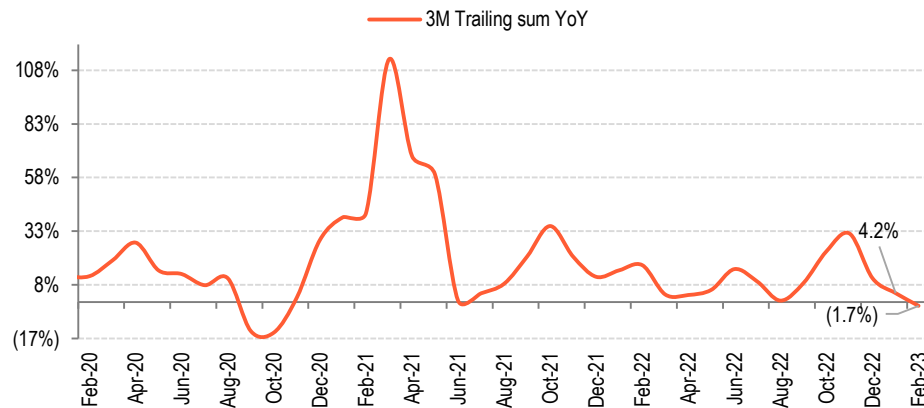
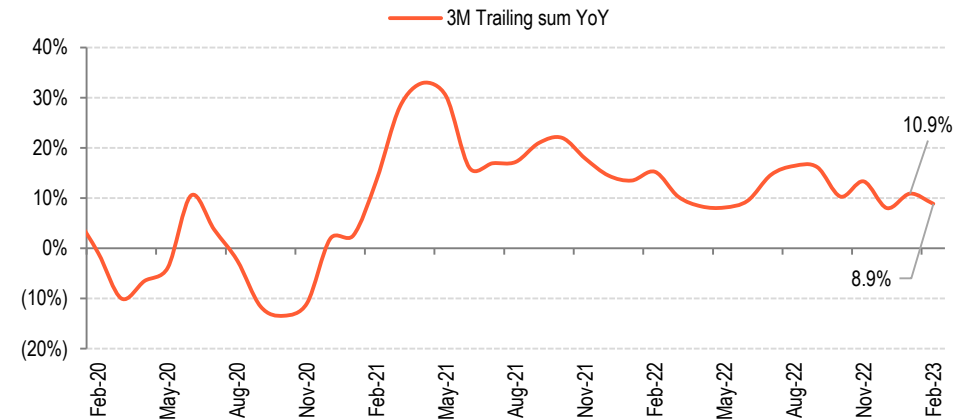


Fig 87 – State* Govt. spending also losing momentum

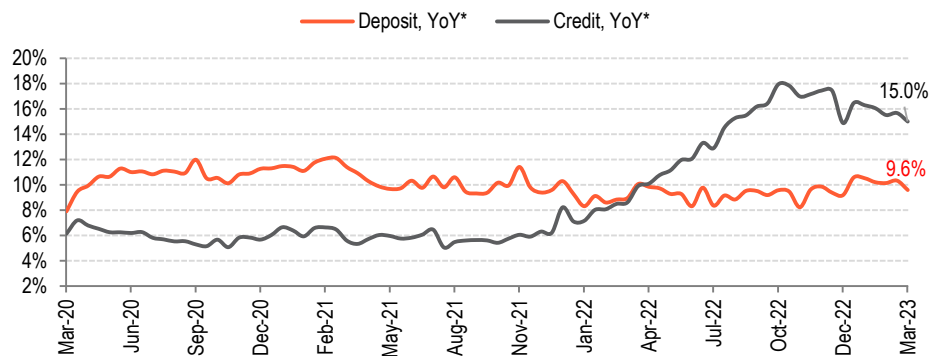


Note: *All states excluding N.E states, Goa, J&K and Maharashtra

Financial sector

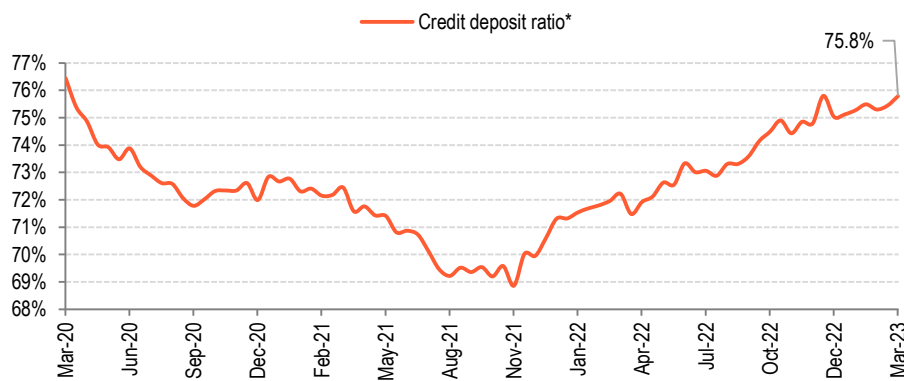
Money and banking

Fig 88 – Credit and deposit growth moderated to 15% and 9.6% respectively in Mar'23 compared to 15.5% and 10.1% in Feb'23



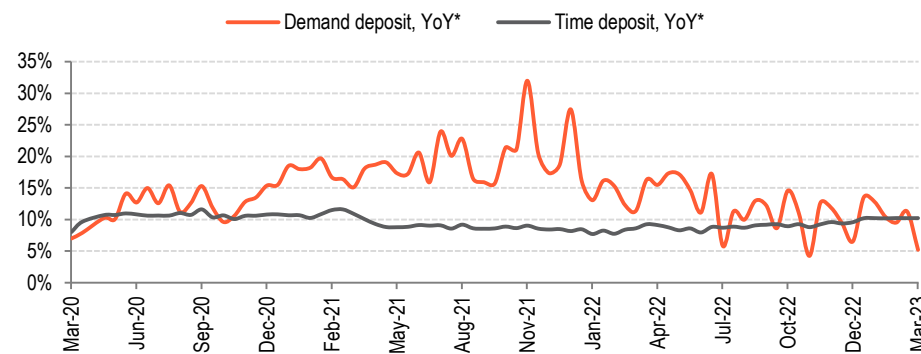
Note: *Mar 23 implies fortnight as of 24 Mar 2023

Fig 90 – CD ratio rose to 75.8%



Note: *Mar 23 implies fortnight as of 24 Mar 2023

Fig 89 – ...Time deposits was stable, while demand deposits showed moderation



Note: *Mar 23 implies fortnight as of 24 Mar 2023

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

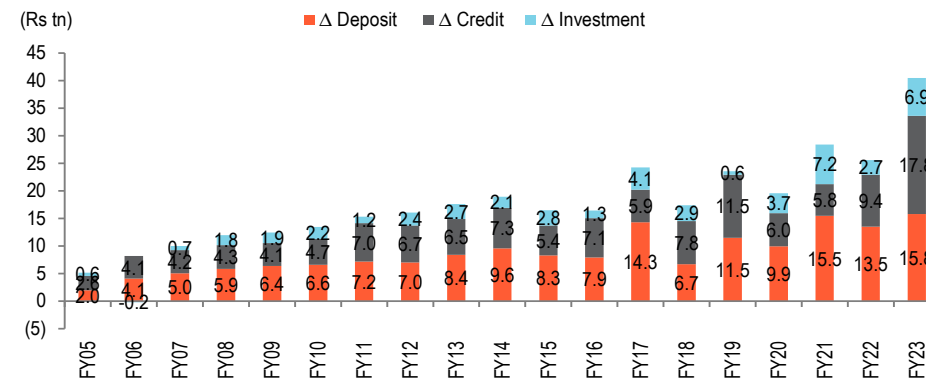


Fig 92 – Credit to govt inched up to 13.4% in Jan'23 from 10.6% in Dec'22, credit to commercial sector also rose to 16.3% from 14.8%

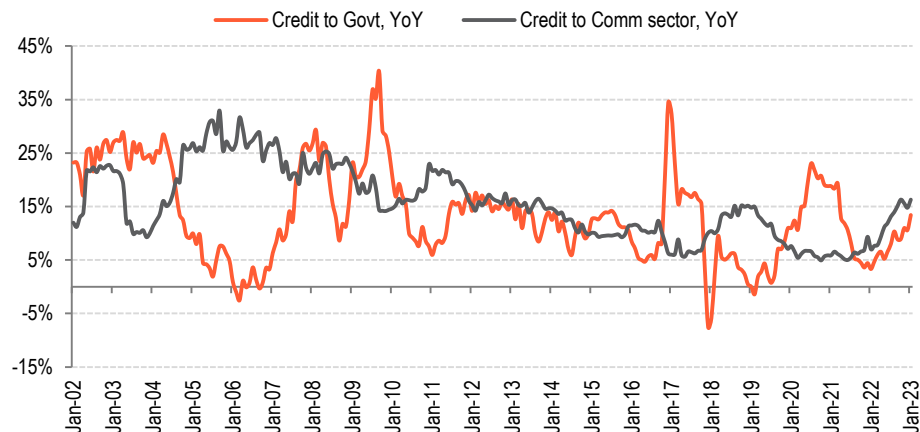


Fig 94 – WALR rose to 8.56% in Feb'23 from 8.36% in Jan'23, WADTDR inched up to 6.02% from 5.89%

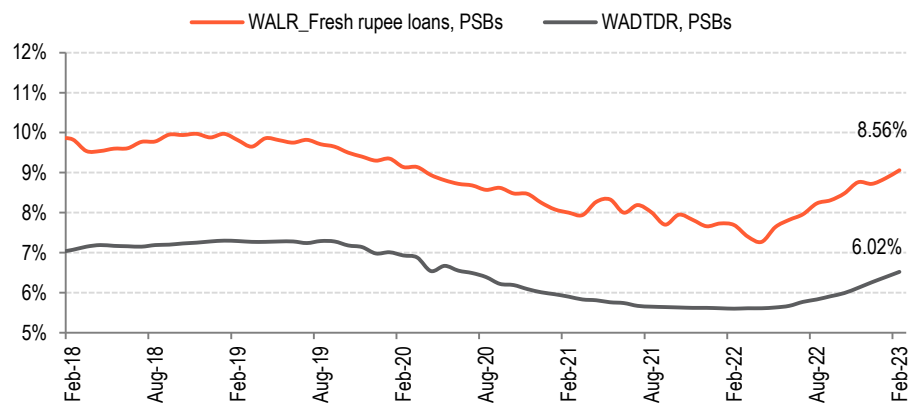


Fig 93 – Spread between call rate and repo almost nullified in Mar'23

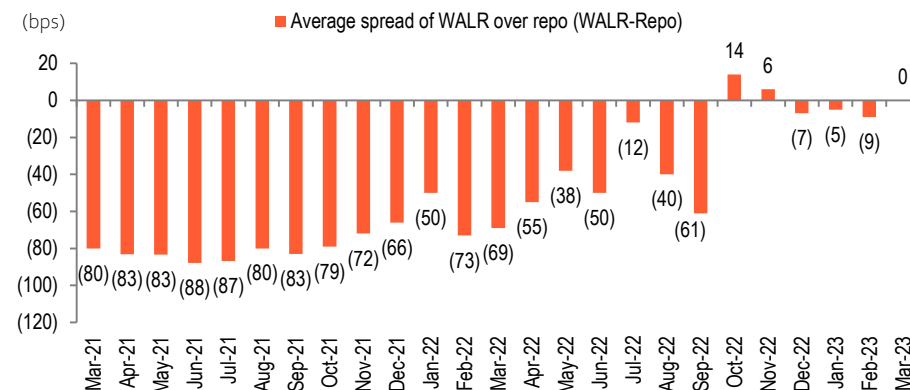
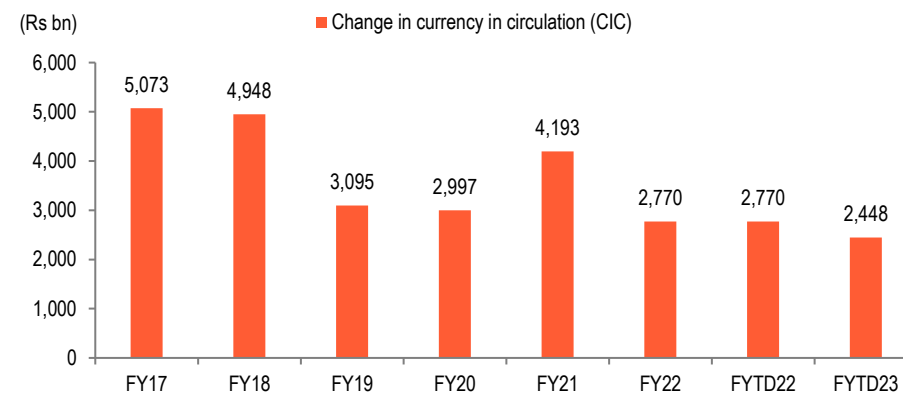
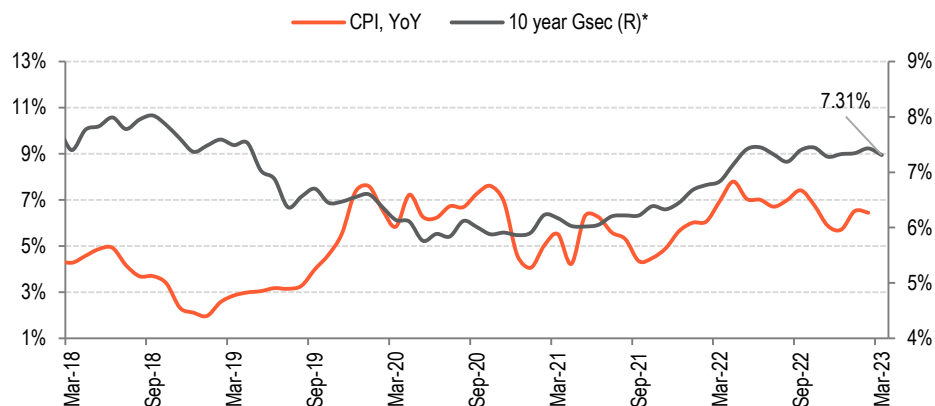


Fig 95 – CIC accretion in FYTD23 is at Rs 2.4tn against Rs 2.8tn seen in the same period of last year



Note: FYTD: Apr-Mar, FYTD because one week of Mar'23 data left

Fig 96 – 10Y GSec yield moderated to 7.31% in Mar'23 from 7.43% in Feb'23 and currently lower at 7.22%, inflation was at 6.4% in Feb'23 from 6.5% in Jan'23



Note: *As on last trading day of the month

Fig 98 – Corporate debt issuance rose to Rs 748bn in Feb'23 compared to Rs 657bn in Jan'23

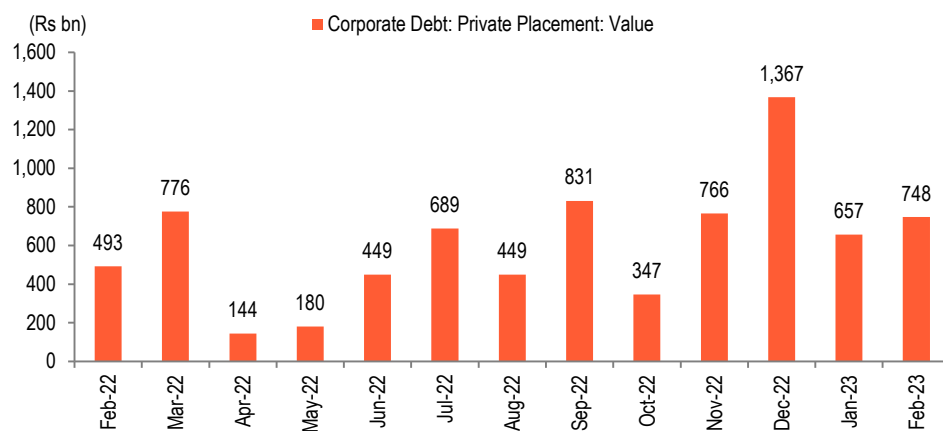
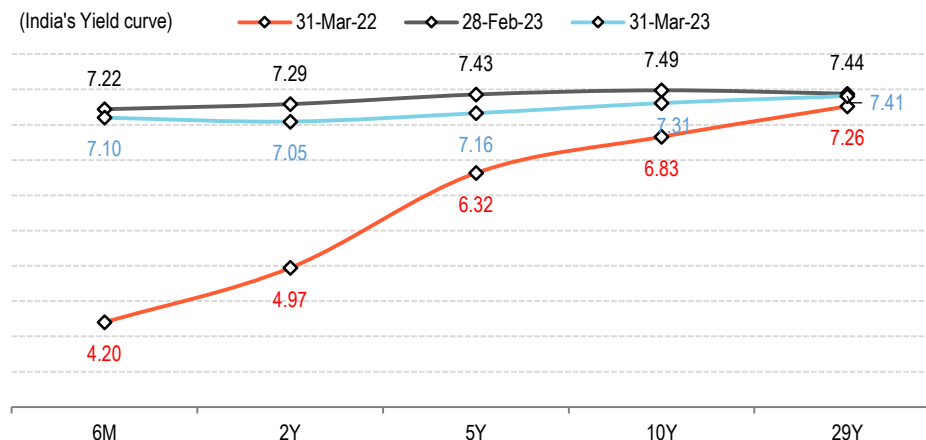
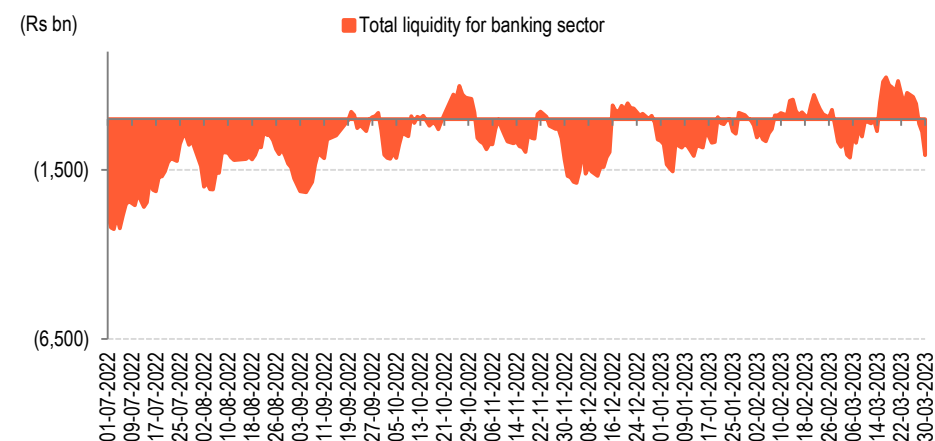


Fig 97 – Yield curve has considerably flattened in Mar'23 compared to last year



Source: Bloomberg

Fig 99 – Average system liquidity went into deficit of Rs 50bn in Mar'23 compared to Rs 54bn in Feb'23 and currently at surplus of Rs 1.8tn



Source: RBI

Fig 100 – 3Y AAA NBFC spread rose to 79bps as on 31 Mar 2023 compared to 58bps as on 28 Feb 2023

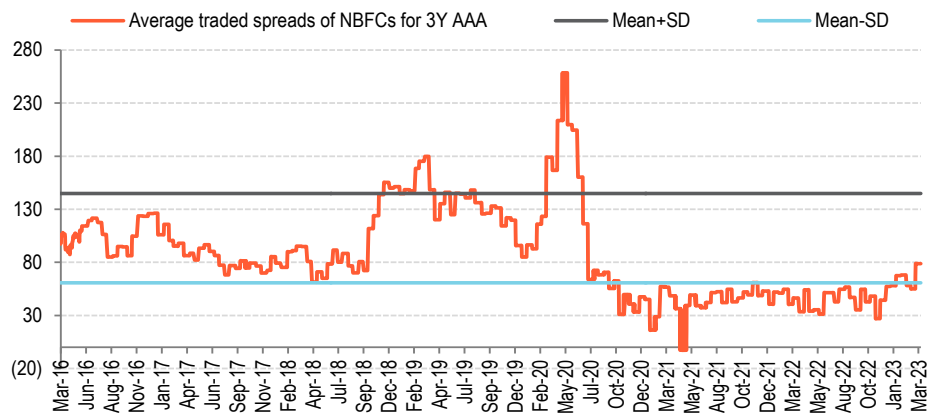


Fig 101 – For 10Y AAA NBFC it rose to 44bps from 37bps

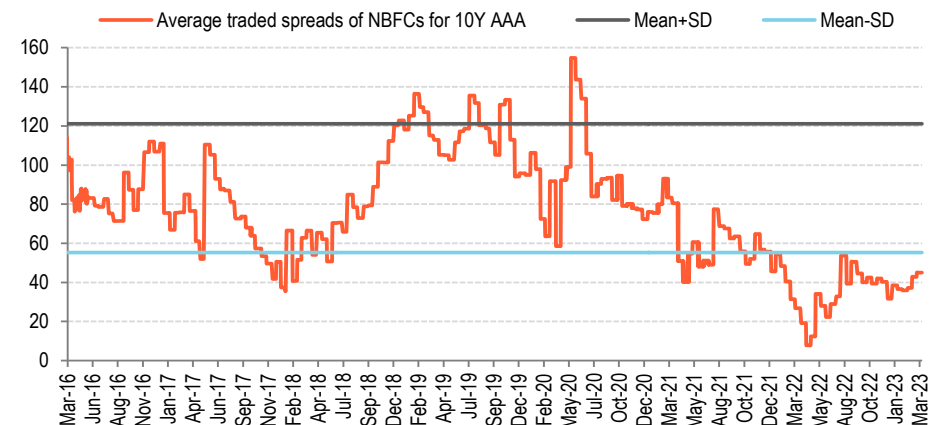


Fig 102 – 3Y AAA corp spread also rose to 51bps from 43bps

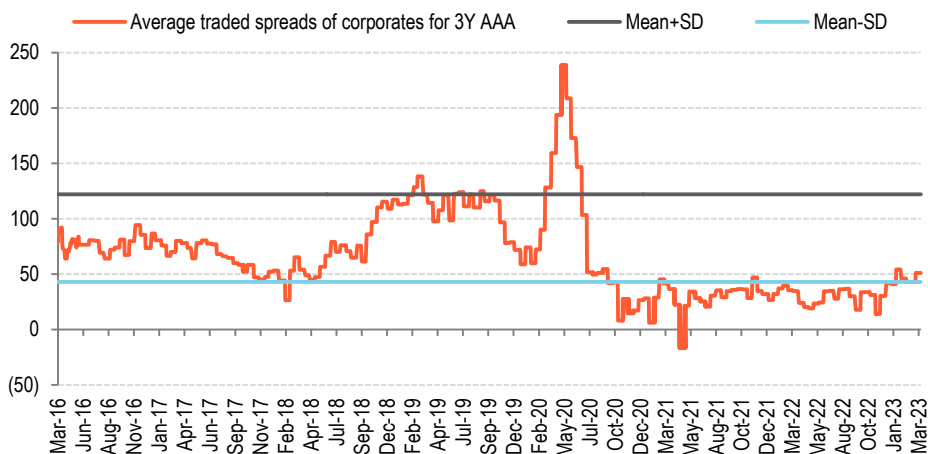


Fig 103 – For 10Y AAA corp spread it inched up to 38bps from 36bps

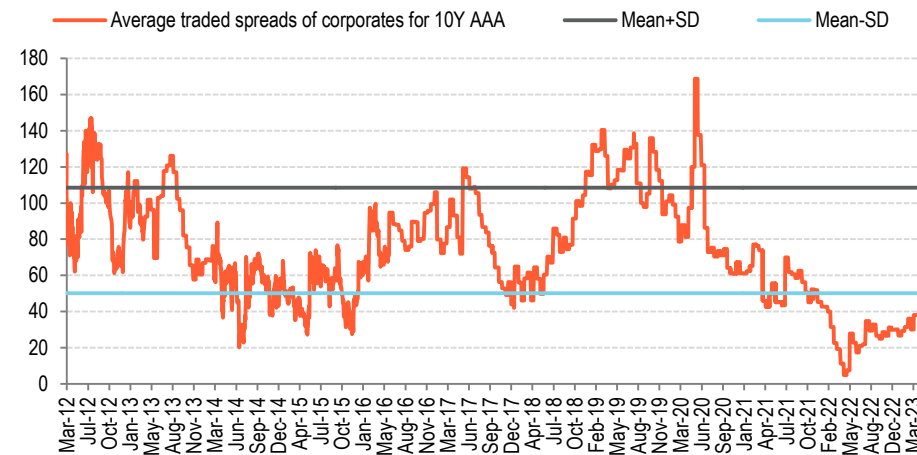


Fig 104 – INR 3Y swap moderated to 6.3 as on 31 Mar 2023 from 6.68 as on 28 Feb 2023

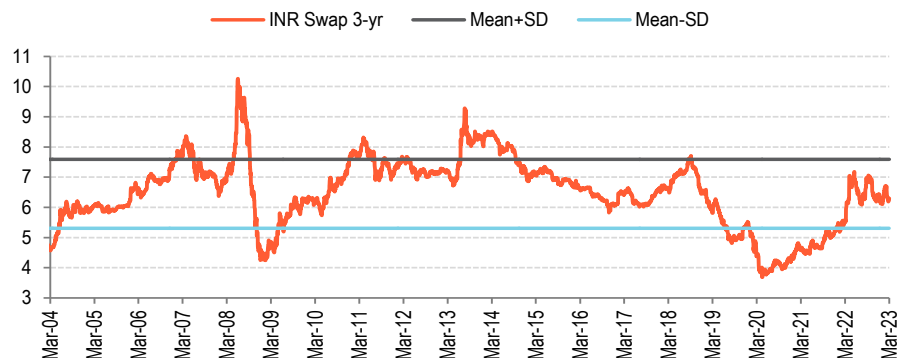
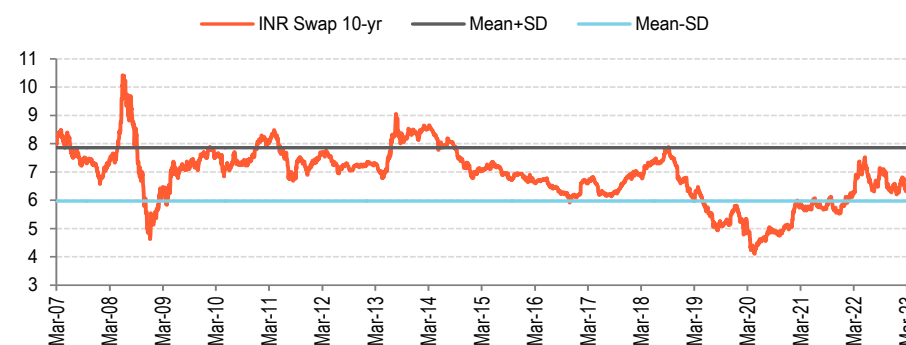


Fig 105 – For 10Y, it moderated to 6.47 from 6.78



Interest rates on small savings schemes

Fig 106 – Interest rates on small savings scheme increased in Q1FY24 as well

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
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	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	6.6	6.8
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	6.8	6.9
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	6.9	7.0
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	7.0	7.5
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	5.8	6.2
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	8.0	8.2
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	7.1	7.4
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	7.0	7.7
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	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	7.2	7.5
Sukanya samriddhi 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	7.6	8.0

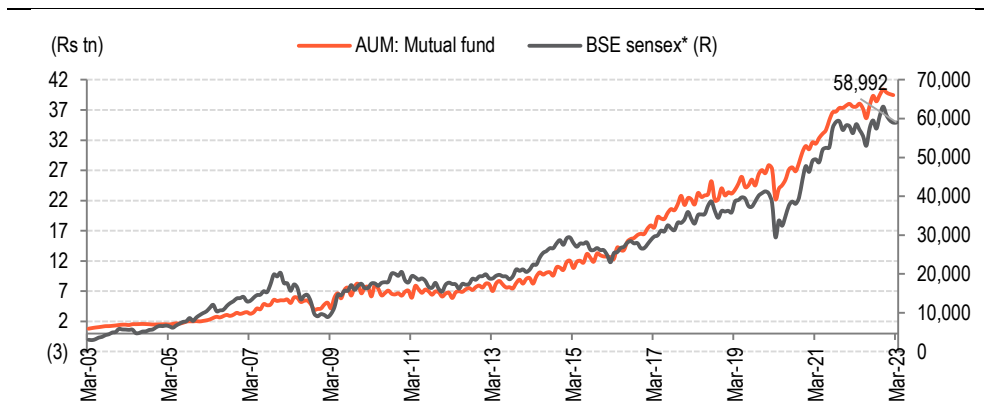
Source: Department of Economic Affairs, Ministry of Finance, Government of India

Fig 107 – MCLR rate of banks increased

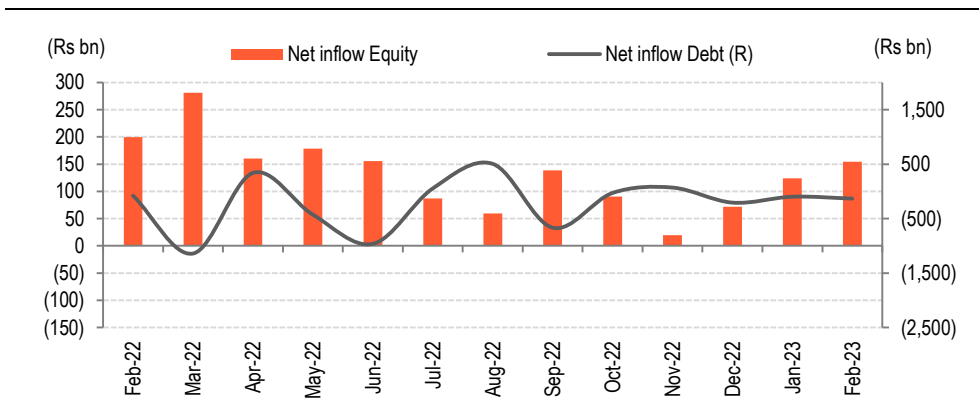
1Y MCLR (%)	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23
Public Sector Banks															
Bank of Baroda	7.30	7.30	7.30	7.35	7.40	7.50	7.65	7.70	7.80	7.95	8.05	8.30	8.50	8.55	8.55
Bank of India	7.25	7.25	7.25	7.25	7.25	7.35	7.50	7.60	7.70	7.80	7.95	8.15	8.30	8.40	8.50
Canara Bank	7.25	7.25	7.25	7.25	7.35	7.40	7.50	7.65	7.75	7.90	8.10	8.15	8.35	8.50	8.60
Indian Bank	7.30	7.30	7.30	7.30	7.30	7.40	7.55	7.65	7.75	7.85	8.10	8.20	8.30	8.45	8.55
Punjab National Bank	7.25	7.25	7.25	7.25	7.25	7.40	7.55	7.65	7.70	7.75	8.05	8.10	8.30	8.40	8.50
State Bank of India	7.00	7.00	7.00	7.10	7.20	7.40	7.50	7.70	7.70	7.95	8.05	8.30	8.40	8.50	8.50
Union Bank of India	7.25	7.25	7.25	7.25	7.35	7.45	7.55	7.70	7.75	7.90	8.20	8.25	8.40	8.65	8.65
Private Sector Banks															
Axis Bank Ltd.	7.35	7.35	7.35	7.40	7.75	7.95	8.00	8.05	8.10	8.35	8.45	8.75	8.80	8.90	8.95
HDFC Bank Ltd.	7.20	7.20	7.25	7.25	7.50	7.85	8.05	8.10	8.20	8.20	8.55	8.60	8.85	8.90	8.95
ICICI Bank Ltd.	7.25	7.25	7.25	7.25	7.25	7.55	7.75	7.90	8.00	8.10	8.30	8.40	8.65	8.65	8.75
Indusind Bank	8.45	8.45	8.50	8.55	8.75	9.00	9.10	9.30	9.40	9.55	9.80	9.95	9.95	10.05	10.15
Kotak Mahindra Bank	7.25	7.30	7.35	7.40	7.65	7.85	8.05	8.10	8.20	8.45	8.55	8.65	8.95	9.00	9.05

Source: RBI

Mutual fund (MF) indicators

Fig 108 – Sensex was broadly stable at 58,992 in Mar'23, AUM of MFs was at Rs 39.5tn in Feb'23 from Rs 39.6tn in Jan'23

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

Fig 109 – MF equity inflows rose to Rs 155bn in Feb'23 from Rs 124bn in Jan'23; debt outflow rose to Rs 132bn from Rs 97bn

Insurance sector indicators

Fig 110 – Sale of life insurance policies fell by 15.3% in Feb'23 from 8.9% decline seen in Jan'23

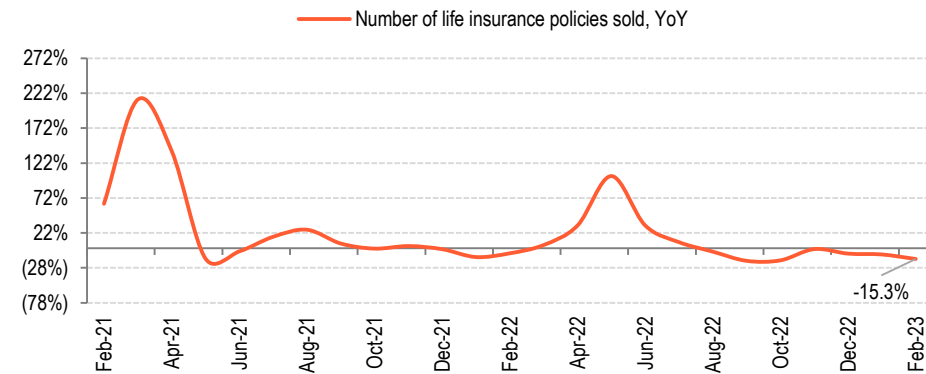
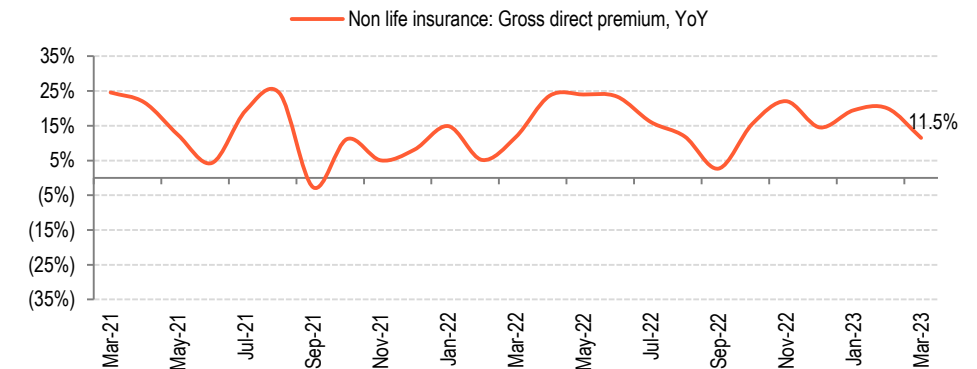


Fig 111 – Gross direct premium for non-life insurance moderated to 11.5% in Mar'23 from 20% in Feb'23



Public finance

Central government finances

Fig 112 – Fiscal deficit drops to target level (FY23RE) in Feb'23

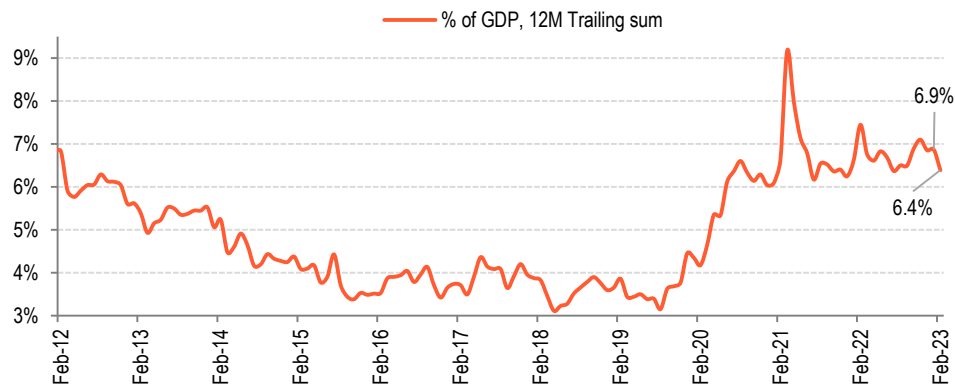


Fig 113 – Revenue deficit also eased

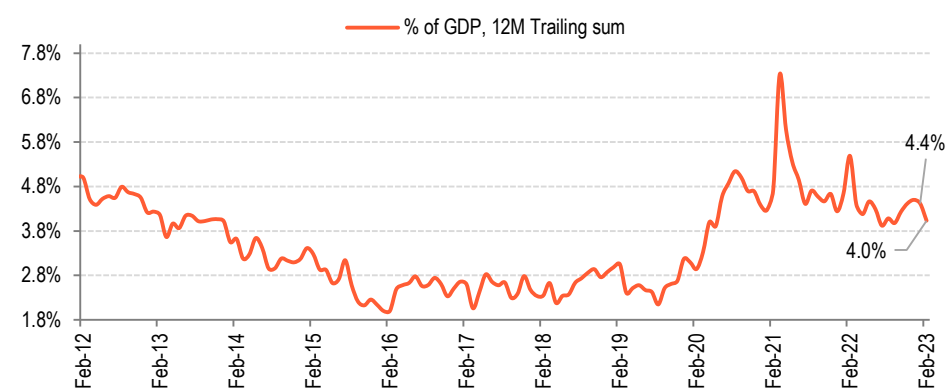


Fig 114 – Primary deficit down to 2.9% as of Feb'23

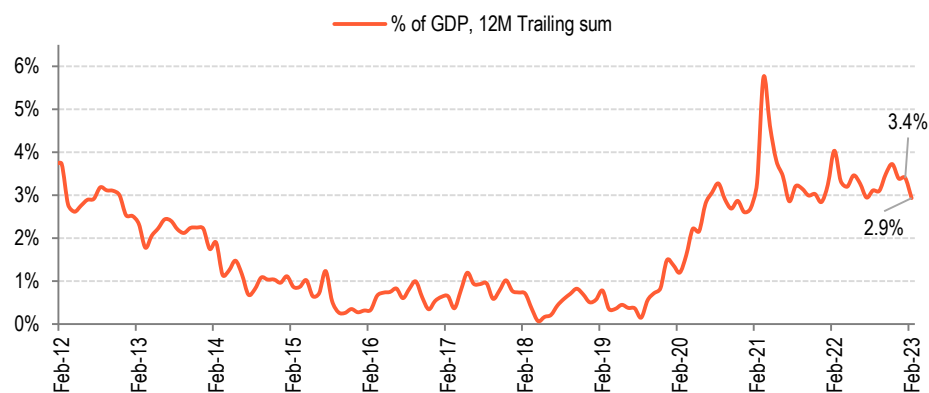


Fig 115 – Government spending lost momentum towards the end of the year (FY23)

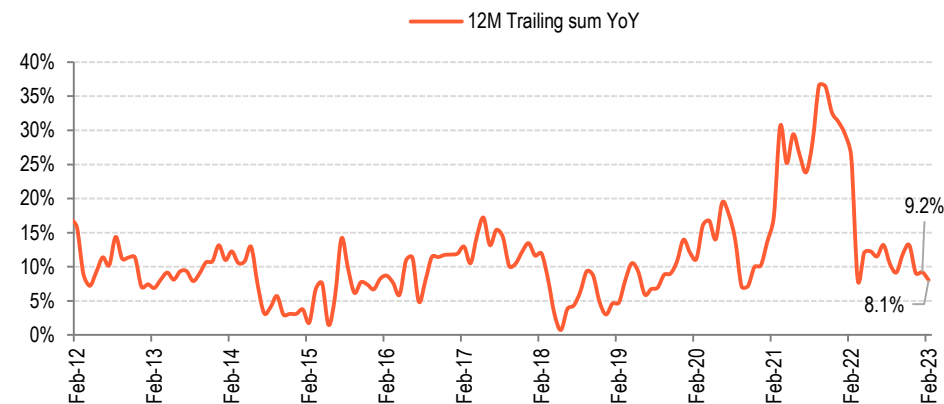
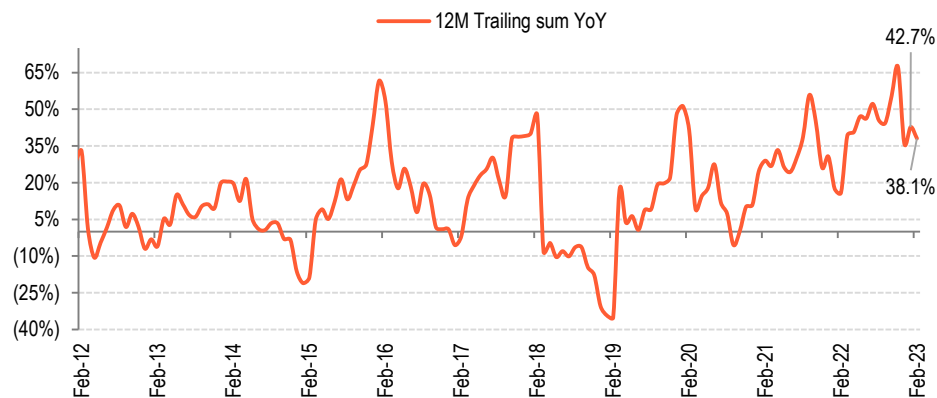
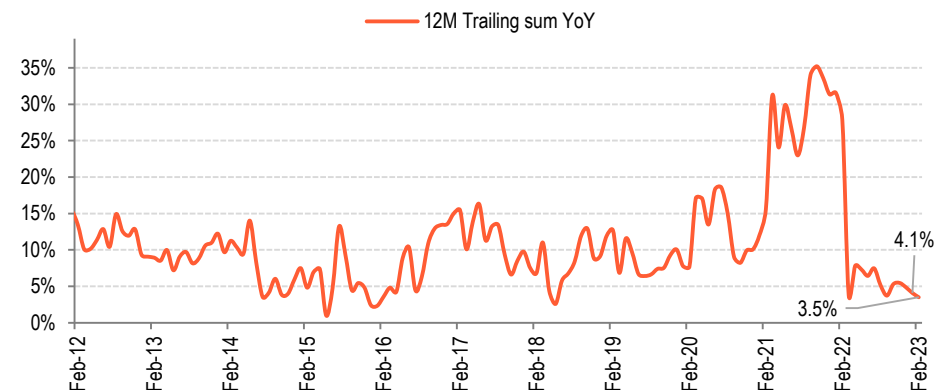


Fig 116 – ...dragged by moderation in capex**Fig 117 – Revenue spending also cooled off****Fig 118 – In FYTD23, ministries of road transport, chemicals, and petroleum driving expenditure growth**

Ministry	Apr'20-Feb'21	Apr'21-Feb'22	% change	Apr'22-Feb'23	% change
Ministry of Finance	10,447	11,567	10.7	12,010	3.8
Ministry of Defence	4,340	4,367	0.6	4,738	8.5
Ministry of Consumer Affairs, Food and Public Distribution	2,479	2,696	8.7	2,316	(14.1)
Ministry of Rural Development	1,737	1,300	(25.2)	1,406	8.1
Ministry of Home Affairs	1,338	1,510	12.8	1,724	14.2
Ministry of Human Resource Development	697	647	(7.1)	752	16.1
Ministry of Road Transport and Highways	856	1,085	26.8	2,064	90.2
Ministry of Chemicals and Fertilisers	1,183	1,295	9.4	2,349	81.3
Ministry of Petroleum and Natural Gas	325	45	(86.1)	254	461.8
Ministry of Agriculture	1,035	1,035	0.0	952	(8.0)
Ministry of Health and Family Welfare	688	686	(0.3)	630	(8.2)

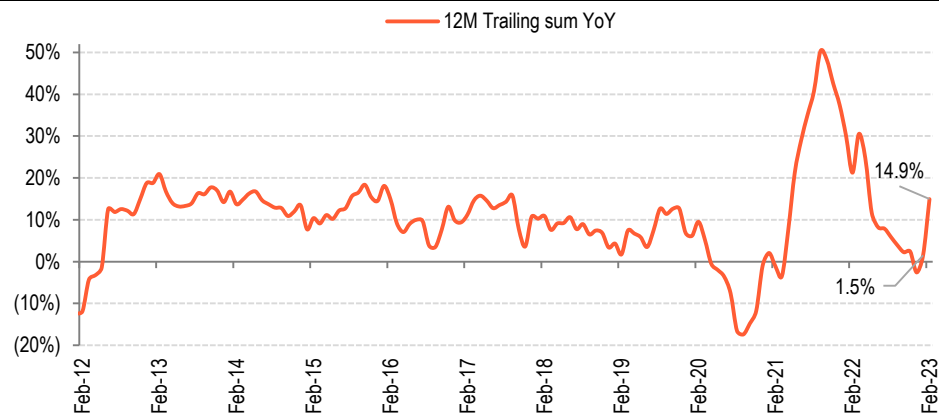
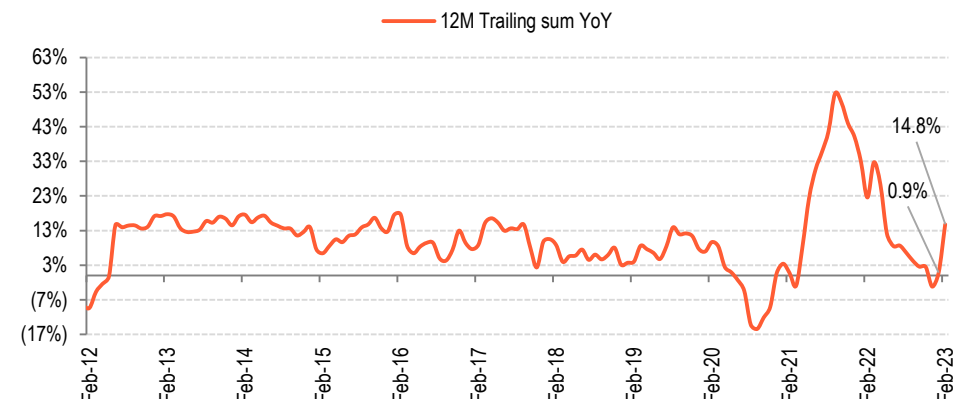
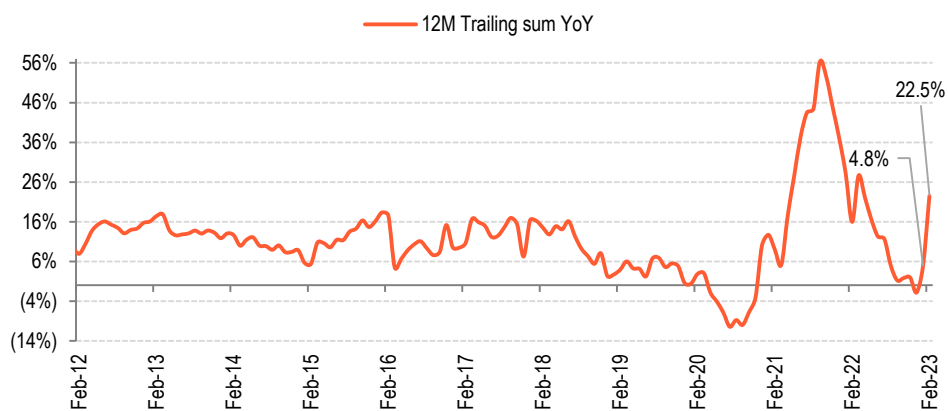
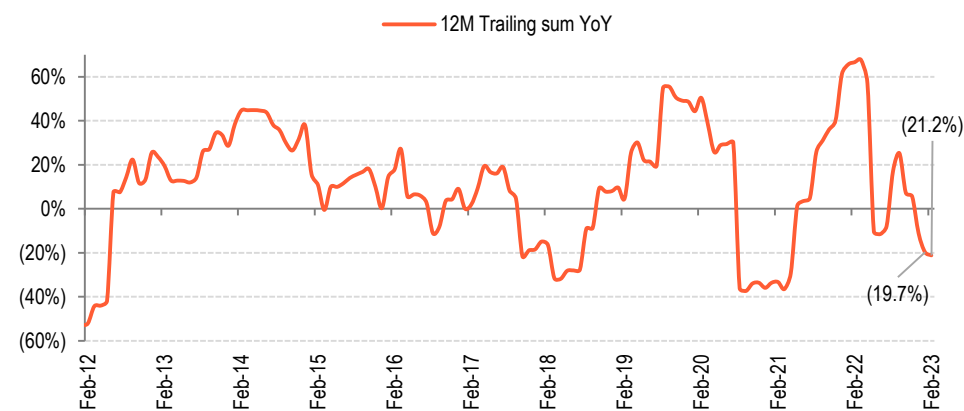
Fig 119 – Receipt growth rebounded sharply in Feb'23**Fig 120 – Revenue receipts led the trend****Fig 121 – Net tax receipts showed significant improvement****Fig 122 – Non-tax revenue growth continued to decline in Feb'23**

Fig 123 – Centre's net tax revenue improved further in Feb'23 (FYTD basis); spending momentum slowed

	Apr'20-Feb'21	Apr'21-Feb'22	% change	Apr'22-Feb'23	% change
Gross Tax revenue	16,653	22,748	36.6	25,473	12.0
Direct taxes	7,226	11,077	53.3	12,874	16.2
Corp Tax	3,506	5,656	61.3	6,418	13.5
Income Tax	3,720	5,421	45.7	6,456	19.1
Indirect taxes	9,427	11,671	23.8	12,599	8.0
Non-tax revenue	1,542	3,101	101.1	2,486	(19.8)
Centre's revenue (net)	13,703	17,910	30.7	19,808	10.6
Total expenditure	28,186	31,439	11.5	34,936	11.1
Capital exp	4,053	4,852	19.7	5,902	21.7
Revenue exp	24,134	26,587	10.2	29,034	9.2
Fiscal deficit	14,055	13,166	-	14,539	-

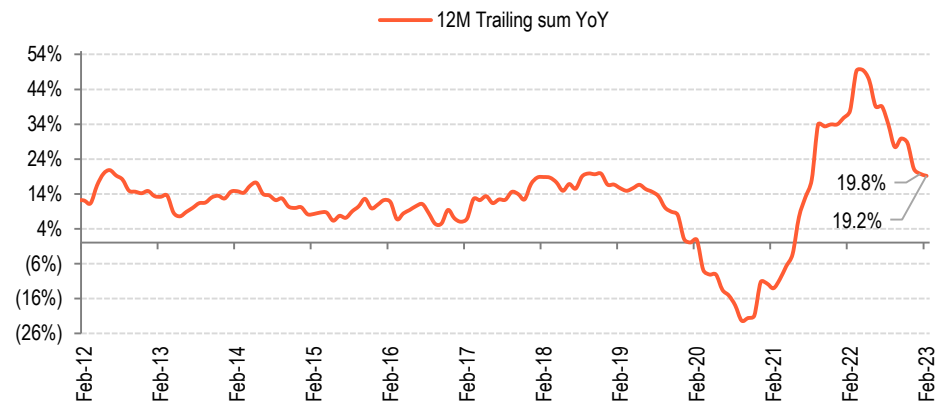
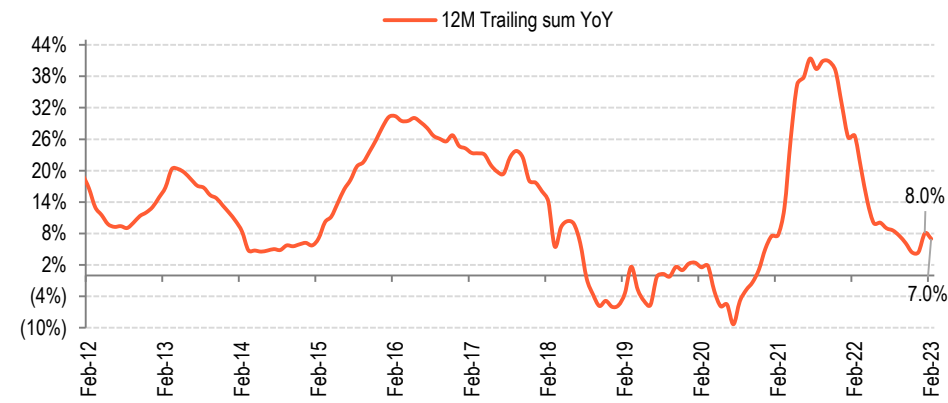
Fig 124 – Gross direct tax collections continue to ease**Fig 125 – Gross indirect tax collections also seen cooling off**

Fig 126 – Both corporate tax collections and...

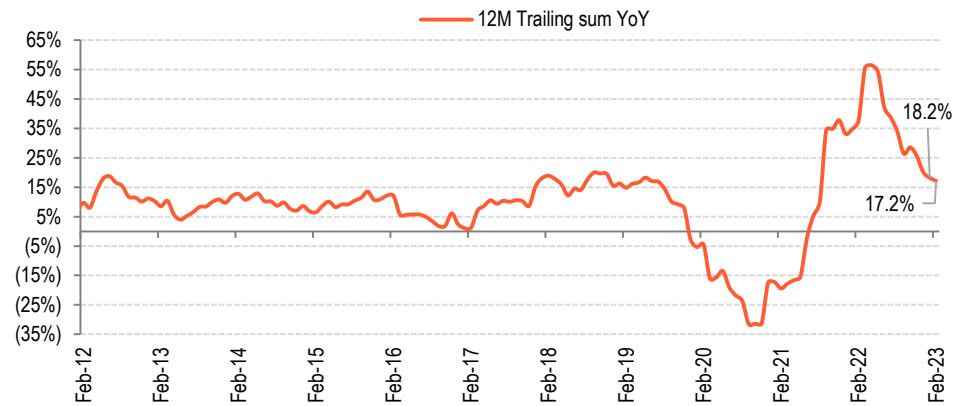


Fig 127 – ...income tax collections moderated further in Feb'23

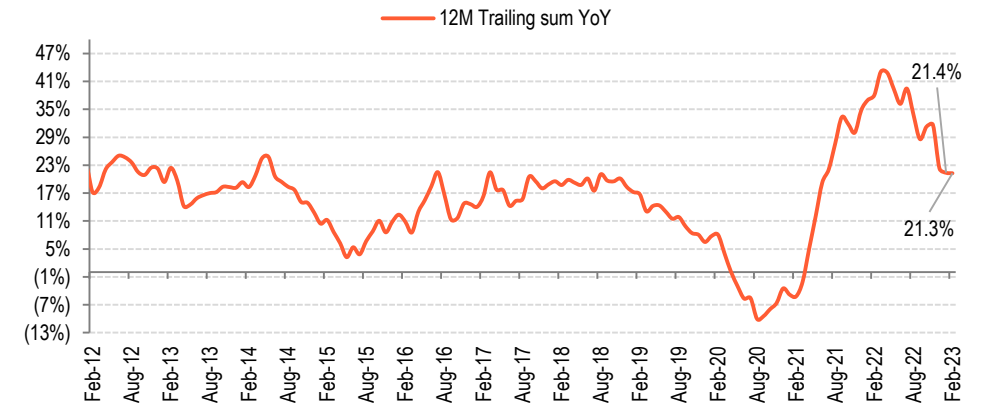
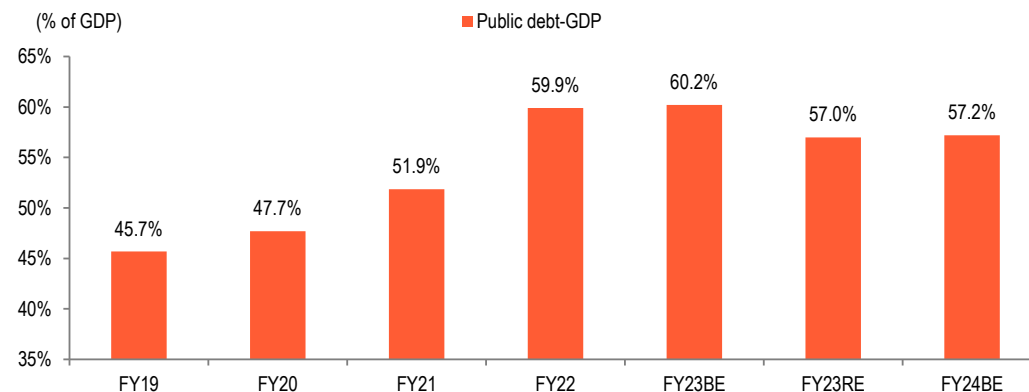
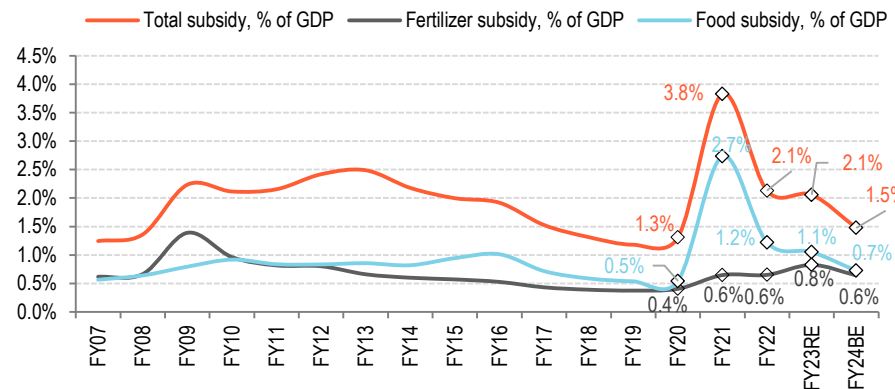


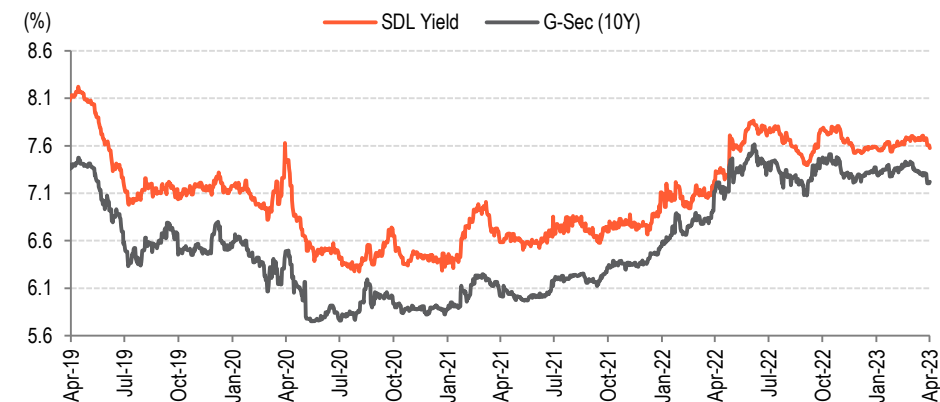
Fig 128 – GST collections for Feb'23 picked up pace

(Rs bn)	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Monthly run rate (FY23)	FYTD23	FY23 (RE)
CGST	482	633	641	499	654	554	519	547	722	578	608	652	601	598	6,574	7,240
UT GST	1.6	12.3	1.6	2.4	2.6	1.6	1.5	4.1	6.0	5.2	2.3	2.4	3.9	3	33	-
IGST	79	(145)	113	47	(164)	69	89	100	(194)	(26)	(34)	(17)	(23)	(3)	(38)	-
SGST*	758	1,084	549	796	890	705	768	767	821	834	874	754	901	787	8,659	-
Cess	101	91	104	102	107	107	99	100	103	103	109	104	118	105	1,156	1,300
Total GST	1,421	1,675	1,409	1,446	1,490	1,436	1,477	1,517	1,459	1,495	1,559	1,496	1,601	1,490	16,385	-

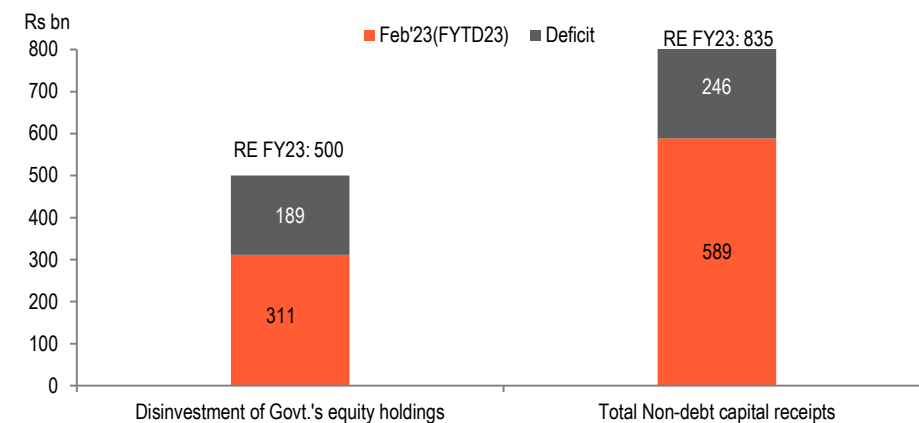
Source: PIB | *Computed from PIB and CGA data

Fig 129 – Rising central government debt a key concern**Fig 131 – Subsidy burden to come down in FY24(BE), following upward revision in FY23**

RE-Revised Estimates; RE-Revised Estimates; BE-Budget Estimates

Fig 130 – Spread between 10Y G-sec and SDL yield remained widened in Mar'23, but has come down since then in Apr'23 so far

Source: CCIL

Fig 132 – Central govt. FY23 disinvestment status showing weak performance so far

Central government borrowing

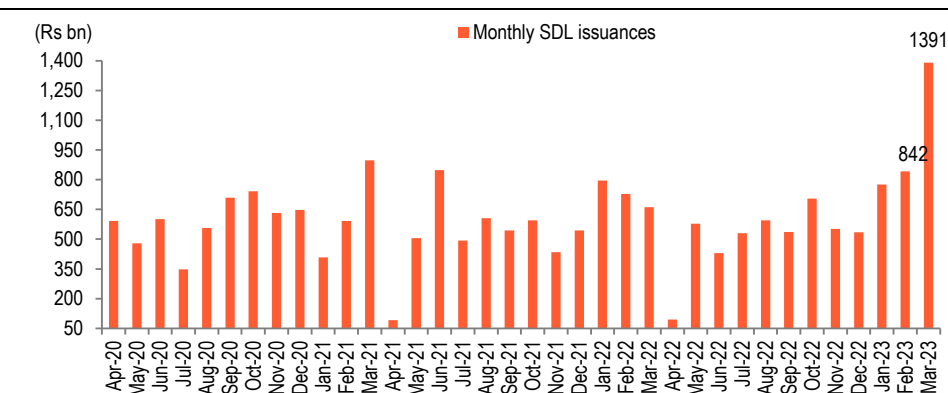
Fig 133 – Centre's T-bill issuances in Q4FY23 has been at Rs 4.6tn

Total accepted amount (T-bills), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	-
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	-
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566	-
Total	9,811	11,192	11,271	11,788	17,204	16,986	17,105	-

Source: RBI, * In 5 Apr 2023 auction, Rs 432bn has been raised

State government borrowing

Fig 135 – State government borrowings shot up sharply in Mar'23



Source: RBI

Fig 134 – Centre's gross borrowing in H1FY24 has been pegged at Rs 8.88tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	330*	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	-	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	-	-
Q4	800	670	1,680	920	3,191	1,370	2,740	-	-
Total	5,820	5,880	5,710	7,100	13,461*	11,273	14,210	-	-

Source: RBI* Against budgeted Rs 12.8tn, *Only data of 06 Apr 2023 is available

Fig 136 – States' market borrowings in FY23 were 77% of the planned amount; FY24 borrowings are off to a slow start

Quarterly SDL issuances, (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FYTD24 (actual)	FY24 (planned)
Q1	650	766	815	1,673	1,446	1,102	88*	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661		
Q3	1,054	1,277	1,470	2,023	1,653	1,879		
Q4	1,348	1,809	2,006	1,898	2,184	3,009		
Total	4,182	4,661	5,731	7,206	6,927	7,652		

Source: RBI; *as of 11 Apr 2023

External sector

Exports

Fig 137 – Global exports stabilise in Jan'23

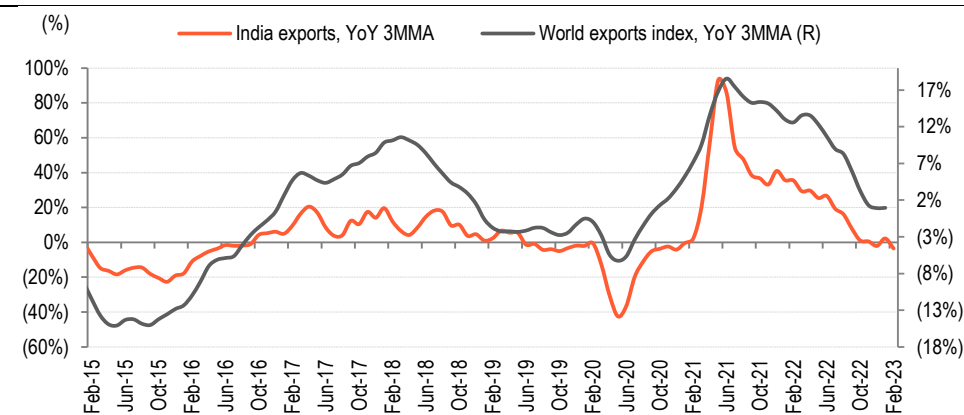
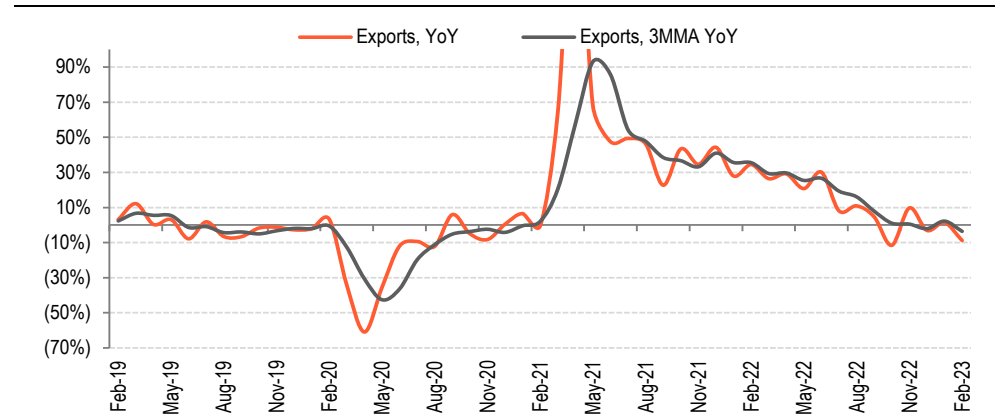


Fig 138 – India's exports decline by 8.8% in Feb'23 compared with an increase of 1.4% in Jan'23



Exports by major sectors

Fig 139 – ... led by a sharp fall in oil exports

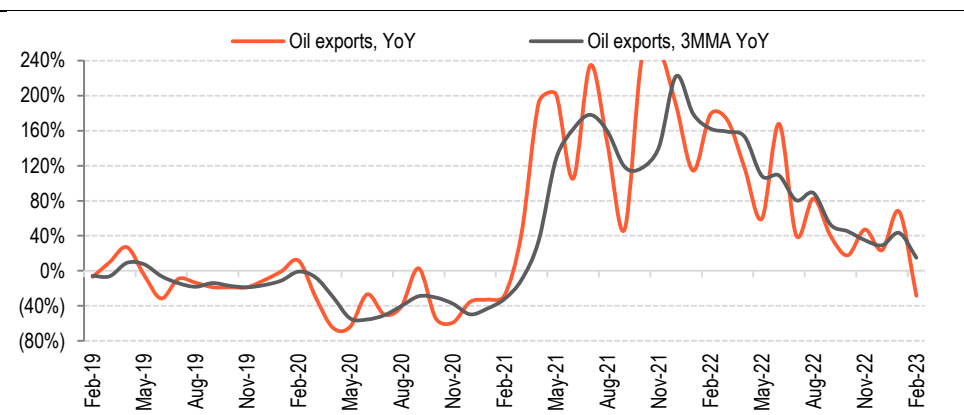


Fig 140 – ... However, non-oil exports contracted at a slower pace of 4.3% in Feb'23 compared with a decline of 8.5% in Jan'23

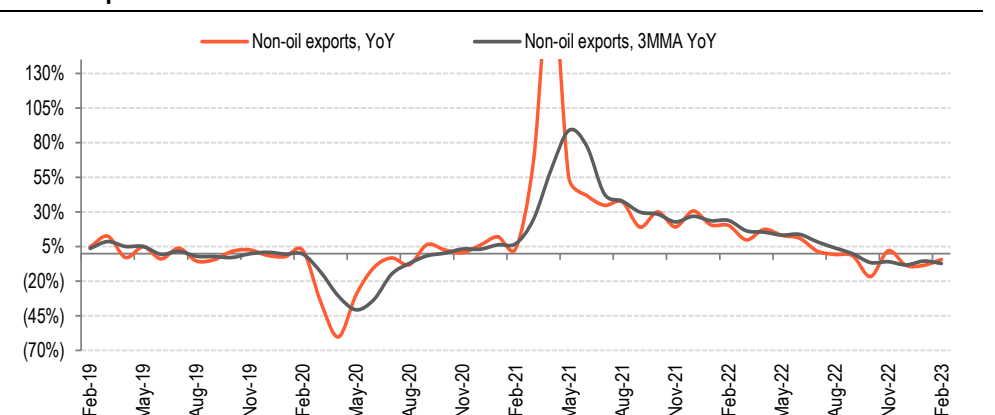


Fig 141 – Sharp improvement in exports of gems and jewellery (13.8% in Feb'23 versus -19.3% in Jan'23)

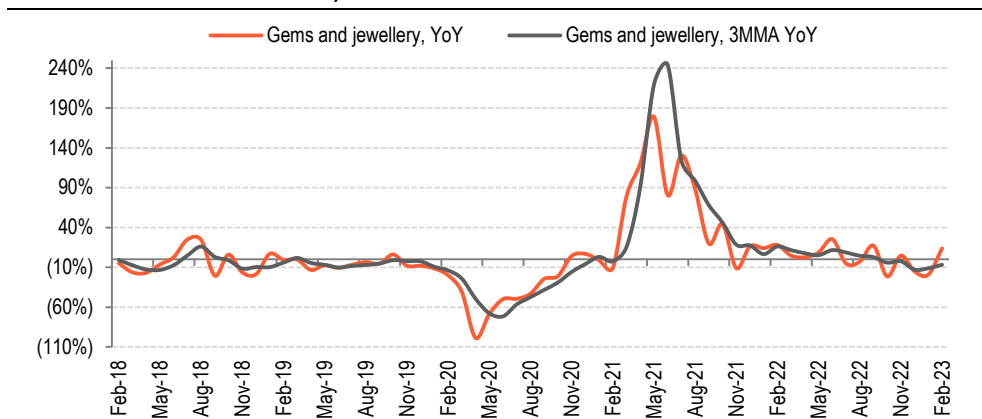
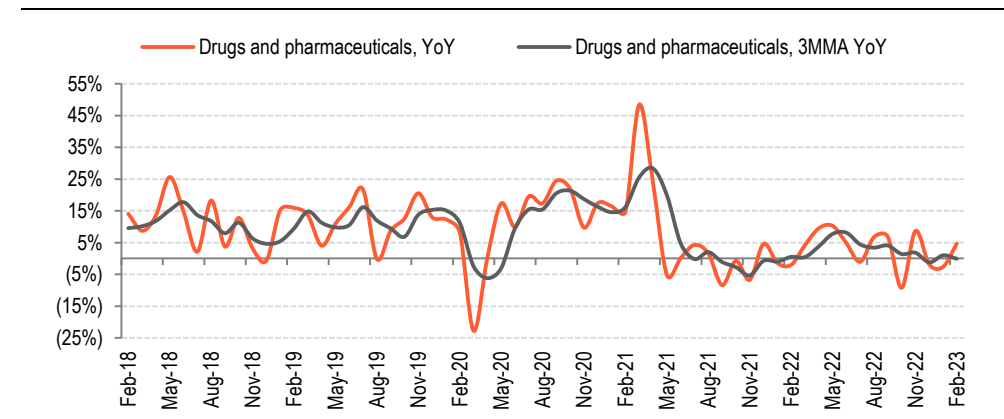


Fig 142 – Acceleration was also visible in exports of drugs and pharmaceuticals



Imports

Fig 143 – Imports fell sharply by 8.2% in Feb'23, after declining by 1% in Jan'23

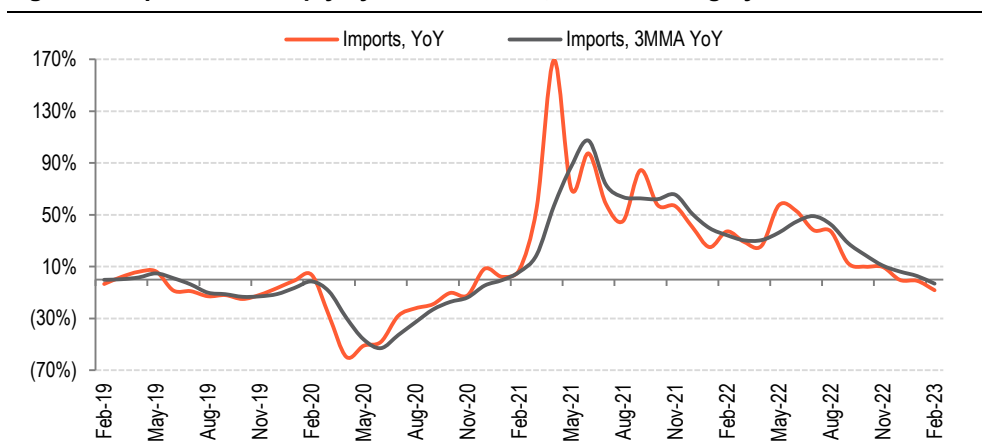


Fig 144 – .. as oil imports continued to contract even in Feb'23

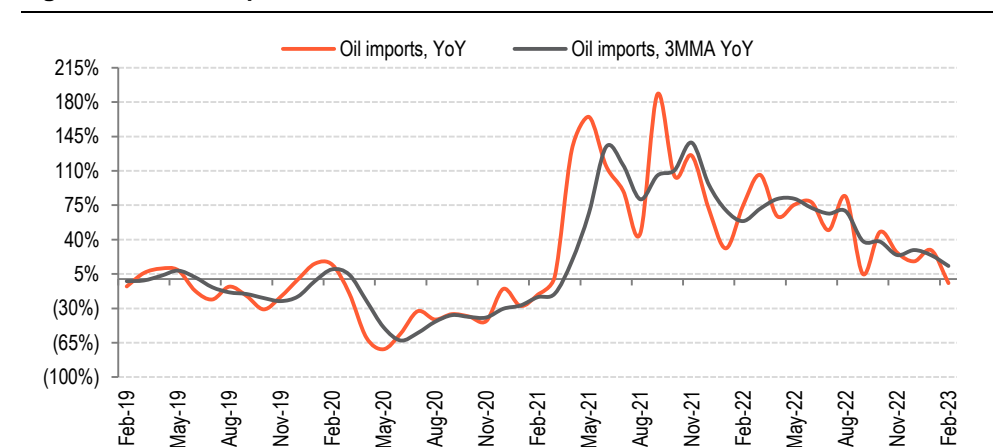
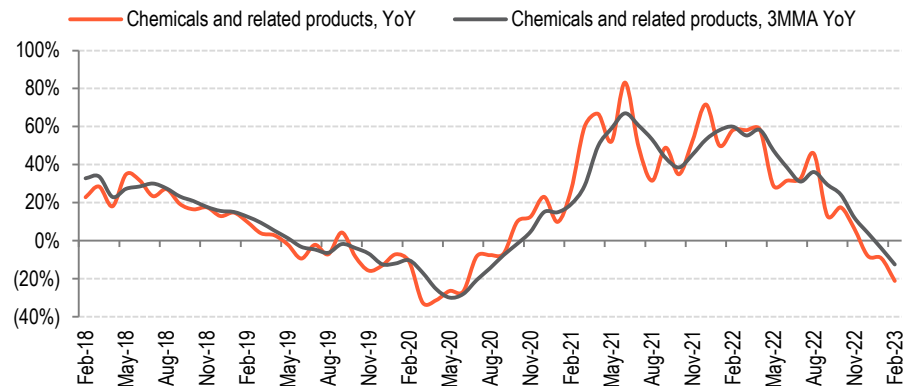
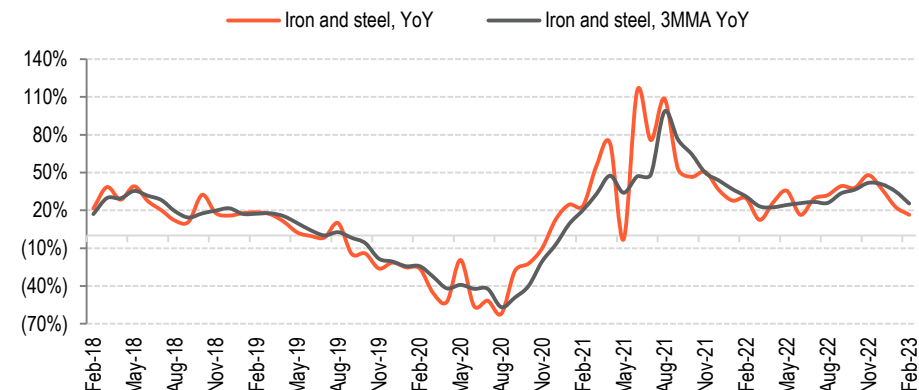
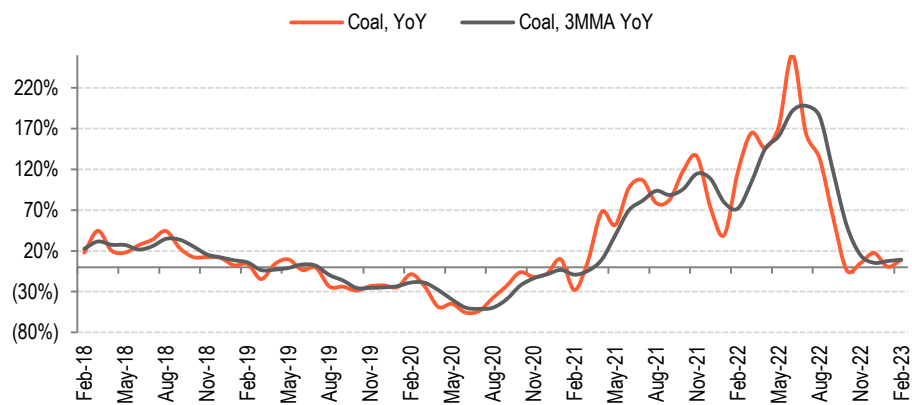
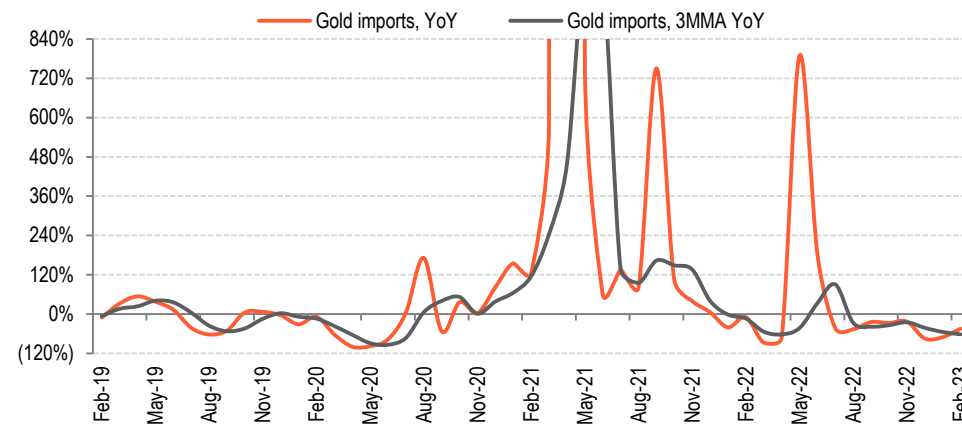


Fig 145 – Import of chemicals and related products continue to inch down**Fig 146 – ... similar trend in imports of iron and steel****Fig 147 – Coal imports picked up pace in Feb'23****Fig 148 – Import of gold also witnesses a turnaround**

Exports and imports by major regions

Fig 149 – Exports to all regions have slowed down in FYTD23.... Led by sharp decline in exports to China

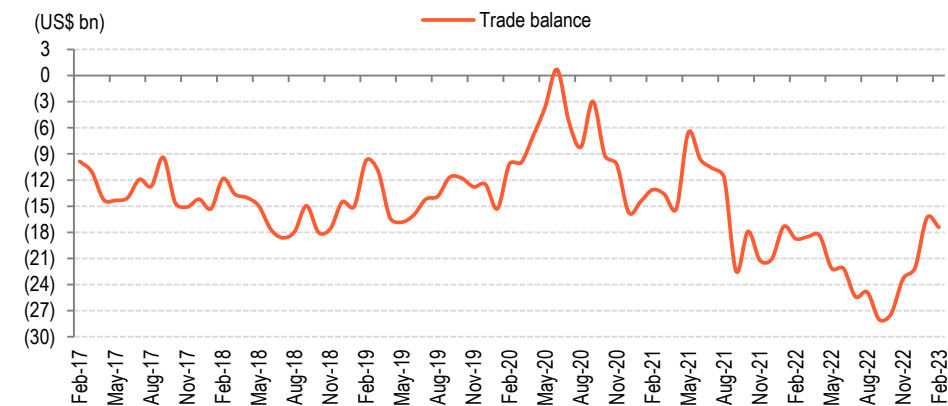
Region (% YoY)	Share in FY22	FYTD22	FYTD23	Dec-22	Jan-23	Feb-23
Americas	23.8	48.1	7.6	(5.0)	(8.9)	(3.9)
Asia and Pacific (Ex. China)	27.2	49.0	(6.9)	(28.1)	(25.1)	(14.7)
China	5.1	6.8	(31.3)	(25.7)	(8.9)	1.7
Europe	20.6	57.2	15.8	12.0	19.2	(3.6)
Middle East and Africa	22.8	49.5	29.4	20.9	33.0	23.5
Other	0.6	69.4	102.1	27.2	49.9	1.0

Fig 150 – Imports from all regions have moderated in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Dec-22	Jan-23	Feb-23
Americas	11.8	58.9	13.0	(0.5)	10.5	(22.0)
Asia and Pacific (Ex. China)	24.2	47.2	21.9	10.0	(8.8)	(1.9)
China	15.4	46.4	6.2	(7.8)	(12.9)	(18.7)
Europe	13.9	45.3	0.2	(16.4)	3.5	(11.5)
Middle East and Africa	32.3	88.3	17.6	(13.7)	(13.7)	(12.1)
Other	2.3	50.0	256.1	231.1	206.6	275.4

Trade deficit

Fig 151 – Trade deficit widened to US\$ 17.4bn in Feb'23 from US\$ 16.3bn in Jan'23, US\$ 247.5bn in FYTD23



Trade in services

Fig 153 – Services exports rose by 36.8% in Feb'23 from 29.6% in Jan'23

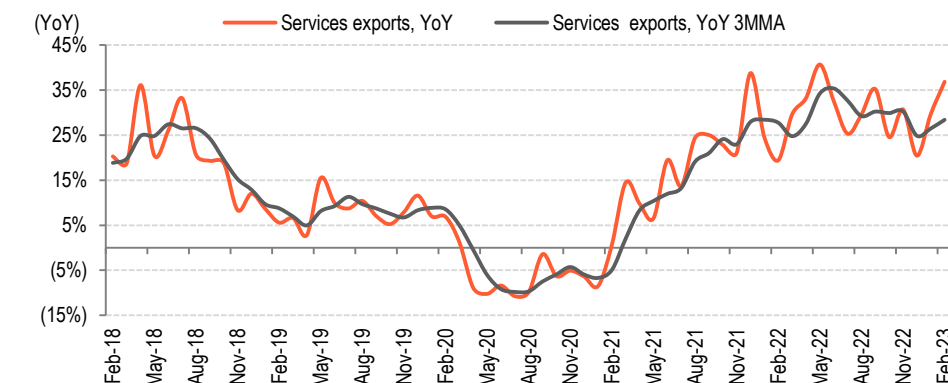
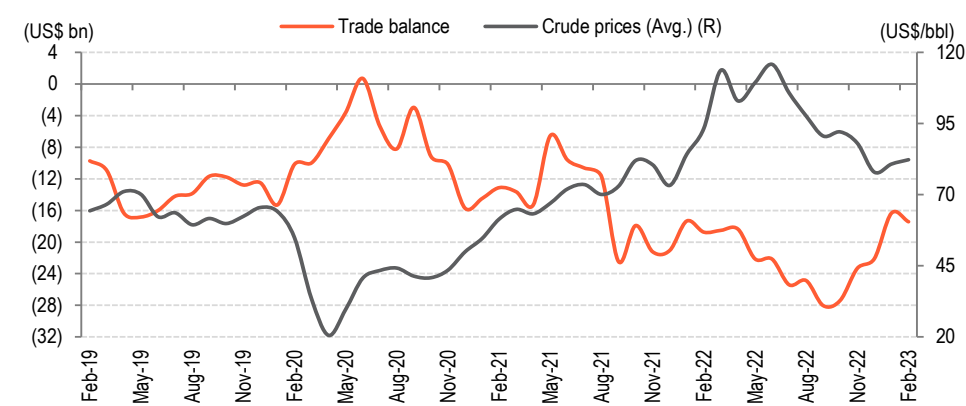
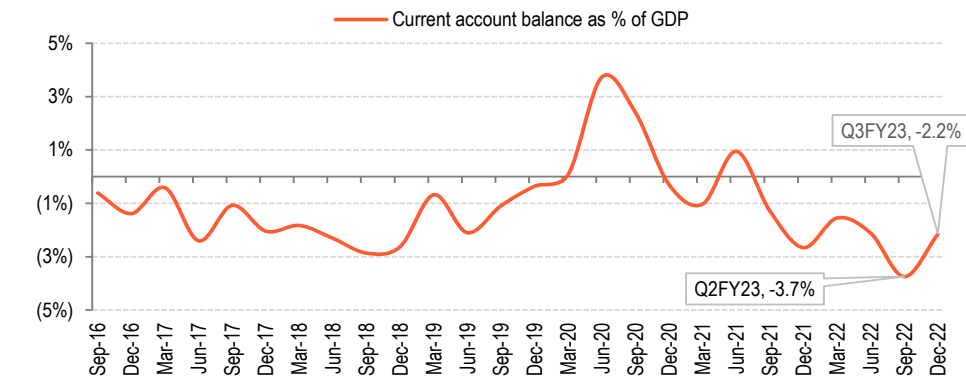


Fig 152 – Oil prices remained rangebound



BoP

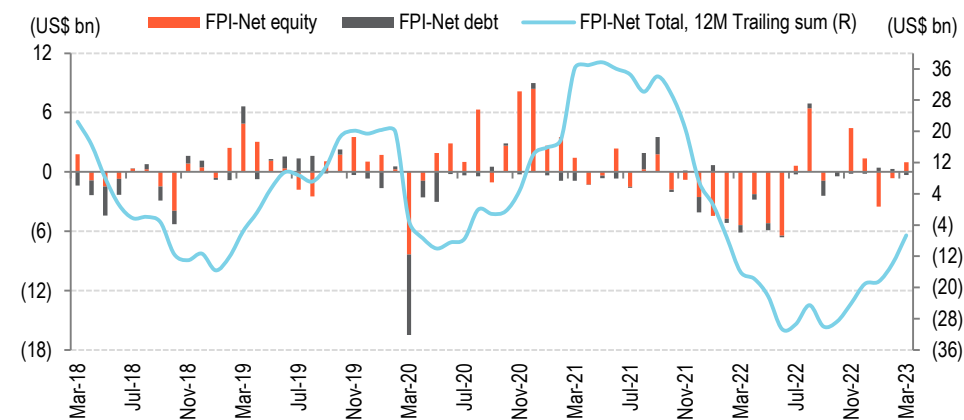
Fig 154 – India's current account deficit narrowed to 2.2% of GDP in Q3FY23 from 3.7% of GDP in Q2FY23



Foreign inflows

FPI inflows

Fig 155 – FPI inflows at US\$ 0.7bn in Mar'23, compared with outflows of US\$ 0.5bn in Feb'23



Source: Bloomberg

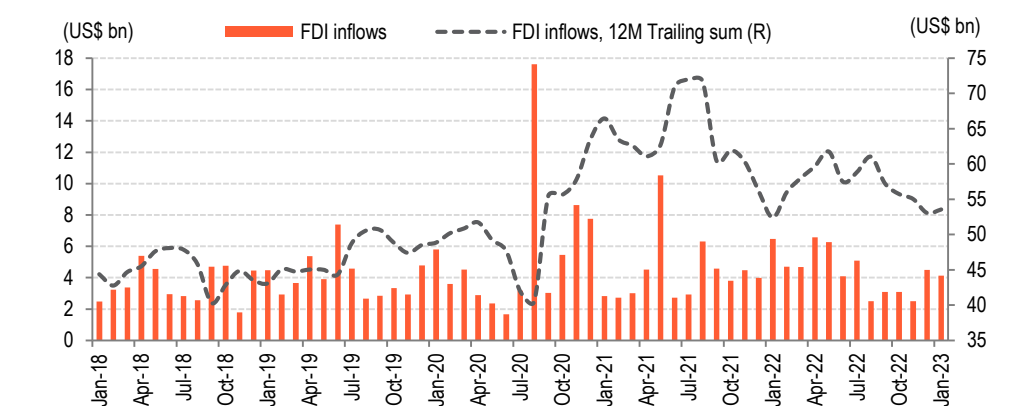
Fig 157 – FDI inflows into services sector rise in Q3FY23

Sector	% Share FY22	FYTD22	FYTD23	Q1FY23	Q2FY23	Q3FY23
Computer software and hardware	43.8	0.6	0.7	0.6	0.1	0.0
Construction (Infrastructure) activities	13.2	10.3	8.1	3.4	2.9	1.8
Services Sector	8.5	5.3	6.5	2.6	1.6	2.4
Trading	4.4	3.0	4.1	2.0	1.2	0.9
Automobile industry	2.7	6.0	1.3	0.7	0.2	0.3
Drugs and Pharmaceuticals	2.5	1.6	1.2	0.7	0.3	0.2
Metallurgical industries	2.2	1.4	0.2	0.1	0.0	0.1

Source: DIPP

FDI inflows

Fig 156 – FDI equity inflows moderate a tad to US\$ 4.1bn in Jan'23 versus US\$ 4.5bn in Dec'22



Source: RBI, Bank of Baroda Research

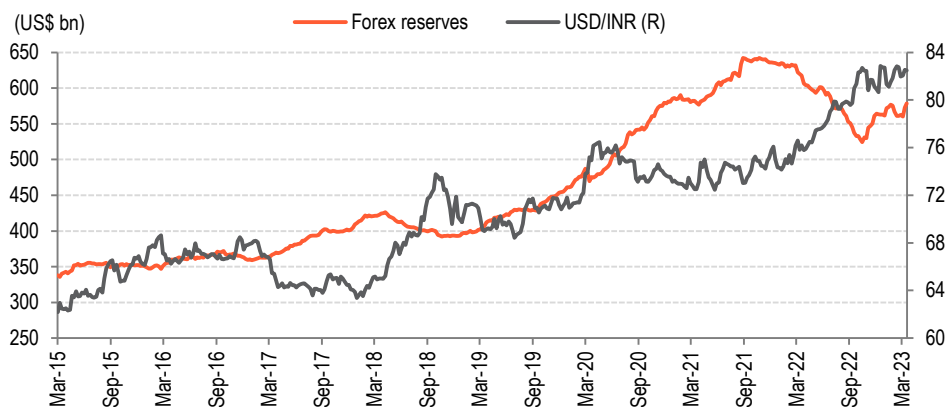
Fig 158 – FDI inflows from Singapore moderated in Q3FY23

Country (US\$ bn)	% Share FY22	FYTD22	FYTD23	Q1FY23	Q2FY23	Q3FY23
Singapore	27.0	11.7	13.1	5.7	4.3	3.1
US	17.9	7.5	5.0	1.5	1.1	2.4
Mauritius	16.0	6.6	4.7	2.4	0.9	1.4
Netherlands	7.9	2.7	2.2	1.1	0.7	0.4
UK	2.8	1.4	1.8	0.3	0.6	0.9
Japan	2.5	0.9	1.4	0.9	0.3	0.2

Source: DIPP

Forex reserves and intervention

Fig 159 – India's FX reserves rise to a 8-month high of US\$ 578.8bn in Mar'23, down US\$ 38.9bn in FYTD23



Source: Bloomberg | Weekly data as of 24 Mar 2023

Fig 161 – RBI's sold net US\$ 384mn in the spot market in Jan'23 versus net purchase of US\$ 3.8bn in Dec'22

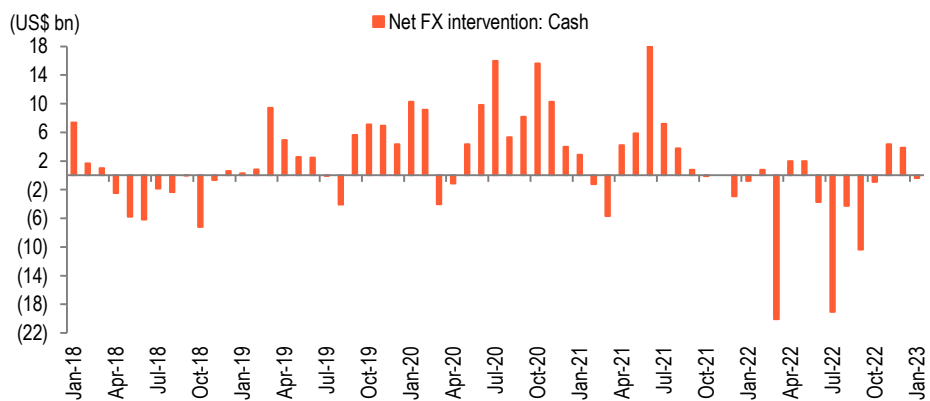


Fig 160 – India's import cover at ~9-months; remains below long-term average

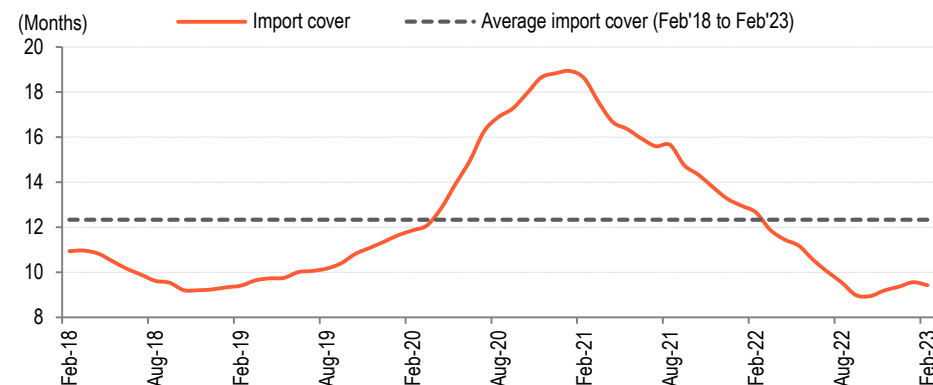
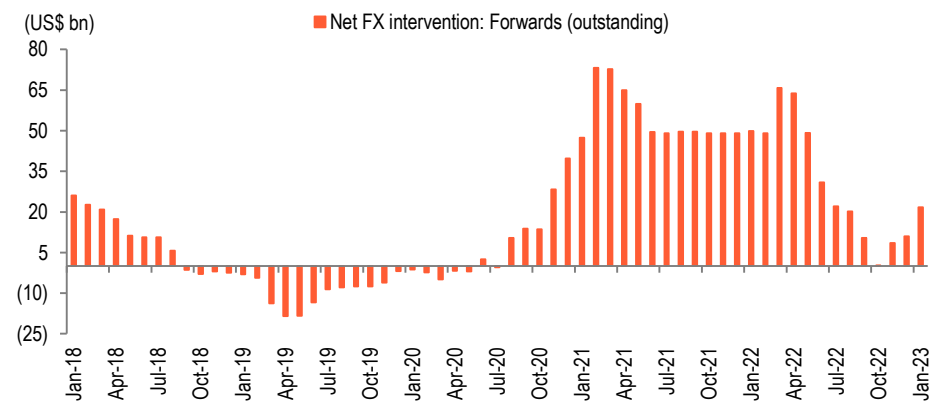


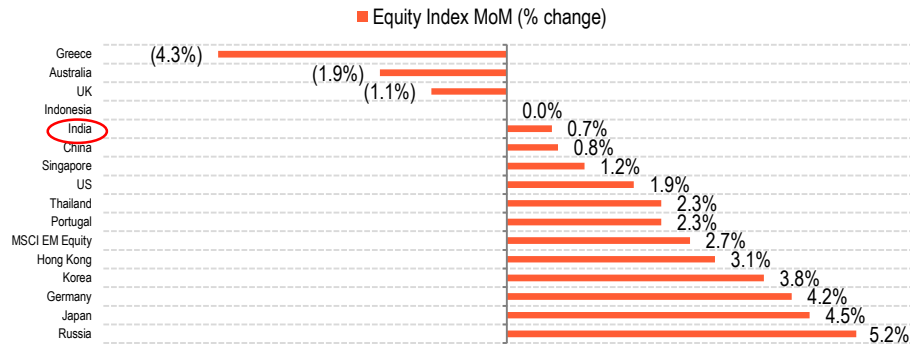
Fig 162 – RBI's outstanding forwards position increases to US\$ 21.7bn in Jan'23



Markets

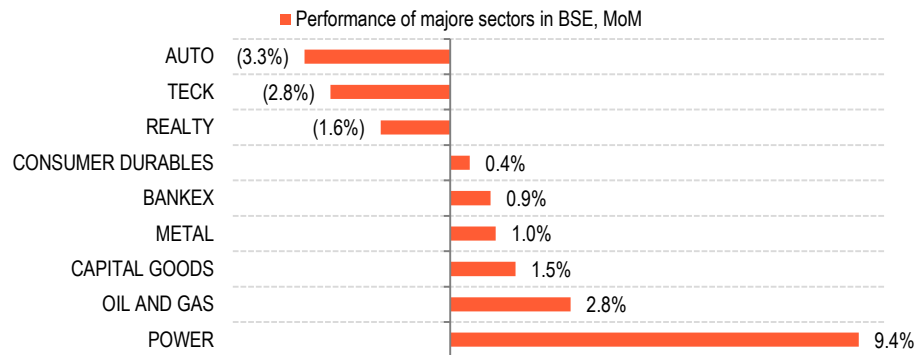
Equity

Fig 163 – In Mar'23, Sensex rose by 0.7%, while MSCI EM rose by 2.7%



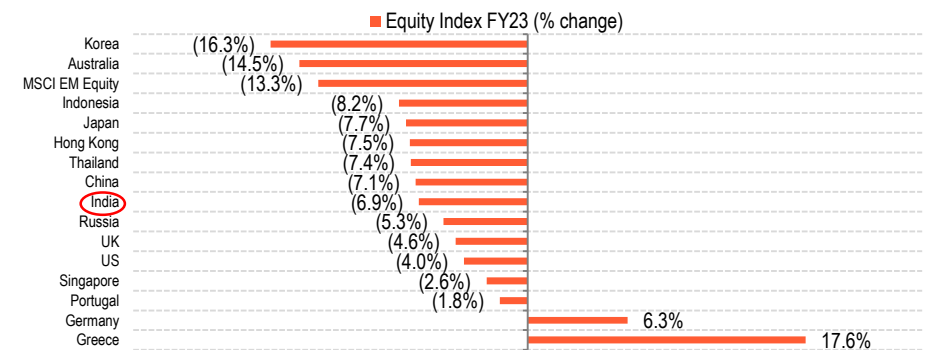
Source: Bloomberg | * As on 31 Mar 2023, Indices are in US\$ terms

Fig 165 – Power and Oil and Gas stocks rose the most in Mar'23



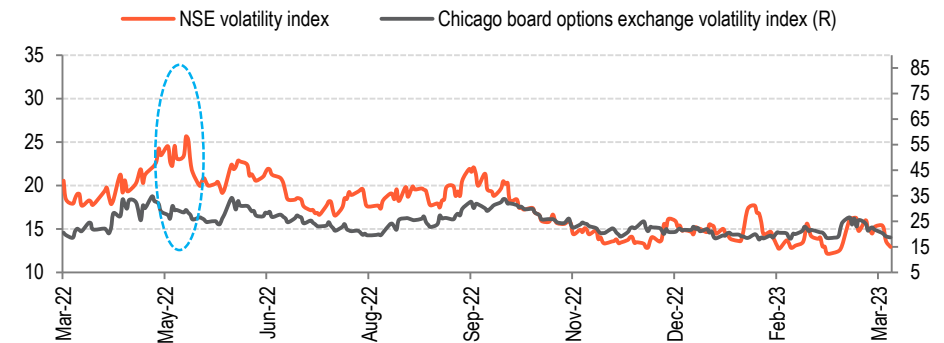
Source: Bloomberg | As on 31 Mar 2023

Fig 164 – However, in FY23, Sensex fell by 6.9%



Source: Bloomberg | * As on 31 Mar 2023, Indices are in US\$ terms

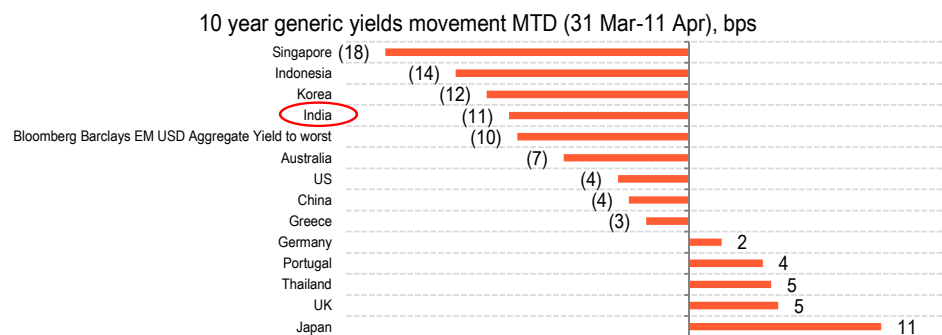
Fig 166 – VIX index moderated to 12.94 in Mar'23 from 14.02 in Feb'23



Source: Bloomberg

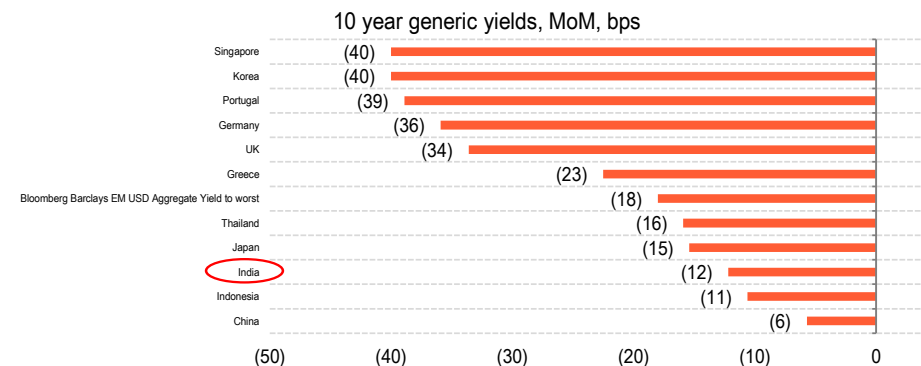
10-year bond yields

Fig 167 – On MTD basis, India's 10Y yield fell by 11bps



Source: Bloomberg | As on 11 Apr 2023

Fig 168 – On MoM basis, India's 10Y yield fell by 12bps in line with global yields



Source: Bloomberg | As on 31 Mar 2023

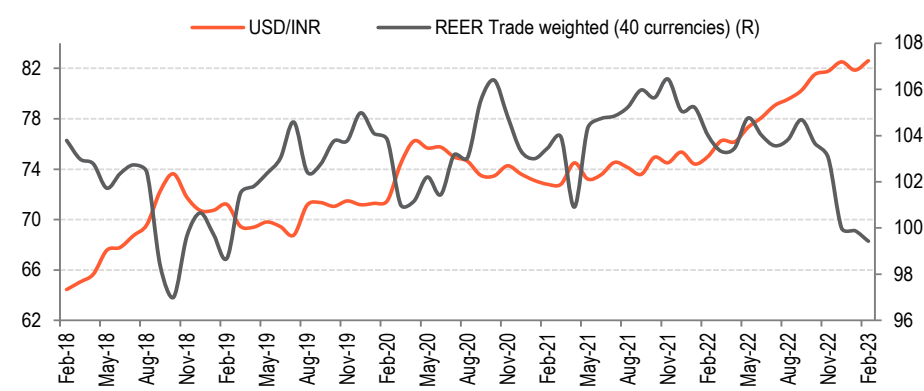
Currencies

Fig 169 – INR appreciated by 0.6% in Mar'23



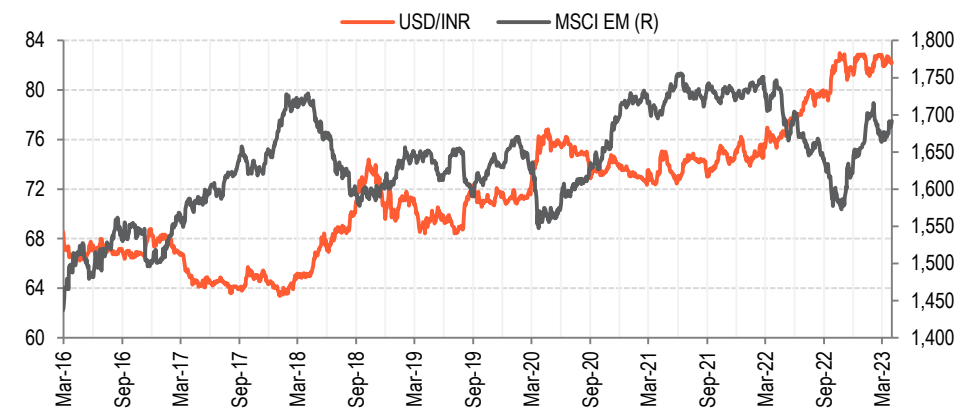
Source: Bloomberg | *As on 31 Mar 2023

Fig 170 – India's REER falls below 100



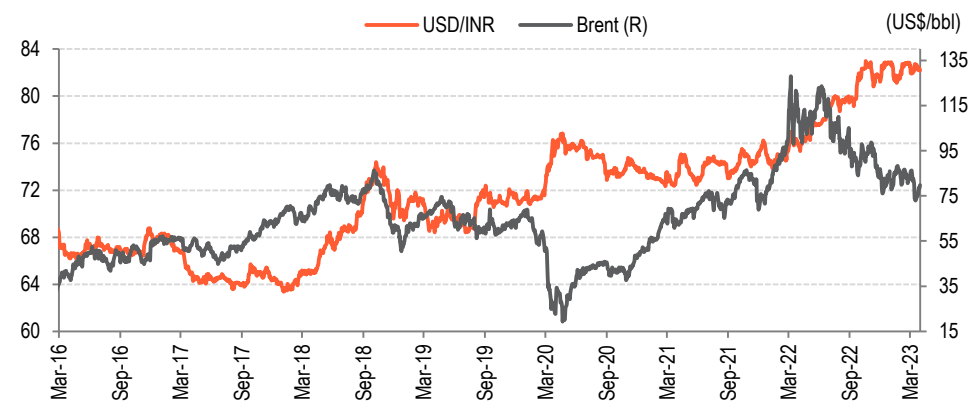
Source: Bloomberg

Fig 171 – Other EM currencies also gained..



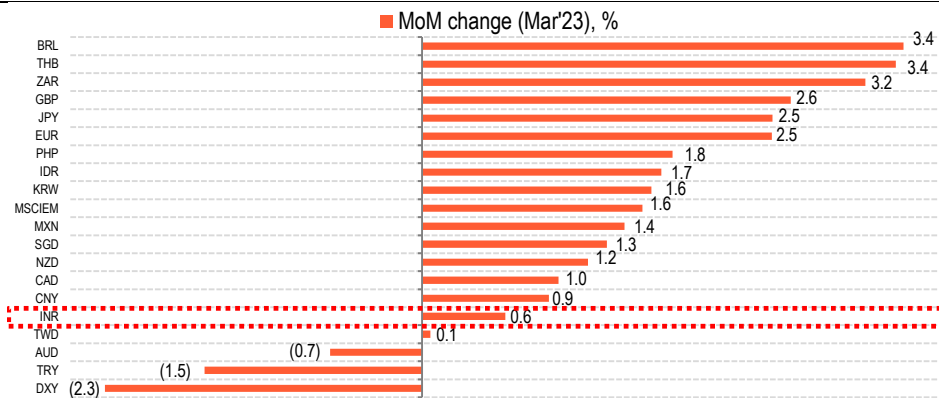
Source: Bloomberg | *As on 31 Mar 2023

Fig 172 – ...as oil prices on an average were lower



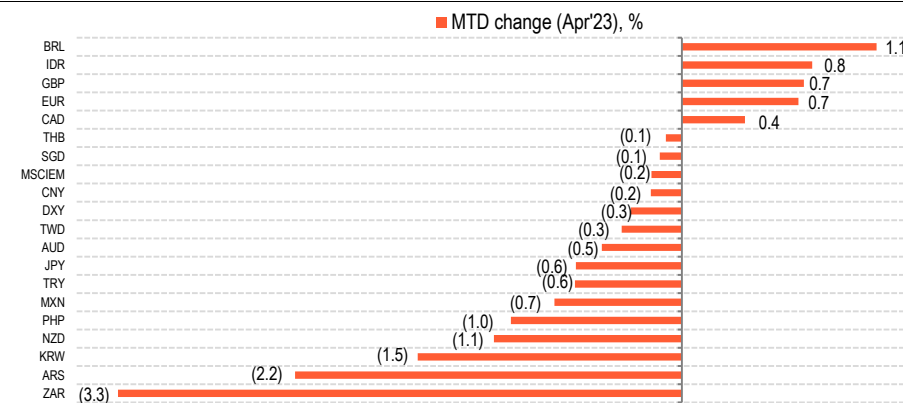
Source: Bloomberg | *As on 31 Mar 2023

Fig 173 – Most global currencies appreciated in Mar'23, as DXY fell



Source: Bloomberg | *As on 31 Mar 2023

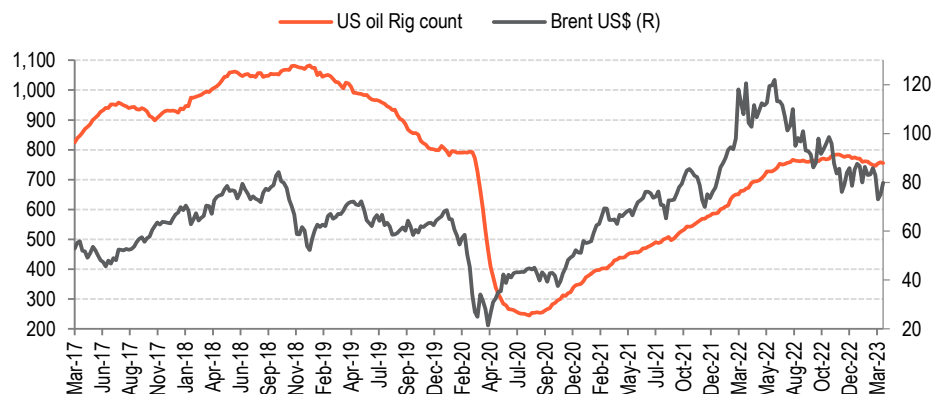
Fig 174 – In Apr'23, INR has remained stable



Source: Bloomberg | *As on 11 Apr 2023

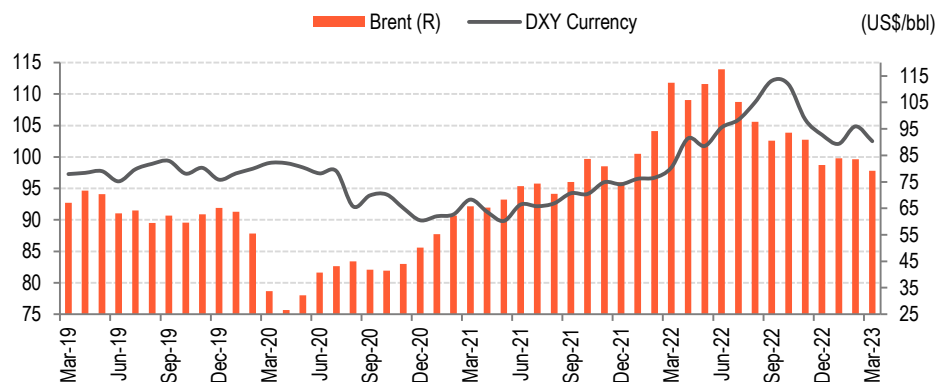
Commodities

Fig 175 – US rig count rose in Mar'23



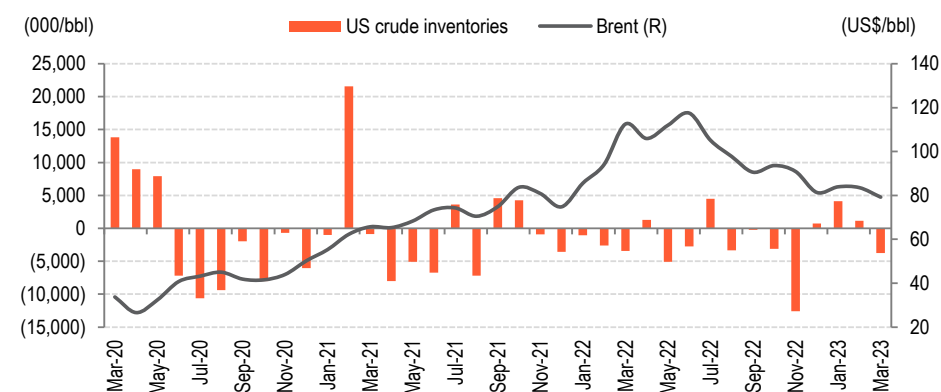
Source: Bloomberg

Fig 177 – Oil prices (average) moderated to US\$ 79/bbl in Mar'23 from US\$ 84/bbl in Feb'23, DXY also moderated to 102.5 from 104.9



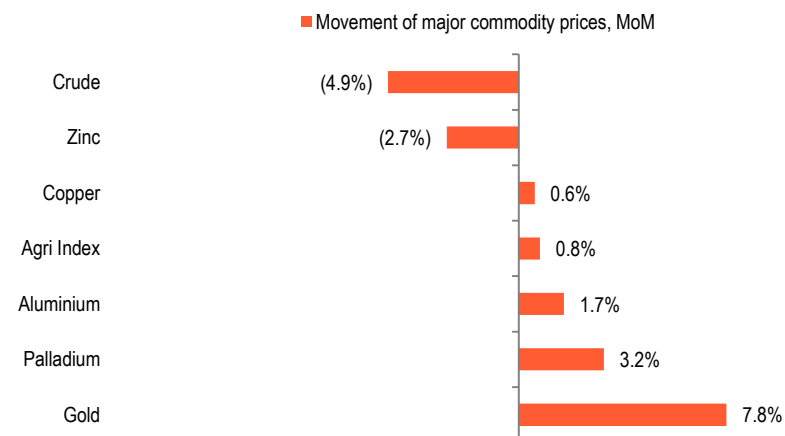
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 176 – US crude oil inventory fell in Mar'23



Source: Bloomberg

Fig 178 – Gold prices rose the most



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

Fig 179 – Performance of high frequency indicators

Indicators	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Agriculture													
Tractor sales	(11.6)	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	19.2	16.0	11.8	
Two wheeler sales	(4.0)	38.1	197.7	20.2	(10.9)	8.5	9.0	51.1	23.6	(11.2)	10.1	14.8	12.4
MNREGA work (HH, MoM)	(8.3)	(11.1)	15.7	(6.5)	(34.9)	(35.2)	(30.3)	(24.0)	(10.1)	(11.9)	(11.4)	(11.1)	(6.2)
Manufacturing													
IIP: General index	2.2	6.7	19.7	12.6	2.2	(0.7)	3.3	(4.1)	7.3	4.7	5.2	-	-
IIP: Manufacturing	1.4	5.6	20.7	12.9	3.1	(0.5)	2.0	(5.8)	6.4	3.1	3.7	-	-
IIP: Capital goods	2.4	12.0	53.3	28.6	5.1	4.3	11.4	(2.9)	21.6	7.8	11.0	-	-
IIP: Infra & construction goods	6.7	4.0	18.4	9.4	4.8	3.0	8.2	1.7	13.2	9.1	8.1	-	-
IIP: Consumer goods	(3.1)	7.2	59.1	25.2	2.3	(4.4)	(5.5)	(18.1)	5.3	(11.0)	(7.5)	-	-
Steel	4.1	2.5	15.1	3.3	7.5	5.8	7.7	5.8	11.5	6.3	10.8	6.9	-
Cement	9.0	7.4	26.2	19.7	0.7	2.1	12.4	(4.2)	29.1	9.5	4.6	7.3	-
Electricity	6.1	11.8	23.5	16.5	2.3	1.4	11.6	1.2	12.7	10.4	12.7	7.6	-
PMI: Manufacturing	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4
Services													
Services PMI index	53.6	57.9	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2	59.4	57.8
Automobile sales	(2.9)	37.3	206.8	27.2	(7.8)	8.3	10.9	47.6	25.7	(5.4)	13.6	16.0	13.9
Passenger vehicle sales	(4.9)	26.6	204.3	40.2	(4.7)	6.5	9.7	40.6	21.3	8.1	21.9	11.0	14.4
Vehicle registration	(3.5)	37.8	207.7	21.5	(9.0)	7.3	7.2	48.0	18.7	(6.6)	14.2	16.2	13.8
Rail freight traffic	6.7	9.4	14.6	11.3	8.3	7.9	9.1	1.4	5.2	3.1	3.8	3.6	3.8
Port cargo volume	1.3	5.5	8.9	13.5	15.1	8.0	14.9	3.6	2.0	10.4	12.2	12.0	-
Credit growth	8.6	10.0	11.4	12.3	13.4	14.3	18.9	15.8	16.1	14.9	16.3	15.5	15.0
Deposit growth	8.9	10.0	8.8	8.6	9.2	9.5	12.5	8.9	9.8	9.2	10.5	10.1	9.6
CIC	9.7	10.1	8.6	8.0	8.1	8.1	8.2	9.0	7.9	8.2	8.6	8.2	7.8
Toll collection (in mn)	270.4	265.4	285.4	277.9	265.2	272.0	259.2	283.0	285.6	308.0	300.8	288.4	306.3
Diesel consumption	6.6	7.8	31.7	23.9	8.1	13.2	13.4	5.6	19.3	6.6	12.8	7.5	1.2
GST E-way bill (in mn)	78.2	75.2	73.6	74.5	75.6	78.2	84.0	76.9	80.7	84.1	82.4	81.8	90.9
External Trade													
Merchandise exports	26.4	29.1	20.8	30.1	8.1	10.9	4.7	(11.5)	9.7	(3.1)	1.4	(8.8)	-
Merchandise imports	29.0	26.1	57.4	53.1	38.2	37.3	12.7	9.9	9.8	(0.3)	(1.0)	(8.2)	-
Services exports	29.6	33.2	40.7	32.6	25.3	29.6	35.2	24.6	30.7	20.4	29.6	36.8	-
Services imports	25.2	46.1	52.8	45.5	23.5	28.3	29.3	15.9	21.7	5.7	7.5	12.2	-

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

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