

# India Economics

## Monthly Chartbook

September 2023

Economic Research Department

+91 22 6698 5794

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)

**Aditi Gupta**

[aditi.gupta3@bankofbaroda.com](mailto:aditi.gupta3@bankofbaroda.com)

**Jahnavi**

[jahnavi@bankofbaroda.com](mailto:jahnavi@bankofbaroda.com)

**Dipanwita Mazumdar**

[dipanwita.mazumdar@bankofbaroda.com](mailto:dipanwita.mazumdar@bankofbaroda.com)

**Sonal Badhan**

[sonal.badhan@bankofbaroda.com](mailto:sonal.badhan@bankofbaroda.com)

@2023 Bank of Baroda. All rights reserved

Important disclosures are provided at the end of this report.



## Focus on inflation

India's growth story continued to paint a blurry picture. While credit growth and services PMI remained buoyant, two wheeler sales, capex and erratic monsoon continued to be a drag. The likely impact on inflation is also noteworthy. Our kharif projections for the year shows that production of pulses would be considerably lower compared to last year. This might put an upward pressure on inflation. On the positive side, prices of other essential commodities are easing and a reversal in the recent price spike may be on the horizon. Historical data suggests that a surge in only prices of pulses may not have a significant effect on overall headline CPI, in case core inflation is muted. Other market dynamics such as 10Y yield and INR may feel some heat due to rising oil prices (currently at ~US\$ 90/bbl).

**Mixed trend for domestic demand to continue:** India's GDP for Q1 accelerated (7.8%) and was supported by strong private consumption (6%). For Aug'23, uptick in digital payments, electronic imports, strong power demand, steady credit growth, stronger services PMI and higher PV sales is suggesting robust domestic demand. However, slower growth in non-oil-non-gold imports, two-wheeler sales, along with marginal dip in RBI's consumer confidence index (88.1 against 88.5) have raised some concerns around sustaining this demand. On the agri front, the growth eased (3.5%) and some further moderation is expected given the erratic monsoon (Aug'23 was in deficit). This will impact the yield and even inflation for certain commodities. However proactive measures by government will play a crucial role in arresting these rising prices.

**Health of centre's finances:** Fiscal deficit ratio (% of GDP, 12MMA basis) of the central government inched to 7.1% as of Jul'23, versus 6.6% as of Jun'23,

led by jump in spending. On FYTD basis (Apr-Jul'23), overall expenditure rose to 22.5% from 10.8% during Apr-Jun'23, supported by 15.9% jump in revenue expenditure (-0.1% during Apr-Jun). Capex growth took a hit and slowed a tad (52% versus 59.1%). On the other hand, centre's net revenue growth eased to 0.7% in Apr-Jul (3.6% till Q1FY24), as contraction in direct tax collections maintained pace (-1.1% versus -1%), and indirect tax collections also slowed (6.9% versus 7.8%). We expect spending momentum to continue in the coming months as well.

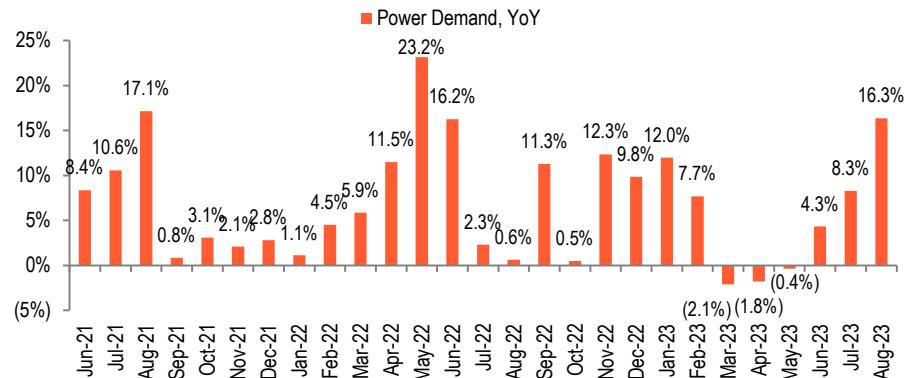
**India's 10Y yield to remain range bound:** India's 10Y yield fell marginally by 2bps in Aug'23 and currently rose by 9bps (in Sep'23), which is still lower compared with major global economies. Demand for long end papers have remained broadly stable barring few episodes, while short end papers witnessed some sell off in Aug'23 due to RBI's mandate of incremental CRR. Going forward with RBI's phased withdrawal of the same, some comfort would be visible in yields across all tenors. However, strain on liquidity might persist due to September quarter's advance tax payment outflows. For the current month, we hold our view of India's 10Y yield trading in the range of 7.15-7.25%. Some upside pressure due to any surprise in CPI print cannot be ruled out.

**INR depreciates to a record low:** INR has come under pressure in the last fortnight. It depreciated to a record-low of 83.15/\$ on 17 Aug 2023, It continues to remain under pressure amidst a resurgence in dollar, higher oil prices and a moderation in FPI inflows. With the Fed rate path still uncertain, INR is likely to be driven by movements in the dollar. US CPI data will be the key driver. We expect INR to trade in the range of 82.75-83.25/\$ in the near-term.

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

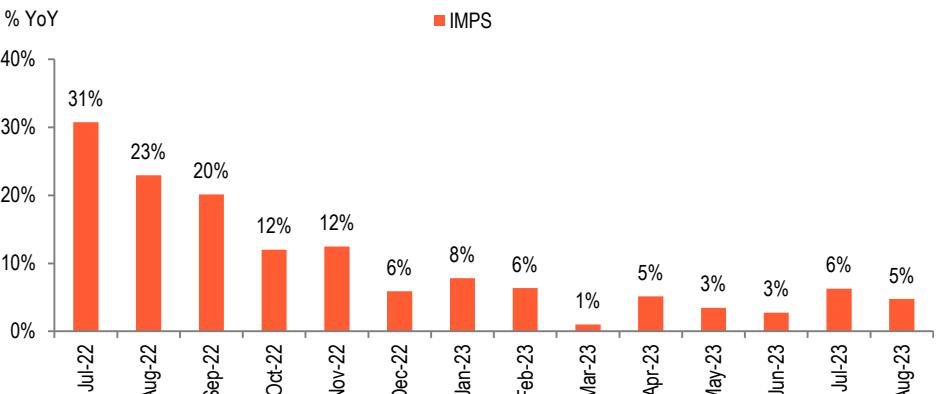
## High frequency indicators

Fig 1 – Double digit growth in Power demand



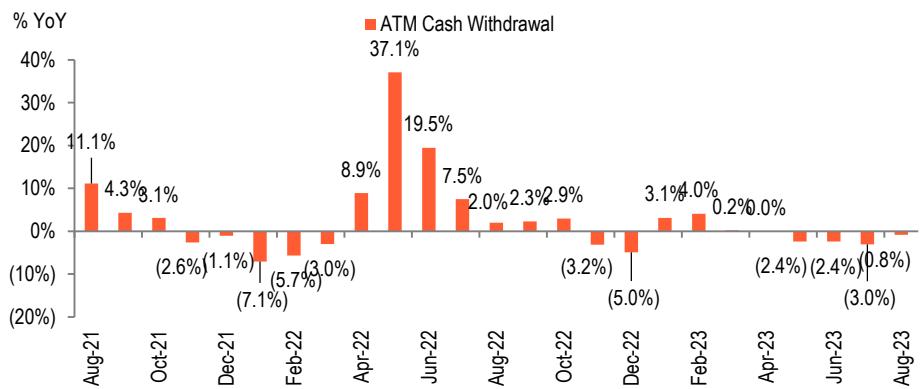
Note: Energy Met (MU)

Fig 3 – Steady Growth in IMPS transactions



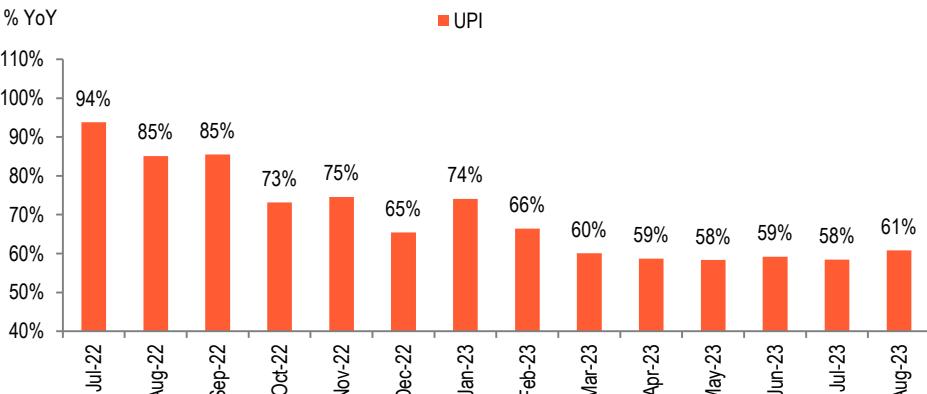
Source: RBI

Fig 2 – Slower pace of contraction for Cash withdrawal



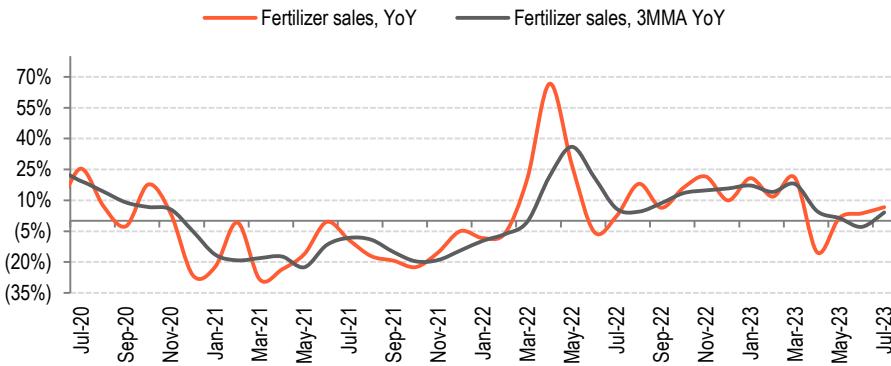
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

Fig 4 – Uptick in UPI payments

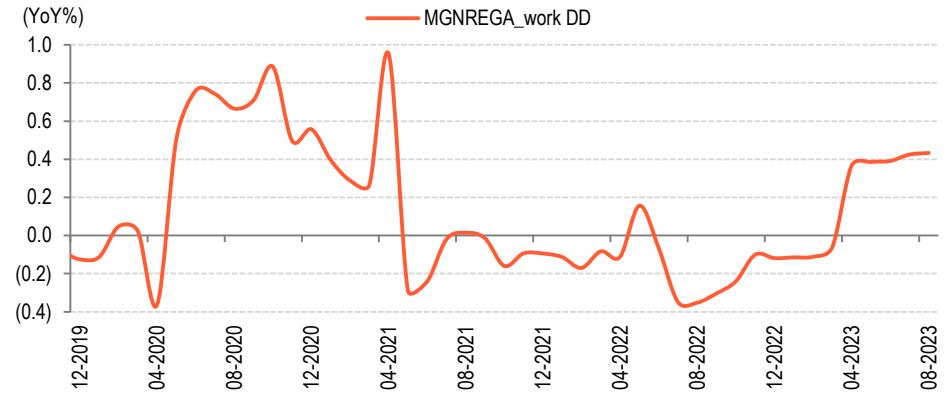


Source: RBI

**Fig 5 – Fertilizer sales growth improves**



**Fig 6 – Demand for work (MGNREGA-household) edge up**



## Final consumption expenditure

Fig 7 – Private consumption higher in Q1FY24

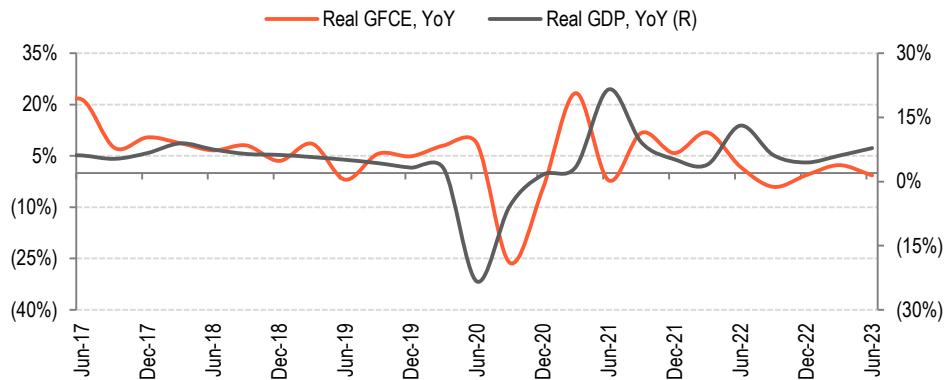


Fig 9 – General govt. revenue spending inch up

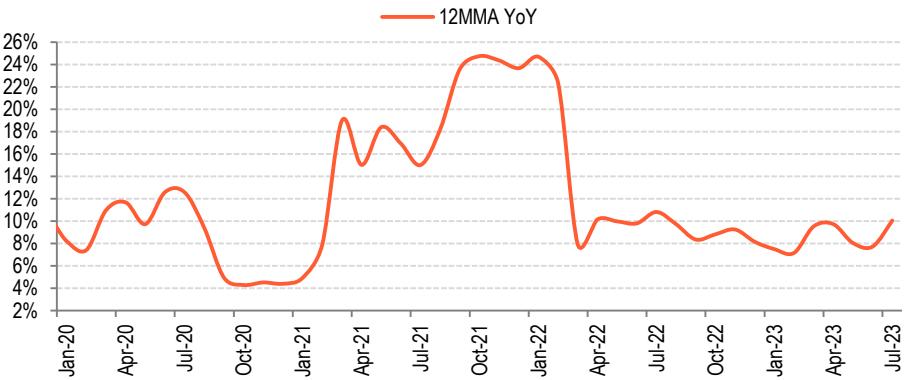


Fig 8 – Government consumption slides in Q1

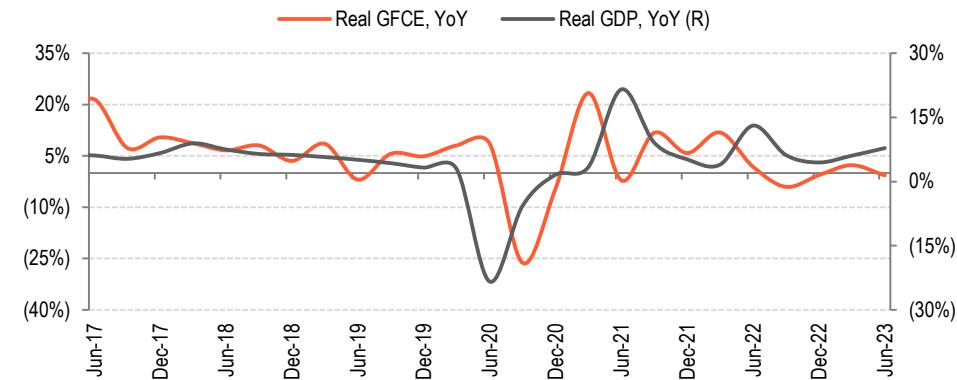
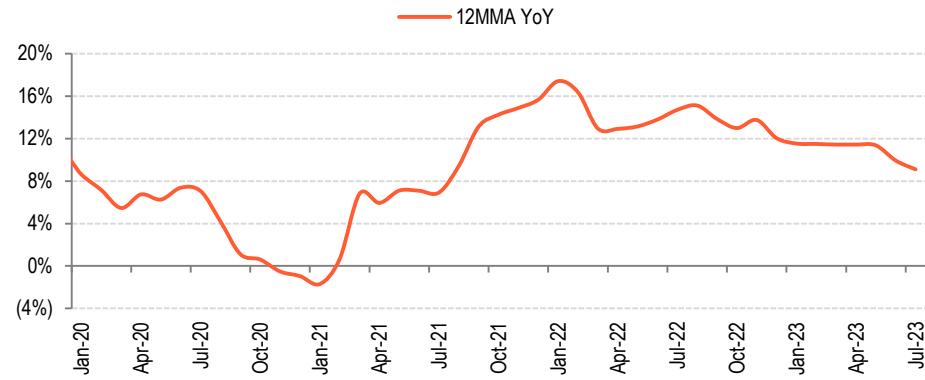


Fig 10 – State\* govt. revenue spending moderates



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

## Non-oil imports, electronic imports

Fig 11 – Growth in Non-oil-non-gold imports declines at a slower pace

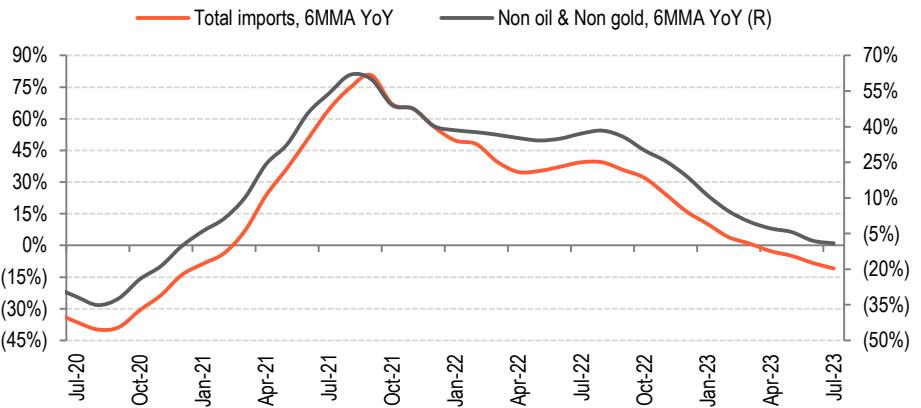


Fig 12 – Higher growth in electronic import

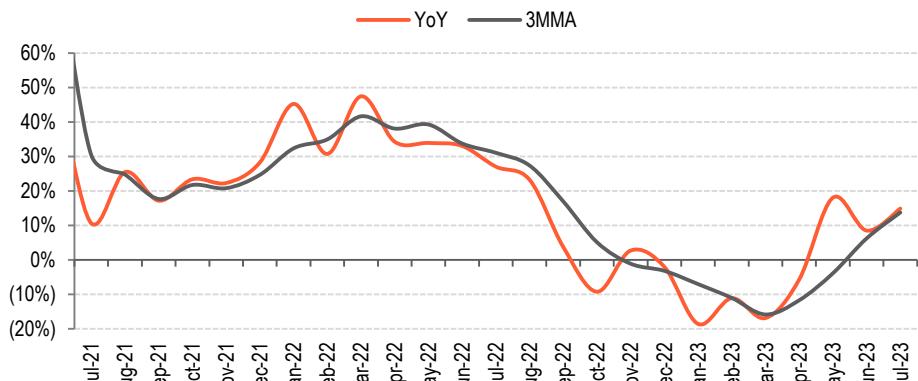


Fig 13 – Retail passenger vehicle sales doubles

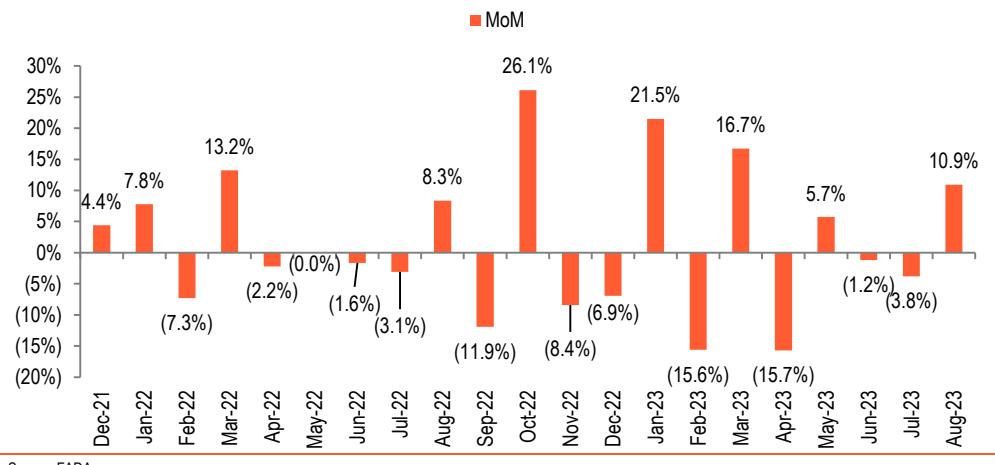
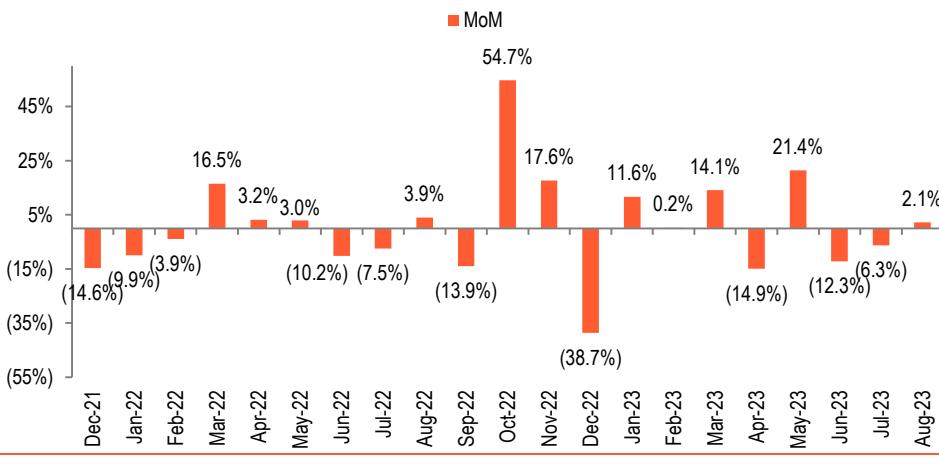


Fig 14 – Growth in Two-wheeler sales improves



## Credit deployment of personal loans

Fig 15 – Growth in credit card loan eases

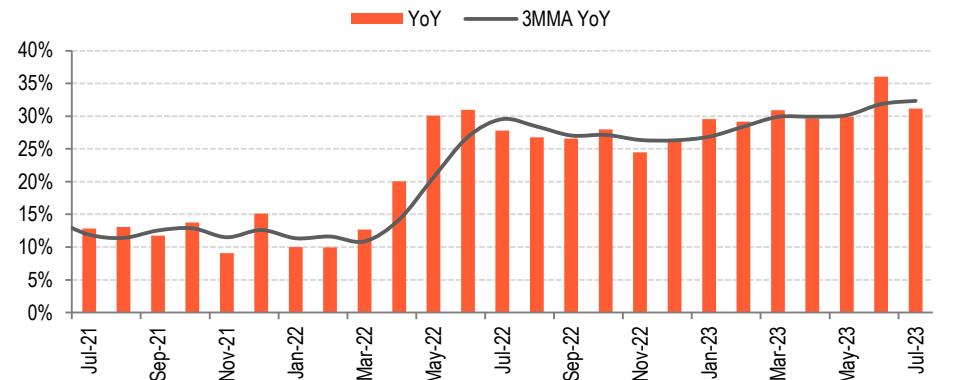


Fig 16 – Growth in personal loan picks up

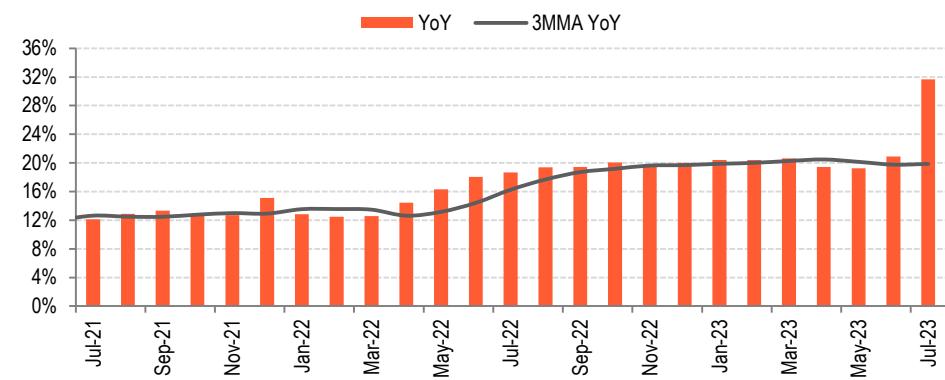


Fig 17 – Vehicle loans growth moderates

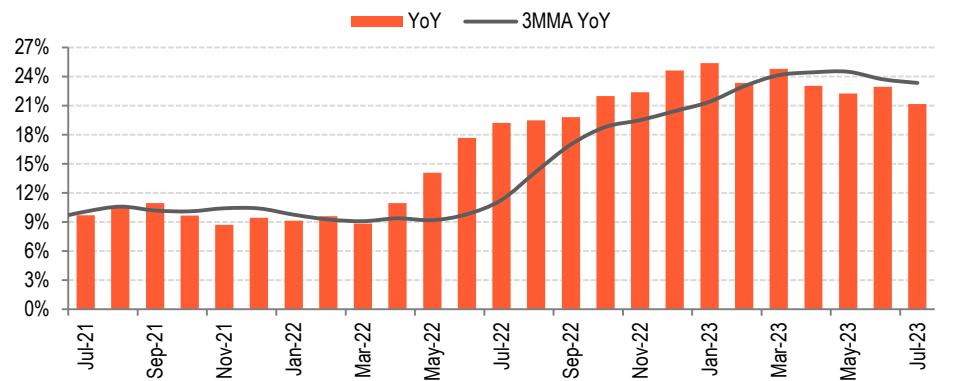


Fig 18 – Consumer's remained optimistic

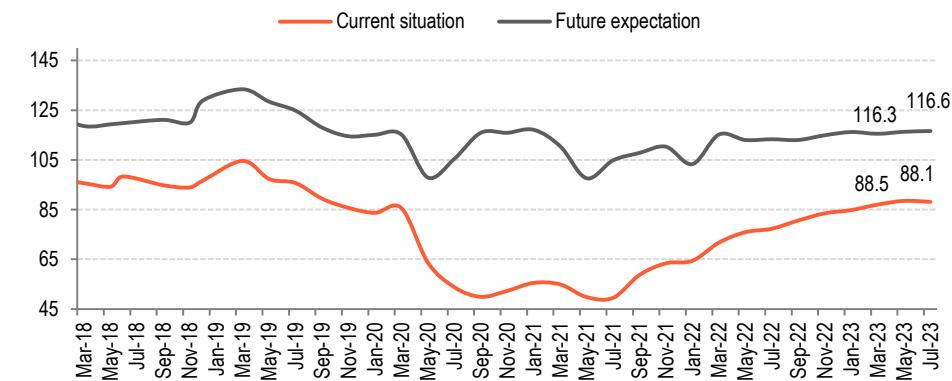
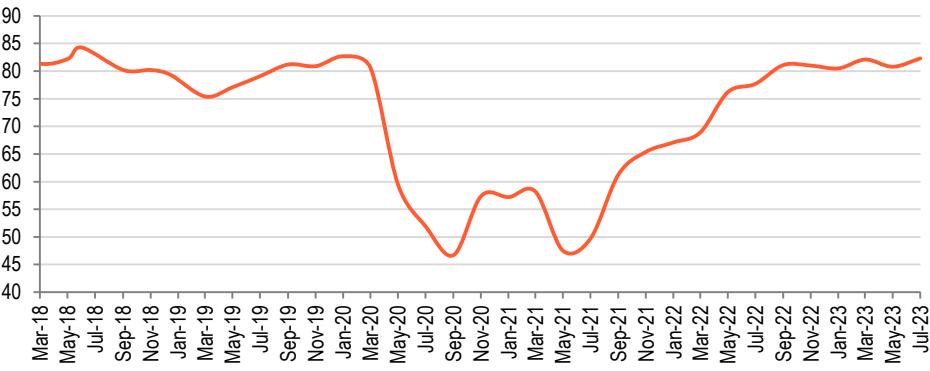


Fig 19 – RBI's essential spending moves up



### Consumer durables & non-durables production

Fig 21 – Consumer durables growth declines

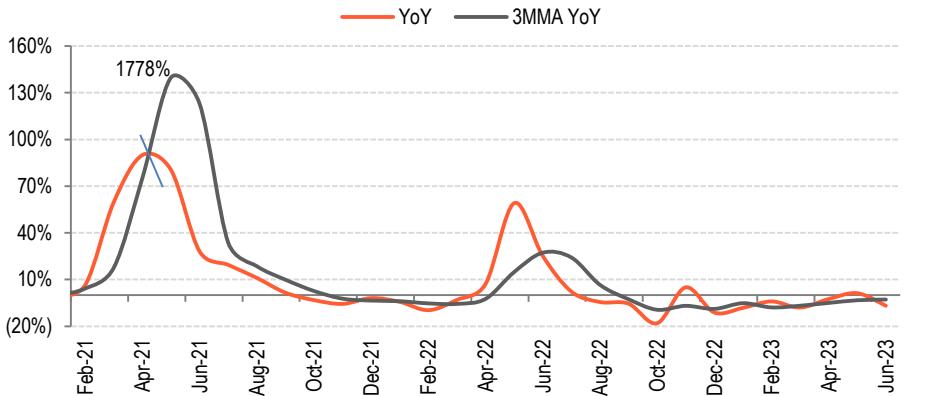


Fig 20 – Non-essential spending registers some moderation

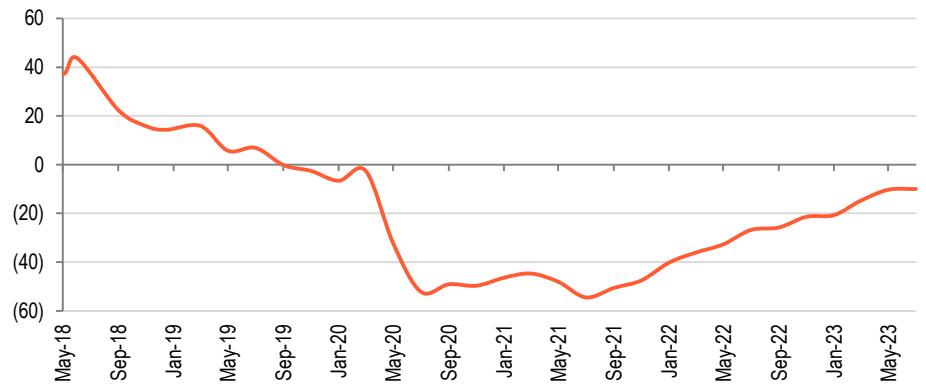
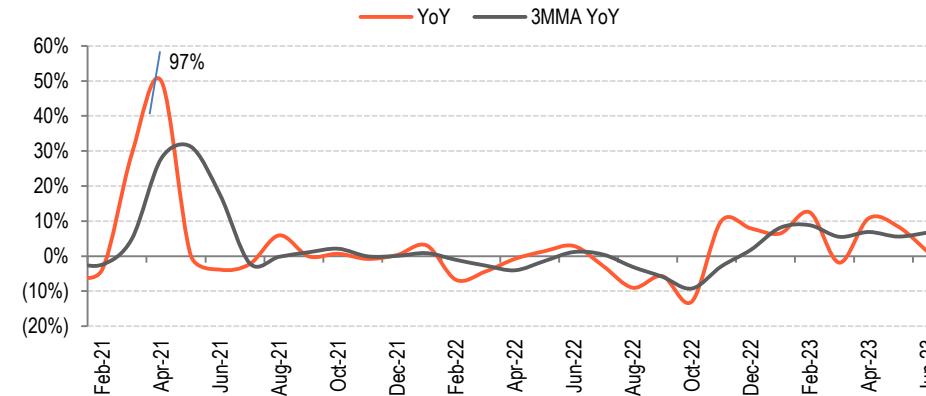


Fig 22 – FMCG output too slips in Jun'23



## Agriculture

Fig 23 – Agriculture growth moderates in Q1FY24

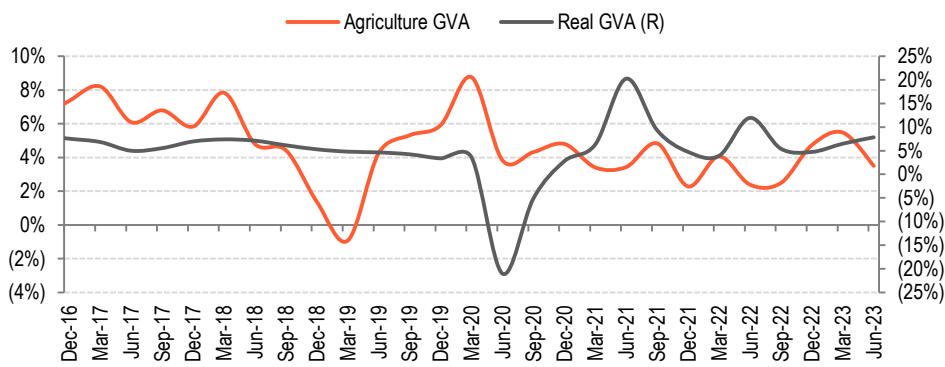
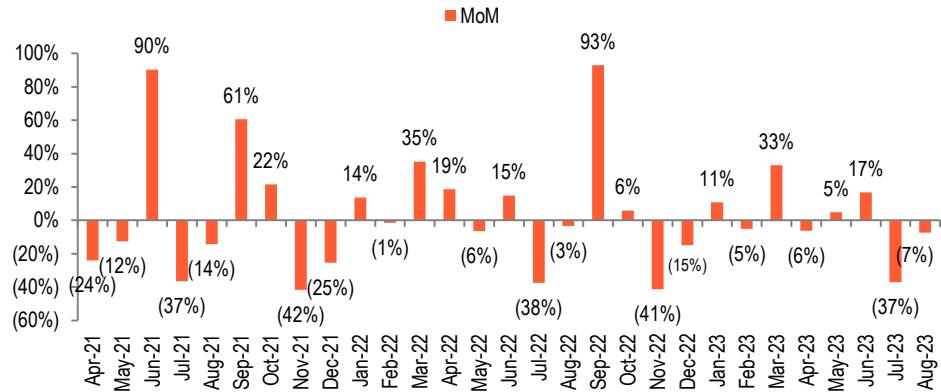


Fig 24 – Growth in tractor sales improves marginally



Note: Tractor sales including exports

Fig 25 – Growth in agriculture credit dips

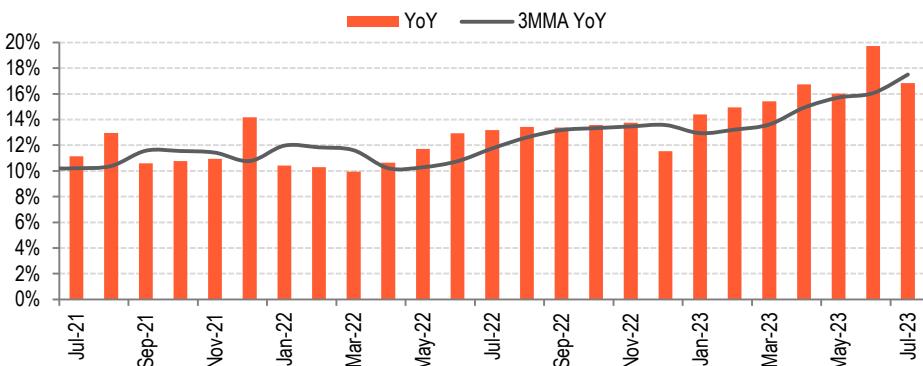
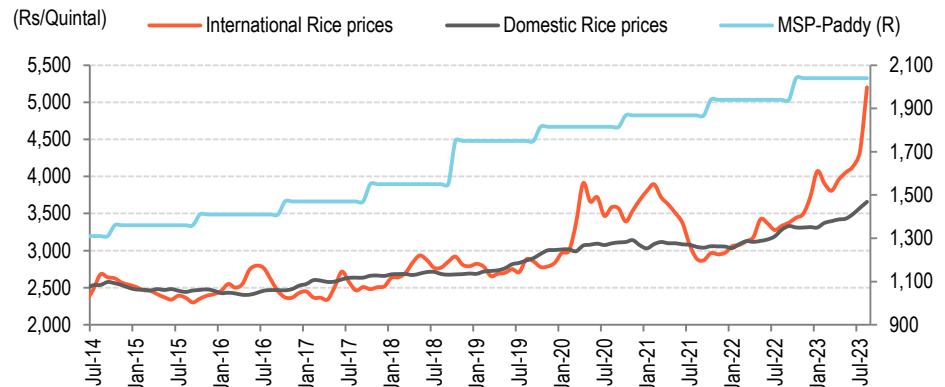


Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
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	56.9*
2023-24	26.2	

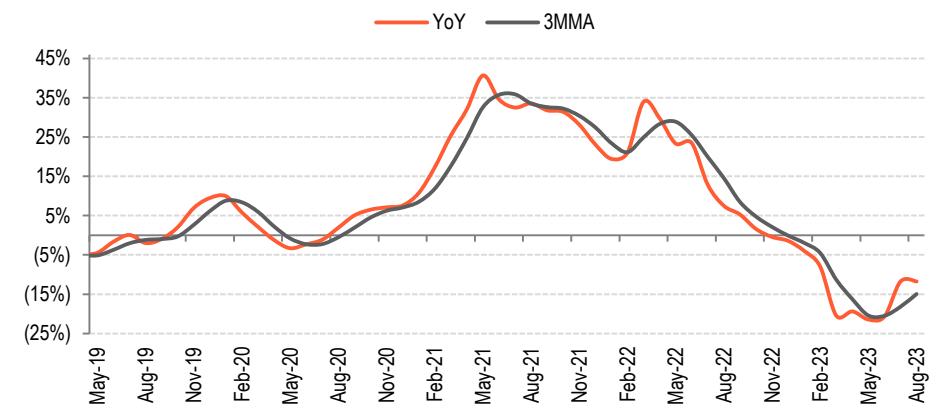
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 Jul 2023

**Fig 27 – Both domestic and International rice price edges upwards**



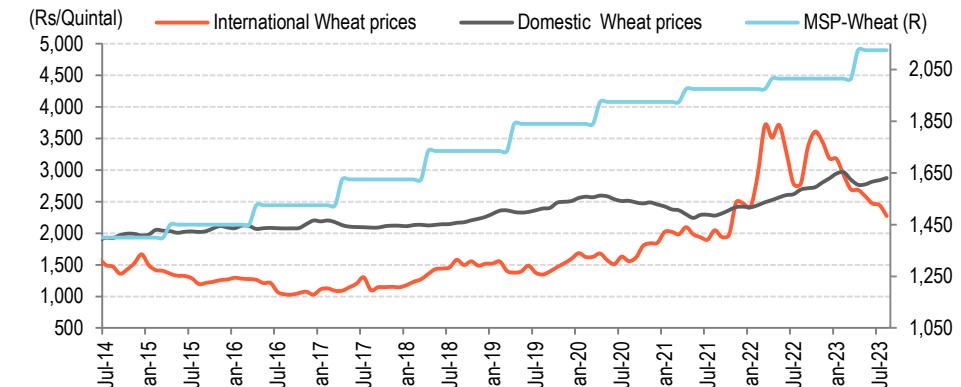
Source: World Bank

**Fig 29 – Global food prices drop in Aug'23**



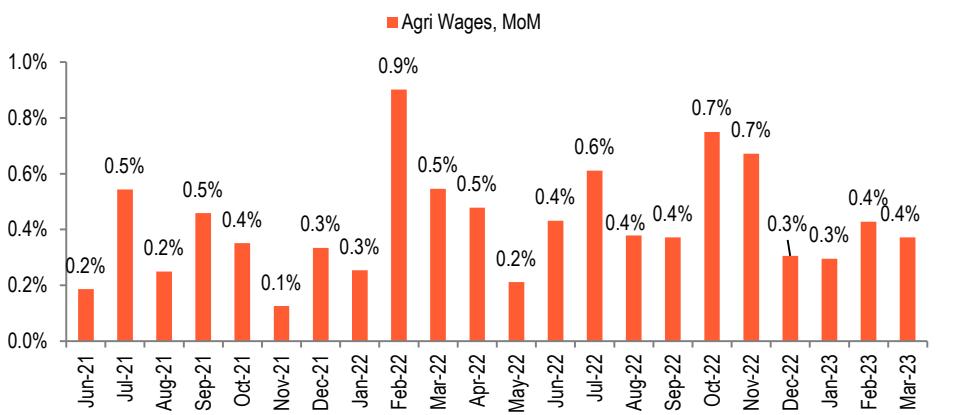
Source: FAO

**Fig 28 – International wheat prices dips: Domestic prices edge up**



Source: World Bank

**Fig 30 – Wage growth (men) remains steady**



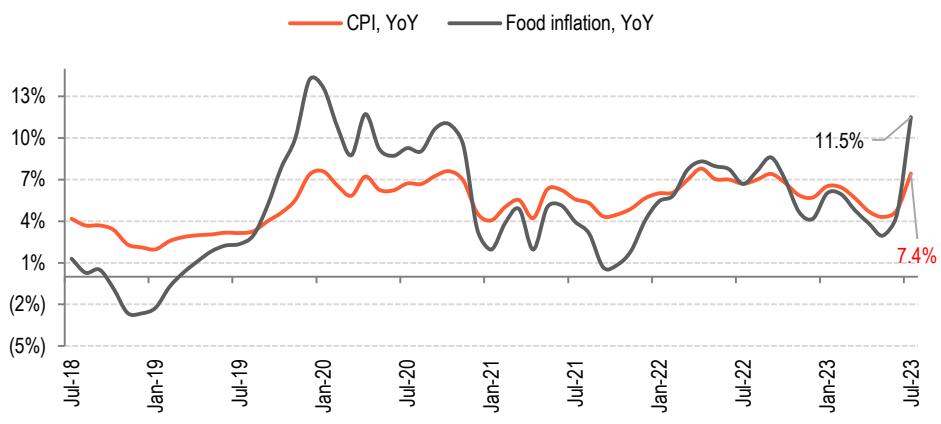
**Fig 31 – Kharif sowing is a tad higher compared with last year**

Crop Type (mn ha)	Area sown in 2023-24	Area sown in 2022-23	Growth (YoY%)
Foodgrains	70.6	70.5	0
Cereals	58.6	57.4	2.0
Rice	40.3	39.3	2.7
Pulses	12.0	13.1	(8.6)
Oilseeds	19.1	19.3	(0.9)
Cotton	12.5	12.7	(1.5)
Sugarcane	6.0	5.6	7.7
Jute and Mesta	0.7	0.7	(5.7)
<b>Total</b>	<b>108.85</b>	<b>108.8</b>	<b>0</b>

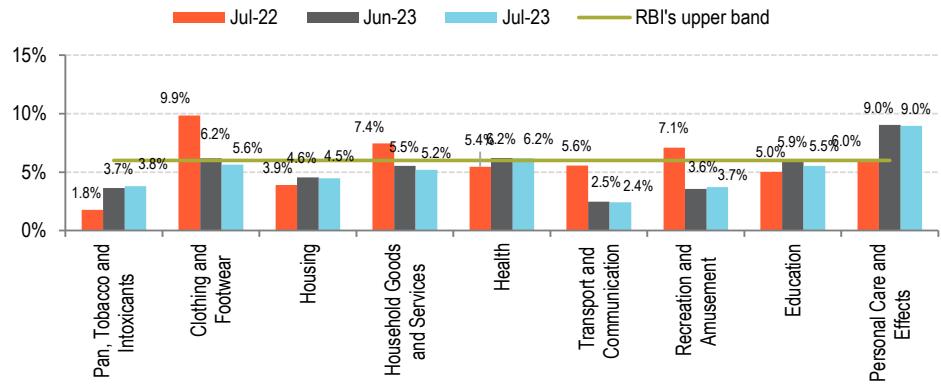
Note: For the week ended 8 Sep 2023

## Inflation

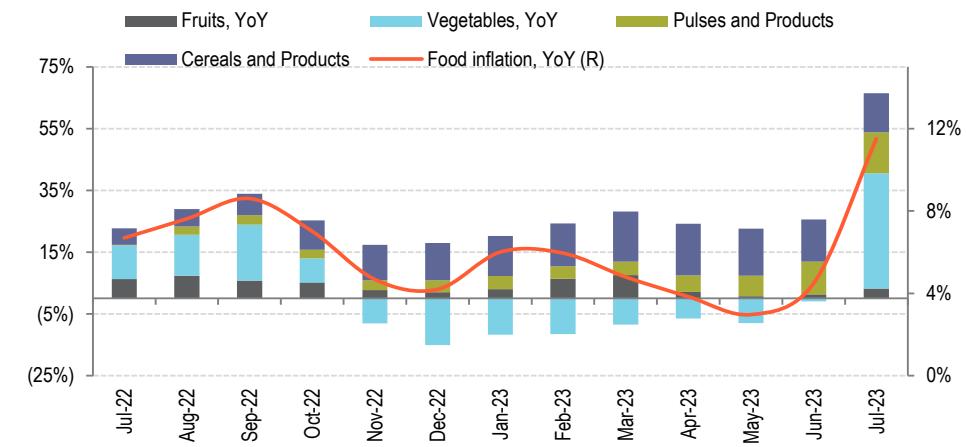
**Fig 32 – Headline CPI rose sharply by 7.4% in Jul'23 from 4.8% in Jun'23, driven entirely by food inflation (702bps increase)**



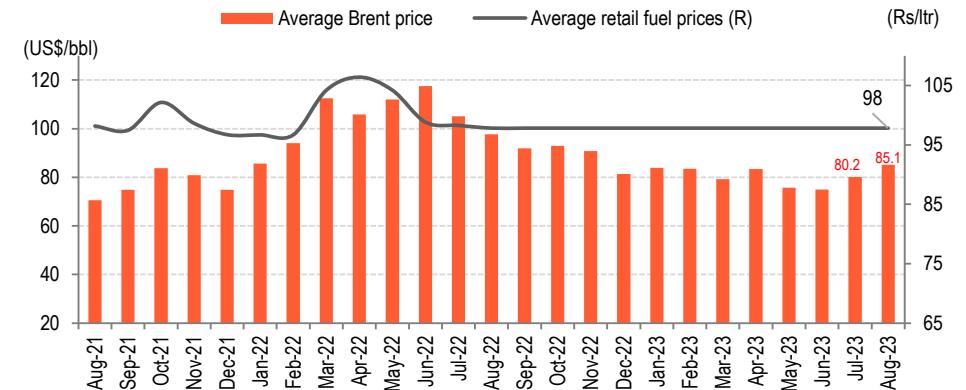
**Fig 34 – Core inflation and its sub-components continued to remain within the target range**



**Fig 33 – ...Rise in food inflation was attributable to vegetables, cereals etc.**



**Fig 35 – Domestic retail price was stable at Rs 98/ltr, however international crude price edged up to US\$ 85/bbl in Aug'23 from US\$ 80/bbl in Jul'23**



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

## Industry

Fig 36 – IIP growth steady in Q1

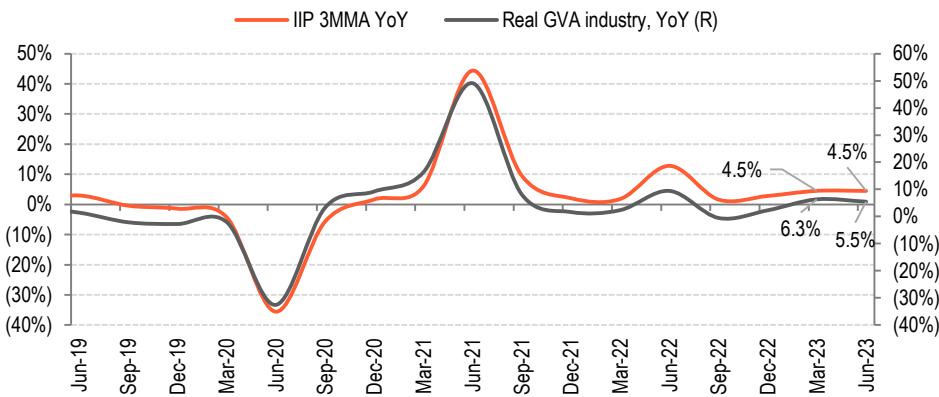


Fig 37 – Sectorwise growth lower in FYTD'24

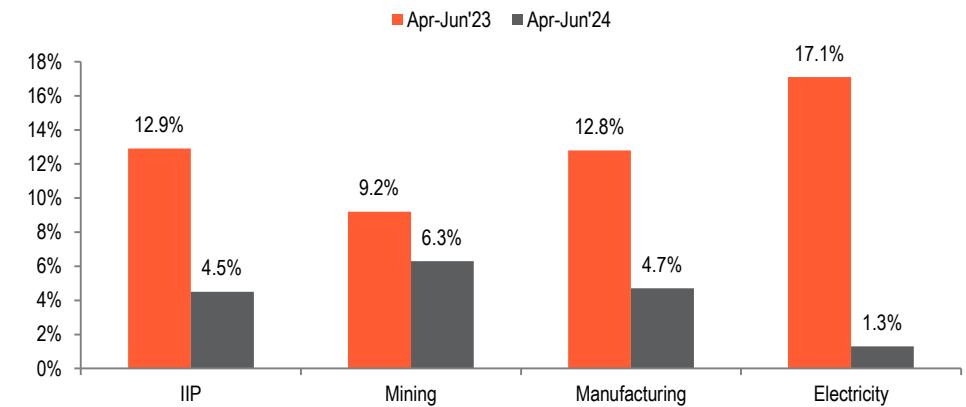
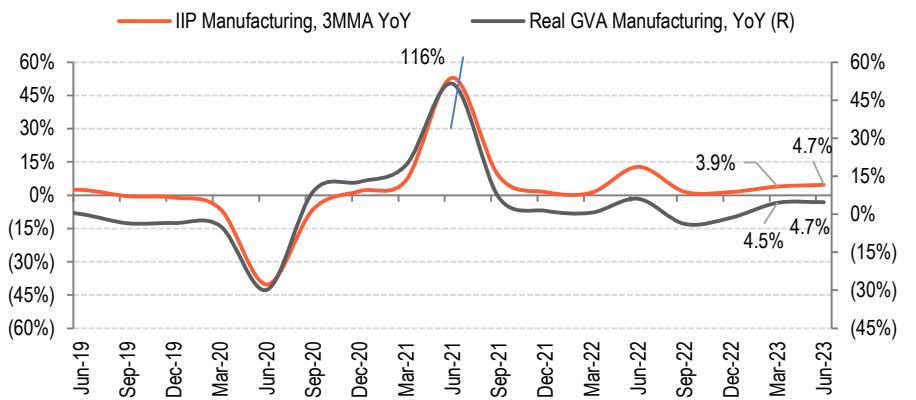


Fig 38 – IIP growth moderates in Jun'23

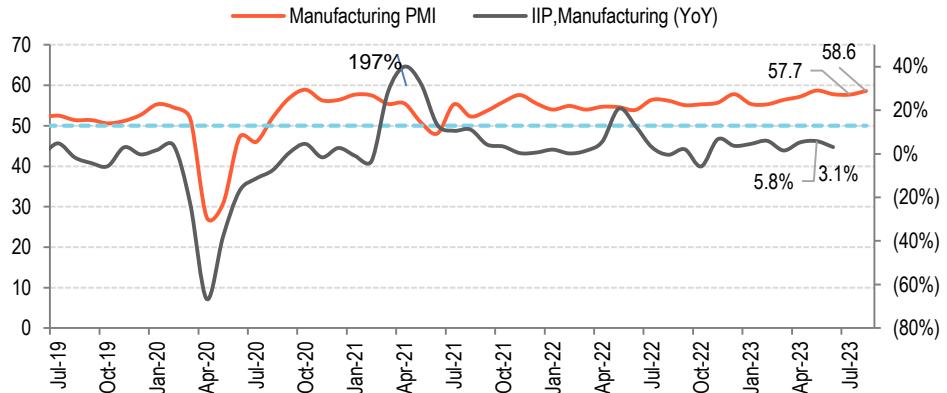
Sectoral (%)	Weight	Jun-23	May-23	Jun-22	Apr-Jun'24	Apr-Jun'23
IIP	100.0	3.7	5.3	12.6	4.5	12.9
Mining	14.4	7.6	6.4	7.8	6.3	9.2
Manufacturing	77.6	3.1	5.8	12.9	4.7	12.8
Electricity	8.0	4.2	0.9	16.4	1.3	17.1
<b>Use-Based</b>						
Primary Goods	34.1	5.2	3.6	13.8	3.5	14.0
Capital Goods	8.2	2.2	8.1	28.6	4.9	29.6
Intermediate Goods	17.2	4.5	3.0	10.5	2.6	11.6
Infrastructure and Construction Goods	12.3	11.3	11.3	9.4	12.5	10.4
Consumer Durables Goods	12.8	(6.9)	1.2	25.2	(2.8)	27.2
Consumer Non-Durables Goods	15.3	1.2	8.4	2.9	6.7	1.2

## Manufacturing

**Fig 39 – Manufacturing growth edges upwards**

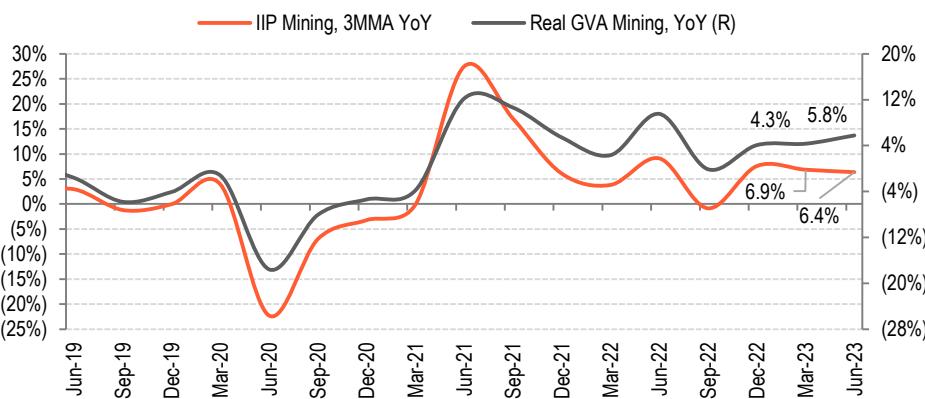


**Fig 40 – Manufacturing PMI rises to 3-month high**

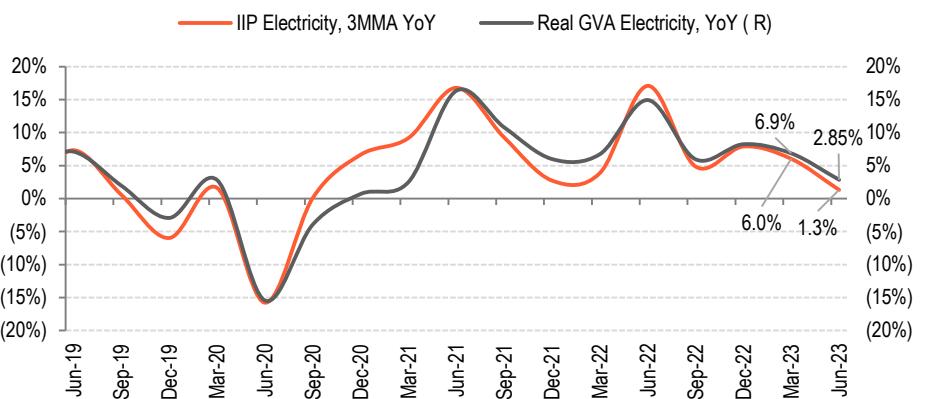


## Mining & Electricity

**Fig 41 – Growth in Mining activity improves**



**Fig 42 – Growth in Q1 lower for electricity output**



## Infrastructure and construction

Fig 43 – Growth in construction sector output slower in Q1FY24

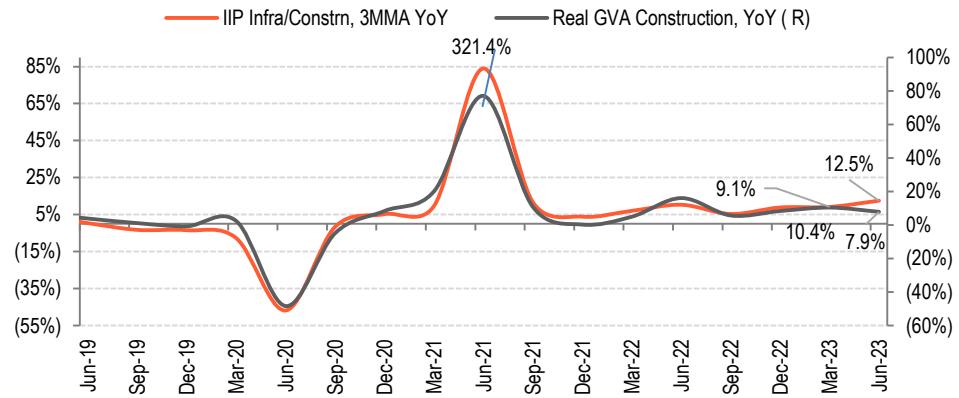
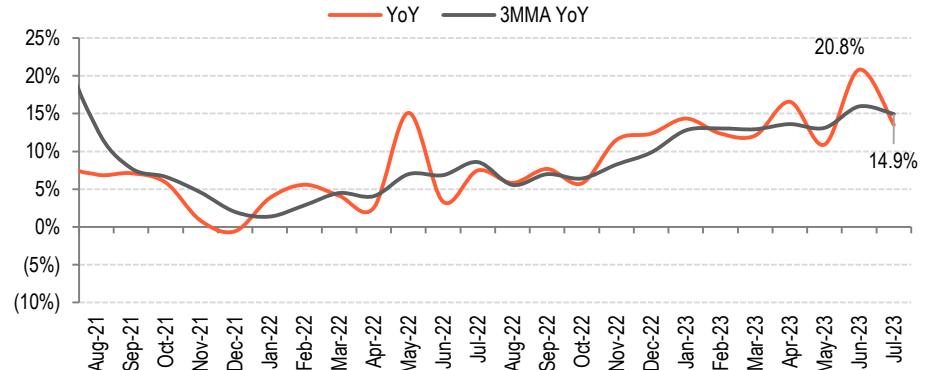


Fig 44 – Steel production eases in Jul'23



## Infrastructure index

Fig 45 – Steady growth in infrastructure index

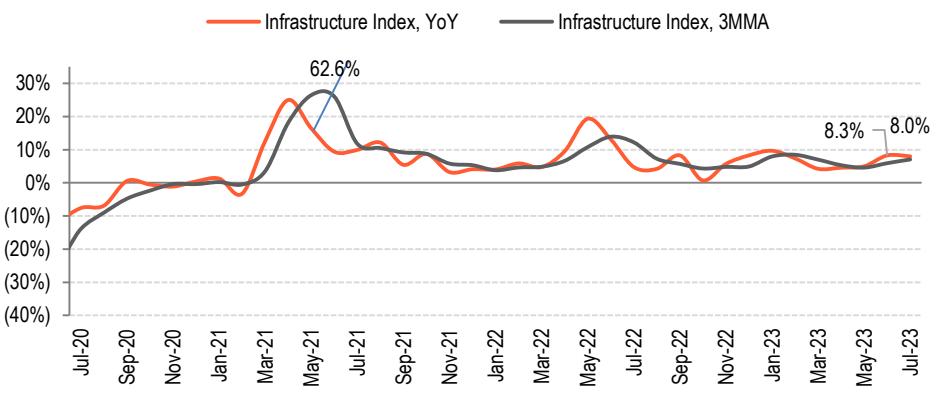
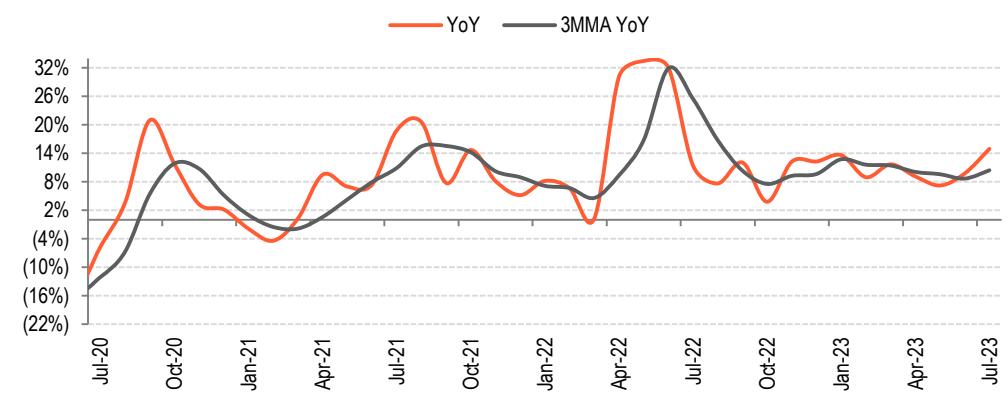


Fig 46 – Coal output improves



## Auto production & business expectation index

Fig 47 – Auto production drops further in Jul'23

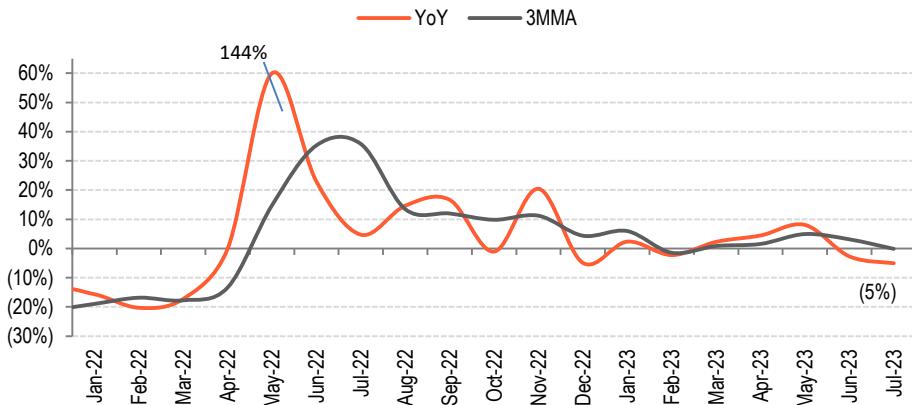


Fig 48 – Business sentiment moderates

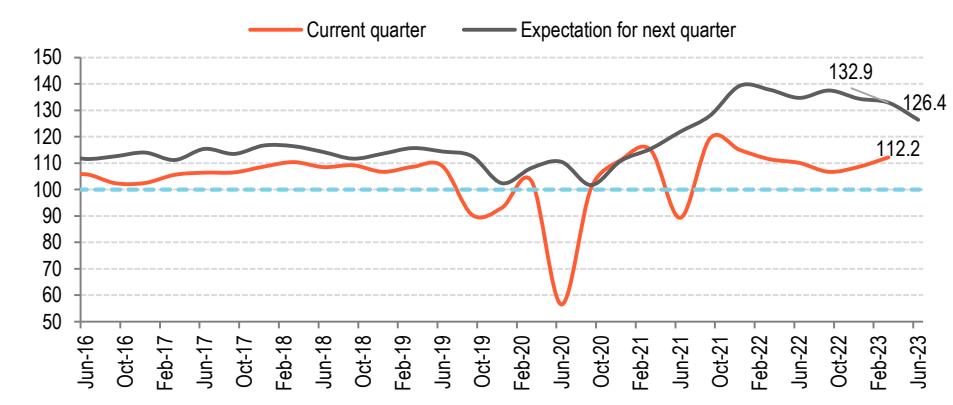
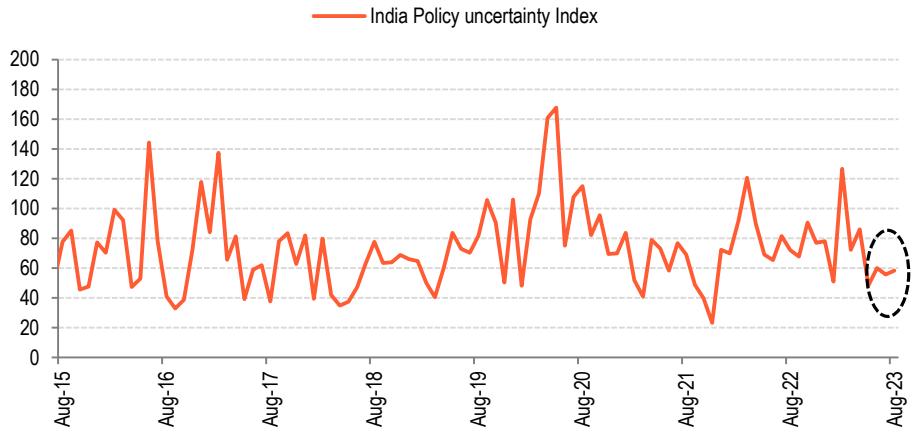


Fig 49 – Improvement in Infrastructure index

(%)	Weight	Jul-23	Jun-23	Jul-22	Apr-Jul'24	Apr-Jul'23
Infrastructure Index	100	8.0	8.3	4.8	6.4	11.5
Coal	10.3	14.9	9.8	11.4	10.1	26.6
Crude Oil	9.0	2.1	(0.6)	(3.8)	(1.0)	(0.5)
Natural Gas	6.9	8.9	3.5	(0.3)	2.3	3.5
Petroleum Refinery Products	28.0	3.6	4.6	6.2	2.3	11.7
Fertilizers	2.6	3.3	3.4	6.2	9.1	11.3
Steel	17.9	13.5	20.8	7.5	15.3	7.0
Cement	5.4	7.1	9.9	0.7	11.2	12.9
Electricity	19.9	6.9	4.2	2.3	2.7	13.1

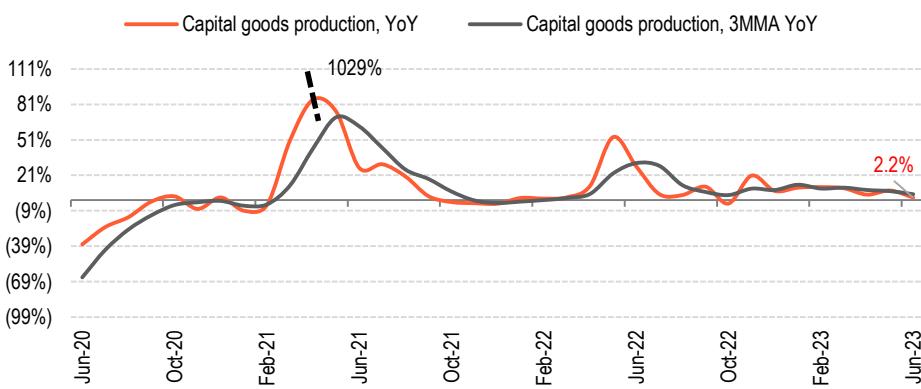
## Investment

**Fig 50 – Policy uncertainty index in India moved up in Aug'23**

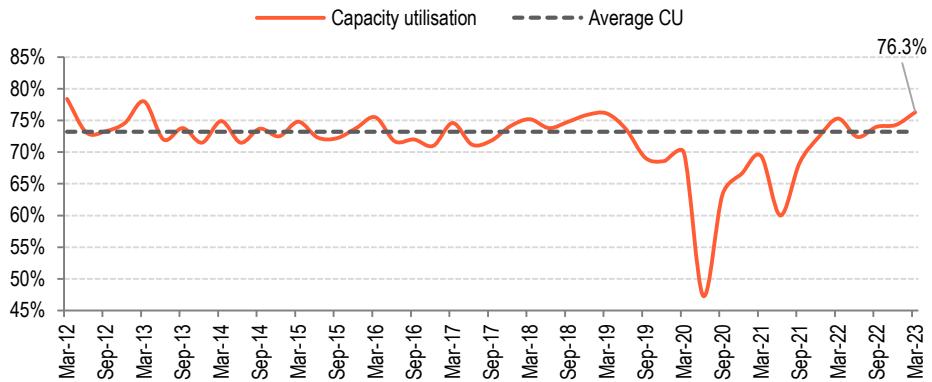


Source: <https://www.policyuncertainty.com>

**Fig 52 – Capital goods production edged down to 2.2% in Jun'23 from 8.1% in May'23**

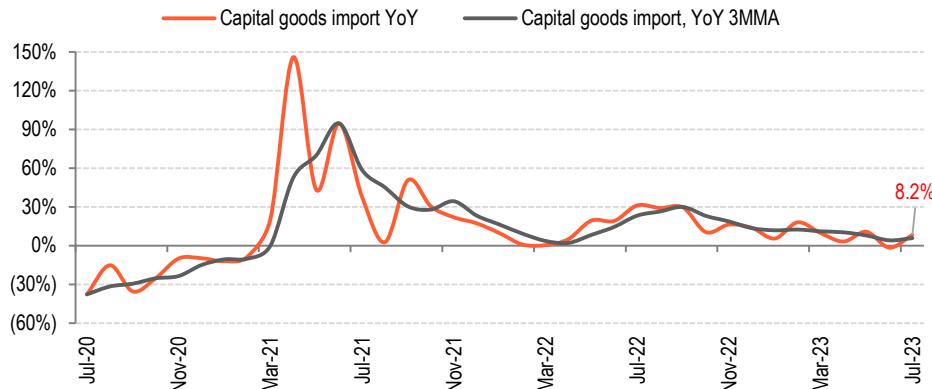


**Fig 51 – Capacity utilisation picked up to 76.3**



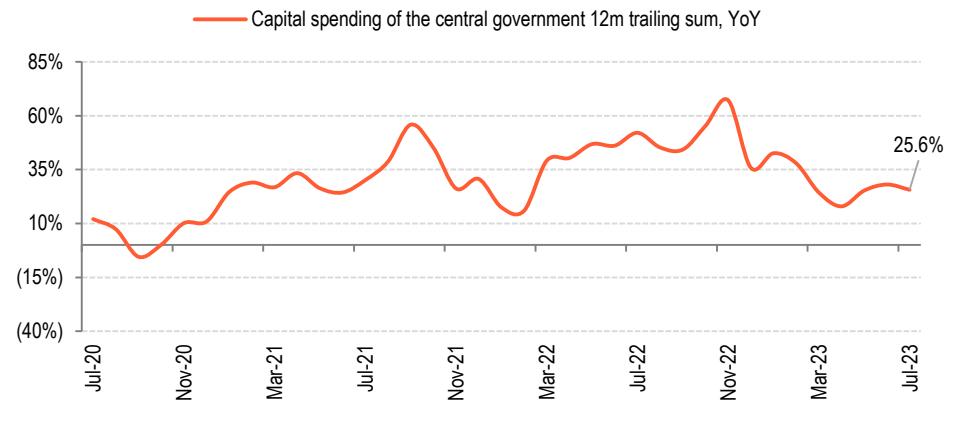
Source: [policyuncertainty.com](https://policyuncertainty.com)

**Fig 53 – Capital goods imports rose by 8.2% in Jul'23 from 1.7% decline noted in Jun'23, despite an unfavourable base**

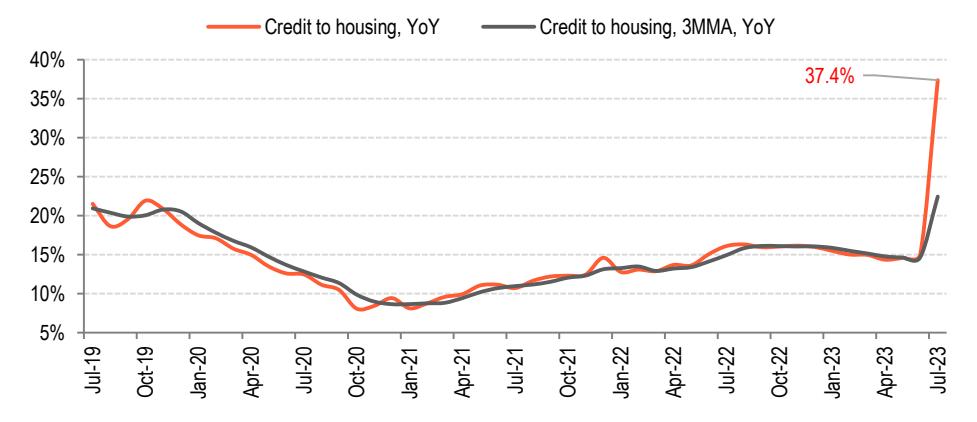


## MONTHLY CHARTBOOK

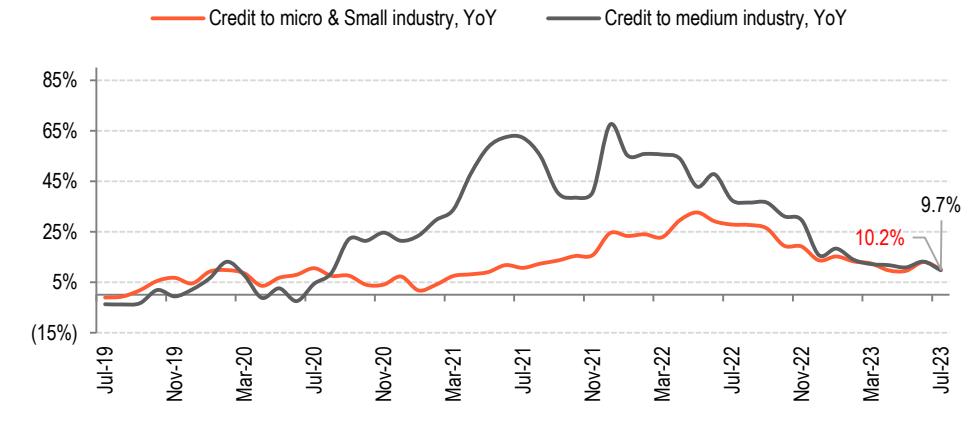
**Fig 54 – Centre's capex spending noted growth of 25.6% in Jul'23 from 28.1% in Jun'23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24**



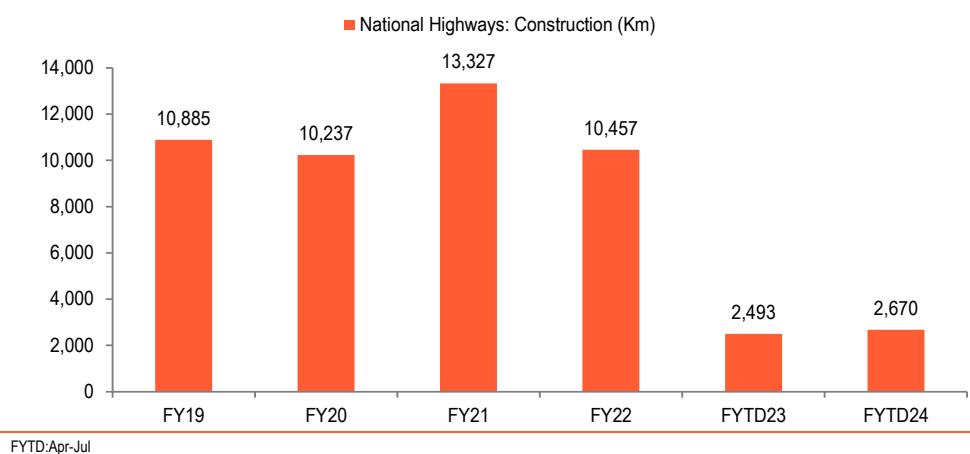
**Fig 56 – Credit to housing sector jumped up sharply to 37.4% in Jul'23 from 15% in Jun'23**



**Fig 55 – Credit to micro and small industry moderated to 10.2% in Jul'23 from 13% in Jun'23, for medium industry as well, it edged down to 9.7% from 13.2%**



**Fig 57 – Highway construction is gaining pace**



## Services sector

Fig 58 – GVA: Services activity picked up pace in Q1FY24 despite high base



Fig 60 – GVA: Trade & related services activity too moderated in Q4, as also indicated by trend in states' tax revenue growth

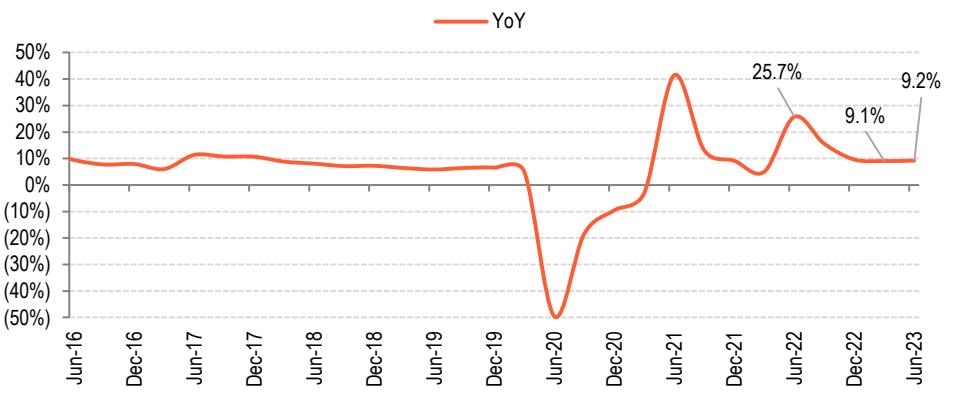
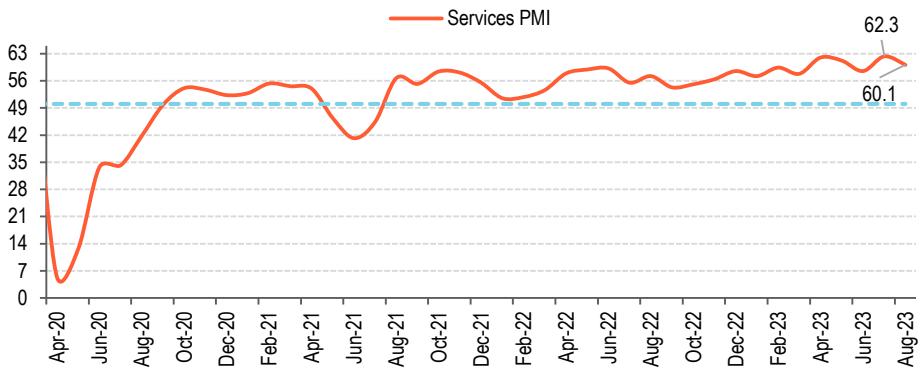
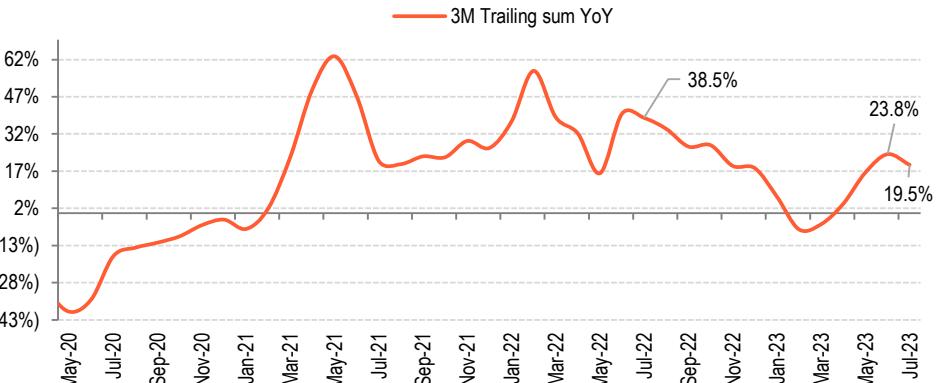


Fig 59 – Services PMI signals slowdown in activity in Aug'23; although Q2 (Jul-Aug) still better (61.2) than Q1 (60.6)



Source: Markit

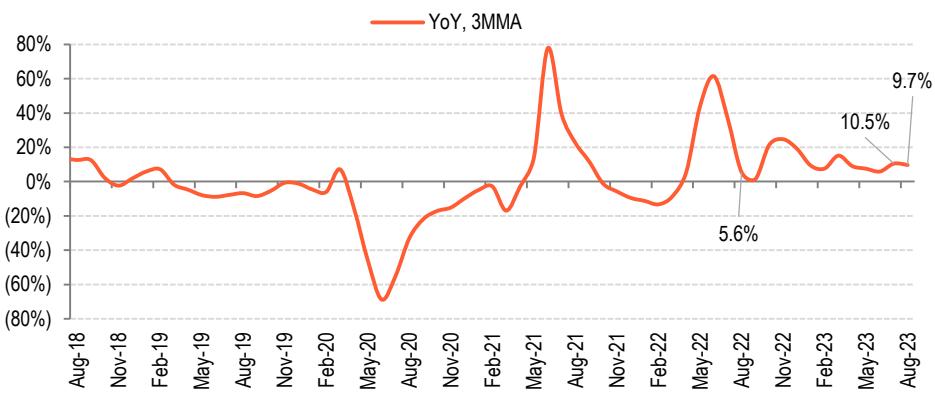
Fig 61 – States'\* tax revenue growth seen slipping at the start of Q2FY24



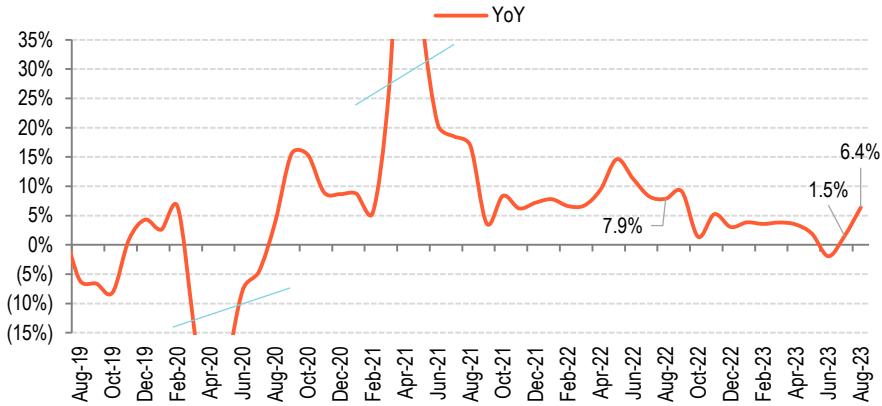
Note: \*All states excluding N.E states, Bihar., Goa, and J&K

## Trade

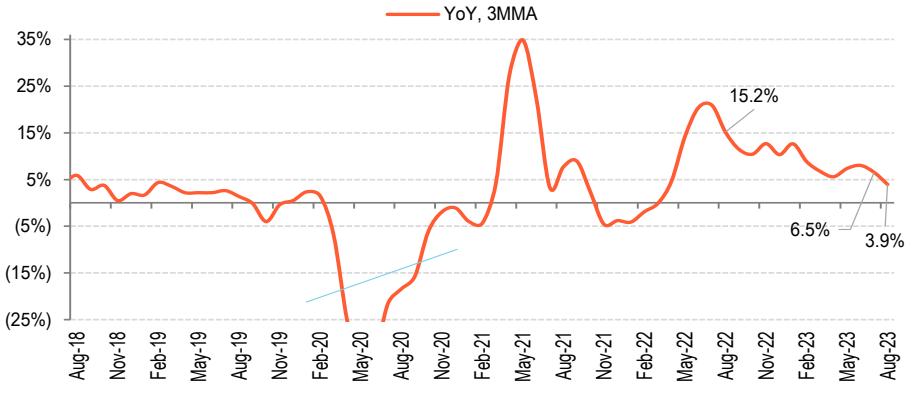
**Fig 62 – Vehicle registration growth eased in Aug'23**



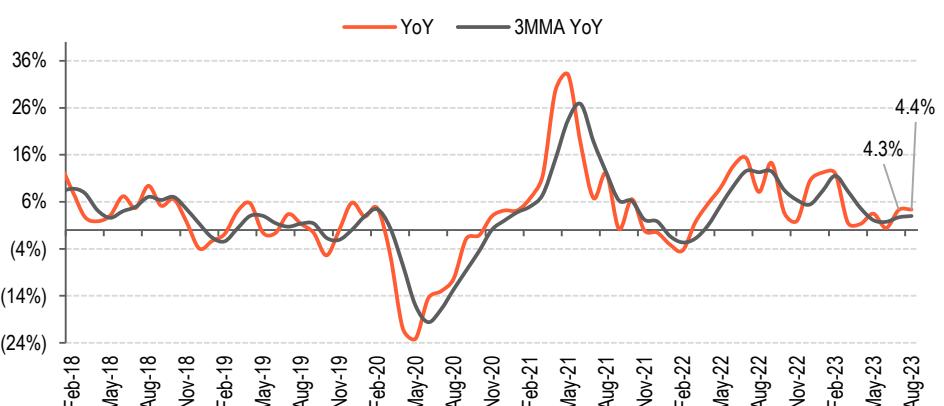
**Fig 64 – Railway freight traffic movement improved in Aug'23, partly supported by base effect**



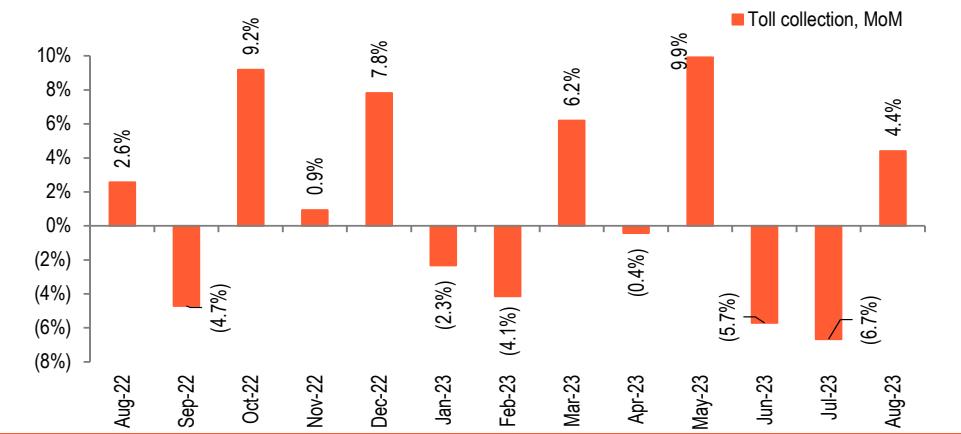
**Fig 63 – Diesel consumption dropped in Aug'23, led by disruptions in monsoon and farming activity**



**Fig 65 – Port cargo traffic movement was broadly stable in Aug'23**

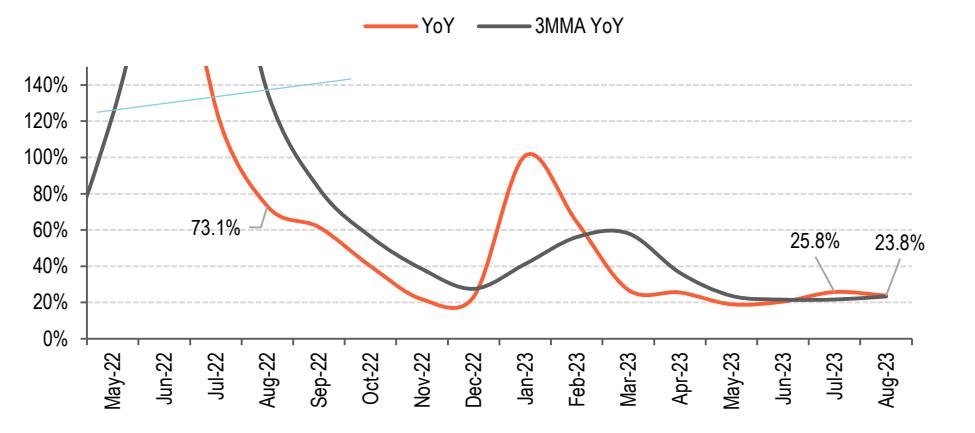


**Fig 66 – Toll collections rebounded in Aug'23 as holidays shot up travel demand**

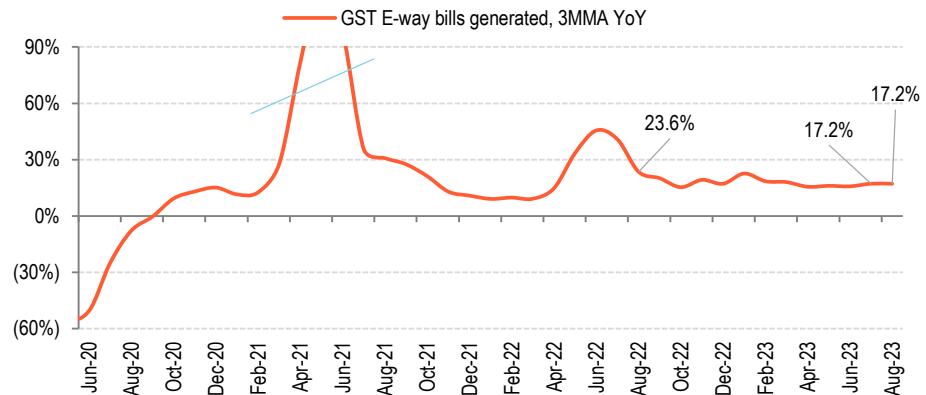


### Hotels and communications

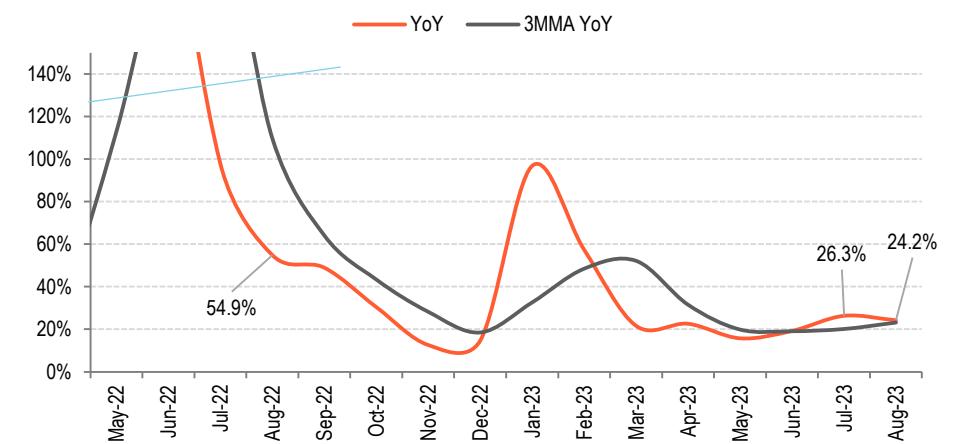
**Fig 68 – Airline passenger traffic growth seeing slowdown in Aug'23, despite supportive base effect**

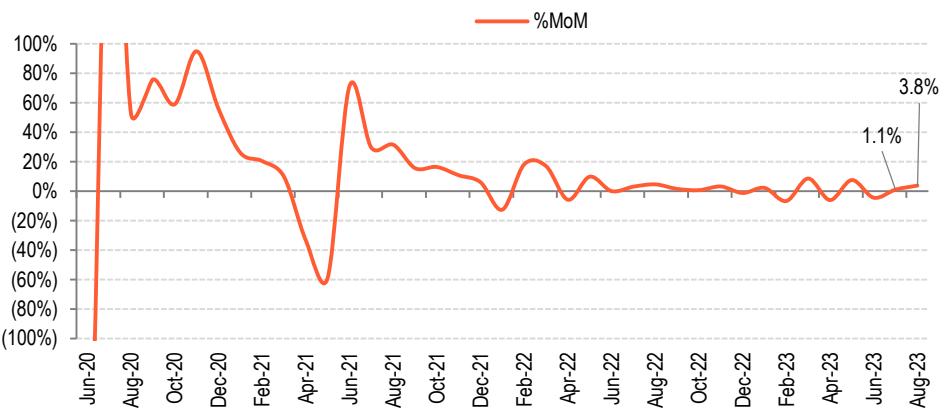


**Fig 67 – Growth in E-way bills remained steady in Aug'23**

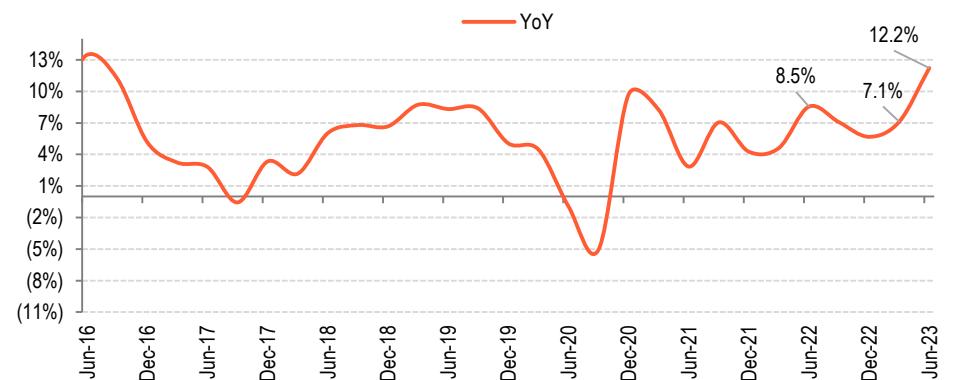
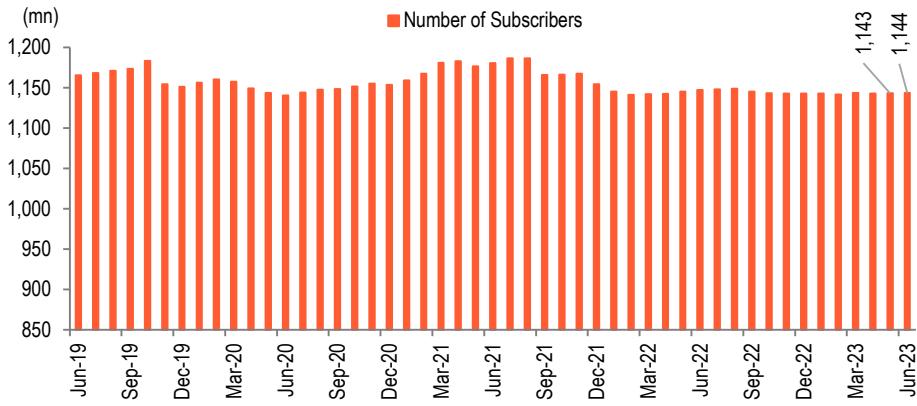
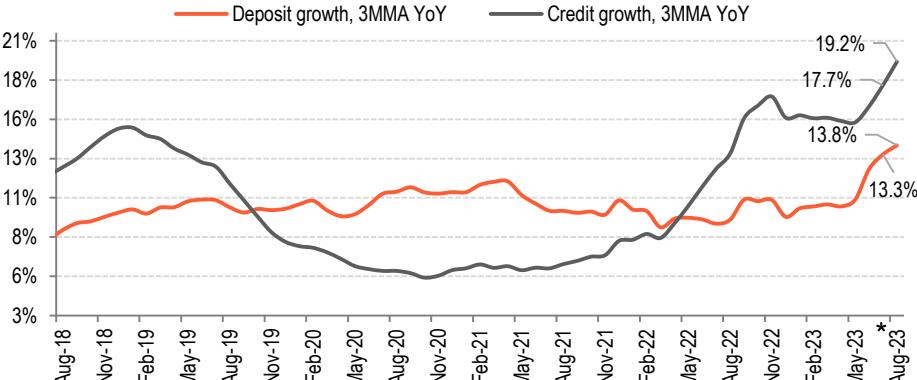


**Fig 69 – Domestic passenger growth leading the trend**



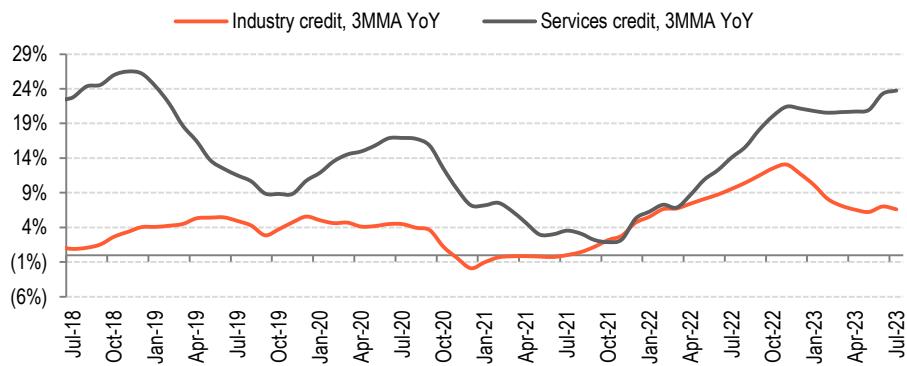
**Fig 70 – Railway passenger traffic growth gathering momentum**

## Finance and real estate

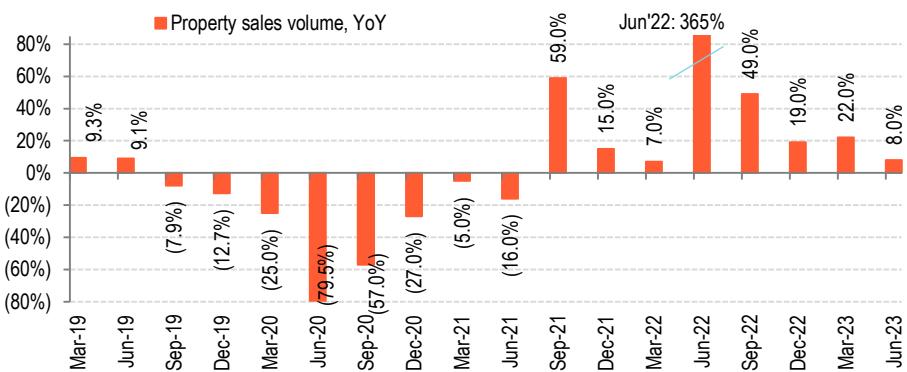
**Fig 72 – Growth in GVA: Finance, real estate & prof. supported growth further in Q1****Fig 71 – Number of telecom subscribers rose by 0.4mn in Jun'23; but in Q1FY24, subscribers were down by 0.3mn, compared with 1mn additions in Q4FY23****Fig 73 – Credit improved more sharply than deposit growth in Aug'23\***

\*as of fortnight ending 25 Aug 2023

**Fig 74 – Credit to services sector stable, while credit to industry easing**

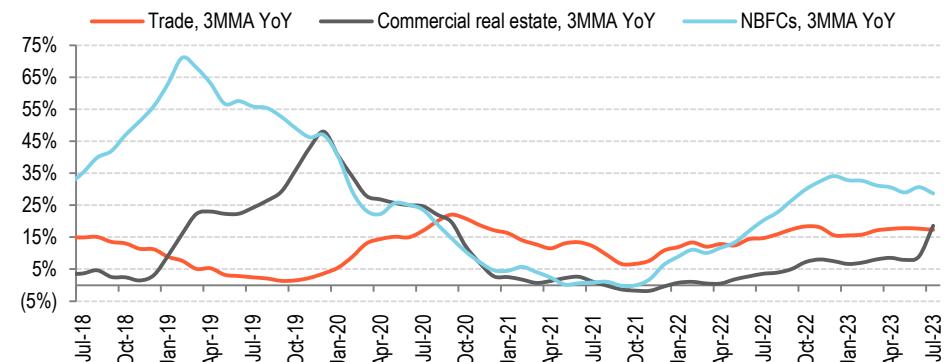


**Fig 76 – Property sales volumes in Q1FY24 slowed, on QoQ basis also declined by (-7%)**

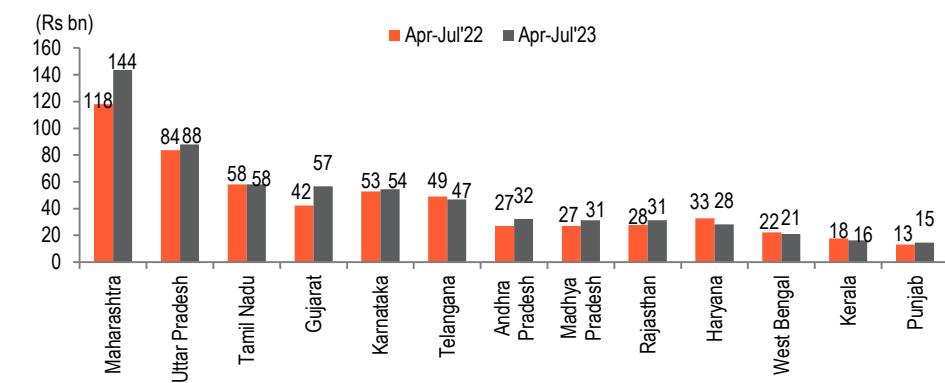


Source: Propertier

**Fig 75 – Within services, credit to commercial real estate seen rebounding, credit to trade stable and credit to NBFCs softening**



**Fig 77 – Stamp duty collections of Maharashtra continue to witness most increase**



## Labour market

Fig 78 – Naukri job index inched up in Aug'23

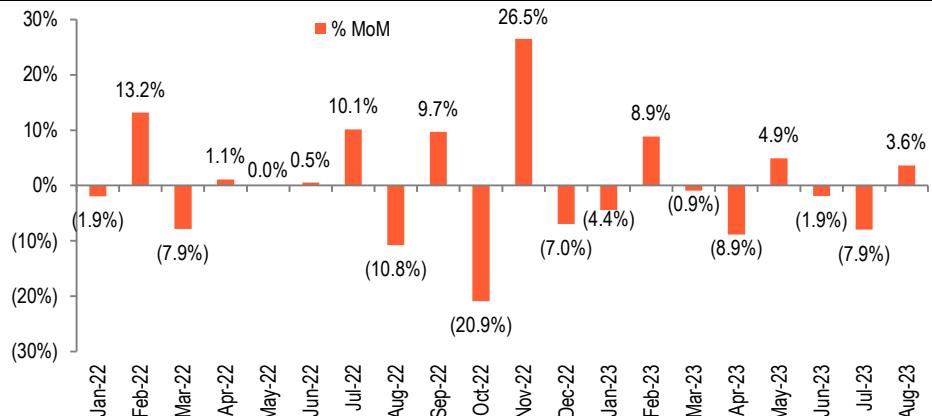


Fig 79 – Overall unemployment rate increased again in Aug'23



## Public administration

Fig 80 – Public admin & defence services also helped boost GDP growth in Q1



Fig 81 – General govt. spending picked up pace in Jul'23

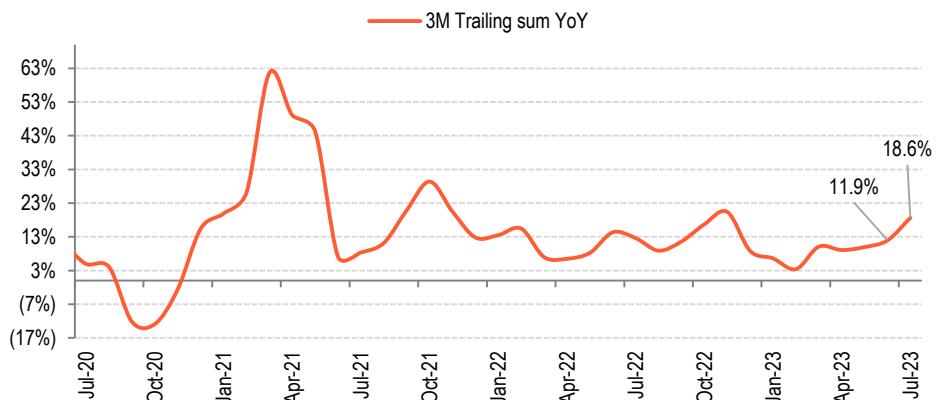


Fig 82 – ...led by central government spending

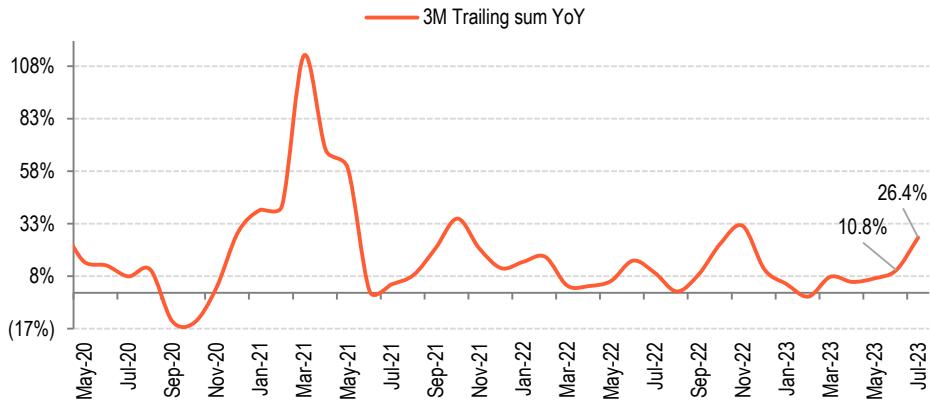
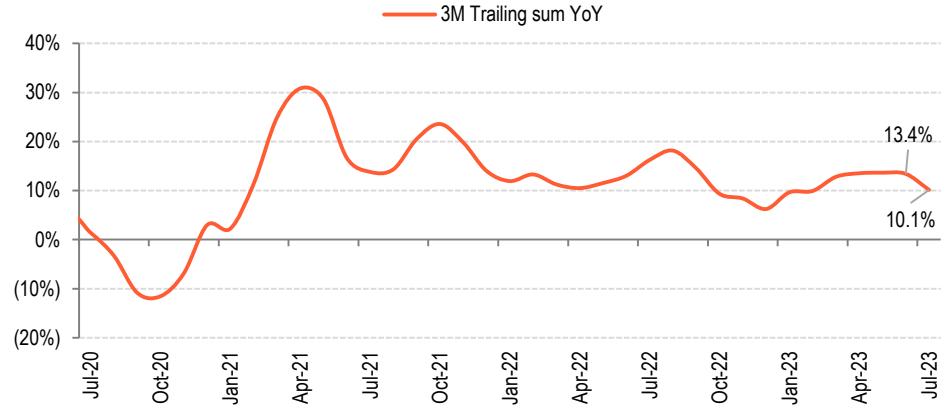


Fig 83 – State\* Govt. spending moderates once again

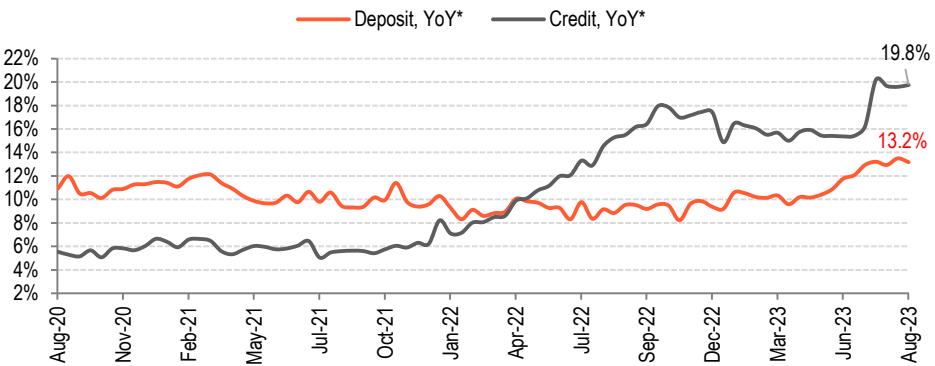


Note: \*All states excluding N.E states, Bihar., Goa, and J&K

## Financial sector

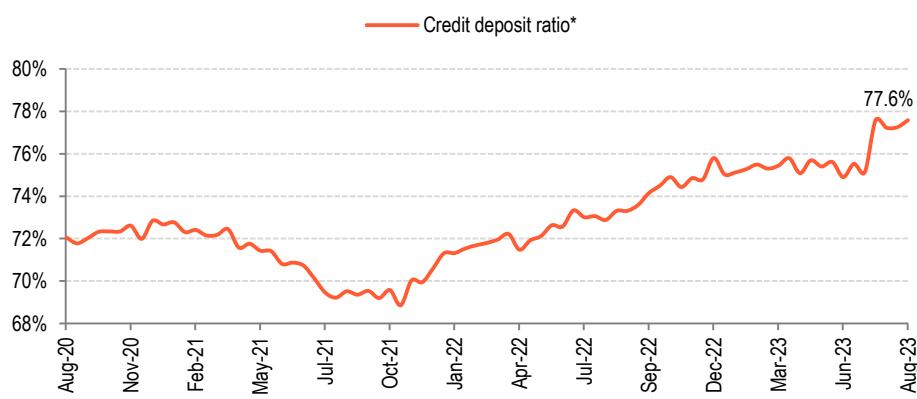
### Money and banking

**Fig 84 – Credit growth was at 19.8% in Aug'23 compared to 19.7% in Jul'23 (incl. merger), deposit growth rose to 13.2% from 12.9%**



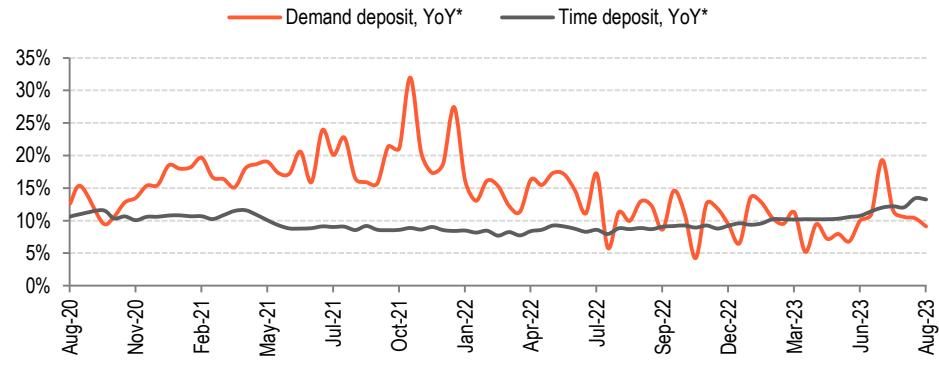
Note: \*Jul 23 implies fortnight as of 28 Jul 2023

**Fig 86 – CD ratio rose to 77.6%**



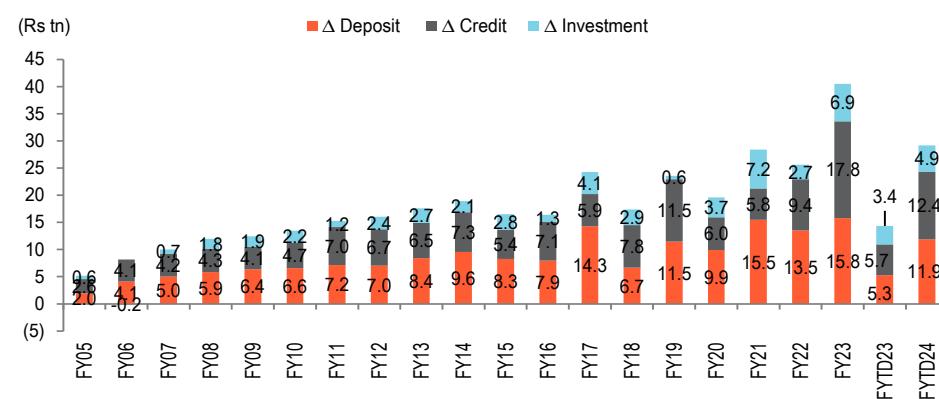
Note: \*Jul 23 implies fortnight as of 28 Jul 2023

**Fig 85 – ...Time deposits picked pace**



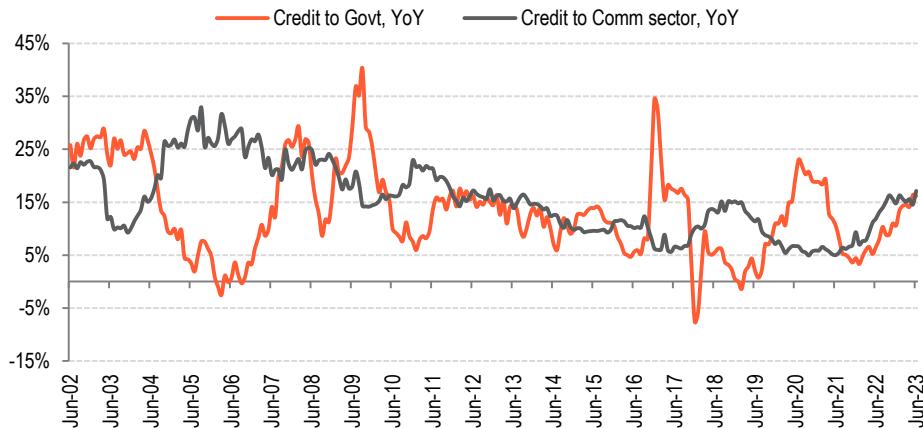
Note: \*Jul 23 implies fortnight as of 28 Jul 2023

**Fig 87 – Credit accretion picked up considerably**

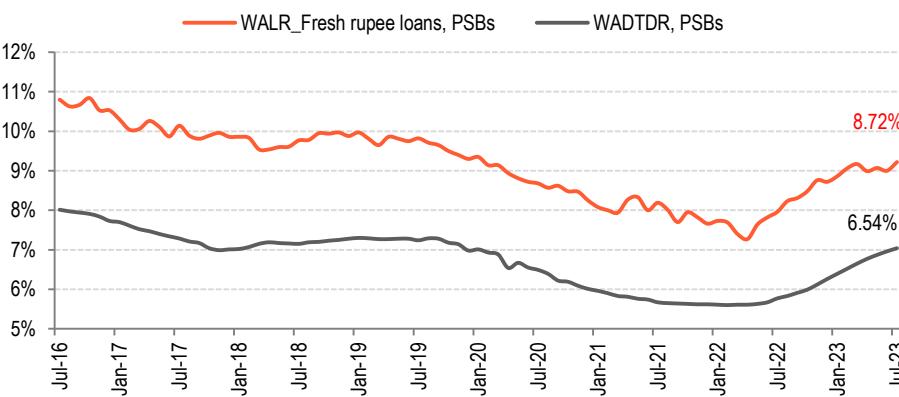


FYTD:Apr-Aug

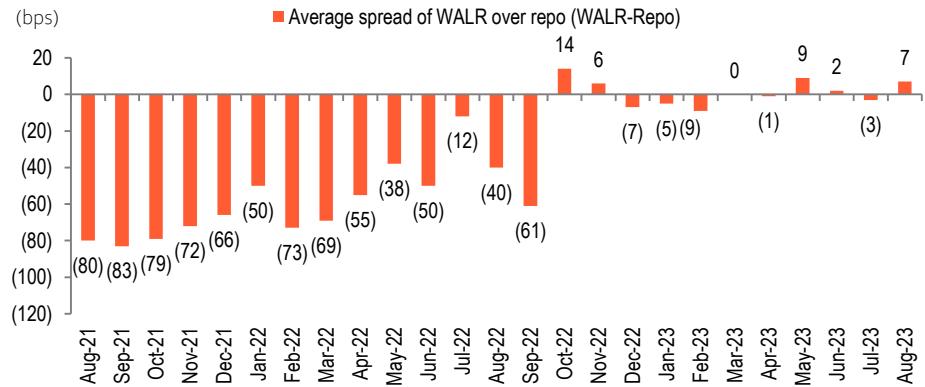
**Fig 88 – Credit to govt was at 16.2% in Jun'23 from 16.4% in May'23, credit to commercial sector rose to 17.1% from 14.5%**



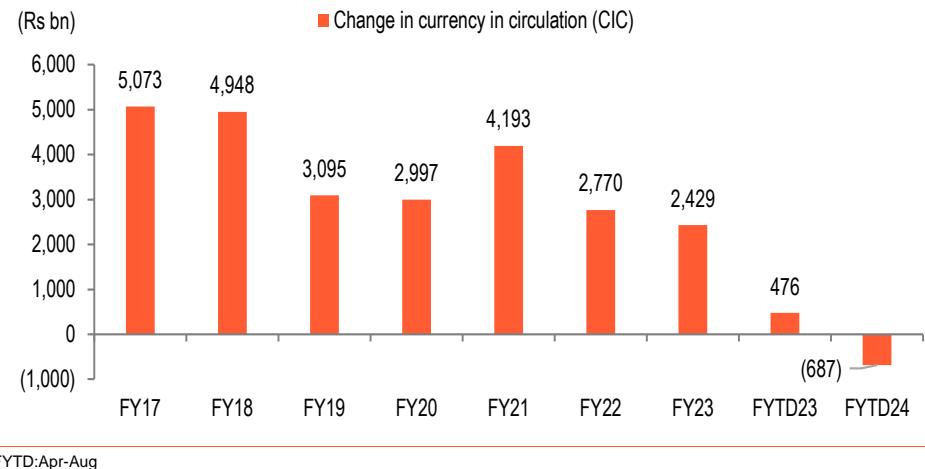
**Fig 90 – WALR rose to 8.72% in Jul'23 from 8.50% in Jun'23, WADTDR rose to 6.54% from 6.46%**



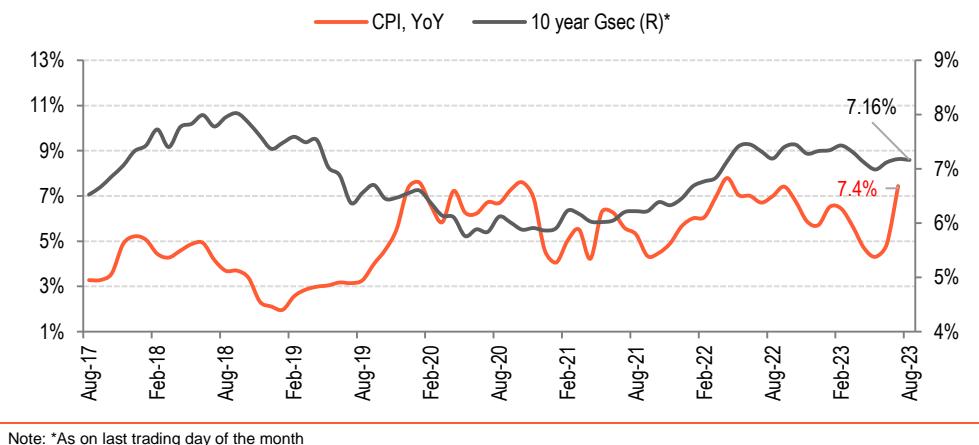
**Fig 89 – Gap between WALR and repo**



**Fig 91 – CIC accretion in FYTD24 has fallen by 687bn on account of withdrawal of 2000 rupee notes**

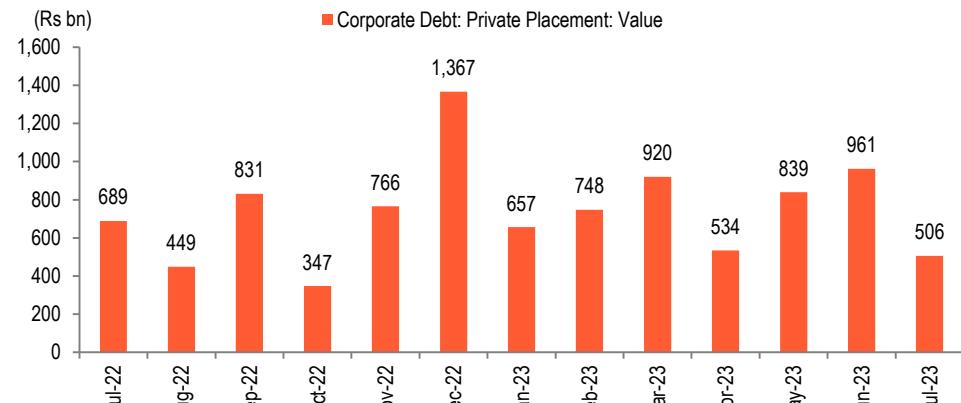


**Fig 92 – 10Y GSec yield was at 7.16% in Aug'23 from 7.18% in Jul'23 and currently higher at 7.25%, inflation rose to 7.4% in Jul'23 from 4.8% in Jun'23**

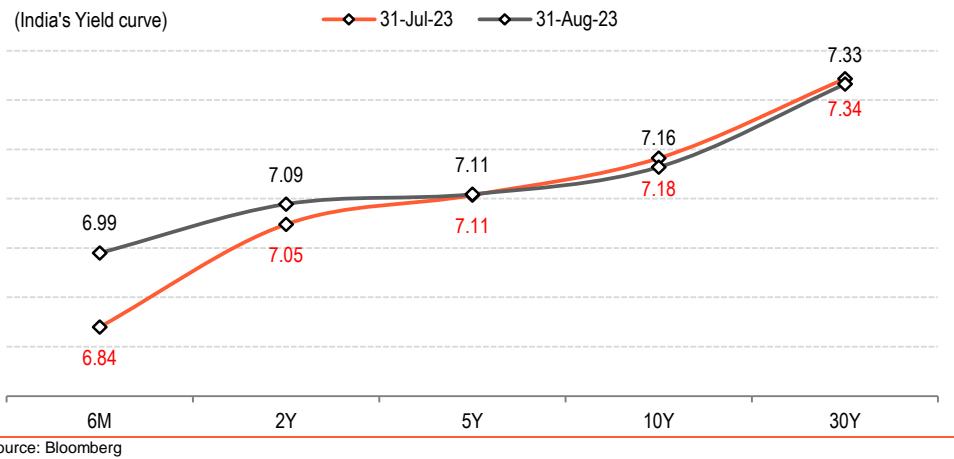


Note: \*As on last trading day of the month

**Fig 94 – Corporate debt issuance moderated to Rs 506bn in Jul'23 from Rs 961bn in Jun'23**

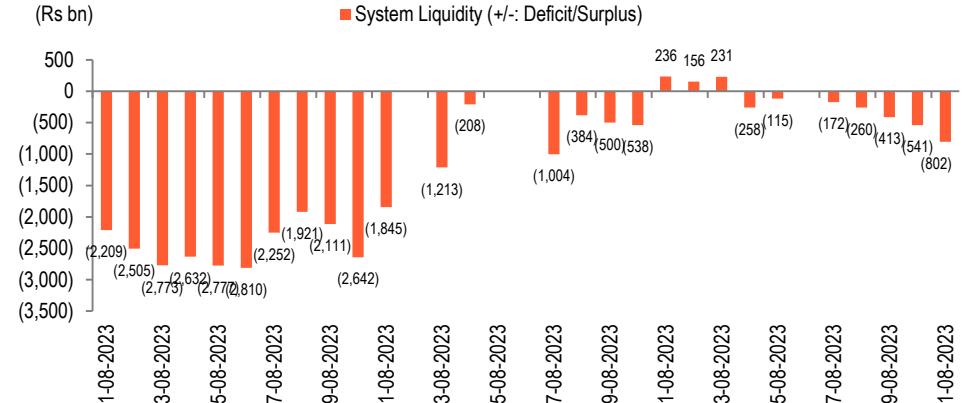


**Fig 93 – Short end yields inched up amidst tightening liquidity conditions**



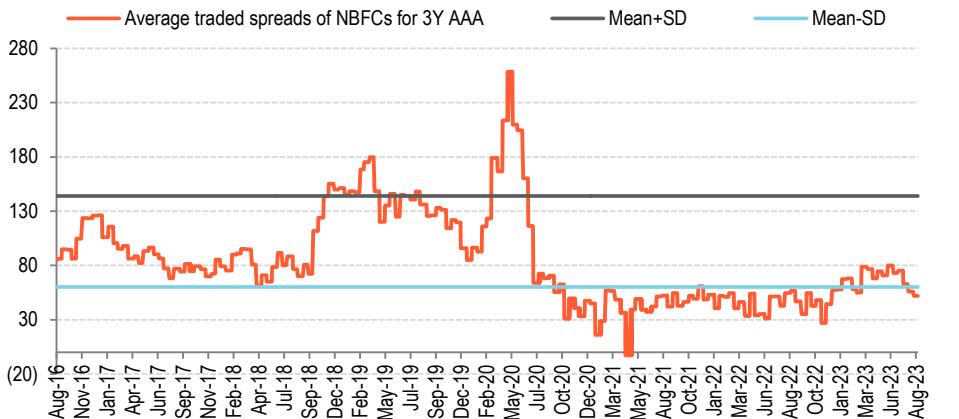
Source: Bloomberg

**Fig 95 – Average system liquidity surplus was lower at Rs 1.2 lakh crore in Aug'23 from Rs 1.6 lakh crore in Jul'23 and currently at Rs 0.4 lakh crore**

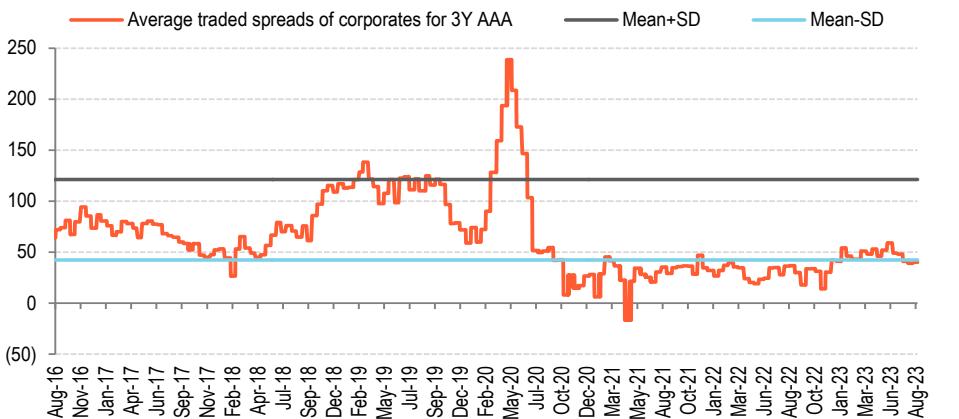


Source: RBI

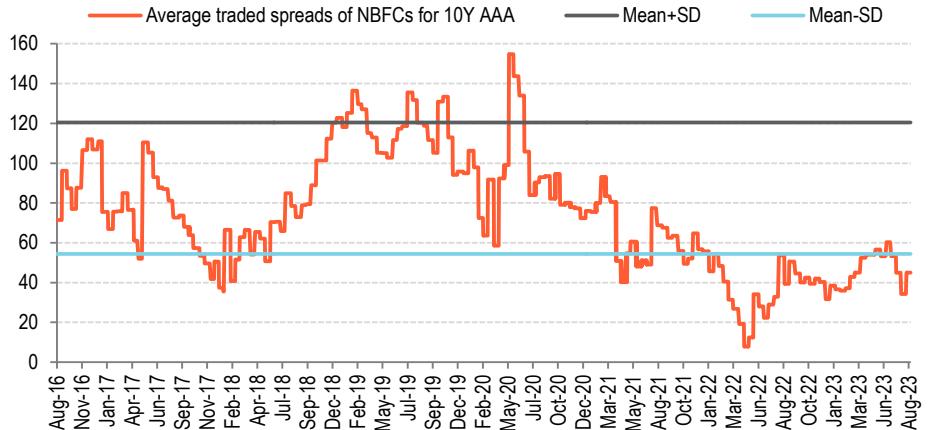
**Fig 96 – 3Y AAA NBFC spread inched down to 52bps as on 30 Aug 2023 from 63bps as on 31 Jul 2023**



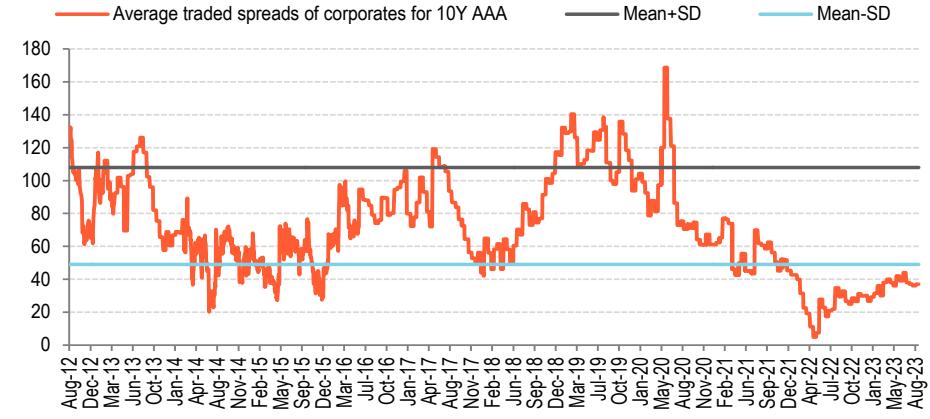
**Fig 98 – 3Y AAA corp spread was a tad lower at 40bps as on 30 Aug 2023 from 41bps as on 31 Jul 2023**

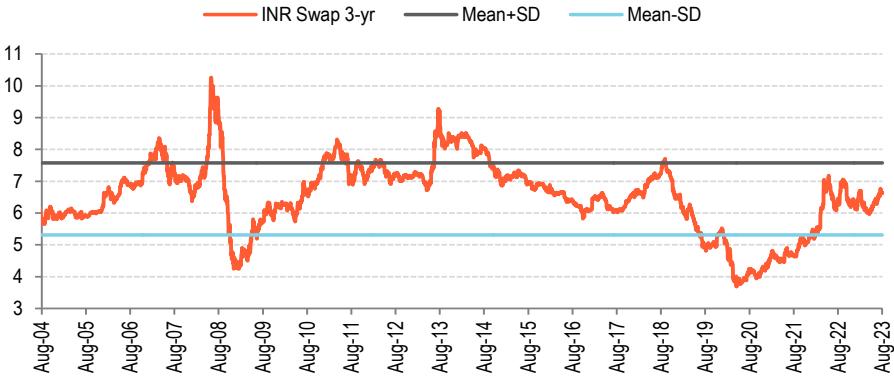
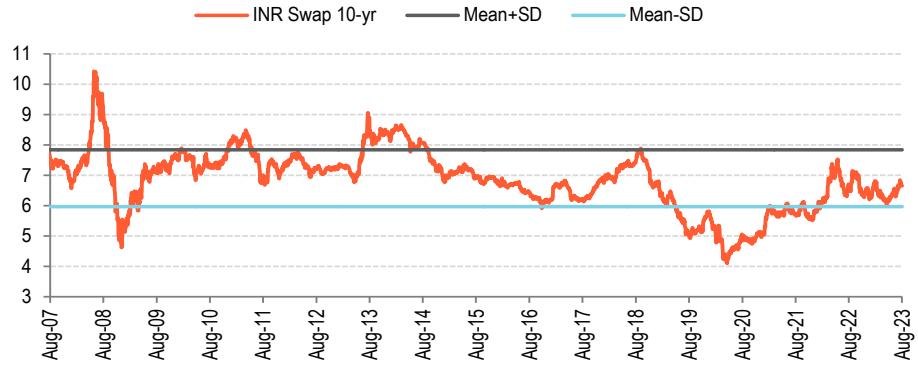


**Fig 97 – For 10Y AAA NBFC it was at 45bps**



**Fig 99 – For 10Y AAA corp spread, it was stable at 37bps**



**Fig 100 – INR 3Y swap rose to 6.62 as on 31 Aug 2023 from 6.55 as on 31 Jul 2023****Fig 101 – For 10Y, it rose to 6.65 from 6.60**

### Interest rates on small savings schemes

**Fig 102 – Interest rates on 1,2 year deposits and 5 year recurring deposits have been increased in Q2FY24**

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
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	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	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	5.5	5.7	6.8	7.0
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	5.5	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	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	6.5
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	7.4	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	6.6	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	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	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	6.9	7.0	7.2	7.5
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	7.6	8.0	8.0

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

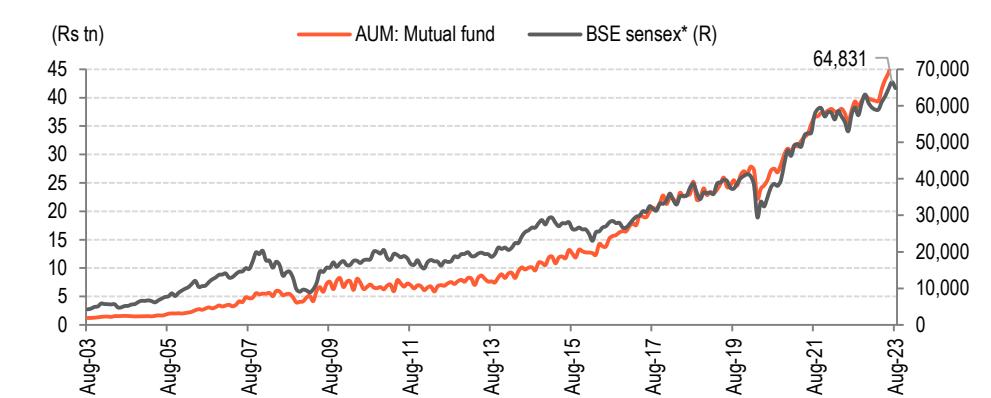
**Fig 103 – MCLR rate of private banks broadly increased**

1Y MCLR (%)	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23
<b>Public Sector Banks</b>															
Bank of Baroda	7.50	7.65	7.70	7.80	7.95	8.05	8.30	8.50	8.55	8.55	8.60	8.60	8.65	8.65	8.65
Bank of India	7.35	7.50	7.60	7.70	7.80	7.95	8.15	8.30	8.40	8.50	8.60	8.60	8.65	8.65	8.70
Canara Bank	7.40	7.50	7.65	7.75	7.90	8.10	8.15	8.35	8.50	8.60	8.65	8.65	8.65	8.65	8.70
Indian Bank	7.40	7.55	7.65	7.75	7.85	8.10	8.20	8.30	8.45	8.55	8.60	8.60	8.65	8.65	8.65
Punjab National Bank	7.40	7.55	7.65	7.70	7.75	8.05	8.10	8.30	8.40	8.50	8.50	8.50	8.60	8.60	8.60
State Bank of India	7.40	7.50	7.70	7.70	7.95	8.05	8.30	8.40	8.50	8.50	8.50	8.50	8.50	8.55	8.55
Union Bank of India	7.45	7.55	7.70	7.75	7.90	8.20	8.25	8.40	8.65	8.65	8.65	8.65	8.65	8.65	8.65
<b>Private Sector Banks</b>															
Axis Bank Ltd.	7.95	8.00	8.05	8.10	8.35	8.45	8.75	8.80	8.90	8.95	8.95	9.10	9.10	9.10	9.15
HDFC Bank Ltd.	7.85	8.05	8.10	8.20	8.20	8.55	8.60	8.85	8.90	8.95	8.95	9.05	9.05	9.05	9.10
ICICI Bank Ltd.	7.55	7.75	7.90	8.00	8.10	8.30	8.40	8.65	8.65	8.75	8.75	8.75	8.85	8.85	8.90
Indusind Bank	9.00	9.10	9.30	9.40	9.55	9.80	9.95	9.95	10.05	10.15	10.20	10.20	10.20	10.25	10.25
Kotak Mahindra Bank	7.85	8.05	8.10	8.20	8.45	8.55	8.65	8.95	9.00	9.05	9.10	9.20	9.20	9.25	9.30

Source: RBI, Note: Banks whose MCLR went up in Jul'23 have been marked red

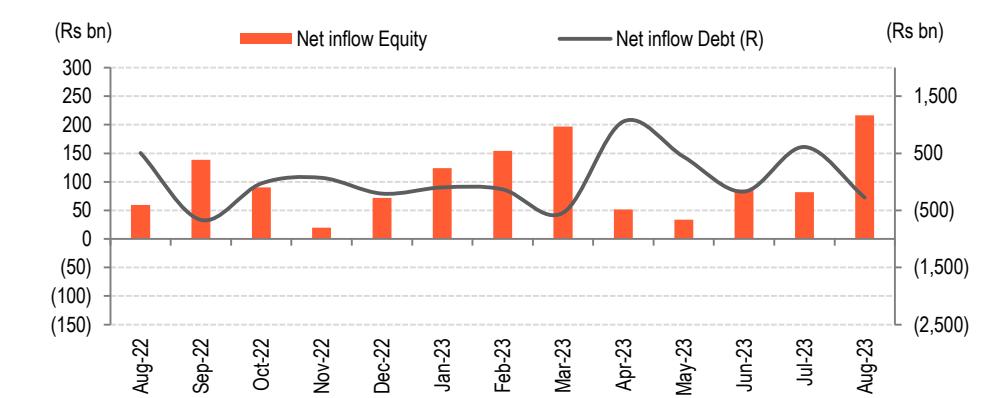
## Mutual fund (MF) indicators

**Fig 104 – Sensex fell by 2.5% to 64,831 in Aug'23, AUM of MFs rose to Rs 46.6tn in Aug'23 from Rs 46.4tn in Jul'23**



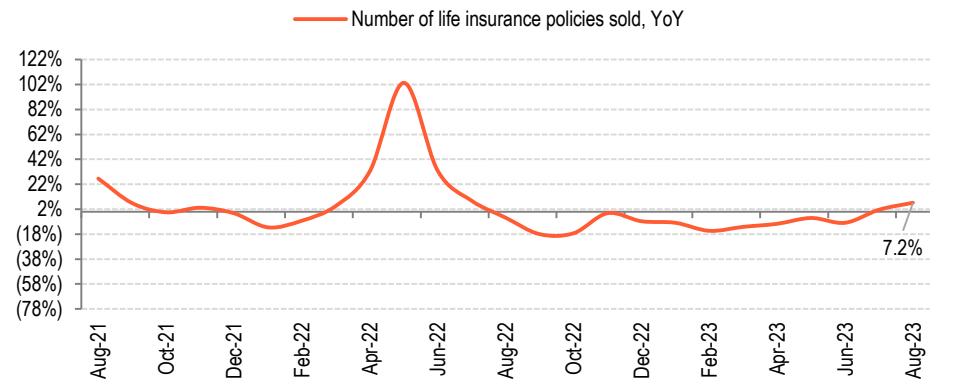
Source: \*Sensex as on last trading day of the month.

**Fig 105 – MF equity inflows rose to Rs 216bn in Aug'23 from Rs 82bn in Jul'23; debt outflow was at Rs 276bn in Aug'23 from Rs 611bn inflow in Jul'23**

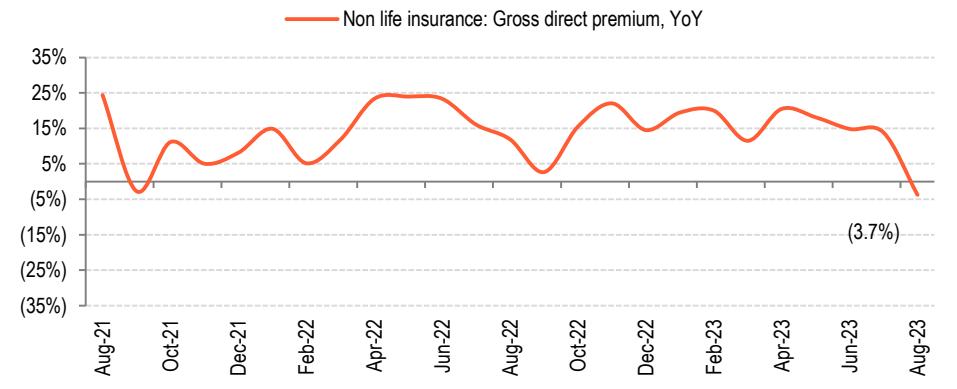


## Insurance sector indicators

**Fig 106 – Sale of life insurance policies inched up by 7.2% in Aug'23 from 1.6% in Jul'23, driven by favourable base**



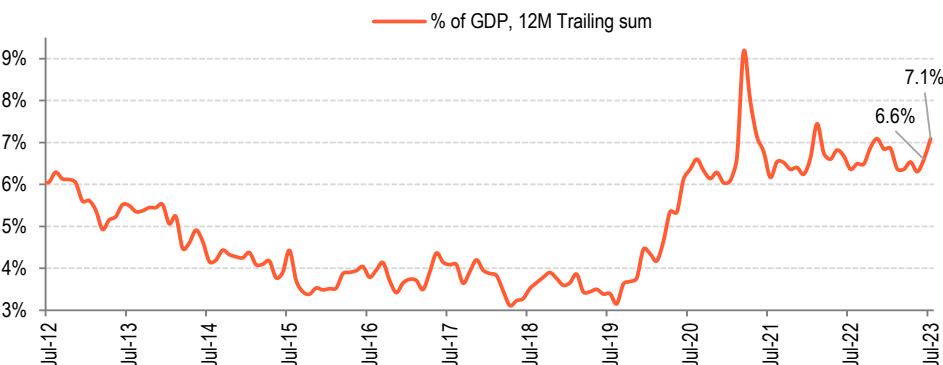
**Fig 107 – Gross direct premium for non-life insurance fell by 3.7% from 13.8% increase in Jul'23**



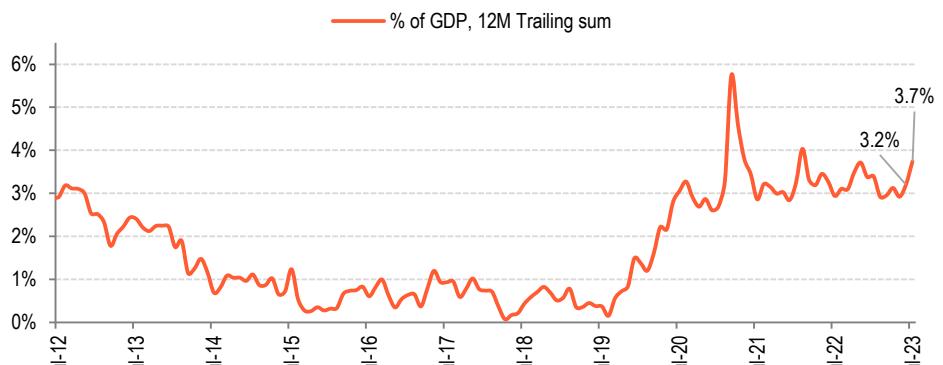
## Public finance

### Central government finances

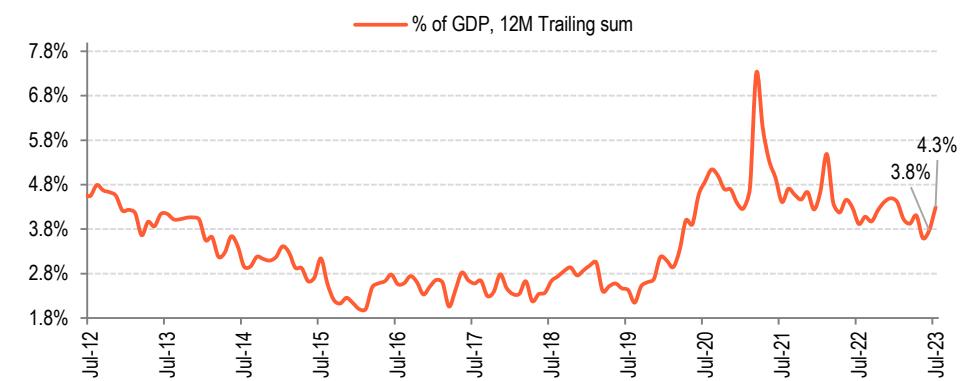
**Fig 108 – Fiscal deficit crosses 7% mark as of Jul'23 (12MMA basis)**



**Fig 110 – Primary deficit jumps to 3.7% as of Jul'23**

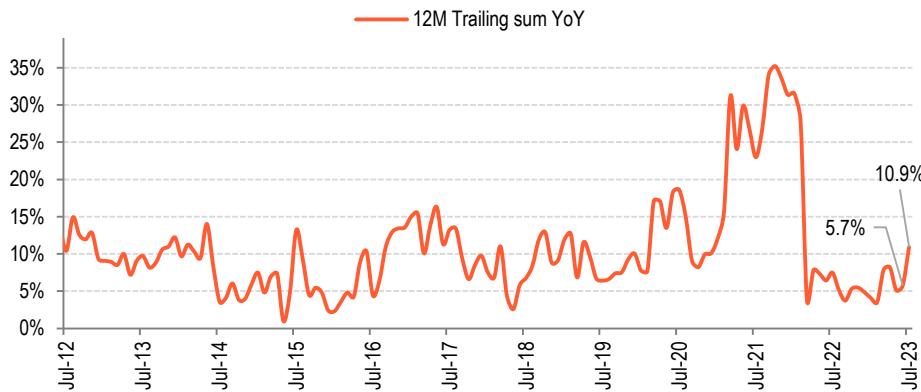
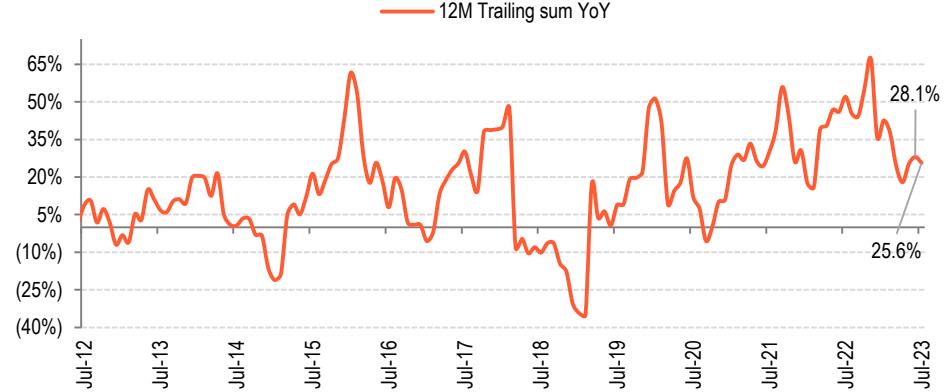


**Fig 109 – Revenue deficit in Jul'23 also seen rising**

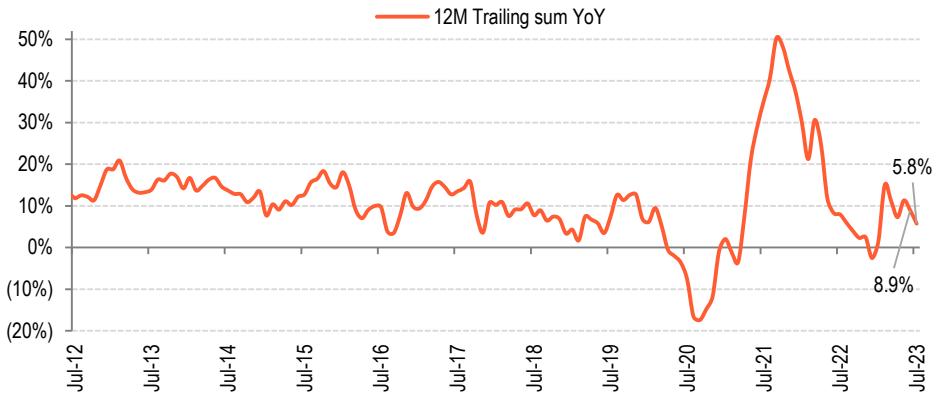
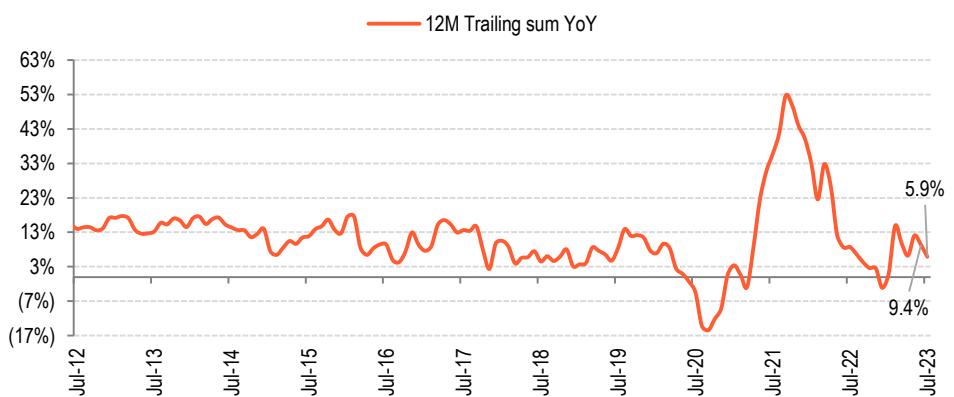
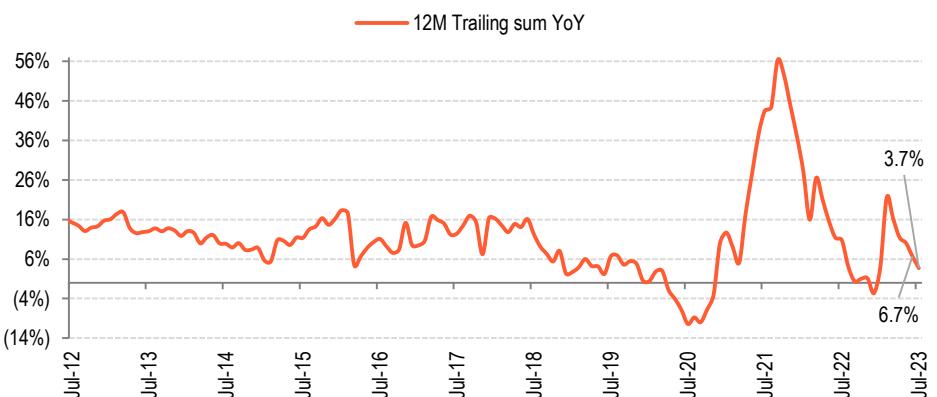
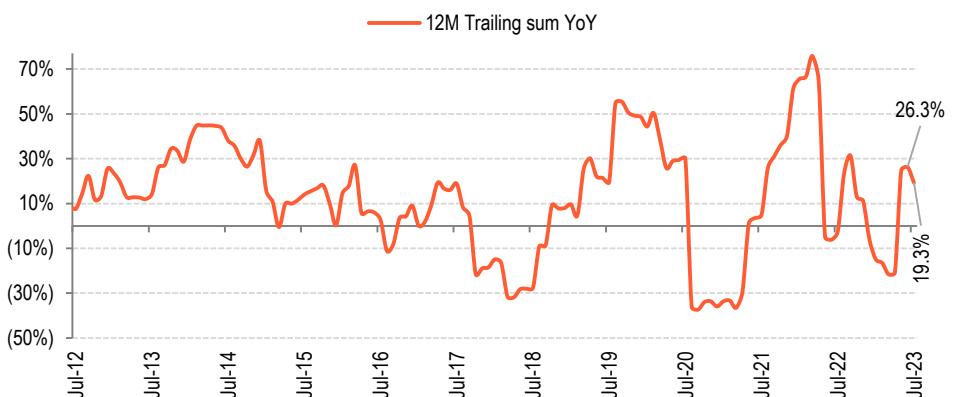


**Fig 111 – Government spending picks up further pace in Jul'23**



**Fig 112 – ...supported by revenue expenditure****Fig 113 – Capital spending seeing slight moderation****Fig 114 – Higher spending by ministries of defence, road & transport giving capex a push**

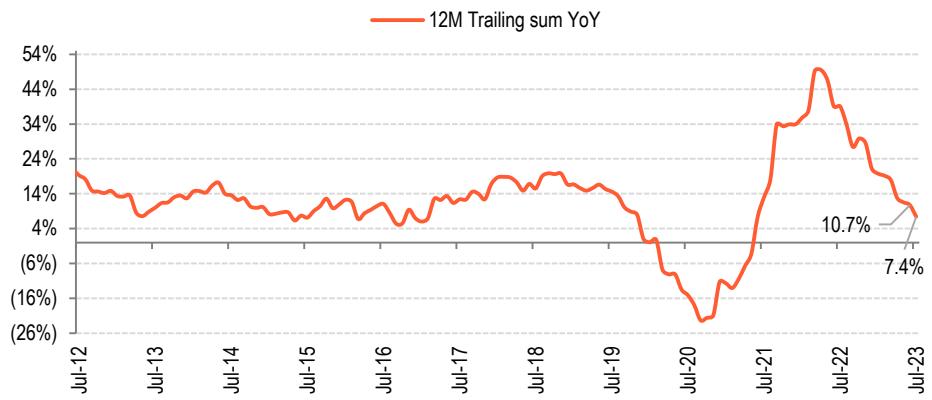
Ministry	Apr-Jul'21	Apr-Jul'22	% change	Apr-Jul'23	% change
Ministry of Finance	3,557	4,005	12.6	4,549	13.6
Ministry of Defence	1,472	1,785	21.2	1,987	11.4
Ministry of Consumer Affairs, Food and Public Distribution	991	744	(24.9)	780	4.8
Ministry of Rural Development	539	476	(11.8)	511	7.5
Ministry of Home Affairs	566	653	15.5	679	3.9
Ministry of Human Resource Development	237	158	(33.5)	242	53.6
Ministry of Road Transport and Highways	515	865	68.0	1,078	24.6
Ministry of Chemicals and Fertilisers	268	455	69.6	721	58.5
Ministry of Petroleum and Natural Gas	25	2	(93.9)	7	369.5
Ministry of Agriculture	340	299	(12.1)	377	26.2
Ministry of Health and Family Welfare	249	202	(19.2)	237	17.6

**Fig 115 – Receipt growth continued to soften in Jul'23 as well****Fig 116 – Revenue receipts lead the trend...****Fig 117 – ...As net tax receipts ease****Fig 118 – Non-tax collections also beginning to come down**

**Fig 119 – Centre's net revenue growth slows, dragged by direct tax collections; revenue spending picked up in Jul'23, while capex growth softened**

	Apr-Jul'21	Apr-Jul'22	% change	Apr-Jul'23	% change
Gross Tax revenue	6,959	8,695	24.9	8,942	2.8
Direct taxes	3,071	4,383	42.7	4,333	(1.1)
Corp Tax	1,459	1,965	34.7	1,761	(10.4)
Income Tax	1,612	2,418	50.0	2,572	6.4
Indirect taxes	3,888	4,312	10.9	4,609	6.9
Non-tax revenue	1,400	896	(36.0)	1,788	99.6
Centre's revenue (net)	6,691	7,558	12.9	7,614	0.7
Total expenditure	10,044	11,267	12.2	13,807	22.5
Capital exp	1,284	2,087	62.5	3,171	52.0
Revenue exp	8,760	9,181	4.8	10,636	15.9
Fiscal deficit	3,211	3,408	6.1	6,056	77.7

**Fig 120 – Softening in gross direct tax growth dragging revenue receipts down**



**Fig 121 – Gross indirect tax collections also register slowdown**

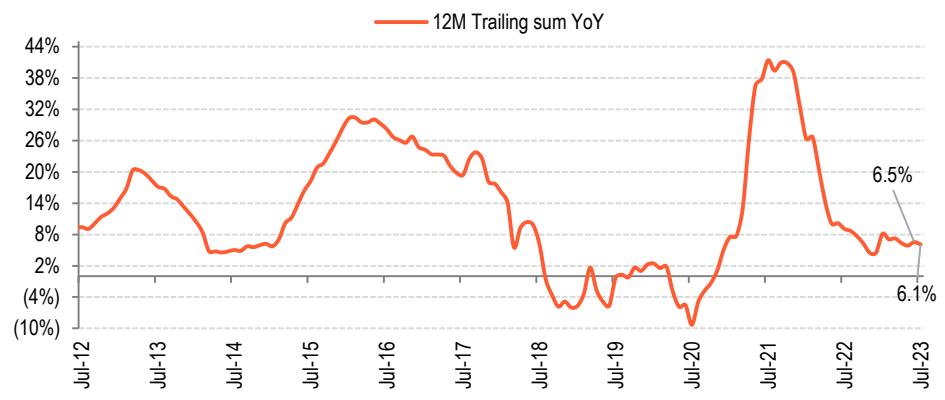


Fig 122 – Both corporate tax collections and...

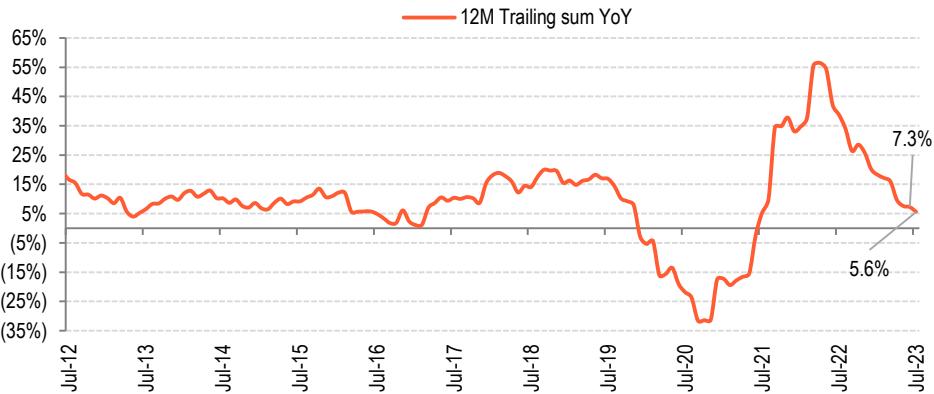


Fig 123 – ...income tax collection growth slipped further in Jul'23

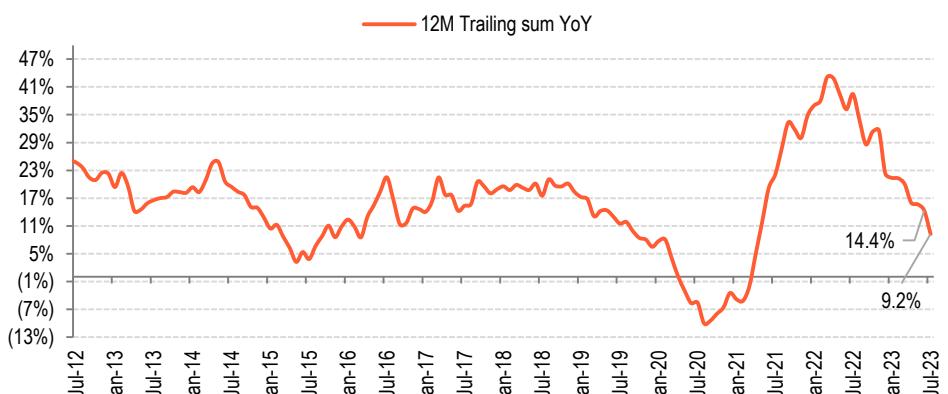
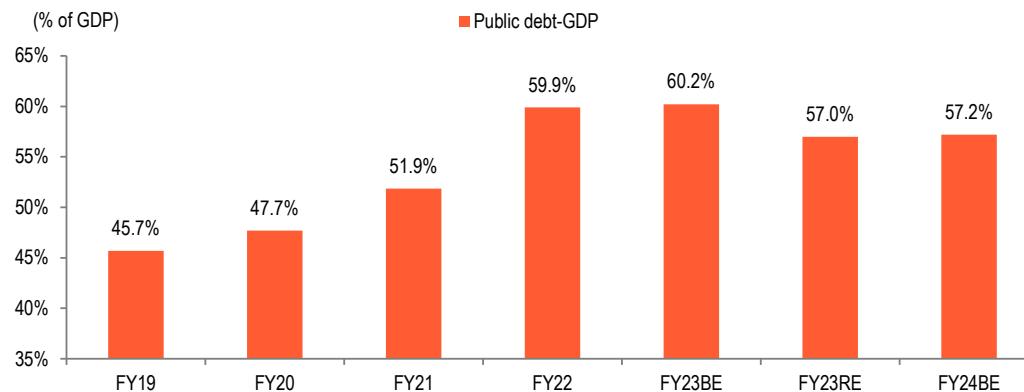
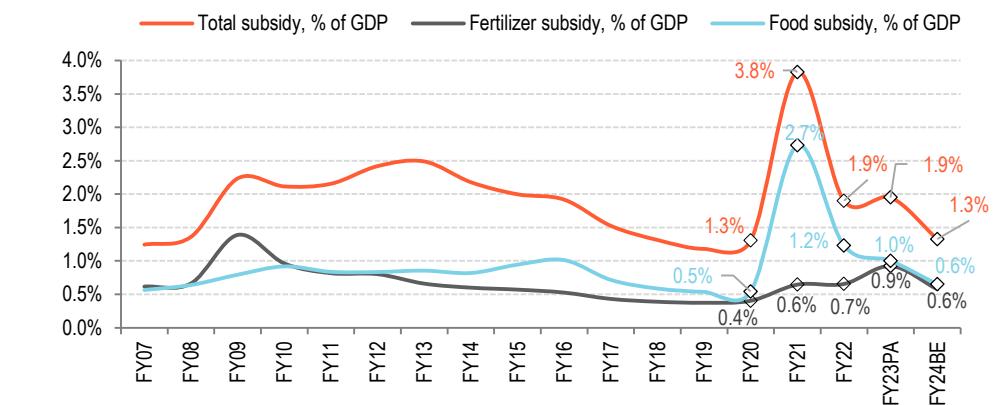


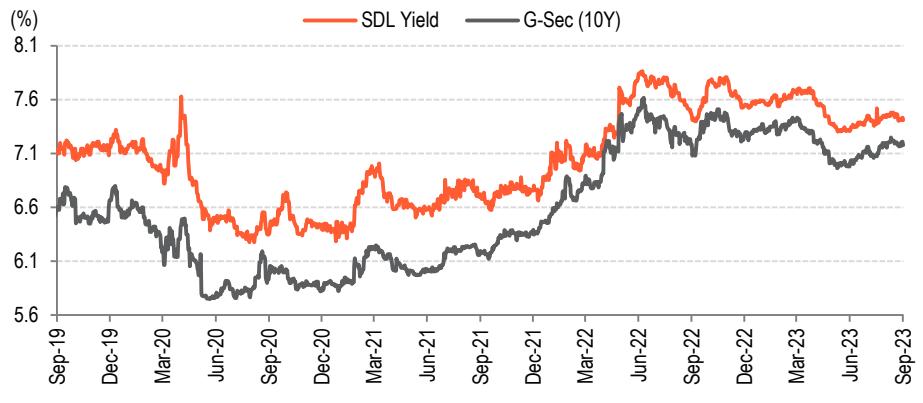
Fig 124 – GST collections for Jul'23 remain close to Rs 1.6 lakh crore mark

(Rs bn)	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Monthly run rate (FYTD24)	FYTD24	FY24 (BE)
CGST	554	519	547	722	578	608	652	601	611	809	607	648	672	684	2,736	8,116
UT GST	1.6	1.5	4.1	6.0	5.2	2.3	2.4	3.9	9.2	3.1	2.6	3.4	2.5	3	12	-
IGST	69	89	100	(194)	(26)	(34)	(17)	(23)	86	(93)	10	16	(24)	(23)	-91	-
SGST*	705	768	767	821	834	874	754	901	1,062	733	884	865	826	827	3,308	-
Cess	107	99	100	103	103	109	104	118	102	119	112	118	114	116	463	1,450
<b>Total GST</b>	<b>1,436</b>	<b>1,477</b>	<b>1,517</b>	<b>1,459</b>	<b>1,495</b>	<b>1,559</b>	<b>1,496</b>	<b>1,601</b>	<b>1,870</b>	<b>1,571</b>	<b>1,615</b>	<b>1,651</b>	<b>1,591</b>	<b>1,607</b>	<b>6,428</b>	<b>-</b>

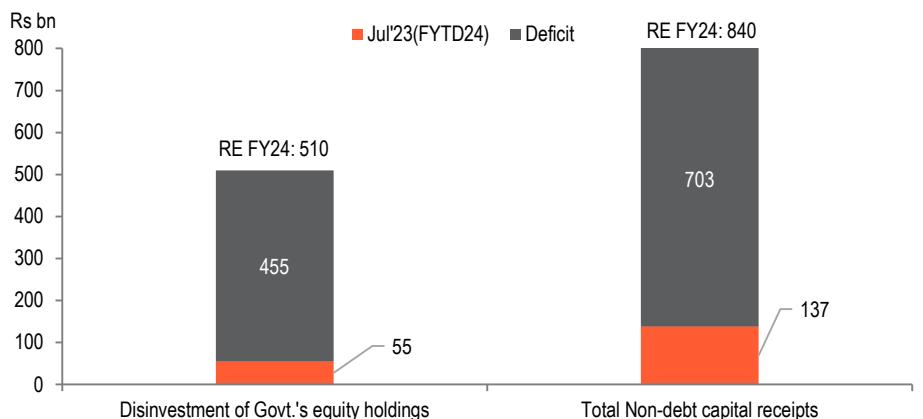
Source: PIB | \*Computed from PIB and CGA data

**Fig 125 – Rising central government debt a key concern****Fig 127 – Subsidy bill in FY23 was higher than revised estimates; FY24 to be lower**

RE-Revised Estimates; PA-Provisional Actuals; BE-Budget Estimates

**Fig 126 – Spread between 10Y G-sec and SDL yield narrowed further in Aug'23, and is further down in Sep'23 so far**

Source: CCIL

**Fig 128 – Central govt. disinvestment status (FY24)**

## Central government borrowing

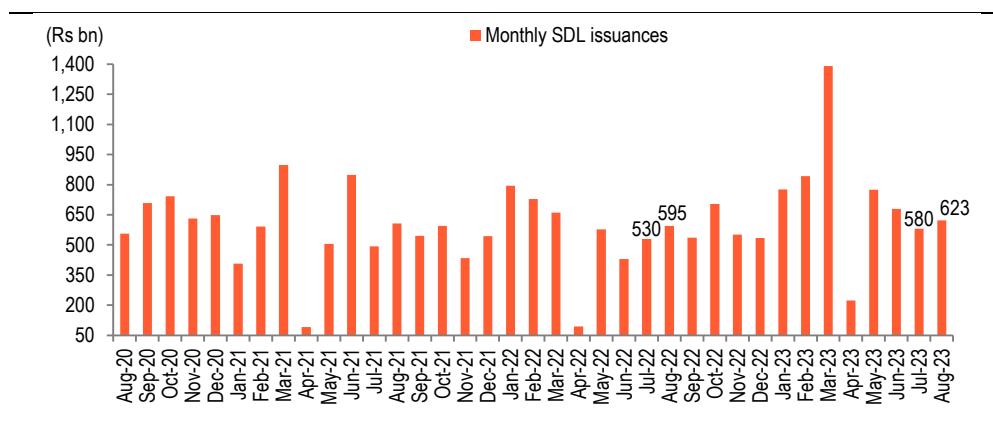
**Fig 129 – Centre's borrowing through T-bill in Q2FY24\* has been at Rs 3.0tn**

Total accepted amount (T-bills), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,963	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	2950*	3,120
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	-	-
<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>17,105</b>	-	-

Source: RBI, \* Data till 6 Sep 2023

## State government borrowing

**Fig 131 – State government borrowings picked up momentum in Aug'23**



Source: RBI

**Fig 130 – Centre's gross borrowing in Q2FY24 till date is at Rs 3.4tn**

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	4,080	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	3380**	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	-	-
Q4	800	670	1680	920	3,191	1370	2,740	-	-
<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>14,210</b>	-	-

Source: RBI\* Against budgeted Rs 12.8tn, \*\*Till 9<sup>th</sup> Sep 2023

**Fig 132 – State borrowings gather pace in Q2FY24; have met 57% of the planned borrowing so far**

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	1,677	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661	1,360*	2,374
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	-	-
<b>Total</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,206</b>	<b>6,927</b>	<b>7,652</b>	<b>2,505*</b>	-

Source: RBI; \*as of 5 Sep 2023

## External sector

### Exports

Fig 133 – Global exports continue to maintain a downward momentum

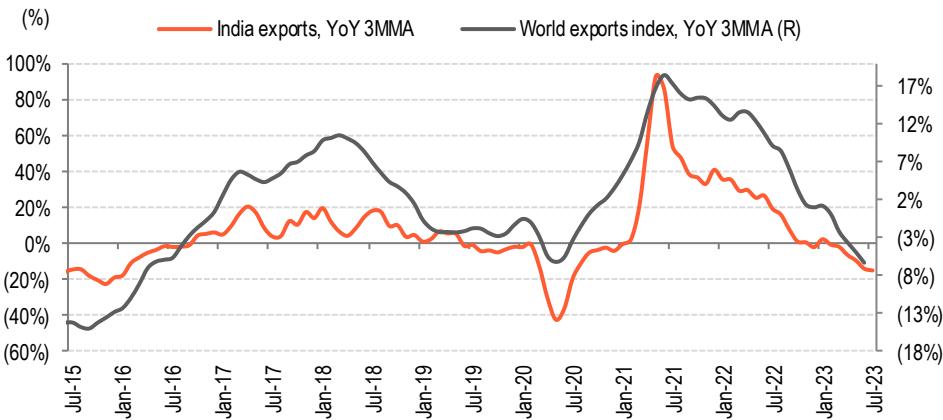
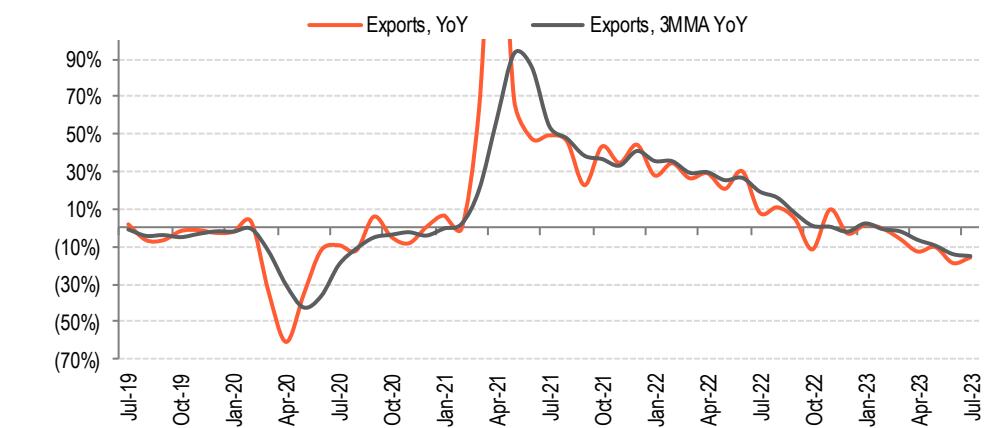


Fig 134 – India's exports declined by 15.9% in Jul'23 after falling by 18.8% in Jun'23



### Exports by major sectors

Fig 135 – Oil exports declined sharply by 43.8% in Jul'23 versus a decline of 36% in Jun'23

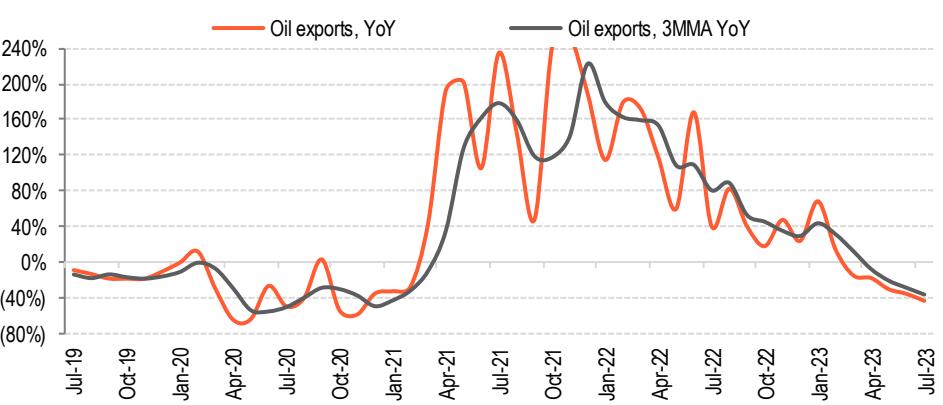
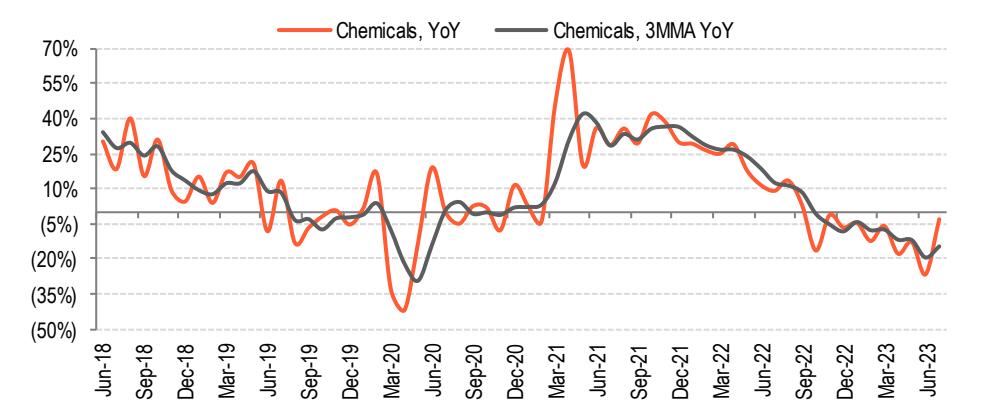
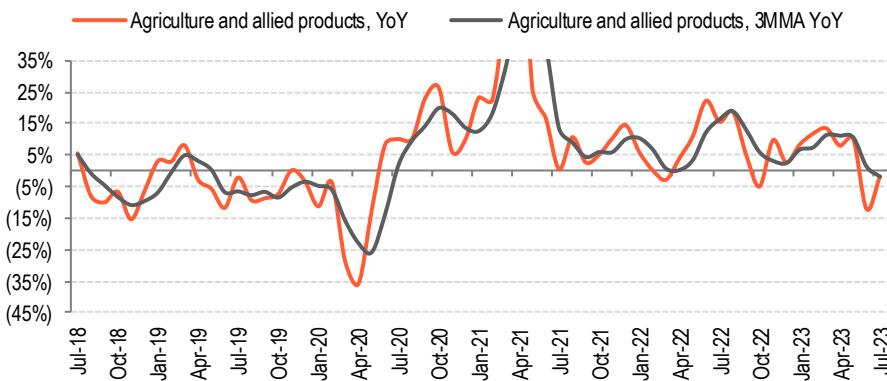


Fig 136 – Non-oil exports contract at a slower pace in Jul'23, led by chemicals

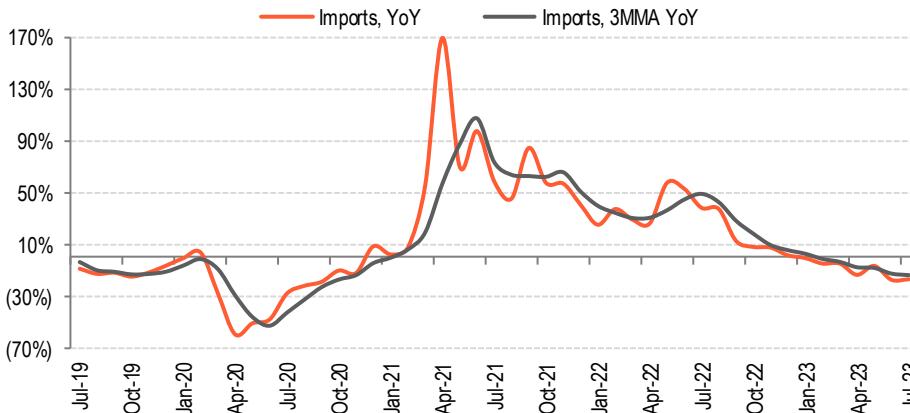


**Fig 137 – Improvement in exports of agricultural products**

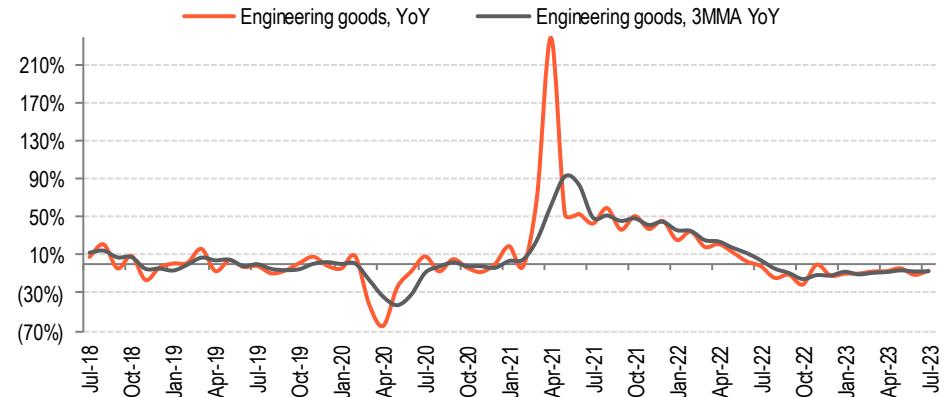


## Imports

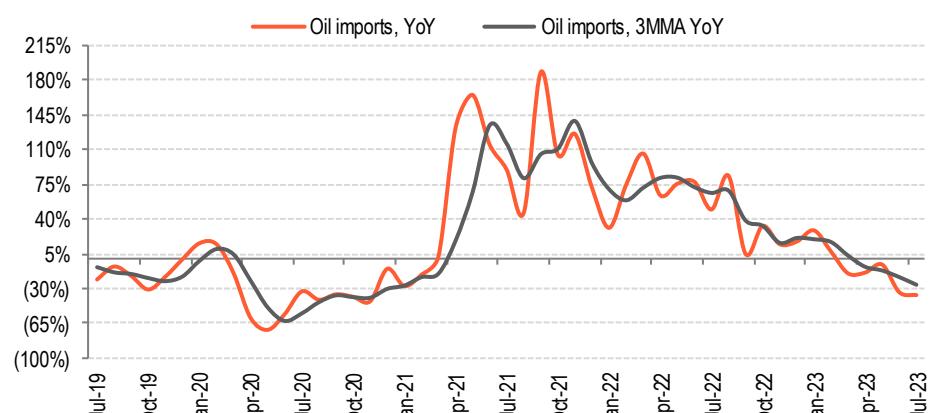
**Fig 139 – In Jul'23, imports declined by 17% following a 17.5% decline in Jun'23**

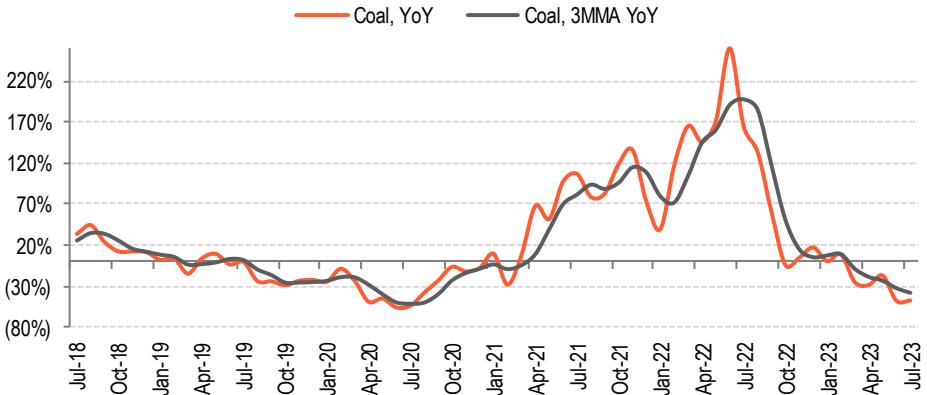
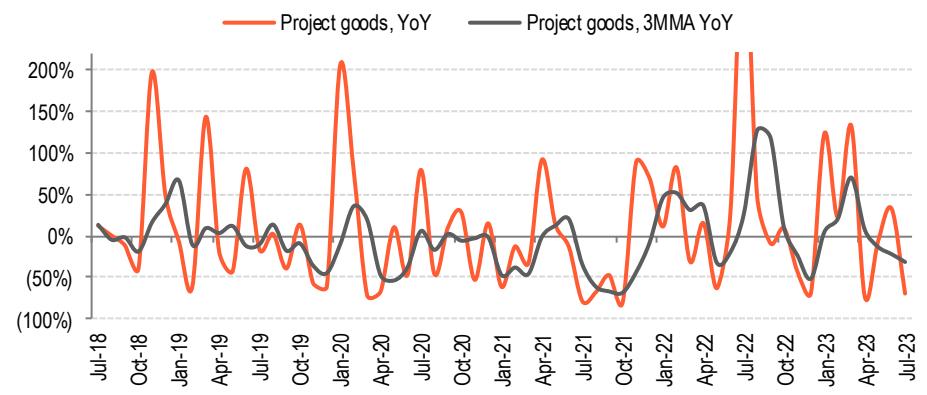
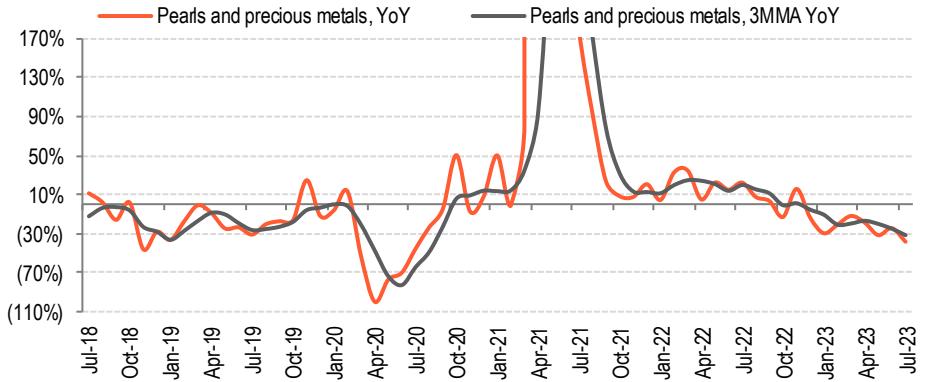
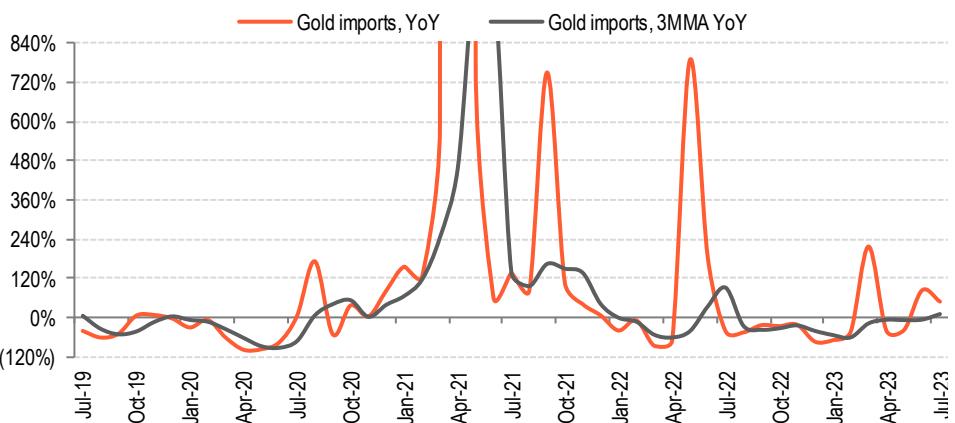


**Fig 138 – Engineering exports continued to decline in Jul'23 as well**



**Fig 140 – .. led by a sharp decline in oil imports**



**Fig 141 – Within non-oil-non-gold imports, coal imports have plunged sharply****Fig 143 – Project goods import declined by 69% in Jul'23 versus an increase of 33% in Jun'23****Fig 142 – Imports of pearls and precious stones also showing a similar trend****Fig 144 – Gold imports moderated to 47.7% in Jul'23 from 82.4% in Jun'23**

## Exports and imports by major regions

**Fig 145 – Exports to all regions have witnessed a sharp drop in Q1FY24, sharpest decline in exports to Asia and Pacific and China**

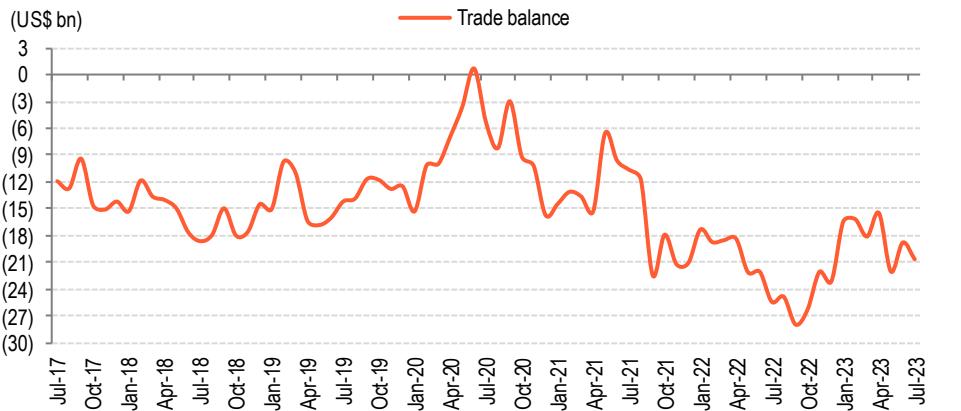
Region (% YoY)	Share in FY23	FYTD23	FYTD24	May-23	Jun-23	Jul-23
Americas	23.7	25.5	(13.2)	(9.5)	(15.0)	(12.0)
Asia and Pacific (Ex. China)	23.3	11.1	(23.1)	(18.5)	(28.2)	(16.7)
China	3.5	(33.5)	(14.9)	(20.7)	(24.3)	(7.7)
Europe	22.0	32.2	(1.7)	(3.5)	(0.1)	2.4
Middle East and Africa	26.6	37.2	(14.3)	(9.0)	(27.2)	(14.1)
Other	0.9	222.9	(4.8)	(4.8)	(18.4)	2.5

**Fig 146 – Even imports are lower, led by Middle East and Africa and Asia and Pacific**

Region (% YoY)	Share in FY23	FYTD23	FYTD24	May-23	Jun-23	Jul-23
Americas	11.2	34.4	(15.4)	(0.1)	(13.8)	(20.7)
Asia and Pacific (Ex. China)	24.9	48.8	(15.4)	(14.5)	(22.4)	(5.9)
China	13.8	24.8	(5.4)	9.7	(11.2)	(11.1)
Europe	12.6	16.9	(4.7)	(6.7)	(7.2)	(14.0)
Middle East and Africa	30.8	53.2	(33.0)	(29.7)	(32.5)	(36.4)
Other	6.8	190.1	87.3	189.0	43.3	25.1

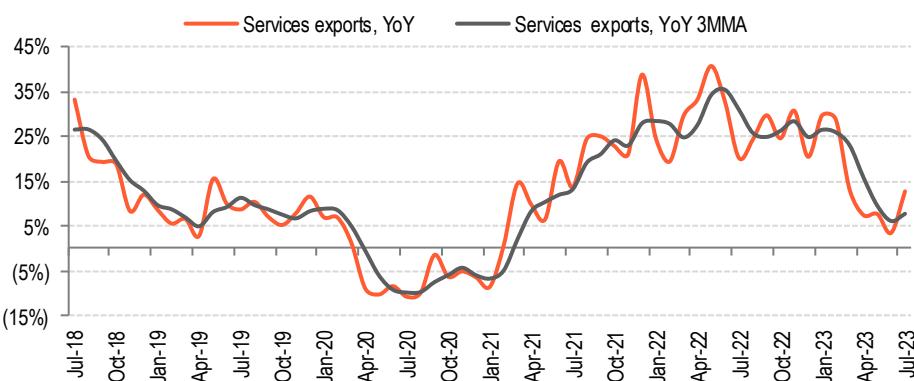
## Trade deficit

**Fig 147 – Trade deficit widened to US\$ 20.7bn in Jul'23 from US\$ 18.8bn in Jun'23, tracking at US\$ 19.2bn in FYTD24**

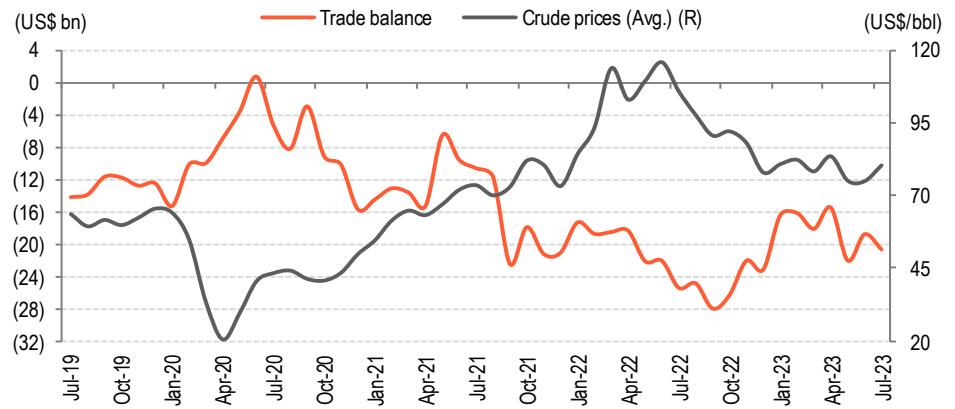


## Trade in services

**Fig 149 – Growth in services exports recovers to 12.7 in Jul'23 from 3.5% in Jun'23**

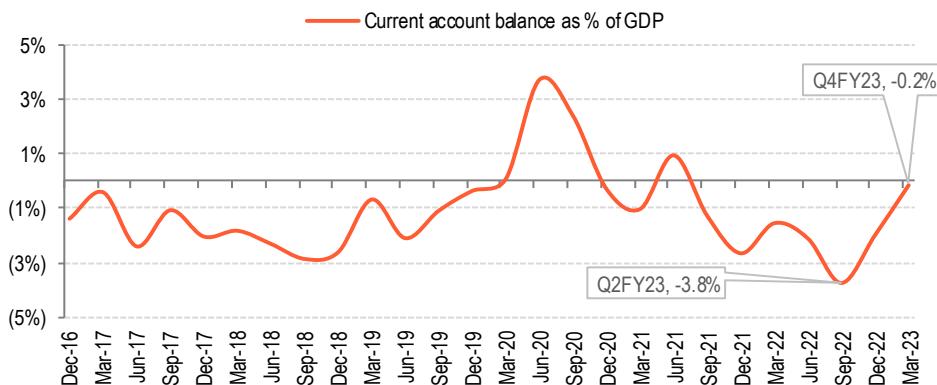


**Fig 148 – .. as oil prices inched up in Jul'23**



## BoP

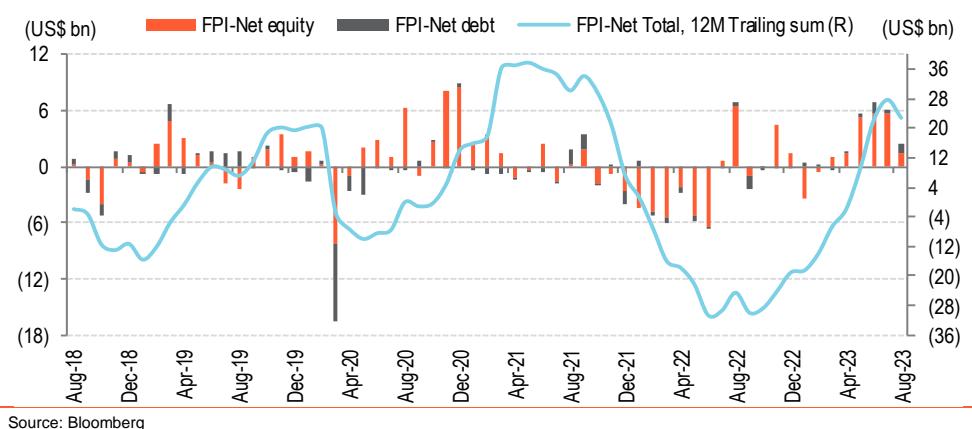
**Fig 150 – India's current account deficit narrowed to a 6-quarter low at 0.2% of GDP in Q4FY23**



## Foreign inflows

### FPI inflows

**Fig 151 – FPI inflows moderate to US\$ 2.2bn in Aug'23 versus US\$ 5.8bn in Jul'23, outflows of US\$ 437mn in Sep'23**



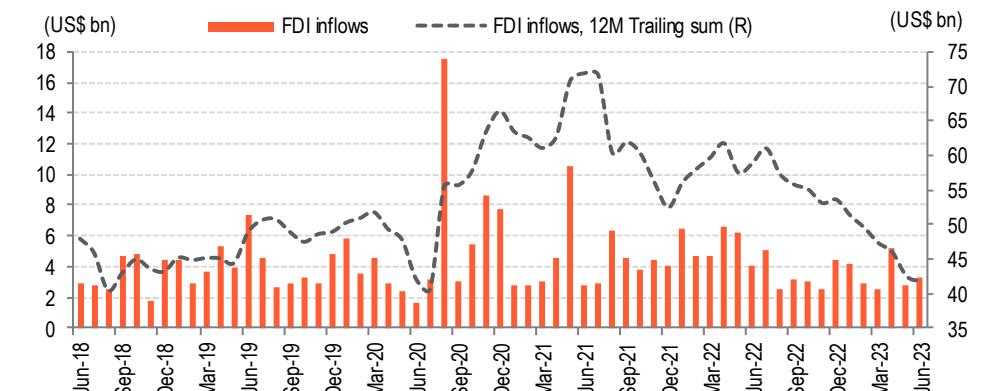
**Fig 153 – FDI inflows fall in Q1FY24, led by computer software and hardware and automobile sector**

Sector	% Share FY23	FY22	FY23	Q1FY23	Q4FY23	Q1FY24
Computer software and hardware	20.4	14.5	9.4	3.4	1.3	1.0
Services	18.9	7.1	8.7	2.6	2.1	2.5
Trading	10.4	4.5	4.8	2.0	0.6	0.5
Non-conventional energy	5.4	1.6	2.5	0.9	0.8	0.7
Drugs and Pharmaceuticals	4.5	1.4	2.1	0.5	0.2	0.1
Automobile industry	4.1	7.0	1.9	0.7	0.6	0.4
Construction (Infrastructure) activities	3.7	3.2	1.7	0.7	0.5	0.8

Source: DIPP

### FDI inflows

**Fig 152 – FDI equity inflows improve to US\$ 3.3bn in Jun'23 compared with US\$ 2.8bn in May'23**



Source: RBI, Bank of Baroda Research

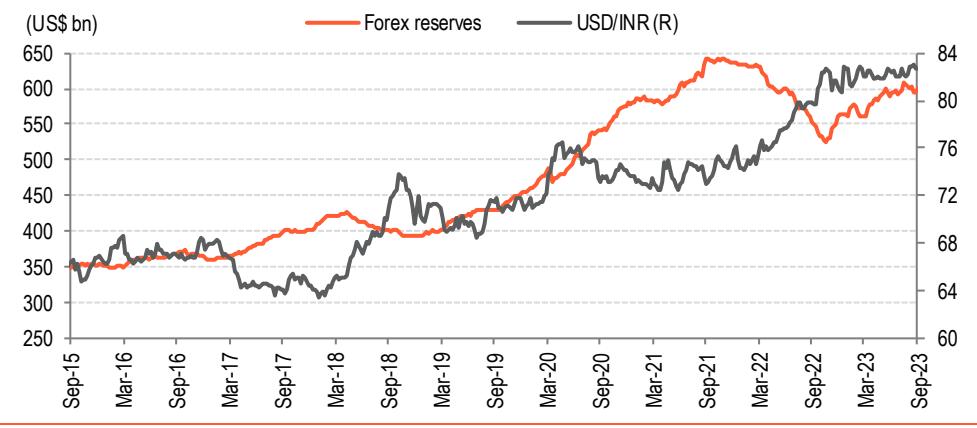
**Fig 154 – Country wise, inflows from Singapore and US dipped in Q1FY24**

Country (US\$ bn)	% Share FY23	FY22	FY23	Q1FY23	Q4FY23	Q1FY24
Singapore	37.4	15.9	17.2	5.7	4.1	3.0
US	13.3	9.4	6.1	2.4	1.4	1.0
Mauritius	13.1	10.5	6.0	1.5	1.1	1.1
Netherlands	5.4	4.6	2.5	1.1	0.3	1.5
UK	3.9	1.5	1.8	0.9	0.4	1.2
Japan	3.8	1.6	1.7	0.3	0.1	0.4

Source: DIPP

## Forex reserves and external debt

Fig 155 – India's FX reserves at US\$ 598.9bn in Sep'23, up by US\$ 20.4bn in FYTD24



Source: Bloomberg | Weekly data as of 1 Sep 2023

Fig 157 – RBI's bought US\$ 4.5bn in the spot market in Jun'23

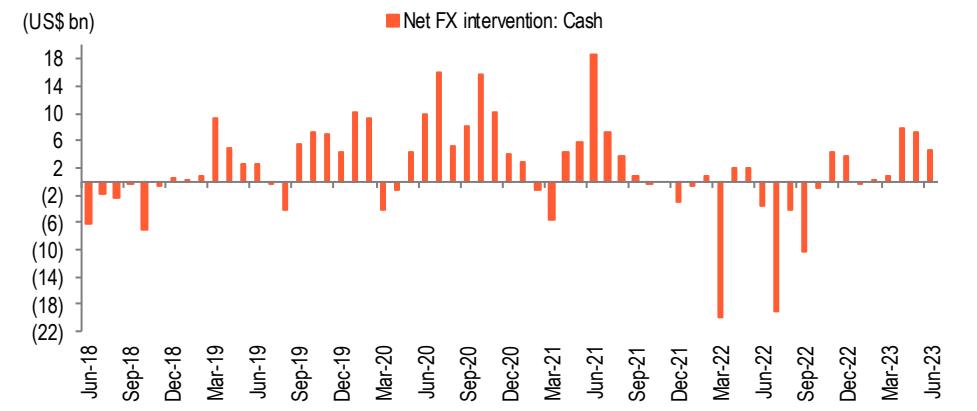


Fig 156 – India's import cover improves further in Jul'23 amidst a drop in imports

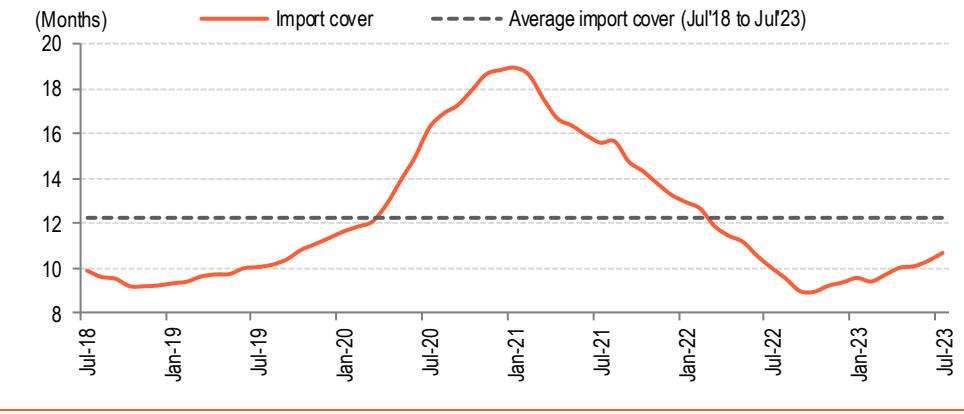
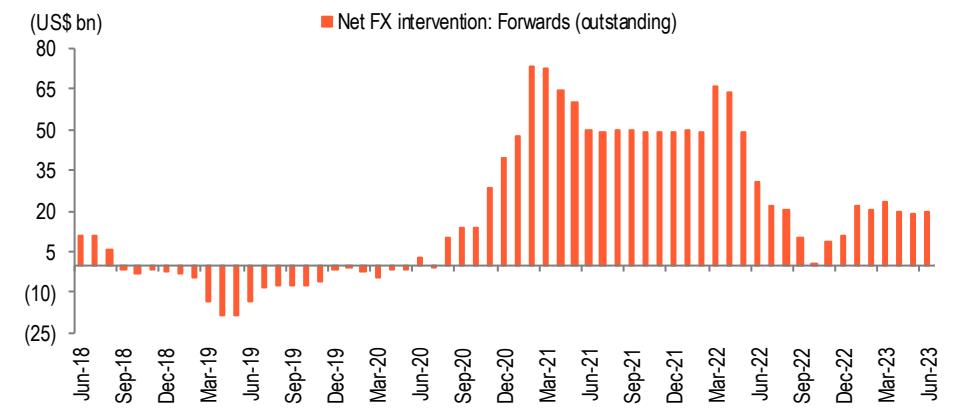


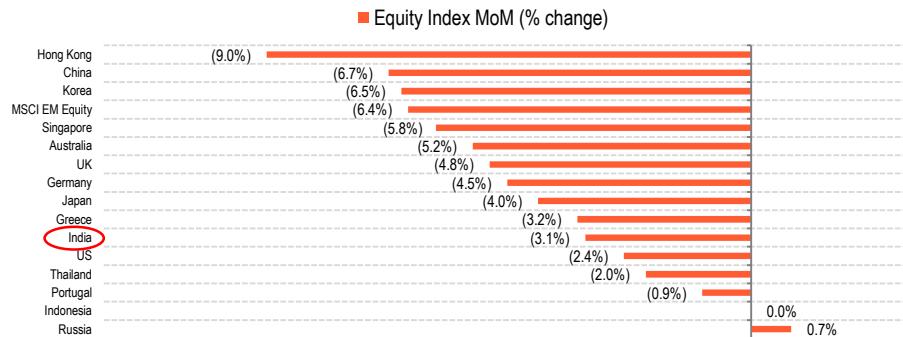
Fig 158 – RBI's outstanding forwards position at US\$ 19.5bn as of Jun'23



## Markets

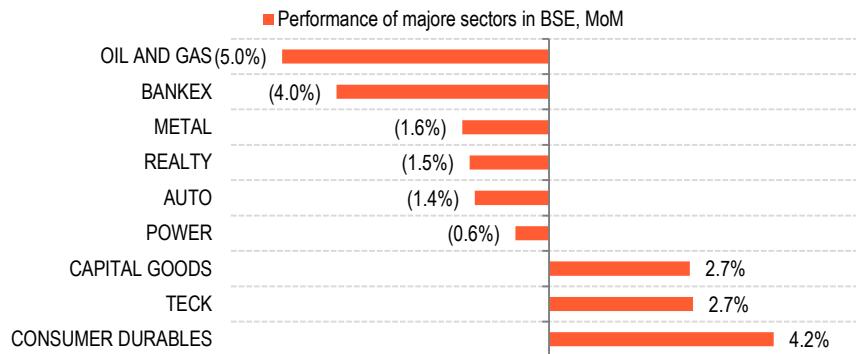
### Equity

**Fig 159 – In Aug'23, Sensex fell by 3.1%, while MSCI EM fell by 6.4%**



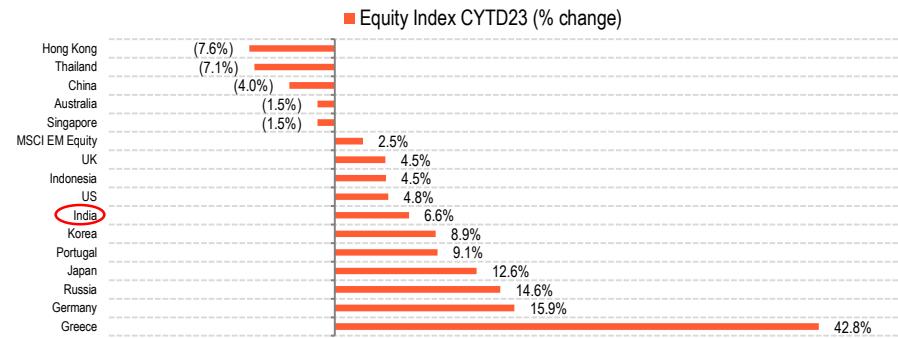
Source: Bloomberg | \* As on 31 Aug 2023, Indices are in US\$ terms

**Fig 161 – Oil and Gas and Banking stocks fell the most in Aug'23/Jul'23**



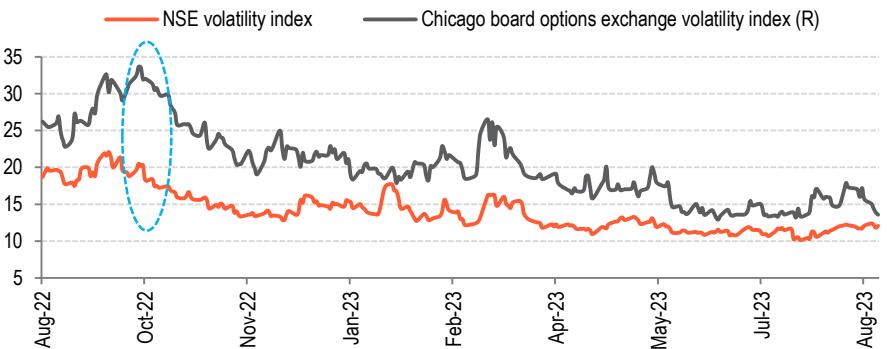
Source: Bloomberg | As on 31 Aug 2023

**Fig 160 – However, in CYTD23, Sensex rose by 6.6%**



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

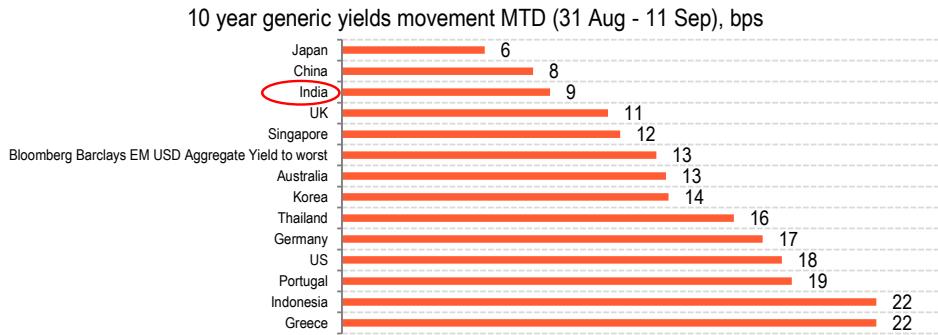
**Fig 162 – VIX index rose to 12.06 in Aug'23 from 10.41 in Jul'23**



Source: Bloomberg

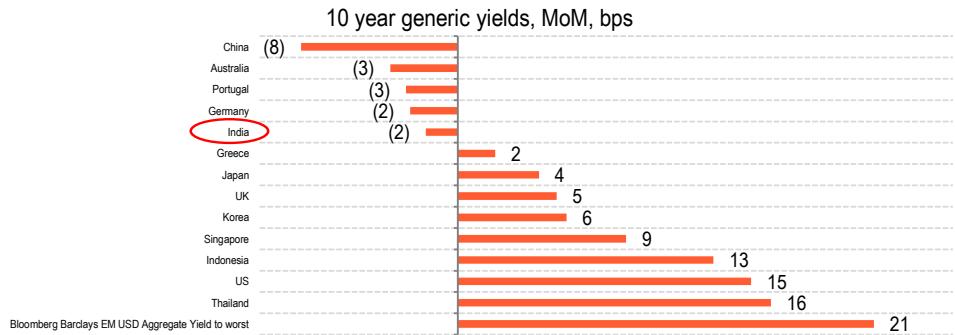
## 10-year bond yields

Fig 163 – On MTD basis, India's 10Y yield rose by 9bps



Source: Bloomberg | As on 11 Sep 2023

Fig 164 – On MoM basis, India's 10Y yield fell by only 2bps



Source: Bloomberg | As on 31 Aug 2023

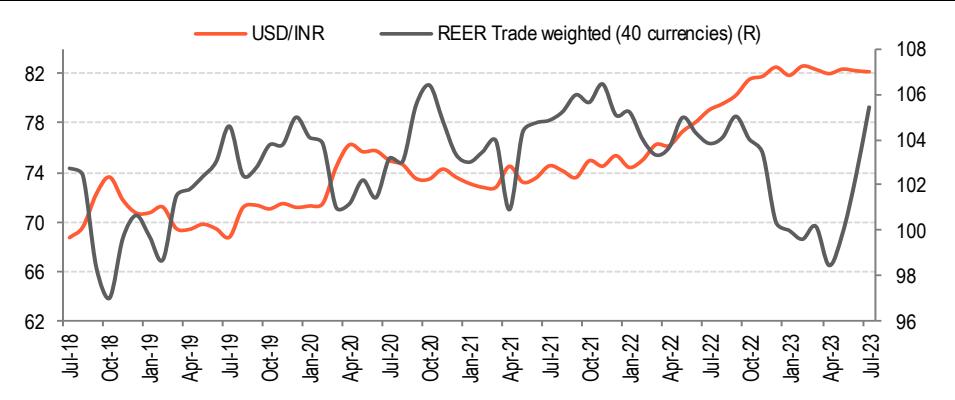
## Currencies

Fig 165 – INR depreciated by 0.6% in Aug'23



Source: Bloomberg | \*As on 31 Aug 2023

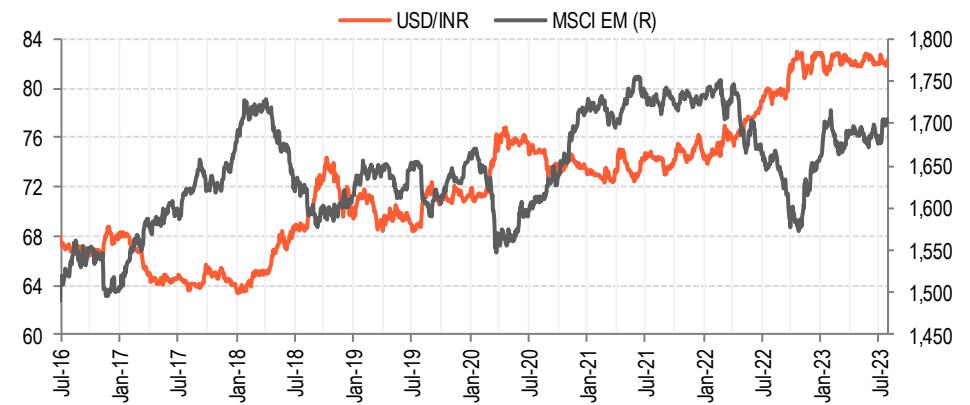
Fig 166 – INR still overvalued by 5.4% on REER basis



Source: Bloomberg

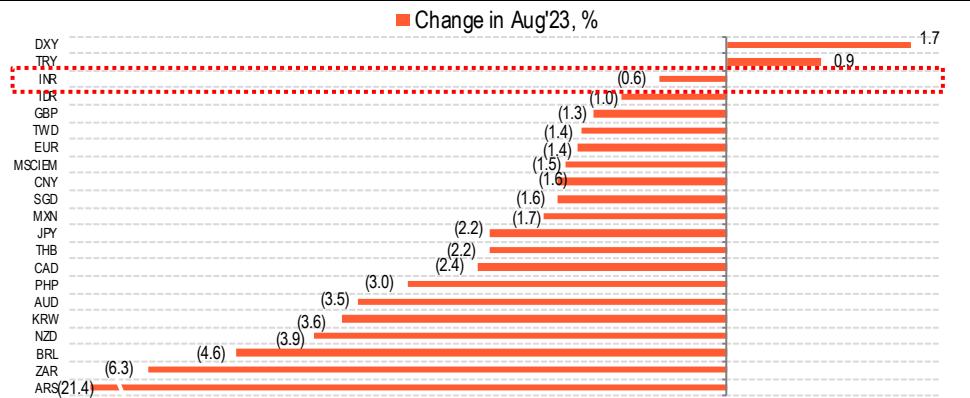
## MONTHLY CHARTBOOK

**Fig 167 – EM currencies also depreciated in Aug'23**



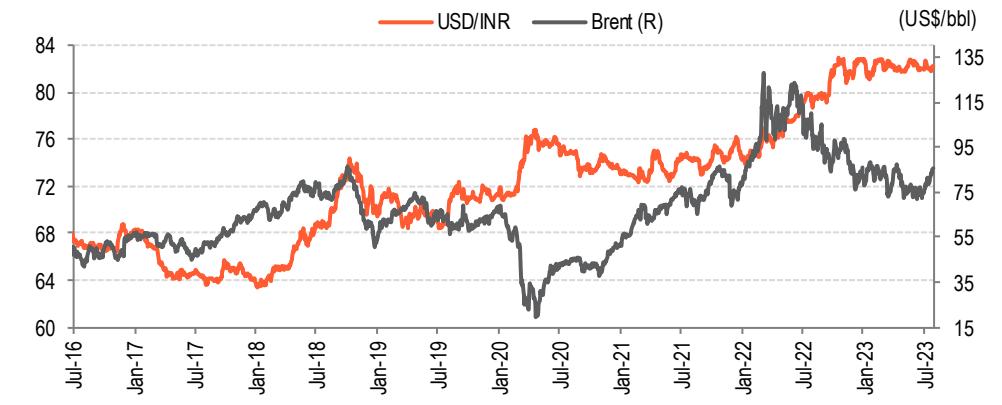
Source: Bloomberg | \*As on 31 Aug 2023

**Fig 169 – In Aug'23 INR has depreciated by 0.6%**



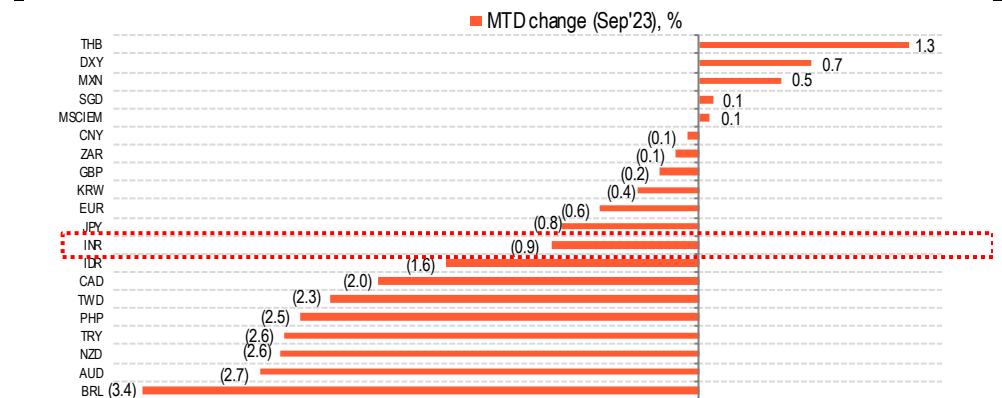
Source: Bloomberg | \*As on 31 Jul 2023

**Fig 168 – .. as oil prices edged up**



Source: Bloomberg | \*As on 31 Aug 2023

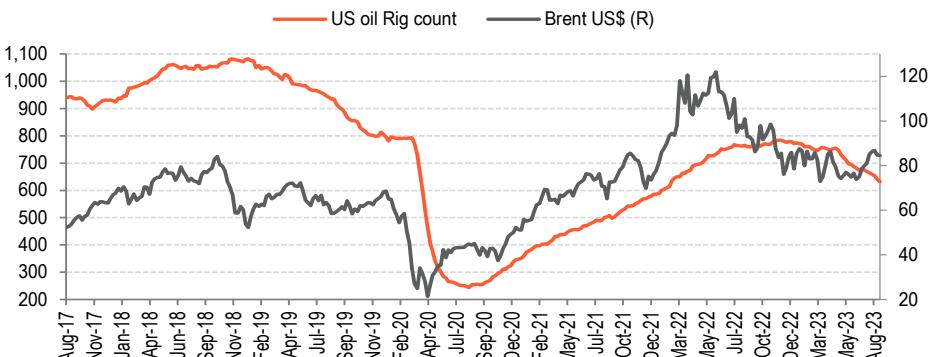
**Fig 170 – INR has depreciated by 0.9% in Sep'23**



Source: Bloomberg | \*As on 11 Sep 2023

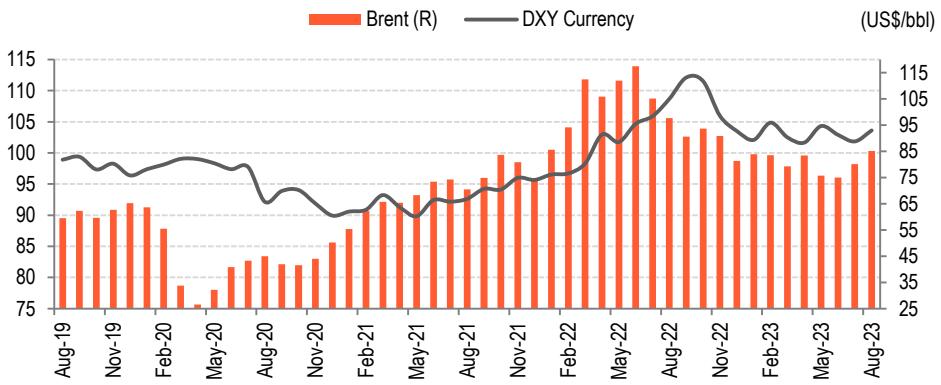
## Commodities

Fig 171 – US rig count moderated in Aug'23



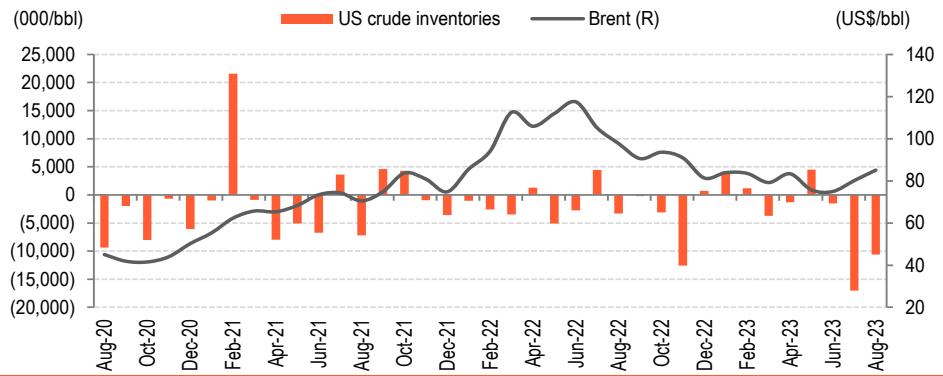
Source: Bloomberg

Fig 173 – Oil prices (average) rose to US\$ 85/bbl in Aug'23 from US\$ 80/bbl in Jul'23 and currently ~US\$ 90/bbl, DXY rose to 103.62 from 101.86



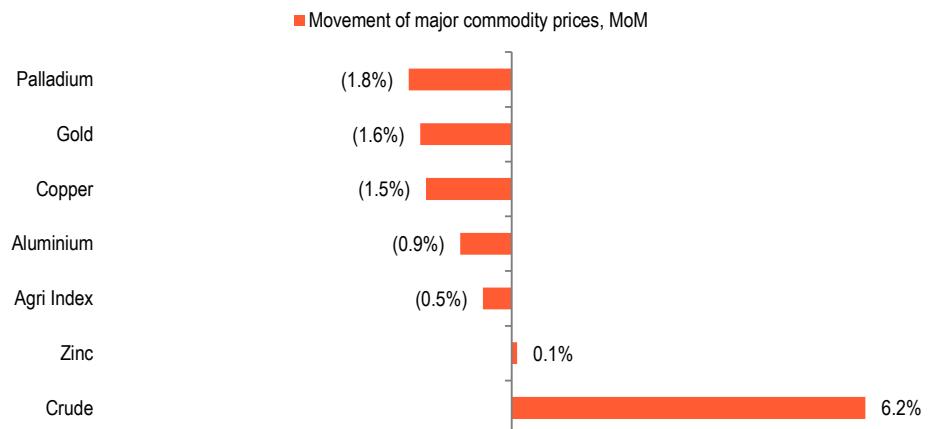
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 172 – US crude oil inventory fell less sharply in Aug'23



Source: Bloomberg

Fig 174 – Crude prices increasing considerably



Source: Bloomberg | Index as on last trading day of the month, all other commodities are averaged and MoM change is taken

**Fig 175 – Performance of high frequency indicators**

Indicators	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
<b>Agriculture</b>													
Tractor sales	(1.0)	18.9	3.6	4.4	19.2	16.0	11.8	10.1	(13.0)	(2.4)	(0.7)	0	(4.1)
Two wheeler sales	8.5	9.0	51.1	23.6	(11.2)	10.1	14.8	12.4	(7.3)	9.3	6.8	8.1	7.1
MNREGA work (HH, MoM)	(35.2)	(30.3)	(24.0)	(10.1)	(11.9)	(11.4)	(11.1)	(6.2)	36.6	38.6	39.1	42.5	43.3
<b>Manufacturing</b>													
IIP: General index	(0.7)	3.3	(4.1)	7.6	5.1	5.8	6.0	1.7	4.5	5.3	3.7	-	-
IIP: Manufacturing	(0.5)	2.0	(5.8)	6.7	3.6	4.5	5.9	1.2	5.2	5.8	3.1	-	-
IIP: Capital goods	4.3	11.4	(2.9)	20.7	7.8	10.5	11.0	9.1	4.6	8.1	2.2	-	-
IIP: Infra & construction goods	3.0	8.2	1.7	14.3	11.0	11.3	9.0	7.0	15.0	11.3	11.3	-	-
IIP: Consumer goods	(4.4)	(5.5)	(18.1)	5.0	(11.2)	(8.2)	(4.1)	(8.1)	(2.5)	1.2	(6.9)	-	-
Steel	5.8	7.7	5.8	11.5	12.3	14.3	12.4	12.1	15.3	10.9	20.8	13.5	-
Cement	2.1	12.4	(4.2)	29.1	9.5	4.7	7.4	(0.6)	12.0	15.3	9.9	7.1	-
Electricity	1.4	11.6	1.2	12.7	10.4	12.7	8.2	(1.6)	(1.1)	0.8	4.2	6.9	-
PMI: Manufacturing	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6
<b>Services</b>													
Services PMI index	57.2	54.3	55.1	56.4	58.5	57.2	59.4	57.8	62.0	61.2	58.5	62.3	-
Automobile sales	8.3	10.9	47.6	25.7	(5.4)	13.6	16.0	13.9	(4.0)	10.1	9.6	10.0	8.6
Passenger vehicle sales	6.5	9.7	40.6	21.3	8.1	21.9	11.0	14.4	(1.3)	4.3	4.8	4.0	6.5
Vehicle registration	7.5	7.5	48.5	19.0	(6.3)	14.2	16.6	14.8	(3.2)	11.0	10.1	10.4	8.6
Rail freight traffic	7.9	9.1	1.4	5.2	3.1	3.8	3.6	3.8	3.5	1.9	(1.9)	1.5	6.4
Port cargo volume	8.1	14.3	3.6	2.0	10.4	12.2	12.0	1.5	1.3	3.5	0.4	4.3	4.4
Credit growth	14.3	18.9	15.8	16.1	14.9	16.3	15.5	15.0	15.7	15.3	18.1	19.7	19.8
Deposit growth	9.5	12.5	8.9	9.8	9.2	10.5	10.1	9.6	10.1	11.4	15.4	12.9	13.2
CIC	8.1	8.2	9.0	7.9	8.2	8.6	8.2	7.8	7.6	6.9	4.9	4.4	4.0
Toll collection (in mn)	272.0	259.2	283.0	285.6	308.0	300.8	288.4	306.3	305.0	335.2	316.1	295.0	308.0
Diesel consumption	13.2	13.4	5.6	19.3	6.6	12.8	7.6	1.2	8.6	12.7	3.0	3.9	5.2
GST E-way bill (in mn)	78.2	84.0	76.9	80.7	84.1	82.4	81.8	90.9	84.4	88.2	86.1	88.0	93.4
<b>External Trade</b>													
Merchandise exports	10.9	4.7	(11.5)	9.7	(3.1)	1.6	(0.4)	(6.0)	(12.7)	(10.3)	(18.8)	(15.9)	-
Merchandise imports	37.2	12.6	8.0	7.4	1.5	(0.6)	(4.9)	(4.9)	(13.6)	(6.7)	(17.5)	(17.0)	-
Services exports	24.3	29.7	24.6	30.7	20.4	29.5	28.8	13.1	7.4	7.7	3.5	12.7	-
Services imports	27.1	28.1	15.9	21.7	5.7	7.5	10.8	6.0	(3.1)	2.0	(3.4)	(1.3)	-

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

## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal

capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



For further details about this publication, please contact:

**Economics Research Department**  
 Bank of Baroda  
 +91 22 6698 5143  
 chief.economist@bankofbaroda.com