

India Economics

Monthly Chartbook

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RBI hints at policy normalisation

Global markets continue to be watchful as concerns over ongoing Russia-Ukraine war eased. Oil prices moderated, however it still remains above US\$100/bbl mark. Global supply chain shortages also came to the fore. Even global food prices have risen to an all-time high. Fears of global inflation were visible with Fed minutes highlighting a more aggressive tone. On the domestic front, RBI maintained status quo on rates and normalised the LAF corridor; while revising its inflation forecast upwards and growth forecast downwards for FY23. MPC members continued with accommodative stance and hinting on withdrawal of accommodation in a phased manner.

Risks to recovery: The economy in Mar'22 had begun to show signs of recovery with ebbing of the 3rd wave and spread of vaccination programme. This was reflected with improvement in auto sales, electronic imports and surge in digital payments. RBI's future expectations index, consumer confidence improved to 115.2 (103.3 from Jan'22) in Mar'22. However, this recovery is likely to be uneven, on the back of the ongoing uncertainty in geopolitical sphere. On agri front, foodgrain production is likely to register a record output in AY21-22 with growth at 4.2% (3.7% last year). As tensions escalate with the imposition of new sanctions on Russia, global food prices have risen to an all-time high in Mar'22, posing inflationary pressure.

Centre's spending lagging: Centre's fiscal deficit ratio (% of GDP, 12M trailing basis) as of Feb'22 is currently running at 7.4%. In terms of revised target, actual fiscal deficit has reached 82.7% (76% last year) of the targeted amount. While revenues of the government remain healthy, spending is currently below target. On FYTD basis, Centre's gross tax collections, at Rs 22.7tn, have reached 91% of the targeted amount, while net revenue

collections (Rs 17.9tn) are at 86%. However, overall spending at Rs 31.4tn, is only 83% of the revised target and there remains a gap of Rs 6.3tn. Of this gap, Rs 5.1tn is on account of revenue expenditure and Rs 1.2tn is on account of capital spending. We expect government to meet its fiscal deficit target of 6.9% on account of lower than anticipated spending, in the wake of postponement of LIC IPO and miss in the disinvestment targets for FY22.

Pressure on yields: India's 10Y yield shot up by 7bps in Mar'22. However, the increase in yield was much steeper in Apr'22 (by 28bps), post the announcement of government's H1FY23 borrowing plan (Rs 8.45tn or 59% of total issuances). Even RBI's hawkish policy in terms of - 1) inflation projections (120bps higher for FY23 than in Feb'22 policy), and 2) hinting withdrawal of accommodation, impacted bond market sentiments. Further LAF corridor was reduced and restored to the pre-pandemic level of 50bps as against 90bps since May'20. We expect 10Y bond yield to remain elevated and trade in the range of 7-7.25% in FY23. Inflationary pressure will prompt RBI to start the rate hike cycle from Jun'22 onwards and we expect 50bps rate hike in FY23.

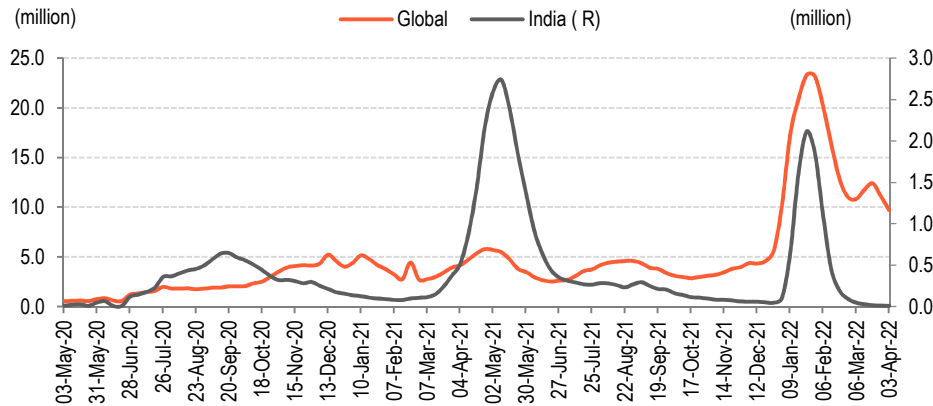
INR to remain range-bound: After depreciating to a record low of 76.97/\$ on 7 Mar 2022, INR has regained some strength. This has coincided with easing concerns over Russia-Ukraine war, moderation in oil prices and intervention by RBI. FPI outflows too have receded as risk-sentiment has improved. We expect INR to trade in the range of 75.5-76.5/\$ in the near-term. Sharp jump in oil prices remains a key risk. However, over the medium and long term, Fed tightening might put downward pressure on INR. For FY23, we expect INR to trade in the range of 76-77/\$.

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

High frequency indicators

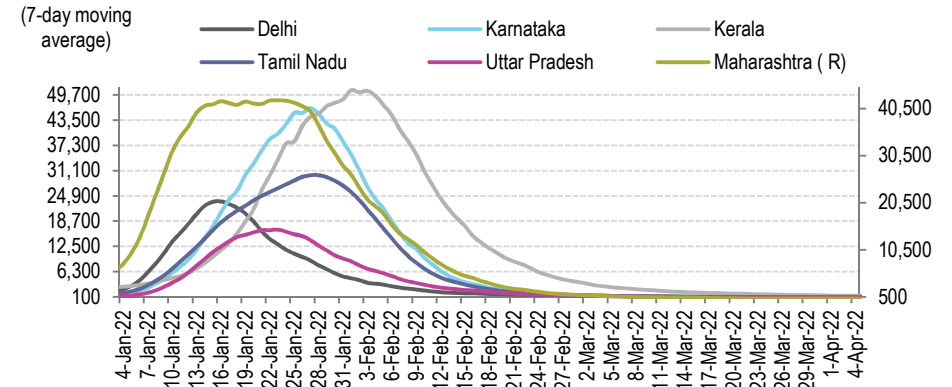
Mobility index and Covid cases

Fig 1 – Global Covid-19 cases fall further



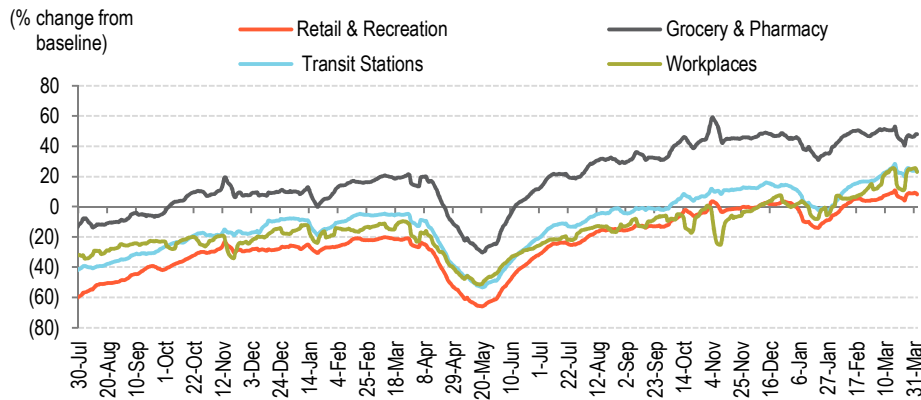
Source: Bloomberg

Fig 2 – Statewise cases drop significantly



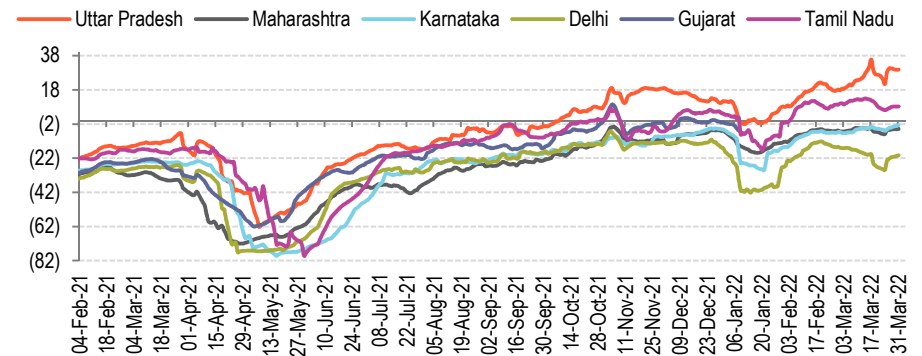
Note: Data taken as 7 days rolling average

Fig 3 – Google mobility indices inch up;



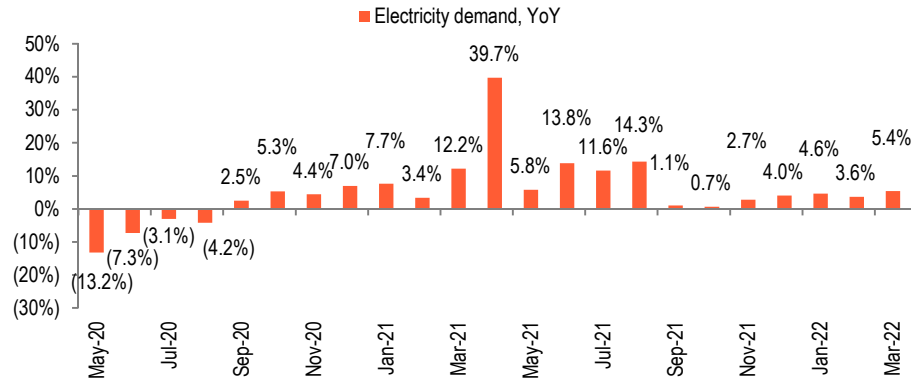
Highlights % change in visits to place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb2020)

Fig 4 – Retail and recreation index too edged upwards



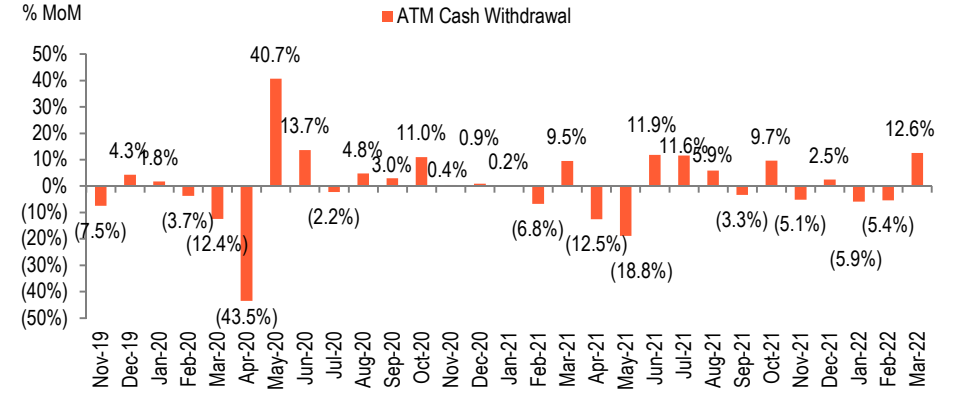
Note: Data taken as 7 days rolling average

Fig 5 – Improvement in electricity demand



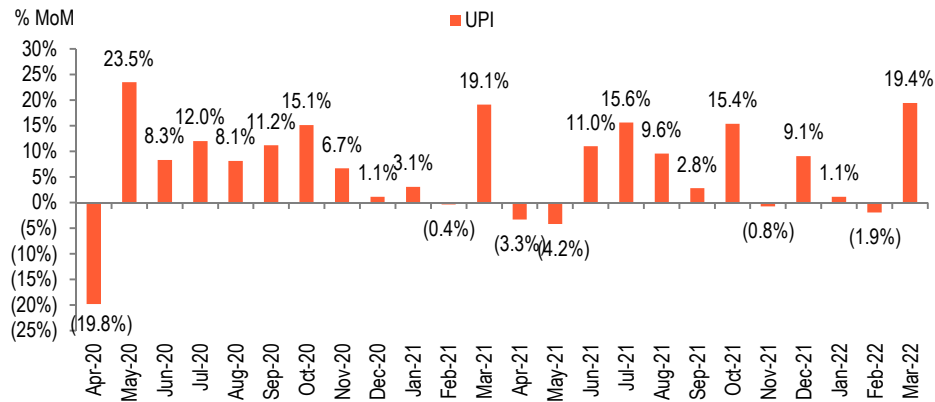
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 6 – Cash withdrawal accelerates



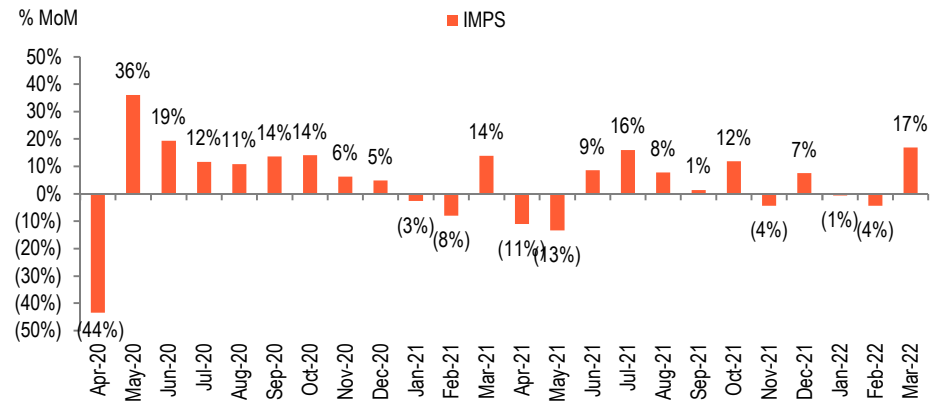
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 7 – Double digit growth in UPI payments



Source: NPCI

Fig 8 – Volume of IMPS transactions surged



Source: NPCI

Fig 9 – Fertilizer sales gaining pace

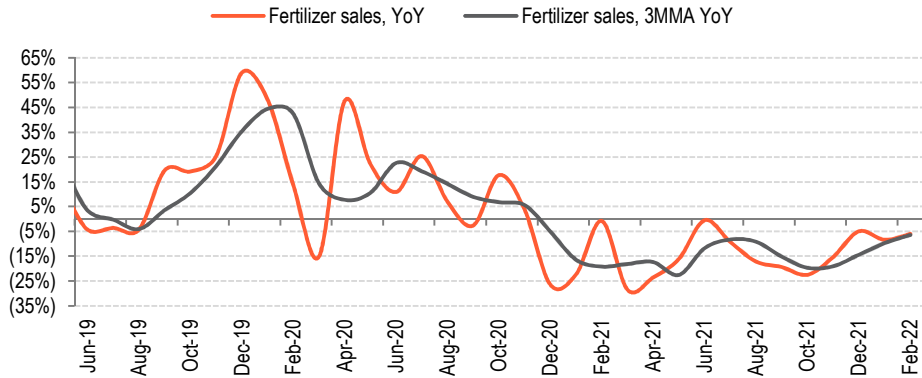
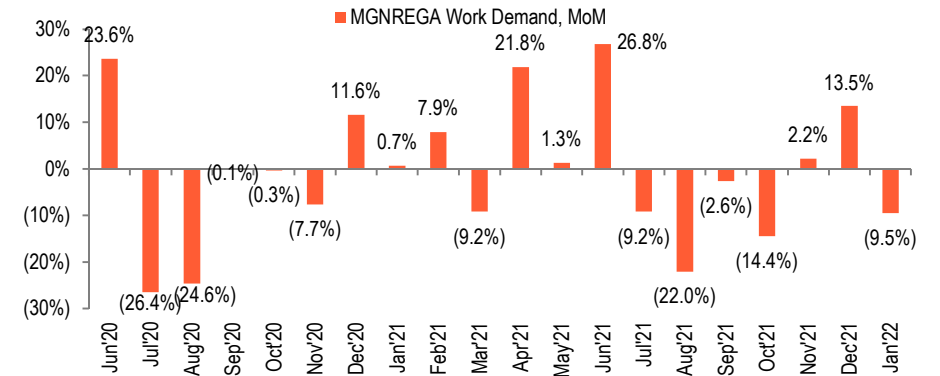


Fig 10 – MGNREGA work demand slows



Source: MGNREGA

Final consumption expenditure

Fig 11 – Private consumption drops in Q3FY22

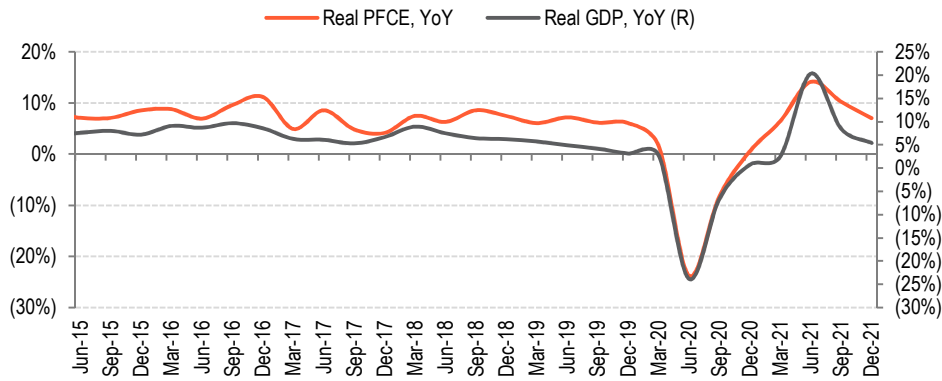


Fig 12 – Government consumption too dips

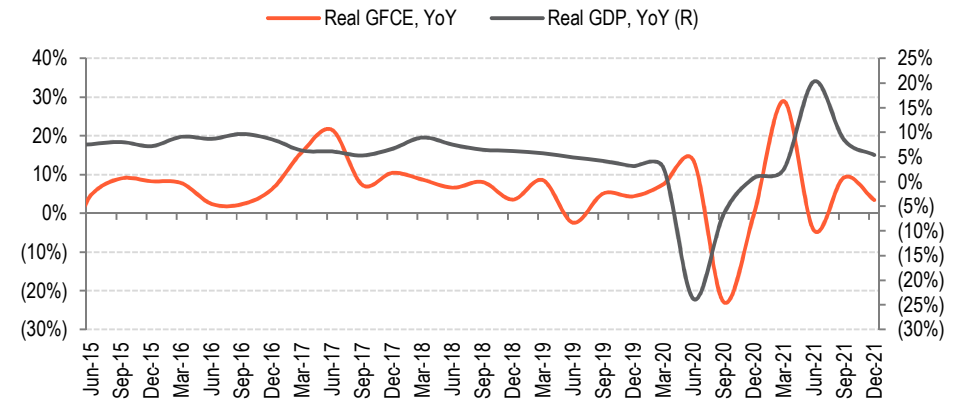


Fig 13 – General govt. revenue spending inches up

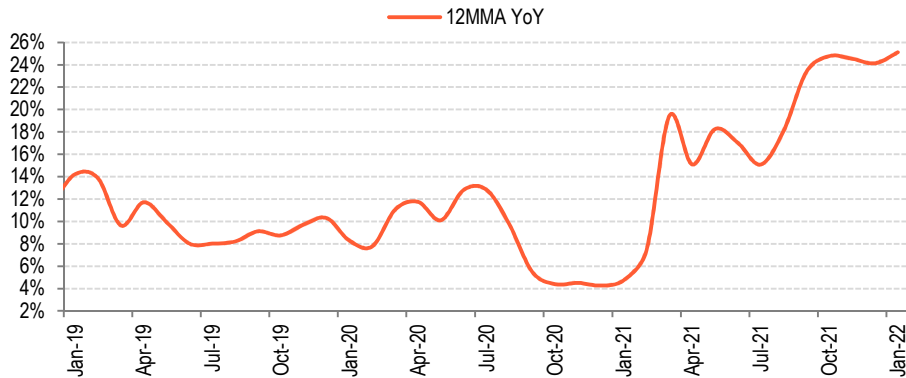
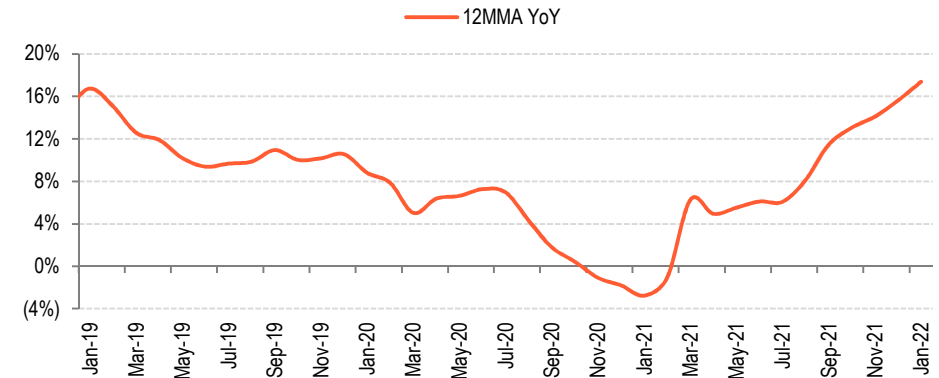


Fig 14 – State* govt. revenue spending also improves



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

Non-oil imports, electronic imports

Fig 15 – Non-oil-non-gold imports ease in Mar'22

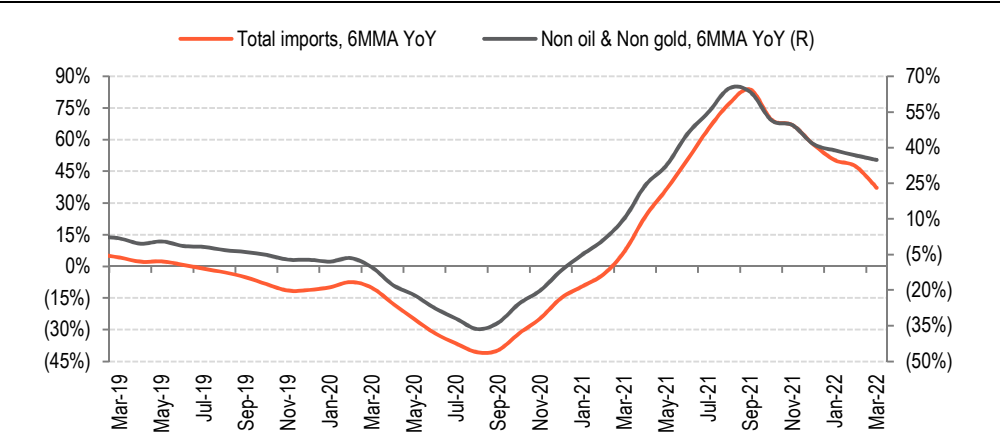


Fig 16 – Electronic imports shine in Mar'22

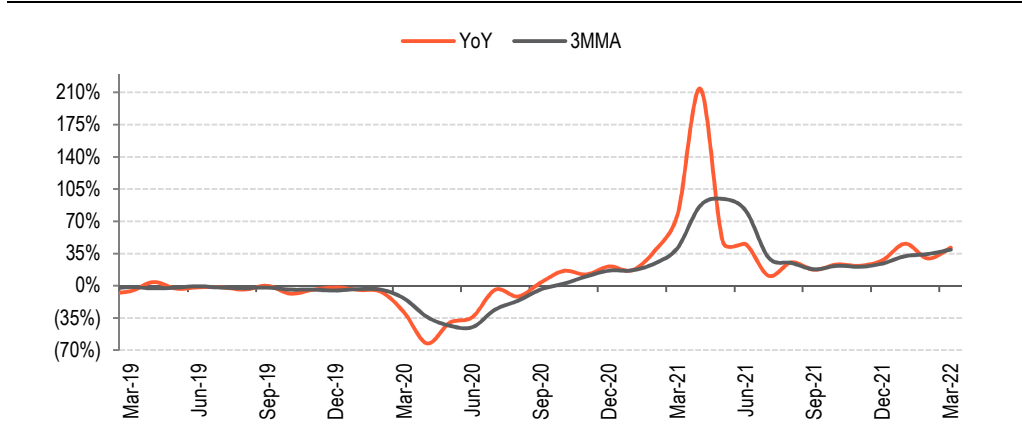
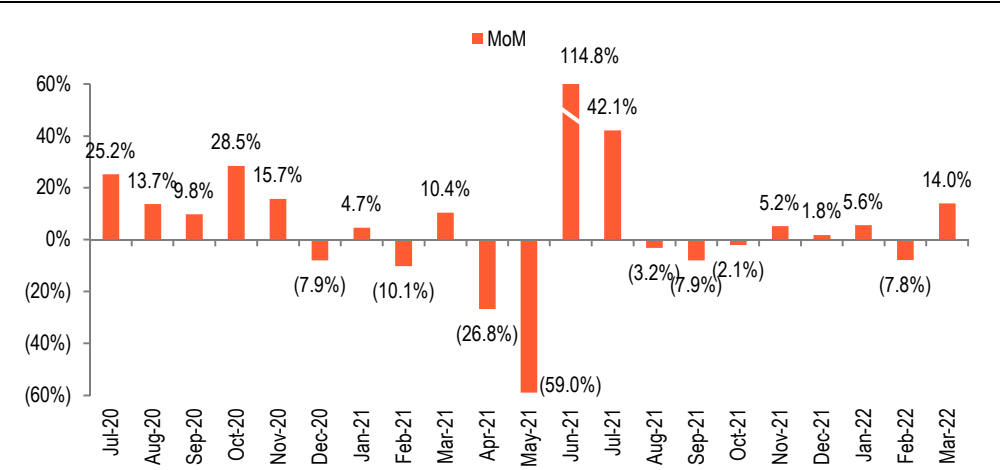
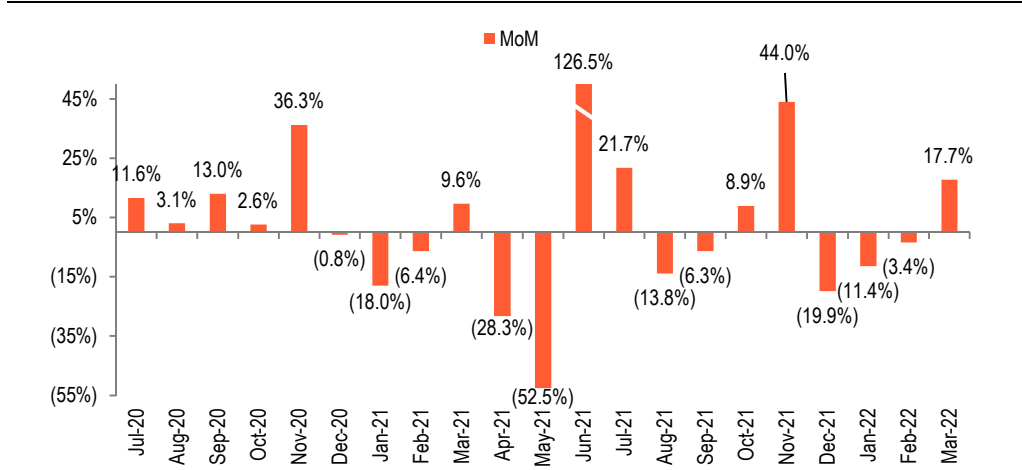


Fig 17 – Retail passenger vehicles sales jumps back in double digit



Source: FADA

Fig 18 – Two-wheeler sales regains momentum



Credit deployment of personal loans

Fig 19 – Growth in credit card outstanding improves marginally

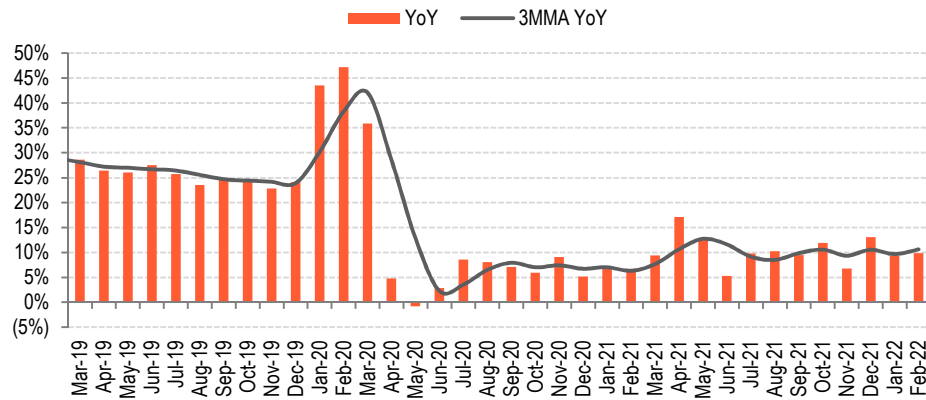


Fig 20 – Growth in personal loan too inches up

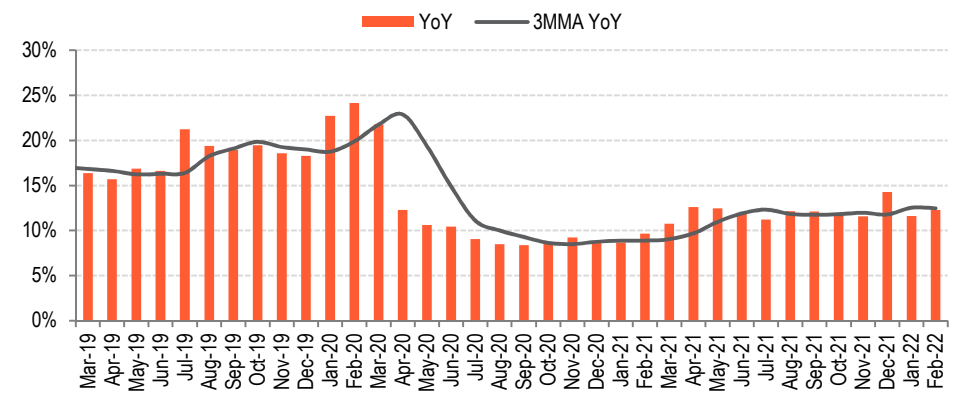


Fig 21 – Growth in vehicle loans improves

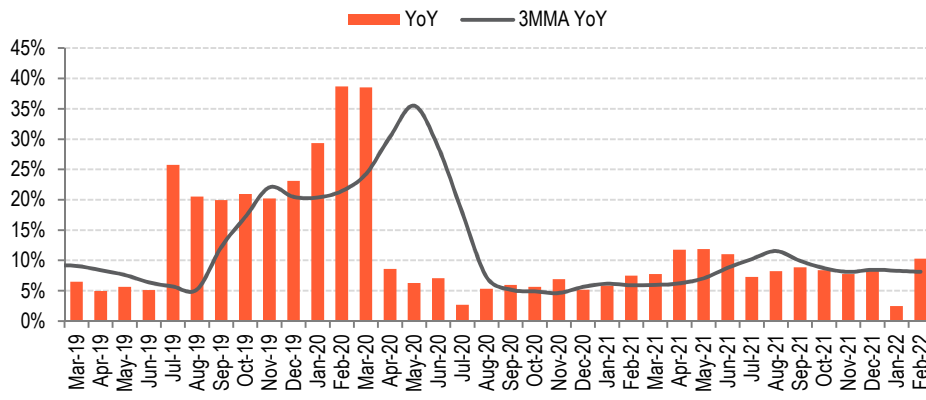


Fig 22 – Consumer sturn optimistic

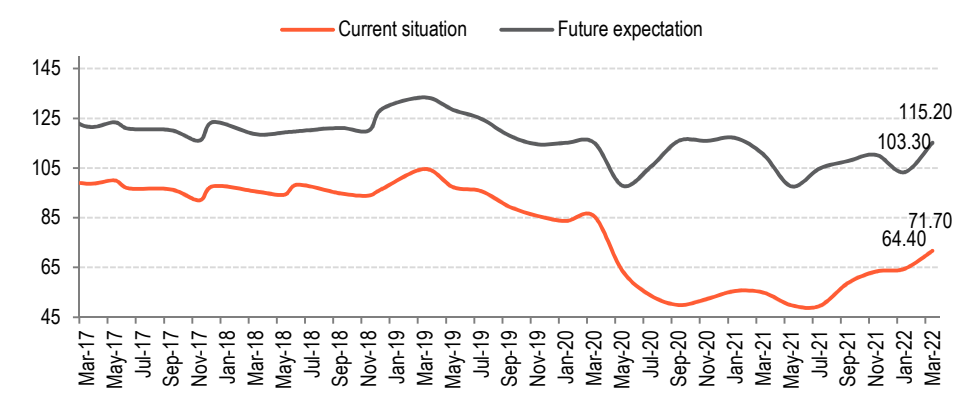


Fig 23 – RBI's essential spending continues to improve

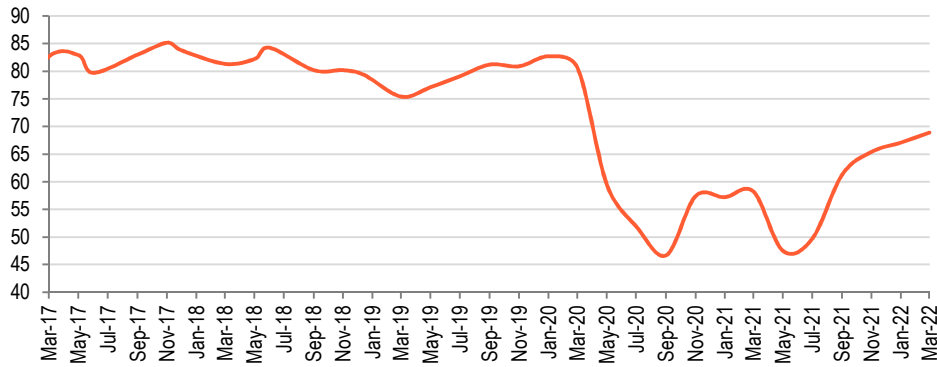
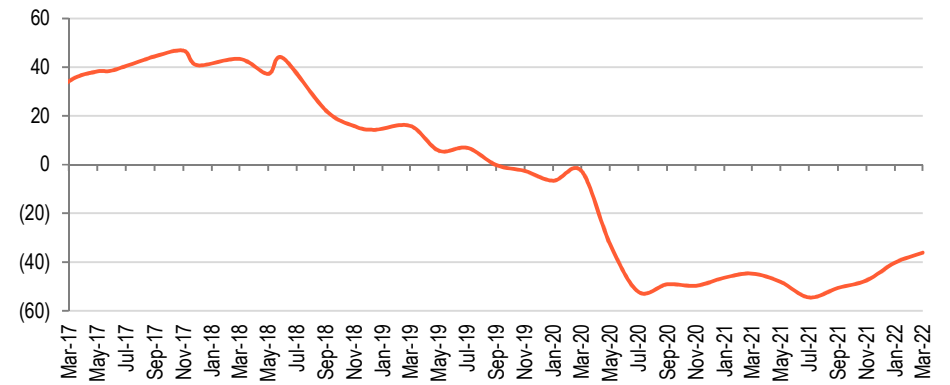


Fig 24 – ...non-essential spending too witnesses an upward momentum



Consumer durables & non-durables production

Fig 25 – Consumer durables output contracts further in Jan'22

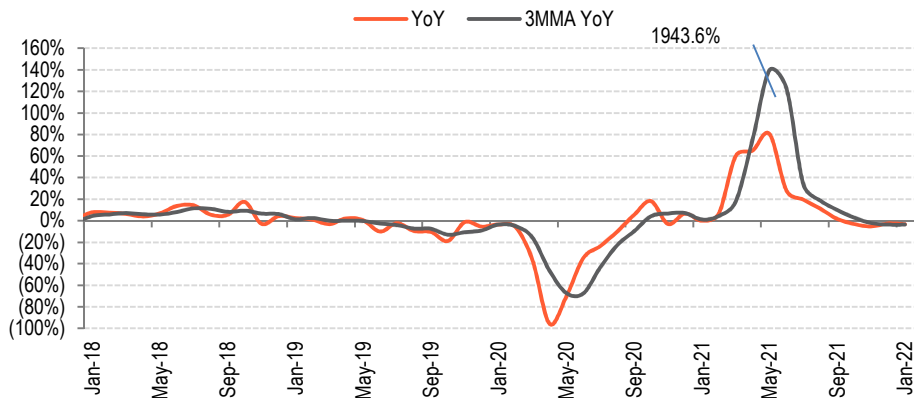
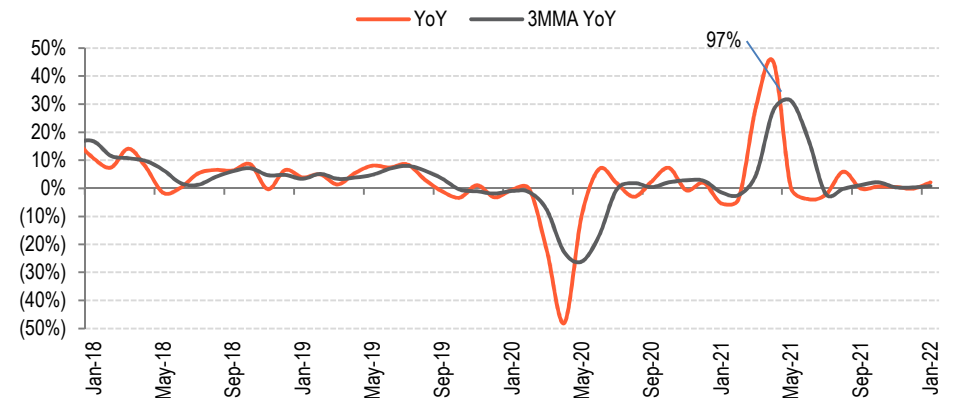


Fig 26 – FMCG output rebounds and is back in positive territory



Agriculture

Fig 27 – Slower pace of agriculture growth in Q3FY22

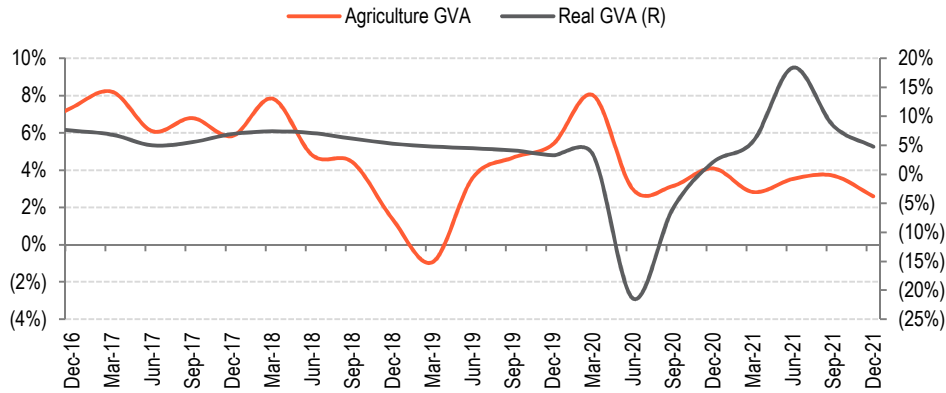
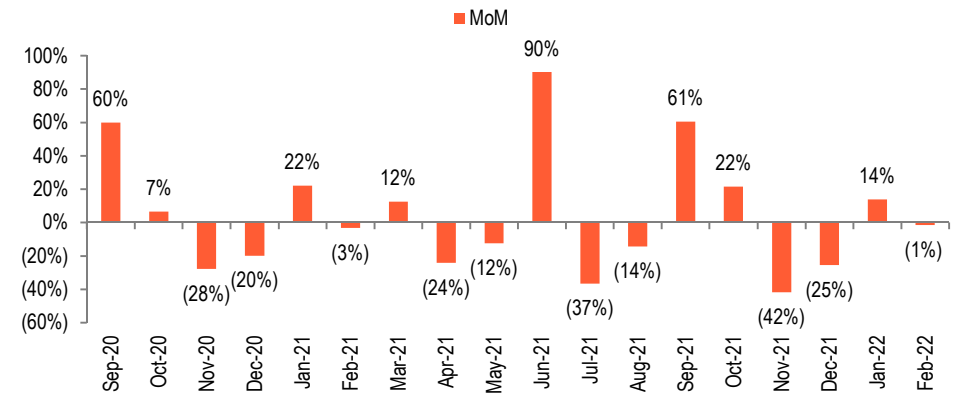


Fig 28 – Tractor sales slips in Feb'22



Note: Tractor sales including exports

Fig 29 – Agriculture credit remains steady in Feb'22

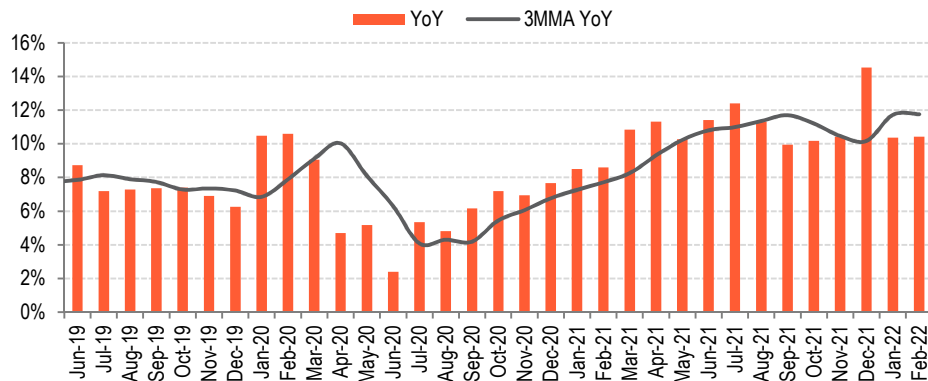
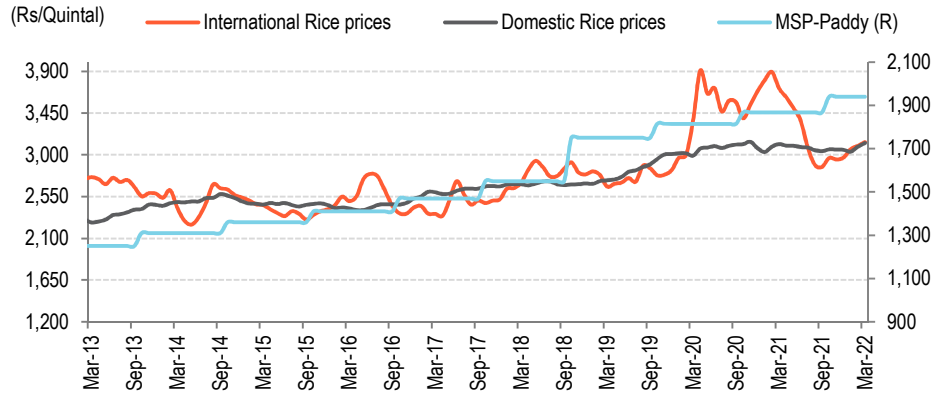


Fig 30 – Procurement of rice and wheat

Year	Wheat	Rice
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.19
2021-22	43.34	47.47*

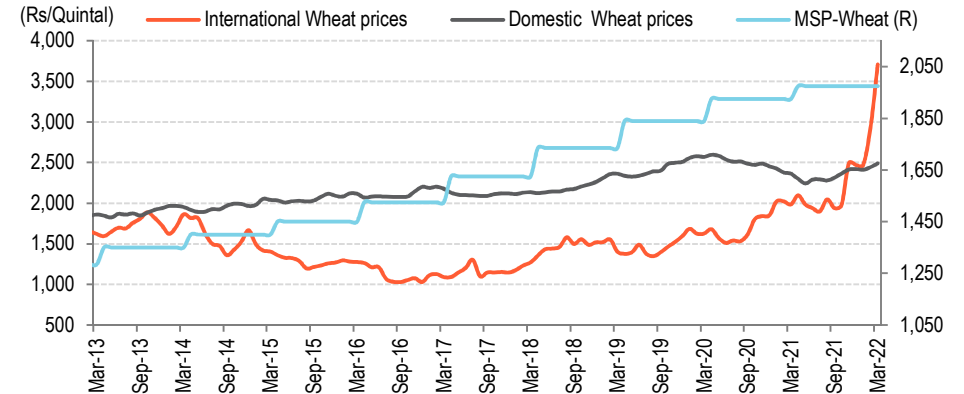
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 28 Feb 2022

Fig 31 – Domestic and international rice price edges upwards



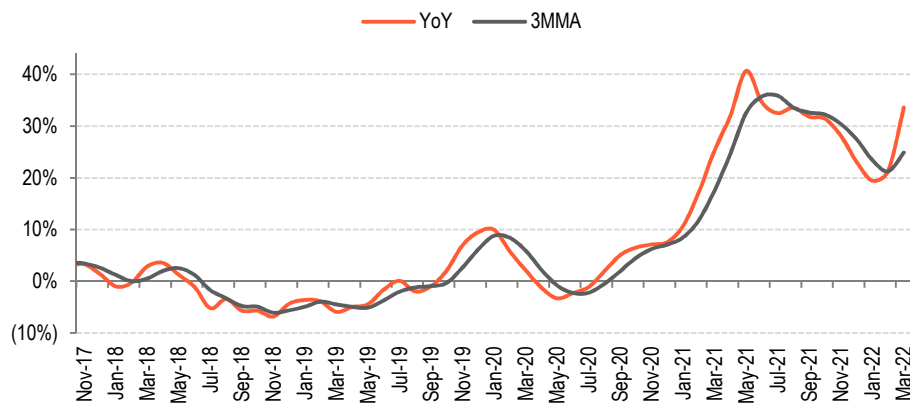
Source: World Bank

Fig 32 – Both domestic and international wheat price skyrocket



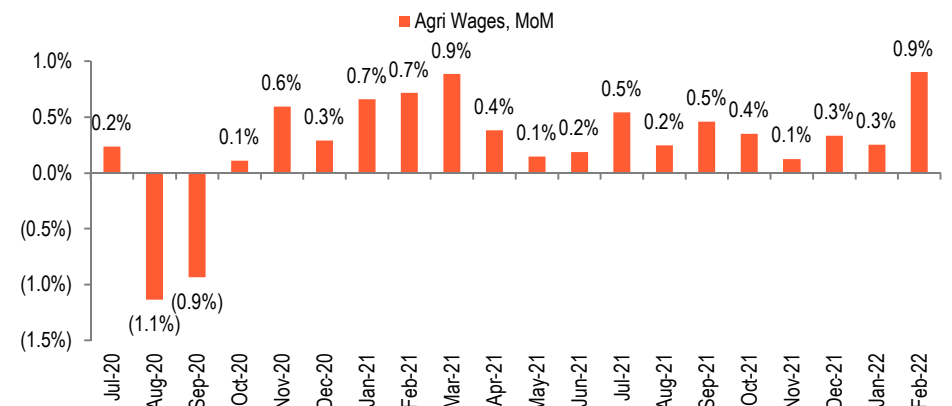
Source: World Bank

Fig 33 – Global food prices at an all-time high



Source: FAO

Fig 34 – Wage growth (men) moves up



Inflation

Fig 35 – Headline CPI firmed up to its highest since Jun’21 to 6.1% in Feb’22 from 6% in Jan’22, led by food inflation

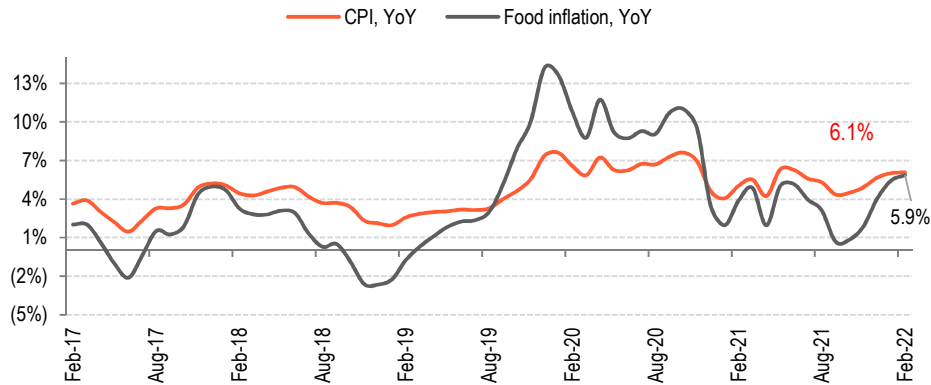


Fig 37 – Core inflation remained sticky at 6.0%

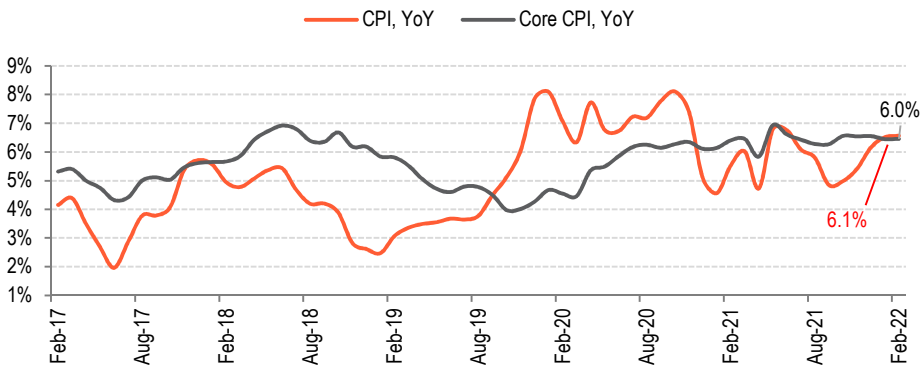


Fig 36 – ...Vegetables, cereals, protein based items all noted an uptrend

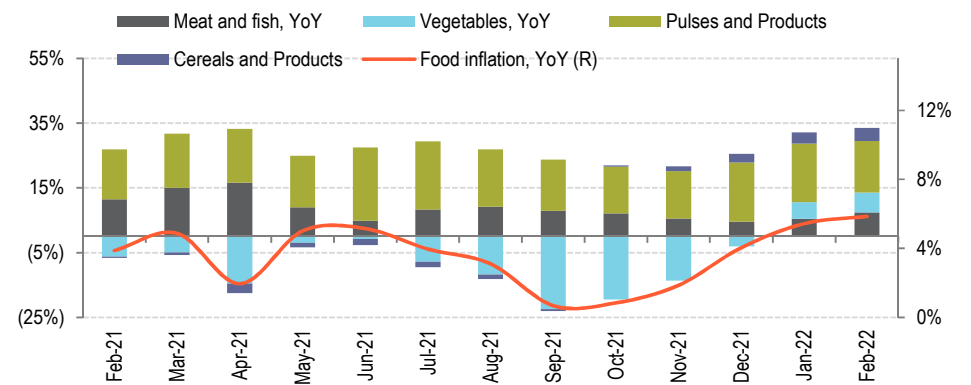
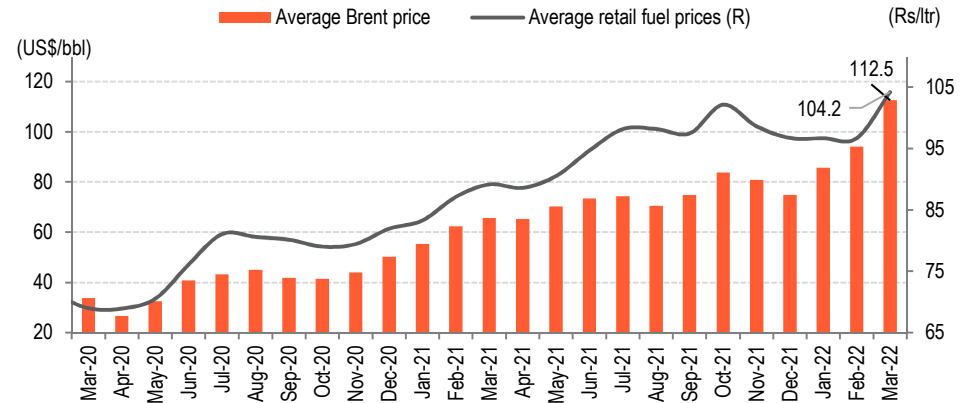


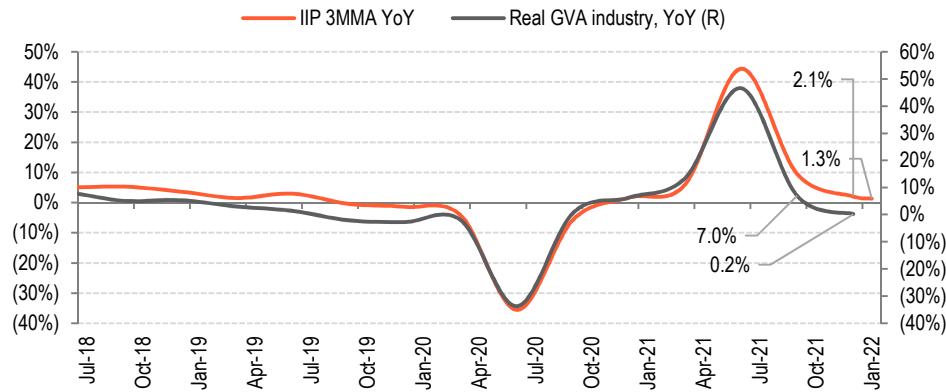
Fig 38 – Domestic retail prices inched up in line with international crude prices



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

Industry

Fig 39 – Industrial growth to improve in Q4 on the back of low base



Note: IIP for Jan'22 is on YoY basis

Fig 40 – Broad based improvement on FYTD basis

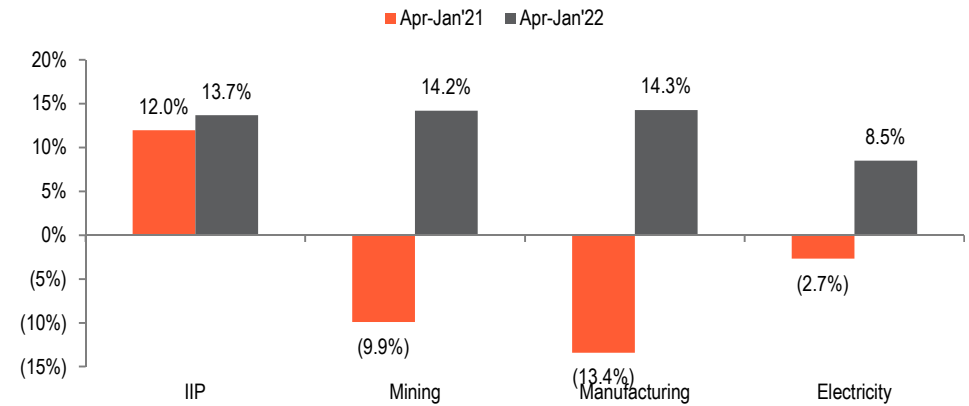
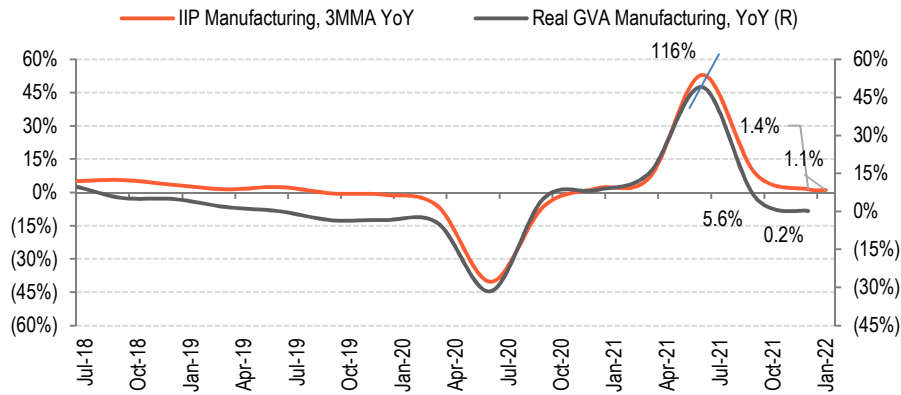


Fig 41 – IIP growth improves on the back of low base

Sectoral (%)	Weight	Jan-22	Jan-21	Apr-Jan'22	Apr-Jan'21
IIP	100.0	1.3	(0.6)	13.7	(12.0)
Mining	14.4	2.8	(2.4)	14.2	(9.9)
Manufacturing	77.6	1.1	(0.9)	14.3	(13.4)
Electricity	8.0	0.9	5.5	8.5	(2.7)
Use-Based					
Primary Goods	34.1	1.6	0.7	10.6	(8.8)
Capital Goods	8.2	(1.4)	(9.0)	20.8	(25.5)
Intermediate Goods	17.2	0.9	2.0	18.3	(12.8)
Infrastructure and Construction Goods	12.3	5.4	2.3	21.6	(13.0)
Consumer Durables Goods	12.8	(3.3)	(0.1)	17.5	(22.0)
Consumer Non-Durables Goods	15.3	2.1	(5.4)	5.1	(4.6)

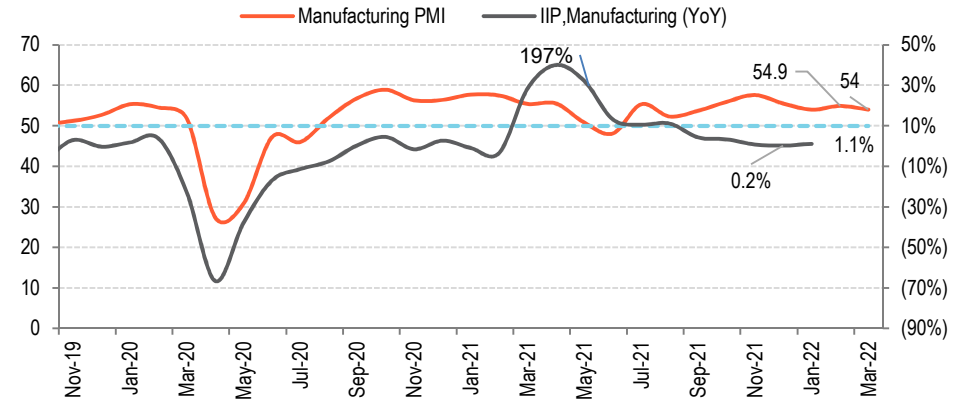
Manufacturing

Fig 42 – Manufacturing growth moderates in Jan'22



Note: IIP for Jan'22 is on YoY basis

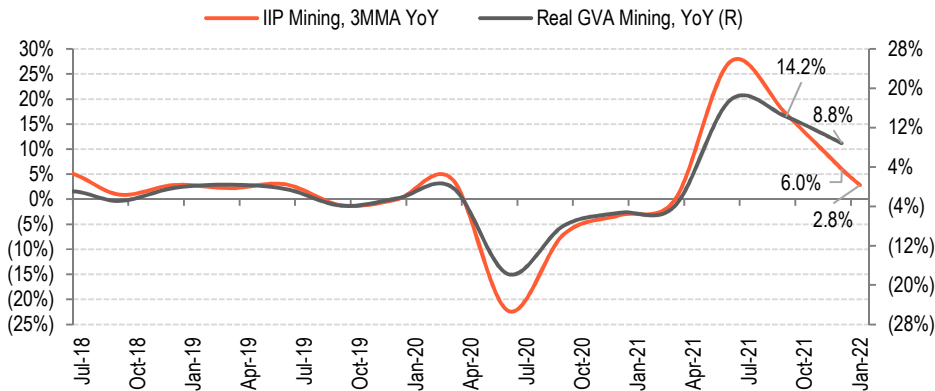
Fig 43 – Manufacturing PMI eases in Mar'22



Source: Markit

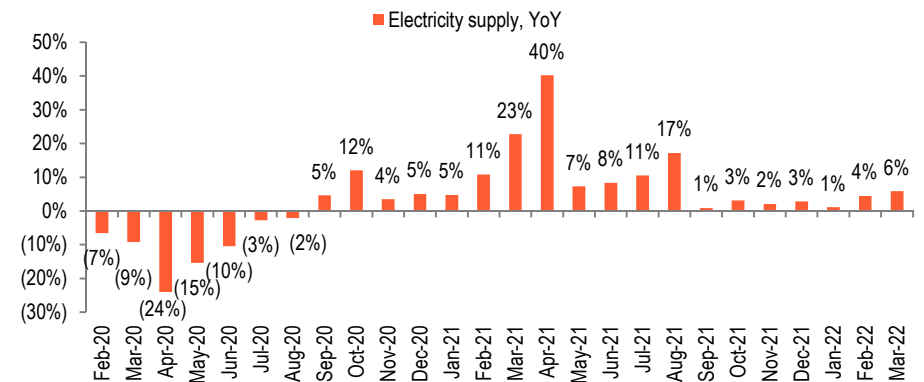
Mining & Electricity

Fig 44 – Mining activity moderates in Jan'22



Note: IIP for Jan'22 is on YoY basis

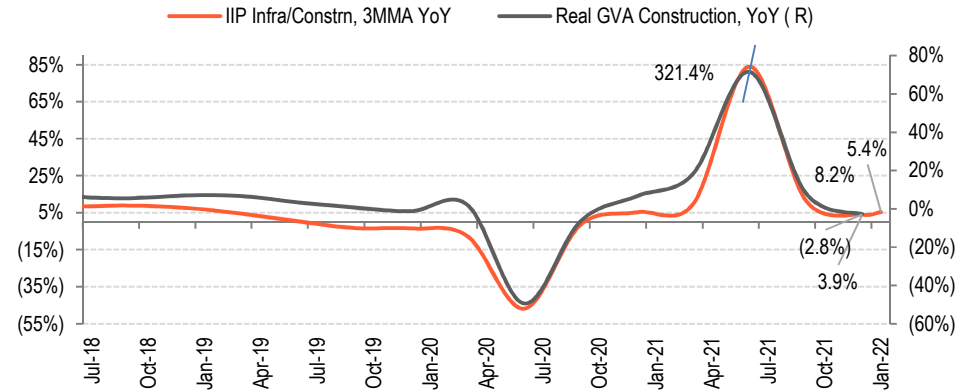
Fig 45 – Higher Electricity output in Mar'22



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

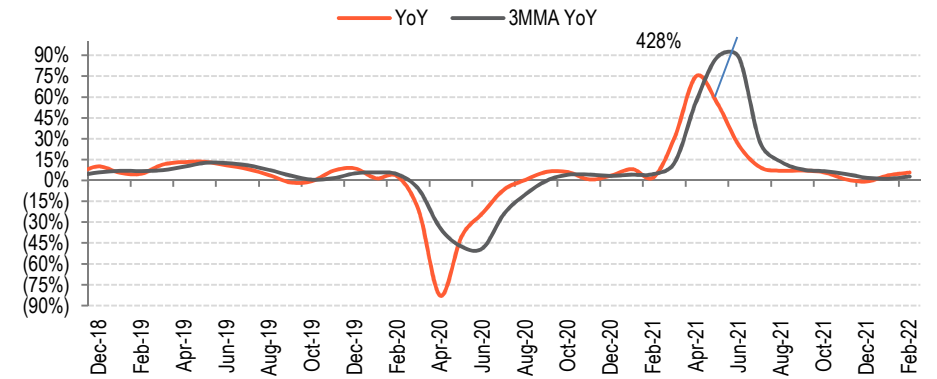
Infrastructure and Construction

Fig 46 – Growth in construction sector improves in Jan'22



Note: IIP for Jan'22 is on YoY basis

Fig 47 – Higher steel output in Feb'22



Infrastructure Index

Fig 48 – Infra index scales up in Feb'22

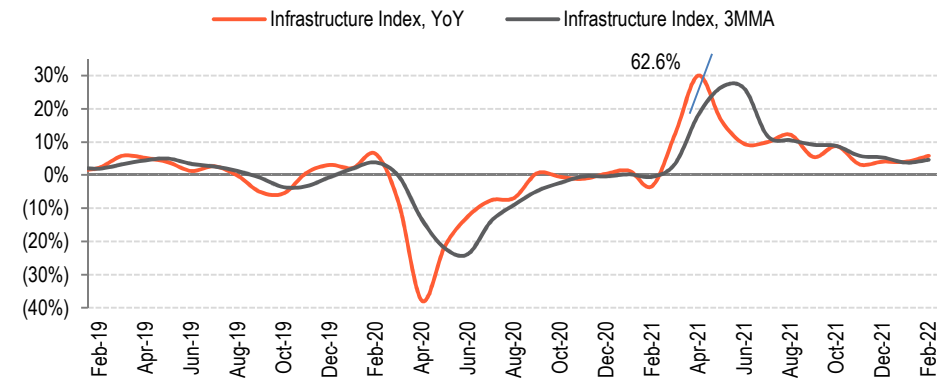
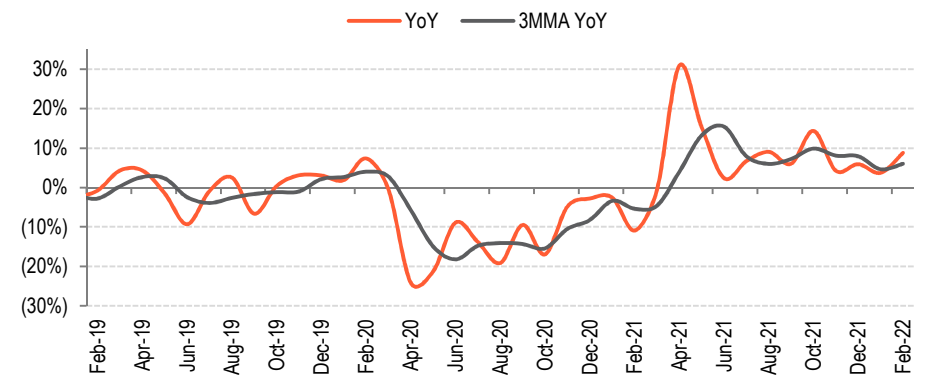


Fig 49 – Refinery output edged up



Auto production & Business expectation index

Fig 50 – Auto production falls in Feb'22

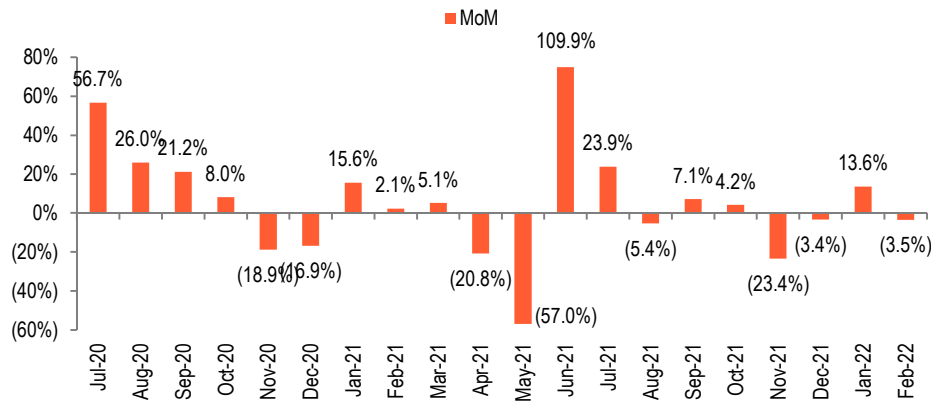


Fig 51 – Business sentiment moderates

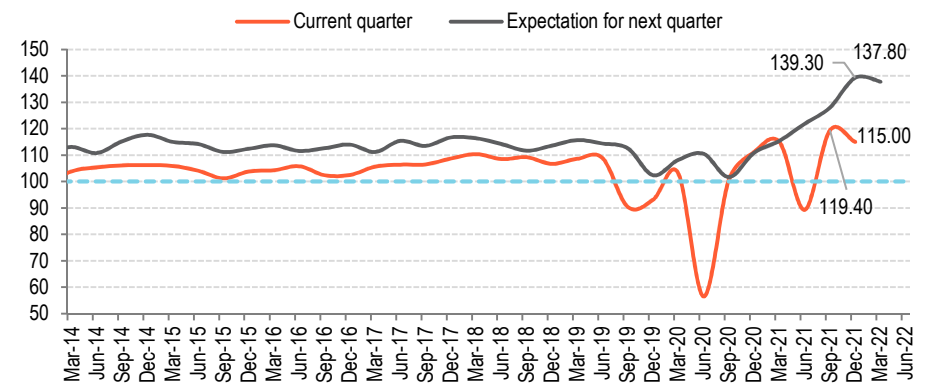
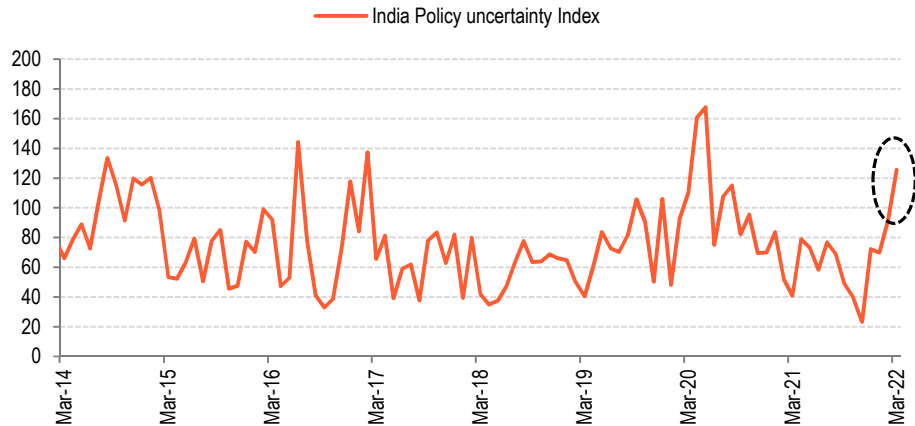


Fig 52 – Infrastructure index growth rises to 4-month high in Feb'22

(%)	Weight	Feb-22	Jan-22	Feb-21	Apr-Feb'22	Apr-Feb'21
Infrastructure Index	100	5.8	4.0	(3.3)	11.0	(8.1)
Coal	10.3	6.6	8.2	(4.4)	9.8	(2.2)
Crude Oil	9.0	(2.2)	(2.4)	(3.2)	(2.6)	(5.4)
Natural Gas	6.9	12.5	11.7	(1.0)	20.5	(9.9)
Petroleum Refinery Products	28.0	8.8	3.7	(10.9)	9.2	(12.2)
Fertilizers	2.6	(1.4)	(2.0)	(3.7)	(0.4)	2.2
Steel	17.9	5.7	3.7	2.2	18.4	(11.8)
Cement	5.4	5.0	14.3	0.2	22.4	(14.9)
Electricity	19.9	4.0	0.9	0.2	8.1	(2.4)

Investment

Fig 53 – Policy uncertainty in India rose in Mar'22, as tensions escalated surrounding Russia-Ukraine war



Source: policyuncertainty.com

Fig 55 – Capital goods production showed slight improvement as it fell by 1.4%, as against 3.8% decline seen in Dec'21, due to favourable base

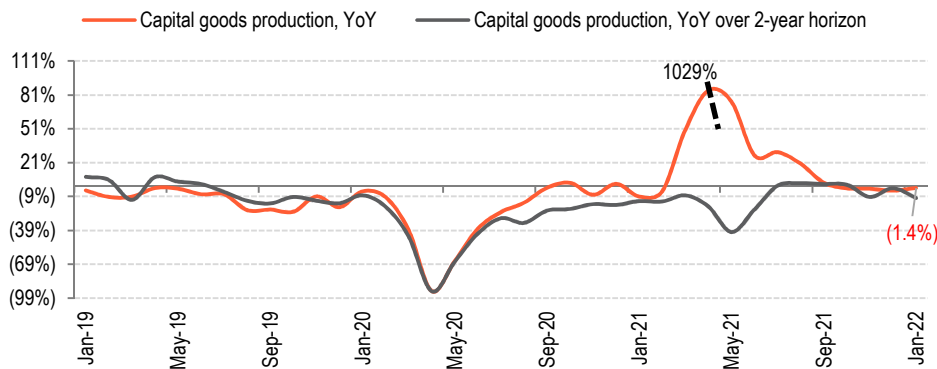


Fig 54 – Capacity utilisation improved in Q3FY22

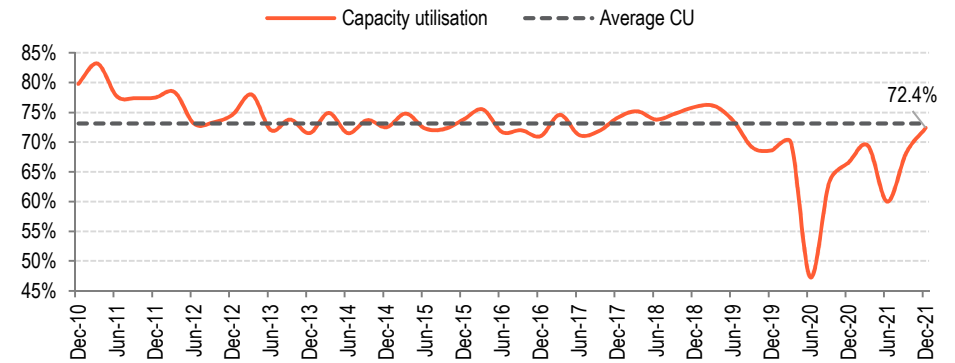


Fig 56 – Capital goods imports fell by 1.8% in Feb'22 from 4.8% increase seen in Jan'22

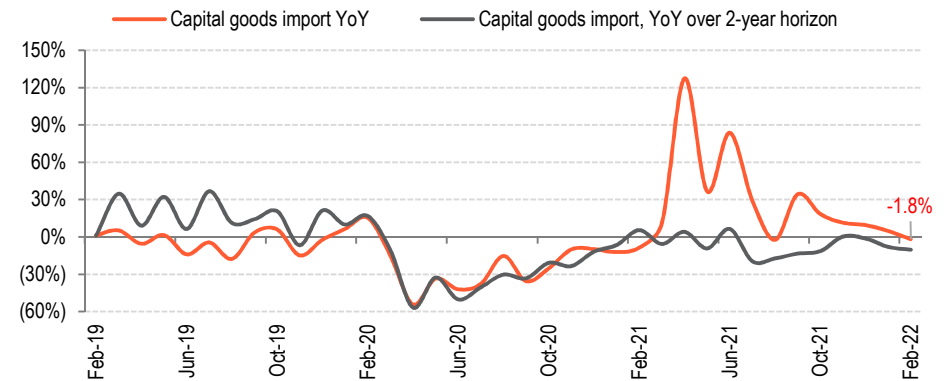


Fig 57 – Centre’s capex spending moderated to 15.7% in Feb’22 from 17.3% in Jan’22, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn

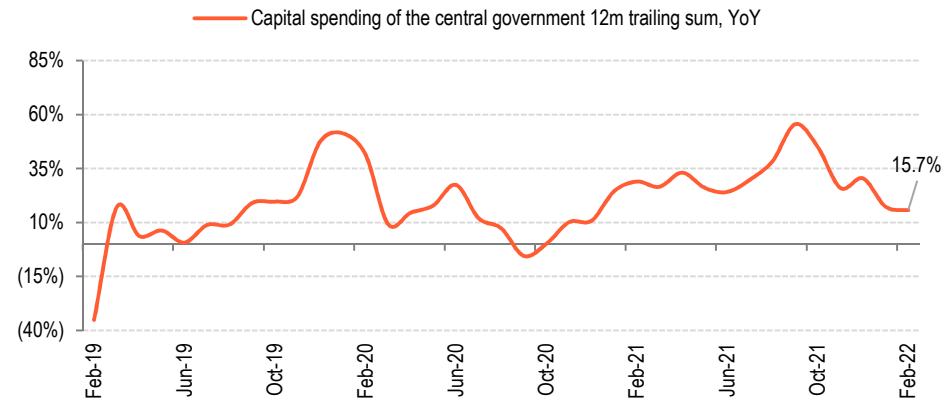


Fig 58 – Credit to micro and small industry rose by 19.9% from 19.7% in Jan’22, for medium industry it inched down slightly to 71.4% from 74.7% in Jan’22

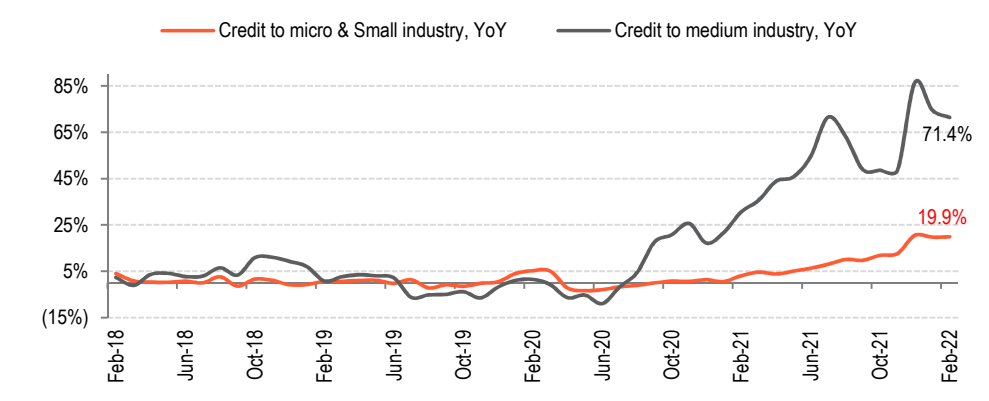


Fig 59 – Credit to housing sector moderated to 6.7% from 7.6% in Jan’22

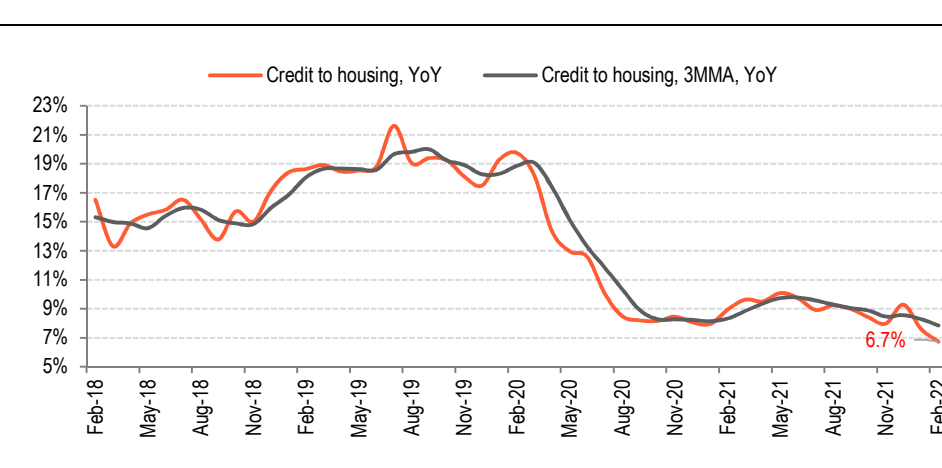
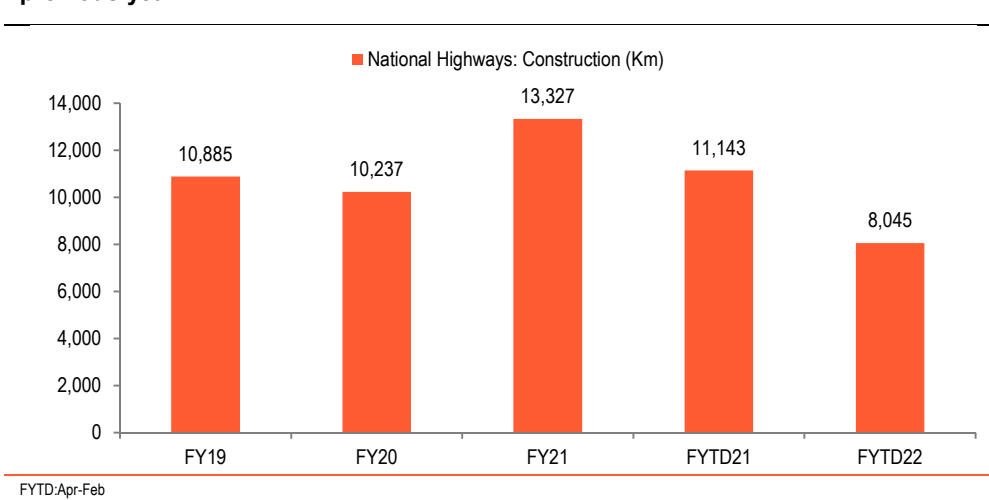
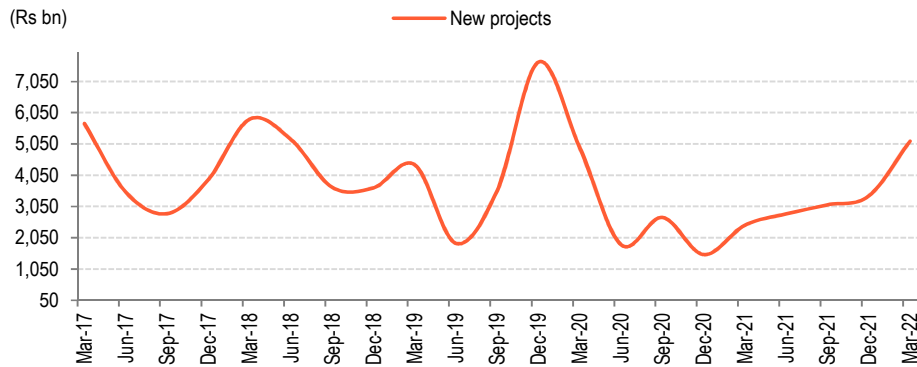


Fig 60 – National highway construction pace is slower compared to same period of previous year



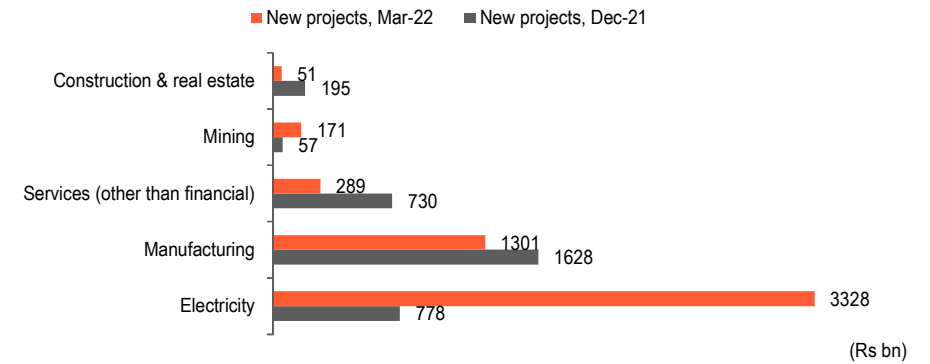
Capex data

Fig 61 – New project announcements rose to Rs 5.1tn from Rs 3.4tn in Dec'21



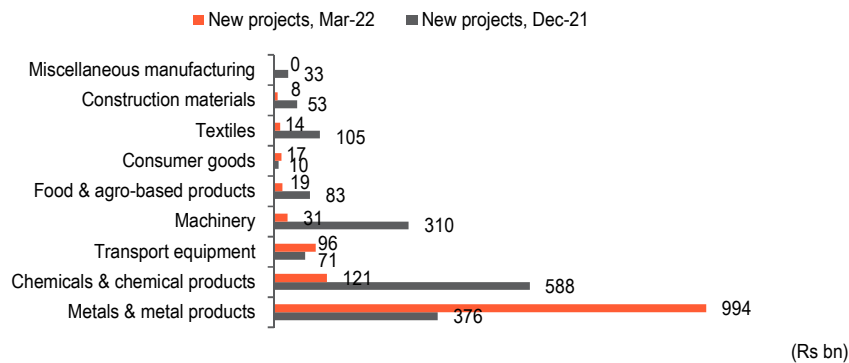
Source: CMIE

Fig 62 – ...Led by electricity and manufacturing



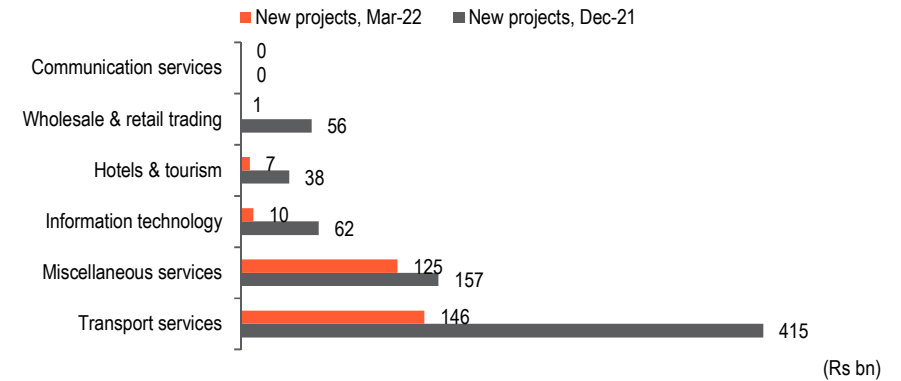
Source: CMIE

Fig 63 – ...Within manufacturing, metals and chemicals rose the most



Source: CMIE

Fig 64 – Within services, transport services rose the most



Source: CMIE

Services sector

Fig 65 – GVA: Services activity eased in Q3FY22 as well, owing to base effect

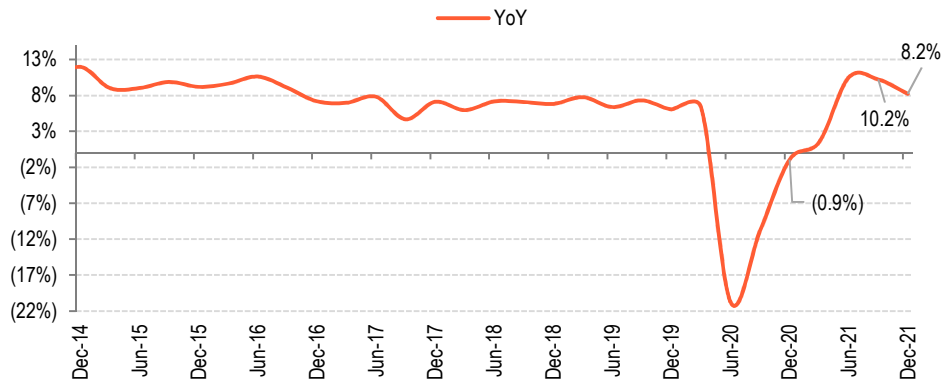
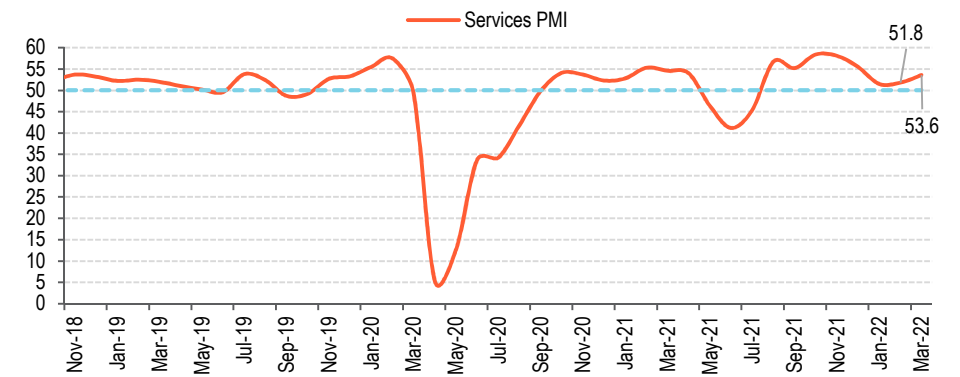


Fig 66 – Services PMI shows continued improvement in Mar'22



Source: Markit

Fig 67 – GVA: Trade & related services seen stabilizing in Q3

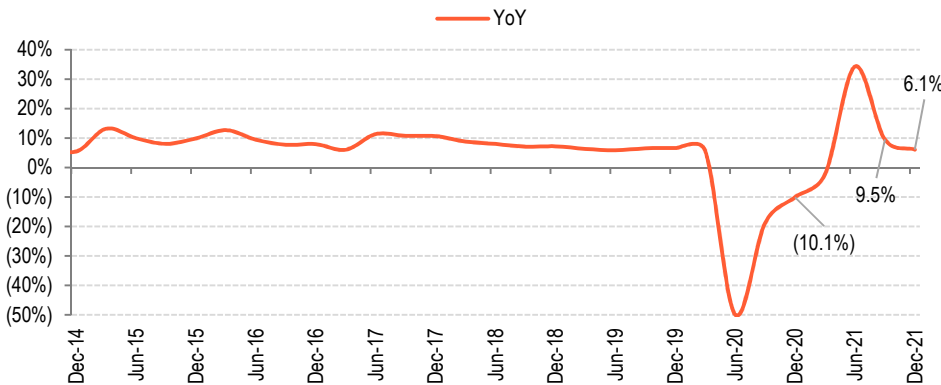
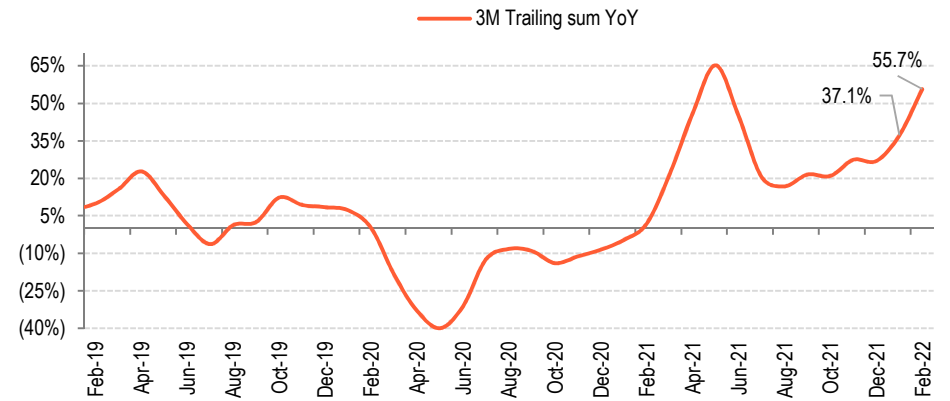


Fig 68 – Improvement in States** tax revenue growth in Feb'22 shows pick up in economic activity



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

Trade

Fig 69 – Vehicle registrations continue to slip in Mar’22

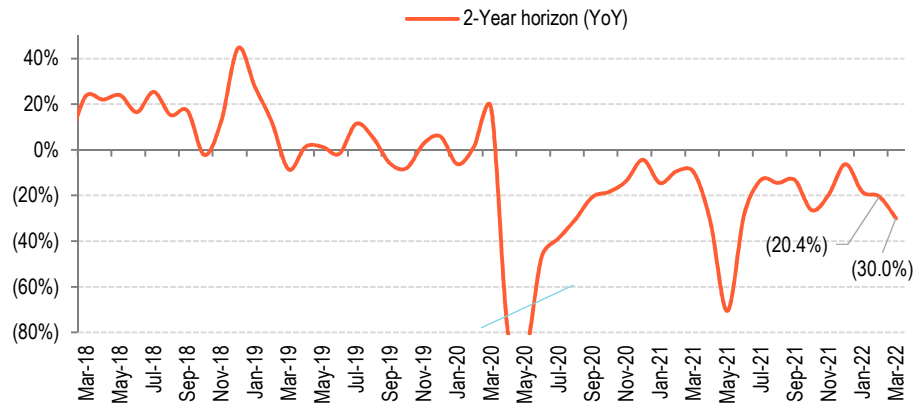


Fig 70 – Diesel consumption rebounded sharply in Mar’22

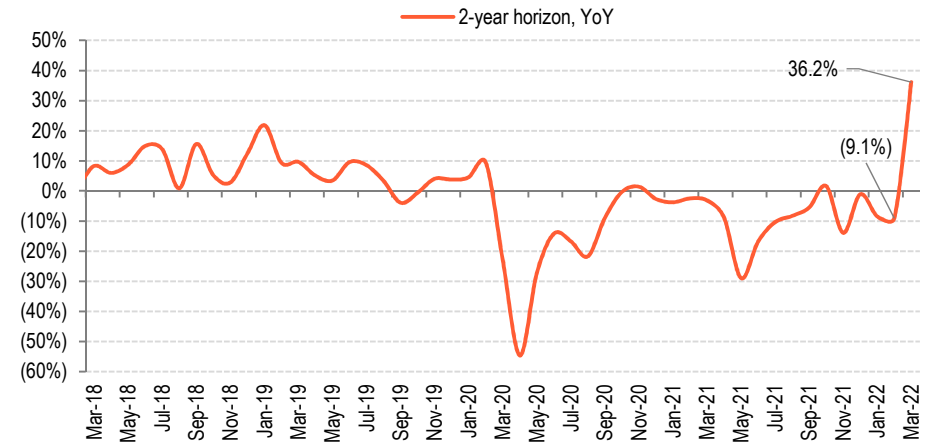


Fig 71 – Port cargo volume growth in Mar’22 recovered, supported by global trade

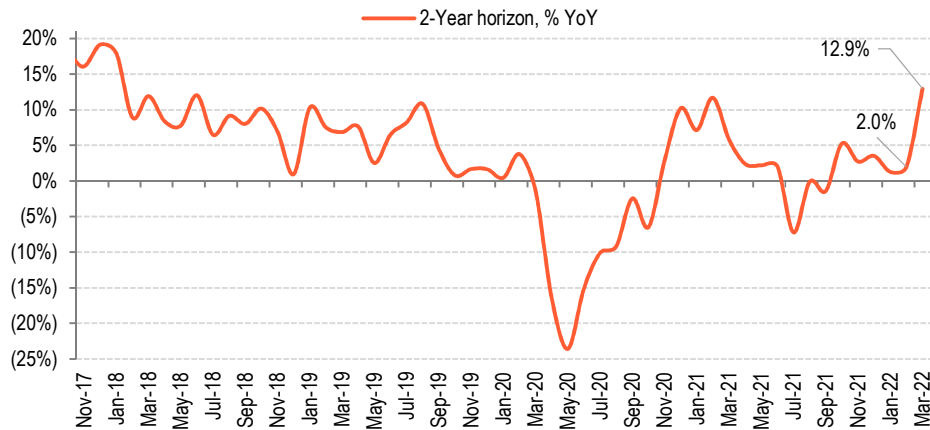


Fig 72 – Railway freight traffic growth improved significantly in Mar’22

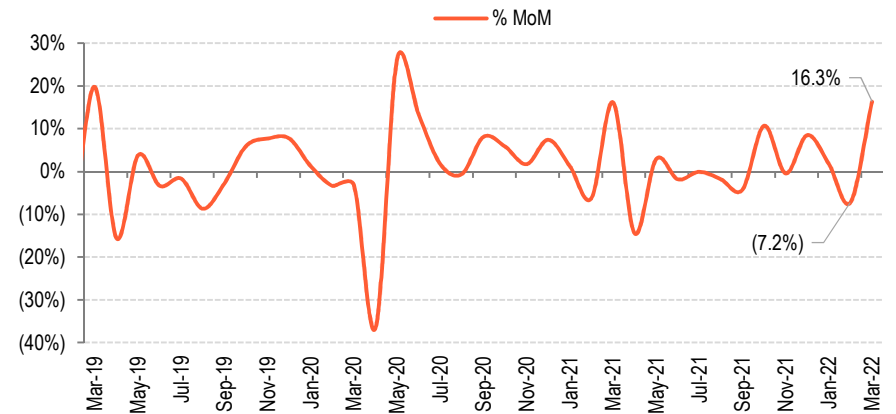


Fig 73 – Toll collections continue to surge as Covid-19 related restrictions end

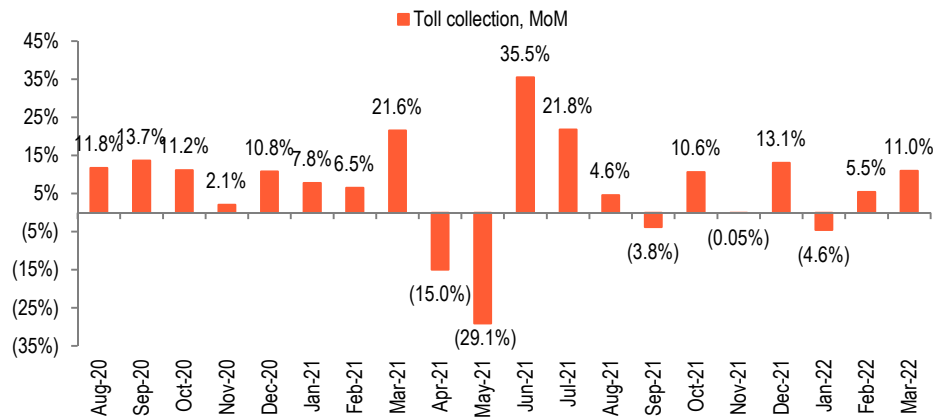
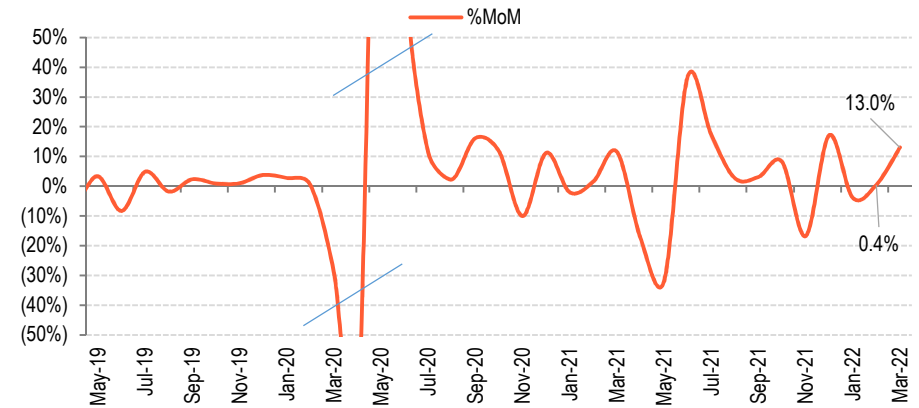


Fig 74 – E-way bill generation also seen picking up in Mar'22



Hotels and communications

Fig 75 – Airline passenger traffic growth higher than pre-pandemic times for the 1st time in Mar'22

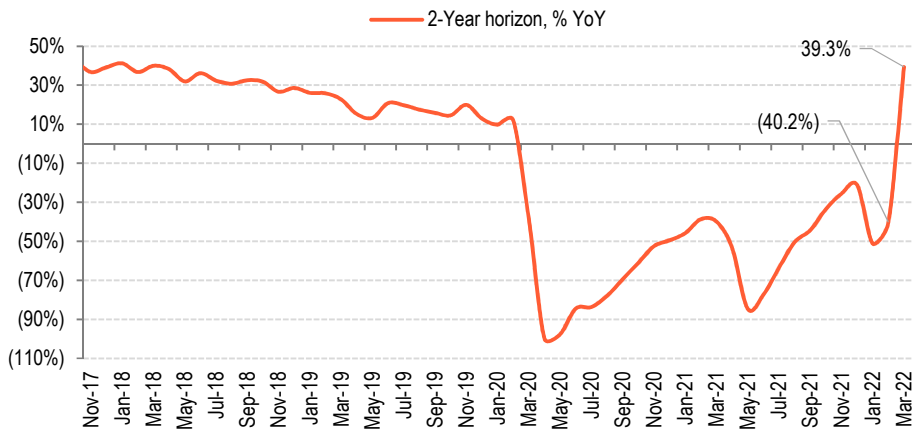


Fig 76 – ...led by revival in domestic passenger movement

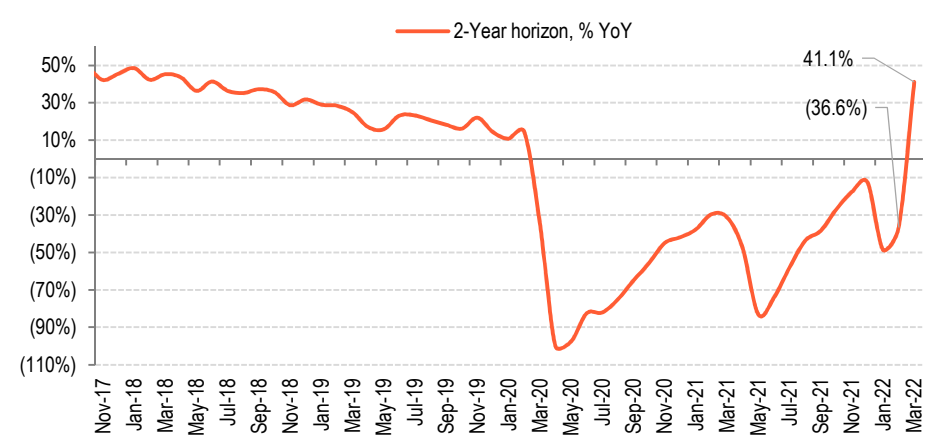


Fig 77 – Railway passenger traffic too begins to see recovery in Feb’22

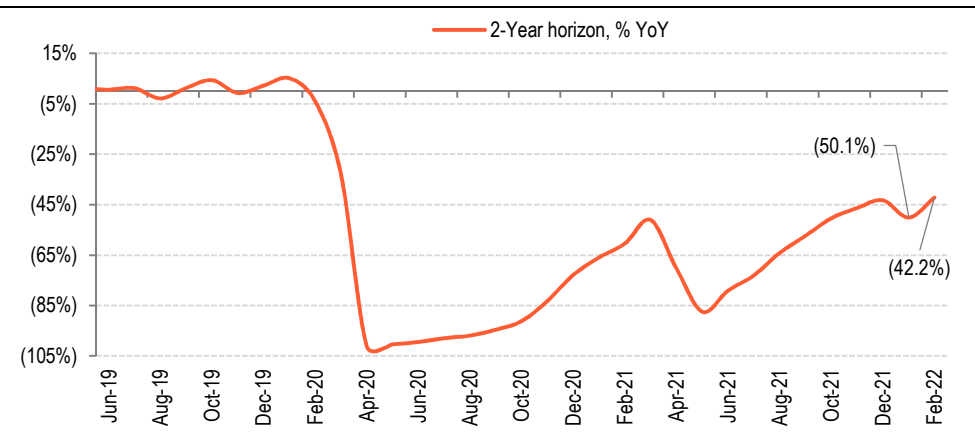
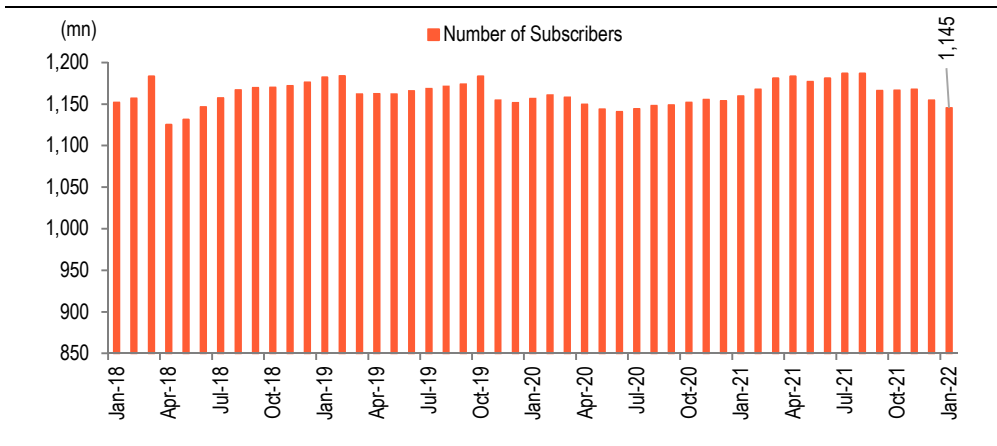


Fig 78 – Telecom sector lost 9.4mn wireless subscribers in Jan’22 following 12.9mn subscribers lost in Dec’21



Finance and real estate

Fig 79 – Growth in GVA: Finance, real estate & prof. also saw impact of base effect in Q3

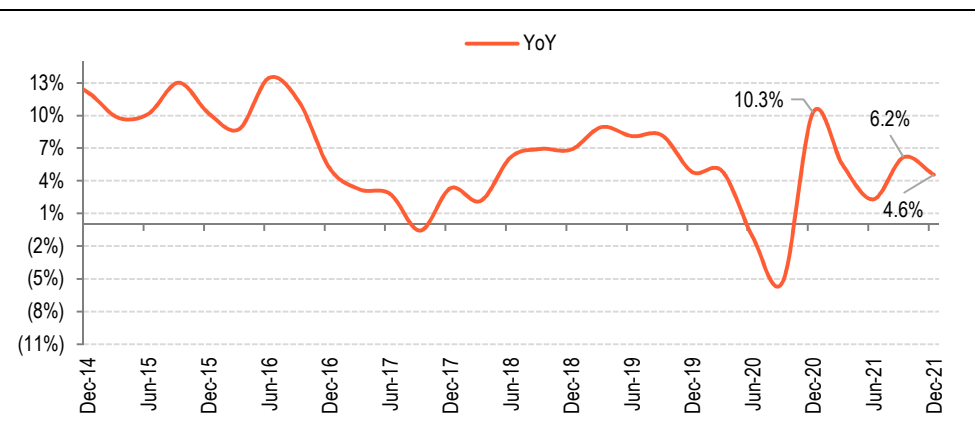
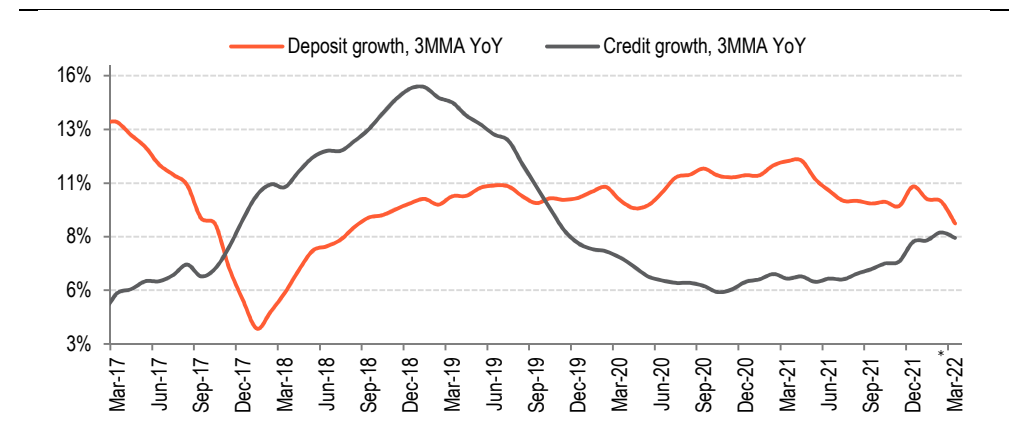


Fig 80 – Deposit growth dips in Mar’22; credit growth also seen moderating



*Data as of 25 Mar 2022

Fig 81 – Credit to both services and industry picks up pace

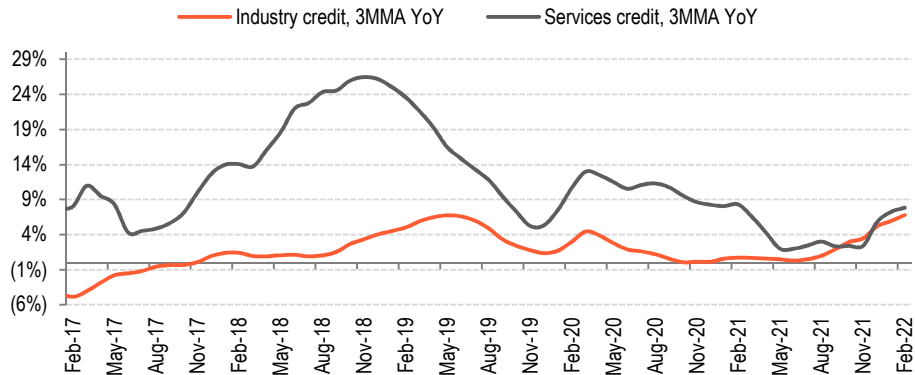


Fig 82 – Credit to NBFCs and trade continues to lead the trend

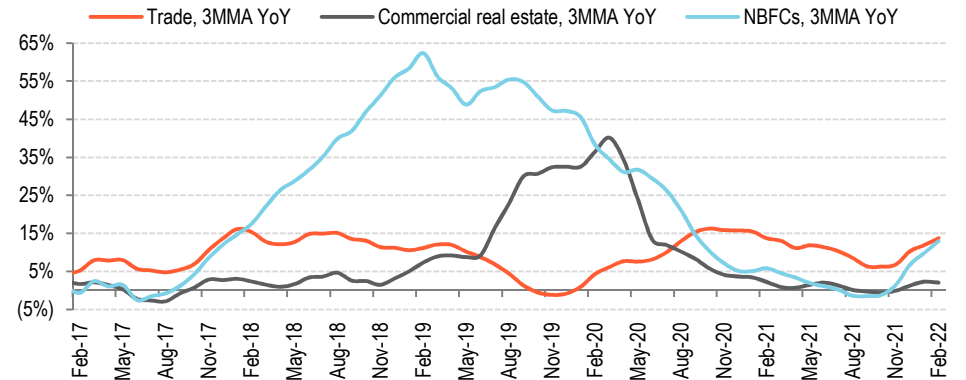
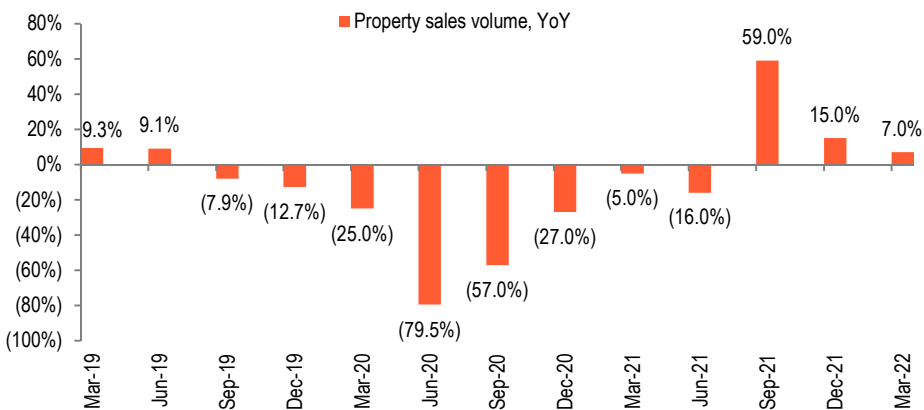
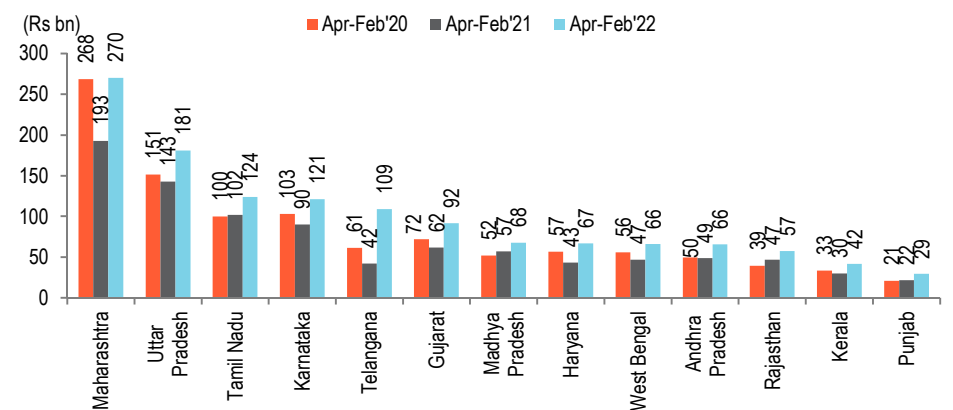


Fig 83 – Property sales volumes seen normalising



Source: Proptiger

Fig 84 – Stamp duty collections of all states have surpassed pre-pandemic levels in FYTD22 so far



Labour market

Fig 85 – Naukri job index showed sharp improvement in formal job market in Mar’22

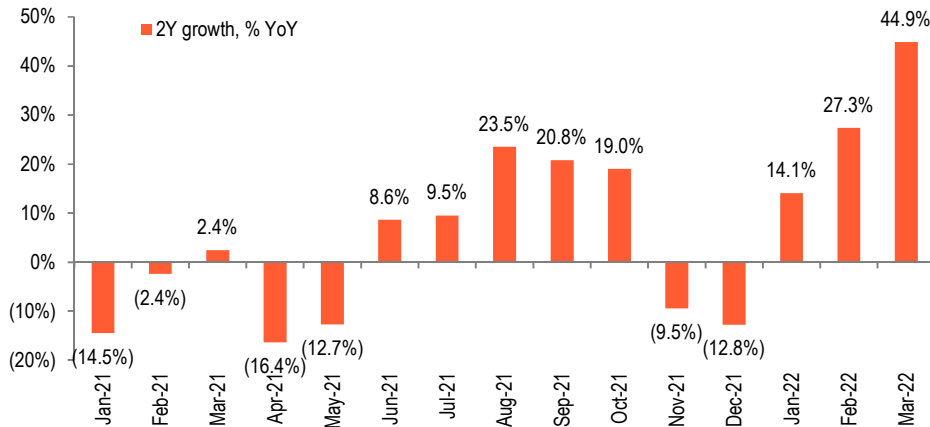


Fig 86 – Overall unemployment rate also dipped in Mar’22



Public administration

Fig 87 – Public administration & defence services eased in Q3FY22

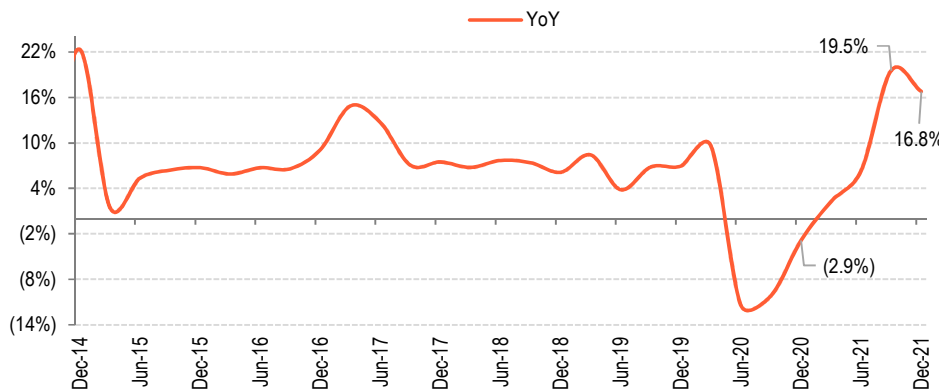


Fig 88 – General govt. spending sees marginal pick up in Feb’22

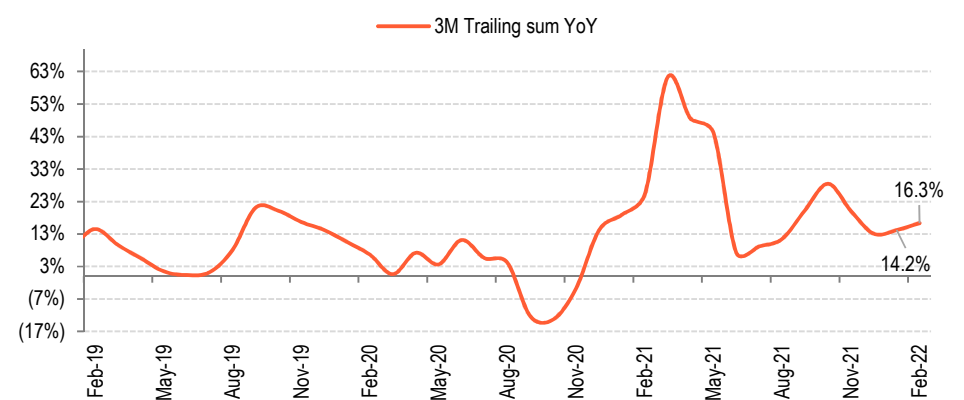


Fig 89 – led by both Central government...

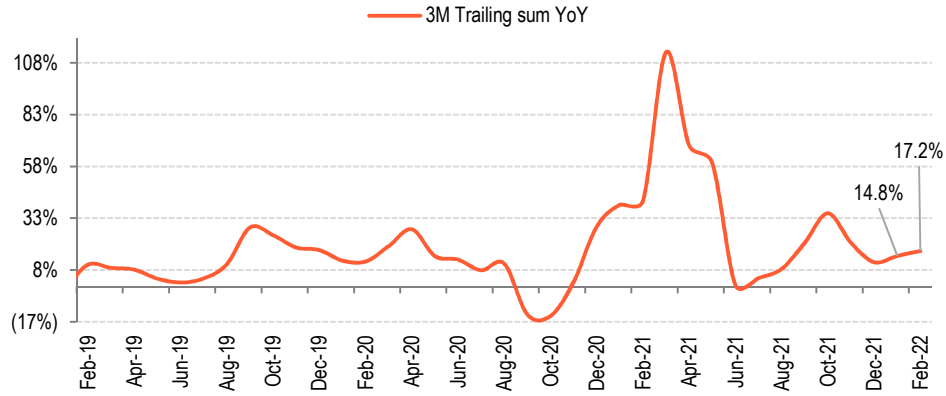
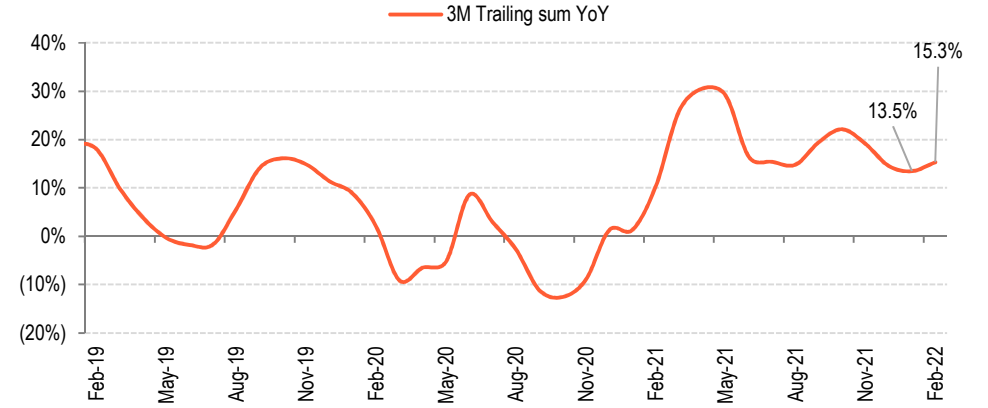


Fig 90 – ...and State* Govt. spending

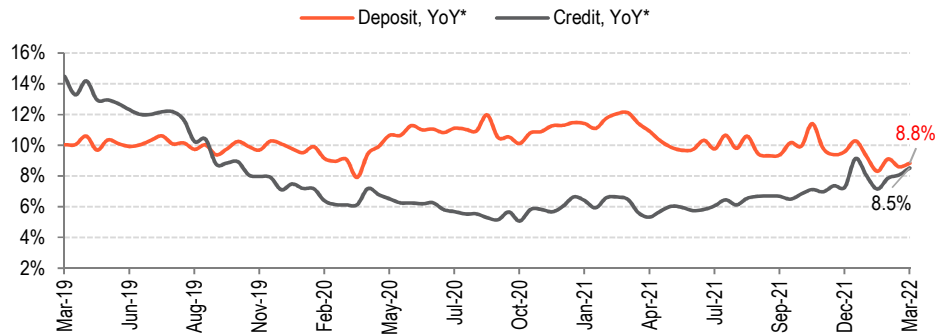


Note: *All states excluding N.E states, Goa and J&K

Financial sector

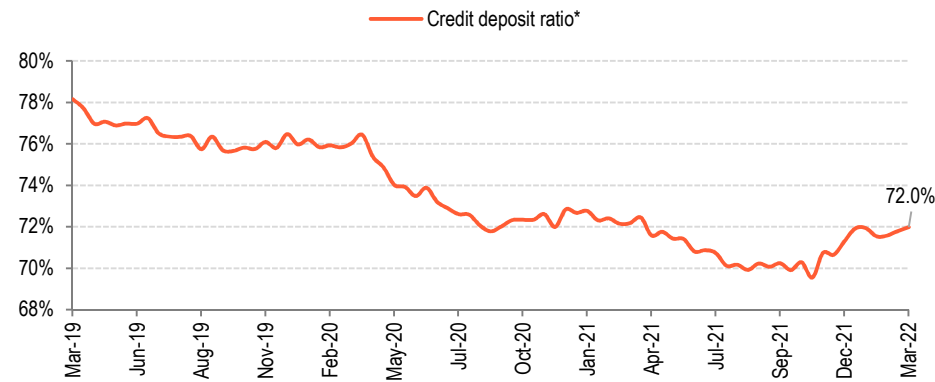
Money and banking

Fig 91 – Credit demand rose to 8.5% from 8.1% in Feb'22 and at 7% on FYTD22 basis, deposit growth rose to 8.8% from 8.6% and at 7.7% in FYTD22



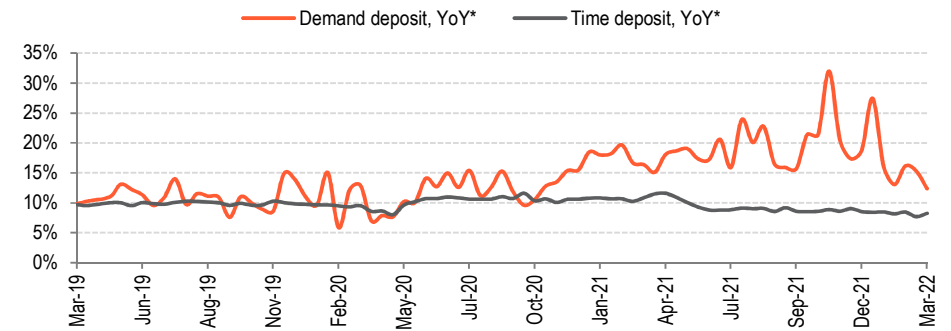
Note: *Mar'22 implies fortnight as of 25 Mar 2022

Fig 93 – CD ratio was at 72%



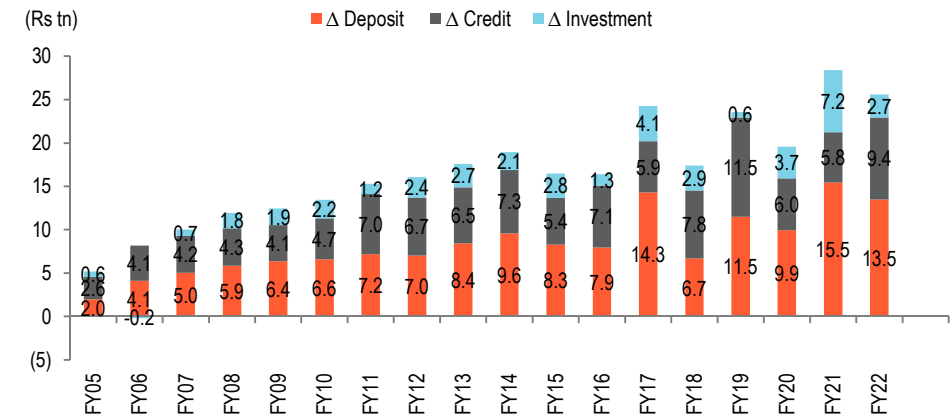
Note: *Mar'22 implies fortnight as of 25 Mar 2022

Fig 92 – ...Demand deposits moderated, time deposits picked pace



Note: *Mar'22 implies fortnight as of 25 Mar 2022

Fig 94 – Pace of accretion of credit, investment and deposit



Note: *Mar'22 implies fortnight as of 25 Mar 2022

Fig 95 – Credit to govt moderated to 3.3% in Jan'22 from 4.4% in Dec'21, credit to commercial sector moderated to 7.1% from 10.7%

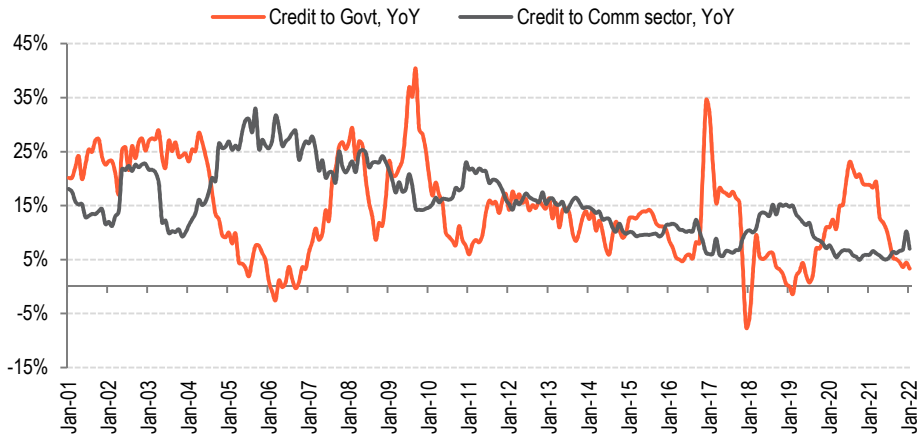


Fig 97 – WALR inched down to 7.19% from 7.23% in Jan'22, while WADTDR moderated to 5.10% from 5.11%

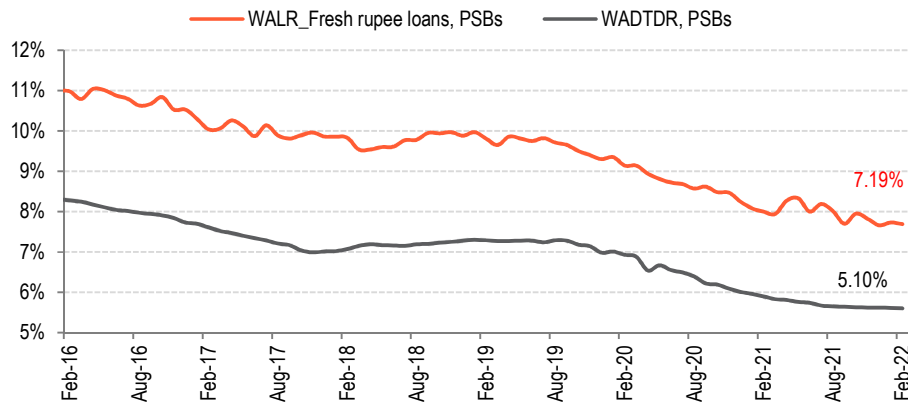


Fig 96 – Spread between call rate and repo

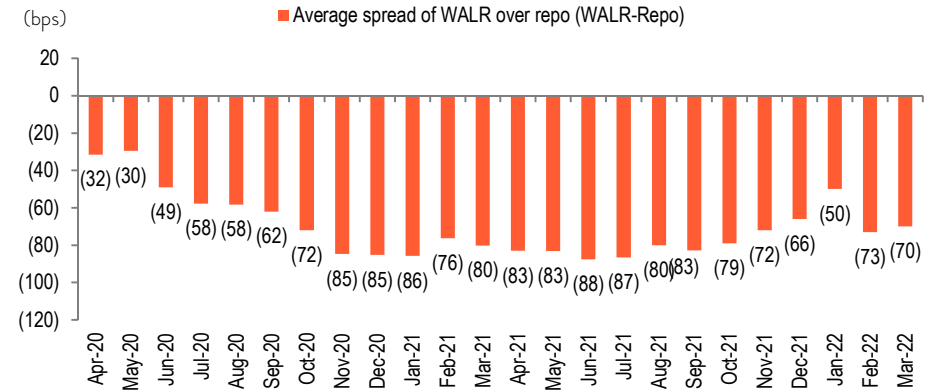


Fig 98 – CIC accretion has been at a much slower pace of Rs 2.8tn in FY22 against Rs 4.2tn in the same period of previous year

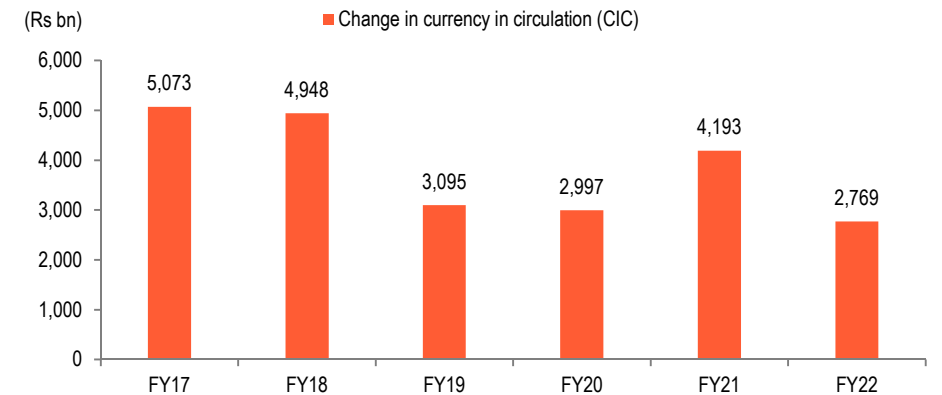
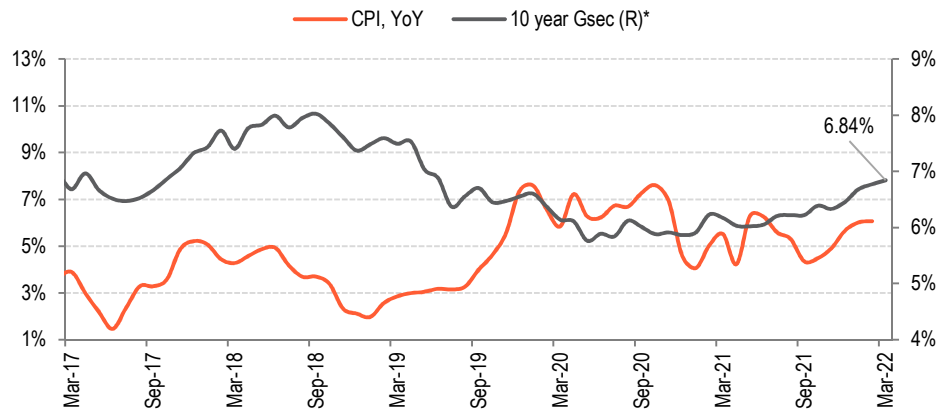


Fig 99 – 10Y GSec yield inched up to 6.84% from 6.77% in Feb'22 and currently higher at 7.12% post RBI's policy, inflation edged up to 6.1% from 6% in Jan'22



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

Fig 101 – Corporate debt issuance rose to Rs 776bn from Rs 493bn in Feb'22

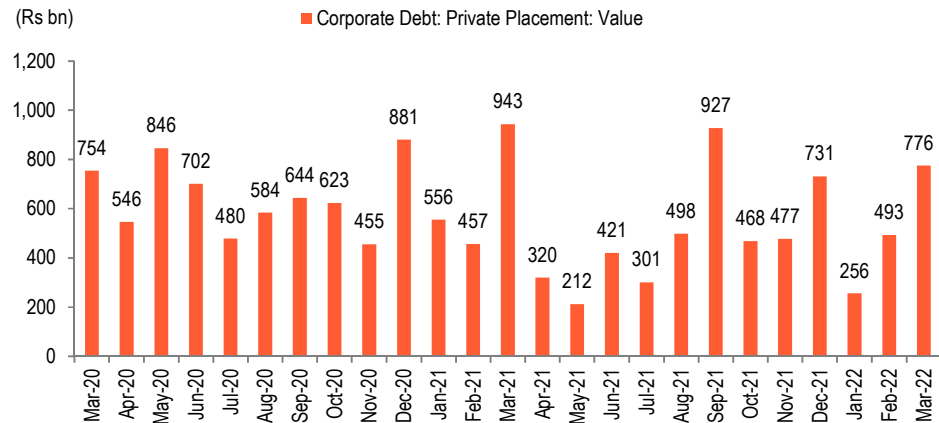
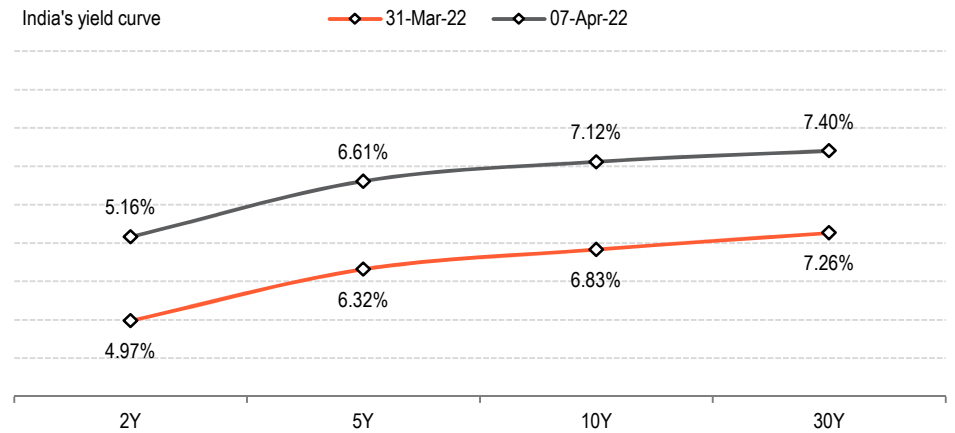
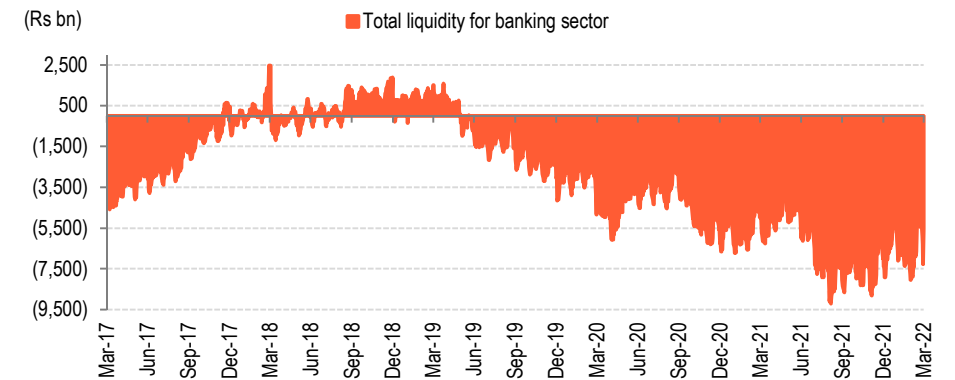


Fig 100 – Yield rose across the tenor, post H1FY23 borrowing plan and policy announcements



Source: Bloomberg

Fig 102 – Average system liquidity surplus was at Rs 6.4tn in Mar'22 against 6.9tn in Feb'22 and currently higher at Rs 7tn



Source: RBI

Fig 103 – 3Y AAA NBFC spread fell to 46bps as on 30 Mar 2022 from 55bps as on 28 Feb 2022

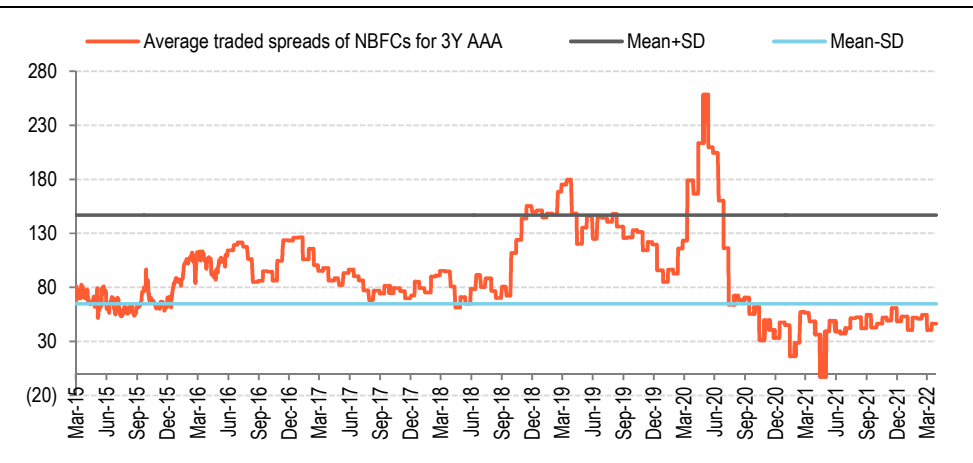


Fig 104 – 10Y AAA NBFC spread was lower at 27bps from 41bps as on 28 Feb 2022

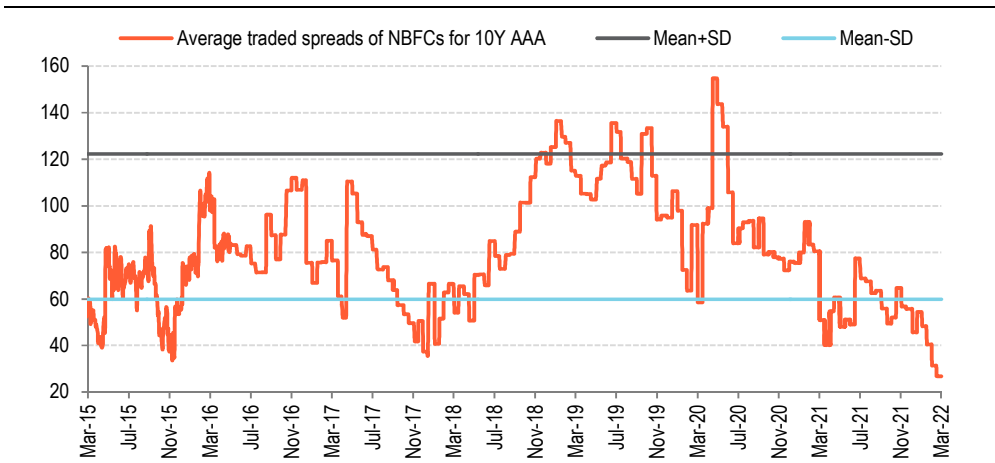


Fig 105 – 3Y AAA corp fell to 35bps from 40bps as on 28 Feb 2022

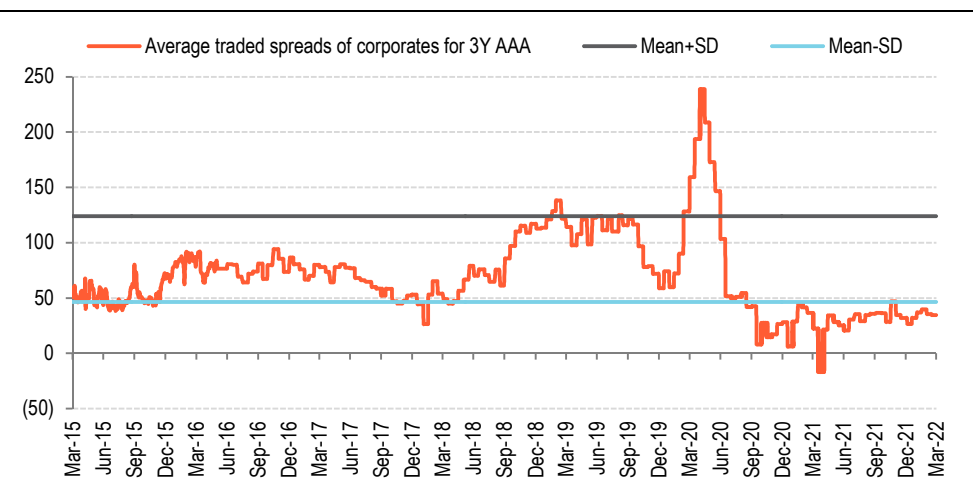


Fig 106 – 10Y AAA corp spread fell to 20bps from 31bps

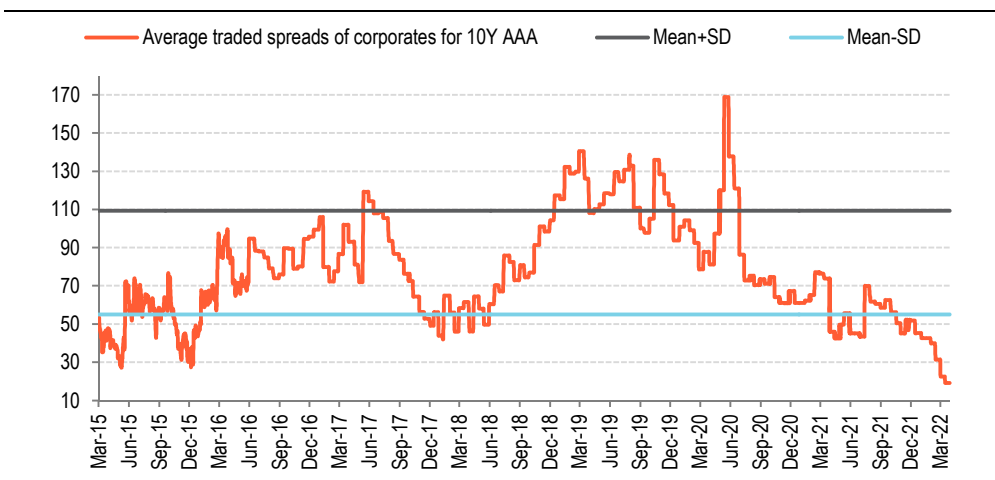


Fig 107 – INR 3Y swap rose to 5.49 as on 30 Mar 2022 from 5.31 as on 28 Feb 2022

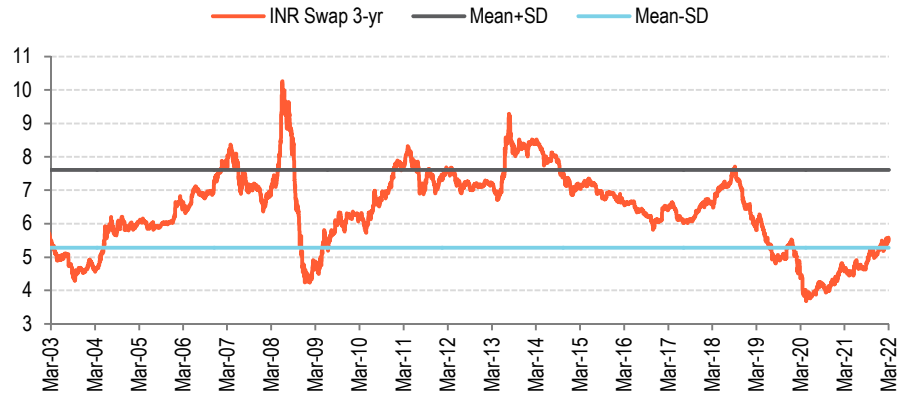
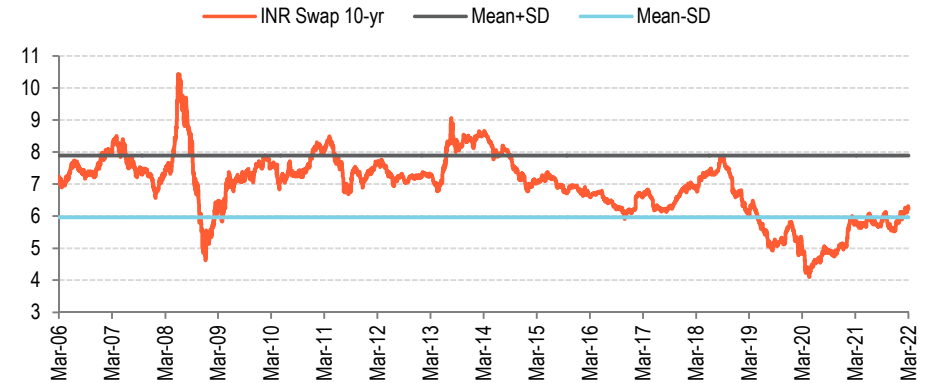


Fig 108 – For 10Y, it rose to 6.23 from 6.08



Interest rates on small savings schemes

Fig 109 – Interest rates on small savings scheme to remain unchanged in Q1FY23 as well

Instrument (%)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
2 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
3 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
5 year time deposit	7.7	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 year recurring deposit	7.2	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
5 year senior citizen savings scheme	8.6	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
5 year monthly income scheme	7.6	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
5 year national savings certificate	7.9	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Public provident fund scheme	7.9	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Sukanya samridhi account scheme	8.4	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6

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

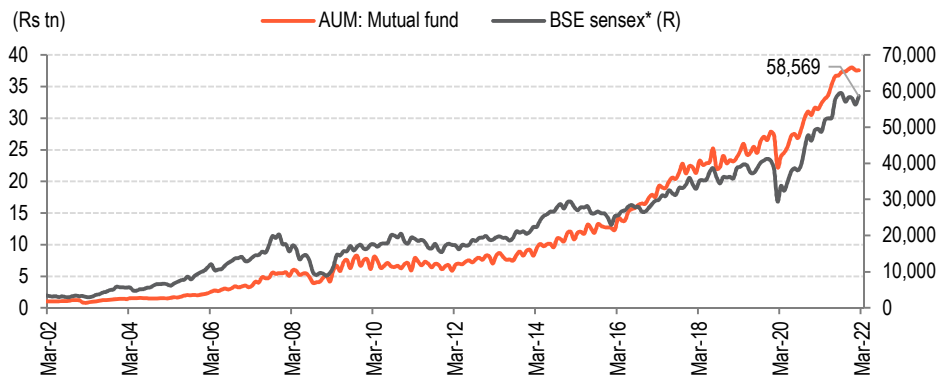
Fig 110 – Interest rates charged by leading banks

1Y MCLR (%)	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Public Sector Banks															
Bank of Baroda	7.40	7.40	7.40	7.40	7.40	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30
Bank of India	7.35	7.35	7.35	7.35	7.35	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Canara Bank	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.25	7.25	7.25	7.25	7.25	7.25
Indian Bank	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30
Punjab National Bank	7.35	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Union Bank of India	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.25	7.25	7.25	7.25
Private Sector Banks															
Axis Bank Ltd.	7.40	7.40	7.40	7.40	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35
HDFC Bank Ltd.	7.25	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25
ICICI Bank Ltd.	7.30	7.30	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Indusind Bank	8.65	8.60	8.60	8.60	8.60	8.60	8.55	8.45	8.45	8.45	8.45	8.45	8.45	8.45	8.50
Kotak Mahindra Bank	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.20	7.20	7.20	7.20	7.25	7.30	7.35

Source: RBI

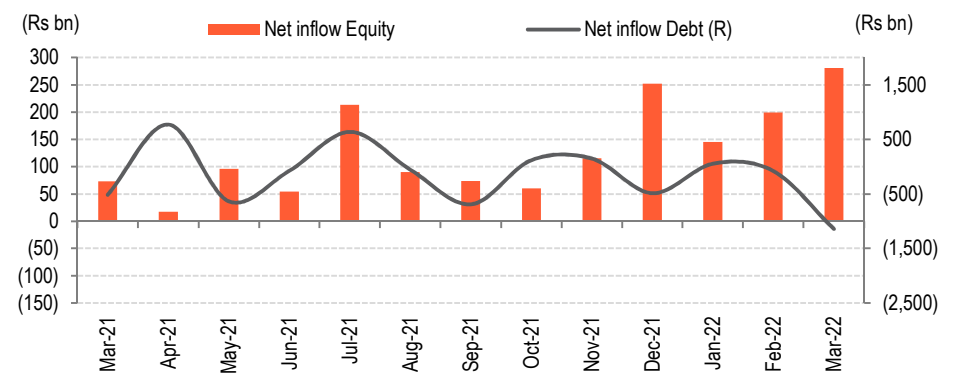
Mutual fund (MF) indicators

Fig 111 – Sensex rose by 4.1% to 58,569 in Mar'22, AUM of MFs was at Rs 38tn in Mar'22



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

Fig 112 – MF equity inflows rose to Rs 281bn from 200bn in Feb'22; debt outflow rose to Rs 1.1tn from Rs 80bn outflow in Feb'22



Insurance sector indicators

Fig 113 – Sale of life insurance policies declined by 7.2% in Feb'22 from 12.6% decline in Jan'22, led by unfavourable base

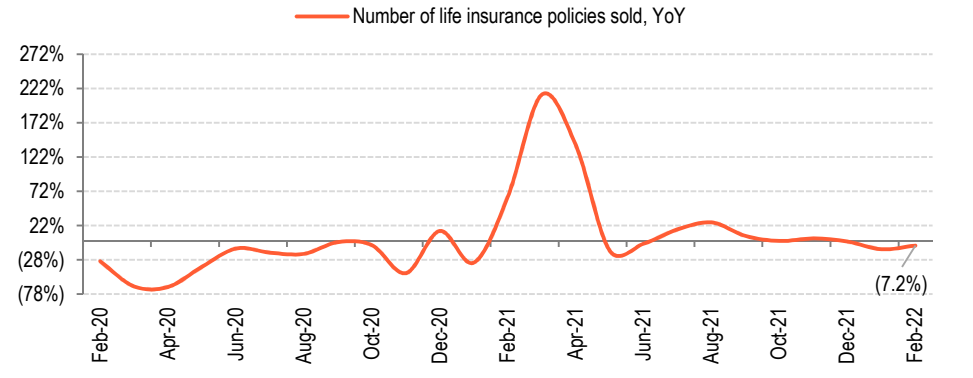
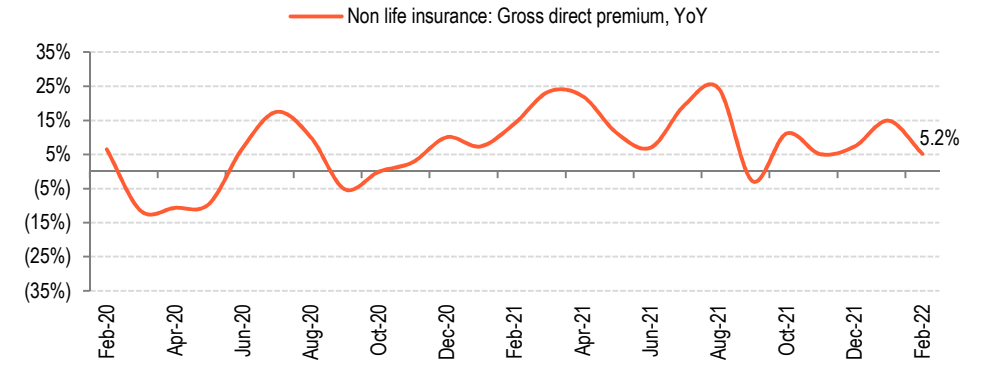


Fig 114 – Gross direct premium for non-life insurance moderated to 5.2% from 14.9%, due to unfavourable base



Public finance

Central government finances

Fig 115 – Fiscal deficit at 7.4% in Feb'22, far above government's 6.9% target

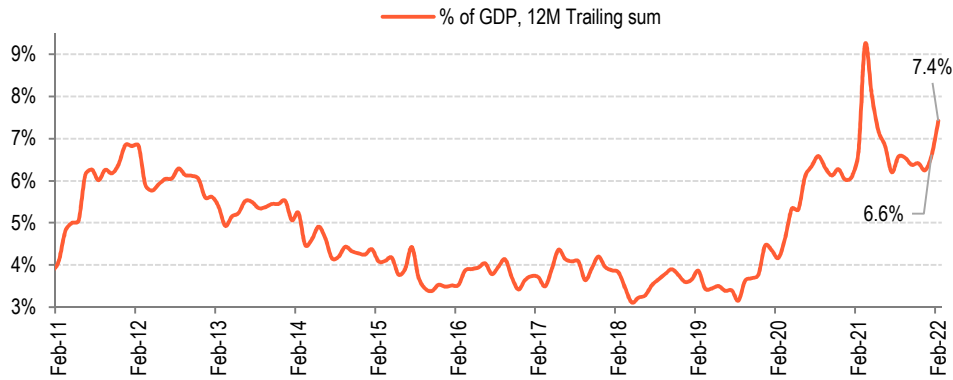


Fig 116 – Revenue deficit also seen rising

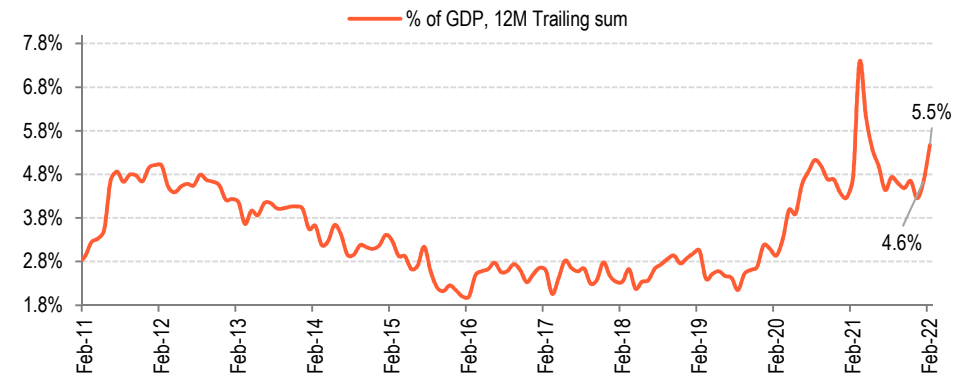


Fig 117 – Primary deficit touches 4% in Feb'22

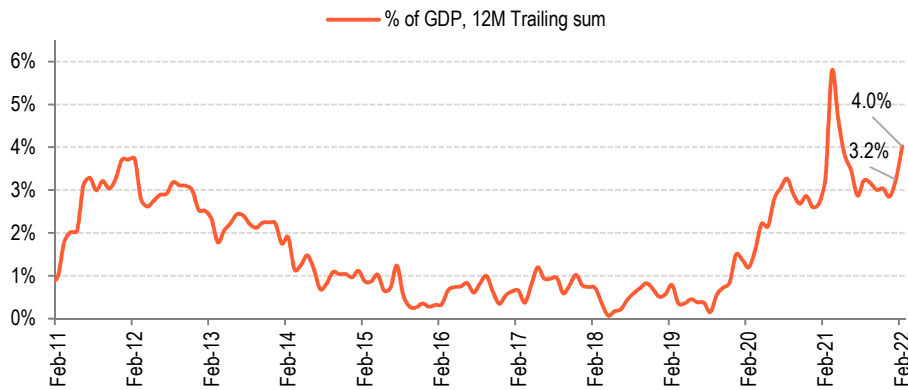


Fig 118 – Government spending moderated further in Feb'22 (12MMA)...

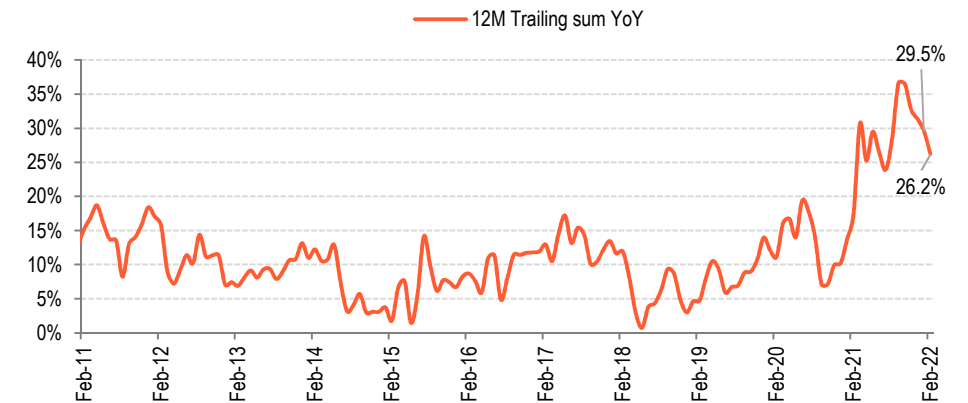


Fig 119 – ...led by revenue spending

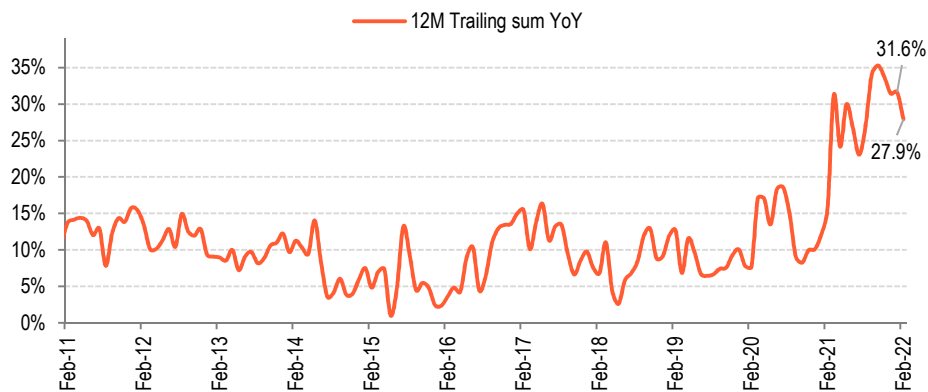


Fig 120 – Capex broadly steady

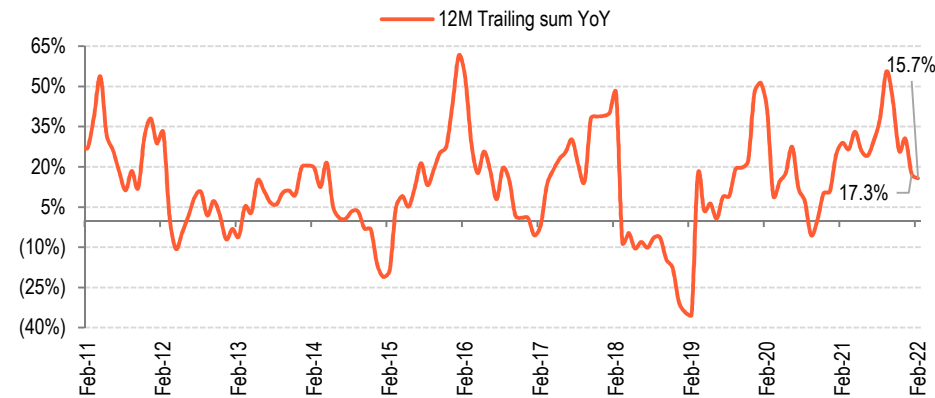


Fig 121 – Spending by ministries of rural development, petroleum and HRD fell in Feb'22 as well (FYTD basis)

Ministry	Apr-Feb'20 (Rs bn)	Apr-Feb'21 (Rs bn)	% change	Apr-Feb'22 (Rs bn)	% change
Ministry of Finance	8,462	10,447	23.5	11,567	10.7
Ministry of Defence	4,273	4,340	1.6	4,367	0.6
Ministry of Consumer Affairs, Food and Public Distribution	1,584	2,479	56.5	2,696	8.7
Ministry of Rural Development	1,154	1,737	50.5	1,300	(25.2)
Ministry of Home Affairs	1,230	1,338	8.8	1,510	12.8
Ministry of Human Resource Development	840	697	(17.0)	647	(7.1)
Ministry of Road Transport and Highways	720	856	18.9	1,085	26.8
Ministry of Chemicals and Fertilisers	810	1,183	46.2	1,295	9.4
Ministry of Petroleum and Natural Gas	424	325	(23.4)	45	(86.1)
Ministry of Agriculture	930	1,035	11.2	1,035	0.0
Ministry of Health and Family Welfare	584	688	17.9	686	(0.3)

Fig 122 – Receipt growth slowed further in Feb'22...

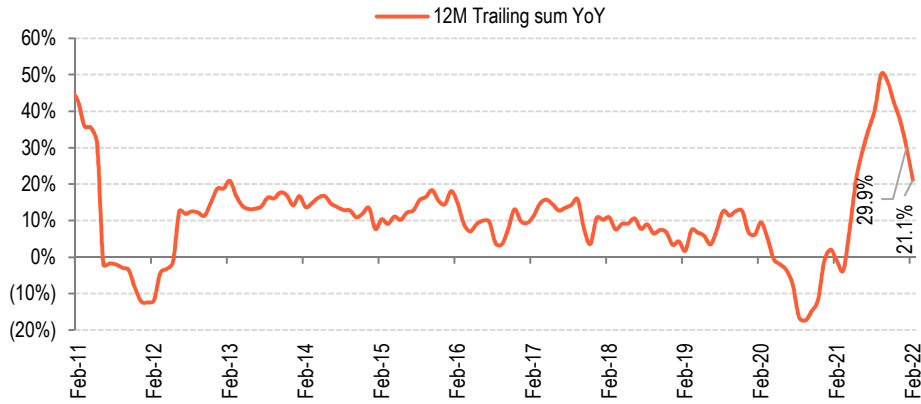


Fig 123 – ...dragged by revenue receipts

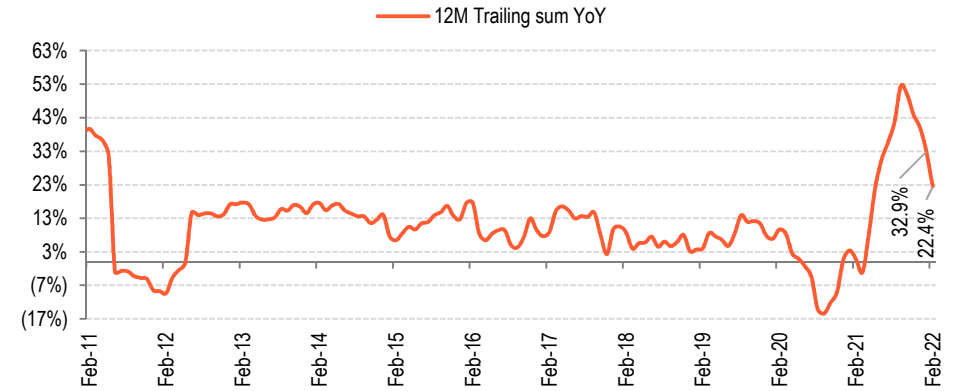


Fig 124 – Tax receipts slowed in Feb'22 as well

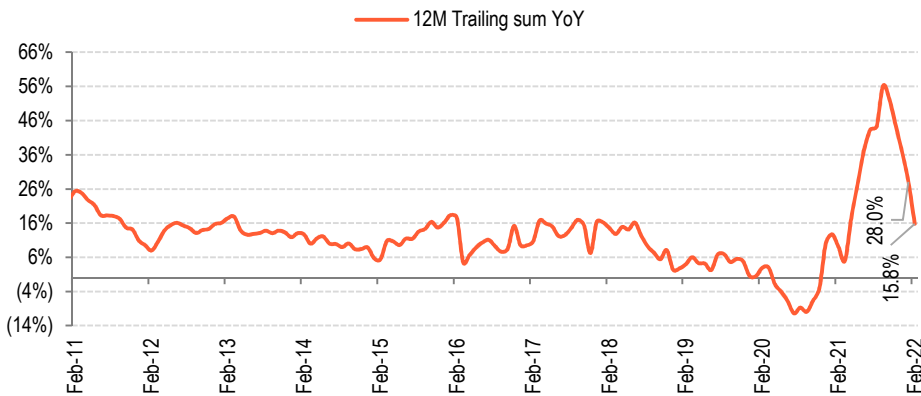


Fig 125 – Non-tax revenue growth remains steady

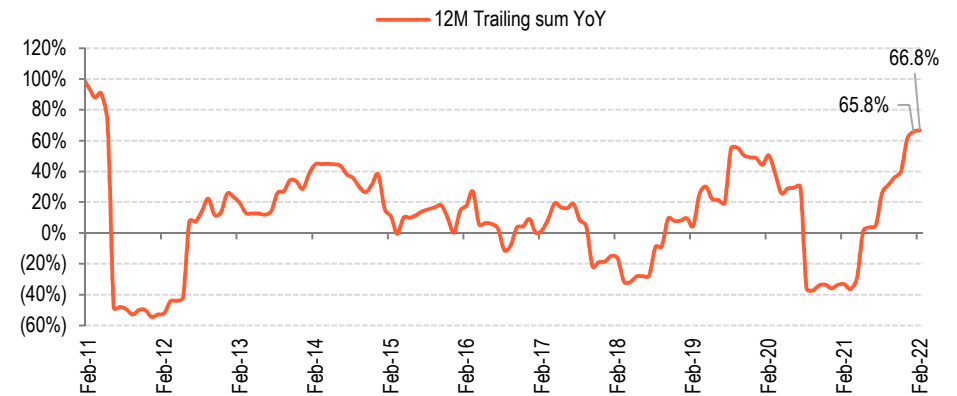


Fig 126 – Centre’s spending running below budget’s revised targets (FYTD basis)

	Apr-Feb’20 (Rs bn)	Apr-Feb’21 (Rs bn)	% change	Apr-Feb’22 (Rs bn)	% change	2-Year change (% YoY)
Gross Tax revenue	16,778	16,653	(0.7)	22,748	36.6	35.6
Direct taxes	8,069	7,226	(10.4)	11,077	53.3	37.3
Corp Tax	4,186	3,506	(16.2)	5,656	61.3	35.1
Income Tax	3,883	3,720	(4.2)	5,421	45.7	39.6
Indirect taxes	8,709	9,427	8.2	11,671	23.8	34.0
Non-tax revenue	2,631	1,542	(41.4)	3,101	101.1	17.9
Centre’s revenue (net)	13,778	13,703	(0.5)	17,910	30.7	30.0
Total expenditure	24,654	28,186	14.3	31,439	11.5	27.5
Capital exp	3,047	4,053	33.0	4,852	19.7	59.3
Revenue exp	21,607	24,134	11.7	26,587	10.2	23.0
Fiscal deficit	10,365	14,055	-	13,166	-	-

Fig 127 – Gross direct tax collections rose in Feb’22

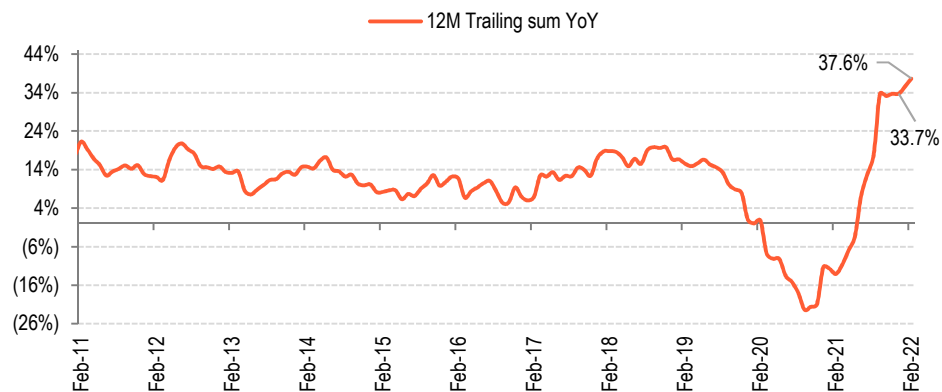


Fig 128 – Gross indirect tax collections on the path of normalisation

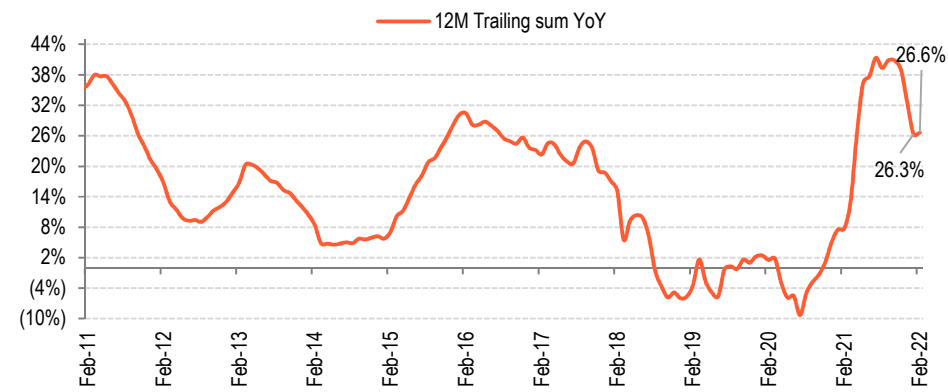


Fig 129 – Both, corporate tax collections...

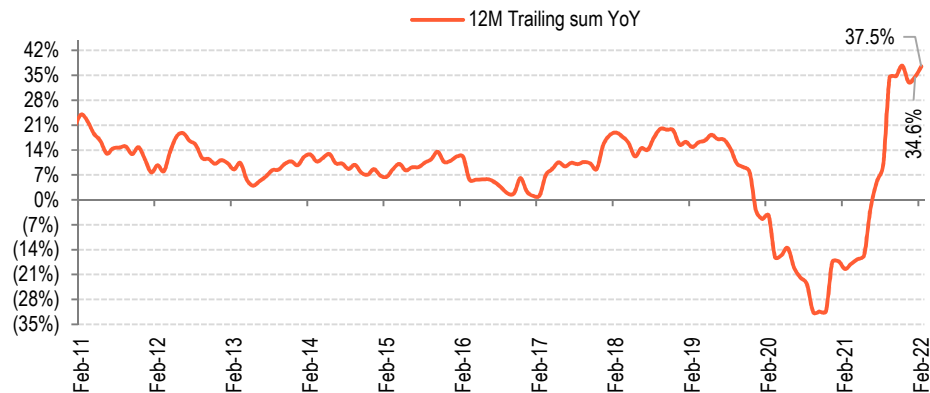


Fig 130 – ...and income tax collections saw a pick up in Feb'22

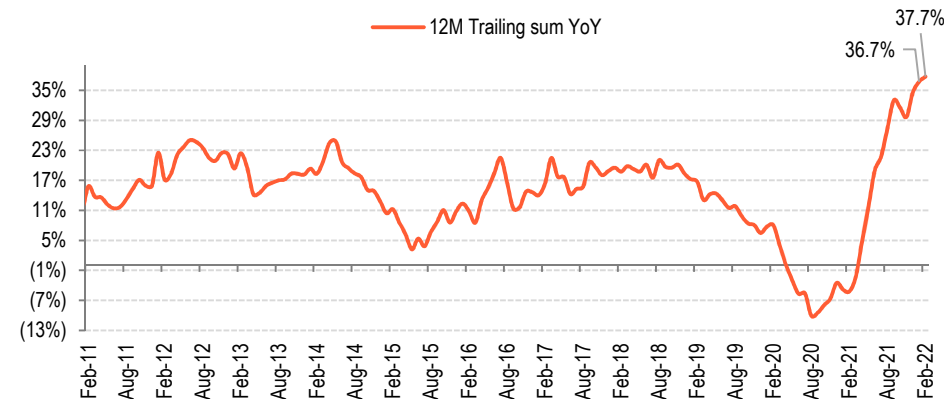


Fig 131 – GST collections for Feb'22 reached a new high

(Rs bn)	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Monthly run rate (FY22)	FYTD22	FY22 (BE)
CGST	666	568	555	283	337	479	533	474	485	492	462	697	482	480	5,279	5,300
UT GST	4.1	3.2	1.6	1.6	1.7	2.5	2.9	2.2	1.4	1.2	2.5	4.3	1.6	2	24	-
IGST	(373)	(104)	48	153	64	(37)	(162)	(6)	90	72	146	(279)	79	15	168	-
SGST*	848	862	331	402	696	601	711	747	656	637	681	814	758	639	7,034	-
Cess	93	84	92	89	66	75	85	85	82	94	91	95	101	87	955	1,000
Total GST	1,239	1,414	1,027	928	1,164	1,120	1,170	1,301	1,315	1,298	1,384	1,330	1,421	1224	13,459	-

Source: PIB | *Computed from PIB and CGA data

Fig 132 – Rising central government debt a key concern

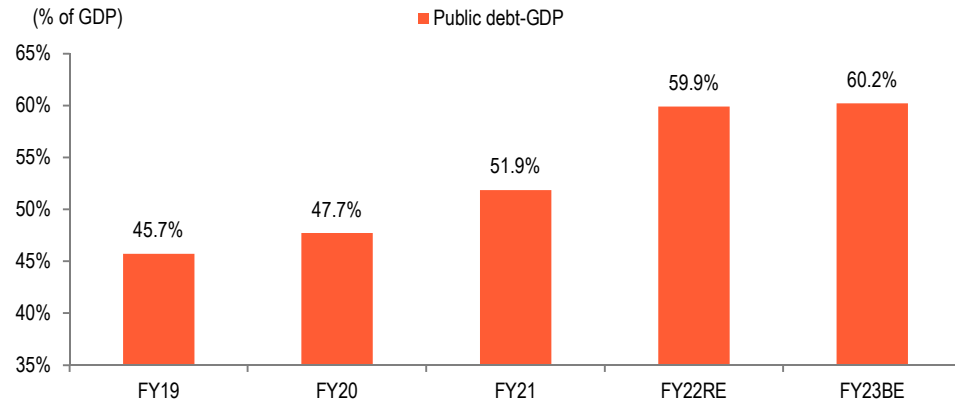
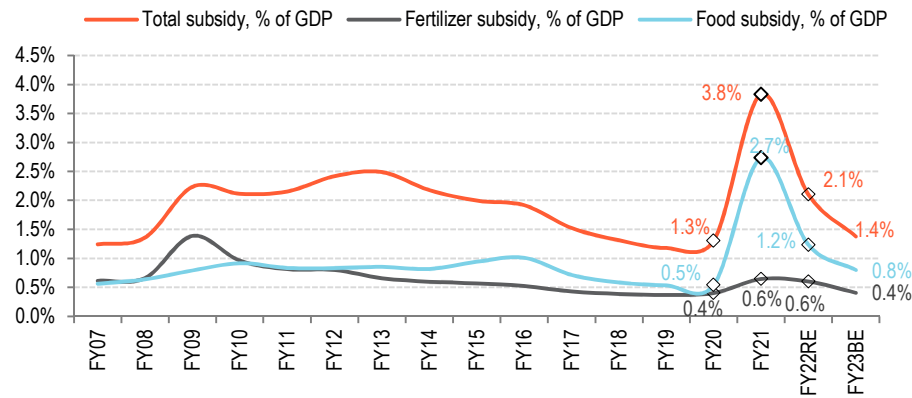
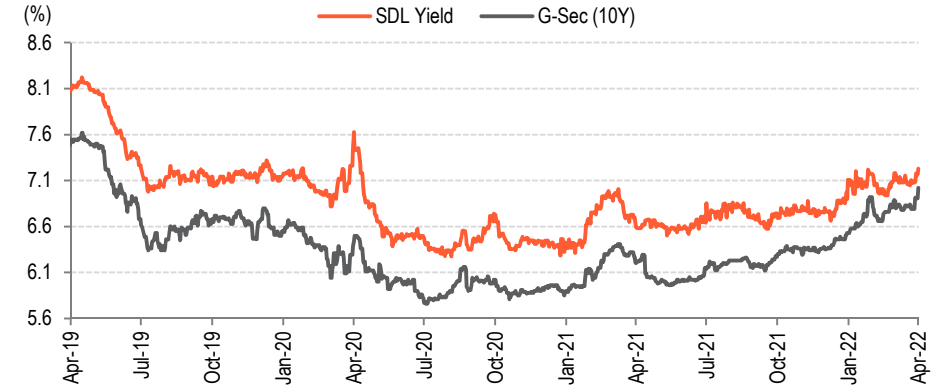


Fig 134 – Subsidy burden to ease as per FY22RE



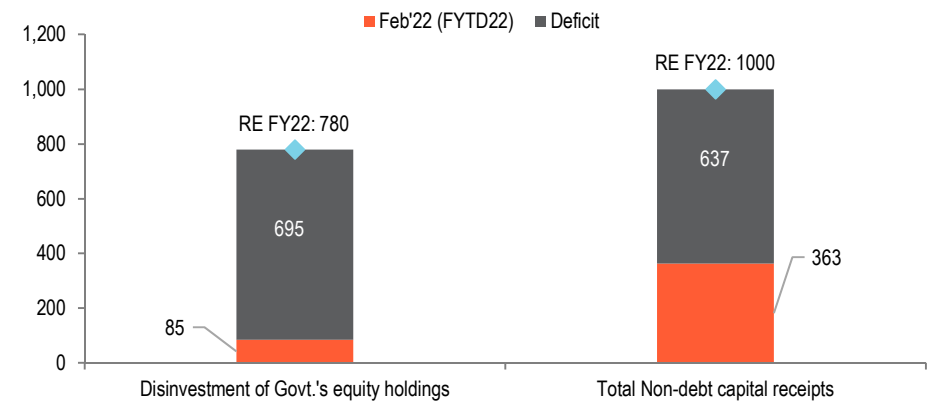
RE-Revised Estimates; BE-Budget Estimates

Fig 133 – Both 10Y G-sec and SDL yield inching up in Apr'22 (so far)



Source: CCIL

Fig 135 – Central govt. FY22 disinvestment status



Central government borrowing

Fig 136 – Centre’s T-bill issuances likely to be at Rs 4.32tn in Q1FY23

Total accepted amount (G-Sec), (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 (planned)
Q1	2,613	2,797	2,888	3,089	3,364	5,328	5,375	4,320
Q2	2,667	2,584	3,186	3,299	3,024	5,417	3,215	-
Q3	2,645	2,747	2,632	3,070	2,889	3,745	3,630	-
Q4	2,104	1,684	2,486	1,812	2,511	2,714	4,766	-
Total	10,029	9,811	11,192	11,271	11,788	17,204	16,986	-

Source: RBI *Note: Rs 384bn was raised in the auction held on 6th Apr 2022

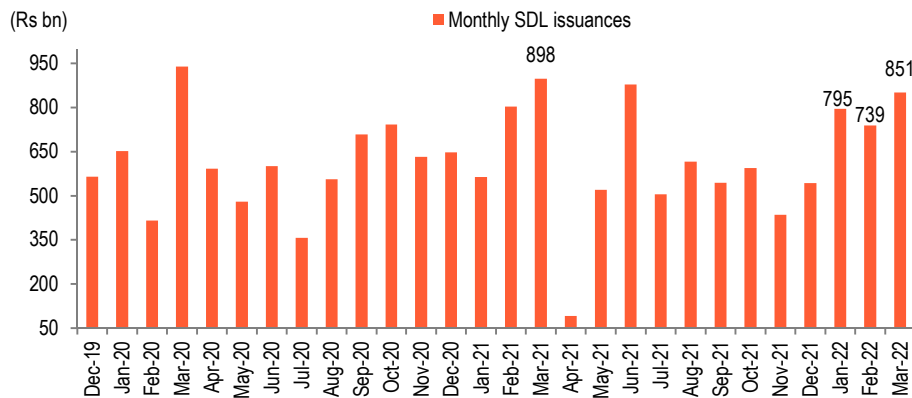
Fig 137 – Centre’s gross borrowing in H1FY23 is pegged at Rs 8.45tn

Total accepted amount (G-Sec), (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 (planned)
Q1	1,740	1,500	1,680	1,320	2,040	3,140	3,064	3,900
Q2	1,630	1,910	1,890	1,440	2,210	4,220	3,649	4,550
Q3	1,640	1,610	1,640	1,270	1,930	2,910	3,190	-
Q4	840	800	670	1,680	920	3,191	1,370	-
Total	5,850	5,820	5,880	5,710	7,100	13,461^A	11,273	-

Source: RBI^A Against budgeted Rs 12.8tn *Till 25 Feb 2022, Note: Rs 320bn was raised on 8 Apr 2022 auction

State government borrowing

Fig 138 – State government borrowings in Mar’22 jumped sharply



Source: RBI

Fig 139 – States’ market borrowings in FY22 was tad lower than FY21

Quarterly SDL issuances, (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FYTD23 (actual)	FY23 (planned)
Q1	548	650	766	815	1,673	1,491	60*	1,904
Q2	792	1,130	809	1,439	1,621	1,667		
Q3	1,214	1,054	1,277	1,470	2,023	1,653		
Q4	1,322	1,348	1,809	2,006	2,266	2,385		
Total	3,876	4,182	4,661	5,731	7,582	7,196		

Source: RBI; *as of 7 Apr 2022

External sector

Exports

Fig 140 – Global exports moderating

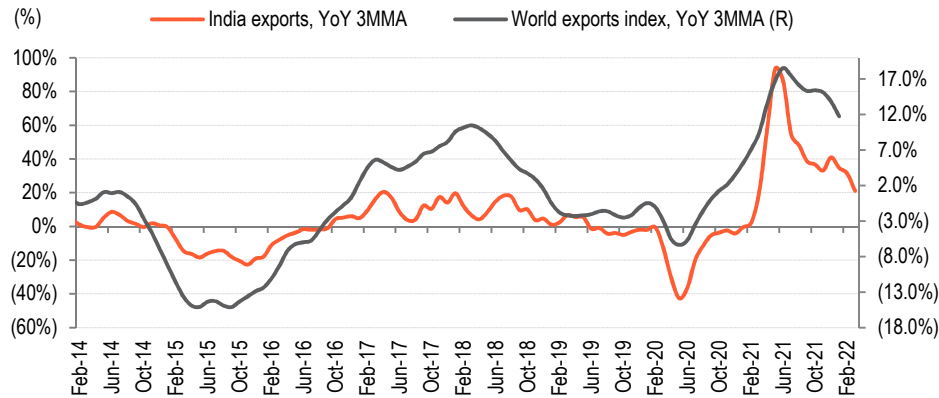
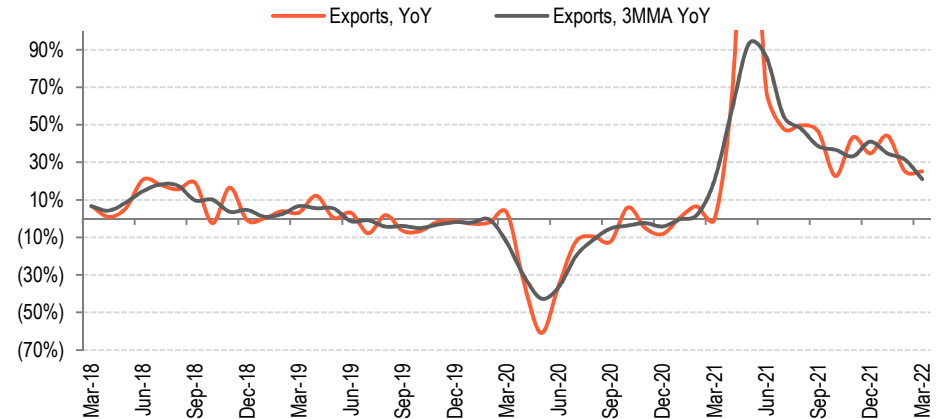


Fig 141 – India's exports rose to a historic high of US\$ 40.4bn in Mar'22



Exports by major sectors

Fig 142 – Oil exports rose sharply in Mar'22

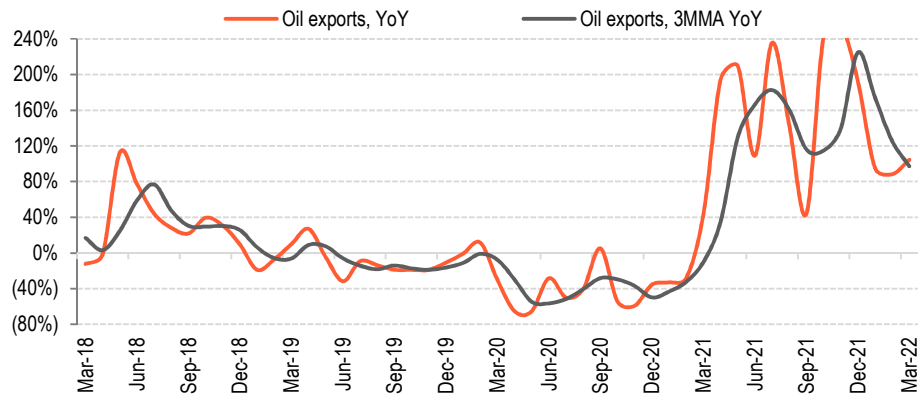


Fig 143 – Exports of drugs and pharmaceuticals improves in value terms

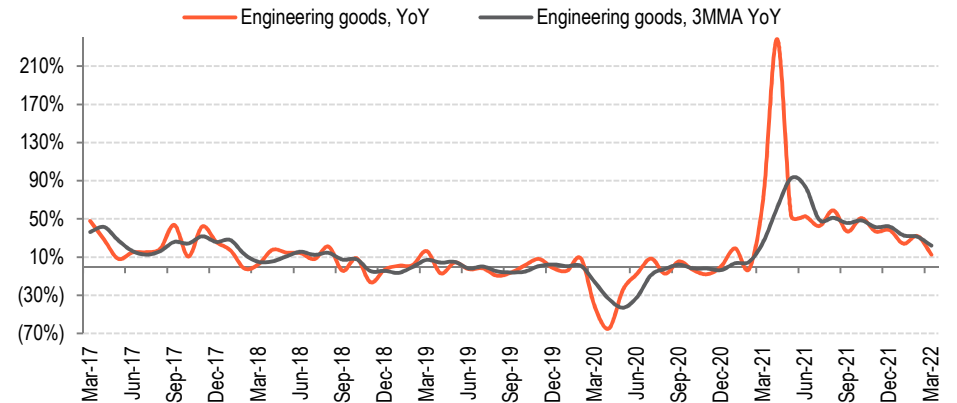


Fig 144 – Similar trend in exports of gems and jewellery

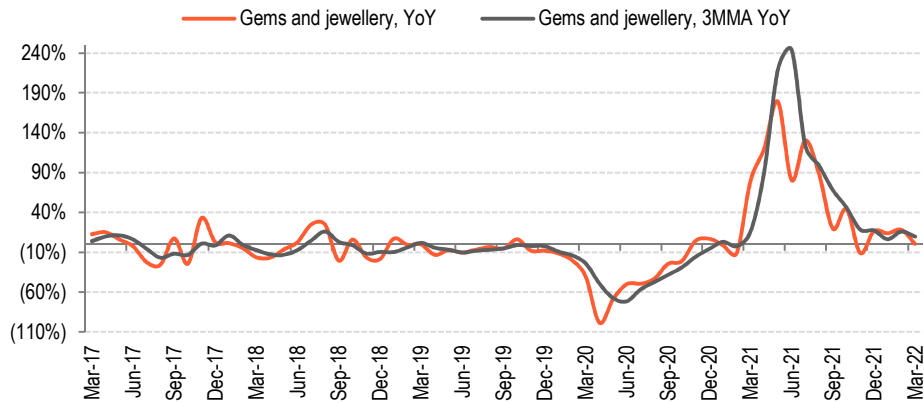
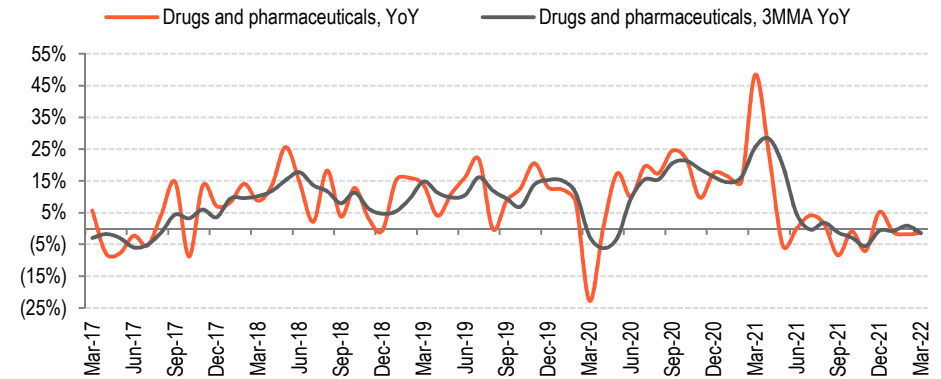


Fig 145 – Exports of drugs and pharma products continues to decline



Imports

Fig 146 – Import growth moderated to 20.8% in Mar'22 from 36.1% in Feb'22

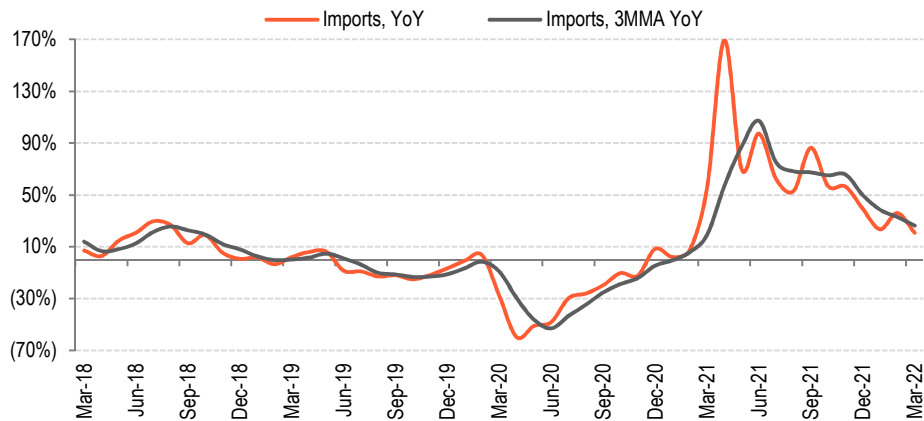


Fig 147 – Oil imports rose to a historic high of US\$ 18.4bn in Mar'22

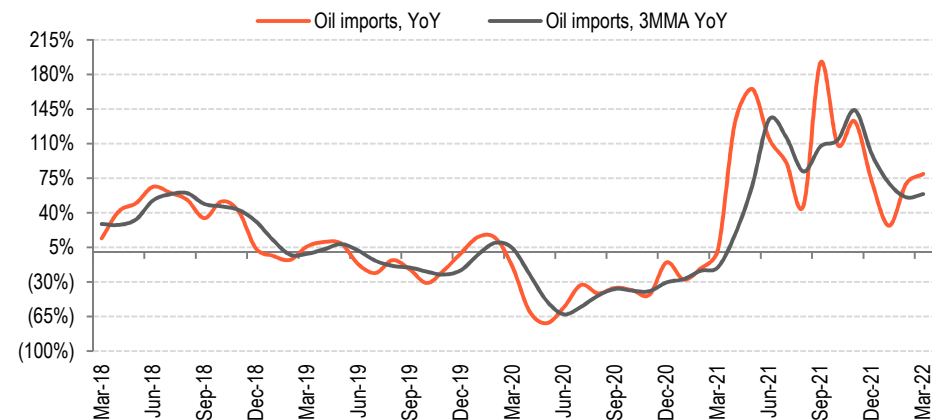


Fig 148 – Coal imports surged further in Mar'22

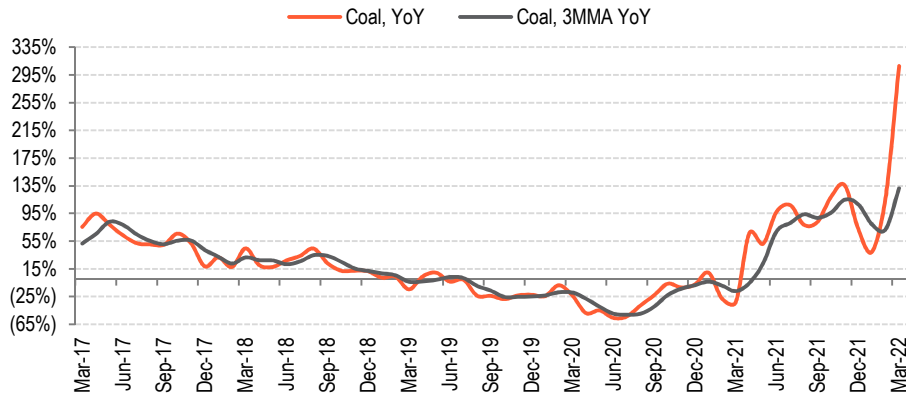


Fig 149 – Pickup in imports of organic and inorganic chemicals

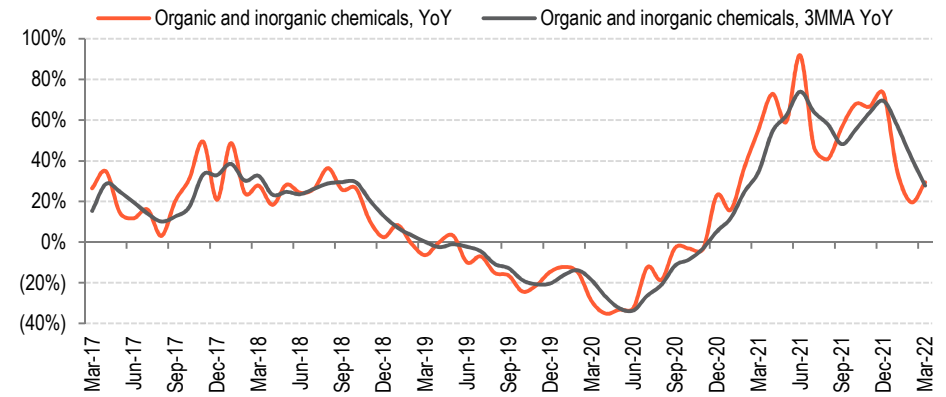


Fig 150 – Import of transport equipments picks up

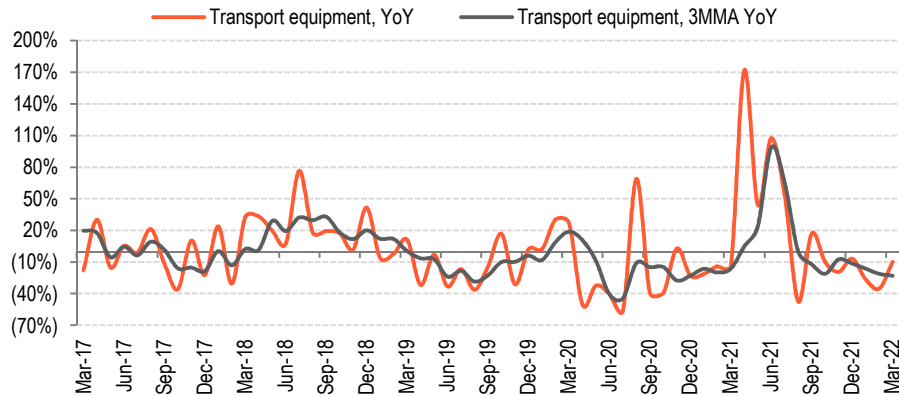
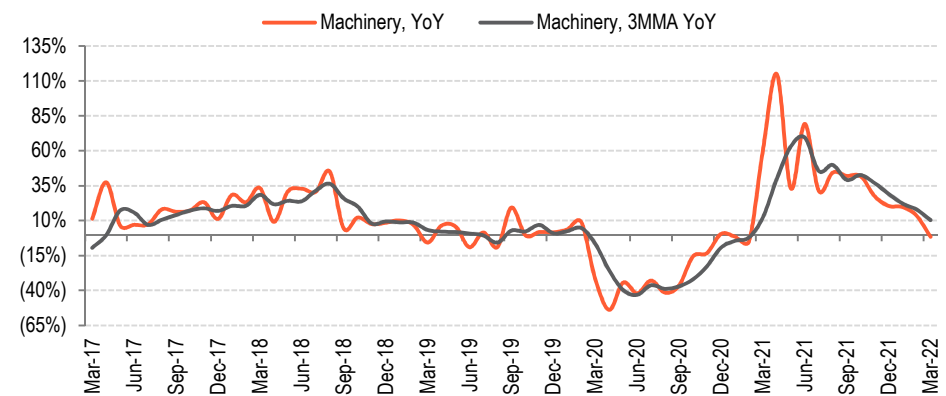


Fig 151 – However, machinery imports continue to dip



Exports and imports by major regions

Fig 152 – Barring China, exports to all regions have picked up in FYTD22 (Apr-Feb'22) due to favourable base

Region (% YoY)	Share in FY21	FYTD21	FYTD22	Dec-21	Jan-22	Feb-22
Americas	23.7	(6.9)	48.2	38.6	29.5	27.7
Asia and Pacific (Ex. China)	27.3	(6.4)	48.8	53.2	35.1	41.5
China	7.4	19.2	6.8	(6.7)	(18.3)	(17.9)
Europe	19.2	(14.4)	57.3	50.1	35.6	45.4
Middle East and Africa	22.0	(25.0)	49.5	48.5	21.4	34.8
Other	0.4	(65.0)	68.9	172.3	114.3	241.5

Fig 153 – Imports from all regions have picked up in FYTD22

Region (% YoY)	Share in FY21	FYTD21	FYTD22	Dec-21	Jan-22	Feb-22
Americas	12.8	(27.6)	60.1	52.9	23.6	46.7
Asia and Pacific (Ex. China)	25.0	(18.5)	47.2	39.3	16.7	18.8
China	13.8	(6.4)	45.9	31.4	34.6	34.6
Europe	15.0	(18.2)	44.8	4.3	(14.3)	5.5
Middle East and Africa	30.8	(31.6)	89.7	60.6	47.0	80.6
Other	2.6	(24.6)	52.3	56.5	59.9	61.2

Trade deficit

Fig 154 – Trade deficit narrowed to US\$ 18.7bn in Mar'22 from US\$ 20.9bn in Feb'22

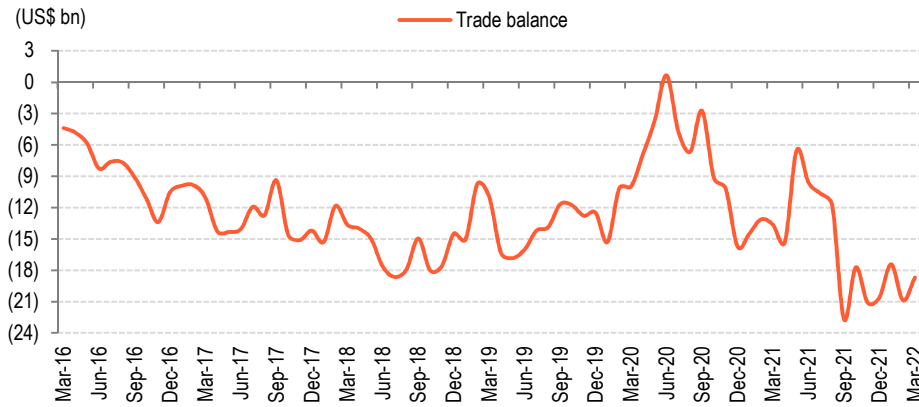
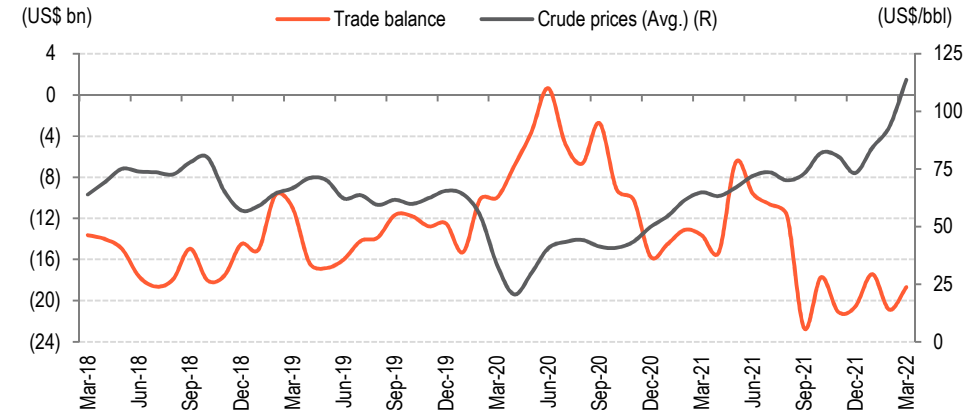
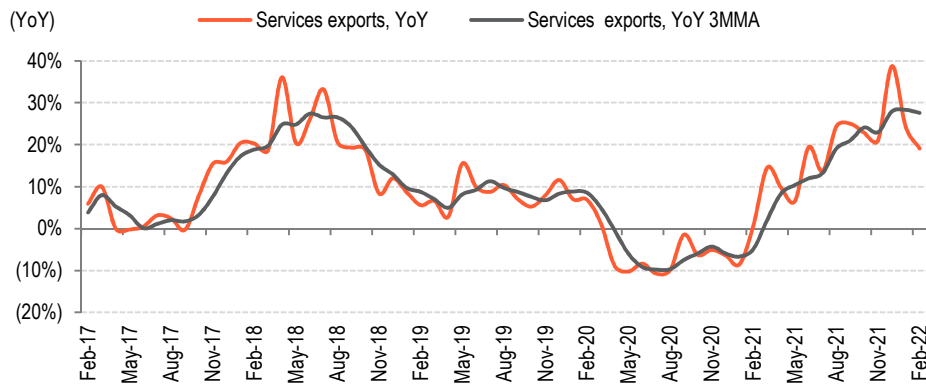


Fig 155 – ... even as oil prices rose



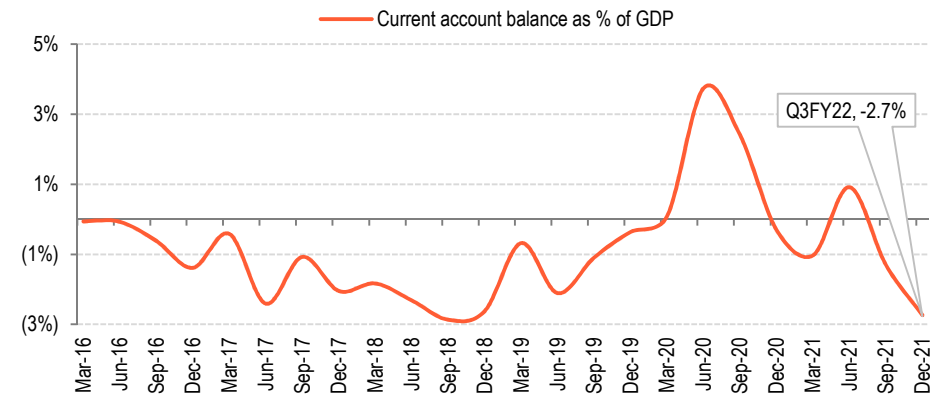
Trade in services

Fig 156 – Services exports moderate to 19.1% in Feb'22 from 24.2% in Jan'22



BoP

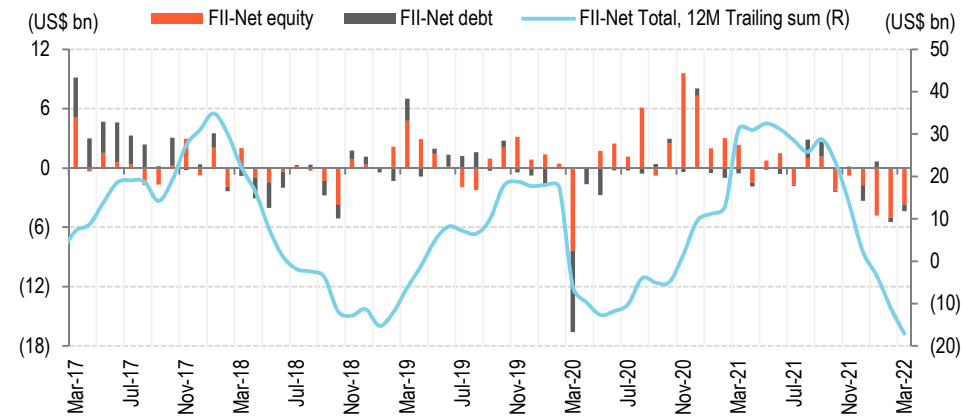
Fig 157 – India's current account deficit widened to a 13-quarter high of 2.7% of GDP in Q3FY22



Foreign inflows

FII inflows

Fig 158 – FII outflows intensify to US\$ 5.5bn in Feb'22 from US\$ 4.2bn in Jan'22



Source: Bloomberg

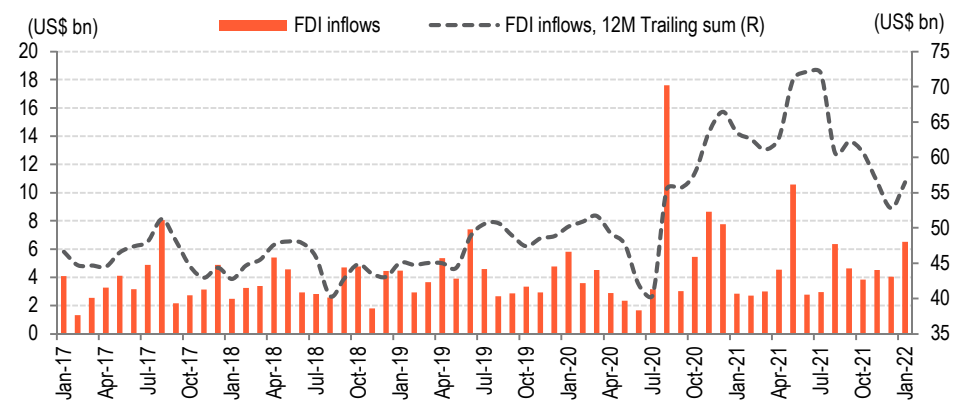
Fig 160 – FDI inflows in services and auto sector rise in Q3FY22

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

Source: DIPP

FDI inflows

Fig 159 – FDI equity inflows rose to US\$ 6.5bn in Jan'22 versus US\$ 4bn in Dec'21



Source: RBI, Bank of Baroda Research

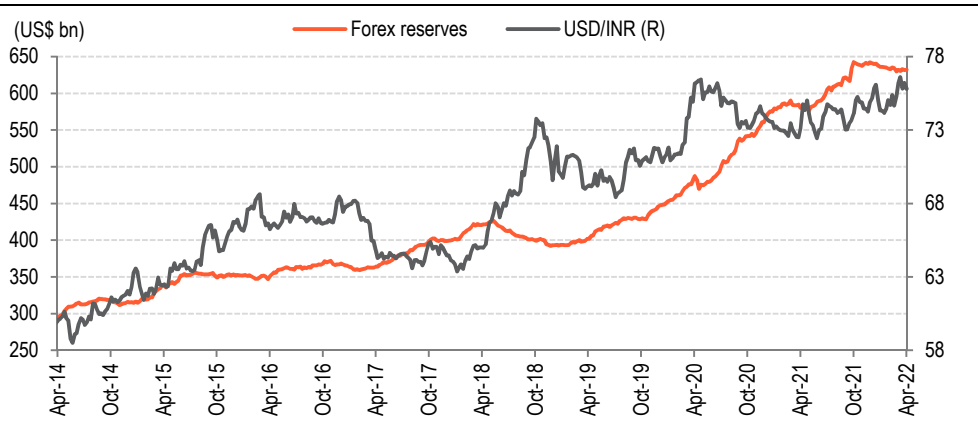
Fig 161 – FDI inflows from Mauritius accelerate the most in Q3FY22

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

Source: DIPP

Forex reserves and external debt

Fig 162 – India’s FX reserves dip to US\$ 606.5bn in Apr’22 versus US\$ 617.6bn in Mar’22



Source: Bloomberg | Weekly data as of 1 Apr 2022

Fig 163 – India’s import cover edging towards the long-term average

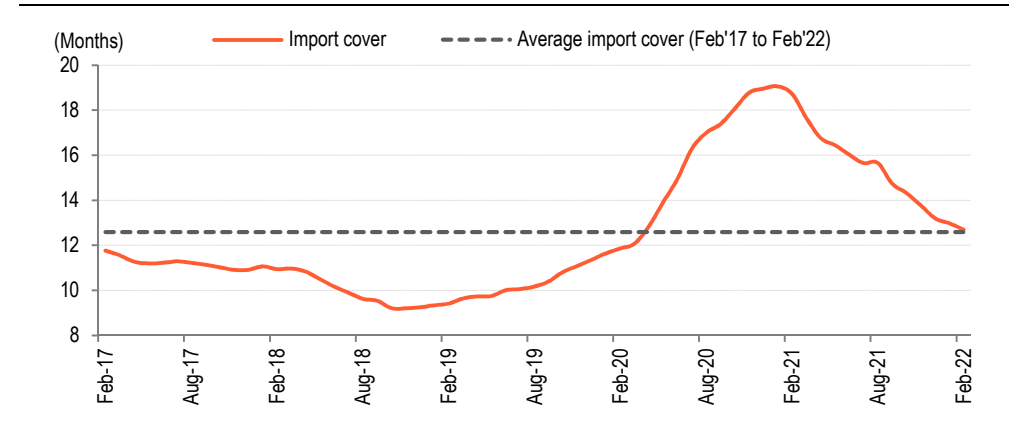


Fig 164 – RBI’s sold US\$ 0.8bn in Feb’22 in the spot market

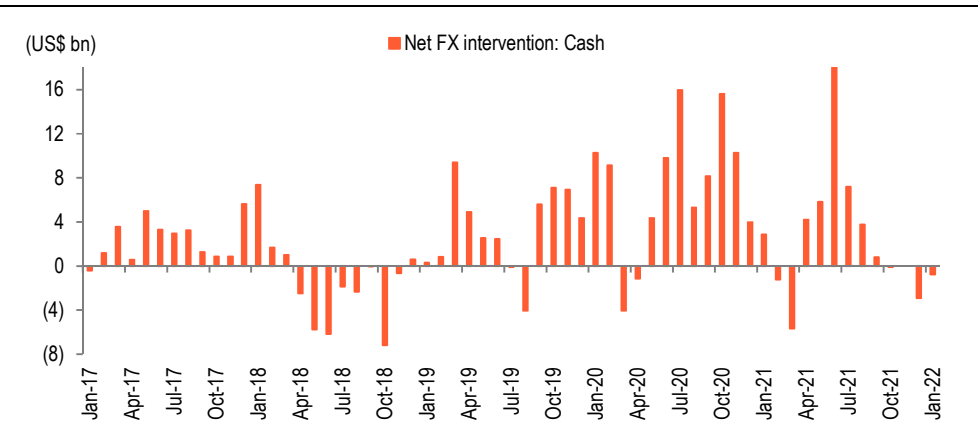
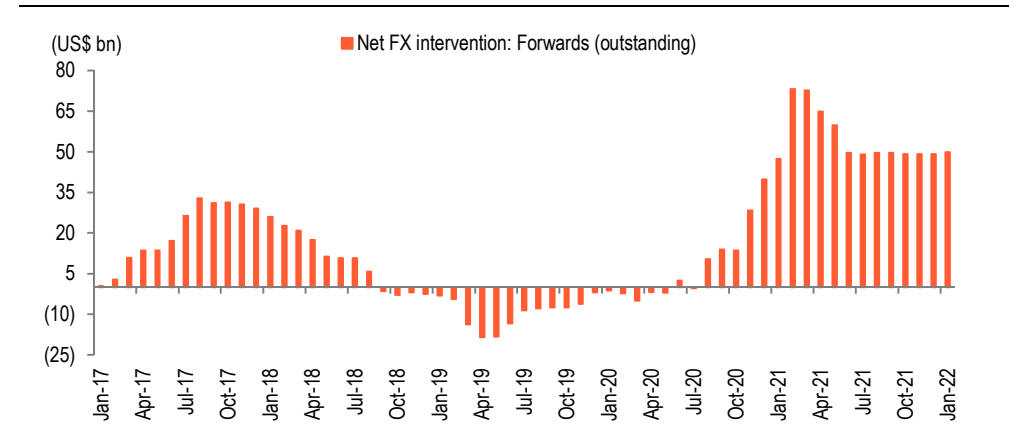


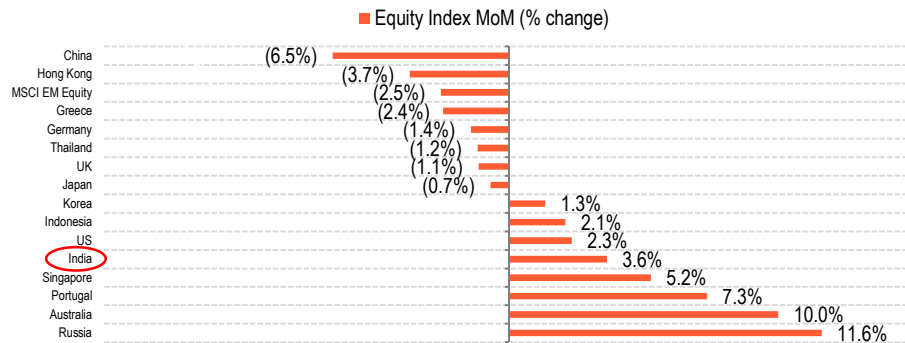
Fig 165 – RBI’s outstanding forwards position at US\$ 49.9bn as of end Jan’22



Markets

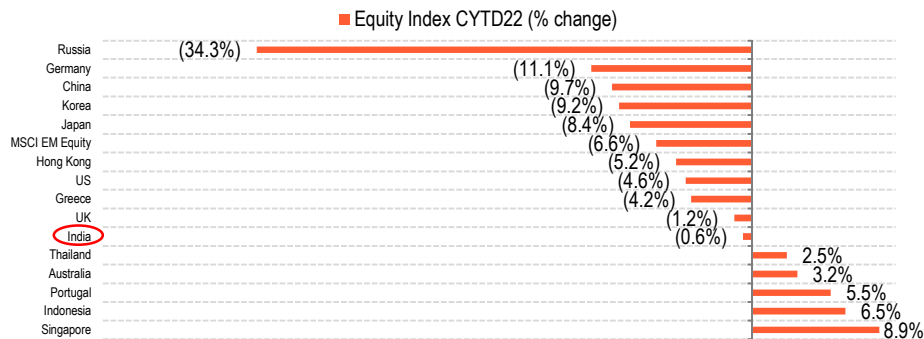
Equity

Fig 166 – In Mar'22, Sensex rose by 3.6% outperforming MSCI EM (-2.5%)



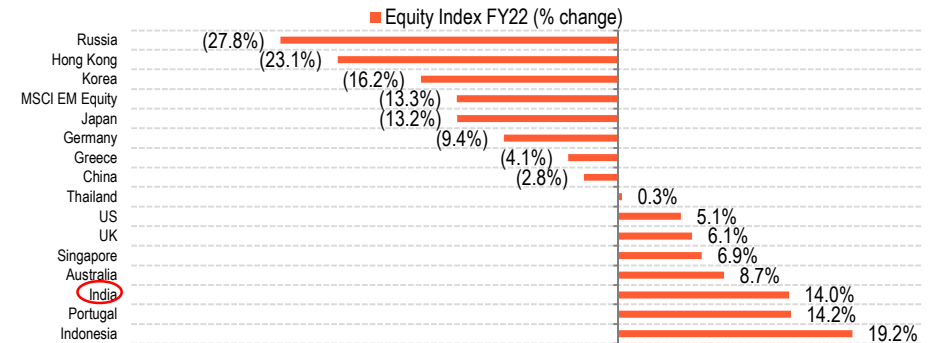
Source: Bloomberg | * As on 28 Feb 2022, Indices are in US\$ terms

Fig 168 – However in CYTD22, Sensex fell marginally by 0.6%



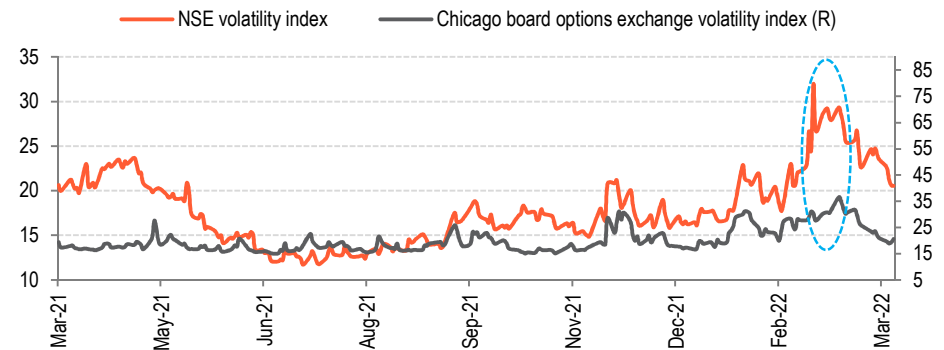
Source: Bloomberg | * As on 28 Feb 2022, Indices are in US\$ terms

Fig 167 – In FY22 as well, Sensex rose by 14%



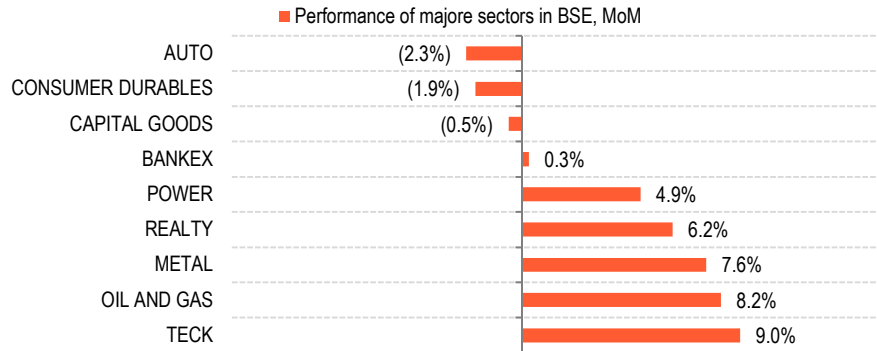
Source: Bloomberg | * As on 28 Feb 2022, Indices are in US\$ terms

Fig 169 – VIX index fell to 20.6 from 28.6 in Feb'22, on expectation of peace talks surrounding the war



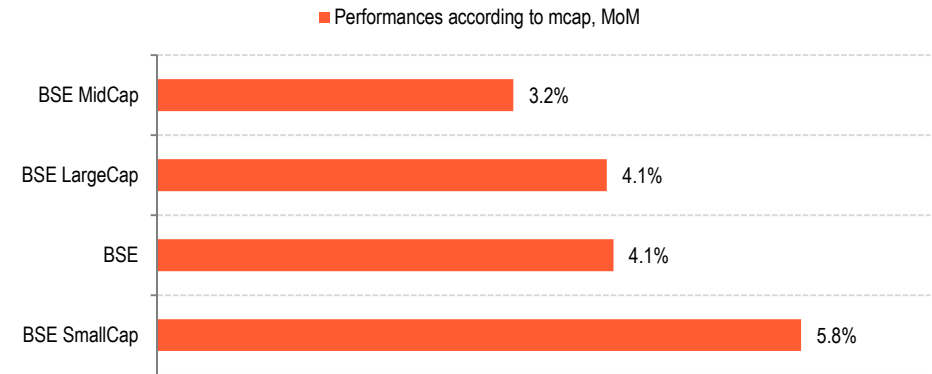
Source: Bloomberg

Fig 170 – Technology and oil and gas stocks rose the most



Source: Bloomberg | As on 31 Mar 2022

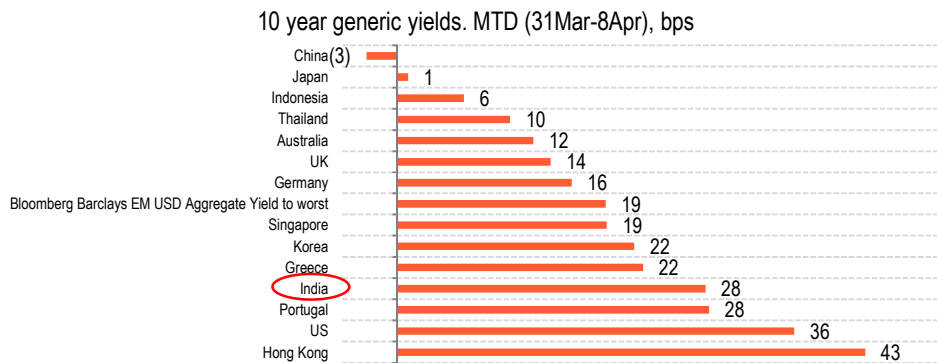
Fig 171 – Small caps rose the most



Source: Bloomberg | As on 31 Mar 2022

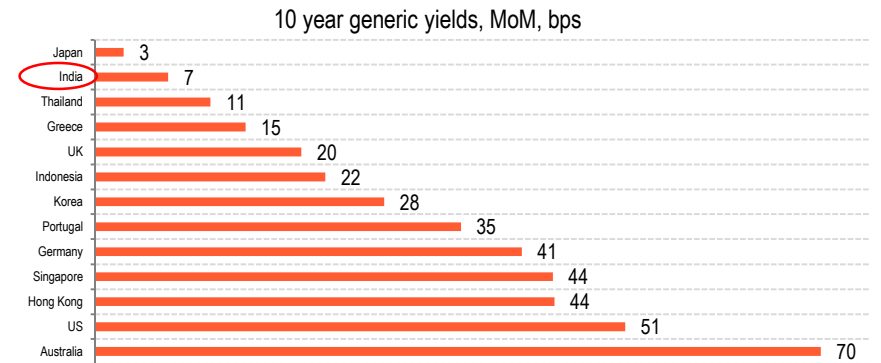
10-year bond yields,

Fig 172 – On MTD basis, India’s 10Y yield rose by 28bps



Source: Bloomberg | As on 8 Apr 2022

Fig 173 – In Mar’22, India’s 10Y yield rose by 7bps



Source: Bloomberg | As on 31 Mar 2022

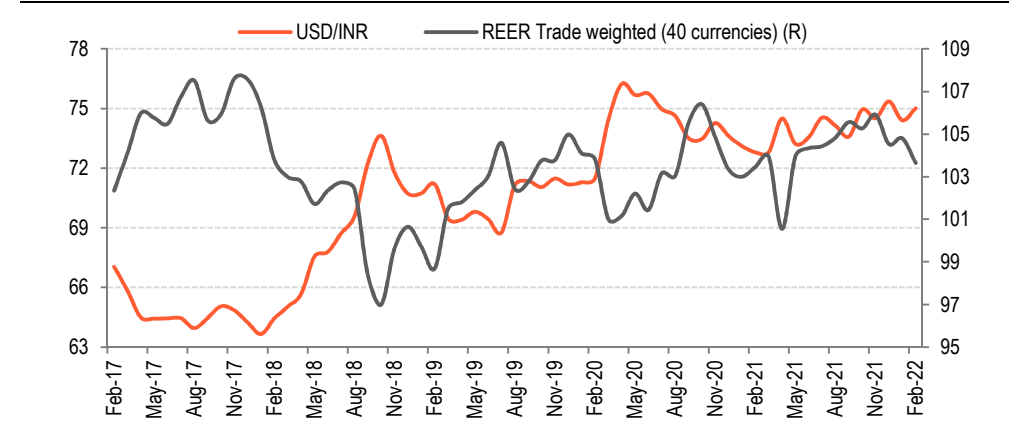
Currencies

Fig 174 – INR depreciated to a record low in Mar'22



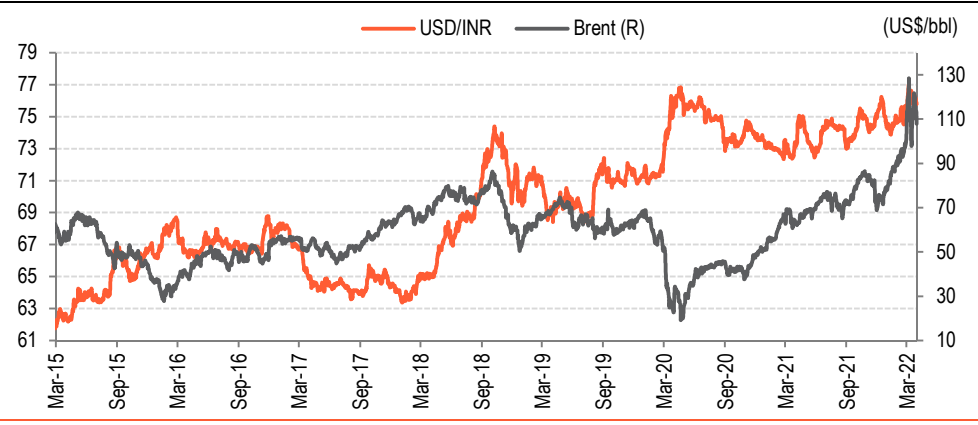
Source: Bloomberg | *As on 31 Mar 2022

Fig 175 – INR still overvalued by 3.6% (Feb'22)



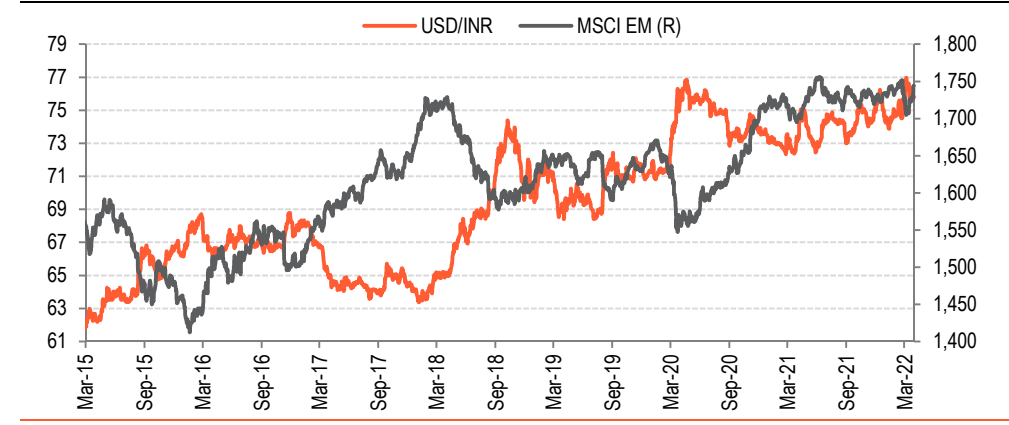
Source: Bloomberg

Fig 176 – Higher oil prices weighing on INR



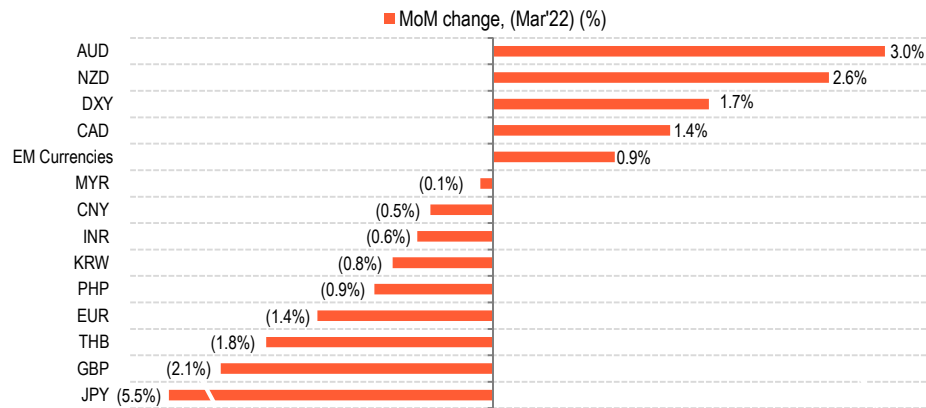
Source: Bloomberg | *As on 31 Mar 2022

Fig 177 – .. However EM currencies appreciated



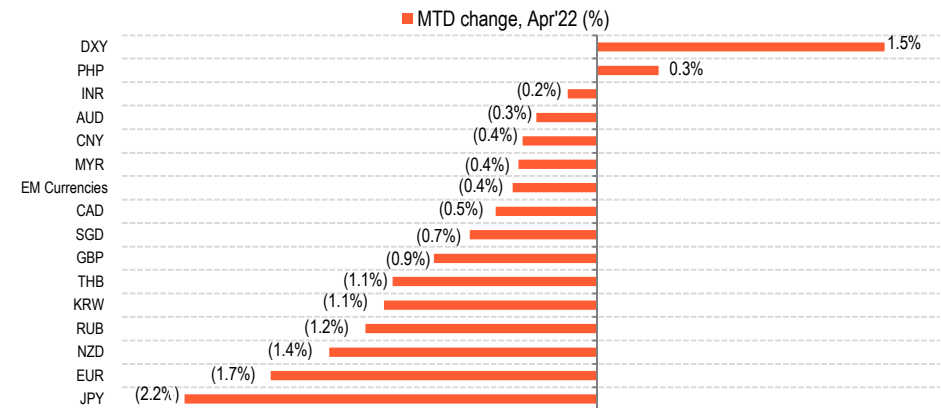
Source: Bloomberg | *As on 31 Mar 2022

Fig 178 – INR depreciated by 0.6% in Mar'22



Source: Bloomberg | *As on 31 Mar 2022

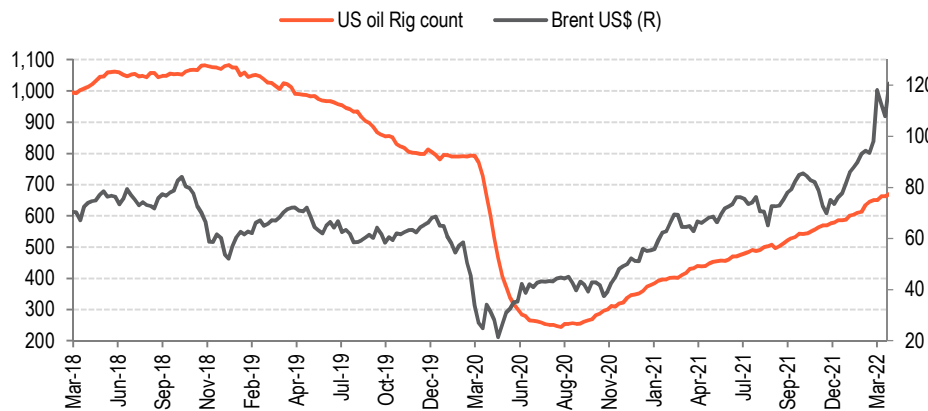
Fig 179 – In Apr'22, INR has depreciated by another 0.2%



Source: Bloomberg | *As on 8 Apr 2022

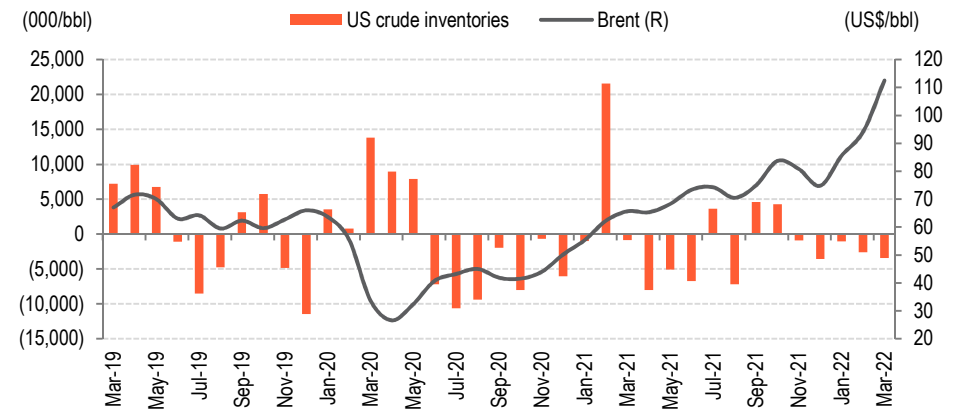
Commodities

Fig 180 – US rig count inched up



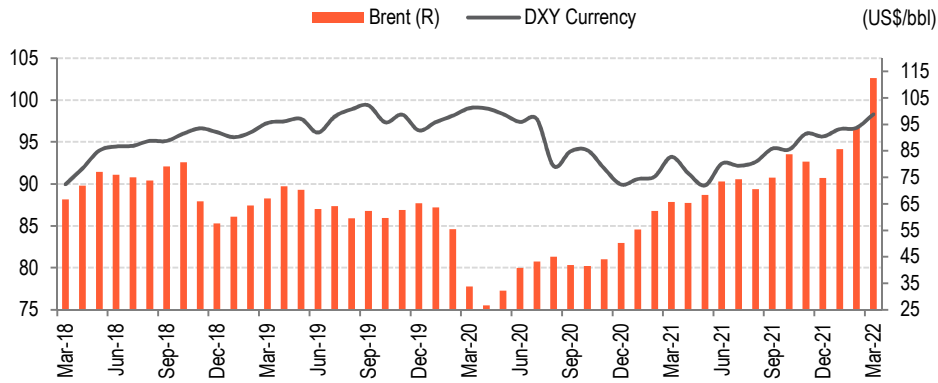
Source: Bloomberg

Fig 181 – US crude oil inventory fell in Mar'22, but oil prices rose



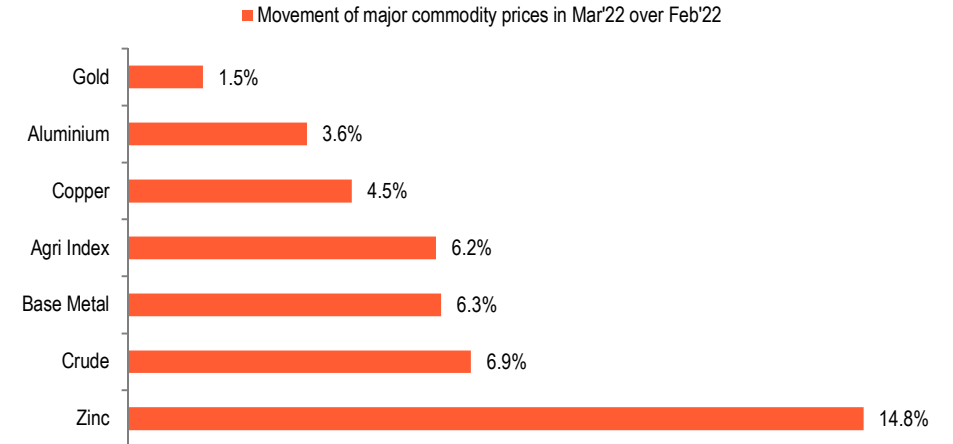
Source: Bloomberg

Fig 182 – Oil prices on an average rose to US\$ 113 in Mar'22 from US\$ 94/bbl in Feb'22, DXY rose to 98.31 from 96.71



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

Fig 183 – Zinc prices rose the most followed by crude, despite some correction



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

Fig 184 – Performance of high frequency indicators

Indicators	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Agriculture													
Tractor sales	170.4	480.8	(2.4)	22.1	8.2	(9.8)	(9.5)	3.2	(16.7)	(22.5)	(27.8)	(26.4)	-
Two wheeler sales	(35.0)	-	158.3	16.9	27.6	6.7	(11.5)	(6.1)	(0.8)	(19.9)	(13.4)	(10.7)	(4.0)
MNREGA work (HH, MoM)	(8.5)	4.2	1.3	26.8	(9.2)	(22.0)	(2.6)	(14.4)	2.2	13.5	(9.5)		
Manufacturing													
IIP: General index	24.2	134.6	27.6	13.8	11.5	13.0	4.4	4.2	1.3	0.7	1.3	-	-
IIP: Manufacturing	28.4	196	32.1	13.2	10.5	11.1	4.3	3.3	0.8	0.2	1.1	-	-
IIP: Capital goods	50.4	1042.9	74.9	27.3	30.3	20.0	3.3	(1.6)	(2.0)	(3.8)	(1.4)	-	-
IIP: Infra & construction goods	35.1	609.4	46.5	20.0	12.3	13.5	9.3	6.6	3.1	2.1	5.4	-	-
IIP: Consumer goods	59.9	1943.6	80.4	28.0	19.4	11.1	1.6	(3.2)	(5.4)	(2.6)	(3.3)	-	-
Steel	31.5	472.7	55.1	25.2	9.4	6.9	7.1	5.9	0.9	(0.7)	3.7	-	-
Cement	40.6	582.7	11.7	7.5	21.7	36.3	11.3	14.6	(3.6)	13.9	14.3	-	-
Electricity	22.5	38.5	7.5	8.2	11.0	16.0	0.9	3.2	2.1	2.9	0.9	-	-
PMI: Manufacturing	55.4	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0
Services													
Services PMI index	54.6	54.0	46.4	41.2	45.4	56.7	55.2	58.4	58.1	55.5	51.5	51.8	53.6
Automobile sales	(28.6)	-	164.4	22.6	34.1	14.5	(5.3)	(5.3)	(2.7)	(16.1)	(10.7)	(9.2)	-
Passenger vehicle sales	28.4	-	178.8	43.5	62.9	38.7	16.3	(11.4)	(19.4)	(10.9)	(10.1)	(7.8)	-
Vehicle registration	(27.7)	215.5	158.6	22.5	34.0	14.6	(5.3)	(5.3)	(2.7)	(16.0)	(10.7)	(9.0)	(3.1)
Rail freight traffic	26.6	70.7	39.1	20.5	18.4	16.9	3.6	8.4	6.1	7.2	7.7	6.6	6.7
Port cargo volume	16.4	29.5	33.0	19.5	6.7	11.4	0.4	6.5	(0.2)	(0.6)	(2.8)	(4.5)	1.2
Credit growth	5.6	6.2	5.9	6.1	6.1	6.7	6.7	6.9	6.9	9.4	7.1	8.1	8.6
Deposit growth	11.4	11.2	9.5	9.8	9.8	9.5	9.4	10.0	8.9	12.1	8.3	8.6	8.9
CIC	17.2	15.0	13.2	12.0	10.3	9.8	9.0	8.5	7.7	7.8	8.0	8.6	-
Toll collection (in mn)	193.3	164.3	116.5	157.9	192.3	201.2	193.6	214.2	214.1	242.1	231.0	243.6	270.4
Diesel consumption	27.6	105.3	0.7	(1.6)	11.4	15.8	0.5	(5.5)	(7.6)	1.6	(6.4)	(0.8)	6.7
GST E-way bill (in mn)	71.2	58.8	40.0	54.7	64.2	65.9	67.9	73.5	61.2	71.6	68.8	69.1	78.2
External Trade													
Merchandise exports	64.1	202.6	68.3	47.9	49.7	46.3	22.7	43.4	34.7	44.2	25.3	25.1	14.5
Merchandise imports	55.4	169.5	69.9	97.4	62.2	53.1	86.4	56.8	56.5	39.3	23.5	36.1	20.8
Services exports	14.5	9.8	6.5	19.4	8.8	19.1	19.6	19.7	17.9	35.2	24.2	19.1	-
Services imports	10.4	3.4	0.1	8.8	10.1	20.0	20.5	21.8	24.4	29.5	33.8	24.8	-

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

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