

# India Economics

## Monthly Chartbook

September 2024

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## Rural demand recovery underway

Major growth indicators remained broadly aligned. Some green shoot of rural demand will be visible as inflation is expected to subside in the current month. Apart from this, early arrival of festivals will further give a boost to overall demand conditions. Only concern remains from retreating south west monsoon with major vegetable growing states (tomato and onion producing States) witnessing excess rainfall. However, with Government's astute supply management policies, prices will be controlled. Favourable global yields, faster pace of frontloading by FPIs and surplus domestic liquidity have kept domestic yields stable. INR remained under pressure due to higher dollar demand by importers. Going forward, a softer DXY will be positive for INR which might experience some correction.

**Domestic demand:** High frequency indicators are providing a mixed picture of growth. On one hand, while service sector activity continues to boom (services PMI), manufacturing sector is noting slight moderation. However, the PMI index still remains far above long-term average. Improvement in non-oil-non-gold imports, port cargo volumes and toll collections is also positive. Steady credit growth, higher than normal monsoon (currently 8% above LPA) and rise in Kharif sowing (+2.2%) is also a reflection of improving demand conditions.

**Central government revenue on the rise:** Centre's fiscal deficit target continues to remain lower (4.3% in Jul'24, 12MMA basis) than the budgeted target for this year (4.9%) so far. This was due to continued improvement in revenues (tax and non-tax), lower expenditure, although some pickup is now visible on this front. Till Jul'24 (FYTD basis), total expenditure was lower by (-) 5.8% compared with (-) 7.7% decline as of Q1. This was due to some

momentum seen in capex, which was only (-) 17.6% lower than last year, versus (-) 35% decline seen till Q1. In contrast revenue spending fell (-2.3% versus 2.2% increase till Q1). Centre's net revenues were up by 33.6% till Jul'24, led by acceleration in indirect tax collections (9.6% versus 7.9%) and broadly steady growth in direct tax collections (21.3% versus 23.7%).

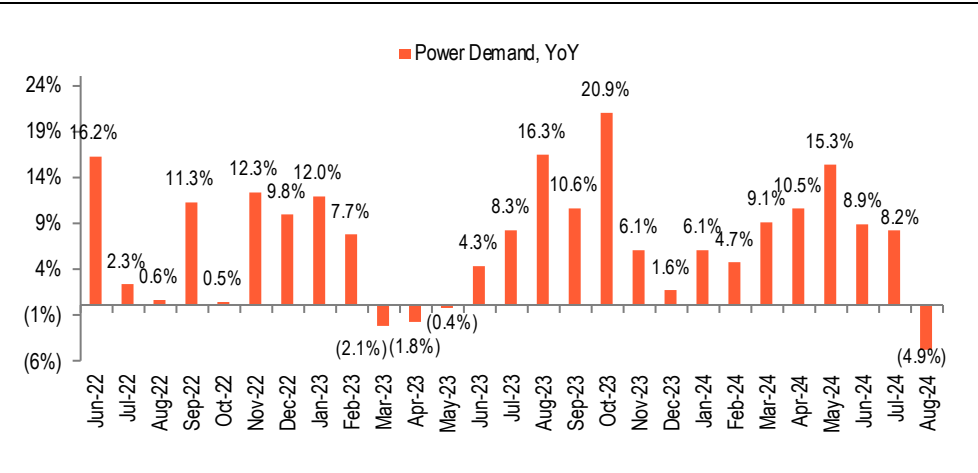
**Range bound yield:** India's 10Y yield has fallen by 6bps in Aug'24 and marginally down in Sep'24 (till 9<sup>th</sup>). Favourable domestic liquidity conditions, faster pace of frontloading by FPIs in debt (US\$ 2.1bn in Aug'24; debt general limit) and lower US 10Y yield, have supported the southward journey of India's 10Y yield. In Sep'24 (till 10<sup>th</sup>), inflow in FAR securities has been US\$ 1.1bn, over and above the general limit debt inflow of US\$ 0.2bn and debt-VRR of US\$ 0.9bn. The entire yield curve has also shifted downward. Going forward even higher pass through to short end yields will be visible. For India's 10Y yield, the current range will be maintained. Downward pressure may emanate from a favourable domestic inflation print and large quantum of rate cut by Fed.

**INR to remain range-bound:** INR depreciated by 0.2% in Aug'24 despite a decline in DXY and lower oil prices. The weakness in INR can be attributed to higher dollar demand from importers. Even in Sep'24, INR has continued to remain weak trading close to a historic low. Despite this, volatility in the exchange rate continues to be low, suggesting a steady currency management by the RBI. We believe 84/\$ will be a critical level for the INR. Overall, macrofundamentals remain strong, suggesting that the INR should appreciate in the longer-term.

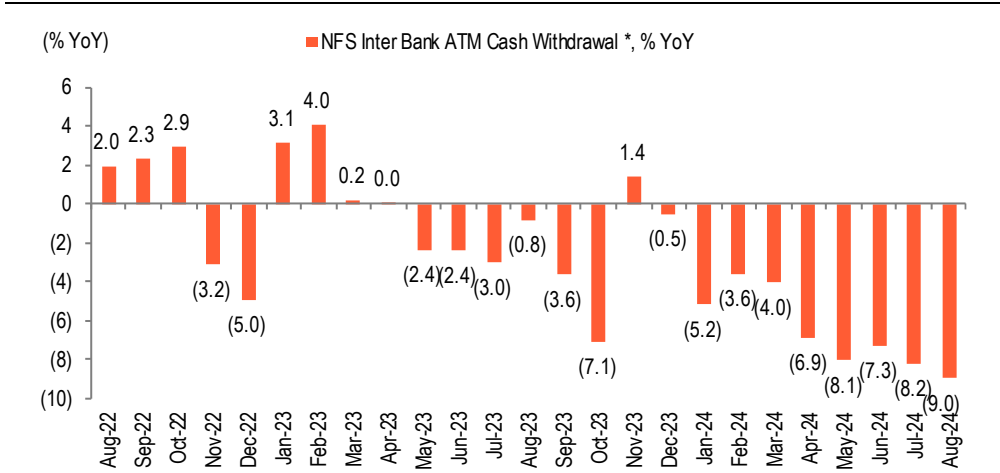
**Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified**

## High frequency indicators

**Fig 1 – Power demand declined sharply in Aug’24**

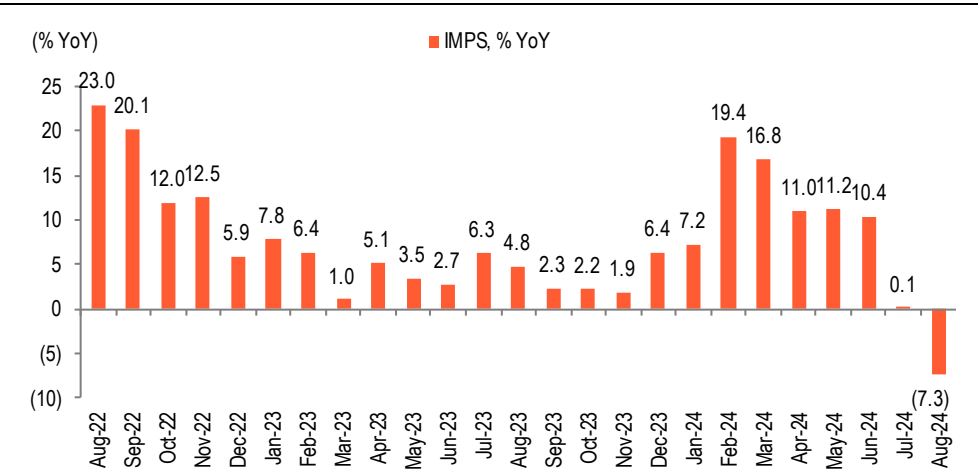


**Fig 2 – Cash withdrawals also continued to decline**



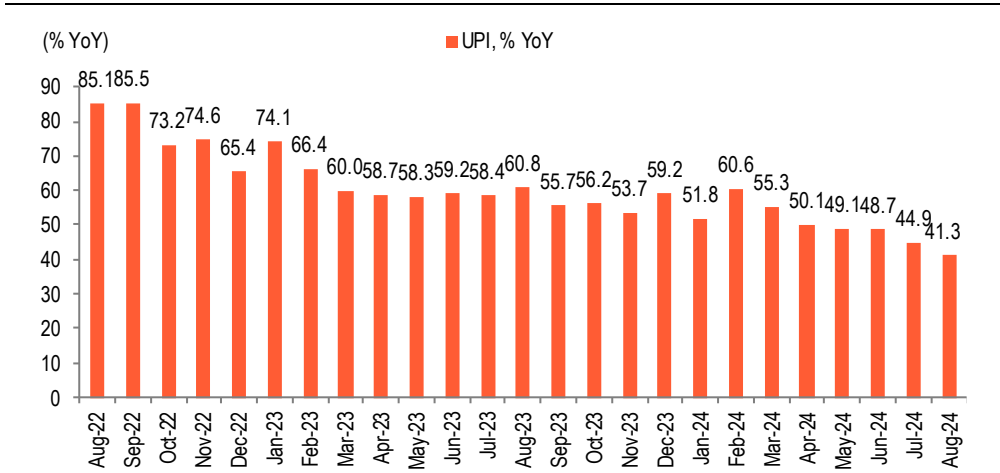
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

**Fig 3 – Volume of IMPS transactions also dipped sharply in Aug’24 on a YoY basis**



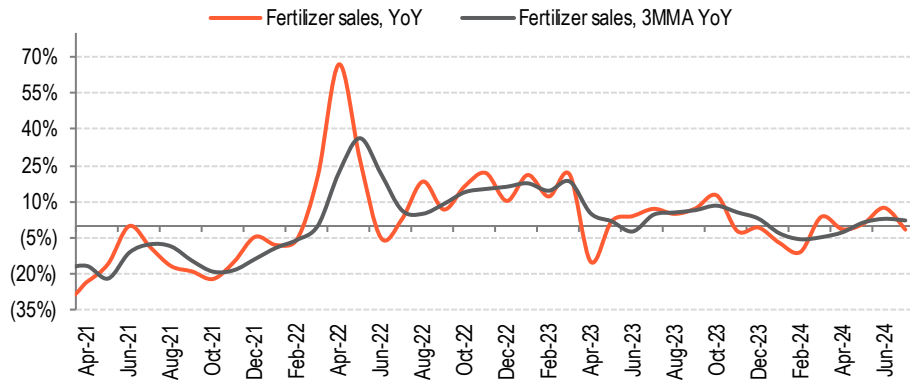
Source: RBI

**Fig 4 – Moderation in UPI payments**

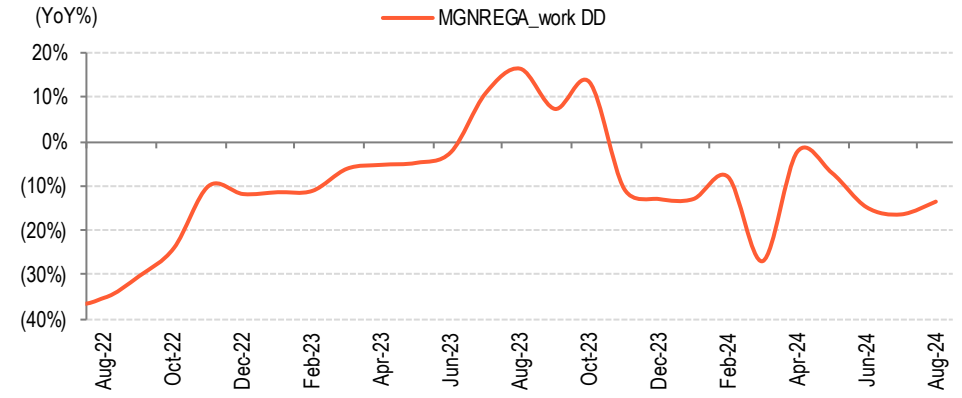


Source: RBI

**Fig 5 – Growth in fertilizer sales continues to remain dismal**

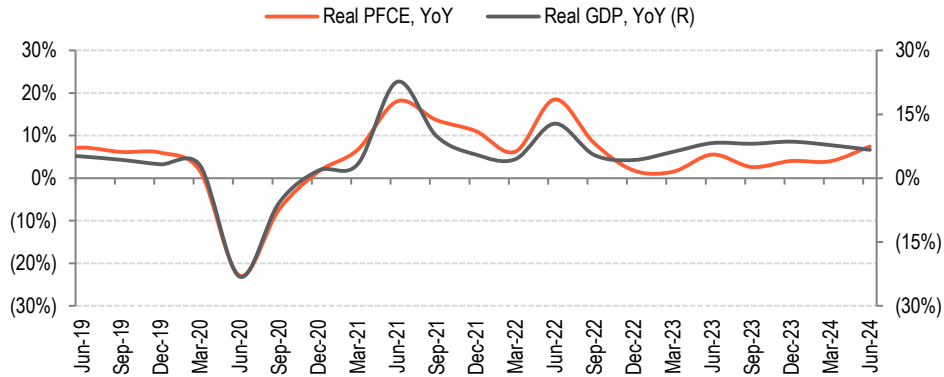


**Fig 6 – Demand for work (MGNREGA-household) declines at a slower pace in Aug'24**

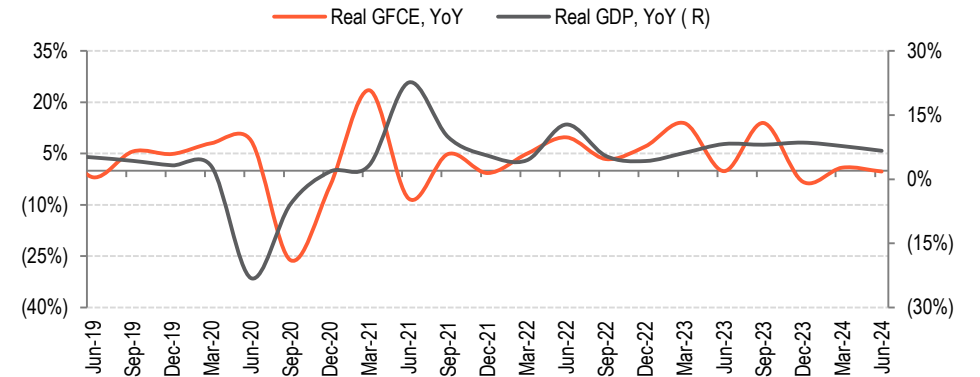


## Final consumption expenditure

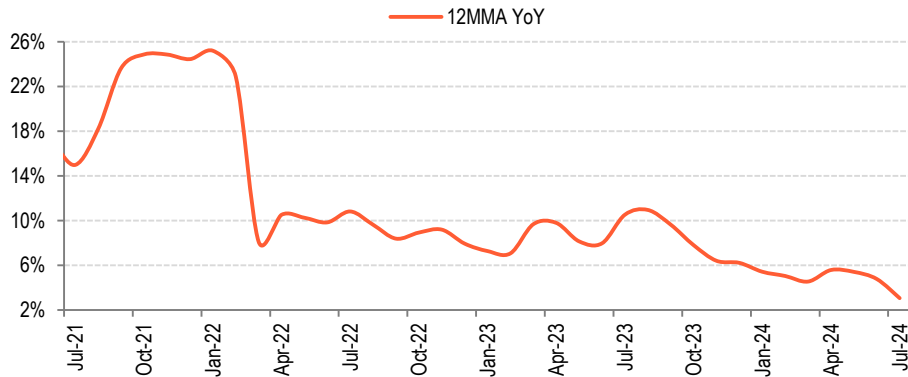
**Fig 7 – Private consumption accelerates to 7.4% in Q1FY25**



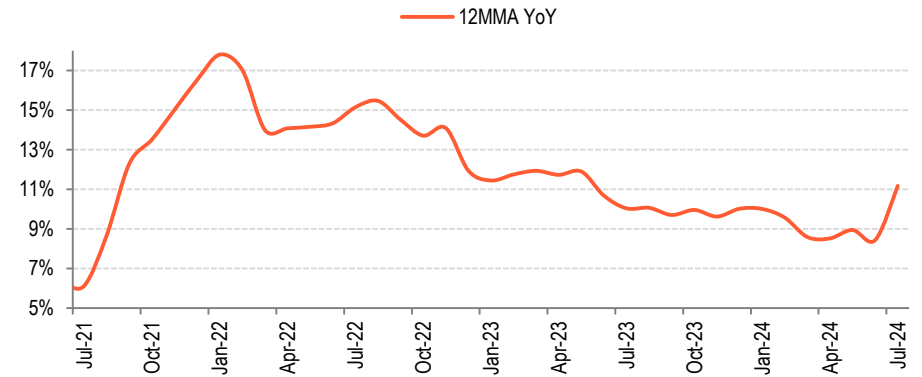
**Fig 8 – Government consumption growth declines in Q1**



**Fig 9 – General govt. revenue spending moderates, led by central government**



**Fig 10 – State\* govt. revenue spending sees a revival**



Note: \*All states excluding North Eastern states (ex Assam), Goa, and J&K

Non-oil imports, electronic imports

Fig 11 – Non-oil-non-gold imports picked up further in Jul'24

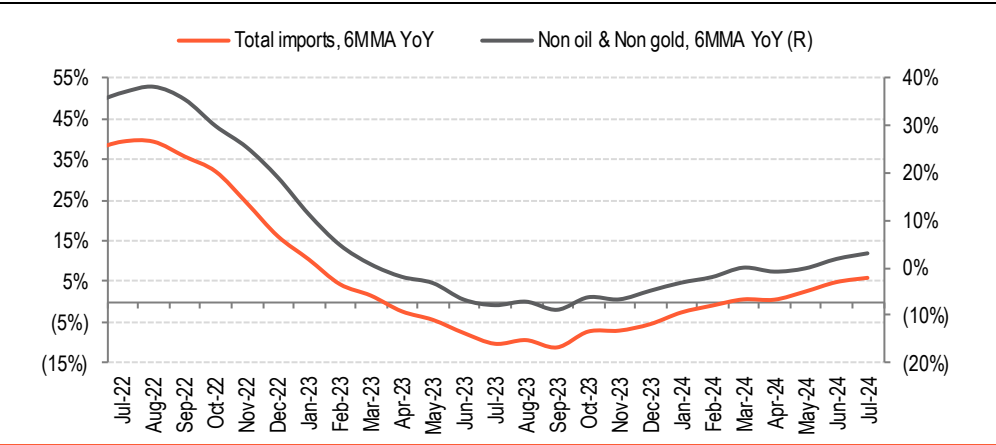


Fig 12 – Electronic imports lower

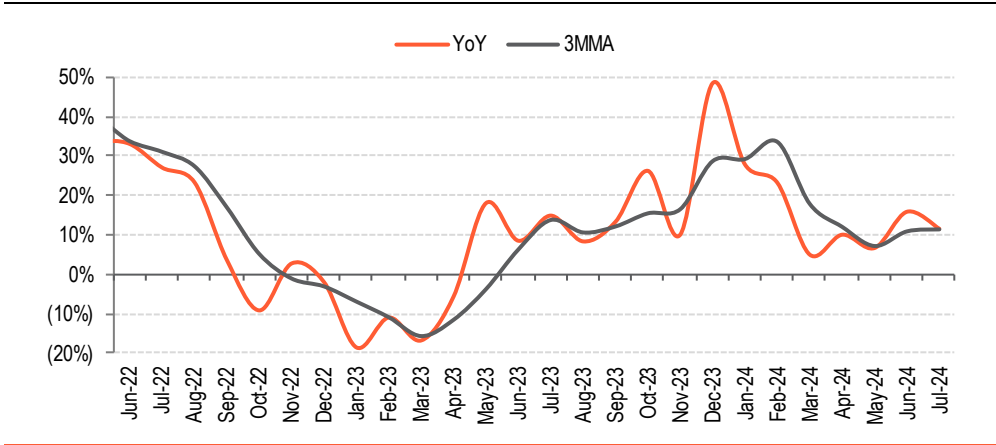
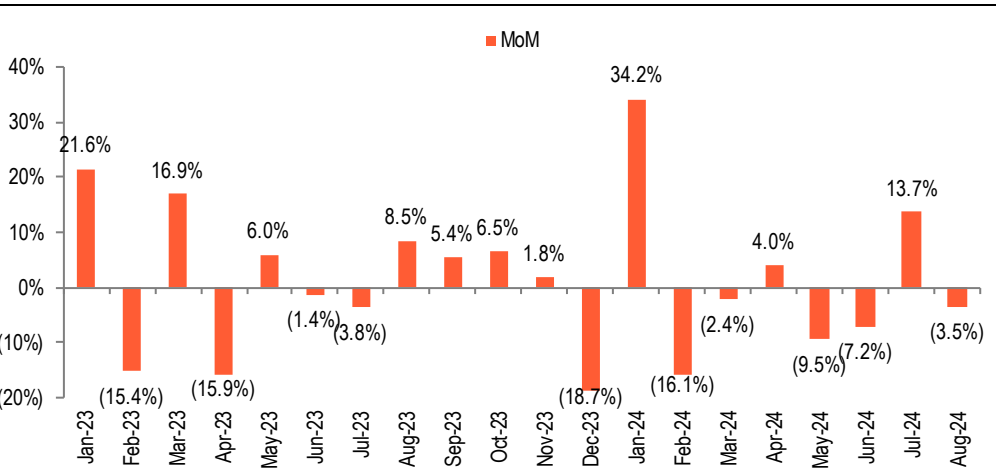
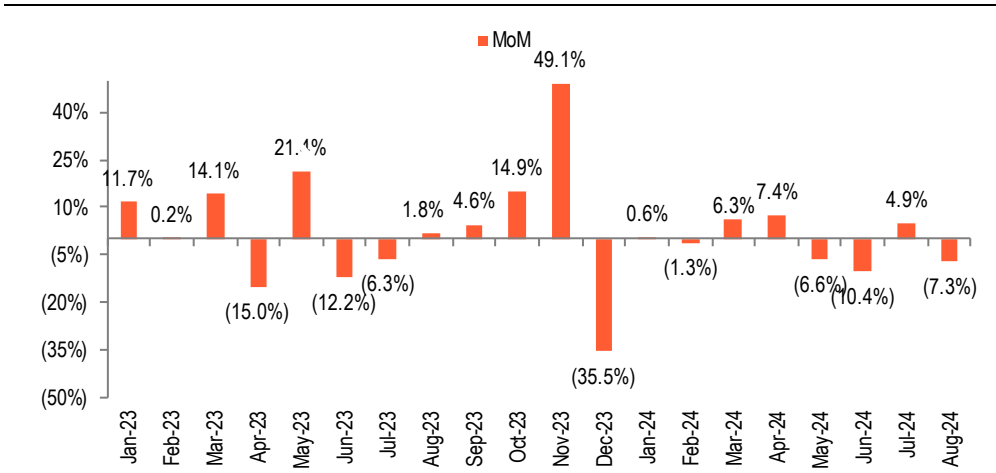


Fig 13 – Retail passenger vehicle sales decline sequentially in Aug'24



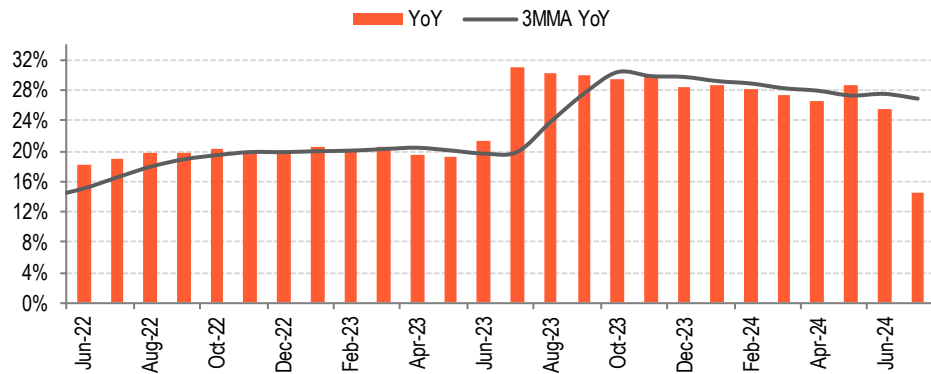
Source: FADA

Fig 14 – Two-wheeler sales also decline

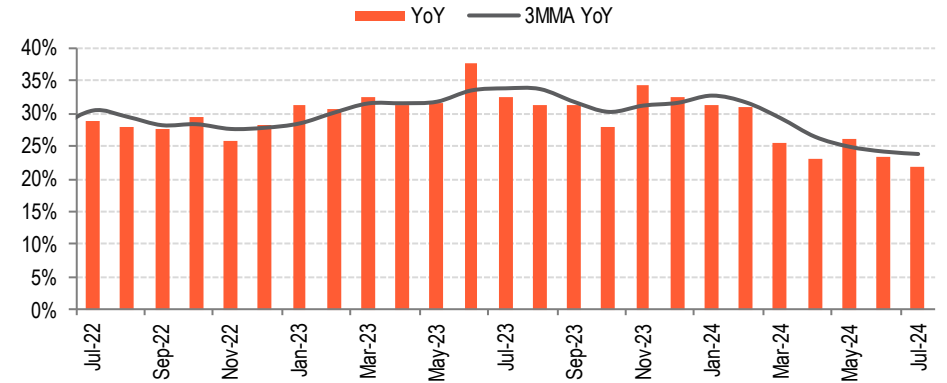


### Credit deployment of personal loans

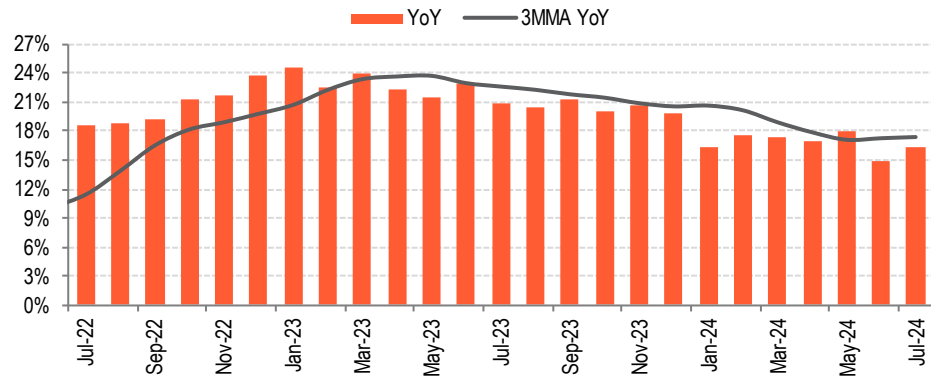
**Fig 15 – Slowdown in growth in personal loans**



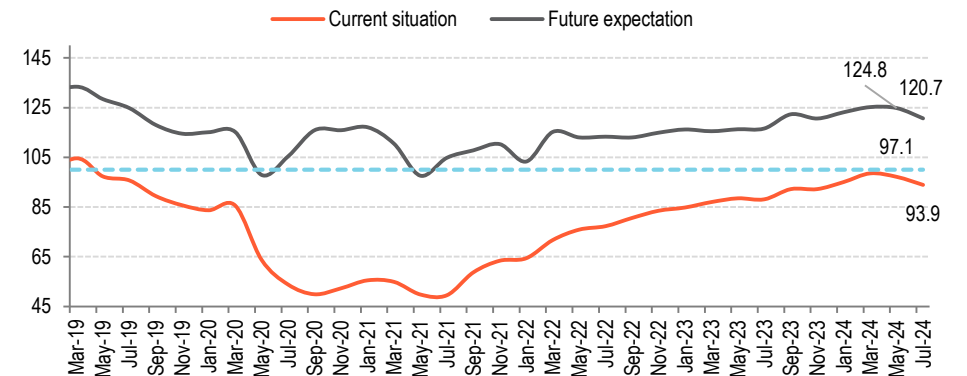
**Fig 16 – Despite moderation, growth in credit card outstanding still elevated**



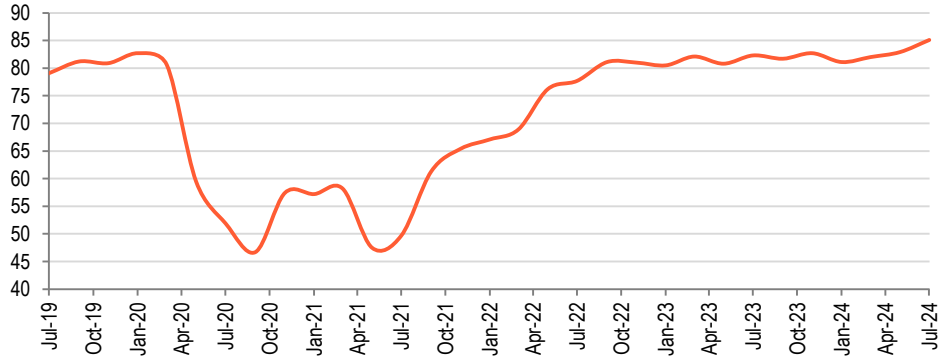
**Fig 17 – Pickup in vehicle loans**



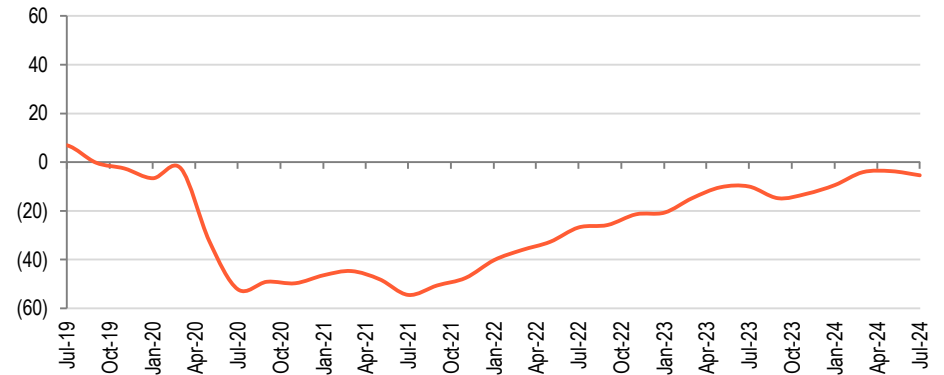
**Fig 18 – Consumer's confidence declines**



**Fig 19 – Higher spending on essential items as per RBI’s survey**

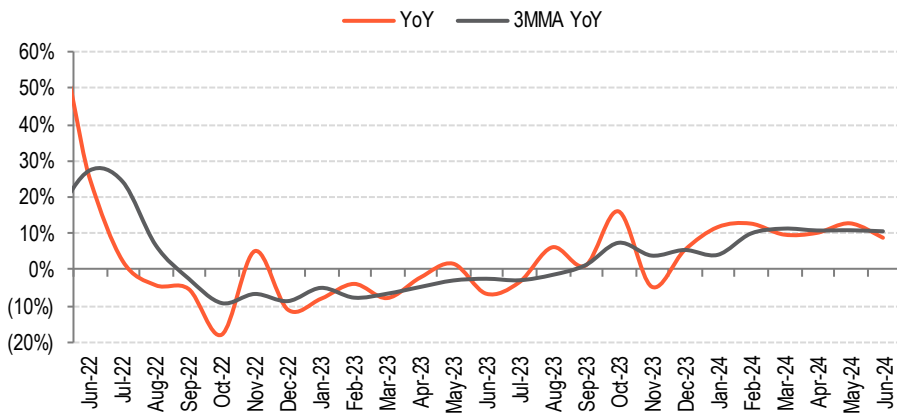


**Fig 20 – Lower spending on non-essential items**

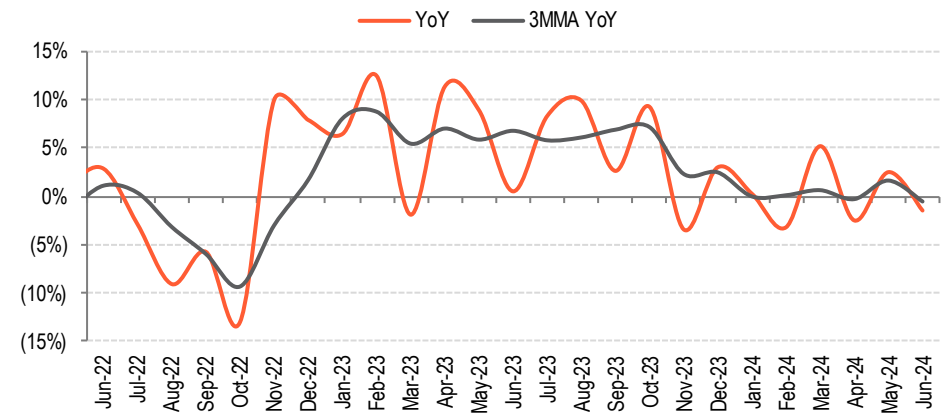


**Consumer durables & non-durables production**

**Fig 21 – Consumer durables output moderates to 8.6% in Jun'24**



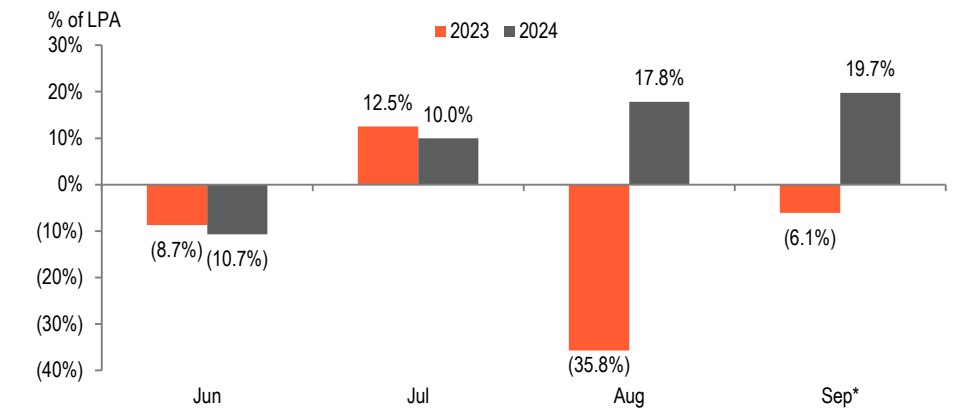
**Fig 22 – FMCG output declines by 1.4% in Jun'24 after increasing by 2.5% in May'24**





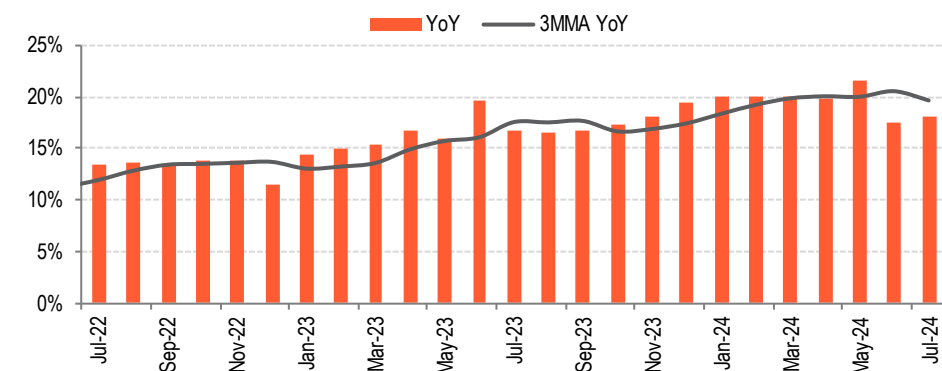
## Agriculture

**Fig 23 – Bountiful rains this year**

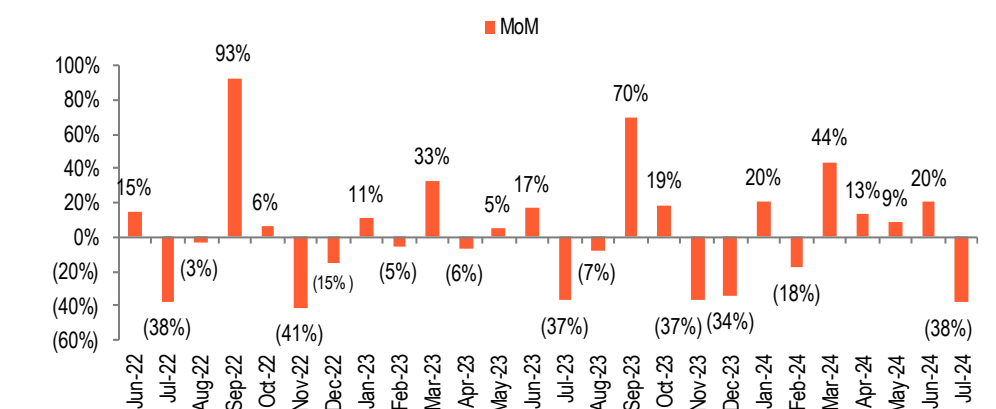


Note: Data for September is till 10th September for both the years

**Fig 25 – Growth in agriculture credit picks up pace amid improvement in sowing area**



**Fig 24 – Sharp decline in tractor sales**



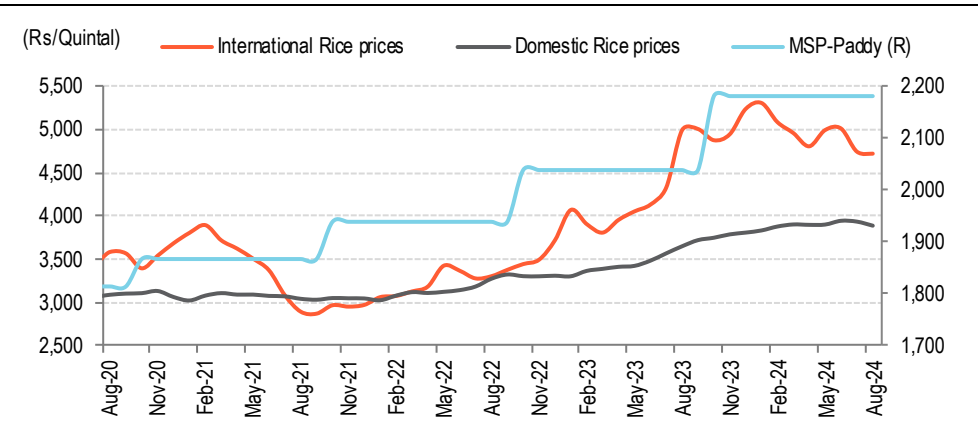
Note: Tractor sales including exports

**Fig 26 – Procurement of rice and wheat**

Year	Wheat	Rice
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	18.79	54.32
2023-24	26.20	52.08
2024-25	26.61*	

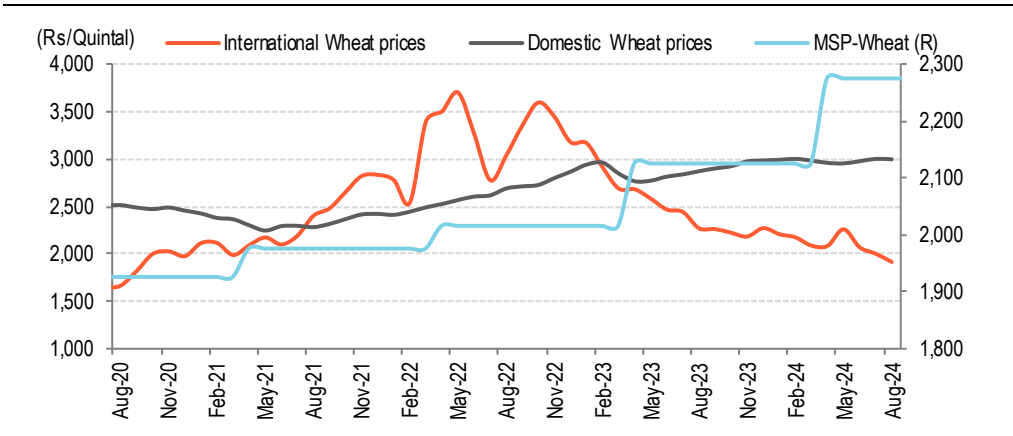
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 Jul 2024

**Fig 27 – Marginal moderation in prices of rice in both international and domestic markets**



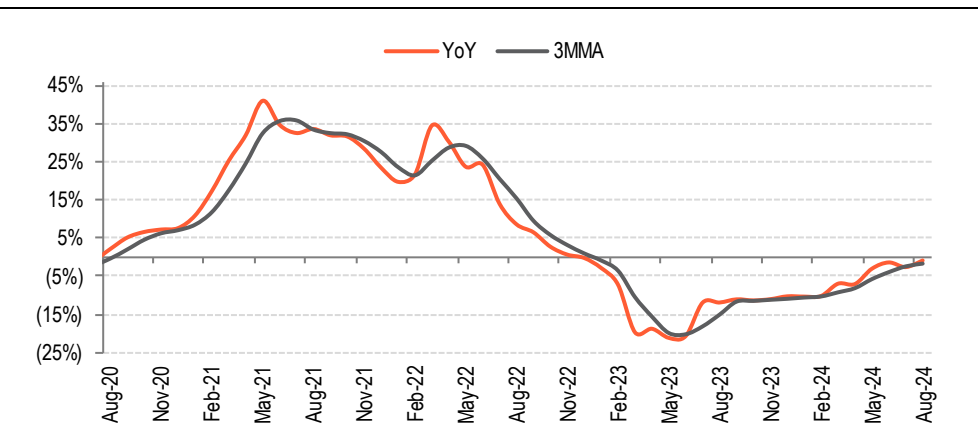
Source: World Bank

**Fig 28 – ... similar picture for wheat prices**



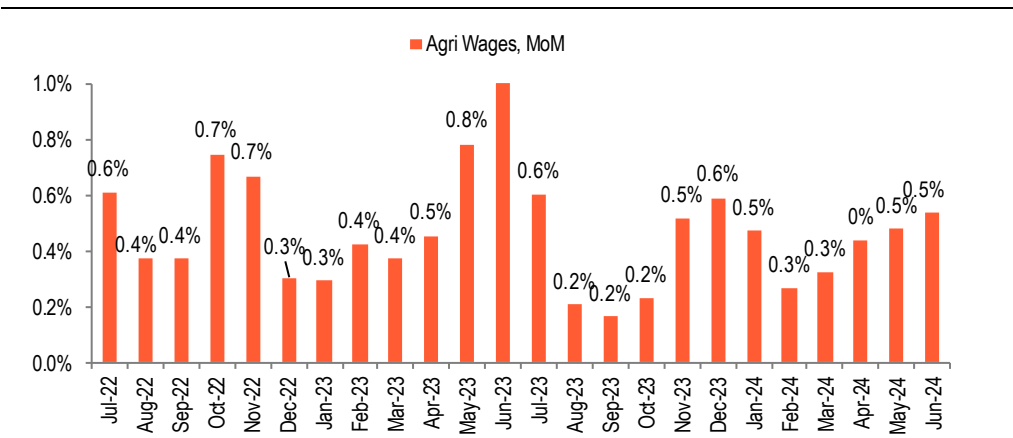
Source: World Bank

**Fig 29 – Global food prices dip marginally in Aug'24**



Source: FAO

**Fig 30 – Wage growth (men) steady**



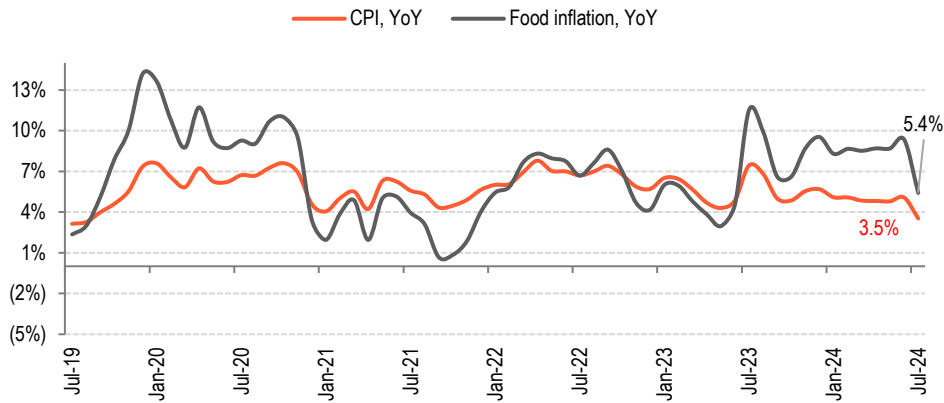
**Fig 31 – Kharif sowing is higher compared with last year**

<b>(Lakh ha)</b>	<b>Normal Sown Area (2018-19 – 2022-23)</b>	<b>Area sown in 2023-24</b>
Coarse Cereals	180.9	181.7
Paddy	401.6	393.6
Pulses	136.0	117.4
Oilseeds	190.2	189.4
Cotton	129.3	123.4
Sugarcane	51.2	57.1
Jute and Mesta	6.7	6.7
<b>All Crops</b>	<b>1095.8</b>	<b>1069.3</b>

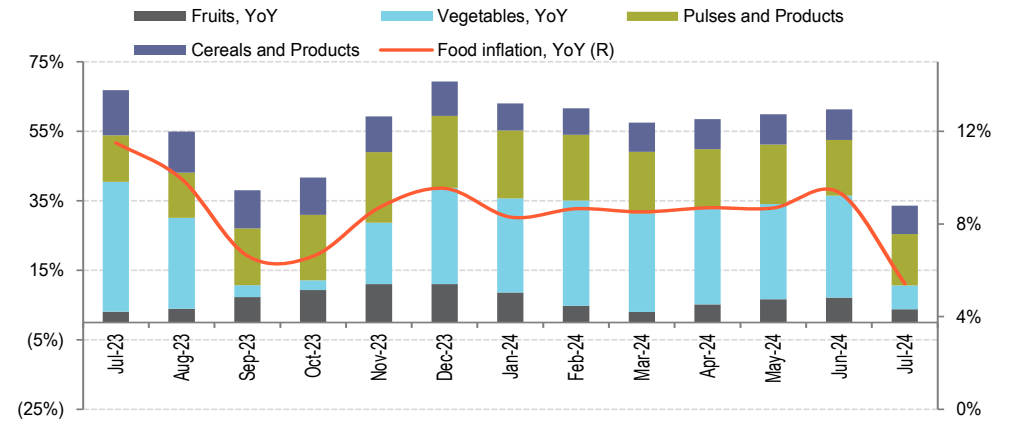
Note: For the week ended 2 Aug 2024

## Inflation

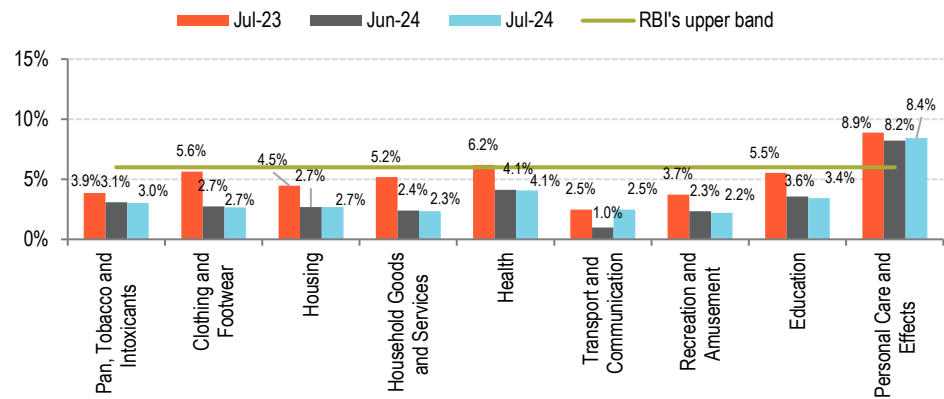
**Fig 32 – Headline CPI moderated to its lowest since Aug'19 to 3.5%, led by a favourable base**



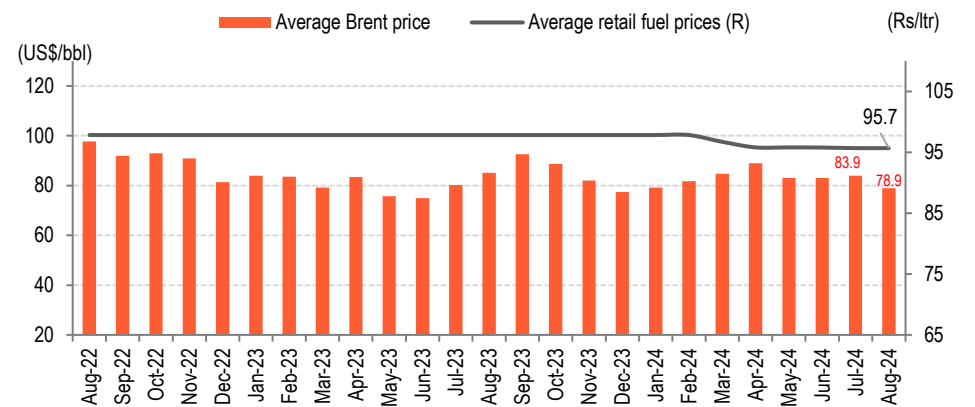
**Fig 33 – Food inflation moderated led by vegetables, fruits, cereals and pulses**



**Fig 34 – Except Personal care and effects, core inflation and its sub-components continued to provide comfort**



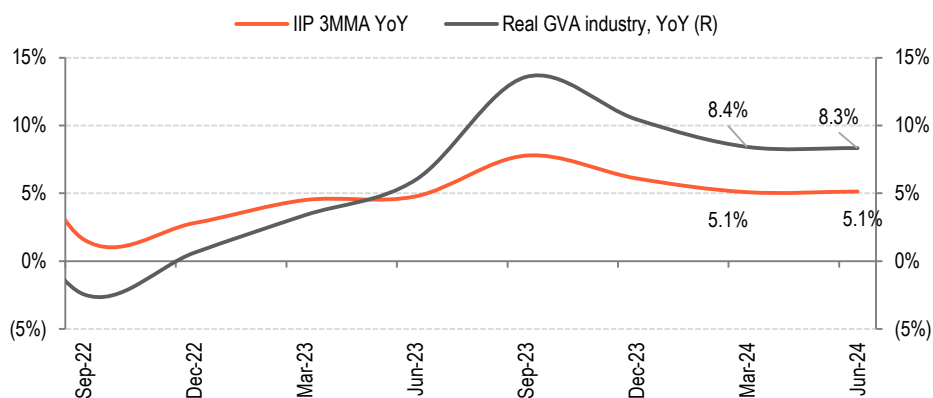
**Fig 35 – Domestic retail price was stable at Rs 95.7/lt in Aug'24, average crude price edged down to US\$ 78.9/bbl in Aug'24 US\$ 83.9/bbl in Jul'24**



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

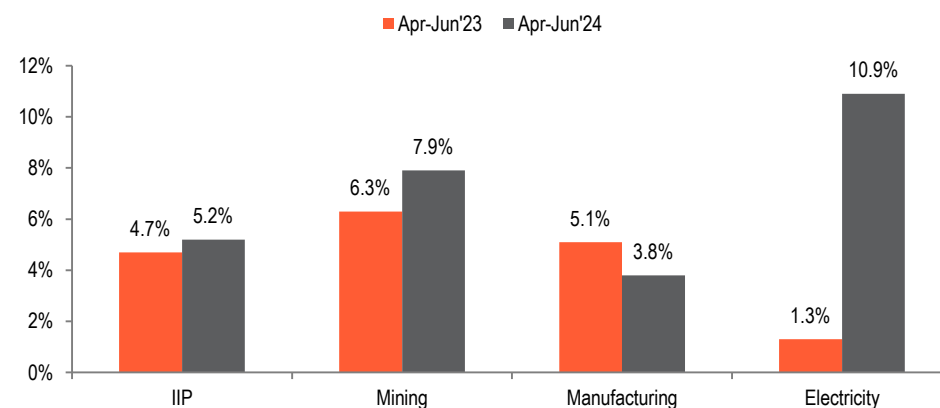
## Industry

**Fig 36 – Steady industrial growth in Q1**



Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

**Fig 37 – Sectorwise growth higher in FYTD25**

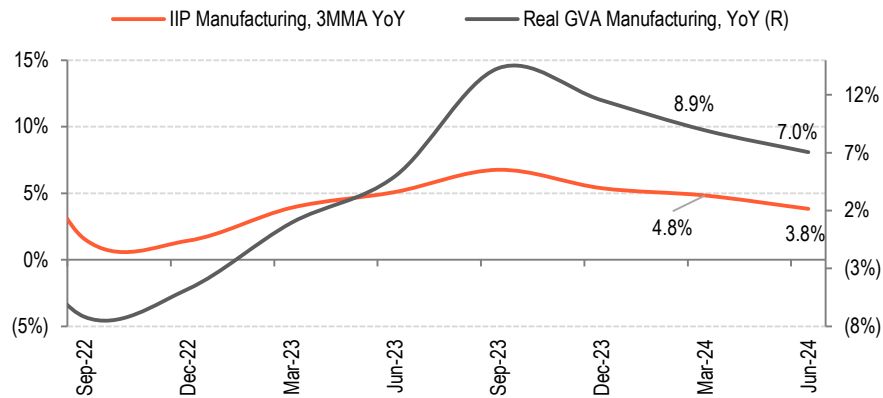


**Fig 38 – IIP growth moderates**

Sectoral (%)	Weight	May-24	Jun-24	Jun-23	Apr-Jun'23	Apr-Jun'24
IIP	100.0	6.2	4.2	4.0	4.7	5.2
Mining	14.4	6.6	10.3	7.6	6.3	7.9
Manufacturing	77.6	5.0	2.6	3.5	5.1	3.8
Electricity	8.0	13.7	8.6	4.2	1.3	10.9
<b>Use-Based</b>						
Primary Goods	34.1	7.3	6.3	5.3	3.6	6.9
Capital Goods	8.2	2.9	2.4	2.9	5.1	2.7
Intermediate Goods	17.2	3.9	3.1	5.2	3.4	3.4
Infrastructure and Construction Goods	12.3	6.3	4.4	13.3	13.2	6.2
Consumer Durables Goods	12.8	12.6	8.6	(6.8)	(2.7)	10.4
Consumer Non-Durables Goods	15.3	2.5	(1.4)	0.5	6.8	(0.5)

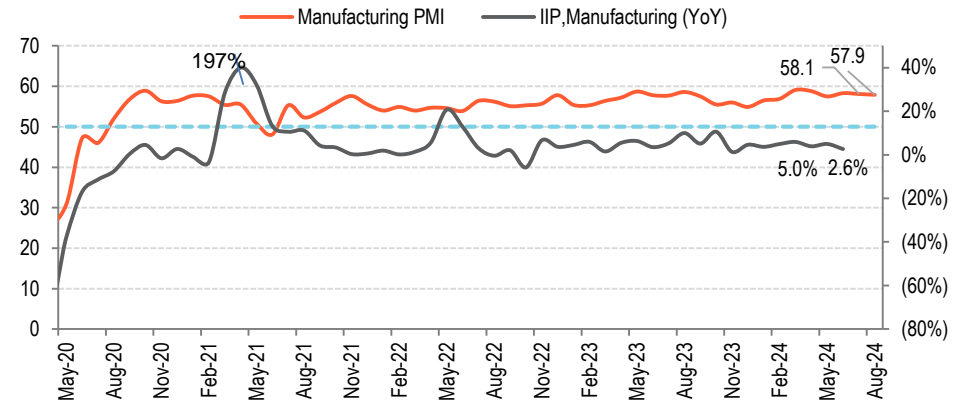
## Manufacturing

**Fig 39 – Slower Manufacturing growth in Q1**



Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

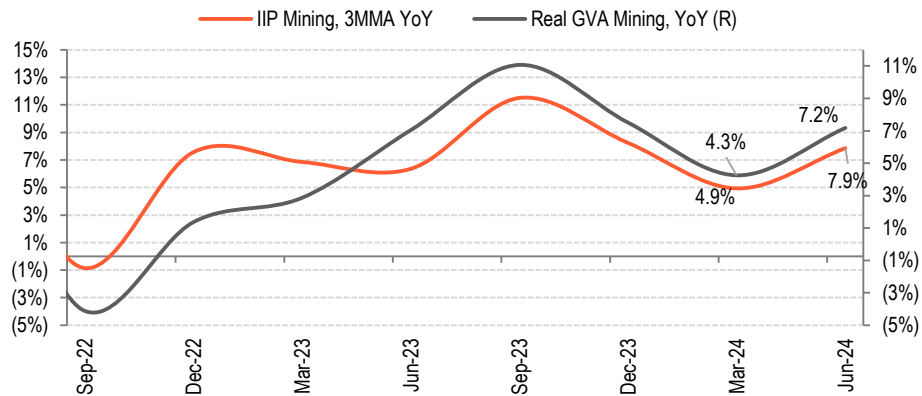
**Fig 40 – Manufacturing PMI softens marginally**



Source: Markit

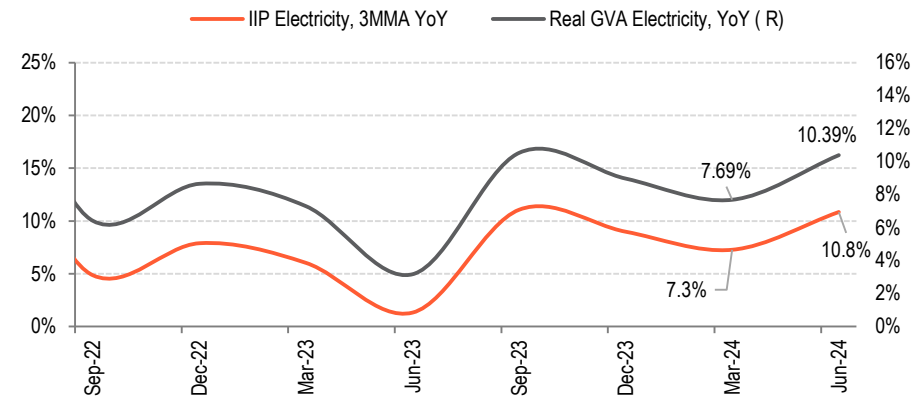
## Mining & Electricity

**Fig 41 – Mining activity improves in Q1**



Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

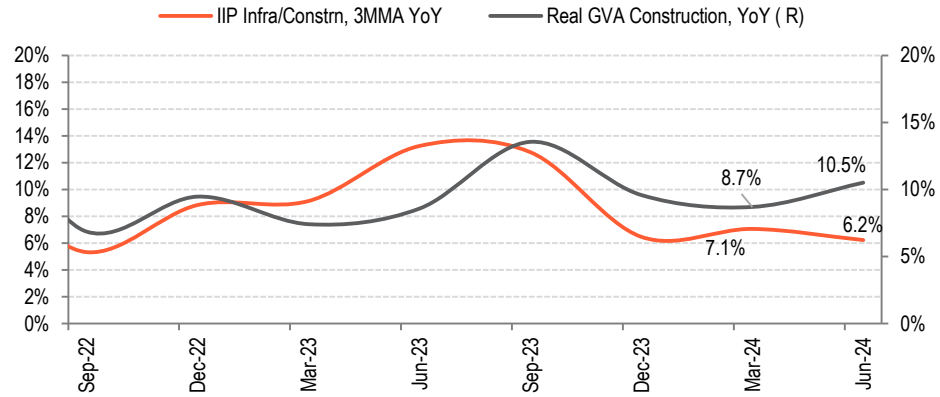
**Fig 42 – Higher electricity growth in Q1**



Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

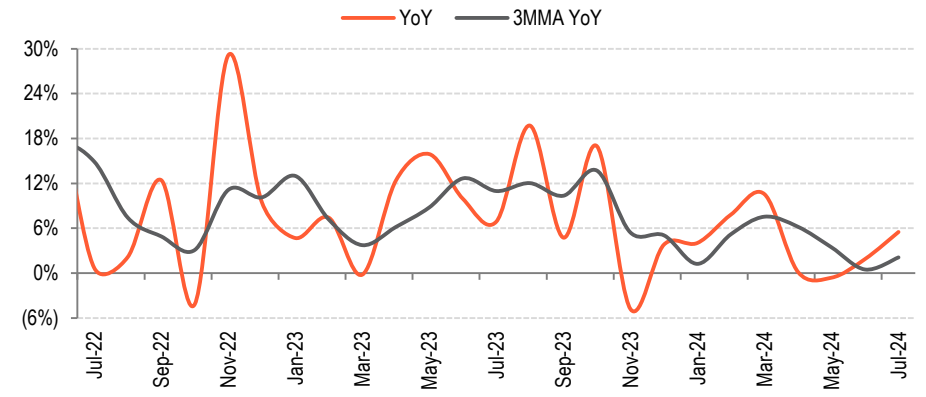
### Infrastructure and construction

**Fig 43 – Double digit growth in construction in Q1**



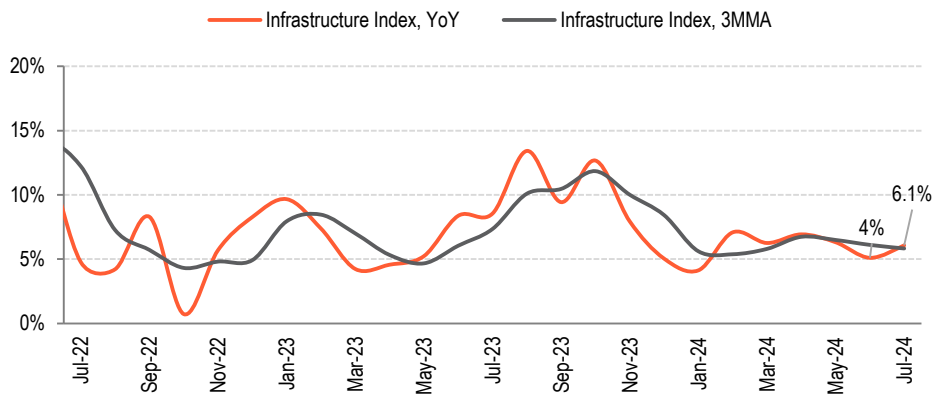
Note: May'24 data is average of Apr'24 and May'24 data on YoY basis

**Fig 44 – Higher growth in cement output**

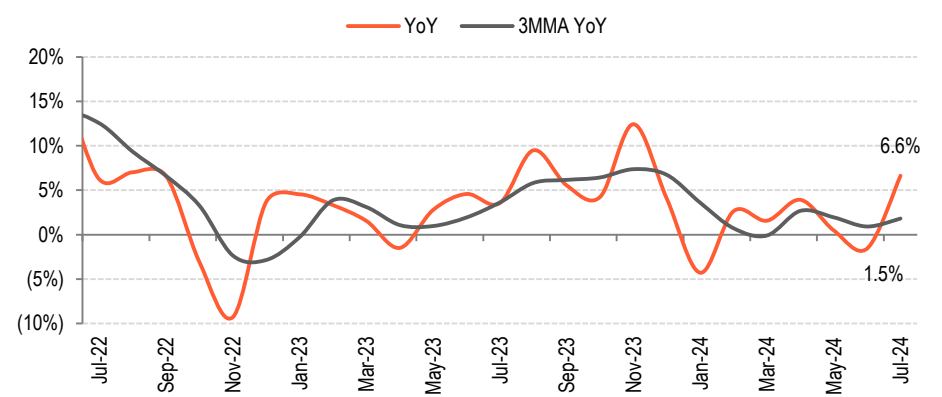


### Infrastructure index

**Fig 45 – Higher growth for infrastructure index**

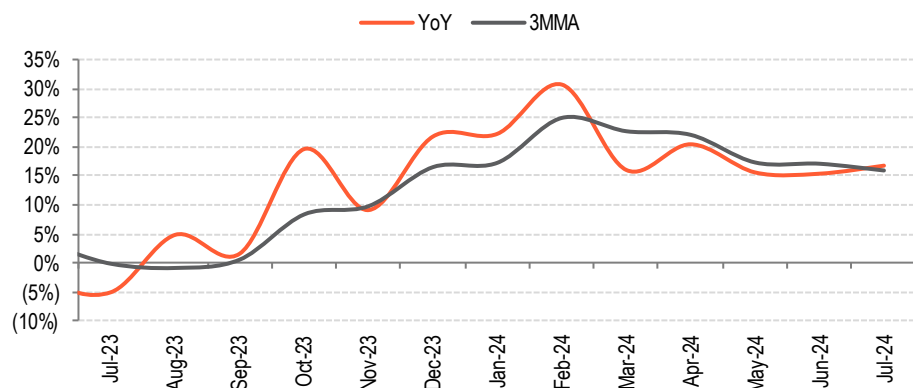


**Fig 46 – Refinery output accelerates**

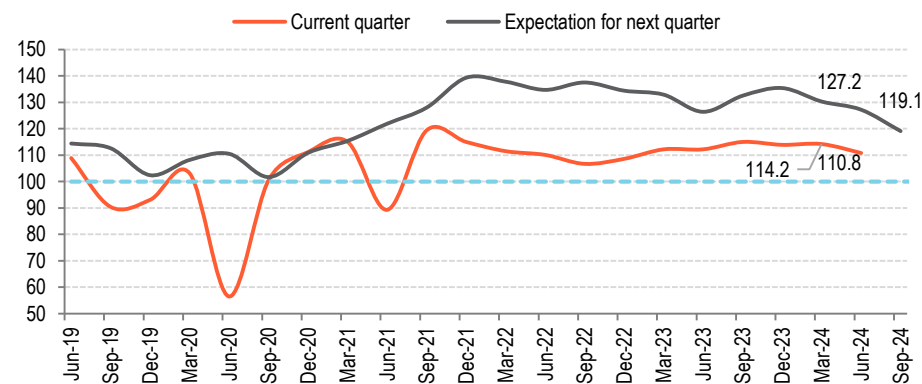


### Auto production & business expectation index

**Fig 47 – Auto production picks up pace in Jul'24**



**Fig 48 – Business sentiments remain optimistic for Q2 but tad lower than Q1**



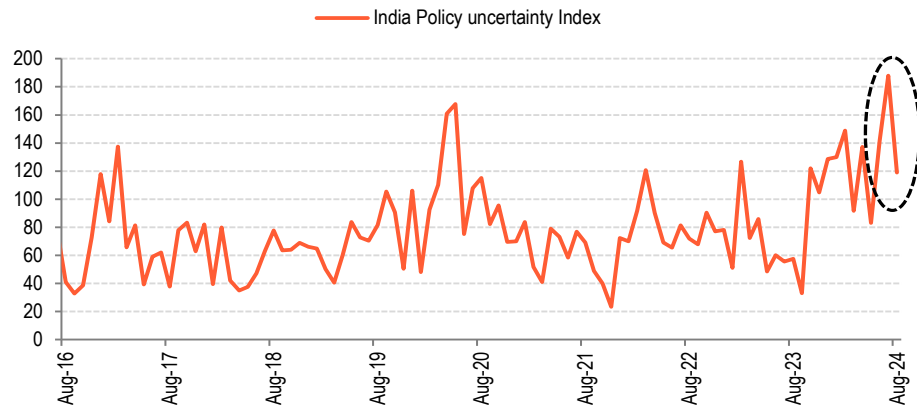
**Fig 49 – Infrastructure index picks up pace**

(%)	Weight	Jul-24	Jun-24	Jul-23	Apr-Jul'23	Apr-Jul'24
Infrastructure Index	100	6.1	5.1	8.5	6.7	6.1
Coal	10.3	6.8	14.7	14.9	10.3	9.8
Crude Oil	9.0	(2.9)	(2.6)	2.1	(1.0)	(1.2)
Natural Gas	6.9	(1.3)	3.3	8.9	2.3	4.5
Petroleum Refinery Products	28.0	6.6	(1.6)	3.6	2.4	2.4
Fertilizers	2.6	5.3	2.4	3.3	10.0	1.3
Steel	17.9	7.2	6.7	14.9	16.2	7.6
Cement	5.4	5.5	1.9	6.9	11.3	1.7
Electricity	19.9	7.0	8.6	8.0	3.0	9.9



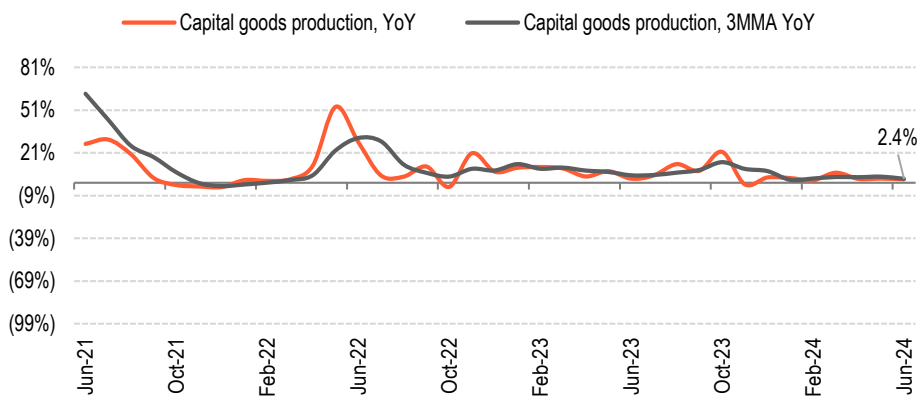
## Investment

**Fig 50 – Policy uncertainty index in India moderated post Budgetary announcements**

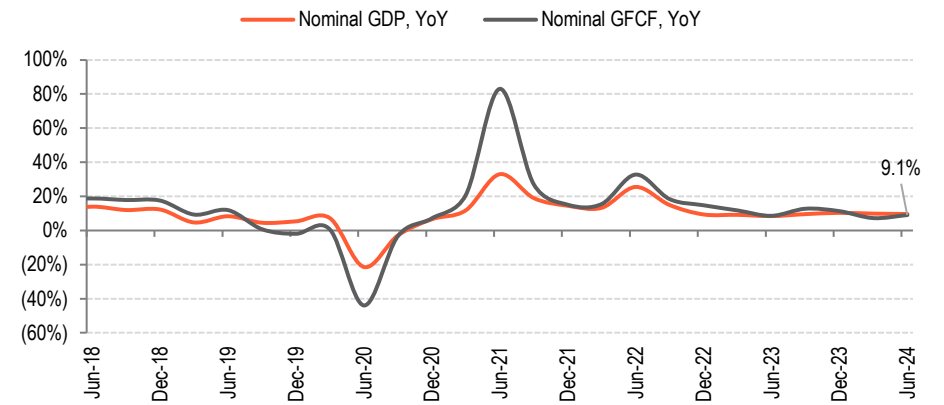


Source: <https://www.policyuncertainty.com>

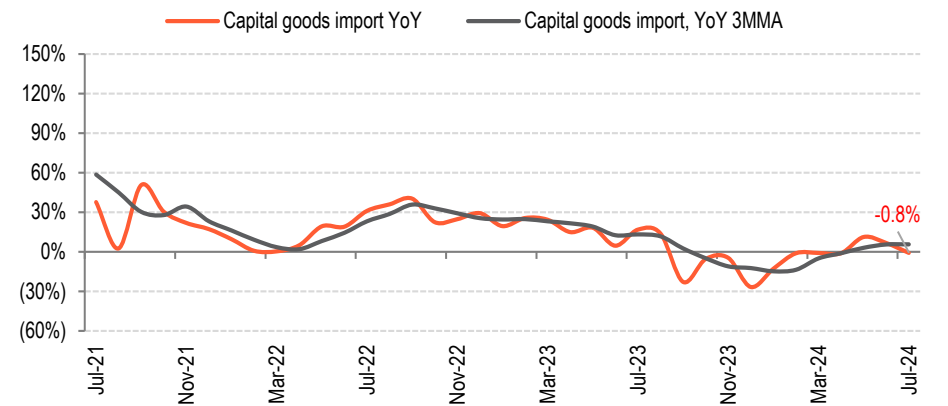
**Fig 52 – Capital goods production edged down to 2.4% in Jun'24 from 2.9% in May'24**



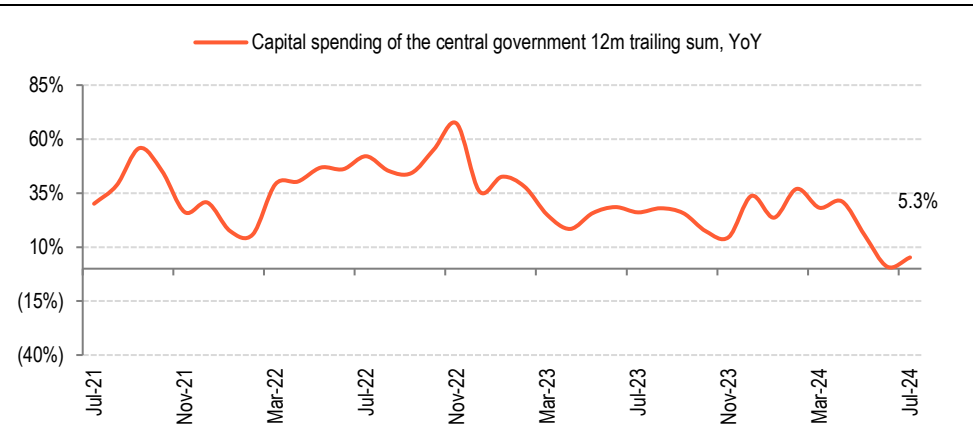
**Fig 51 – GFCF holding up well registering growth of 9.1% against nominal GDP growth of 9.7%**



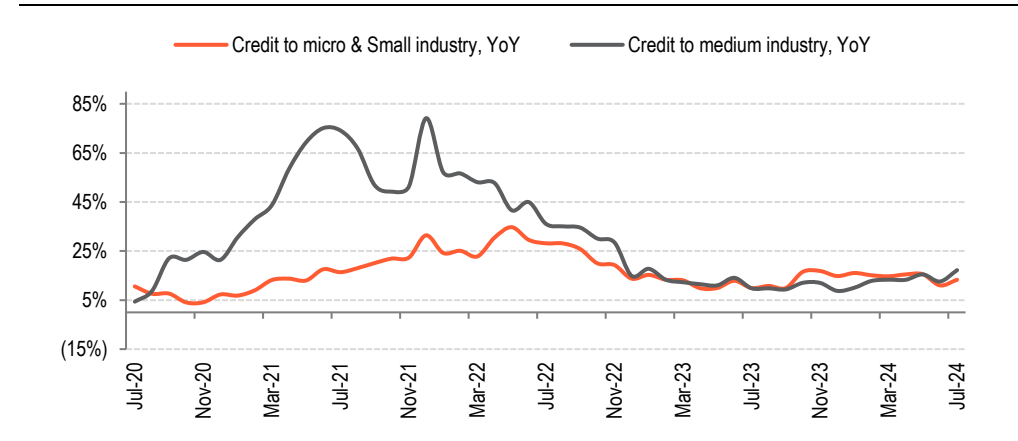
**Fig 53 – Capital goods imports fell by 0.8% in Jul'24 from 6.7% in Jun'24, on account of an unfavourable base**



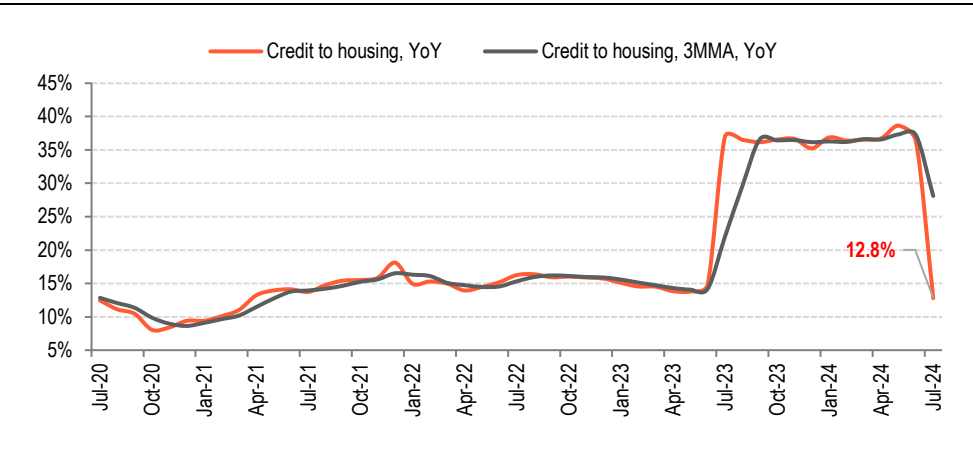
**Fig 54 – Centre’s capex spending picked up to 5.3% in Jul’24**



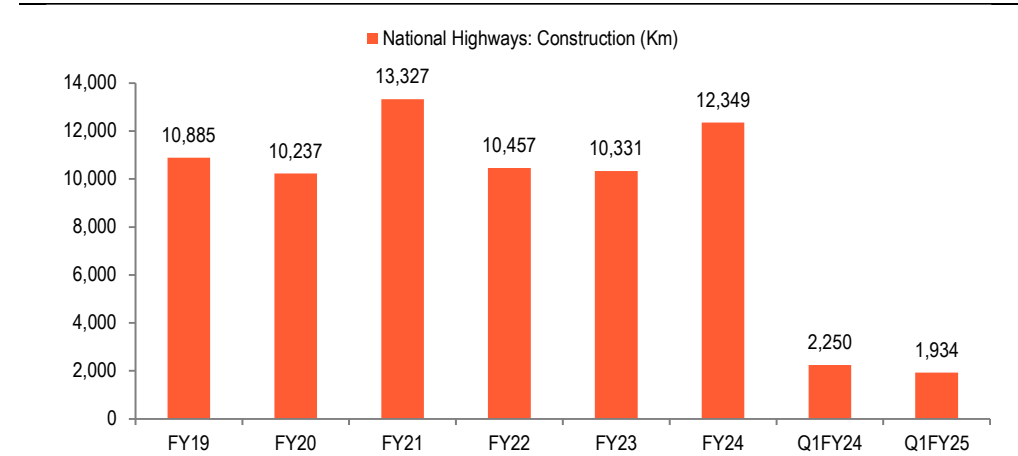
**Fig 55 – Credit to micro and small industry rose by 13% in Jul’24 from 11% in Jun’24, for medium industry, it inched up to 17.2% from 12.6%**



**Fig 56 – Credit to housing sector witnessed moderation and grew by 12.8% in Jul’24 from 36.3% in Jun’24**



**Fig 57 – Highway construction**



Services sector

Fig 58 – GVA: Services sector growth noted revival in Q1FY25 versus Q4FY24

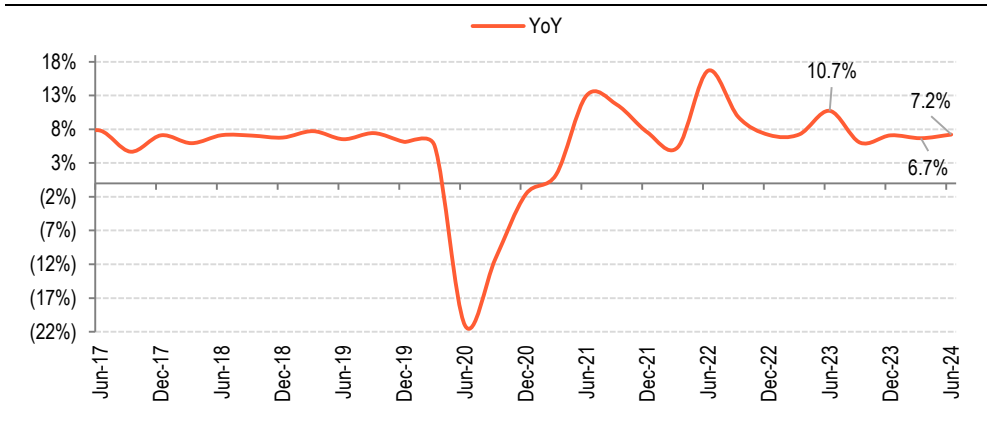
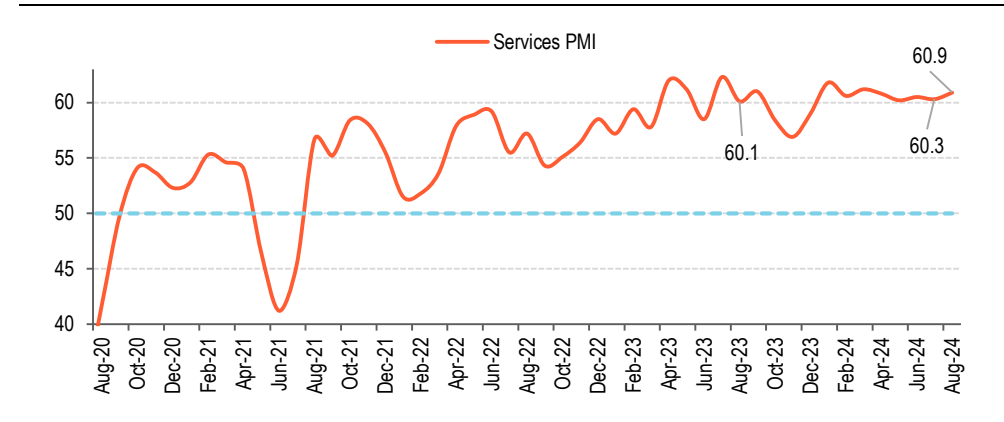


Fig 59 – Services PMI shows steady conditions in Q2 (Jul-Aug) as well, with index averaging at 60.6 versus 60.5 in Q4



Source: Markit

Fig 60 – GVA: Trade & related services activity maintained pace in Q1 versus Q4

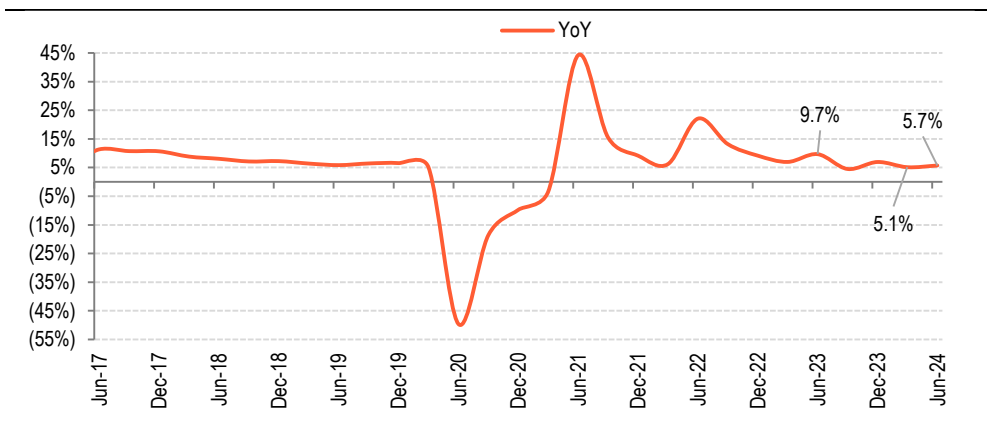
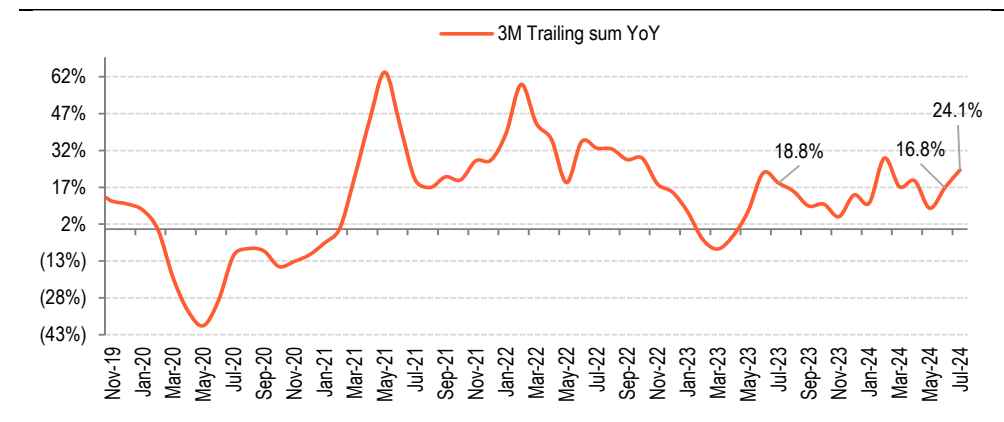


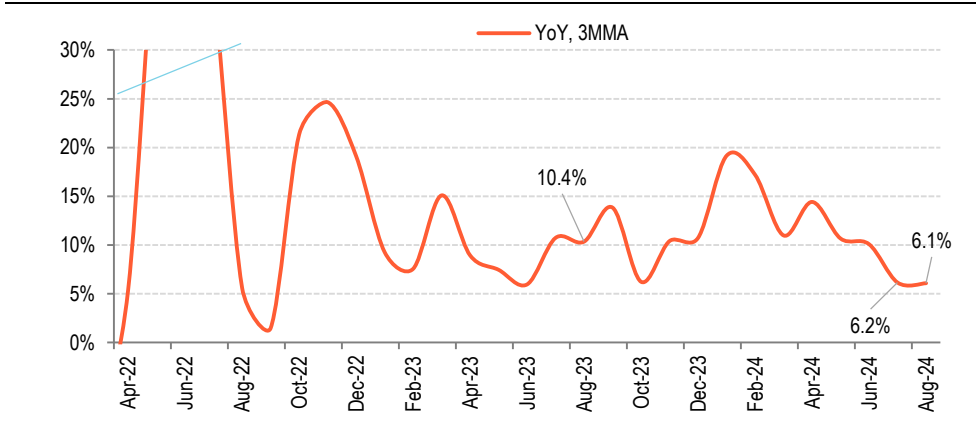
Fig 61 – States' tax revenue growth sees rising momentum at the start of Q2



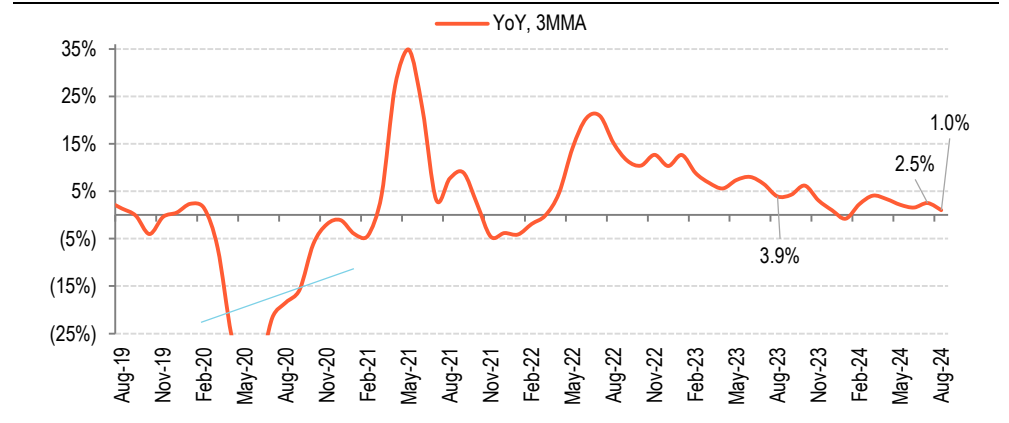
Note: \*All states excluding North Eastern states (ex Assam), Goa, and J&K

Trade

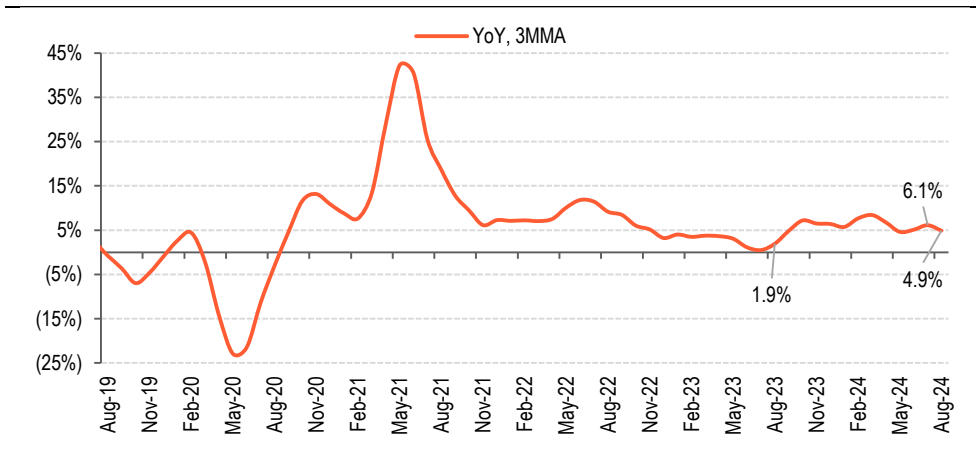
**Fig 62 – Vehicle registration growth broadly steady in Aug'24; but is lower than last year**



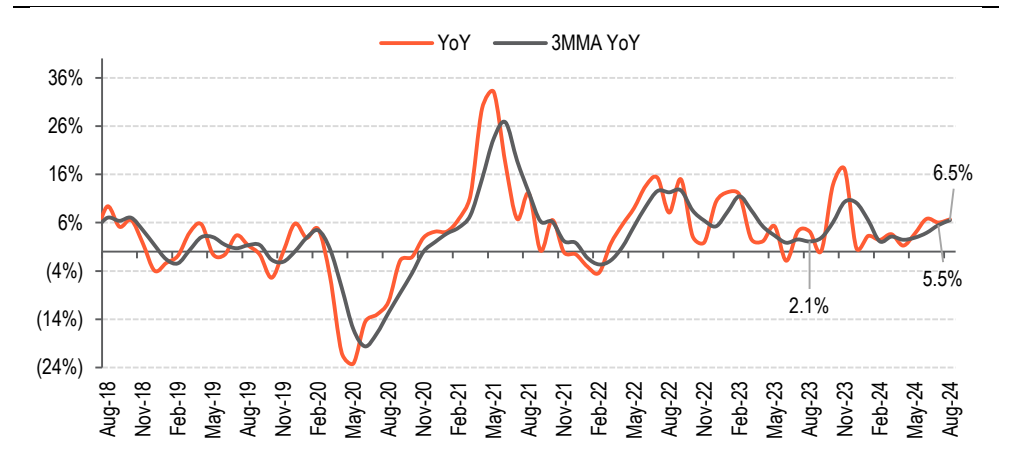
**Fig 63 – Diesel consumption growth sees near flattening in Aug'24, as floods in many states hampered transportation**



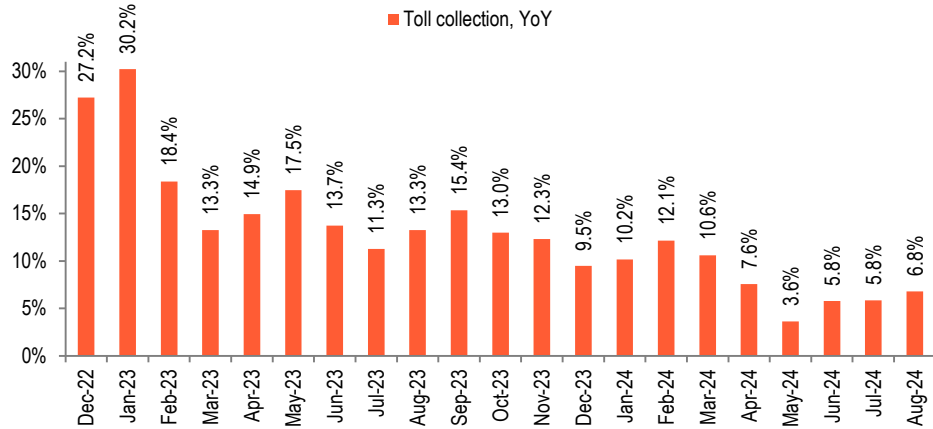
**Fig 64 – Railway freight traffic growth too registered moderation in Aug'24**



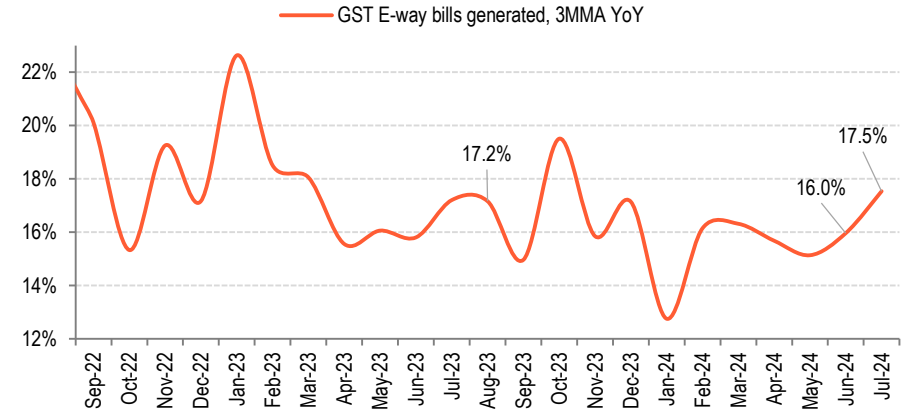
**Fig 65 – Port cargo traffic growth seen picking up pace in Aug'24**



**Fig 66 – Toll collection growth showing signs of recovery in Aug'24**

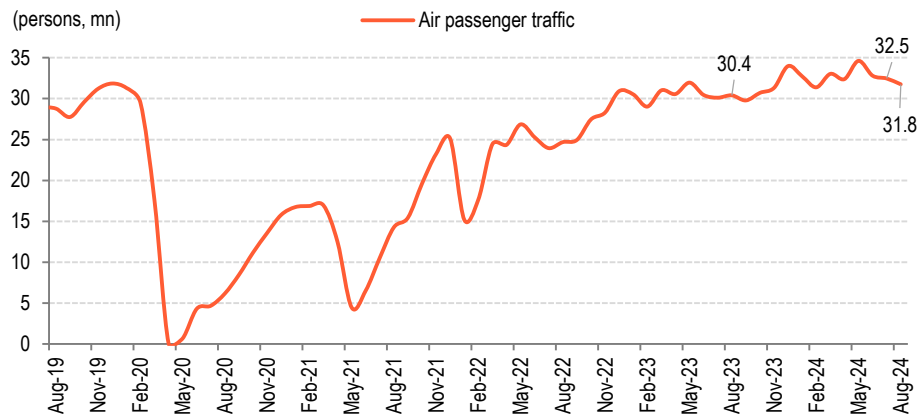


**Fig 67 – Growth in E-way bills also seen rebounding**

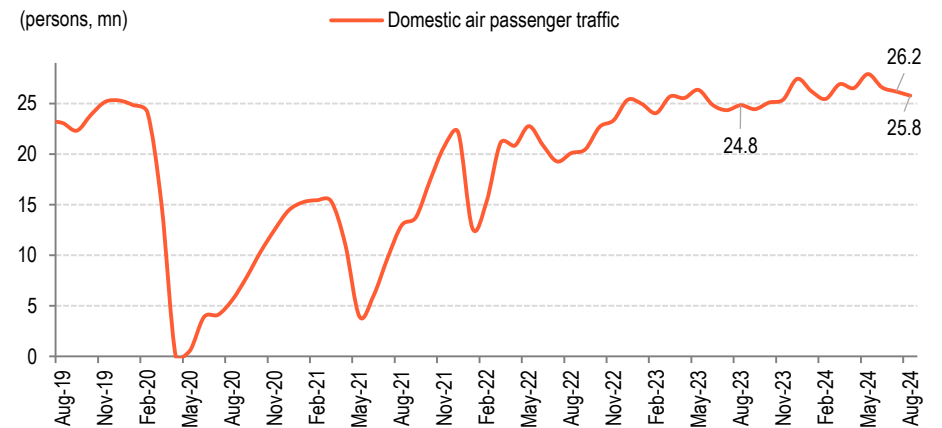


**Hotels and communications**

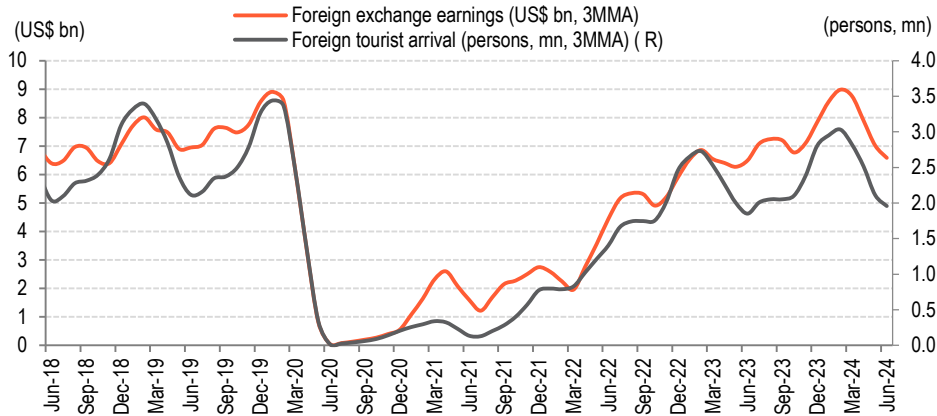
**Fig 68 – Airline passenger traffic slowed in Aug'24; but remains higher than last year**



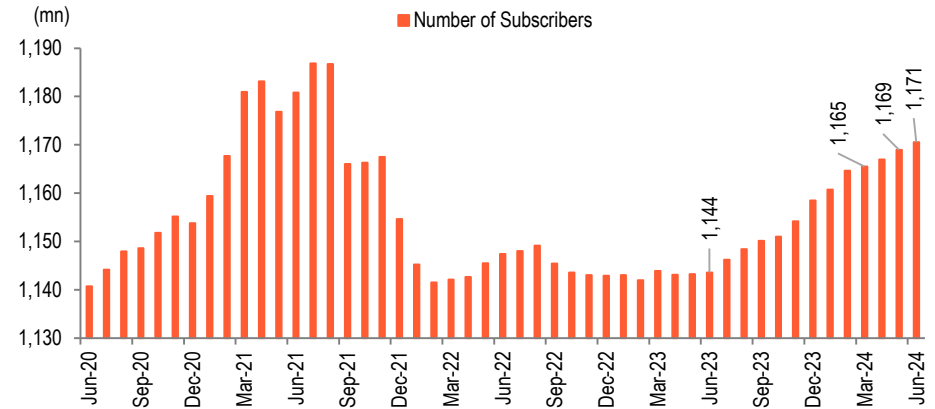
**Fig 69 – Domestic passenger traffic led the sluggishness**



**Fig 70 – Foreign tourist arrivals remained downbeat Q1FY25 versus Q4, due to unfavourable weather conditions at that time**

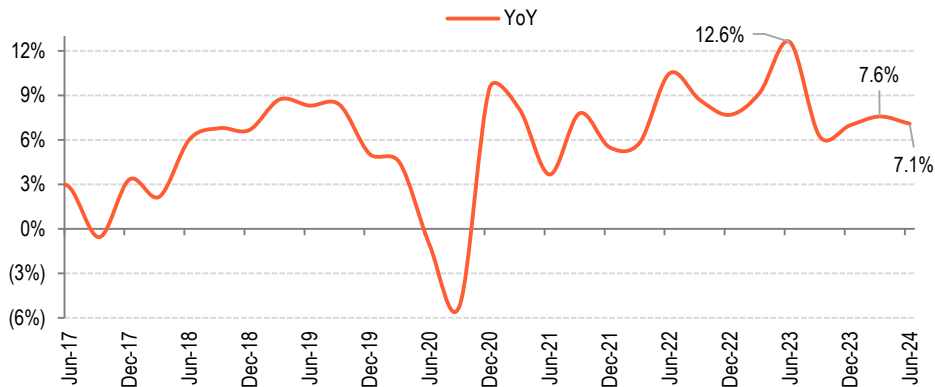


**Fig 71 – Number of telecom subscribers rose by 5mn in Q1, following 7mn subscribers added in Q4**

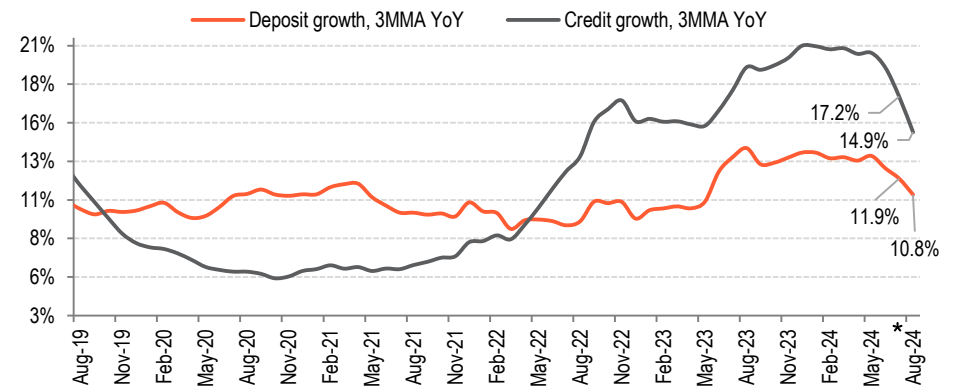


**Finance and real estate**

**Fig 72 – Growth in GVA: Finance, real estate & prof. acted as a drag in Q1**

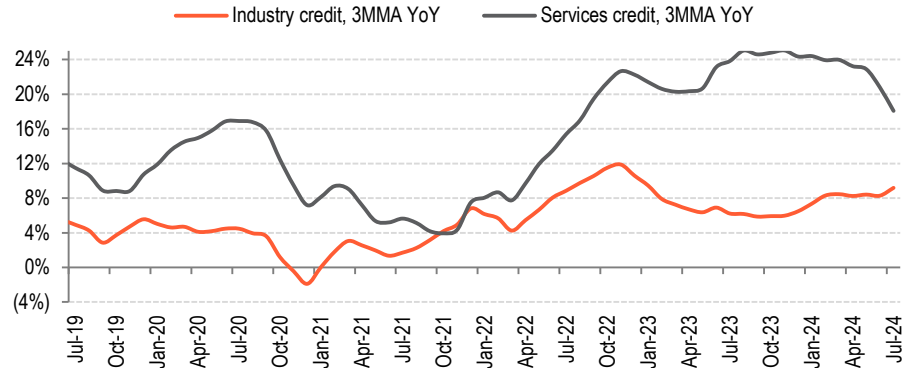


**Fig 73 – Credit growth slowed at a sharper pace than deposit growth in Aug'24\***

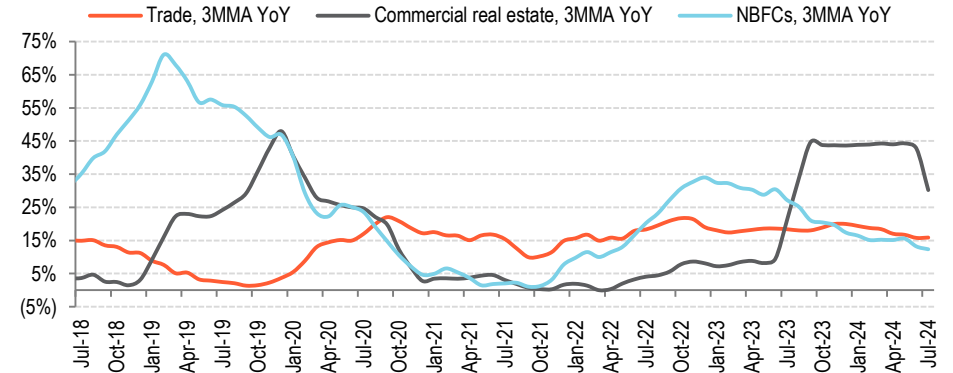


\*Data as of 23 Aug 2024

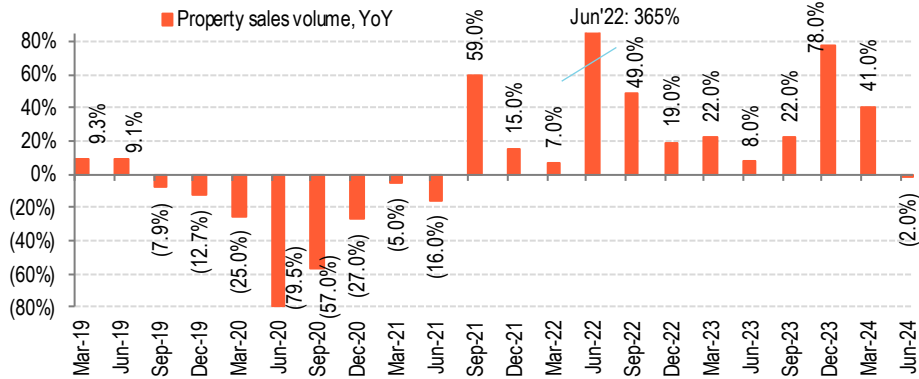
**Fig 74 – Credit to industry improving, credit to service sector fell even more in Jul'24**



**Fig 75 – Within services, credit to commercial real estate noted sharp decline**

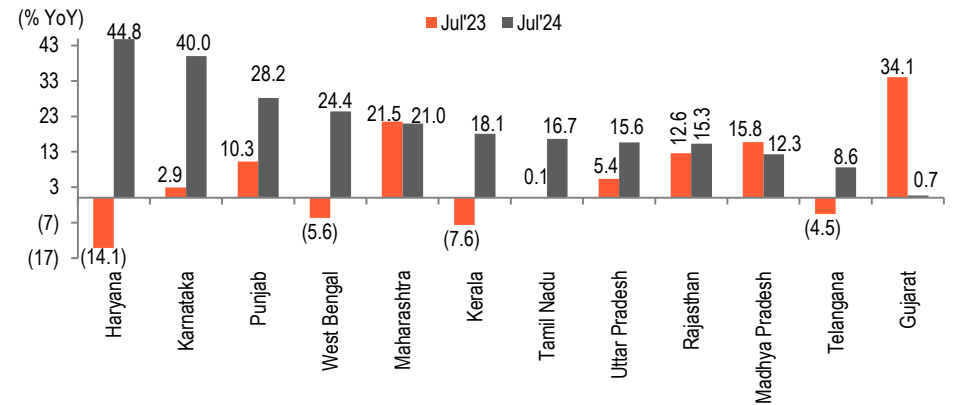


**Fig 76 – Property sales volume growth in Q1FY25 declines**



Source: Proptiger

**Fig 77 – Barring Maharashtra, MP and Gujarat, stamp duty collections of other states recorded improvement till Jul'24 (FYTD basis) versus last year**



Labour market

Fig 78 – Naukri job index fell in Aug'24, but Q2(Jul-Aug) average better than Q4

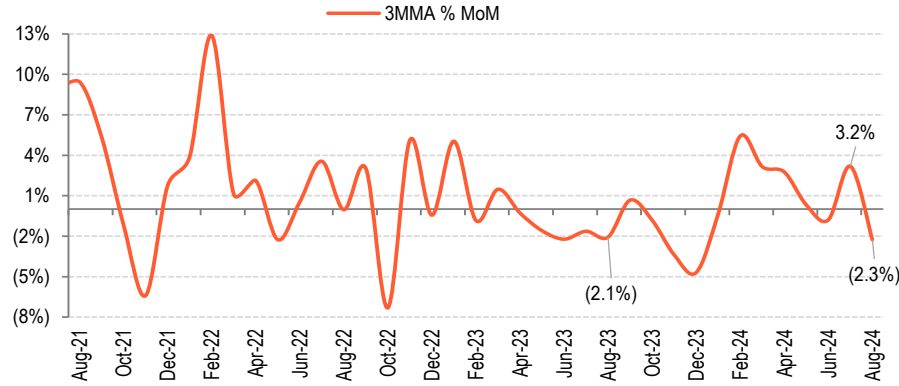


Fig 79 – Overall unemployment rate also inched up in Aug'24



Public administration

Fig 80 – Public admin & defence services rose in Q1

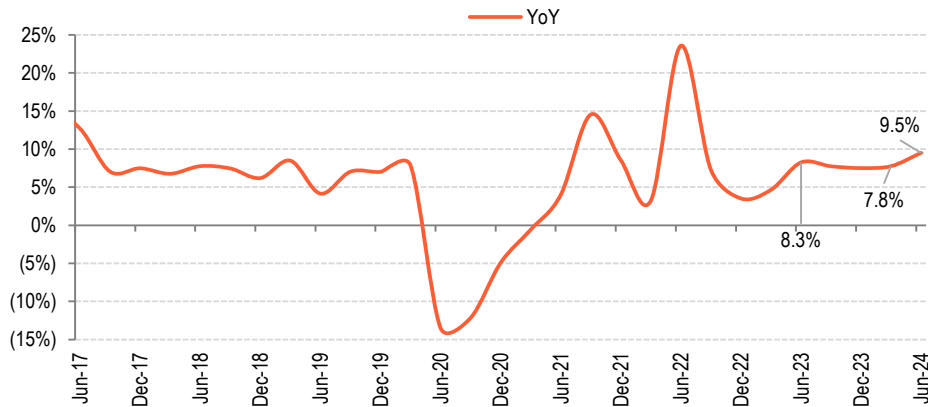
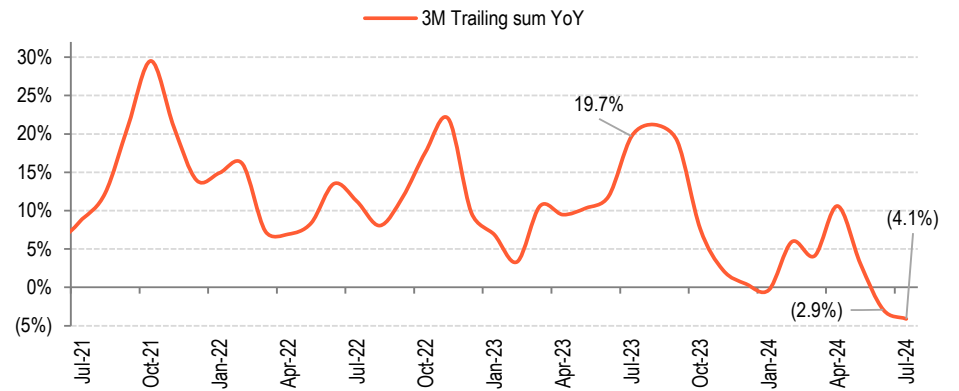
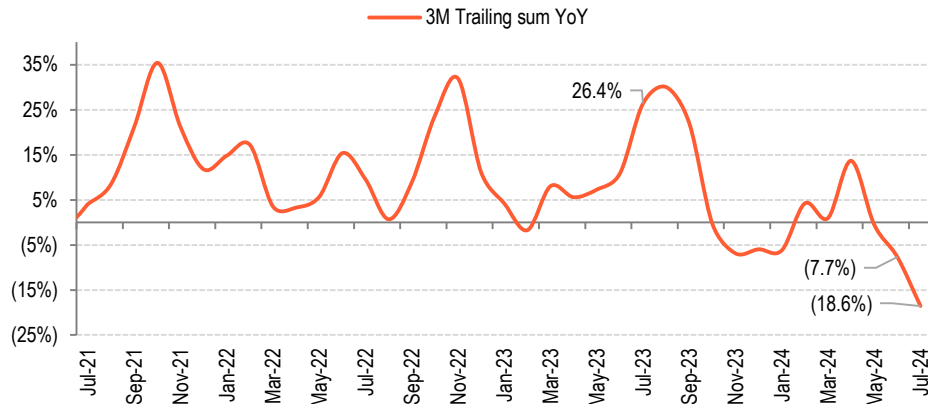


Fig 81 – General govt. spending fell in Jul'24, was lower than both Q1 and last year

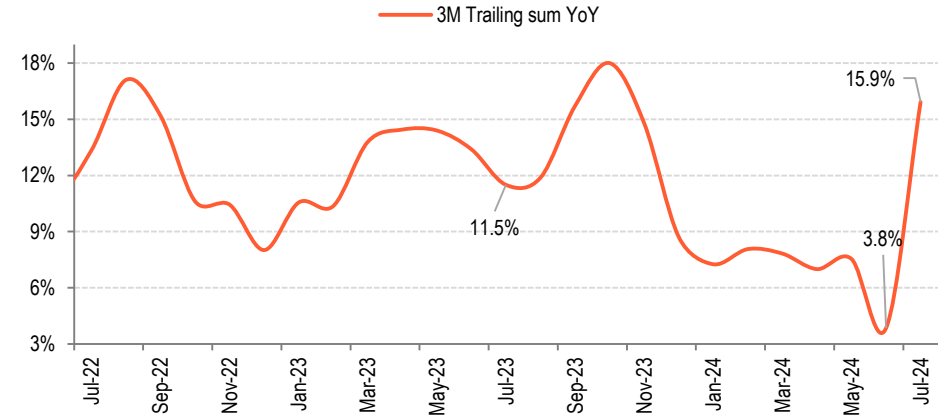




**Fig 82 – ...mirroring the trend in central government spending**



**Fig 83 – State\* Govt. spending jumped in Jul'24**

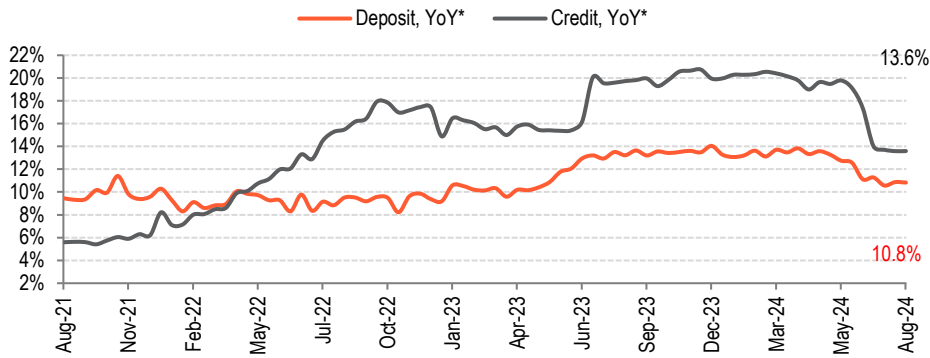


Note: \*All states excluding North Eastern states (ex Assam), Goa, and J&K

Financial sector

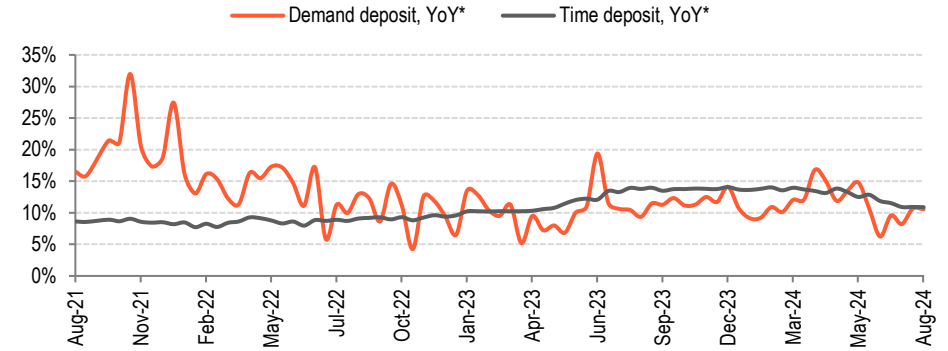
Money and banking

**Fig 84 – Credit growth was at 13.6% in Aug'24 compared to 13.7% in Jul'24 (incl. merger), deposit growth inched up to 10.8% from 10.6%**



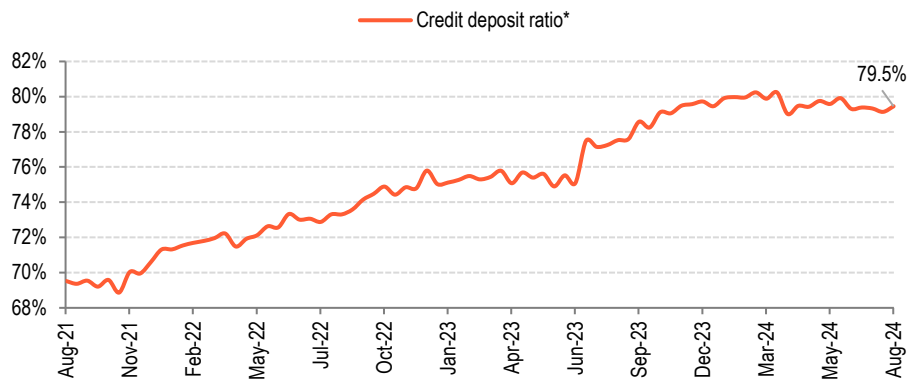
Note: Fortnight as of 23 Aug '2024

**Fig 85 – ...Time deposits remained stable, demand deposits picked pace**



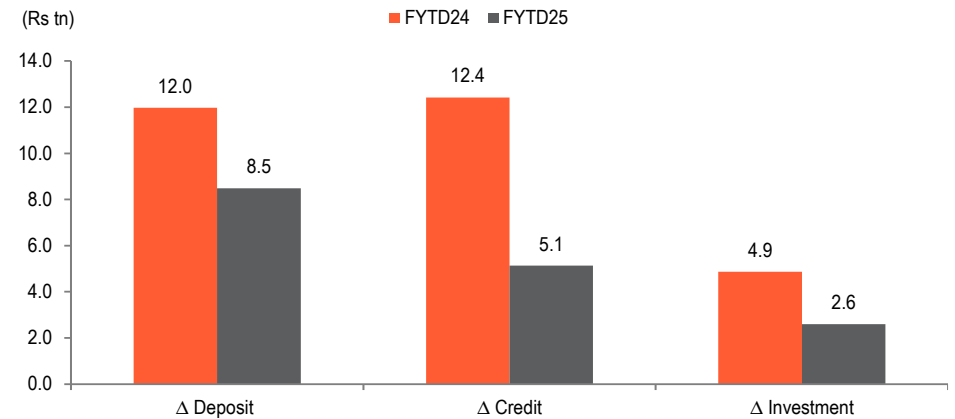
Note: Fortnight as of 23 Aug '2024

**Fig 86 – CD ratio was at 79.5**



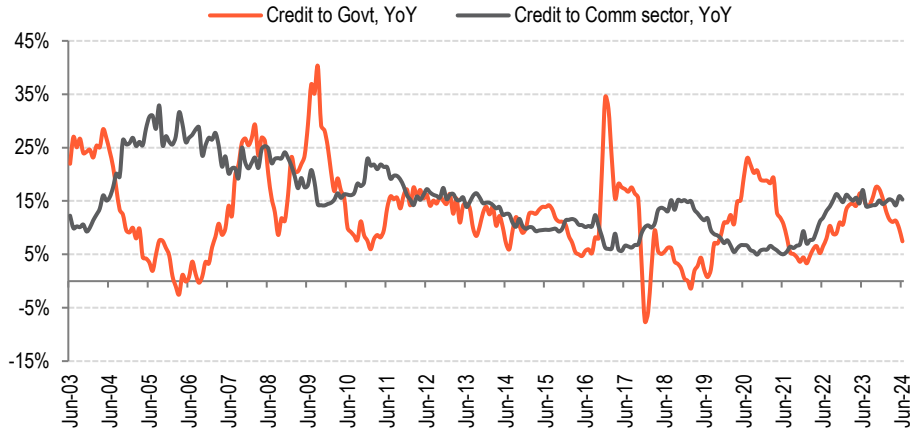
Note: Fortnight as of 23 Aug '2024

**Fig 87 – Credit, deposit and investment accretion**

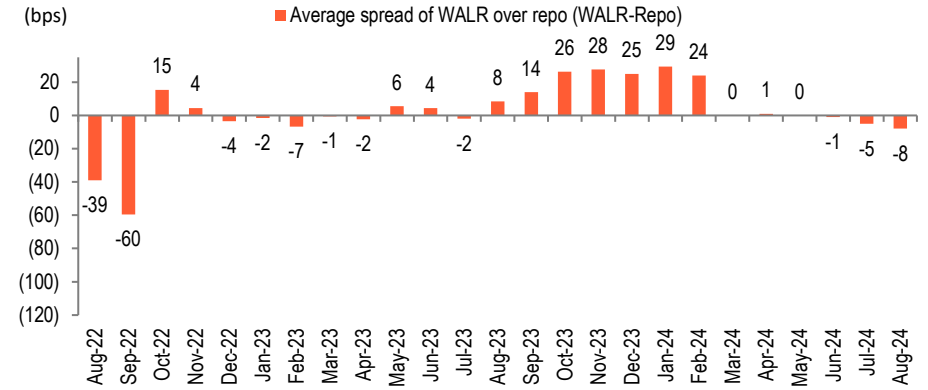


Note: Fortnight as of 23 Aug 2024, Accretion from March

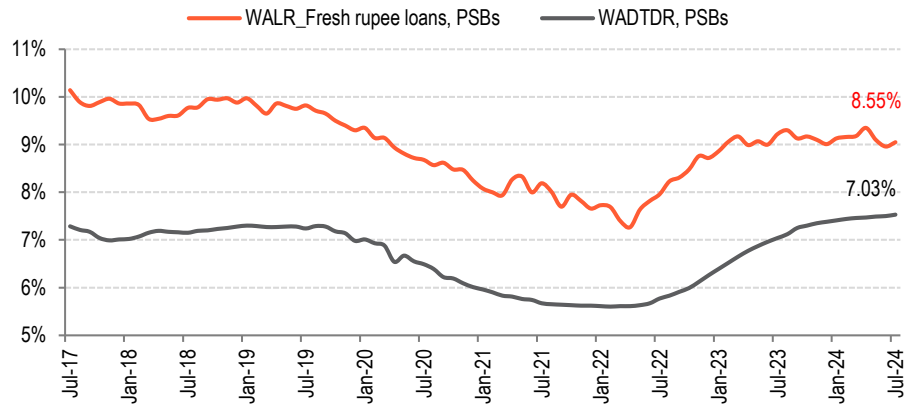
**Fig 88 – Credit to govt moderated to 7.4% in Jun'24 from 9.9% in May'24, credit to commercial sector edged down to 15.3% from 15.9%**



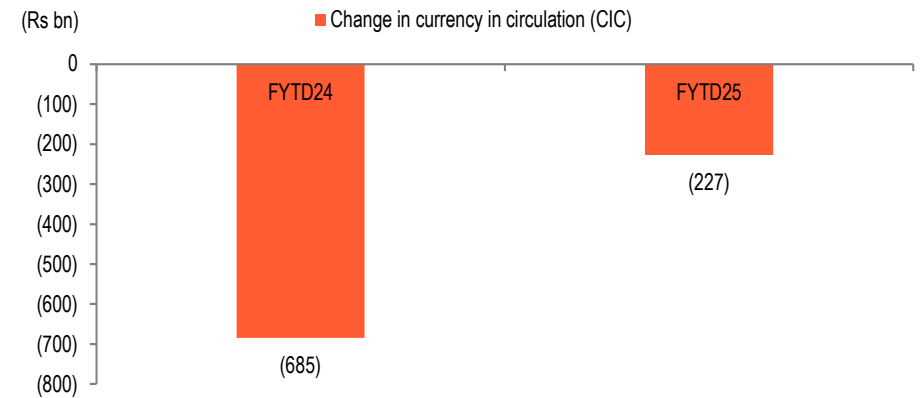
**Fig 89 – WALR and repo**



**Fig 90 – WALR on fresh loans inched up to 8.55% in Jul'24 from 8.46% in Jun'24, WADTDR rose a tad to 7.03%**

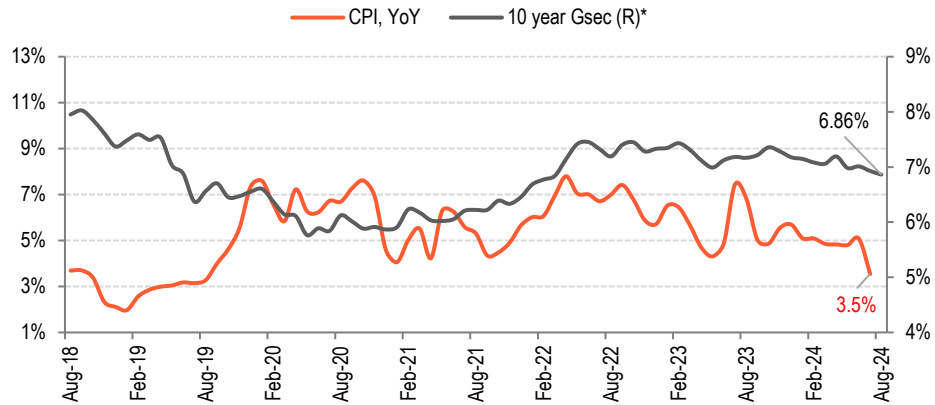


**Fig 91 – CIC accretion falling**



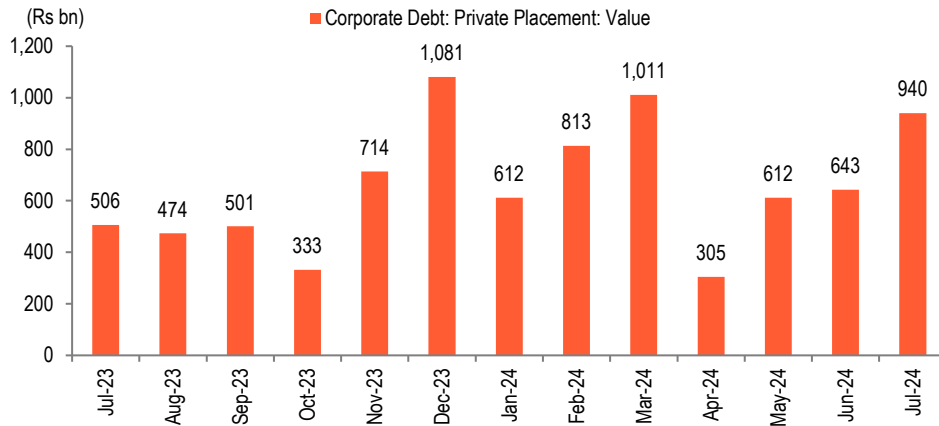
Note: Accretion from Mar

**Fig 92 – 10Y GSec yield inched down to 6.86% in Aug'24 from 6.93% in Jun'24 and is trading a tad lower at 6.85%, inflation moderated to 3.5% in Jul'24**

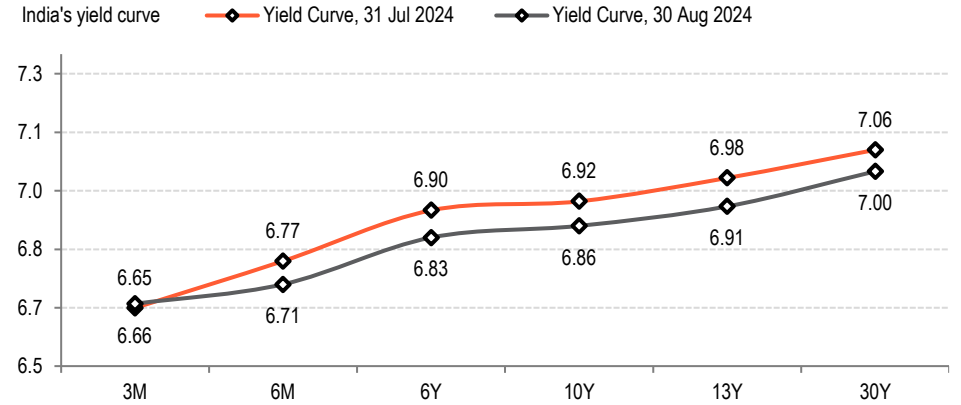


Note: \*As on last trading day of the month

**Fig 94 – Corporate debt issuances rose to Rs 940bn in Jul'24 from Rs 643bn in Jun'24**

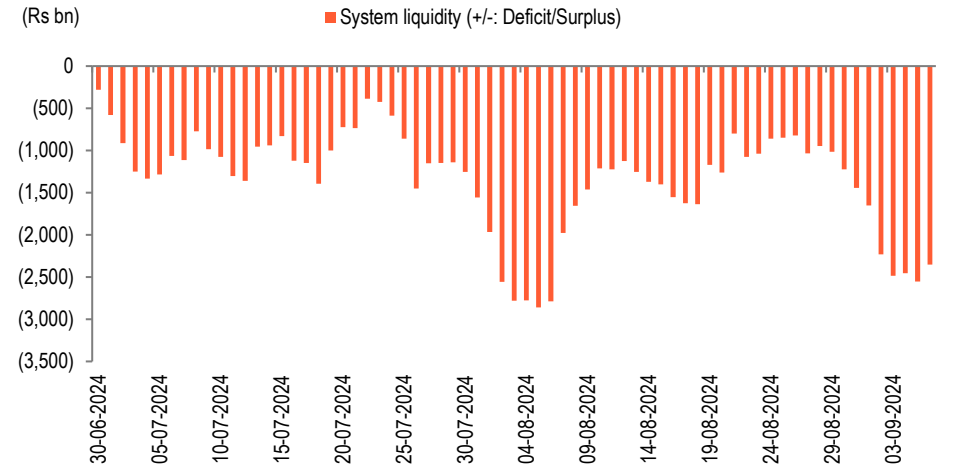


**Fig 93 – Yield curve has shifted downward completely**



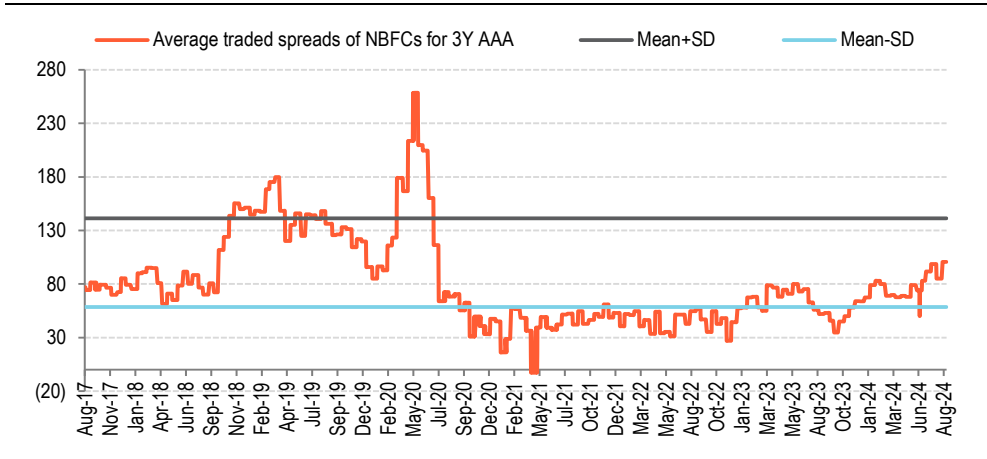
Source: Bloomberg

**Fig 95 – On an average, liquidity surplus improved to Rs 1.5 lkh cr in Aug'24 from Rs 1 lkh cr in Jul'24 and currently at an average of Rs 2 lakh crore (till 6<sup>th</sup> Sep)**

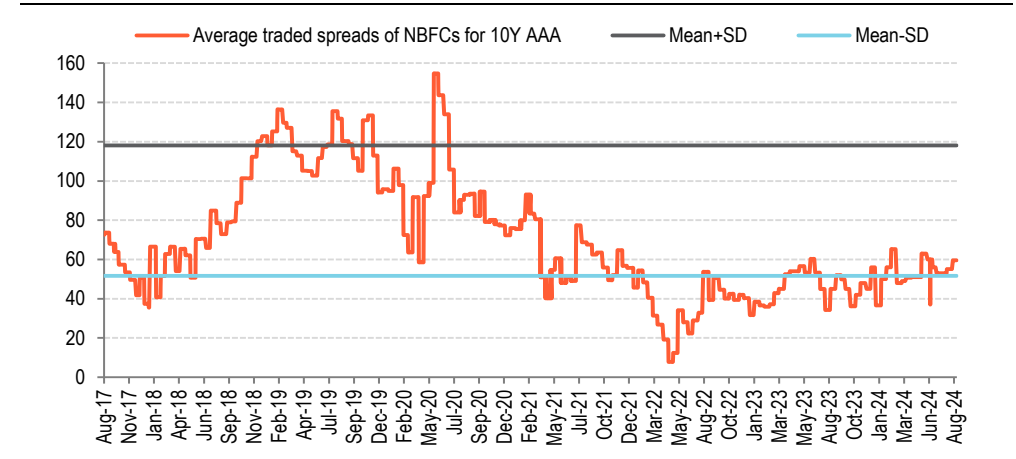


Source: RBI

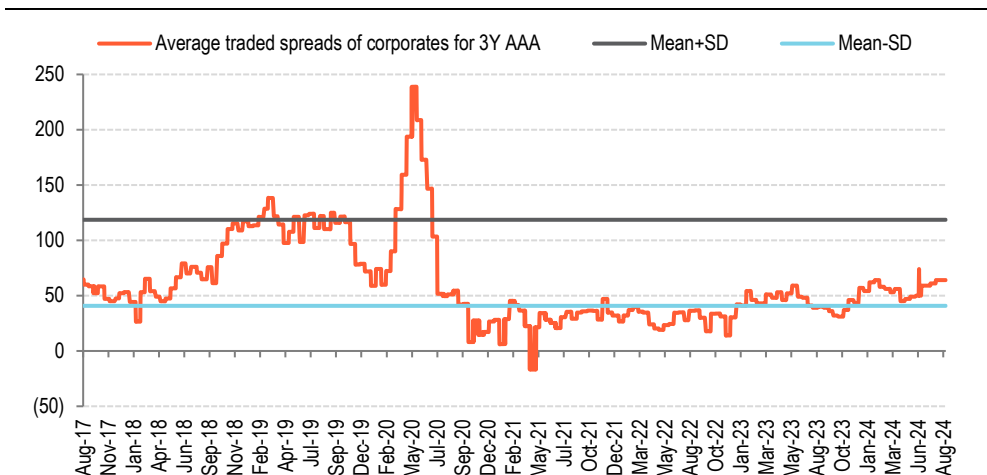
**Fig 96 – 3Y AAA NBFC spread rose marginally to 101bps as on 30 Aug 2024 from 99bps as on 31 Jul 2024**



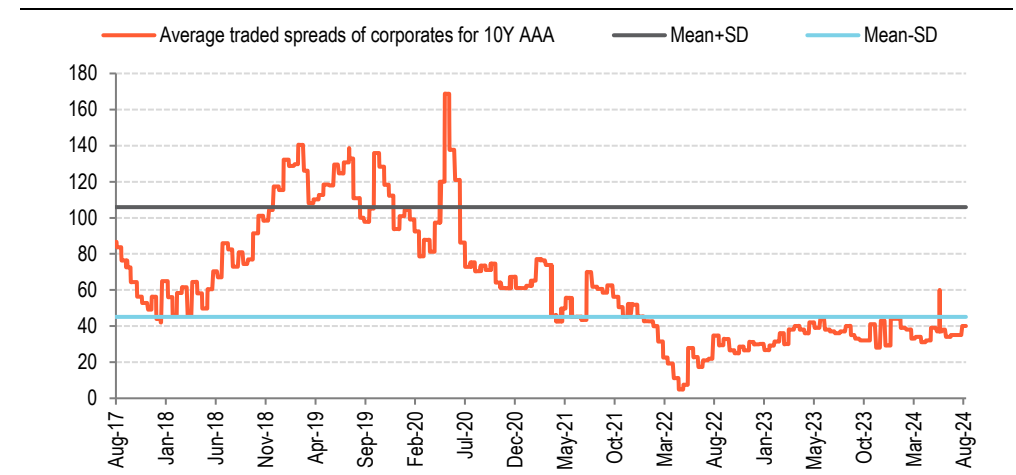
**Fig 97 – For 10Y AAA NBFC, it rose to 60bps from 53bps**



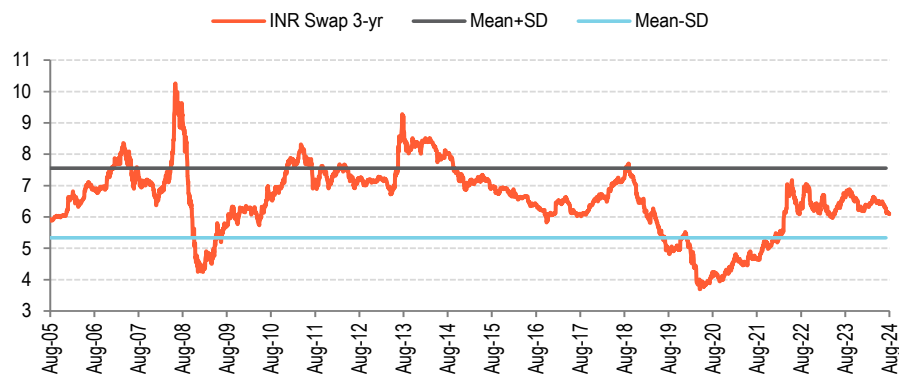
**Fig 98 – 3Y AAA corp spread inched up to 64bps from 61bps**



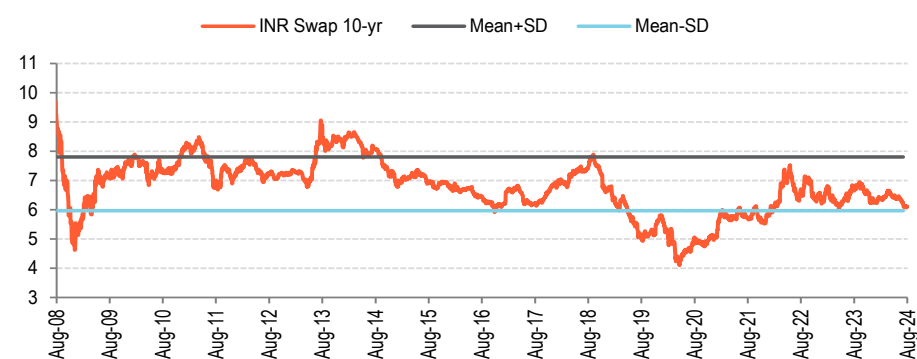
**Fig 99 – For 10Y AAA corp spread, it rose to 40bps from 35bps**



**Fig 100 – INR 3Y swap fell sharply to 6.11 from 6.27**



**Fig 101 – For 10Y as well, it was lower at 6.11 from 6.24**



### Interest rates on small savings schemes

**Fig 102 – Interest rate small savings scheme to remain unchanged in Q2FY25**

Instrument (%)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
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	4.0	4.0
1 year time deposit	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.6	6.8	6.9	6.9	6.9	6.9	6.9
2 year time deposit	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7	6.8	6.9	7.0	7.0	7.0	7.0	7.0
3 year time deposit	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8	6.9	7.0	7.0	7.0	7.1	7.1	7.1
5 year time deposit	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	7.5	7.5	7.5	7.5
5 year recurring deposit	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	6.7	6.7	6.7	6.7
5 year senior citizen savings scheme	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6	8.0	8.2	8.2	8.2	8.2	8.2	8.2
5 year monthly income scheme	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7	7.1	7.4	7.4	7.4	7.4	7.4	7.4
5 year national savings certificate	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	7.0	7.7	7.7	7.7	7.7	7.7	7.7
Public provident fund scheme	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	7.1	7.1	7.1
Kisan vikas patra	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0	7.2	7.5	7.5	7.5	7.5	7.5	7.5
Sukanya samridhhi account scheme	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	8.0	8.2	8.2	8.2

Source: Department of Economic Affairs, Ministry of Finance, Government of India, Red highlighted ones are the change in rates

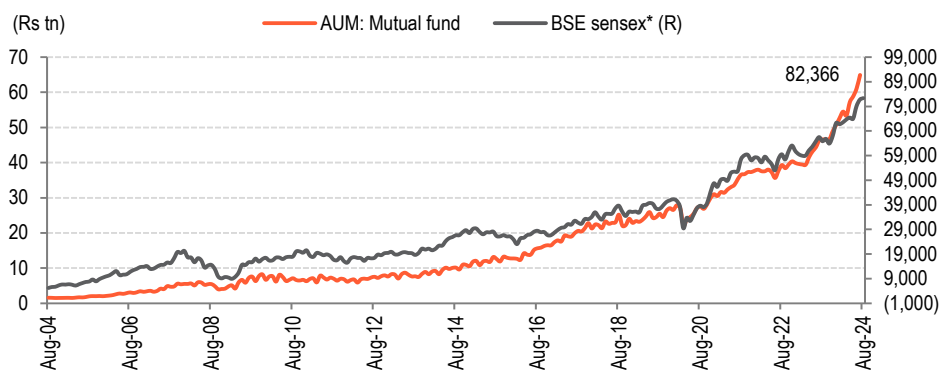
**Fig 103 – MCLR rate of majority banks increased**

1Y MCLR (%)	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24
<b>Public Sector Banks</b>																
Bank of Baroda	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.80	8.80	8.85	8.85	8.85	8.90	8.95
Bank of India	8.60	8.65	8.65	8.70	8.70	8.70	8.75	8.80	8.80	8.80	8.85	8.85	8.85	8.90	8.90	8.95
Canara Bank	8.65	8.65	8.65	8.70	8.70	8.70	8.75	8.75	8.80	8.85	8.90	8.90	8.90	8.90	8.95	9.00
Indian Bank	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.85	8.85	8.85	8.85	8.90	8.95	8.95
Punjab National Bank	8.50	8.60	8.60	8.60	8.65	8.65	8.65	8.65	8.70	8.80	8.80	8.80	8.80	8.85	8.85	8.90
State Bank of India	8.50	8.50	8.55	8.55	8.55	8.55	8.55	8.65	8.65	8.65	8.65	8.65	8.65	8.75	8.85	8.95
Union Bank of India	8.65	8.65	8.65	8.65	8.70	8.70	8.70	8.80	8.80	8.90	8.90	8.90	8.90	8.90	8.90	8.95
<b>Private Sector Banks</b>																
Axis Bank Ltd.	9.10	9.10	9.10	9.15	9.15	9.15	9.20	9.25	9.25	9.30	9.30	9.30	9.30	9.30	9.30	9.35
HDFC Bank Ltd.	9.05	9.05	9.05	9.10	9.15	9.20	9.20	9.20	9.25	9.30	9.30	9.30	9.30	9.30	9.40	9.45
ICICI Bank Ltd.	8.75	8.85	8.85	8.90	8.95	8.95	9.00	9.00	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10
Indusind Bank	10.20	10.20	10.25	10.25	10.30	10.30	10.35	10.35	10.35	10.40	10.40	10.40	10.45	10.45	10.45	10.55
Kotak Mahindra Bank	9.20	9.20	9.25	9.30	9.30	9.35	9.35	9.35	9.35	9.45	9.45	9.45	9.45	9.50	9.50	9.55

Source: RBI, Note: Banks whose MCLR went up in Aug'24 has been marked red

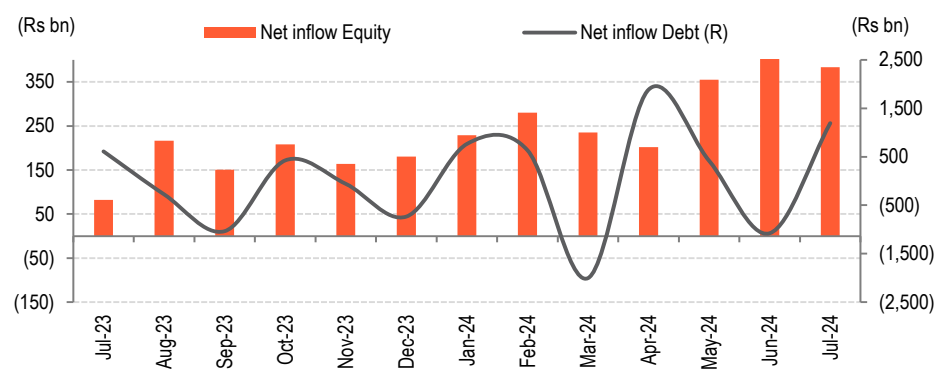
### Mutual fund (MF) indicators

**Fig 104 – Sensex inched up by 0.8% in Aug'24, AUM of MFs rose to Rs 65tn in Jul'24 from Rs 61.2tn in Jun'24**



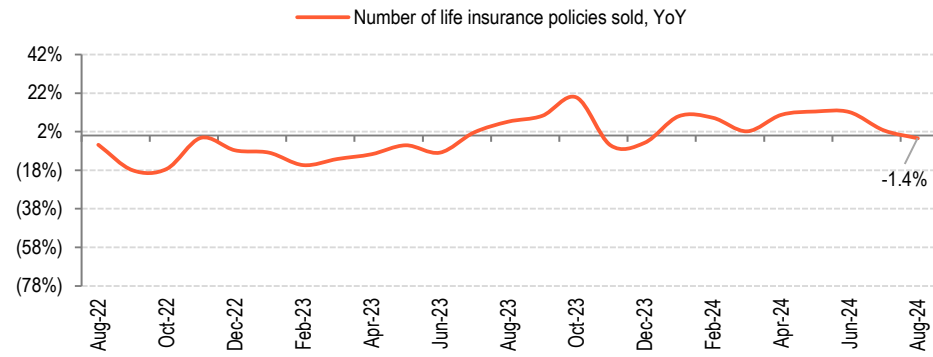
Source: \*Sensex as on last trading day of the month.

**Fig 105 – MF equity inflows moderated to Rs 384bn in Jul'24 from Rs 416bn in Jun'24; debt inflow rose to Rs 1.2tn from Rs 1.1tn outflow seen in the previous month**

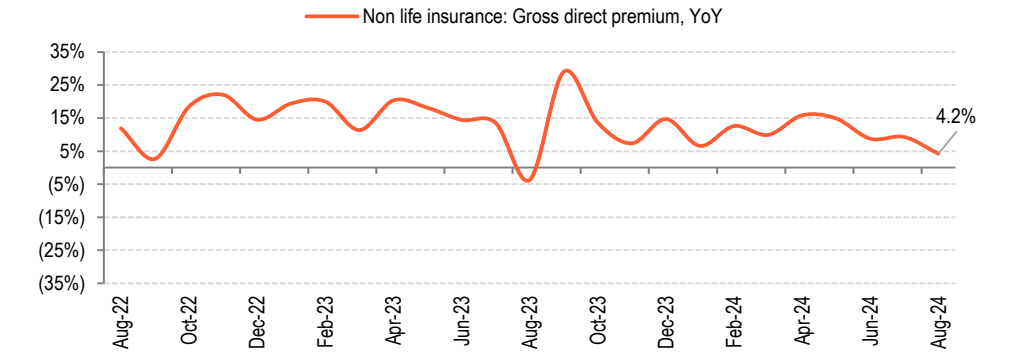


Insurance sector indicators

**Fig 106 – Sale of life insurance policies fell by 1.4% in Aug'24 from 2.7% increase seen in Jul'24 , due to an elevated base**



**Fig 107 – Gross direct premium for non-life insurance rose at a softer pace by 4.2% in Aug'24 from 9.3% in Jul'24**





Public finance

Central government finances

Fig 108 – Fiscal deficit drops further in Jul’24 (12MMA basis)

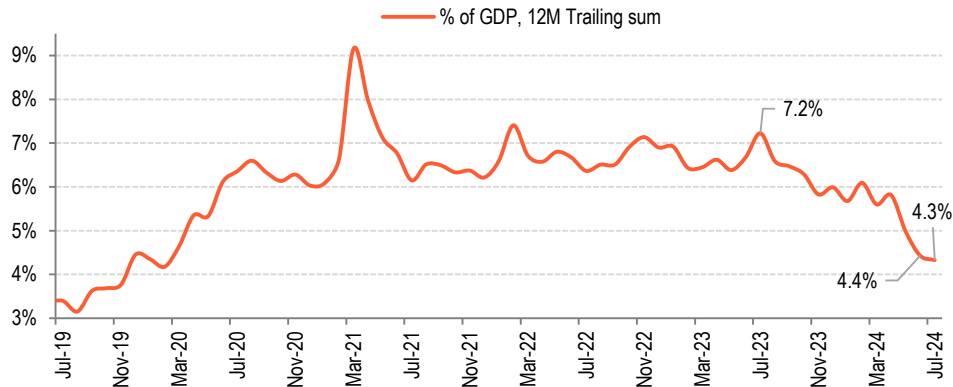


Fig 109 – Revenue deficit has also inched down

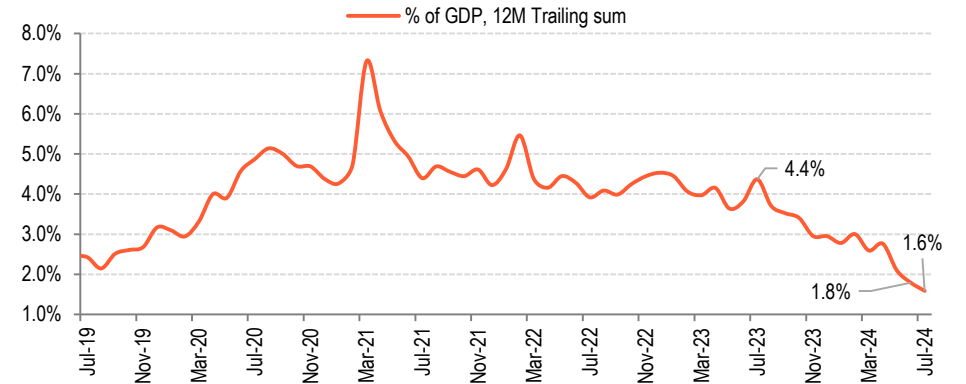


Fig 110 – Primary deficit stable at 0.8% as of Jul’24

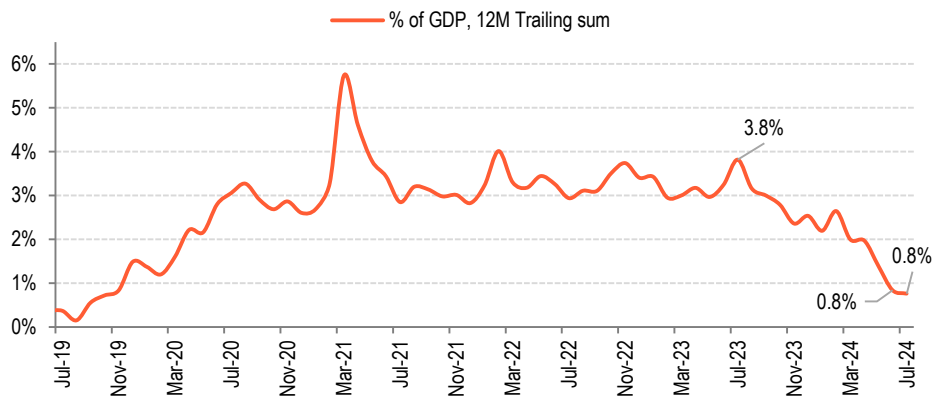
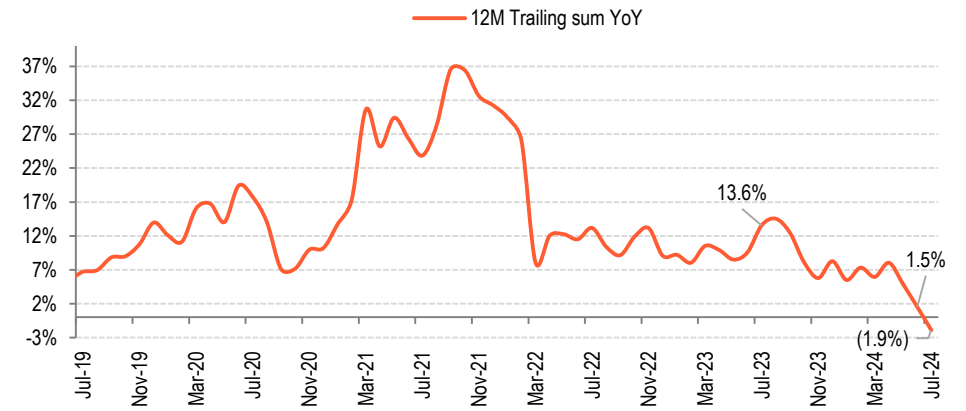
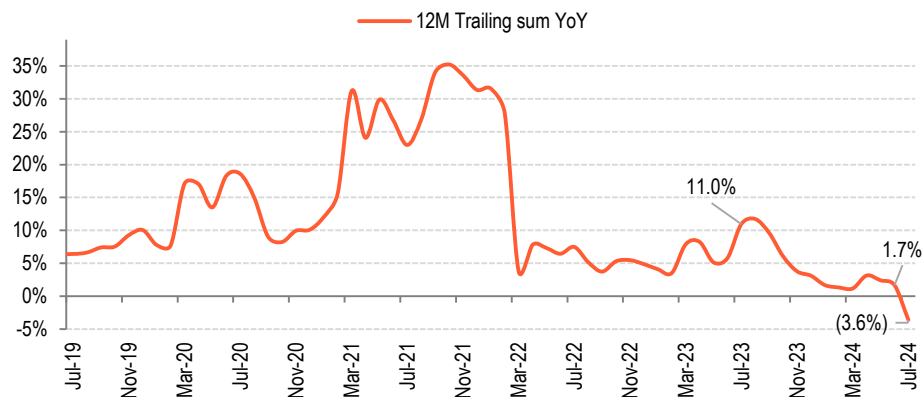


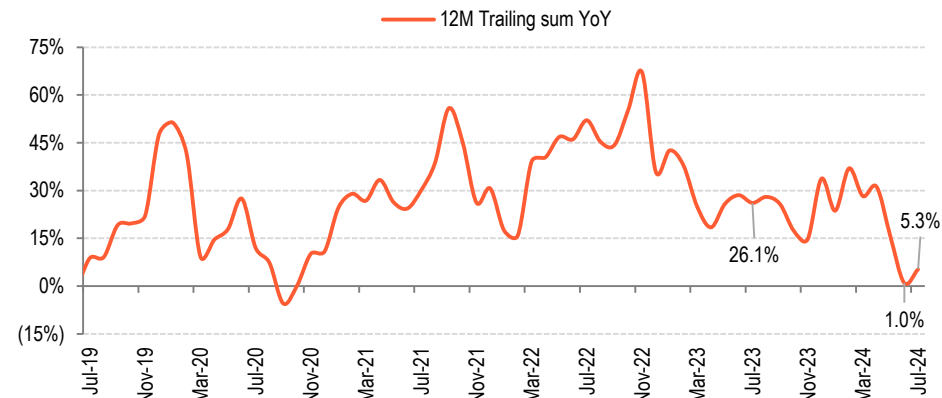
Fig 111 – Government spending declined in Jul’24 (12MMA basis)...



**Fig 112 – ...dragged by revenue expenditure**



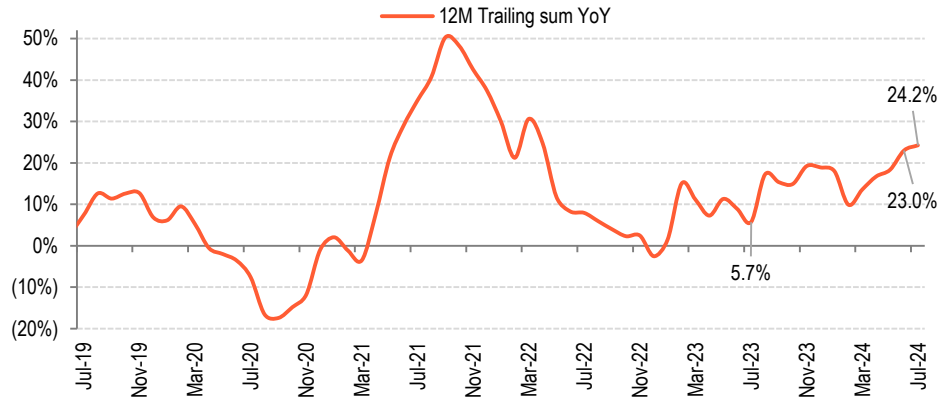
**Fig 113 – Capex spending is seeing improvement**



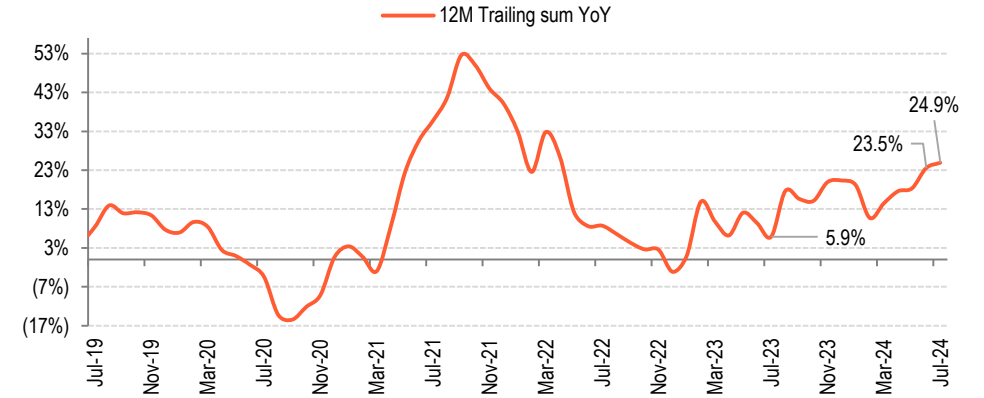
**Fig 114 – Spending was dragged by ministry of rural development, chemicals, and agriculture**

Ministry	Apr-Jul'22	Apr-Jul'23	% change	Apr-Jul'24	% change
Ministry of Finance	4,005	4,549	13.6	4,296	(5.6)
Ministry of Defence	1,785	1,987	11.4	1,915	(3.6)
Ministry of Consumer Affairs, Food and Public Distribution	744	780	4.8	974	24.8
Ministry of Rural Development	476	511	7.5	490	(4.2)
Ministry of Home Affairs	653	679	3.9	746	9.9
Ministry of Education	158	242	53.6	240	(0.9)
Ministry of Road Transport and Highways	865	1,078	24.6	938	(12.9)
Ministry of Chemicals and Fertilisers	455	721	58.5	431	(40.3)
Ministry of Petroleum and Natural Gas	2	7	369.5	36	397.0
Ministry of Agriculture	299	377	26.2	364	(3.5)
Ministry of Health and Family Welfare	202	237	17.6	290	22.2

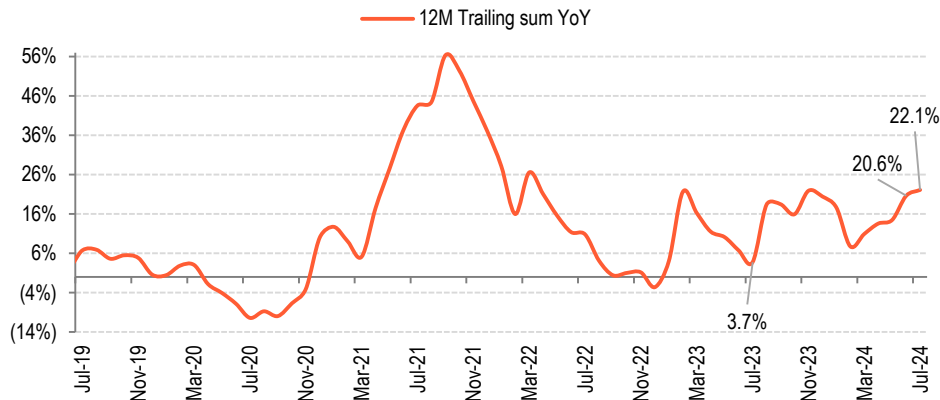
**Fig 115 – Receipt growth continued to inch up in Jul'24...**



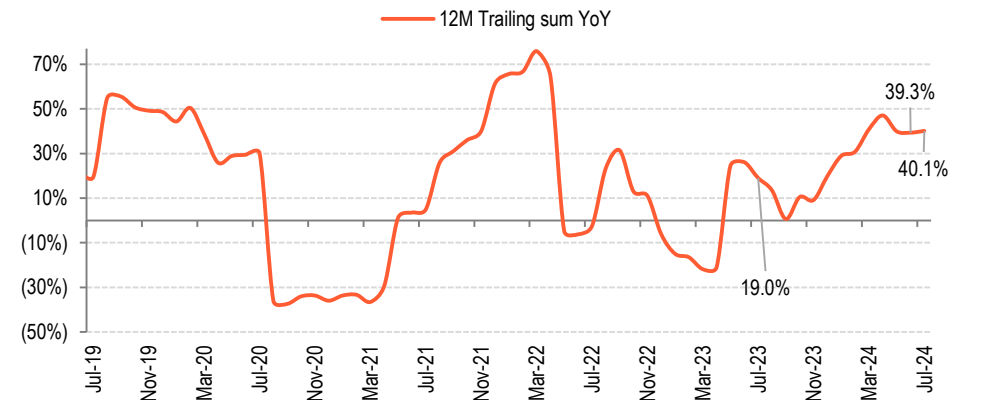
**Fig 116 – ...Driven by growth in Revenue receipts**



**Fig 117 – ...As net tax revenue receipts continue to perform well**



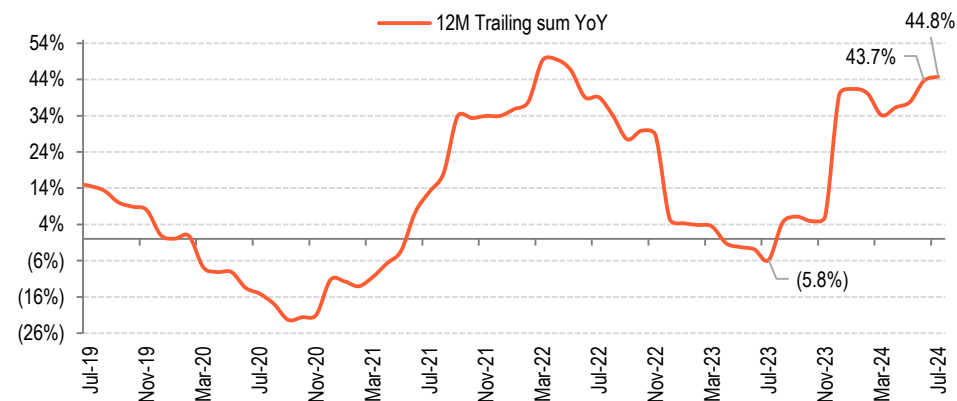
**Fig 118 – Non-tax collections registering steady growth**



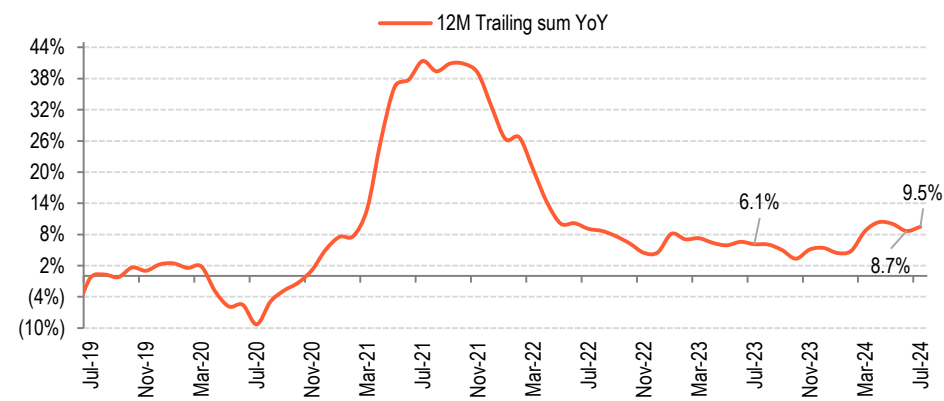
**Fig 119 – Centre’s net tax collections continue to maintain pace in Jul’24 as well (FYTD basis); overall spending remains lower than last year so far**

	Apr-Jul’22	Apr-Jul’23	% change	Apr-Jul’24	% change
Gross Tax revenue	8,695	8,942	2.8	10,842	21.3
Direct taxes	4,383	4,333	(1.1)	5,791	33.6
Corp Tax	1,965	1,761	(10.4)	1,846	4.8
Income Tax	2,418	2,572	6.4	3,945	53.4
Indirect taxes	4,312	4,609	6.9	5,052	9.6
Non-tax revenue	896	1,788	99.6	3,018	68.8
Centre’s revenue (net)	7,558	7,614	0.7	10,170	33.6
Total expenditure	11,267	13,807	22.5	13,004	(5.8)
Capital exp	2,087	3,171	52.0	2,613	(17.6)
Revenue exp	9,181	10,636	15.9	10,391	(2.3)
Fiscal deficit	3,408	6,056	-	2,769	-

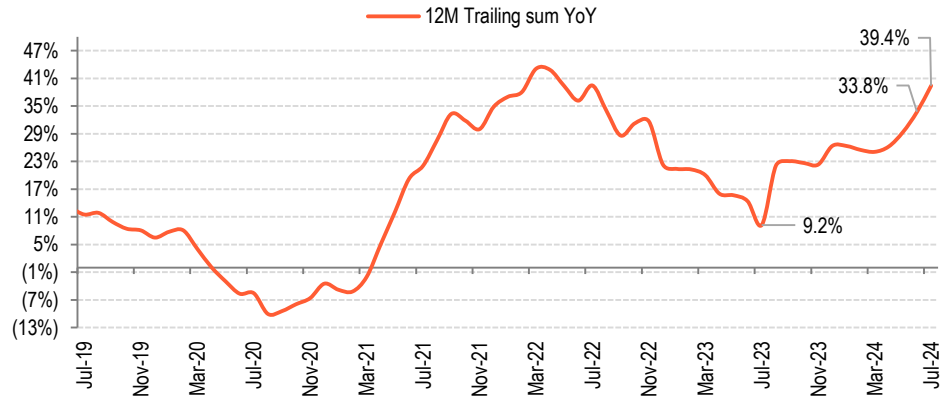
**Fig 120 – Gross direct tax collections driving the growth**



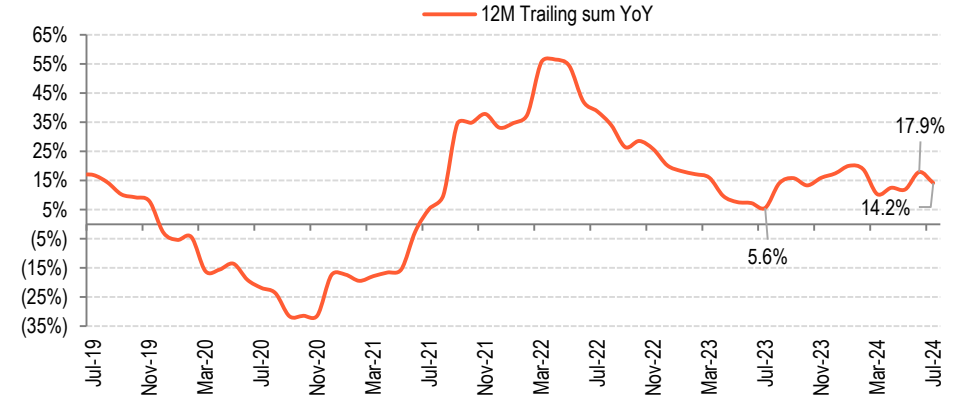
**Fig 121 – Gross indirect tax collections also record an upward momentum**



**Fig 122 – Amongst direct taxes, income tax collections rose considerably...**



**Fig 123 – Corporate tax collections growth slowed in Jul'24**

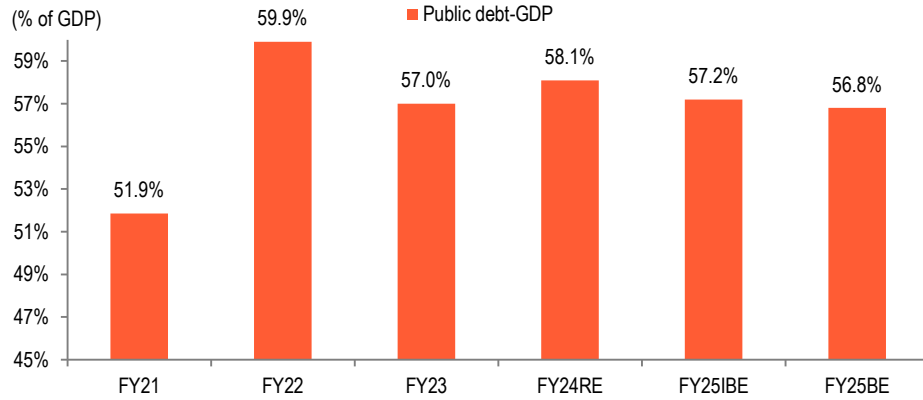


**Fig 124 – GST collections for Jul'24 slowed a tad on MoM basis, but remain higher compared to last year**

(Rs bn)	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Monthly run rate (FYTD25)	FYTD25	FY25 (BE)
CGST	672	627	617	705	661	680	737	711	731	912	677	695	723	752	3,006	9,177
UT GST	2.5	3.1	2.0	11.2	2.5	4.5	4.7	3.8	7.0	2.9	3.1	2.8	0.6	2	9	-
IGST	(24)	63	17	(159)	43	(113)	(65)	(127)	383	(26)	(82)	7	(5)	(27)	(107)	-
SGST*	826	820	970	1,003	824	1,031	891	1,067	855	711	1,023	987	903	906	3,624	-
Cess	114	114	114	119	118	118	116	125	127	130	118	129	128	126	505	1,500
<b>Total GST</b>	<b>1,591</b>	<b>1,627</b>	<b>1,720</b>	<b>1,679</b>	<b>1,649</b>	<b>1,721</b>	<b>1,683</b>	<b>1,780</b>	<b>2,103</b>	<b>1,730</b>	<b>1,738</b>	<b>1,821</b>	<b>1,750</b>	<b>1,760</b>	<b>7,039</b>	<b>-</b>

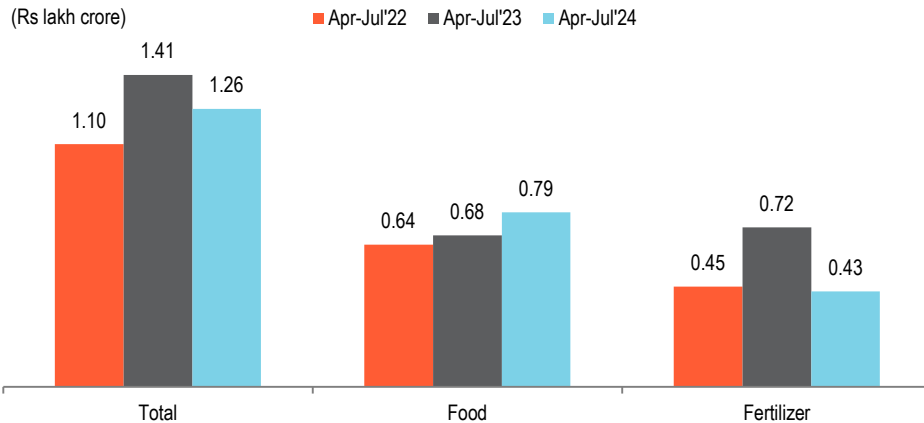
Source: PIB | \*Computed from PIB and CGA data

**Fig 125 – Central government debt is estimated to come down in FY25**

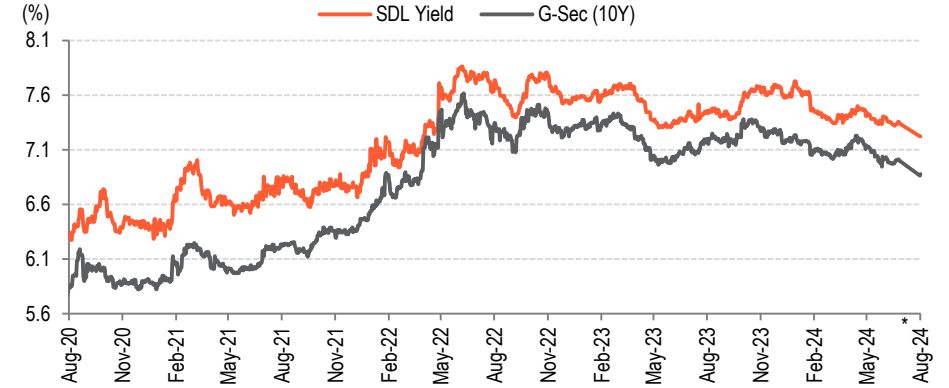


Source: Union Budget documents

**Fig 127 – Total subsidy disbursed so far till Jul'24 lower than last year, led by fertilizer subsidy**

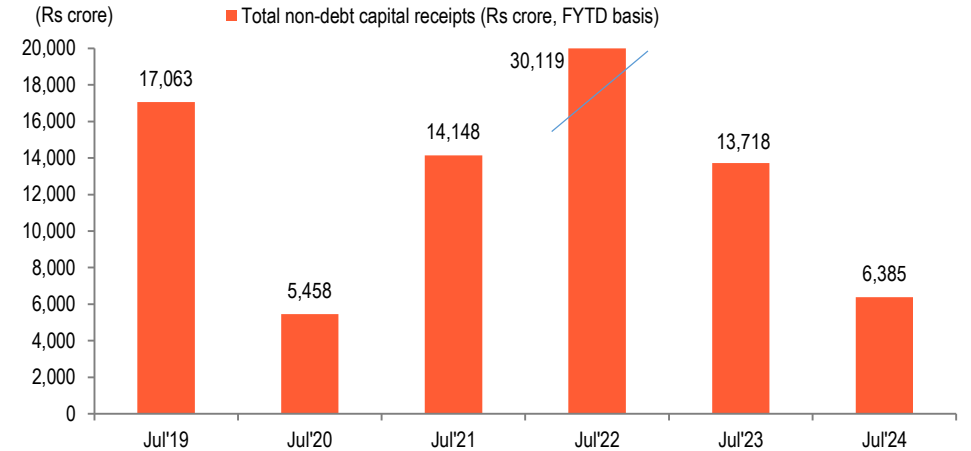


**Fig 126 – Spread between 10Y G-sec and SDL yield seen inching up**



Source: CCIL | \* Data as of 8 Aug 2024

**Fig 128 – Central gov't's non-debt capital receipts as of Jul'24 much lower than last previous years (except Covid-19 period of Jul'20)**



### Central government borrowing

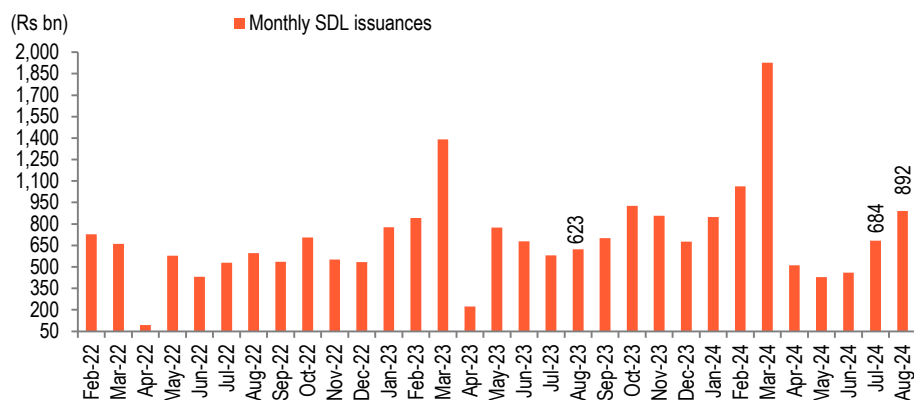
**Fig 129 – Centre’s borrowing through T-bill in Q2\* has been at Rs 2.9 lakh crore**

Total accepted amount (T-bills), (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 (planned)
Q1	2,888	3,089	3,364	5,328	5,375	5,247	4,963	3,469	3,210
Q2	3,186	3,299	3,024	5,417	3,215	3,704	3,899	2,924*	2,600
Q3	2,632	3,070	2,889	3,745	3,630	3,589	3,611		
Q4	2,486	1,812	2,511	2,714	4,766	4,566	4,258		
<b>Total</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>	<b>16,731</b>		

Source: RBI, \*Till 4<sup>th</sup> Sep

### State government borrowing

**Fig 131 – State government borrowings accelerated further in Aug’24**



Source: RBI

**Fig 130 – Centre has raised Rs 2.8 lakh crore in Q2\***

Total accepted amount (G-Sec), (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 (planned)
Q1	1,680	1,320	2,040	3,140	3,064	3,570	4,080	3,410	3,780
Q2	1,890	1,440	2,210	4,220	3,649	4,390	4,800	2,817	3,720
Q3	1,640	1,270	1,930	2,910	3,190	3,510	3,850		
Q4	670	1,680	920	3,191	1,370	2,740	2,700		
<b>Total</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>	<b>15,430</b>		

Source: RBI\* Against budgeted Rs 12.8tn, \* Till 6<sup>th</sup> Sep 2024

**Fig 132 – States have borrowed 73% of the planned amount in Q2FY25 so far\***

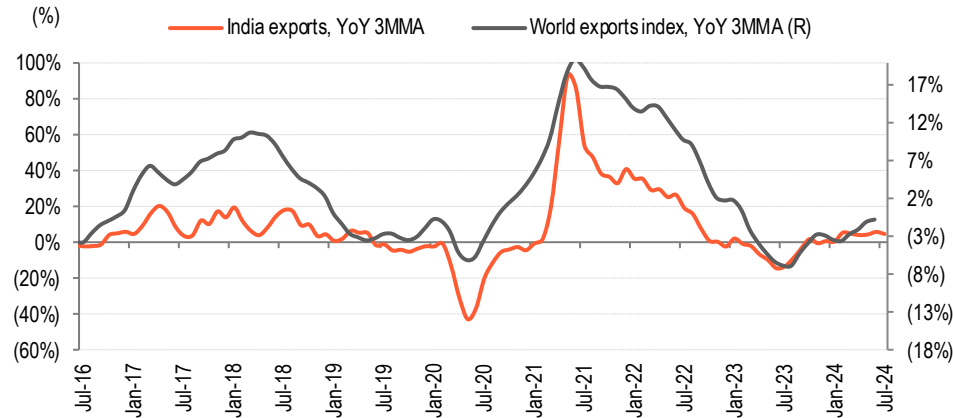
Quarterly SDL issuances, (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FYTD25 (actual)	FY25 (planned)
Q1	766	815	1,673	1,446	1,102	1,677	1,401	2,540
Q2	809	1,439	1,614	1,644	1,661	1,903	1,919*	2,636
Q3	1,277	1,470	2,023	1,653	1,879	2,460		
Q4	1,809	2,006	1,898	2,184	3,009	3,838		
<b>Total</b>	<b>4,661</b>	<b>5,731</b>	<b>7,206</b>	<b>6,927</b>	<b>7,652</b>	<b>9,879</b>		

Source: RBI; \*as of 10 Sep 2024

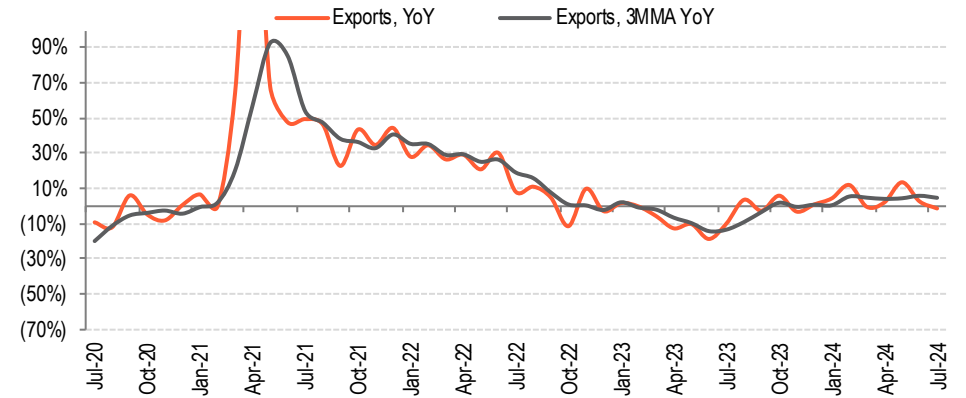
## External sector

### Exports

**Fig 133 – Global export growth still weak**

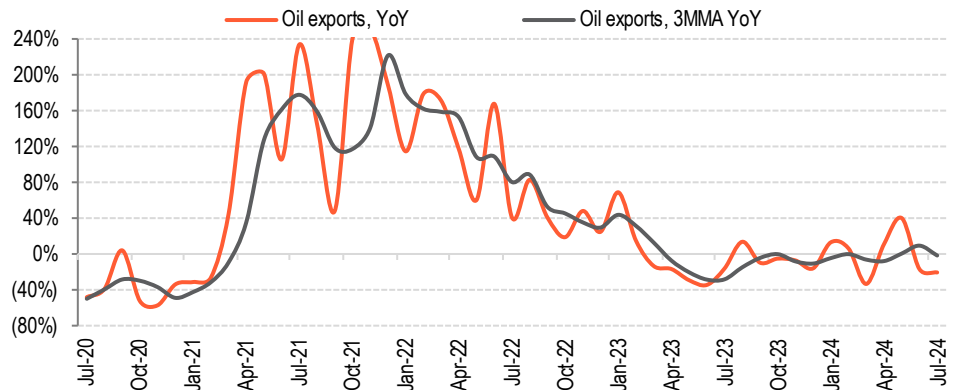


**Fig 134 – India's export declined by 1.5% in Jul'24, up by 4.1% in FY25 (Apr-Jul'24)**

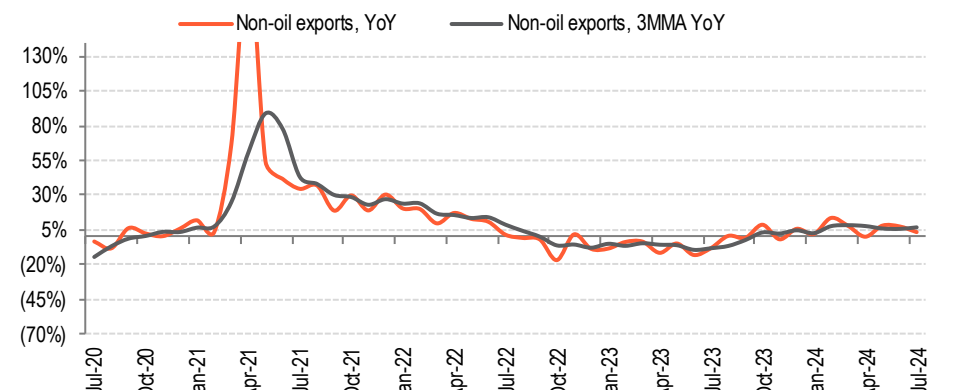


### Exports by major sectors

**Fig 135 – Decline in exports led by sharp dip in oil exports...**

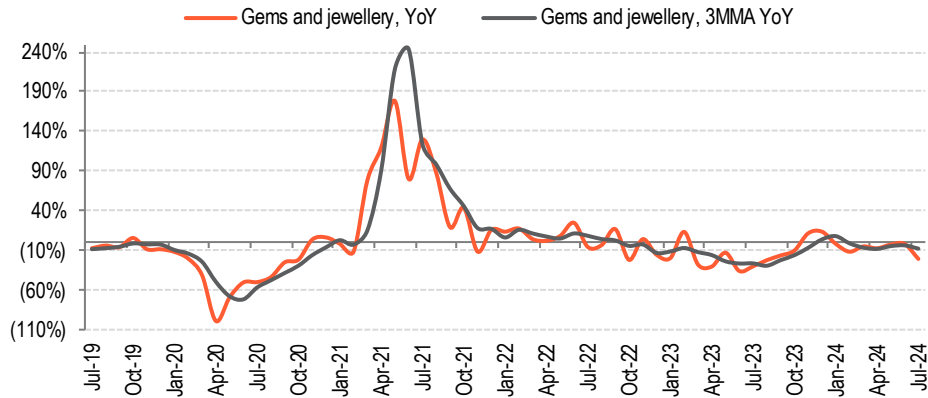


**Fig 136 – ... non-oil exports also moderated**

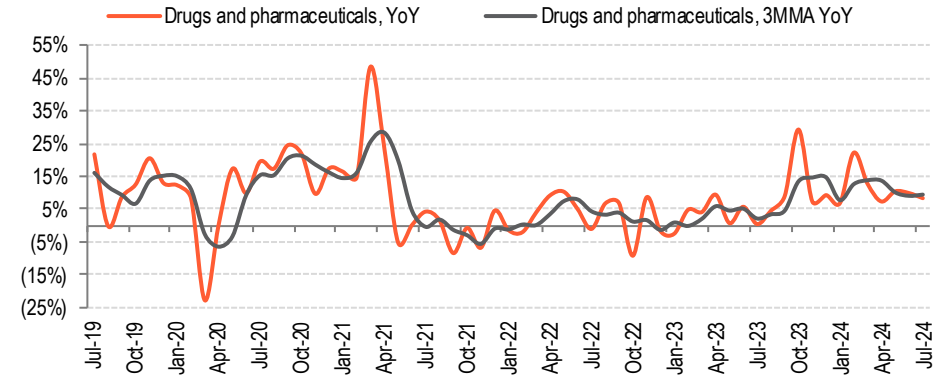




**Fig 137 – Sharp decline in exports of gems and jewellery**

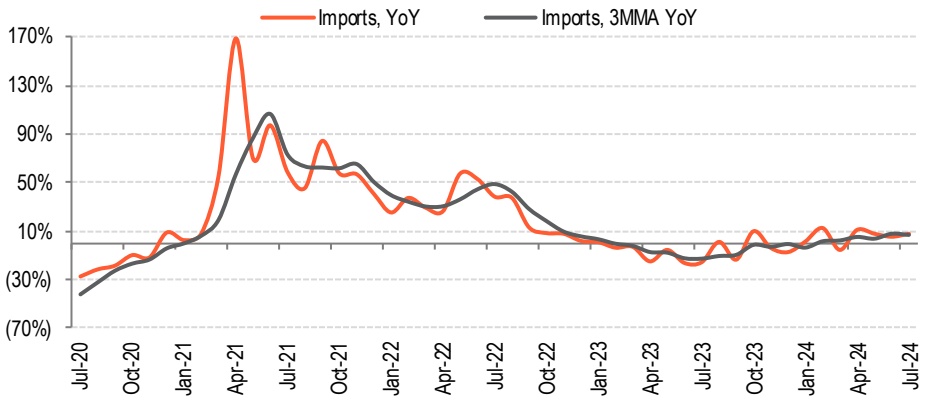


**Fig 138 – Drugs and pharma products steady**

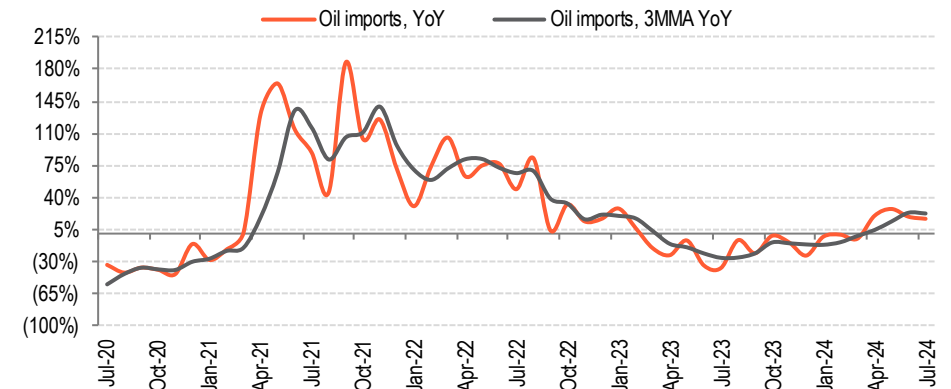


**Imports**

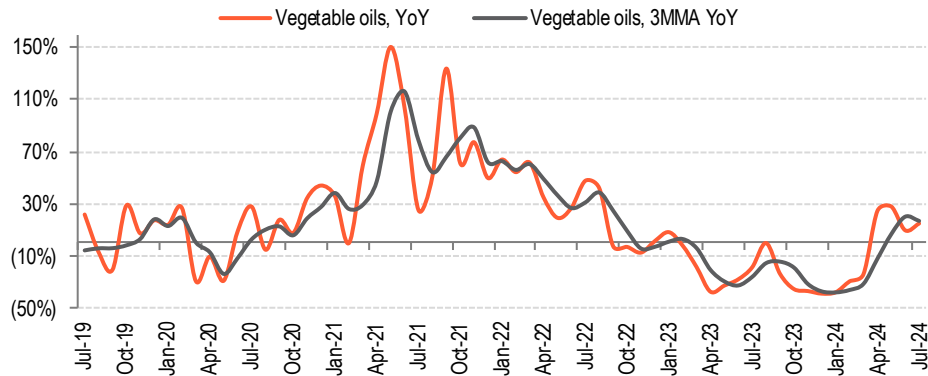
**Fig 139 – Import growth picked up to 7.5% in Jul'24 from 5% in Jun'24**



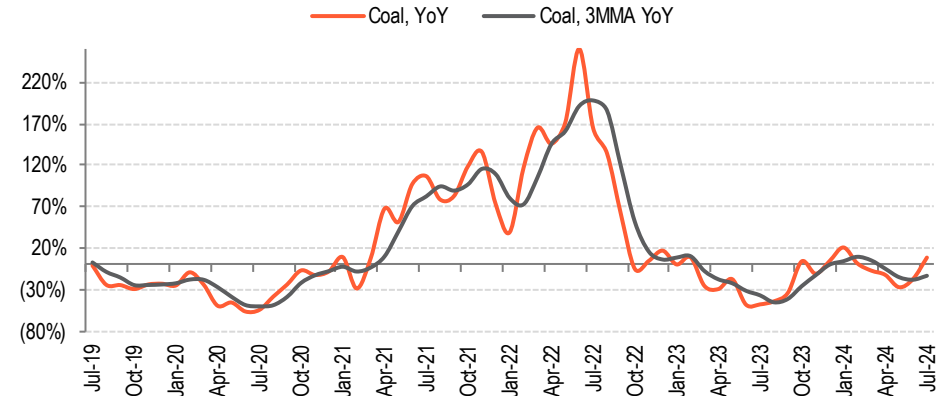
**Fig 140 – Oil imports increased by 17.3% in Jul'24**



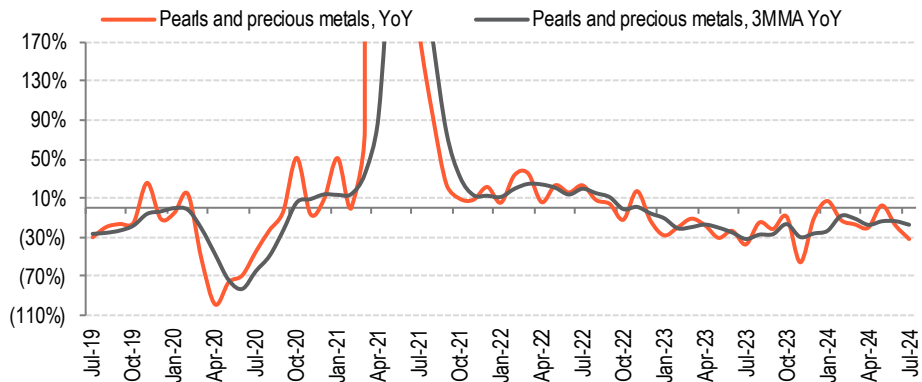
**Fig 141 – Imports of vegetable oils picked up**



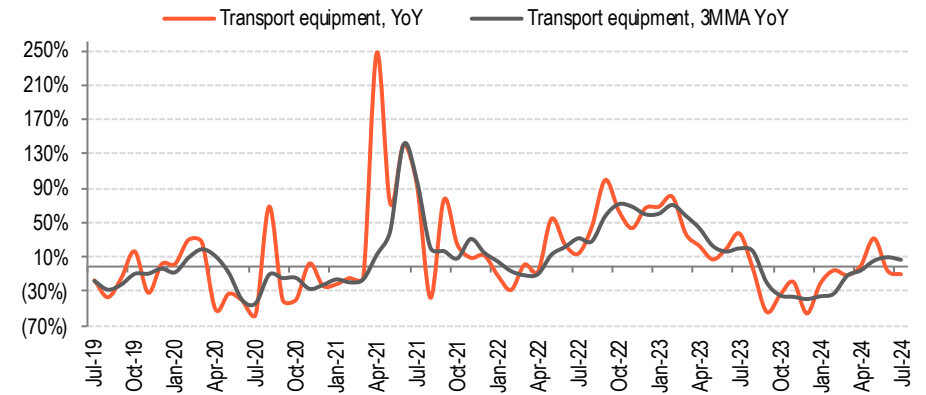
**Fig 142 – Coal imports also edged up**



**Fig 143 – Import of pearls and precious stones continued to be weak**



**Fig 144 – Imports of transport equipment fell**



## Exports and imports by major regions

**Fig 145 – Exports to China have declined in FY25 (Apr-Jul'24)**

Region (% YoY)	Share in FY24	FYTD24	FYTD25	May-24	Jun-24	Jul-24
Americas	26.3	(13.2)	7.4	14.7	4.2	2.9
Asia and Pacific (Ex. China)	3.9	(23.0)	1.0	3.6	3.7	(4.2)
China	23.5	(14.9)	(4.7)	2.5	(1.3)	(9.3)
Europe	22.5	(1.9)	7.0	21.1	(0.3)	(3.6)
Middle East and Africa	22.9	(14.4)	0.8	13.3	1.3	(1.5)
Other	1.0	(4.5)	(4.4)	27.3	(9.2)	(29.5)

**Fig 146 – Barring Europe, imports from all other regions have picked up in FY25**

Region (% YoY)	Share in FY24	FYTD24	FYTD25	May-24	Jun-24	Jul-24
Americas	10.3	(15.1)	1.8	(9.1)	2.4	(2.1)
Asia and Pacific (Ex. China)	25.1	(15.4)	4.5	6.5	4.4	2.7
China	15.1	(5.4)	9.6	2.8	18.4	13.0
Europe	13.9	0.3	(12.3)	(18.3)	(26.0)	(14.2)
Middle East and Africa	26.4	(33.7)	18.0	29.6	11.2	20.6
Other	9.3	81.1	20.9	17.7	20.2	22.3

Trade deficit

Fig 147 – Trade deficit widened to US\$ 23.5bn in Jul'24 from US\$ 21bn in Jun'24

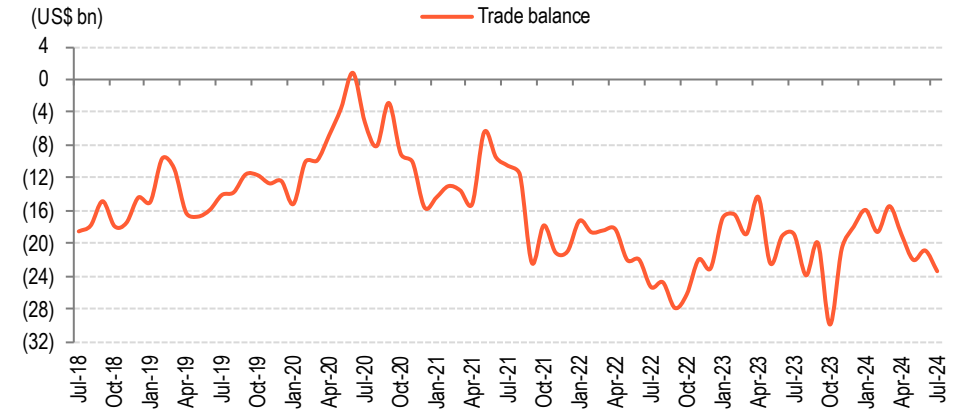
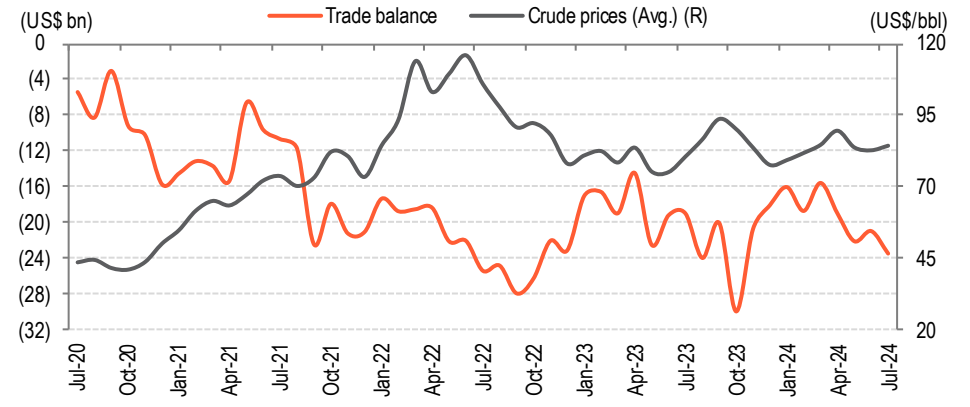


Fig 148 – Oil prices were marginally higher



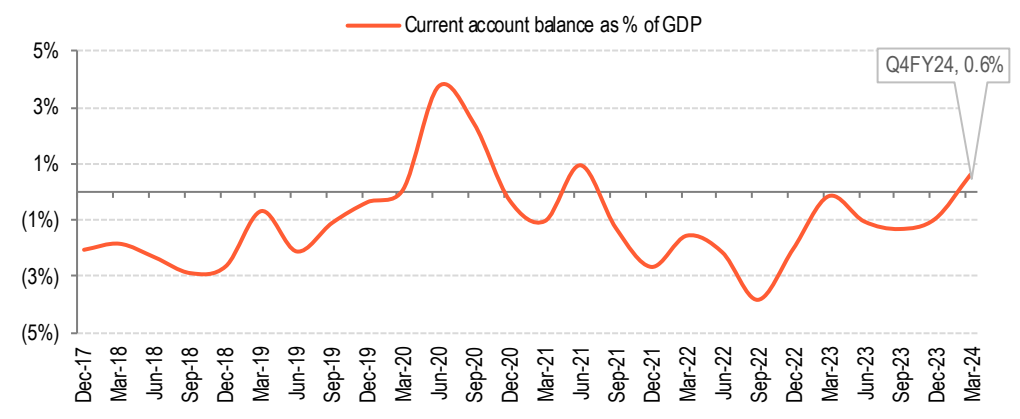
Trade in services

Fig 149 – Services exports rise sharply by 16.6% in Jul'24 compared with 3.7% in Jun'24



BoP

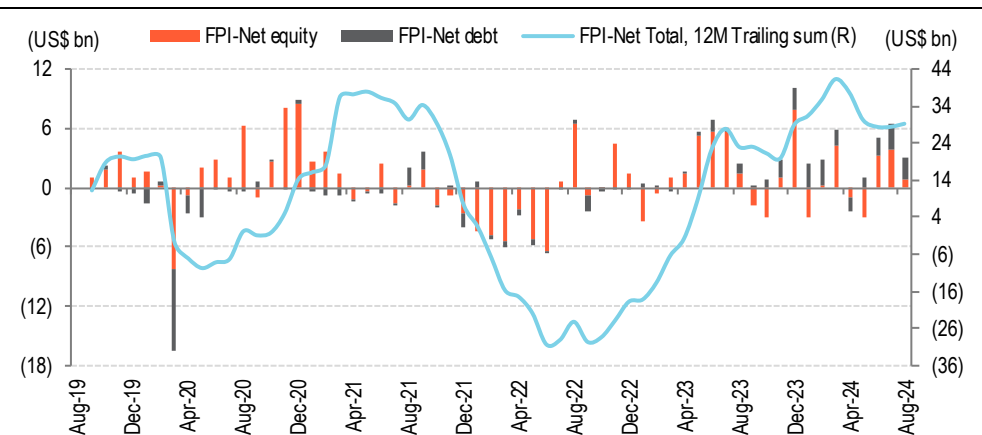
Fig 150 – India's current account recorded a first surplus in the last 11 quarters in Q4 FY24



## Foreign inflows

### FPI inflows

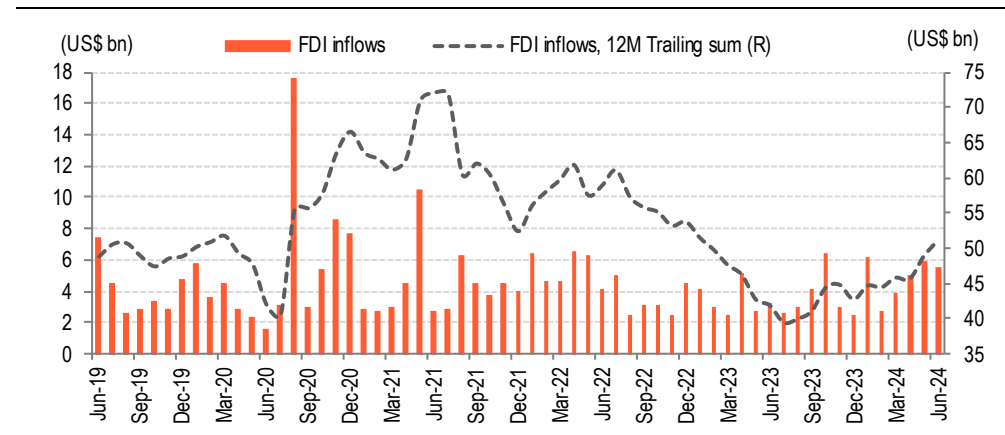
**Fig 151 – FPI inflows ease to US\$ 3bn in Aug'24 from US\$ 5.8bn in Jul'24**



Source: Bloomberg

### FDI inflows

**Fig 152 – FDI equity inflows pickup in FYTD25, at US\$ 16.5 in Q1 FY25**



Source: RBI, Bank of Baroda Research

**Fig 153 – FDI inflows into services sector rise sharply in Q1FY25**

Sector	% Share FY24	FY23	FY24	Q1FY24	Q4FY24	Q1FY25
Computer software and hardware	17.9	9.4	8.0	1.0	4.6	2.7
Services Sector	14.9	8.7	6.6	2.5	1.5	4.0
Construction (Infrastructure) activities	9.5	1.7	4.2	0.8	0.4	0.7
Trading	8.7	4.8	3.9	0.5	1.2	0.5
Non Conventional Energy	8.5	2.5	3.8	0.7	1.6	1.0
Automobile industry	3.4	1.9	1.5	0.4	0.6	0.4
Drugs and Pharmaceuticals	2.4	2.1	1.1	0.1	0.2	0.2

Source: DIPP

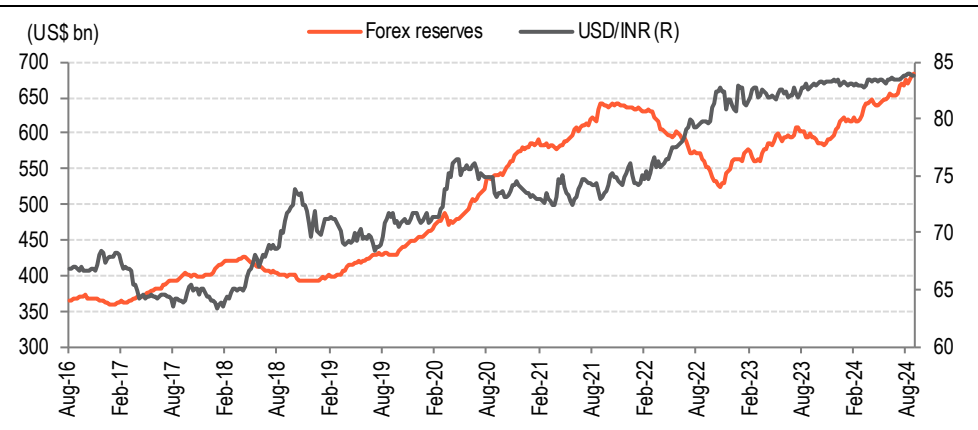
**Fig 154 – Country wise, inflows from Mauritius recover in Q1FY25**

Country (US\$ bn)	% Share FY24	FY23	FY24	Q1FY24	Q4FY24	Q1FY25
Singapore	26.5	17.2	11.8	3.0	4.3	3.9
Mauritius	17.9	6.1	8.0	1.0	0.9	3.2
US	11.3	6.0	5.0	1.1	2.2	1.5
Netherlands	11.1	2.5	4.9	1.5	2.6	2.5
Japan	7.2	1.8	3.2	1.2	0.4	0.6
UK	2.7	1.7	1.2	0.4	0.3	0.1

Source: DIPP

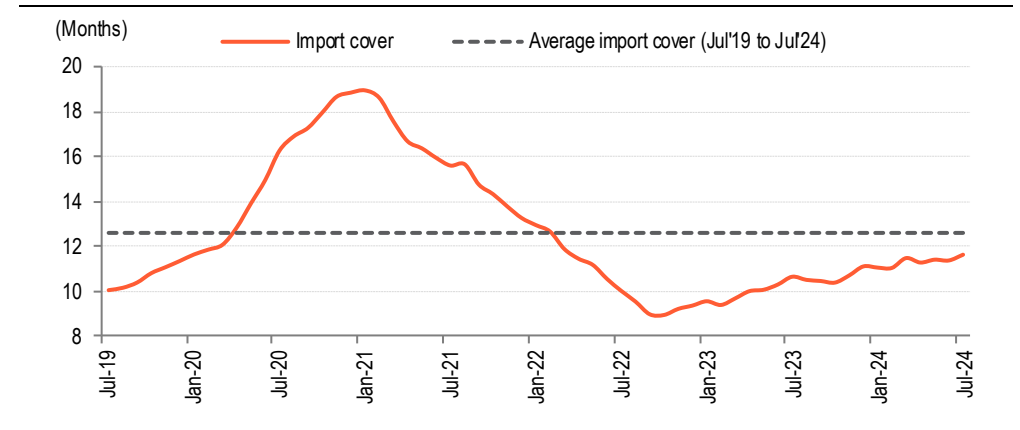
Forex reserves and external debt

**Fig 155 – India’s FX reserves at US\$ 684bn in Aug’24; accretion of US\$ 38.4bn in FYTD25**

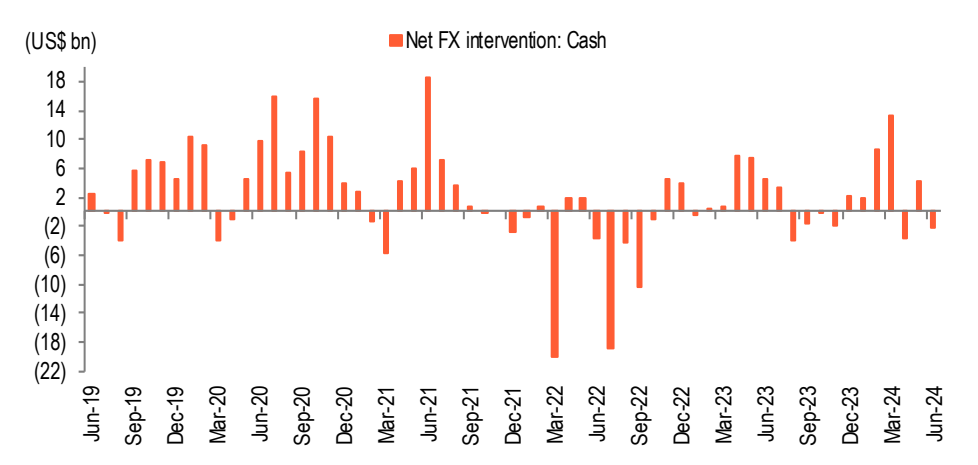


Source: Bloomberg | Note: Weekly data as of 30 August 2024

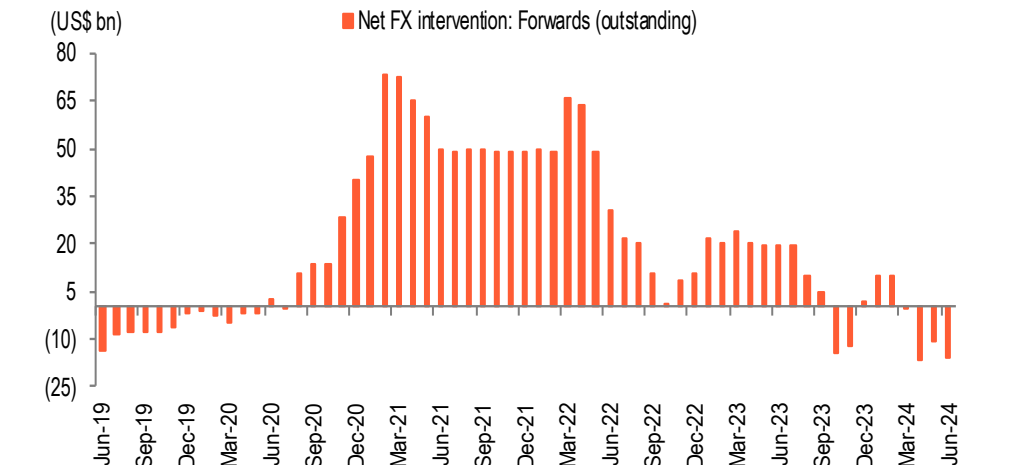
**Fig 156 – India’s import cover at ~11 months**



**Fig 157 – RBI’s sold net US\$ 2.1bn in the spot market in Jun’24**



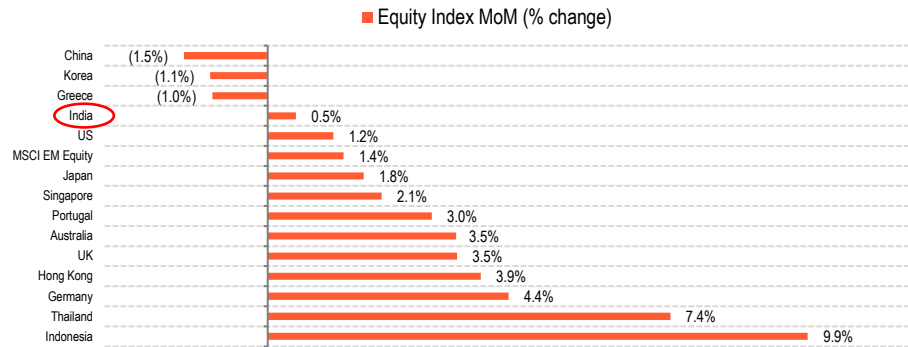
**Fig 158 – RBI’s outstanding forwards book contracted in Jun’24**



Markets

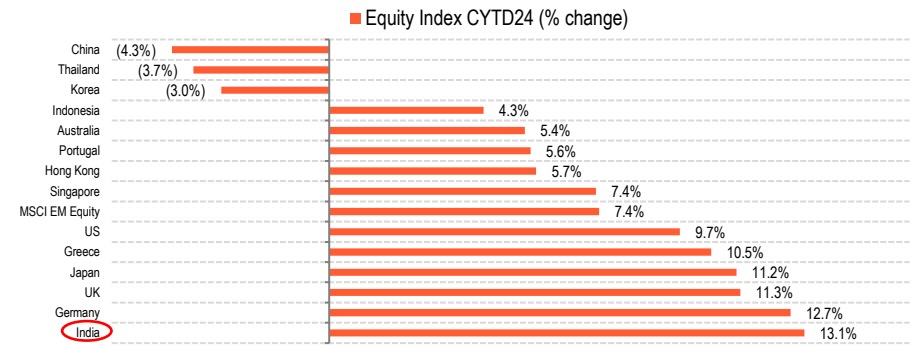
Equity

Fig 159 – In Aug'24, Sensex underperformed MSCI EM, rising by only 0.5%



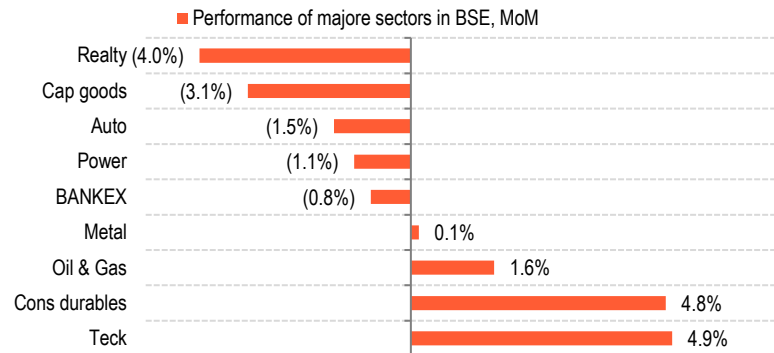
Source: Bloomberg | \* As on 30 Aug 2024, Indices are in US\$ terms

Fig 160 – In CYTD24, Sensex rose at the sharpest pace by 13.1%



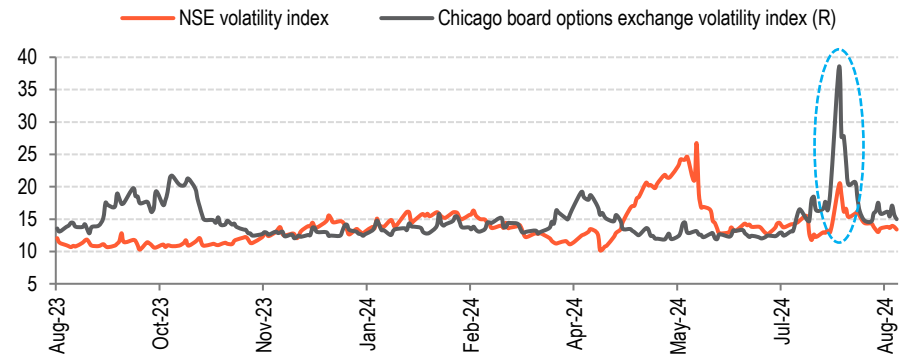
Source: Bloomberg | \* As on 30 Aug 2024, Indices are in US\$ terms

Fig 161 – Technology stocks rose the most



Source: Bloomberg | \* As on 30 Aug 2024

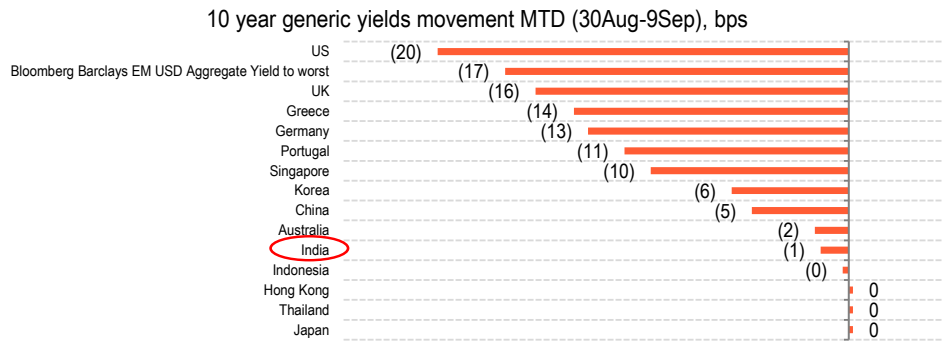
Fig 162 – VIX index was at 13.39 as on 30 Aug 2024 compared to 13.25 as on 31 Jul'24



Source: Bloomberg

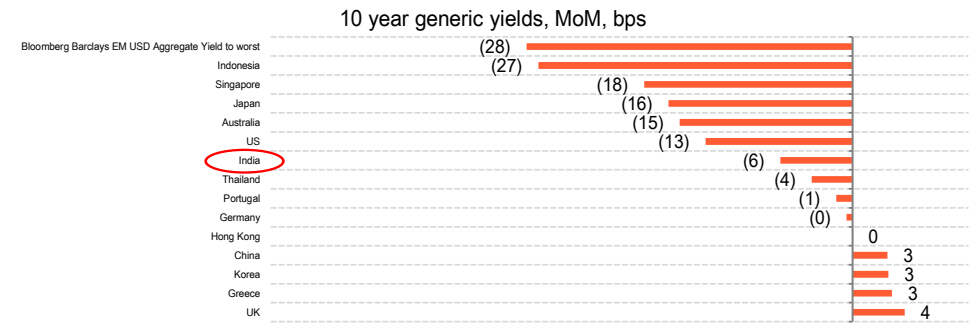
10-year bond yields

Fig 163 – In Sep'24\*, India's 10Y yield has fallen a tad by 1bps



Source: Bloomberg, \*As on 9 Sep 2024

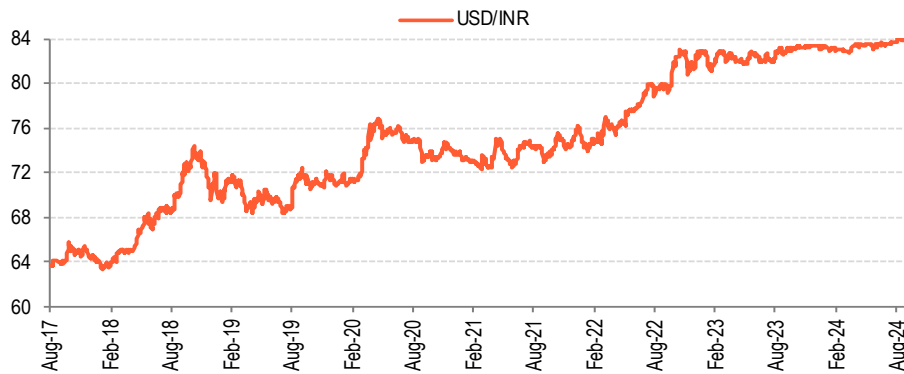
Fig 164 – In Aug'24, India's 10Y yield has fallen by 6bps



Source: Bloomberg, As on 30 Aug 2024

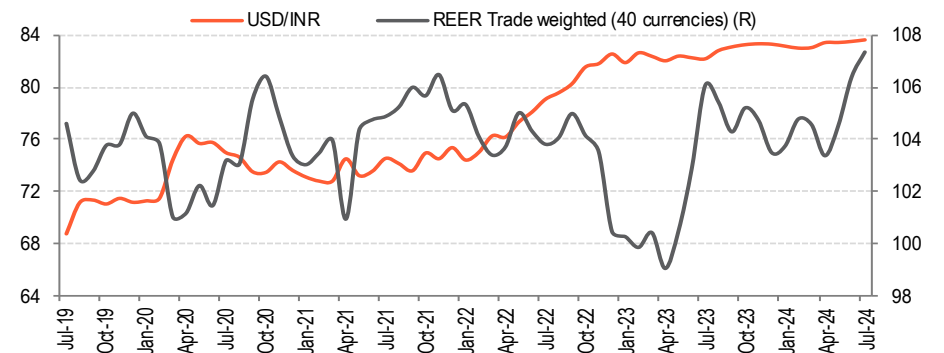
Currencies

Fig 165 – INR depreciated by 0.2% in Aug'24



Source: Bloomberg | \*As on 31 Aug 2024

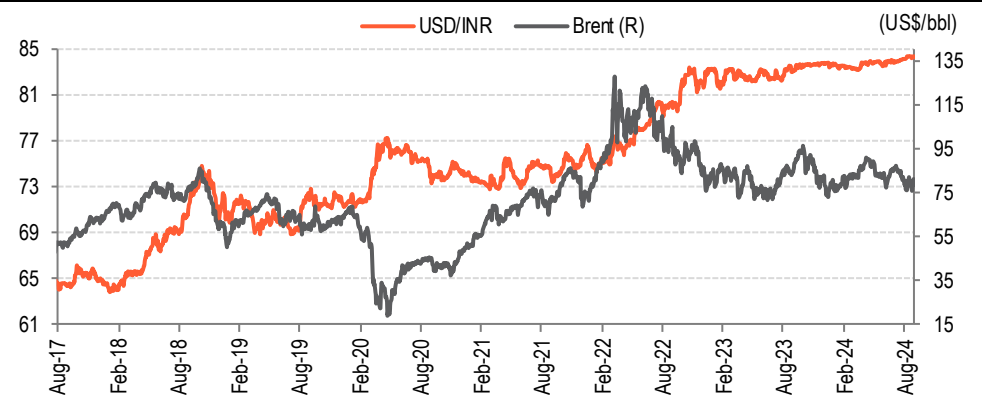
Fig 166 – INR overvalued by 7.3% on REER basis (Jul'24)



Source: Bloomberg

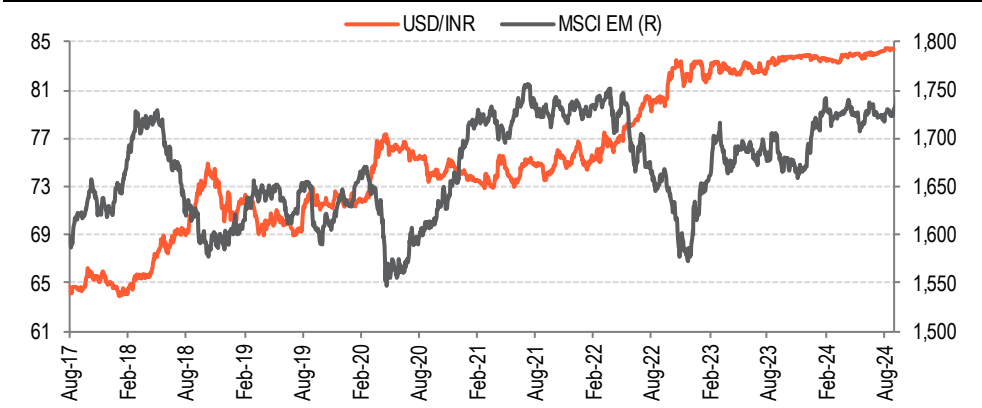


Fig 167 – Despite stable oil prices



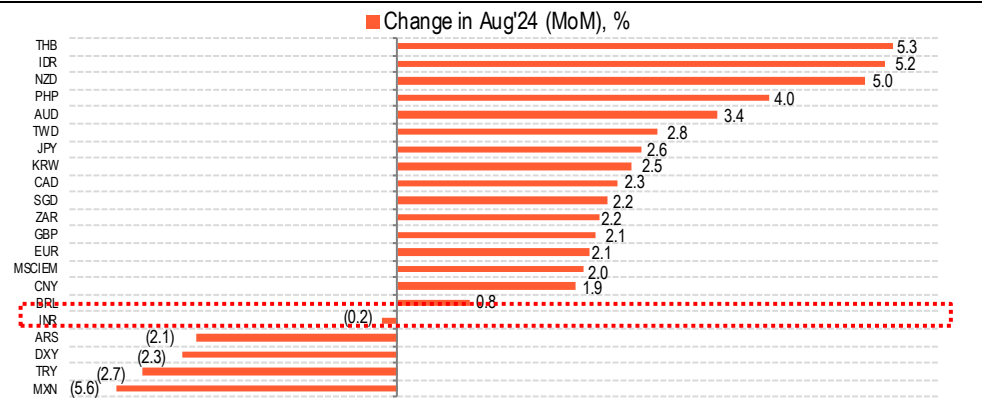
Source: Bloomberg | \*As on 30 August 2024

Fig 168 – .. EM currencies appreciated



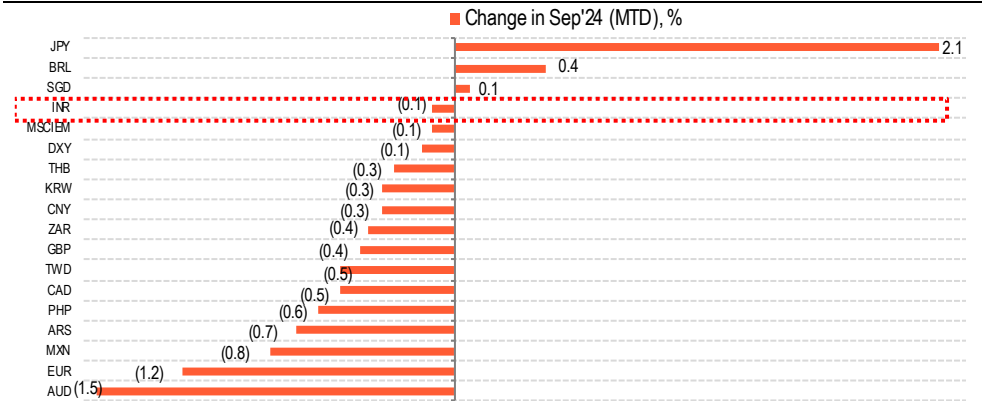
Source: Bloomberg | \*As on 30 August 2024

Fig 169 – INR depreciated in Aug'24 , despite a weaker dollar



Source: Bloomberg | \*As on 30 August 2024

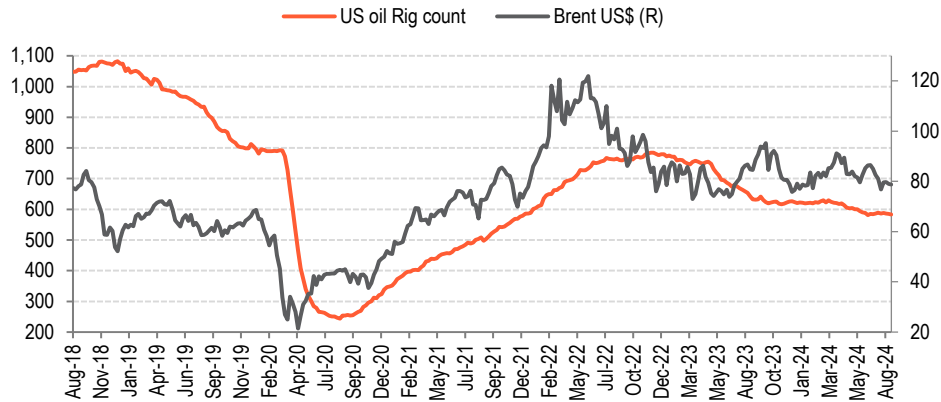
Fig 170 – In Sep'24, INR has depreciated further by 0.1% to trade near a record low



Source: Bloomberg | \*As on 9 Sep 2024

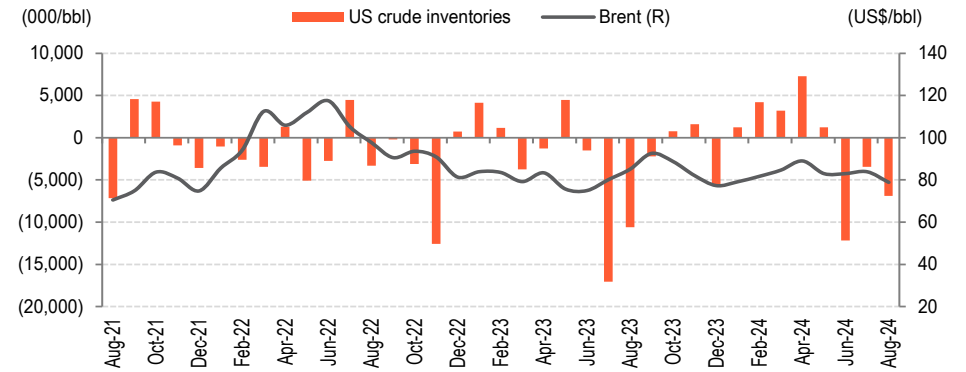
Commodities

Fig 171 – US rig count moderated



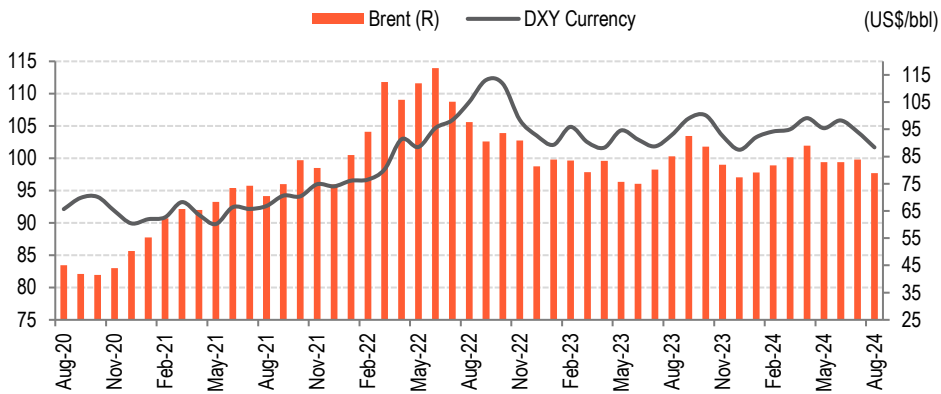
Source: Bloomberg

Fig 172 – Crude inventories have fallen



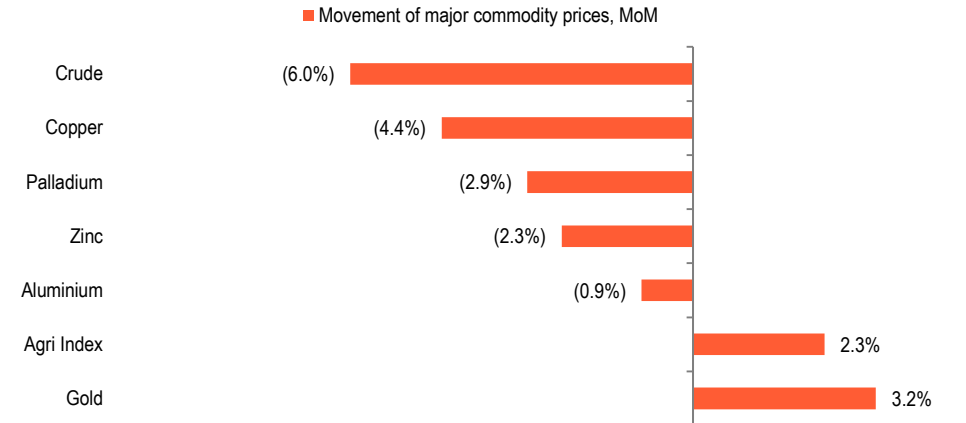
Source: Bloomberg

Fig 173 – Oil price averaged at US\$ 78.9/bbl in Aug'24 from US\$ 83.9/bbl in Jul'24, DXY softened to 101.7 from 104.1, over speculation of faster pace of rate cut by Fed



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

Fig 174 – Oil prices fell the most



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-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
<b>Agriculture</b>													
Tractor sales	(4.1)	(15.6)	(5.3)	1.5	(21.3)	(14.5)	(25.7)	(19.5)	(2.9)	0.5	3.5	1.4	-
Two wheeler sales	6.3	21.7	(12.6)	21.1	27.6	15.0	13.3	5.4	33.2	2.5	4.7	17.2	6.7
MNREGA work (HH)	16.4	7.3	13.4	(10.7)	(13.0)	(13.0)	(8.0)	(27.0)	(2.3)	(7.1)	(14.8)	(16.4)	(13.6)
<b>Manufacturing</b>													
IIP: General index	10.9	6.4	11.9	2.5	4.4	4.2	5.6	5.5	5.0	6.2	4.2	-	-
IIP: Manufacturing	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.9	3.9	5.0	2.6	-	-
IIP: Capital goods	13.1	8.4	21.7	(1.1)	3.7	3.2	1.7	7.0	2.7	2.9	2.4	-	-
IIP: Infra & construction goods	15.7	10.1	12.6	1.5	5.5	5.5	8.3	7.4	8.0	6.3	4.4	-	-
IIP: Consumer goods	6.0	1.0	15.9	(4.8)	5.2	11.6	12.6	9.5	10.0	12.6	8.6	-	-
Steel	16.3	14.8	13.6	9.8	8.3	9.2	9.4	7.5	8.8	6.7	6.7	7.2	-
Cement	19.7	4.7	17.0	(4.8)	3.8	4.0	7.8	10.6	0.2	(0.6)	1.9	5.5	-
Electricity	15.3	9.9	20.3	5.7	1.2	5.7	7.6	8.6	10.2	13.8	8.6	7.0	-
PMI: Manufacturing	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5
<b>Services</b>													
Services PMI index	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.9
Automobile sales	8.6	20.4	(7.7)	18.5	21.1	15.0	13.1	3.1	26.7	2.6	0.7	13.8	4.0
Passenger vehicle sales	6.5	19.0	(1.4)	17.2	2.7	13.3	12.4	(6.2)	15.9	(1.0)	(6.8)	10.2	(1.9)
Vehicle registration	9.8	21.2	(6.6)	19.6	22.0	16.1	14.0	3.8	27.5	3.2	1.4	14.5	2.7
Rail freight traffic	6.4	6.7	8.5	4.3	6.4	6.4	10.1	8.6	1.4	3.7	10.1	4.5	0.0
Port cargo volume	4.2	0.1	13.8	17.0	0.7	3.2	2.4	3.6	1.3	3.7	6.8	6.0	6.7
Credit growth	19.7	17.6	20.4	21.1	20.0	20.3	20.5	20.2	19.2	20.7	17.4	13.7	13.6
Deposit growth	13.2	12.3	13.2	14.2	13.3	13.2	13.1	13.5	12.6	14.0	11.1	10.6	10.8
CIC	4.0	4.1	2.9	4.3	4.0	3.9	3.7	4.1	3.2	4.6	6.0	6.4	5.7
Toll collection (in mn)	308.0	298.9	319.7	320.8	337.2	331.4	323.4	338.7	328.1	347.4	334.4	312.3	329.0
Diesel consumption	5.2	3.8	9.3	(3.1)	(2.4)	3.4	6.3	2.7	1.4	2.4	1.0	4.5	(2.5)
GST E-way bill (in mn)	93.4	92.0	100.3	87.6	95.3	96.0	97.3	103.5	96.7	103.2	100.1	104.9	-
<b>External Trade</b>													
Merchandise exports	3.5	(2.8)	5.8	(3.3)	0.8	4.3	11.9	(0.6)	2.0	13.4	2.5	(1.5)	-
Merchandise imports	0.7	(14.0)	9.5	(4.3)	(7.8)	1.0	12.2	(6.0)	10.7	7.4	5.0	7.5	-
Services exports	8.3	(2.7)	10.7	4.2	1.7	10.8	3.4	(1.4)	17.7	10.2	3.7	16.6	-
Services imports	(0.9)	(10.4)	(0.4)	(11.1)	(1.1)	0.1	1.7	(2.1)	19.1	5.4	(3.8)	15.7	-

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

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