

India Economics

Monthly Chartbook

June 2024

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Budget to focus on fiscal consolidation

Domestic macro fundamentals continue to post steady recovery. However, inflation is still worrisome with major upward momentum visible in vegetables, pulses and cereals. Unless these segments witness some correction, 4% headline number does not seem feasible in the near term. Major event in the coming days is likely to be the final Budget where there is anticipation of a change in spending pattern. Revenue spending is likely to gain prominence to spur consumption demand. Fiscal prudence would be at the core. Market fundamentals such as domestic yield would witness further downward correction supported by index related flows. INR might come under some pressure as deferment of Fed rate cycle seems likely.

Rural demand to turn strong this year: RBI's survey reflected consumer confidence was marginally down but there is an expectation of a rise in overall spending in the next 1-year, for both essential and non-essential items. There has been a steady rise in power demand, electronic imports and digital payments. On agri front, overall growth in this sector in FY24 has been lower than last year. A rebound is expected in FY25 supported by favourable base and expectation of above normal monsoon. India's foodgrain production (3rd AE) is expected to be marginally lower in the year 2023, but remains higher, compared with average foodgrain production of past 5-years.

FY24 FD lower than target: Centre's fiscal deficit ratio (% of GDP) eased to 5.6% in FY24, lower than 5.8% as per FY24RE. This was on account of higher than anticipated revenue receipts (mainly due to non-tax receipts). In FY24, centre's overall spending growth eased to 5.9% from 7.1% as per FY24RE, dragged by revenue spending (1.2% versus 2.5% as per RE). Capex growth broadly met the target (Rs 9.49 lakh crore versus Rs 9.5 lakh crore as per RE).

Income side noted an increase. Centre's net revenue receipts were at Rs 27.3 lakh crore versus RE of Rs 27 lakh crore. Within this, tax receipts were up at Rs 23.26 lakh and non-tax receipts jumped to Rs 40.2 lakh crore versus Rs 37.6 lakh crore. For FY25, we expect the government to keep the fiscal deficit target unchanged from the interim budget at 5.1%.

Yields exhibited volatility: India's 10Y yield showed considerable moderation. The medium to longer part of the curve shifted downwards completely. Frontloading of FPIs in debt (US\$ 1.1bn in May'24 and US\$ 0.6bn till 10th Jun) ahead of index inclusion, RBI's surplus transfer to government, election-driven sentiments and falling US yield (18bps decline in May'24), have supported the downward momentum. However, in Jun'24, domestic yield have shown slight correction. This was in line with movement of US 10Y yield where again the rhetoric changed to no rate cut or a postponement of rate cut till Nov'24. On domestic liquidity, the reversal of deficit will soon be witnessed as gradually post announcement of fuller Budget, government spending would notice some momentum. All these support a lower narrative for domestic yield.

INR remains stable: INR ended May'24 flat as gains from a softer dollar and lower oil prices were offset by FPI outflows and volatility in the domestic markets. There has been some pressure on INR in Jun'24, as expectations of a Fed rate cut in Sep'24 have once again dwindled. We believe that in INR's trajectory in the short term will depend on Fed's rate path. Over the longer term, robust macrofundamentals suggest that the domestic currency is likely to appreciate. The extent of appreciation will however be limited by RBI intervention.

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

High frequency indicators

Fig 1 – Power demand surges in May’24

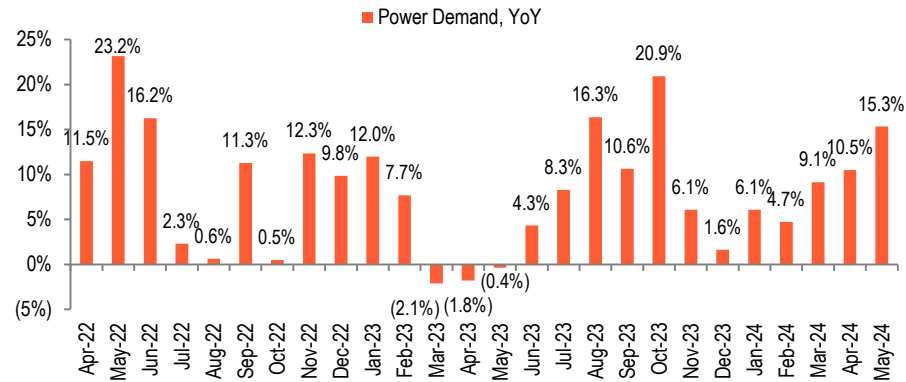
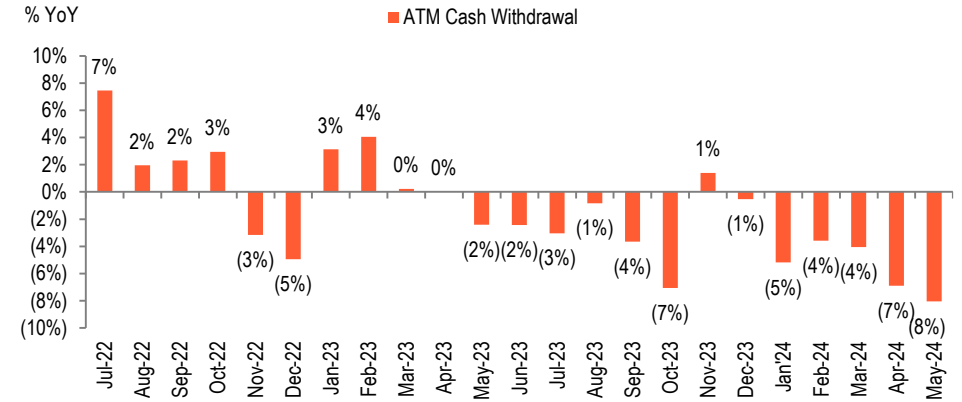
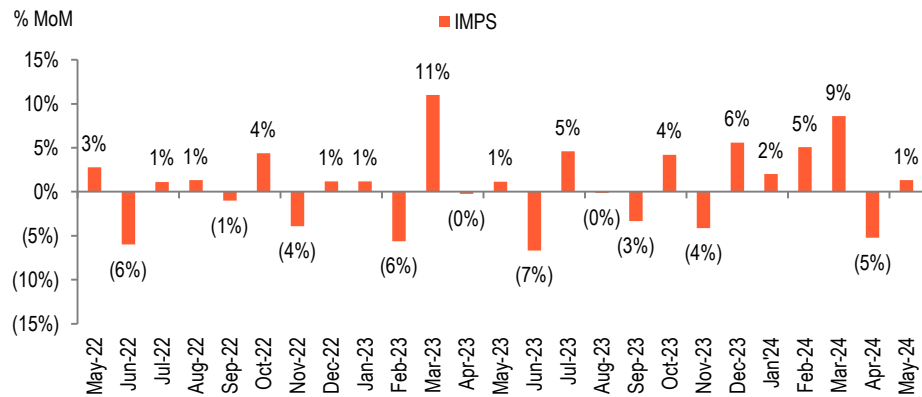


Fig 2 – Growth for cash withdrawal continues to decline



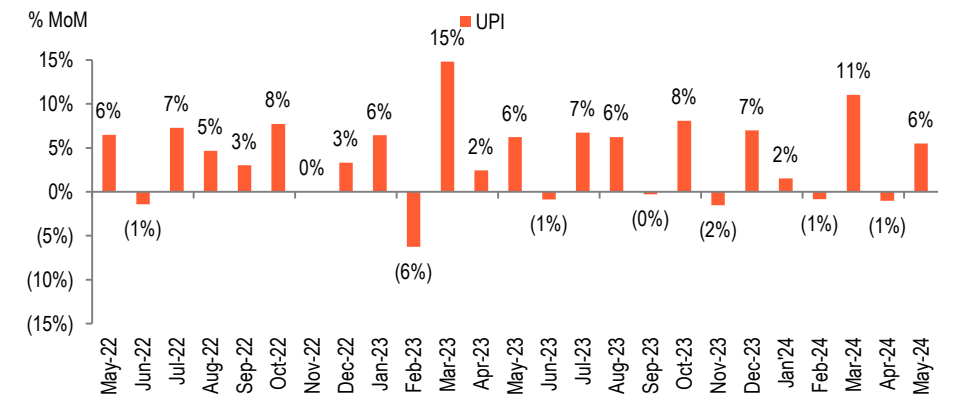
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – Volume of IMPS transactions rebounds



Source: RBI

Fig 4 – Growth bounces back in UPI payments



Source: RBI

Fig 5 – Growth in fertilizer sales dips

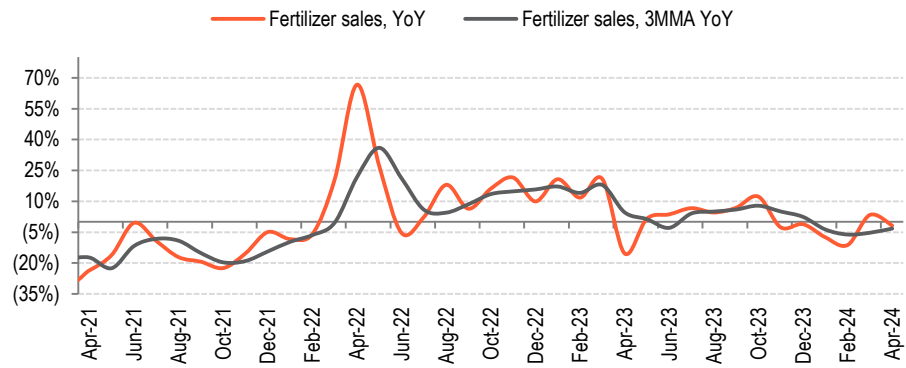
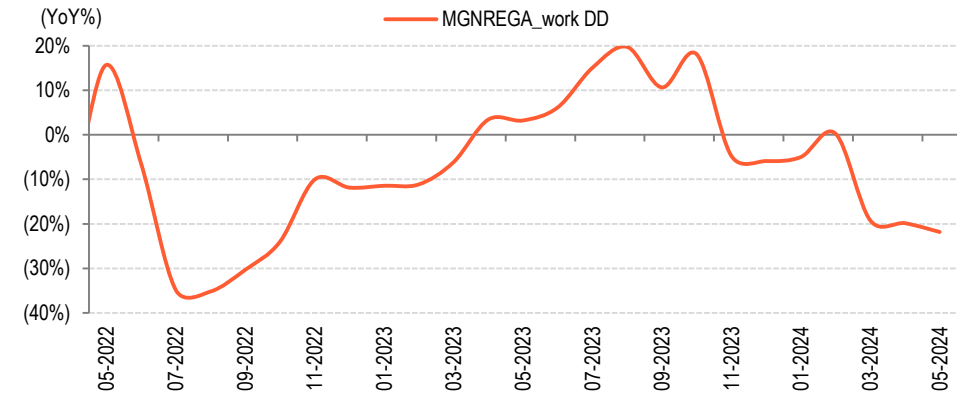


Fig 6 – Demand for work (MGNREGA-household) moderates



Final consumption expenditure

Fig 7 – Private consumption remains steady in Q4

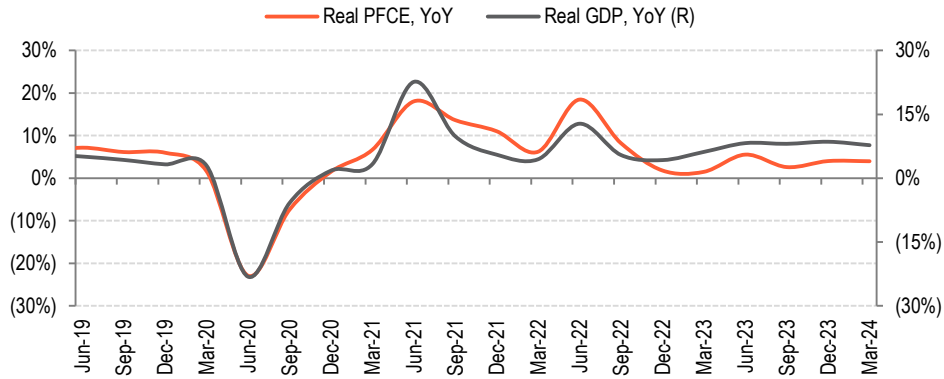


Fig 8 – Government consumption growth rebounds in Q4

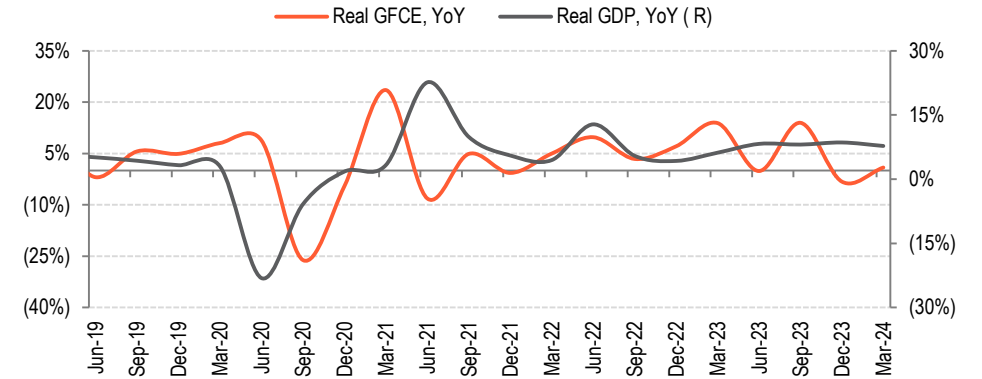


Fig 9 – General govt. revenue spending inch up

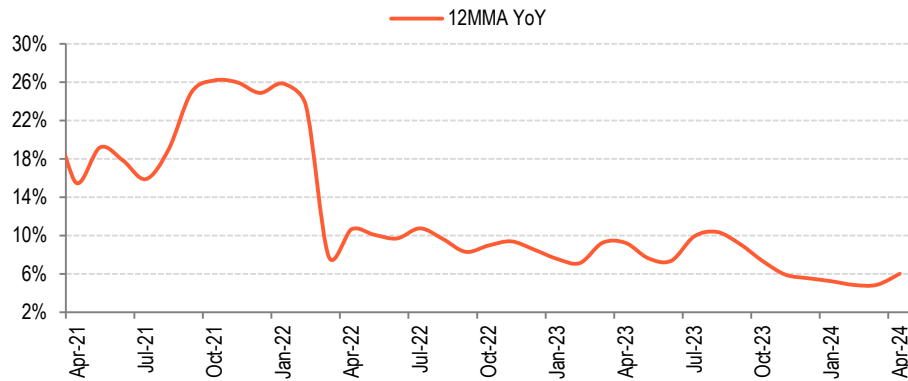
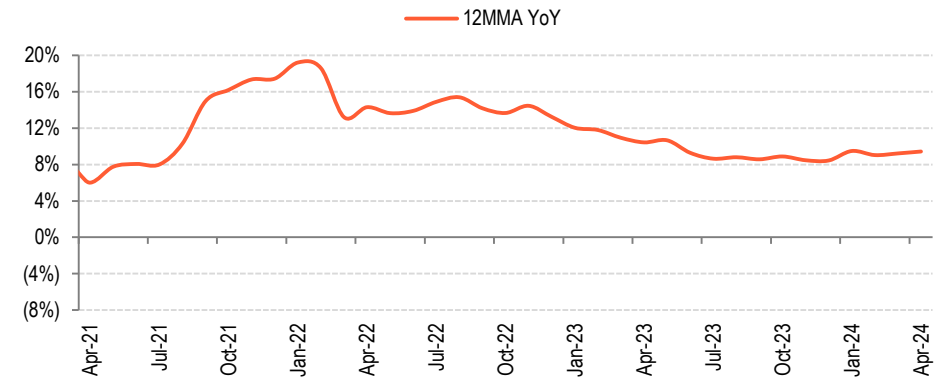


Fig 10 – State* govt. revenue spending remains steady



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

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports moves up

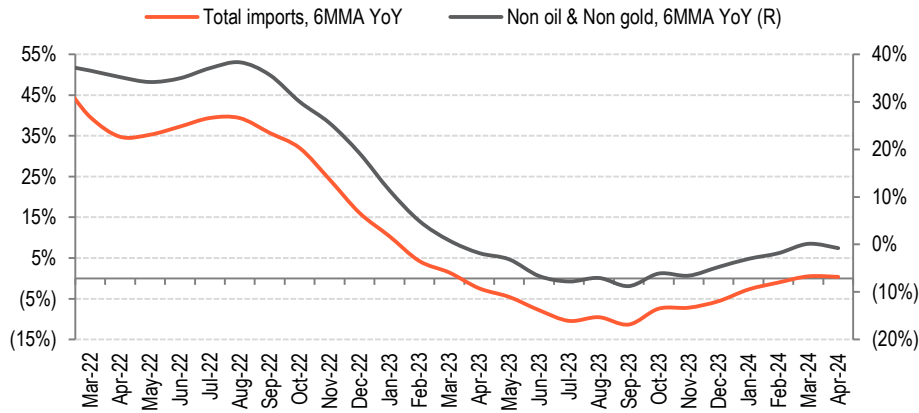


Fig 12 – Growth in electronic imports rebounds

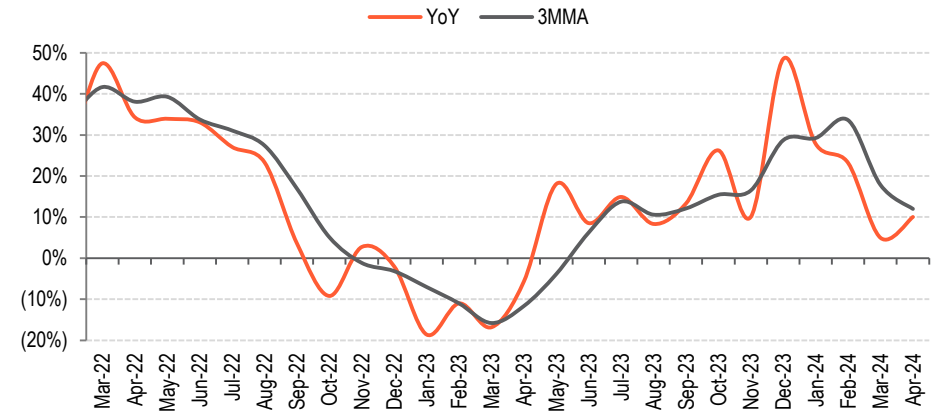
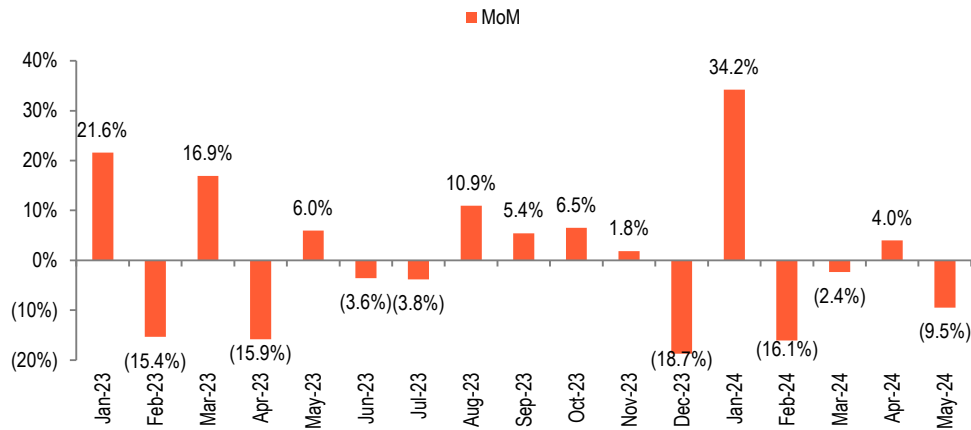
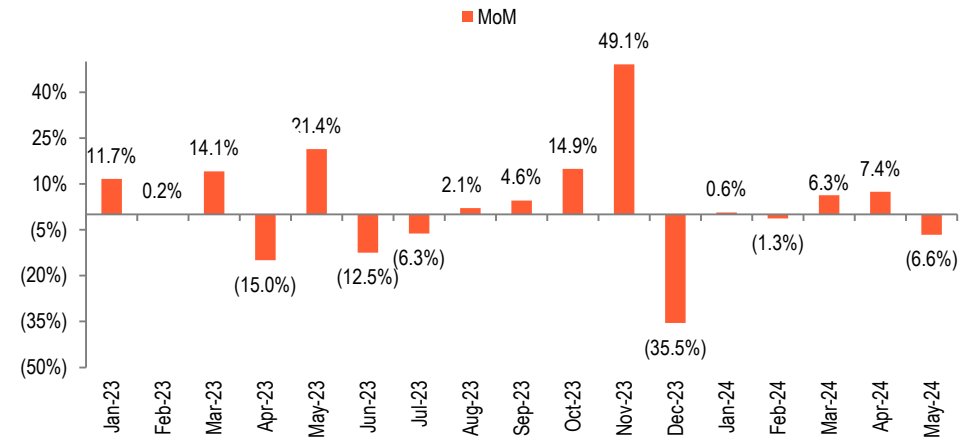


Fig 13 – Contraction in retail passenger vehicle sales



Source: FADA

Fig 14 – Similar state for two-wheeler sales



Credit deployment of personal loans

Fig 15 – Moderation in credit card loan growth

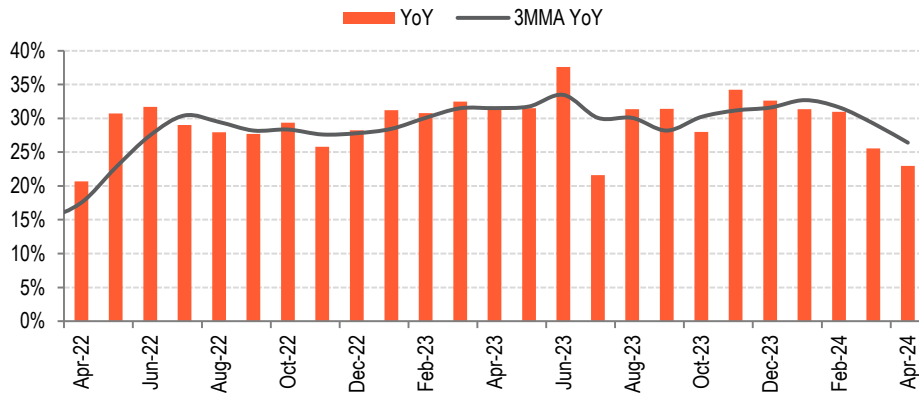


Fig 16 – Growth in personal loan remains steady

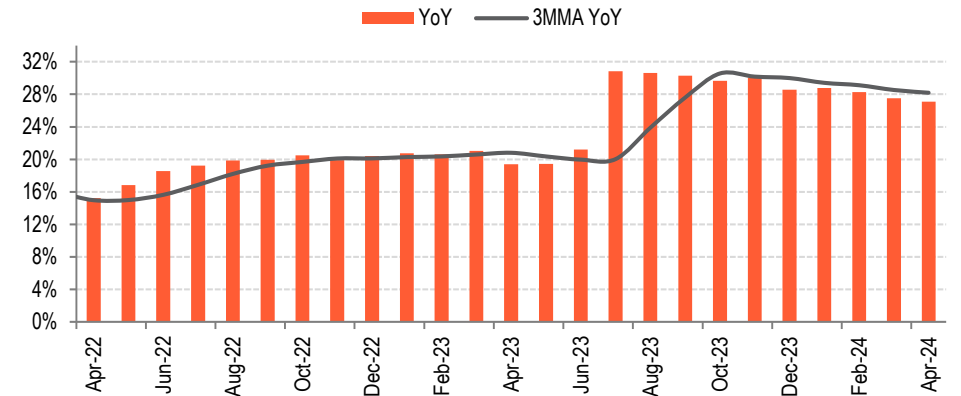


Fig 17 – Slower growth in vehicle loans

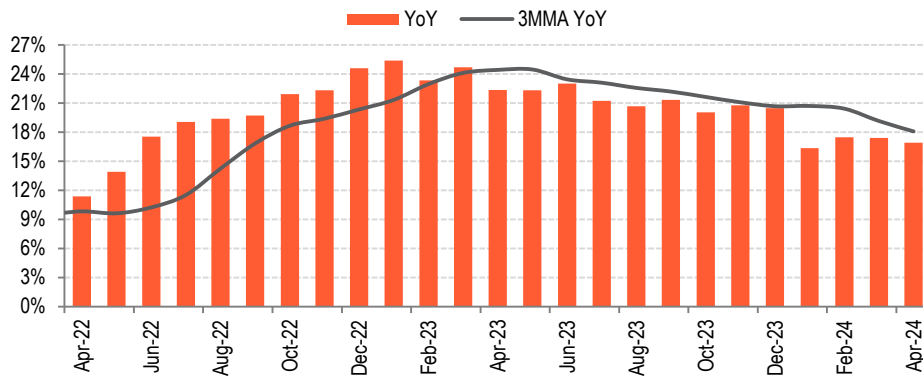


Fig 18 – Consumer's confidence for current level decline marginally

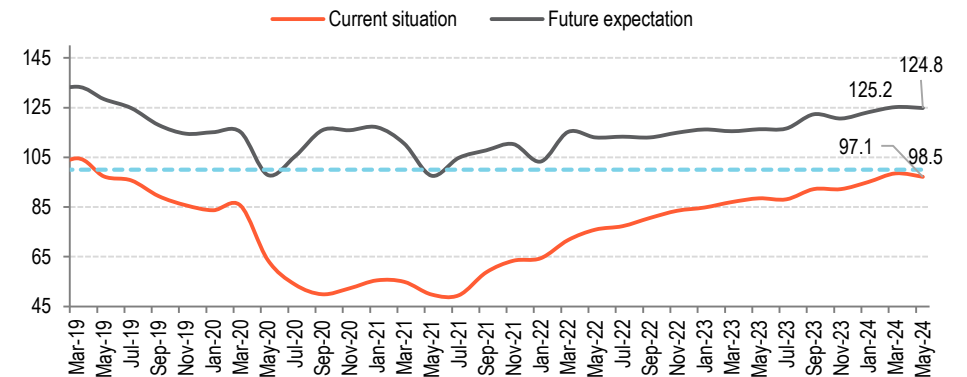


Fig 19 – Higher spending on essential items as per RBI's survey

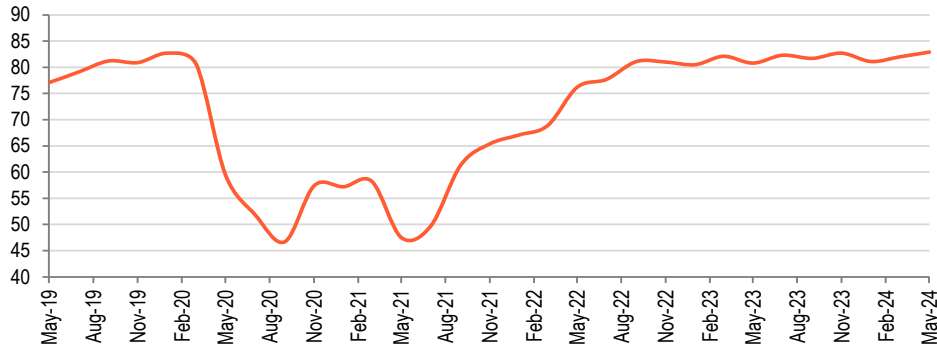
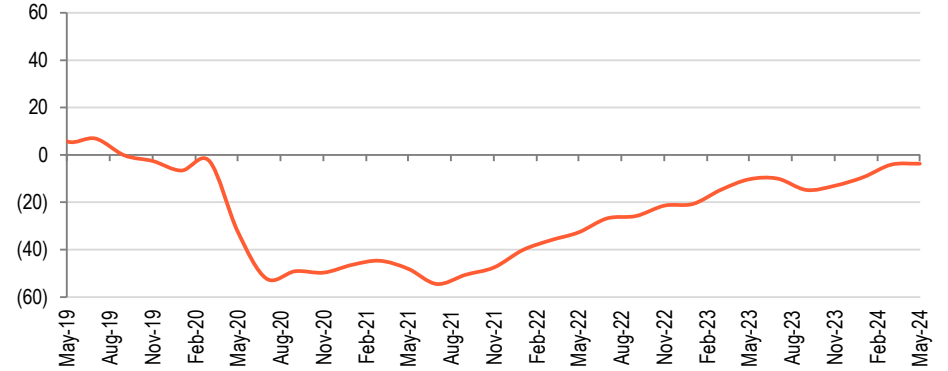


Fig 20 – Similar movement in non-essential spending



Consumer durables & non-durables production

Fig 21 – Growth eases for consumer durables output

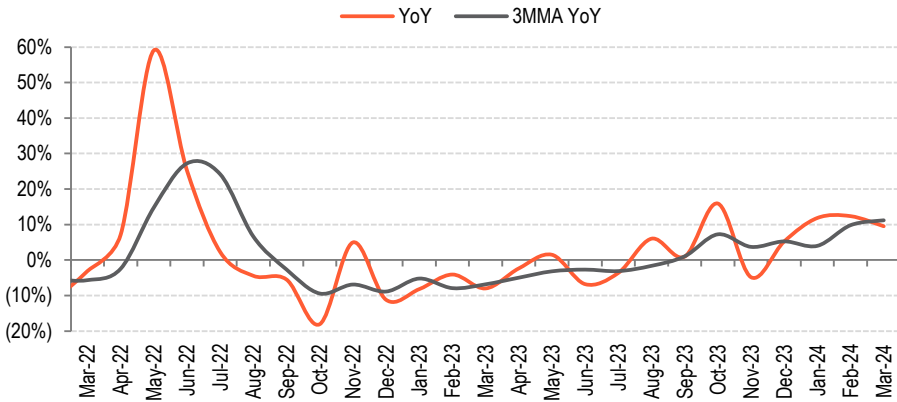
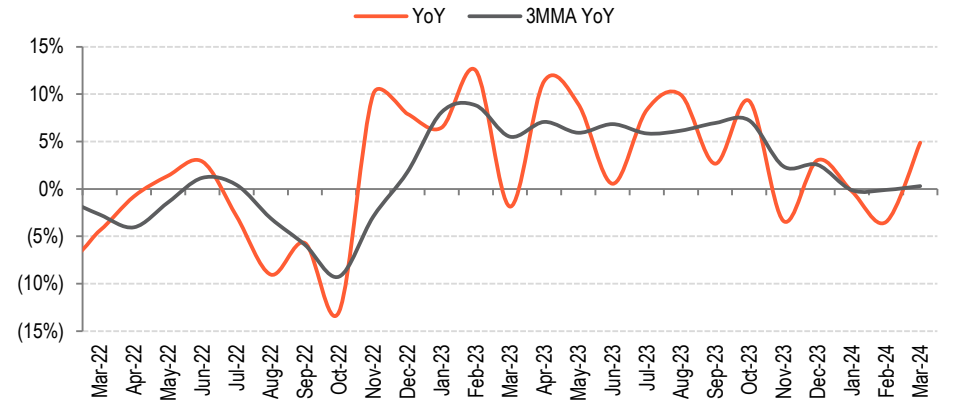


Fig 22 – FMCG output rebounds



Agriculture

Fig 23 – Agriculture growth slows down in FY24

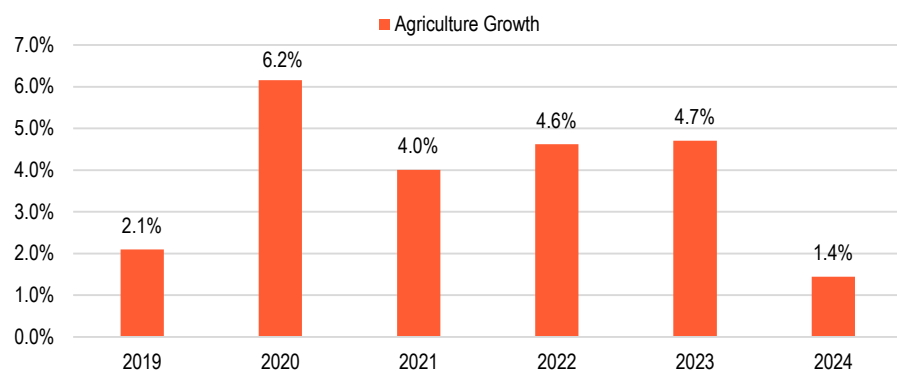
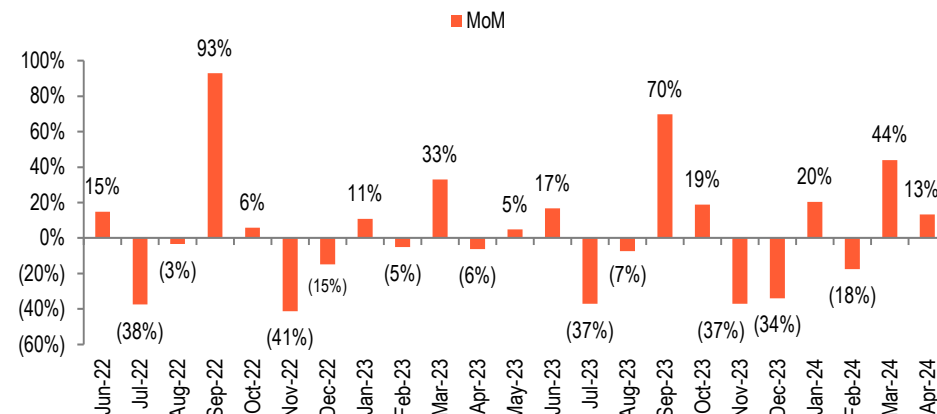


Fig 24 – Slower growth in tractor sales in Apr'24



Note: Tractor sales including exports

Fig 25 – Growth in agriculture credit remain steady

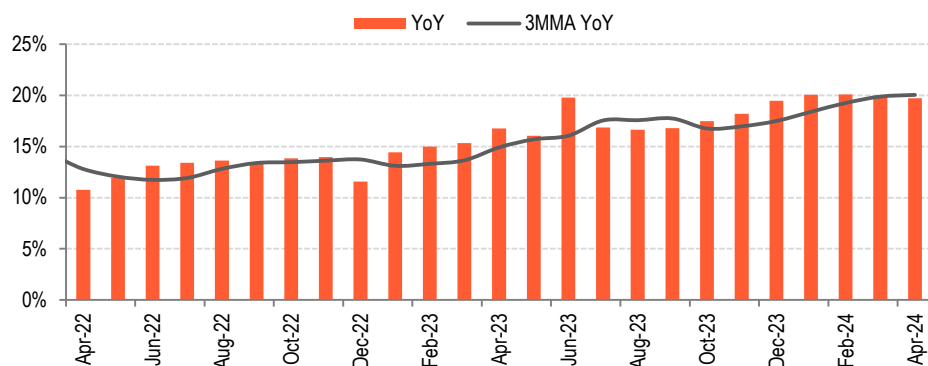
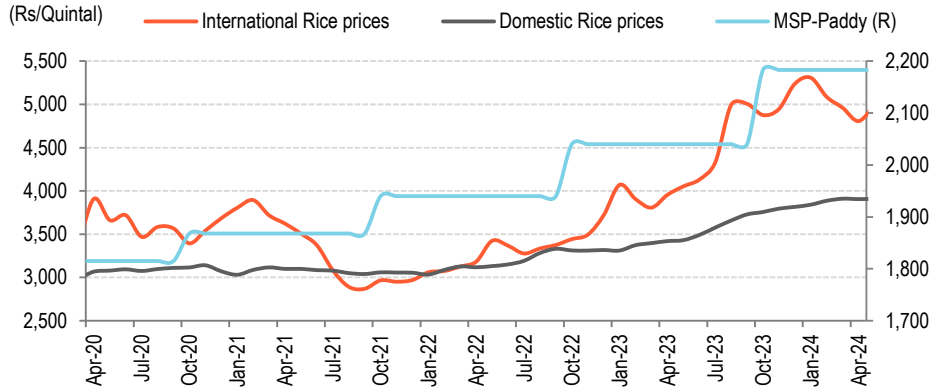


Fig 26 – Procurement of rice and wheat

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	18.8	56.9
2023-24	26.2	47.0
2024-25	20.5*	

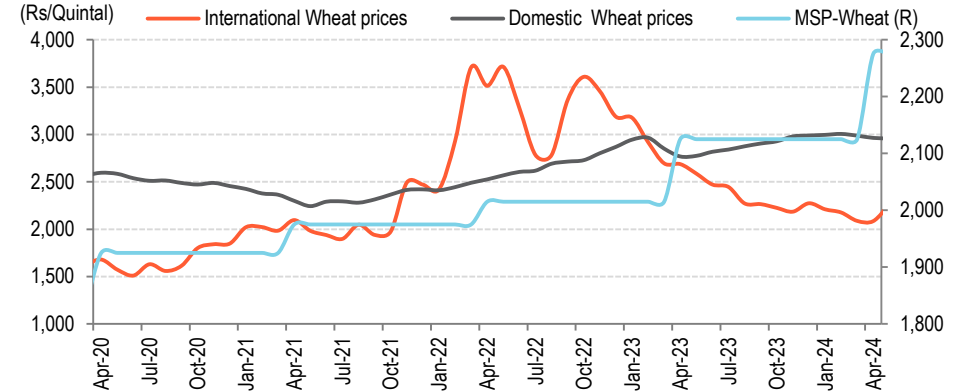
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Apr 2024

Fig 27 – Both domestic and international rice price has risen



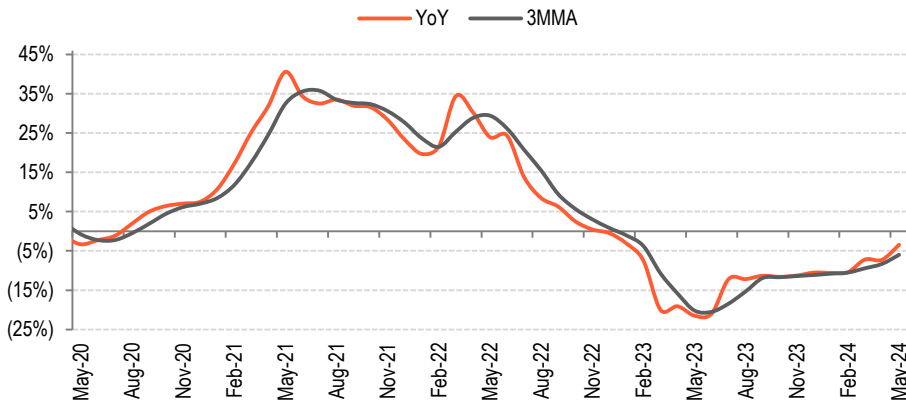
Source: World Bank

Fig 28 – Domestic wheat prices falls; international wheat price scales up



Source: World Bank

Fig 29 – Global food prices continue to be higher, led by cereal and milk prices



Source: FAO

Fig 30 – Wage growth (men) moderates

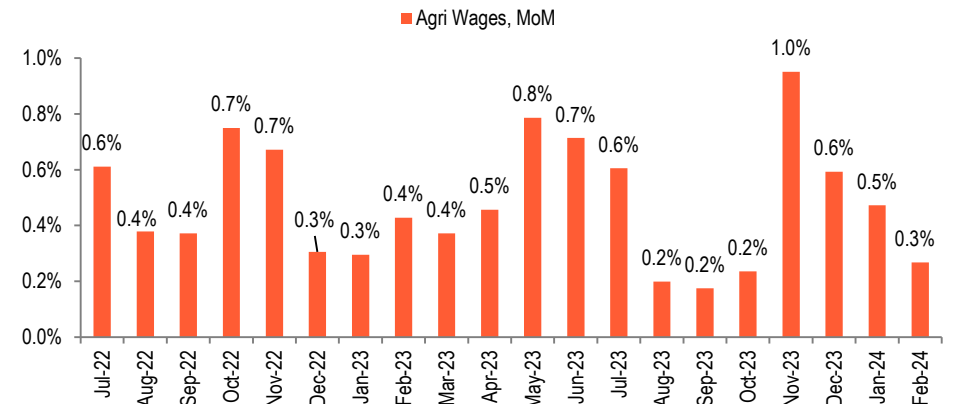


Fig 31 – Foodgrain production expected to be lower in 2023-24

Crop Type (mn ha)	Growth in 2021	Growth in 2022	Growth in 2023
Rice	4.1	4.9	(0.7)
Wheat	(1.7)	2.6	2.1
Pulses	1.6	4.5	(0.3)
Coarse Cereals	(0.4)	12.2	(4.5)
Foodgrains	1.6	4.5	(0.3)
Sugarcane	8.4	0.7	10.8
Oilseeds	5.6	8.9	(4.3)
Cotton	(11.7)	4.5	3.5
Jute and Mesta	8.5	(4.3)	(3.3)

Note: As per the 3rd Advance Estimates

Inflation

Fig 32 – Headline CPI slightly softened, food inflation still sticky

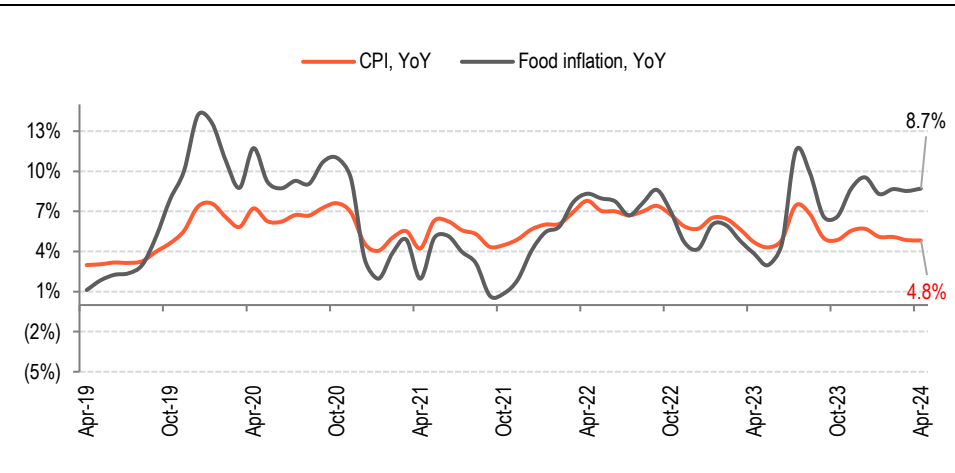


Fig 34 – Core inflation and its sub-components continued to provide comfort except personal care and effects (due to higher gold prices)

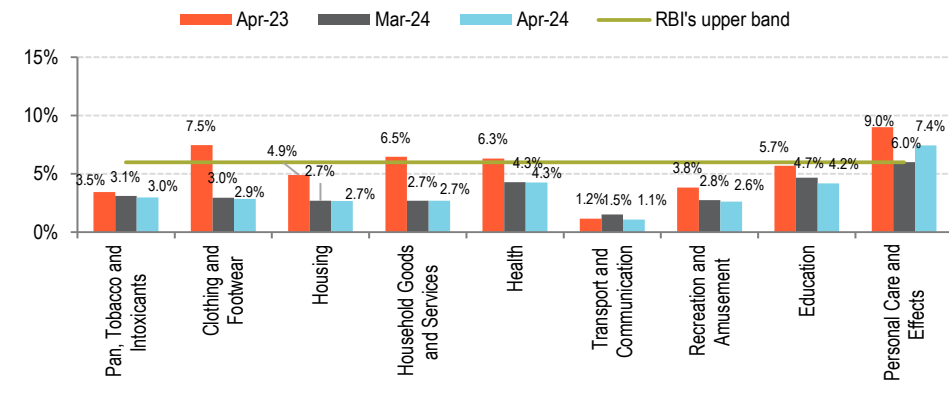


Fig 33 – Cereals, meat and fish and vegetable inflation still elevated

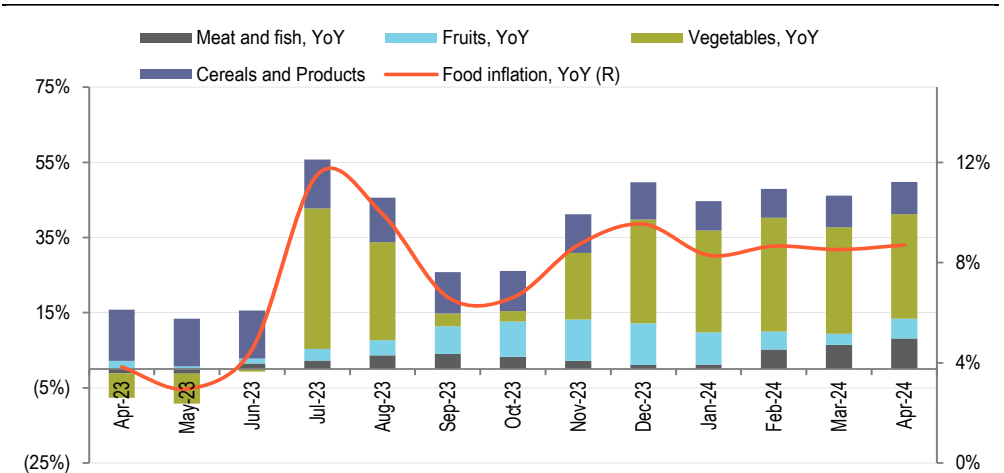
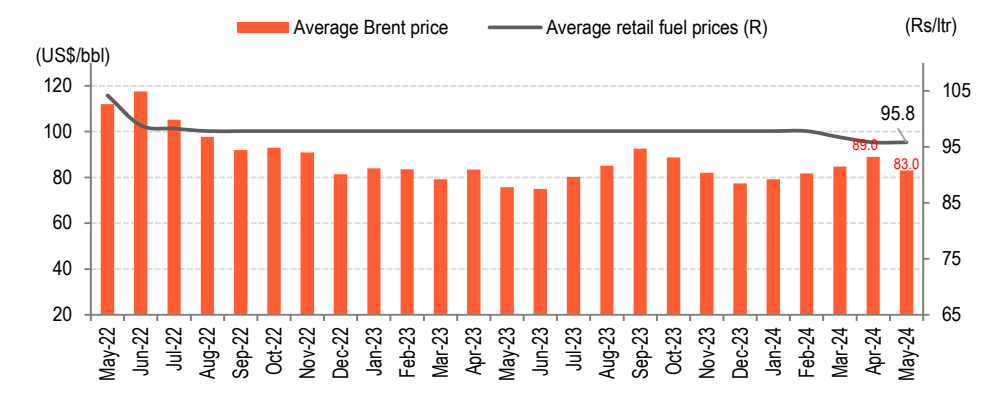


Fig 35 – Domestic retail price was stable at Rs 95.8/lt in May'24, average crude price moderated to US\$ 83/bbl in May'24 from US\$ 89/bbl in Apr'24



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

Industry

Fig 36 – Industrial growth has fallen in Q4

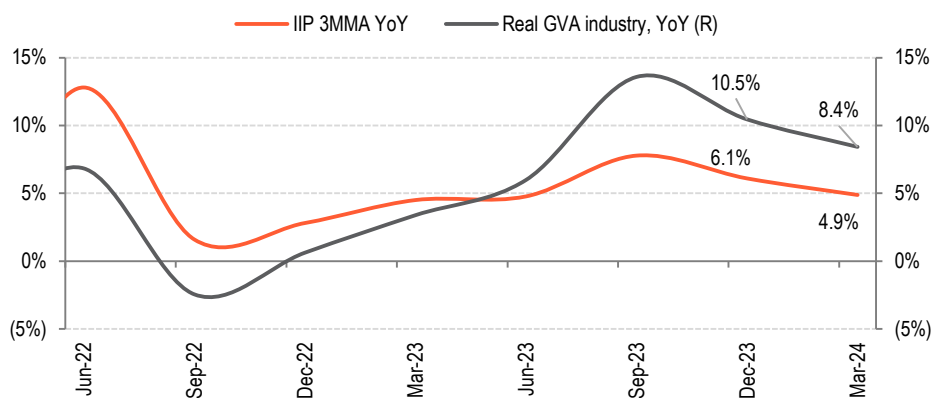


Fig 37 – Sectorwise growth higher in FY24, barring electricity

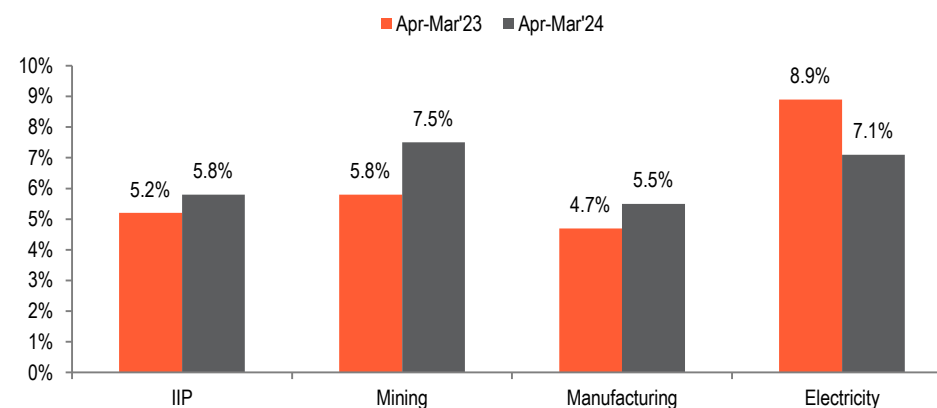


Fig 38 – IIP growth moderates

Sectoral (%)	Weight	Feb-24	Mar-24	Mar-23	Apr-Mar'23	Apr-Mar'24
IIP	100.0	5.6	4.9	1.9	5.2	5.8
Mining	14.4	8.1	1.2	6.8	5.8	7.5
Manufacturing	77.6	4.9	5.2	1.5	4.7	5.5
Electricity	8.0	7.5	8.6	(1.6)	8.9	7.1
Use-Based						
Primary Goods	34.1	5.9	2.5	3.3	7.5	6.0
Capital Goods	8.2	1.0	6.1	10.0	13.1	6.2
Intermediate Goods	17.2	8.7	5.1	1.8	3.8	5.2
Infrastructure and Construction Goods	12.3	8.5	6.9	7.2	8.4	9.6
Consumer Durables Goods	12.8	12.4	9.5	(8.0)	0.6	3.6
Consumer Non-Durables Goods	15.3	(3.5)	4.9	(1.9)	0.7	4.0

Manufacturing

Fig 39 – Manufacturing growth eases

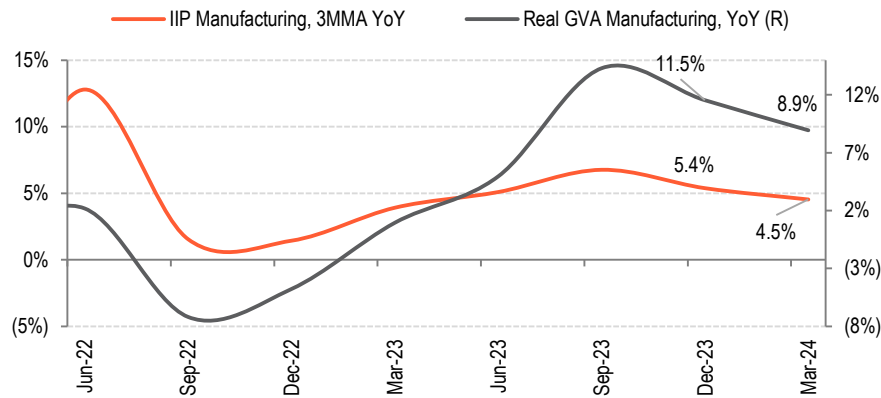
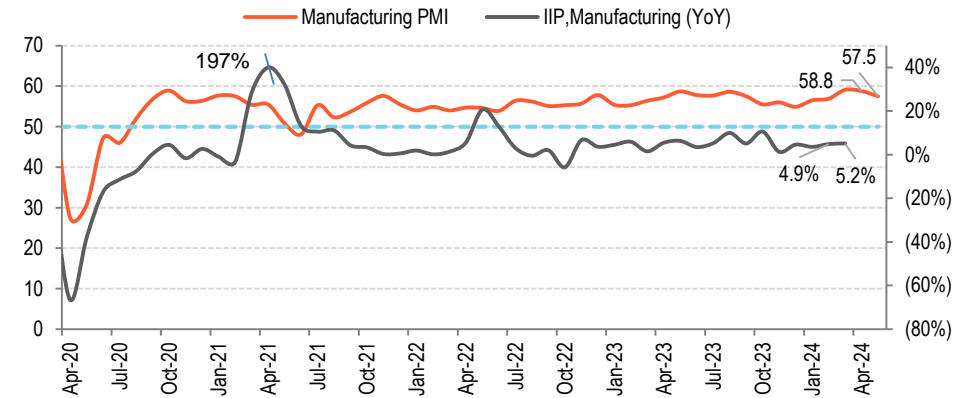


Fig 40 – Manufacturing PMI slips



Source: Markit

Mining & Electricity

Fig 41 – Moderation in mining activity

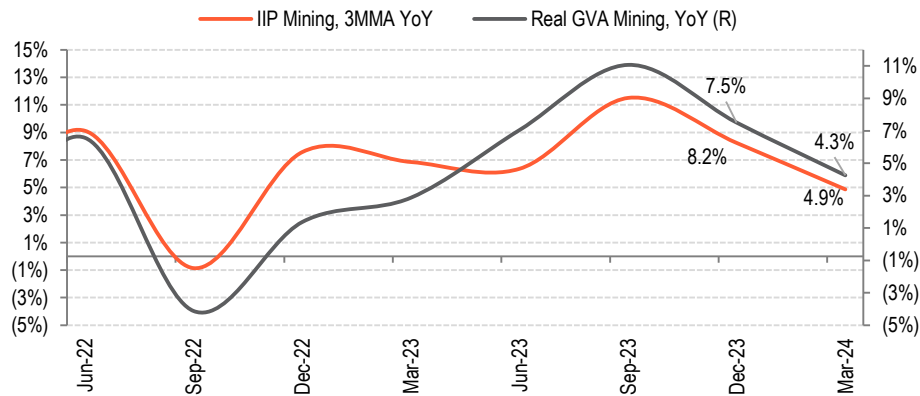
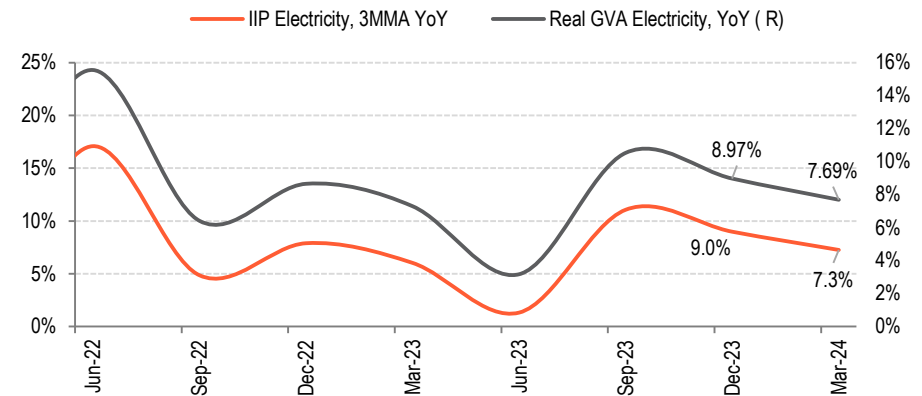


Fig 42 – Slower electricity growth in Q4



Infrastructure and construction

Fig 43 – Growth in construction slows down in Q4

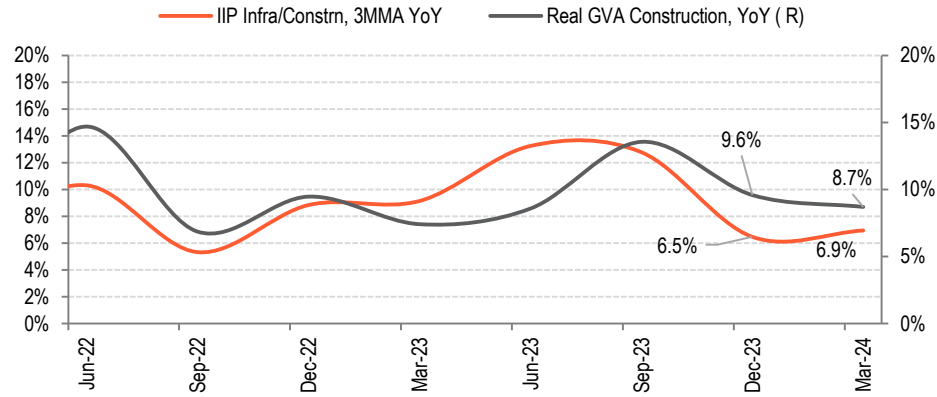
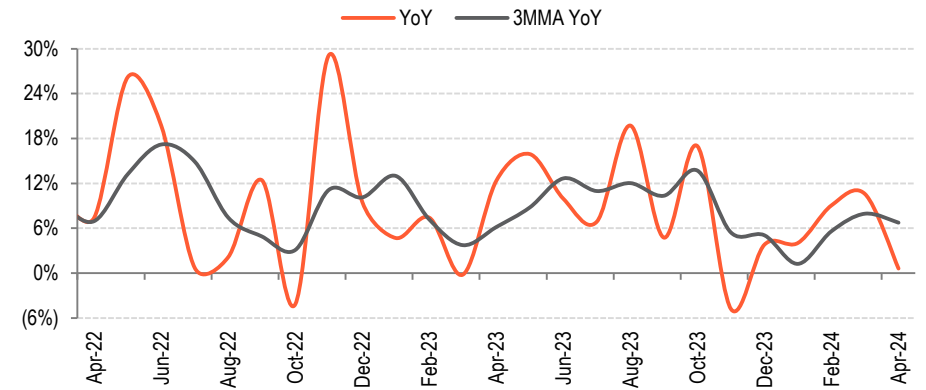


Fig 44 – Slower growth in cement output in Apr'24



Infrastructure index

Fig 45 – Improvement in infrastructure index

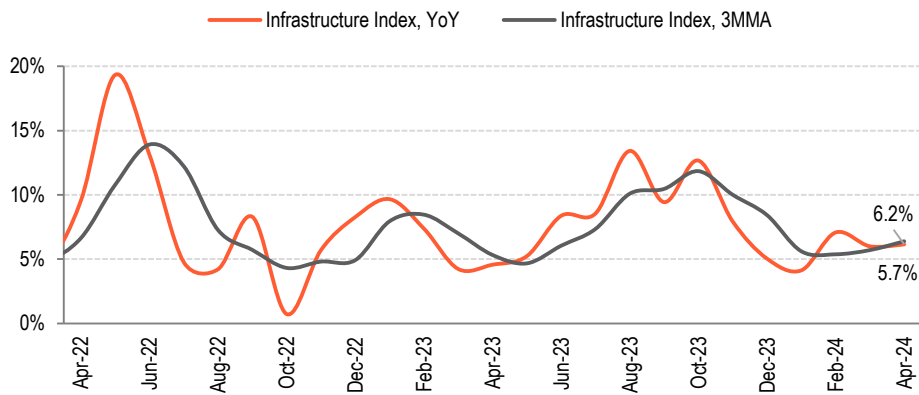
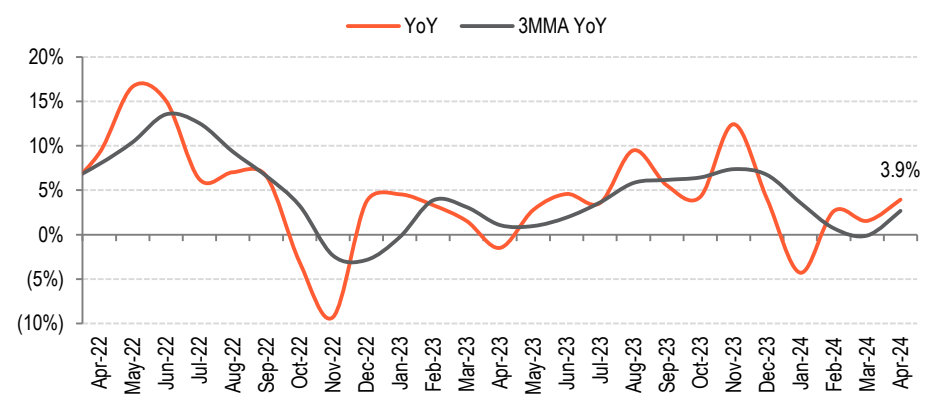


Fig 46 – Higher refinery output in Apr'24



Auto production & business expectation index

Fig 47 – Auto production rebounds

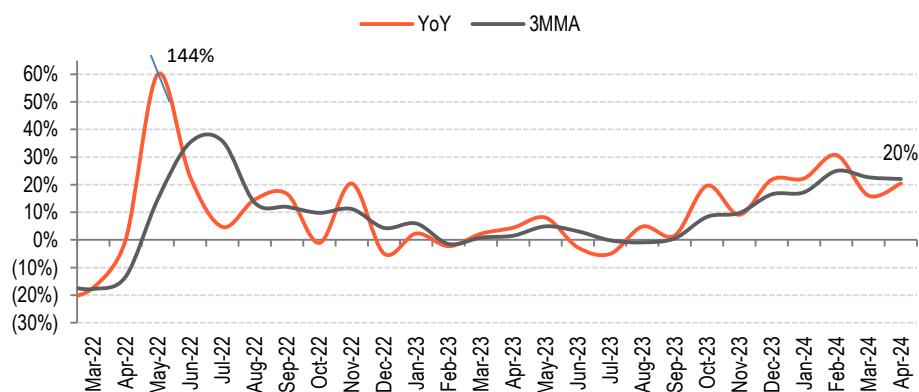


Fig 48 – Business sentiment remain optimistic for Q1

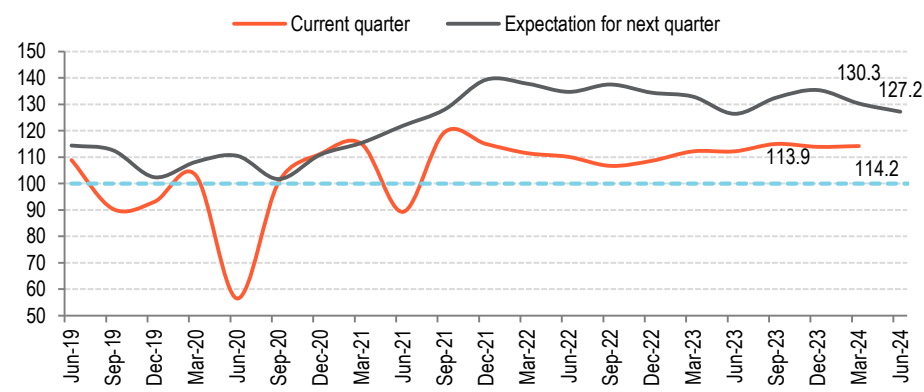
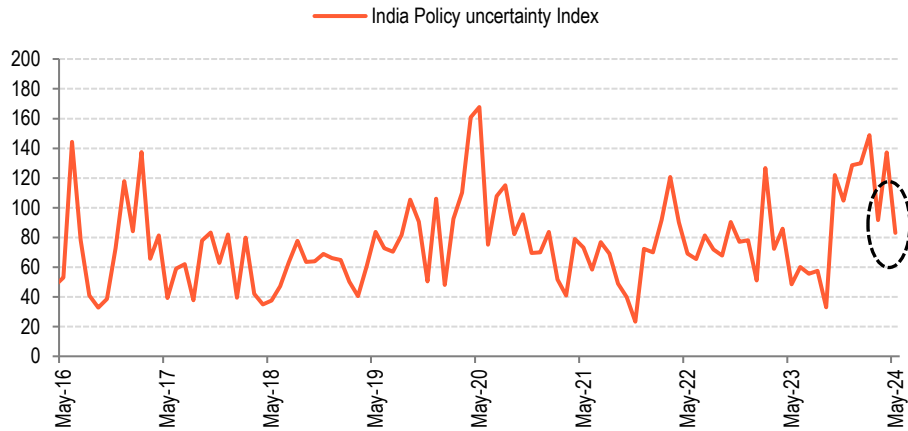


Fig 49 – Infrastructure index remains steady

(%)	Weight	Apr-24	Mar-24	Apr-23	FY23	FY24
Infrastructure Index	100	6.2	6.0	4.6	7.8	7.6
Coal	10.3	7.5	8.7	9.1	14.8	11.8
Crude Oil	9.0	1.6	2.0	(3.5)	(1.7)	0.6
Natural Gas	6.9	8.6	6.3	(2.9)	1.6	6.1
Petroleum Refinery Products	28.0	3.9	1.5	(1.5)	4.8	3.6
Fertilizers	2.6	(0.8)	(1.3)	23.5	11.3	3.7
Steel	17.9	7.1	6.4	16.6	9.3	12.4
Cement	5.4	0.6	10.6	12.4	8.7	9.0
Electricity	19.9	9.4	8.6	(1.1)	8.9	7.1

Investment

Fig 50 – Policy uncertainty index in India moderated in May'24



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

Fig 52 – Capital goods production inched up by 6.1% in Mar'24 from 1% in Feb'24

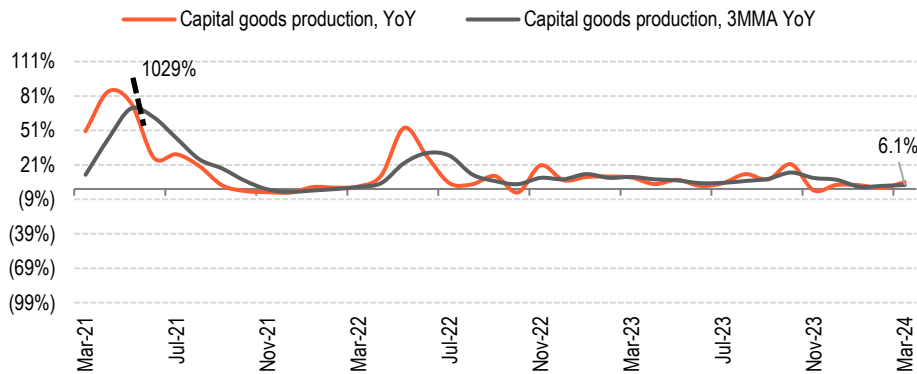


Fig 51 – Real GFCF grew at a softer pace of 6.5% in Q4 from 9.7% in Q3 and 3.8% in Q4 of FY23

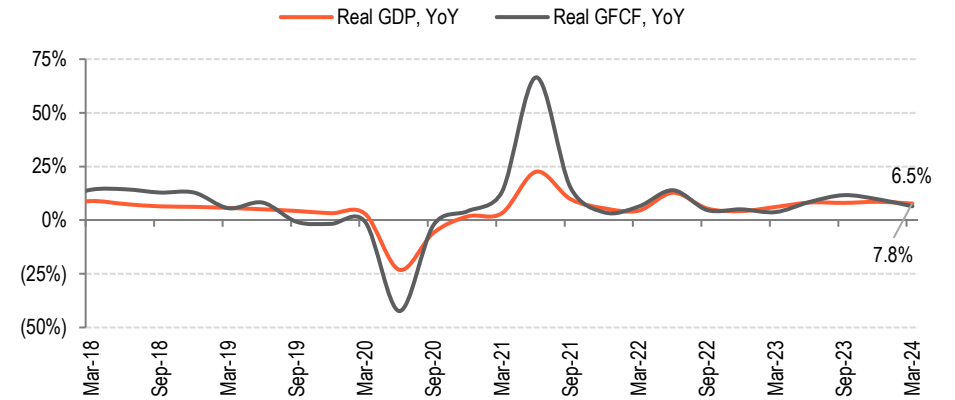


Fig 53 – Capital goods imports declined by 1% in Apr'24 from 0.9% decline in Mar'24, despite a favourable base

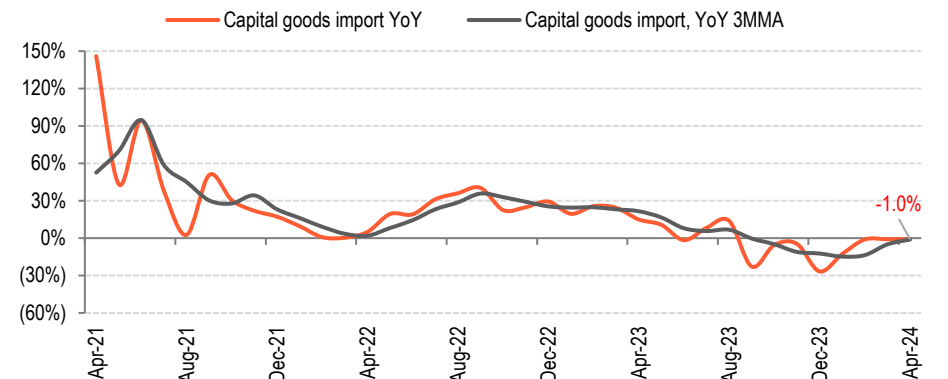


Fig 54 – Centre’s capex spending growth rose to 31.2% in Apr’24 from 28.3% in Mar’24

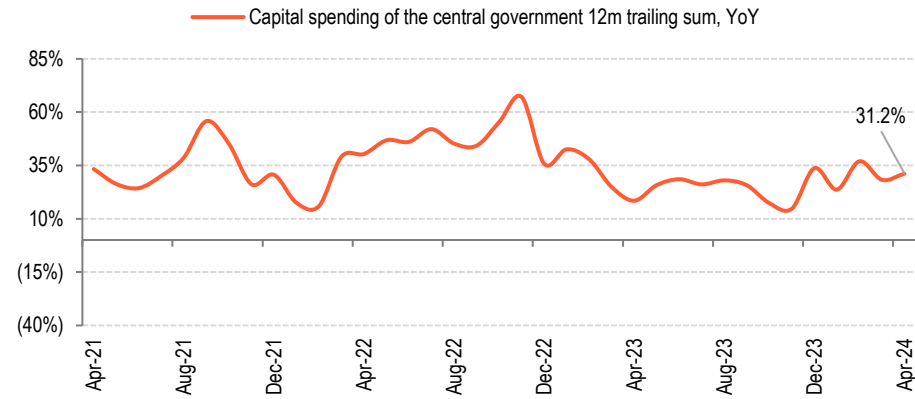


Fig 55 – Credit to micro and small industry rose by 15.6% in Apr’24 from 14.7% in Mar’24, for medium industry, it was stable at 13.3%

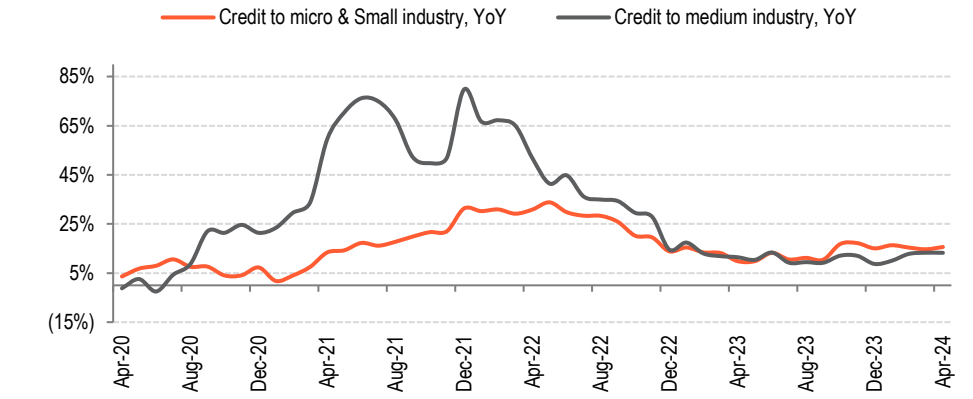


Fig 56 – Credit to housing sector rose at a stable pace of 36.9% in Apr’24

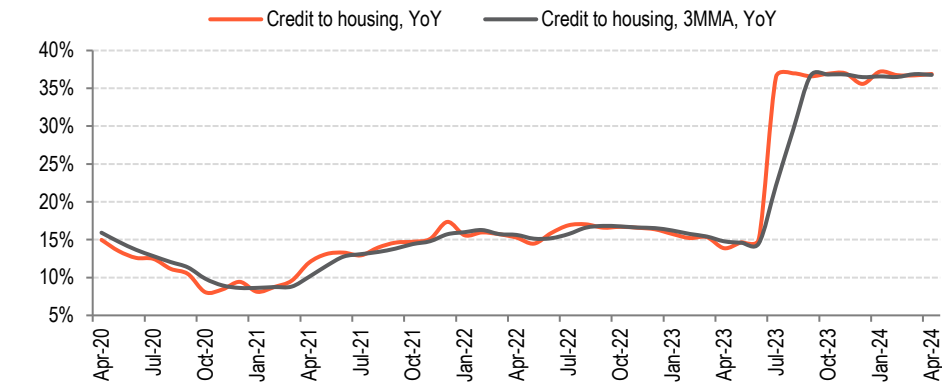
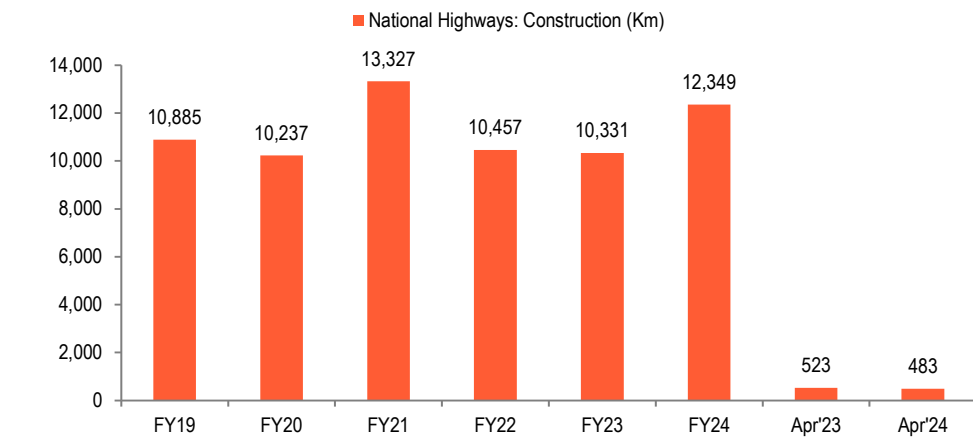


Fig 57 – Highway construction



Services sector

Fig 58 – GVA: Services sector growth slowed in Q4FY24; FY24 growth also lower than last year

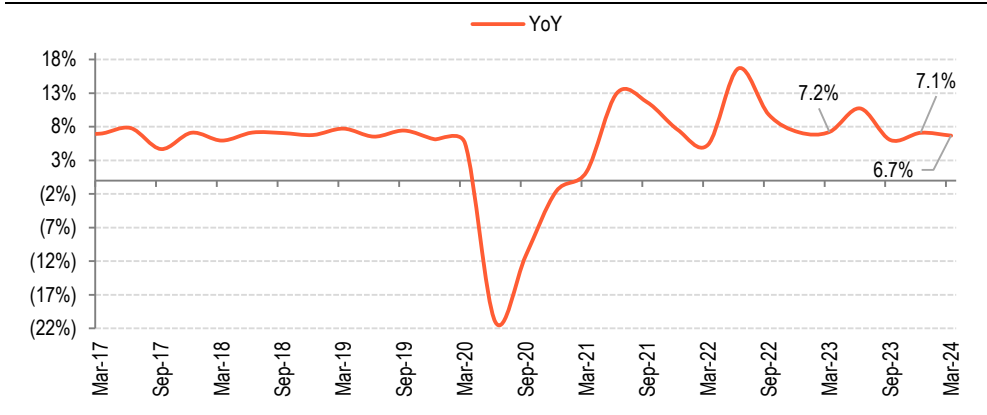
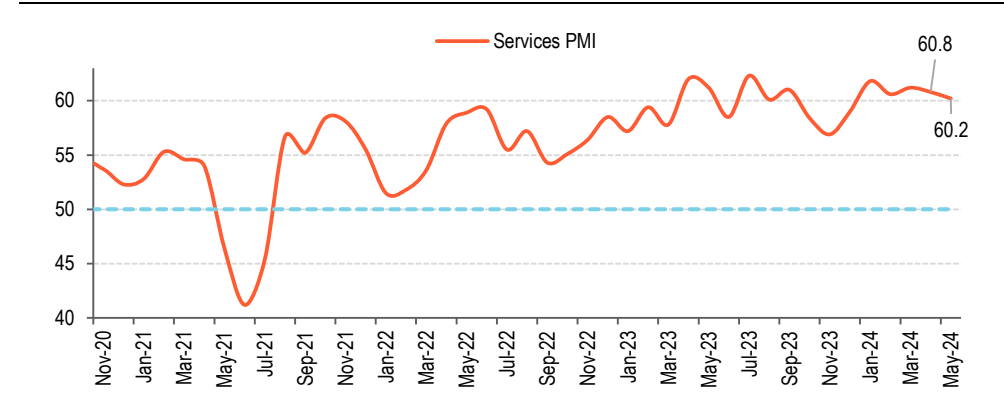


Fig 59 – Services PMI slowed in May'24



Source: Markit

Fig 60 – GVA: Trade & related services activity also eased in Q4; FY24 noted much sharper slowdown

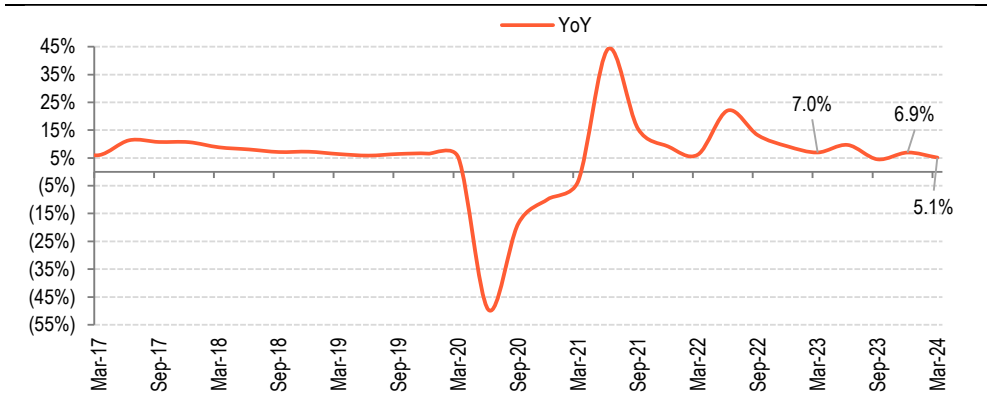
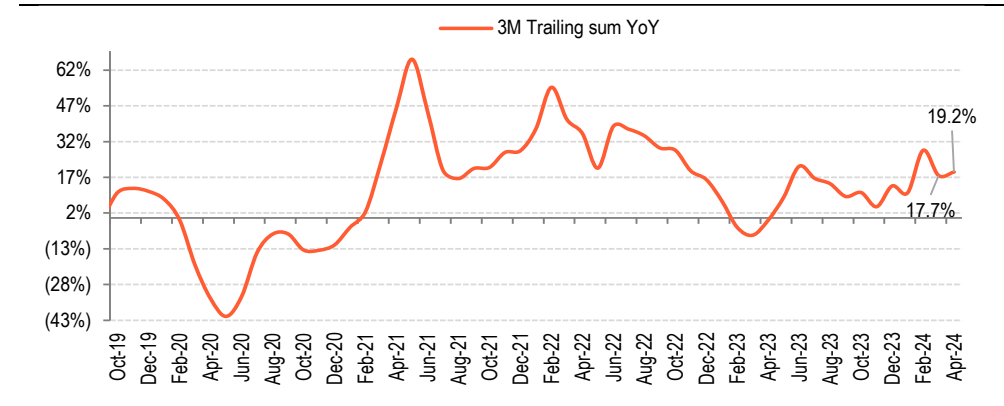


Fig 61 – States' tax revenue growth seen picking up pace in Apr'24



Note: *All states excluding North Eastern states, A.P., Goa, J&K and Rajasthan

Trade

Fig 62 – Vehicle registration growth eased in May'24, but remains higher than last year

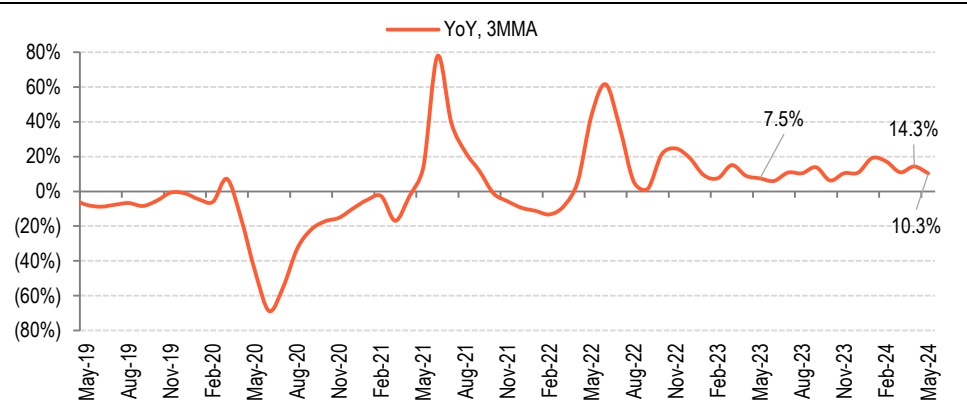


Fig 63 – Diesel consumption growth picked up in May'24, amidst election travel

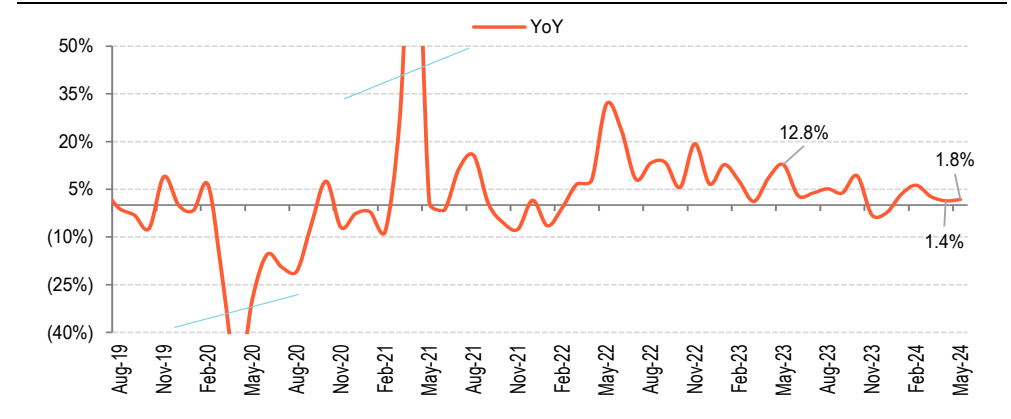


Fig 64 – Railway freight traffic growth slowed in Apr'24; FY24 growth was lower than FY23, on account of base effect

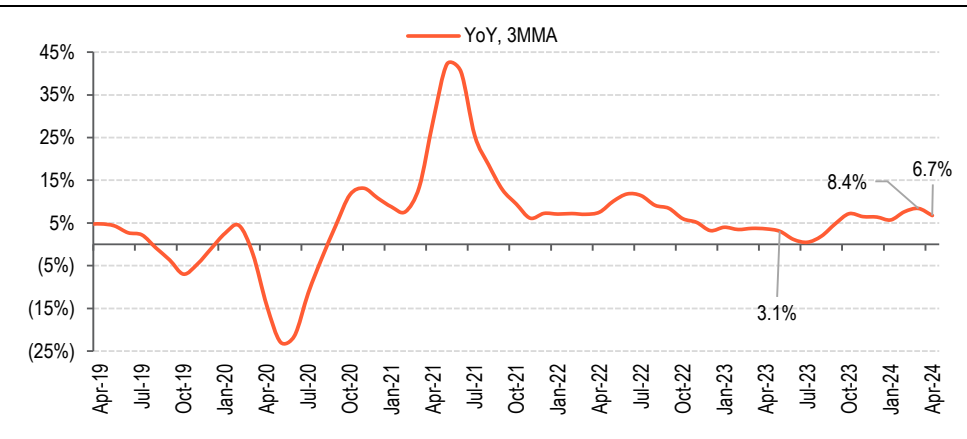


Fig 65 – Port cargo traffic growth piked up in May'24

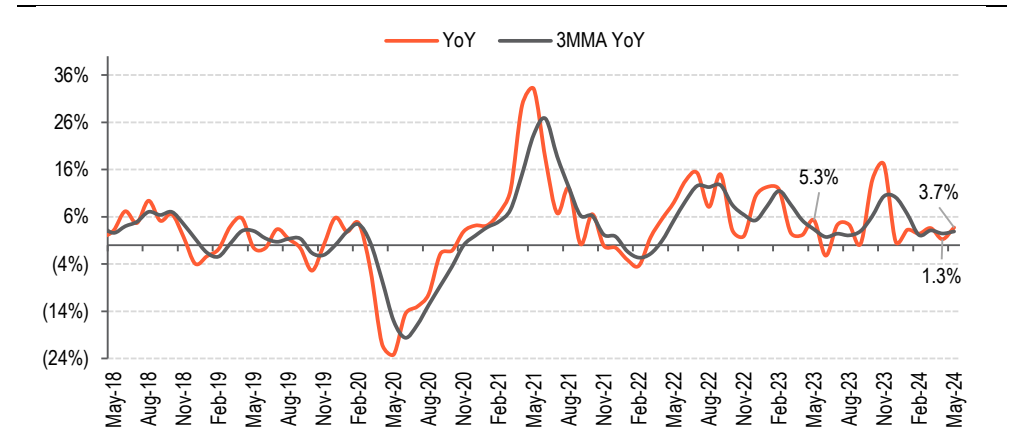


Fig 66 – Toll collections growth seen plateauing

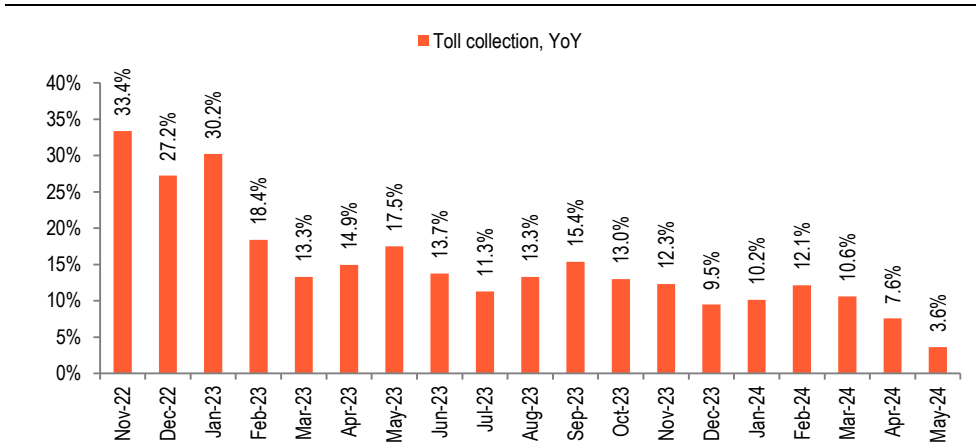
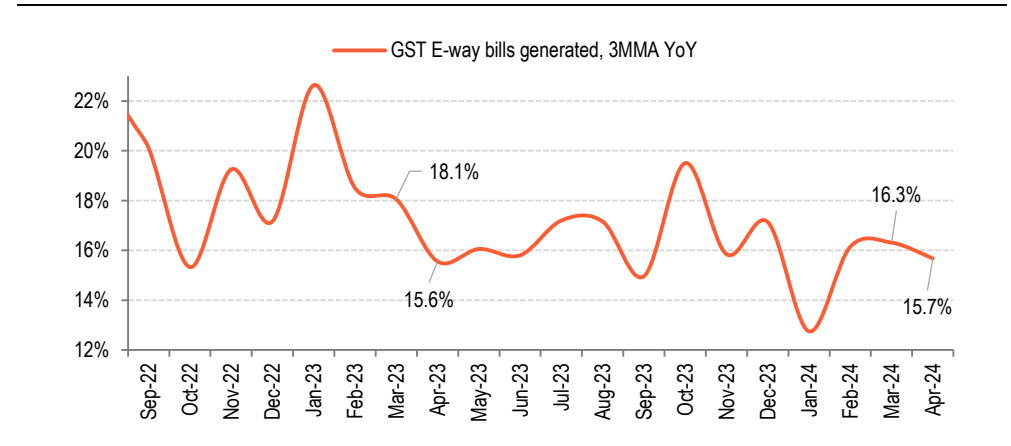


Fig 67 – Growth in e-way bills generation in Apr'24 slowed from Mar'24, but at similar levels as last year



Hotels and communications

Fig 68 – Airline passenger traffic inched up in May'24, and is even higher than last year

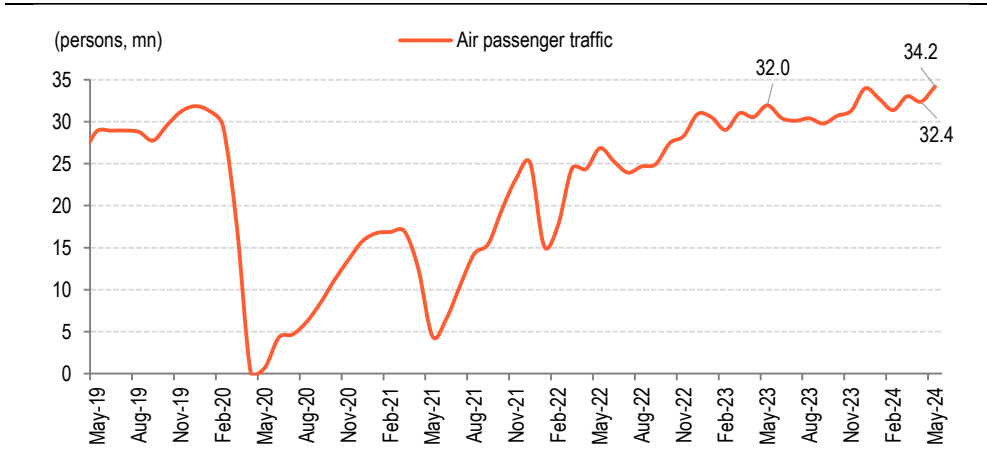


Fig 69 – Domestic passenger traffic led the increase

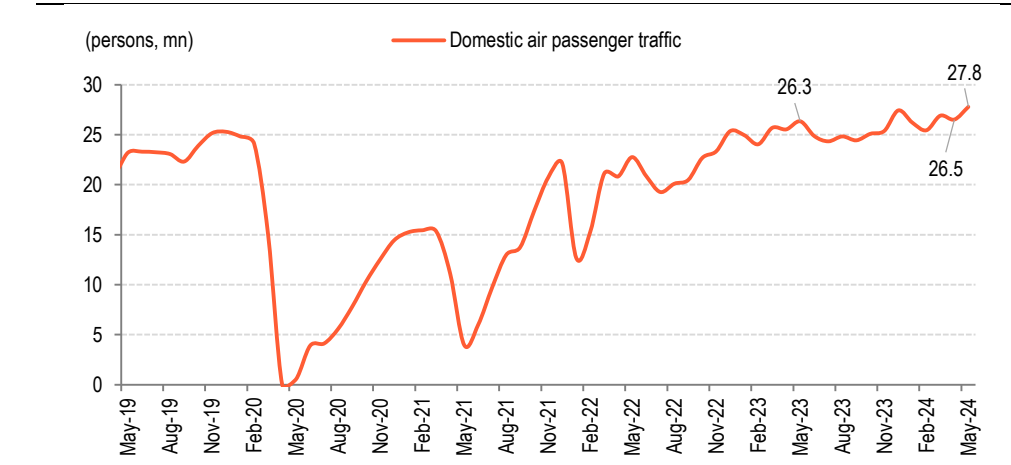


Fig 70 – Railway passenger traffic picked up pace in Oct'23

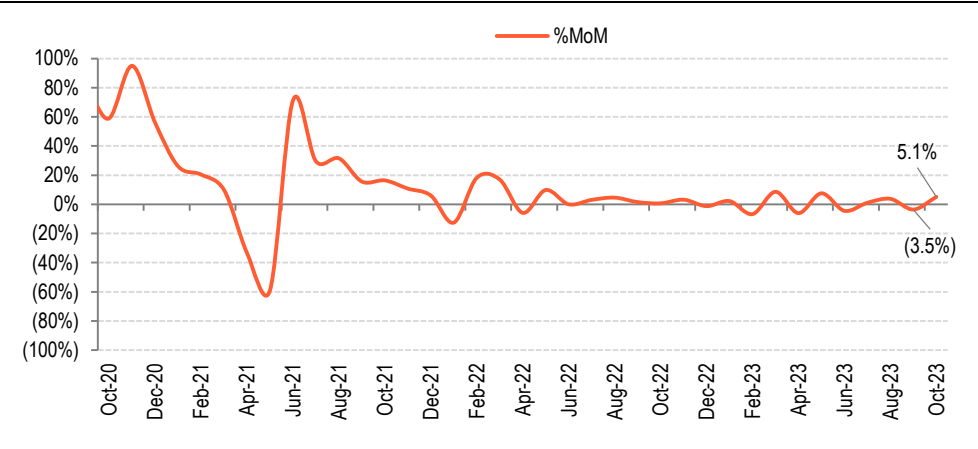
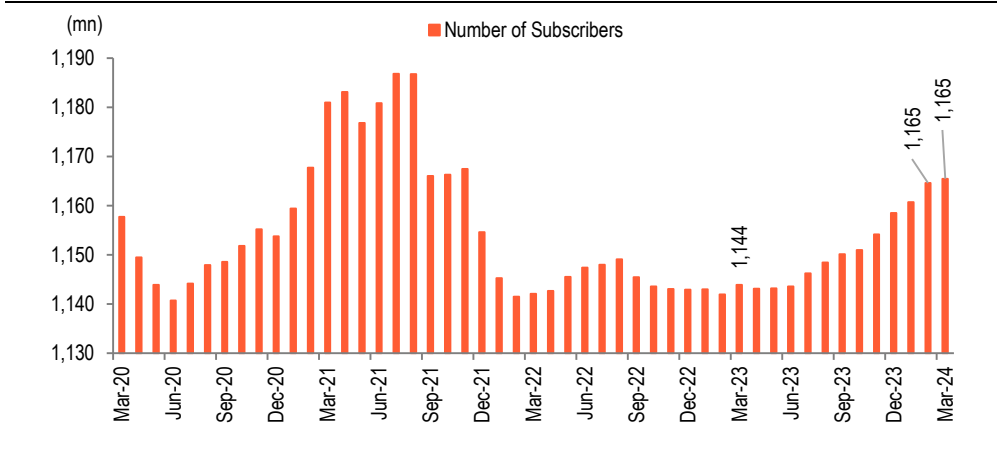


Fig 71 – Number of telecom subscribers rose by 7mn in Q4FY24, following 8.3mn subscribers added in Q3 and 1mn subscribers added in Q4FY23



Finance and real estate

Fig 72 – Growth in GVA: Finance, real estate & prof. pushed growth higher in Q4

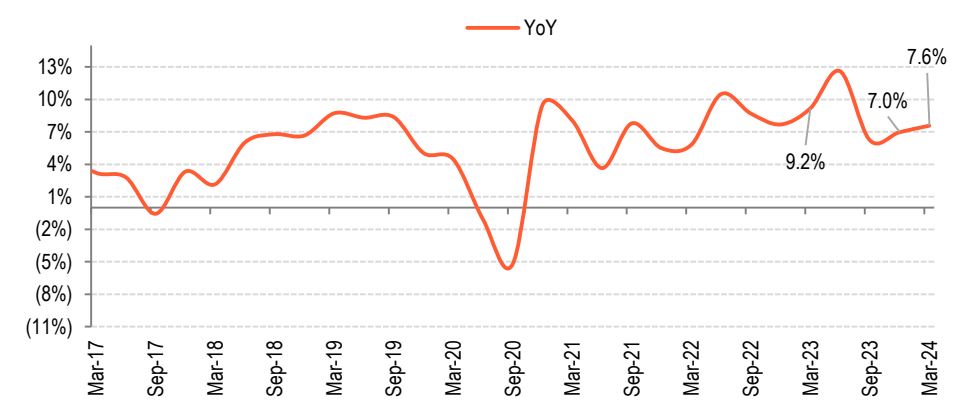
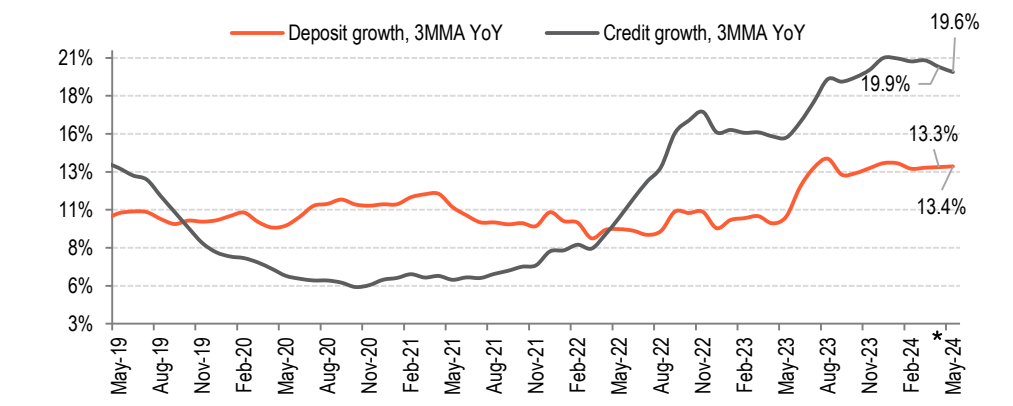


Fig 73 – Credit growth seen slowing in May'24; deposit growth stable



*Data as of 17 May 2024

Fig 74 – Credit to both services and industry moderated in Apr'24

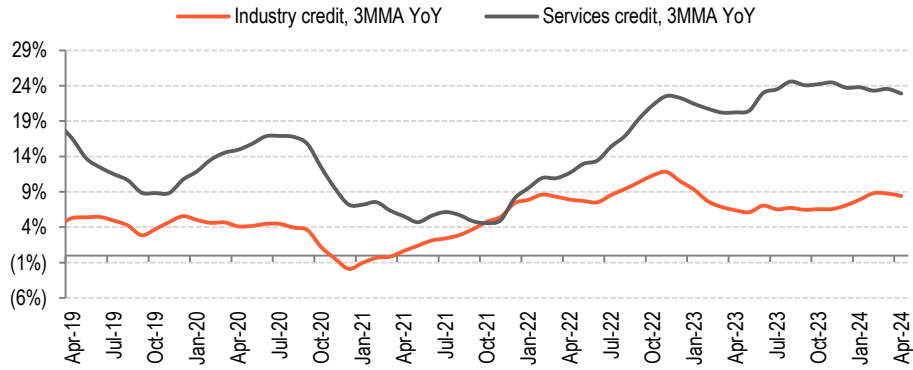


Fig 75 – Within services, credit to commercial real estate was broadly stable, credit to trade sectors and NBFCs eased

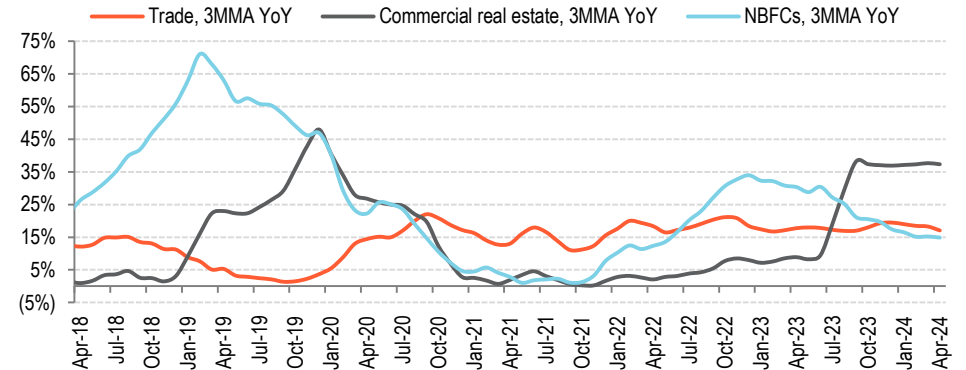
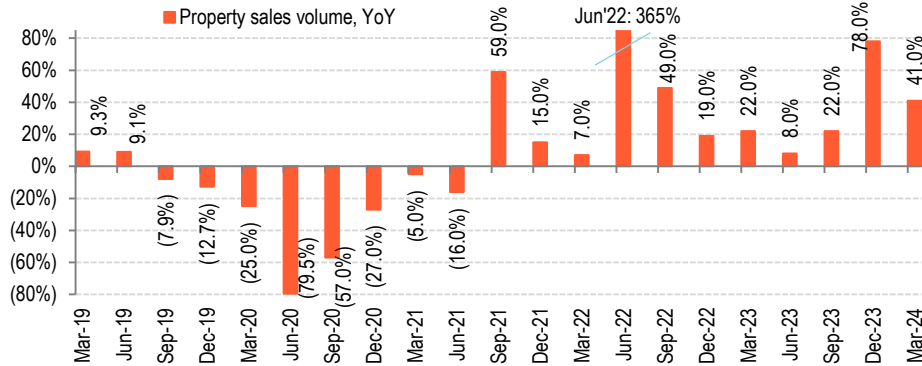
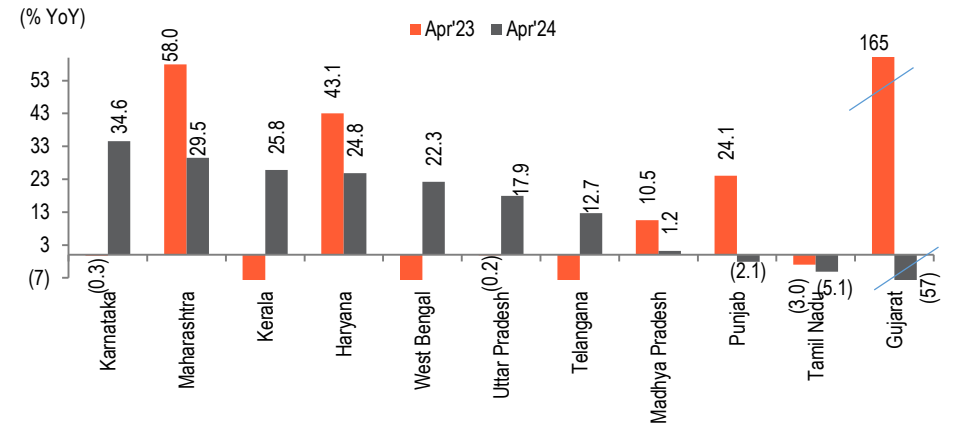


Fig 76 – Property sales volume growth in Q4FY24 much higher than last year



Source: Proptiger

Fig 77 – Stamp duty collections of Karnataka, UP, Telangana, off to a good start in Apr'24



Labour market

Fig 78 – Naukri job index slowed in May'24

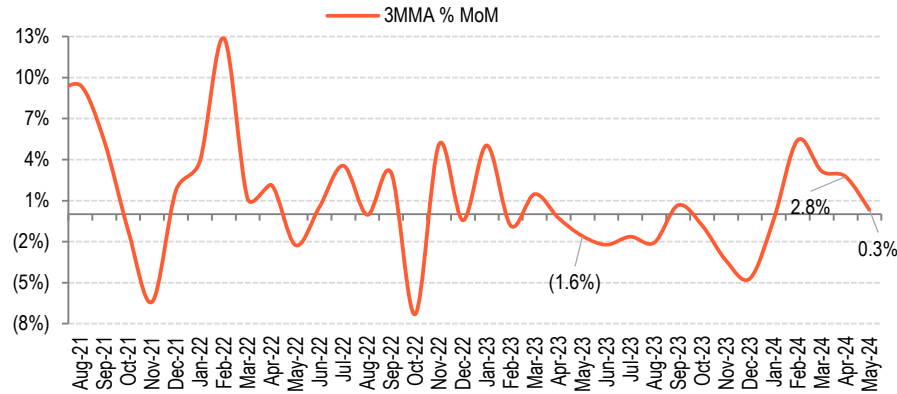
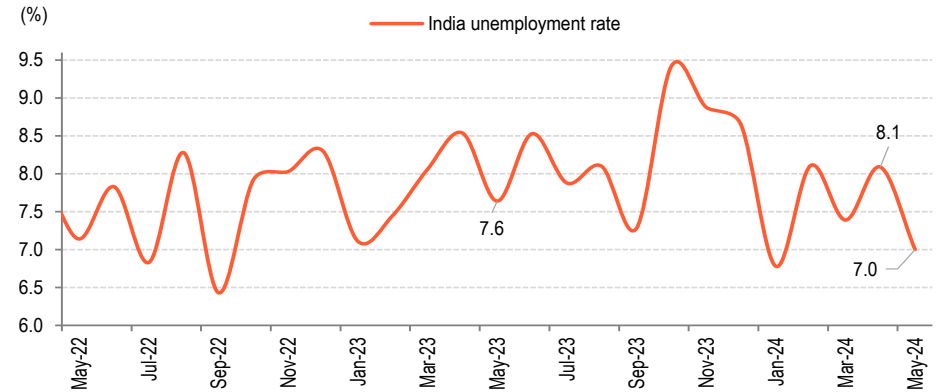


Fig 79 – Overall unemployment rate inched back up in Apr'24



Public administration

Fig 80 – Public admin & defence services rose marginally in Q4

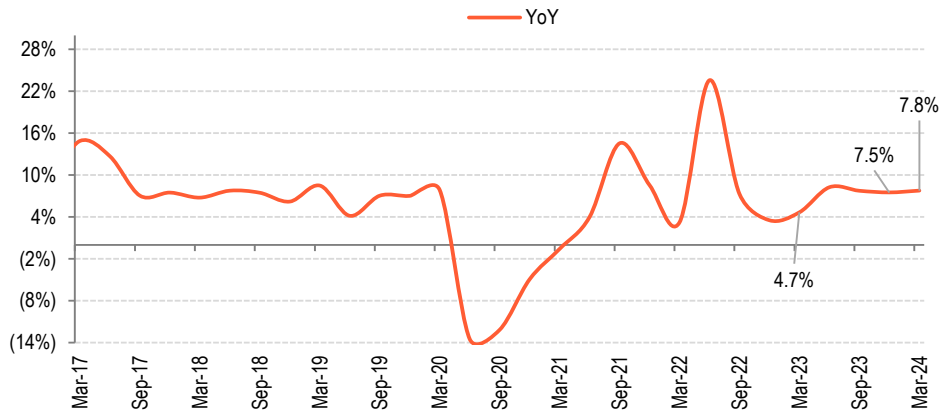


Fig 81 – General govt. spending re-gained momentum in Apr'24

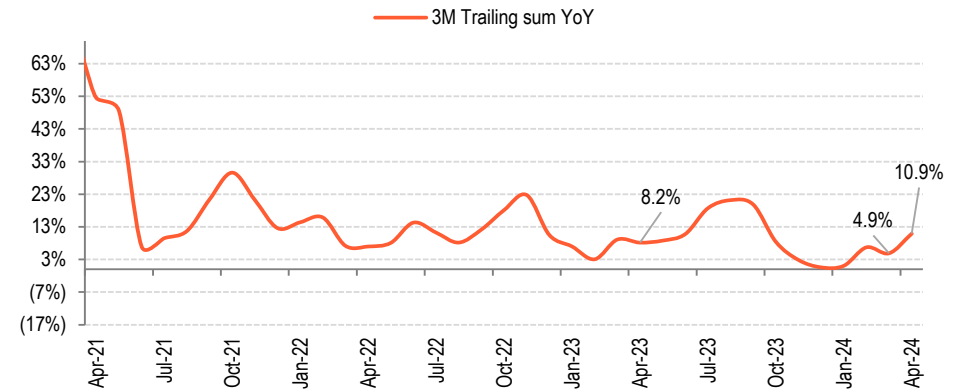


Fig 82 – Central government spending leads the trend

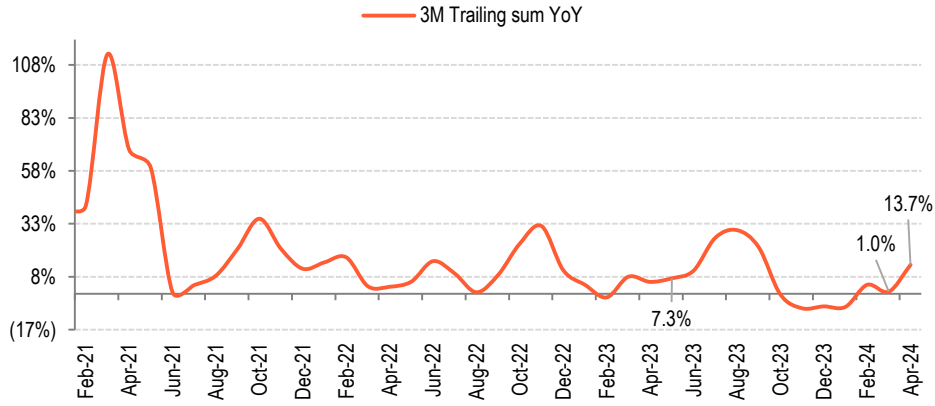
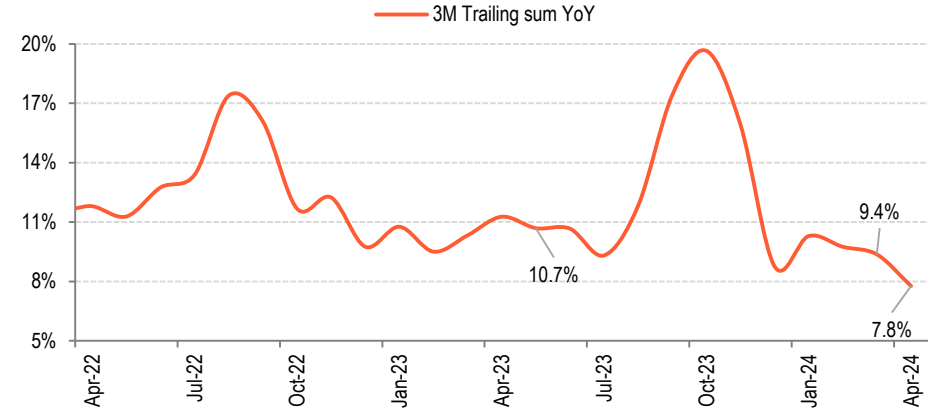


Fig 83 – State* Govt. spending remains weak

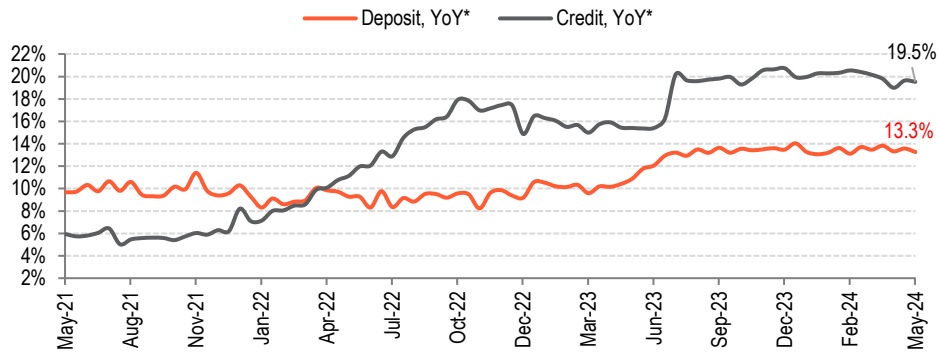


Note: *All states excluding North Eastern states, A.P., Goa, J&K and Rajasthan

Financial sector

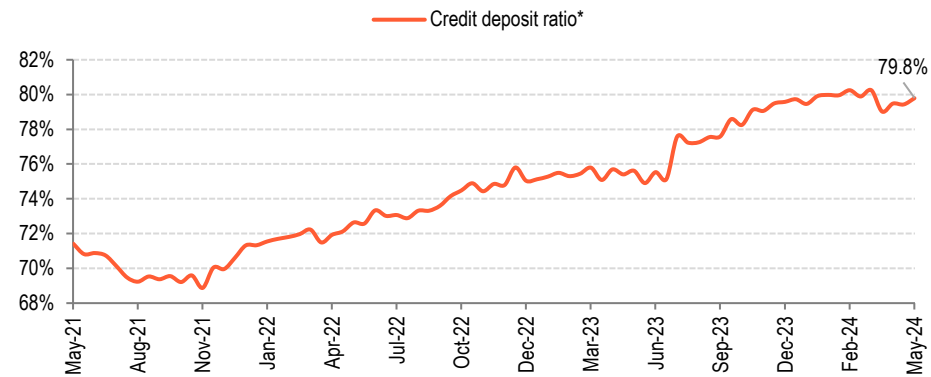
Money and banking

Fig 84 – Credit growth inched up to 19.5% in May'24 from 19% in Apr'24 (incl. merger), deposit growth was stable at 13.3%



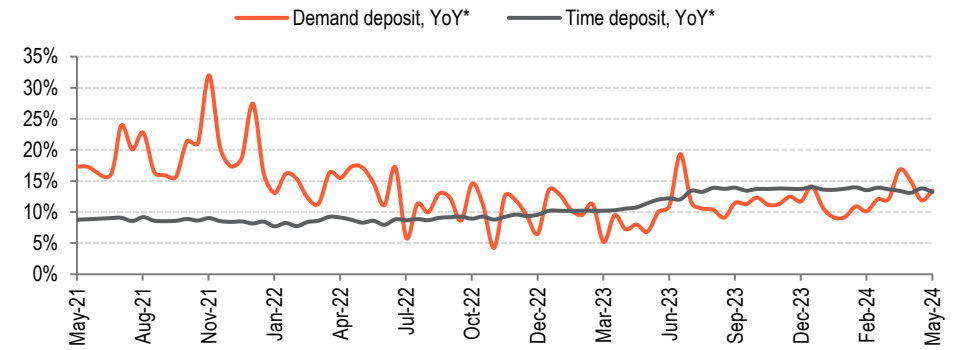
Fortnight as of 17 May '2024

Fig 86 – CD ratio was at 79.8



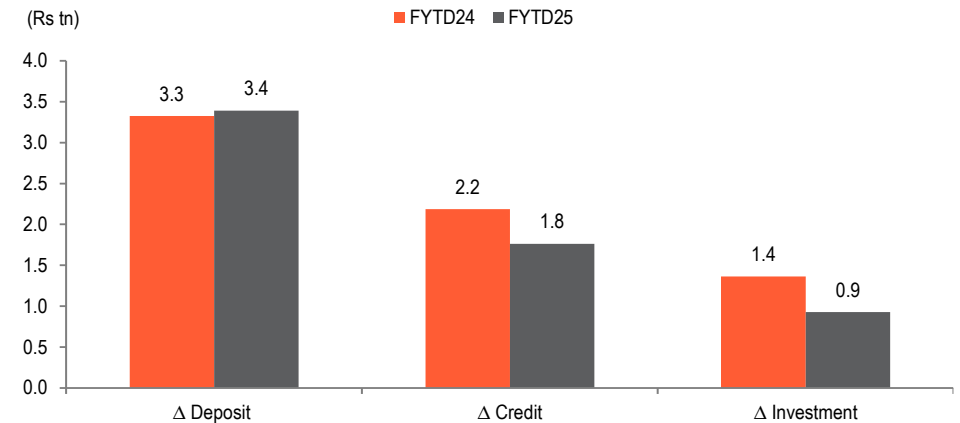
Fortnight as of 17 May 2024

Fig 85 – ...Time deposits broadly remained stable



Fortnight as of 17 May '2024

Fig 87 – Credit, deposit and investment accretion



Fortnight as of 17 May 2024, Accretion from Mar

Fig 88 – Credit to govt moderated to 11.1% in Mar'24 from 11.6% in Feb'24, credit to commercial sector also inched down to 15% from 15.3%

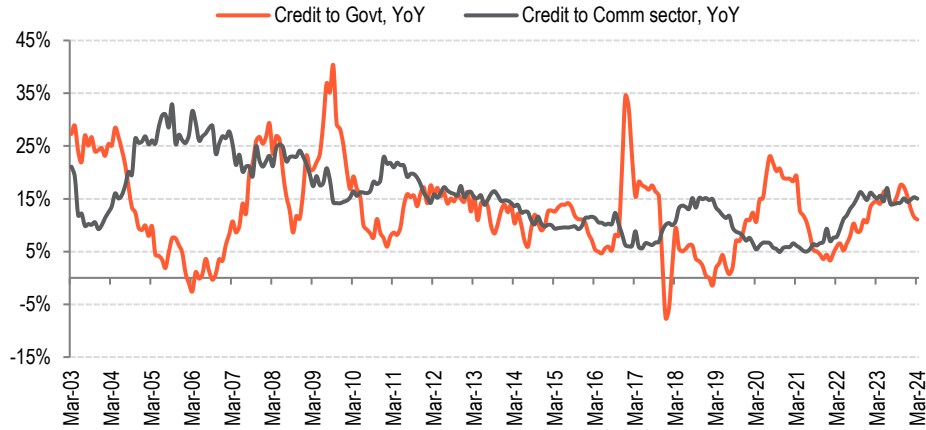


Fig 89 – WALR and repo

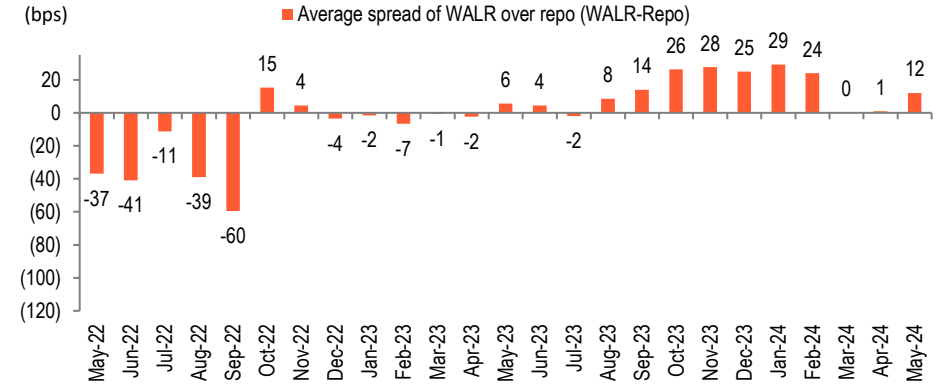


Fig 90 – WALR on fresh loans rose to 8.85% in Apr'24 from 8.68% in Mar'24, WADTDR moderated to 6.67% from 6.96%

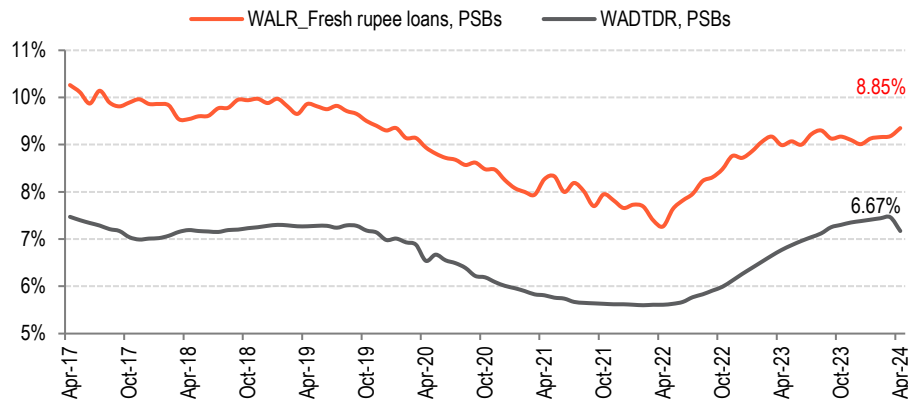
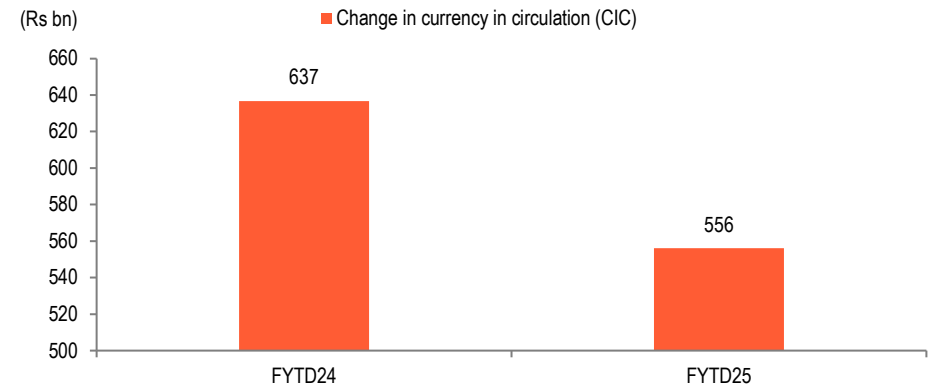
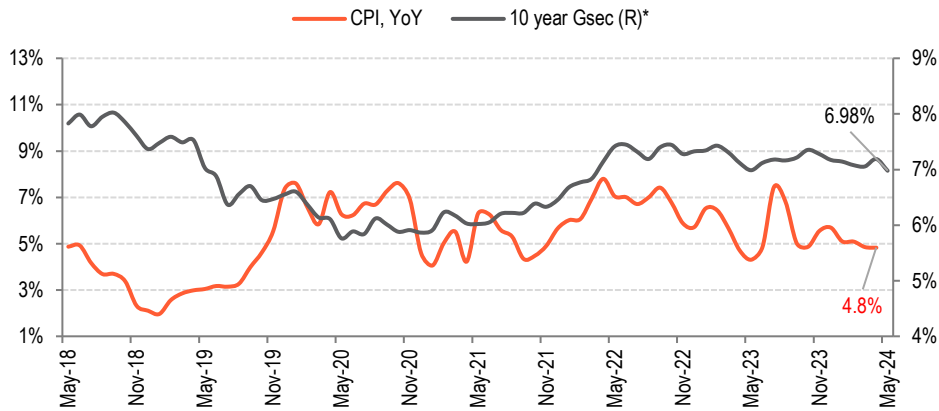


Fig 91 – CIC accretion is still lower than last year



Accretion from Mar

Fig 92 – 10Y GSec yield moderated to 6.98% in May'24 from 7.19% in Apr'24 and currently trading at 7.01%, inflation moderated to 4.8% in Apr'24 from 4.9% in Mar'24



Note: *As on last trading day of the month

Fig 94 – Corporate debt issuances were at Rs 305bn in Apr'24

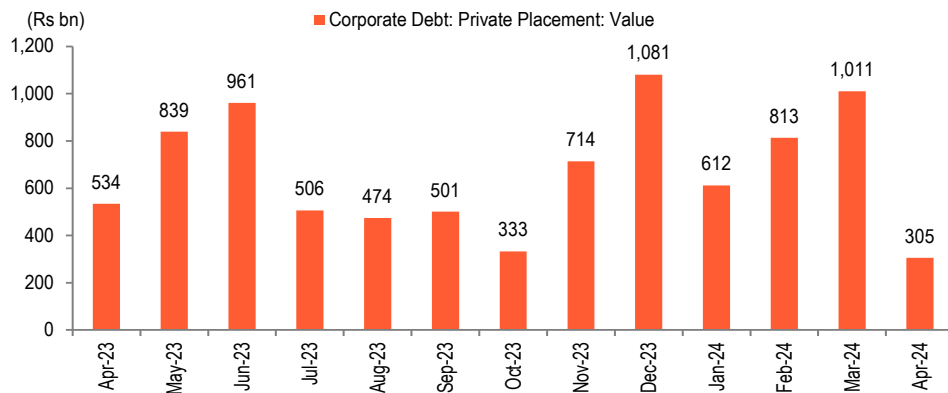
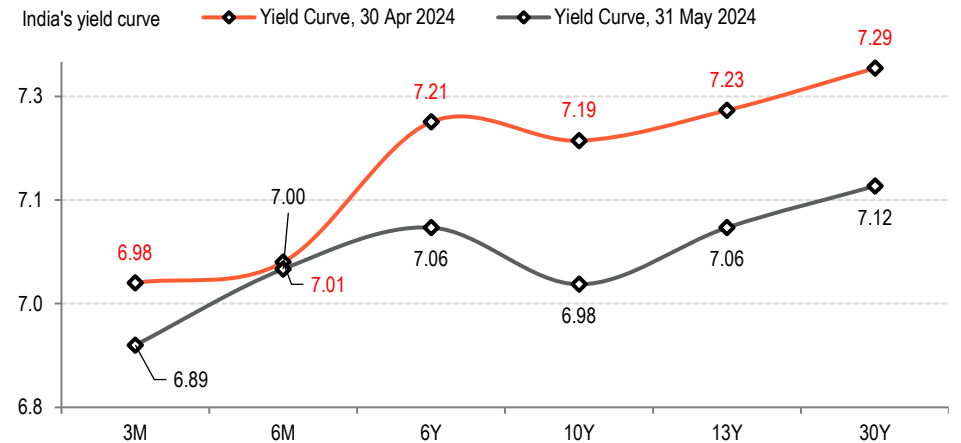
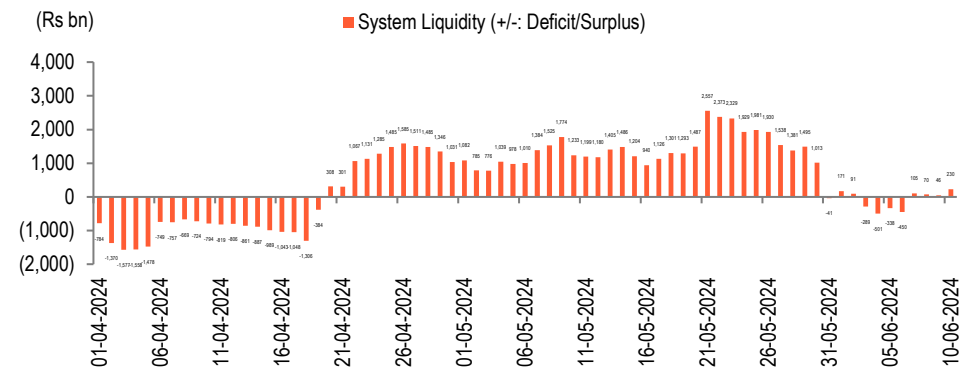


Fig 93 – Downward shift of medium to long tenor part of the curve was visible



Source: Bloomberg

Fig 95 – Avg. system liquidity deficit was at Rs 1.4tn in May'24 from a surplus of Rs 202bn seen in Apr'24 and is currently at an avg. surplus of Rs 87bn (till 10th Jun)



Source: RBI

Fig 96 – 3Y AAA NBFC spread rose to 79bps as on 31 May 2024 from 69bps as on 30 Apr 2024

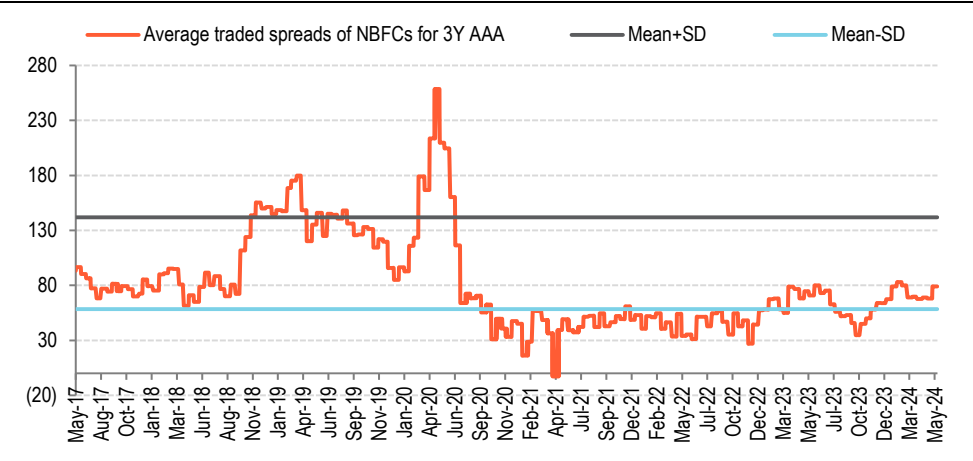


Fig 97 – For 10Y AAA NBFC, it rose to 63bps from 51bps

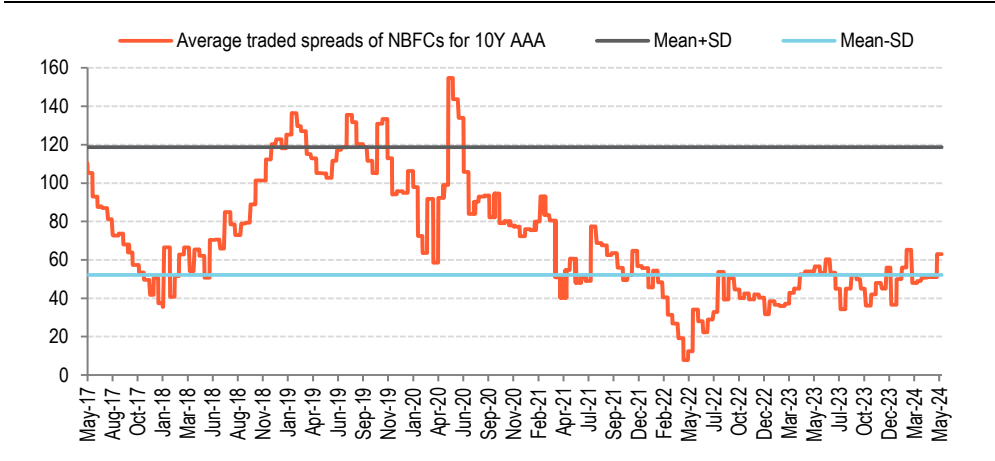


Fig 98 – 3Y AAA corp spread inched up slightly to 49bps from 45bps

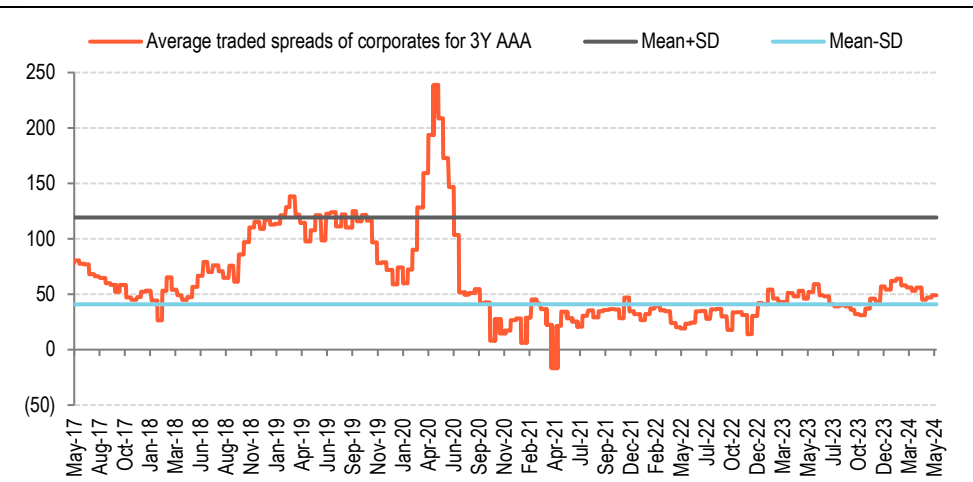


Fig 99 – For 10Y AAA corp spread, it rose to 39bps from 31bps

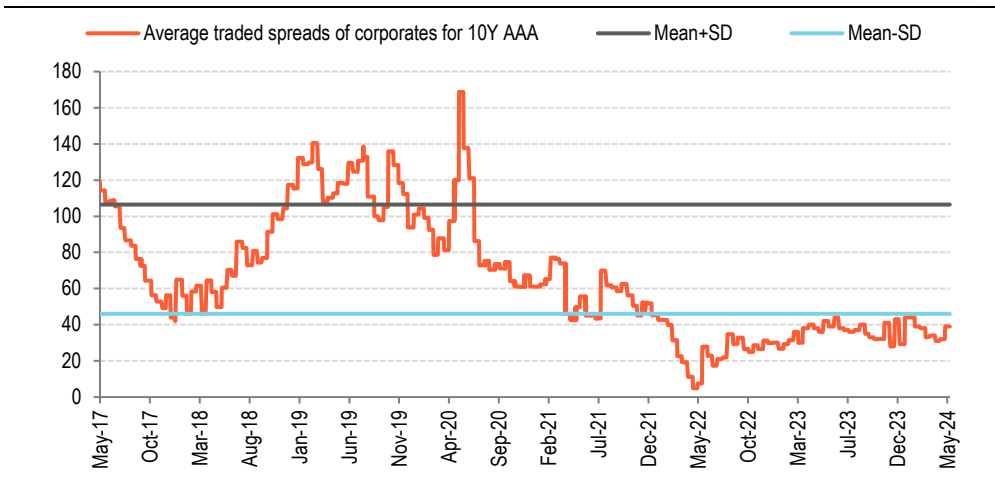


Fig 100 – INR 3Y swap moderated to 6.50 as on 31 May 2024 from 6.62 as on 30 Apr'24

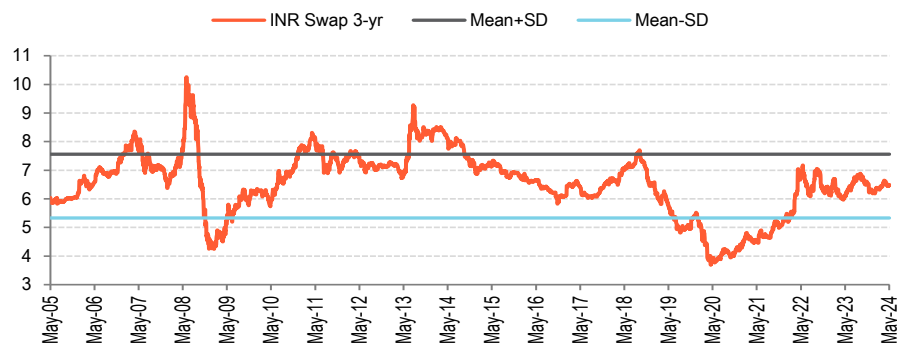
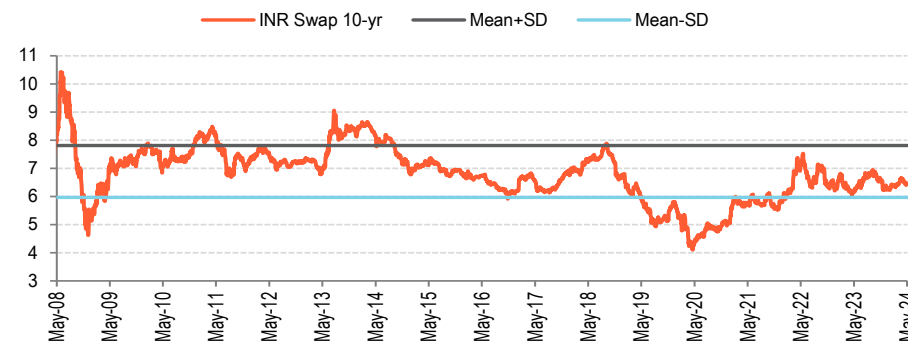


Fig 101 – For 10Y, it was slightly higher at 6.67 from 6.64



Interest rates on small savings schemes

Fig 102 – Interest rate small savings scheme to remain unchanged in Q1FY25

Instrument (%)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
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	5.5	6.6	6.8	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	5.5	5.7	6.8	6.9	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	5.5	5.8	6.9	7.0	7.0	7.0	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	6.7	7.0	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	5.8	6.2	6.5	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	7.4	7.6	8.0	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	6.6	6.7	7.1	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	6.8	7.0	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	6.9	7.0	7.2	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	7.6	8.0	8.0	8.0	8.2	8.2

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

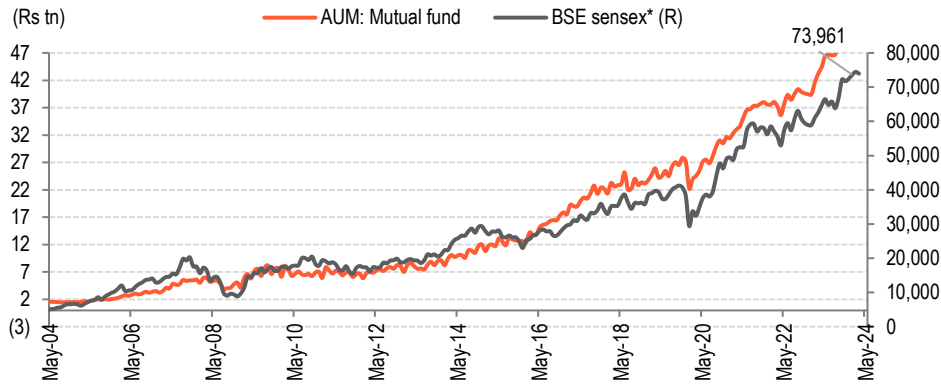
Fig 103 – MCLR rate of major banks

1Y MCLR (%)	Feb'23	Mar'23	Apr'23	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
Public Sector Banks																
Bank of Baroda	8.55	8.55	8.60	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
Bank of India	8.40	8.50	8.60	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
Canara Bank	8.50	8.60	8.65	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
Indian Bank	8.45	8.55	8.60	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
Punjab National Bank	8.40	8.50	8.50	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
State Bank of India	8.50	8.50	8.50	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
Union Bank of India	8.65	8.65	8.65	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
Private Sector Banks																
Axis Bank Ltd.	8.90	8.95	8.95	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
HDFC Bank Ltd.	8.90	8.95	8.95	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
ICICI Bank Ltd.	8.65	8.75	8.75	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
Indusind Bank	10.05	10.15	10.20	10.20	10.20	10.25	10.25	10.30	10.30	10.35	10.35	10.35	10.40	10.40	10.40	10.40
Kotak Mahindra Bank	9.00	9.05	9.10	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

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

Mutual fund (MF) indicators

Fig 104 – Sensex moderated by 0.7% in May'24, AUM of MFs rose to Rs 58.9tn in May'24 from Rs 57.3tn in Apr'24



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

Insurance sector indicators

Fig 106 – Sale of life insurance policies rose to 12.4% in May'24 from 10.7% in Apr'24

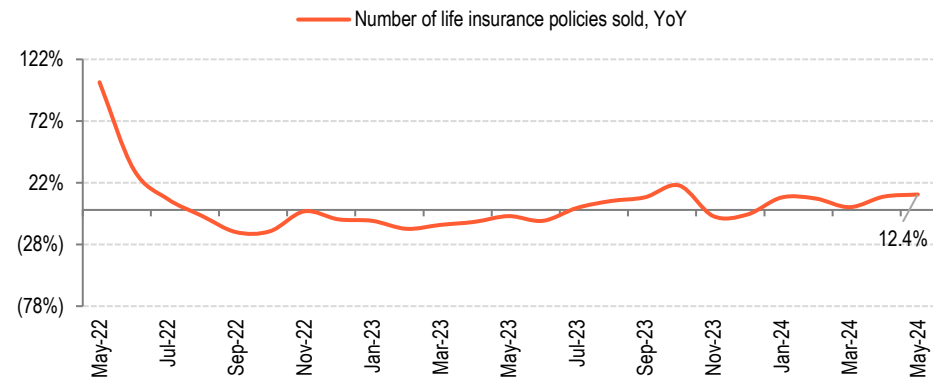


Fig 105 – MF equity inflows inched up to Rs 355bn from Rs 202bn; debt inflow fell to Rs 417bn in May'24 from Rs 1.9tn in Apr'24

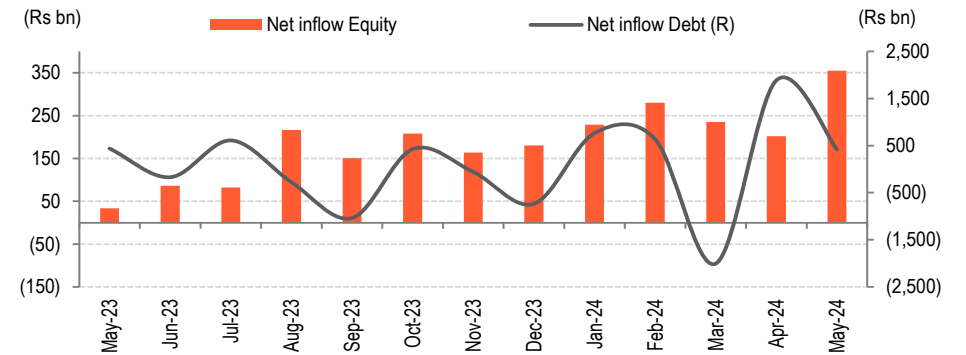
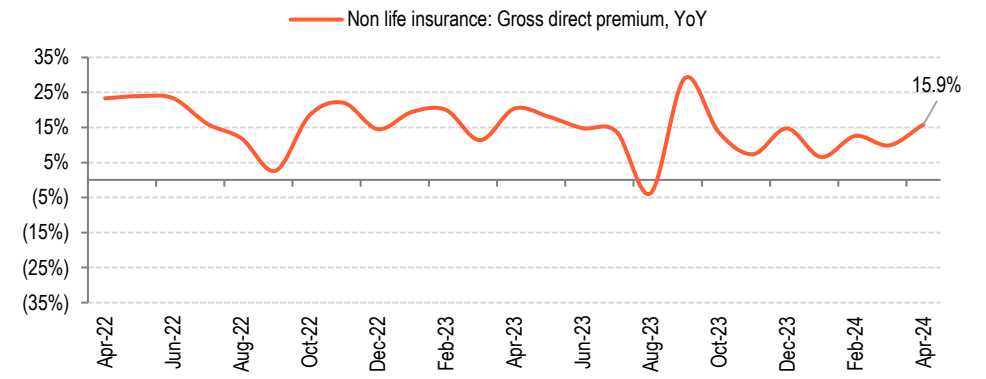


Fig 107 – Gross direct premium for non-life insurance rose to 15.9% from 9.9% in Mar'24, despite an unfavourable base



Public finance

Central government finances

Fig 108 – FY24 fiscal deficit came in lower (5.6%) than FY24RE (5.8%); rose again in Apr'24 (12MMA basis)

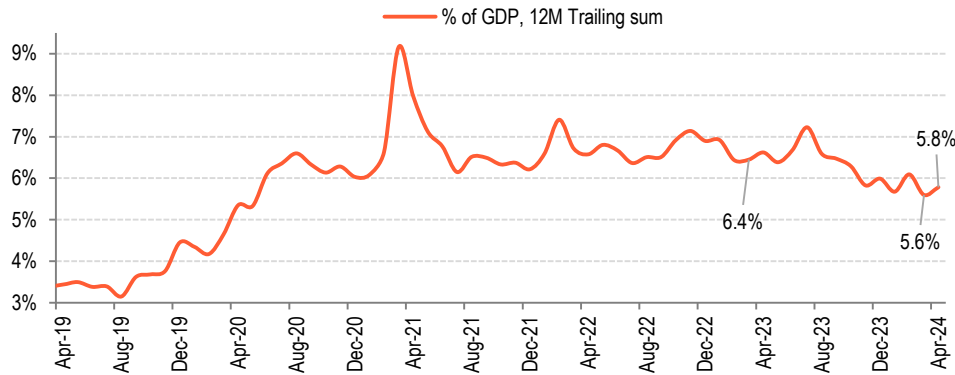


Fig 110 – Primary deficit settled at 2% versus FY24RE of 2.3%; remains stable in Apr'24

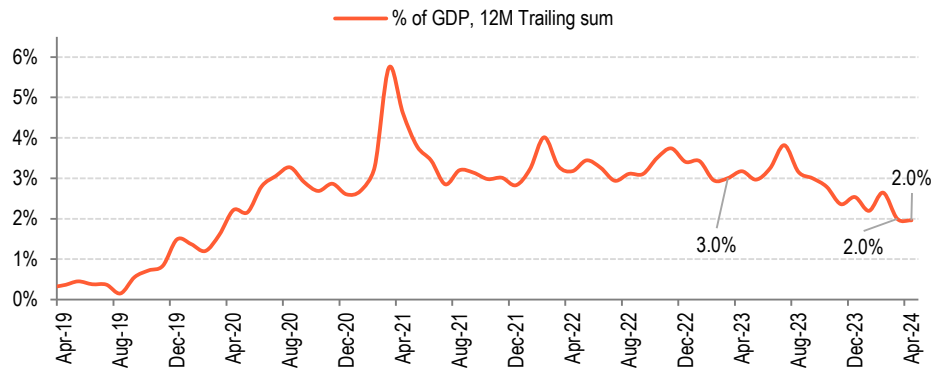


Fig 109 – Revenue deficit also surpassed targeted level (2.8%) in FY24 (2.6%); Apr'24 level even lower

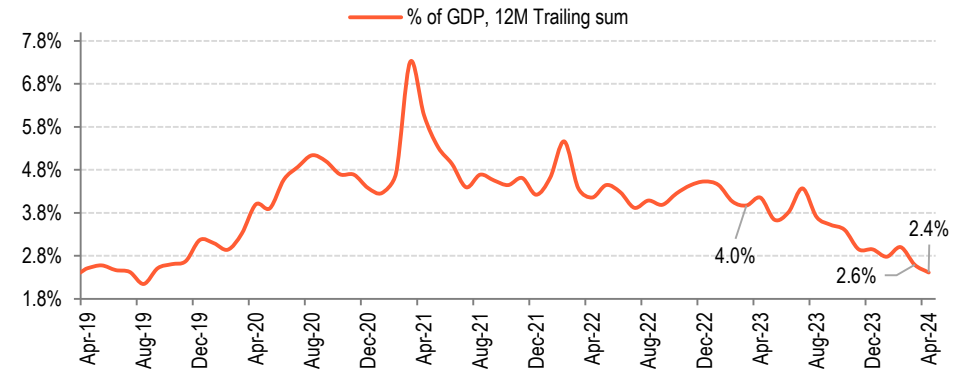


Fig 111 – Government spending in FY24 was lower than RE; seen picking up pace in Apr'24 (12MMA basis)...

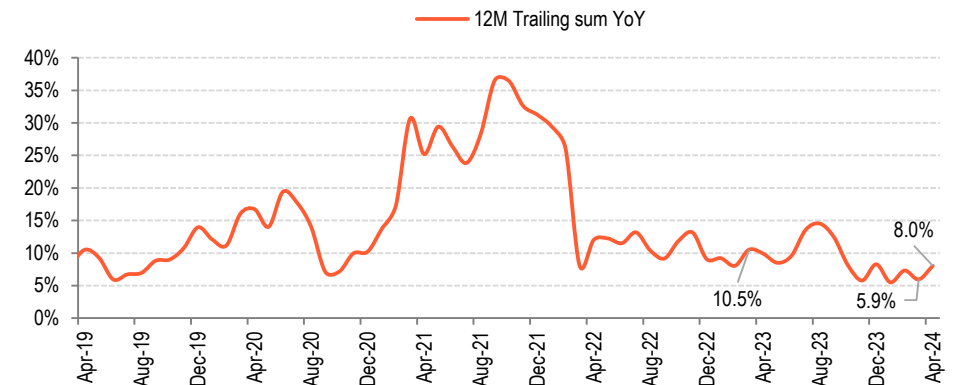


Fig 112 – Capex target was broadly met in FY24; is off to a solid start in Apr'24

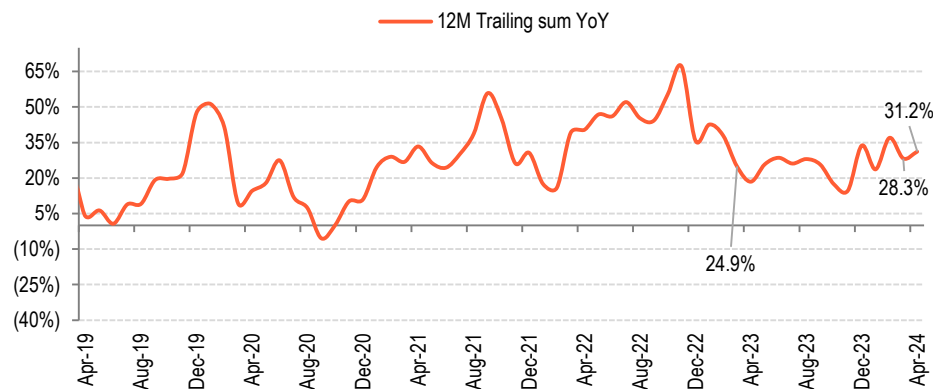


Fig 113 – Revenue spending missed FY24RE target by a small margin; growth seen picking up in Apr'24

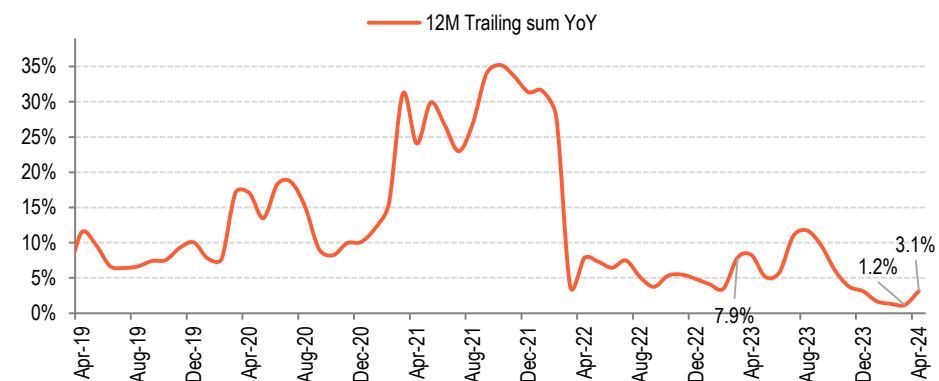


Fig 114 – Pickup in spending was led by ministries of rural development, road transport, consumer affairs and finance

Ministry	Apr'22	Apr'23	% change	Apr'24	% change
Ministry of Finance	637	688	7.9	1,524	121.6
Ministry of Defence	442	557	26.0	565	1.4
Ministry of Consumer Affairs, Food and Public Distribution	150	100	(33.2)	214	113.2
Ministry of Rural Development	12	1	(87.6)	134	9103.1
Ministry of Home Affairs	227	205	(9.8)	249	21.5
Ministry of Education	43	48	11.0	79	65.1
Ministry of Road Transport and Highways	431	410	(5.0)	574	40.0
Ministry of Chemicals and Fertilisers	52	152	194.0	66	(56.5)
Ministry of Petroleum and Natural Gas	0	0.06	4.0	0.07	18.5
Ministry of Agriculture	155	46	(70.6)	61	33.2
Ministry of Health and Family Welfare	45	37	(18.0)	73	97.5

Fig 115 – Receipt growth end Q4FY24 higher than last year; Apr'24 notes receipts going further up

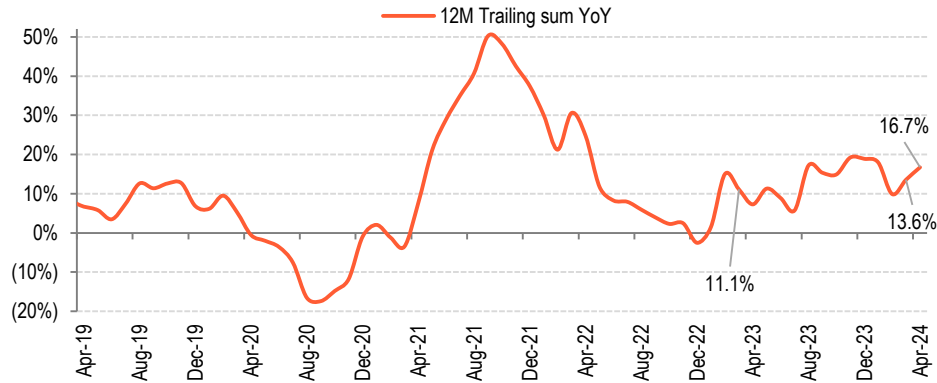


Fig 116 – Revenue receipts helped overall performace...

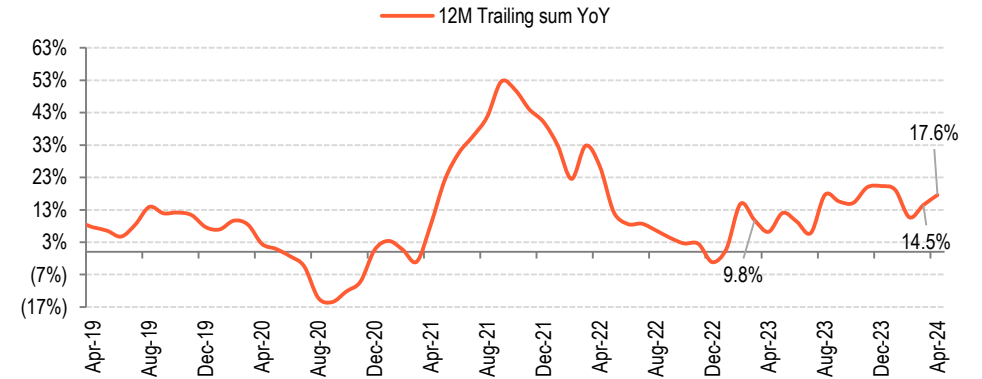


Fig 117 – ...As net tax revenue receipts gather momentum

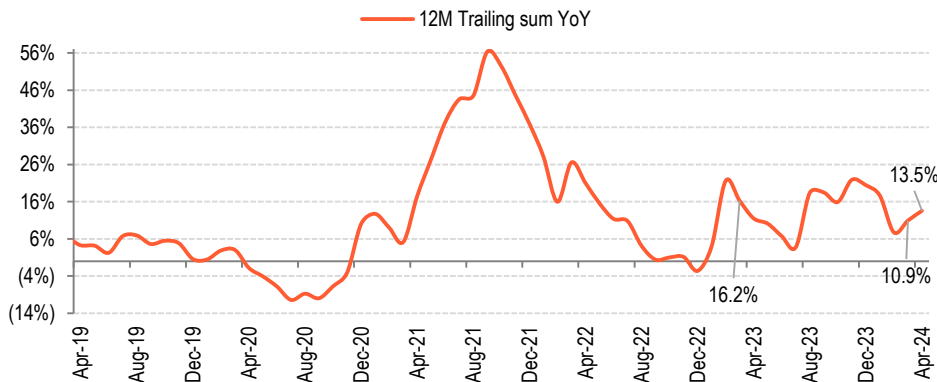


Fig 118 – Non-tax collection growth remains at elevated levels (due to base effect)

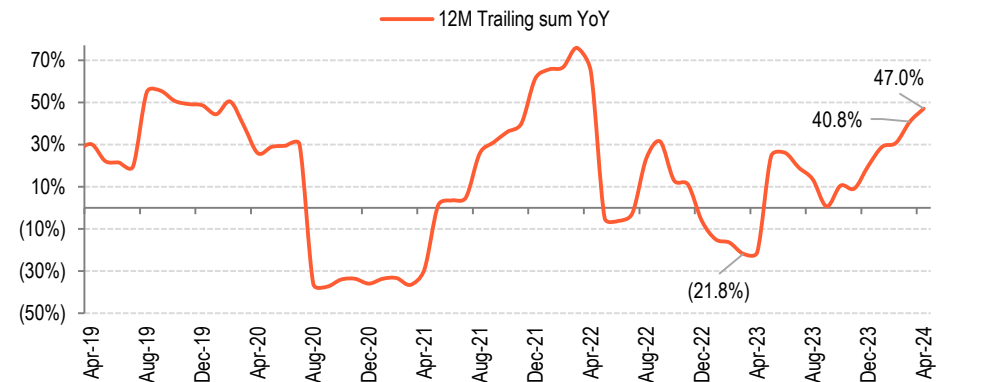


Fig 119 – Centre’s gross tax collections are off to good start at the beginning of FY25

	Apr'22	Apr'23	% change	Apr'24	% change
Gross Tax revenue	2,323	2,181	(6.1)	2,550	16.9
Direct taxes	1,328	1,206	(9.2)	1,351	12.1
Corp Tax	567	386	(32.0)	362	(6.2)
Income Tax	761	820	7.8	990	20.6
Indirect taxes	995	975	(1.9)	1,199	22.9
Non-tax revenue	119	110	(8.2)	273	149.1
Centre's revenue (net)	1,846	1,589	(13.9)	1,850	16.4
Total expenditure	2,748	3,041	10.6	4,235	39.3
Capital exp	789	785	(0.6)	992	26.5
Revenue exp	1,959	2,256	15.2	3,242	43.7
Fiscal deficit	748	1,336	-	2,101	-

Fig 120 – Gross direct tax collections continue to inch up

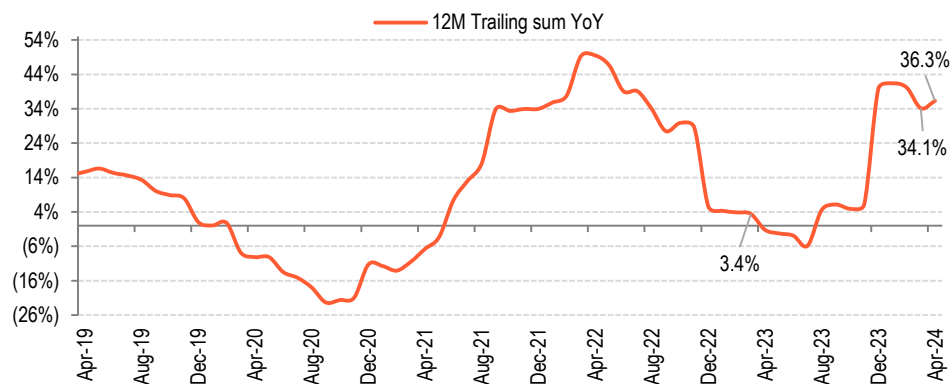


Fig 121 – Gross indirect tax collections also off to a good start

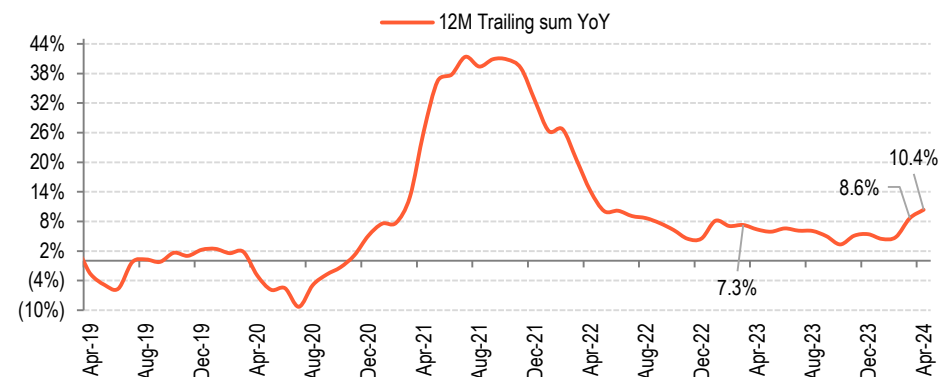


Fig 122 – Amongst direct taxes, corporate tax collection growth was lower than last year in FY24; Apr'24 saw an uptick

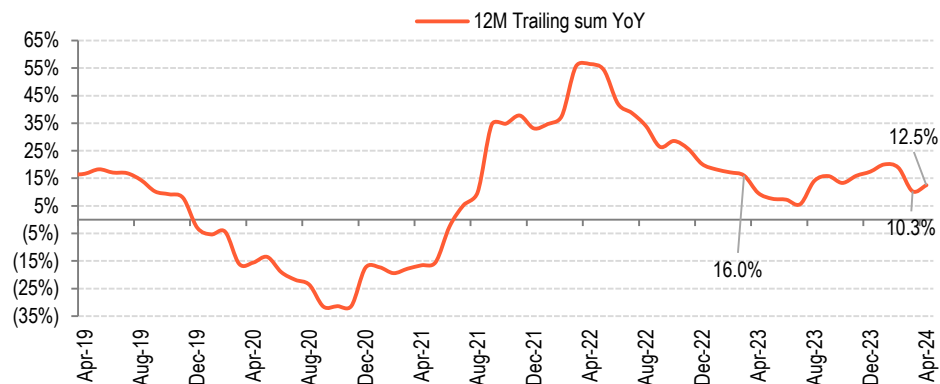


Fig 123 – ...Income tax collections growth was higher than last year in FY24; growth in Apr'24 was broadly stable

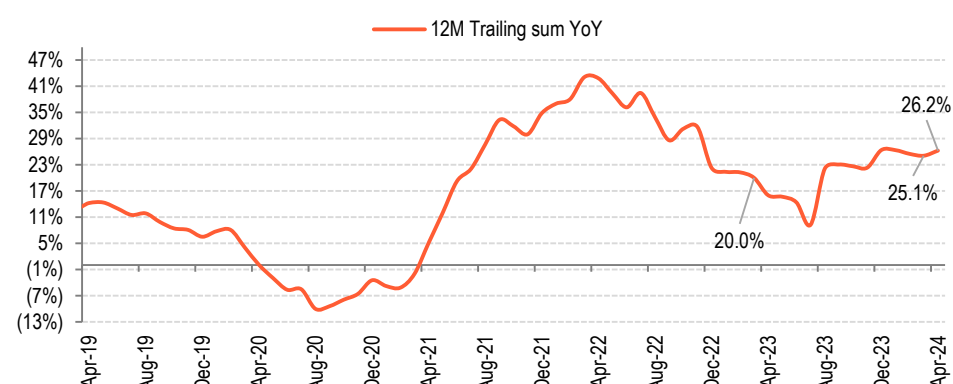
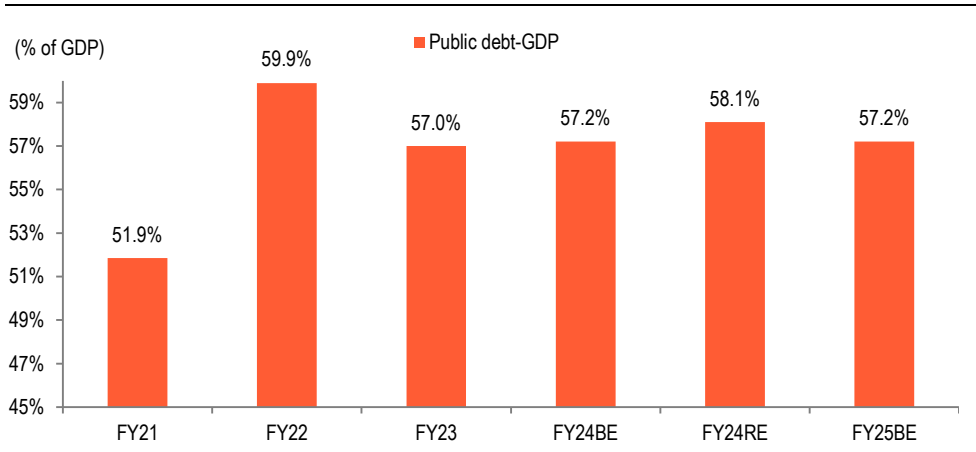


Fig 124 – GST collections for Apr'24 slipped marginally

(Rs bn)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	Monthly run rate (FYTD25)	FYTD25	FY25 (BE)
CGST	809	607	648	672	627	617	705	661	680	737	711	731	912	912	912	9,177
UT GST	3.1	2.6	3.4	2.5	3.1	2.0	11.2	2.5	4.5	4.7	3.8	7.0	2.9	3	3	-
IGST	(93)	10	16	(24)	63	17	(159)	43	(113)	(65)	(127)	383	(26)	(26)	(26)	-
SGST*	733	884	865	826	820	970	1,003	824	1,031	891	1,067	855	711	711	711	-
Cess	119	112	118	114	114	114	119	118	118	116	125	127	130	130	130	1,500
Total GST	1,571	1,615	1,651	1,591	1,627	1,720	1,679	1,649	1,721	1,683	1,780	2,103	1,730	1,730	1,730	-

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 – Subsidy bill in FY24 was lower than FY23; FY25BE targets bill further lower at Rs 3.81 lakh crore

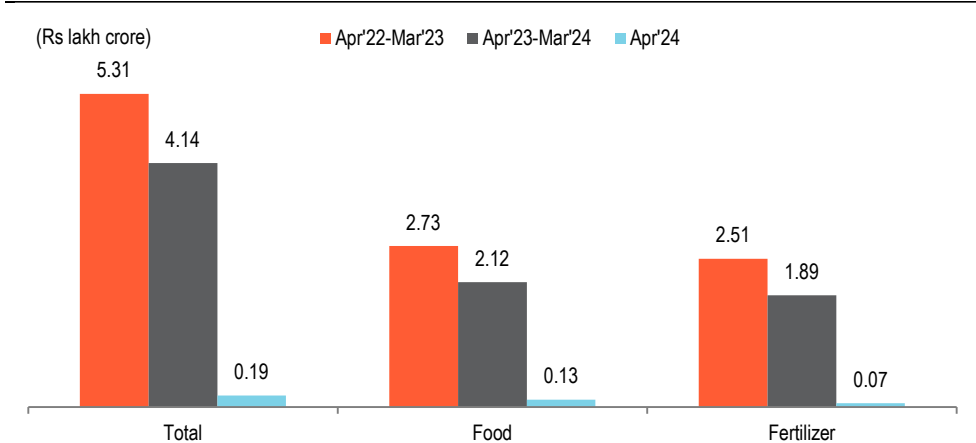
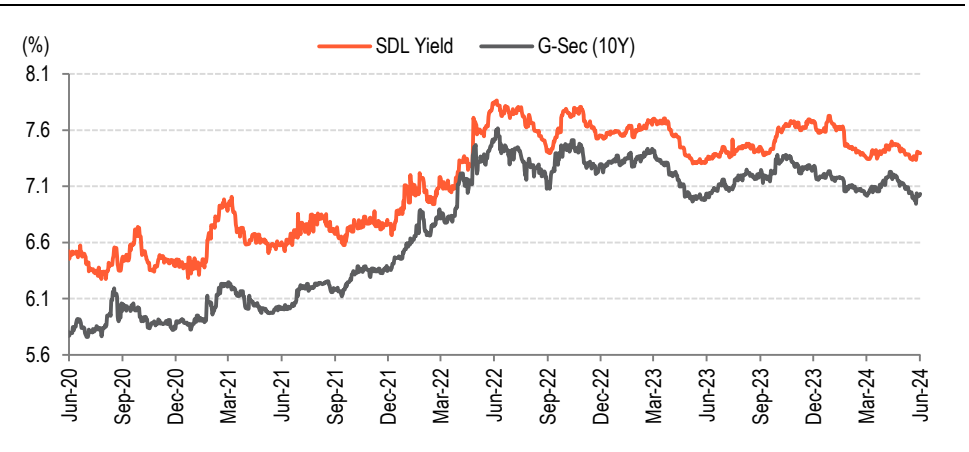
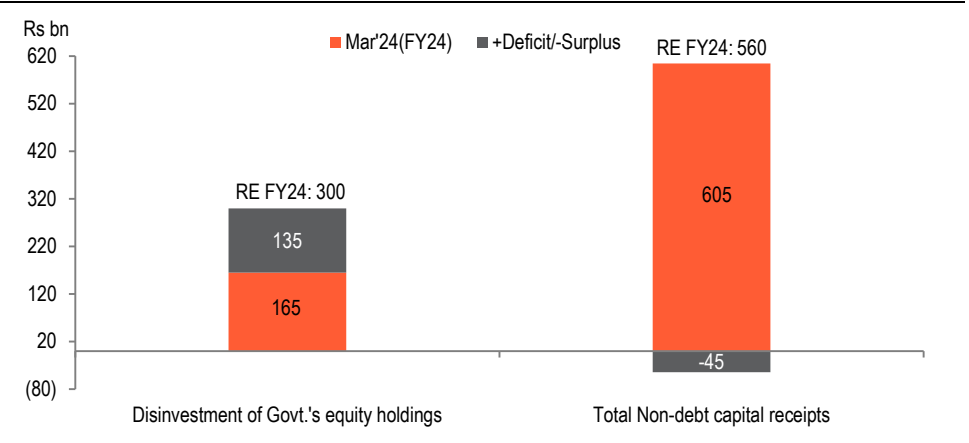


Fig 126 – Spread between 10Y G-sec and SDL yield widened in May'24, and has increased further in Jun'24 so far



Source: CCIL

Fig 128 – Central govt. missed disinvestment target in FY24; surpassed overall non-debt capital receipt target



Central government borrowing

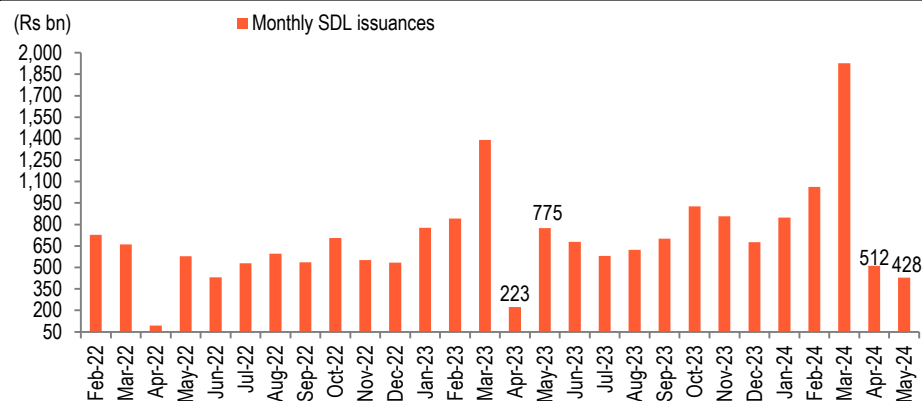
Fig 129 – Centre’s borrowing through T-bill in Q1* has been at Rs 3 lakh crore

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	2,955*	3,210
Q2	3,186	3,299	3,024	5,417	3,215	3,704	3,899		
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		
Total	11,192	11,271	11,788	17,204	16,986	17,105	16,731		

Source: RBI, * Till 5th Jun

State government borrowing

Fig 131 – State government borrowings slowed in May’24



Source: RBI

Fig 130 – Centre has raised Rs 2.8 lakh crore in Q1*

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	2840^	3,780
Q2	1,890	1,440	2,210	4,220	3,649	4,390	4,800		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		
Total	5,880	5,710	7,100	13,461*	11,273	14,210	15,430		

Source: RBI* Against budgeted Rs 12.8tn, Note: Till 7th Jun

Fig 132 – States have borrowed ~47% of the Q1 planned amount 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	1,193*	2,540
Q2	809	1,439	1,614	1,644	1,661	1,903		
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		
Total	4,661	5,731	7,206	6,927	7,652	9,879		

Source: RBI; *as of 11 Jun 2024

External sector

Exports

Fig 133 – Global export growth still remained weak

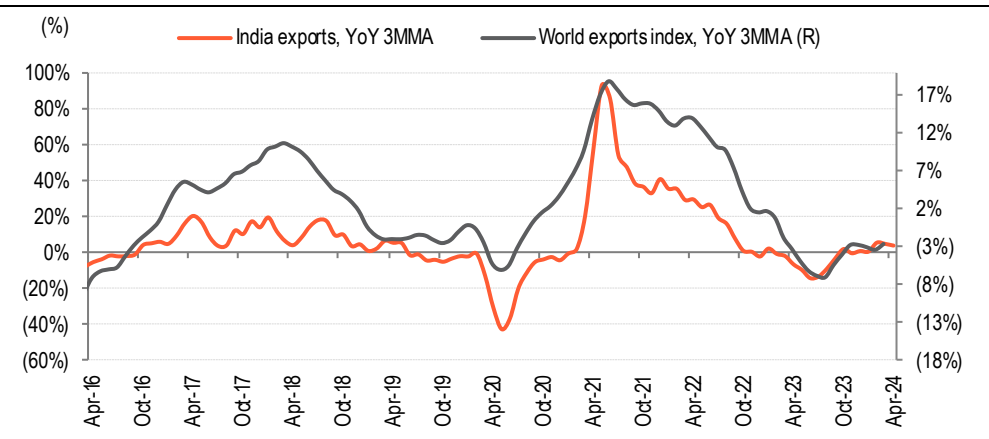
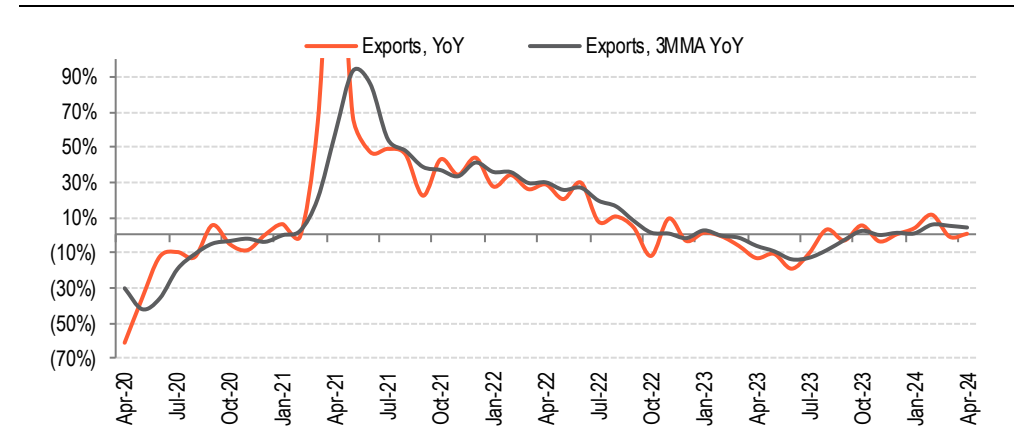


Fig 134 – India's exports increased by 1.1% in Apr'24 after declining by 0.6% in Mar'24



Exports by major sectors

Fig 135 – Oil exports accelerated in Apr'24

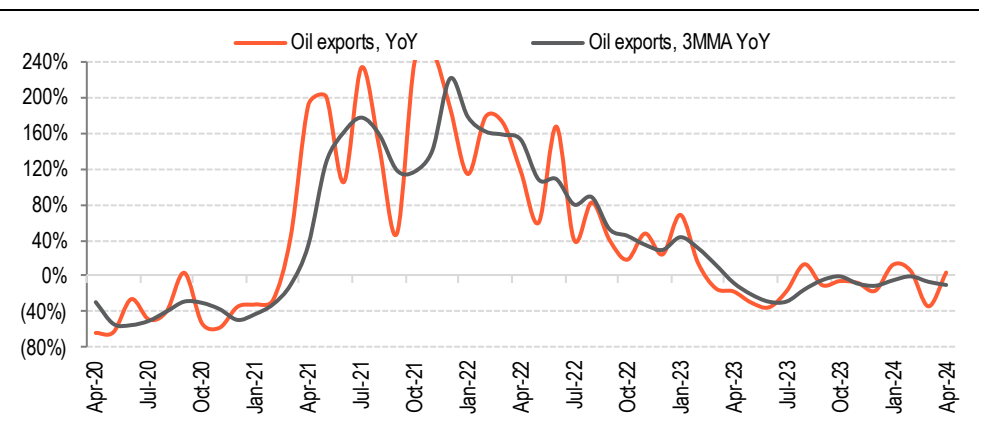


Fig 136 – Non-oil exports however moderated, led by engineering goods..

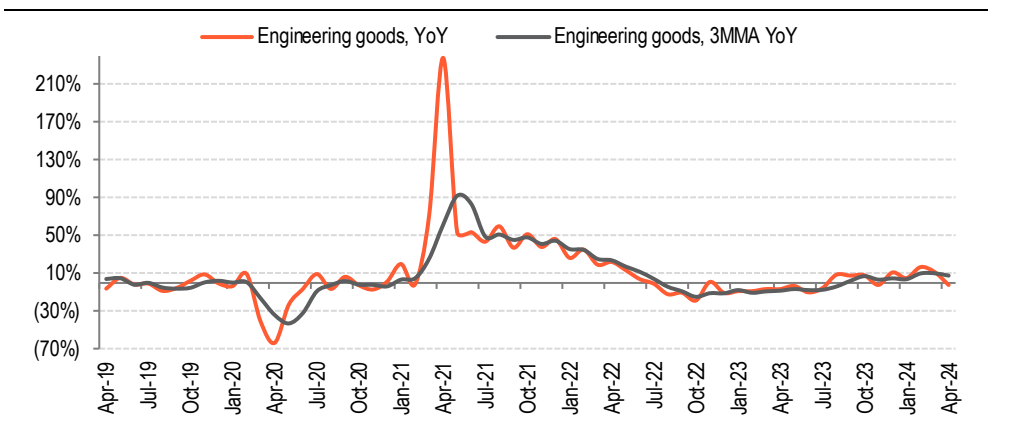


Fig 137 – .. and agricultural exports

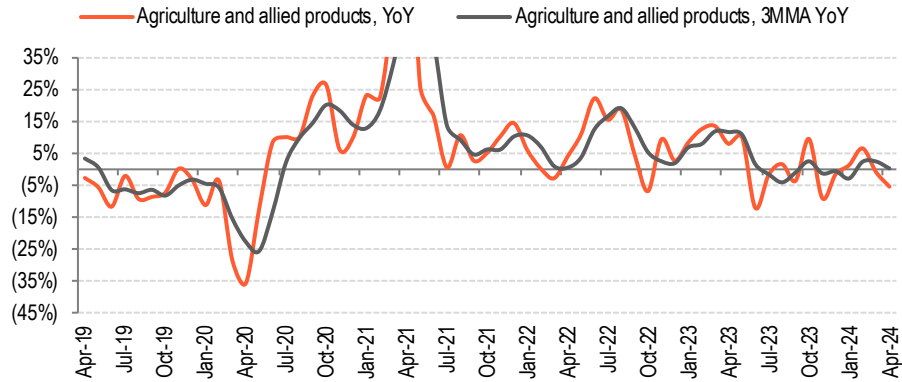
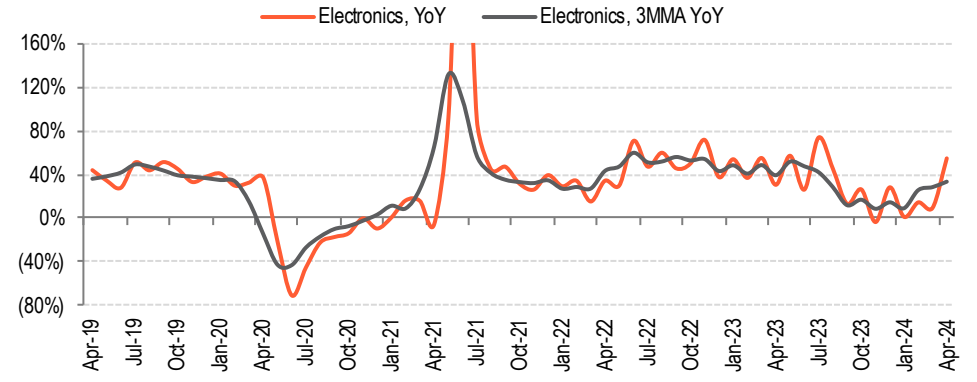


Fig 138 – However, exports of electronic goods shows further momentum



Imports

Fig 139 – Imports increased sharply by 10.3% in Apr'24 compared with a decline of 6% in Mar'24

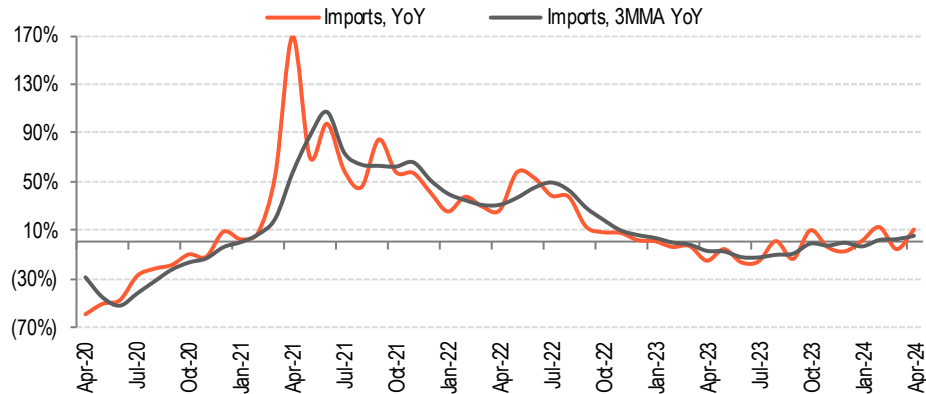


Fig 140 – Gold imports continue to increase due to elevated gold prices

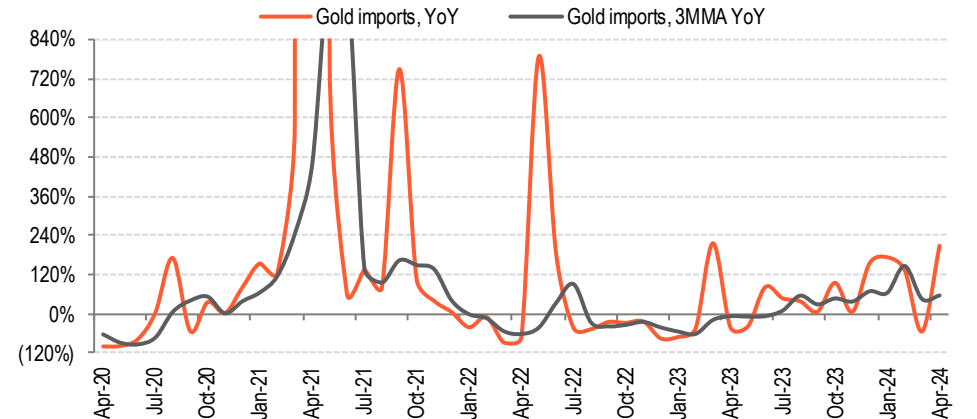


Fig 141 – Non-oil imports improved in Apr'24

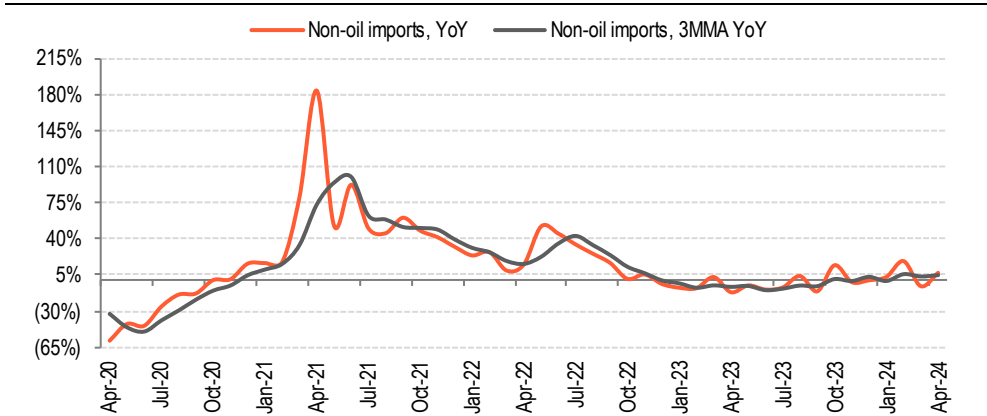


Fig 142 – Within non-oil, imports of non-oil surged sharply by 24% in Apr'24 after declining by 24.3% in Mar'24

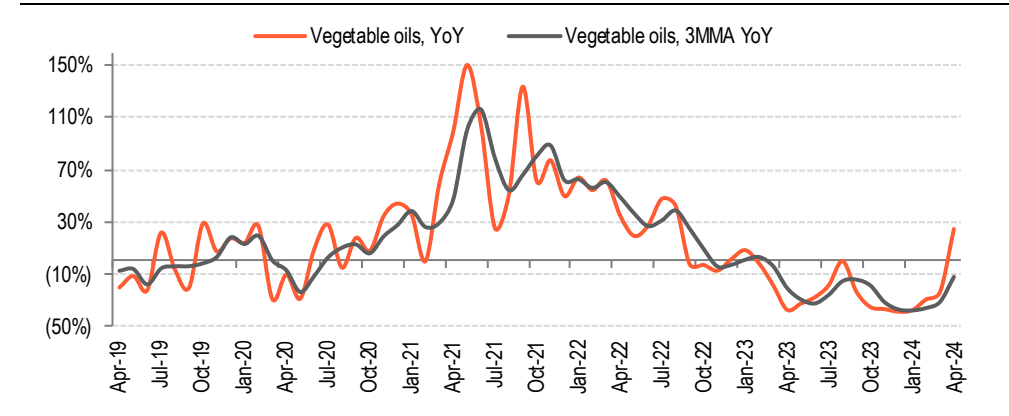


Fig 143 – Imports of chemicals declined at a slower pace in Apr'24

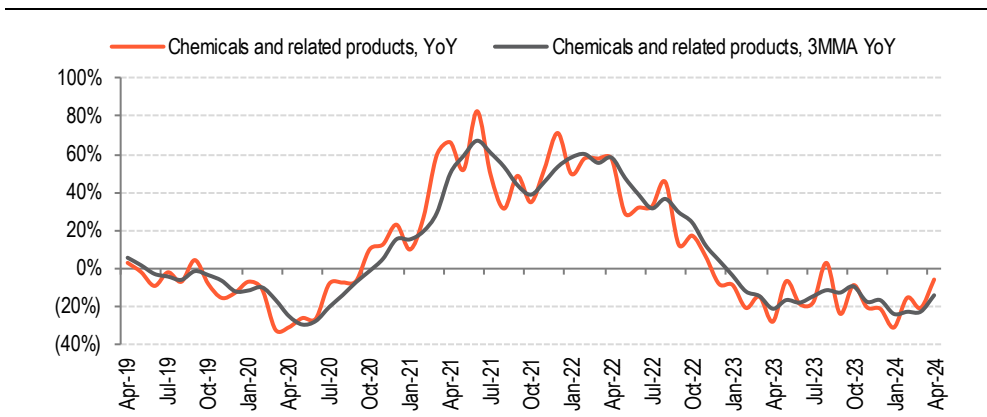
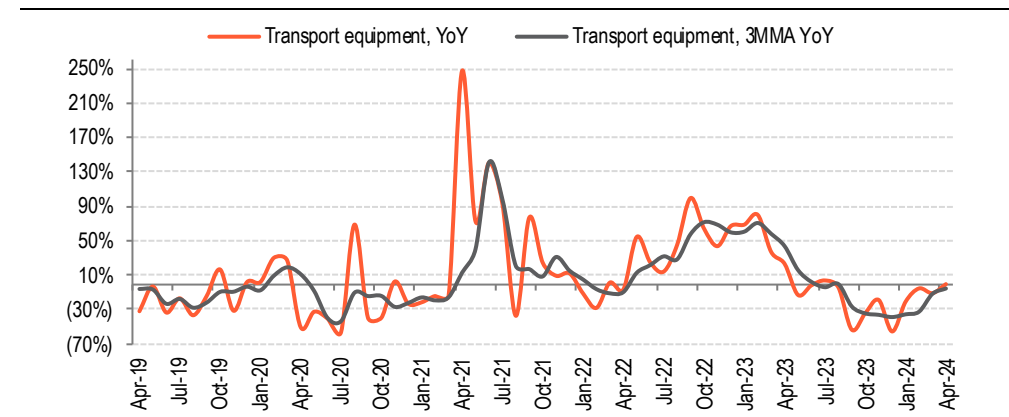


Fig 144 – .. similar trend in imports of transport equipment



Exports and imports by major regions

Fig 145 – Exports to China and Middle East declined in Apr'24

Region (% YoY)	Share in FY24	FY23	FY24	Feb-24	Mar-24	Apr-24
Americas	23.5	6.3	(4.1)	17.8	1.3	7.7
Asia and Pacific (Ex. China)	22.5	(8.0)	(7.0)	7.6	(1.4)	1.9
China	3.9	(28.0)	8.8	13.4	(8.8)	(9.7)
Europe	22.9	14.2	0.5	19.9	(8.4)	7.1
Middle East and Africa	26.3	25.3	(4.5)	6.4	5.3	(10.3)
Other	1.0	78.1	3.3	(44.2)	49.5	(12.6)

Fig 146 – Broad based pickup in imports from all regions in Apr'24

Region (% YoY)	Share in FY24	FY23	FY24	Feb-24	Mar-24	Apr-24
Americas	15.1	4.2	3.3	16.1	(0.5)	3.9
Asia and Pacific (Ex. China)	13.9	5.9	2.9	28.1	(24.8)	11.4
China	25.1	19.6	(4.6)	9.2	(6.5)	4.3
Europe	26.4	11.2	(18.9)	10.3	(2.1)	10.1
Middle East and Africa	10.3	11.6	(13.8)	14.1	(9.4)	21.4
Other	9.3	241.6	29.7	(3.9)	8.5	24.0

Trade deficit

Fig 147 – Trade deficit inched up to a 5-month high in Apr'24 at US\$ 19.1bn

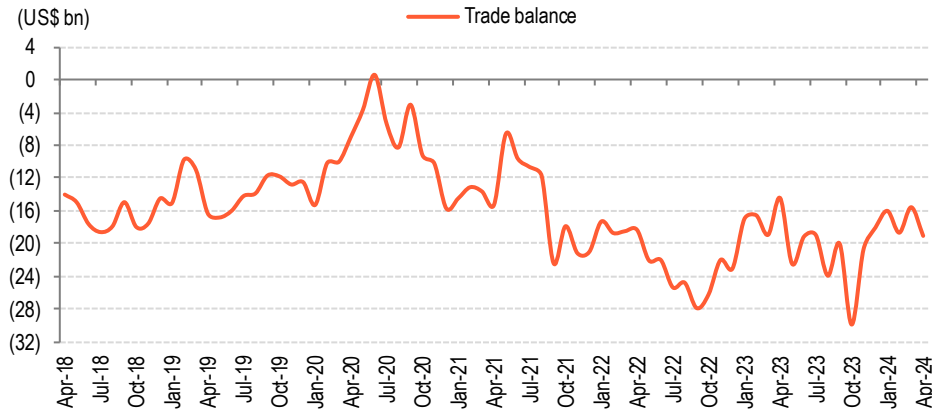
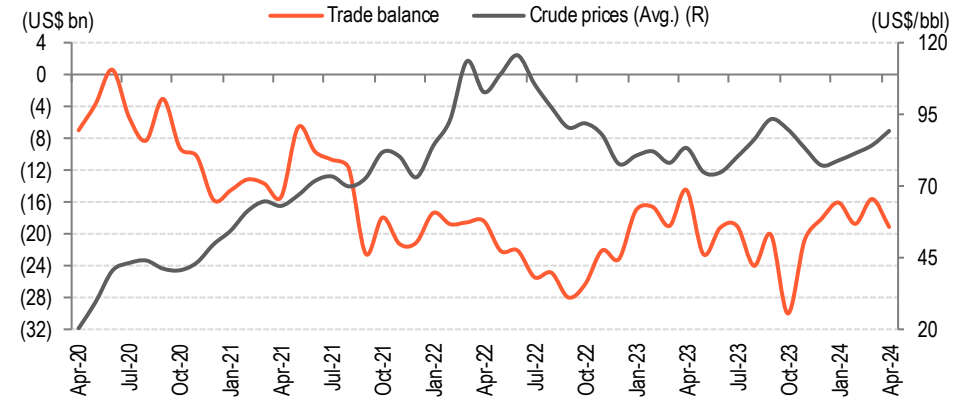
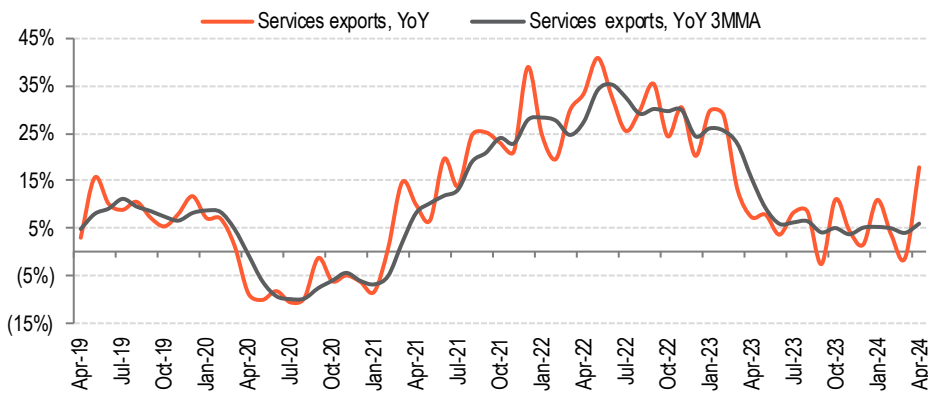


Fig 148 – ... led by higher oil prices



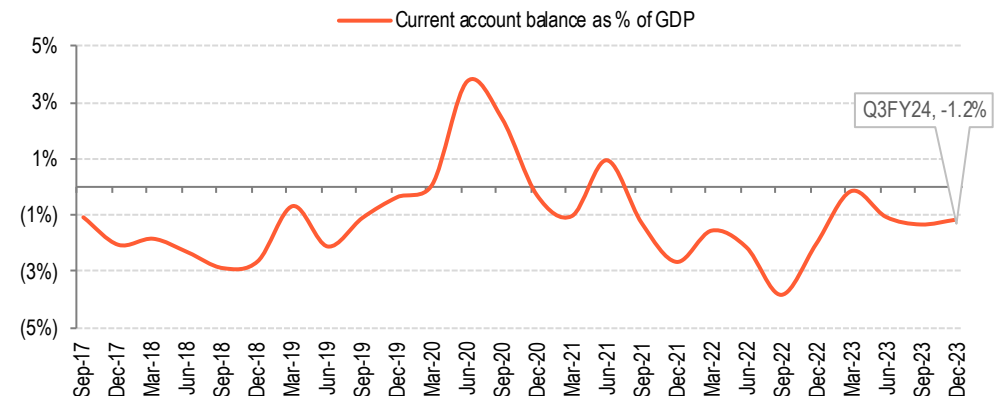
Trade in services

Fig 149 – Services exports increased by 17.7% in Apr'24 after declining by 1.4% in Mar'24



BoP

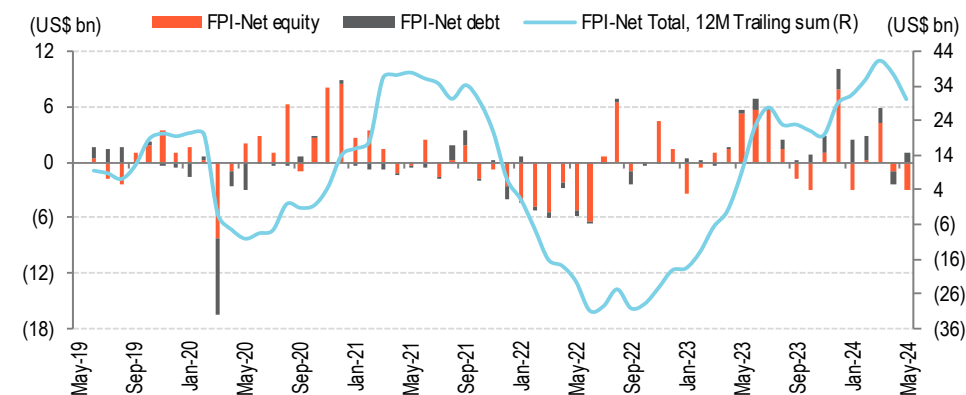
Fig 150 – India's current account deficit at 1.2% of GDP in Q3FY24 versus 1.3% in Q2



Foreign inflows

FPI inflows

Fig 151 – FPIs remain net sellers in the domestic market for the 2nd consecutive month in May'24 led by outflows in the equity segment



Source: Bloomberg

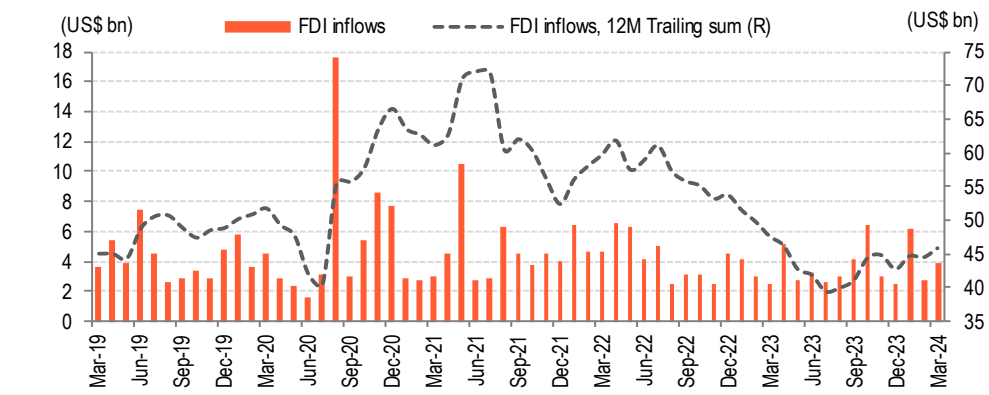
Fig 153 – FDI inflows lower in FY24, led by computer hardware and software and services

Sector	% Share FY24	FY23	FY24	Q4FY23	Q3FY24	Q4FY24
Computer software and hardware	17.9	9.4	8.0	1.3	1.0	4.6
Services Sector	14.9	8.7	6.6	2.1	1.3	1.5
Construction (Infrastructure) activities	9.5	1.7	4.2	0.5	1.4	0.4
Trading	8.7	4.8	3.9	0.6	1.7	1.2
Non Conventional Energy	8.5	2.5	3.8	0.8	0.9	1.6
Automobile industry	3.4	1.9	1.5	0.6	0.2	0.6
Drugs and Pharmaceuticals	2.4	2.1	1.1	0.2	0.8	0.2

Source: DIPP

FDI inflows

Fig 152 – FDI equity inflows decelerate at US\$ 3.9bn in Mar'24; US\$ 45.9bn in FY24



Source: RBI, Bank of Baroda Research

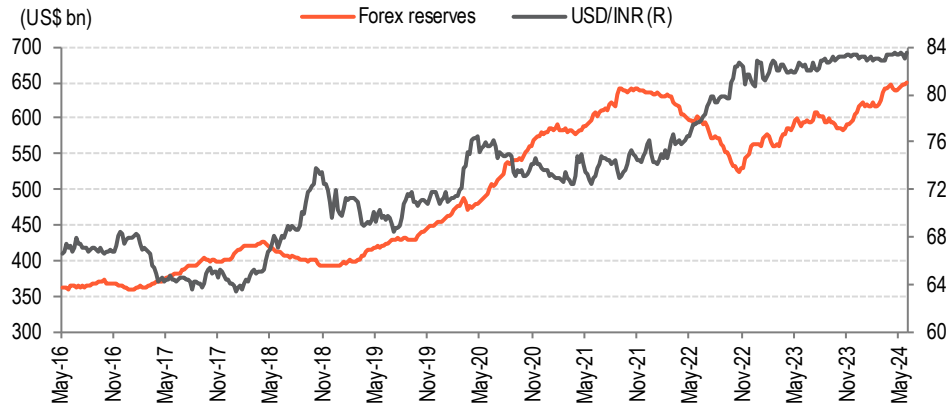
Fig 154 – Country wise, inflows from Singapore have fallen sharply in FY24, while inflows from Mauritius, Japan and Netherlands have been higher

Country (US\$ bn)	% Share FY24	FY23	FY24	Q4FY23	Q3FY24	Q4FY24
Singapore	26.5	17.2	11.8	4.1	2.2	4.3
Mauritius	17.9	6.1	8.0	1.4	4.1	0.9
US	11.3	6.0	5.0	1.1	0.8	2.2
Netherlands	11.1	2.5	4.9	0.3	0.4	2.6
Japan	7.2	1.8	3.2	0.4	0.6	0.4
UK	2.7	1.7	1.2	0.1	0.3	0.3

Source: DIPP

Forex reserves and external debt

Fig 155 – India’s FX reserves at a record high of US\$ 651.5bn



Source: Bloomberg | Note: Weekly data as of 31 May 2024

Fig 156 – India’s import cover below long term average

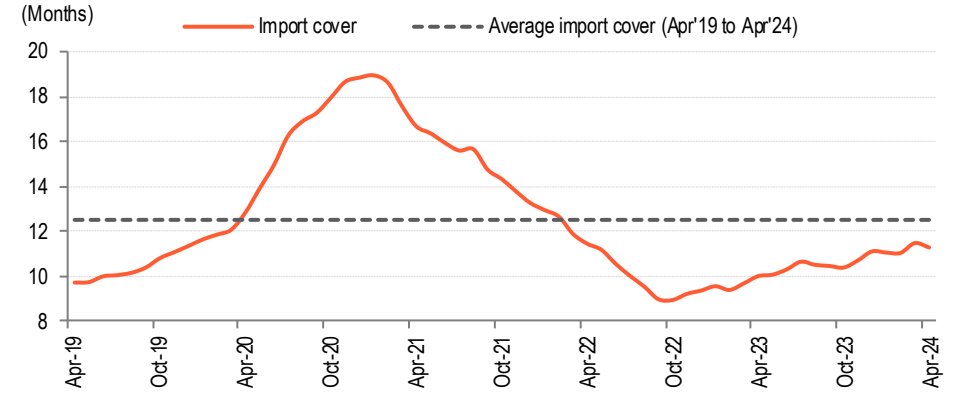


Fig 157 – At US\$ 13.2bn in Mar'24, RBI's net purchase in the spot market at a 33-month high

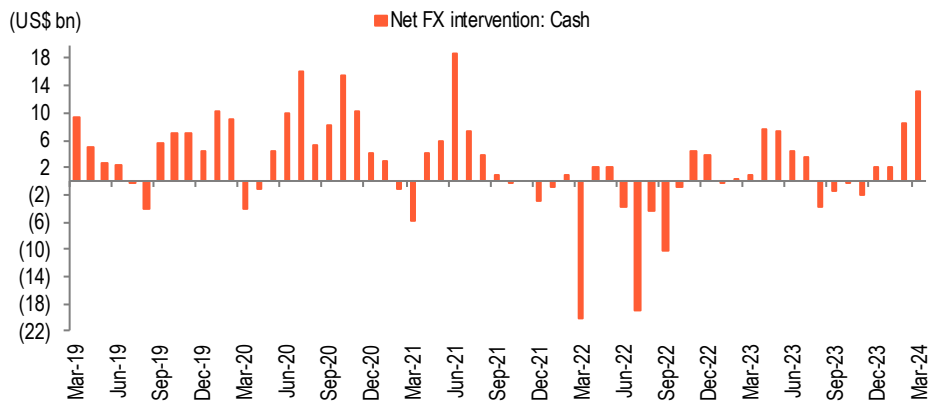
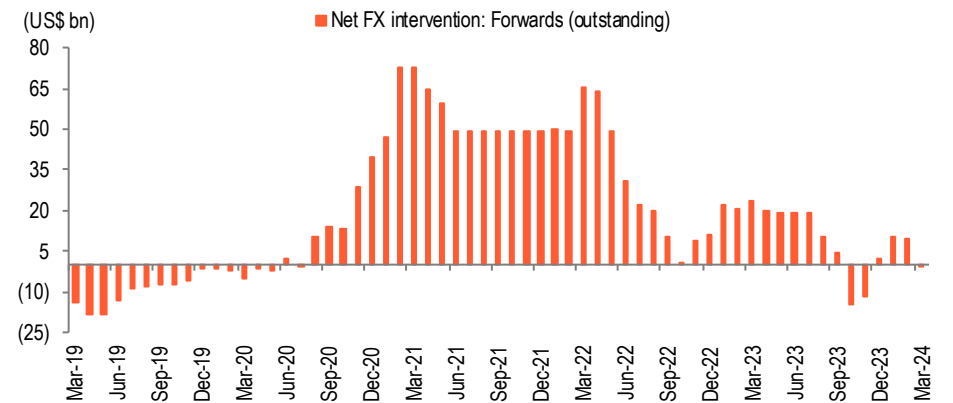


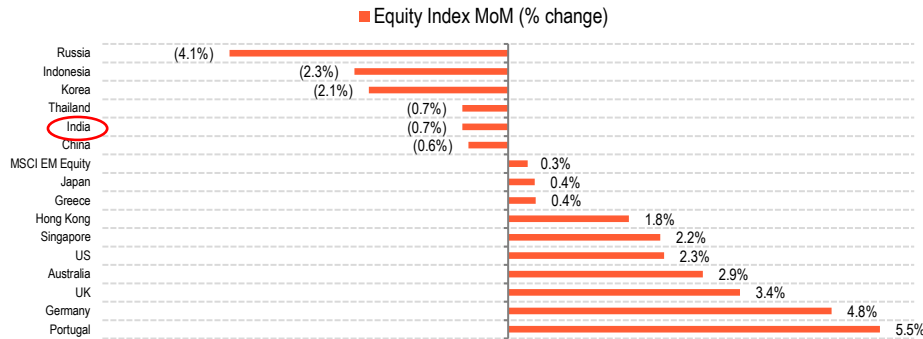
Fig 158 – RBI's outstanding forwards book declines



Markets

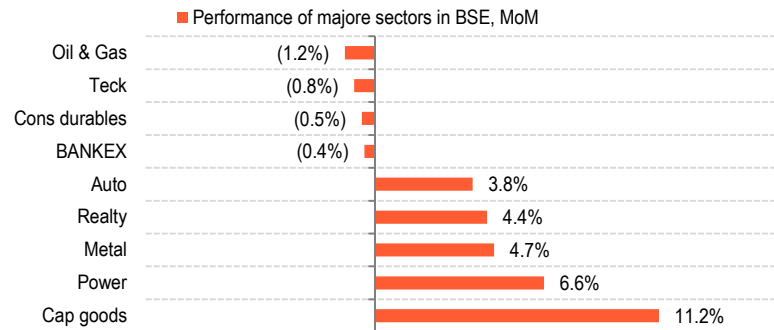
Equity

Fig 159 – In May'24, Sensex fell by 0.7%



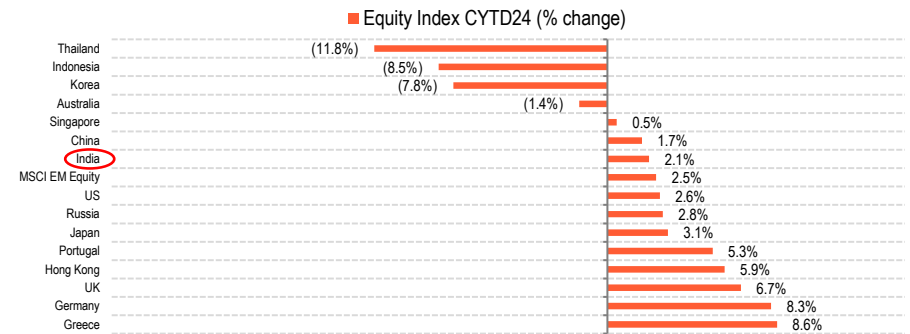
Source: Bloomberg | * As on 31 May 2024, Indices are in US\$ terms

Fig 161 – Oil and technology stocks moderated, while capital goods stocks inched up



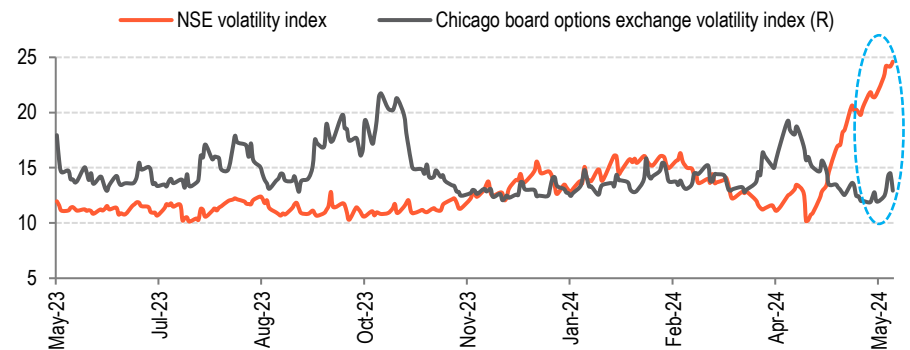
Source: Bloomberg | * As on 31 May 2024

Fig 160 – However, in CYTD24, Sensex rose by 2.1%



Source: Bloomberg | * As on 31 May 2024, Indices are in US\$ terms

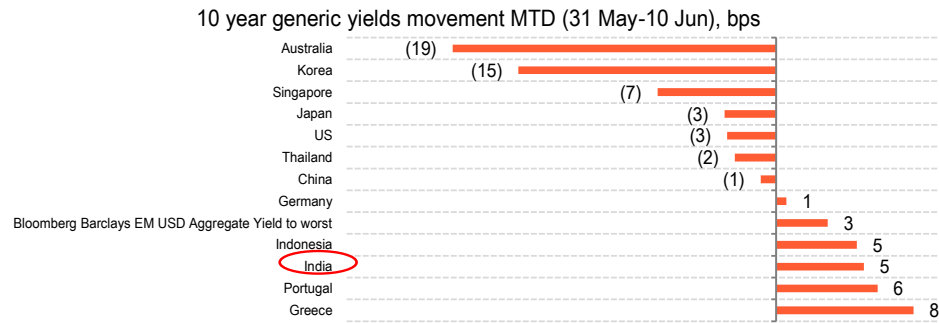
Fig 162 – VIX index rose to 24.60 as on May'24 from 12.87 as on Apr'24, led by election related volatility



Source: Bloomberg

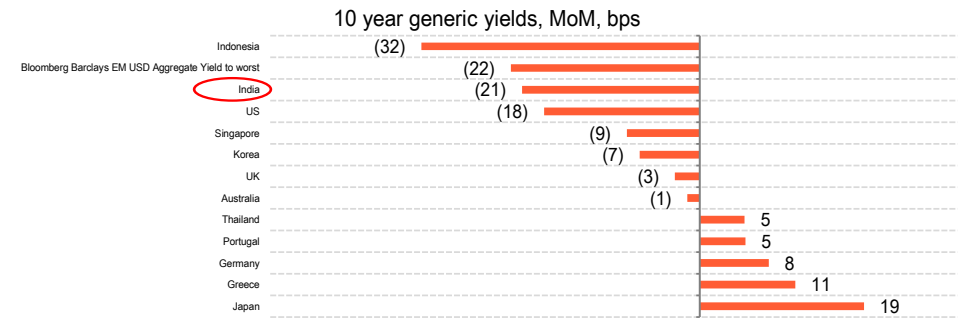
10-year bond yields

Fig 163 – In Jun'24*, India's 10Y yield has risen by 5bps



Source: Bloomberg, *As on 10 Jun 2024

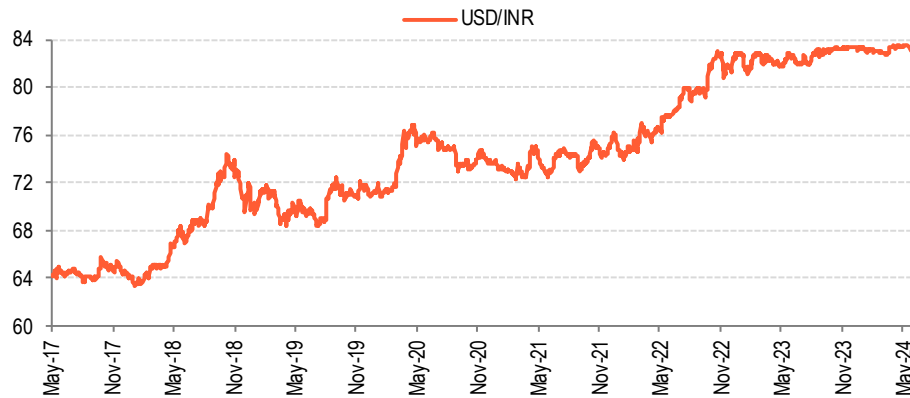
Fig 164 – However, in May'24, India's 10Y yield has fallen sharply by 21bps



Source: Bloomberg, As on 31 May 2024

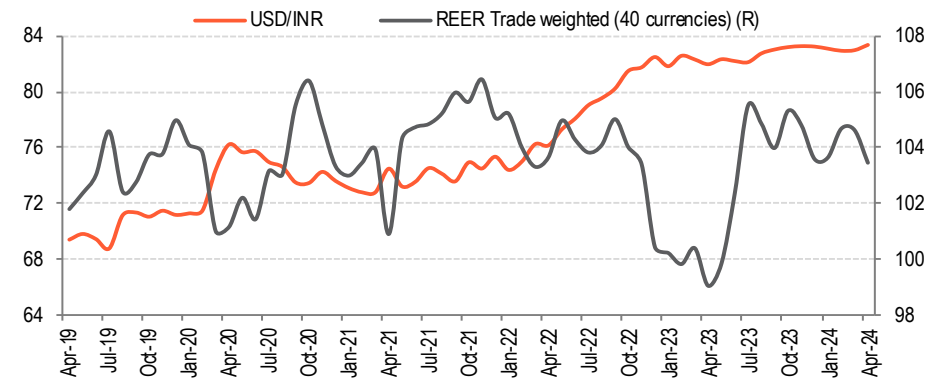
Currencies

Fig 165 – INR was broadly unchanged in May'24



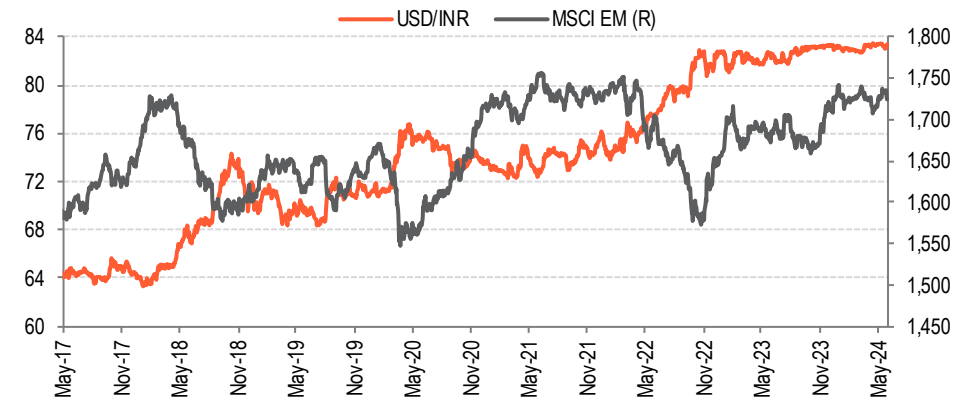
Source: Bloomberg | *As on 31 May 2024

Fig 166 – INR overvalued by 3.5% on REER basis (Apr'24)



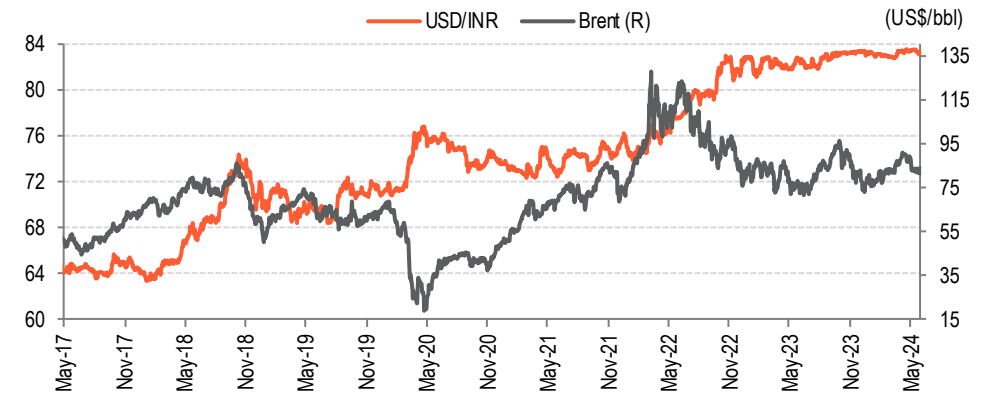
Source: Bloomberg

Fig 167 – EM currencies appreciated against the dollar



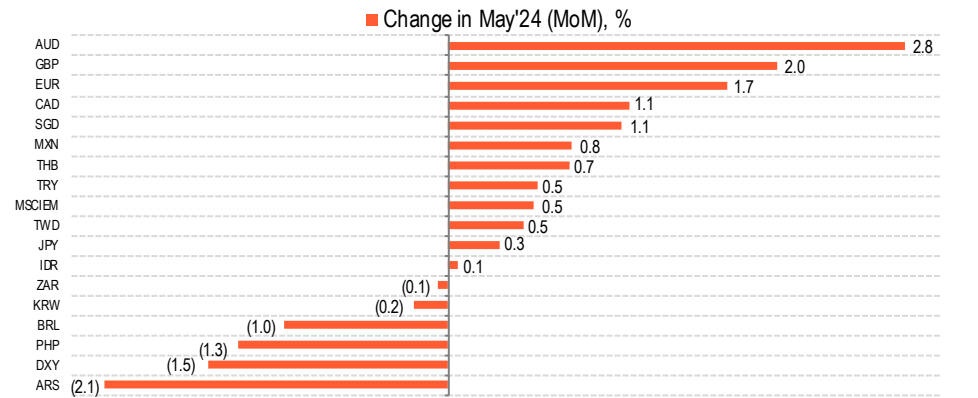
Source: Bloomberg | *As on 31 May 2024

Fig 168 – ... as oil prices on an average were lower



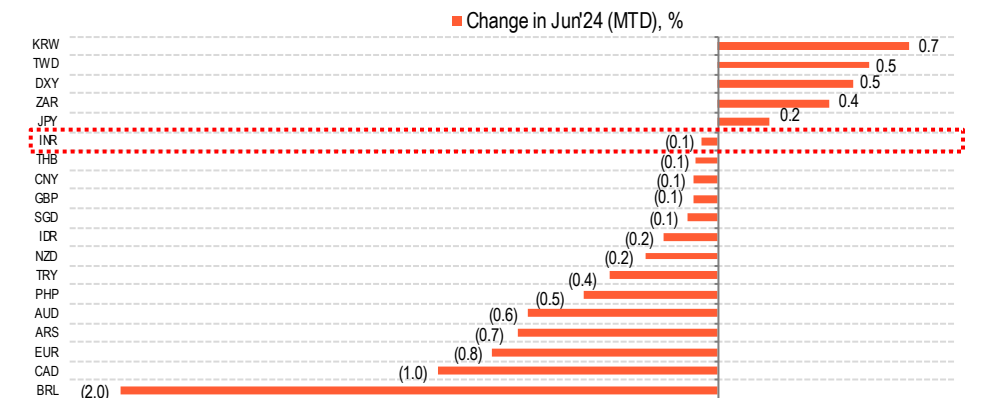
Source: Bloomberg | *As on 31 May 2024

Fig 169 – DXY fell by 1.5% in May'24



Source: Bloomberg | *As on 31 May 2024

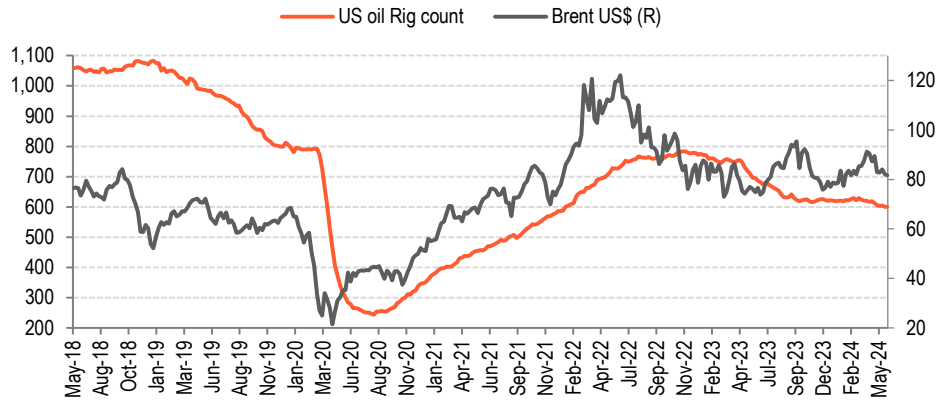
Fig 170 – In Jun'24, DXY has strengthened which is putting pressure on INR



Source: Bloomberg | *As on 10 June 2024

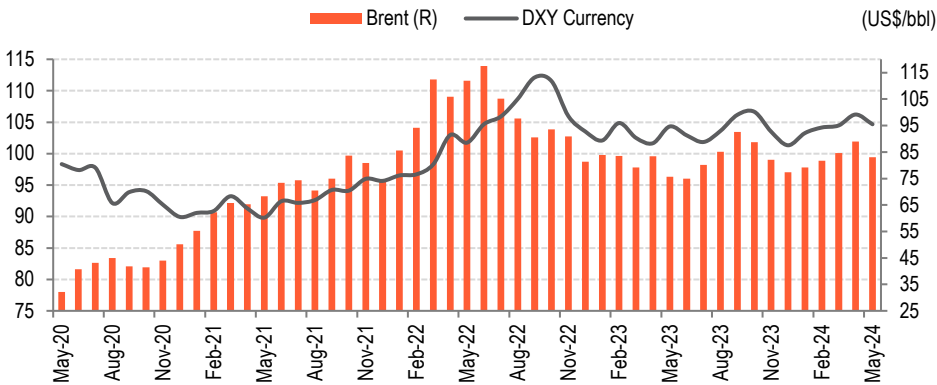
Commodities

Fig 171 – US rig count moderated



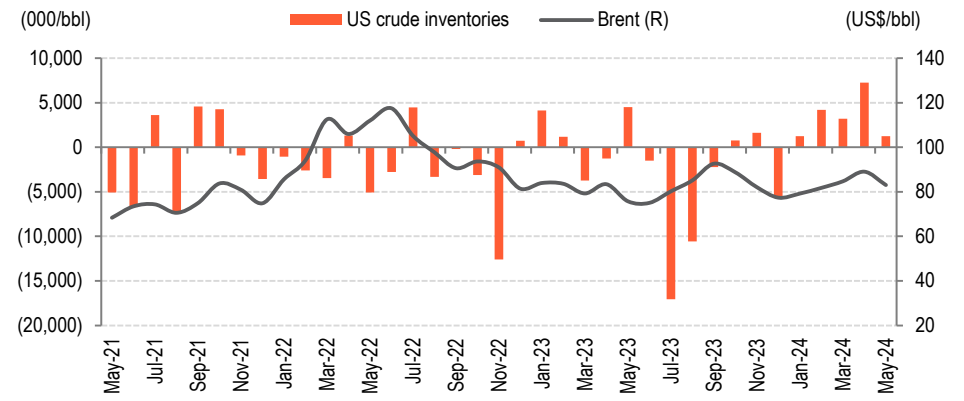
Source: Bloomberg

Fig 173 – Oil prices (average) moderated to US\$ 83/bbl in May'24 from US\$ 89/bbl in Apr'24, DXY inched down to 104.67 from 106.22



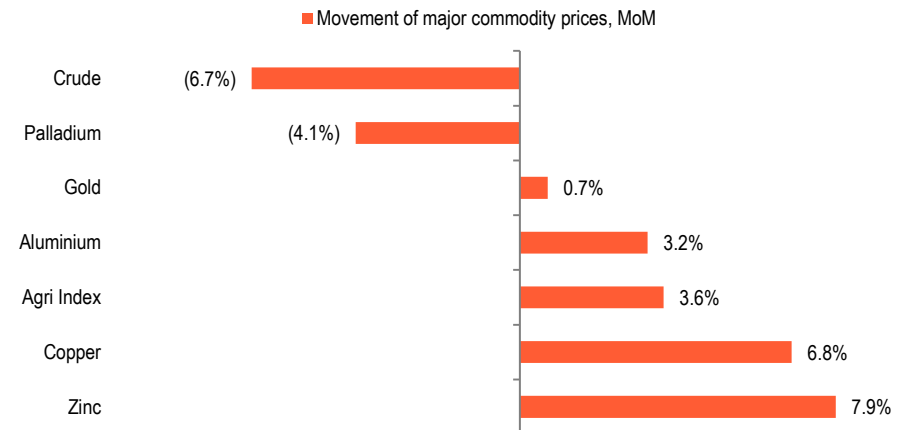
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 172 – Inventory draw down was visible



Source: Bloomberg

Fig 174 – Crude prices have fallen in May'24



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	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
Agriculture													
Tractor sales	(2.4)	(0.7)	0	(4.1)	(15.6)	(5.3)	1.5	(21.3)	(14.5)	(25.7)	(19.5)	(2.9)	-
Two wheeler sales	9.3	6.8	8.2	6.3	21.7	(12.6)	21.1	27.6	15.0	13.3	5.4	33.2	2.5
MNREGA work (HH, MoM)	31.9	6.3	(30.4)	(18.5)	(3.2)	(0.8)	(3.7)	12.8	(1.4)	7.9	(14.0)	5.7	28.6
Manufacturing													
IIP: General index	5.7	4.0	6.2	10.9	6.4	11.9	2.5	4.4	4.1	5.6	4.9	-	-
IIP: Manufacturing	6.3	3.5	5.3	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.2	-	-
IIP: Capital goods	8.1	2.9	5.1	13.1	8.4	21.7	(1.1)	3.7	3.4	1.0	6.1	-	-
IIP: Infra & construction goods	13.0	13.3	12.6	15.7	10.1	12.6	1.5	5.5	5.5	8.5	6.9	-	-
IIP: Consumer goods	1.5	(6.8)	(3.6)	6.0	1.0	15.9	(4.8)	5.2	11.9	12.4	9.5	-	-
Steel	12.0	21.3	14.9	16.3	14.8	13.6	9.8	8.3	9.2	9.1	6.4	7.1	-
Cement	15.9	9.9	6.9	19.7	4.7	17.0	(4.8)	3.8	4.0	9.1	10.6	0.6	-
Electricity	0.8	4.2	8.0	15.3	9.9	20.3	5.7	1.2	5.7	7.5	8.6	9.4	-
PMI: Manufacturing	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5
Services													
Services PMI index	61.2	58.5	62.3	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2
Automobile sales	10.1	9.6	10.0	8.6	20.4	(7.7)	18.5	21.1	15.0	13.1	3.1	26.7	2.6
Passenger vehicle sales	4.3	4.8	4.0	6.5	19.0	(1.4)	17.2	2.7	13.3	12.4	(6.2)	15.9	(1.0)
Vehicle registration	10.9	10.5	10.9	9.8	21.3	(6.6)	19.6	22.0	16.1	13.9	3.7	27.3	2.4
Rail freight traffic	1.9	(1.9)	1.5	6.4	6.7	8.5	4.3	6.4	6.4	10.1	8.6	1.4	-
Port cargo volume	5.3	(2.2)	4.3	4.4	0.3	13.8	17.0	0.7	3.2	2.4	3.6	1.3	3.7
Credit growth	15.3	18.0	19.5	19.7	17.6	20.4	21.1	20.0	20.3	20.5	20.2	19.0	19.5
Deposit growth	11.4	15.5	12.9	13.2	12.3	13.2	14.2	13.3	13.2	13.1	13.5	13.3	13.3
CIC	6.9	4.9	4.4	4.0	4.1	2.9	4.3	4.0	3.9	3.7	4.1	3.2	4.6
Toll collection (in mn)	335.2	316.1	295.0	308.0	298.9	319.7	320.8	337.2	331.4	323.4	338.7	328.1	347.4
Diesel consumption	12.8	3.0	3.8	5.2	3.8	9.3	(3.1)	(2.4)	3.4	6.3	2.7	1.4	1.8
GST E-way bill (in mn)	88.2	86.1	88.0	93.4	92.0	100.3	87.6	95.3	96.0	97.3	103.5	96.7	-
External Trade													
Merchandise exports	(10.4)	(18.8)	(10.0)	3.5	(2.8)	5.8	(3.2)	0.8	4.3	11.9	(0.6)	1.1	-
Merchandise imports	(6.0)	(16.8)	(16.1)	0.7	(14.0)	9.6	(4.3)	(7.8)	1.0	12.2	(6.0)	10.3	-
Services exports	7.7	3.5	8.1	8.4	(2.7)	10.9	4.4	1.4	10.8	3.5	(1.4)	17.7	-
Services imports	2.0	(3.4)	(2.2)	(0.8)	(10.3)	(0.4)	(11.1)	(1.2)	0.1	1.8	(2.1)	19.1	-

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

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