

## GDP and Investment rate

Exhibit 1: Quarterly GDP growth (yoy%)

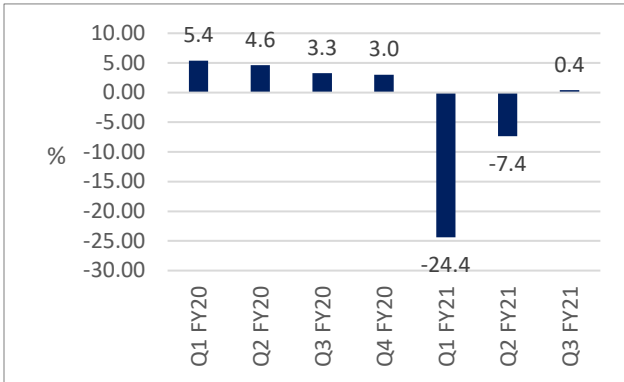
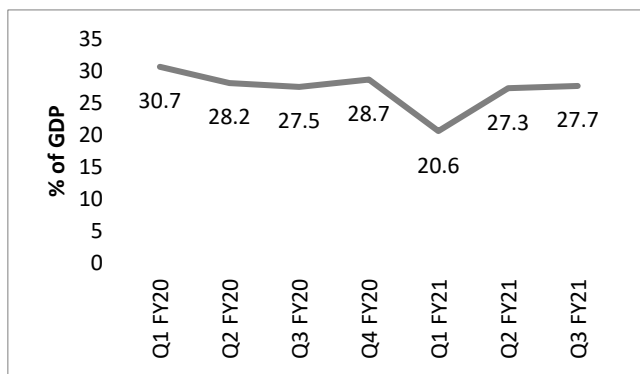


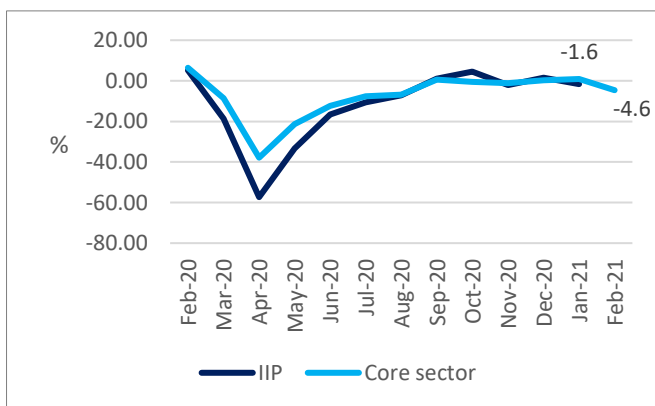
Exhibit 2: GFCF as a % of GDP (current)



Source: MOSPI

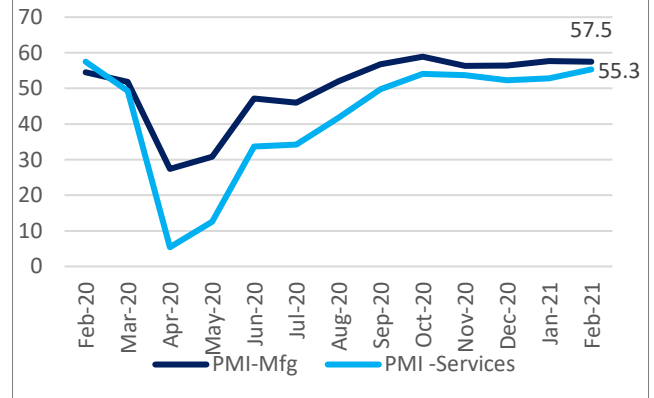
- The Indian economy registered a **GDP growth** (YoY) of 0.4% in Q3 FY21, after recording negative growth of 24.4% and 7.3% in the previous two quarters. The positive growth during the third quarter of FY21 is indicative of slow resumption of economic activities, higher consumption and activity across sectors.
- The **gross fixed capital formation** in the third quarter of FY21 was 27.7% of the GDP after witnessing a sharp downturn in the beginning of the fiscal (20.6% in the first quarter of FY21).

Exhibit 3: Industrial Production (% yoy change)



Source: MOSPI

Exhibit 4: PMI – Manufacturing and services (%)

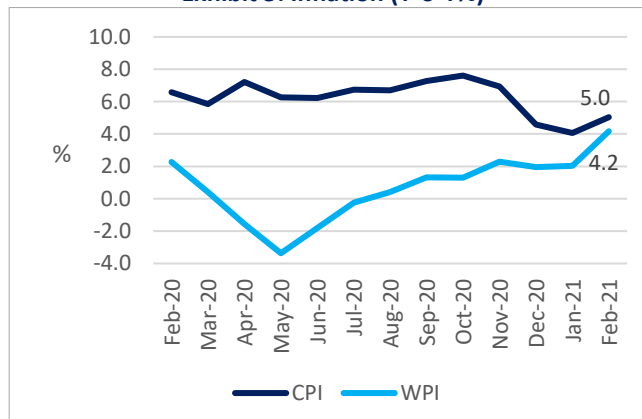


Source: IHS markit

- Industrial production** contracted by 1.6% in January 2021 after recording a growth of 1.6% in December 2020. The fall in growth is mainly due to contraction in the mining & manufacturing segment and a prominent decline in the output of both capital goods as well as consumer non-durables.
- The output of the **eight core sectors** in February 2021 have recorded a sharp fall of 4.6% with a broad based decline across all 8 components of the core sector. Significant contraction has been witnessed in the refinery products segment followed by cement and coal production.
- The **IHS Markit Manufacturing PMI** registered a marginal decline to 57.5 in February 2021 compared with 57.7 in January 2021. However, it continues to expand for the 7<sup>th</sup> consecutive month.
- The **IHS Markit India Services PMI** rose to a 13 month high of 55.3 in February 2021 compared with 52.8 in the previous month.

## Price Levels

Exhibit 5: Inflation (Y-o-Y%)

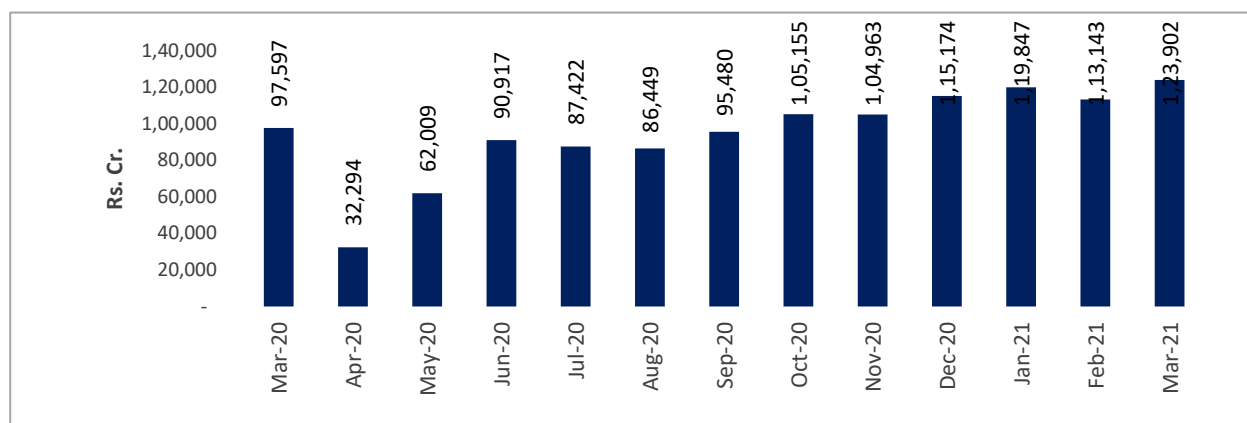


Source: MOSPI

- Both **retail** as well as **wholesale** inflation have picked up in February 2021 indicative of a rebound in inflationary pressures.
- **Retail inflation** rose to 5% in February 2021 compared with 4.1% in January 2021. The uptick in inflation was mainly on account of sharp rise in food and fuel prices.
- **Wholesale inflation** rose by 4.2% in February 2021 compared with 2% in January 2021 driven by considerable rise in the manufacturing segment.

## Fiscal situation

Exhibit 6: GST Collections (Rs. Cr)



Source: Ministry of Finance

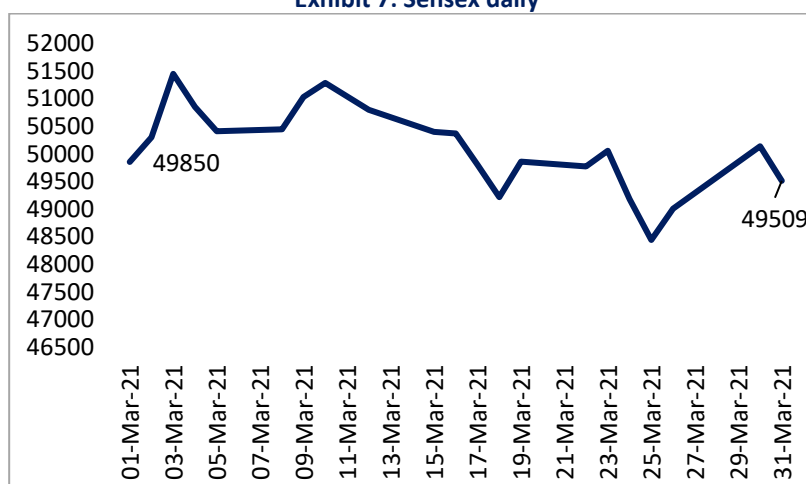
Table 1: Fiscal Situation (Rs. Cr.)

Snapshot of Central Government Finances (Rs. Crores)					
	Apr-Feb FY20	Apr-Feb FY21	% change	Apr-Feb FY21 Actuals as % of Revised Estimate of FY21	Apr-Feb FY20 Actuals as % of Revised Estimate of FY20
<b>Total Receipts</b>	14,28,869	14,13,096	-1.1	88	74
<b>Revenue Receipts</b>	13,77,777	13,70,272	-0.5	88	74
<b>Capital Receipts (Disinvestment)</b>	35243	25668	-27.2	80	54
<b>Total Expenditure</b>	24,65,354	28,18,643	14.3	82	91
<b>Revenue Expenditure</b>	21,60,701	24,13,375	11.7	80	92
<b>Capital Expenditure</b>	3,04,653	4,05,268	33	92	87
<b>Fiscal Deficit</b>	10,36,485	14,05,547	35.6	76	135

Source: CGA

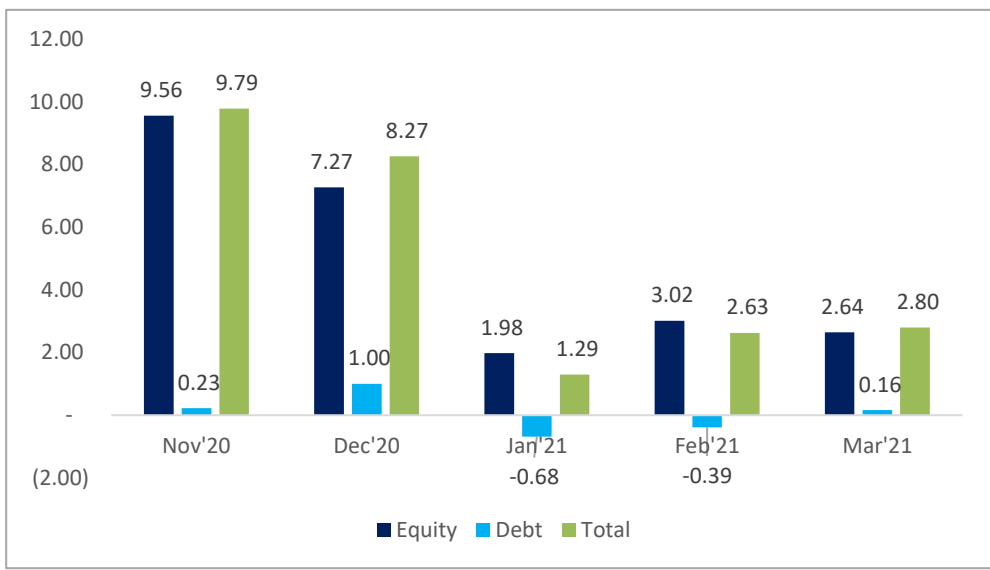
- The central governments' fiscal position although stressed when compared with year ago period has seen an improvement in recent months with higher levels of economic activity translating into higher revenue.
- The **fiscal deficit** during April-February 2021 was at Rs 14.1 lakh crs, 36% higher than the corresponding period last year and is 76% of the revised estimates for FY21.
- **Revenue receipts** of the government stood at Rs 13.7 lakh crs, close to the same level as last year while revenue and capital expenditure have grown significantly by 11% and 33% respectively.
- **GST collections** for March 2021 were Rs.1.24 lakh crores (highest since introduction of the GST regime) and the total GST collections during FY21 stood at Rs.11.36 lakh crores.

Exhibit 7: Sensex daily



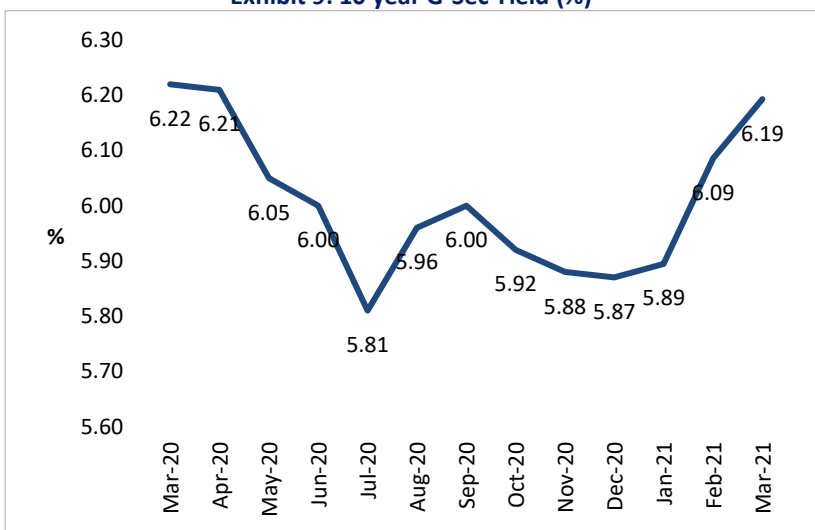
Source: BSE India

Exhibit 8: Net FPI flows



Source: NSDL

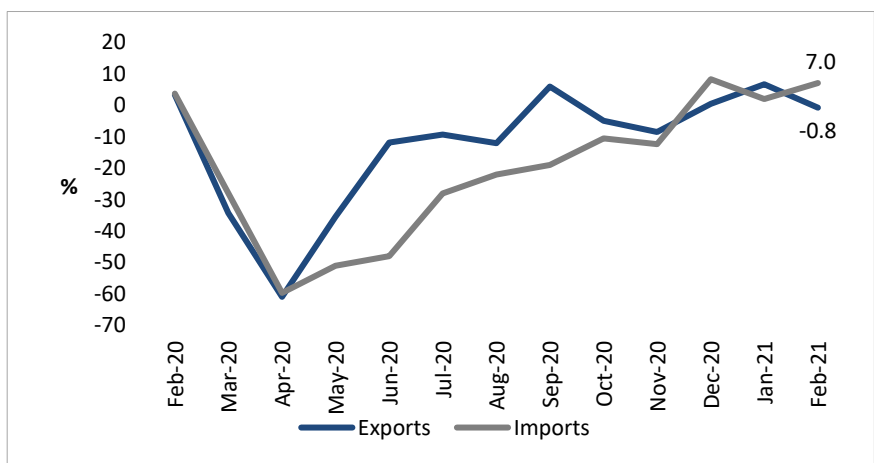
Exhibit 9: 10 year G-Sec Yield (%)



Source: FIMMDA; Average for December has been computed based on the new benchmark GSec 5.85%

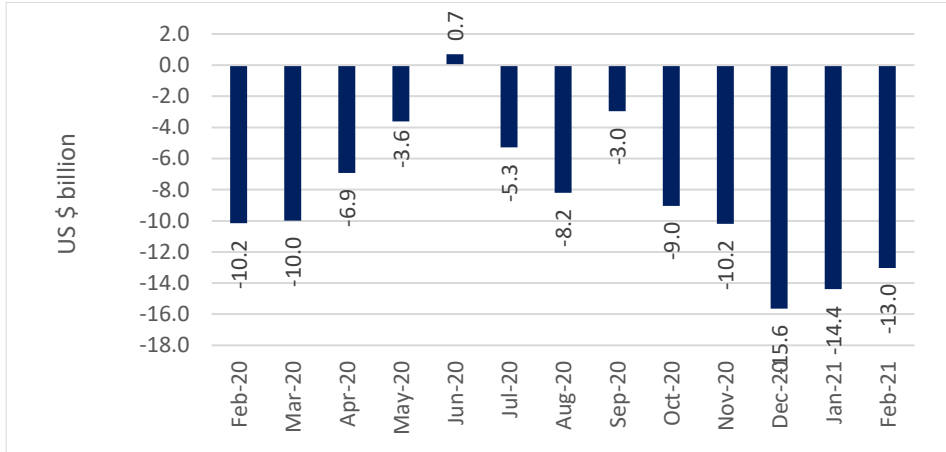
- The **domestic equity markets** have been volatile during the month. The market sentiments have been weighed on by increasing concerns over resurgence of Covid-19 infections and re-imposition of restrictions and outflow of funds from domestic equities.
- **Foreign Portfolio Investments** exhibit a declining trend with a fall in both equity and debt component. This can be attributed to rising US Treasury yields and Dollar strengthening.
- The **average benchmark 10 year GSec yields** recorded a sharp increase from 6.09% in February 2021 to 6.19% in March 2021. This rise can be attributed to the large government borrowings program in FY22 and additional Rs. 80,000 crs borrowing during February-March 2021. However, substantial devolvement of issuances on PDs is indicative of the lack of investor appetite.

Exhibit 10: Trade Growth (yoy%)



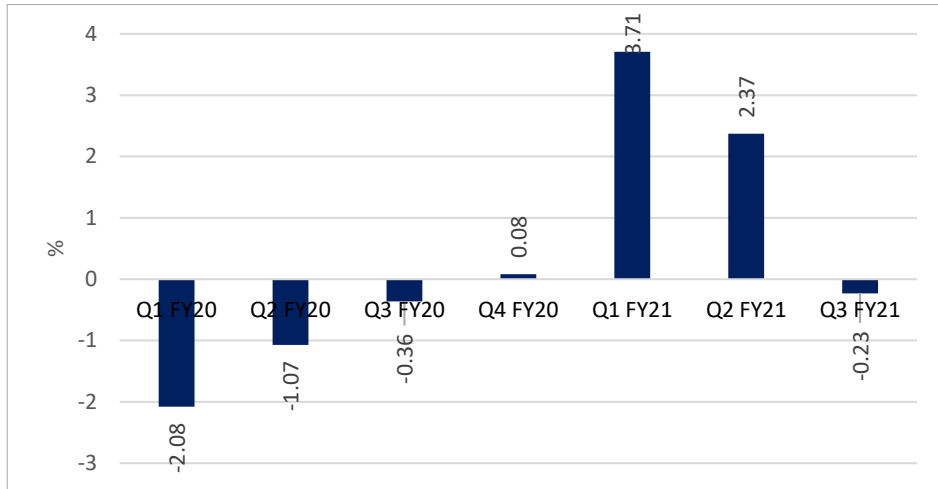
Source: Ministry of Commerce and Industry

**Exhibit 11: Trade Deficit (\$ bn)**



Source: Ministry of Commerce and Industry

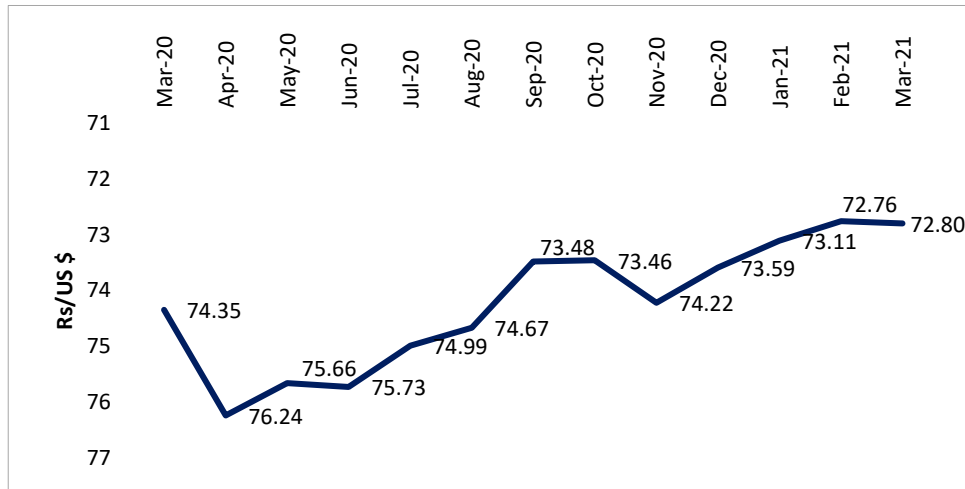
**Exhibit 12: Current Account Balance (as % of GDP)**



Source: CMIE

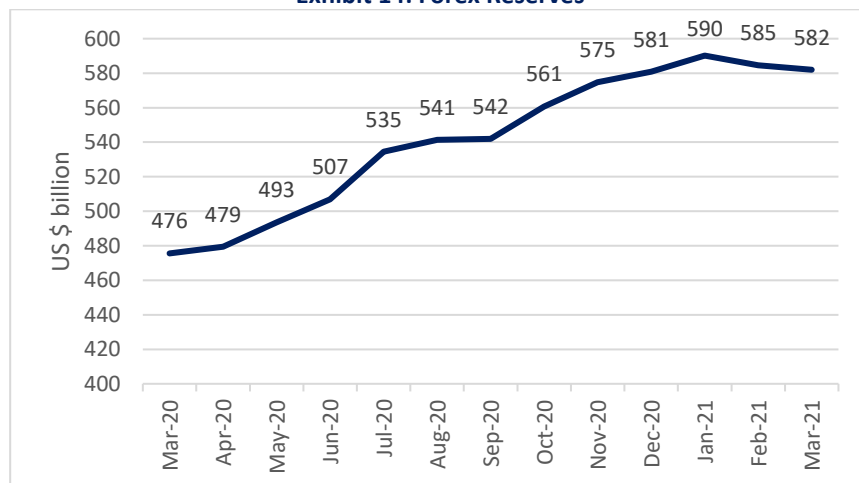
Note: + surplus/ - deficit

**Exhibit 13: Rupee Exchange Rate**



Source: CMIE

**Exhibit 14: Forex Reserves**



Source: RBI (Data till March 19, 2021)

- **India’s trade** has shown signs of revival since the pandemic led disruptions adversely impacted India’s foreign trade in April-May. **Exports** during February 2021 were at \$ 27.5 bn driven by higher exports of drugs and pharmaceuticals (14.7% growth YoY). However, contraction in exports of engineering (2.4%) and electronic goods (5.8%) have limited the overall exports growth. **Imports** during February 2021 were at \$ 40.5 bn on account higher imports of electronic goods (37.7% YoY), gold (124%), steel & iron (23.4%).
- **Trade deficit** in February 2021 was at \$ 13 bn, 28% higher than the corresponding month last year (\$ 10.2 bn in February 2020) on account of growth in imports (7% YoY) outpacing the growth in exports (-0.8%).
- **Rupee** weakened marginally tracking the strength in the US dollar on account of an uptick in US treasury yields coupled with improved outlook for the US economy. Rise in crude oil prices and commodity prices in March also weighed on the weakness in the Rupee. However, sustained FPI inflows in the equity segment has limited the weakness in the rupee.
- **Foreign Exchange Reserves** in March 2021 were at \$ 582 bn, lower than \$585 bn in the previous month.

Exhibit 15: Bank deposits and Bank credit

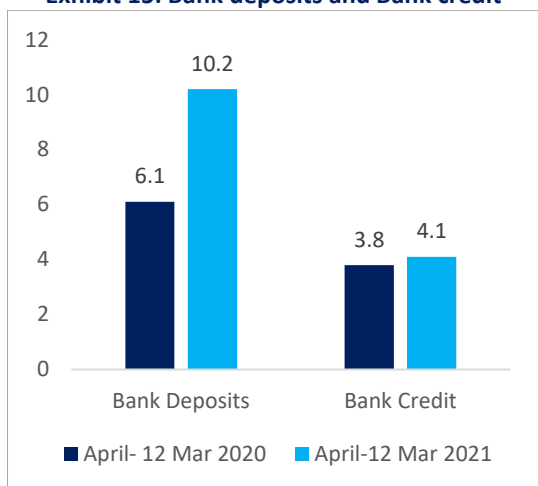
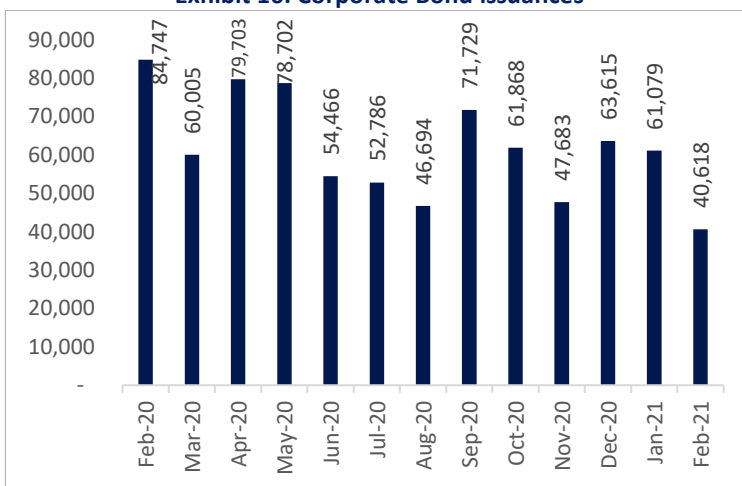


Exhibit 16: Corporate Bond issuances



Source: RBI and Prime Database

- **Incremental bank deposit growth** during April - 12 March 2021 at 10.2% is notably higher than the previous year and has also outpaced **bank credit** growth of 4.1% during the same period. This significant gap between deposit and credit growth has led to a sustained period of liquidity surplus in the banking system.
- **Total corporate bond issuances** declined in February 2021 to Rs 40,618 crs, 33% lower than the previous month while for the period April-February, issuances were Rs 6.6 lakh crs, 6% higher than the corresponding period of the previous year.

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