

**भारतीय रिज़र्व बैंक  
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**RBI Bulletin – August 2023**

Today, the Reserve Bank released the [August 2023](#) issue of its monthly Bulletin. The Bulletin includes Monetary Policy Statement August 10, 2023, two speeches, five articles and current statistics.

The five articles are: [I. State of the Economy](#); [II. Shifting Tides: Growing Influence of Non-Bank Investors in G-Sec Market in India](#); [III. Exogenous Shocks and India's Growth Performance Post COVID-19](#); [IV. Agriculture's Dependency on Monsoon Rainfall in India](#); and [V. Private Corporate Investment: Performance and Near-term Outlook](#).

**I. State of the Economy**

With industrial production and trade weakening, the global recovery is slowing after a robust first quarter performance. In this stressed global environment, the Indian economy is gathering momentum in the second quarter of 2023-24. Domestic drivers such as private consumption and fixed investment are offsetting the drag from the contraction in exports. The uptick in inflation in its June reading mutated in July, with the unprecedented shock to tomato prices spilling over to prices of other vegetables. While core inflation witnessed a moderation, headline inflation is expected to average well above 6 per cent in the second quarter.

**II. Shifting Tides: Growing Influence of Non-Bank Investors in G-Sec Market in India**

*By Amit Pawar, Mayank Gupta, Abhinandan Borad, Subrat Kumar Seet and Deba Prasad Rath*

This article assesses the impact of diversification of investor base in the Government securities market on sovereign borrowing costs.

**Highlights:**

- Although banks continue to retain their dominant position among investors in the outstanding stock of Government of India dated securities, lately there has been an increase in the share of non-bank entities, such as insurance companies, provident and pension funds and mutual funds.
- As compared to banks, the demand of non-bank investors is found to be more sensitive to changes in G-Sec yields.
- An increase in the supply of G-secs is found to be associated with an increase in yields; increased absorption of G-secs by the non-bank investors, however, tends to moderate the pressure on yields.

### III. Exogenous Shocks and India's Growth Performance Post COVID-19

*By Amit Kumar, Chaitali Bhowmick, Kaustav K. Sarkar, Kunal Priyadarshi, Sapna Goel and Satyananda Sahoo*

This article analyses recent national accounts data releases against the backdrop of three large exogenous shocks – the pandemic, the war in Ukraine and the synchronised global tightening of monetary policy.

#### Highlights:

- A compositional shift in private consumption has been underway much before the pandemic as reflected in a sustained increase in the share of services over goods.
- Fixed investment in India responds positively to higher GDP growth, real non-food credit growth and economic policy certainty.
- On the supply-side, the adverse impact of the energy price shock on manufacturing output has been dissipating. The buoyancy in the services sector activity is expected to sustain going forward.

### IV. Agriculture's Dependency on Monsoon Rainfall in India

*By Kashyap Gupta, Sunil Kumar and Sarthak Gulati*

This study aims at investigating empirically the significance of the South-west monsoon (SWM) for agricultural production especially during the *kharif* season.

#### Highlights:

- While the impact of SWM rainfall on agricultural production is found to be statistically significant, it has moderated over time, suggesting an increased resilience of agriculture to monsoon shocks.
- Irrigation mitigates the adverse consequences of monsoon deficiency, suggesting the need for enhanced public spending on irrigation.

### V. Private Corporate Investment: Performance and Near-term Outlook

*By Shreya Bhan, Rajendra N Chavhan and Rajesh B Kavediya*

This article provides an assessment of the near-term investment outlook based on investment intentions of private corporates using data on their capital expenditure (capex) phasing plans.

#### Highlights:

- As per data on projects sanctioned by banks/FIs, the envisaged capital investments of private corporates increased for the second consecutive year in 2022-23. Total capex plan of the private corporate sector in 2022-23 recorded an increase of 6.7 per cent over the preceding year.
- Infrastructure sector continued to attract maximum capex, led by Roads & Bridges and Power.

- Of the aggregate capex envisaged during 2022-23, about 40 per cent is expected to be spent during 2023-24.

The views expressed in the Bulletin articles are of the authors and do not represent the views of the Reserve Bank of India.

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Chief General Manager