

India Economic Monitor

April 2022 Update



Executive Summary



As we reflect on the financial year that passed by, it showcases resilience vs. the previous financial year during the pandemic. Most indicators exhibited growth in FY22 vs. FY21, with few indicators witnessing massive uptick (e.g., merchandize exports & imports, digital innovations such as UPI, GST, FASTag & E-way Bills).

In Feb-Mar'22, several sectors saw an uptick vs. previous months. However, prolonged geopolitical crisis is likely to have a disruptive effect on growth in upcoming months. Indices of industrial activity dipped to a 3-month low, although exceeded 2021 levels. Higher demand led to increase in fuel consumption amidst price hikes, although petrol consumption remained moderated. E-way bills & FASTag transactions rose to a new high in Mar'22. Merchandize exports reached a historic high and merchandize trade gap narrowed slightly vs. Feb'22. UPI recorded over 5.4 Bn transactions worth more than INR 9.6 Tn, continuing to break record highs month after month.

Most sectors (e.g., steel, cement, insurance, auto) enjoyed buoyant MoM growth, however trends vs. pre-COVID levels remained mixed. Elevated input prices & supply chain restrictions are expected to impact growth in the future. GST collections surged to an all time high. Crude oil prices spiked beyond the USD 100/barrel mark.

Food & beverages inflation drove CPI inflation, breaching RBI's 6% mark; WPI accelerated to a new high owing to rising crude, petroleum, natural gas, mineral prices. Current Situation Index continued to improve MoM on back of economic conditions, income, spending, price level; Future Expectations Index also remained in optimism zone, as per RBI's Consumer Confidence Survey. Both manufacturing & services PMI remained above the 50-point mark in Mar'22. Analyst forecasts indicate GDP growth between 7.2% to 8.5% YoY.

2019 data has been considered as pre-COVID level to assess recovery trends

Source: MoHFW, POSOCO, MOSPI, Ministry of Commerce & Industry, RBI, GST Network, NPCI, NETC, Ministry of Railways, AAI, JNPT, AIOCD, mFMS, Joint Plant Committee, Ministry of Steel, Ministry of Commerce & Industry, SIAM, CMIE, IRDAI, Ministry of Finance, GST Council, Ministry of Rural Development, Analyst reports, BCG analysis

Summary: Most high frequency indicators witnessed mixed trends throughout FY19-FY22 (1/2)

Figures for each indicator represent the total of values across all months of the financial year, except for indices & bank deposit/credit where average across months has been taken for comparison

Industrial Activity	Growth			Values for FY22
	FY20 vs. FY19	FY21 vs. FY20	FY22 vs. FY21	
Power Consumption (MU) ¹	10%	-1%	7%	45
Petroleum Consumption (MT) ¹	0%	-9%	4%	203
Index of Industrial Prod.*	-6%	-6%	12%	129

Trade	Growth			Values for FY22
	FY20 vs. FY19	FY21 vs. FY20	FY22 vs. FY21	
Services Export (USD Bn) ¹ *	4%	-13%	18%	221
Services Import (USD Bn) ¹ *	5%	-16%	19%	131
Merch. Export (USD Bn) ¹	-5%	-8%	42%	412
Merch. Import (USD Bn) ¹	-9%	-16%	56%	611

Logistics				
E-Way Bills Generated (Mn)	20%	-8%	24%	762
Railway Freight Originated (MT)	-1%	2%	15%	1,418
JNPT Container Traffic (TEUs)	-2%	-7%	22%	5,684
Air Freight (kT) *	-7%	-34%	30%	2,857

Financial Services				
UPI Transaction Value (INR Tn)	143%	93%	105%	84
Bank Credit (INR Tn)	9%	6%	7%	111
Bank Deposits (INR Tn)	10%	11%	10%	157
NSE & BSE Transactions (INR Tn)	11%	70%	9%	179

* Data only available till Feb'22 as on 28 Apr 2022, hence Apr-Feb'21 and Apr-Feb'22 data have been considered for FY22 vs. FY21 comparison

1. Calculations based on provisional data

Source: POSOCO, PPAC, MoSPI, RBI, Ministry of Comm. and Industry, GST Network, Ministry of Railways, JNPT, AAI, NPCI, JPC, Ministry of Steel, SIAM, CMIE, mFMS, IRDAI, AIOCD, American Chemistry Council, GST Council, Ministry of Finance, Controller General of Accounts, Ministry of Rural Development, Projects Today, Bloomberg, NSE, BSE, IHS Markit, BCG analysis

Summary: Most high frequency indicators witnessed mixed trends throughout FY19-FY22 (2/2)

Figures for each indicator represent the total of values across all months of the financial year, except for indices & bank deposit/credit where average across months has been taken for comparison

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Sector wise impact	Growth			Values for FY22
	FY20 vs. FY19	FY21 vs. FY20	FY22 vs. FY21	
Cement Prod. (MT) *	-1%	-21%	21%	320
Steel Sales (MT)	3%	-5%	11%	105
PV Sales (k)	-15%	-16%	13%	3,272
Tractor Sales (k)	-11%	26%	-2%	970
2W Sales (k)	-14%	-12%	0%	1,841
Fertilizer Sales (MT) *	4%	4%	2%	640
Gross Premium (Life & Non-life) (INR k Cr)	16%	7%	12%	534
Pharma. Sales (INR Tn)	10%	2%	14%	1,686

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Macroeconomic Indicators	Growth			Values for FY22
	FY20 vs. FY19	FY21 vs. FY20	FY22 vs. FY21	
GST Collection (INR Tn)	4%	-7%	31%	14
Wholesale Price Index	0-3%	-3-8%	11-14%	
Consumer Price Index	3-8%	4-8%	4-7%	
MGNREGA Work Provided (HH in Mn)	0%	34%	-7%	255

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Sentiment				
RBI Current Situation Index	-8%	-39%	8%	59
RBI Future Expectation Index	-4%	-7%	-4%	106
Manufacturing PMI (Index)	-1%	-4%	8%	54
Services PMI (Index)	0%	-20%	25%	52

* Data only available till Feb'22 as of 28 Apr 2022, hence Apr-Feb'21 and Apr-Feb'22 data have been considered for FY22 vs. FY21 comparison.

1. Calculations based on provisional data

Source: POSOCO, PPAC, MoSPI, RBI, Ministry of Comm. and Industry, GST Network, Ministry of Railways, JNPT, AAI, NPCI, JPC, Ministry of Steel, SIAM, CMIE, mFMS, IRDAI, AIOCD, American Chemistry Council, GST Council, Ministry of Finance, Controller General of Accounts, Ministry of Rural Development, Projects Today, Bloomberg, NSE, BSE, IHS Markit, BCG analysis



Trends across key economic indicators in Feb-Mar'22



Industrial Activity

- Indices of industrial activity hit a 3-month low in Feb'22 owing to shortages of key inputs & increasing cost pressures
- Power consumption continued to grow MoM in Mar'22; Fuel consumption improved amidst price hikes as demand recovered



Trade

- Merchandise exports reached a historic high, crossing the USD 400 Bn target set for 2021-22 & trade gap narrowed slightly vs. Feb'22
- Services trade surplus fell marginally in Feb'22 due to dip in exports



Logistics

- Some logistics indicators (e.g., rail freight, JNPT traffic, air & rail passenger bookings) grew over previous month while exhibiting mixed trends vs. pre-COVID levels; E-way bills & FASTag transactions unlocked a record high in Mar'22



Financial Services

- RBI kept key policy rates unchanged; Aggregate deposits & bank credit grew in Mar'22 vs. Feb'22
- UPI recorded over 5.4 Bn transactions worth more than INR 9.6 Tn in Mar'22, continuing to break record highs month after month



Sector-wise Impact

- Auto sales witnessed MoM uptick in Mar'22 owing to easing of supply chains, however select segments (e.g., 2W, 3W, PV) remained below pre-COVID levels
- Cement production declined MoM in Feb'22, although exceeded Feb'21 levels; Steel consumption improved MoM in Mar'22
- Life insurance premium recorded massive uptick vs. Feb'22 owing to increase in sales of tax saving policies; Non-life insurance also grew vs. Feb'22



Macroeconomic Indicators

- GST collections recorded an all-time high of INR 1.42 Tn
- CPI surged to 6.95%, driven by food & beverages inflation; WPI accelerated to a new high due to rise in crude, petroleum, natural gas, mineral prices
- Crude oil prices spiked beyond USD 100/barrel on account of escalating geopolitical tensions



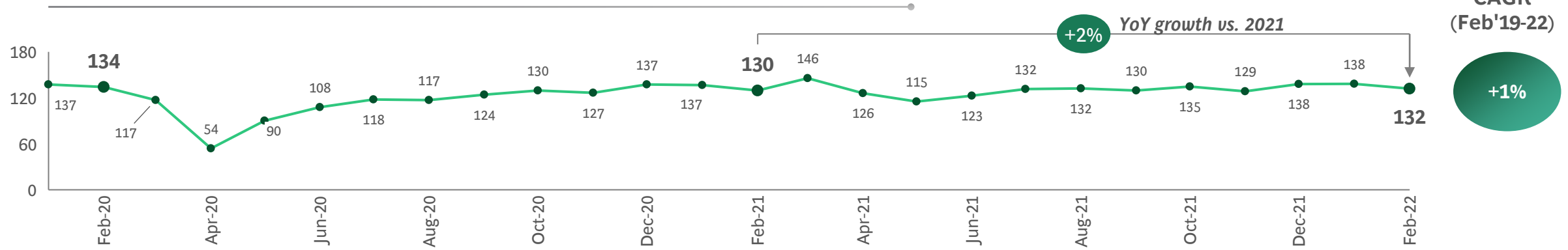
Sentiment

- RBI's Current Situation Index which captures households' current sentiment on general economic situation continued to recover in Mar'22, although remained in pessimistic zone; Future expectations on economic conditions, income, spending, price level remained in optimism zone in Mar'22, improving vs. Jan'22
- Manufacturing PMI moderated MoM in Mar'22 as companies reported softer expansions in new orders & production; Services PMI improved vs. Feb'22 due to strengthening demand, even as input prices continued to increase

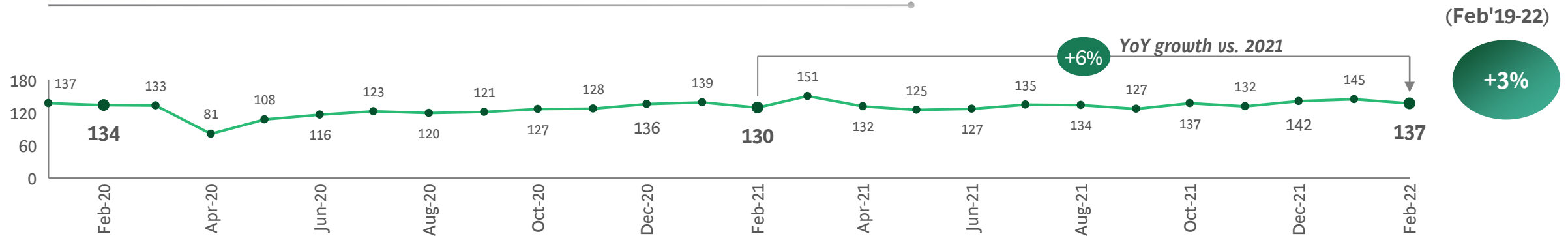


Indices of industrial activity dipped to a 3-month low in Feb'22, however remained above Feb'21 levels

IIP (Index of Industrial Production)¹



ICI (Index of Core Industries)²

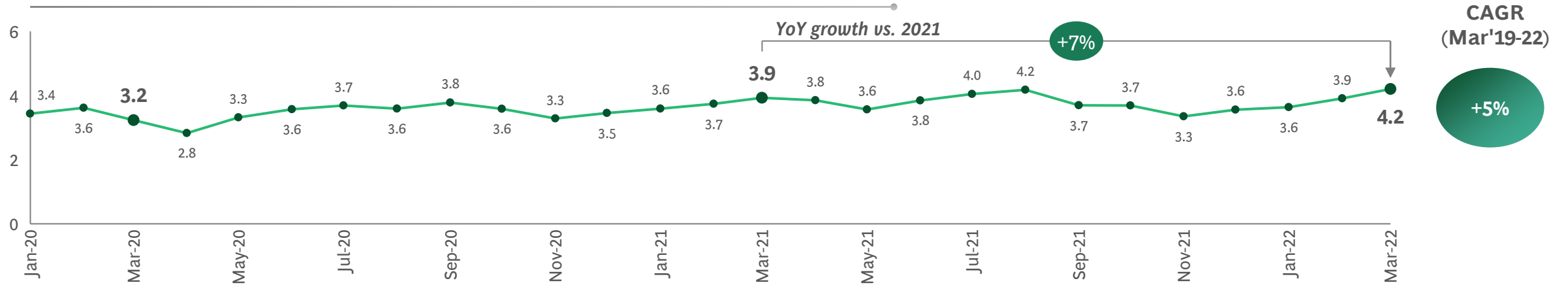


1. Index of Industrial Production (IIP) shows the growth rates in different industry groups (comprises of Mfg. (78% weightage), Mining (14%), Electricity (8%))
 2. Index of Core Industries (ICI) measures performance of production in 8 core industries (Coal, Crude, NG, Refinery Products, Fertilizers, Steel, Cement & Electricity)

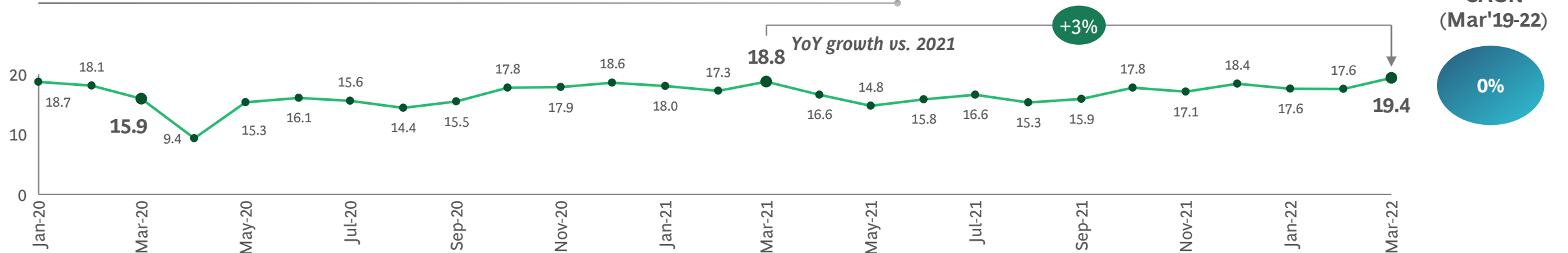


Daily average power & fuel consumption spiked in Mar'22 vs. previous months

Daily Average Power Consumption Volume ('000s MUs)



Consumption of Petroleum Products (in MMT)¹

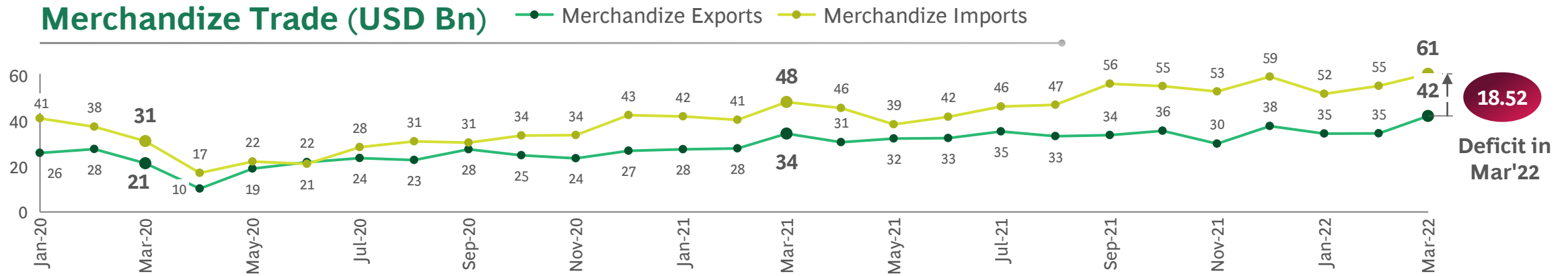


1. Petroleum products include LPG, Naphtha, MS, ATF, SKO, HSD, LDO, Lubricants & Greases, FO & LSHS, Bitumen, coke as reported (provisional) by Petroleum Planning & Analysis Cell
Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, PPAC, BCG analysis

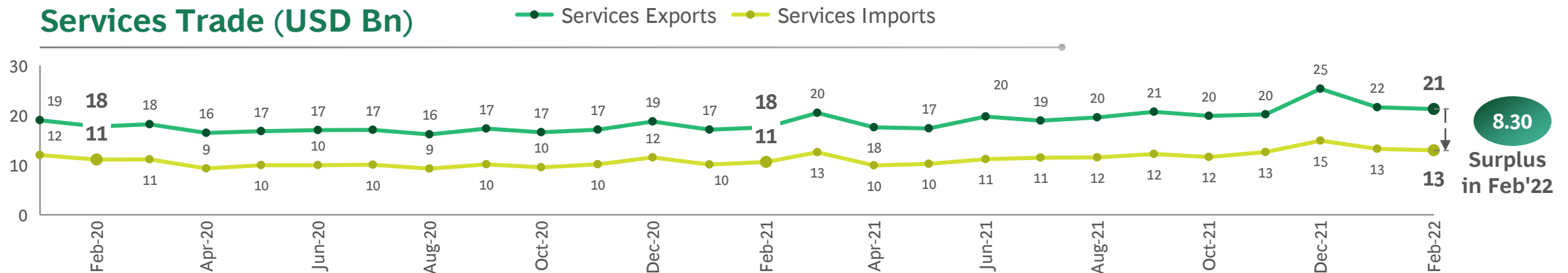


Merch. trade gap narrowed slightly in Mar'22 vs. Feb'22; Services trade surplus fell marginally vs. Jan'22, although remained above Feb'21

Merchandize Trade (USD Bn)



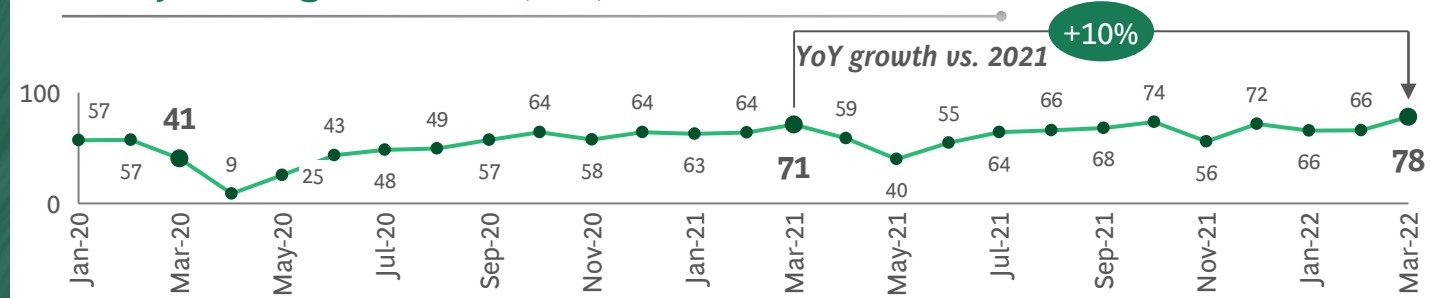
Services Trade (USD Bn)



Both E-way bills & FASTag transactions rose to a new high in Mar'22

Railway freight traffic increased significantly in Mar'22 vs. previous months & 2021 levels

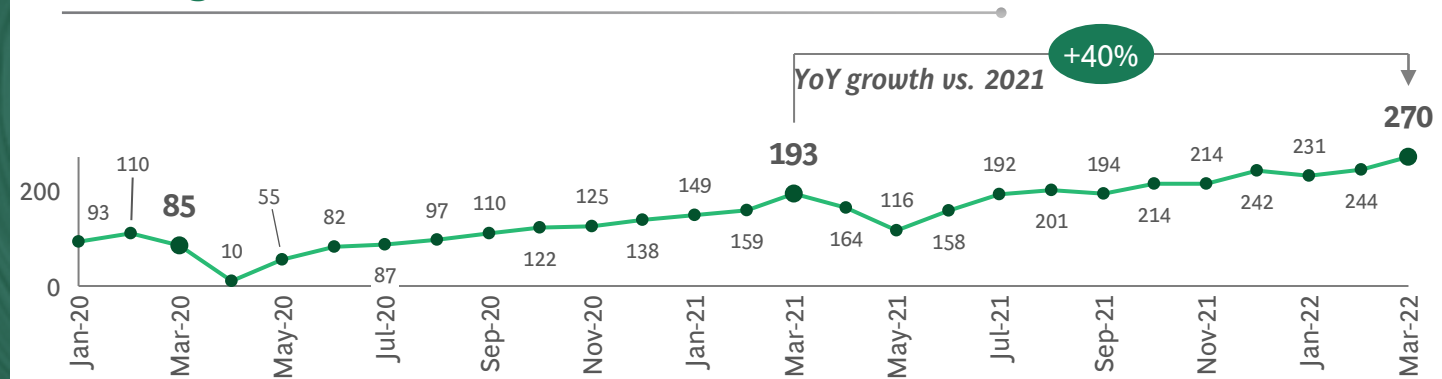
E-way bills¹ generated (Mn)



CAGR
(Mar'19-22)

+12%

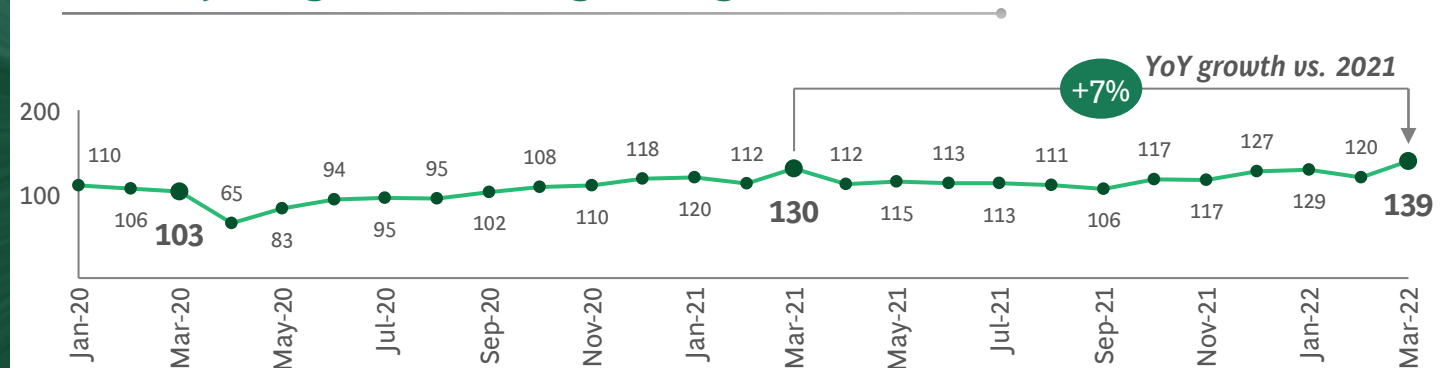
FASTag transaction volume (Mn)



CAGR
(Mar'19-22)

+116%

Railway freight traffic originating (Mn Tons)



CAGR
(Mar'19-22)

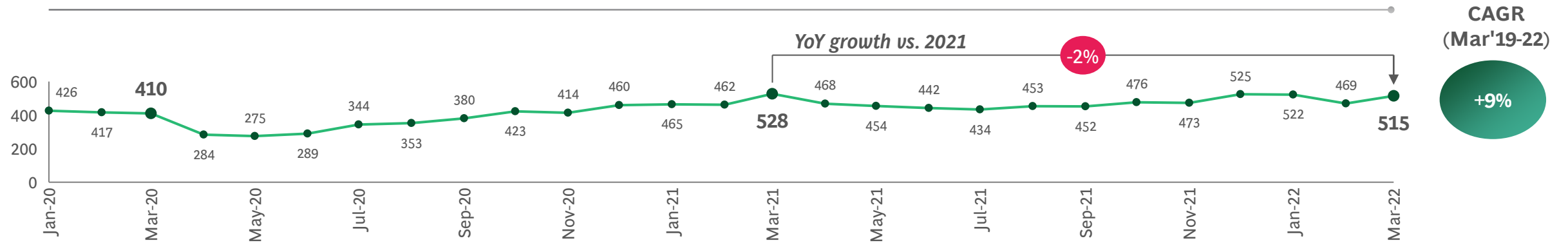
+5%

1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000. Source: GST Network, NHAI, NPCI, Ministry of Railways, CEIC data, BCG analysis



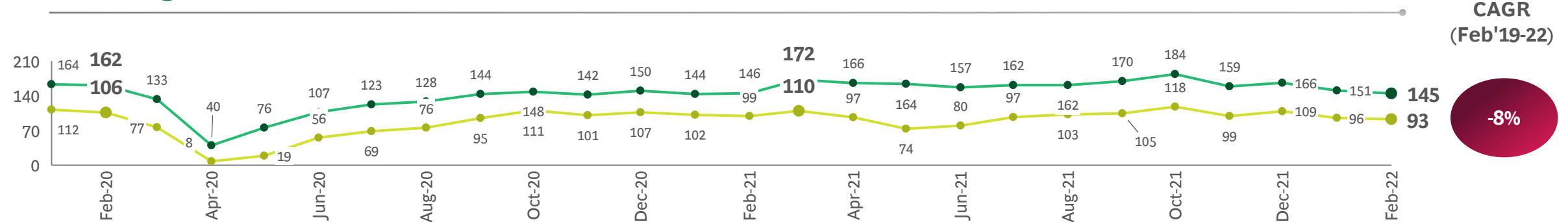
JNPT traffic improved while air freight declined in Feb-Mar'22 vs. previous month & 2021 levels

JNPT Container Traffic ('000s TEUs¹)



Air Freight (K Tons)

● International ● Domestic



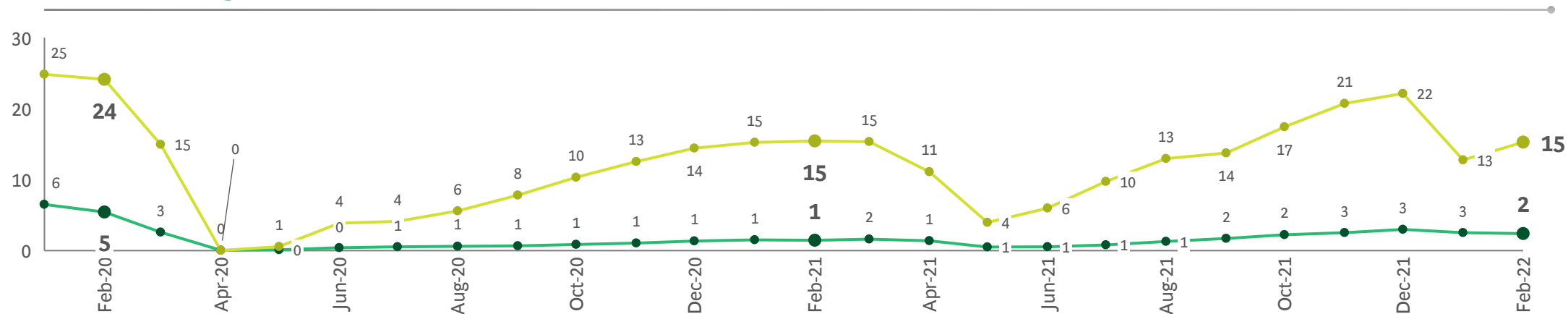
1. TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)
Source: Jawaharlal Nehru Port Trust, Airport Authority of India, BCG analysis



Both air & rail passenger traffic grew in Feb-Mar'22 vs. previous month, exceeding 2021 levels

Air Passengers (Mn)

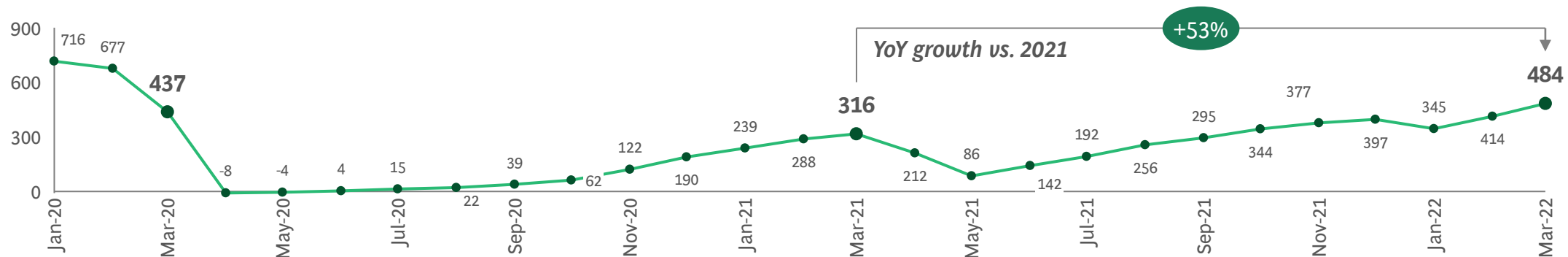
International Domestic



CAGR
(Feb'19-22)

-14%

Railway Passenger Bookings (Mn)



YoY growth vs. 2021

+53%

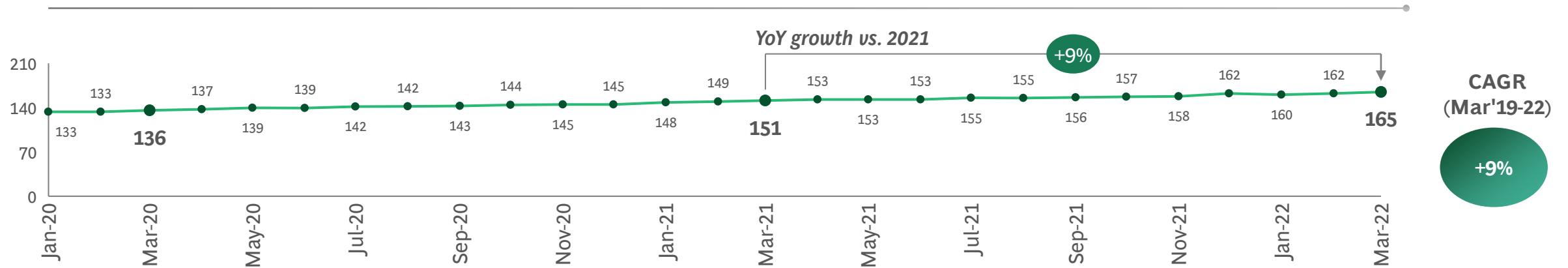
CAGR
(Mar'19-22)

-12%

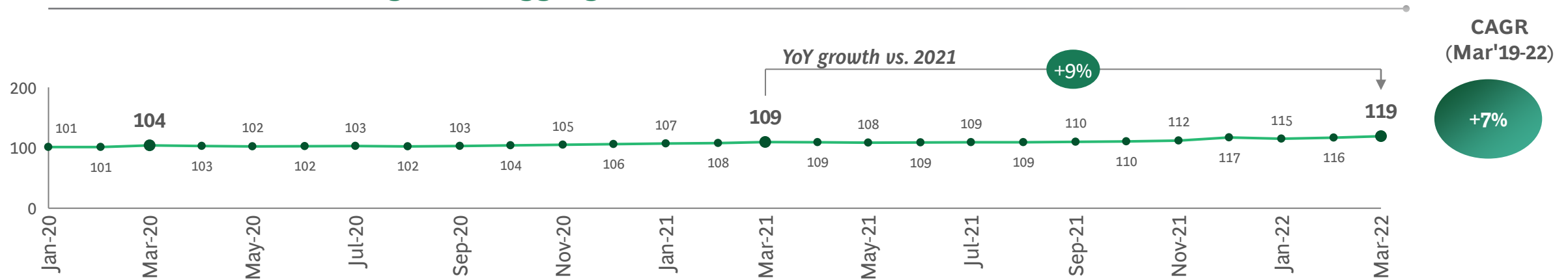


Aggregate bank deposit & credit grew in Mar'22 vs. Feb'22, remaining above 2021 levels

Total deposits value aggregated for all banks (INR Tn)



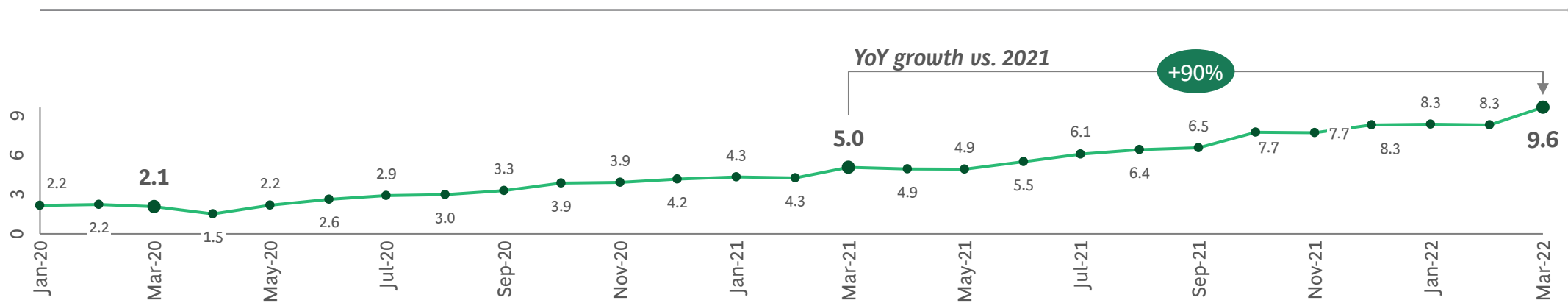
Total credit outstanding value aggregated for all banks (INR Tn)



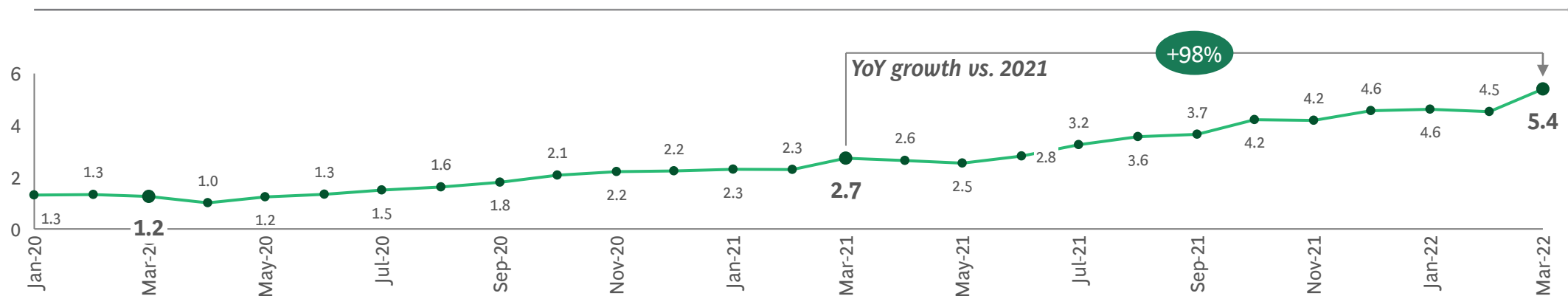


UPI transaction value & volumes continued to scale new peaks in Mar'22

UPI Transactions Value (in INR Tn)



UPI Transactions Volumes (in Bn)

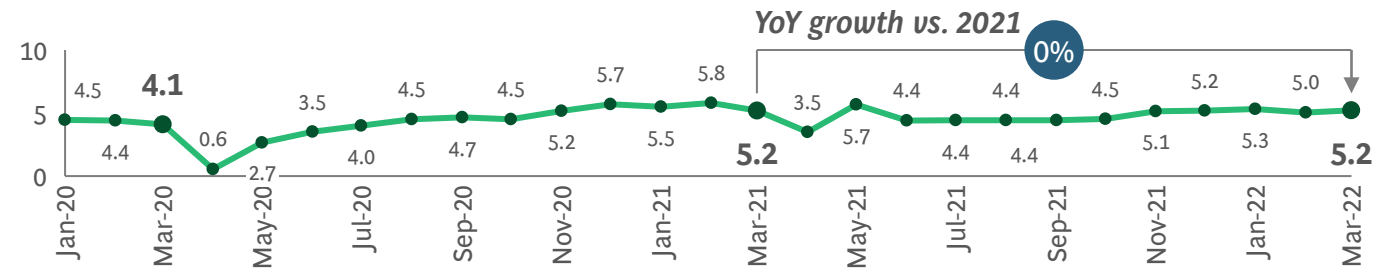




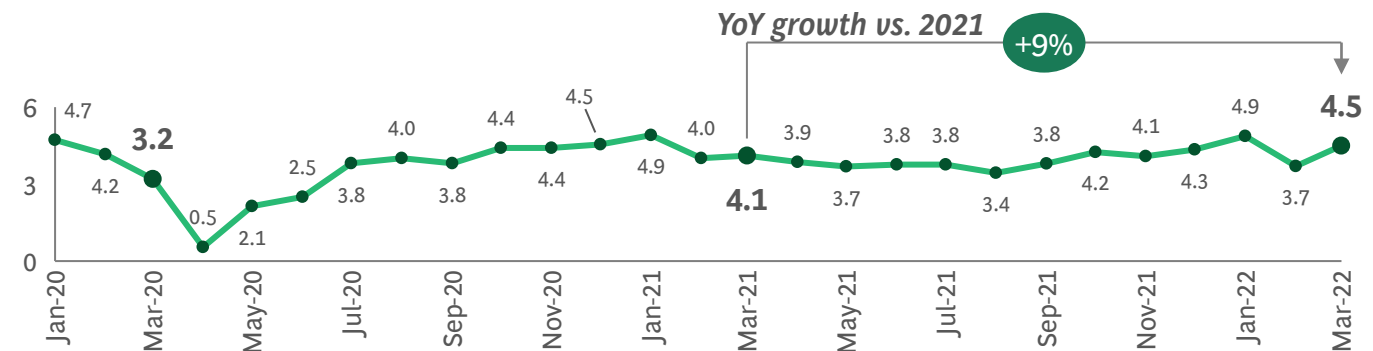
Steel consumption edged up in Mar'22 vs. Feb'22 & Mar'21 levels

Cement production declined in Feb'22 vs. Jan'22, albeit remained above Feb'21 levels

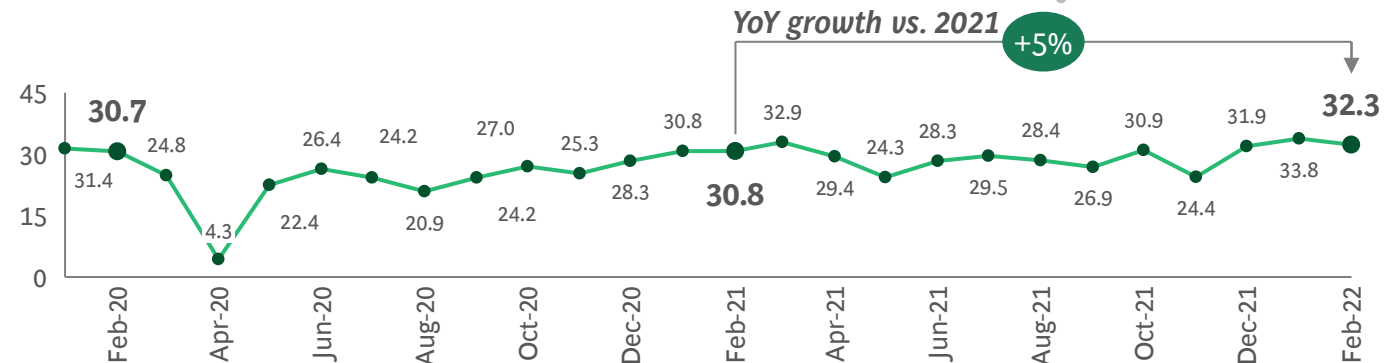
Consumption of Long Steel (in MMT)



Consumption of Flat Steel (in MMT)



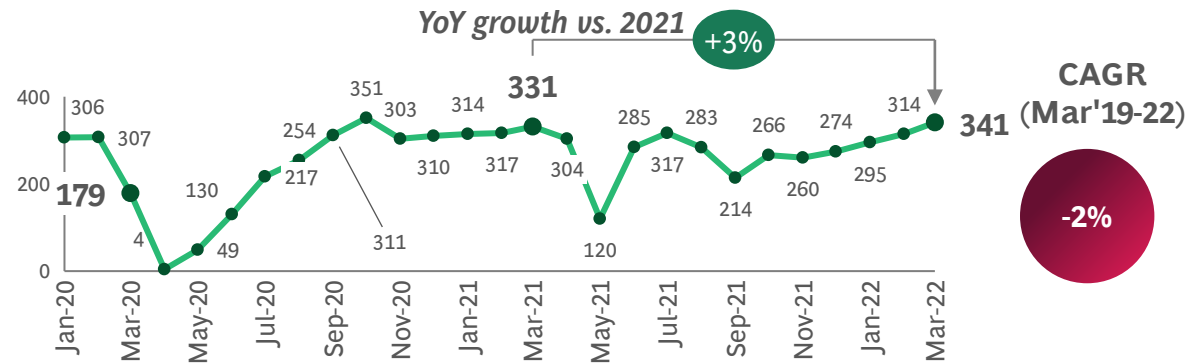
Cement Production (in MT)



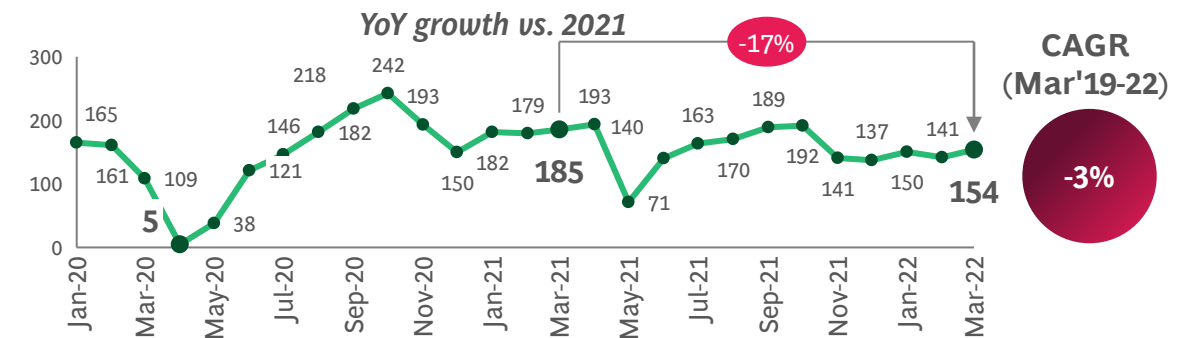


Auto sales improved MoM in Mar'22; PV & 3W sales grew while 2W & tractor sales recorded degrowth in Mar'22 vs. Mar'21

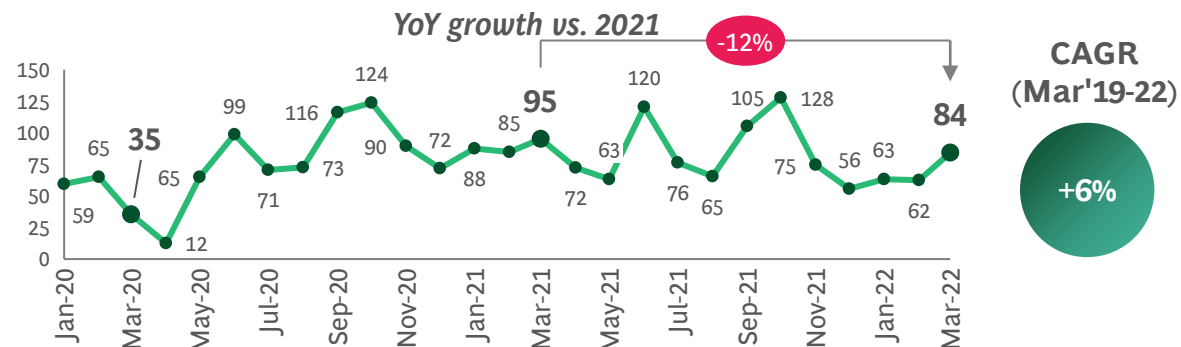
Passenger vehicles sales ('000 units)



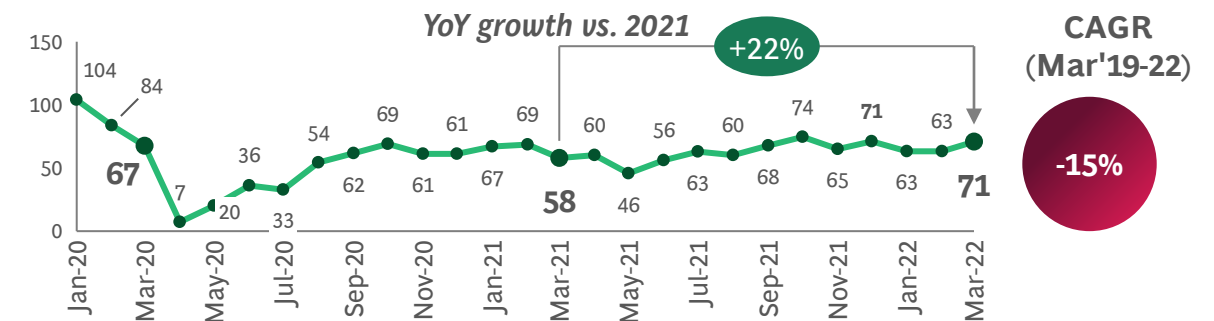
Two-wheeler sales ('0000 units)



Tractor sales ('000 units)



Three-wheeler sales ('0000 units)



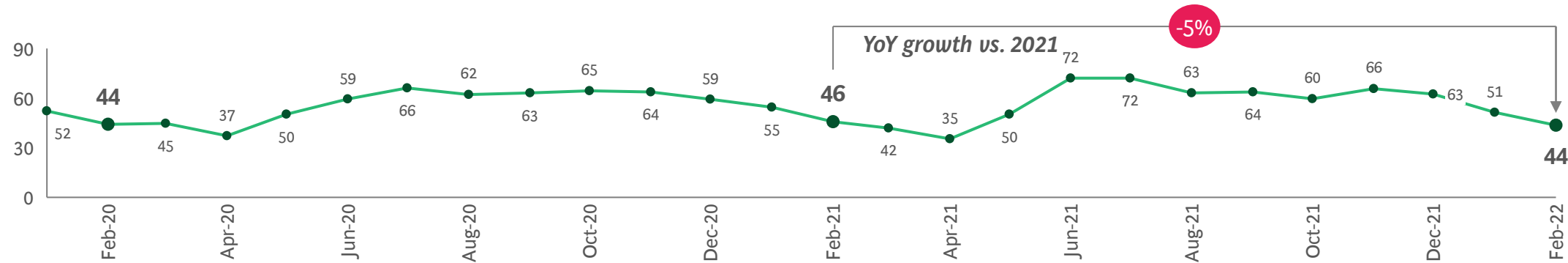
Figures represent wholesale numbers (including exports).

1. BMW, Mercedes and Volvo Auto data is not available; Source: SIAM, CMIE, TMA, Press search, BCG analysis



Fertilizer sales dipped in while pharma sales marginally increased during Feb-Mar'22 vs. previous month, however both remained below 2021 levels

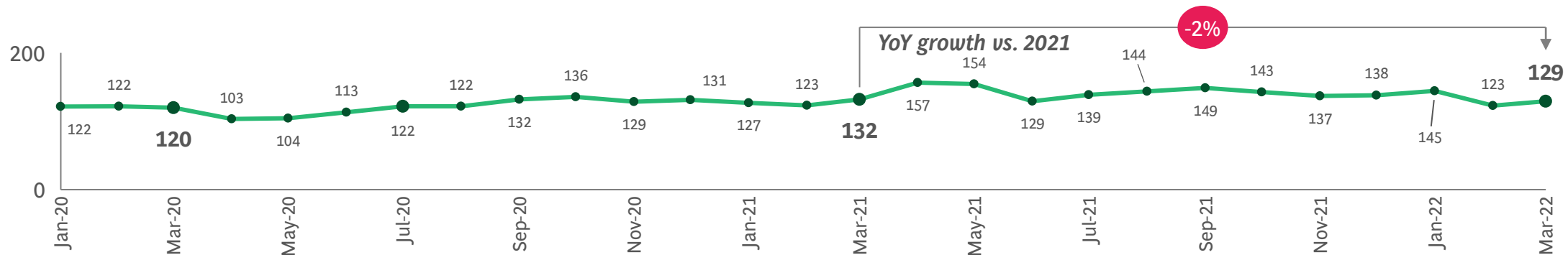
Fertilizer Sales (in lac tonnes)



CAGR
(Feb'19-22)

+3%

Pharmaceutical Sales¹ (INR Tn)



CAGR
(Mar'19-22)

+6%

1. Pharmaceutical Sales are updated quarterly. Last updated in Apr'22

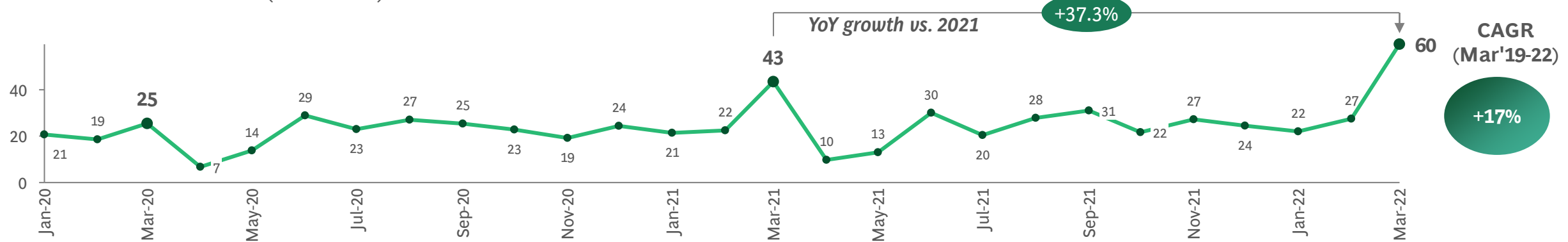
Source: AIOCD (Total Sales), American Chemistry Council, Mobile Based Fertilizer Management System (mFMS), Ministry of Chemicals and Fertilizers, Press search, BCG analysis



Both life & non-life insurance premium witnessed a massive uptick in Mar'22 vs. previous months & Mar'21 levels

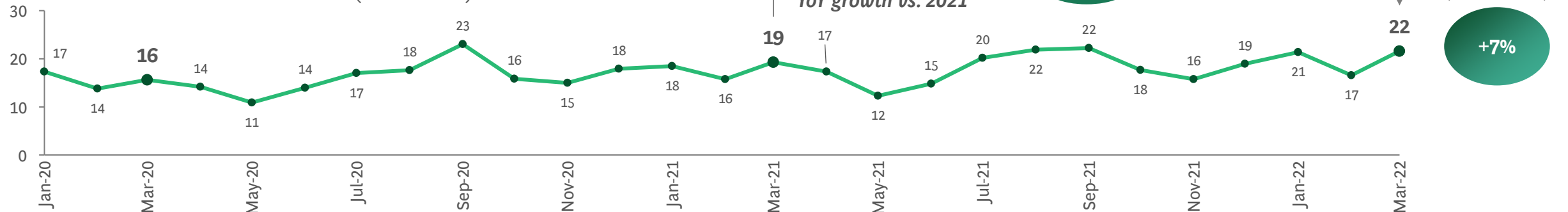
Life Insurance premium

New Business Premium (INR '000 Cr)



Non-Life Insurance premium¹

Gross Domestic Premium Income (INR '000 Cr)



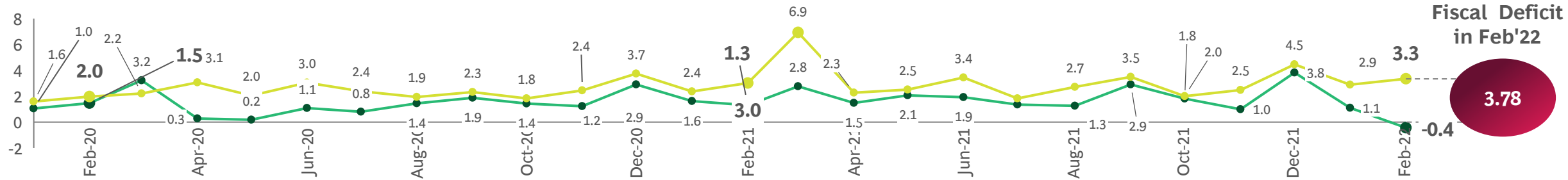
1. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous
Source: IRDAI, BCG Analysis

Fiscal deficit spiked sharply in Feb'22 vs. Jan'22; GST collections rose to an all time high in Mar'22

Central Govt. Revenue & Expenditure (INR Tn)

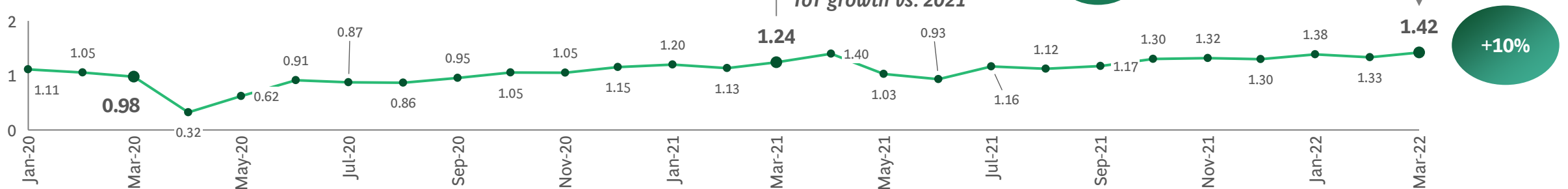
● Receipts ● Expenditure

(based on data from Controller General of Accounts, Ministry of Finance)



Total GST Collections¹ (INR Tn)

(based on data from GST Council)

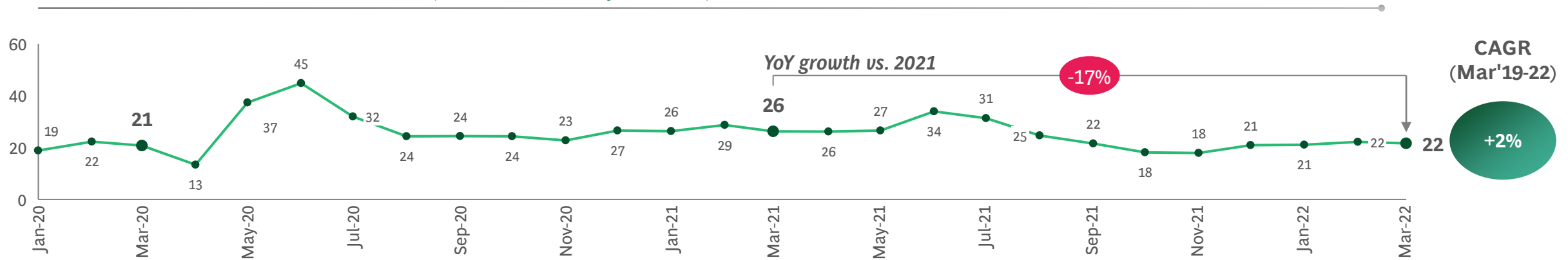


1. GST Collections include all components: CGST, SGST, IGST, Cess
Source: Ministry of Finance, GST Council, BCG analysis



MGNREGA work & employment provided remained muted in Mar'22 vs. Feb'22 & Feb'21 levels

MGNREGA Work Demand (households, in Mn)



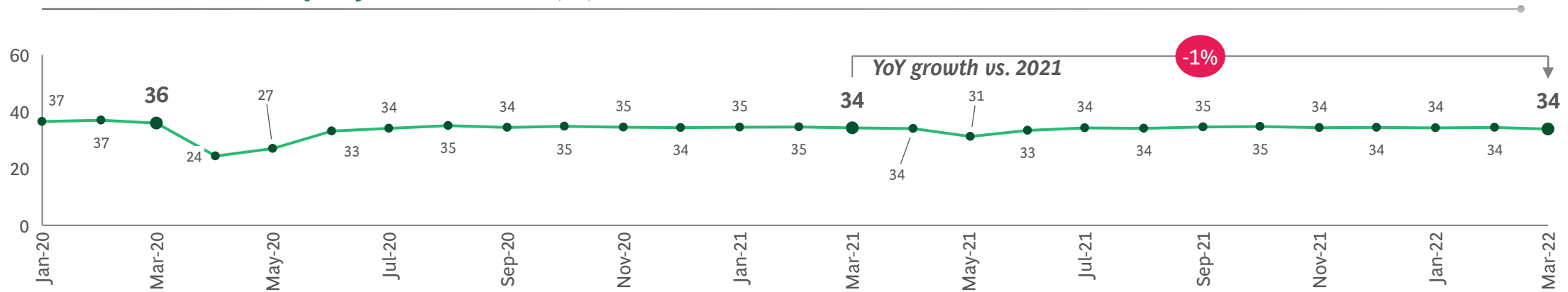
MGNREGA Employment Provided (households, in Mn)



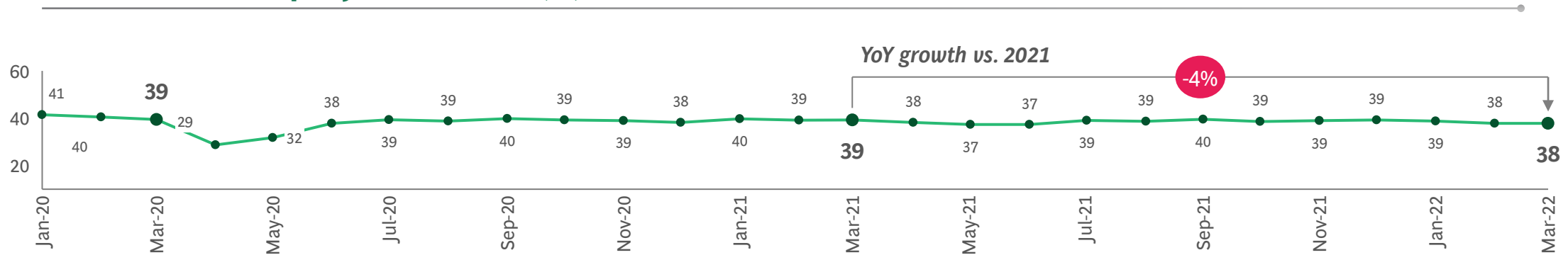


Both rural & urban employment rates remained subdued in Mar'22 vs. previous months & Mar'21 levels

CMIE Urban Employment Rate (%)



CMIE Rural Employment Rate (%)

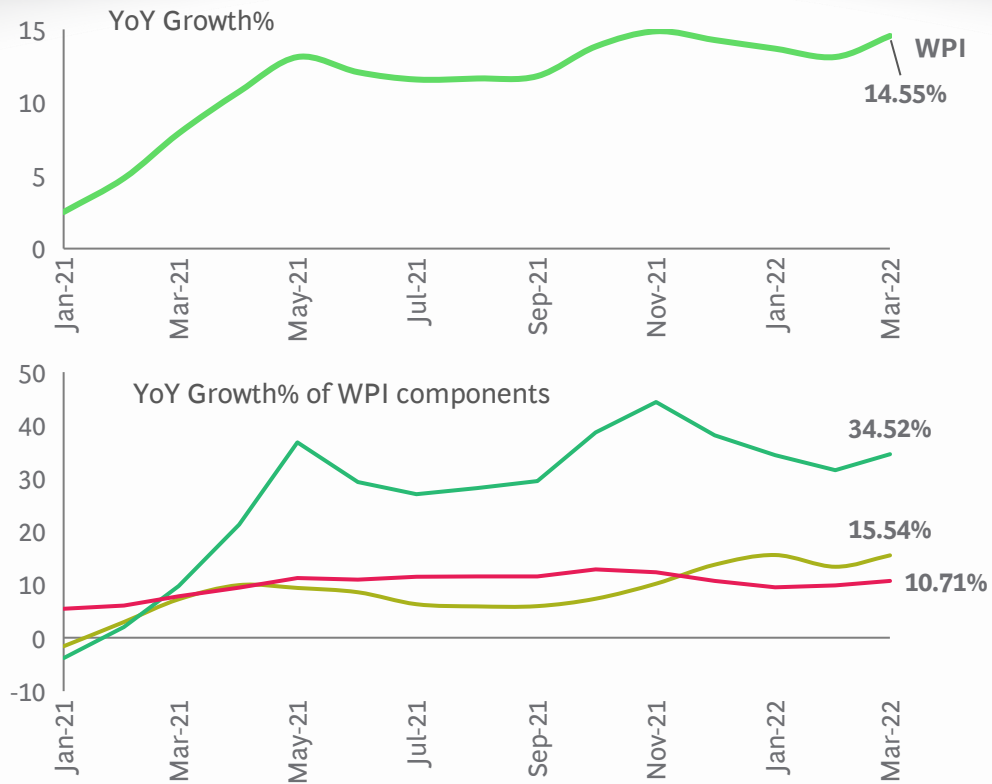


CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old. This is the largest sample of individuals from whom data is gathered on the employment and unemployment status. Employment status indicates whether a member of a household who is 15 years of age or more is employed or not employed as of the date of the survey.
Source: CMIE Consumer Pyramids survey

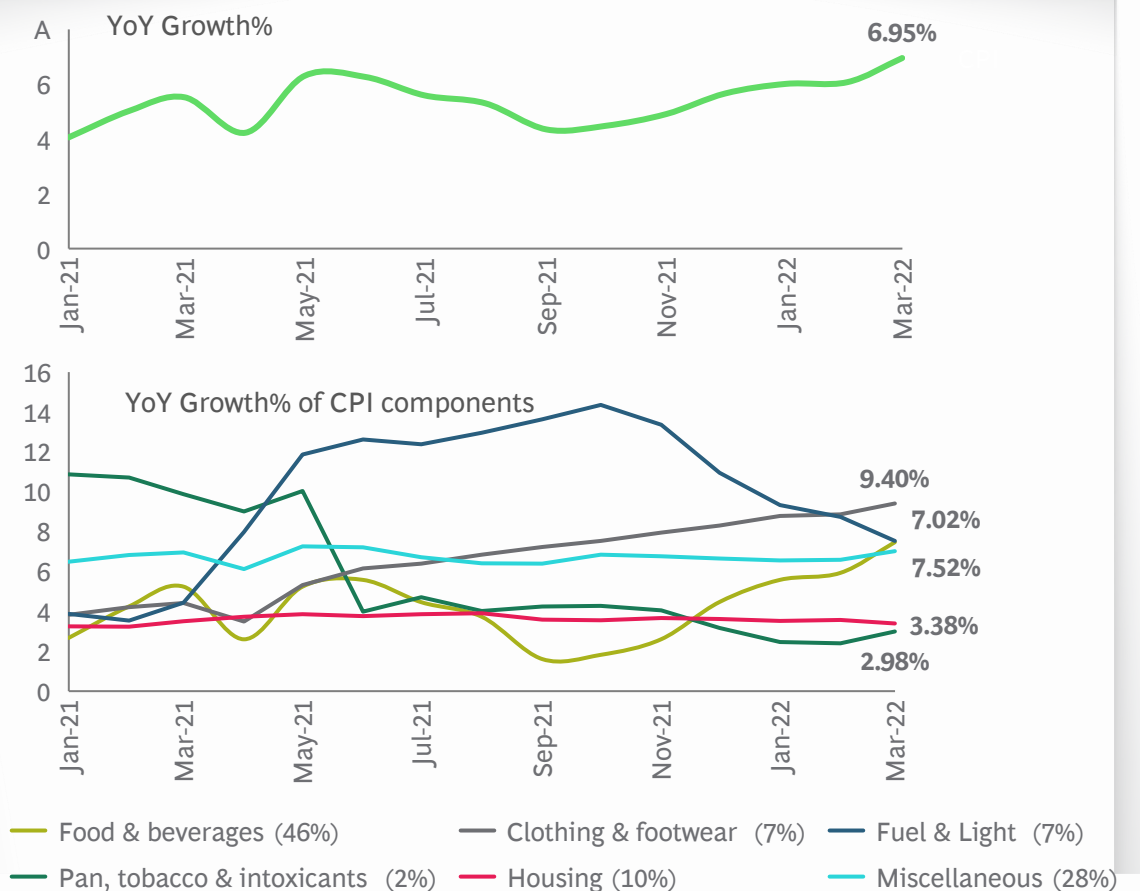


Both WPI & CPI spiked sharply in Mar'22 vs. Feb'22; WPI reached an all time high & CPI breached RBI's 6% band for the third consecutive month

Wholesale Price Index (WPI)¹



Consumer Price Index (CPI)²



Sub-component (weightage)

Primary Articles (23%) Fuel & Power (13%) Manufactured Products (64%)

1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, minerals, crude petroleum & natural gas; Fuel & power incl. coal & mineral oils

2. CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated as YoY increase in prices of the commodities

Source: MOSPI, CMIE, BCG Analysis

Count & value of Govt. tenders grew in Jan'22 vs. Dec'21, surpassing Jan'21 levels

Count of tenders announced by central and state govts (K)



Value of tenders announced by central and state govts (INR Tn)

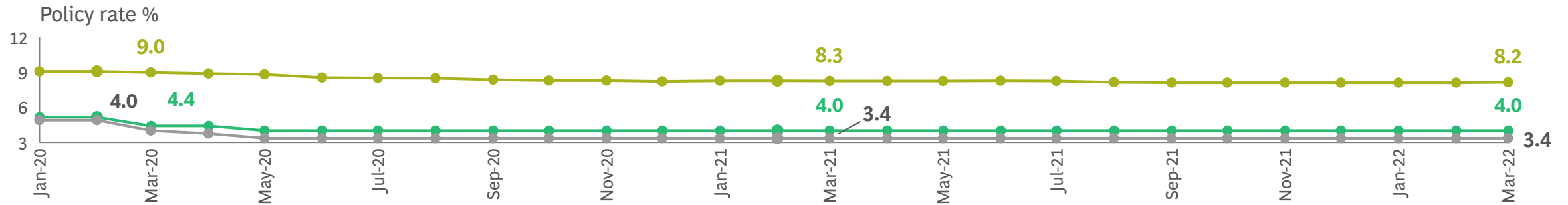




Repo and reverse repo rate remained unchanged from the previous months in Mar'22; MCLR increased marginally in Mar'22 vs. Feb'22

Reserve bank's policy rates (%)

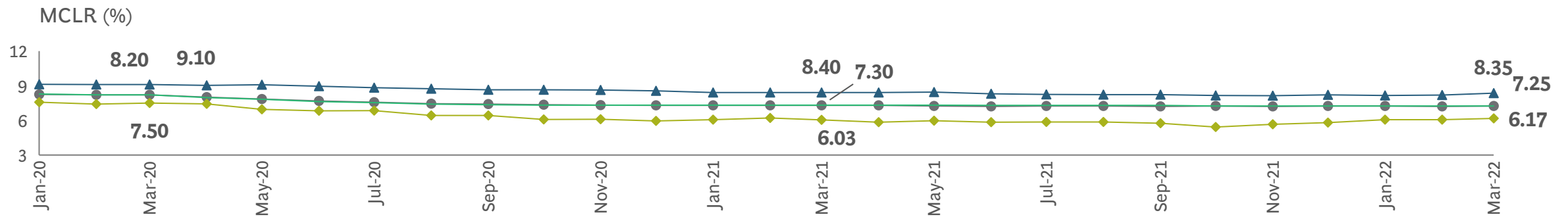
Repo rate Reverse Repo rate Base Rate



MCLR¹ of scheduled commercial banks

(Median rate on one-year borrowings, in %)

Total Public Sector Banks Private Sector Banks Foreign Banks



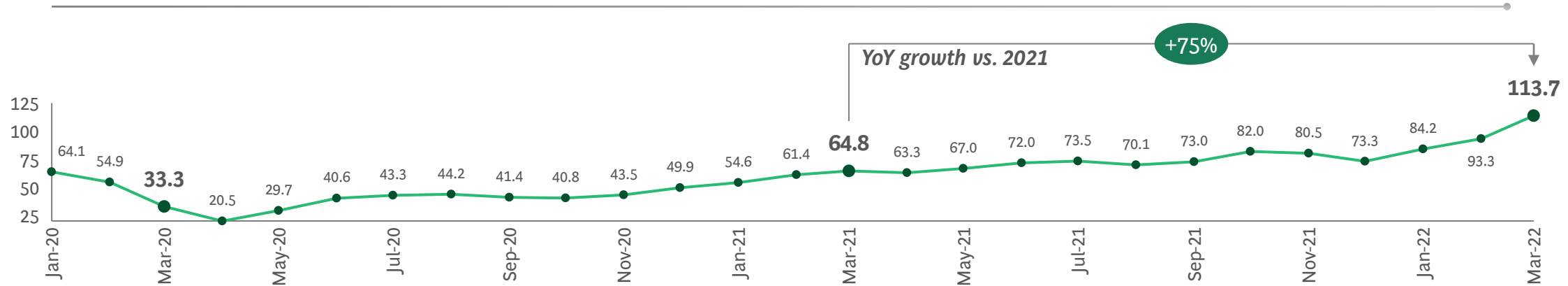
1. MCLR: Minimum interest rate at which scheduled commercial banks can lend to customers (based on incremental cost of funds). 2. Base Rate: Minimum rate set by the Reserve Bank of India below which banks are not allowed to lend to its customers 3. Repo Rate: Interest rate at which the RBI lends short term funds to licensed commercial banks 4. Reverse Repo Rate: Interest rate which the RBI borrows money from commercial banks.

Source: CMIE, RBI DBIE

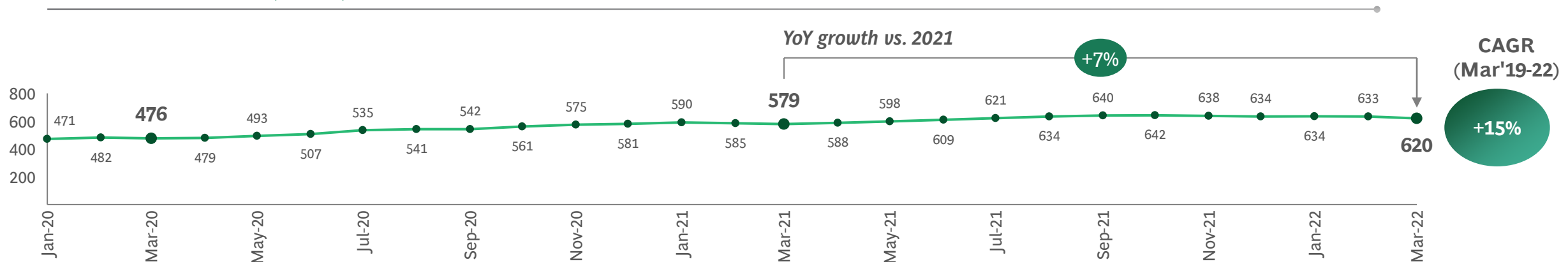


Crude oil prices crossed the USD 100/barrel mark; Forex reserves declined marginally in Mar'22 vs. Feb'22

Prices of Indian basket of crude oil¹ (USD/Barrel)



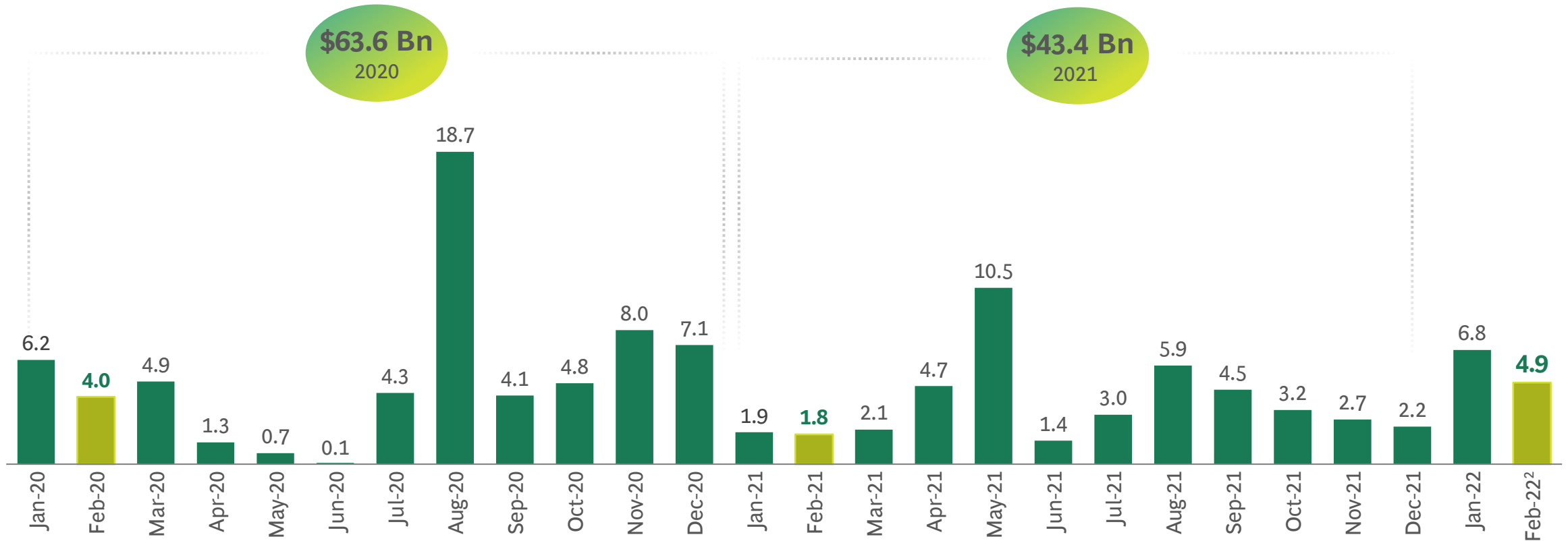
Forex reserves (\$ Bn)





FDI inflows decreased in Feb'22 vs. Jan'22, although remained higher than Feb'21 levels

Foreign Direct Investments¹ (\$ Bn)



1. Denotes total inward FDI to India; 2. Feb'22 figures are provisional

Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

Source: CMIE, RBI

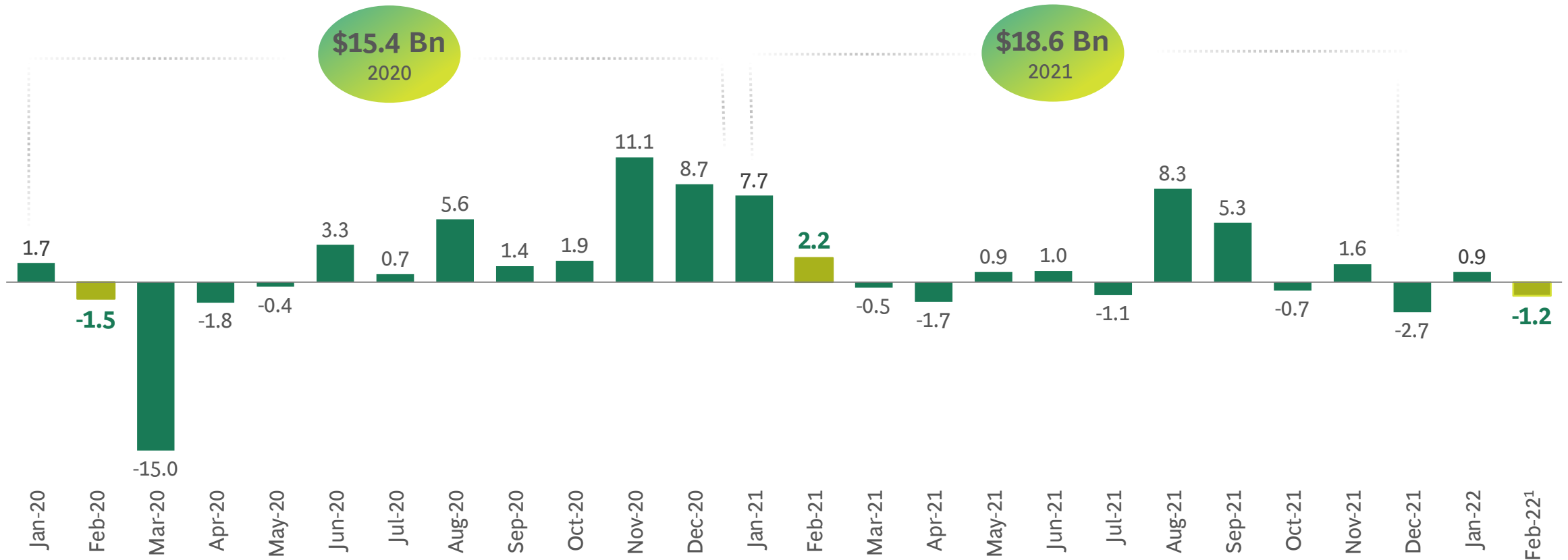
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Annual (Calendar Year) FDI Inflows



Foreign Institutional Investments turned negative in Feb'22, falling below Feb'21 levels

Foreign Institutional Investments (\$ Bn)



1. Feb'22 figures are provisional

Source: CMIE, RBI

Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

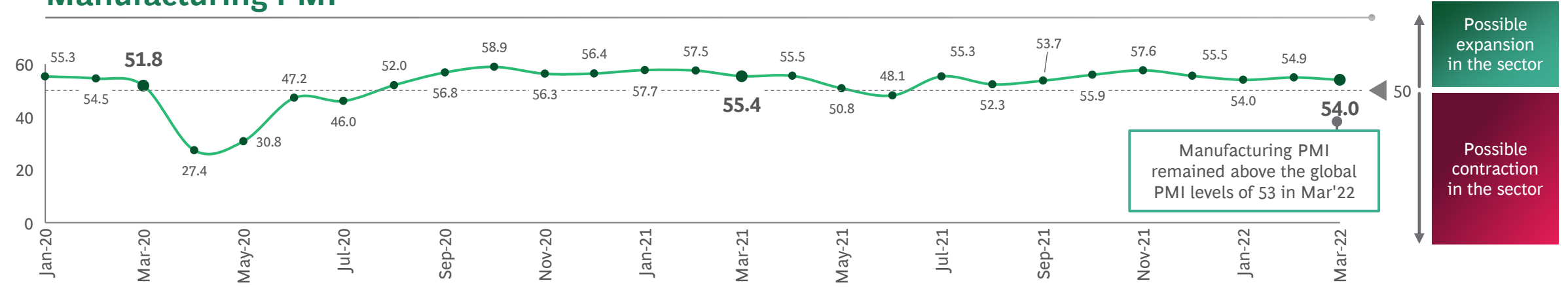
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Annual (Calendar Year) FDI Inflows

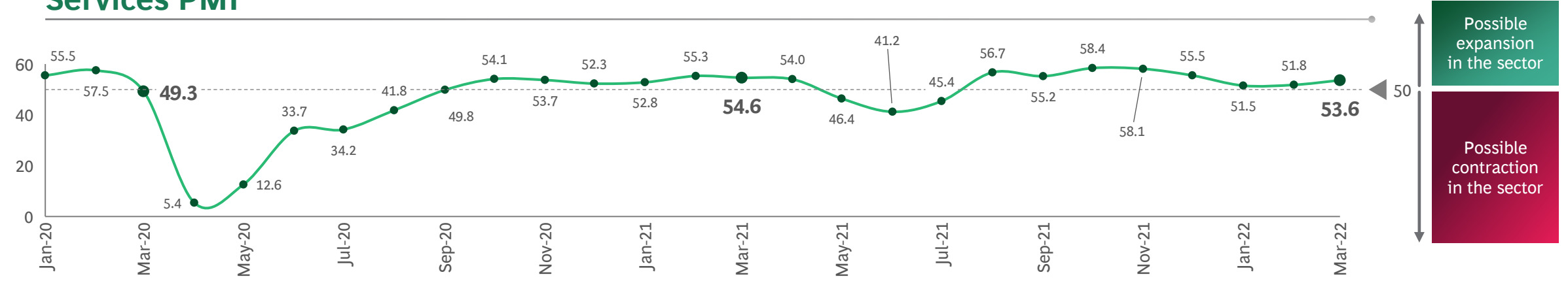


Manufacturing PMI declined vs. Feb'22, although remained above the 50-point mark; Services PMI edged up to a 3-month high in Mar'22

Manufacturing PMI



Services PMI



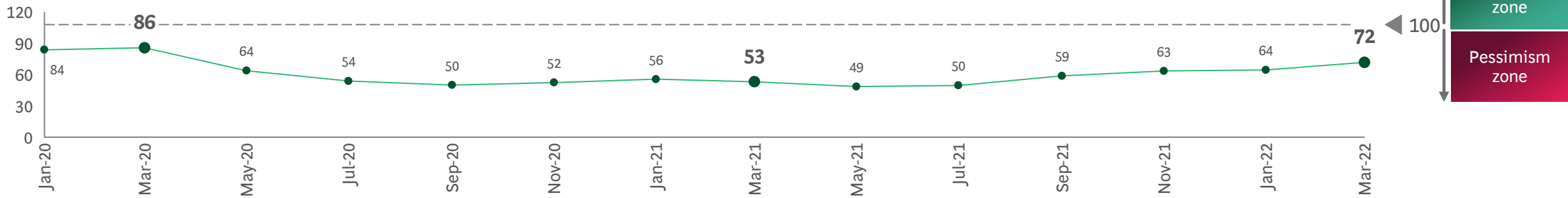
Note: The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity. Value >50 indicates possible expansion in the sector, and value <50 indicates recession.
Source: IHS Markit, CMIE, Analyst Reports, BCG analysis



Consumer sentiment improved vs. previous months although remained in pessimistic zone; FEI grew significantly in Mar'22 vs. Jan'22

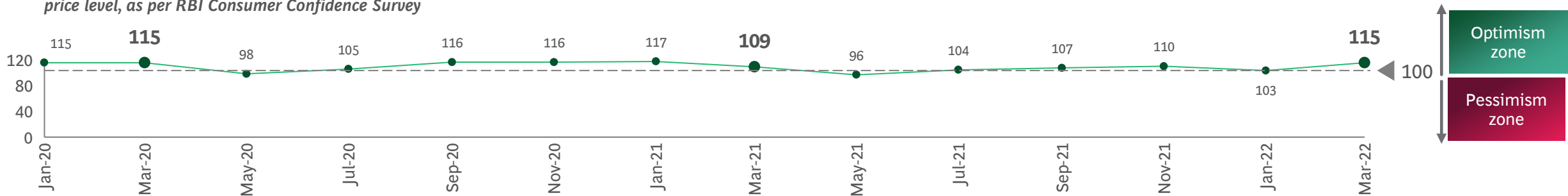
Current Situation Index (CSI)

CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey



Future Expectations Index (FEI)

FEI reflects consumer expectations one year ahead and is calculated based on average net responses on future perceptions on various factors such as economic conditions, income, spending, price level, as per RBI Consumer Confidence Survey



Sample size: 5,984 households across 19 major cities surveyed during 2nd March to 11th March, 2022

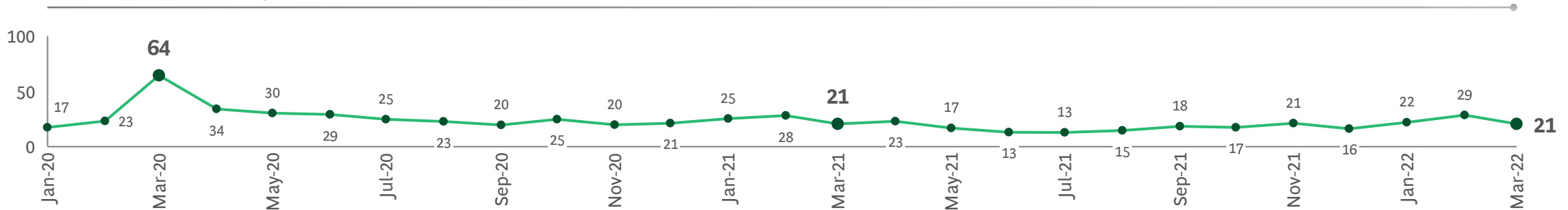
CSI/FEI = 100 + Average of Net Responses of (General Economic Situation, Employment Scenario, Price Level, Household income and Overall Spending). Data are based on web releases made since March 2015. For each survey round, the final figures as available in the latest web release covering the same have been considered.

Source: RBI

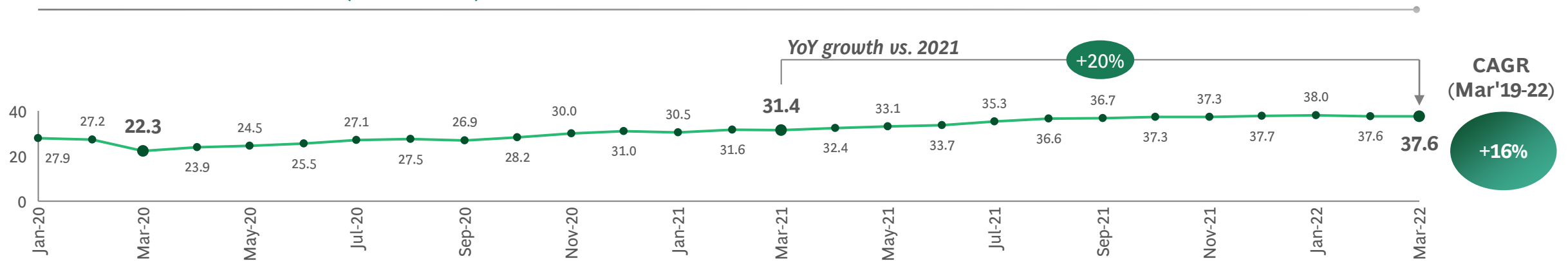


Volatility eased to a 3-month low in Mar'22; Mutual fund AUM remained at Feb'22 levels in Mar'22

India Volatility Index (VIX)¹



Mutual Funds AUM² (INR L Cr)



1. Volatility Index is a measure of market's expectation of volatility over the near term; India VIX is a volatility index based on the NIFTY50 Index Option prices providing the expected market volatility over the next 30 calendar days—figures represented are as of end of every month shown

2. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown

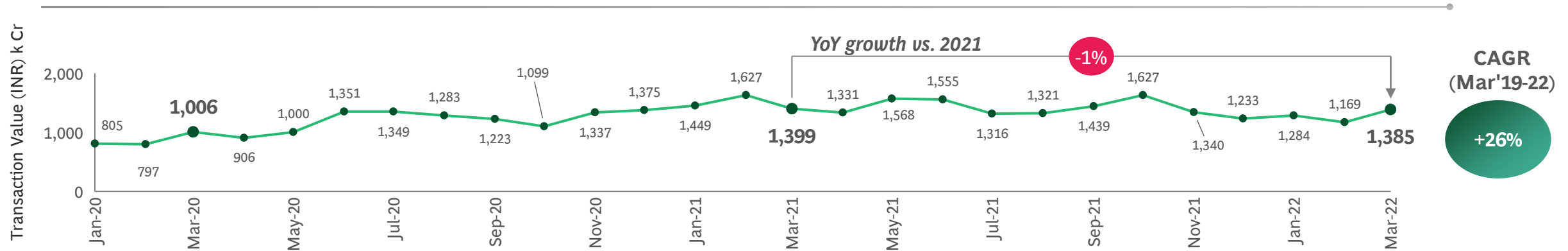
3. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks

Source: BSE, NSE, AMFI, BCG analysis

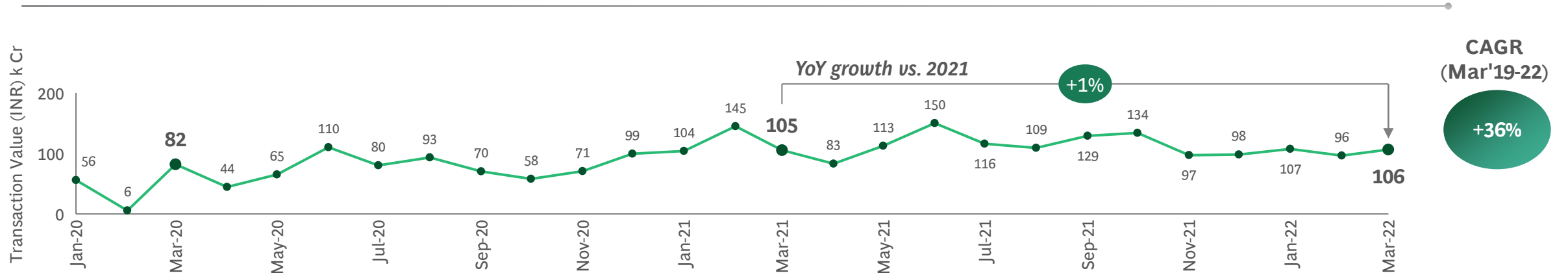


NSE transactions & BSE transactions witnessed an uptick in Mar'22 vs. Feb'22

NSE Transactions (INR k Cr)



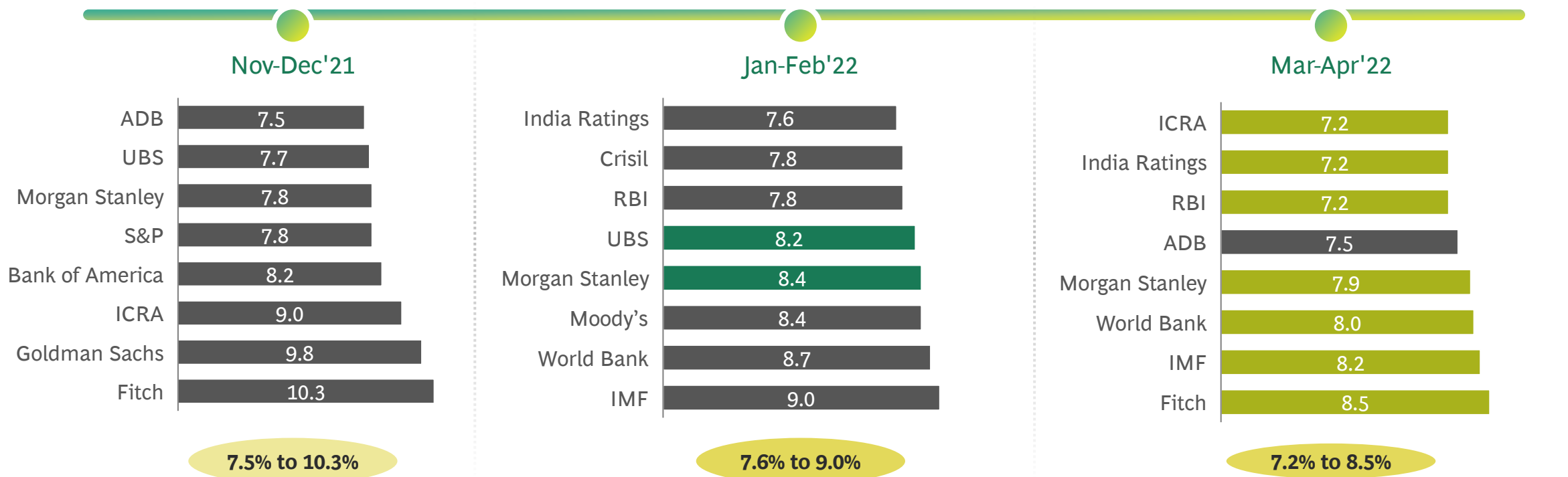
BSE Transactions (INR k Cr)





India's FY23 GDP forecasted to grow between 7.2% to 8.5% YoY; Most projections were revised downwards during Mar-Apr'22

India GDP growth forecast for FY23 (YoY,%)



Data as of 22nd Apr'22; Estimates likely to be revised further

Note: Upper-limit has been included where agencies reported forecast range
Source: Analyst reports, BCG analysis

No change
 Downward revision
 Upward revision

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