

India Economic Monitor

AUGUST 2022

Executive Summary



In Jun-Jul'22, easing of supply chain pressures & commodity prices led to mixed trends in monthly performance across select high frequency indicators. IIP remained near May'22 levels in Jun'22, however significantly exceeded Jun'21 levels. Underlying metrics such as cement production, steel consumption improved while power consumption declined in Jun-Jul'22 vs. previous month. Robust urban demand translated into higher PV & 3W sales while rural demand exhibited mixed trends- 2W sales increased while tractor sales contracted in Jul'22 vs. Jun'22. Manufacturing PMI recorded the sharpest expansion in last eight months, highlighting strengthening demand conditions. Services PMI decelerated to a 4-month low in Jul'22, although remained in expansion mode.

An uptick in business activity resulted in E-way bills reaching their second highest value in Jul'22. JNPT container traffic also increased for the second consecutive month. However, both rail & air freight dipped marginally in Jun'22. India's merchandise exports recorded degrowth while imports grew sharply leading to a record high level of merchandise trade deficit in Jul'22. Services trade surplus also declined marginally in Jun'22 vs. May'22. A highly volatile foreign exchange market as well as persistent inflation continued to impact investments. Dollar outflows partly contributed to the fall in forex reserves in Jul'22 vs. Jun'22.

UPI transaction volume crossed the 6 Bn mark in July; UPI transaction value also increased after falling in the Jun'22. Aggregate deposits & credit remained near May'22 levels in Jun'22. Insurance premium recorded significant growth vs. Jun'22 on the back of life insurance premium, primarily group single premium & renewal premiums.

On the macroeconomic front, GST collections remained above the INR 1.4 Tn mark for the third consecutive month. RBI hiked the repo rate by 50 bps to control rising inflation. CPI eased to a 4-month low in Jul'22 owing to softening of food prices, however still breached RBI's 6% band. WPI also dipped due to decline in prices of food, manufactured products, although remained in double digits. Consumers expressed optimism for the economic situation & overall spending over the next one year, according to the latest round of RBI's Consumer Confidence Survey. However, there was some weakening in expectations for employment, price level & household income vs. the previous round. Analyst forecasts indicate GDP growth of 7.0-7.4% YoY for FY23, with downward revisions in the last 1-2 months.

Most high frequency indicators exhibited mixed performance vs. previous month, although improved vs. 2021 levels in Jun-Jul'22 (1/2)

Industry

Industry	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jul'22	Jul'19	CAGR ¹	Jul'21	YoY	Jun'22	MoM
IIP (Index)*	137.8	129.3	2%	122.8	12%	137.7	0%
Power Consumption ('000 MUs)	4.1	3.8	3%	4.0	2%	4.5	-7%
Petroleum Consumption (MMT)	17.6	18.0	-1%	16.6	6%	18.7	-6%
Steel Consumption (MMT)	9.2	8.6	2%	8.2	12%	8.9	3%
Cement Production (MT) *	33.8	28.3	6%	28.3	19%	33.8	10%

Logistics

Logistics	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jul'22	Jul'19	CAGR ¹	Jul'21	YoY	Jun'22	MoM
E-way Bills (Mn)	75.8	52.2	13%	64.2	18%	74.5	2%
JNPT Traffic ('000 TEUs)	503.0	431.3	5%	433.5	16%	493.0	2%
Rail Freight (Mn Tons) *	125.5	101.4	7%	112.8	11%	132.0	-5%
Air Freight (K Tons) *	270.4	273.4	0%	237.3	14%	271.1	0%

Trade & Investment

Trade & Investment	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jul'22	Jul'19	CAGR ¹	Jul'21	YoY	Jun'22	MoM
Merchandise Exports (\$ Bn)	35.2	26.3	10%	35.4	-1%	37.9	-7%
Merchandise Imports (\$ Bn)	66.3	39.8	19%	46.4	43%	63.6	4%
Services Exports (\$ Bn) *	24.8	18.6	10%	19.7	26%	23.3	6%
Services Imports (\$ Bn) *	16.1	11.8	11%	11.2	44%	14.4	12%

Auto

Auto	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jul'22	Jul'19	CAGR ¹	Jul'21	YoY	Jun'22	MoM
PV Sales ('000 Units)	347.9	251.0	12%	316.8	10%	332.0	5%
Tractor Sales ('000 Units)	67.0	52.0	9%	76.4	-12%	107.0	-37%
2W Sales ('0000 Units)	173.8	181.8	-1%	163.1	7%	170.4	2%
EV Registrations ('000 Units)	79.7	12.2	87%	26.1	205%	73.3	9%

* Data available only upto Jun'22 as on 26 Aug – hence growth comparisons are for Jun and not July. Jun'22 data has been compared with Jun'19, Jun'21 & May'22 data for the pre-COVID CAGR, YoY & MoM growth comparisons.
 1. CAGR calculated by taking 2022 month-wise data vs. 2019 levels (for respective month)

Most high frequency indicators exhibited mixed performance vs. previous month, although improved vs. 2021 levels in Jun-Jul'22 (2/2)

Banking, Financial Services & Insurance

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jul'22	Jul'19	CAGR ¹	Jul'21	YoY	Jun'22	MoM
UPI Value (INR Tn)	10.6	1.5	93%	6.1	75%	10.1	5%
Aggregate Deposits (INR Tn)*	165.9	126.9	9%	152.7	9%	166.0	0%
Aggregate Credit (INR Tn) *	121.9	97.0	8%	108.6	12%	121.0	1%
NSE & BSE Txns. (INR K Cr)	1046.3	761.1	11%	1431.8	-27%	1044.0	0%
Insurance Premium (INR K Cr)	62.0	35.9	20%	40.6	53%	49.0	27%

Macroeconomic

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jul'22	Jul'19	CAGR ¹	Jul'21	YoY	Jun'22	MoM
GST Collections (INR Tn)	1.5	1.0	13%	1.2	28%	1.5	3%
WPI (%)					15%		
CPI (%)					7%		
Jan Dhan Deposits (INR Tn)	1.7	1.0	19%	1.4	19%	1.7	0%
MGNREGA Emp. Provided (HH)	16.8	15.1	4%	26.9	-37%	27.6	-39%

Sentiment

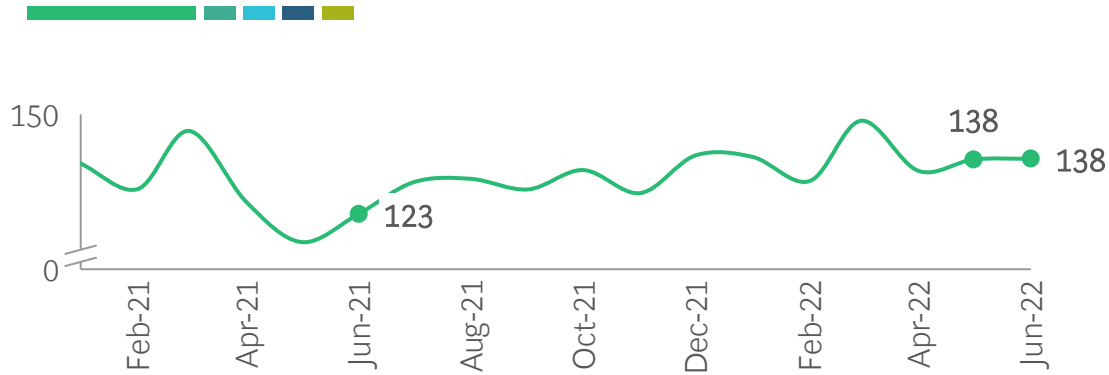
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jul'22	Jul'19	CAGR ¹	Jul'21	YoY	Jun'22	MoM
Manufacturing PMI (Index)	56.4	52.5	2%	55.3	2%	53.9	5%
Services PMI (Index)	55.5	53.8	1%	45.4	22%	59.2	-6%
Current Situation Index	77.0	95.7	-7%	49.5	56%	76.0	1%
Future Expectations Index	113.0	124.8	-3%	104.0	9%	113.0	0%

• Data available only upto Jun'22 as on 26 Aug – hence growth comparisons are for Jun and not July. Jun'22 data has been compared with Jun'19, Jun'21 & May'22 data for the pre-COVID CAGR, YoY & MoM growth comparisons
 • 1. CAGR calculated by taking 2022 month-wise data vs. 2019 levels (for respective month)

IIP remained unchanged while most underlying metrics, except power improved in Jun-Jul'22

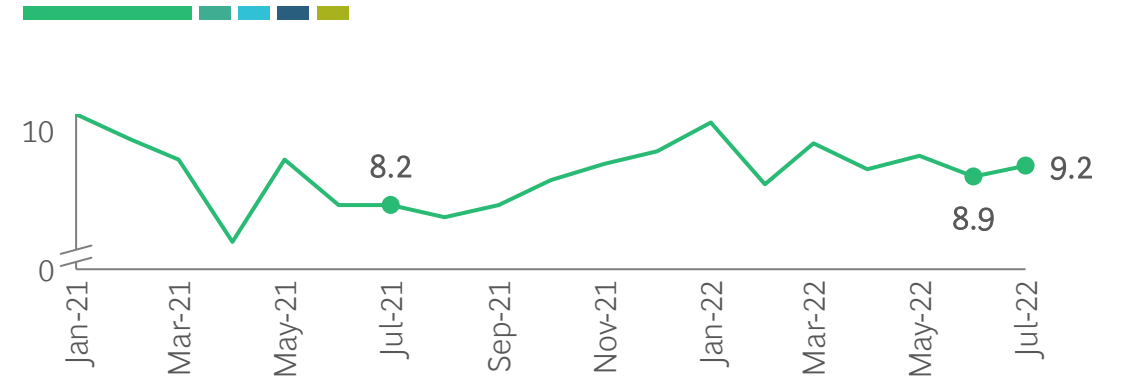
Index of Industrial Production¹

IIP remained at May'22 levels in Jun'22



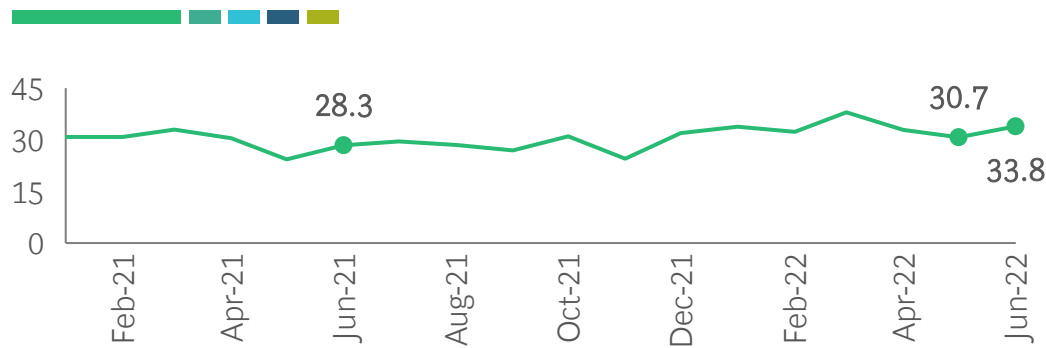
Steel Consumption (MMT)²

Steel consumption witnessed an uptick in Jul'22



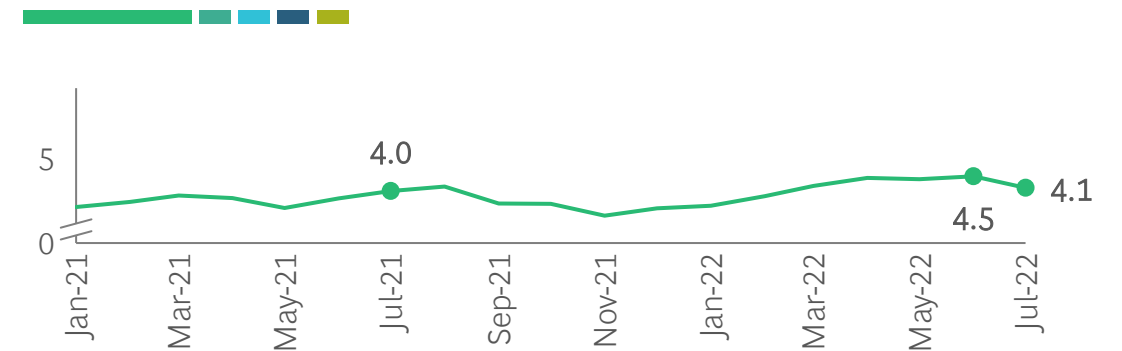
Cement Production (MT)

Cement production grew in Jun'22 vs. May'22



Power Consumption ('000s MUs)

Power consumption declined in Jul'22 vs. Jun'22



1. Index of Industrial Production (IIP) shows the growth rates in different industry groups (comprises of Mfg. (78% weightage), Mining (14%), Electricity (8%))

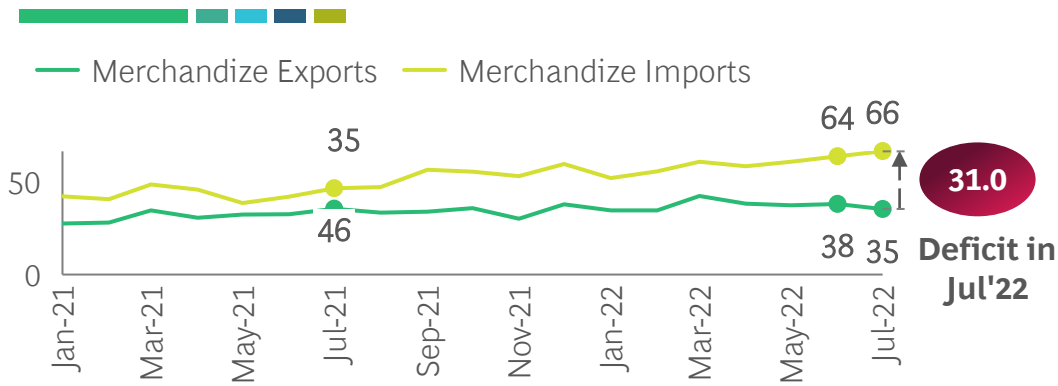
2. Steel consumption incl. long & flat steel

Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, Joint Plant Committee, Ministry of Commerce and Industry, CMIE, BCG analysis

Merchandise trade deficit increased while services trade surplus fell; FDI & forex reserves continued to decline in Jun-Jul'22

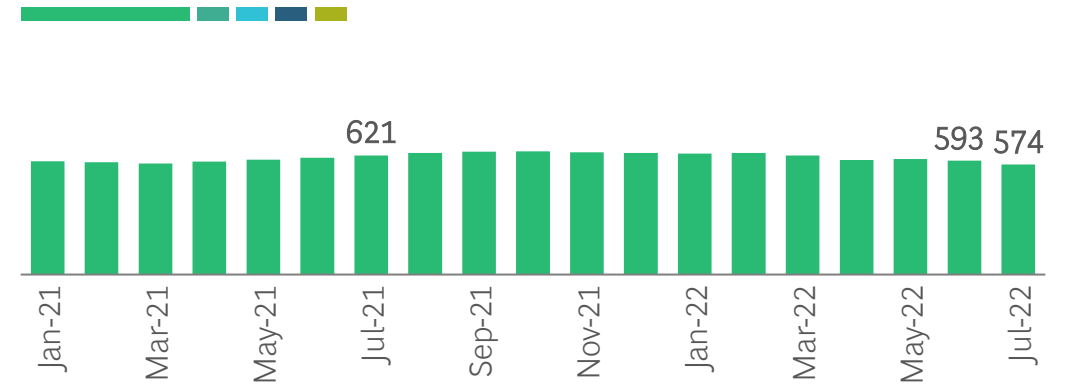
Merchandise Trade (\$ Bn)

Merchandise trade deficit grew sharply in Jul'22 vs. previous months



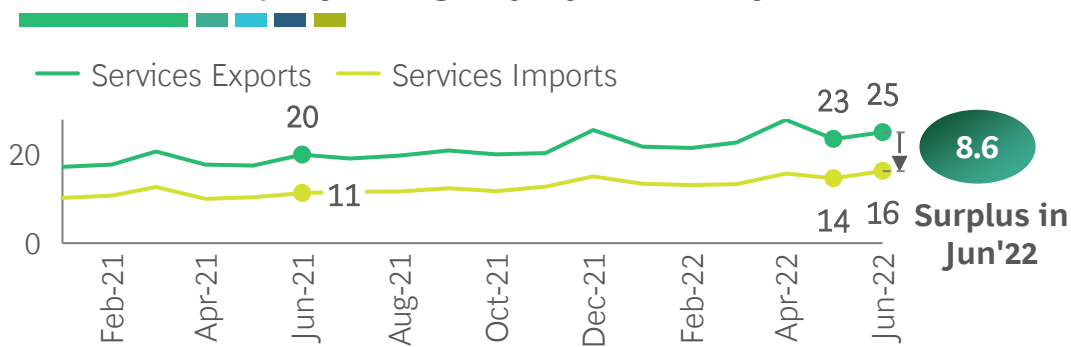
Forex Reserves (\$ Bn)

Forex reserves fell for the second consecutive month in Jul'22



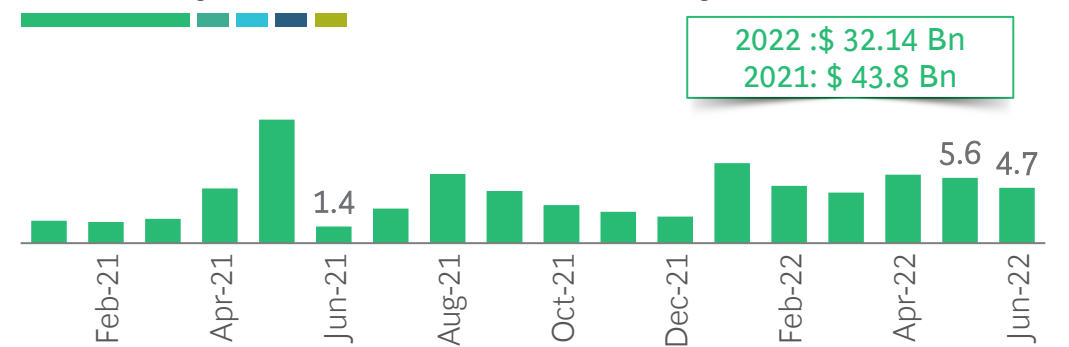
Services trade (\$ Bn)

Services trade surplus fell marginally in Jun'22 vs. May'22



FDI (\$ Bn)¹

FDI declined for the second consecutive month in Jun'22

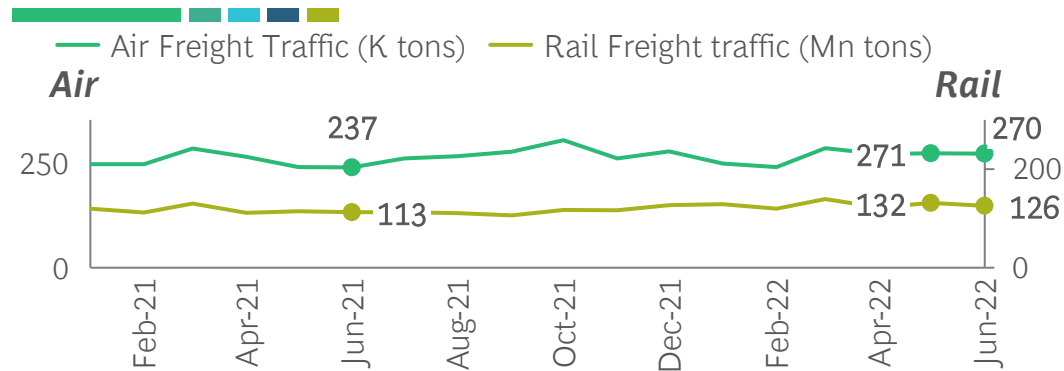


Note: Jul'22 Merchandise Import and Export numbers; Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Jun'22 figures are provisional; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies; Calendar year considered for FDI 2022 & 2021 values
 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, IndiaStat, PIB

Logistics indicators witnessed mixed monthly trends in Jun-Jul'22

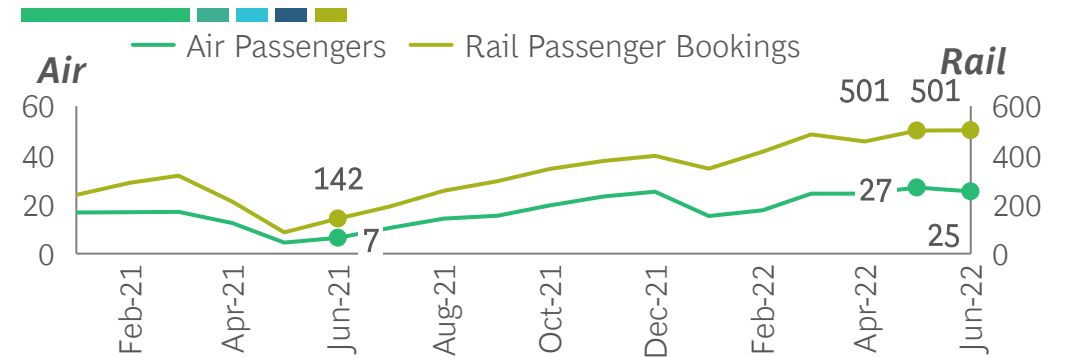
Freight Traffic

Both rail & air freight dipped in Jun'22 vs. May'22



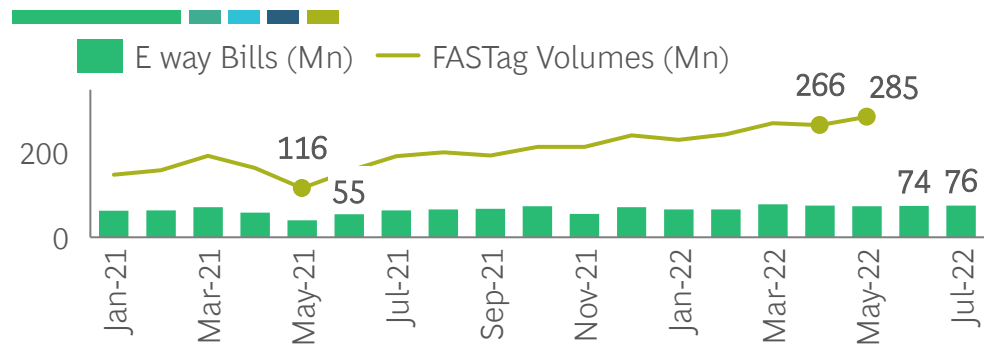
Passenger traffic (Mn)

Air passenger traffic fell while rail traffic remained at May'22 levels in Jun'22



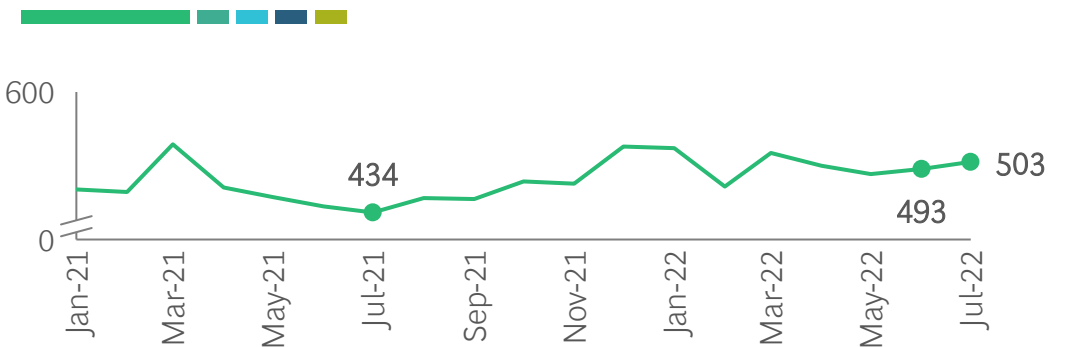
E-way Bills & FASTag (Mn)¹

E-way bills grew marginally in Jul'22 vs. Jun'22



JNPT Container Traffic ('000 TEUs)²

JNPT increased for the second consecutive month in Jul'22

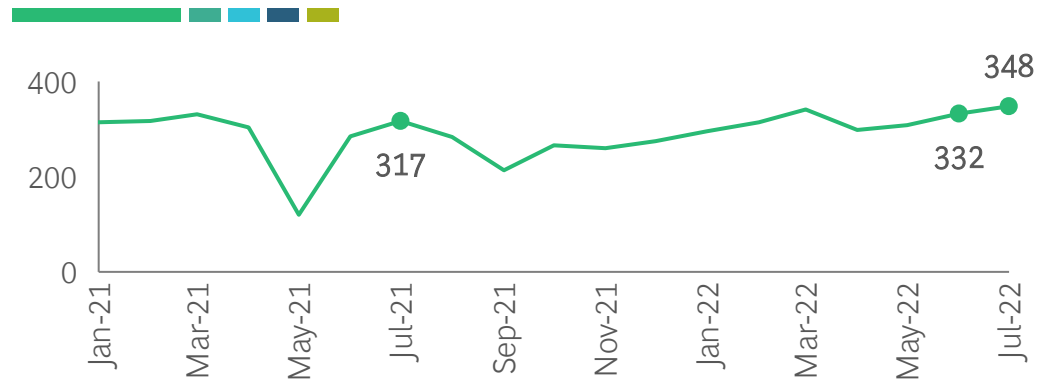


¹E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000. FASTag data not available for Jul'22 as on 19th August
²TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)
 Source: Ministry of Railways, CEIC data, Airport Authority of India, : Jawaharlal Nehru Port Trust, Airport Authority of India, GST Network, NHAI, NPCI, BCG analysis

PV, 2W & 3W sales grew while tractor sales declined significantly in Jul'22 vs. Jun'22

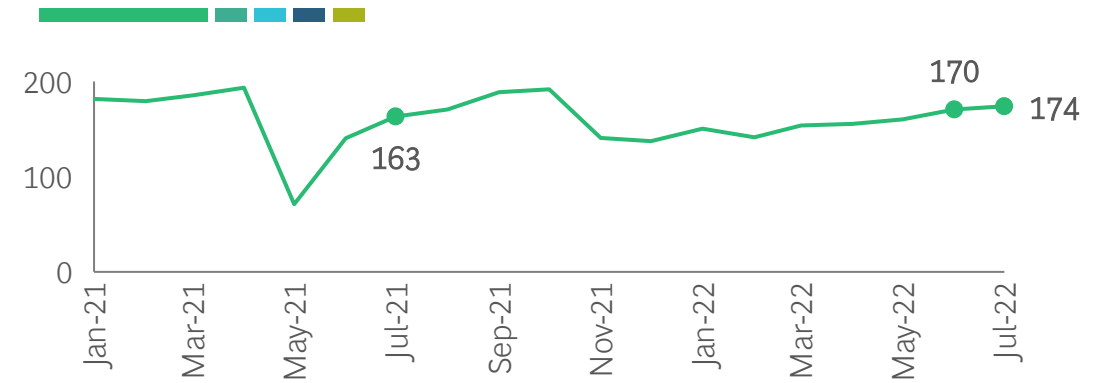
Passenger vehicles sales ('000 units)

PV sales touched a 3-month high in Jul'22



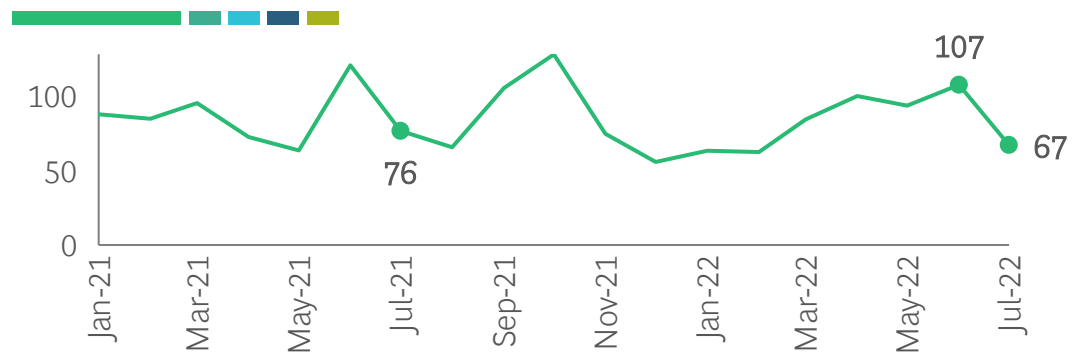
Two-wheeler sales ('0000 units)

2W sales on an upward trajectory in Jul'22



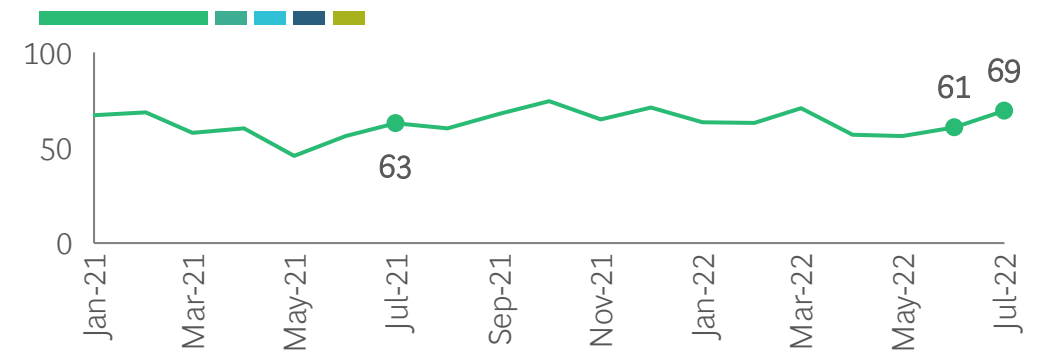
Tractor sales ('000 units)

Tractor sales fell sharply in Jul'22 vs. Jun'22



Three-wheeler sales ('000 units)

3W sales improved for the second consecutive month in Jul'22

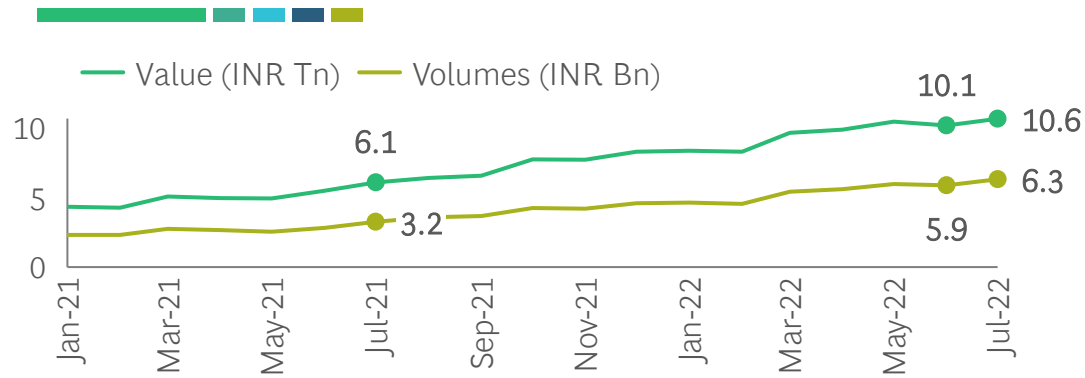


Figures represent wholesale numbers (including exports).
 1. BMW, Mercedes and Volvo Auto data is not available
 Source: SIAM, CMIE, TMA, Press search, BCG analysis

BFSI indicators on an upward trajectory in Jun-Jul'22

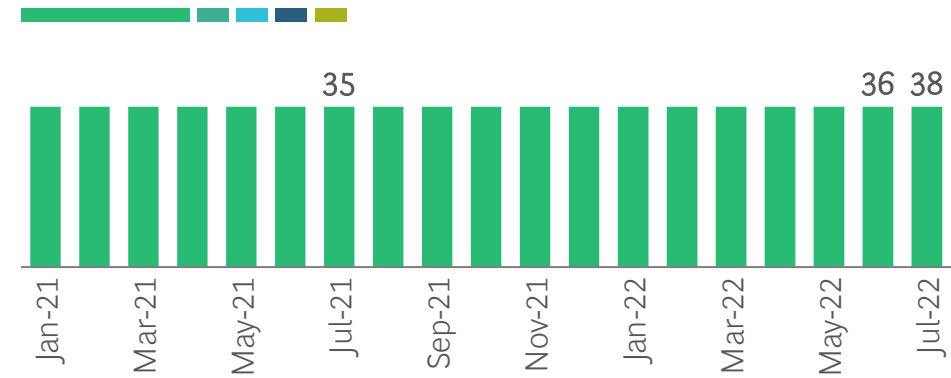
UPI

UPI witnessed sharp uptick in Jul'22 after declining in previous month



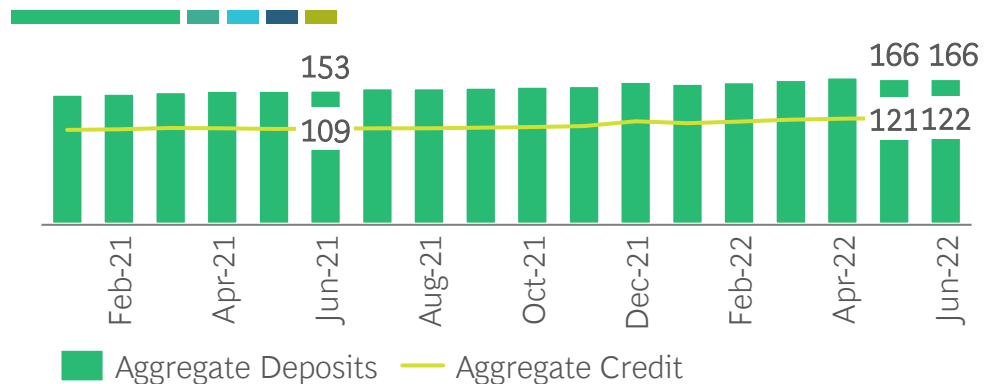
Mutual Funds AUM (INR Tn)

Mutual funds AUM improved in Jul'22 vs. Jun'22



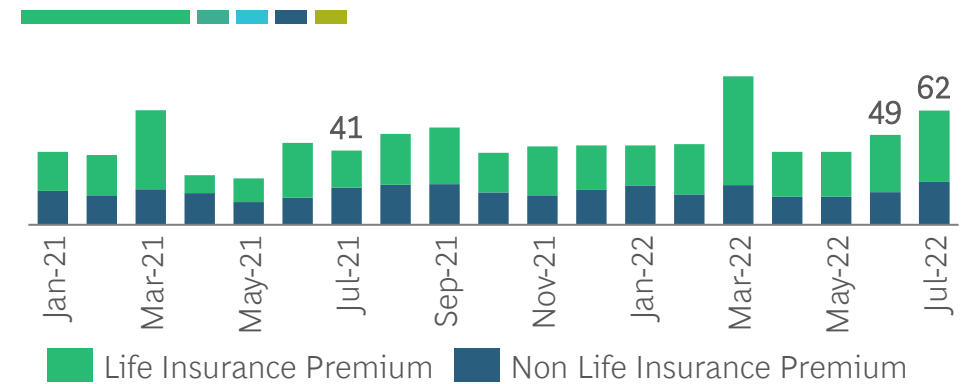
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit remained near May'22 levels in Jun'22



Insurance Premium (INR '000 Cr)

Life insurance premium grew significantly in Jul'22 vs. Jun'22



1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures data used for non-life as on 21st July 2022

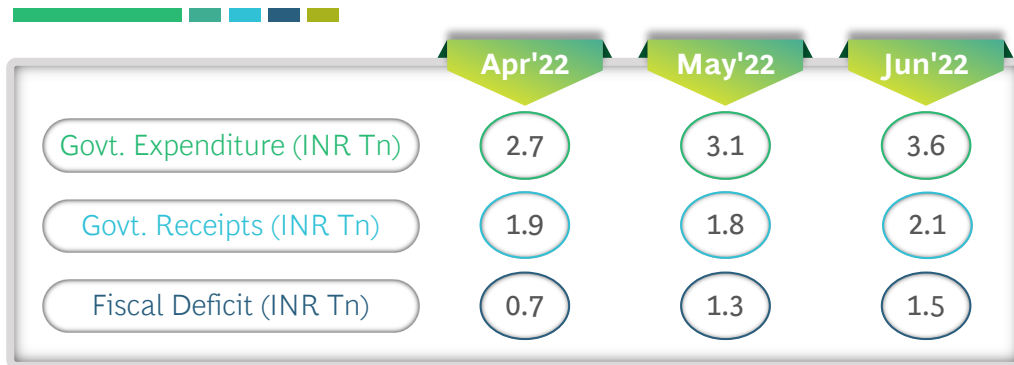
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India BCG analysis

Macroeconomic indicators exhibited mixed monthly trends in Jun-Jul'22

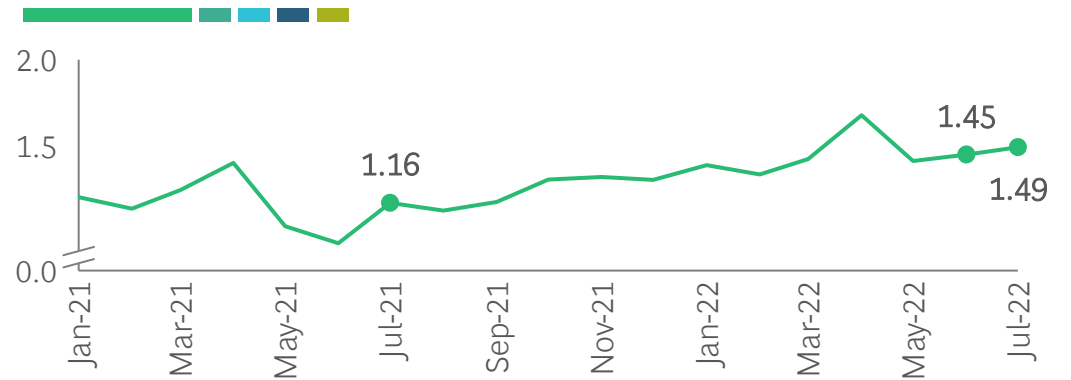
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit rose in Jun'22 vs. May'22, driven by increase in govt. expenditure



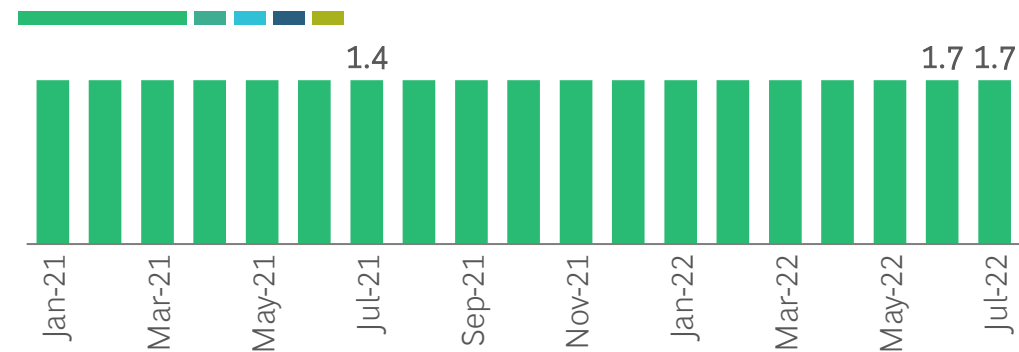
GST Collections¹ (INR Tn)

GST collections grew for third consecutive month in Jul'22



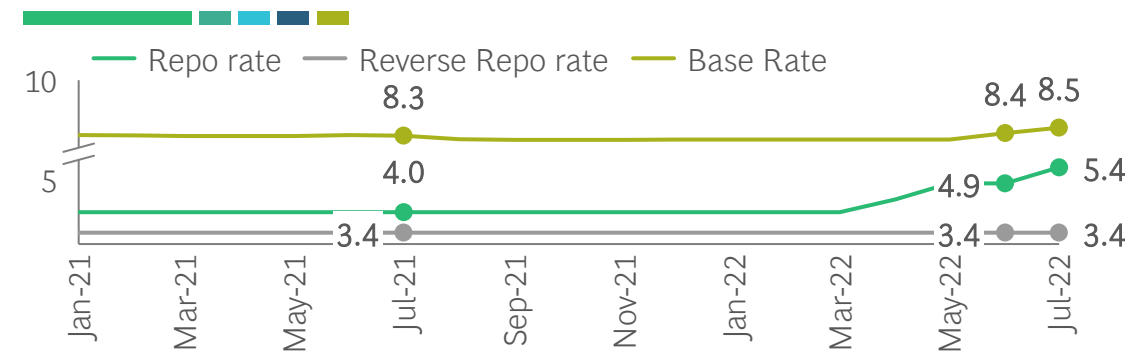
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained near Jun'22 levels in Jul'22



RBI's policy rates (%)

Repo rate increased by 50 bps in Jul'22

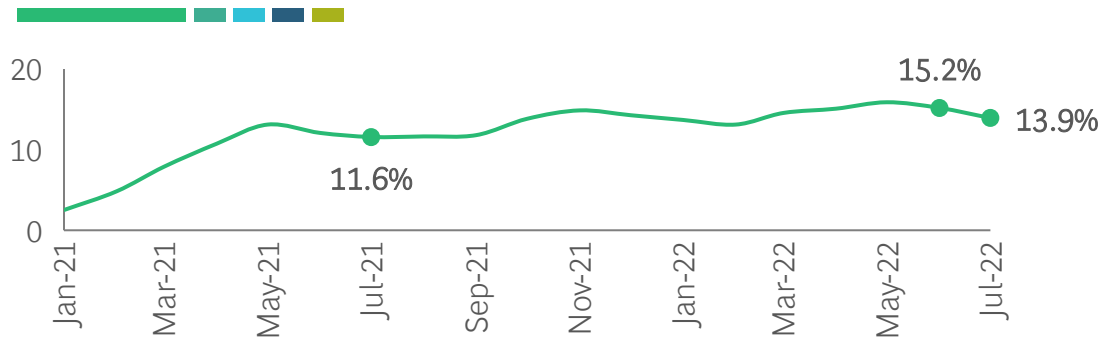


¹GST Collections include all components: CGST, SGST, IGST, Cess
Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI & CPI dipped in Jul'22 after remaining elevated in previous months

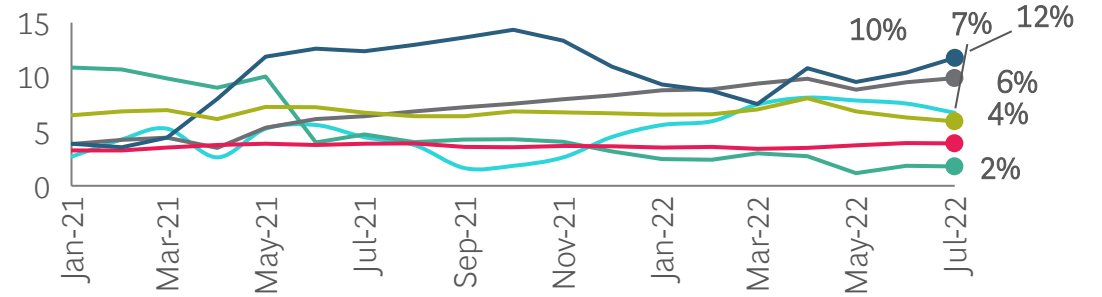
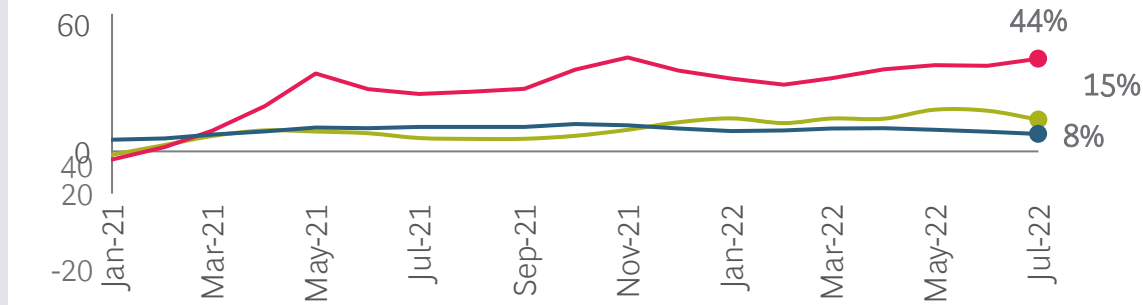
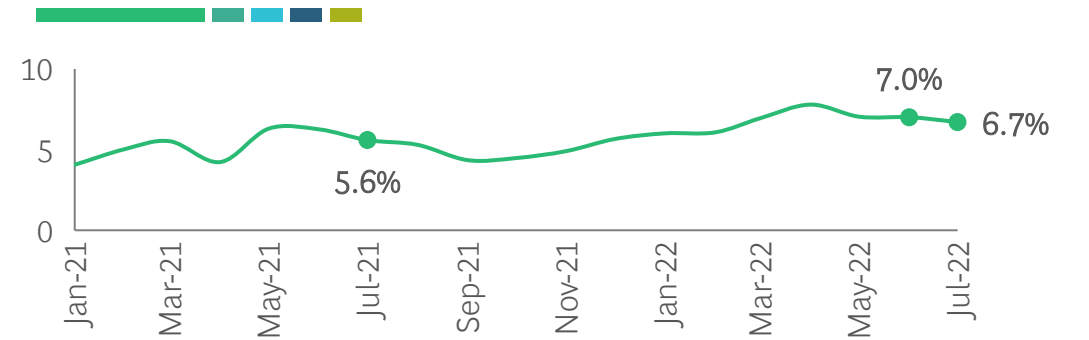
Wholesale Price Index (WPI)¹

WPI eased for the second consecutive month in Jul'22



Consumer Price Index (CPI)²

CPI eased to a 4-month low in Jul'22, although remained outside RBI's 6% band



- Sub-component (weightage)**
- Primary Articles (23%)
 - Fuel & Power (13%)
 - Manufactured Products (64%)

- Food & beverages (46%)
- Pan, tobacco & intoxicants (2%)
- Clothing & footwear (7%)
- Fuel & Light (7%)
- Housing (10%)
- Miscellaneous (28%)

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

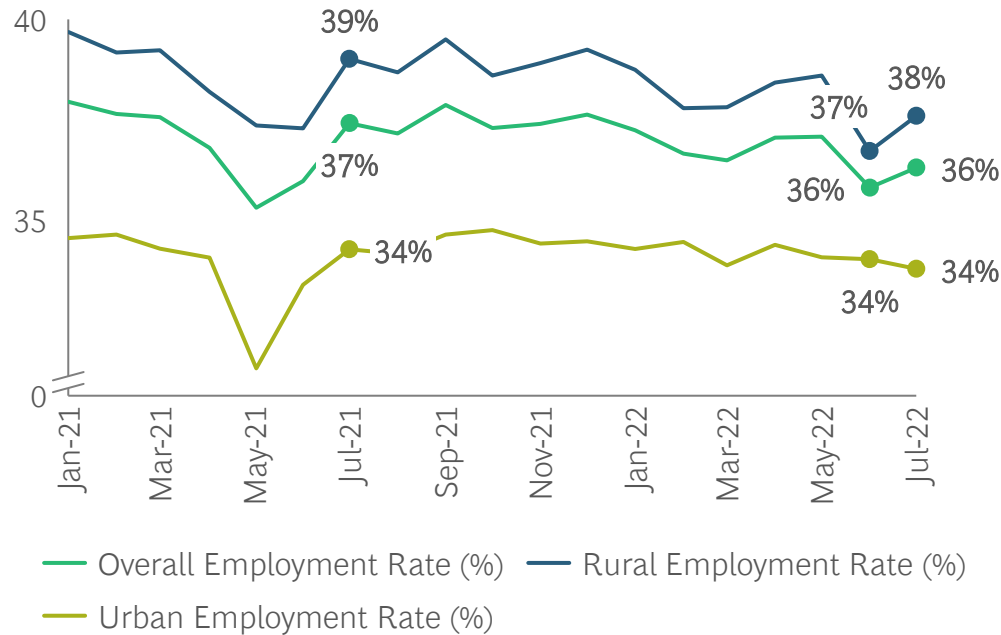
Rural employment improved marginally in Jul'22; MGNREGA work demanded & employment provided contracted in Jul'22 vs. Jun'22

CMIE Employment rate (%)¹

Rural employment grew marginally while urban employment rate remained at Jun'22 levels in Jul'22

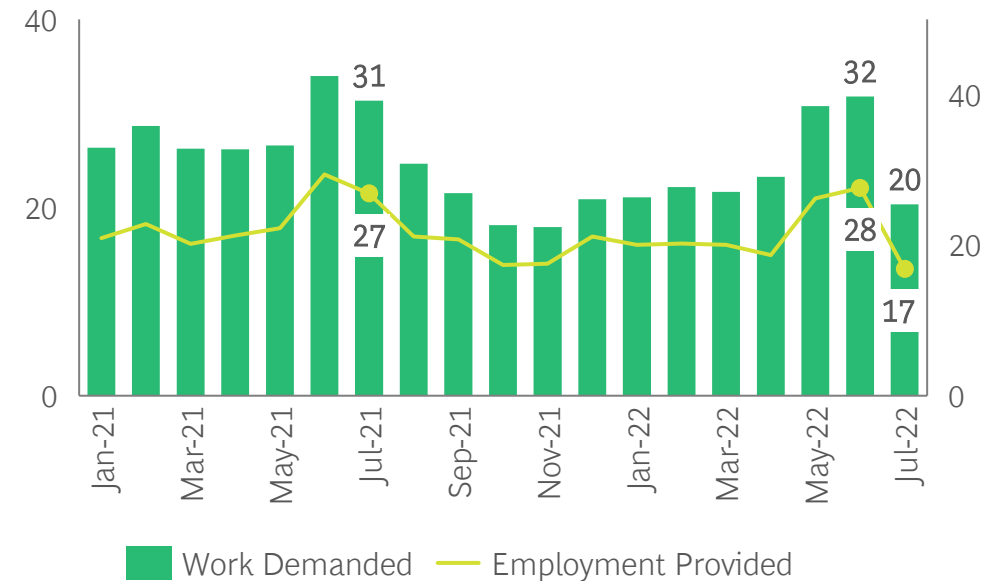


Employment status indicates whether a member of a household who is 15 years of age or more is employed or not employed as of the date of the survey



MGNREGA Employment Progress(Households in Mn)²

Work demanded & employment provided declined in Jul'22 vs. Jun'22



1. 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

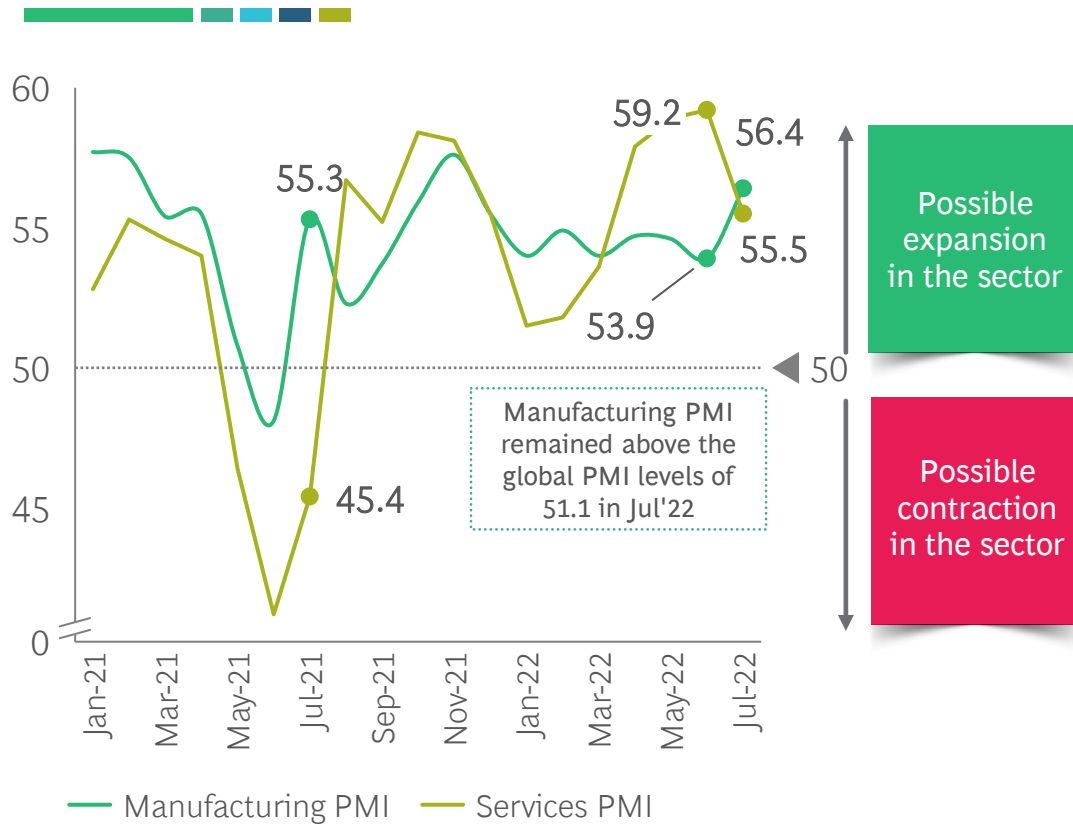
2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act

Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Services PMI fell while manufacturing PMI improved; CSI improved although remained in pessimistic zone in Jul'22

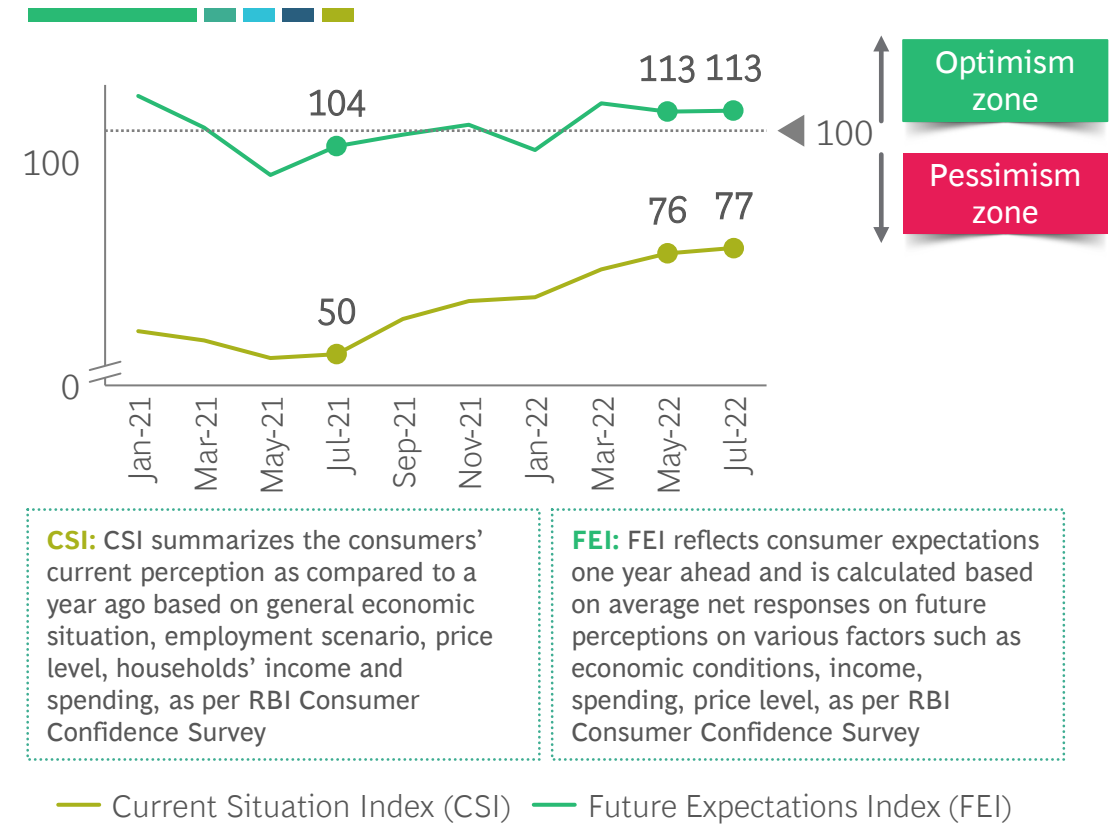
Manufacturing and services PMI¹

Manufacturing PMI grew sharply vs. previous months; Services PMI slipped to a 4-month low in Jul'22



Consumer Confidence Survey (RBI)²

CSI improved marginally while FEI remained at May'22 levels in Jul'22



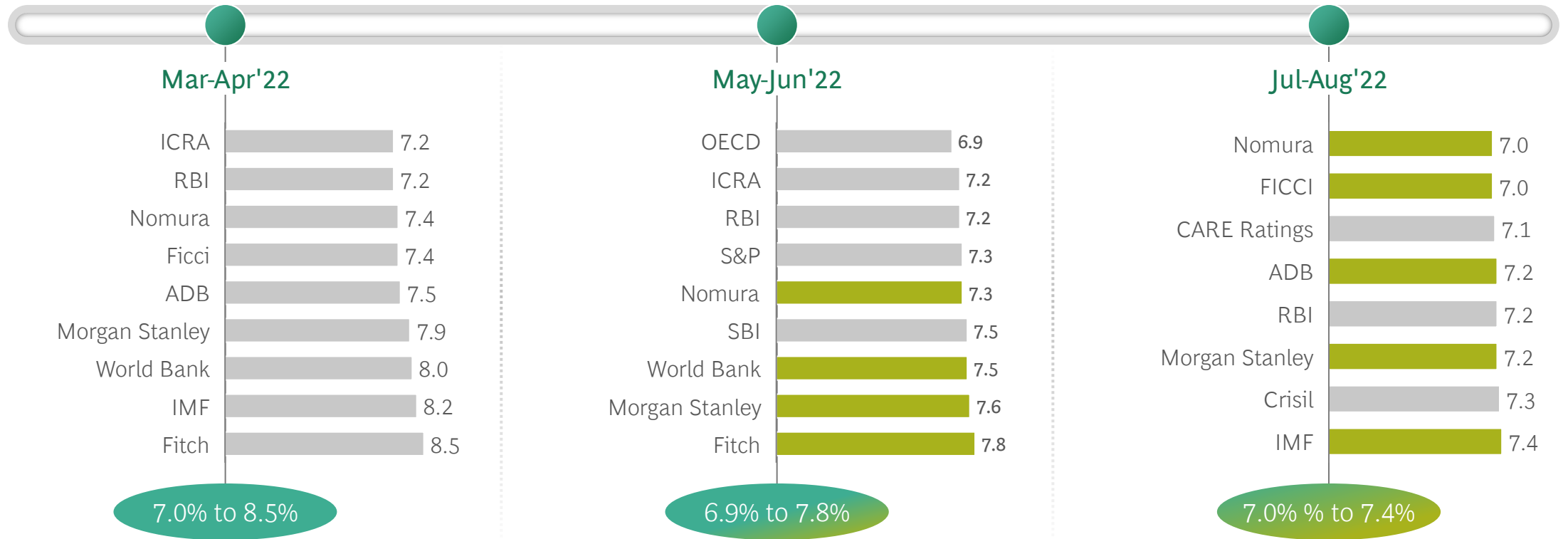
CSI: CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

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

1. 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;
 2. Sample size: 6,083 responses across 19 major cities surveyed during 7th July to 14th July, 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: IHS Markit, CMIE, Analyst Reports, RBI, BCG analysis

India's FY23 GDP forecasted to grow between 7.0 % to 7.4% YoY; Most projections revised downwards during Jul-Aug'22

India GDP growth forecast for FY23 (YoY,%)



Data as of 23rd Aug'22; Estimates likely to be revised further

No change
 Downward revision
 Upward revision

Note: Upper-limit has been included where agencies reported forecast range. Latest forecasts considered in case of revision by agency within same month
Source: Analyst reports, BCG analysis



Thank You

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