

# India Economic Monitor

DECEMBER 2022

# Executive Summary



In Jul-Sep'22, India's real GDP grew at 6.3% YoY vs. 13.5% YoY in the preceding quarter. Growth surpassed pre-pandemic (2019) levels by 7.6%. Services sector led with the highest growth of 9.3% while agricultural growth remained muted at 4.6% vs. 2021; Industrial sector witnessed degrowth due to deceleration in manufacturing. Growth was boosted by private consumption & gross capital formation; Govt. consumption, which is a measure of overall Govt. spending on goods & services, fell vs. 2019 & 2021 levels.

In Nov'22, many high frequency indicators witnessed a dip in momentum vs. Oct'22, even as domestic activity remained resilient. Slower performance of manufacturing & mining sectors led to contraction in IIP in Oct'22 vs. Sep'22. Underlying metrics such as cement & power consumption witnessed degrowth. 2W, 3W & tractor sales slipped to a 3-month low driven by muted rural demand; PV sales fell for the second consecutive month, although exceeded 2021 levels.

India's merchandise exports marginally improved; trade deficit however remained above \$20 Bn owing to higher growth in imports and weak demand for engineering & iron ore products. Poor trade performance continues to add pressure on the depreciating rupee. Services trade surplus grew in Oct'22 vs. previous month. A rise in foreign currency assets led to growth in forex reserves in Nov'22 vs. previous months.

Most BFSI indicators (except life insurance) did not record significant improvement over previous month. UPI transaction value dipped marginally, after reaching record high levels in Oct'22. Aggregate deposit & credit slightly fell in Oct'22. Life insurance premium grew by 42% vs. Oct'22. NSE & BSE transactions improved by 30% vs. Oct'22.

On the macroeconomic front, RBI hiked the repo rate to 6.25% to battle inflation. CPI moderated to 5.88%, reaching its lowest level since Dec'21, driven by softening food inflation. WPI eased to 5.85%, remaining below the double-digit mark for the second consecutive month due to decline in prices of food, metals, textiles. As per RBI's latest survey, consumer confidence continued to recover, although remained in pessimistic zone. Analyst forecasts indicate GDP growth of 6.6-7.0% YoY for FY23, with continued downward revisions in the last 1-2 months.

# Most high frequency indicators exhibited mixed trends vs. 2021 in Oct-Nov'22 (1/2)

**Industry**

Industry	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Nov'22	Nov'19	CAGR	Nov'21	YoY	Oct'22	MoM
IIP (Index)*	129.6	124.0	1%	134.8	-4%	134.0	-3%
Power Consumption ('000 MUs)	3.8	3.2	6%	3.3	14%	3.7	3%
Petroleum Consumption (MMT)	18.8	18.5	1%	17.1	10%	18.4	3%
Steel Consumption (MMT)	9.6	7.8	7%	9.2	4%	10.1	-5%
Cement Production (MT) *	29.6	26.2	4%	30.9	-4%	30.3	-2%

**Logistics**

Logistics	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Nov'22	Nov'19	CAGR	Nov'21	YoY	Oct'22	MoM
E-way Bills (Mn)	81.0	53.4	15%	55.8	45%	77.0	5%
JNPT Traffic ('000 TEUs)	473.0	384.5	7%	473.1	0%	496.0	-5%
Rail Freight (Mn Tons) *	118.9	93.8	8%	117.4	1%	116.0	3%
Air Freight (K Tons) *	257.8	300.4	-5%	301.8	-15%	273.0	-6%

**Trade & Investment**

Trade & Investment	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Nov'22	Nov'19	CAGR	Nov'21	YoY	Oct'22	MoM
Merchandise Exports (\$ Bn)	32.0	25.9	7%	30.0	7%	30.0	7%
Merchandise Imports (\$ Bn)	56.0	38.1	14%	52.9	6%	57.0	-2%
Services Exports (\$ Bn) *	28.6	17.7	17%	19.9	44%	25.7	11%
Services Imports (\$ Bn) *	16.3	10.9	14%	11.6	40%	15.1	8%

**Auto**

Auto	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Nov'22	Nov'19	CAGR	Nov'21	YoY	Oct'22	MoM
PV Sales ('000 Units)	330.0	311.4	2%	259.9	27%	339.0	-3%
Tractor Sales ('000 Units)	78.0	60.4	9%	74.6	5%	132.4	-41%
2W Sales ('0000 Units)	152.0	170.9	-4%	140.7	8%	187.0	-19%
EV Registrations ('000 Units)	119.9	18.5	86%	42.0	185%	119.9	0%

\* Data available only upto Oct'22 as on 23<sup>rd</sup> Dec – hence growth comparisons are for Oct and not Nov. Oct'22 data has been compared with Oct19, Oct'21 & Sep'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). Note: EV registrations incl. E-bus, E-car, electric 3W, electric 2W, electric 3W cargo sales, others

# Most high frequency indicators exhibited mixed trends vs. 2021 in Oct-Nov'22 (2/2)

**Banking, Financial Services & Insurance**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Nov'22	Nov'19	CAGR	Nov'21	YoY	Oct'22	MoM
UPI Value (INR Tn)	11.9	1.9	85%	7.7	55%	12.1	-2%
Aggregate Deposits (INR Tn)*	172.8	129.8	10%	157.1	10%	175.4	-2%
Aggregate Credit (INR Tn) *	129.0	98.4	9%	110.4	17%	130	-1%
NSE & BSE Txns. (INR K Cr)	1292.8	888.7	13%	1436.7	-10%	996.5	30%
Insurance Premium (INR K Cr)	55.0	40.8	10%	42.9	28%	45.0	22%

**Macroeconomic**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Nov'22	Nov'19	CAGR	Nov'21	YoY	Oct'22	MoM
GST Collections (INR Tn)	1.4	1.0	12%	1.3	11%	1.5	-4%
WPI (%)					5.9%		
CPI (%)					5.9%		
Jan Dhan Deposits (INR Tn)	1.8	1.0	19%	1.5	23%	1.8	0%
MGNREGA Emp. Provided (HH)*	15.0	12.5	6%	17.5	-15%	13.0	15%

**Sentiment**

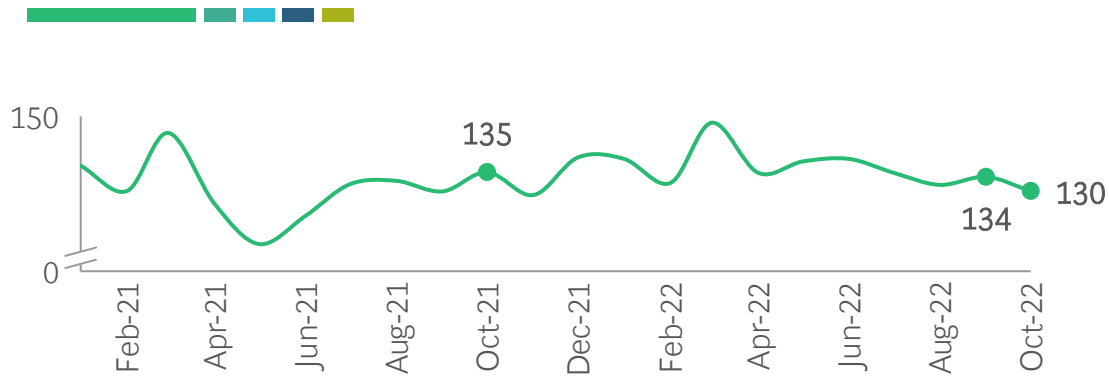
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Nov'22	Nov'19	CAGR	Nov'21	YoY	Oct'22	MoM
Manufacturing PMI (Index)	55.7	51.2	3%	57.6	-3%	55.3	1%
Services PMI (Index)	56.4	52.7	2%	58.1	-3%	55.1	2%
Current Situation Index	84.0	85.7	-1%	63.4	32%	81.0	4%
Future Expectations Index	115.0	114.5	0%	109.6	5%	113.0	2%

\* Data available only upto Oct'22 as on 23rd Dec – hence growth comparisons are for Oct and not Nov. Oct'22 data has been compared with Oct'19, Oct'21 & Sep'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 contracted in Oct'22 vs. Nov'22; Underlying metrics also declined in Oct-Nov'22

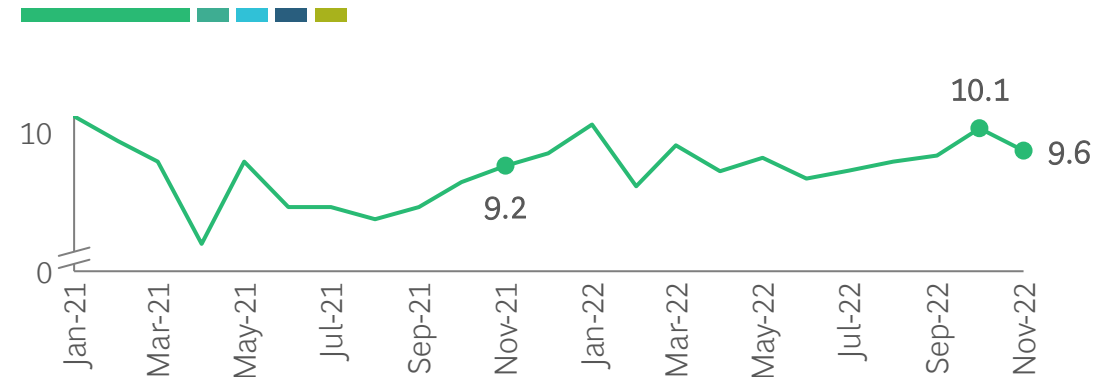
## Index of Industrial Production<sup>1</sup>

IIP dipped in Oct'22 vs. Sep'22



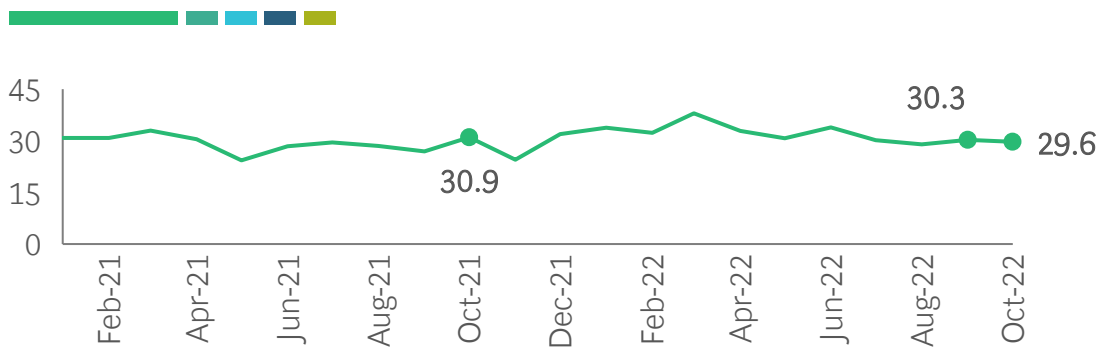
## Steel Consumption (MMT)<sup>2</sup>

Steel consumption declined in Nov'22 vs. Oct'22



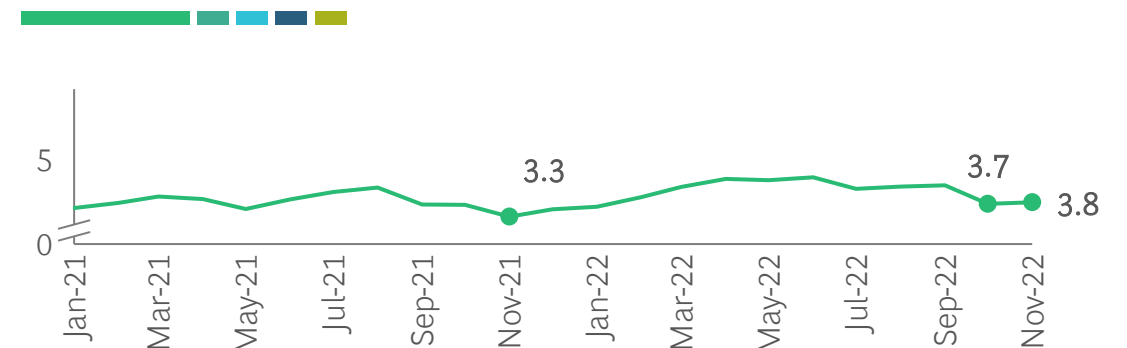
## Cement Production (MT)

Cement production fell marginally in Oct'22 vs. Sep'22



## Power Consumption ('000s MUs)

Power consumption increased marginally in Nov'22 vs. Oct'22



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

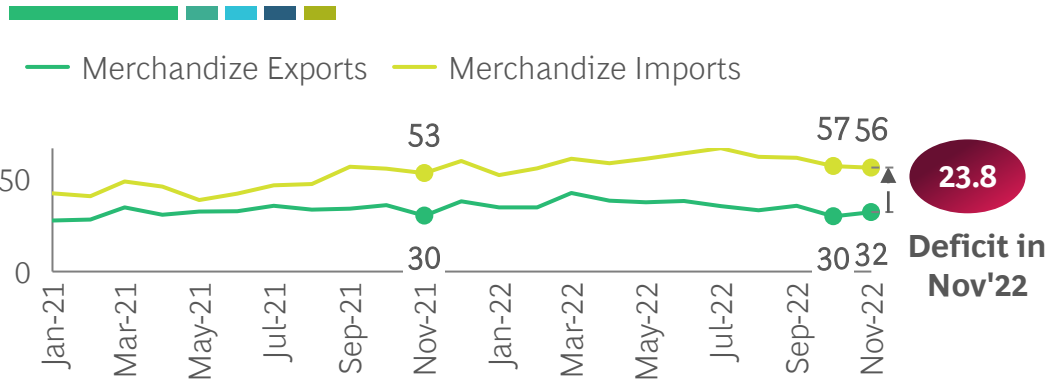
2. Steel consumption incl. long & flat steel

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 declined & services trade surplus increased; Forex reserves & FDI grew in Oct-Nov'22

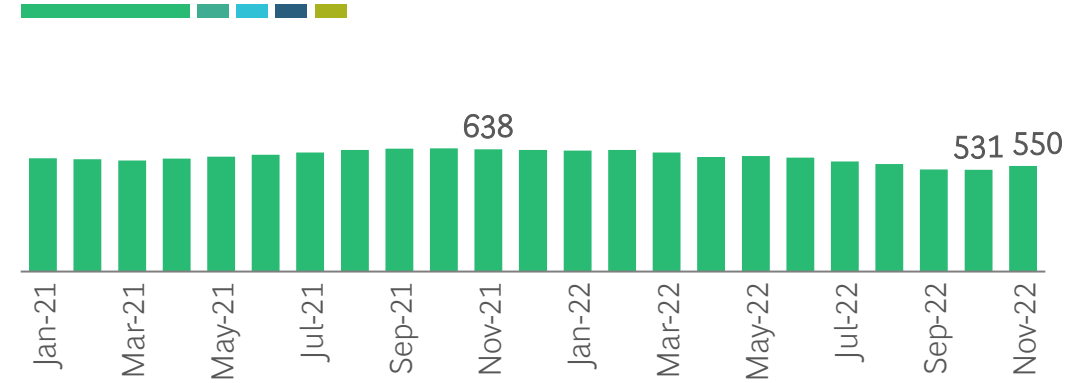
## Merchandise Trade (\$ Bn)

Merchandise trade narrowed in Nov'22 vs. Oct'22



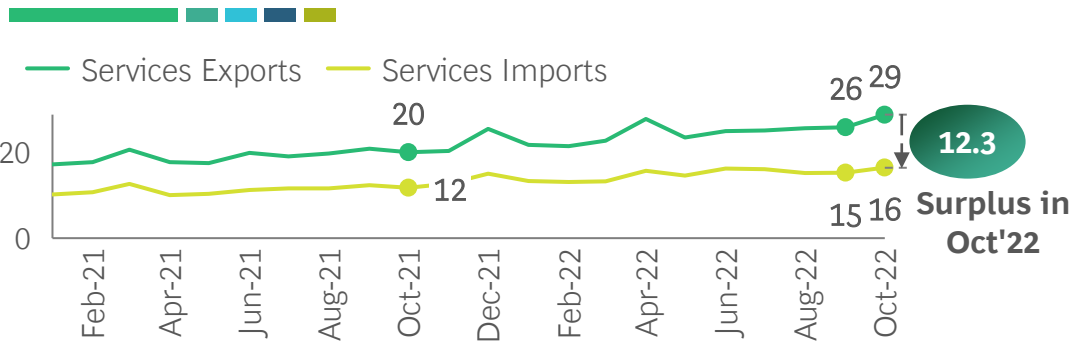
## Forex Reserves (\$ Bn)

Forex reserves rose in Nov'22, after falling in the previous months



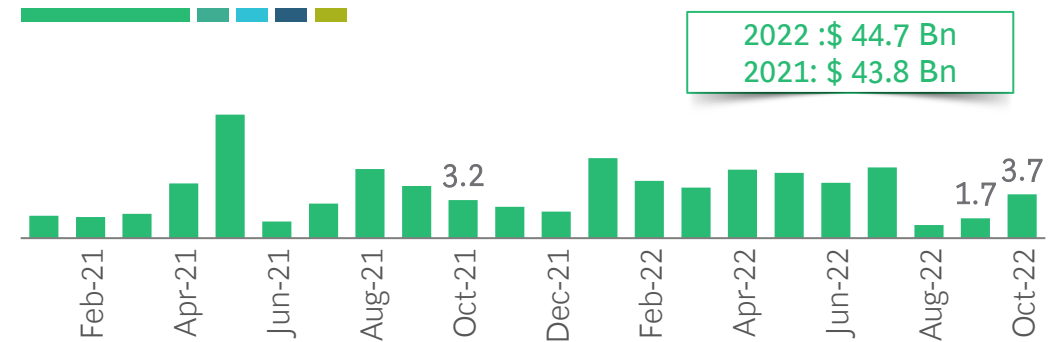
## Services trade (\$ Bn)

Services trade surplus improved significantly in Oct'22 vs. Sep'22



## FDI (\$ Bn)<sup>1</sup>

FDI jumped in Oct'22 after declining in the previous months

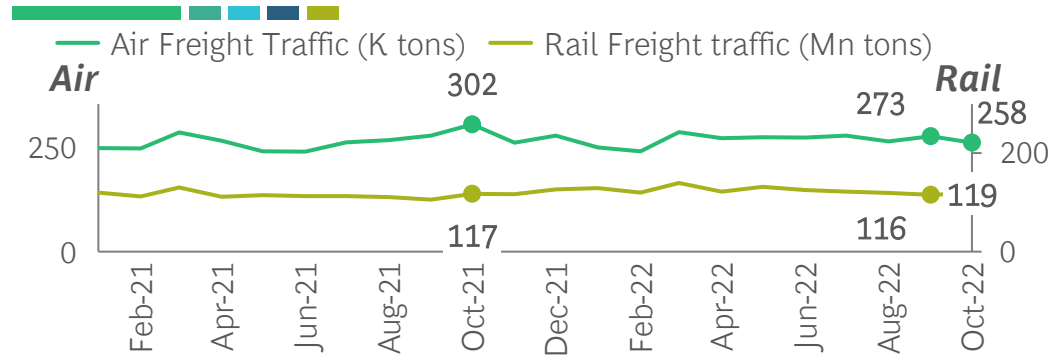


Note: Nov'22 Merchandise Import and Export numbers; Oct'22 Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry  
 1. Denotes total inward FDI to India; Jun'22 figures are provisional; Past period data may vary from the previous versions of the Economic 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

# E-way bills, passenger traffic & rail freight improved while JNPT & air freight declined in Oct-Nov'22

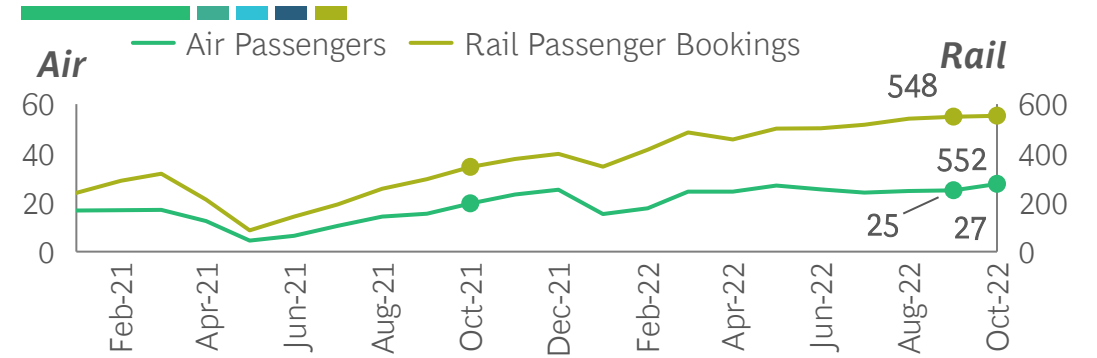
## Freight Traffic

Rail freight improved while air freight dipped in Oct'22 vs. Sep'22



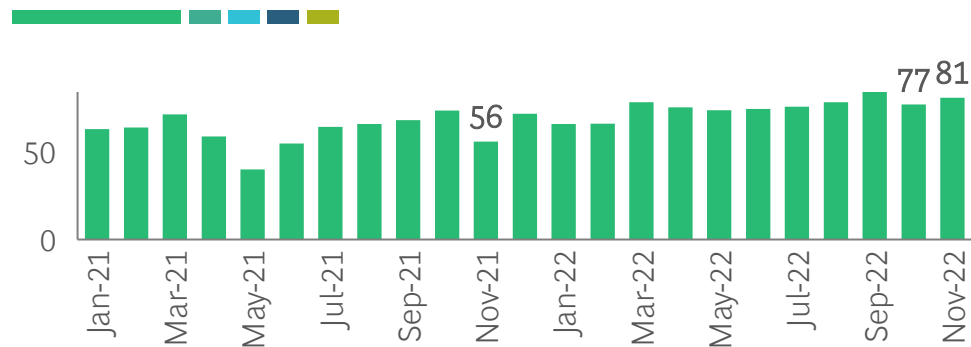
## Passenger traffic (Mn)

Rail and air passenger traffic grew in Oct'22 vs. Sep'22



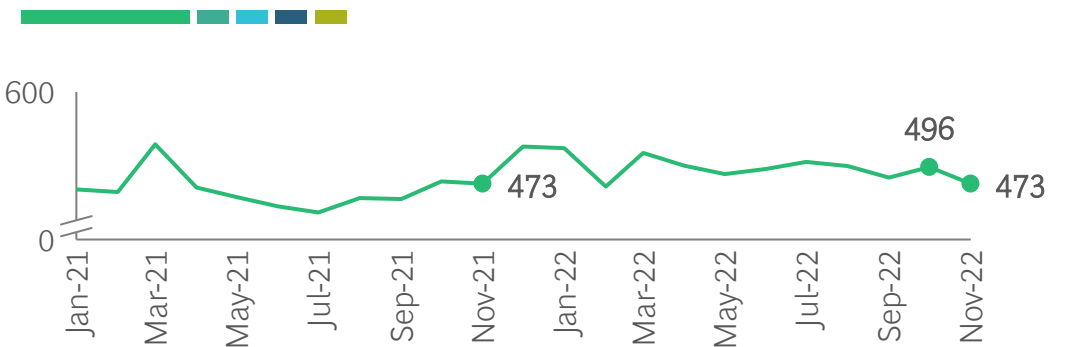
## E-way Bills (Mn)<sup>1</sup>

E-way bills jumped in Nov'22 vs. Oct'22



## JNPT Container Traffic ('000 TEUs)<sup>2</sup>

JNPT traffic dipped in Nov'22 vs. Oct'22



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.

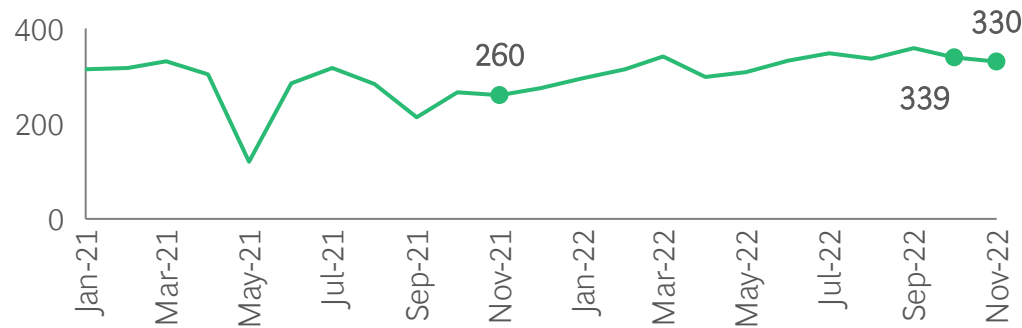
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

Source: Ministry of Railways, CEIC data, Airport Authority of India, : Jawaharlal Nehru Port Trust, Airport Authority of India, GST Network, NHAI, NPCI, BCG analysis

# Auto sales segments witnessed significant degrowth across all segments in Nov'22 vs. Oct'22

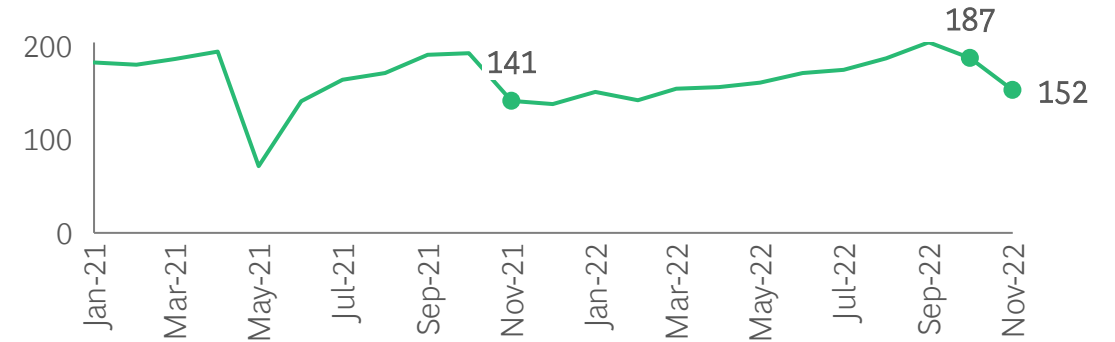
## Passenger vehicles sales ('000 units)

PV sales fell for the second consecutive month in Nov'22



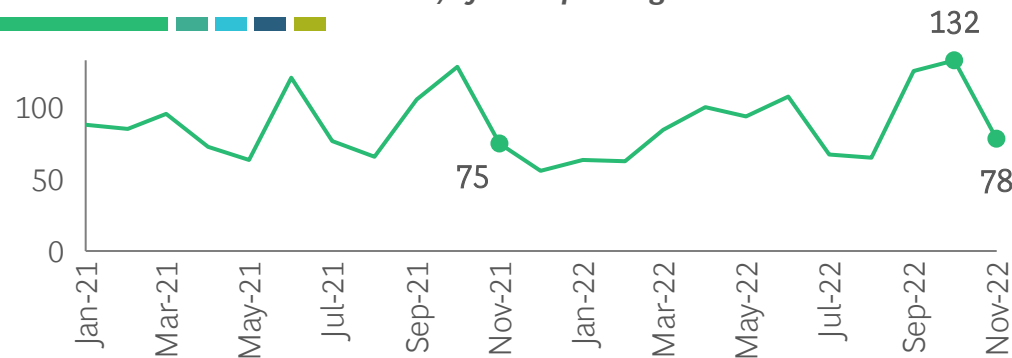
## Two-wheeler sales ('0000 units)

2W sales on a downward trajectory since last 2 months



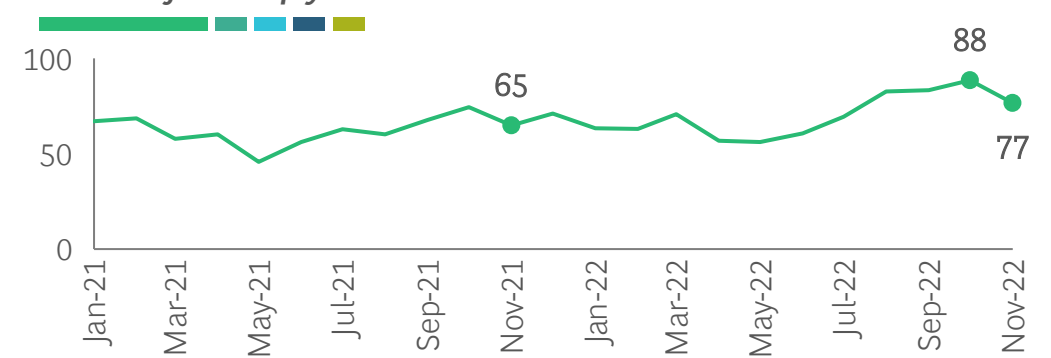
## Tractor sales ('000 units)

Tractor sales declined in Nov'22, after improving in Oct'22



## Three-wheeler sales ('000 units)

3W sales fell sharply in Nov'22 vs. Oct'22



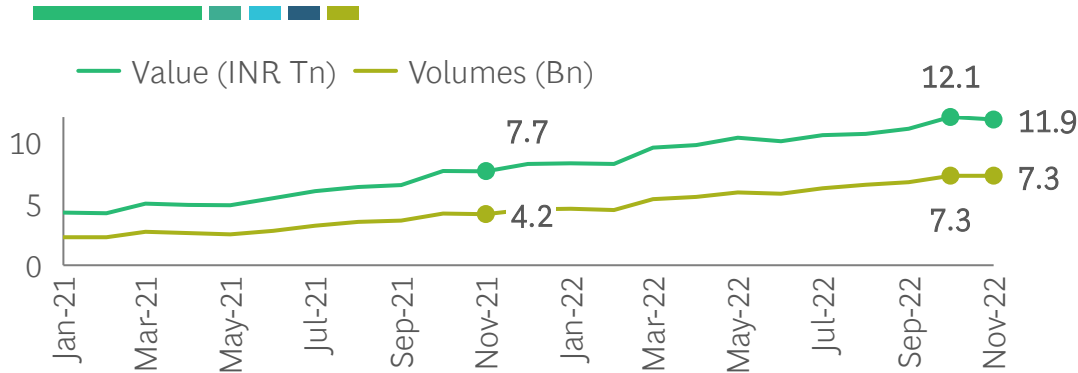
Figures represent wholesale numbers (including exports).  
 1. BMW, Mercedes and Volvo Auto data is not available  
 Source: SIAM, CMIE, TMA, Press search, BCG analysis



# Most BFSI indicators (except life insurance) did not exhibit improvement in Oct-Nov'22

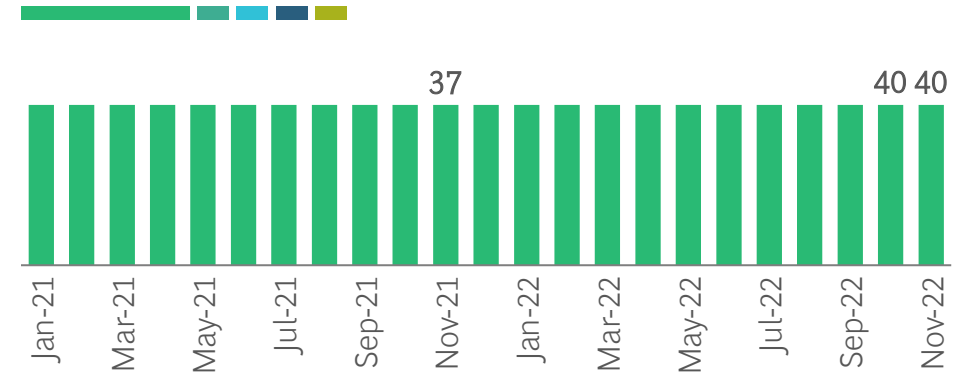
## UPI

UPI value dipped while volumes remained at Oct'22 levels in Nov'22



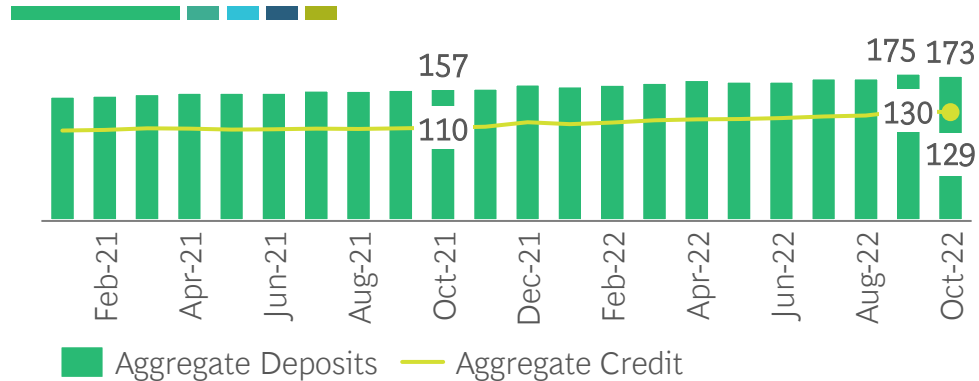
## Mutual Funds AUM (INR Tn)

Mutual funds AUM remained at Oct'22 levels in Nov'22



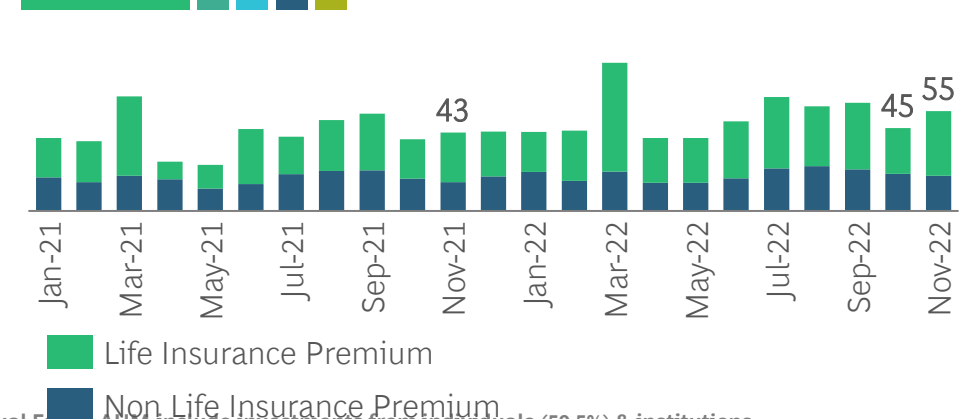
## Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit moderated in Oct'22 vs. Sep'22



## Insurance Premium (INR '000 Cr)

Insurance premium improved in Nov'22 vs. Oct'22, majorly driven by life insurance

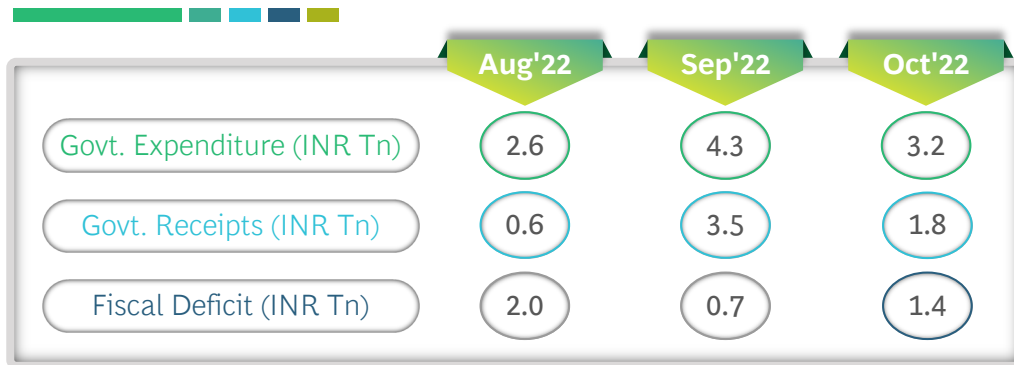


1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures data used for life & non-life insurance as on 22<sup>nd</sup> Nov'22  
 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

# Repo rate spiked after 2 months; Fiscal deficit increased while GST collections dipped in Oct-Nov'22

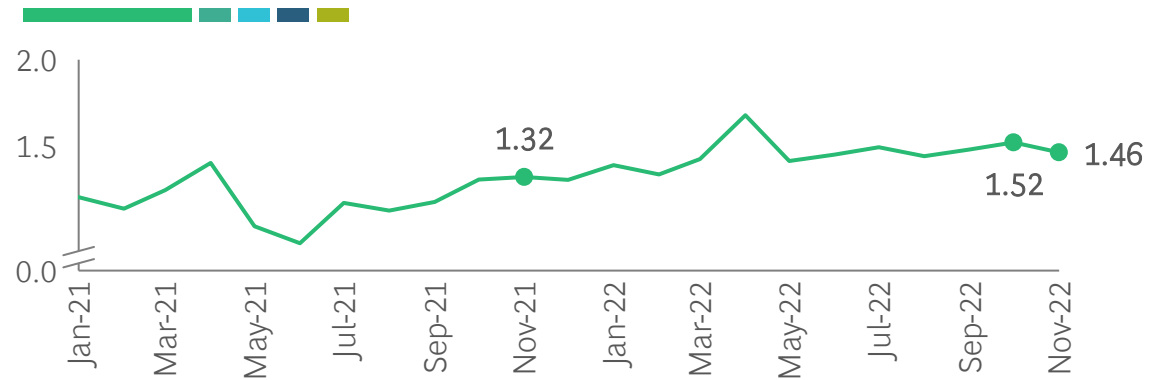
## Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit rose in Oct'22, driven by sharp fall in Govt. receipts



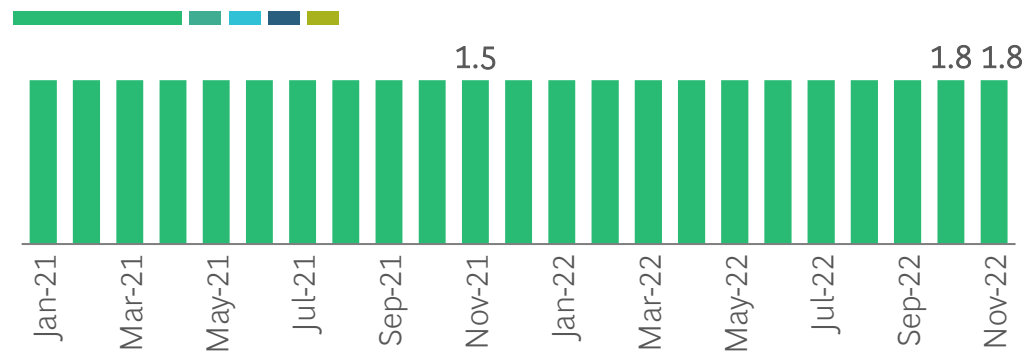
## GST Collections<sup>1</sup> (INR Tn)

GST collections fell in Nov'22 vs. Oct'22



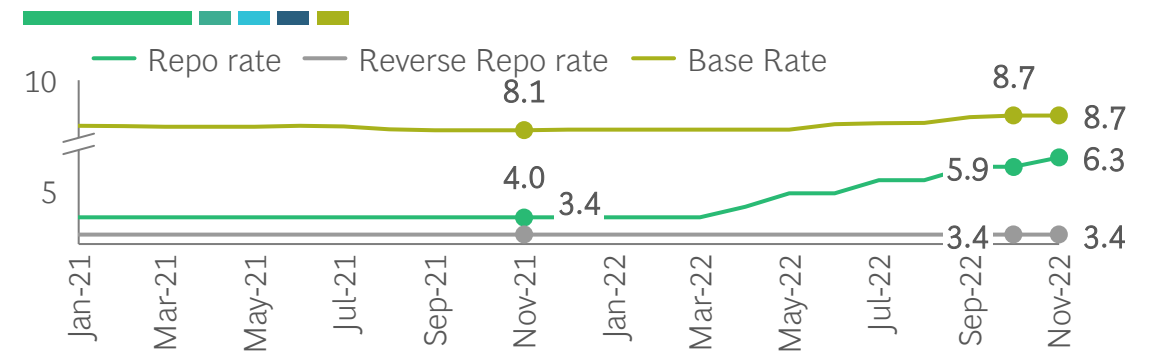
## Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained at Oct'22 levels in Nov'22



## RBI's policy rates (%)

Repo rate spiked by 35 bps in Nov'22

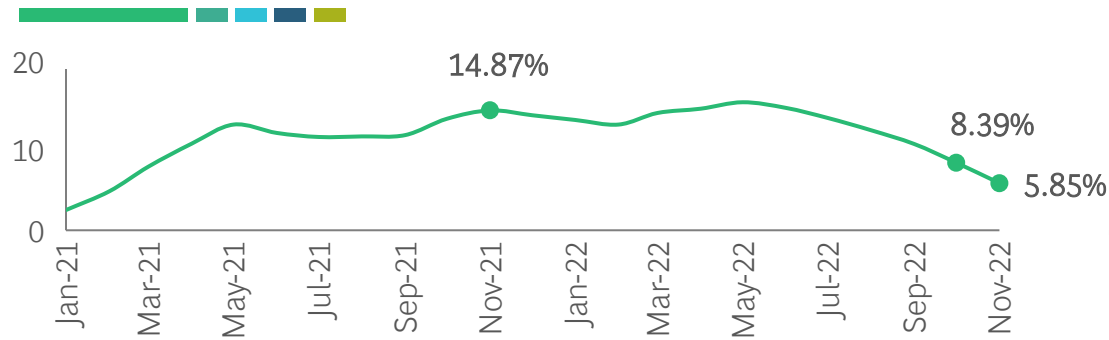


<sup>1</sup>GST Collections include all components: CGST, SGST, IGST, Cess  
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

# WPI & CPI eased considerably, driven by fall in food inflation in Nov'22

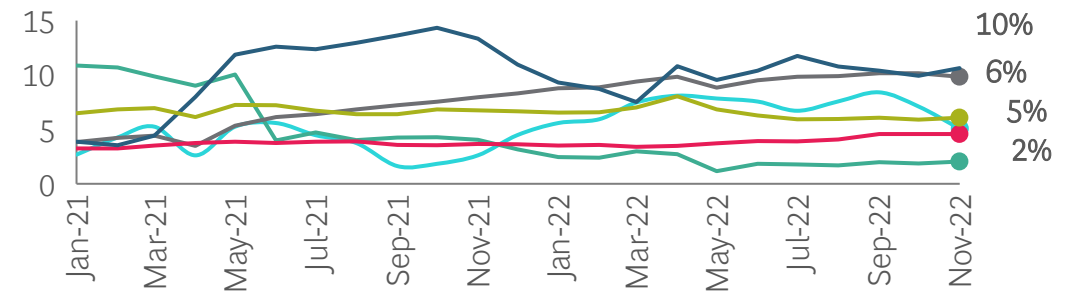
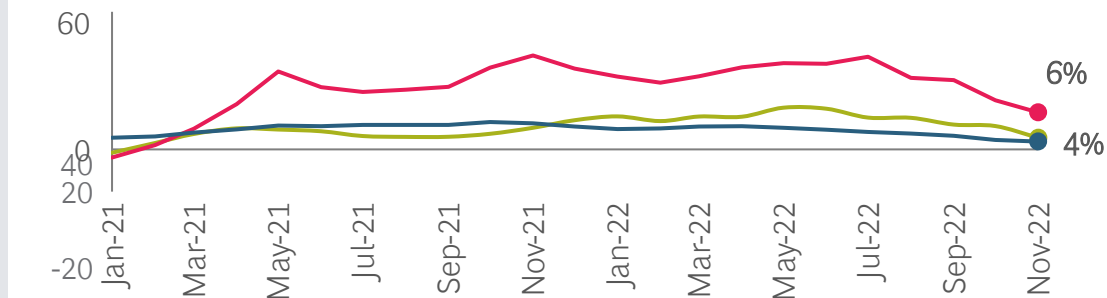
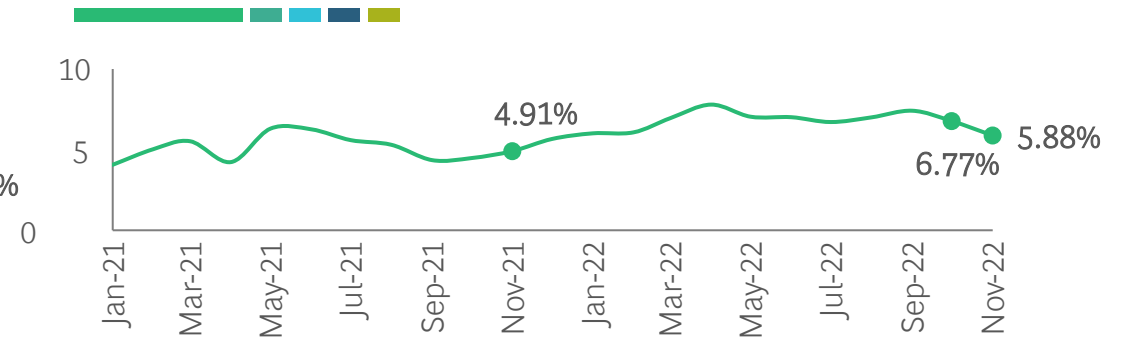
## Wholesale Price Index (WPI)<sup>1</sup>

WPI eased to a 21-month low in Nov'22



## Consumer Price Index (CPI)<sup>2</sup>

CPI cooled to an 11-month low in Nov'22, falling within 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%)
- Housing (10%)
- Fuel & Light (7%)
- 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

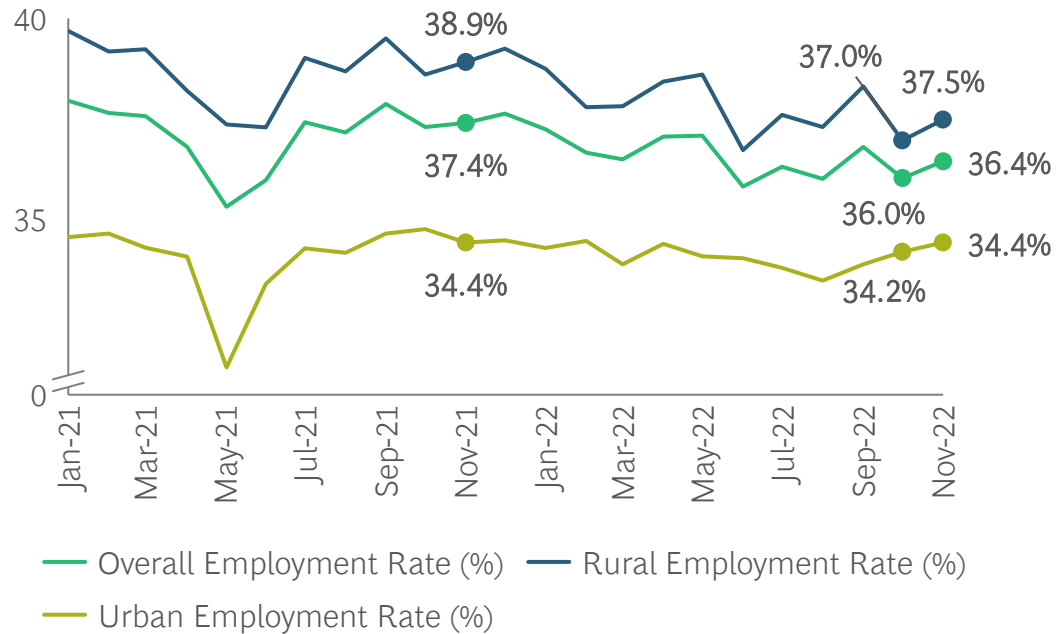
Source: MOSPI, CMIE, BCG Analysis

# CMIE employment rates remained unchanged; MGNREGA work demanded & employment provided improved in Nov'22 vs. Oct'22

## CMIE Employment rate (%)<sup>1</sup>

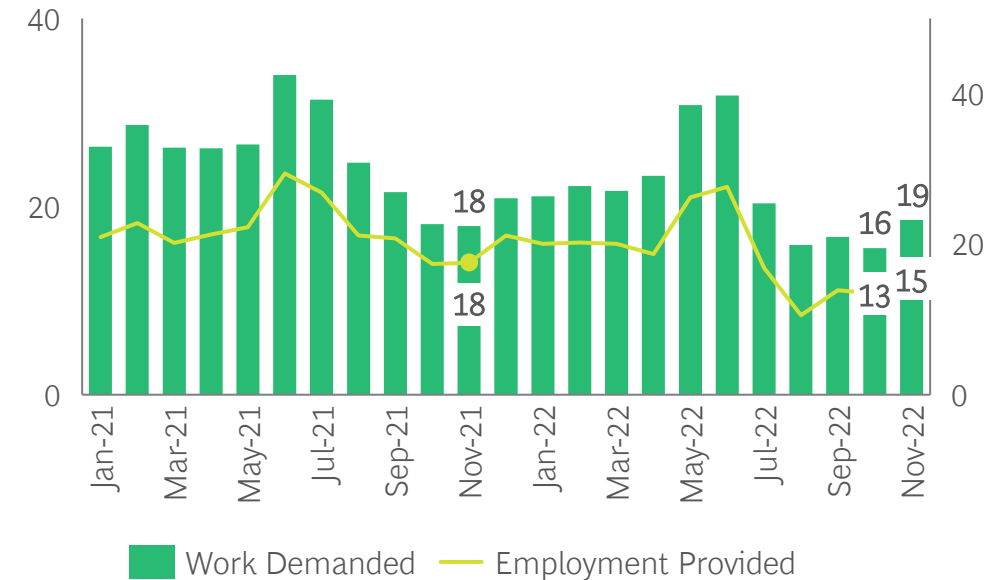
Urban & rural employment rates remained near Oct'22 levels in Nov'22

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)<sup>2</sup>

Work demanded & employment provided grew in Nov'22 vs. Oct'22

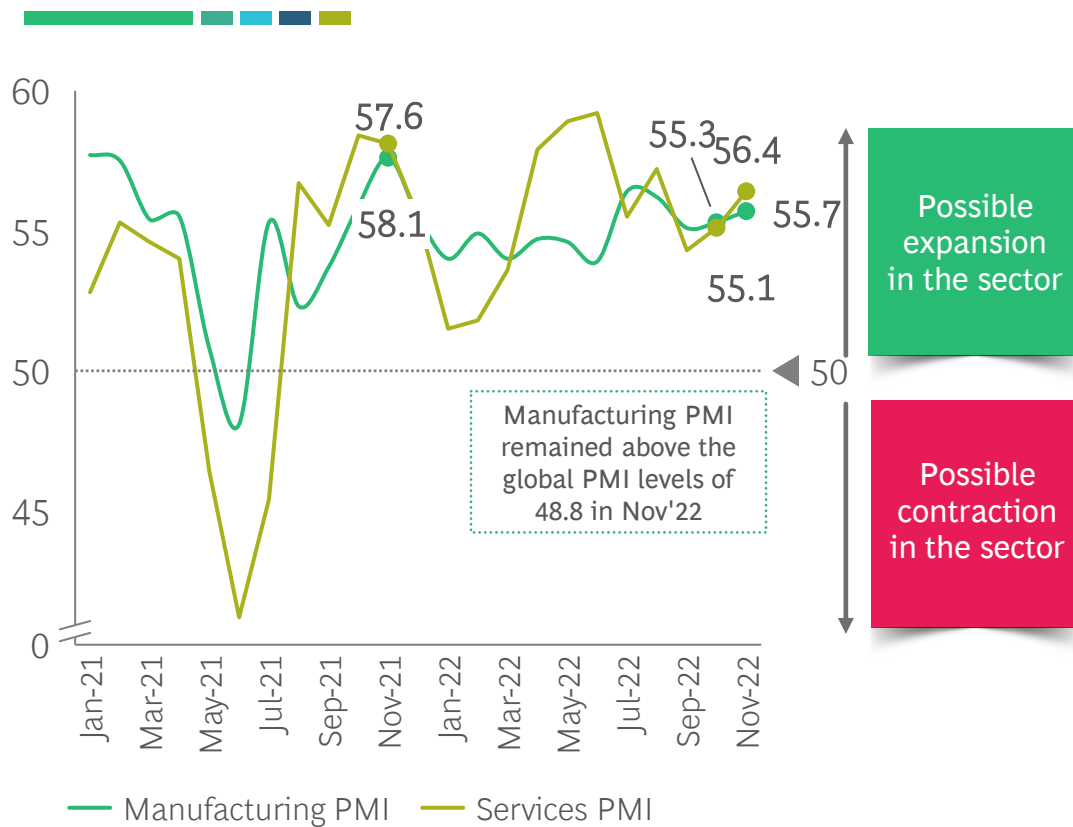


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old  
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. MGNREGA employment provided data not available as on 22<sup>nd</sup> Nov'22.  
 Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

# Manufacturing & services PMI remained in expansion mode; CSI & FEI also on an upward trajectory in Nov'22

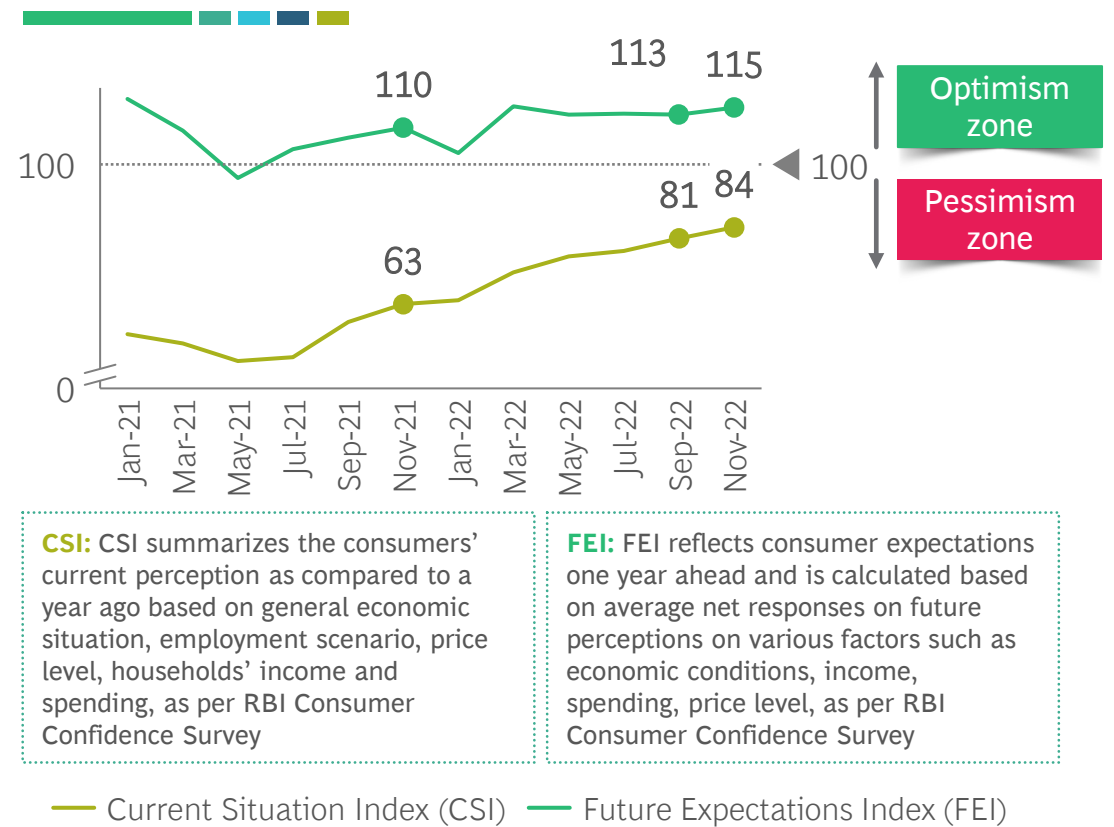
## Manufacturing and services PMI<sup>1</sup>

Manufacturing & services PMI rose to a 3-month high in Nov'22



## Consumer Confidence Survey (RBI)<sup>2</sup>

CSI and FEI improved in Nov'22 vs. Sep'22



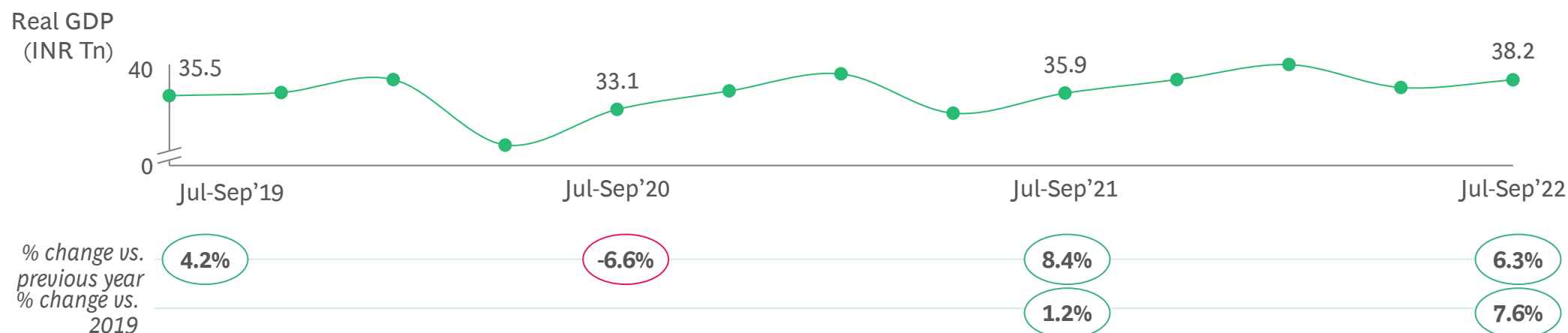
**CSI:** CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

**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 7<sup>th</sup> July to 14<sup>th</sup> 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

# Real GDP grew by 6.3% YoY in the Jul-Sep'22 quarter; Most components (except Govt. consumption) recorded an uptick

## Real GDP surpassed pre-pandemic levels with 7.6% growth



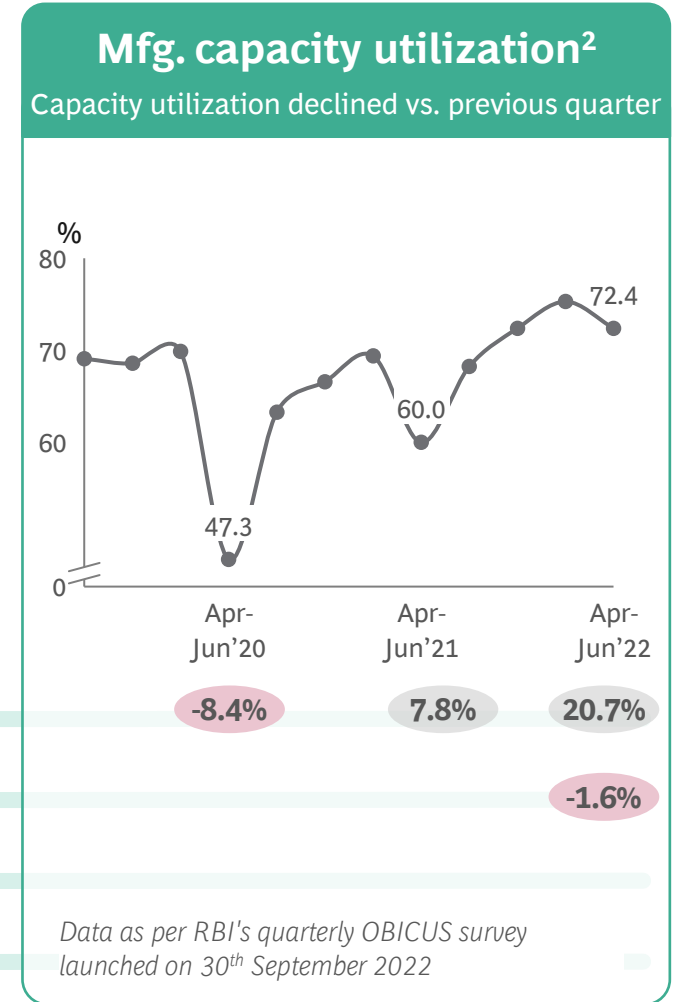
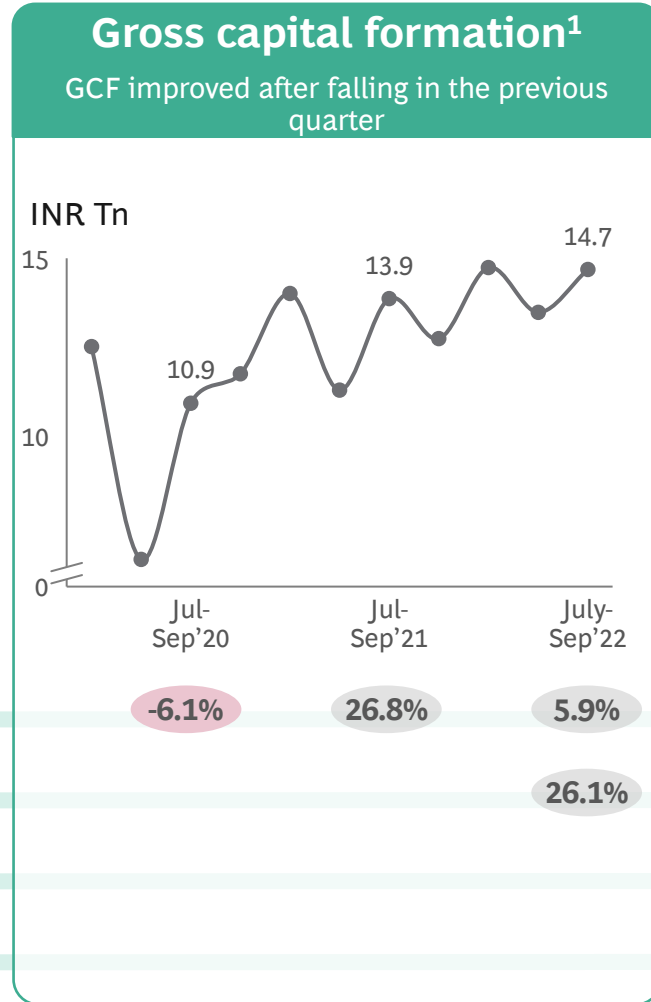
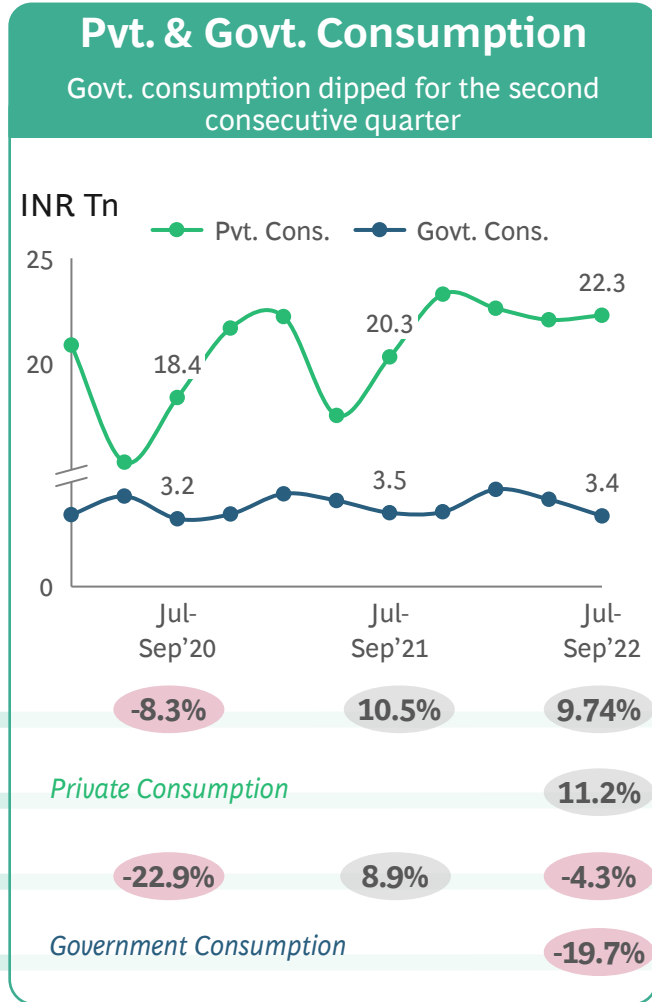
GDP Components	Y	=	C	+	G	+	I	+	X	-	M
	GDP		Pvt. Consumption		Govt. Consumption		Gross Investment		Exports		Imports
% GDP share in Jul-Sep'22 <sup>1</sup>			58.4%		8.8%		38.48%		-8.61%		
% change vs. Jul-Sep'21	Jul-Sep 2022	6.3%	9.7%		-4.4%		5.9%		11.5%		25.4%
% change vs. Jul-Sep'19	Jul-Sep 2022	7.6%	11.2%		-19.7%		26.1%		25.9%		45.1%

Note: Real GDP at 2011-12 base prices, converted from INR using 2011-12 exchange rates (Rs. 47.95); The numbers would differ from estimates from World Bank, IMF, etc. due to difference in the base year (2011-12 has been used as the base year)

1. Discrepancies account for 0.3% share in GDP 2. Represents absolute growth rate between Apr-Jun'22 and Apr-Jun'19; 2. Statistical Discrepancy: taking the GDP from the production approach as the control total, gives the measure of the overall difference between the production approach and the expenditure approach followed for estimation.

Source: CMIE, BCG Analysis

# Private consumption & gross capital formation grew while Govt. consumption fell vs. Jun-Sep'21 &'19 levels



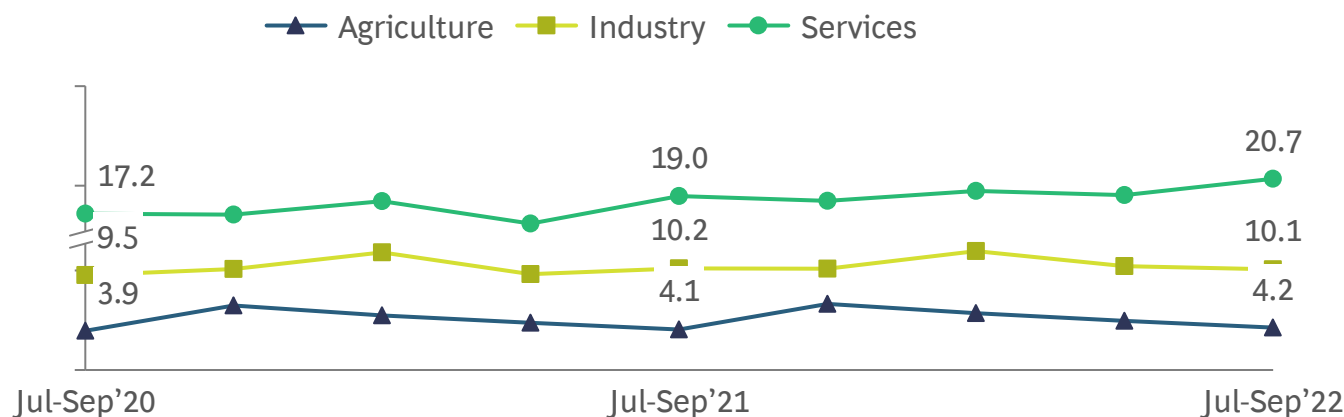
1. Gross capital formation is measured by acquisition of produced assets (including purchases of second-hand assets), including the production of such assets by producers for their own use, minus disposals. The relevant assets relate to assets that are intended for use in the production of other goods & services for a period of more than a year

2.. The OBICUS survey captures information from selected companies in the manufacturing sector on installed capacity vis-a-vis actual production (in quantity and value terms) for different products. The survey responses are those of the respondents. The CU for a quarter is estimated based on all reporting companies in that round after removing any outlier

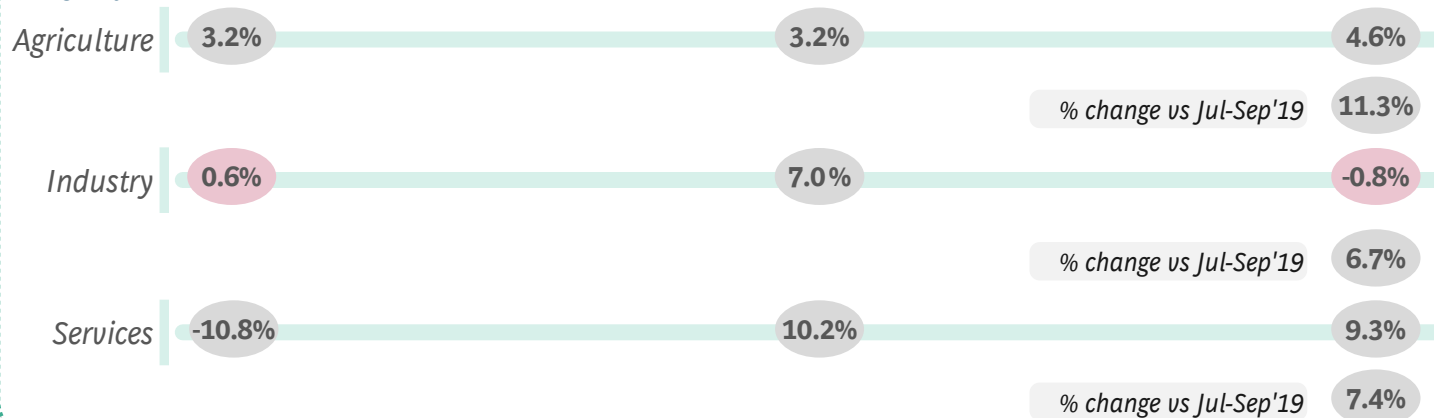
Source: RBI, CMIE, BCG Analysis

# Services sector witnessed the highest growth while industrial growth declined vs. Jul-Sep'21; All sectors recorded an upswing vs. Jul-Sep'19

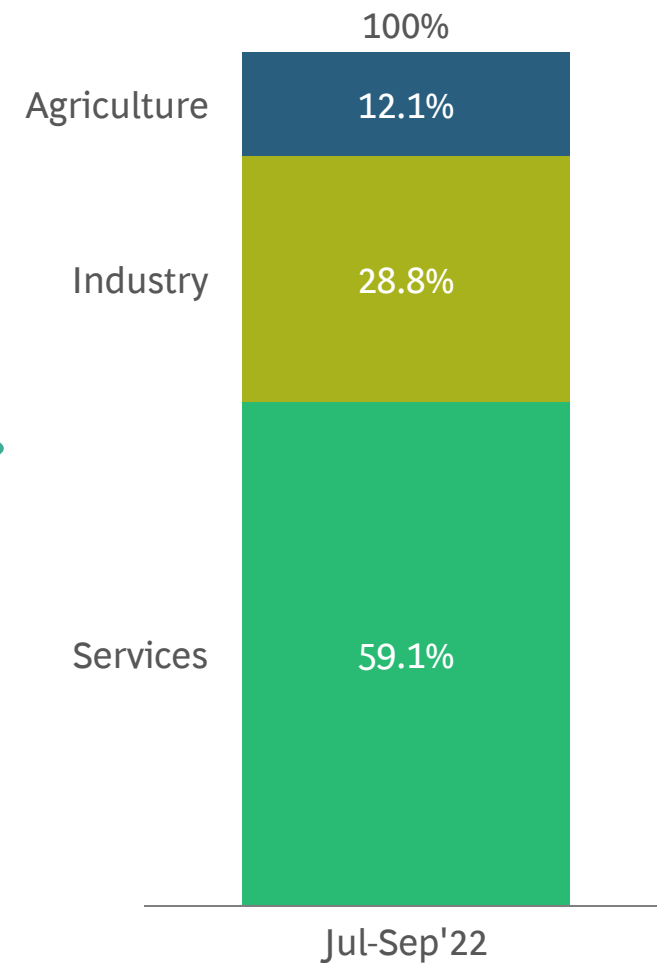
Sectoral GVA (INR Tn)



YoY %

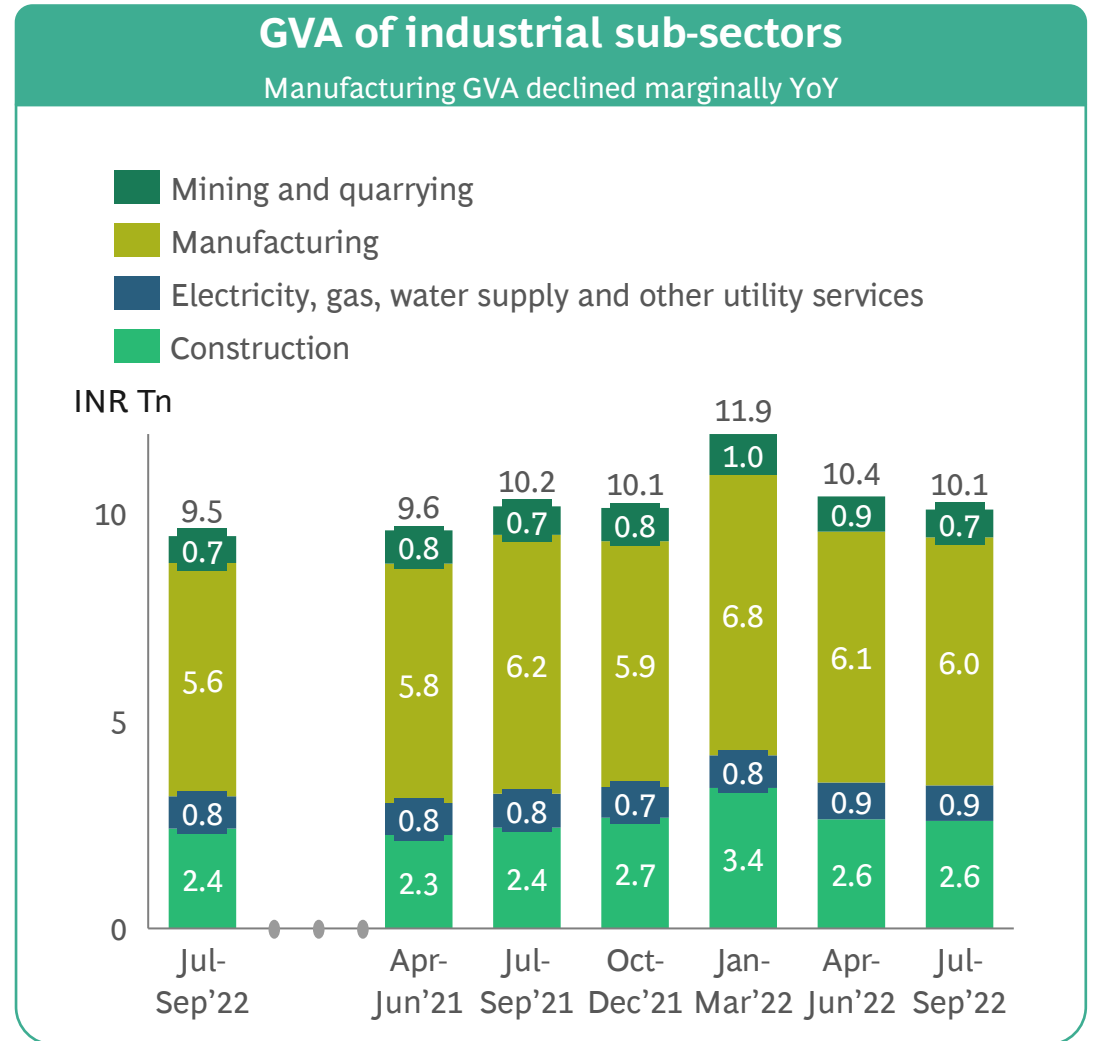
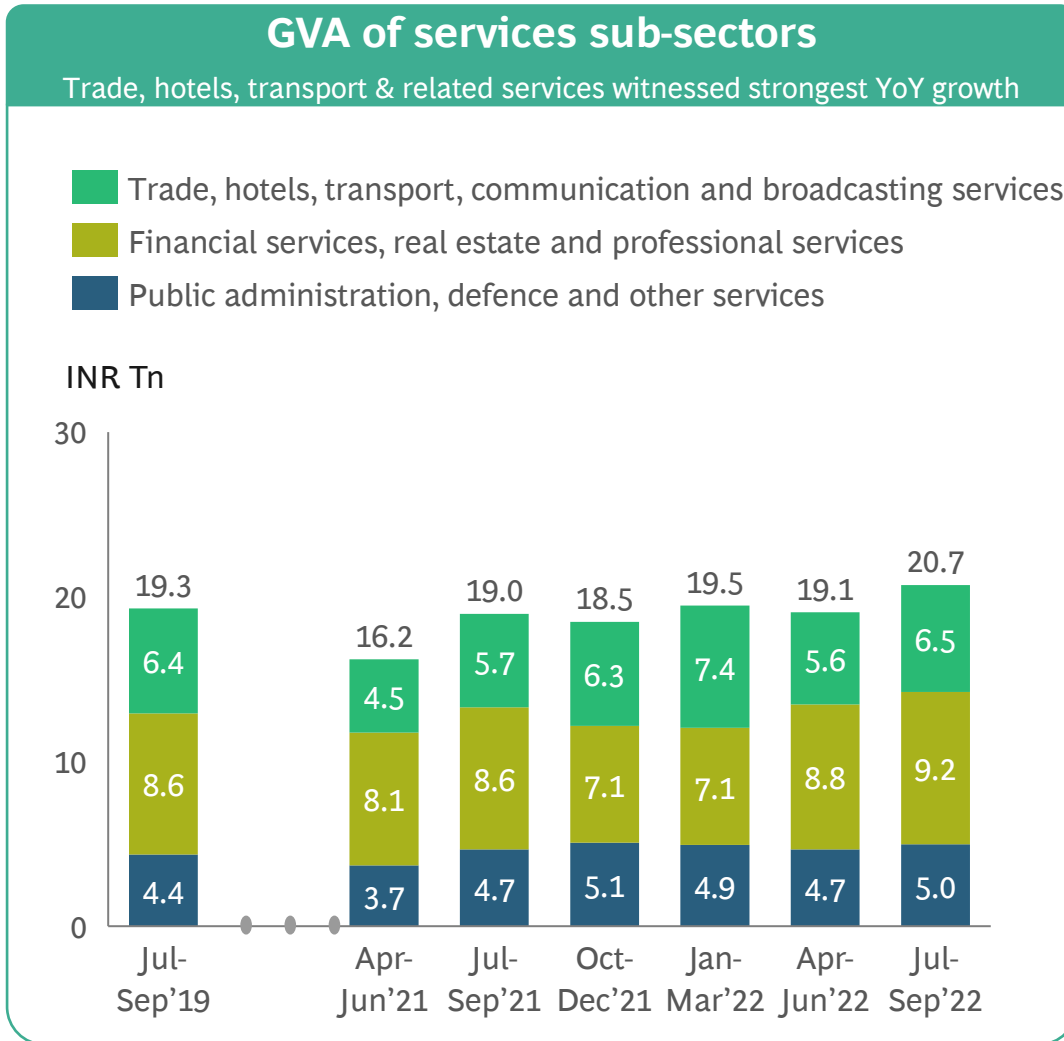


Share in sectoral GVA %



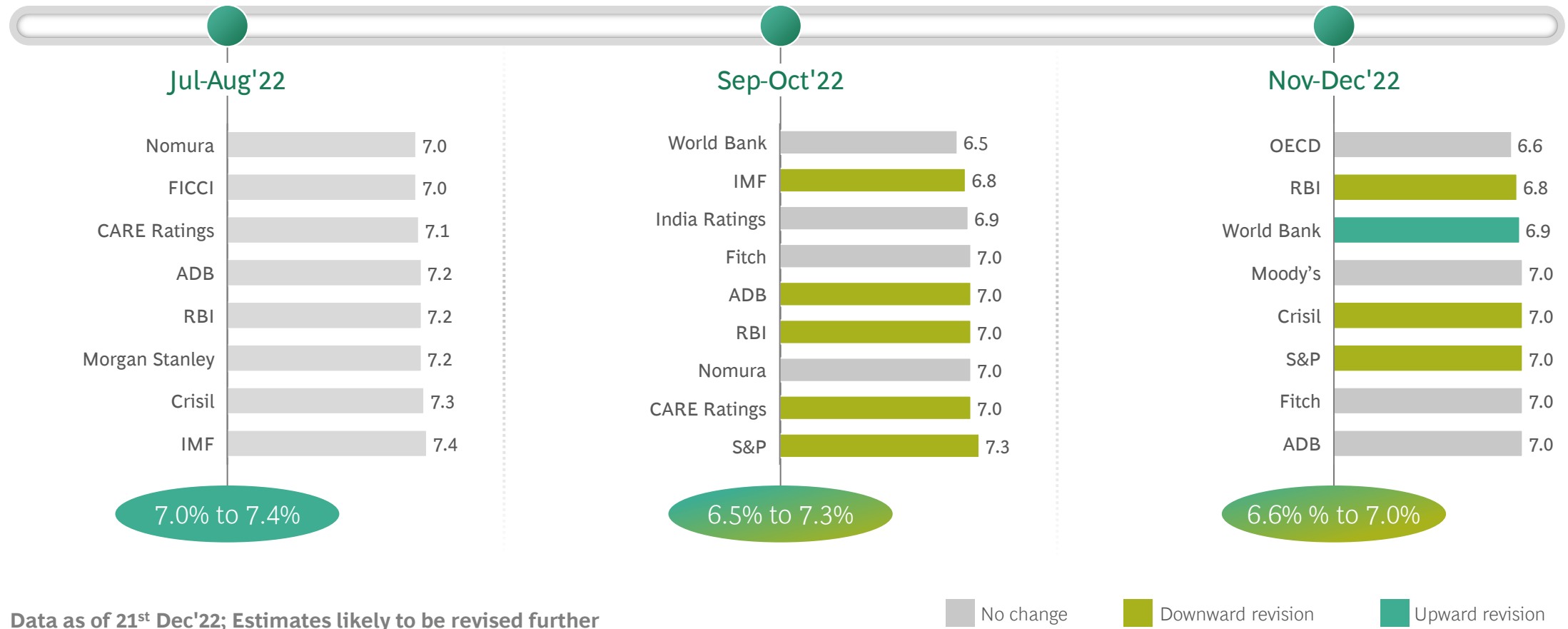


# All services sub-sectors improved; Industrial GVA declined, with manufacturing recording degrowth vs. Jul-Sep'21



# FY23 GDP forecasted to grow between 6.6% to 7.0% YoY; Projections revised downwards while some remained unchanged in Nov-Dec'22

## India GDP growth forecast for FY23 (YoY,%)



Data as of 21<sup>st</sup> Dec'22; Estimates likely to be revised further

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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