

# India Economic Monitor

JANUARY 2023

# Executive Summary



In Dec'22, some high frequency indicators improved while others dipped vs. Nov'22. On the improvement front, IIP increased in Nov'22, driven by growth in manufacturing, mining & power generation vs. Oct'22 levels. Performance of other underlying metrics e.g., cement & steel also improved. Manufacturing PMI remained in expansion mode, even as global PMI contracted. Services PMI touched a 6-month high. A combination of factors such as subdued economic conditions in foreign markets & lower rural demand led to a drop few indicators e.g., auto sales across all segments, EV sales & services trade.

India's merchandize exports & imports increased marginally; trade deficit remained close to Nov'22 levels. Services trade surplus declined marginally vs. Nov'22. Forex reserves grew for the second consecutive month in Dec'22, however, fell by \$70 Bn vs. 2021. This was driven by depreciation of the rupee and the Russia-Ukraine crisis, which accentuated the demand for dollars. FDI plummeted & turned negative partly due to an increase in repatriation of FDI.

Trends across BFSI indicators were mixed. UPI transactions volumes reached a record high, transaction value also improved in Dec'22. Aggregate credit grew while deposits remained at previous month levels. Life insurance premium fell by 24% vs. Nov'22. NSE & BSE transactions witnessed degrowth vs. Nov'22.

On the macroeconomic front, CPI moderated to 5.7%, primarily driven by a sharp drop in food inflation. WPI eased to a 22-month low of 4.9% due to decline in prices of food & crude petroleum. GST collections touched the INR 1.5 Tn mark after dipping in the previous month. Economic outlook remains highly uncertain amid heightening economic, financial & political shocks. Analyst forecasts indicate GDP growth of 6.6-7.0% YoY for FY23, with continued downward revisions over the last 2 quarters.

# Many high frequency indicators recorded growth vs. 2021 & pre-pandemic (2019) levels, however subdued in nature (1/2)

**Industry**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Dec'22	Dec'19	CAGR	Dec'21	YoY	Nov'22	MoM
IIP (Index) *	137.0	128.8	2%	128.5	7%	129.6	6%
Power Consumption ('000 MUs)	3.9	3.3	6%	3.6	10%	3.8	3%
Petroleum Consumption (MMT)	19.6	18.9	1%	18.4	6%	18.8	4%
Steel Consumption (MMT)	10.4	8.7	6%	9.5	9%	9.6	8%
Cement Production (MT) *	31.3	27.2	5%	24.4	28%	29.6	6%

**Logistics**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Dec'22	Dec'19	CAGR	Dec'21	YoY	Nov'22	MoM
E-way Bills (Mn)	84.1	55.4	15%	71.6	17%	81.0	4%
JNPT Traffic ('000 TEUs)	522.0	418.5	8%	524.7	-1%	473.0	10%
Rail Freight (Mn Tons) *	123.0	101.1	7%	116.8	5%	118.9	3%
Air Freight (K Tons) *	253.0	279.6	-3%	258.5	-2%	258.0	-2%

**Trade & Investment**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Dec'22	Dec'19	CAGR	Dec'21	YoY	Nov'22	MoM
Merchandise Exports (\$ Bn)	34.5	27.4	8%	37.8	-9%	32.0	8%
Merchandise Imports (\$ Bn)	58.2	38.6	15%	59.5	-2%	56.0	4%
Services Exports (\$ Bn)	27.3	18.0	11%	25.3	8%	26.2	-8%
Services Imports (\$ Bn)	15.6	11.5	7%	14.9	4%	13.4	-18%

**Auto**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Dec'22	Dec'19	CAGR	Dec'21	YoY	Nov'22	MoM
PV Sales ('000 Units)	303.0	288.7	2%	274.3	10%	330.0	-8%
Tractor Sales ('000 Units)	66.0	50.8	9%	55.6	19%	78.0	-15%
2W Sales ('0000 Units)	132.0	134.7	-1%	137.1	-4%	152.0	-13%
EV Registrations ('000 Units)	102.2	16.4	84%	49.7	106%	119.9	-15%

\* Data available only upto Nov'22 as on 27<sup>th</sup> Jan—hence growth comparisons are for Nov and not Dec. Nov'22 data has been compared with Nov't19, Nov'21 & Oct'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

# Many high frequency indicators recorded growth vs. 2021 & pre-pandemic (2019) levels, however subdued in nature (1/2)

**Banking, Financial Services & Insurance**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Dec'22	Dec'19	CAGR	Dec'21	YoY	Nov'22	MoM
UPI Value (INR Tn)	12.8	2.0	85%	8.3	55%	11.9	8%
Aggregate Deposits (INR Tn) *	173.0	131.0	10%	157.8	10%	172.8	0%
Aggregate Credit (INR Tn) *	130.0	98.9	10%	111.6	16%	129.0	1%
NSE & BSE Txns. (INR K Cr)	1247.6	725.5	20%	1330.6	-6%	1292.8	-3%
Insurance Premium (INR K Cr)	49.0	41.1	6%	43.4	13%	55.0	-11%

**Macroeconomic**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Dec'22	Dec'19	CAGR	Dec'21	YoY	Nov'22	MoM
GST Collections (INR Tn)	1.5	1.0	13%	1.3	16%	1.5	3%
WPI (%)					4.9%		
CPI (%)					5.7%		
Jan Dhan Deposits (INR Tn)	1.8	1.1	18%	1.5	19%	1.8	0%
MGNREGA Emp. Provided (HH)*	18.0	14.2	8%	21.2	-15%	15.0	20%

**Sentiment**

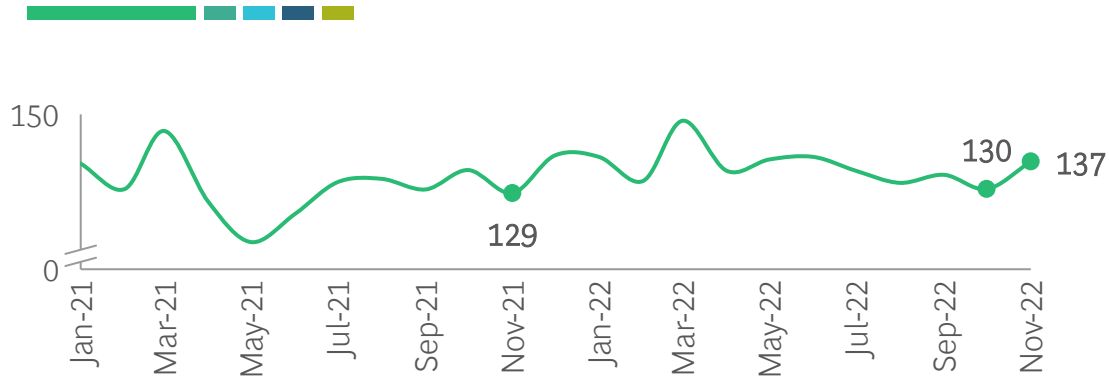
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Dec'22	Dec'19	CAGR	Dec'21	YoY	Nov'22	MoM
Manufacturing PMI (Index)	57.8	52.7	3%	55.5	4%	55.7	4%
Services PMI (Index)	58.5	53.3	3%	55.5	5%	56.4	2%
Current Situation Index*	84.0	85.7	-1%	63.4	32%	81.0	4%
Future Expectations Index*	115.0	114.5	0%	109.6	5%	113.0	2%

\* Data available only upto Nov'22 as on 27th Jan—hence growth comparisons are for Nov and not Dec. Nov'22 data has been compared with Nov't19, Nov'21 & Oct'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

# IIP recorded an upswing; Underlying metrics also improved in Nov-Dec'22

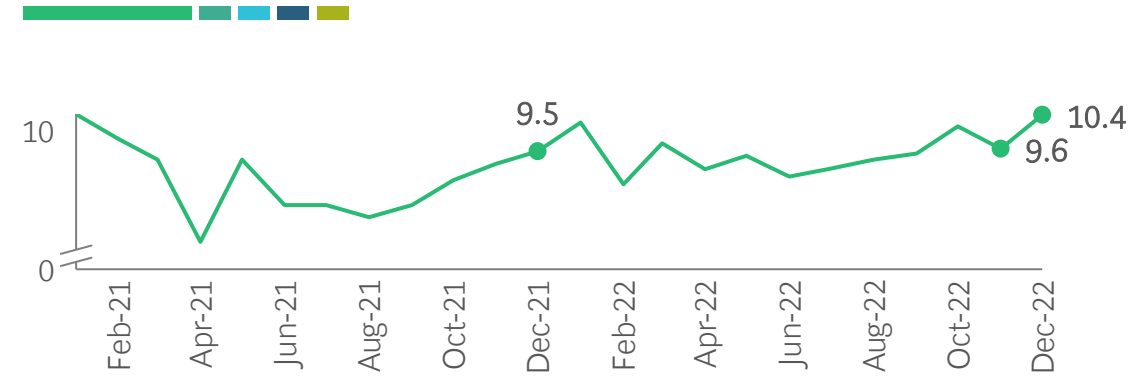
## Index of Industrial Production<sup>1</sup>

IIP jumped in Nov'22 vs. Oct'22



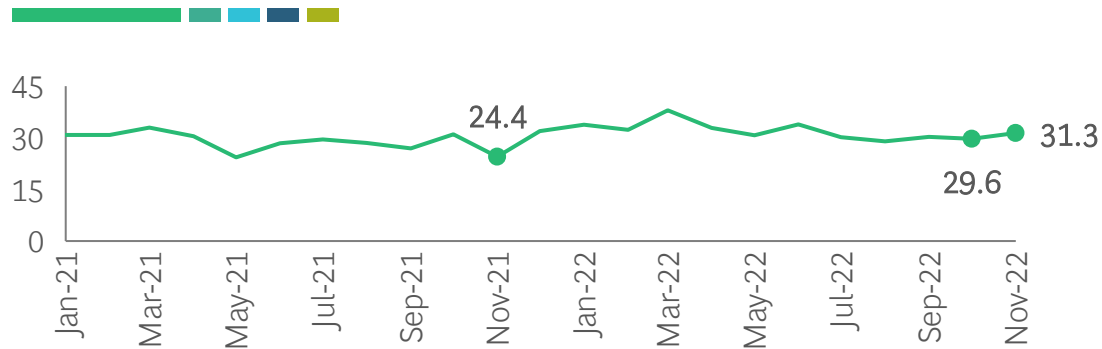
## Steel Consumption (MMT)<sup>2</sup>

Steel consumption witnessed an uptick in Dec'22 vs. Nov'22



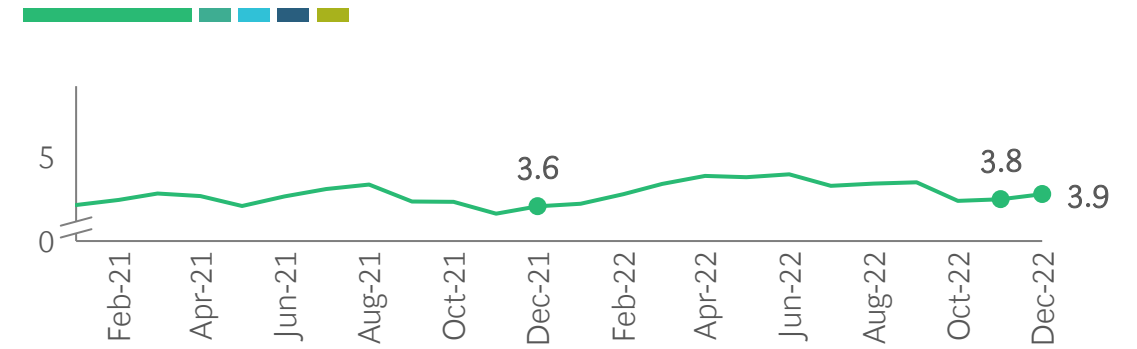
## Cement Production (MT)

Cement production grew in Nov'22 after remaining subdued in previous months



## Power Consumption ('000s MUs)

Power consumption improved marginally in Dec'22 vs. Nov'22



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

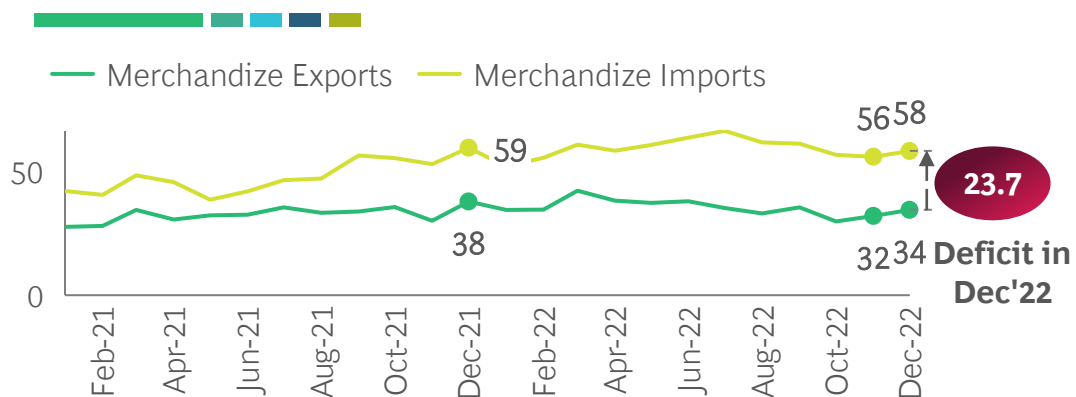
2. Steel consumption incl. long & flat steel

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 remained unchanged while services trade surplus fell; Forex reserves grew, FDI turned negative in Nov-Dec'22

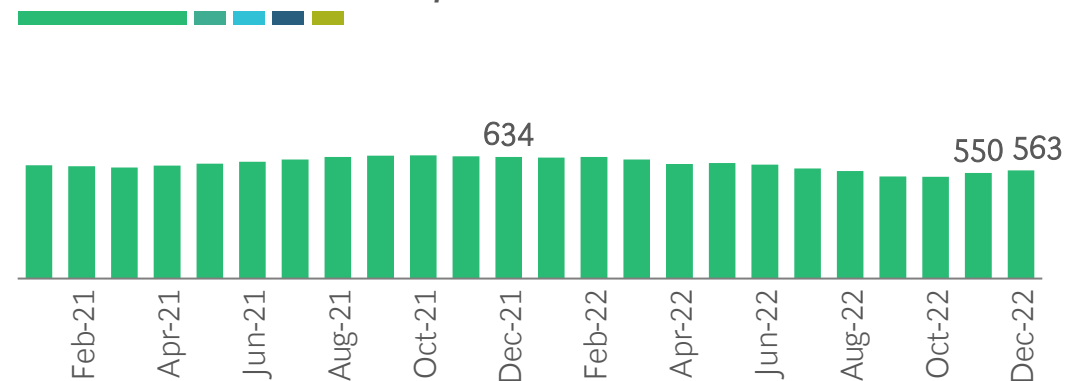
## Merchandise Trade (\$ Bn)

Merchandise trade remained near Nov'22 levels in Dec'22



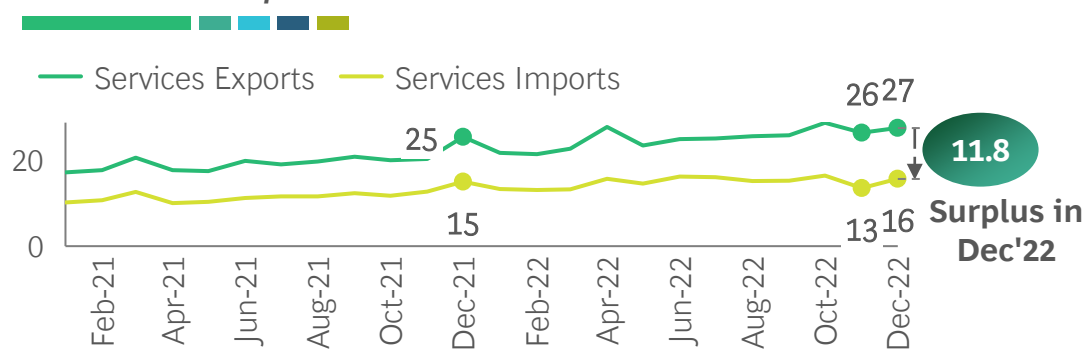
## Forex Reserves (\$ Bn)

Forex reserves continued to improve in Dec'22



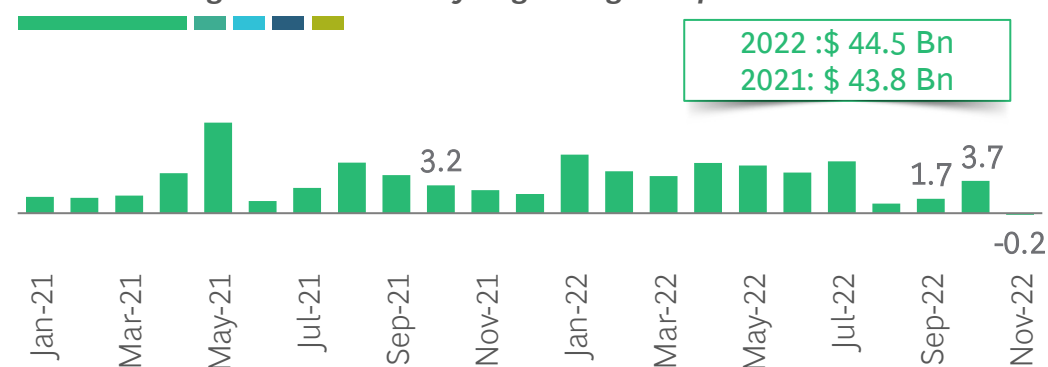
## Services trade (\$ Bn)

Services trade surplus declined in Dec'22 vs. Nov'22



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

FDI turned negative in Nov'22 after growing in Sep-Oct'22

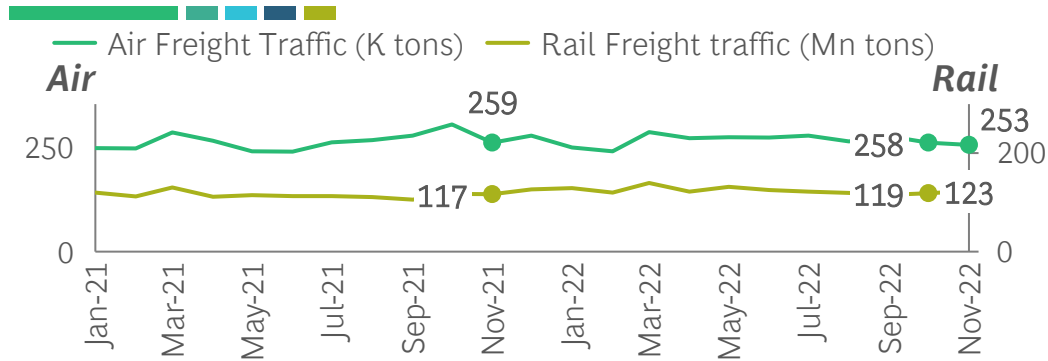


Note: Dec'22 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry  
 1. Denotes total inward FDI to India; Jun'22 figures are provisional; Past period data may vary from the previous versions of the Economic Monitor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

# Most logistics indicators (except air freight) logged monthly growth in Nov-Dec'22

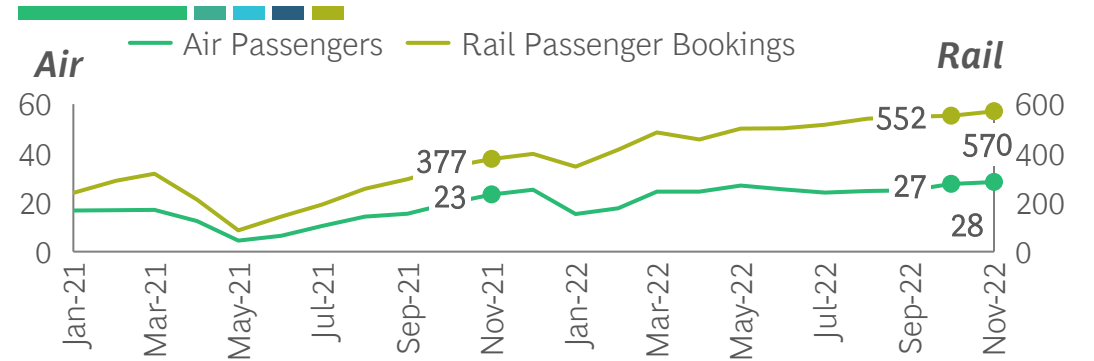
## Freight Traffic

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



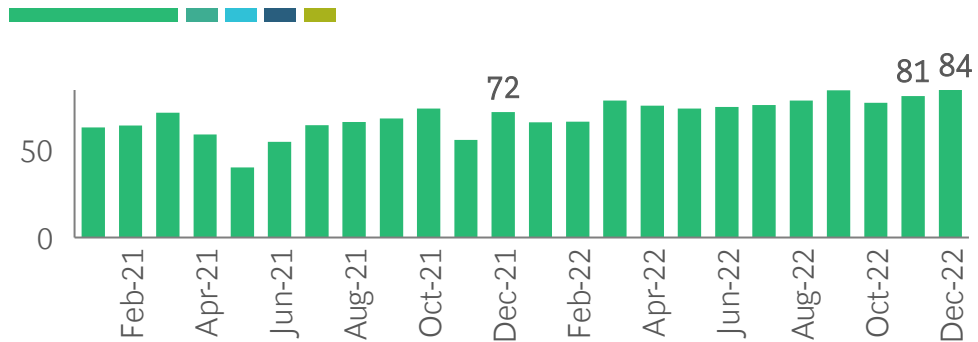
## Passenger traffic (Mn)

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



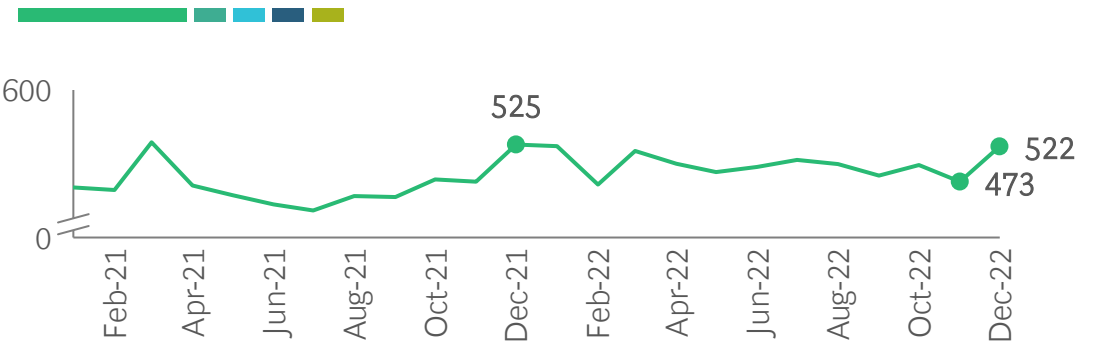
## E-way Bills (Mn)<sup>1</sup>

E-way registered an uptick for the second consecutive month in Dec'22



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

JNPT traffic improved significantly in Dec'22 vs. Nov'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)

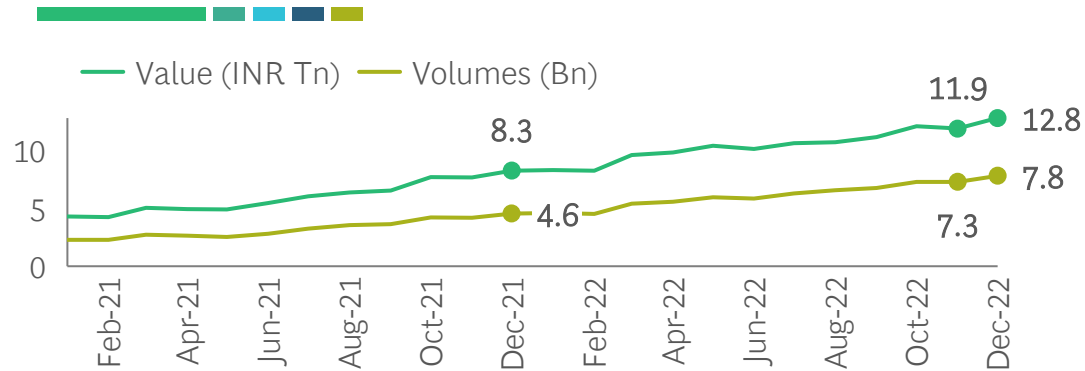
Source: Ministry of Railways, CEIC data, Airport Authority of India, : Jawaharlal Nehru Port Trust, Airport Authority of India, GST Network, NHAI, NPCI, BCG analysis



# BFSI indicators exhibited mixed trends in Nov-Dec'22

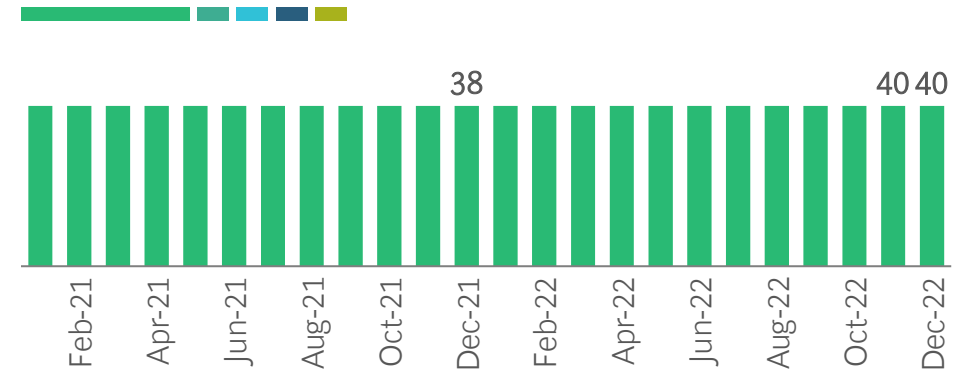
## UPI

UPI value recovered in Dec'22, after dipping in Nov'22



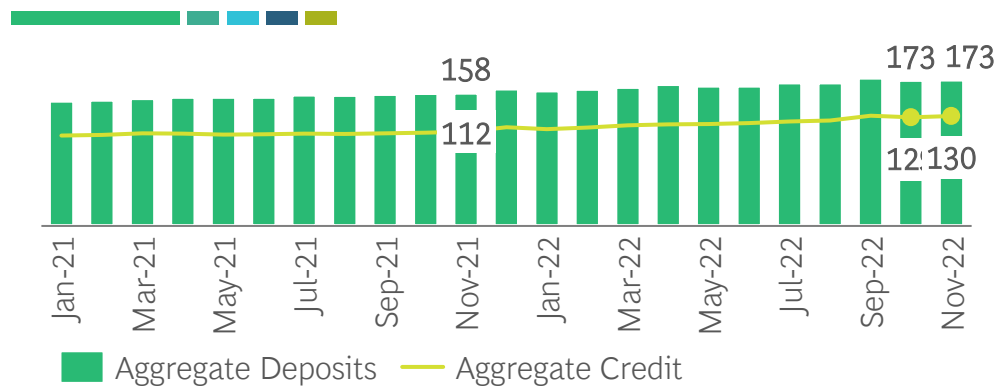
## Mutual Funds AUM (INR Tn)

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



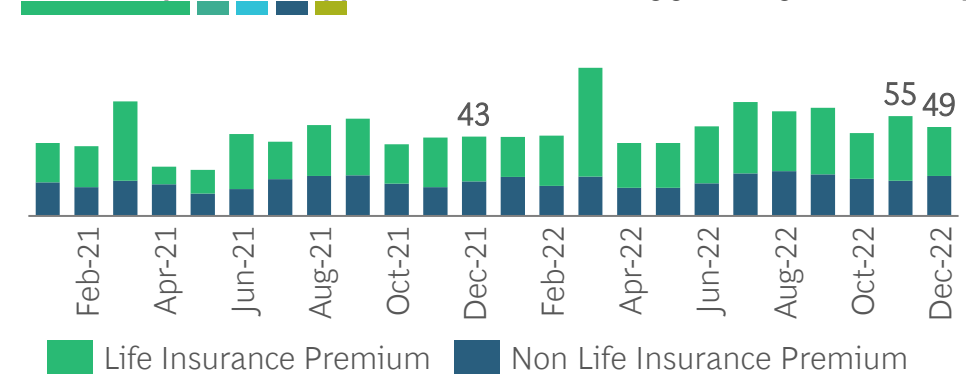
## Aggregate deposits & credit (INR Tn)

Aggregate deposits remained unchanged while credit grew in Nov'22 vs. Oct'22



## Insurance Premium (INR '000 Cr)

Insurance premium dipped in Dec'22, driven by fall in life insurance premium



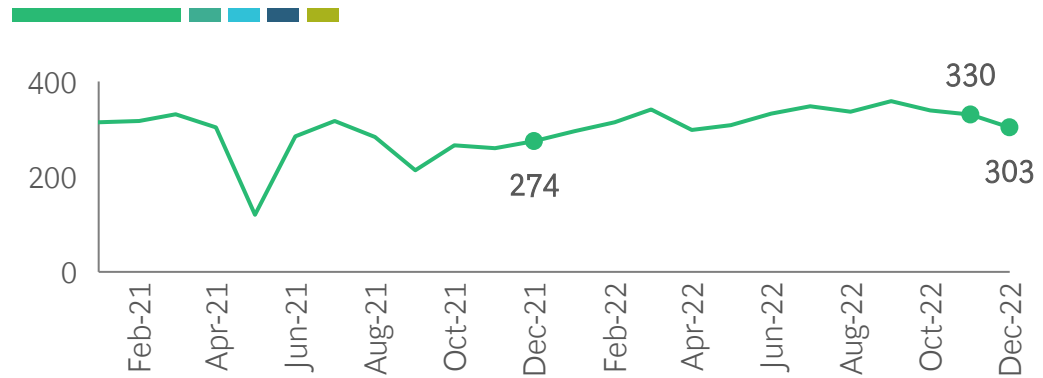
1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures data used for life & non-life insurance as on 24<sup>th</sup> Jan'23  
 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



# Auto sales continued to degrow across all segments in Dec'22 vs. Nov'22

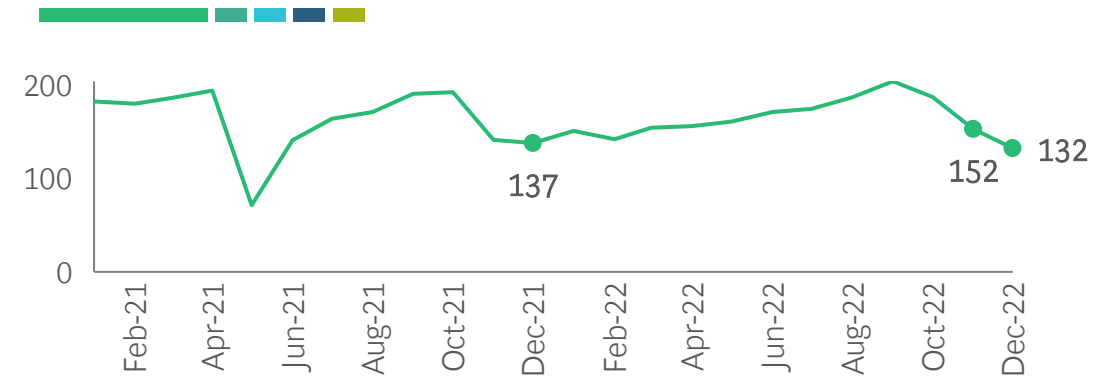
## Passenger vehicles sales ('000 units)

PV sales fell for the third month in a row in Dec'22



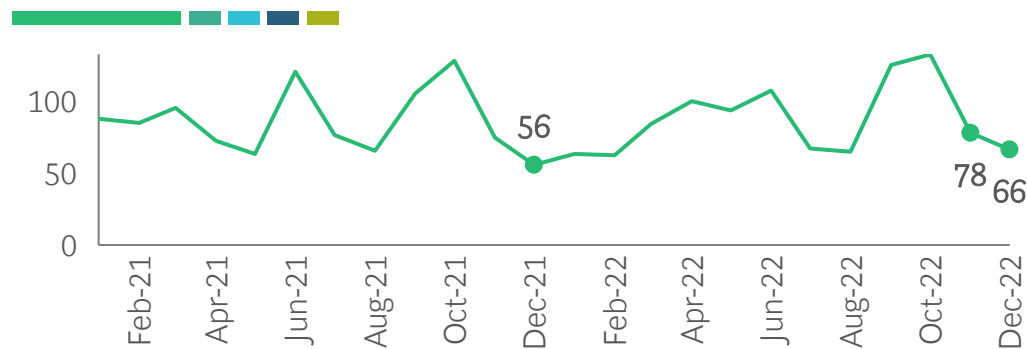
## Two-wheeler sales ('0000 units)

2W sales on a downward trajectory since last 3 months



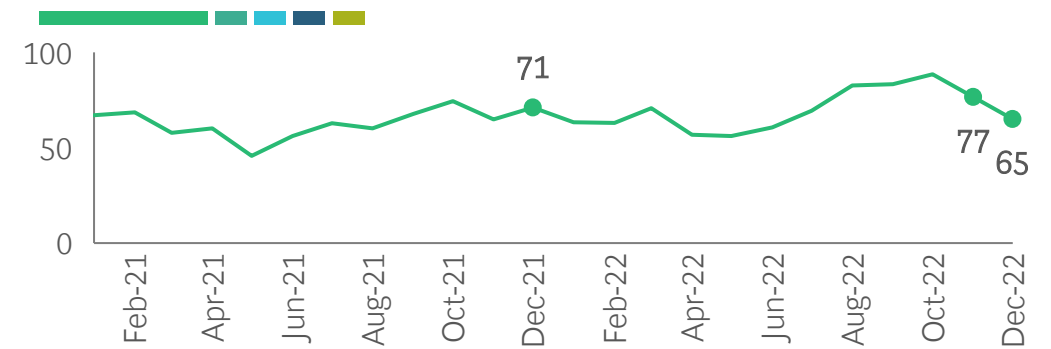
## Tractor sales ('000 units)

Tractor sales declined for the second month in Dec'22



## Three-wheeler sales ('000 units)

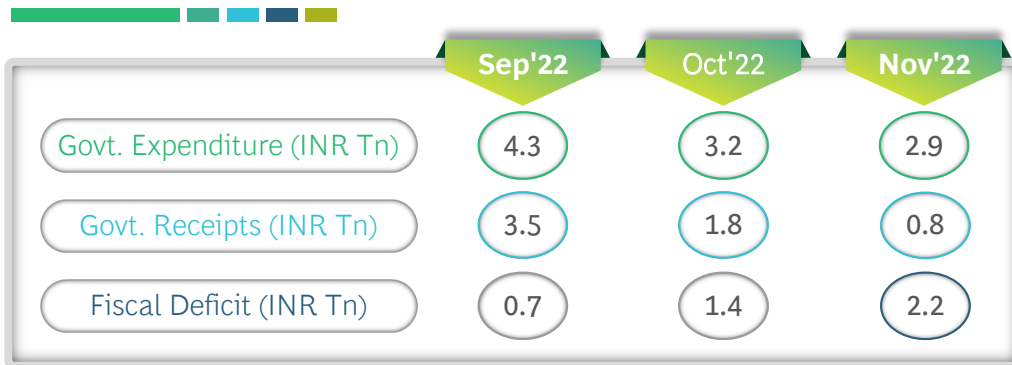
3W sales fell sharply for the second consecutive month in Dec'22



# Fiscal deficit grew in Nov'22; GST collections on an upward trajectory; Repo rate remained unchanged in Dec'22

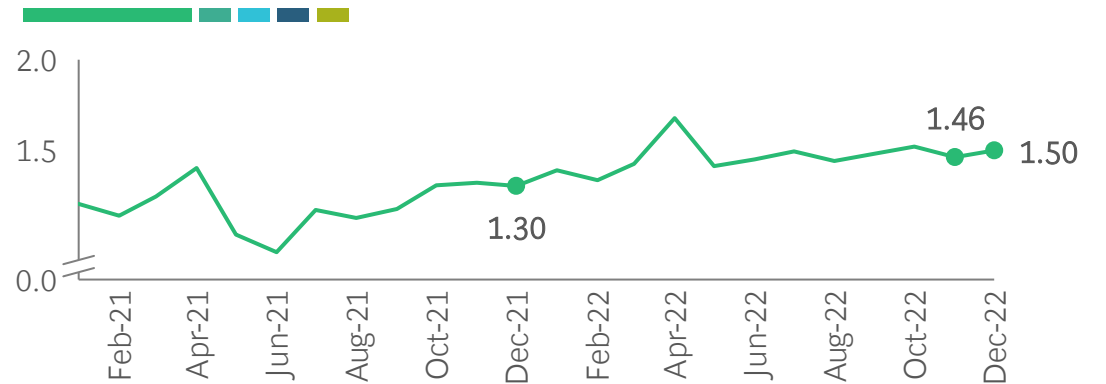
## Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit increased, driven by rise in Govt. expenditure in Nov'22



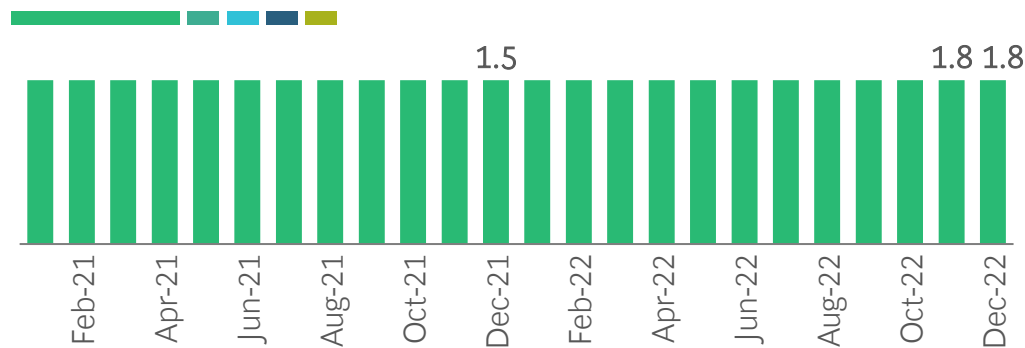
## GST Collections<sup>1</sup> (INR Tn)

GST collections grew in Dec'22 vs. Nov'22



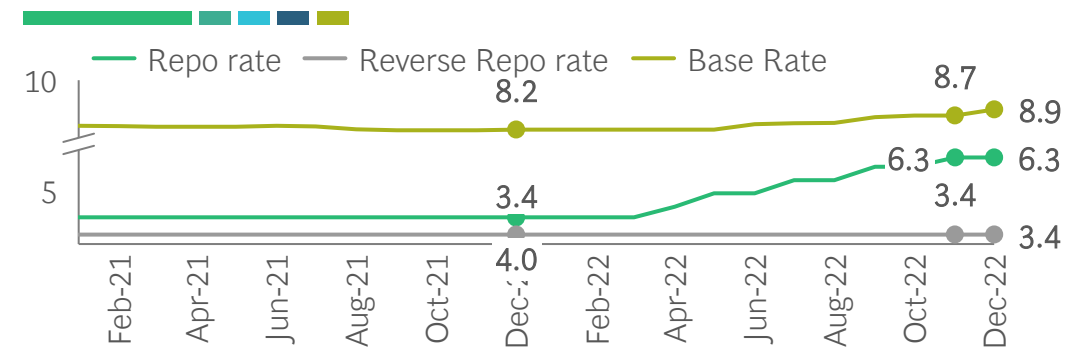
## Jan Dhan Deposits (INR Tn)

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



## RBI's policy rates (%)

Repo rate remained at Nov'22 levels; Base rate increased in Dec'22

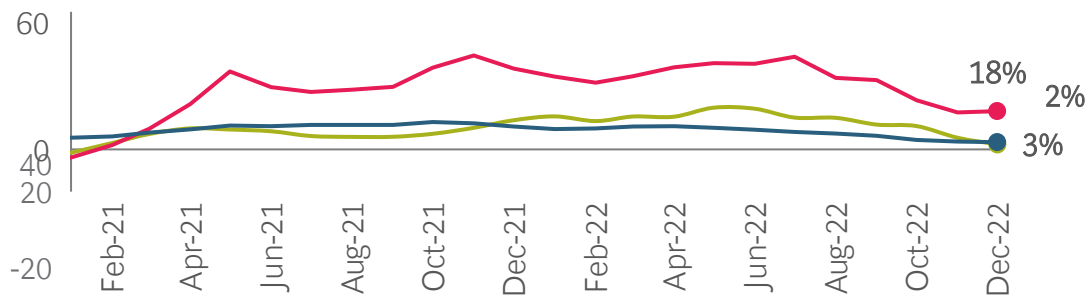
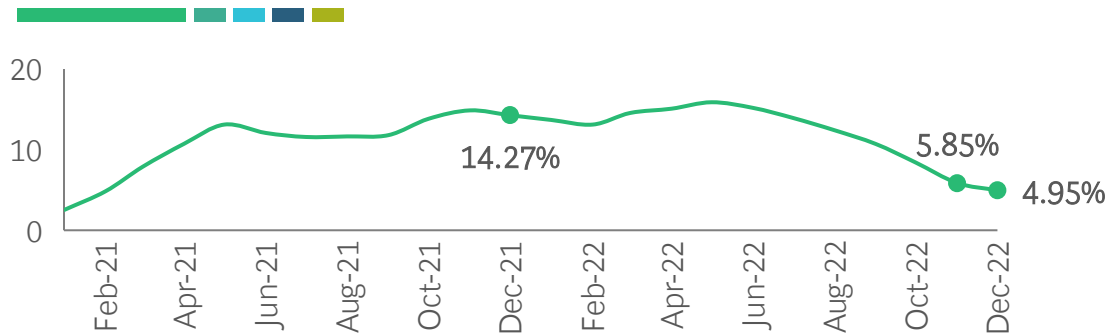


<sup>1</sup>GST Collections include all components: CGST, SGST, IGST, Cess  
Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

# WPI & CPI continued to ease, driven by lower food prices in Dec'22

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

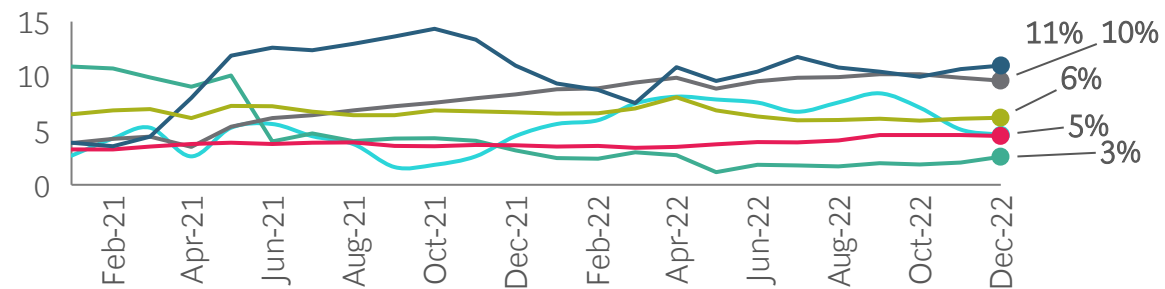
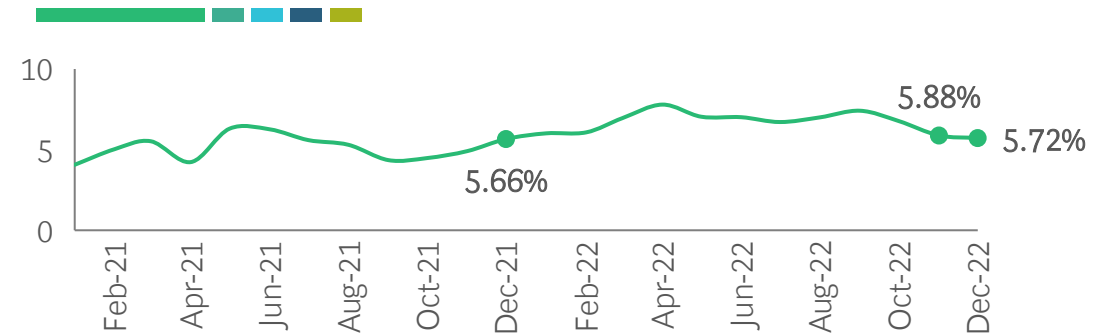
WPI dipped to a 21-month low in Dec'22



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

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

CPI eased in Dec'22, remaining within RBI's 6% band



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

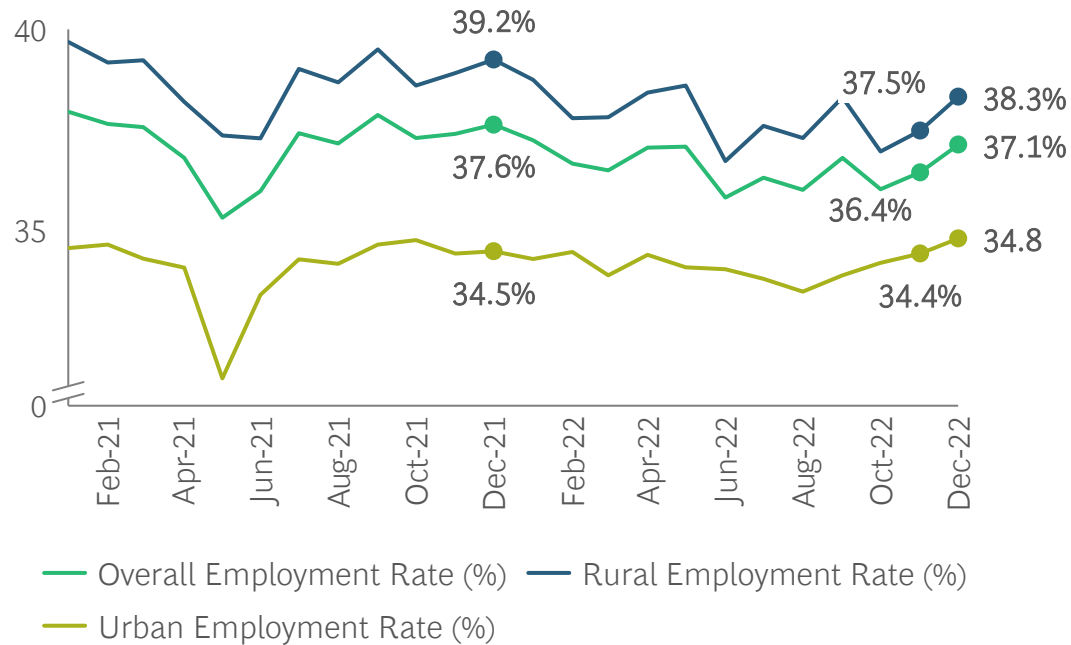
1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food,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

# CMIE employment rates increased; MGNREGA work demanded & employment provided also improved in Dec'22 vs. Nov'22

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

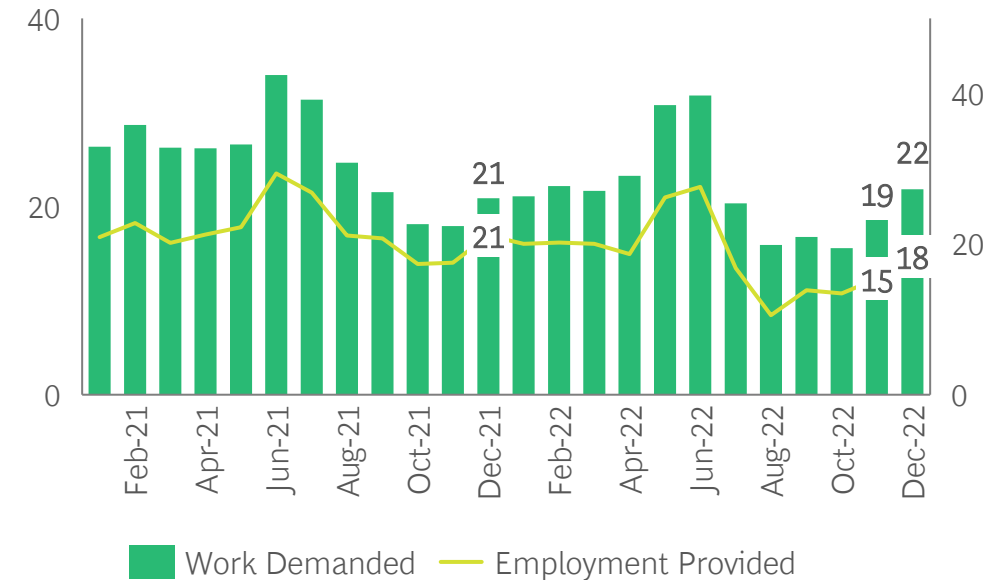
Urban & rural employment rates on an upward trajectory in Dec'22

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 Dec'22 vs. Nov'22

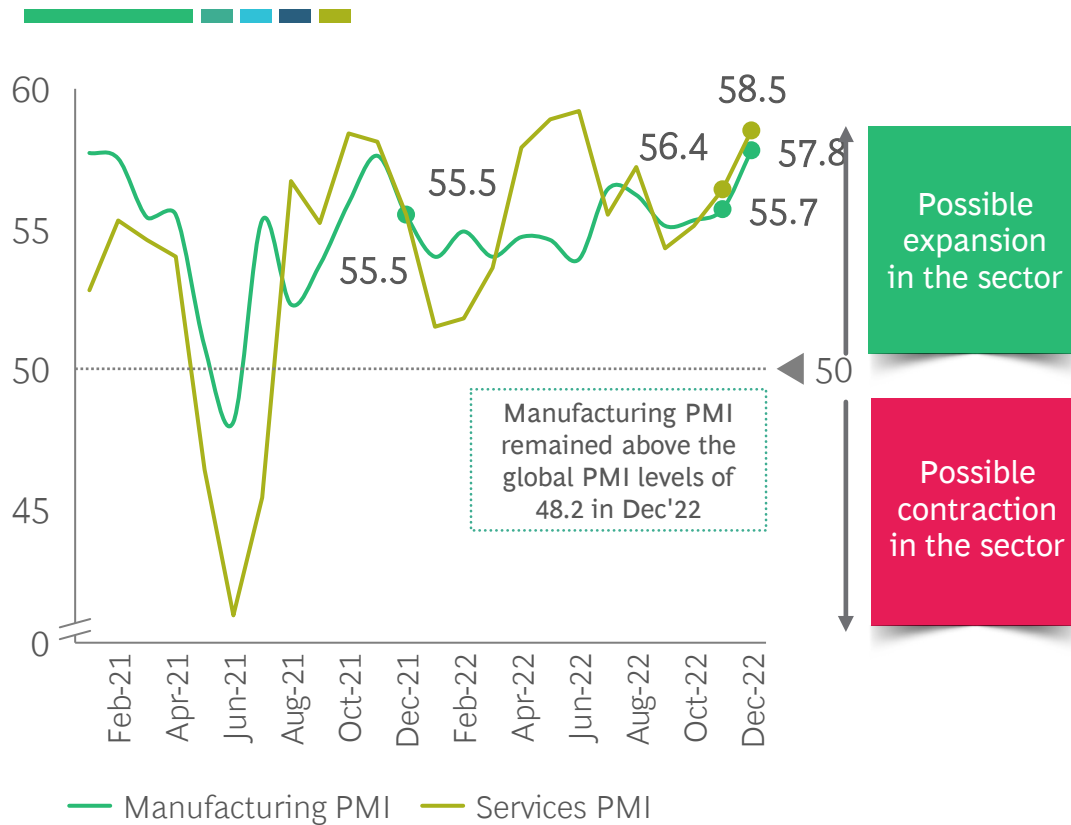


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old  
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. MGNREGA employment provided data not available as on 24<sup>th</sup> Jan'23  
 Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

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

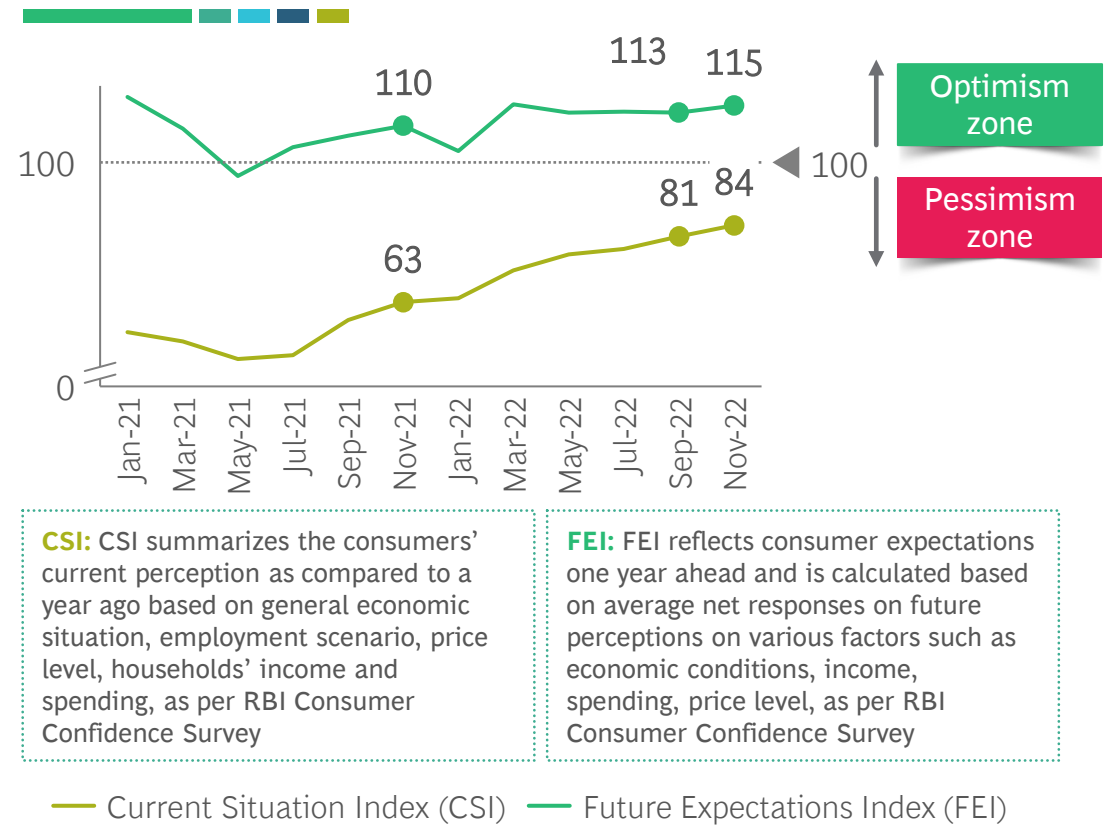
## Manufacturing and services PMI<sup>1</sup>

Manufacturing PMI improved & services PMI rose to a 6-month high in Dec'22



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

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



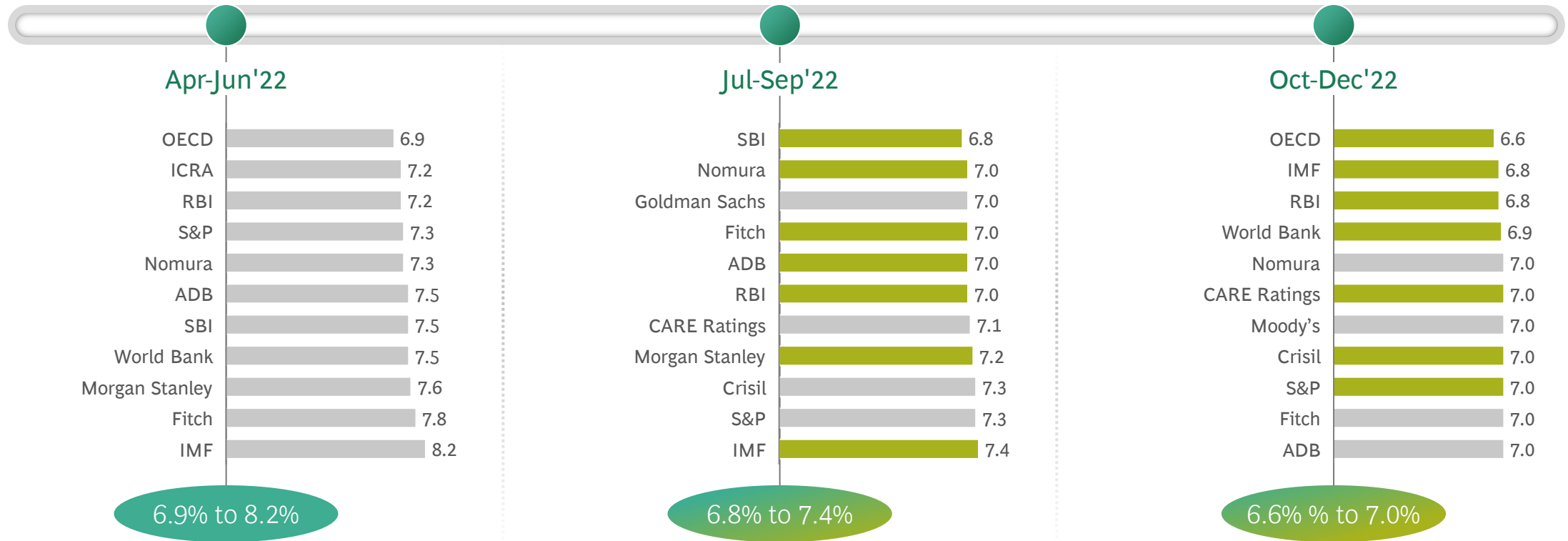
**CSI:** CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

**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

# India's FY23 GDP forecasted to grow between 6.6% to 7.0% YoY; Projections revised downwards by most agencies during Oct-Dec'22

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



Data as of 24<sup>th</sup> Jan'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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