

India Economic Monitor

JULY 2022

Executive Summary



In May-Jun'22, the economy witnessed mixed performance across select high frequency indicators, driven by pricing pressures, falling currency & higher interest rates. IIP grew vs. Apr'22 due to strong performance of manufacturing, power & mining sectors in May'22. However, some underlying industrial metrics e.g., monthly cement production, steel consumption declined on account of rising input costs in May-Jun'22. Better availability of semiconductor chips, softening of select commodity prices (e.g., crude oil) & improved consumer sentiment in rural areas led to improvement in auto sales. Input cost pressures led to moderation in manufacturing PMI in Jun'22 vs. May'22 while Services PMI touched an 11-year high due to acceleration in new business growth amid improvement in demand.

Improved business activity led to monthly uptick across logistics indicators in MayJun'22 (e.g., E-way bills recorded second highest value). Merchandize imports surged to their highest monthly level in Jun'22, leading to widening of the trade gap; Services trade surplus declined in May'22 vs. previous month.

UPI value & volume dipped for the first time in 4 months in Jun'22. Aggregate deposits also declined in May'22 vs. previous month. India's exchange rate fell past 80/dollar as foreign investors pulled out money amid monetary tightening by the US Federal Reserve Bank in Jun'22. Stock market indices across durables, banking, realty, IT, PSUs witnessed new monthly lows driven by fears of recession - e.g., Sensex hit a 52-week low. NSE/BSE transactions dipped in Jun'22 vs. May'22.

On the macroeconomic front, fiscal deficit increased sharply vs. Apr'22; GST collections reached their second highest value after dipping in May'22. CPI remained near previous month levels in Jun'22 owing to moderation in food inflation. WPI eased, although remained in double digits, given rise in prices of mineral oils, fuel, food articles & natural gas and chemicals. CMIE's rural & urban employment rates witnessed steep decline vs. previous month. Tighter financial conditions, high inflation & negative spillovers from geopolitical conflicts are expected to affect medium to long-term growth. Analyst forecasts indicate GDP growth of 7.0-7.8% YoY for FY23, with downward revisions in the last 1-2 months.

Most high frequency indicators improved vs. 2021, although exhibited marginal growth vs. pre-COVID levels in May-Jun'22 (1/2)

Industry	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jun'22	Jun'19	CAGR ¹	Jun'21	YoY	May'22	MoM
IIP (Index)*	137.7	135.4	1%	115.1	20%	134.6	2%
Power Consumption ('000 MUs)	4.5	4.0	4%	3.8	16%	4.4	2%
Petroleum Consumption (MMT)	18.7	17.7	2%	15.8	18%	18.3	2%
Steel Consumption (MMT)	8.9	8.6	1%	8.2	9%	9.4	-5%
Cement Production (MT) *	30.7	28.6	2%	24.3	26%	32.9	-7%

Logistics	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jun'22	Jun'19	CAGR ¹	Jun'21	YoY	Jun'22	MoM
E-way Bills (Mn)	74.5	36.9	26%	54.7	36%	73.6	1%
FASTag (Mn)*	285	27	118%	116	145%	266	7%
JNPT Traffic ('000 TEUs)	493.0	409.9	6%	441.9	12%	487.0	1%
Rail Freight (Mn Tons) *	132.0	104.9	8%	114.9	15%	122.2	8%
Air Freight (K Tons) *	271.1	293.4	-3%	238.2	14%	269.2	1%

Trade & Investment	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jun'22	Jun'19	CAGR ¹	Jun'21	YoY	May'22	MoM
Merchandise Exports (\$ Bn)	37.9	25.0	15%	41.9	-9%	37.3	2%
Merchandise Imports (\$ Bn)	63.6	40.3	16%	41.9	96%	60.6	5%
Services Exports (\$ Bn) *	23.3	18.7	8%	17.4	34%	27.6	-16%
Services Imports (\$ Bn) *	14.4	12.5	5%	10.2	41%	15.6	-7%

Auto	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jun'22	Jun'19	CAGR ¹	Jun'21	YoY	Jun'22	MoM
PV Sales ('000 Units)	332.0	266.1	8%	284.6	17%	307.9	8%
Tractor Sales ('000 Units)	107.0	82.1	9%	120.4	-11%	93.5	14%
2W Sales ('0000 Units)	170.4	194.7	-4%	140.3	21%	160.0	6%
EV Registrations ('000 Units)	73.3	10.8	90%	11.1	557%	65.9	11%

* Data available only upto May'22 as on 26-July – hence growth comparisons are for May and not June. May'22 data has been compared with May'19, May'21 & Apr'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 improved vs. 2021, although exhibited marginal growth vs. pre-COVID levels in May-Jun'22 (2/2)

Banking, Financial Services & Insurance

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jun'22	Jun'19	CAGR ¹	Jun'21	YoY	May'22	MoM
UPI Value (INR Tn)	10.1	1.5	90%	5.5	85%	10.4	-3%
Aggregate Deposits (INR Tn)*	166.0	126.1	10%	152.6	9%	168.0	-1%
Aggregate Credit (INR Tn) *	121.0	96.9	8%	108.2	12%	120.0	1%
NSE & BSE Txns. (INR K Cr)	1044.0	643.0	18%	1704.6	-39%	1299.3	-20%
Insurance Premium (INR K Cr)	49.0	45.2	3%	44.8	9%	39.9	23%

Macroeconomic

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jun'22	Jun'19	CAGR ¹	Jun'21	YoY	May'22	MoM
GST Collections (INR Tn)	1.5	1.0	13%	0.9	56%	1.4	3%
WPI (%)					15%		
CPI (%)					7%		
Jan Dhan Deposits (INR Tn)	1.7	1.0	19%	1.4	18%	1.7	0%
MGNREGA Emp. Provided (HH)	25.3	21.6	5%	29.4	-14%	26.2	-4%

Sentiment

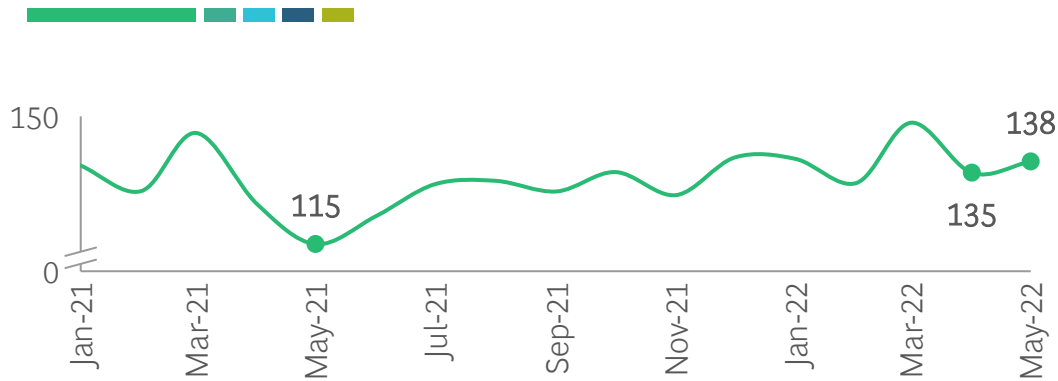
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Jun'22	Jun'19	CAGR ¹	Jun'21	YoY	May'22	MoM
Manufacturing PMI (Index)	53.9	52.1	1%	48.1	12%	54.6	-1%
Services PMI (Index)	59.2	49.6	6%	41.2	44%	58.9	1%
Current Situation Index*	76	97	-8%	48	57%	72	18%
Future Expectations Index*	113	128	-4%	96	17%	115	-2%

• Data available only upto May'22 as on 26 July – hence growth comparisons are for May and not June. May'22 data has been compared with May'19, May'21 & Apr'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 grew while underlying metrics exhibited mixed monthly trends in May-Jun'22

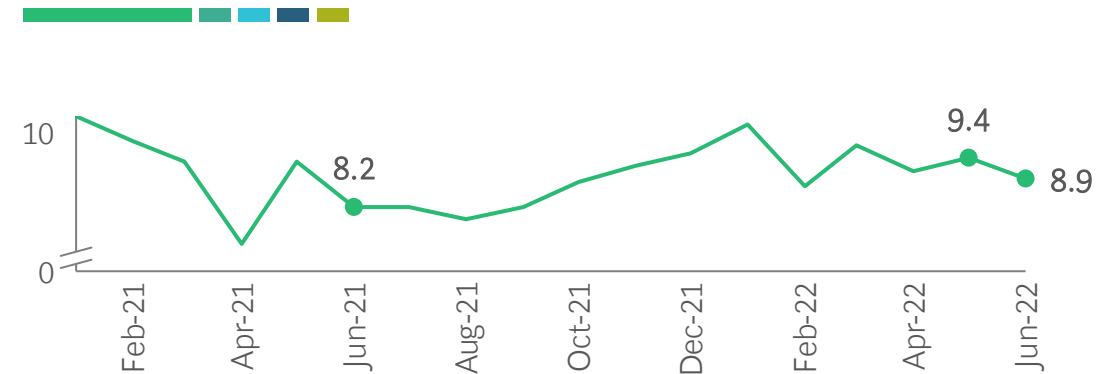
Index of Industrial Production¹

IIP grew vs. Apr'22, although remained below Mar'22 levels in May'22



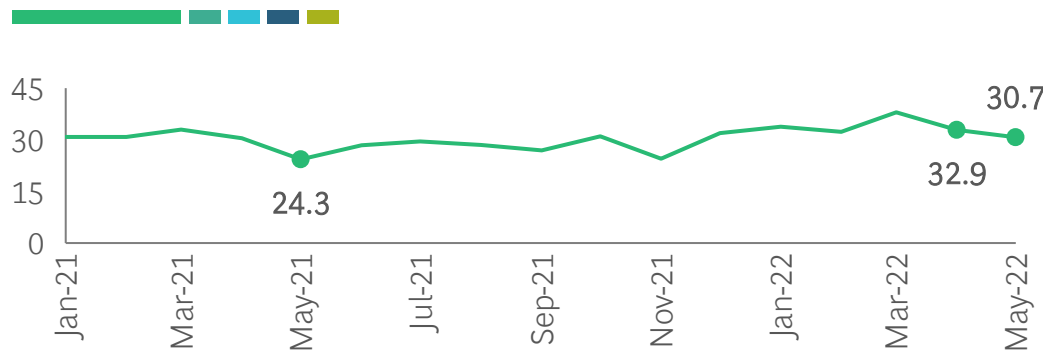
Steel Consumption (MMT)²

Steel consumption declined in Jun'22 vs. May'22



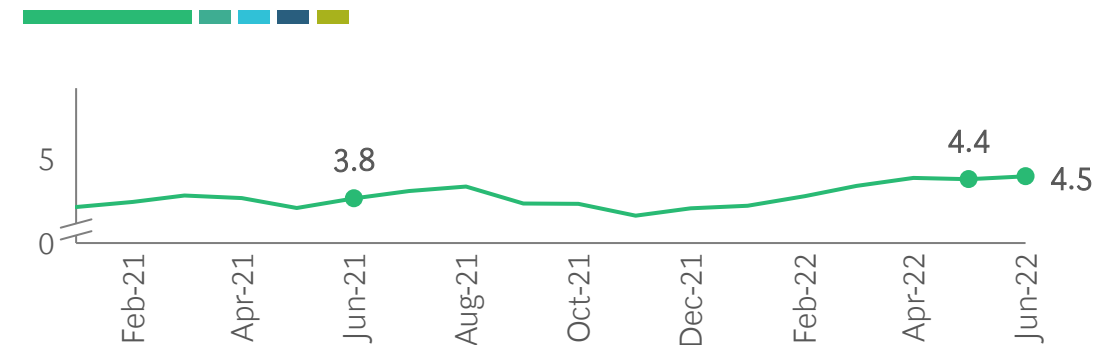
Cement Production (MT)

Cement production dipped in May'22 vs. Apr'22



Power Consumption ('000s MUs)

Power consumption improved marginally in Jun'22 vs. May'22



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

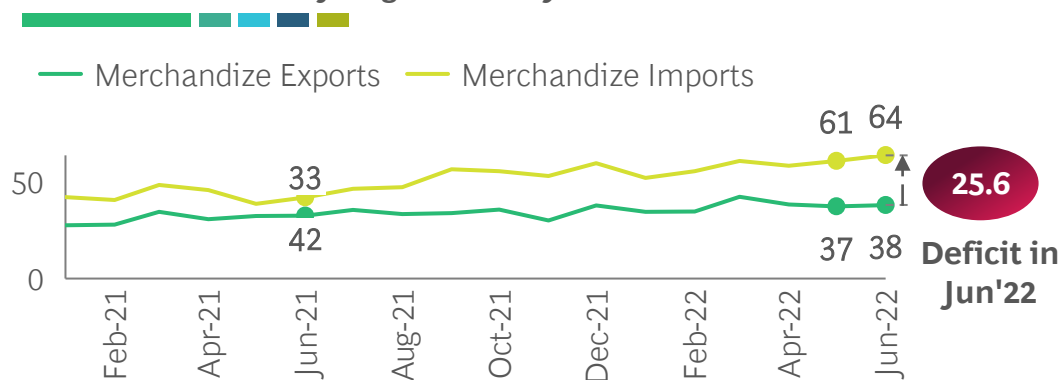
2. Steel consumption incl. long & flat steel

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 & services deficit/surplus worsened in May-Jun'22 vs. previous month, combined with a dip in forex reserves & FDI

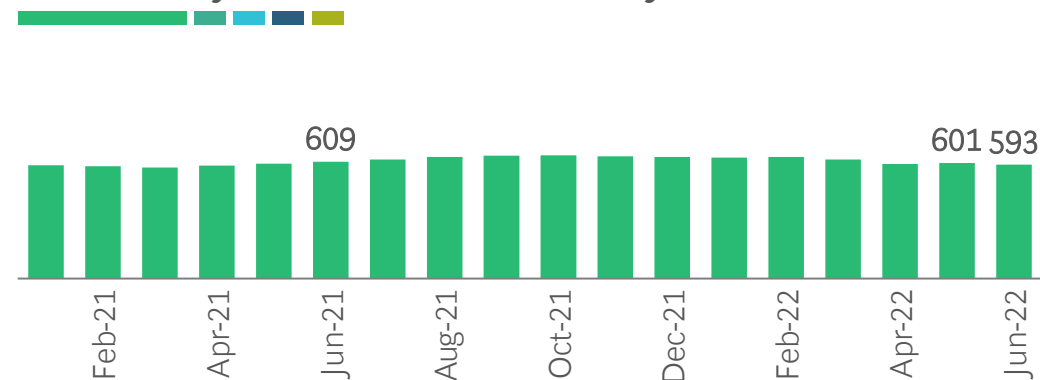
Merchandise Trade (\$ Bn)

Merchandise trade deficit grew vs. May'22



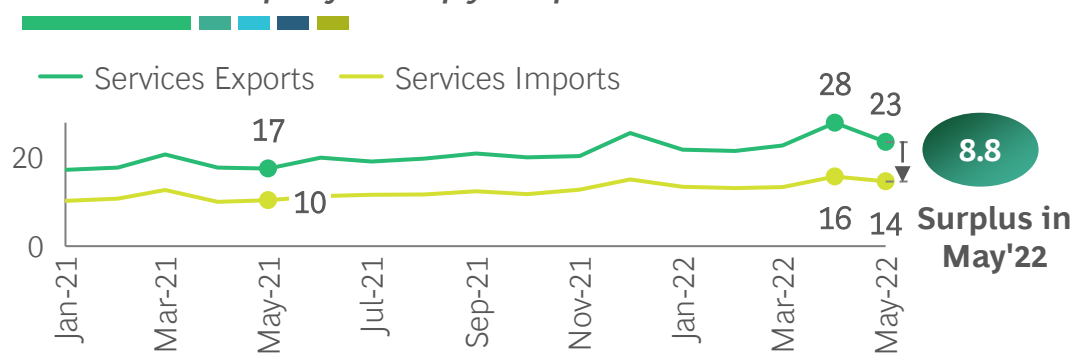
Forex Reserves (\$ Bn)

Forex reserves fell below the \$600 Bn mark in Jun'22



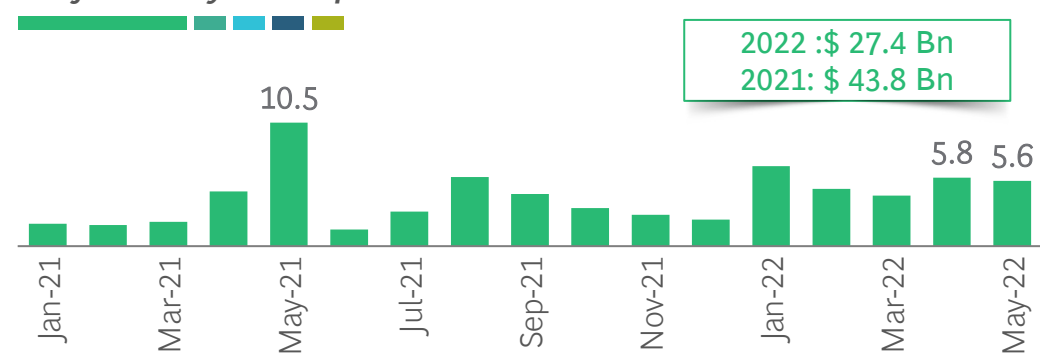
Services trade (\$ Bn)

Services trade surplus fell sharply vs. Apr'22



FDI (\$ Bn)¹

FDI fell in May'22 vs. Apr'22

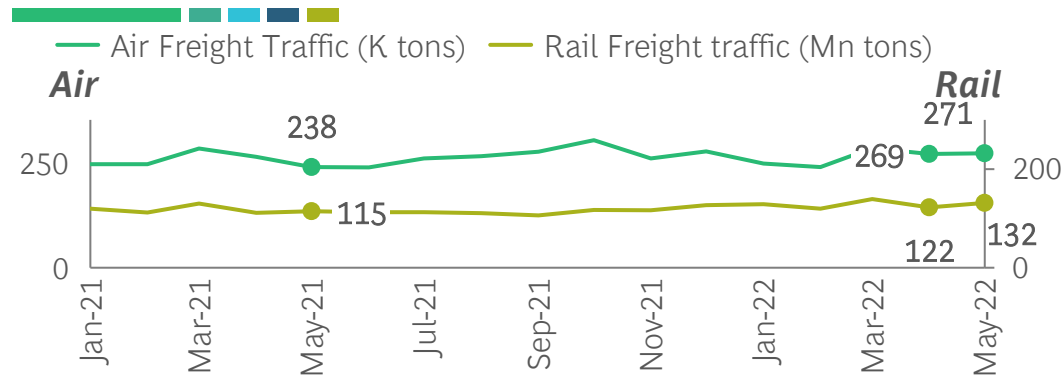


Note: Jun'22 Merchandise Import and Export numbers; Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; May'22 figures are provisional; Past period data may vary from the previous versions of the Economic Monitor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

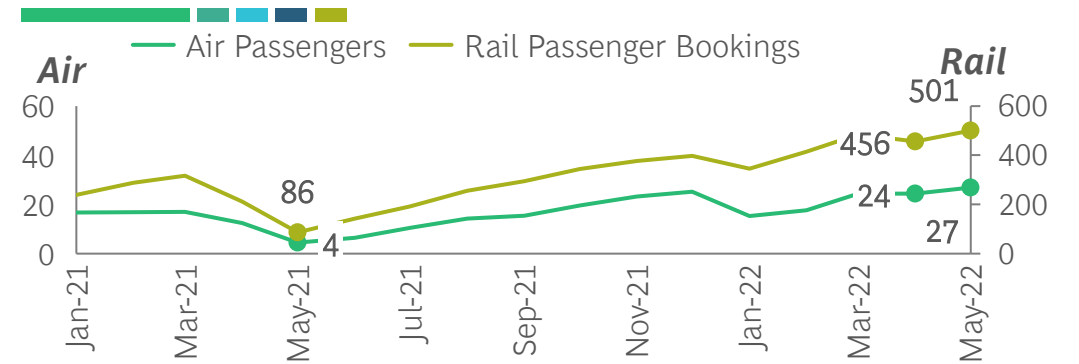
Freight Traffic

Rail & air freight traffic grew in May'22 vs. Apr'22



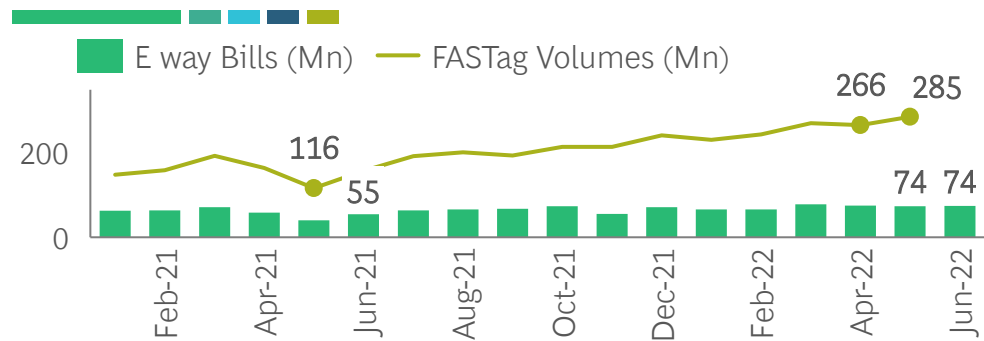
Passenger traffic (Mn)

Rail & air passenger traffic improved in May'22 vs. Apr'22



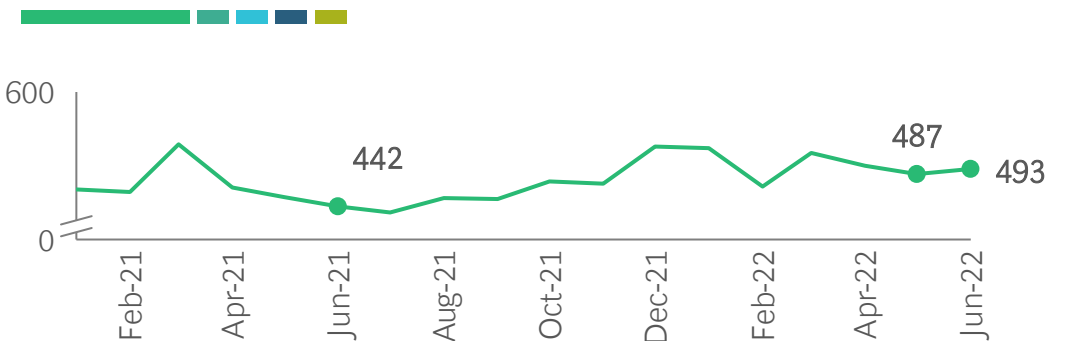
E-way Bills & FASTag (Mn)¹

E-way bills remained at May'22 levels in Jun'22



JNPT Container Traffic ('000 TEUs)²

JNPT increased in Jun'22 vs. May'22

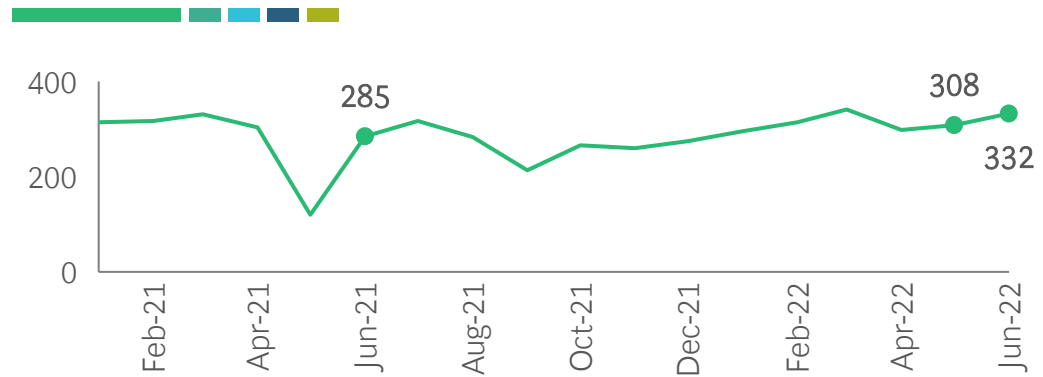


¹E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000. FASTag data not available for Jun'22 as on 22nd July
²TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 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

Auto sales on an upward trajectory in Jun'22 vs. May'22

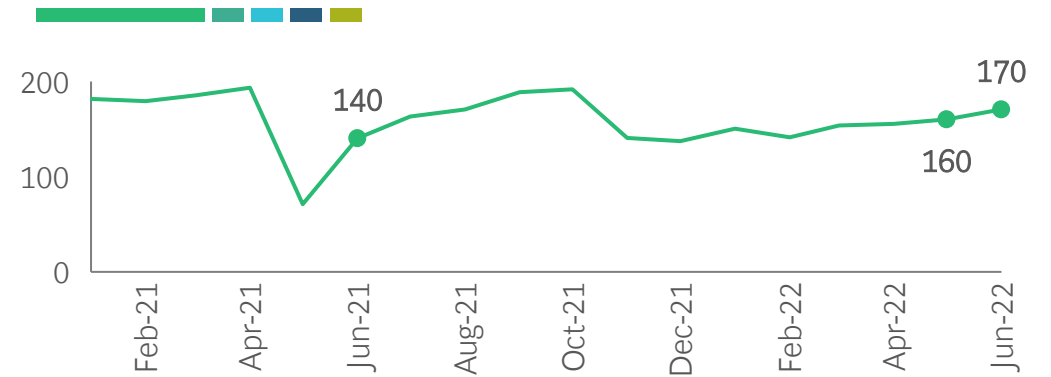
Passenger vehicles sales ('000 units)

PV sales grew for the second consecutive month in Jun'22



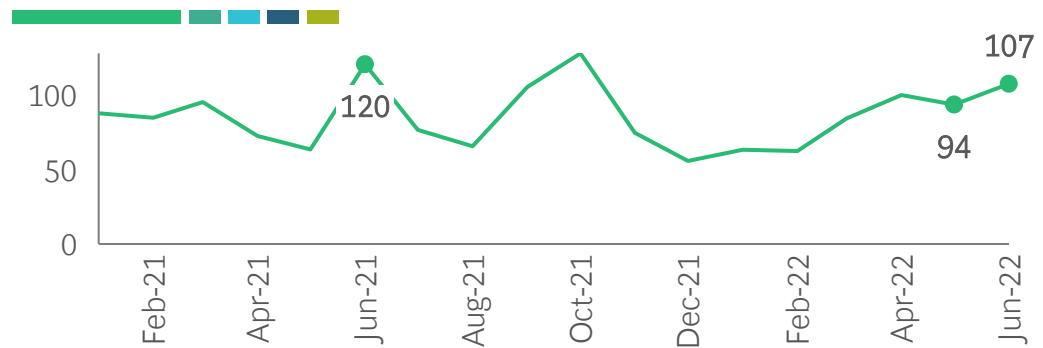
Two-wheeler sales ('0000 units)

2W sales on an upward trajectory in Jun'22



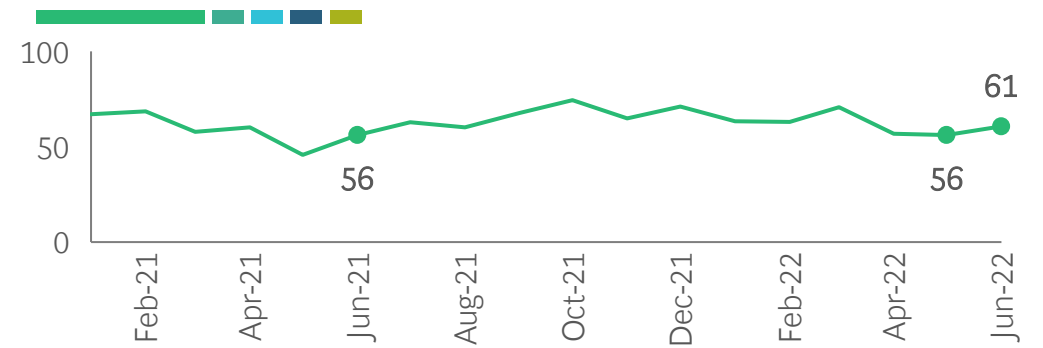
Tractor sales ('000 units)

Tractor sales grew in Jun'22 vs. May'22



Three-wheeler sales ('000 units)

3W sales grew in Jun'22 after remaining subdued for last 2 months

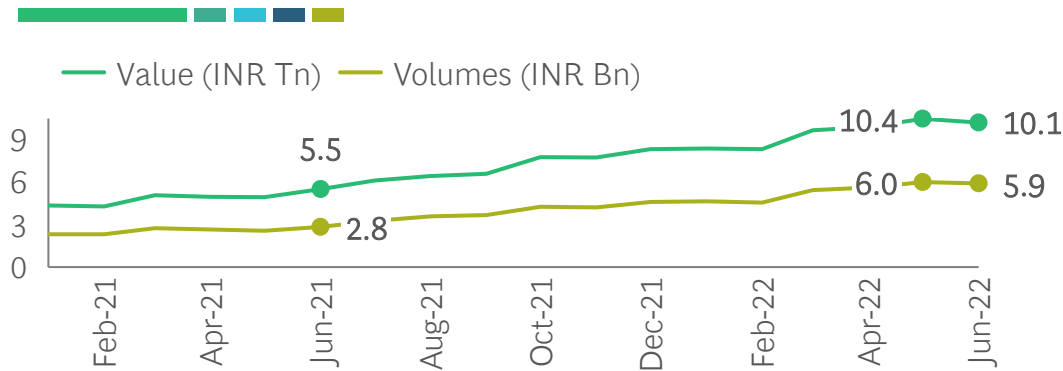


Figures represent wholesale numbers (including exports).
 1. BMW, Mercedes and Volvo Auto data is not available
 Source: SIAM, CMIE, TMA, Press search, BCG analysis

Most BFSI indicators (except insurance) marginally dipped in May-Jun'22

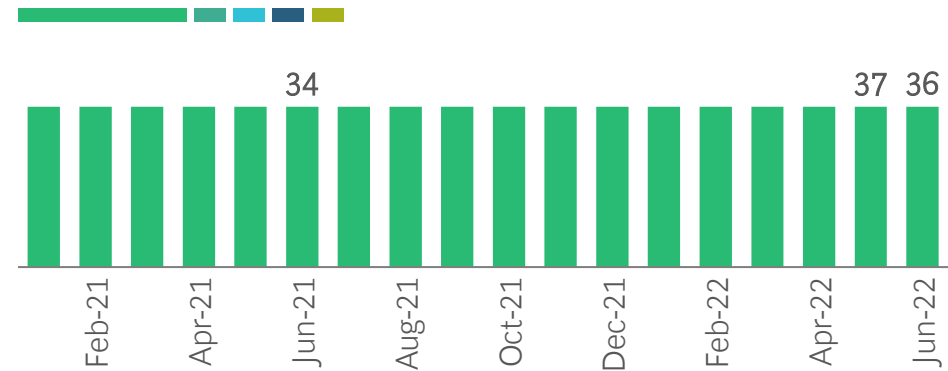
UPI

UPI dropped in Jun'22 vs. May'22



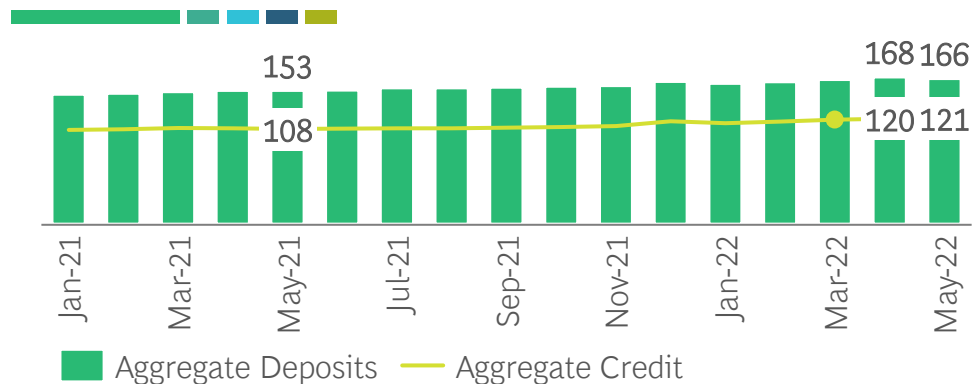
Mutual Funds AUM (INR Tn)

Mutual funds AUM declined marginally in Jun'22 vs. May'22



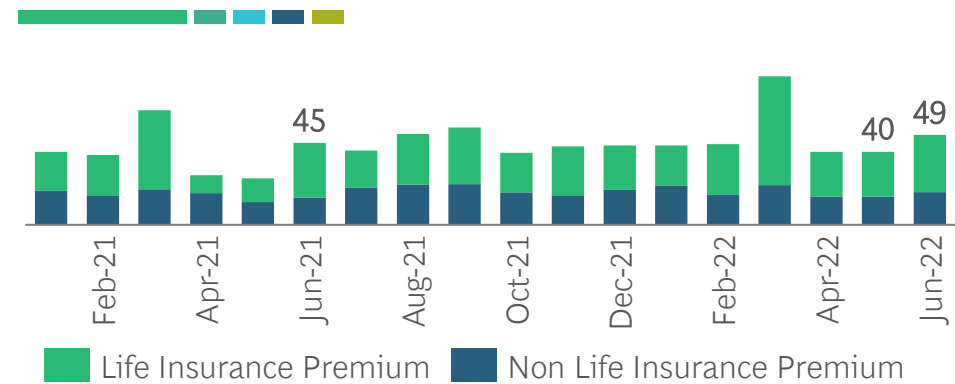
Aggregate deposits & credit (INR Tn)

Aggregate deposits fell in May'22 vs. Apr'22



Insurance Premium (INR '000 Cr)

Insurance premium grew in Jun'22 vs. May'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

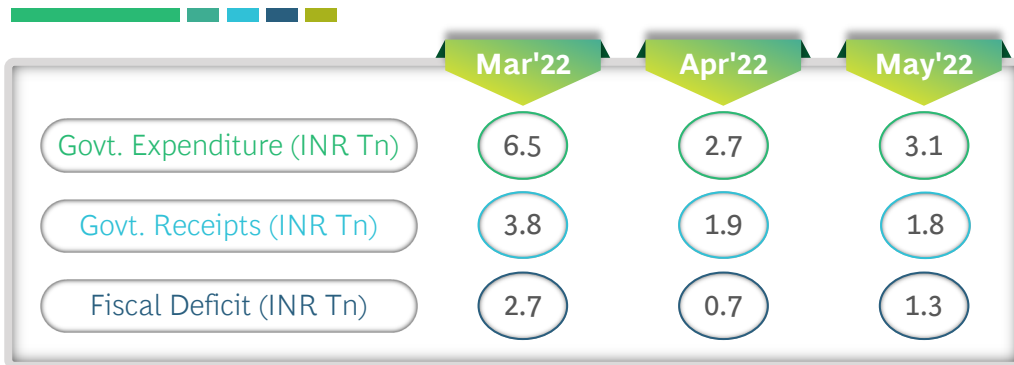
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

Source: DBIE, NPCI, IRDAI, AMFI, GIC, BCG analysis

Macroeconomic indicators witnessed mixed trends in May-Jun'22

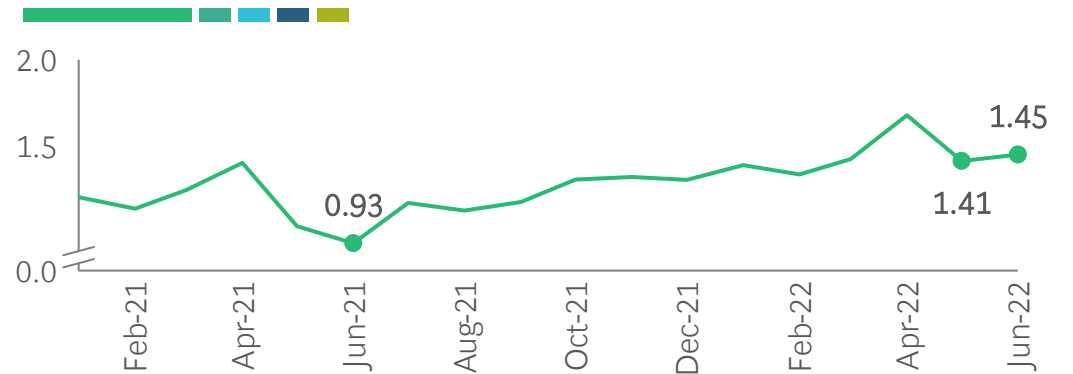
Govt. Receipts & Expenditures (INR Tn)

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



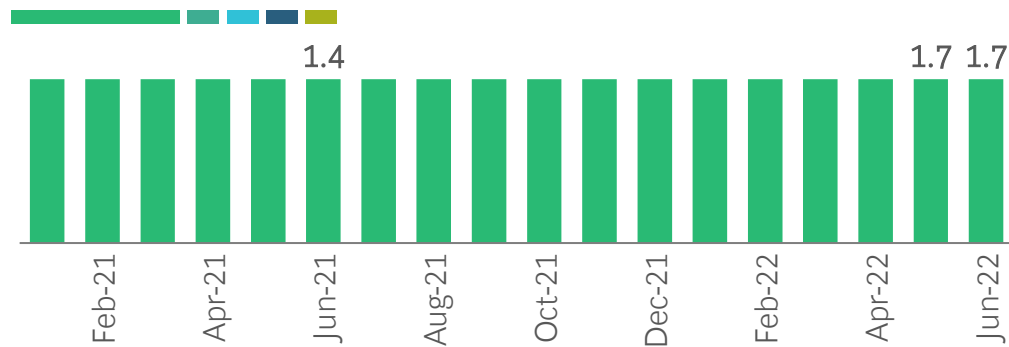
GST Collections¹ (INR Tn)

GST improved in Jun'22 after dipping in May'22



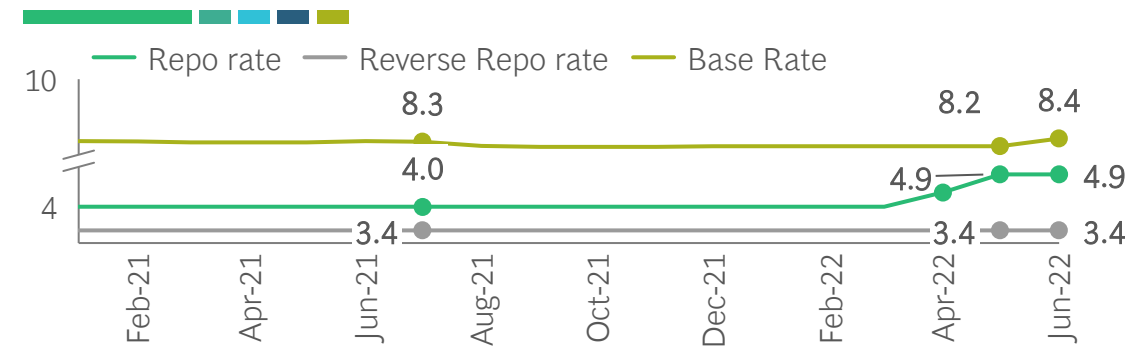
Jan Dhan Deposits (INR Tn)

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



RBI's policy rates (%)

Repo rate remained at May'22 levels in June'22; base rate increased by 20 bps

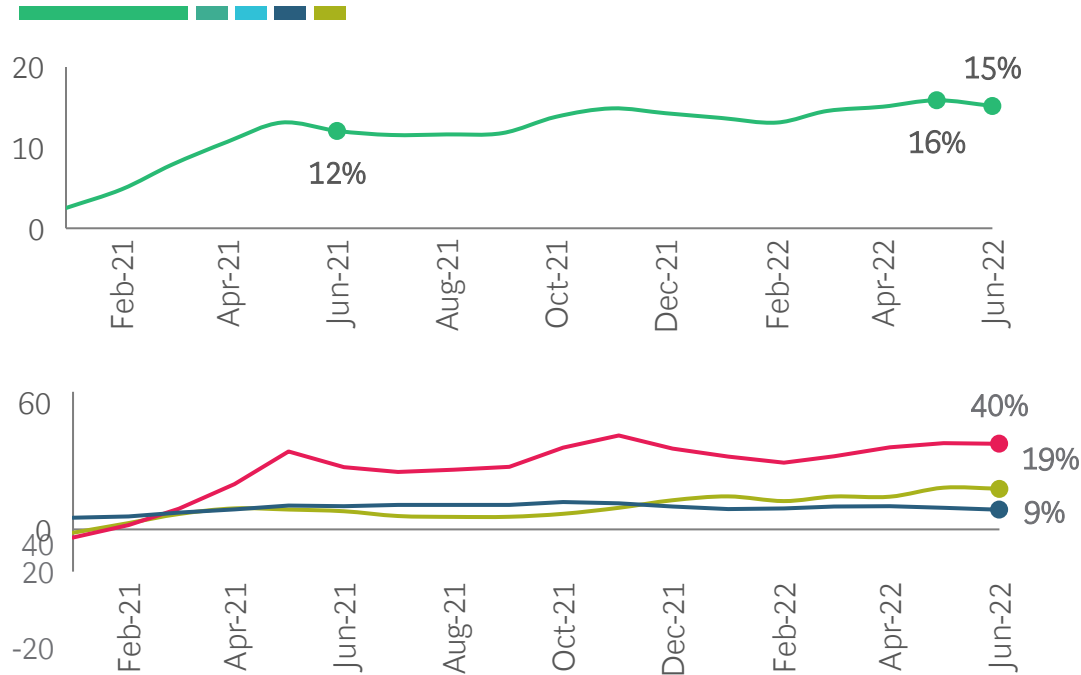


¹GST Collections include all components: CGST, SGST, IGST, Cess
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI marginally eased while CPI remained near May'22 levels in Jun'22

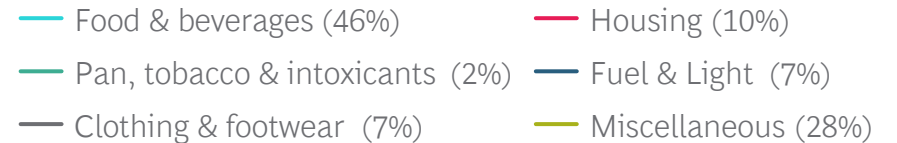
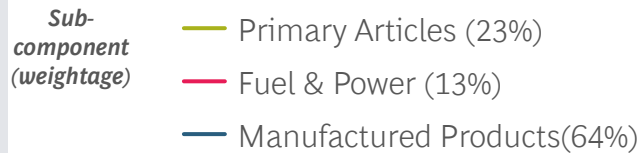
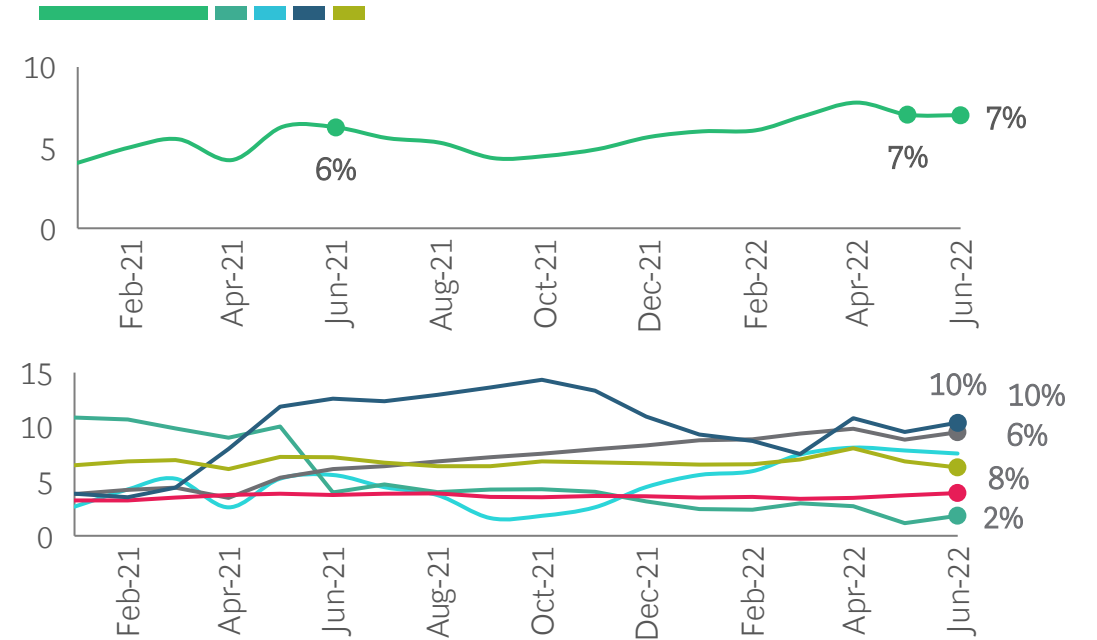
Wholesale Price Index (WPI)¹

WPI inched down marginally in Jun'22 vs. May'22



Consumer Price Index (CPI)²

CPI remained at May'22 levels in Jun'22



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

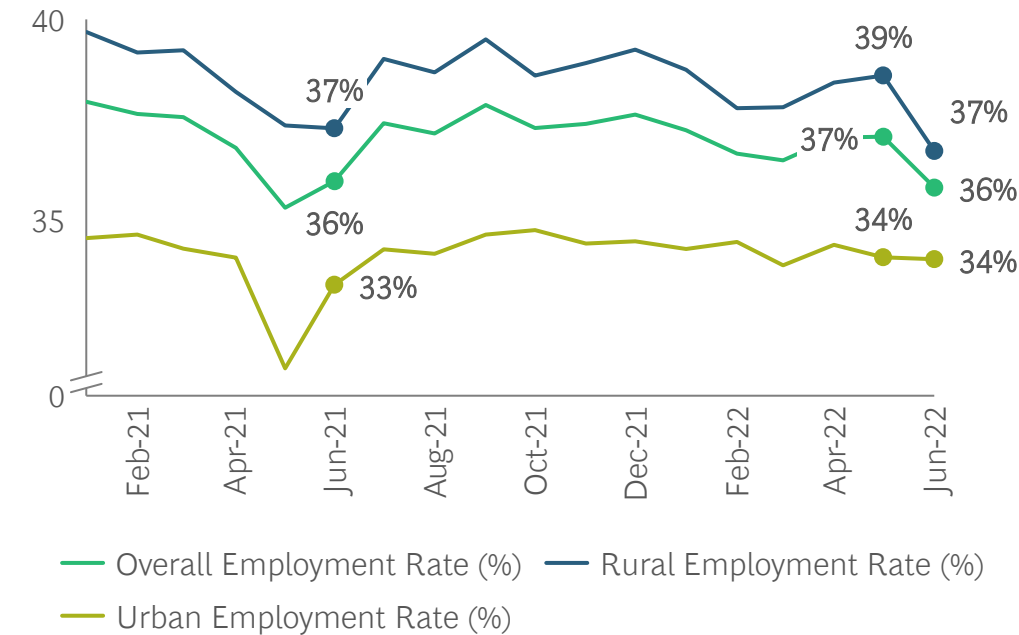
Source: MOSPI, CMIE, BCG Analysis

Monthly employment rates dipped in Jun'22; MGNREGA work demand grew marginally in Jun'22 vs. May'22

CMIE Employment rate (%)¹

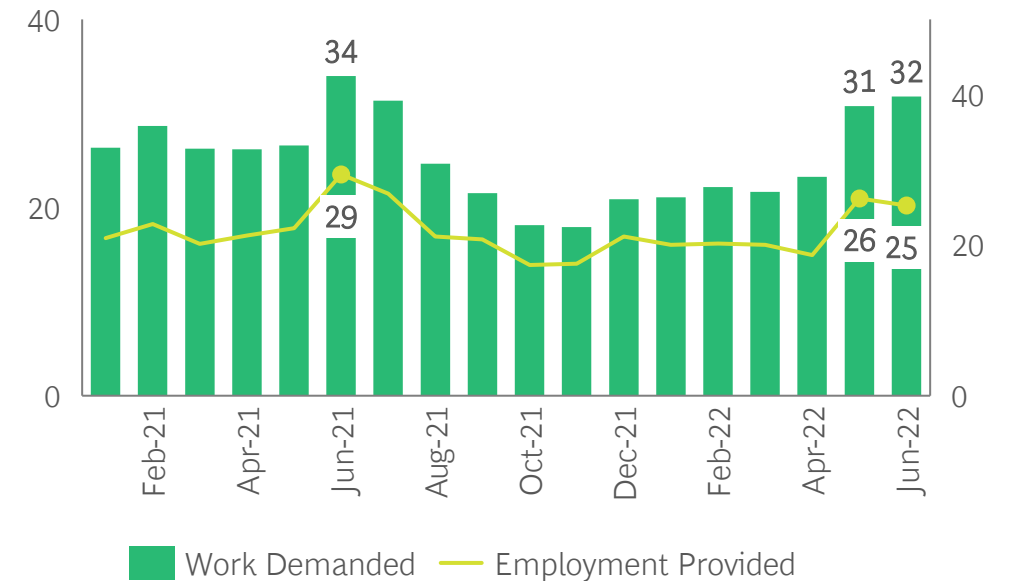
Rural & urban employment rates dipped in Jun'22 vs. May'22

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 demand grew while employment provided fell marginally in Jun'22 vs. May'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

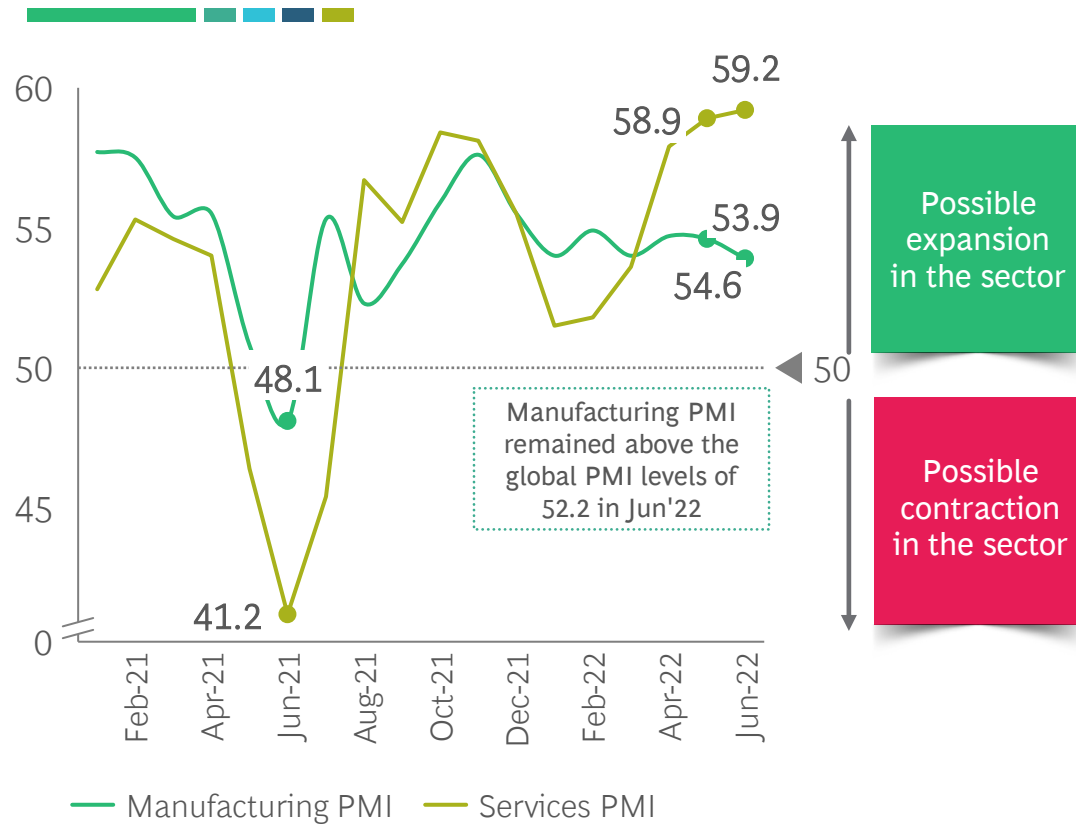
2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act

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

PMI remained in expansion mode in Jun'22; Current Situation Index improved while future expectations fell in May'22

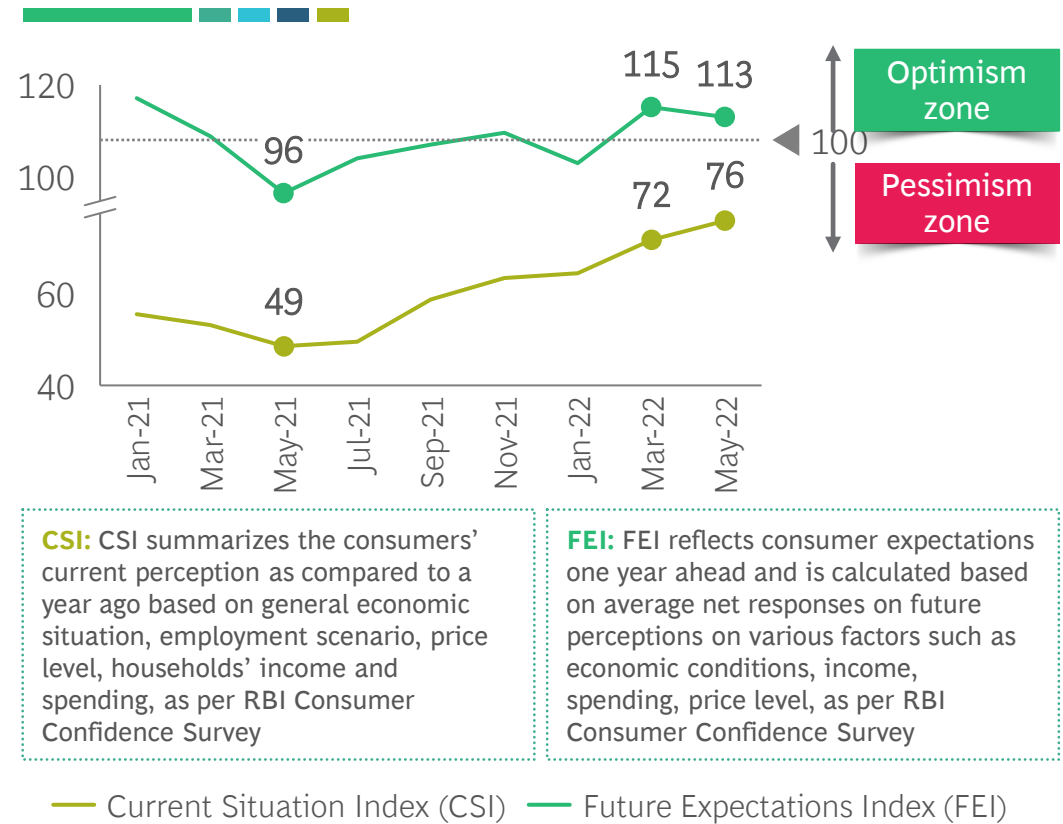
Manufacturing and services PMI¹

Manufacturing PMI weakened, although remained above 50-point mark; Services PMI touched an 11-year high



Consumer Confidence Survey (RBI)²

CSI on an upward trajectory while FEI moderated in May'22



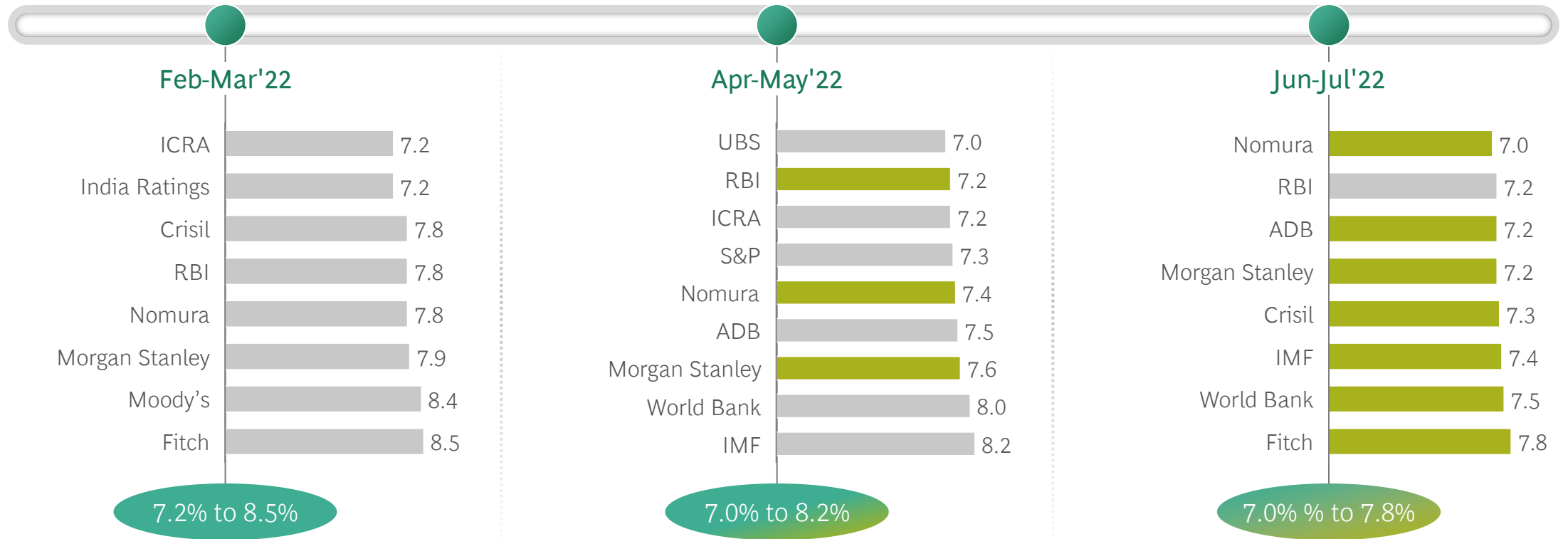
CSI: CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

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: 6,027 responses across 19 major cities surveyed during 2nd May to 11th May, 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 7.8% YoY; Most projections revised downwards during Jun-Jul'22

India GDP growth forecast for FY23 (YoY,%)



Data as of 21st Jul'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

The background features a dark teal color with a faint, semi-transparent globe in the center. Overlaid on the globe are various financial data visualizations, including line graphs with circular markers, candlestick charts, and numerical values such as percentages (e.g., -1.92%, +0.35%, +1.00%, -0.27%, +2.41%, -1.92%, +0.35%, +1.00%, -0.37%) and numbers (e.g., 6,421,000, 15,000, 0.08, 2.05, 2,000, 215,700, 3.86, 156.65, 3.86, 2.05, 6.6, 2.00, 156.55, 2.00, 215, 2,000, 156.55, 3.86, 2.05, 6.6, 2.00, 156.55, 2.00).

Thank You

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