



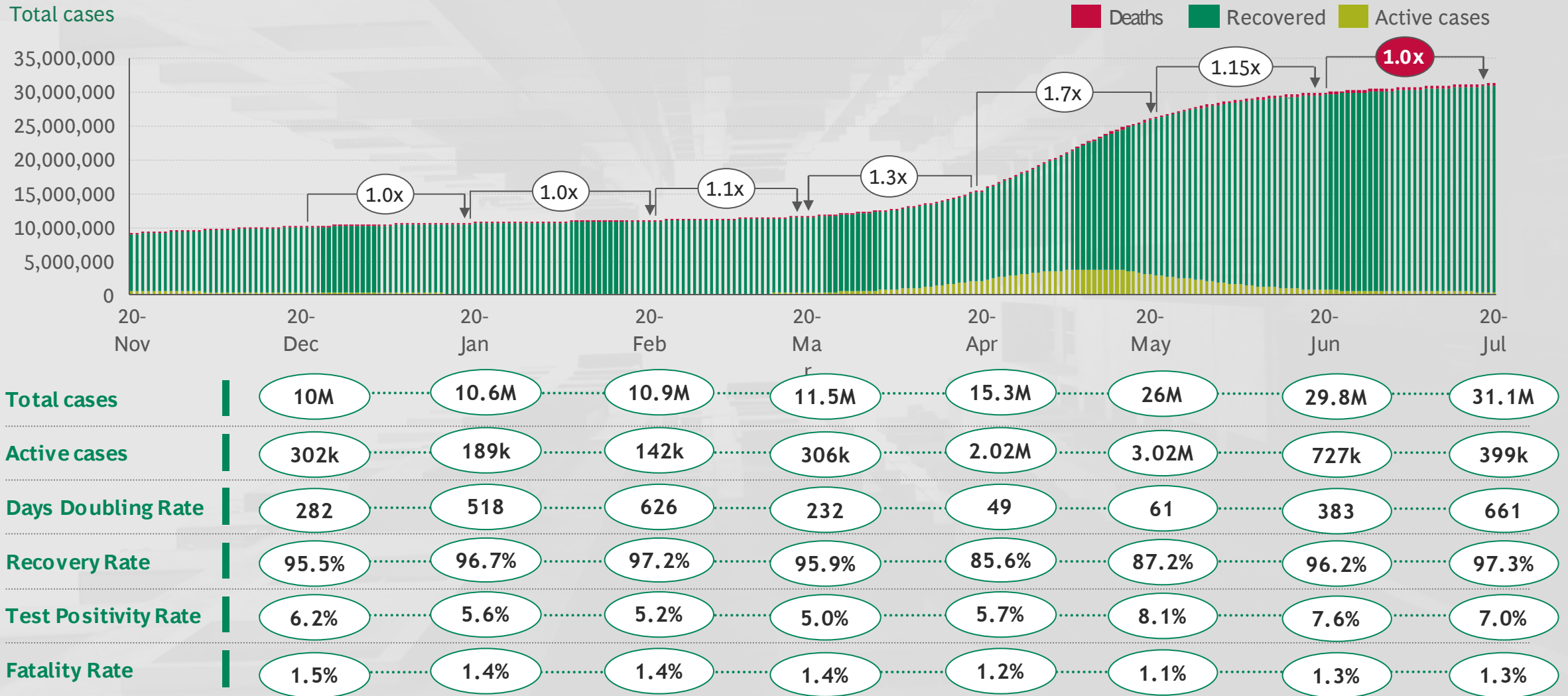
India Economic Monitor

July 2021 Update

COVID-19 active case count continued to decline for the second consecutive month in Jul'21

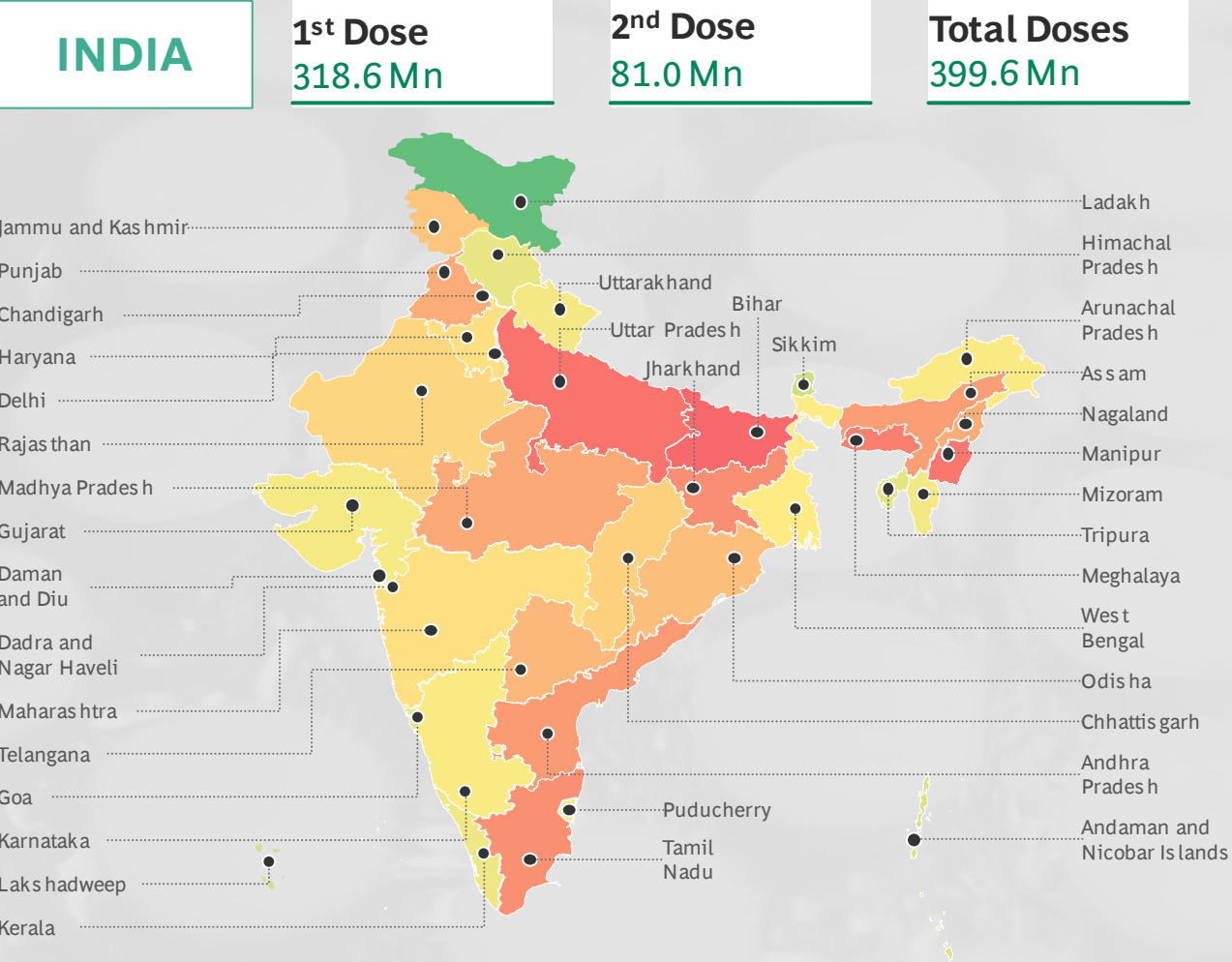
Data as of 20 July

Total cases



India administered ~0.39 Bn doses of COVID-19 vaccine till the 3rd week of Jul'21

Data as of 17 July



















S. No.	State/UT	Beneficiaries fully vaccinated % of population vaccinated ¹
1	Ladakh	46.5%
2	Sikkim	22.0%
3	Lakshadweep	19.8%
4	A & N Islands	19.7%
5	Tripura	18.8%
6	Himachal Pradesh	14.6%
7	Daman & Diu	14.1%
8	Goa	13.8%
9	Kerala	13.7%
10	Delhi	13.0%
11	Chandigarh	12.6%
12	Mizoram	11.4%
13	Uttarakhand	11.2%
14	Gujarat	11.1%
15	Puducherry	10.1%
16	Arunachal Pradesh	9.6%
17	Dadra & Nagar Haveli	9.0%
18	Karnataka	8.4%
19	West Bengal	7.9%
20	Maharashtra	7.9%
21	Haryana	7.7%
22	Rajasthan	7.6%
23	Chhattisgarh	7.6%
24	Jammu & Kashmir	7.6%
25	Odisha	7.1%
26	Telangana	6.6%
27	Nagaland	5.7%
28	Punjab*	5.5%
29	Madhya Pradesh	5.5%
30	Assam	4.8%
31	Andhra Pradesh	4.7%
32	Tamil Nadu	4.7%
33	Jharkhand	4.4%
34	Meghalaya	3.9%
35	Manipur	3.5%
36	Uttar Pradesh	3.2%
37	Bihar	2.9%

1. Calculated based on count of 2nd dose of vaccination divided by state/UT population as per Census 2011; Miscellaneous doses of ~3.2 Mn are not accounted for in this analysis.
Source: Ministry of Health & Family Welfare (MoHFW), MOSPI, BCG analysis

~6% of India's population fully vaccinated; 24% of the population received at least one dose as on 3rd week of Jul'21

Data as of 20 July

Select G20 countries

Country	Doses administered (Mn)	Vaccinated—first dose (%)	Fully vaccinated (%)
 U.K.	82.27	69.0%	54.0%
 Canada	45.25	70.0%	50.0%
 United States	336.60	56.0%	48.0%
 Germany	85.62	60.0%	46.0%
 Italy	61.54	61.0%	44.0%
 France	63.17	55.0%	40.0%
 Turkey	63.43	47.0%	25.0%
 Japan	70.05	34.0%	22.0%
 Mexico	54.28	30.0%	17.0%
 Brazil	124.11	45.0%	16.0%
 Russia	52.78	22.0%	14.0%
 South Korea	21.57	31.0%	13.0%
 Argentina	27.20	49.0%	12.0%
 India	404.93	24.0%	6.1%
 Indonesia	57.95	15.0%	6.0%
 South Africa	5.05	7.4%	2.9%

Executive Summary

In Jun'21, several economic indicators recovered after falling in May'21. However, growth was not uniform across: select indicators (e.g., logistics) surpassed pre-COVID levels, while others (e.g., industrial activity, fuel & power) remained below pre-COVID levels. UPI transactions clocked an all time high in Jun'21. Recovery across select sectors was driven by pent up demand (e.g., auto) vs. May'21, but still remained below pre-COVID levels. GST collections plunged below the INR 1 Tn mark for the first time in 8 months. WPI eased vs. previous month while CPI remained above RBI's 6% band. Both manufacturing & services PMI sharply fell below the 50 point mark. Analyst forecasts indicate GDP growth of 7.5%-10.5% YoY for FY22, with a few downward revisions.

Trends across key economic indicators

- **Industrial Activity:** Both fuel & daily average power consumption recovered vs. May'21 but remained below pre-COVID levels in Jun'21; Indices of industrial activity (IIP & ICI) recorded a decline in May'21 after peaking in early 2021
- **Trade:** Merchandise imports jumped in Jun'21 vs. previous month, leading to a trade deficit of USD 9.37 billion; Services trade surplus continued to improve in May'21 vs. pre-COVID levels
- **Logistics:** E-way bills & FASTag transaction volumes grew vs. pre-COVID levels in Jun'21; Air freight traffic recorded a decline in Jun'21 vs. Jun'19; Railway passenger bookings recovered vs. May'21, however remained below pre-COVID levels in Jun'21
- **Financial Services:** Aggregate deposits & bank credit continued to grow at a gradual pace in Jun'21; Both the value & volume of UPI transactions bounced back in Jun'21, reaching a record high, indicating the revival of economic activity after the pandemic induced lockdown
- **Sector-wise Impact:** Auto sales recovered from May'21 in Jun'21; Both cement & steel production fell below pre-COVID levels in May-Jun'21; Fertilizer sales continued on an upward trajectory, significantly surpassing pre-COVID levels in Jun'21; Both life & non-life insurance premiums recovered from the previous month in Jun'21, while approaching Jun'19 levels
- **Macroeconomic Indicators:** GST collections contracted below the 1 Tn mark in Jun'21, falling below pre-COVID levels; Both the count & value of Govt. tenders exceeded pre-COVID levels; Gross fiscal deficit improved in May'21 vs. Apr'21
- **Sentiment:** Both rural & urban consumer sentiments remained below pre-COVID levels in Jun'21, rural sentiment marginally better than urban sentiment; Both Manufacturing & Services PMI sharply fell below the 50 point mark, indicating the residual impact of the lockdown

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

Summary: While most indicators were severely hit in May'21, there were signs of slight recovery in Jun'21 vs. pre-COVID levels

Absolute YoY delta comparison of 2021 month-wise data vs. pre-COVID 2019 levels (for respective month)

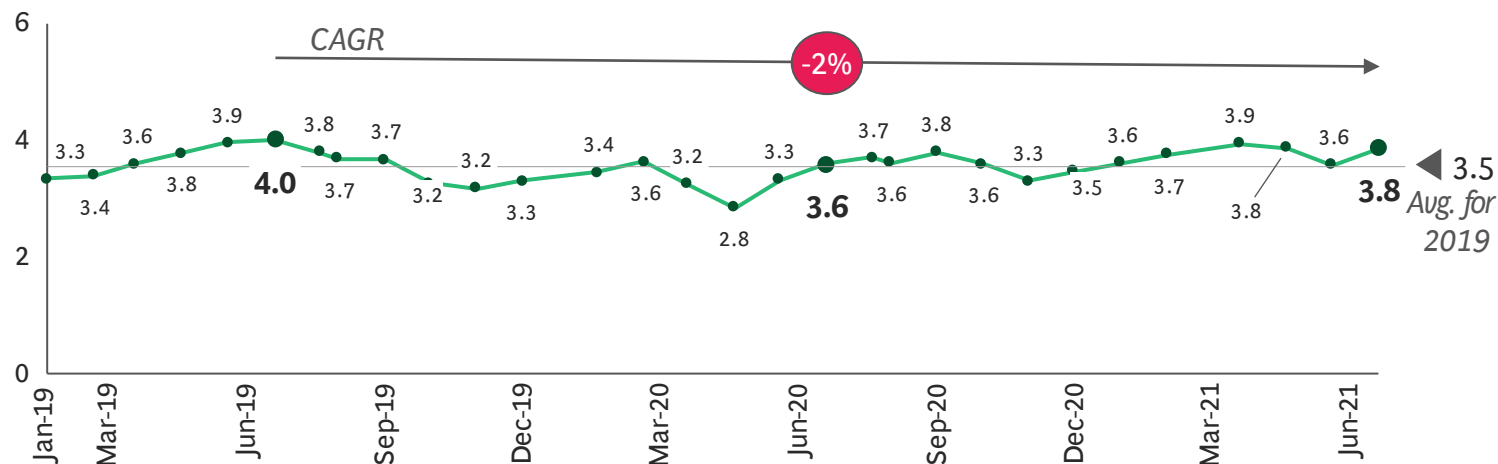
	Indicator	Unit	Jan	Feb	Mar	Apr	May	Jun
1	Industrial Activity							
	Power Consumption	MU	-7%	-10%	-9%	2%	-10%	-4%
	Petroleum Consumption	MT	-3%	-1%	-5%	-7%	-21%	-8%
	Index of Industrial Prod.	Index	-1%	-1%	0%	0%	-14%	NA
2	Trade							
	Services Export	USD	-4%	6%	14%	-3%	-7%	NA
	Services Import	USD	-8%	8%	10%	-13%	-18%	NA
	Merchandise Export	USD	4%	4%	5%	17%	8%	30%
	Merchandise Import	USD	1%	10%	10%	10%	-15%	4%
3	Logistics							
	E-Way Bills Generated	Mn	24%	27%	30%	12%	-30%	29%
	Railway Freight Originated	MT	12%	12%	9%	10%	9%	NA
	JNPT Container Traffic	TEUs	6%	12%	12%	4%	1%	8%
	Air Freight	kT	-12%	-9%	-8%	-4%	-19%	-13%
	Air Passenger Traffic	Mn	-46%	-39%	-40%	-53%	-85%	-77%
	Rail Passengers Booked	Mn	-67%	-55%	-56%	-69%	-87%	-80%
4	Financial Services							
	UPI Transactions	Mn	292%	297%	280%	238%	222%	274%
	Total Bank Credit	INR	14%	14%	12%	13%	11%	NA
	Total Bank Deposits	INR	23%	23%	20%	22%	21%	NA

	Indicator	Unit	Jan	Feb	Mar	Apr	May	Jun
5	Sector-wise Impact							
	Cement Production	MT	-1%	2%	-1%	-4%	-15%	NA
	Steel Sales	MT	22%	17%	-2%	-2%	6%	-6%
	Passenger Vehicle Sales	k	-4%	-2%	-8%	0%	-58%	7%
	Tractor Sales	k	19%	42%	65%	16%	-2%	47%
	Two-wheeler Sales	k	-2%	-5%	10%	-20%	-65%	-28%
	Fertilizer Sales	MT	15%	15%	-23%	40%	35%	49%
	Gross Premium (Life)	INR	23%	23%	16%	-2%	-30%	-7%
	Gross Premium (Non-Life)	INR	15%	22%	9%	9%	1%	3%
	Pharma. Sales	INR	13%	14%	21%	13%	36%	18%
	Chemical Production Index	Index	7%	6%	6%	3%	4%	NA
6	Macroeconomic Indicators							
	Total GST Collection	INR	17%	16%	17%	24%	2%	-7%
	MGNREGA Jobs Demand	HHs	-88%	-86%	-87%	21%	10%	37%
	MGNREGA Jobs Provided	HHs	-88%	-87%	-88%	-7%	-22%	1%
	No. of Tenders Announced	k	59%	38%	102%	232%	82%	73%
7	Sentiment							
	India VIX	Index	48%	54%	20%	5%	5%	-10%
	PMI (Manufacturing)	Index	57.7	57.5	55.4	55.5	50.8	48.1
	PMI (Services)	Index	52.8	55.3	54.6	54	46.4	41.2

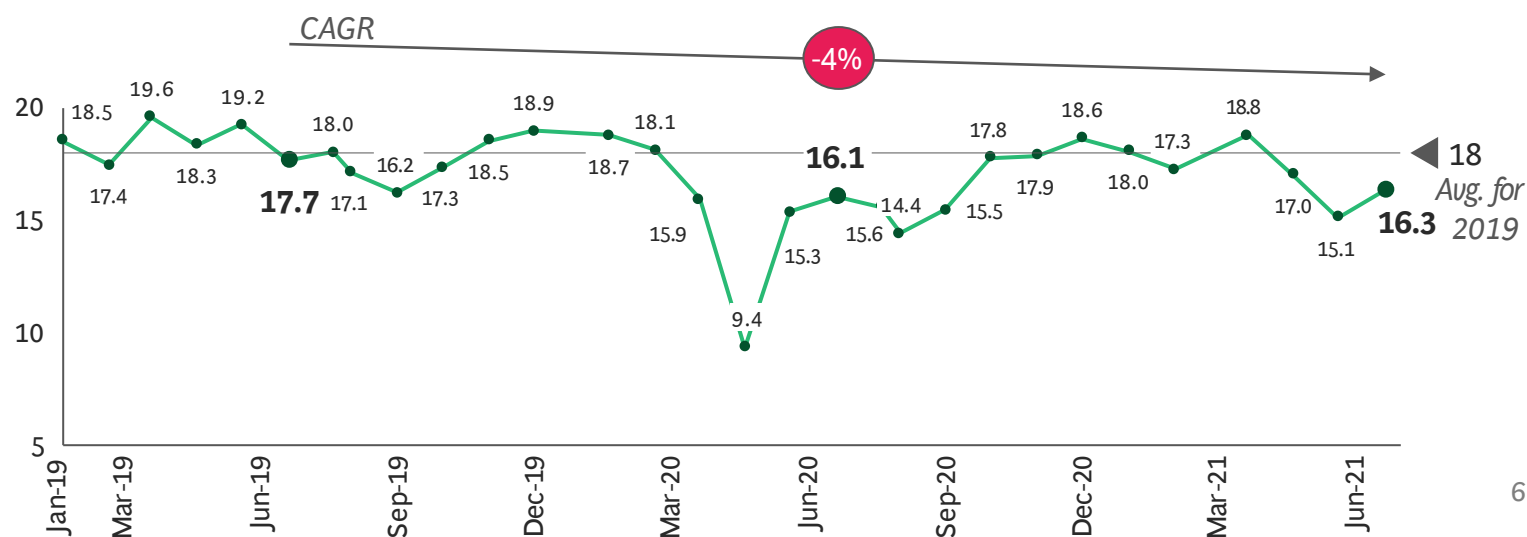


Both fuel & daily average power consumption rose in Jun'21 vs. May'21, albeit remained below Jun'19 levels

Daily Average Power Consumption Volume ('000s MUs)



Consumption of Petroleum Products (in MMT)¹



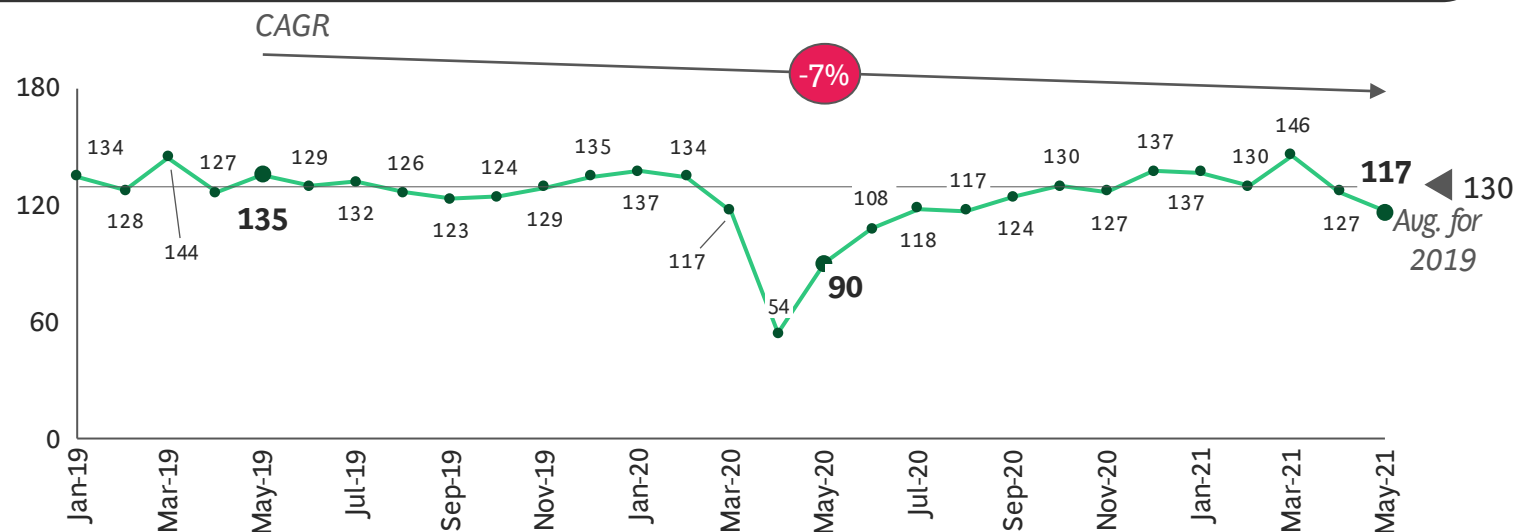
1. Petroleum products include LPG, Naphtha, MS, ATF, SKO, HSD, LDO, Lubricants & Greases, FO & LSHS, Bitumen, coke as reported (provisional) by Petroleum Planning & Analysis Cell

Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, PPAC, BCG analysis

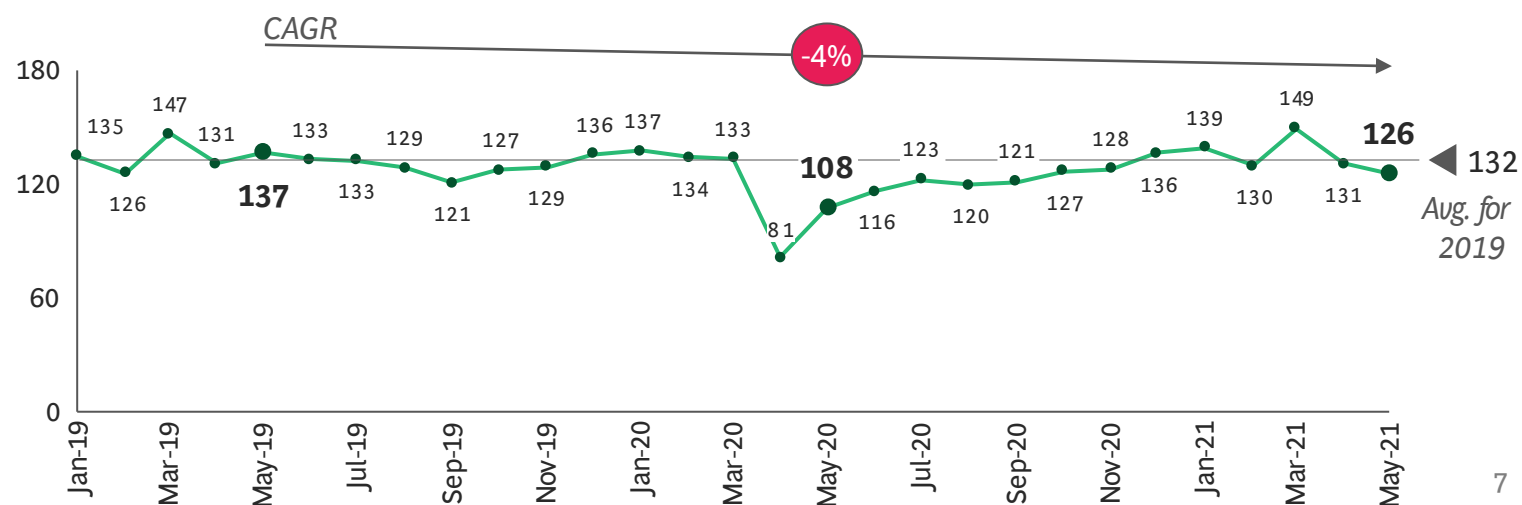


Indices of industrial activity (IIP & ICI) fell in May'21 vs. May'19

IIP (Index of Industrial Production)¹



ICI (Index of Core Industries)²



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

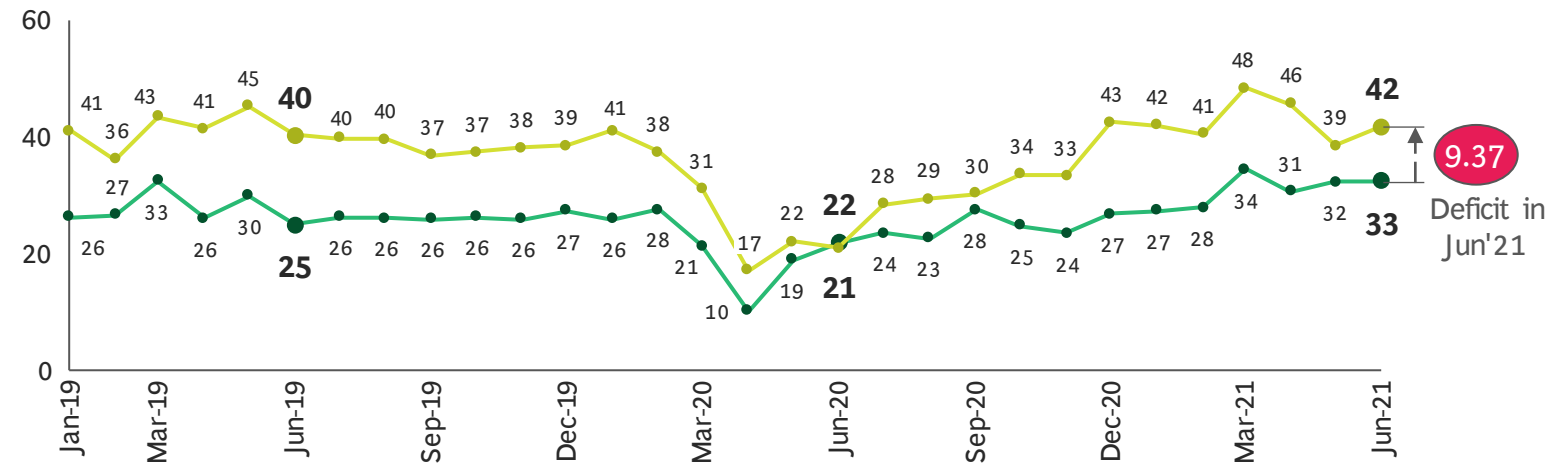


Merchandise trade gap increased in Jun'21 vs. May'21 & Jun'19 levels

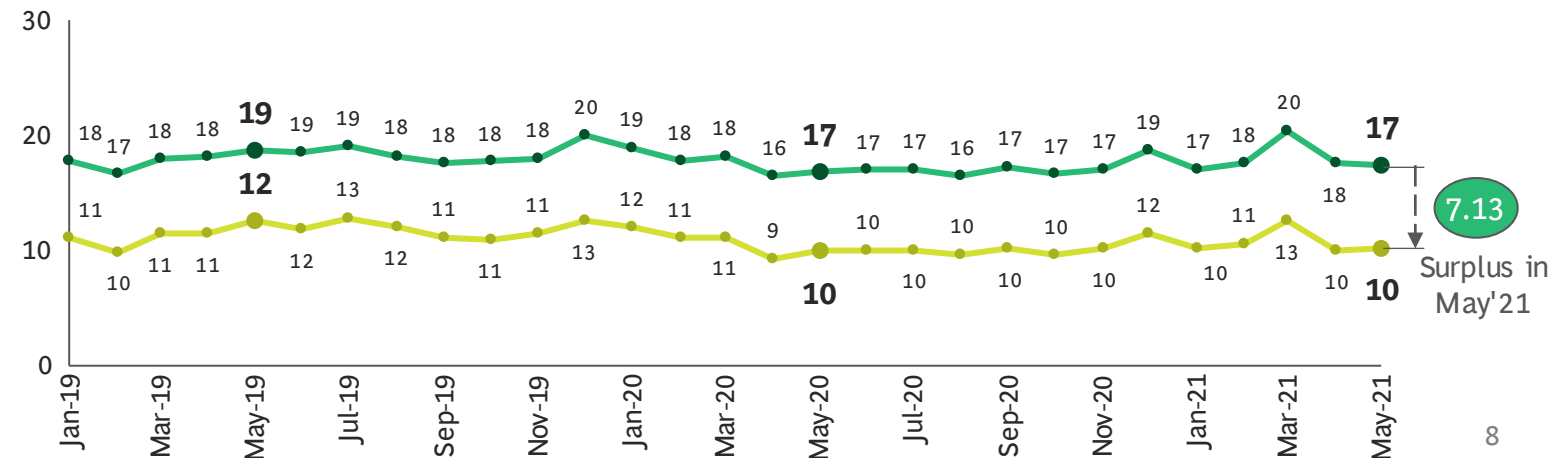
Services trade witnessed slight decline in May'21 vs. Apr'21, although grew vs. May'19 levels

1. Apr'1 Merchandise Import and Export numbers, Mar'21 Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry on 15th Apr'21
Source: RBI, Ministry of Commerce and Industry, BCG analysis

Merchandise Trade (USD Bn)



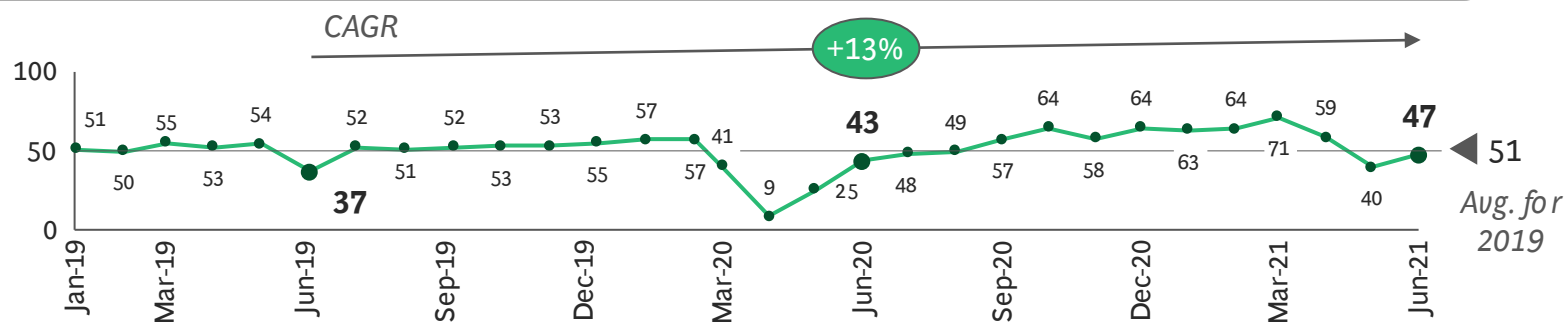
Services Trade (USD Bn)



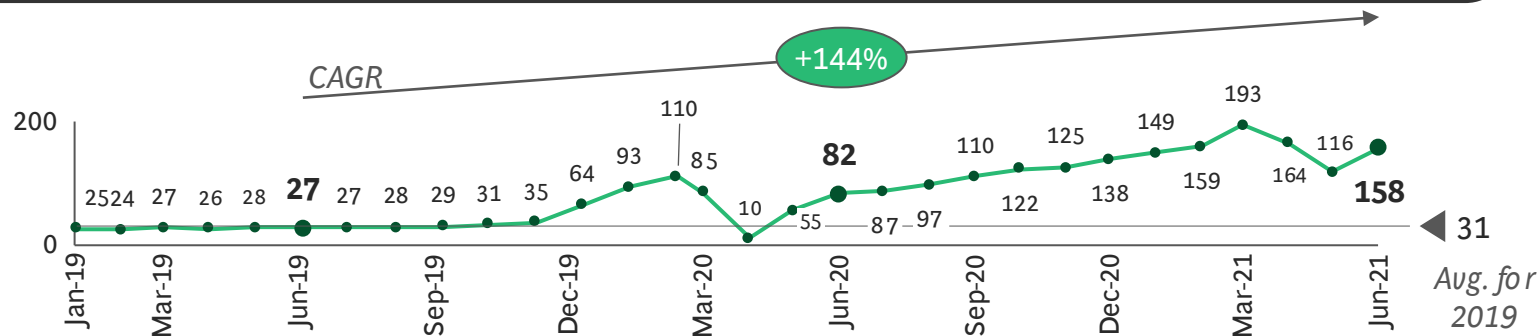


E-way bills & FASTag transactions recorded significant growth in Jun'21 vs. Jun'19 & May'21 levels; Railway freight remained above May'19 levels in May'21

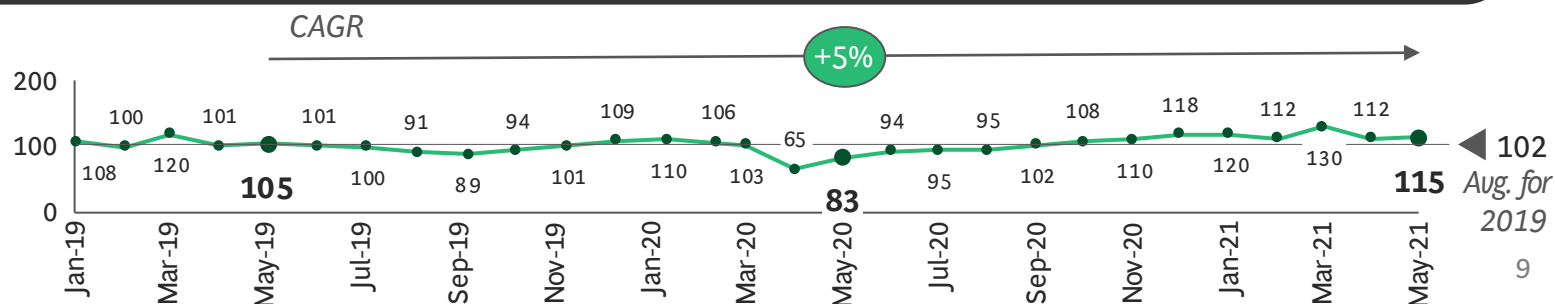
E-way bills¹ generated (Mn)



FASTag transaction volume (Mn)



Railway freight traffic originating (Mn Tons)



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

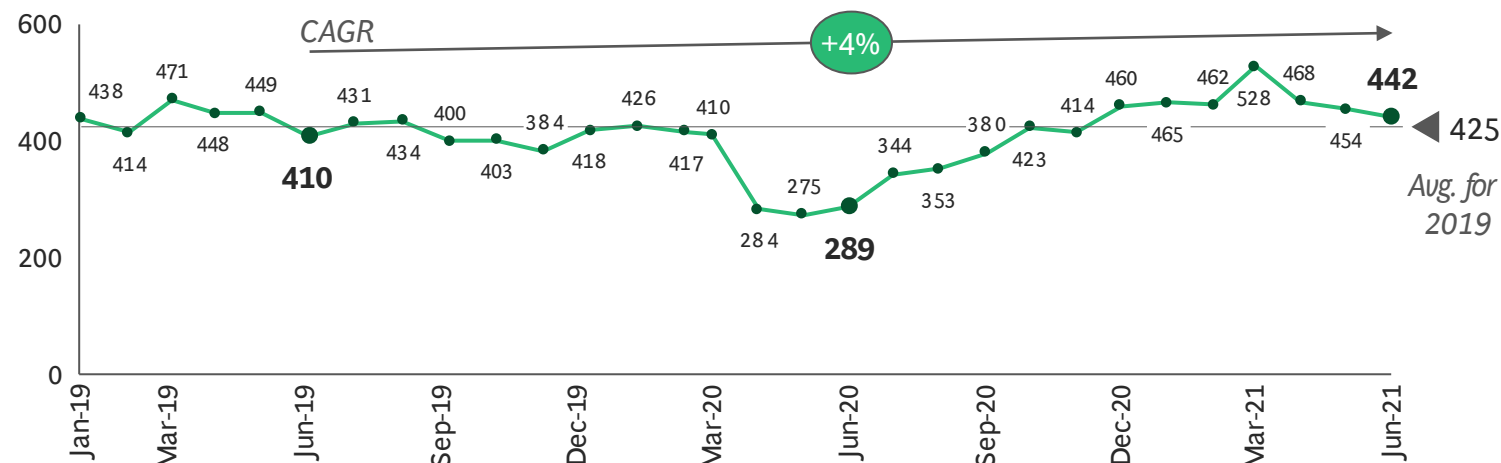


JNPT traffic continued to fall in Jun'21 after peaking in Mar'21

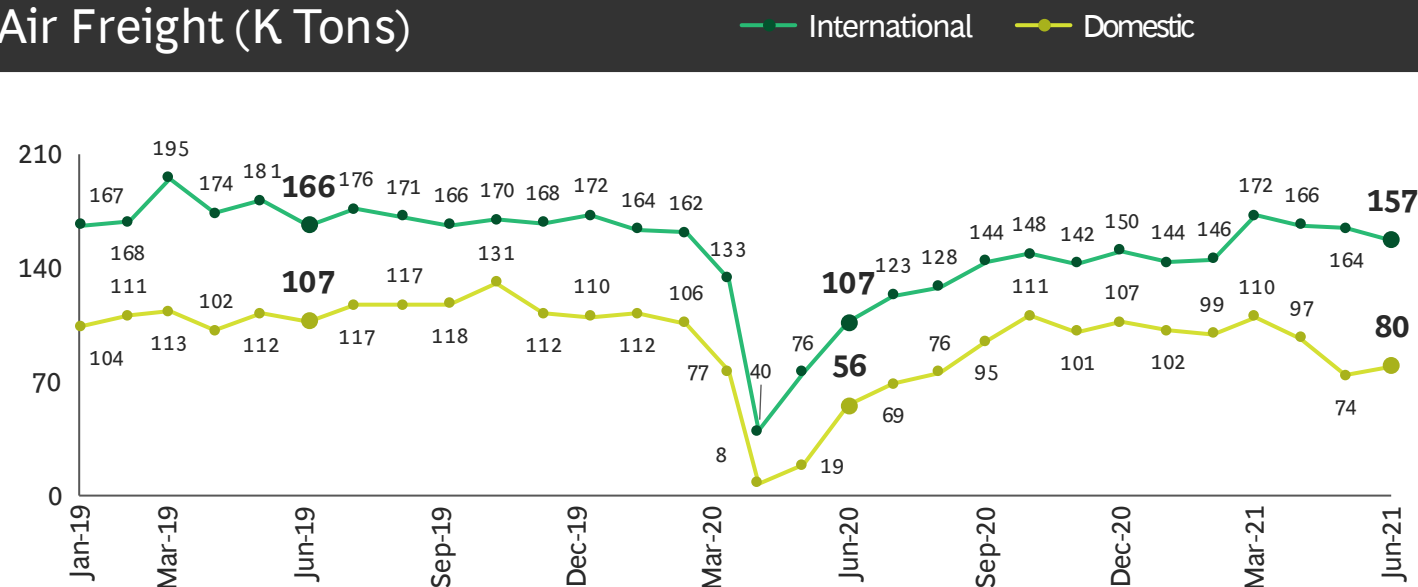
Air freight recorded a decline in Jun'21 vs. Jun'19 levels

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

JNPT Container Traffic ('000s TEUs¹)



Air Freight (K Tons)

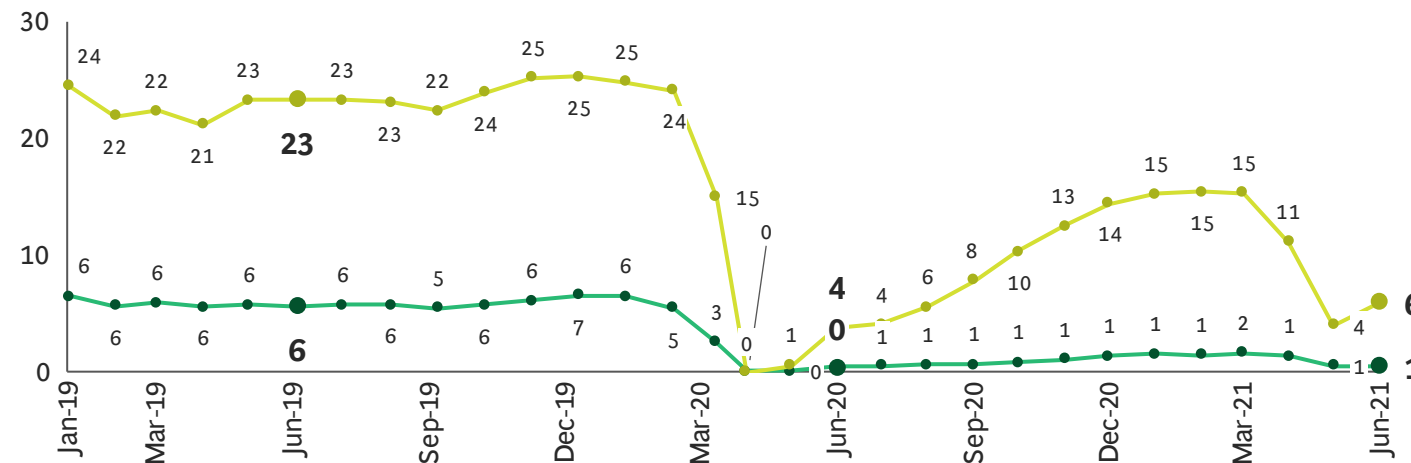




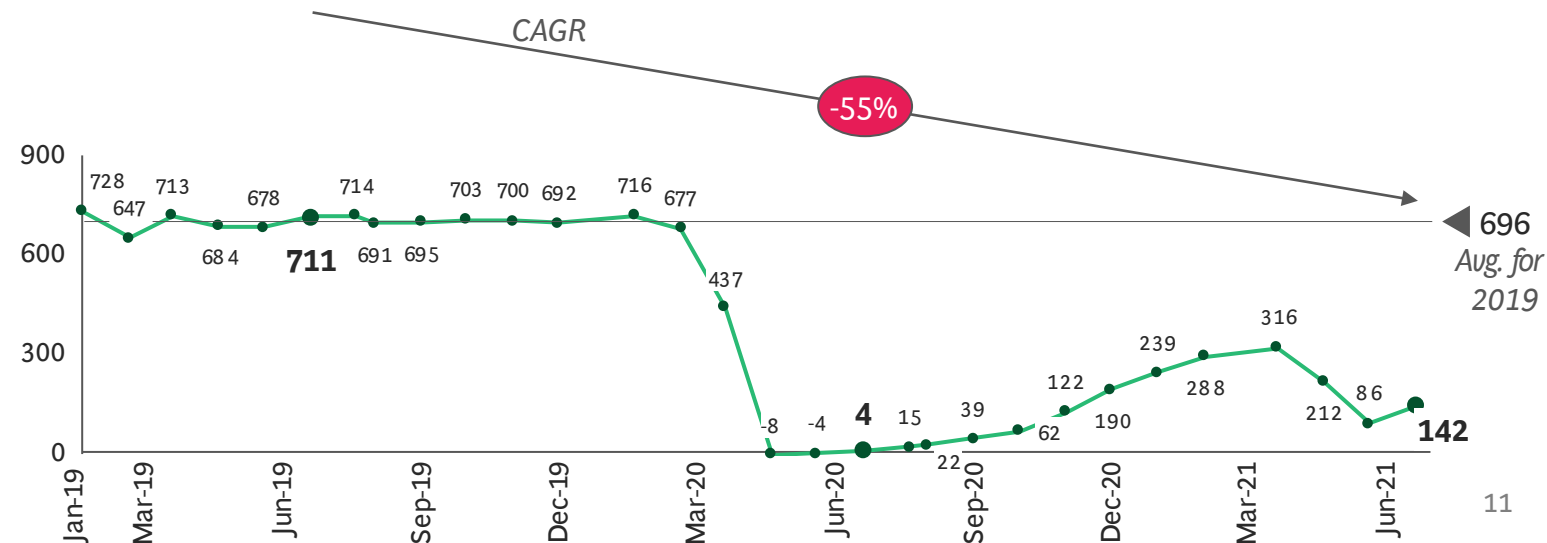
Both rail & air passenger traffic improved in Jun'21 vs. May'21, although remained below Jun'19 levels

Air Passengers (Mn)

International Domestic



Railway Passenger Bookings (Mn)

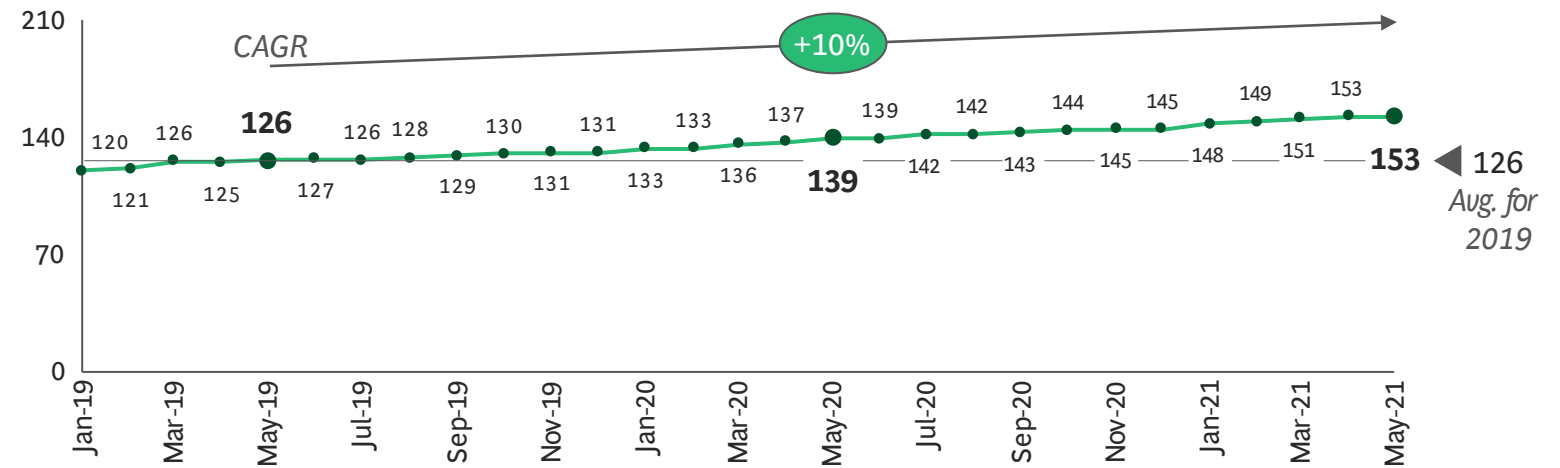




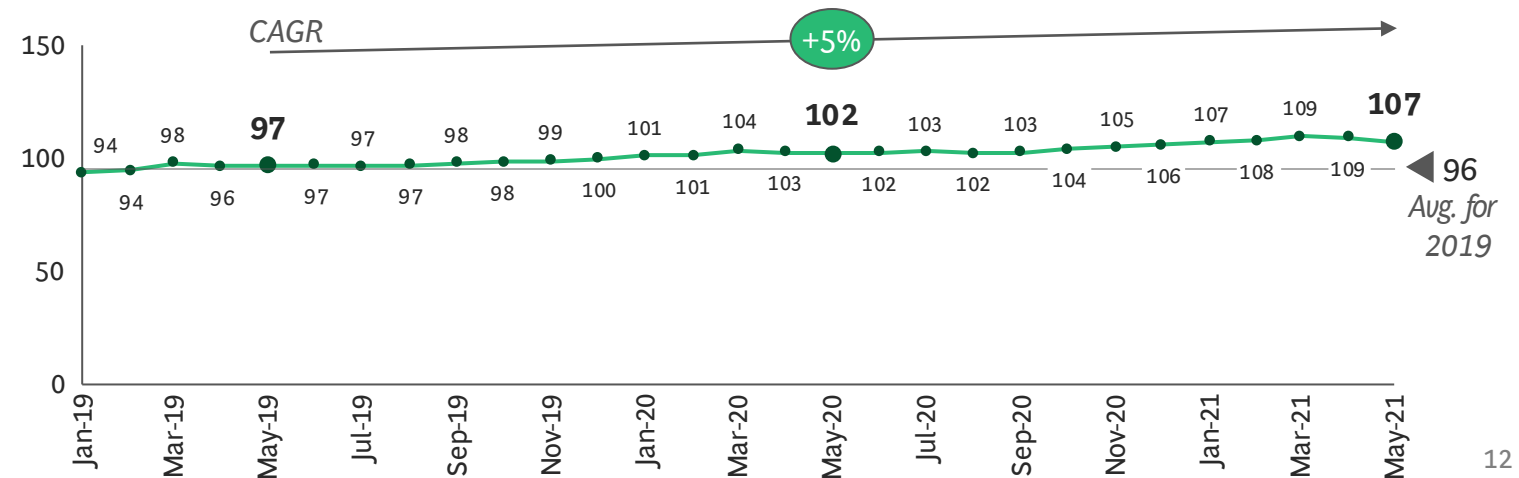
Aggregate deposits remained near Apr'21 levels in May'21

Aggregate credit fell marginally in May'21 vs. Apr'21, albeit remained higher than May'19 levels

Total deposits value aggregated for all banks (INR Tn)



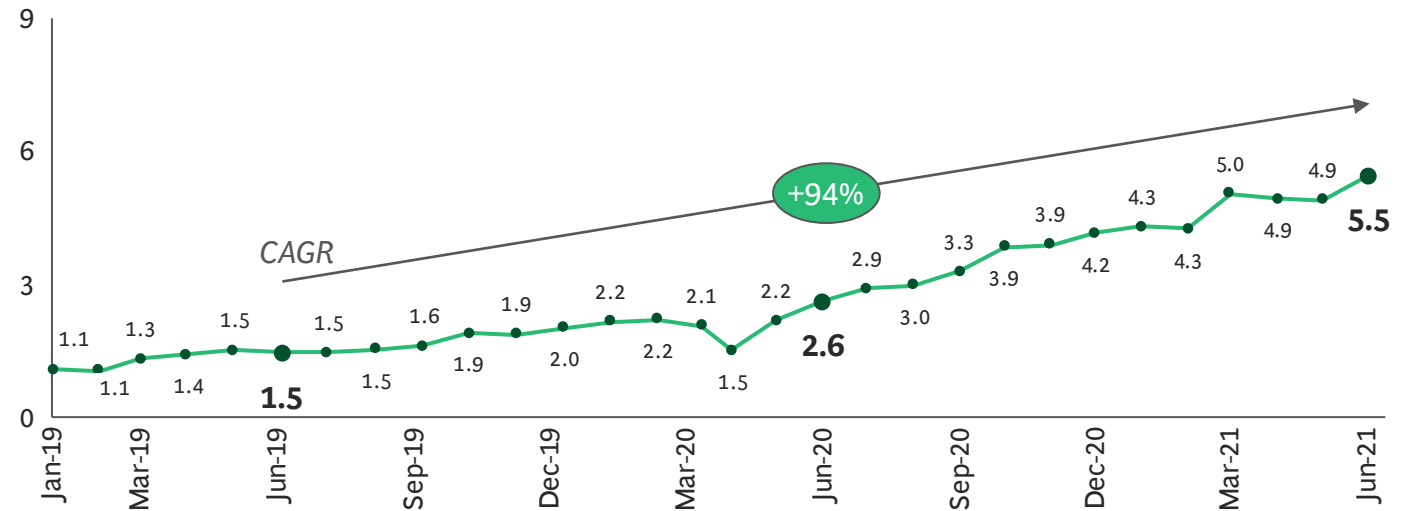
Total credit outstanding value aggregated for all banks (INR Tn)



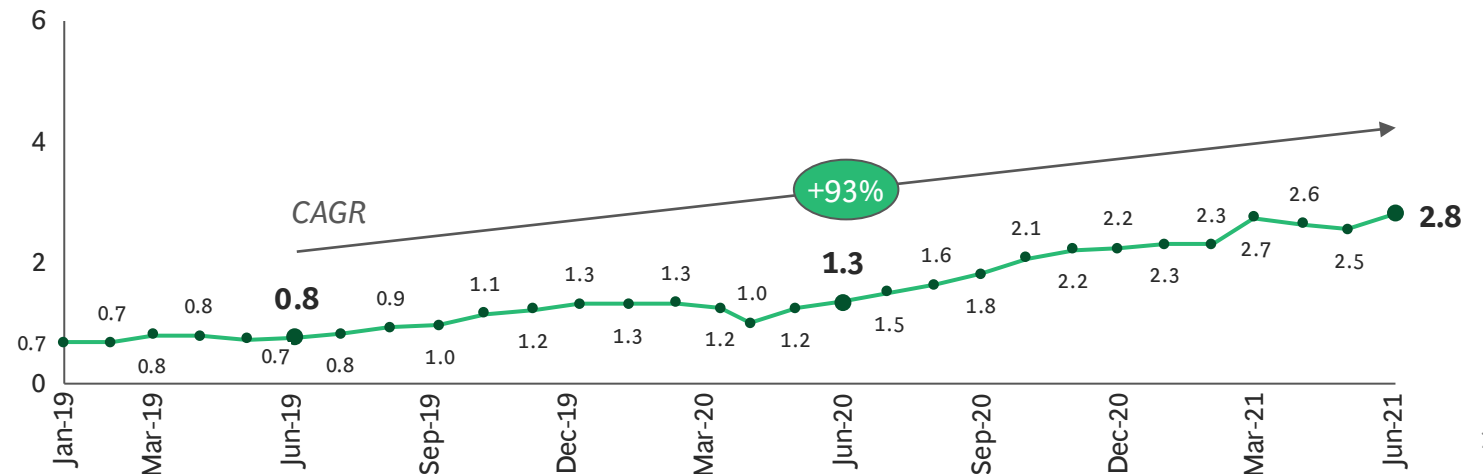


UPI transaction value & volume touched an all time high in Jun'21, after dipping in Apr-May'21

UPI Transactions Value (in INR Tn)



UPI Transactions Volumes (in Bn)

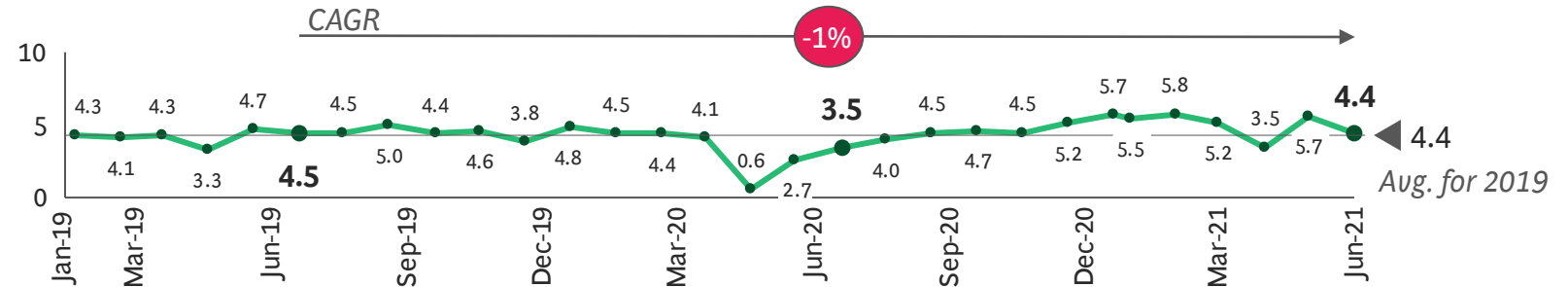




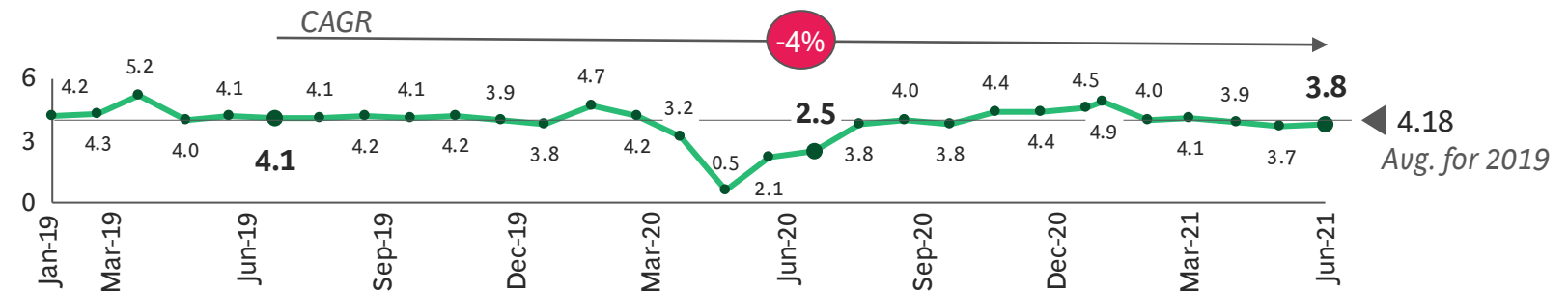
Steel consumption
dipped in Jun'21 vs.
May'21 & Jun'19 levels

Cement production
continued to fall in
May'21 vs. May'19

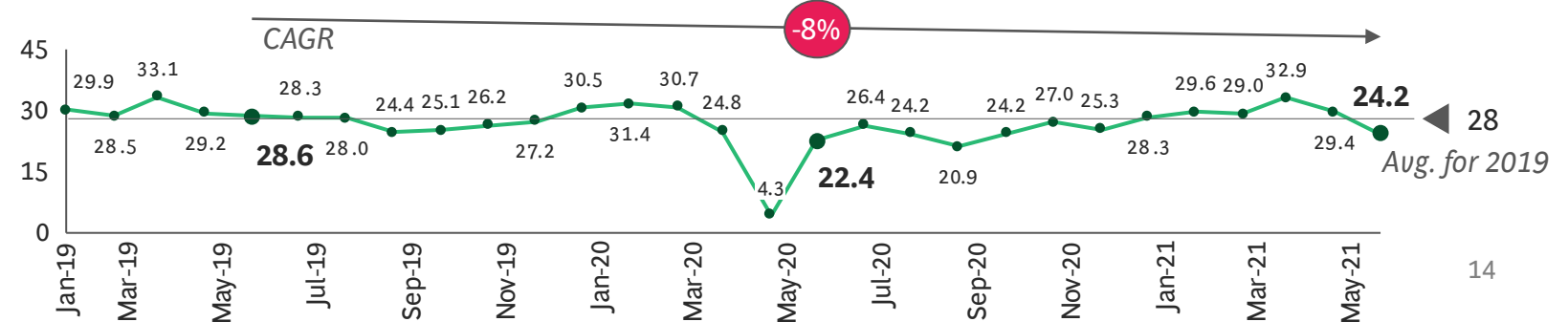
Consumption of Long Steel (in MMT)



Consumption of Flat Steel (in MMT)



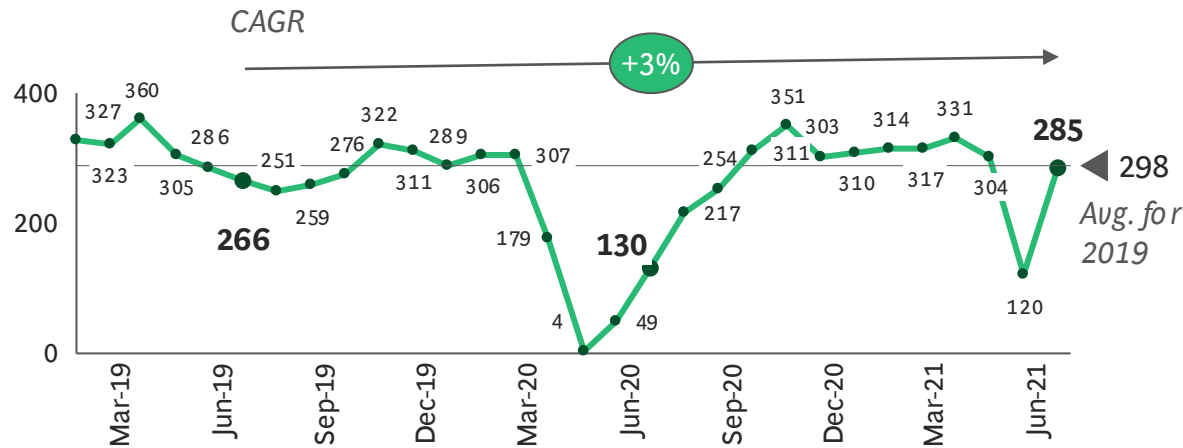
Cement Production (in MT)



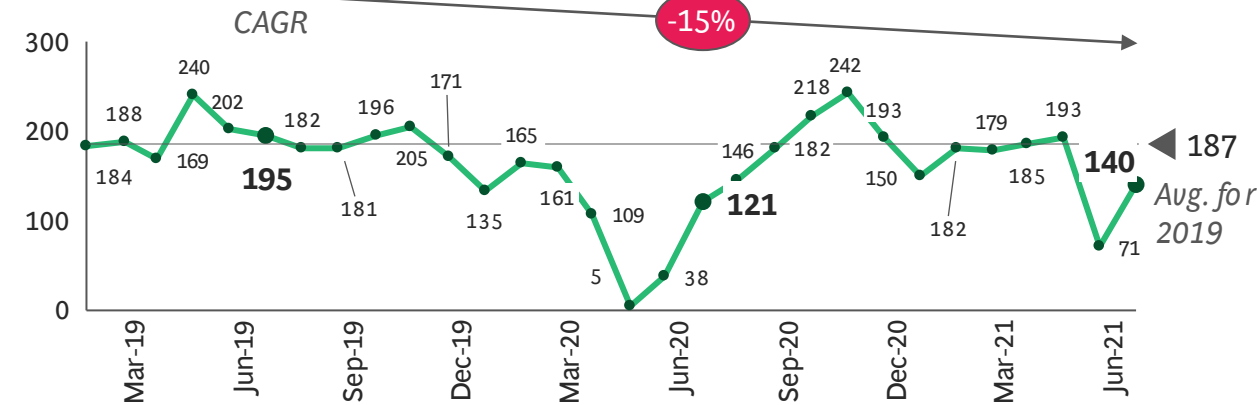
Passenger vehicles & tractor sales exceeded Jun'19 levels; 2W & 3W sales remained below Jun'19 levels; Auto sales rebounded in Jun'21 vs. May'21



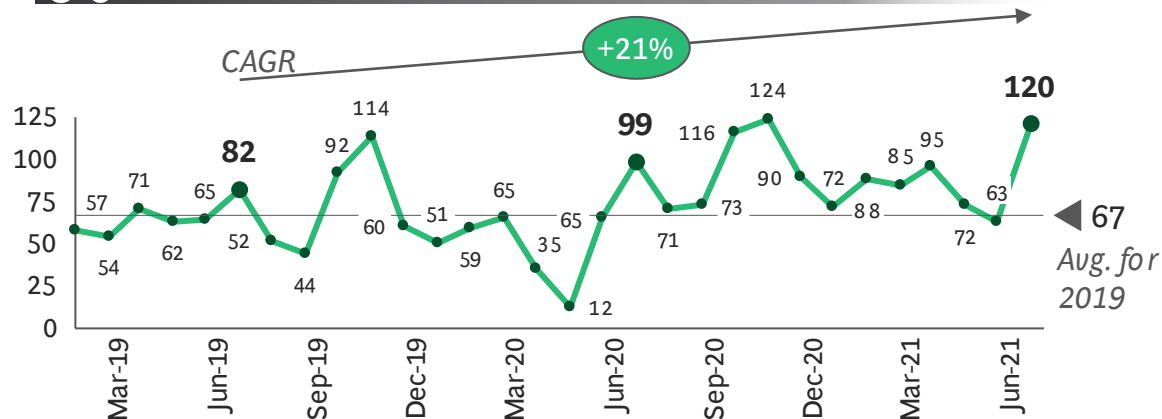
Passenger vehicles sales ('000 units)



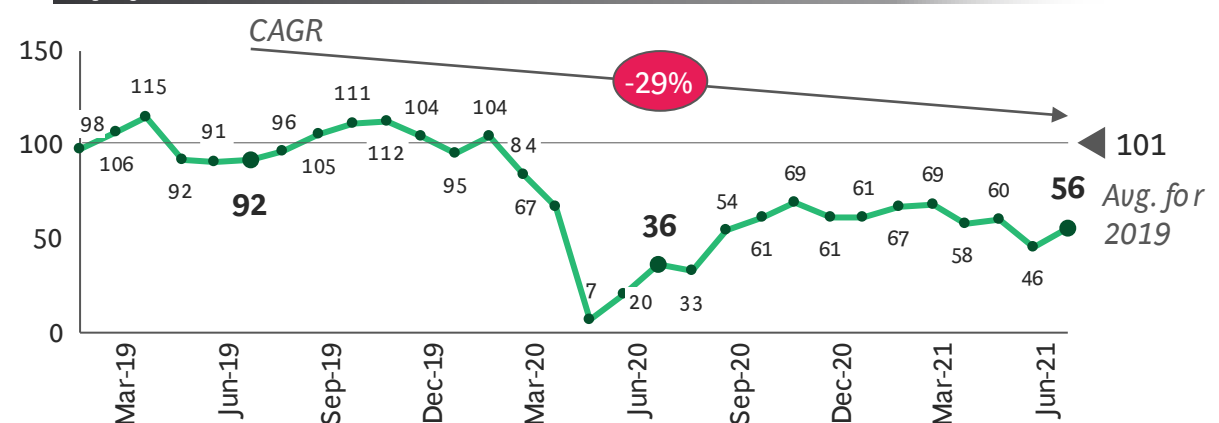
Two-wheeler sales ('0000 units)



Tractor sales ('000 units)



Three-wheeler sales ('000 units)



Figures represent wholesale numbers (including exports).

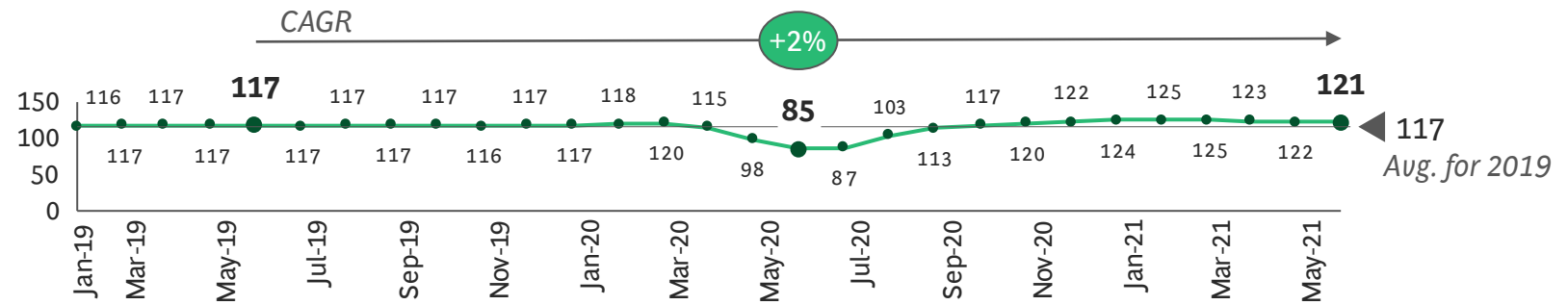
1. Tata Motors data is available for Apr-June only, BMW, Mercedes and Volvo Auto data is not available; Source: SIAM, CMIE, Press search, BCG analysis



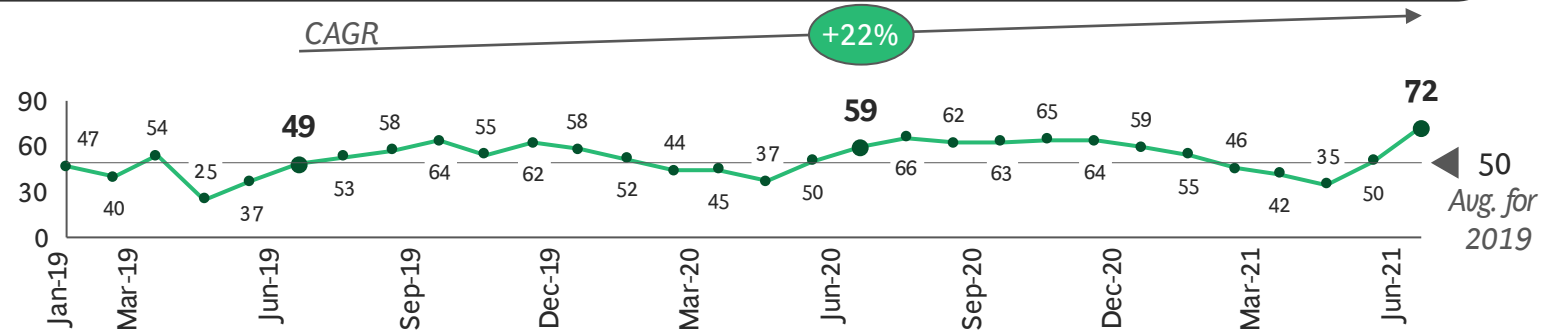
Fertilizer sales reached a new high in Jun'21, significantly exceeding Jun'19 levels

Pharmaceutical sales dropped vs. May'21, though remained higher than Jun'19 levels in Jun'21

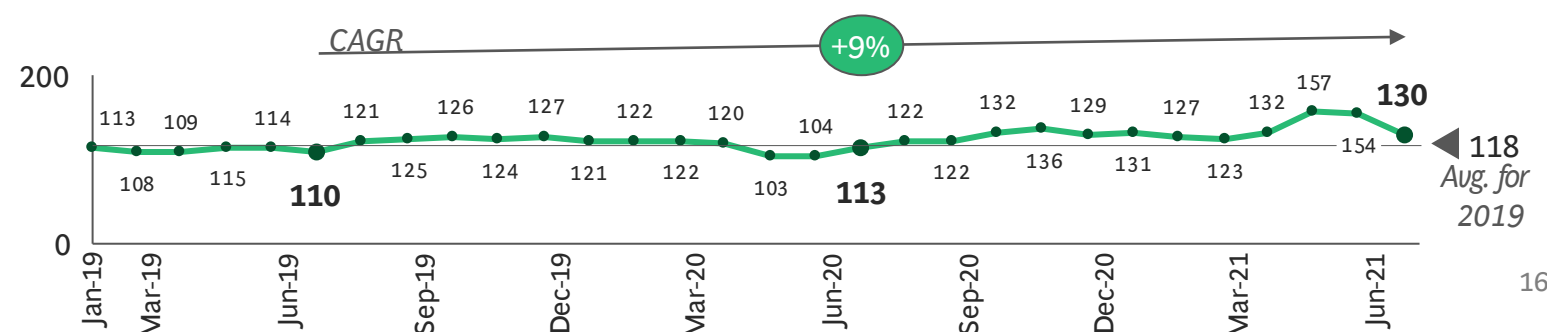
Indian Chemical Production Index¹ (3mo. Moving avg.)



Fertilizer Sales (in lac tonnes)



Pharmaceutical Sales¹ (INR Tn)



1. Indian Chemical Production Index refers to a 3-month moving average figure for chemicals production with figure for 2012 as base figure (100)
 2. Pharmaceutical Sales are updated quarterly
 Source: AIOCD (Total Sales), American Chemistry Council, Mobile Based Fertilizer Management System (mFMS), Ministry of Chemicals and Fertilizers, Press search, BCG analysis



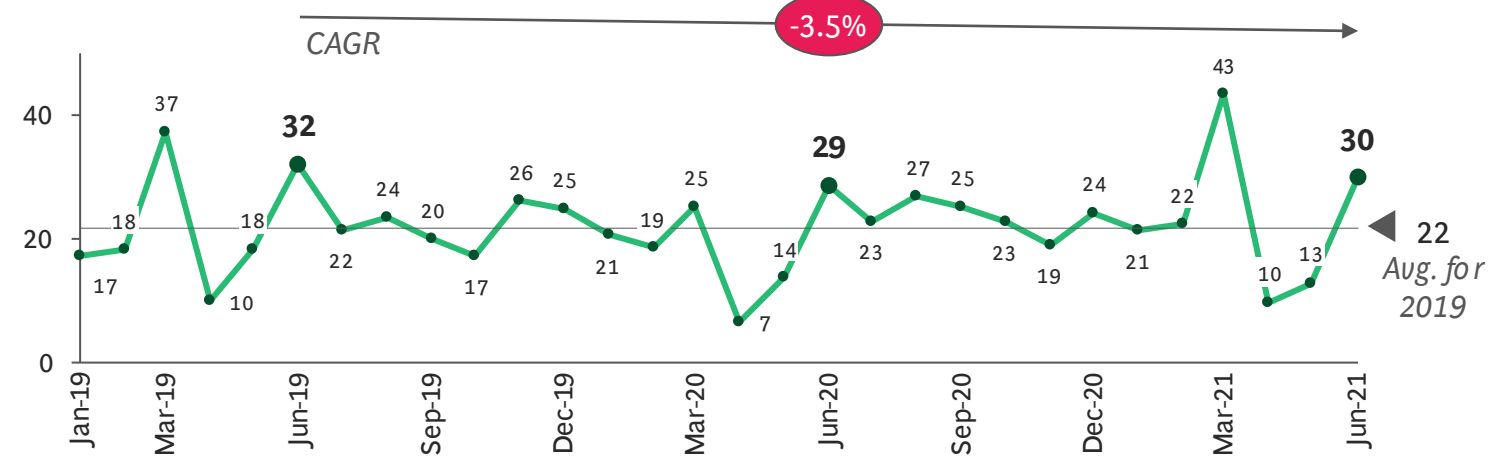
Life Insurance premium remained below Jun'19 levels in Jun'21, although significantly grew vs. May'21

Non-life insurance premium saw an uptick in Jun'21 vs. May'21 levels

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

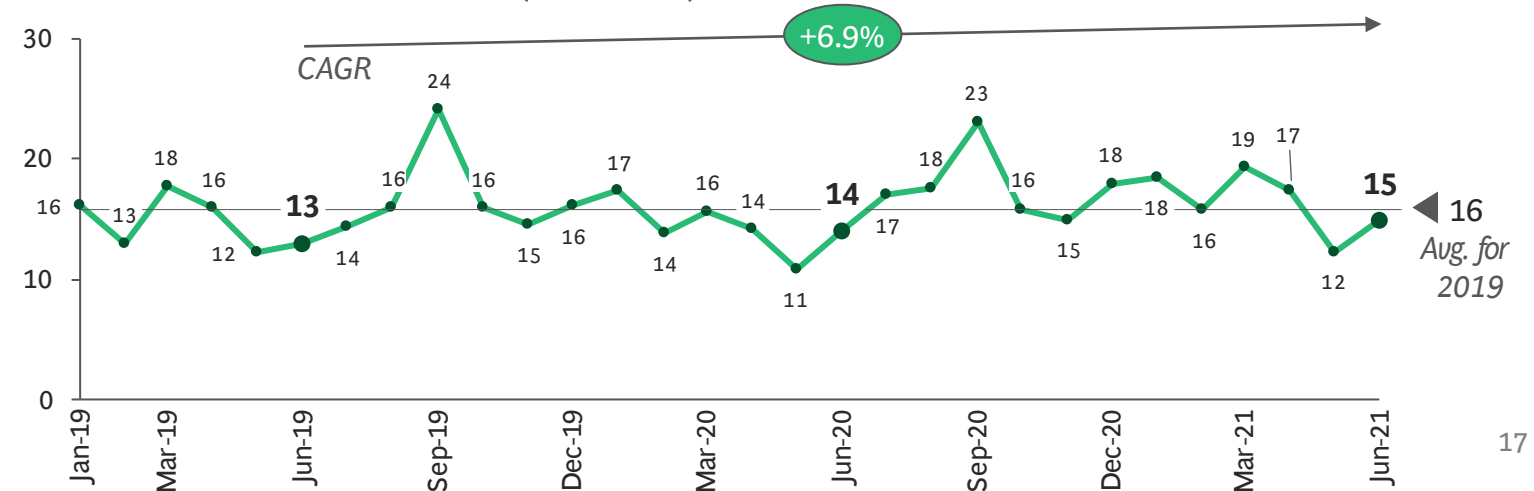
Life Insurance premium

New Business Premium (INR '000 Cr)



Non-Life Insurance premium¹

Gross Domestic Premium Income (INR '000 Cr)



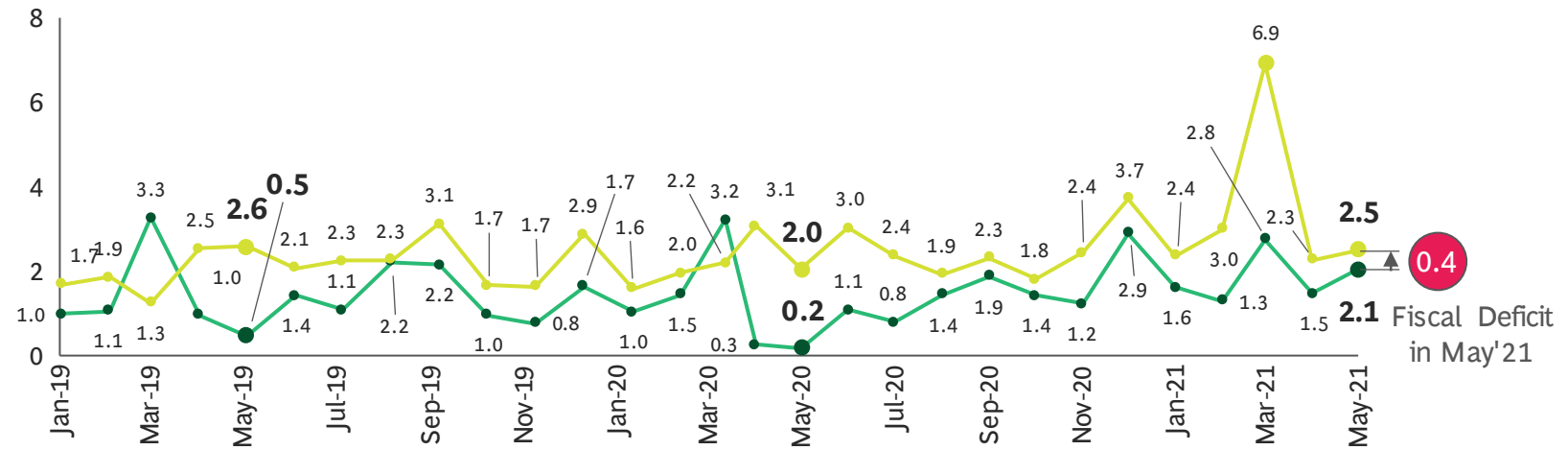


Fiscal deficit gap improved in May'21 vs. Apr'21 & May'19 levels

GST collections dipped below the INR 1 Tn mark for the first time in 8 months in Jun'21

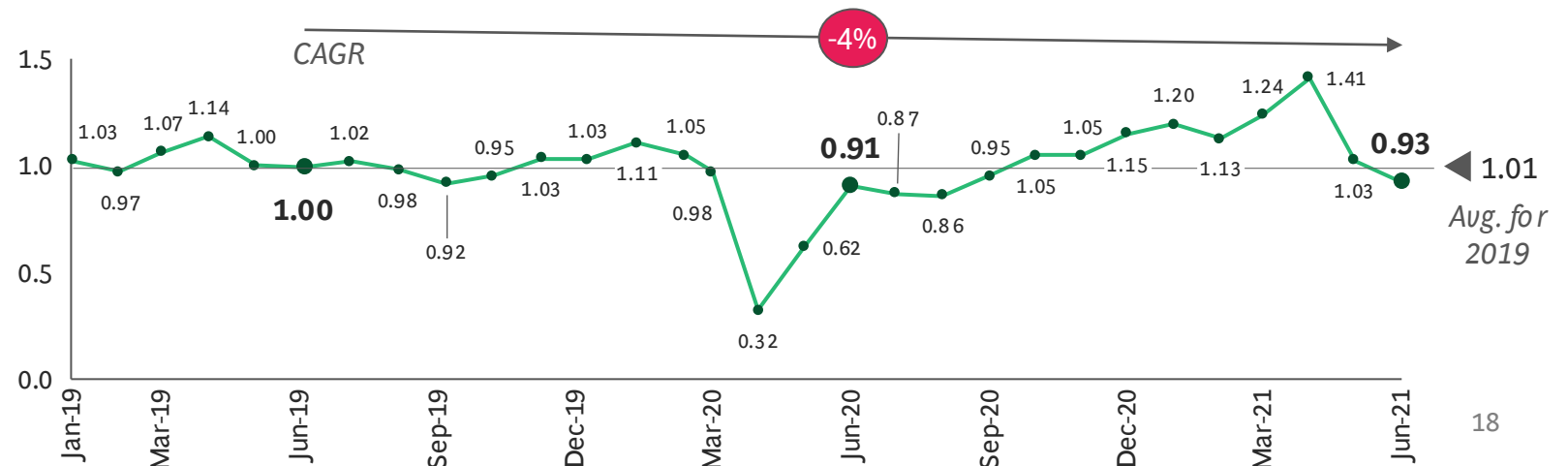
Central Govt. Revenue & Expenditure (INR Tn)

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



Total GST Collections¹ (INR Tn)

(based on data from GST Council)



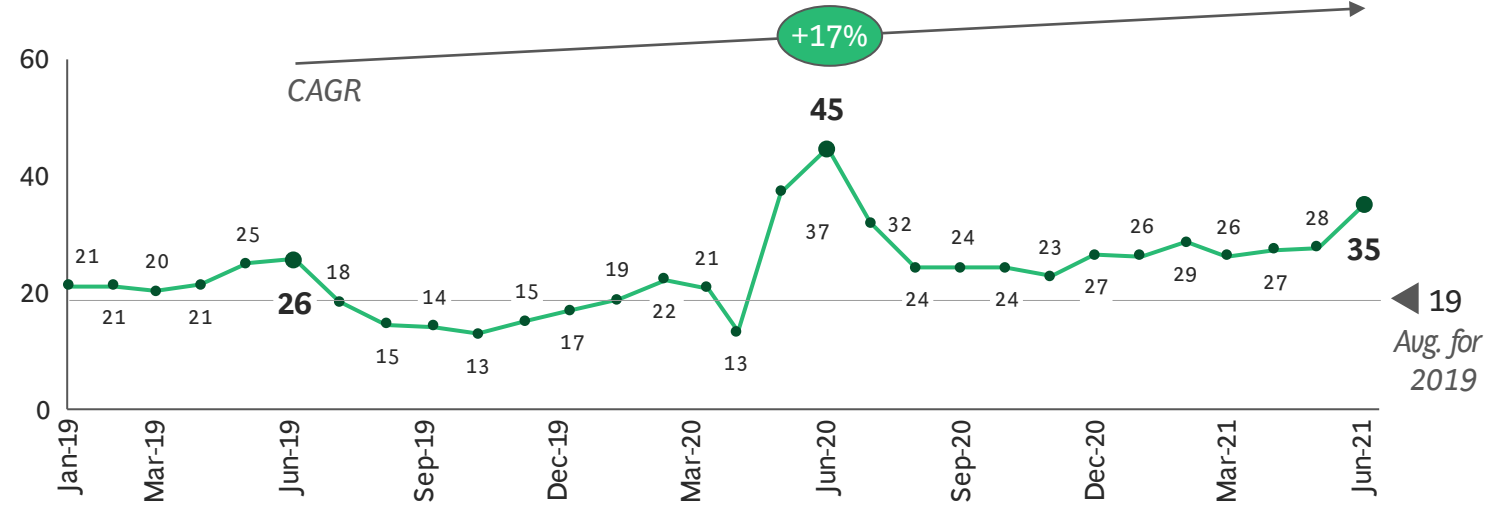
1. GST Collections include all components: CGST, SGST, IGST, Cess
Source: Ministry of Finance, GST Council, BCG analysis



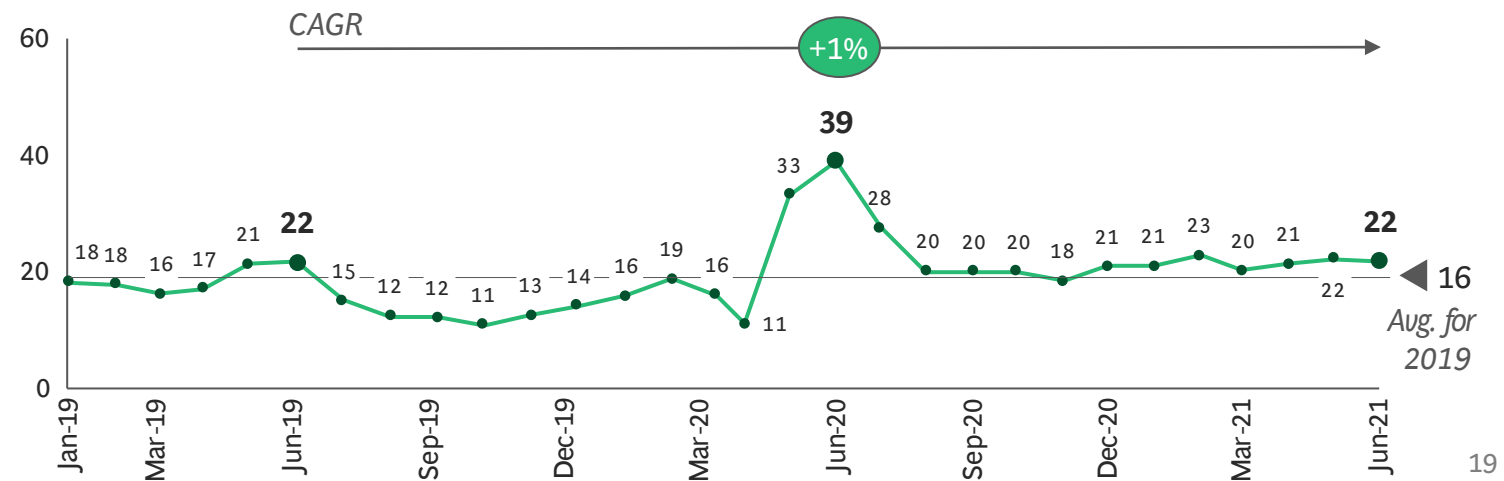
While MGNREGA work demand exceeded Jun'19 levels in Jun'21, employment provided remained at 2019 levels in Jun'21

MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act
Source: Ministry of Labor & Employment, Ministry of Rural Development, The Indian Express, Outlook India, LiveMint, BCG analysis

MGNREGA Work Demand (households, in Mn)



MGNREGA Employment Provided (households, in Mn)



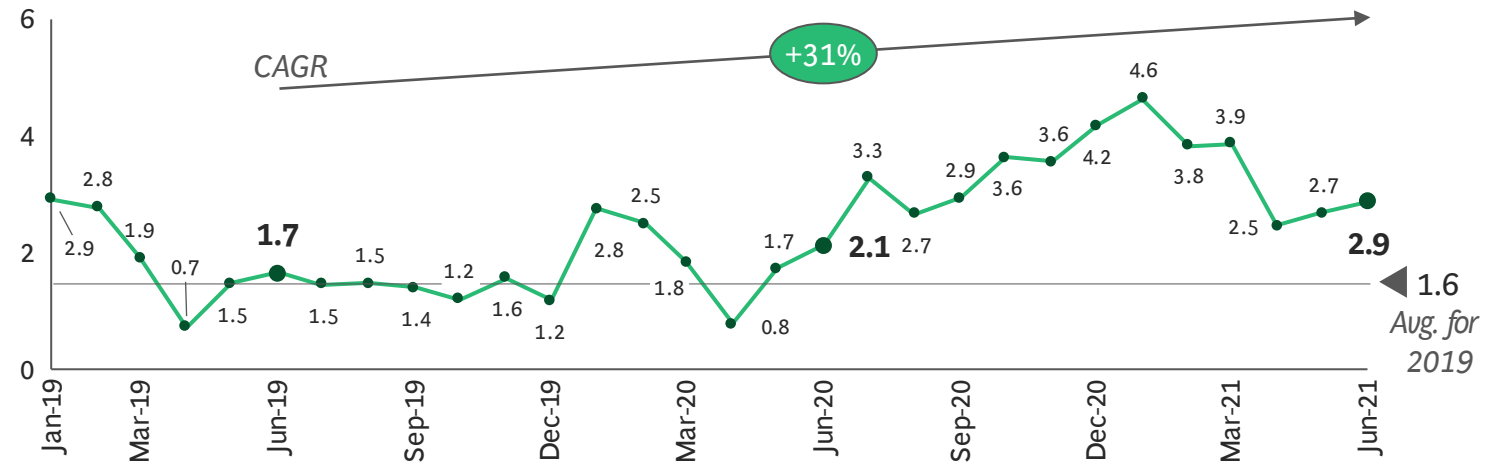


Count of Govt. tenders improved in Jun'21 vs. previous months

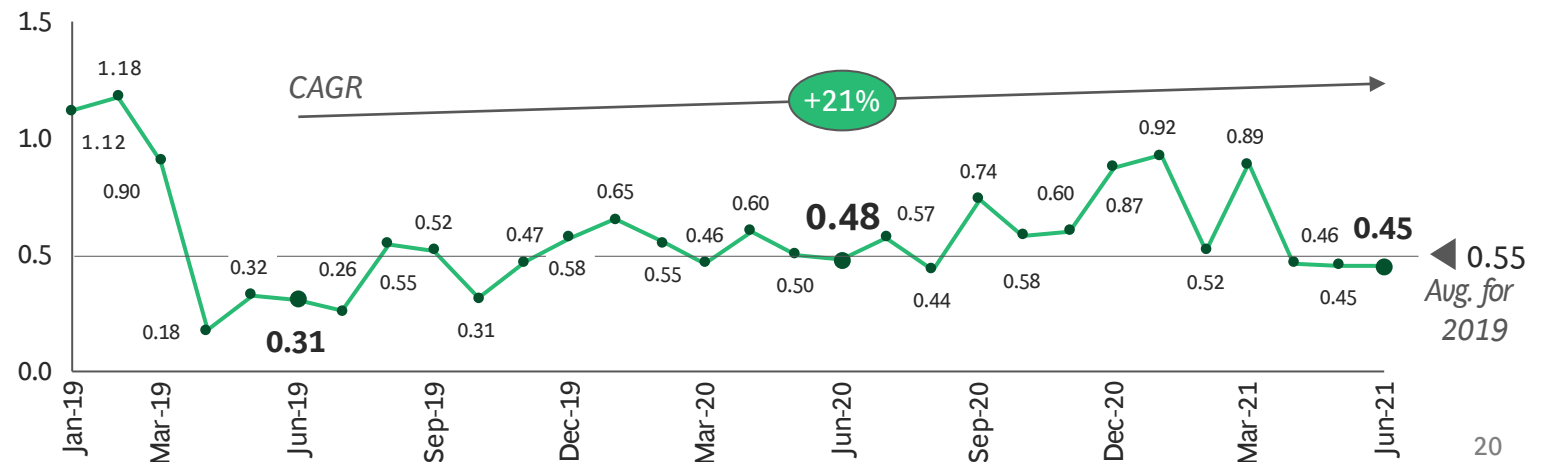
Value of Govt. tenders stabilized in Jun'21 after spiking in Jan'21, albeit remained above Jun'19 levels

Source: Project Today database, BCG analysis

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



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

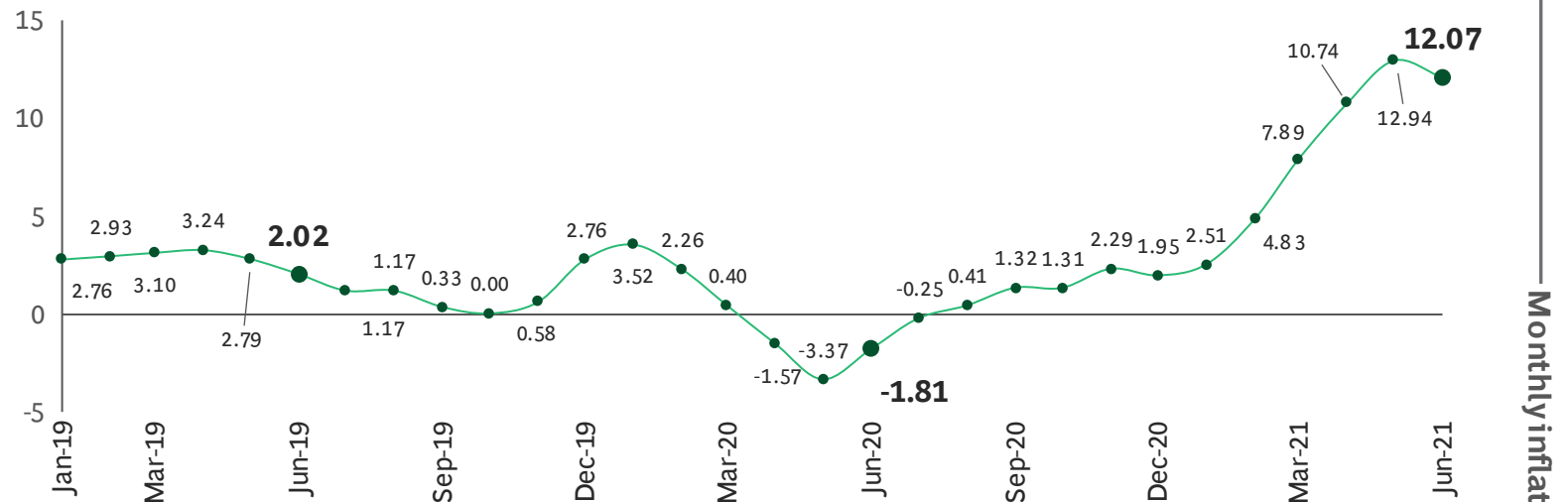




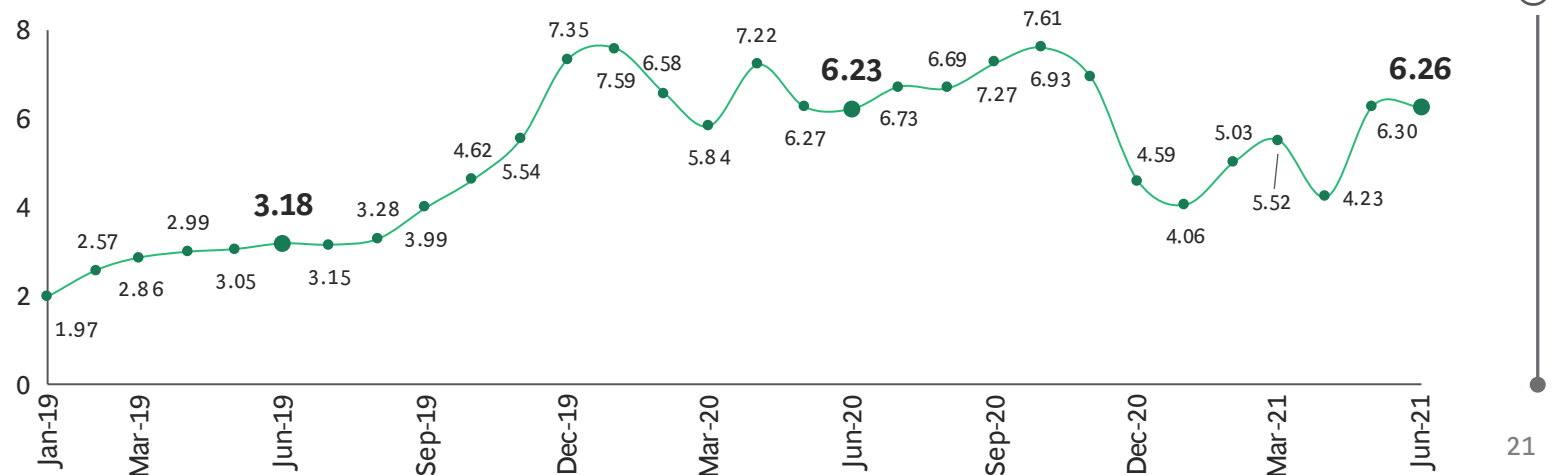
WPI eased in Jun'21 vs. May'21

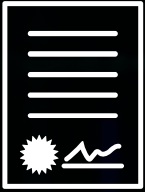
CPI remained above the 6% mark for the second consecutive month in Jun'21, however improved vs. May'21

Wholesale Price Index (WPI)¹



Consumer Price Index (CPI)²





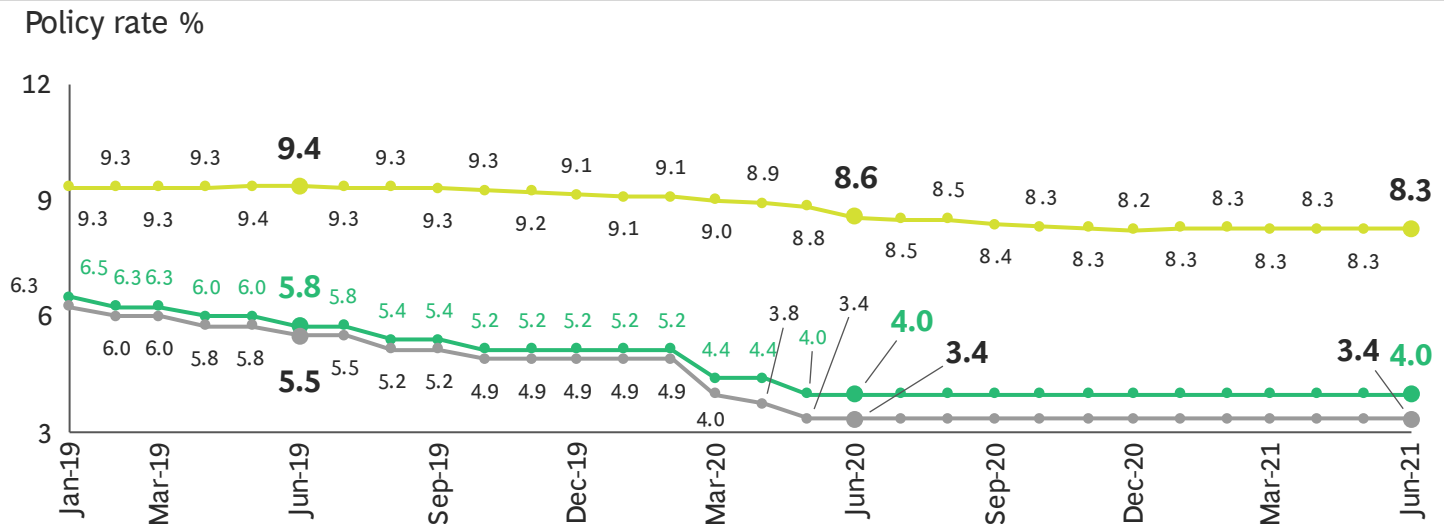
May'21 repo and reverse repo rate remained unchanged from the previous months in Jun'21

MCLR dipped marginally in Jun'21 vs. May'21

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

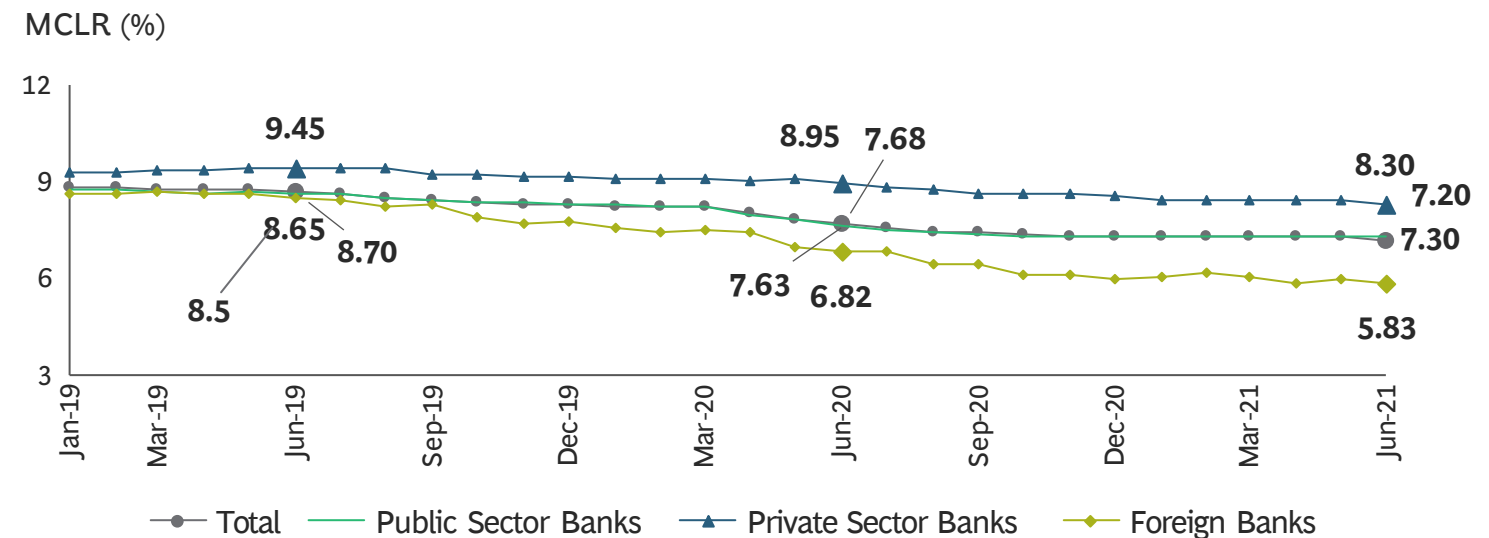
Source: CMIE, RBI DBIE

Reserve bank's policy rates (%)



MCLR¹ of scheduled commercial banks

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

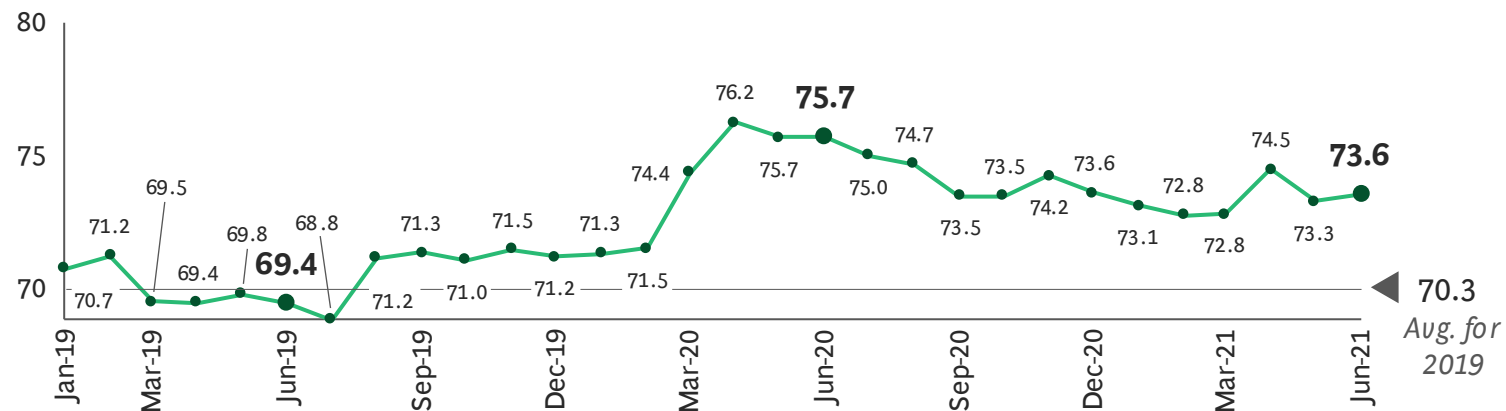




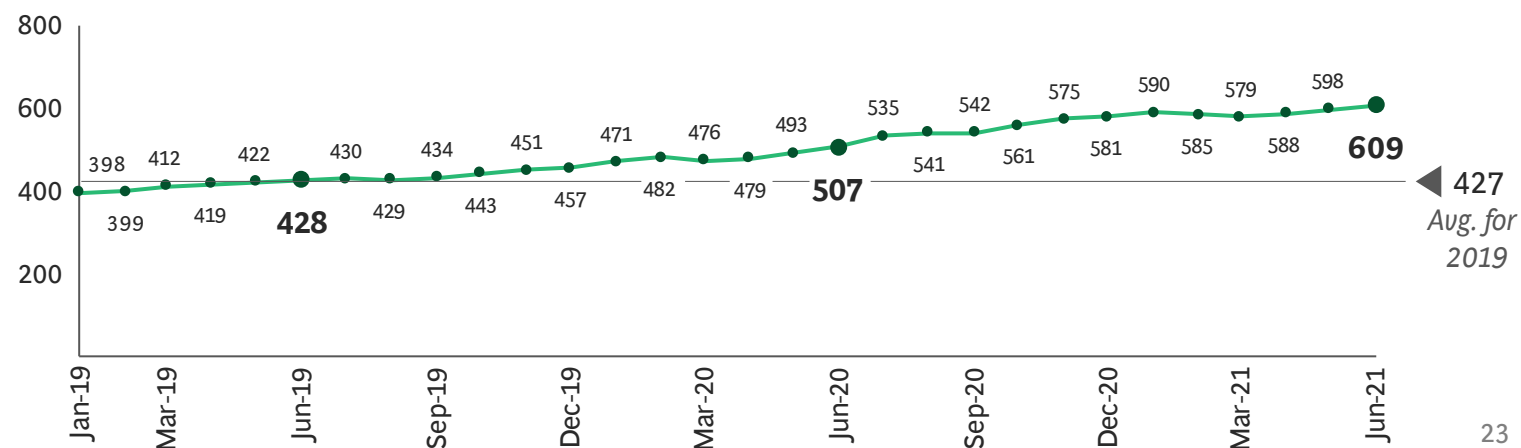
INR remained range bound at ~73/dollar in Jun'21

Forex reserves surged to an all time high, touching USD 609 Bn mark in Jun'21

Monthly Exchange Rate (INR/USD)



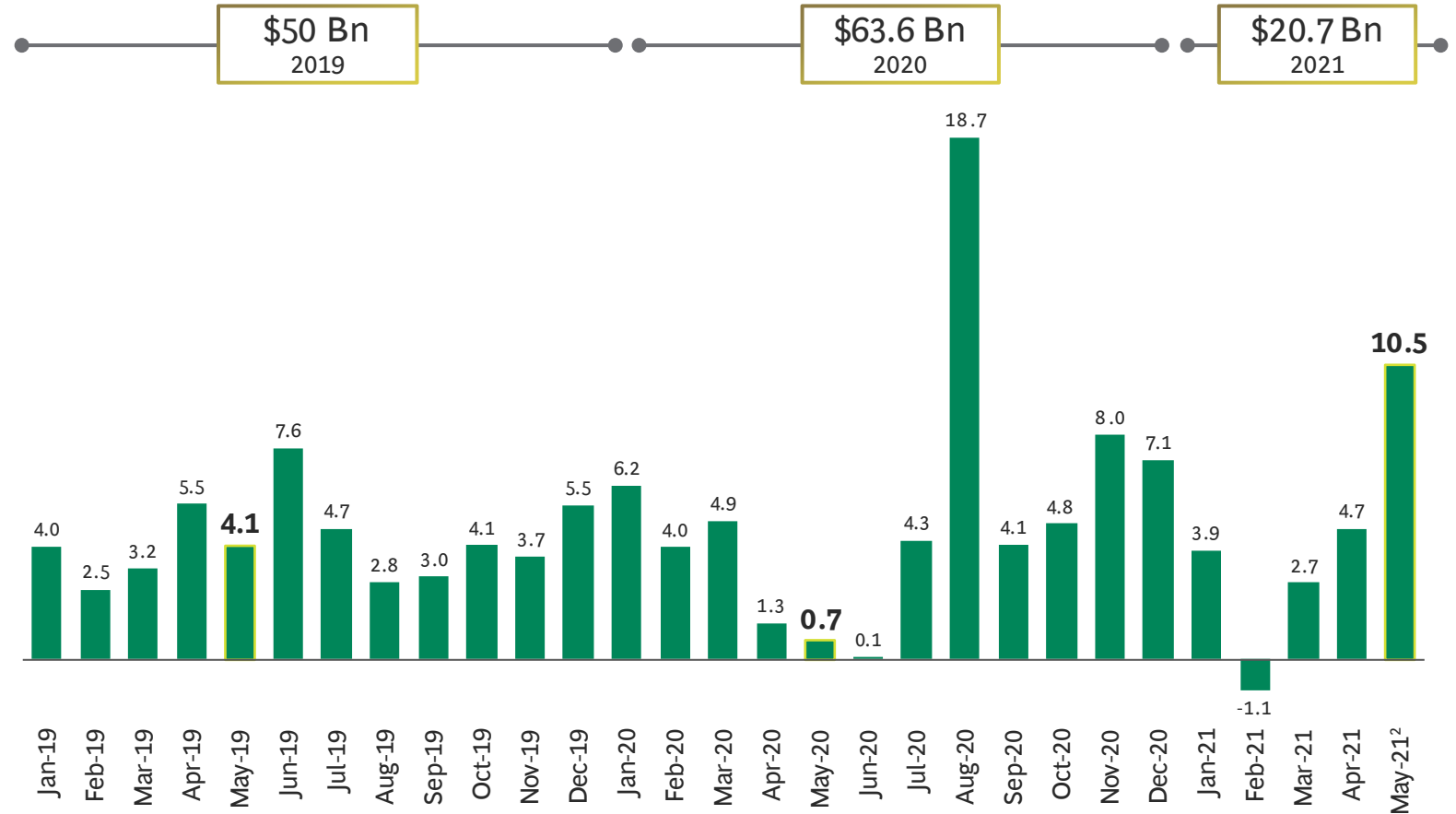
Forex reserves (\$ Bn)





FDI inflows significantly grew vs. previous months and May'19 levels in May'21

Foreign Direct Investments¹ (\$ Bn)



xx Annual (Calendar Year) FDI Inflows

1. Denotes total inward FDI to India; 2. May'21 figures are provisional

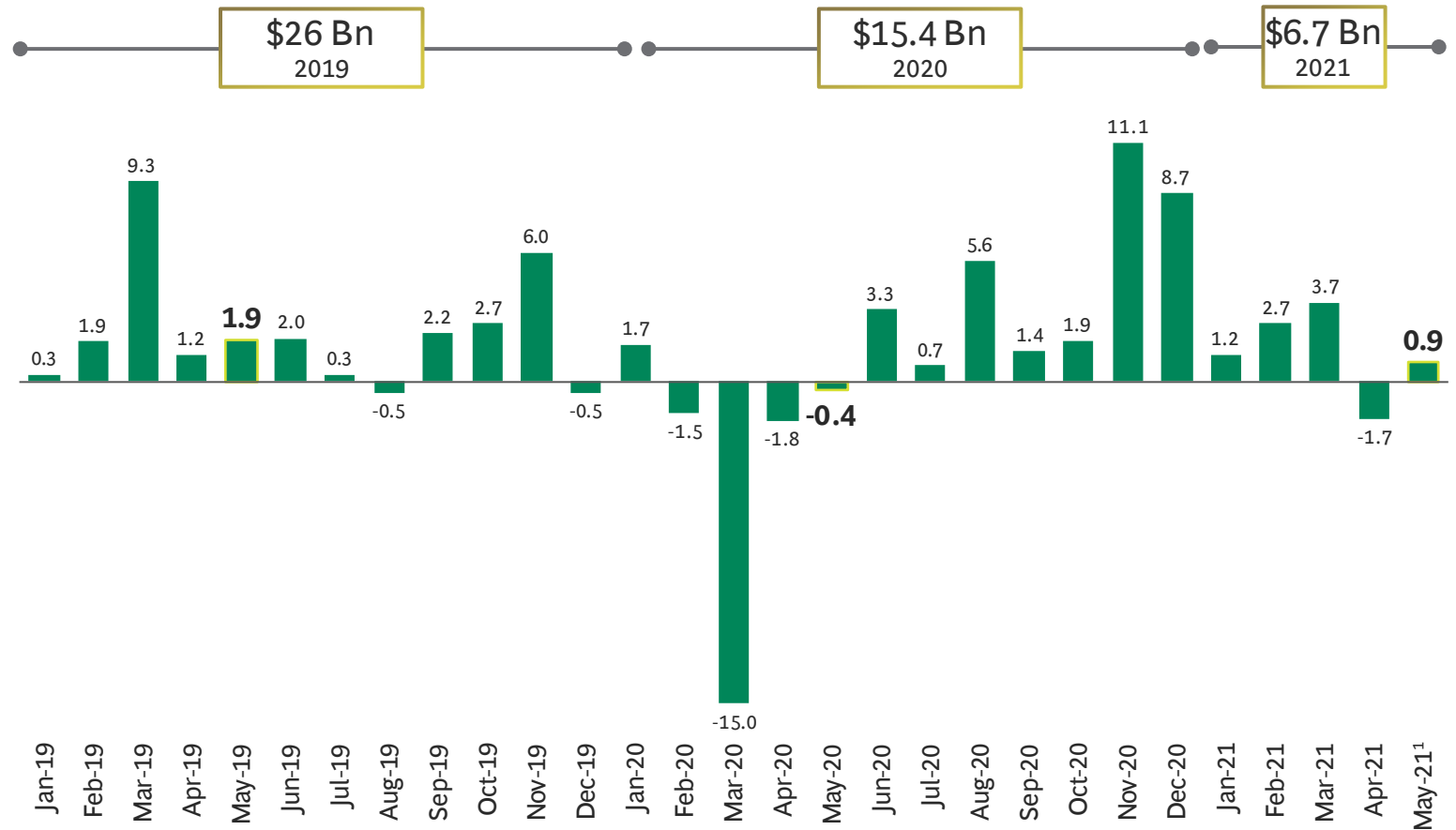
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

Source: CMIE



Foreign Institutional Investments rose from Apr'21, albeit remained lower than May'19 levels in May'21

Foreign Institutional Investments (\$ Bn)

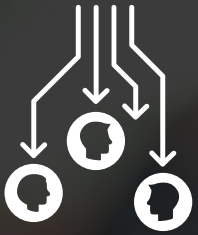


1. May'21 figures are provisional

Source: CMIE

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

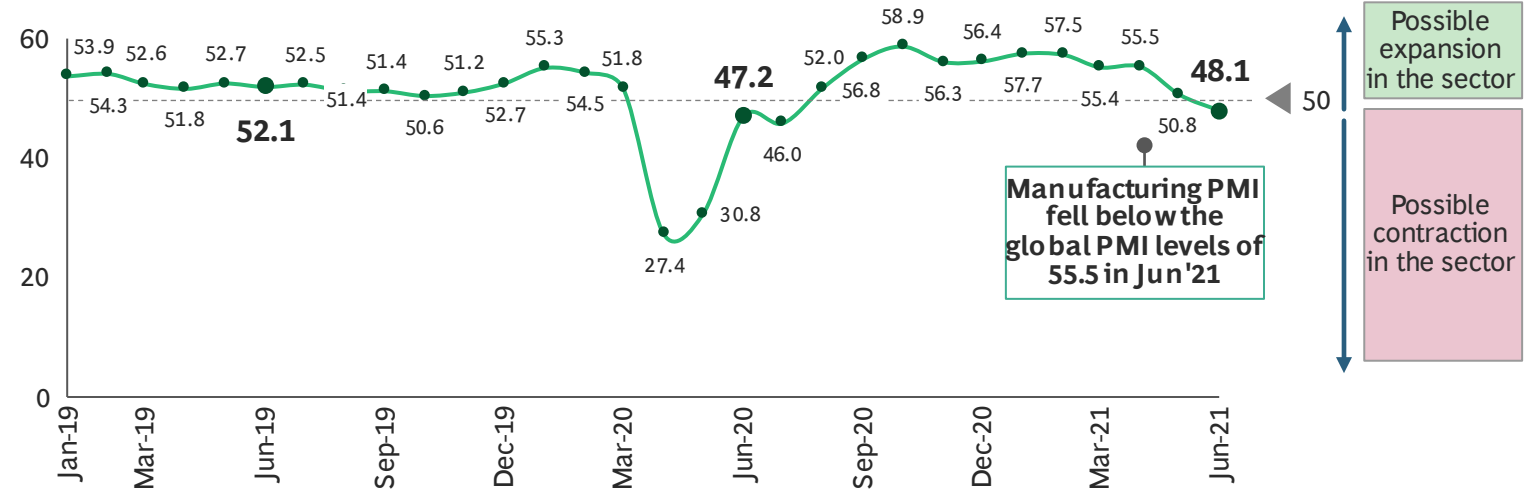
xx Annual (Calendar Year) FIIs



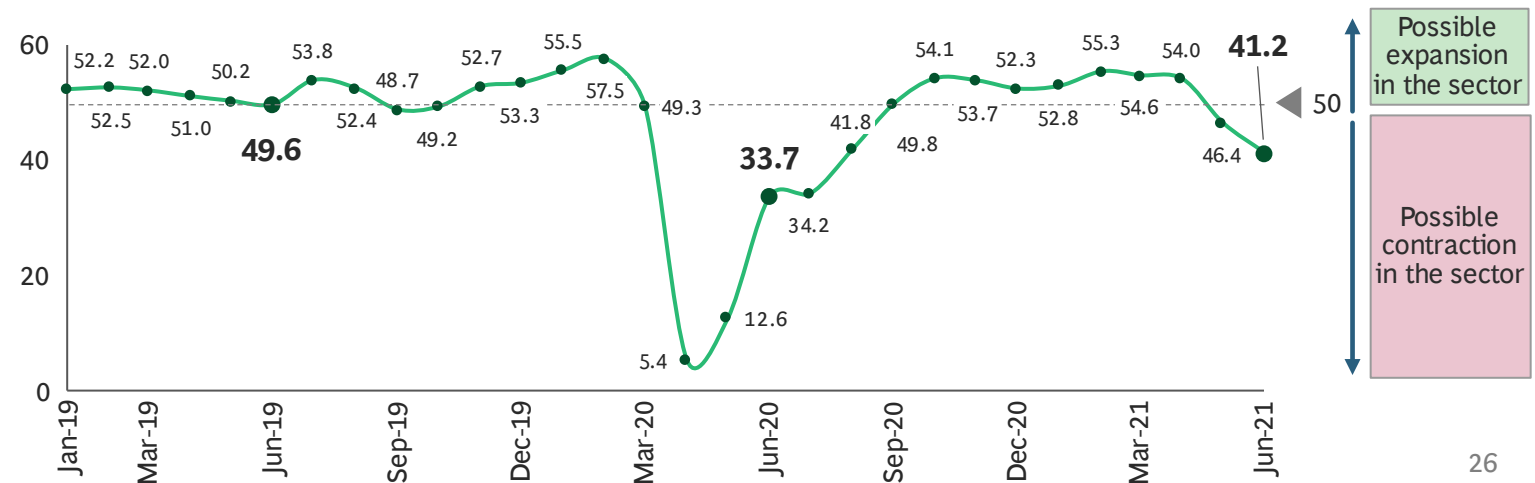
Both Manufacturing and Services PMI dipped below the 50 point mark in Jun'21, touching the lowest value in 2021

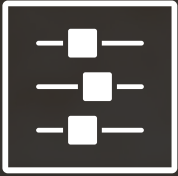
Note: The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity. Value >50 indicates possible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

Manufacturing PMI



Services PMI

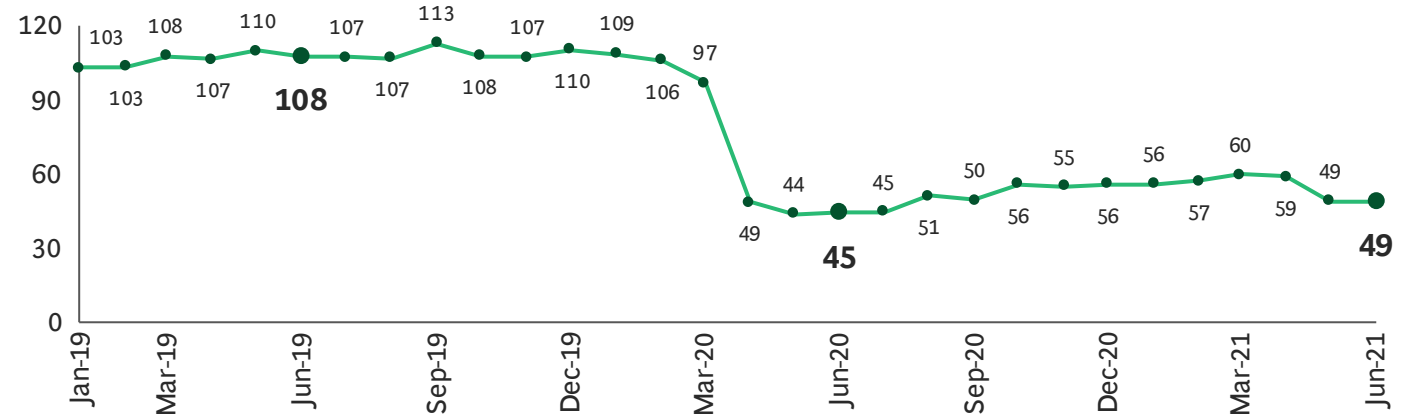




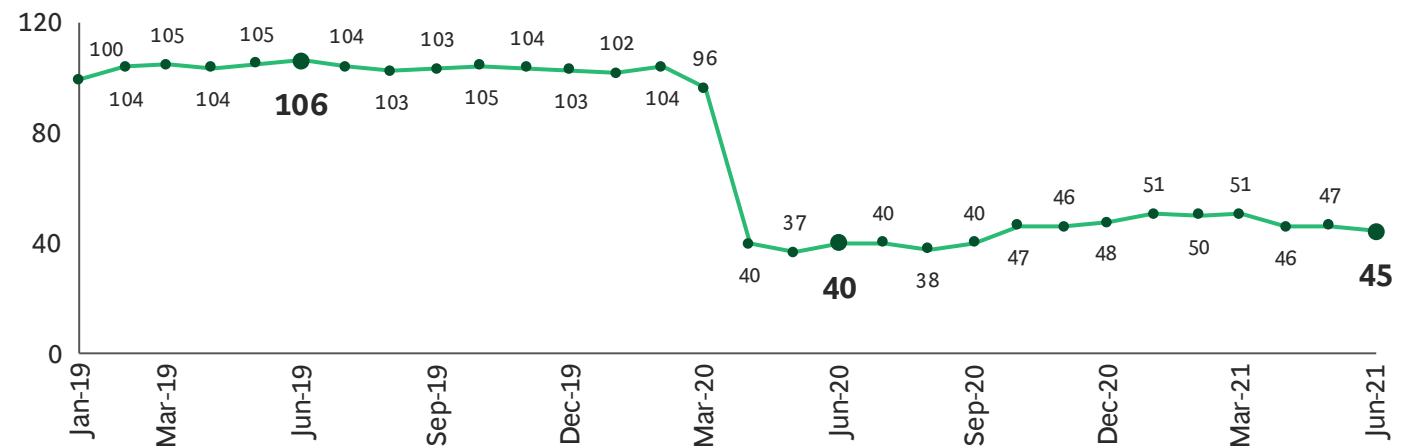
Consumer sentiment remained below pre-COVID levels; Rural sentiment remained marginally above urban sentiment in Jun'21

Source: CMIE Consumer Pyramids Survey
 Sample Size: 1.74L households in 90 cities and 969 villages surveyed over 4 months
 Methodology:
 Longitudinal survey: Same set of households surveyed in batches over time
 Scoring based on 5 questions:
 1. Perception of current well-being
 2. Expectations of future well-being
 3. Perceptions of current economic conditions of the country
 4. Perceptions of prospective economic conditions of the country
 5. Household's propensity to spend on consumer durables

Rural Consumer Sentiment Index



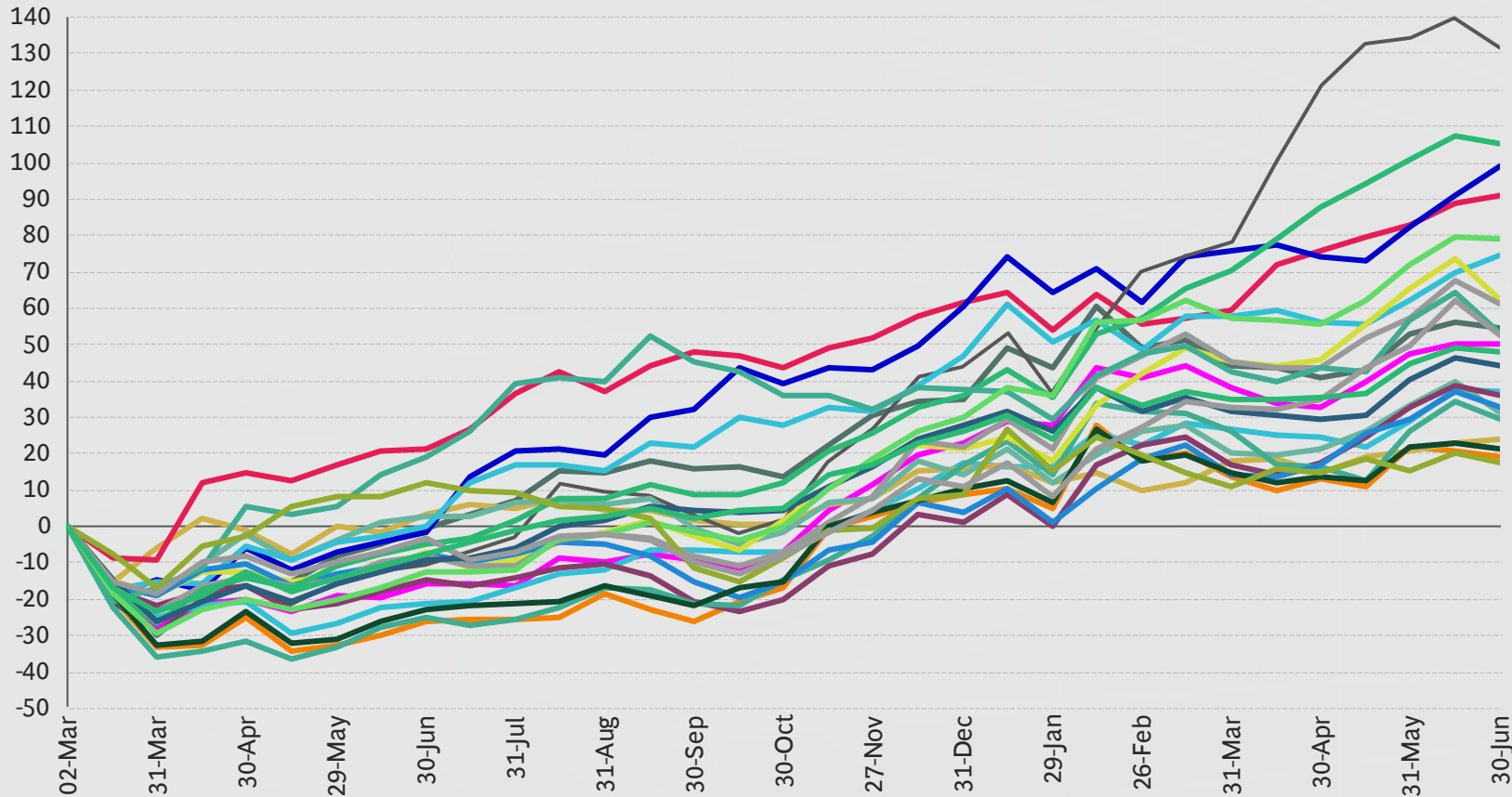
Urban Consumer Sentiment Index



BSE sectoral indices trended upwards across all sectors in Jun'21 vs. Jun'20

BSE Sectoral Indices

Change (%)



2020

2021

Descending order of performance¹

Sector	% Change
Metal	131.24%
Basic Materials	104.93%
IT	98.96%
Healthcare	90.72%
Industrials	78.71%
TecK	74.67%
Power	61.70%
Infra	60.63%
BSEAUTO Index	54.02%
Energy	52.86%
Utilities	52.18%
Capital Goods	50.08%
BSE 500	47.52%
Consumer discretionary	43.87%
Consumer Durables	36.96%
PSU	35.54%
CPSE	32.62%
Oil and Gas	30.76%
Realty	29.04%
FMCG	23.83%
Finance	20.91%
Bankex	18.82%
Telecom	17.10%

1. Growth rate vs. 02-Mar-20 2. The S&P BSE TEcK index comprises constituents of the S&P BSE 500 that are classified as members of the media & publishing, information technology and telecommunications sector 3. CPSE- Central Public Sector Enterprises; Source: BSE, Bloomberg, BCG analysis



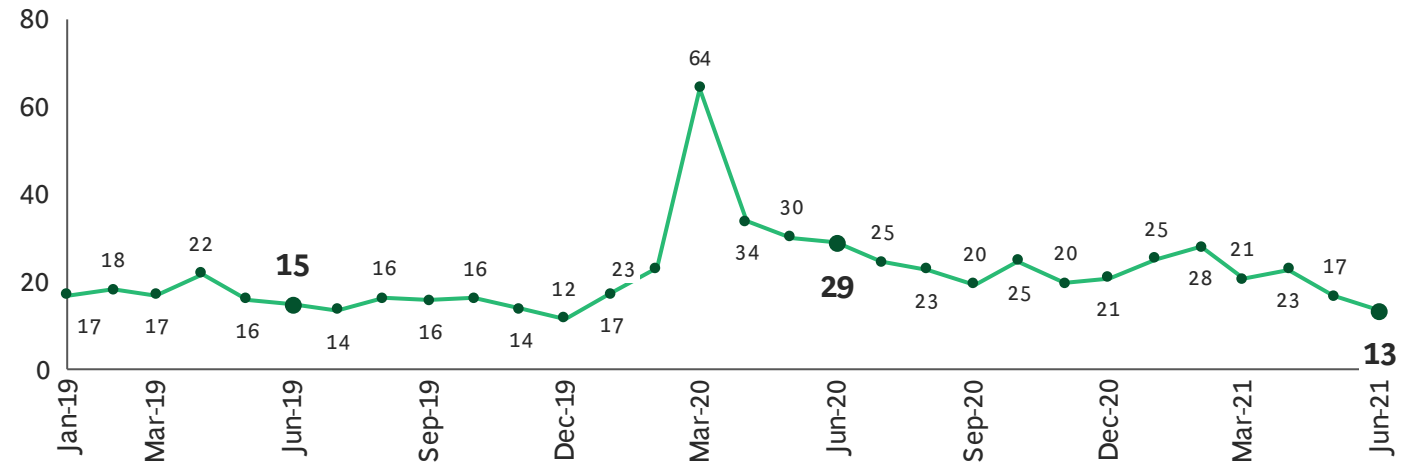
Volatility continued to ease in Jun'21, dipping below Jun'19 levels

Mutual fund AUM grew in Jun'21 vs. Jun'19 & previous months

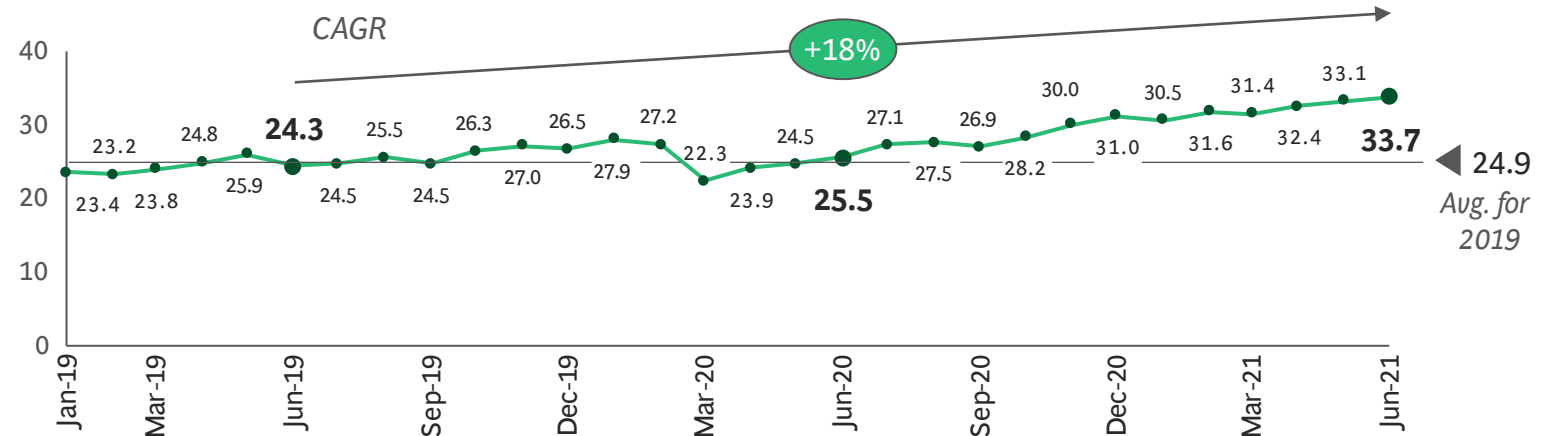
1. Volatility Index is a measure of market's expectation of volatility over the near term; India VIX is a volatility index based on the NIFTY50 Index Option prices providing the expected market volatility over the next 30 calendar days—figures represented are as of end of every month shown
2. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown
3. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks

Source: BSE, NSE, AMFI, BCG analysis

India Volatility Index (VIX)¹



Mutual Funds AUM² (INR L Cr)

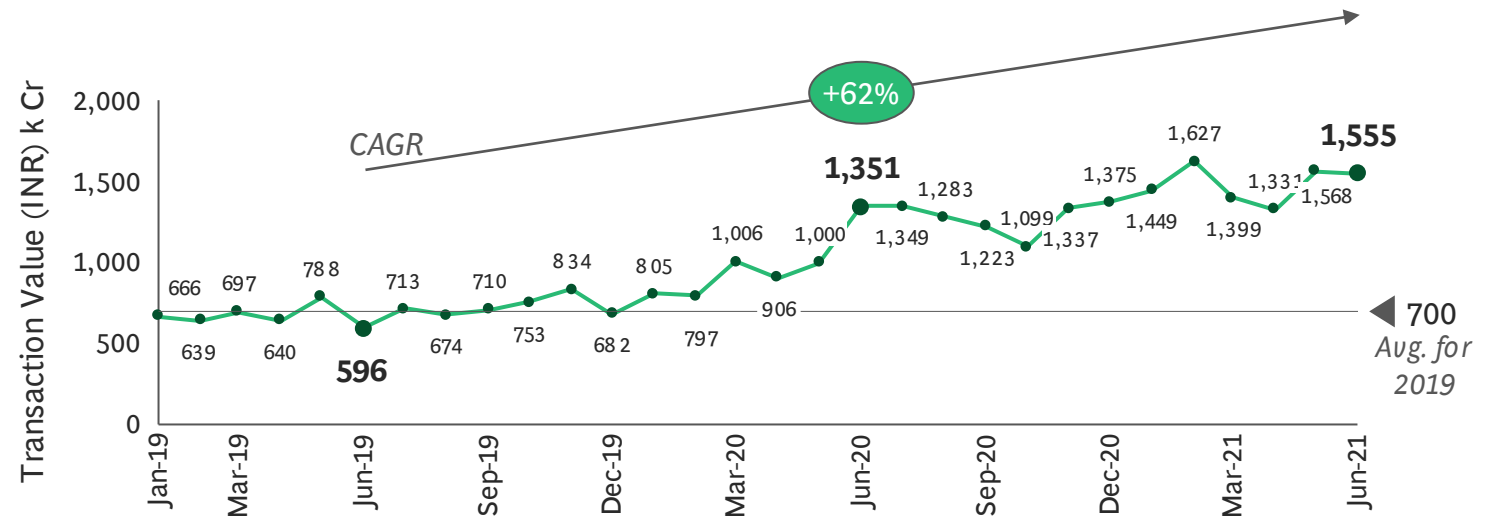




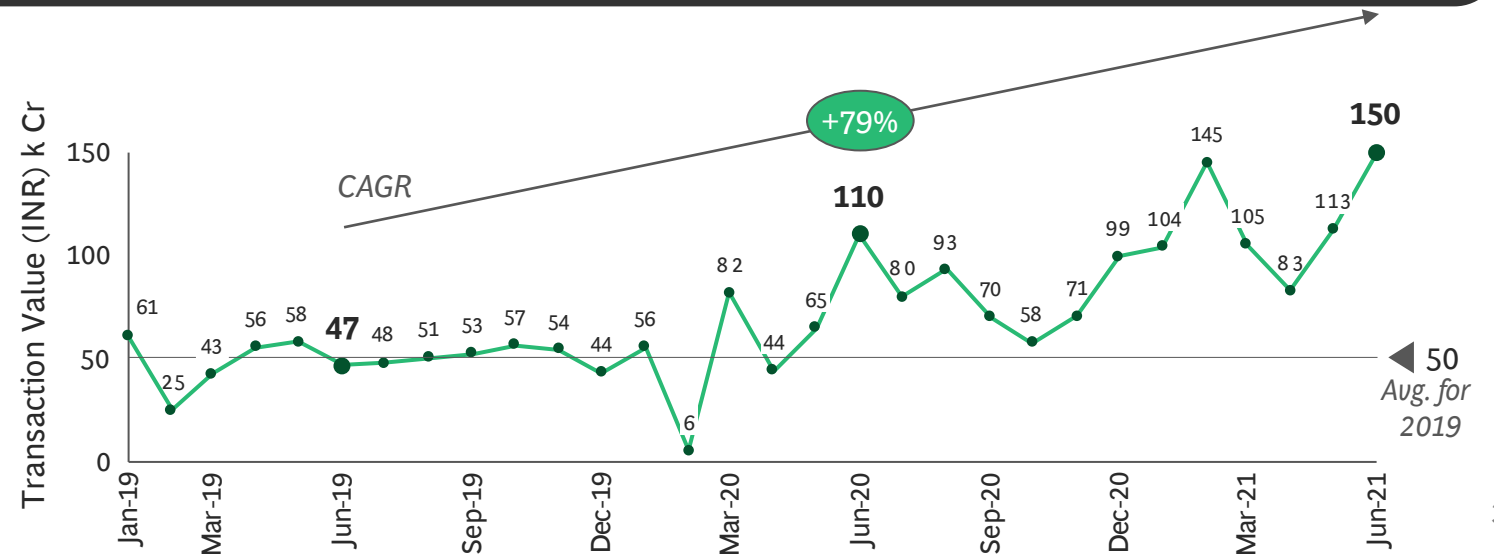
NSE transactions
dropped slightly in
Jun'21 vs. May'21

BSE transactions
continued to soar in
Jun'21 vs. Jun'19

NSE Transactions (INR k Cr)



BSE Transactions (INR k Cr)



India's FY22 GDP forecasted to grow at 7.7% to 10.5% YoY; Projections were revised downwards while some remained unchanged in Jun-Jul'21

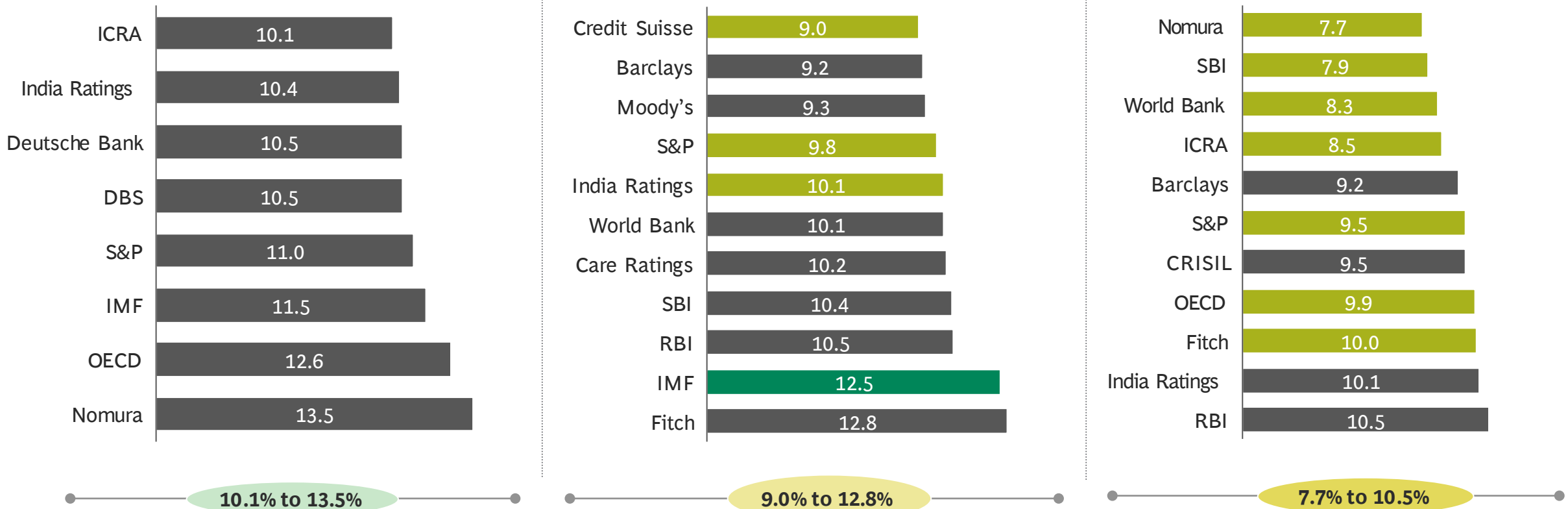
7

India GDP growth forecast for FY22 (YoY,%)

Jan-Mar'21

Apr-May'21

Jun-Jul'21



Data as of 20 Jul'21; Estimates likely to be revised further

■ No change ■ Downward revision ■ Upward revision

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