

India Economic Monitor

JUNE 2022

Executive Summary

India's real GDP grew by 4.1% YoY in Jan-Mar'22, surpassing Jan-Mar'19 levels by 9.7%. Private consumption decelerated vs. previous quarter owing to the third wave of the pandemic restraining contact-intensive activities, coupled with inflationary pressures. Agriculture, industry & services improved vs. Jan-Mar'21 as well as pre-Covid (Jan-Mar'19) levels. Manufacturing subsector registered degrowth vs. Jan-Mar'21 owing to high input cost pressures & supply disruptions, although exceeded Jan-Mar'19 levels. All services subsectors surpassed Jan-Mar'21 levels.

Most high frequency indicators exhibited mixed trends vs. previous months on account of heightened geopolitical tensions in Apr-May'22. Index of industrial production took a nosedive vs. Mar'22; power consumption remained muted in May'22 vs. Apr'22. Merchandize exports fell for the second consecutive month while imports grew marginally, leading to a higher trade deficit vs. Apr'22. JNPT container traffic also dipped vs. Apr'22, although exceeded May'21 levels. E-way bills remained significantly above 2021 levels. GST collections dropped in May'22 to INR 1.4 Tn, lower vs. INR 1.7 Tn in Apr'22. In auto, PV & 2W sales recorded an uptick while tractor & 3W sales declined; EV sales fell for the second consecutive month in May'22. UPI value & volume continued to break record highs, exceeding INR 10 Tn mark in value per month. RBI hiked the repo rate for the second consecutive month to rein in inflation. CPI moderated vs. Apr'22, although continued to breach RBI's 6% band, primarily driven by food & beverages and fuel & light inflation. WPI accelerated to a 31-year high owing rise in prices of mineral oils, crude petroleum & natural gas, food articles and chemicals.

RBI's Current Situation Index trended on an upward trajectory in May'22, although remained in pessimistic zone. Future Expectations Index remained in optimistic zone, however, declined vs. previous round. An increase in factory orders & sales led to sequential improvement in manufacturing PMI; Services PMI touched an 11-year high. Analyst forecasts indicate GDP growth of 7.2-7.8% YoY for FY23, with few downward revisions in last 1-2 months.

Select high frequency indicators improved vs. 2021, although exhibited mixed trends vs. pre-COVID levels in Apr-May'22 (1/2)

Industry

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	May'22	May'19	CAGR ¹	May'21	YoY	Apr'22	MoM
IIP (Index)*	135	126	2%	126	7%	148	-9%
Power Consumption ('000 MUs)	4.3	3.9	4%	3.6	23%	4.4	-1%
Petroleum Consumption (MMT)	18	19	-2%	15	24%	18	0%
Steel Consumption (MMT) *	9.4	8.9	2%	9.3	1%	9.1	4%
Cement Production (MT) *	33	29	4%	29	12%	38	-13%

Logistics

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	May'22	May'19	CAGR ¹	May'21	YoY	Apr'22	MoM
E-way Bills (Mn)	74	54	11%	40	84%	75	-2%
FASTag (Mn)	285	27	118%	116	145%	266	7%
JNPT Traffic ('000 TEUs)	487	449	3%	454	7%	498	-2%
Rail Freight (Mn Tons) *	122	101	7%	112	9%	139	-12%
Air Freight (K Tons) *	269	275	-1%	263	2%	283	-5%

Trade & Investment

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	May'22	May'19	CAGR ¹	May'21	YoY	Apr'22	MoM
Merchandise Exports (\$ Bn)	61	30	26%	32	88%	38	59%
Merchandise Imports (\$ Bn)	37	45	-6%	39	-3%	58	-36%
Services Exports (\$ Bn) *	28	18	15%	18	57%	22	23%
Services Imports (\$ Bn) *	16	11	11%	10	57%	13	18%

Auto

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	May'22	May'19	CAGR ¹	May'21	YoY	Apr'22	MoM
PV Sales ('000 Units)	308	286	2%	120	157%	298	3%
Tractor Sales ('000 Units)	93	64	13%	63	48%	100	-6%
2W Sales ('0000 Units)	160	202	-7%	71	125%	155	3%
EV Registrations ('000 Units)	66	9.8	89%	3.3	1891%	73	-10%

* Data available only upto Apr'22 as on 24-June – hence growth comparisons are for Apr and not May. Apr'22 data has been compared with Apr'19, Apr'21 & Mar'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)

Select high frequency indicators improved vs. 2021, although exhibited mixed trends vs. pre-COVID levels in Apr-May'22 (2/2)

Banking, Financial Services & Insurance

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	May'22	May'19	CAGR ¹	May'21	YoY	Apr'22	MoM
UPI Value (INR Tn)	10.4	1.5	90%	4.9	112%	9.8	6%
Aggregate Deposits (INR Tn)*	168	125	10%	153	10%	165	2%
Aggregate Credit (INR Tn) *	120	96	8%	109	10%	119	1%
NSE & BSE Txns. (INR K Cr)	1299	846	15%	1680	-23%	1370	-5%
Insurance Premium (INR K Cr)	40	31	9%	25	58%	39	1%

Macroeconomic

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	May'22	May'19	CAGR ¹	May'21	YoY	Apr'22	MoM
GST Collections (INR Tn)	1.4	1.0	12%	1.0	37%	1.7	-16%
WPI (%)					16%		
CPI (%)					7%		
Jan Dhan Deposits (INR Tn)	1.7	1.0	20%	1.5	17%	1.7	2%
MGNREGA Emp. Provided (HH)	25	21	5%	22	11%	19	32%

Sentiment

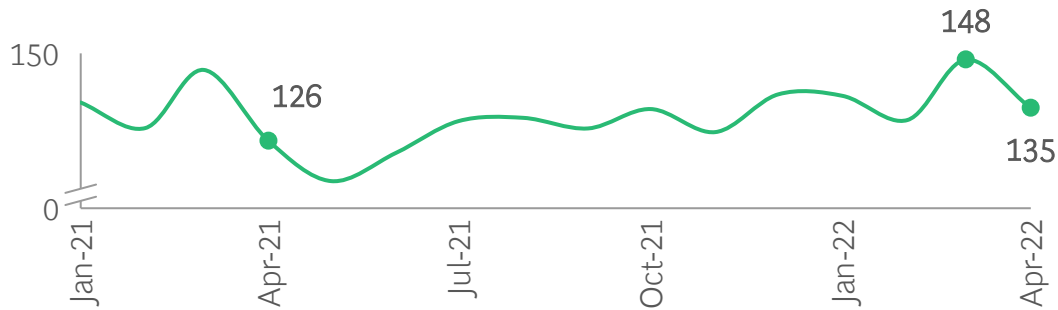
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	May'22	May'19	CAGR ¹	May'21	YoY	Apr'22	MoM
Manufacturing PMI (Index)	55	53	1%	51	7%	55	0%
Services PMI (Index)	59	50	5%	46	27%	58	2%
Current Situation Index	76	97	-8%	48	57%	72	18%
Future Expectations Index	113	128	-4%	96	17%	115	-2%

* Data available only upto Apr'22 as on 24-June – hence growth comparisons are for Apr and not May. Apr'22 data has been compared with Apr'19, Apr'21 & Mar'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)

Select industrial metrics grew while others declined in Apr-May'22

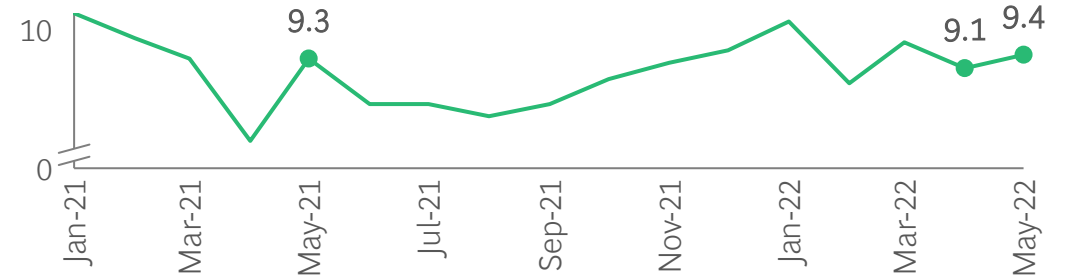
Index of Industrial Production¹

IIP fell sharply in Apr'22 vs. Mar'22



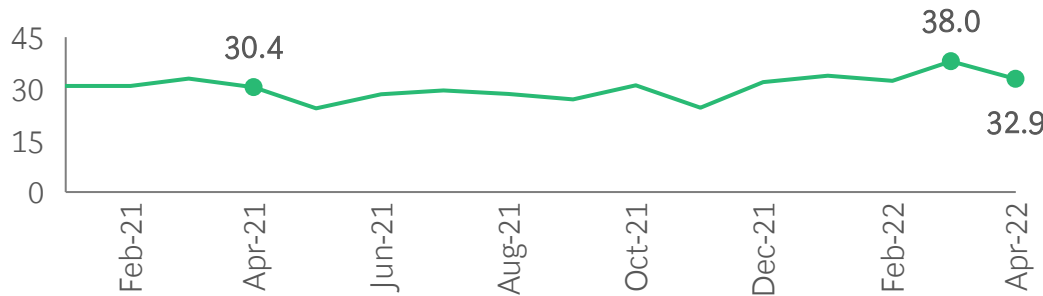
Steel Consumption (MMT)²

Steel consumption grew marginally in May'22 vs. Apr'22



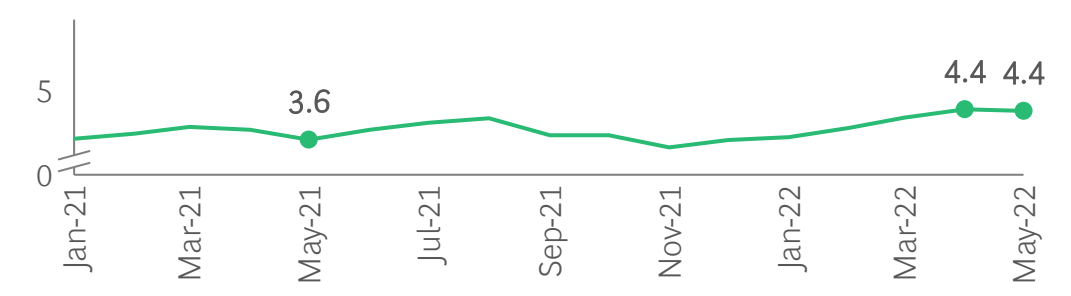
Cement Production (MT)

Cement production fell in Apr'22 vs. Mar'22



Power Consumption ('000s MUs)

Power consumption remained at Apr'22 levels in 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%))

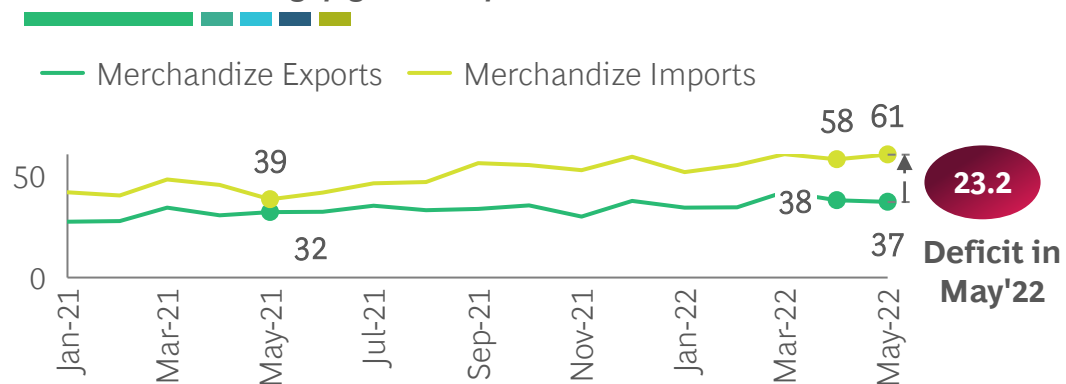
2. Steel consumption incl. long & flat steel

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 trade gap increased & investments grew vs. previous months in Apr-May'22

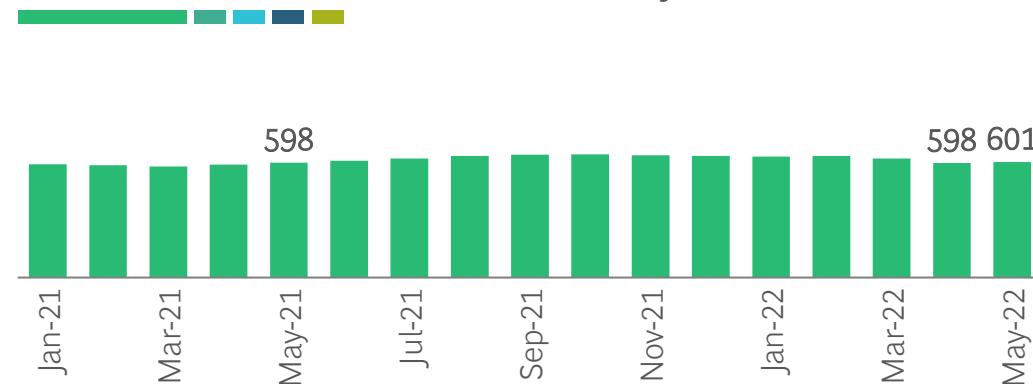
Merchandise Trade (\$ Bn)

Merchandise trade gap grew vs. Apr'22



Forex Reserves (\$ Bn)

Forex reserves crossed the \$600 Bn mark in May'22



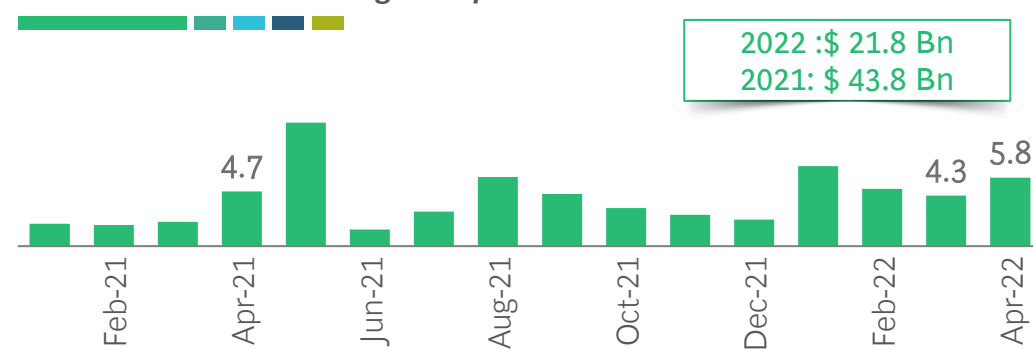
Services trade (\$ Bn)

Services trade surplus marginally improved in Apr'22



FDI (\$ Bn)¹

FDI reached a 3-month high in Apr'22

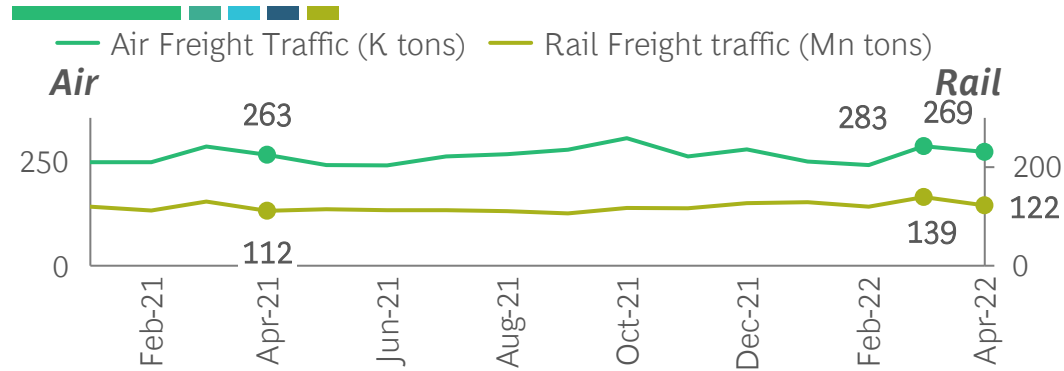


Note: Apr'22 Merchandise Import and Export numbers; Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; May'22 figures are provisional; Past period data may vary from the previous versions of the Economic Monitor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

Select logistics indicators fell vs. Mar-Apr'22

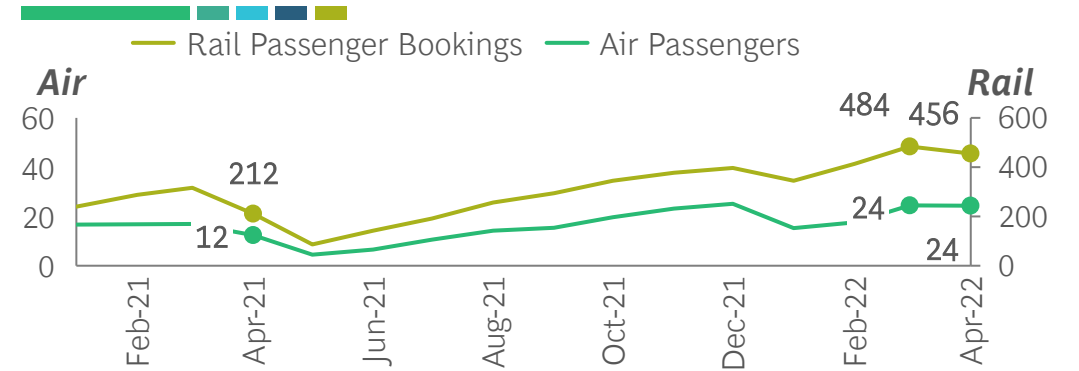
Freight Traffic

Rail & air freight traffic witnessed a decline in Apr'22



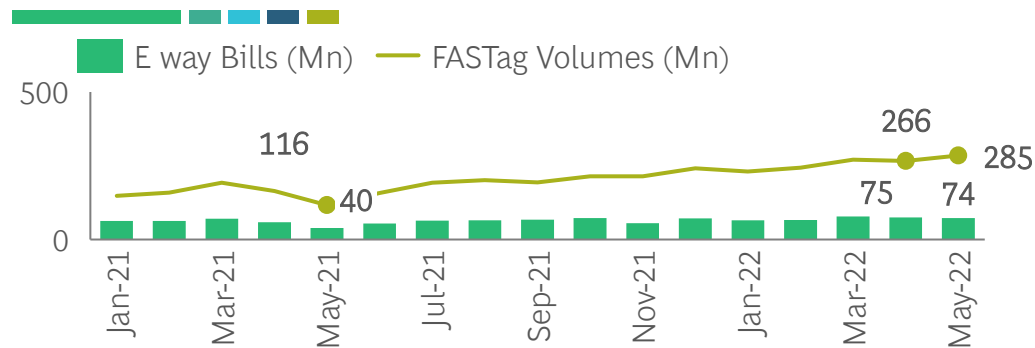
Passenger traffic (Mn)

Rail & air passenger traffic witnessed a marginal decline in Apr'22



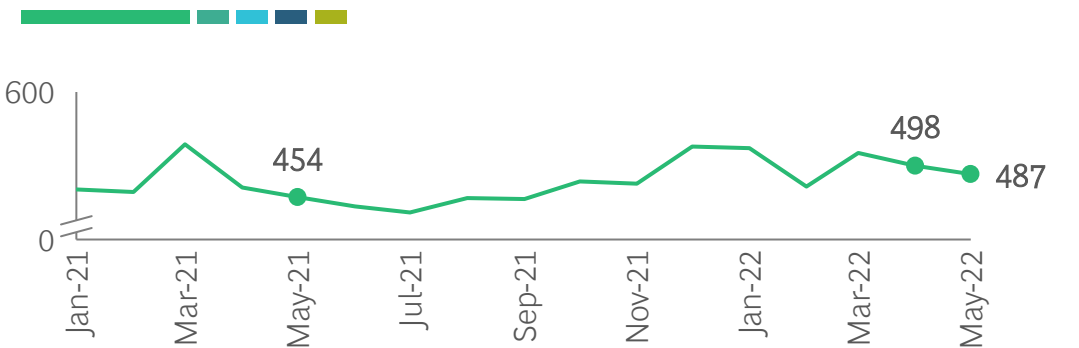
E-way Bills & FASTag (Mn)¹

FASTag volumes grew while E-way bills fell in May'22



JNPT Container Traffic ('000 TEUs)²

JNPT traffic fell in May'22, although exceeded May'21 levels



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

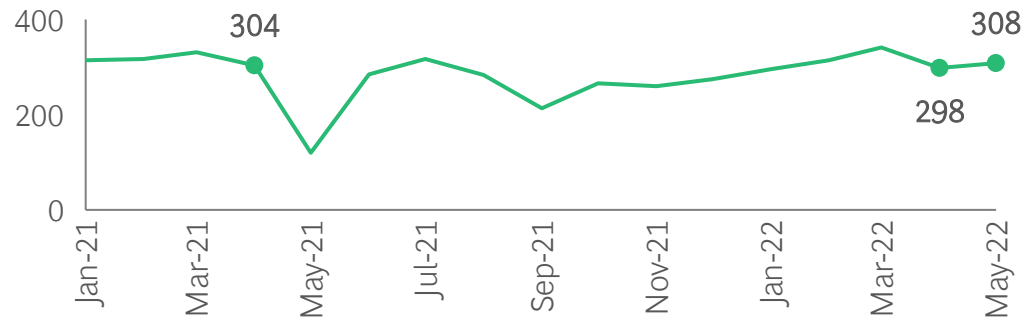
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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 exhibited mixed monthly trends in May'22

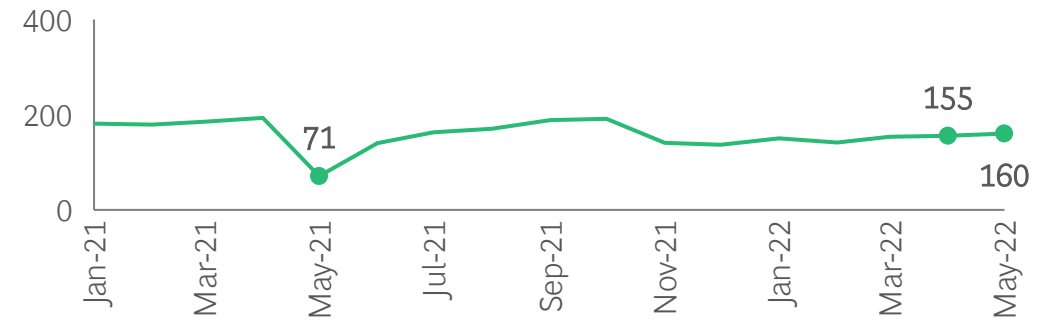
Passenger vehicles sales ('000 units)

PVs grew in May'22 vs. Apr'22, also exceeding 2021 levels



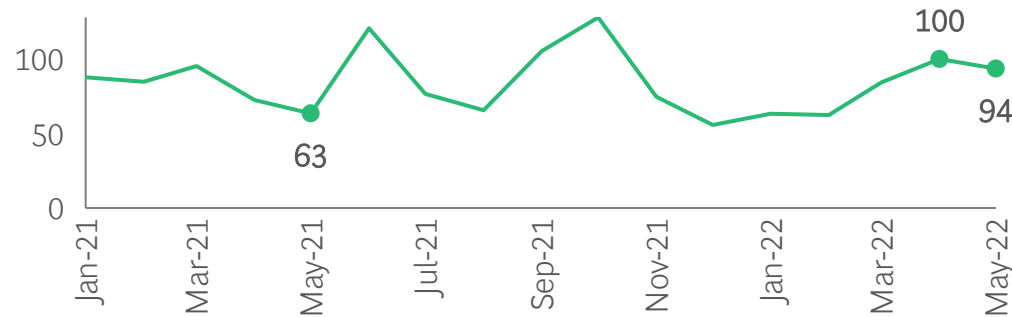
Two-wheeler sales ('0000 units)

2W recorded an uptick for the third consecutive month in May'22



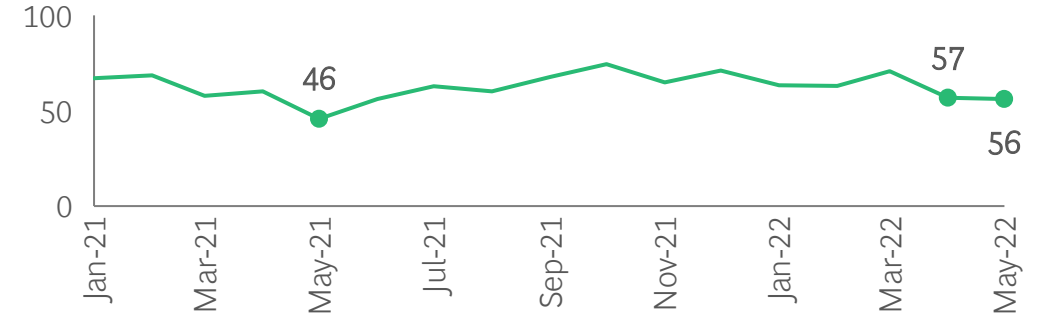
Tractor sales ('000 units)

Tractor sales dipped in May'22 vs. Apr'22



Three-wheeler sales ('000 units)

3W sales remained at similar levels as Apr'22 in May'22

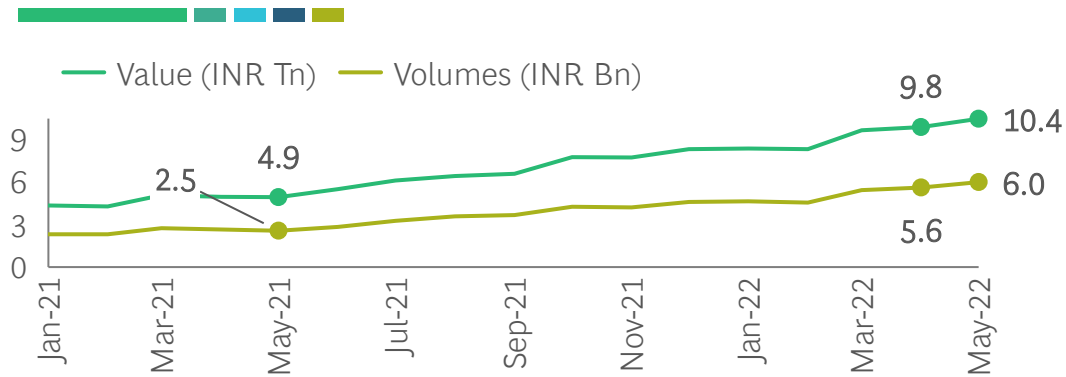


Figures represent wholesale numbers (including exports).
 1. BMW, Mercedes and Volvo Auto data is not available
 Source: SIAM, CMIE, TMA, Press search, BCG analysis

Select BFSI indicators grew at a subdued pace in Apr-May'22

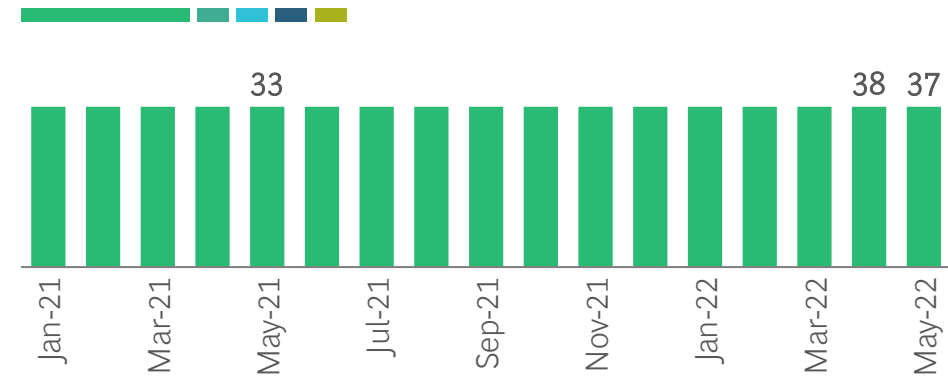
UPI

UPI continued to break monthly growth records in May'22



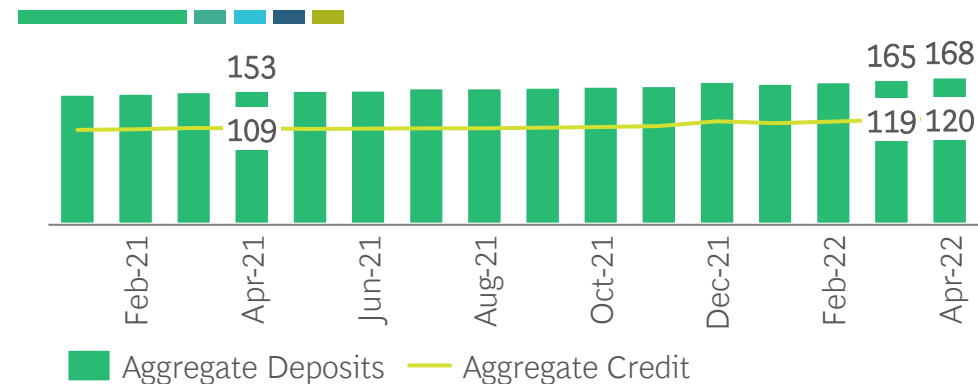
Mutual Funds AUM (INR Tn)

Mutual funds AUM growth remained muted in May'22



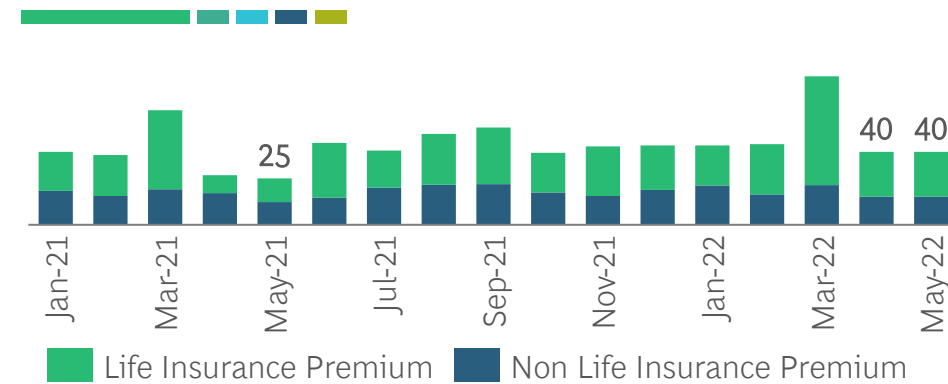
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit grew at a consistent pace in Apr'22 as previous months



Insurance Premium (INR '000 Cr)

Insurance premium remained near Apr'22 levels in 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 14th June 2022

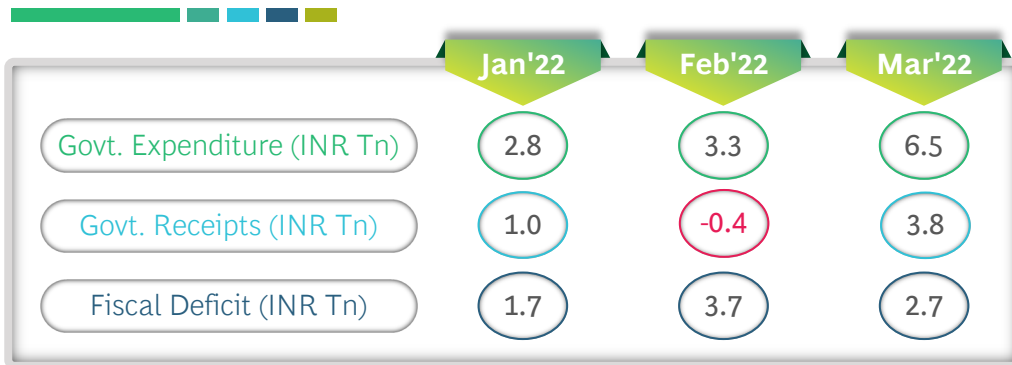
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

Macroeconomic indicators witnessed muted trends in May'22

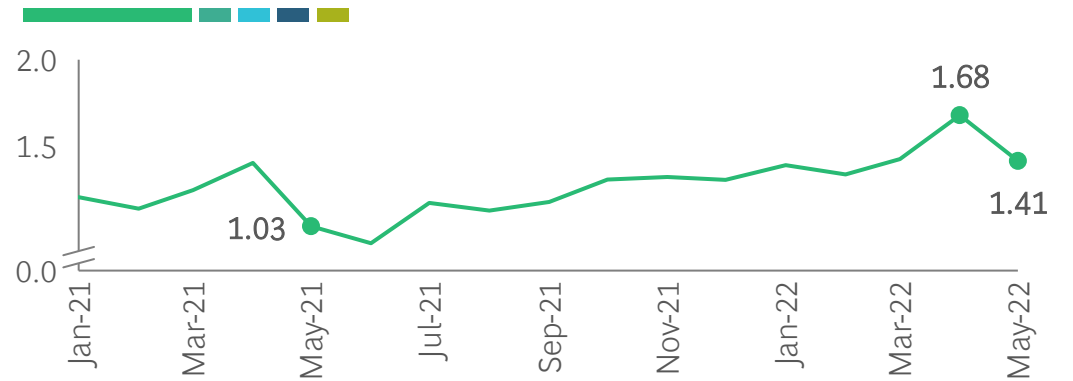
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit narrowed sharply in Mar'22 vs. Feb'22



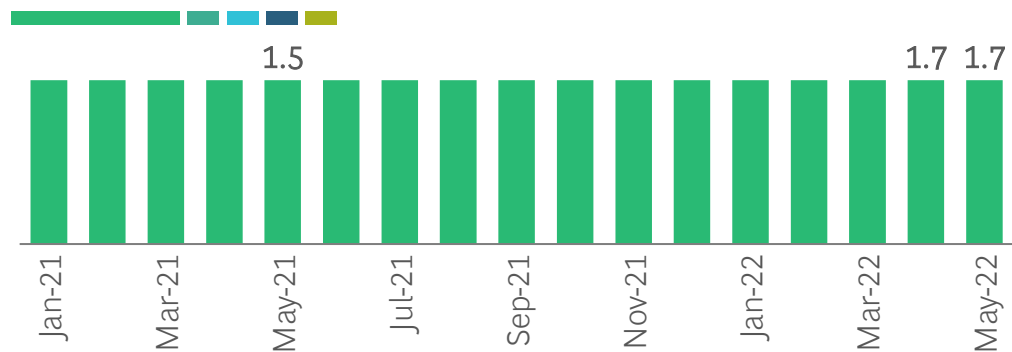
GST Collections¹ (INR Tn)

GST collections dipped sharply in May'22 vs. Apr'22



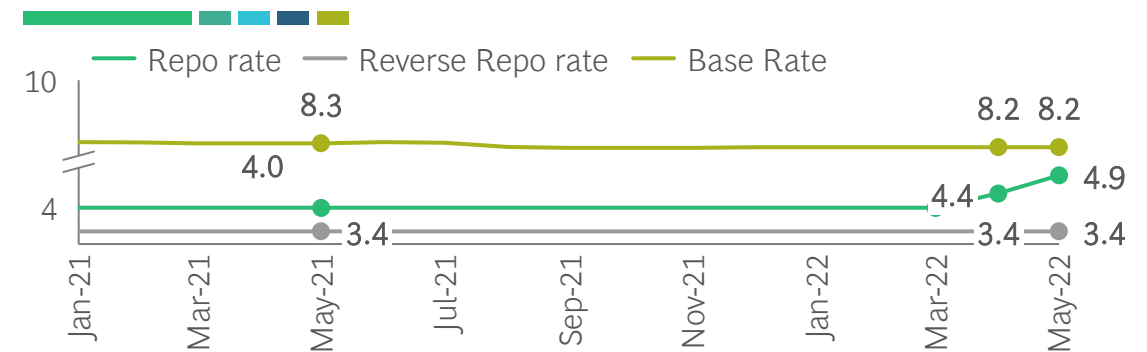
Jan Dhan Deposits (INR Tn)

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



RBI's policy rates (%)

Repo rate hiked by 50 bps in May'22, after a 40 bps increase in Apr'22

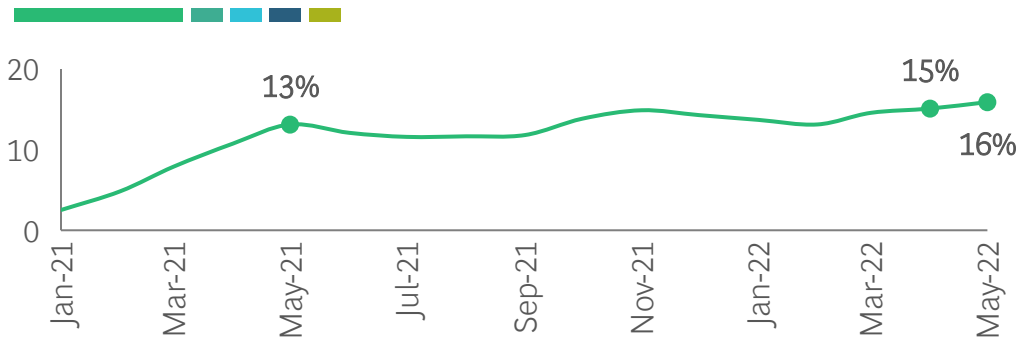


¹GST Collections include all components: CGST, SGST, IGST, Cess
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI soared further while CPI declined in May'22 vs. Apr'22

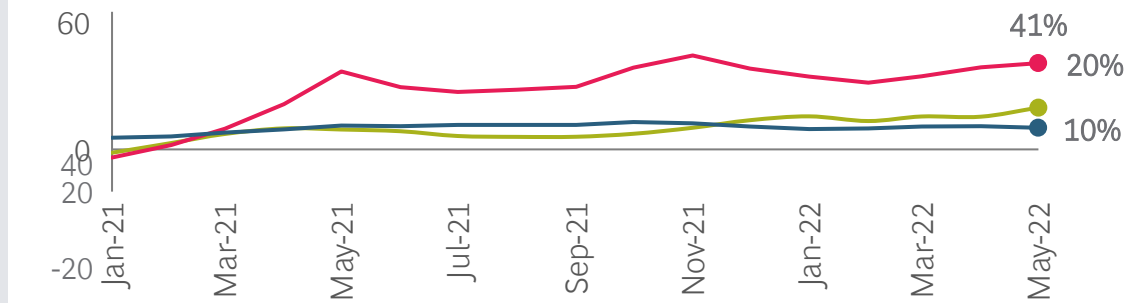
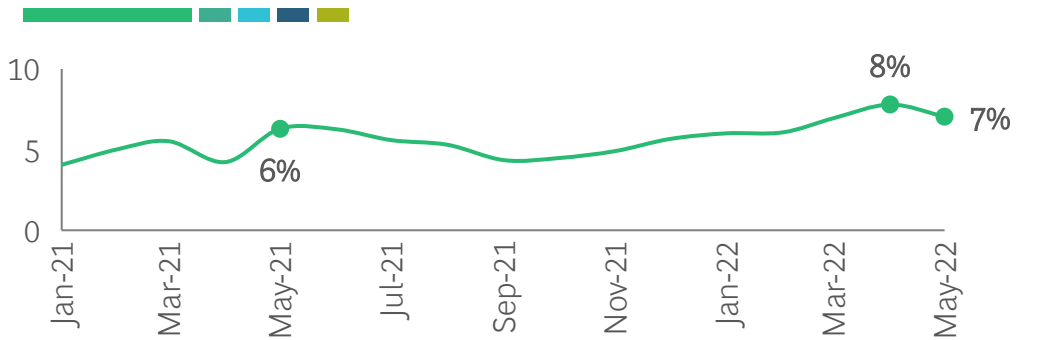
Wholesale Price Index (WPI)¹

WPI rose to a 31-year high in May'22

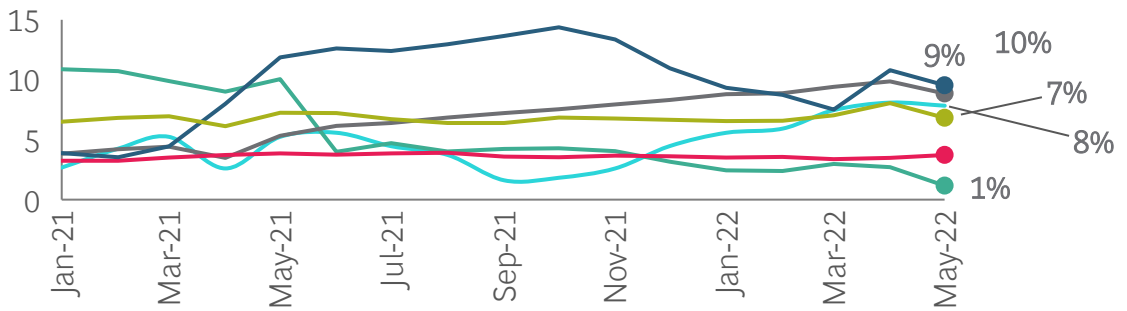


Consumer Price Index (CPI)²

CPI remained outside RBI's 6% tolerance band; moderated vs. Apr'22



- 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

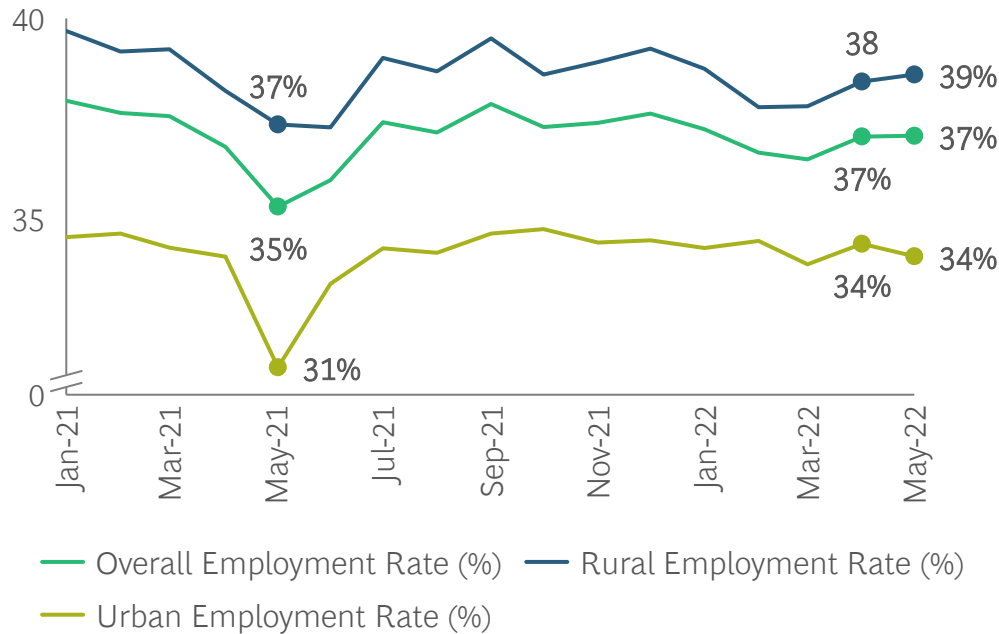
Monthly employment rates remained subdued in May'22; MGNREGA work demand spiked in May'22 vs. Apr'22

CMIE Employment rate (%)¹

Rural employment rate marginally increased; urban employment remained near Apr'22 levels in May'22

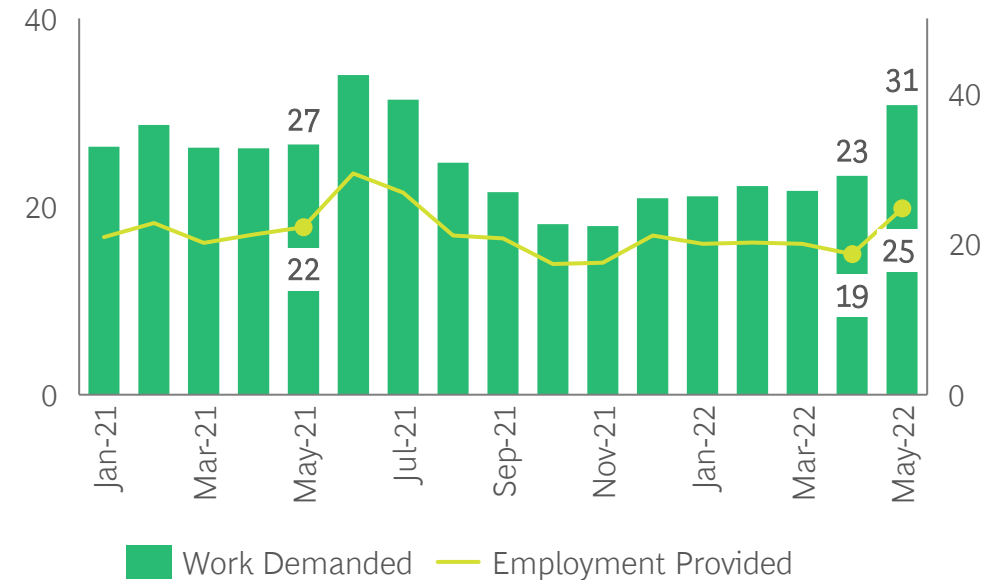


Employment status indicates whether a member of a household who is 15 years of age or more is employed or not employed as of the date of the survey



MGNREGA Employment Progress(Households in Mn)²

Work demand significantly grew; employment provided witnessed modest growth in May'22 vs. Apr'22

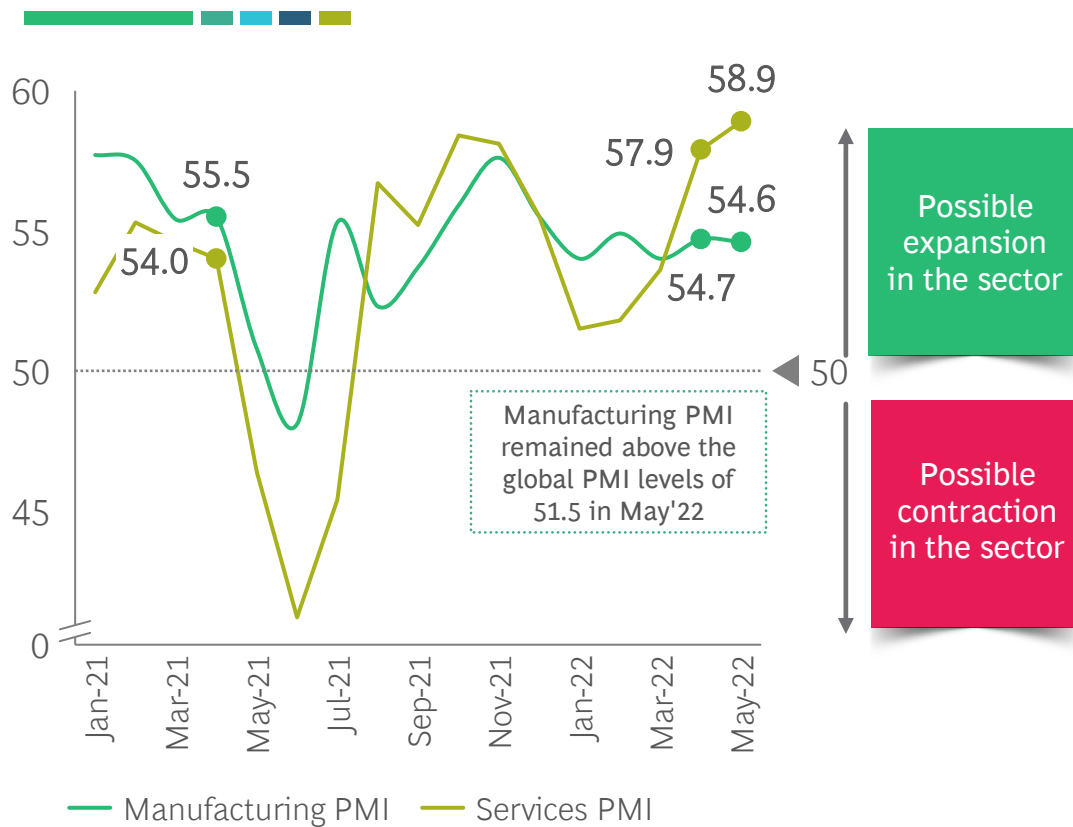


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act
 Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

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

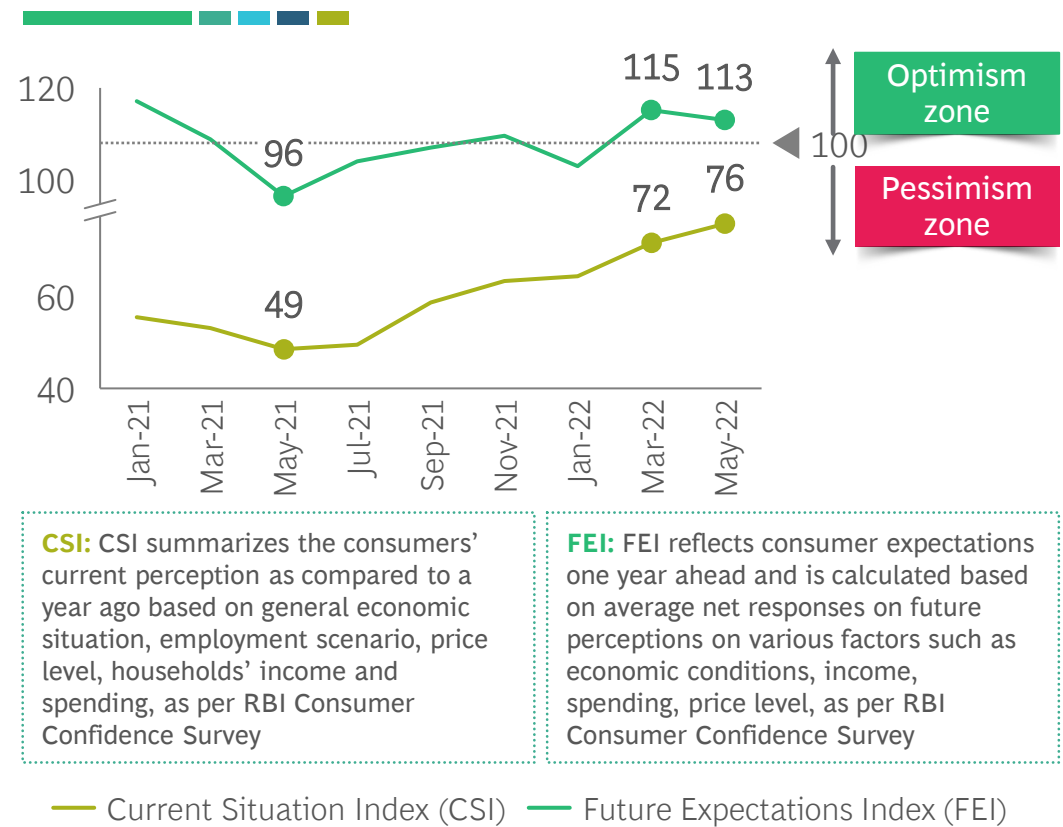
Manufacturing and services PMI¹

Both indicators remained beyond the 50 point mark, services PMI accelerated to an 11 year high in May'22



Consumer Confidence Survey (RBI)²

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

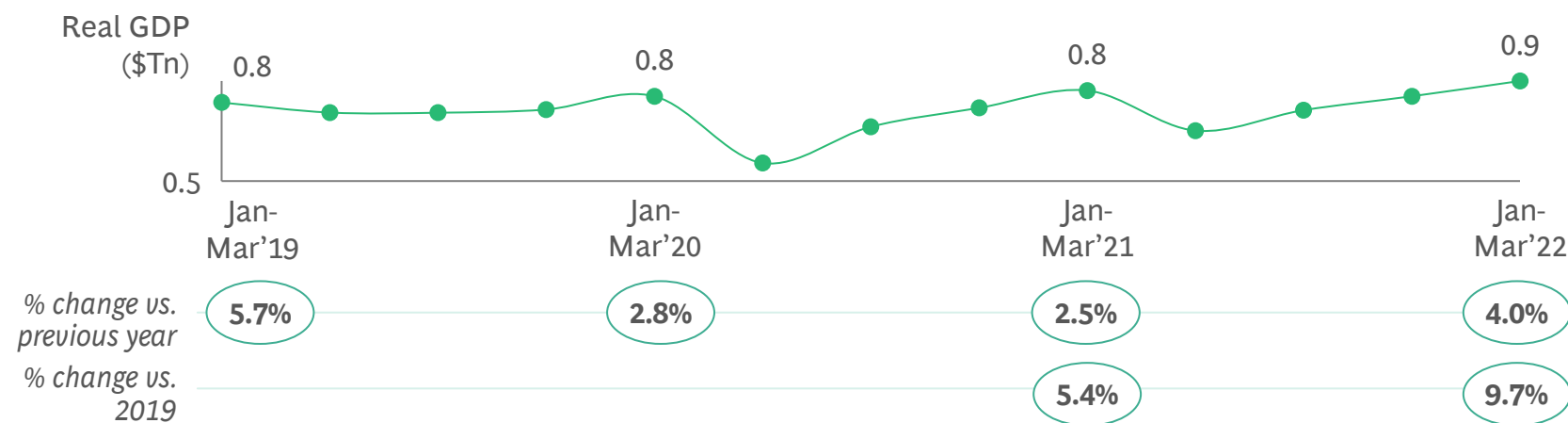


1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;
 2. Sample size: 6,027 responses 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

Real GDP grew by 4.1% YoY in Jan-Mar'22; All GDP sub-components improved in Jan-Mar'22 vs. Jan-Mar'21

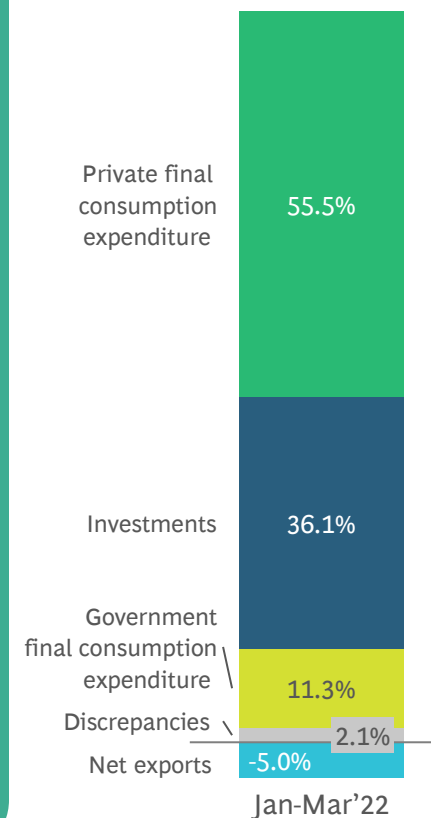
Share of investments in GDP rose; share of net exports & pvt. consumption expenditure fell vs. last year

Real GDP surpassed pre-pandemic levels with 9.7% growth



Quarterly growth % change YoY	Y = C + G + I + X - M					
	Y GDP	C Pvt. Consumption	G Govt. Consumption	I Gross Investment	X Exports	M Imports
% change vs. Jan-Mar'21	4.1%	1.8%	4.8%	5.2%	16.9%	18.0%
% change vs. Jan-Mar'19	9.7%	10.1%	45.3%	12.5%	10.6%	28.4%

% GDP share in Jan-Mar'22

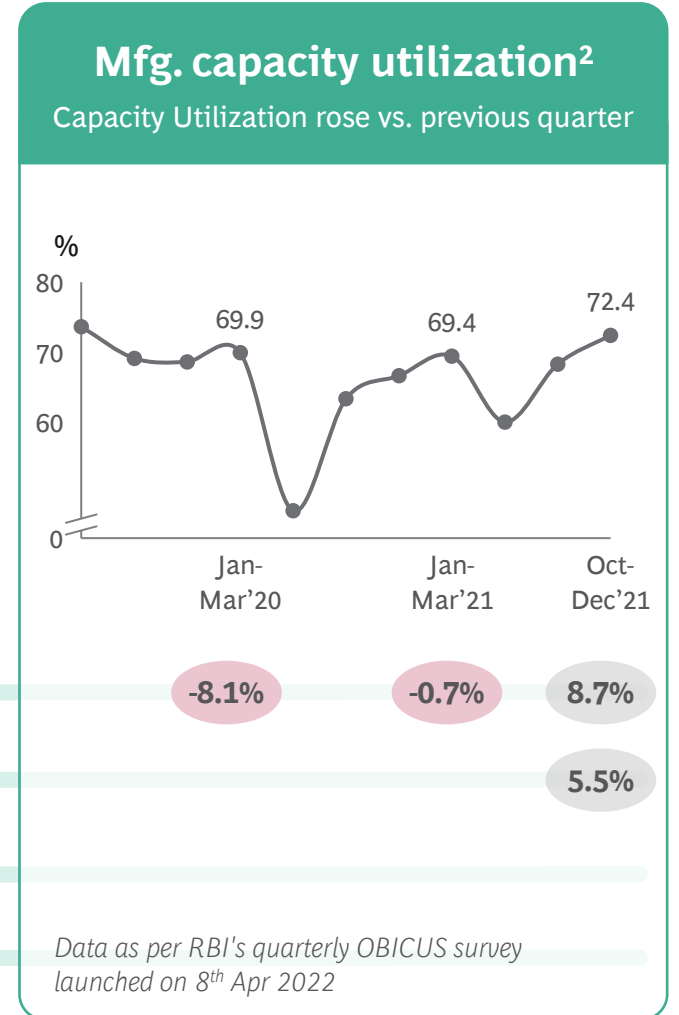
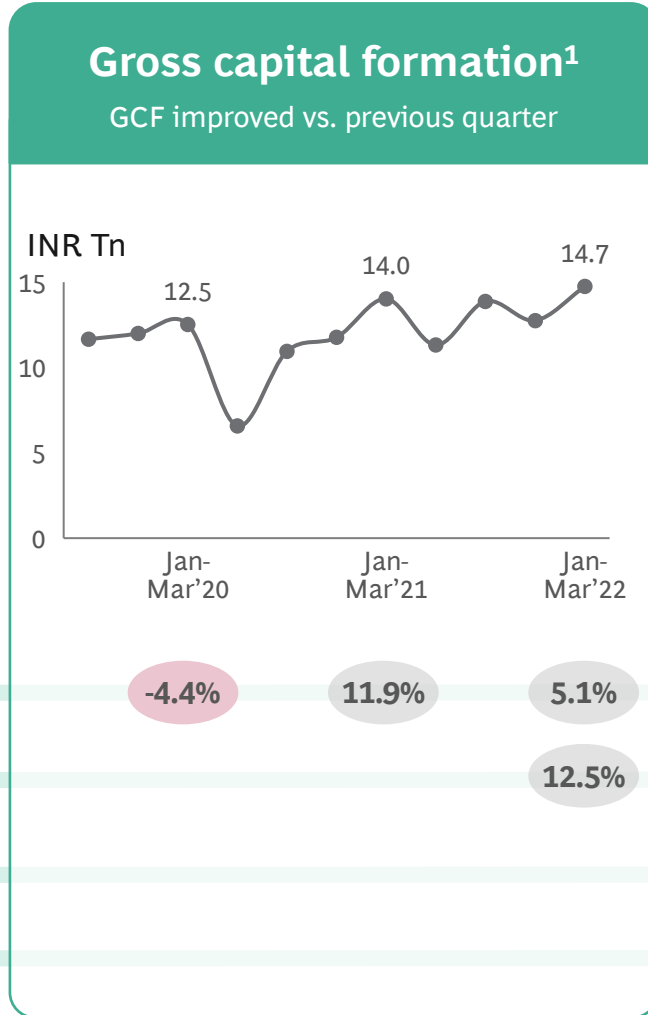
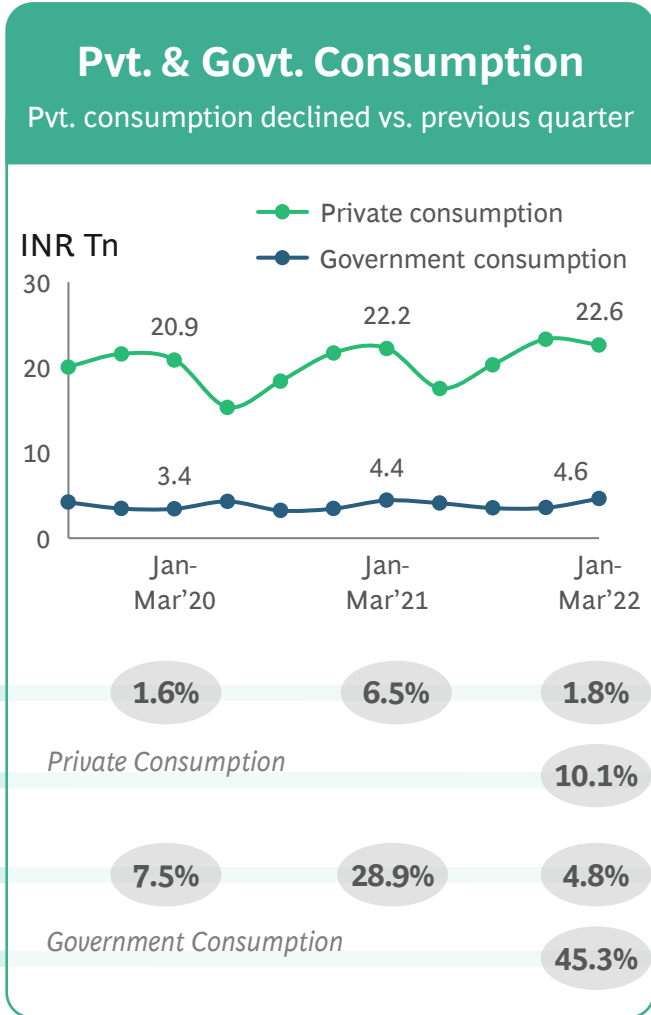


Note: Real GDP at 2011-12 base prices, converted from INR using 2011-12 exchange rates (Rs. 47.95); The numbers would differ from estimates from World Bank, IMF, etc. due to difference in the base year (2011-12 has been used as the base year)

1. Represents absolute growth rate between Jan-Mar'22 and Jan-Mar'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

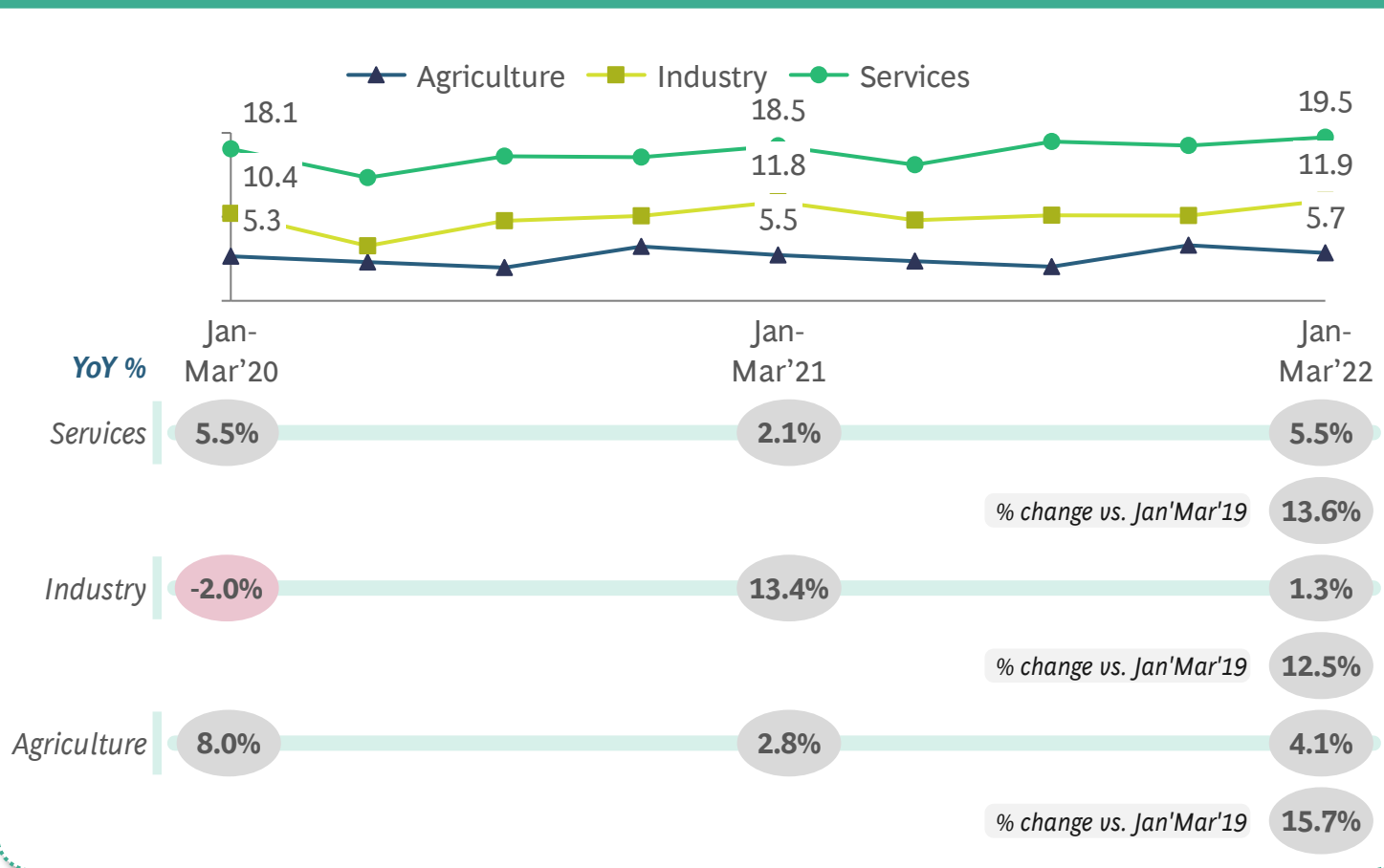
Pvt. & govt. consumption grew YoY; Gross capital formation & manufacturing capacity utilization improved vs. Jan-Mar'21 & '19



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

Agriculture, industry & services witnessed an uptick vs. Jan-Mar'21 &'19 levels; Agriculture recorded a decline vs. previous quarter

Sectoral GVA (INR Tn)

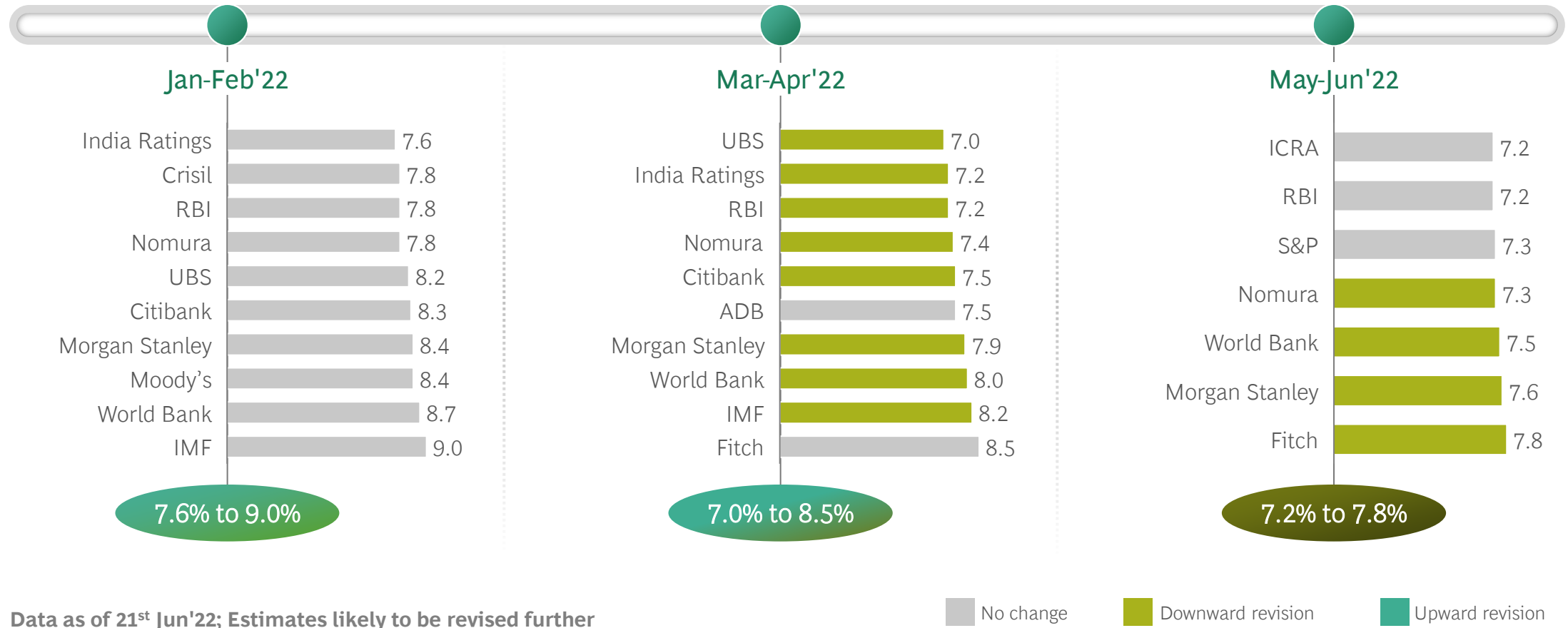


Key Highlights

- Based on the sectoral breakup of GVA, it is observed that services contributed around 52.5% share followed by industry & agriculture with 32.2% & 15.3% share respectively
- All services sub-sectors (trade, financial services, public administration, defence services) recovered vs. Jan-Mar'21 & Jan-Mar'19; Financial services witnessed strongest growth (18.5%) vs. Jan-Mar'19 levels
- Industrial sub-sectors (mining, electricity, manufacturing, construction) grew vs. Jan-Mar'19 levels, with construction exhibiting robust improvement; Growth across select industrial sub-sectors (except manufacturing) improved YOY in Jan-Mar'22
- Manufacturing accounted for the highest share of industry GVA (56.7%) in Jan-Mar'22

India's FY23 GDP forecasted to grow between 7.2% to 7.8% YoY; Some projections revised downwards during May-Jun'22

India GDP growth forecast for FY23 (YoY,%)



Data as of 21st Jun'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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