

India Economic Monitor

MAY 2022

Executive Summary



In Apr'22, most high frequency indicators witnessed mixed MoM trends on account of elevated inflation & continued supply chain disruptions. Moreover, India is facing a power crisis accentuated by shortfall in imported coal, which is expected to pose challenges to industrial production. Index of industrial production witnessed a sharp upsurge MoM upsurge in Mar'22, although industrial recovery post pandemic continues to be nascent. This is reflected in the marginal growth of several industrial indicators such as power consumption, cement production etc. vs. pre-COVID levels.

A sharp fall in merchandize imports led to narrowing of merchandize trade gap. E-way bills, FASTag volumes and JNPT container traffic dipped slightly in Apr'22 MoM, although remained above 2019 levels. Both air & rail freight & passenger traffic improved in Mar'22 vs. last year levels owing to normalization of business activity. GST collections reached an all-time high of INR 1.68 Tn in Apr'22. Chip shortage & fuel price hikes continued to unevenly impact auto sales in Apr'22 - PV & 3W sales remained below Apr'21 levels while 2W & tractor sales exceeded Apr'21 levels. EV registrations dipped marginally vs. Mar'22, albeit remained significantly above Apr'21 levels. UPI value & volume broke record highs. Jan Dhan deposits continued to grow moderately vs. 2021. Insurance premium fell sharply after spiking in the previous month, although remained significantly above Apr'21 levels. CPI spiked to an 8-year high, primarily driven by food & beverages inflation. WPI also hit a record 17-year high on account of rise in prices of crude petroleum, natural gas, mineral oils etc.

With an increase in new orders & production, both manufacturing & services PMI remained in expansionary mode, even as coal shortages caused disruptions. Crude oil prices eased vs. Mar'22, although remained above the USD 100/barrel mark. Analyst forecasts indicate GDP growth of 7.2-8.5% YoY for FY23, with few downward revisions in last 2-3 months

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

Source: MoHFW, POSOCO, MOSPI, Ministry of Commerce & Industry, RBI, GST Network, NPCI, NETC, Ministry of Railways, AAI, JNPT, AIOCD, mFMS, Joint Plant Committee, Ministry of Steel, Ministry of Commerce & Industry, SIAM, CMIE, IRDAI, Ministry of Finance, GST Council, Ministry of Rural Development, Analyst reports, BCG analysis

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

Growth

Industry	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Apr'22	Apr'19	CAGR ¹	Apr'21	YoY	Mar'22	MOM
IIP (Index)*	148.3	144.1	1%	145.5	2%	132.1	12%
Power Consumption ('000 MUs)	4.4	3.8	6%	3.8	15%	4.2	5%
Petroleum Consumption (MMT)	22.8	18.3	8%	16.6	37%	19.4	18%
Steel Consumption (MMT) *	9.7	9.5	1%	9.3	4%	8.7	11%
Cement Production (MT) *	38.0	33.1	5%	32.9	15%	32.3	17%

Growth

Logistics	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Apr'22	Apr'19	CAGR ¹	Apr'21	YoY	Mar'22	MOM
E-way Bills (Mn)	75.2	52.5	13%	58.8	28%	78.2	-4%
FASTag (Mn)	266.0	26.0	117%	164.3	62%	270.4	-2%
JNPT Traffic ('000 TEUs)	498.0	448.3	4%	468.0	6%	515.5	-3%
Rail Freight (Mn Tons) *	139.2	119.7	5%	130.5	7%	119.6	16%
Air Freight (K Tons) *	283.3	308.4	-3%	282.4	0%	238.1	19%

Growth

Trade & Investment	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Apr'22	Apr'19	CAGR ¹	Apr'21	YoY	Mar'22	MOM
Merchandise Exports (\$ Bn)	30.5	26.1	5%	30.6	-1%	42.2	-28%
Merchandise Imports (\$ Bn)	38.8	41.4	-2%	45.7	-15%	60.7	-36%
Services Exports (\$ Bn) *	22.5	17.9	8%	20.5	10%	21.3	6%
Services Imports (\$ Bn) *	13.2	11.4	5%	12.5	5%	13.0	2%

Growth

Auto	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Apr'22	Apr'19	CAGR ¹	Apr'21	YoY	Mar'22	MOM
PV Sales ('000 Units)	298.1	305.0	-1%	303.7	-2%	340.8	-13%
Tractor Sales ('000 Units)	100.0	62.5	17%	72.3	38%	84.2	19%
2W Sales ('0000 Units)	155.4	240.2	-14%	193.2	-20%	153.5	1%
EV Registrations ('000 Units)	73.0	10.6	90%	14.2	415%	77.1	-5%

* Data available only upto Mar'22 as on 30-May – hence growth comparisons are for March and not April. Mar'22 data has been compared with Mar'19, Mar'21 & Feb'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. pre-COVID levels, although exhibited mixed performance vs. 2021 in Mar-Apr'22 (2/2)

Banking, Financial Services & Insurance

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Apr'22	Apr'19	CAGR ¹	Apr'21	YoY	Mar'22	MOM
UPI Value (INR Tn)	10.0	1.4	91%	5.0	99%	9.6	2%
Aggregate Deposits (INR Tn)*	164.7	125.7	9%	151.1	9%	162.2	2%
Aggregate Credit (INR Tn) *	119.0	97.7	7%	109.5	9%	116.4	2%
NSE & BSE Txns. (INR K Cr)	1370.0	696.0	25%	1413.6	-3%	1491.3	-8%
Insurance Premium (INR K Cr)	39.5	26.0	15%	27.0	46%	81.2	-51%

Macroeconomic

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Apr'22	Apr'19	CAGR ¹	Apr'21	YoY	Mar'22	MOM
GST Collections (INR Tn)	1.7	1.1	14%	1.4	18%	1.4	18%
WPI (%)					15%		
CPI (%)					7%		
Jan Dhan Deposits (INR Tn)	1.7	1.0	19%	1.4	16%	1.7	0%
MGNREGA Emp. Provided (HH)	17.1	17.0	0%	21.3	-20%	19.2	-11%

Sentiment

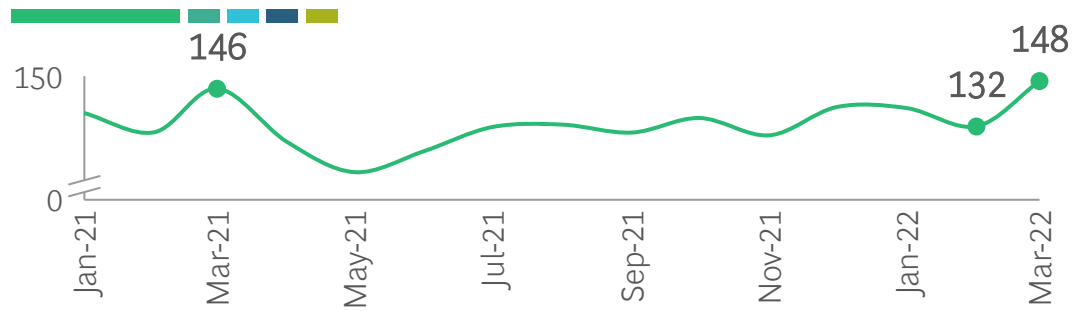
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Apr'22	Apr'19	CAGR ¹	Apr'21	YoY	Mar'22	MOM
Manufacturing PMI (Index)	54.7	51.8	2%	55.5	-1%	54.0	1%
Services PMI (Index)	57.9	51.0	4%	54.0	7%	53.6	8%
Current Situation Index *	71.7	104.6	-12%	53.1	35%	64.4	11%
Future Expectations Index *	115.2	133.4	-5%	108.8	6%	103.0	12%

* Data available only upto Mar'22 as on 30-May – hence growth comparisons are for March and not April. Mar'22 data has been compared with Mar'19, Mar'21 & Feb'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)

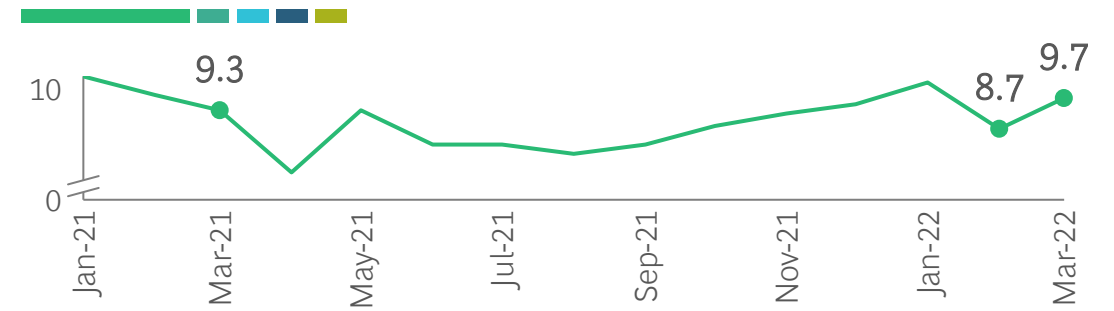
Key industrial metrics saw a minor monthly uptick in Mar-Apr'22

IIP witnessed a sharp uptick while underlying metrics e.g., cement, power, steel consumption saw marginal growth in Mar-Apr'22 vs. previous month

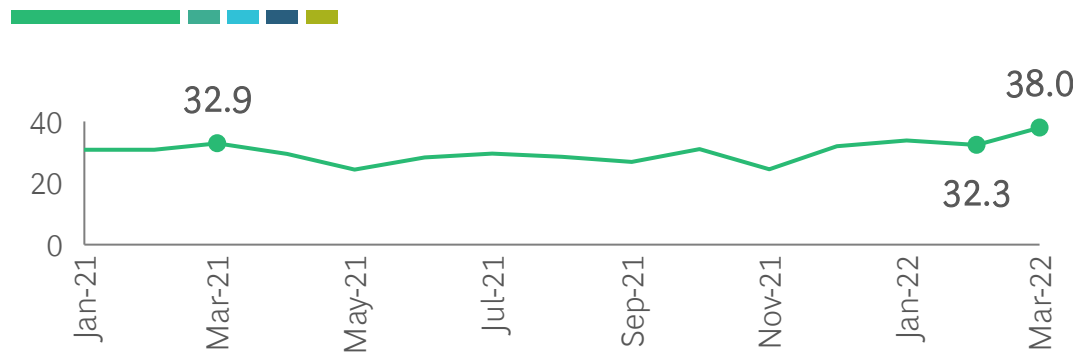
Index of Industrial Production¹



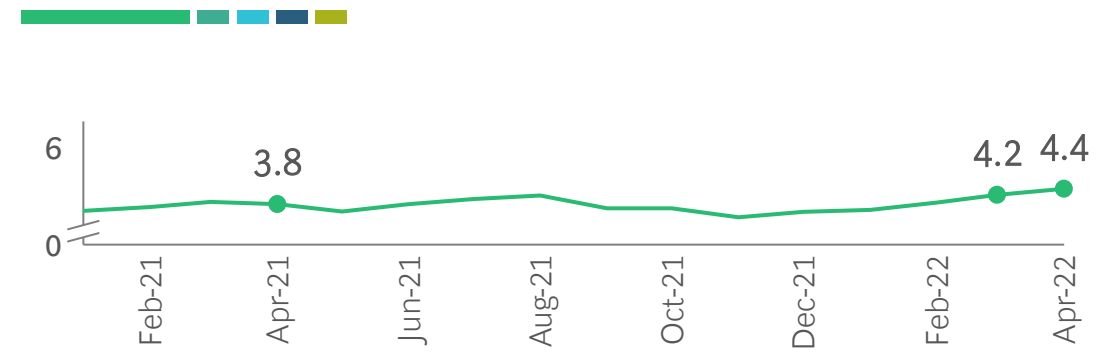
Steel Consumption (MMT)²



Cement Production (MT)



Power Consumption ('000s MUs)



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

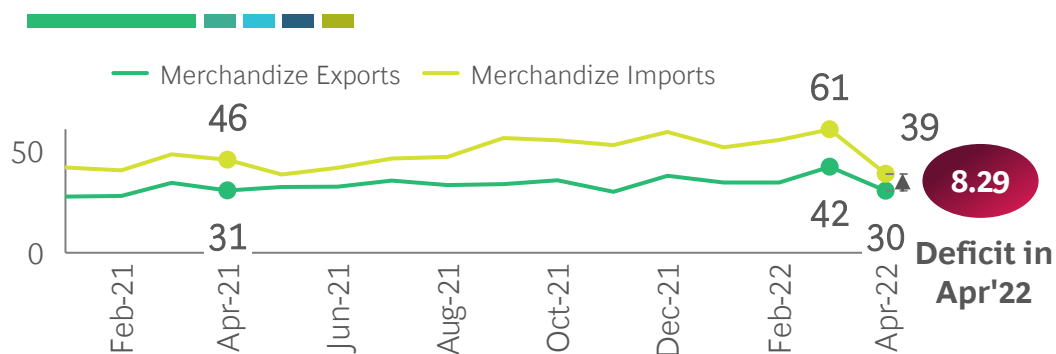
2. Steel consumption incl. long & flat steel

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

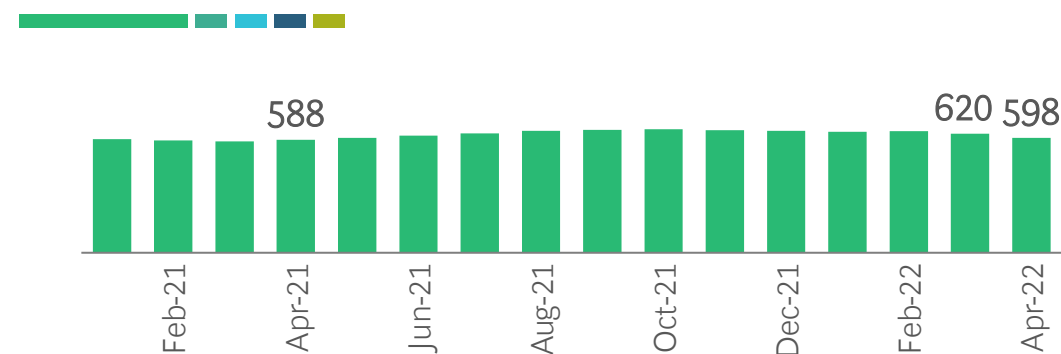
Trade improved while investments fell MoM in Mar-Apr'22

Merchandise trade deficit fell sharply & services trade surplus improved MoM in Mar-Apr'22; FDI inflows & forex reserves logged marginal MoM decline, although exceeded 2021 levels in Mar-Apr'22

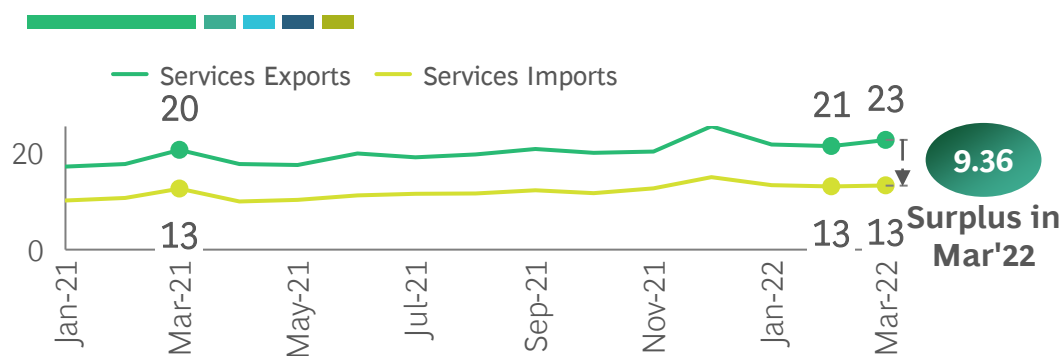
Merchandise Trade (\$ Bn)



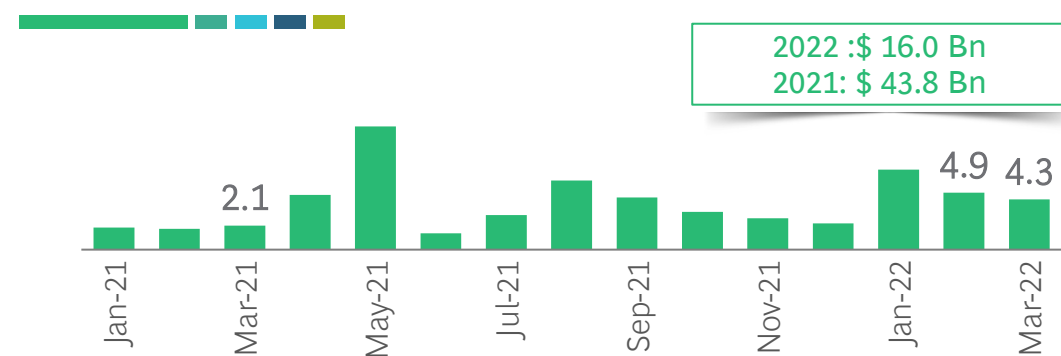
Forex Reserves (\$ Bn)



Services trade (\$ Bn)



FDI (\$ Bn)¹

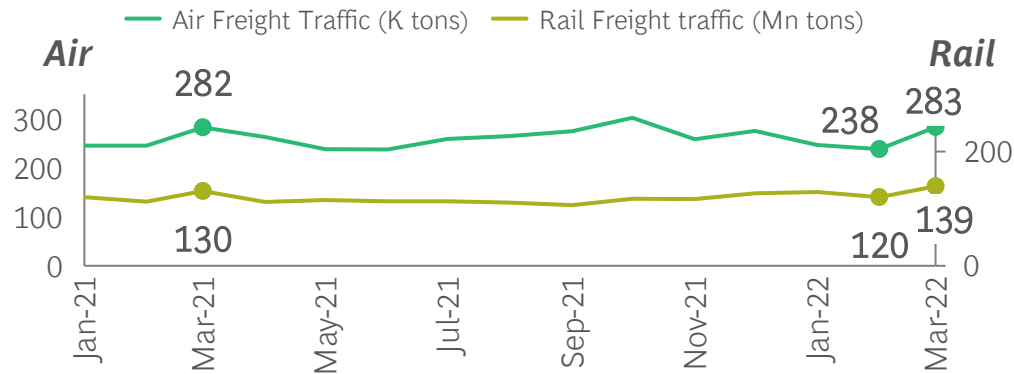


Note: Apr'22 Merchandise Import and Export numbers; Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Mar'22 figures are provisional; Past period data may vary from the previous versions of the Economic Monitor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

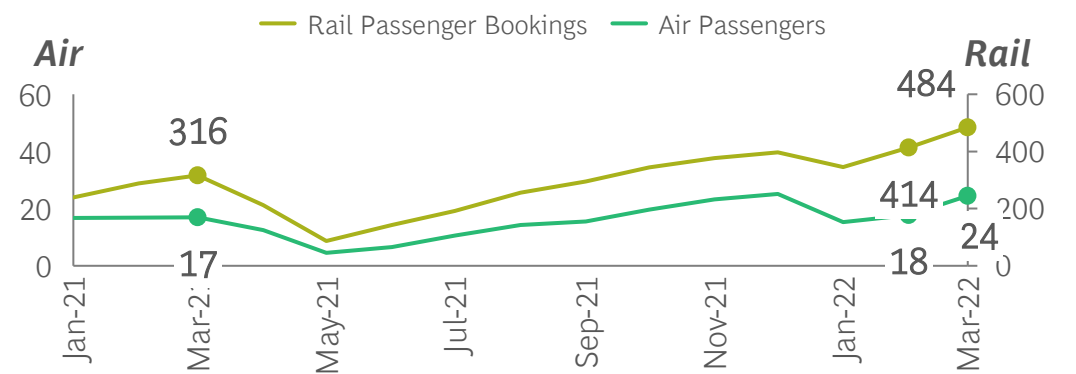
Logistics recorded an uptick in Mar- Apr'22 vs. 2021 levels owing to resumption of economic activity

Rail & air traffic witnessed a sharp increase in MoM; E-way bills, FASTag & JNPT traffic declined MoM in Apr'22

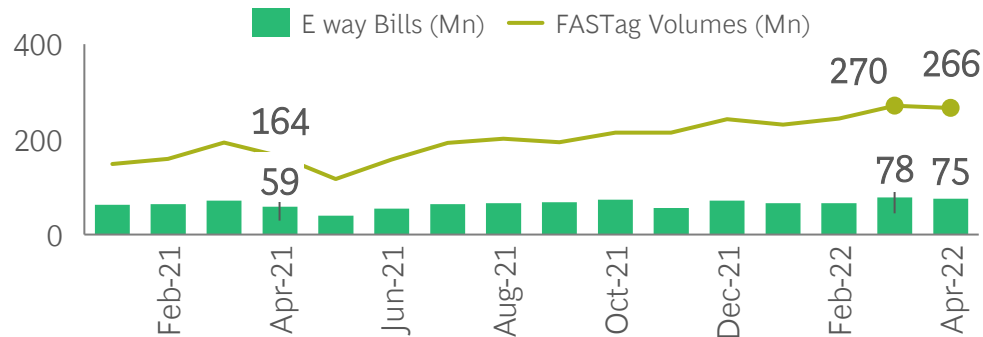
Freight Traffic



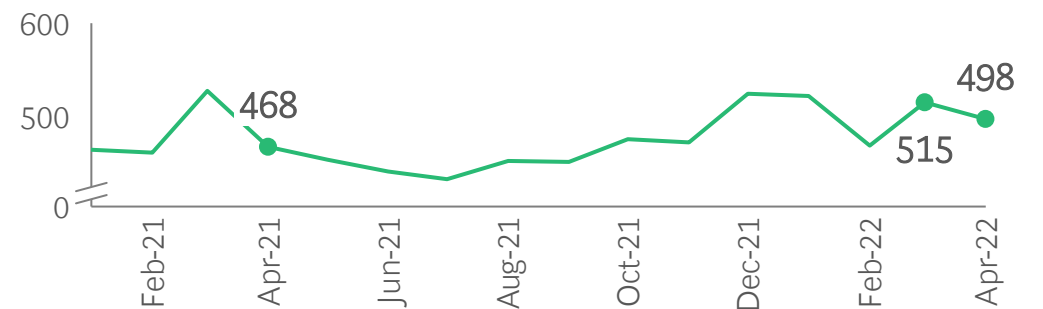
Passenger traffic (Mn)



E-way Bills & FASTag (Mn)¹



JNPT Container Traffic ('000 TEUs)²



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)

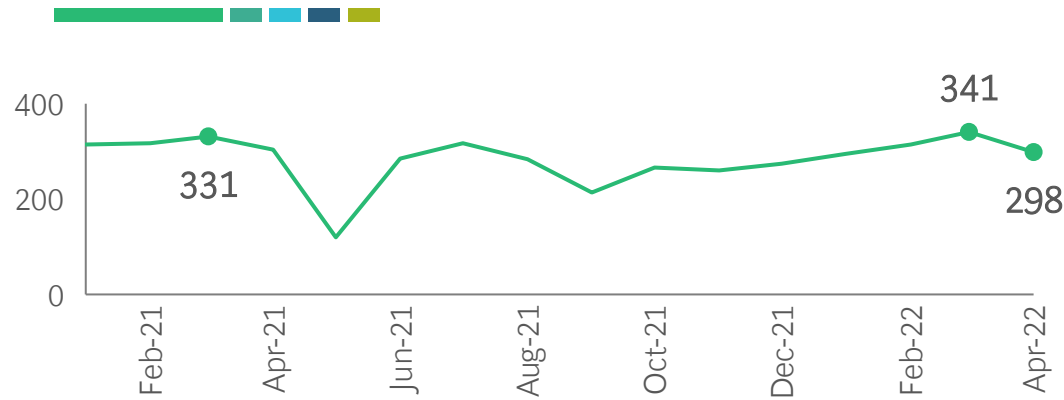
Source: Ministry of Railways, CEIC data, Airport Authority of India, : Jawaharlal Nehru Port Trust, Airport Authority of India, GST Network, NHAI, NPCI, BCG analysis

Auto sales exhibited mixed monthly growth trends in Apr'22

2W & tractor sales increased while PV & 3W sales declined in Apr'22 vs. Apr'21

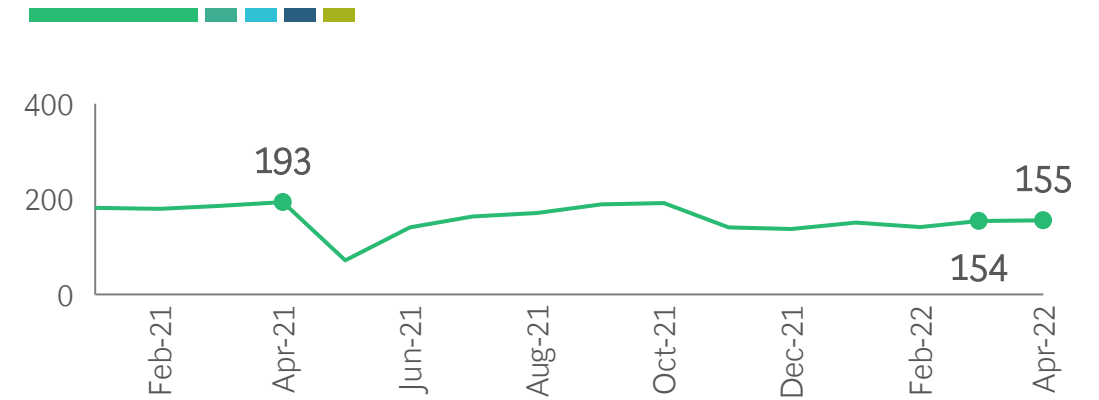
Passenger vehicles sales ('000 units)

PVs witnessed degrowth for the first time in 5 months



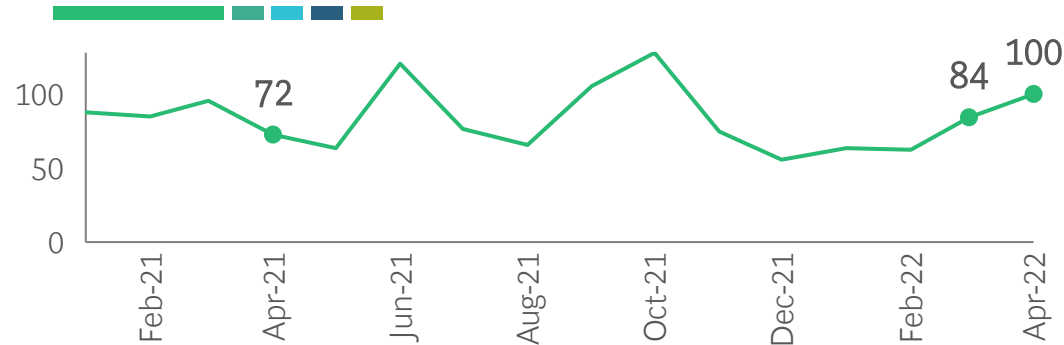
Two-wheeler sales ('0000 units)

2W recorded an uptick for the second consecutive month



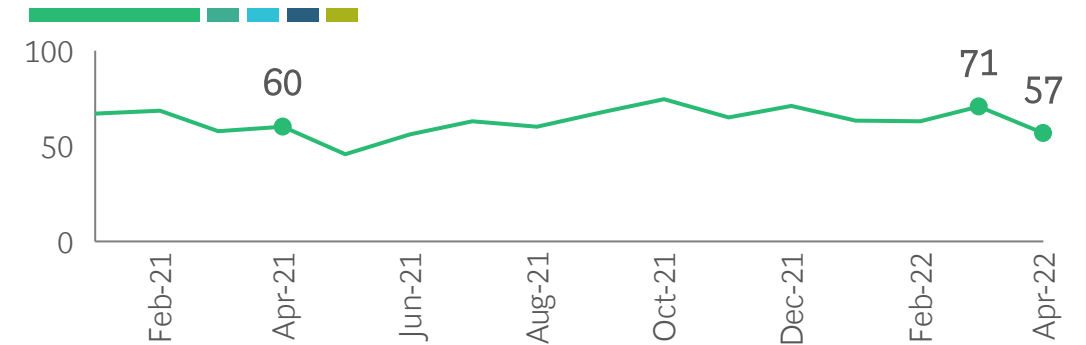
Tractor sales ('000 units)

Tractor sales continued on an upward trajectory in Apr'22



Three-wheeler sales ('0000 units)

3W witnessed degrowth for the first time in 3 months

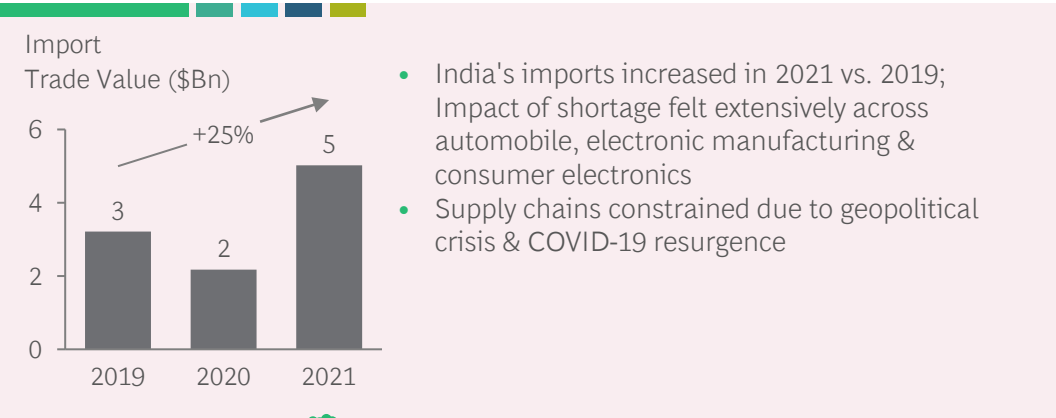


Figures represent wholesale numbers (including exports).
 1. BMW, Mercedes and Volvo Auto data is not available; Source: SIAM, CMIE, TMA, Press search, BCG analysis

Global supply chain disruptions have affected exports & imports of key commodities

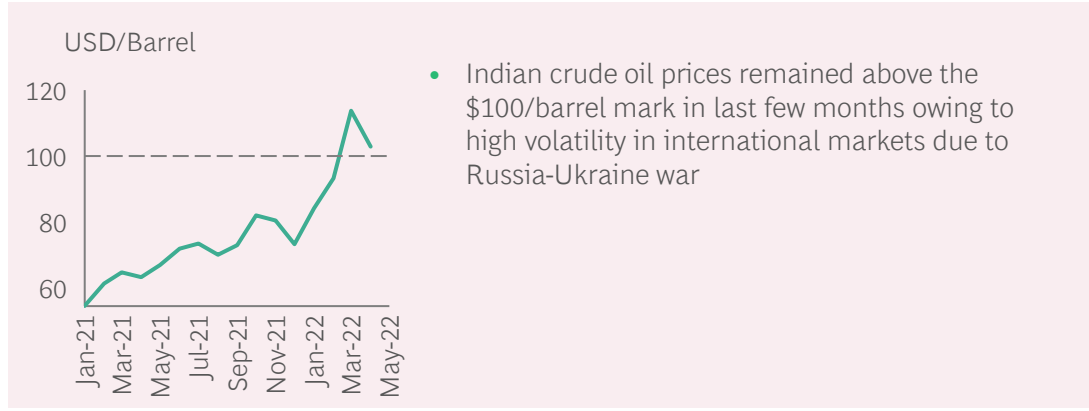
India faces severe shortage of raw materials like microchips while it emerges as a strong supplier of wheat & steel

- Microchips

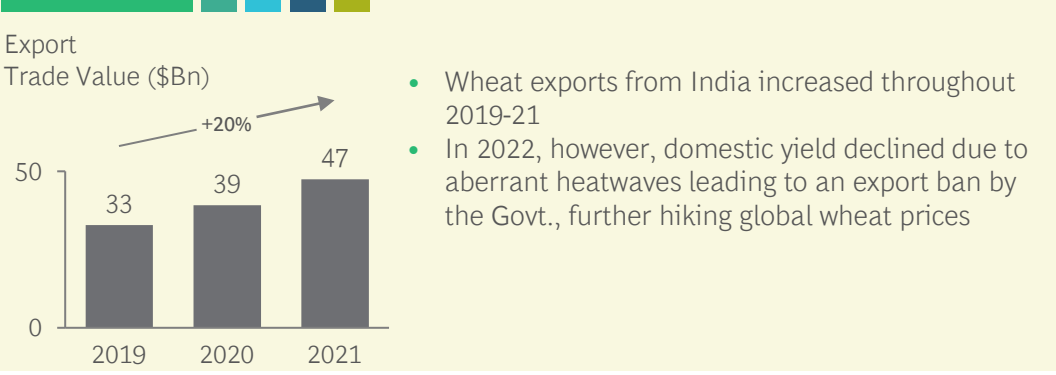


- Crude Oil¹

Select examples






+ Wheat²



+ Steel



Note: Calendar year considered for import & export of commodities
 1. Indian basket of Crude Oil represents a derived basket comprising of sour grade (Oman & Dubai average) and sweet grade (Brent Dated) of crude oil processed in Indian refineries. It is used as an indicator of price of crude imports in India
 2. Includes wheat & meslin exports
 Business Today, LiveMint, Reuters, Economic Times, India Ministry of Commerce, GEP, The Pioneer, Indian Express, UN Commtrade, BCG analysis

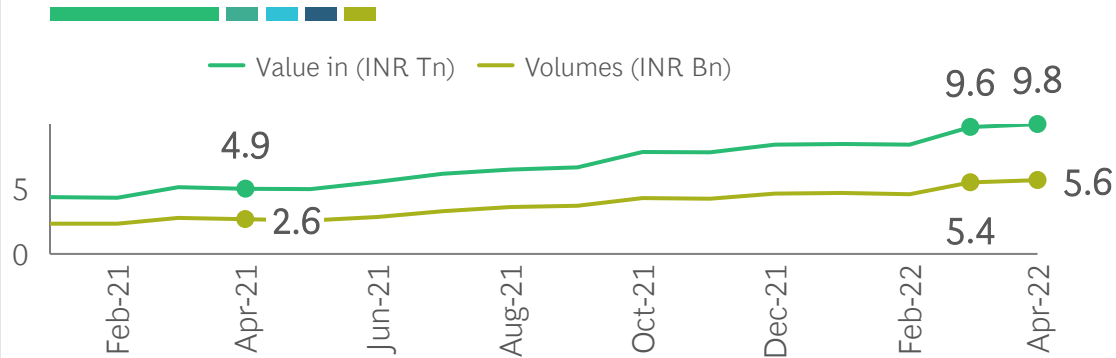
 Negative impact  Positive impact
 Mixed impact

BFSI indicators exhibited mixed trends in Mar-Apr'22

UPI transaction value & volumes scaled new peaks; Life insurance premium took a nosedive in Apr'22 after spiking in Mar'22

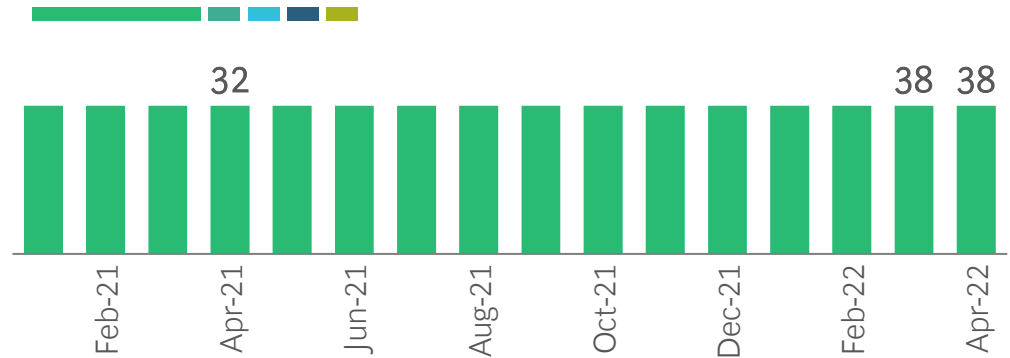
UPI

UPI continued to break record highs MoM



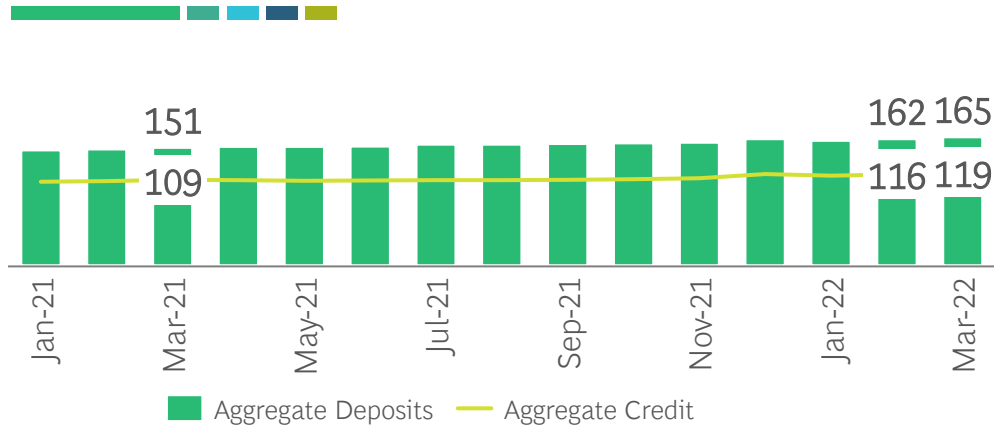
Mutual Funds AUM (INR Tn)

Mutual funds AUM growth remained subdued in Apr'22



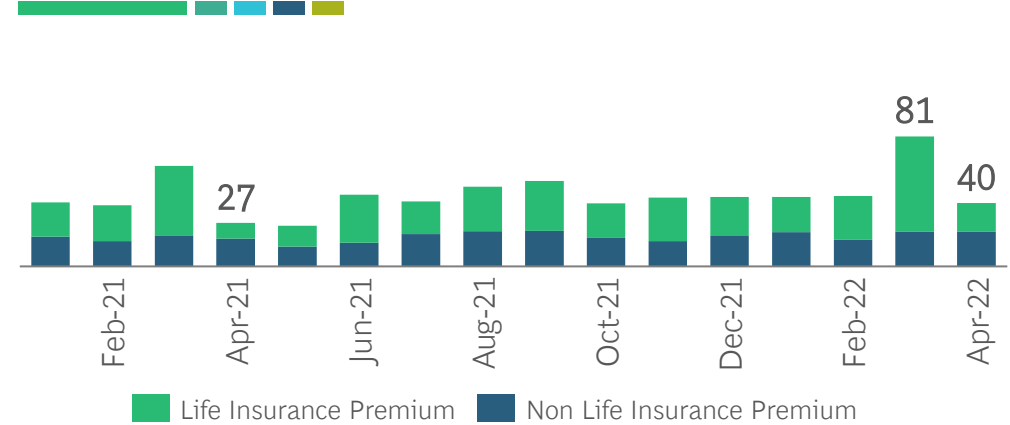
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit grew at a consistent pace



Insurance Premium (INR '000 Cr)

Life insurance premium fell sharply vs. Mar'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

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

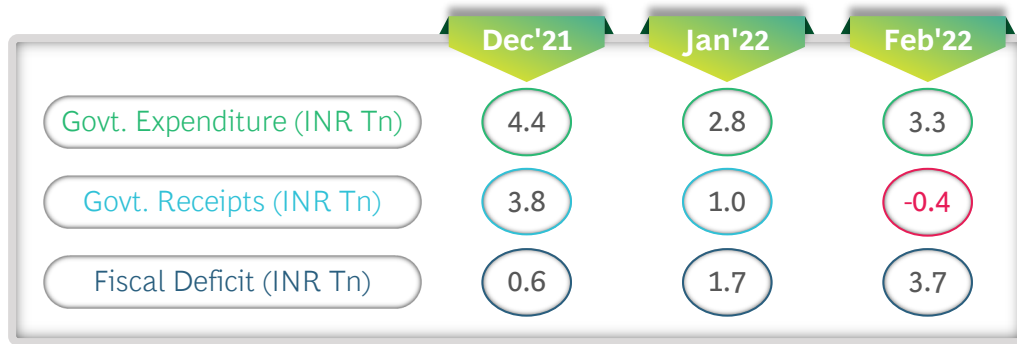
Source: DBIE, NPCI, IRDAI, AMFI, BCG analysis

Select macroeconomic indicators witnessed moderate growth

Jan Dhan deposits stabilized in 2022; GST collections recorded an all time high; RBI hiked repo rate for the first time since 2018 to counter inflationary pressures

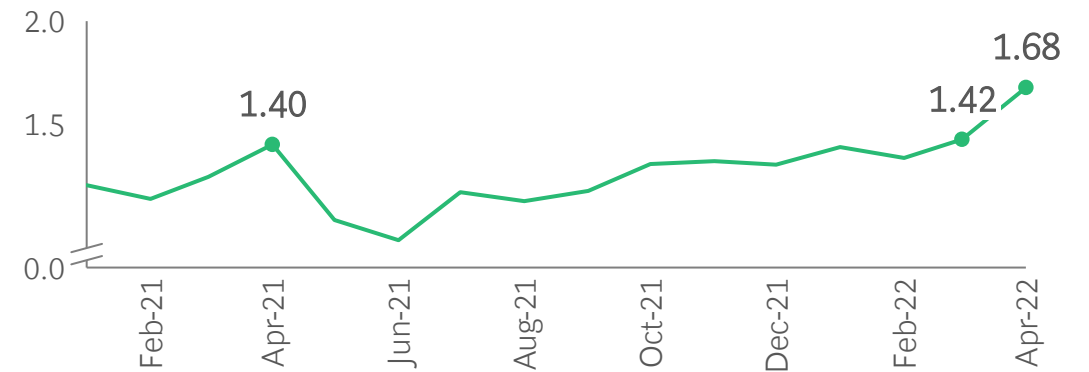
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit spiked sharply in Feb'22 vs. Jan'22



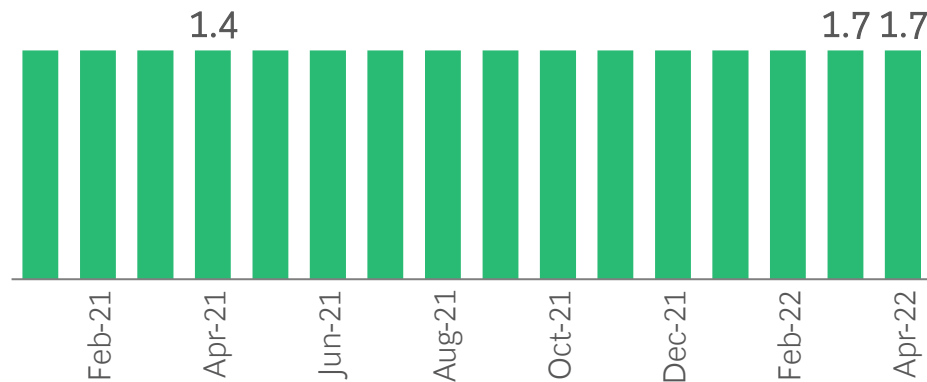
GST Collections¹ (INR Tn)

GST collections surged to all time high



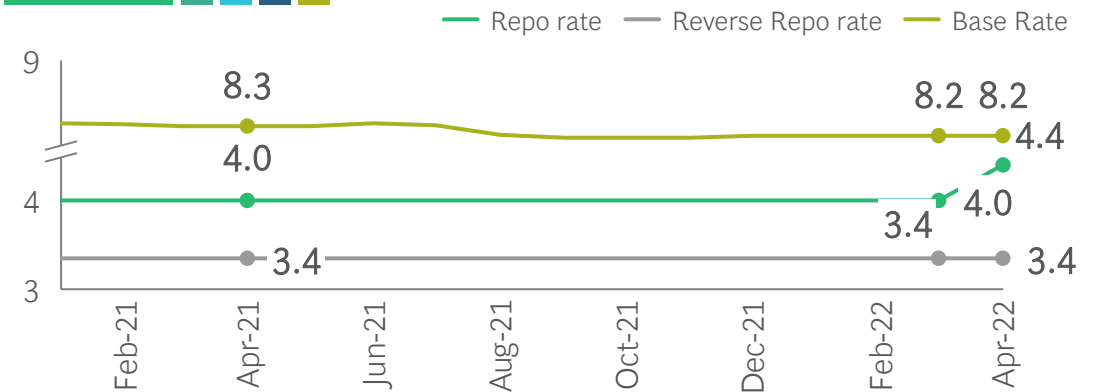
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits exceeded Apr'21 levels



RBI's policy rates (%)

Repo rate increased for first time since 2018

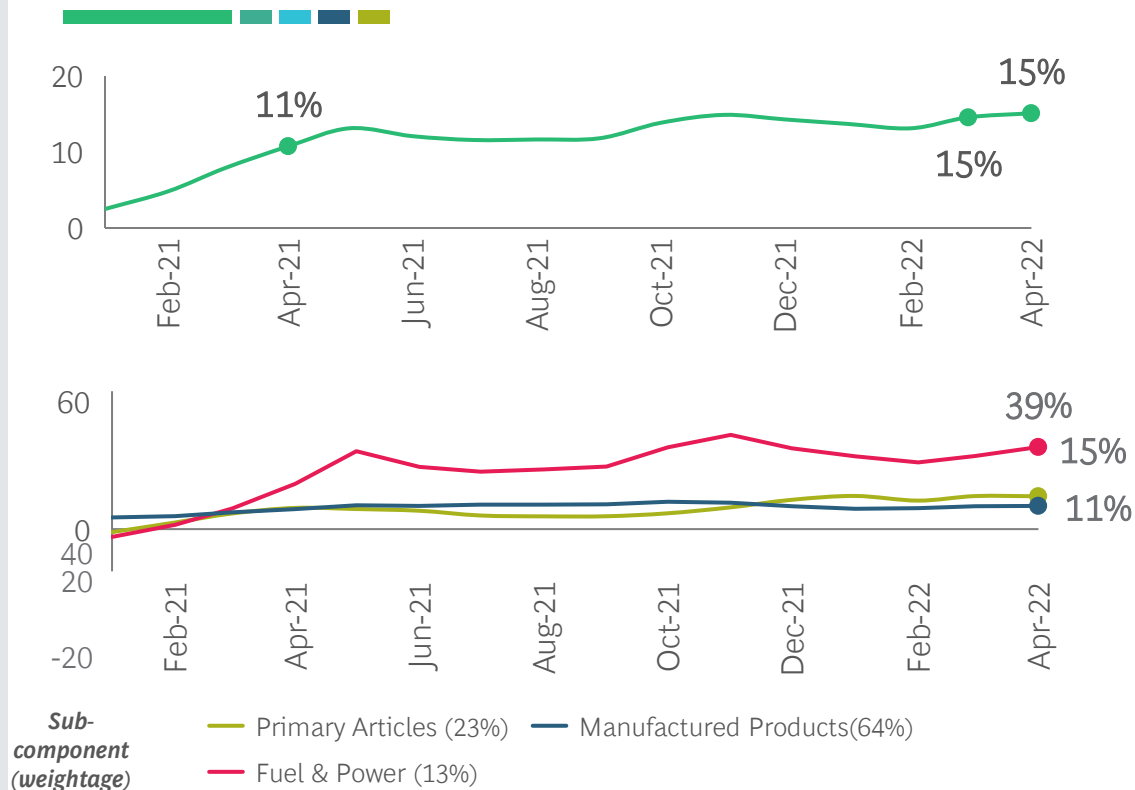


1.GST Collections include all components: CGST, SGST, IGST, Cess
Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

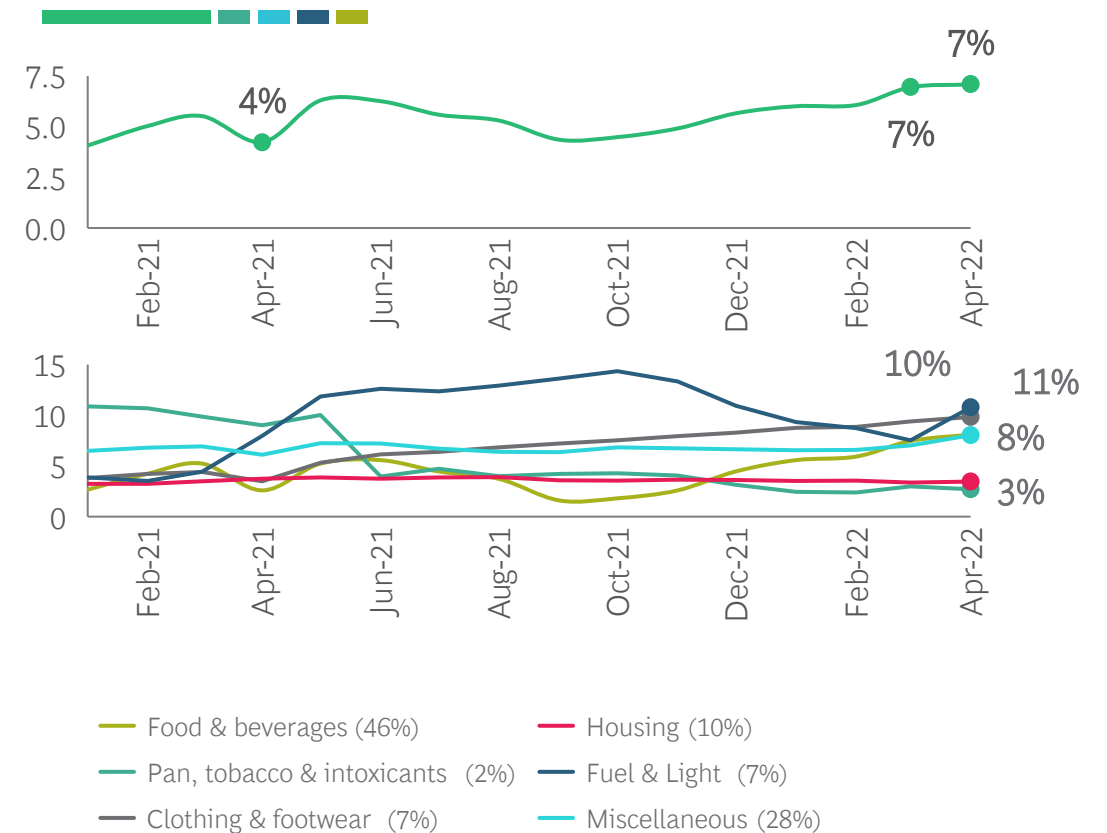
Inflation edged up to a new high in Apr'22

WPI rose to a 17-year high while CPI spiked to an 8-year high in Apr'22 driven by food & fuel inflation; CPI breached RBI's 6% tolerance band for the fourth consecutive month

Wholesale Price Index (WPI)¹



Consumer Price Index (CPI)²



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

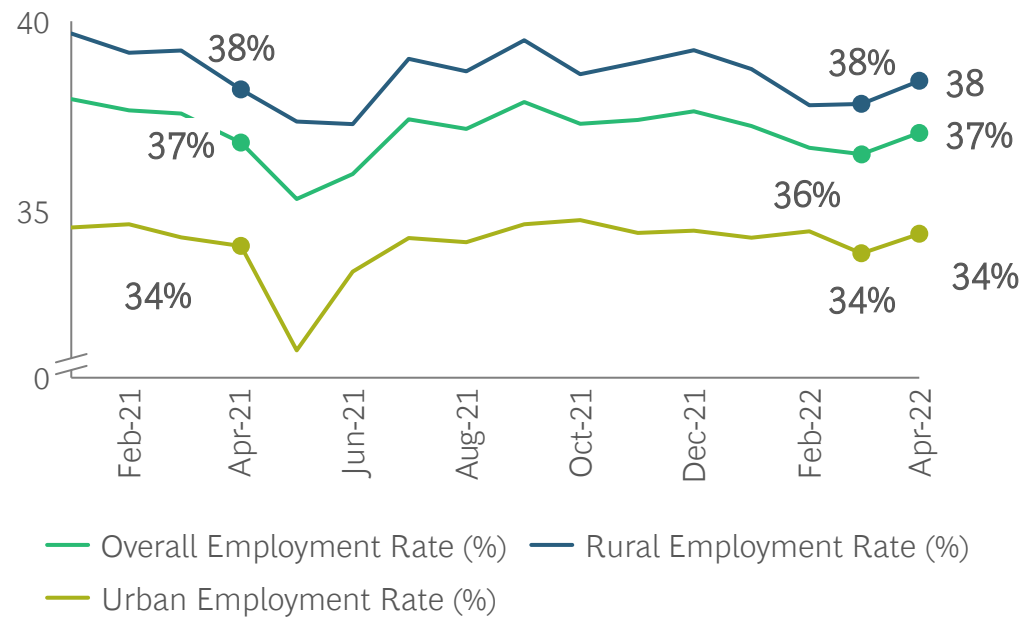
Source: MOSPI, CMIE, BCG Analysis

Monthly employment rates remained subdued in Apr'22; MGNREGA employment provided on a downward trajectory in Apr'22 vs. Mar'22

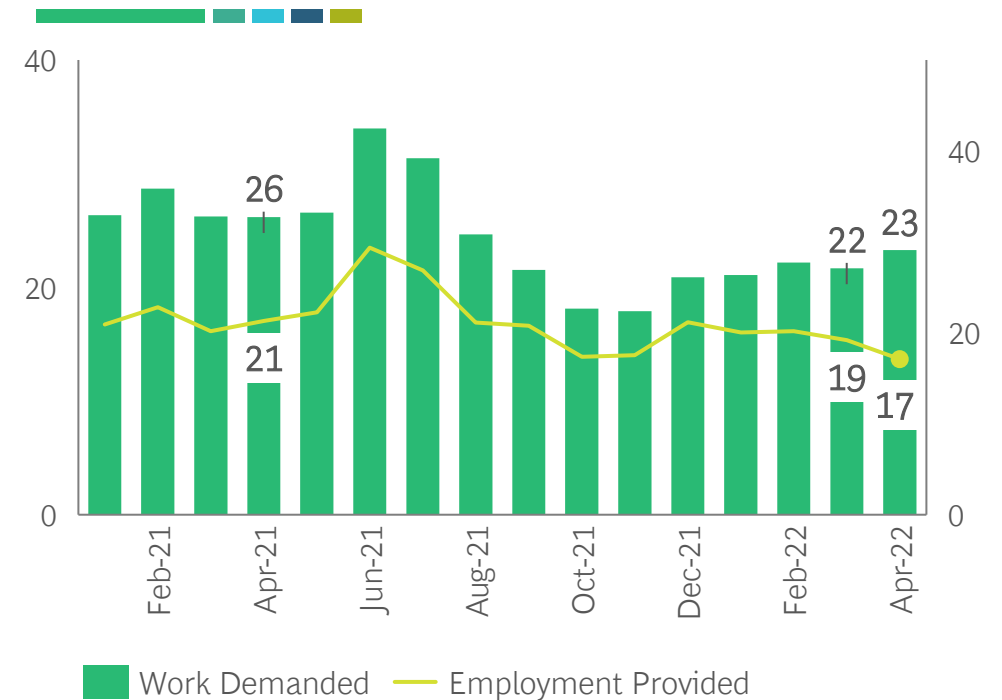
CMIE's rural & urban employment rates remained muted; MGNREGA work demand grew while employment provided declined MoM in Apr'22

CMIE Employment rate (%)¹

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



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

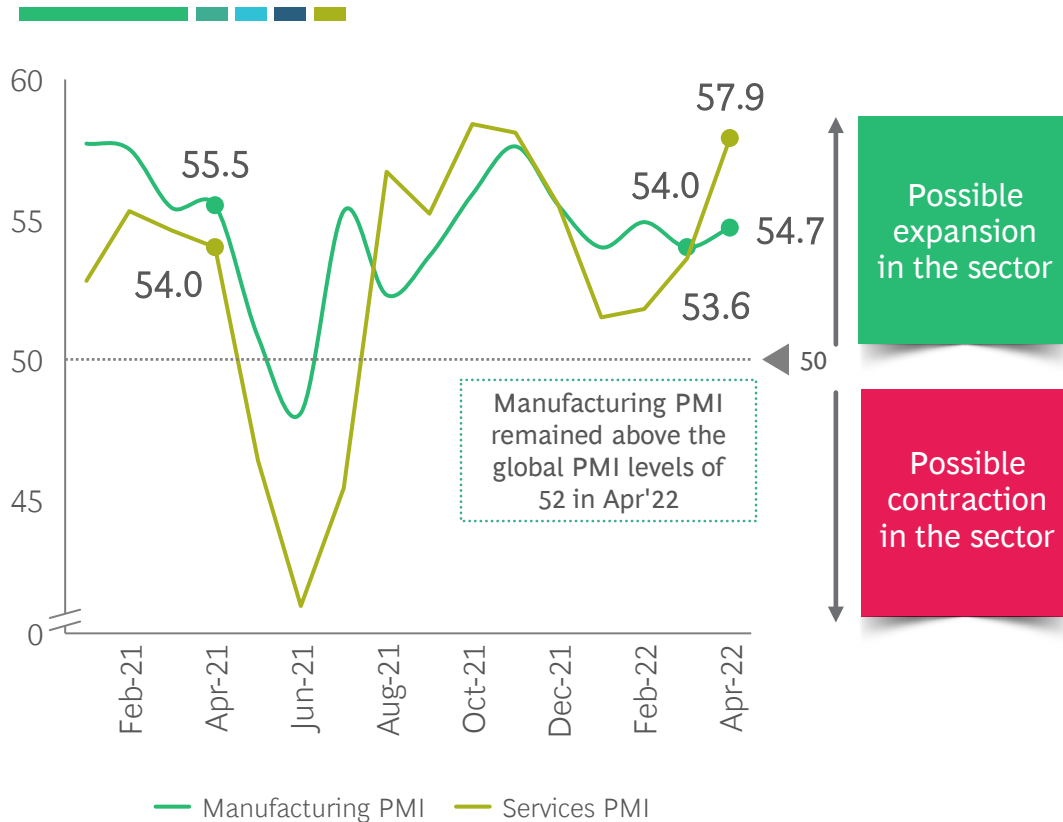
2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act

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

PMI improved vs. previous months in Apr'22; Consumer confidence witnessed a favorable uptick in Mar'22

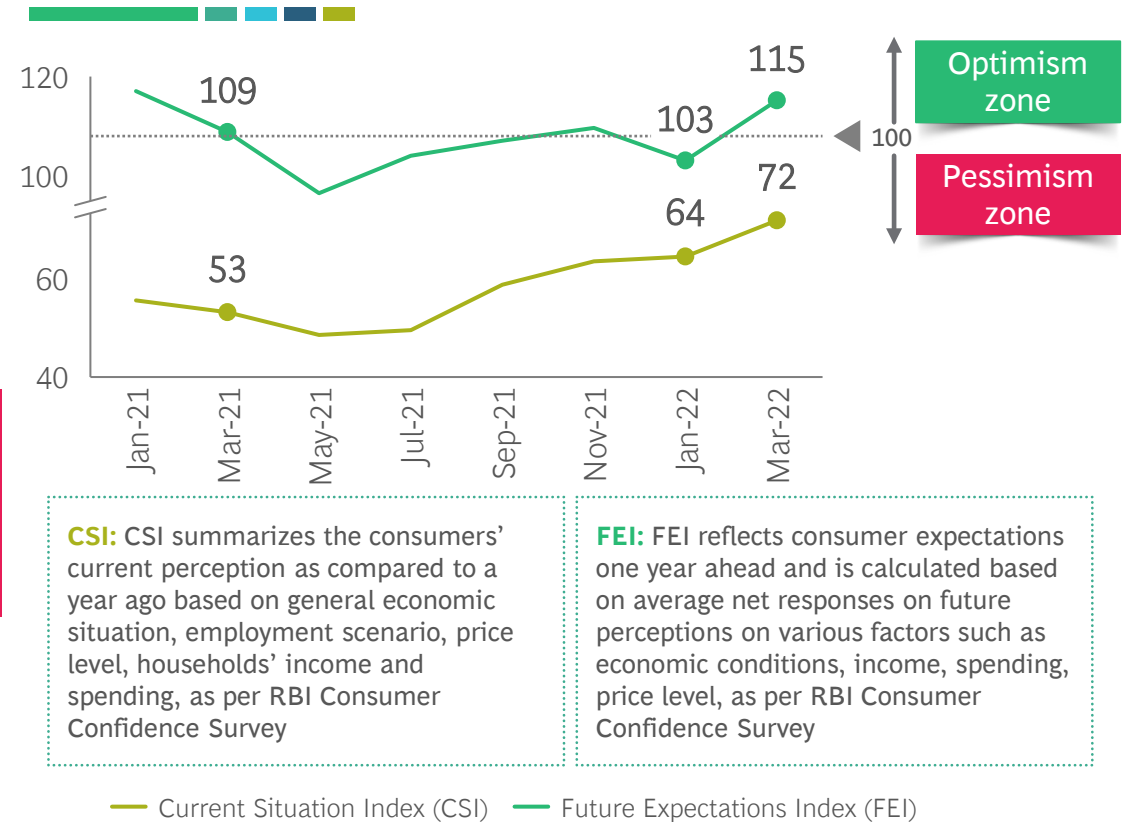
Manufacturing and services PMI¹

Both indicators remained beyond the 50 point mark, services PMI attained highest level in 5 months



Consumer Confidence Survey (RBI)²

Both CSI and FEI continued on an upward trajectory in Mar'22



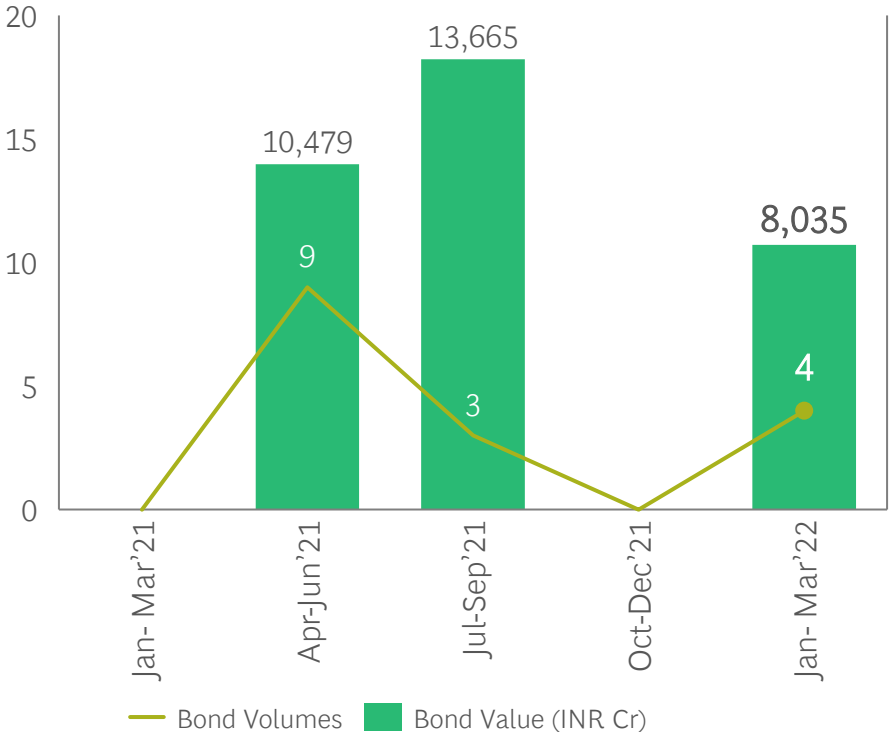
1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;
 2. Sample size: 5,984 households across 19 major cities surveyed during 2nd March to 11th March, 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

Focus on strengthening carbon neutral economy significantly increased in FY22

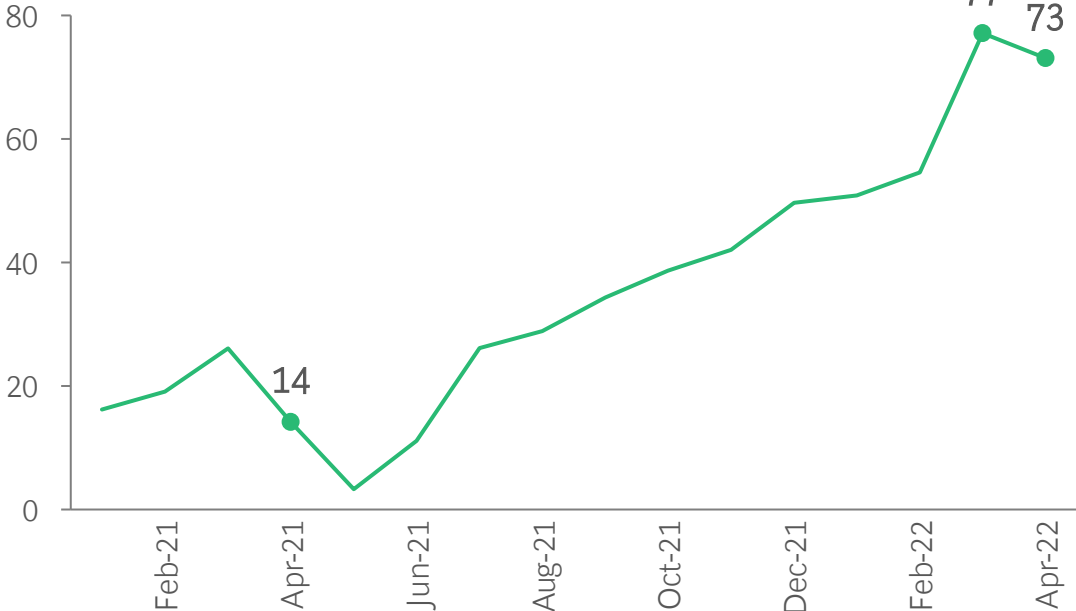
Significant increase in issuance of green bonds in Jan-Mar'22 vs. Jan-Mar'21; Astronomical rise in EV registrations in Apr'22 vs. Apr'21

Green Bonds issued in India

Volume



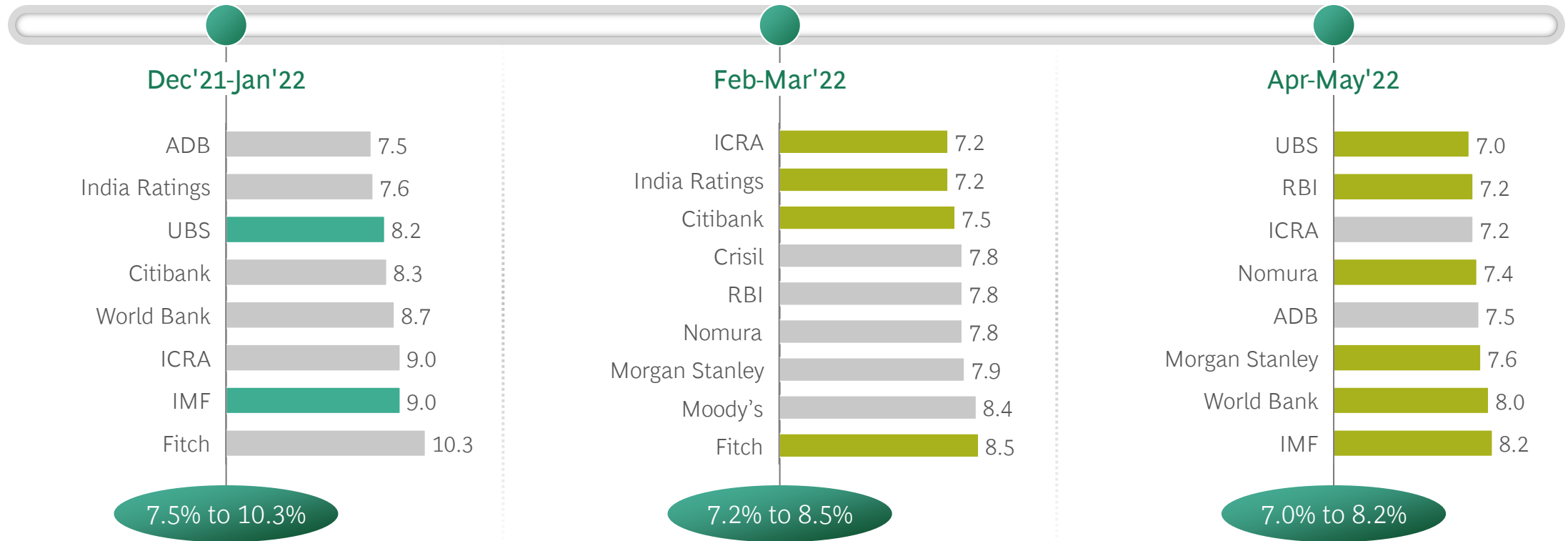
Registered EV Sales Trend ('000 Units)



Note: Sales figures represent EVs registered across 1,429 RTOs in 33 states/ UTs. Source: Bloomberg, JMK Research, Vahan Dashboard

India's FY23 GDP forecasted to grow between 7.0% to 8.2% YoY; Most projections revised downwards during Apr-May'22

India GDP growth forecast for FY23 (YoY,%)



Data as of 18th May'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 several financial data visualizations, including a line graph with circular markers and a candlestick chart. Various numerical values and percentages are scattered across the scene, such as -1.92%, +0.35%, +1.00, +0.27%, +2.41%, +0.08, +0.35, -1.92%, +0.35%, +1.00, -0.37%, +2.41%, 6,421,000, 156.55, 215,700, 2,000, 2,000, 2,000, 2.00, 156.55, 2.00, 3.86, 3.86, 2.05, 6.6, 215, 2,000, 1.92%, and -0.35%.

Thank You

BCG

bcg.com