

India Economic Monitor

NOVEMBER 2022

Executive Summary



In Oct'22, select high frequency indicators recorded mild improvement while others remained subdued vs. last month even as seasonal festive demand continued to boost business and consumption activity. Improvement across manufacturing and mining led to growth in IIP in Sep'22 vs. Aug'22. Underlying metrics such as cement & steel also recorded an uptick. Easing of supply chain constraints resulted in OEMs ramping up production, which led to improvement in auto sales vs. 2021. However, on a monthly basis, performance in auto sales remained mixed as PV & 2W sales declined while 3W & tractor sales boomed vs. Sep'22. EV registrations remained on an upward trajectory. India's manufacturing activity remained robust with the PMI remaining in expansion mode, even as the global manufacturing PMI continued to contract.

India's merchandise exports fell to a 20-month low in Oct'22, reflecting the effects of the weakening global economic outlook and thereby leading to a widening trade deficit. Services trade surplus improved marginally in Sep'22 vs. previous month. Forex reserves continued to slide, partly due to the fall in foreign currency assets. E-way bills slipped in Oct'22, although maintained their momentum.

Most BFSI indicators logged monthly growth. UPI transaction value & volume soared to record high levels. Aggregate deposits growth crossed the INR 170 Tn mark, recording significant growth vs. previous months. Insurance premium clocked degrowth on the back of worsening of life insurance premium. NSE & BSE transactions dipped by 32% vs. Sep'22 and 43% vs. Oct last year.

CPI eased to a 3-month low, although continued to breach RBI's 6% band. WPI dipped below the double-digit mark for the first time since Mar'21, driven by fall in prices of mineral oils, basic metals, machinery & equipment etc.

GST collections recorded the second highest value since inception, crossing the INR 1.5 Tn mark in Oct'22. Fiscal deficit declined sharply to INR 0.7 Tn. The macroeconomic outlook remains resilient yet sensitive to global headwinds. Analyst forecasts indicate GDP growth of 6.5-7.0% YoY for FY23, with continued downward revisions in the last 1-2 months.

Most high frequency indicators remained muted vs. 2021 levels in Sep-Oct'22 (1/2)

Industry

Industry	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Oct'22	Oct'19	CAGR	Oct'21	YoY	Sep'22	MoM
IIP (Index)*	134	122.9	3%	129.5	3%	131.3	2%
Power Consumption ('000 MUs)	3.7	3.2	4%	3.7	0%	4.2	-13%
Petroleum Consumption (MMT)	18.4	17.3	2%	17.8	3%	17.2	7%
Steel Consumption (MMT)	10.1	8.8	5%	8.8	15%	9.4	7%
Cement Production (MT) *	30.3	25.1	6%	26.9	13%	28.9	5%

Logistics

Logistics	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Oct'22	Oct'19	CAGR	Oct'21	YoY	Sep'22	MoM
E-way Bills (Mn)	77.0	52.9	13%	73.5	5%	84.0	-8%
JNPT Traffic ('000 TEUs)	496.0	402.6	7%	476.3	4%	481.6	3%
Rail Freight (Mn Tons) *	116.0	88.6	9%	106.0	9%	119.3	-3%
Air Freight (K Tons) *	273.0	284.2	-1%	274.6	-1%	261.0	5%

Trade & Investment

Trade & Investment	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Oct'22	Oct'19	CAGR	Oct'21	YoY	Sep'22	MoM
Merchandise Exports (\$ Bn)	30.0	26.4	4%	35.7	-16%	35.0	-14%
Merchandise Imports (\$ Bn)	57	37.4	15%	55.4	3%	61.2	-7%
Services Exports (\$ Bn) *	25.7	17.5	14%	20.7	24%	25.4	1%
Services Imports (\$ Bn) *	15.1	11.1	11%	12.2	24%	15.1	0%

Auto

Auto	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Oct'22	Oct'19	CAGR	Oct'21	YoY	Sep'22	MoM
PV Sales ('000 Units)	339.0	321.9	2%	266.0	27%	358.6	-5%
Tractor Sales ('000 Units)	132.4	113.6	5%	127.8	4%	125.0	6%
2W Sales ('0000 Units)	187.0	205.2	-3%	191.6	-2%	203.0	-8%
EV Registrations ('000 Units)	119.9	15.2	99%	38.7	210%	93.6	28%

* Data available only upto Sep'22 as on 24th Nov – hence growth comparisons are for Sep and not Oct. Sep'22 data has been compared with Sep'19, Sep'21 & Aug'22 data for the pre-COVID CAGR, YoY & MoM growth comparisons.
 1. CAGR calculated by taking 2022 month-wise data vs. 2019 levels (for respective month). Note: EV registrations incl. E-bus, E-car, electric 3W, electric 2W, electric 3W cargo sales, others

Most high frequency indicators remained muted vs. 2021 levels in Sep-Oct'22 (2/2)

Banking, Financial Services & Insurance

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Oct'22	Oct'19	CAGR	Oct'21	YoY	Sep'22	MoM
UPI Value (INR Tn)	12.1	1.9	85%	7.7	57%	11.2	8%
Aggregate Deposits (INR Tn)*	175.4	129.1	11%	155.9	12%	169.9	3%
Aggregate Credit (INR Tn) *	130	97.7	10%	109.6	12%	124.6	4%
NSE & BSE Txns. (INR K Cr)	996.5	809.6	7%	1760.9	-43%	1472.1	-32%
Insurance Premium (INR K Cr)	45.0	33.2	11%	39.3	15%	59.0	-24%

Macroeconomic

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Oct'22	Oct'19	CAGR	Oct'21	YoY	Sep'22	MoM
GST Collections (INR Tn)	1.52	0.9	17%	1.3	17%	1.5	3%
WPI (%)					8%		
CPI (%)					7%		
Jan Dhan Deposits (INR Tn)	1.8	1.1	19%	1.5	23%	1.7	4%
MGNREGA Emp. Provided (HH)*	13.9	12.1	5%	20.8	-33%	10.5	31%

Sentiment

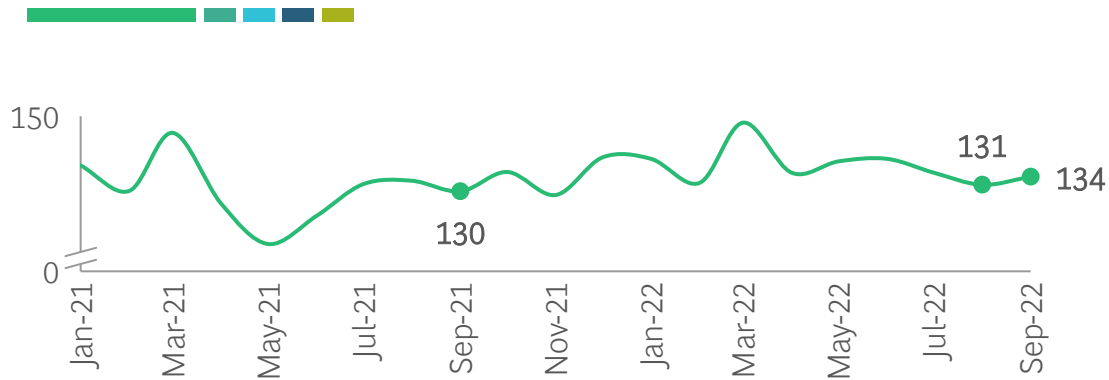
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Oct'22	Oct'19	CAGR	Oct'21	YoY	Sep'22	MoM
Manufacturing PMI (Index)	55.3	50.6	3%	55.9	-1%	55.1	0%
Services PMI (Index)	55.1	49.2	4%	58.4	-6%	54.3	1%
Current Situation Index*	81.0	89.4	-3%	58.7	38%	77.0	5%
Future Expectations Index*	113.0	118.0	-1%	107.0	6%	113.0	0%

* Data available only upto Sep'22 as on 24th Nov – hence growth comparisons are for Sep and not Oct. Sep'22 data has been compared with Sep'19, Sep'21 & Aug'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 recovered in Sep'22 after falling in Aug'22; Underlying metrics recorded mixed trends in Sep-Oct'22

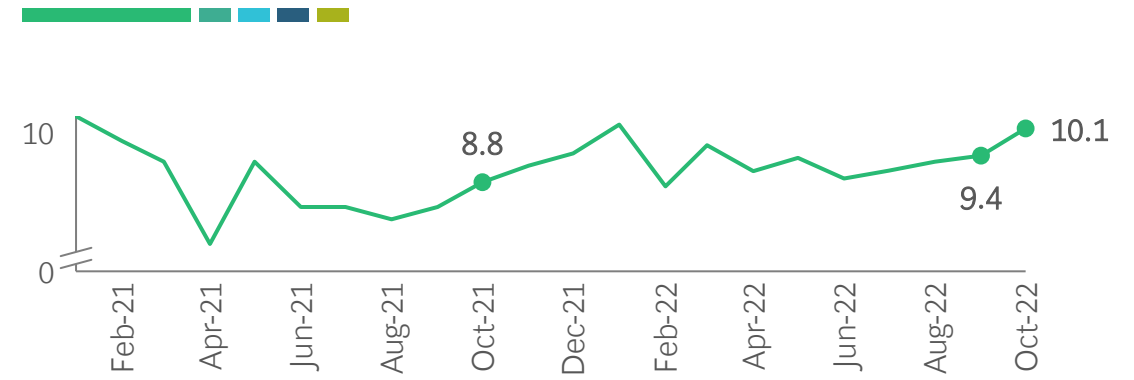
Index of Industrial Production¹

IIP rose in Sep'22 vs. Aug'22



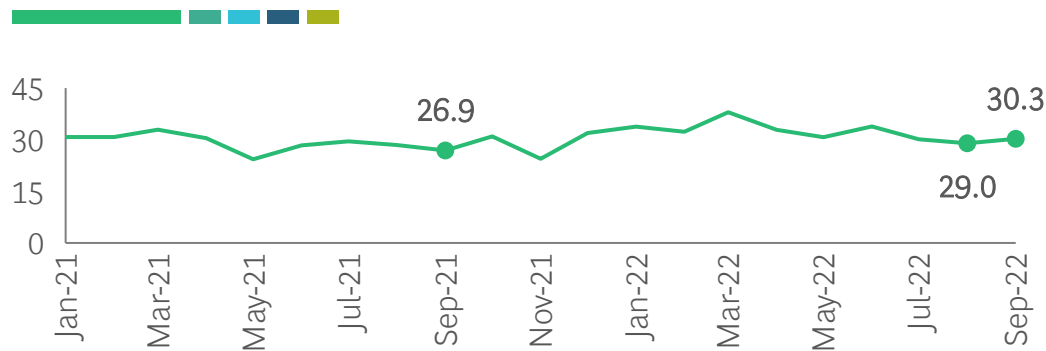
Steel Consumption (MMT)²

Steel consumption exceeded Sep'22 levels in Oct'22



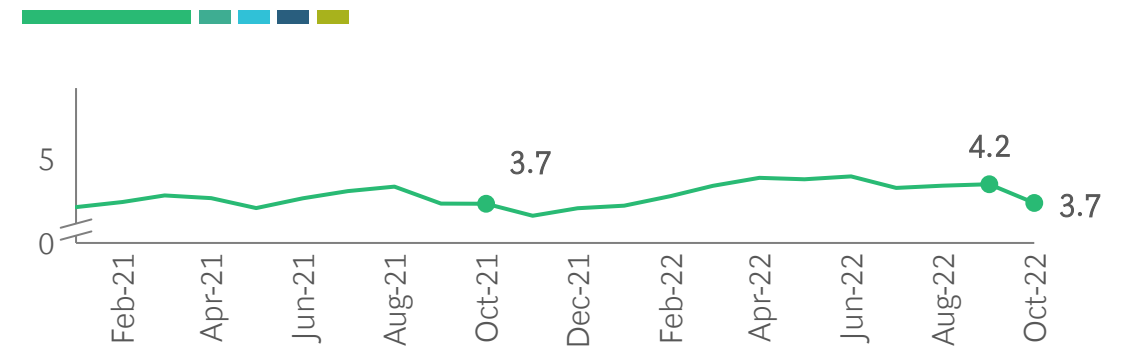
Cement Production (MT)

Cement production improved in Sep'22 vs. Aug'22



Power Consumption ('000s MUs)

Power consumption fell in Oct'22 vs. Sep'22



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

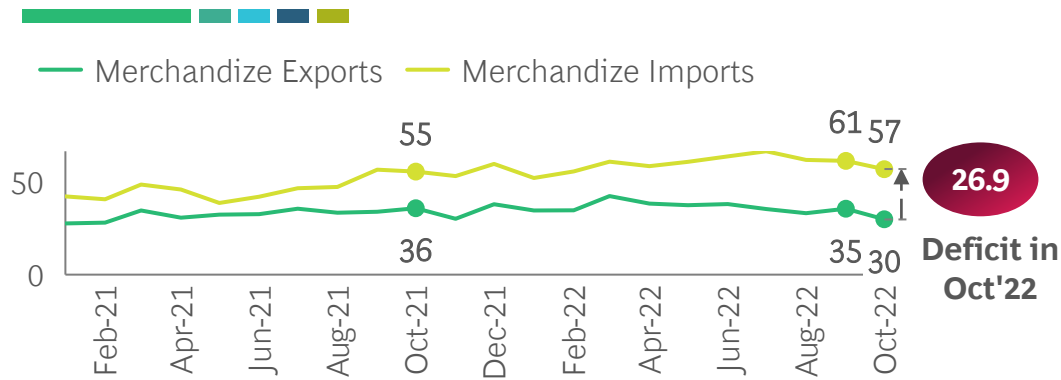
2. Steel consumption incl. long & flat steel

Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, Joint Plant Committee, Ministry of Commerce and Industry, CMIE, BCG analysis

Merchandise trade deficit increased; Forex reserves fell while FDI grew marginally in Sep-Oct'22

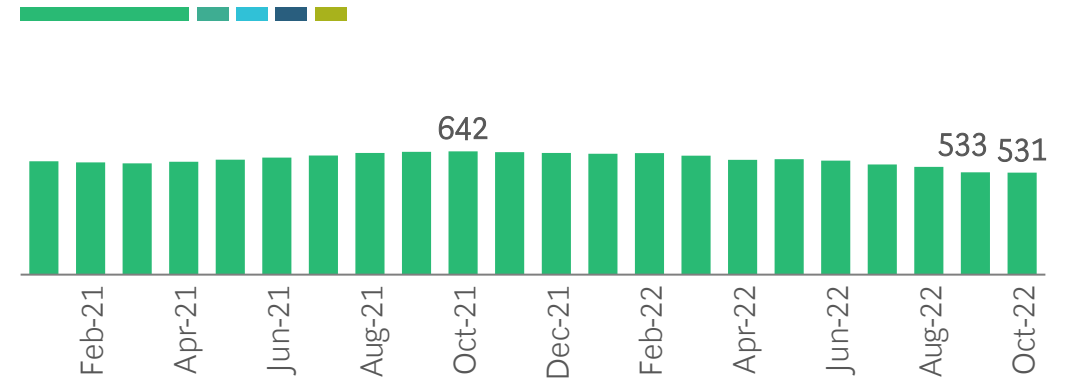
Merchandise Trade (\$ Bn)

Merchandise trade deficit worsened in Oct'22 vs. Sep'22



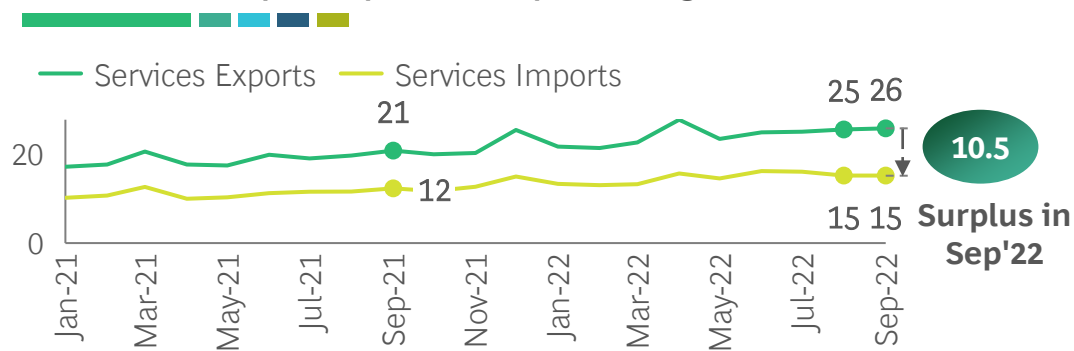
Forex Reserves (\$ Bn)

Forex reserves fell for the fourth consecutive month in Oct'22



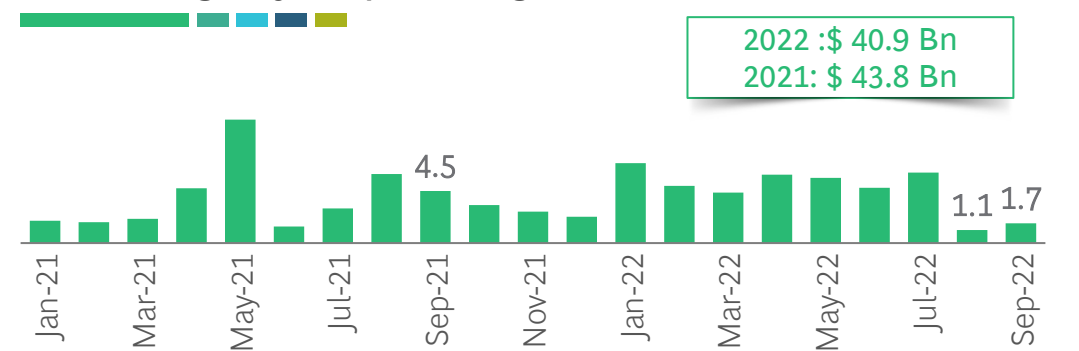
Services trade (\$ Bn)

Services trade surplus improved in Sep'22 vs. Aug'22



FDI (\$ Bn)¹

FDI rose marginally in Sep'22 vs. Aug'22

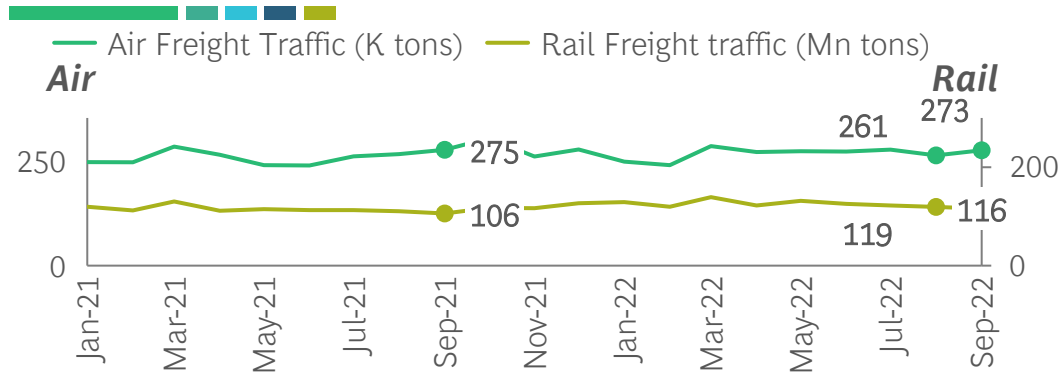


Note: Oct'22 Merchandise Import and Export numbers; Sep'22 Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Jun'22 figures are provisional; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies; Calendar year considered for FDI 2022 & 2021 values
 Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies
 Source: CMIE, RBI, IndiaStat, PIB

Logistics indicators exhibited mixed monthly trends in Sep-Oct'22

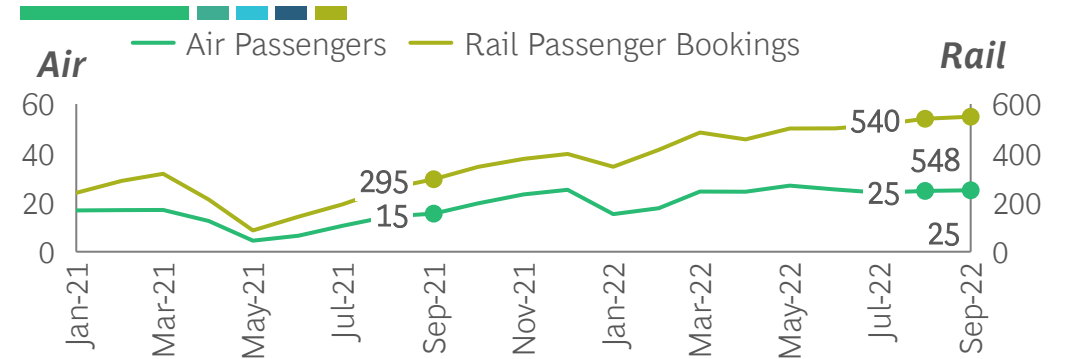
Freight Traffic

Air freight improved while rail freight dipped in Sep'22 vs. Aug'22



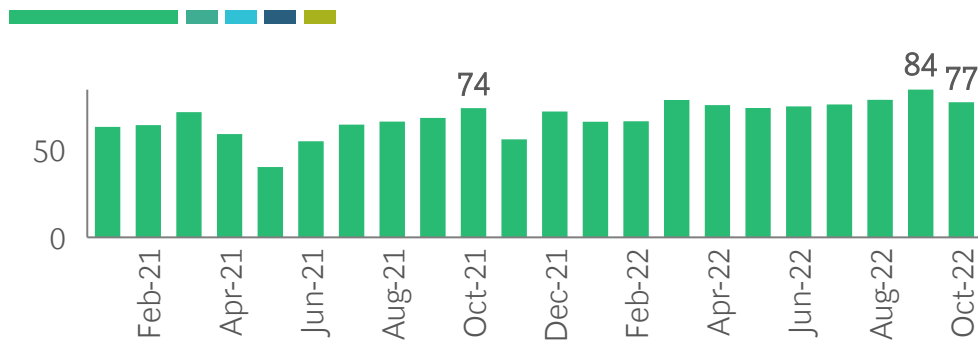
Passenger traffic (Mn)

Rail passenger bookings increased in Sep'22 vs. Aug'22



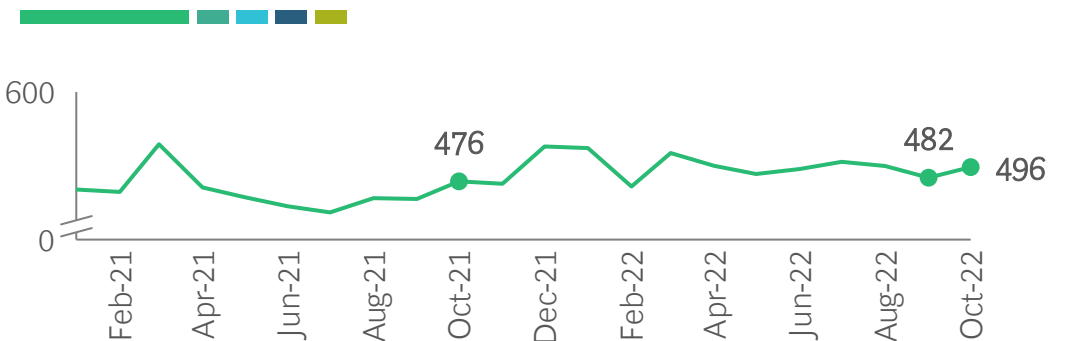
E-way Bills (Mn)¹

E-way bills slipped in Oct'22 vs. Sep'22



JNPT Container Traffic ('000 TEUs)²

JNPT traffic improved in Oct'22 vs. Sep'22



1.E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.

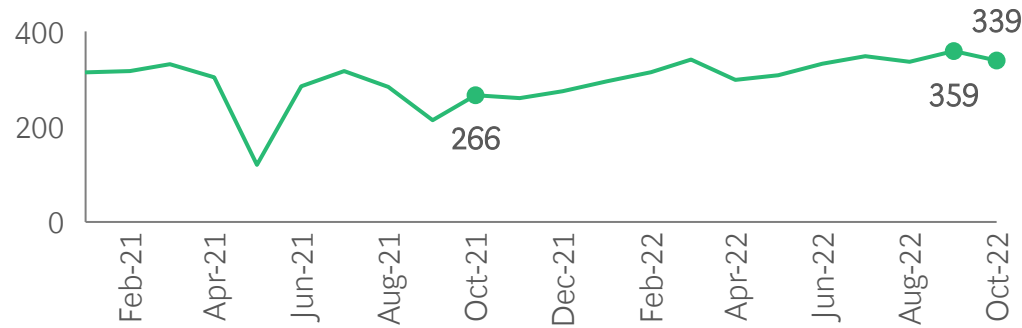
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

3W & tractor sales on an upward trajectory; 2W & PV sales fell in Oct'22

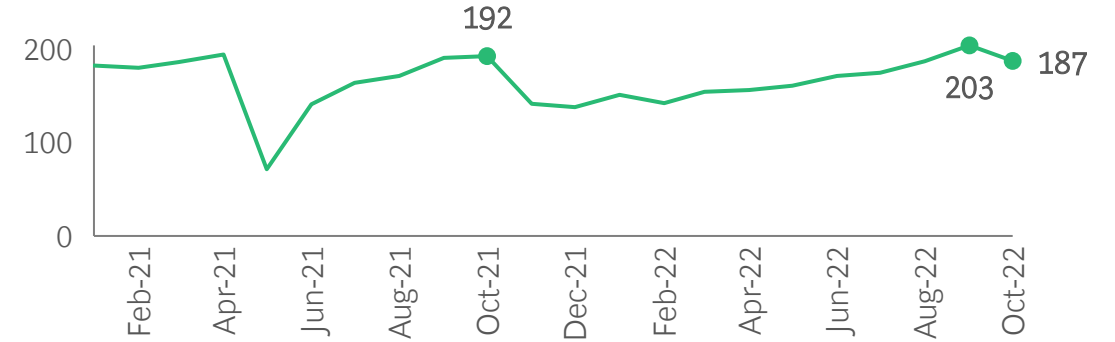
Passenger vehicles sales ('000 units)

PV sales declined in Oct'22 vs. Sep'22



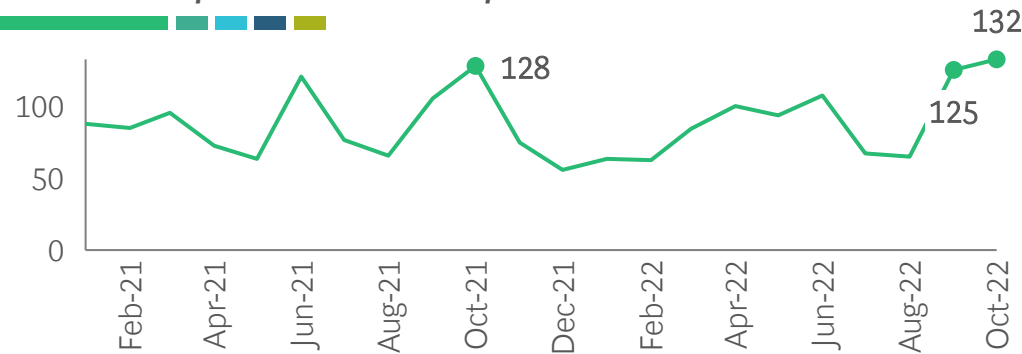
Two-wheeler sales ('0000 units)

2W sales dipped in Oct'22 vs. Sep'22, after rising in previous months



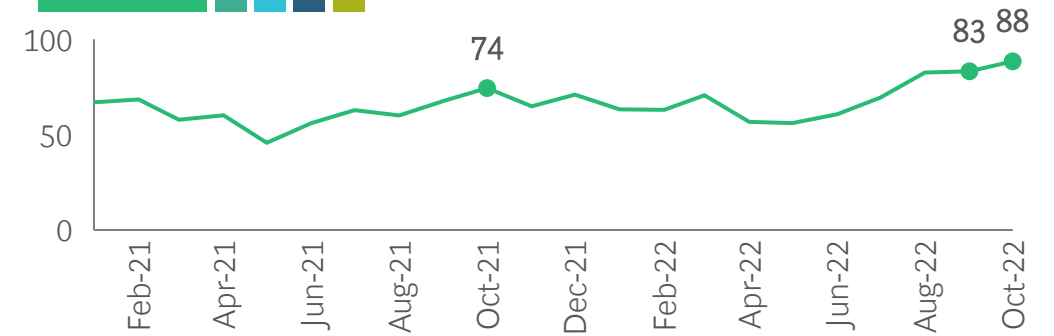
Tractor sales ('000 units)

Tractor sales spiked in Oct'22 vs. Sep'22



Three-wheeler sales ('000 units)

3W sales on an upward trajectory in Oct'22 vs. Sep'22

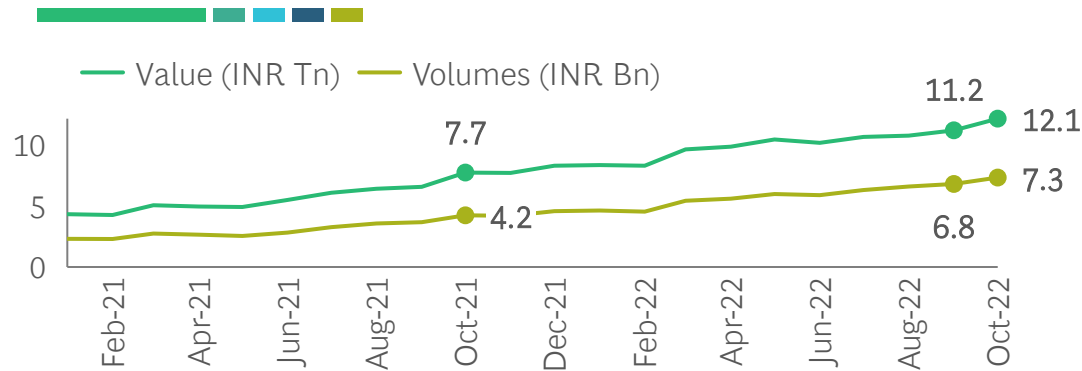


Figures represent wholesale numbers (including exports).
 1. BMW, Mercedes and Volvo Auto data is not available
 Source: SIAM, CMIE, TMA, Press search, BCG analysis

Most BFSI indicators recorded an uptick in Sep-Oct'22; Insurance premium dipped significantly in Oct'22

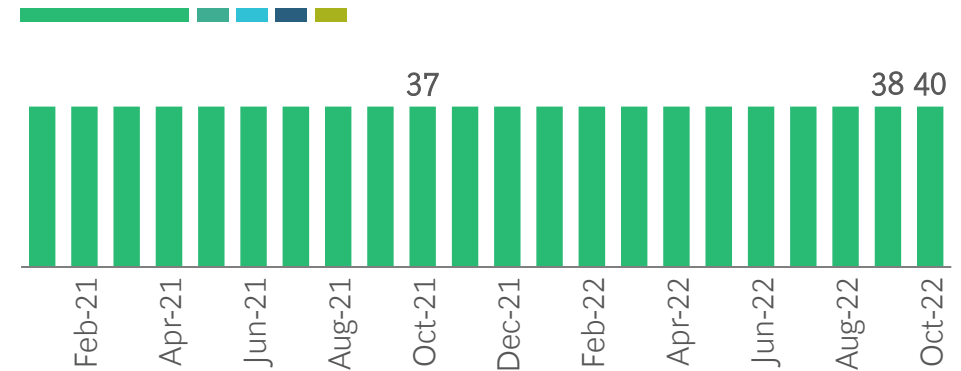
UPI

UPI continued to scale new peaks in Oct'22



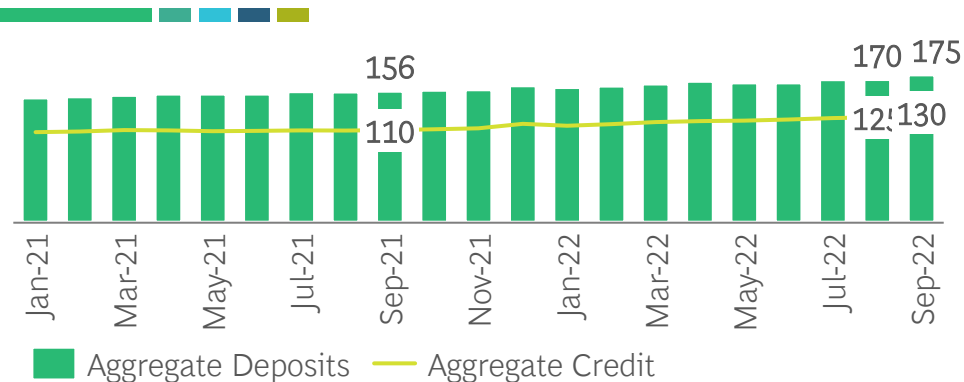
Mutual Funds AUM (INR Tn)

Mutual funds AUM witnessed growth in Oct'22 vs. Sep'22



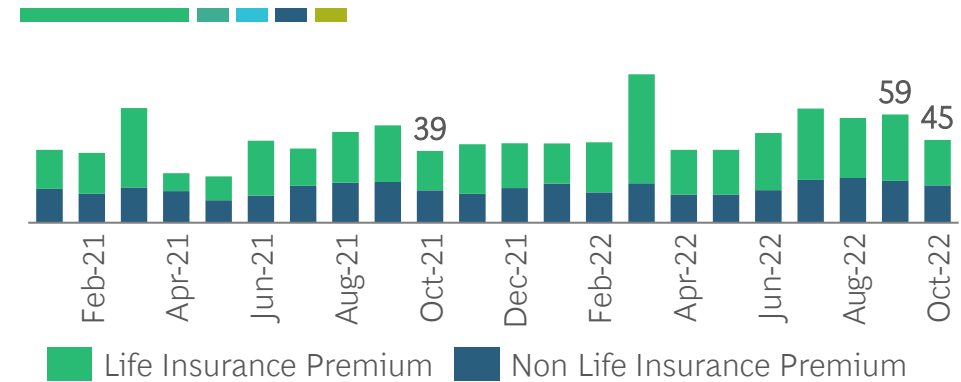
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit recorded strong upswing in Sep'22 vs. previous months



Insurance Premium (INR '000 Cr)

Insurance premium declined in Oct'22 vs. Sep'22, majorly driven by life insurance

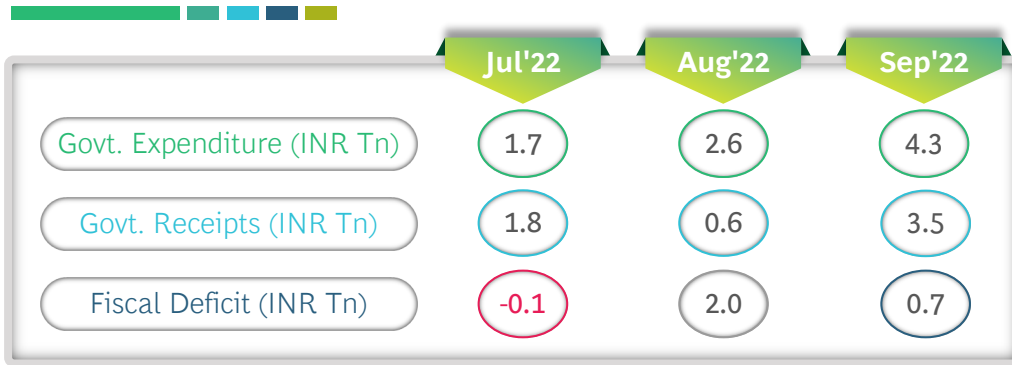


1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures data used for life & non-life insurance as on 22nd Nov'22
 2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous
 Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India BCG analysis

Fiscal deficit fell & repo rate remained unchanged; GST collections & Jan Dhan deposits improved in Sep-Oct'22

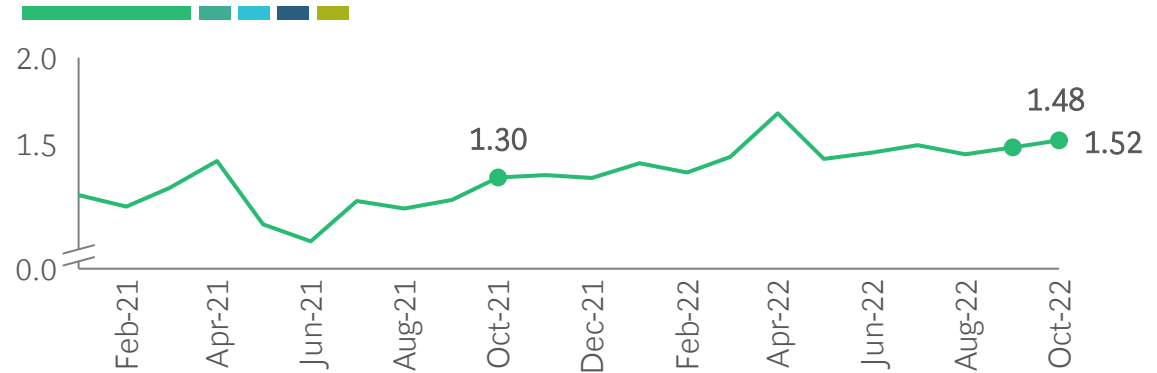
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit fell sharply in Sep'22, driven by rise in govt. receipts



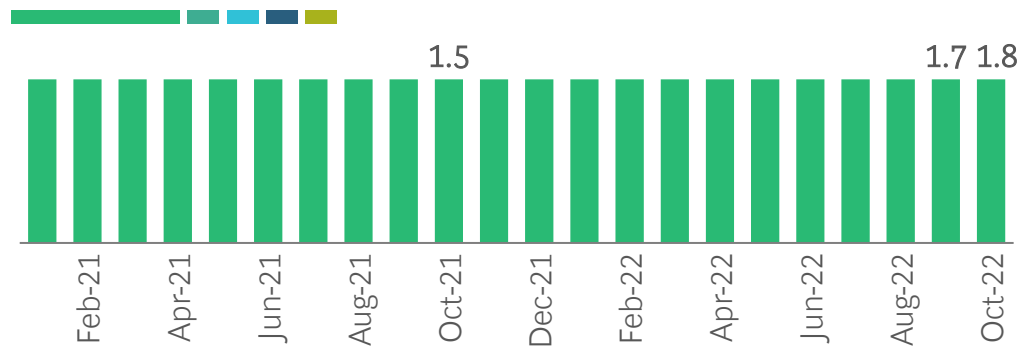
GST Collections¹ (INR Tn)

GST collections on an upward trajectory in Oct'22



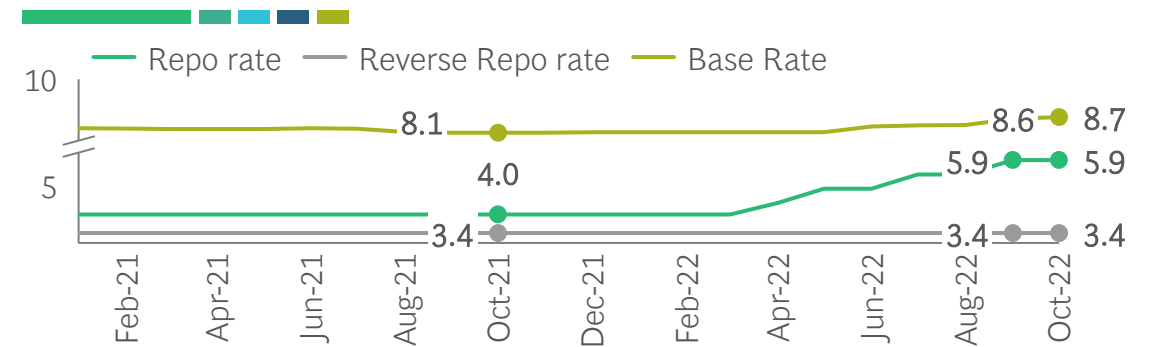
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits improved marginally over previous month in Oct'22



RBI's policy rates (%)

Repo rate remained unchanged in Oct'22 vs. previous month

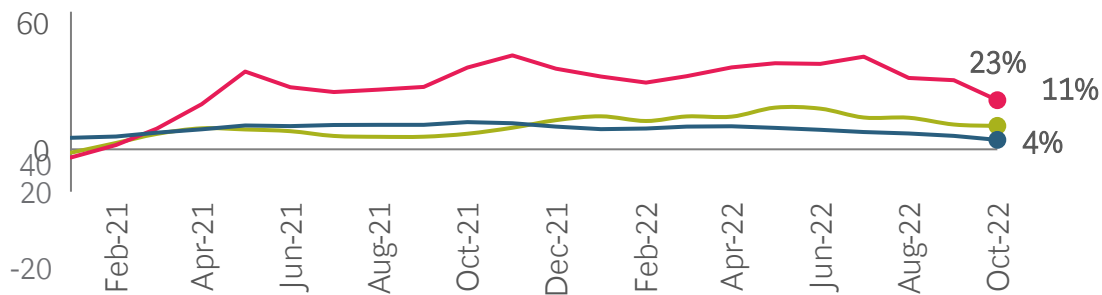
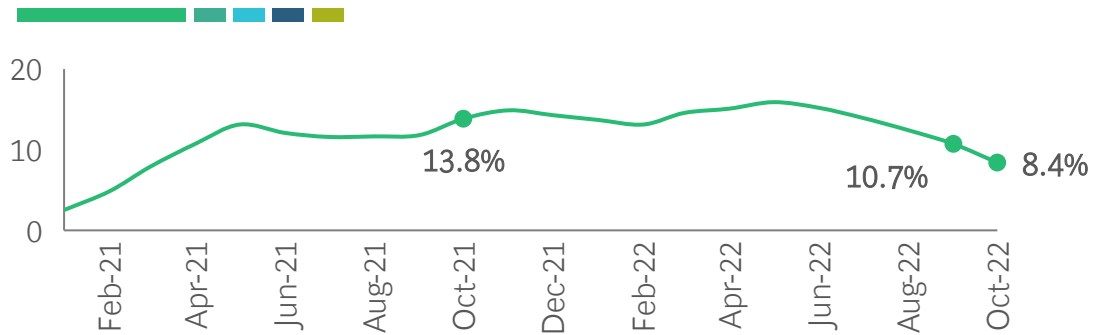


¹GST Collections include all components: CGST, SGST, IGST, Cess
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI moderated to 8.4%, falling below the double digit mark; CPI also dropped driven by softening in food inflation in Oct'22

Wholesale Price Index (WPI)¹

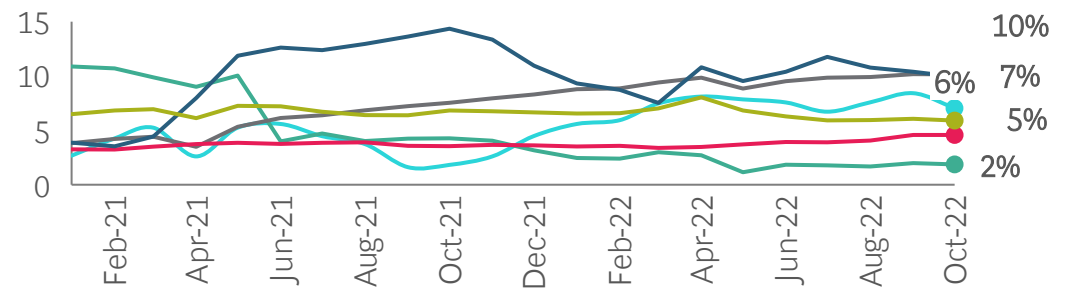
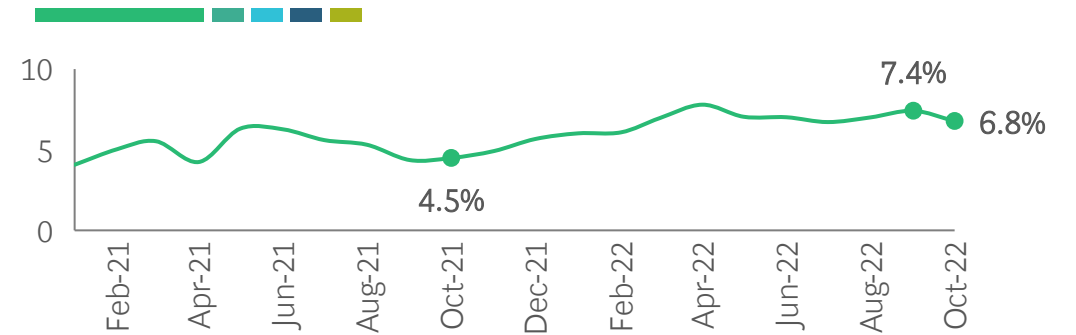
WPI dipped below the double-digit mark in Oct'22



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

Consumer Price Index (CPI)²

CPI eased to a 3-month low in Oct'22



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

1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, minerals, crude petroleum & natural gas; Fuel & power incl. coal & mineral oils
 2. CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated as YoY increase in prices of the commodities
 Source: MOSPI, CMIE, BCG Analysis

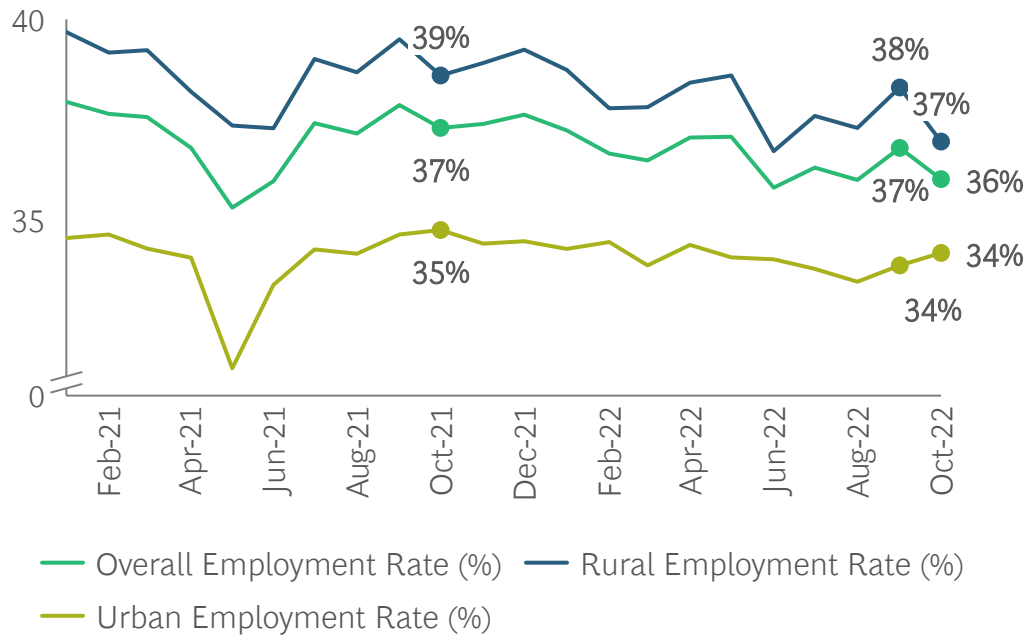
Urban employment remained at Sep'22 levels while rural employment dipped; MGNREGA work demand fell in Oct'22 vs. Sep'22

CMIE Employment rate (%)¹

Urban employment rate remained unchanged while rural employment rate fell in Oct'22 vs. Sep'22

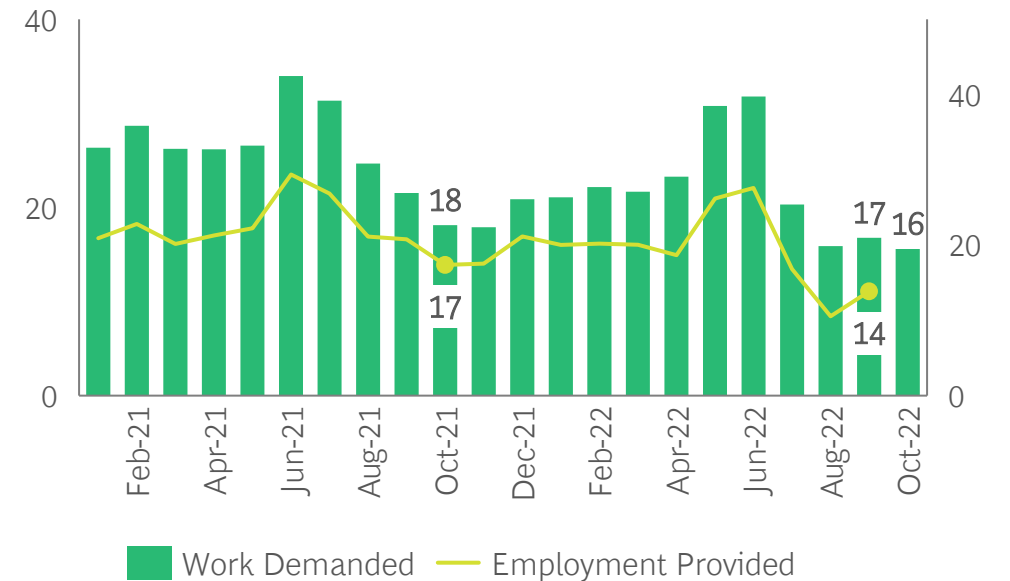


Employment status indicates whether a member of a household who is 15 years of age or more is employed or not employed as of the date of the survey



MGNREGA Employment Progress (Households in Mn)²

Work demanded fell marginally in Oct'22 vs. Sep'22

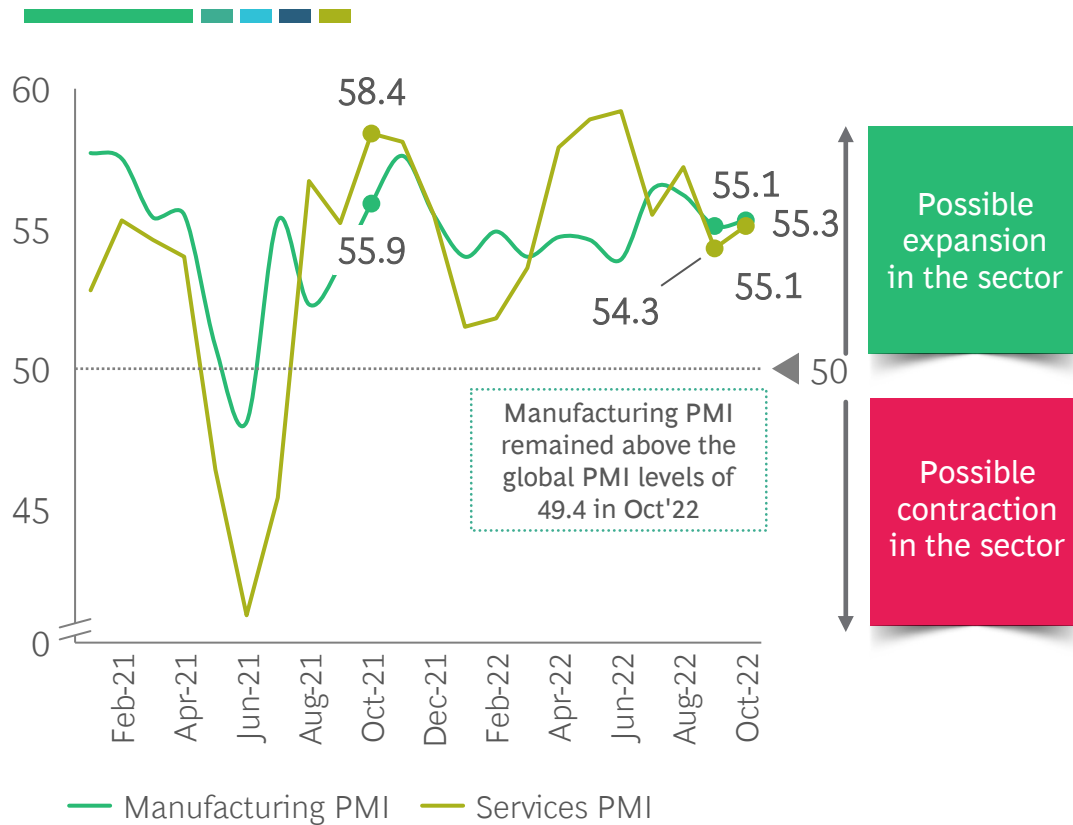


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. MGNREGA employment provided data not available as on 22nd Nov'22.
 Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Manufacturing & services PMI rose in Oct'22, after witnessing a dip; CSI continued to grow while FEI remained unchanged in Sep'22

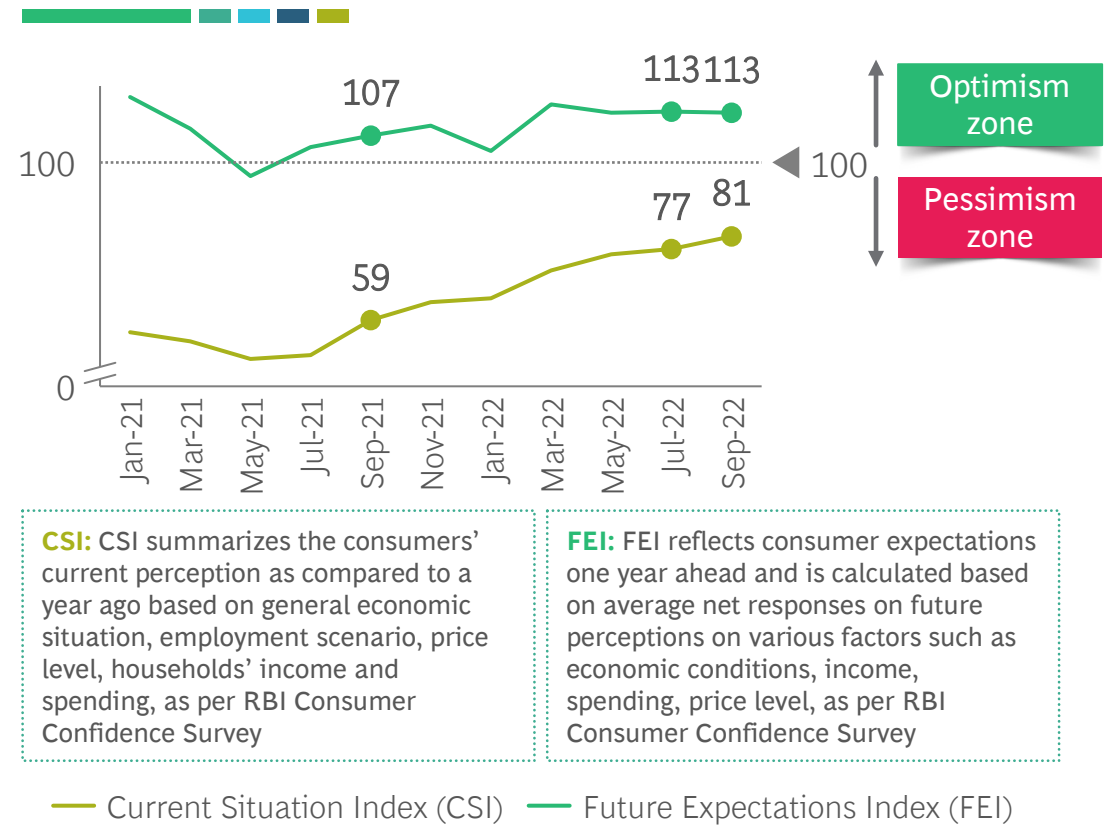
Manufacturing and services PMI¹

Manufacturing & services PMI expanded in Oct'22 vs. Sep'22



Consumer Confidence Survey (RBI)²

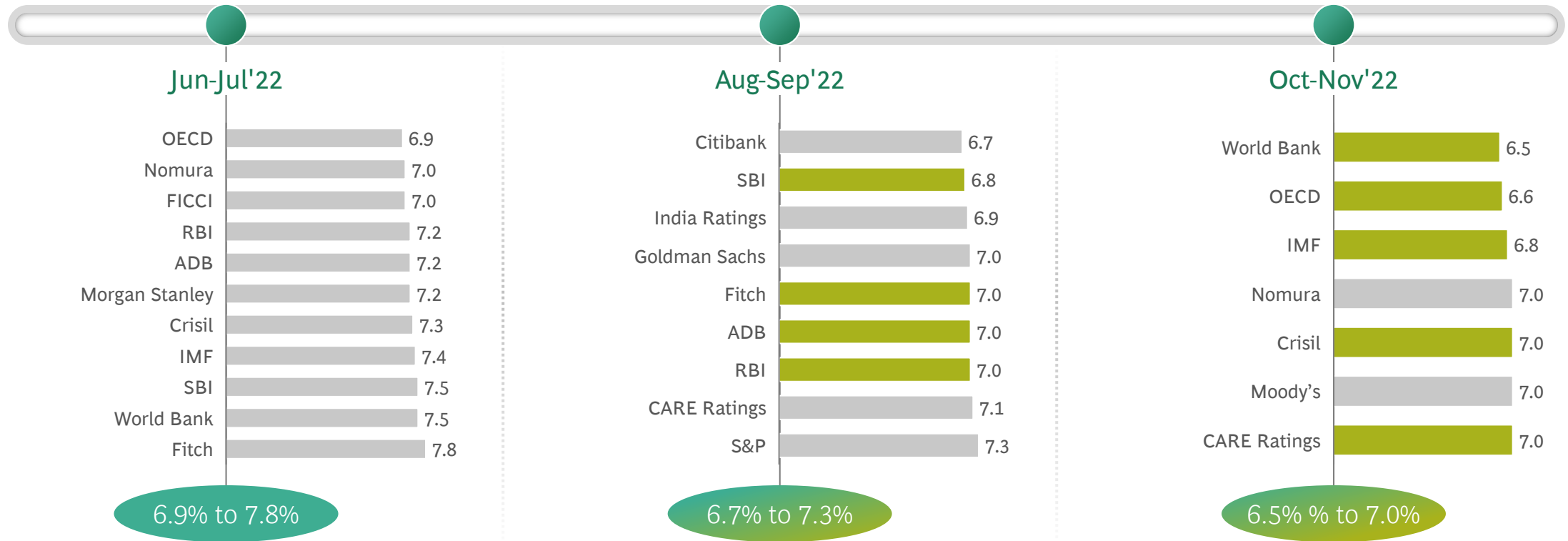
CSI improved while FEI remained unchanged for the third consecutive month in Sep'22



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: 6,083 responses across 19 major cities surveyed during 7th July to 14th July, 2022; CSI/FEI = 100 + Average of Net Responses of (General Economic Situation, Employment Scenario, Price Level, Household income and Overall Spending). Data are based on web releases made since March 2015. For each survey round, the final figures as available in the latest web release covering the same have been considered.
 Source: IHS Markit, CMIE, Analyst Reports, RBI, BCG analysis

India's FY23 GDP forecasted to grow between 6.5% to 7.0% YoY; Projection forecasts revised downwards between Oct-Nov'22

India GDP growth forecast for FY23 (YoY,%)



Data as of 23rd Nov'22; Estimates likely to be revised further

No change
 Downward revision
 Upward revision

Note: Upper-limit has been included where agencies reported forecast range. Latest forecasts considered in case of revision by agency within same month
 Source: Analyst reports, BCG analysis



Thank You

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