

# India Economic Monitor

OCTOBER 2022

# Executive Summary



In Sep'22, rising inflation, firming crude oil prices & depreciation of the rupee continued to impact monthly performance of several high frequency indicators. However, some indicators improved over previous year. IIP contracted for the second consecutive month due to a decline in manufacturing & mining outputs. Underlying metrics e.g., power consumption remained sluggish while cement production fell amid concerns of rising input costs in Aug-Sep'22. Steel consumption improved vs. previous month. India's manufacturing PMI fell to a 3-month low, although remained in expansion mode, even as the global manufacturing PMI lapsed into the contraction zone. Services PMI also moderated vs. Aug'22 owing to input cost inflation pressures & interest rate hikes by advanced economies. CPI soared to a 5-month high driven by increase in prices of food & beverages, clothing & footwear, housing segments. WPI eased, although remained in double digits.

In the auto sector, improvement in semiconductor supplies & festive demand led to growth across select segments- PV sales recorded their highest ever value & 2W sales improved while tractor & 3W sales remained muted.

Select logistics indicators (e.g., e-way, air & rail passenger traffic) improved while others (e.g., JNPT traffic) witnessed degrowth vs. previous month. An appreciating US dollar contributed to decline in forex reserves. The subsequent weakening in global demand affected exports across key sectors (e.g., engineering, ready-made garments, cotton etc.), resulting in widening of merchandise trade deficit in Sep'22 vs. Sep'21. However, on a monthly basis, merchandise trade deficit fell owing to marginal increase in exports & decline in imports. Services trade surplus also improved vs. previous month.

Most BFSI indicators logged monthly growth. UPI transaction value crossed the INR 11 Tn mark & UPI volume also continued to scale record highs. Insurance premium clocked growth on the back of improvement in life insurance premium.

On the macroeconomic front, GST collections remained robust, exceeding the INR 1.4 Tn mark in Sep'22. RBI's consumer confidence survey recorded improvement due to better sentiments on general economic situation & spending, although remained in pessimistic zone. Consumer confidence for the next 1 year, as measured by the Future Expectations Index, remained close to the previous round. Analyst forecasts indicate GDP growth of 6.5-7.3% YoY for FY23, with downward revisions to 7% or below in the last 1-2 months.

# Most high frequency indicators exhibited mixed performance vs. pre-COVID levels in Aug-Sep'22 (1/2)

**Industry**

Industry	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Sep'22	Sep'19	CAGR	Sep'21	YoY	Aug'22	MoM
IIP (Index)*	131.3	126.2	1%	132.4	-1%	134.6	-2%
Power Consumption ('000 MUs)	4.2	3.7	5%	3.7	15%	4.2	1%
Petroleum Consumption (MMT)	17.1	16.2	2%	15.9	8%	17.8	-4%
Steel Consumption (MMT)	9.4	8.5	4%	8.2	14%	9.3	1%
Cement Production (MT) *	29	24.4	6%	28.5	2%	30.1	-4%

**Logistics**

Logistics	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Sep'22	Sep'19	CAGR	Sep'21	YoY	Aug'22	MoM
E-way Bills (Mn)	84.0	52.4	17%	67.9	24%	78.2	7%
JNPT Traffic ('000 TEUs)	481.6	400.4	6%	452.1	7%	497.6	-3%
Rail Freight (Mn Tons) *	119.3	91.0	9%	110.7	8%	122.1	-2%
Air Freight (K Tons) *	261.0	288.5	-3%	264.5	-1%	275.0	-5%

**Trade & Investment**

Trade & Investment	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Sep'22	Sep'19	CAGR	Sep'21	YoY	Aug'22	MoM
Merchandise Exports (\$ Bn)	35.0	26.0	10%	33.8	4%	33.0	6%
Merchandise Imports (\$ Bn)	61.1	36.9	18%	56.4	8%	61.7	-1%
Services Exports (\$ Bn) *	25.4	17.6	13%	19.6	30%	24.9	2%
Services Imports (\$ Bn) *	15.0	10.6	12%	11.5	31%	16.0	-5%

**Auto**

Auto	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Sep'22	Sep'19	CAGR	Sep'21	YoY	Aug'22	MoM
PV Sales ('000 Units)	358.6	276.2	9%	213.7	68%	336.0	7%
Tractor Sales ('000 Units)	63.3	91.7	-12%	105.2	-40%	64.8	-2%
2W Sales ('0000 Units)	203.0	196.0	1%	188.7	8%	186.1	9%
EV Registrations ('000 Units)	93.6	15.8	81%	34.3	173%	88.1	6%

\* Data available only upto Aug'22 as on 27th Oct—hence growth comparisons are for Aug and not Sep. Aug'22 data has been compared with Aug'19, Aug'21 & Jul'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 exhibited mixed performance vs. pre-COVID levels in Aug-Sep'22 (2/2)

**Banking, Financial Services & Insurance**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Sep'22	Sep'19	CAGR	Sep'21	YoY	Aug'22	MoM
UPI Value (INR Tn)	11.2	1.6	91%	6.5	71%	10.7	4%
Aggregate Deposits (INR Tn)*	169.9	127.8	10%	155.1	10%	169.7	0%
Aggregate Credit (INR Tn) *	124.6	96.8	9%	109.0	14%	124.0	0%
NSE & BSE Txns. (INR K Cr)	1472.1	763.2	24%	1568.0	-6%	1271.9	16%
Insurance Premium (INR K Cr)	59.0	44.2	10%	53.2	11%	57.0	4%

**Macroeconomic**

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Sep'22	Sep'19	CAGR	Sep'21	YoY	Aug'22	MoM
GST Collections (INR Tn)	1.5	0.9	17%	1.2	26%	1.4	3%
WPI (%)					10%		
CPI (%)					7%		
Jan Dhan Deposits (INR Tn)	1.7	1.0	19%	1.5	19%	1.7	1%
MGNREGA Emp. Provided (HH)	13.9	12.1	5%	20.8	-33%	10.5	31%

**Sentiment**

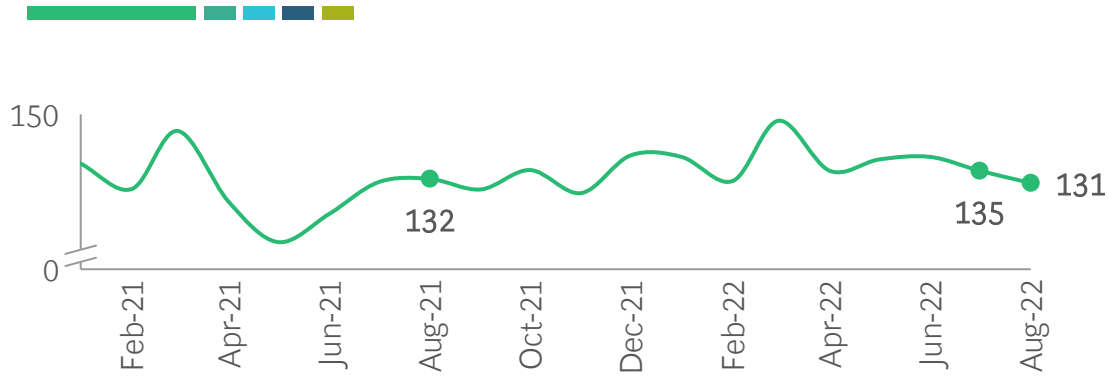
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Sep'22	Sep'19	CAGR	Sep'21	YoY	Aug'22	MoM
Manufacturing PMI (Index)	55.1	51.4	2%	53.7	3%	56.2	-2%
Services PMI (Index)	54.3	48.7	4%	55.2	-2%	57.2	-5%
Current Situation Index	81.0	89.4	-3%	58.7	38%	77.0	5%
Future Expectations Index	113.0	118.0	-1%	107.0	6%	113.0	0%

\*Data available only upto Aug'22 as on 27<sup>th</sup> Oct – hence growth comparisons are for Aug and not Sep. Aug'22 data has been compared with Aug'19, Aug'21 & Jul'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 fell for the second consecutive month; Underlying metrics recorded mixed trends in Aug-Sep'22

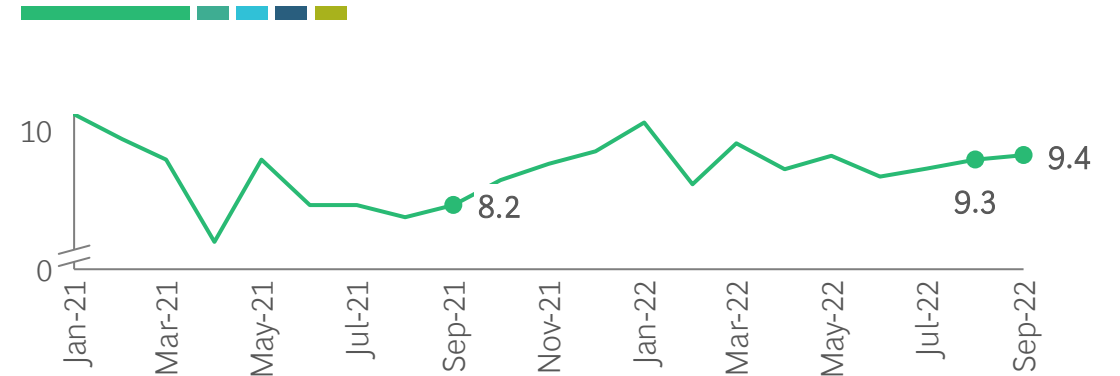
## Index of Industrial Production<sup>1</sup>

IIP contracted in Aug'22 vs. Jul'22



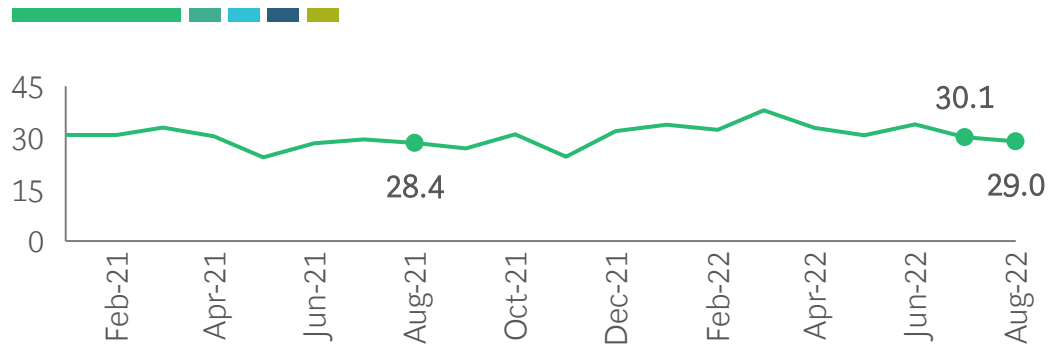
## Steel Consumption (MMT)<sup>2</sup>

Steel consumption improved in Sep'22 vs. Aug'22



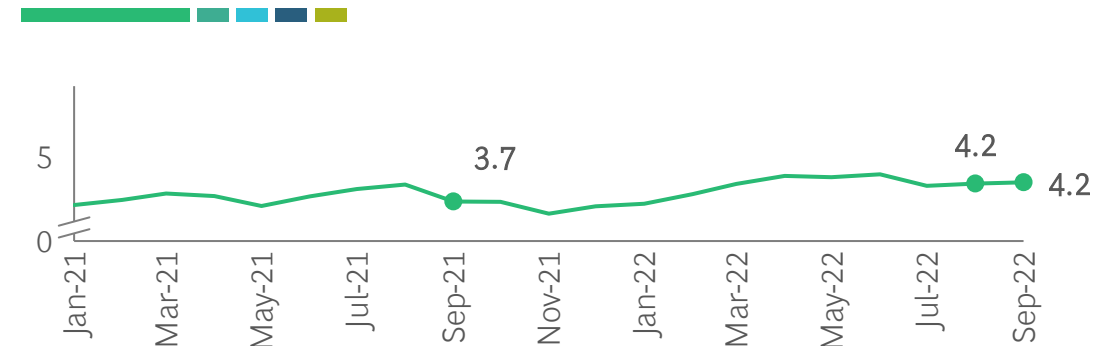
## Cement Production (MT)

Cement production fell for the second consecutive month in Aug'22



## Power Consumption ('000s MUs)

Power consumption remained nearly at Aug'22 levels in 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%))

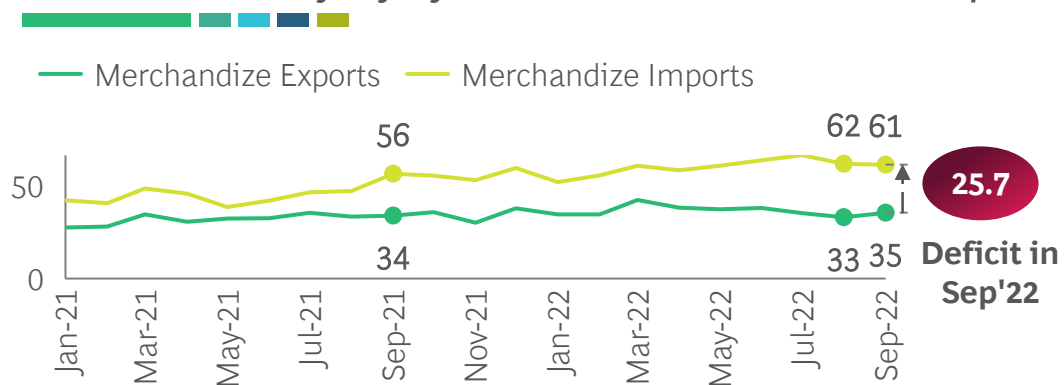
2. Steel consumption incl. long & flat steel

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

# Merchandize trade deficit decreased; Forex reserves & FDI fell in Aug-Sep'22

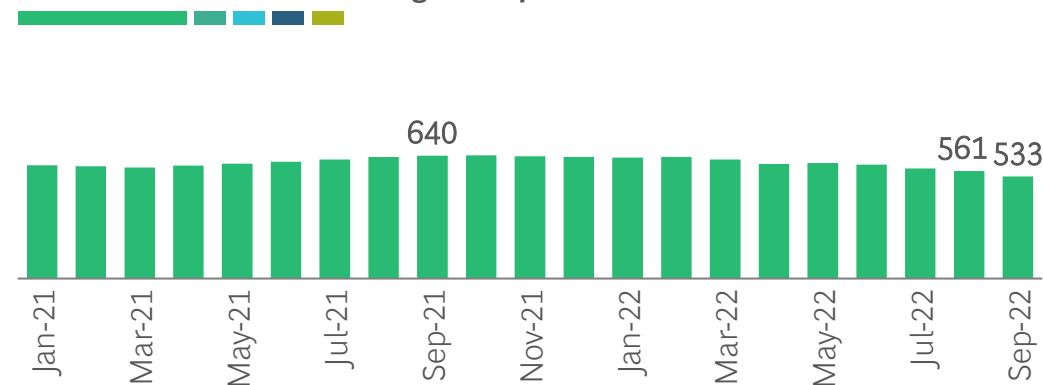
## Merchandize Trade (\$ Bn)

Merchandize trade deficit fell for the second consecutive month in Sep'22



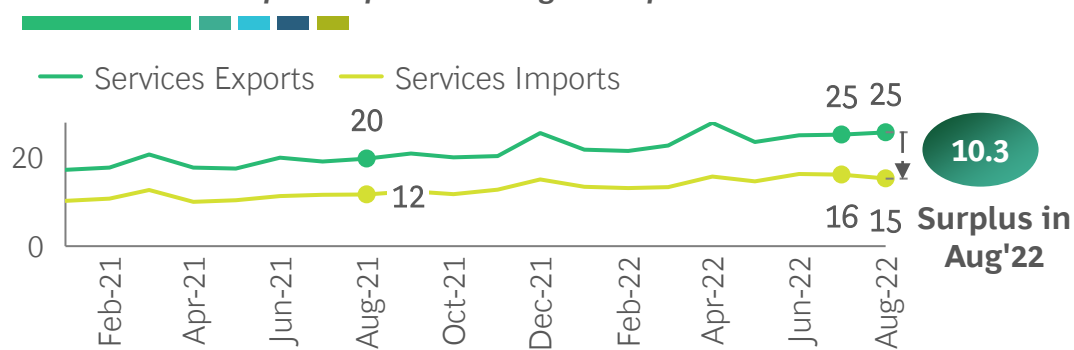
## Forex Reserves (\$ Bn)

Forex reserves declined in Aug'22 vs. previous months



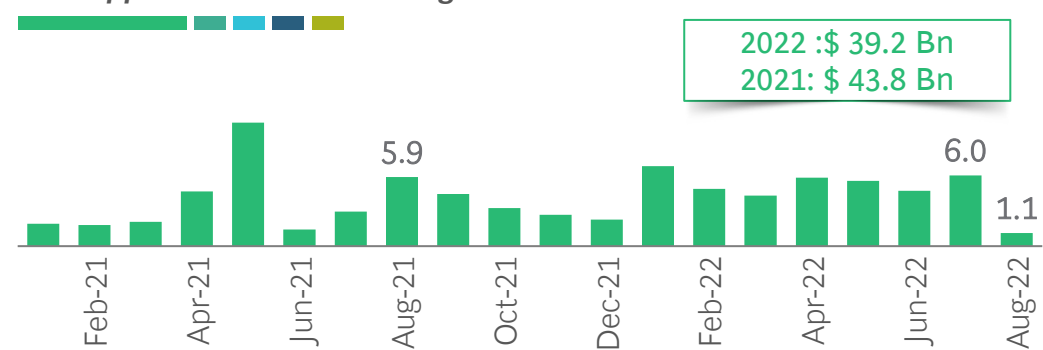
## Services trade (\$ Bn)

Services trade surplus improved in Aug'22 vs. previous months



## FDI (\$ Bn)<sup>1</sup>

FDI slipped to a new low in Aug'22

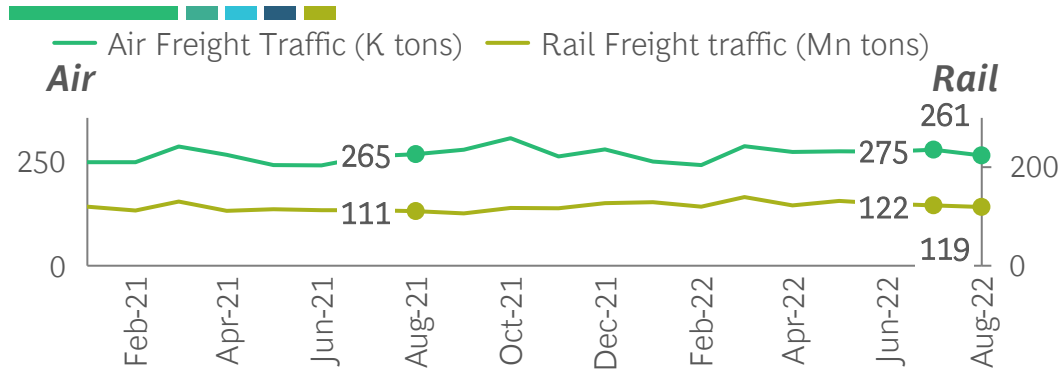


Note: Aug'22 Merchandize Import and Export numbers; Jul'22 Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry  
 1. Denotes total inward FDI to India; Jun'22 figures are provisional; Past period data may vary from the previous versions of the Economic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

# Passenger traffic & E-way bills grew while freight & JNPT traffic declined in Aug-Sep'22

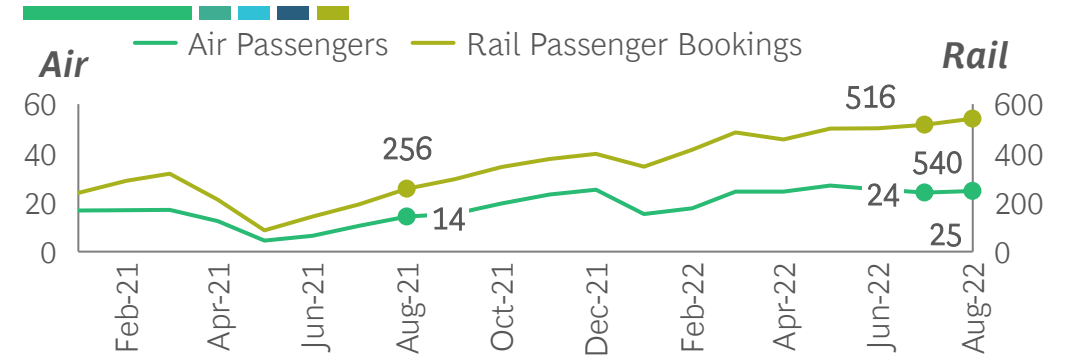
## Freight Traffic

Air & rail freight dipped in Aug'22 vs. Jul'22



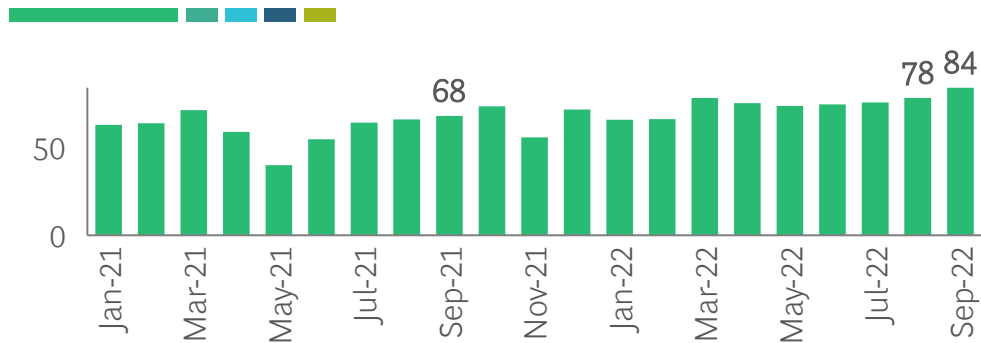
## Passenger traffic (Mn)

Air & rail passenger traffic improved in Aug'22 vs. Jul'22



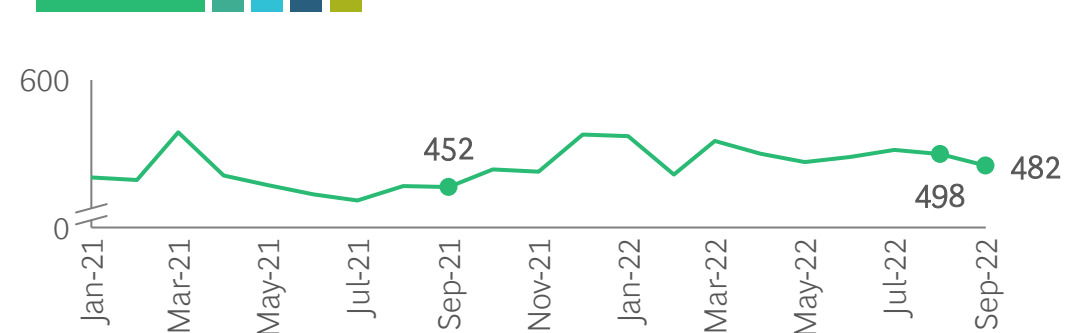
## E-way Bills (Mn)<sup>1</sup>

E-way bills grew significantly in Sep'22 vs. previous months



## JNPT Container Traffic ('000 TEUs)<sup>2</sup>

JNPT traffic declined for the second consecutive month in 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.

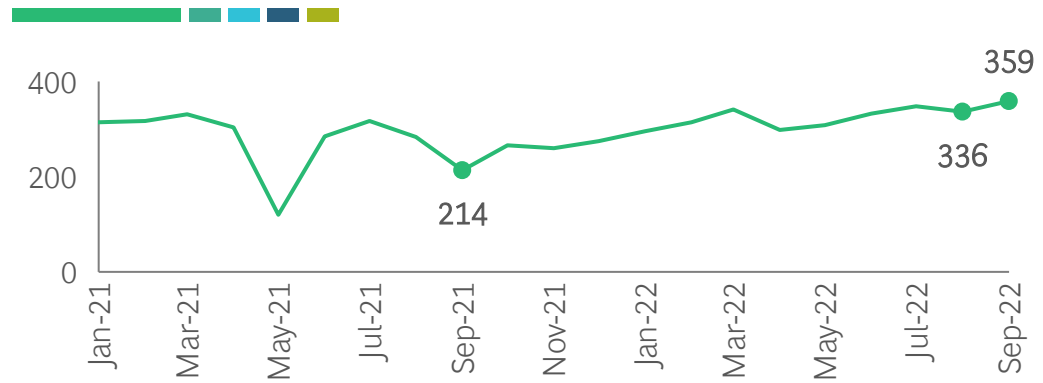
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

# PV & 2W sales on an upward trajectory whereas tractor & 3W sales remained muted in Sep'22

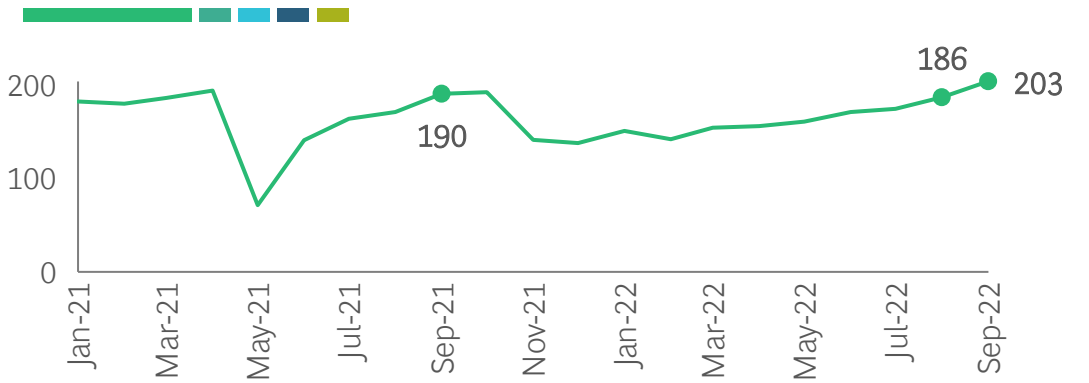
## Passenger vehicles sales ('000 units)

*PV sales improved in Sep'22 vs. Aug'22*



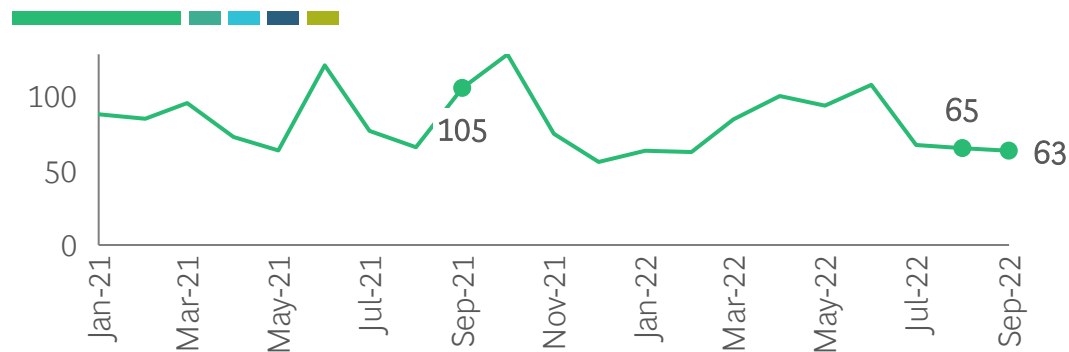
## Two-wheeler sales ('0000 units)

*2W sales grew in Sep'22 vs. Aug'22*



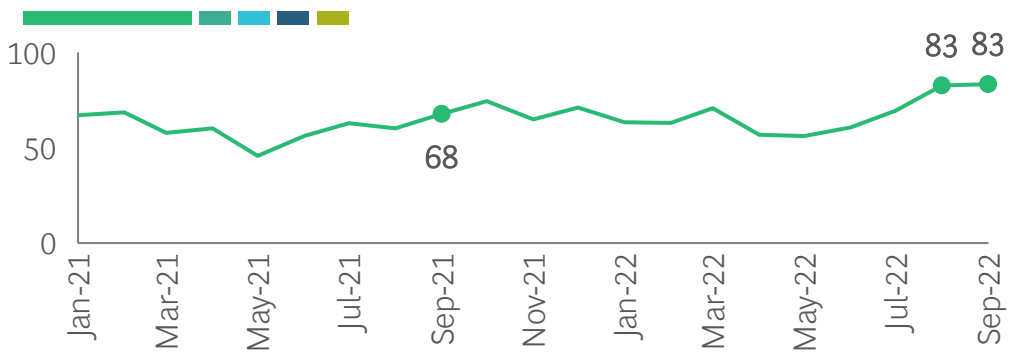
## Tractor sales ('000 units)

*Tractor sales on a downward trajectory in Sep'22*



## Three-wheeler sales ('000 units)

*3W sales remained at Aug'22 levels in Sep'22*



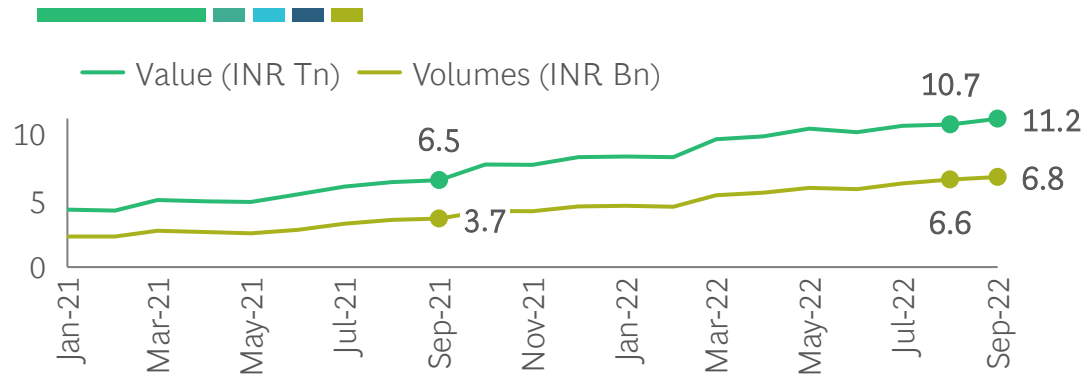
Figures represent wholesale numbers (including exports).  
 1. BMW, Mercedes and Volvo Auto data is not available  
 Source: SIAM, CMIE, TMA, Press search, BCG analysis



# Most BFSI indicators recorded an uptick in Aug-Sep'22

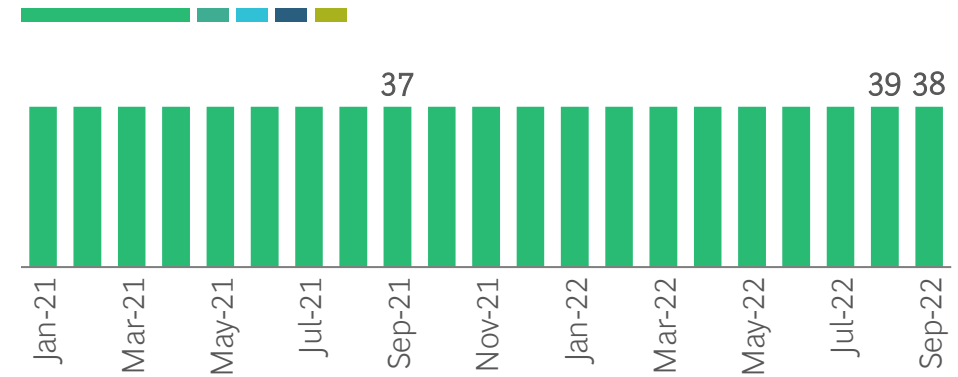
## UPI

UPI continued to break record highs in Sep'22



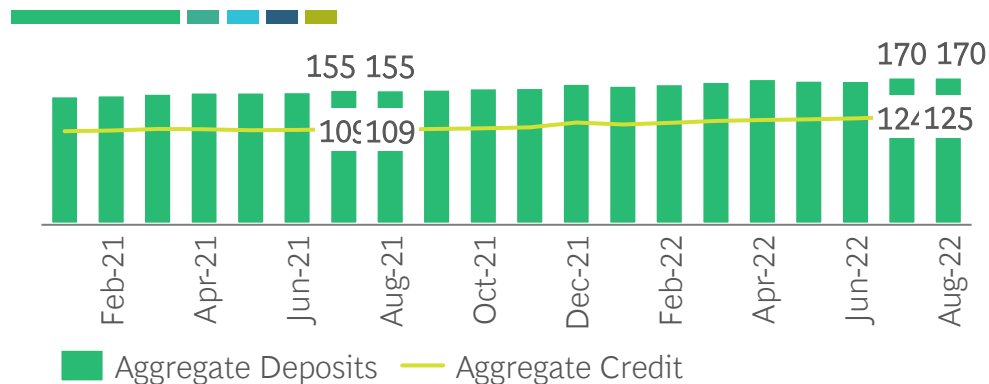
## Mutual Funds AUM (INR Tn)

Mutual funds AUM fell in Sep'22 vs. Aug'22



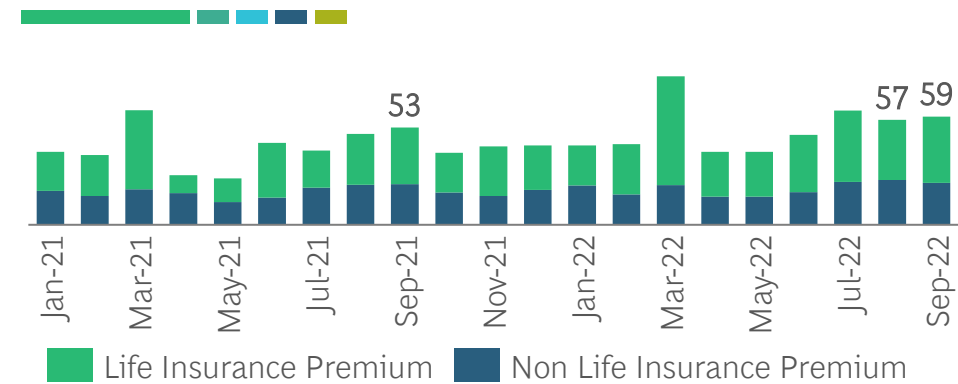
## Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit remained near Jul'22 levels in Aug'22



## Insurance Premium (INR '000 Cr)

Insurance premium improved in Sep'22 vs. Aug'22

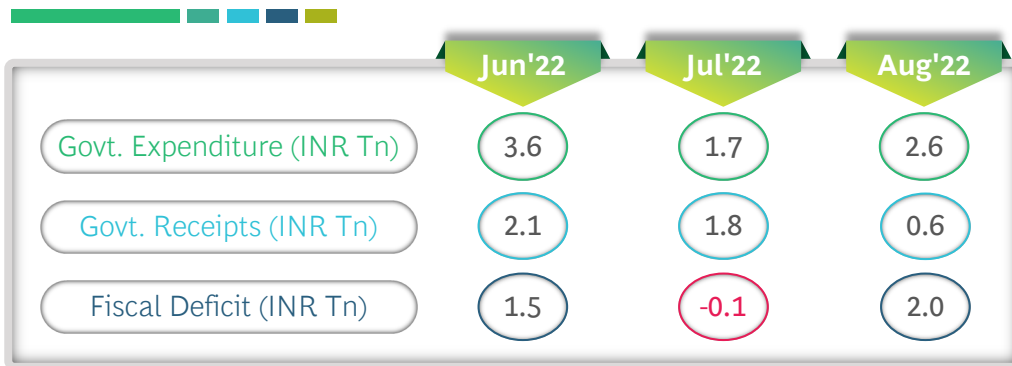


1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures data used for life & non-life insurance as on 13<sup>th</sup> Sep'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 & repo rate spiked; GST collections improved

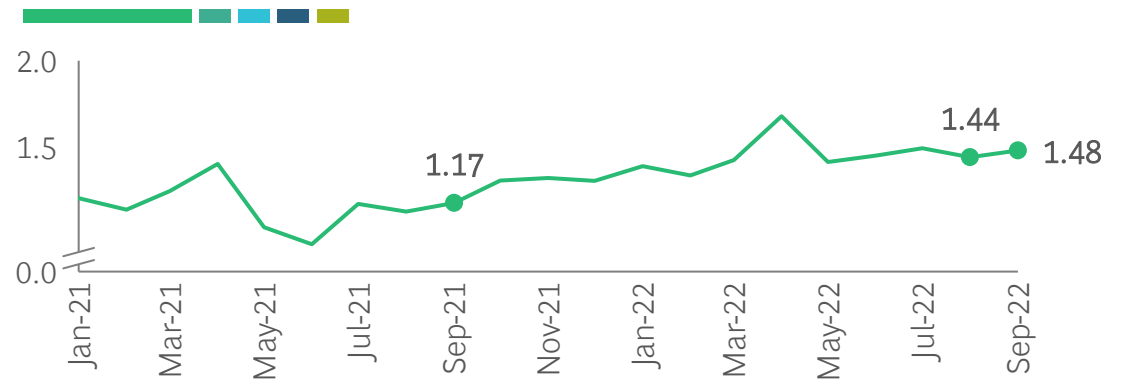
## Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit grew sharply in Aug'22, driven by sharp fall in govt. receipts



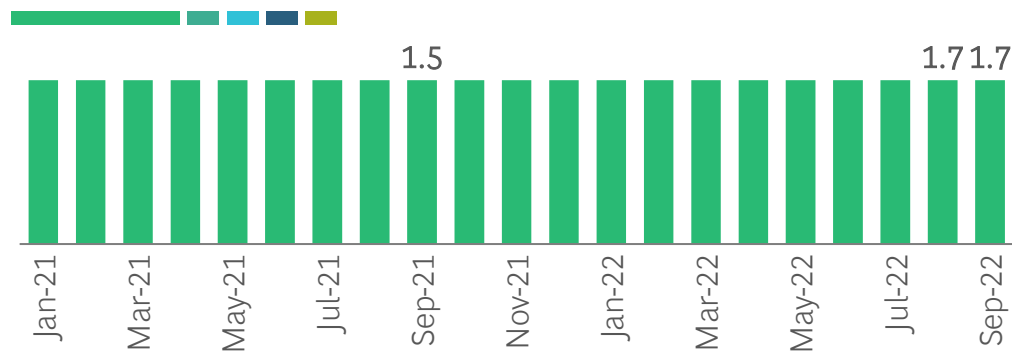
## GST Collections<sup>1</sup> (INR Tn)

GST collections grew in Sep'22 vs. Aug'22



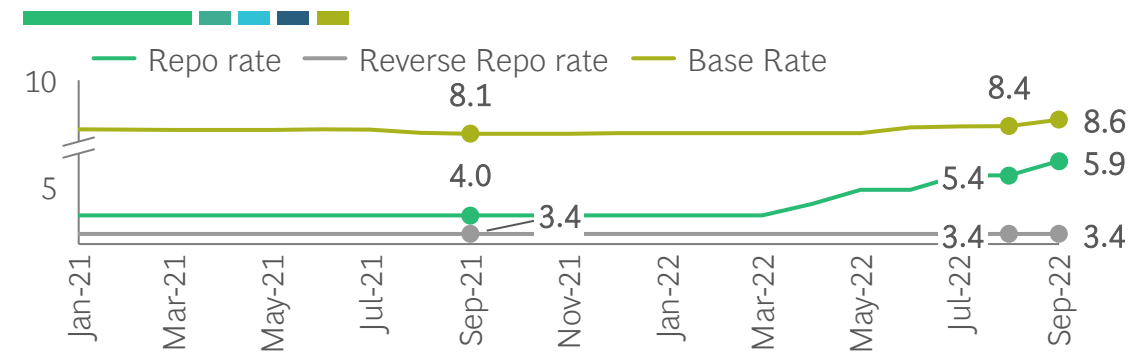
## Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained at Aug'22 levels in Sep'22



## RBI's policy rates (%)

Repo rate hiked by 50 bps in Sep'22

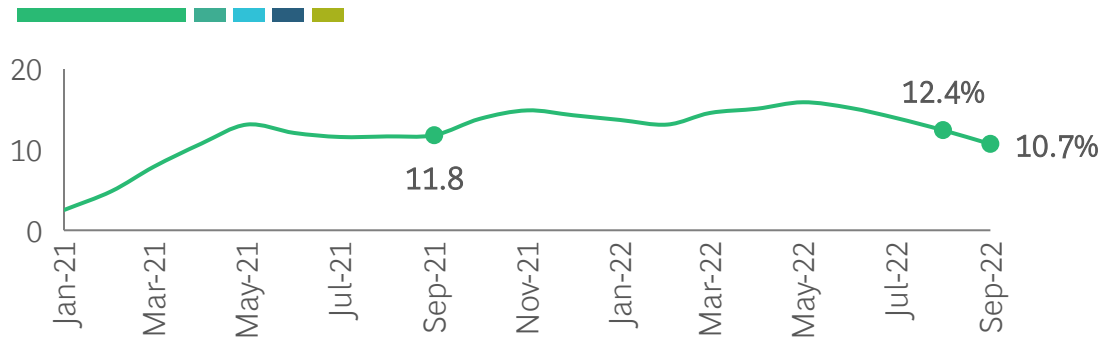


<sup>1</sup>GST Collections include all components: CGST, SGST, IGST, Cess  
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

# WPI continued to ease while CPI rose to a 5-month high driven by increase in food & beverages prices in Sep'22

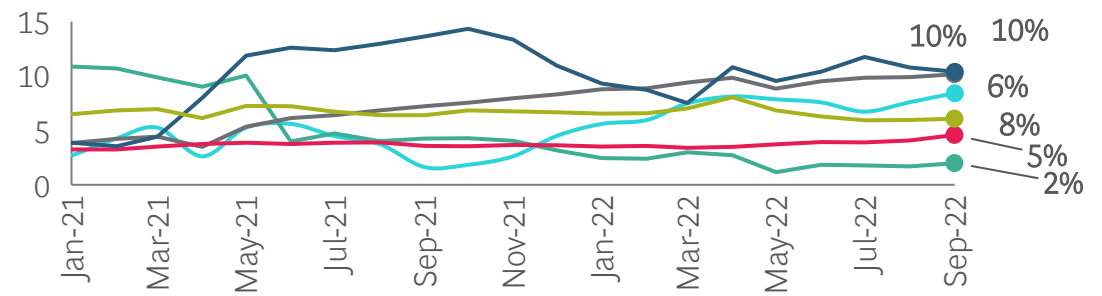
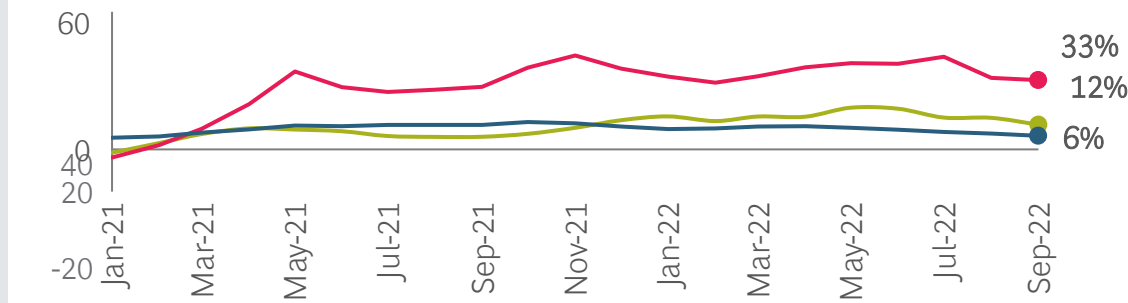
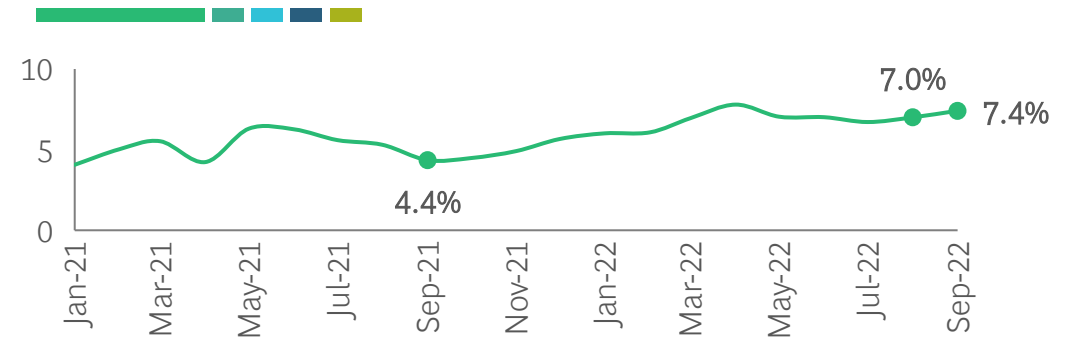
## Wholesale Price Index (WPI)<sup>1</sup>

WPI continued to ease in Sep'22



## Consumer Price Index (CPI)<sup>2</sup>

CPI accelerated in Sep'22, reaching a 5-month high



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

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

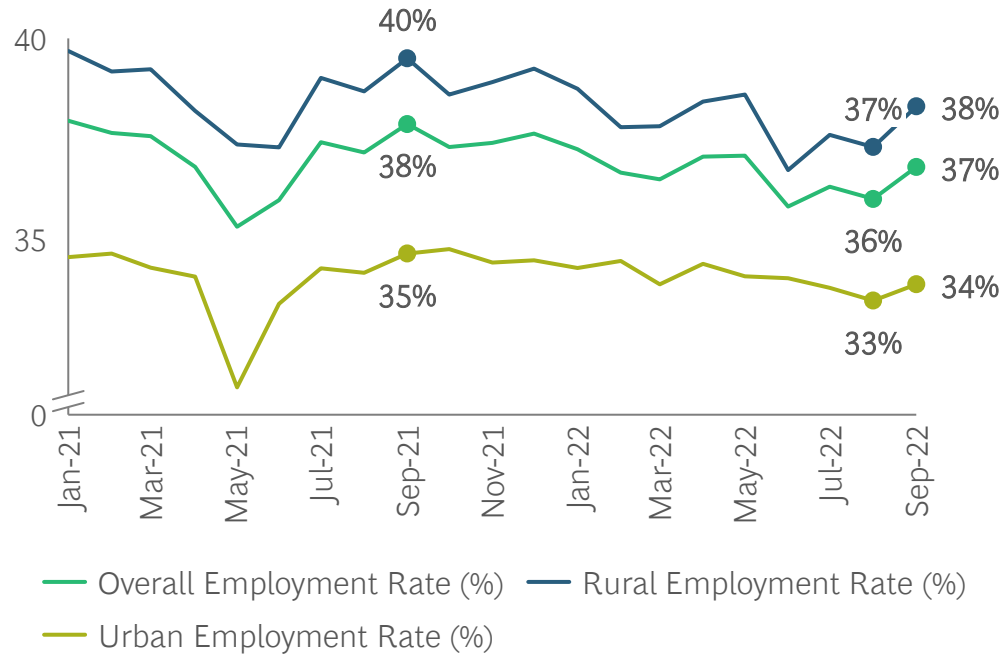
1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, 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 & rural employment grew; MGNREGA work demanded & employment provided also witnessed an uptick in Sep'22

## CMIE Employment rate (%)<sup>1</sup>

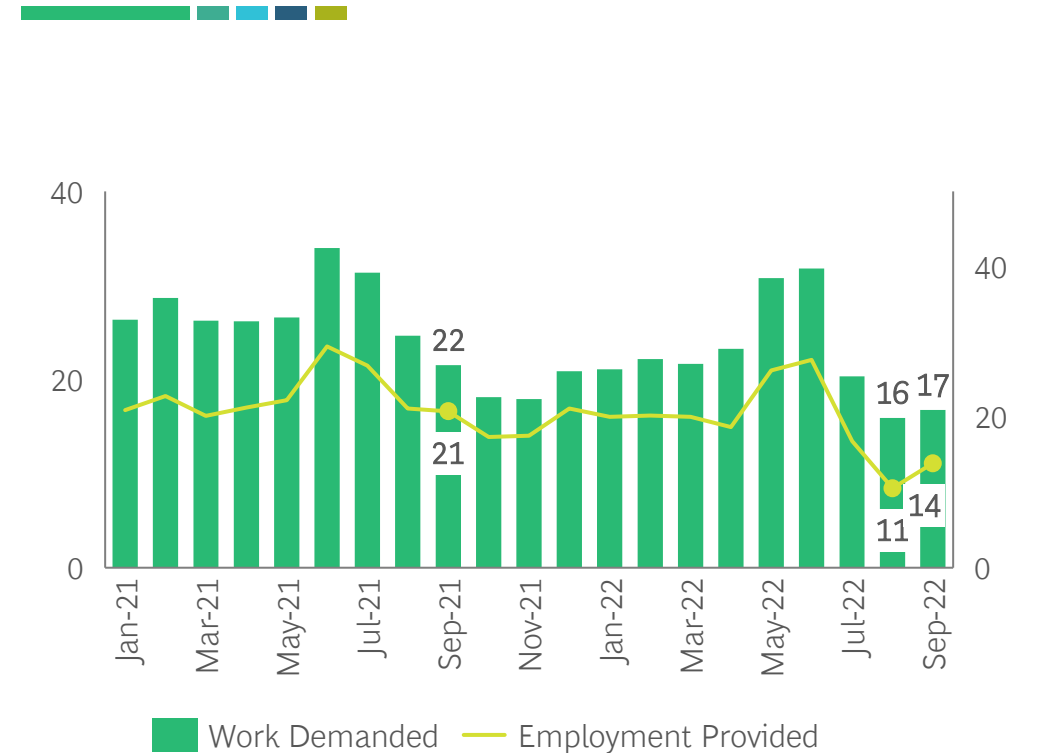
Urban & rural employment rates improved in Sep'22 vs. Aug'22

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)<sup>2</sup>

Work demanded & employment provided increased in Sep'22 vs. Aug'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

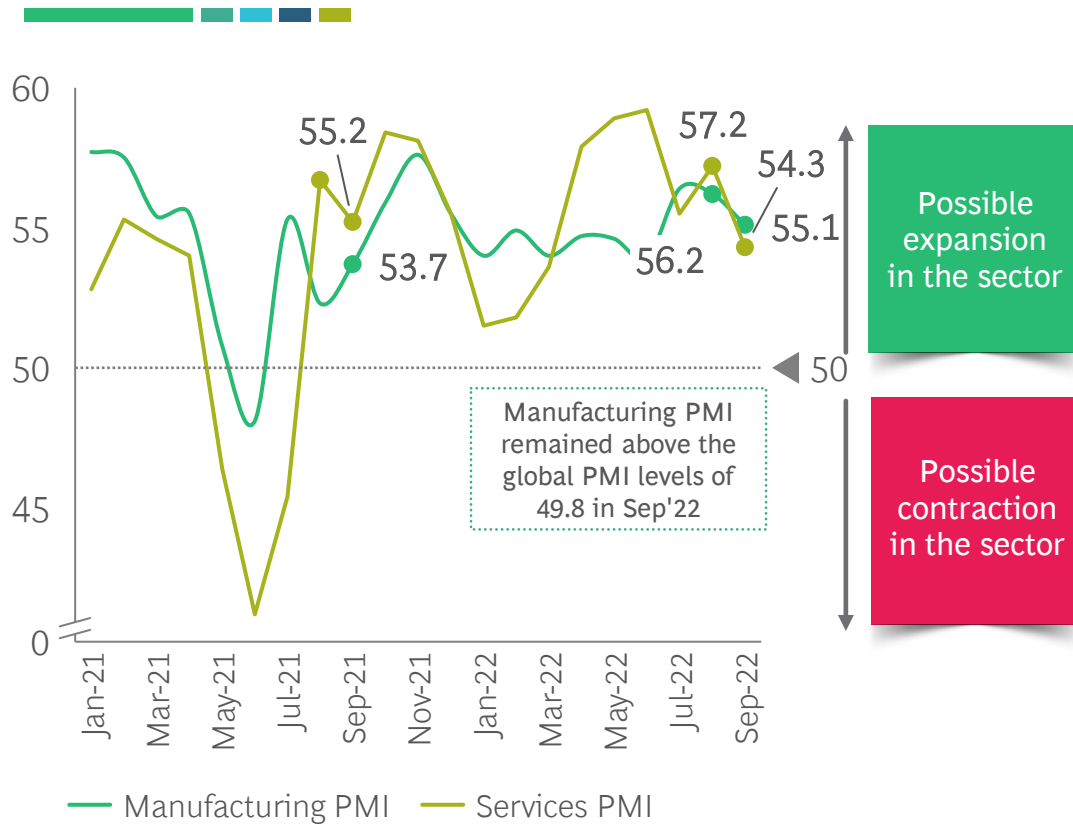
2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act

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

# Manufacturing & services PMI contracted; CSI continued to recover while FEI remained unchanged in Sep'22

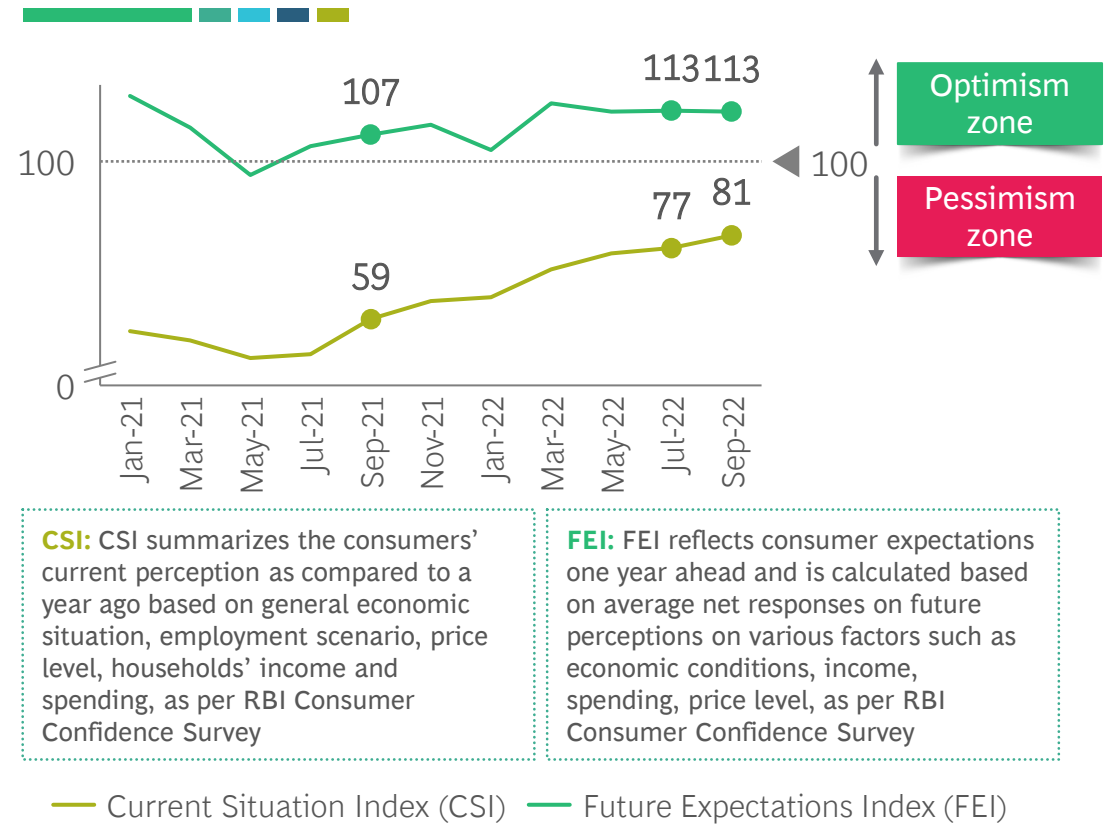
## Manufacturing and services PMI<sup>1</sup>

Manufacturing & services PMI contracted sharply in Sep'22 vs. Aug'22



## Consumer Confidence Survey (RBI)<sup>2</sup>

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



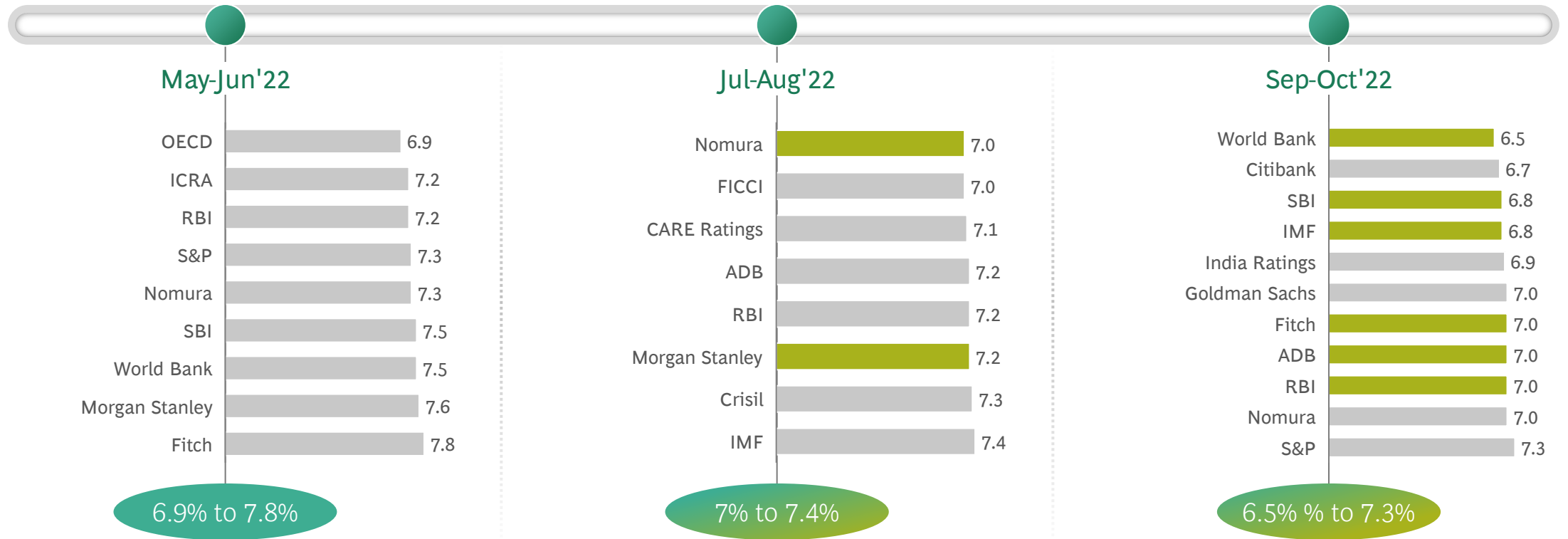
**CSI:** CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

**FEI:** FEI reflects consumer expectations one year ahead and is calculated based on average net responses on future perceptions on various factors such as economic conditions, income, spending, price level, as per RBI Consumer Confidence Survey

1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;  
 2. Sample size: 6,083 responses across 19 major cities surveyed during 7<sup>th</sup> July to 14<sup>th</sup> 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 7.3% YoY; Projection forecasts revised downwards during Sep-Oct'22

## India GDP growth forecast for FY23 (YoY,%)



Data as of 20<sup>th</sup> Oct'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, 2.00, 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