

A decorative graphic on the left side of the slide features a dark grey background with a curved, grid-like pattern of teal and green squares. Below this, there are several concentric circles and lines in shades of green and teal, creating a dynamic, abstract design.

# India Economic Monitor

## September 2020 Update

# Executive Summary

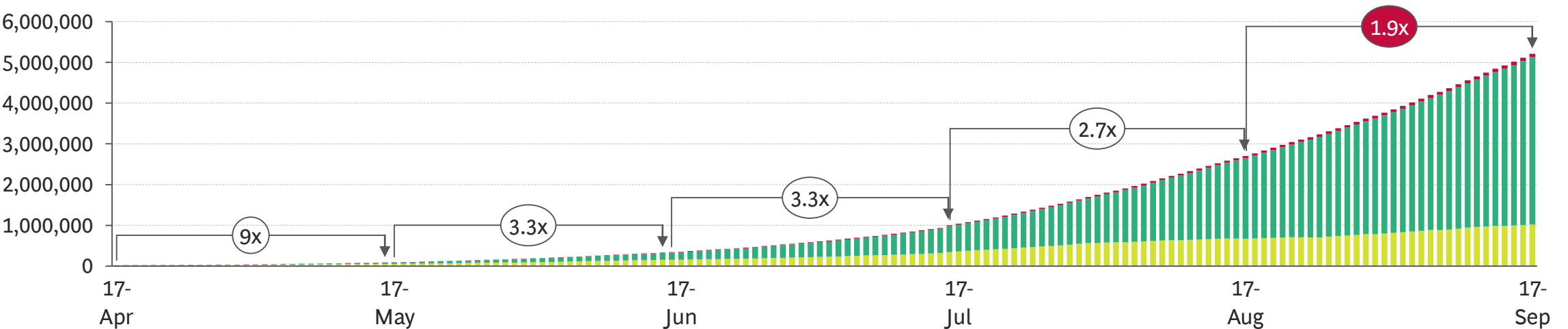
## Trends across key economic indicators

- **Industrial Activity:** Power consumption observed to be back to last years levels in Aug'20 (YoY gap declined to 2% in Aug'20 vs. 4% in Jul'20), however, fuel consumption YoY gap widened to 16% in Aug'20 vs. 12% in Jul'20; Index of Industrial Production improved in Jul'20 vs. previous months
- **Trade:** Services & merchandize exports less impacted vs. imports; Services exports recorded 11% YoY decline vs. 22% YoY decline in imports in Jul'20; Merchandize trade still at a gap from last year levels: exports declined 13% YoY while imports declined 26% YoY in Aug'20
- **Logistics:** Recovery seen in domestic logistics in Aug'20 vs. Apr-Jul'20, as reflected in FASTag transactions & E-way bills (FASTag transactions increased 12%, E-way bills generated increased 2% in Aug'20 vs. Jul'20)
- **Financial Services:** Deposit growth remains stable at ~11% in Aug'20 while credit growth declined from 5.9% YoY in Jul'20 to 5.5% YoY in Aug'20; Faster recovery in volume of NPCI retail transactions vs. value; Value of UPI transactions increased to INR 3.0 Tn (93% YoY growth), an all time high
- **Sector-wise Impact:** Auto sales saw an improvement in Aug'20 vs. previous months (in Aug'20, Passenger vehicle sales grew 17% MoM, 2W sales grew 24% MoM, tractor sales grew 3% MoM and 65% vs. Aug'19); Signs of recovery witnessed in steel consumption in May-Aug'20 period, however gap still exists from pre-COVID levels; Pharma & fertilizer sales recorded a slight decline in Aug'20 vs. last year's levels after witnessing positive YoY growth in last few months; Recovery signs in both Life and non-Life Insurance - positive YoY growth in Aug'20
- **Macroeconomic Indicators:** GST collections still at 12% gap from last year levels in Aug'20; MGNREGA household job demand continues to witness YoY growth (73% in Jul'20, 66% in Aug'20, YoY)
- **Sentiment:** Sentiment of rural consumers improved while that of urban consumers dipped marginally, however, both are still significantly below last year's levels; Manufacturing PMI increased from 46 in Jul'20 to 52 in Aug'20, reaching above the 50-point mark & Services PMI improved from 34 in Jul'20 to 42 in Aug'20; Slight dip in stock market transactions, along with slight increase in mutual funds AUM in Aug-20 vs. Jul-20
- **GDP (Apr-Jun'20):** In Apr-Jun'20, economy GDP growth contracted by 23.9% YoY; Govt. consumption expenditure YoY growth rose to 16.4% vs. 6.2% in Apr-Jun'19, Private consumption expenditure YoY growth fell to -26.7% vs. 5.5% in Apr-Jun'19; Capital formation YoY growth contracted to -47.5% vs. 5.3% in Apr-Jun'19

# COVID-19 cases in India still on a continuous rise

Data as of 17 Sep

Total cases



Total cases	90k	354k	1M	2.7M	5.2M
Active cases	53k	155k	359k	672k	1M
Days Doubling Rate	13	20	18	28	36
Recovery Rate	38%	53%	63%	73%	79%
Test Positivity Rate	3.9%	5.7%	7.7%	8.7%	8.5%
Fatality Rate	3.2%	3.4%	2.5%	1.9%	1.6%

Source: Ministry of Health & Family Welfare (MoHFW); covid19india.org; BCG analysis



1

# Economic Indicators

2

GDP Deep-Dive

# Summary: Trends for the last 6-7 months show signs of recovery in Aug'20 vs. Apr-Jun'20 lows; however, gap still exists with pre-COVID levels across most indicators

Data as of 17 Sep

	Indicator	Unit	Feb	Mar	Apr	May	Jun	Jul	Aug
1	Industrial Activity								
	Power Consumption	MU	11%	-9%	-24%	-15%	-10%	-4%	-2%
	Petroleum Consumption	MT	4%	-18%	-49%	-19%	-8%	-12%	-16%
	Index of Industrial Prod.	Index	5%	-18%	-58%	-35%	-17%	-10%	NA
2	Trade								
	Services Export	USD	7%	1%	-9%	-10%	-8%	-11%	NA
	Services Import	USD	13%	-2%	-18%	-20%	-15%	-22%	NA
	Merchandise Export	USD	3%	-35%	-60%	-36%	-12%	-10%	-13%
	Merchandise Import	USD	2%	-29%	-60%	-52%	-48%	-28%	-26%
3	Logistics								
	E-Way Bills Generated	Mn	14%	-26%	-84%	-53%	18%	-7%	-4%
	Railway Freight Originated	MT	6%	-14%	-35%	-21%	-8%	-5%	NA
	JNPT Container Traffic	TEUs	1%	-13%	-37%	-39%	-29%	-20%	-19%
	Air Freight	kT	-1%	-32%	-83%	-68%	-40%	-34%	NA
4	Financial Services								
	NPCI Retail Txns. (Values)	INR	35%	-4%	-50%	-29%	-2%	-4%	0%
	NPCI Retail Txns. (Volume)	Mn	56%	24%	7%	22%	39%	37%	40%
	Total Bank Credit	INR	6.3%	6.1%	6.9%	6.4%	6.2%	5.9%	5.5%
	Total Bank Deposits	INR	9.0%	8.5%	9.7%	10.6%	11.1%	11.0%	11.0%

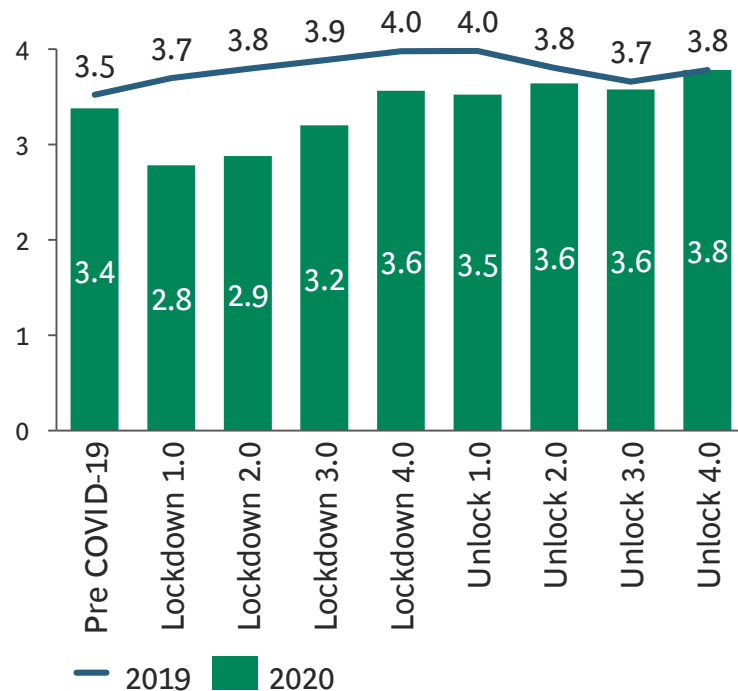
	Indicator	Unit	Feb	Mar	Apr	May	Jun	Jul	Aug
5	Sector-wise Impact								
	Cement Production	MT	8%	-25%	-85%	-21%	-7%	-14%	NA
	Steel Consumption	MT	5%	-23%	-87%	-53%	-29%	-9%	-8%
	Passenger Vehicle Sales	k	-10%	-56%	-99%	-83%	-51%	-14%	-2%
	Tractor Sales	k	20%	-50%	-80%	1%	20%	36%	65%
	Two-wheeler Sales	k	-15%	-36%	-98%	-81%	-38%	-20%	0.2%
	Fertilizer Sales	MT	53%	18%	45%	98%	79%	34%	-9%
	Gross Premium (Life)	INR	2%	-32%	-33%	-25%	-10%	7%	15%
	Gross Premium (Non-Life)	INR	8%	-11%	-9%	-11%	8%	18%	10%
	Pharma. Sales	INR	12%	9%	-11%	-9%	2%	0.2%	-2%
	Chemical Production Index	Index	3%	-2%	-17%	-28%	-34%	NA	NA
6	Macroeconomic Indicators								
	Total GST Collection	INR	8%	-8%	-72%	-38%	-9%	-15%	-12%
	Central Govt. Expenditure	INR Tn	2.0	2.2	3.1	2.0	3.0	2.4	NA
	MGNREGA Jobs Demand	HHs	5%	2%	-40%	45%	71%	73%	66%
	MGNREGA Jobs Provided	HHs	5%	-1%	-35%	56%	80%	83%	61%
	No. of Tenders Announced	k	-10%	-4%	7%	17%	29%	125%	80%
7	Sentiment								
	India VIX	Index	23.2	64.4	34.0	30.2	29.1	24.7	22.8
	PMI (Manufacturing)	Index	54.5	51.8	27.4	30.8	47.2	46.0	52.0
	PMI (Service)	Index	57.5	49.3	5.4	12.6	33.7	34.2	41.8

Data for 2020; YoY growth represented for all indicators (except for India VIX, PMI and Central govt. expenditure – absolute values represented for Central govt. expenditure)

Source: POSOCO, PPAC, MoSPI, RBI, Ministry of Comm. & Industry, GST Network, Ministry of Railways, JNPT, AAI, NPCI, JPC, Ministry of Steel, SIAM, CMIE, mFMS, IRDAI, AIOCD, American Chemistry Council, GST Council, Ministry of Finance, Controller General of Accounts, Ministry of Rural Development, Projects Today, Bloomberg, NSE, BSE, IHS Markit, BCG analysis

# Power consumption back at last year's levels in Unlock 4.0; Fuel consumption YoY gap widened in Aug'20; Slight recovery in IIP & ICI

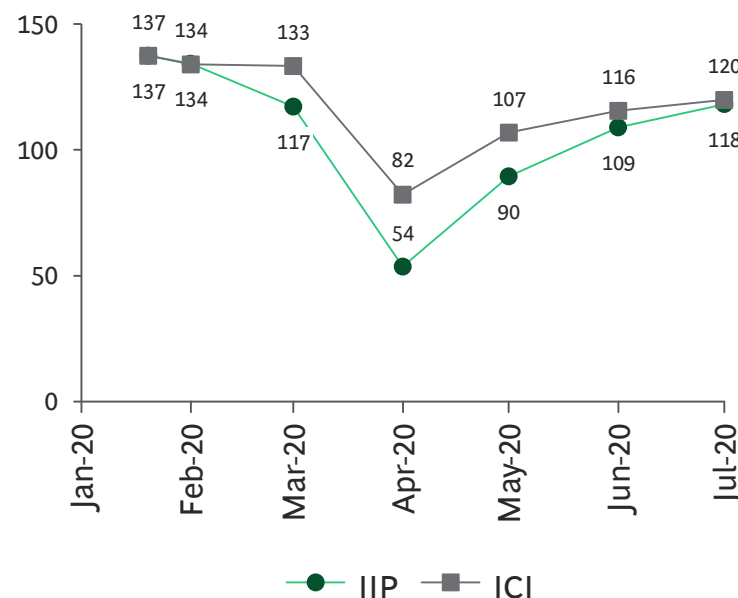
Daily Average Power Consumption Volume<sup>1</sup> ('000s MUs)



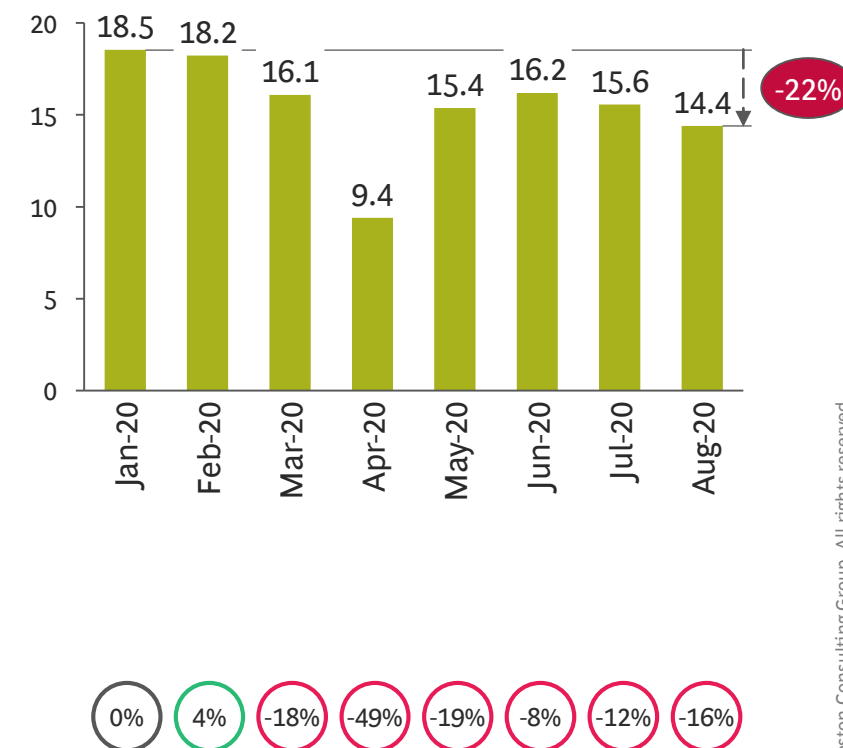
YoY growth

-4%	-25%	-24%	-18%	-10%	-11%	-4%	-2%	0%
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IIP<sup>2</sup> (Index of Industrial Production) & ICI<sup>3</sup> (Index of Core Industries)<sup>4</sup>



Consumption of Petroleum Products (in MMT)<sup>5</sup>



1. Pre-COVID-19 period refers to 15 Mar -24 Mar , Lockdown 1.0 = 25 Mar - 19 Apr, Lockdown 2.0 = 20 Apr - 3 May, Lockdown 3.0 = 4 May - 7 May, Lockdown 4.0 = 18 May - 29 May, Unlock 1.0 = 30 May - 30 Jun, Unlock 2.0 = 1 Jul - 31 Jul; Unlock 3.0 = 1 Aug - till date (30 Aug); Unlock 4.0=31<sup>st</sup> Aug- till date

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

3. Index of Core Industries (ICI) measures performance of production in 8 core industries (Coal, Crude, NG, Refinery Products, Fertilizers, Steel, Cement & Electricity)

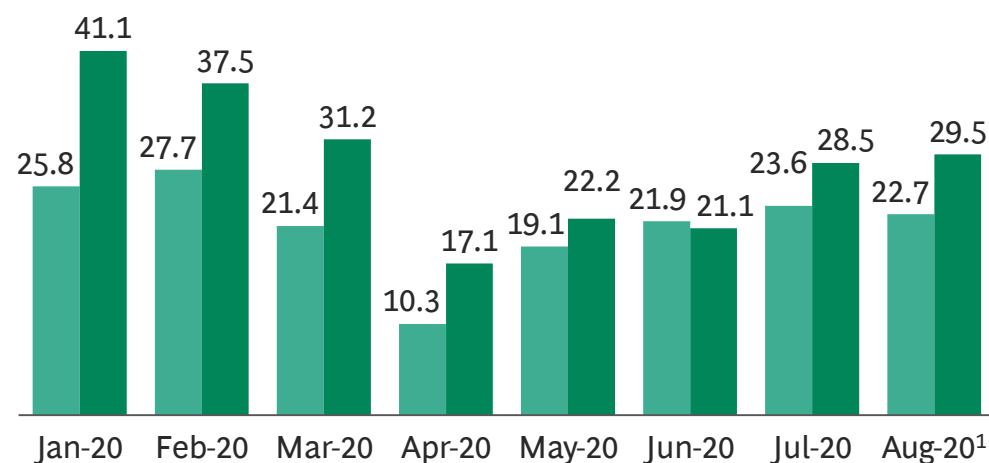
4. In view of the effect of the containment measures for COVID-19 pandemic, the indices for Apr-20 & May-20 are not comparable with preceding months

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

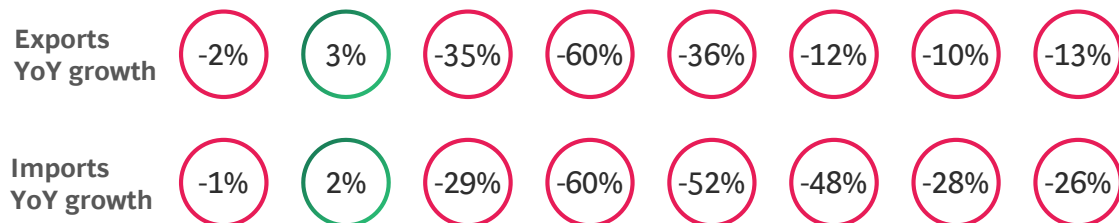
Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, PPAC, BCG analysis

# Merchandise exports & imports continued to contract in Aug'20 vs. last year; Services trade YoY growth in Apr-Jul'20 remained negative

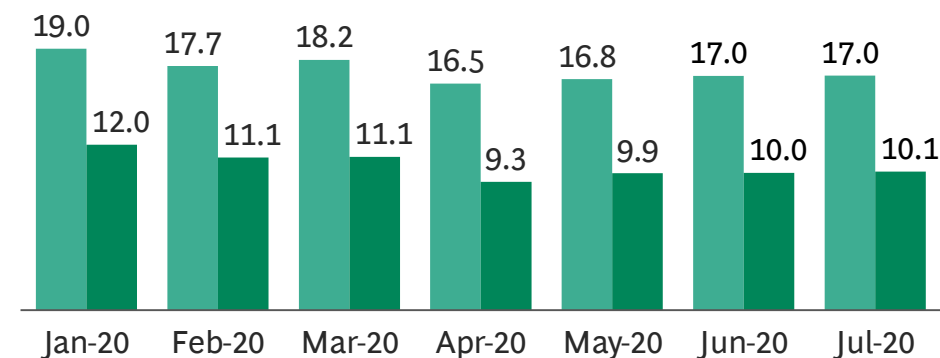
## Merchandise Trade (USD Bn)



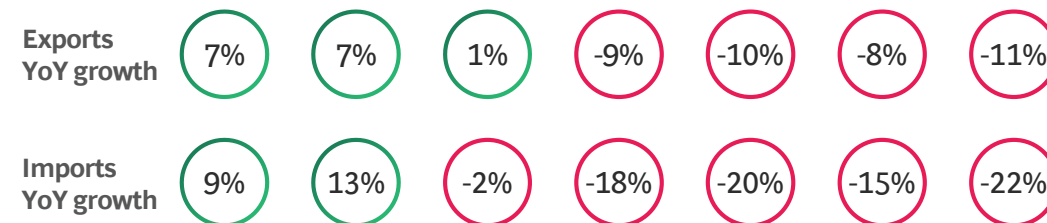
Merchandise Exports Merchandise Imports



## Services Trade (USD Bn)

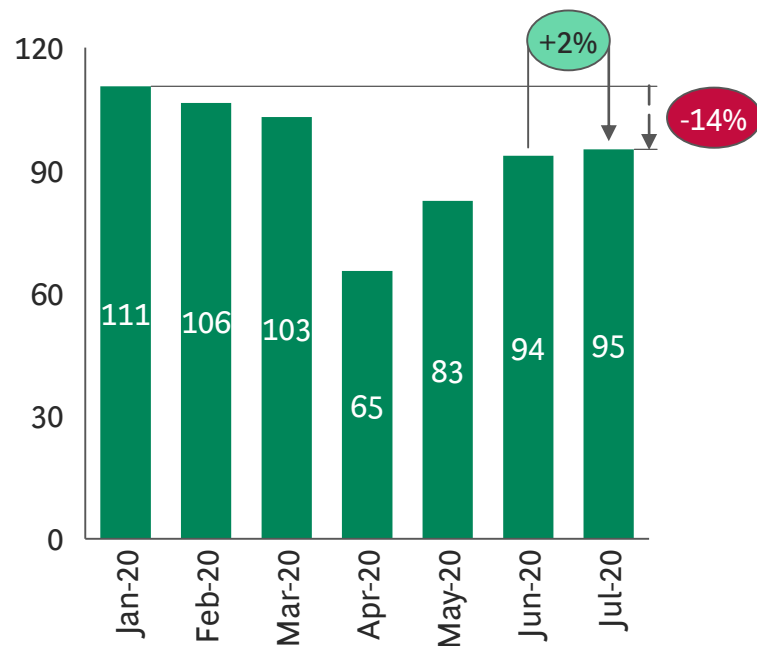


Services Exports Services Imports



# Rail freight improved marginally in Jul'20 vs. Apr-Jun'20; FASTag transactions & E-Way bill volumes increased in Aug'20 vs. Apr-Jul'20

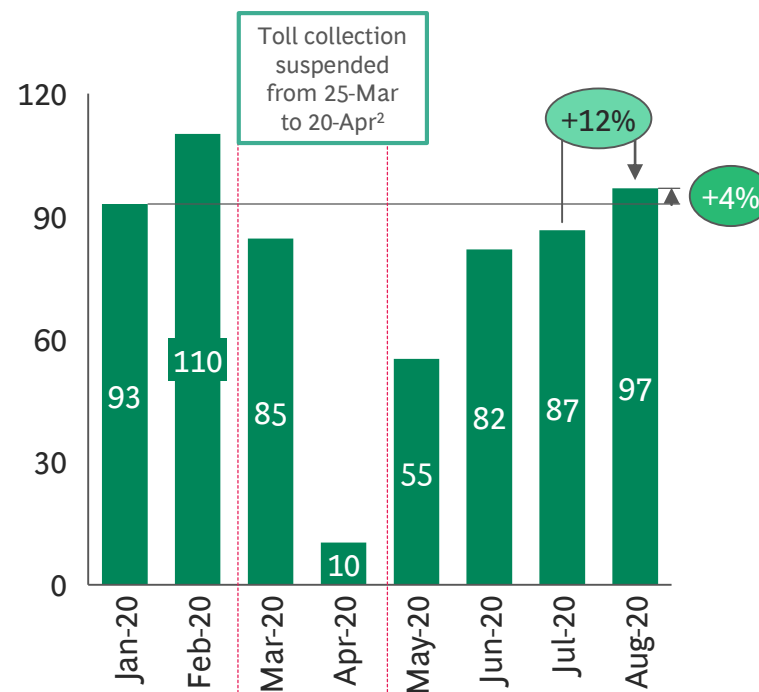
## Railway freight traffic originating (Mn Tons)



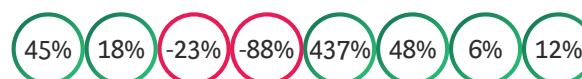
YoY growth



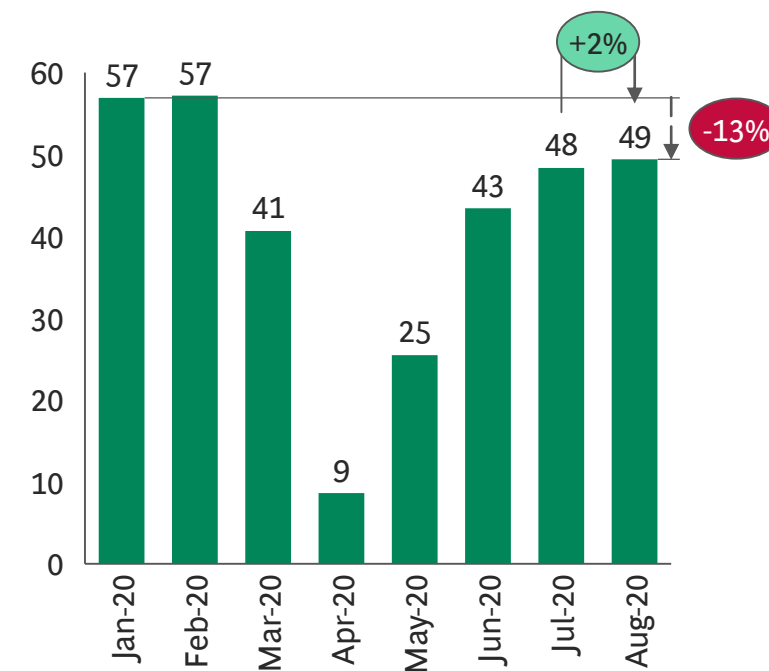
## FASTag transaction volume (Mn)



MoM growth



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



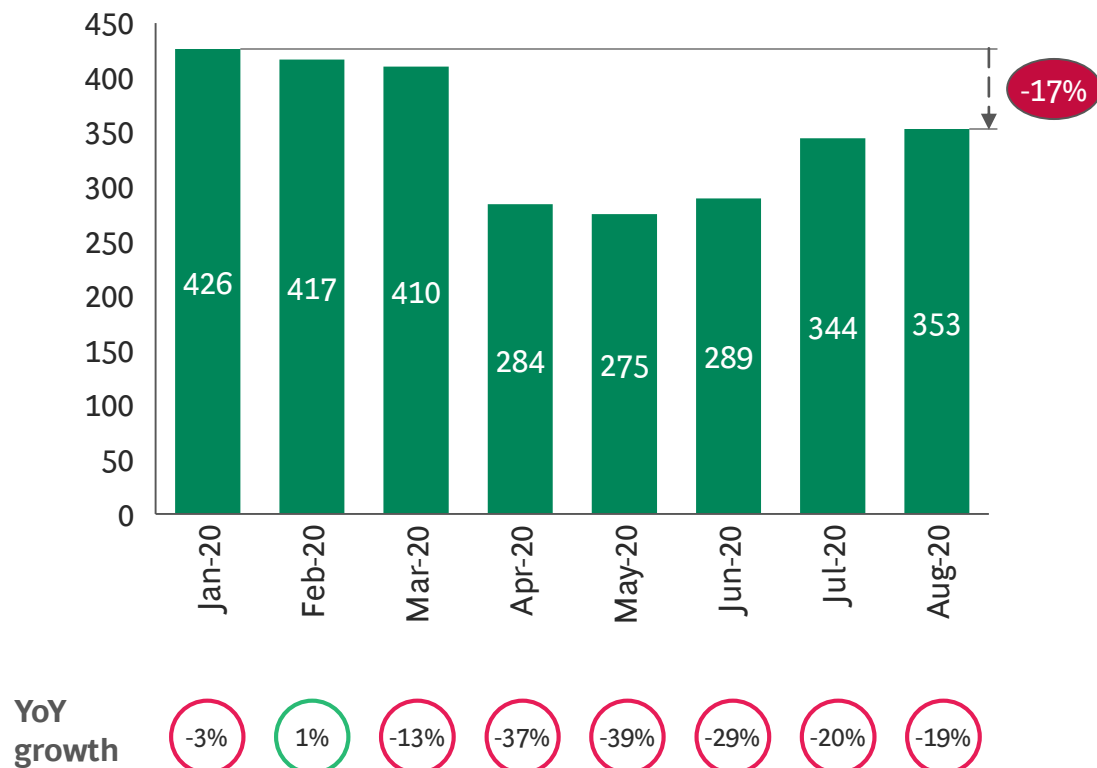
YoY growth



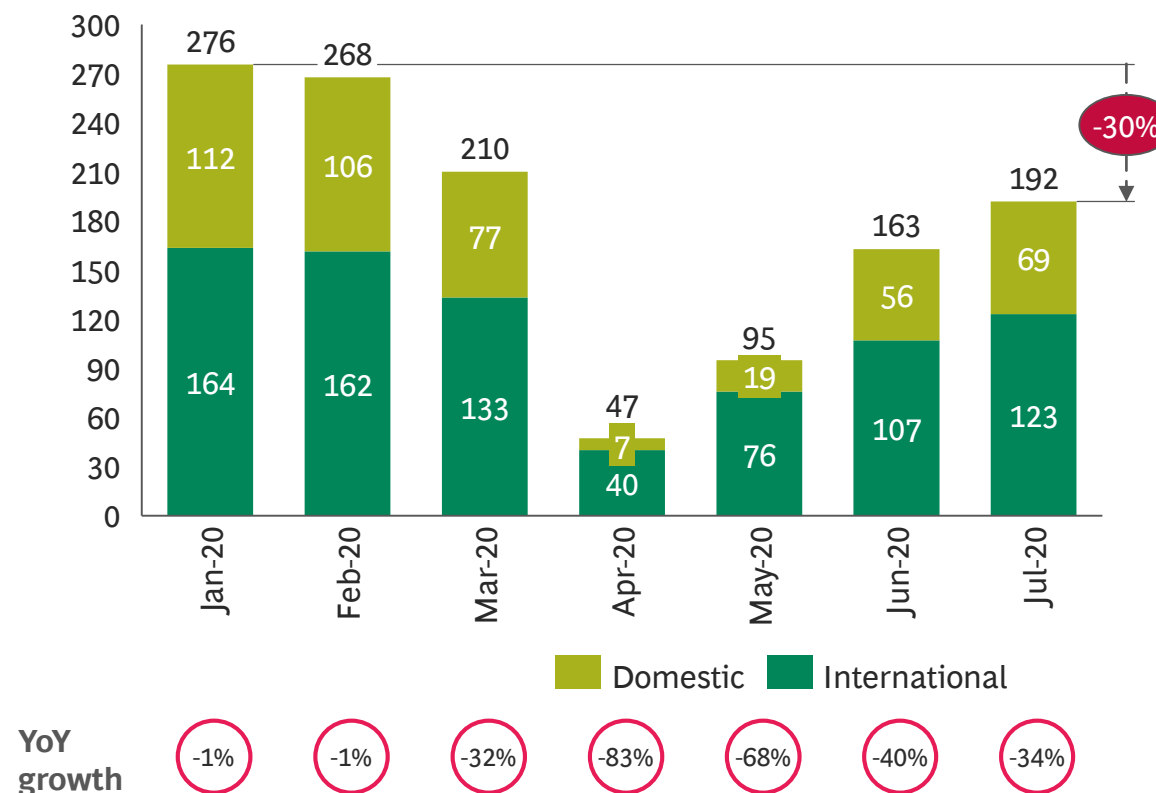
1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000; 2. As per announcement by NHAI; 3. High YoY growth due to drop in e-way bills in Jun-19; due to new provision introduced limiting generation of E-Way bills if the GST Return filing pending for last 2 months  
Source: GST Network, NHAI, NPCI, Ministry of Railways, CEIC data, BCG analysis

JNPT traffic improved in Aug'20 vs. Apr-Jul'20, but below Aug'19 levels;  
Air Freight improved in Jul'20 vs. Apr-Jun'20, but below Jul'19 levels

### JNPT Container Traffic ('000s TEUs<sup>1</sup>)



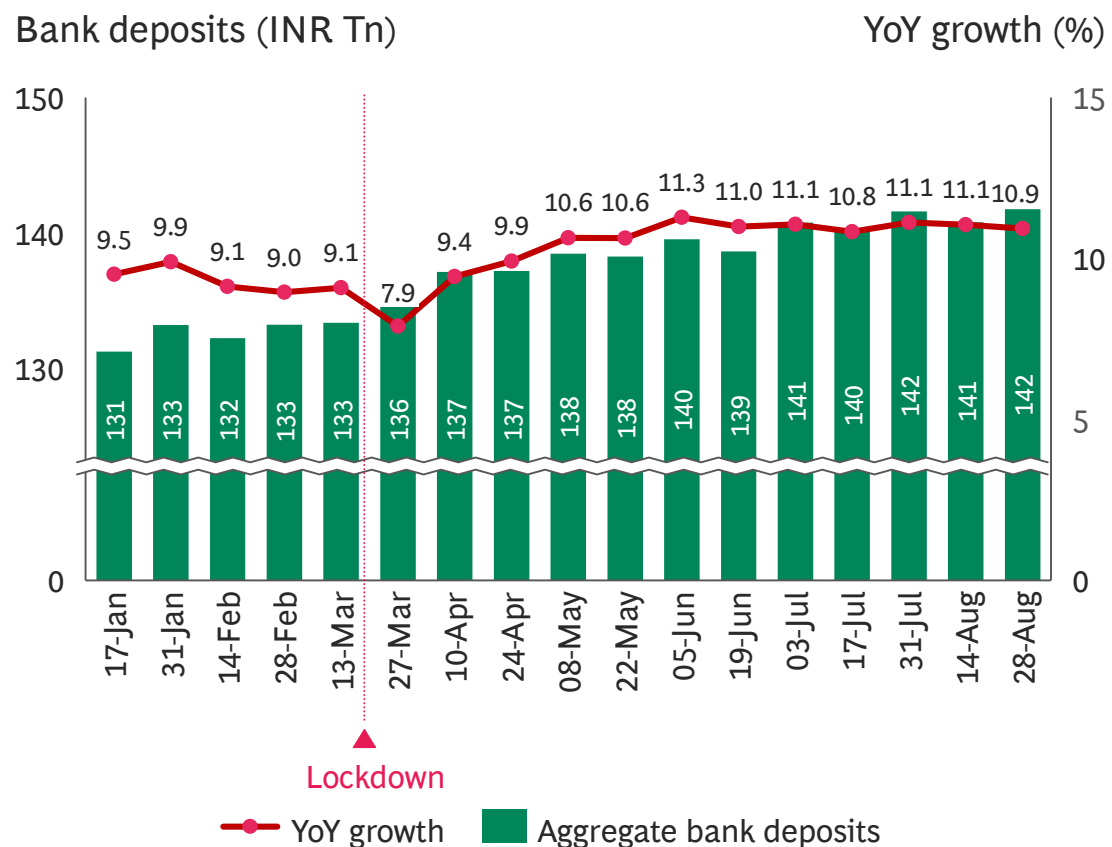
### Air Freight (k Tons)



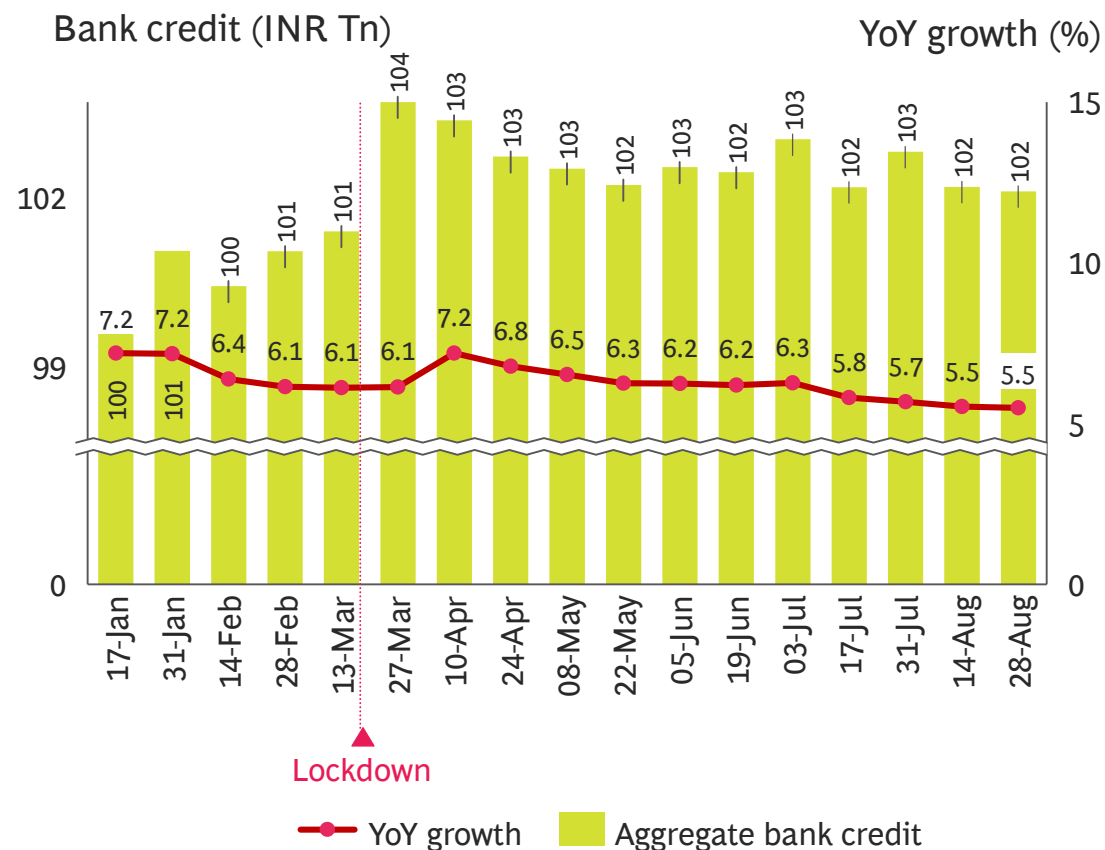
1. TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)  
Source: Jawaharlal Nehru Port Trust, Airport Authority of India, BCG analysis

# Aggregate deposits continue to remain stable while bank credit witnessed a dip in Jul-Aug'20

## Total deposits value & YoY growth aggregated for all banks



## Total credit outstanding value & YoY growth aggregated for all banks

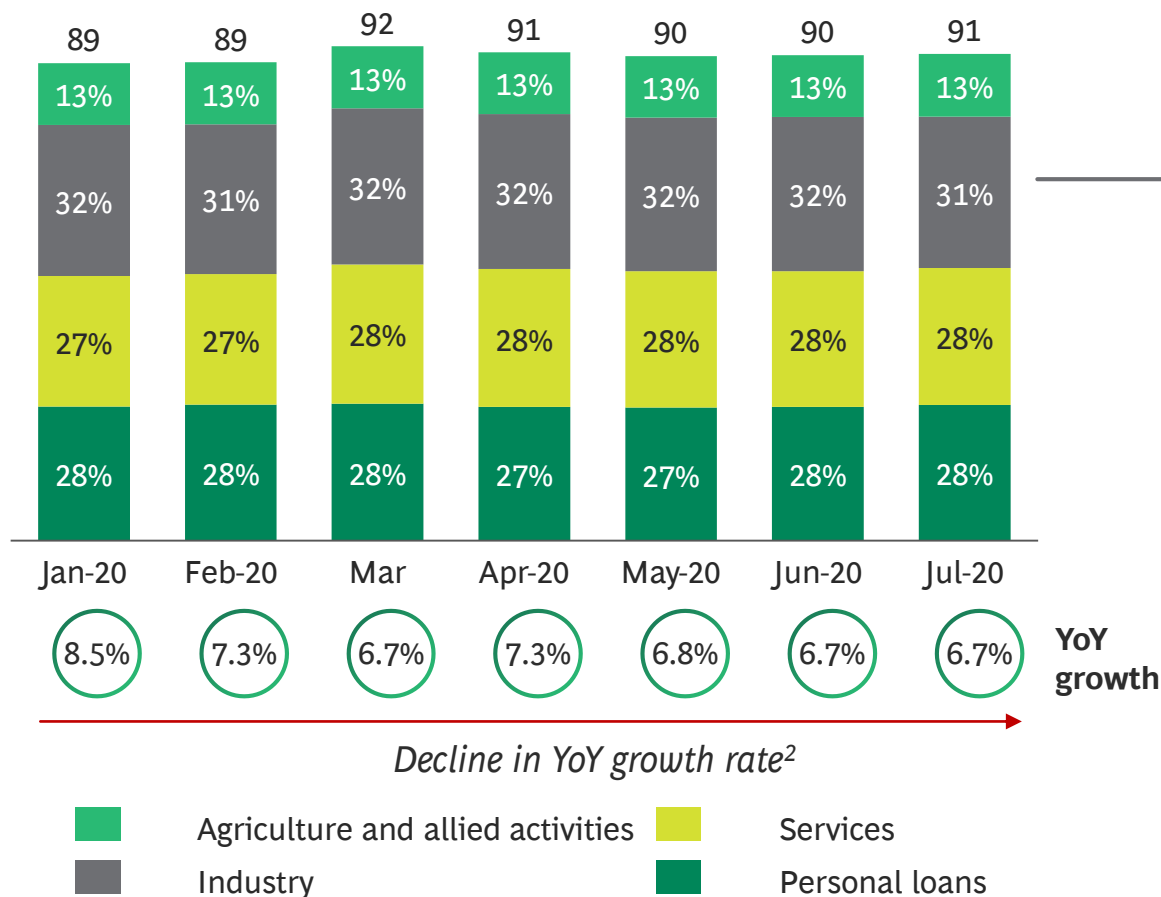


# Marginal change in non-food credit split across sectors & industries

(As recorded for 41 banks that account for 90% of total non-food credit outstanding)

FINANCIAL  
SERVICES

## Non-Food Credit<sup>1</sup> (INR Tn)



Industry	Jan-20	Jul-20
Infrastructure	36.8%	37.4%
Metals & Metal Products	11.9%	12.0%
Textiles	6.7%	6.7%
Chemical Products	6.5%	6.2%
All Engineering	5.6%	5.0%
Food Processing	5.3%	5.6%
Construction	3.7%	3.6%
Vehicles & Equipment	2.8%	3.1%
Petroleum, Coal & Fuels	2.0%	2.0%
Cement Products	2.0%	2.1%
Gems & Jewelry	2.1%	1.9%
Rubber & Plastic	1.7%	1.7%
Mining & Quarrying	1.5%	1.5%
Paper & Paper Products	1.1%	1.1%
Beverage & Tobacco	0.5%	0.5%
Wood & Wood Products	0.4%	0.5%
Leather & Leather Products	0.4%	0.4%
Glass & Glassware	0.3%	0.3%
Other Industries	8.4%	8.1%
Total	100%	100%

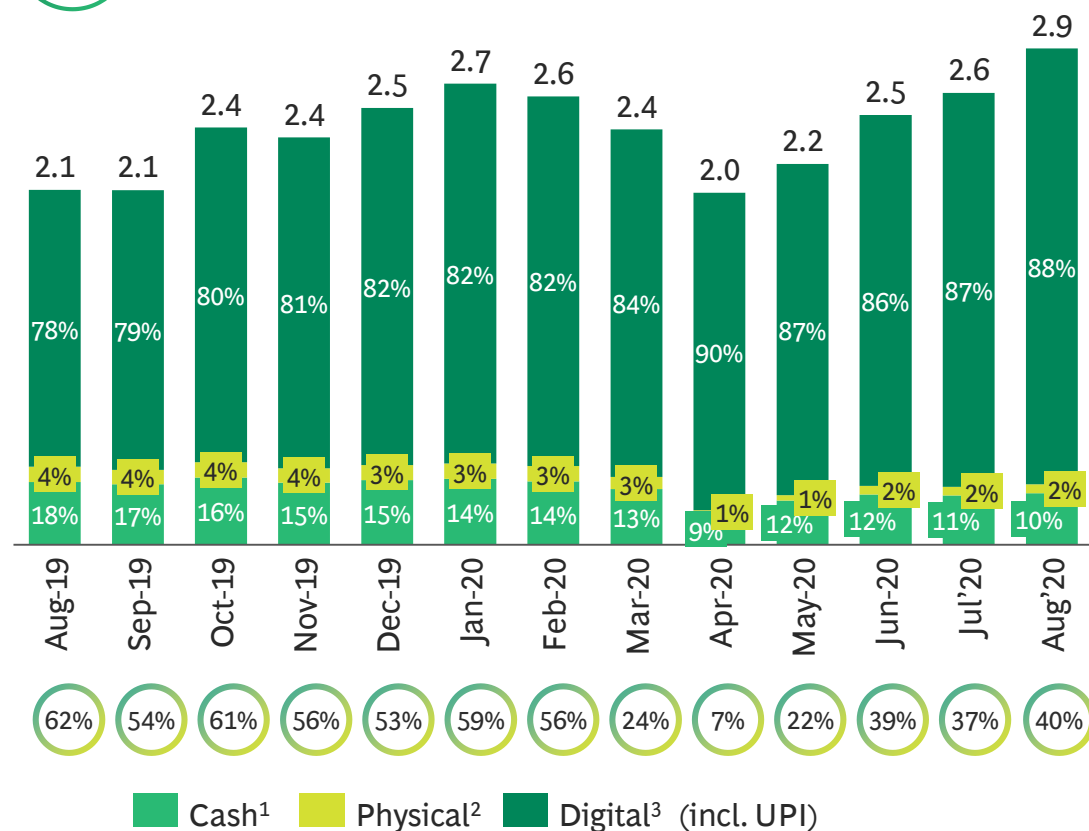
> Jan-20    <= Jan-20

1. Non-food credit: All loans except those to Food Corporation of India and state agencies for procurement of grains under government PDS 2. Only includes data for 41 Scheduled Commercial Banks (SCBs), accounting for 90% of total non-food credit extended by all SCBs  
Source: RBI

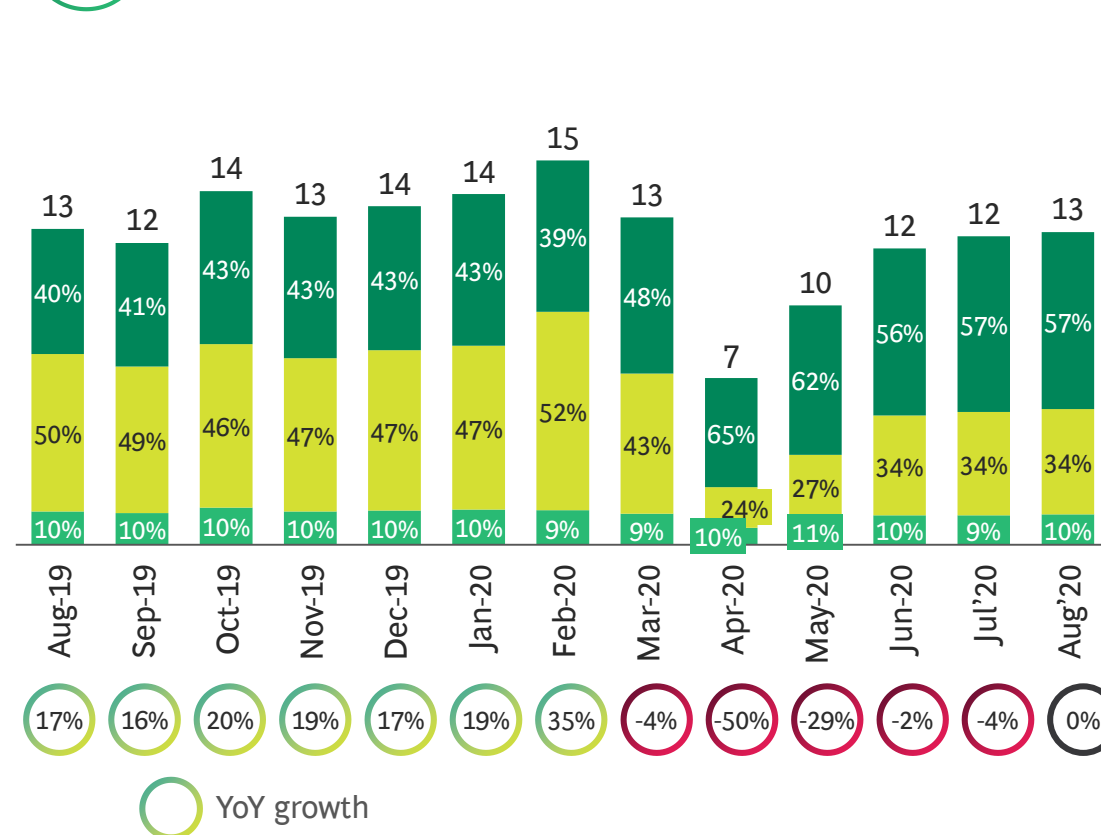
# Aug'20 retail transactions (volume & value) witnessed an uptick vs. Apr-Jul'20; Stronger growth in volume as compared to value vs. last year



## Volume of retail transactions<sup>4</sup> (in Bn)



## Value of retail transactions<sup>4</sup> (in INR Tn)

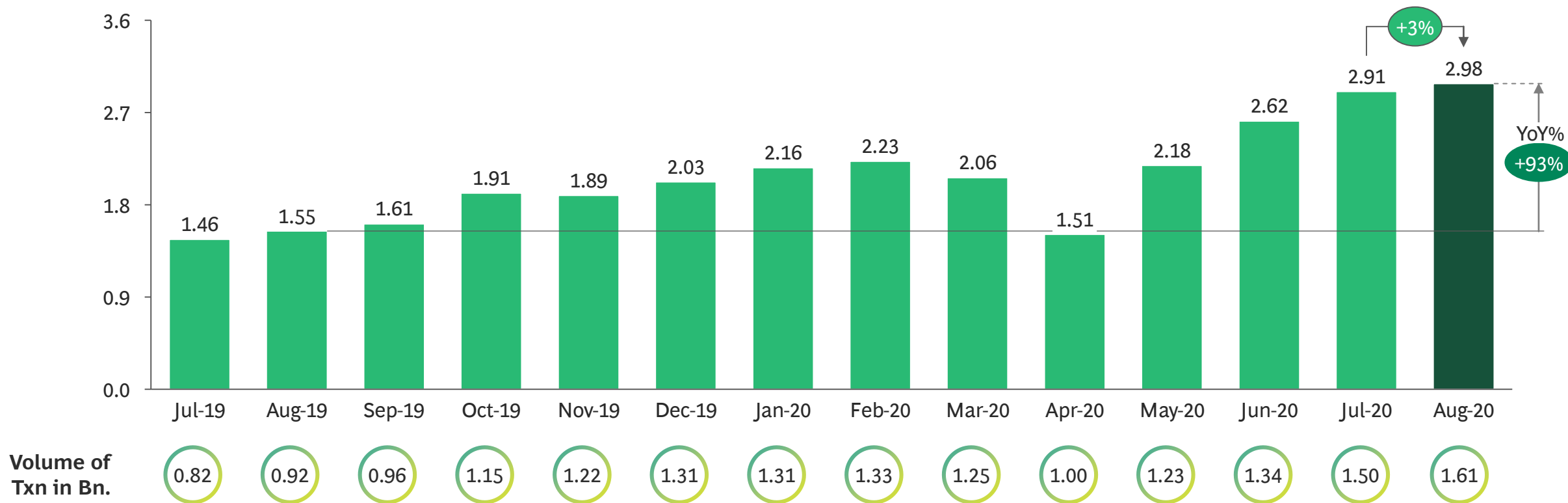


1. Cash refers to NFS Inter Bank ATM Cash Withdrawal; 2. Physical refer to CTS Cheque Clearing (Processed Volume); 3. Digital refer to NACH- National Automated Clearing House, IMPS, RuPay Card usage at (POS), RuPay Card usage at (eCom) AEPS (Inter Bank) Txn over Micro ATM (e.g., Cash withdrawal/Cash Deposit), BBPS (Bill Payment passing through BBPCU), UPI—Unified Payments Interface, USSD 1.0, NETC 4. NPCI retail transactions does not include NEFT, RTGS through RBI, Credit and debit card transactions other than RuPay, mobile banking & internet banking transaction, cash withdrawal from bank's ATM

Source: BCG Analysis, National Payment Corporation of India (NPCI)

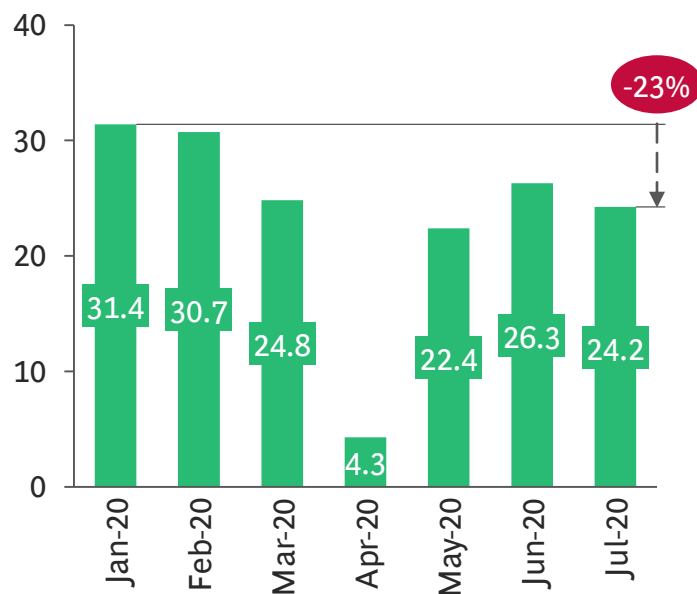
# Value of UPI transactions in Aug'20 increased by 93% vs. previous year's levels, hitting an all time high

## Value of transactions in INR Tn



# Signs of recovery witnessed in steel in Aug'20 vs. previous months; Cement production slightly dipped in Jul'20 vs. previous months

## Cement Production (in MT)

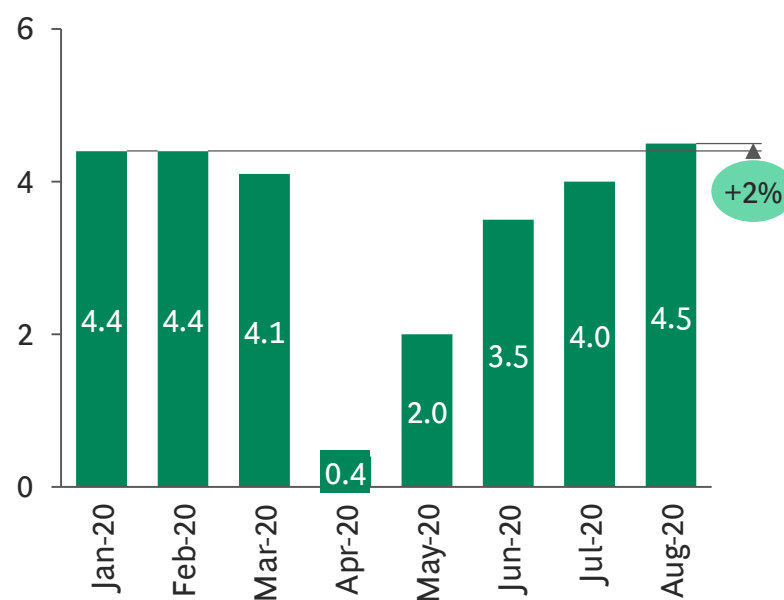


Cement Production

YoY  
growth



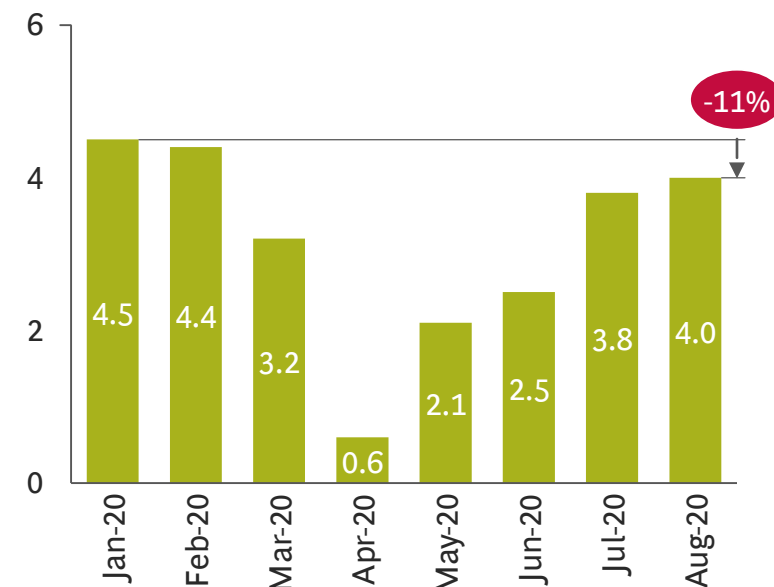
## Consumption of Long Steel (in MMT)



Long Steel Consumption



## Consumption of Flat Steel (in MMT)



Flat Steel Consumption

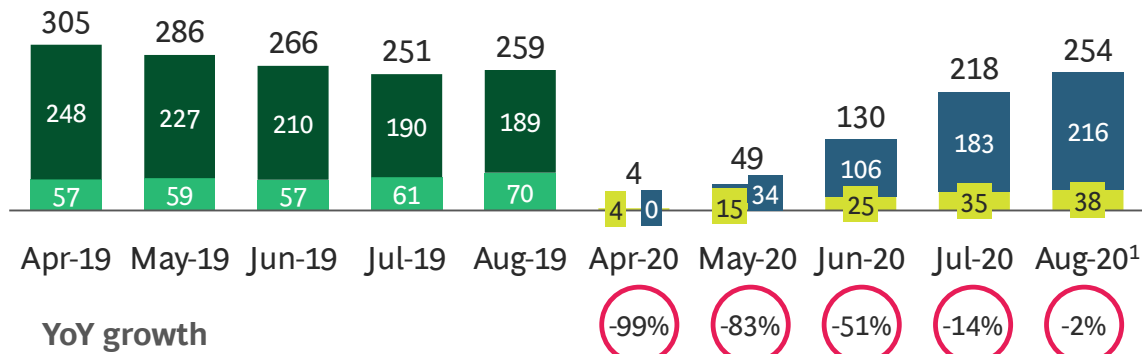


Auto sales saw an improvement in Aug'20 vs. previous months, though still below last year's levels; 2-W & tractor sales grew vs. Aug'19 levels

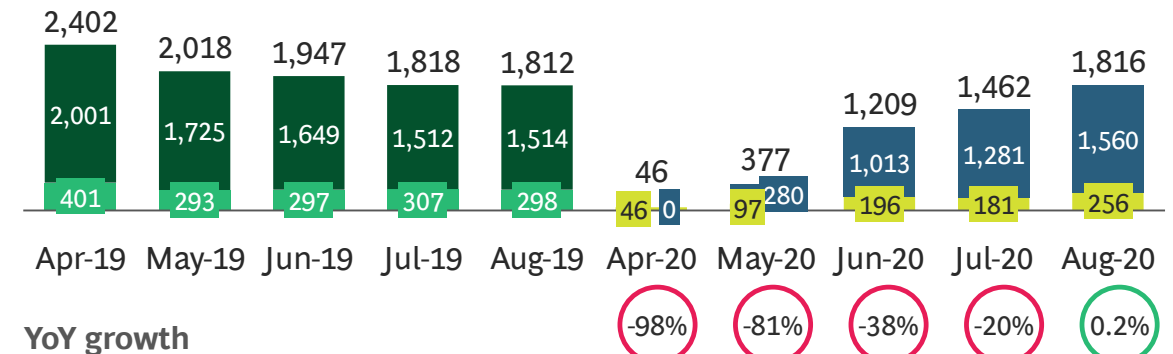
SECTOR-WISE  
IMPACT



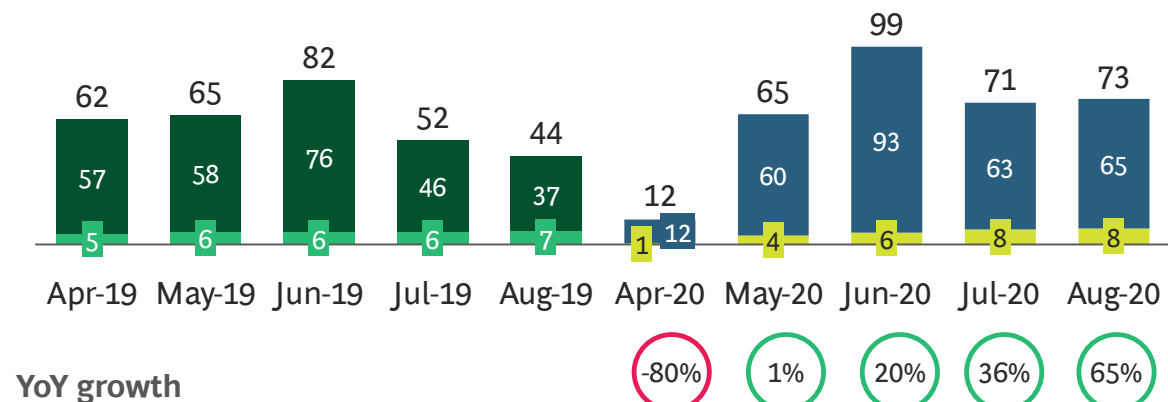
### Passenger vehicles sales ('000 units)



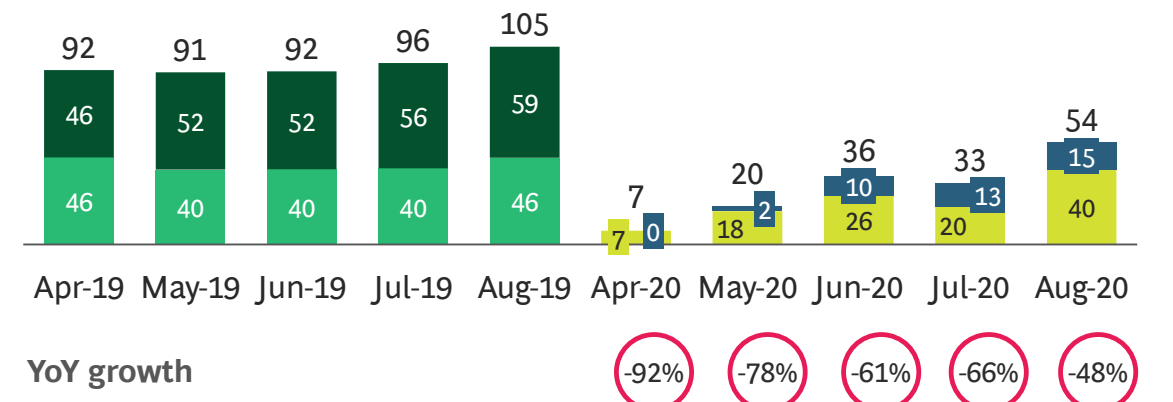
### Two wheeler sales ('000 units)



### Tractor Sales ('000 units)



### Three wheeler sales ('000 units)



Domestic sales 2019 Exports 2019 Domestic sales 2020 Exports 2020

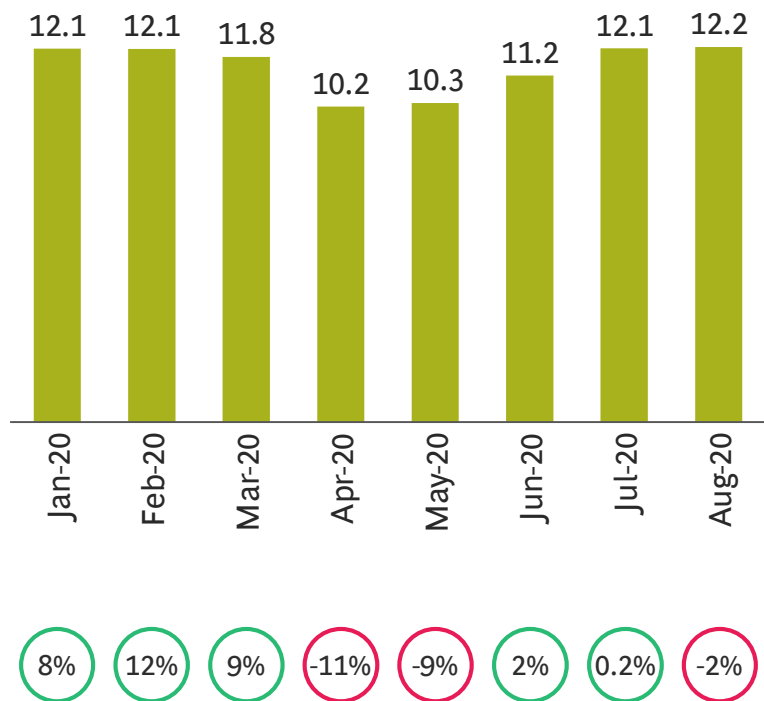
Note: Apr-20 figures for all categories based on CMIE; Accurate split between domestic sales & exports for Apr-20 not available; all sales considered under exports based on press search

1. Tata Motors data is available for Apr-June only, BMW, Mercedes and Volvo Auto data is not available

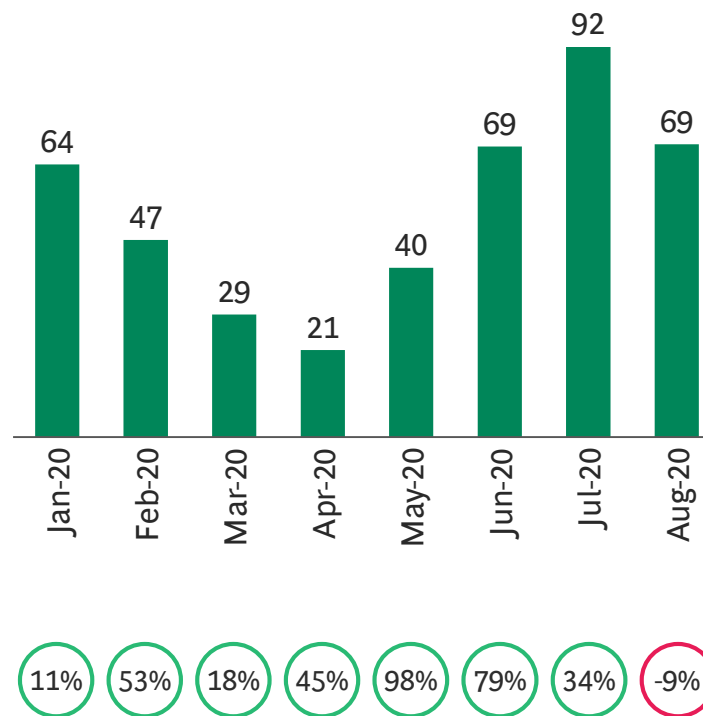
Source: SIAM, CMIE, Press search, BCG analysis

# Pharma and fertilizer sales recorded a decline in Aug'20 vs. last year's levels after witnessing positive YoY growth in Jun-Jul'20

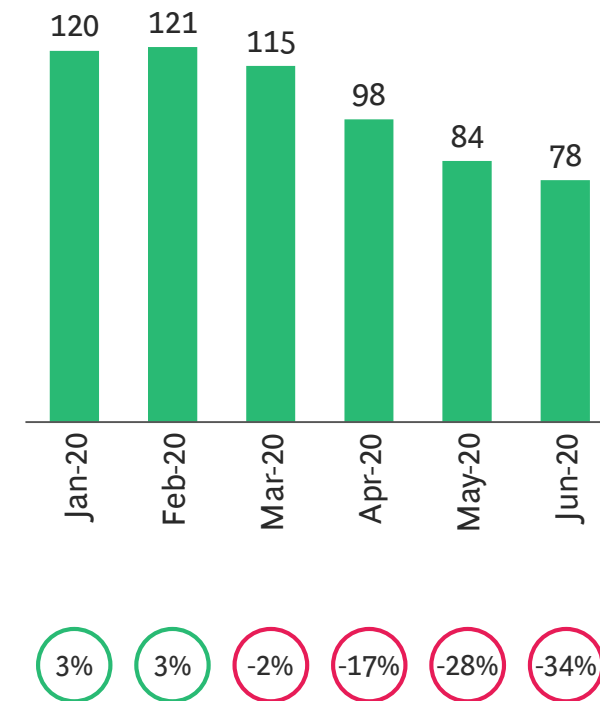
## Pharmaceutical Sales (INR k Cr)



## Fertilizer Sales (in LMT)



## Indian Chemical Production Index<sup>1</sup> (3mo. moving avg.)



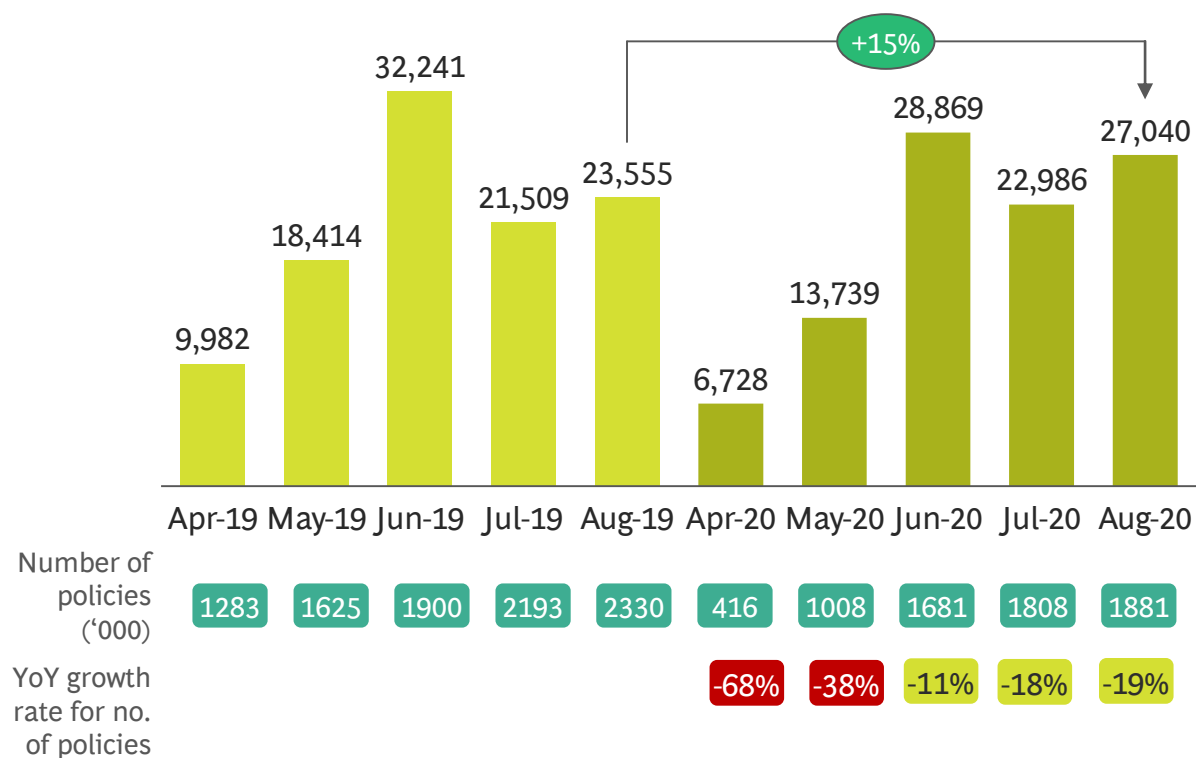
1. Indian Chemical Production Index refers to a 3-month moving average figure for chemicals production with figure for 2012 as base figure (100)

Source: AIOCD, American Chemistry Council, Mobile Based Fertilizer Management System (mFMS), Ministry of Finance, PIB, The Economic Times, Press search, BCG analysis

# Life Insurance & Non-Life Insurance segment showed noticeable growth in premium in Aug'20 vs. previous months & last year's levels

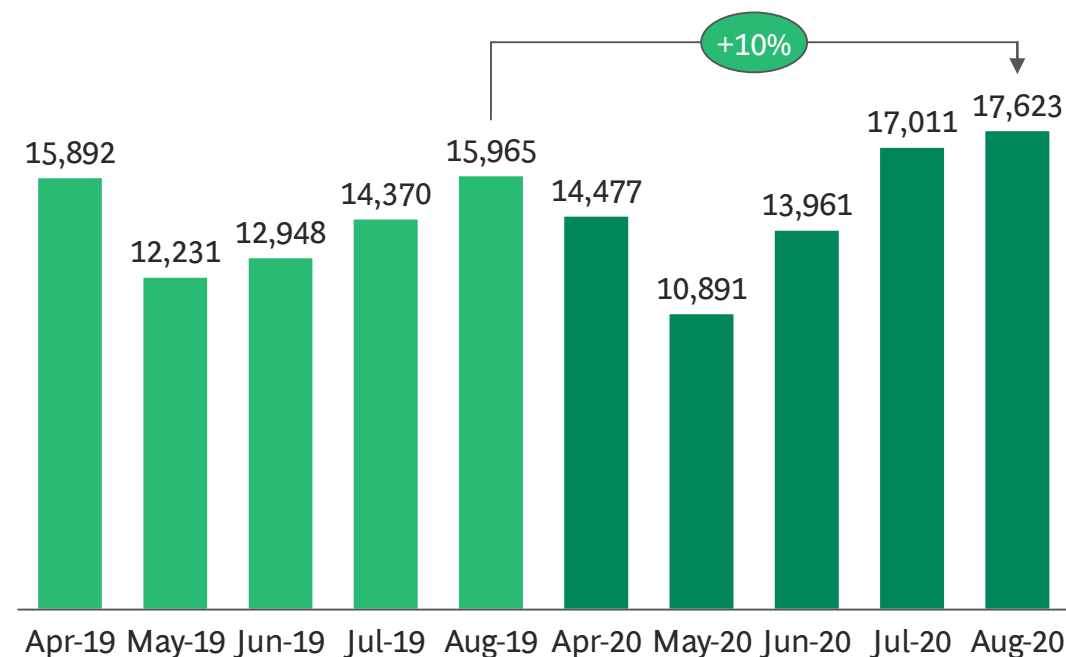
Life Insurance premium observed noticeable recovery in Jul-Aug'20

Premium (INR Cr.)



Non-Life<sup>1</sup> Insurance premium grew ~10% YoY in Aug'20

Premium (INR Cr.)

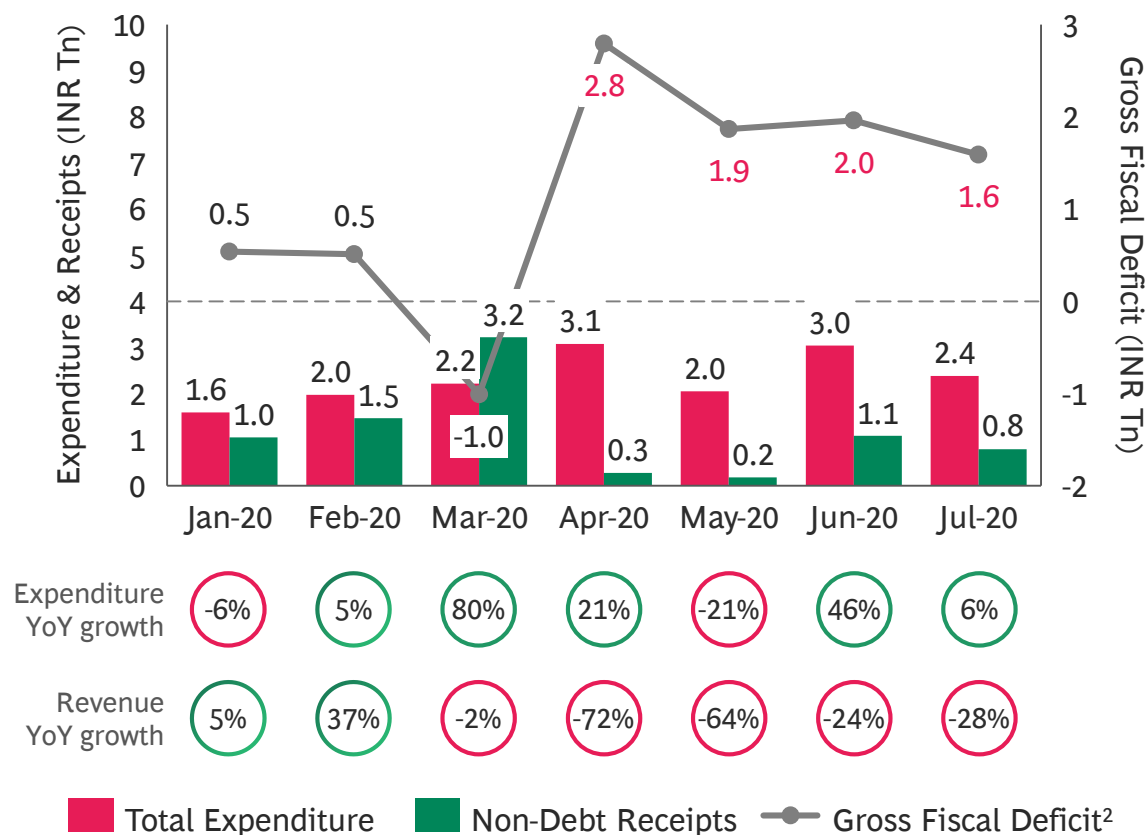


1. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous  
Source: IRDAI, BCG Analysis

# India's fiscal deficit reached INR 8.21 Tn (103% of budget estimate)<sup>1</sup> in Apr-Jul'20; GST collections dipped 12% in Aug'20 vs. last year

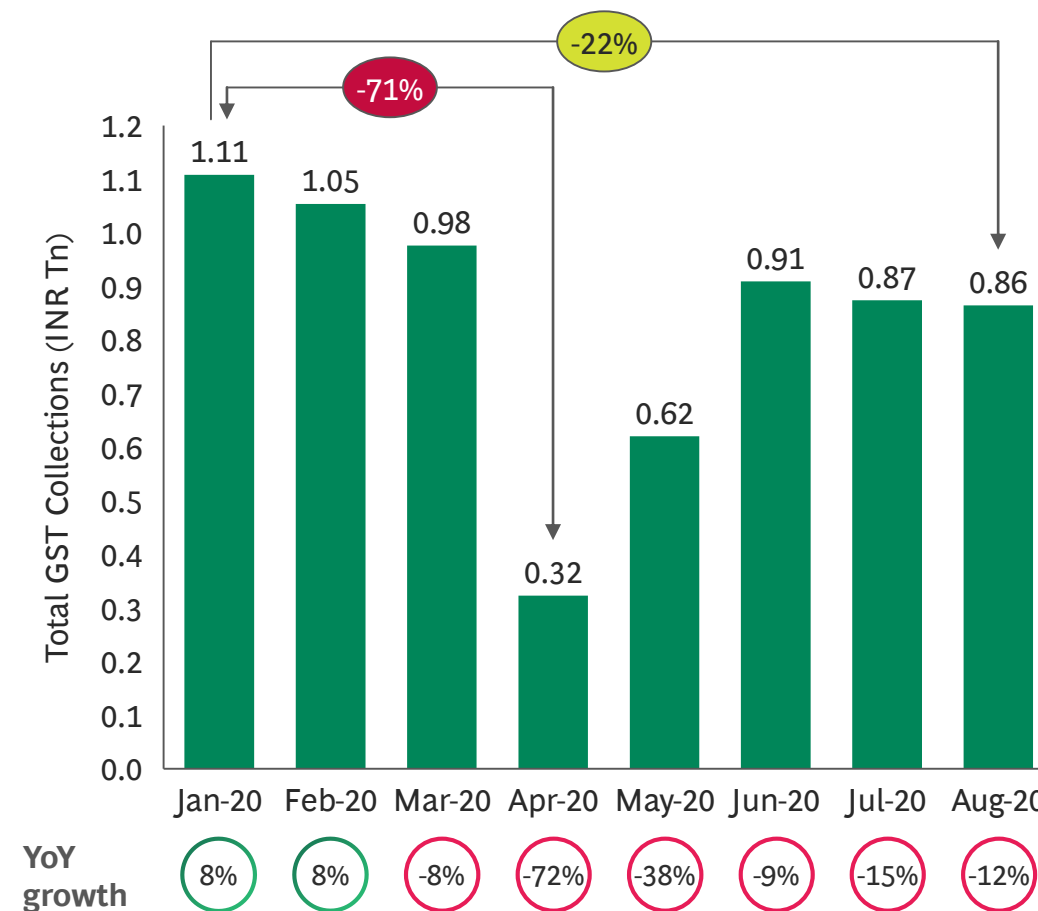
## Central Govt. Revenue & Expenditure (INR Tn)

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



## Total GST Collections<sup>3</sup> (INR Tn)

(based on data from GST Council)

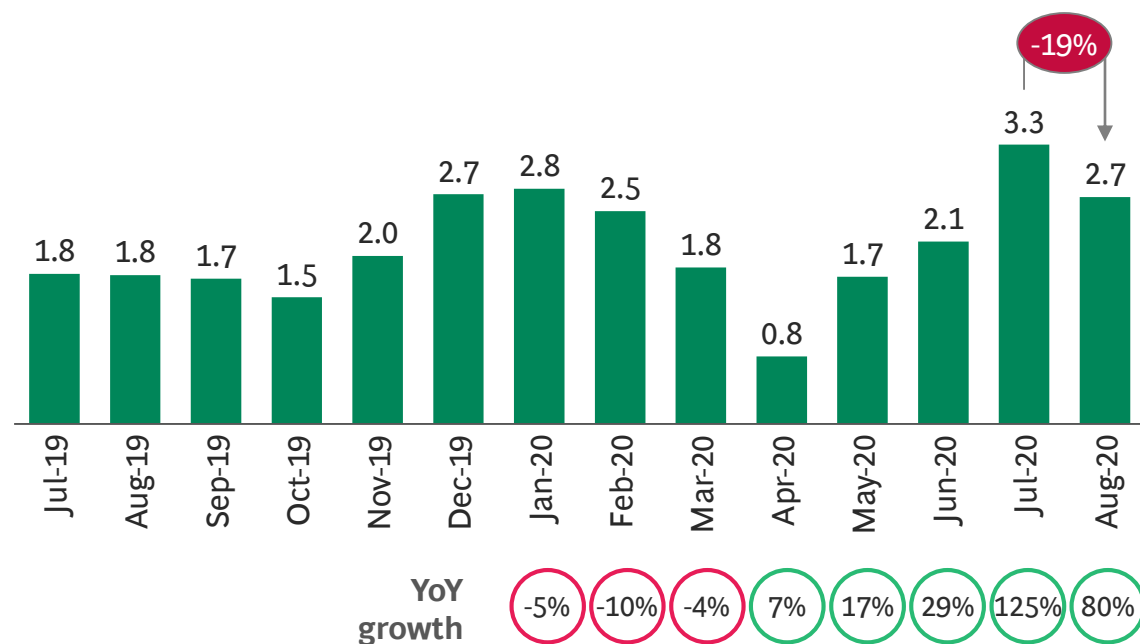


1. Business Standard 2. Gross Fiscal Deficit is the difference between the total Non-Debt Receipts of the government (revenue receipts and non-debt capital receipts) and Total expenditure 3. GST Collections include all components: CGST, SGST, IGST, Cess

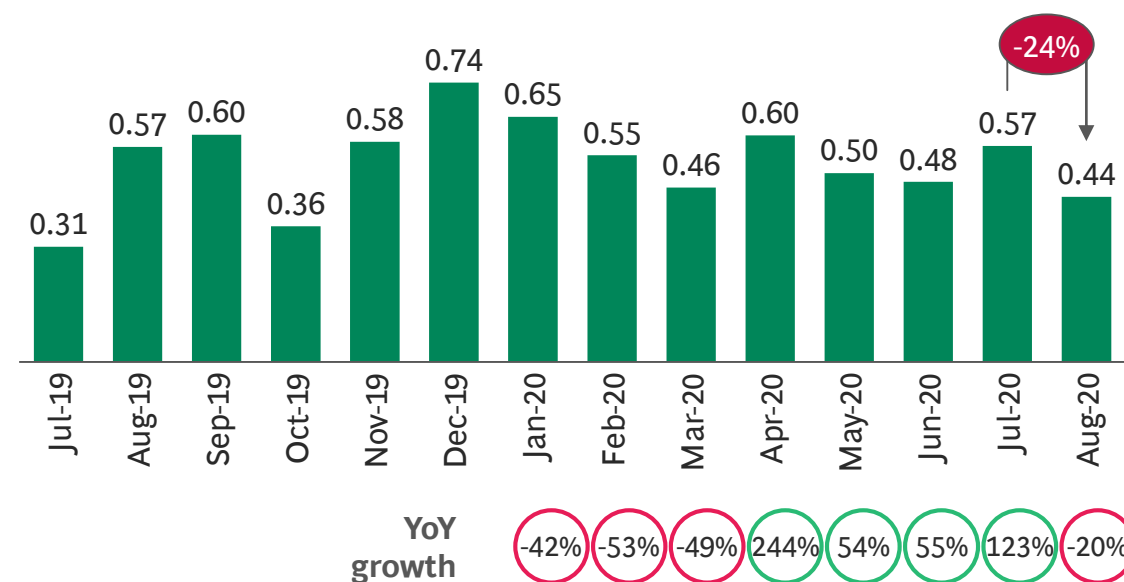
Source: Ministry of Finance, GST Council, BCG analysis

# Recovery in tender count in Aug'20 vs. Apr-Jun'20; however 19% MoM decline in count of tenders announced by state & central govts in Aug'20

Count of tenders announced by central & state govts (k)

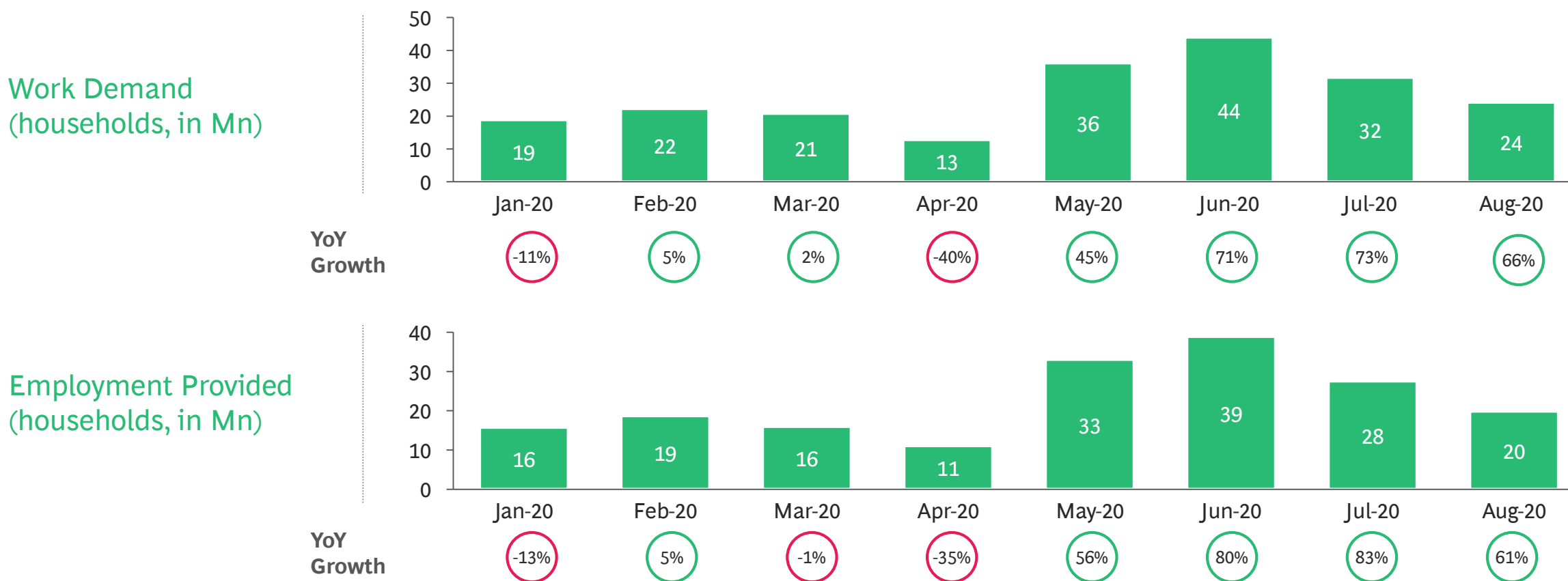


Value of tenders announced by central & state govts (INR Tn)



# MGNREGA<sup>1</sup> work demand & employment still at 60%+ higher than last years levels; however dip observed in Aug'20 vs. Jun-Jul'20

Job demand under the scheme has jumped sharply after lakhs of workers returned to their villages due to the crisis



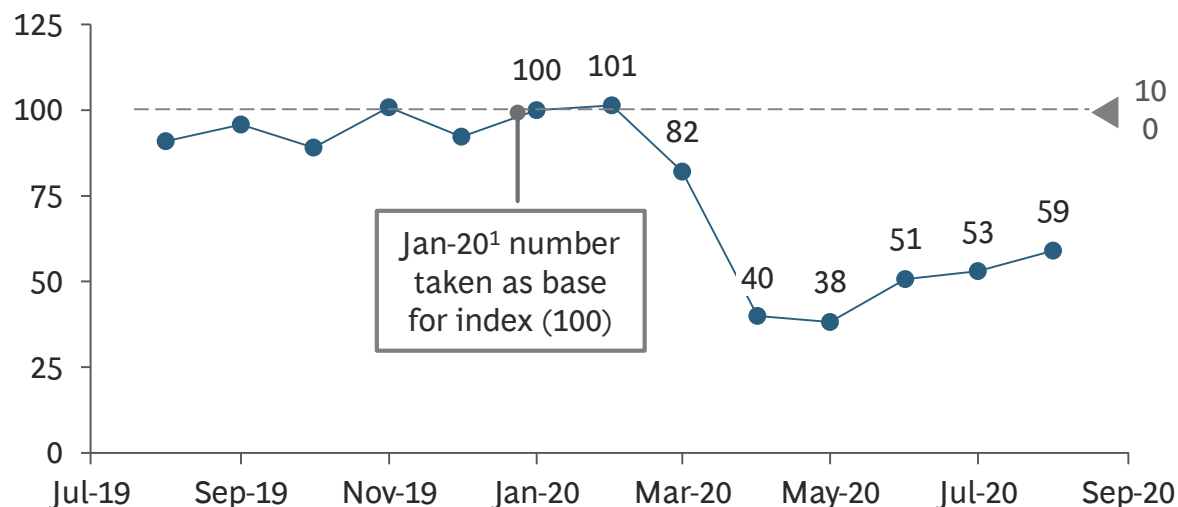
1. Mahatma Gandhi National Rural Employment Guarantee Act; 2. Based on press search

Source: Ministry of Labor & Employment, Ministry of Rural Development, The Indian Express, Outlook India, LiveMint, BCG analysis

# Organized sector hiring and joining activity improved in Jul-Aug'20 (based on select indicators)

Naukri Jobspeak Index observed gradual uptick in Aug'20

Naukri Jobspeak Index



## Naukri Jobspeak Index

Monthly index which calculates and records hiring activity based on *newly added job listings on Naukri.com* every month

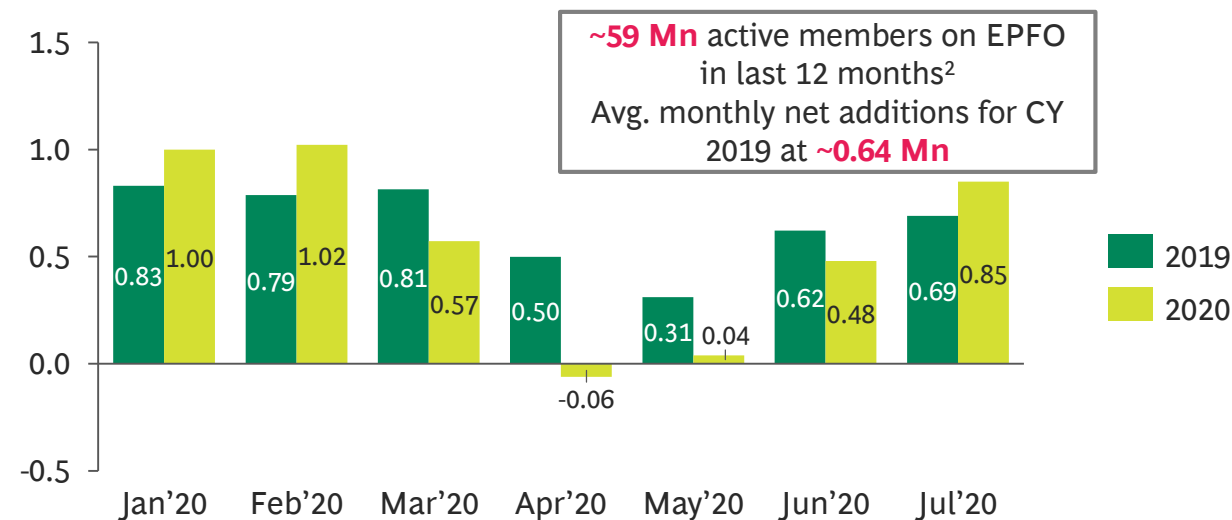
Jobs analyzed for the monthly index are qualified on the basis of *white-collar jobs belonging to the organized corporate sector*

1. Jan-20 level considered as pre-COVID-19 level 2. Active members refers to total contributing members during last one year as published on EPFO dashboard as on 21-Sep-20; 3. Covers every establishment in which 20+ people are employed and certain organizations are covered, subject to certain conditions and exemptions even if they employ less than 20 persons each 4. Net EPF additions are revised monthly as per the EPFO data

Source: Ministry of Labor and Employment, InfoEdge, Naukri.com, BCG analysis

Net new EPF subscribers improved to ~0.85 Mn in Aug'20 – higher than last few months, as well as last year

Net new EPF Subscriber (in Mn)



## Net New EPF Subscriber Trend

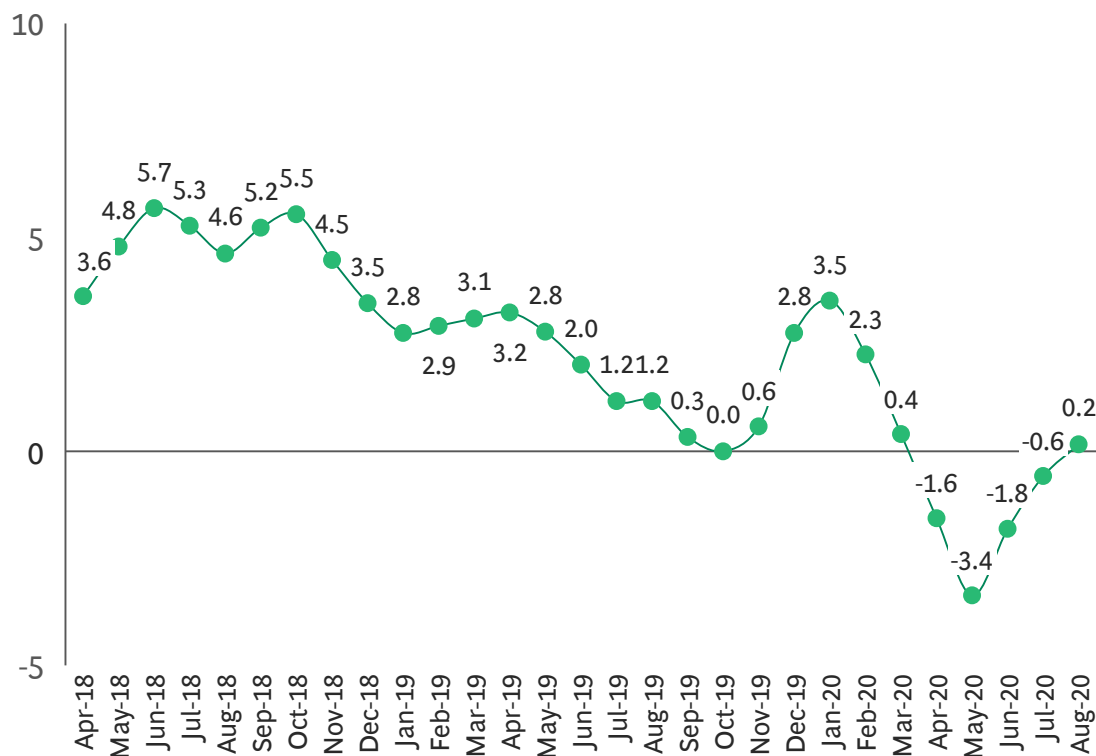
Net new EPF subscribers are net of the members newly enrolled, exited and rejoined during the month as per records of the EPFO

Employees in an establishment<sup>3</sup> drawing less than INR 15,000 per month have to mandatorily become members of the EPF upon joining

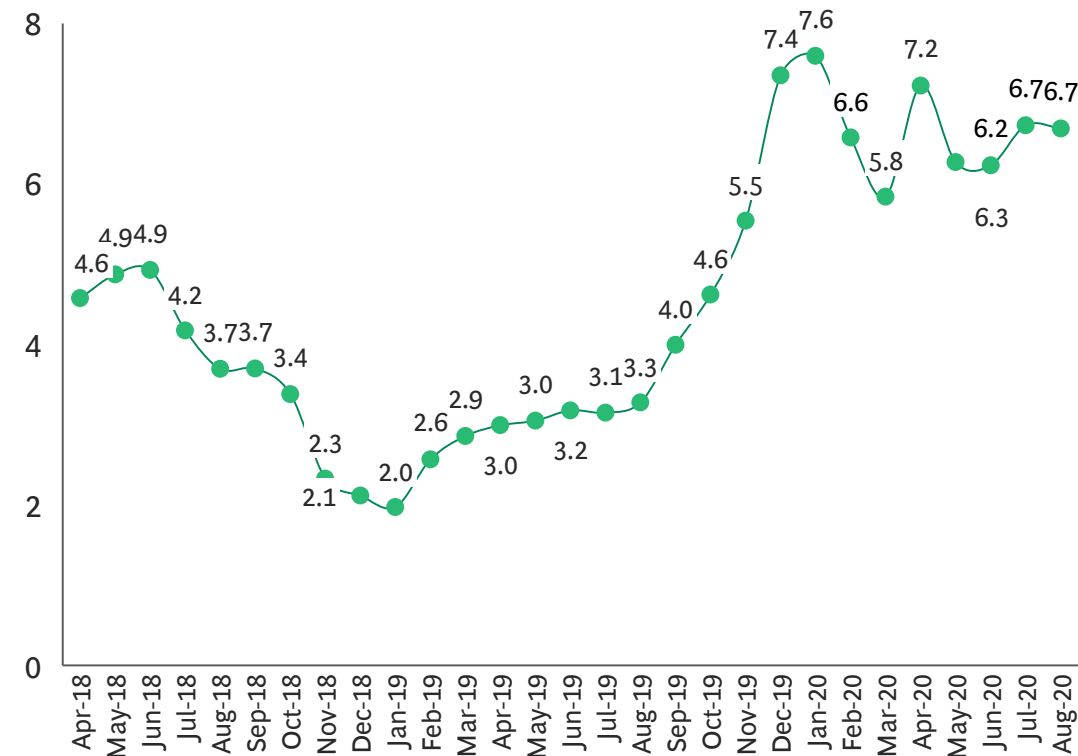
# WPI turned positive in Aug'20 after witnessing a negative trends for the last 4 months; CPI remains stable in Aug'20 vs. Jul'20

## Monthly inflation rate (in %)

### Wholesale Price Index (WPI)<sup>2</sup>



### Consumer Price Index (CPI)<sup>1</sup>



1. The Consumer Price Index (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 year on year increase in prices of the commodities 2. The wholesale price index (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 year on year increase in prices of the commodities

Note: In May 2016, the Reserve Bank of India (RBI) Act, 1934 was amended to provide a statutory basis for the implementation of the flexible inflation targeting framework.

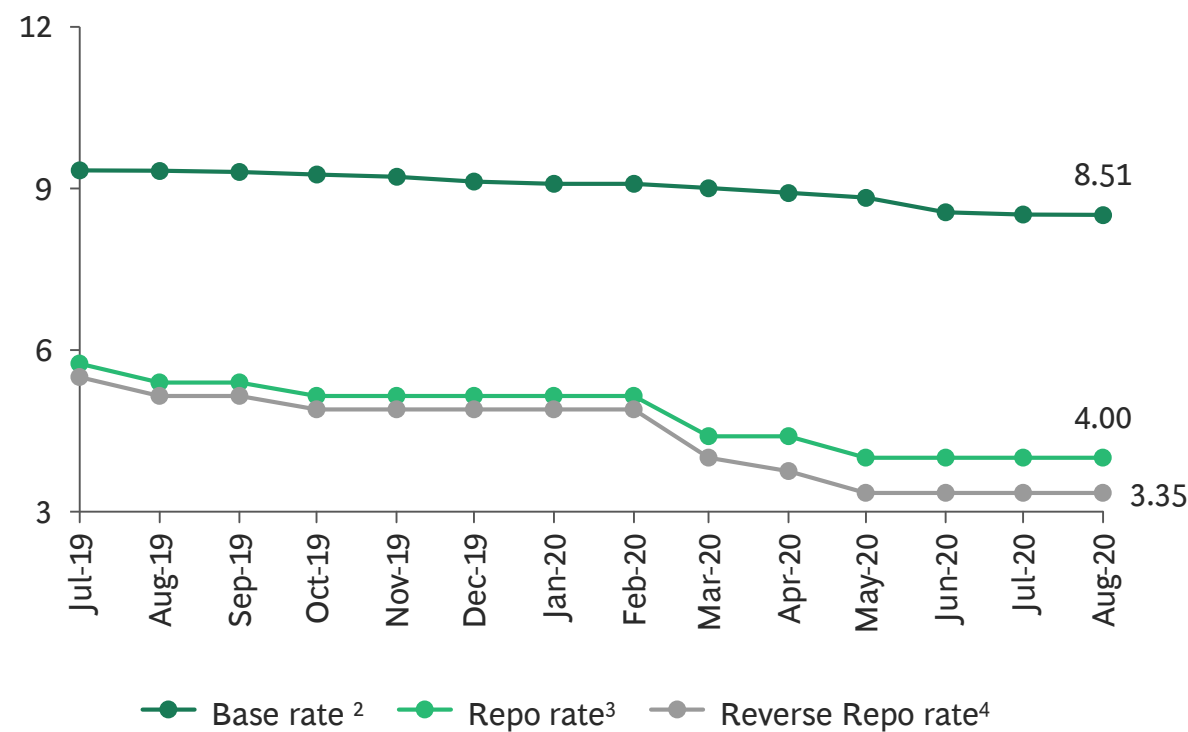
Source: BCG Analysis. DPIIT, MOSPI, Office of the Economic Advisor - Department for Promotion of Industry and Internal Trade, CMIE

# RBI retained policy rates in Aug'20 at the same level, while MCLR on bank borrowings recorded slight decline

Data as of 17 Sep

## Reserve bank's policy rates (%)

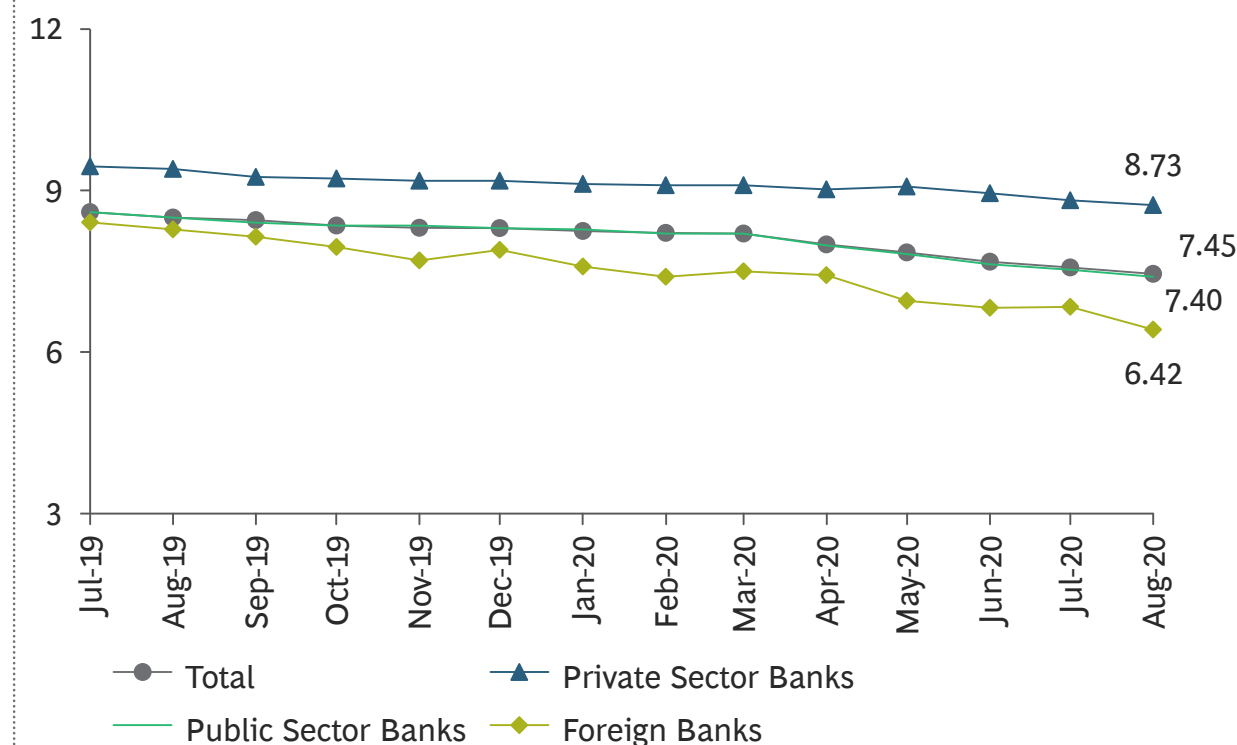
Policy rate %



## MCLR<sup>1</sup> of scheduled commercial banks

(Median rate on one year borrowings, in %)

MCLR (%)



1. MCLR: Minimum interest rate at which scheduled commercial banks can lend to customers (based on incremental cost of funds). Marginal Cost of Funds based Lending Rate was introduced from April 2016 for fixing interest rates, and replaced the former Base rate methodology (based on average cost of funds). 2. Base Rate: Minimum rate set by the Reserve Bank of India below which banks are not allowed to lend to its customers 3. Repo Rate: Interest rate at which the RBI lends short term funds to licensed commercial banks 4. Reverse Repo Rate: Interest rate which the RBI borrows money from commercial banks

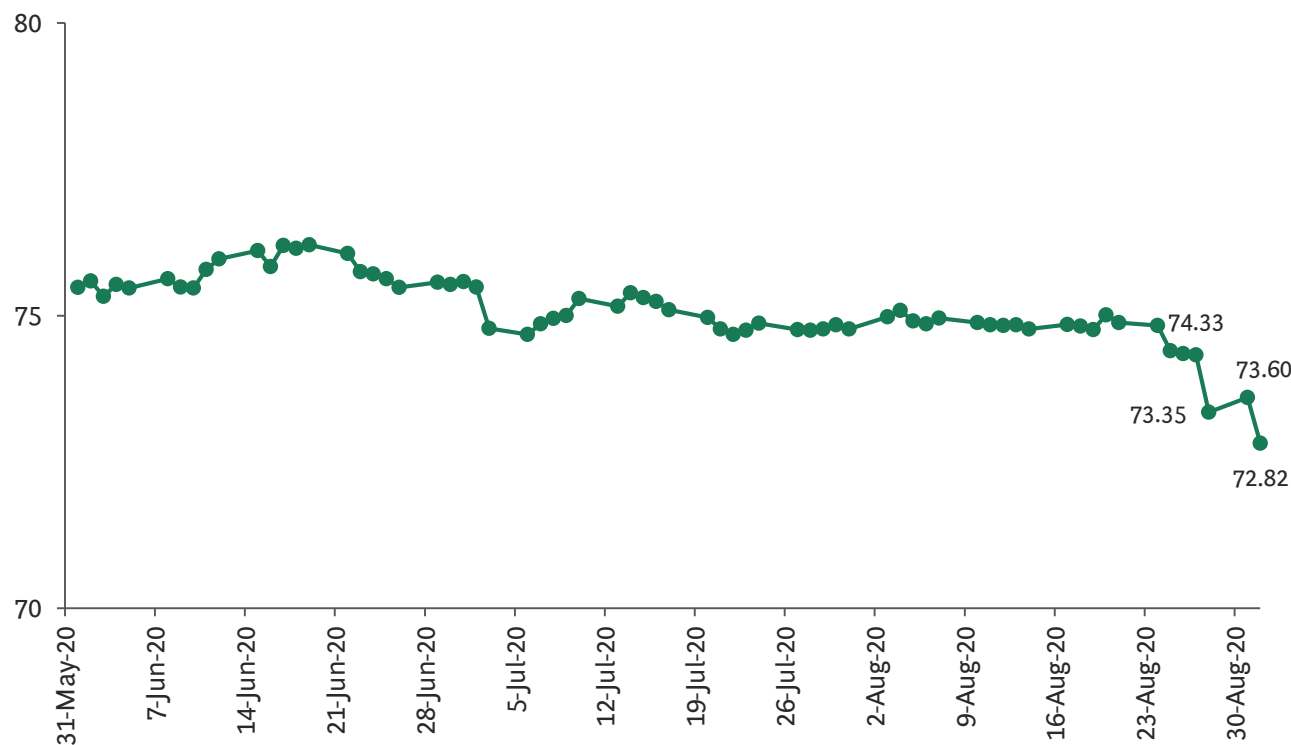
Source: CMIE, RBI DBIE

INR improved to ~73/dollar after remaining rangebound at ~75; Forex reserves continue to hit record high levels, in the last week of Aug'20

Exchange Rate (INR/USD)

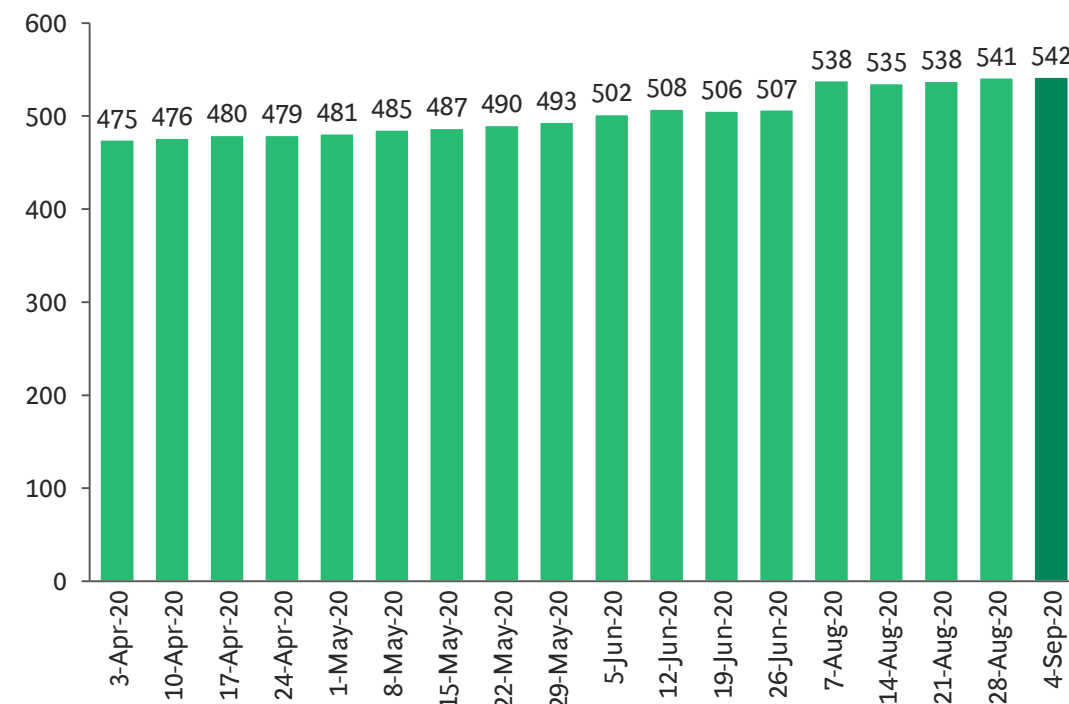
Exchange rate as on 17<sup>th</sup> Sep'20

Exchange Rate (INR/USD)



Forex reserves (US\$ Billion)

Forex reserves (US\$ Billion)

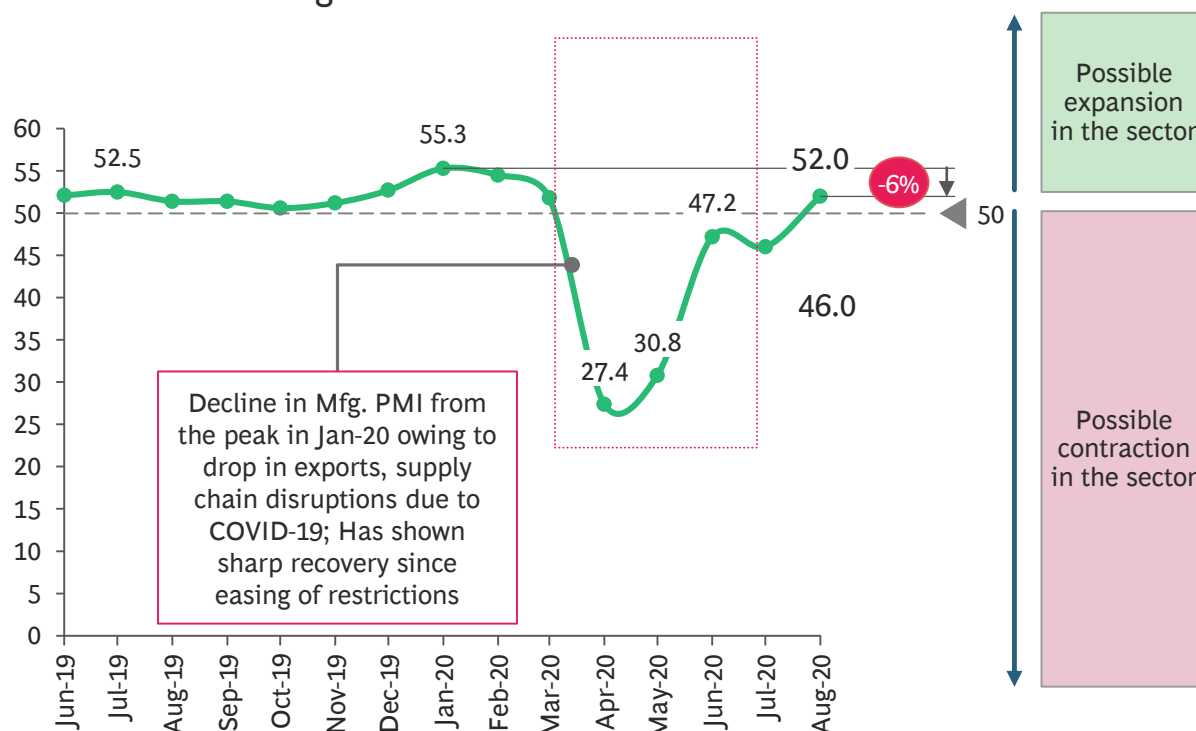


# Manufacturing PMI reached above the 50-point mark in Aug'20; Services PMI witnessed a noticeable uptick, however still below the 50-point mark

SENTIMENT –  
MFG. & SERVICES  
PMI

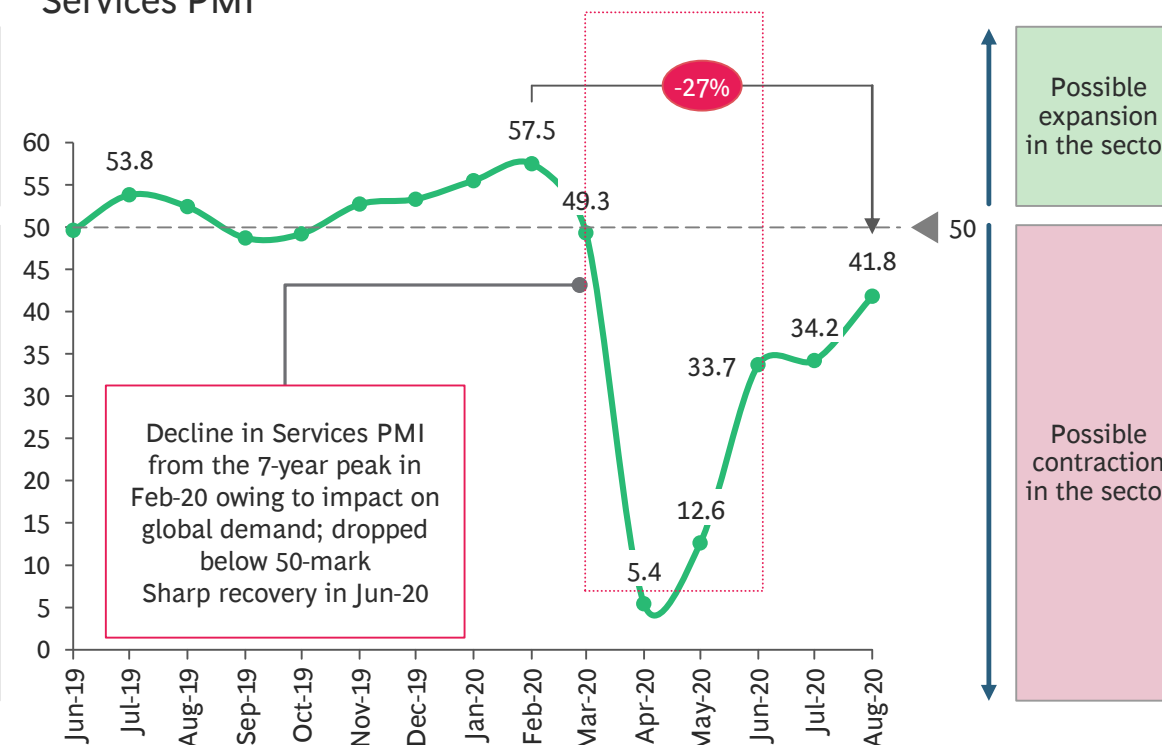
Manufacturing PMI improved to 52 in Aug'20 from 46 in Jul'20

Manufacturing PMI



Services PMI witnessed a marginal uptick from 34.2 in Jul'20 to 41.8 in Aug'20

Services PMI



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

# Sentiment of rural consumers improved marginally while urban consumer sentiment witnessed a slight dip in Aug'20 vs. Jul'20

Data as of 17 Sep

## CMIE Consumer Sentiment Survey

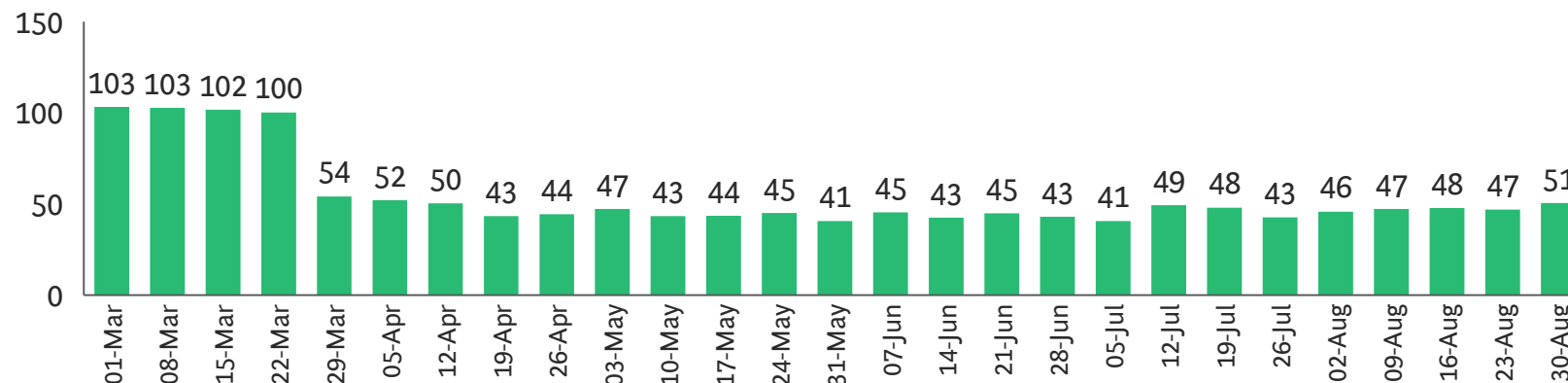
### Sample Size

- 1.74L households in 90 cities and 969 villages surveyed over 4 months

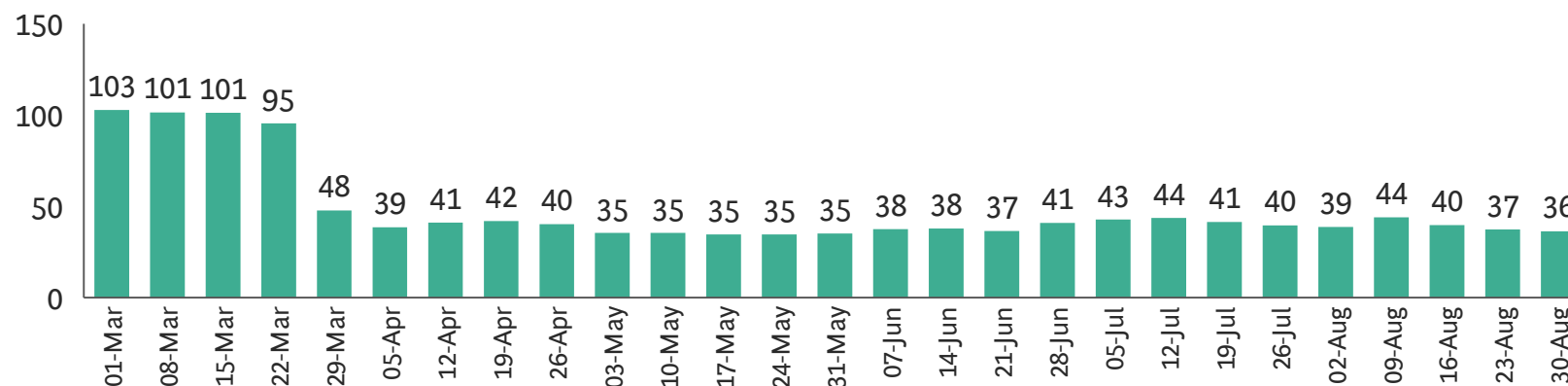
### Methodology

- Longitudinal survey: Same set of households surveyed in batches over time
- Scoring based on 5 questions:
  - Perception of current well-being
  - Expectations of future well-being
  - Perceptions of current economic conditions of the country
  - Perceptions of prospective economic conditions of the country
  - Household's propensity to spend on consumer durables

## Rural Consumer Sentiment Index



## Urban Consumer Sentiment Index



Source: CMIE Consumer Pyramids Survey, BCG analysis

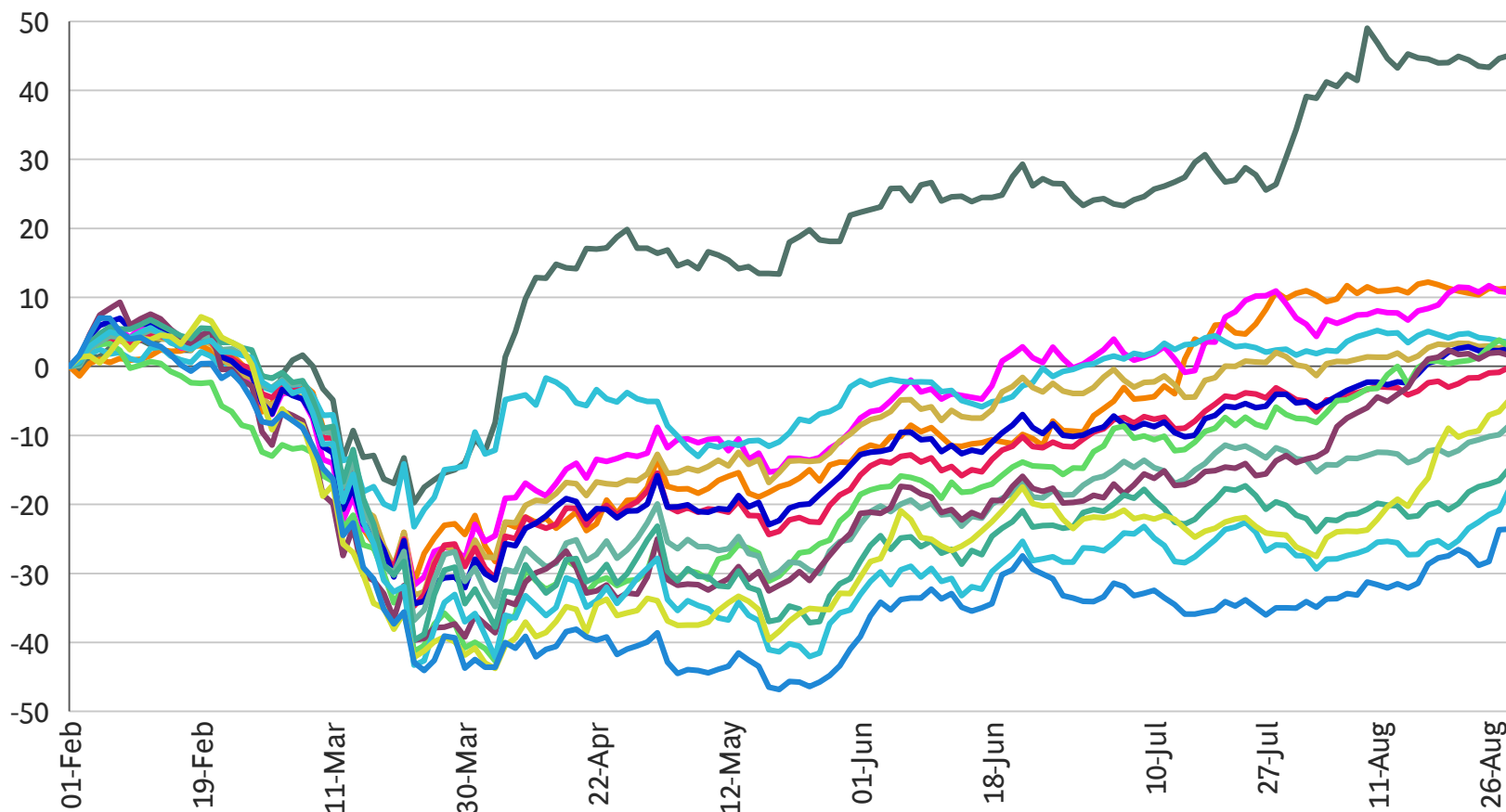
# Pharma continues its positive trajectory in the Indian stock market; Realty, Bank Nifty & Financial Services see maximum decline

SENTIMENT –  
NIFTY SECTORAL  
INDICES

Data as of 17 Sep

## Nifty Sectoral Indices

Change (%)



Descending order of performance<sup>1</sup>

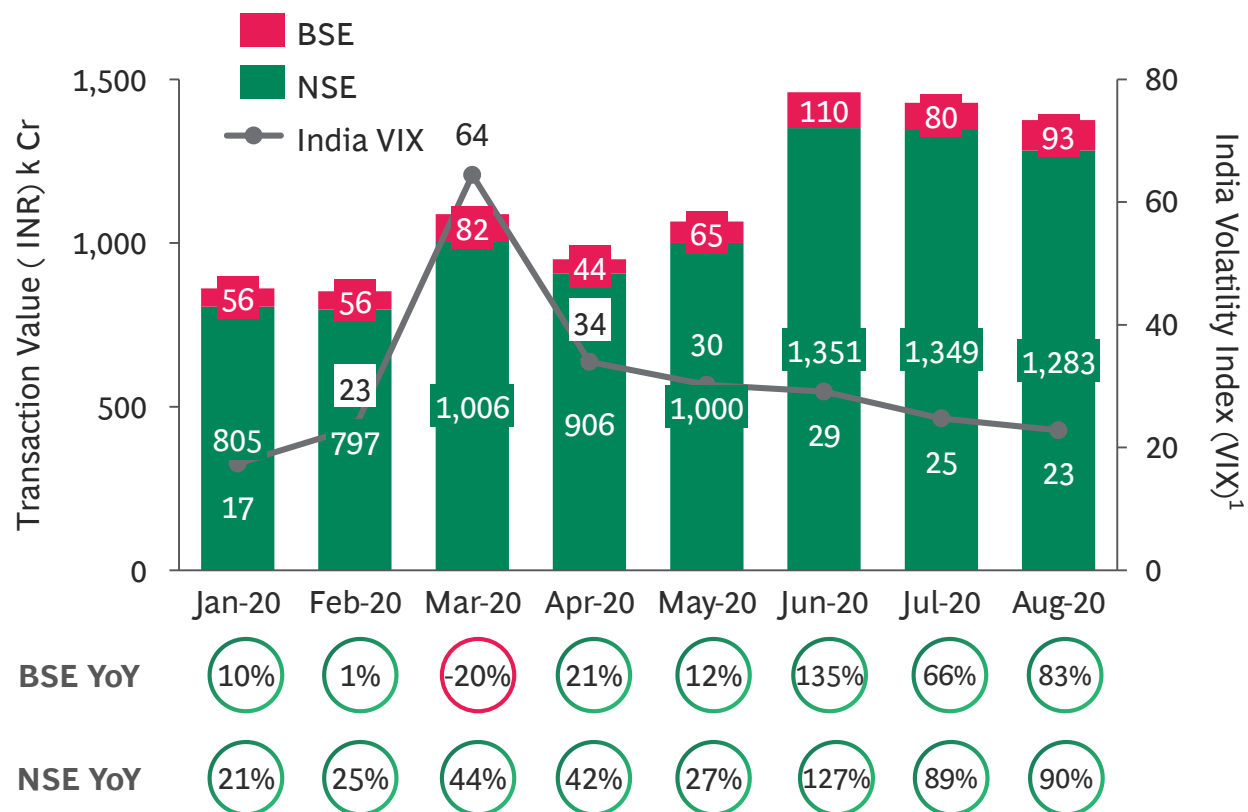
Sectoral Index	Change (%)
Pharma	38.26%
IT	10.11%
Energy	8.17%
FMCG	1.32%
Infra	0.26%
Auto	-0.51%
Commodities	-0.95%
NIFTY	-2.35%
Metal	-2.42%
Media	-10.44%
Services	-10.57%
Financial Services	-17.22%
Bank Nifty	-20.34%
Realty	-26.97%

1. Growth rate vs. 01-Feb-20  
Source : NSE, Bloomberg, BCG analysis

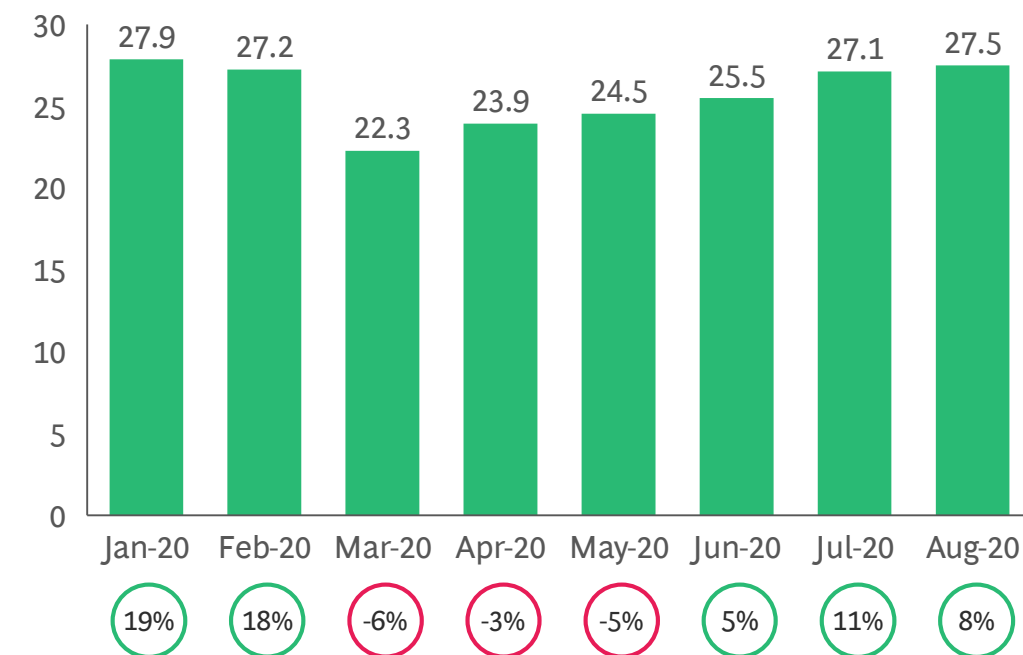
Stock market transactions declined slightly vs. Jun-Jul'20, however still at 80%+ higher than last year; Mutual fund AUM grew by 8% YoY in Aug'20

SENTIMENT –  
STOCK MKT.  
TRANSACTIONS

## Stock Market Transactions (INR k Cr)



## Mutual Funds AUM<sup>2</sup> (INR L Cr)



Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic & foreign institutions and banks

1. Volatility Index is a measure of market's expectation of volatility over the near term; India VIX is a volatility index based on the NIFTY50 Index Option prices providing the expected market volatility over the next 30 calendar days – figures represented are as of end of every month shown

2. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown

Source: BSE, NSE, AMFI, BCG analysis



1

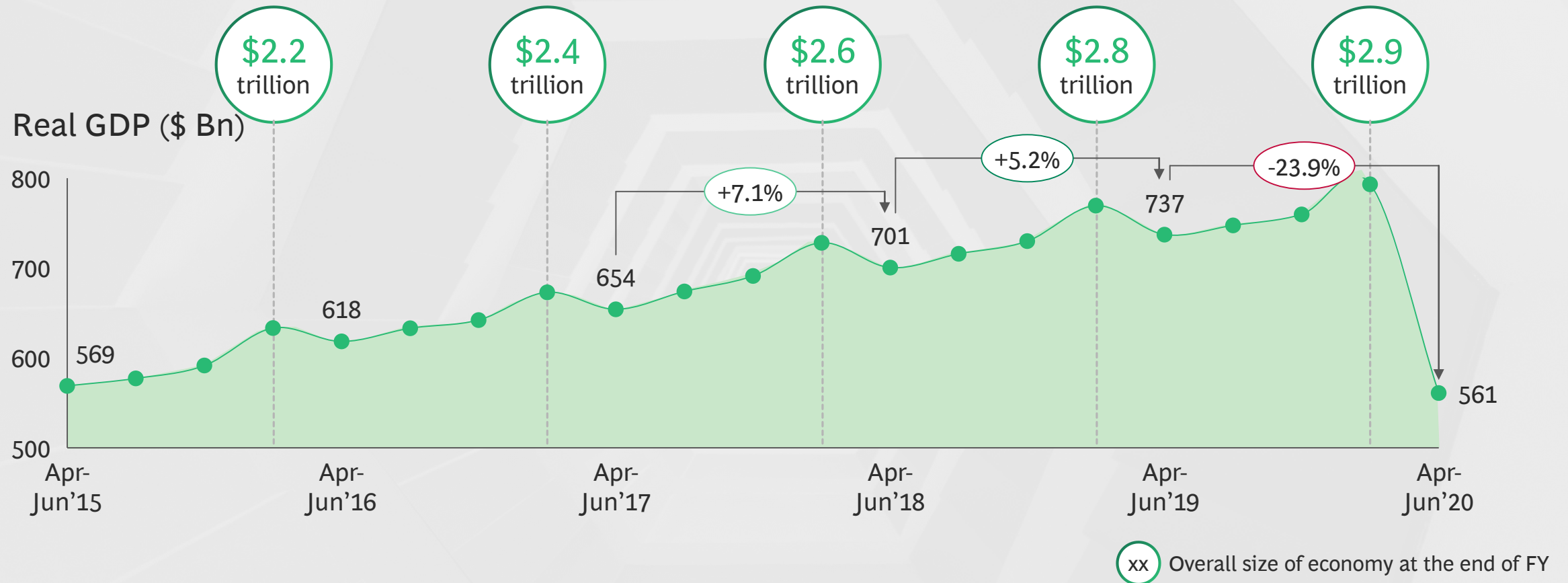
Economic Indicators

2

GDP Deep-Dive

# Indian economy contracted by 23.9% YoY in the Apr-Jun'20 quarter; Real GDP in the quarter reached almost to Apr-Jun'15 levels

GDP  
DEEP-DIVE



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 (we use 2011-12)  
Source: CMIE, BCG Analysis

# The break-up of GDP across components shows uptick in Government spending, vs. decline in other GDP components

GDP  
DEEP-DIVE

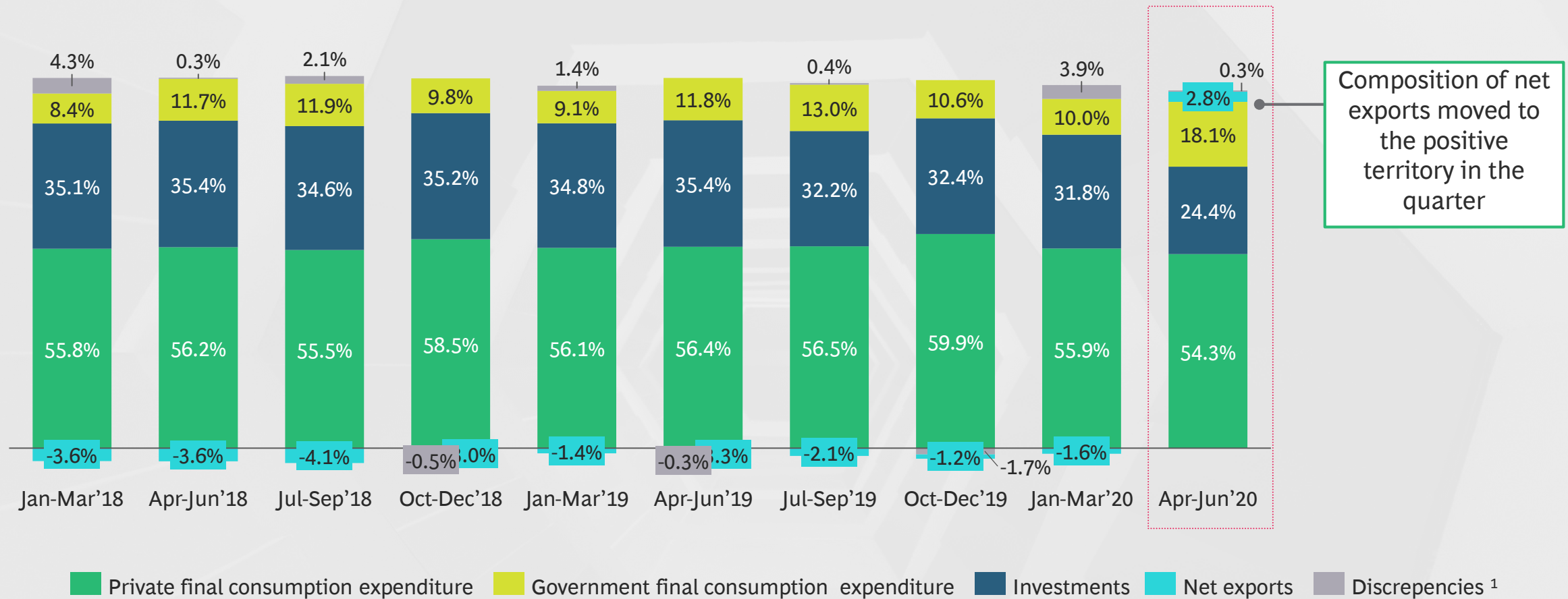
Quarterly growth % change YoY	Y GDP	=	C Pvt. Consumption	+	G Govt. Consumption	+	I Gross Investment	+	X Exports	-	M Imports
Apr-Jun 2019	5.2%		5.5%		6.2%		5.3%		3.2%		2.1%
Jul-Sep 2019	4.4%		6.4%		14.2%		-2.9%		-2.2%		-9.4%
Oct-Dec 2019	4.1%		6.6%		13.4%		-4.3%		-6.1%		-12.4%
Jan-Mar 2020	3.1%		2.7%		13.6%		-5.8%		-8.5%		-7.0%
Apr-Jun 2020	-23.9%		-26.7%		16.4%		-47.5%		-19.8%		-40.4%

Source: CMIE, BCG Analysis

Note: Highlighted circles represents growth (green) or decline (yellow) compared to the previous year quarter (Apr-Jun'20 vs Apr-Jun'19)

# Composition of private consumption & investments reduced in the Apr-Jun'20 quarter while that of govt. consumption witnessed an increase

GDP  
DEEP-DIVE



1. 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.

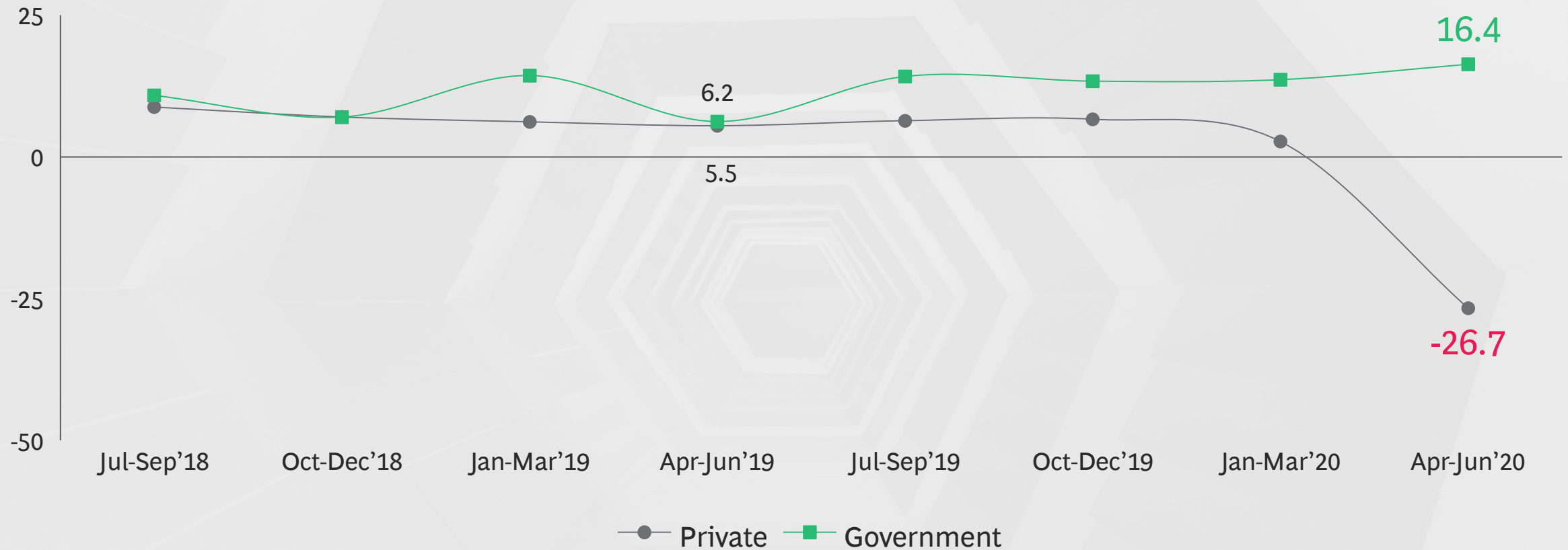
Note: This composition is basis Real GDP

Source: CMIE, BCG Analysis, MOSPI

# Government Final Consumption Expenditure continued to rise; Private Consumption Expenditure charted to the negative territory in Apr-Jun'20

GDP  
DEEP-DIVE

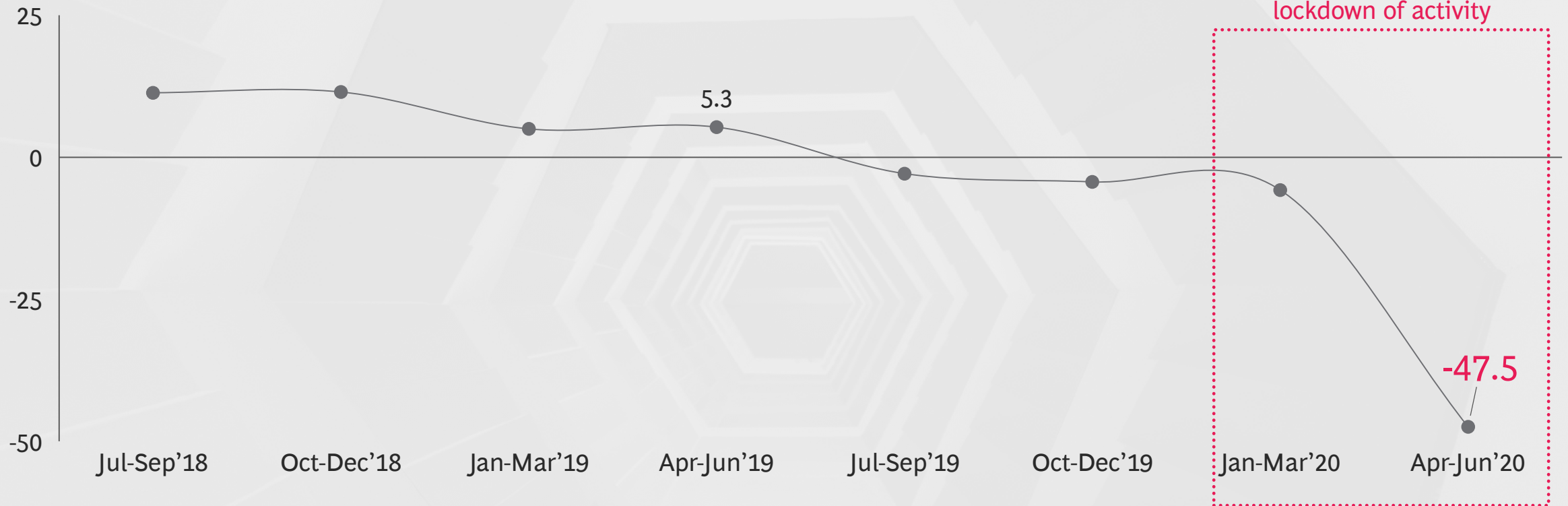
Final Consumption Expenditure, % change YoY



# Gross capital formation contracted due to minimal economic activity in the Apr-Jun'20 quarter

GDP  
DEEP-DIVE

Gross Capital Formation, % change YoY

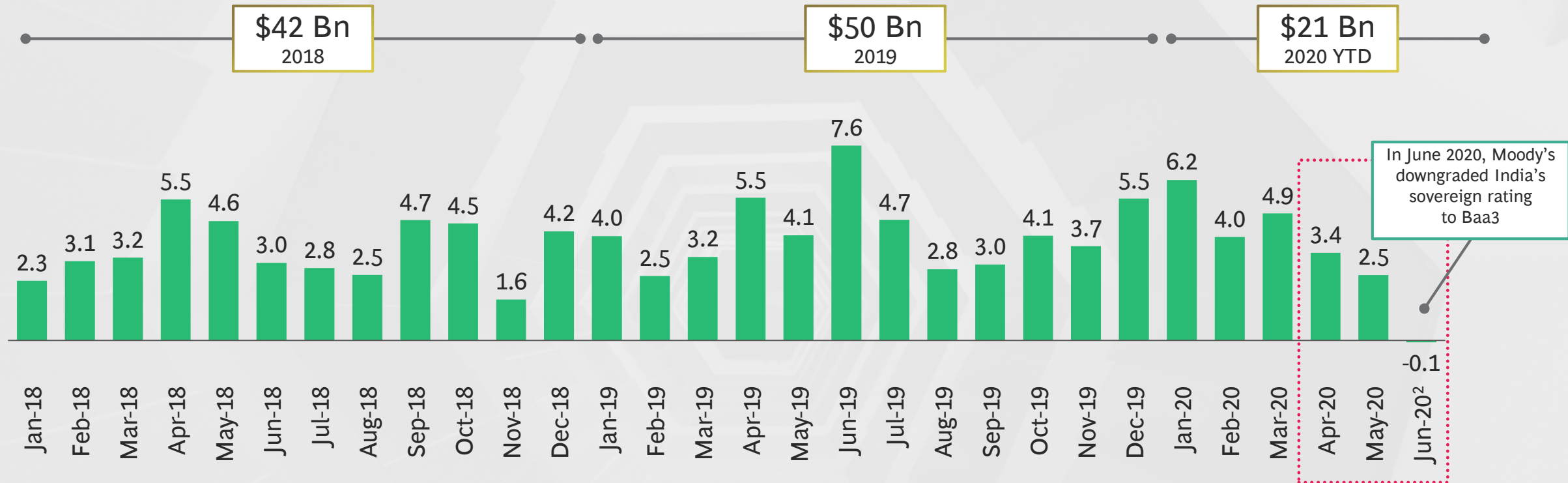


# Somber investment climate impacted the FDI inflows in India in Apr-Jun'20

GDP  
DEEP-DIVE

Foreign Direct Investments<sup>1</sup> (\$B)

xx Annual (Calendar Year) FDI Inflows



1. Denotes inward total FDI to India; 2. June'20 figures are provisional

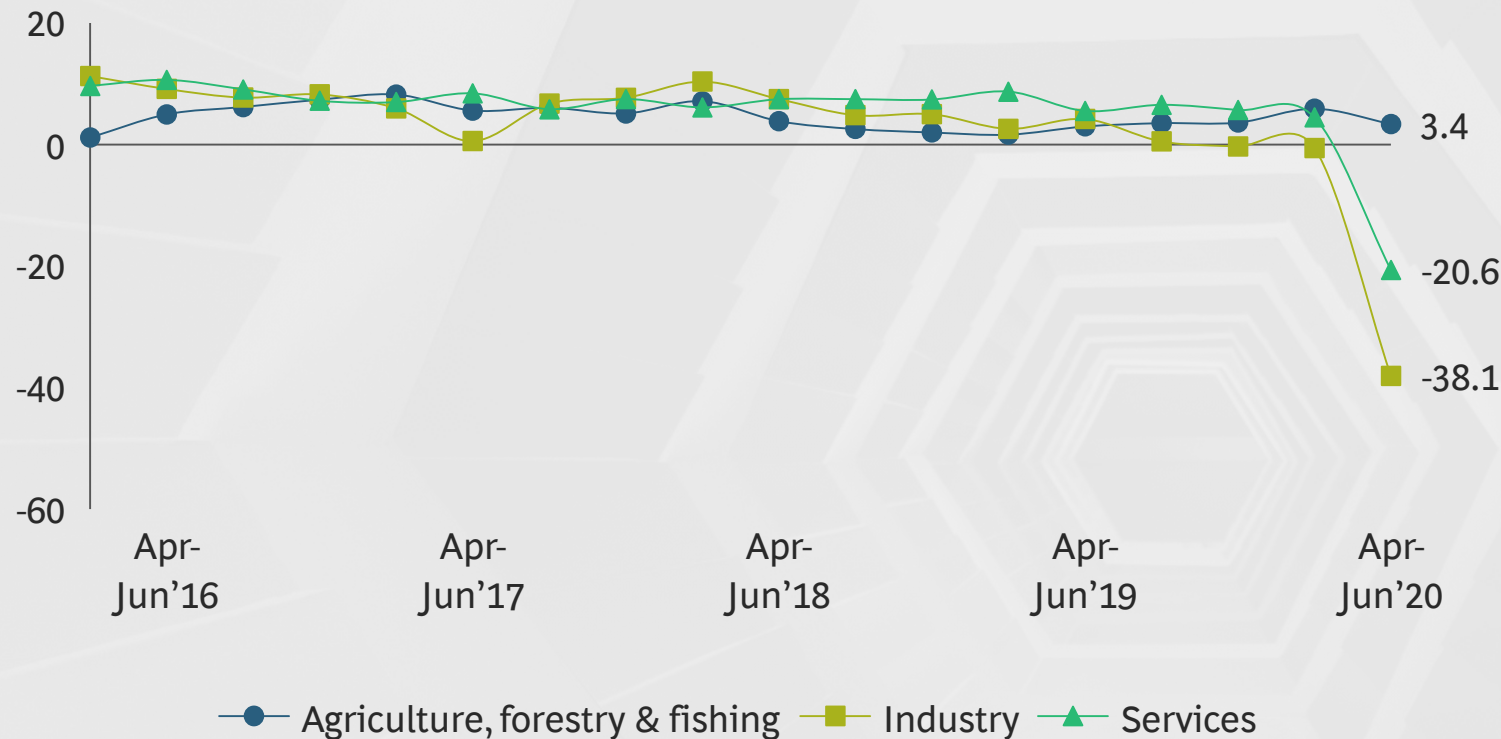
Source: CMIE

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

# Except agriculture and allied activities, all major sectors witnessed contraction due to the lockdown in the quarter

GDP  
DEEP-DIVE

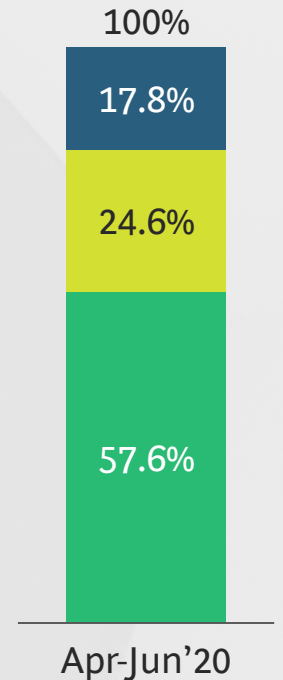
GVA Quarterly growth, % change YoY



Apr-Jun Qtr. CAGR<sup>1</sup>  
over 2016-20



Share in  
Industry GVA

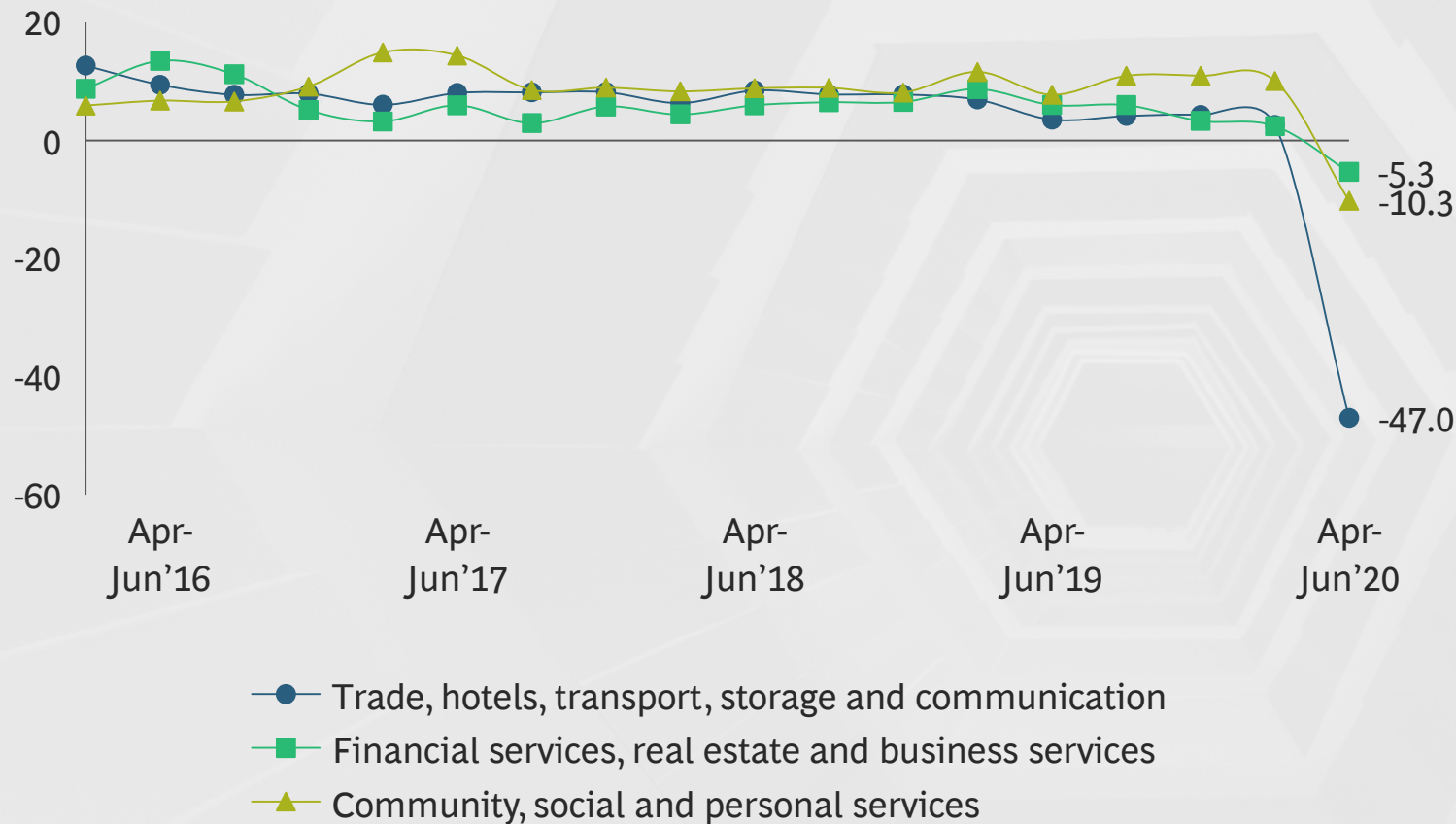


1. CAGR= [(Value of GVA in INR Mn in Apr-Jun'20/Value of GVA in INR Mn in Apr-Jun'16)^(1/4)]-1  
Source: CMIE, BCG Analysis

# Major components of the services sector witnessed a slip during Apr-Jun'20, especially trade, hotels, transport, storage & communication

GDP  
DEEP-DIVE

Services GVA Quarterly growth, % change YoY



Apr-Jun Qtr. CAGR<sup>1</sup>  
over 2016-20

-10.46%  
Trade, hotels,  
transport, storage  
and communication

4.73%  
Community, social  
and personal  
services

3.02%  
Financial services,  
real estate and  
business services

Share in  
Industry GVA

100%

22.7%

25.5%

51.8%

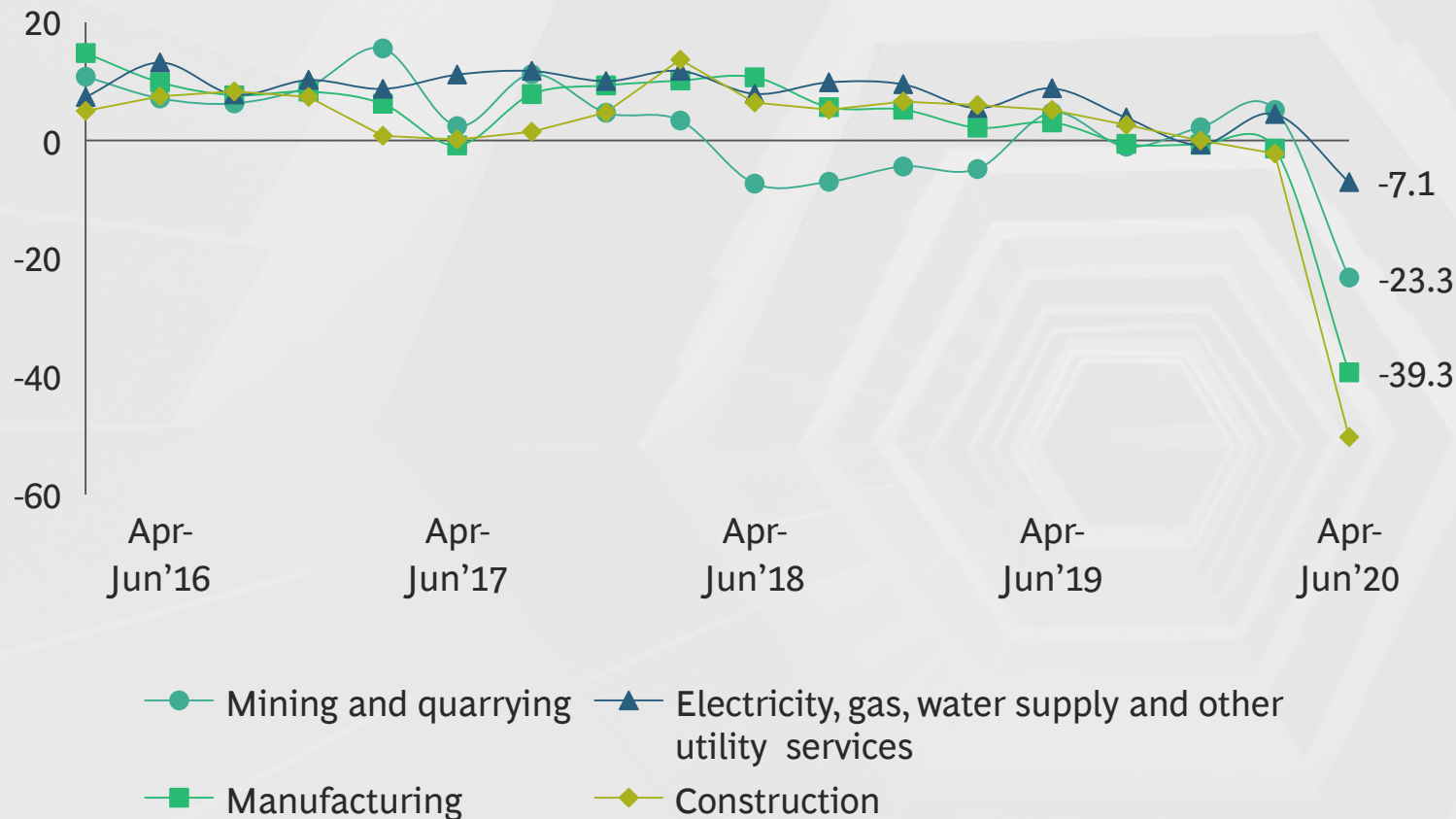
Apr-Jun'20

1. CAGR= [(Value of GVA in INR Mn in Apr-Jun'20/Value of GVA in INR Mn in Apr-Jun'16)^(1/4)]-1  
Source: CMIE, BCG Analysis

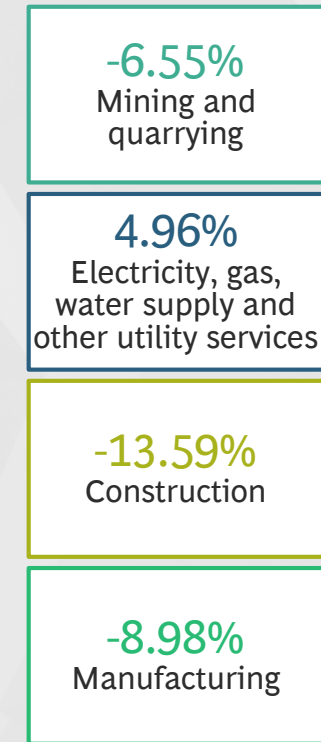
# Construction remained the most affected sub-sector, contracting by 50% during the Apr-Jun'20 quarter

GDP  
DEEP-DIVE

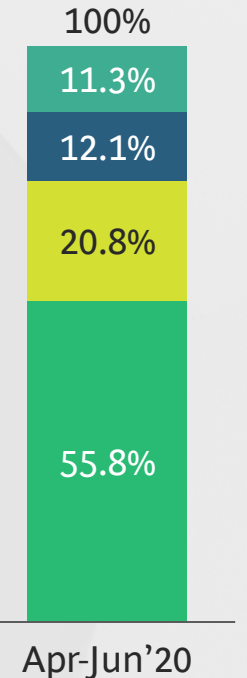
Industry GVA Quarterly growth, % change YoY



Apr-Jun Qtr. CAGR<sup>1</sup>  
over 2016-20



Share in  
Industry GVA



1. CAGR= [(Value of GVA in INR Mn in Apr-Jun'20/Value of GVA in INR Mn in Apr-Jun'16)^(1/4)]-1  
Source: CMIE, BCG Analysis

# Indian GDP growth forecasts continuously being revised downwards over the last few months

## GDP FORECASTS

Data as of 20 Sep; Estimates likely to be revised further

NON - EXHAUSTIVE

### India GDP growth forecast for FY21 (YoY, %)

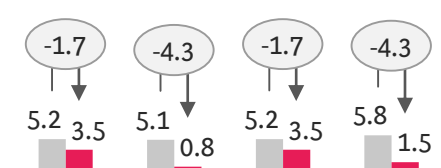
Mar-Apr

May

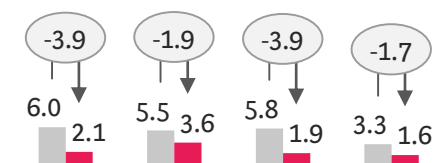
Jun

Jul

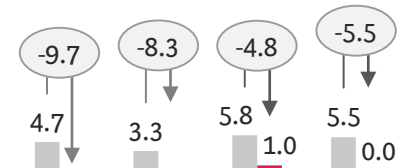
Aug-Sep



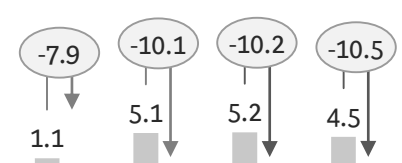
Barclays  
Fitch Ratings  
Crisil  
DBS



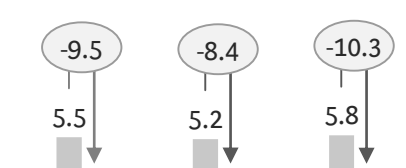
Economic Intelligence unit  
India Ratings  
IMF  
Goldman Sachs



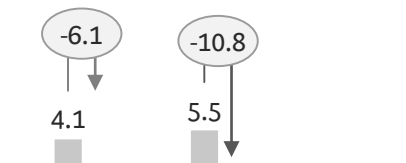
ICRA  
Goldman Sachs  
DBS  
Moody's Investor Service



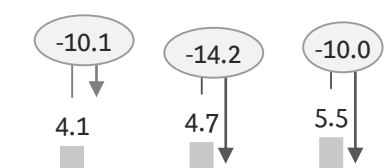
SBI  
Fitch Ratings  
S&P  
Deutsche Bank



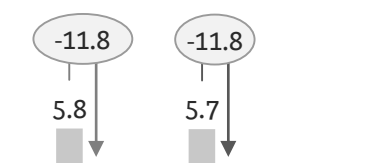
Moody's  
Barclays  
IMF



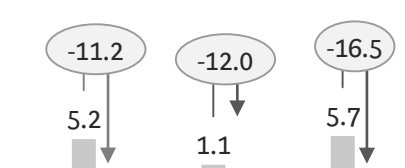
Bank of America  
India Ratings



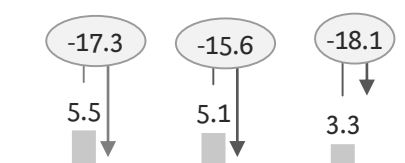
Bank of America  
ICRA  
FICCI



DBS  
Nomura



Barclays  
SBI  
Nomura



India Ratings  
Fitch Ratings  
Goldman Sachs

GDP Growth  
Forecast %  
Range

3.6% to 0.8%

1.0% to -6.8%

-2.0% to -5.3%

-4.5% to -9.5%

-6.0% to -14.8%

1. Pre-lockdown forecasts were made during Feb-2020/early Mar-2020; 2. Post-lockdown forecasts refer to forecasts made between 25-Mar to 20-Sep-2020

3. Pre-lockdown forecast for SBI is as of 16-Apr-2020

Source: Analysts reports, BCG analysis

Pre-lockdown forecasts<sup>1</sup>

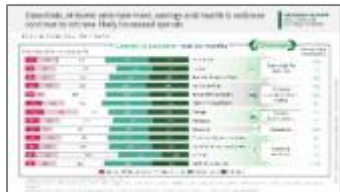
Post-lockdown forecasts<sup>2</sup>

# BCG can support you in leading in the new reality



Proprietary analytical suite to support strategic decision making & dynamic monitoring

Lighthouse by BCG



Latest insights on consumer sentiment reflecting COVID-19 impact

Consumer Sentiments & Insights



Demand Sentinel dashboard to assess demand at district / micro-market level

Demand Sentinel



Experience in designing customer journeys at scale across industry sectors

End-to-end Digital Customer Journeys



Expertise in informed decision making, bringing in learnings from global crisis response

Next-gen Sales in the New Reality



Experience in developing sustainable world-class end-to-end digital supply chain capabilities

Digital Supply Chain



Experience in rationalizing cost structures across sectors

Zero Based Budgeting



BCG's 360° A&M Supercharger identifies the right commercial activation levers

Marketing Supercharger



BCG's proprietary & proven approach to organic growth creation

Demand Centric Growth



Brings Agile ways of working to the organization, gearing employees for success

Agile at Scale



THANK YOU