

India Economic Monitor

SEPTEMBER 2022

Executive Summary



In Q1 FY23, India's real GDP grew by 13.5% YoY vs. 4.1% YoY in the previous quarter. However, this growth surpassed pre-pandemic levels (Apr-Jun'19) marginally by 3.8%. Services sector led with the highest growth of 17.7%, followed by industry at 8.6%. Agriculture grew at a slow pace of 4.5% vs. last year. Growth vs. last year was driven by an increase in private consumption and gross capital formation.

Most high frequency indicators exhibited mixed monthly trends in Jul-Aug'22 driven by a combination of global uncertainty, elevated inflation & tighter monetary policy. IIP dipped in Jul'22 vs. Jun'22 owing to contraction in manufacturing & mining sectors. Some underlying metrics (e.g., power & cement) also witnessed muted growth trends vs. previous month. Auto sales registered an increase across select segments (e.g., 2W & 3W) with the onset of festival season & gradual waning of supply side constraints. Manufacturing PMI dipped marginally vs. Jul'22, although remained in expansion mode. Services PMI witnessed strong upswing due to robust demand, stronger gains in new business & job creation.

E-way bills touched an all time high. Air freight traffic improved while rail freight fell vs. Jun'22. JNPT container traffic witnessed degrowth vs. Jul'22. Global trade slowdown resulted in merchandise trade deficit more than doubling in Aug'22 vs. Aug'21, although it declined marginally vs. previous month. Services trade surplus remained near Jun'22 levels in Jul'22. UPI transaction value & volume continued to scale record highs. Insurance premium clocked marginal decline vs. Jul'22. Forex reserves continued to decline in Aug'22 amidst rising fears of global slowdown.

On the macroeconomic front, GST collections fell vs. Jul'22, although remained above the INR 1.4 Tn mark. Deviating from its downward trend, CPI spiked in Aug'22. WPI eased, although remained in double digits, due to rise in prices of mineral oils, food articles, crude petroleum & natural gas and chemicals. Analyst forecasts indicate GDP growth of 6.7-7.2% YoY for FY23, with downward revisions in the last 1-2 months.

Most high frequency indicators exhibited mixed performance vs. 2021 & pre-COVID levels in Jul-Aug'22 (1/2)

Industry

Industry	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Aug'22	Aug'19	CAGR	Aug'21	YoY	Jul'22	MoM
IIP (Index)*	134.6	131.8	1%	131.5	2%	137.8	-2%
Power Consumption ('000 MUs)	4.2	3.6	5%	4.1	1%	4.1	2%
Petroleum Consumption (MMT)	17.8	17.1	1%	15.3	16%	17.6	1%
Steel Consumption (MMT)	9.3	9.2	0%	7.9	18%	9.1	2%
Cement Production (MT) *	30.1	28	2%	29.5	2%	33.8	-11%

Logistics

Logistics	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Aug'22	Aug'19	CAGR	Aug'21	YoY	Jul'22	MoM
E-way Bills (Mn)	78.2	51.2	15%	65.8	19%	75.7	3%
JNPT Traffic ('000 TEUs)	497.5	433.9	5%	453.1	10%	503	-1%
Rail Freight (Mn Tons) *	122.1	99.7	7%	112.7	8%	125.5	-3%
Air Freight (K Tons) *	275.0	293.0	-2%	259.1	6%	270.4	2%

Trade & Investment

Trade & Investment	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Aug'22	Aug'19	CAGR	Aug'21	YoY	Jul'22	MoM
Merchandise Exports (\$ Bn)	33	25.9	8%	33.2	-1%	35.2	-6%
Merchandise Imports (\$ Bn)	61.6	39.8	16%	47.0	31%	66.2	-7%
Services Exports (\$ Bn) *	24.9	19.0	9%	18.9	32%	24.7	1%
Services Imports (\$ Bn) *	15.9	12.8	8%	11.4	39%	16.1	-1%

Auto

Auto	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Aug'22	Aug'19	CAGR	Aug'21	YoY	Jul'22	MoM
PV Sales ('000 Units)	336	258.6	9%	283.4	19%	347.9	-3%
Tractor Sales ('000 Units)	64.8	44.0	14%	65.4	-1%	67.0	-3%
2W Sales ('0000 Units)	186.1	181.2	1%	170.3	9%	173.8	7%
EV Registrations ('000 Units)	88.1	12.8	90%	28.9	205%	79.7	11%

* Data available only upto Jul'22 as on 17th Sep – hence growth comparisons are for Jul and not Aug. Jul'22 data has been compared with Jul'19, Jul'21 & Jun'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 exhibited mixed performance vs. 2021 & pre-COVID levels in Jul-Aug'22 (1/2)

Banking, Financial Services & Insurance

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Aug'22	Aug'19	CAGR	Aug'21	YoY	Jul'22	MoM
UPI Value (INR Tn)	10.7	1.5	91%	6.3	68%	10.6	1%
Aggregate Deposits (INR Tn)*	169.7	126.3	10%	155.4	9%	165.9	2%
Aggregate Credit (INR Tn) *	124.0	96.6	9%	109.1	14%	121.9	2%
NSE & BSE Txns. (INR K Cr)	1271.8	724.4	21%	1430.5	-11%	1046.3	22%
Insurance Premium (INR K Cr)	57	39.5	13%	49.6	15%	62	-8%

Macroeconomic

	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Aug'22	Aug'19	CAGR	Aug'21	YoY	Jul'22	MoM
GST Collections (INR Tn)	1.4	0.9	14%	1.1	29%	1.5	-3%
WPI (%)					12%		
CPI (%)					7%		
Jan Dhan Deposits (INR Tn)	1.7	1.0	19%	1.4	19%	1.7	1%
MGNREGA Emp. Provided (HH)	10.5	12.3	-5%	21.1	-50%	16.8	-37%

Sentiment

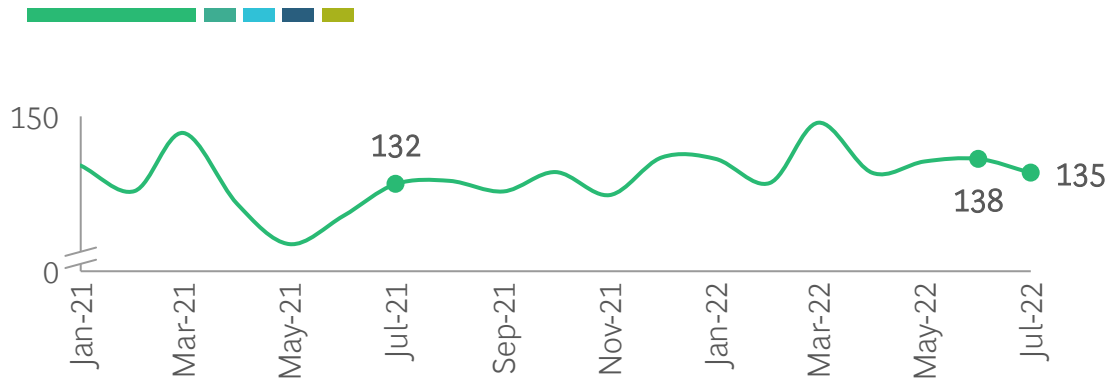
	Growth						
	Latest month	Vs. Pre-covid		Vs. Last year		Vs. Last month	
	Aug'22	Aug'19	CAGR	Aug'21	YoY	Jul'22	MoM
Manufacturing PMI (Index)	56.2	51.4	3%	52.3	7%	56.4	0%
Services PMI (Index)	57.2	52.4	3%	56.7	1%	55.5	3%
Current Situation Index*	77.0	95.7	-7%	49.5	56%	76.0	1%
Future Expectations Index*	113.0	124.8	-3%	104.0	9%	113.0	0%

*Data available only upto Jul'22 as on 17th Sep – hence growth comparisons are for Jul and not Aug. Jul'22 data has been compared with Jul'19, Jul'21 & Jun'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 declined with select underlying metrics exhibiting subdued performance in Jul-Aug'22

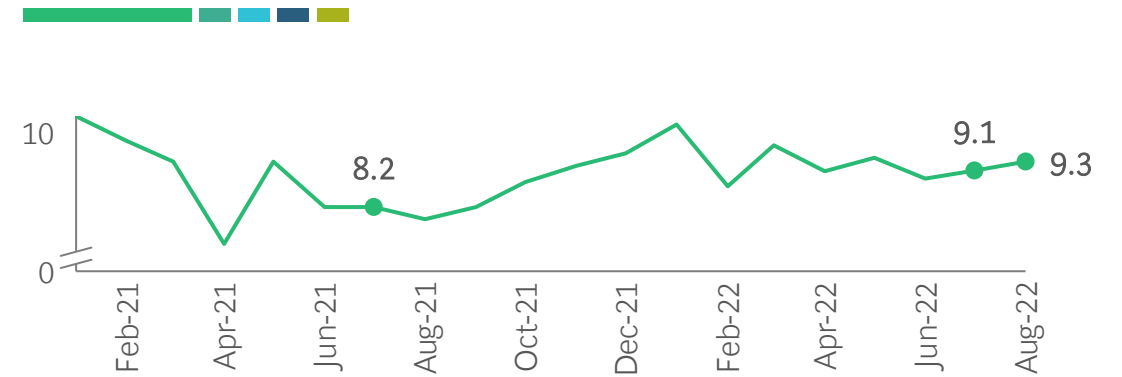
Index of Industrial Production¹

IIP dropped in Jul'22 vs. Jun'22



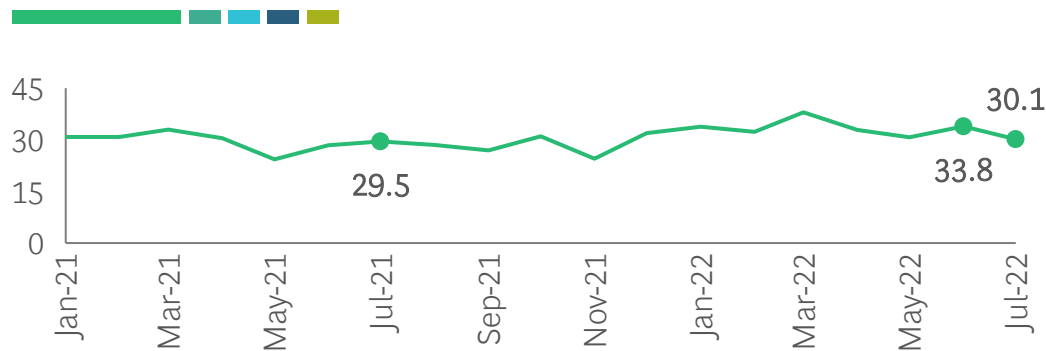
Steel Consumption (MMT)²

Steel consumption grew marginally vs. Jul'22



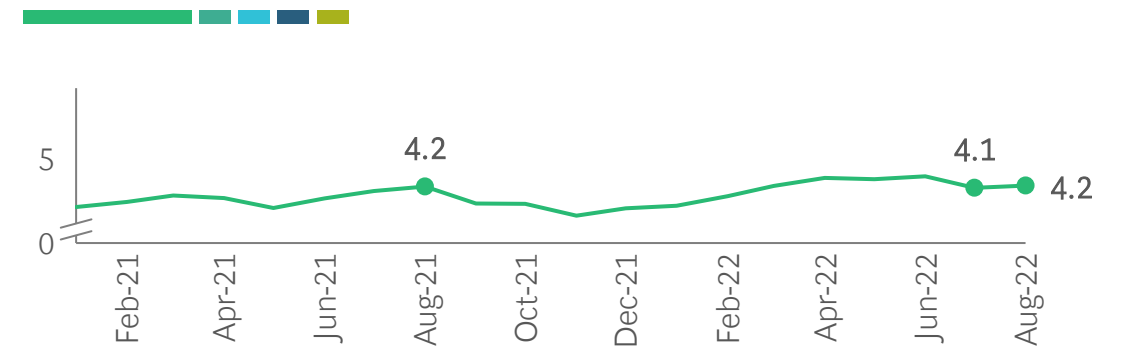
Cement Production (MT)

Cement production fell in Jul'22 vs. Jun'22



Power Consumption ('000s MUs)

Power consumption remained near Jul'22 levels in Aug'22



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

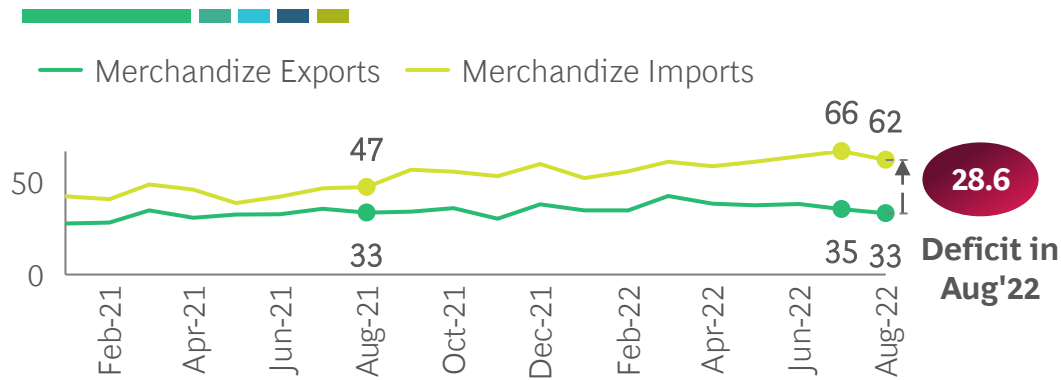
2. Steel consumption incl. long & flat steel

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 decreased; Forex reserves fell while FDI improved in Jul-Aug'22

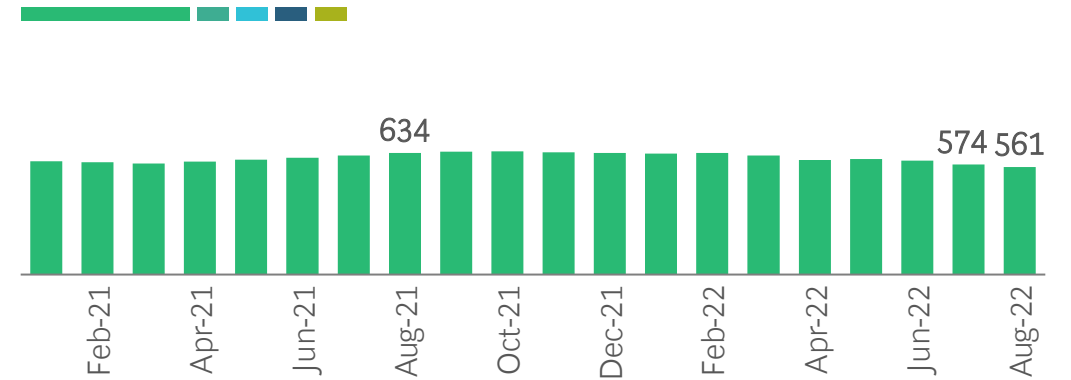
Merchandise Trade (\$ Bn)

Merchandise trade deficit fell sharply in Aug'22 vs. Jul'22



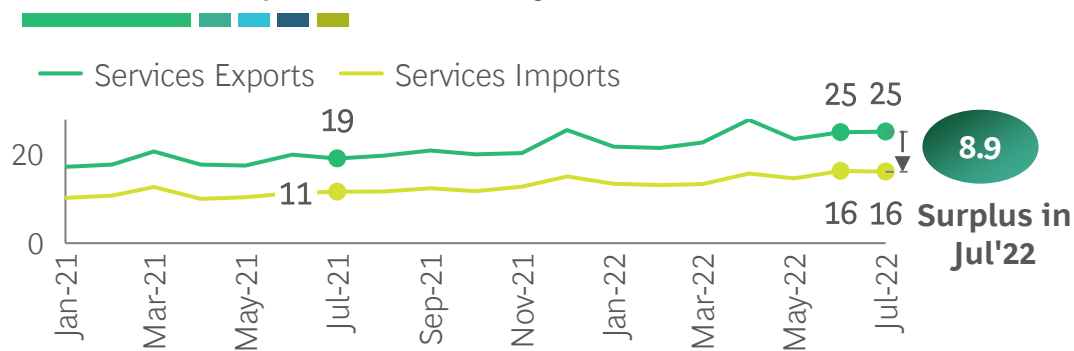
Forex Reserves (\$ Bn)

Forex reserves on a downward trajectory in Aug'22



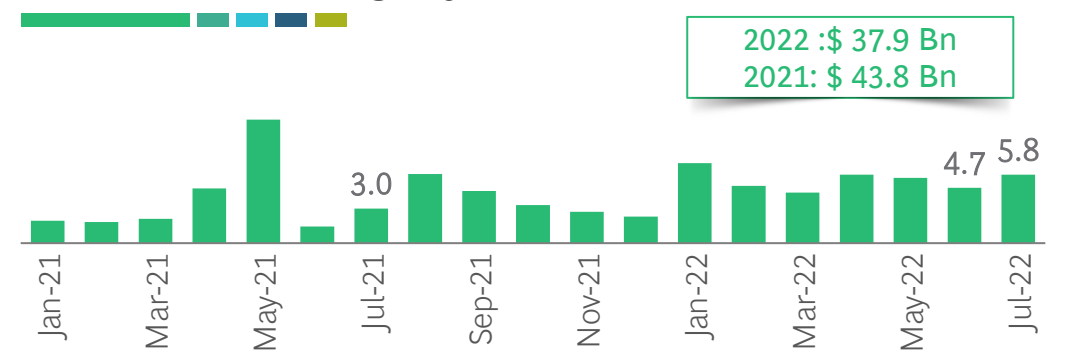
Services trade (\$ Bn)

Services trade surplus remained near Jun'22 levels



FDI (\$ Bn)¹

FDI touched a 3-month high in Jul'22

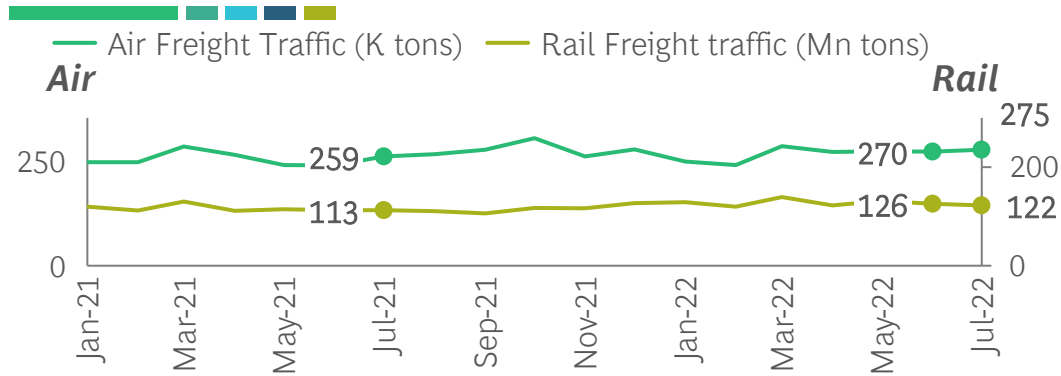


Note: Aug'22 Merchandise Import and Export numbers; Jul'22 Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Jun'22 figures are provisional; Past period data may vary from the previous versions of the Economic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

Logistics indicators witnessed mixed monthly trends in Jul-Aug'22

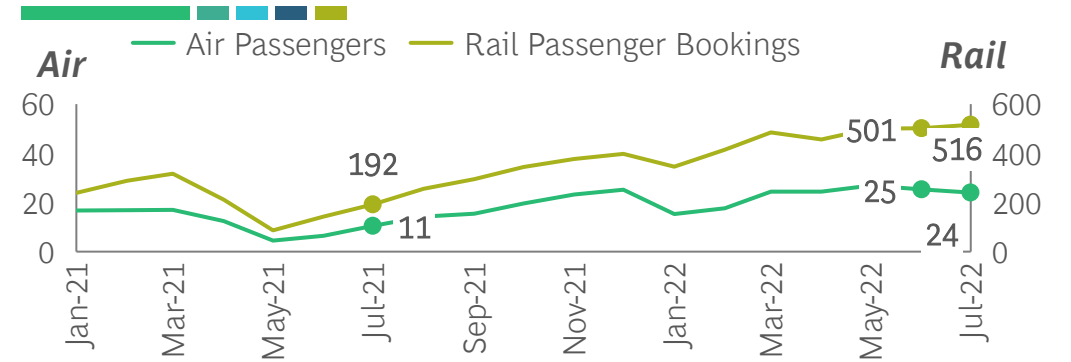
Freight Traffic

Air freight improved while rail freight dipped in Jul'22 vs. Jun'22



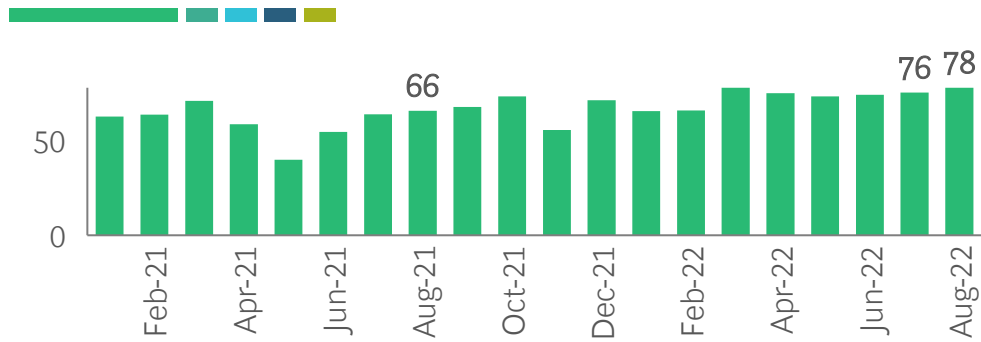
Passenger traffic (Mn)

Air passenger traffic fell marginally while rail traffic grew in Jul'22 vs. Jun'22



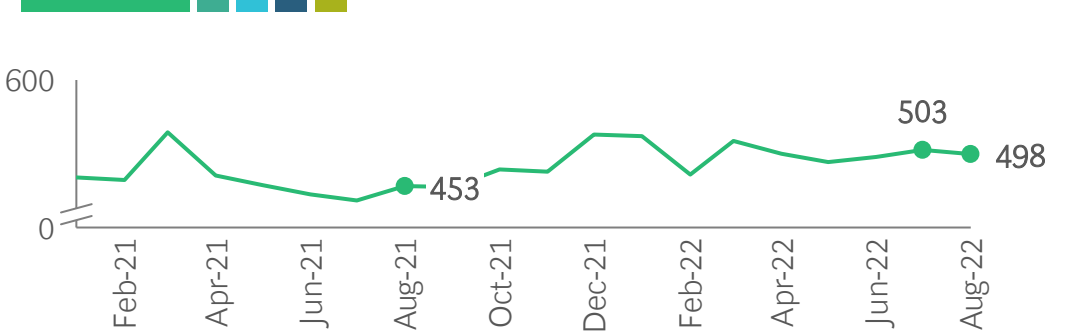
E-way Bills (Mn)¹

E-way bills increased significantly in Aug'22 vs. previous months



JNPT Container Traffic ('000 TEUs)²

JNPT traffic declined in Aug'22 vs. Jul'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.

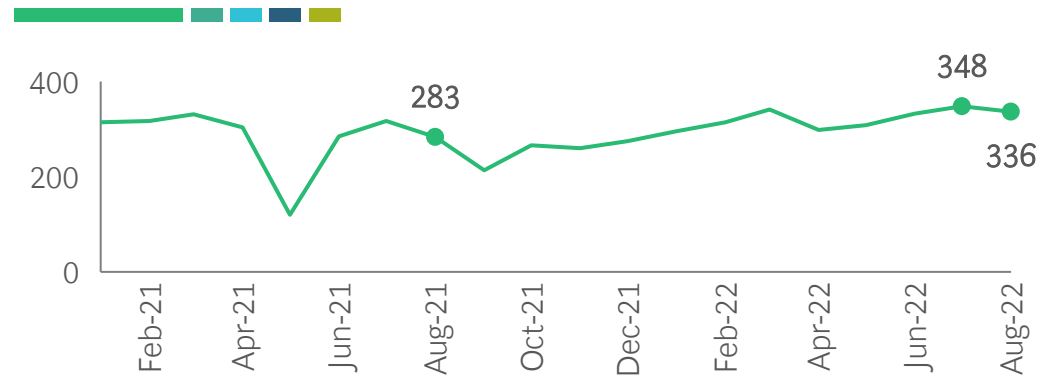
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

2W & 3W sales grew while PV & tractor sales fell in Aug'22 vs. Jul'22

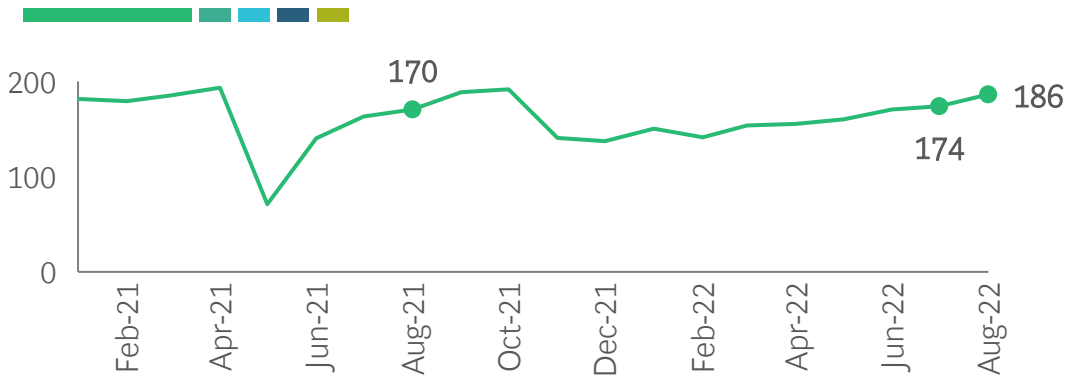
Passenger vehicles sales ('000 units)

PV sales dipped in Aug'22 vs. Jul'22



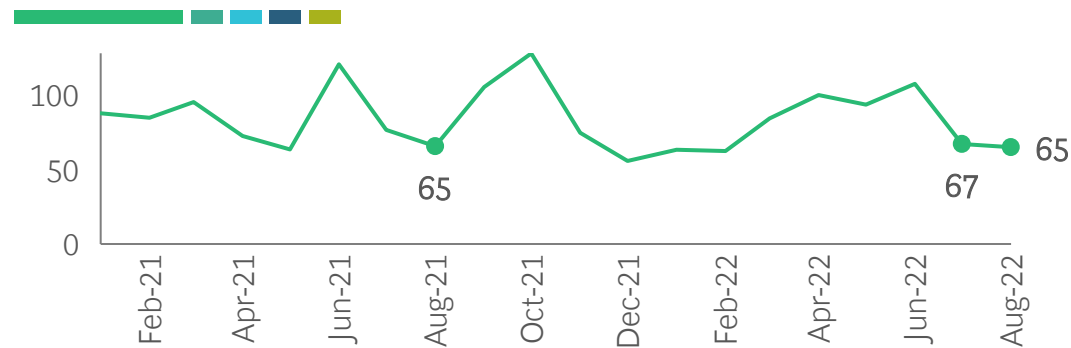
Two-wheeler sales ('0000 units)

2W sales continued to improve in Aug'22 vs. previous months



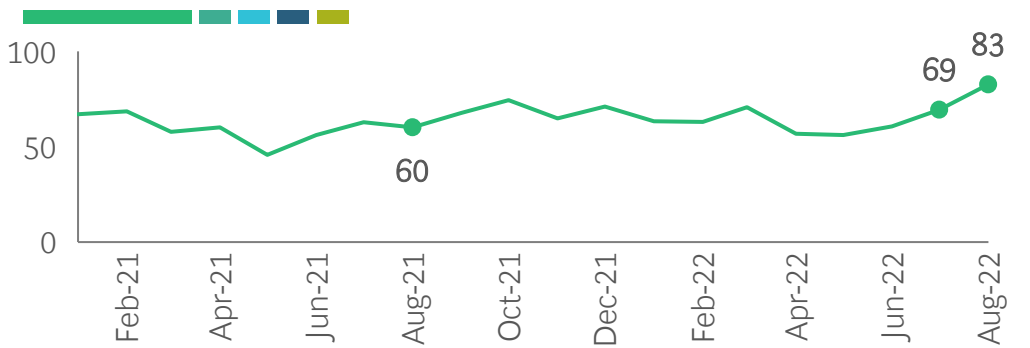
Tractor sales ('000 units)

Tractor sales logged a decline for the second consecutive month in Aug'22



Three-wheeler sales ('000 units)

3W sales recorded sharp increase in Aug'22 vs. previous months

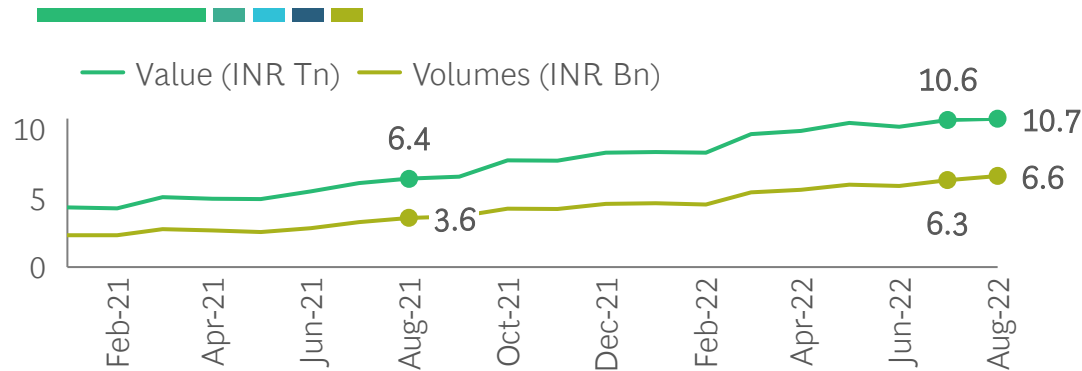


Figures represent wholesale numbers (including exports).
 1. BMW, Mercedes and Volvo Auto data is not available
 Source: SIAM, CMIE, TMA, Press search, BCG analysis

Most BFSI indicators (except insurance) improved in Jul-Aug'22

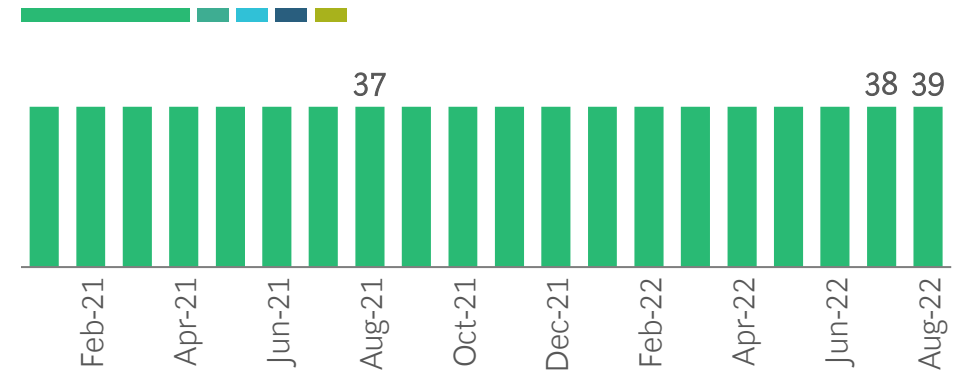
UPI

UPI continued to break record highs in Jul'22



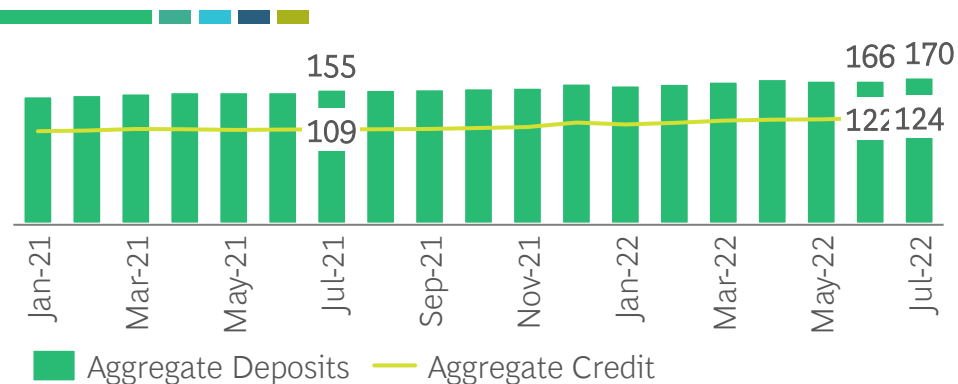
Mutual Funds AUM (INR Tn)

Mutual funds AUM rose marginally in Aug'22 vs. Jul'22



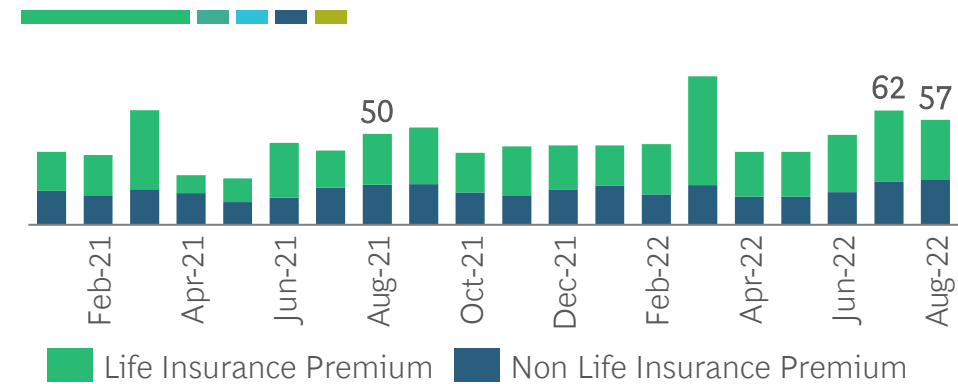
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit increased in Jul'22 vs. previous months



Insurance Premium (INR '000 Cr)

Insurance premium declined in Aug'22 vs. Jul'22

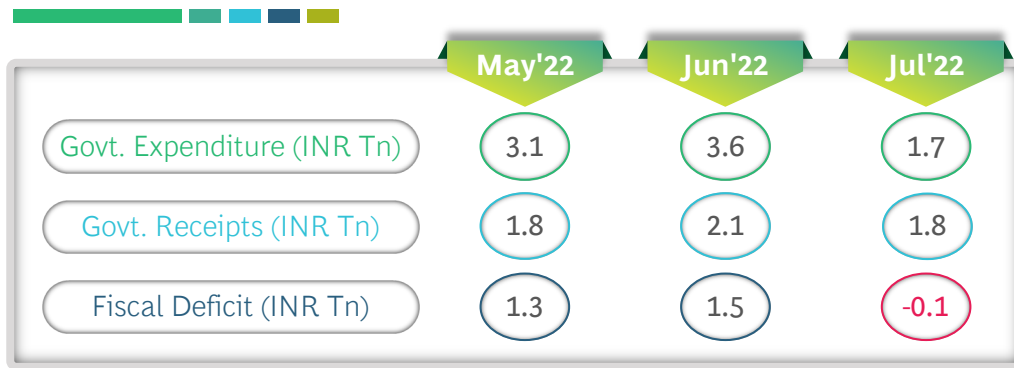


1. Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures data used for life & non-life insurance as on 13th 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 & GST collections fell; Jan Dhan deposits & repo rate remained unchanged in Jul-Aug'22

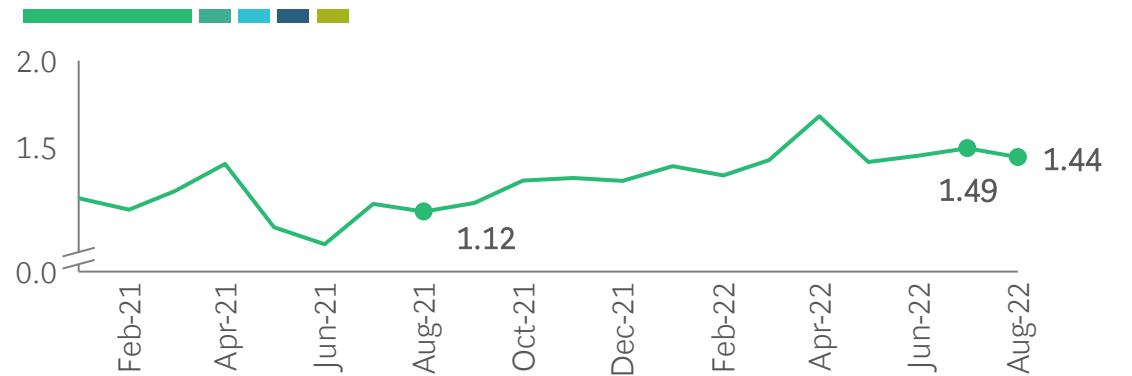
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit declined Jul'22 vs. Jun'22, driven by sharp fall in govt. expenditure



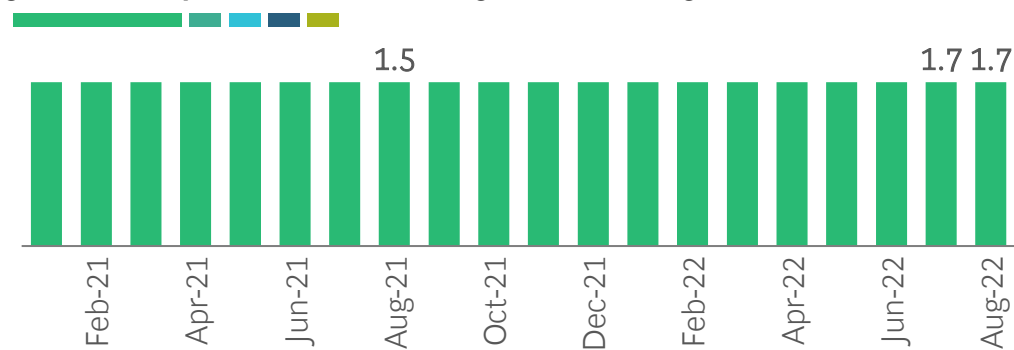
GST Collections¹ (INR Tn)

GST collections dipped in Aug'22 vs. Jul'22



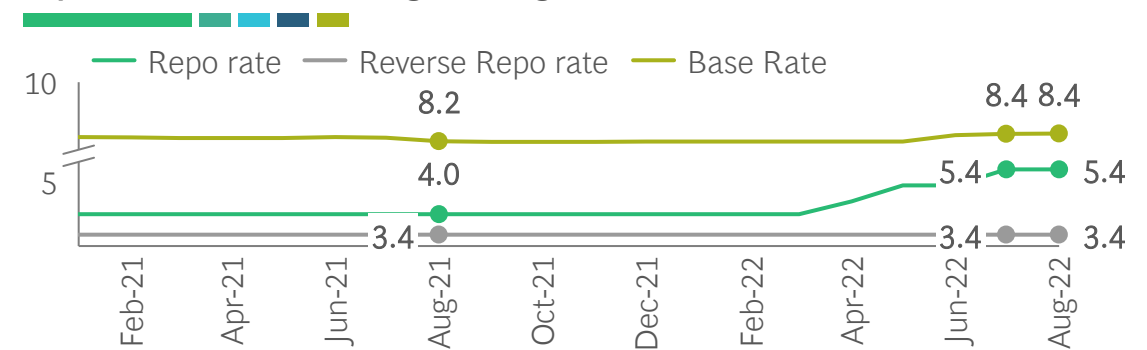
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained near Jul'22 levels in Jun'22



RBI's policy rates (%)

Repo rate remained unchanged in Aug'22

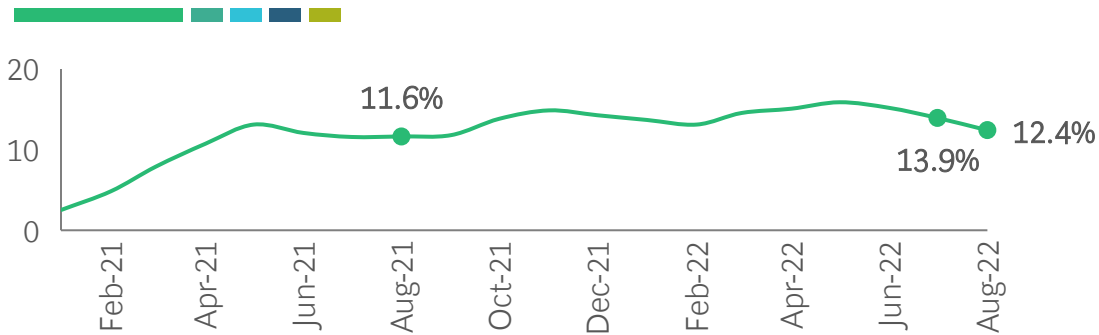


¹GST Collections include all components: CGST, SGST, IGST, Cess
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI moderated while CPI spiked in Aug'22 vs. Jul'22

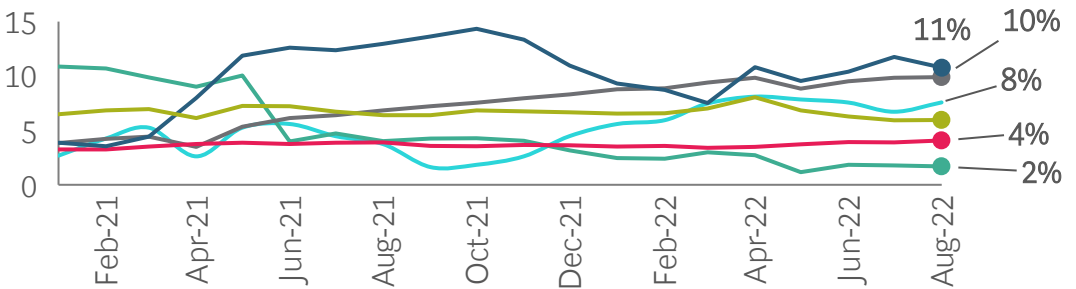
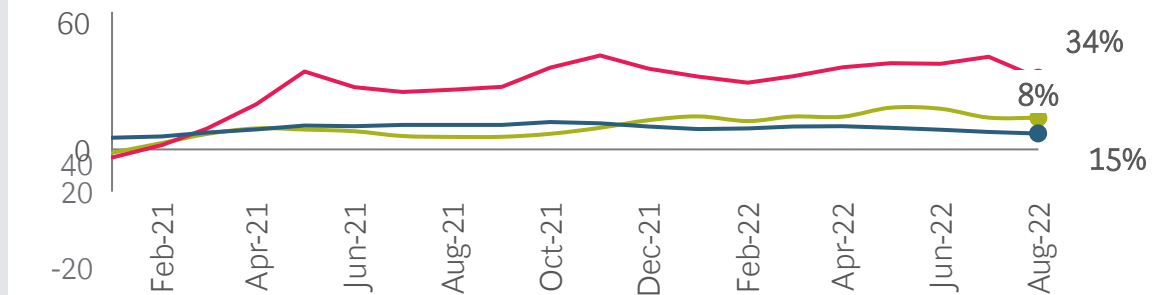
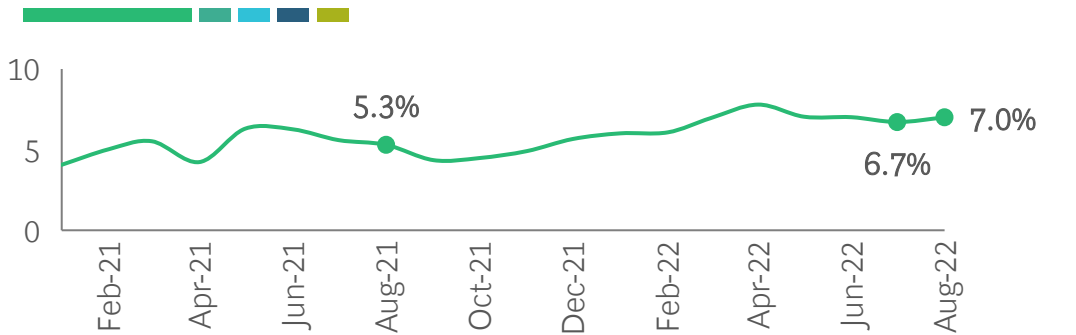
Wholesale Price Index (WPI)¹

WPI eased vs. Jul'22, although remained in double digits



Consumer Price Index (CPI)²

CPI spiked in Aug'22 after easing in previous month



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

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

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

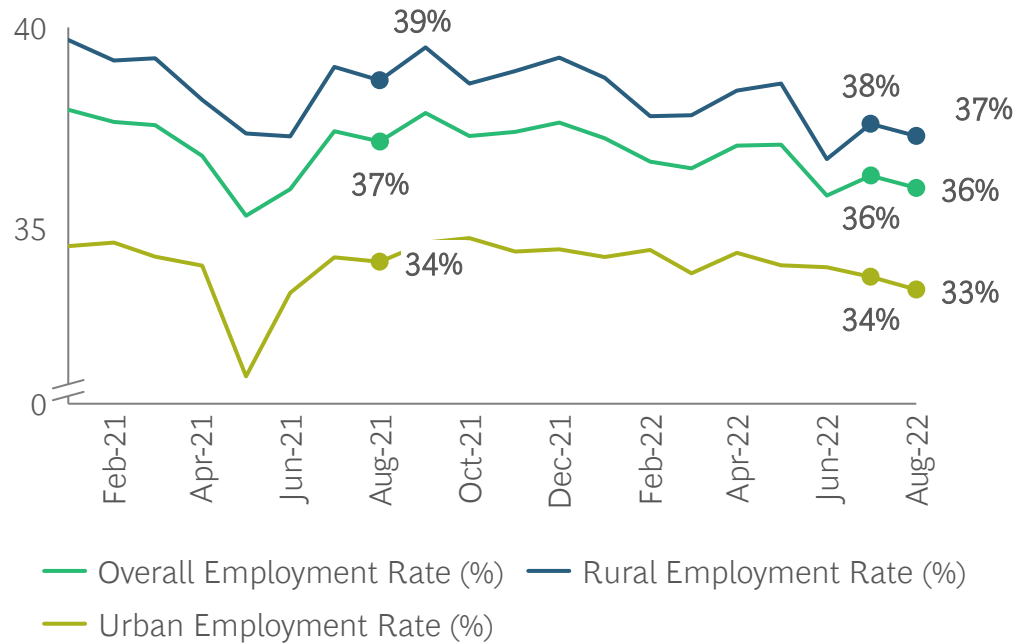
Urban & rural employment dipped marginally; MGNREGA work demanded & employment provided fell in Aug'22 vs. Jul'22

CMIE Employment rate (%)¹

Urban & rural employment rates declined marginally in Aug'22 vs. Jul'22

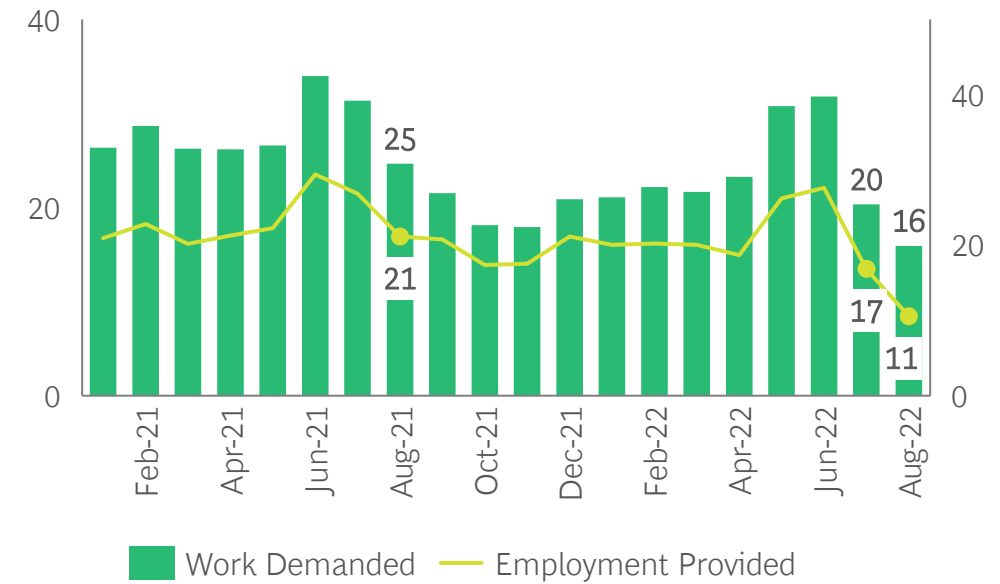


Employment status indicates whether a member of a household who is 15 years of age or more is employed or not employed as of the date of the survey



MGNREGA Employment Progress (Households in Mn)²

Work demanded & employment provided declined for the second consecutive month in 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

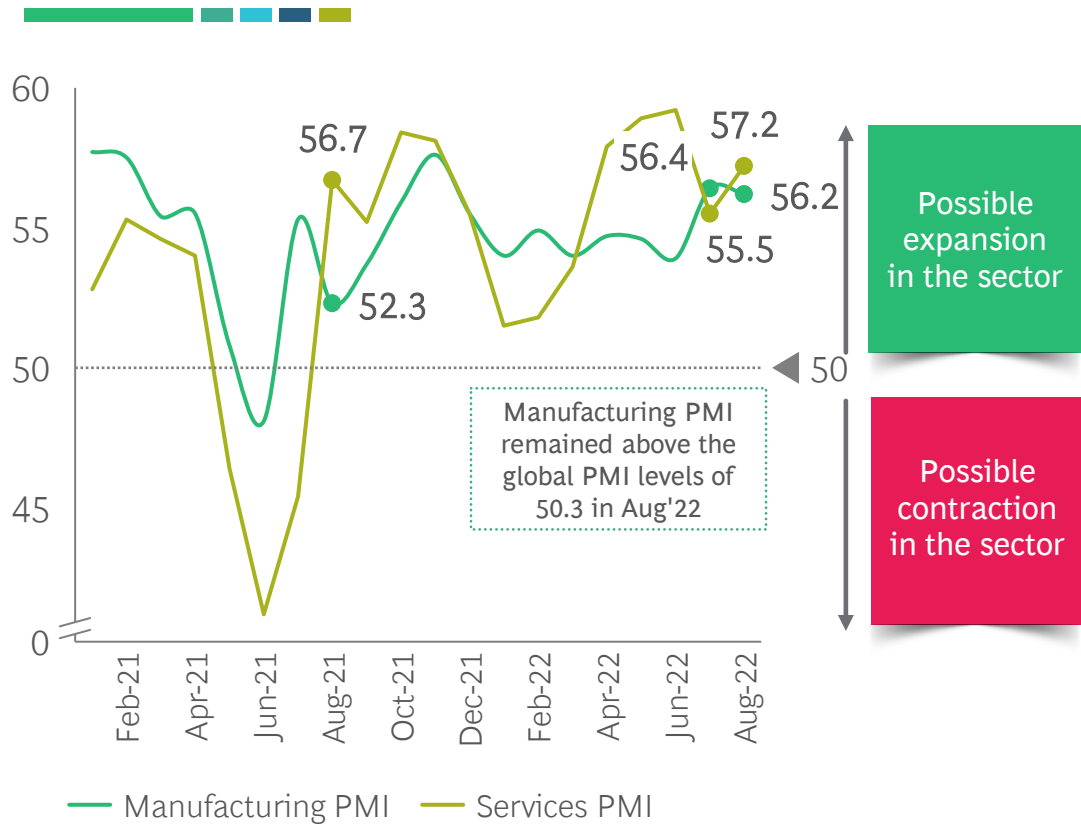
2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act

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

Manufacturing PMI fell while services PMI improved in Aug'22; CSI improved although remained in pessimistic zone in Jul'22

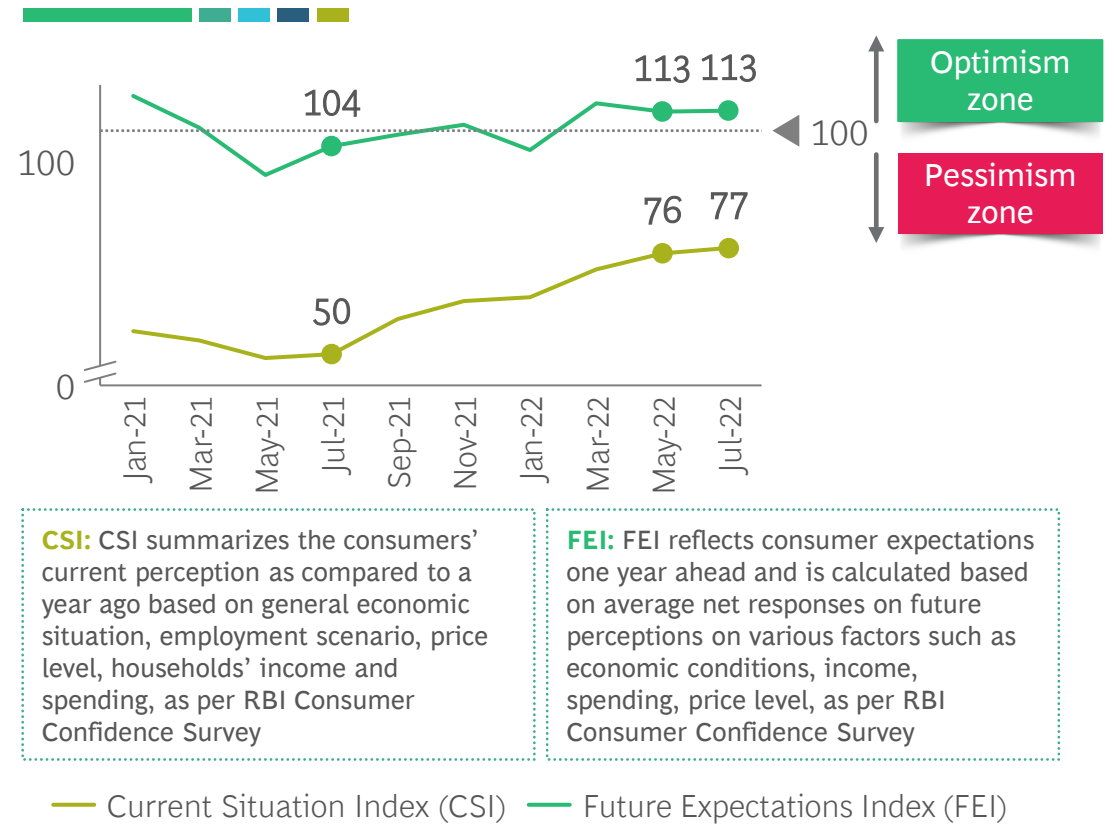
Manufacturing and services PMI¹

Manufacturing PMI dipped marginally; Services PMI recorded sharp uptick in Aug'22 vs. Jul'22



Consumer Confidence Survey (RBI)²

CSI improved marginally while FEI remained at May'22 levels in Jul'22

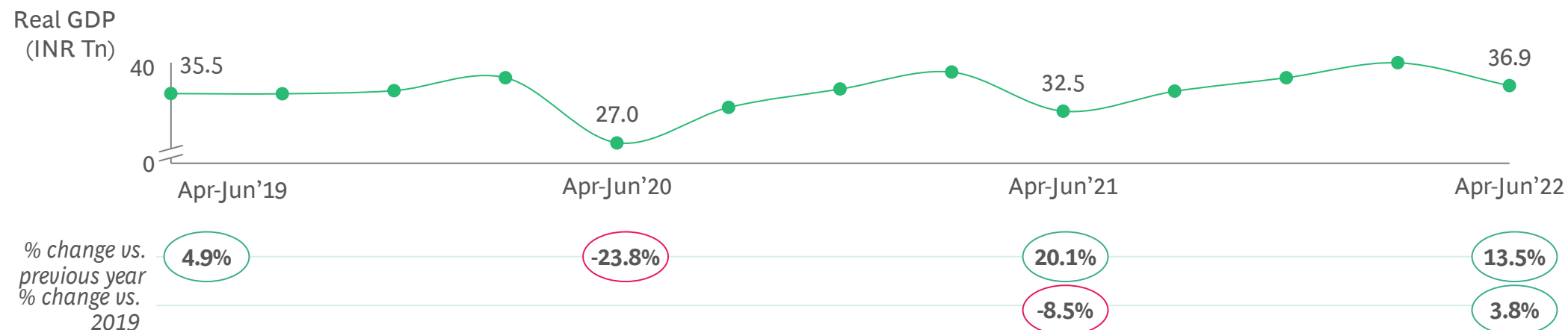


1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;
 2. Sample size: 6,083 responses 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

Real GDP grew by 13.5% YoY in the Apr-Jun'22 quarter, with growth reflecting across all components, however at varying levels

Private consumption and gross investment key drivers of growth

Real GDP surpassed pre-pandemic levels with 3.8% growth



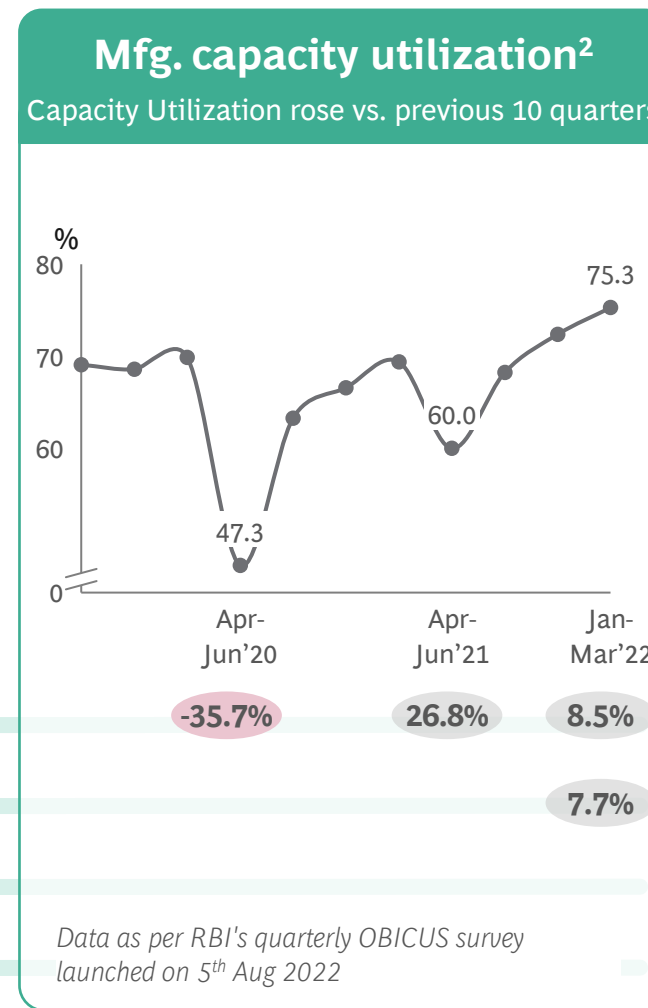
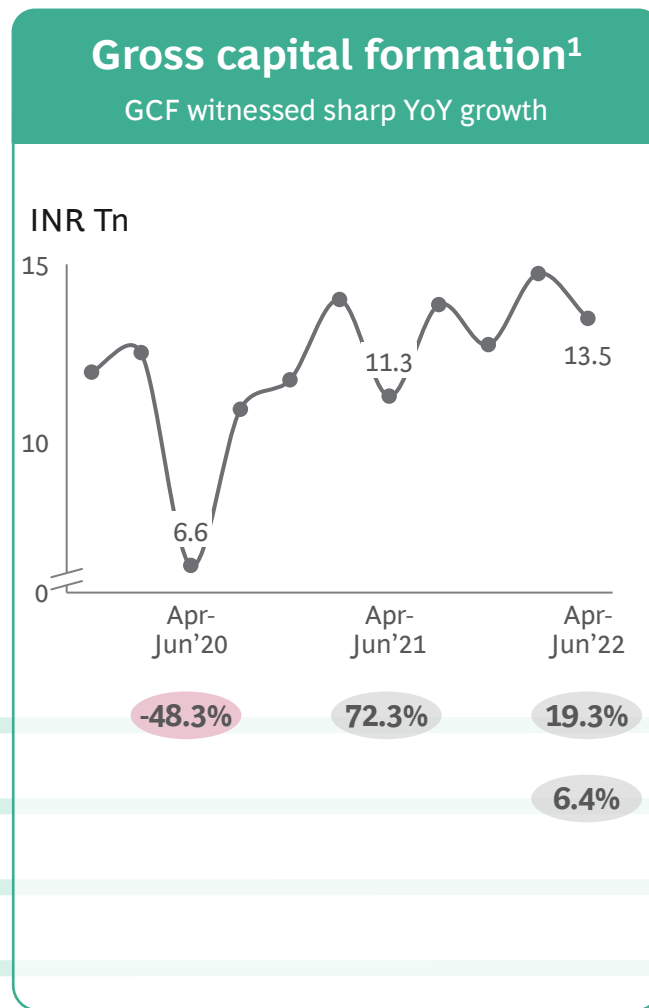
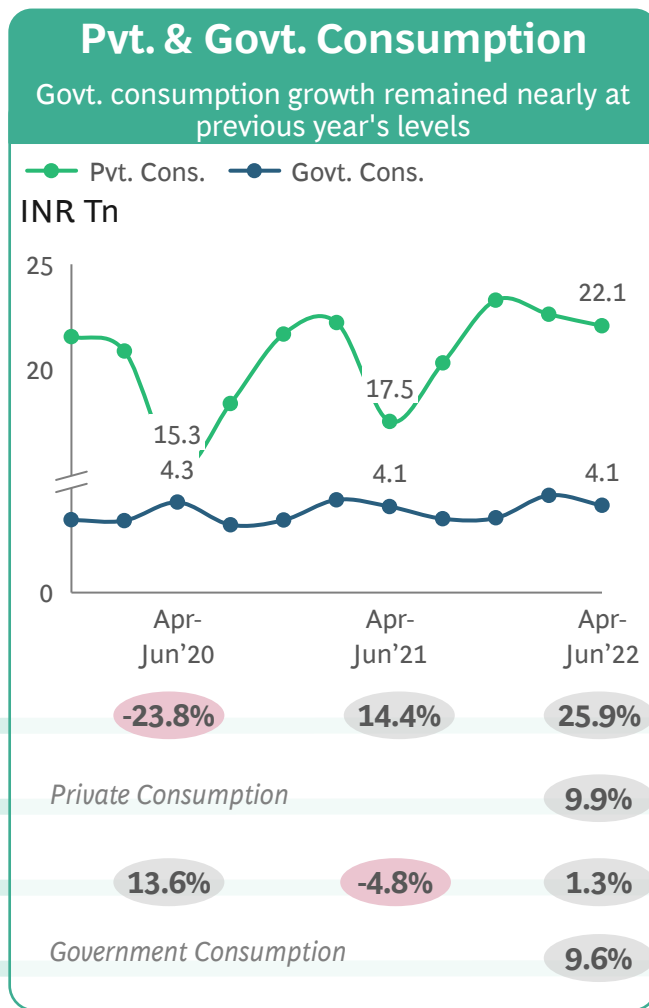
GDP Components	Y	=	C	+	G	+	I	+	X	-	M
	GDP		Pvt. Consumption		Govt. Consumption		Gross Investment		Exports		Imports
% GDP share in Apr-Jun'22 ¹			59.9%		11.2%		36.6%		-8.1%		
% change vs. Apr-Jun'21	Apr-Jun 2022	13.5%	25.9%		1.3%		19.3%		14.7%		37.2%
% change vs. Apr-Jun'19	Apr-Jun 2022	3.8%	9.9%		9.6%		6.4%		20.2%		30.3%

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

1. Discrepancies account for 0.3% share in GDP 2. Represents absolute growth rate between Apr-Jun'22 and Apr-Jun'19; 2. Statistical Discrepancy: taking the GDP from the production approach as the control total, gives the measure of the overall difference between the production approach and the expenditure approach followed for estimation.

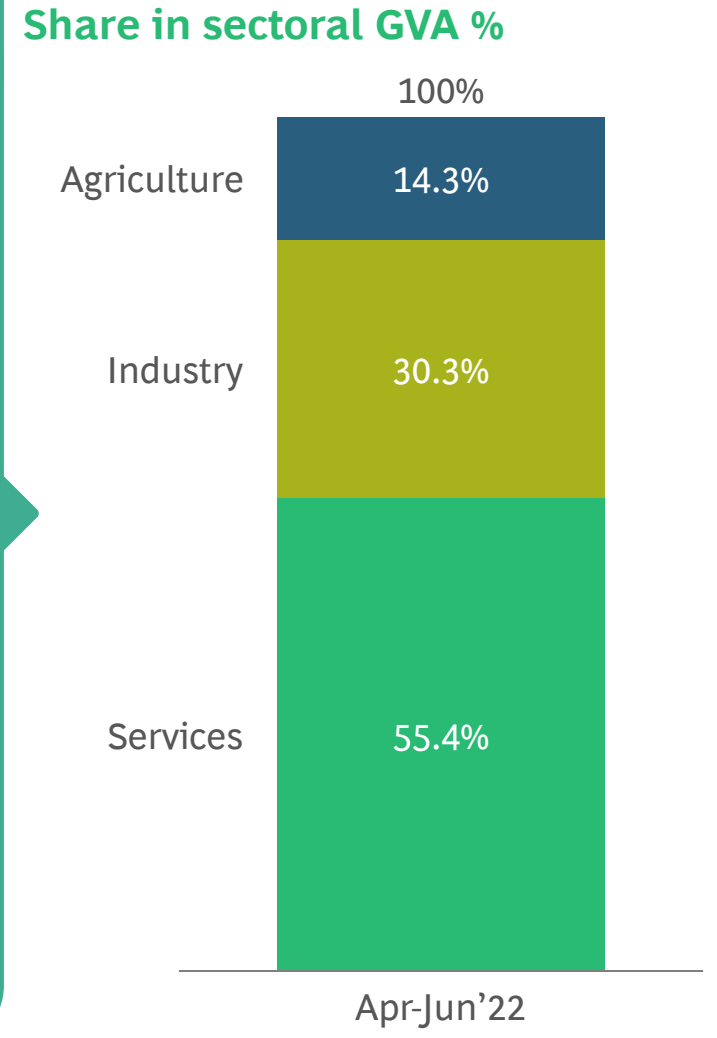
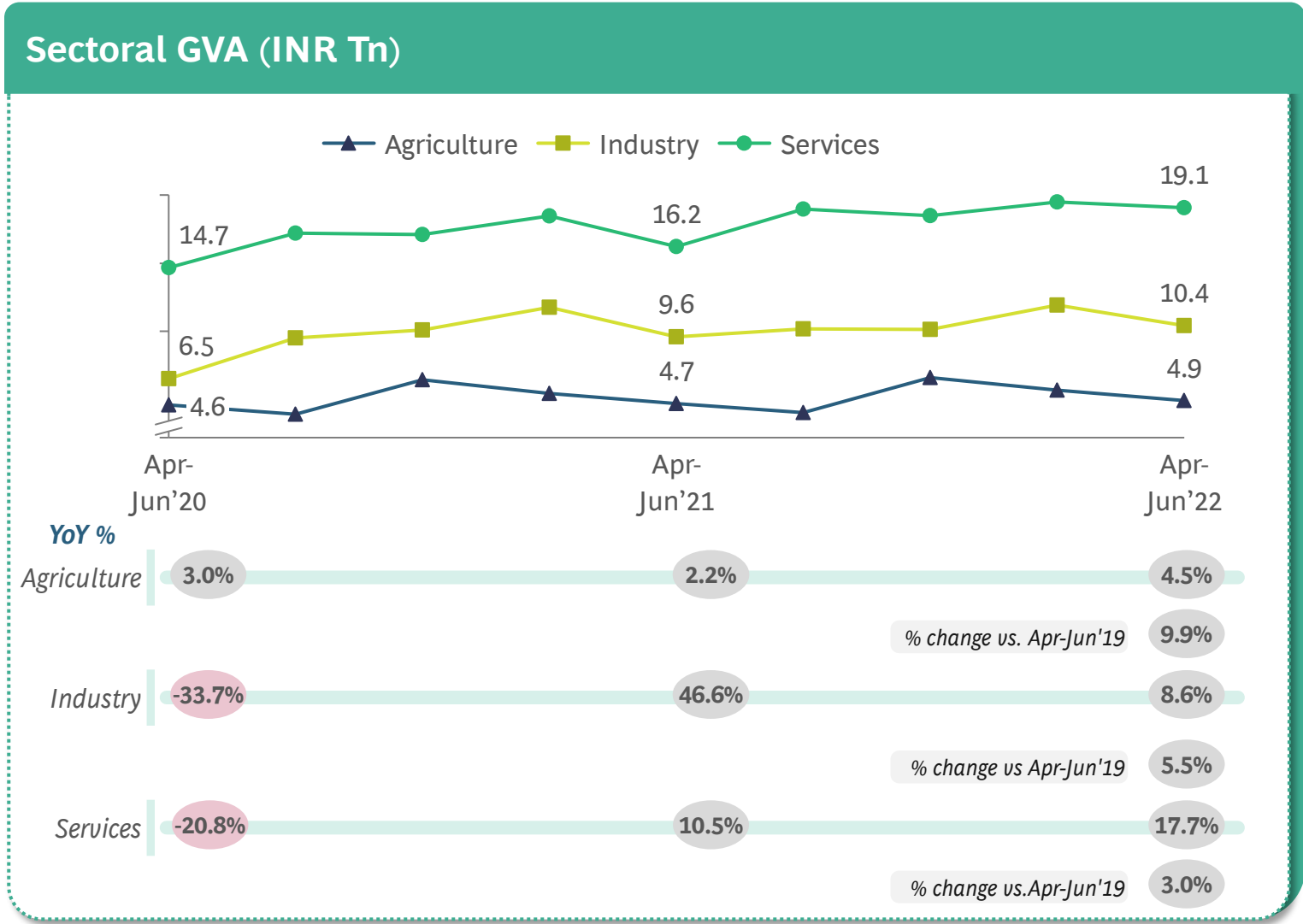
Source: CMIE, BCG Analysis

Both private consumption and gross capital formation witnessed a sharp upward trajectory vs. Apr-Jun'21



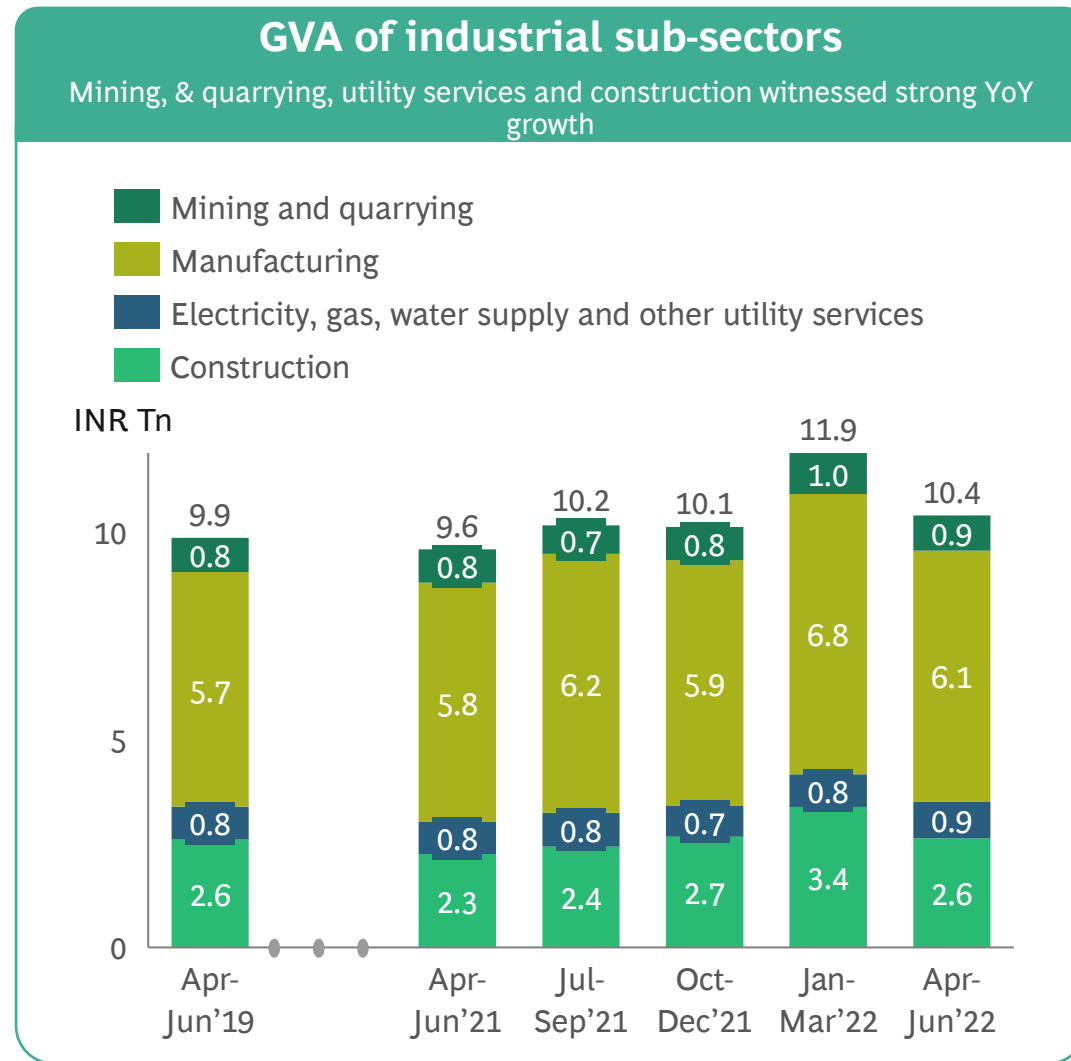
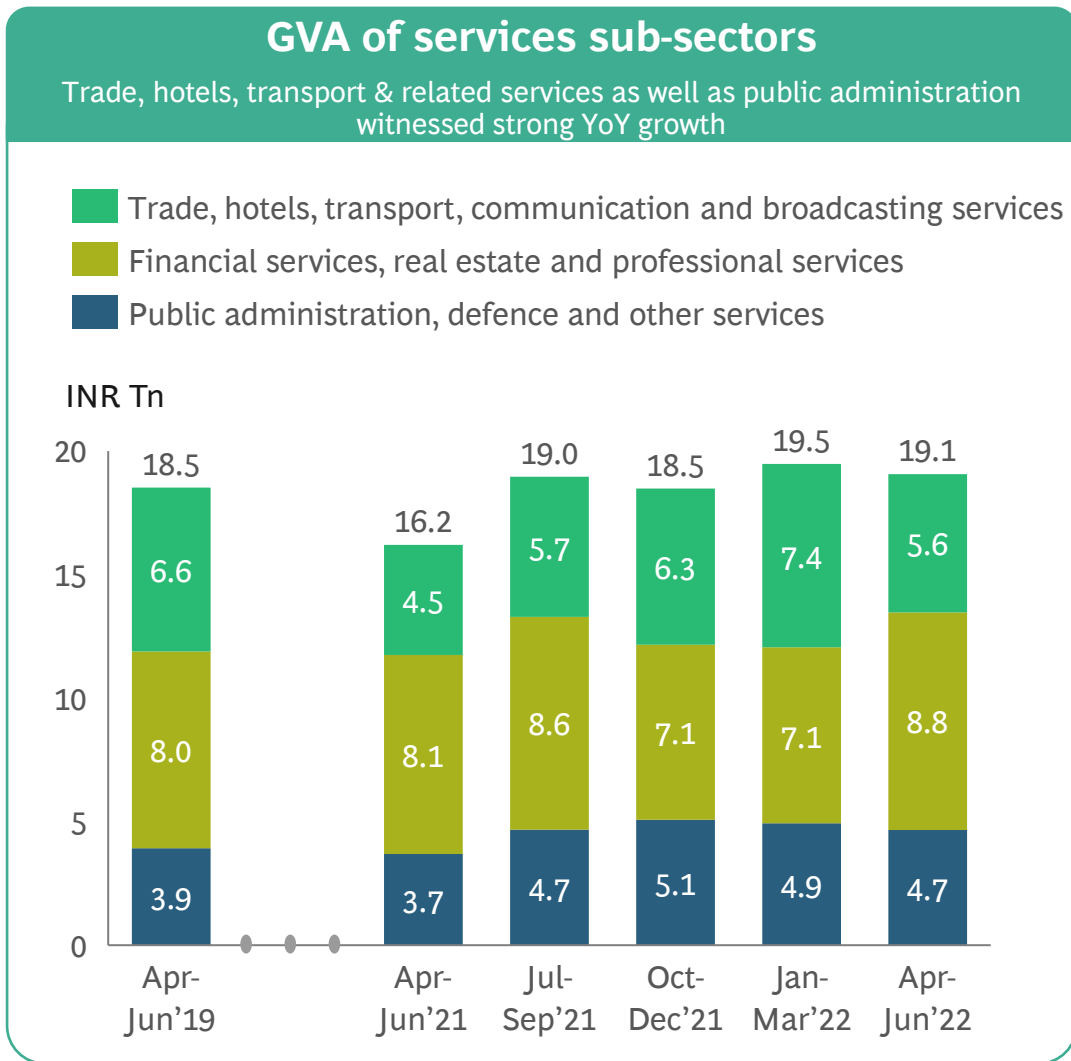
1. Gross capital formation is measured by acquisition of produced assets (including purchases of second-hand assets), including the production of such assets by producers for their own use, minus disposals. The relevant assets relate to assets that are intended for use in the production of other goods & services for a period of more than a year
 2.. The OBICUS survey captures information from selected companies in the manufacturing sector on installed capacity vis-a-vis actual production (in quantity and value terms) for different products. The survey responses are those of the respondents. The CU for a quarter is estimated based on all reporting companies in that round after removing any outlier
 Source: RBI, CMIE, BCG Analysis

Services sector led with the highest growth followed by industry; Agriculture grew at a slower pace vs. other sectors



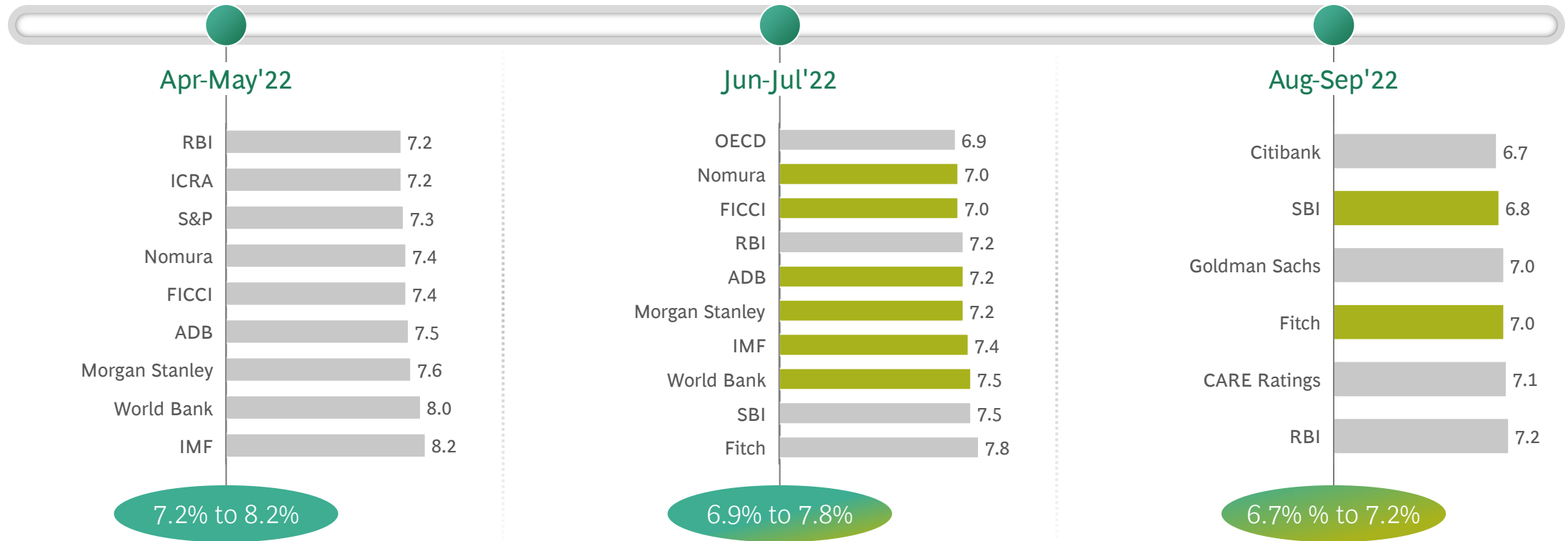
Source: CMIE, BCG Analysis

YoY increase in GVA observed across all sub-sectors in services and industry



India's FY23 GDP forecasted to grow between 6.7% to 7.2% YoY; Projections revised downwards during Aug-Sep'22

India GDP growth forecast for FY23 (YoY,%)



Data as of 15th Sep'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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