

India Economic Monitor

JUNE 2023

Executive summary



In Jan-Mar'23, India's real GDP grew by 6.1% YoY, the highest among major world economies. Manufacturing growth rebounded after contracting for last 2 quarters, owing to easing of input costs; construction sector also grew by 11% YoY. Growth in services was led by strong performance of trade, hotels, transport & communication services. Overall, all GDP components logged broad-based improvement: gross capital formation exhibited highest growth while private & government consumption grew, albeit at a slower pace.

In May'23, select high frequency indicators improved on the back of buoyant demand, at varying growth rates. IIP declined in Apr'23, after improving in the previous month. This is attributable to weaker monthly performance of manufacturing & mining sectors. Select underlying metrics (e.g., steel, power) also witnessed muted growth. Manufacturing PMI reached its highest value since Oct'20 while services PMI fell marginally vs. Apr'23.

Trade & investment indicators exhibited mixed trends. Merchandise trade deficit rose to a 5-month high, with tepid export growth. Services trade surplus also fell marginally. Forex reserves remained near Apr'23 levels in May'23, although declined vs. May'22. FDI surged in Apr'23, however, remained below Apr'22 levels.

BFSI indicators improved. UPI achieved a milestone of 9.5 Bn transaction volumes & INR 14.3 Tn in transaction value. Aggregate deposits & credit continued to trend on an upward path. Life insurance recorded strong monthly uptick in May'23, although remained below May'22 levels. This reflects fluctuations in insurance market, owing to changing regulations & customer preferences. NSE & BSE transactions increased significantly.

In terms of macroeconomic indicators, CPI eased to a 25-month low, driven by deceleration across most components (except core inflation). WPI remained negative for the second consecutive month, because of easing commodity, food & fuel prices. GST collections clocked a decline. As per RBI's survey, households' current perception on general economic situation continued to improve steadily. Analyst forecasts indicate GDP growth of 5.5-6.5% YoY for FY24.

Most high frequency indicators witnessed an uptick vs. 2022 levels in Apr-May'23 (1/2)

Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	May'23	May'22	YoY	Apr'23	MoM
IIP (Index) *	140	134.6	4%	151	-7%
Power Consumption ('000 MUs)	4.4	4.39	0%	4.4	0%
Petroleum Consumption (MMT)	20.03	18.27	10%	18.41	9%
Steel Consumption (MMT)	10.32	9.40	10%	10	3%
Cement Production (MT) *	36.5	32.9	11%	37.7	-3%

Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	May'23	May'22	YoY	Apr'23	MoM
E-way Bills (Mn)	88	73.62	20%	84.3	4%
JNPT Traffic ('000 TEUs)	550	487	13%	522	5%
Rail Freight (Mn Tons) *	126	122.2	3%	145	-13%
Air Freight (K Tons) *	269	269.21	0%	287	-6%

Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	May'23	May'22	YoY	Apr'23	MoM
Merchandise Exports (\$ Bn)	35	37.29	-6%	35	0%
Merchandise Imports (\$ Bn)	57	60.62	-6%	50	14%
Services Exports (\$ Bn)	25	23.28	7%	30	7%
Services Imports (\$ Bn)	14	14.43	-3%	17	21%

Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	May'23	May'22	YoY	Apr'23	MoM
PV Sales ('000 Units) *	325.0	298.1	9%	361	-10%
Tractor Sales ('000 Units) *	87.0	99.9	-13%	93.0	-6%
2W Sales ('0000 Units) *	160.0	155.4	3%	154.0	4%
EV Registrations ('000 Units)	157.21	65.87	139%	110.50	42%

* Data available only upto Apr'23 as on 25th June –hence growth comparisons are for Apr and not May. Apr'23 data has been compared with Apr'19, Apr'22 & Mar'23 data for the 2019 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 witnessed an uptick vs. 2022 levels in Apr-May'23 (2/2)

Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	May'23	May'22	YoY	Apr'23	MoM
UPI Value (INR Tn)	14.9	10.4	43%	14.1	6%
Aggregate Deposits (INR Tn) *	184.35	168	10%	180	2%
Aggregate Credit (INR Tn) *	139.04	120	16%	137	1%
NSE & BSE Txns. (INR K Cr)	1402.58	1299.25	8%	930.29	51%
Insurance Premium (INR K Cr)	42	39.88	5%	38	11%

Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	May'23	May'22	YoY	Apr'23	MoM
GST Collections (INR Tn)	1.57	1.41	11%	1.87	-16%
WPI (%)			-3.40%		
CPI (%)			4.25%		
Jan Dhan Deposits (INR Tn)	1.97	1.7	16%	1.7	16%
MGNREGA Emp. Provided (HH)	28.6	26.20	9%	21	36%

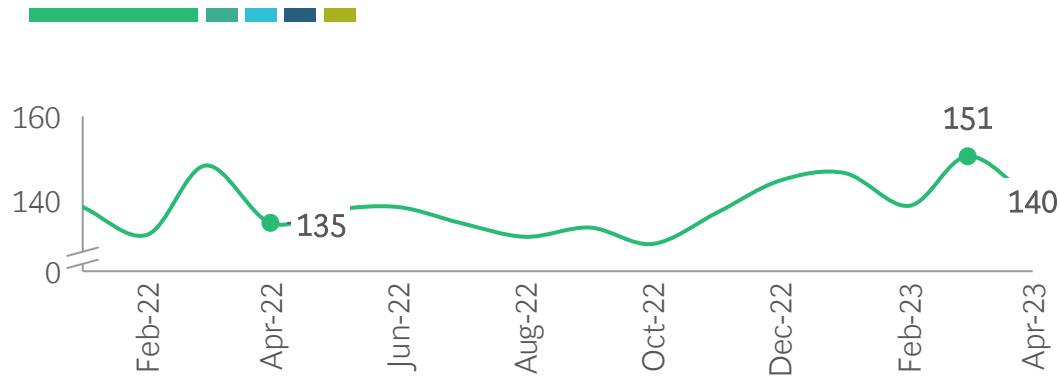
Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	May'23	May'22	YoY	Apr'23	MoM
Manufacturing PMI (Index)	58.7	54.6	8%	57.2	3%
Services PMI (Index)	61.2	58.9	4%	62	-1%
Current Situation Index *	87	71.7	21%	84.8	3%
Future Expectations Index *	116	115.2	1%	116.2	0%

* Data available only upto Apr'23 as on 25th June –hence growth comparisons are for Apr and not May. Apr'23 data has been compared with Apr'19, Apr'22 & Mar'23 data for the 2019 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

IIP witnessed a downward swing; Most underlying indicators remained constant in Apr-May'23

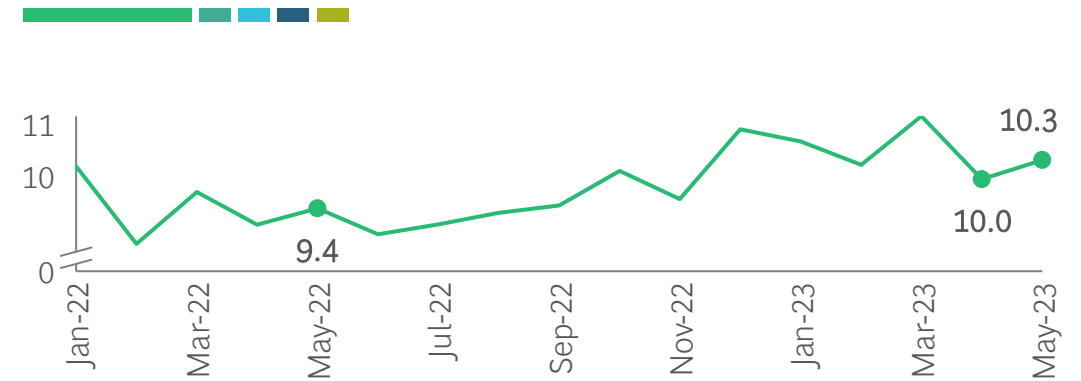
Index of Industrial Production¹

IIP plunged in Apr'23, after improving in previous month



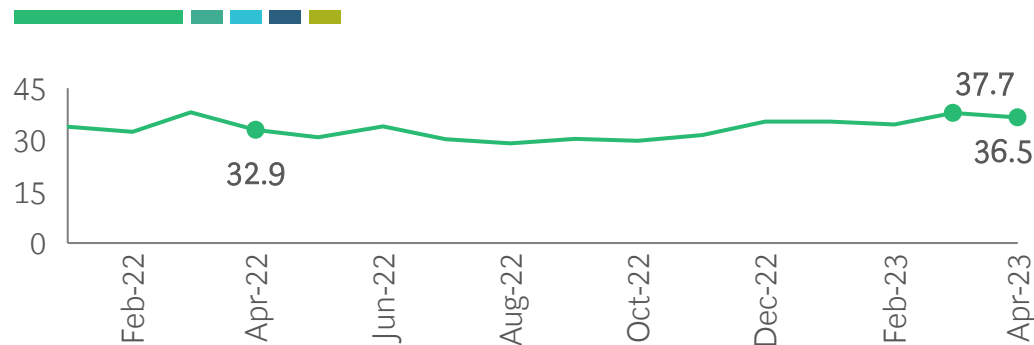
Steel Consumption (MMT)²

Steel consumption increased marginally in May'23 vs. Apr'23



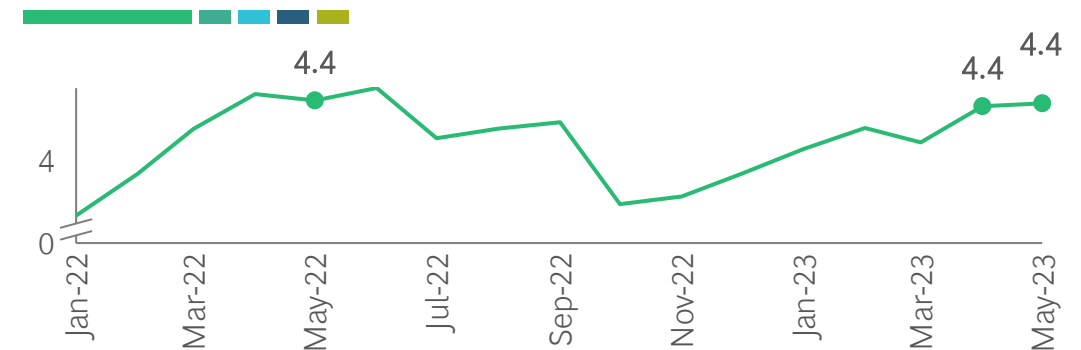
Cement Production (MT)

Cement production declined marginally in Apr'23 vs. Mar'23



Daily Average Power Consumption ('000s MUs)

Power consumption remained at Apr'23 levels in May'23



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

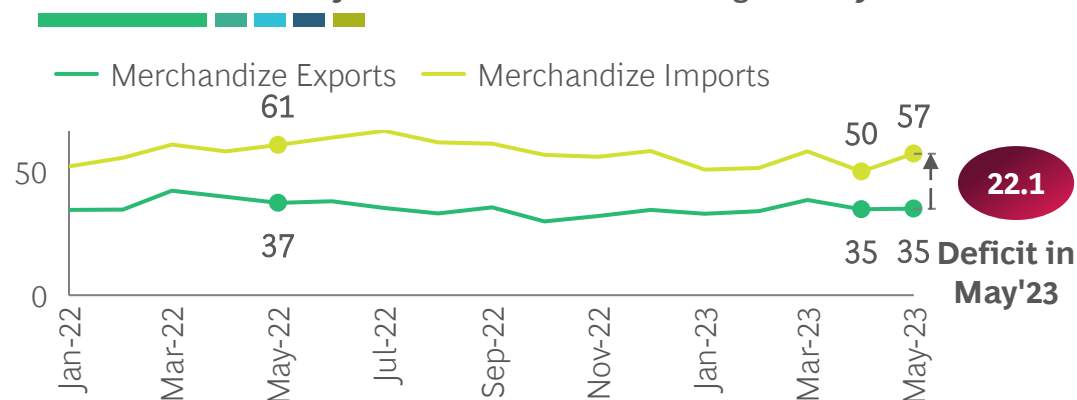
2. Steel consumption incl. long & flat steel

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 grew significantly & services trade surplus fell; Forex remained unchanged while FDI increased in Apr-May'23

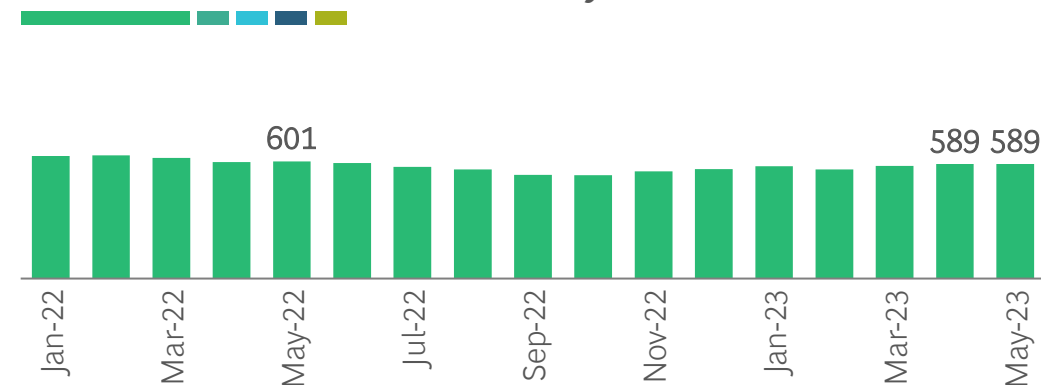
Merchandise Trade (\$ Bn)

Merchandise trade deficit widened to a 5-month high in May'23



Forex Reserves (\$ Bn)

Forex reserves remained consistent in May'23



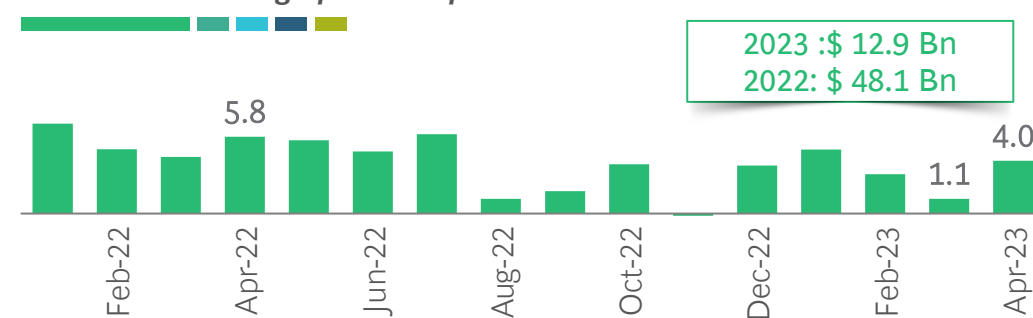
Services trade (\$ Bn)

Services trade surplus fell in May'23 vs. Apr'23



FDI (\$ Bn)¹

FDI recorded strong uptick in Apr'23 vs Mar'23



Note: May'23 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry

1. Denotes total inward FDI to India; 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

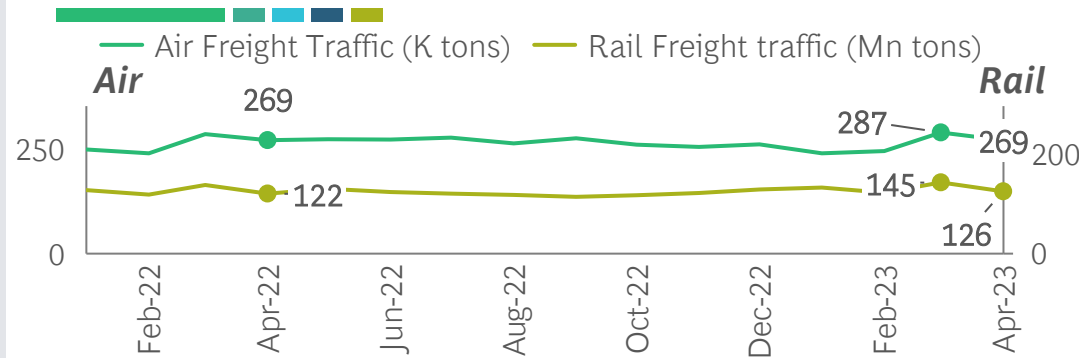
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

Source: CMIE, RBI, IndiaStat, PIB

Logistics indicators (except freight traffic) improved in Apr-May'23

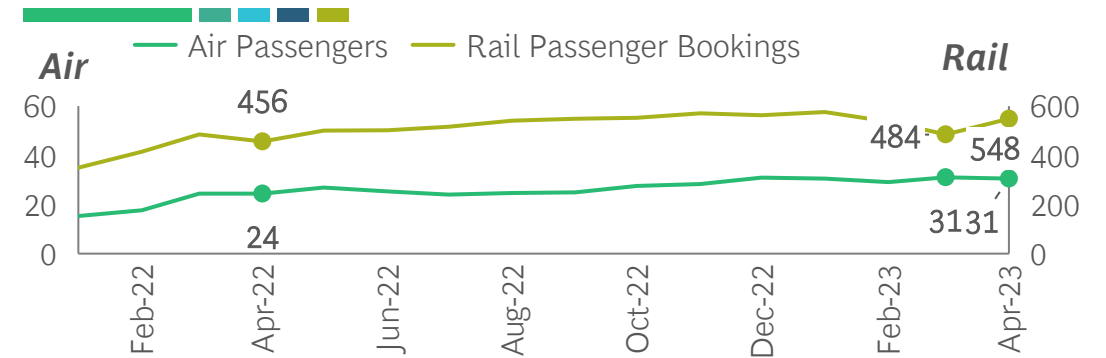
Freight Traffic

Air & rail freight traffic logged a decline in Apr'23 vs. Mar'23



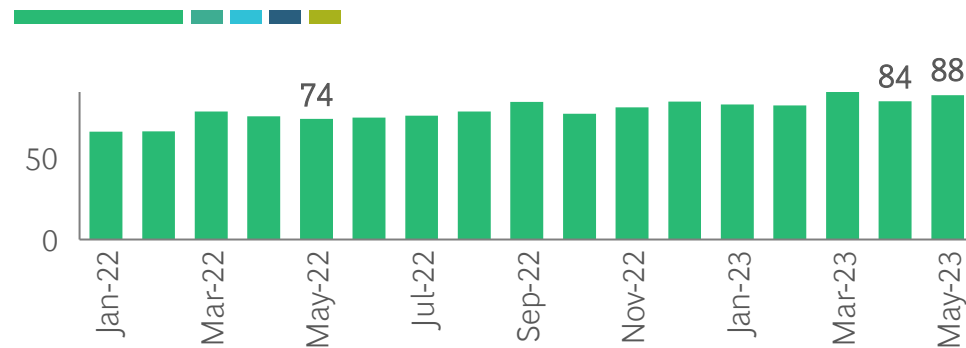
Passenger traffic (Mn)

Rail passenger traffic improved while air traffic remained at Mar'23 levels in Apr'23



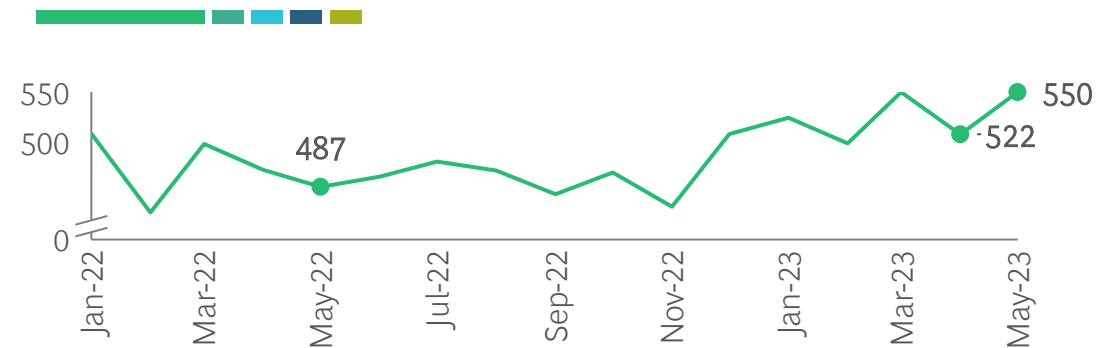
E-way Bills (Mn)¹

E-way bill volume grew marginally in May'23 vs. Apr'23



JNPT Container Traffic ('000 TEUs)²

JNPT traffic increased in May'23 vs. Apr'23



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

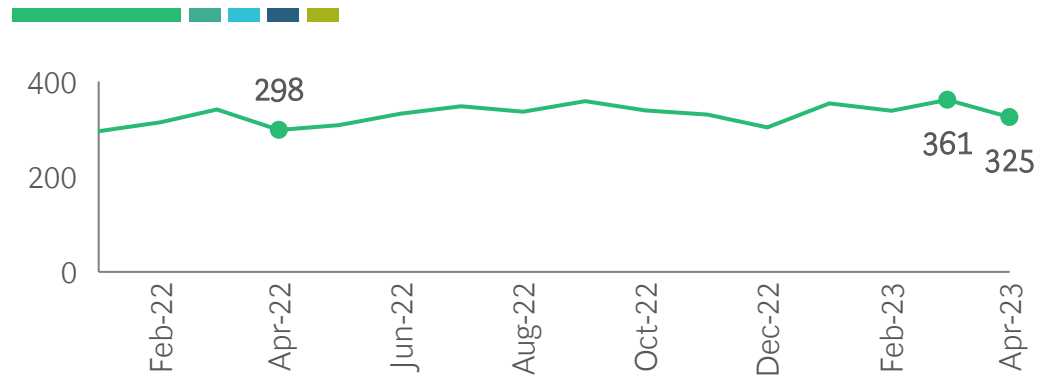
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

Auto sales recorded degrowth across all segments (except 2W) in Apr'23, driven by inflationary pressures & supply bottlenecks

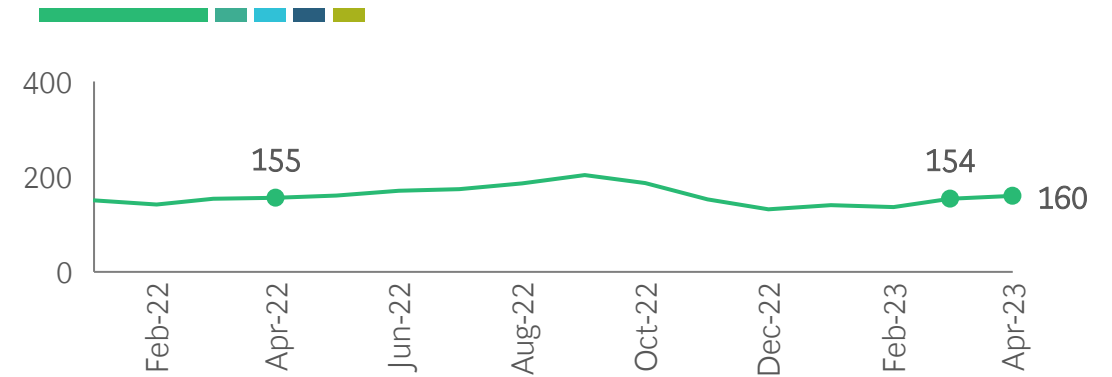
Passenger vehicles sales ('000 units)

PV sales fell in Apr'23, after improving in Mar'23



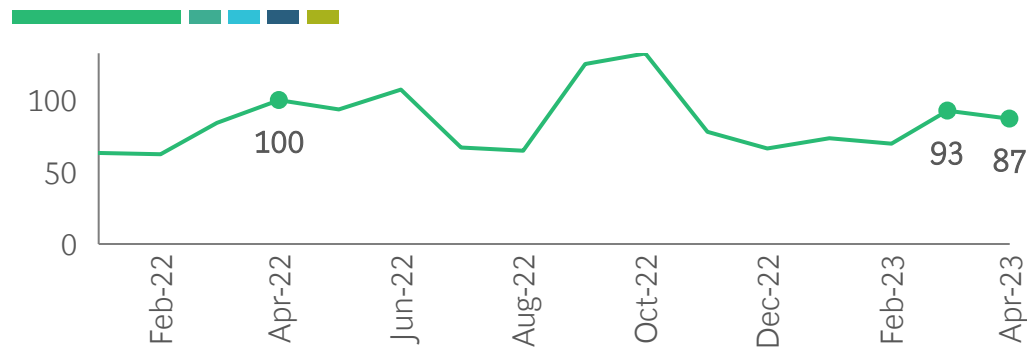
Two-wheeler sales ('0000 units)

2W sales grew for the second consecutive month in Apr'23



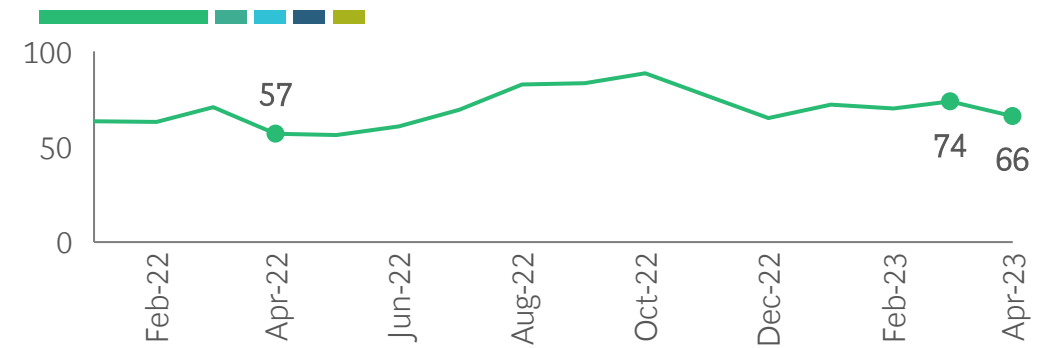
Tractor sales ('000 units)

Tractor sales inched down marginally in Apr'23 vs. Mar'23



Three-wheeler sales ('000 units)

3W sales hit a 4-month low in Apr'23



Figures represent wholesale numbers (including exports).

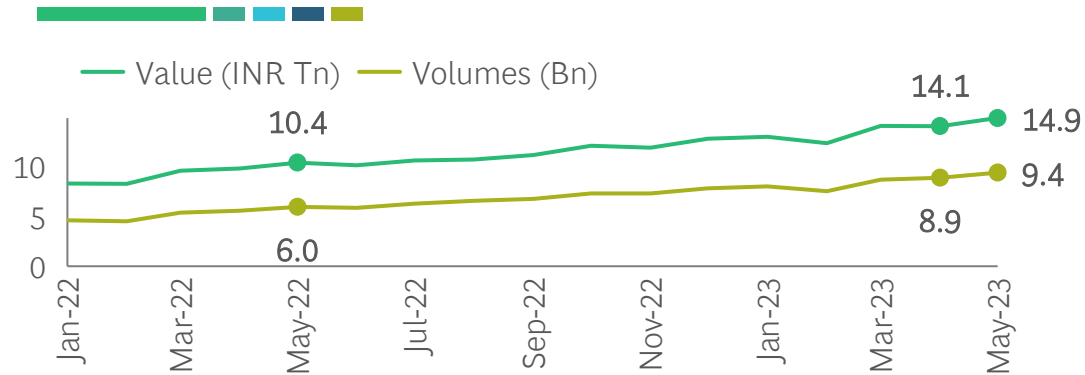
1. BMW, Mercedes and Volvo Auto data is not available

Source: SIAM, CMIE, TMA, Press search, BCG analysis

BFSI indicators registered an uptick in Apr-May'23

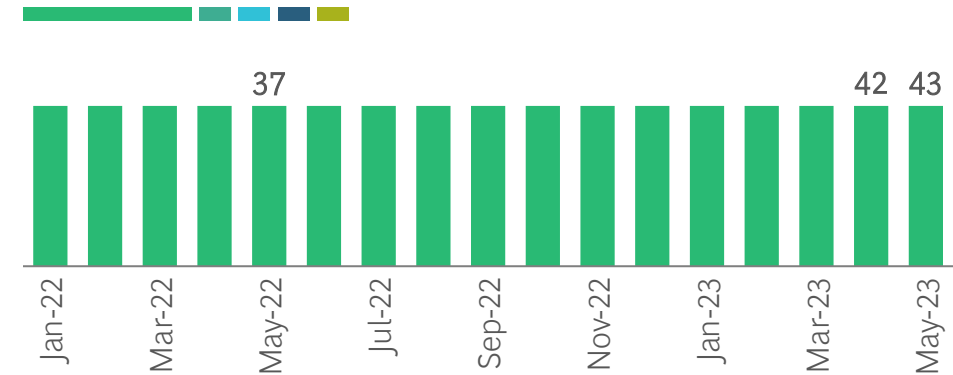
UPI

UPI volume & value on continued to reach record high levels in May'23



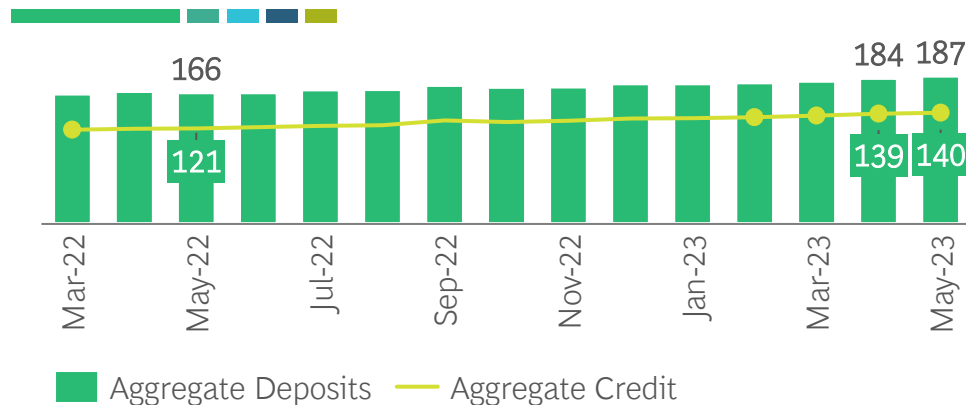
Mutual Funds AUM (INR Tn)

Mutual funds AUM remained consistent in May'23



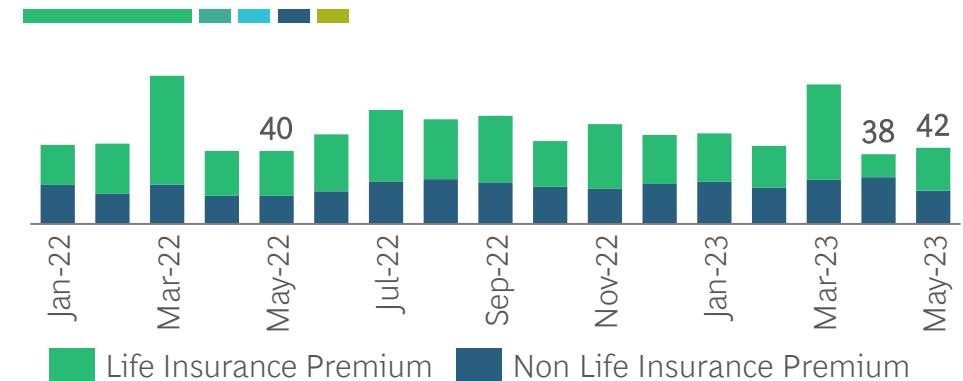
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit almost at Apr'23 levels in May'23



Insurance Premium (INR '000 Cr)

Life insurance premium increased for the second consecutive month in May'23



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 24th Apr'23

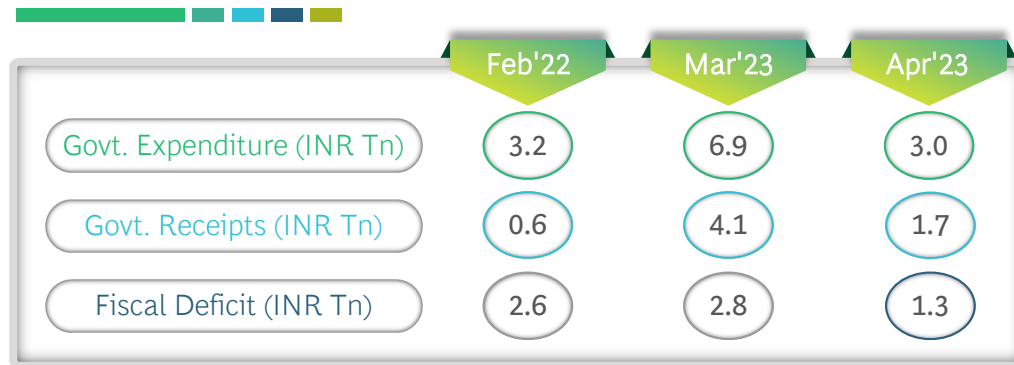
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India BCG analysis

GST collections fell sharply; Fiscal deficit improved while repo rate remained constant at 6.5% in Apr-May'23

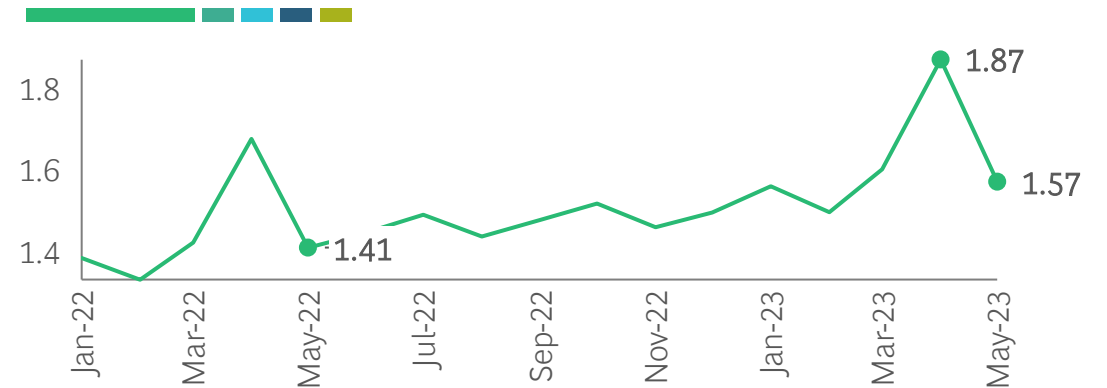
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit decreased, driven by decline in Govt. expenditure in Apr'23



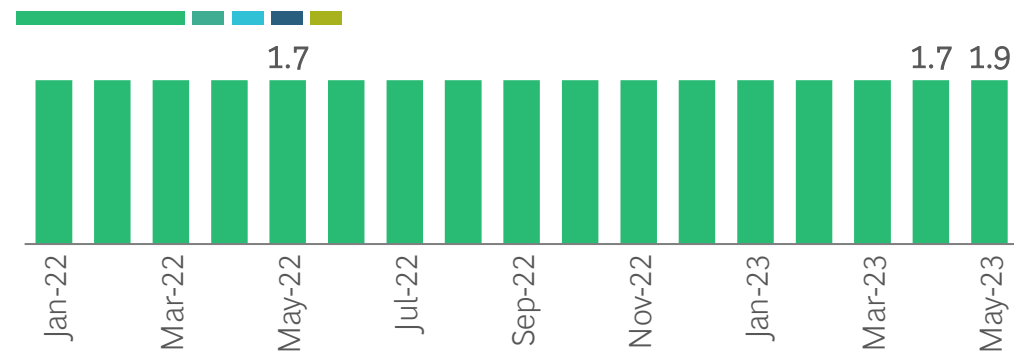
GST Collections¹ (INR Tn)

GST collections plummeted in May'23 vs. Apr'23



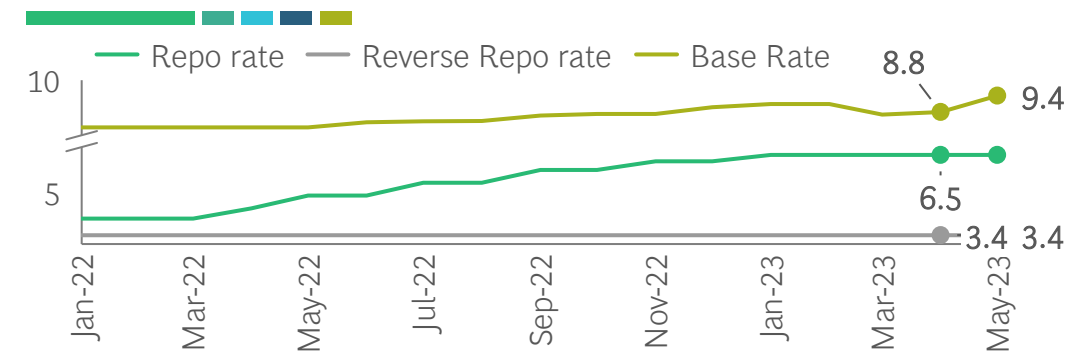
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits increased in May'23 vs. Apr'23



RBI's policy rates (%)

Repo rate remained at Apr'23 levels in May'23

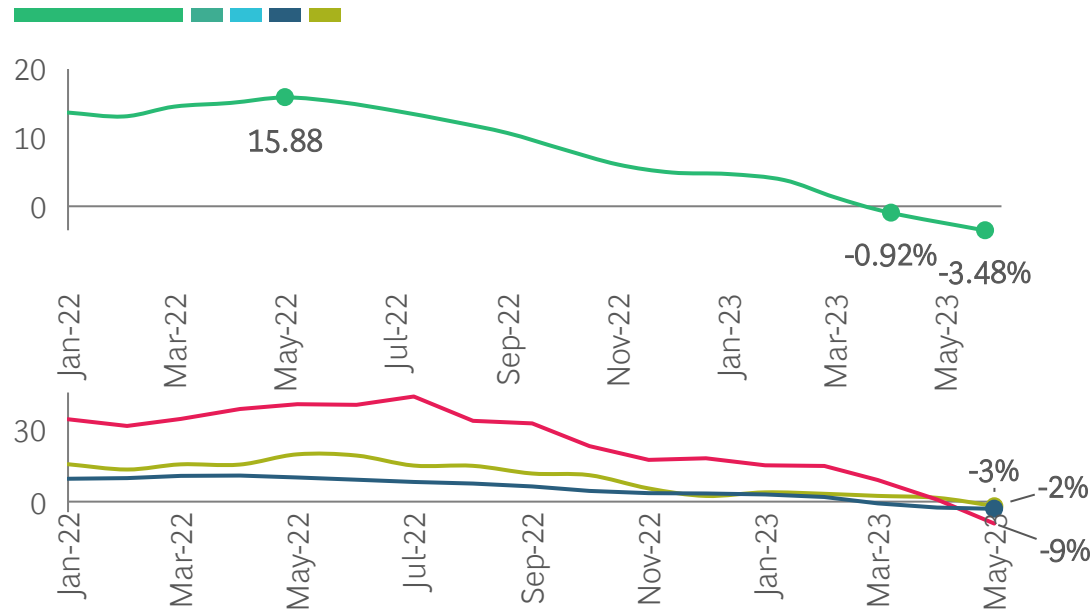


1. GST Collections include all components: CGST, SGST, IGST, Cess
 Note: Mar'23 data not available for Govt. receipts & expenditure & Fiscal Deficit as on 23rd May'23
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI remained in deflationary zone for the second consecutive month; CPI also dropped to a 2-year low in May'23

Wholesale Price Index (WPI)¹

WPI dipped to a 3-year low in May'23

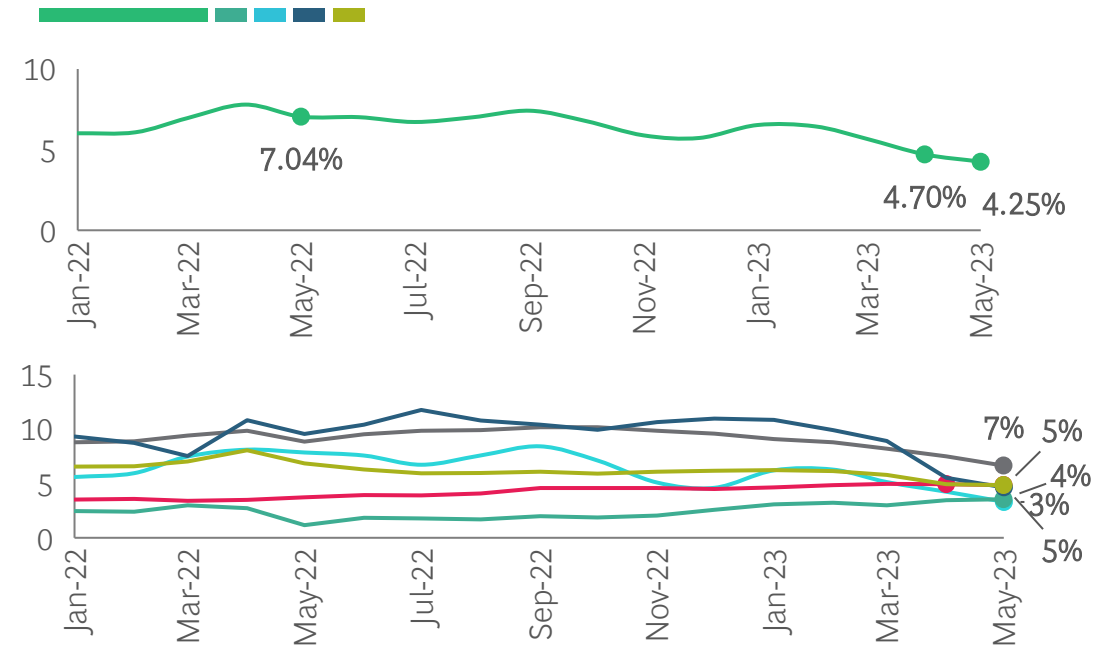


Sub-component (weightage)

- Primary Articles (23%)
- Fuel & Power (13%)
- Manufactured Products (64%)

Consumer Price Index (CPI)²

CPI cooled to a 2-year low in May'23



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

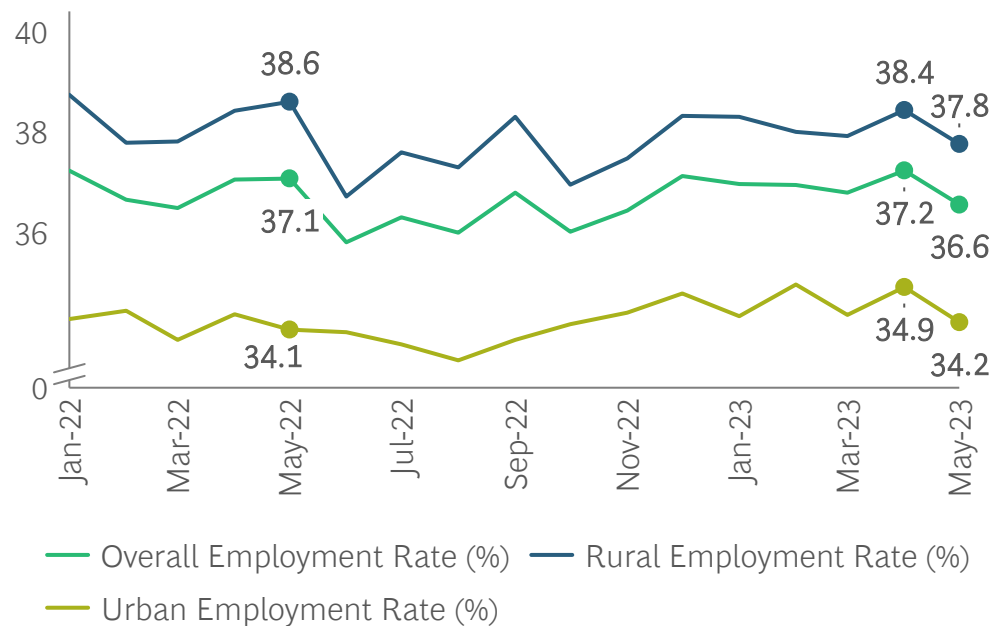
1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, 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 fell marginally; MGNREGA work demand & employment recorded an upswing in May'23

CMIE Employment rate (%)¹

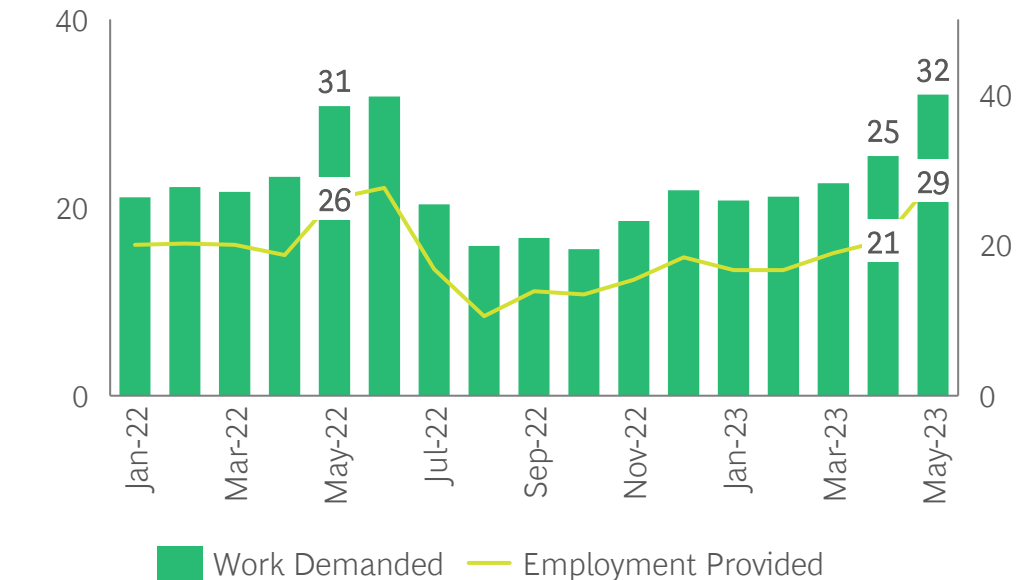
Urban & rural employment rates dipped marginally in May'23 vs. Apr'23

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

MGNREGA work demanded & employment provided improved in May'23 vs. Apr'23

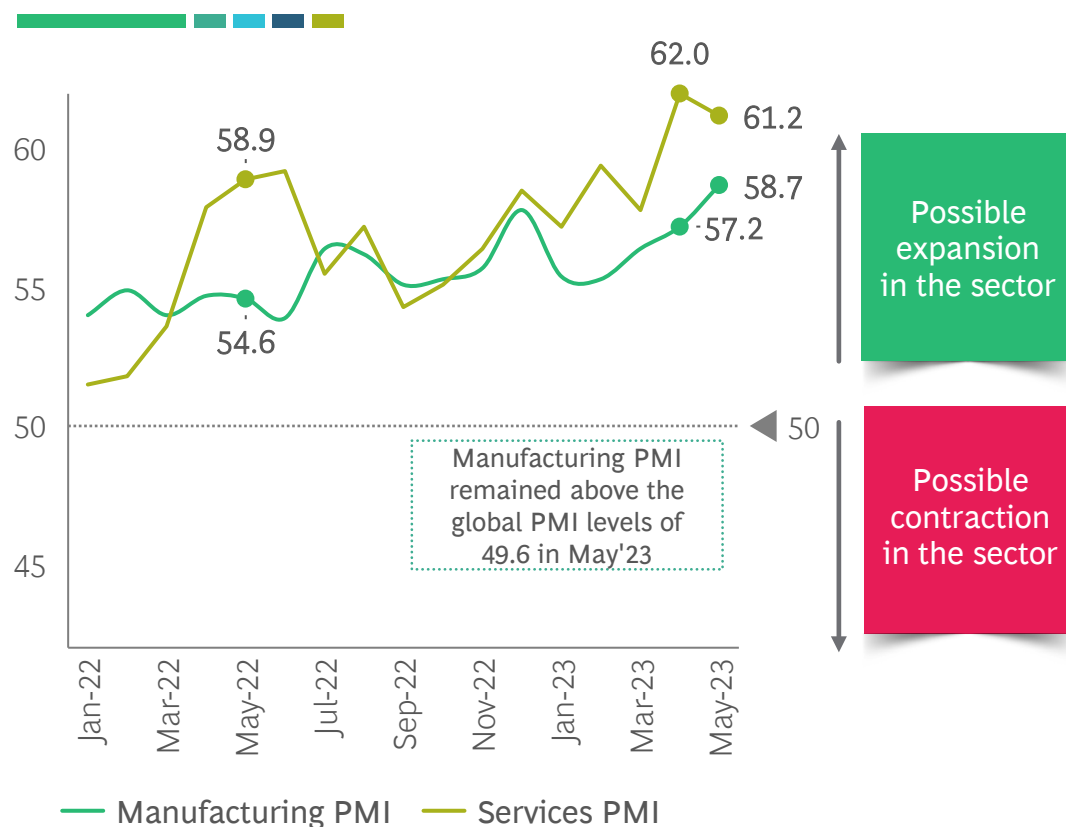


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. MGNREGA employment provided data not available as on 21st Feb'23
 Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Manufacturing PMI hit a 31-month high while services PMI dipped; Consumer confidence continued to improve in May'23

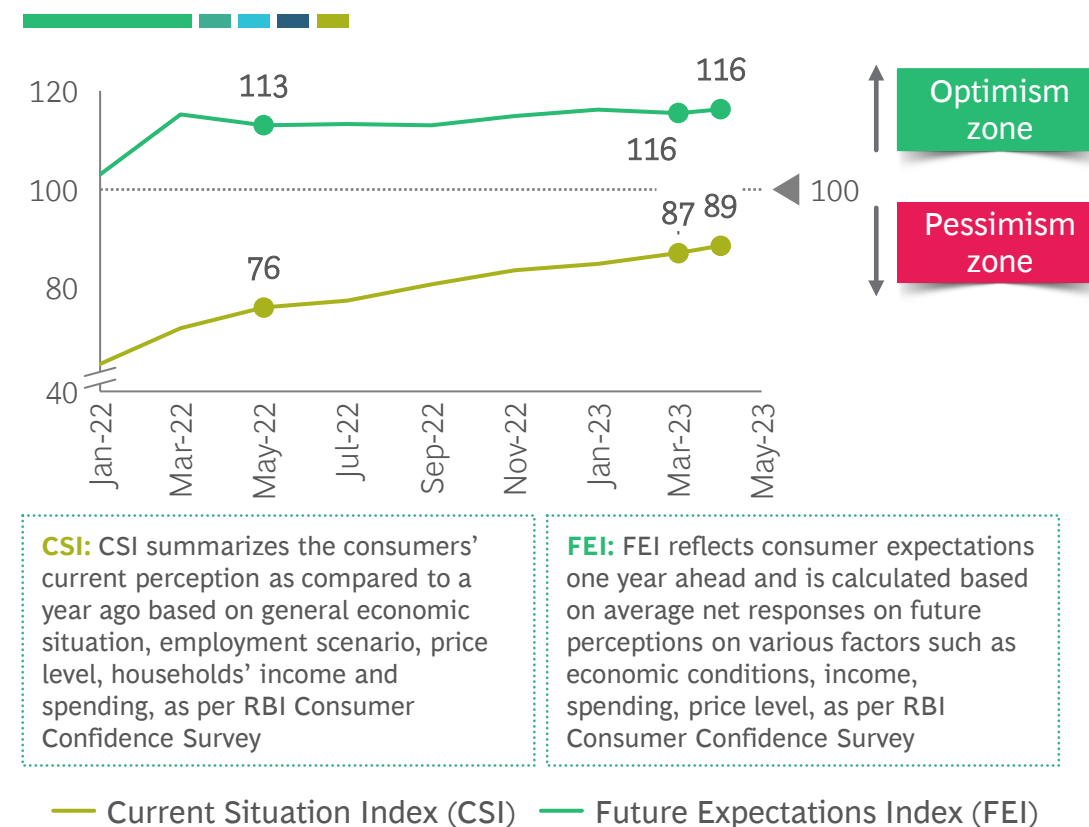
Manufacturing and services PMI¹

Manufacturing PMI continued to soar while services PMI fell marginally in May'23



Consumer Confidence Survey (RBI)²

CSI improved while FEI growth remained subdued in May'23 vs. Apr'23



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

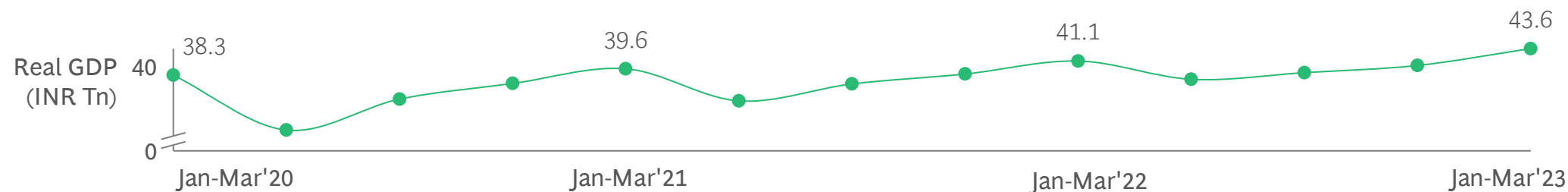
FEI: FEI reflects consumer expectations one year ahead and is calculated based on average net responses on future perceptions on various factors such as economic conditions, income, spending, price level, as per RBI Consumer Confidence Survey

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: 6,075 responses across 19 major cities surveyed during 2nd March to 11th March, 2023; 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 6.1% YoY in Jan-Mar'23; All components recorded an uptick vs. last year



% change vs. previous year

2.9%

3.4%

4.0%

6.1%

GDP Components

	Y GDP	=	C Pvt. Consumption	+	G Govt. Consumption	+	I Gross Investment	+	X Exports	-	M Imports
% GDP share in Jan-Mar'23 ¹			55.0%		11.1%		36.9%		-0.1%		
% change vs. Jan-Mar'22	6.1%		2.8%		2.3%		7.8%		11.9%		4.9%

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)

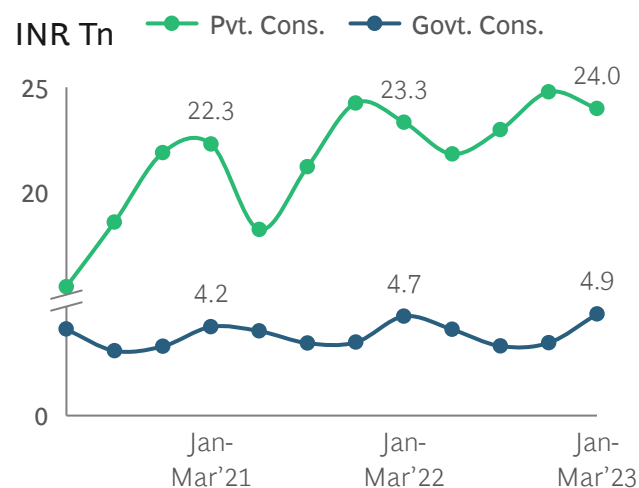
1. Discrepancies account for 2.9% share in GDP; 2. Statistical Discrepancy: taking the GDP from the production approach as the control total, gives the measure of the overall difference between the production approach and the expenditure approach followed for estimation.

Source: CMIE, BCG Analysis

GCF witnessed strong growth; Pvt. & Govt. consumption also grew, however at a slower pace vs. Jan-Mar'22 levels

Pvt. & Govt. Consumption

Both pvt. & govt consumption on an upward trajectory vs. Jan-Mar'23 levels



% change vs previous year

6.8%

4.7%

2.8%

Private Consumption

% change vs. previous year

23.4%

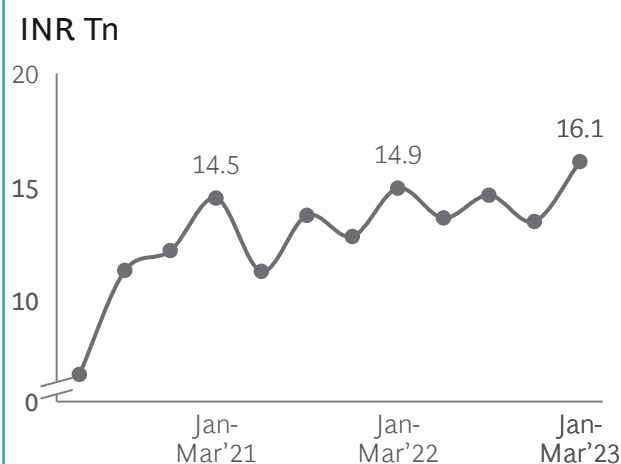
11.8%

2.3%

Government Consumption

Gross capital formation¹

GCF on an upward swing in Jan-Mar'23



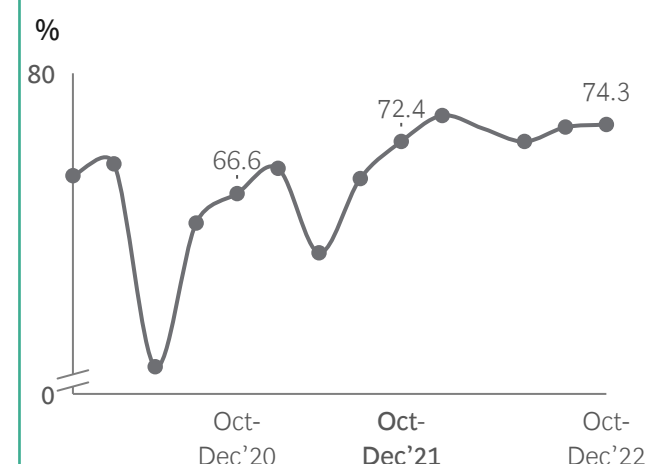
16.3%

3.0%

7.8%

Mfg. capacity utilization²

Capacity utilization increased although at a slower pace



-2.9%

8.7%

2.6%

Data as per RBI's quarterly OBICUS survey launched on 06 April 2023

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

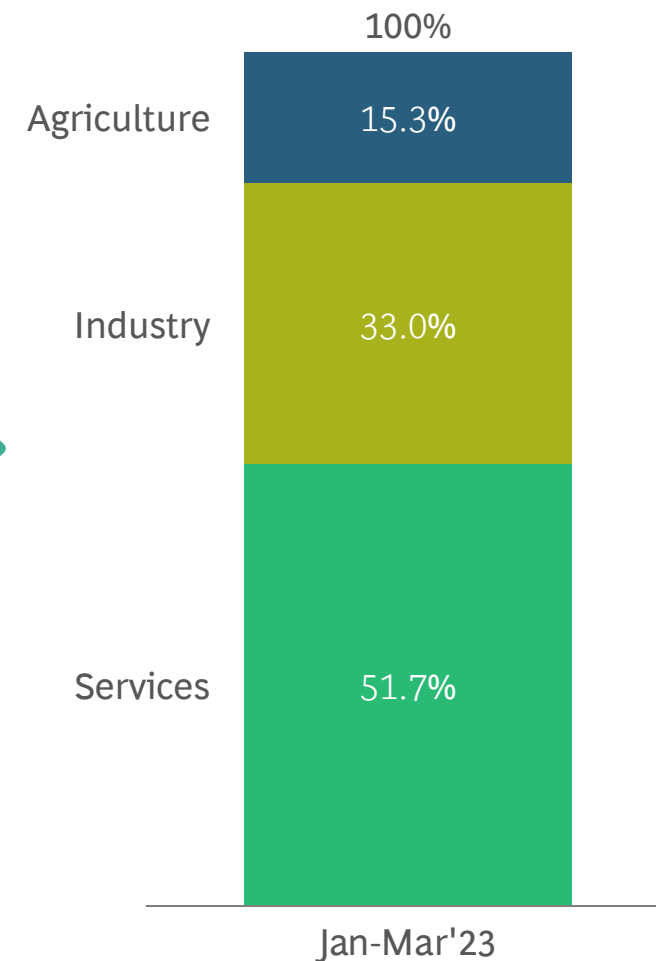
Source: RBI, CMIE, BCG Analysis

All key sectors witnessed an uptick vs. last year; Services sector led with the highest growth vs. Jan-Mar'22 levels

Sectoral GVA (INR Tn)



Share in sectoral GVA %

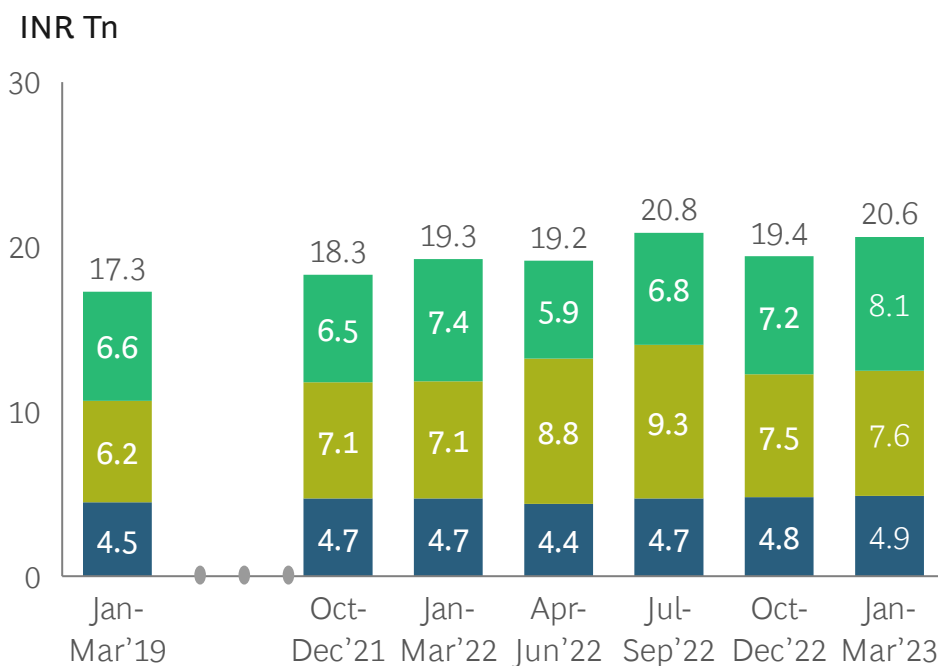


Industrial & services sub-sectors recorded growth vs. last year levels in Jan-Mar'23

GVA of services sub-sectors

Services GVA improved vs. previous year with highest growth in trade, hotels, transport & communication services

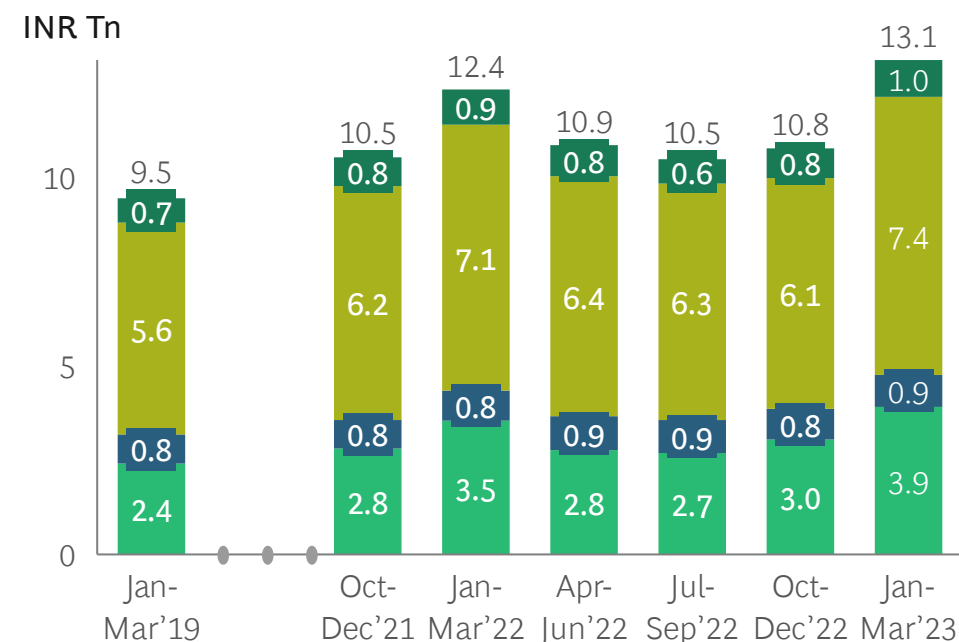
- Trade, hotels, transport, communication and broadcasting services
- Financial services, real estate and professional services
- Public administration, defence and other services



GVA of industrial sub-sectors

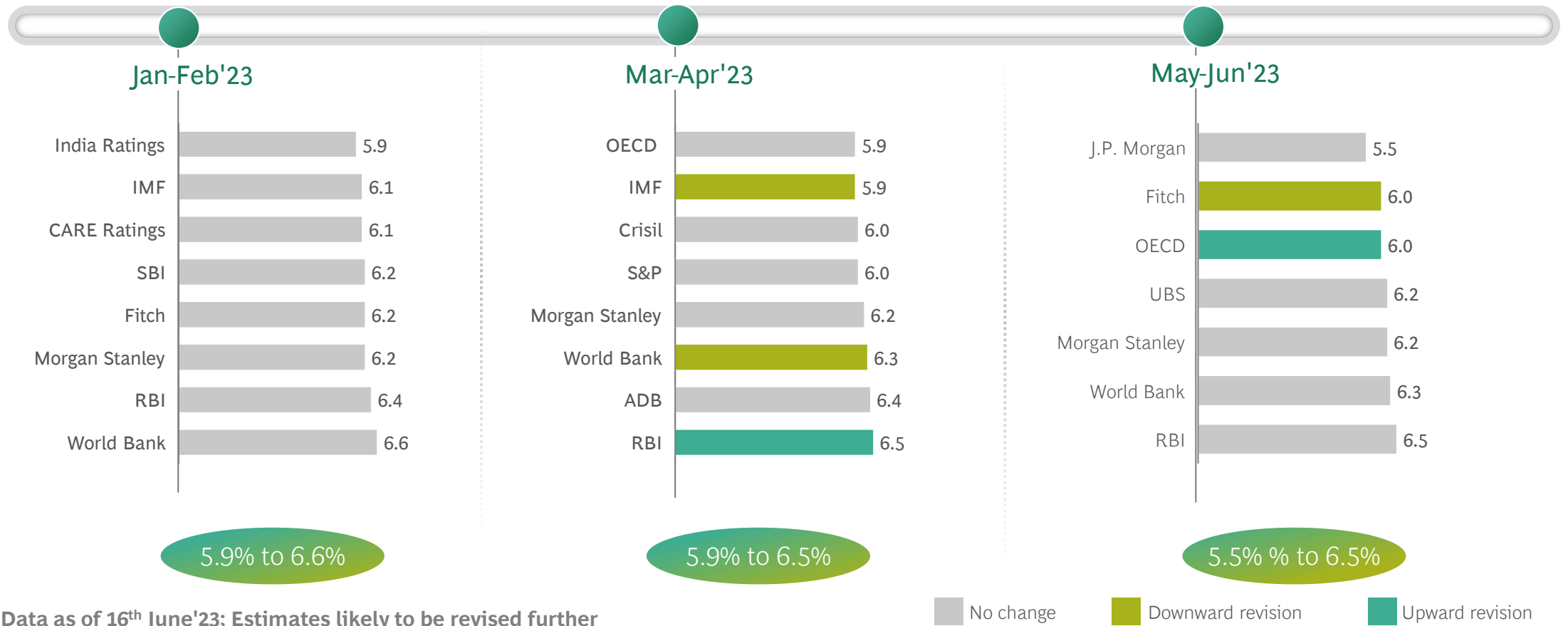
Manufacturing & construction recorded strong expansion vs. previous year

- Mining and quarrying
- Manufacturing
- Electricity, gas, water supply and other utility services
- Construction



FY24 forecasted GDP to grow between 5.5% to 6.5% YoY; Most forecasts remained unchanged in May-Jun'23 period

India GDP growth forecast for FY24 (YoY,%)



Data as of 16th June'23; Estimates likely to be revised further

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;



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bcg.com