

India Economic Monitor

FEB 2024

Executive summary



In Jan'24, most high-frequency indicators exhibited moderate to high growth vs. previous month. IIP witnessed an upswing in Dec'23, led by growth in manufacturing sector output. Underlying metrics (cement production, steel consumption & daily avg. power consumption) recorded a monthly uptick. Auto sector also witnessed a strong growth in most segments (except three-wheeler) driven by positive consumer sentiment and continued recovery in rural markets.

Trade and investment indicators exhibited mixed trends. Merchandise trade deficit narrowed in Jan'24, largely due to a steeper drop in imports over exports. Imports in categories such as fertilizers and vegetable oil dropped due to reduced demand and push for domestic production. The decline in exports is mainly due to armed conflict in the Red Sea. Services trade surplus grew in Jan'24 due to high growth in IT and BPO services export. Forex reserves declined in Jan'24, after hitting a 21-month high in Dec'23. FDI also plummeted sharply, mainly due to a rise in repatriation of equity capital.

Most BFSI indicators exhibited an increasing trend in Dec'23-Jan'24. UPI volume and value recorded a new high in Jan'24 with transaction value touching INR 18.41 trillion. This can be attributed to the increasing number of UPI users and payment touchpoints. Life insurance premium fell in Jan'24 after registering a surge in Dec'23, due to significant fall in LIC new business premium. NSE and BSE transactions grew significantly, registering a 20% MoM growth in Jan'24.

On the macroeconomic front, CPI inflation cooled to a three-month low of 5.09% in Jan'24 due to slow growth in food prices and favorable base effects. WPI inflation also eased in Jan'24 to 0.27%, on account of lower inflation rates in primary articles and manufactured products. Manufacturing PMI hit a four-month peak in Jan'24, driven by robust growth in new domestic and export orders. Services PMI also surged to a six-month high, attributable to faster growth in new orders, formal employment in the sector, and business confidence. GST revenue clocked its second highest monthly collection ever, up by 10.4% YoY, due to better trade compliance, settled notices for 2017-18, and anti-evasion data analytics. Analyst forecasts indicate GDP growth of 6.2-7.3% YoY for FY24, with most agencies raising their projections.

Most high frequency indicators witnessed an uptick in Dec'23-Jan'24 vs. previous year (1/2)

| Industry | Growth | | | | |
|------------------------------|--------------|---------------|-----|----------------|-----|
| | Latest month | Vs. Last year | | Vs. Last month | |
| | Jan'24 | Jan'23 | YoY | Dec'23 | MoM |
| IIP (Index) * | 151.50 | 144.70 | 5% | 141.0 | 7% |
| Power Consumption ('000 MUs) | 4.32 | 4.10 | 5% | 3.97 | 9% |
| Petroleum Consumption (MMT) | 20.04 | 18.70 | 7% | 20.05 | 0% |
| Steel Consumption (MMT) | 11.88 | 10.70 | 11% | 11.75 | 0% |
| Cement Production (MT) * | 35.81 | 35.20 | 2% | 30.30 | 18% |

| Logistics | Growth | | | | |
|--------------------------|--------------|---------------|-----|----------------|------|
| | Latest month | Vs. Last year | | Vs. Last month | |
| | Jan'24 | Jan'23 | YoY | Dec'23 | MoM |
| E-way Bills (Mn) * | 95.26 | 84.13 | 13% | 87.57 | 9% |
| JNPT Traffic ('000 TEUs) | 515.92 | 533.00 | -3% | 575.65 | -10% |
| Rail Freight (Mn Tons) * | 138.99 | 131.00 | 6% | 128.42 | 8% |
| Air Freight (K Tons) * | 287.11 | 259.12 | 11% | 269.33 | 7% |

| Trade & Investment | Growth | | | | |
|-----------------------------|--------------|---------------|-----|----------------|-----|
| | Latest month | Vs. Last year | | Vs. Last month | |
| | Jan'24 | Jan'23 | YoY | Dec'23 | MoM |
| Merchandise Exports (\$ Bn) | 36.92 | 33.00 | 12% | 38.54 | -4% |
| Merchandise Imports (\$ Bn) | 54.41 | 51.00 | 7% | 58.25 | -7% |
| Services Exports (\$ Bn) | 32.80 | 32.00 | 2% | 27.88 | 18% |
| Services Imports (\$ Bn) | 16.05 | 16.00 | 0% | 13.25 | 21% |


| Auto | Growth | | | | |
|-------------------------------|--------------|---------------|------|----------------|-----|
| | Latest month | Vs. Last year | | Vs. Last month | |
| | Jan'24 | Jan'23 | YoY | Dec'23 | MoM |
| PV Sales ('000 Units) | 388.68 | 354.00 | 10% | 303.69 | 28% |
| Tractor Sales ('000 Units) | 62.77 | 73.00 | -14% | 52.13 | 20% |
| 2W Sales ('0000 Units) | 175.55 | 140.00 | 25% | 149.95 | 17% |
| EV Registrations ('000 Units) | 144.38 | 100.56 | 44% | 140.84 | 3% |

** Data available only upto Dec'23 as on 19th Feb'24 – hence growth comparisons are for Dec and not Jan. Dec'23 data has been compared with Dec'22 & Nov'23 data for the YoY & MoM growth comparisons.
Note: EV registrations incl. E-bus, E-car, electric 3W, electric 2W, electric 3W cargo sales, others

Most high frequency indicators witnessed an uptick in Dec'23-Jan'24 vs. previous year (2/2)

|  Banking, Financial Services & Insurance | Growth | | | | |
|---|--------------|---------------|------|----------------|-----|
| | Latest month | Vs. Last year | | Vs. Last month | |
| | Jan'24 | Jan'23 | YoY | Dec'23 | MoM |
| UPI Value (INR Tn) | 18.41 | 13.00 | 42% | 18.23 | 3% |
| Aggregate Deposits (INR Tn) * | 201.00 | 177.00 | 14% | 197.92 | 2% |
| Aggregate Credit (INR Tn) * | 160.00 | 133.00 | 20% | 157.52 | 2% |
| NSE & BSE Txns. (INR K Cr) | 2706.85 | 1088.73 | 149% | 2273.48 | 20% |
| Insurance Premium (INR K Cr) | 60.78 | 50.00 | 22% | 63.68 | -5% |

|  Macroeconomic | Growth | | | | |
|---|--------------|---------------|-------|----------------|-----|
| | Latest month | Vs. Last year | | Vs. Last month | |
| | Jan'24 | Jan'23 | YoY | Dec'23 | MoM |
| GST Collections (INR Tn) | 1.72 | 1.56 | 10% | 1.65 | 4% |
| WPI (%) | | | 0.27% | | |
| CPI (%) | | | 5.10% | | |
| Jan Dhan Deposits (INR Tn) | 2.2 | 1.9 | 14% | 2.1 | 3% |
| MGNREGA Emp. Provided (HH) | 15.8 | 17.0 | -7% | 16.9 | -7% |

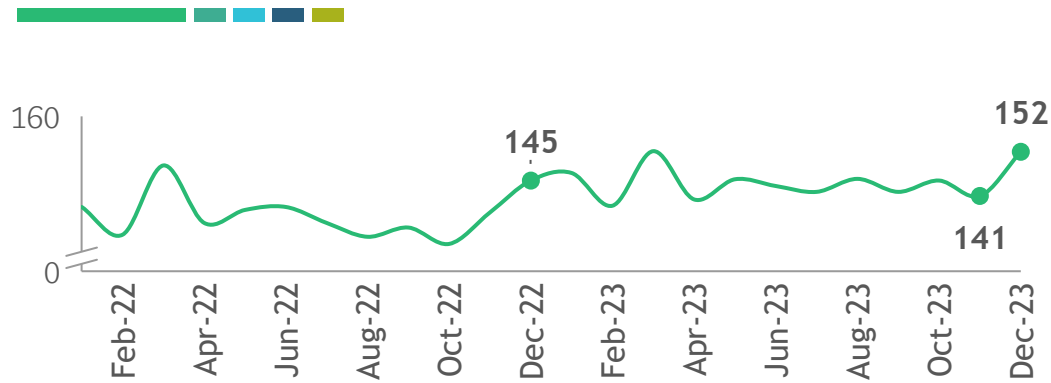
|  Sentiment | Growth | | | | |
|---|--------------|---------------|-----|----------------|-----|
| | Latest month | Vs. Last year | | Vs. Last month | |
| | Jan'24 | Jan'23 | YoY | Dec'23 | MoM |
| Manufacturing PMI (Index) | 56.5 | 55.4 | 2% | 54.9 | 3% |
| Services PMI (Index) | 61.8 | 57.2 | 8% | 59 | 5% |
| Current Situation Index | 95.1 | 84.8 | 12% | 92.2 | 3% |
| Future Expectations Index | 123.1 | 116.2 | 5% | 122.3 | 1% |

* Data available only upto Dec'23 as on 19th Feb'24 – hence growth comparisons are for Dec and not Jan. Dec'23 data has been compared with Dec'22 & Nov'23 data for the YoY & MoM growth comparisons.
Note: EV registrations incl. E-bus, E-car, electric 3W, electric 2W, electric 3W cargo sales, others

IIP registered an upswing; Underlying metrics also improved in Dec'23-Jan'24

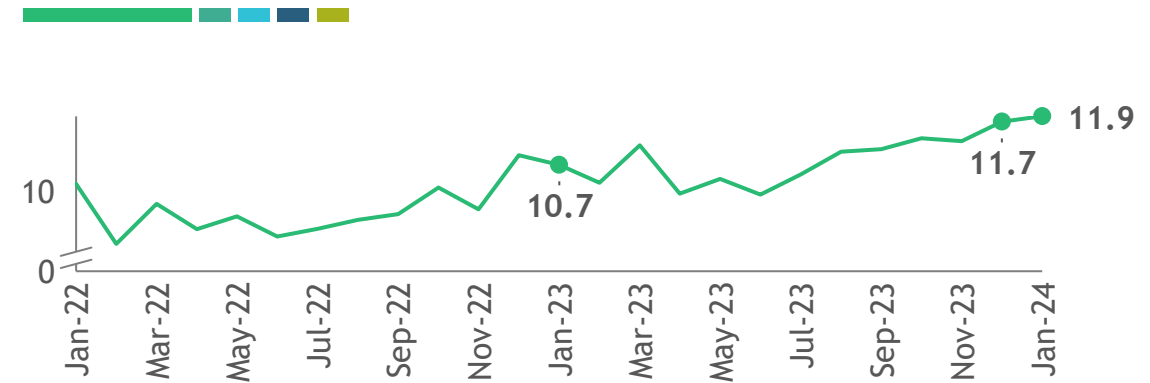
Index of Industrial Production¹

IIP rose sharply in Dec'23, highest in nine months



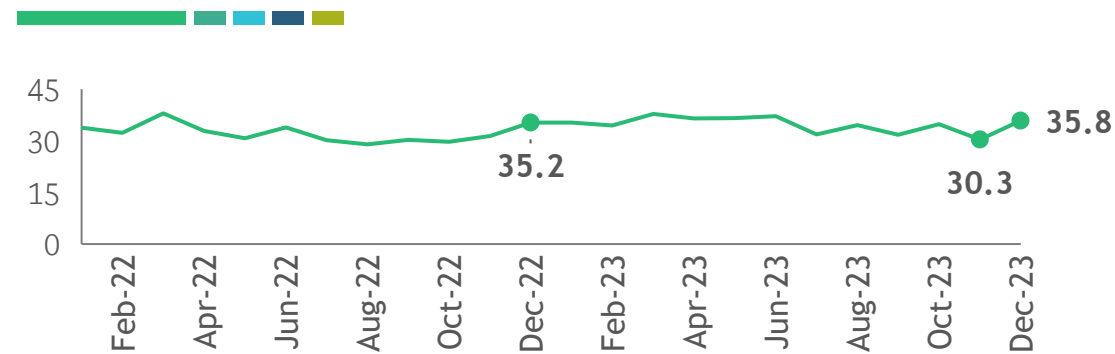
Steel Consumption (MMT)²

Steel consumption increased marginally in Jan'24 vs. Dec'23 levels



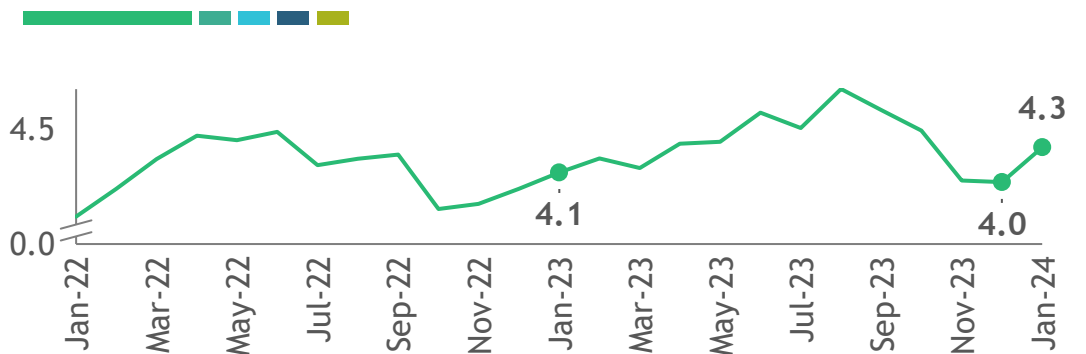
Cement Production (MT)

Cement production registered an uptick in Dec'23 vs Nov'23



Daily Average Power Consumption ('000s MUs)

Power consumption grew in Jan'24 vs Dec'23



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

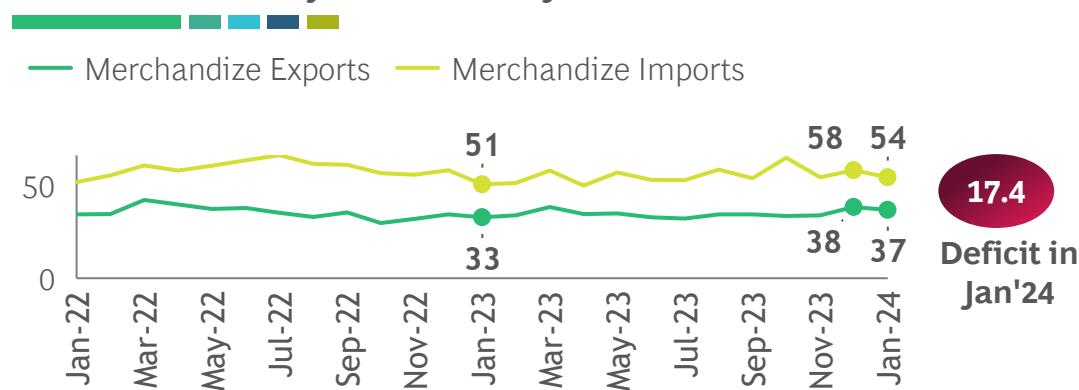
2. Steel consumption incl. long & flat steel, provisional figures for Jan'24

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 narrowed and services trade surplus widened; Forex reserves and FDI decreased in Dec'23-Jan'24

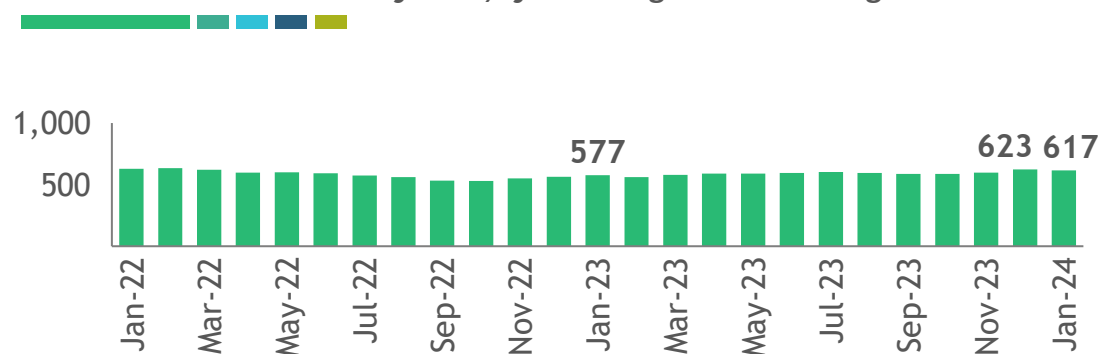
Merchandise Trade (\$ Bn)

Merchandise trade deficit narrowed in Jan'24



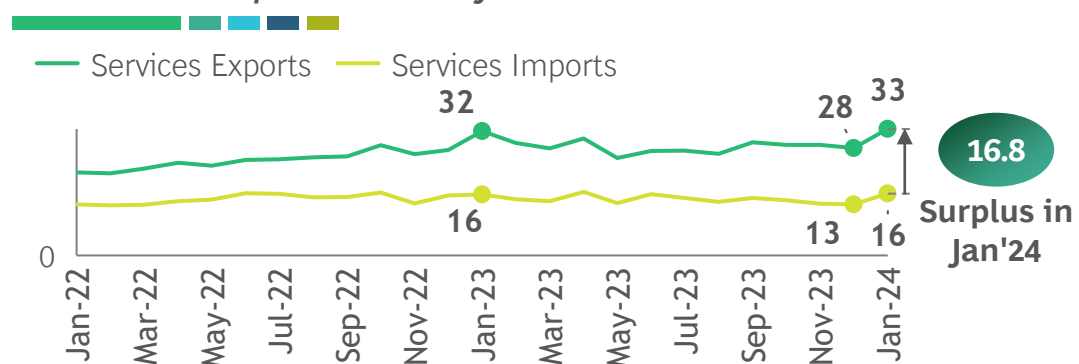
Forex Reserves (\$ Bn)

Forex reserves decreased in Jan'24, after hitting a 21-month high in Dec'23



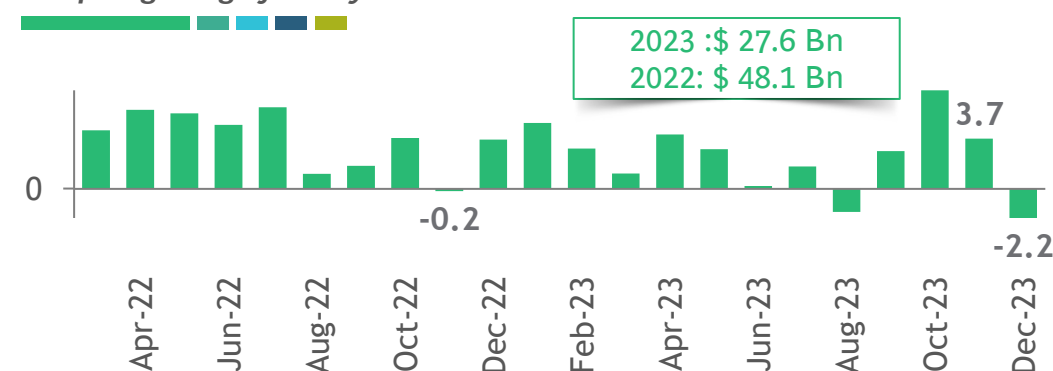
Services trade (\$ Bn)

Services trade surplus widened in Jan'24



FDI (\$ Bn)¹

FDI plunged significantly in Dec'23



Note: Jan'24 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; 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 2023 & 2022 values

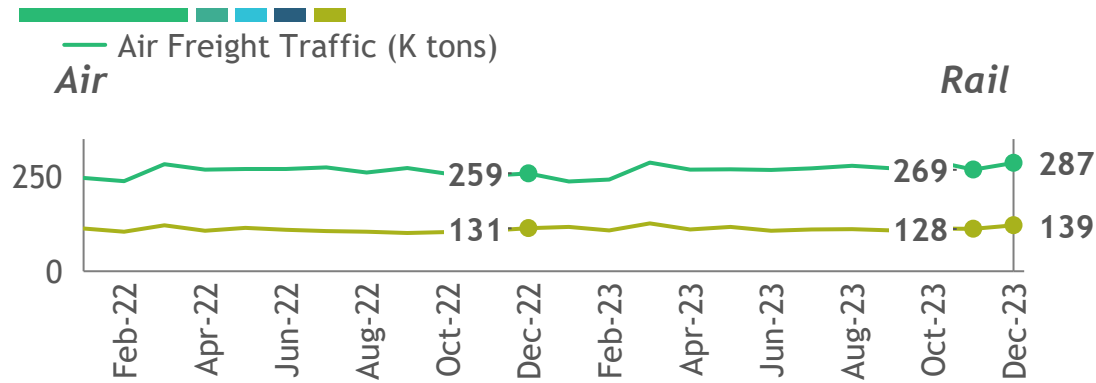
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

Source: Ministry of Commerce & Industry, CMIE, RBI, PIB

Freight traffic, Air traffic and E-way bills witnessed an uptick, while JNPT container traffic plummeted in Dec'23-Jan'24

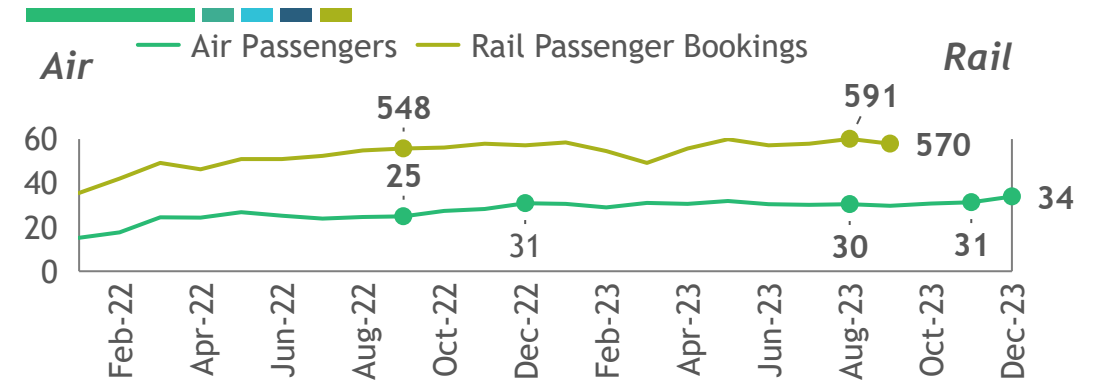
Freight Traffic

Both air freight traffic and rail freight traffic increased significantly in Dec'23



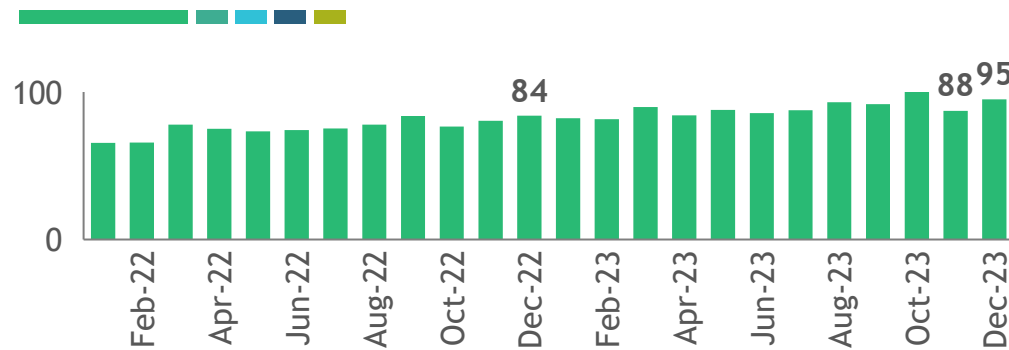
Passenger traffic (Mn)*

Passenger traffic for air increased marginally in Dec'23



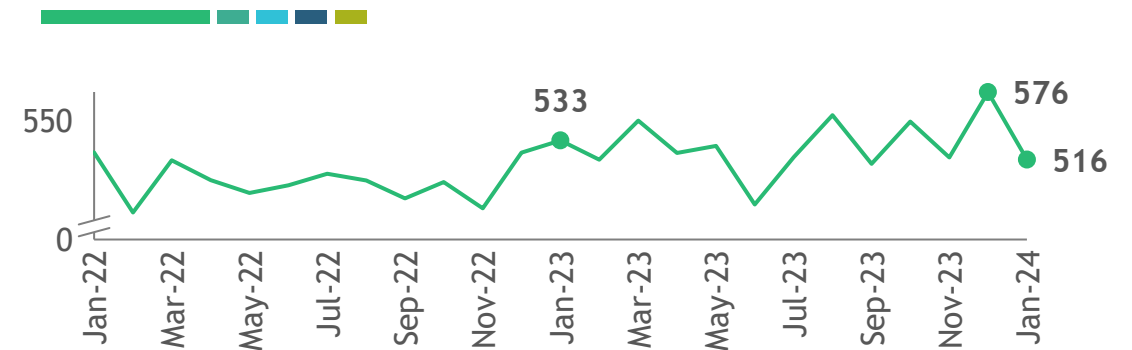
E-way Bills (Mn)¹

E-way bills volume rose in Dec'23, after moderating in Nov'23



JNPT Container Traffic ('000 TEUs)²

JNPT traffic plummeted in Jan'24 vs. Dec'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. Data available upto Dec'23 as on 20th Feb'24.

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

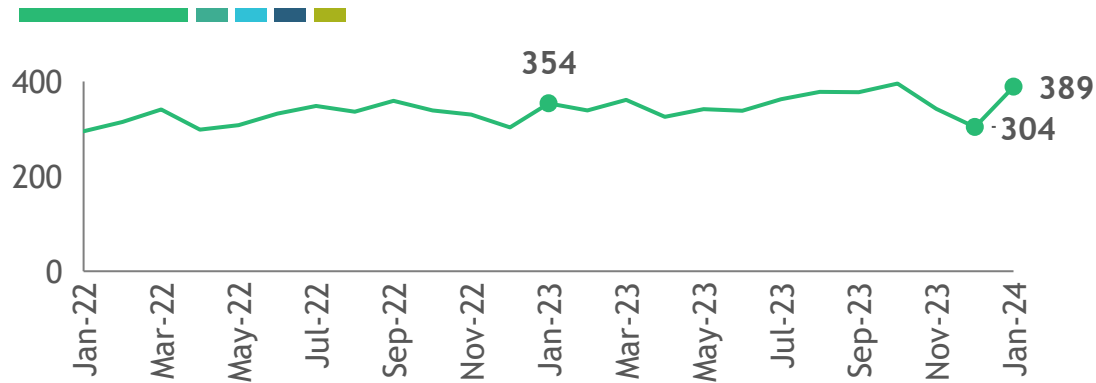
* Data available only upto Sep'23 as on 19th Jan'24

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

Auto sales witnessed an upswing across most segments (except 3W) in Jan'24, driven by positive consumer sentiments

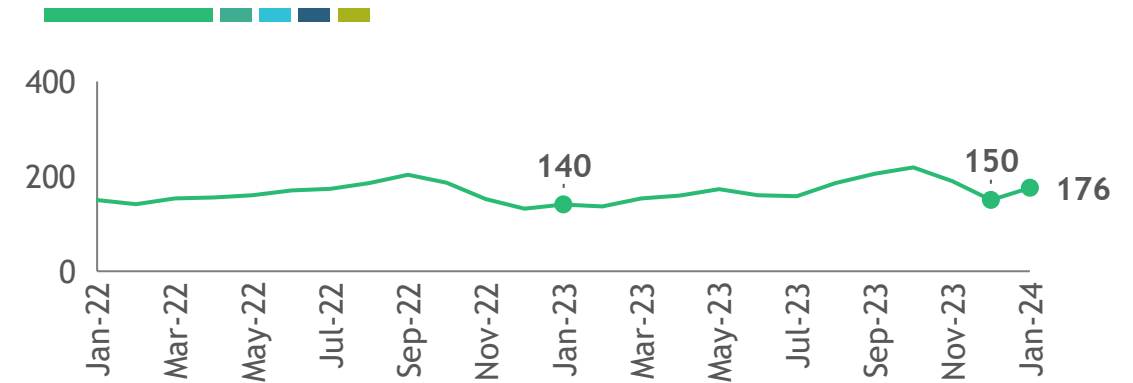
Passenger vehicles sales ('000 units)

PV sales rose in Jan'24, after a seasonal decline in Dec'23



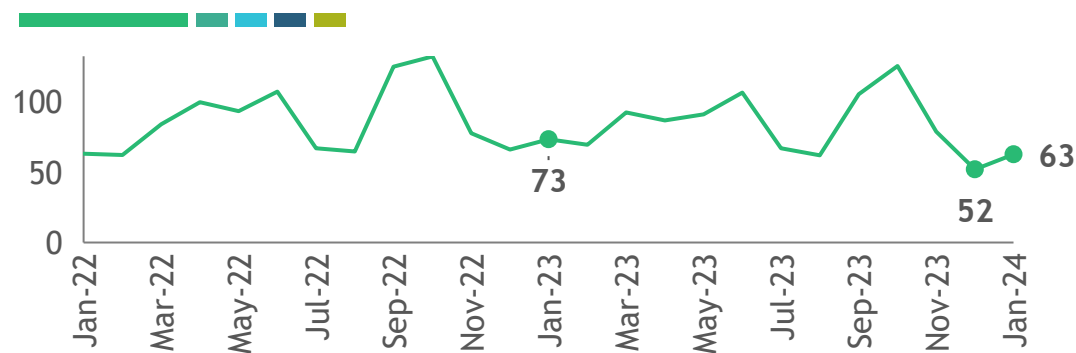
Two-wheeler sales ('0000 units)

2W sales surged in Jan'24, after witnessing a seasonal dip in Dec'23



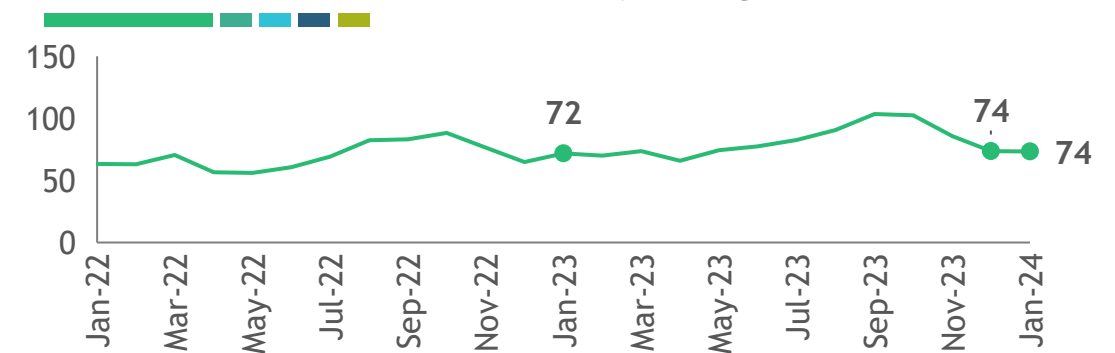
Tractor sales ('000 units)

Tractor sales increased in Jan'24, albeit remained below Jan'23 levels



Three-wheeler sales ('000 units)

3W sales remained constant in Jan'24, although above Jan'23 levels



Figures represent wholesale numbers (including exports).

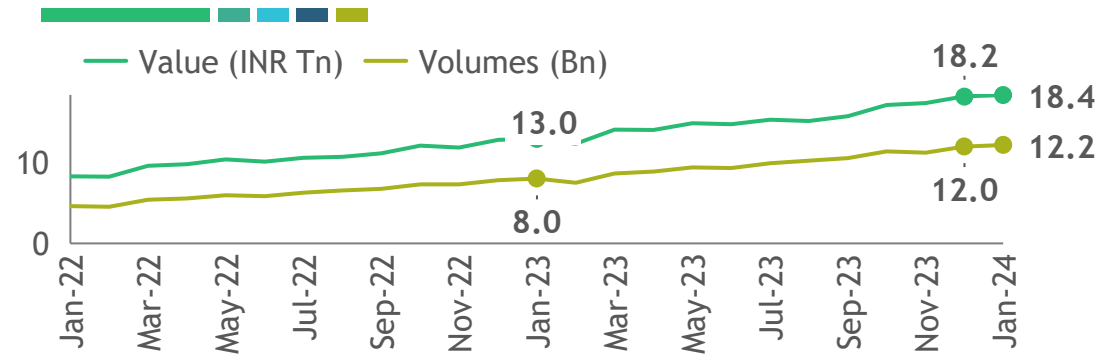
1. BMW, Mercedes and Volvo Auto data is not available

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

UPI transactions continued their upward trajectory; Mutual funds AUM saw an uptick while Life insurance premium dipped in Jan'24

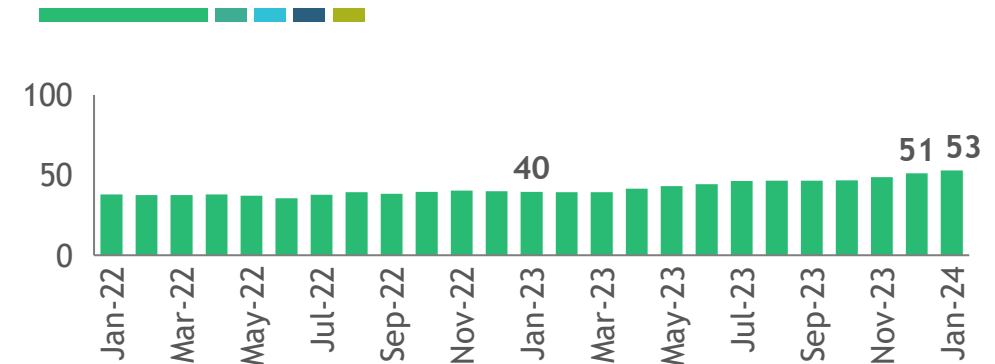
UPI

UPI value and volume reached an all-time high in Jan'24



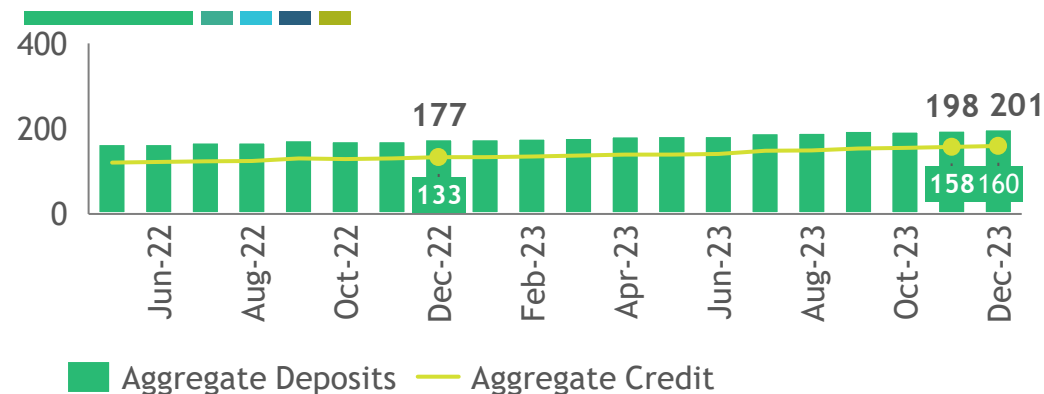
Mutual Funds AUM (INR Tn)

Mutual funds AUM continued to increase in Jan'24



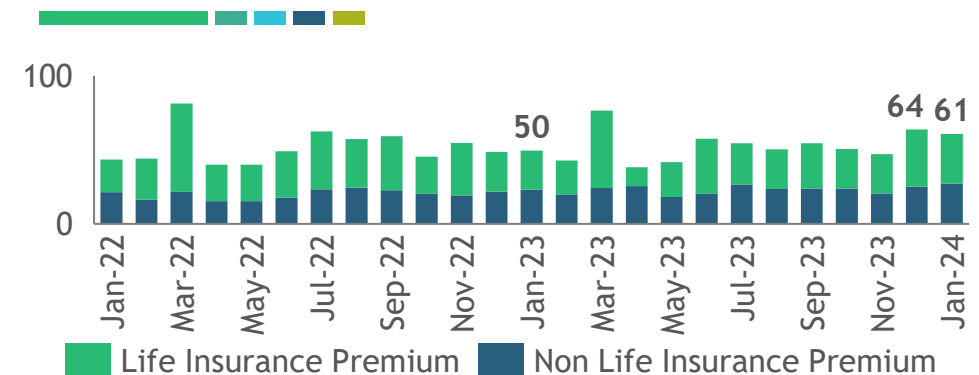
Aggregate deposits & credit (INR Tn)

Aggregate deposits and credit increased marginally in Dec'23



Insurance Premium (INR '000 Cr)

Life insurance premium fell in Jan'24, after rising in Dec'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 19th Feb'24

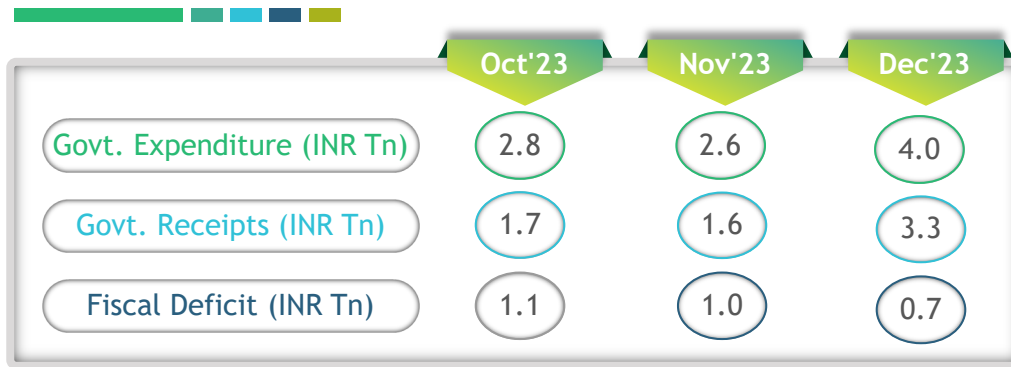
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

Fiscal deficit narrowed; GST collections and Jan Dhan deposits increased; Repo rate remained constant in Dec'23-Jan'24

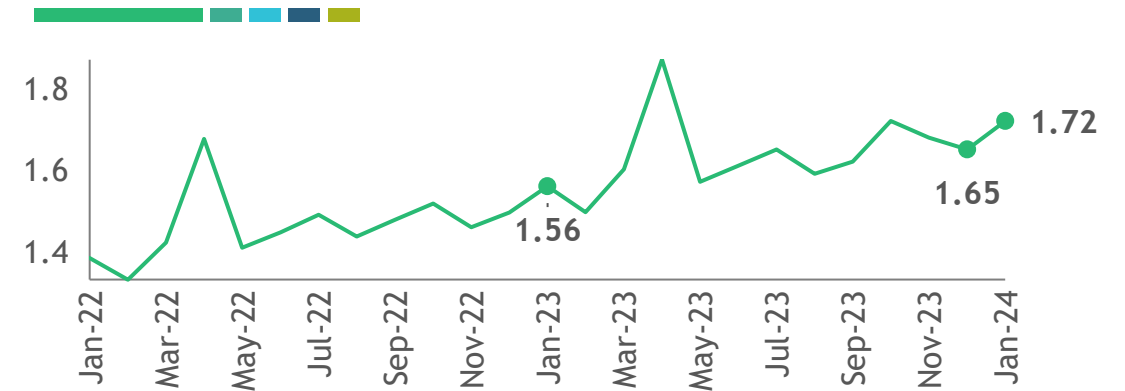
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit narrowed in Dec'23 vs. Nov'23



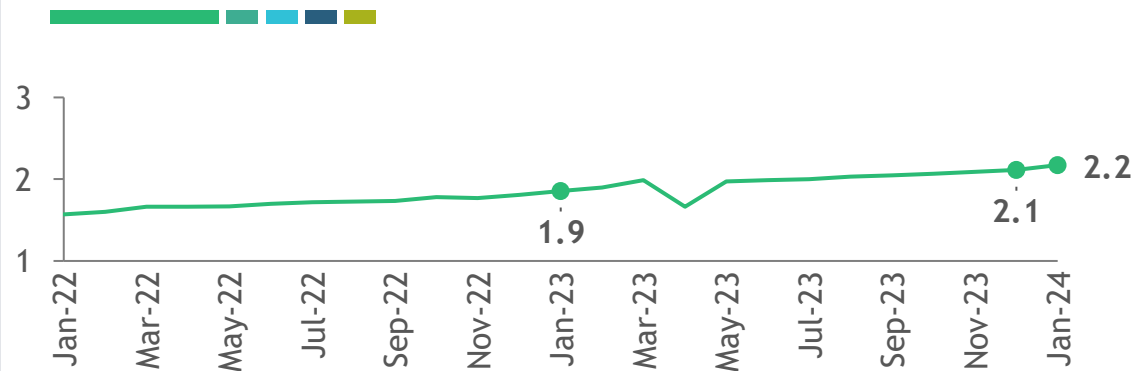
GST Collections¹ (INR Tn)

GST collections continued to grow, reaching second highest-ever in Jan'24



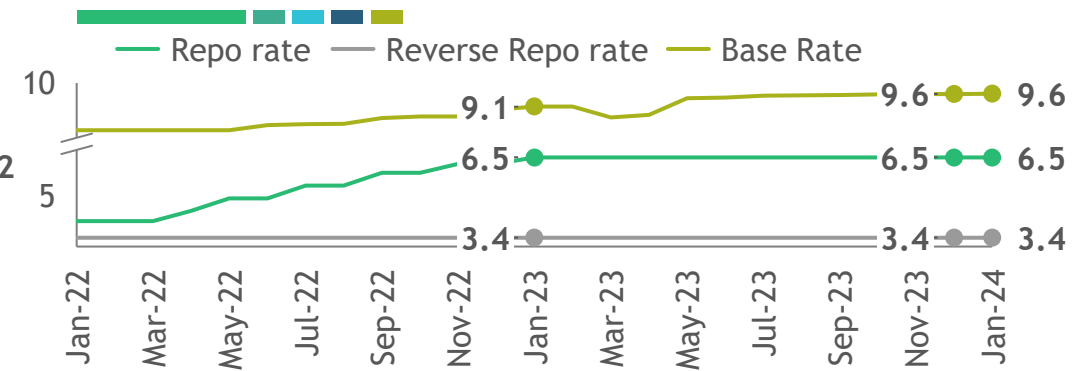
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits increased in Jan'24, albeit at a muted pace



RBI's policy rates (%)

Repo rate remained constant in Jan'24, unchanged since Jan'23

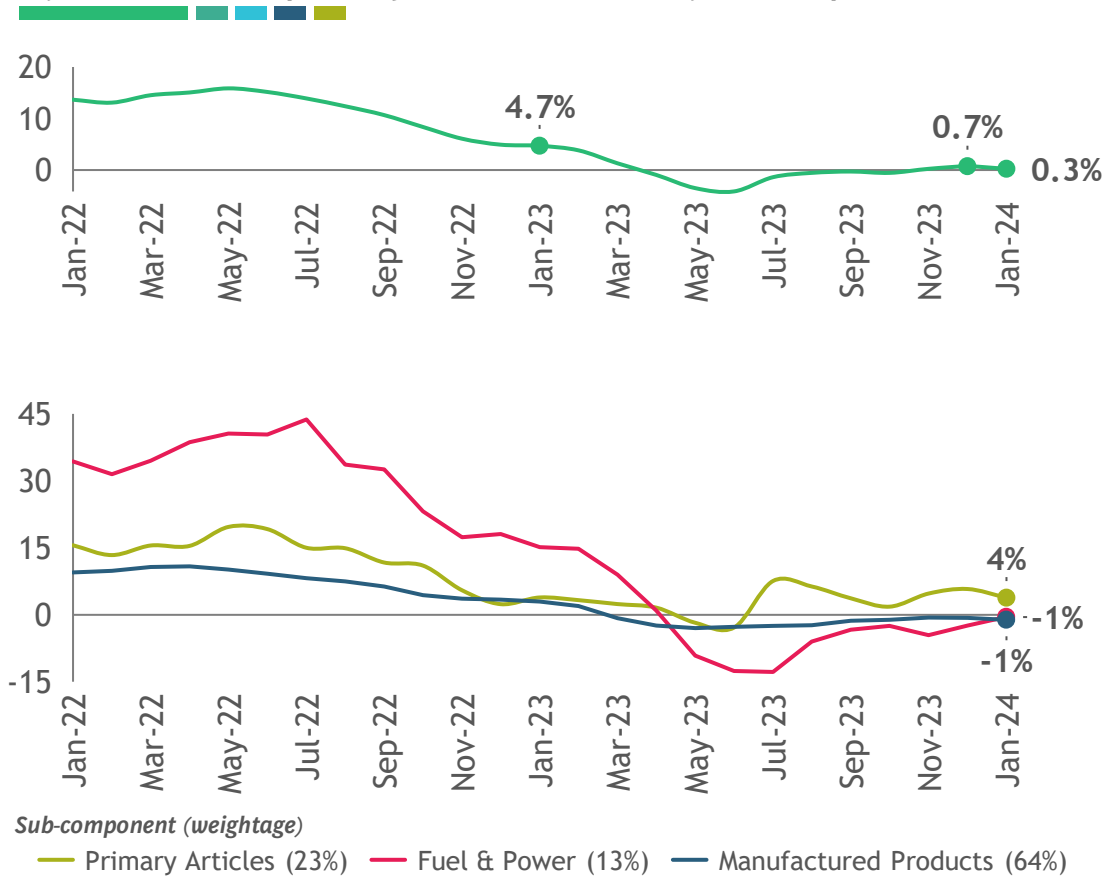


1.GST Collections include all components: CGST, SGST, IGST, Cess
Source: CMIE, Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI eased to a three-month low; CPI also eased, driven by a dip in food and beverages inflation

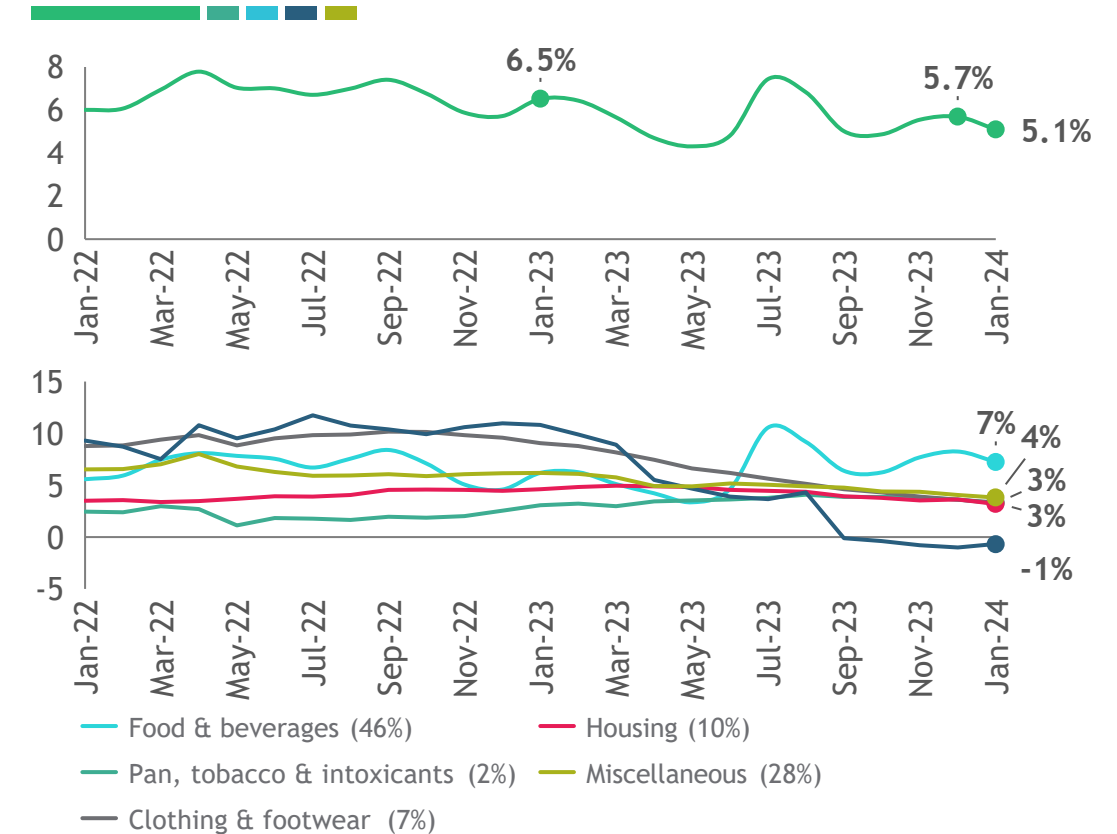
Wholesale Price Index (WPI)¹

WPI moderated to three-month low in Jan'24, on account of lower inflation rates in primary articles and manufactured product



Consumer Price Index (CPI)²

CPI inflation eased to three month low, driven by muted rise in food prices



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

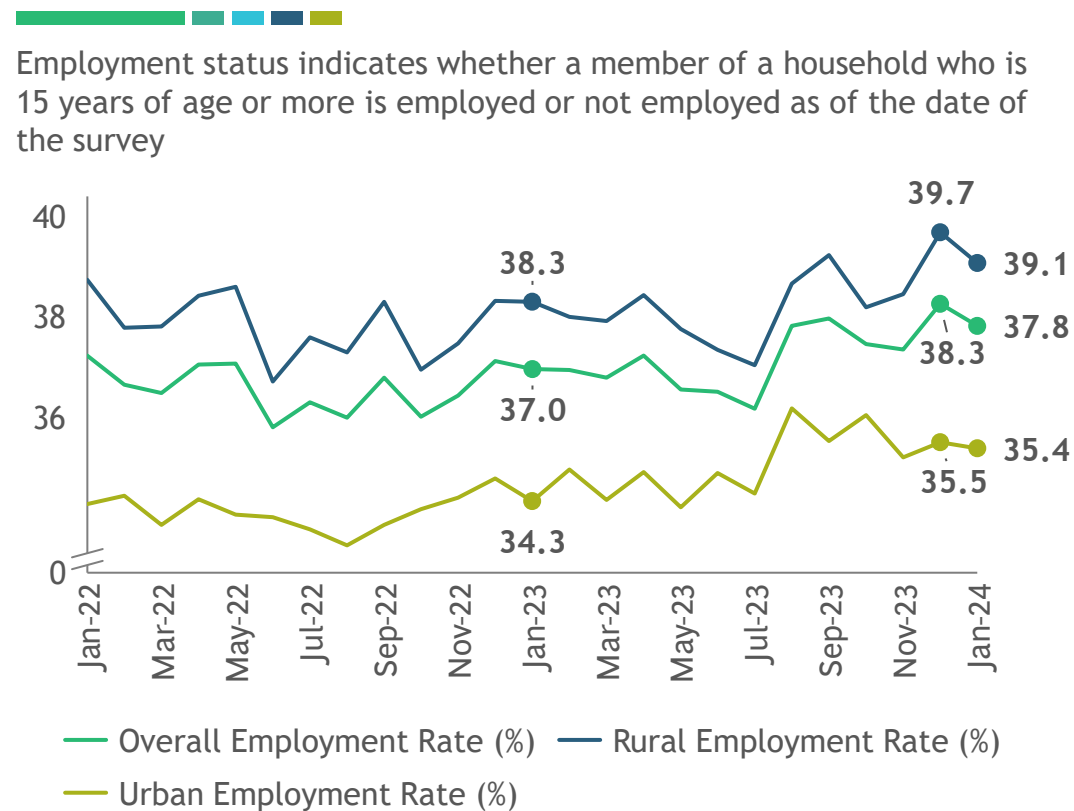
2. CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated as YoY increase in prices of the commodities

Source: MOSPI, CMIE, BCG Analysis

Overall employment rate declined; MGNREGA work demanded remained constant, while employment provided fell in Jan'24

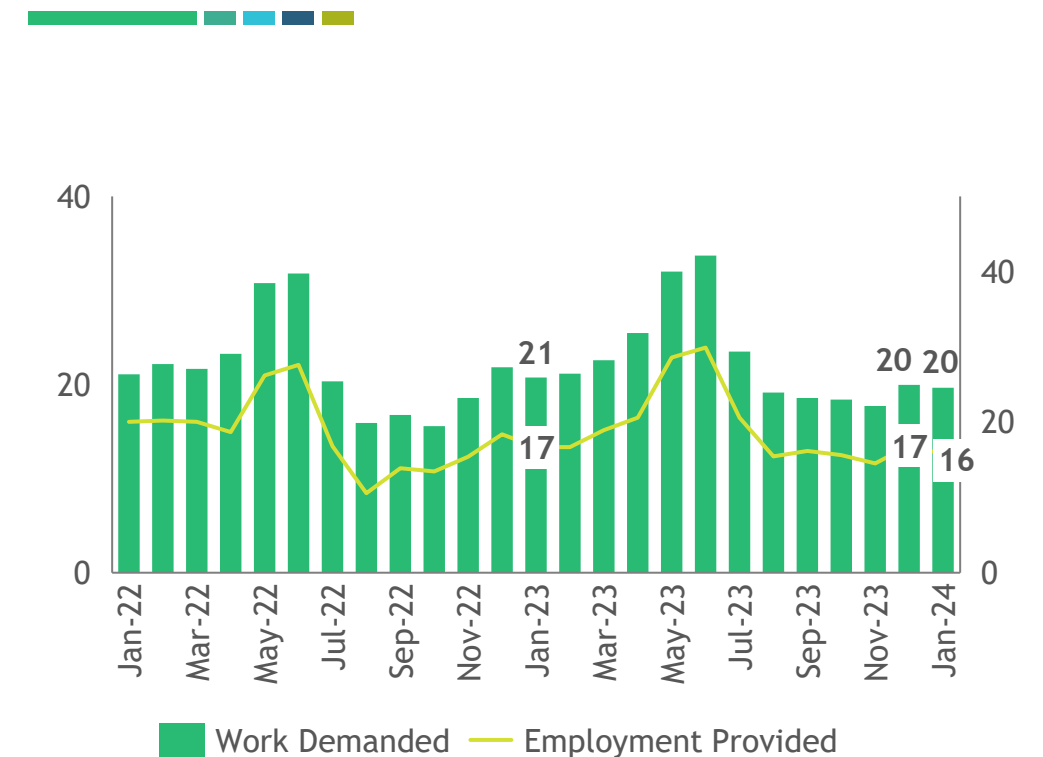
CMIE Employment rate (%)¹

Both rural and urban employment rates inched down in Jan'24



MGNREGA Employment Progress (Households in Mn)²

MGNREGA work demanded remained constant, while employment provided decreased in Jan'24



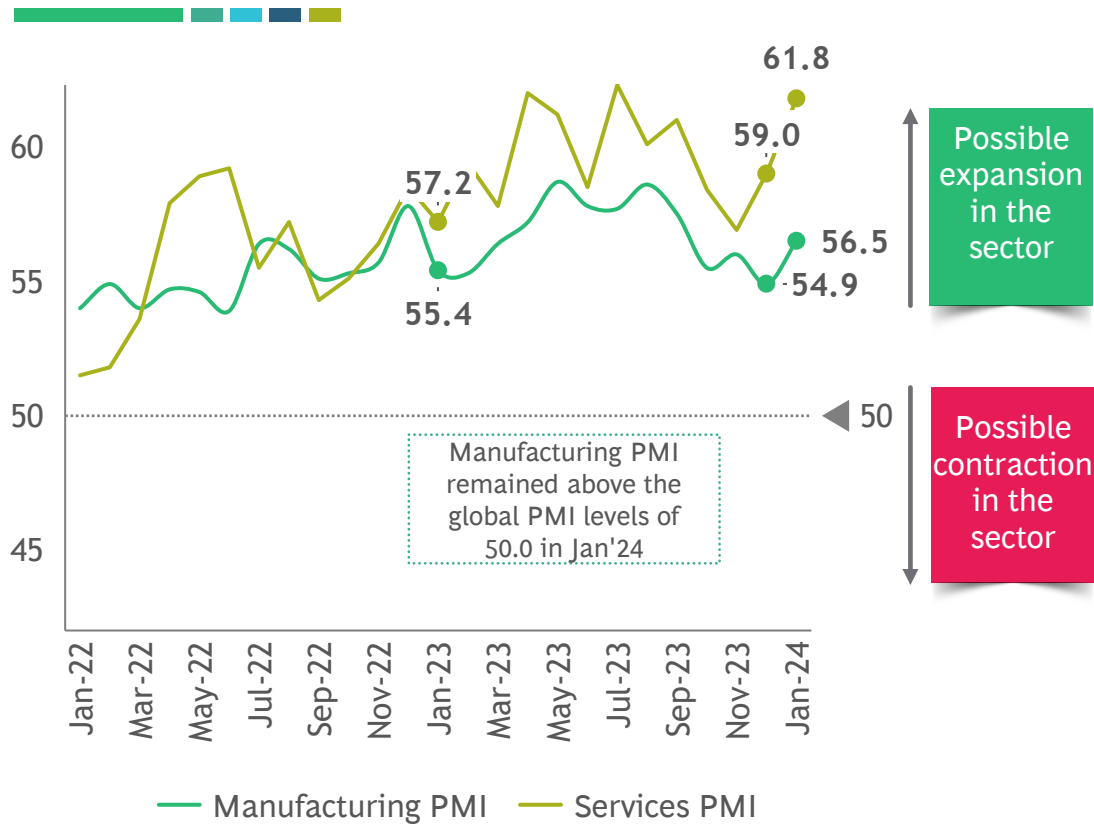
1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old

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

Both Manufacturing PMI and Services PMI registered an uptick; Consumer confidence also improved in Jan'24

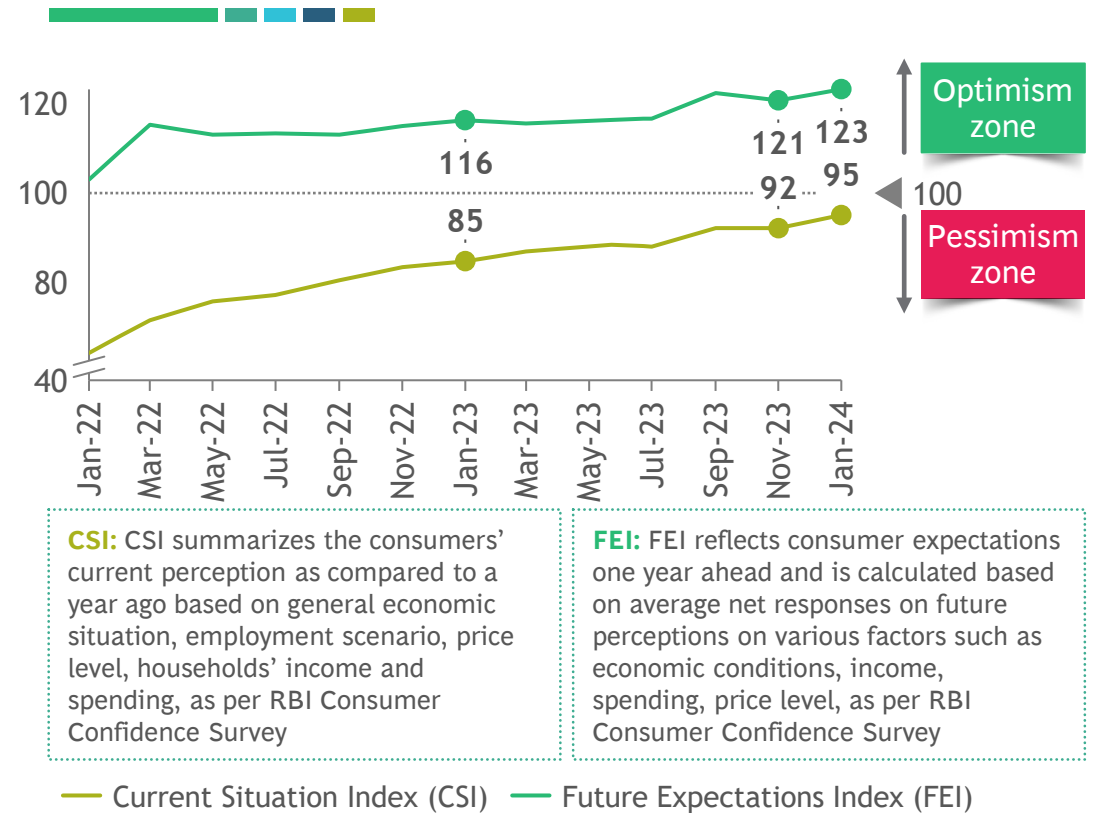
Manufacturing and services PMI¹

Manufacturing reached 4 month high, and Services PMI also increased to 6 month high



Consumer Confidence Survey (RBI)²

Both CSI and FEI improved in Jan'24



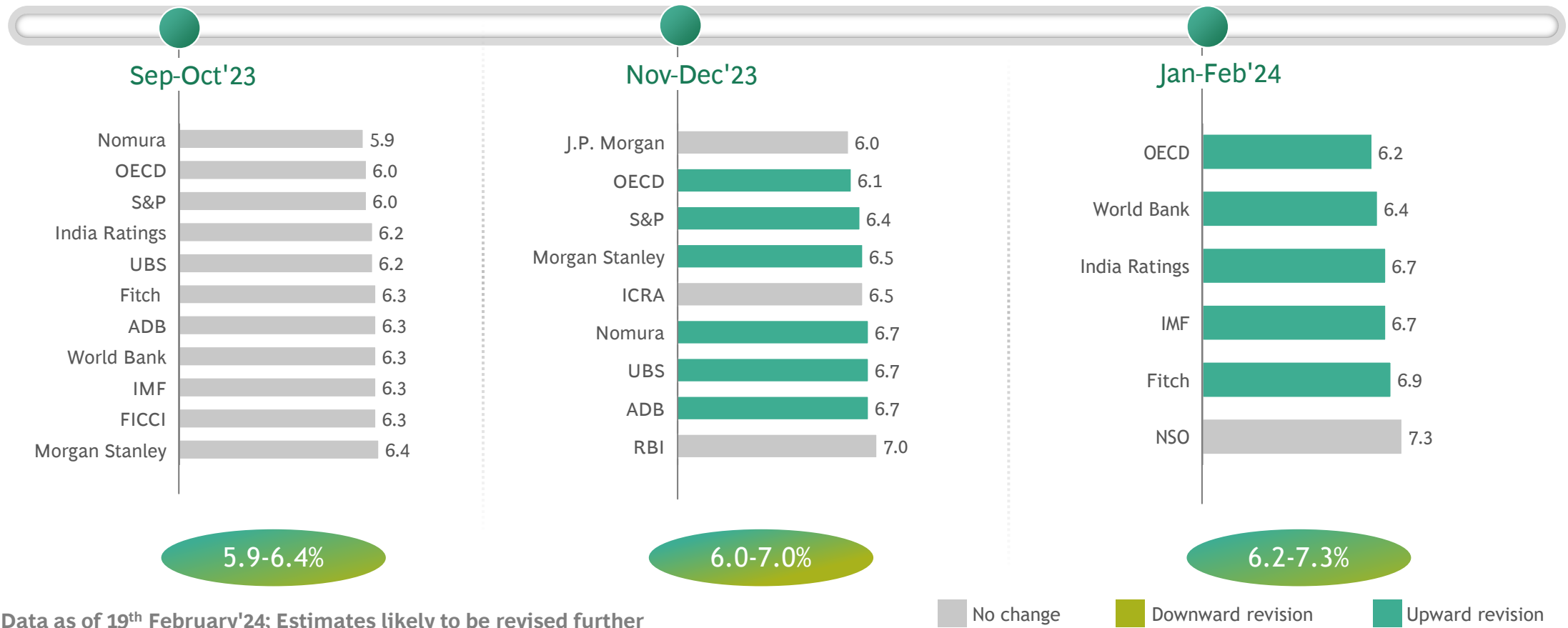
1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;

2. Sample size: 6,058 responses across 19 major cities surveyed during 2nd Jan to 11th Jan, 2024; 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

FY24 GDP forecasted to grow between 6.2-7.3% YoY; Most forecasts were revised upwards in Jan-Feb'24

India GDP growth forecast for FY24 (YoY,%)



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



bcg.com