

India Economic Monitor

OCT 2023

Executive summary



In Sep'23, most high-frequency indicators exhibited a mild to moderate growth vs. previous month. IIP saw an uptick in Aug'23 after falling for 2 consecutive months, led by growth in the electricity segment. Both cement production and steel consumption recorded growth. Tractor and 2W sales also logged improvement in Sep'23 vs. Aug'23, driven by a favorable monsoon.

Trade and investment indicators showcased mixed trends. Merchandise trade deficit narrowed to a 5-month low in Aug'23, attributable to a significant decline in merchandise imports largely due to fall in crude and commodity prices. Services trade surplus widened, with an increase in both service exports and imports. Forex reserves reduced for the second consecutive month in Sep'23 as RBI continued to sell dollars via public banks to prevent a decline in the Indian rupee. FDI also fell sharply in Aug'23.

Most BFSI indicators saw marginal growth in Aug-Sep'23. UPI transactions volume and value recorded an uptick, with volume clocking over 10Bn transactions. Aggregate deposits remained consistent with Jul'23 levels in Aug'23 while aggregate credit registered subdued growth. Life insurance premiums witnessed improvement in Sep'23 as LIC's new business premiums saw an uptick after its 2-month downward trend. However, NSE & BSE transactions inched down.

Most macroeconomic indicators showed signs of improvement in Sep'23. CPI inflation inched down to 5% in Sep'23 vs. 6.8% in Aug'23, driven by a slump in vegetable prices, while WPI inflation rose marginally. Services PMI improved, while Manufacturing PMI registered its lowest value in five months due to slower growth in new orders. GST collections saw an uptick in Sep'23. Analyst forecasts indicate GDP growth of 5.9%-6.4% YoY for FY24, with most agencies retaining or raising their projections.

Most high frequency indicators (except trade, auto, insurance) witnessed an uptick vs. 2022 levels in Aug-Sep'23 (1/2)

Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Sep'23	Sep'22	YoY	Aug'23	MoM
IIP (Index) *	145.10	131.30	11%	142.00	2%
Power Consumption ('000 MUs)	4.68	4.24	10%	4.89	-4%
Petroleum Consumption (MMT)	18.18	17.18	6%	18.57	-2%
Steel Consumption (MMT)	11.06	9.41	18%	11.00	1%
Cement Production (MT) *	34.55	28.97	19%	31.83	9%


Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Sep'23	Sep'22	YoY	Aug'23	MoM
E-way Bills (Mn)	92.02	84.00	10%	93.44	-2%
JNPT Traffic ('000 TEUs)	512.32	481.60	6%	555.27	-8%
Rail Freight (Mn Tons) *	127.00	119.33	6%	126.95	2%
Air Freight (K Tons) *	279.29	261.00	7%	271.97	3%

Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Sep'23	Sep'22	YoY	Aug'23	MoM
Merchandise Exports (\$ Bn)	34.47	35.00	-2%	34.48	0%
Merchandise Imports (\$ Bn)	53.84	61.16	-12%	58.64	-8%
Services Exports (\$ Bn)	29.37	25.65	15%	26.39	11%
Services Imports (\$ Bn)	14.91	15.10	-1%	13.86	8%


Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Sep'23	Sep'22	YoY	Aug'23	MoM
PV Sales ('000 Units)	376.99	358.61	5%	377.60	0%
Tractor Sales ('000 Units)	105.46	125.01	-16%	62.12	70%
2W Sales ('0000 Units)	205.20	203.00	1%	185.74	10%
EV Registrations ('000 Units)	127.74	93.61	36%	126.32	1%

* Data available only upto Aug'23 as on 20th Oct – hence growth comparisons are for Aug and not Sep. Aug'23 data has been compared with Aug'22 & Jul'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 (except trade, auto, insurance) witnessed an uptick vs. 2022 levels in Aug-Sep'23 (2/2)

 Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Sep'23	Sep'22	YoY	Aug'23	MoM
UPI Value (INR Tn)	15.79	11.20	41%	15.18	4%
Aggregate Deposits (INR Tn) *	192.36	169.94	13%	191.67	0%
Aggregate Credit (INR Tn) *	149.17	124.59	20%	148.02	1%
NSE & BSE Txns. (INR K Cr)	1794.95	1472.10	22%	1835.32	-2%
Insurance Premium (INR K Cr)	54.42	59.00	-8%	50.35	8%

 Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Sep'23	Sep'22	YoY	Aug'23	MoM
GST Collections (INR Tn)	1.62	1.48	9%	1.59	2%
WPI (%)			-0.26%		
CPI (%)			5.02%		
Jan Dhan Deposits (INR Tn)	2.0	1.7	18%	2.0	1%
MGNREGA Emp. Provided (HH)	16.2	13.9	17%	15.4	5%

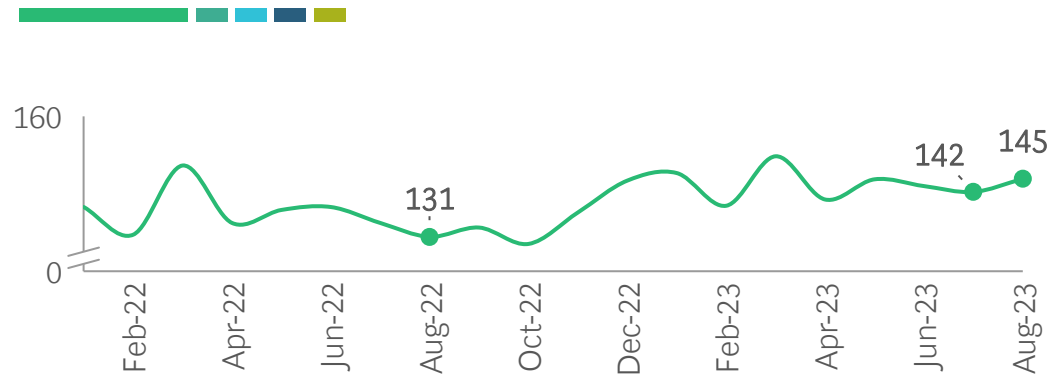
 Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Sep'23	Sep'22	YoY	Aug'23	MoM
Manufacturing PMI (Index)	57.5	55.1	4%	58.6	-2%
Services PMI (Index)	61	54.3	12%	60.1	1%
Current Situation Index	88.1	77	14%	88.5	0%
Future Expectations Index	116.6	113	3%	116.3	0%

* Data available only upto Aug'23 as on 20th Oct – hence growth comparisons are for Aug and not Sep. Aug'23 data has been compared with Aug'22 & Jul'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 recorded an uptick in Aug'23; Steel consumption and cement production improved, while power consumption fell in Aug-Sep'23

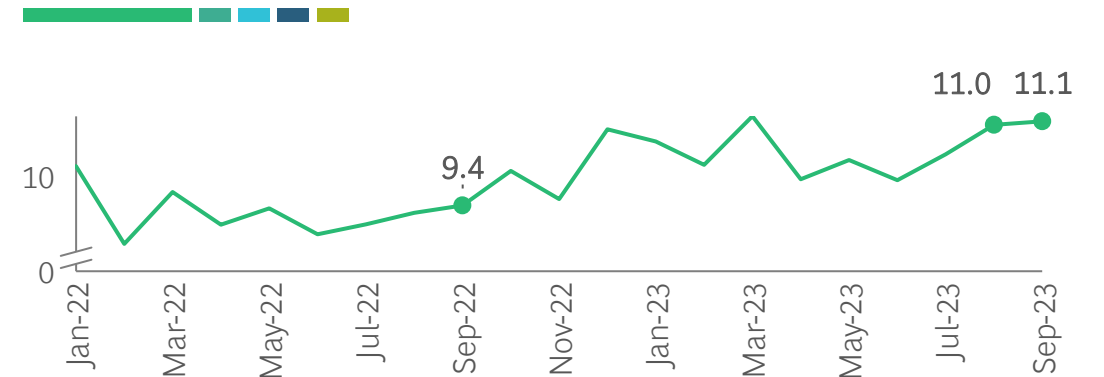
Index of Industrial Production¹

IIP improved in Aug'23 vs Jul'23



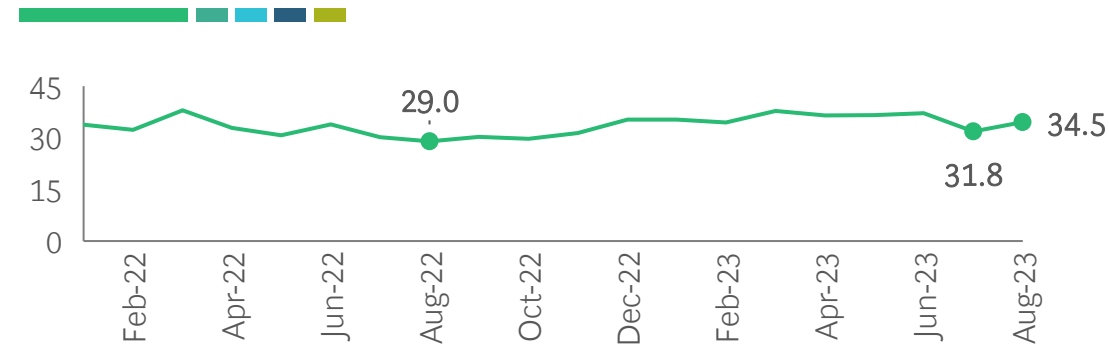
Steel Consumption (MMT)²

Steel consumption registered an uptick in Sep'23 vs. Aug'23



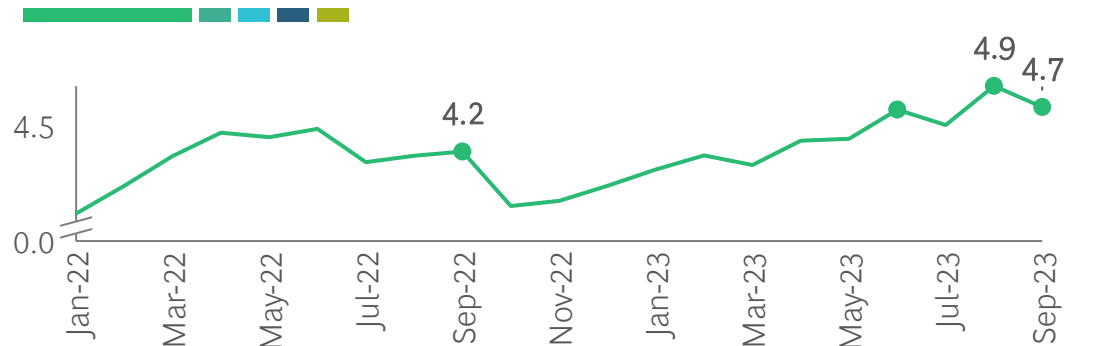
Cement Production (MT)

Cement production witnessed an upswing in Aug'23



Daily Average Power Consumption ('000s MUs)

Power consumption declined in Sep'23 after improving in Aug'23



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

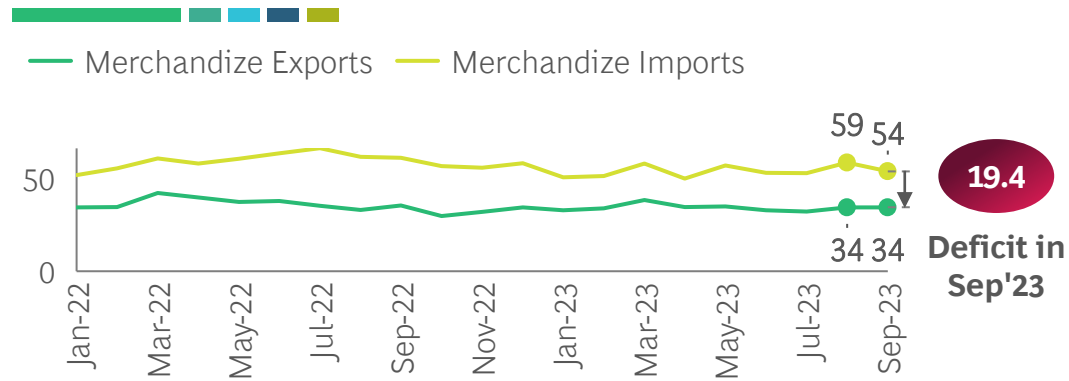
2. Steel consumption incl. long & flat steel

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 decreased while services trade surplus grew; Both forex and FDI inched down in Aug-Sep'23

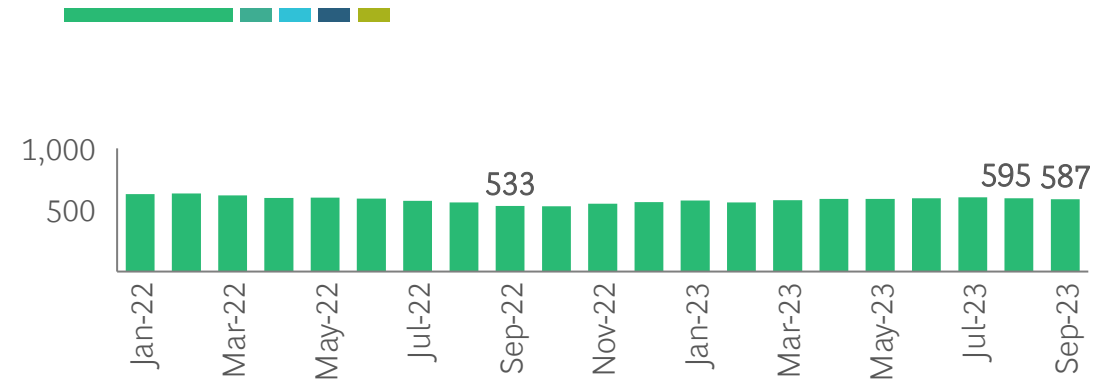
Merchandise Trade (\$ Bn)

Merchandise trade deficit narrowed in Sep'23, driven by fall in imports



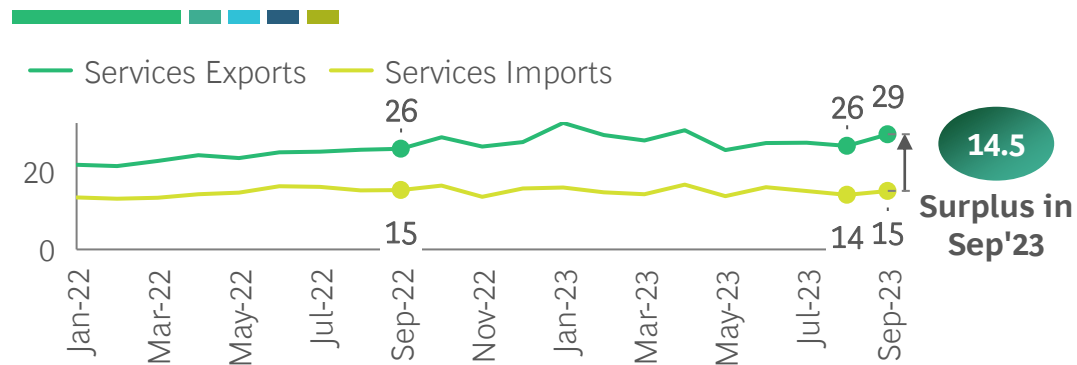
Forex Reserves (\$ Bn)

Forex reserves continued to decline in Sep'23



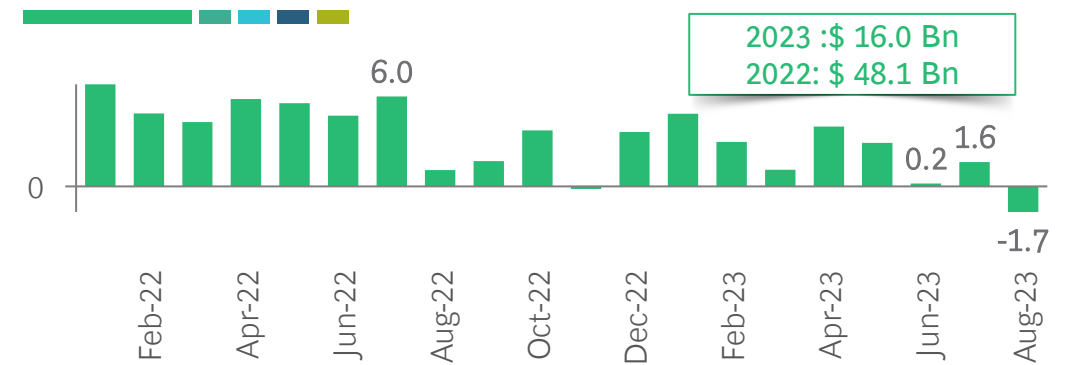
Services trade (\$ Bn)

Services trade surplus recorded expansion in Sep'23



FDI (\$ Bn)¹

FDI recorded a sharp decline in Aug'23



Note: Sep'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; 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

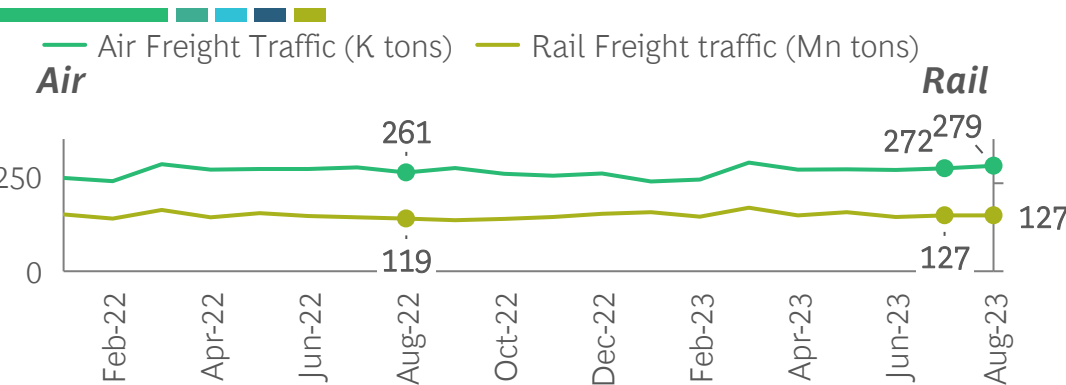
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

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

Logistics indicators exhibited mixed trends in Aug-Sep'23

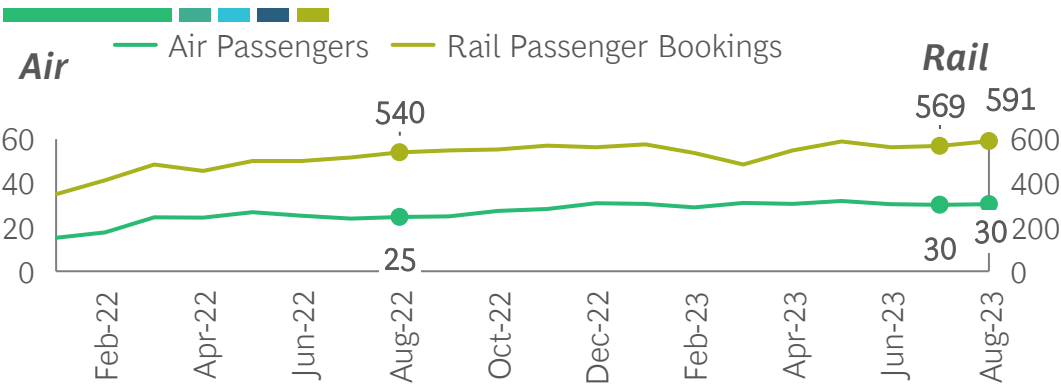
Freight Traffic

Air freight traffic rose while rail freight traffic remained constant in Aug'23



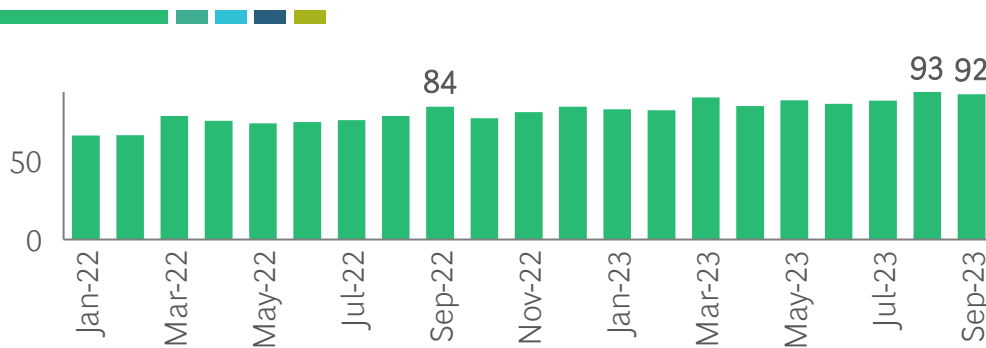
Passenger traffic (Mn)

Passenger traffic for rail improved in Aug'23; remained constant for air



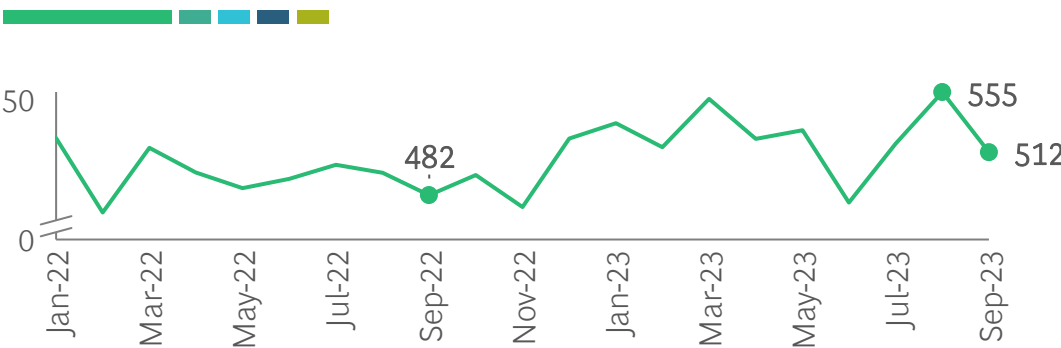
E-way Bills (Mn)¹

E-way bill volume fell marginally in Sep'23



JNPT Container Traffic ('000 TEUs)²

JNPT traffic witnessed a decline in Sep'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.

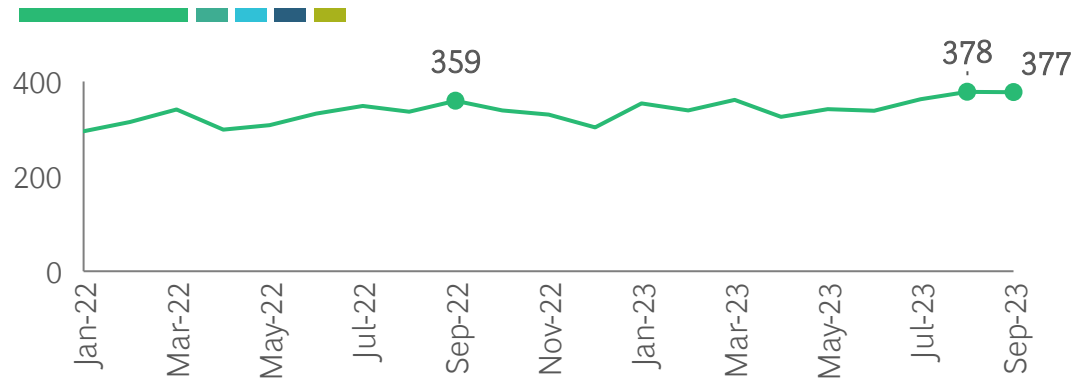
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

Auto sector exhibited strong sales growth across all categories (except passenger vehicles) in Sep'23 vs Aug'23

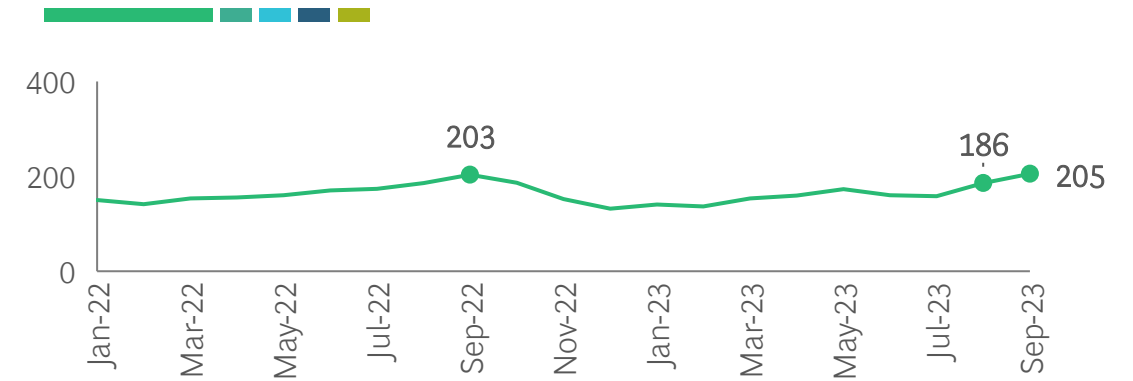
Passenger vehicles sales ('000 units)

PV sales remained similar to Aug'23 levels in Sep'23



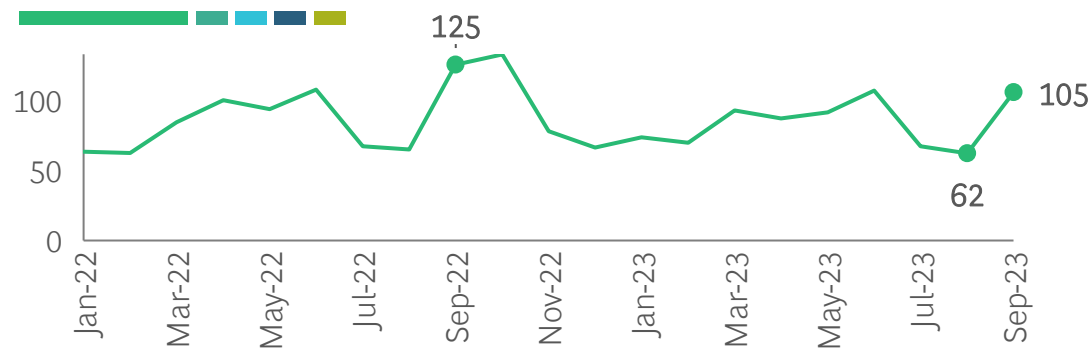
Two-wheeler sales ('0000 units)

2W sales registered a significant growth in Sep'23 vs. Aug'23



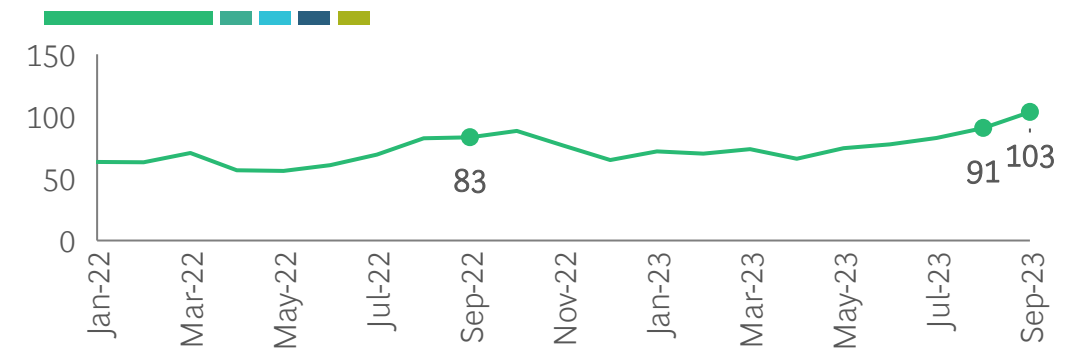
Tractor sales ('000 units)

Tractor sales rose sharply in Sep'23, after falling for 2 consecutive months



Three-wheeler sales ('000 units)

3W sales continued to rise in Sep'23



Figures represent wholesale numbers (including exports).

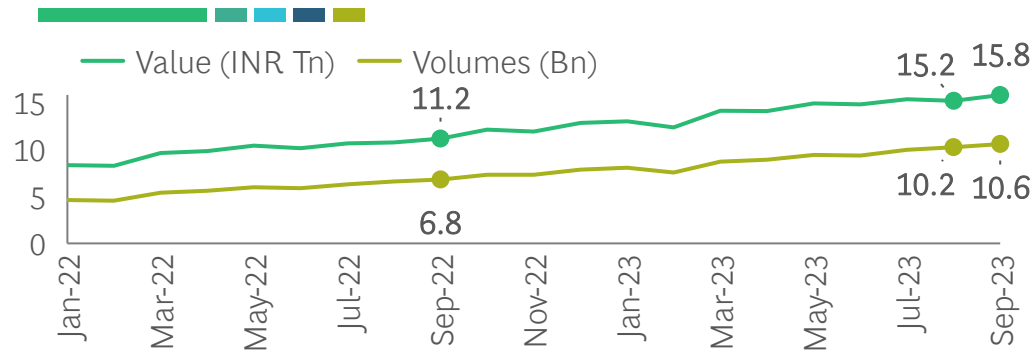
1. BMW, Mercedes and Volvo Auto data is not available

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

UPI volume & value and insurance premium grew, while mutual funds AUM and bank deposits remained constant in Aug-Sep'23

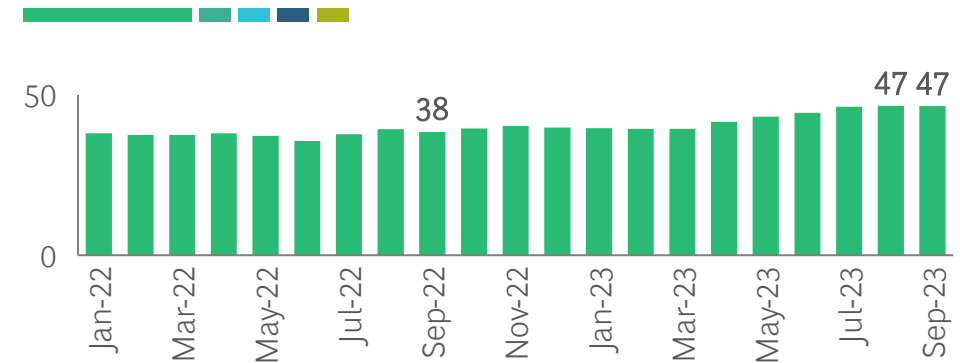
UPI

UPI volume and value grew in Sep'23



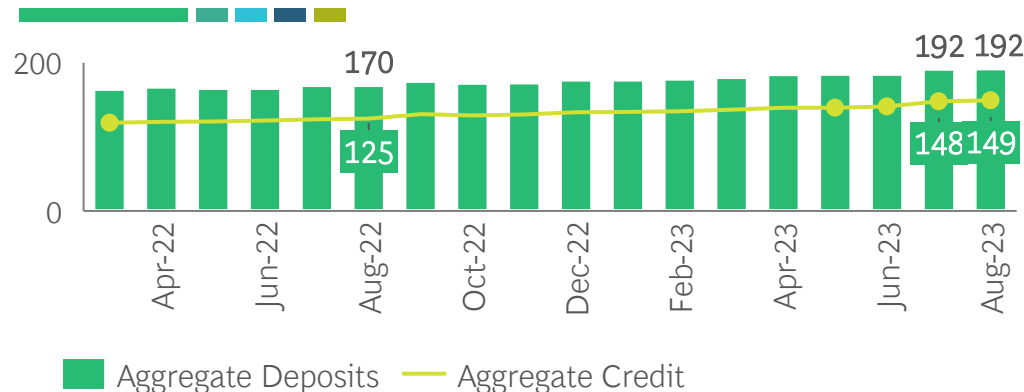
Mutual Funds AUM (INR Tn)

Mutual funds AUM remained similar to Aug'23 levels in Sep'23



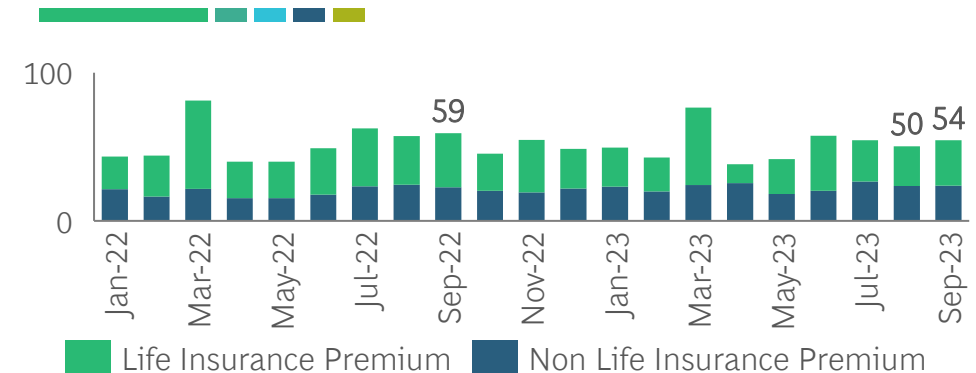
Aggregate deposits & credit (INR Tn)

Aggregate deposits remained consistent while credit grew vs. Jul'23 in Aug'23



Insurance Premium (INR '000 Cr)

Life insurance premium improved in Sep'23, after falling for 3 months



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 9th Oct'23

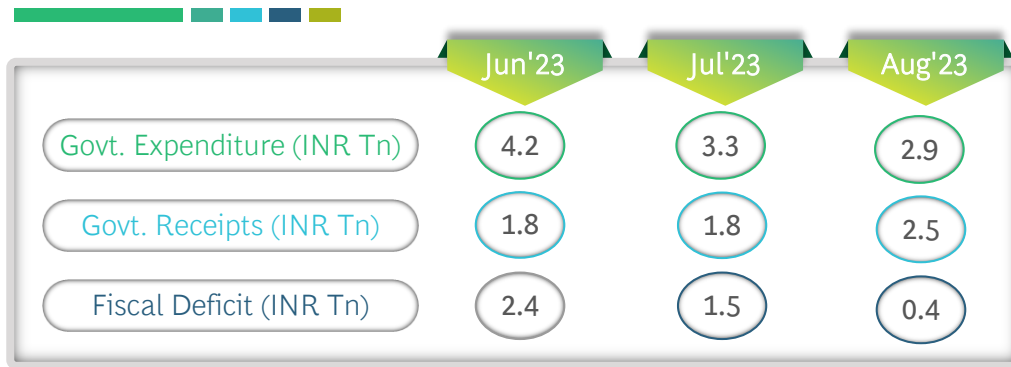
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

GST collections registered an upswing; Fiscal deficit reduced while Jan Dhan deposits & repo rate remained consistent in Aug-Sep'23

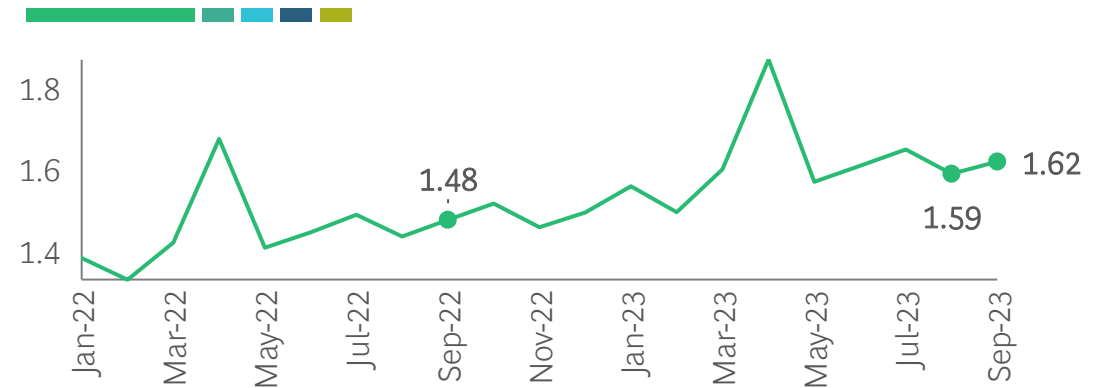
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit sharply narrowed in Aug'23



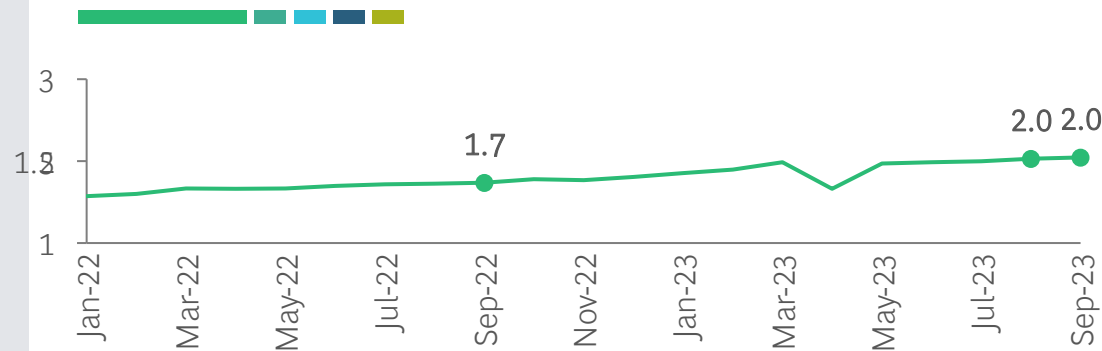
GST Collections¹ (INR Tn)

GST collections recorded an uptick in Sep'23 vs. Aug'23



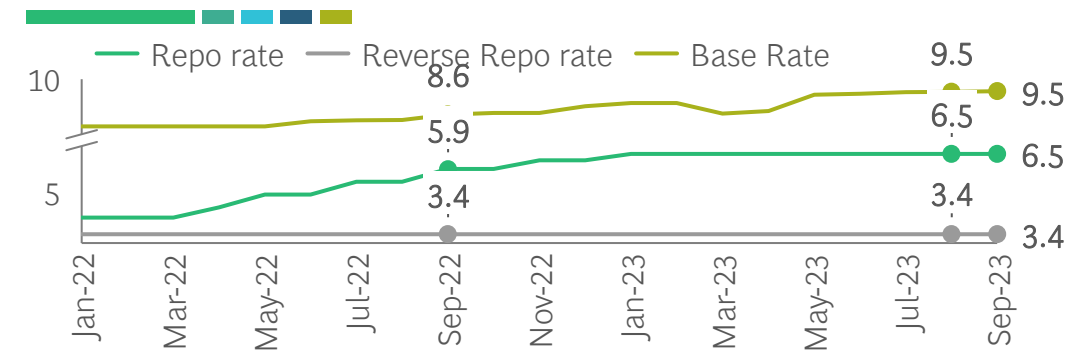
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained consistent with Aug'23 levels in Sep'23



RBI's policy rates (%)

Repo rate remained at Aug'23 levels in Sep'23

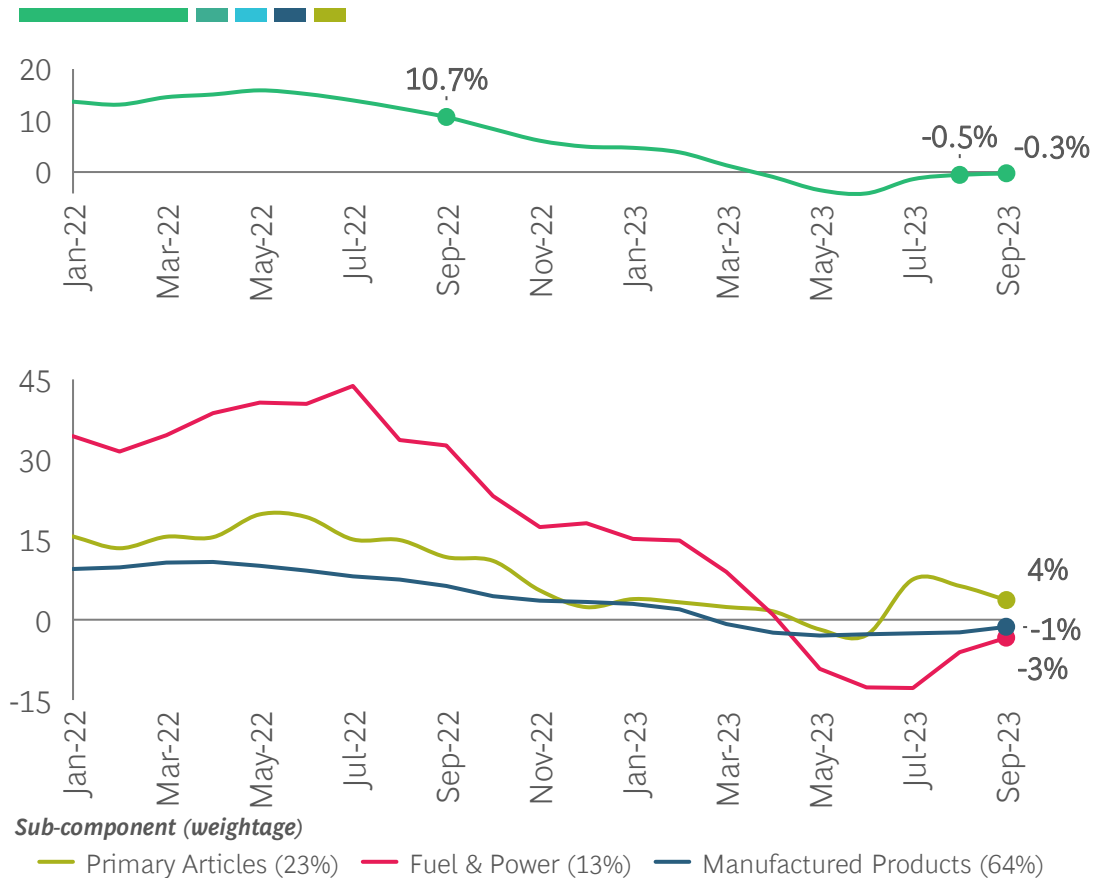


1. GST Collections include all components: CGST, SGST, IGST, Cess
 Note: Sep'23 data not available for Govt. receipts & expenditure & Fiscal Deficit as on 19th Oct'23
 Source: CMIE, Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI saw an uptick for the third consecutive month, while still in deflationary zone; CPI continued to decline in Sep'23

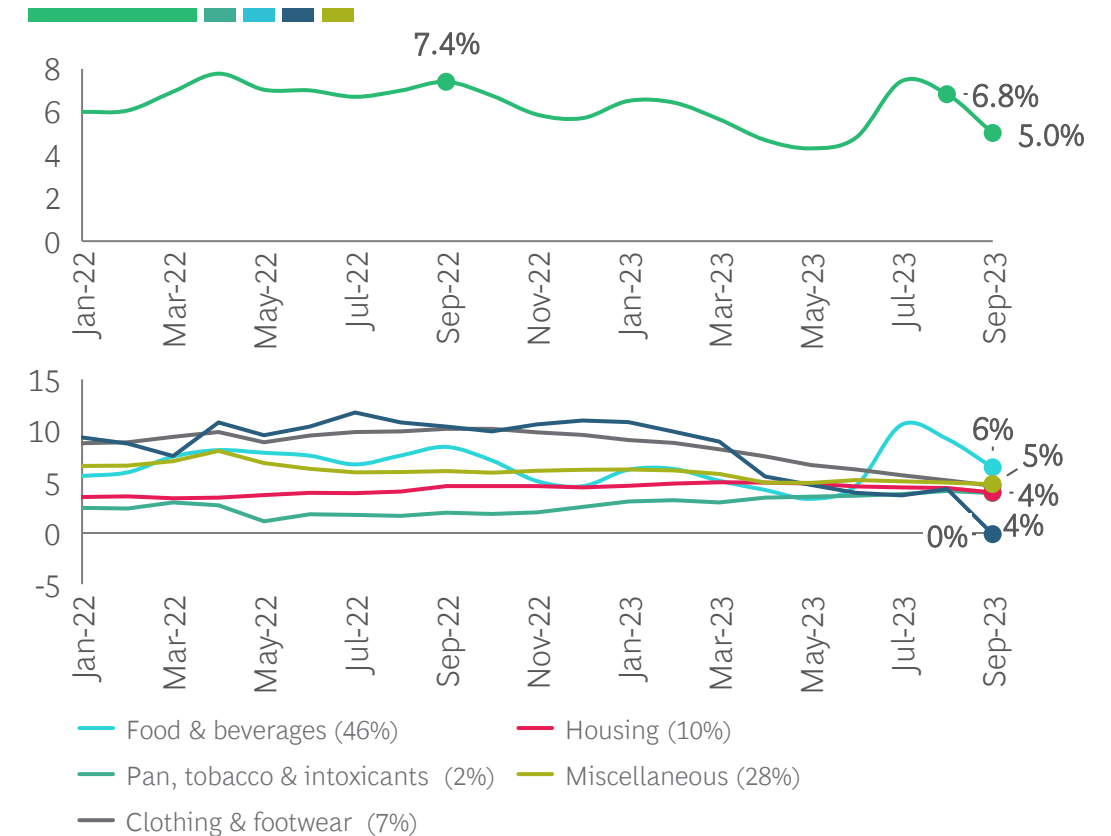
Wholesale Price Index (WPI)¹

WPI continued to rise in Sep'23



Consumer Price Index (CPI)²

CPI inched down for the second consecutive month in Sep'23



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

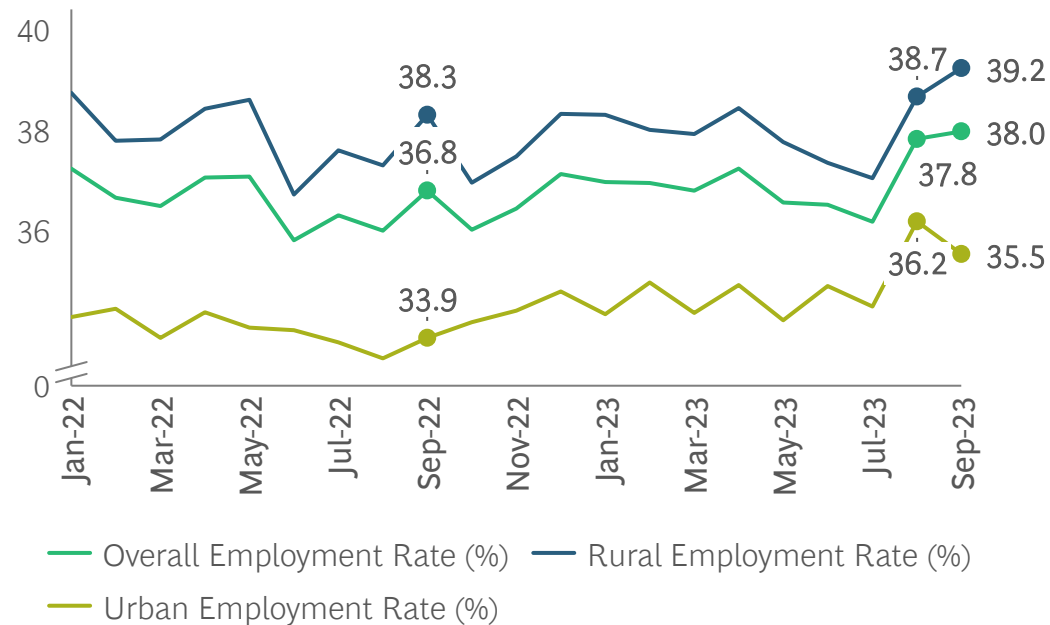
Source: MOSPI, CMIE, BCG Analysis

Overall employment rate recorded an upward swing; MGNREGA work demanded saw a decline while employment grew in Sep'23

CMIE Employment rate (%)¹

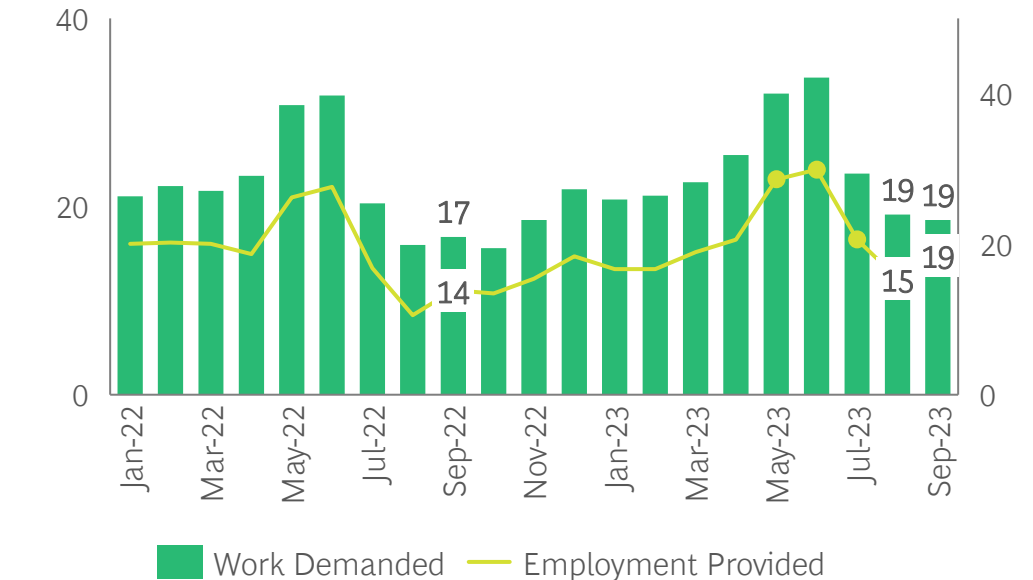
Urban employment dipped while rural employment rate grew in Sep'23

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 fell while employment provided improved in Sep'23



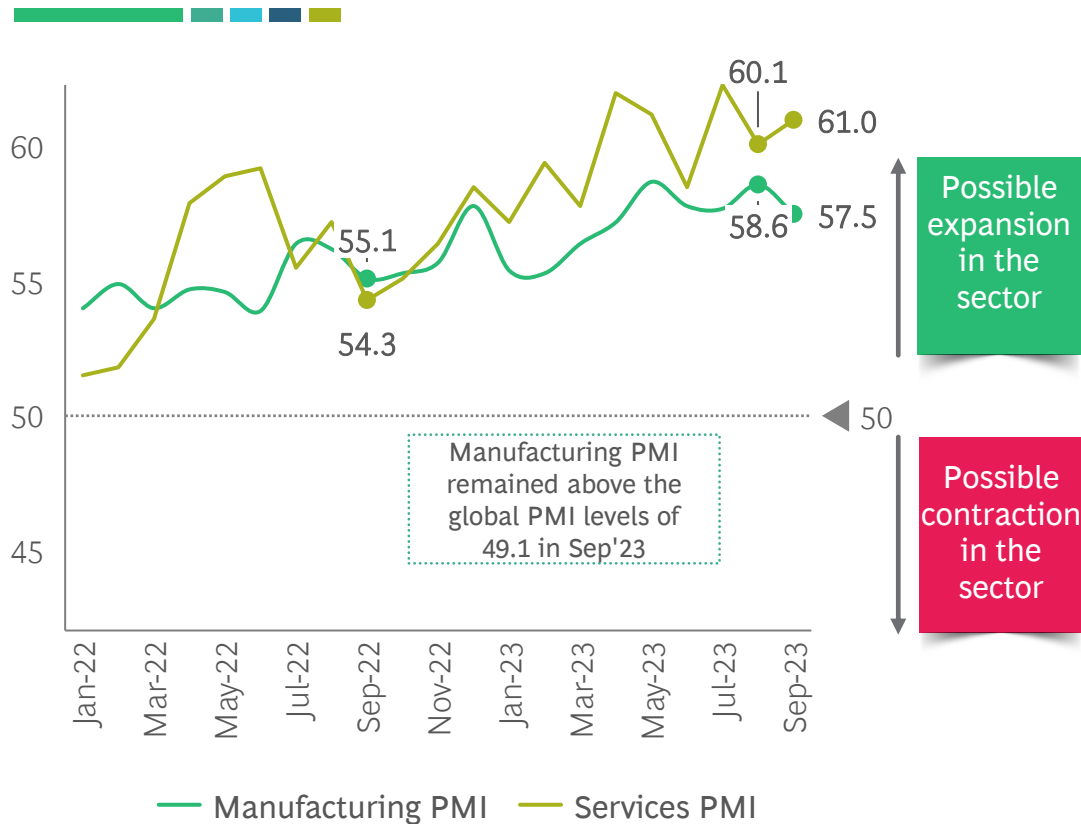
1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old

2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Manufacturing PMI recorded a decline while Services PMI grew in Sep'23; Consumer confidence also improved in Sep'23

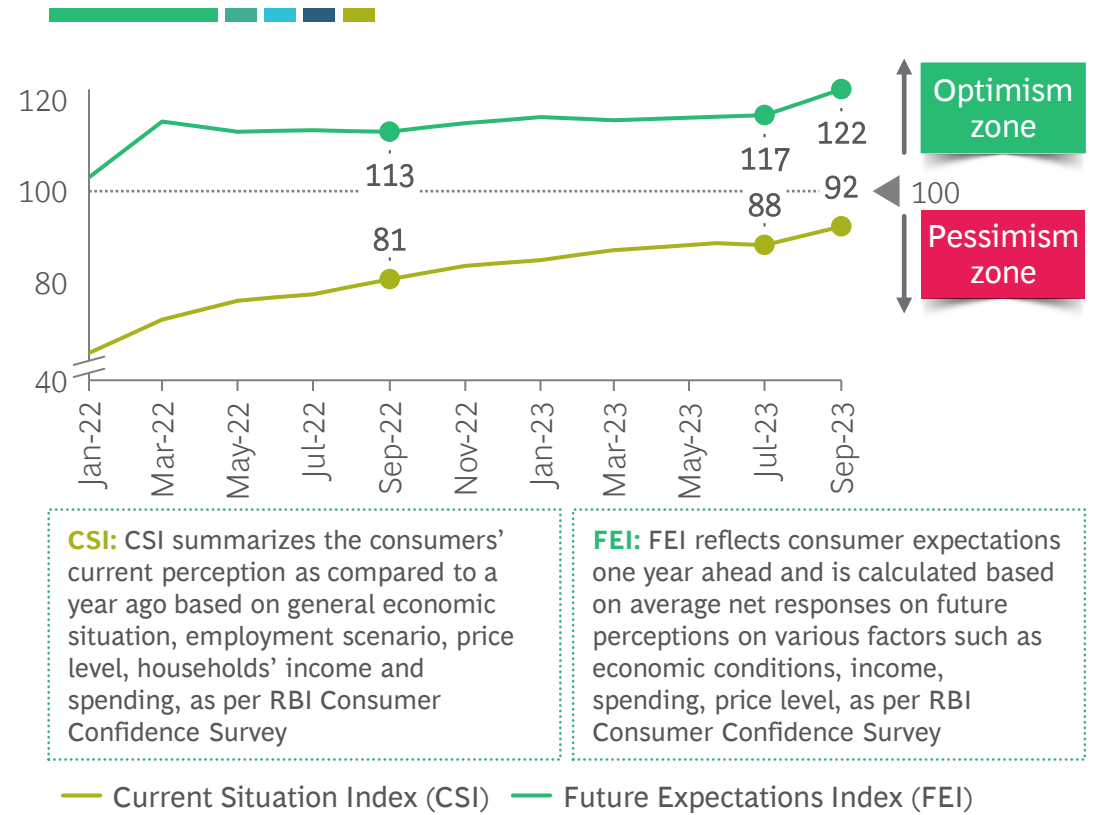
Manufacturing and services PMI¹

Manufacturing PMI fell while services PMI recorded an uptick in Sep'23



Consumer Confidence Survey (RBI)²

Both CSI and FEI exhibited significant growth in Sep'23



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: 6,077 responses across 19 major cities surveyed during 2nd Sep to 11th Sep, 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

FY24 GDP forecasted to grow between 5.9-6.4% YoY; Most forecasts remained the same or were revised upwards in Sep-Oct'23

India GDP growth forecast for FY24 (YoY,%)



Data as of 19th October'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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