

India Economic Monitor

APRIL 2023

Executive summary



In Mar'23, the effect of global economic headwinds was reflected in weaker export performance & rising unemployment, even as aggregate demand remained resilient in India. This resulted in non-uniform trends in monthly performance of macroeconomic indicators. IIP dipped after improving in Jan'23. Most underlying metrics (except steel) also declined. On the other hand, auto sales rose across all segments; domestic PV sales reached the highest ever volume reported for the month of March.

Monthly trends in trade & investment were mixed in Feb-Mar'23. A faster rise in India's merchandize imports led to wider merchandize trade deficit. Services trade surplus also dipped. Forex reserves improved after falling in the previous month partly due to rise in foreign currency assets. FDI recorded a downtick vs. Jan'23, also falling significantly below Feb'22 levels.

Most BFSI indicators were on an upward trajectory. Both UPI transaction values & volumes soared, with transaction value crossing INR 14 Tn. Aggregate deposits & credit grew, albeit at a gradual pace. Insurance premium recorded a jump vs. Feb'23, owing to surge in tax saving life insurance policies. NSE & BSE transactions witnessed marginal growth vs. Feb'23.

In terms of macroeconomic indicators, CPI recorded broad-based decline across from its peak in Apr'22, because of softening in food, fuel & core inflation. Moderation in input prices resulted in a decrease in WPI for the tenth consecutive month in Mar'23. Manufacturing PMI climbed to a 3-month high while services PMI fell marginally. GST collections touched the INR 1.6 Tn mark. As per RBI's latest consumer confidence survey, Current Situation Index (CSI) remained on an upward trajectory on account of improved perception on general economic situation, employment & household income. Households' overall outlook for the year ahead remained positive, despite marginally lower optimism. Analyst forecasts indicate GDP growth of 5.3-6.5% YoY for FY24.

Some high frequency indicators improved while others remained muted vs. 2022 & previous month levels in Feb-Mar'23 (1/2)

Industry	Growth						
	Latest month	Vs. 2019		Vs. Last year		Vs. Last month	
	Mar'23	Mar'19	CAGR	Mar'22	YoY	Feb'23	MoM
IIP (Index) *	139.0	127.6	3%	132.1	5%	147	-5%
Power Consumption ('000 MUs)	4.1	3.5	5%	4.2	-2%	4.2	-2%
Petroleum Consumption (MMT)	20.4	19.6	2%	19.4	6%	18.4	11%
Steel Consumption (MMT)	12.0	9.5	8%	9.7	24%	10.2	18%
Cement Production (MT) *	34.4	28.5	6%	32.3	6%	35.3	-3%

Logistics	Growth						
	Latest month	Vs. 2019		Vs. Last year		Vs. Last month	
	Mar'23	Mar'19	CAGR	Mar'22	YoY	Feb'23	MoM
E-way Bills (Mn)	90.0	54.9	18%	78.1	15%	81.8	10%
JNPT Traffic ('000 TEUs)	550.0	471.9	5%	515.4	7%	516.0	7%
Rail Freight (Mn Tons) *	124.0	100.0	7%	119.6	4%	134.0	-7%
Air Freight (K Tons) *	243.0	279.1	-5%	238.1	2%	238.0	2%

Trade & Investment	Growth						
	Latest month	Vs. 2019		Vs. Last year		Vs. Last month	
	Mar'23	Mar'19	CAGR	Mar'22	YoY	Feb'23	MoM
Merchandise Exports (\$ Bn)	38.0	32.5	5%	42.2	-10%	33.8	12%
Merchandise Imports (\$ Bn)	58.0	43.4	10%	60.7	-5%	51.3	13%
Services Exports (\$ Bn)	28.0	16.5	16%	22.5	24%	29.0	-9%
Services Imports (\$ Bn)	14.0	9.8	7%	13.6	6%	15.0	-6%

Auto	Growth						
	Latest month	Vs. 2019		Vs. Last year		Vs. Last month	
	Mar'23	Mar'19	CAGR	Mar'22	YoY	Mar'23	MoM
PV Sales ('000 Units)	361.0	359.9	0%	340.7	6%	338.0	7%
Tractor Sales ('000 Units)	93.0	70.6	10%	84.1	10%	70.0	33%
2W Sales ('0000 Units)	154.0	169.8	-3%	153.5	0%	136.0	13%
EV Registrations ('000 Units)	139.7	14.4	113%	77.1	81%	105.9	32%

* Data available only upto Feb'23 as on 27th Apr—hence growth comparisons are for Feb and not Mar. Feb'23 data has been compared with Feb'19, Feb'21 & Jan'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

Some high frequency indicators improved while others remained muted vs. 2022 & previous month levels in Feb-Mar'23 (2/2)

Banking, Financial Services & Insurance	Growth						
	Latest month	Vs. 2019		Vs. Last year		Vs. Last month	
	Mar'23	Mar'19	CAGR	Mar'21	YoY	Feb'23	MoM
UPI Value (INR Tn)	14.1	1.3	119%	9.6	47%	12.4	14%
Aggregate Deposits (INR Tn) *	178.6	120.9	14%	162.1	10%	177.0	1%
Aggregate Credit (INR Tn) *	134.5	94.4	12%	116.4	16%	133.4	1%
NSE & BSE Txns. (INR K Cr)	1105.6	739.8	14%	1491.3	-26%	1076.5	3%
Insurance Premium (INR K Cr)	76.0	55.1	11%	81.2	-6%	43.0	77%

Macroeconomic	Growth						
	Latest month	Vs. 2019		Vs. Last year		Vs. Last month	
	Mar'23	Mar'19	CAGR	Mar'21	YoY	Feb'23	MoM
GST Collections (INR Tn)	1.6	1.6	15%	1.4	13%	1.5	7%
WPI (%)					1%		
CPI (%)					6%		
Jan Dhan Deposits (INR Tn)	2.0	0.9	28%	1.6	20%	1.9	5%
MGNREGA Emp. Provided (HH)	19.0	16.9	5%	20.4	-5%	17.0	12%

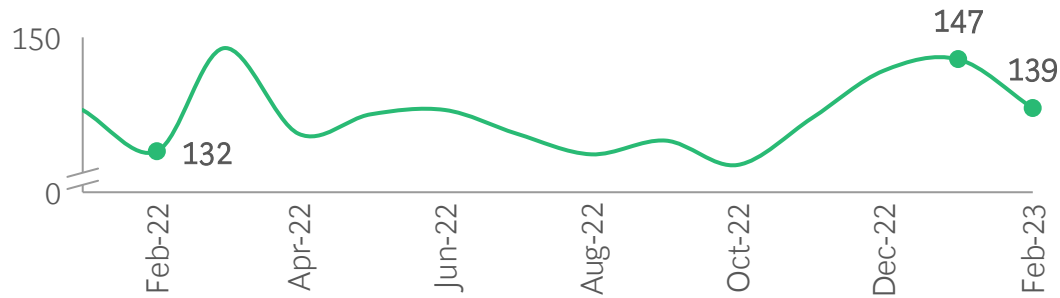
Sentiment	Growth						
	Latest month	Vs. 2019		Vs. Last year		Vs. Last month	
	Mar'23	Mar'19	CAGR	Mar'21	YoY	Feb'23	MoM
Manufacturing PMI (Index)	56.4	52.6	2%	54	4%	55.3	2%
Services PMI (Index)	57.8	52	4%	53.6	8%	59.4	-3%
Current Situation Index	87	104.6	-6%	71.7	21%	84.8	3%
Future Expectations Index	116.2	133.4	-5%	115.2	1%	116.2	0%

* Data available only upto Feb'23 as on 27th Apr—hence growth comparisons are for Feb and not Mar. Feb'23 data has been compared with Feb'19, Feb'21 & Jan'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 declined in Feb'23; Underlying metrics (except steel) recorded degrowth in Feb-Mar'23

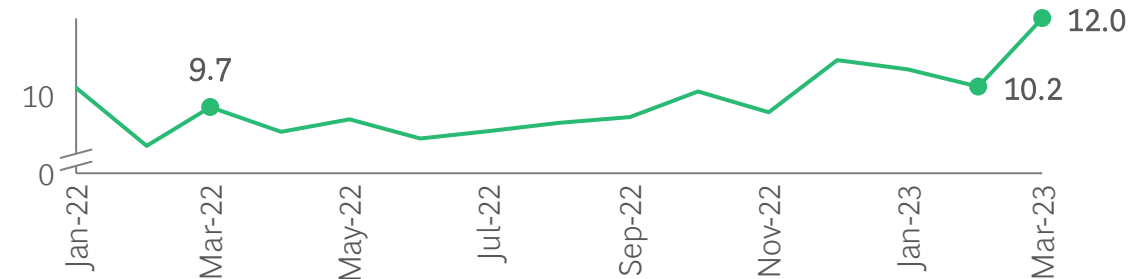
Index of Industrial Production¹

IIP fell sharply in Feb'23, after improving in previous months



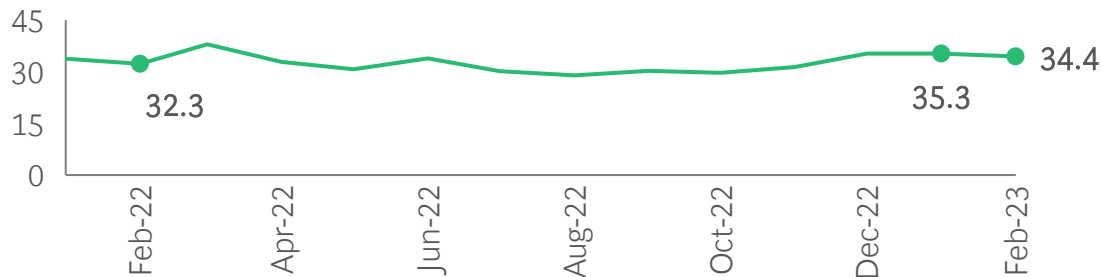
Steel Consumption (MMT)²

Steel consumption rose in Mar'23 vs. Feb'23



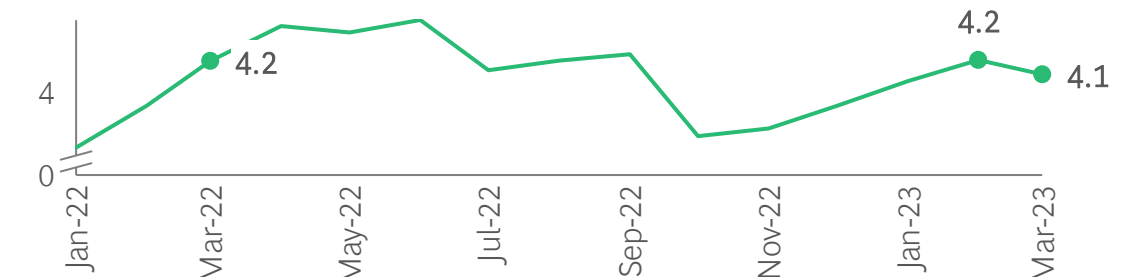
Cement Production (MT)

Cement production fell marginally in Feb'23 vs. Jan'23



Daily Average Power Consumption ('000s MUs)

Power consumption fell in Mar'23 vs. Feb'23



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

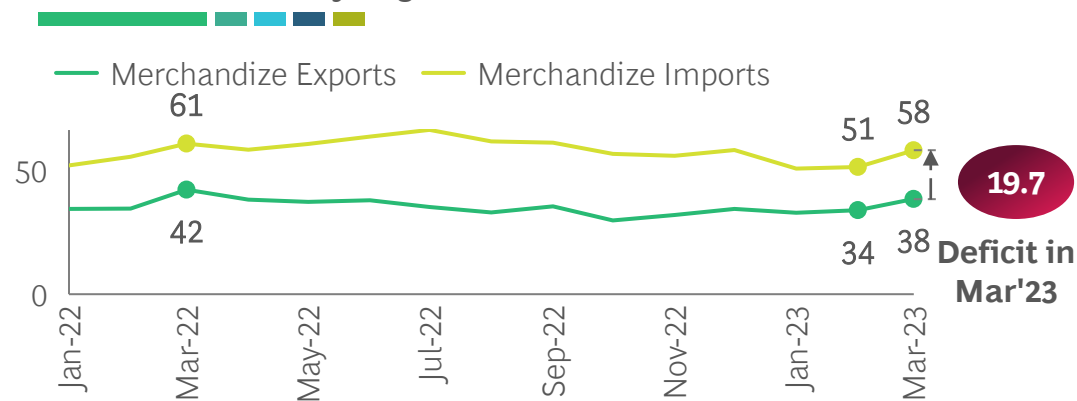
2. Steel consumption incl. long & flat steel

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 & services trade surplus fell; Forex reserves increased while FDI contracted in Feb-Mar'23

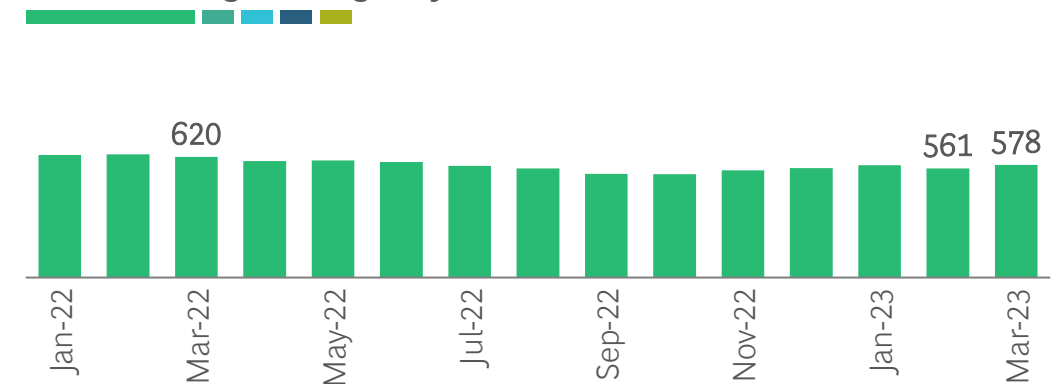
Merchandise Trade (\$ Bn)

Merchandise trade deficit grew in Mar'23 vs. Feb'23



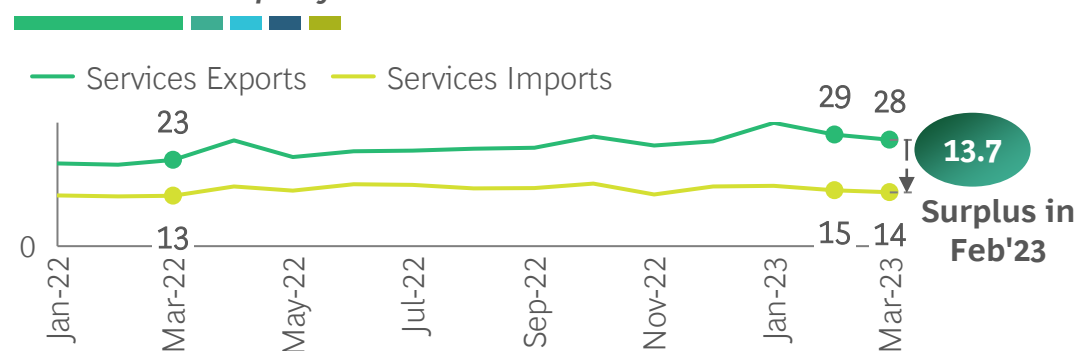
Forex Reserves (\$ Bn)

Forex reserves grew marginally in Mar'23 vs. Feb'23



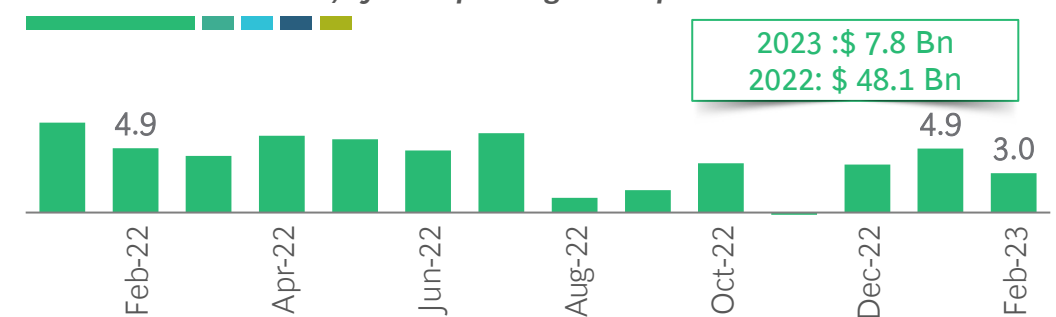
Services trade (\$ Bn)

Services trade surplus fell in Mar'23 vs. Feb'23



FDI (\$ Bn)¹

FDI declined in Feb'23, after improving in the previous month



Note: Mar'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

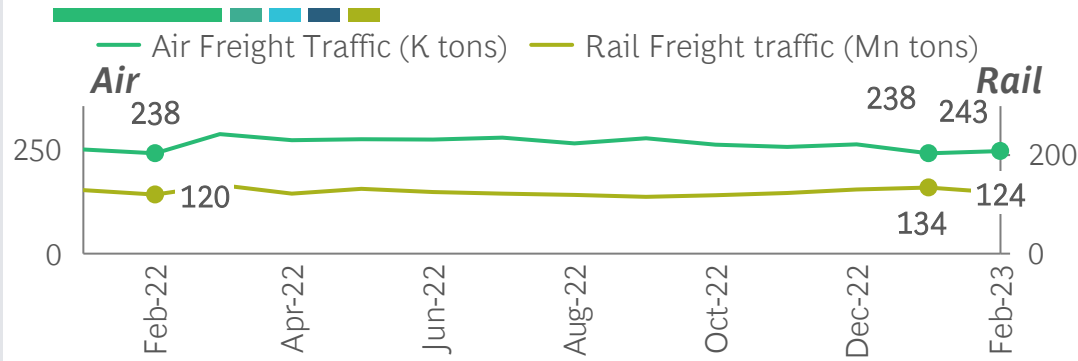
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

Source: CMIE, RBI, IndiaStat, PIB

Mixed performance across logistics indicators in Feb-Mar'23

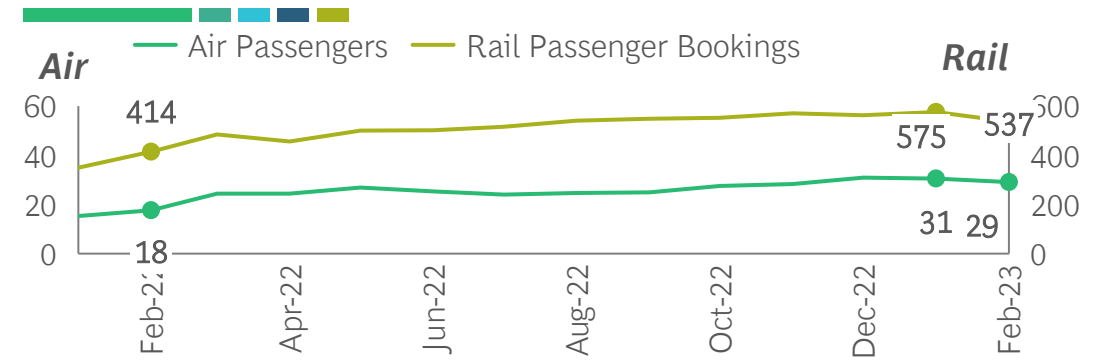
Freight Traffic

Air traffic increased while rail freight declined in Feb'23 vs. Jan'23



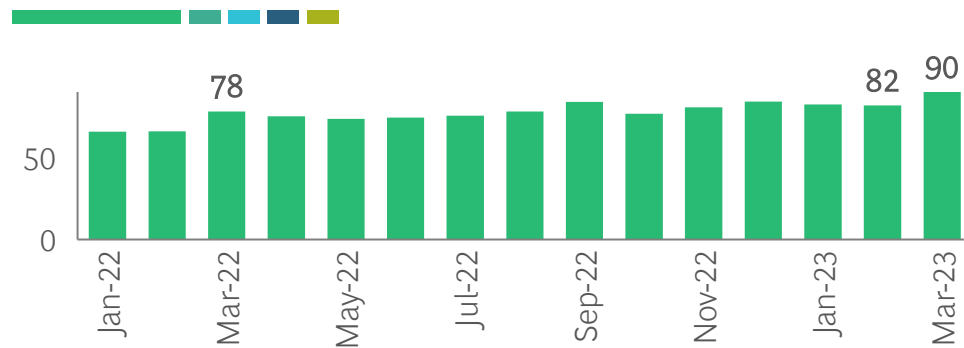
Passenger traffic (Mn)

Rail & air passenger traffic fell in Feb'23 vs. Jan'23



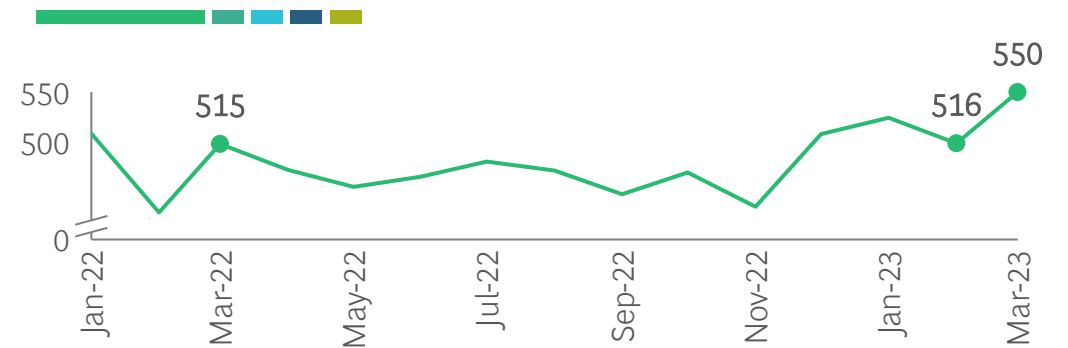
E-way Bills (Mn)¹

E-way bills increased significantly in Mar'23 vs. Feb'23



JNPT Container Traffic ('000 TEUs)²

JNPT traffic grew in Mar'23 vs. Feb'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.

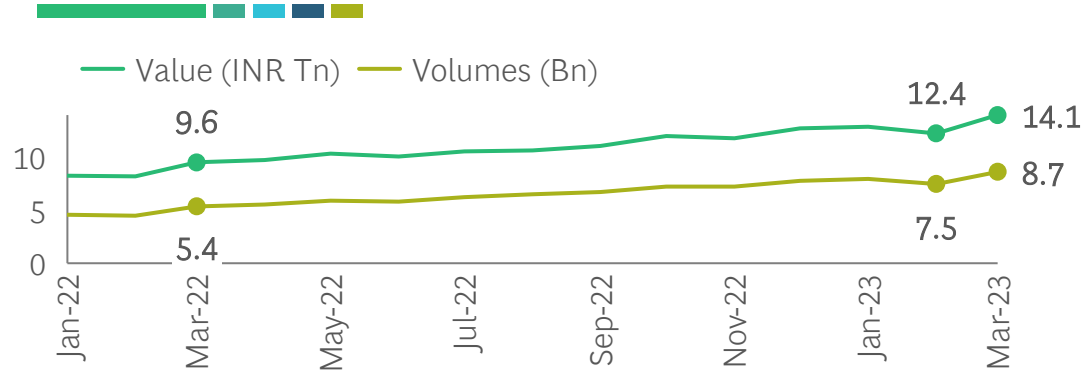
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

Majority of BFSI indicators on an upswing in Feb-Mar'23

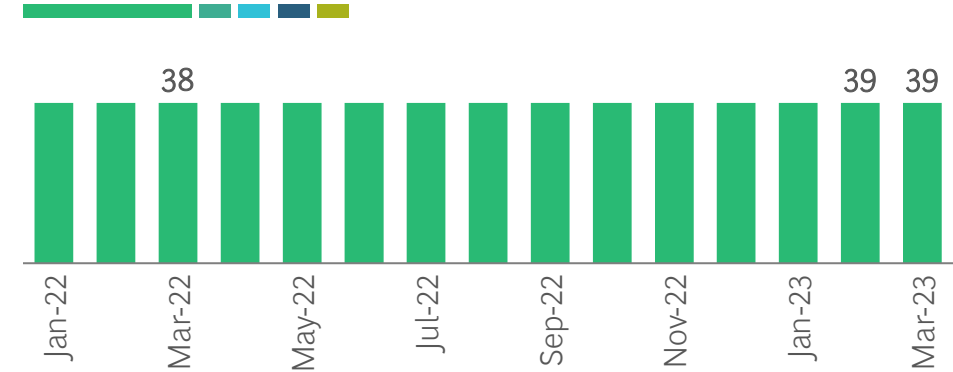
UPI

UPI value & volume increased in Mar'23 vs. Feb'23



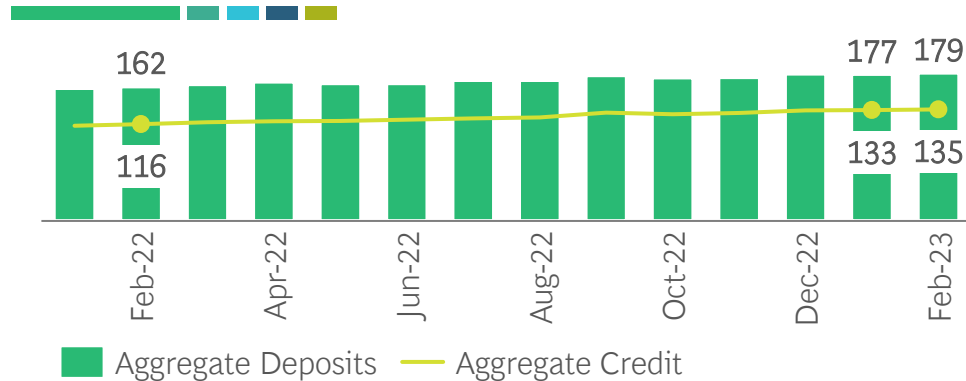
Mutual Funds AUM (INR Tn)

Mutual funds AUM remained near Feb'23 levels in Mar'23



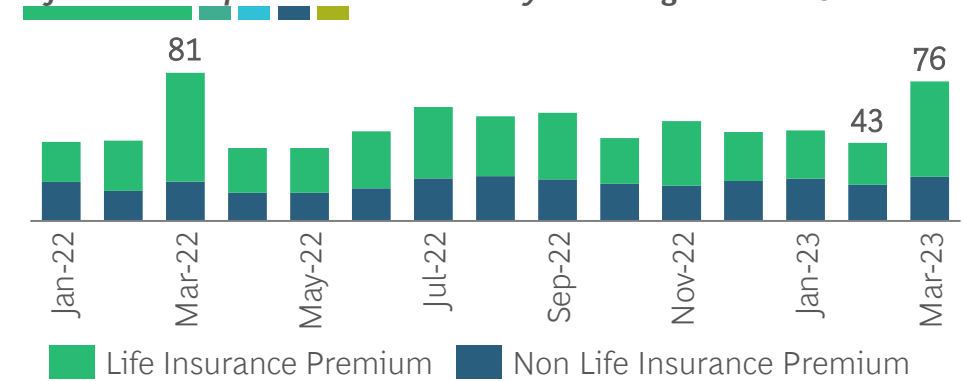
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit increased in Feb'23 vs. Jan'23



Insurance Premium (INR '000 Cr)

Life insurance premium recorded a cyclical surge in Mar'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

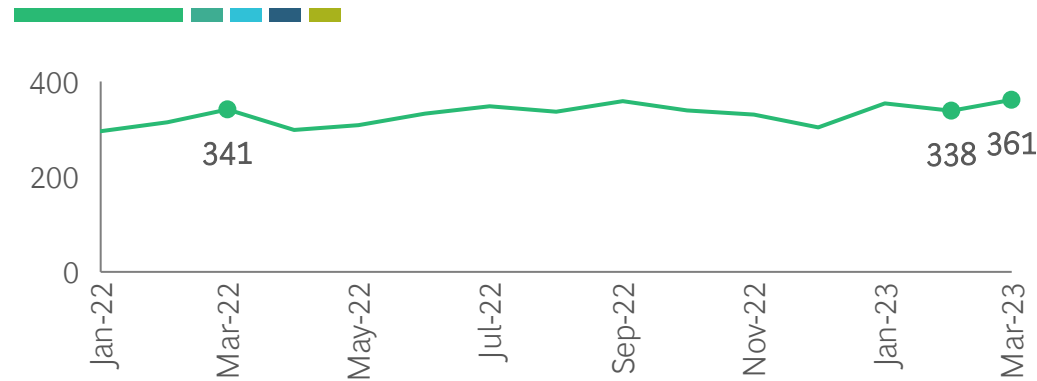
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

Auto sales witnessed an upswing across all segments in Mar'23

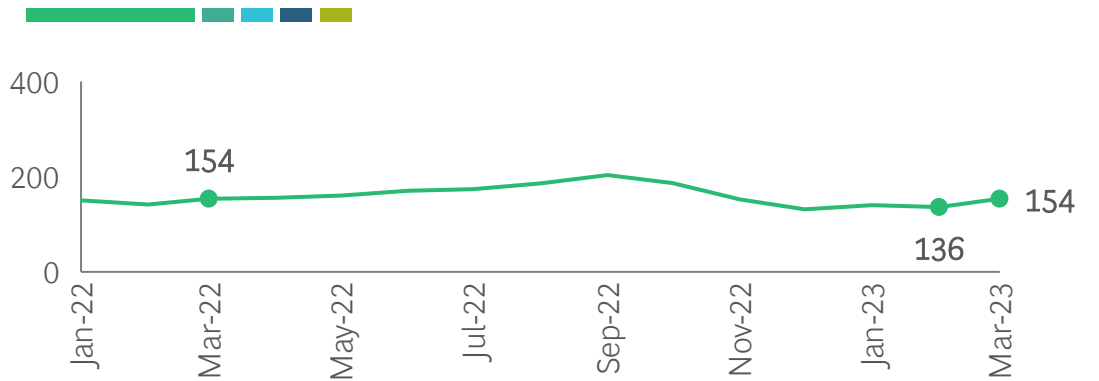
Passenger vehicles sales ('000 units)

PV sales improved in Mar'23, after dipping in previous month



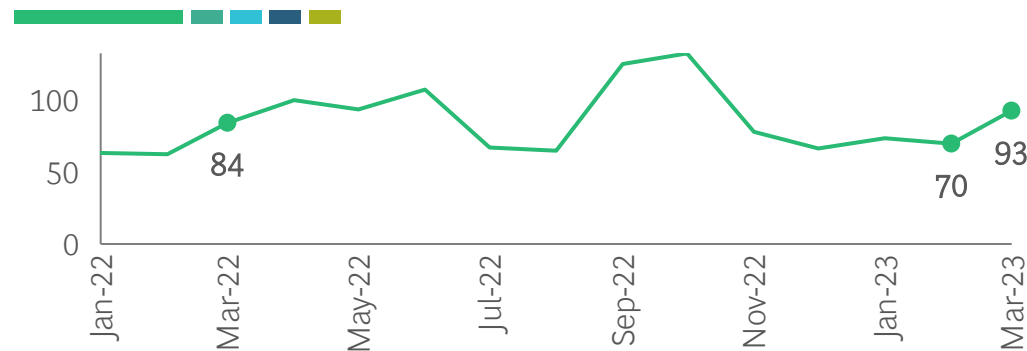
Two-wheeler sales ('0000 units)

2W sales reached a 4-month high in Mar'23, after muted growth in previous months



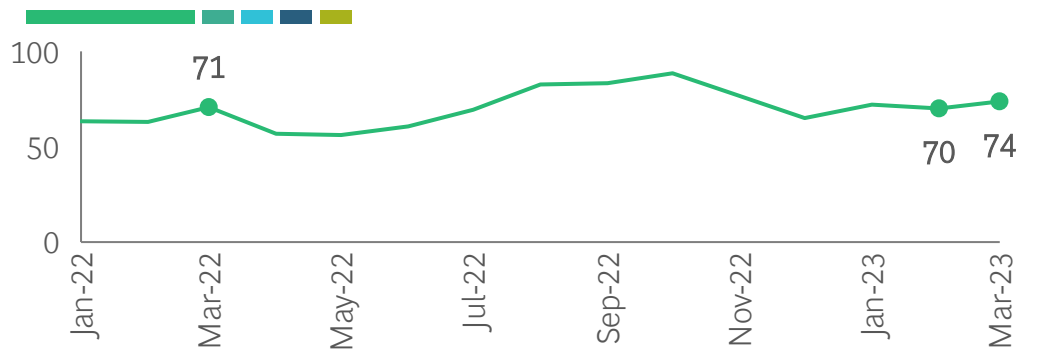
Tractor sales ('000 units)

Tractor sales surged, reaching a 4-month high in Mar'23



Three-wheeler sales ('000 units)

3W sales increased in Mar'23, nearing Jan'23 levels



Figures represent wholesale numbers (including exports).

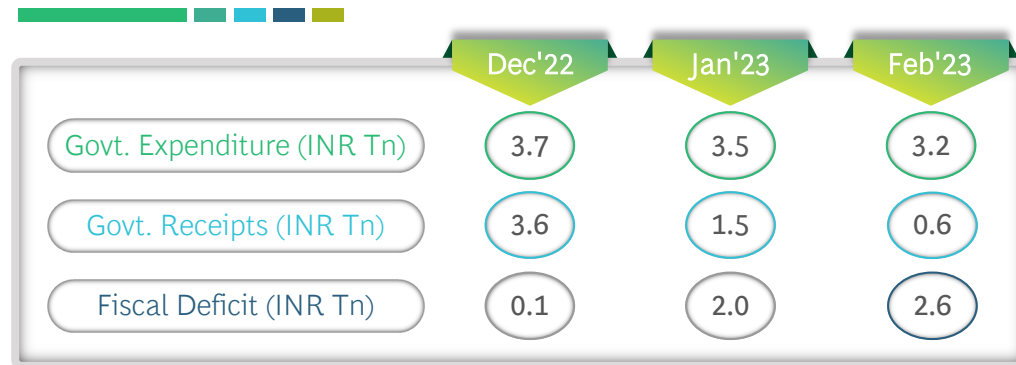
1. BMW, Mercedes and Volvo Auto data is not available

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

Fiscal deficit increased in Feb'23; GST collections touched INR 1.6 Tn, while repo rate remained constant at 6.5% in Mar'23

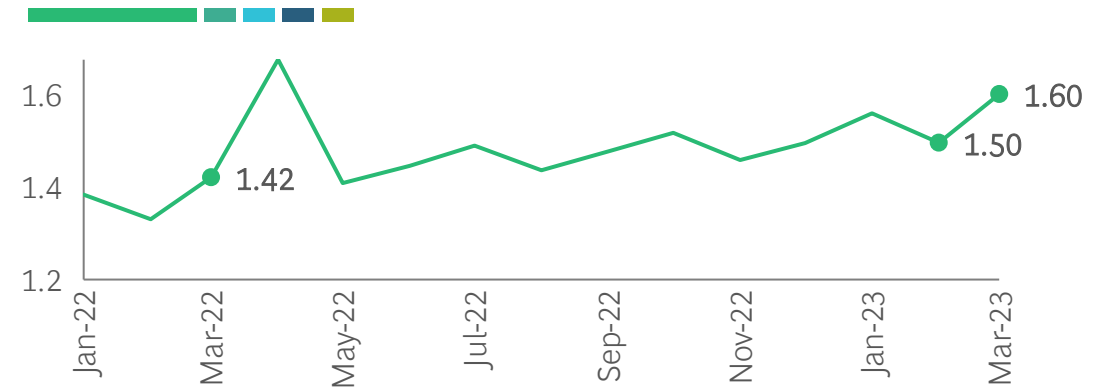
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit rose marginally, driven by decline in Govt. Receipts



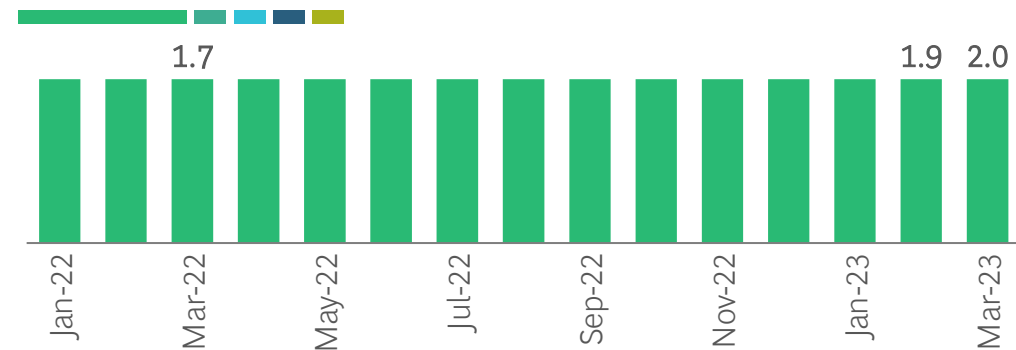
GST Collections¹ (INR Tn)

GST collections witnessed an uptick in Mar'23 vs. Feb'23



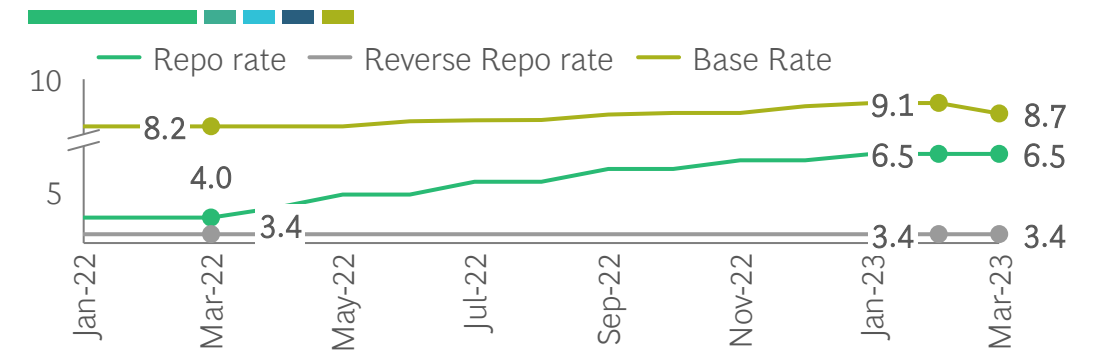
Jan Dhan Deposits (INR Tn)

Jan Dhan improved marginally in Mar'23 vs. Feb'23



RBI's policy rates (%)

Repo rate remained at Feb'23 levels in Jan'23

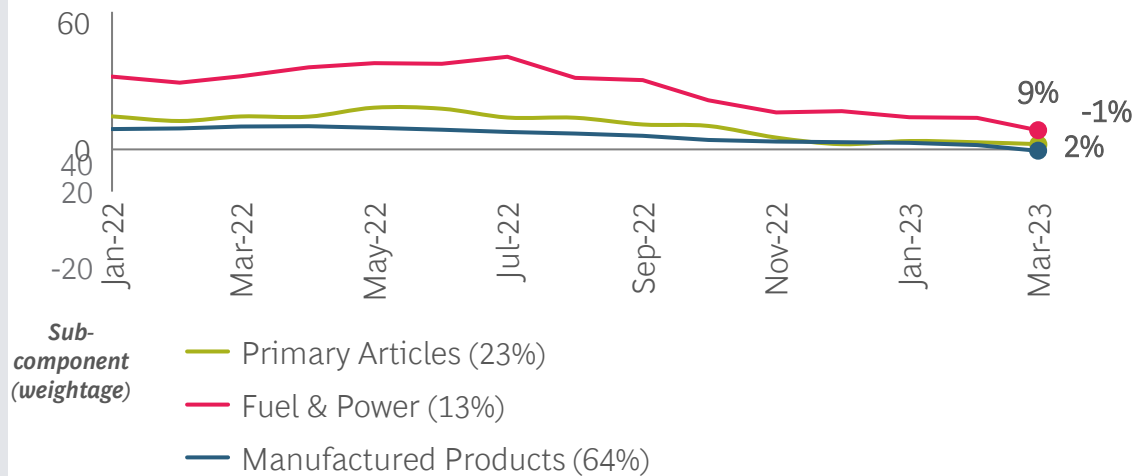
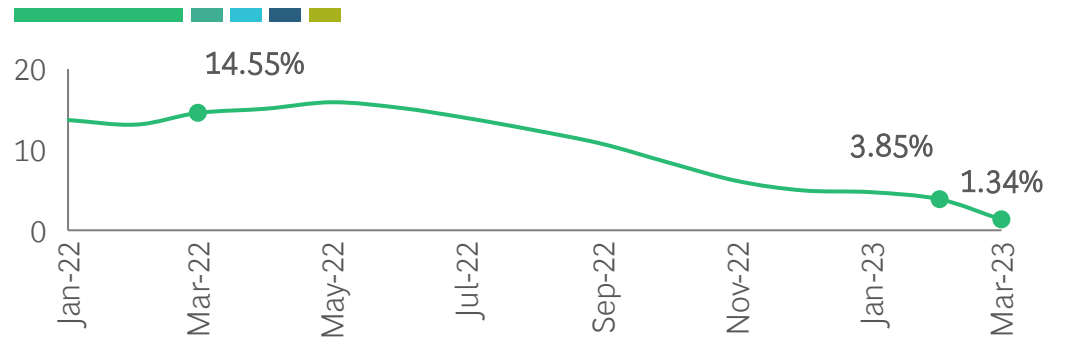


¹GST Collections include all components: CGST, SGST, IGST, Cess
Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI eased for the tenth consecutive month; CPI also eased, falling within RBI's 6% band in Mar'23

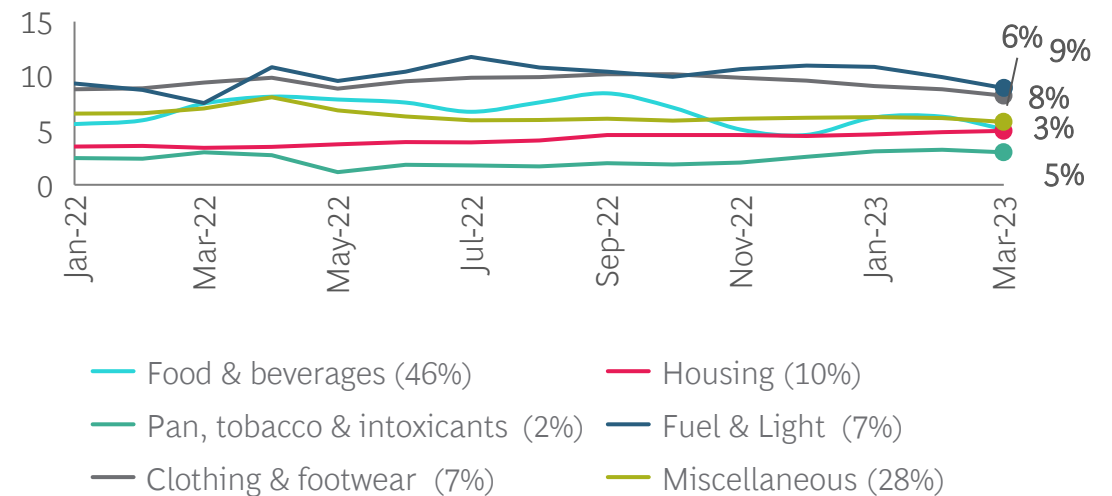
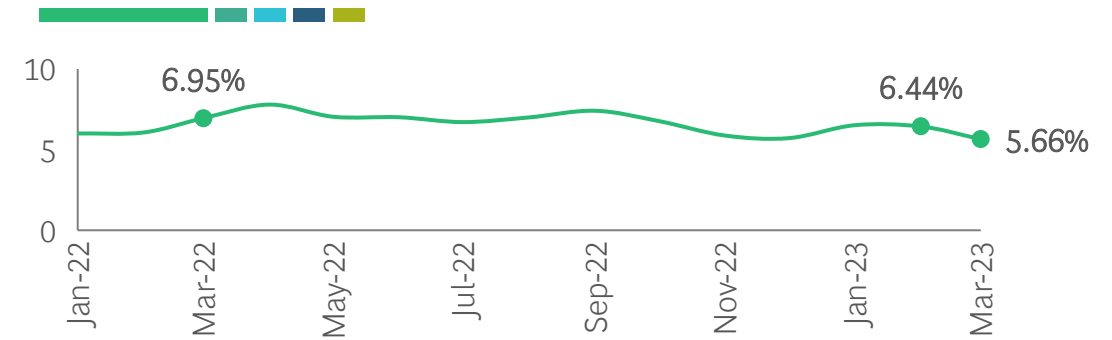
Wholesale Price Index (WPI)¹

WPI eased to a 29-month low due to easing across all sub-components in Mar'23



Consumer Price Index (CPI)²

CPI dropped to a 15-month low, driven by most sub-components



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

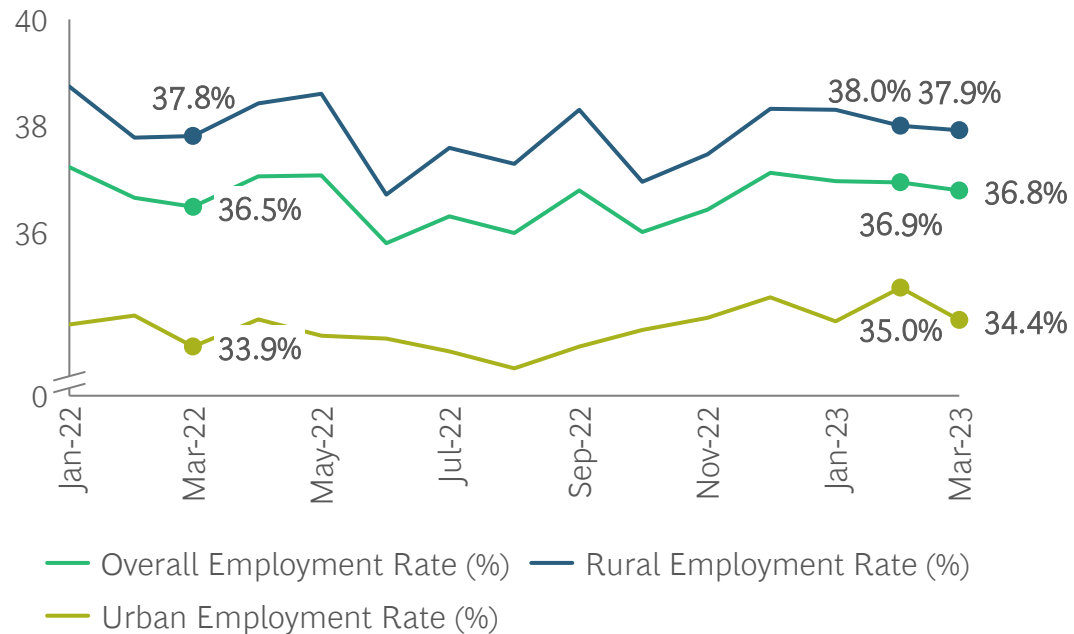
Source: MOSPI, CMIE, BCG Analysis

Urban & rural employment fell; MGNREGA work demand & employment grew in Mar'23

CMIE Employment rate (%)¹

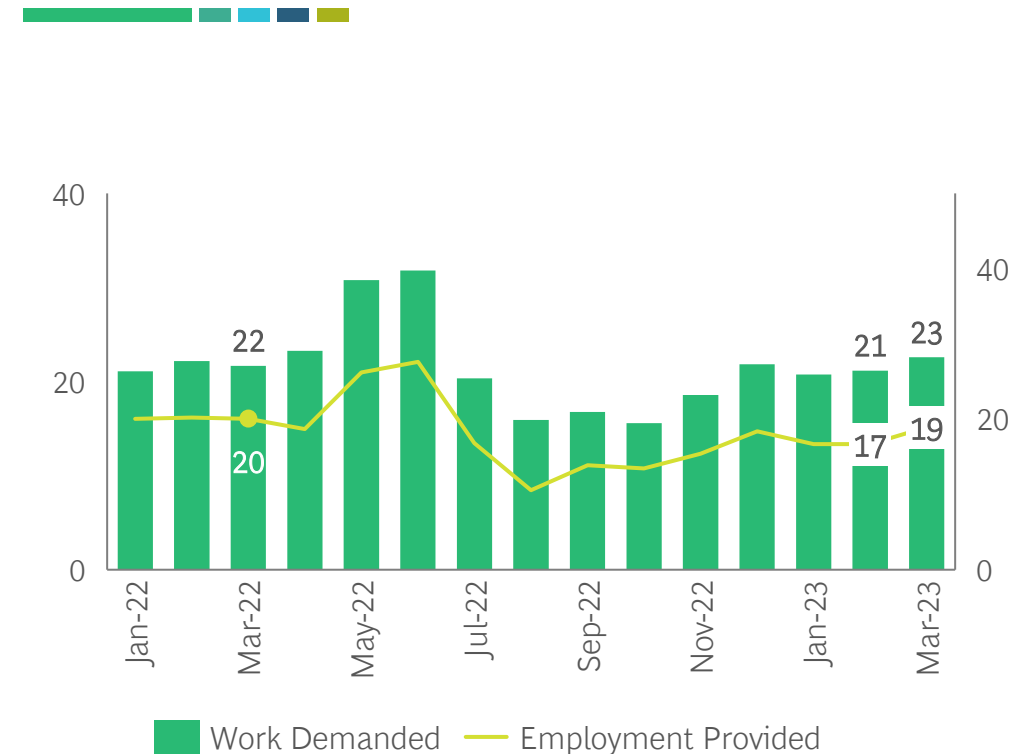
Urban & rural employment dipped in Mar'23 vs. Feb'23

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

Work demanded & employment provided marginally rose in Mar'23 vs. Feb'23

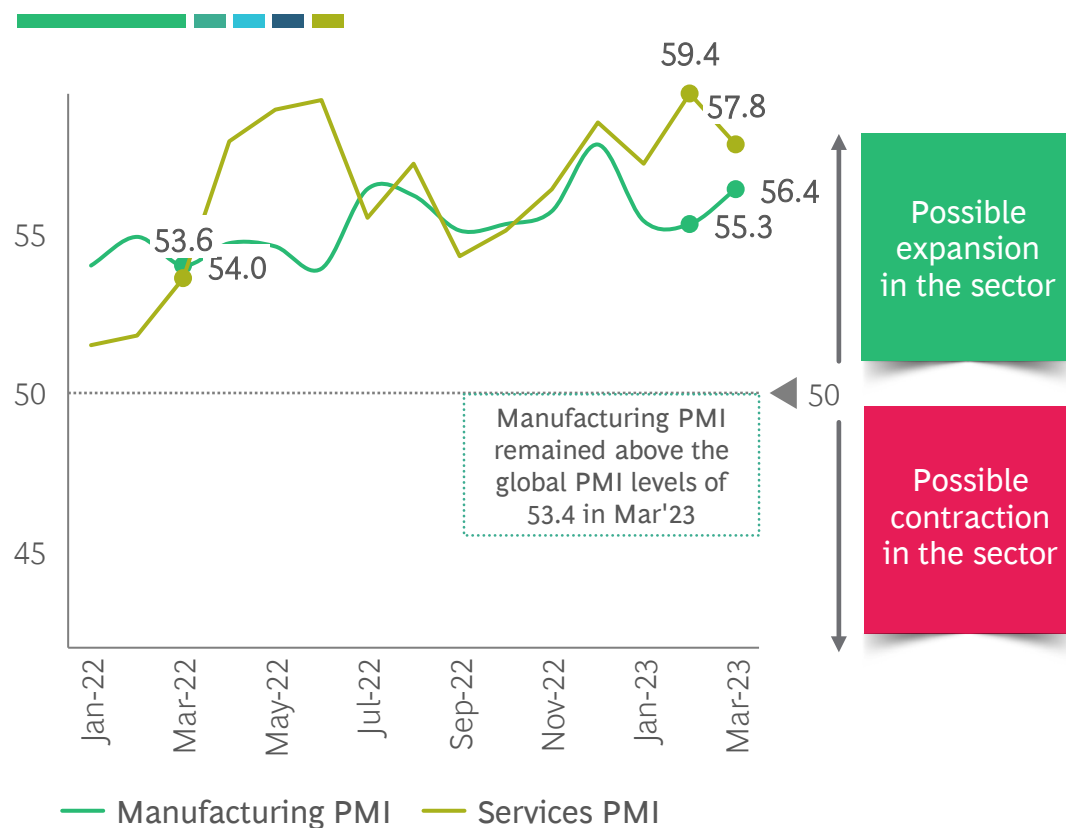


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. MGNREGA employment provided data not available as on 21st Feb'23
 Source: CMIE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

Manufacturing PMI rose to a 3-month high while services PMI fell sharply; Consumer confidence continued to improve in Mar'23

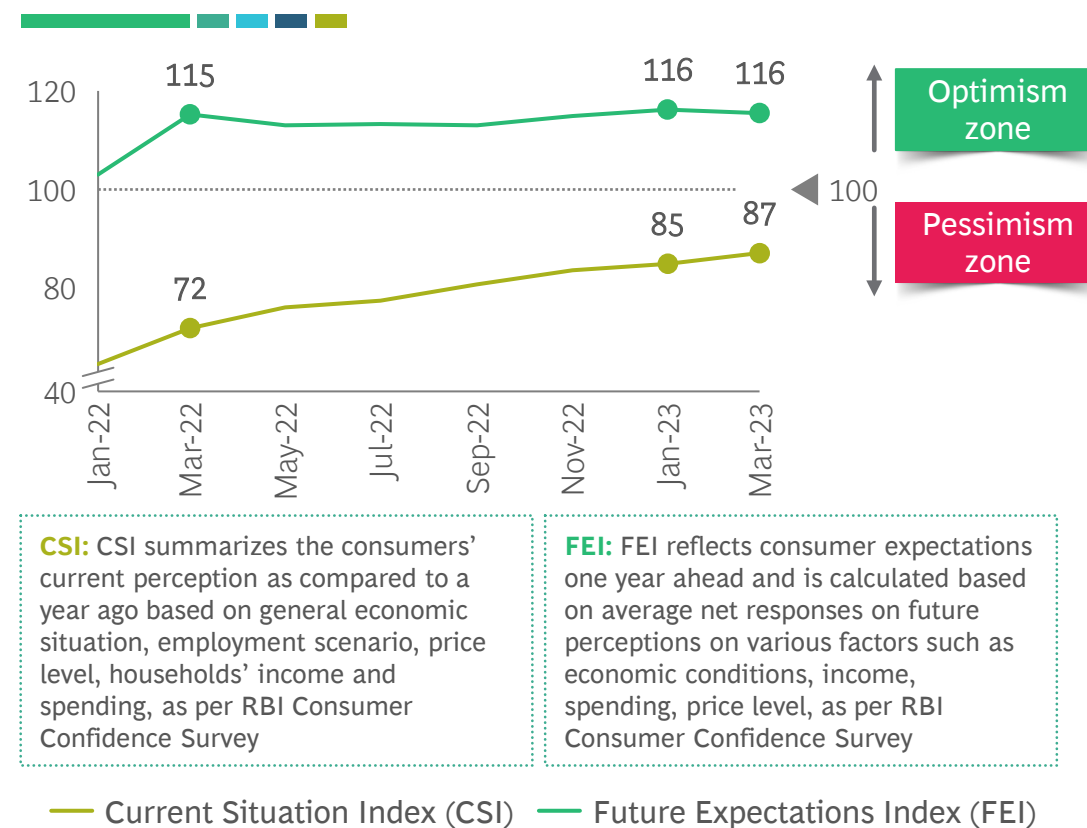
Manufacturing and services PMI¹

Manufacturing PMI witnessed an uptick while services PMI dipped, although both remained in expansion mode in Mar'23



Consumer Confidence Survey (RBI)²

CSI improved while FEI remained at Jan'23 levels in Mar'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

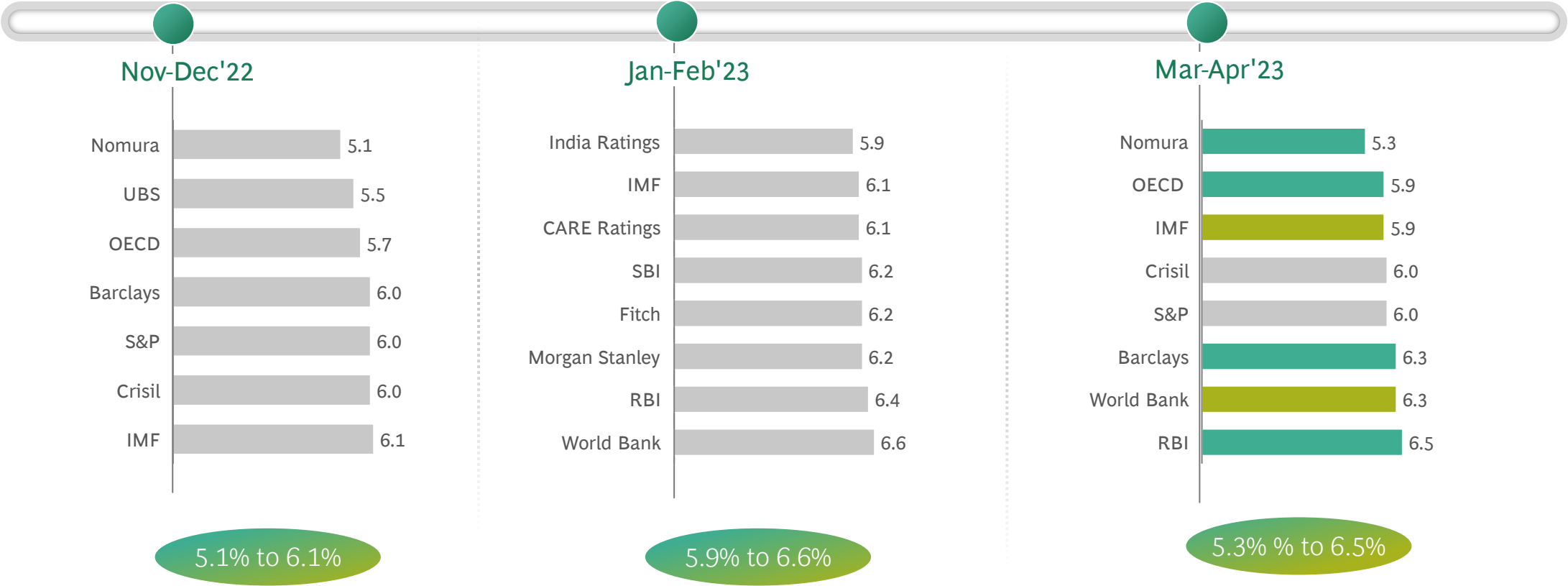
1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;

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

FY24 forecasted GDP to grow between 5.3% to 6.5% YoY; Many agencies revised their forecasts upwards in Mar-Apr'23 period

India GDP growth forecast for FY24 (YoY,%)



Data as of 20th Apr'23; 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;

That

bcg.com