

India Economic Monitor

MAY 2023

Executive summary



In Apr'23, spillover effects from slowing global growth, high inflation & uncertainty in financial markets resulted in uneven performance of multiple high frequency indicators in India. IIP grew vs. Feb'23, however, YoY expansion hit a 5-month low of 1.1%. This is attributable to sluggish manufacturing growth & electricity production. Underlying metrics (e.g., cement & daily avg. power consumption) recorded a monthly uptick. In the auto sector, monthly sales fell across all segments (except 2W), because of inflationary pressures & semiconductor chip shortages.

Most trade & investment indicators declined. India's merchandise exports & imports plummeted, leading to a 20-month low trade deficit. Faltering demand in key markets combined with decline in commodity prices contributed to this trend. Services trade surplus also fell to a 21-month low. Forex reserves rose to the highest level since Jun'22. This has been driven by RBI's intervention to rebuild reserves by purchasing dollars, taking advantage of the rupee's recovery. FDI moderated in Mar'23 vs. Feb'23, falling significantly below Mar'22 levels.

Performance of BFSI indicators was also non-uniform. UPI transaction values remained unchanged while volume inched up marginally. Aggregate deposits & credit continued to improve. Life insurance premium recorded degrowth partly due to changes in tax policies. NSE & BSE transactions declined by 16% vs. Mar'23.

In terms of macroeconomic indicators, CPI fell sharply to 4.7% due to easing in food, fuel & core inflation. This was driven by monetary policy tightening, supply augmenting measures & a favorable base effect. WPI witnessed deflation because of decline in prices of crude, energy, non-food & food articles. Services PMI touched a 13-year high while manufacturing PMI accelerated to a 4-month high. GST collections reached their highest value. In the near term, growth is expected to be supported by private consumption, higher rural demand & increased manufacturing. Analyst forecasts indicate GDP growth of 5.3-6.5% YoY for FY24.

Most high frequency indicators grew at a slower pace vs. 2022 levels in Mar-Apr'23 (1/2)

Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Apr'23	Apr'22	YoY	Mar'23	MoM
IIP (Index) *	151.0	148.3	2%	139	9%
Power Consumption ('000 MUs)	4.4	4.4	-1%	4.1	7%
Petroleum Consumption (MMT)	18.4	18.1	1%	20.4	-10%
Steel Consumption (MMT)	10.0	9.1	10%	11.2	-10%
Cement Production (MT) *	37.7	37.9	-1%	34.4	10%

Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Apr'23	Apr'22	YoY	Mar'23	MoM
E-way Bills (Mn)	84.3	75.2	12%	90.0	-6%
JNPT Traffic ('000 TEUs)	522.0	497.9	5%	550.0	-5%
Rail Freight (Mn Tons) *	145.0	139.2	4%	124.0	17%
Air Freight (K Tons) *	287.0	283.2	1%	243.0	18%

Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Apr'23	Apr'22	YoY	Mar'23	MoM
Merchandise Exports (\$ Bn)	35.0	40.0	-13%	38.0	-8%
Merchandise Imports (\$ Bn)	50.0	58.0	-14%	58.0	-14%
Services Exports (\$ Bn)	30.0	24.0	25%	28.0	-3%
Services Imports (\$ Bn)	17.0	14.0	21%	14.0	-7%

Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Apr'23	Apr'22	YoY	Mar'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)	110.5	73.0	51%	139.7	-21%

* Data available only upto Mar'23 as on 25th May—hence growth comparisons are for Mar and not Apr. Mar'23 data has been compared with Mar'19, Mar'21 & Feb'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 grew at a slower pace vs. 2022 levels in Mar-Apr'23 (2/2)

Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Apr'23	Apr'22	YoY	Mar'23	MoM
UPI Value (INR Tn)	14.1	9.8	43%	14.1	0%
Aggregate Deposits (INR Tn) *	180.0	164.6	9%	178.6	1%
Aggregate Credit (INR Tn) *	137.0	118.9	15%	134.5	2%
NSE & BSE Txns. (INR K Cr)	930.2	1369.8	-32%	1105.6	-16%
Insurance Premium (INR K Cr)	38.0	39.5	-4%	76.0	-50%

Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Apr'23	Apr'22	YoY	Mar'23	MoM
GST Collections (INR Tn)	1.8	1.6	12%	1.6	17%
WPI (%)			-0.9%		
CPI (%)			4.7%		
Jan Dhan Deposits (INR Tn)	1.7	1.6	2%	2.0	-15%
MGNREGA Emp. Provided (HH)	21.0	18.6	12%	19.0	11%

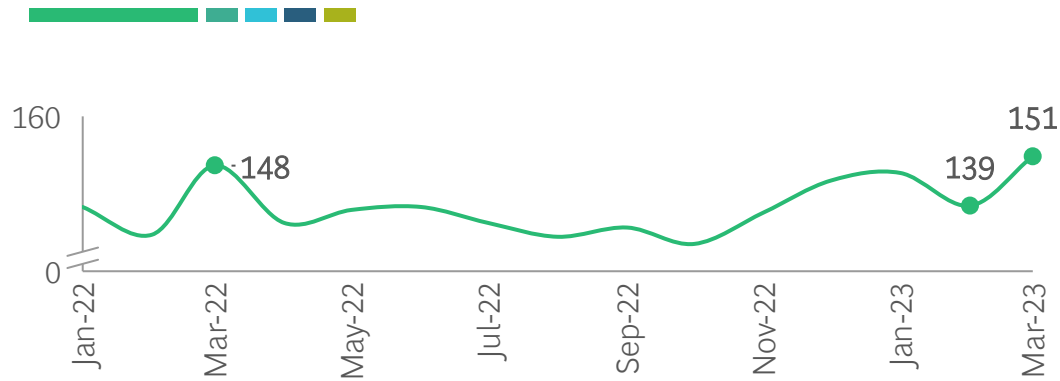
Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Apr'23	Apr'22	YoY	Mar'23	MoM
Manufacturing PMI (Index)	57.2	54.7	5%	56.4	1%
Services PMI (Index)	62.0	57.9	7%	57.8	7%
Current Situation Index *	87.0	71.7	21%	84.8	3%
Future Expectations Index *	116.0	115.2	1%	116.2	0%

* Data available only upto Mar'23 as on 25th May—hence growth comparisons are for Mar and not Apr. Mar'23 data has been compared with Mar'19, Mar'21 & Feb'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 an upswing; Underlying metrics (except steel) also improved in Mar-Apr'23

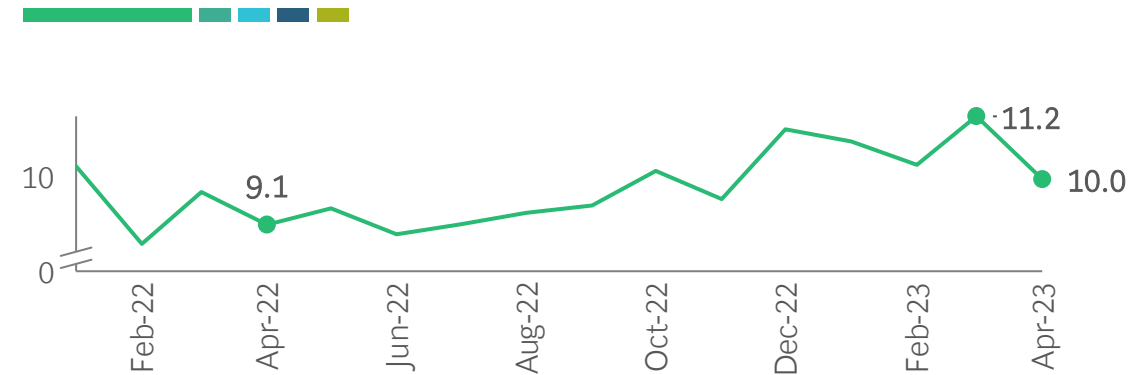
Index of Industrial Production¹

IIP rose sharply in Mar'23, after declining in previous month



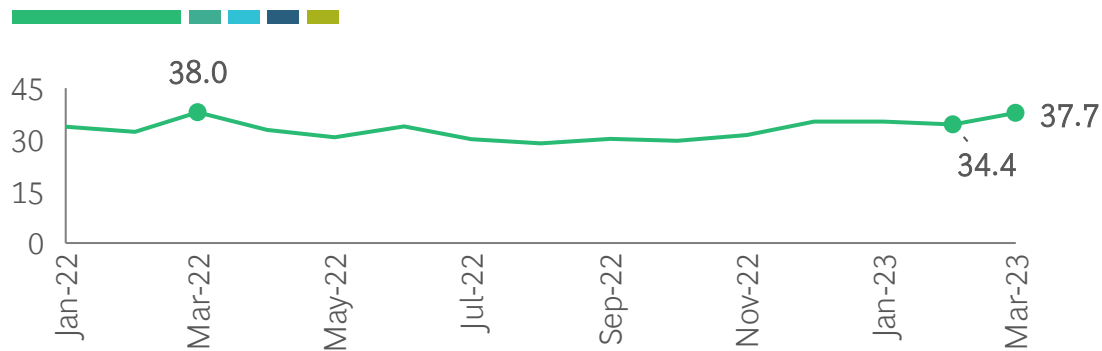
Steel Consumption (MMT)²

Steel consumption declined sharply in Apr'23 vs. Mar'23



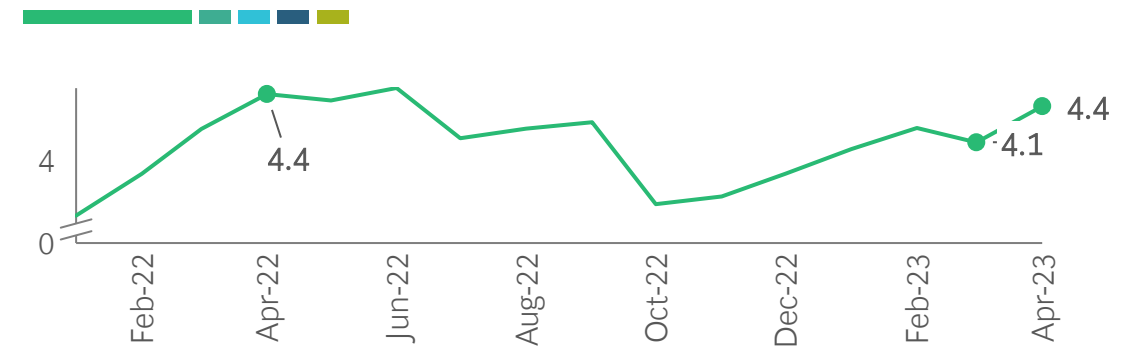
Cement Production (MT)

Cement production increased in Mar'23 vs. Feb'23



Daily Average Power Consumption ('000s MUs)

Power consumption grew in Apr'23 vs. Mar'23



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

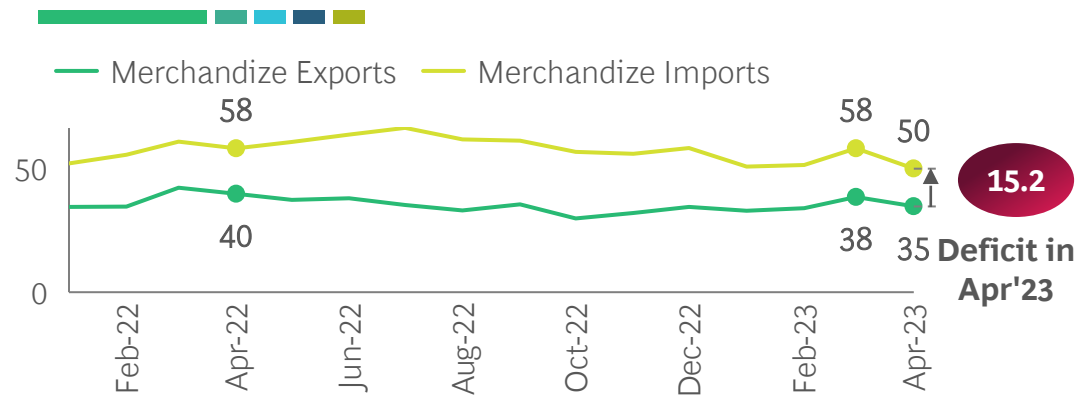
2. Steel consumption incl. long & flat steel

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 improved, while services trade growth was muted; Forex reserves rose, FDI contracted in Mar-Apr'23

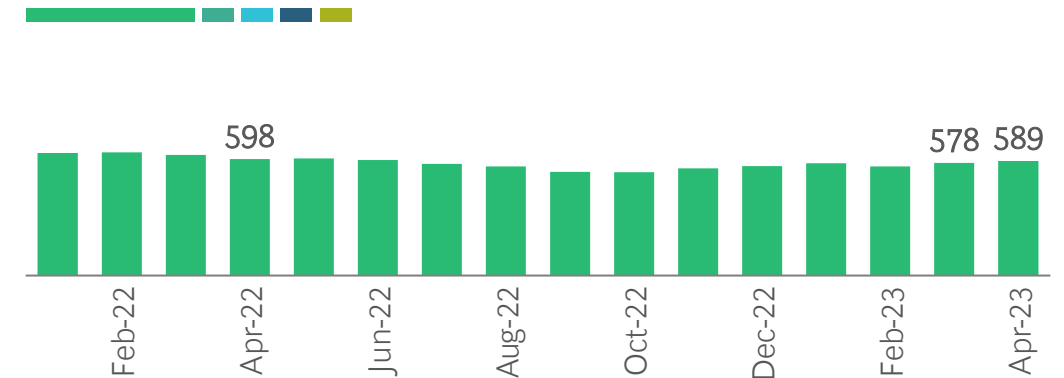
Merchandise Trade (\$ Bn)

Merchandise trade dipped sharply in Apr'23 vs. Mar'23



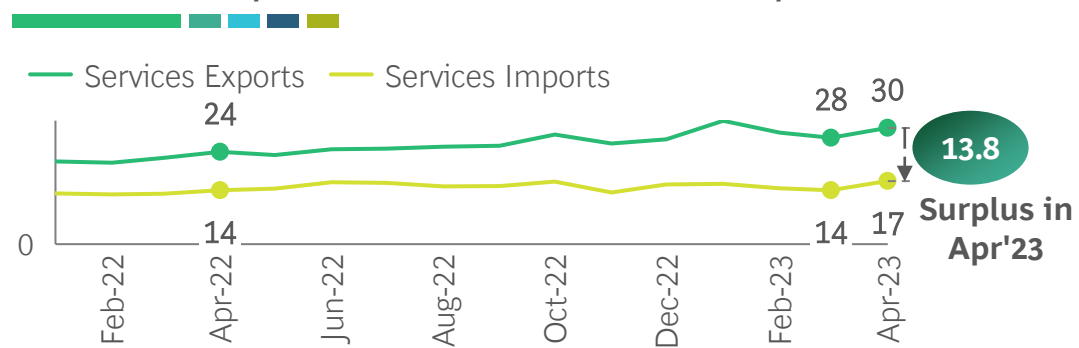
Forex Reserves (\$ Bn)

Forex reserves improved for the second consecutive month in Apr'23



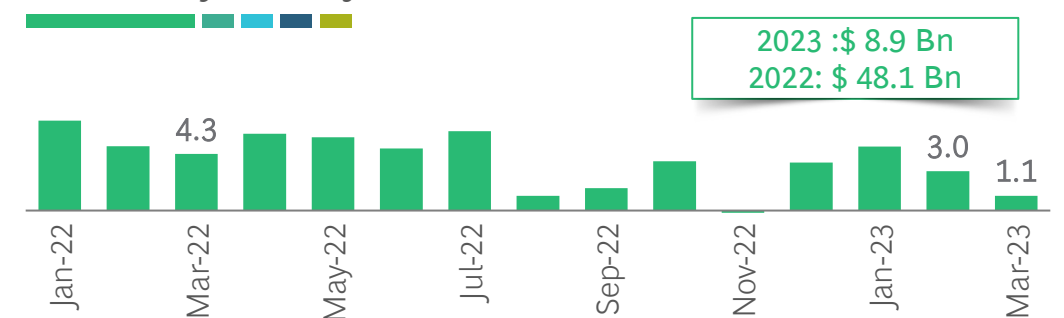
Services trade (\$ Bn)

Services trade surplus remained near Mar'23 levels in Apr'23



FDI (\$ Bn)¹

FDI massively declined for the second consecutive month in Mar'23



Note: Apr'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

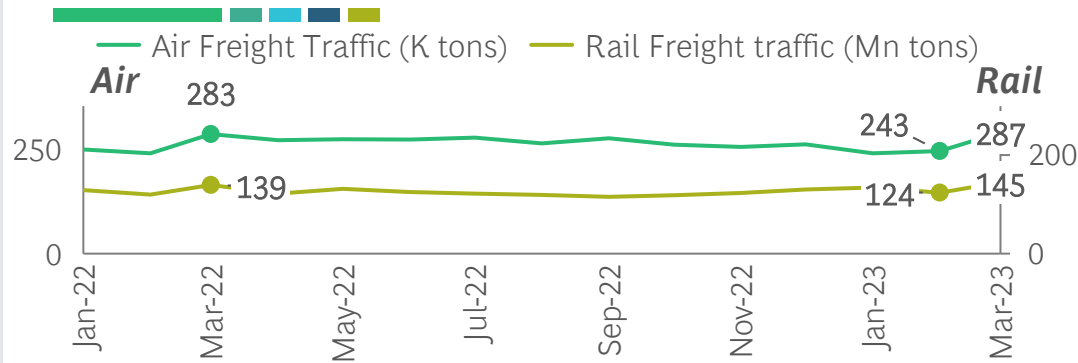
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

Source: CMIE, RBI, IndiaStat, PIB

Most logistics indicators logged a decline in Mar-Apr'23

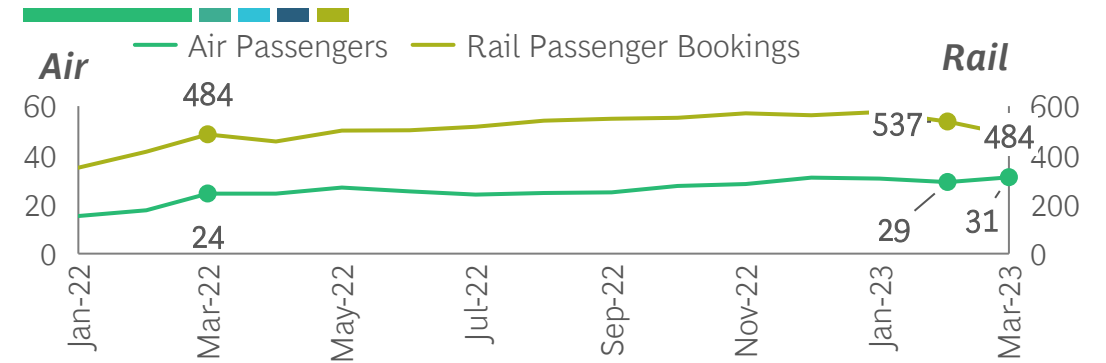
Freight Traffic

Air & rail freight traffic witnessed an upswing in Mar'23 vs. Feb'23



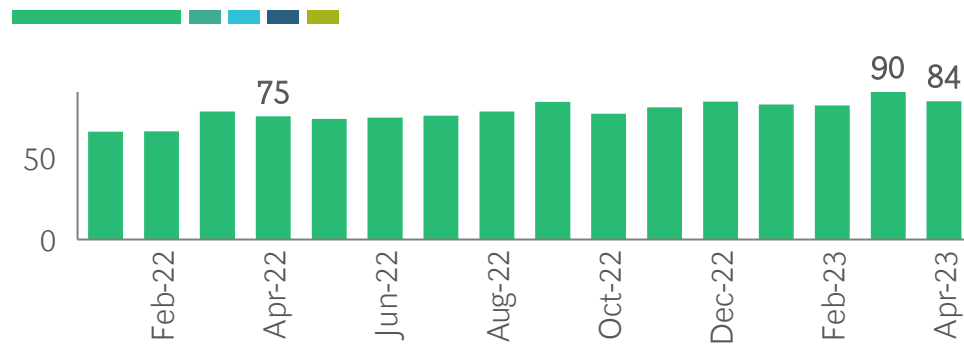
Passenger traffic (Mn)

Air passenger traffic grew marginally while rail traffic fell in Mar'23 vs. Feb'23



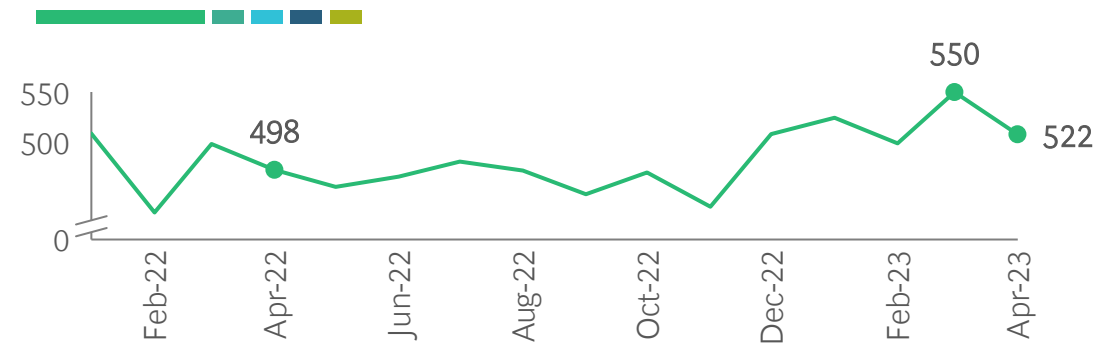
E-way Bills (Mn)¹

E-way bill volume dipped in Apr'23 after improving in Mar'23



JNPT Container Traffic ('000 TEUs)²

JNPT traffic declined sharply in Apr'23 vs. Mar'23



¹E-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.

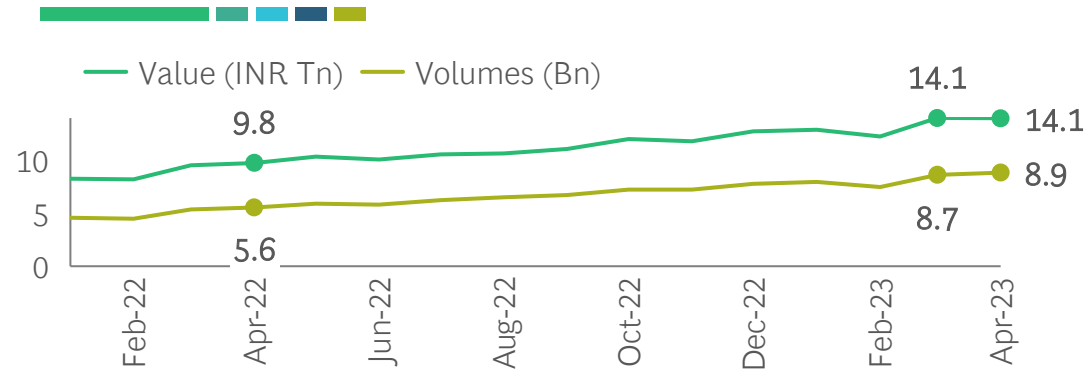
²TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

BFSI indicators exhibited mixed trends in monthly growth in Mar-Apr'23

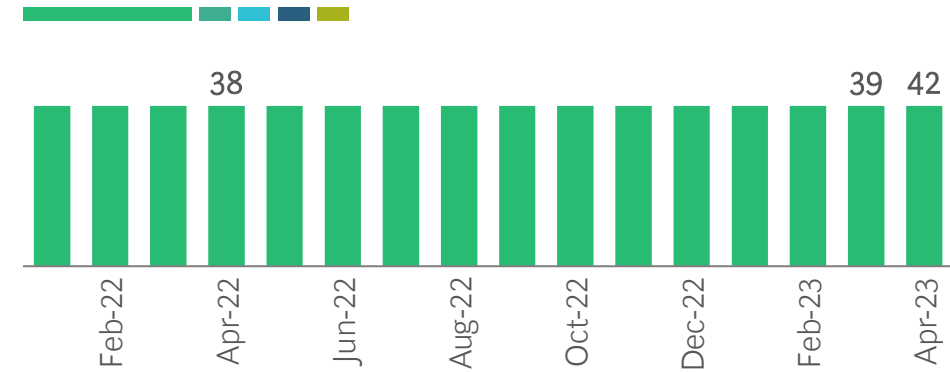
UPI

UPI volume grew marginally while value remained constant in Apr'23



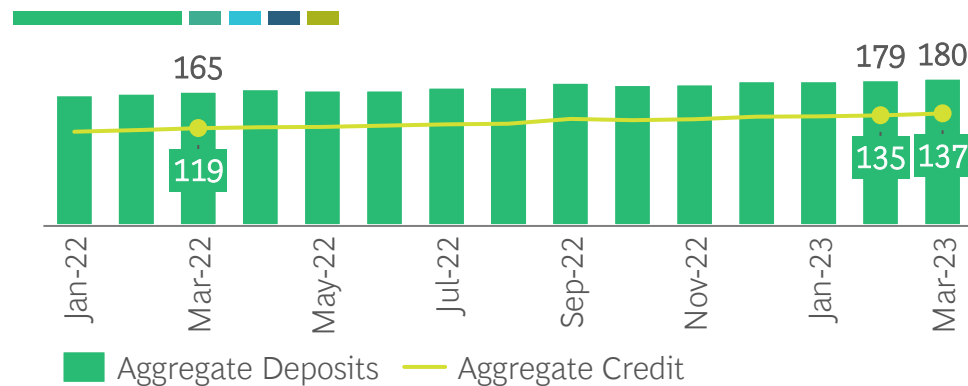
Mutual Funds AUM (INR Tn)

Mutual funds AUM recorded improvement in Apr'23 vs. Mar'23



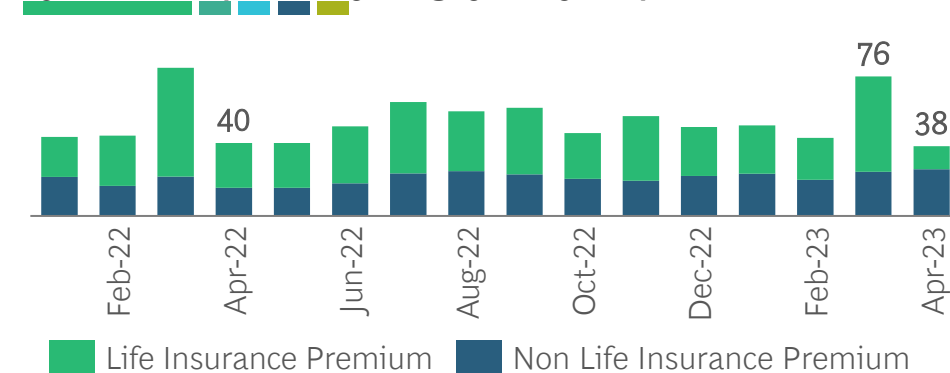
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit remained similar to Feb'23 levels in Mar'23



Insurance Premium (INR '000 Cr)

Life insurance premium fell significantly in Apr'23 vs. 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

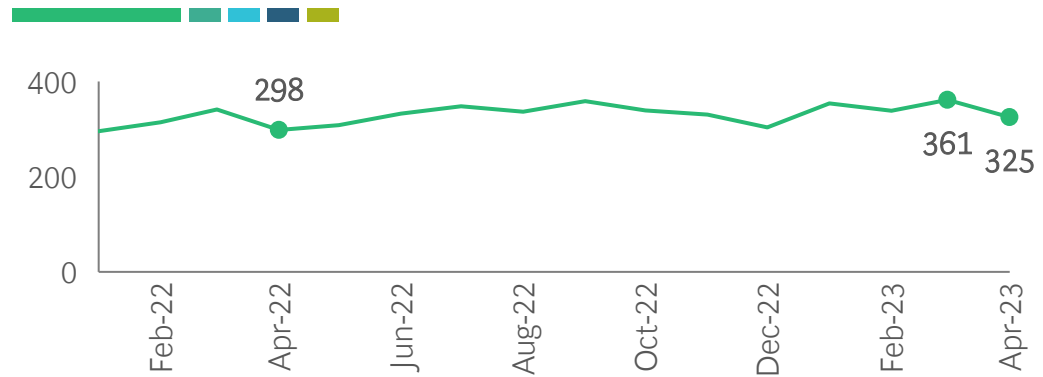
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

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

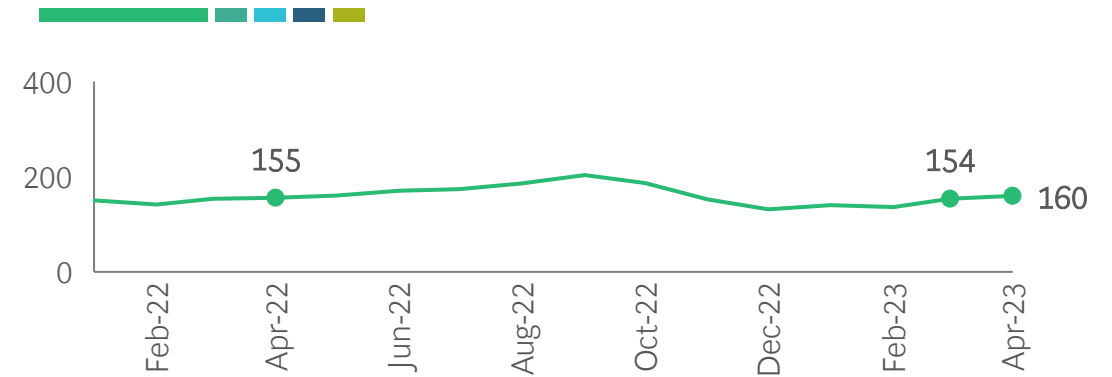
Passenger vehicles sales ('000 units)

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



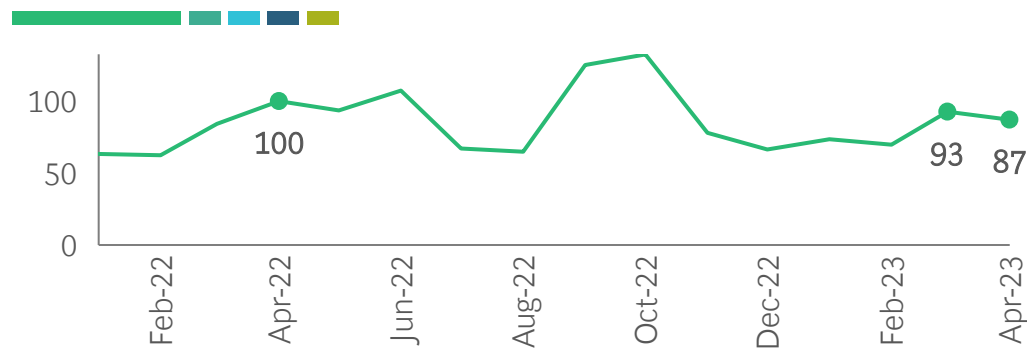
Two-wheeler sales ('0000 units)

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



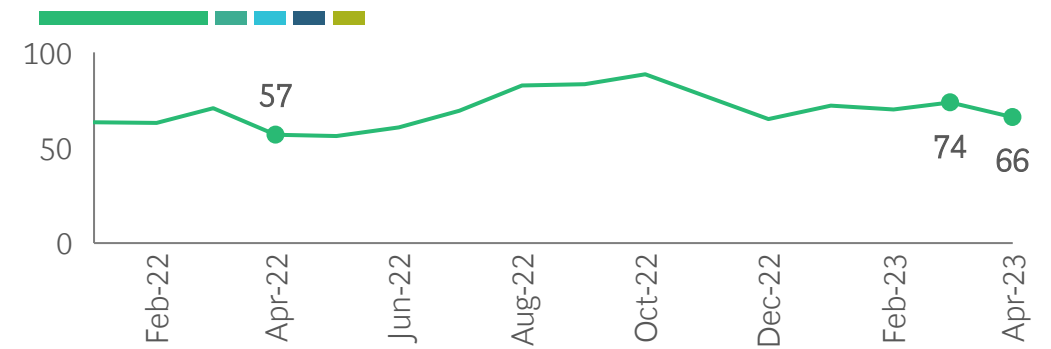
Tractor sales ('000 units)

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).

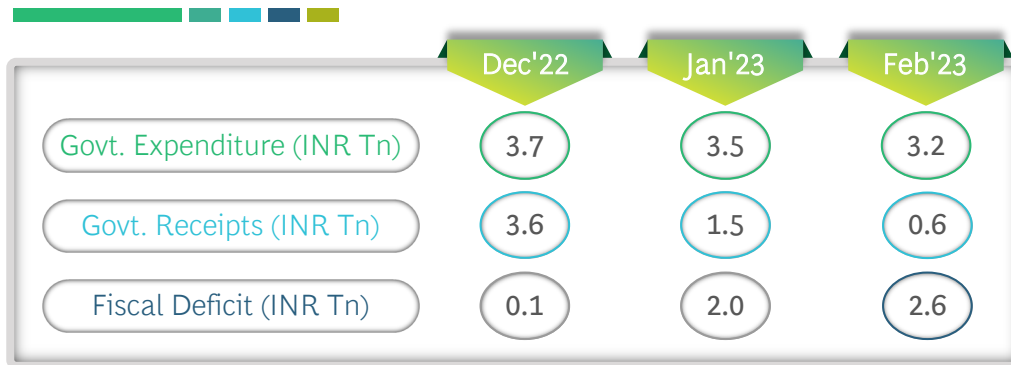
1. BMW, Mercedes and Volvo Auto data is not available

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

GST collections crossed INR 1.8 Tn; Jan Dhan deposits fell marginally while repo rate remained constant at 6.5% in Apr'23

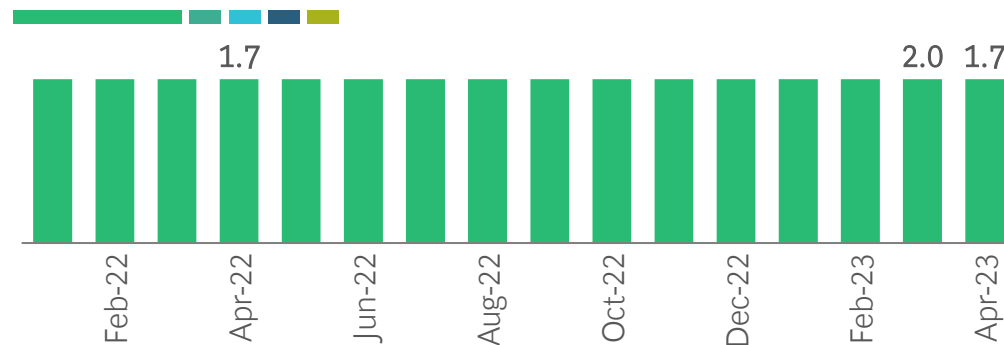
Govt. Receipts & Expenditures (INR Tn)

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



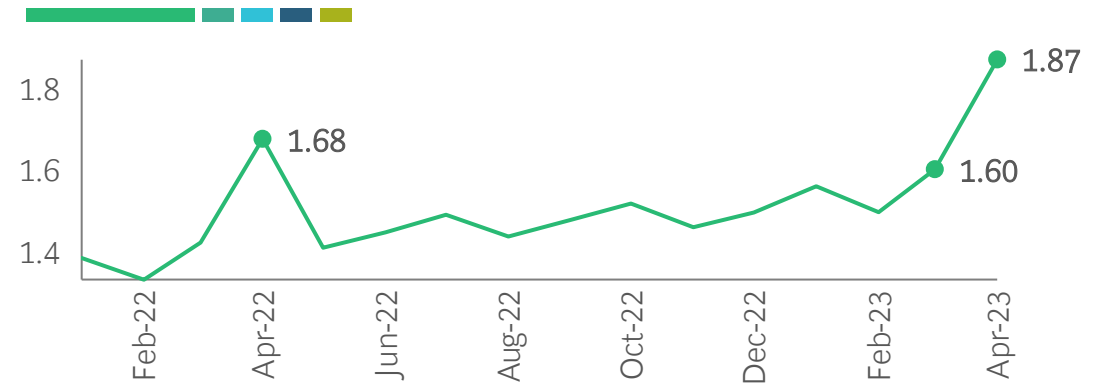
Jan Dhan Deposits (INR Tn)

Jan Dhan declined in Apr'23 vs. Mar'23



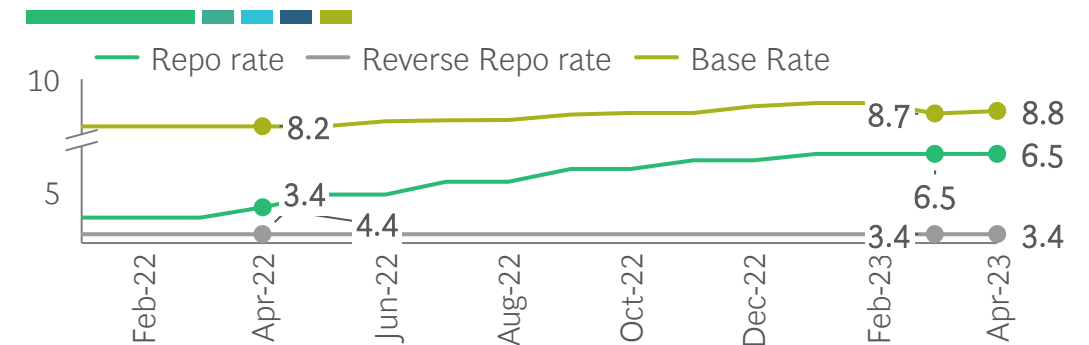
GST Collections¹ (INR Tn)

GST collections touched a record high value of INR 1.8 Tn in Apr'23



RBI's policy rates (%)

Repo rate remained unchanged for the fourth consecutive month in Apr'23

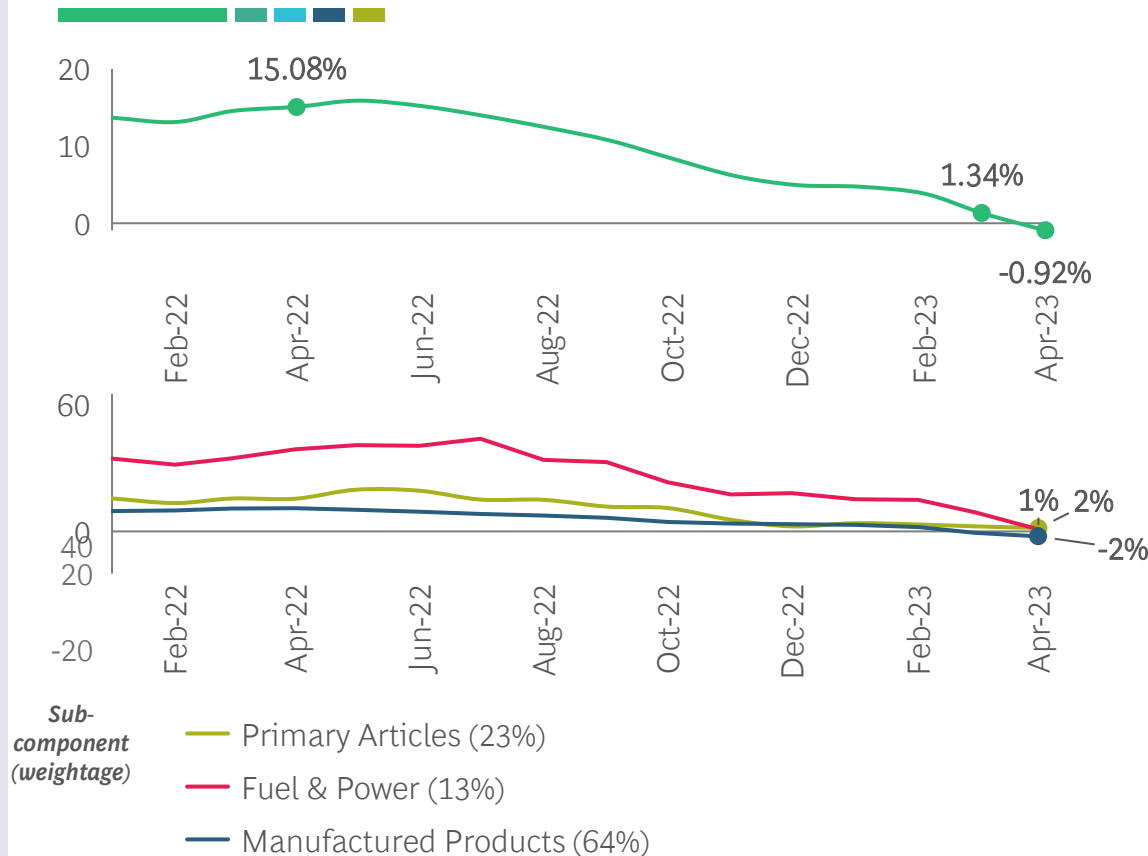


1. GST Collections include all components: CGST, SGST, IGST, Cess
 Note: Mar'23 data not available for Govt. receipts & expenditure & Fiscal Deficit as on 23rd May'23
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI fell into negative territory for the first time since Jul'20; CPI also dropped, albeit remained within RBI's band in Apr'23

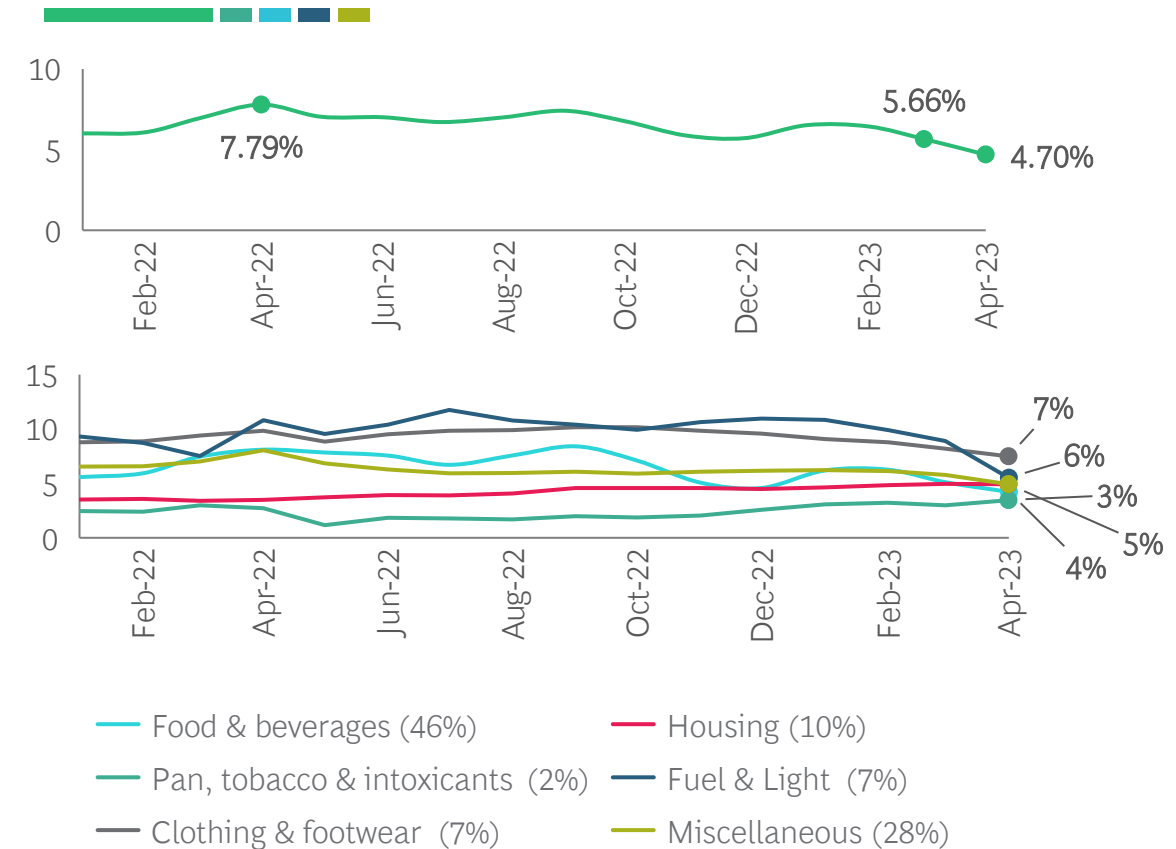
Wholesale Price Index (WPI)¹

WPI turned negative, owing to softening across all components in Apr'23



Consumer Price Index (CPI)²

CPI eased sharply to an 18-month low in Apr'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

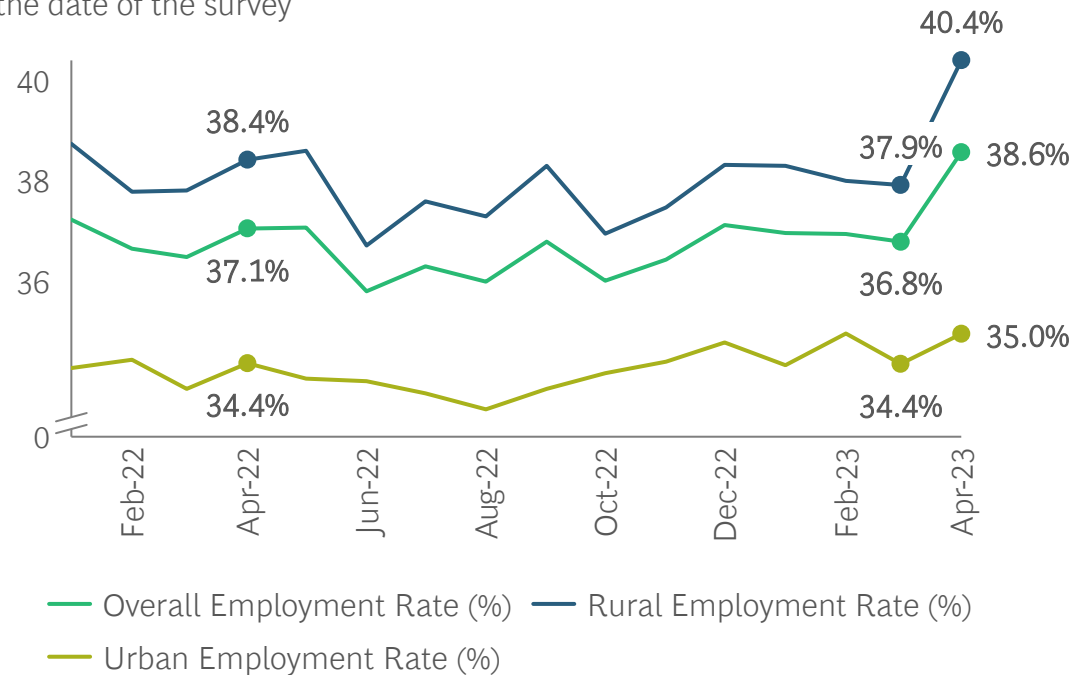
Source: MOSPI, CMIE, BCG Analysis

Urban & rural employment improved significantly; MGNREGA work demand & employment also grew in Apr'23

CMIE Employment rate (%)¹

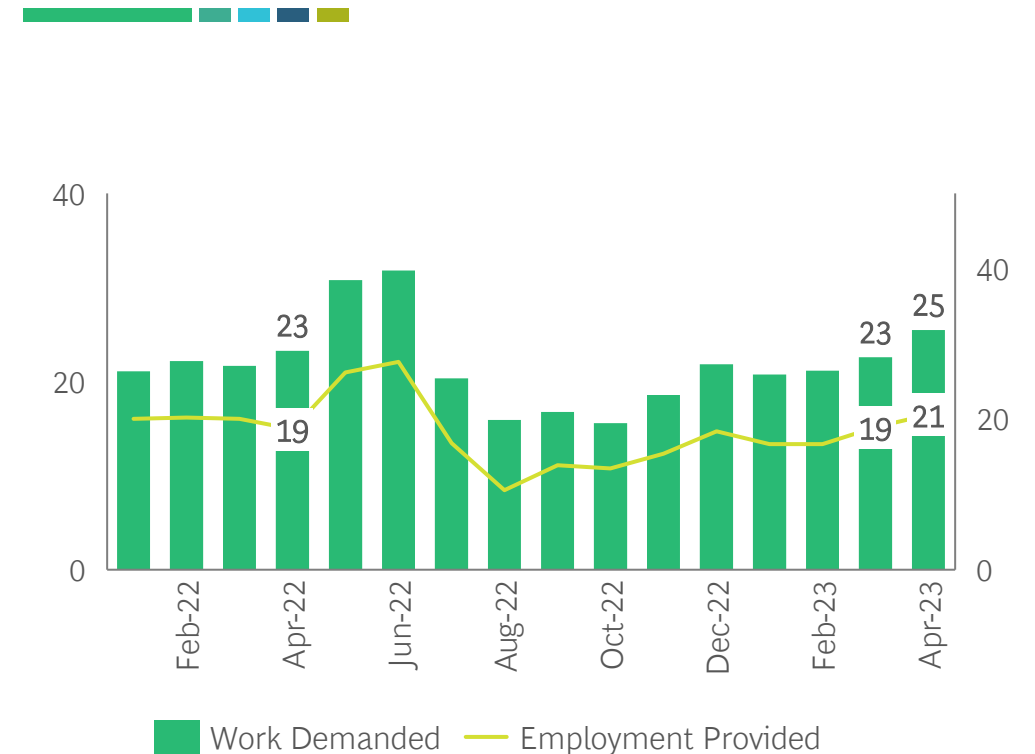
Urban employment grew sharply; Rural employment peaked to a 3-year high in Apr'23

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

Work demanded & employment provided on an upward trajectory in Apr'23 vs. Mar'23

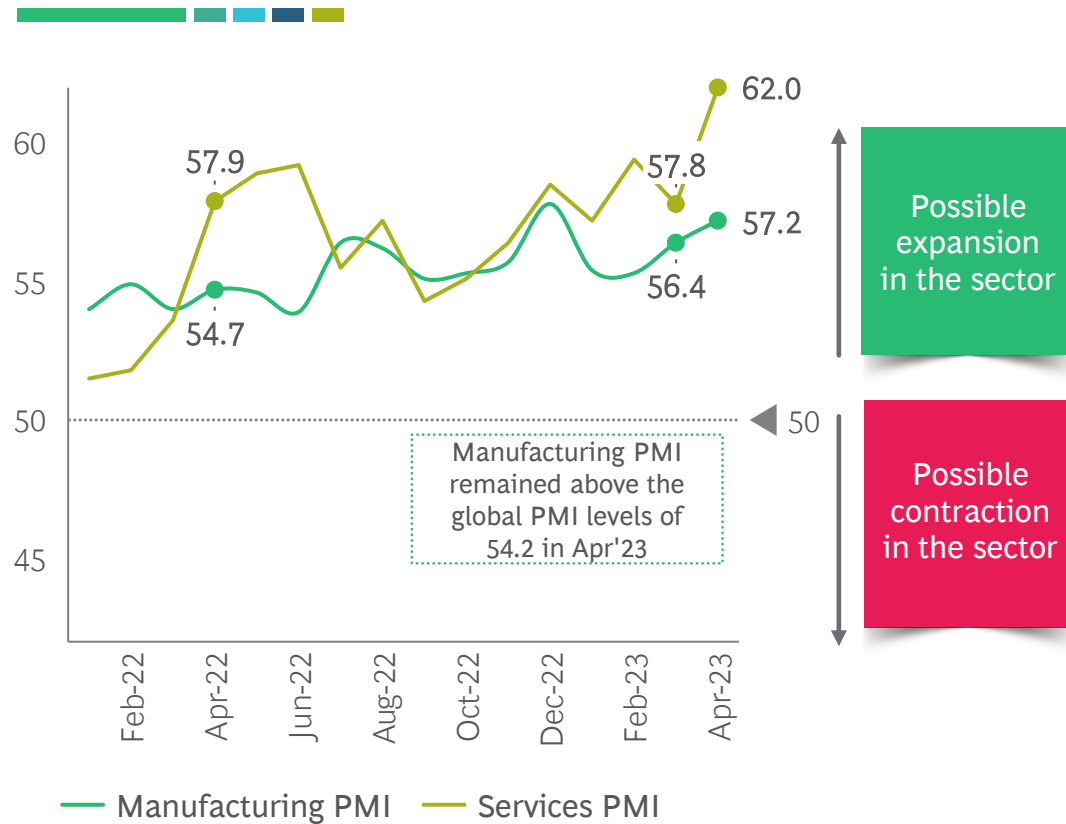


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. MGNREGA employment provided data not available as on 21st Feb'23
 Source: CMIE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

Manufacturing & services PMI recorded strong expansion in Apr'23; Consumer confidence continued to improve in Mar'23

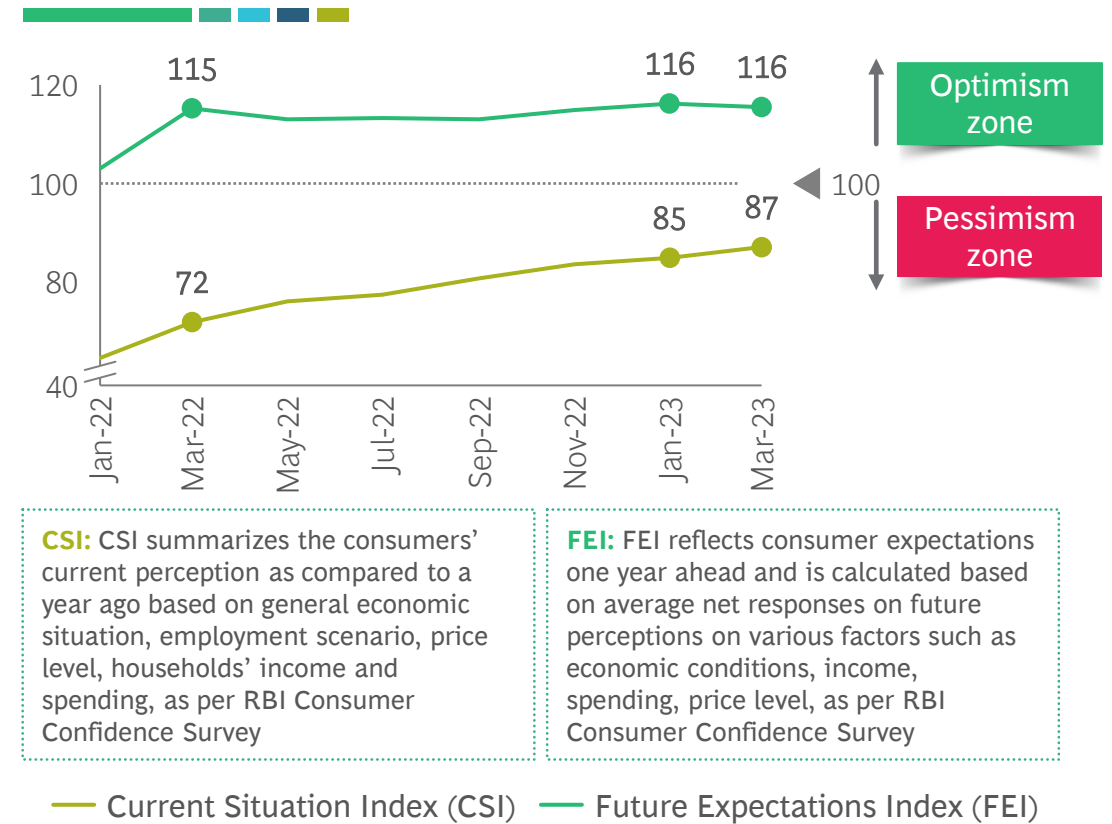
Manufacturing and services PMI¹

Manufacturing PMI surged to a 4-month high while services PMI spiked to a 13-year high in Apr'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

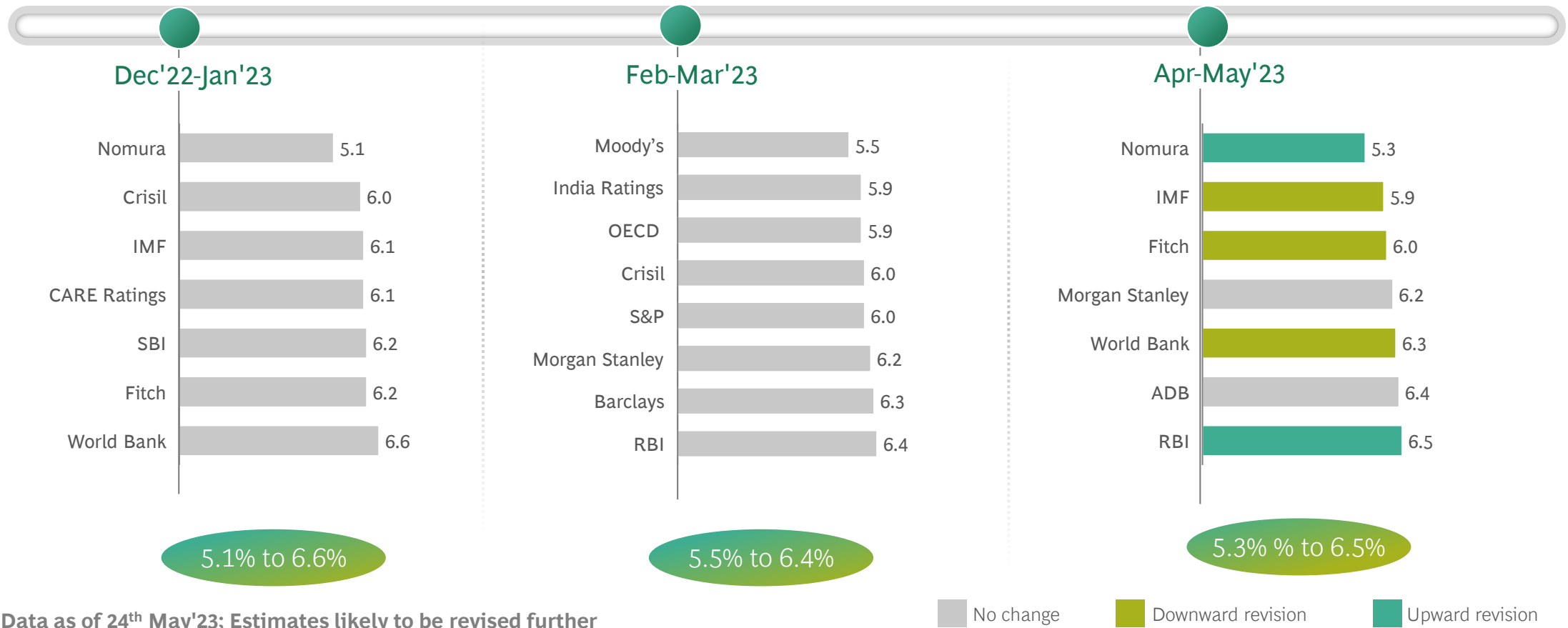
1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;

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; Most agencies revised their forecasts downwards in Apr-May'23 period

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;

That

