

# India Economic Monitor

SEP 2023

# Executive summary



In Apr-Jun'23, India's real GDP grew by 7.8% YoY, clocking the highest quarterly growth since Jul-Sep'22. Manufacturing sector continued its upward trajectory for the second consecutive quarter; Construction sector also exhibited strong growth of 7.9% YoY. Growth of services was led by strong performance of financial services, real estate and professional services segment. Overall, while select GDP components (private consumption and gross capital formation) logged strong improvement, government consumption witnessed a marginal fall along with a sharp decline in exports owing to global demand slowdown and inflationary pressures.

In Aug'23, most high-frequency indicators showcased moderate to high growth. Both steel and power consumption recorded an upswing, while cement production inched down. Most auto segments (except tractor sales) also logged improvement in Aug'23 ahead of the festive season, with 3W sales reaching its highest value since Jan'20. IIP saw a slight dip in Jul'23 vs. Jun'23, while it grew 5.7% YoY.

Trade and investment indicators exhibited mixed trends. Merchandise trade deficit widened to a 10-month high in Aug'23, driven by a significant uptick in merchandise imports. Services trade surplus remained nearly consistent, with a marginal decline in both services imports and exports. Forex reserves witnessed a decline in Aug'23, as RBI utilized them to safeguard the rupee amidst global pressures, while FDI rebounded after contracting for 2 months.

Most BFSI indicators improved in Jul-Aug'23. UPI crossed the milestone of 10Bn transaction volume in Aug'23, although UPI transaction value saw a marginal dip. Aggregate deposits and credit continued to trend on an upward path. NSE & BSE transactions increased significantly. However, life insurance premiums declined for the second consecutive month, owing to decrease in LIC's new business premium.

In terms of macroeconomic indicators, CPI increased by 6.83% in Aug'23, vs. 7.44% in Jul'23, driven by easing vegetable prices. WPI rose in Aug'23, but continued to remain in the deflationary territory for the fifth consecutive month. Manufacturing PMI showed improvement in Aug'23. Though Services PMI recorded a decline, overall service economy remained robust. GST collections clocked a decline. Analyst forecasts indicate GDP growth of 5.9%-6.5% 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 Jul-Aug'23 (1/2)

Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Aug'23	Aug'22	YoY	Jul'23	MoM
IIP (Index) *	142.00	134.60	5%	143.40	-1%
Power Consumption ('000 MUs)	4.89	4.21	16%	4.51	9%
Petroleum Consumption (MMT)	18.57	17.81	4%	18.09	3%
Steel Consumption (MMT)	11.00	9.30	18%	10.43	5%
Cement Production (MT) *	31.83	30.13	6%	37.12	-14%

Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Aug'23	Aug'22	YoY	Jul'23	MoM
E-way Bills (Mn)	93.44	78.21	19%	87.95	6%
JNPT Traffic ('000 TEUs)	555.27	497.57	12%	518.31	7%
Rail Freight (Mn Tons) *	126.95	122.14	4%	123.00	3%
Air Freight (K Tons) *	271.97	275.03	-1%	268.30	1%


Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Aug'23	Aug'22	YoY	Jul'23	MoM
Merchandise Exports (\$ Bn)	34.48	33.00	4%	32.25	7%
Merchandise Imports (\$ Bn)	58.64	61.68	-5%	52.92	11%
Services Exports (\$ Bn)	26.39	25.42	4%	27.17	-3%
Services Imports (\$ Bn)	13.86	15.08	-8%	14.85	-7%

Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Aug'23	Aug'22	YoY	Jul'23	MoM
PV Sales ('000 Units)	377.60	336.00	12%	362.12	4%
Tractor Sales ('000 Units)	62.12	64.81	-4%	67.04	-7%
2W Sales ('0000 Units)	185.74	186.12	0%	158.36	17%
EV Registrations ('000 Units)	126.32	88.13	43%	115.76	9%


\* Data available only upto Jul'23 as on 20<sup>th</sup> Sep – hence growth comparisons are for Jul and not Aug. Jul'23 data has been compared with Jul'22 & Jun'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 Jul-Aug'23 (2/2)

 Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Aug'23	Aug'22	YoY	Jul'23	MoM
UPI Value (INR Tn)	15.18	10.73	42%	15.34	-1%
Aggregate Deposits (INR Tn) *	191.67	169.72	13%	184.78	4%
Aggregate Credit (INR Tn) *	148.02	124.00	19%	140.78	5%
NSE & BSE Txns. (INR K Cr)	1835.32	1271.86	44%	1624.08	13%
Insurance Premium (INR K Cr)	50.35	57.00	-12%	54.50	-8%

 Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Aug'23	Aug'22	YoY	Jul'23	MoM
GST Collections (INR Tn)	1.59	1.44	10%	1.65	-4%
WPI (%)			-0.52		
CPI (%)			6.83		
Jan Dhan Deposits (INR Tn)	2.0	1.7	18%	2.0	1%
MGNREGA Emp. Provided (HH)	15.4	10.5	46%	21.0	-26%

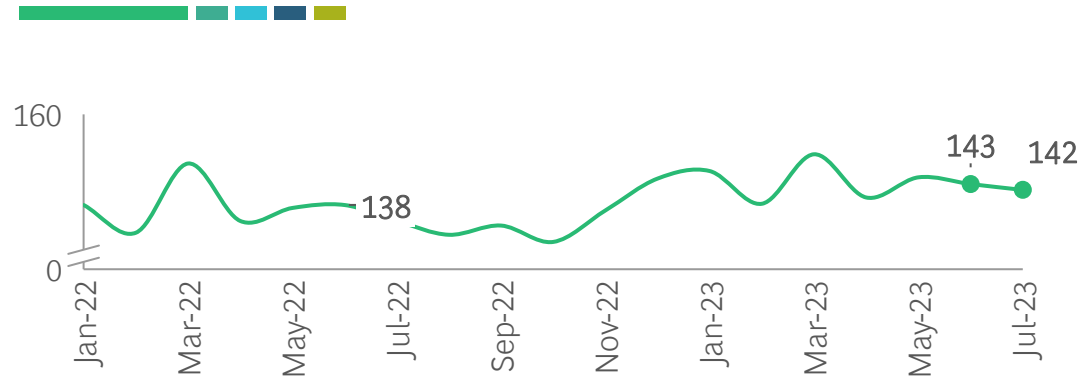
 Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Aug'23	Aug'22	YoY	Jul'23	MoM
Manufacturing PMI (Index)	58.6	56.2	4%	57.7	2%
Services PMI (Index)	60.1	57.2	5%	62.3	-4%
Current Situation Index *	88.1	77	14%	88.5	0%
Future Expectations Index *	116.6	113	3%	116.3	0%

\* Data available only upto Jul'23 as on 20<sup>th</sup> Sep –hence growth comparisons are for Jul and not Aug. Jul'23 data has been compared with Jul'22 & Jun'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 inched down in Jul'23; Cement production declined, while power & steel consumption improved in Jul-Aug'23

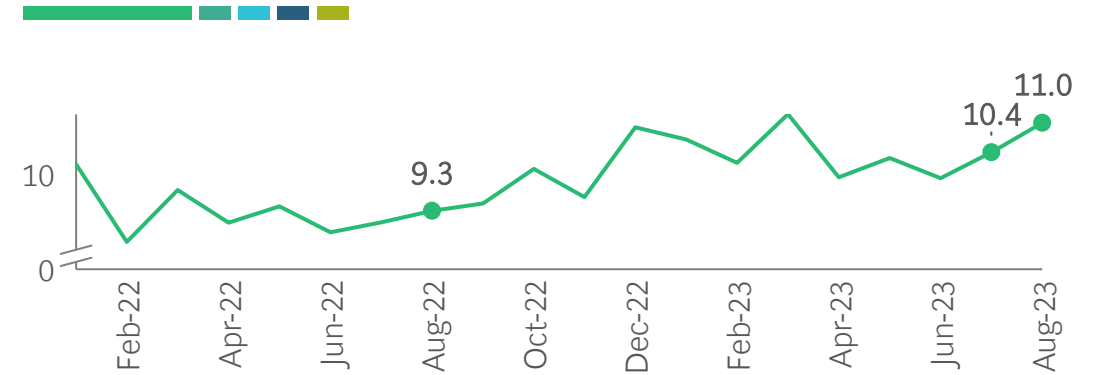
## Index of Industrial Production<sup>1</sup>

IIP fell marginally in Jul'23 vs Jun'23



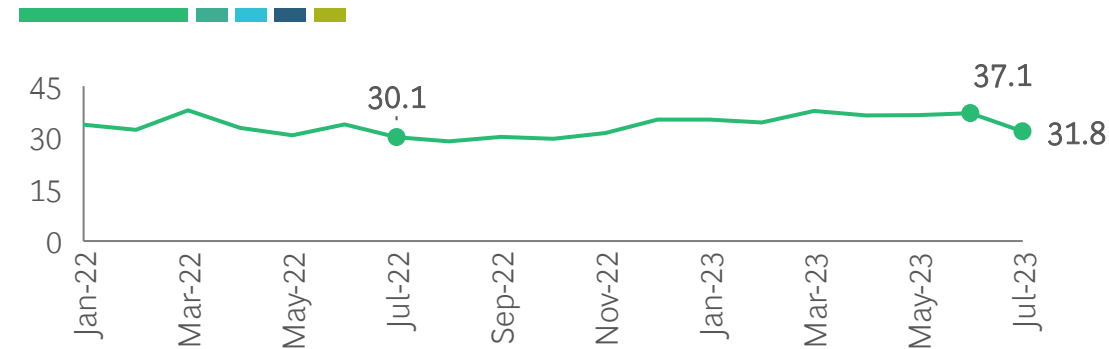
## Steel Consumption (MMT)<sup>2</sup>

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



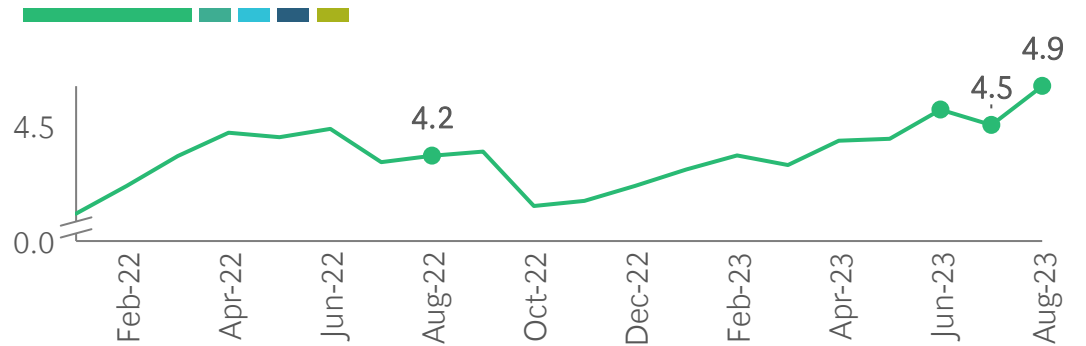
## Cement Production (MT)

Cement production witnessed a sharp decline in Jul'23 vs Jun'23 levels



## Daily Average Power Consumption ('000s MUs)

Power consumption saw an uptick in Aug'23 after falling in Jul'23



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

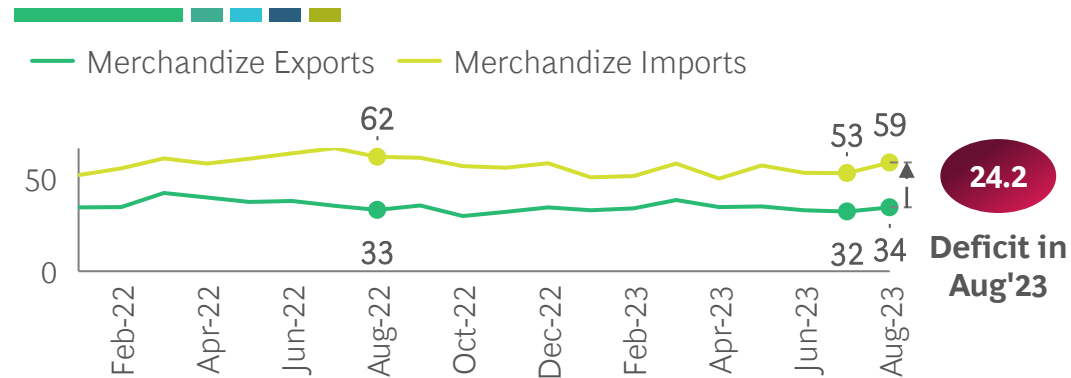
2. Steel consumption incl. long & flat steel

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 increased while services trade surplus remained consistent; Forex reduced while FDI grew in Jul-Aug'23

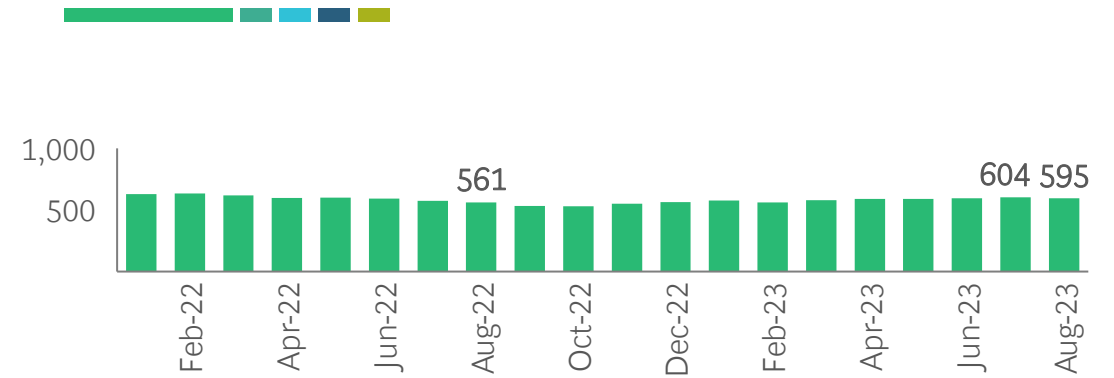
## Merchandise Trade (\$ Bn)

Merchandise trade deficit widened in Aug'23



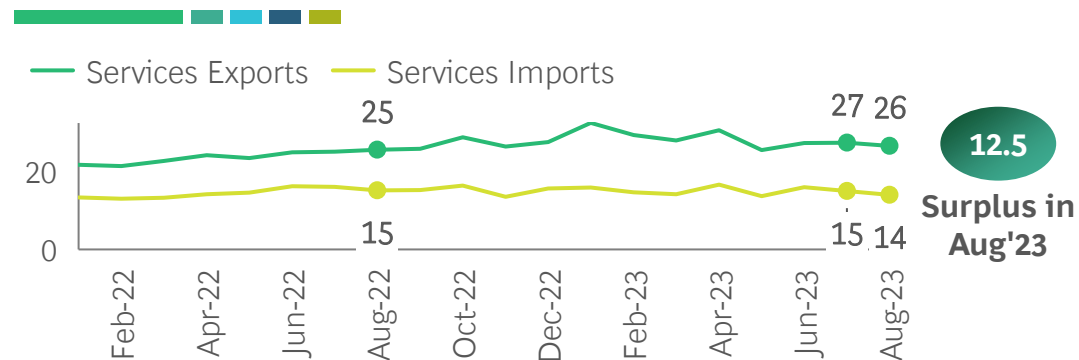
## Forex Reserves (\$ Bn)

Forex reserves inched down in Aug'23



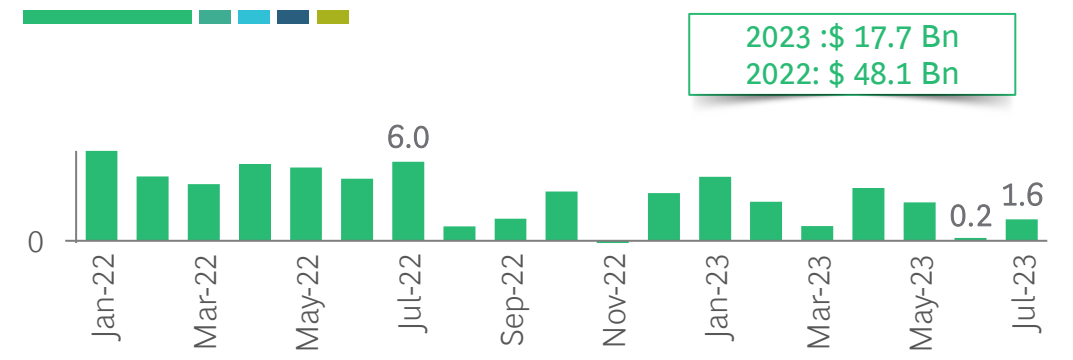
## Services trade (\$ Bn)

Services trade surplus remained similar to Jul'23 levels in Aug'23



## FDI (\$ Bn)<sup>1</sup>

FDI recorded an upward swing in Jul'23

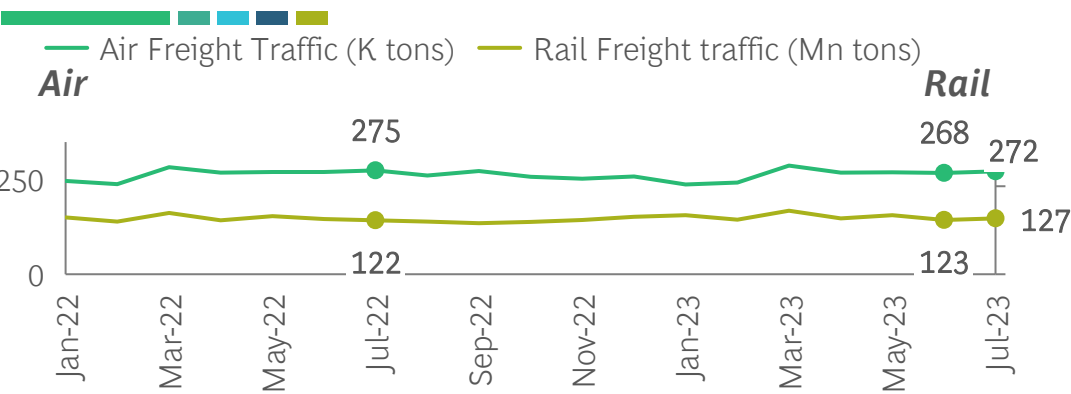


Note: Aug'23 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry  
 1. Denotes total inward FDI to India; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous 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

# Most logistics indicators (except air passenger traffic) witnessed an uptick in Jul-Aug'23

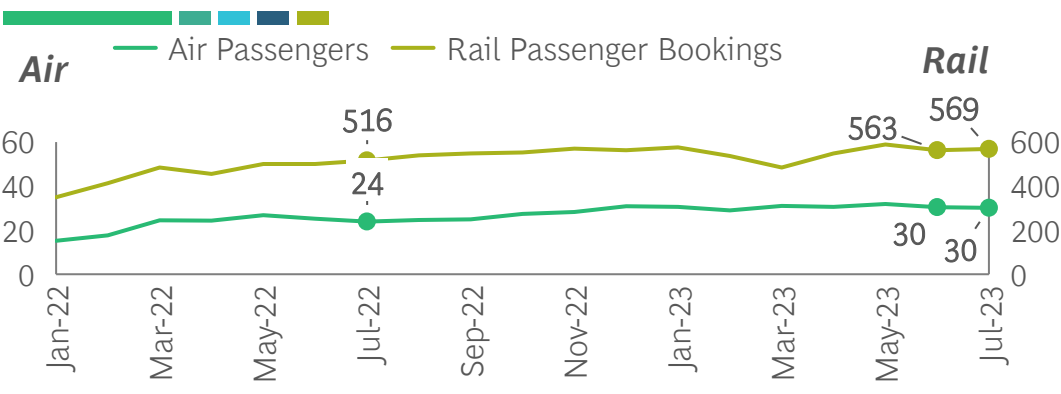
## Freight Traffic

Air & rail freight traffic rose in Jul'23, after falling in Jun'23



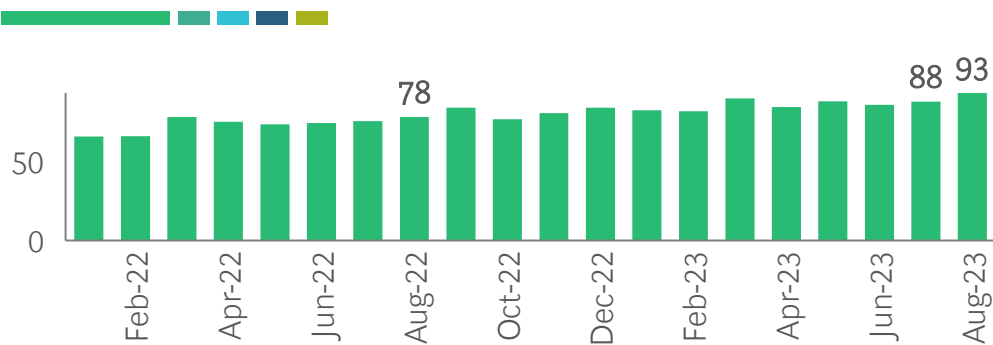
## Passenger traffic (Mn)

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



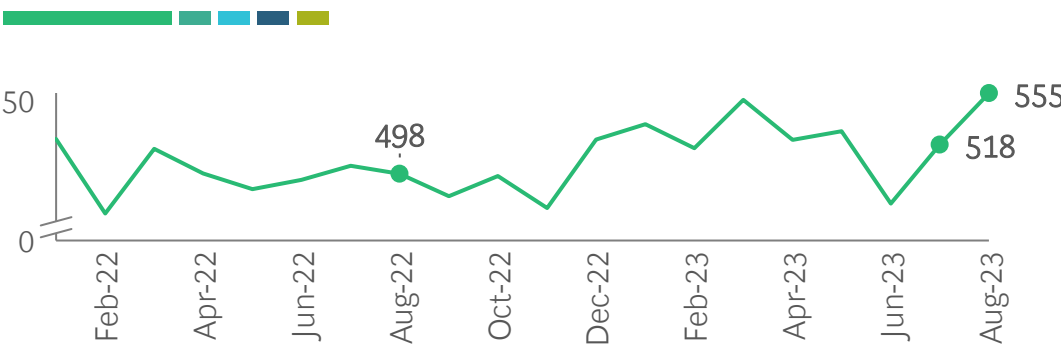
## E-way Bills (Mn)<sup>1</sup>

E-way bill volume recorded an upswing in Aug'23



## JNPT Container Traffic ('000 TEUs)<sup>2</sup>

JNPT traffic continued its upward trajectory in Aug'23



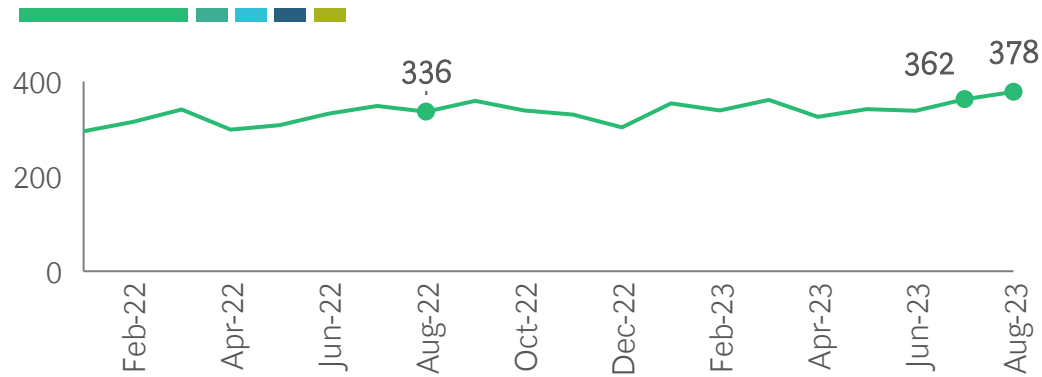
1.E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.  
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)  
Source: Ministry of Railways, CMIE, Airport Authority of India, Jawaharlal Nehru Port Trust, GST Network, NHAI, NPCI, BCG analysis



# Auto sector exhibited sales growth across all categories (except tractors) in Aug'23

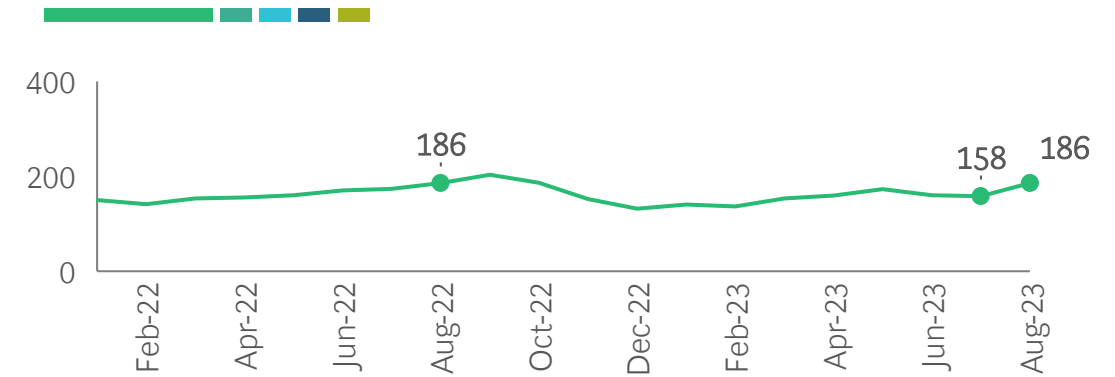
## Passenger vehicles sales ('000 units)

*PV sales recorded an upswing in Aug'23*



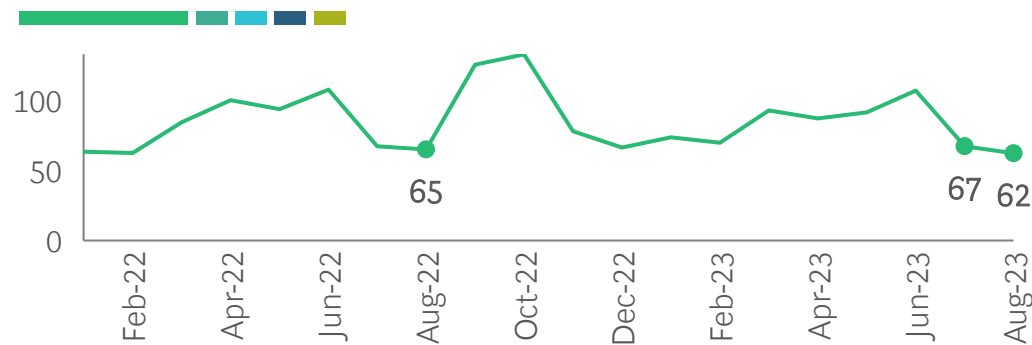
## Two-wheeler sales ('0000 units)

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



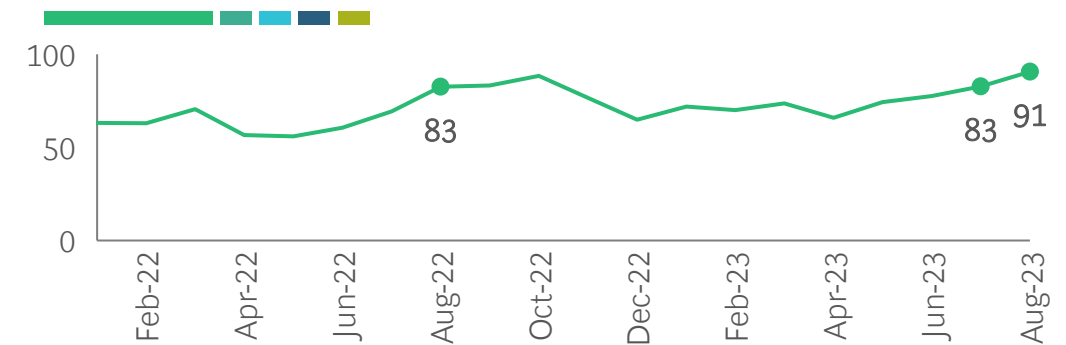
## Tractor sales ('000 units)

*Tractor sales continued to fall in Aug'23*



## Three-wheeler sales ('000 units)

*3W sales continued to rise for the fourth consecutive month in Aug'23*



Figures represent wholesale numbers (including exports).

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

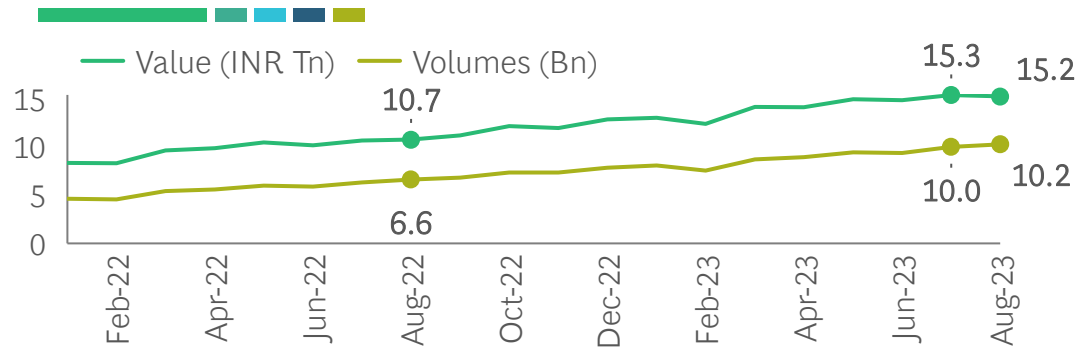
Source: SIAM, CMIE, TMA, Press search, BCG analysis



# Most BFSI indicators (except life insurance premium and UPI value) exhibited marginal growth in Jul-Aug'23

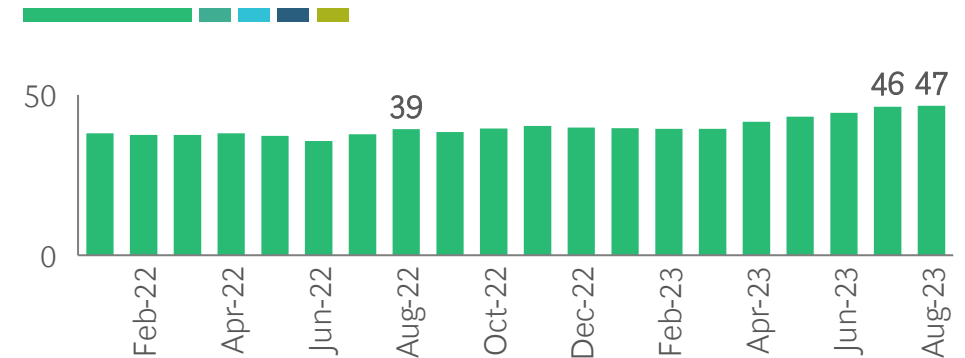
## UPI

UPI volume grew while value witnessed a marginal dip in Aug'23



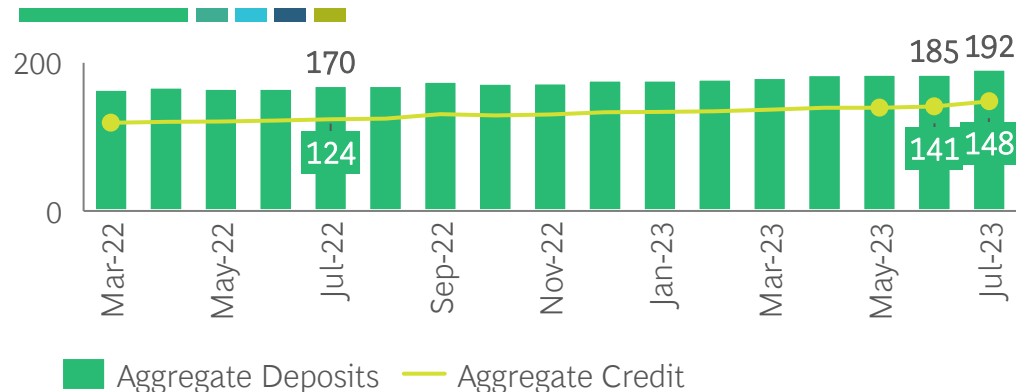
## Mutual Funds AUM (INR Tn)

Mutual funds AUM grew and clocked highest levels since Jan'20



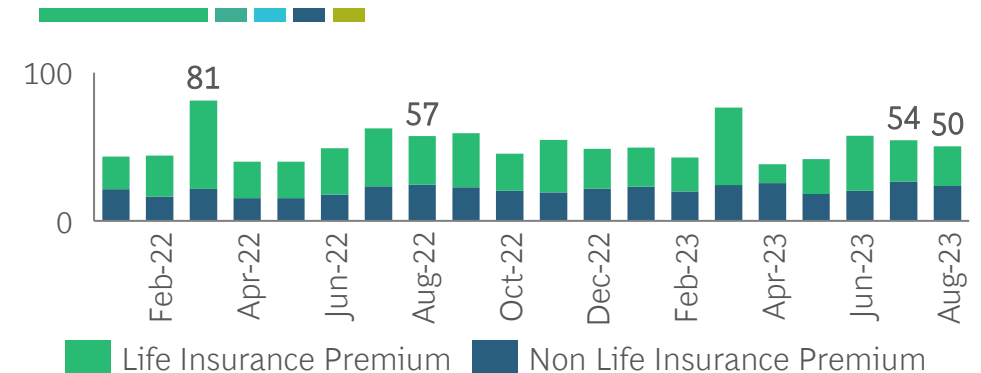
## Aggregate deposits & credit (INR Tn)

Aggregate deposits and credit saw an uptick in Jul'23



## Insurance Premium (INR '000 Cr)

Life insurance premium continued to witness degrowth in Aug'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 7<sup>th</sup> Sep'23

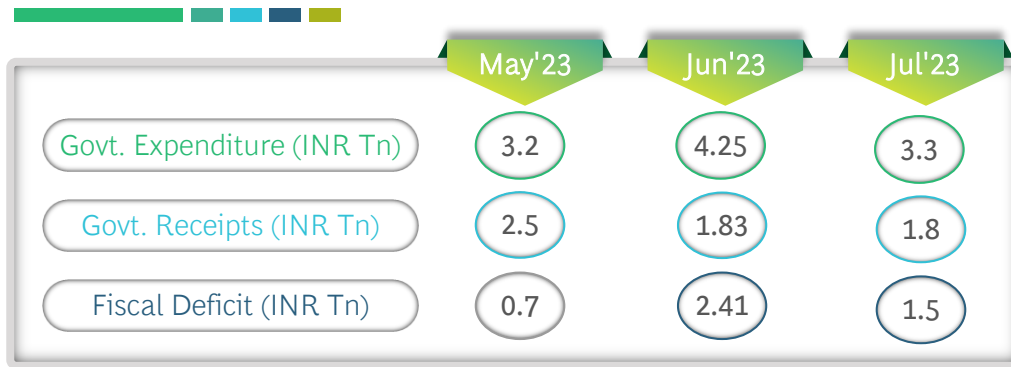
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

# GST collections recorded a decline; Fiscal deficit reduced while Jan Dhan deposits & repo rate remained constant in Jul-Aug'23

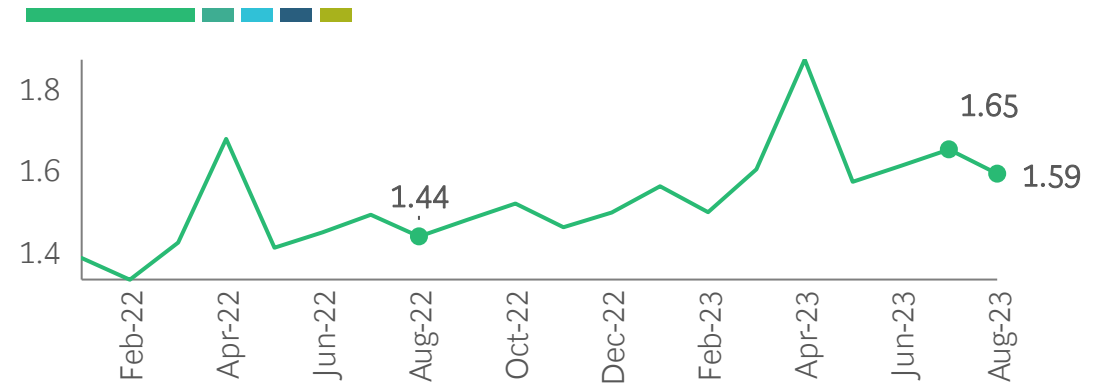
## Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit narrowed in Jul'23, driven by fall in govt. expenditure



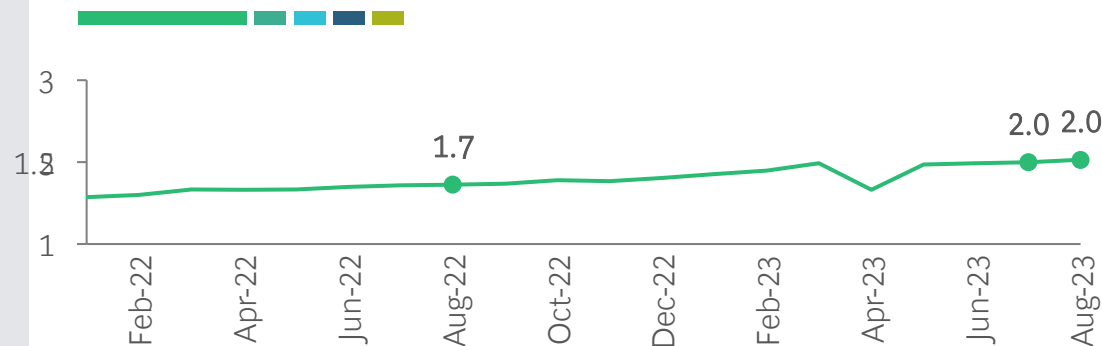
## GST Collections<sup>1</sup> (INR Tn)

GST collections witnessed a dip in Aug'23 vs. Jul'23



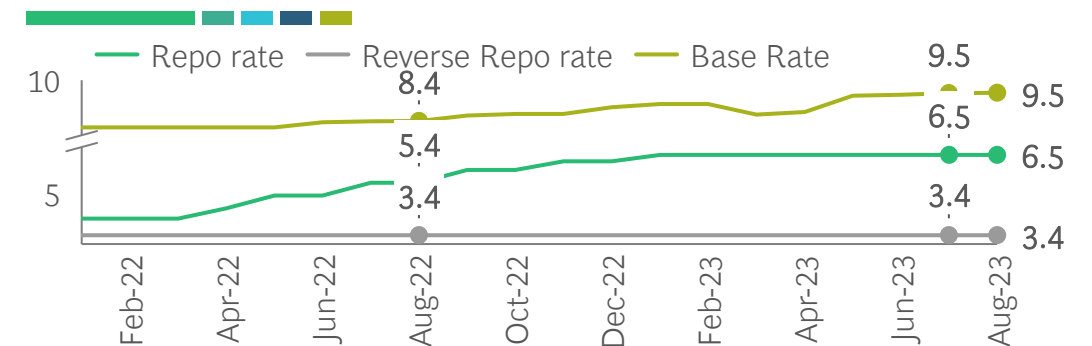
## Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained constant in Aug'23 vs. Jul'23



## RBI's policy rates (%)

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

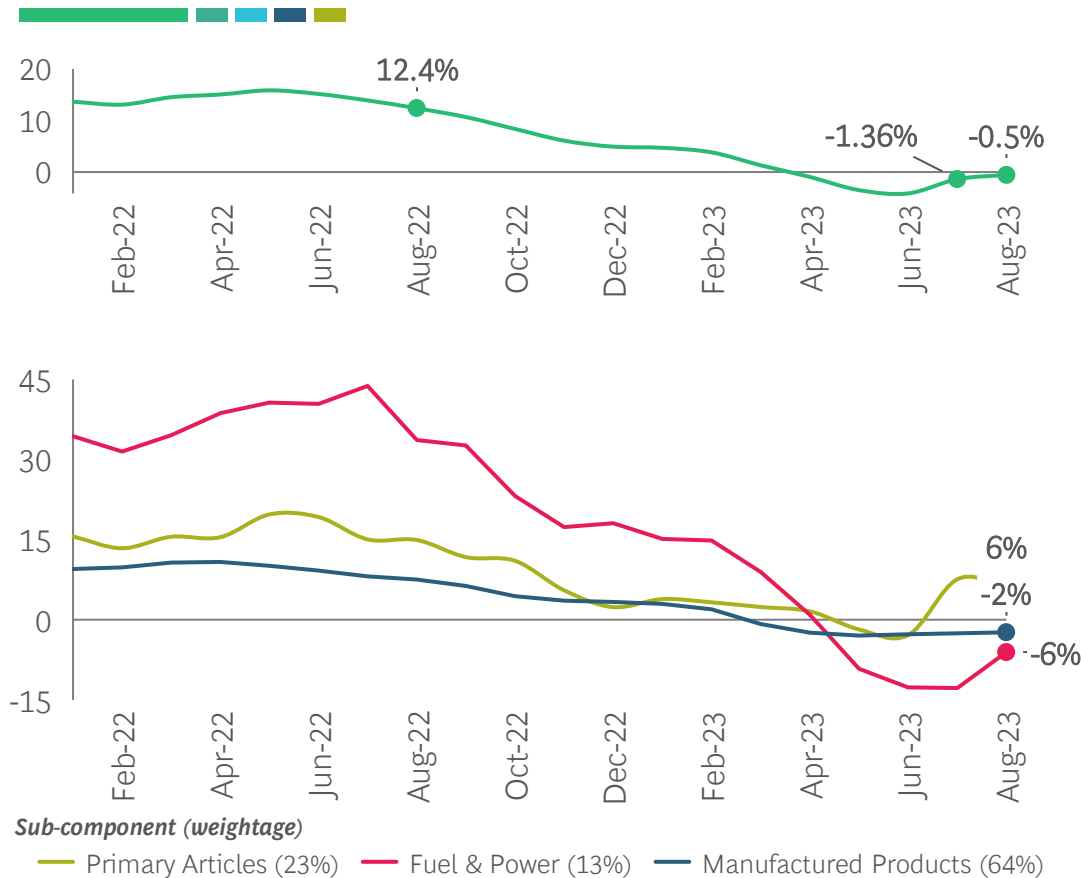


1. GST Collections include all components: CGST, SGST, IGST, Cess  
 Note: Aug'23 data not available for Govt. receipts & expenditure & Fiscal Deficit as on 7<sup>th</sup> Sep'23  
 Source: CMIE, Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

# WPI saw an uptick for the second consecutive month, while still in deflationary zone; CPI recorded a decline in Aug'23

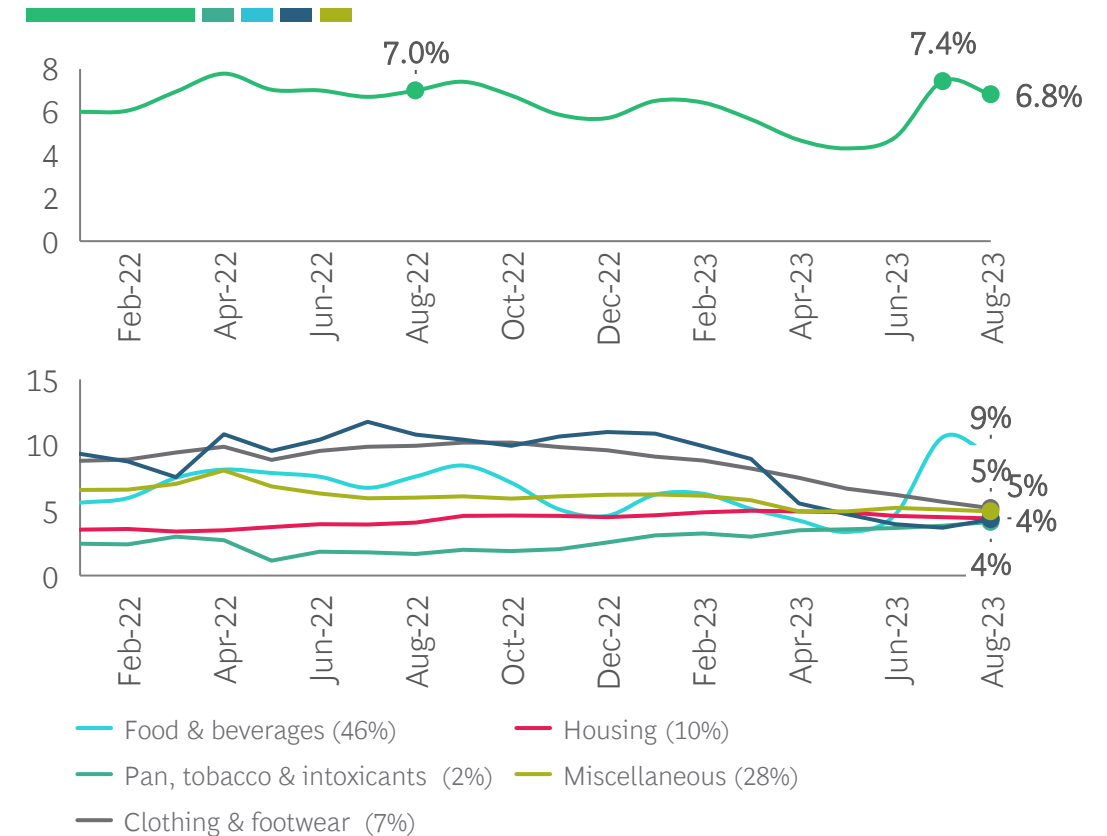
## Wholesale Price Index (WPI)<sup>1</sup>

WPI continued to rise in Aug'23



## Consumer Price Index (CPI)<sup>2</sup>

CPI inched down in Aug'23 after a significant uptick in Jul'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

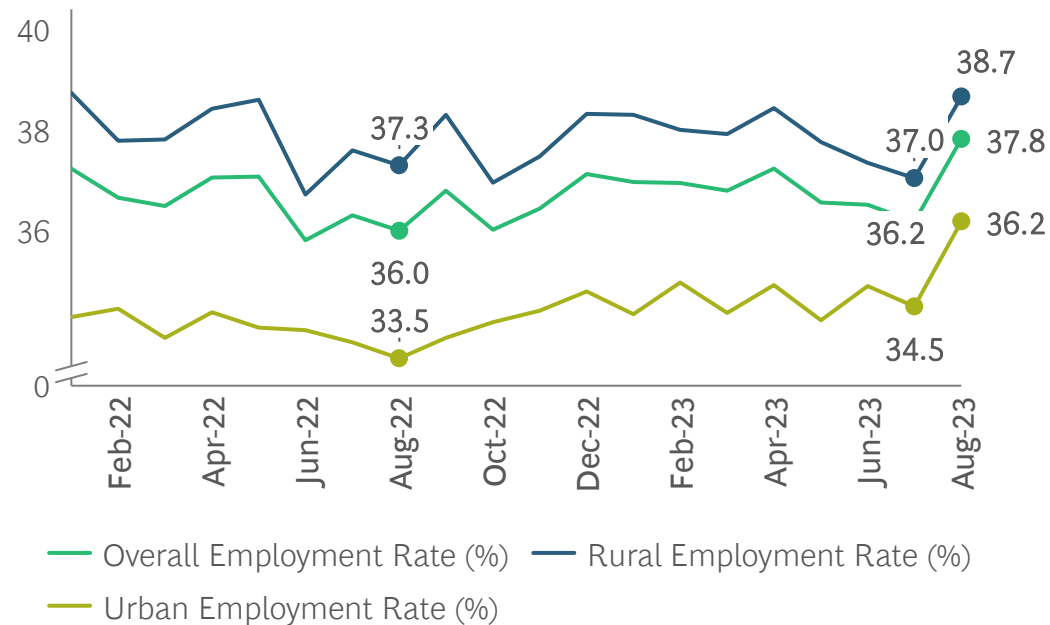
Source: MOSPI, CMIE, BCG Analysis

# Employment rate recorded an upward swing; MGNREGA work demanded & employment recorded a decline in Aug'23

## CMIE Employment rate (%)<sup>1</sup>

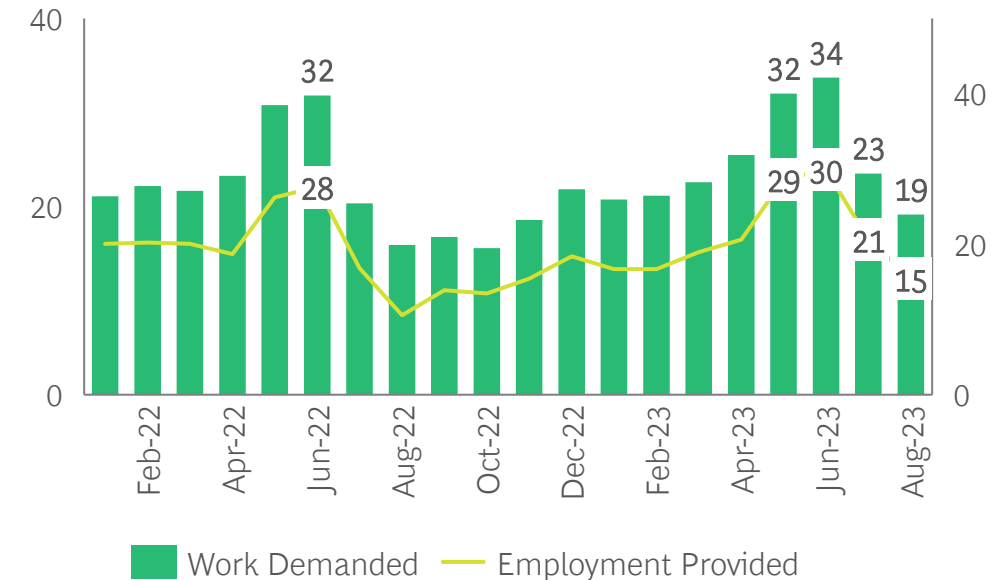
Both urban and rural employment rate exhibited strong growth in Aug'23

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)<sup>2</sup>

MGNREGA work demanded & employment provided dipped in Aug'23 vs. Jul'23



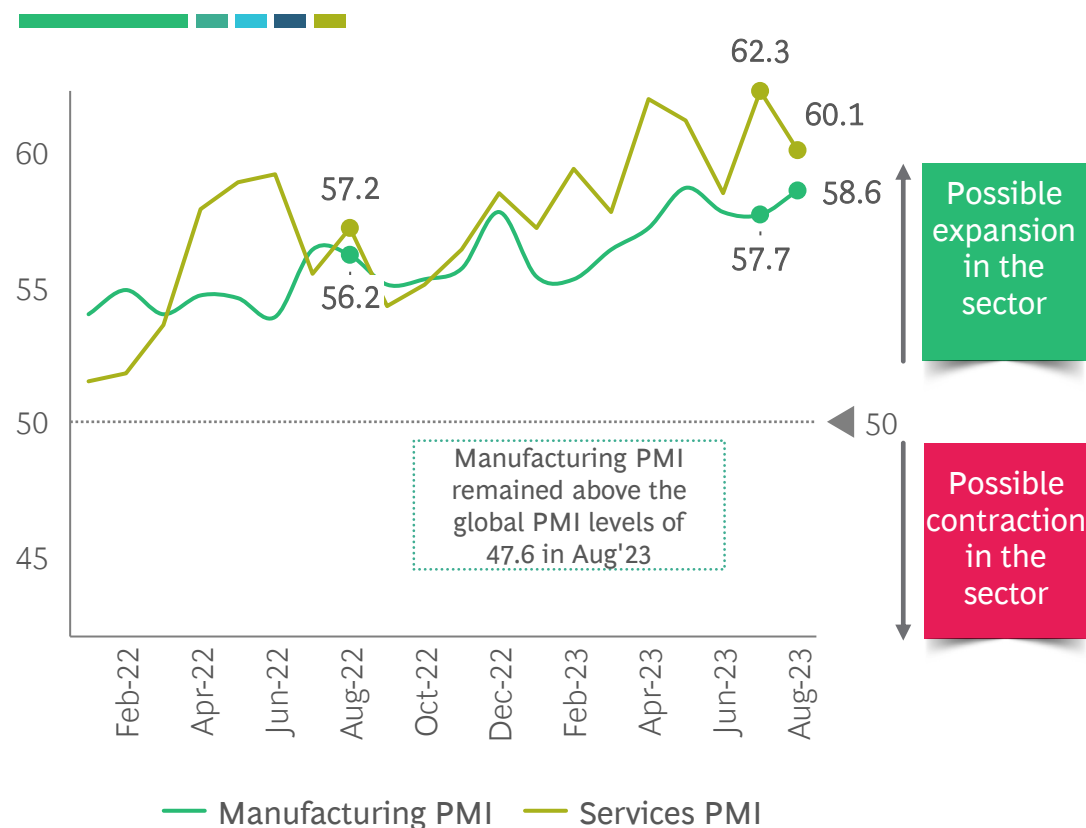
1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old

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 improved while Services PMI registered a dip in Aug'23; Consumer confidence remained muted in Jul'23

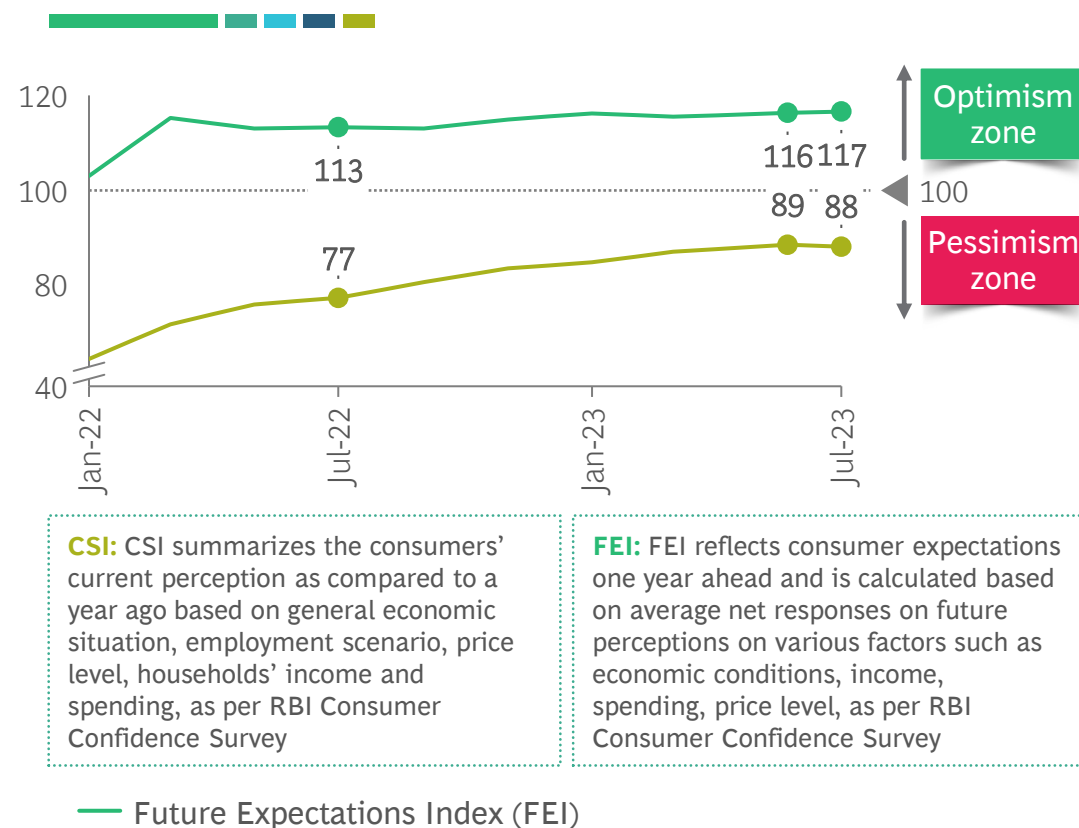
## Manufacturing and services PMI<sup>1</sup>

Manufacturing PMI grew while services PMI recorded a decline in Aug'23



## Consumer Confidence Survey (RBI)<sup>2</sup>

CSI fell marginally while FEI exhibited subdued growth in Jul'23

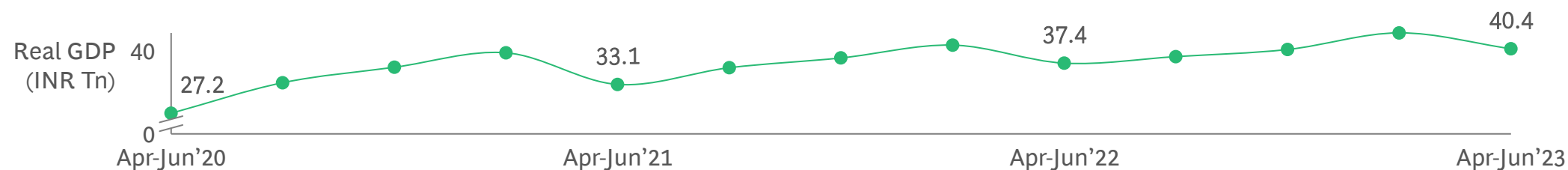


1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;

2. Sample size: 6,047 responses across 19 major cities surveyed during 1<sup>st</sup> July to 10<sup>th</sup> July, 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 7.8% YoY in Apr-Jun'23; Most components (except govt. consumption & exports) saw an uptick vs. last year



% change vs. previous year

-23.4%

21.6%

13.1%

7.8%

GDP Components		Y GDP	=	C Pvt. Consumption	+	G Govt. Consumption	+	I Gross Investment	+	X Exports	-	M Imports	
% GDP share in Apr-Jun'23 <sup>1,2</sup>				57.3%		10.1%		36.2%		- 6.4%			
% change vs. Apr-Jun'22		Apr-Jun 2023		7.8%		6.0%		-0.7%		7.1%		-7.7%	10.1%

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 2.8% share in GDP; 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.

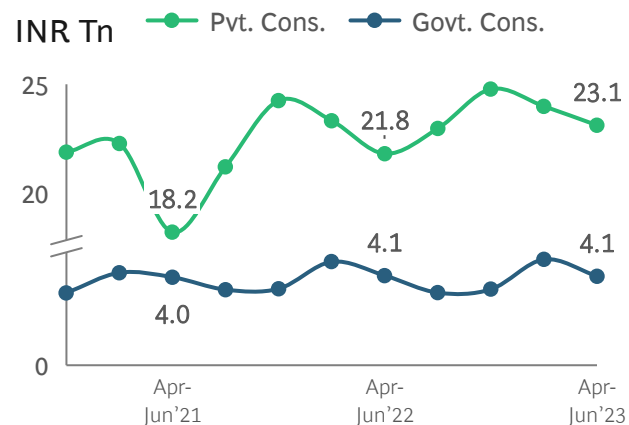
2. Share of net exports is negative based on negative absolute value of net exports as imports exceed exports.

Source: CMIE, BCG Analysis

# GCF and pvt. consumption improved, while govt. consumption fell vs. Apr-Jun'22 levels

## Pvt. & Govt. Consumption

Both Pvt. and Govt. Consumption on a downward trajectory vs. Jan-Mar'23 levels



% change  
vs  
previous  
year

17.6%

19.8%

6.0%

Private Consumption

% change  
vs.  
previous  
year

-2.2%

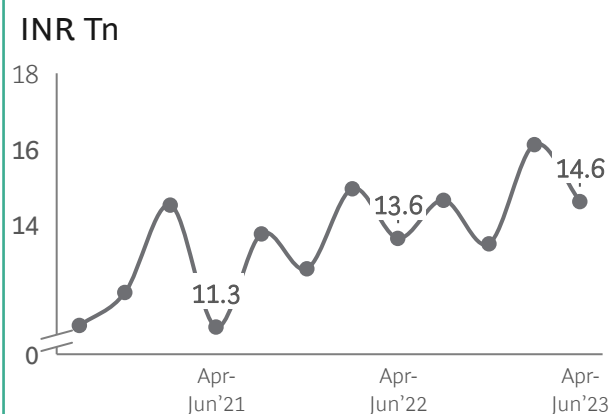
1.8%

-0.7%

Government Consumption

## Gross capital formation<sup>1</sup>

GCF recorded a decline in Apr-Jun'23 vs. Jan-Mar'23



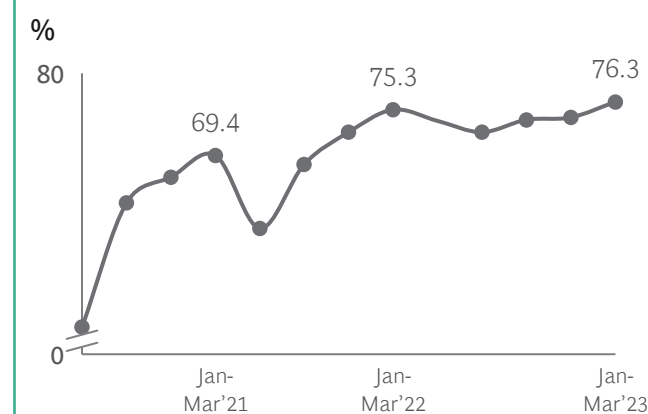
67.0%

20.8%

7.1%

## Mfg. capacity utilization<sup>2</sup>

Capacity utilization logged its highest value in last 10 years



-0.7%

8.5%

1.3%

Data as per RBI's quarterly OBICUS survey  
launched on 10 August 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

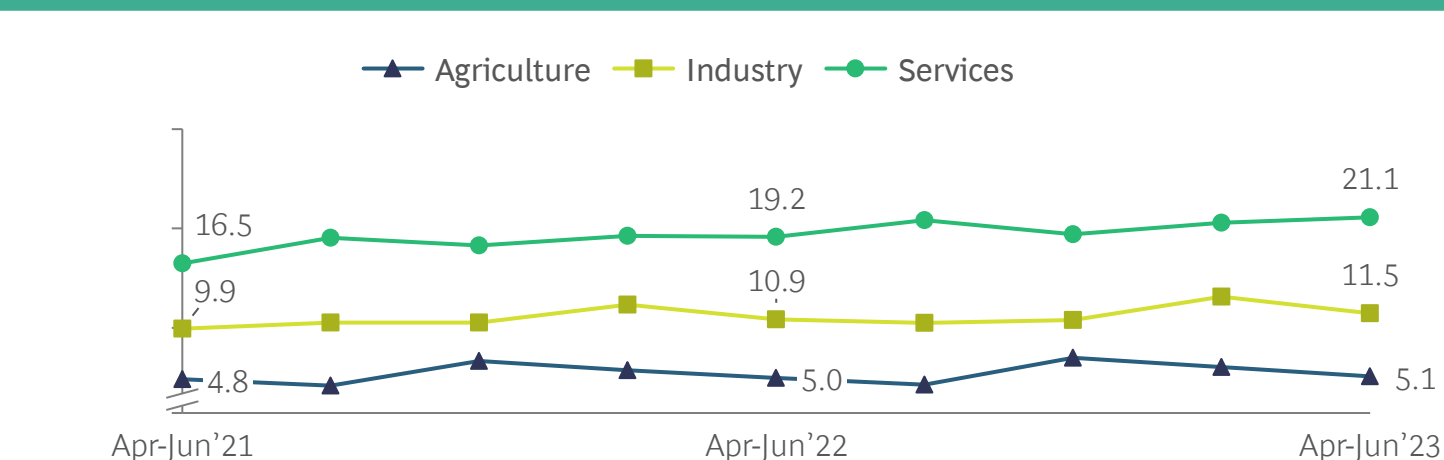
2.. The OBICUS survey captures information from selected companies in the manufacturing sector on installed capacity vis-a-vis actual production (in quantity and value terms) for different products. The survey responses are those of the respondents. The CU for a quarter is estimated based on all reporting companies in that round after removing any outlier

Source: RBI, CMIE, BCG Analysis

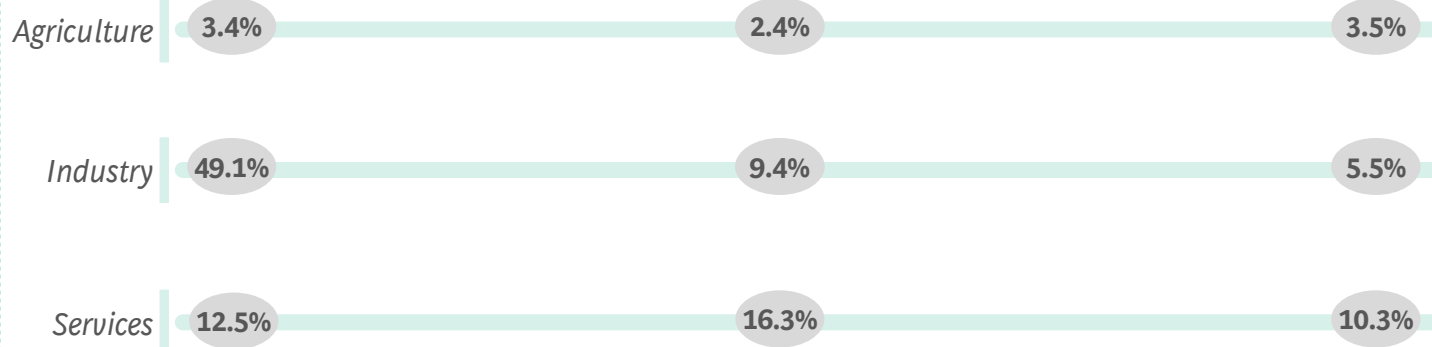


All key sectors witnessed an uptick vs. last year; Services sector continued to lead with the highest growth vs. Apr-Jun'22 levels

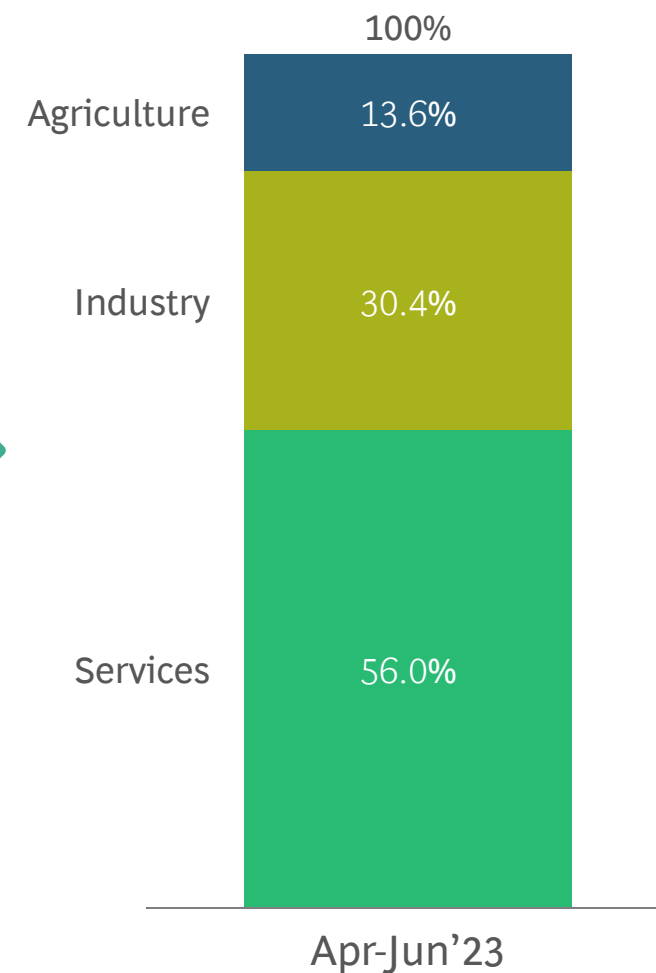
### Sectoral GVA (INR Tn)



### YoY %



### Share in sectoral GVA %

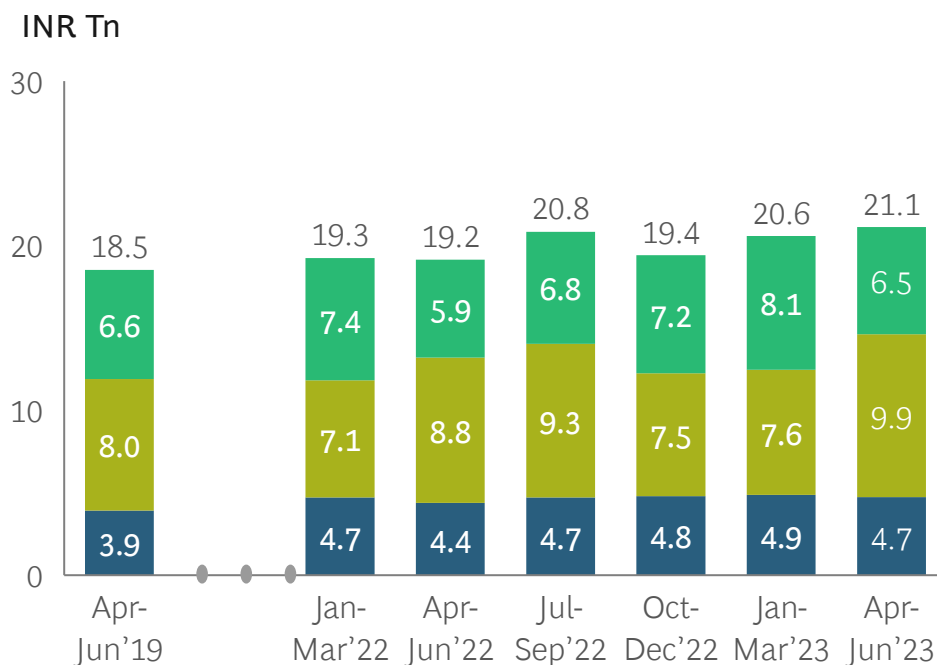


# All industrial & services sub-sectors recorded growth vs. last year levels in Apr-Jun'23

## GVA of services sub-sectors

Services GVA improved vs. previous year with highest growth in Financial services, real estate & professional services

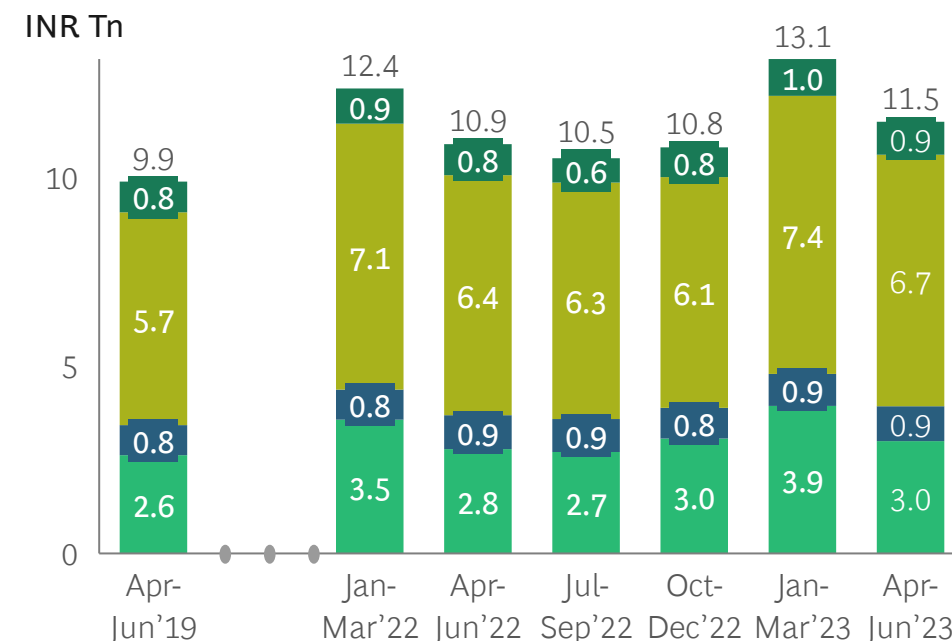
- Trade, hotels, transport, communication and broadcasting services
- Financial services, real estate and professional services
- Public administration, defence and other services



## GVA of industrial sub-sectors

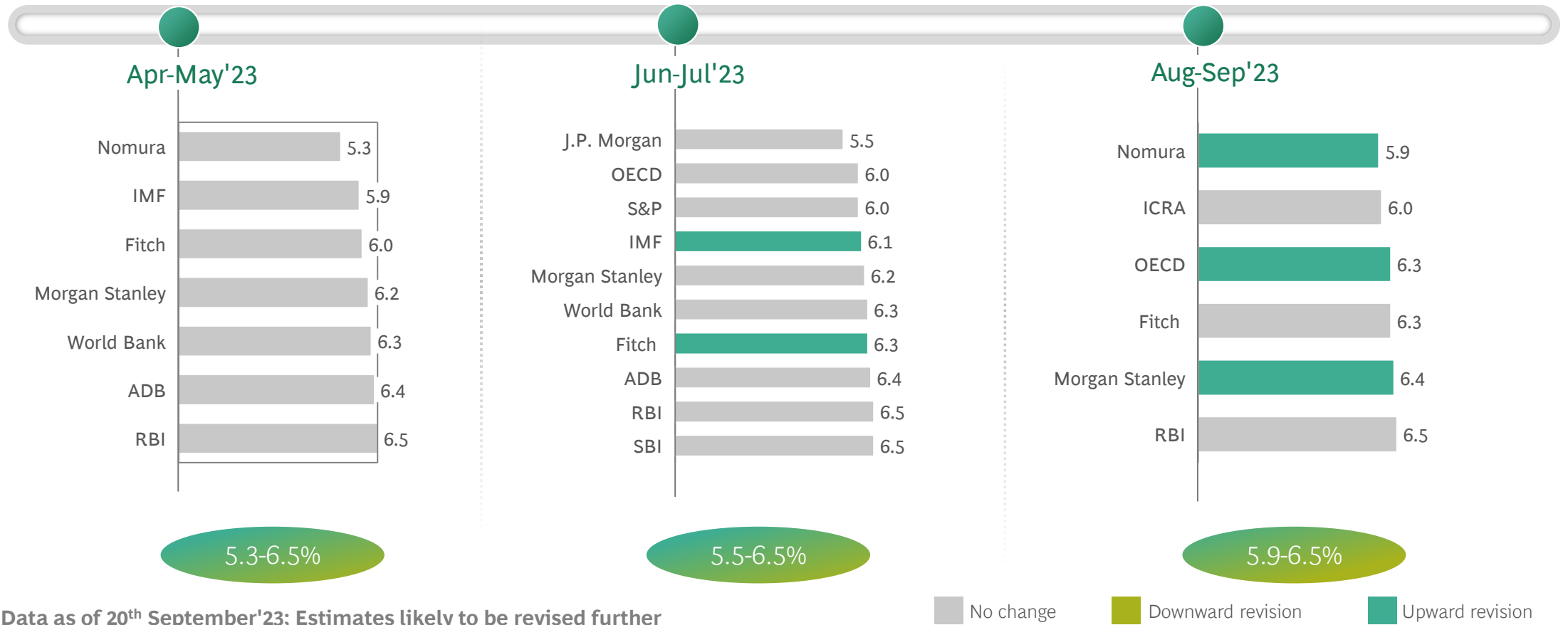
Mining & construction recorded strong expansion vs. previous year

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



# FY24 GDP forecasted to grow between 5.9-6.5% YoY; Most forecasts remained the same or were revised upwards in Aug-Sep'23

## 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;

The background of the slide is a dark teal color with a faint, complex financial chart. The chart includes a globe in the center, overlaid with a line graph showing an upward trend and a candlestick chart below it. Various numerical values and percentages are scattered across the chart, such as '215,700', '6,421,000', '156.55', '3.86', '2.05', '2,000', '1.92%', '+0.35%', '+1.00', '+0.27%', '+0.08', '+0.38', '+2.41%', and '1.92%'. A yellow rectangular box is positioned around the text 'Thank You'.

# Thank You



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