

India Economic Monitor

JAN 2024

Executive summary



In Dec'23, select high frequency indicators exhibited growth while some indicators saw a decline vs. the previous month. IIP inched down in Nov'23, owing to slower growth in manufacturing and electricity segments. Steel consumption showed improvement, while cement production declined. Power consumption remained at similar levels to the previous month. Auto sector continued to witness a seasonal deceleration across all segments.

Trade and investment indicators showcased mixed trends. Merchandise net exports were driven up by engineering goods, gems and jewelry, and electronics, resulting in a slight contraction in the merchandise trade deficit. Services trade surplus saw a marginal decrease, attributable to a slowdown in exports of IT services. Forex reserves continued their upward trajectory, logging a 21-month peak in Dec'23. However, foreign direct investment (FDI) decelerated due to bottlenecks in global supply chain and monetary policy tightening in developed economies, such as the UK, Eurozone, and USA.

All BFSI indicators showed signs of improvement in Dec'23. UPI volume and value saw a significant uptick as the volume registered a record high of 12 billion transactions, and value reached a peak of INR 18.23 trillion. NSE and BSE transactions recorded strong growth of 40% vs. the previous month, notably fueled by a substantial surge in the number of retail investors. Life insurance premium also grew strongly, driven by an acceleration in new business premium collected by LIC, up by 42% vs. Nov'23.

In terms of macroeconomic indicators, as core inflation slowed down, CPI inflation was lower than expected, rising marginally to 5.69% in Dec'23. WPI inflation rose to 9-month high of 0.73% in Dec'23, attributable to a rise in prices of food items, machinery and equipment and electronics. Manufacturing PMI fell by 2%, recording an 18-month low in Dec'23, driven by slow growth in factory orders and output. However, Services PMI increased by 4% in Dec'23, up from Nov'23's one-year low, on the back of strong business activity. GST collections continued to moderate in Dec'23, following festive spending in Oct-Nov'23. Analyst forecasts indicate GDP growth of 6.5-7.0% YoY for FY24, with all agencies raising their projections.

Most high frequency indicators witnessed an uptick in Nov-Dec'23 vs. 2022 levels (1/2)

Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Dec'23	Dec'22	YoY	Nov'23	MoM
IIP (Index) *	141.00	137.00	3%	144.50	-2%
Power Consumption ('000 MUs)	3.97	3.91	2%	3.99	0%
Petroleum Consumption (MMT)	20.05	19.60	2%	18.72	7%
Steel Consumption (MMT)	11.75	10.90	8%	11.26	4%
Cement Production (MT) *	30.30	31.30	-3%	34.74	-13%


Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Dec'23	Dec'22	YoY	Nov'23	MoM
E-way Bills (Mn)	95.26	84.13	13%	87.57	9%
JNPT Traffic ('000 TEUs)	575.65	522.00	10%	517.97	11%
Rail Freight (Mn Tons) *	128.42	123.00	4%	129.03	0%
Air Freight (K Tons) *	269.33	252.70	7%	291.89	-8%

Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Dec'23	Dec'22	YoY	Nov'23	MoM
Merchandise Exports (\$ Bn)	38.45	34.48	12%	33.90	13%
Merchandise Imports (\$ Bn)	58.25	58.24	0%	54.48	7%
Services Exports (\$ Bn)	27.88	27.34	2%	28.69	-3%
Services Imports (\$ Bn)	13.25	15.56	-15%	13.40	-1%


Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Dec'23	Dec'22	YoY	Nov'23	MoM
PV Sales ('000 Units)	303.69	303.00	0%	342.15	-11%
Tractor Sales ('000 Units)	52.13	66.00	-21%	78.99	-34%
2W Sales ('0000 Units)	149.95	132.00	14%	190.16	-21%
EV Registrations ('000 Units)	140.84	102.21	38%	152.51	-8%

** Data available only upto Nov'23 as on 19th Jan'24 – hence growth comparisons are for Nov and not Dec. Nov'23 data has been compared with Nov'22 & Oct'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 Nov-Dec'23 vs. 2022 levels (2/2)

 Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Dec'23	Dec'22	YoY	Nov'23	MoM
UPI Value (INR Tn)	18.23	12.80	42%	17.40	5%
Aggregate Deposits (INR Tn) *	197.92	173.00	14%	195.61	1%
Aggregate Credit (INR Tn) *	157.52	130.00	21%	154.88	2%
NSE & BSE Txns. (INR K Cr)	2273.48	1247.63	82%	1594.18	40%
Insurance Premium (INR K Cr)	63.68	49.00	30%	47.12	35%

 Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Dec'23	Dec'22	YoY	Nov'23	MoM
GST Collections (INR Tn)	1.65	1.50	10%	1.68	-2%
WPI (%)			0.73%		
CPI (%)			5.69%		
Jan Dhan Deposits (INR Tn)	2.1	1.8	17%	2.1	1%
MGNREGA Emp. Provided (HH)	16.9	18.0	-6%	14.5	16%

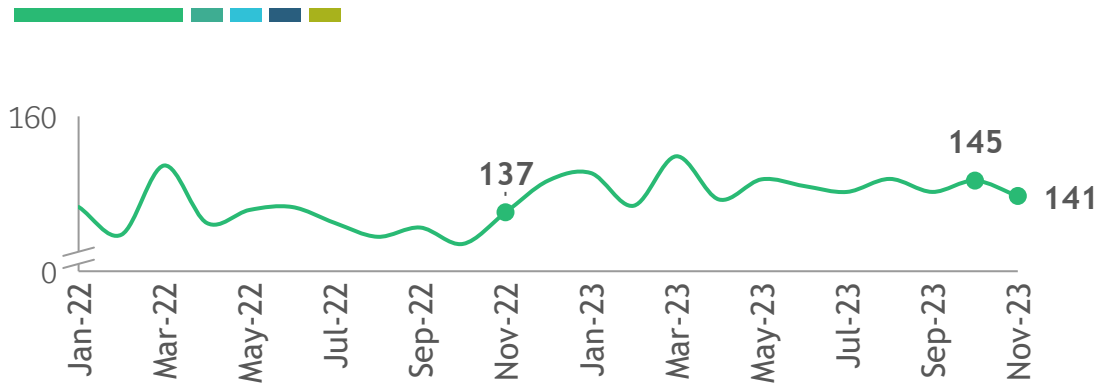
 Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Dec'23	Dec'22	YoY	Nov'23	MoM
Manufacturing PMI (Index)	54.9	57.8	-5%	56	-2%
Services PMI (Index)	59	58.5	1%	56.9	4%
Current Situation Index *	92.2	84	10%	92.2	0%
Future Expectations Index *	120.6	115	5%	122.3	-1%

* Data available only upto Nov'23 as on 19th Jan'24 – hence growth comparisons are for Nov and not Dec. Nov'23 data has been compared with Nov'22 & Oct'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 and cement production fell, steel consumption improved while power consumption remained constant in Nov-Dec'23

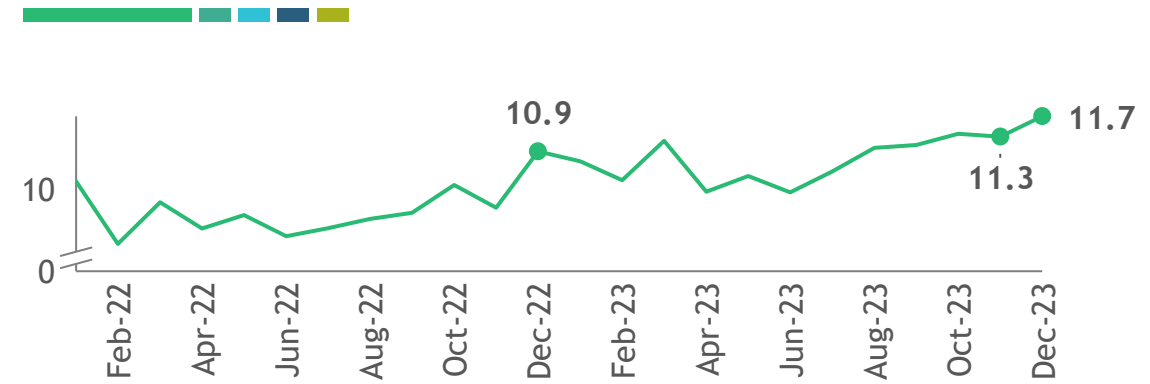
Index of Industrial Production¹

IIP inched down in Nov'23 vs. Oct'23



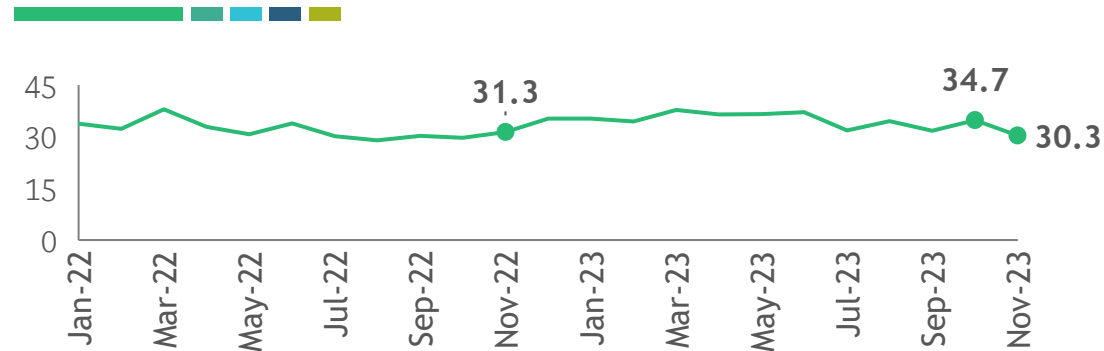
Steel Consumption (MMT)²

Steel consumption registered an uptick in Dec'23 vs. Nov'23



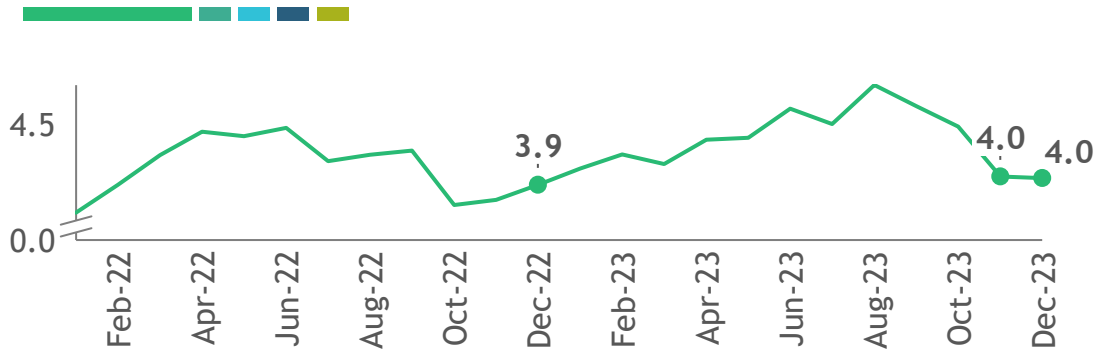
Cement Production (MT)

Cement production dropped in Nov'23, after improving in Oct'23



Daily Average Power Consumption ('000s MUs)

Power consumption remained constant at Nov'23 levels in 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%))

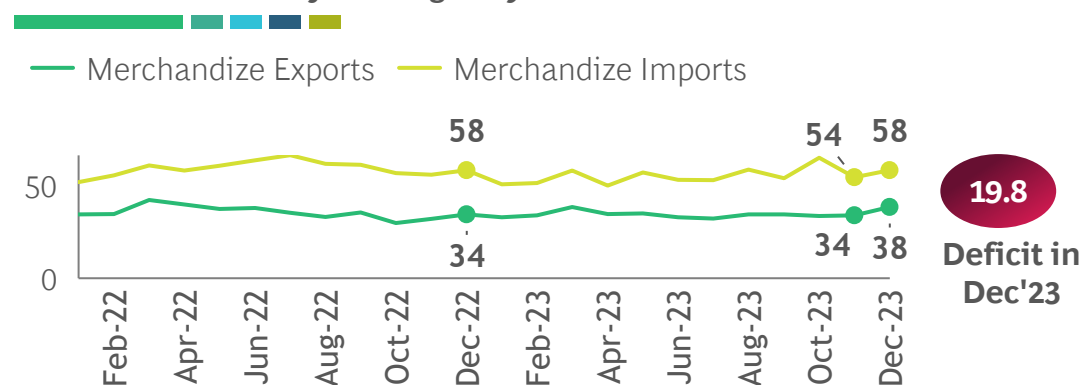
2. Steel consumption incl. long & flat steel, provisional figures for Dec'23

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 and services trade surplus marginally narrowed; Forex grew while FDI plunged in Nov-Dec'23

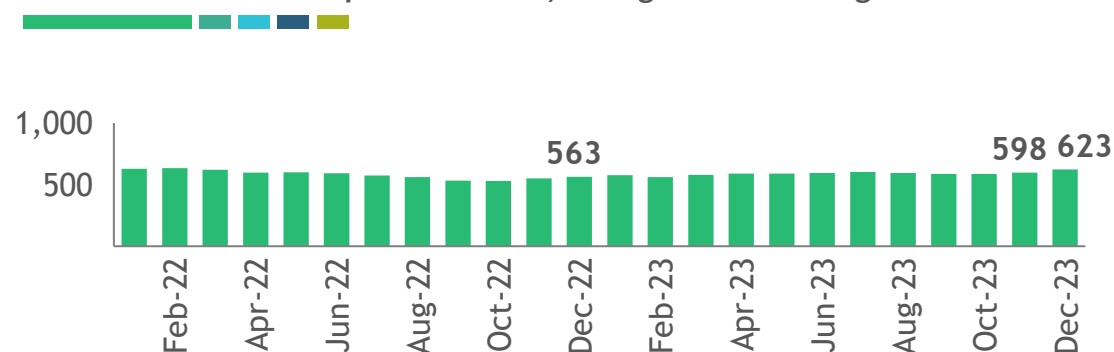
Merchandise Trade (\$ Bn)

Merchandise trade deficit marginally contracted in Dec'23



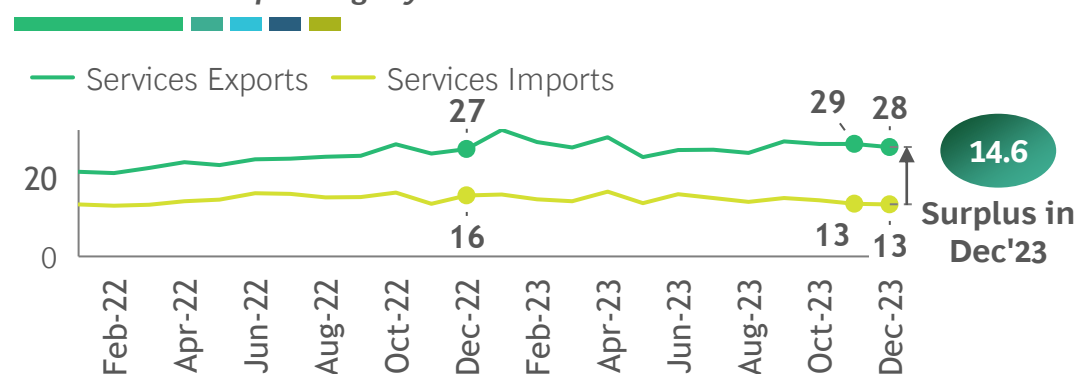
Forex Reserves (\$ Bn)

Forex reserves saw an uptick in Dec'23, hitting a 21-month high



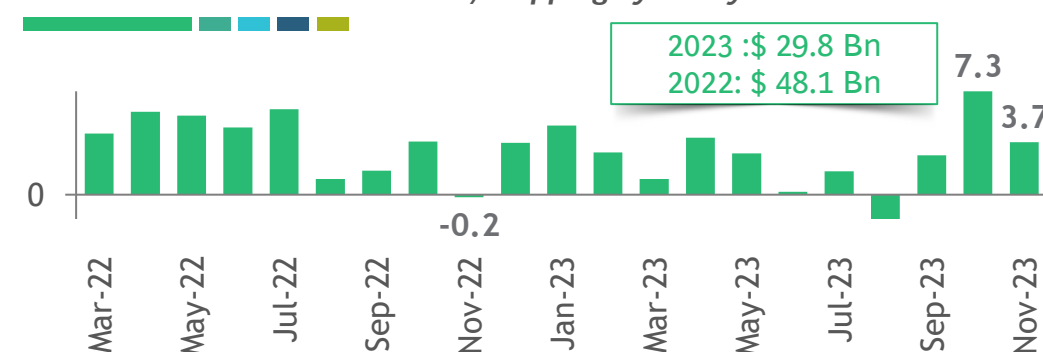
Services trade (\$ Bn)

Services trade surplus slightly narrowed in Dec'23



FDI (\$ Bn)¹

FDI recorded a decline in Nov'23, dropping by nearly 50%

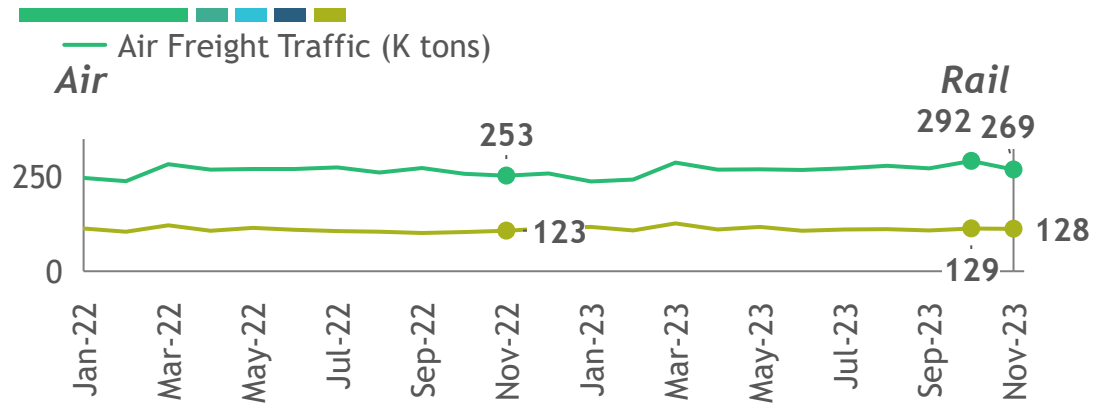


Note: Dec'23 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous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

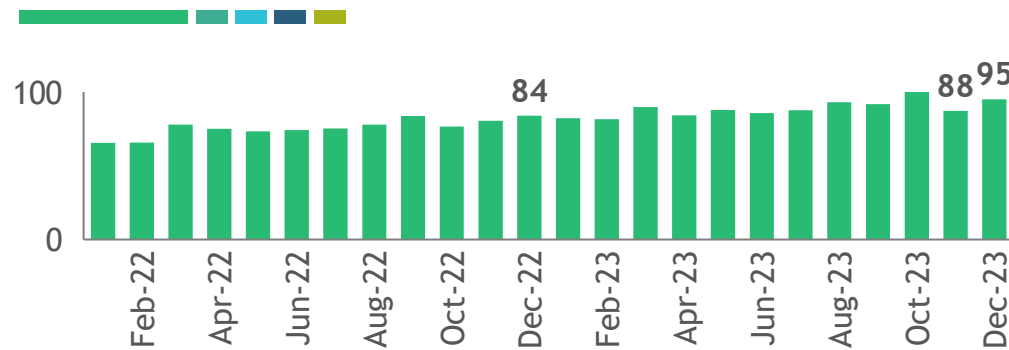
Freight Traffic

Air freight traffic fell while rail freight traffic remained constant in Nov'23



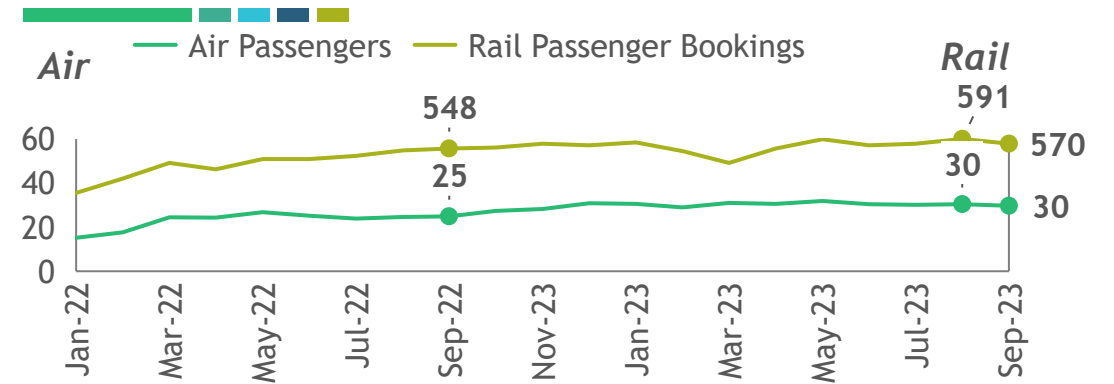
E-way Bills (Mn)¹

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



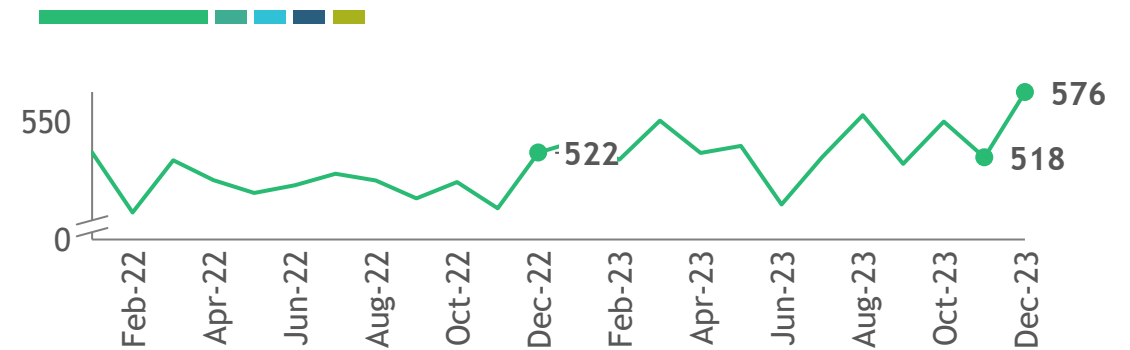
Passenger traffic (Mn)*

Passenger traffic for rail declined in Sep'23; remained constant for air



JNPT Container Traffic ('000 TEUs)²

JNPT traffic surged in Dec'23 vs. Nov'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)

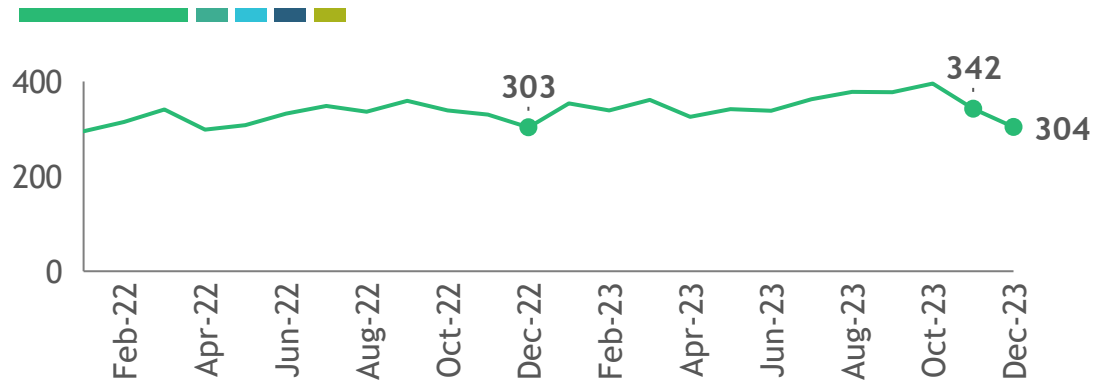
* Data available only upto Sep'23 as on 19th Jan'24

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

Auto sales continued to fall in Dec'23, however sales were higher than Dec'22 levels for selected categories (2W & 3W)

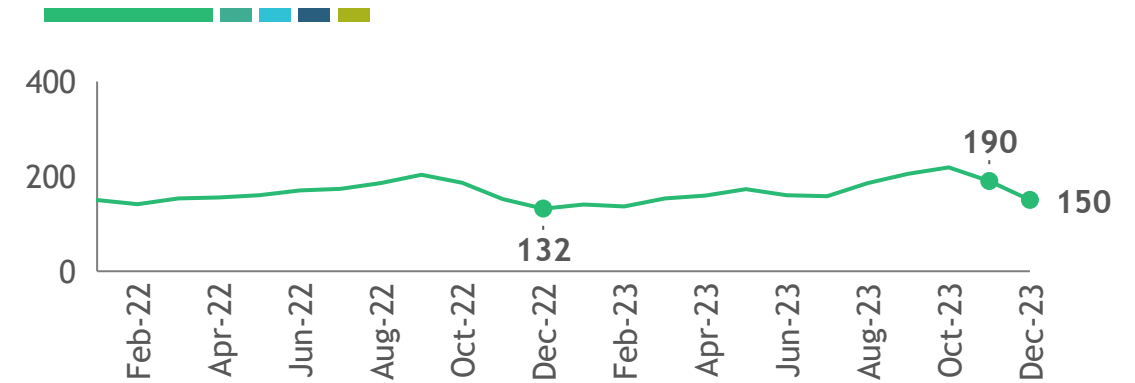
Passenger vehicles sales ('000 units)

PV sales continued to contract in Dec'23



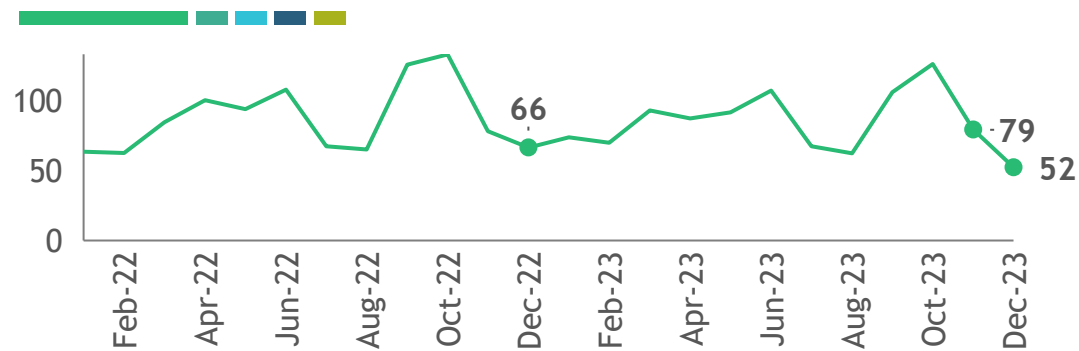
Two-wheeler sales ('0000 units)

2W sales registered a dip in Dec'23 for the second consecutive month



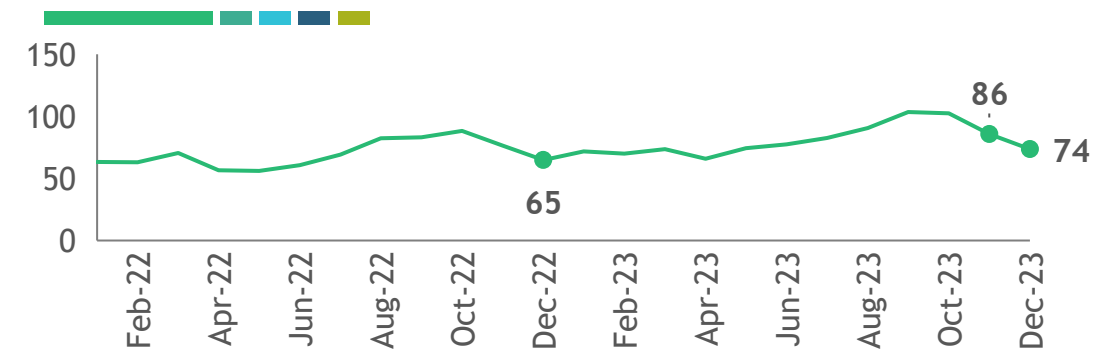
Tractor sales ('000 units)

Tractor sales decelerated in Dec'23, falling below Dec'22 levels



Three-wheeler sales ('000 units)

3W sales continued to fall in Dec'23



Figures represent wholesale numbers (including exports).

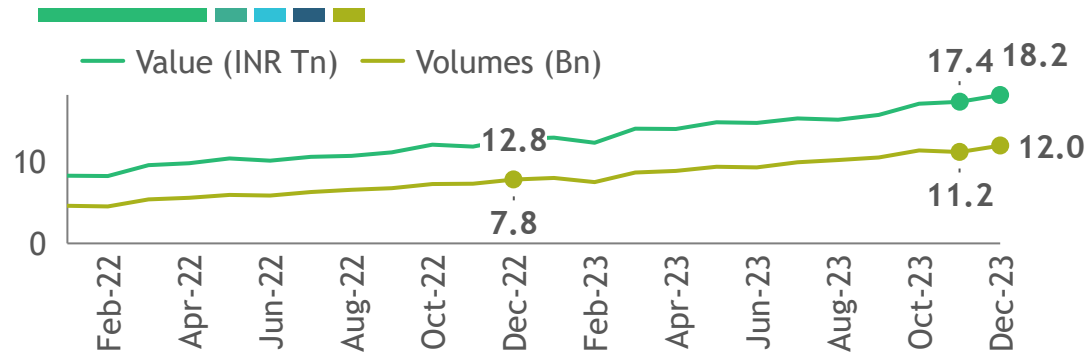
1. BMW, Mercedes and Volvo Auto data is not available

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

UPI value and volume saw a significant uptick; Mutual funds AUM improved marginally while insurance premium surged in Dec'23

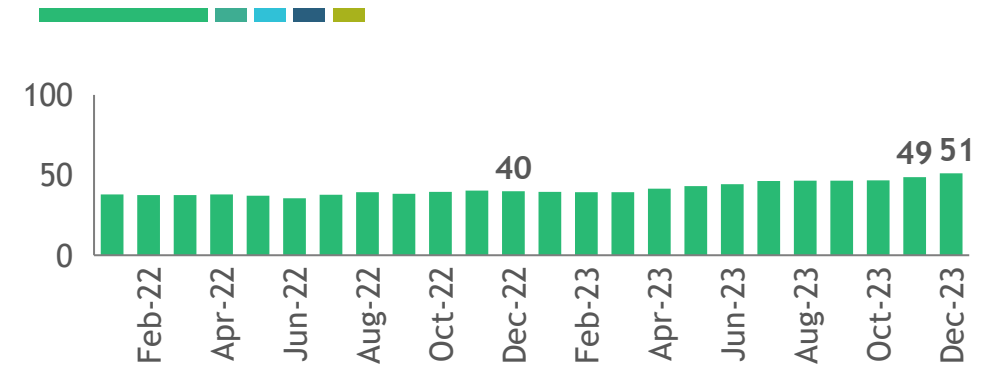
UPI

UPI value and volume reached record high levels in Dec'23



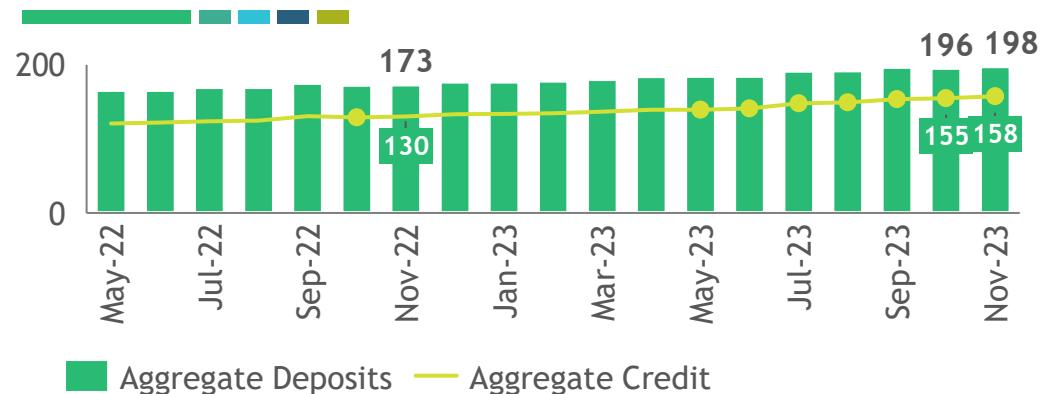
Mutual Funds AUM (INR Tn)

Mutual funds AUM continued to increase in Dec'23



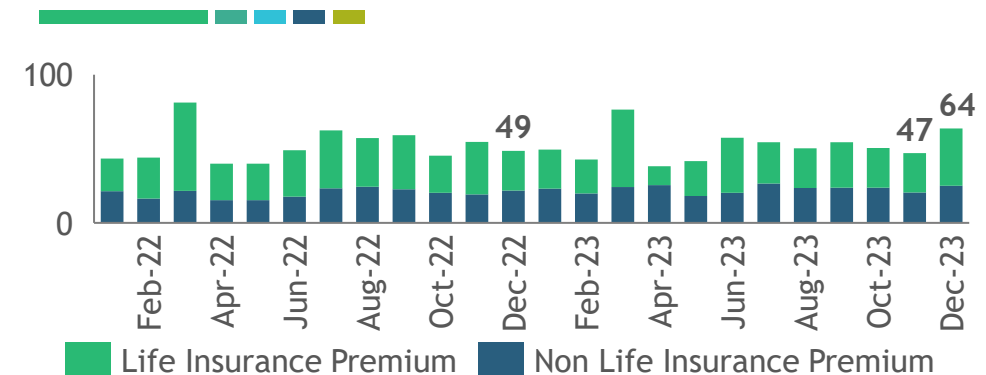
Aggregate deposits & credit (INR Tn)

Aggregate deposits and credit increased marginally in Nov'23



Insurance Premium (INR '000 Cr)

Life insurance premium accelerated in Dec'23, after falling for 2 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 19th Jan'24

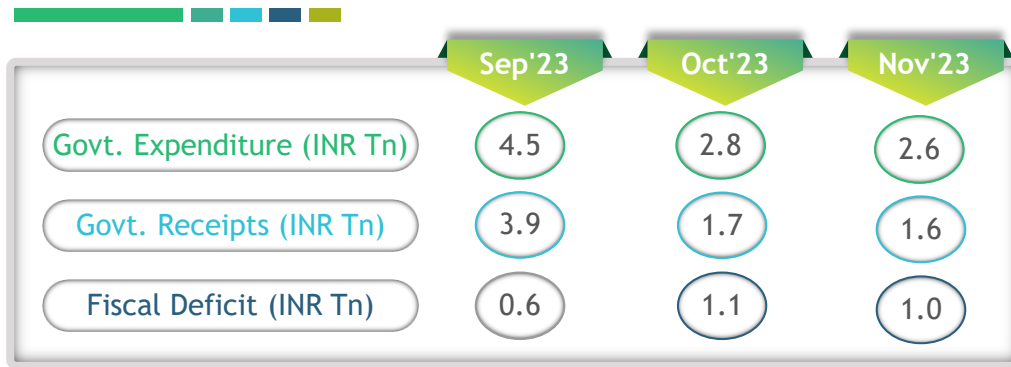
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

GST collections moderated; Fiscal deficit narrowed, while Jan Dhan deposits and Repo rate remained constant in Nov-Dec'23

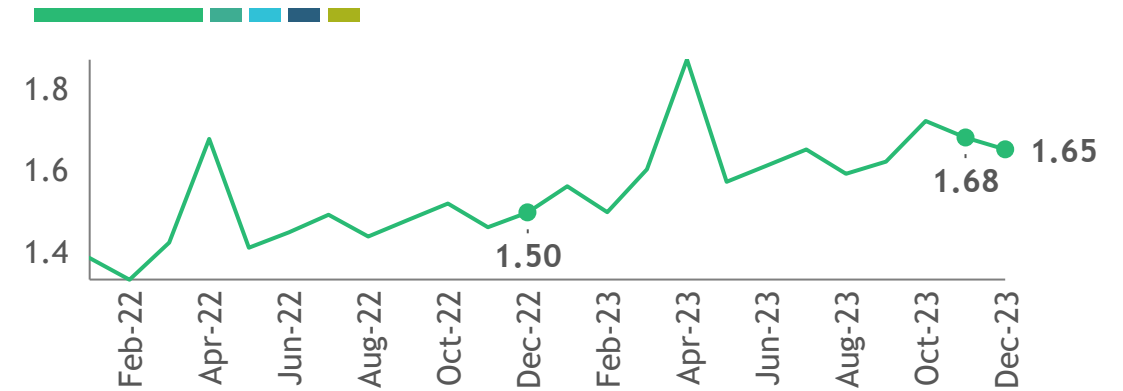
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit fell marginally in Nov'23 vs. Oct'23



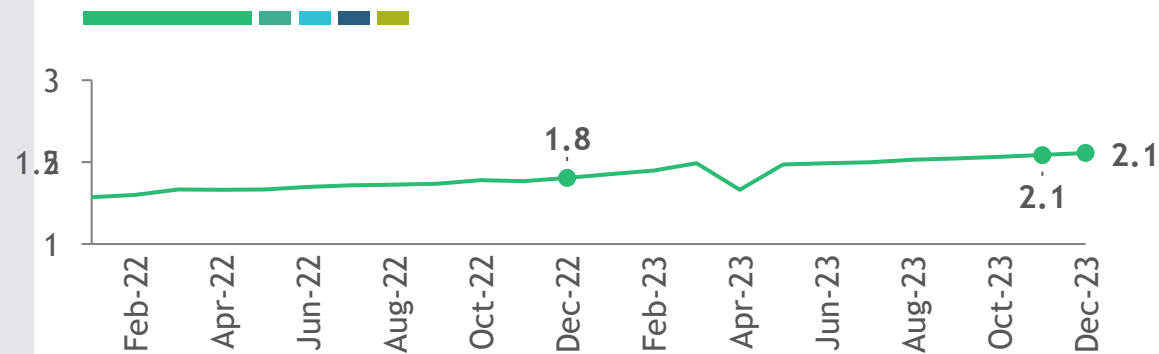
GST Collections¹ (INR Tn)

GST collections continued to moderate in Dec'23



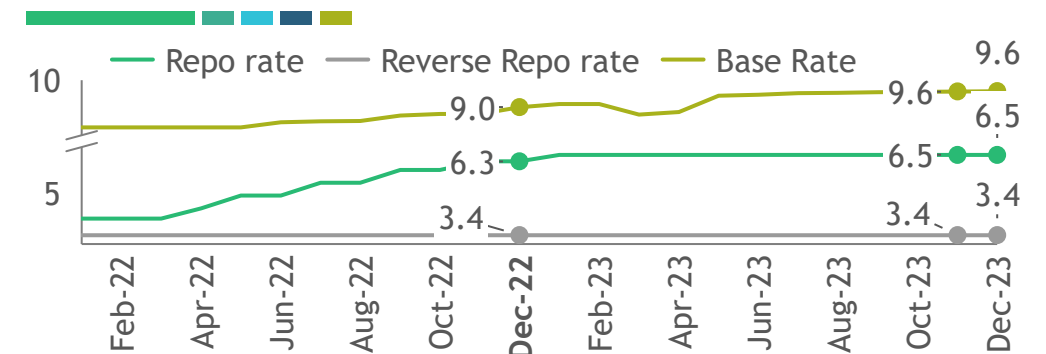
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained unchanged in Dec'23



RBI's policy rates (%)

Repo rate remained unchanged in Dec'23

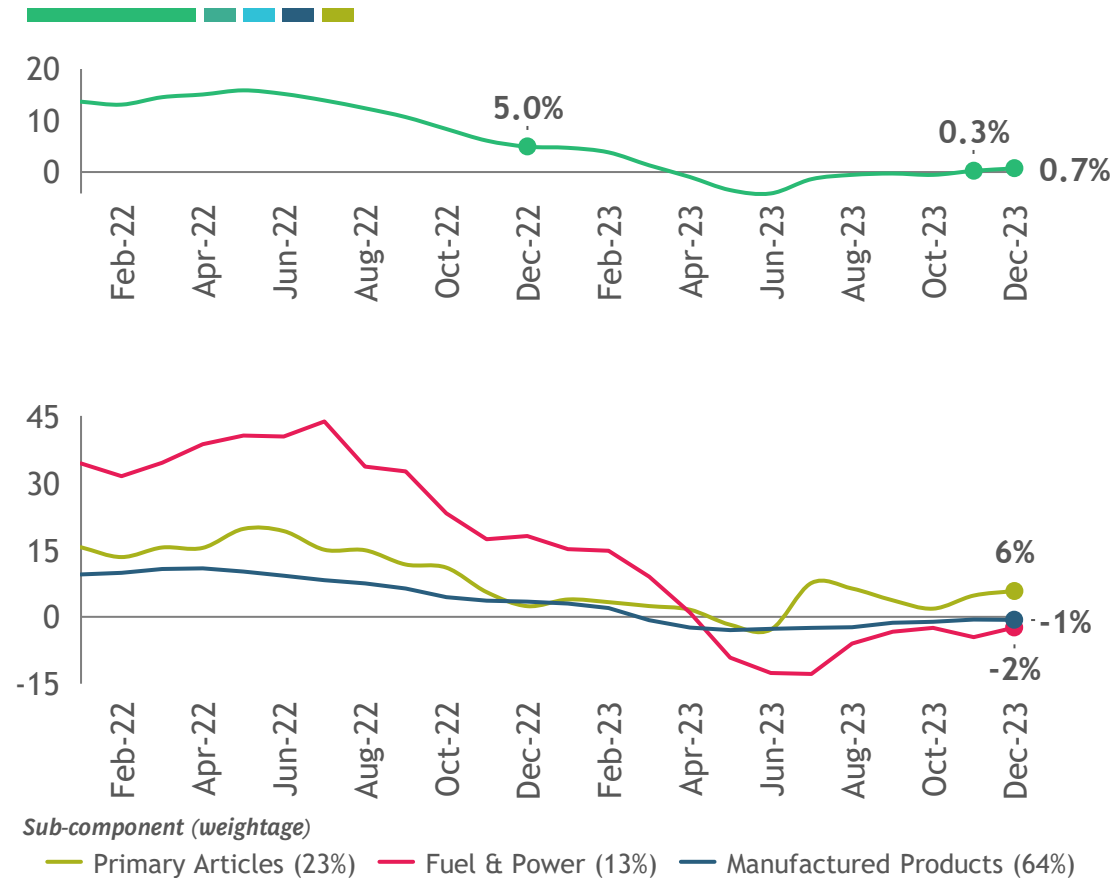


1. GST Collections include all components: CGST, SGST, IGST, Cess
Source: CMIE, Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI inflation surged to a nine-month high; CPI inflation also increased in Dec'23

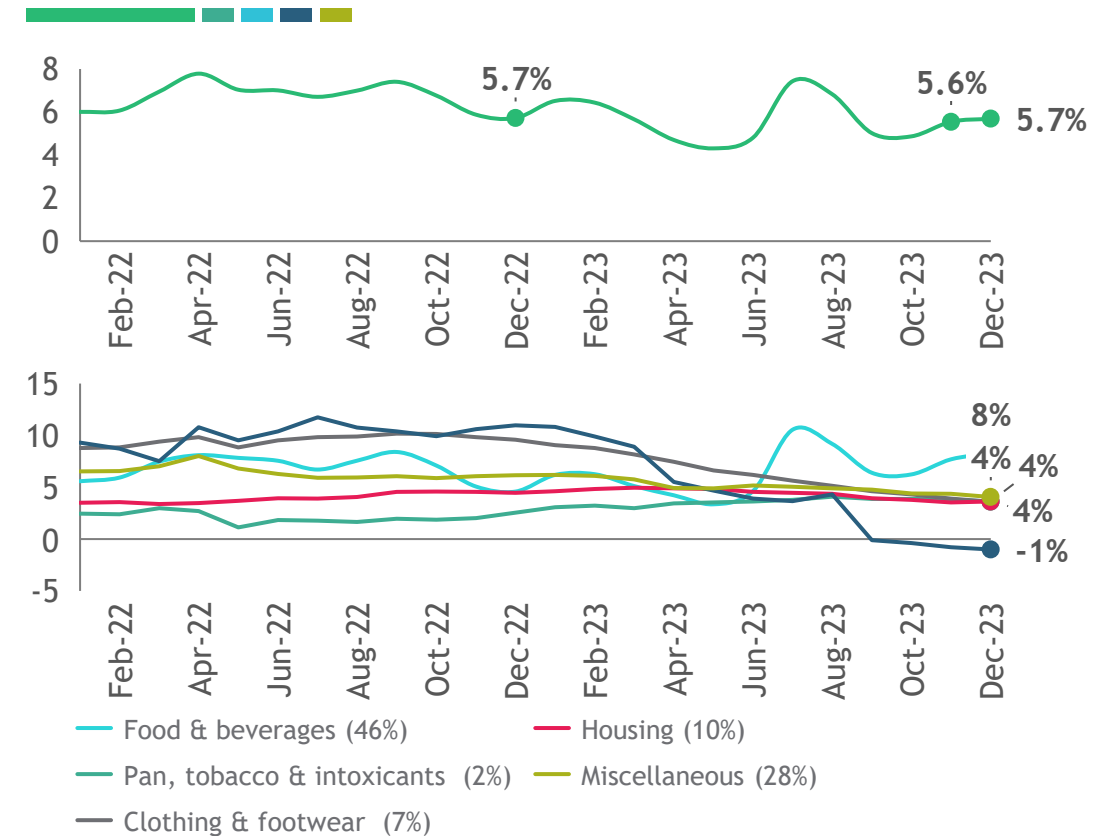
Wholesale Price Index (WPI)¹

WPI continued to rise in Dec'23, driven by increase in food prices



Consumer Price Index (CPI)²

CPI increased in Dec'23, due to rise in prices of food & beverages



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

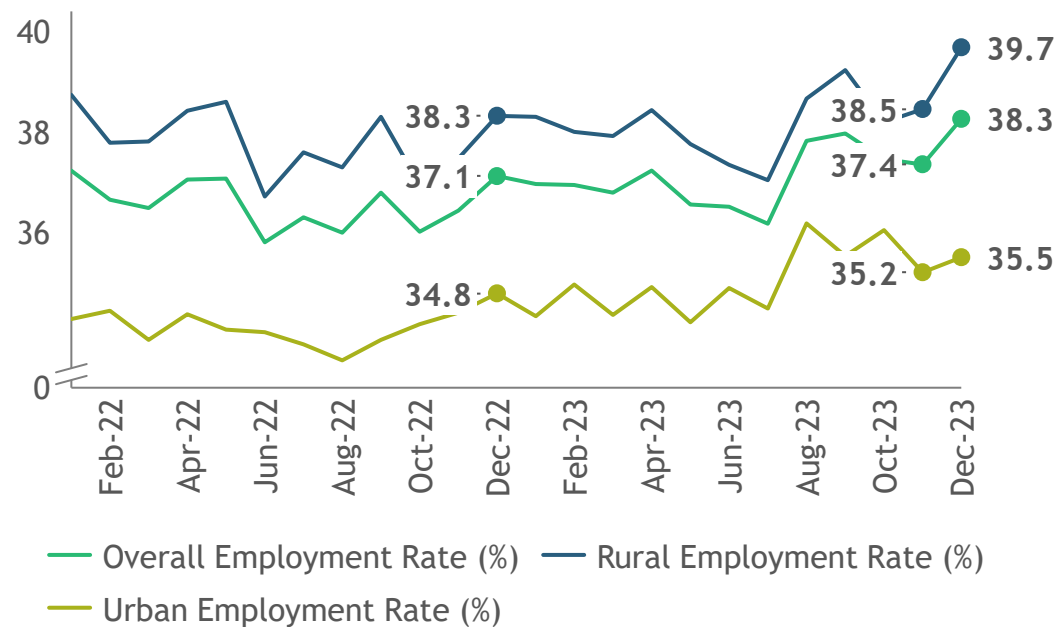
Source: MOSPI, CMIE, BCG Analysis

Overall employment rate improved; MGNREGA work demanded and employment provided also witnessed an uptick in Dec'23

CMIE Employment rate (%)¹

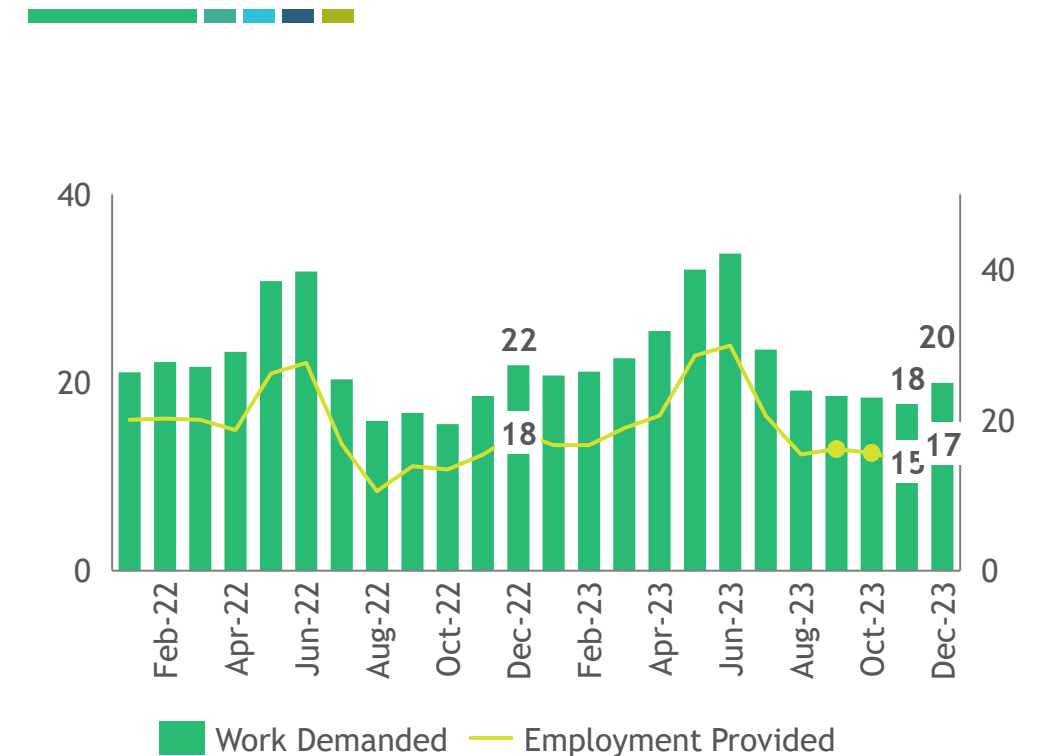
Both rural and urban employment rates improved in Dec'23

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

Both MGNREGA work demanded and employment provided increased in Dec'23



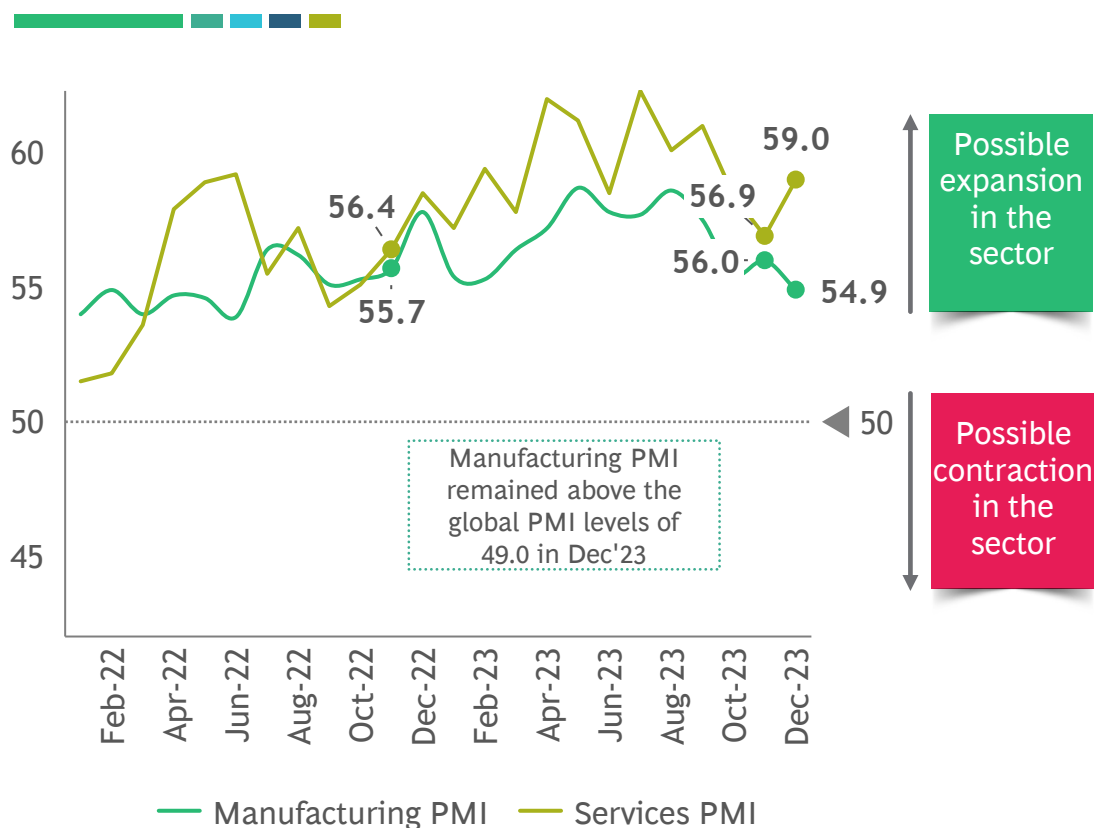
1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old

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 declined while Services PMI improved in Dec'23; Consumer confidence recorded a slight dip in Nov'23

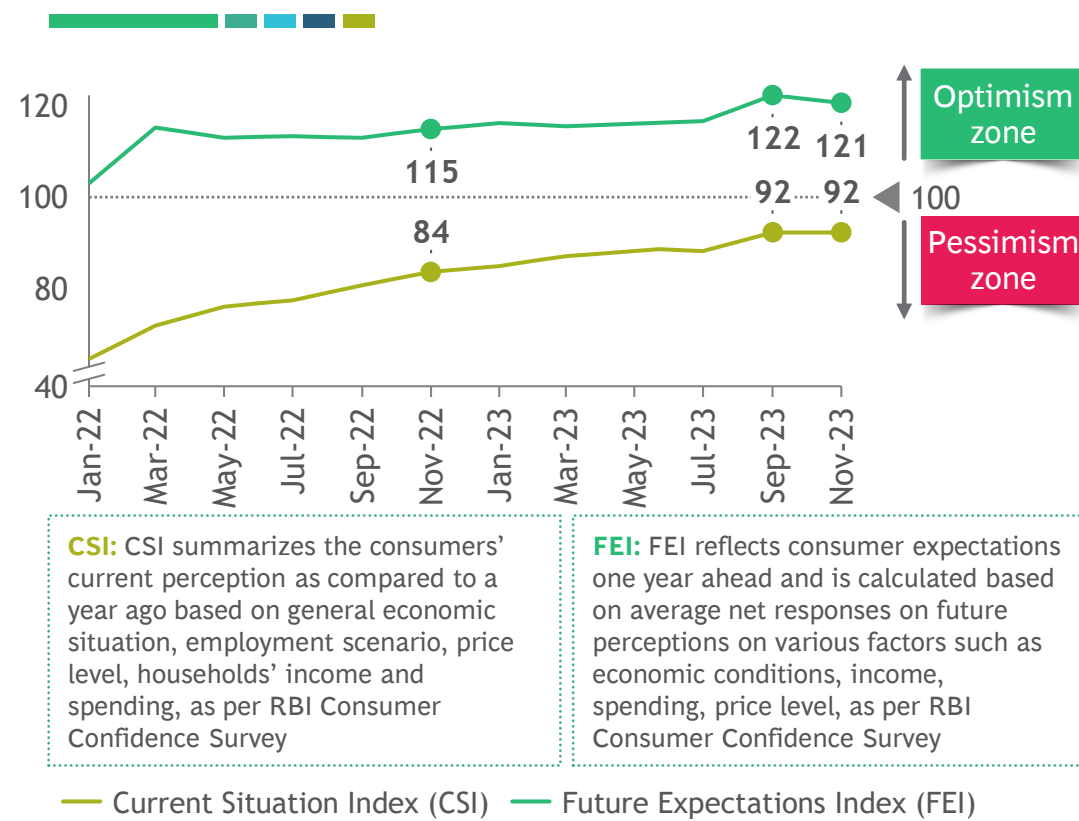
Manufacturing and services PMI¹

Manufacturing PMI slipped to an 18-month low while Services PMI improved in Dec'23



Consumer Confidence Survey (RBI)²

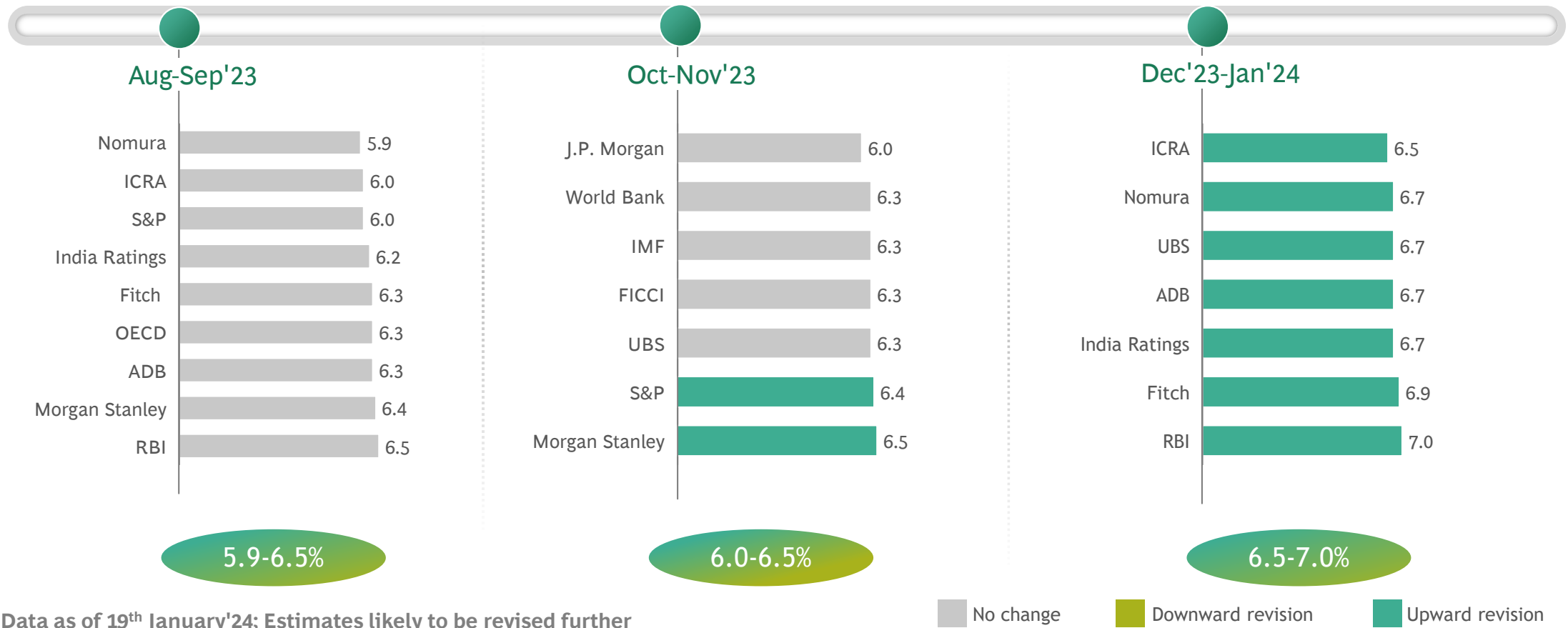
CSI remained consistent while FEI marginally fell in Nov'23



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: 6,082 responses across 19 major cities surveyed during 2nd Nov to 11th Nov, 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 6.5-7.0% YoY; All forecasts were revised upwards in Dec'23-Jan'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



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