

India Economic Monitor

NOV 2023

Executive summary




In Oct'23, most high-frequency indicators exhibited mild to moderate growth vs. previous month. IIP saw a slight dip in Sep'23 vs. Aug'23 due to slower activities in the manufacturing, mining, and electricity sectors. Steel consumption continued to grow, while cement production & power consumption inched down. Auto sector witnessed a strong growth in all segments (except three-wheeler). Passenger Vehicles posted highest ever sales in Oct'23, with a growth of 16.5%, compared to last year.

Trade and investment indicators continued to showcase mixed trends. Merchandise trade deficit in Oct'23 widened, partly due to higher oil prices and a sharp rise in gold imports during the festive season. Services trade surplus inched up, with a marginal decline in services imports. Forex reserves witnessed a marginal decline, while FDI recorded an upward swing in Sep'23 after contracting in Aug'23. The issuance of e-way bills reached a new record high of INR 10.3 crore in Oct'23 given festive season consumption and improved compliance.

Most BFSI indicators saw moderate growth in Sep-Oct'23. UPI transactions (both volume and value) continued to rise. Aggregate deposits and credit continued to trend upwards. Life insurance premium decelerated, driven by fall in LIC new business premium. NSE and BSE transactions also inched down in Oct'23.

In terms of macroeconomic indicators, CPI inflation eased to 4.9% in Oct'23 given lower food prices, edging closer to the central bank's medium-term target of 4%. WPI remained in deflationary mode for the seventh consecutive month, contracting by 0.5% in Oct'23 with continued annual deflation in manufactured products, fuel and power categories. Manufacturing PMI dropped to an eight-month low driven by lower demand and rise in the cost of raw materials. Services PMI also declined to a seven-month low, attributable to subdued demand and inflationary forces. GST collections surged and hit the second highest mark ever driven by stricter anti-evasion measures and higher festival-season consumer spending. Analyst forecasts indicate GDP growth of 6.0%-6.5% YoY for FY24, with most agencies retaining or raising their projections.

Most high frequency indicators (except services imports & tractor sales) witnessed YoY growth vs. 2022 levels in Sep Oct'23 (1/2)

 Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Oct'23	Oct'22	YoY	Sep'23	MoM
IIP (Index) *	141.60	134.00	6%	145.00	-2%
Power Consumption ('000 MUs)	4.48	3.70	21%	4.68	-4%
Petroleum Consumption (MMT)	19.26	18.37	5%	18.18	6%
Steel Consumption (MMT)	11.33	10.1	12%	11.06	2%
Cement Production (MT) *	31.76	30.30	5%	34.66	-8%

 Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Oct'23	Oct'22	YoY	Oct'23	MoM
E-way Bills (Mn)	100.31	77.00	30%	92.02	9%
JNPT Traffic ('000 TEUs)	549.49	496.00	11%	512.32	7%
Rail Freight (Mn Tons) *	129.03	118.94	8%	123.54	4%
Air Freight (K Tons) *	272.65	257.97	6%	279.29	-2%

 Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Oct'23	Oct'22	YoY	Sep'23	MoM
Merchandise Exports (\$ Bn)	33.57	30.00	12%	34.47	-3%
Merchandise Imports (\$ Bn)	65.03	57.00	14%	53.84	21%
Services Exports (\$ Bn)	28.70	28.58	0%	29.37	-2%
Services Imports (\$ Bn)	14.32	16.30	-12%	14.91	-4%

 Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Oct'23	Oct'22	YoY	Sep'23	MoM
PV Sales ('000 Units)	395.30	339.00	17%	377.00	5%
Tractor Sales ('000 Units)	125.42	132.41	-5%	105.46	19%
2W Sales ('0000 Units)	218.71	187.00	17%	205.20	7%
EV Registrations ('000 Units)	139.23	119.89	16%	127.74	9%

* Data available only upto Sep'23 as on 20th Nov'23 – hence growth comparisons are for Sep and not Oct. Sep'23 data has been compared with Sep'22 & Aug'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 services imports & tractor sales) witnessed YoY growth vs. 2022 levels in Sep Oct'23 (2/2)

 Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Oct'23	Oct'22	YoY	Sep'23	MoM
UPI Value (INR Tn)	17.15	12.10	42%	15.79	9%
Aggregate Deposits (INR Tn) *	197.01	175.43	12%	192.36	2%
Aggregate Credit (INR Tn) *	153.24	130.00	18%	149.17	3%
NSE & BSE Txns. (INR K Cr)	1443.55	996.47	45%	1794.95	-20%
Insurance Premium (INR K Cr)	56.29	45.00	25%	54.42	3%

 Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Oct'23	Oct'22	YoY	Sep'23	MoM
GST Collections (INR Tn)	1.72	1.52	13%	1.62	6%
WPI (%)			-0.52%		
CPI (%)			4.8%		
Jan Dhan Deposits (INR Tn)	2.06	1.80	15%	2.04	1%
MGNREGA Emp. Provided (HH)	15.63	13.00	20%	16.16	-3%

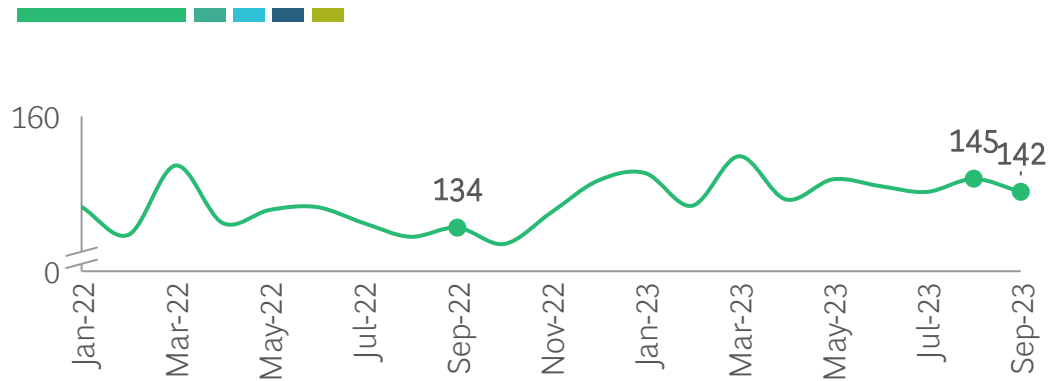
 Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Oct'23	Oct'22	YoY	Sep'23	MoM
Manufacturing PMI (Index)	55.50	55.30	0%	57.50	-3%
Services PMI (Index)	58.40	55.10	6%	61.00	-4%
Current Situation Index	88.1	77	14%	88.5	0%
Future Expectations Index	116.6	113	3%	116.3	0%

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

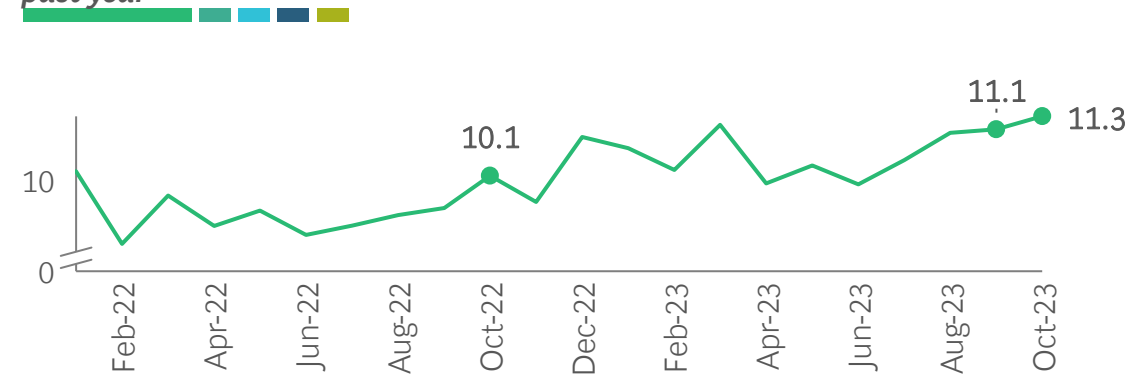
Index of Industrial Production¹

IIP inched down in Oct23 vs Sep23



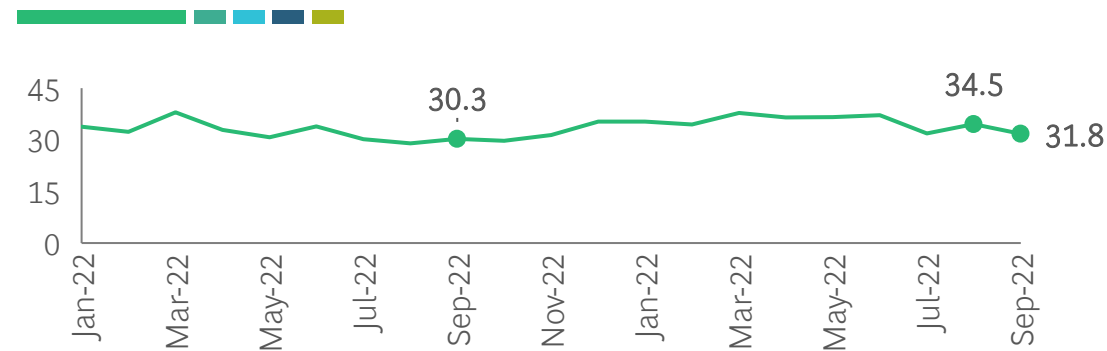
Steel Consumption (MMT)²

Steel consumption registered uptick in Oct23, reaching its highest level in the past year



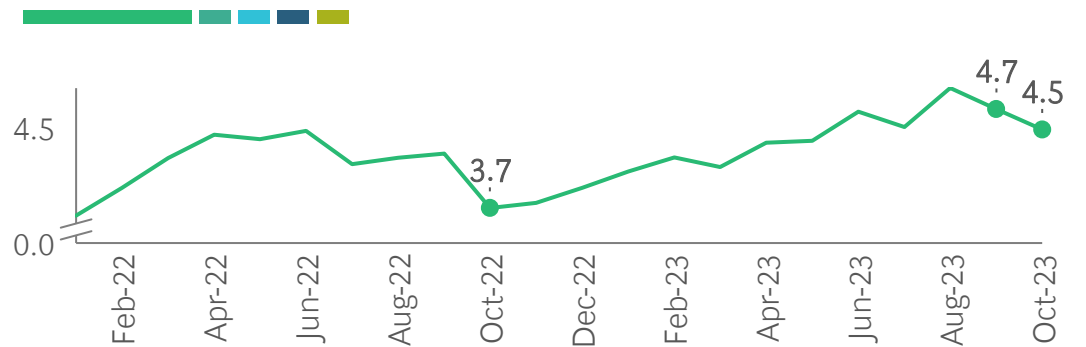
Cement Production (MT)

Cement production decreased in Sep'23, after witnessing growth in Aug'23



Daily Average Power Consumption ('000s MUs)

Power consumption fell in Oct'23 for the second consecutive month



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

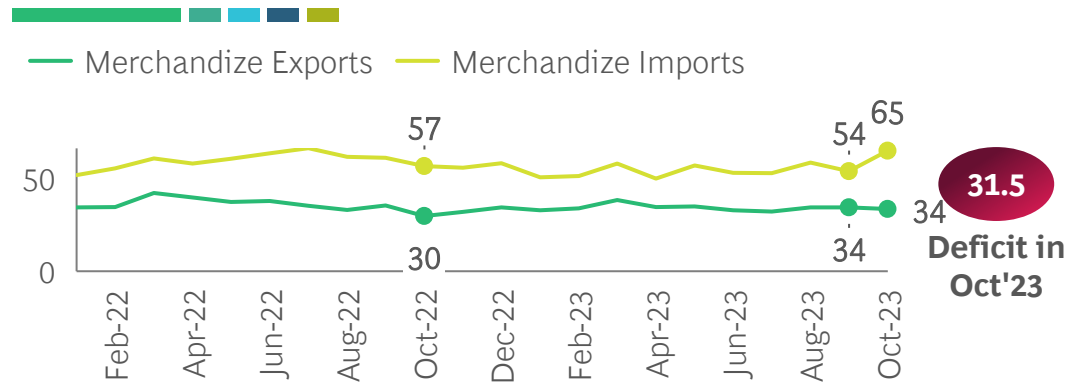
2. Steel consumption incl. long & flat steel

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 widened while services trade surplus increased; Forex decreased while FDI surged in Sep-Oct'23

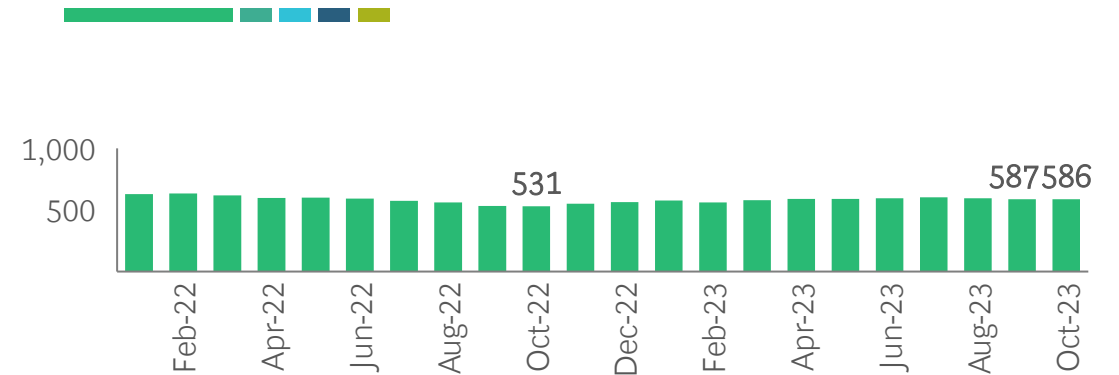
Merchandise Trade (\$ Bn)

Merchandise trade deficit widened in Oct'23, driven by rise in imports



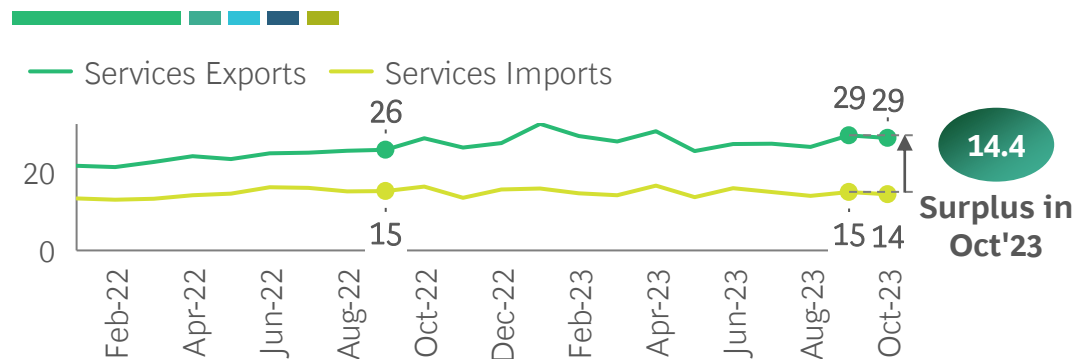
Forex Reserves (\$ Bn)

Forex reserves declined marginally in Oct'23 vs. Sep'23 levels



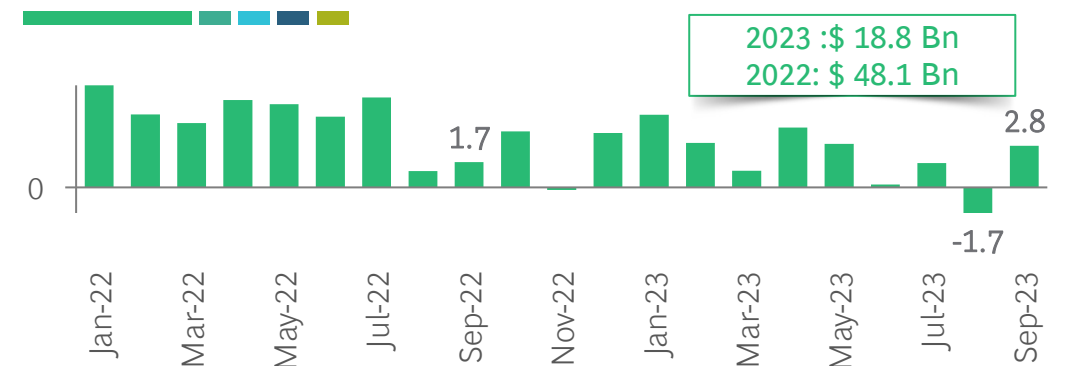
Services trade (\$ Bn)

Services trade surplus increased marginally in Oct'23



FDI (\$ Bn)¹

FDI recorded an increase in Sep'23, highest in the last 3 months

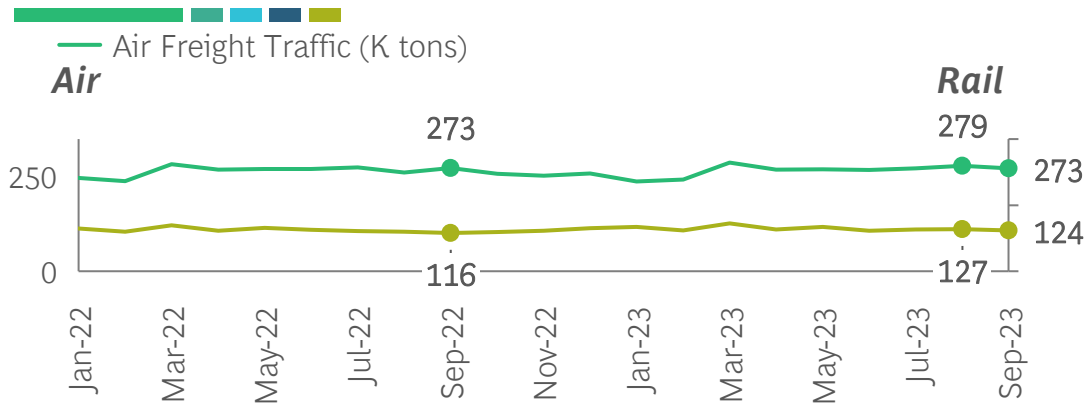


Note: Oct'23 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous 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 Sep-Oct'23; E-way bills reached record high levels in Oct'23

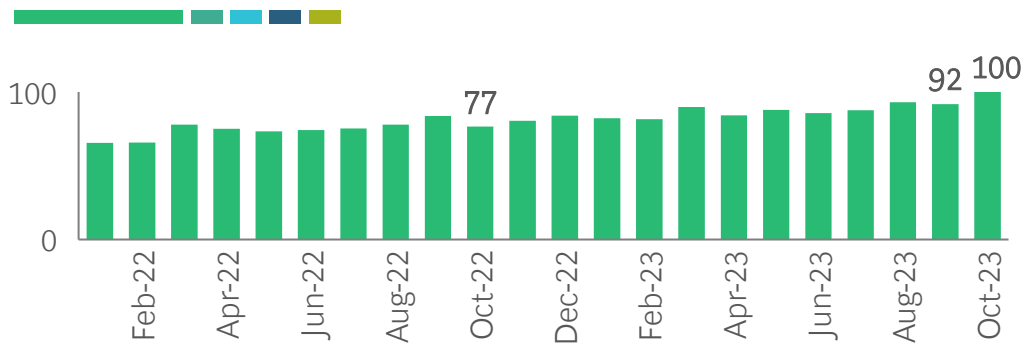
Freight Traffic

Air freight traffic and rail freight traffic declined in Sep'23



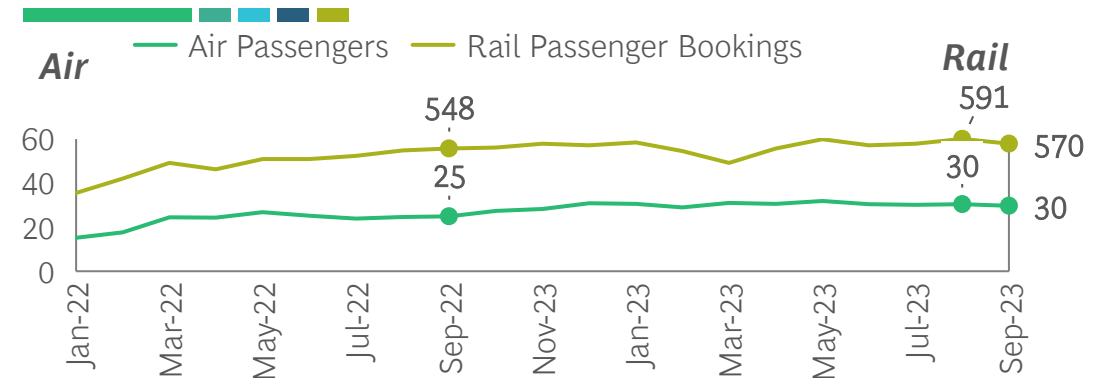
E-way Bills (Mn)¹

E-way bill volume increased in Oct'23, reaching record high levels



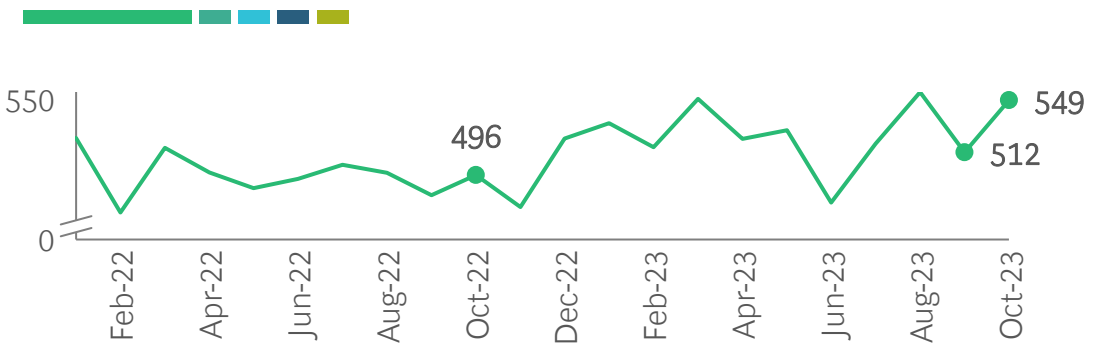
Passenger traffic (Mn)

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



JNPT Container Traffic ('000 TEUs)²

JNPT traffic recorded an upswing in Oct'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.

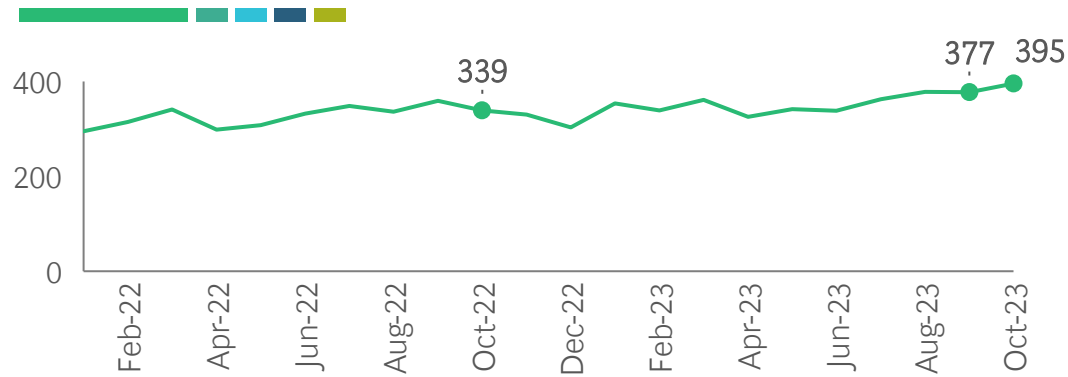
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)

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

Auto sales on an upward trajectory across most categories (except three-wheeler) in Oct'23 vs Sep'23

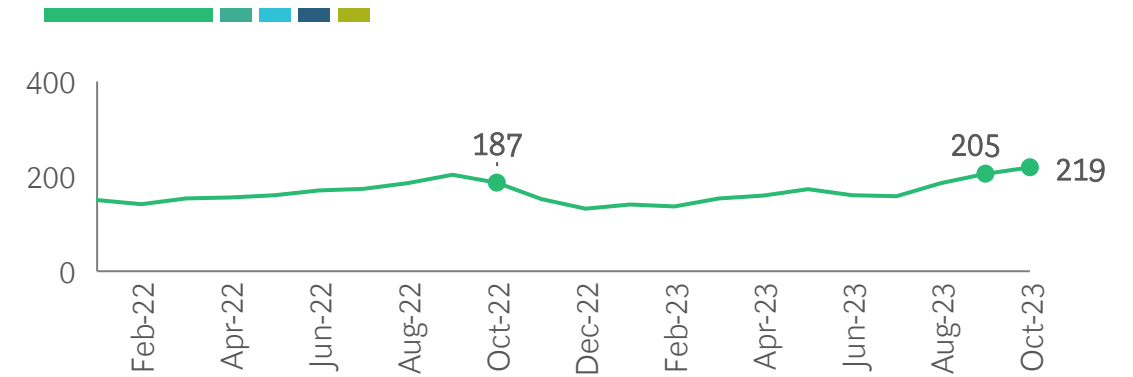
Passenger vehicles sales ('000 units)

PV sales rose to record high levels in Oct'23



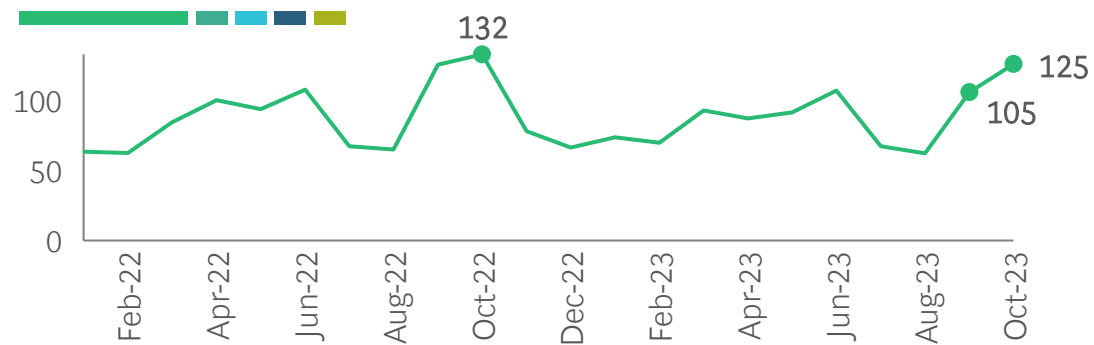
Two-wheeler sales ('0000 units)

2W sales registered continued the upward trajectory in Oct'23



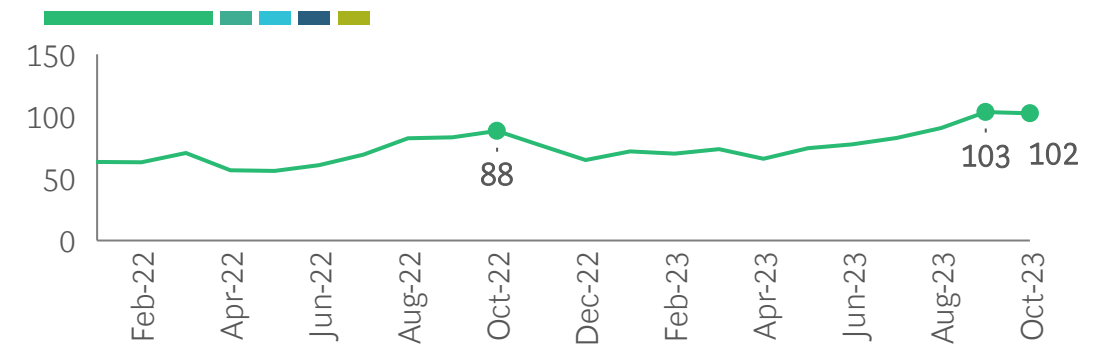
Tractor sales ('000 units)

Tractor sales increased for the second consecutive month in Oct'23



Three-wheeler sales ('000 units)

3W sales fell marginally in Oct'23 vs Sep'23



Figures represent wholesale numbers (including exports).

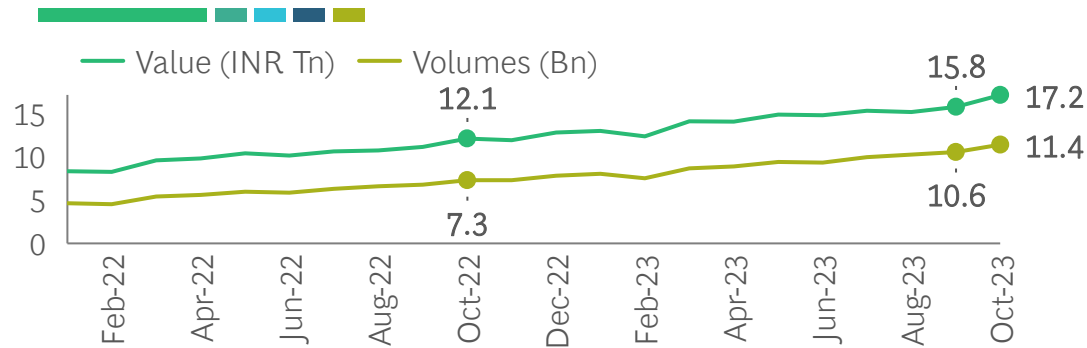
1. BMW, Mercedes and Volvo Auto data is not available

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

UPI volume & value and bank deposits grew; Mutual funds AUM remained constant, Insurance premium decreased in Oct'23

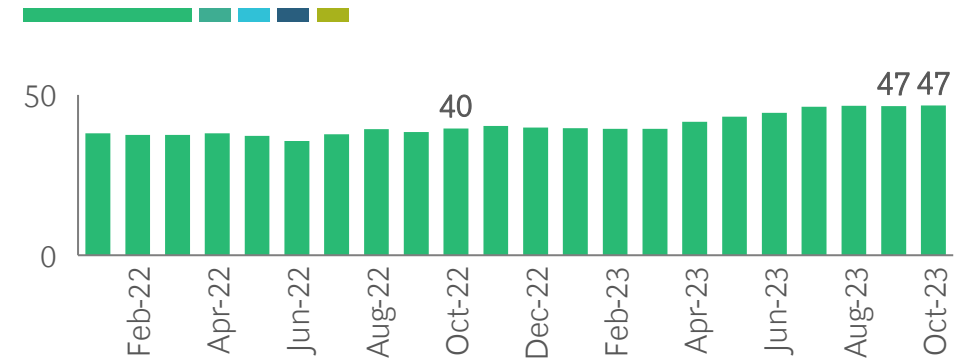
UPI

UPI volume and value continued to increase in Oct'23



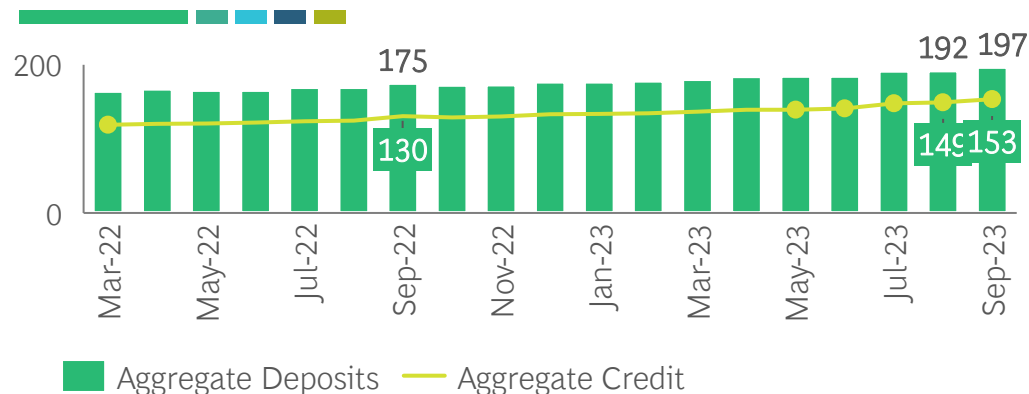
Mutual Funds AUM (INR Tn)

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



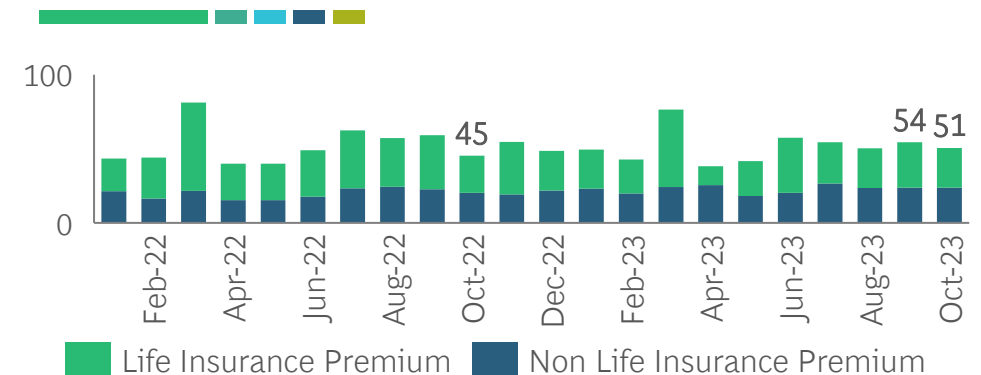
Aggregate deposits & credit (INR Tn)

Both aggregate deposits and credit grew in Sep'23 vs Aug'23 levels



Insurance Premium (INR '000 Cr)

Life insurance premium declined in Oct'23 vs Sept'23 levels



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 Nov'23

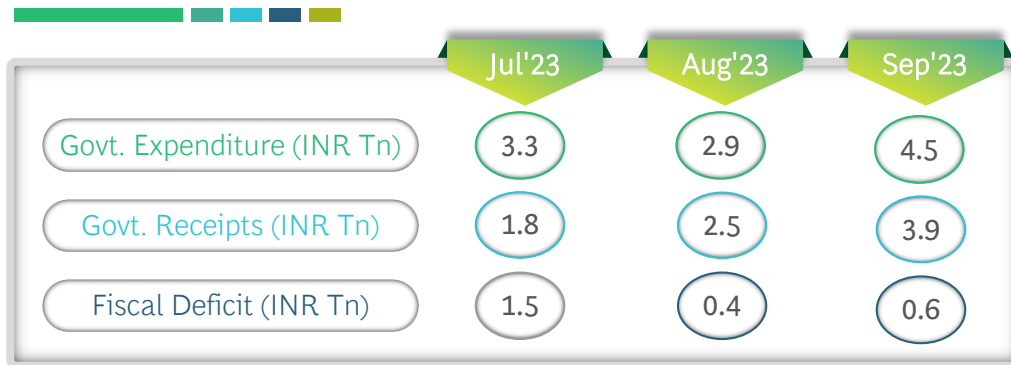
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

GST collections surged; Fiscal deficit and Jan Dhan deposits increased marginally, while Repo rate remained constant in Oct'23

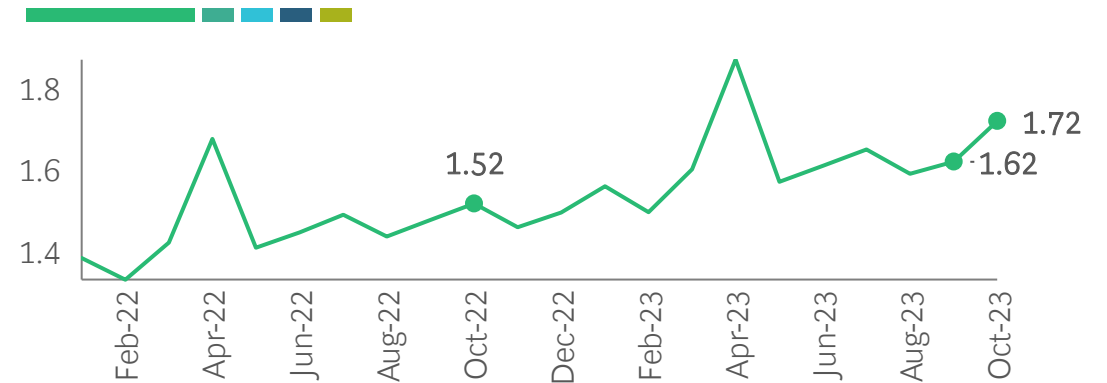
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit registered a marginal uptick in Sep'23



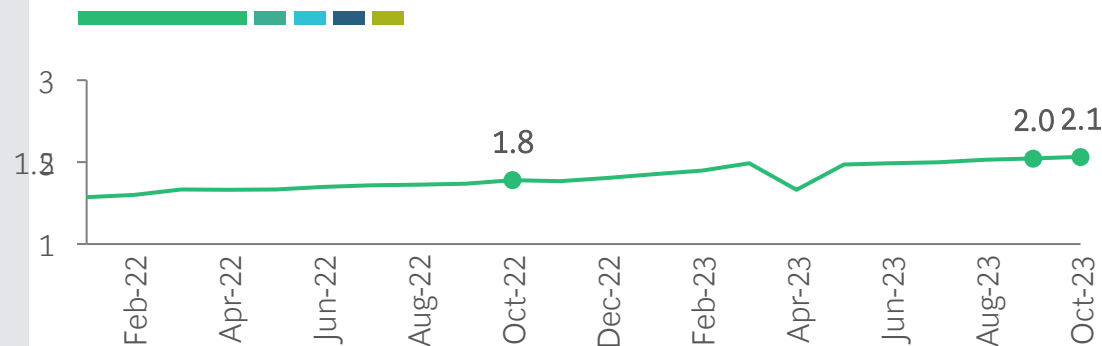
GST Collections¹ (INR Tn)

GST collections recorded an uptick in Oct'23 vs. Sep'23, hitting second highest mark



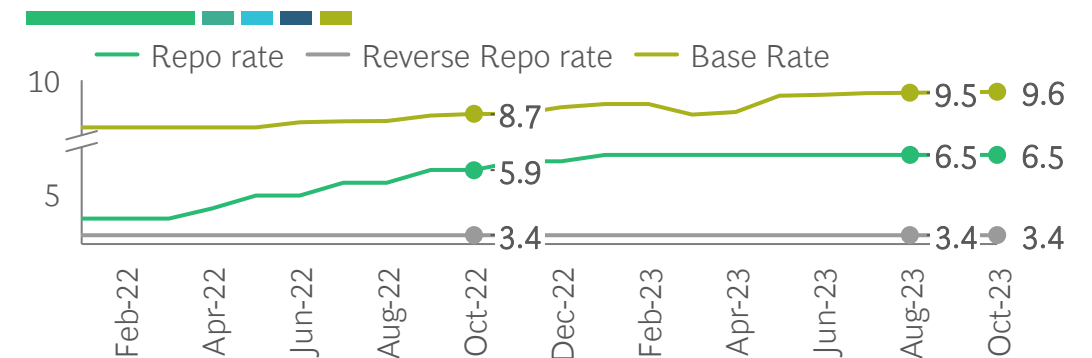
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits continued to increase marginally in Oct'23



RBI's policy rates (%)

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

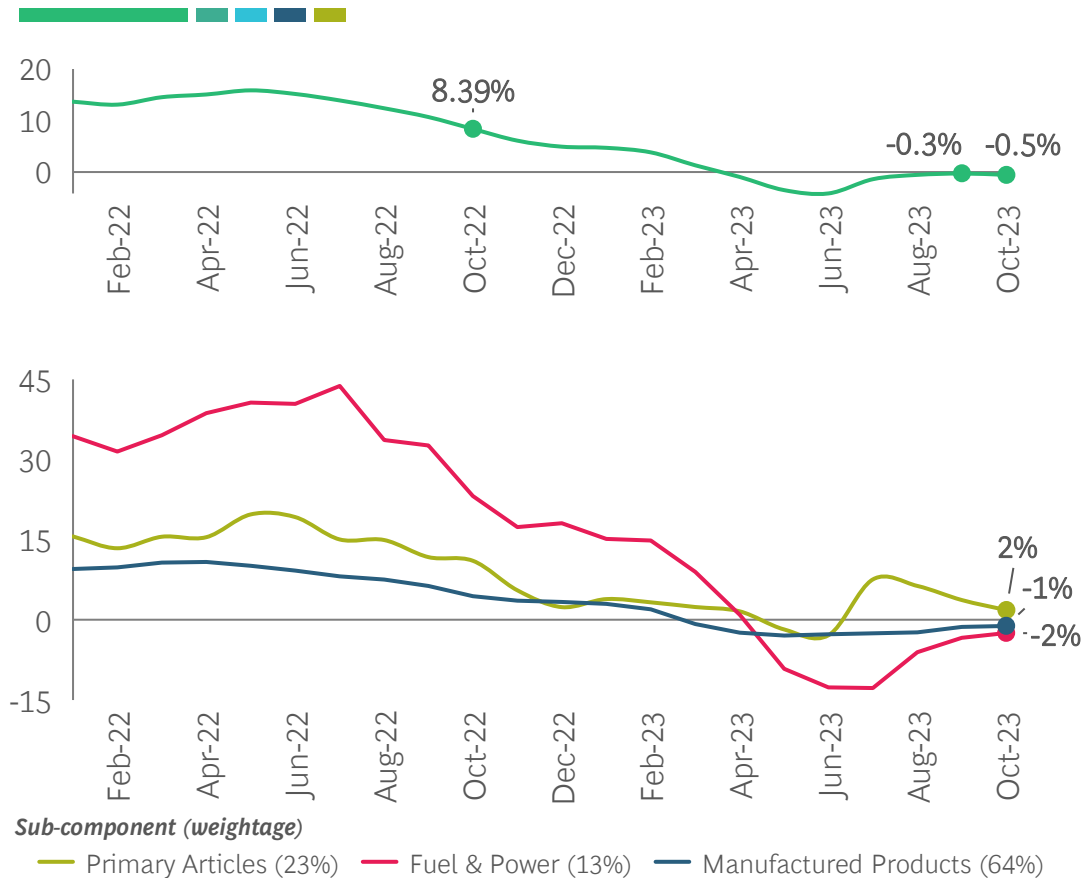


1. GST Collections include all components: CGST, SGST, IGST, Cess
 Note: Oct'23 data not available for Govt. receipts & expenditure & Fiscal Deficit as on 16th Nov'23
 Source: CMIE, Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI remained in deflationary zone for the seventh month in a row; CPI inflation eased to a four-month low in Oct'23

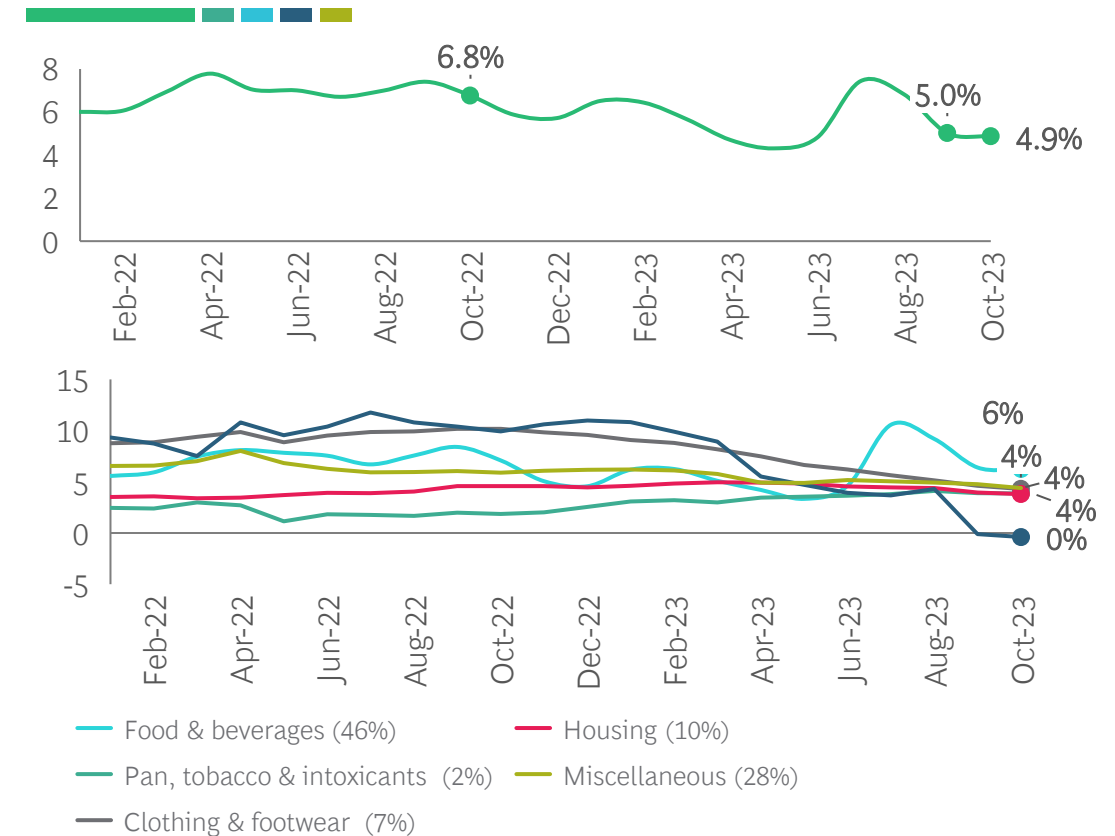
Wholesale Price Index (WPI)¹

WPI declined in Oct'23



Consumer Price Index (CPI)²

CPI continued to decline in Oct'23, driven by slowdown in food inflation



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

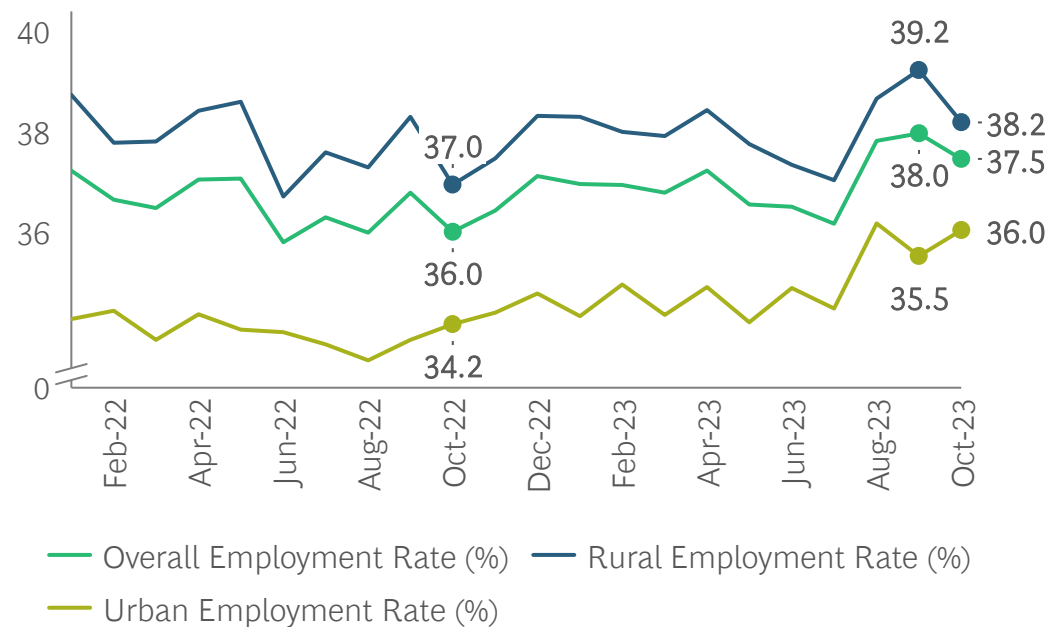
Source: MOSPI, CMIE, BCG Analysis

Overall employment rate dipped; MGNREGA work demanded saw a marginal decline while employment provided was consistent in Oct'23

CMIE Employment rate (%)¹

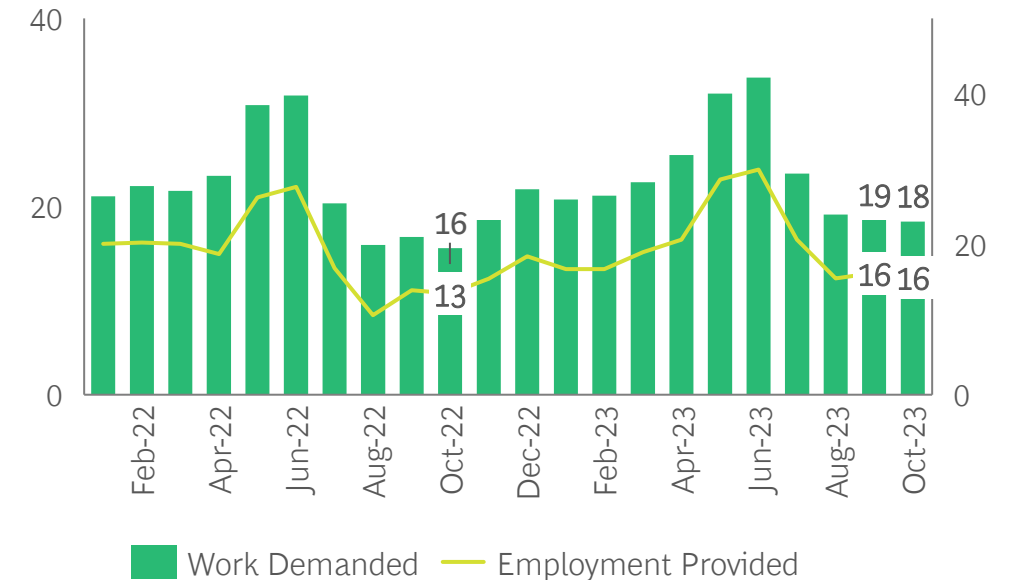
Urban employment grew while rural employment rate decreased in Oct'23

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 remained constant in Oct'23



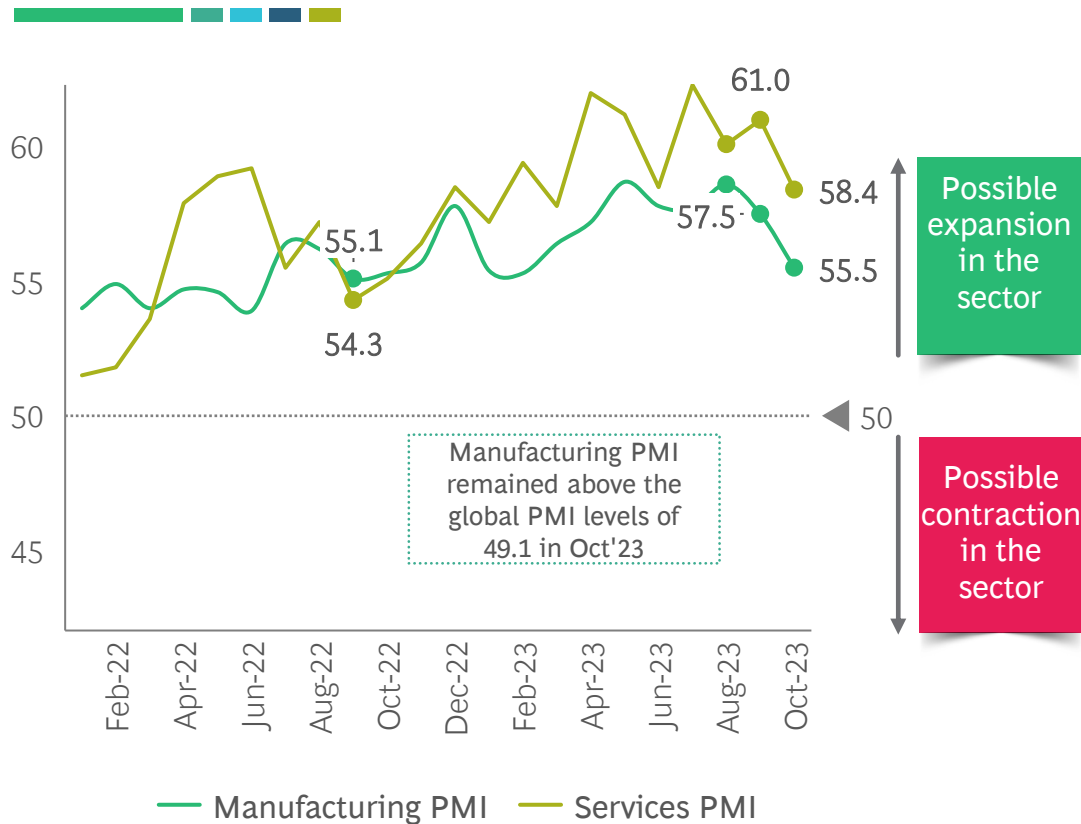
1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old

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 and Services PMI recorded a decline in Oct'23; Consumer confidence improved in Sep'23

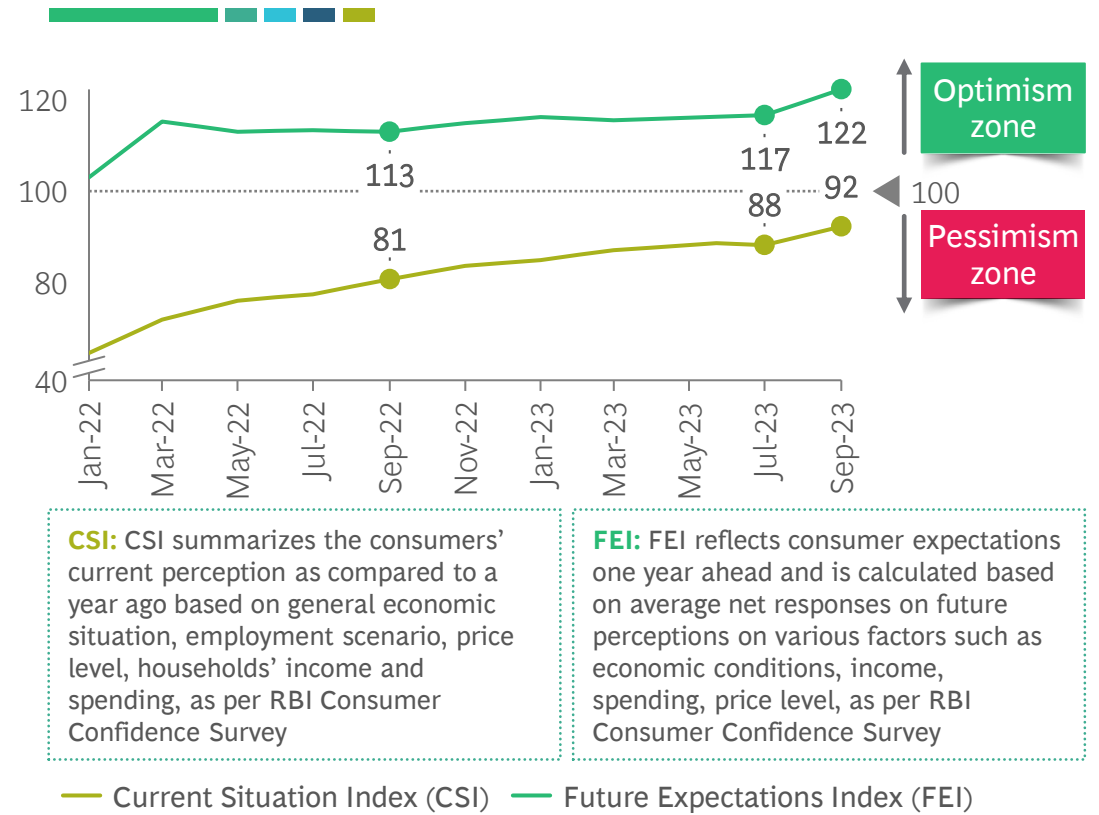
Manufacturing and services PMI¹

PMI declined in Oct'23: Manufacturing (8 month low) and Services (7 month low) Both CSI and FEI exhibited significant growth in Sep'23



Consumer Confidence Survey (RBI)²

Both CSI and FEI exhibited significant growth in Sep'23

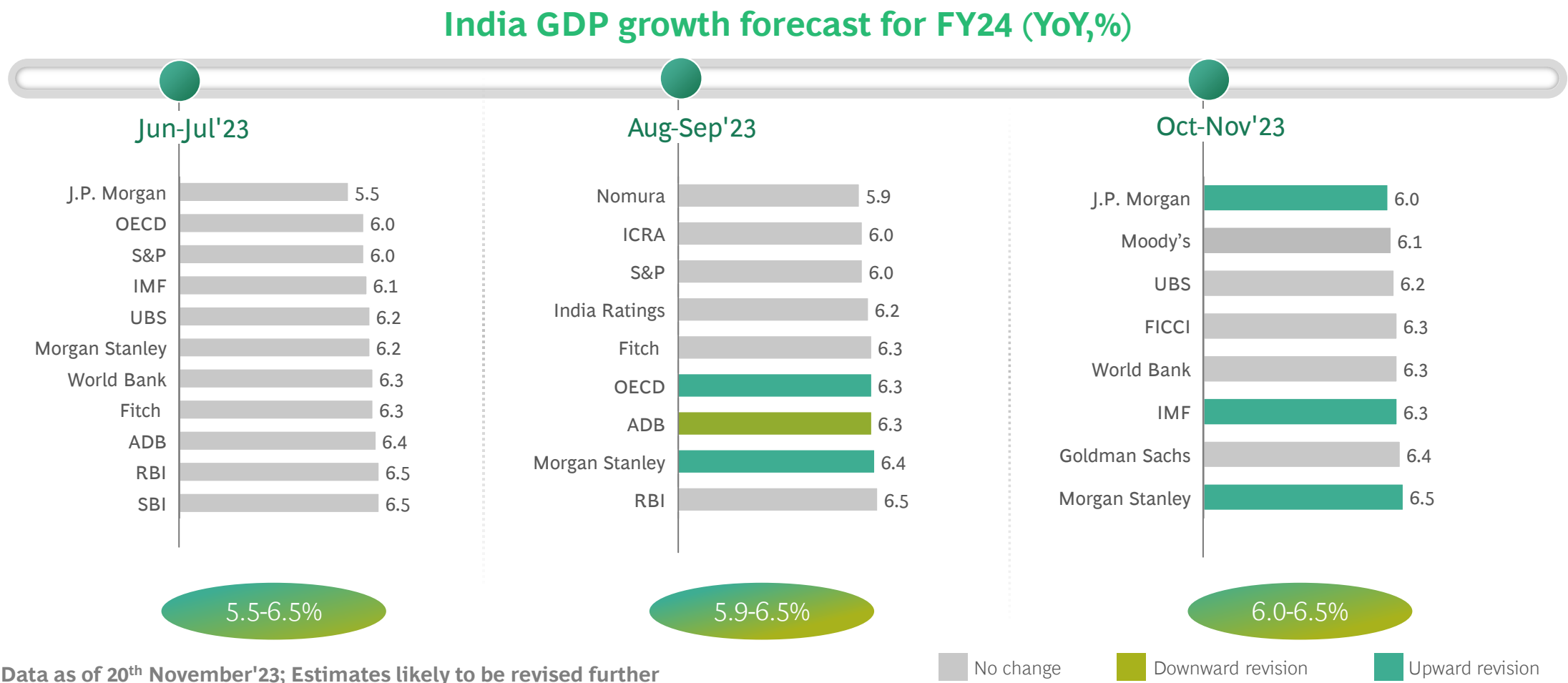


1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;

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 6.0-6.5% YoY; Most forecasts remained the same or were revised upwards in Oct-Nov'23



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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bcg.com