India Economic Monitor

AUG 2023

Executive summary

In Jul'23, the economic landscape continued to provide mixed signals of growth across various sectors. IIP saw a slight dip in Jun'23 vs. May'23, owing to low manufacturing activity. Steel consumption recorded an upswing while power consumption inched down vs. previous month. Select auto segments (PV, 3W) logged improvement in Jul'23, however tractor & 2W segment saw a seasonal decline.

On the trade front – merchandise trade deficit remained nearly consistent vs. previous month, with a marginal fall in both exports and imports. Merchandise exports logged a 9-month low, due to a decline in global crude prices, impacting petroleum exports. Services trade surplus also remained nearly consistent, with a slight dip in services imports. Forex reserves continued to grow, crossing $600 Bn for the first time in 2023, however FDI sharply decelerated in Jun'23 vs. May'23.

Majority of BFSI indicators exhibited mild growth vs. previous month. While aggregate deposits remained same as Jun'23 levels, bank credit recorded an increase in Jul'23. UPI transactions volume and value hit a record high after witnessing a slight dip in Jun'23. Life insurance premium decelerated, driven by significant fall in LIC new business premium. NSE & BSE transactions saw a strong uptick in Jul'23.

Macroeconomic indicators witnessed mixed trends in Jul'23. CPI surged to 7.4% vs. 4.8% in Jun'23, continuing its upward trajectory for the second consecutive month, driven primarily by increase in food prices. WPI also rose in July'23, but continued to remain in the negative territory for the fourth consecutive month. Manufacturing PMI dipped for the second month, while services PMI surged to a 13-year high in Jul'23, owing to demand strength and new business gains. GST collections continued to grow, albeit at a gradual pace.

Analyst forecasts indicate GDP growth of 6.0-6.5% YoY for FY24, with agencies retaining or raising their projections.

Source: MoHFW, POSOCO, MOSPI, Ministry of Commerce & Industry, RBI, GST Network, NPCI, NETC, Ministry of Railways, AAI, JNPT, AIOCD, mFMS, Joint Plant Committee, Ministry of Steel, Ministry of Commerce & Industry, SIAM, Vahan Dashboard, CMIE, IRDAI, Ministry of Finance, GST Council, Ministry of Rural Development, Analyst reports, BCG analysis

Most high frequency indicators (except trade, logistics) witnessed an uptick vs. 2022 levels in Jun-Jul'23 (1/2)

Industry	Latest month	Growth: Vs. Last year		Growth: Vs. Last month	
	Jul'23	Jul'22	YoY	Jun'23	MoM
IIP (Index) *	143.40	137.80	4%	145	-1%
Power Consumption ('000 MUs)	4.51	4.14	9%	4.66	-3%
Petroleum Consumption (MMT)	18.09	17.62	3%	19.31	-6%
Steel Consumption (MMT)	10.43	9.08	15%	9.93	5%
Cement Production (MT) *	37.12	33.80	10%	36.54	0%

Logistics	Latest month	Growth: Vs. Last year		Growth: Vs. Last month	
	Jul'23	Jul'22	YoY	Jun'23	MoM
E-way Bills (Mn)	87.95	75.79	16%	86.00	2%
JNPT Traffic ('000 TEUs)	518.31	503.00	3%	476.00	9%
Rail Freight (Mn Tons) *	123.00	125.50	-2%	134.00	-8%
Air Freight (K Tons) *	268.30	270.40	-1%	270.12	-1%

Trade & Investment	Latest month	Growth: Vs. Last year		Growth: Vs. Last month	
	Jul'23	Jul'22	YoY	Jun'23	MoM
Merchandize Exports ($ Bn)	32.25	35.24	-8%	32.97	-2%
Merchandize Imports ($ Bn)	52.92	66.26	-20%	53.10	0%
Services Exports ($ Bn)	27.17	24.91	9%	27.12	0%
Services Imports ($ Bn)	14.85	15.95	-7%	15.88	-6%

Auto	Latest month	Growth: Vs. Last year		Growth: Vs. Last month	
	Jul'23	Jul'22	YoY	Jun'23	MoM
PV Sales ('000 Units)	362.12	347.94	4%	337.87	7%
Tractor Sales ('000 Units)	67.04	67.05	0%	106.62	-37%
2W Sales ('0000 Units)	158.36	173.80	-9%	160.40	-1%
EV Registrations ('000 Units)	115.76	79.72	45%	101.83	14%

* Data available only upto Jun'23 as on 20th Aug –hence growth comparisons are for Jun and not Jul. Jun'23 data has been compared with Jun'22 & May'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, logistics) witnessed an uptick vs. 2022 levels in Jun-Jul'23 (2/2)

Banking, Financial Services & Insurance	Latest month	Vs. Last year		Vs. Last month	
	Jul'23	Jul'22	YoY	Jun'23	MoM
UPI Value (INR Tn)	15.34	10.60	45%	14.75	4%
Aggregate Deposits (INR Tn) *	184.78	165.92	11%	184.95	0%
Aggregate Credit (INR Tn) *	140.78	121.90	15%	139.02	1%
NSE & BSE Txns. (INR K Cr)	1624.08	1046.32	55%	1417.29	15%
Insurance Premium (INR K Cr)	54.50	62.00	-12%	57.30	-5%

Macroeconomic	Latest month	Vs. Last year		Vs. Last month	
	Jul'23	Jul'22	YoY	Jun'23	MoM
GST Collections (INR Tn)	1.65	1.49	11%	1.61	2%
WPI (%)			-1.36%		
CPI (%)			7.44%		
Jan Dhan Deposits (INR Tn)	2.0	1.7	18%	2.0	1%
MGNREGA Emp. Provided (HH)	20.6	16.8	22%	30.6	-33%

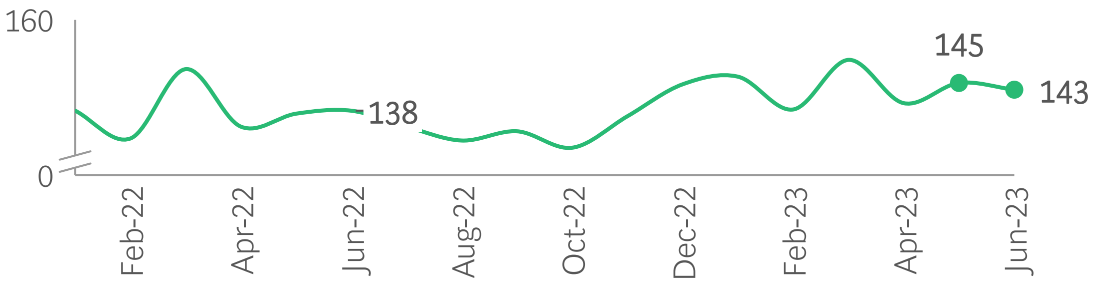
Sentiment	Latest month	Vs. Last year		Vs. Last month	
	Jul'23	Jul'22	YoY	Jun'23	MoM
Manufacturing PMI (Index)	57.7	56.4	2%	57.8	0%
Services PMI (Index)	62.3	55.5	12%	58.5	6%
Current Situation Index *	88.1	77	14%	88.5	0%
Future Expectations Index *	116.6	113	3%	116.3	0%

* Data available only upto Jun'23 as on 20th Aug –hence growth comparisons are for Jun and not Jul. Jun'23 data has been compared with Jun'22 & May'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 Jun'23; power consumption declined, while cement production & steel consumption improved in Jun-Jul'23

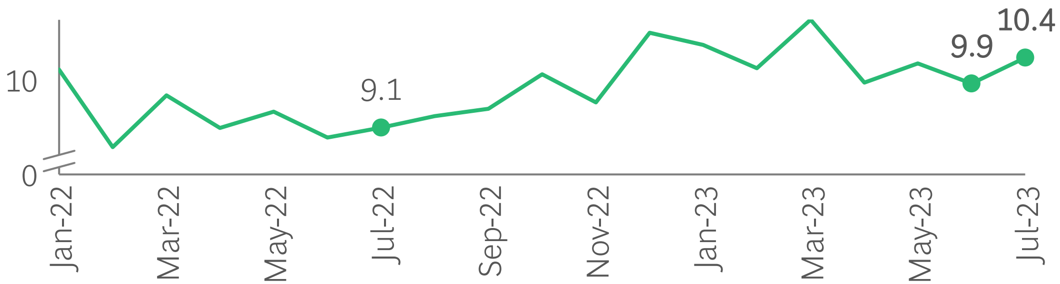
Index of Industrial Production[1]

IIP declined in Jun'23, after improving in Apr'23



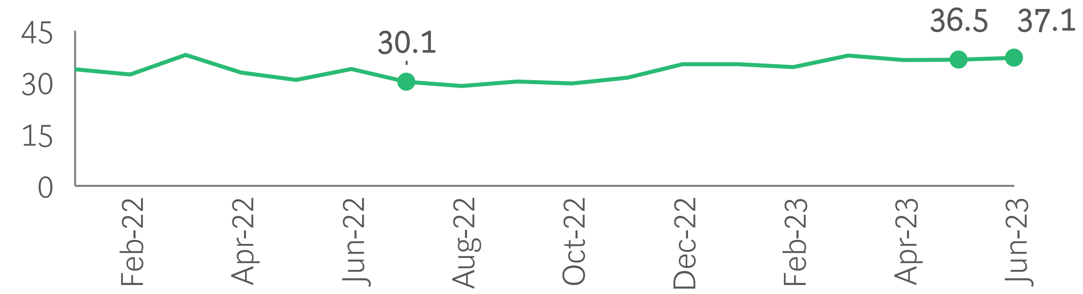
Steel Consumption (MMT)[2]

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



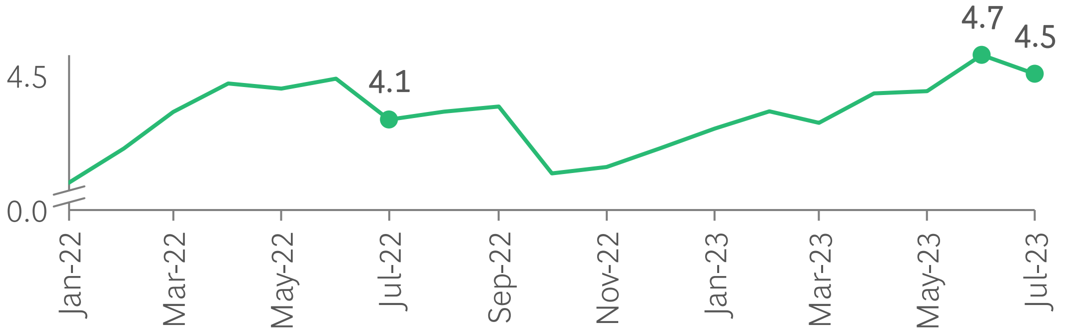
Cement Production (MT)

Cement production grew marginally in Jun'23 vs May'23 levels



Daily Average Power Consumption ('000s MUs)

Power consumption on a downward swing in Jul'23 after rising in Jun'23



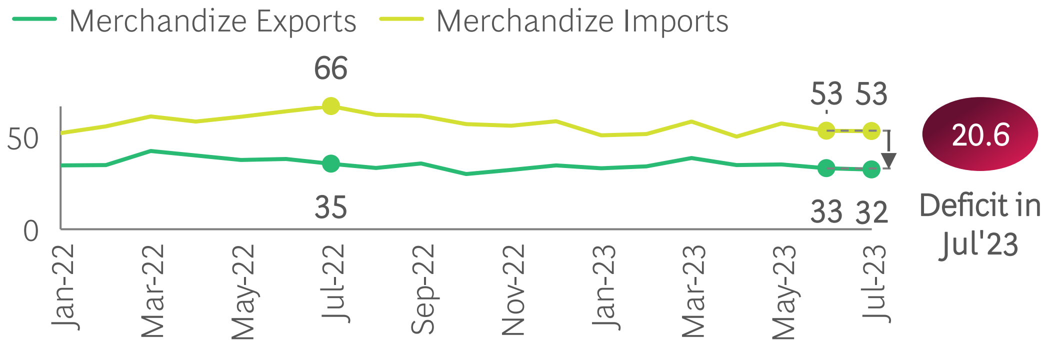
1. Index of Industrial Production (IIP) shows the growth rates in different industry groups (comprises of Mfg. (78% weightage), Mining (14%), Electricity (8%)
2. Steel consumption incl. long & flat steel

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

Both merchandize trade deficit & services trade surplus remained nearly consistent; Forex grew while FDI plummeted in Jun-Jul'23

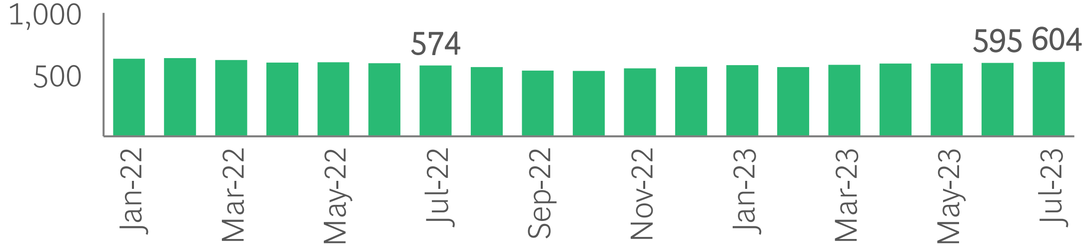
Merchandize Trade ($ Bn)

Merchandize trade deficit remained similar to Jun'23 levels in Jul'23



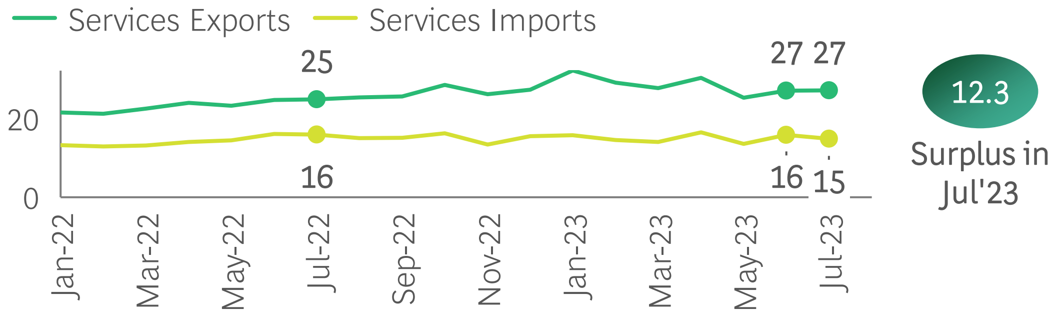
Forex Reserves ($ Bn)

Forex reserves hit a 15-month high in Jul'23



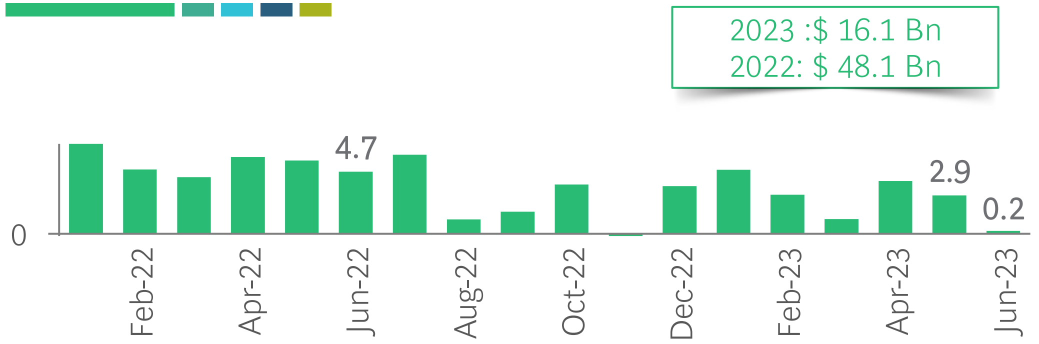
Services trade ($ Bn)

Services trade surplus widened in Jul'23, driven by fall in services imports



FDI ($ Bn)[1]

FDI plummeted in Jun'23 vs May'23

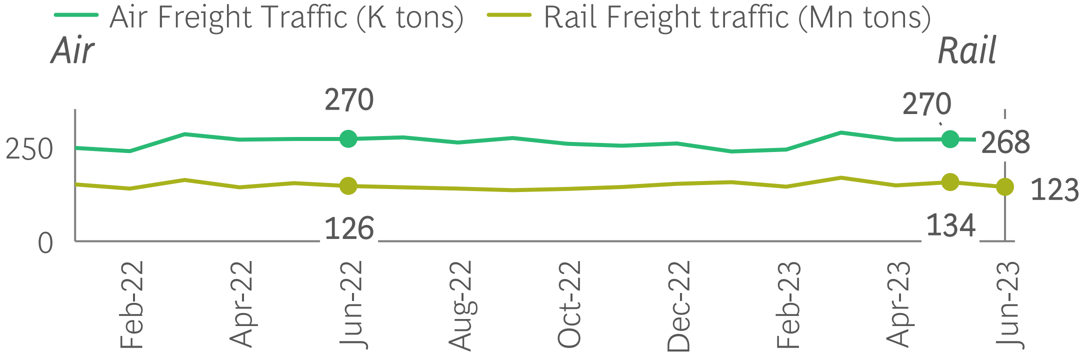


Note: Jul'23 Merchandize Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
1. Denotes total inward FDI to India; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous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

Freight & passenger traffic plunged, while E-way bills and JNPT container traffic on an upward trajectory in Jul'23

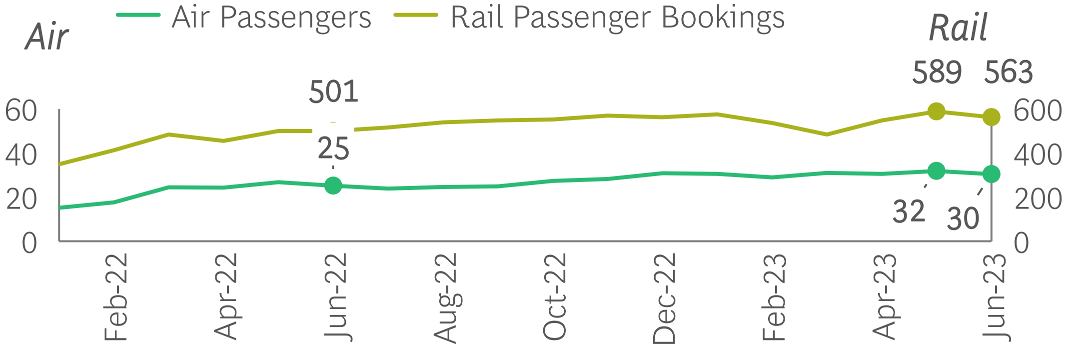
Freight Traffic

Air & rail freight traffic fell in Jun' 23 after growing in May'23



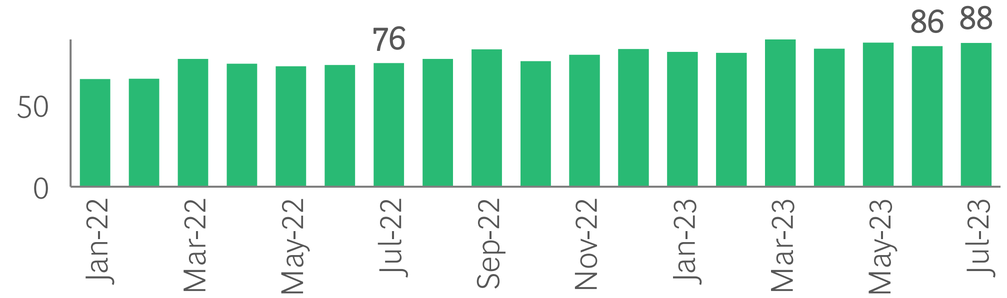
Passenger traffic (Mn)

Rail & air passenger traffic dipped in Jun'23



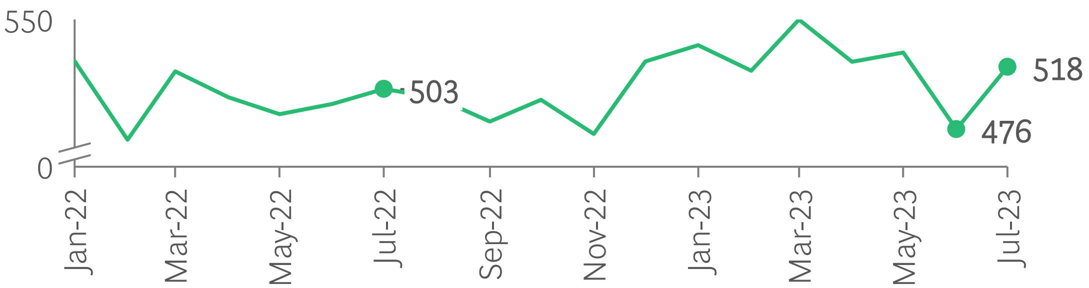
E-way Bills (Mn)[1]

E-way bill volume rose in Jul'23 vs. Jun'23



JNPT Container Traffic ('000 TEUs)[2]

JNPT traffic recorded a significant uptick in Jul'23 vs. Jun'23

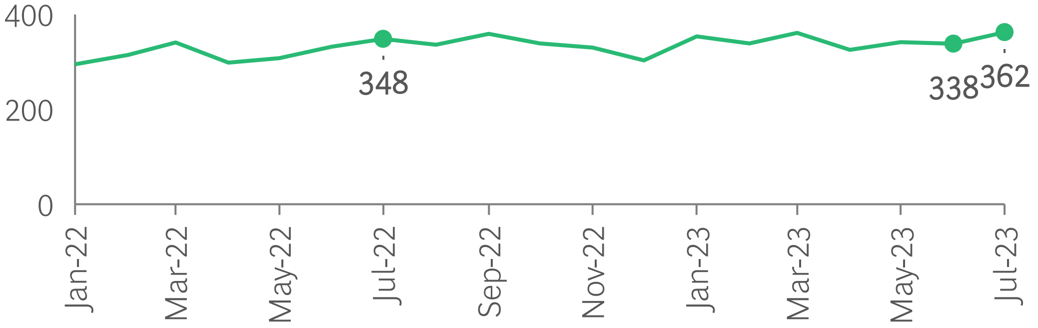


1.E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)
Source: Ministry of Railways, CMIE,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

Auto sales recorded mixed trends in Jul'23; PV & 3W sales improved while tractor & 2W sales fell vs. previous month

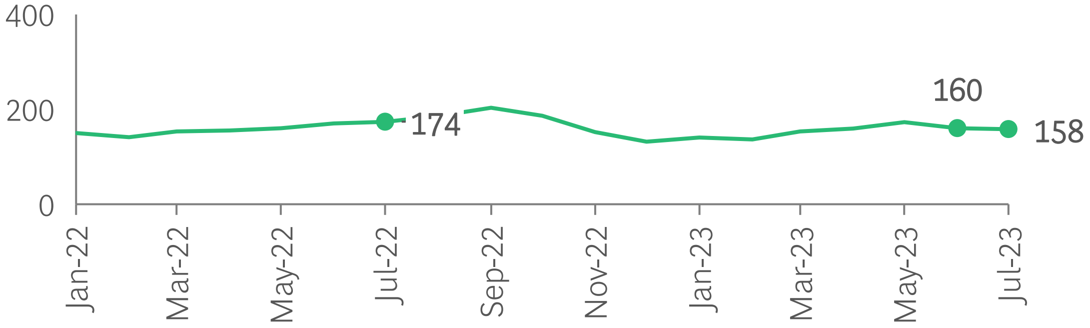
Passenger vehicles sales (’000 units)

PV sales recorded an upswing in Jul'23, after declining in Jun'23



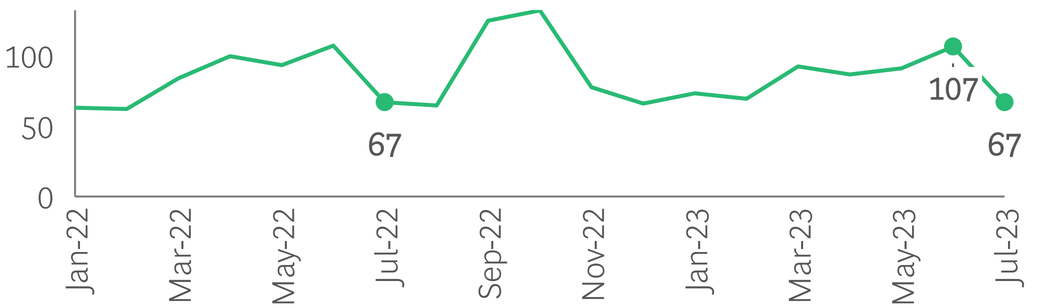
Two-wheeler sales (’0000 units)

2W sales registered a marginal dip in Jul'23 vs. Jun'23



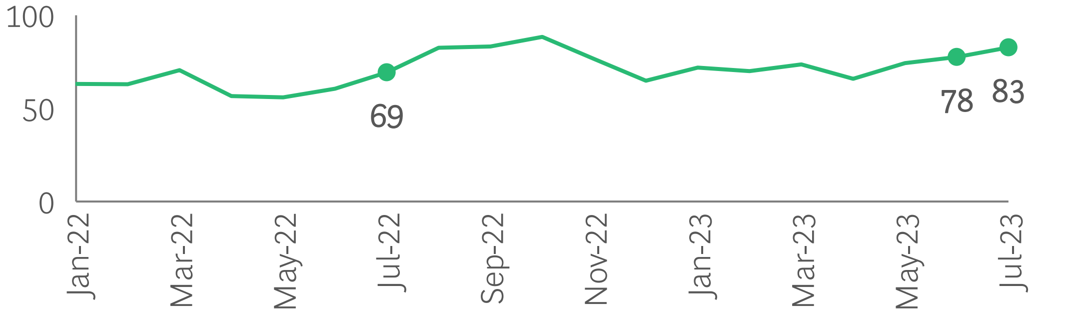
Tractor sales (’000 units)

Tractor sales plunged in Jul'23 vs. Jun'23



Three-wheeler sales (’000 units)

3W sales recorded an uptick for the third consecutive month in Jul'23

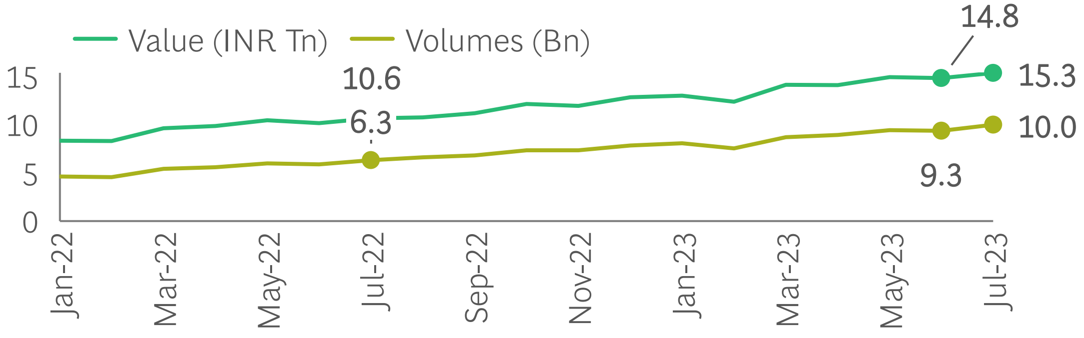


Figures represent wholesale numbers (including exports).
1.BMW, Mercedes and Volvo Auto data is not available
Source: SIAM, CMIE, TMA, Press search, BCG analysis

Most BFSI indicators (except life insurance premium) exhibited marginal growth in Jun-Jul'23

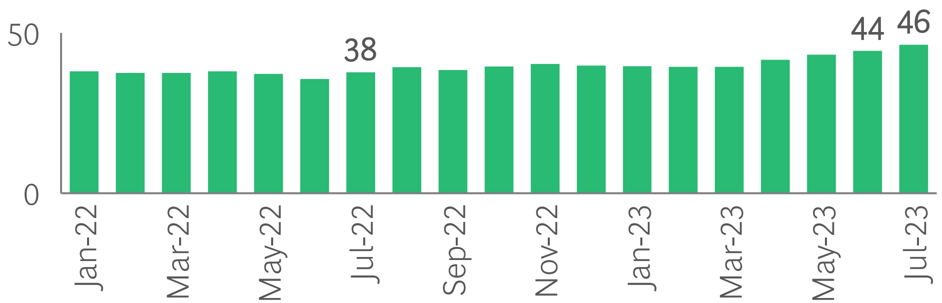
UPI

UPI volume & value registered an uptick in Jul'23



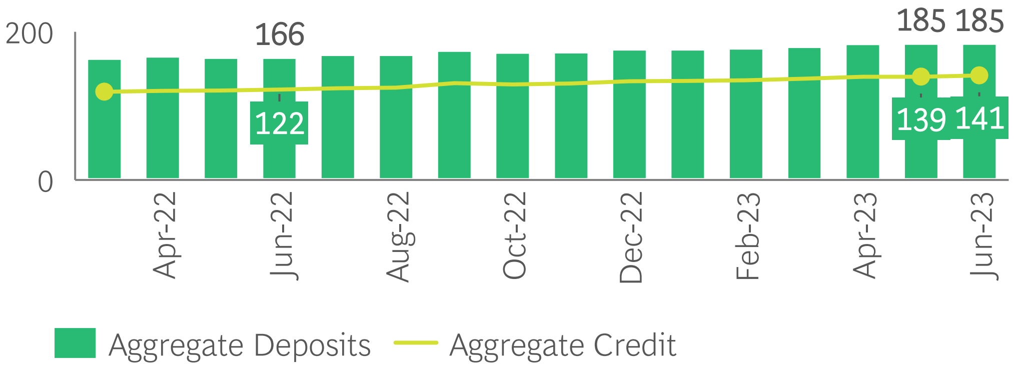
Mutual Funds AUM (INR Tn)

Mutual funds AUM clocked highest levels since Jan'20



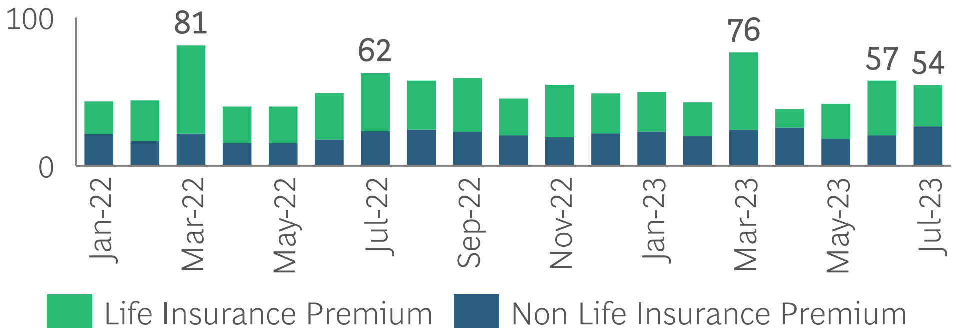
Aggregate deposits & credit (INR Tn)

Aggregate deposits remained consistent while credit shows slight growth in Jun'23



Insurance Premium (INR '000 Cr)

Life insurance premium witnessed degrowth in Jul'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 11th Aug'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 continued to improve; Fiscal deficit grew while Jan Dhan deposits & repo rate remained constant in Jun-Jul'23

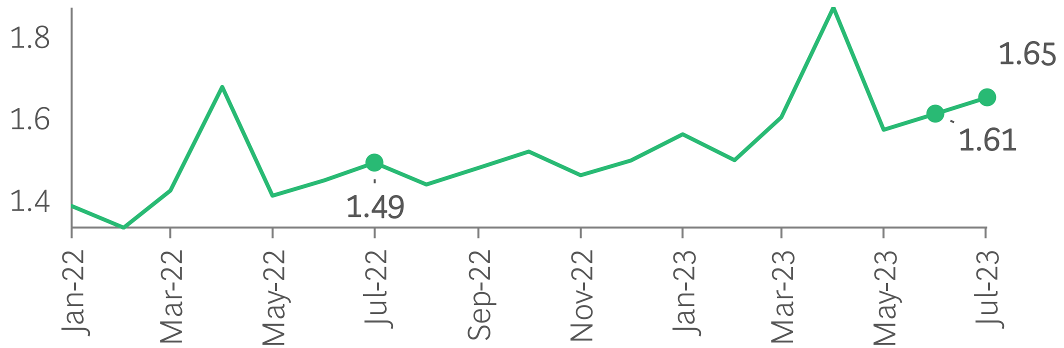
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit widened in Jun'23, driven by increase in govt. expenditure

	Apr'23	May23	Jun'23
Govt. Expenditure (INR Tn)	3.0	3.2	4.25
Govt. Receipts (INR Tn)	1.7	2.5	1.83
Fiscal Deficit (INR Tn)	1.3	0.7	2.41

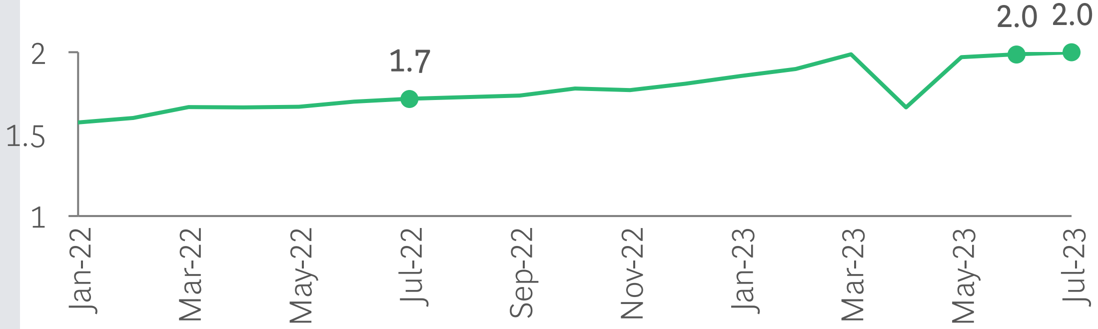
GST Collections[1] (INR Tn)

GST collections improved marginally in Jul'23 vs. Jun'23



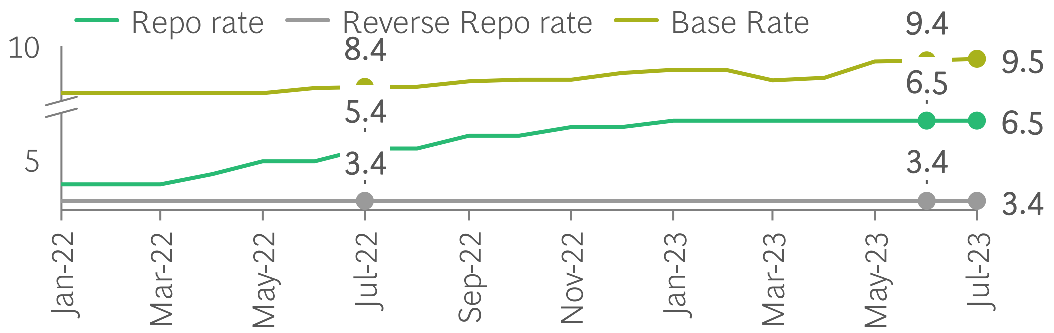
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained consistent in Jul'23 vs. Jun'23



RBI's policy rates (%)

Repo rate remained at Jun'23 levels, in Jul'23

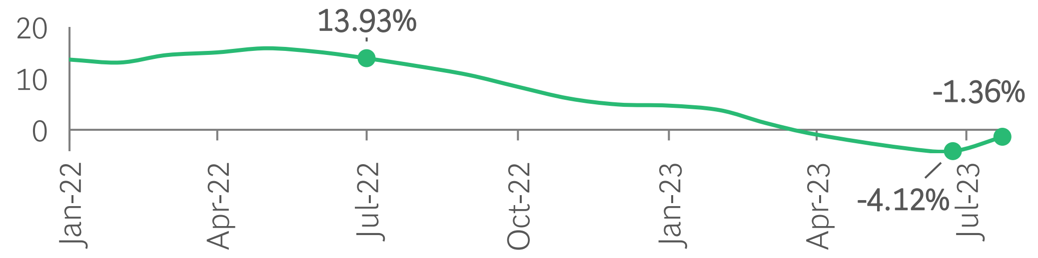


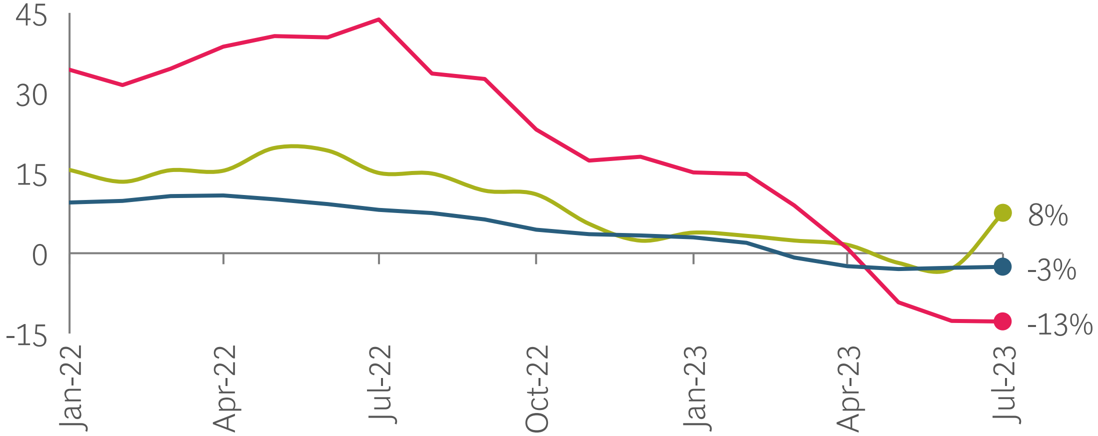
1.GST Collections include all components: CGST, SGST, IGST, Cess
Note: Jul'23 data not available for Govt. receipts & expenditure & Fiscal Deficit as on 20th Aug'23
Source: CMIE, Ministry of Finance, GST Council, GST Network , RBI, Jan Dhan Yojana BCG analysis

WPI saw an uptick after its 13-month downward streak, while still in deflationary zone; CPI witnessed a significant uptick in Jul'23

Wholesale Price Index (WPI)[1]

WPI rose in Jul'23, after falling for 13 consecutive months



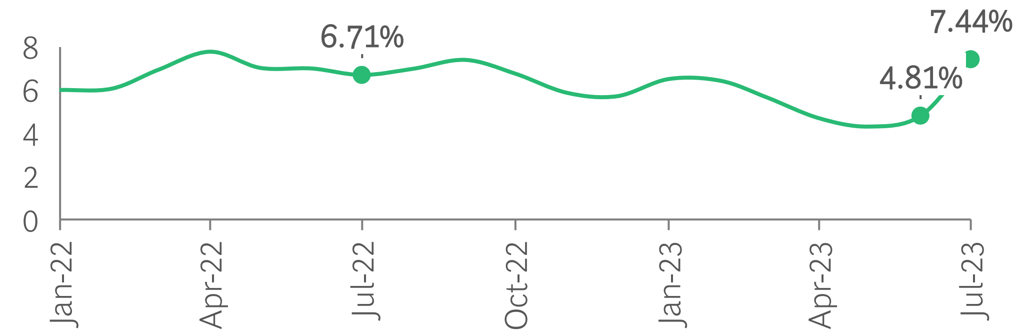


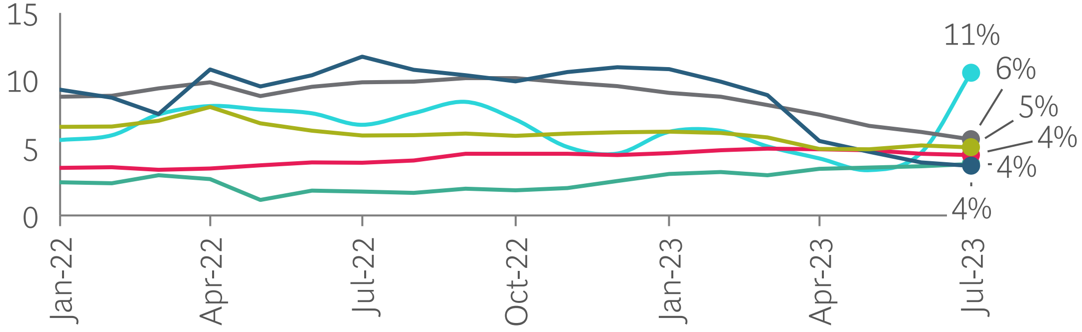
Sub-component (weightage)

Primary Articles (23%) Fuel & Power (13%) Manufactured Products (64%)

Consumer Price Index (CPI)[2]

CPI continued to rise in Jul'23





Food & beverages (46%) Housing (10%)
Pan, tobacco & intoxicants (2%) Miscellaneous (28%)
Clothing & footwear (7%)

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

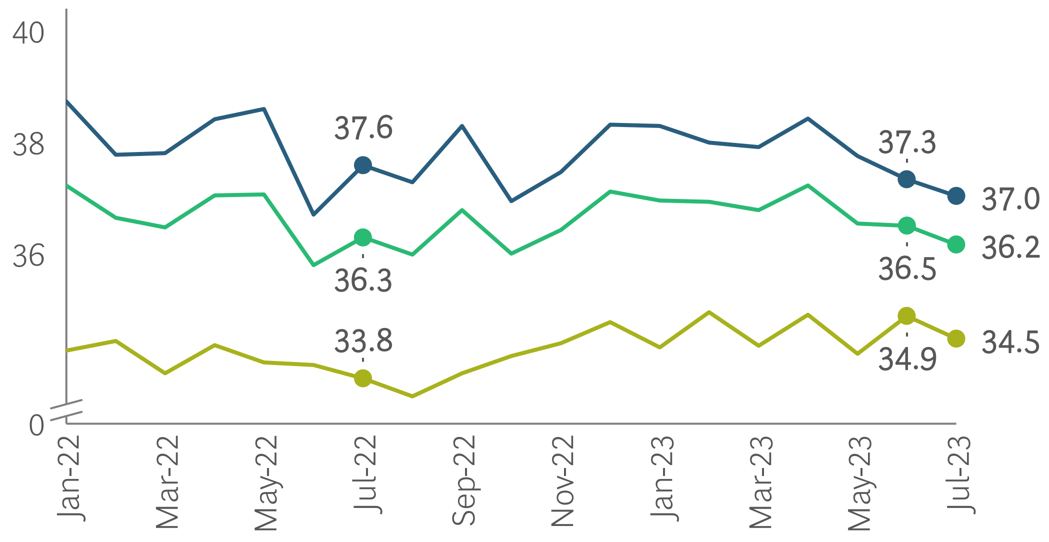
Source: MOSPI, CMIE, BCG Analysis

Employment rate continued its downward trajectory; MGNREGA work demanded & employment also recorded a decline in Jul'23

CMIE Employment rate (%)[1]

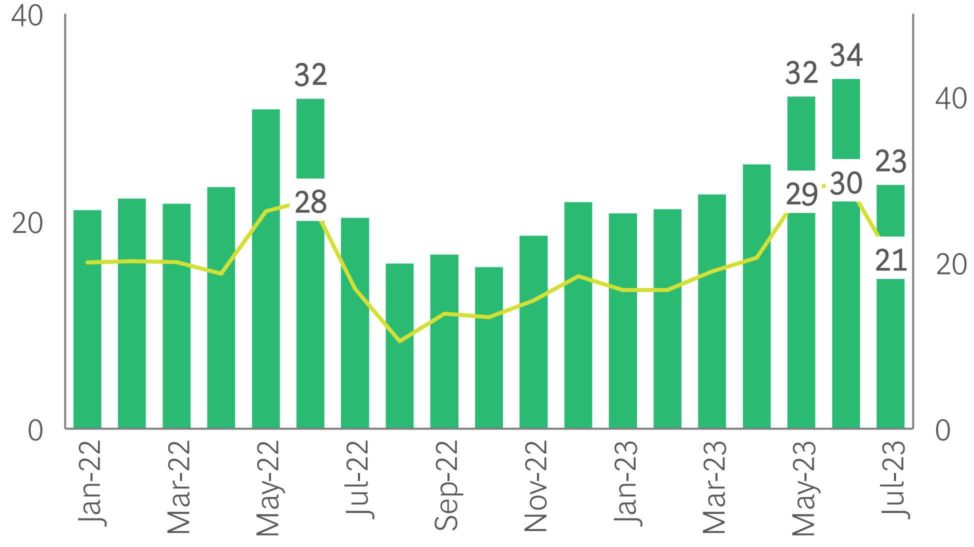
Both urban and rural employment rate exhibited a dip in Jul'23

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 & employment provided dropped in Jul'23 vs. Jun'23

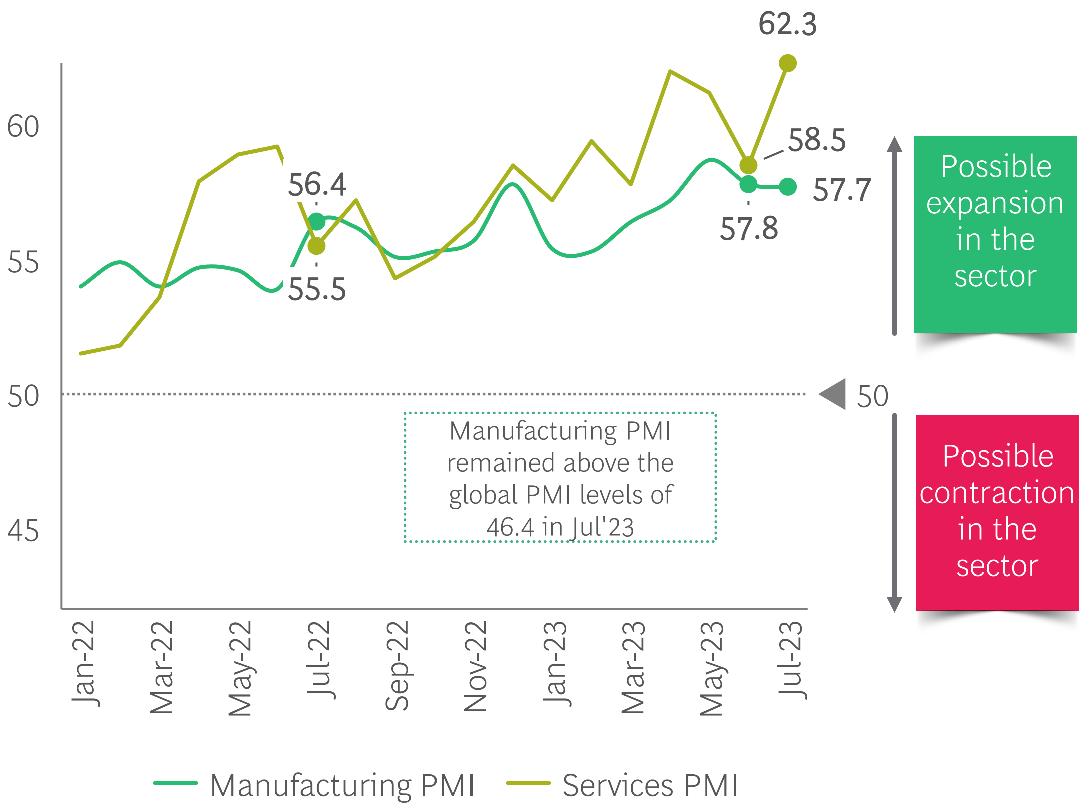


1.CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
2.MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Services PMI registered significant uptick while Manufacturing PMI fell; Consumer confidence remained muted in Jul'23

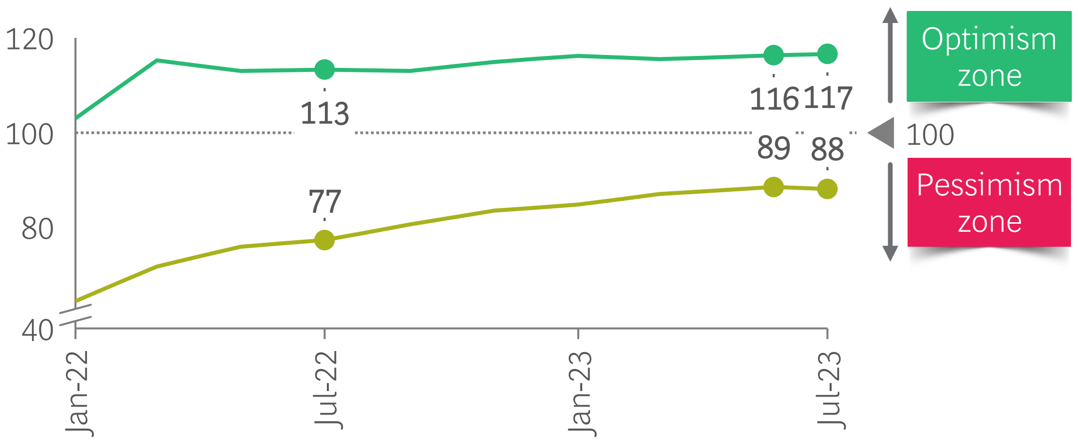
Manufacturing and services PMI[1]

Manufacturing PMI fell marginally while services PMI recorded strong uptick in Jul'23



Consumer Confidence Survey (RBI)[2]

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



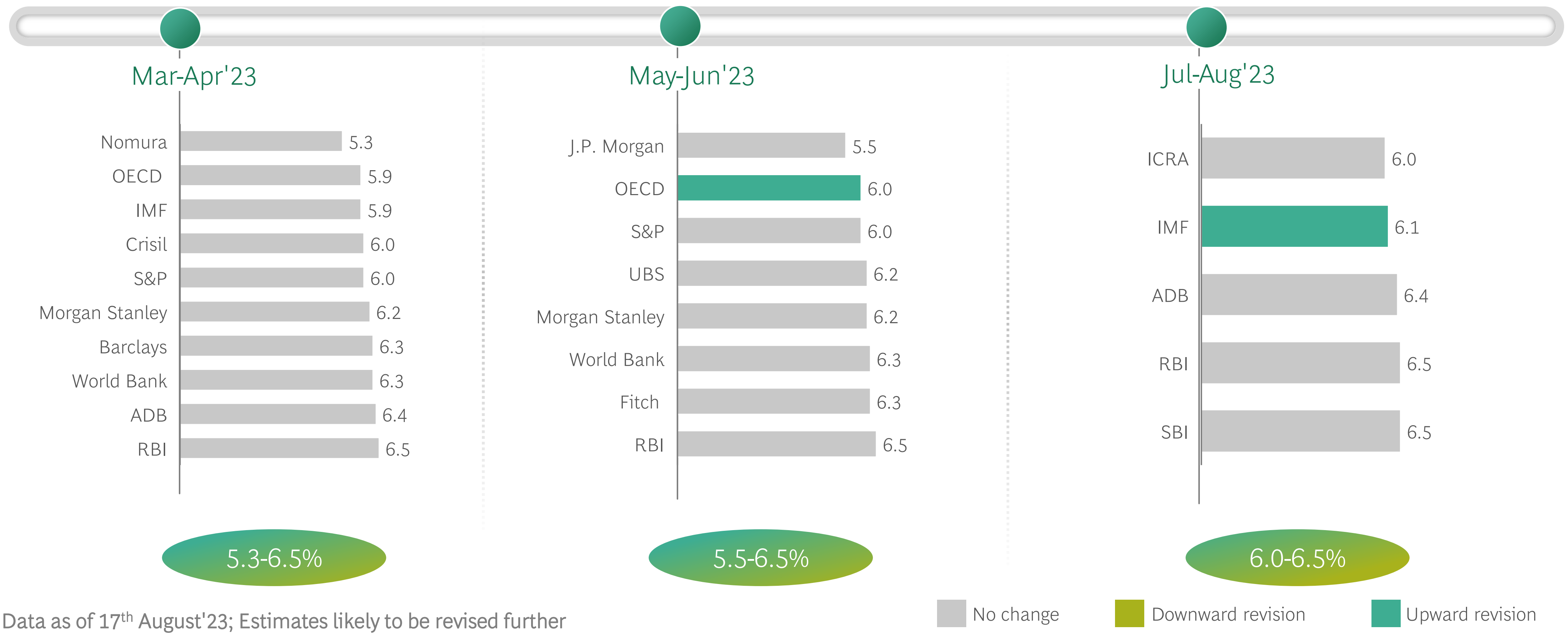
CSI: CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

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: 6,047 responses across 19 major cities surveyed during 1st July to 10th 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

FY24 GDP forecasted to grow between 6.0-6.5% YoY; Most forecasts remained the same or revised upwards in Jul-Aug'23

India GDP growth forecast for FY24 (YoY,%)



Data as of 17th August'23; Estimates likely to be revised further

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

Thank You

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