

India Economic Monitor

DEC 2023

Exec. summary: High frequency indicators (monthly update)



In Nov'23, select high frequency indicators exhibited mild growth while some indicators saw a decline vs. previous month. IIP saw an uptick in Oct'23, owing to growth in manufacturing and mining sectors. Cement production increased, while power consumption inched down; steel consumption remained consistent with previous month levels. Auto sector saw a seasonal deceleration across all segments in Nov'23.

Most trade and investment indicators showed signs of improvement in Oct-Nov'23. Merchandise trade deficit narrowed sharply in Nov'23, attributable to a sharp decline in merchandise imports as gold imports moderated after a surge in Oct'23 during the festive season. Services trade surplus widened, driven by a fall in services imports. Forex reserves grew in Nov'23, after declining for 3 months, while FDI continued its upward trajectory for the second consecutive month.

BFSI indicators showcased mixed trends. UPI transaction value rose, even as transaction volume slightly dipped, maintaining above the 11 billion mark for the second consecutive month. Aggregate deposits and credit remained consistent with previous month levels. NSE & BSE transactions increased significantly by 10% MoM in Nov'23 and 23% vs. Nov'22, while insurance premium fell substantially.

In terms of macroeconomic indicators, CPI inflation rose to 5.6% in Nov'23, reversing its three-month declining trend owing to food price inflation and a low base effect. WPI inflation also rose to 0.26% driven by rising food and mineral prices, turning positive after remaining in deflationary territory for 7 months. Manufacturing PMI bounced back in Nov'23 from eight-month low in Oct'23, driven by strong demand and substantial easing in price pressures for raw materials. However, Services PMI dropped to its lowest value in 2023, attributable to a slowdown in new orders and output. GST collections saw a moderation in Nov'23, following a surge in Oct'23 attributed to festive spending.

Analyst forecasts indicate GDP growth of 6.0-7.0% YoY for FY24, with most agencies raising their projections.

Exec. summary: Quarterly GDP update (incl. comparison of pre-Covid and post-Covid figures)



In Jul-Sep'23, India's real GDP grew by 7.6% YoY, outpacing estimates by RBI and other economists. Industry sector showcased highest YoY growth of 13.2%, followed by Services at 5.8% and Agriculture at 1.2%. All sub-segments within Industry grew sharply, however this growth comes on a low base due to -0.6% degrowth in Jul-Sep'22 quarter. All GDP components saw growth: Gross capital formation (GCF), govt. consumption and imports surged by 9.9%, 12.4% and 16.7% respectively, while pvt. consumption and exports also grew, but at a slower pace of 3.1% and 4.3%.

Post-pandemic, India's economy rebounded significantly, with most GDP components growing faster than in pre-Covid years. Private consumption, nearly 57% of GDP, grew at a rate of 7-11% YoY, with a consumer preference shift towards travel and digital services. Gross Capital Formation (GCF) reached a 10-year high of 36.2% in GDP share in 2022-23, up from 33.5% in 2019-20, driven by increased public and private investments. Exports also surged post-Covid, owing to initiatives like 'Make in India', recording 29% YoY growth in 2021-22 and a continued growth of 14% in 2022-23; latest 2 quarters of 2023-24 show that exports remained constant at 2022-23 levels. However, govt. consumption grew at a slower pace (~4% avg. YoY) vs. other categories.

Shifting to a sectoral perspective – industry sector expanded post-pandemic, marked by an 11.6% YoY growth in 2021-22 and consistent growth subsequently; services experienced robust recovery, while agriculture grew at a slower pace of 3-4%. Within Industry, construction logged over 10% YoY growth each year, owing to rising demand for housing and supportive government policies. Manufacturing sector also expanded in 2021-22 with 11.1% YoY growth, underpinned by PLI schemes, and push towards production in specific industries e.g., pharmaceuticals and electronics; while growth slowed in 2022-23, the latest two quarters of 2023-24 exhibited robust performance.

The services sector has consistently grown over 8% since 2021-22, outpacing pre-Covid growth rates, with trade, transport, and communication expanding by 14% in both 2021-22 and 2022-23. Services exports also increased, especially in IT, healthcare, and consulting due to a global tilt towards remote work and outsourcing. Financial services and real estate grew steadily between 4.5-9%, with over 16% growth in bank credit provided to services sector since Jun'22 and the highest fintech adoption rate at 87%, well above the global average of 64%.

Most high frequency indicators (except imports and insurance) witnessed an uptick vs. 2022 levels in Oct-Nov'23 (1/2)

Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Nov'23	Nov'22	YoY	Oct'23	MoM
IIP (Index) *	144.70	129.60	12%	142.10	2%
Power Consumption ('000 MUs)	3.99	3.80	5%	4.48	-11%
Petroleum Consumption (MMT)	18.72	18.84	-1%	19.26	-3%
Steel Consumption (MMT)	11.26	9.60	17%	11.33	-1%
Cement Production (MT) *	34.74	29.60	17%	31.76	9%

Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Nov'23	Nov'22	YoY	Oct'23	MoM
E-way Bills (Mn)	87.57	81.00	8%	100.31	-13%
JNPT Traffic ('000 TEUs)	517.97	473.00	10%	549.49	-6%
Rail Freight (Mn Tons) *	129.03	118.94	8%	123.54	4%
Air Freight (K Tons) *	291.89	257.97	13%	272.65	7%

Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Nov'23	Nov'22	YoY	Oct'23	MoM
Merchandise Exports (\$ Bn)	33.90	32.00	6%	33.57	1%
Merchandise Imports (\$ Bn)	54.48	56.00	-3%	65.03	-16%
Services Exports (\$ Bn)	28.69	26.23	9%	28.70	0%
Services Imports (\$ Bn)	13.40	13.44	0%	14.32	-6%

Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Nov'23	Nov'22	YoY	Oct'23	MoM
PV Sales ('000 Units)	342.15	330.00	4%	395.30	-13%
Tractor Sales ('000 Units)	78.99	78.00	1%	125.42	-37%
2W Sales ('0000 Units)	190.16	152.00	25%	218.71	-13%
EV Registrations ('000 Units)	152.51	119.94	27%	139.23	10%

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

 Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Nov'23	Nov'22	YoY	Oct'23	MoM
UPI Value (INR Tn)	17.40	11.90	46%	17.15	1%
Aggregate Deposits (INR Tn) *	195.61	172.76	13%	197.01	-1%
Aggregate Credit (INR Tn) *	154.88	129.00	20%	153.24	1%
NSE & BSE Txns. (INR K Cr)	1594.18	1292.79	23%	1443.55	10%
Insurance Premium (INR K Cr)	47.12	55.00	-14%	50.63	-7%

 Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Nov'23	Nov'22	YoY	Oct'23	MoM
GST Collections (INR Tn)	1.68	1.46	15%	1.72	-2%
WPI (%)			0.26		
CPI (%)			5.6		
Jan Dhan Deposits (INR Tn)	2.1	1.8	16%	2.1	1%
MGNREGA Emp. Provided (HH)	14.5	15.0	-3%	16.1	-10%

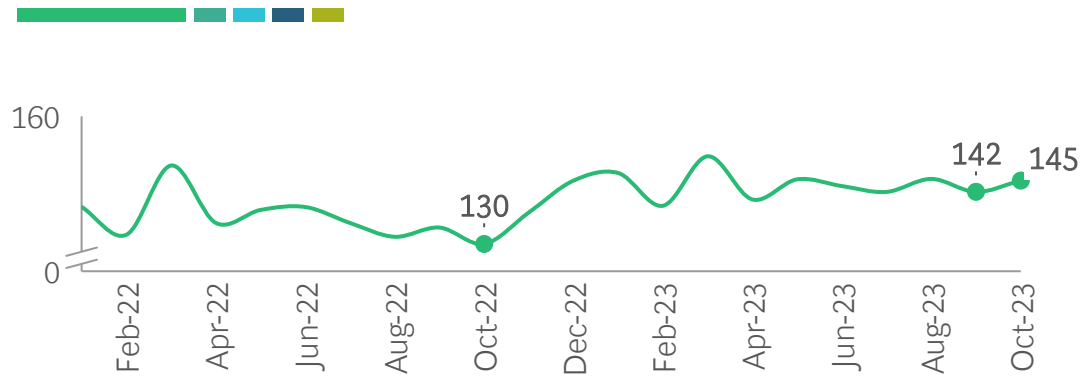
 Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Nov'23	Nov'22	YoY	Oct'23	MoM
Manufacturing PMI (Index)	56	55.7	1%	55.5	1%
Services PMI (Index)	56.9	56.4	1%	58.4	-3%
Current Situation Index	92.2	84	10%	92.2	0%
Future Expectations Index	120.6	115	5%	122.3	-1%

* Data available only upto Oct'23 as on 20th Dec'23 – hence growth comparisons are for Oct and not Nov. Oct'23 data has been compared with Oct'22 & Sep'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 improved in Oct'23; Steel remained constant, cement production grew while power consumption inched down in Oct-Nov'23

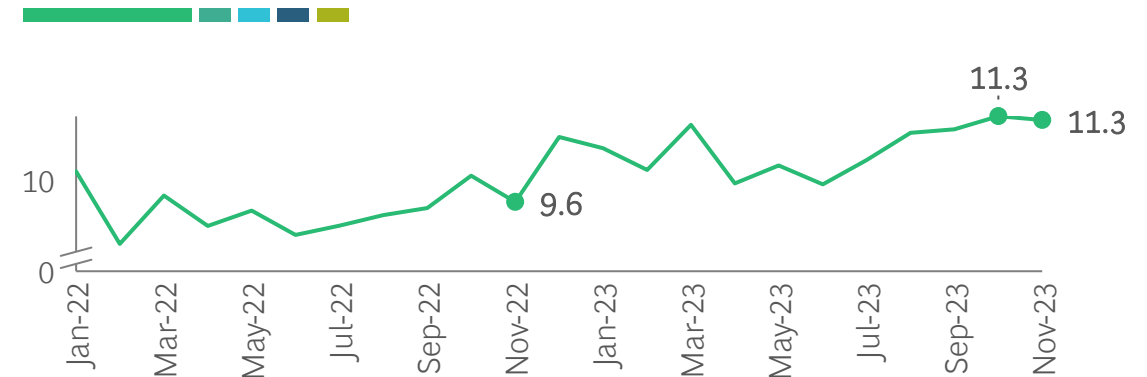
Index of Industrial Production¹

IIP saw an uptick in Oct'23 vs. Sep'23



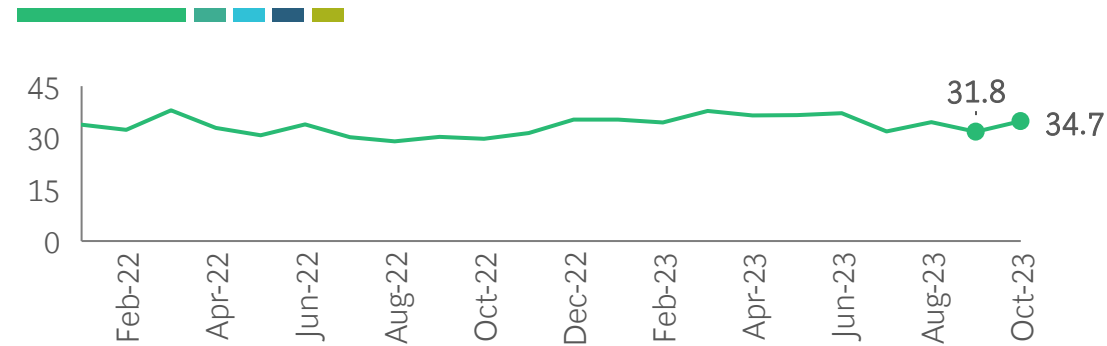
Steel Consumption (MMT)²

Steel consumption registered a marginal fall in Nov'23 vs. Oct'23



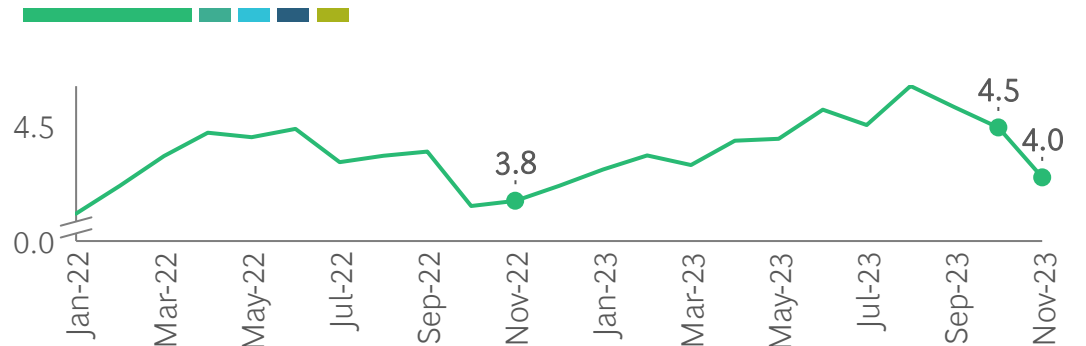
Cement Production (MT)

Cement production improved in Oct'23, after falling in Sep'23



Daily Average Power Consumption ('000s MUs)

Power consumption fell in Nov'23 for the third 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%))

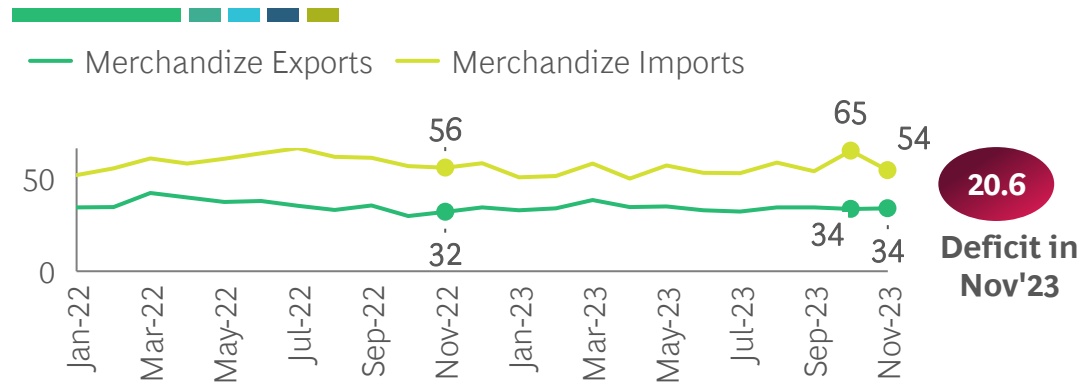
2. Steel consumption incl. long & flat steel, provisional figures for Nov'23

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 narrowed while services trade surplus widened; Forex grew while FDI surged in Oct-Nov'23

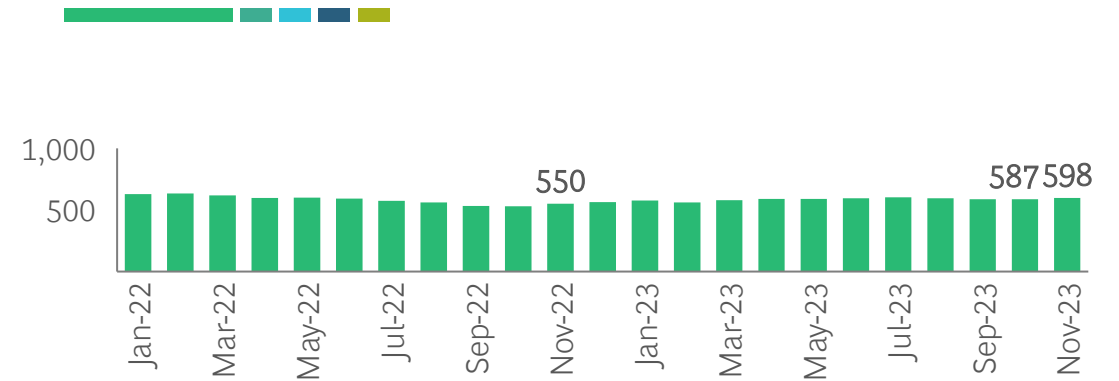
Merchandise Trade (\$ Bn)

Merchandise trade deficit narrowed in Nov'23, driven by fall in imports



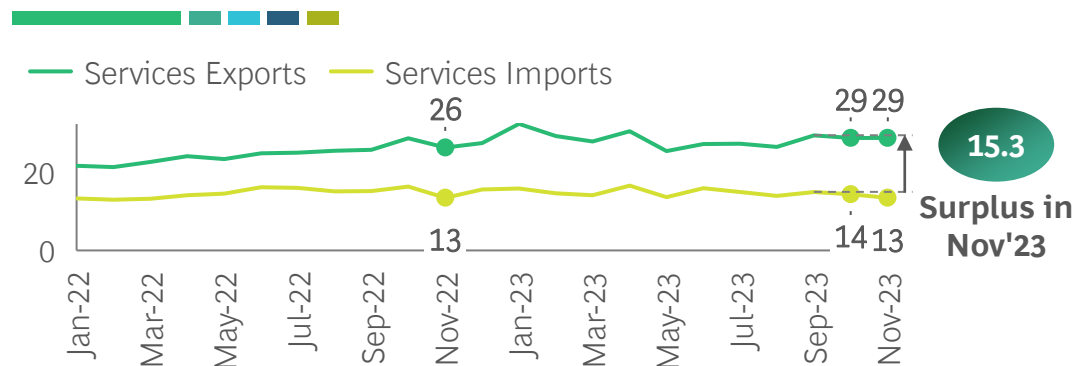
Forex Reserves (\$ Bn)

Forex reserves increased marginally in Nov'23 vs. Oct'23 levels



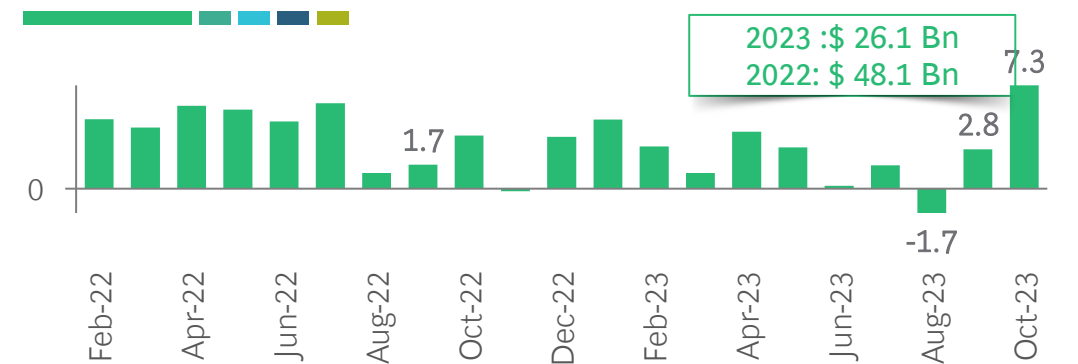
Services trade (\$ Bn)

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



FDI (\$ Bn)¹

FDI recorded an increase in Oct'23, reaching its highest value this year

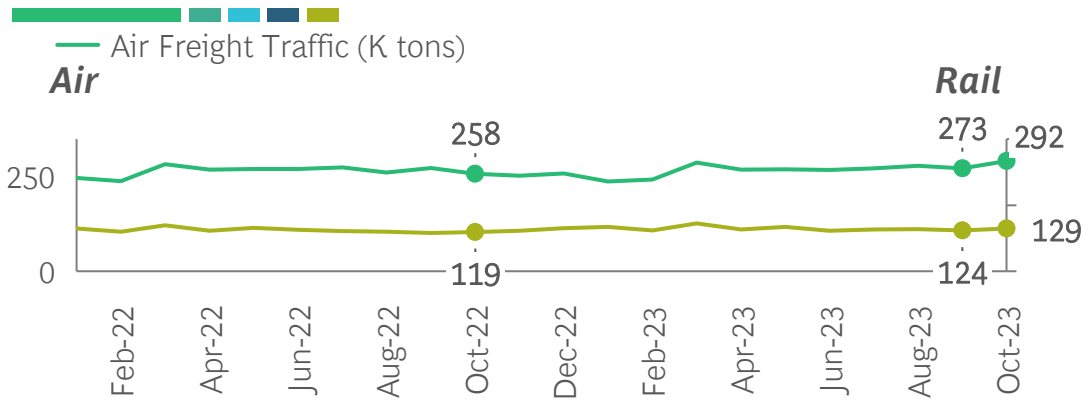


Note: Nov'23 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous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

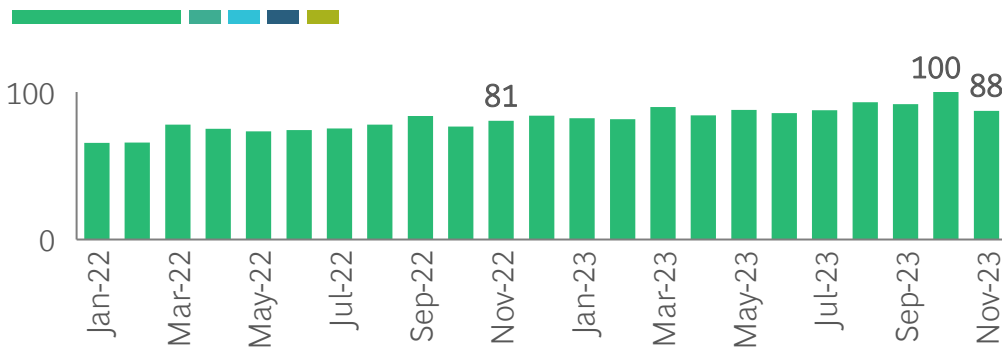
Freight Traffic

Air freight traffic and rail freight traffic increased in Oct'23



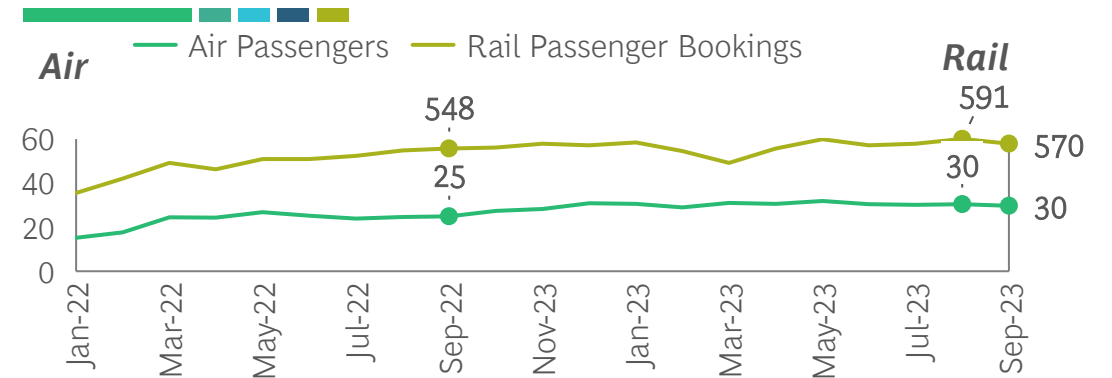
E-way Bills (Mn)¹

E-way bill volume fell sharply in Nov'23, after hitting record high in Oct'23



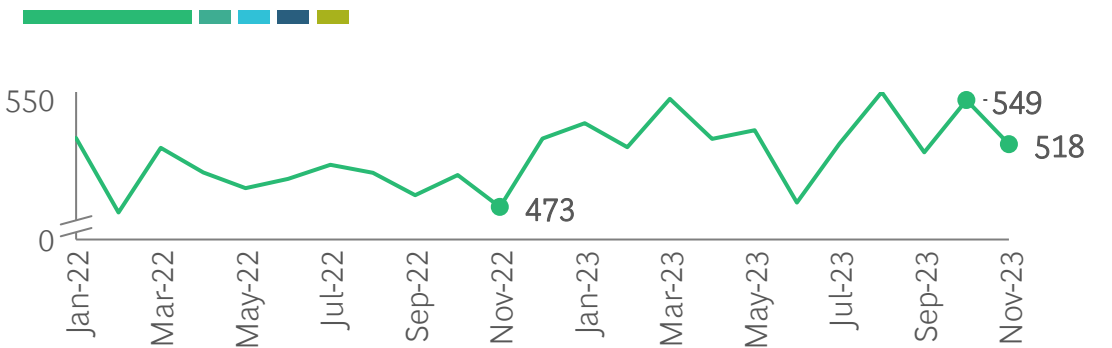
Passenger traffic (Mn)*

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



JNPT Container Traffic ('000 TEUs)²

JNPT traffic recorded a downswing in 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)

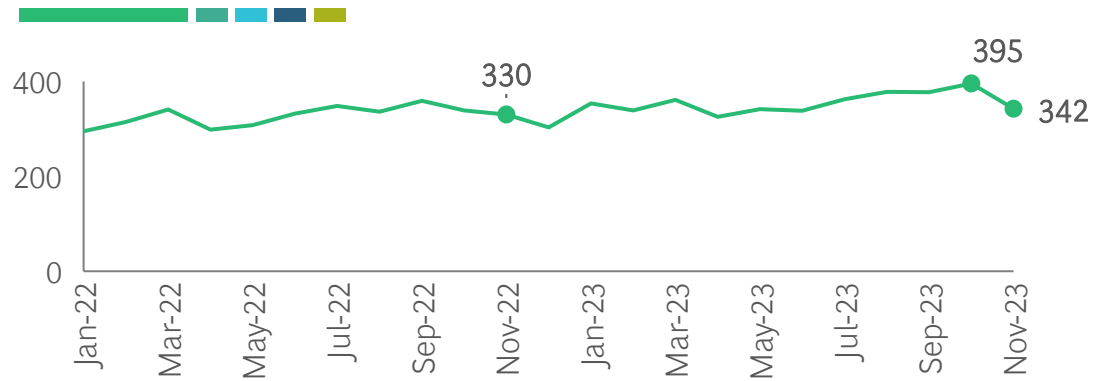
* Data available only upto Sep'23 as on 2nd Jan'24

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

Auto sales witnessed a downward trajectory across all categories in Nov'23 vs. Oct'23, however remained higher than Nov'22 levels

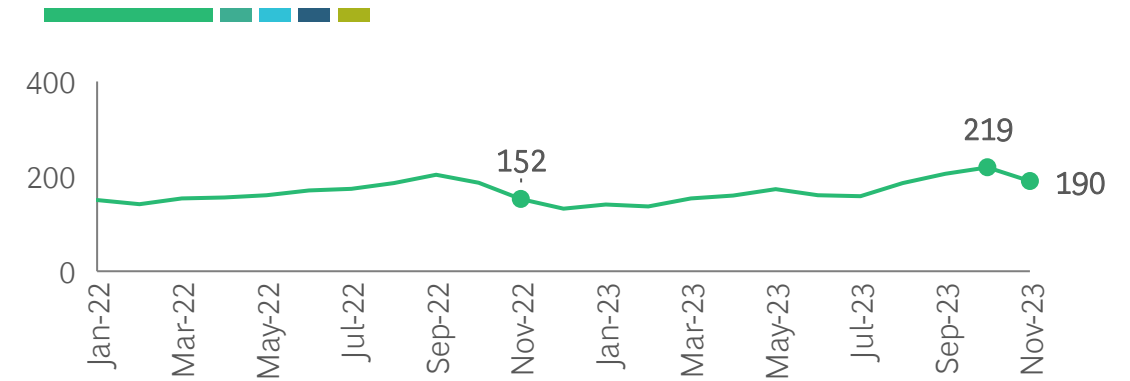
Passenger vehicles sales ('000 units)

PV sales contracted sharply in Nov'23, after reaching record high levels in Oct'23



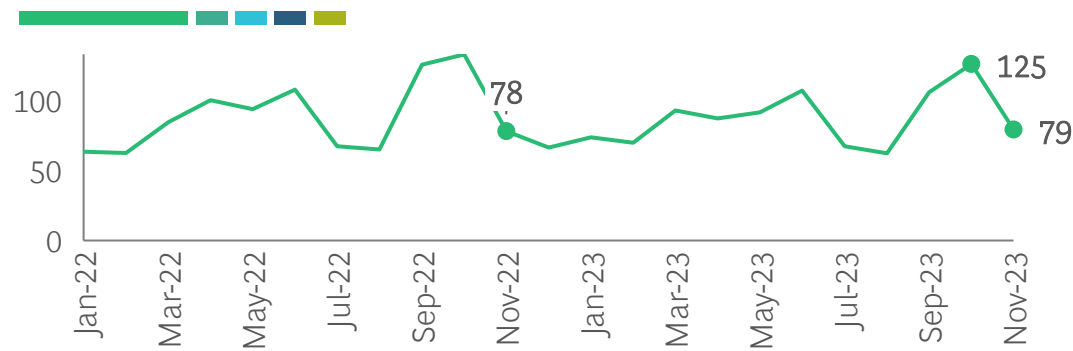
Two-wheeler sales ('0000 units)

2W sales registered a dip in Nov'23, after rising for 3 months



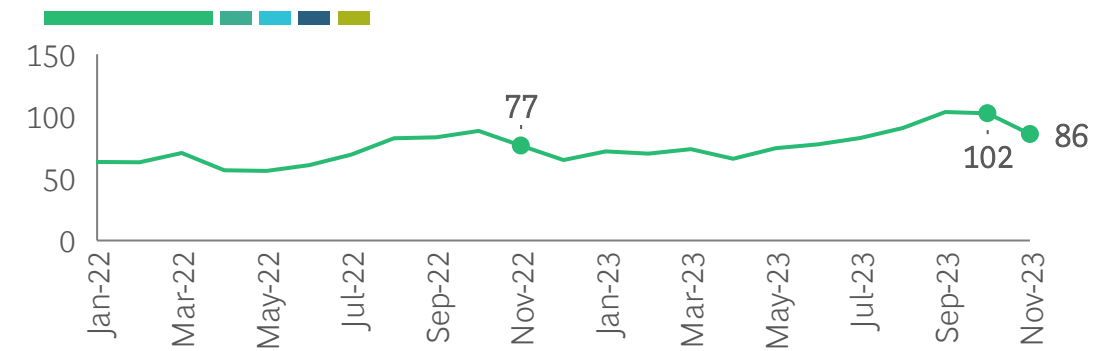
Tractor sales ('000 units)

Tractor sales saw a sharp decline in Nov'23



Three-wheeler sales ('000 units)

3W sales fell in Nov'23 vs Oct'23 levels



Figures represent wholesale numbers (including exports).

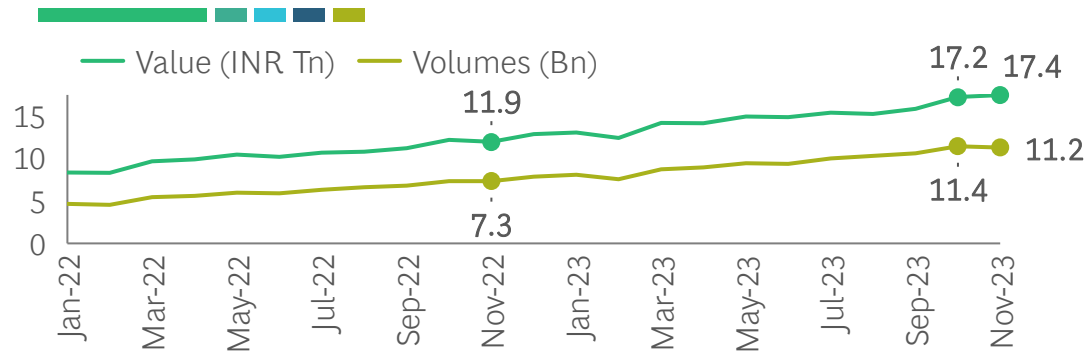
1. BMW, Mercedes and Volvo Auto data is not available

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

UPI value grew while volume dipped; Mutual funds AUM improved while Insurance premium decreased in Nov'23

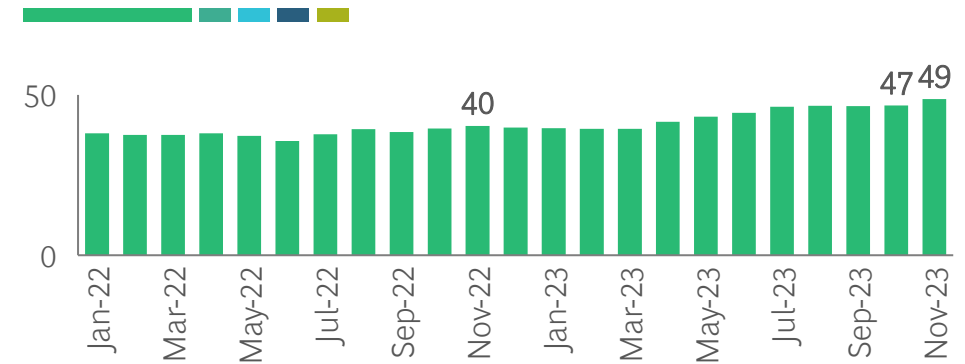
UPI

UPI value rose while transaction volume fell marginally in Nov'23



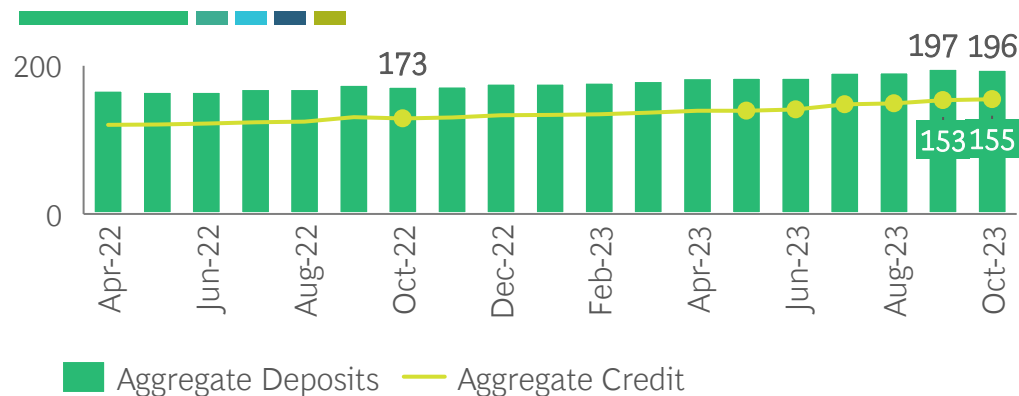
Mutual Funds AUM (INR Tn)

Mutual funds AUM recorded an uptick in Nov'23 vs. Oct'23



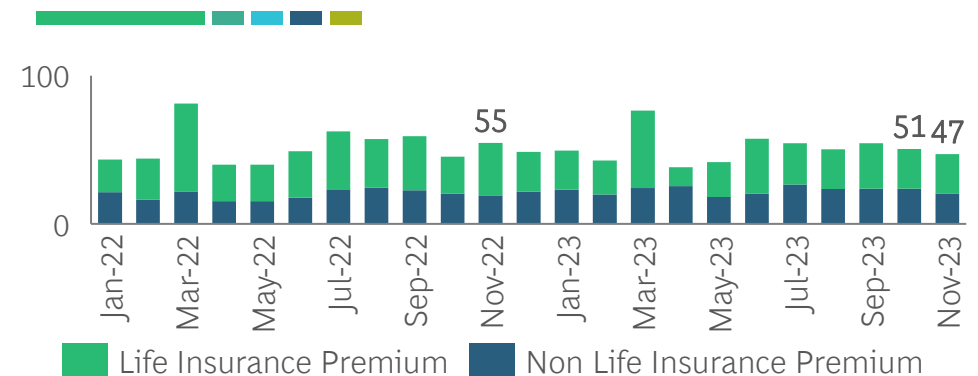
Aggregate deposits & credit (INR Tn)

Aggregate deposits and credit remained consistent to Sep'23 levels in Oct'23



Insurance Premium (INR '000 Cr)

Life insurance premium marginally fell in Nov'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 19th Dec'23

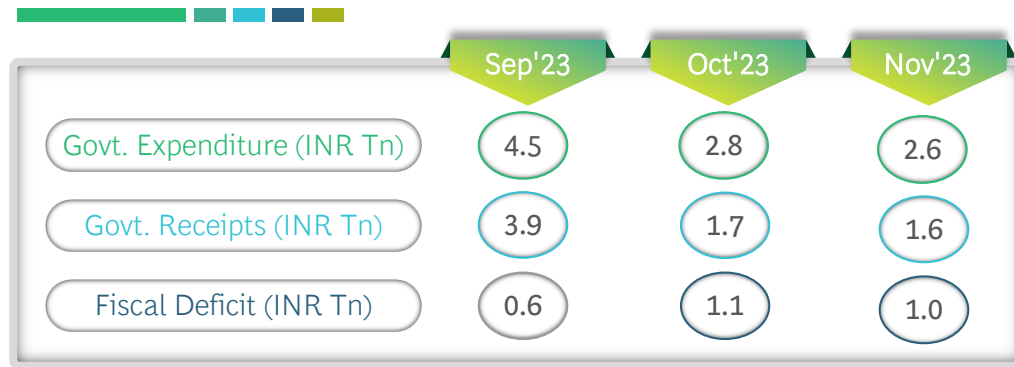
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

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

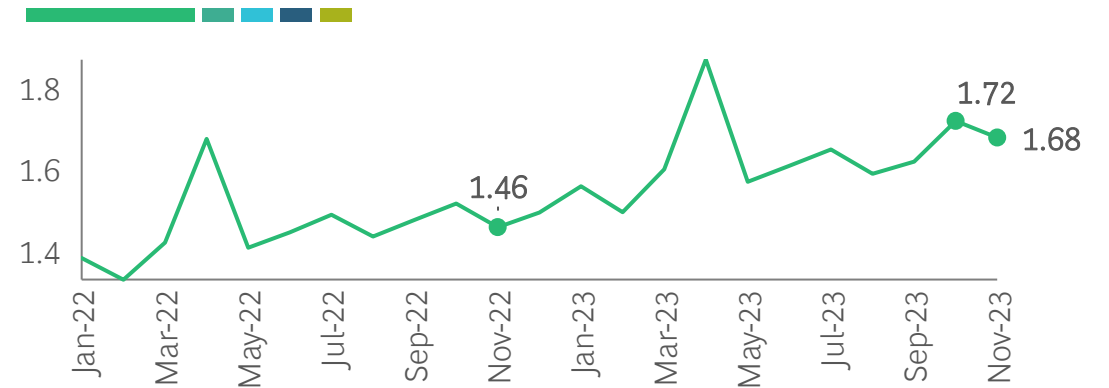
Govt. Receipts & Expenditures (INR Tn)

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



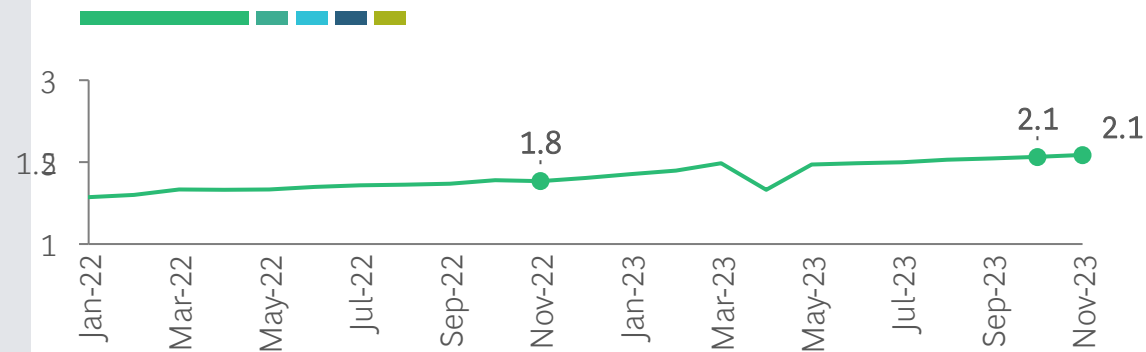
GST Collections¹ (INR Tn)

GST collections fell marginally in Nov'23, after reaching its second highest mark



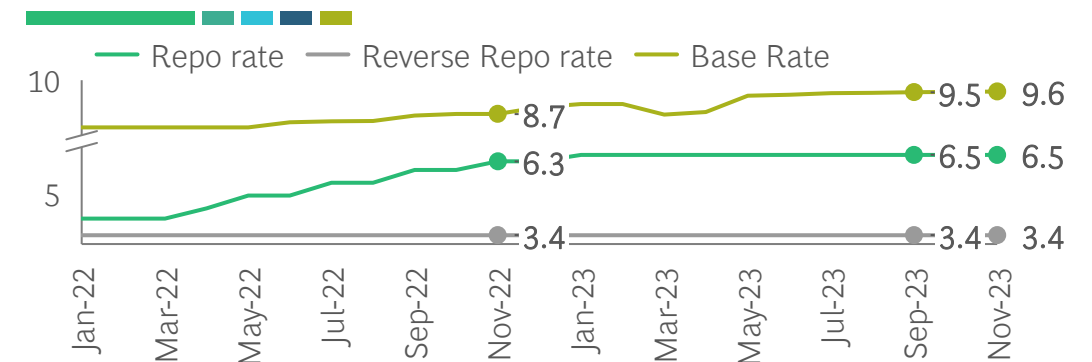
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits remained constant in Nov'23 vs. Oct'23



RBI's policy rates (%)

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

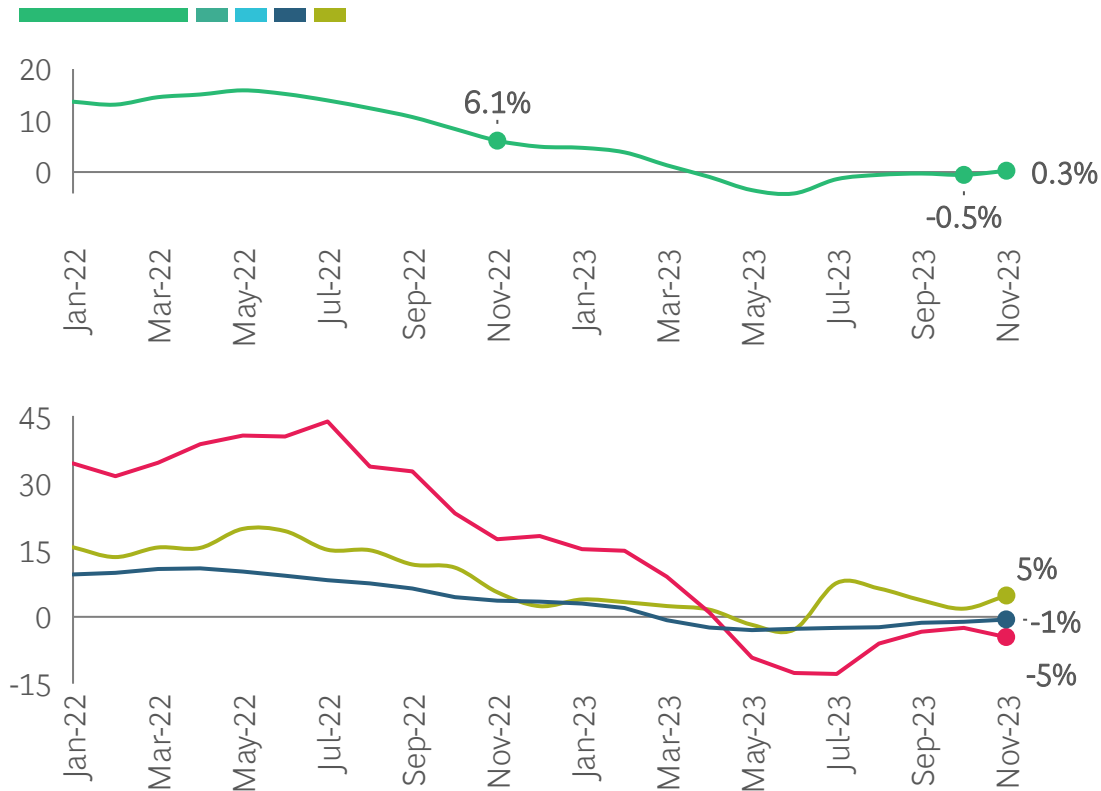


¹GST Collections include all components: CGST, SGST, IGST, Cess
Source: CMIE, Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI inflation turned positive after remaining in deflationary zone for seven months; CPI inflation also increased in Nov'23

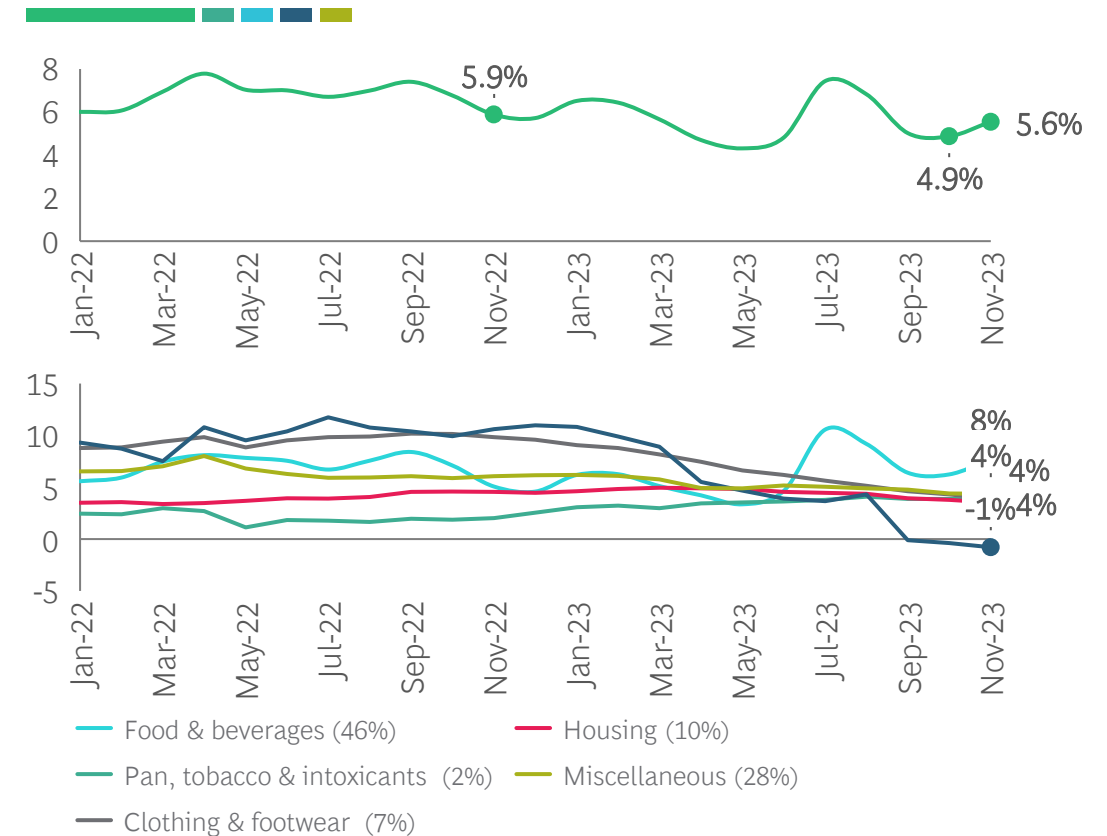
Wholesale Price Index (WPI)¹

WPI increased in Nov'23, driven by primary articles (food products)



Consumer Price Index (CPI)²

CPI rose in Nov'23, after falling for 3 consecutive months



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

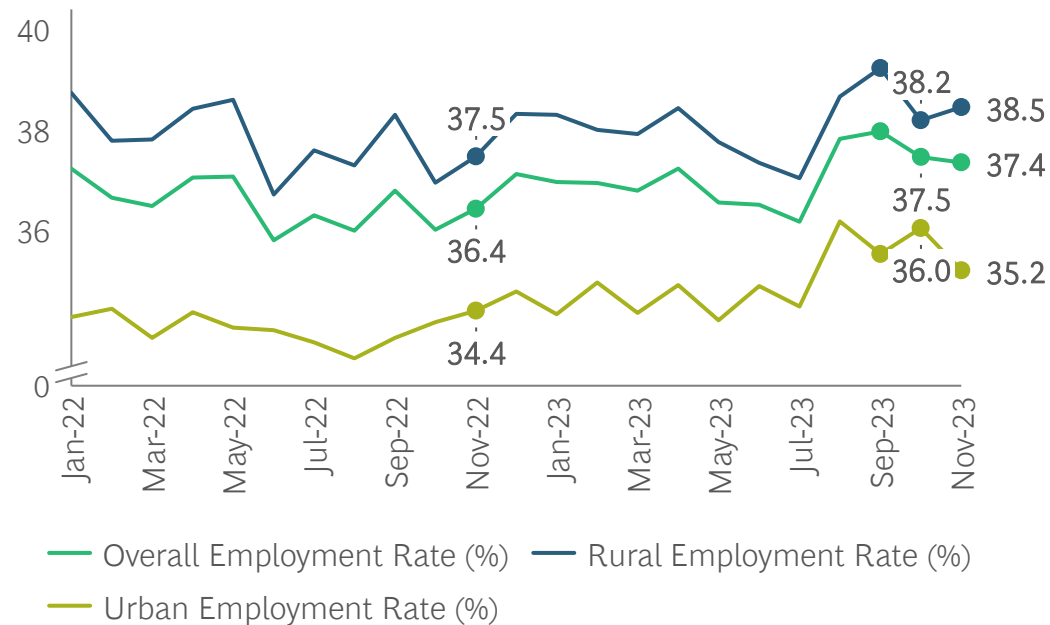
Source: MOSPI, CMIE, BCG Analysis

Overall employment rate remained constant; MGNREGA work demanded and employment provided saw a decline in Nov'23

CMIE Employment rate (%)¹

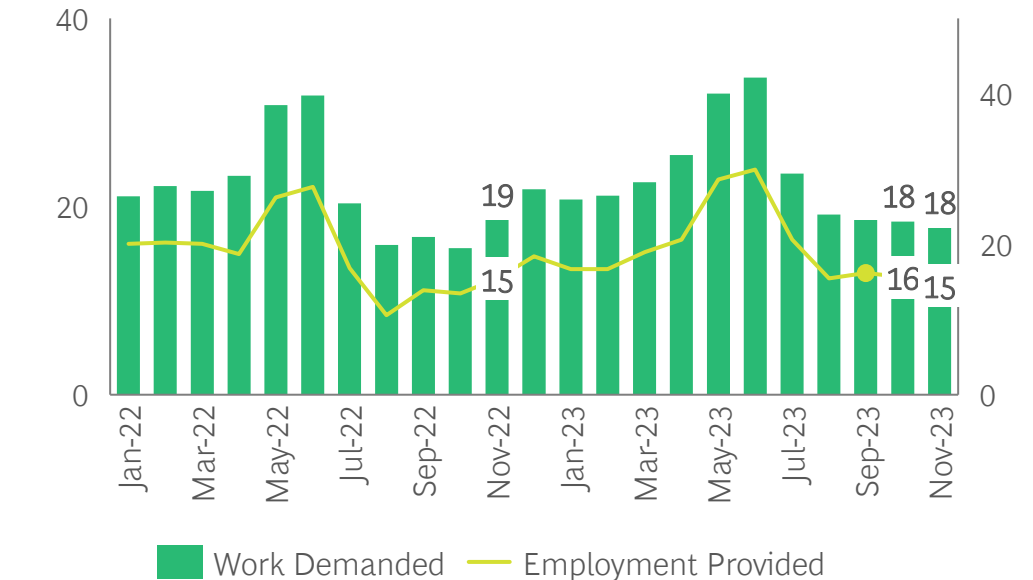
Urban employment fell while rural employment rate improved in Nov'23

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 decreased in Nov'23



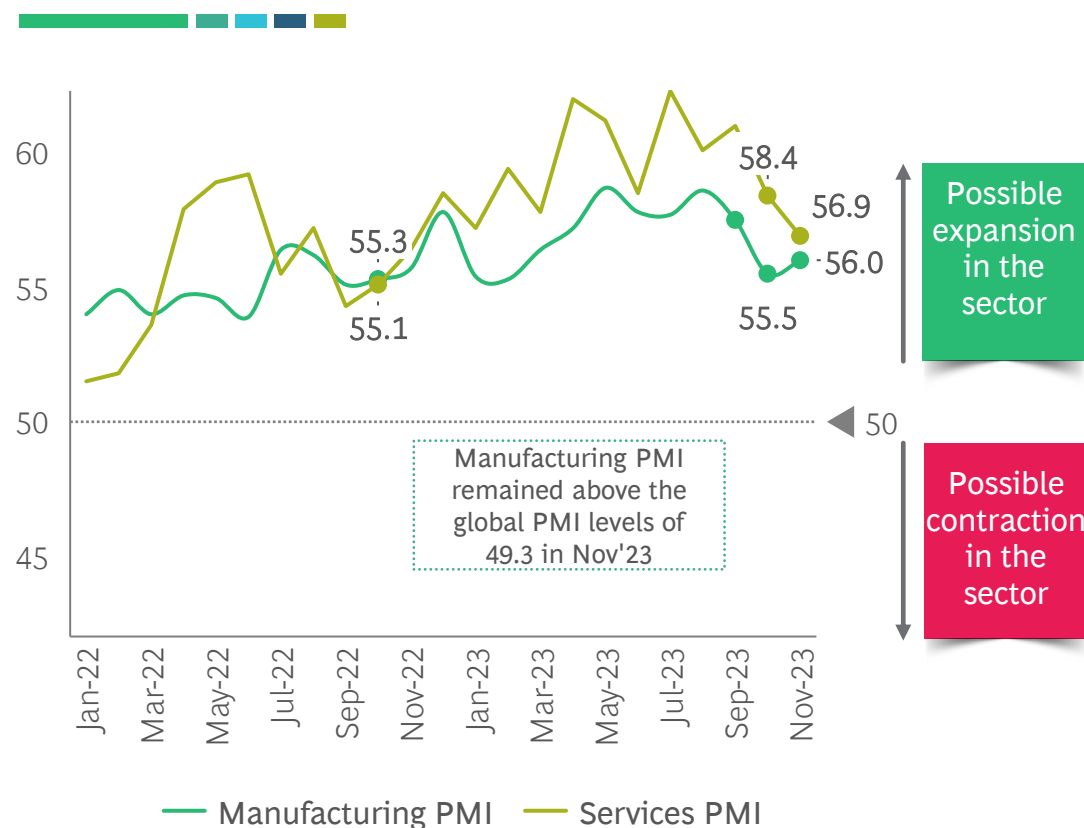
1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old

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 saw an uptick while Services PMI recorded a decline; Consumer confidence recorded a slight dip in Nov'23

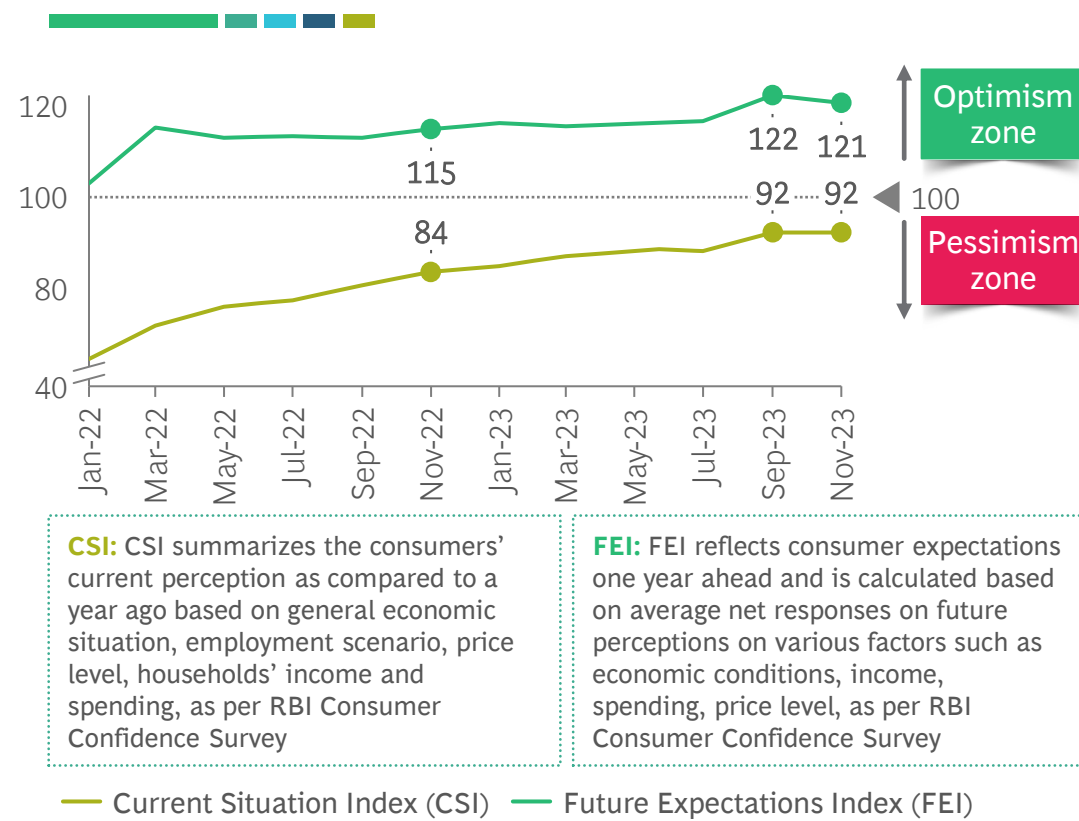
Manufacturing and services PMI¹

Manufacturing PMI improved while Services PMI continued to decline in Nov'23



Consumer Confidence Survey (RBI)²

CSI remained consistent while FEI marginally fell in Nov'23

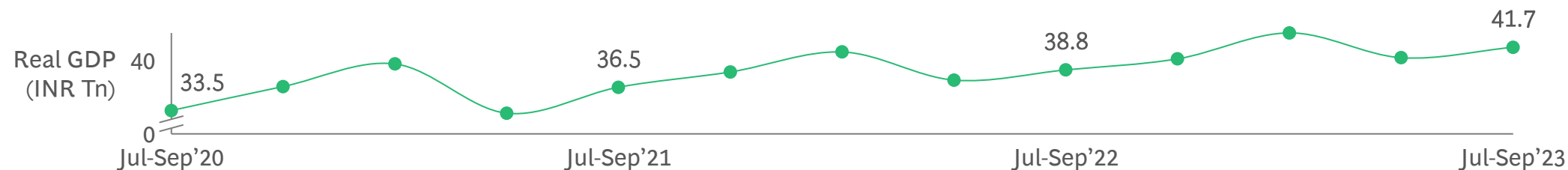


1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;

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

Real GDP grew by 7.6% YoY in Jul-Sep'23; All components recorded an uptick vs. last year



% change vs. previous year

-5.7%

9.1%

6.2%

7.6%

GDP Components

% GDP share in Jul-Sep'23¹

YoY% change vs. Jul-Sep'22

	Y GDP	=	C Pvt. Consumption	+	G Govt. Consumption	+	I Gross Investment	+	X Exports	-	M Imports
% GDP share in Jul-Sep'23 ¹			56.8%		8.9%		38.6%		-6.8%		
YoY% change vs. Jul-Sep'22	7.6%		3.1%		12.4%		9.9%		4.3%		16.7%

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)

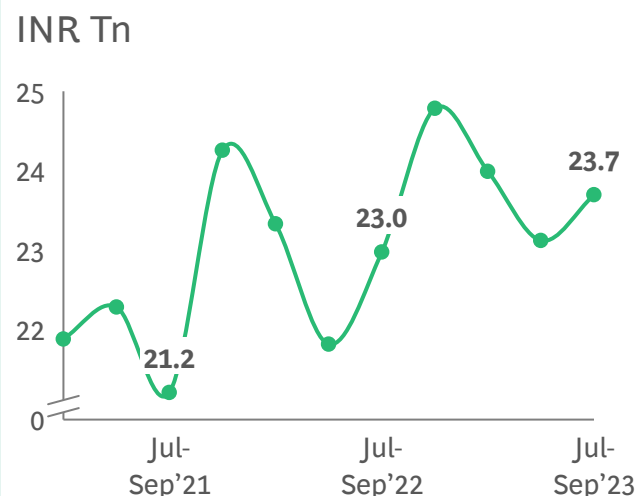
1. Discrepancies account for 2.8% share in GDP; 2. Statistical Discrepancy: taking the GDP from the production approach as the control total, gives the measure of the overall difference between the production approach and the expenditure approach followed for estimation.

Source: CMIE, BCG Analysis

GCF witnessed strong growth vs. last year; Both private and govt. consumption also improved vs. Jul-Sep'22 levels

Private Consumption

Pvt. Consumption improved in Jul-Sep'23 after falling for 2 consecutive quarters



% change vs previous year

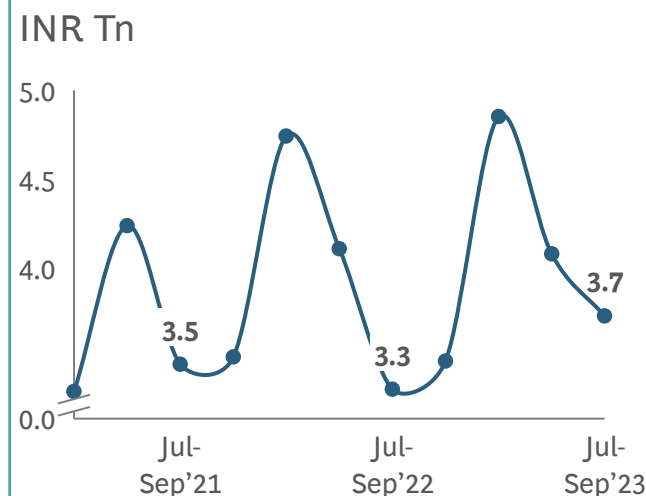
14.2%

8.3%

3.1%

Government Consumption

Govt. Consumption continued to fall for the second consecutive quarter in Jul-Sep'23



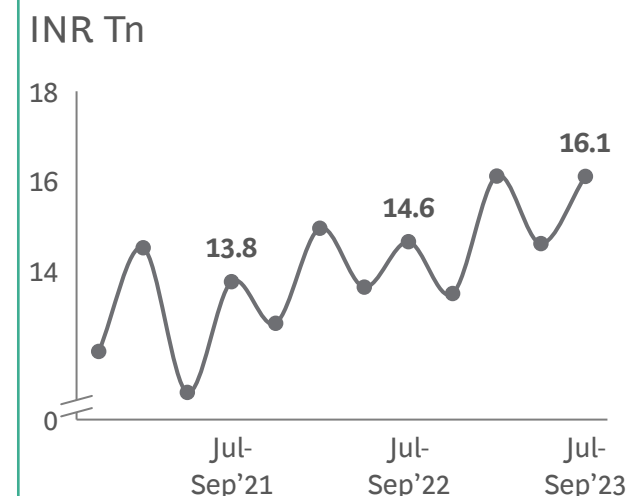
11.8%

-4.1%

12.4%

Gross capital formation¹

GCF recorded an uptick vs. previous quarter



21.5%

6.5%

9.9%

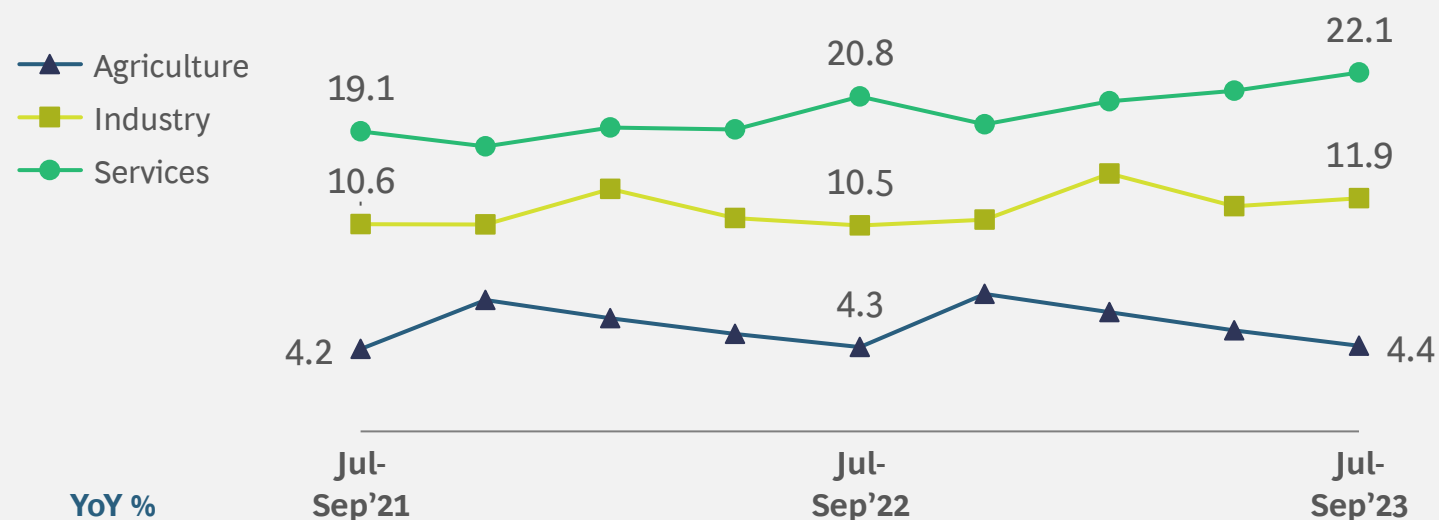
1. Gross capital formation is measured by acquisition of produced assets (including purchases of second-hand assets), including the production of such assets by producers for their own use, minus disposals. The relevant assets relate to assets that are intended for use in the production of other goods & 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

GVA from all sectors grew vs. Jul-Sep'22 levels; Industry sector grew at the fastest pace, thereby increasing share in GDP to 31%

Sectoral Gross Value Added¹ (INR Tn)



YoY %

Agriculture

4.8%

2.5%

1.2%

Industry

8.1%

-0.6%

13.2%

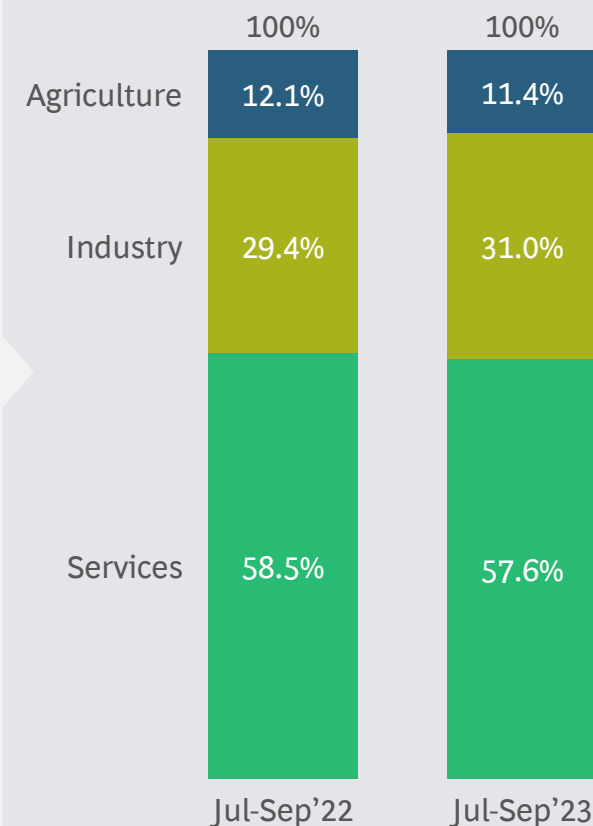
Services

11.1%

9.4%

5.8%

Share in sectoral GVA %



1. GVA shows the production contribution of a particular sector, GDP = GVA + product taxes – product subsidies; Source: CMIE, BCG Analysis

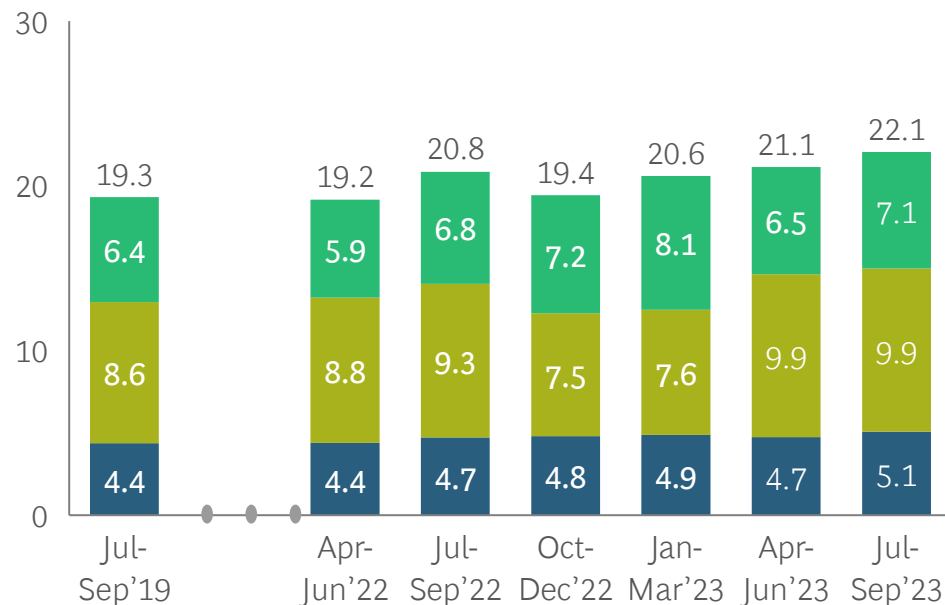
All sub-sectors within industry and services recorded growth vs. last year levels in Jul-Sep'23

GVA of services sub-sectors

Services GVA improved vs. previous year with highest growth in Public administration, defence and other services

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

INR Tn

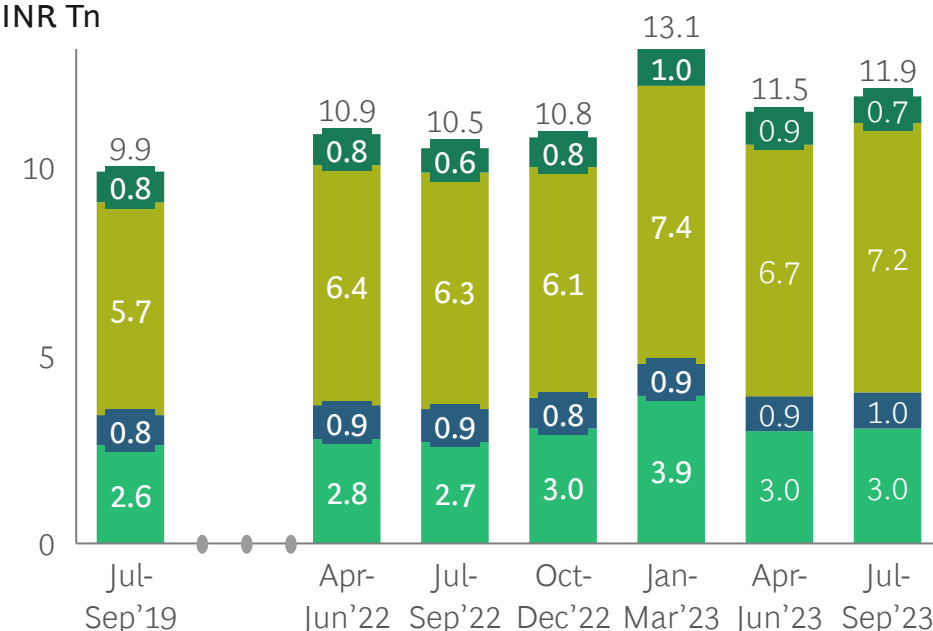


GVA of industrial sub-sectors

Manufacturing and Construction recorded strong expansion vs. previous year

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

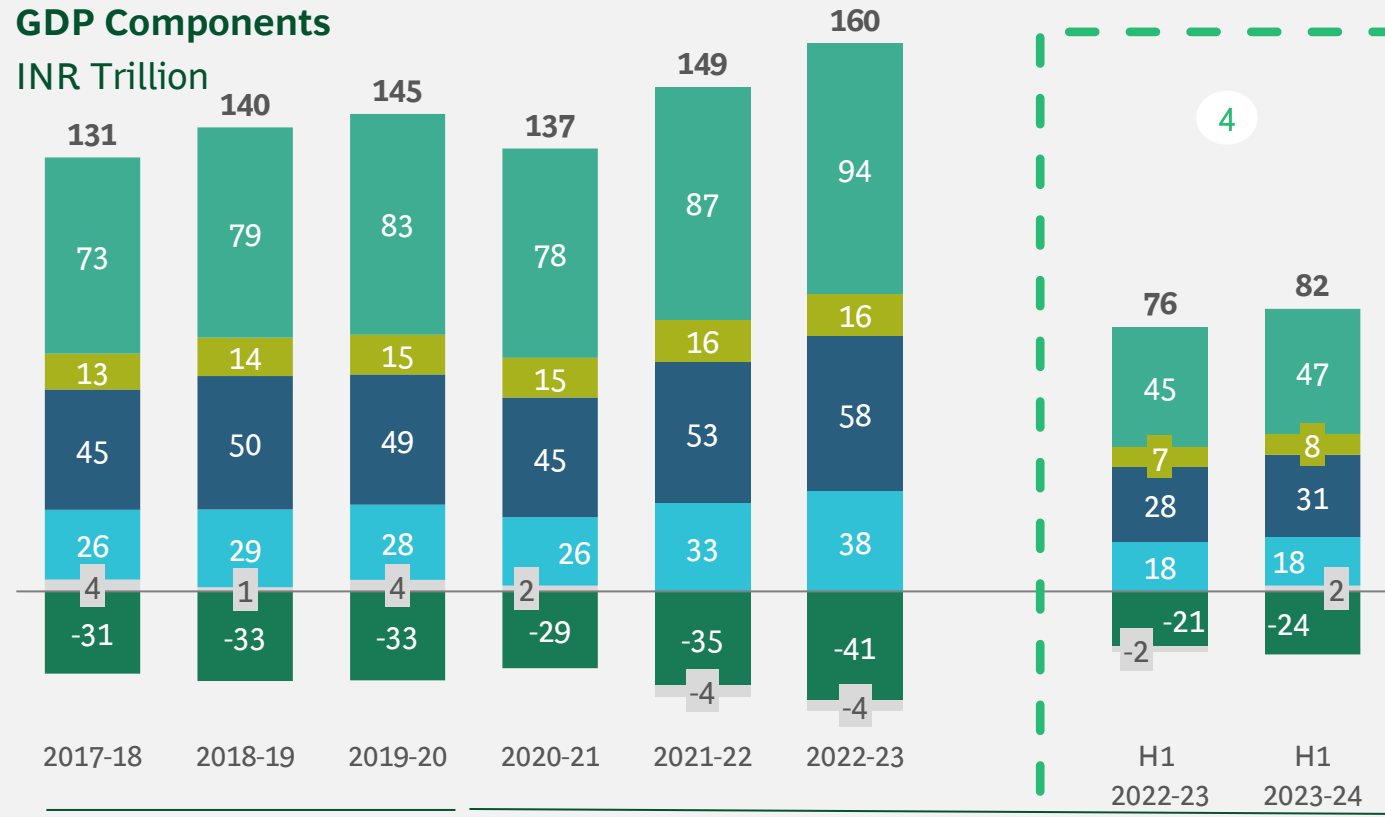
INR Tn



Pace of growth surpassed pre-Covid levels for all GDP components except Govt. consumption expenditure

GDP Components

INR Trillion



3 years Pre-Covid

Covid + Post-Covid

- 1 Pvt. consumption expenditure
- 2 Govt. consumption expenditure
- 3 Exports of goods and services
- Imports of goods and services
- Gross capital formation
- Discrepancies

1 Private consumption saw steady growth post pandemic (7-11% YoY)

- Shift seen in consumer spending towards prosperity-driven categories such as Travel, financial services, recreation, and insurance

2 GCF expanded strongly with over 8% YoY growth

- Driven by strong step-up in government capital expenditure and resultant crowding-in of private investments
- Rising FDI in manufacturing and tech. sector

3 Exports saw strongest rebound post-Covid, up by 29% in 2021-22

- Owing to surge in high-value commodities e.g., electronics due to improved global presence with China Plus One Strategy and govt. support via Make in India, FTAs etc.
- Service exports also grew

Imports also grew strongly, driven by higher oil imports at discounted prices from Russia

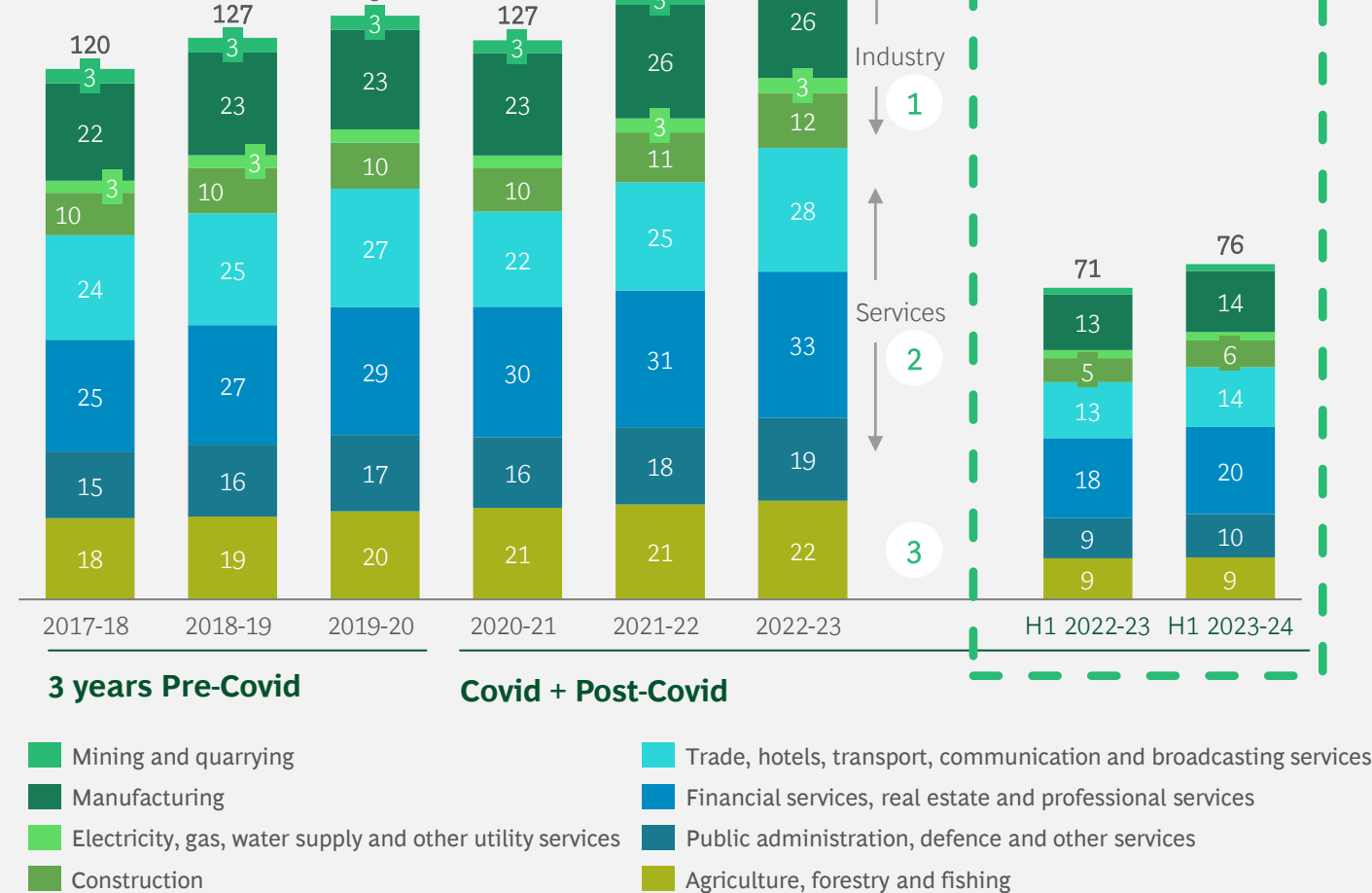
4 Latest 2 quarters of 2023-24 suggest improvement in most GDP components, with strong expansion in pvt. consumption and gross capital formation; exports remained similar to 2022-23 levels

Note: Data for first 2 quarters of 2023-24 compared with corresponding first 2 quarters of 2022-23; Source: CMIE, BCG Analysis

All sectors (except Agri.) show strong post-pandemic recovery; Services led with robust growth across all sub-sectors

GVA Components¹

INR Trillion



1 Industry, recording lowest degrowth during 2020-21 due to recovery in manufacturing in H2, further expanded strongly by 11.6% in 2021-22 and maintained steady growth since then

- Manufacturing expanded by 11% in 2021-22 due to rising FDI, government PLI schemes and push for local manufacturing; pace of growth slowed in 2022-23, however latest 2 quarters show strong performance
- Construction clocked double digit growth each year post-pandemic, driven by rising incomes, housing shortages, and population growth
- Utilities maintained steady pace of growth

2 Services saw strongest growth post-pandemic, crossing 8% YoY consistently

- Trade, transport, and communication services rebounded sharply (~14% growth for 2 consecutive years), driven by a revival in travel, tourism, and strong services exports
- Financial services continued to grow strongly with record high UPI transactions, bank credit and fintech adoption rate
- Latest 2 quarters of 2023-24 also show robust growth across all service sub-sectors

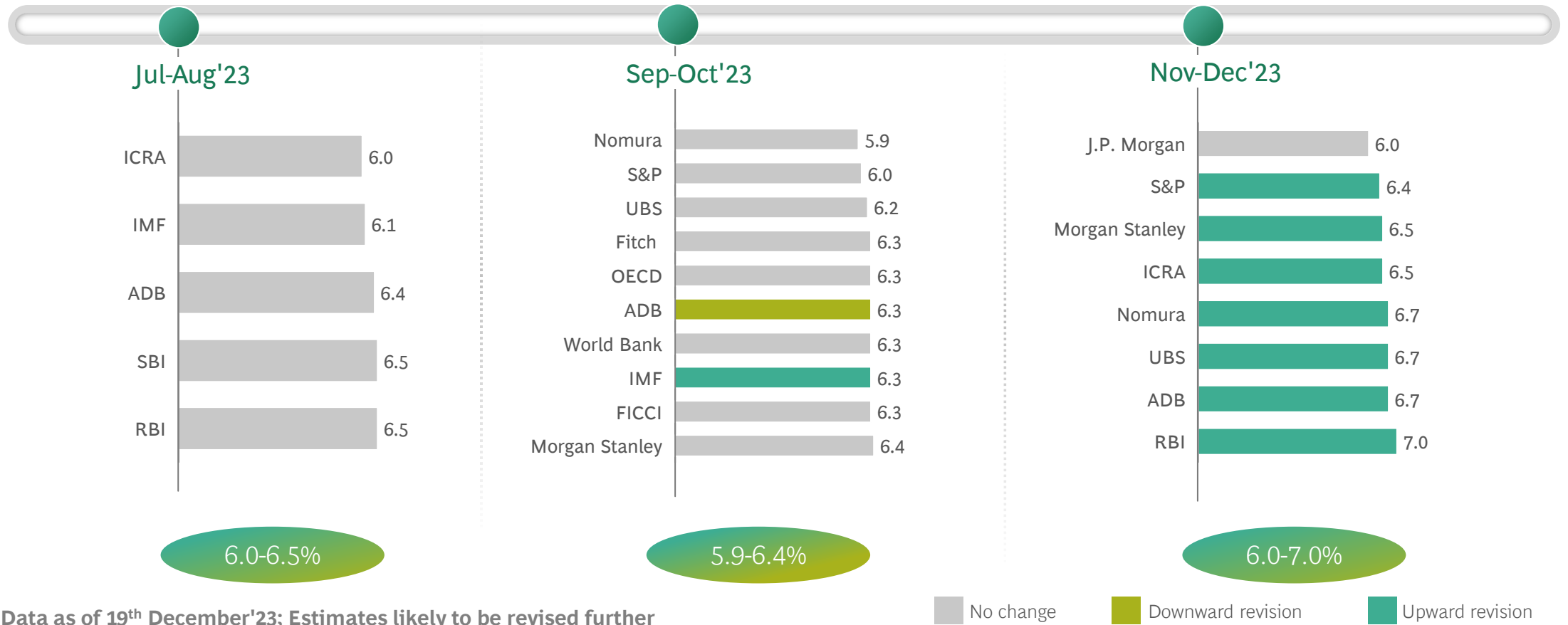
3 Pace of Agricultural growth slowed post-Covid

- YoY growth recovering although still not at par with pre-Covid levels

1. GVA shows the production contribution of a particular sector, GDP = GVA + product taxes – product subsidies;
Note: Data for first 2 quarters of 2023-24 compared with corresponding first 2 quarters of 2022-23; Source: CMIE, BCG Analysis

FY24 GDP forecasted to grow between 6.0-7.0% YoY; Most forecasts were revised upwards in Nov-Dec'23

India GDP growth forecast for FY24 (YoY,%)



Data as of 19th December'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;

The background of the slide is a dark teal color with a faint, complex financial chart. The chart includes a line graph with circular markers, a candlestick chart, and various numerical data points and percentages scattered throughout. A yellow rectangular frame is positioned behind the 'Thank You' text.

Thank You



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