

India Economic Monitor

JULY 2023

Executive summary



In Jun'23, the economic landscape provided mixed signals of growth across various sectors. IIP surged vs. Apr'23, owing to strong growth in mining and manufacturing activity. Power consumption registered an uptick, while steel consumption inched down vs. previous month. Select auto segments (3W, tractor) logged improvement in Jun'23, however PV & 2W segment saw a decline, attributable to supply constraints.

On the trade front – services trade surplus remained nearly constant, with a marginal increase in both exports and imports, while the merchandise trade deficit narrowed vs. previous month due to a drop in both exports and imports. However, this was primarily driven by a decline in exports of petroleum, oil, and lubricants. Forex reserves continued to grow, while FDI witnessed degrowth in May'23 vs. Apr'23, also falling significantly below May'22 levels.

Majority of BFSI indicators remained constant in Jun'23. While aggregate deposits and credit continued to log slow-paced growth, UPI transactions volume and value witnessed mild softening. Both life and non-life insurance segments clocked a double-digit growth. Life insurance premium recorded a robust expansion in Jun'23, surpassing Jun'22 levels. NSE & BSE transactions improved marginally.

Most macroeconomic indicators either declined or witnessed mild growth. CPI rose to 4.8% after falling for four months, primarily driven by surge in prices of select food items. WPI continued to remain in the deflationary territory for the third consecutive month, driven by decline in prices of crude, metals, food and non-food products. Manufacturing PMI decelerated in Jun'23 after recording a 31-month peak in May'23, while Services PMI witnessed a three-month low in Jun'23, continuing its downward trajectory. GST collections grew, albeit at a slower pace.

Analyst forecasts indicate GDP growth of 5.5-6.5% YoY for FY24, with selected agencies raising their projections owing to strong performance in the first quarter and near-term momentum.

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

Industry	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Jun'23	Jun'22	YoY	May'23	MoM
IIP (Index) *	145	137.7	5%	140	4%
Power Consumption ('000 MUs)	4.66	4.47	4%	4.40	6%
Petroleum Consumption (MMT)	19.31	18.67	3%	20.03	-4%
Steel Consumption (MMT)	9.93	8.89	12%	10.32	-4%
Cement Production (MT) *	36.5	30.07	19%	36.50	0%

Logistics	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Jun'23	Jun'22	YoY	May'23	MoM
E-way Bills (Mn)	86	74.47	15%	88	-2%
JNPT Traffic ('000 TEUs)	476	493	-3%	528	-10%
Rail Freight (Mn Tons) *	134	132	2%	126	6%
Air Freight (K Tons) *	270.1	271.1	0%	269	0%

Trade & Investment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Jun'23	Jun'22	YoY	May'23	MoM
Merchandise Exports (\$ Bn)	32.97	37.94	-13%	35	-6%
Merchandise Imports (\$ Bn)	53.1	63.58	-16%	57	-7%
Services Exports (\$ Bn)	27.12	24.77	9%	25	8%
Services Imports (\$ Bn)	15.88	16.11	-1%	14	13%

Auto	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Jun'23	Jun'22	YoY	May'23	MoM
PV Sales ('000 Units)	337.9	332.0	2%	341.6	-1%
Tractor Sales ('000 Units)	106.6	107	0%	91.3	17%
2W Sales ('0000 Units)	160.4	170.4	-6%	173.2	-7%
EV Registrations ('000 Units)	101.83	73.26	39%	157.21	-35%

* Data available only upto May'23 as on 18th July –hence growth comparisons are for May and not Jun. May'23 data has been compared with May'22 & Apr'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 vs. 2022 levels in May-Jun'23 (2/2)

Banking, Financial Services & Insurance	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Jun'23	Jun'22	YoY	May'23	MoM
UPI Value (INR Tn)	14.75	10.1	46%	14.9	-1%
Aggregate Deposits (INR Tn) *	184.95	166	11%	184.35	0%
Aggregate Credit (INR Tn) *	139.02	121	15%	139.04	0%
NSE & BSE Txns. (INR K Cr)	1417.29	1044.03	36%	1402.58	1%
Insurance Premium (INR K Cr)	57.3	49	17%	42	36%

Macroeconomic	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Jun'23	Jun'22	YoY	May'23	MoM
GST Collections (INR Tn)	1.61	1.45	11%	1.57	3%
WPI (%)			-4.1%		
CPI (%)			4.8%		
Jan Dhan Deposits (INR Tn)	1.98	1.7	16%	1.97	1%
MGNREGA Emp. Provided (HH)	29.9	27.59	8%	28.6	5%

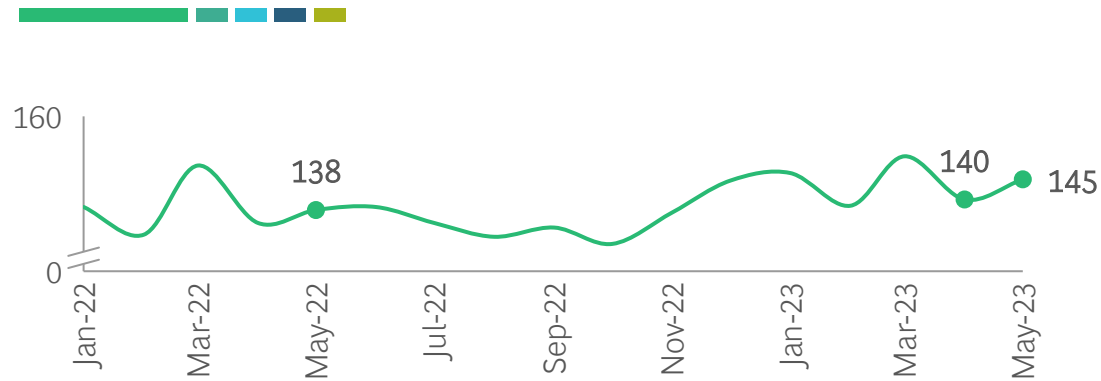
Sentiment	Growth				
	Latest month	Vs. Last year		Vs. Last month	
	Jun'23	Jun'22	YoY	May'23	MoM
Manufacturing PMI (Index)	57.8	53.9	7%	58.7	-2%
Services PMI (Index)	58.5	59.2	-1%	61.2	-4%
Current Situation Index *	89	76	17%	87	2%
Future Expectations Index *	116	113	3%	116	0%

* Data available only upto May'23 as on 18th July –hence growth comparisons are for May and not Jun. May'23 data has been compared with May'22 & Apr'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 May'23; Power consumption expanded, while steel consumption inched down in Jun'23

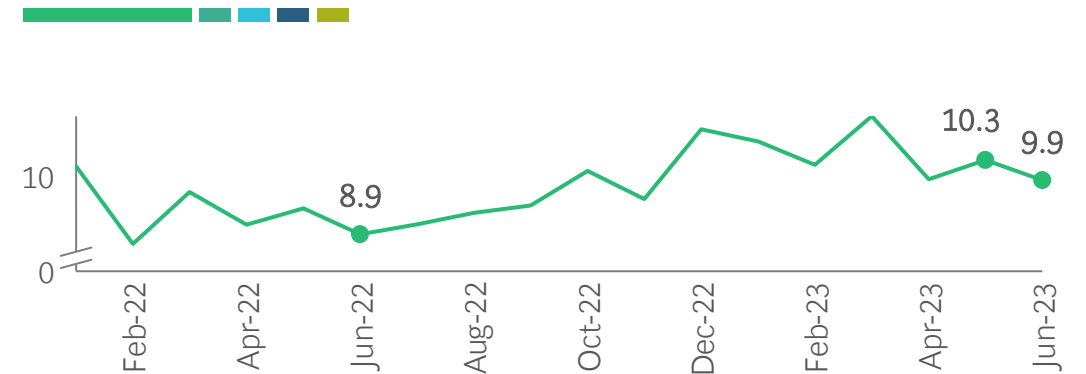
Index of Industrial Production¹

IIP improved in May'23, after degrowth in previous month



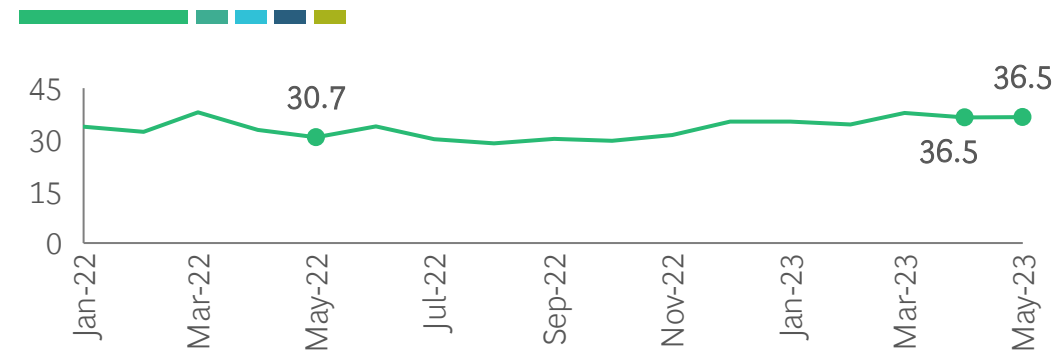
Steel Consumption (MMT)²

Steel consumption recorded degrowth in Jun'23 vs. May'23



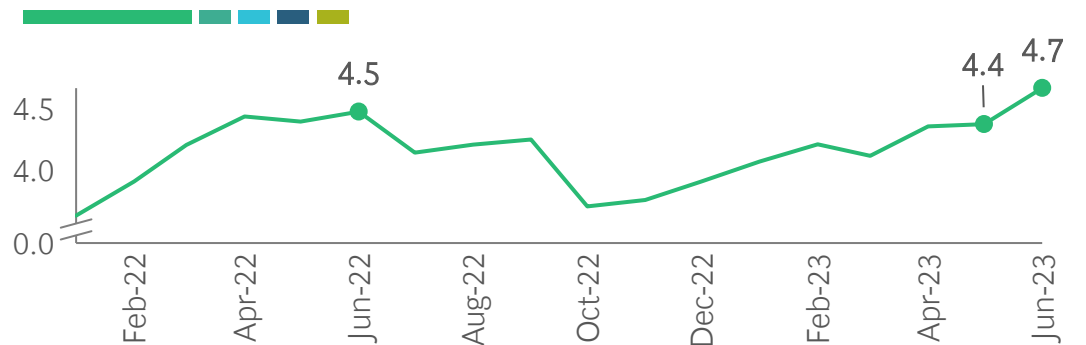
Cement Production (MT)

Cement production remained consistent at Apr'23 levels in May'23



Daily Average Power Consumption ('000s MUs)

Power consumption touched highest levels since Jan'19



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

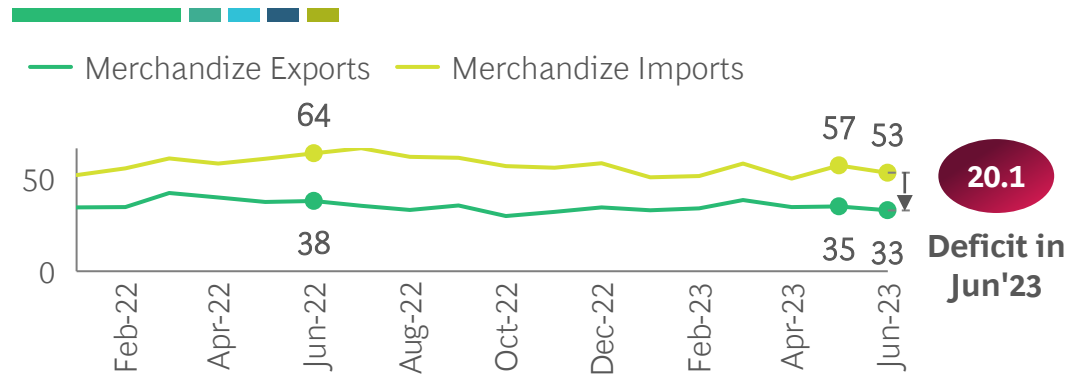
2. Steel consumption incl. long & flat steel

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 narrowed while services trade remained consistent; Forex grew while FDI plummeted in May-Jun'23

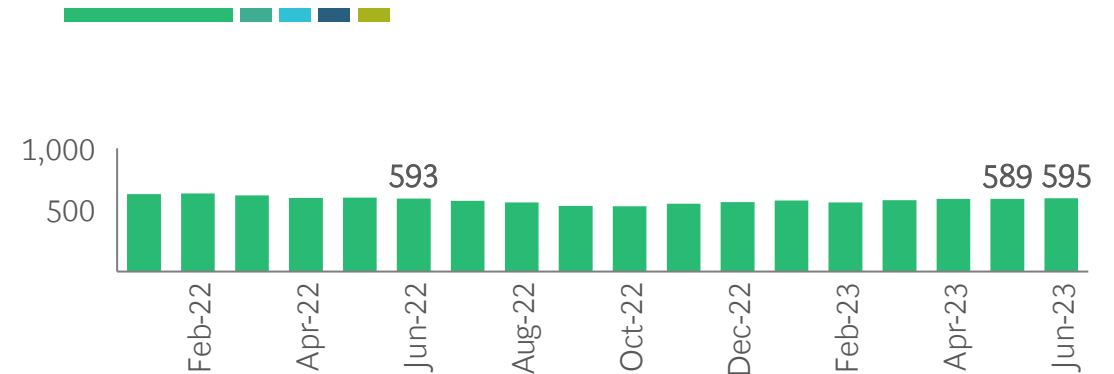
Merchandise Trade (\$ Bn)

Merchandise trade deficit narrowed in Jun'23 vs. May'23



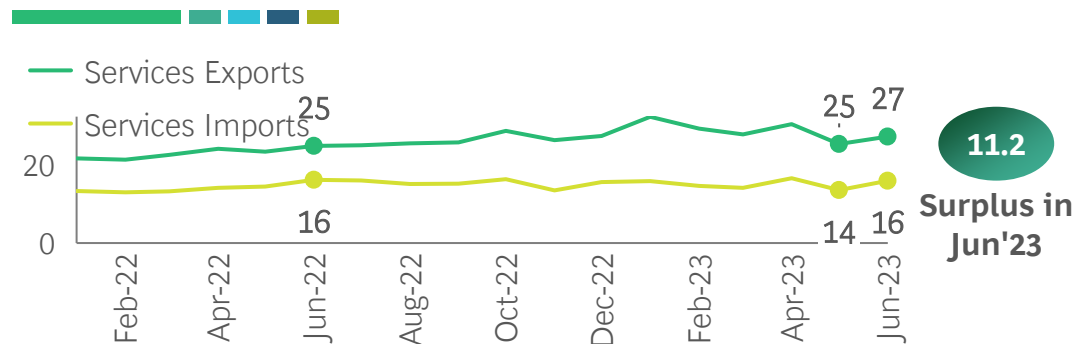
Forex Reserves (\$ Bn)

Forex reserves hit a 13-month high in Jun'23



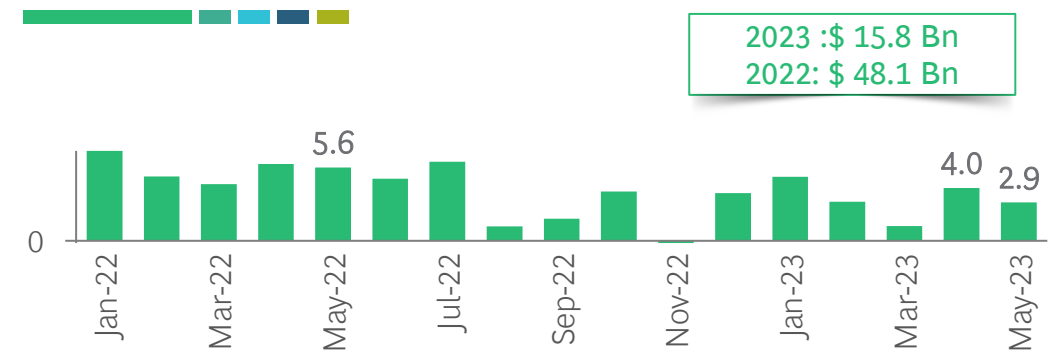
Services trade (\$ Bn)

Services trade surplus remained similar to May'23 levels in Jun'23



FDI (\$ Bn)¹

FDI declined in May'23 vs Apr'23

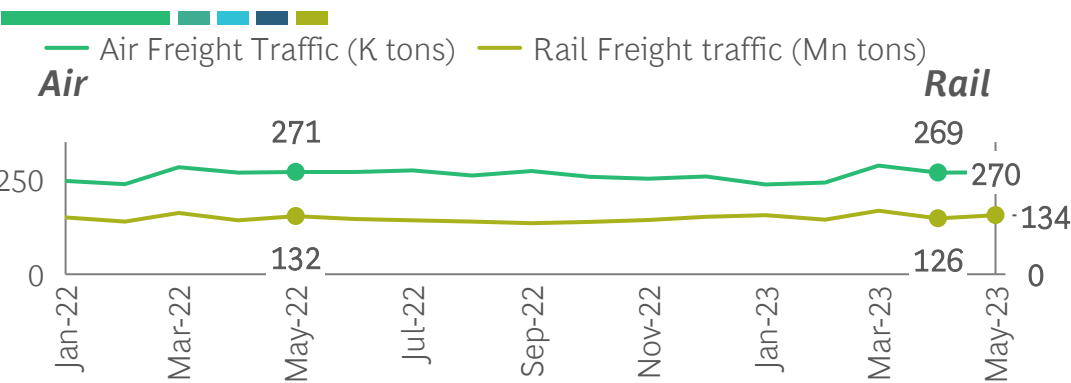


Note: Jun'23 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
 1. Denotes total inward FDI to India; Jun'22 figures are provisional; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies; Calendar year considered for FDI 2022 & 2021 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 witnessed an upswing, while E-way bills and JNPT container traffic dipped in May-Jun'23

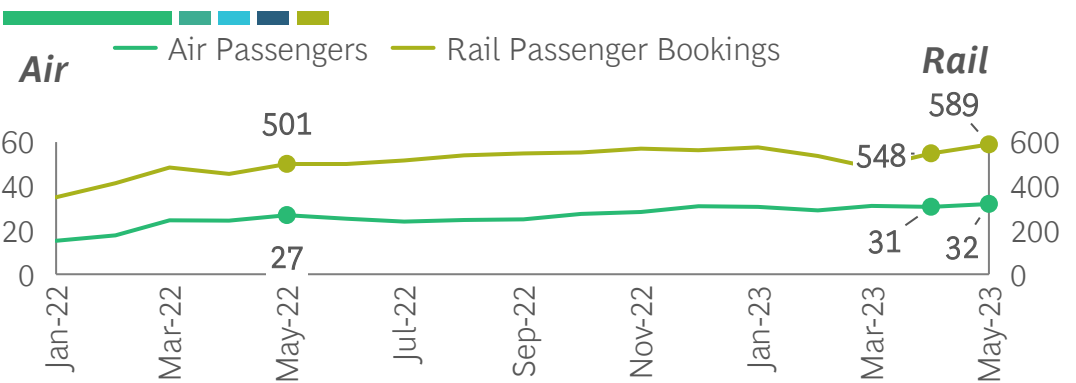
Freight Traffic

Air & rail freight traffic improved in May' 23 after declining in Apr'23



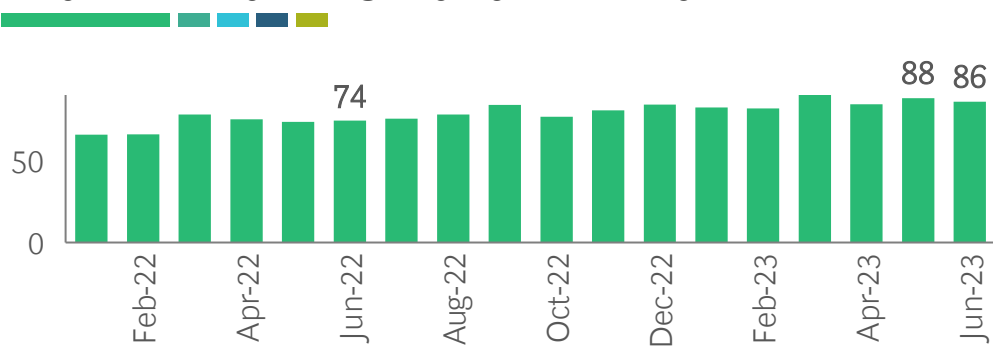
Passenger traffic (Mn)

Rail & air passenger grew in May'23



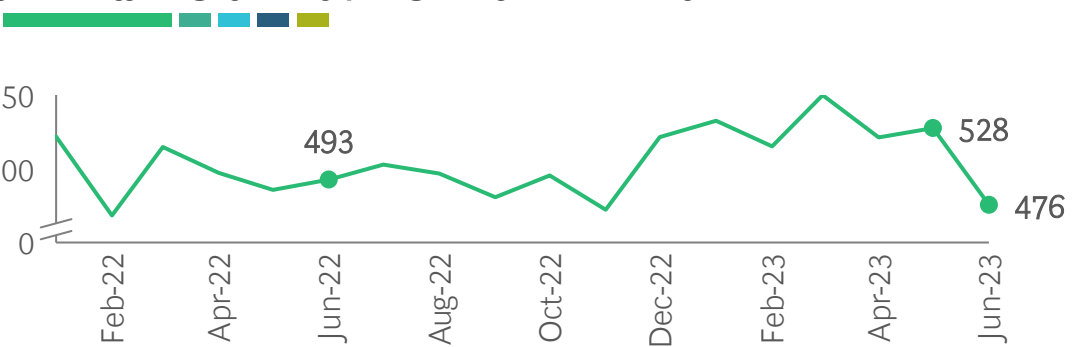
E-way Bills (Mn)¹

E-way bill volume fell marginally in Jun'23 vs. May'23



JNPT Container Traffic ('000 TEUs)²

JNPT traffic significantly plunged in Jun'23 vs. May'23

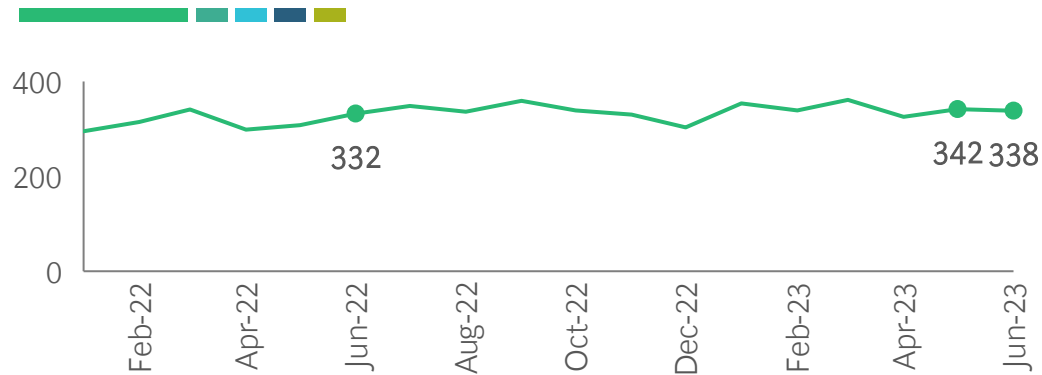


1.E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.
2.TEU refers to Twenty-foot equivalent unit equivalent to 20 shipping containers (20 feet long, 8 feet tall)
Source: Ministry of Railways, CMIE,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

Auto sales recorded mixed trends in Jun'23; PV & 2W sales dipped while tractor & 3W sales continued their upward trajectory

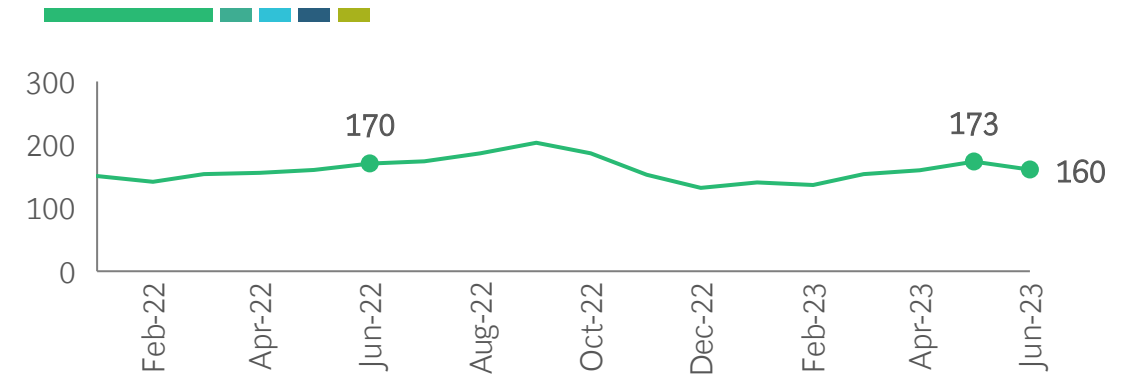
Passenger vehicles sales ('000 units)

PV sales marginally fell in Jun'23, after improving in May'23



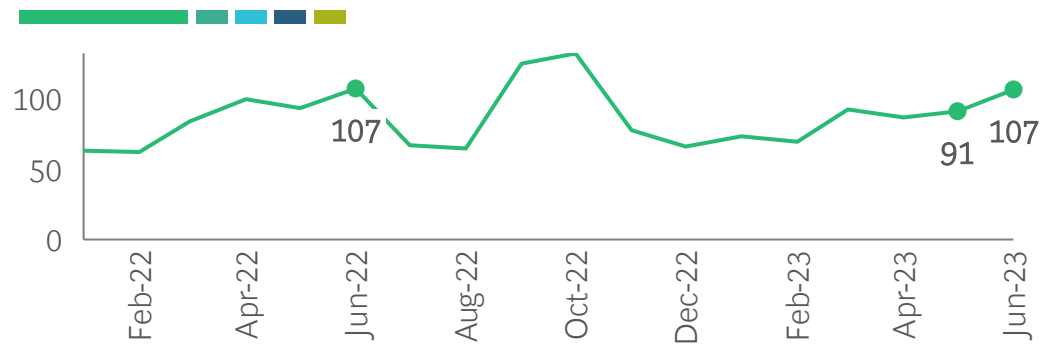
Two-wheeler sales ('0000 units)

2W sales registered a significant decline in Jun'23 vs. May'23



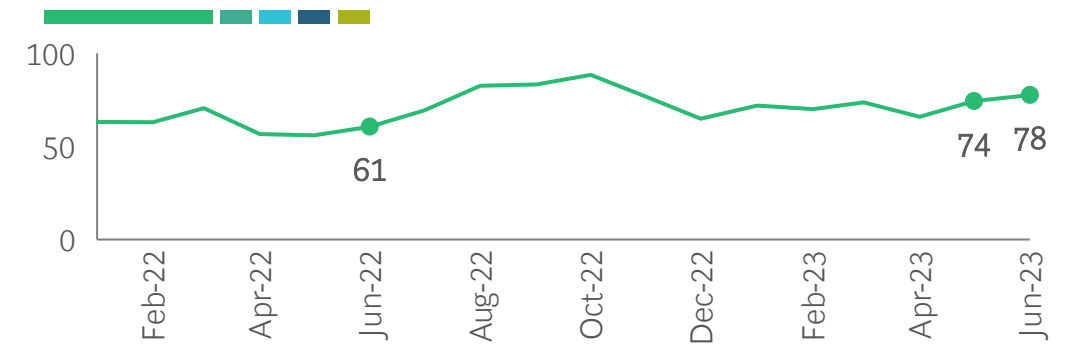
Tractor sales ('000 units)

Tractor sales surged to an 8-month high in Jun'23



Three-wheeler sales ('000 units)

3W sales recorded an uptick for the second consecutive month in Jun'23



Figures represent wholesale numbers (including exports).

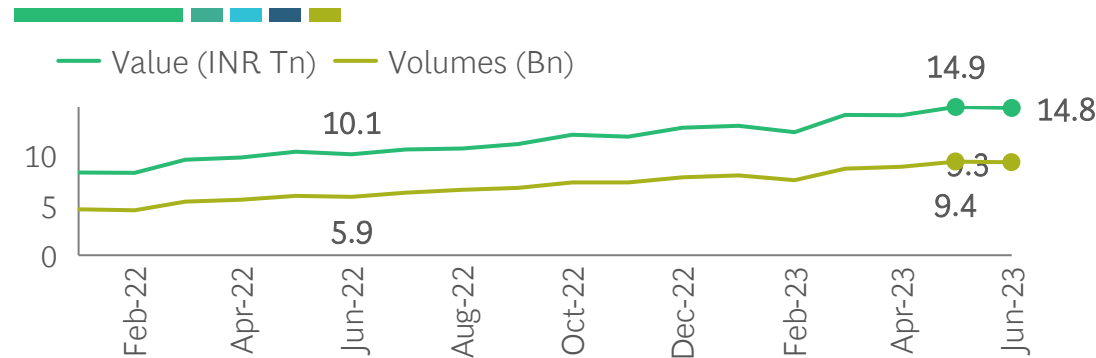
1. BMW, Mercedes and Volvo Auto data is not available

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

Most BFSI indicators broadly remained constant in May'Jun'23; Life insurance premium registered a significant uptick in Jun'23

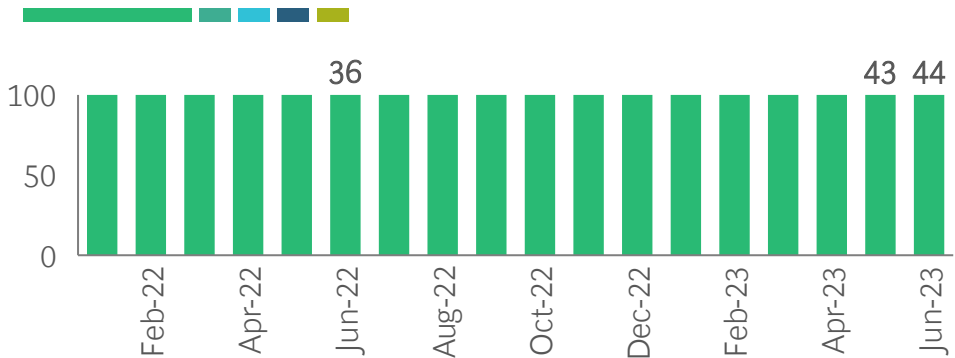
UPI

UPI volume & value marginally dipped in Jun'23



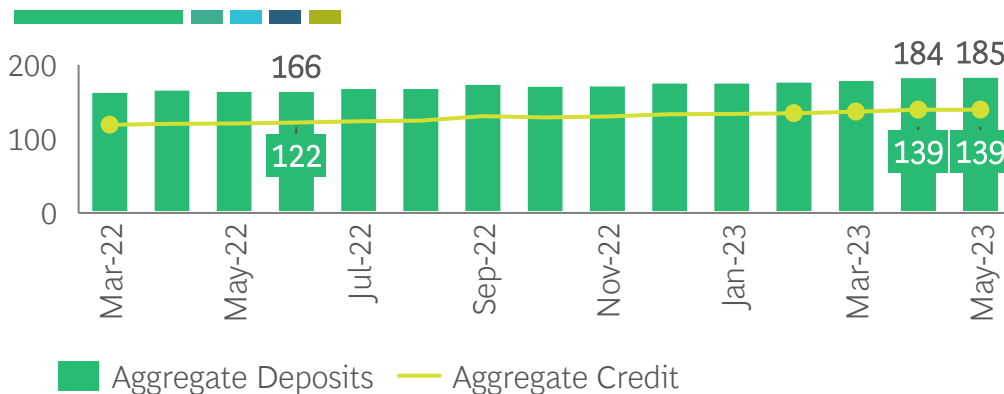
Mutual Funds AUM (INR Tn)

Mutual funds AUM remained consistent in Jun'23



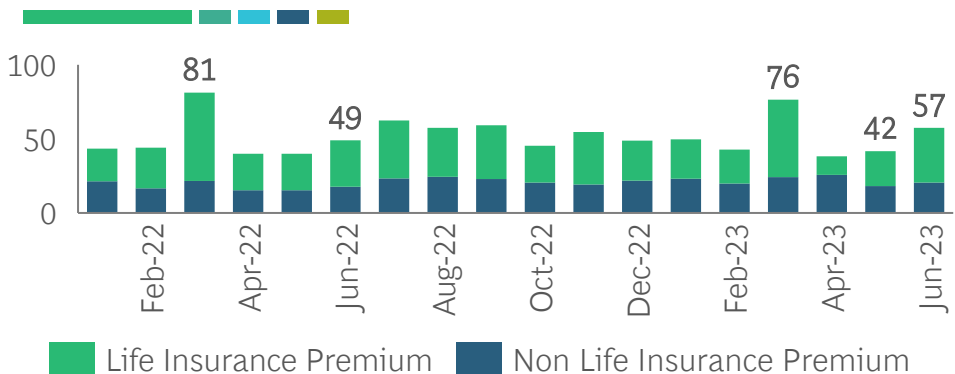
Aggregate deposits & credit (INR Tn)

Aggregate deposits & credit almost at Apr'23 levels in May'23



Insurance Premium (INR '000 Cr)

Life insurance premium continued to rise in Jun'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 24th Apr'23

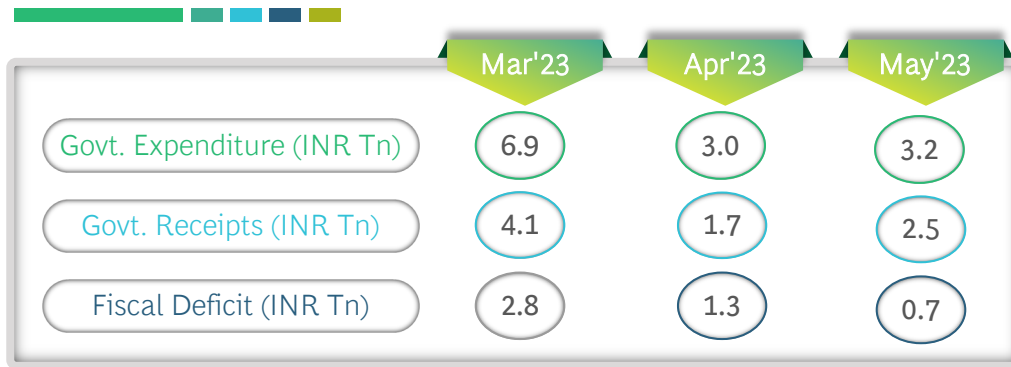
2. Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Cop Insurance, Credit Guarantee, Aviation, Personnel accident and Miscellaneous

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

GST collections grew, albeit at a slow pace; Fiscal deficit narrowed while repo rate remained constant at 6.5% in May-Jun'23

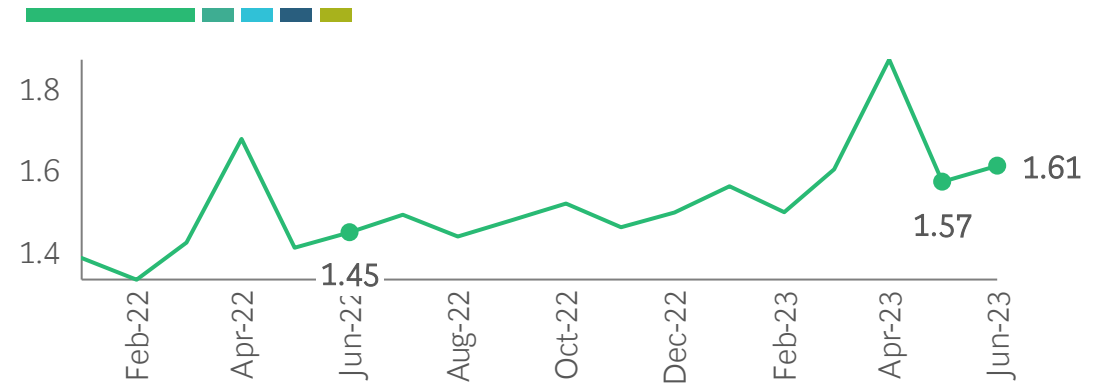
Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit decreased, driven by growth in Govt. revenues in May'23



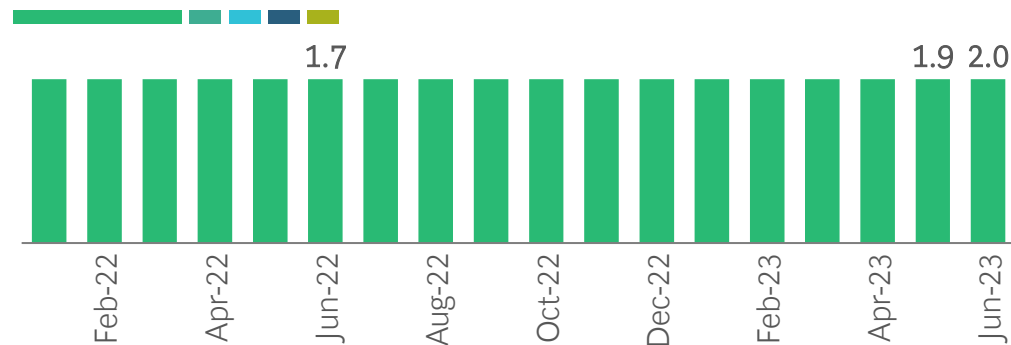
GST Collections¹ (INR Tn)

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



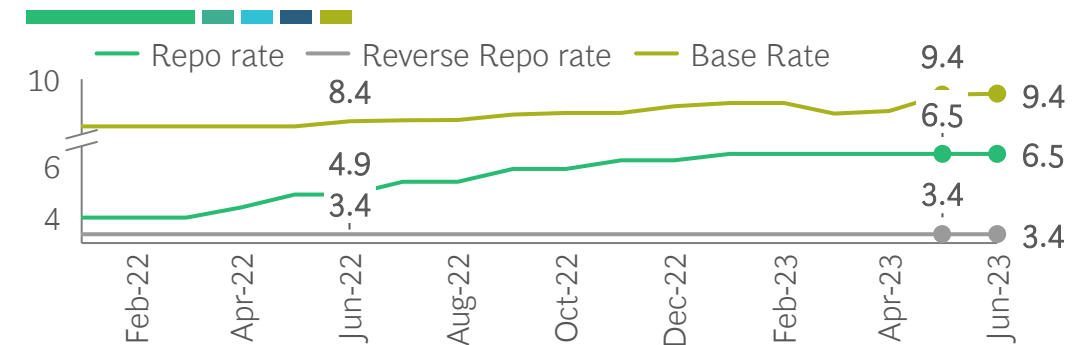
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits increased marginally in Jun'23 vs. May'23



RBI's policy rates (%)

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

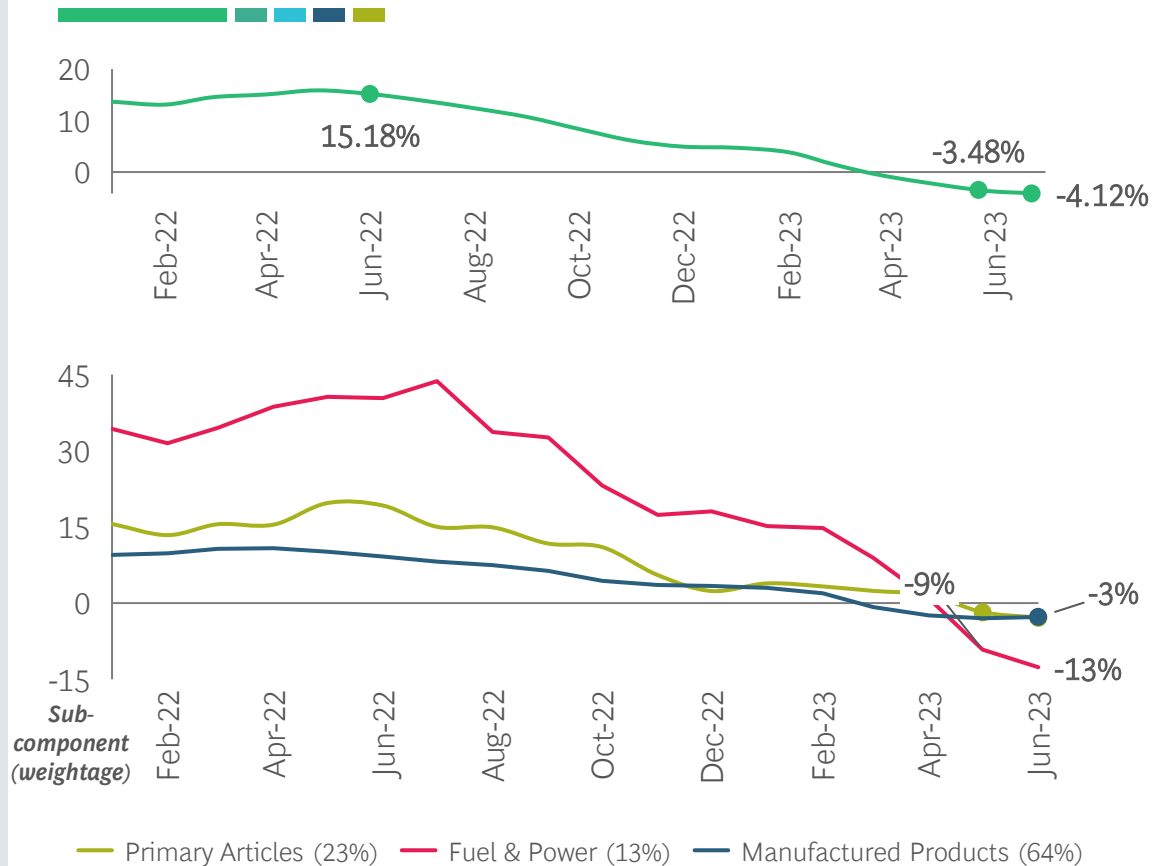


1. GST Collections include all components: CGST, SGST, IGST, Cess
 Note: Jun'23 data not available for Govt. receipts & expenditure & Fiscal Deficit as on 18th Jul'23
 Source: Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana BCG analysis

WPI remained in deflationary zone for the third consecutive month while CPI increased in Jun'23

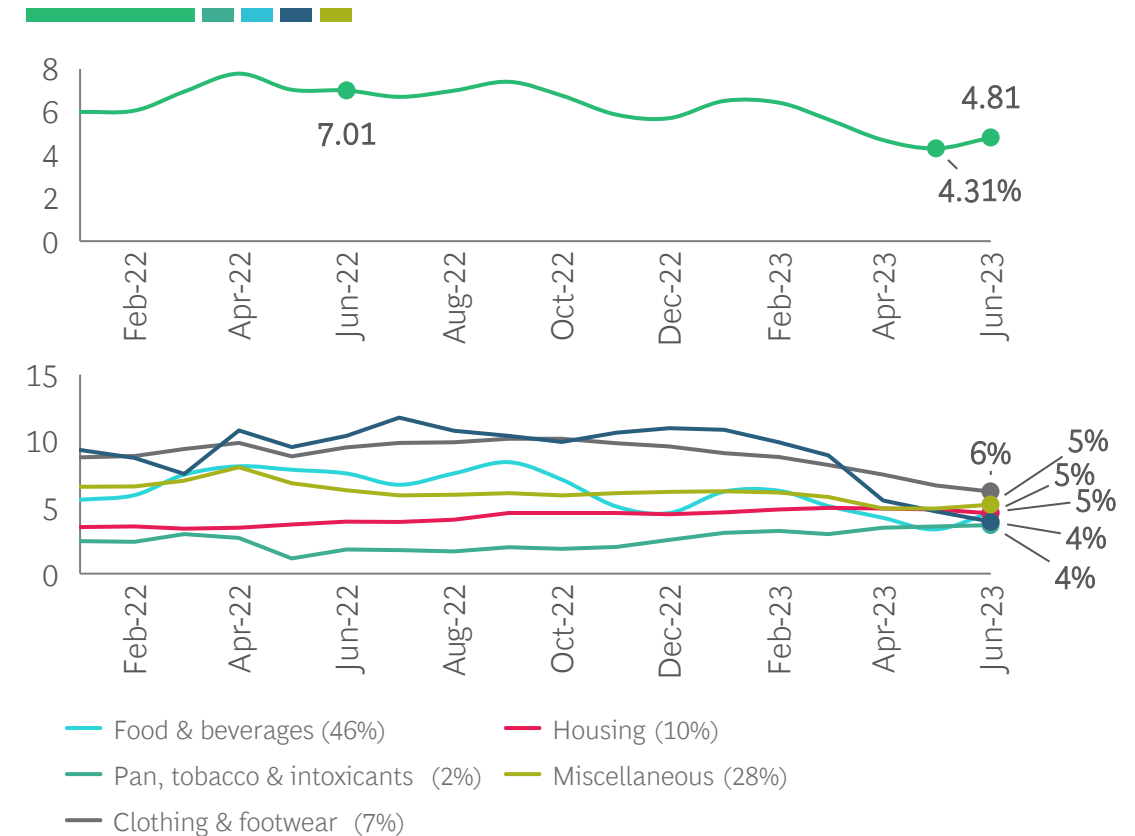
Wholesale Price Index (WPI)¹

WPI dipped to a 3-year low in Jun'23



Consumer Price Index (CPI)²

CPI rises for the first time in five months in Jun'23



1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, minerals, crude petroleum & natural gas; Fuel & power incl. coal & mineral oils

2. CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated as YoY increase in prices of the commodities

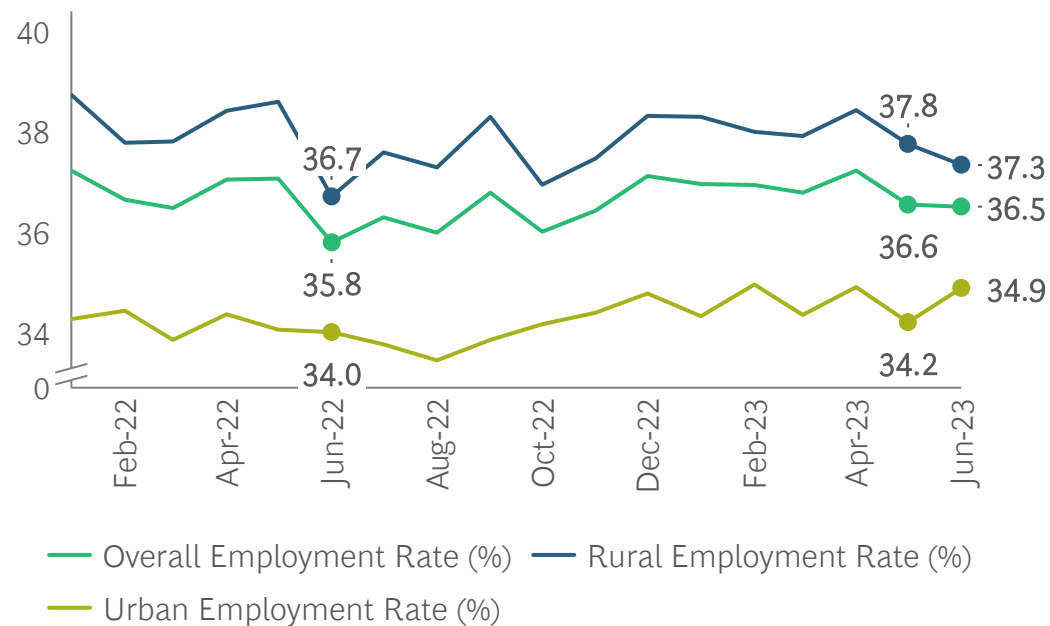
Source: MOSPI, CMIE, BCG Analysis

Urban employment improved while rural employment fell marginally; MGNREGA work demand & employment recorded an uptick in Jun'23

CMIE Employment rate (%)¹

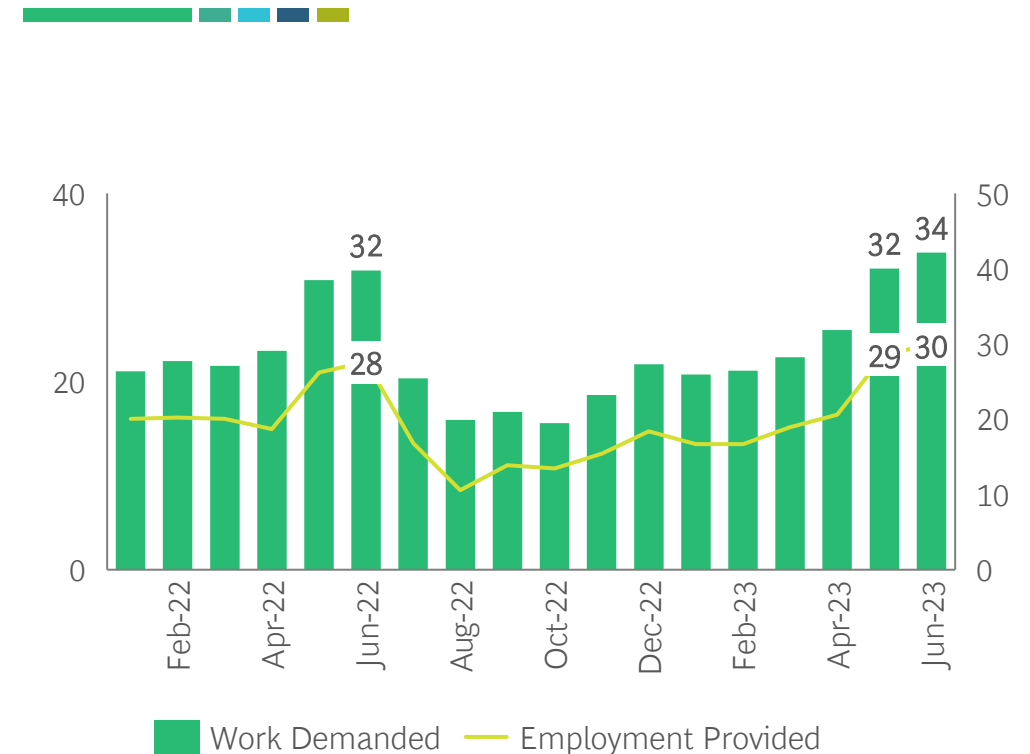
Urban employment rate grew while rural employment rate recorded a dip for the second consecutive month in Jun'23

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 improved in Jun'23 vs. May'23

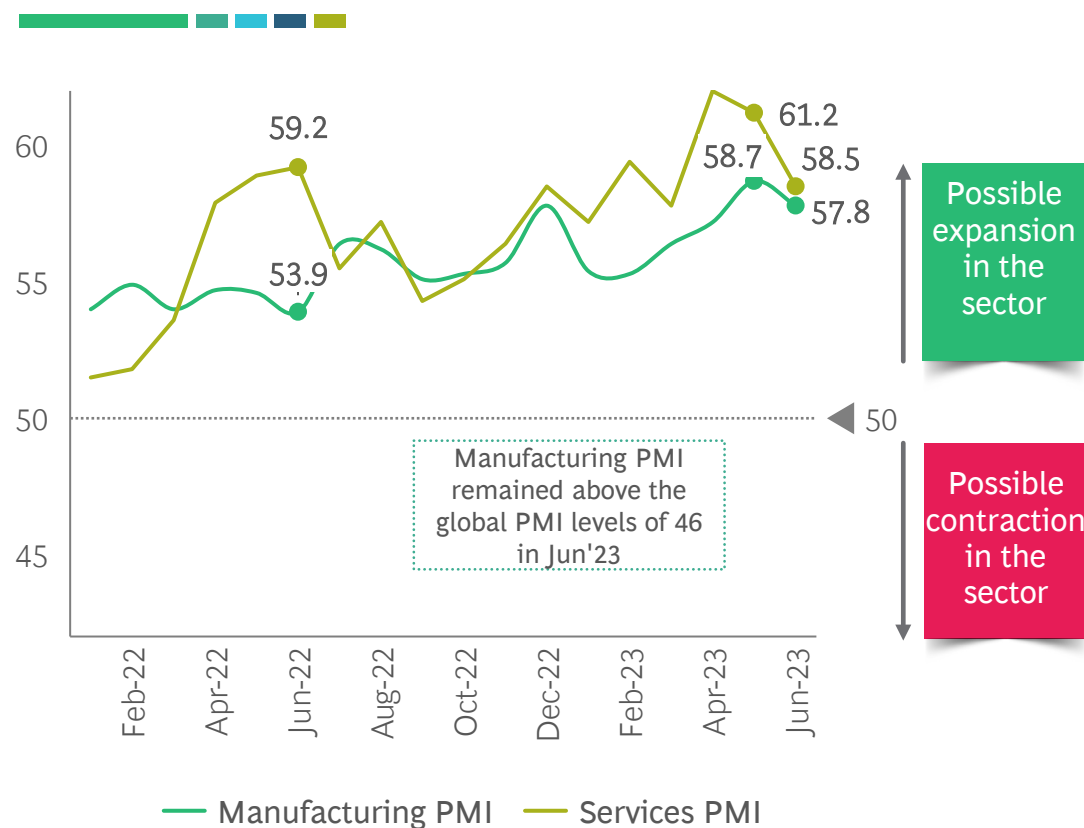


1. CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
 2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act. MGNREGA employment provided data not available as on 21st Feb'23
 Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Manufacturing and Services PMI witnessed a downward swing in Jun'23; Consumer confidence continued to improve in May'23

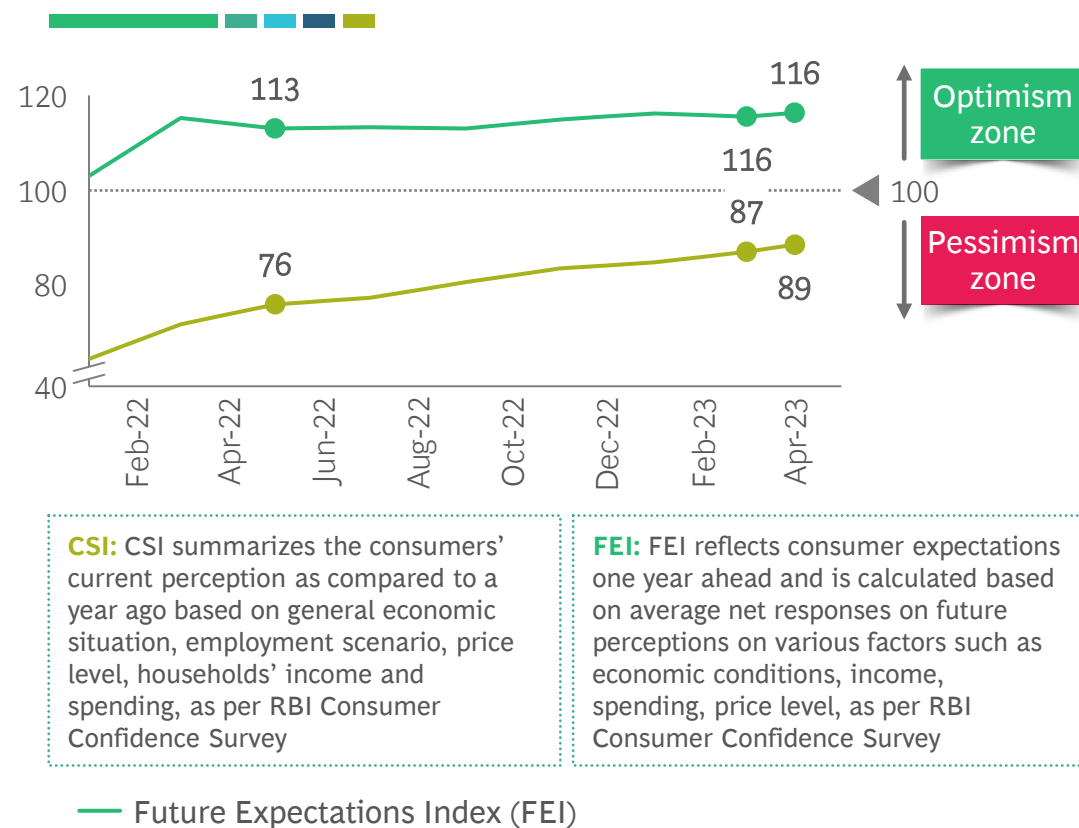
Manufacturing and services PMI¹

Manufacturing PMI dipped after improving for 5 months while services PMI continued to decline in Jun'23



Consumer Confidence Survey (RBI)²

CSI improved while FEI growth remained subdued in May'23 vs. Apr'23



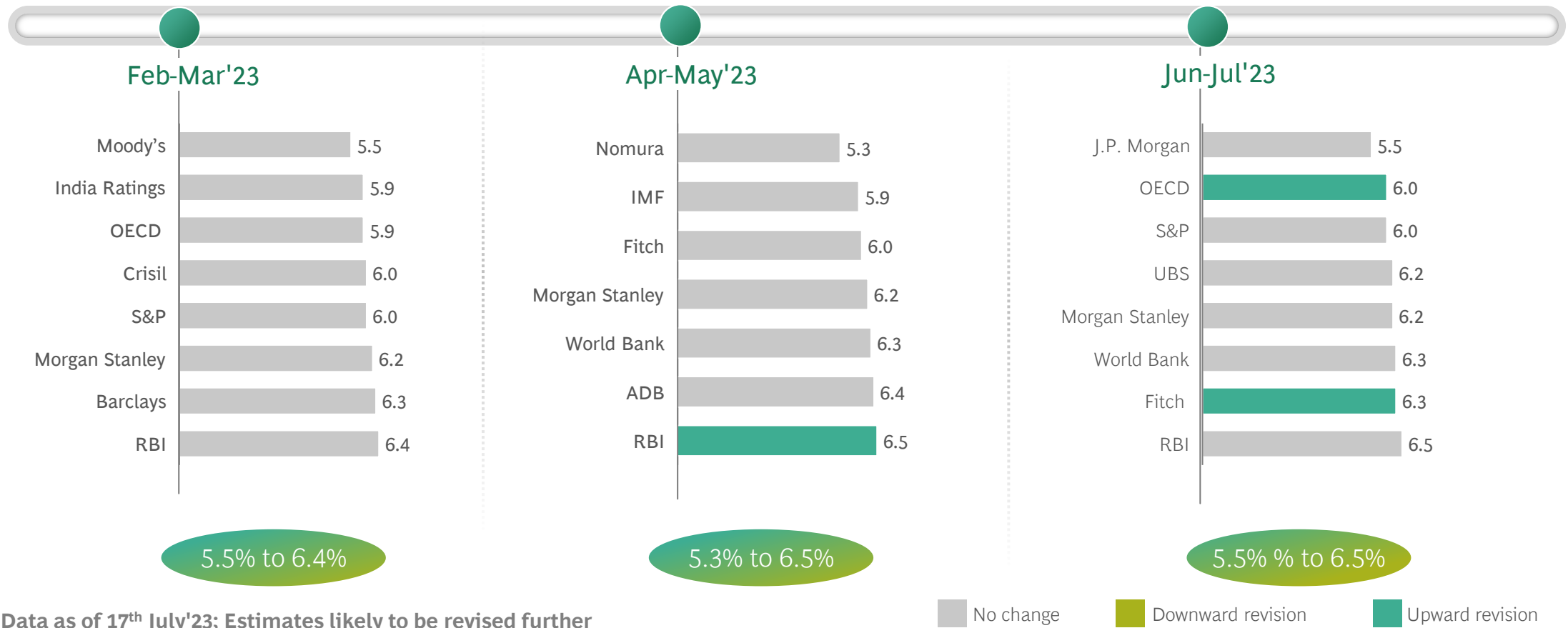
1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity;

2. Sample size: 6,075 responses across 19 major cities surveyed during 2nd March to 11th March, 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 forecasted GDP to grow between 5.5% to 6.5% YoY; Most forecasts retained or revised upwards in Jun-Jul'23 period

India GDP growth forecast for FY24 (YoY,%)



Data as of 17th July'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;



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