



## PHDCCI Economy GPS Index

### Economy remains steady in recent months: PHD Chamber

***Despite global headwinds such as synchronous policy tightening by central banks, high inflation, Russia-Ukraine conflict, India's Economy is likely to surpass 7% GDP growth in this financial year 2022-23***

Economic activity in the recent months has shown steady momentum on the back of positive consumer demand, decelerating price escalations and diminishing global economic uncertainties.

The PHDCCI Economy GPS Index for December 2022 remains steady at 140.7 as compared to 140.7 in November 2022, 145.5 in October 2022, 145.0 in September 2022, and 141.0 in August due to buoyancy in consumption patterns and softening inflation.

PHDCCI Economy GPS Index captures the momentum in supply side business activity through growth in GST collections, demand side consumer behaviour through volume growth in passenger vehicle sales and sensitivity of policy reforms and impact of domestic and international economic and business environment through the movement of SENSEX at the base year of 2018-19=100, said the Industry Body.

As GPS index is in a steady momentum and holds significant correlation with economic growth, we expect FY23 GDP growth to surpass 7%.

Demand trajectory in the economy remains intact as passenger vehicles, with compact cars and utility vehicles, grew 2,76,000 in December 2022 from 2,53,000 in December 2021 marking a whopping around 9% Y-o-Y growth as compared to December 2021.

Supply side indicator, GST, is showing robust performance as the gross GST revenue collected in the month of December 2022 at ₹ 1,49,507 crore is 15% higher than the GST revenues in the same month last year.

Policy environment in the country remains attractive as the sequential growth of SENSEX (average of daily close) has shown M-o-M growth of 0.2 percent in December 2022 as

compared to its corresponding value in November 2022.

#### Economic recovery so far (Sequential)

PHDCCI Economy GPS Index 2018-19=100	Dec 2021	Jan 2022	Feb 2022	March 2022	April 2022	May 2022	June 2022	July 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
	127.5	133.2	129.8	133.6	140.6	128.0	131.3	136.1	141.0	145.0	145.7	140.7	140.7

Source: PHD Research Bureau, PHD Chamber of commerce and Industry

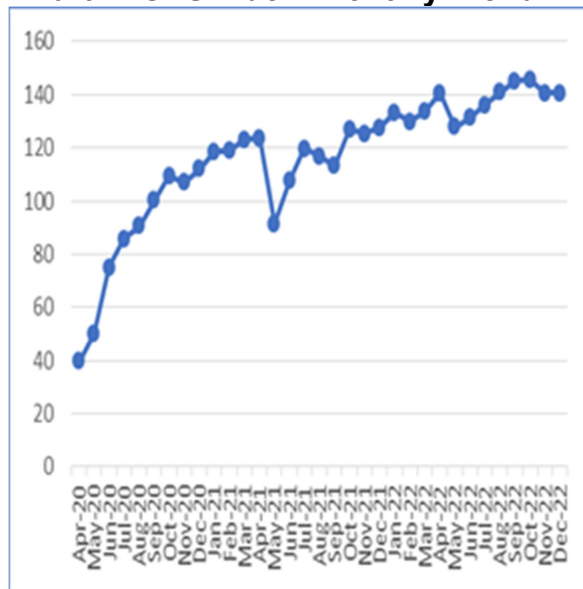
#### Economic recovery so far (Y-o-Y)

PHDCCI Economy GPS Index 2018-19=100	December 2018	December 2019	December 2020	December 2021	December 2022
	93.7	101.0	111.9	127.5	140.7

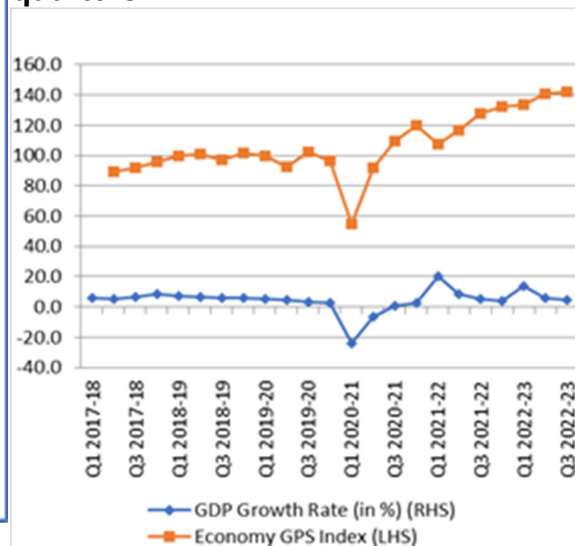
Source: PHD Research Bureau, PHD Chamber of commerce and Industry

PHDCCI Economy GPS Index has been consistently remained above 140 levels since August 2022 which shows a positive momentum for the economic activity.

**Chart 1: GPS Index: Monthly Trend**



**Chart 2: Movement of GDP and GPS over the quarters**



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

The pace of economic activity showed momentum on the back of strong demand side, supply side and investments supported by the various structural reforms undertaken by the Government during the last 3 years.

Despite global headwinds, we are hopeful that economic growth will surpass 7% in the current financial year supported by the resilient demand conditions and improving supply side. RBI recently started slowing the rate hikes with a hike by only 35 basis points to 6.25% in order to control retail inflation and maintain economic growth.

Going ahead, continued hand holding by the Government is required to mitigate the impact of recent geo-political developments while maintaining a balance between inflation and economic growth.

PHD Chamber of Commerce and Industry (PHDCCI) Economy GPS Index is a composite index of 3 lead economic and business indicators with base year at 2018-19=100, which measures the broad economic and business activity. The PHDCCI Economy GPS Index, based on the monthly values of three high frequency indicators viz., GST collection (Rs. Crore), Passenger Vehicle Sales (units) and SENSEX (daily average), helps to find the direction of the economy. The three broad indicators represent not only demand and supply in the economy but also revenue growth of the government and movement of financial markets in the country. GST collections indicate the momentum of business activity, passenger vehicle sales is a broad indicator of demand activity in the economy and movement of SENSEX indicates the mood of both domestic and foreign investors.

**Table : Movement of Economy GPS over the months**

Month/ Year	Economy GPS Index					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
April		102.1	104	39.6	123.7	140.6
May		100.1	98.1	50.1	91.5	128.0
June		97.7	97.3	75.1	107.5	131.3
July	72.3	100.9	94.3	85.6	119.7	136.1
August	96.8	101.2	91.0	90.5	116.7	141.0
September	98.2	101.4	92.4	100.2	113.1	145.0
October	94.9	99.8	102.0	109.6	127.0	145.7
November	92.0	97.4	103.9	106.9	125.2	140.7
December	88.0	93.7	101.0	111.9	127.5	140.7
January	96.7	101.4	107.1	118.5	133.2	
February	93.6	98.8	103.2	118.8	129.8	
March	97.8	105.6	80.0	123.0	133.6	

Source: PHD Research Bureau, PHD Chamber of commerce and Industry

***To read the complete special feature, download the GPS newsletter edition January 2023 by [clicking here](#).***

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Warm Regards,

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