

## India Covid Recovery Tracker

**04 January 2021**

### Recovery holds up on balance despite some wobble

In the second fortnight of December'20, economic recovery sustained on balance despite some signs of wobbling. Google mobility indicators witnessed some slack, particularly work place movements and public transport. Movement for essential services improved further into positive territory while movement for retail and recreation also witnessed slight improvement even as it remains far below pre-Covid levels. Rural activity continues to hold up. Paddy procurement is up 24.9% YoY but Rabi sowing is up only 2.9% YoY. Unemployment in both urban and rural areas continued to rise from the previous fortnight. Urban unemployment stood at 8.84% and rural unemployment at 9.15%. Bank credit growth picked up to 6.1% YoY from 5.8% in the previous fortnight. E-way bill generation and electricity production also witnessed improvement. GST collections in December'20 were also up 12.6% YoY, likely supported by festive demand in November'20. In signs of recovery in domestic demand, imports rose by 7.6% YoY while exports declined by 0.8% YoY. The trade deficit stood at an 18-month high of US\$15.7bn. Non-oil, non gems & jewellery exports were up 8.4% YoY. On the virus front, active Covid cases were down 24.2% YoY and the number of deaths was down 23.5% YoY. Foreign portfolio investor (FPI) flows into Indian equities remained in the positive territory but slowed from the previous fortnight to US\$2.5bn. Domestic institutional investors were net sellers at US\$2.3bn. FPI flows into debt turned marginally negative. India VIX edged up to 20.5 from 18.99 in the previous fortnight.

**Anecdotal evidence and commentary:** Around 26.3mn people demanded work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in December'20, which was 113.13% more than the same period in 2019 and 16% more than in November'20. The rise in work demand is attributed to seasonal factors such as casual workers returning from their farm lands. Industrial capex is also estimated to have slowed sequentially. New announcements of industrial and infrastructural capacity expansion projects worth Rs800.7bn were made in the quarter ended December'20, as per CMIE's CapEx database. This is lower than the new investments of Rs1tn announced in the preceding quarter and down from Rs7tn a year ago. However, the auto industry seems to be emerging stronger from the crisis. According to press reports, auto industry experts from FADA, Ford India, ACKO Insurance & OLX Autos opine that pent-up demand for cars is not a one-time festive phenomenon and it is here to stay. This is being driven by demand for personal mobility. Wholesale auto numbers for December'20 have also shown strong growth. Maruti Suzuki's domestic sales were up 14.6% YoY in Dec'20 while that of two-wheeler maker Hero MotoCorp were up 3% YoY. M&M's tractor sales were up 23% YoY. All-India peak power demand as on December 30, 2020 touched a record high of 182.89 gigawatts (GW), up from a peak power demand of 170.49GW in December'19, indicating a growth of 7.3%. Peak power demand met grew at 1.7% in September, 3.4% in October and 3.5% in November. According to reports, the central government is keen on enhancing spending to help the coronavirus-hit economy rebound and provide increased handouts for the poor. In October'20, the government eased restrictions on government expenditure imposed on more than 80 departments and ministries due to lockdown related slowdown. In November'20, government expenditure was up 48.3% YoY.

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	15-Feb	29-Feb	15-Mar	30-Mar	15-Apr	30-Apr	15-May	30-May	15-Jun	30-Jun	15-Jul	30-Jul	15-Aug	30-Aug	15-Sep	30-Sep	15-Oct	30-Oct	15-Nov	30-Nov	15-Dec	30-Dec	
TomTom New delhi traffic index - congestion	43%	37%	26%	5%	5%	7%	12%	16%	19%	19%	24%	27%	28%	34%	32%	29%	28%	30%	29%	26%	27%	27%	
Google mobility - supermarket and pharmacy	2	-1	-1	-63	-51	-43	-22	-12	3	0	-9	-6	-4	-1	1	-28	4	9	40	4	4	9	
Google mobility - retail and recreation	1	-2	-11	-76	-78	-84	-76	-69	-56	-55	-59	-56	-47	-37	-26	-61	-35	-29	-15	-31	-31	-27	
Google mobility - public transport	3	0	-7	-74	-66	-64	-52	-44	-37	-38	-41	-39	-35	-37	-36	-45	-24	-18	-8	-14	-6	-9	
Google mobility - work places	5	8	2	-68	-64	-61	-48	-29	-33	-35	-34	-33	-29	-35	-36	-21	-27	-29	-29	-6	-2	-21	
CMIE unemployment urban rate -30 day ma (%)	9.52	8.63	8.36	8.82	20.09	25.14	26	26.05	17.94	12.07	10.85	9.76	9.62	9.85	9.04	8.46	7.88	7.12	6.88	7.1	8.33	8.84	
CMIE unemployment rural rate - 30 day ma (%)	6.63	7.58	6.57	7.83	18.06	23.08	23.36	22.53	16.31	10.17	7.32	6.60	7.24	7.46	6.67	5.86	6.37	6.7	6.07	6.37	7.95	9.15	
Bank credit growth (%YoY)	6.4	6.1	6.1	6.1	7.2	6.7	6.5	6.3	6.2	6.2	6.1	5.8	5.5	5.5	5.5	5.3	5.1	5.7	5.1	5.7	5.8	6.1	
Electricity generation (mega units)	48411	49246	49184	n.a.	n.a.	n.a.	n.a.	44509	51977	51651	56982	51276	52792	55526	54118	53066	54359	49335	46327	48942	51,286	02	
E-way bills generated (mn)	-	-	-	-	2.35	4.40	10.83	14.66	18.75	24.67	17.25	31.12	12.31	35.11	23.37	26.92	20.53	29.54	28.94	26.45	25.40	29.20	
Active covid cases as on date	-	-	95	1117	10197	24162	51401	89995	153106	215125	319840	545318	668220	781975	990061	940441	812390	582649	479216	446952	339820	257656	
Incremental covid deaths	-	-	2	30	360	683	1574	2322	4549	7373	7416	11438	13289	15433	16307	16721	13769	10375	7994	7504	6570	5029	
FPI - equity (US\$bn)	1.92	-1.50	-3.82	-4.07	-0.17	-0.37	1.60	0.12	2.58	-0.11	-0.38	1.54	3.59	2.51	0.5	-1.28	1.19	1.50	4.34	5.17	4.76	2.5	
FPI - debt (US\$bn)	1.97	-1.97	-2.48	-5.34	-1.14	-0.81	-2.06	-0.65	-0.30	0.08	0.11	-0.36	-0.05	-0.52	0.3	0.1	0.1	0.3	0.1	-0.50	0.8	-0.05	
DII flow (US\$bn)	0.21	2.15	3.76	3.24	-0.08	0.45	0.14	1.36	-0.12	0.44	-0.49	-0.84	-0.87	-0.60	-0.58	0.6	-0.94	-1.41	-3.24	-3.78	-3.12	-2.30	
India VIX (average)	14.31	16.64	30.87	70.19	54.34	39.9	8	39.81	33.84	30.15	30.33	25.89	24.53	22.53	20.02	21.48	20.68	20.26	21.83	21.57	20.33	18.99	20.5

Red- Negative, Amber-Watch, Blue-Neutral, Green-Positive;

Source: Nirmal Bang Institutional Equities Research, Google-mobility report, CMIE, Reserve Bank of India, Government of India, CEIC, Bloomberg.

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