







Elusive Recovery: Persistent weakness undermines optimism

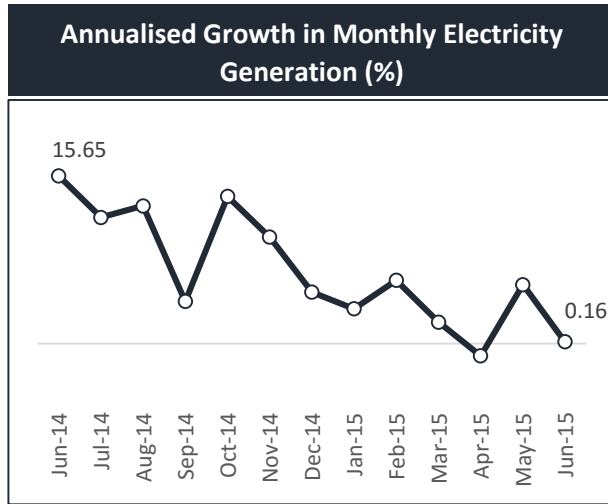
Snapshot					
Indicator	June 2015	YoY Change	June 2014	YoY Change	Growth Trend
Electricity Generation (million units)	88,992	0.16%	88,853	15.65%	
Coal Offtake (million tonnes)	42.18	10.04%	38.33	3.34%	
Railway Freight (million tonnes)	89.58	2.80%	87.14	2.58%	
Diesel Consumption ('000 metric tonnes)	6,293	2.50%	6,139	3.30%	
Non-oil Import (USD million)	24,440	-1.85%	24,990	7.00%	
Bank Credit (INR billion)	61,756	8.00%	57,170	10.32%	

Highlights and Analysis

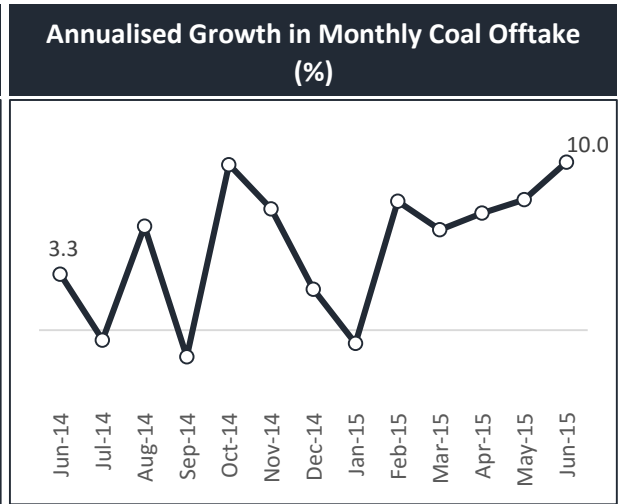
- As yet, there are no clear signs of improvement in core sector industries. Electricity generation, which corresponds one-on-one with GDP growth, has flattened. It barely changed against previous year, reflecting utilities' challenges in weak industrial demand. The uptick in railway freight volume growth in May 2015 does little to suggest any fast recover to the peaks achieved in previous months of the year. In fact, the growth appears to have been driven by domestic coal offtake more than anything else.
- Coal offtake in the country has been on the rise. Faster clearances, better transportation as well as supplier's eagerness in signing coal linkages with end-users are some of the factors contributing to this. But this finds little resonance with other variables. Thus, diesel consumption – a critical input for commercial transport as well as backup power generation in commercial enterprises, fails to show any traction in consumption trend.
- A stronger confirmation of sluggish economic activity can be found in the monthly trend of non-oil imports. It has been on the decline and in the latest month shows contraction. It is being driven by reduced demand from manufacturing enterprises. Similar trend is also visible in gross bank credit, where stressed assets as well as weak project pipeline continues to deter fresh credit infusion in the industry.
- The economy is far from resolving structural impediments in its growth. The above high frequency indicators do not appear to suggest a favourable verdict about any possible recovery that may be underway in the Indian economy.

India Monthly Economic Barometer – August 2015

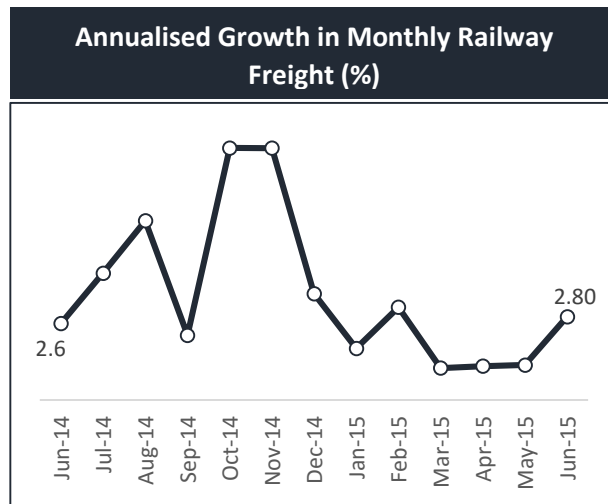
Trend Charts



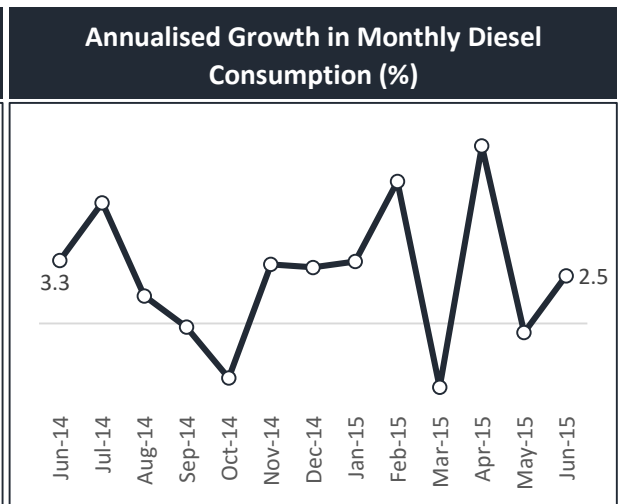
Monthly electricity generation stagnates after a brief spike



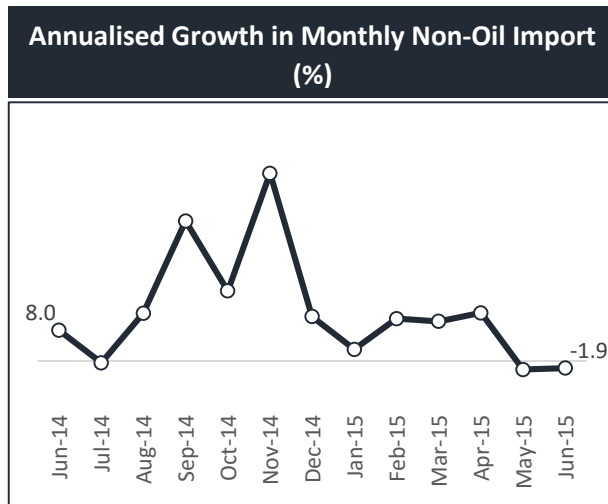
Monthly coal offtake maintains its growth momentum



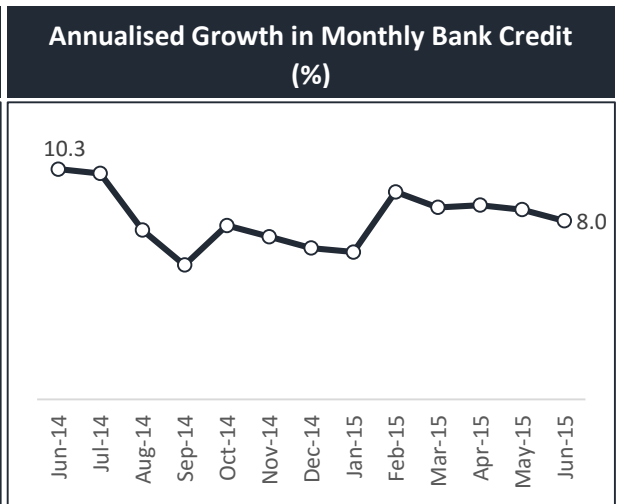
Railway freight volumes show a recovery, though weak, in its otherwise stagnant trend



Monthly diesel consumption, despite fluctuations, remains depressed



Non-oil imports' growth remains in negative zone, confirming the sluggish industrial demand



Credit growth remains a challenge. Stressed assets and weak demand are key issues