

## Lacklustre performance: Weak signals persist. Long road to recovery ahead

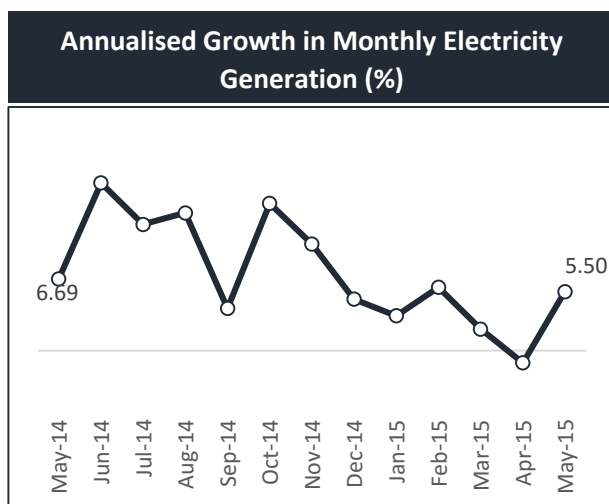
Snapshot					
Indicator	May 2015	YoY Change	May 2014	YoY Change	Growth Trend
Electricity Generation (million units)	94,944	5.50%	89,995	6.69%	↓
Coal Offtake (million tonnes)	43.74	7.80%	40.58	6.20%	↑
Railway Freight (million tonnes)	92.91	1.18%	100.49	2.19%	↓
Diesel Consumption ('000 metric tonnes)	6,446	-0.50%	6,477	1.30%	↓
Non-oil Import (USD million)	24,214	-2.20%	24,767	-17.10%	↑
Bank Credit (INR billion)	61,516	8.50%	57,061	11.36%	↓

### Highlights and Analysis

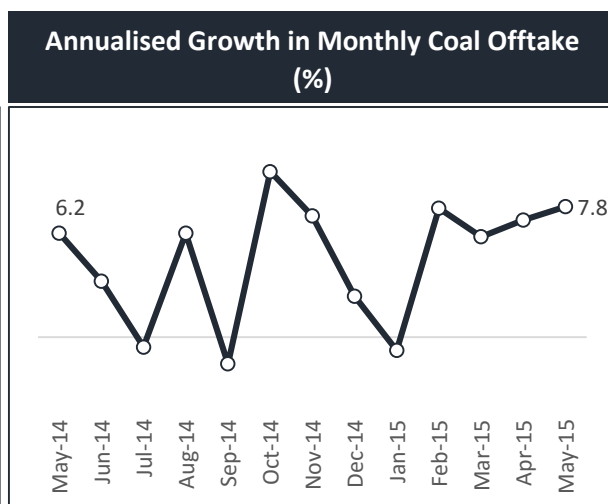
- Indicators of core sector performance point to continued sluggish economic activity. While electricity generation registered positive growth in May 2015 after sliding to negative territory in April 2015, the trend of subdued demand is yet to be reversed. Power utilities have cut back due to weak industrial demand. Stagnation in industrial activity is also indicated by the monthly railway freight volume. The sharp drop in railway freight volume since November 2014 looks unlikely to recover any time soon
- But for one indicator, all others confirm that the economy is stuck in a rut. There is a rise in monthly coal offtake, which is encouraging. This has been driven by expeditious clearances as well as timely transportation. But another variable – diesel consumption, posted a -0.5 per cent growth in May 2015 which suggests an absence of traction in demand that was apparent in rising diesel consumption since October 2014
- Of greater significance is the contraction in non-oil imports. Trend-wise, its decline was lower in magnitude than previous year. But considering the receding role of gold in Indian merchandise trade, the fall in non-oil imports is a reflection of the lacklustre performance of the manufacturing sector (machine tools, transport equipment and electronics among others). To be sure, this may be a one-off deviation in trend. But if it is part of an emerging trend, then there is cause for concern
- The recessionary trend also manifests in the monthly bank credit growth that has hardly changed in last three months. Credit offtake continues to be strained not only due to banks' stressed assets but also due to absence of a sizeable creditworthy project pipeline
- Essentially, there are structural challenges that offset relatively favourable aspects such as lower oil import bill. Based on the visibility accorded by such indicators, it can be safely construed that the animal spirits of private capital are yet to be unleashed

# India Monthly Economic Barometer – July 2015

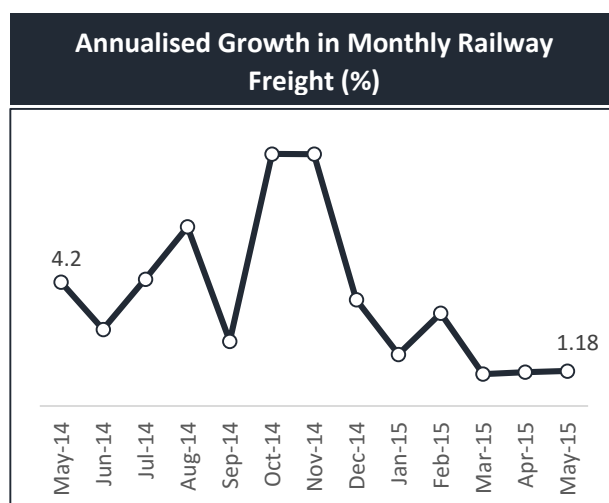
## Trend Charts



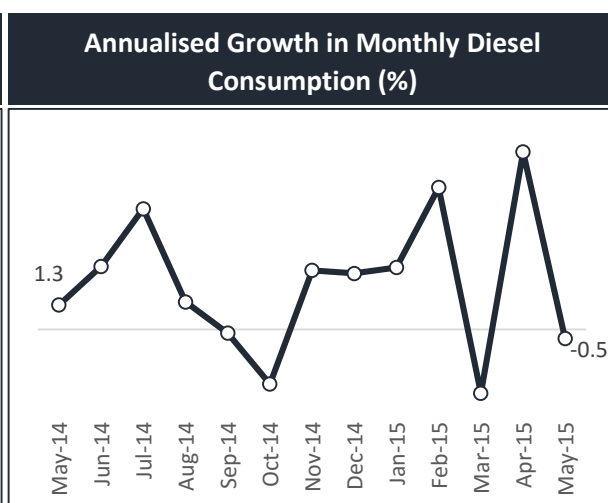
Monthly electricity generation recovers from negative zone



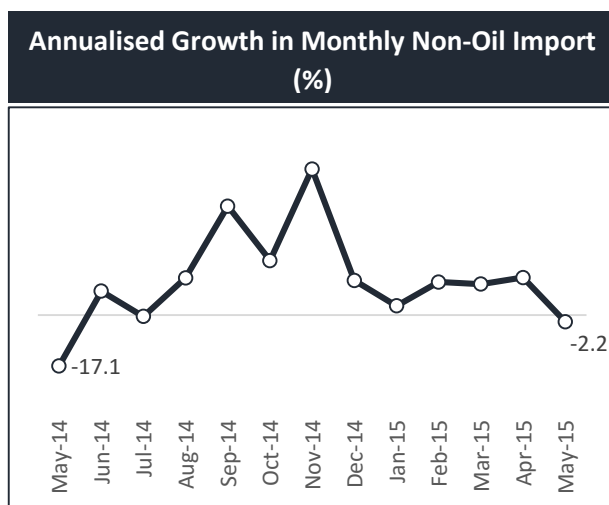
Pick-up in monthly coal offtake gathers momentum



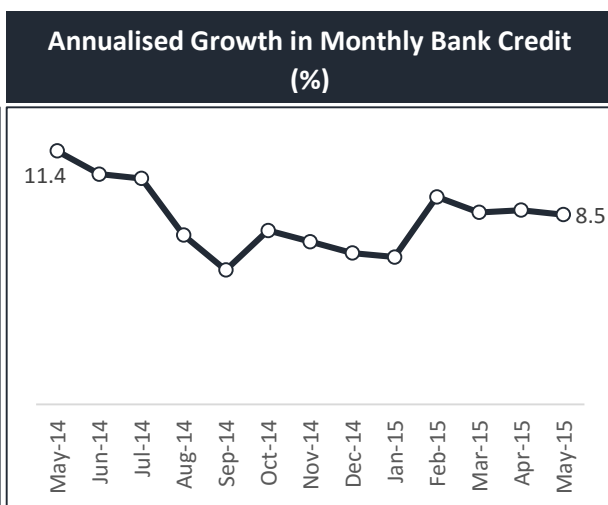
Railway freight volumes' continues to be in the doldrums as industrial activity stagnates



Monthly diesel consumption continues to fluctuate in the face of weak demand



Non-oil imports slips - a possible fallout of continued weakness in the manufacturing sector



Bank credit growth trends downwards as banks grapple with stressed assets