






## Mixed signals: Premature to claim start of economic recovery

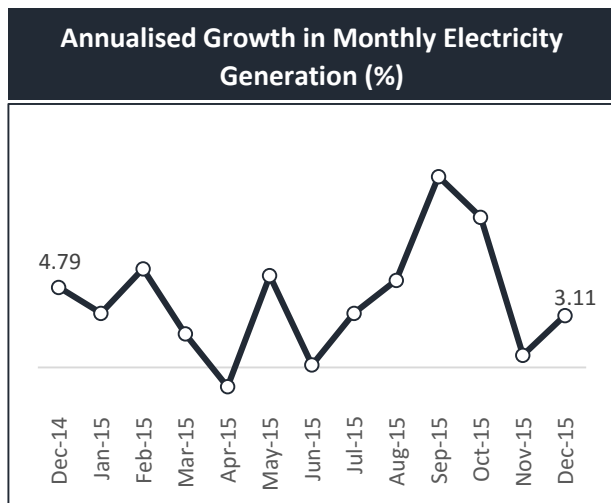
Snapshot					
Indicator	December 2015	YoY Change	December 2014	YoY Change	Growth Trend
Electricity Generation ( <i>million units</i> )	89,626	3.11%	86,922	4.79%	
Coal Offtake ( <i>million tonnes</i> )	48.16	9.52%	43.97	2.45%	
Railway Freight ( <i>million tonnes</i> )	94.60	(0.90)%	95.46	3.58%	
Diesel Consumption ( <i>'000 metric tonnes</i> )	6,477	5.3%	6,148	2.9%	
Non-oil Import ( <i>USD million</i> )	27,305	7.63%	24,891	9.90%	
Bank Credit ( <i>INR billion</i> )	64,335	9.2%	59,330	6.8%	

### Highlights and Analysis

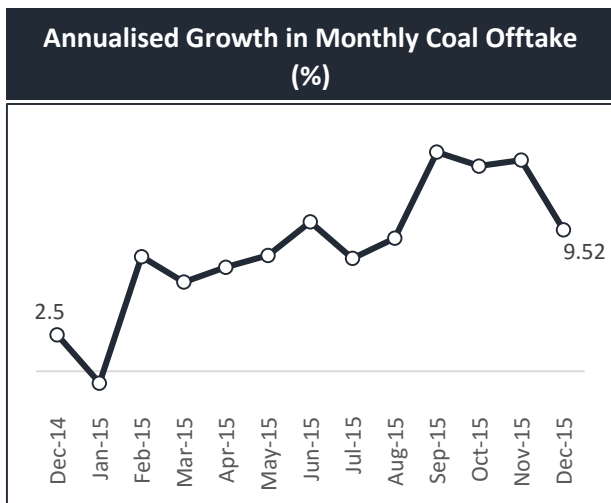
- Facing muted demand, power plant utilisation level is at a 22-year low. Weak power offtake, while being an issue due to cash-strapped utilities, has been accentuated by the prolonged slack in demand. It reflects as much in railway freight volumes. Though it recovered against previous month's decline, the sluggish trend persists. Both parameters appear to suggest weakness in the underlying aggregate demand.
- Rise in coal offtake and diesel consumption partly counteracts the sentiment. The latter in particular reversed its decline that was observed till November 2015. The rise in coal offtake, driven by the Coal Ministry, has reduced dependence on imports in industries. However, with weak growth outlook in the power sector (~70% of domestic coal consumption), growth in coal offtake may not be a sustainable one.
- Non-oil imports too show a rise, offsetting the declining trend that set since July 2015. But it remains to be seen whether this is a one-off case or not. In any case, non-oil imports continue to remain below the trend-average.
- Growth in bank credit disbursement similarly shows a positive movement, building up on a gradual upward trend. Lower cost of credit may have been one of the determinants. It remains to be seen how consistent this is, considering the challenges of bad debts and recapitalisation issues.
- The high-frequency indicators continue to send mixed signals. We are far from reading any signs of a sustainable economic recovery round the corner.

# India Monthly Economic Barometer – January 2016

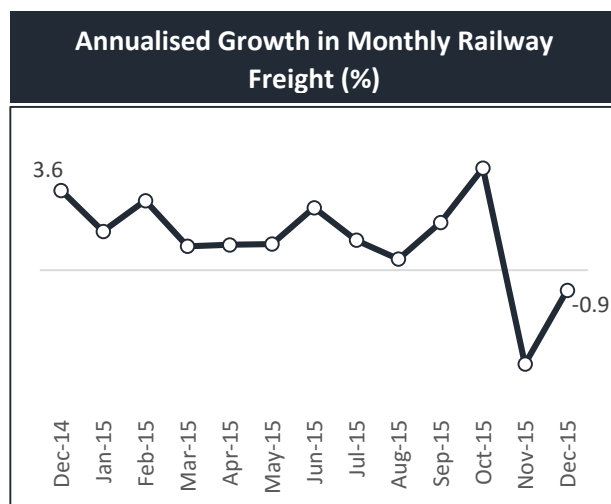
## Trend Charts



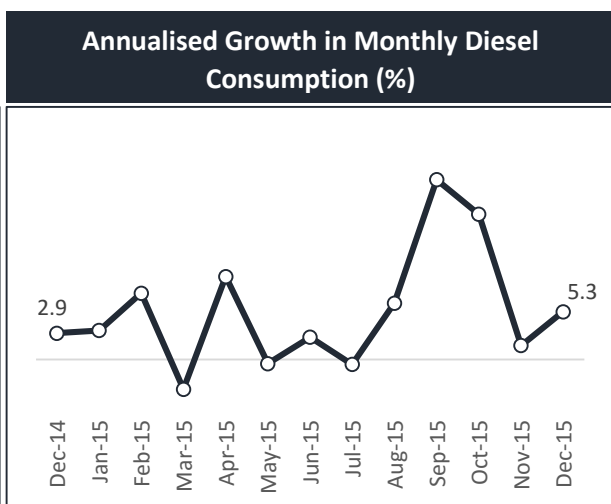
*Power generation continues to be hamstrung by a weak offtake scenario*



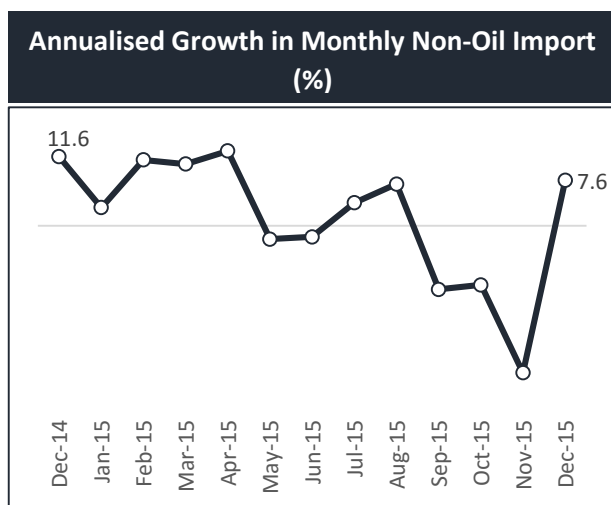
*Coal offtake, after a sustained rise, may stabilise at a lower level*



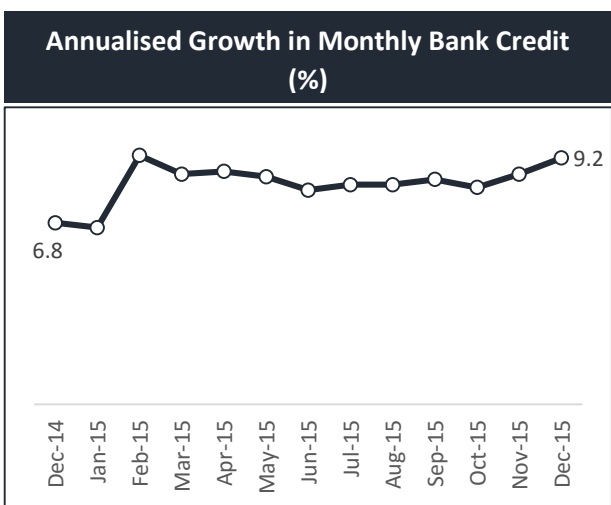
*Growth in freight volumes does not show reliable signs of industrial pick up*



*Rise in growth rate keeps up the fluctuating trend in overall diesel consumption trend*



*A welcome rise after continuous decline. Its sustainability will point to a potential revival*



*A gradual pick up in credit, partly due to lower interest rates, could be a positive sign to watch*