







Positive (yet weak) signs of a recovery process

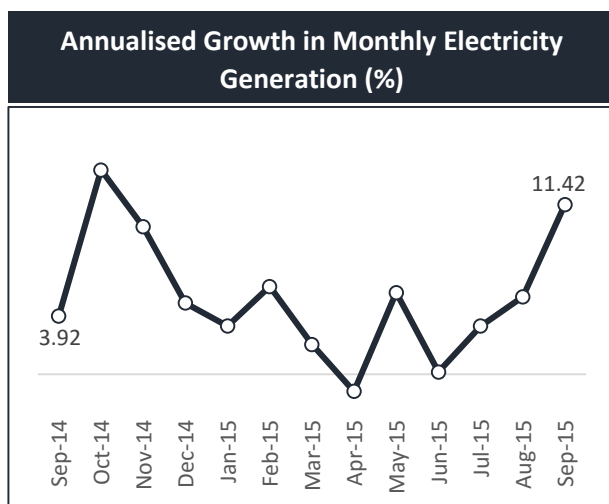
Snapshot					
Indicator	Sept 2015	YoY Change	Sept 2014	YoY Change	Growth Trend
Electricity Generation (<i>million units</i>)	95,741	11.42%	85,929	3.92%	
Coal Offtake (<i>million tonnes</i>)	40.41	14.74%	35.22	(1.6)%	
Railway Freight (<i>million tonnes</i>)	88.57	2.15%	86.71	2.18%	
Diesel Consumption (<i>'000 metric tonnes</i>)	5,886	20.1%	4,889	(0.2)%	
Non-oil Import (<i>USD million</i>)	25,697	(10.68)%	28,653	36.20%	
Bank Credit (<i>INR billion</i>)	62,016	8.4%	57,569	6.0%	

Highlights and Analysis

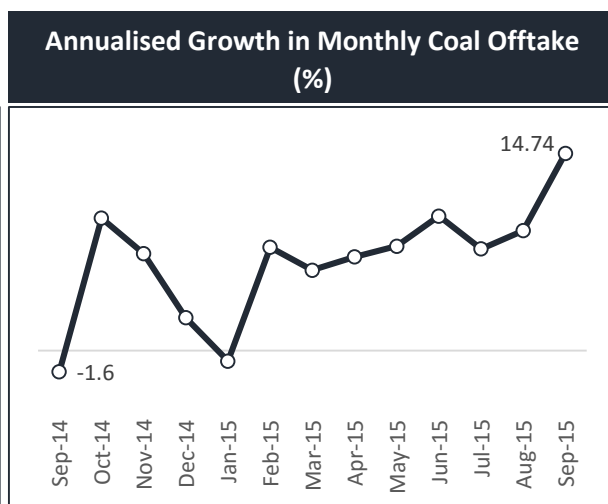
- The core sector performance shows encouraging signs, when compared to the trend. Electricity generation has picked up. This relates not only to improvement in utility financial position (better tariffs, debt restructuring, etc.) but also improvement in the industrial and commercial sectors' demand
- Coal offtake continues its rising trend that has been witnessed lately due to removal of bottlenecks as well as better transportation linkages. There is also the base effect at play in the context of key user segments such as power and cement. Both have had excess capacities in the face of lower than expected demand
- Weakness in industrial demand is noticeable in railway freight trend. While the argument can also be made about railways losing the modal freight traffic share, the fact is that over the past 1-2 years its fall in freight traffic has been predictably correlated with industrial slowdown, especially those in the typically cyclical capital goods' segment
- The sustained decline in non-oil imports makes for a dim view of the overall aggregate demand. At the same time, diesel consumption and bank credit parameters help temper this due to a relatively positive picture. Improved diesel consumption can be construed as acceleration in commercial activity while bank credit could be among the early recovery signs for an economy that is otherwise in doldrums
- Taken together, the indicators make one hopeful about the upcoming period. For one, economic activity appears to have picked up. It is the momentum which is needed

India Monthly Economic Barometer – October 2015

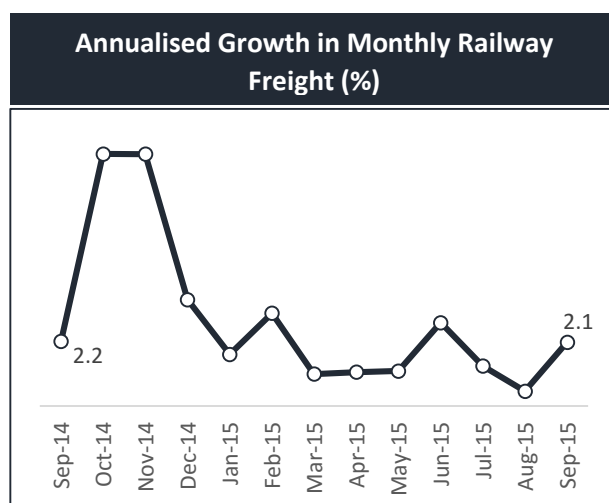
Trend Charts



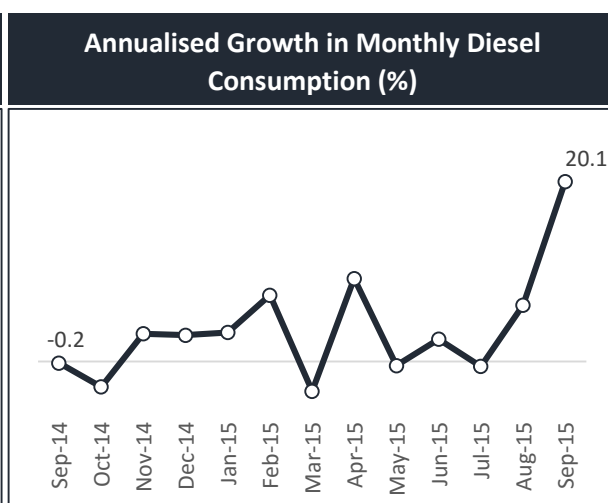
Monthly generation shows a gradual recovery relative to trend



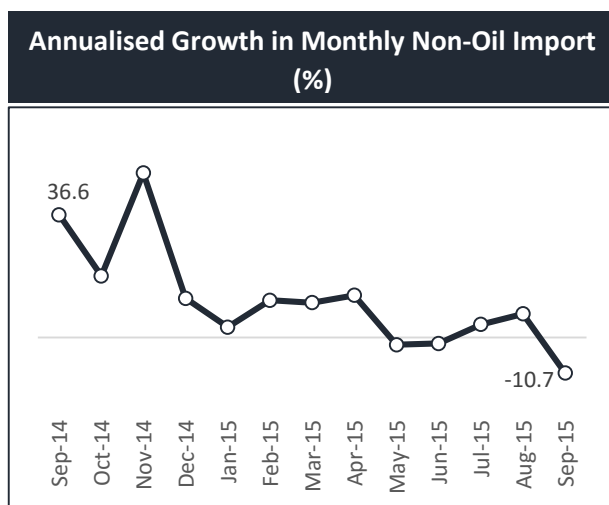
Coal offtake has marked a significant turnaround from its past declining trend



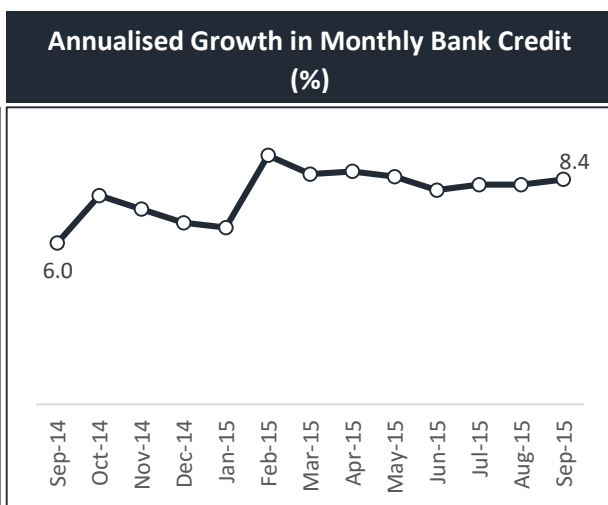
Weak growth in railway freight, point to a longer time frame before industrial goods pick up



Despite fluctuations, diesel consumption trend appears to be on a rising trend



Contraction in non-oil imports continues, reflecting the rut in aggregate demand



Early signs, that a slow recovery phase in credit creation may be underway