







## No respite in sight: Sustainable recovery unlikely before financial year-end

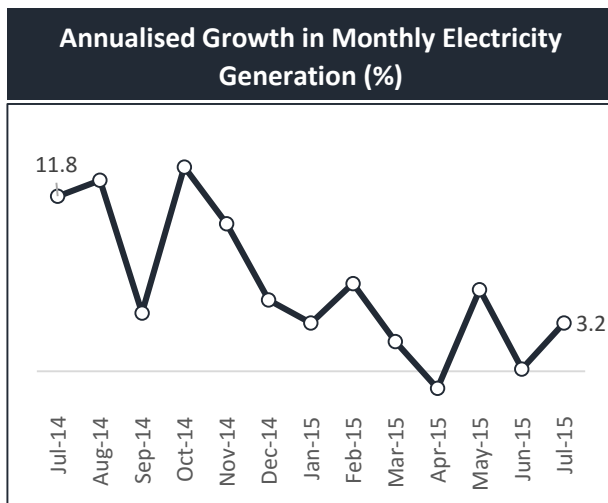
Snapshot					
Indicator	July 2015	YoY Change	July 2014	YoY Change	Growth Trend
Electricity Generation ( <i>million units</i> )	92,880	3.25%	89,957	11.77%	
Coal Offtake ( <i>million tonnes</i> )	40.88	7.6%	37.99	(0.6)%	
Railway Freight ( <i>million tonnes</i> )	91.10	1.35%	89.89	4.27%	
Diesel Consumption ( <i>'000 metric tonnes</i> )	5,710	(0.5)%	5,741	6.3%	
Non-oil Import ( <i>USD million</i> )	26,463	3.9%	25,476	(0.5)%	
Bank Credit ( <i>INR billion</i> )	61,592	8.2%	57,309	10.12%	

### Highlights and Analysis

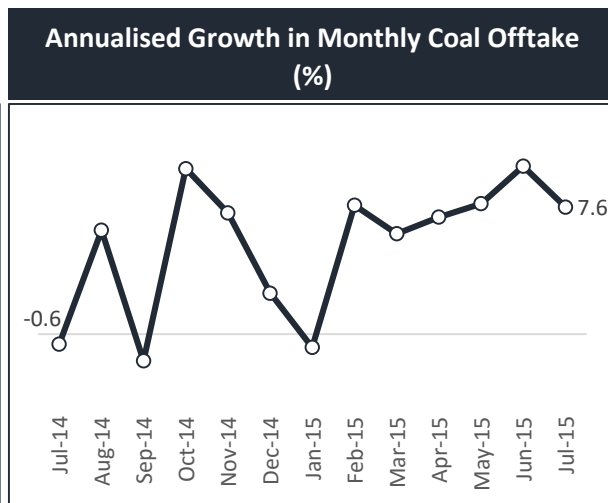
- Core sector remains under pressure, with no clear signs of potential pick up. Electricity generation continues to stagnate due to weakening demand. Structural issues (indebted utilities reducing power purchase) and industrial slowdown (energy-intensive industries reducing their intake) both continue to drive the ongoing slump in energy consumption
- Meanwhile, coal production and consequently its offtake continues to gain momentum. But the apparent improvement in coal availability is also under strain, as has been observed in declining demand at Coal India Limited's e-auction platform. Reportedly, only 68% of the coal offered in e-auction found buyers in July this year, against about 90% in previous year
- The evidence of demand pressure is stronger in variables of railway freight and diesel consumption. The former continues to be in the doldrums. The monthly annualised growth in freight volume shows a consistent declining trend over the past one year. In cases of diesel consumption though, the trend is a fluctuating one. Yet, it does not show clear signs of uptick
- A welcome break has been that of the non-oil import trend. In July it registered positive growth after two consecutive months of contraction. At one level it may suggest a slightly better level of industrial activity, especially with softening of international commodity prices. But one needs more data to confirm if this is indeed a reversal in trend
- The economic indicators rule out a near term recovery. Subject to progress in reforms and the investment sentiment, at best one can expect a modest recovery process by end of the current financial year

# India Monthly Economic Barometer – September 2015

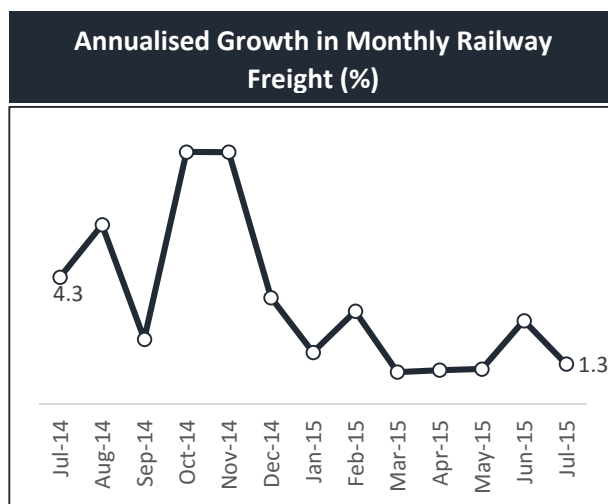
## Trend Charts



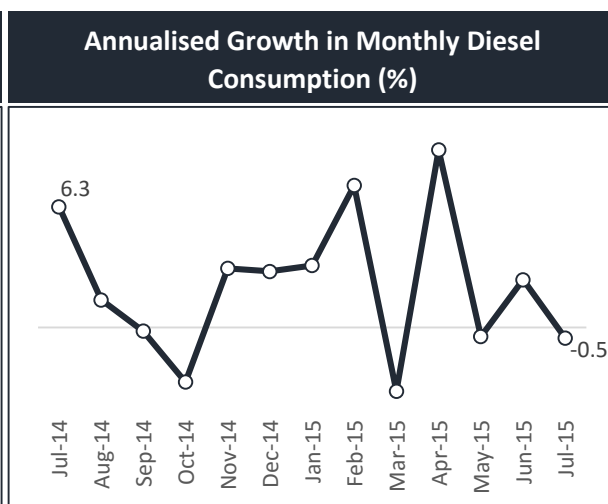
*Despite a recovery, monthly generation trend remains subdued due to demand constraints*



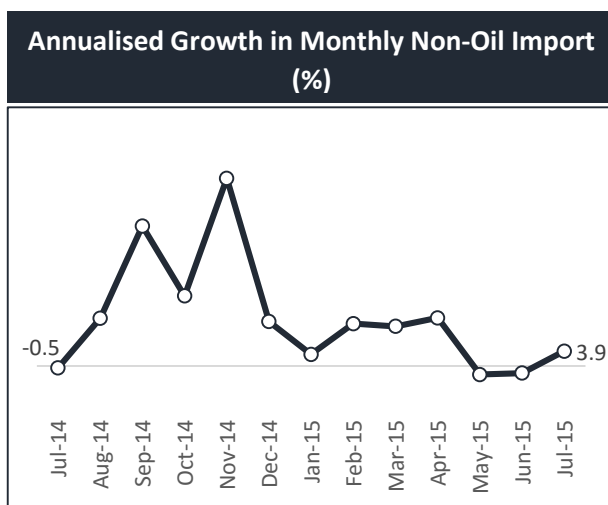
*Even with a decline in July, coal offtake maintains its trend with ease in bottlenecks*



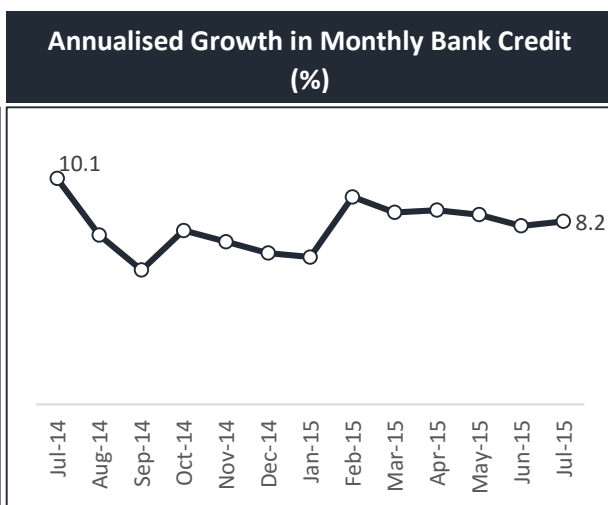
*The trends appears to reinforce the stagnation that set since the decline in December*



*Fluctuating diesel consumption does not show any definite indication of pick-up*



*The positive growth rate marks a break from contraction. But this needs to be sustained*



*Systemic challenges continue to hinder growth in fresh credit creation*