







## Aggregate demand in doldrums

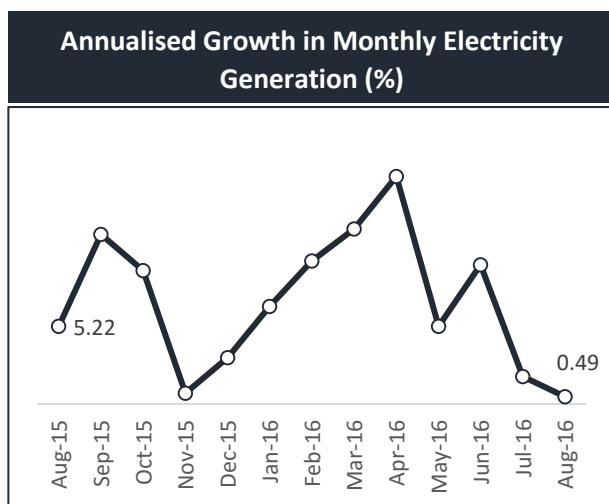
Snapshot					
Indicator	Aug 2016	YoY Change	Aug 2015	YoY Change	Growth Trend
Electricity Generation (million units)	95,237	0.49%	94,769	5.22%	
Coal Offtake (million tonnes)	36.72	(9.60) %	40.62	8.95%	
Railway Freight (million tonnes)	85.60	(3.38) %	88.59	0.5%	
Diesel Consumption ('000 metric tonnes)	6,144	12.8%	5,444	6.3%	
Non-oil Import (USD million)	22,449	(15.65) %	26,387	7.01%	
Bank Credit (INR billion)	66,287	(0.2) %	61,600	8.2%	

### Highlights and Analysis

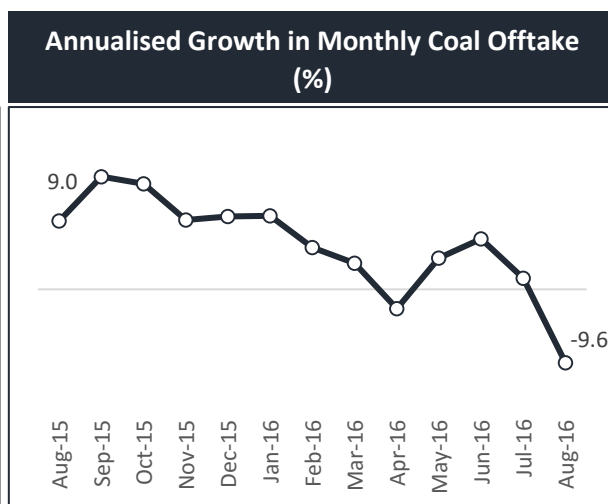
- Core sector performance continues to reflect excess capacities in the system. Facing lower plant utilisation and weaker demand, power generation continues to be subdued in overall trend. With over 80% of generation capacity dependent on coal, this also feeds into the coal offtake which has been reporting a consistent decline lately
- The particularly discerning element among the available indicators is the negative growth rates being registered. Besides coal offtake, there is a rail freight traffic that posted a decline. Weak freight earnings suggest not only the erosion in railways' market share but also a general slowdown in industrial economic activity. Rise in freight cost in this regard has also not helped
- Equally worrisome, if not more, is the persistent decline in non-oil imports. The latest estimates include gold imports, which declined by over 70%. If one were to exclude this, the resulting decline in non-oil, non-gold imports clearly point to a fall in general aggregate demand. While falling imports help keep trade deficit in check, it masks the underlying weakening in market fundamentals
- Bank credit deserves a special mention. Far from the stagnation reported in previous time periods, the latest estimates point to an unprecedented contraction. For one, it clearly highlights that the industry's access to credit is unlikely to ease any time soon. From the standpoint of industry analyst, it portends a grim outlook

# India Monthly Economic Barometer – September 2016

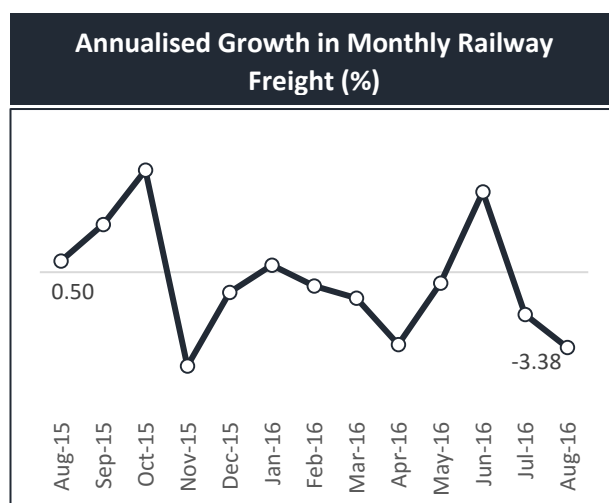
## Trend Charts



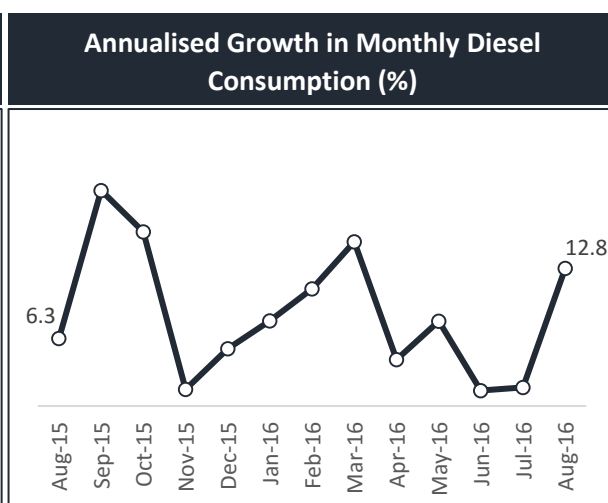
*Structural issues (i.e. weak utilities) and sluggish industrial demand hamper generation*



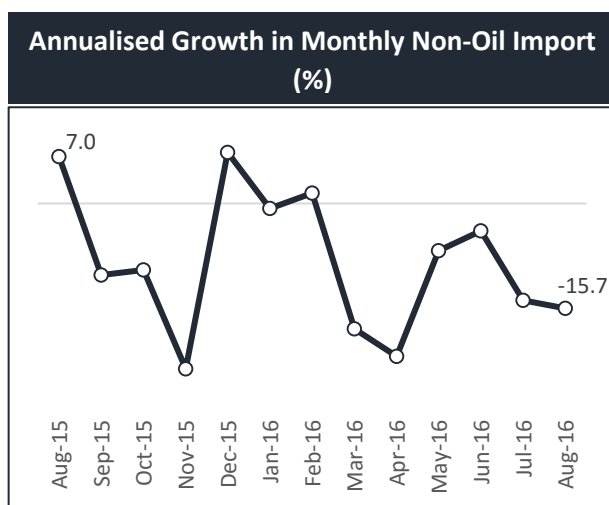
*A consistent deceleration correlating sluggish industrial and power generation activity*



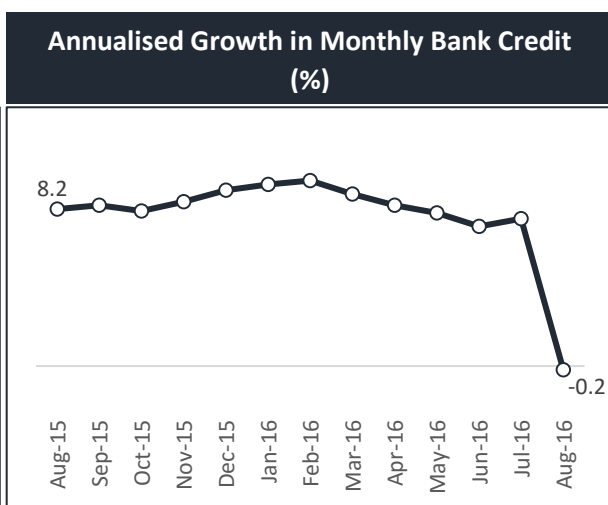
*Continued pressure on freight earnings both by subdued economy and fall in market share*



*A break from the trend but yet to signify if sustainable for coming months*



*Much of the decline led by Gold. Concerns persist about domestic economy*



*Unprecedented contraction driven in part by debt burden and excess capacity in economy*