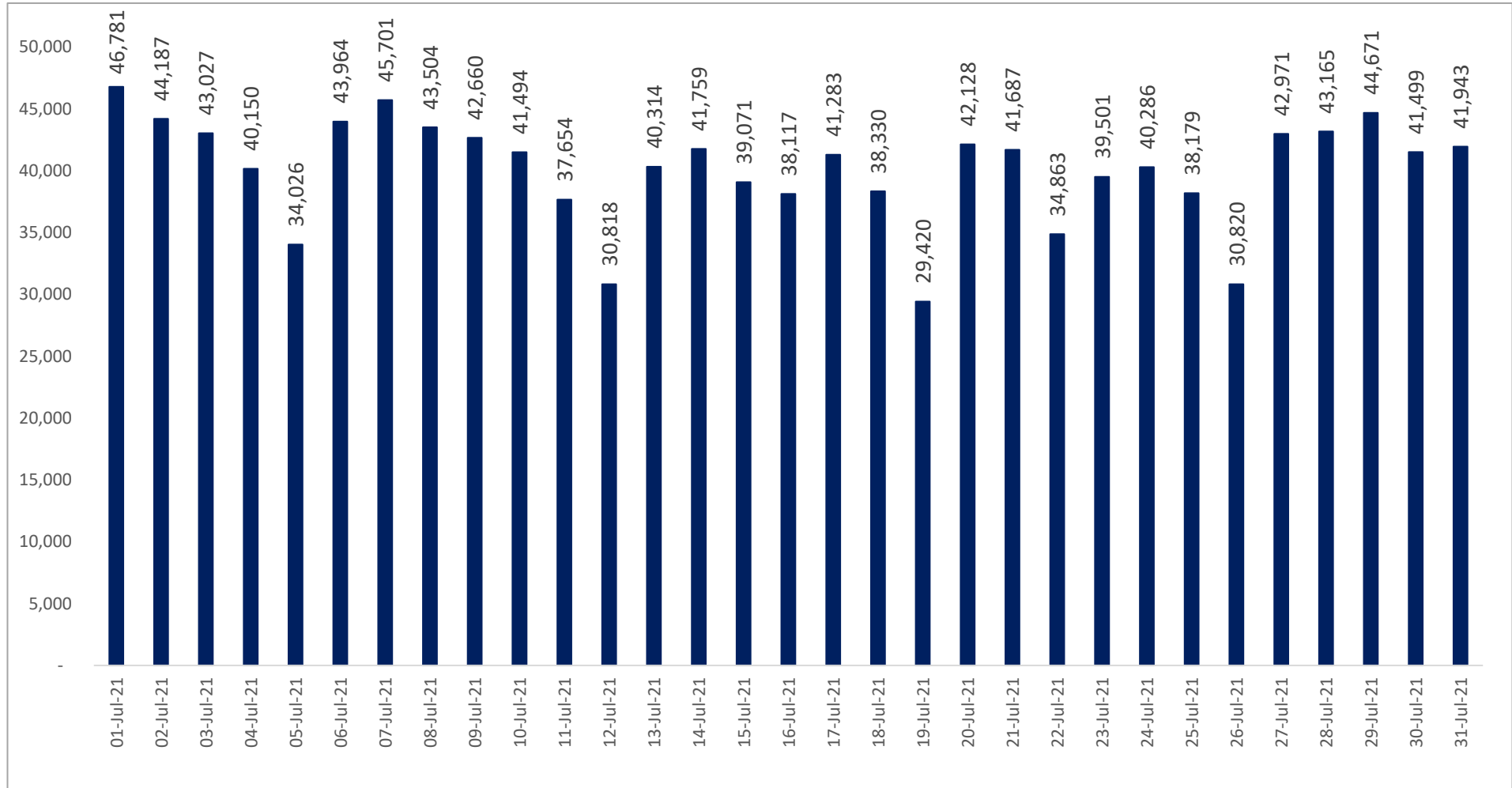


India: The economic pathway

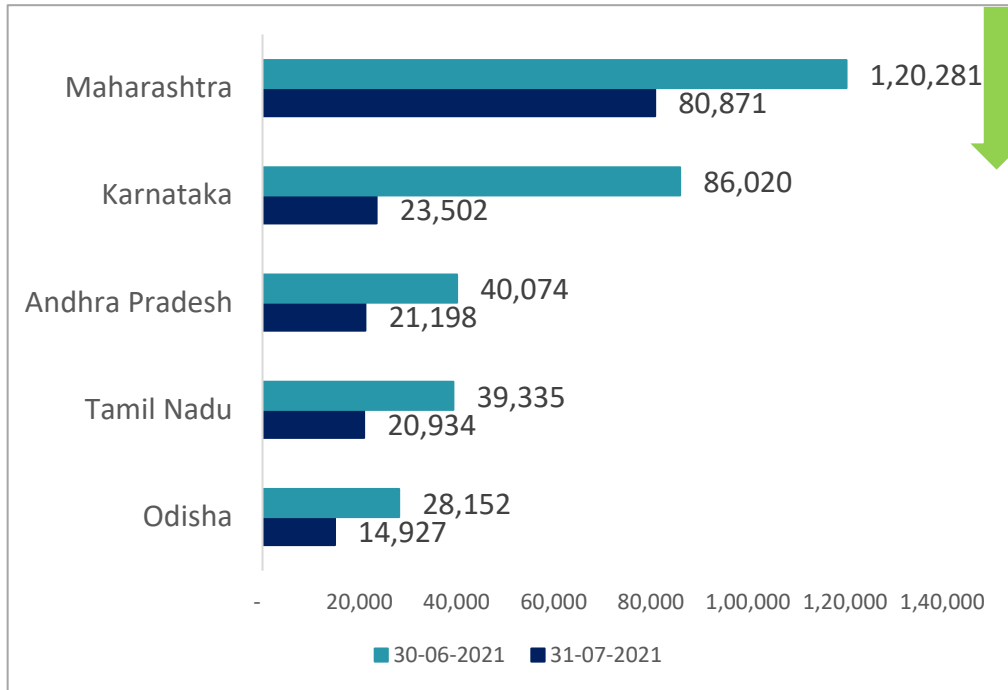
July 2021

Daily new Covid-19 infections remain range-bound during the month



Source: Covid-19 India

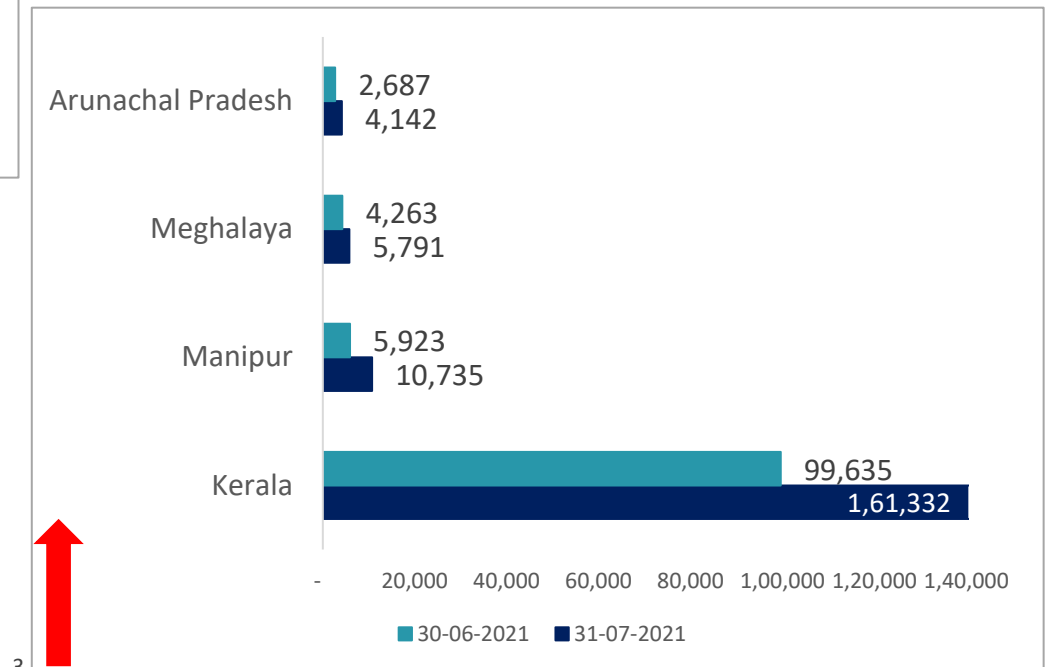
Active caseload as on 31st July'21 Vs 30th June'21



Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu & Odisha have witnessed the steepest fall in the number of active cases.

Source: PRS Legislative Research

A sharp uptick in the number of active cases has been recorded in Kerala along with the north-eastern states of Manipur, Meghalaya & Arunachal Pradesh

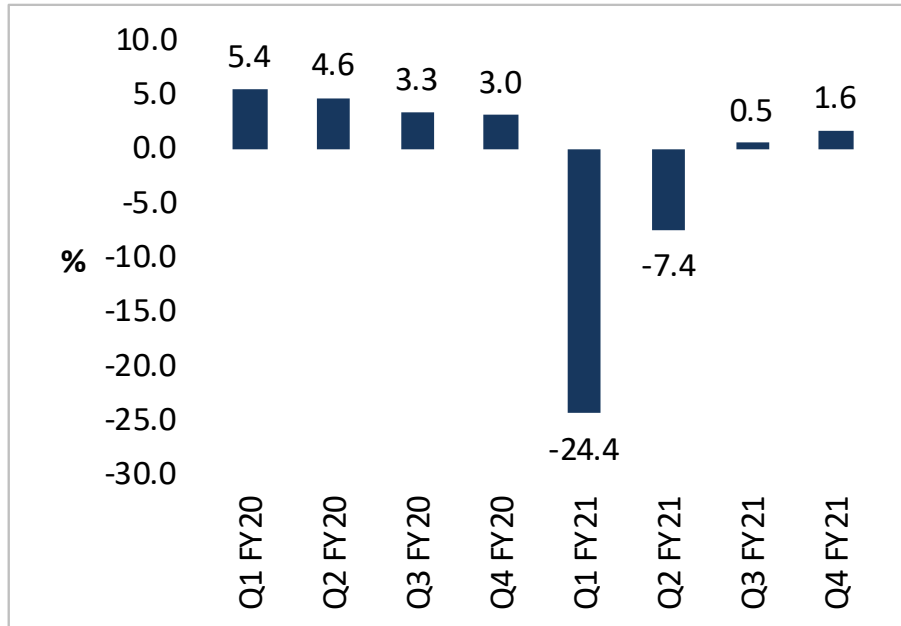


Source: PRS Legislative Research

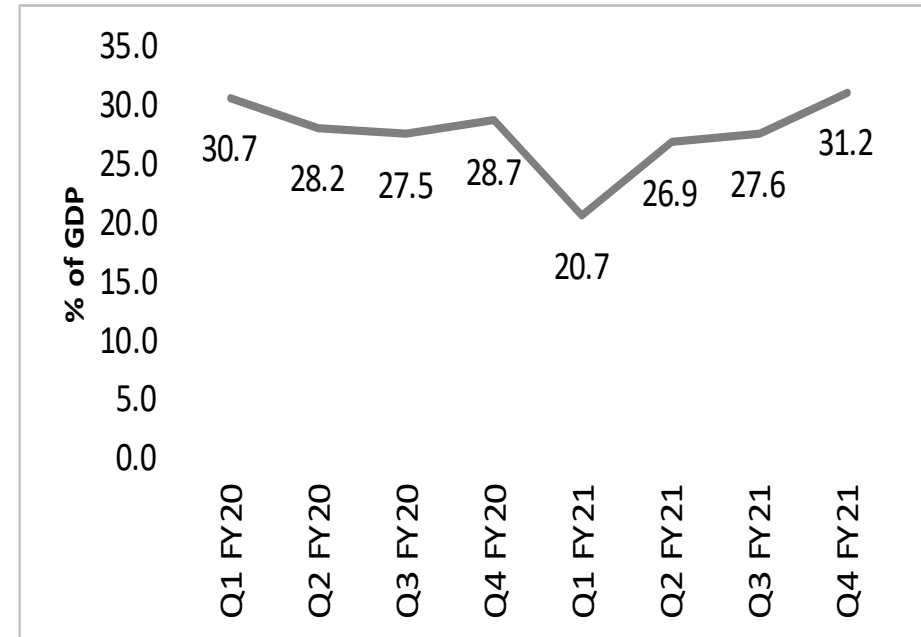
Economy witnesses sequential improvement in Q4-FY21

Indian economy recorded a growth of 1.6% in Q4-FY21.
Thus, the economy grew at -7.3% in FY21.

GFCF inched up to 31.2% in Q4-FY21 (Highest in twenty-six quarters)



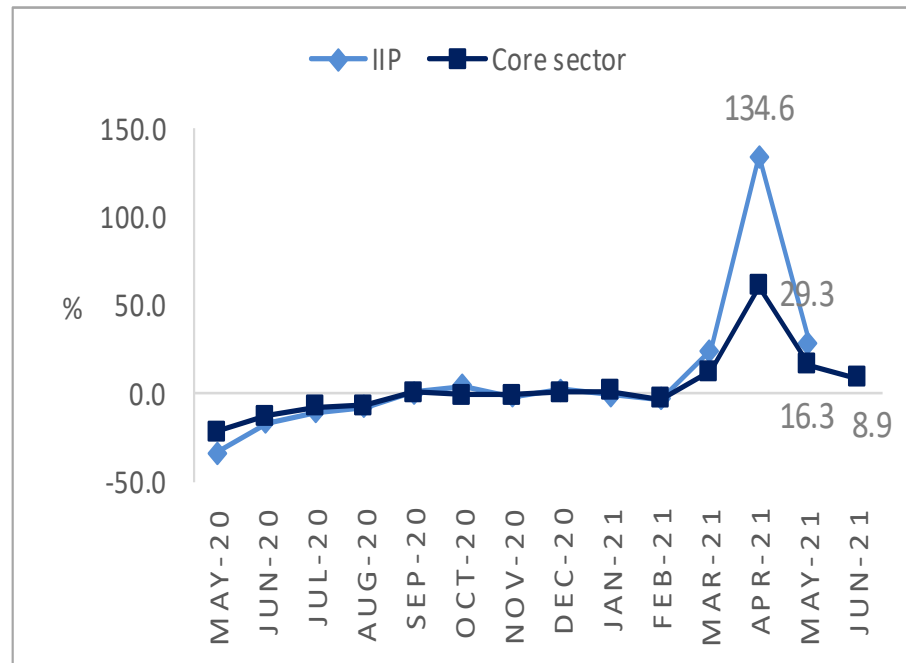
Source: MOSPI



Source: MOSPI

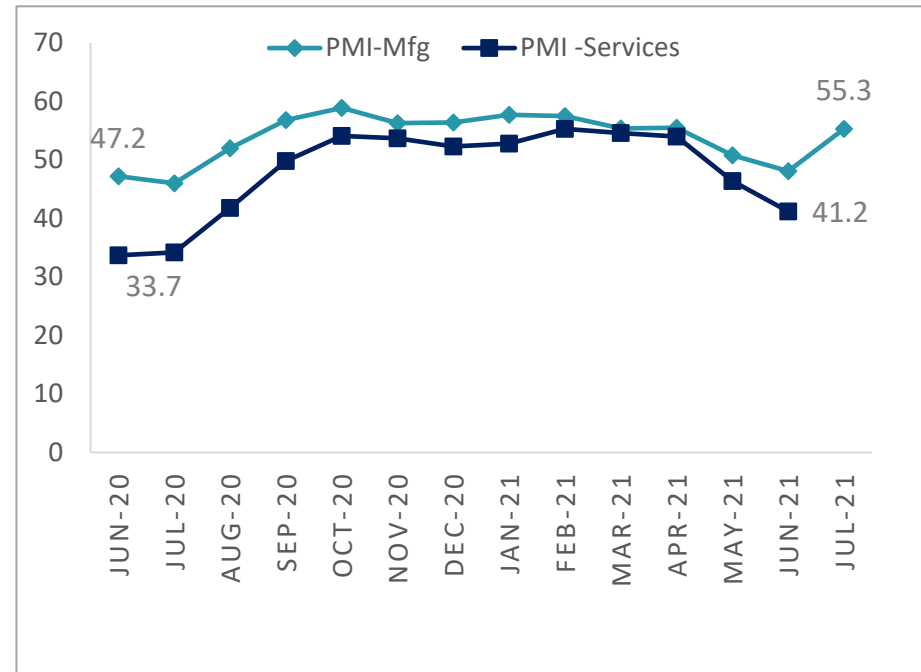
Industrial output weakens as base-effect fades, Manufacturing PMI upbeat

Industrial output grew at 29.3% in May'21 backed by a strong statistical push Core output recorded a 8.9% growth in June'21 as the base effect begins to weaken



Source: MOSPI

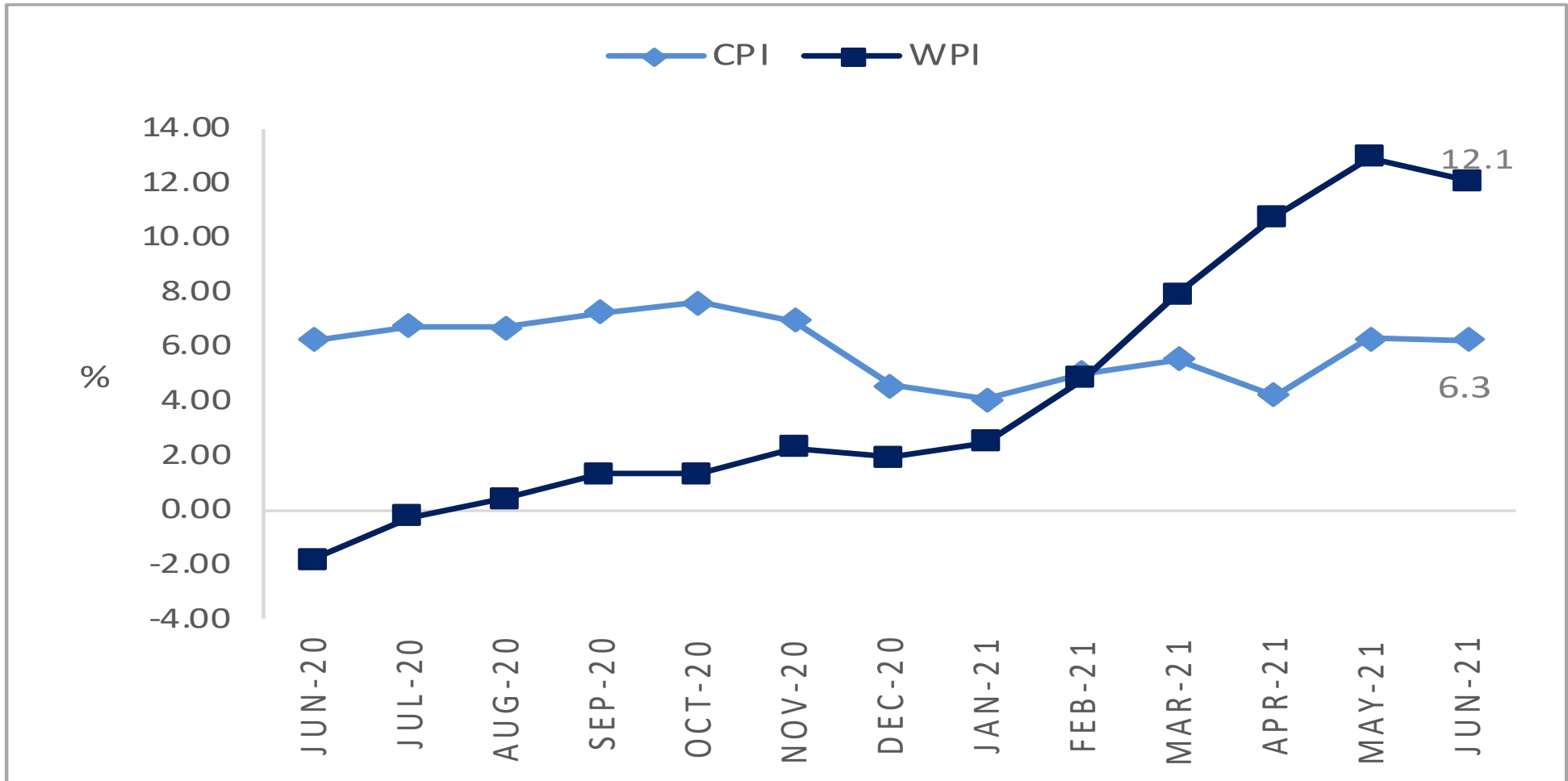
Manufacturing PMI rises to 55.3 in July'21, highest in three months Services PMI in the contraction territory for the second consecutive month



Source: IHS markit

Price pressures going strong

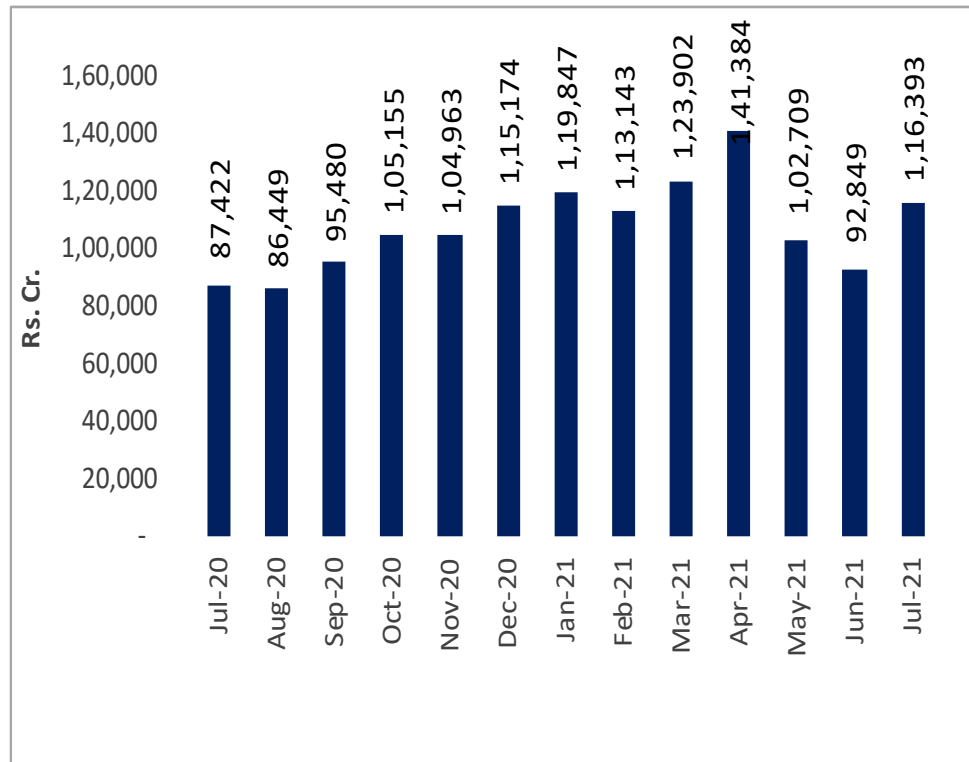
Retail inflation was steady at 6.3% in June'21, breaching the upper band of RBI's inflation targeting framework for the 2nd consecutive month
 Wholesale inflation eased marginally to 12.1% in June'21



Source: MOSPI

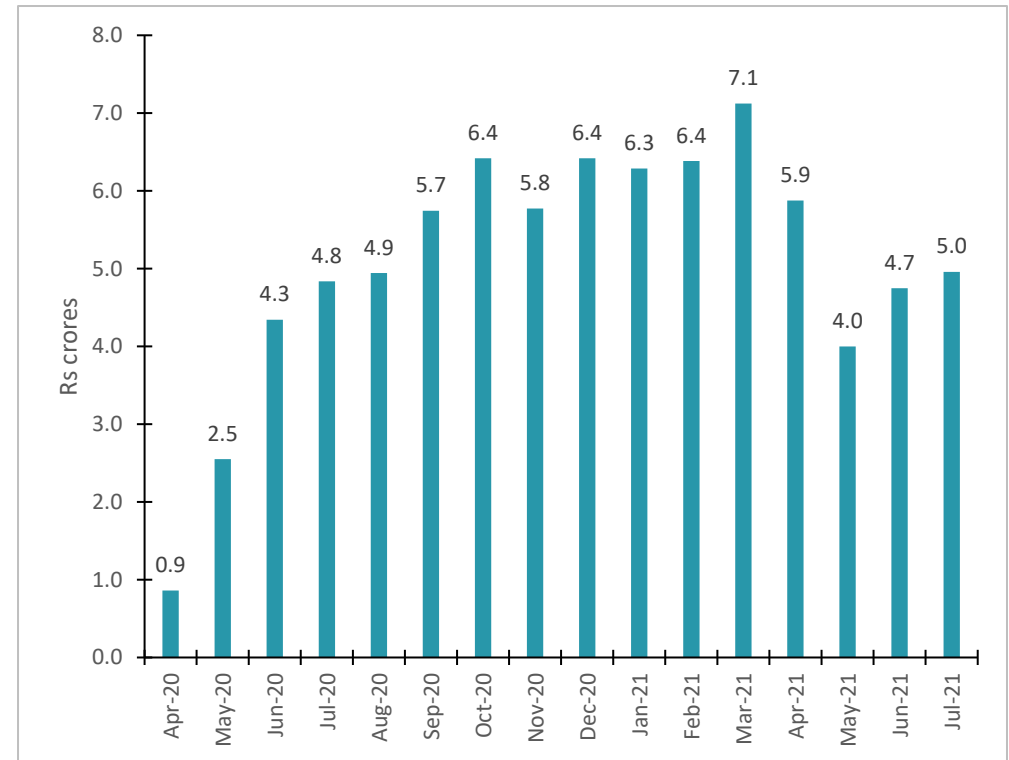
GST collections & E-Way bills up in July

GST collections rise to Rs. 1,16,393 crores in July'21



Source: Ministry of Finance

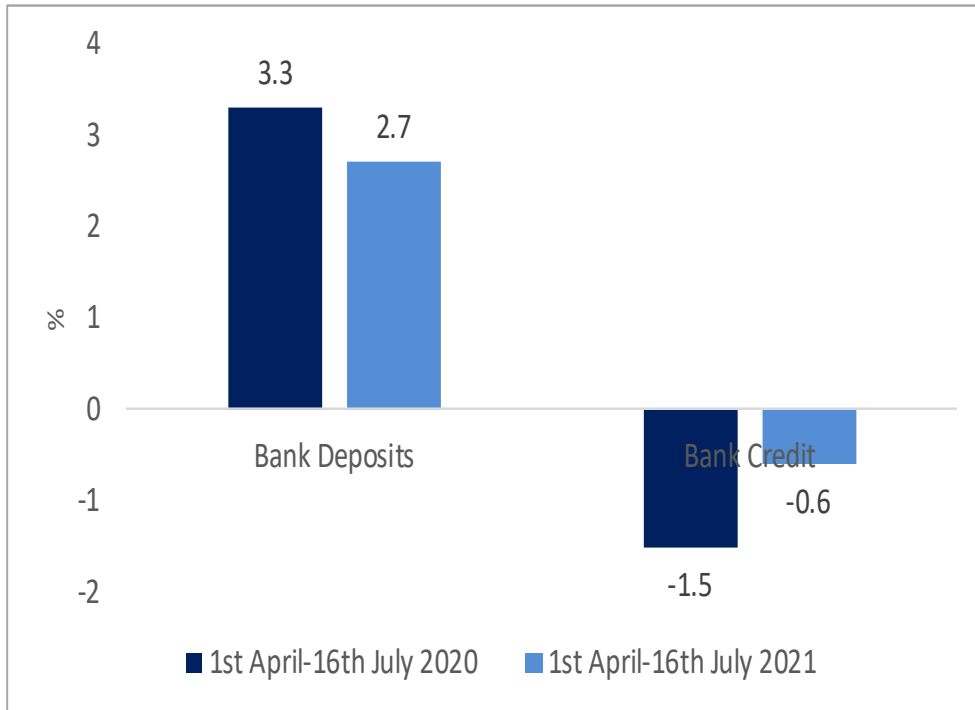
E-Way bills increased to Rs.5 crores in July'21



Note: E-Way bill statistics as on 25th July, 2021
Source: GSTN

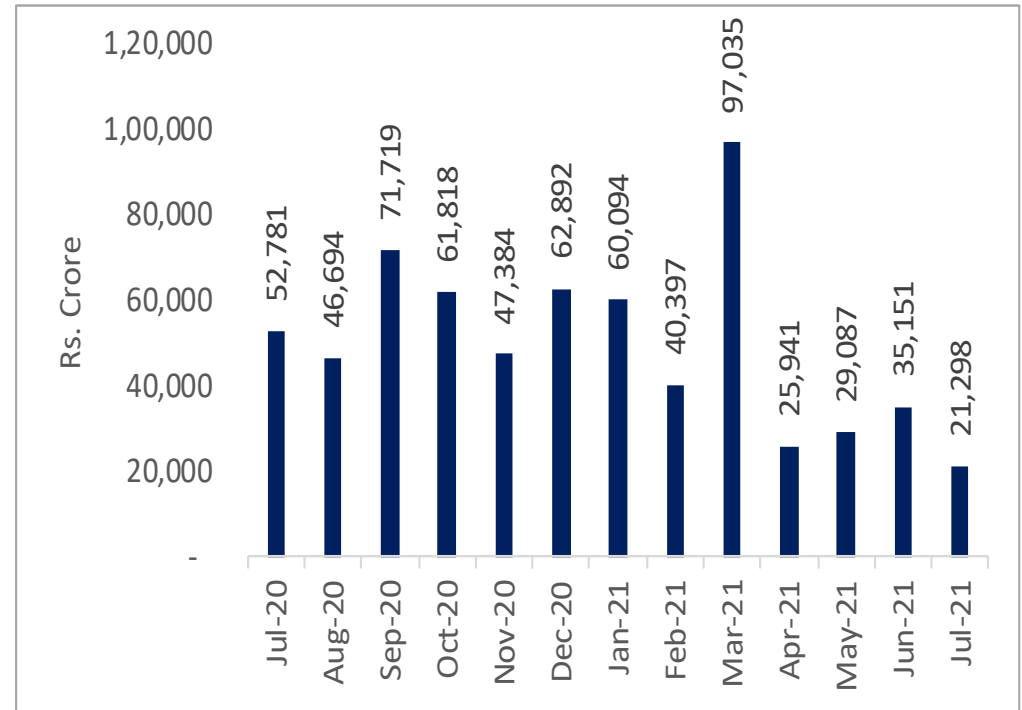
Bank deposits witness growth, credit & debt markets dull

Bank deposits witness growth while credit growth continues in the negative territory



Source: RBI

Corporate Bond issuances stood at Rs. 21,298 crores in July'21, 39% lower than the previous month

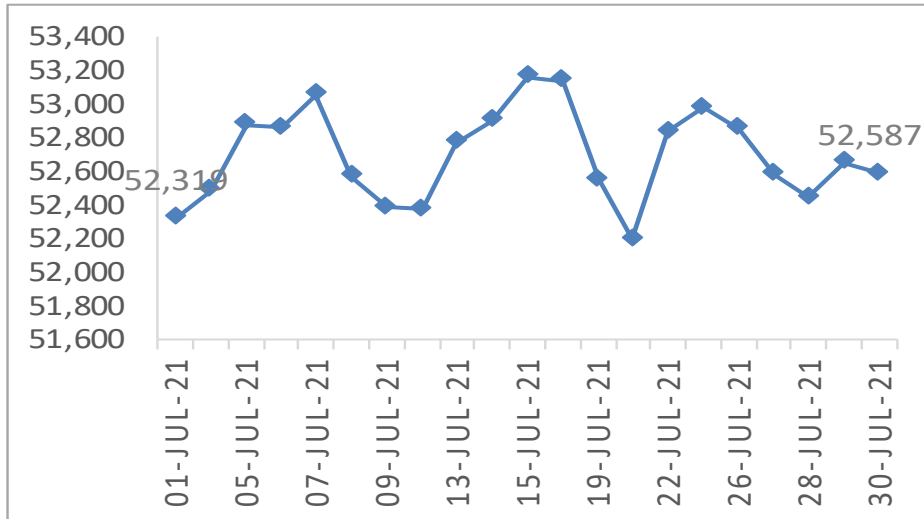


Source: Prime Database

Note: Data extracted on August 1, 2021

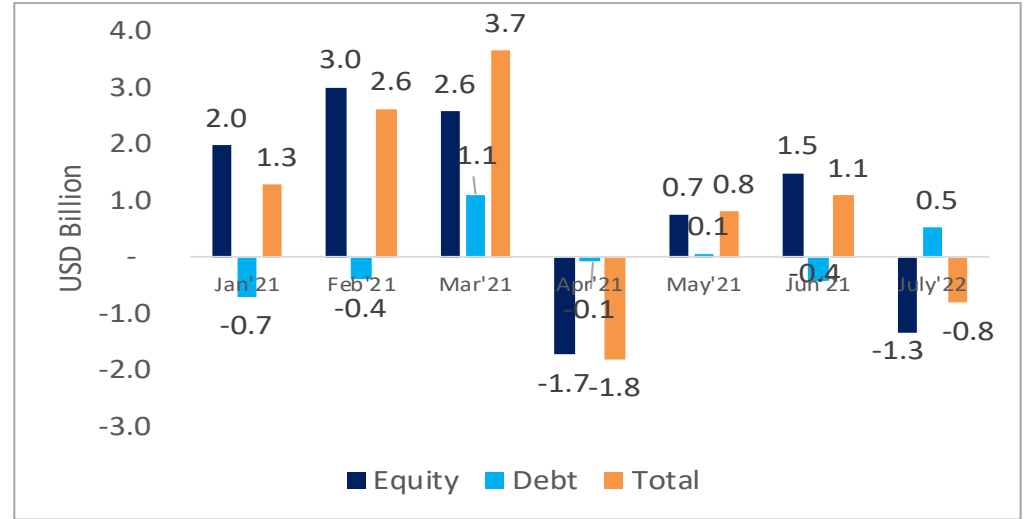
Volatile equities, net FPI flows turn negative & G-secs yields rise

Equity markets continue to remain volatile



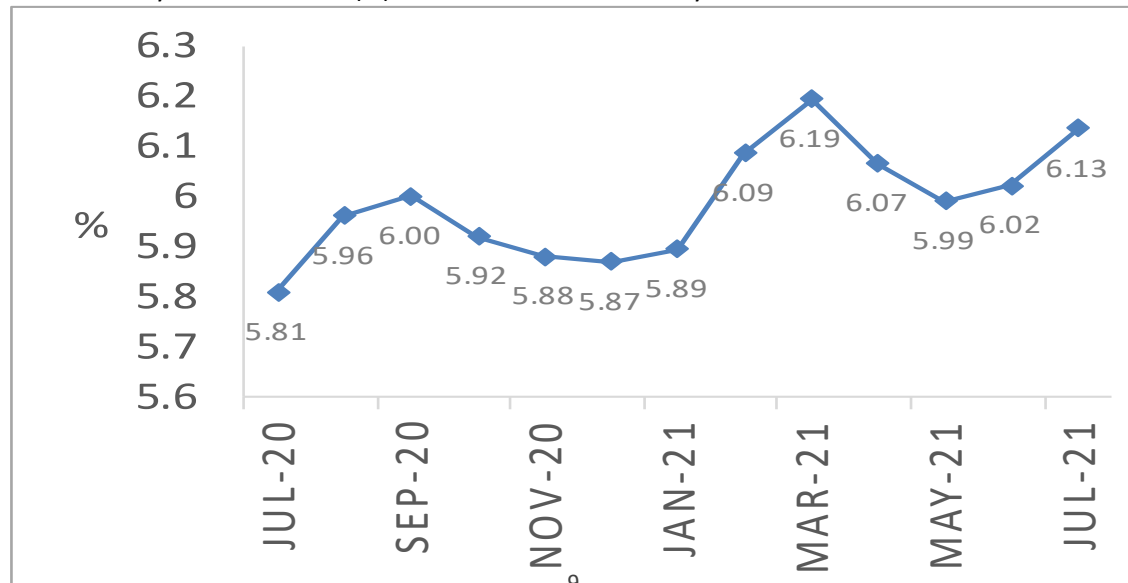
Source: BSE India

Net FPI flows turned negative during the month



Source: NSDL Note: Data till June 28, 2021

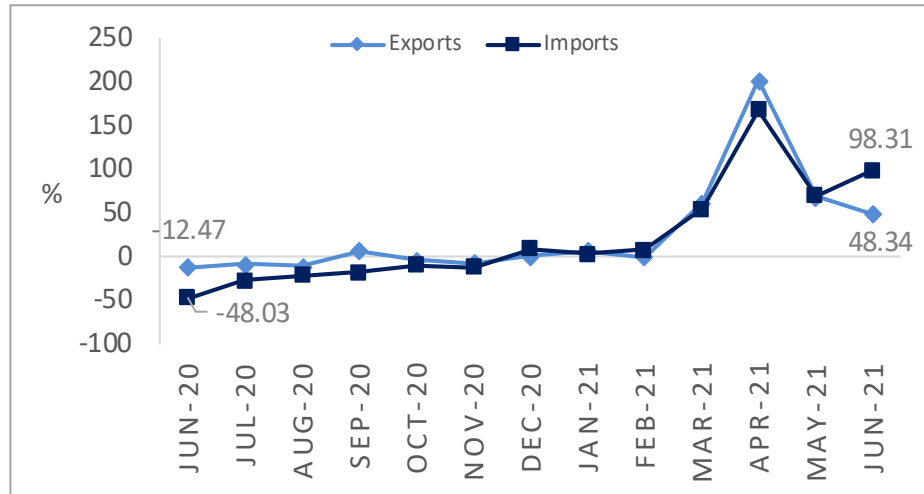
10-year G-Sec Yield (%) hardened to 6.13% in July'21 from 6.02% in June'21



Source: FIMMDA

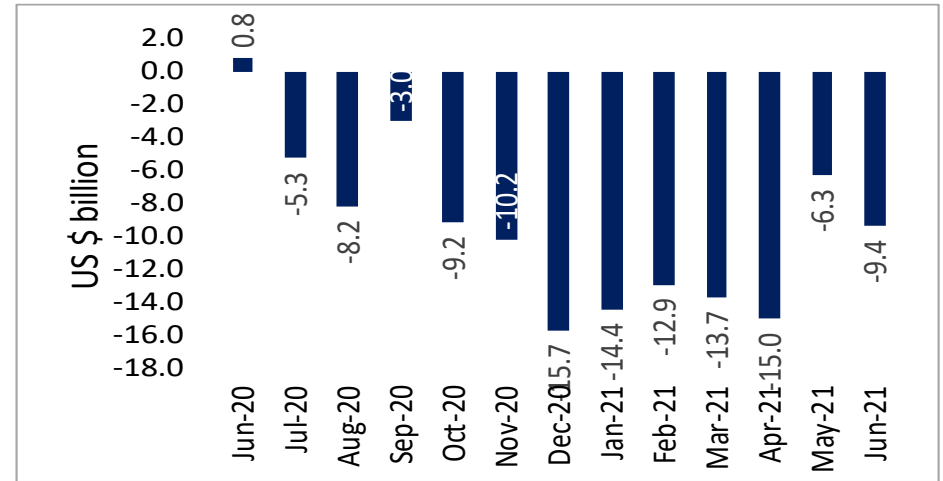
Trade deficit widens as imports soar

Trade figures encouraging with base effect at play



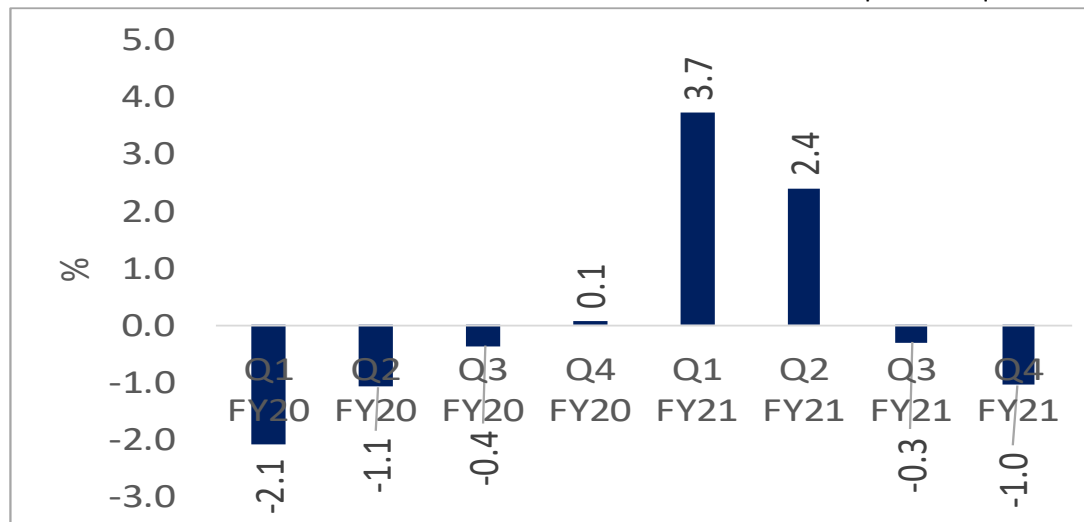
Source: Ministry of Commerce and Industry

Trade deficit widens to USD 9.4 billion in June'21 as growth in imports (8.6% m-o-m) outpace growth in exports (0.7% m-o-m)



Source: Ministry of Commerce and Industry

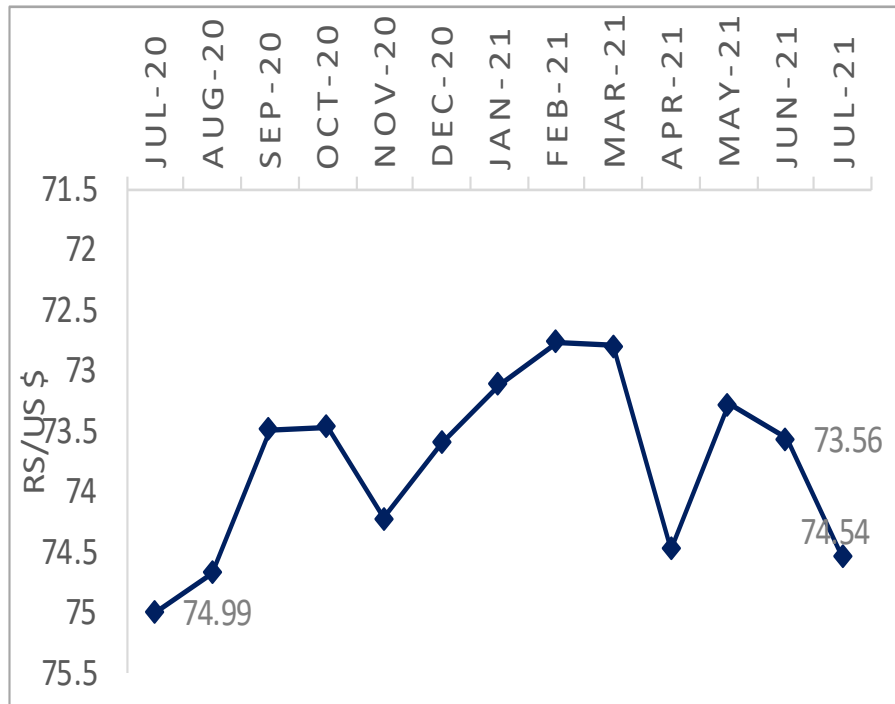
Current account deficit widened to -1% in Q4 FY21 from -0.3% in the previous quarter



Source: CMIE Note: + surplus/ -deficit

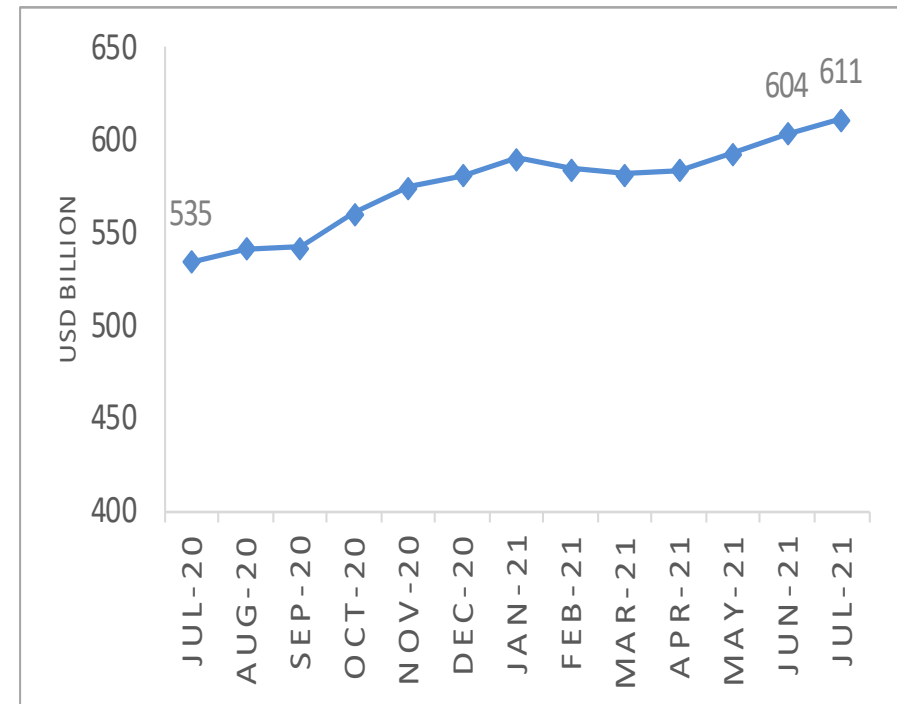
Rupee pressured, Forex reserves witness strong growth

Rupee weakened further against the US dollar to Rs. 74.54 in July'21



Source: CMIE

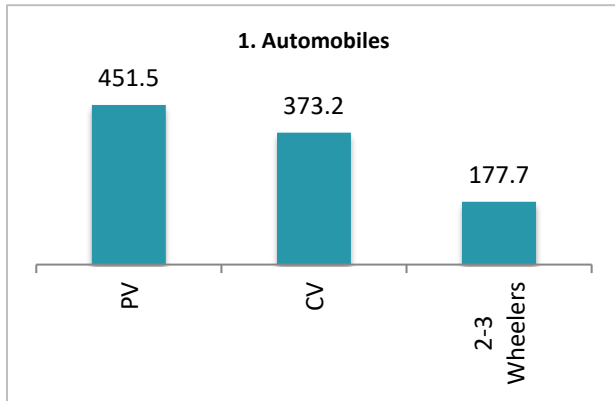
India's forex reserves swell to USD 611 billion in July'21



Source: RBI (Data till July 23, 2021)

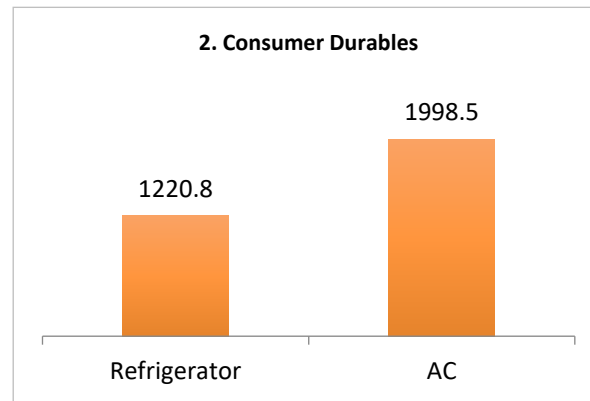
Statistical push bolsters growth in several industries

Manufacturing- Chart 1, 2 and 3: Operational Indicators of major manufacturing industries on a y-o-y basis (Unit: %)



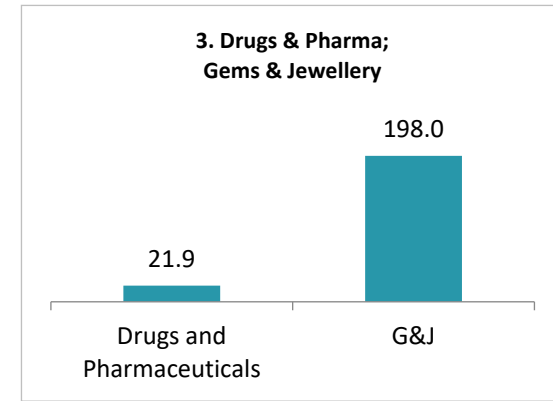
Note: The above chart denotes growth in production during April-June

Source: CMIE



Note: The above chart denotes growth in production during April-May

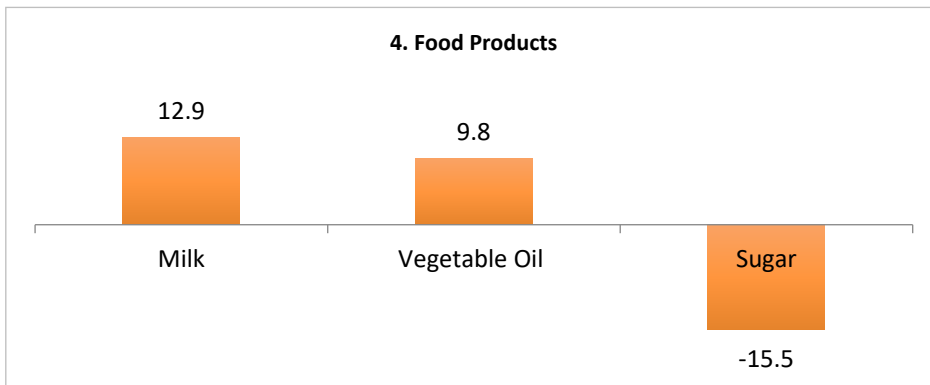
Source: CMIE



Note: Exports of Drugs and Pharmaceuticals is during April and Exports of G&J is April-June

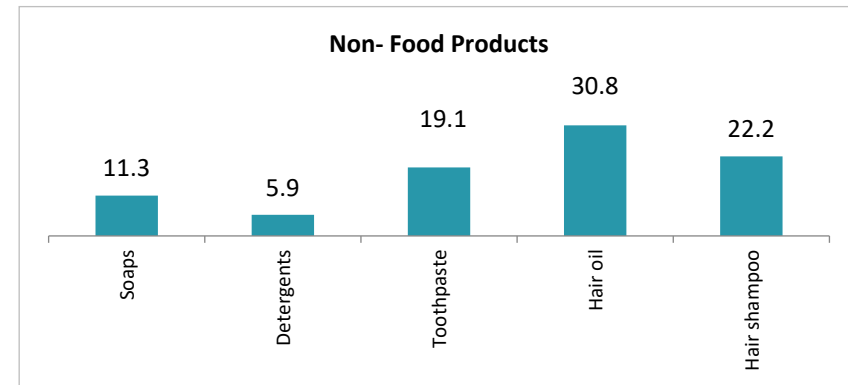
Source: CMIE, GJEPC

FMCG- Chart 4 and 5: Cumulative Production on a y-o-y basis (Unit: %)



Note: Growth in Vegetable Oil Production is November-May; Milk and Sugar Production is during April-May

Source: CMIE

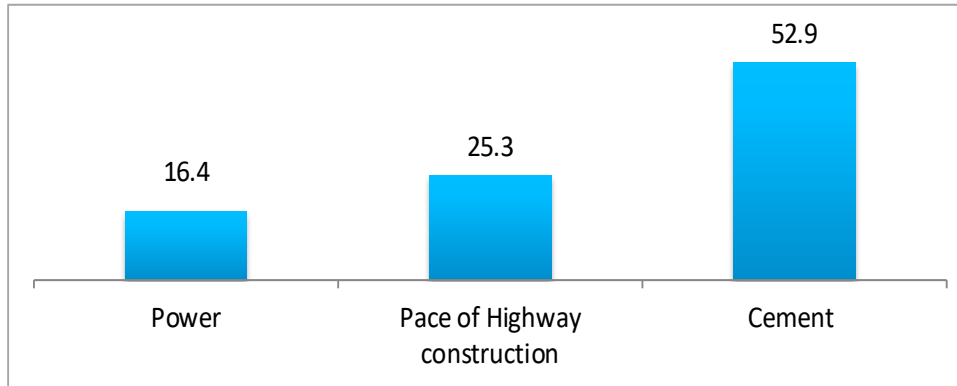


Note: Non Food Products Production growth is during April-May

Source: CMIE

Statistical push bolsters growth in several industries

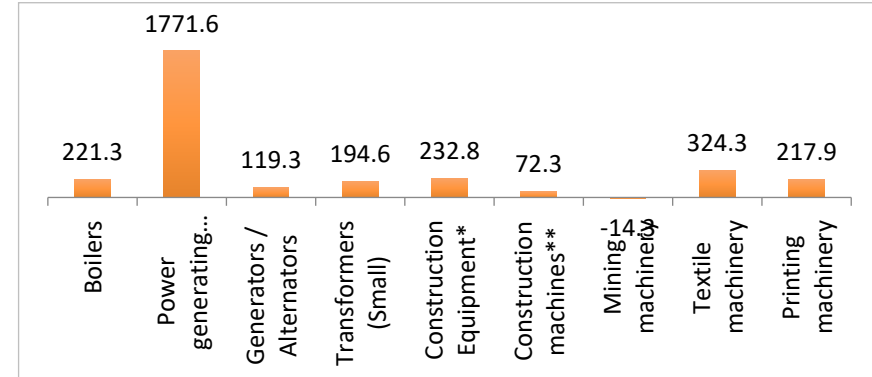
Infrastructure and Infra-Allied - Chart 6: Cumulative Operational Indicators on a y-o-y basis (Unit: %)



Note: The above chart denotes growth during April-June

Source: Office of the Economic Adviser, Ministry of Roads and Highways

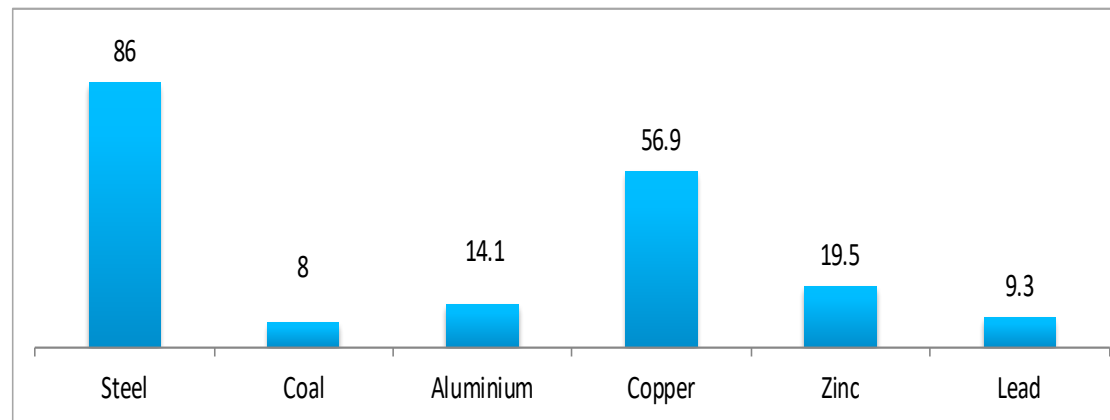
Capital Goods - Chart 7: Industrial Production: Components of Capital Goods Index (Unit: %)



Note: Growth in Production of Capital goods is during April-May; * includes Material handling, lifting and hoisting equipment; ** incl. bull-dozers and road rollers

Source: CMIE

Metal - Chart 8: Cumulative Production on a y-o-y basis (Unit: %)

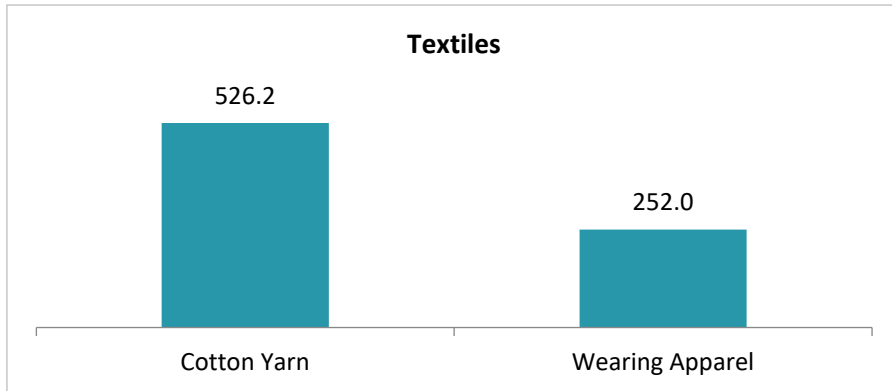


Note: The above chart denotes growth in production during April-June

Source: Ministry of Mines, Office of the Economic Advisor

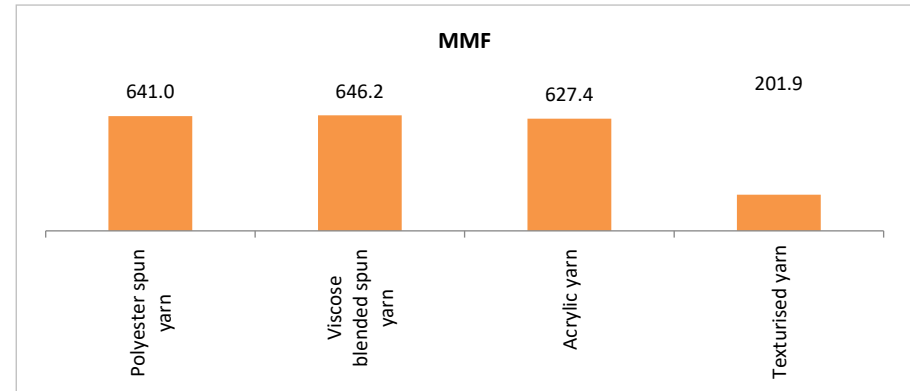
Textiles continue to spin a tale of abnormal growth rates

Textiles - Chart 9 and 10: Operational Indicators of major manufacturing industries on a y-o-y basis (Unit: %)



Note: Production of Cotton yarn and Wearing Apparel (IIP) is during April-May

Source: CMIE

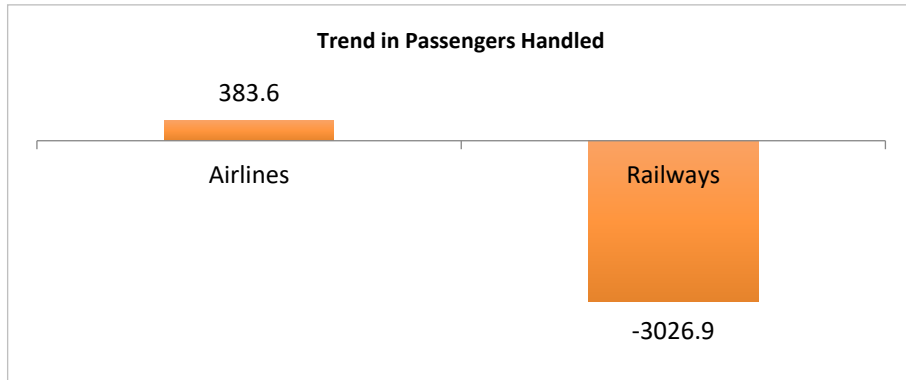


Note: Production of MMF is during April-May

Source: CMIE

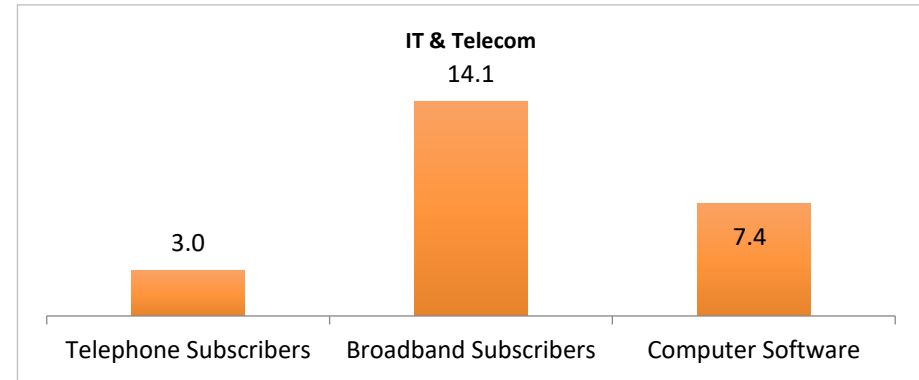
Services & freight on an upward trajectory

Services - Chart 8 and 9: Operational Indicators on various services on a y-o-y basis (Unit: %)



Note: Growth in Passengers carried by Scheduled Domestic Airlines & number of passengers booked through railways is April-May

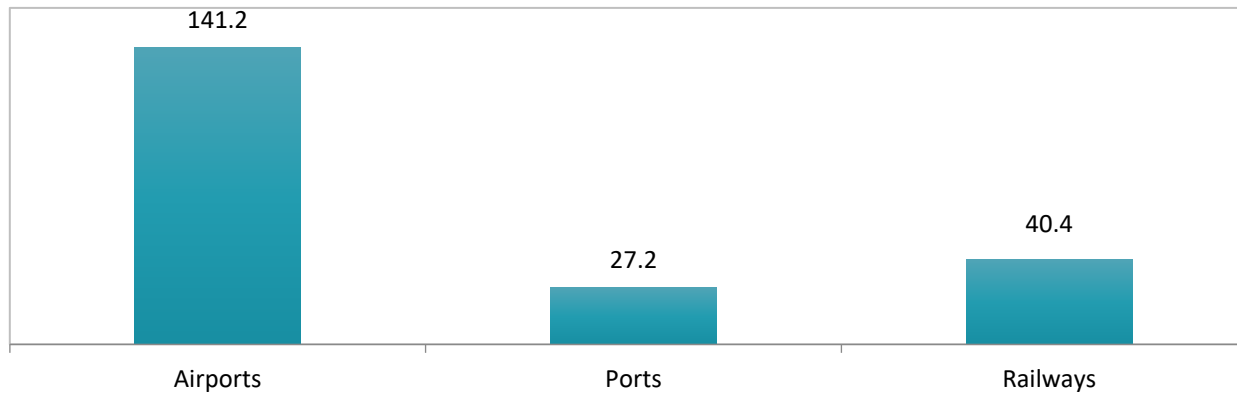
Source: Ministry of Railways, DGCA



Note: Telephone and Broadband subscribers is as on 31st May 2021; Exports in Computer Software is April-March

Source: TRAI, CMIE

Freight - Chart 10: Cumulative Cargo Handled on a y-o-y basis (Unit: %)

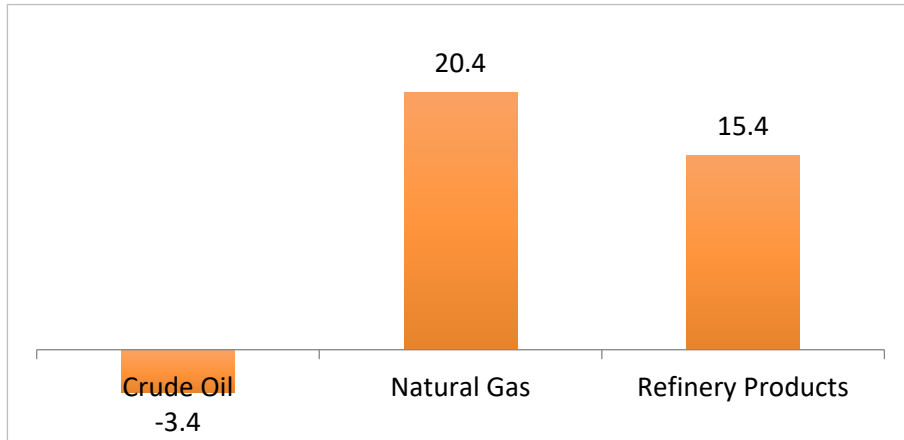


Note: The above chart denotes growth during April-June

Source: AAI, IPA, CMIE

Crude oil & fertilizers growth subdued

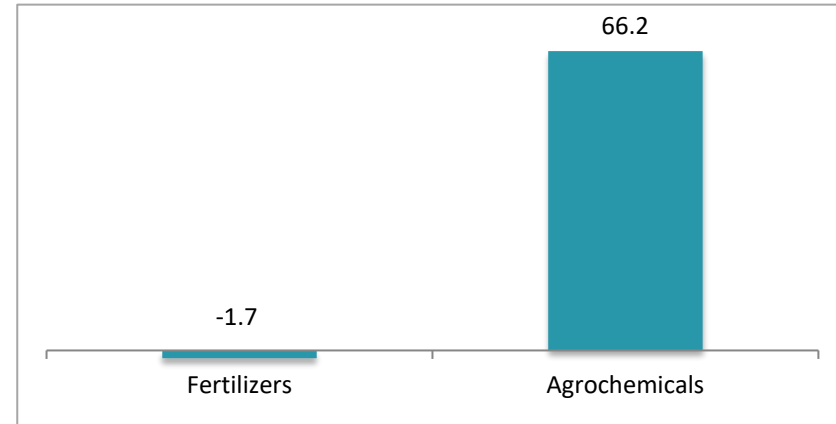
Oil & Gas - Chart 11: Cumulative Production on a y-o-y basis (Unit: %)



Note: The above chart denotes growth/de-growth in April-June

Source: MOPNG

Agri-Allied- Chart 12: Operational Indicators on a y-o-y basis (Unit: %)



Note: De-growth in production for fertilizers is in April-June, Exports of Agrochemicals is during April

Source: Office of the Economic Adviser, Ministry of Commerce

Economics Research Team

Madan Sabnavis

Chief Economist

madan.sabnavis@careratings.com

+91-22-6837 4433

Mradul Mishra

Media Relations

mradul.mishra@careratings.com

+91-22-6754 3573

Authors

Natasha Trikha

Analyst – Industry Research

natasha.trikha@careratings.com

+91-22-6837 4345

Akanksha Bhende

Associate Economist

akanksha.bhende@careratings.com

+91-22-6837 4400

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel. : +91-22-6754 3456 | CIN: L67190MH1993PLC071691

Connect



Disclaimer: This report is prepared by CARE Ratings Limited. CARE Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Ratings is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CARE Ratings has no financial liability whatsoever to the user of this report