

# India COVID-19 chartbook

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Economics - India

## Activity in different shades of red

- ◆ Even though new pandemic cases are rising, so are recoveries; unfortunately, the pace of vaccine roll-out has slowed
- ◆ This wave is different on three counts – local lockdowns are more staggered, better-off households are more impacted, and manufacturers' margins are under more pressure
- ◆ The fall in growth in June 2021 could be a third of the fall witnessed in the same quarter last year (in % q-o-q sa terms)

**Good and bad news on COVID-19, all at once.** The COVID-19 caseload in India continues to surpass previous local and global peaks, as it moves from western and central India, to eastern and southern India. The fatality rate remains low but the sheer size of mortalities (c3,500 a day currently) is high, and rising. Thankfully, new active cases have fallen a shade, and the reproduction rate has inched lower in the past few days. The vaccination roll-out is running below the global average and its pace has slowed due to supply side constraints. For India to vaccinate a critical mass of its population by end-2021, it will need to double the vaccination rate to over 5m a day in 2H2021. New import options like Sputnik and J&J could help.

**What's different about the second wave?** One, even though more and more states are announcing full lockdowns, they are staggered this time around, versus the all-at-once nationwide lockdown of 2020. Two, within urban areas, the spread of the second wave is more concentrated amongst better-off households versus the poorer households (dwelling in slums) last time. Weak sentiment amongst high-consuming better-off households can hurt demand disproportionately. Three, with rising global commodity prices, domestic manufacturers are grappling more squarely with falling margins this time around.

**Activity is flashing different shades of red.** Our recovery tracker has already slipped 25% below normal. And growth in the June quarter GVA could fall by a third of the fall witnessed in the same quarter last year (-8% q-o-q versus -23% q-o-q). But headline numbers hide differences. We find three kinds of data points around us. One, those economic indicators that have been hit hard, like traffic congestion, which is now close to April'20 lows. Two, indicators that have dipped, but not drowned. Services have been hit hard, but not goods trade. Electricity consumption has shown a moderate fall thus far. Urban unemployment and demand for rural social welfare schemes have climbed. Three, indicators that remain robust. GST tax revenues in April were at a record high (though they may begin to dip in line with e-way bills). Manufacturing PMI in April was surprisingly robust, but details show weak domestic orders and a falling order-to-inventory ratio. On the trade front, both imports and exports continue to grow impressively; and the latter may continue to outperform domestic indicators, as global growth gallops ahead.

*This is an abridged version of a report by the same title published on 7-May-21. Please contact your HSBC representative or email [AskResearch@hsbc.com](mailto:AskResearch@hsbc.com) for more information.*

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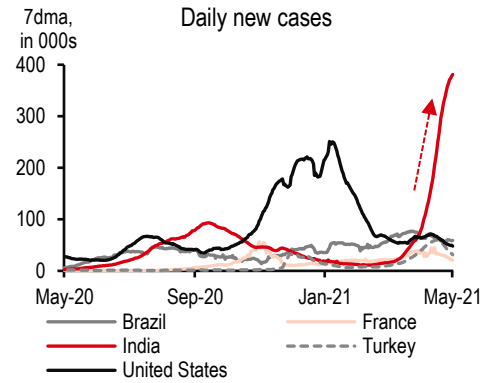
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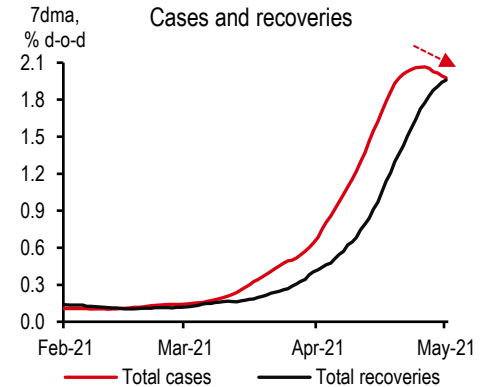
## COVID-19: Good and bad news, all at once

**Chart 1: India's daily new cases continue to rise, surpassing previous global peaks**



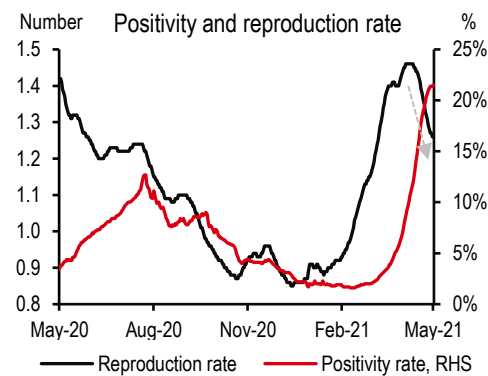
Source: Our World in Data, HSBC

**Chart 2: Having said that, recoveries have also been on the rise**



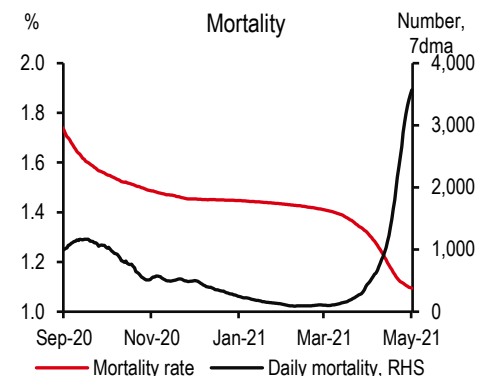
Source: CEIC, HSBC

**Chart 3: While the rising positivity rate remains a concern, the reproduction rate has inched lower recently**



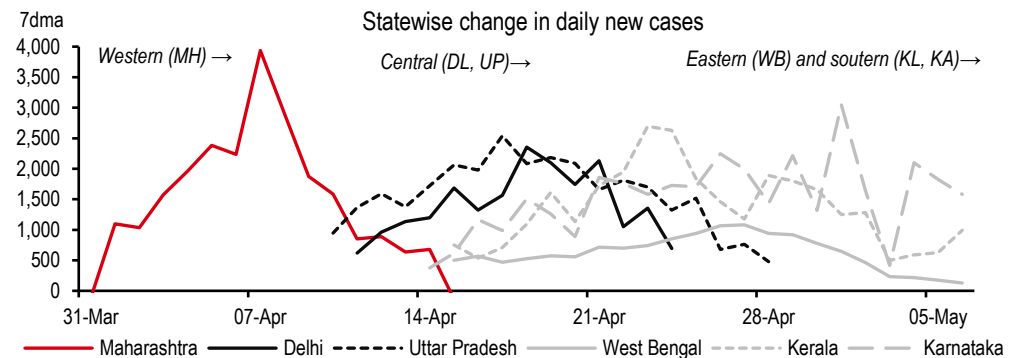
Source: Our World in Data, HSBC

**Chart 4: The sheer numbers of mortalities (c3,500 a day currently) are rising, even though the mortality rate has edged lower**



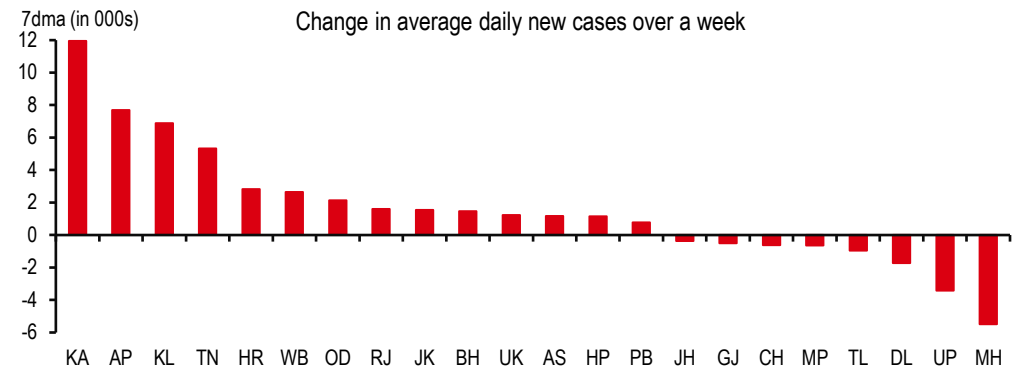
Source: CEIC, HSBC

**Chart 5: A closer look shows that the pandemic wave is moving east; experts also worry about a southward drift and spread to rural areas**



Source: CEIC, HSBC. See CNBCTV18 interview: "COVID second wave could intensify in rural areas and southern India warns Dr Gagandeep Kang", 28 April 2021

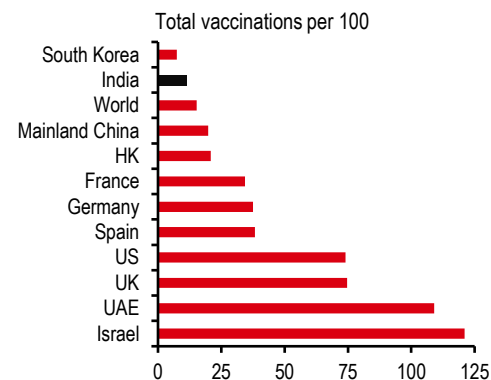
**Chart 6: Statewise experience is mixed - Maharashtra has reported fewer new cases over the last week, but Karnataka continues to report elevated caseloads**



Source: CEIC, HSBC. KA: Karnataka, AP: Andhra Pradesh, KL: Kerala, TN: Tamil Nadu, HR: Haryana, WB: West Bengal, OD: Odisha, RJ: Rajasthan, JK: Jammu & Kashmir, BH: Bihar, UK: Uttarakhand, AS: Assam, HP: Himachal Pradesh, PB: Punjab, JH: Jharkhand, GJ: Gujarat, CH: Chhattisgarh, MP: Madhya Pradesh, TL: Telangana, DL: Delhi, UP: Uttar Pradesh, MH: Maharashtra. Data as of 6 May 2021

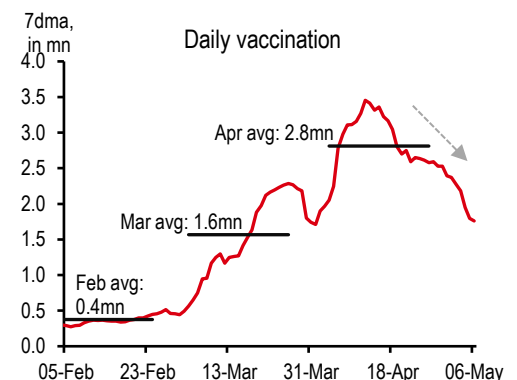
## Vaccines: The ultimate stimulus is moving slowly

**Chart 7: India's vaccination roll-out pace is below the global average**



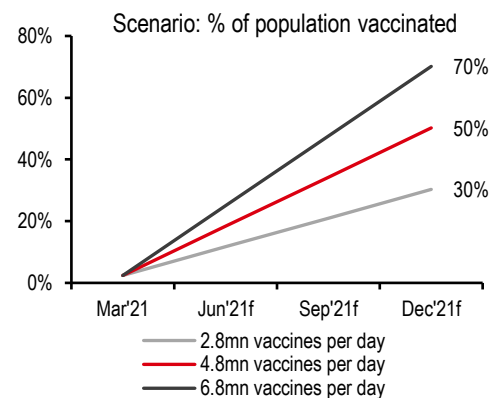
Source: Our World in Data, HSBC

**Chart 8: And the pace of vaccination has slowed recently due to supply constraints**



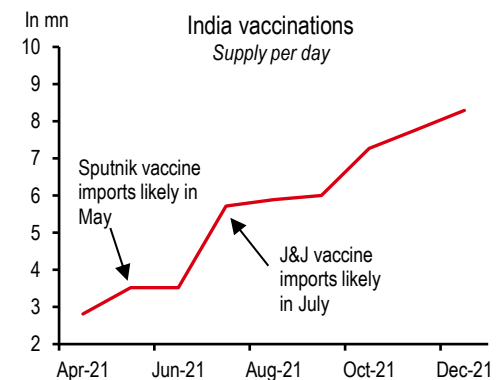
Source: CEIC, HSBC

**Chart 9: To inoculate about 50% of the population by end-2021, India's vaccination rate must double (from under 3m per day now to over 5m/day in 2H2021)**



Source: HSBC estimates

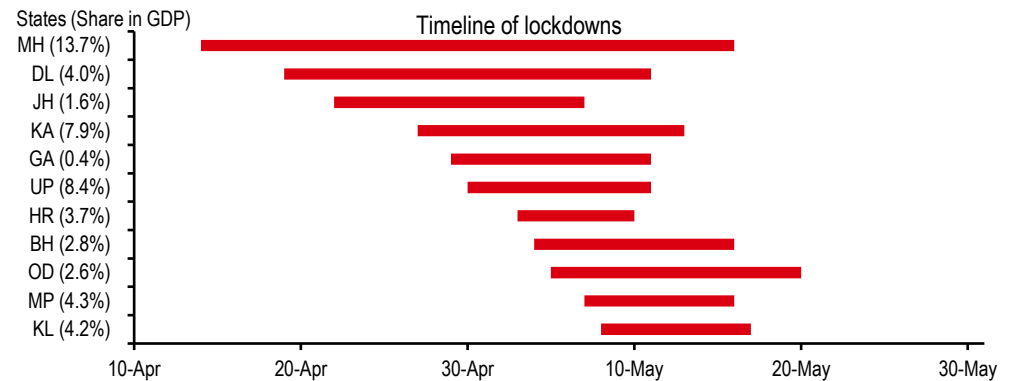
**Chart 10: New import options (e.g. Sputnik and J&J) could help augment supplies by mid-year**



Source: HSBC estimates

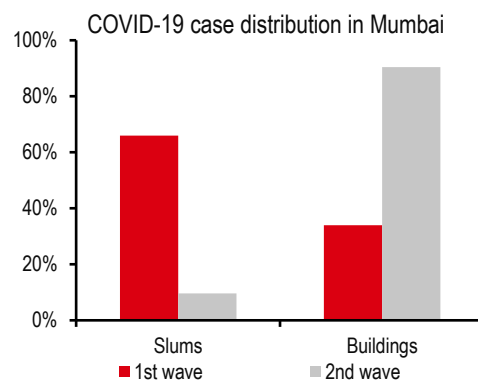
## Economic activity: What's different about the second wave?

**Chart 11: While more states are announcing full lockdowns, they are staggered this time versus all together (nationwide) during the 2020 wave**



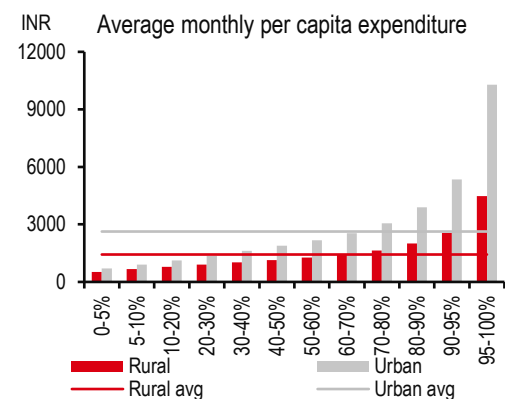
Source: Media reports, HSBC. MH: Maharashtra, DL: Delhi, JH: Jharkhand, KA: Karnataka, GA: Goa, UP: Uttar Pradesh, HR: Haryana, BH: Bihar, OD: Odisha, MP: Madhya Pradesh, KL: Kerala. As of 6 May 2021

**Chart 12: The urban spread of the second pandemic wave is more concentrated in buildings (the better-off households) this time**



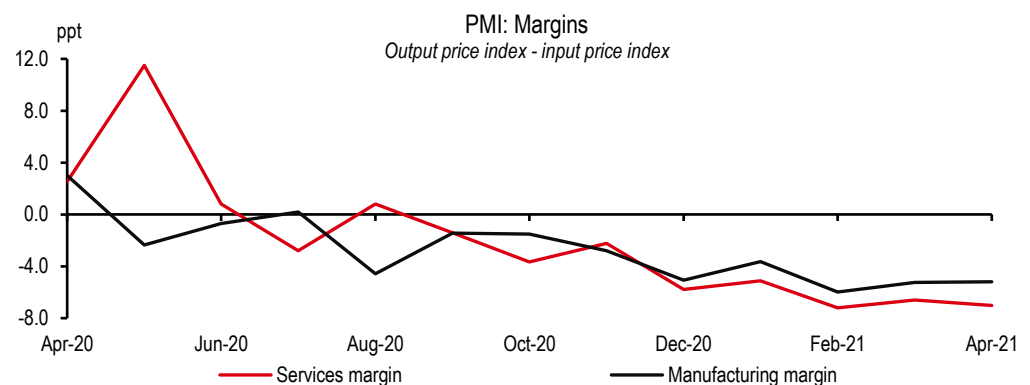
Source: Brihanmumbai Municipal Corporation (BMC), HSBC. Note: 1st wave data is as of June 2020 and 2nd wave data is as of 16 April 2021

**Chart 13: These better-off households consume more; and weak sentiment amongst them could hurt demand**



Source: NSS report: Level and Pattern of Consumer Expenditure (2011-12), HSBC. Based on modified mixed reference period MPCE

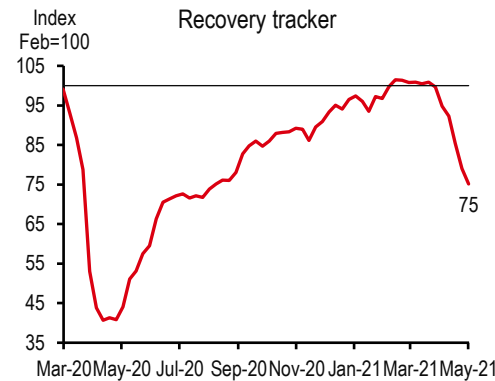
**Chart 14: With rising global commodity prices, domestic manufacturers are grappling with falling margins this time around**



Source: Markit, HSBC

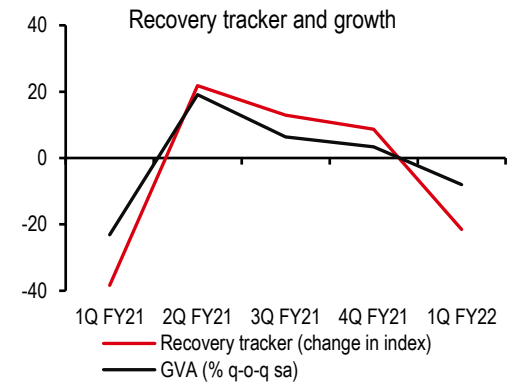
## Economic activity: Flashing different shades of red

**Chart 15: Activity has already slipped 25% below normal**



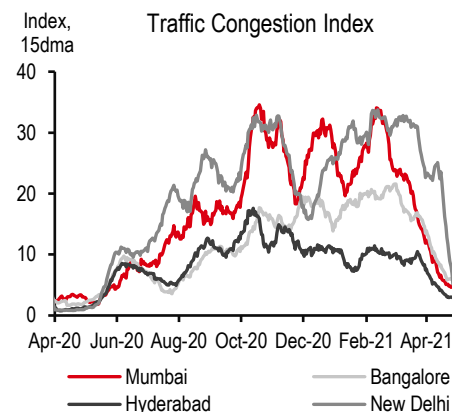
Source: CEIC, POSOCO, GSTN, HSBC. The tracker includes six variables: Google mobility (workplace, recreation), Apple mobility (driving), labour force participation, electricity consumption and e-way bills generation.

**Chart 16: So far we estimate that the fall in June quarter growth will be a third of the same quarter last year (-8% q-o-q versus -23% q-o-q sa)**



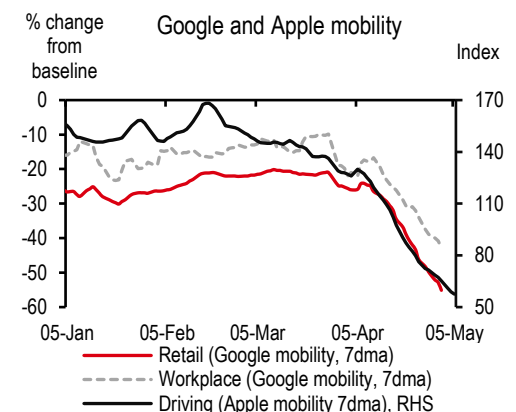
Source: CEIC, HSBC estimates

**Chart 17: Some economic indicators have been hit hard: Traffic congestion in major cities is close to April'20 lows...**



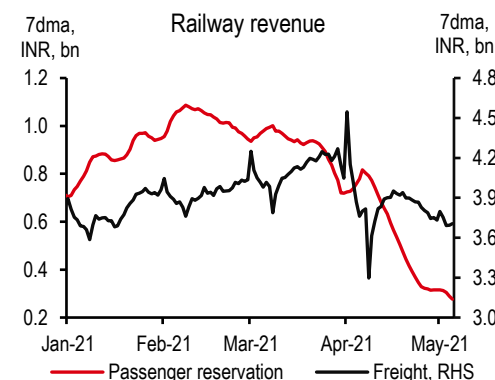
Source: CEIC, HSBC

**Chart 18: ... as all forms of mobility have nosedived**



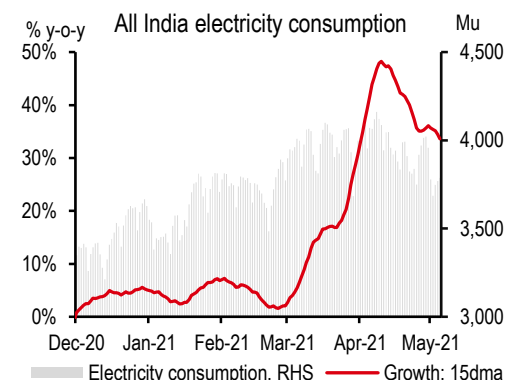
Source: CEIC, HSBC

**Chart 19: Other indicators have dipped, but not drowned: Services have been hit harder than goods (see freight earnings versus passenger revenues)**



Source: CEIC, HSBC

**Chart 20: The relatively more resilient electricity consumption is also showing signs of moderate weakness**

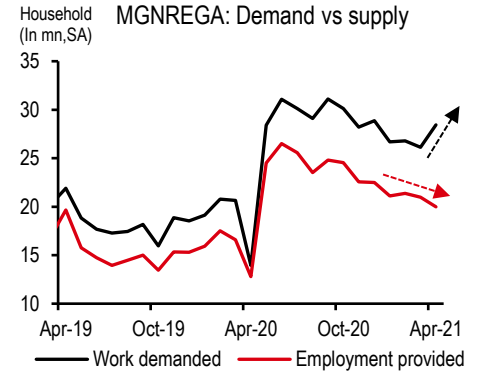


Source: CEIC, HSBC

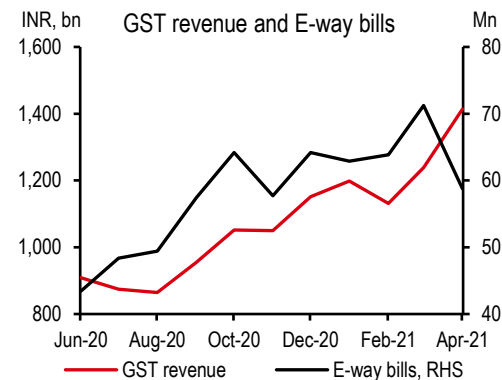
**Chart 21: Unemployment rates have risen in April, particularly in urban areas**



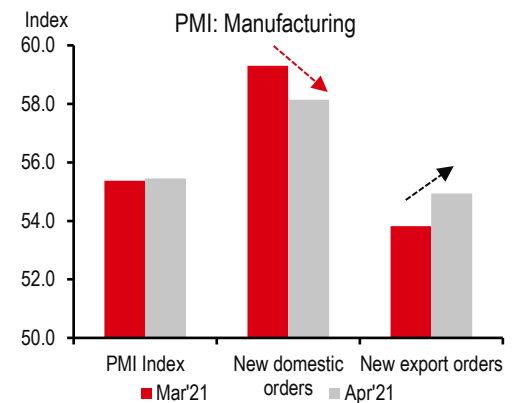
**Chart 22: Workers returning to rural India are seeking MGNREGA employment**



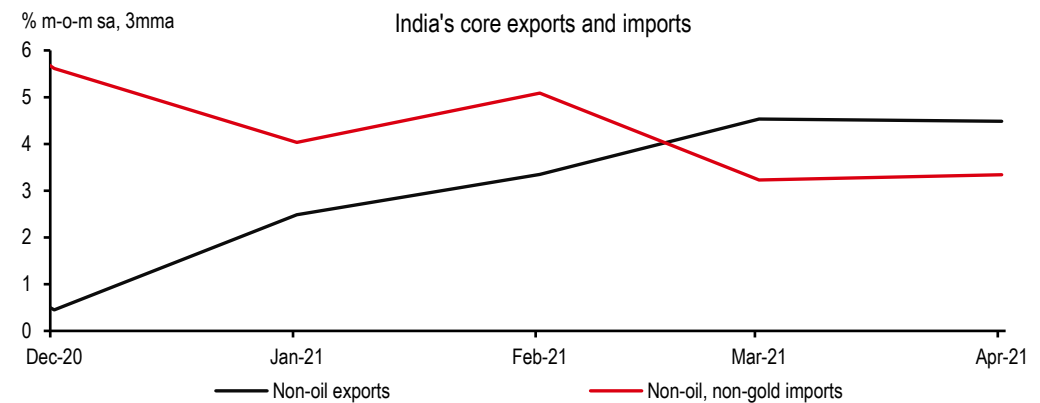
**Chart 23: A handful of indicators remain robust: April GST collections were at a record high, but could begin to dip in line with E-way bills**



**Chart 24: While Manufacturing PMI has been strong, the headline masks weak domestic orders and a falling order-to-inventory ratio**



**Chart 25: Imports and exports have grown impressively; the latter may continue to outperform other domestic indicators, as global growth gallops ahead**



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