

Four Months After Unlock: Silver Lining among slowly dissipating dark clouds

State Bank of India

08 October 2020

INDIA AND THE WORLD

- ❑ Using population as a control variable we find India as a country has done quite well in controlling COVID
- ❑ The results shows that rich states like Maharashtra, AP, Delhi and Karnataka have badly managed the COVID-19 situation as the model estimated number of cases after taking population into account are significantly less than actual cases
- ❑ Populous states like UP, Bihar, Rajasthan, Gujarat, Kerala among others have managed the situation and kept the rising cases under significant control
- ❑ Indian States juxtaposed with countries with similar population reinforces the perception of how India has managed to do better in containment
- ❑ India should be proud that it has always done well in controlling fatality rates of various deadly diseases even with a poor health infrastructure
- ❑ India seems to have reached a peak on 16 Sep, with daily new cases declining after that: recovery rate at peak was 78%, close to our call of peak recovery rate of 75%
 - States like West Bengal, Tamil Nadu, Gujarat, Rajasthan, Kerala and Karnataka have not reached peak
 - States like Uttar Pradesh, Maharashtra, Odisha, Madhya Pradesh, Punjab and Andhra Pradesh have reached peak
- ❑ India took around 175 days to reach the peak, will it recover sooner than reaching peak level?
 - For that Indian population just need to wear a mask while going out! We are witnessing this trend now in a more pronounced manner and that will be the key to recovery
- ❑ Major countries have witnessed or are witnessing a second wave of infection, which is upto 2 times severe than the first wave
- ❑ Swedish response to the COVID-19 pandemic has attracted international attention by diverging from the common European approach by believing in people to maintain discipline: Indian populace showing more discipline now and it will be key to future recovery

STATEWISE DIAGNOSIS

- ❑ 7 days Average growth in top 20 states reveal higher growth of Covid cases in Kerala, followed by Chhattisgarh, Odisha and Madhya Pradesh
- ❑ States are ramping up tests but mostly antigen tests which are less accurate. Maharashtra continues to lag in terms of testing with lower tests per million than other states
- ❑ Covid cases continue to increase despite decline in Google mobility in States like Chhattisgarh, Uttarakhand, Meghalaya among others
- ❑ States which have celebrated festivals (Ganesh Chaturthi and Onam) have seen significant increase in Covid cases and deaths as people moved out for the celebrations. This increases the worry of jump in cases in West Bengal after the Durga Puja celebrations in October if precautions are not taken

URBAN AREAS WITNESS RISING CASES WHILE IN RURAL IT IS MODERATING

- ❑ New cases increasing again in top 15 districts, mostly urban
- ❑ Increase in rural penetration of infection which was clearly visible since July has moderated in Sep
- ❑ Amongst the 25 worst affected districts, still 14 are rural. However, top 6 districts which account for more than 51% of the total increase in new cases in 25 districts are urban
- ❑ Among the rural districts where spread has been more in Sep, only 2 districts contribute more than 10% to their respective GSDP
- ❑ Districts of Andhra Pradesh, one of the largest producer of paddy, have many mandis, hinting agri supply getting affected
- ❑ Sero survey reveals risk in urban slum is twice than that in non-slum areas and 4 times than the risk in rural areas

ECONOMY PICKED UP MOMENTUM IN SEP

- ❑ Our Business Activity Index as well SBI Index shows upward momentum in Sep
- ❑ Most of the economic indicators (Apple Mobility, RTO transactions electricity consumption, PMI manufacturing and services, petrol consumption, vehicle sales, food arrival and prices and Air quality) all show improved economic activity in Sep
- ❑ Most economic indicators however, significantly below Pre-Covid levels and particularly 1-year peak levels, and even 2-year levels for automobiles
- ❑ E-way bills have hit a record high of 5.74 crore in September this year, which is 9.3% more than those generated in the year-ago period
- ❑ Vehicle registration growth positive for tractors and Passenger Vehicles. Vehicle Sales increased in Sep; Mini and Compact segment continue to grow
- ❑ Electricity Demand shows mixed results with States like Maharashtra, Karnataka, Kerala having lower consumption than Pre-Covid Levels. But the good thing is weekly variation shows pick up in Electricity Demand during the last week in many states

BANKS & INSURANCE

- ❑ Except services and personal loans, credit to all other major sectors has declined in August. The bad thing is that the overall bank credit has increased in June & July by Rs 392 billion but in August it declined by Rs 360 billion, which is mainly due to decline in credit to personal loans and infrastructure segments
- ❑ The consumer leverage also declined in August indicating the stress on household balance sheets are now emerging
- ❑ UPI transactions continues to grow in both value and volume terms surpassing the pre-COVID levels

BANKS & INSURANCE

- ❑ Growth in life insurance business has surpassed corresponding month of last year since July and expected to continue the trend in the rest of 2020-21. Distribution channels could see significant realignment with a gain in digital channels
- ❑ Shift in consumer preferences visible with people building up retirement products
- ❑ Non-life insurance industry growth remained flat till Aug 2020, however health insurance business increased by 10.4% but motor insurance declined significantly

FINANCIAL MARKETS

- ❑ Overall, in FY21, fund mobilization in capital market increased by around 14% to Rs 4.53 lakh crore till Aug'20 as compared to Rs 3.98 lakh crore in the same period previous year
- ❑ Commercial paper issuances increased by 48% in Sep'20 to Rs 1.93 lakh crore as compared to Rs 1.30 lakh crore in Aug'20
- ❑ Effective Weighted Average Yield increase by 42 bps to 4.26% in Sept'20
- ❑ Mutual fund holding in NBFC paper (CP) decreased by Rs 5142 crore from Jun'20 to Rs 49090 crore in Aug'20
- ❑ Demat accounts continue to increase

COVID-19 Update: India and the World

Parliament Monsoon Session 2020 passed a record 25 bills (amendments) with some bills as old as 123 years!



- ❑ The Monsoon Session of Parliament of 2020 began on 14 September and was adjourned 8 days before schedule on 23 September, due to rising cases of COVID-19 among Parliamentarians and staffs
- ❑ In the 10 days of working, the Parliament passed 25 Bills, including 11 bills to replace the ordinances promulgated in June. This is a record in productivity in the history of both houses of Parliament
- ❑ Some of the important bills are:

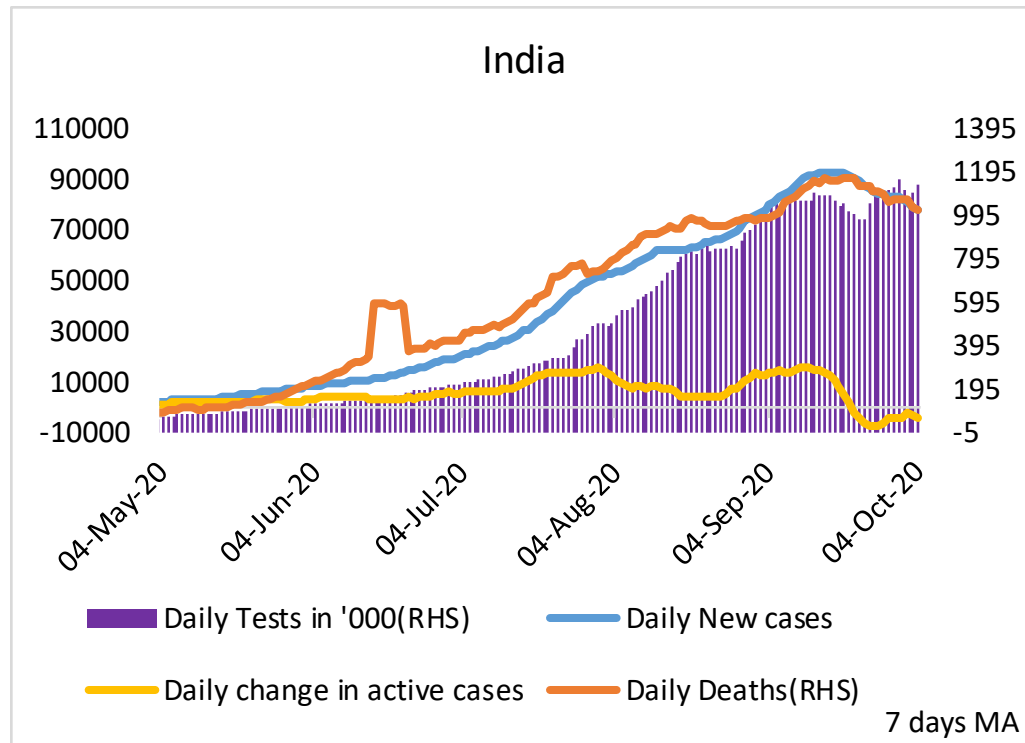
Recent Bills Introduced/Passed in Parliament

Title	Ministry	Passed in LS	Passed in RS	Year since it has been a law
Major Port Authorities Bill 2020	Shipping	23/09/2020		1963
The Occupational Safety, Health and Working Conditions Code, 2020	Labour And Employment	22/09/2020	23/09/2020	1948
The Industrial Relations Code Bill, 2020	Labour And Employment	22/09/2020	23/09/2020	1926
The Code on Social Security, 2020	Labour And Employment	22/09/2020	23/09/2020	1952
The Epidemic Diseases (Amendment) Bill, 2020	Health And Family Welfare	21/09/2020	19/09/2020	1897
The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020	Agriculture And Farmers Welfare	17/09/2020	20/09/2020	1955*
The Farmers' (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020	Agriculture And Farmers Welfare	17/09/2020	20/09/2020	1955*
The Essential Commodities (Amendment) Bill, 2020	Consumer Affairs ,Food And Public Distribution	15/09/2020	22/09/2020	1955
The Banking Regulation (Amendment) Bill, 2020	Finance	16-09-2020	22-09-2020	1965
The Foreign Contribution (Regulation) Amendment Bill, 2020	Finance	21-09-2020	23-09-2020	2010

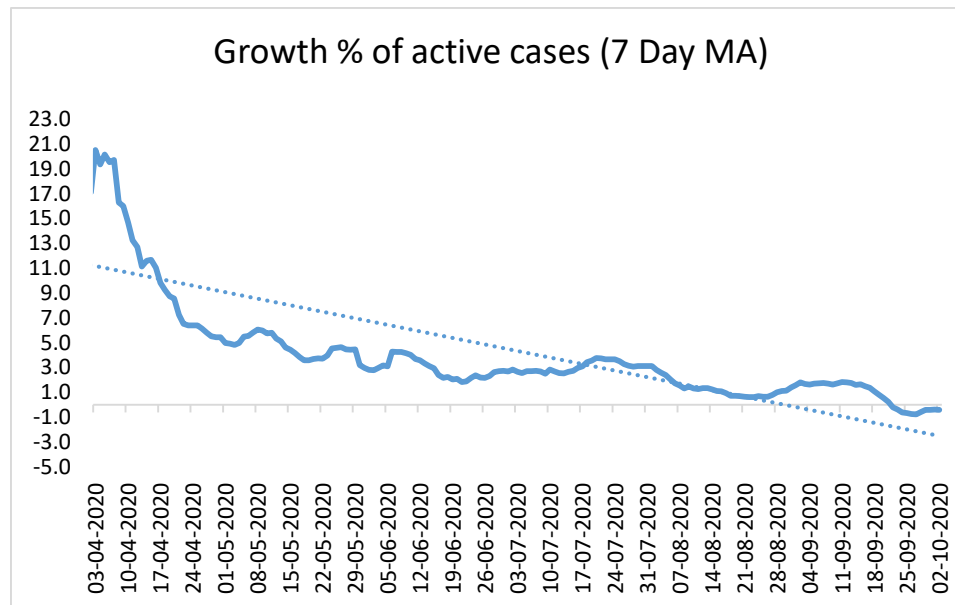
*The Essential Commodities Act, 1955

India seems to have reached a peak on September 16!

- India seems to have reached a peak on 16 Sep, with daily new cases declining after that
- Recovery rate at peak was 78%, close to our call of peak recovery rate of 75%



- 7 days moving average growth show growth in active cases has been declining, due to higher recovery rate



- ❑ As per Pew Research negative views on China has risen significantly this year amidst the China's role in spreading Covid-19 pandemic, with most countries experiencing unfavourable views reaching historic highs this year
- ❑ India should take the advantage in the current global environment by increasing cordial relations with other countries

Negative Evaluations of China							
Countries	2005	2008	2010	2015	2018	2019	2020
Australia	-	40	-	33	47	57	81
UK	16	36	35	37	35	55	74
Germany	37	68	61	60	54	56	71
US	35	42	36	54	47	60	73
France	42	72	59	49	54	62	70
Canada	27	-	-	48	45	67	73
Italy*	-	-	-	57	60	57	62
Japan*	-	84	69	89	78	85	86
South Korea	-	49	56	37	60	63	75

*Italy had most unfavourable evaluation of China of 70% in 2014, and Japan had 93% in 2013

Using Population as a control variable we find India as a country has done quite well in controlling COVID

- Understanding the pattern of COVID-19 infection progression is critical for health policymakers. Reaching the exponential peak of cases, flattening the curve, and treating all the active cases are the keys to success in reducing outbreak transmission
- We made an attempt to determine the estimated cases of infections by the following **panel regression model, with population as a control variable.**

$$Y_{it} = \alpha_i + \beta_{it}X_{it} + \delta_{it}Z_{it} + \mu_{it}$$

where,
 i = State and t = month
 Y = No of Cases
 X = No of Tests
 Z = Population as a control variable; (classified into 3 categories: below 14, 15 to 59 and above 60)

Data Set: April to September 2020 for all States

- Using Population as a control variable across age groups allows us to treat population heterogeneity across states in a uniform fashion and then evaluate the performance of the states . We call it a bottom up approach

COVID-19 Cases: Actual vs Estimated using Population as a control variable			
	Actual	Estimated	Estimated-Actual
Andhra Pradesh	723512	500746	-222766
Assam	187718	238823	51105
Bihar	188858	505233	316375
Chhattisgarh	126005	61040	-64965
Delhi	234701	146770	-87931
Gujarat	144026	378472	234446
Haryana	134909	129136	-5773
Himachal Pradesh	16033	2175	-13858
Jammu and Kashmir	79738	111222	31484
Jharkhand	88026	141844	53818
Karnataka	647712	438876	-208836
Kerala	234929	303317	68388
Madhya Pradesh	137098	136124	-974
Maharashtra	1453653	657424	-796229
Odisha	235330	281544	46214
Punjab	119186	158004	38818
Rajasthan	146195	211170	64975
Tamil Nadu	625391	705411	80020
Uttar Pradesh	417437	744063	326626
West Bengal	273679	319429	45750
Rest	467937	780008	312071
Total	6682073	6950832	268759

A negative sign indicates Badly Managed; A positive case indicates Well Managed: Despite all the hullabaloo, India managed to control COVID quite well.

- ❑ The results are significant at 5% level of significance and shows that states like Maharashtra, AP, Delhi and Karnataka have badly managed the COVID-19 situation as our model estimated number of cases after taking population into account are less than actual cases
 - ❑ **Maharashtra has 8 lakh more cases more than what the model estimates**
 - ❑ **Andhra Pradesh has around 2.2 lakh cases than what the model estimates**
 - ❑ **Karnataka has around 2.1 lakh cases more than what the model estimates**
 - ❑ **Delhi has around 88 thousand cases more than what the model estimates**

- ❑ Meanwhile populous and poor states like UP, Bihar, Rajasthan, Gujarat, Kerala among others have managed the situation and kept the rising cases under significant control
 - ❑ **Uttar Pradesh has 3.3 lakh cases less than what the model estimates**
 - ❑ **Gujarat has around 2.3 lakh cases less than what the model estimates**
 - ❑ **Bihar has around 3.1 lakh cases less than what the model estimates**
 - ❑ **Tamil Nadu, Rajasthan, Assam, Jharkhand and Kerala among others have done well**

- ❑ Overall, India has at least 2.7 lakh cases less than that what our model would have estimated

- ❑ When overall cases are compared, UP, Bihar, Gujarat, Rajasthan and Madhya Pradesh have much overall less cases compared to global counterparts
- ❑ In case of fatality rate Indian states are better than their global counterparts, **except for Maharashtra**
- ❑ Karnataka, Andhra Pradesh, Madhya Pradesh and Bihar also fare better than the countries with similar population in case of recovery rate
- ❑ Uttar Pradesh, Madhya Pradesh and Bihar have lower test positivity when compared to the same in countries of similar population

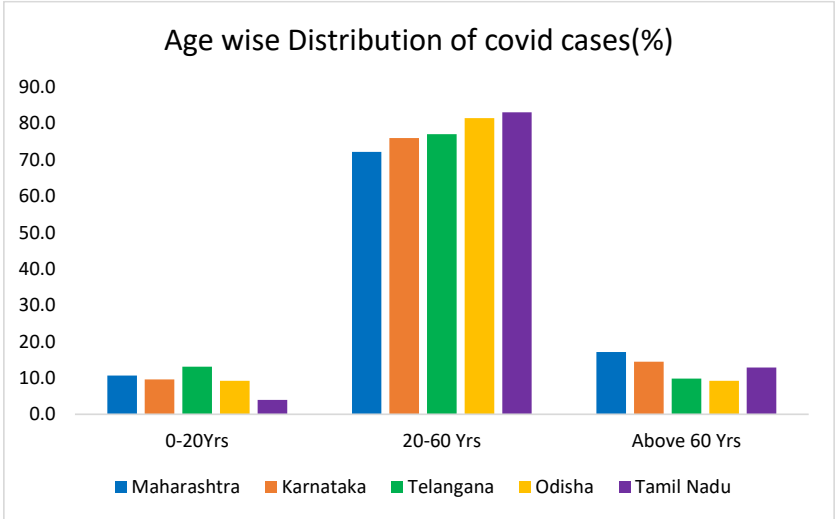
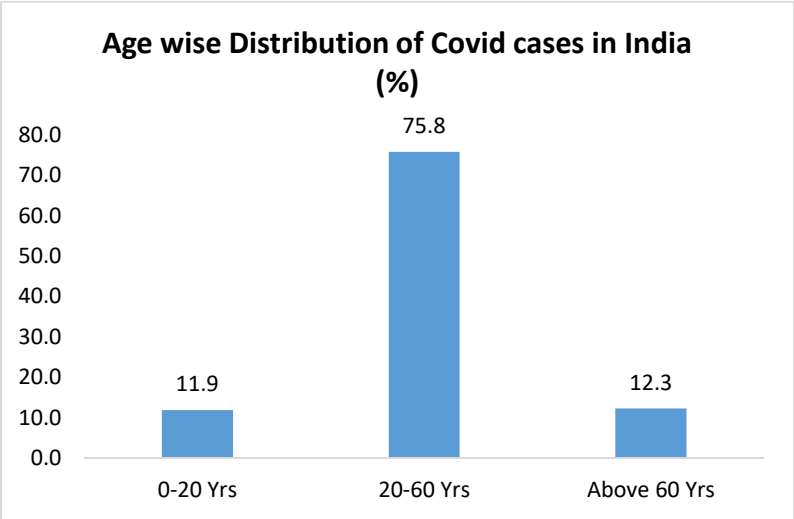
Indian States comparison with countries with similar population					
States	Country with similar Population	Total Cases	Recovery rate	Fatality Rate	Test Positivity
Maharashtra		1453653	80.0%	2.6%	20.3%
	Japan	86047	91.9%	1.9%	3.9%
Andhra Pradesh		723512	92.1%	0.8%	11.8%
	South Korea	24353	91.7%	1.7%	1.0%
Tamil Nadu		625391	91.1%	1.6%	8.0%
	Thailand	3615	93.8%	1.6%	0.5%
Karnataka		647712	80.7%	1.4%	12.2%
	France	634763	15.6%	5.1%	5.4%
Uttar Pradesh		417437	87.8%	1.5%	3.8%
	Brazil	4970953	87.6%	3.0%	27.8%
West Bengal		273679	88.0%	1.9%	8.0%
	Vietnam	1098	93.2%	3.2%	0.1%
Bihar		188858	93.5%	0.5%	2.4%
	Philippines	329637	83.0%	1.8%	8.4%
Gujarat		144026	86.0%	2.4%	3.1%
	UK	530113	-	8.0%	2.0%
Rajasthan		146195	84.4%	1.1%	4.5%
	Germany	307119	86.5%	3.1%	1.8%
Madhya Pradesh		137098	84.5%	1.8%	6.1%
	Iran	479825	82.3%	5.7%	11.5%

India should be proud that it has always done well in controlling fatality rates of various deadly diseases even with a poor health infrastructure

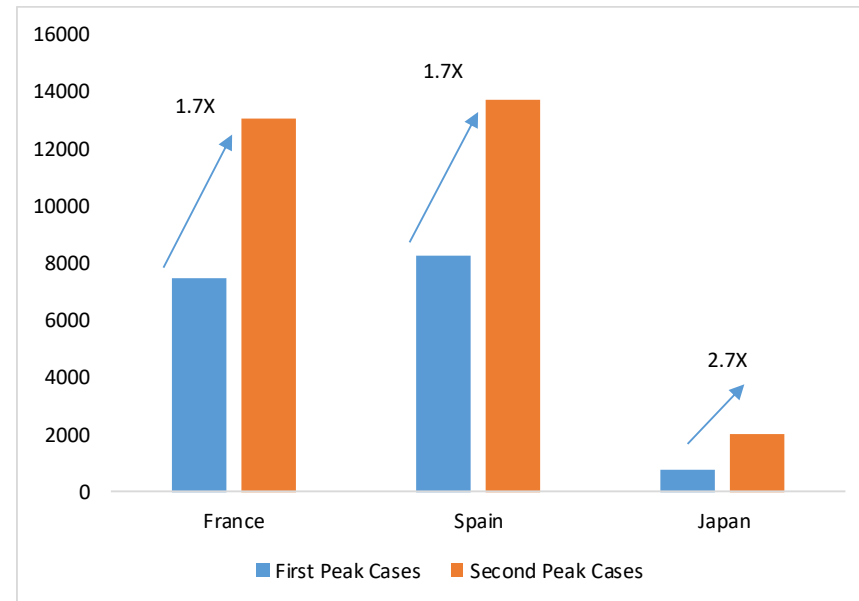
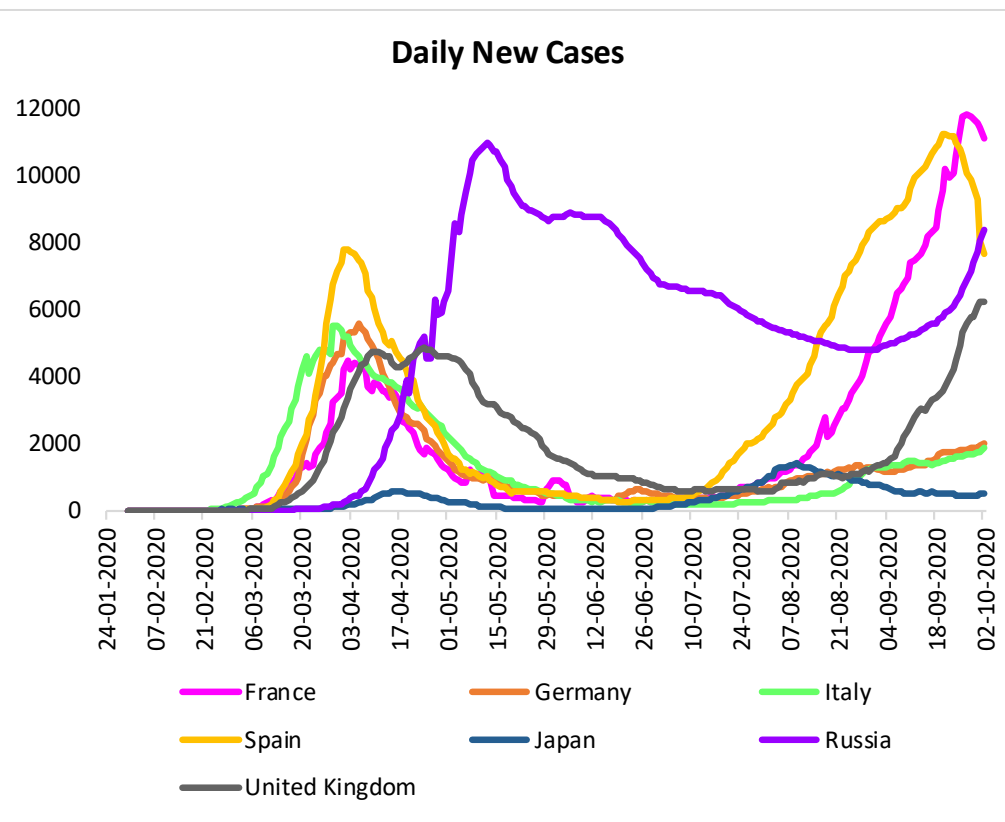
- ❑ In 2018, India had maximum fatality rate of 10.9%, followed by Rabies
- ❑ Even Seasonal Influenza, Encephalitis, Meningococcal Meningitis and tetanus neonatal have higher fatality rates than Covid-19

Fatality Rate during 2018 (NHP 2019)			
Communicable Diseases	Cases	Deaths	Case Fatality Rate (%)
Rabies	110	110	100
Japanese Encephalitis	1674	182	10.9
Seasonal Influenza A H1N1	14971	1103	7.4
Acute Encephalitis Syndrome	11382	637	5.6
Encephalitis	10045	530	5.3
Meningococcal Meningitis	3382	152	4.5
Tetanus neonatal	181	7	3.9
Covid-19	6682073	103600	1.6
Diphtheria	11720	180	1.5
Meningitis	13110	138	1.1
Cholera	651	6	0.9
Tetanus Other than Neonatal	9104	69	0.8
Pneumonia (All Causes)	928485	4213	0.5
Viral Hepatitis(All Causes)	143974	584	0.4
Dengue	101192	172	0.2
Measles	20895	34	0.2
Chicken Pox	66963	50	0.1
Whooping Cough	18006	8	0.0
Malaria	399134	85	0.0
Enteric Fever(Typhoid)	2308537	399	0.0
Acute Diarrhoeal Diseases	13194775	1450	0.01
Gonococcal Infection	55470	5	0.0
Acute Respiratory Infection	41996260	3740	0.0

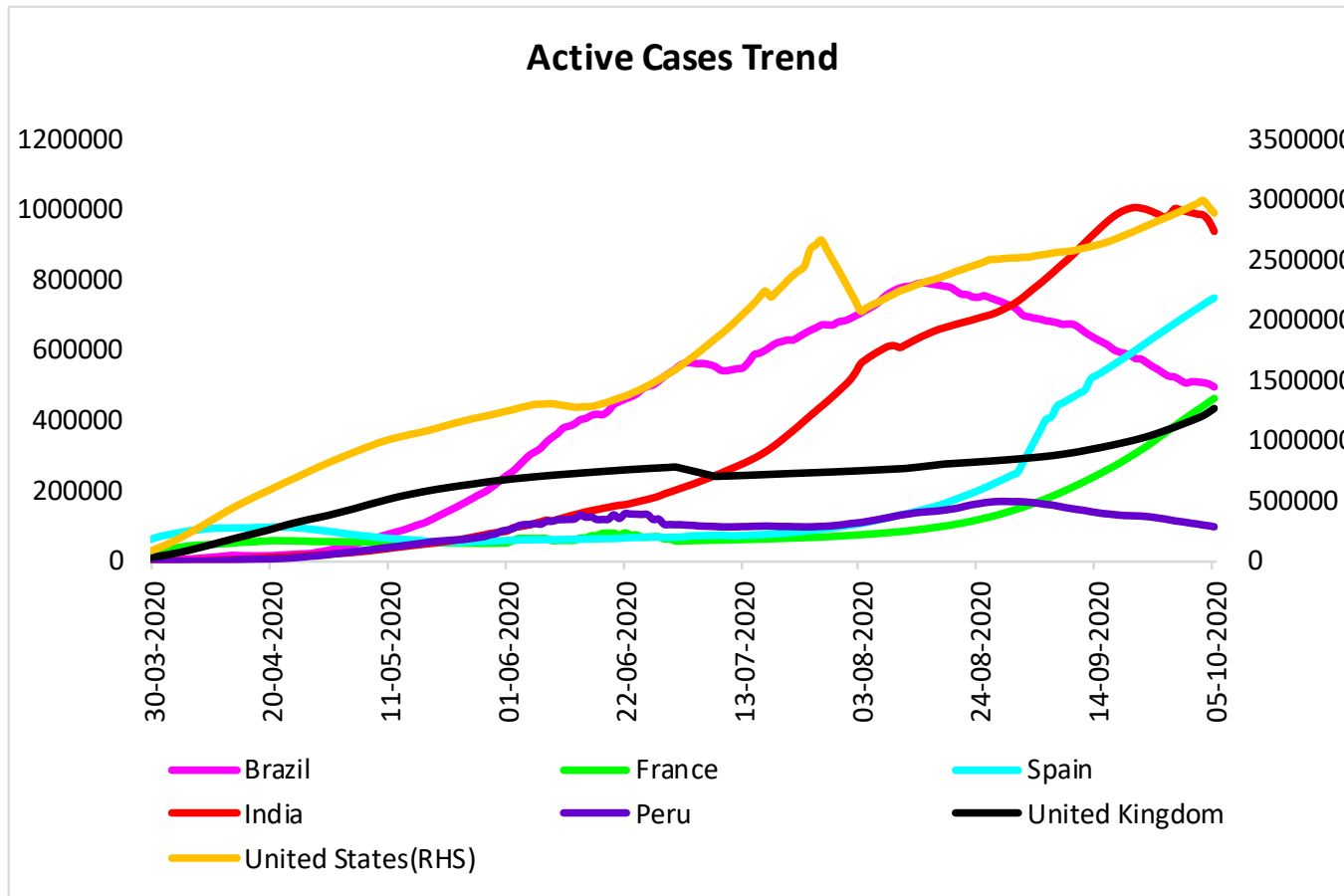
- Age-wise distribution of Covid cases reveal maximum cases in middle bracket of 20-60 years age-group
- Telangana shows more number of infected people in 0-20 age group than in above 60 years age group; other states have more people with infection above 60 years than in 0-20 years group



- Major countries have witnessed or are witnessing a second wave of infection
- Daily new cases in France, Japan, Spain, UK all reveal second wave of higher intensity



- US, France, Spain and UK are witnessing increase in daily active cases, while India, Brazil and Peru are witnessing decline in active cases



India amongst the worst affected in economic terms; but ranks better when Covid deaths per million is looked at!



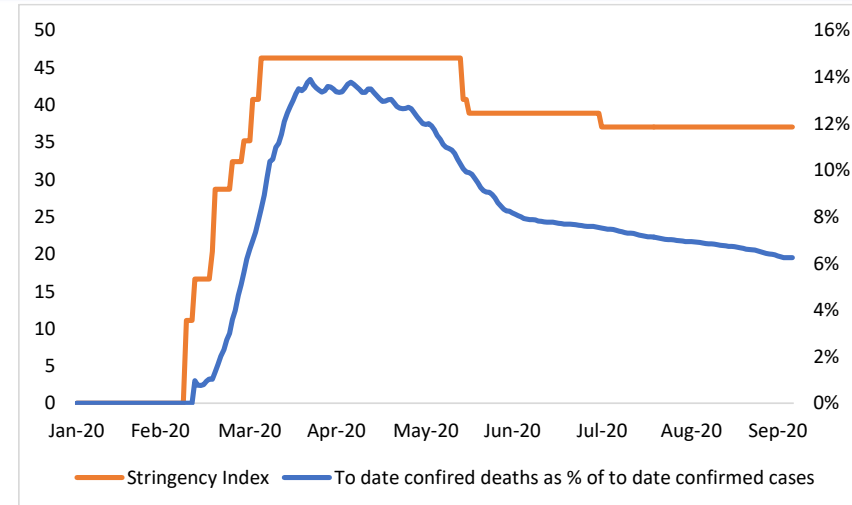
- India's GDP is one of the worst hit by Covid
- However, India has low Covid deaths per million compared to other countries across the globe

GDP Growth of Major Economies During Q2 2020 (%) and Covid Deaths					
Country	Y-o-Y	Covid Deaths Per Million Population	Country	Y-o-Y	Covid Deaths Per Million Population
Peru	-30.2	989	Slovenia	-13.0	75
Belgium	-14.4	867	India (Q1 FY21)	-23.9	74
Brazil	-11.4	687	Croatia	-15.1	73
Spain	-22.1	686	Poland	-8.2	70
Chile	-14.1	677	Finland	-6.4	62
United States	-9.1	647	Philippines	-16.5	53
United Kingdom	-21.7	623	Norway	-4.7	51
Mexico	-18.7	612	Estonia	-6.9	50
Italy	-17.7	595	Indonesia	-5.3	41
Sweden	-7.7	583	Australia	-6.3	35
Colombia	-15.7	524	Lithuania	-4.2	35
France	-18.9	493	Iceland	-9.3	29
Netherlands	-9.3	376	Tunisia	-21.6	27
Romania	-10.5	261	Latvia	-8.9	20
Canada	-13.0	251	Cyprus	-11.9	18
Switzerland	-9.3	240	Hong Kong	-9.0	14
Portugal	-16.3	197	Japan	-9.9	13
Israel	-7.8	187	Slovakia	-12.1	10
Bulgaria	-8.2	122	South Korea	-2.7	8
Germany	-11.3	115	Singapore	-13.2	5
Denmark	-8.2	113	Malaysia	-17.1	4
Ukraine	-11.4	101	China	3.2	3
Turkey	-9.9	100	Thailand	-12.2	1
Austria	-12.5	90	Sri Lanka	-1.6	1
Serbia	-6.4	86	Vietnam	0.4	0
Hungary	-13.6	85	Taiwan	-0.6	0

- ❑ Major countries took more days to come back to normal after reaching the peak compared to days taken to reach peak level
- ❑ India took around 175 days to reach the peak, will it also take more than 175 days to recover or will it behave like countries including Japan, Peru, Sweden which recovered sooner than reaching peak level?
- ❑ For that Indian population just need to wear a mask while going out! We are witnessing this trend now in a more pronounced manner and that will be the key to recovery
- ❑ Take the example of Sweden

No of Days to reach Peak & Recover				
Country	No of days to reach Peak from 100 daily new cases	Peak time Daily Cases	No of Days Required to reach back to lowest level	No of daily cases
France	27	7500	40	65
Germany	22	6294	79	213
Italy	27	6557	83	163
Spain	19	8271	79	109
Belgium	39	2454	49	70
Brazil	132	70869	-	
Canada	49	2760	59	67
Japan	28	743	27	98
Mexico	129	9556	-	
Peru	66	8805	22	2511
Philippines	138	6871		
Russia	49	11656	106	4696
Sweden	106	1804	32	42
United Kingdom	30	7860	87	353
United States	137	78446	-	
India	173	97860	-	
China	19	14108	-	
Chile	86	8120	100	1194

Swedish response to the COVID-19 pandemic has attracted international attention by diverging from the common European approach. Under the Swedish constitution, freedom of movement is a fundamental right and limiting such rights requires a decision by the Swedish Parliament. Keeping this in mind, Sweden has followed an approach which focuses more on the willingness of people to follow the suggested protocol on COVID-19. General guidelines are not binding, they are a recommendation as to what to do in order to comply with a law, an ordinance or a regulation



- Two most important restrictive measures were stopping all public gatherings and events with more than 50 people as on 29 March and on July 1, 2020, a new temporary law providing municipalities with the power to supervise and fine restaurants and bars that do not comply with national and local health regulations
- The Public Health Agency uses several different surveillance systems to monitor the spread of COVID-19. Since COVID-19 is subject to mandatory reporting under the Communicable Diseases Act, physicians and laboratories continuously supply data to be analysed by the Public Health Agency on a daily basis. Other sources of data are random samples from patients with symptoms of influenza, or from other groups of people. Statistics from the medical advice service 1177 (web searches and telephone calls) is also used to monitor the situation
- The confirmed deaths as a percentage of confirmed cases had peaked in April, but it has come down gradually
- In the second quarter of 2020, still marked by COVID-19 containment measures in most Member States, seasonally adjusted GDP decreased by 11.8% in the euro area and by 11.4% in the EU compared with the previous quarter. Meanwhile for Sweden the growth decline was -8.3%. The economy has not been immune to COVID as the previous quarter growth rate was positive for Sweden, the only country in EU to display such. But it is one of those countries which has outperformed the overall EU performance

Huge increase in Cases in States post Festivals – Will it repeat in West Bengal after Durga Puja: Discipline is the key

- ❑ States which have celebrated festivals (Ganesh Chaturthi and Onam) have seen significant increase in Covid cases and deaths as people moved out for the celebrations
- ❑ This increases the worry of jump in cases in West Bengal after the Durga Puja celebrations in October if precautions are not taken

Covid Cases after Festivals				
State	Difference in Total Cases pre and post festival		Difference in Deaths pre and post festival	
	Number	% of Total Cases	Number	% to Total Deaths
Maharashtra (Ganesh Chaturthi)	370423	46.7	9589	39.0
Telangana (Ganesh Chaturthi)	62260	49.8	308	37.2
Andhra Pradesh (Ganesh Chaturthi)	293838	67.6	2620	66.0
Kerala (Onam)	138114	64.7	497	62.8

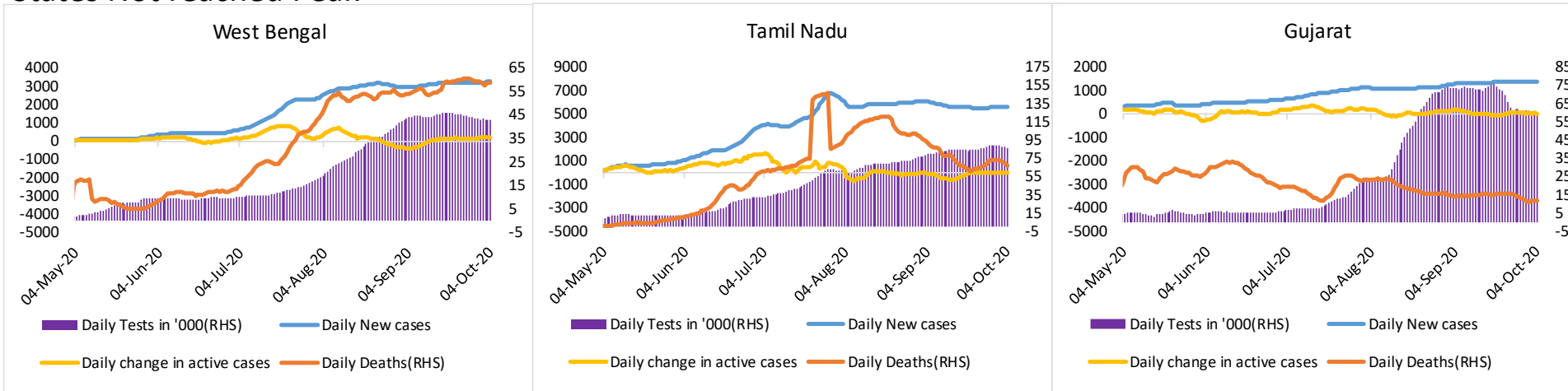
- ❑ Rising Covid cases along with weak economic performance, there is debate going about if India would be the first country amongst BRICS to get downgraded to non-investment grade
- ❑ However, Brazil and South Africa are already in the non-investment grade

Rating of BRICS countries

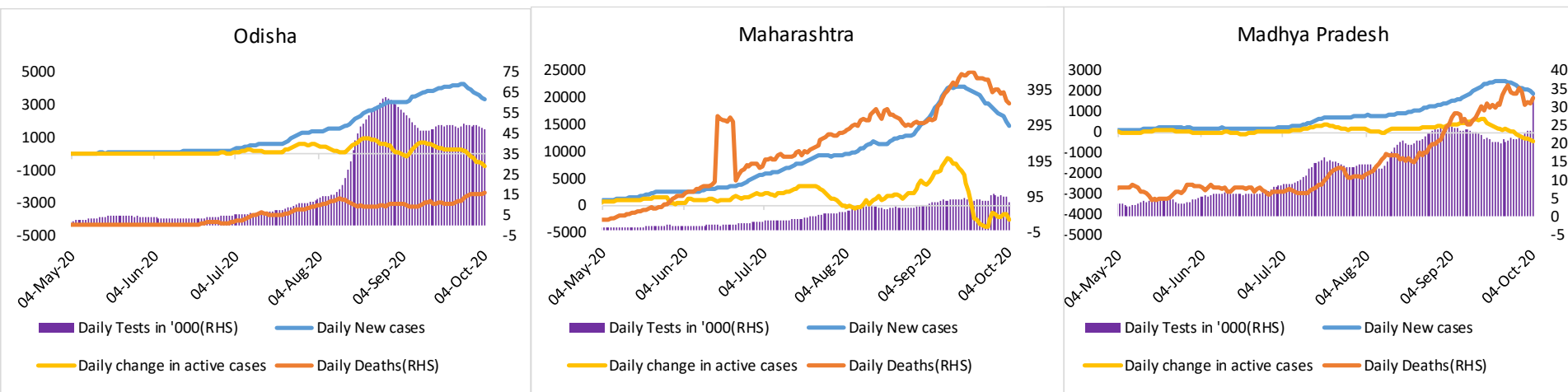
	Moody's	S&P	Fitch	Investment grade
Brazil	Ba2	BB-	BB-	Non-investment grade speculative
China	A1	A+	A+	Yes (Upper medium)
Russia	Baa3	BBB-	BBB	Yes (Lower medium)
India	Baa3	BBB-	BBB-	Yes (Lower medium)
South Africa	Ba1	BB-	BB	Non-investment grade speculative

COVID-19 Update: Indian States

States Not reached Peak



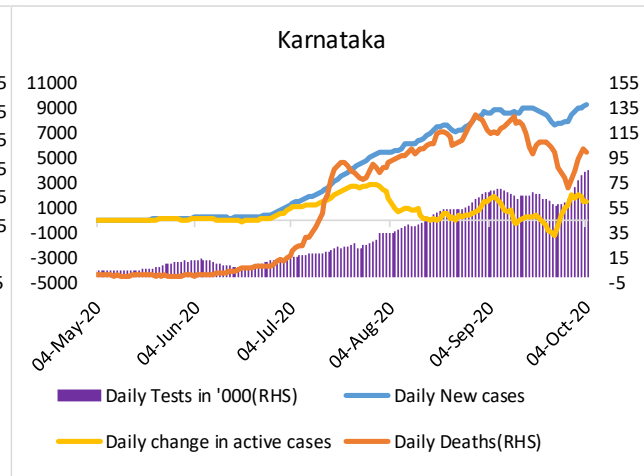
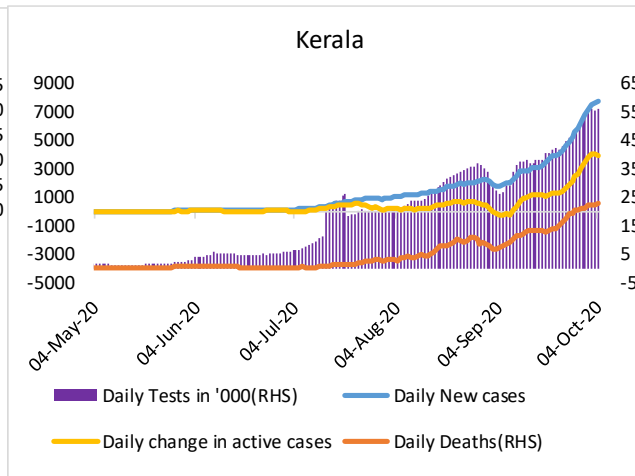
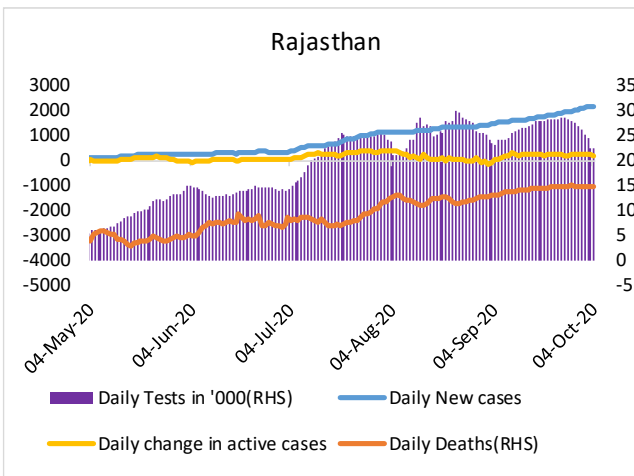
States Reached Peak



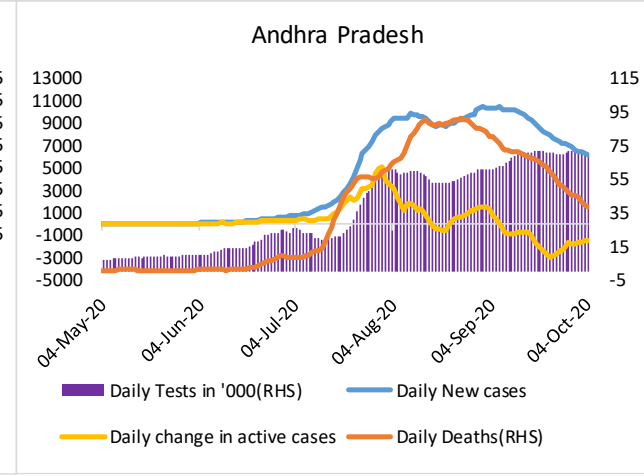
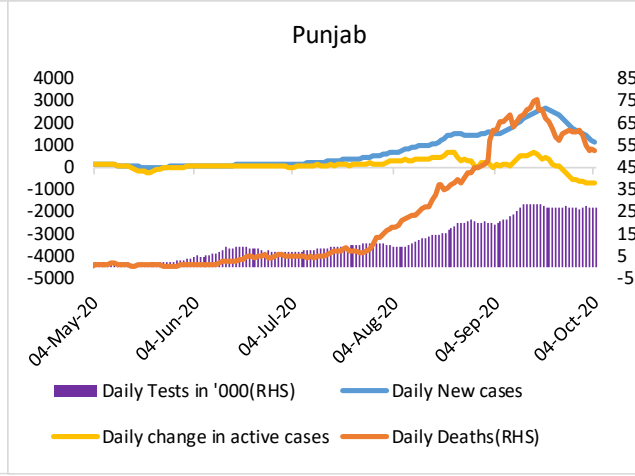
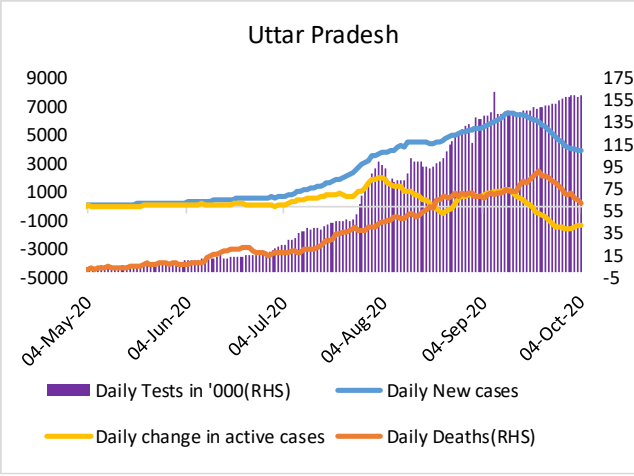
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.....States show mixed results

States Not reached Peak

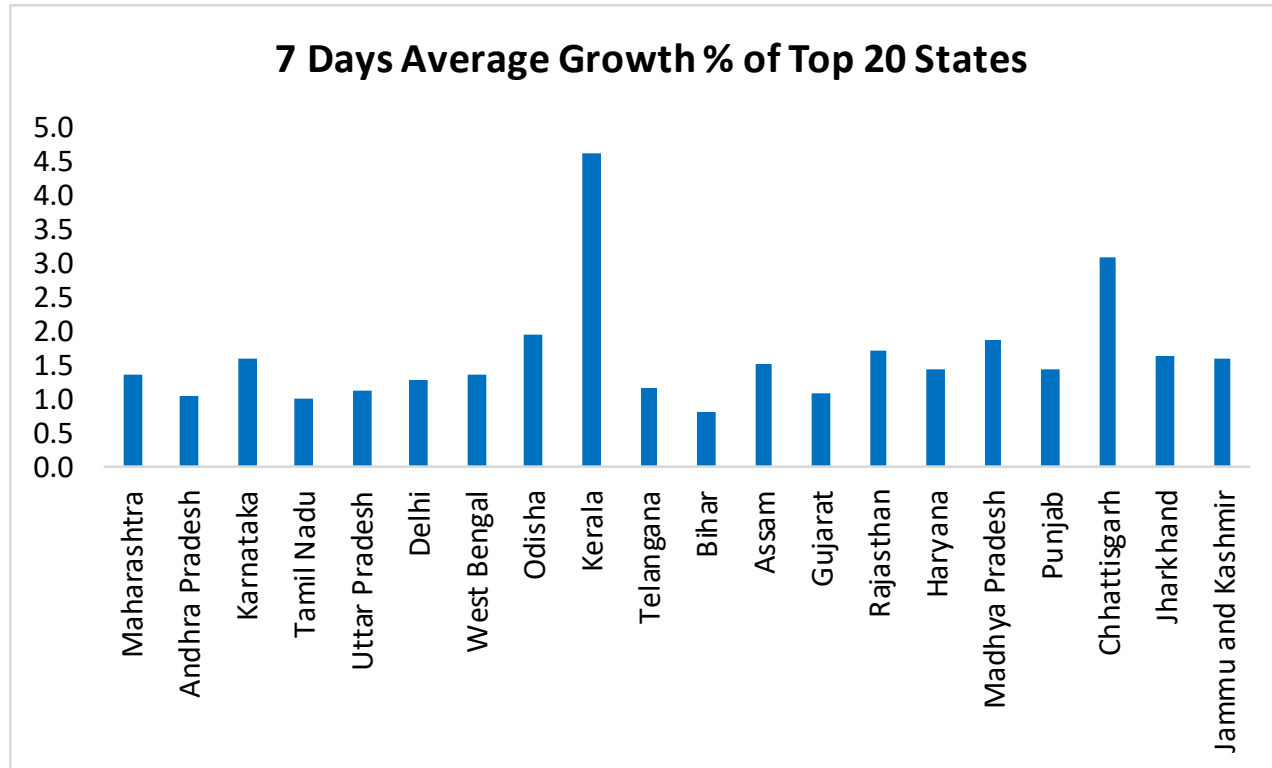


States Reached Peak



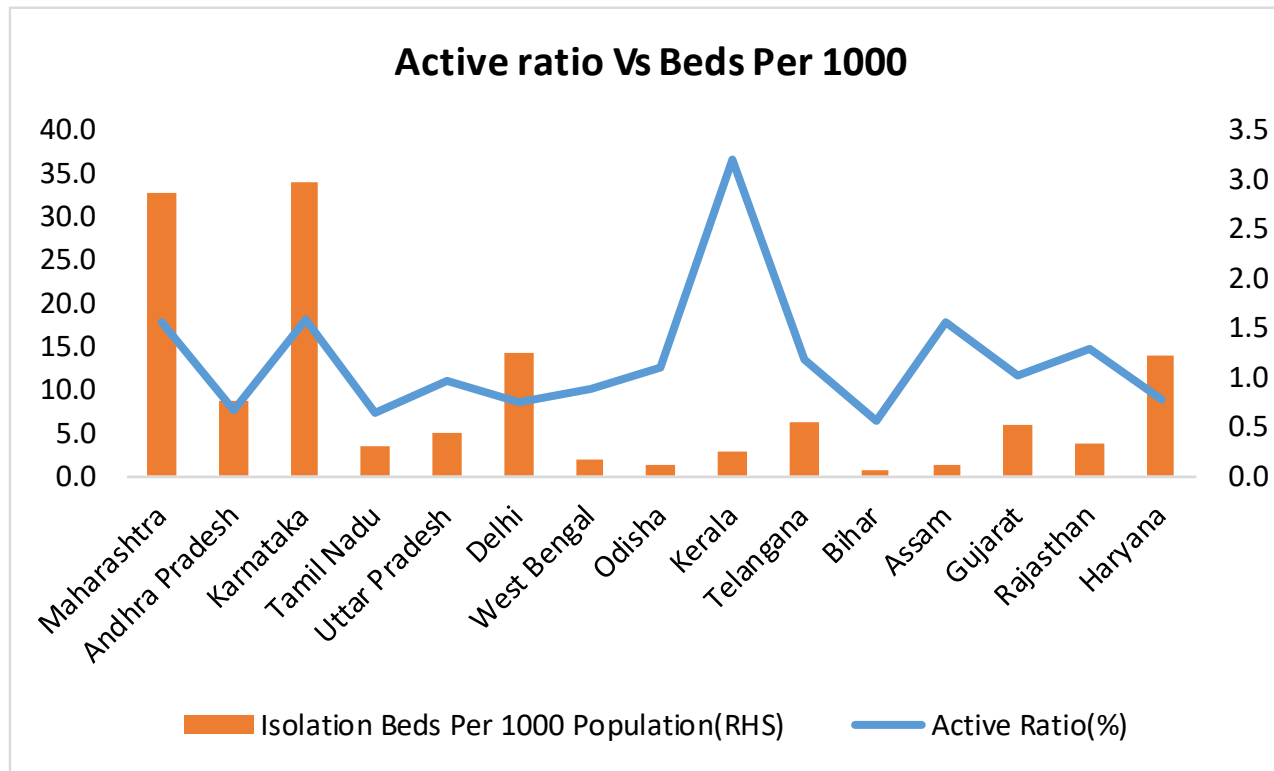
7 days MA

- 7 days Average growth in top 20 states reveal higher growth of Covid cases in Kerala, followed by Chhattisgarh, Odisha and Madhya Pradesh

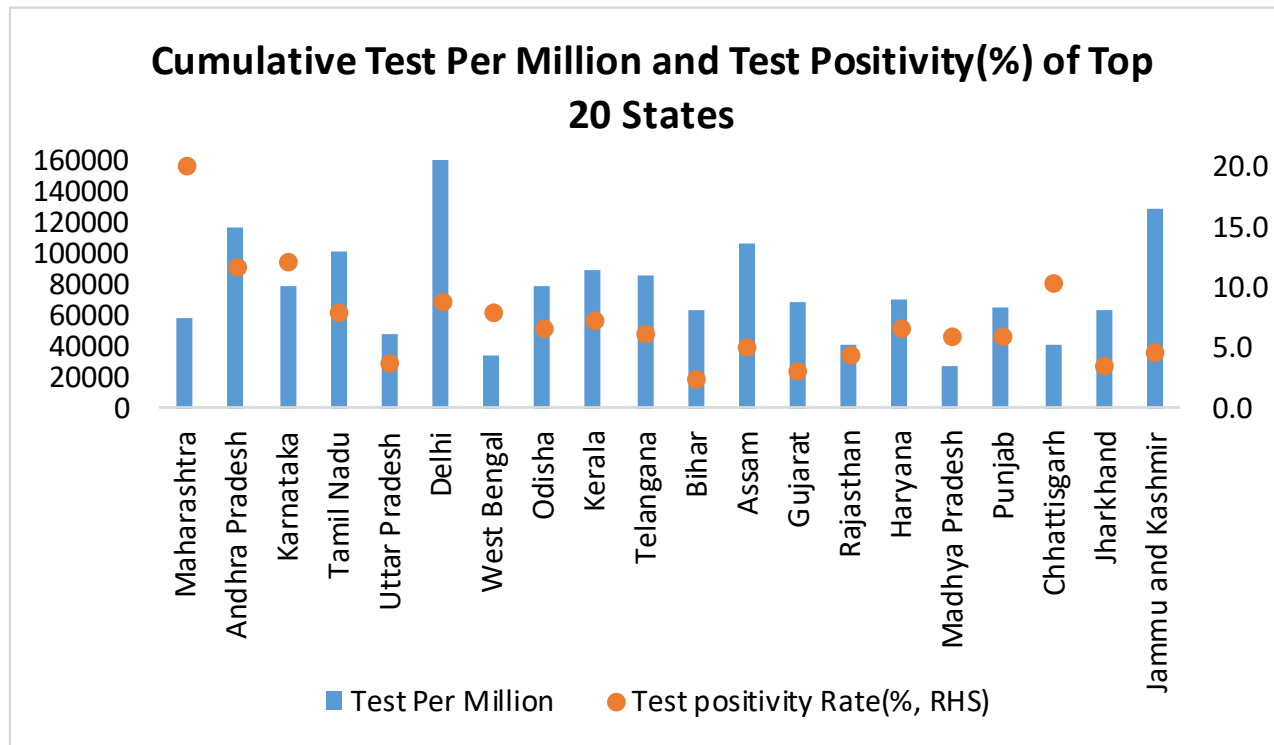


Huge active ratio in Kerala combined with low isolation beds per 1000 available indicates rising stress!

- ❑ Kerala has higher active ratio, however its position is not good if isolation beds per 1000 is looked at
- ❑ However, certain other states like Karnataka, Maharashtra, Haryana and even Delhi have higher number of isolation beds



- Delhi, J&K, Andhra Pradesh, Assam, Tamil Nadu have done higher number of tests
- Test positivity is higher in case of Maharashtra, Karnataka, Chhattisgarh, West Bengal and Madhya Pradesh
- Maharashtra still lags in terms of testing with lower tests per million below other states



- ❑ All states have increased their testing with share of Antigen tests to total risen significantly in Sep
- ❑ Delhi and Karnataka have low share of RTPCR tests which is a cause of concern as antigen tests have more chance of false negativity
- ❑ On the other hand, Karnataka, West Bengal and north-Eastern states of Nagaland, Manipur, Mizoram have higher share of RTPCR which are more accurate
- ❑ Tamil Nadu is another exception which has done all RTPCR tests

State wise Test Break ups and Test positivity						
State	% RT-PCR Tests to Total (Cumulative)		% Antigen Tests to Total (Cumulative)		Cumulative Test Positivity (%)	
	August	September	August	September	August	September
Chhattisgarh	71.0	53.6	29.0	46.4	5.4	10.1
Delhi	45.8	33.2	54.2	66.8	11.0	9.1
Karnataka	71.0	64.4	29.0	35.6	11.8	12.3
Kerala	54.5	45.7	40.9	51.6	4.5	6.5
Ladakh	88.3	62.8	8.5	35.0	8.6	7.8
Manipur	78.5	64.9	21.5	35.1	4.0	4.5
Mizoram	74.2	73.2	25.8	26.8	2.5	2.5
Nagaland	98.8	97.9	1.2	2.1	6.5	7.7
Sikkim	77.2	78.8	22.8	21.2	4.0	5.7
Tamil Nadu	100.0	100.0	-	-	8.9	8.1
West Bengal	78.5	65.2	21.5	34.8	8.6	8.0

Covid cases continue to increase despite decline in Google mobility in States like Chhattisgarh, Uttarakhand, Meghalaya among others

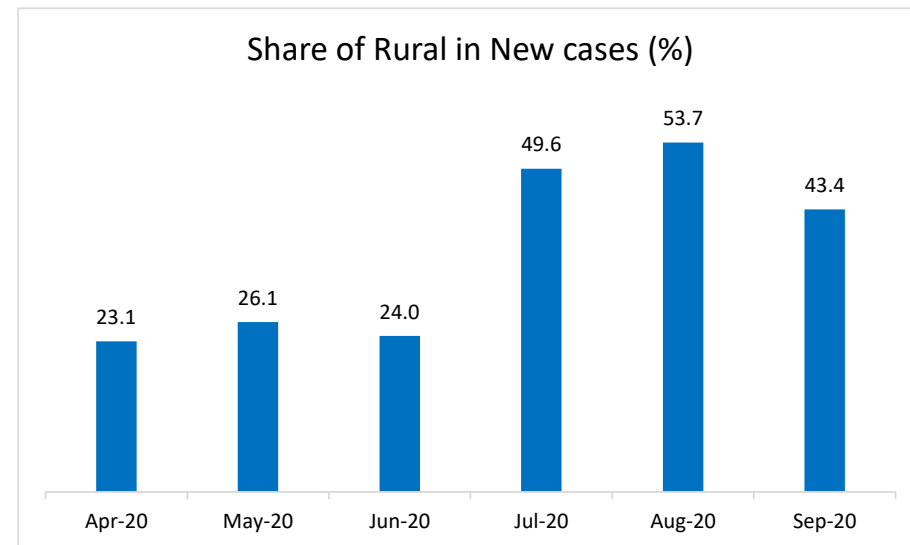
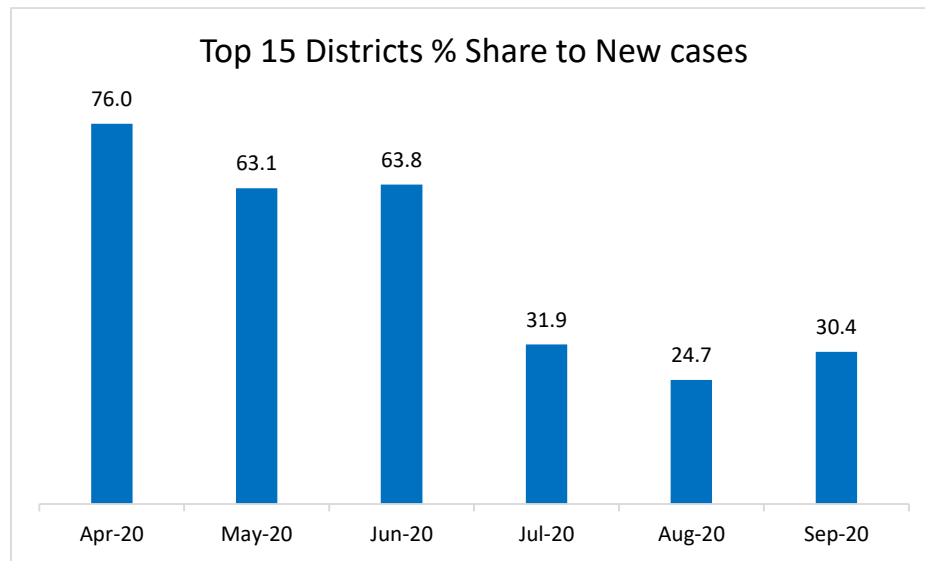
- Majority of states witnessed more than 30% increase in number of Covid cases in Sep
- Workplace Mobility as measured by Google increased in top States affected by Covid so far, but even States with decline in mobility witnessed rise in overall Covid cases

Google Workplace Mobility & Confirmed Covid cases						
States/UTI	Google Mobility			Covid Cases		
	Aug-20	Sep-20	Change	Cases (Aug)	Cases (Sep)	% Change
Maharashtra	-45.0	-24.0	21.0	792541	1088322	27.2
Andhra Pradesh	-24.0	-16.0	8.0	434771	629211	30.9
Tamil Nadu	-36.0	-18.0	18.0	428041	541819	21.0
Karnataka	-42.0	-17.0	25.0	342423	485268	29.4
Uttar Pradesh	-21.0	-20.0	1.0	230414	342415	32.7
Delhi	-41.0	-25.0	16.0	174748	247446	29.4
West Bengal	-63.0	-17.0	46.0	162778	225759	27.9
Odisha	-24.0	-24.0	0.0	103536	185700	44.2
Bihar	-11.0	-15.0	-4.0	136337	169625	19.6
Telangana	-42.0	-19.0	23.0	124963	163407	23.5
Assam	-21.0	-24.0	-3.0	109041	145615	25.1
Kerala	-63.0	-15.0	48.0	75386	128220	41.2
Gujarat	-26.0	-19.0	7.0	96435	117331	17.8
Rajasthan	-24.0	-28.0	-4.0	81693	113225	27.8
Haryana	-30.0	-18.0	12.0	64732	112877	42.7
Madhya Pradesh	-20.0	-24.0	-4.0	63965	104734	38.9
Punjab	-25.0	-33.0	-8.0	53992	93666	42.4
Chhattisgarh	-20.0	-45.0	-25.0	31503	81718	61.4
Jharkhand	-21.0	-18.0	3.0	41656	71342	41.6
Uttarakhand	-18.0	-21.0	-3.0	19827	39035	49.2
Goa	-32.0	-33.0	-1.0	17418	28125	38.1
Puducherry	-29.0	-15.0	14.0	14411	22074	34.7
Tripura	-19.0	-20.0	-1.0	11644	20069	42.0
Himachal Pradesh	-15.0	-19.0	-4.0	6116	11370	46.2
Chandigarh	-35.0	-30.0	5.0	4346	9813	55.7
Manipur	-31.0	-36.0	-5.0	6252	8460	26.1
Arunachal Pradesh	-13.0	-33.0	-20.0	4112	6890	40.3
Nagaland	-21.0	-30.0	-9.0	3950	5025	21.4
Meghalaya	-13.0	-33.0	-20.0	2368	3975	40.4
Sikkim	-34.0	-39.0	-5.0	1652	2222	25.7
Mizoram	-25.0	-38.0	-13.0	1011	1597	36.7

District-wise Analysis

New cases increasing again in top 15 districts, mostly urban; But the positive is Share of Rural districts in new cases moderated in Sep

- Increase in rural penetration of infection which was clearly visible since July has moderated in Sep
- New cases in Urban Areas are rising again with people going back to work, including inter state migration



- ❑ More than 1 crore laborers migrated back to their native States during Mar-Jun'20
- ❑ 5 states - Uttar Pradesh, Bihar, West Bengal, Rajasthan and Madhya Pradesh accounted for 78% of the total labourers who moved back to their states
- ❑ This probably explains surge in cases in rural areas in July and August

Reverse Migration of Workers due to Covid-19			
State	Number of migrant workers	State	Number of migrant workers
Uttar Pradesh	3249638	Haveli and Daman	43747
Bihar	1500612	Telangana	37050
West Bengal	1384693	Tripura	34247
Rajasthan	1308130	Andhra Pradesh	32571
Madhya Pradesh	753581	Manipur	12338
Jharkhand	530047	Nagaland	11750
Punjab	515642	Meghalaya	4266
Assam	426441	Arunachal Pradesh	2871
Kerala	311124	Puducherry	1694
Maharashtra	182990	Haryana	1289
Tamil Nadu	72145	Lakshadweep	456
Jammu and Kashmir	48780	Ladakh	50
Total		10466152	

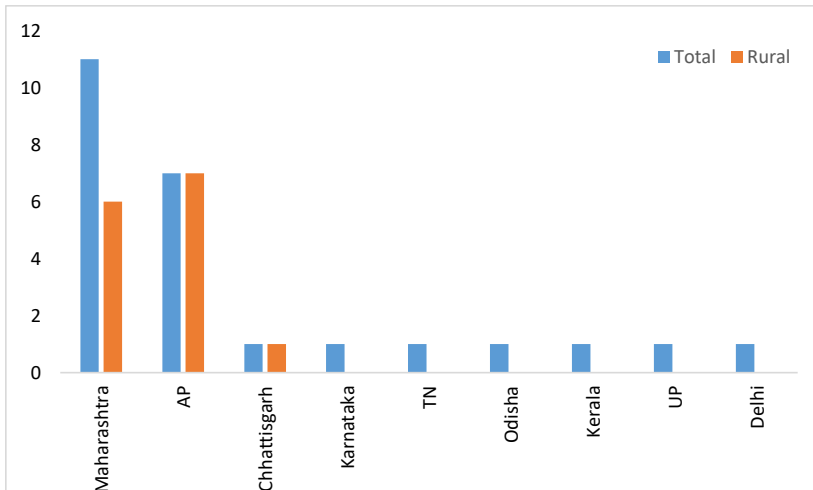
Source: SBI Research, Answer to Lok Sabha Question

25 Worst affected districts in past 2 weeks of Sep have 14 rural

- Amongst the 25 worst affected districts, 14 are rural. However, top 6 districts which account for more than 51% of the total increase in new cases in 25 districts are urban
- Maharashtra has maximum of 11 districts amongst top 25 worst affected while Andhra Pradesh has the highest number of rural districts being affected
- Meanwhile, Google mobility (workplace) during the same period has declined in most districts
- Thiruvananthapuram has witnessed significant increase in workplace mobility during the last 2 weeks of September

25 Worst affected districts in past 2 weeks			
District	State	Change in Cases	Change in Google Mobility (Workplace)
Pune	Maharashtra	117959	-1
Delhi	Delhi	104967	0
Bengaluru Urban	Karnataka	103538	-29
Mumbai	Maharashtra	59463	3
Thane	Maharashtra	54739	2
Nagpur	Maharashtra	49957	-2
East Godavari	Andhra Pradesh	37771	-6
Nashik	Maharashtra	36289	-2
Chennai	Tamil Nadu	31779	3
West Godavari	Andhra Pradesh	29601	-6
Prakasam	Andhra Pradesh	25419	-4
Lucknow	Uttar Pradesh	25341	-1
Chittoor	Andhra Pradesh	25209	-5
Sangli	Maharashtra	24903	-11
Satara	Maharashtra	22853	-11
Raipur	Chhattisgarh	22495	-5
Ahmednagar	Maharashtra	21816	-7
S.P.S. Nellore	Andhra Pradesh	21655	-1
Raigad	Maharashtra	21105	0
Kolhapur	Maharashtra	20883	-8
Khordha	Odisha	20798	-4
Jalgaon	Maharashtra	20227	-6
Thiruvananthapuram	Kerala	18933	32
Guntur	Andhra Pradesh	18929	-5
Y.S.R. Kadapa	Andhra Pradesh	17699	-4

Source: SBI Research, Districts marked yellow are rural



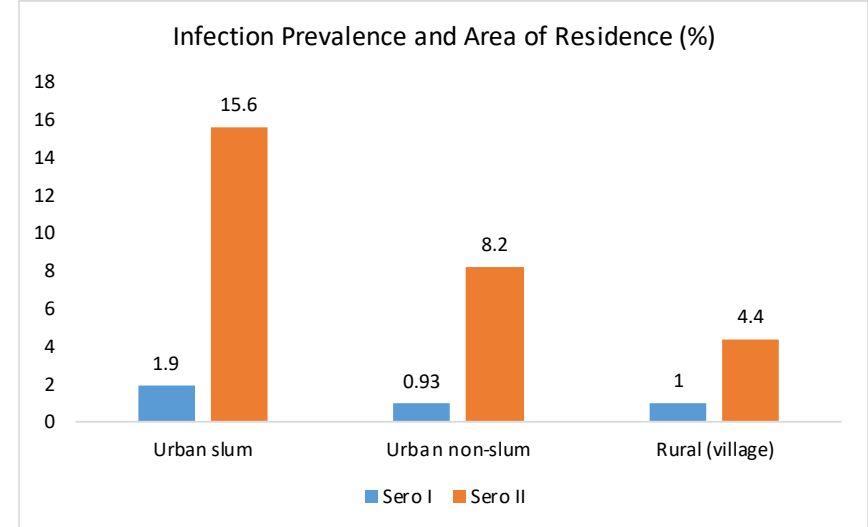
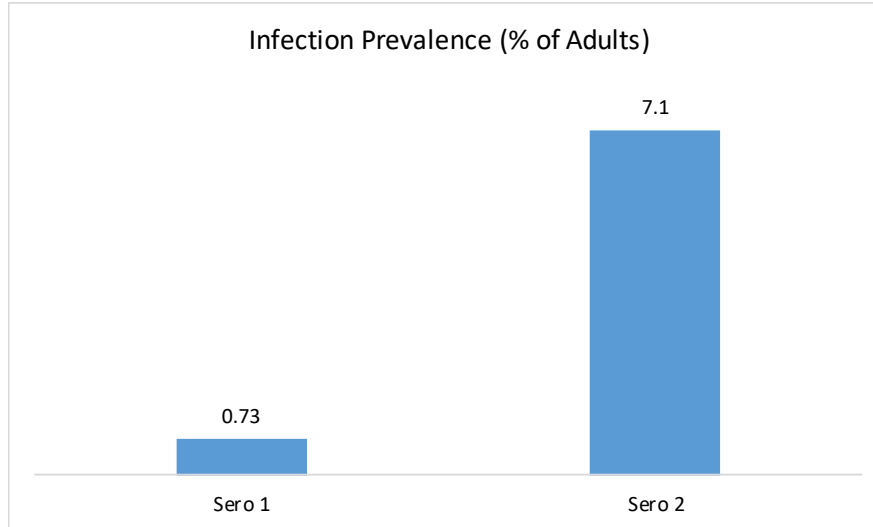
Rural districts affected have large number of mandis implying agri supply and thereby prices getting affected: cereal prices could move higher

- Among the rural districts where spread has been more in Sep, only 2 districts contribute more than 10% to their respective GSDP
- Districts of Andhra Pradesh, one of the largest producer of paddy have many mandis, hinting agri supply getting affected
- 4 districts lie far away from the capital city, more than 500 km away

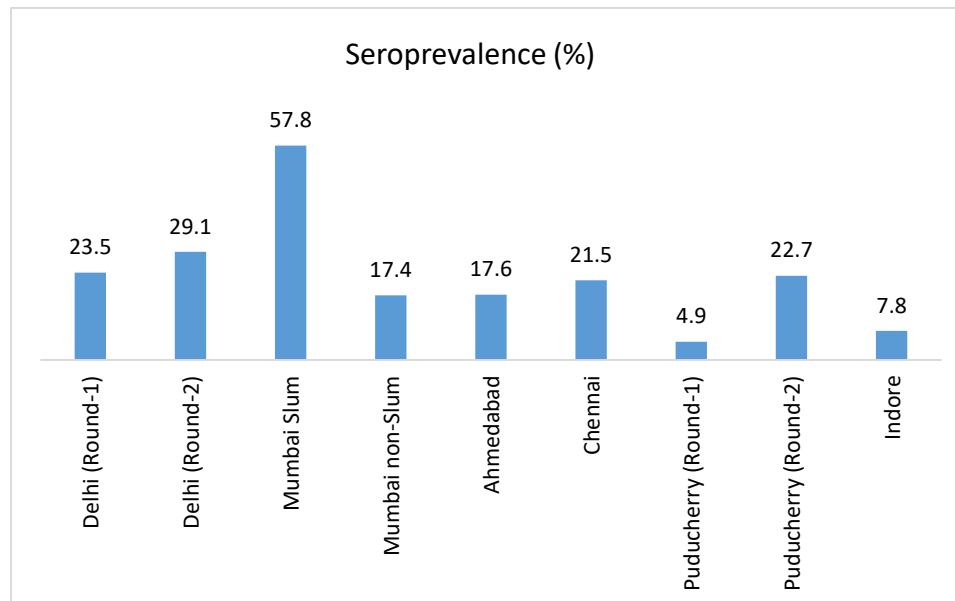
Worst affected Rural Districts				
Districts	State	Distance from Capital City (km)	# of Agri markets/ mandis	Contribution to GSDP (%)
East Godavari	Andhra Pradesh	182.8	31	10.9%
West Godavari	Andhra Pradesh	245.6	26	8.7%
Prakasam	Andhra Pradesh	561.3	21	6.0%
Chittoor	Andhra Pradesh	831.1	26	8.1%
Sangli	Maharashtra	369.2	9	2.1%
Satara	Maharashtra	272.2	10	2.1%
Raipur	Chhattisgarh	0.0	12	22.2%
Ahmednagar	Maharashtra	233.2	21	2.6%
S.P.S. Nellore	Andhra Pradesh	627.3	16	6.4%
Raigad	Maharashtra	103.4	9	2.1%
Kolhapur	Maharashtra	400.0	6	3.3%
Jalgaon	Maharashtra	414.5	17	1.9%
Guntur	Andhra Pradesh	385.5	27	9.1%
Y.S.R. Kadapa	Andhra Pradesh	832.0	17	5.3%

Sero Survey Results

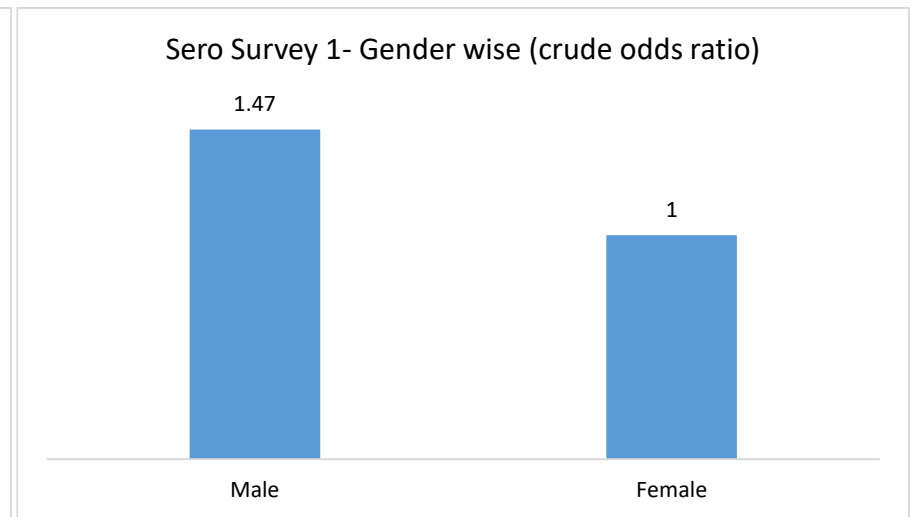
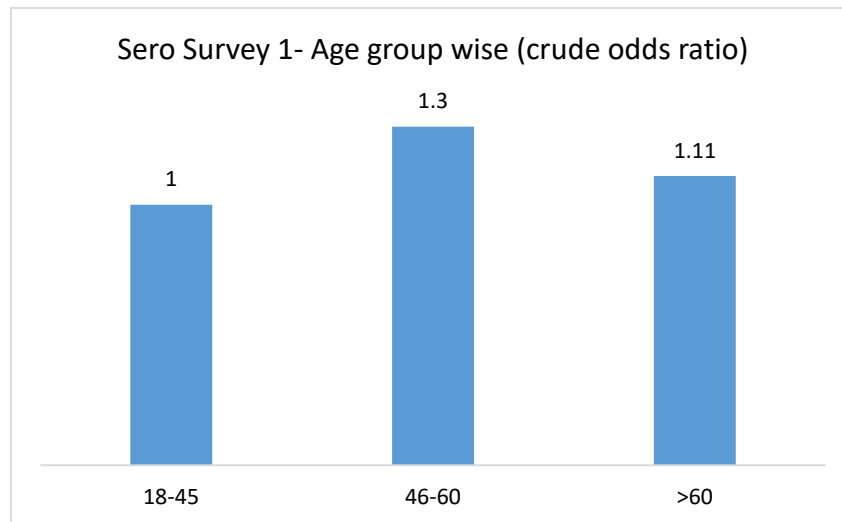
- ❑ The Government did the population-based seroepidemiological studies measure the extent of SARSCoV-2 infection in a country
- ❑ 2 community-based surveys (First: 11 May- 4 Jun and Second: 17 Aug-22 Sep) have been conducted using random sampled in 700 villages/wards, selected from the 70 districts of the 21 States of India
- ❑ The sero-survey, because it aims to capture national prevalence, samples many more from rural India than cities to reflect the population spread in the country
- ❑ Lower infection to case ratio in Aug compared to May reflects significant increase in testing and detection across India



- ❑ The country wide prevalence of the virus was similar to that seen in the United States, which was around 9.3%. Brazil and Spain had a prevalence of 2.8% and 4.6%
- ❑ The prevalence in major cities ranged from 58% in Mumbai to 29% in New Delhi, 22% in Chennai and 7.8% in Indore, implying so many people (above 10 years) have already been infected with the virus
- ❑ Risk in urban slum is twice than that in non-slum areas and 4 times than the risk in rural areas

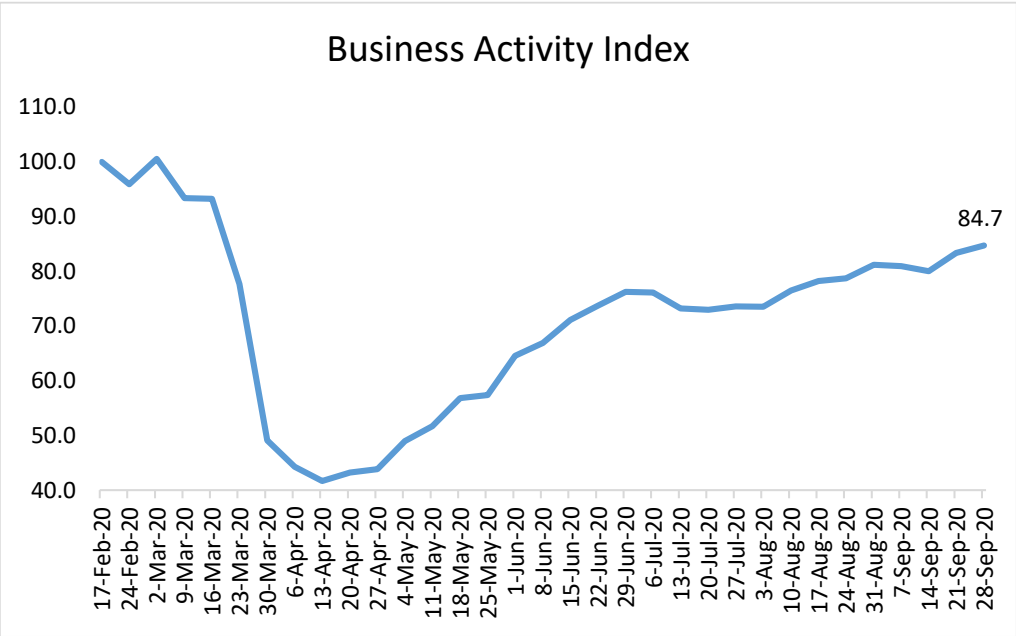


- During the first Sero Survey, there was difference in prevalence according to age-group and gender
- However, second survey shows prevalence not different by age-group and gender

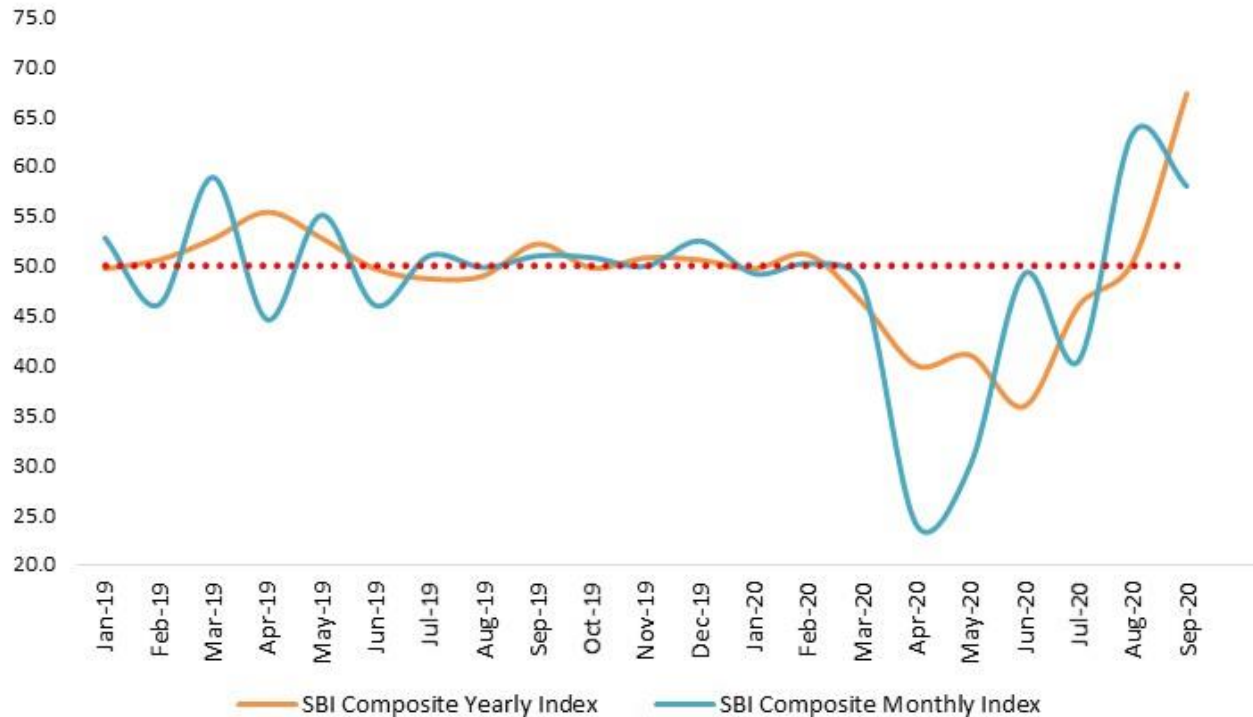


Economic Momentum in Unlock 4

- Our activity index based on certain high frequency indicators (labour participation rate, Google mobility index (workplace), Apple mobility Index, RTO revenue collection and electricity daily maximum consumption as variables), show upward momentum



- ❑ The yearly SBI Composite Index for September 2020 has crossed 60 and is at 67.3 (High Growth) in September compared to 50.4 (Low Growth) in August 2020
- ❑ Based on the SBI index, we believe IIP & IIP manufacturing could still contract by below 5% in August and modest positive growth in September 2020 is possible



Most economic indicators however, significantly below Pre-Covid levels and particularly 1-year peak levels, and even 2 year levels for automobiles

- ❑ Apple Mobility, RTO transactions electricity consumption, PMI manufacturing and services, petrol consumption, vehicle sales, food arrival and prices and Air quality all show improved economic activity in Sep
- ❑ However, the numbers are significantly below the pre-Covid levels and even far below the peak reached in last 1 year
- ❑ For example, auto sales in September are still 2-8 per cent lower than when it witnessed positive growth for the last time in 2018

Economic Indicators which recovered in September 20			
Indicators	% Change From Pre covid Peak Level	% Change from Pre Covid Level (Feb-20)	MoM%
Google Mobility Index #			
Retail and Recreation	-	-37	6
Grocery and Pharmacy	-	2	8
Parks	-	-44	2
Transit stations	-	-24	11
Workplaces	-	-35	4
Residential	-	14	1
Apple Mobility Index#	-	-19	23
PMI Manufacturing#	2	2	5
PMI Service#	-8	-8	8
SBI Yearly Index#	12	16	17
AQI (7 City Average)	-69.7	-54.3	27.5
No of Transactions at RTO('000)	-25.6	-14.3	16.0
Revenue Collections at RTO (Rs Cr)	-35.0	-21.3	0.7
Electricity Daily max consumption(MW)	-7.3	11.7	6.7
No of GST E Way Bill	-12.1	-12.1	1.7
Revenue Earning Freight Traffic of Major Commodities (Rs Cr)	-11.4	-7.7	9.5
Tractor Sale Domestic*	-7.8	70.7	52.2
Domestic Passenger Vehicle Sale*	\$-2.1	5.9	23.3
Domestic Two Wheelers Sale*	\$-8.2	27.9	6.1
Weekly Food arrival in Tonnes			
Pulses	-57.6	74.5	48.6
Vegetables	-44.9	32.0	41.3
Retail Food Prices (Modal) (Rs/Kg)			
Vegetables	-37.8	58.2	25.2
Cereals	-18.2	0.8	1.7
Pulses	-5.9	4.3	1.7
Oil & Fat	62.9	77.9	1.5
Overdue amount of Power Sector (Excluding Disputed amount) Rs cr **	25.3	25.3	2.5
Petrol Consumption ('000 MT)**	-13.0	-5.2	5.3
#Difference,*Estimates from company's sales no,**July20 and Aug 20, \$ - % Change from Pre covid level when it showed a positive YoY			

India: Corporate results Q1FY2021 has been dismal across sectors

- Corporate in listed space recorded around 30% dip in the top line in Q1FY21 while bottom line de-grew by around 77%. Overall, no sector is untouched with the impact of Covid-19 and subsequent lockdown
- Excluding BFSI and refineries top line de-grew by more than 35% and most of the sector declared negative bottom line. Only sector such as Agro-Chemicals, Edible Oil, Pharma etc. could deliver growth in all key parameters. List of sectorise growth of select sectors is as under
- With gradual unlocking and restoration of productions, we expect sectors such as Automobile, Steel, Cement, Consumer durable, etc. also deliver better results in coming quarters as compared to Q1FY21

Growth in key financial parameters of Q1FY21 vs Q1FY20				
Sector	No of cos	Net Sales	PBIDT	PAT
Agro Chemicals	18	16	62	92
Auto Ancillaries	94	(67)	(109)	(188)
Automobile	15	(71)	(90)	(132)
Capital Goods-Non Electrical Equipment	108	(49)	(78)	(109)
Cement	32	(33)	(25)	(33)
Chemicals	158	(35)	(42)	(52)
Construction	91	(39)	(60)	(219)
Consumer Durables	44	(51)	(79)	(106)
Edible Oil	30	3	59	53
FMCG	79	(11)	(5)	1
IT - Software	164	3	(8)	(17)
Paper	41	(52)	(73)	(117)
Pharmaceuticals	142	8	39	61
Realty	117	(62)	(60)	(119)
Refractories	6	(32)	(44)	(51)
Steel	120	(40)	(46)	(125)

Source: Cline; SBI Research

- ❑ Rail freight earnings have increased after unlock of the economy, with momentum continuing across all categories
- ❑ The only category which is still witnessing negative growth is container
- ❑ Freight Earnings account for around 65% of the gross traffic receipts of Railways with passenger freight accounting for the remaining, thus improving dynamics is good for Railways

Rail Freight Earnings (% YoY)						
Commodity	30-Apr	31-May	30-Jun	31-Jul	31-Aug	30-Sep
COAL AND COKE	-50.0	-46.0	12.4	6.5	4.2	22.8
CEMENT AND CLINKER	-86.5	-24.9	-12.9	15.8	38.4	17.2
CHEMICAL MANURES	-46.7	-46.6	-34.1	-31.4	-18.7	0.5
CONTAINER	-31.6	-28.9	-13.4	-14.6	-16.8	-2.3
FOODGRAINS, FLOURS AND PULSES	63.0	44.4	24.6	61.2	86.9	90.6
IRON OR STEEL	-62.5	-49.8	-33.8	-2.7	9.5	15.7
MINERALS AND ORES	-46.9	78.7	-0.8	6.7	4.7	23.4
OTHERS	-43.3	-19.7	26.5	19.6	12.7	23.1
PETROLEUM PRODUCTS AND GASES	-5.0	-39.2	-0.9	-3.4	-11.7	6.0
Total	-43.8	-29.8	-17.1	-10.8	-1.8	13.6

Vehicle Sales increased in Sep; Mini and Compact segment continue to grow; H1 performance worse across all segments



- Auto sales data reveal higher growth in Sep compared to last month. Even yoy growth remained robust for key players
- Segment wise sales of Maruti indicates continuing growth in Mini and compact category of cars

Auto Sale in September					
Manufacturer	Sep-20	Sep-19	Aug-20	MoM%	YoY%
Maruti Suzuki	147900	114454	113033	31	29
Hyundai	50200	40705	45809	10	23
Tata Motors	21200	8097	18583	14	162
Kia Motors India	18676	7754	10853	72	141
Mahindra	14800	13967	13407	10	6
Honda	10199	9301	7509	36	10
Renault	8805	8345	8060	9	6
Toyota	8116	10203	5555	46	-20
Ford	5765	5556	4731	22	4
MG Motor India (Retail)	2537	2608	2851	-11	-3
Volkswagen India	2050	2550	1470	39	-20
Skoda Auto India	1312	1233	1003	31	6
Nissan India	780	1433	810	-4	-46
Fiat	554	603	468	18	-8

Maruti Suzuki: September 2020 Sales								
Category Segments	Aug-20	Sep-20	Sep-19	% YoY	% MoM	H1FY21	H1FY20	% YoY
Mini (Alto, S-Presso, Old WagonR)	19709	27,246	20085	35.7	38.2	76666	99678	-23.1
Compact (Swift, Celerio, Dzire, Baleno, Ignis, new Wagon R)	61956	84213	57179	47.3	35.9	230656	374143	-38.4
Mid-size (Ciaz)	1223	1,534	1715	-10.6	25.4	4805	14411	-66.7
UVs (Gypsy, Ertiga, S-Cross, Vitara Brezza,	21030	23699	21526	10.1	12.7	77306	114210	-32.3
Vans (Omni, Eeco)	9115	11,220	9949	12.8	23.1	34256	61080	-43.9
Total Domestic Passenger Vehicle Sale	113033	147912	110454	33.9	30.9	423689	663522	-36.1
LCV (Super Carry)	2292	2128	2046	4.0	-7.2	7841	11901	-34.1
Domestic Sales (Maruti Suzuki)	1,15,323	1,50,040	1,12,500	33.4	30.1	4,31,530	6,75,423	-36.1
Sales to other OEM: Compact	1379	2568	2952	-13.0	86.2	6116	11577	-47.2
Total domestic sales	116704	1,52,608	115452	32.2	30.8	437646	687000	-36.3
Exports	7920	7834	7188	9.0	-1.1	32083	53911	-40.5
Overall Sales	124624	1,60,442	122640	30.8	28.7	469729	740911	-36.6

Electricity Demand shows mixed results in Sep: States like Maharashtra, Karnataka, Kerala still lower than Pre-Covid Levels



Electricity Peak Demand Met in MW				
States/UT	Aug-20	Sep-20	Change Over Aug (%)	Change Over Pre-Covid Level (%)
UTTAR PRADESH	22891	33137	44.8	127.1
MAHARASHTRA	18111	19326	6.7	-19.5
GUJARAT	14829	15749	6.2	-6.3
TAMIL NADU	14208	14836	4.4	-3.3
RAJASTHAN	12211	12581	3.0	-7.5
PUNJAB	12759	12400	-2.8	115.4
TELANGANA	12908	11704	-9.3	-9.6
MADHYA PRADESH	9926	10084	1.6	-17.0
HARYANA	10159	9914	-2.4	56.4
ANDHRA PRADESH	8892	9523	7.1	-6.7
KARNATAKA	10562	9216	-12.7	-30.5
WEST BENGAL	8950	8949	0.0	25.2
NCT OF DELHI	5737	6218	8.4	64.7
BIHAR	6117	6189	1.2	49.3
ODISHA	4678	4962	6.1	29.8
CHHATTISGARH	4477	4335	-3.2	8.7
KERALA	3526	3368	-4.5	-19.3
JAMMU AND KASHMIR	2393	2625	9.7	-3.6
UTTARAKHAND	1997	2076	4.0	9.7
ASSAM	1943	1994	2.6	39.4
JHARKHAND	1529	1870	22.3	46.8
HIMACHAL PRADESH	1456	1537	5.6	-7.2
GOA	519	522	0.6	-14.4
TRIPURA	301	320	6.3	27.0

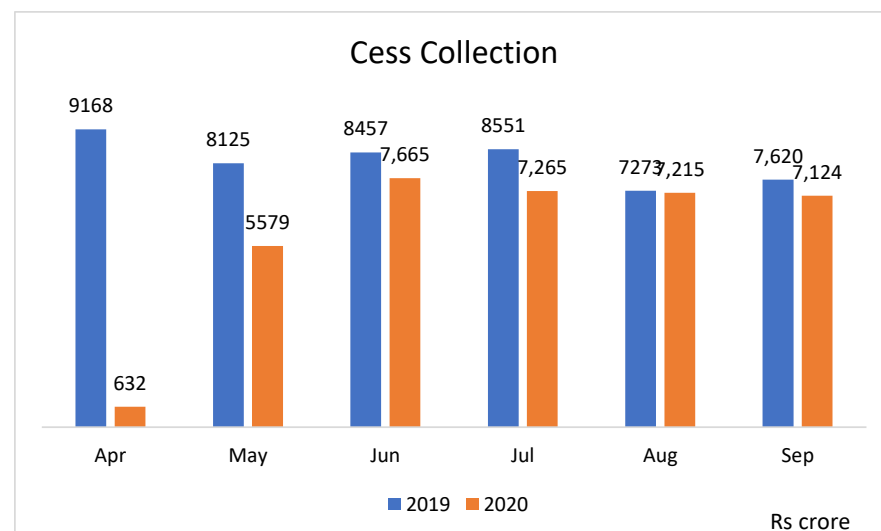
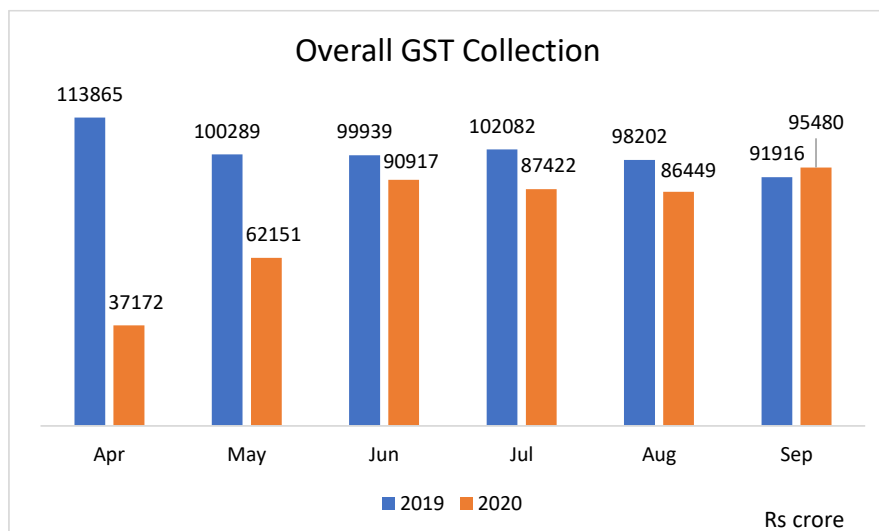
Source:CEIC, Posoco

Weekly variation shows pick up in Electricity Demand during the last week in many states; however Northern States registered decline

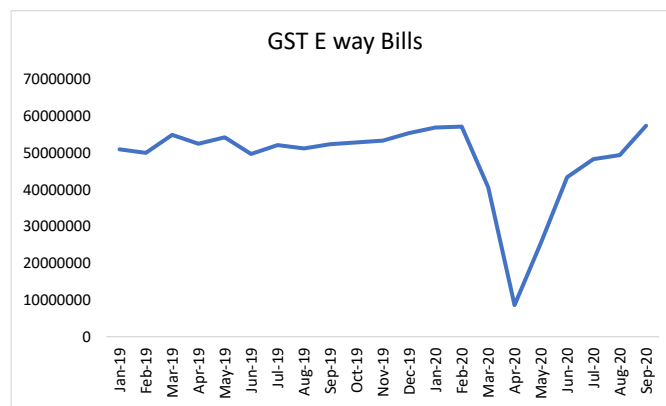
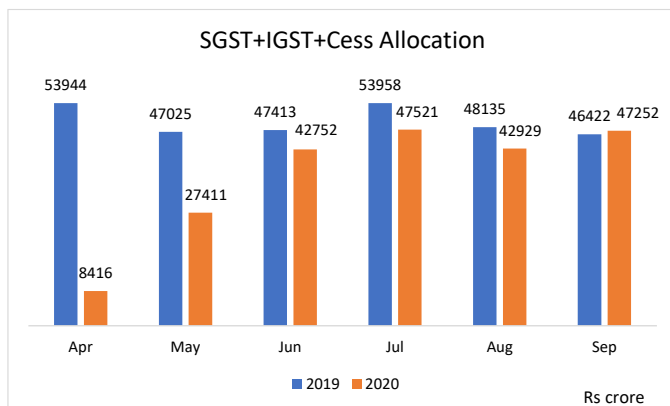
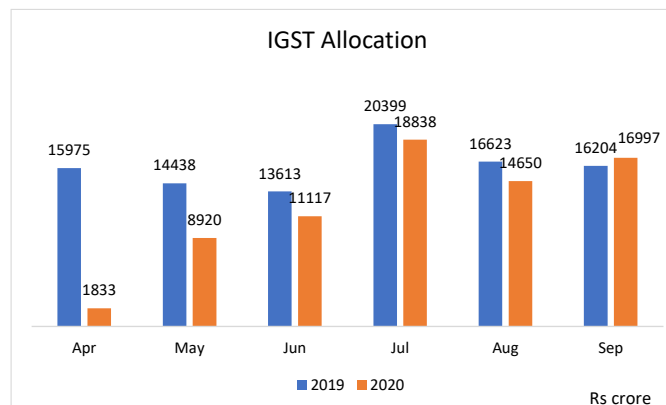
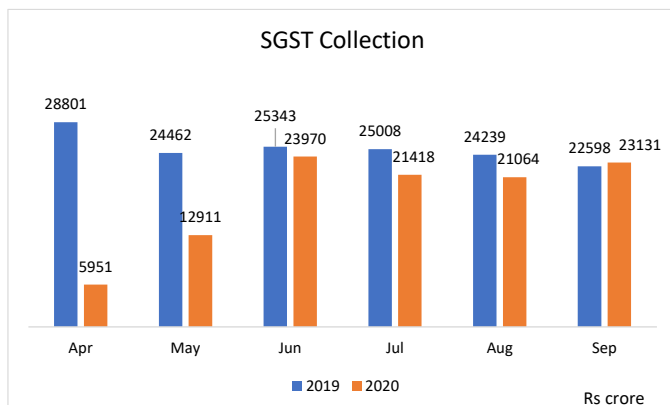
Weekly Variation in Electricity Peak Demand Met(MW)						
States/UT	Aug-20		Sep-20			
	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4
Karnataka	61	1907	-736	-943	-56	1129
Gujarat	1677	8	2791	-730	302	1045
Andhra Pradesh	680	848	640	-1813	-10	717
Maharashtra	1269	1694	1112	-140	-759	709
Bihar	-356	913	22	-365	-556	676
Telangana	157	2280	1034	-5019	837	421
Chhattisgarh	-441	238	269	254	-820	389
West Bengal	-854	1470	-804	711	-643	338
Assam	13	32	-57	-131	-52	260
Jammu and Kashmir	25	37	108	-27	68	175
Kerala	193	-2	38	-11	-70	161
Tripura	15	2	31	-27	-34	51
Odisha	20	260	-1	496	117	10
Goa	-4	200	-2	16	11	2
Arunachal Pradesh	9	0	-2	-7	12	0
Himachal Pradesh	167	91	51	66	-12	-21
Jharkhand	-80	152	33	93	-35	-63
Chandigarh	-58	39	16	26	4	-77
Madhya Pradesh	-1059	1069	1366	46	-350	-122
Uttarakhand	228	-5	18	63	83	-187
Tamil Nadu	2024	-768	-301	-412	962	-369
Haryana	-501	165	537	830	-379	-881
Rajasthan	285	-1575	787	3018	61	-905
Uttar Pradesh	-1430	2866	845	-235	-1424	-1049
Delhi	-275	-8	502	635	122	-1183
Punjab	-2177	691	-221	1850	52	-2472

Source:CEIC, Posoco

- ❑ GST Collections have remained depressed this fiscal, although Sep'20 numbers show some hope. For Apr-Sep'20 the total GST Collection was Rs 6.06 lakh crore which is 24% less than last year's collection in the same period
- ❑ In this the Cess collection has been Rs 35,480 crore which is 28% less than last year's collection in the same period



- ❑ The SGST collection for states is 28% lower at Rs 108445 crore in Apr-Sep'20. The Allocated IGST is also 26% lower at Rs 72355 crore
- ❑ The combined amount of SGST, Allocated IGST and Cess stands at Rs 216281 crore, which is 27% lower than last year's collection in the same period
- ❑ However, the states are slowly catching up as the economy entered in unlock phase. E-way bills have hit a record high of 5.74 crore in September this year, which is 9.3% more than those generated in the year-ago period



Market Borrowing of States (Rs crore)			
States	FY21 Till 28 Sep	FY20 Till 30 Sep	% Change
Maharashtra	48500	16500	194%
Tamil Nadu	48000	23690	103%
Andhra Pradesh	31250	22078	42%
Karnataka	29000	7000	314%
Rajasthan	27450	22882	20%
Telangana	22961	17800	29%
West Bengal	20000	19010	5%
Gujarat	19780	15900	24%
Haryana	18500	14501	28%
Kerala	15930	12682	26%
Uttar Pradesh	13500	20000	-33%
Punjab	12110	14620	-17%
Bihar	11000	12600	-13%
Madhya Pradesh	11000	5000	120%
Uttarakhand	4500	1600	181%
Jammu and Kashmir	4305	3883	11%
Assam	3300	2700	22%
Odisha	3000	2000	50%
Chhattisgarh	2000	2000	0%
Goa	1500	1100	36%
Himachal Pradesh	900	1600	-44%
Meghalaya	800	450	78%
Manipur	700	403	74%
Sikkim	615	451	36%
Nagaland	500	250	100%
Mizoram	442	358	23%
Arunachal Pradesh	428	472	-9%
Tripura	400	450	-11%
UT of Puducherry	225	0	-
Total	352596	243479	45%

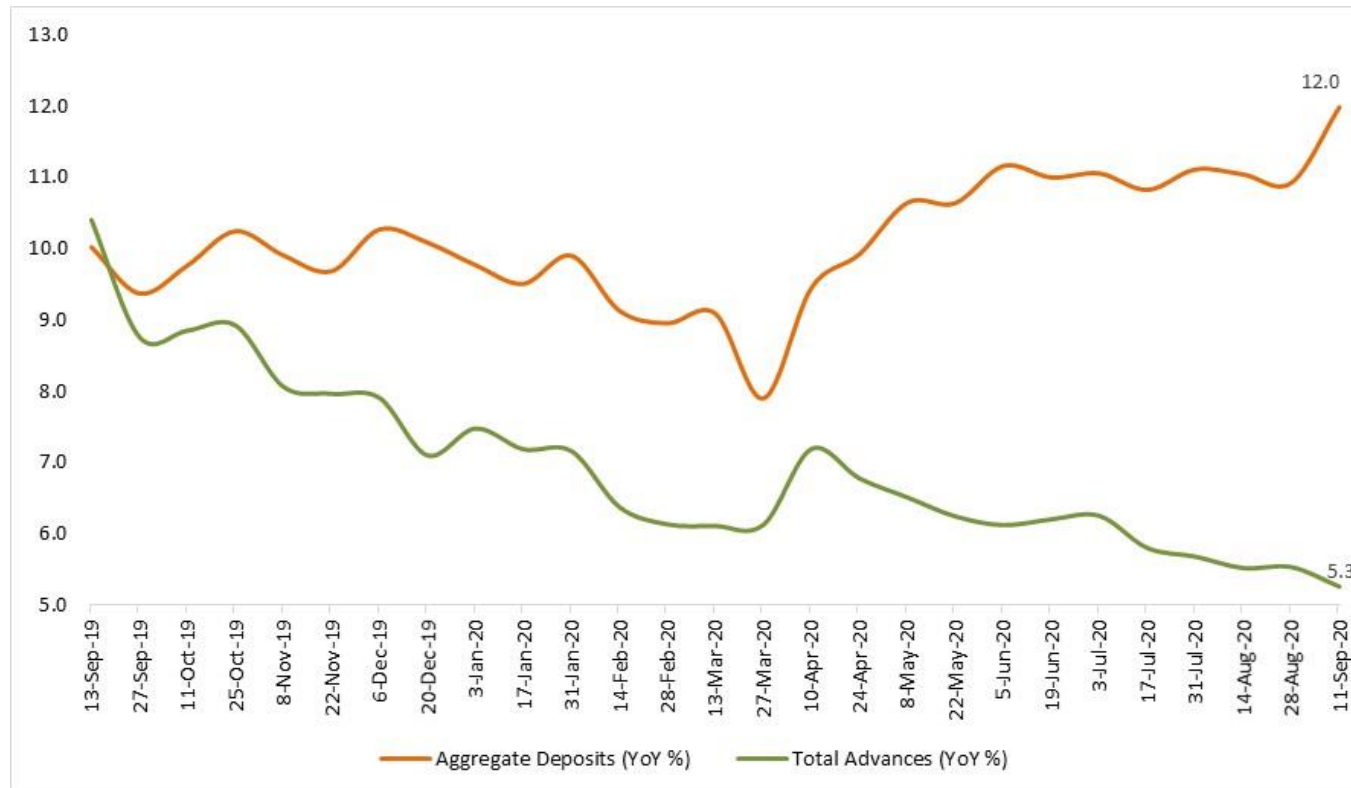
- ❑ The Government has estimated that for this fiscal it will be able to distribute only Rs 68,700 crore cess
- ❑ Centre has also come up with an estimate of Revenue Gap. So far, most states have chosen the first option
- ❑ Overall the shortfall in GST revenue for states is expected at Rs 3 lakh crore, with the Centre differentiating between the shortfall accruing to GST implementation and COVID related stress

Centre's Cess Estimates	
Item	Rs Crore
1. Protected Revenue (Apr-Jan)	6,38,339
2. 2019-20 SGST (Apr-Jan)	4,30,147
3. 2020-21 SGST (Apr-Jan projected) [10% over (2)]	4,73,161
4. Revenue Gap [(1)-(3)]	1,65,178
5. Estimated Compensation Cess available in 2020-21[(a)+(b)]	68,700
(a) Balance as on 31.07.2020	11,438
(b) Estimated collections till March	57,266
6. Estimated Compensation Shortfall [(4)-(5)]	96,477
7. Option 1 Borrowing (97000 crore+ 0.5% of GSDP)	1,97,000
8. Total GST Shortfall	3,00,000
9. COVID Impact shortfall	1,34,822
Option 2 Borrowing (COVID Impact shortfall+ GST Compensation shortfall)	2,35,000

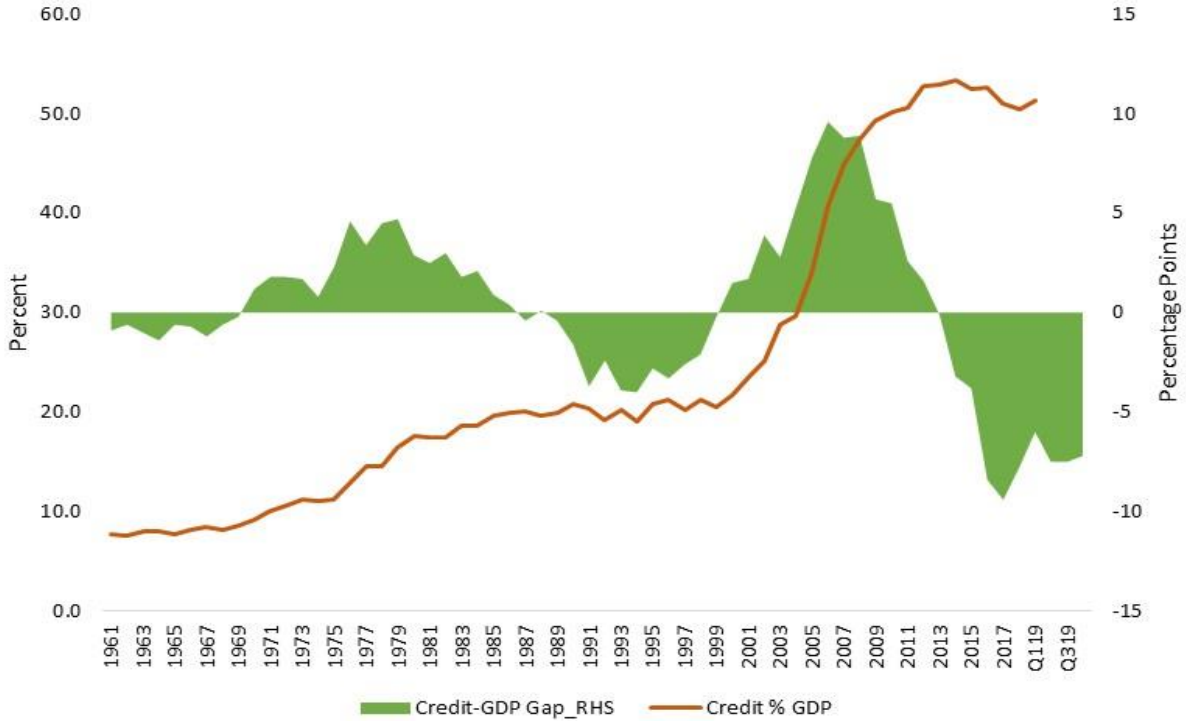
- ❑ Government has given two options to finance the gap – Under option 1 the states can raise Rs 97000 crore through RBI and secure their GST shortfall, while also borrowing 0.5% extra under FRBM limits. So, overall state fiscal deficit financing can reach maximum 5.5% of GDP (3% standard + 1% unconditional + 1% conditional + 0.5% for compensation cess) under this option
- ❑ Under Option 2, states can raise the entire GST shortfall of Rs 2.35 lakh crore(1.3% of GDP) from the market. So, in this option the state fiscal deficit financing can reach maximum 5.3% of GDP (3% basic eligibility + 1% conditional + 1.2% for compensation cess)
- ❑ While as many as 21 states had till mid-September opted to borrow ₹97,000 crore to meet the GST revenue shortfall in the current fiscal, most opposition-led states like West Bengal, Punjab and Kerala continue to demand that the centre should borrow instead of the states and another meeting will take place next week

Banking & Financial Industry

- Credit offtake from ASCBs remains muted. For the fortnight ended 11 Sep'20, credit grew by 5.3% (10.4% last year) on YoY basis, however contracted by 1.4% (-0.6% last year) on YTD basis. On a positive note, except one fortnight, credit has been increasing continuously since May'20



□ The credit-to-GDP gap remained wide during 2019, reflecting the slack in credit demand



- Except services and personal loans, credit to all other major sectors has declined in August. The bad thing is that the overall bank credit has increased in June & July by Rs 392 bn but in August it declined by Rs 360 billion, which is mainly due to decline in credit to personal loans and infrastructure segments

Sector-Wise Credit Flow (Rs bn): Aug 2020												
Sectors	YTD (Apr-Aug, FY20)		Monthly Growth (Rs bn)						YTD % (Apr-Aug, FY21)		% YoY	
	Rs bn	%	Mar'20	Apr'20	May'20	Jun-20	Jul-20	Aug-20	Rs bn	%	Aug'19	Aug'20
Agri. & Allied	17	0.2	18	-65	-51	67	163	-12	103	0.9	6.8	4.9
Industry	-1206	-4.2	1123	-208	-228	136	-539	-426	-1265	-4.4	3.9	0.5
MSE (Priority)	-188	-1.8	542	-486	-231	546	-318	39	-449	-3.9	6.1	5.4
Infrastructure	-511	-4.8	352	13	0	139	-146	-314	-308	-2.9	8.8	1.8
Services	-654	-2.7	1611	-208	-311	-146	187	42	-435	-1.7	13.3	8.6
NBFCs	392	6.1	1037	50	-81	-58	-51	33	-106	-1.3	38.8	17.1
Personal Loans	832	3.7	216	-629	-119	115	409	169	-55	-0.2	15.6	10.6
Housing (Including Priority)	547	4.7	100	-83	-16	68	117	19	105	0.8	16.6	11.1
Other Personal Loans	404	6.7	88	-269	10	9	205	96	51	0.7	21.9	13.0
Gross Bank Credit	-803	-0.9	2830	-1100	-442	271	121	-360	-1511	-1.6	9.9	6.0

Source: SBI Research

- The consumer deleverage also declined in August indicating the stress on household balance sheets now emerging

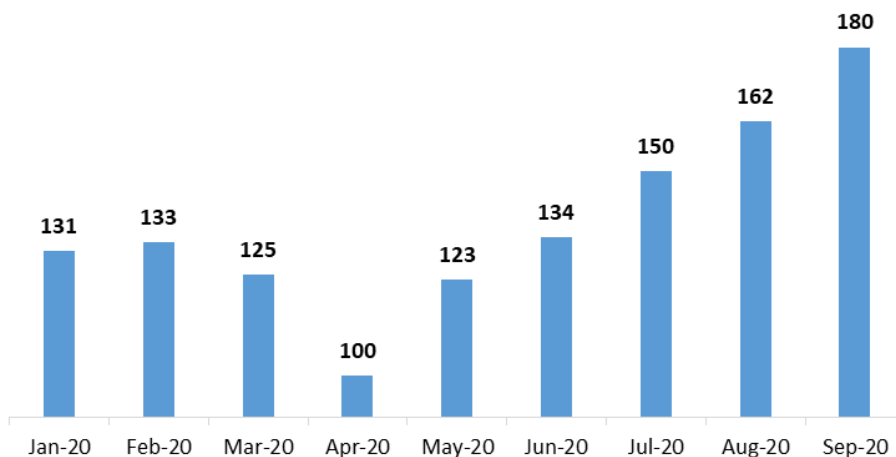
Short-term Consumer Leverage							
Item	Incremental Credit (Rs Crore)						
	FY17	FY18	FY19	FY20	Jun'20 over Mar'20	Jul'20 over Mar'20	Aug'20 over Mar'20
Credit Card Outstanding	14453	16496	19634	19832	-10508	-6703	-3261
Other Personal Loans	79776	132479	98754	119332	-24945	-4467	5099
Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits etc)	-568	6378	10380	-3377	-18039	-17179	-16928
Advances to Individuals against share, bonds, etc.	-1669	806	709	-931	469	1058	979
Consumer Leverage	91992	156159	129477	134856	-53023	-27291	-14111

Source: RBI; SBI Research

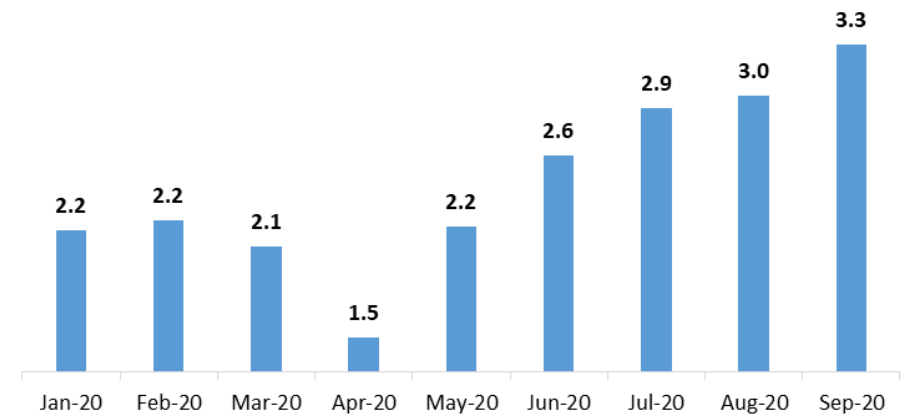
Per Credit and Debit Card Transaction						
Month	Credit Cards			Debit Cards		
	Number of Cards (Lakh)	Total Transaction (Rs Crore)	Per Card Transaction (Rs)	Number of Cards (Lakh)	Total Transaction (Rs Crore)	Per Card Transaction (Rs)
Nov-19	544	60130	11051	8308	77577	934
Dec-19	553	65736	11880	8053	83953	1042
Jan-20	561	66573	11863	8164	84575	1036
Feb-20	572	62148	10873	8230	80146	974
Mar-20	577	50574	8758	8286	65303	788
Apr-20	574	20765	3620	8294	29043	350
May-20	572	32225	5636	8353	48049	575
Jun-20	573	42773	7466	8454	62494	739
Jul-20	576	45558	7905	8524	66481	780

Source: RBI; SBI Research

UPI: Volume (in Crore)



UPI: Value (Rs Lakh Crore)



- ❑ The life insurance sector reported a drop in their first-year premium collection as businesses have been impacted by the Covid-19 pandemic
- ❑ Growth in life insurance business has surpassed corresponding month of last year since July and expected to continue the trend in the rest of 2020-21. Distribution channels could see significant realignment with a gain in digital channels
- ❑ E-commerce firms, including Flipkart & Amazon, and payment firms such as Paytm and PhonePe, have started selling insurance on their platforms in a race to boost transactions and create customer stickiness through premium payments

New Business Performance of Life Insurers: Apr-Aug 2020		
	Premium (YTD %)	No of Policies (YTD %)
Individual Single Premium	3.93%	-18.58%
Individual Non Single Premium	-11.05%	-27.66%
Group Single Premium	26.16%	-59.23%
Group Non Single Premium	-82.09%	82.06%
Group Yearly Renewable Premium	-13.06%	-20.98%
Grand Total	-6.0%	-27.17%

New Business Performance of Life Insurers		
Rs crore	2020	2019
March	25409	37459
April	6728	9982
May	13739	18414
June	28869	32241
July	22986	21509
Aug	27040	23555

- Non-life insurance industry growth remained flat till Aug 2020, however health insurance business increased by 10.4% but motor insurance declined significantly
- COVID-19 has made the insurance industry from **push** to **demand-based** insurance schemes, with more than 15 lakh people already being covered under the recently launched specialised COVID-19 policies

Gross Direct Premium Income Underwritten By Non-life Insurers Within: Apr-Aug 2020 (Rs. In Crs.)

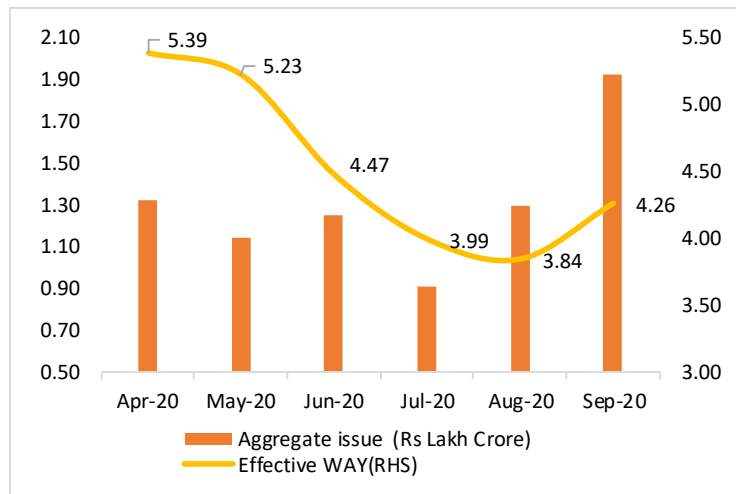
Insurers	Fire	Marine Total	Marine Cargo	Marine Hull	Engineering	Motor Total	Health	Aviation	Grand Total
General Insurers	10302	1374	1031	342	1150	22254	16807	271	62670
Previous Year Total	7606	1595	1270	325	1107	26407	15543	242	62658
% Growth	35.4%	-13.9%	-18.8%	5.4%	3.9%	-15.7%	8.1%	11.8%	0.0%
Stand-alone Health Insurers							6096.45		6269
Previous Year Total							4731.58		4981
% Growth							28.85%		25.85%
Industry Total	10302	1374	1031	342	1150	22254	22903	271	73968
Previous Year Total	7606	1595	1270	325	1107	26407	20274	242	71406
% Growth	35.4%	-13.9%	-18.8%	5.4%	3.9%	-15.7%	13.0%	11.8%	3.59%
% Market Share	13.9%	1.9%	1.4%	0.5%	1.6%	30.1%	31.0%	0.4%	-
Previous Year Market Share	10.7%	2.2%	1.8%	0.5%	1.6%	37.0%	28.4%	0.3%	-

- Fund mobilization by Corporates in capital market increased by around 65% in Aug'20 to Rs 109998 crore as compared to Rs 66915 crore in Jul'20
- Overall, in FY21, fund mobilization in capital market, increased by around 14% to Rs 453861 crore till Aug'20 as compared to Rs 398971 crore in the same period previous year

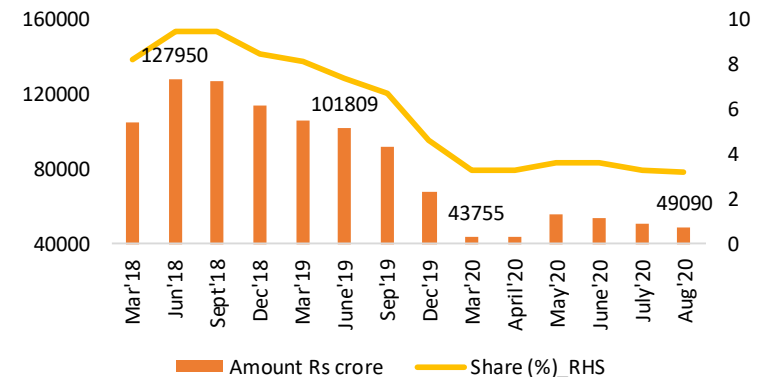
Fund Mobilisation by Corporates through Public issues and private placements (Rs in Crore)		
Year / Month	FY20	FY21
April	139,489	55,863
May	88,955	85,178
June	66,083	135,908
July	54,599	66,915
Aug	49,845	109,998
Total	398,971	453,861
Source: SEBI; SBI Research; Public Issue (Equity + Debt) and Private placements includes QIP/IPP+Preferential+ Debt.		

- Commercial paper issuances increased by 48% in Sep'20 to Rs 1.93 lakh crore as compared to Rs 1.30 lakh crore in Aug'20
- Effective Weighted Average Yield increase by 42 bps to 4.26% in Sept'20
- Mutual fund holding in NBFC paper (CP) decreased by Rs 5142 crore from June'20 to Rs 49090 crore in Aug'20

Month wise CP issuances

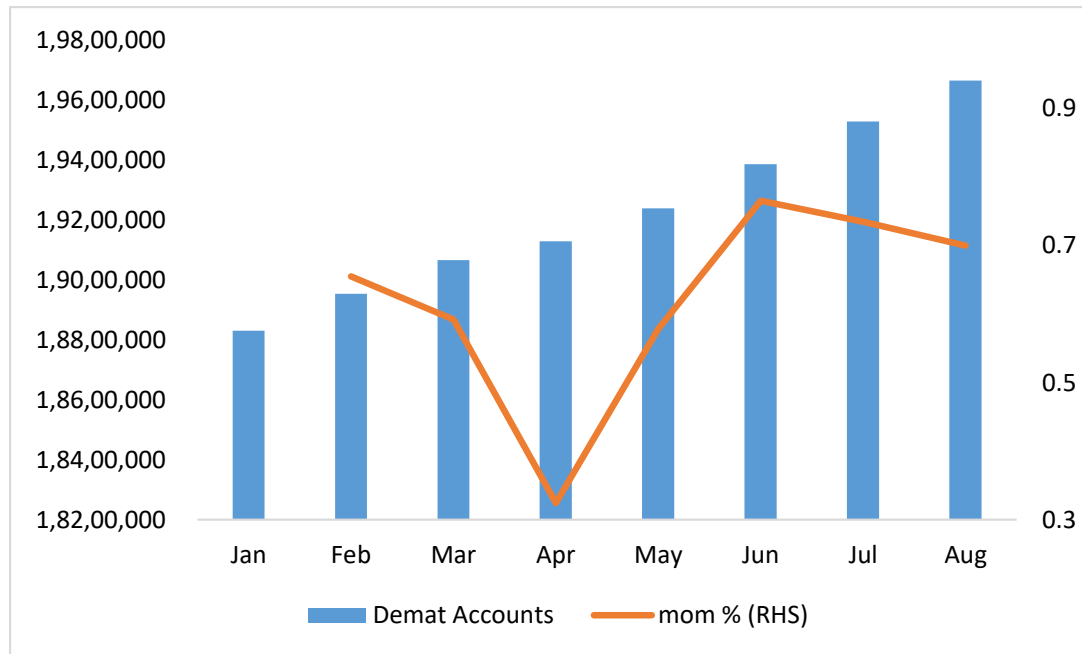


Mutual Fund holdings of NBFC Paper



Source: CCIL, SEBI, RBI and SBI Research

- Despite volatility in markets, number of demat accounts has been rising this year, though mom% change has been declining in recent months





Thank
you

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