

Second shock

Covid-19 and its impact on economic activity in India

April 5, 2021

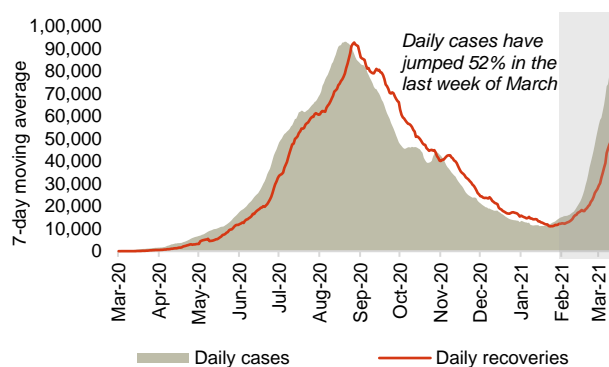
Few countries have escaped a second wave of the Covid-19 pandemic and it is India's turn now, with daily cases crossing the previous peak of September 2020. And this wave is spreading faster than the first, though with a lower fatality ratio.

The past week (March 29-April 4), saw daily cases shoot up from 68,000 to over 1 lakh – a whopping 52% increase. In comparison, cases had risen only 9% in the week India saw similar per day cases (in August) last year.

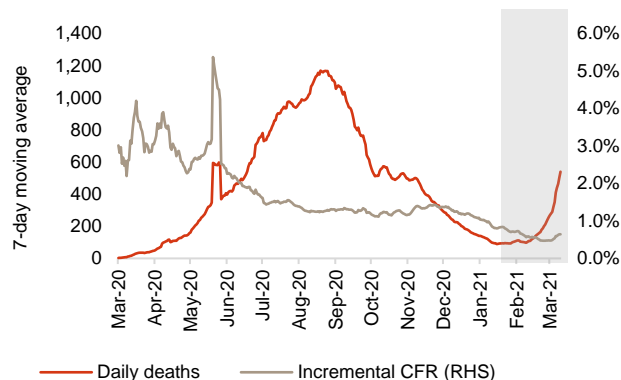
Initially concentrated in Maharashtra, new cases are slowly dispersing to other states, which have seen some dip in mobility towards end-March. So far, though, economic impact remains minimal, with localised restrictions. Maharashtra, the worst impacted state, has introduced somewhat stringent restrictions that will temper mobility and contact-based services.

Vaccination has been progressing at a slow speed – only 5.5 doses administered per 100 people in India against the world average of 8.3 doses (Source: *Our World in Data*). But it is expected to pick up pace in April with inoculation opening up for people aged 45 years and above.

Daily cases are rising faster compared with last year



Daily deaths going up, but mortality ratio remains low

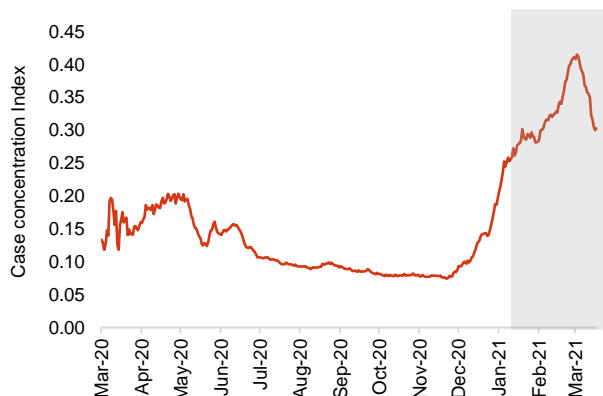


Note: CFR - case fatality ratio

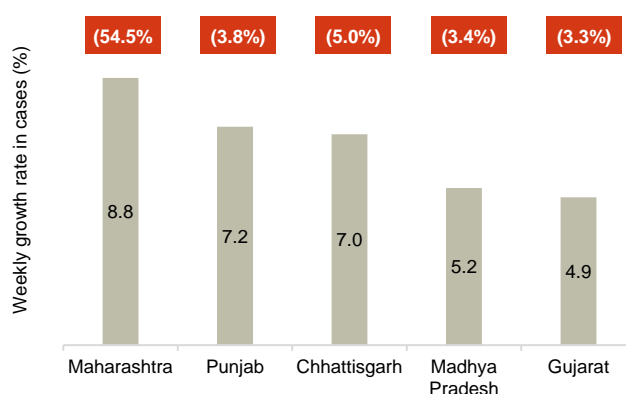
Source: Ministry of Health and Family Welfare (MoHFW), CEIC

- As of April 4, daily cases have crossed last year's peak, and continue to exceed recoveries (~60,000), leading to increasing case load. The infection rate is faster this time around: cases increased by 52% in the past week (March 29-April 4) from ~68,000 to ~1,00,000, compared with a 9% growth around August when cases per day were around similar levels
- While daily deaths have slowly begun to increase, incremental case fatality ratio (proportion of daily deaths to new cases) is low at around ~0.6% (compared with last year when, with similar levels of cases, it was ~1.3%), indicating that while the virus is spreading faster, the death toll is lower than last year

More states are slowly joining the wave...



...but Maharashtra still records the highest cases

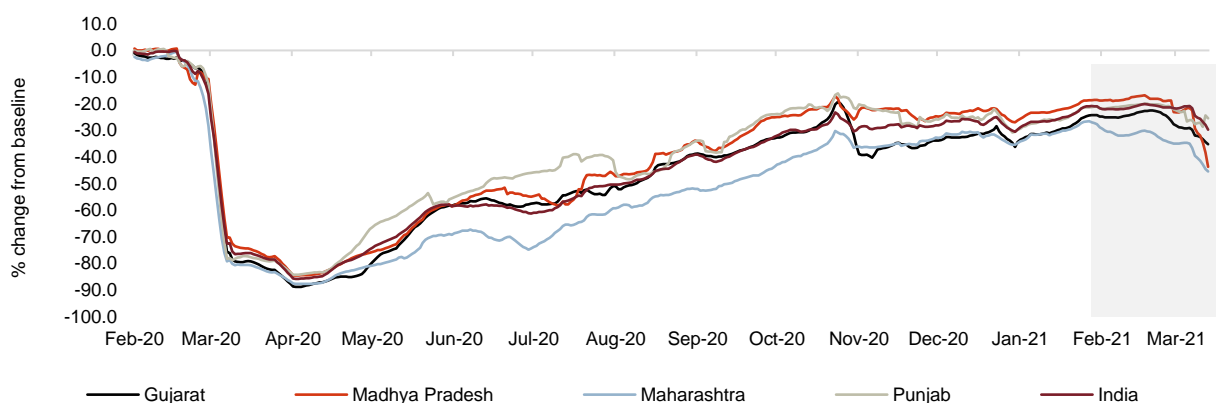


Note: The higher the concentration index, the more concentrated the cases in states. Figures in parentheses in the second graph indicate share in new cases in the past week (March 29-April 4)

Source: MoHFW, CEIC

- The case concentration Herfindahl index shows a dip in March, indicating that while the surge in cases was increasingly concentrated in a couple of states in February, it is now slowly dispersing to other states as well
- Cases continue to be concentrated in Maharashtra, which accounted for ~55% of the new cases in March 29-April 4 week. Though Chhattisgarh, Gujarat, Punjab and Madhya Pradesh account for a lower share, they have seen the highest growth rate in new cases in that week, after Maharashtra

Retail mobility turning weak for Maharashtra, Punjab and Madhya Pradesh

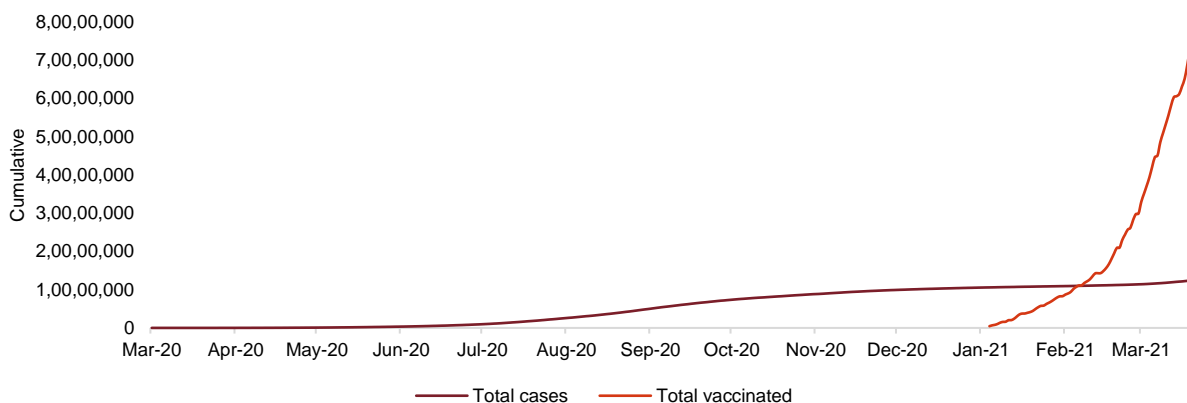


Note: MH- Maharashtra, PB- Punjab, MP- Madhya Pradesh

Source: Google Community Mobility reports, CEIC, CRISIL

- Impact of rising cases and consequent government restrictions on economic activity can be tracked through Google mobility indicators
- At the all-India level, mobility to retail and recreation spaces remained relatively unaffected ever since the surge in cases began in mid-February. However, mobility in more-affected states, particularly Maharashtra, is beginning to weaken. The fresh round of restrictions in Maharashtra will accentuate this.

Total vaccinated exceeds total cases by over 6x



Source: MoHFW, CEIC, CRISIL

- Total number of persons vaccinated, at 7.9 crore (as of April 4), is more than six times the total infected (1.2 crore), but only 5.5 doses have been administered per 100 people, against the world average of 8.3 doses.
- With the next phase of vaccination open to 45+ age groups, the pace is expected to accelerate

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