

Waves of affliction

Assessing the Covid-19 second shock and its impact on economic activity in India

April 12, 2021

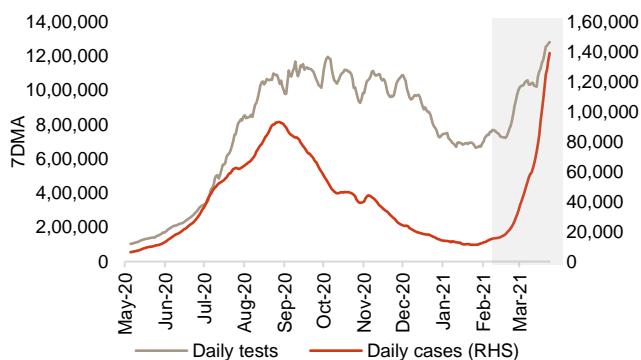
India's second Covid-19 wave is spreading faster than the first and in more states. Last week (April 5-11), daily cases consistently breached the 1 lakh level. The surge can be attributed to higher positivity rate as well as increased testing, both of which are at higher levels than seen during the peak of the first wave last year.

Concomitantly, the pace of vaccination has also picked up, with inoculation opening up for people aged 45 years and above. India crossed the global average of total vaccinated people per million (those who have received at least one dose of vaccine or are fully inoculated) in the April 5-11 week.

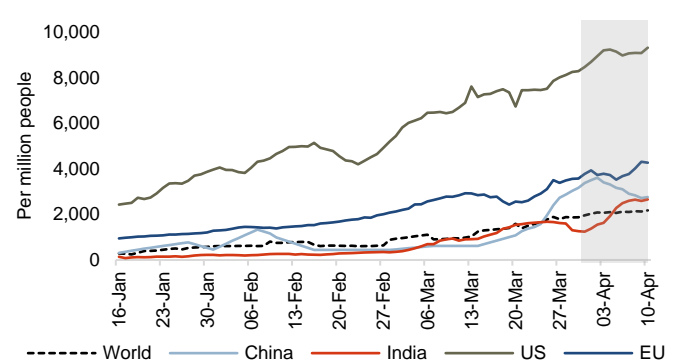
Among states, however, the performance is mixed. Some among those hit harder are vaccinating a higher proportion of population, while others seem to be lagging.

Meanwhile, the impact of localised restrictions by states is now more visible. Retail mobility and traffic congestion, particularly for Maharashtra, is beginning to evaporate.

Cases spike with more testing, higher positivity rate



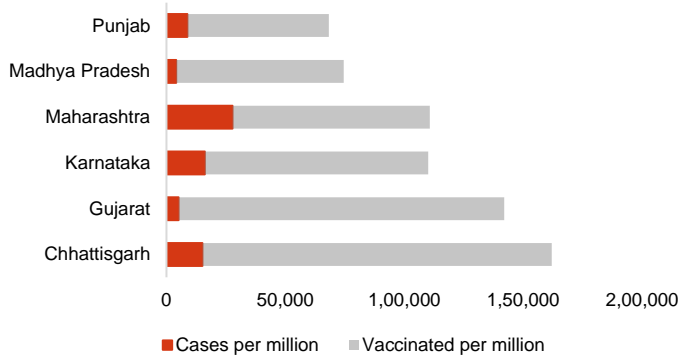
Pace of vaccination picks up, past global average



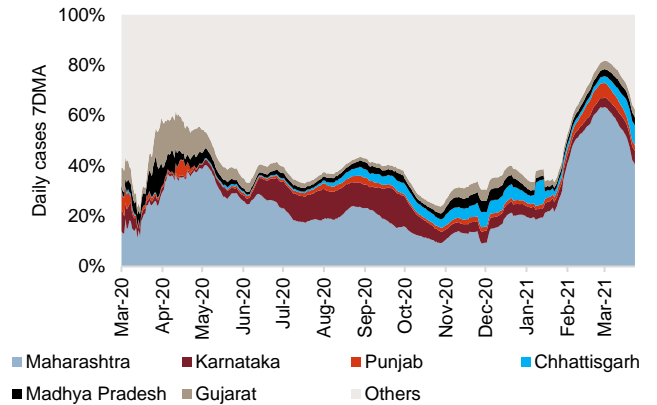
Source: Our World in Data, Ministry of Health and Family Welfare (MoHFW), CEIC

- As of April 12, daily cases remained above the 1 lakh level. Increased testing could be one reason for this large figure. The number of samples tested, at 12 lakh+ per day in April 5-11, is higher than that seen around the peak of the first wave in September 2020 (~11 lakh). The other reason is a higher positivity rate, defined as the number of daily cases to number of tests, at ~10.6% in the second wave vs ~6.4% at the peak of the first wave.
- Pace of vaccinations has begun to pick up in India, with vaccinations now open to the 45+ age groups. India is now vaccinating more people per million than the world average. In the past week, ~2600 beneficiaries per million were vaccinated, higher than the world average of ~2170. Still, the massive population of the country poses a challenge, with daily vaccination lower than that in China and the US.

Vaccination pace among states is mixed



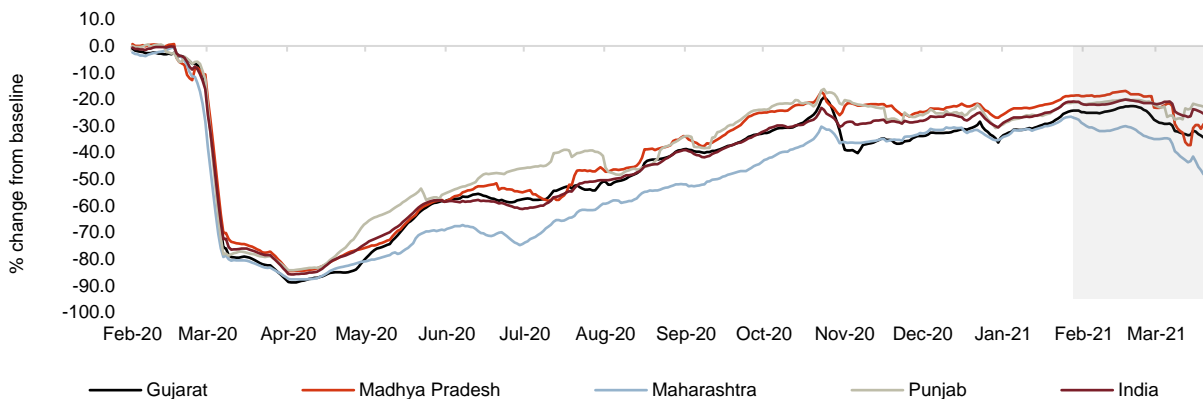
Maharashtra continues to dwarf other states in cases



Note: Vaccination and cases figures as of April 11.
Source: MoHFW, CEIC

- Gujarat and Chhattisgarh, which are among the more affected in the second wave, have vaccinated relatively more people (per million) as of April 11. However, Punjab and Madhya Pradesh, which continue to show high growth rate in new cases, are lagging behind.
- Six states – Maharashtra, Karnataka, Punjab, Chhattisgarh, Madhya Pradesh and Gujarat – taken together accounted for 66% of new cases in the April 5-11 week. This share was 75% in the week prior- the dispersal indicating that more and more states are now beginning to experience the second wave.

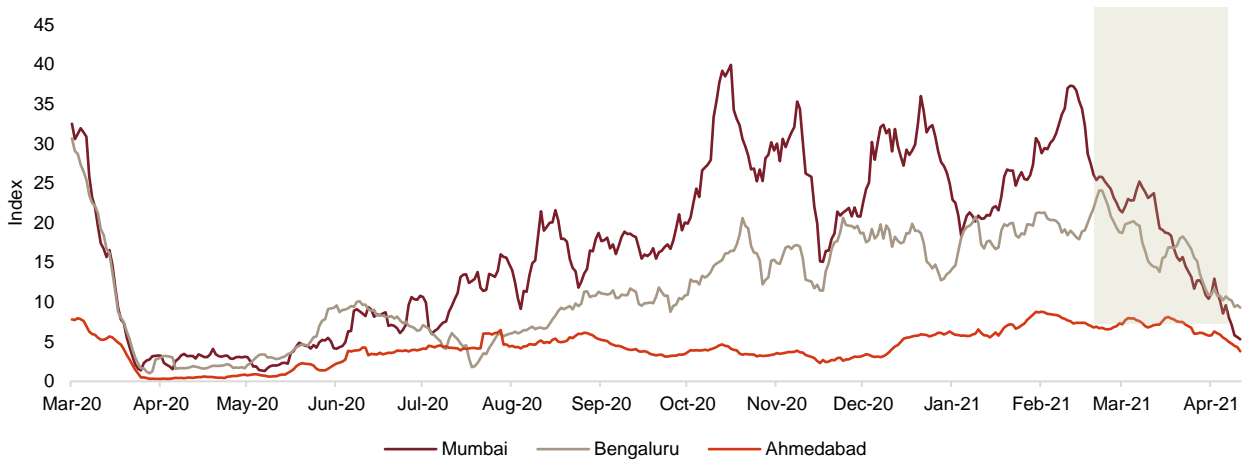
Retail mobility dipping for Maharashtra, Punjab and Madhya Pradesh



Source: Google Community Mobility reports, CEIC, CRISIL

- All-India level retail mobility is starting to stutter: It grew by a marginal 0.7 percentage points (pp) in the last week, driven by the restrictions on movement introduced in Maharashtra, Punjab, Gujarat and Madhya Pradesh. Maharashtra saw the highest fall in retail mobility among these states, by 5.2 pp.

Traffic congestion in major cities in affected states near lockdown levels of last year



Source: CEIC, CRISIL

- Apart from mobility indicators, traffic congestion is also used as a proxy for tracking economic activity
- The traffic congestion index for major cities in some of the hardest-hit states – Mumbai (Maharashtra), Bengaluru (Karnataka), and Ahmedabad (Gujarat) – has nosedived in the past few weeks, and is winding back towards levels seen during the nationwide lockdown last April

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