

# Icra Expects Consumer Demand to Pick Up in Festive Season

## High-performance indicators a mixed bag in August, early September

### Our Bureau

**New Delhi:** Rising confidence among consumers is expected to boost demand during the festive season even as high performance indicators remained a mixed bag during August and the first half of September, analysts at ratings agency Icra have said.

“It appears that the temporary boost, provided by the easing of state-wise restrictions after the second wave of Covid-19 ebbed, has petered out,” said Aditi Nayar, chief economist at Icra. “While the early trends for September 2021 are unconvincing, we are cautiously optimistic that rising confidence will amplify demand during the festive season.”

Consumer confidence levels should see an uptrend on the back of gradual improvement in the economic situation, the waning impact of high healthcare costs related to the second wave, and the improvement in the coverage of Covid-19 vaccines, she said.

This, in turn, should enhance consumption during the festive season, manifesting a perceptible improvement in the performance of the high-frequency indicators in October, Nayar said.

But the market is yet to witness a clear improvement. Eight of the 15 high-performance indicators weakened in August versus July, partly on account of the normalisation of the base, Icra said. Performance of 13 non-financial indicators was uneven compared to last year during the same period, it said.

The monthly indicators

tracked by Icra include production of PVs, motorcycles, scooters, vehicle registrations, output of Coal India, electricity generation, non-oil merchandise exports, ports cargo traffic, rail freight traffic, generation of GST e-way bills, domestic airlines’ passenger traffic, consumption of petrol and diesel, aggregate deposits, and non-food credit of scheduled commercial banks.

The agency noted that output of passenger vehicles (PVs) was constrained by the non-availability of semiconductors, even as an increase was seen in output of CIL, electricity, ports cargo traffic, GST e-way bills, non-oil merchandise exports, etc.

Among the non-financial indicators, the daily average generation of GST e-way bills rose mildly to 2.13

million in August from 2.07 million in July, owing to stabilisation in dispatches. Mobility for retail and recreation improved to 16% below the baseline by end-August from 23% below the baseline by end-July while FASTag toll collections in August rose 3.4% month on month to ₹3,080 crore.

Early data for September 2021 rema-

ins mixed, the agency said. Daily average generation of GST e-way bills so far this month is similar to August at a little over two million, but pre-festive season stocking should boost this metric in October, it said.

The year-on-year rail freight growth has halved to 8.2% during September 1-10, but this is on account of the kicking in of the base effect related to the incentives extended last year, ICRA said.

