FinMin says economic revival critically linked to covid infection curve

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NEW DELHI

India’s economic recovery will depend on how the COVID-19 pandemic unfolds across states in the coming days, especially in industrialized states, with the coronavirus rapidly spreading across the country, the Union finance ministry said on Tuesday.

“The economic recovery is critically linked to how the COVID-19 infection curve evolves across states. The emergence of new hotspots has led states and Union territories to enforce intermittent lockdowns. India’s top 12 growth driving states account for 85% of the caseload, with 40% of confirmed cases concentrated in the top two growth drivers, Maharashtra and Tamil Nadu,” the finance ministry said in its Monthly Economic Report for July.

India’s purchasing managers’ index (PMI) for manufacturing declined in July to 46 from 47.2 in June, signalling that local lockdowns are impacting business activities at the national level. As India unlocked starting in June, active cases reached 5.60 lakh by July-end, growing at 166% compared to June. The highest growth in active cases in July was seen in Karnataka, Andhra Pradesh, and Jharkhand, which experienced a second major wave of infections. Simultaneously, growth in consumption recovered in June compared to May with the strongest recoveries in Karnataka, Andhra Pradesh, Punjab, and Chhattisgarh.

“Value of e-way bills, suggestive of intra and inter-state movements of goods, also picked up strongly in June over May, across all states,” the report said.

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