

September 14, 2021

Statement by the Staff Representative on India
Executive Board Meeting
September 17, 2021

1. This statement contains information that has become available since the staff report was circulated. This information does not alter the thrust of the staff appraisal.
2. The pace of **vaccinations** in India has picked up further in recent weeks. The daily rate of vaccination has increased considerably, averaging more than 6.8 million doses daily in recent weeks, with a total of 180 million doses administered during August alone. If this pace of vaccination is maintained, over 750 million doses could be administered by end-2021, equivalent to 50 percent of the total population (and 70 percent of the 16 and older population) being fully vaccinated. Currently, about 12.5 percent of the total population is fully vaccinated, and 40 percent of the population received at least one dose (as of September 9). At the same time, new daily COVID-19 cases remain around 40,000 (as of September 10), much lower than the peak of 400,000 at the beginning of May.
3. While the **2021Q2 GDP outturn** reflected the negative impact of the second wave of the pandemic, recent high frequency **economic indicators** have continued to gain strength.
 - **2021Q2 GDP release:** Real GDP grew at 20.1 percent in 2021Q2, from a relatively low base. On the supply side, agriculture, and industrial sectors such as construction, manufacturing, mining and quarrying, and electricity, gas, and water supply led the recovery. The recovery in services remains more subdued than in industry after accounting for base effects. On the demand side, recoveries in gross fixed capital formation, exports and imports were quite robust in 2021Q2. Overall, the latest GDP data confirmed a divergent recovery in economic activities with industries outperforming services, and investment outpacing consumption.
 - **Latest data releases including high frequency indicators in 2021Q3:** July industrial production rose 11.5 percent compared with the previous year. On high frequency indicators in 2021Q3, August services PMI recovered to expansionary territory, reaching the highest level since March 2020, at 56.7. August manufacturing PMI remained in expansionary territory at 52.3. The latest mobility data showed a broad-based pickup in 2021Q3, with retail and recreation and workplace components about 15 percent below the pre-pandemic baseline. Other daily high frequency indicators such as electricity consumption and NO₂ emissions pointed to a further pickup in August. On the external side, both exports and imports recovered robustly in July, partly reflecting a low base, with a gradual normalization in the current account balance.