

# Covid 19 corollaries

November 6, 2020

## Tale of two quarters

### Mapping rural auto sales with the spread of Covid-19 afflictions

In the first quarter of this fiscal, the share of rural India in automobile retail sales increased on-year, while that of urban regions dropped.

That's because when the Covid-19 pandemic barreled into India, it rammed urban regions first. For perspective, ~82% of the cases were in urban regions at the end of the quarter, bringing economic activity there to a screeching halt. The rural regions, with only ~18% of the cases, were less affected.

However, in the second quarter, the pandemic penetrated deeper into the hinterland, and the share of fresh rural cases had doubled to ~38% by September. Thus, the share of rural regions in automobile sales dropped sequentially across segments in the quarter.

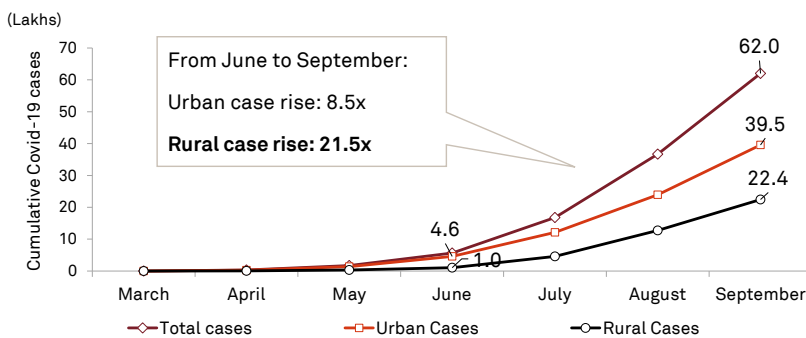
For our analysis, we have defined districts with higher than 60% rural population as rural districts.

Moving ahead, with fresh cases on a declining trend, the share of retail sales is expected to normalise to fiscal 2020 levels.

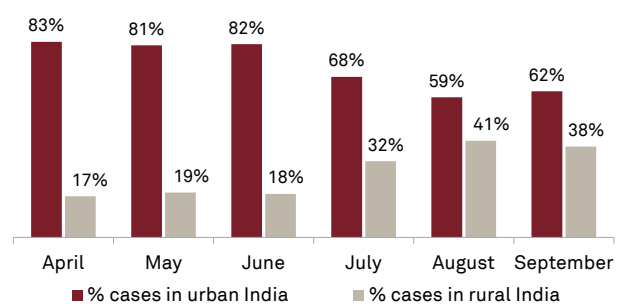
However, a second wave of fresh cases similar to the one seen in Europe and the United States remains a key monitorable.

### Hinterland's share of auto retail sales shrinks in Q2 as Covid-19 cases spurt

Spread of the pandemic in the hinterland has been rapid post June

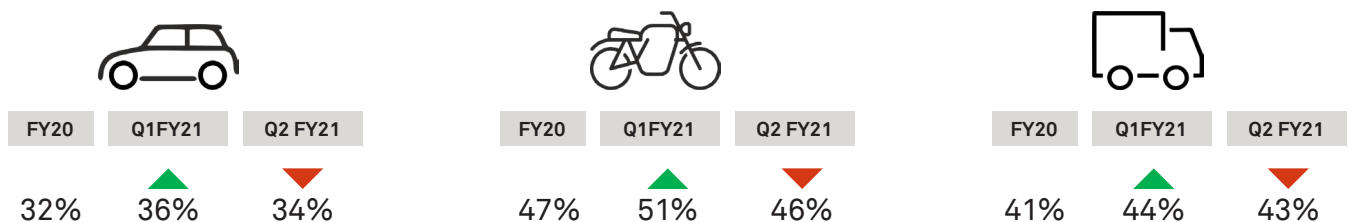


Rural India now accounts for ~40% of new cases



Note: 1) Districts with more than 60% rural population are considered rural  
Source: CoVid19org, CRISIL Research

After increasing in the first quarter, the share of auto retail sales in rural India has declined sequentially owing to an increase in cases



Note: Represents retail share of sales of ~410 districts with more than 60% population in rural areas  
Retail sales excludes data from states of AP, MP and Telangana  
Source: Company reports, CRISIL Research