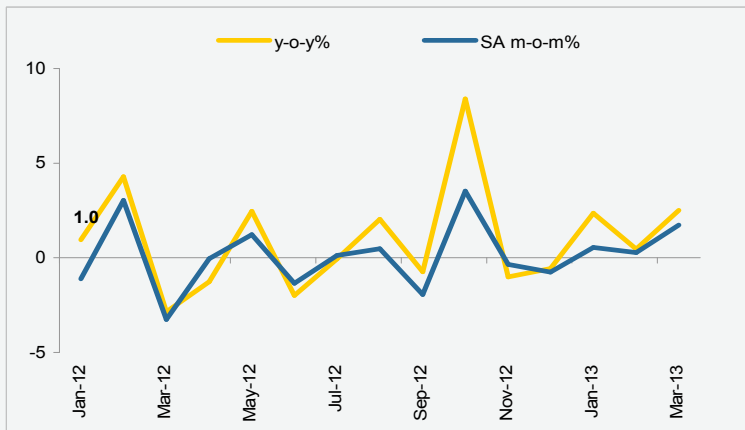


Industrial output rises in March 2013 aided by a low base

10th May, 2013

Industrial output accelerates in March 2013



- Helped by a low base, index of industrial production rose to 2.5 per cent in March as compared to an anemic 0.5 per cent in the previous month. The extent of rise however remains disappointing.

- With this the cumulative industrial growth in 2012-13 stands at 1.0 per cent as compared to 2.9 per cent in 2011-12. This has raised the possibility of downward revision in GDP industry which has been pegged at 3.1 per cent as per the advance estimates of CSO.

- Manufacturing sector grew by 3.2 per cent in March 2013, taking its full year growth to 1.2 per cent. 10 out of 22 industry groups in the manufacturing sector showed positive growth in March 2013.

- Regulatory and environmental issues continued to plague the mining sector, as it contracted by 2.9 per cent in March 2013, ending the full year 2012-13 also in negative territory.

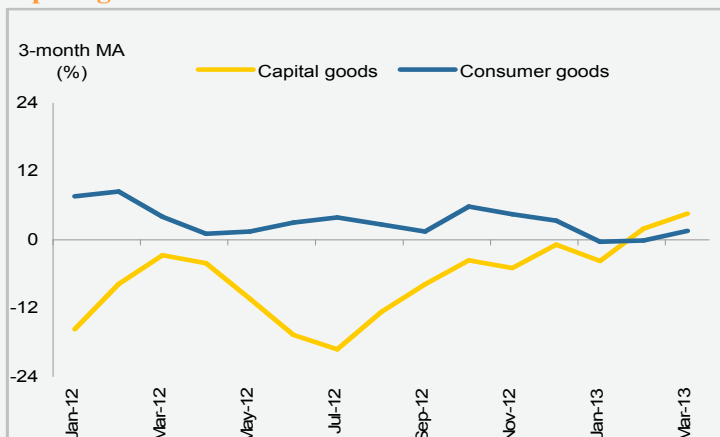
- Electricity sector growth halved in 2012-13 as compared to 2011-12, despite a sprint into the positive territory in March 2013.

- Intermediate goods output meanwhile continued to remain in the negative territory, raising concerns for the future outlook of the sector. The full year growth however still managed to reach 1.2 per cent compared to -0.6 per cent in 2011-12.

Sectoral Growth in IIP sectors

	Weight	Mar-12	Jan-13	Feb-13	Mar-13	FY12	FY13
General	1000.0	-2.8	2.4	0.5	2.5	2.9	1.0
Manufacturing	755.3	-3.6	2.5	1.9	3.2	3.0	1.2
Mining	141.6	-1.1	-2.2	-7.6	-2.9	-2.0	-2.5
Electricity	103.2	2.7	6.4	-3.2	3.5	8.2	4.0
Use-Based							
Basic	456.8	1.1	3.2	-1.8	2.6	5.5	2.3
Capital	88.3	-20.1	-1.7	8.7	6.9	-4.0	-6.3
Intermediates	156.9	0.0	2.5	-1.0	-0.2	-0.6	1.2
Consumer Goods	298.1	1.1	2.8	0.4	1.6	4.4	2.4
-Durables	84.6	1.2	-0.8	-2.4	-4.5	2.6	2.1
-Non durables	213.5	1.0	5.3	2.5	6.5	5.9	2.7

Capital goods sector continues to remain robust



- Capital goods growth, which is broadly regarded as the investment indicator in the economy, jumped to 6.9 per cent in March 2013, aided by a low base of last year. However, the average 7.8 per cent growth posted by capital goods in the last two months of 2012-13 is indeed a good sign for the economy.

- Consumer goods output accelerated marginally to 1.6 per cent in March 2013 as compared to 0.4 per cent in the previous month. However, the full year growth almost halved to 2.4 per cent as high inflation continued to bite into the common man's purchasing power.

- Consumer durables sector continued to contract for the fourth consecutive month in March 2013.

Source: Central Statistical Organisation, CII computations

Outlook: A 2.5% growth over a negative base of -2.8% in March does not indicate a robust and broad-based recovery. No doubt, capital goods production has shown some growth but it is doubtful whether this can be sustained. There is an urgent need to fast track project clearances by the cabinet committee on investment, address supply bottlenecks and carry out reforms to promote competition in the mining sector. RBI would also need to cut both repo rate & CRR at the earliest.