

Economy Monitor

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With the RBI delivering a 50 basis point interest rate reduction in its Annual Monetary Policy, some recovery in industrial growth in FY2013 can be expected. However, how much the economy will recover will depend on the extent of monetary easing and on how the global environment pans out over the next few quarters.

Inflation moderated a bit over FY2012, with the average rate down to 8.8% compared to 9.6% in the previous year. The RBI has rightly highlighted the inflation risks remaining from high crude oil prices and the lack of pass through to the retail level. However, the corporate sector's pricing power seems to have moderated as indicated by their inability to pass on increases in input costs.



ECONOMIC INDICATORS

Economic & Industrial Growth

Money Market & Inflation

Trade & Balance of Payments

Economic Growth			Interest Rates & Inflation			Current Account					
	LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD			
India GDP growth (%) ¹	↓	6.1	6.9	Repo rate (%) ⁶	↓	8.00	8.50	Export growth (% yoy) ⁹	↓	4.3	10.1
China GDP growth (%) ²	↓	8.1	9.2	Base rate (%) ⁶	↔	10.48	10.48	Import growth (% yoy) ⁹	↑	20.7	20.3
US GDP growth (%) ³	↑	3.0	1.8	Yield on 10 yr govt securities (%) ⁶	↑	8.53	8.35	Oil import growth (% yoy) ⁹	↑	39.5	26.8
EU27 GDP growth (%) ³	↓	-0.3	0.3	Inflation (%) ⁷	↓	6.9	7.0	Non-oil import growth (%) ⁹	↓	13.5	17.6
Japan GDP growth (%) ³	↓	-0.6	1.7	Food inflation (%) ⁷	↑	9.9	6.1	Trade balance (US\$ Bn) ⁹	↑	-15.2	-14.8

Industrial Production			Money Statistics			Capital Account					
	LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD			
IIP (% yoy) ⁴	↑	4.1	1.1	Bank credit (% yoy) ⁸	↑	19.3	17.0	ECB/FCCB flows (US\$ Bn) ⁹	↓	2.6	2.7
Electricity (% yoy) ⁴	↑	8.0	3.2	Food credit (% yoy) ⁸	↓	24.1	26.5	FII flows (US\$ Bn) ⁹	↑	9.2	5.4
Passenger vehicles (% yoy) ⁵	↓	5.5	12.3	Non-Food credit (% yoy) ⁸	↑	19.4	16.9	FDI flows (US\$ Bn) ⁹	↑	2.2	2.0
Commercial vehicles (% yoy) ⁵	↓	-10.4	27.4	Deposits (% yoy) ⁸	↑	17.4	13.4	Forex reserves (US\$ Bn) ¹⁰	↑	294.0	293.4
Cement production (% yoy) ⁴	↓	10.6	13.3	M3 supply (% yoy) ⁸	↓	13.0	13.1	Exchange rate (RS/ US\$) ¹¹	↓	50.3	49.2
Steel production (% yoy) ⁴	↑	4.3	-2.9								

1. GDPfc Y-o-Y Growth October-December 2011, July-September 2011. 2. GDPfc Y-o-Y Growth January-March 2012, October-December 2011 3. Q-o-Q Growth Rate October-December 2011, July-September 2011. 4. February 2012, January 2012. 5. March 2012, February 2012. 6. April 2012, March 2012. 7. March 2012, February 2012. 8. As on 30th March 2012, 23rd March 2012. 9. February 2012, January 2012 10. As on 9th March 2012, 10th February 2012. 11. Average March 2012, February 2012.



INDUSTRY SNAPSHOT

		Market Cap (US\$ Billion)		Net Sales Growth (y-o-y)		Profit Growth (y-o-y)			
		Mar end 2012	Feb end 2012	Q3 2011-12	Q2 2011-12	Q3 2011-12	Q2 2011-12		
Auto & Auto Parts	↔	74.06	74.41	↔	15.89	16.41	↑	-4.99	-6.22
Bank & Financial Institutions ¹	↓	200.55	206.78	↓	33.55	35.30	↑	9.10	7.85
Capital Goods ²	↓	16.23	16.95	↓	15.40	23.35	↓	-1.99	1.60
Construction & Const. Material ³	↓	74.65	75.85	↑	19.51	18.64	↓	5.22	5.79
Consumer Durables	↓	15.22	15.95	↑	25.64	21.48	↓	-12.50	-9.10
Fertilizer & Chemicals	↓	24.12	24.63	↑	22.53	14.53	↑	11.96	6.28
FMCG	↑	97.07	92.38	↓	20.71	24.20	↑	16.25	14.56
Health Care & Pharma	↑	49.27	48.43	↔	17.61	17.53	↓	-13.52	4.26
IT & Telecom ⁴	↓	159.96	165.61	↑	21.94	17.96	↑	13.77	9.80
Media & Entertainment ⁵	↓	9.15	9.48	↓	5.84	11.19	↓	-15.85	-11.71
Metals & Minerals	↓	125.84	134.68	↓	11.34	19.16	↑	1.65	0.80
Oil & Gas ⁶	↓	121.88	133.82	↓	31.68	33.84	↓	-6.45	33.18
Power ⁷	↓	91.82	101.95	↓	14.96	17.68	↓	4.76	20.15
Textiles, Paper, Leather, Rubber & Wood	↓	11.56	12.09	↓	12.25	21.05	↓	-12.00	-11.16
Overall⁸	↓	1078.85	1120.84	↓	22.89	24.32	↓	2.79	10.58

1. Includes Public & Pvt banks, Finance- Housing, Investment, NBFC, Stock Broking, Term Lending & Ratings. 2. Includes Engineering, Electrodes & Welding Equipment & components, Electronics Components, Abrasives, Bearings, Cables, Fasteners, Railway Wagons, Textile Machinery. 3. Includes Cement & Construction Material, Ceramics, Granite, Marble, Sanitary ware, glass, Construction real estate & Engineering, Refractories 4. Includes BPO/ITeS, IT- Education, Hardware, Networking, Software, Telecom Equipment & Service Providers 5. Includes Animation, Film Production, Distribution & Entertainment, Photographic Products, Printing & Publishing, TV Broadcasting & Software Production. 6. Includes Gas Transmission/ Marketing, Industrial Gases/ Fuels, Oil Exploration, Petrochemicals, Refineries & Lubricants 7. Includes Electric Equipment, Power Generation, Distribution, Transmission Towers & Equipment. 8. Also Includes Hotels & Retail, Packaging & Logistics. (Data for 1415 companies as on 6th March 2012)



ABOUT CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organisation, playing a proactive role in India's development process. Founded over 117 years ago, it is India's premier business association, with a direct membership of over 6600 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and water, to name a few.

CII has taken up the agenda of "Business for Livelihood" for the year 2011-12. This converges the fundamental themes of spreading growth to disadvantaged sections of society, building skills for meeting emerging economic compulsions, and fostering a climate of good governance. In line with this, CII is placing increased focus on Affirmative Action, Skills Development and Governance during the year.

With 63 offices including 10 Centres of Excellence in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 223 counterpart organisations in 90 countries, CII serves as a reference point for Indian industry and the international business community.



ABOUT ERG

The Economic Research Group regularly tracks economic, political and business developments within India and abroad to comment on the emerging economic scenario for the Indian corporate sector. It tracks policy developments, offers comprehensive analysis of industries and comments on and analyzes the economic climate through its publications—CII Economy Update, CII Economy Watch, CII Business Outlook Survey, CII ASCON Survey and the Industry series.

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