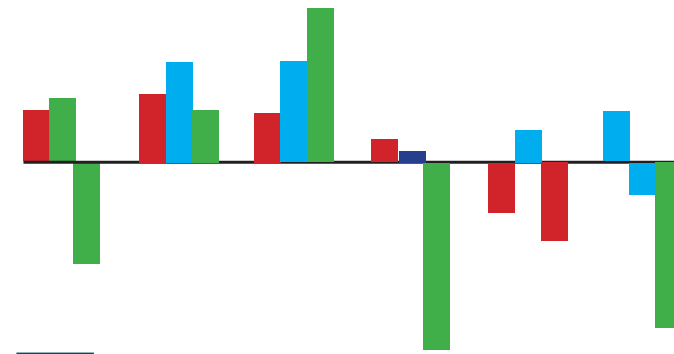




Confederation of Indian Industry



Economy Monitor

October 2012

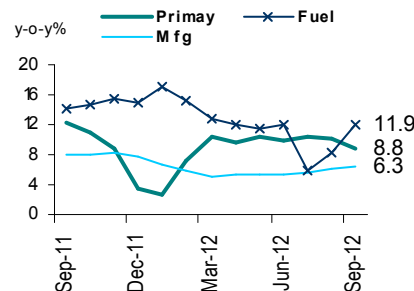
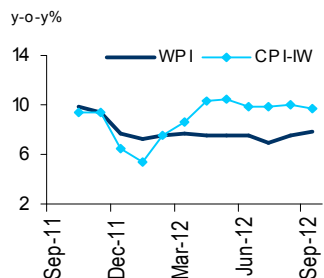
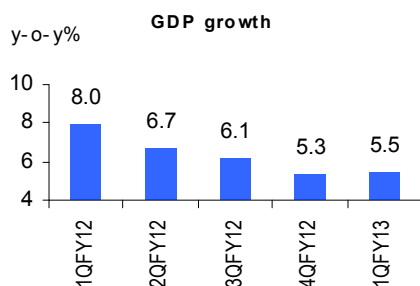
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Domestic macro environment continues to remain fragile triggered by the string of adverse macroeconomic news, owing to multiple factors, both domestic and global. GDP for the first-quarter of FY13 slowed down and sluggish momentum of value added was evident across all sectors of the economy. This trend is also echoed in the recent subdued performance in industrial production since the start of this fiscal year. Admittedly WPI-based inflation has remained persistently high so far this fiscal and an area of concern. On the external front, the weakness in the global growth has translated into a lackluster performance by our merchandise exports so far this fiscal.

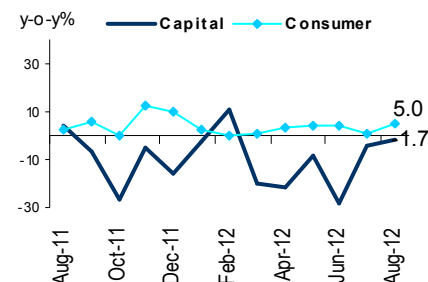
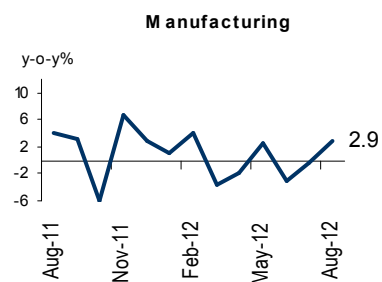
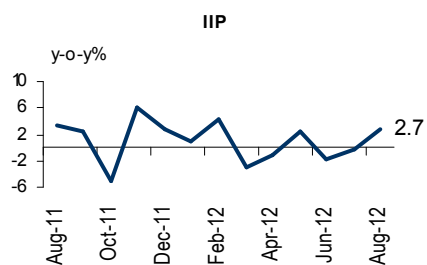
Corporate sector performance in the first-quarter of 2012-13 has also remained weak so far. Out of the 1337 listed companies which have declared their results till 12 October 2012, on an aggregate basis, both the top-line and bottom-line saw deceleration as compared to the fourth-quarter of last fiscal, nonetheless managed to stay in the positive territory.

GROWTH & INFLATION



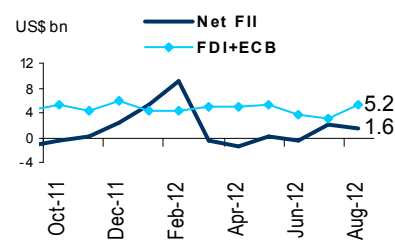
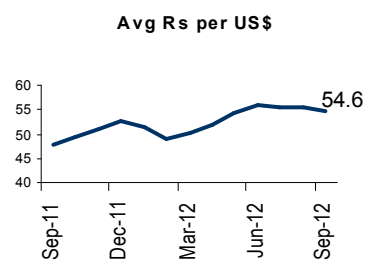
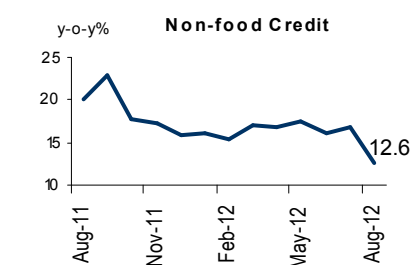
(y-o-y%)	4Q11	1Q12	2Q12
US GDP	1.9	2.0	1.5
EU 27 GDP	0.0	0.0	-0.2
2012-13 (y-o-y%)			
Food Inflation	9.0	9.1	8.5
Core Inflation	5.6	5.6	5.6

INDUSTRIAL PRODUCTION



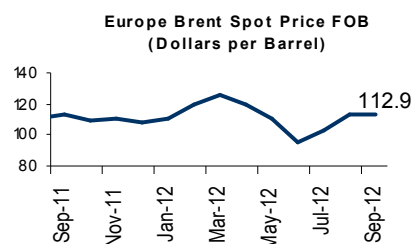
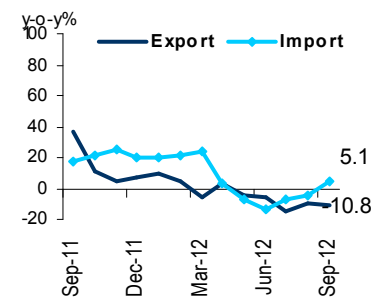
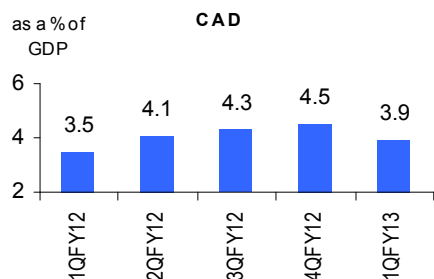
2012-13 (y-o-y%)	July	Aug	Sept
Core sector	1.0	2.1	na
Steel production	0.8	1.8	na
Cement	1.1	-2.4	na
Commercial Vehicles sales	-5.6	-4.1	-6.0
Passenger Vehicles Sales	-2.7	-5.7	11.8

MONEY MARKET & CAPITAL FLOWS



2012-13 (%)	July	Aug	Sept
M3 growth	13.8	13.7	na
Deposit growth	14.0	15.1	na
Bank credit growth	17.3	17.7	na
Forex reserves (US\$ bn)	288.8	290.5	294.8
Repo rate (eop)	8.0	8.0	8.0

EXTERNAL ACCOUNT



2012-13 (y-o-y%)	July	Aug	Sept
Oil Imports	-5.5	3.0	30.7
Non-oil Imports	-8.6	-8.7	-4.5
Trade balance (US\$ bn)	-15.5	-15.6	-18.1
US\$ billion			
Balance of Payments	-12.8	-5.7	0.5



INDUSTRY SNAPSHOT

		Market Cap (US\$ Billion)		Net Sales Growth (y-o-y %)		PAT Growth (y-o-y %)			
		September end 2012	August end 2012	Q1 2012-13	Q4 2011-12	Q1 2012-13	Q4 2011-12		
Auto & Auto Parts	↑	70.8	62.4	↓	12.6	17.3	↓	-0.4	14.6
Bank & Financial Institutions ¹	↑	204.4	175.5	↓	24.6	31.5	↓	29.0	42.8
Capital Goods ²	↑	12.9	11.8	↓	5.0	9.3	↑	16.2	-8.0
Construction & Const. Material ³	↑	74.5	62.8	↑	18.0	16.8	↑	17.8	-5.5
Consumer Durables	↑	15.0	13.3	↓	9.4	18.9	↓	-14.2	-4.1
Fertilizer & Chemicals	↑	22.0	20.3	↓	20.1	43.1	↓	-5.6	13.9
FMCG	↑	107.5	102.7	↓	14.5	18.8	↑	24.6	12.4
Health Care & Pharma	↑	53.0	51.5	↑	23.6	20.3	↓	17.0	42.2
IT & Telecom ⁴	↑	139.5	133.2	↑	20.3	17.3	↑	24.2	8.2
Media & Entertainment ⁵	↑	9.6	8.3	↑	10.1	6.6	↑	19.3	3.2
Metals & Minerals	↑	118.5	110.3	↔	10.8	10.2	↓	-19.9	-12.9
Oil & Gas ⁶	↑	117.1	109.4	↓	17.2	18.8	↓	7.3	12.4
Power ⁷	↑	84.9	77.5	↓	11.7	14.8	↓	-2.2	9.1
Textiles, Paper, Leather, Rubber & Wood	↔	6.7	6.1	↑	17.6	13.6	↓	-7.6	-9.8
Overall⁸	↑	1,079.7	984.4	↓	14.0	17.2	↓	9.3	12.1

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. (Results of 1337 listed companies as on 12th October 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 7100 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 250 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.

The CII Theme for 2012-13, '**Reviving Economic Growth: Reforms and Governance**,' accords top priority to restoring the growth trajectory of the nation, while building Global Competitiveness, Inclusivity and Sustainability. Towards this, CII advocacy will focus on structural reforms, both at the Centre and in the States, and effective governance, while taking efforts and initiatives in Affirmative Action, Skill Development, and International Engagement to the next level.

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 CII Research

CII Research 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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Confederation of Indian Industry

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