

## **Industrial output up 0.1% in March**

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India's industrial output rose by 0.1 per cent in March, largely losing the momentum generated in February when it had risen by two per cent, after a three-month fall.

The Index of Industrial Production (IIP) rose at a subdued pace in March, as manufacturing growth, which constitutes roughly three-fourths of the index, contracted by 1.2 per cent, government data showed on Thursday. It cumulatively grew by two per cent in the financial year (FY) 2015-16, down from the 2.3 per cent in the previous year.

Overall, industrial growth in FY16 slowed to 2.4 per cent from 2.8 per cent in the previous year.

### **TEPID NUMBERS**

Manufacturing growth in March at -1.2 per cent

Mining growth at -0.1%

Electricity growth at 11.3%

IIP annual growth in 2015-16 at 2.4%, down from 2.8% a year ago

In March, the IIP was boosted solely by electricity generation, which rose by 11 per cent from the 9.6 per cent rise seen in the previous month. Annual growth in electricity generation, however, moderated to 5.6 per cent from the 8.4 per cent in the previous year. On the other hand, mining output contracted by 0.1 per cent in March, a sharp fall considering the five per cent growth witnessed in February. The mining sector grew 2.2 per cent in FY16, compared with a 1.4 per cent rise in FY15. Among product categories, radio, TV, communication equipment and apparatus registered the highest growth at 36.5 per cent, followed by tobacco products at 19.8 per cent. Electrical machinery & apparatus on the other hand, continued to fall by the largest margin at 36.2 per cent.

Cables, insulated rubber continued its long streak in contributing the most to the contraction in the index. On the other hand, electricity, commercial vehicles and telephone instruments were the highest positive contributors to growth. On use-based classification, capital goods, considered a proxy of investment demand, continued to contract sharply, falling 15.4 per cent after a 9.8 per cent slide in the preceding month. Annually, it fell 2.9 per cent after a 6.3 per cent rise in the previous financial year. On the demand side, decline in consumer non-durables accelerated to 4.4 per cent from a 4.2 per cent fall in the previous month.

The Met department's forecast of an above-normal monsoon has boosted the outlook for rural demand, which should help arrest the sustained contraction in consumer non-durables over the coming months.

Growth in consumer durables, however, increased by 8.7 per cent after growing by 9.7 per cent in February. In March, 13 of the top 25 products within manufacturing showed growth, down from 19 last month.