

Economy First Cut

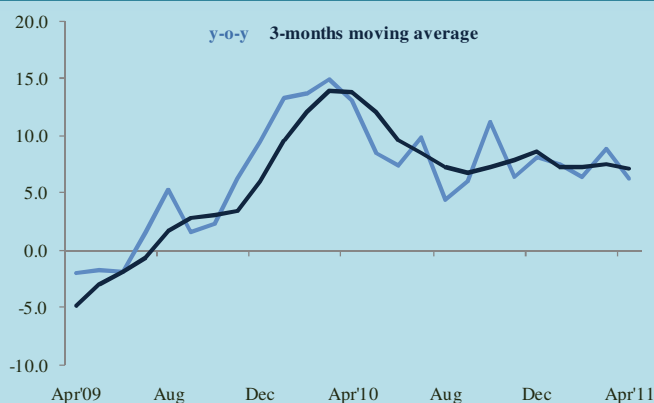
IIP



Industrial output grows at 6.3 per cent in April 2011

10th June 2011

Industrial growth (y-o-y, %)



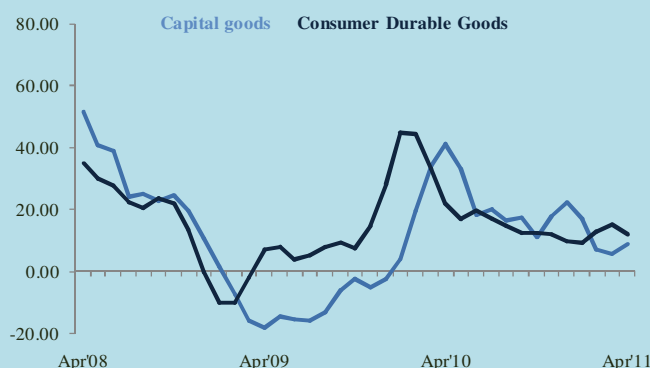
- CSO released the IIP data for April 2011 on a new base of 2004-05, compared to the earlier base of 1993-94. As per the new base, IIP growth stood at 6.3 per cent in April 2011.
- For March 2011, IIP growth was revised to 8.8 per cent, up from 7.3 per cent released earlier as per the old base. As per the old series, IIP growth slowed to 4.4 per cent in April 2011 from 7.3 per cent growth in the previous month. Even on a seasonally adjusted basis, the index grew by 6.3 per cent in April 2011.
- As per the new series, for the year FY11, IIP grew at 8.2 per cent as against 5.3 per cent in FY10.

Sector growth (y-o-y %)

2004-05 base	Weight	Apr-10	Feb-11	Mar-11	Apr-11	FY10	FY11
General	1000.0	13.1	6.4	8.9	6.3	5.3	8.2
Manufacturing	755.27	14.4	7.2	10.4	6.9	4.9	8.9
Mining	141.57	9.2	1.0	0.3	2.2	7.9	5.2
Electricity	103.16	6.5	6.8	7.2	6.4	6.1	5.5
Basic	355.65	6.7	6.4	6.0	7.3	4.7	6.0
Capital	92.57	35.5	12.8	-9.3	14.5	1.0	15.0
Intermediates	265.14	11.9	2.3	6.6	3.4	6.0	7.2
Consumer Goods	286.64	13.8	-2.0	3.7	2.9	7.7	8.3
-Durables	53.65	23.3	4.4	18.8	3.8	17.0	14.0
-Non durables	232.99	6.8	-4.6	-1.5	2.1	1.4	3.9

- Manufacturing, constituting about 80 per cent of the IIP, stood at 6.9 per cent in April 2011 as compared to 10.4 per cent in the previous month and 14.4 per cent in the corresponding month last year.
- Mining sector recorded a growth of 2.2 per cent as against 0.3 per cent in March 2011.
- Electricity grew at a moderately slower rate at 6.4 per cent per cent vis-à-vis both previous month (at 6.5 per cent) and same month last year (at 7.2 per cent).

Growth in Capital Goods and Consumer Durable



- Capital goods recorded a positive growth of 14.5 per cent as against a contraction of 9.3 per cent in the previous month. As per the new series there was a striking growth of 6.6 per cent for 4Q11 as compared to a contraction of 6.5 per cent in 4Q10.
- In the consumer goods category, consumer durables witnessed a deceleration in growth and stood at 3.8 per cent in April 2011 as compared to 18.8 per cent in March 2011.

Note: *Graph depicts y-o-y growth with 3-month moving average
Source: Ministry of Industry, CRISIL computations

Outlook

Based on the new series even though IIP growth looks better as compared to old series, the industrial growth is likely to remain lackluster for the next two three months due to high base and policy logjam. During FY 12, we expect industrial output to grow at 7.3 per cent.



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