

# Industry

## Overview

7.1 The year 2001-02, was characterised by a slow-down in world output. India also witnessed a weak industrial growth of 2.7 percent during 2001-02, as measured by the Index of Industrial Production (IIP). The slow-down was broad-based and took place across most industry groups, with particularly weak growth of only 1.2 percent in mining and quarrying.

<b>Table 7.1 : Annual growth rate of industrial production in major sectors of industry</b>				
<b>(Based on the index of industrial production)*</b>				
<b>Base: 1993-94=100</b>				
<i>(percent)</i>				
<b>Period</b>	<b>Mining &amp; Quarrying</b>	<b>Manuf- cturing</b>	<b>Electricity</b>	<b>Overall</b>
<b>Weight</b>	<b>10.47</b>	<b>79.36</b>	<b>10.17</b>	<b>100.00</b>
1995-96	9.7	14.1	8.1	13.0
1996-97	-1.9	7.3	4.0	6.1
1997-98	6.9	6.7	6.6	6.7
1998-99	-0.8	4.4	6.5	4.1
1999-00	1.0	7.1	7.3	6.7
2000-01	2.8	5.3	4.0	5.0
2001-02	1.2	2.9	3.1	2.7
<b>April-November</b>				
1995-96	11.6	13.7	9.6	13.1
1996-97	-1.0	9.8	3.7	8.0
1997-98	6.1	6.9	6.4	6.8
1998-99	0.5	4.1	6.2	3.9
1999-00	0.5	6.6	8.2	6.2
2000-01	3.6	6.3	4.9	6.0
2001-02	0.7	2.6	2.5	2.5
2002-03	5.7	5.4	4.0	5.3
<b>* Revised index of industrial production</b>				
<b>Source : Central Statistical Organisation</b>				

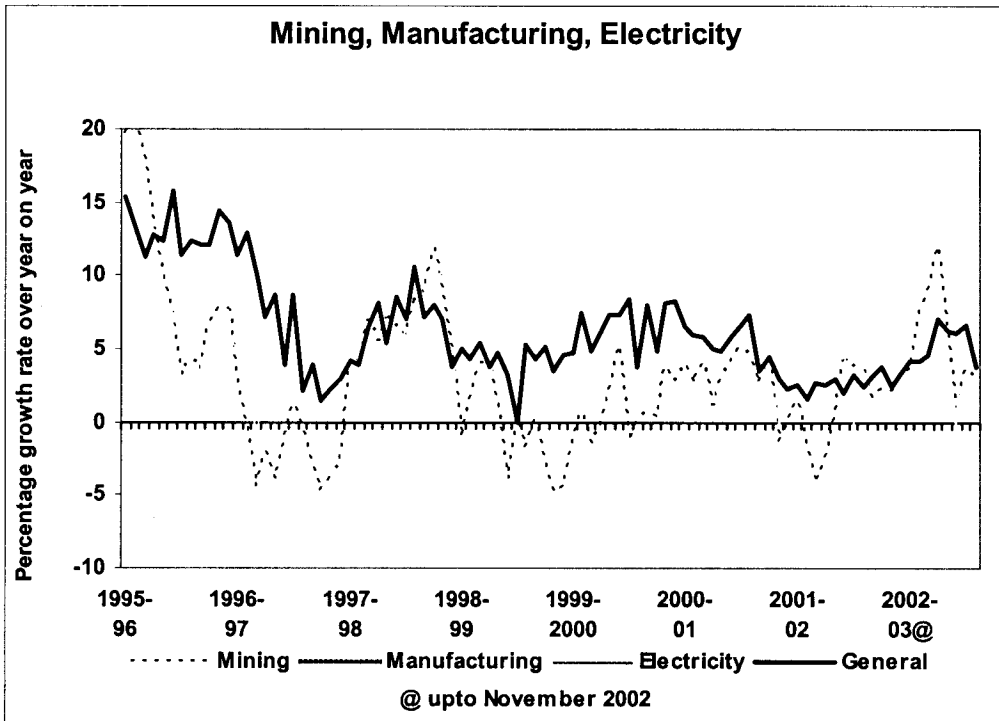
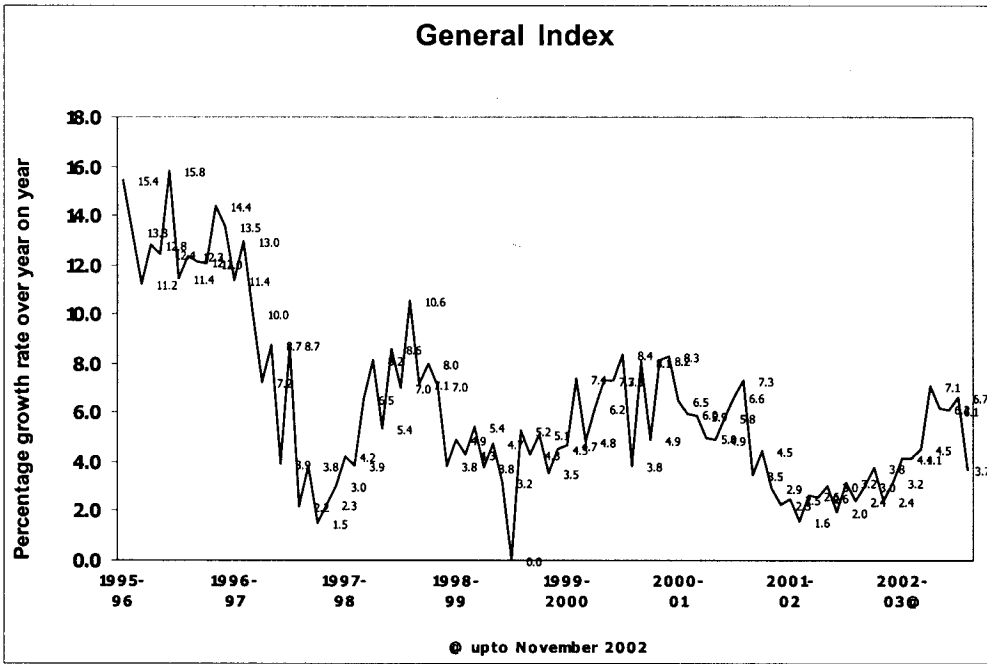
7.2 Notwithstanding lower industrial growth during 2001-02, the index of industrial production has displayed some definite signs of pick-up in the first eight months of the current financial year, i.e. April-November, 2002 (Table 7.1), showing an overall growth of 5.3 percent over April-November, 2001. The mining and quarrying sector showed a growth of 5.7 percent followed by 5.4 percent and 4.0 percent growth by manufacturing and electricity sector respectively during the period.

7.3 A major element of this improvement in IIP growth was a revival in capital goods, which achieved a growth of 9.9 percent in April-November, 2002 as compared with a decline of 4.9 percent during the corresponding period of 2001. The transport equipment sector has displayed growth of 14.0 percent in April-November 2002, as compared with growth of 4.6 percent in the corresponding period of the previous year. In particular, steel and cement have shown growth rates of 8.1 percent and 9.7 percent, respectively, over April-November, 2001, as compared with much slower growth rates of 2.4 percent and 4.9 percent, respectively in the corresponding period of the previous year.

7.4 Table 7.2 shows growth rates of industrial production across various industry groups. An important feature of the industrial performance is the success of the textile products, which after a decline of 2.5 percent in the previous year, showed a sharp turnaround with growth of 14.8 percent in the current financial year upto November, 2002.

**Fig. 7.1**

**Monthly Growth Rates of Industrial Production  
(1993-94=100)**



**Table 7.2 : Growth rates of industrial production by broad groups of manufacturing**  
(Base : 1993-94=100)

(percent)

Code	Industry group	Weight	2000-01	-2001-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	2001-02 Apr-Nov.	2002-03 Apr-Nov.
20-21	Food Products	90.83	10.1	-1.6	3.6	6.2	4.5	18.2	14.1	28.5	18.2	-7.1	1.2	9.0
22	Beverage, tobacco & Products	23.82	4.3	12.2	20.2	19.9	17.5	23.6	6.6	45.2	21.9	35.6	11.7	23.8
23	Cotton Textiles	55.18	2.9	-2.2	-3.9	-4.8	-3.0	-3.8	-0.2	-0.2	0.6	-0.8	-2.8	-2.1
24	Wool, Silk and Man made fibre textiles.	22.58	5.8	4.4	4.5	12.0	-17.5	-4.8	12.9	18.8	9.4	4.3	4.8	4.4
25	Jute, and other vegetable fibre textiles	5.9	0.8	-5.9	-9.7	1.6	10.5	17.9	8.7	9.3	1.3	7.1	-6.3	5.5
26	Textile Products	25.37	4.0	2.4	16.6	7.8	21.8	26.8	12.2	17.3	13.6	4.9	-2.5	14.8
27	Wood & wood Products.& furniture & fixtures	27.01	2.9	-11.0	-9.3	-15.7	-23.2	-17.7	-27.0	-32.6	-29.6	-24.3	-10.3	-22.5
28	Paper & Paper Products	26.52	-9.1	3.0	1.3	5.7	1.6	6.4	7.0	5.7	5.6	8.3	0.1	5.2
29	Leather & fur Products	11.39	10.7	5.3	3.4	-2.2	-5.2	-9.3	-0.7	-41.2	-0.6	-7.9	12.9	-9.3
30	Basic Chemicals & chemical products (except Petroleum products & coal)	140.02	7.3	4.8	7.8	8.3	7.6	7.9	6.6	5.6	4.2	1.5	3.0	6.2
31	Rubber, plastic, petroleum. and coal prod.	57.28	11.8	11.1	-5.3	4.9	-2.3	5.5	6.5	10.4	8.2	4.4	11.5	4.1
32	Non-metallic mineral	43.97	-1.2	1.1	3.1	0.7	3.3	9.3	12.1	2.6	5.7	1.9	1.8	4.7
33	Basic metals & alloy industries	74.53	1.8	4.3	6.9	5.5	9.4	8.8	9.1	7.2	5.9	7.1	3.6	7.5
34	Metal Products & Parts except. Machinery & equip.	28.1	15.0	-10.0	-3.6	-1.2	1.2	5.0	15.7	16.4	28.7	7.3	-13.1	8.1
35-36	Machinery and equip. other than Trans. Equip.	95.65	7.3	1.3	6.5	-0.6	6.2	-0.8	-0.8	-2.0	-1.8	2.1	2.4	1.0
37	Transport Equipment & parts	39.84	-2.0	6.8	1.5	7.2	12.7	17.2	14.8	11.9	24.0	22.7	4.6	14.0
38	Other Manufacturing Industries	25.59	11.6	8.9	-6.6	-9.0	-5.1	-4.8	-3.8	4.8	-0.9	2.8	10.7	-2.8
1	Mining & Quarrying	104.73	2.8	1.2	3.6	7.9	9.0	12.1	5.7	1.0	3.8	2.9	0.7	5.7
2-3	Manufacturing	793.58	5.3	2.9	4.0	4.0	4.2	6.7	6.5	7.5	6.9	3.8	2.6	5.4
4	Electricity	101.69	4.0	3.1	5.2	2.2	3.8	6.1	4.1	-0.4	7.1	3.5	2.5	4.0
	General Overall Index	1000	5.0	2.7	4.1	4.1	4.5	7.1	6.2	6.1	6.7	3.7	2.5	5.3

Growth rates are estimated over the corresponding period of the previous year.

Source: Central Statistical Organisation

A significant factor influencing this recovery was high growth in garment exports. Other industry groups showing high growth rates were those of beverages, tobacco and products (23.8 percent), food products (9 percent), metal products etc. (8.1 percent) and basic metal and alloy industries (7.5 percent).

7.5 The use-based classification, shown in Table 7.3, shows that in addition to capital goods, consumer non-durables were also an area showing sharp growth: an acceleration from 3.2 percent in April-November 2001 to 12.7 percent in the corresponding period of the current year.

**Table 7.3 : Growth rates of industrial production by use-based Classification**

( percent)

Sectors	Weight	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2001-02 Apr- Nov.	2002-03 Apr- Nov.
Basic Goods	35.5	10.8	3.0	6.9	1.6	5.5	3.7	2.6	2.0	4.7
Capital Goods	9.3	5.3	11.5	5.8	12.6	6.9	1.8	-3.4	-4.9	9.9
Intermediate Goods	26.5	19.4	8.1	8.0	6.1	8.8	4.7	1.5	2.1	2.6
Consumer Goods	28.7	12.8	6.2	5.5	2.2	5.7	8.0	6.0	5.8	7.3
Of which										
(i) Consumer durables	5.4	25.8	4.6	7.8	5.6	14.1	14.5	11.5	12.9	-6.0
(ii) Consumer non durables	23.3	9.8	6.6	4.8	1.2	3.2	5.8	4.1	3.2	12.7
IIP (index of Ind. Production)	100.0	13.0	6.1	6.7	4.1	6.7	5.0	2.7	2.5	5.3

Source : Central Statistical Organisation

7.6 This recovery in industrial output appears to reflect a variety of factors, including: the lagged effect of the strong rabi harvest of the previous year, improvements in infrastructure, the demand impact of

public investment, and improvement in exports through the recovery of the US and EU markets after the September 11, 2001 incidents in the United States.