

Industry

Overview

Growth in the industrial sector in 2003-04 continued to be healthy. The Index of Industrial Production (IIP) grew by 6.9 per cent (Table 7.1). The major element of the

Table 7.1 : Annual growth rate of industrial production in major sectors of industry				
(Based on the index of industrial production)				
Base: 1993-94=100				
<i>(per cent)</i>				
Period	Mining & Quarrying	Manufa-cturing	Electricity	Overall
Weight	10.47	79.36	10.17	100.00
1994-95	9.8	9.1	8.5	9.1
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
2002-03	5.8	6.0	3.2	5.7
2003-04	5.1	7.2	5.0	6.9

Source : Central Statistical Organisation

buoyancy in industrial growth was the manufacturing sector with 80 per cent weight in IIP. Manufacturing witnessed growth of 7.2 per cent, while mining and electricity grew by 5.1 per cent, and 5.0 per cent, respectively.

7.2 The consumer durables sector (refrigerators, electric fans, television, motor cycles and cars) witnessed a complete turnaround. It grew by 11.6 per cent (Table 7.2) during 2003-04 compared with a decline of 6.3 per cent during the previous year. Lower

interest rates, the availability of retail finance, and the strong monsoon are among the explanations for this sharp growth in the consumer durables sector.

7.3 Growth in the capital goods sector was healthy. Production in the sector increased by 12.7 per cent. In this use-based category, both components - transport equipment & parts and machinery and equipment other than transport equipment - witnessed high growth. The former grew at 17.0 per cent, while the latter grew at 15.2 per cent in 2003-04.

7.4 The growth in consumer non-durables fell sharply in 2003-04 to 5.7 per cent whereas, in 2002-03 the sector grew at 12.0 per cent. Fast Moving Consumer Goods (FMCG) companies did not perform well as price wars cut into profit margins. Competition from local brands and inadequate coverage of IIP may be part of the explanation for the poor performance of consumer non-durables

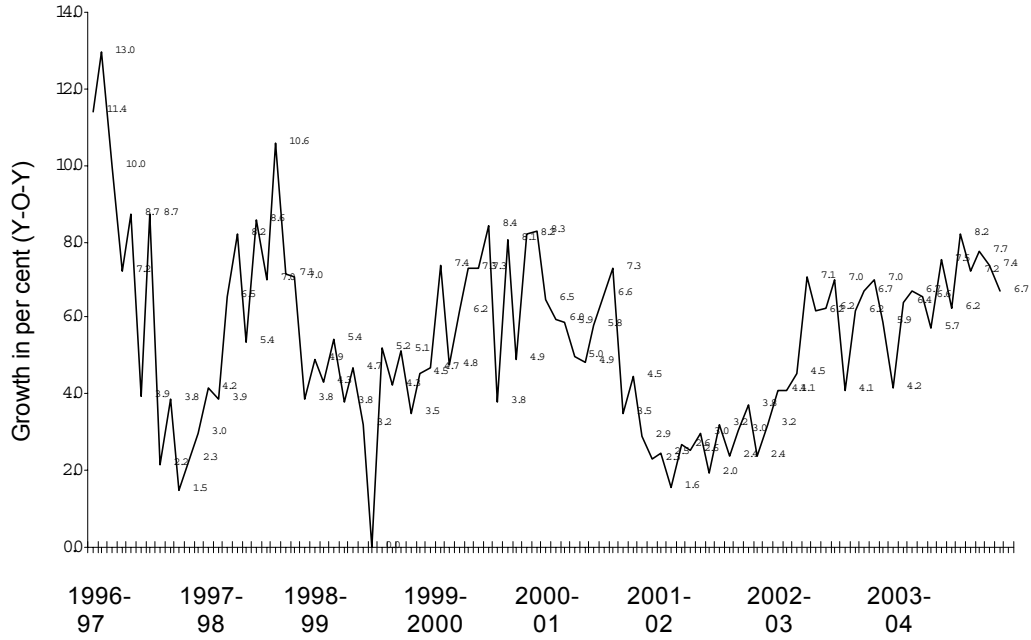
7.5 Basic goods and intermediate goods industries grew faster in 2003-04 at 5.4 per cent and 6.2 per cent, respectively. These constitute raw materials and inputs such as metals and chemicals and usually perform well in a year of high GDP growth.

7.6 At a two digit level classification, as many as 12 out of 17 industry groups have showed positive growth during 2003-04 (Table 7.3). A disaggregation of the manufacturing sector showed that growth recovery observed in 2002-03 has been sustained in the current year also for a number of sub-sectors. Transport equipment and parts grew at 17.0 per cent, followed by paper and paper products, printing publishing and

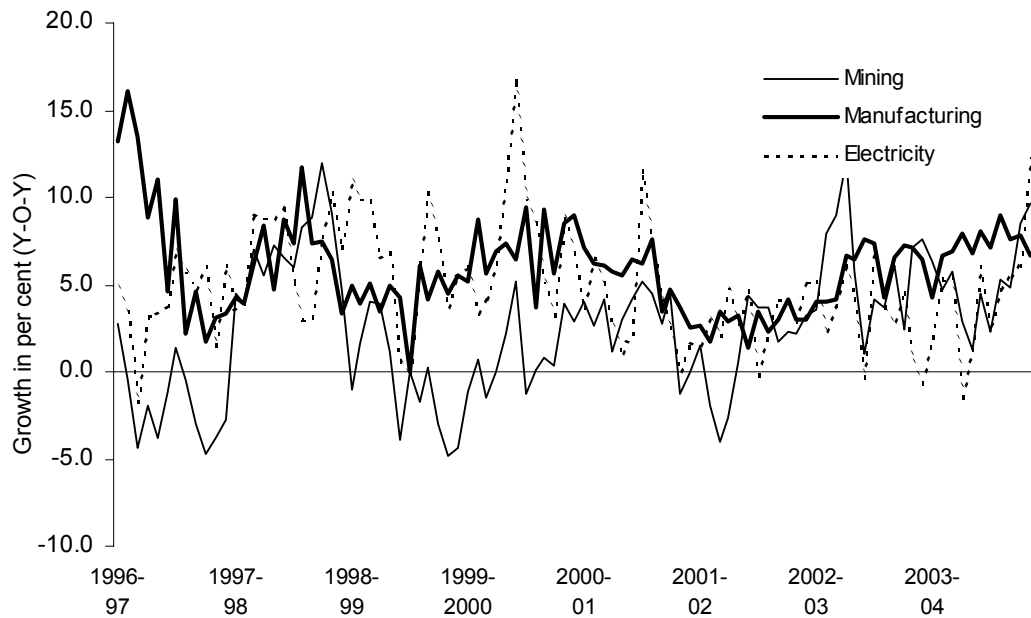
Fig. 7.1

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

General Index



Mining, Manufacturing & Electricity



Sectors	Weight	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Basic Goods	35.5	3.0	6.9	1.6	5.5	3.7	2.6	4.9	5.4
Capital Goods	9.3	11.5	5.8	12.6	6.9	1.8	-3.4	10.5	12.7
Intermediate Goods	26.5	8.1	8.0	6.1	8.8	4.7	1.5	3.9	6.2
Consumer Goods	28.7	6.2	5.5	2.2	5.7	8.0	6.0	7.1	7.1
of which									
Consumer Durable	5.4	4.6	7.8	5.6	14.1	14.5	11.5	-6.3	11.6
Consumer Non-Durables	23.3	6.6	4.8	1.2	3.2	5.8	4.1	12.0	5.7
IIP (Index of Indl. Prodn.)	100	6.1	6.7	4.1	6.7	5.0	2.7	5.7	6.9

Source : Central Statistical Organisation

allied industries (15.9 per cent), Machinery and equipment other than transport equipments (15.2 per cent), beverages, tobacco and related products (9.4 per cent), basic metals and alloy industries (9.1 per cent), basic chemicals and chemical products except products of petroleum & coal products (8.2 per cent), wood & wood products; and furniture and fixtures (6.8 per cent). The industry groups that witnessed negative

growth are leather and leather & fur products (-4.3 per cent), jute and other vegetable fiber textiles (except cotton) (-4.2 per cent), followed by textile products including wearing apparel (-3.8 per cent) and cotton textiles (-3.3 per cent). However, the key industries of construction sector- both steel and cement registered a positive growth of 6.9 per cent and 6.1 per cent, respectively during 2003-04.

Code Industry group	Weight-	2002	Apr-	May-	Jun-	Jul-	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2003
		-03	-03	-03	-03	-03	-03	-03	-03	-03	-03	-04	-04	-04	-04
20-21 Food Products	90.83	11.0	18.9	19.4	3.2	3.0	3.4	1.9	1.9	4.2	-2.1	-2.5	-13.7	-17.9	-0.2
22 Beverage, tobacco & Products	23.82	27.9	27.0	14.9	10.2	9.9	24.0	0.5	13.8	-7.4	8.4	4.7	3.1	11.8	9.4
23 Cotton Textiles	55.18	-2.7	-8.8	-4.6	-7.0	-6.2	-8.4	-7.2	-10.8	0.2	1.5	3.7	5.6	3.8	-3.3
24 Wool, Silk and Man made fibre textiles	22.58	3.0	-37.7	1.3	32.4	22.4	5.3	6.1	1.3	2.8	4.2	6.3	15.7	20.5	6.2
25 Jute, and other vegetable fibre textiles (except cotton)	5.90	8.3	13.6	9.1	13.1	10.6	-14.9	-10.7	-8.9	-6.6	-7.4	-36.8	0.7	-0.2	-4.2
26 Textile Products (including Wearing Apparel)	25.37	14.4	-19.3	12.8	-0.5	6.0	-0.9	12.7	-10.7	-9.0	-13.7	-7.0	-11.3	-0.8	-3.8
27 Wood & wood Pdts. & furniture and Fixtures	27.01	-17.6	5.8	9.6	17.2	1.1	13.1	24.4	26.5	7.3	-8.7	5.8	-10.6	3.0	6.8
28 Paper & Paper Products and Printing, Publishing & Allied Industries	26.52	6.8	8.2	7.5	16.8	31.2	33.6	26.8	26.2	21.7	16.7	6.6	-13.1	15.1	15.9
29 Leather & Leather & fur Products	11.39	-3.2	-19.8	-15.1	-5.3	-9.3	-9.6	13.1	19.5	9.6	14.9	-9.5	-14.6	-14.2	-4.3
30 Basic Chemicals & chemical product (except products of Petroleum & coal)	140.02	3.7	-4.9	-5.5	0.5	3.6	8.5	6.9	11.6	13.4	12.0	15.2	19.3	17.7	8.2
31 Rubber, Plastic, Petroleum and Coal Products	57.28	5.5	18.1	2.8	12.8	5.8	2.5	-0.8	-1.5	7.9	12.9	2.4	-0.9	-4.0	4.5
32 Non-Metallic Mineral Products	43.97	5.1	1.2	7.7	6.1	8.8	-1.1	3.0	6.1	5.9	5.7	1.1	4.6	-3.7	3.7
33 Basic Metals & Alloy industries	74.53	9.2	12.0	12.5	11.9	15.0	7.1	8.6	12.4	9.7	6.3	7.3	6.4	1.2	9.1
34 Metal Products and Parts except Machinery and Equipment	28.10	6.4	0.9	0.3	-1.2	-0.8	-1.3	5.6	6.9	3.8	0.8	9.7	10.4	6.1	3.4
35-36 Machinery and Equipment other than Transport equipment	95.65	1.6	0.3	6.5	2.4	7.3	8.9	21.2	9.8	18.0	20.5	22.0	34.0	28.6	15.2
37 Transport Equipment and parts	39.84	14.6	23.6	27.9	24.4	22.4	17.0	18.9	8.3	19.0	13.2	15.3	12.0	7.6	17.0
38 Other Manufacturing Industries	25.59	0.1	22.8	15.4	14.8	6.2	1.3	-7.5	0.6	2.8	2.4	8.0	6.4	9.9	6.5
1 Mining & Quarrying	104.73	5.8	6.3	4.7	5.7	2.9	1.3	4.5	2.4	5.2	5.6	8.5	10.6	3.8	5.1
2-3 Manufacturing	793.58	6.0	4.3	6.7	6.9	8.0	6.7	8.0	7.1	8.9	7.8	7.8	7.2	6.7	7.2
4 Electricity	101.69	3.2	1.9	5.2	5.4	-1.4	1.2	6.0	2.6	4.8	5.4	6.1	12.9	10.1	5.0
General Overall Index	1000.00	5.7	4.2	6.4	6.7	6.6	5.7	7.5	6.2	8.2	7.4	7.7	7.9	6.7	6.9

Growth rates are estimated over the corresponding period of the previous year.
Source : Central Statistical Organisation