

7

Industry

Overview

The year 2004-05 started on a positive note in April 2004 with annual growth of 8.9 per cent in the Index of Industrial Production (IIP). The deceleration in growth observed in

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

(per cent)

Period	Mining & Quarrying	Manuf-acturing	Electricity	Overall
Weights	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	5.2	7.4	5.1	7.0
2004-05 (April-December)	4.8	9.0	6.4	8.4

Source : Central Statistical Organisation.

May was quickly reversed, and IIP growth gained momentum until October and declined only marginally in November but revived again in December. During October, the IIP registered the highest growth (10.1 per cent) since November 1997. The current year conforms to the normal historic pattern of industrial buoyancy following a good agricultural year. Industrial growth of 8.4 per cent during April – December 2004-05 is the highest after 1995-96. Robust growth of 9.0

per cent in manufacturing – a sector with a weight of 79.4 per cent in IIP – in the first three quarters of the current year not only came in succession to the high growth in the two previous years, but also contributed significantly to the satisfactory performance of IIP overall (Table 7.1 and figures 7.1 & 7.2). In April-December 2004, mining and electricity grew by 4.8 per cent and 6.4 per cent, respectively.

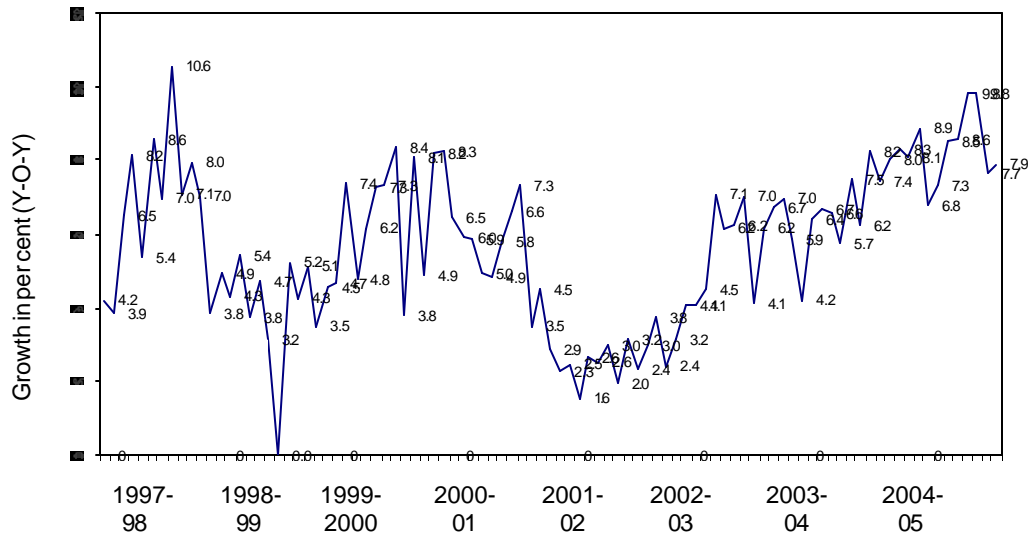
7.2 In terms of use-based classification, in the first three quarters of the current year, continuation of double-digit growth in the capital goods industry observed in the previous two years was an encouraging sign (Table 7.2). The significant growth acceleration in capital goods production to 13.3 per cent in April-December from 10.1 per cent in the same period of the previous year indicates a possible step-up in investment activity. Machinery and equipment, with a growth rate of 21.9 per cent, remained the major contributor to the impressive growth in the capital goods sector. Growth in consumer goods sector, after being moderate during the initial months of the current year, picked up momentum subsequently to register a double-digit growth of 11.2 per cent during April–December 2004-05. Growth in consumer durables at 15.3 per cent was particularly pronounced. Low interest rates may have partly fuelled this growth of consumer goods. Growth in basic and intermediate goods was moderate.

7.3 Out of the seventeen industry groups at the two-digit level of classification, in April-December 2004-05, four registered double-digit growth; four growth between 5 and 10 per cent and six growth between 0 and 5 per

Fig. 7.1

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

General Index



Mining, Manufacturing & Electricity

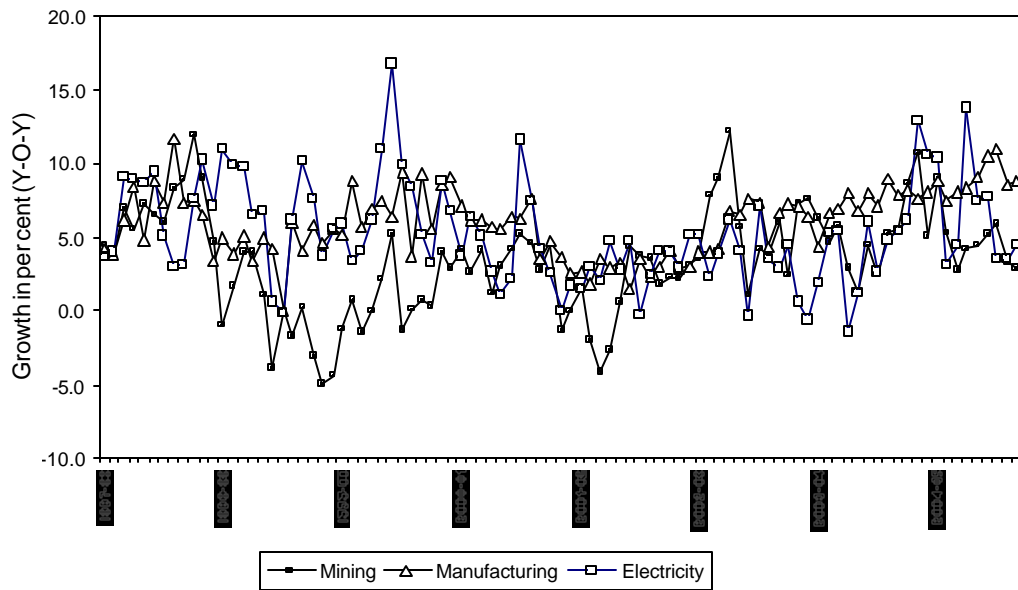


Table 7.2 : Growth rates of industrial production by use-based classification										
(Base : 1993-94 = 100)										
<i>(percent)</i>										
Sectors	Weight	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	April-December		
								2003-04	2004-05	2003-04
Basic Goods	35.5	1.6	5.5	3.7	2.6	4.9	5.4	4.6	5.9	
Capital Goods	9.3	12.6	6.9	1.8	-3.4	10.5	13.6	10.1	13.3	
Intermediate Goods	26.5	6.1	8.8	4.7	1.5	3.9	6.4	6.5	6.7	
Consumer Goods Of Which	28.7	2.2	5.7	8.0	6.0	7.1	7.1	7.7	11.2	
(Consumer Durables)	5.4	5.6	14.1	14.5	11.5	-6.3	11.6	9.2	15.3	
(Consumer Non-Durables)	23.3	1.2	3.2	5.8	4.1	12.0	5.8	7.3	9.8	
IIP (Index of Industrial Production	100	4.1	6.7	5.0	2.7	5.7	7.0	6.6	8.4	

Source : Central Statistical Organisation.

cent (Table 7.3). Three key groups, namely, basic chemicals and chemical products (except products of petroleum and coal), other manufacturing industries, and machinery and equipment other than transport equipment, with aggregate weight of about 32.9 per cent

in the manufacturing sector and 26.1 per cent in the total IIP, recorded impressive growth rates of 15.7 per cent, 19.4 per cent and 21.9 per cent, respectively. Food products was the only important sector, which registered a negative growth of 1.1 per cent

Table 7.3 : Growth rates of industrial production by broad groups of manufacturing															
(Base : 1993-94=100)															
<i>(percent)</i>															
Code (NIC-1987)	Industry group	Weight	2002-03	2003-04	Apr'	May'	Jun'	Jul'	Aug'	sep'	Oct'	Nov'	Dec'	Apr-Dec.	
														2003-04	2004-05
20-21	Food products	9.1	11.0	-0.5	-22.4	-16.4	2.0	4.4	0.5	6.7	15.0	2.1	6.1	5.7	-1.1
22	Beverages, tobacco and related products	2.4	27.9	8.5	9.5	15.9	6.9	7.0	8.7	6.9	7.4	15.3	2.3	10.5	8.8
23	Cotton textiles	5.5	-2.7	-3.1	12.3	6.5	7.8	6.0	8.2	6.9	13.3	6.9	7.3	-5.7	8.3
24	Wool, silk and man-made fibre textiles	2.3	3.0	6.8	85.2	8.0	-12.5	2.1	-1.0	-6.2	1.7	-2.4	2.6	3.9	4.4
25	Jute and other vegetable fibre textiles (except cotton)	0.6	8.3	-4.2	6.7	-11.4	-25.0	-16.4	7.1	10.9	7.7	0.3	8.6	-1.2	-1.3
26	Textile products (including wearing apparel)	2.5	14.4	-3.2	27.4	-8.3	-1.3	-1.0	12.0	14.1	25.5	36.5	38.2	-2.8	14.8
27	Wood and wood products; furniture and fixtures	2.7	-17.6	6.8	-9.4	-7.0	-15.5	-11.8	-10.6	-10.1	-11.3	-4.3	-12.8	9.6	-10.4
28	Paper & paper products and printing, publishing & allied industries	2.7	6.8	15.6	2.5	7.0	2.9	8.4	3.2	-0.4	-5.6	0.6	36.6	21.0	6.3
29	Leather and leather & fur products	1.1	-3.2	-3.9	9.9	10.0	8.0	8.7	-3.5	1.2	-3.2	-1.6	-2.3	-1.4	2.7
30	Basic chemicals & chemical products (except products of petroleum & coal)	14.0	3.7	8.7	24.1	26.0	20.0	15.6	14.1	14.9	9.0	12.9	8.0	5.1	15.7
31	Rubber, plastic, petroleum and coal products	5.7	5.5	4.5	6.9	8.4	0.2	1.5	2.1	2.2	7.6	-3.5	-6.9	6.4	1.9
32	Non-metallic mineral products	4.4	5.1	3.7	2.9	-5.2	-1.5	-0.9	-1.2	2.7	5.3	13.1	3.3	4.8	1.9
33	Basic metal and alloy industries	7.5	9.2	9.2	-4.9	-2.3	-3.2	-3.5	4.1	12.6	9.4	10.9	11.1	10.6	3.8
34	Metal products and parts, except machinery and equipment	2.8	6.4	3.7	-5.6	7.9	7.3	16.6	14.7	9.4	0.8	7.0	1.9	1.7	6.7
35-36	Machinery and equipment other than transport equipment	9.6	1.6	15.8	25.6	23.1	31.1	27.8	25.3	18.3	21.3	11.6	16.9	10.6	21.9
37	Transport equipment and parts	4.0	14.6	17.0	4.2	-5.4	-1.7	1.5	5.1	6.4	13.9	1.7	2.9	19.1	3.2
38	Other manufacturing industries	2.6	0.1	7.7	0.1	16.2	16.3	10.0	18.1	48.6	30.8	18.3	19.0	6.0	19.4

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

Source: Central Statistical Organisation.