

Industry

The first eight months of the current fiscal, till November 2007, witnessed a moderate slowdown in the growth of the industrial sector. The slowdown has mainly been on account of the manufacturing sector. The mining and quarrying sector grew at a faster pace, while the growth in electricity remained unchanged from April-November 2006. Nonetheless, the 9.2 per cent growth achieved during April-November 2007 by the industrial sector, when seen against the backdrop of the robust growth during the preceding four years, suggests that the buoyancy in this sector has continued, albeit with a degree of moderation (Table 8.1).

8.2 Two important changes have occurred in the growth pattern of the use-based industrial categories during April-November 2007 compared to the corresponding period in 2006 (Table 8.2). First, capital goods have grown at an accelerated pace, over a high base attained in the previous years, which augurs well for the required industrial capacity addition. Secondly, the consumer durables basket that forms part of the Index of Industrial

Table 8.1

Industry — annual growth rate (per cent)^a

Period	Mining	Manufacturing	Electricity	General
(weights)	(10.47)	(79.36)	(10.17)	(100.00)
1995-96	9.7	14.1	8.1	13.0
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	4.4	9.2	5.2	8.4
2005-06	1.0	9.1	5.2	8.2
2006-07	5.4	12.5	7.2	11.6
2007-08 (Apr-Nov)	4.9 (4.2 ^b)	9.8 (11.8 ^b)	7.0 (7.3 ^b)	9.2 (10.9 ^b)

Source: Central Statistical Organisation;

^aBased on Index of Industrial Production. Base 1993-94 = 100

^b Figures for April-Nov 2006-07.

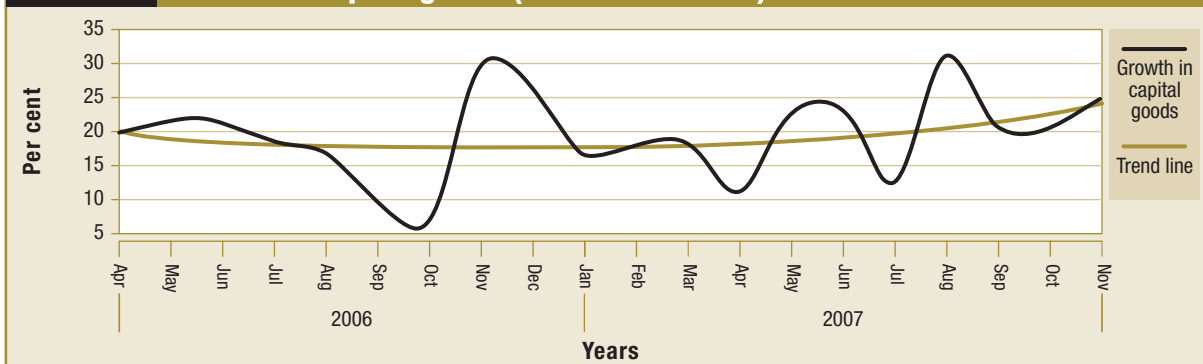
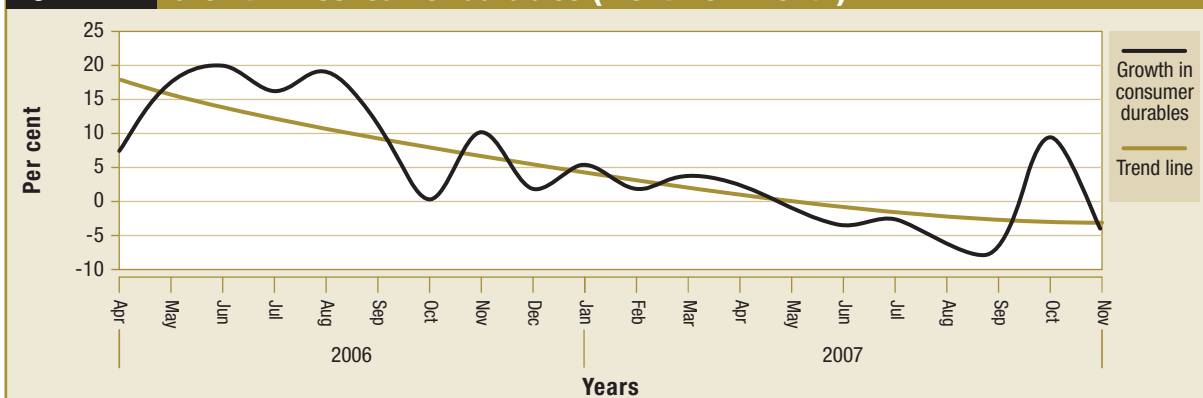
Production (IIP) showed a negative growth during the period, thereby forcing a visible decline in the growth of the total consumer goods basket, despite reasonable growth in the non-durables. The

Table 8.2 Industrial production by use-based classification — growth rates (per cent)^a

Sector (IIP weight)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Apr-Nov 2006-2007		
							07	-08	
Basic goods	35.5	2.6	4.9	5.4	5.5	6.7	10.3	9.4	8.4
Capital goods	9.3	-3.4	10.5	13.6	13.9	15.8	18.2	17.4	20.8
Intermediate goods	26.5	1.5	3.9	6.4	6.1	2.5	12.0	11.1	10.1
Consumer goods (of which)	28.7	6.0	7.1	7.1	11.7	12.0	10.1	9.9	5.2
Consumer durables	5.4	11.5	-6.3	11.6	14.4	15.3	9.2	12.4	-1.7
Consumer non-durables	23.3	4.1	12.0	5.8	10.8	11.0	10.4	8.9	7.8
All Index of Indl. Prodn. (IIP)	100	2.7	5.7	7.0	8.4	8.2	11.6	10.9	9.2

Source: Central Statistical Organisation.

^a Index of Industrial Production, base: 1993-94 = 100.

Figure 8.1 Growth in capital goods (month-on-month)**Figure 8.2** Growth in consumer durables (month-on-month)

contrasting patterns of growth in capital goods and consumer durables are presented in Figures 8.1 and 8.2.

8.3 Only one out of the 17 two-digit industrial groups — metal products & parts -- recorded a negative growth during April-November 2007. Of the remaining 16 industry groups, four have registered growth of less than 5 per cent, five have registered growth rates between 5 per cent and 10 per cent and four have registered growth rates between 10 per cent and 15 per cent. The remaining three industry groups, namely, “other manufacturing industries”, “basic metal and alloy industries” and “wood and wood products”, “furniture and fixtures”, which together accounted for 12.8 per cent weight of the IIP, recorded growth rates in excess of 15 per cent.

8.4 Six out of the 17 two-digit industry groups, namely, food products, jute textiles, wood products, leather products, chemicals & chemical products and other manufacturing surpassed during April-November 2007 their respective growth rates in April-November 2006. During the current year,

seven industry groups exceeded the overall rate of growth of manufacturing while the remaining grew at a lesser pace than the overall growth. Accordingly, substantial changes have occurred in the point contributions of different industry groups to the overall industrial growth from April-November 2006 to April-November 2007 (Table 8.3).

8.5 The contribution of a product group to the total manufacturing growth is determined by the value of the index achieved by the product group, its weight and its current rate of growth. Table 8.4 shows that industrial items totalling 24 per cent of the total weight in manufacturing accounted for 72 per cent growth of the sector during April-November 2007. Interestingly, while one segment of automobiles — commercial vehicles, jeeps and passenger cars — catalyzed manufacturing growth, the slump in the production of motorcycles dampened it. Items like insulated cables/wires, telecom cables, etc., wood products, sugar, computer systems and their peripherals and laboratory and scientific equipments drove growth with their outstanding production performance.

Table 8.3 Industrial production by broad industry groups - growth rates (per cent)^a

Industrial group	IIP Weight	2005-06	2006-07	Point contribution			
				Apr-Nov		Apr-Nov	
				2006-07	2007-08	2006-07	2007-08
Sl. Manufacturing No.	79.4	9.1	12.5	11.8	9.8	91.21	89.87
Rate of growth higher than for total manufacturing during April-November 2007							
1 Wood products	2.7	-5.7	29.1	2.4	72.6	0.20	6.62
2 Other manufacturing	2.6	25.2	7.8	10.8	19.1	3.09	6.43
3 Basic metals	7.5	15.8	22.9	20.5	15.6	14.41	14.05
4 Jute textiles	0.6	0.5	-15.8	2.3	13.3	0.06	0.38
5 Leather products	1.1	-4.8	0.6	-3.4	12.2	-0.25	0.94
6 Machinery, equipments	9.6	12.0	14.2	15.0	12.2	18.27	18.16
7 Rubber & petroleum	5.7	4.3	12.9	12.0	10.8	5.79	6.22
Rate of growth lower than for total manufacturing during April-November 2007							
1 Beverages & tobacco	2.4	15.7	11.0	13.0	9.5	5.20	4.56
2 Chemicals	14.0	8.3	9.6	9.2	9.4	14.56	17.28
3 Non-met min product ^b	4.4	11.0	12.8	13.6	8.4	6.71	4.99
4 Food products	9.1	2.0	8.6	2.5	6.8	1.32	3.98
5 Cotton textiles	5.5	8.5	14.8	13.0	5.5	4.26	2.17
6 Textile products	2.5	16.3	11.5	12.2	4.9	3.34	1.58
7 Wool, silk, MM textiles	2.3	0.0	7.8	7.7	4.5	1.83	1.25
Very low/negative rates of growth during April-November 2007							
1 Transport equipments	4	12.7	15.0	16.3	2.7	8.67	1.77
2 Paper products	2.7	-0.9	8.7	8.8	1.6	2.30	0.48
3 Metal products	2.8	-1.1	11.4	6.9	-4.4	1.36	-0.99

Source: Central Statistical Organisation.

^aBased on the Index of Industrial Production. Base: 1993-94 = 100.

^b Non-metallic mineral products.

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