

Industry

8

CHAPTER

Though the growth of the industrial sector started to slowdown in the first half of 2007-08, the overall growth during the year remained as high as 8.5 per cent. The industrial sector witnessed a sharp slowdown during 2008-09 as a consequence of successive shocks, the most important being the knock-on effects of the global financial crisis. The pace of slowdown accelerated in the second half of 2008-09 with the sudden worsening of the international financial situation and the global economic outlook. The year 2008-09 thus closed with the industrial growth at only 2.4 per cent as per the Index of Industrial Production (IIP).

8.2 The slowdown in manufacturing over successive quarters started from Q1 of 2007-08. This was more or less replicated by the mining sector and closely followed by electricity. However, in the third quarter of 2008-09, the manufacturing sector

witnessed a *sharp drop* in growth which turned negative in the fourth quarter. Growth of the mining sector declined over successive quarters of 2008-09 to reach a zero rate in the fourth quarter.