

INDUSTRIAL GROWTH BY SECTORS

8.18 The performance of the industrial sector at the aggregate level needs to be viewed in light of the contribution made by a diverse range of products. In terms of the use-based categories, it is seen that the slowdown perhaps started with consumer durables even in the second quarter of 2007-08 but the overall growth in IIP was well supported by other use-based categories including intermediates and even consumer non-durables, albeit at lower rates of growth. Growth in production of capital goods continued at a robust pace reflecting perhaps the high investment rates. However, with the decline in the growth of intermediate goods (with a weight of 26.5 per cent) from Q1 of 2008-09, the growth in overall IIP showed a sharp dip that got accentuated in Q3 of 2008-09 when the remaining groups also showed a sharp drop in growth (Figures 8.3 and 8.4)

the two-digit level industrial groups and the use-based industry groups can be established by juxtaposing the former against the latter. The growth in consumer non-durables has been boosted by the high growth in beverages and tobacco products, while the other major components—food products, chemicals and leather products showed sluggish/negative growth. The growth in basic goods is closely aligned to that in electricity and mining that constitute substantial part of the weight of basic goods; the most of the rest are chemical products, rubber, plastic and petroleum products and steel. Intermediate goods are a more dispersed group dominated by chemical, textile, rubber, metal product intermediates, most of which experienced negative growth in 2008-09. While the high growth of machinery and equipments bolstered the growth of capital goods, the poor to average performance of transport equipments dampened the overall growth of capital goods.

8.19 The broad growth correspondence between

