

FICCI COMMENTS ON IIP DATA FOR OCTOBER 2013

New Delhi, December 12, 2013: Commenting on the Index of Industrial Production (IIP) data for October 2013 which was released today, Ms Naina Lal Kidwai, President, FICCI said "The de-growth in the core sector and some consumer durable segments has weighed down the industrial and manufacturing growth in October. The manufacturing growth is significantly affected by the de-growth in the mining sector as sectors like metals that are dependent on minerals and have substantive weight in the index are pulling down the growth in manufacturing". One also needs to take into account the high base effect as manufacturing grew by around 10% in October 2012 which was the highest monthly growth in the last twenty seven months.

Not surprisingly, both 'basic metal' (part of manufacturing) and 'Mining' sectors have registered negative 2.7 percent growth for the period April-October 2013-14 over the same period last year.

"The slowdown in the industrial sector will improve as growth returns to major offshore markets and concerted policy actions in country as most of it has been exacerbated by domestic factors." noted Ms Kidwai.

"The current data also reemphasizes what FICCI has been suggesting that unless interest rates are brought down, we are not going to see much improvement in the index in the near term as this would be important to stimulate demand and revive investments" said Ms Kidwai.

FICCI's latest Quarterly Survey on Manufacturing for the third quarter (Q-3) of 2013-14, indicates subdued manufacturing activity in Quarter-3 of 2013-14. The survey pointed out that the rising concerns over the cost of credit by manufacturers as compared to previous surveys.

"Notably, the proportion of respondents availing credit above 12% per annum rose significantly in the current survey to 58% as compared to 42% in the previous survey", said Ms Kidwai.

FICCI MEDIA DIVISION