

FICCI's Reaction to IIP Data for January 2012

12 MARCH 2012, New Delhi: Commenting on the Index of Industrial Production (IIP) data for January 2012 which was released today, **Mr. R V Kanoria, President, FICCI, said** "The January IIP figures continue to show volatility in industrial performance. It would be premature to construe any kind of upturn in industrial activity in the economy. Growth in manufacturing is likely to remain moderate in coming months. FICCI expects the forthcoming budget to announce measures for raising investor confidence and to introduce fiscal measures for investment stimulus. Interest rates also need to be brought down simultaneously to bring back growth".

Compared to the December 2011 figures, January 2012 has more sectors that have shown negative growth. As against seven sectors in December 2011, nine sectors have shown negative growth in January 2012 indicating a less broad-based growth in January.

"Since the growth in capital goods and intermediate goods has remained negative in January, it reflects continued overall weakness in investment in the economy. The continued decline in the mining sector needs to be addressed urgently", said Mr. Kanoria.

The growth of high end consumer durable items like air-conditioner, inverters, and gems & jewellery is negative for January suggesting subdued consumer demand.

"The negative 5% growth in chemicals and the continued decline in textiles output is of special concern as these sectors have a high weightage in the IIP and also contribute significantly to employment generation. This needs urgent policy attention", said Mr. Kanoria.

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