

FICCI President Kanoria calls for immediate steps stimulate investments; negative growth in June IIP worrisome

NEW DELHI, August 9, 2012: Commenting on the Index of Industrial Production (IIP) data for June 2012 which was released today, the **FICCI President, Mr. R. V. Kanoria** said, "The June IIP growth of (minus) -1.8% is indeed a matter of serious concern with capital goods contributing significantly to the decline in the manufacturing index. This calls for immediate measures to stimulate investments in the economy."

"FICCI's latest manufacturing survey also shows that the growth in manufacturing is not likely to revive soon at least in July-September quarter. Since export demand is also weakening, there is a need for stimulating domestic economy by taking bold decisions on reforms in areas such as decontrolling diesel price, reducing fiscal deficit and encouraging foreign investments to bring back growth in manufacturing", he said.

Mr. Kanoria said, "Capital goods is a strategic sector of the economy and has seen negative growth for the past few months with the index dipping by 28% in June 2012. We need specific measures for stimulating growth of this sector," he emphasized.

The consumer non-durable segment has also consistently witnessed deceleration over the last few months indicating consumer demand is also falling over the period. FICCI emphasized that there is a strong case for the RBI to cut interest rates further at least by 50 basis points immediately so as to encourage investments.

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