

Industrial Output: November 2015

The Index of Industrial Production for November has witnessed a negative growth of 3.2% as against positive 5.2% over the corresponding period in the previous year.

The negative growth in the industrial data comes on the back of negative growth of 4.4% growth in manufacturing sector and -24.4% growth in capital goods. The table below depicts the industrial production in brief while comparing the same with FY15 figures.

Cumulative Picture: (April – Nov FY16 over April – Nov FY15)

At the cumulative level, industrial output expanded by 3.9% during April-Nov'15 relatively higher as against 2.5% in the same period last year. Thus, industrial activity indicates an improvement compared to the year ago levels.

Table 1: Growth in IIP (%)

%	April –Nov FY15	April – Nov FY16
All Industries	2.5	3.9
Mining and Quarrying	2.5	2.1
Manufacturing	1.5	3.9
Electricity	10.7	4.6

Source: PIB

On the cumulative basis, the performance across the various sectors is given below:

- Mining sector growth moderated to 2.3% in November'15 on year-on-year as against a growth of 4.0% in November'14. At the cumulative growth rate in FY16, the sectoral grew by 2.1% as against 2.5% last year.
- Manufacturing segment though registered a negative growth this month; has witnessed a considerable pick up during the period April-Nov'15
 - Out of the 22 industries 15 industries recorded a positive cumulative growth.
 - The 'Furniture' (63.6%) industry recorded the highest cumulative growth rate, followed by 'Wearing apparels' (10.0%) and 'Electrical machinery & apparatus' (7.3%)
 - Remaining 7 industry groups were the negative performers. Among the negative growth industry were industry group 'Publishing, printing & reproduction of recorded media' showed a growth of -8.5%. 'Medical, precision & optical instruments, watches & clocks' (-7.4%), 'Radio, TV & communication instruments & apparatus'(-5.7%)

Performance: Used Based Classification

Table 2: Use Based Classification

%	April –Nov FY15	April – Nov FY16
Basic Goods	8.3	3.8
Capital Goods	4.9	4.7
Intermediate Goods	1.9	2.2
Consumer Goods	-5.7	4.1
<i>Of Which</i>		
<i>Consumer Durables</i>	-15.9	11.9
<i>Consumer Non – Durables</i>	1.8	-0.5

Source: PIB

A use-based analysis (Table 2) provides further clarity in reading the industrial growth data-

- The year-on-year growth in basic goods output has registered a negative growth in November'15 as compared to 9.5% last year in the same month. Also, the cumulative growth for FY16 is recorded lower at 3.8% against 8.3% registered last year in Apr'15-Nov'15.
- Capital goods registered a significant fall, registering a negative growth of 24.4% in November'15 as against a 7% growth last year. On a cumulative basis, capital goods grew by 4.7% in Apr-Nov'15 as against 4.9% in the same period this fiscal.
- Consumer goods output has also shown encouraging results with a positive growth of 4.1% in April – November'15. Most of the growth in consumer goods output is attributed to the high growth of consumer durable (11.9%). Consumer non-durables however witnessed negative growth of 0.5%.

CARE View

The negative industrial growth despite festive season provides signs of lower economic activity. Negative capital goods growth is an indication towards no sustained pick up in investments. We are still waiting for a big push to come in investments, however with the government spending materializing in the next 4 months, there could be some upward movement although gradually.

The performance of the industrial sector on a cumulative basis gives a clearer picture of the overall performance which is an improvement from the last fiscal. ***We, thus retain our outlook with industrial growth for the year expected to be within the 4-5% range.***

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