

Industrial output contracts 4.3%, its worst fall in 8 years

17 Of 23 Industry Groups Post Decline In Sept

TIMES NEWS NETWORK

New Delhi:

The country's industrial output slumped to its lowest level in nearly eight years, dragged down by contraction in 17 of 23 industry groups—prominently capital goods, manufacturing, mining and electricity sectors. The latest data will heap fresh pressure on authorities to reverse the slowdown.

Data released by the National Statistical Office on Monday showed the index of industrial production contracted 4.3% in September, the second successive month of decline after the fall of 1.4% in August and lower than the 4.6% expansion posted in the year earlier period. Between April and September, the sector grew an annual 1.3% compared with a 5.2% expansion in the year earlier period.

This is the lowest monthly growth in the 2011-12 series, after the decline of 1.7% in November 2012. In the 2004-05 series, which cannot be compared to the 2011-12 series due to methodological changes, this was the sharpest decline since the 5% contraction in October 2011.

The indication of a sharp slowdown was evident when the eight core sectors, which account for nearly 40% of the index of industrial production, slumped to the lowest level in eight years in September. The eight core sectors spanning coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity shrank 5.2% in September, the sharpest decline in the 2011-12 series.



After 11 mths, slight rise in car, SUV sales

Sales of cars and SUVs broke an 11-month string of declines as numbers turned positive, although by a minuscule 0.28%, on festive spirits aided by deep discounts and new models, **reports**

Pankaj Doval. According to Siam, the turn in sentiment may be sustained through November and December. [P 15](#)

Output of motor vehicles, trailers shows sharpest decline of 25%

In terms of industries, 17 out of the 23 industry groups in the manufacturing sector contracted during September, compared with the corresponding month of the previous year. The industry group ‘manufacture of motor vehicles, trailers and semitrailers’ has shown the highest decline of (-) 24.8% followed by (-) 23.6% in ‘manufacture of furniture’ and (-) 22% in ‘manufacture of fabricated metal products, except machinery and equipment’.

“The industrial performance in September 2019 stood out as the worst YoY performance in the current series. Moreover, the lead indicators point to a continued weakness in October 2019, which coupled with an unfavourable base effect, may well result in a further deterioration in the just-concluded month,” said Aditi Nayar, principal economist at ratings agency ICRA.

The manufacturing sector fell 3.9% during the month compared to an expansion of 4.8% while the mining sector declined 8.5% in September compared to a 0.1% expansion.

The capital goods sector, which is a key gauge of industrial activity, fell 20.7% during September compared to 6.9% in September 2018. The consumer durables segment contracted 9.9% during the month compared to a 5.4% expansion in the year earlier month.

A sharp economic slowdown has prompted the government to unveil a series of measures to revive growth and experts said the impact of the steps would be felt in the coming months. Several economists said the anaemic numbers will have an impact on overall economic growth and the Reserve Bank of India will cut interest rates to prop up expansion.

“We believe that monetary authorities will continue to follow accommodative monetary policy and expect further rate cuts in the December monetary policy,” said Devendra Kumar Pant, chief economist at India Ratings and Research, which is part of the Fitch group.

