



Risks to the Indian economy continue to prevail in the forms of continued uncertainties in the global environment due to geo-political situations, including rising global protectionism could further delay a meaningful recovery of external demand
— ASSOCHAM PRESIDENT SANDEEP JAJODIA

IIP grows to 7.1% in Dec; retail inflation eases to 5.07% in Jan

PNS ■ NEW DELHI

As the recovery momentum is seen in some key segments, industrial output grew by 7.1 per cent in the December month on the back of robust performance by sectors such as manufacturing, capital goods and non-durable consumer goods.

Similarly, country's retail inflation also declined to 5.07 per cent in January marginally, due to easing prices of vegetables, fruits and fuel components, according to a Government official data released on Monday.

With the data, India Inc, however, feels that the country's economic situation will remain under pressure in the near future due to global factors. "Risks to the Indian economy continue to prevail in the forms of continued uncertainties in the global environment due to geo-political situations, including rising global protectionism could further delay a meaningful recovery of external demand," said ASSOCHAM President Sandeep Jajodia.

Principal Economist with ICRA Aditi Nayar also opined that it remains 'somewhat premature' to attribute the recent double-digit growth in capital goods to a pickup in investment activity.

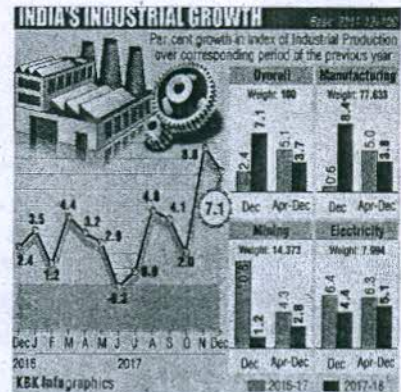
The Index of Industrial Production or IIP had grown at 2.4 per cent in December 2016, while for the month of

MFG, CAPITAL GOODS TRIGGER THE IIP PUSH, WHILE COOLING VEG PRICES, FRUITS, FUEL COMPONENTS RELIEVE THE INFLATION PRESSURE MARGINALLY

November, 2017, it was revised upwards to 8.8 per cent from provisional estimates of 8.4 per cent released last month.

"The IIP growth in December was mainly on account of uptick in manufacturing sector which constitutes 77.63 per cent of the index," the data released by the Central Statistics Office (CSO) showed, adding that it also grew by 8.4 per cent during the month as compared to just 0.6 per cent in December 2016.

"The capital goods, a barometer of investments, showed a sharp increase in output by 16.4 per cent in December, 2017 as against a decline of 6.2 per cent year ago. The consumer non-durables, which are mainly fast moving consumer goods, too showed an increase of 16.5 per cent as against contraction of 0.2 per cent," it said.



As far as retail inflation is concerned, it also little cheered the common man by declining to marginal 5.07 per cent in January. The fall was mainly due to easing prices of vegetables, fruits and fuel components.

Based on Consumer price index (CPI), the inflation was at 5.21 per cent in December — a 17-month high, and 3.17 per cent in January last year. The data also showed that the rate of price rise for consumer foods eased to 4.7 per cent in January, from 4.96 per cent in December.

"Inflation in the vegetable basket slowed to 26.97 per cent as against 29.13 in December. Prices of fruits too rose at a slower pace of 6.24 per cent last month, as against 6.63 per cent recorded in the preceding month," it said.

Industrial output up 7.1%; inflation eases

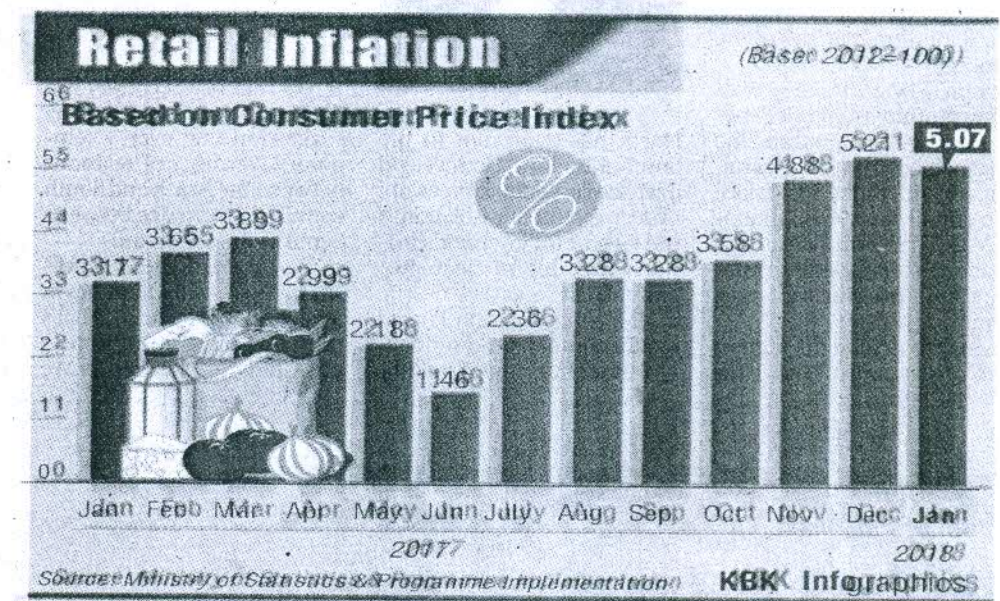
IIP growth for Nov 2017 revised upwards to 8.8% from provisional estimate of 8.4%

PRESS TRUST OF INDIA
NEW DELHI, 12 FEBRUARY

Signalling continuation of the growth momentum, industrial output expanded by 7.1 per cent in December on robust performance by manufacturing and capital goods, Central Statistics Office (CSO) showed today.

Retail inflation, on the other hand, eased marginally in January to 5.07 per cent - after touching a 17-month high of 5.21 per cent in December - as food price rise showed some moderation.

"Focus on 'Make In India' showing consistent results. Manufacturing recorded a robust growth of 8.4 per cent in December 2017 over December 2016," commerce minister Suresh Prabhu said in a tweet. The Index of Industrial Production (IIP) showed that the growth of 7.1 per cent in December was mainly on account of uptick in the manufacturing sector which constitutes 77.63 per cent of the index. It grew by 8.4 per cent in December last year as compared to just 0.6 per cent in December 2016. The capital goods, a barometer of



investments, showed a sharp increase in output by 16.4 per cent in December, 2017 as against a decline of 6.2 per cent year ago.

IIP had grown at 2.4 per cent in December 2016. The growth for November 2017 was revised upwards to 8.8 per cent from provisional estimates of 8.4 per cent released last month.

Based on the Consumer Price Index (CPI), retail inflation in January was down

marginally to 5.07 per cent in January 2017, compared to 3.17 per cent in the year-ago month.

Consumer food basket inflation eased a little to 4.7 per cent in January, from 4.96 per cent in December.

Inflation in the vegetables segment slowed to 26.97 per cent as against 29.13 in December. Prices of fruits too rose at a lower pace of 6.24 per cent last month, as against 6.63 per cent recorded

in the preceding month.

For the fuel and light segment, inflation was 7.73 per cent last month compared to 7.90 per cent in December.

Commenting on the IIP data, industry body ASSOCHAM said that domestic market will be the driving force in the coming months as growing Indian economy will provide steady flow of new businesses.

Industrial output rises 7.1%; inflation dips slightly to 5.07%

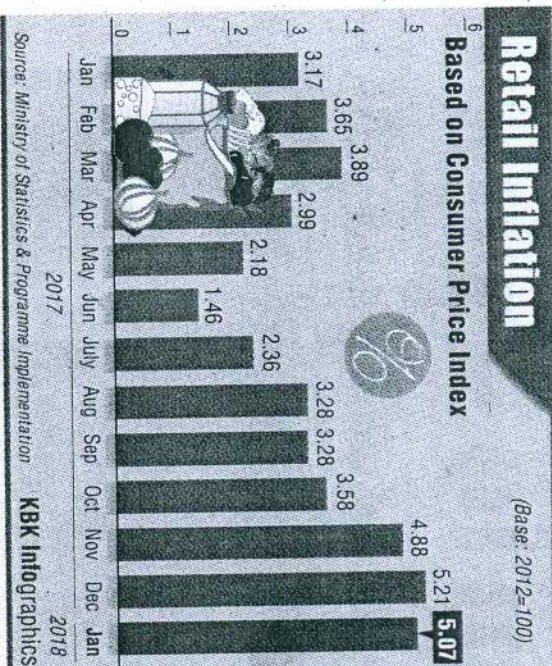
NEW DELHI: Signalling continuation of the growth momentum, industrial output expanded by 7.1 per cent in December on robust performance by manufacturing and capital goods, Central Statistics Office (CSO) showed on Monday.

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pared to just 0.6 per cent in December 2016.

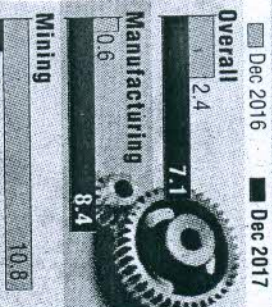
The capital goods, a barometer of investments, showed a sharp increase in output by 16.4 per cent in December, 2017 as against a decline of 6.2 per cent year ago.

IIP had grown at 2.4 per cent in December 2016. The growth for November, 2017 was revised upwards to 8.8

India's Industrial Growth

Per cent change in Index of Industrial Production over corresponding month of the previous year

Base: 2011-12=100



Overall

Manufacturing

0.6

Mining

1.2

Electricity

6.4

KBK Infographics

cent in December.

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For the fuel and light segment, inflation was 7.73 per

cent last month compared to 7.90 per cent in December.

Commenting on the IIP data, industry body ASSOCHAM said that domestic market will be the driving force in the coming months as growing Indian economy will provide steady flow of new businesses.

"However, risks to the Indian economy continue to prevail in the forms of continued uncertainties in the global environment due to geo-political situations, including rising global protectionism could further delay a meaningful recovery of external demand," said ASSOCHAM president Sandeep Jajodia.

Principal Economist with ICRA Aditi Nayyar opined that it remains "somewhat premature" to attribute the recent double-digit growth in capital goods to a pickup in investment activity.

On CPI data, Ind-Ra said the inflation and inflationary outlook suggest that on policy rate RBI is likely to remain in a pause mode at least during the first half of 2018.

