

## **India's industrial output rises 2.7 per cent in August**

India's factory output grew 2.7% in August with manufacturing showing signs of revival, though capital goods, a key indicator of revival of investment demand, continued to contract. While manufacturing grew 2.9%, mining was up 2% and electricity 1.9%. Capital goods, however, contracted by 1.7%.

In July, the Index of Industrial Production (IIP) was flat, registering growth of only 0.1%, mainly due to the slump in manufacturing and mining.

Growth was also witnessed in basic goods (1.5 per cent), consumer durables (1.4 per cent) and consumer non-durables (0.1 per cent). In all, 13 of the 22 industry groups in the manufacturing sector showed positive growth in August.

According to the CSO, telephone instruments, antibiotics, carbon steel, conductor, aluminium, air conditioner, tea, boilers, plastic manufacturing machinery and aerated waters and soft drinks industries grew at a brisk pace.

Industry bodies and many other economists have expressed disappointment over the growth rate and have called for rate cuts by the central bank to boost the industrial activities further. FISME has consistently demanded steeper cuts in interest rates. Now the government is also hoping that the central bank will respond positively to a number of reform measures taken over the recent weeks and cut key interest rates later this month to promote growth.