

FICCI's Reaction to IIP Data for April 2012

12 JUNE 2012, New Delhi: Commenting on the Index of Industrial Production (IIP) data for April 2012 which was released today, **Mr R V Kanoria, President, FICCI** said "The April IIP figures of 0.1% reconfirms our view that Indian industry is in the midst of crisis and business sentiments are indeed very low". The Government needs to take bolder decisions and at a much faster pace to push forward reforms for a quick turnaround in the industrial growth, reiterated FICCI.

"In the immediate term, the Government must push for reforms in areas where parliament approval is not required, to boost business confidence which would encourage investments" said Mr Kanoria.

"The fact that in April 2012 industry managed to grow only 0.1%, calls for immediate measures to stimulate investment and growth. With the current levels of growth the target of National Manufacturing Policy for having 25% share of manufacturing in country's GDP by 2025 also seems to be difficult", said FICCI.

In particular, the growth rate in IIP excluding capital goods was 2.8% for April 2012, indicating that investment demand has virtually stagnated (April capital goods degrowth rate was 16.3%), noted FICCI.

Mr Kanoria further said "The 50 basis cut in the rates by RBI in its last review of monetary policy would not suffice and it is important that RBI cuts down interest rates further at least by another 50 basis points in its forthcoming monetary policy review".

"Also, there is a need for specific interventions in areas like mining, capital goods, chemicals and apparels which continue to be a cause for concern. More importantly growth in electricity sector seems to be moderating further which will further pull down the industrial growth in coming months", said FICCI.

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