

Decoding the economic numbers



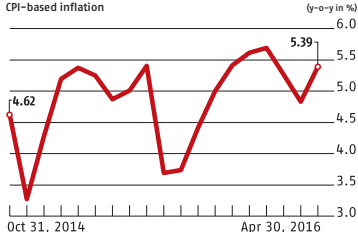
RECENT ECONOMIC data have revived concern about India's inflation and growth. As Table 1 shows, Consumer Price Index (CPI)-based inflation turned upwards in the most recent available month.

While inflation in fuel and lighting continues to slow, food inflation is now hovering steadily around six per cent, as Table 2 reveals. Meanwhile, growth in the Index of Industrial Production (IIP), after appearing to revive some months ago, has shown only negligible improvement more recently – and its manufacturing component has actually seen contraction, as Table 3 shows. That the IIP has not done worse is because of the sterling growth performance of the electricity sector, as shown in Table 4.

However, the poor performance of capital goods – a bellwether for future growth – has alarmed most analysts. Consumer non-durables also saw contraction, as Table 5 points out, which suggests all is not well with consumer demand. The IIP, however, is a volatile and limited series – optimists will point instead to the solid growth in manufacturing value-added in the regular GDP series, shown in Table 6. Whether that growth in the GDP new series will extend into the most recent quarter remains to be seen.

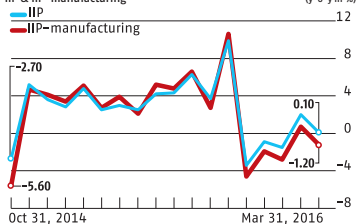
1: RETAIL INFLATION TURNED UPWARDS IN APRIL

CPI-based inflation



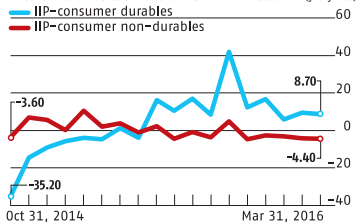
3: IIP SHOWS NEGLIGIBLE MOVEMENT; MANUFACTURING FALLS

IIP & IIP-manufacturing



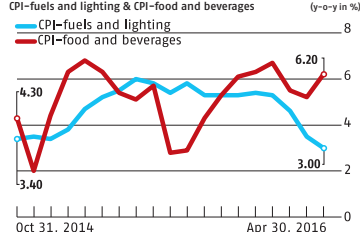
5: CONSUMER NON-DURABLES DATA SUGGEST WEAK DEMAND

IIP-consumer durables & IIP-consumer non-durables



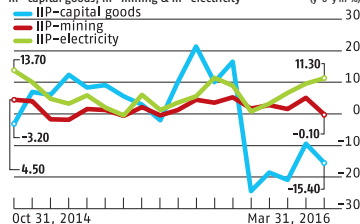
2: FOOD INFLATION STEADY AROUND 6%; FUEL SLOWS

CPI-fuels and lighting & CPI-food and beverages



4: IIP-ELECTRICITY GROWS; CAPITAL GOODS A WORRY

IIP-capital goods, IIP-mining & IIP-electricity



6: BY GVA, MANUFACTURING HAS SEEN SOLID GROWTH

Quarterly gross value-added basic manufacturing (at 2011-12 prices)

