



INDIA

India Economics

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Note Released: 20-Aug-07

June infrastructure index slows to 5.3%

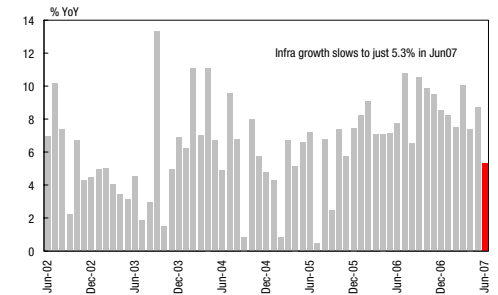
Current Trends in Infrastructure Index (%YoY)

| | Jun-07 | May07 | Apr-07 | Mar-07 | Feb-07 | Jan-07 | Dec-06 | Nov-06 | Oct-06 | Sept-06 | Aug-06 | Jul-06 | Jun-06 |
|----------------------|--------|-------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| Infrastructure Index | 5.3 | 8.7 | 7.4 | 10.0 | 7.5 | 8.2 | 8.5 | 9.5 | 9.8 | 10.5 | 6.5 | 10.8 | 7.7 |

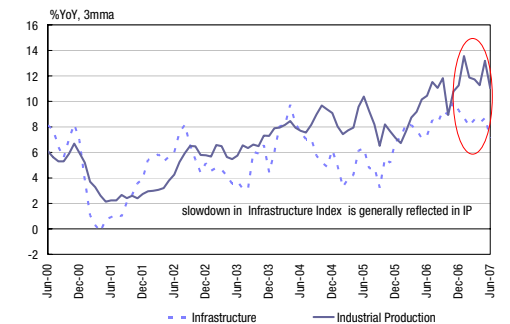
Source: Office of the Economic Advisor.

- Growth in the six core infrastructure industries decelerated to 5.3% in June vs. 8.7% in May, as well as the 7.7% growth seen last year. Besides electricity generation, growth in all the other core sectors including the construction indicators saw a slow-down resulting in the cumulative growth during 1QFY08 at 6.9% vs. 7.4% last year.
- This data appears to be slightly at odds with the June *industrial production* data, where moderation in growth to sub-10% levels was largely on account of consumer goods, where-as the investment side of the story appeared largely intact with capital goods up 29% yoy.
- Looking ahead, while we are maintaining our macro estimates, a continuation of weak trends would warrant a re-look at the numbers, as so far the double-digit investment growth (up 15%) has been more than compensating consumption, which has been growing at 7% thus enabling overall GDP growth to sustain at 9%+ levels for the last two years.

Trends in the Infrastructure Index (%YoY)



Trends in Industrial Prod and Infrastructure (%YoY)



Source: Office of the Economic Advisor

Trends in the Infrastructure Index (%YoY)

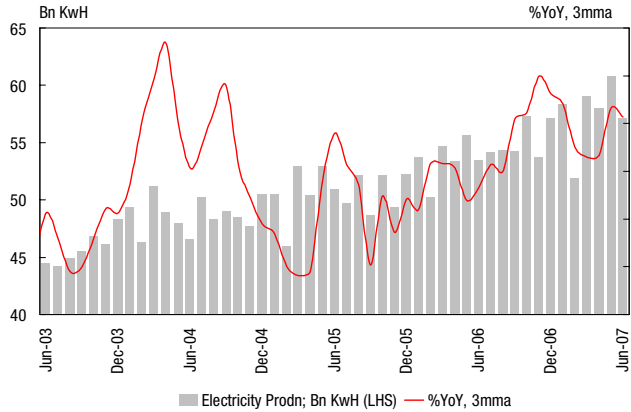
| | Wts | Jun-07 | Jun-06 | Apr-Jun FY08 | Apr-Jun FY07 |
|--------------------|-------------|------------|------------|--------------|--------------|
| Crude Oil | 4.2 | -1.8 | 1.2 | -0.7 | 0.2 |
| Petroleum Refinery | 2.0 | 9.8 | 10.5 | 13.2 | 11.9 |
| Coal | 3.2 | 1.3 | 11.8 | 0.7 | 8.0 |
| Electricity | 10.2 | 6.8 | 4.9 | 8.3 | 5.3 |
| Cement | 2.0 | 5.6 | 11.7 | 6.8 | 10.2 |
| Steel | 5.1 | 5.6 | 10.2 | 7.7 | 10.3 |
| Total | 26.7 | 5.3 | 7.7 | 6.9 | 7.4 |

Source: Office of the Economic Advisor

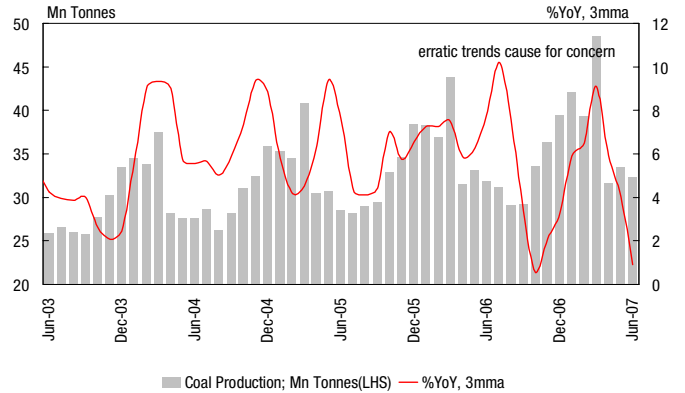


Infrastructure- Core Sectors in Pictures

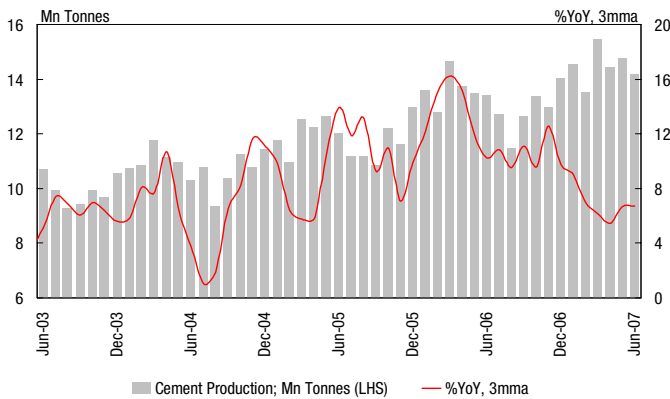
Trends in Electricity- Production and Growth (Bn Kwh, %YoY-3mma)



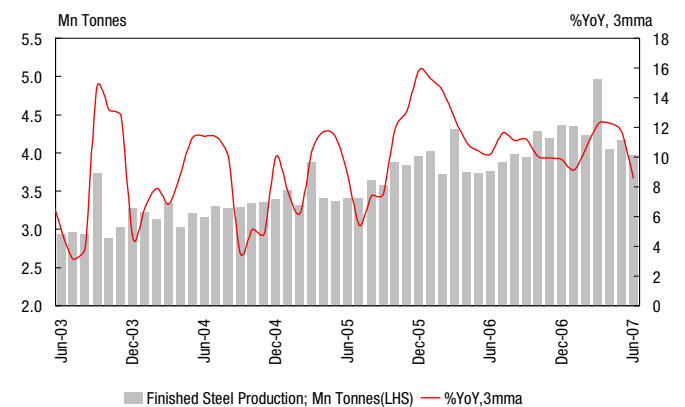
Trends in Coal- Production and Growth(Mn Tonnes, %YoY-3mma)



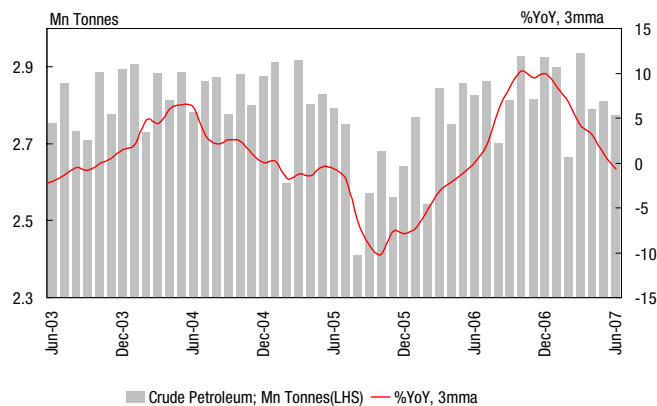
Trends in Cement- Production and Growth (Mn Tonnes, %YoY-3mma)



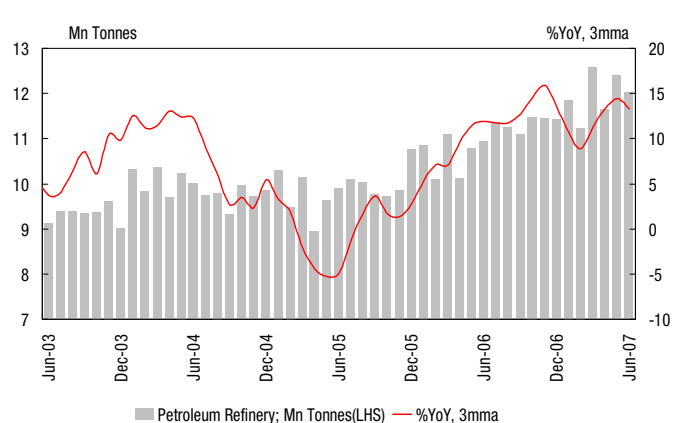
Trends in Steel- Production and Growth (Mn Tonnes, %YoY-3mma)



Trends in Crude Petroleum- Prodn and Growth (Mn Tonnes, %YoY-3mma)



Trends in Petroleum Refinery- Prodn and Growth (Mn Tns, %YoY-3mma)



Source: Office of the Economic Advisor

Disclosure Appendix

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