

The Indian economy may now be among the fastest growing in the world, but expansion in key sectors during the last fiscal was the lowest in six years.

The overall growth for eight core sectors for the 2015 fiscal year, which ended March 31, was at 3.5% — the lowest since fiscal 2009. On a monthly basis, March saw the overall growth at negative 0.1%—the lowest in 17 months. This index is important as it comprises nearly 38% of the weight of the items included in the calculation of Index of Industrial Production (IIP).

These numbers do indicate that we have not really seen any recovery in the infrastructure space as these industries represent this sector. This also means that the clearance of projects have not yet resulted in much traction in related sectors.

Coal performed better as its production rose by 6% and while fertilisers saw a jump of 5.2%, steel and cement declined by 4.4% and 4.2%, respectively.

For long, the infrastructure sector has been plagued with issues like land acquisition, stalled projects, and limited credit availability causing bottlenecks.

Beginning 2015, according to industry estimates, infrastructure projects in India need Rs26 lakh crore (\$408 billion) of financing for the next five years. So, a revival is crucial.

Industry is important for India as it accounts for around 18% of India's gross domestic product, while services and agriculture comprise of 65% and 17%, respectively.

The HSBC India Services Business Activity Index, which measures changes in the activity of Indian service companies, on a monthly basis, eased to 53.0 in March from 53.9 in the previous month. An index score of above 50 means the sector is expanding. Meanwhile, agricultural growth was estimated at 1.1% in fiscal 2015, compared with 3.7%, a year ago.

It has been over a year of new government and the actual results of reforms are yet to be seen – all three sectors industry, agriculture and services are performing poorly. It may still take some time for that to happen.

Recommendation: Long term investors should still wait as fundamentally there are little indications of recovery in core economy in near future and technically the charts are bearish.

[Disclaimer:](#)

NSE - INB 231219636, INF 231219636 BSE - INB 011219632, NCDEX Membership No: 00635 | MCX Membership No: 28850 | SEBI Registration No: MCX-SX: INE261219636 SEBI Registration No: NSE Currency: INE231219636