Economic Intelligence Cell
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Macro Insights

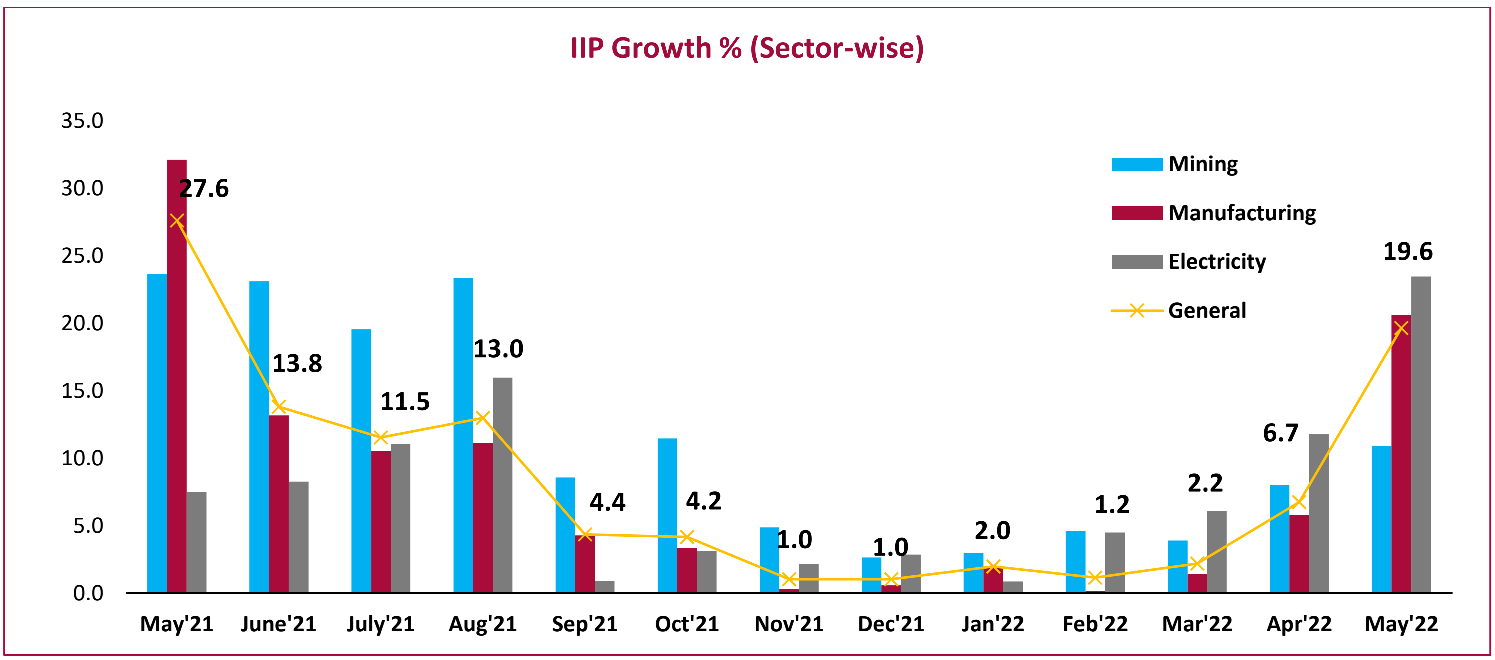
12th May, 2022

Favourable base drives IIP to 19.6 per cent

Index of Industrial Production (IIP) grew by 19.6% in May'22 after growing by 6.7% in April'22. IIP had grown by 27.6% in May'21 last year.

Highlights:

- *The manufacturing sector output, which accounts for more than three-fourths of the total weight of the Index of Industrial Production, rose 20.6 per cent in May compared with 5.8 per cent a month ago.*
- *Mining sector output rose to 10.9 per cent in May from 8.0 per cent in April, while electricity generation was up 23.5 per cent compared with 11.8 per cent a month ago.*
- *As per Use-based classification, the capital good and consumer durables showed the growth of more than 50 per cent on YoY basis while the least growth has been observed in consumer non-durables.*
- *Primary Good and Intermediate Goods observed the growth of 17.7 per cent and 17.9 per cent while Infrastructure and construction goods showed the growth of 18.2 per cent. .*



Note: General implies overall IIP

IIP growth % (Usage-wise)

Component	Weight	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Apr-May22
Primary Goods	34.05%	2.8	1.6	4.6	5.7	10.1	**17.7**	**13.8**
Capital Goods	8.22%	-3.0	1.8	1.3	2.0	13.3	**54.0**	**31.1**
Intermediate Goods	17.22%	1.0	2.5	4.1	1.8	7.0	**17.9**	**12.2**
Infrastructure/ Construction Goods	12.34%	2.0	5.9	8.6	6.7	4.0	**18.2**	**10.7**
Consumer Durables	12.84%	-1.9	-4.4	-9.7	-2.6	7.4	**58.5**	**28.2**
Consumer Non- Durables	15.33%	0.3	3.1	-6.8	-4.6	-0.6	**0.9**	**0.1**

Views:

- Apart from base effect, the improvement has been duly backed by strong demand.
- The resilient export growth and resumption in economic activities have been able to provide support to the production activities.
- However there may be slight moderation going forward in view of the geopolitical conditions and inflation beyond targeted limit.

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