

Macro Insights

12th January 2024

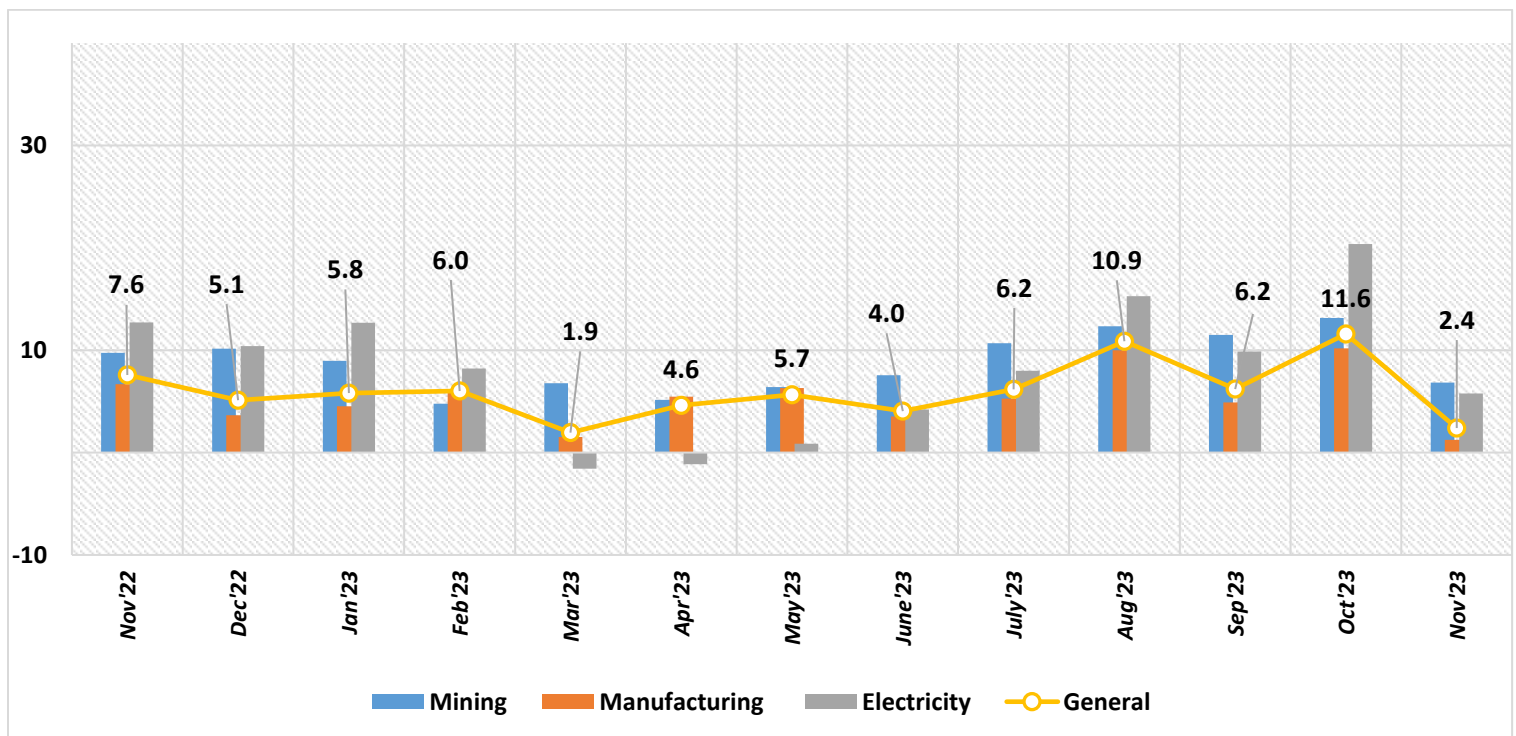
IIP growth slides to 2.4%

This downtrend was mainly driven by decline in growth in Manufacturing Sector.

Highlights:

- In Sector wise performance, Manufacturing Sector recorded the lowest growth of 1.2 percent. It has the highest weightage hence has dragged down the performance of IIP as a whole.
- The electricity sector saw a 5.8 per cent growth and the mining sector witnessed a 6.8 per cent growth in November.
- Capital Goods and Consumer Non-Durables have experienced negative growth.

Chart: IIP Growth % (Sector-wise)



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	Nov'22	Oct'23	Nov'23	Apr-Nov'22	Apr-Nov'23
Mining	14.37%	9.7	13.1	6.8	4.7	9.1
Manufacturing	77.63%	6.7	10.2	1.2	5.1	5.8
Electricity	7.99%	12.7	20.4	5.8	9.8	7.7
IIP Index -General	100.0%	7.6	11.6	2.4	5.6	6.4

Table: IIP growth % (Usage-wise)

Component	Weight	Nov'22	Oct'23	Nov'23	Apr-Nov'22	Apr-Nov'23
Primary Goods	34.05%	4.8	11.4	8.4	7.7	7.2
Capital Goods	8.22%	20.7	21.3	-1.1	14.8	7.5
Intermediate Goods	17.22%	3.5	9.4	3.5	5.1	4.9
Infra/Construction Goods	12.34%	14.3	11.3	1.5	7.8	11.1
Consumer Durables	12.84%	5.0	15.9	-5.4	5.3	0.6
Consumer Non- Durables	15.33%	10.0	8.7	3.6	-2.2	5.6

Views:

- The downfall in the IIP has been due to base effect and also due to manufacturing which has the highest weightage. The manufacturing experienced decline due to holidays in November on account of festivals. It is expected that with the resumption of activities after festivities, the IIP may again see an uptick going further.
- With the continued focus on the Investment activities and bright prospects of Industry sector, we may see IIP number see northwards.

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