

## Macro Insights

12 September 2022

### India's Industrial Production grows 2.4% in July 2022

Ministry of Statistics and Programme Implementation (MOSPI) has released the monthly statistics on Index of Industrial Production (IIP) for July '22. Index of Industrial Production (IIP) grew by 2.4% in July '22 after growing by 12.7% in June'22. IIP had registered the growth of 11.5% in July'21 last year.



Index of Industrial Production (IIP) grew by 2.4% in July '22 after growing by 12.7% in June'22



IIP had registered the growth of 11.5% in July'21 last year.



The growth in all the sectors except mining and consumer non-durable indicate that there is economic activity and the same is likely to see an uptick going forward due to festive season.

Chart: IIP Growth % (Sector-wise)

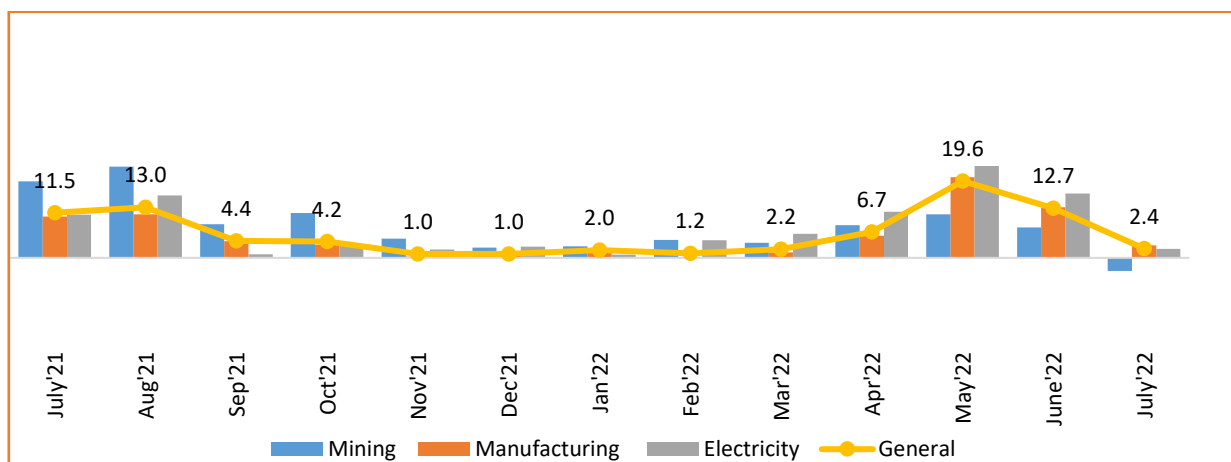


Table: IIP growth % (Sector-wise)

Component	Weight	July 21	July 22	April-July21	April-July'22
Mining	14.37%	19.5	-3.3	25.4	6.1
Manufacturing	77.63%	10.5	3.2	38.8	10.2
Electricity	7.99%	11.1	2.3	15.2	13.2
IIP Index -General	100%	11.5	2.4	33.9	10.0

**Table: IIP growth % (Usage-wise)**

Component	Weight	July 21	July 22	April-July21	April-July'22
<b>Primary Goods</b>	34.05%	12.4	2.5	18.6	11.0
<b>Capital Goods</b>	8.22%	30.3	5.8	77.4	23.0
<b>Intermediate Goods</b>	17.22%	14.6	3.6	50.6	9.5
<b>Infra/Construction Goods</b>	12.34%	12.3	3.9	57.8	8.6
<b>Consumer Durables</b>	12.84%	19.4	2.4	76.7	19.6
<b>Consumer Non- Durables</b>	15.33%	-2.3	-2.0	11.6	0.3

**Analysis:**

- India's industrial growth, measured by the Index of Industrial Production (IIP), recorded a growth of 2.4 percent in July, as against 12.7 percent in June, data released by the National Statistical Office showed.
- The manufacturing sector, constituting a major chunk of IIP which is close to 77 percent, recorded a growth of 3.2 percent in July as against 12.5 percent in June.
- The mining sector, weighing nearly 14 percent, contracted by 3.3 percent. Meanwhile, the electricity segment grew by 2.3 percent as against 16.4 percent in June.
- As per the use-based classification, the primary goods segment recorded a growth of 2.5 percent in July. The other sectors including infrastructure, capital goods, and intermediate goods witnessed an increase of 3.9 percent, 5.8 percent and 3.6 percent respectively.
- Consumer durables sector grew by 2.4 percent, meanwhile, non-durable sector contracted by 2 percent in the month of July which shows that there is still gap in the overall consumption segment and people are cutting back on their daily expenses.

**Our View:** The drop in IIP number from June 2022 is clearly attributed to effects of a 'normalizing base'. IIP is expected to remain in positive territory going forward.

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