

Macro Insights

12th December, 2022

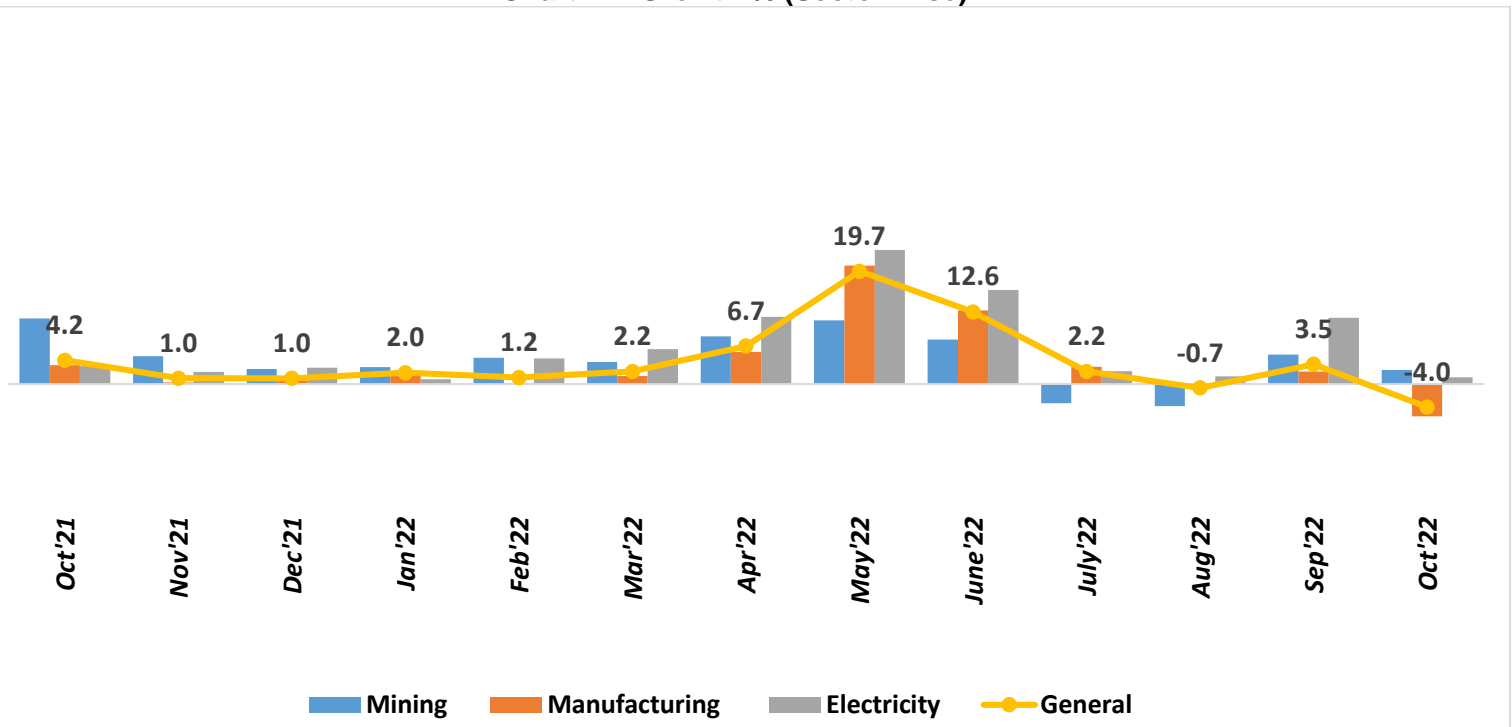
IIP Contraction- 2nd time in a year

Index of Industrial Production (IIP) contracted by 4.0% after showing the growth of 3.5% in September'22. IIP had registered the growth of 4.2% in Oct'21.

Highlights:

- ☞ The major reason for decline is decline of 5.6% in Manufacturing Sector.
- ☞ Mining and Electricity have shown marginal growth of 2.5% and 1.2% respectively.
- ☞ In Usage wise, Consumer durable, Consumer Non-durables, Capital Goods, Intermediate goods are showing negative YoY growth.
- ☞ Primary Good and Infrastructure/Construction segment showing meagre growth.
- ☞ Overall industrial production so far this fiscal, i.e., April-October 2022 has been 5.3% whereas growth of 20.5% was seen in the corresponding period of the previous year.

Chart: IIP Growth % (Sector-wise)



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	Oct 21	Oct 22	April-Oct'21	April-Oct'22
Mining	14.37%	11.5	2.5	20.4	4.0
Manufacturing	77.63%	3.3	-5.6	21.8	5.0
Electricity	7.99%	3.1	1.2	11.4	9.4
IIP Index -General	100%	4.2	-4.0	20.5	5.3

Table: IIP growth % (Usage-wise)

Component	Weight	Oct 21	Oct 22	April-Oct'21	April-Oct'22
Primary Goods	34.05%	9.0	2.0	14.7	8.2
Capital Goods	8.22%	-1.6	-2.3	35.4	14.0
Intermediate Goods	17.22%	4.6	-2.8	28.0	5.3
Infra/Construction Goods	12.34%	6.6	1.0	32.0	6.5
Consumer Durables	12.84%	-3.2	-15.3	30.4	6.6
Consumer Non- Durables	15.33%	0.7	-13.4	7.2	-4.2

Views:

- The contraction in IIP has been a base effect and the industrial activities are likely to remain sluggish.
- However going forward, there has been slowdown in the quantum of Repo rate hike, this may have some positive impact on the growth of industrial activities.

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