

Macro Insights

10th February 2023

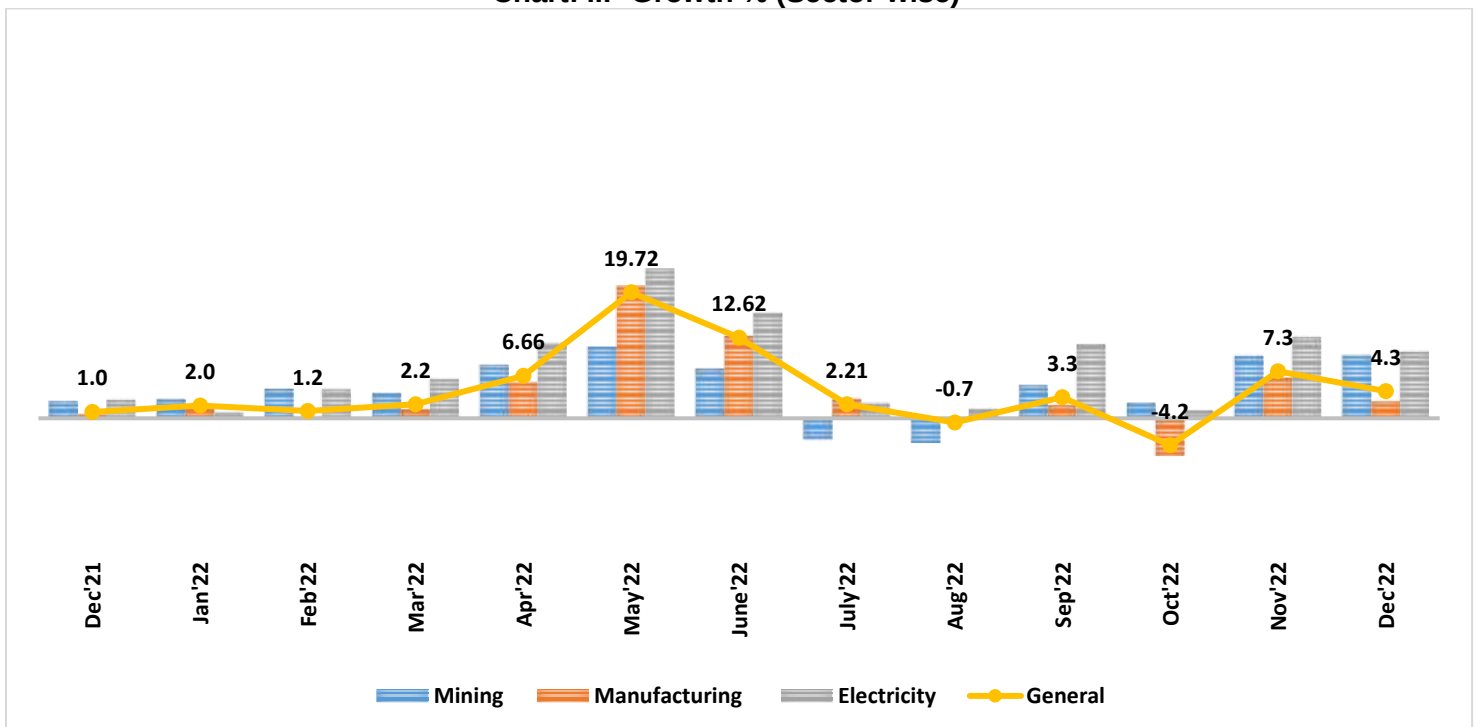
IIP slows down to 4.3% in December

India's industrial output grew 4.3% in December moderating from 7.3% in November 2022.

Highlights:

- IIP experienced a fall from 7.3% in November 2022 to 4.3% in December 2022 owing to slowdown in the Manufacturing Segment which has the highest weightage in sector wise.
- Other sectors also registered the slowdown in the growth.
- Amongst usage wise, Primary Goods, Capital Goods, Infra construction goods and Consumer Non-Durables were showing positive growth while Consumer Durables, Intermediate Goods experienced a decline on YoY basis.

Chart: IIP Growth % (Sector-wise)



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	Dec' 21	Dec' 22	April-Dec'21	April-Dec'22
Mining	14.37%	2.6	9.8	16.0	5.8
Manufacturing	77.63%	0.6	2.6	16.1	4.8
Electricity	7.99%	2.8	10.4	9.4	9.9
IIP Index -General	100%	1.0	4.3	15.3	5.4

Table: IIP growth % (Usage-wise)

Component	Weight	Dec' 21	Dec' 22	April-Dec'21	April-Dec'22
Primary Goods	34.05%	2.8	8.3	11.8	7.8
Capital Goods	8.22%	-3.0	7.6	24.3	14.1
Intermediate Goods	17.22%	1.0	-0.3	20.8	4.5
Infra/Construction Goods	12.34%	2.0	8.2	23.9	7.6
Consumer Durables	12.84%	-1.9	-10.4	20.6	3.4
Consumer Non- Durables	15.33%	0.3	7.2	5.4	-1.2

Views:

- Going forward, it is expected that the push given in Union Budget to Infrastructure via enhancement of Capital Expenditure will provide boost to IIP growth in coming months. Particularly Construction sector will experience a good growth and will subsequently influence the growth trend in other linked sectors.'
- IIP is likely to remain in positive zone.

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