

Macro Insights

10th March 2023

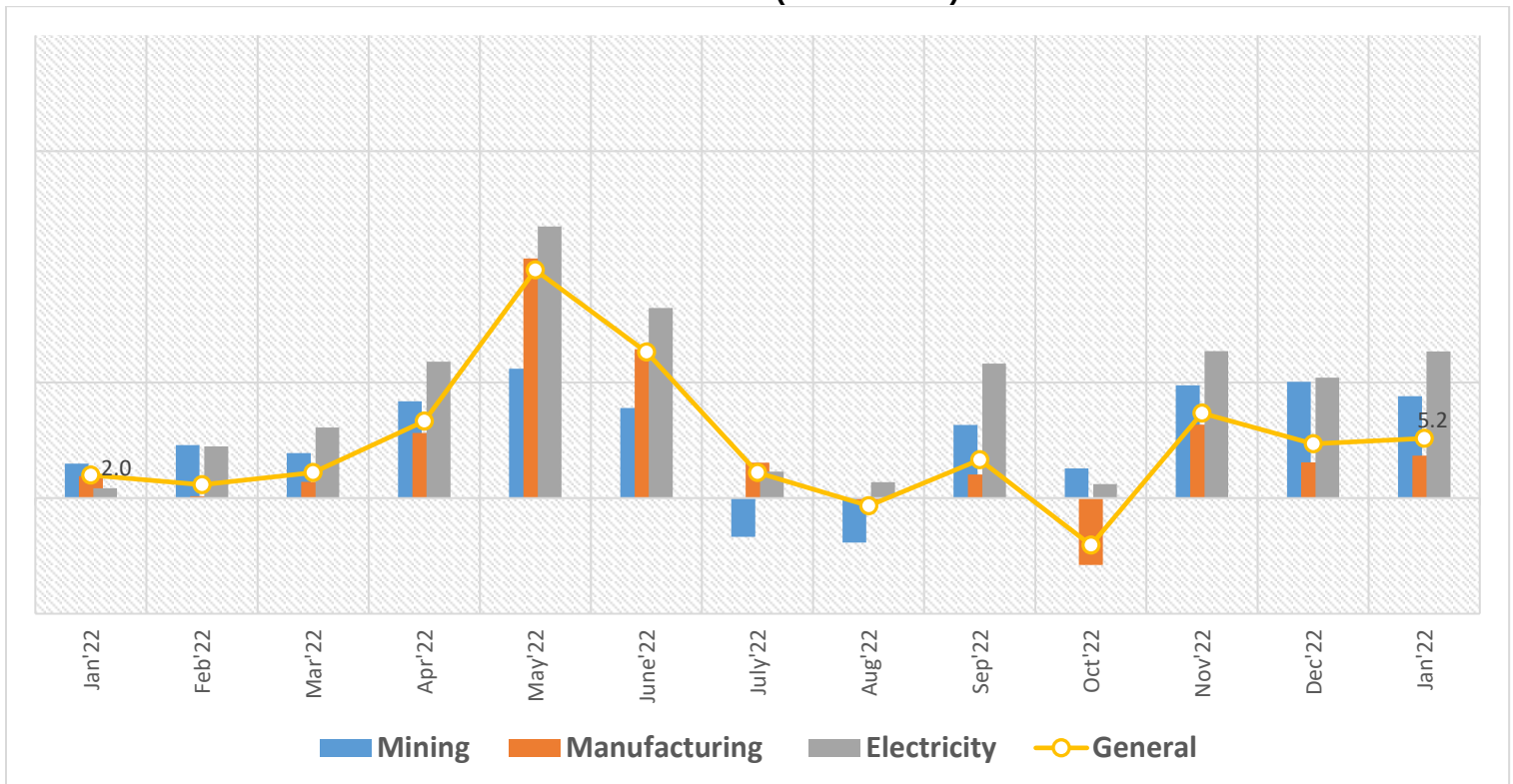
IIP rises to 5.2% in January

India's industrial output grew by 5.2% in January 2023. Growth showing sequential increase.

Highlights:

- ☛ Growth in factory output, or index for industrial production, recovered to a two-month high of 5.2 per cent in January, from 4.7 per cent in December, on the back of a lower base and double-digit growth in the electricity output.
- ☛ The growth in electricity output accelerated to 12.7 per cent, whereas manufacturing also recovered to 3.7 per cent.
- ☛ The expansion in mining output, however, decelerated to 8.8 per cent from 9.8 per cent last month.

Chart: IIP Growth % (Sector-wise)



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	Jan'22	Jan'23	April-Jan'22	April-Jan'23
Mining	14.37%	3.0	8.8	14.3	5.8
Manufacturing	77.63%	1.9	3.7	14.4	4.8
Electricity	7.99%	0.9	12.7	8.5	10.1
IIP Index -General	100%	2.0	5.2	13.7	5.4

Table: IIP growth % (Usage-wise)

Component	Weight	Jan'22	Jan'23	April-Jan'22	April-Jan'23
Primary Goods	34.05%	1.6	9.6	10.6	8.0
Capital Goods	8.22%	1.8	11.0	21.3	13.6
Intermediate Goods	17.22%	2.5	0.1	18.5	4.1
Infra/Construction Goods	12.34%	5.9	8.1	21.6	7.8
Consumer Durables	12.84%	-4.4	-7.5	17.3	2.2
Consumer Non- Durables	15.33%	3.1	6.2	5.1	-0.4

Views:

- The IIP number are much in line with the expectations.
- Robust urban demand, cooling commodity prices and improvement in rural demand are the main factors for driving the industrial output.
- However, factors such as high inflation, rising interest rates, weak external demand and waning domestic pent-up demand pose downside risks for the momentum in industrial activity.
- Going forward, the IIP is likely to remain in positive territory.

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