

Macro Insights

14th May, 2024

IIP growth tapers to 4.9%

IIP growth declined to 4.9 percent in March 2024, down from 5.6 percent in February 2024 and significantly higher than the 1.9 percent recorded in March 2023.

Highlights:

- ☞ In sector-wise performance, Mining Sector recorded the lowest growth of 1.2 percent.
- ☞ The highest growth was observed in the electricity sector at 8.6 percent while the manufacturing sector grew by 5.2 percent in February 2024.
- ☞ Both manufacturing and electricity sectors witnessed improvement compared to February 2024.
- ☞ Amongst use-based categories, the highest growth at 9.5 percent was observed in consumer durables.
- ☞ Capital Goods showed a major improvement with growth at 6.1 percent as compared to 1.0 percent in February 2024.
- ☞ Consumer Non-Durables observed a significant improvement on a month-on-month basis.

Chart: IIP- March 2024

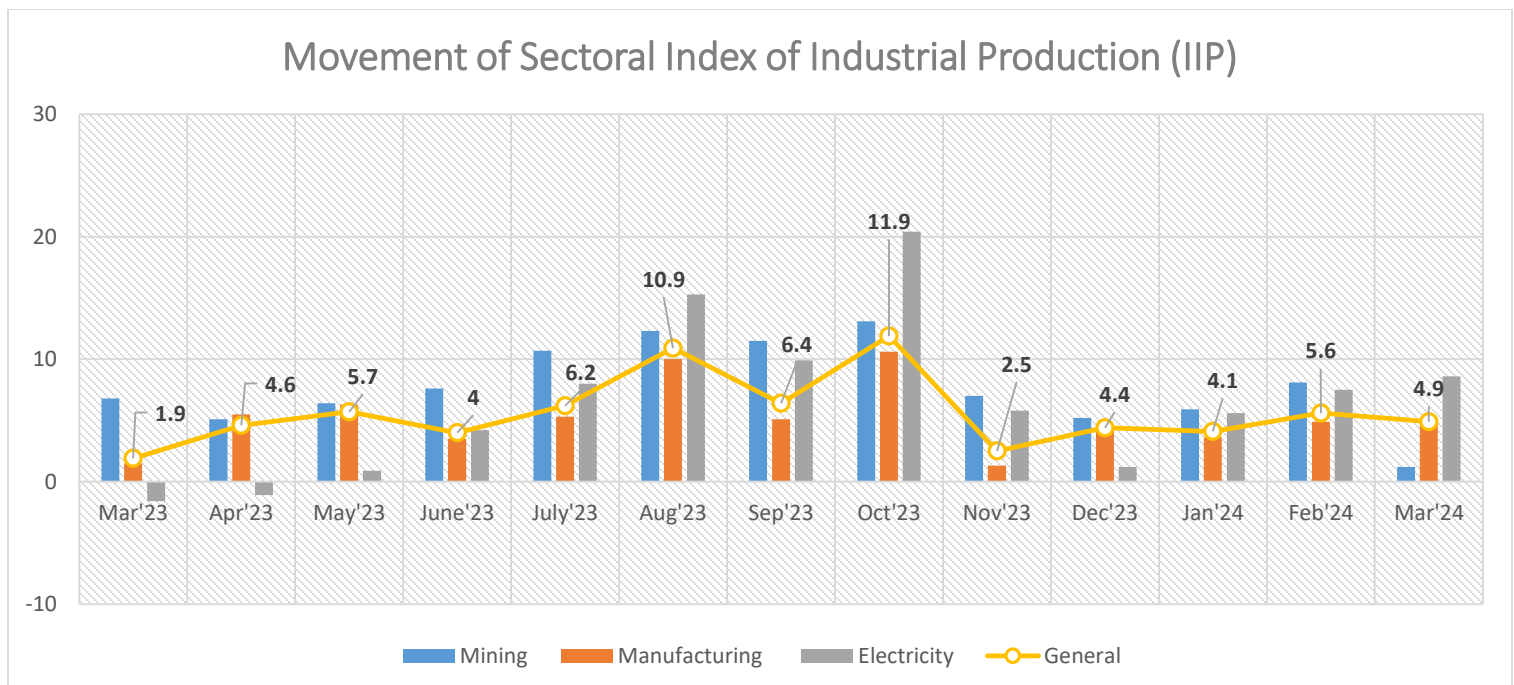


Table: IIP growth % (Sector-wise)

Component	Weight	Mar'23	Feb'24	Mar'24	Apr-Mar'23	Apr-Mar'24
Mining	14.37%	6.8	8.1	1.2	5.8	7.5
Manufacturing	77.63%	1.5	4.9	5.2	4.7	5.5
Electricity	7.99%	-1.6	7.5	8.6	8.9	7.1
IIP Index -General	100.0%	1.9	5.6	4.9	5.2	5.8

Table: IIP growth % (Usage-wise)

Component	Weight	Mar'23	Feb'24	Mar'24	Apr-Mar'23	Apr-Mar'24
Primary Goods	34.05%	3.3	5.9	2.5	7.5	6.0
Capital Goods	8.22%	10.0	1.0	6.1	13.1	6.2
Intermediate Goods	17.22%	1.8	8.7	5.1	3.8	5.2
Infra/Construction Goods	12.34%	7.2	8.5	6.9	8.4	9.6
Consumer Durables	12.84%	-8.0	12.4	9.5	0.6	3.6
Consumer Non- Durables	15.33%	-1.9	-3.5	4.9	0.7	4.0

Views:

- ☞ The IIP growth reflects a weakness in industrial recovery, albeit with some sectors demonstrating a promising potential to drive the overall growth of the Industrial activities.
- ☞ Despite the robust growth in manufacturing and electricity sectors, mining is proving to be a drag on IIP, registering a growth of only 1.2 percent in March 2024 compared to 8.1 growth in February 2024.
- ☞ Weak demand and the impact of Red Sea crisis on exports are also exerting downward pressure on IIP growth.
- ☞ Considering the prevailing economic trend and the performance of other leading indicators in the month of April 2024, it is anticipated that IIP growth may remain in the range of 4-4.5 percent in the upcoming months.

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