

# Macro Insights

12<sup>th</sup> December, 2024

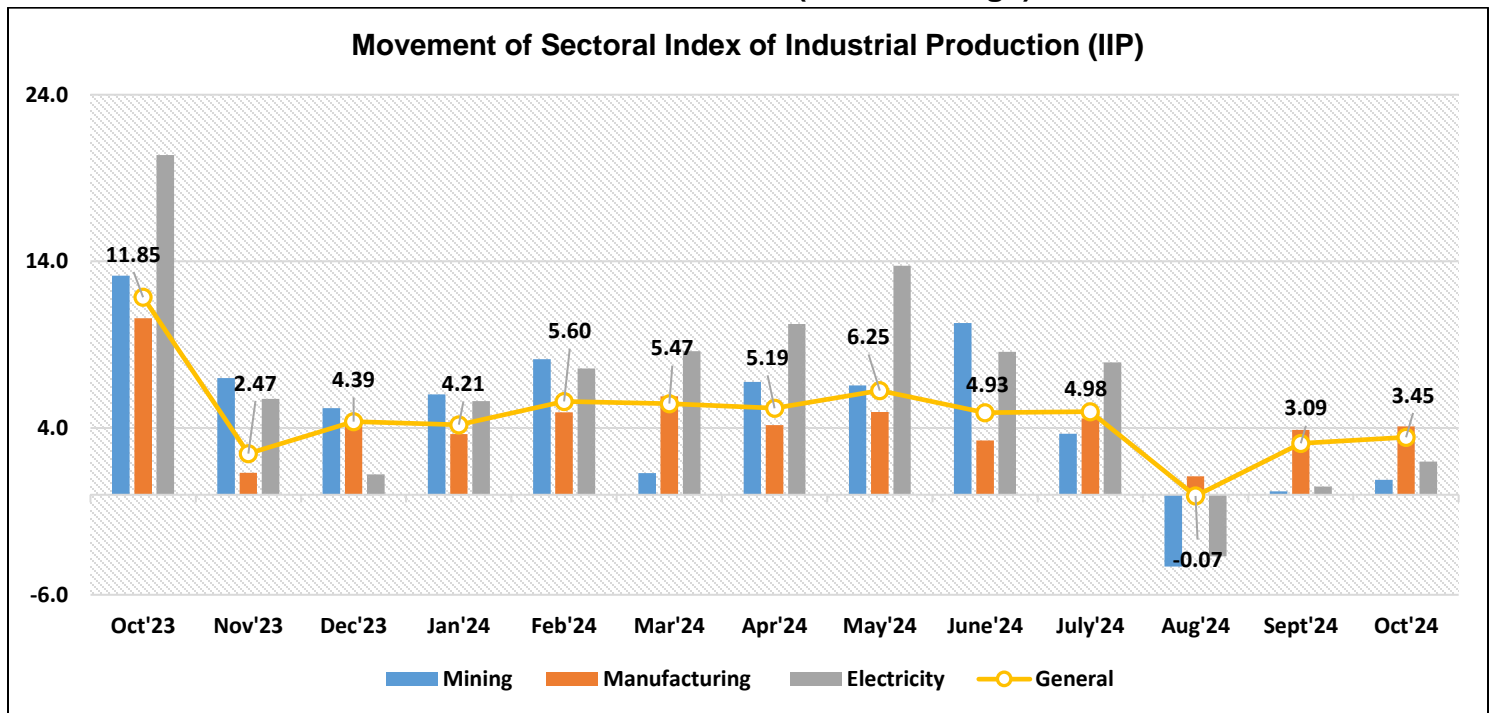
## Highlights

### IIP grows by 3.5% in Oct'24

IIP grew by 3.45% in Oct'24 after growing by 3.09% in Sept'24. This growth is lower than 11.85% growth observed in Oct'23

- ☞ IIP grew by 3.45% in Oct'24 which is much lower than the growth seen in Oct'23 of 11.85%. IIP for the period of Apr-Oct expanded by 3.97% this year compared to 7.03% during the same period last year.
- ☞ In Sector wise performance, manufacturing sector recorded the highest expansion, by 4.08%, followed by electricity sector by 1.96%. Mining sector expanded by a mere 0.86% (As shown in table 1)
- ☞ Amongst Use Based, all the sectors showed growth with highest growth being observed in consumer durables (5.85%) while growth in Primary goods (2.60%) and Consumer Non-Durables (2.74%) were the least in Oct'24. (As shown in table 2).

Chart: IIP- October 2024 (YoY% Change)



**Table 1: IIP growth % (Sector-wise)**

Component	Weight	Oct'23	Sep'24	Oct'24	Apr-Oct'23	Apr-Oct'24
Mining	14.37%	13.1	0.2	0.9	9.4	3.6
Manufacturing	77.63%	10.6	3.9	4.1	6.5	3.8
Electricity	7.99%	20.4	0.5	2.0	8.0	5.4
IIP Index -General	100.0%	11.9	3.1	3.5	7.0	4.0

**Table 2: IIP growth % (Usage-wise)**

Component	Weight	Oct'23	Sept'24	Oct'24	Apr-Oct'23	Apr-Oct'24
Primary Goods	34.05%	11.4	1.8	2.6	7.0	4.1
Capital Goods	8.22%	21.7	3.6	3.1	8.9	3.9
Intermediate Goods	17.22%	9.5	3.6	3.7	5.2	4.0
Infra/Construction Goods	12.34%	12.6	3.2	4.0	12.9	5.6
Consumer Durables	12.84%	15.9	6.5	5.9	1.4	8.2
Consumer Non- Durables	15.33%	9.3	2.2	2.7	7.2	-0.7

**Views:**

- The IIP has moderated in comparison to last year, however it has started picking up post de-growth in Aug'24.
- Expansion in IIP can be attributed to robust growth in manufacturing sector which grew by 4.1% in October'24. Manufacturing of electrical equipment (33.1%), furniture (27.7%) and other transport equipment (17.4%) showed the maximum growth.
- A broad way recovery in the private consumption remains crucial for the industry activity to pick up going forward. Growth in IIP in the near term will depend largely on the growth in manufacturing given that it holds 77.63% weightage in the overall index. The performance of mining and electricity sectors are expected to remain subdued in the coming months due to onset of winters.
- Owing to good monsoon and improvement in Kharif sowing rural demand is anticipated to increase further which may stimulate the industrial output to meet the growing demand.
- Additionally, government spending is expected to increase as the year advances, which may positively impact overall demand helping the recovery in IIP.

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