

Macro Insights

12th November, 2024

Highlights

IIP grows by 3.1% in Sept'24

IIP grew by 3.1% in Sept'24 after showing de-growth of 0.1% in Aug'24. This growth is lower than 6.4% growth observed in Sept'23.

- ☞ IIP expanded in Sep'24 after falling into de-growth zone for the first time in Aug'24 since October'22
- ☞ In Sector wise performance, only manufacturing sector recorded notable expansion, expanding by 3.9%.
- ☞ Mining and electricity sector expanded by a mere 0.2% and 0.5% respectively (as shown in table 1).
- ☞ Amongst Use Based, all the sectors showed growth with highest growth being observed in consumer durables (6.5%) while growth in Primary goods (1.8%) and Consumer Non-Durables (2.0%) were the least. (As shown in table 2).

Chart 1: IIP- September 2024

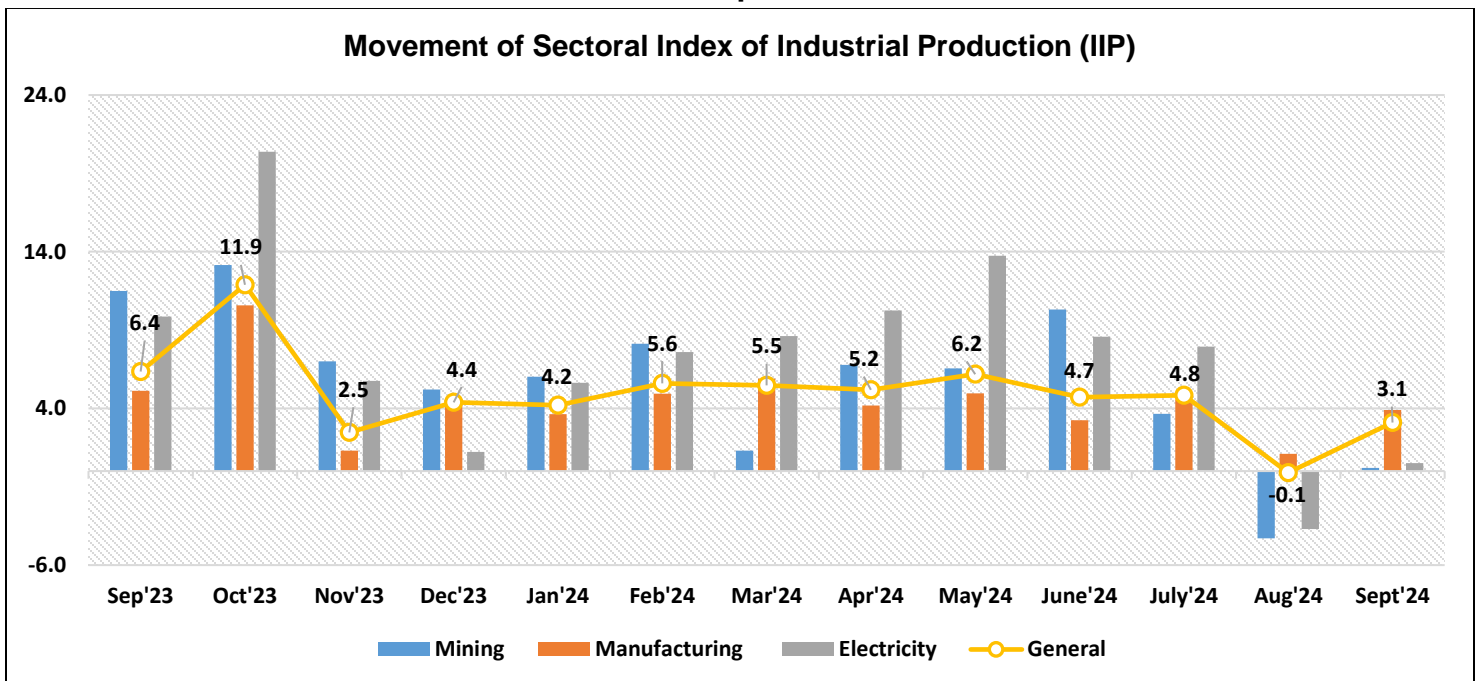


Table 1: IIP growth % (Sector-wise)

Component	Weight	Sept'23	Aug'24	Sept'24	Apr-Sept'23	Apr-Sept'24
Mining	14.37%	11.5	-4.3	0.2	8.7	4.1
Manufacturing	77.63%	5.1	1.1	3.9	5.9	3.7
Electricity	7.99%	9.9	-3.7	0.5	6.1	6.1
IIP Index -General	100.0%	6.4	-0.1	3.1	6.2	4.0

Table 2: IIP growth % (Usage-wise)

Component	Weight	Sept'23	Aug'24	Sept'24	Apr-Sept'23	Apr-Sept'24
Primary Goods	34.05%	8.0	-2.6	1.8	6.3	4.4
Capital Goods	8.22%	8.4	0.7	2.8	7.0	3.9
Intermediate Goods	17.22%	6.1	3.0	4.2	4.5	4.0
Infra/Construction Goods	12.34%	10.1	1.9	3.3	13.0	5.7
Consumer Durables	12.84%	1.0	5.3	6.5	-0.8	8.6
Consumer Non- Durables	15.33%	2.7	-4.5	2.0	6.9	-1.3

Views:

- Expansion in IIP can be attributed to robust growth in manufacturing sector which grew by 3.9% in September. Manufacturing of furniture and electrical equipment showed the maximum growth in anticipation of uptick in demand in the festive season.
- A broad way recovery in the private consumption remains crucial for the industry activity to pick up going forward. With festive season ongoing in October, recovery in private consumption expenditure is expected to improve, stimulating manufacturing which hold the highest weightage of 77.63%.
- Owing to good monsoon and improvement in Kharif sowing rural demand is anticipated to increase which may stimulate the industrial growth.
- Additionally, government spending is projected to rise as the year advances, which should positively impact overall demand. Hence we may expect the IIP to remain range bound in the coming months.

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