

Macro Insights

13th February, 2025

Highlights

IIP grows by 3.22% in Dec'24

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- ☞ IIP grew by 3.22% in Dec'24 which is lower than the growth seen in Dec'23 of 4.39%. IIP for the period of Apr'24-Dec'24 expanded by 4.03% this year compared to 6.20% during the same period last year.
- ☞ In Sector wise performance, electricity sector recorded the highest expansion, by 6.17%, followed by manufacturing sector by 3.03%. Mining sector expanded by a mere 2.58% (As shown in table 1)
- ☞ Amongst Use Based, all the sectors showed growth except consumer non-durables, with highest growth being observed in Capital Goods (10.31%) and Consumer Durables (8.30%), while growth in Primary Goods (0.57%) was the least in Dec'24. Consumer Non-Durables showed de-growth of -7.62% (As shown in table 2).

Chart: IIP- December 2024 (YoY% Change)

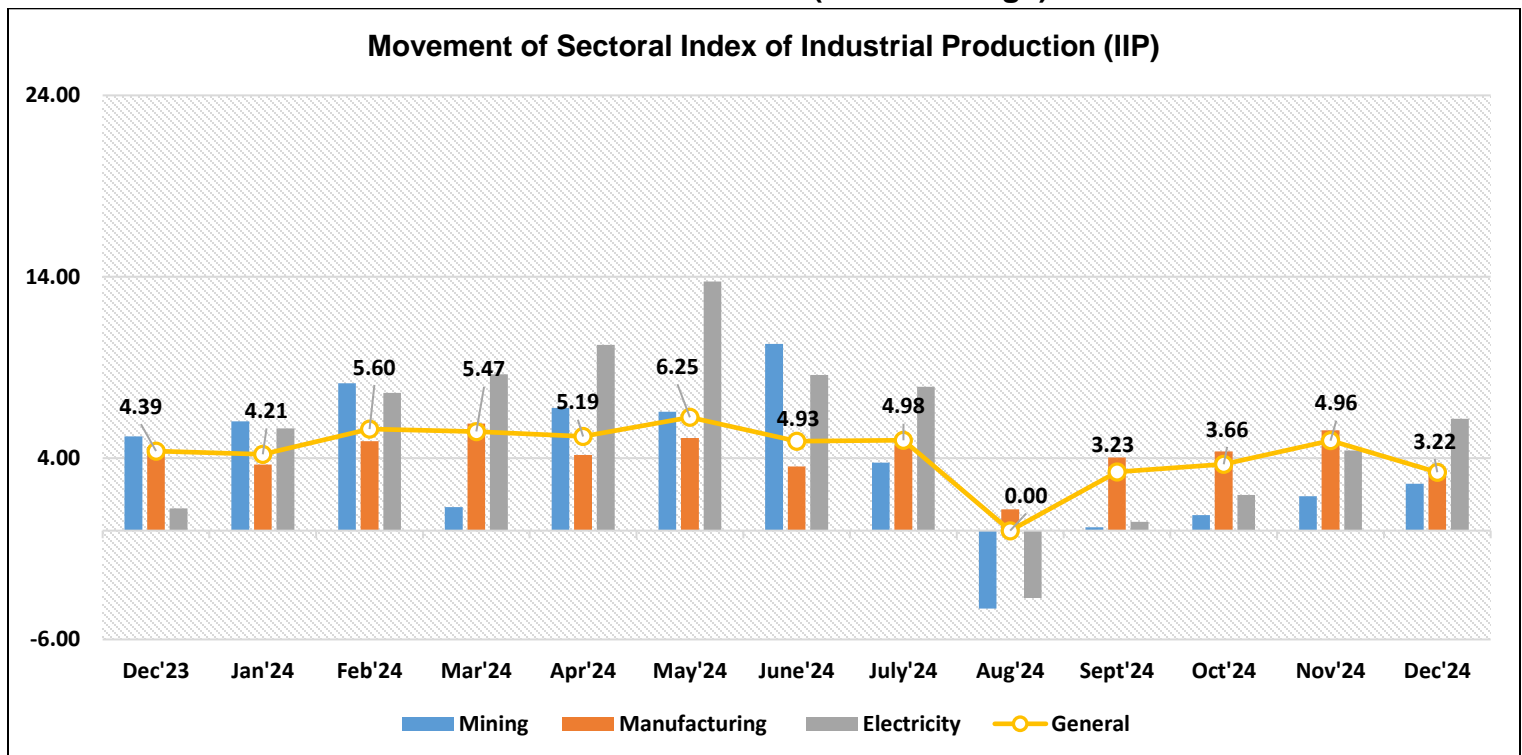


Table 1: IIP growth % (Sector-wise)

Component	Weight	Dec'23	Nov'24	Dec'24	Apr-Dec'23	Apr-Dec'24
Mining	14.37%	5.20	1.90	2.58	8.55	3.26
Manufacturing	77.63%	4.62	5.53	3.03	5.74	3.95
Electricity	7.99%	1.23	4.42	6.17	6.98	5.42
IIP Index -General	100.0%	4.39	4.96	3.22	6.20	4.03

Table 2: IIP growth % (Usage-wise)

Component	Weight	Dec'23	Nov'24	Dec'24	Apr-Dec'23	Apr-Dec'24
Primary Goods	34.05%	4.76	2.71	3.82	6.93	3.88
Capital Goods	8.22%	3.70	8.78	10.31	7.15	5.11
Intermediate Goods	17.22%	3.70	4.82	5.94	4.82	4.48
Infra/Construction Goods	12.34%	5.50	8.10	6.32	10.73	6.10
Consumer Durables	12.84%	5.24	14.08	8.30	1.12	8.75
Consumer Non- Durables	15.33%	3.04	0.45	-7.62	5.34	-1.47

Views:

- The IIP has moderated in comparison to last year, as seen by 4.03% growth in Apr'24-Dec'24 in comparison to 6.20% growth seen in Apr'23-Dec'23. IIP started to expand post August'24, when IIP growth was flat, but the growth in Dec'24 slowed down due to moderate performance of manufacturing.
- Expansion in IIP can be attributed to robust growth in electricity sector which grew by 6.17% in December'24.
- Spending in rural areas are on a rise, outpacing expenditure in urban areas, as reflected by the Household Consumption Expenditure Survey (HCES). 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.
- 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 change in the income tax structure for FY25-26 announced in the budget will leave people with more disposable income, increasing demand for manufacturing products and fueling expansion in IIP in the coming months.

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