

Macro Insights

10th January, 2025

Highlights

IIP grows by 5.17% in Nov'24

IIP grew by 5.17% in Nov'24 after growing by 3.66% in Oct'24. This growth is higher than 2.47% growth observed in Nov'23

- ☞ IIP grew by 5.17% in Nov'24 which is much higher than the growth seen in Nov'23 of 2.47%. IIP for the period of Apr'24-Nov'24 expanded by 4.15% this year compared to 6.45% during the same period last year.
- ☞ In Sector wise performance, manufacturing sector recorded the highest expansion, by 5.81%, followed by electricity sector by 4.42%. Mining sector expanded by a mere 1.90% (As shown in table 1)
- ☞ Amongst Use Based, all the sectors showed growth with highest growth being observed in consumer durables (13.15%) and infra/construction goods (9.99%), while growth in Consumer Non-Durables (0.57%) and Primary goods (2.71%) were the least in Nov'24. (As shown in table 2).

Chart: IIP- November 2024 (YoY% Change)

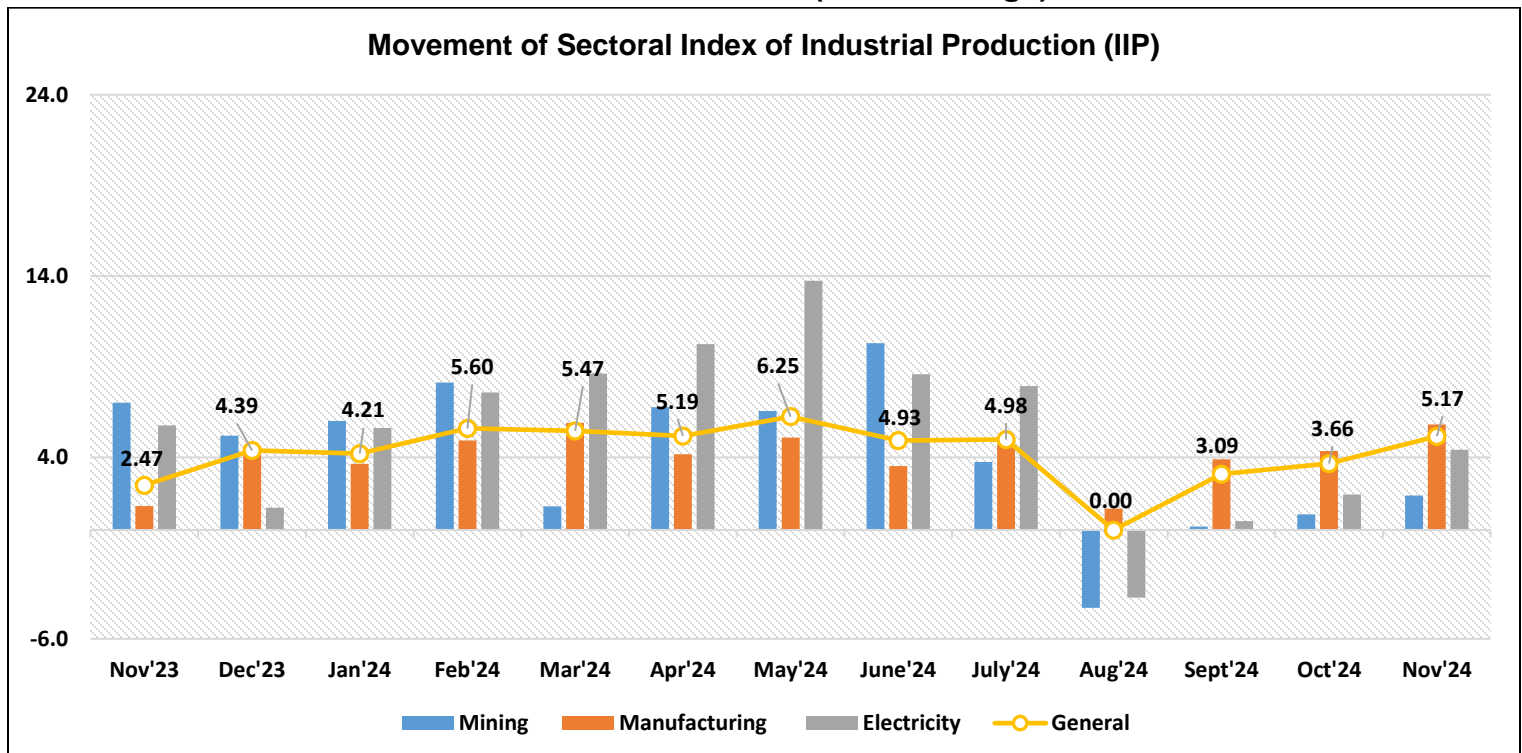


Table 1: IIP growth % (Sector-wise)

Component	Weight	Nov'23	Oct'24	Nov'24	Apr-Nov'23	Apr-Nov'24
Mining	14.37%	7.01	0.86	1.90	9.06	3.36
Manufacturing	77.63%	1.31	4.36	5.81	5.89	4.09
Electricity	7.99%	5.76	1.96	4.42	7.67	5.33
IIP Index -General	100.0%	2.47	3.66	5.17	6.45	4.15

Table 2: IIP growth % (Usage-wise)

Component	Weight	Nov'23	Oct'24	Nov'24	Apr-Nov'23	Apr-Nov'24
Primary Goods	34.05%	8.45	2.53	2.71	7.22	3.89
Capital Goods	8.22%	-1.11	3.11	8.98	7.60	4.49
Intermediate Goods	17.22%	3.42	4.63	4.96	4.96	4.23
Infra/Construction Goods	12.34%	1.55	4.83	9.99	11.45	6.27
Consumer Durables	12.84%	-4.83	5.69	13.15	0.63	8.73
Consumer Non- Durables	15.33%	-3.38	2.60	0.57	5.70	-0.53

Views:

- The IIP has moderated in comparison to last year, as seen by 4.15% growth in Apr'24-Nov'24 in comparison to 6.45% growth seen in Apr'23-Nov'23 however it has started picking up post Aug'24. November marks the third consecutive month of rise in industrial output and follows a strong performance in the core sector.
- Expansion in IIP can be attributed to robust growth in manufacturing sector which grew by 5.17% in November'24. Manufacturing of furniture (50.10%), electrical equipment (37.19%) and fabricated metal products (19.63%) showed the maximum growth. Within the manufacturing sector 18 out of 23 industry groups have recorded positive growth in Nov'24 as compared to Nov'23.
- 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.
- 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.
- 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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