

Macro Insights

14th October, 2024

Highlights

IIP slumps to -0.1% in Aug'24

IIP falls into negative zone with 0.1% de-growth observed in Aug'24 vis-à-vis 4.8% growth observed in July'24. In Aug'23, India's industrial output had grown by 10.9%.

- ☞ IIP contracted for the first time in August'24 since October'22
- ☞ In Sector wise performance, only manufacturing sector recorded expansion, expanding by 1%.
- ☞ Mining and electricity sector contracted by 4.3% and 3.7% respectively (as shown in table 1).
- ☞ Amongst Use Based, highest growth was observed in consumer durables (5.2%) while de-growth was in Consumer Non-Durables (-4.5%) and primary goods (-2.6%) (as shown in table 2).
- ☞ Capital goods faced the sharpest decline from 11.8% to 0.7% in August'24.

Chart 1: IIP- Aug 2024

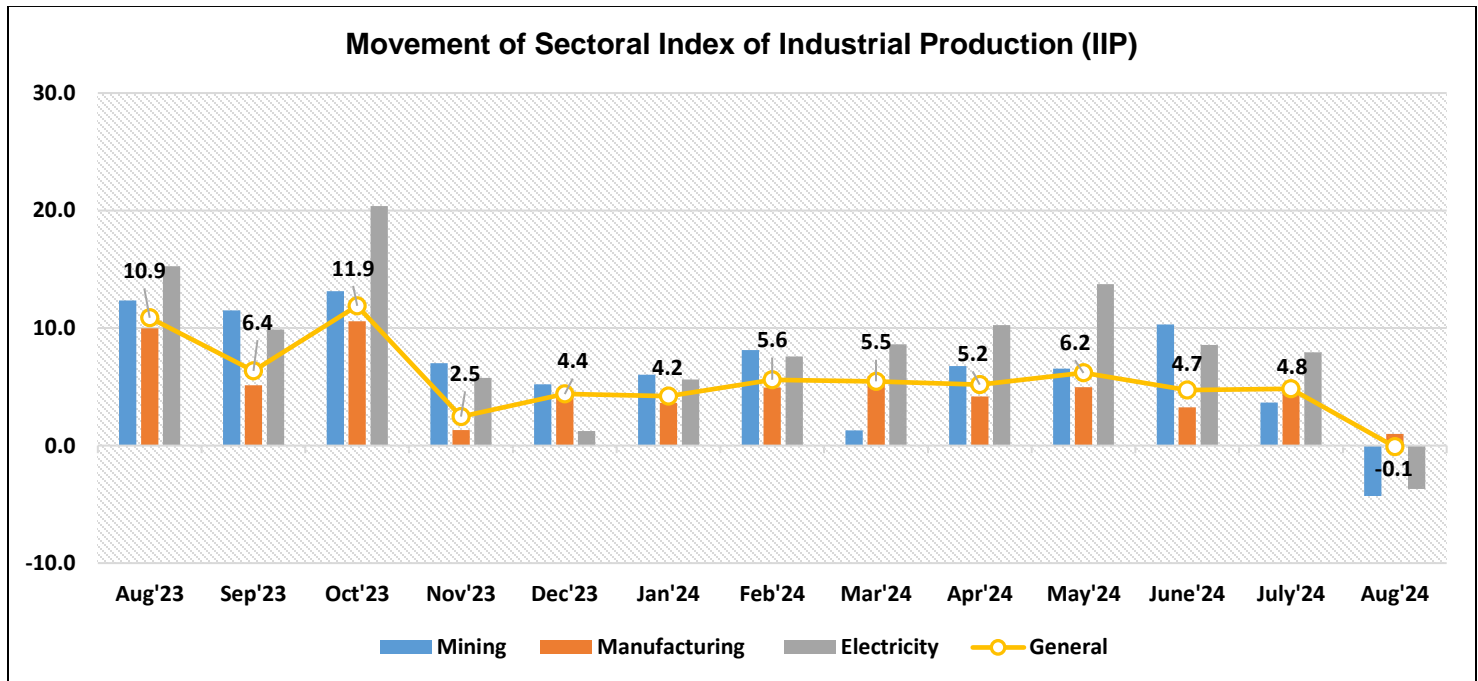


Table 1: IIP growth % (Sector-wise)

Component	Weight	Aug'23	July'24	Aug'24	Apr-Aug'23	Apr-Aug'24
Mining	14.37%	12.3	3.8	-4.3	8.3	4.8
Manufacturing	77.63%	10.0	4.4	1.0	6.0	3.6
Electricity	7.99%	15.3	7.9	-3.7	5.4	7.1
IIP Index -General	100.0%	10.9	4.7	-0.1	6.2	4.2

Table 2: IIP growth % (Usage-wise)

Component	Weight	Aug'23	July'24	Aug'24	Apr-Aug'23	Apr-Aug'24
Primary Goods	34.05%	12.4	5.9	-2.6	6.1	4.8
Capital Goods	8.22%	13.1	11.8	0.7	6.7	4.3
Intermediate Goods	17.22%	7.4	6.4	3.0	4.2	3.9
Infra/Construction Goods	12.34%	15.7	4.6	1.9	13.6	5.9
Consumer Durables	12.84%	6.0	8.3	5.2	-1.2	9.0
Consumer Non- Durables	15.33%	9.9	-4.3	-4.5	7.7	-2.0

Views:

- Decline in IIP can be attributed to heavy rainfall in August adversely impacting mining activities along with a higher base.
- A broad way recovery in the private consumption remains crucial for the industry activity to pick up going forward. It must be highlighted that in Q1GDP data for FY'25, the recovery in private consumption expenditure compared to last year abodes well for future.
- Owing to good monsoon, private consumption is expected to get further boost due to improvement in Kharif sowing.
- With festive season round the corner recovery in private consumption expenditure is expected to improve, stimulating manufacturing which hold the highest weightage of 77.63%.

Disclaimer: The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.

For any feedback or valuable suggestions: Reach us at eicsmead@pnb.co.in

Follow our Official Page

www.pnbindia.in

