

Macro Insights

12th April 2023

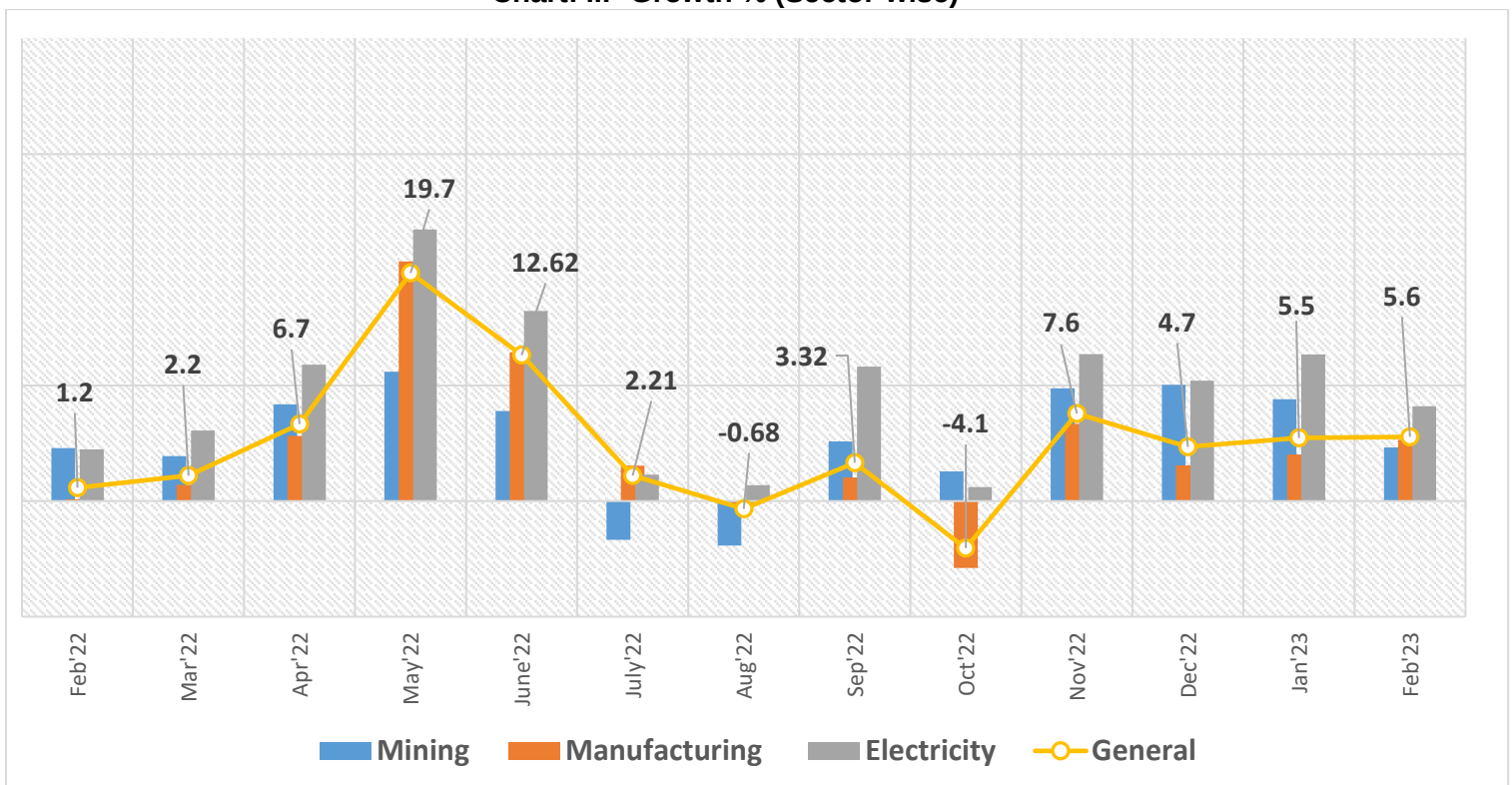
IIP rises to 5.6% in February

India's industrial output grew by 5.6% in February 2023. Growth showing sequential increase.

Highlights:

- ✎ Growth in factory output, or index for industrial production, once again showed an upward trend and rose to 5.6% in February.
- ✎ The growth in electricity output slowed down to 8.2% whereas manufacturing also continued to show recovery and stood at 5.3%.
- ✎ The expansion in mining output, however, decelerated further to 4.6%.
- ✎ More disappointing was the continued contraction in consumer durables for the third month in a row

Chart: IIP Growth % (Sector-wise)



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	Feb'22	Feb'23	April-Feb'22	April-Feb'23
Mining	14.37%	4.6	4.6	13.2	5.7
Manufacturing	77.63%	0.2	5.3	13.0	4.9
Electricity	7.99%	4.5	8.2	8.2	10.0
IIP Index -General	100%	1.2	5.6	12.5	5.5

Table: IIP growth % (Usage-wise)

Component	Weight	Feb'22	Feb'23	April-Feb'22	April-Feb'23
Primary Goods	34.05%	4.6	6.8	10.0	7.9
Capital Goods	8.22%	1.3	10.5	19.0	13.4
Intermediate Goods	17.22%	4.1	-0.3	17.0	3.8
Infra/Construction Goods	12.34%	8.6	7.9	20.3	8.1
Consumer Durables	12.84%	-9.7	-4.0	14.2	1.5
Consumer Non- Durables	15.33%	-6.8	12.1	4.0	0.8

Views:

- Although there is a base effect in the number of IIP but it has been the matter of great relieve that IIP growth has remained positive territory since November 2022 which is a positive sign for the economy as it denotes ongoing industrial recovery
- Going forward, it is expected that Private consumption demand will slow down as there has been successive rate hikes in the past, however, a favourable monsoon could give some boost to rural demand.
- The IIP growth numbers will remain range bound between 4-5% in the coming months as well.

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