

Macro Insights

10th November, 2023

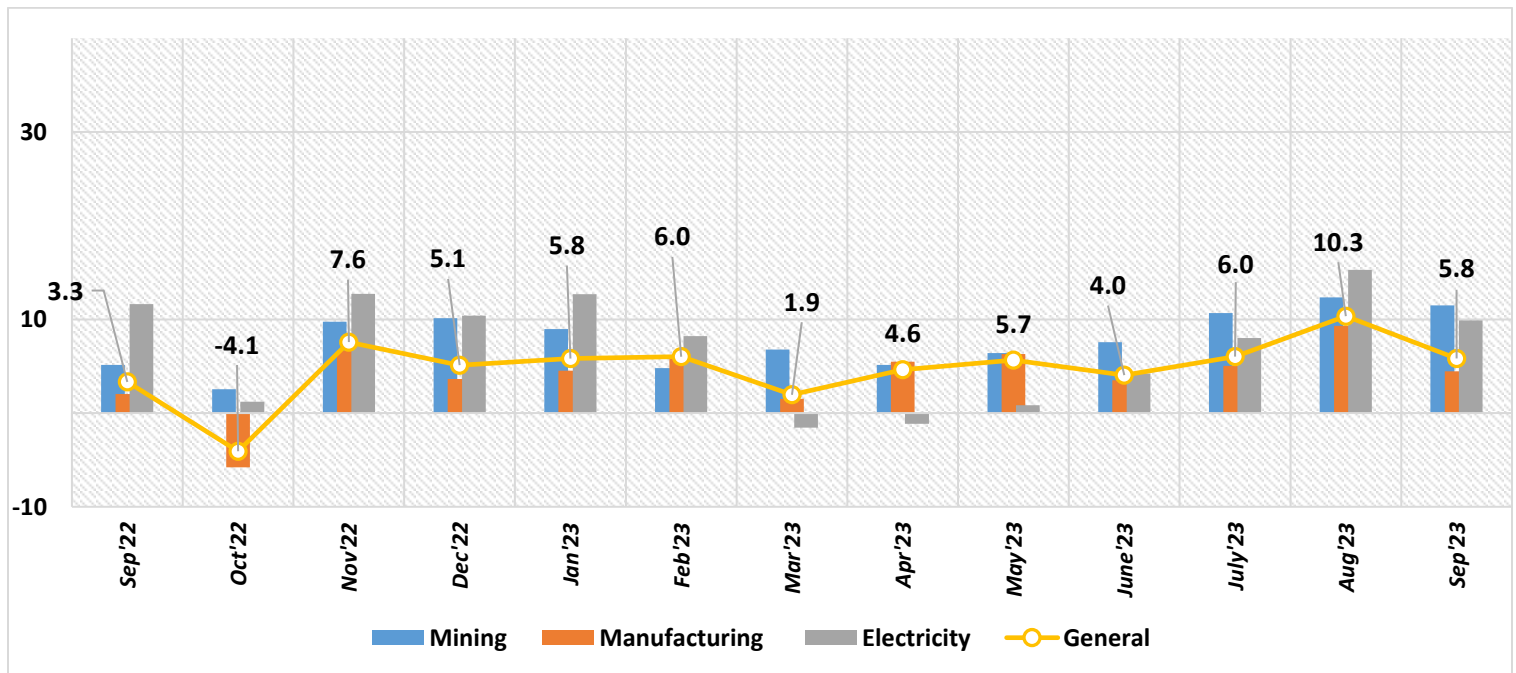
IIP growth shows downtrend

IIP growth falls to 5.8 percent led by fall in Manufacturing and Electricity Sectors

Highlights:

- In Sector wise performance, the Mining Sector showed the maximum growth of 11.5 percent while slowest growth was registered in Manufacturing Sector.
- In Manufacturing Sector (highest weightage), out of 23 sectors, 9 sectors have registered negative growth.
- In Use Based, Highest growth was observed in Primary Goods at 8.0 percent. Infrastructure/ Construction goods although came down from 13.5 percent to 7.5 percent in Sep'23, but it has been greatly benefitted by capital expenditure by the Government.

Chart: IIP Growth % (Sector-wise)



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	Sep'22	Aug'23	Sep'23	Apr-Sep'22	Apr-Sep'23
Mining	14.37%	5.2	12.3	11.5	4.3	8.7
Manufacturing	77.63%	2.0	9.3	4.5	6.9	5.7
Electricity	7.99%	11.6	15.3	9.9	10.8	6.1
IIP Index -General	100.0%	3.3	10.3	5.8	7.1	6.0

Table: IIP growth % (Usage-wise)

Component	Weight	Sep'22	Aug'23	Sep'23	Apr-Sep'22	Apr-Sep'23
Primary Goods	34.05%	9.5	12.4	8.0	9.2	6.3
Capital Goods	8.22%	11.4	13.1	7.4	16.9	6.7
Intermediate Goods	17.22%	1.7	6.8	5.8	6.7	4.2
Infra/Construction Goods	12.34%	8.2	13.5	7.5	7.8	12.1
Consumer Durables	12.84%	-5.5	5.8	1.0	10.1	-0.7
Consumer Non- Durables	15.33%	-5.7	9.6	2.7	-2.5	6.8

Views:

- There has been considerable growth in the Infrastructure segment during ongoing fiscal year due however, global growth uncertainties are posing a challenge for industrial activity.
- Consumer Durable have shown de-growth during the six months of the Current Fiscal Year while YoY basis, it has shown the marginal growth of 1 percent. It is generally believed that the period of July, August and September is generally weak from the point of view of Consumer durables.
- Going ahead, a broad-based and durable improvement in consumption remains critical for the momentum in industrial activity.
- The IIP number growth is likely to remain in the range of 7-10 percent in the coming month.

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

