

Macro Insights

12th May 2023

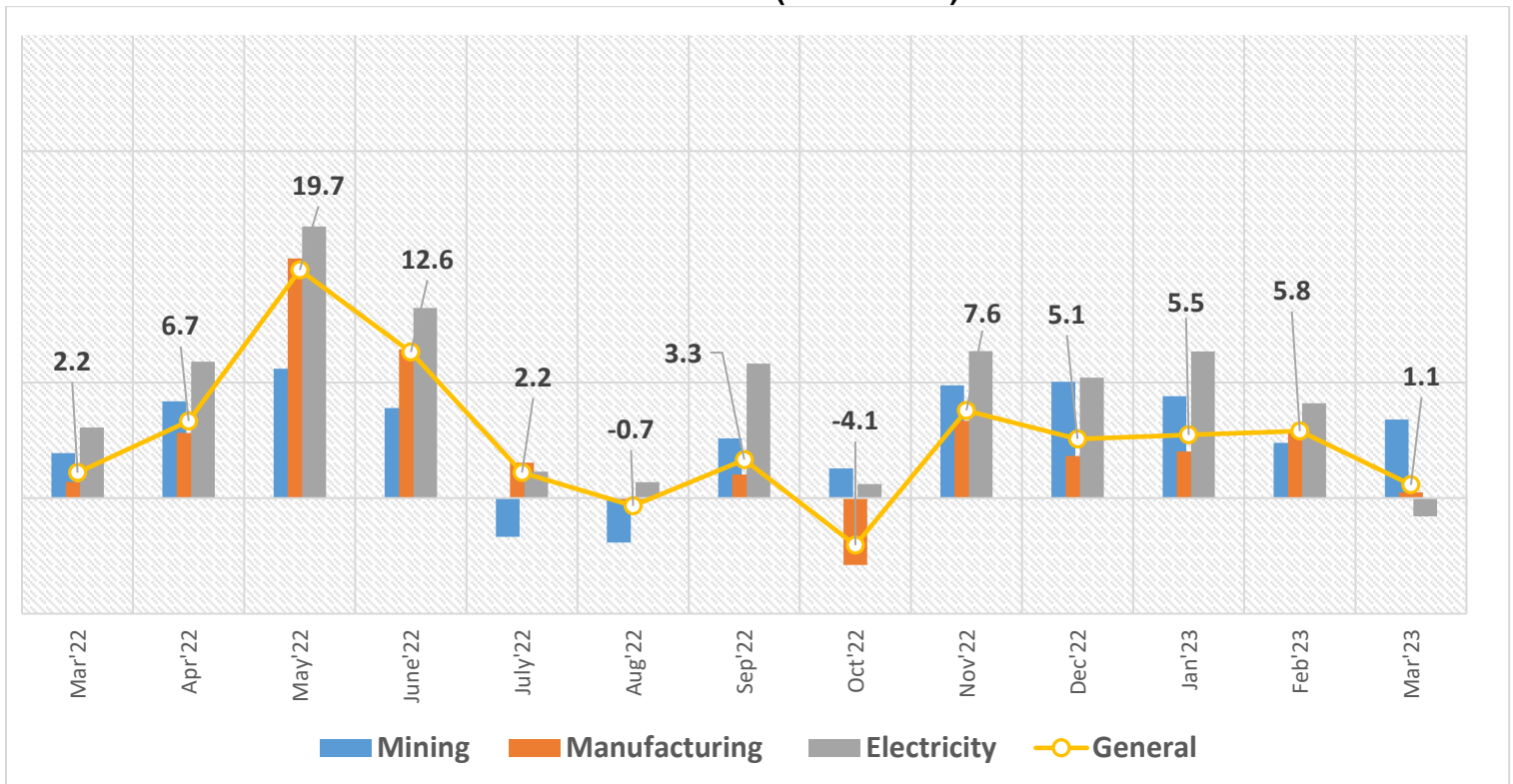
IIP growth slows down to 1.1% in March

India's Industrial production slows down to 1.1% from the high of 5.8% in Feb'23.

Highlights:

- The growth in electricity showed a negative growth on YoY basis whereas manufacturing showed a minimal growth of 0.5 per cent.
- Mining Sector was the sector which showed 6.8 per cent.
- Amongst Used Based: Consumer durables and Non-durables registered the negative growth
- Highest growth in Use based was reflected in capital goods in March 2023.

Chart: IIP Growth % (Sector-wise)



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	Mar'22	Mar'23	Apr-Mar'22	Apr-Mar'23
Mining	14.37%	3.9	6.8	12.2	5.8
Manufacturing	77.63%	1.4	0.5	11.8	4.5
Electricity	7.99%	6.1	-1.6	7.9	8.9
IIP Index -General	100%	2.2	1.1	11.4	5.1

Table: IIP growth % (Usage-wise)

Component	Weight	Mar'22	Mar'23	Apr-Mar'22	Apr-Mar'23
Primary Goods	34.05%	5.7	3.3	9.7	7.4
Capital Goods	8.22%	2.4	8.1	16.9	12.9
Intermediate Goods	17.22%	1.8	1.0	15.4	3.7
Infra/Construction Goods	12.34%	6.7	5.4	18.8	8.0
Consumer Durables	12.84%	-3.1	-8.4	12.5	0.5
Consumer Non- Durables	15.33%	-4.4	-3.1	3.2	0.5

Views:

- As there is growth in capital and infrastructure/construction output which clearly indicate an investment upcycle in the economy.
- The signals of recovery in domestic consumption is still to be clear as the output of consumer durable goods are showing decline.
- Now the way forward will depend upon the course of action adopted by the RBI in its upcoming Monetary Policy.

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