



India's Industrial Production Rises 1.2% In July On Re-Stocking After GST

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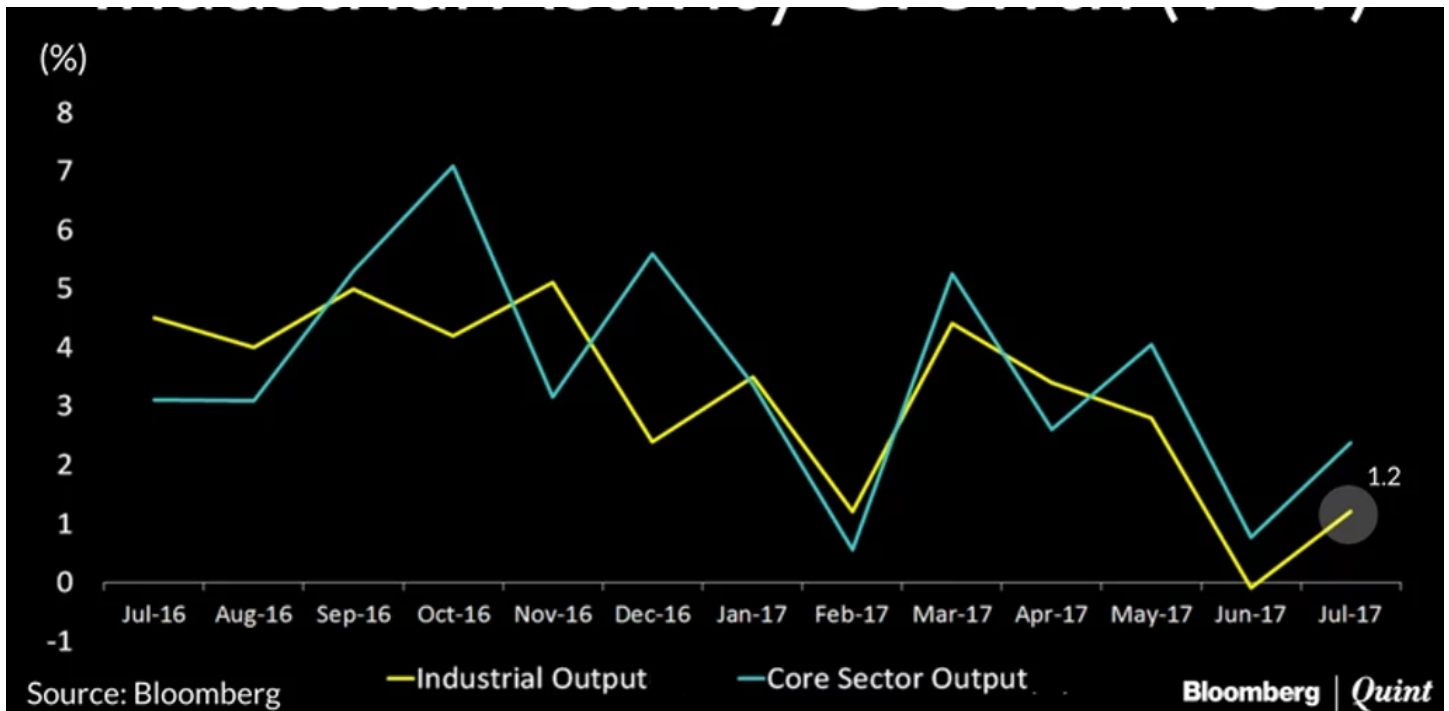
India's Industrial activity picked up in July, as expected, after dealers and wholesalers began re-stocking inventories after the implementation of the Goods and Services Tax.

The index of industrial production data rose to 1.2 percent in July from a year ago, according to data from the Central Statistics Office. Factory output had contracted 0.2 percent (revised) year-on-year in June as dealers cut stock ahead of the GST rollout.

Apart from rebuilding of inventories after the GST implementation and the return of consumption demand, one could not read much into the data as there is still some stagnation in the industry, Madan Sabnavis, chief economist at Care Ratings, told BloombergQuint over the phone. Going forward, as re-stocking takes place and the GST effect fades one would continue to see a rising industrial production number, Sabnavis added.

“ We will return to an IIP growth of 4-5 percent for the rest of the year from September onward.

Manish Sabnavis, Chief Economist, Care Ratings



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The use-based classification of industrial output showed that production of primary goods in July rose 2.3 percent year-on-year while capital goods production fell 1 percent. The infrastructure and construction goods category saw a 3.7 percent growth in output.

Consumer durables production fell 1.3 percent, while consumer non-durables grew 3.4 percent over last year.

Other Highlights

Manufacturing activity in July grew 0.1 percent over last year, slower than 0.4 percent growth in June.

Mining activity in July grew 4.8 percent over last year, compared to a 0.4 percent growth in June.

Electricity generation went up 6.5 percent over last year, compared to 2.1 percent in June.

Manufacturing of coke and refined petroleum products fell 4.2 percent over last year.

Manufacturing of basic metals went up 3.6 percent in July.

Chemical production fell 6.2 percent over last year.

Manufacturing of pharmaceuticals went up 19 percent over last year, continuing its uptick from May.

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