

Industrial Growth: April 2018

In April'18, the industrial output grew by 4.9%, slightly higher than CARE Ratings expectations of 4.6% for the month. The IIP growth for the month is higher 3.2% growth witnessed in April'17. However, it is lower than 6% growth registered in April'16.

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The growth during the month has been broad based and is driven by manufacturing, capital goods, infra/construction goods and consumer non-durables.

Key Highlights:

- On the sectoral basis, Mining and manufacturing sector both index-heavyweights grew at a higher pace than the overall IIP growth.
- The manufacturing sector, which has highest weight in IIP (77.63%), grew by 5.2% compared with 2.9% growth in April'17.
 - Within the manufacturing sector, 9 out of 23 industries recorded higher growth than average manufacturing sector growth of 5.2%
 - Computer, electronic and optical products (27.5%), motor vehicles, trailers and semi-trailers (21.9%), and food products (15.7%) registered highest growth in April'18.
 - Basic metals which have highest weight in mfg. grew at a slower pace of 3.9% compared with overall mfg. growth.
 - Textiles (-1.6%), rubber and plastic products (-10.2%) and wearing apparels (-13.4%) curtailed the overall growth in the manufacturing.
- Mining sector grew at 5.1% in April'18 as against 3.1% growth in April'17.
- The growth in electricity declined for the consecutively 2nd year. It grew by 2.1% lower than 14.4% in April'16 and 5.4% in April'17.
- Within the used based classification, primary goods, Intermediate goods and consumer durables growth was below the overall IIP growth while capital goods, infra goods and consumer non-durables outperformed in April'18.

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- Primary goods which has highest weight in IIP grew at 3.1%, marginally higher than 3% growth in April'17.
- Capital goods that have lowest weight in IIP grew by substantial 13% compared with a contraction by -4.8% in the comparable month in the previous year.
- Intermediate goods grew at 1.6% lower than 3.6% in april'17 while the growth in consumer durables was at 4.3%
- Infrastructure/construction goods grew at 7.5%, higher than 4.7% growth in April'17.
- Consumer non-durables grew at 7% higher than IIP growth but lower than 8.8% growth in the comparable month in FY18.

Table 1: IIP Growth – Sectoral and Used-Based

%	Below IIP (4.9%)		Above IIP (4.9%)		
	Weight	% growth	Weight	% growth	
Electricity	7.99	2.1	Mining	14.37	5.1
			Manufacturing	77.63	5.2
Used based Classification					
Primary Goods	34.05	3.1	Capital Goods	8.22	13.0
Intermediate Goods	17.22	1.6	Infrastructure /Construction Goods	12.34	7.5
Consumer Durables	12.84	4.3	Consumer Non-Durables	15.33	7.0

Source: MOSPI

Table 2: Mfg growth industry wise

Industry	Below Mfg growth		Industry	Above Mfg. growth	
	Weight	%		Weight	%
Textiles	3.2913	-1.6	Food products	5.3025	15.7
Wearing apparel	1.3225	-13.4	Pharmaceuticals, medicinal chemical and botanical products	4.9810	7.7
Paper and paper products	0.8724	-2.7	Other non-metallic mineral products	4.0853	11.1
Coke and refined petroleum products	11.7749	0.9	Fabricated metal products, except machinery and equipment	2.6549	7.8
Chemicals and chemical products	7.873	4.0	Computer, electronic and optical products	1.5704	27.5
Rubber and plastics products	2.4222	-10.2	Machinery and equipment n.e.c.	4.7653	8.5
Basic metals	12.8043	3.9	Motor vehicles, trailers and semi-trailers	4.8573	21.9
			Other transport equipment	1.7763	13.9

Source: MOSPI

CARE Ratings' View:

With sustained spending on infra especially by the government and consumer demand continuing to pick up in the coming months, **CARE expects IIP growth to be 5-6% this year.**