ECONOMY

Industrial output grew 1.9% in March

The Hindu Bureau

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Growth rate stays below 2% for fifth successive month

India's industrial output grew by 1.9% in March, only marginally higher than the 1.7% growth recorded in February, with manufacturing growth staying weak at just 0.9%, only a tad better than the 0.8% recorded the month before.

This is the fifth month in a row that the Index of Industrial Production (IIP) growth has been lower than 2%. Electricity generation and mining output grew 6.1% and 4.5%, respectively.

On a sequential basis, however, industrial production was up 12.5% in March from February 2022 levels, as per quick estimates released by the National Statistical Office (NSO). While primary and consumer goods' production rose month-on-month, this was largely offset by a dip in the expansion rates of capital, infrastructure and intermediate goods, noted ICRA chief economist Aditi Nayar.

The production of consumer durables continued to shrink for the sixth month in a row, contracting 3.2% in March, while consumer non-durables' output fell for the third consecutive month, dropping 5%.

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Infrastructure and construction goods reported a healthy 7.3% uptick, and primary goods also rose 5.7%. Capital goods and intermediate goods output, however, rose only fractionally by 0.7% and 0.6%, respectively. This is the slowest pace of growth for capital goods in three months.

Inflation soars near 8-year high to 7.8% in April

"The capital goods numbers are disappointing… Clearly, the investment cycle has not yet taken off and will be deferred again due to the war situation and uncertainty," said Madan Sabnavis, Bank of Baroda chief economist.

The persistent decline in consumer durables and non-durables reflects the absence of a pick-up in consumption, and hopes of a recovery are thin as rising prices will push back consumption further, he pointed out.

"The industrial output trends remained lacklustre and Manufacturing, with the biggest