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# IIP growth surprises on the upside accelerating to 8-month high of 7.1% in April

Performance of industrial activity is also in line with the rise in the core inflation six-month high in April

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Momentum in manufacturing output (which has the largest share in the industrial output index) rose to 6.3 percent in April, highest over the last eight months. | Pixabay

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of Industrial Production (y-o-y%) | Source: MOSPI

Mining sector grew by 7.8 percent in April from 3.9 percent in the previous month helped by a low base of last year. Strong growth in electricity output continued as it accelerated to an eight-month high of 11.8 percent during the month. Electricity consumption has been witnessing a steady improvement on the back of pick-up in demand from the industrial and commercial sector. Also, heatwave like conditions in several parts of the country have further contributed to increased power demand.

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Momentum in manufacturing output (which has the largest share of industrial output index) rose to 6.3 percent in April, highest over the past eight months. Within manufacturing, the annual increase in output...

witnessed in 18 out of 23 categories. Double-digit growth was recorded in manufacture of wearing apparel (65.7 percent), furniture (57.8 percent), printing and reproduction of recorded media (38 percent), beverages (29.7 percent), tobacco products (23.1 percent), coke and refined petroleum products (10.6 percent).

The strong growth appears encouraging given the headwinds faced by the input prices, and supply-chain bottlenecks. Within the classification of IIP, performance of consumer non-durable was lacklustre at 0.3 percent, however growth in consumer durables sprung back in to the positive territory after witnessing a decline for six months in a row.

Consumer durables grew by 8.5 percent supported by a relatively strong year. Capital goods output witnessed a double-digit growth of 14.7 percent after having witnessed subdued growth over the previous six months.

Consumer durables and capital goods segment will have to be closely watched over the coming months to monitor if this growth momentum is sustained. Growth in output of infrastructure and construction goods slowed to 3.8 percent from 6.7 percent in the previous month. Confidence to invest by the private sector is improving as seen in the increase in utilisation level and data on new investment projects. However, government's capex push will be a major driving force for growth in this segment going ahead.

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
<b>Sectoral</b>						
Mining & quarrying	4.9	2.6	3.0	4.5	3.9	7.8
Manufacturing	0.3	0.6	1.9	0.5	1.4	6.3
Electricity	2.1	2.8	0.9	4.5	6.1	11.8
<b>Use-based</b>						
Primary goods	3.5	2.8	1.6	4.6	5.7	10.1
Capital goods	-2.6	-3.0	1.8	2.0	2.0	14.7
Intermediate goods	2.1	1.0	2.5	3.7	1.8	7.6
Infrastructure/construction goods	3.1	2.0	5.9	9.1	6.7	3.8
Consumer durables	-5.7	-1.9	-4.4	-8.7	-2.6	8.5
Consumer non-durables	-0.8	0.3	3.1	-5.8	-4.6	0.3
<b>Industrial Output</b>	1.0	1.0	2.0	1.5	2.2	7.1

Component wise Breakup of IIP Growth (y-o-y%) | Source: MOSPI

## Way Forward

The sharp jump in IIP has come as a positive surprise. It will be critical to watch for next few months to see if this growth momentum is sustainable. There will continue to be challenges for the industrial sector in the

<https://www.freepressjournal.in/business/iip-growth-surprises-on-the-upside-accelerating-to-8-month-high-of-7-1-in-april>

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