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IIP surge on base effect

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Power showed a growth of 23.5 per cent against 7.5 per cent a year ago, while the mining sector witnessed an expansion of 10.9 per cent in May 2022 compared with a growth of 23.6 per cent last year.

Representational picture

[Our Special Correspondent](#) | New Delhi | Published 13.07.22, 02:22 AM

The growth in the index of industrial output was 19.6 per cent in May — on account of the fact that production had dipped in May 2021 because the country was under a severe lockdown, triggering a base effect that led to the high number.

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Capital goods output, which is a barometer of investment, showed a growth of 54 per cent against a jump of 74.9 per cent a year ago. The consumer durables segment grew 58.5 per cent against a growth of 80.4 per cent a year ago.

Primary goods, which account for nearly 34 per cent of the index, expanded 17.7 per cent in May compared with 15.8 per cent growth a year ago. Consumer non-durables grew 0.9 per cent in May compared with a growth of 0.2 per cent in same month a year ago.

“A significant pick up in IIP growth though is indicative of ongoing economic recovery, but its sustainability is still not a given in view of raging inflation and adverse global geopolitical situation,” Sunil Kumar Sinha and Paras Jasrai of India Ratings and Research said. “A year-on-year growth in high single or double-digit for at least 5-6 months may perhaps be required to believe that industrial growth is on a path of sustained recovery.”

Rajani Sinha, chief economist, CareEdge said: “While manufacturing has the biggest share in IIP, it continues to show improvement, the continued weakness in the consumer non-durables segment is of concern.

Easing of some of the global commodity prices would bode well for the performance of the industrial sector. However, challenges from slowing global growth would continue to persist.”

[Index Of Industrial Production \(IIP\)](#)

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