

BUSINESS

Industrial output jumped 19.6% in May

SPECIAL CORRESPONDENT

NEW DELHI JULY 12, 2022 21:16 IST

UPDATED: JULY 12, 2022 21:16 IST



NEW DELHI

India's industrial output grew 19.6% in May, the fastest pace of growth in 12 months, with overall production rising 2.3% month-on-month from April, and surpassing the pre-pandemic level by 1.7%.

The National Statistical Office (NSO), which released the provisional Index of Industrial Production (IIP) figures on Tuesday, also revised the index for April based on updated data, lowering growth to 6.7% from the 7.1% estimated earlier.

This was the first time in nine months that IIP growth outpaced the growth of core sectors, observed ICRA chief economist Aditi Nayar, noting that manufacturing and electricity had led the surge.

Consumer durables production, which had turned positive in April after six months of contraction, zoomed 58.5% in May, followed by capital goods which registered 54.5% growth. Primary goods, infrastructure/construction items as well as intermediate goods, each clocked about 18% growth in output. However, growth in consumer non-durables' production slowed sharply to 0.9%.

“While the May growth figures have been pushed up by a favourable base, a sequential improvement across most categories is encouraging,” said CARE Ratings chief economist Rajani Sinha. “Manufacturing continues to show improvement, but the continued weakness in the consumer non-durables segment is concerning,” she added.

“Relative to the pre-COVID level of May 2019, the performance was decidedly mixed, with capital goods, consumer durables and consumer non-durables trailing, and primary goods, infrastructure goods and intermediate goods posting a rise in May 2022,” ICRA’s Ms. Nayar pointed out.

The rating agency expects IIP growth to moderate to a range of 11%-13% in June, before slipping back to single digit growth in the second quarter of 2022-23, as the base effect of impaired output from the deadly second COVID-19 wave last year dissipates.