



Manufacturing output contracted 0.7% from August 2021 levels and was 1.48% lower than July 2022, while the mining sector dropped 3.9% from a year earlier and was 0.95% below July levels.

Electricity generation was the only sector to clock an uptick with a 1.4% rise this August from a year earlier, and a 1.3% growth over July. However, August's electricity output index is the second lowest since at least April 2022.

While there was 'all round disappointment' in the IIP print, Bank of Baroda chief economist Madan Sabnavis said that the 'main drag has come from the consumer end with both durables and non-durables production declining by 2.5% and 9.9%, respectively'.

"Inflation has come in the way of demand for sure and the critical part will be how demand turns out in the festival time... unless IIP growth touches 5% in September and October, there will be an adverse impact on growth prospects," he reckoned.

While industrial output was 4% over pre-COVID levels in August, it was lower than most expectations.

"It will be critical for the consumption in the economy to pick up for the overall growth to be sustained. Global growth slowdown, slowing exports and elevated inflation are the other dampeners for pickup in industrial activity," said CARE Ratings chief economist Rajani Sinha.

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