

IIP growth slows to 4.9% in March

Drop comes on the back of slowdown in mining output

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Annual growth in the index of industrial production (IIP) slid to 4.9 per cent in March from 5.6 per cent in February. This was on the back of a slowdown in mining activity, according to data released by the National Statistical Office (NSO) on Friday.

The IIP had grown by 1.9 per cent in March 2023. The growth in the mining output decelerated to 1.2 per cent during the month from 8.1 per cent in the preceding month. On the other hand, output in manufacturing and electricity accelerated to 5.2 per cent and 8.6 per cent, respectively, from 4.9 per cent and 7.5 per cent in February.

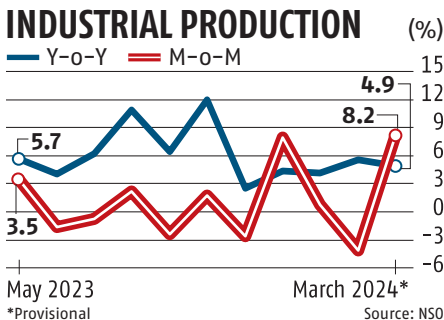
Overall, the IIP grew by 5.8 per cent in FY24 as compared to 5.2 per cent in the previous year.

Data showed that eight out of 23 manufacturing sectors in the IIP, such as food products, tobacco, textiles, leather, petroleum, chemicals and computers, among others, registered a contraction in output growth during March.

Meanwhile, in the use-based categories, growth in primary (2.5 per cent), intermediate goods (5.1 per cent), infrastructure goods (6.9 per cent) and consumer durables (9.5 per cent) decelerated during the month.

The growth in capital goods (6.1 per cent) and consumer non-durables (4.88 per cent) accelerated, reflecting rising rural consumption and investment demand in the economy.

Madan Sabnavis, chief economist, Bank of Baroda, said that there was fairly broad-based growth across segments, which is a positive sign. Consumer goods saw a revival, buttressing the feeling of consumption picking up towards



the year-end.

“Both durable and non-durables have done well. This should be sustained as the rabi crop is expected to be good. And, along with the wedding season, it should fuel spending in April and May. However, it should be noted that negative growth last year has provided the base effect for growth. Negative growth in electronic products is a concern because there has been PLI push too here,” he added.