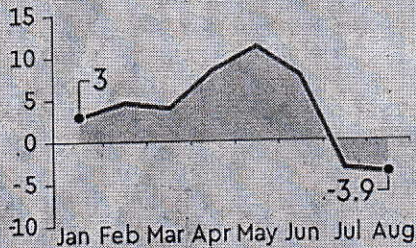


IIP growth contracts for the first time in 18 months

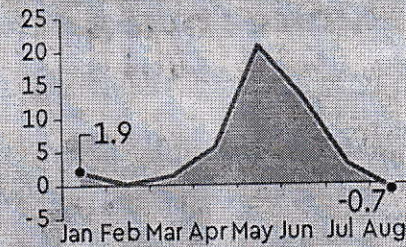
MINING

(% change, y-o-y)



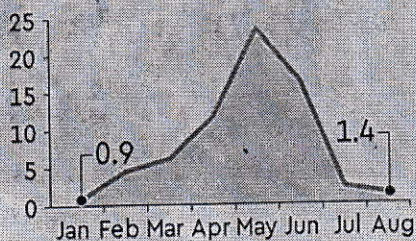
MANUFACTURING

(% change, y-o-y)



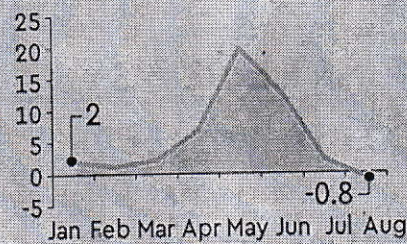
ELECTRICITY

(% change, y-o-y)



OVERALL IIP

(% change, y-o-y)



Source: MoSPI

Factory output shrinks 0.8% in August

FE BUREAU

New Delhi, October 12

INDUSTRIAL OUTPUT SHRANK

0.8% in August from a year before, the first contraction in 18 months, thanks to an unfavourable base, slowdown down in export orders and heavy monsoon downpour in select regions. This also suggests a credible industrial recovery is still far away, especially due to the fact that production didn't improve even in the build-up to the festive season. However, the index of industrial production will recover in September, as the unfavourable base effect wanes. The IIP had grown 13% in August 2021 but just 4.4% in September last year.

What worries analysts are the facts that export-sensitive sectors

like textiles and garments and chemicals have registered a slowdown, while both consumer durables and non-durables segments contracted. The growth in capital goods, a gauge for investments, remained far from impressive. Textiles output dropped 12.2% in August from 8.6% a year before, while that of garments shrank 18.3% against 15.2%. Even the output of chemical products grew at a slower pace of 5.3% against 6.9%.

Crisil chief economist DK Joshi said there are signs of slowdown seeping to other segments as well. The IIP dropped for capex-related segments, such as infrastructure and construction goods (1.7% vs 3.8% in the previous month) and capital goods (5% vs 5.7%). The drop in the domestic-oriented consumer non-durables just worsened to 9.9%--the worst slide since April 2020 and compared with 2.8% in July.