

# September IIP growth at 3-month low

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Growth in the Index of Industrial Production (IIP) cooled to a three-month low of 5.8 per cent in September from 10.3 per cent in August, on the back of moderation across all sub-sectors and use-based categories, according to the data released by the National Statistical Office (NSO) on Friday.

The growth in manufacturing output decelerated to 4.5 per cent, whereas the output in electricity and mining accelerated to 9.9 per cent and 11.5 per cent respectively from last month. Last year in September, the IIP stood at 3.3 per cent. In the first half of FY24 (April-September), IIP grew 6 per cent against 7.1 per cent during the year-ago period. Nine out of 23 manufacturing sectors in the IIP, such as food products, tobacco, apparel, paper products, recorded media, chemicals, computers, and furniture among others registered a contraction in output growth during September.

Meanwhile, in the use-based categories, growth in primary and intermediate goods decelerated to 8 per cent and 5.8 per cent respectively, from last month, whereas the growth in consumer durables and consumer non-durables fell to 1 per cent and 2.7 per cent

respectively in the same time period.

Aditi Nayar, chief economist, ICRA, says that an unfavourable base, shift in the festive calendar and excess rainfall caused the year-on-year (Y-o-Y) growth in the IIP to nearly halve to a lower-than-expected figure in September.

“While the moderation was broad-based across all sub-sectors and use-based categories, the performance of consumer goods was especially tepid at 1 per cent and 2.7 per cent respectively, for durables and non-durables, resulting in the manufacturing sector’s performance trailing that of mining and electricity in September,” she added. Echoing similar views, Madan Sabnavis, chief economist, Bank of Baroda, says that the low consumer demand numbers are expected to show further traction in the Q3 period when festival spending should add momentum and rural demand has to be watched closely as kharif crop could be sub-optimal.

“The growth for the first half of this fiscal is 6 per cent with manufacturing at 5.7 per cent. This does indicate steady growth for the year and considering that things should improve or remain stable in the next few months, industry appears to be on the right path provided consumption recovers,” he added.

## TRACKING THE TREND

