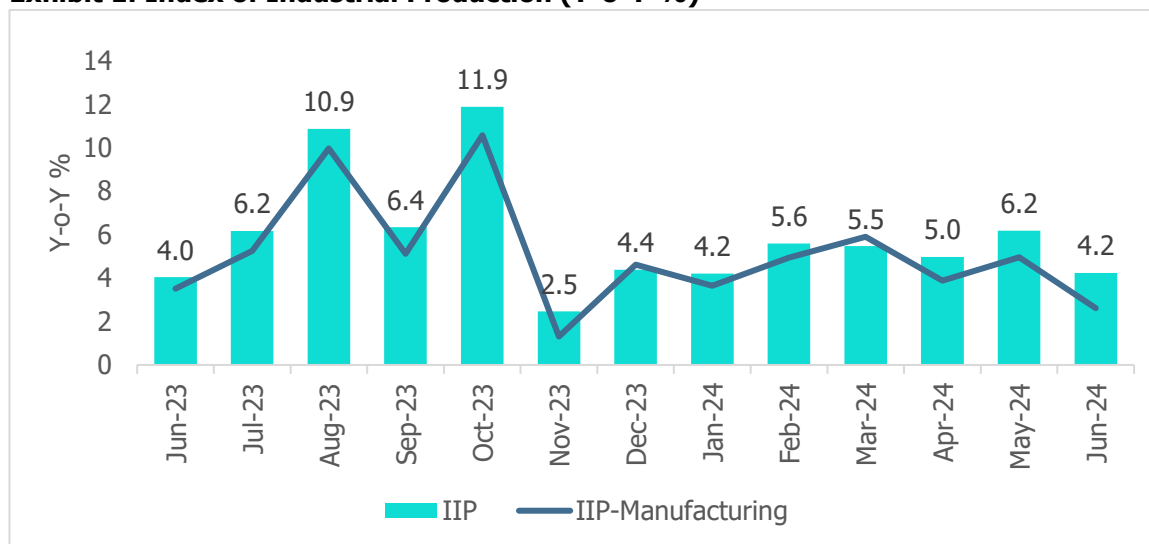


# IIP Growth Moderated to 4.2% in June 2024

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Growth in India's industrial production moderated to 4.2% in June from a 7-month high of 6.2% in the previous month. Moderation in growth of manufacturing and electricity sectors more than offset the acceleration in mining growth, weighing on the overall industrial performance. The consumption scenario painted a mixed picture with output of consumer durable goods increasing by 8.6% on one hand while output of non-durable goods contracted by 1.4%. A widespread recovery in consumption is an important factor to monitor for industrial activity in the coming months.

**Exhibit 1: Index of Industrial Production (Y-o-Y %)**



Source: MOSPI

Growth in manufacturing output slowed to 2.6% in June following a growth of 5% last month. Category wise analysis reveals that a year-on-year increase in output was seen in 14 out of 23 subcategories. Output of basic metals (highest weight of 12.8%) grew by 4.9% (Vs 8.3% in May). Among the export-intensive components, output of textiles remained in contraction for the fourth consecutive month, with 1.7% decline in June. Output of leather and related products also contracted by 3.9%, as against a growth of 1.3% in the previous month. Growth in output of wearing apparels slowed to 2.2% (Vs 9.8% in May). Electricity output moderated by 8.6% in June (Vs 13.7% in May) while mining output accelerated by 10.3% (Vs 6.6% in May).

Within the use-based classification, the infrastructure and construction goods output increased by 4.4% (Vs 6.3% in May). The pickup in private capital expenditure remains critical for the IIP performance. From the consumption perspective, output of consumer durables increased by 8.6% supported by a low base. Whereas output of non-durables recorded a contraction of 1.4%. With rural consumption showing some signs of improvement, a broad-based and durable recovery in consumption remains a key monitorable.

**Table 1: Component-wise Breakup of IIP Growth (Y-o-Y %)**

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Sectoral						
Mining & quarrying	6.0	8.1	1.3	6.8	6.6	10.3
Manufacturing	3.6	4.9	5.9	3.9	5.0	2.6
Electricity	5.6	7.6	8.6	10.2	13.7	8.6
Use-based						
Primary goods	2.9	5.9	3.0	7.0	7.3	6.3
Capital goods	3.2	1.7	7.0	2.7	2.9	2.4
Intermediate goods	5.3	8.6	6.1	3.2	3.9	3.1
Infrastructure/construction goods	5.5	8.3	7.4	8.0	6.3	4.4
Consumer durables	11.6	12.6	9.5	10.0	12.6	8.6
Consumer non-durables	0.3	-3.2	5.2	-2.5	2.5	-1.4
<b>Industrial Output</b>	<b>4.2</b>	<b>5.6</b>	<b>5.5</b>	<b>5.0</b>	<b>6.2</b>	<b>4.2</b>

Source: MOSPI

**Way Forward**

From the consumption perspective, the trajectory of food inflation along with the spatial and temporal distribution of rainfall remain the key monitorable. The revival in private investment remains another important aspect to watch out in the coming quarters.

## Contact

Rajani Sinha	Chief Economist	rajani.sinha@careedge.in	+91 - 22 - 6754 3525
Akanksha Bhende	Associate Economist	akanksha.bhende@careedge.in	+91 - 22 - 6754 3424
Khushi Jindal	Associate Economist	khushi.jindal@careedge.in	+91 - 22 - 6754 3568
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

## CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

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