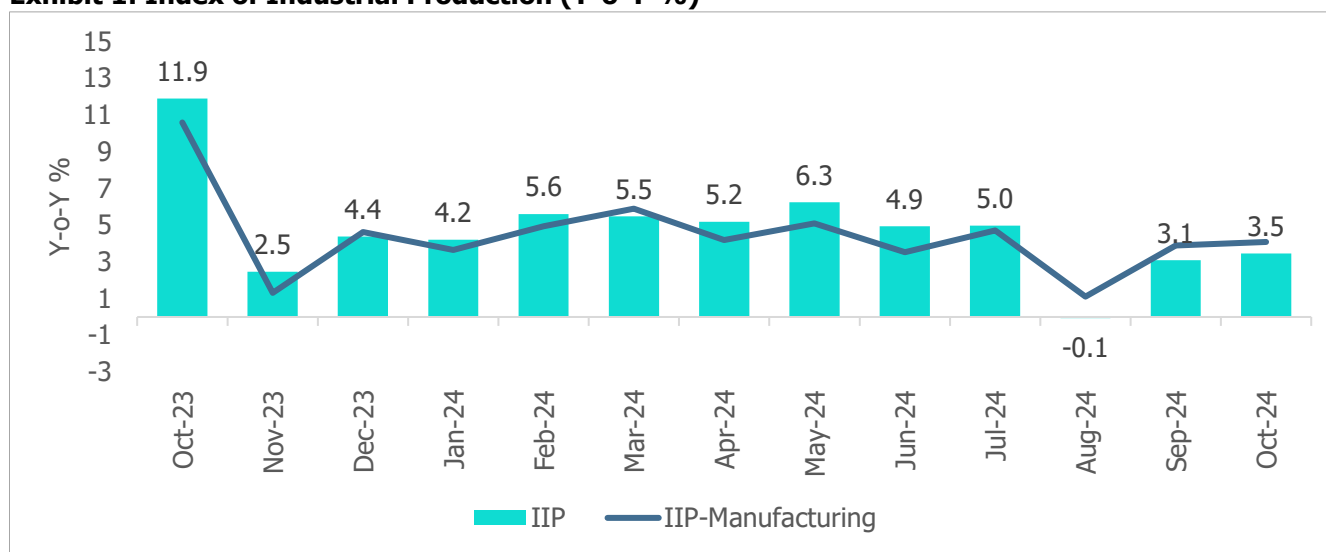


# IIP Growth Edged Up to 3.5% in October 2024

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India’s industrial production edged up to 3.5% in October, compared to 3.1% in the previous month. Broad-based improvement was seen in the manufacturing, electricity and mining sectors. While the performance in the consumer durables segment remained healthy in the year so far, the encouraging aspect is the improvement in output of consumer non-durables seen in the last two months. A sustained and broad-based improvement in consumption will be essential to support industrial activity in the coming months.

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



Source: MOSPI

In October, the manufacturing sector grew by 4.1%, compared to 3.9% in September, with year-on-year growth observed in 18 out of 23 subcategories. Within manufacturing, basic metals—the largest component with a weight of 12.8%—recorded a modest growth of 3.5%, improving from 2.2% in September. Export-intensive categories showed varied performance. While the output of wearing apparel and textiles grew by 7.1% and 1.1%, respectively, leather and related products continued to contract (-3.5%) for the second consecutive month. Electricity output recorded an improvement, rising by 2% in October compared to 0.5% in September. The mining sector also showed signs of recovery, with the output growing by 0.9% (Vs 0.2% in September), supported by increased activity as the monsoon season receded.

Under the use-based classification, infrastructure and construction goods output grew by 4% in October (Vs 3.2% in September). While government capex has remained subdued in the fiscal year so far, it is expected to pick up in the coming quarters. An improvement in public and private capex will be essential for the performance of infrastructure-related segments. Consumer non-durables output witnessed a growth of 2.7% (Vs 2.2% in September), while consumer durables output grew by 5.9% (Vs 6.5% in September). Healthy agricultural production is expected to further support consumption.

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

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Sectoral						
Mining & quarrying	6.6	10.3	3.8	-4.3	0.2	0.9
Manufacturing	5.1	3.5	4.7	1.1	3.9	4.1
Electricity	13.7	8.6	7.9	-3.7	0.5	2.0
Use-based						
Primary goods	7.3	6.3	5.9	-2.6	1.8	2.6
Capital goods	2.6	3.6	11.7	0.5	3.6	3.1
Intermediate goods	3.5	3.2	7.0	3.0	3.6	3.7
Infrastructure/construction goods	7.6	8.2	5.5	2.2	3.2	4.0
Consumer durables	12.6	8.8	8.2	5.3	6.5	5.9
Consumer non-durables	2.8	-1.0	-4.2	-4.5	2.2	2.7
<b>Industrial Output</b>	<b>6.3</b>	<b>4.9</b>	<b>5.0</b>	<b>-0.1</b>	<b>3.1</b>	<b>3.5</b>

Source: MOSPI

**Way Forward**

Rural demand has been showing signs of improvement. Favourable conditions for rabi sowing, including healthy reservoir levels and improved soil moisture from extended monsoons, are likely to aid agricultural production. This is expected to support the moderation in food inflation by the end of the fiscal year, providing a boost to consumption. However, we need to remain watchful of the trends in urban demand, especially considering some signs of slowdown. With external demand remaining pressured, recovery in domestic consumption and investment remains crucial for the performance of industrial activity.

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