

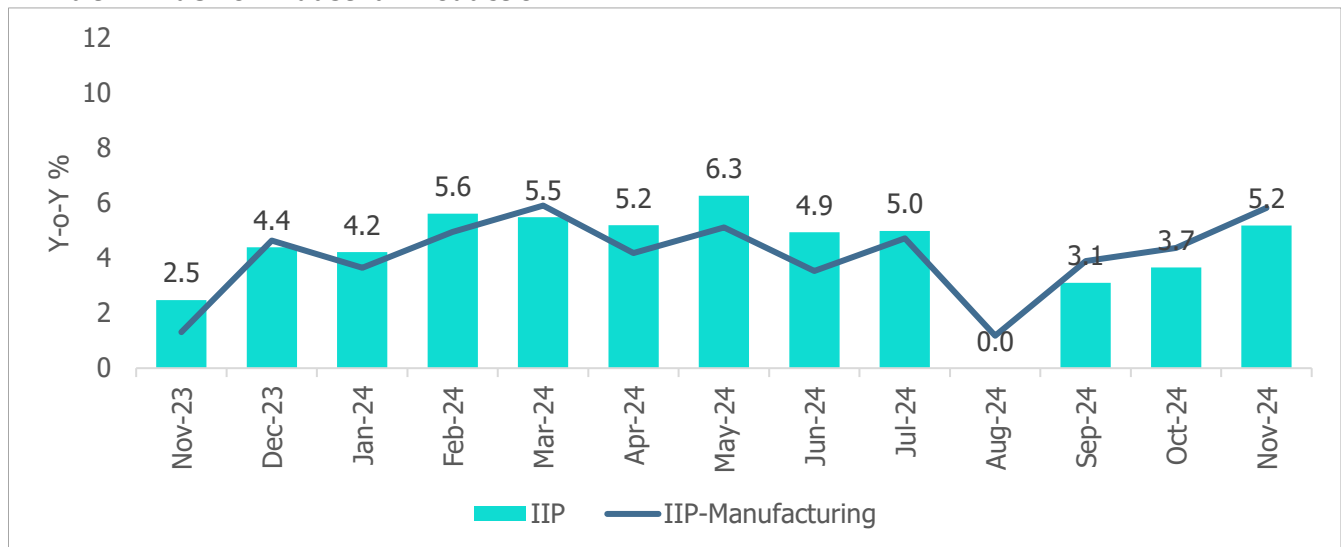
# IIP Growth Accelerated to 5.2% in November 2024

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Growth in India's industrial production accelerated to a six-month high of 5.2% in November. Broad-based improvement in the manufacturing, electricity and mining output supported the overall IIP growth. The sustained improvement in industrial activity is a positive following the temporary blip in August 2024.

On the consumption front, the signals were mixed with growth in consumer durable goods being propped up by a supportive base while growth in consumer non-durables output decelerated. Broad-based improvement in the consumption scenario remains critical for industrial performance, especially given the signs of moderation in urban demand.

## Exhibit 1: Index of Industrial Production



Source: MOSPI

Manufacturing output continued to improve rising to 5.8% in November compared to 4.4% in October. A year-on-year increase was seen in the output of 18 out of 23 subcategories. Within manufacturing, the output of the largest component, i.e., basic metals (weight of 12.8%), grew by 7.6% (Vs 4.9% in October). Among the export-oriented components, the output of textiles and wearing apparel logged a growth of 3.8% (Vs 0.9% in October) and 7.9% (Vs 6.3% in October), respectively. The mining and electricity output recorded a growth of 1.9% and 4.4%, respectively, marking an improvement for the third consecutive month.

Within the use-based classification, the output of infrastructure and construction goods grew by 10% in November. A pick-up in public capex and private investment revival remains critical, especially given the fact that the First Advance Estimate of GDP points towards slower investment growth in FY25. On the consumption front, the output of consumer durable goods increased by 13.1% (Vs 5.7% in October), propped up by a supportive base. On the contrary, growth in output of consumer non-durables moderated to 0.6%, following ~2% growth in the previous two months. Going forward, uneven consumption recovery poses a risk, with signs of moderation in urban demand while rural demand continues to recover. However, the expected moderation in food inflation over the coming quarters should support the consumption scenario.

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

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Sectoral						
Mining & quarrying	10.3	3.8	-4.3	0.2	0.9	1.9
Manufacturing	3.5	4.7	1.2	3.9	4.4	5.8
Electricity	8.6	7.9	-3.7	0.5	2.0	4.4
Use-based						
Primary goods	6.3	5.9	-2.6	1.8	2.5	2.7
Capital goods	3.6	11.7	0.0	3.6	3.1	9.0
Intermediate goods	3.2	7.0	3.1	3.6	4.6	5.0
Infrastructure/construction goods	8.2	5.5	2.7	3.2	4.8	10.0
Consumer durables	8.8	8.2	5.4	6.5	5.7	13.1
Consumer non-durables	-1.0	-4.2	-4.4	2.2	2.6	0.6
<b>Industrial Output</b>	<b>4.9</b>	<b>5.0</b>	<b>0.0</b>	<b>3.1</b>	<b>3.7</b>	<b>5.2</b>

Source: MOSPI

**Way Forward**

Going ahead, the performance of industrial activity hinges upon two critical aspects, i.e. consumption and investment. We expect consumption to witness some recovery as food inflation is projected to moderate in the coming months. On the investment front, an acceleration in public capex remains critical to stimulate the private investment scenario.

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