

### IIP y-o-y growth slows to 3.2% in October 2021

Industrial Performance- Economic Activity - Growth (% YoY)				
Month	IIP	Mining & quarrying	Manufacturing	Electricity
	(Wt=100.00)	(Wt=14.37)	(Wt=77.63)	(Wt=7.99)
Oct-20	4.5	-1.0	4.5	11.3
Nov-20	-1.6	-5.4	-1.6	3.5
Dec-20	2.2	-3.0	2.7	5.1
Jan-21	-0.6	-2.4	-0.9	5.5
Feb-21	-3.2	-4.4	-3.4	0.1
Mar-21	24.2	6.1	28.4	22.5
Apr-21	133.5	36.6	196.0	38.5
May-21	27.6	23.6	32.1	7.5
Jun-21	13.8	23.1	13.2	8.3
Jul-21	11.5	19.5	10.6	11.1
Aug-21	12.0	23.6	9.9	16.0
Sep-21	3.3	8.6	3.0	0.9
Oct-21	3.2	11.4	2.1	3.1

Industrial Performance- Use Based- Growth (% YoY)							
	Primary goods	Capital goods	Intermediate goods	Infrastructure/construction goods	Consumer goods	Consumer durables	Consumer non-durables
	(Wt=34.05)	(Wt=8.22)	(Wt=17.22)	(Wt=12.34)	(Wt=28.17)	(Wt=12.84)	(Wt=15.33)
Oct-20	-3.1	3.2	3.2	10.9	11.6	18.1	7.3
Nov-20	-1.9	-7.5	-1.8	2.1	-1.7	-3.2	-0.7
Dec-20	0.4	2.2	2.3	3.1	3.7	6.5	1.9
Jan-21	0.8	-9.0	2.0	2.3	-3.3	-0.1	-5.4
Feb-21	-4.6	-4.2	-5.4	-3.5	0.3	6.6	-3.8
Mar-21	7.9	50.4	22.4	35.1	40.3	59.9	29.2
Apr-21	36.9	1028.6	213.0	609.4	192.9	1778.2	92.6
May-21	15.9	74.9	54.2	46.5	16.0	80.4	0.2
Jun-21	12.0	27.3	22.6	20.0	6.0	28.0	-3.9
Jul-21	12.4	30.3	14.6	12.3	5.5	19.4	-2.3
Aug-21	17.0	19.9	10.5	11.4	6.7	8.2	5.6
Sep-21	4.6	2.4	5.0	7.8	-0.7	-1.9	0.2
Oct-21	9.0	-1.1	2.1	5.3	-2.3	-6.1	0.5

Source: CMIE

■ The weakening base effect continued to impact the index of industrial production growth numbers – which was broadly on expected lines. The latest numbers reported a y-o-y growth of 3.2 percent in the month of October 2021, marginally lower than 3.3 percent y-o-y growth witnessed in September 2021. It may be noted that growth number for September 2021 has been revised upwards by 0.2 percentage points from the earlier print reported last month (November 2021). On a cumulative basis, the industrial production index during April-October 2021 rose by 19.9 per cent, as against a 17.3 per cent contraction registered during the same period a year ago.

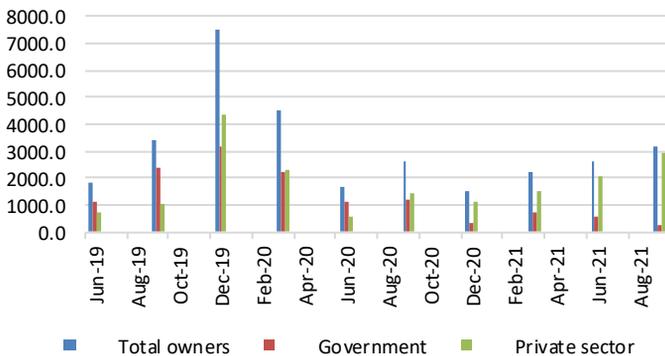
■ As per economic activity classification of IIP, output of mined products clocked a double-digit growth of 11.4 per cent on a y-o-y basis, while electricity generation increased by 3.1 per cent. The manufacturing sector reported a 2.1 per cent growth in production in October 2021, vis-à-vis 3.0 percent growth noted in September 2021. It seems the pickup in manufacturing sector is yet to broad-base – with only 13 of the 23 sub-groups of the manufacturing sector reporting a rise in production on a y-o-y basis in October 2021. The sub segment level manufacturing sector data for September 2021 had also indicated a positive y-o-y growth in about 13 sectors.

■ Among the use-based classification of IIP, output of primary goods rose by 9.0 per cent and that of intermediate goods rose by 2.1 per cent. Production of capital goods contracted by 1.1 per cent, but that of infrastructure/construction goods grew by 5.3 per cent. Among consumer goods, production of durables fell by 6.1 per cent, while that of non-durables rose by 0.5 per cent. Muted performance of the consumer goods segment displays continuance of sluggishness in demand, and this is despite the onset of festive season.

■ Nonetheless, the overall numbers looked a tad better on a sequential basis. The industrial production index reported 4.3 percent month-on-month growth in October after posting negative sequential growth for two consecutive months.

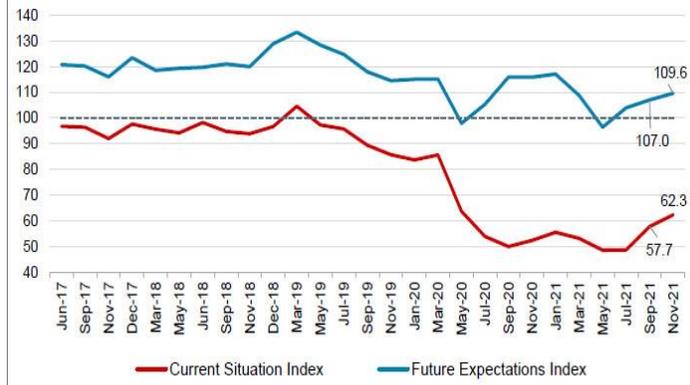
### Investments by Ownership - CMIE

**New Projects Announced: Investment Projects by Ownership (Rs Billion)**



### Consumer Confidence – Reserve Bank of India

**Consumer Confidence Index**



### New Investment Projects Announced - Growth (% YoY)

	Total owners	Government	Private sector
Sep-19	-4.6	18.2	-34.3
Dec-19	114.2	198.9	77.4
Mar-20	5.3	-7.0	20.5
Jun-20	-7.8	2.2	-23.2
Sep-20	-22.8	-48.5	37.3
Dec-20	-80.1	-89.5	-73.2
Mar-21	-50.1	-67.1	-33.9
Jun-21	56.2	-52.6	280.4
Sep-21	20.6	-78.3	107.3

### Summary based on Net Responses

Main Variables	Current Perception compared with one-year ago		One year ahead Expectations compared with current situation			
	Sep-21	Nov-21	Change	Sep-21	Nov-21	Change
	Economic Situation	-57.4	-54.2	↑	1.5	5.2
Employment	-57.6	-46.4	↑	7.9	15.4	↑
Price Level	-90.6	-94.5	↓	-64.4	-66.0	↓
Income	-47.8	-40.6	↑	31.3	35.4	↑
Spending	41.9	47.1	↑	58.8	58.2	↓
Consumer Confidence Index	57.7	62.3	↑	107.0	109.6	↑
↑	Positive Sentiments with sign of improvement compared to last round		↑	Negative Sentiments with sign of improvement compared to last round		
↓	Positive Sentiments with sign of deterioration compared to last round		↓	Negative Sentiments with sign of deterioration compared to last round		
↔	Positive Sentiments with no change compared to last round		↔	Negative Sentiments with no change compared to last round		

### Comment

The recovery in industrial sector remains nascent. A build up in momentum was expected during the festive season, however the activity remained muted. The continuation of subdued performance is also evident in some of the lead indicator numbers that have come forth for the month of November/first week of December. Demand remained tepid with a dichotomy between rural and urban sectors becoming more so evident resulting in a stressed investment cycle.

Moreover, the discovery of new variant of the virus in November has significantly enhanced downside risks. While we hopefully should be able to meet the set target of vaccinating the entire adult population by end of this month, however a decision regarding administering booster shots to the vulnerable sections should be expedited. Also, vaccinating children remains important. The real impact of the new variant should be evident over the next couple of months, and it remains important to exercise caution.