

### IIP y-o-y growth slows to 1.4% in November 2021

#### Industrial Performance - Growth (% YoY)

	Weight	Nov-20	Sep-21	Oct-21	Nov-21	Apr-Nov 2020	Apr-Nov 2021
<b>IIP</b>	100	-1.6	3.3	4.0	<b>1.4</b>	-15.4	17.5
<b>By economic activity</b>							
Mining & quarrying	14.3725	-5.4	8.6	11.5	<b>5.0</b>	-12.1	18.2
Manufacturing	77.6332	-1.6	3.0	3.1	<b>0.9</b>	-17.2	18.5
Electricity	7.9943	3.5	0.9	3.1	<b>2.1</b>	-4.6	10.3
<b>By usage</b>							
Primary goods	34.0486	-1.8	4.6	9.0	<b>3.5</b>	-11.3	13.2
Capital goods	8.223	-7.5	2.4	-1.5	<b>-3.7</b>	-31.1	28.9
Intermediate goods	17.2215	-1.8	5.0	3.8	<b>2.5</b>	-16.8	23.7
Infra/construction goods	12.3384	2.1	7.8	7.0	<b>3.8</b>	-17.2	27.5
Consumer goods	28.1685	-1.7	-0.7	-1.1	<b>-3.6</b>	-14.9	12.6
Durables	12.8393	-3.2	-1.9	-3.6	<b>-5.6</b>	-28.2	23.9
Non-durables	15.3292	-0.7	0.2	0.9	<b>0.8</b>	-5.4	6.4

■ The latest IIP numbers released for the month of November 2021 reported a nine-month low y-o-y growth of 1.4 percent. The moderation in growth comes despite a favorable base and reflects slowing momentum post festive season. Also, the overall index for the month of November 2021 indicates a contraction of 0.2 percent vis-à-vis November 2019.

■ According to the Economic Activity wise classification of the index, all three broad sub-heads reported a slowdown in y-o-y growth levels – with the moderation being most evident in mining (5.0 percent growth in November versus 11.5 percent in October) and manufacturing (0.9 percent growth in November versus 3.1 percent in October) sectors.

■ Further, out of the 23 manufacturing subsegments as many as 11 segments reported a contraction. Manufacture of Transport Equipment and Manufacture of Machinery & equipment reported double digit contraction of 22.4 percent and 13.8 percent respectively. While Manufacture of wearing apparel and Manufacture of Furniture reported a high y-o-y growth of 33.4 percent and 23.1 percent respectively.

■ According to the Use Base classification of the index as well a broad-based moderation was noted - with all five segments reporting a slower growth. Both capital and consumer goods segment reported a negative y-o-y growth in November affirming persistence of muted investments and weak demand.

Source: CMIE

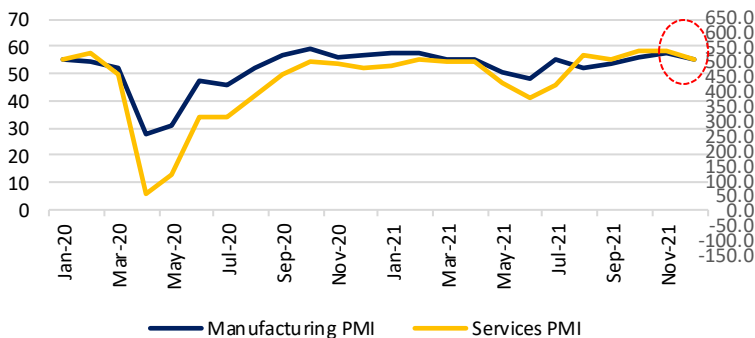
#### Industrial Performance- Manufacturing Sub segments - Growth (% YoY)

Month	Food products	Textiles	Wearing apparel	Leather and related products	Paper and paper products	Coke and refined petroleum products	Chemicals and chemical products	Pharmaceuticals, medicinal and botanical products	Rubber and plastics products	Other non-metallic mineral products	Basic metals	Fabricated metal products, except machinery and equipment	Computer, electronic and optical products	Electric equipment	Machinery and equipment n.e.c.	Motor vehicles, trailers and semi-trailers	Other transport equipment	Furniture
<b>Weight</b>	(5.30)	(3.29)	(1.32)	(0.50)	(0.87)	(11.77)	(7.87)	(4.98)	(2.42)	(4.09)	(12.80)	(2.65)	(1.57)	(3.00)	(4.77)	(4.86)	(1.78)	(0.13)
<b>Nov-20</b>	7.5	-9.0	-26.9	-8.7	-22.2	-3.3	0.2	-1.0	6.4	-3.8	3.1	-6.6	-15.2	-0.4	-2.7	0.0	-0.1	-26.8
<b>Sep-21</b>	0.5	13.5	-0.6	-11.1	19.9	5.1	-1.8	1.1	0.3	11.6	6.2	-3.6	-2.2	13.9	3.4	-9.2	-17.1	2.6
<b>Oct-21</b>	4.8	11.2	36.7	-11.0	21.6	13.3	-2.4	-1.1	-7.1	10.4	7.0	-8.1	0.1	-4.2	-6.8	-11.7	-15.7	9.4
<b>Nov-21</b>	<b>-1.3</b>	<b>7.9</b>	<b>33.4</b>	<b>-8.4</b>	<b>11.9</b>	<b>3.3</b>	<b>-1.9</b>	<b>2.6</b>	<b>-5.5</b>	<b>-2.8</b>	<b>7.3</b>	<b>-2.1</b>	<b>8.5</b>	<b>-6.6</b>	<b>-13.9</b>	<b>-9.2</b>	<b>-22.4</b>	<b>23.1</b>

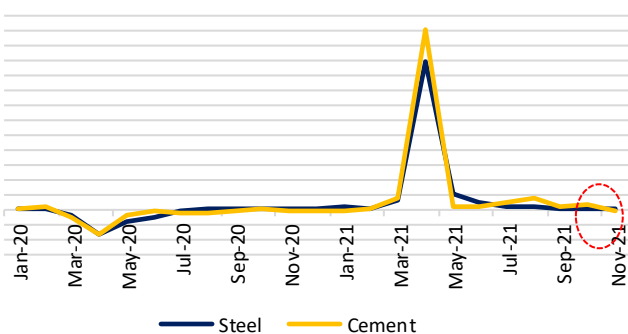
Source: CMIE

### Performance of Lead Indicators

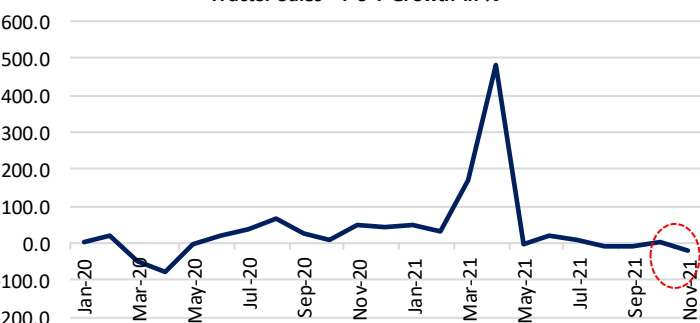
IHS Markit Purchasing Managers' Index



Core Sector - Steel & Cement – Y-o-Y Growth in %



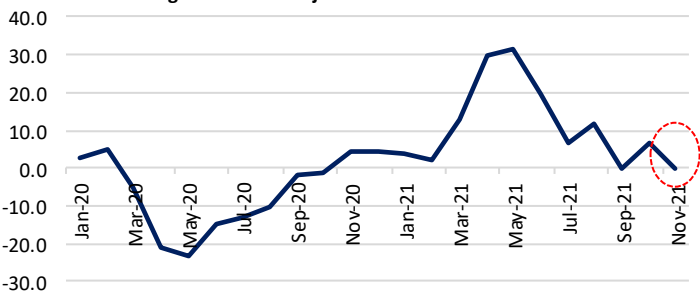
Tractor Sales - Y-o-Y Growth in %



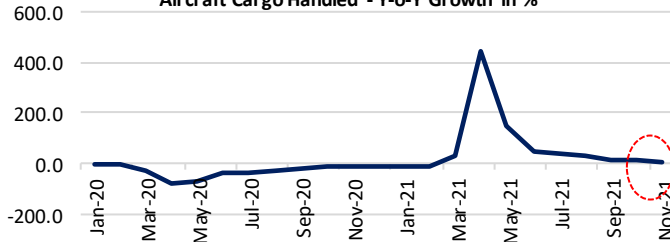
E-way Bills (in million)



Cargo Traffic at Major Ports - Y-o-Y Growth in %



Aircraft Cargo Handled - Y-o-Y Growth in %



Source: CMIE

### Comment

IIP numbers though on expected lines are a little disappointing. The incoming lead indicators were pointing towards frailty in the recovery process. The waning of festive fervor and high prices have been dampeners. Investments and consumption both remain muted and will have to be steered through stimulus to drive towards a firm recovery. Moreover, the fresh restrictions imposed by States led by the surge in Omicron cases is also likely to have some impact on manufacturing activity. This will come forth in the numbers for December and January.

We look forward to the Union Budget 2022-23 which will be announced next month. Amid the third wave of the pandemic, the sentiment is less than sanguine once again, and it is important that the government continues to stimulate the economy to supplement private consumption; while offering further support to MSMEs/contact-based services.