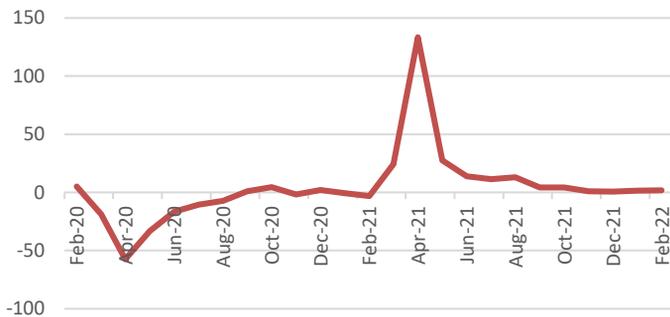


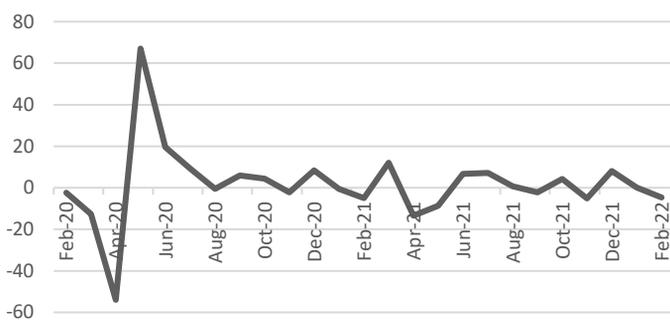
### IIP y-o-y growth improves marginally to 1.7% in February 2022

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

Index of Industrial Production: Y-o-Y Growth in %



Index of Industrial Production: M-o-M Growth in %



Source: CMIE

▪ The y-o-y growth in industrial production reported a marginal improvement (by 0.2 percentage points) in February 2022. The index registered a y-o-y growth of 1.7 percent during the month vis-à-vis 1.5 percent growth in January 2022. However, the number for February 2022 is backed by a favorable base – the overall index had reported a contraction by 3.2 percent in February 2021.

▪ On a m-o-m basis, the overall index of industrial production noted a decline by 4.7 percent in February 2022 and was also lower than the pre-pandemic level by 1.6 percent.

▪ According to the economic activity wise classification of the industrial production index, the mining & quarrying sector growth continued to improve over the previous two months and touched 4.5 percent y-o-y growth in February 2022. The electricity sector also registered a significant increase in growth from 0.85 percent in January 2022 to 4.5 percent in February 2022.

▪ However, the manufacturing sector growth moderated by almost 0.5 percentage points – the manufacturing sector y-o-y growth was reported at 0.85 percent in February 2022 vis-à-vis 1.32 percent in the previous month. About 13 of 23 sub-segments of manufacturing sector reported an increase (positive) in production in February 2022.

#### Industrial Performance – Segment wise- Growth (% YoY)

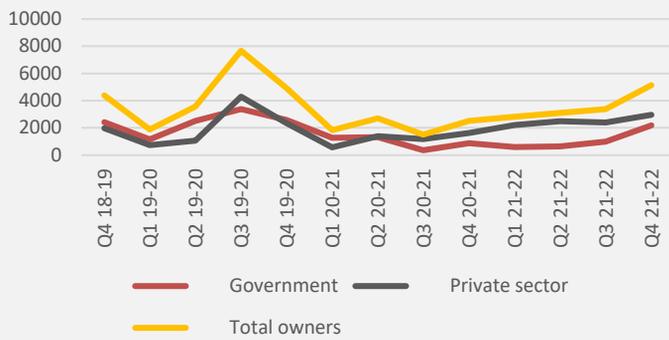
	Weight	Feb-21	Dec-21	Jan-22	Feb-22	Apr-Feb 2021	Apr-Feb 2022
<b>IIP</b>	100	-3.2	0.7	1.5	1.7	-11.2	12.4
<b>Economic Activity Classification</b>							
Mining & quarrying	14.37	-4.4	2.6	2.8	4.5	-9.4	13.2
Manufacturing	77.63	-3.4	0.2	1.3	0.9	-12.5	12.9
Electricity	7.99	0.1	2.9	0.9	4.5	-2.4	8.2
<b>Use Based Classification</b>							
Primary goods	34.05	-4.6	2.8	1.6	4.6	-8.4	10.1
Capital goods	8.22	-4.2	-3.8	1.4	1.1	-23.5	18.8
Intermediate goods	17.22	-5.4	0.5	0.7	4.4	-12.1	16.8
Infra/constn goods	12.34	-3.5	2.1	6.1	9.4	-12.1	20.4
Consumer goods	28.17	0.3	-1.1	-0.2	-6.6	-10.7	7.8
Durables	12.84	6.6	-2.6	-3.6	-8.2	-19.5	14.5
Non-durables	15.33	-3.8	-0.1	2.1	-5.5	-4.5	4.0

Source: CMIE

▪ As per the use-based classification, during February 2022, the output of primary goods, intermediate goods, and infrastructure goods grew at a faster clip vis-a-vis January 2022. Growth in capital goods output, however, slowed to 1.1 percent on a year-on-year basis from 1.4 percent in January, while consumer durables and non-durables witnessed a contraction. The output of consumer durables segment declined by 8.2 percent- marking its worst contraction since August 2020; while the output of consumer nondurables segment fell by 5.5 percent.

### Consumer Confidence and Investments

Investment Projects by Ownership (in Rs. Billion)



Capacity Utilisation (in %)



Consumer Confidence Indices



Source: RBI Consumer Confidence Survey, RBI OBICUS, CMIE

According to the latest data on investments published by CMIE, India witnessed a noticeable increase in new investment proposals in the quarter ending March 2022. Investments worth Rs.5.1 trillion were recorded during the quarter, vis-à-vis an average of Rs.3.1 trillion worth of new investment projects that were recorded during the preceding three quarters. This better scenario is also corroborated by the improvement in capacity utilization levels and consumer sentiments - as indicated in the latest surveys released by the Reserve Bank of India. Households' opinion about current and future spending remained positive and was strengthened by a rise in both essential and discretionary spending. Nonetheless, a move back to pre pandemic levels is yet to be seen.

### Comment

The industrial recovery continues to remain nascent. The clouds of uncertainty continue to remain on fore as there has been no respite from the geo-political tensions and the ensuing rise in commodity price levels. Also, supplies of inputs for sectors like automobiles, pharmaceuticals, gems and jewellery, fertilizers have been hit by the Russia Ukraine conflict. Also, new and stringent lockdowns in China with spurt in new Covid cases can affect supplies of raw materials. Going ahead, it will be important to keep a close watch on the evolving situation and continuing support for industry will remain critical.