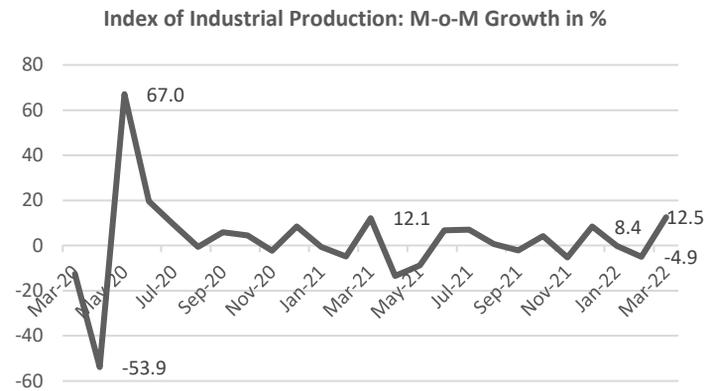
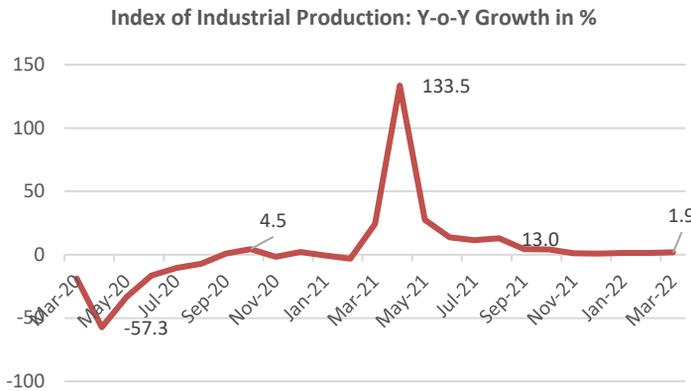


IIP y-o-y growth improves to 1.9 % in March 2022

Industrial Performance - Growth (Y-o-Y in %)



Industrial Performance – Segment wise- Growth (Y-o-Y in %)

IIP	Weight	Mar-2021	Jan-2022	Feb-2022	Mar-2022	Apr-Mar 2021	Apr-Mar 2022
IIP	100	24.2	1.5	1.5	1.9	-8.5	11.4
Economic Activity Classification							
Mining & quarrying	14.37	6.1	2.8	4.5	4.0	-7.8	12.2
Manufacturing	77.63	28.4	1.3	0.5	0.9	-9.6	11.7
Electricity	7.99	22.5	0.9	4.5	6.1	-0.5	8.0
Use Based Classification							
Primary goods	34.05	7.9	1.6	4.6	5.7	-7.0	9.6
Capital goods	8.22	50.4	1.4	2.0	0.7	-18.7	16.8
Intermediate goods	17.22	22.4	0.7	3.7	0.6	-9.4	15.1
Infra/constn goods	12.34	35.1	6.1	9.2	7.3	-8.7	19.0
Consumer goods	28.17	40.3	-0.2	-7.0	-4.2	-7.3	6.7
Durables	12.84	59.9	-3.6	-8.7	-3.2	-14.9	12.5
Non-durables	15.33	29.2	2.1	-5.8	-5.0	-2.2	3.2

Source: CMIE

■ The latest data point for the overall index of industrial production reported a y-o-y growth of 1.9 percent during the month of March 2022 – marking the highest growth in the last five months. The corresponding number was 1.5 percent in February 2022 and 24.2 percent growth reported in March 2021. As per the economy activity wise classification, the uptick in performance in March 2022 was supported by the improved performances in the electricity and manufacturing segments.

■ The electricity sector registered an increase in growth from 4.5 percent in February 2022 to 6.1 percent in March 2022; while the manufacturing growth improved to 0.9 percent y-o-y in March 2022 vis-à-vis 0.5 percent in the previous month. However, the growth in the manufacturing was led by just nine sub-segments; while the remaining fourteen reported a contraction in production on a y-o-y basis in March 2022. Manufacture of food products, beverages, wearing apparel, and other non metallic mineral products were some of the sub segments registering an increase in growth in March 2022.

■ The growth in mining & quarrying sector, however, noted a moderation during the month by about 0.5 percentage points – the y-o-y growth in the sector was reported at 4.0 percent in March 2022 as opposed to 4.5 percent in the previous month.

■ As per the use-based classification, the performance of the industrial sector was mixed. While the growth in the primary goods segment was reported at a five month high of 5.7 percent in March 2022 and some narrowing was noted in the contraction of consumer goods segment; the performance of capital goods and intermediate goods was subdued. A moderation was also noted in the performance of infrastructure and construction goods sector.

■ On a cumulative basis, the overall IIP reported a growth of 11.4 percent in 2021-22 vis-à-vis a decline of 8.5 percent noted in 2020-21.

FICCI Business Confidence Survey

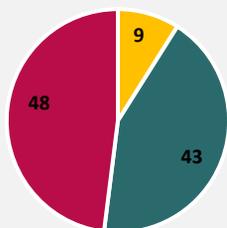
Overall Business Confidence Index



FICCI’s Overall Business Confidence Index (OBCI) noted an improvement in the Q4 2021-22 survey round increasing to an index value of 67.6 from 63.9 in the previous round. Participating companies reported improvement in current conditions and were a bit more optimistic about near-term expectations as well.

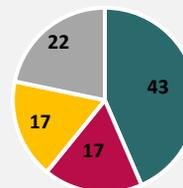
However, the recent escalation in geopolitical stress is causing considerable uncertainty. The Russia Ukraine conflict is having an impact on already high global commodity prices and has raised fresh concerns regarding global recovery. The cost of production has already been on rise for the past six months and the current conflict has further raised upside pressures on prices of key industrial inputs. In fact, increasing raw material costs continues to be a major constraining factor for companies. About 84% of the participating companies stated higher raw material costs as a major impediment for their businesses in the present survey. This was a bit higher than 82% participants stating likewise in the previous round of the survey. The participants indicated that it is becoming increasingly difficult for them to endure the increasing cost pressures, and the same is being passed on to the consumers – a majority 77% of the participants indicated the passage of higher costs to the consumers.

What has been the impact of increased input costs on your overall cost of production?



■ Increase 0-5% ■ Increase 5-10% ■ Increase >10% ■ Not much impact

What percentage of increased costs are you passing on the final consumer?



■ Less than 10% ■ 10-15% ■ 15-20% ■ Above 20%

Percent of Respondents

Source: FICCI Business Confidence Survey, April 2022

Comment

A solid recovery in the industrial sector remains elusive with continued stress arising from the geopolitical tension. The significant increase in commodity prices has emerged as a major constraining factor for members of India Inc. Even though our latest survey reveals some improvement in capacity utilization levels backed by some uptick in demand, however the rising cost is undermining the margins. Going ahead, consumption activity could remain under strain due to inflationary pressures and slowdown the recovery process. Also, external demand is likely to moderate which can have repercussions on India’s robust export performance over the near term.