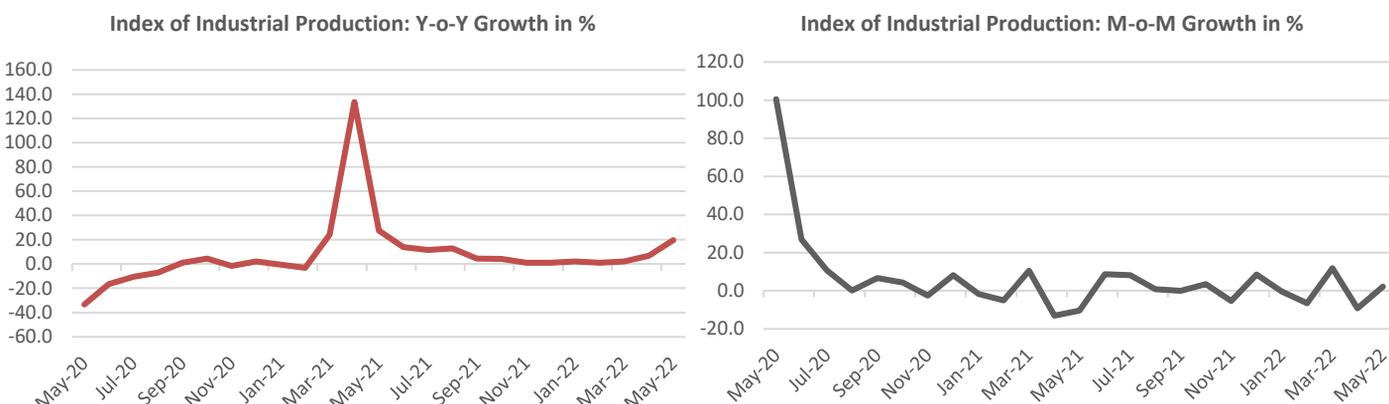


IIP y-o-y growth improves to 19.6% in May 2022

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



Source: CMIE

- ❖ The y-o-y growth in industrial production reported a notable growth of 19.6 percent during the month of May 2022 vis-à-vis 6.7 percent y-o-y growth registered in April 2022. This was the most substantial improvement noted in the index since May 2021.
- ❖ According to economic activity wise classification of the industrial production index, all three broad segments registered significant improvements in growth in May 2022 vis-à-vis the previous month. The mining & quarrying, manufacturing, and electricity sectors registered a y-o-y growth of 10.9 percent, 20.6 percent, and 23.5 in May 2022, as opposed to 8.0 percent, 5.8 percent, and 11.8 percent growth in April 2022. The corresponding figures for the same month in the previous year stood at 23.6 percent, 32.1 percent, and 7.5 percent y-o-y, respectively.
- ❖ According to use-based classification as well, all major sub segments noted conspicuous improvement in growth levels in May 2022. The largest increase was seen in case of capital goods and consumer durables segments - registering a y-o-y growth of 54.0 percent and 58.5 percent, respectively over May 2021. Although this growth is on a narrow base, however, it indicates that industrial activity in the country may be regaining momentum.

Industrial Performance – Segment wise- Growth (% YoY)

	Weight	May-2021	Mar-2022	Apr-2022	May-2022
IIP	100	27.6	2.2	6.7	19.6
Economic Activity Classification					
Mining & quarrying	14.37	23.6	3.9	8.0	10.9
Manufacturing	77.63	32.1	1.4	5.8	20.6
Electricity	7.99	7.5	6.1	11.8	23.5
Use Based Classification					
Primary goods	34.05	15.9	5.7	10.1	17.7
Capital goods	8.22	74.9	2.0	13.3	54.0
Intermediate goods	17.22	54.2	1.8	7.0	17.9
Infra/constn goods	12.34	46.5	6.7	4.0	18.2
Consumer goods	28.17	16.0	-3.8	2.4	18.6
Durables	12.84	80.4	-2.6	7.4	58.5
Non-durables	15.33	0.2	-4.6	-0.6	0.9

Source: CMIE

Manufacturing Sub-segments Growth (% YoY)

Segment	Weight	May-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Food products	5.3	13.7	-2.6	2.3	8.1	1.3	10.6
Beverages	1.0	-0.2	-4.1	-0.3	4.5	28.0	128.1
Tobacco products	0.8	77.9	4.3	0.9	-5.1	23.0	20.7
Textiles	3.3	161.9	6.3	-0.4	-0.6	-0.4	6.1
Wearing apparel	1.3	33.9	19.6	10.7	38.8	56.4	69.9
Leather and related products	0.5	28.1	-18.7	-15.2	-11.5	5.0	48.9
Wood and products of wood and cork	0.2	85.4	-5.4	1.9	-4.8	9.2	56.0
Paper and paper products	0.9	56.5	2.4	-0.6	-6.1	-4.9	5.2
Printing and reproduction of recorded media	0.7	17.7	15.3	13.3	16.1	37.6	44.3
Coke and refined petroleum products	11.8	18.7	0.9	5.8	6.3	10.6	18.1
Chemicals and chemical products	7.9	13.8	-5.1	-3.1	-5.2	4.5	22.4
Pharmaceuticals, medicinal chemical and botanical products	5.0	-7.3	8.7	-14.1	-12.9	-3.4	-13.1
Rubber and plastics products	2.4	39.1	-3.0	-4.5	-5.2	-1.5	8.9
Other non-metallic mineral products	4.1	20.7	11.2	7.7	9.8	7.3	21.8
Basic metals	12.8	54.8	6.6	10.0	7.9	6.7	16.9
Fabricated metal products	2.7	45.7	-5.6	-1.5	-4.4	0.4	25.6
Computer, electronic and optical products	1.6	47.6	19.5	-16.0	-9.7	7.1	29.2
Electrical equipment	3.0	94.9	-14.8	-15.1	-15.0	8.5	59.6
Machinery and equipment	4.8	71.1	-7.5	-7.8	-2.2	6.0	38.8
Motor vehicles, trailers and semi-trailers	4.9	186.0	-2.8	2.1	-0.1	6.5	88.7
Other transport equipment	1.8	129.0	-10.9	-17.4	-11.8	0.4	128.5
Furniture	0.1	95.9	16.5	22.2	35.7	52.9	68.7
Other manufacturing	0.9	135.0	8.6	10.7	34.8	-3.1	18.8

Source: CMIE

The manufacturing sector growth at 20.6 percent in May 2022 has been the highest in about 12 months. The sector had reported a growth of 5.8 percent in April 2022 and 32.1 percent in May 2021. Out of the 23 manufacturing sub-segments, 22 segments witnessed a positive y-o-y growth in May 2022 – with pharma, medicinal chemical & botanical products being the only exception and reporting a contraction. Further, 21 subsegments recorded an improved growth on a y-o-y basis in May 2022 relative to April 2022.

Performance of Eight Core Industries : Base Year 2011-12 (Y-o-Y change in %)

Month	Overall index	Coal	Crude oil	Natural gas	Refinery products	Fertilizers	Steel	Cement	Electricity
Weight	100.0	10.3	9.0	6.9	28.0	2.6	17.9	5.4	19.9
May-21	16.4	7.0	-6.3	20.1	15.4	-9.6	55.0	11.8	7.5
Jun-21	9.4	7.5	-1.8	20.5	2.4	2.0	25.2	7.6	8.3
Jul-21	10.0	18.8	-3.3	19.0	6.7	0.6	9.4	21.7	11.1
Aug-21	12.1	20.6	-2.2	20.8	9.1	-3.2	6.9	36.4	16.0
Sep-21	5.4	7.8	-1.7	27.5	6.0	0.1	7.1	11.3	0.9
Oct-21	8.8	14.7	-2.1	25.9	14.4	0.1	5.8	14.6	3.1
Nov-21	3.2	8.2	-2.2	23.6	4.3	2.5	0.9	-3.6	2.1
Dec-21	4.1	5.2	-1.7	19.6	5.9	3.5	-0.6	14.2	2.9
Jan-22	4.0	8.2	-2.5	11.6	3.7	-2.0	3.8	14.1	0.9
Feb-22	5.9	6.6	-2.2	12.5	8.8	-1.4	5.6	5.0	4.5
Mar-22	4.9	-0.1	-3.4	7.6	6.0	15.3	5.0	8.9	6.1
Apr-22	9.4	28.8	-0.9	6.3	9.2	8.7	2.3	7.5	11.8
May-22	18.1	25.1	4.6	7.0	16.7	22.8	15.0	26.2	22.0

Source: CMIE

The y-o-y growth in overall core sector index (which constitutes 40.27 percent of the IIP) for the month of May 2022 was at 18.1 percent, a notable improvement over the previous month when the index registered a growth of 9.4 percent. Substantial progress was registered in all the sub-sectors of the index. Coal, crude oil, refinery products, fertilizers, cement, and electricity sectors witnessed broad-based growth over the same month in the previous year.

Comments

The industrial sector performance though indicates an uptick, will have to be closely watched. Some of the lead indicators for the month of June 2022 report moderation vis-à-vis May numbers. Also, the global slowdown can have an impact on our exports going ahead. Additionally, the domestic consumption activity also remains strained because of high price levels. The numbers over the next few months will reveal if the momentum being witnessed will sustain.