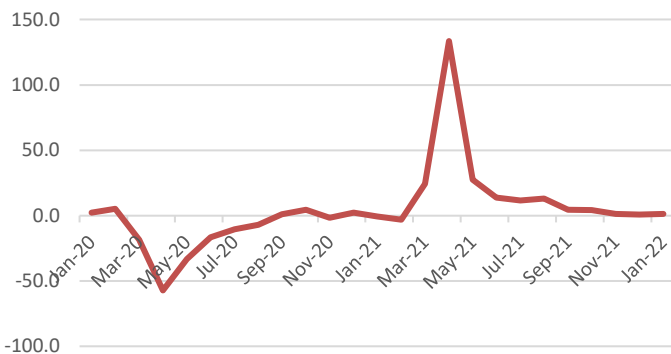


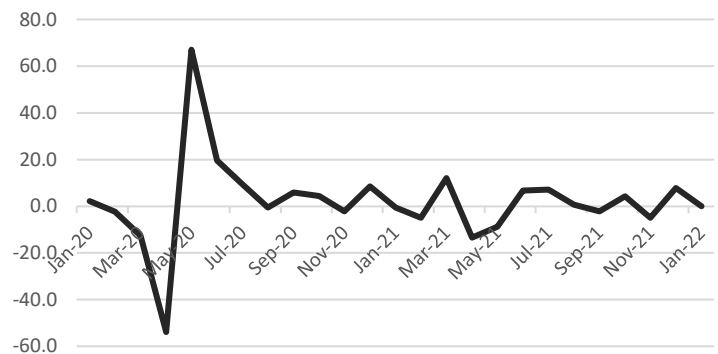
IIP y-o-y growth improves to 1.3% in January 2022

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 slightly higher number in January 2022. The index registered a growth of 1.3 percent during the month vis-à-vis 0.7 percent y-o-y growth in December 2021 (the growth number for December has been revised upwards by 0.3 percentage points in the latest release). The improved growth in January comes on a low base – with 0.6 percent contraction noted in January 2021. Furthermore, the January 2022 index numbers indicated a 0.7 percent growth relative to pre-covid levels. The manufacturing growth was just about 0.1 percent higher than the pre-covid level.

■ According to the economic activity wise classification of the industrial production index, the manufacturing sector growth rose to a three-month high growth of 1.1 percent in January 2022 from 0.2 percent growth in December 2021. 11 out of the 23 manufacturing sub segments registered an improvement in y-o-y performance, while 12 sub segments indicated worsening. Mining sector, also, noted a marginal improvement in growth numbers, while the performance of electricity sector was in for a distinct moderation during the month. The electricity sector y-o-y growth at 0.9 percent in January 2022 was the lowest in four

Industrial Performance – Segment wise- Growth (% YoY)

	Weight	Jan-21	Nov-21	Dec-21	Jan-22	Apr-Jan 2021	Apr-Jan 2022
IIP	100	-0.6	1.3	0.7	1.3	-12.0	13.7
Economic Activity Classification							
Mining & quarrying	14.37	-2.4	4.9	2.6	2.8	-9.9	14.3
Manufacturing	77.63	-0.9	0.8	0.2	1.1	-13.4	14.3
Electricity	7.99	5.5	2.1	2.9	0.9	-2.7	8.5
Use Based Classification							
Primary goods	34.05	0.8	3.5	2.8	1.6	-8.8	10.7
Capital goods	8.22	-9.0	-2.0	-3.8	-1.4	-25.5	20.8
Intermediate goods	17.22	1.9	2.4	0.5	0.9	-12.8	18.3
Infra/constn goods	12.34	2.3	3.1	2.1	5.4	-13.0	21.6
Consumer goods	28.17	-3.3	-1.8	-1.1	-0.1	-11.8	9.6
Durables	12.84	-0.1	-5.4	-2.6	-3.3	-22.0	17.5
Non-durables	15.33	-5.4	0.5	-0.1	2.1	-4.6	5.1

Source: CMIE

months. This comes on back of deterioration noted in both thermal and hydro electricity power generation.

■ The performance as per the use based classification of the industrial production index was mixed. The growth in capital goods sector noted contraction on y-o-y basis – for the fourth consecutive month. However, the extent of contraction was narrower than the December number. The consumer goods segment also reported negative growth led by the abysmal performance of

the durable goods segment. The durables segment noted a contraction by 3.3 percent in January 2022, while the non durables segment reported a growth of 2.1 percent. Both investments and consumption activity are still to note a pick up.

- The y-o-y growth in output for intermediate goods and infrastructure/construction goods increased to 0.9% and 5.4%, respectively, in January 2022 from 0.5% and 2.1%, respectively, in December 2021.

Manufacturing Sub segments : Moderation in Growth (% YoY)

Improvement in Growth (% YoY)					Moderation in Growth (% YoY)				
Month	Wearing Apparel	Printing & Rep of Recorded Media	Pharma, Medicinal Chem & Botanical Products	Non Metallic Mineral Products	Month	Other Manufacturing	Computer, Electronics & Optical Products	Leather & Related Products	Coke & refined Petroleum Products
Jan-21	-20.3	-25.4	-8.8	-6.1	Jan-21	-3.3	-1.7	-4.4	-0.5
Dec-21	8.6	1.7	-1.3	7.9	Dec-21	34.7	36.4	-7.9	3.7
Jan-22	21.8	13.0	7.0	10.4	Jan-22	9.9	19.9	-18.9	0.9

Comment

The January number at 1.3 percent is better than expected given that the Omicron led wave was at its peak during the month. The business activity saw a limited impact and the number of course has been supported by a favorable base. However, the signs of recovery remain tentative and significant uncertainties remain on fore. The lead indicators for the month of February 2022 displayed a mixed trend. Also, fresh concerns have emerged on back of growing global uncertainty with the escalation of Russia Ukraine conflict and new covid -19 hotspots coming to fore. While the domestic demand situation has been tepid, the recent developments will have an impact on external demand as well. The global recovery, which was anyways, progressing at multiple speeds – may be in for another round of moderation. The next couple of months will be critical as to how things shape up.