

## India: March IIP growth moderates to 4.9%

- Industrial production (IIP) growth came in close to our expectations (5.1%) at 4.9%.
- The moderation in growth from 5.6% in Feb'24 is attributed to mining sector which clocked lowest growth since Aug'22, while manufacturing and electricity continued to show a pickup.
- While manufacturing edged up to 5.2% from 4.9% in Feb'24, the pickup was primarily attributed to pharma sub-segment which saw a spike in growth to 16.7% from (-)10.6% in Feb'24. Hence manufacturing ex pharma was a drain on IIP led by sectors like coke & refined products, food products etc. among others.
- On a use-based classification, capital goods threw a positive surprise by surging to 5-month highs. From demand perspective, wedge between rural-urban demand has narrowed, with urban demand showing signs of slowdown (consumer durables IIP growth back in single digits) while rural demand has probably started to recover (consumer non-durables IIP growth swung back into positive zone).
- Going forward, we continue to see IIP growth sustain in single digits, with election related uncertainty probably weighing on industrial sector momentum during April-June 2024. Monsoon trends will remain on close watch in the coming months as a key driver of recovery in rural demand - this has been highlighted by various FMCG results as well. Global demand trends will remain in focus as well, with lead indicators pointing to slowdown in US growth.

Fig 1: IIP slows in Mar'24; % y/y

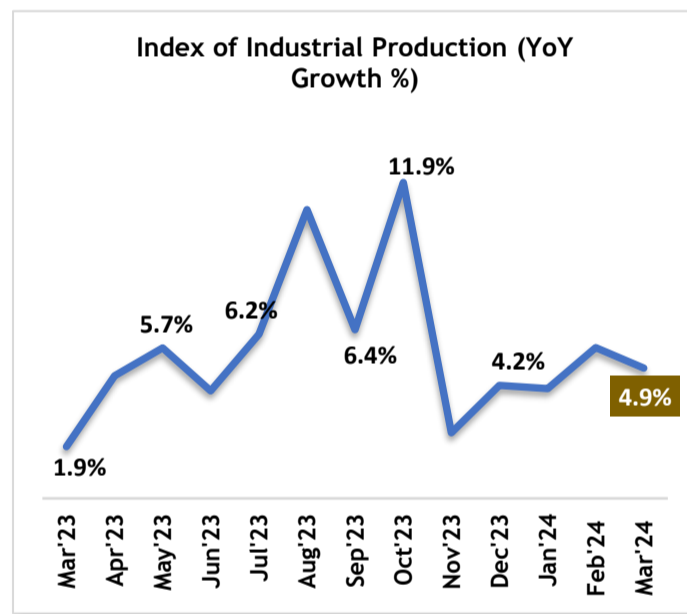


Fig 2: Electricity leads Mar'24 IIP growth; % y/y

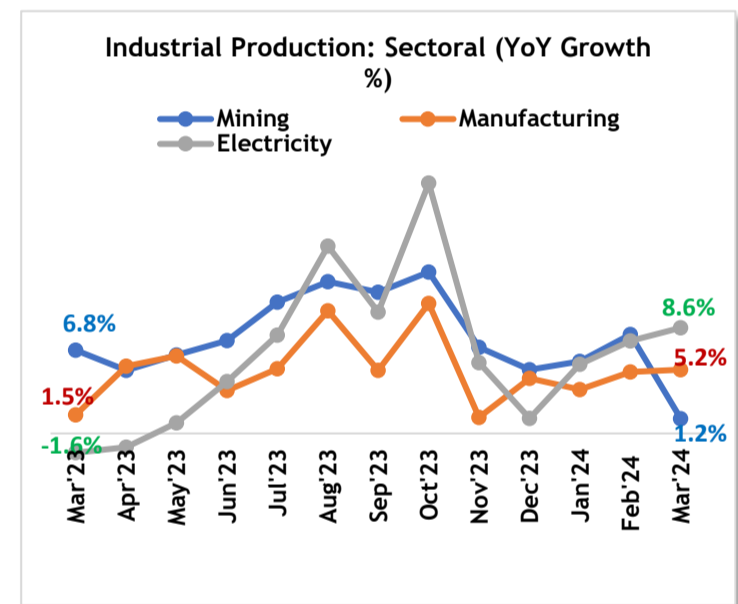


Fig 3: Capital goods and consumer non-durables threw a positive surprise in Mar'24

Industrial Production: Sectoral				
Sector	Weight	YoY Growth %		
		Jan'24	Feb'24	Mar'24
Mining	14.4	5.9	8.0	1.2
Manufacturing	77.6	3.6	5.0	5.2
Electricity	8.0	5.6	7.5	8.6
Industrial Production: Use-based				
Primary goods	34.0	2.9	5.9	2.5
Capital goods	8.2	3.4	1.2	6.1
Intermediate goods	17.2	5.3	9.5	5.1
Infrastructure / Construction Goods	12.3	5.5	8.5	6.9
Consumer durables	12.8	11.9	12.3	9.5
Consumer non-durables	15.3	-0.2	-3.8	4.9

Source: CEIC, MOSPI and UBI research

Classification: Public

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