

IIP Growth Eases to 4.9% in Mar, but Rises 5.8% in FY24

HEALTHY SIGNS Experts indicate growth momentum likely to continue in FY25 too

Our Bureau

New Delhi: India's industrial growth eased to 4.9% in March compared with 5.6% in the preceding month, data released on Friday showed, ending the FY24 with a 5.8% growth.

The Index of Industrial Production (IIP) had grown 5.2% in FY23.

Manufacturing output expanded at a five-month high of 5.2% in March, but a tepid 1.2% expansion in mining dragged down the overall growth in the month.

Electricity, the other major component of IIP, reported an 8.6% rise in generation in March.

"The IIP growth was led by a robust expansion in electricity, with demand boosted by rising temperatures, and dampened by a feeble rise in mining output. Encouragingly, manufacturing growth rose to a five-month high, albeit on a very low base," said Aditi Nayar, chief economist, ICRA.

In FY24, manufacturing expanded 5.5%, mining 7.5% and electricity generation was up 7.1%.

Experts indicate that growth momentum is likely to continue in FY25 as well. "Upbeat performance in the infrastructure/construction goods

segment remained supportive of the growth in industrial activity and we expect this momentum to continue going forward," said Rajani Sinha, chief economist, CareEdge.

Sunil Sinha and Paras Jasrai of India Ratings and Research peg IIP growth at 6% for FY25.

The government has pegged the FY24 growth estimate at 7.6%, but, on Thursday, chief economic advisor V Anantha Nageswaran said the economy was poised to touch 8% growth in FY24.

The government will release growth numbers for the fourth quarter and provisional GDP data for FY24 on May 31.

The use-based classification showed capital goods continued to do well with 6.1% growth, rising from 1% in the

previous month.

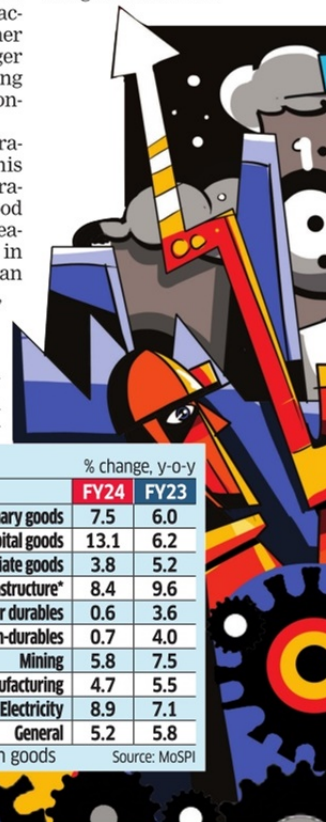
The consumer non-durable sector saw output grow 4.9% in March compared with a contraction of 1.9% contraction a year earlier. Consumer durables posted a stronger 9.5% rise in March, benefiting from the base effect of 8% contraction a year earlier.

"Both durable and non-durables have done well. This should be sustained as the rabi crop is expected to be good and, along with wedding season, should fuel spending in April and May," said Madan Sabnavis, chief economist, Bank of Baroda.

APRIL OUTLOOK

While most high-frequency indicators have shown a positive trend in April com-

pared with the preceding month, economists noted that a high base would likely subdue growth to 3-4%.



Sustaining Momentum

FY24 IIP growth higher at 5.8% vs 5.2% in FY23

Manufacturing and mining perform better

Growth momentum to continue in FY25 say economists

Consumption a monitorable



	% change, y-o-y	
	FY24	FY23
Primary goods	7.5	6.0
Capital goods	13.1	6.2
Intermediate goods	3.8	5.2
Infrastructure*	8.4	9.6
Consumer durables	0.6	3.6
Consumer non-durables	0.7	4.0
Mining	5.8	7.5
Manufacturing	4.7	5.5
Electricity	8.9	7.1
General	5.2	5.8
*Construction goods		

Source: MoSPI