

October 2018 IIP grows at 8.1%

Growth in industry output, as measured in terms of IIP, for the month of October 2018 stands at 8.1% as compared to 4.5% in September 2018. The growth in the three sectors mining, manufacturing and electricity in October 2018 stands at 7.0%, 7.9% and 10.8% respectively over October 2017. Primary goods growth stands at 6.0%, capital goods growth stands at 16.8%, intermediate goods growth stands at 1.8%, infrastructure/construction goods growth stands at 8.7%, consumer durables stands at 17.6% and consumer non-durables growth stands at 7.9% during October 2018 as compared to the previous year.

Recent growth pattern in IIP

(% growth)

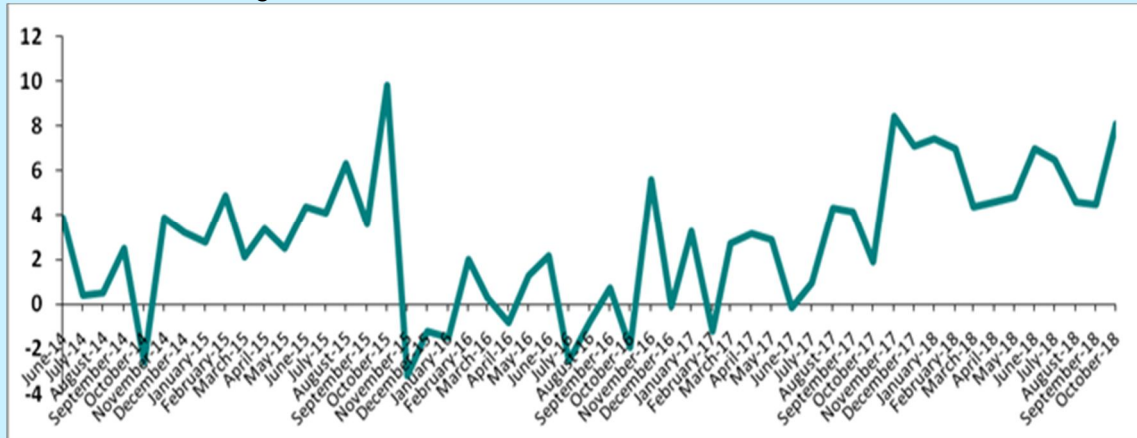
	Weight in IIP	April-October 2017-18	April-October 2018-19	September 18	October 18
Mining	14.3	3.3	3.8	0.1	7.0
Manufacturing	77.6	2.1	5.6	4.6	7.9
Electricity	7.9	5.3	6.8	8.2	10.8
Primary goods	34.0	3.5	5.1	2.5	6.0
Capital goods	8.2	0.7	8.7	6.5	16.8
Intermediate goods	17.2	0.2	1.4	1.5	1.8
Infrastructure/construction goods	12.3	2.6	8.7	9.3	8.7
Consumer durables	12.8	-2.2	9.4	5.2	17.6
Consumer non-durables	15.3	7.6	4.5	6.1	7.9
Overall IIP	100	2.5	5.6	4.5	8.1

Source: PHD Research Bureau, compiled from CSO

In terms of industries, twenty one out of the twenty three industry groups (as per 2-Digit NIC-2008) in the manufacturing sector have shown positive growth during the month of October 2018 as compared to the corresponding month of the previous year (Statement II). The industry group 'Manufacture of furniture' has shown the highest positive growth of 41.0% followed by 39.0% in 'Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials' and 30.2% in 'Manufacture of computer, electronic and optical products'. On the other hand, the industry group 'Manufacture of paper and paper products' have shown the highest negative growth of (-) 1.8% followed by (-) 1.7% in 'Manufacture of beverages'.

Trend in IIP growth

(%)



Source: PHD Research Bureau, compiled from CSO

Our Viewpoint

Significant rise in the IIP numbers at 8.1% for the month of October 2018 is highly encouraging. High double digit growth in capital goods at 16.8% in the month of October 2018 is an indication of strengthening investment demand in the economy. Demand in the economy especially in rural India is reviving as consumer durables grew at the rate of 17.6% in the month of October 2018. Further, the deceleration in CPI to 2.3% in November 2018 from 3.4% in October 2018 is inspiring as softer monetary policy stance is expected to continue vis-a-vis benign inflationary conditions. Going ahead, decline in international crude oil prices and stability in rupee scenario are expected to further strengthen the macro-economic environment in the economy.

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