

Manufacturing industries are recovering from pandemic shocks. Industrial output up by 6% from pre-pandemic level

Indian Industrial output in the first month of FY 2022-23 grew by 7%, year on year, according to the latest quick estimates of the Index of industrial production(IIP) released by the Ministry of statistics and programme implementation. The growth was majorly led by electricity which grew by 11%. Mining industries grew by 7.8% and manufacturing grew by 6.3%. Index numbers for the month of April with base year 2011-12 = 100 are as follows – Mining 116, Manufacturing 132.5, electricity 194.5 and General 135.1.

IIP is a composite economic indicator which measures the short term changes in the volume of production of a select basket of industrial products with respect to the production of a chosen base year -2011-12, taken as 100. It is a measure of performance of industrial production within an economy over specified time period. It is released by Ministry of statistics and programme implementation for every month with 6 week lag.

In comparison with pre-pandemic period

Manufacturing sector which has a weightage 77.62 in total IIP has shown good recovery from the negative shock of pandemic and lockdowns according to the IIP data., Manufacturing Index has grown by 6% at 132.5 in April 2022 from pre pandemic level of 124.6 in April 2019. However, the recovery in manufacturing sectors does not seem to be holistic with many sectors still lagging behind pre-pandemic levels.

Of the 22 manufacturing sectors, production level in April 2022 for 13 sectors accounting for 44% of total manufacturing output is still below the pre-pandemic level seen in April 2019. Industrial output of labour intensive sectors such as leather, wearing apparel and auto-equipments have declined from the pre-pandemic level by double digits. This decline indicates the growing stress among the Indian MSMEs owing to the raw material shortages and growing inflation.

Leather and computer & electronic industries have shown the sharpest decline from pre-pandemic period with their IIP down by 21% and 25% respectively in April 2022 compared with April 2019. Metal industry has shown the fastest recovery with their Industrial output up by 30% from pre pandemic level.

Conclusion

Even though India's manufacturing sectors are recovering from the pandemic shock, growing stress in the MSME sector is a cause of major concern. Labour intensive sector and MSME are among the biggest employers in the country. If gone unchecked, it can lead to some major macroeconomic instability. Now, as RBI has initiated prioritising controlling inflation over growth it is extremely crucial for government to bring some policy decision to provide some comfort to MSMEs and labour intensive sectors



Notifications

Press Information Bureau

Ministry of Commerce & Industry-

Cabinet approves Memorandum of Understanding between India and United Arab Emirates (UAE) on Cooperation in the field of Industries and Advanced Technologies

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1832177>

APEDA participates in London Wine Fair for boosting India's wine exports

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1832846>

Twelfth WTO Ministerial Conference all set to begin from 12th June 2022 in Geneva

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1833118>

Ministry of Statistics & Programme Implementation

QUICK ESTIMATES OF INDEX OF INDUSTRIAL PRODUCTION AND USE-BASED INDEX FOR THE MONTH OF APRIL, 2022

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1832918>

RBI

RBI hikes repo rate by 50 basis points to 4.90 per cent with immediate effect. No change in CRR

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53832