

IIP edged up 0.08%

in April from same month in 2019

Output contracted from March's level

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India's April industrial output edged up 0.08%, from the level recorded during the same month in 2019, **index of industrial production (IIP) data released by the National Statistical Office on Friday showed.**

The IIP data was not comparable with the year-earlier figures as 'a majority of the establishments did not operate in April 2020' as a result of the nationwide lockdown imposed to curb the spread of COVID-19 infections, the NSO observed.

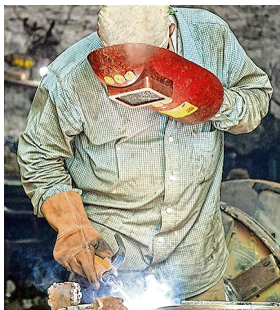
The manufacturing sector, hit hardest by last year's national lockdown, posted a 0.9% decline when compared with April 2019.

Economists said the IIP data needed to be seen in perspective, given the impact of the second wave.

Sequential contraction

On a sequential, month-on-month basis, April's IIP contracted more than 12%, reflecting a hit on production activity as major industrial hubs like Maharashtra and Delhi led the localised lockdowns, said Madhavi Arora, lead economist at Emkay Global Financial Services. Maharashtra has an 18% share in India's manufacturing Gross Value Added (GVA), she pointed out.

"Last year, output had come to a standstill in most sectors," said Madan Sabnavis, chief economist at CARE Ratings. "Therefore, the growth numbers for April... need to be ignored. A similar situation would arise in May too and it would be only from June that there could



be reasonable numbers forthcoming," he added.

PMI, e-way bills

"It would be better to track PMI, e-way bills and GST collections to get a fair assessment of activity in the industrial sectors," Mr. Sabnavis suggested.

Electricity output was 6.81% higher than the pre-COVID-19 levels of April 2019. Similarly, mining output was 0.2% higher than the same month in 2019.

ICRA chief economist Aditi Nayar said that capital goods and consumer durables output trailed the April 2019 levels by 14.3% and 11.6%, respectively, which suggests that the widening State-wise restrictions that were imposed during the month impacted production amid a weakening outlook for investment activity and consumption.

"Manufacturing moderated by 12.6% in April from the previous month, narrower than the slippage of 17.5% in the GST e-way bills generated over the same time period," Ms. Nayar said. "This suggests that inventories may have built up, with dispatches being limited by the second COVID surge that was underway in April," the economist added.