



Suman Chowdhury,
Chief Analytical Officer,
Acuite Ratings & Research

Comments: IIP Data- February, 2021

IIP data reveals lack of momentum in industrial activity

The IIP data for Feb 2021 is consistent with the weak core sector data released earlier, with a YoY contraction of 3.6% in Feb 2021 on the back of a 1.6% decline seen in January. What is a matter of particular worry is also the sequential drop in the manufacturing output over both Jan and Feb although it can be partly attributed to a lesser number of working days in the latter month. On a YoY basis, the decline in the manufacturing sector is fairly broad based with only the automotive, consumer durables and the electronics goods sector being the positive outliers. The mining sector has surprisingly disappointed while the power sector generation has been almost flat vis-à-vis last Feb.

However, too early to factor in such data in growth forecasts

Clearly, the lack of momentum in industrial activity along with the incidence of fresh Covid lockdown in certain states may impact the growth figures for FY22. In our opinion, however, it is too early to quantify such an impact and one needs to wait for high frequency data for not only March but also Q1FY22 to come to a conclusion in this regard.