The country's industrial output rose by 4.9 per cent in April, up from the 4.4 per cent growth seen in March due to a turnaround in capital goods production as well as an uptick in overall manufacturing growth.

Compared to this, growth in the Index of Industrial Production (IIP) had fallen to a five-month low of 4.6 per cent in March as manufacturing production growth halved from the month before and the capital goods segment saw contraction.

In April, growth in the major manufacturing segment - which constitutes the bulk of the index at 77.6 per cent - stood at 5.2 per cent, up from 4.6 per cent in March. Among the sub-sectors within manufacturing, seven recorded year-on-year contraction, down from 12 in March. Industries such as electronics, auto, pharma, food, metals, non-metallic products, etc. continued to do well.

On the other hand, mining output rose by 5.1 per cent in April, in line with expectations as a sharp uptick in coal production had been seen during the month. But electricity generation registered a slower growth of 2.1 per cent, down from the more than double 5.9 per cent in March.

ALSO READ: IIP rises by 4.9% in April; retail inflation inches up to 4.87% in May

April also saw growth among all use-based classification groups, including the sensitive capital goods which returned to the growth charts with a 13 per cent rise. The capital goods segment within the IIP connotes investment and had contracted by 5.7 per cent in March.

A sharp contraction in gold jewellery output, a possible fallout of the multi-billion-dollar Nirav Modi scam, might be continuing to contribute to the subdued growth in the consumer durables sector, which rose by 4.3 per cent after the 4.05 per cent rise in March, experts said. However, the largest sector - primary goods - continued to be plagued by low growth, rising 3 per cent after registering a 2.9 per cent rise in March. Yet, performance in both sectors has been helped by a low base effect, Madan Sabnavis, chief economist at CARE Ratings, said.

"With sustained spending on infra, especially by the government, and consumer demand continuing to pick up in the coming months, CARE expects IIP growth to be 5-6 per cent this year," he added.

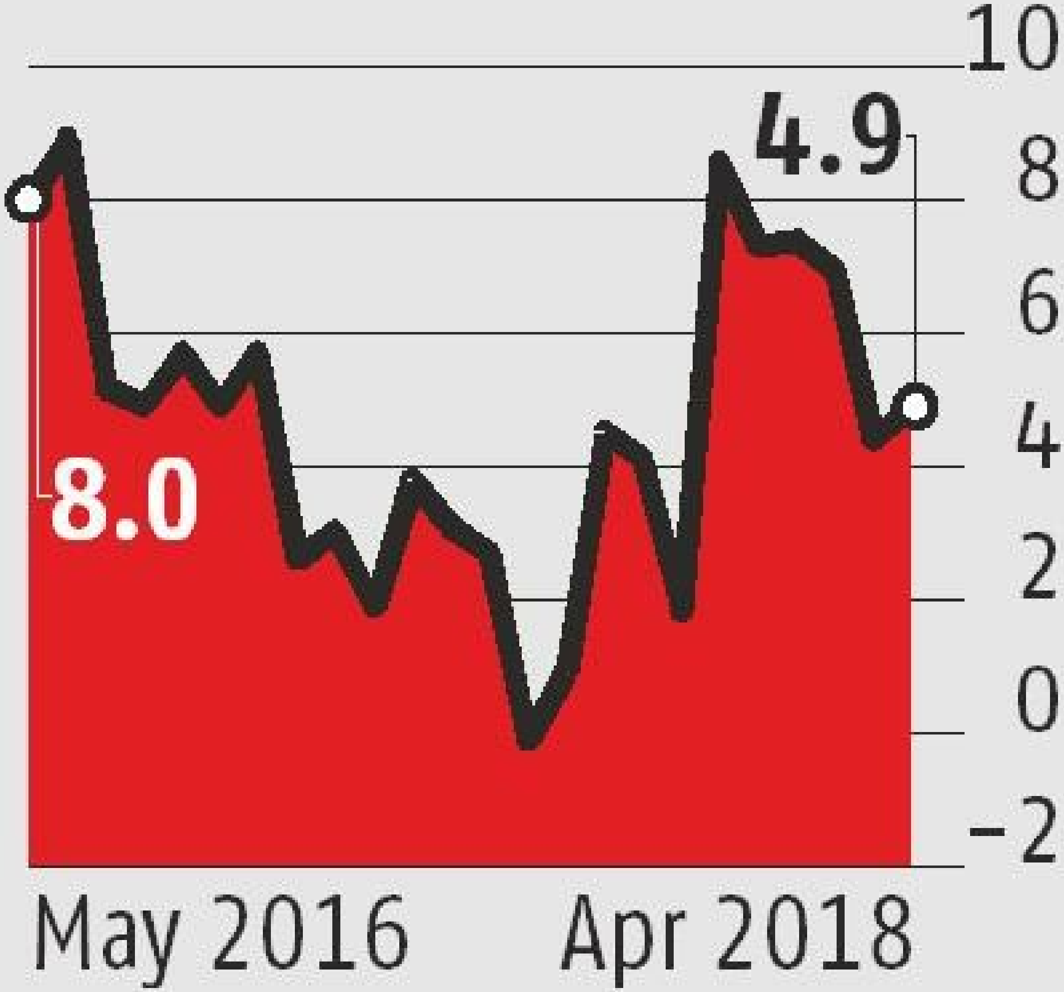
ALSO READ: Domestic macro data like IIP, CPI and global cues to drive market this week

"While output growth in 2018-19 is likely to be better than in 2017-18 due to expectation of a normal monsoon, robust vehicle sales, infrastructure focus, and sector-specific programmes such as housing for all, faster resolution of stressed assets in the banking sector, and limiting fiscal slippage will be key factors to watch," said Devendra Kumar Pant, chief economist at India Ratings.

The infrastructure/construction goods sector continued to see high growth at 7.5 per cent in April, but it was still lower than the 8.9 per cent rise in March.

OUTPUT PATTERN

% change in the IIP YoY



Note: Based on updated base year of 2011-12
Source: Ministry of Statistics and Programme Implementation

THE BIGGER PICTURE

- Manufacturing production rose by 5.2% in April 2018, against rise of 4.6 % in March 2018
- Electricity generation rose 2.1 % in April 2018, compared to 5.9 % in March 2018
- Mining output were up 5.1 % in April 2018, compared to 3% in March 2018