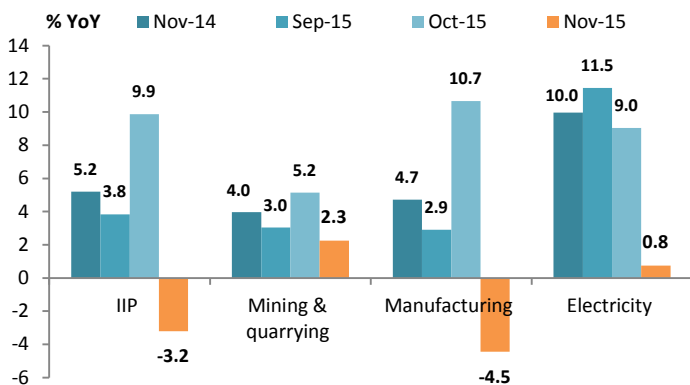


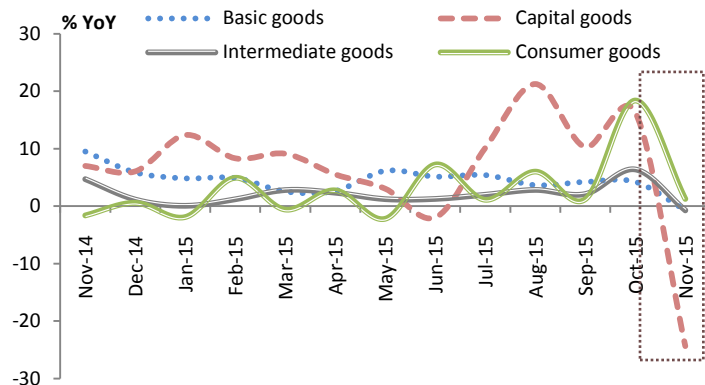
IIP contracted by 3.2 percent in November 2015

- ❖ Growth of the Index of Industrial Production declined by 3.2 percent in November 2015 after posting a five year high growth of 9.9 percent in October 2015.
- ❖ Manufacturing sector contracted by 4.5 percent in November 2015 vis-à-vis a growth of 10.7 percent recorded in the previous month. Mining and electricity sectors noticed moderation in the month of November 2015. Mining grew by 2.3 percent in November 2015 as against 5.2 percent growth in the previous month. Electricity noticed a growth of 0.8 percent in November 2015 as against 9.0 percent growth recorded in October 2015.
- ❖ As per use based classification of industrial production, growth of basic goods declined by 0.7 percent in November 2015. Capital goods also witnessed a plunge in growth numbers, growth falling by 24.4 percent in November 2015, after noting four consecutive months of double digit growth. Intermediate goods also noted contraction of 0.7 percent in November 2015 vis-à-vis 6.4 percent growth noticed in the previous month.
- ❖ Consumer goods was the only segment that noticed growth in November 2015. The segment grew by 1.3 percent led by 12.6 percent growth in the consumer durables segment in November 2015 while consumer non-durables declined by 4.7 percent.

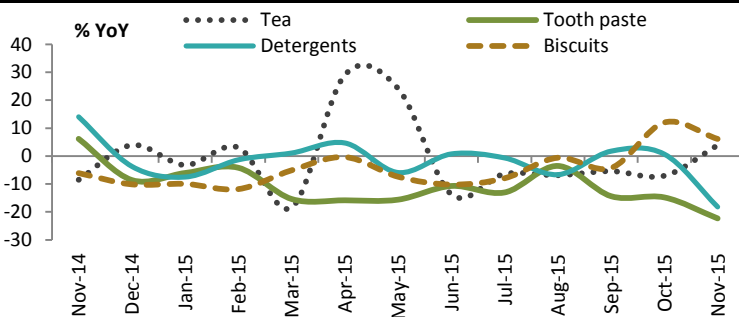
IIP – Economic Activity



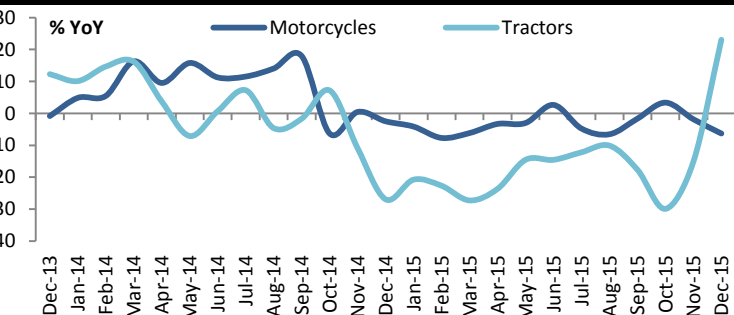
IIP – Use Based Classification



Production of FMCG articles on a decline



Contraction in sale of motorcycles indicates weak rural demand



- ❖ The drop in IIP growth has come at the back of a steep fall in the manufacturing sector growth. This aberration was caused by floods in the state of Tamil Nadu during the month of November 2015 which hit production in most factories. Tamil Nadu (in 2013-14) accounted for 10.7 percent of the total manufacturing in India.
- ❖ Additionally, both external and domestic demand, especially rural demand, have slowed down. Growth in the production of FMCG articles has remained in the negative zone for the past one year corroborating weak domestic demand in the economy. Further, contraction in sale of motorcycles and tractors since November 2014 and subdued growth since December 2013 points to weak demand in the rural areas.
- ❖ This underlines the need for more measures to stimulate investments and demand in the economy, especially in the forthcoming budget.

Source: MOSPI, Economic outlook CMIE and FICCI Research