

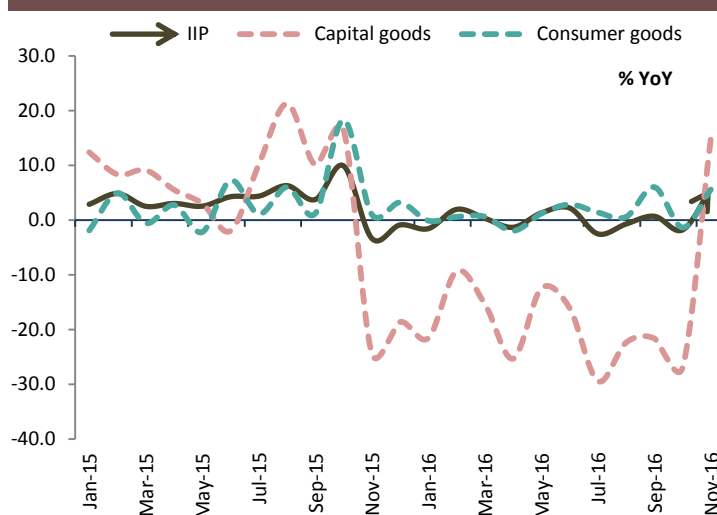
IIP grew by 5.7 percent in November 2016

- ❖ Index of Industrial Production reported a thirteen month high growth of 5.7 percent in November 2016. The improved growth numbers during the month has led to 0.4 percent growth over the cumulative period in April-November 2016 as against a contraction of 0.3 percent noted during April-October 2016.
- ❖ Index for manufacturing sector registered 5.5 percent growth in November 2016 as compared to (-) 2.4 percent growth registered in the previous month. Mining activity witnessed a five month high growth of 3.9 percent in November 2016. Generation of electricity also reported strong growth of 8.9 percent in November 2016. This was the highest growth reported in the past seven months.
- ❖ As per use based classification of industrial production, basic goods noted 4.7 percent growth in November 2016 as compared to 4.2 percent growth noted in the previous month. Intermediate goods recorded 2.7 percent growth in November 2016. Growth in capital goods resurfaced, with the index growing 15.0 percent in November 2016, after contracting for twelve consecutive months.
- ❖ Consumer goods grew by 5.6 percent in November 2016. Both consumer durables (9.8 percent) as well as consumer non-durables (2.9 percent) witnessed an improvement in growth during the month.

Industrial Performance- Monthly (% Y-o-Y)

% growth rate	Nov-15	Aug-16	Sep-16	Oct-16	Nov-16
Index of Industrial Production	-3.4	-0.7	0.7	-1.8	5.7
Sectoral					
Mining	1.7	-5.9	-3.2	-0.7	3.9
Manufacturing	-4.6	-0.3	0.9	-2.4	5.5
Electricity	0.8	0.1	2.4	1.1	8.9
Use-Base Classification					
Basic goods	-0.5	3.5	3.9	4.2	4.7
Capital goods	-24.4	-22.4	-21.6	-26.9	15.0
Intermediate goods	-1.5	3.3	2.1	2.7	2.7
Consumer durables	12.2	2.1	13.9	0.6	9.8
Consumer non-durables	-4.9	-0.5	0.1	-2.9	2.9

Trend in IIP, Capital Goods and Consumer Goods Growth



FICCI's Manufacturing Survey- December 2016

Quarter	% of Respondents Expecting Higher Production
Q-3 (2016-17)	63%
Q-2 (2016-17)	55%
Q-1 (2016-17)	53%
Q-4 (2015-16)	60%
Q-3 (2015-16)	55%
Q-2 (2015-16)	63%
Q-1 (2015-16)	44%

- ❖ Data on industrial production reported an upsurge in manufacturing activity in the month of November 2016. This is in line with the latest edition of FICCI's Manufacturing Survey which had projected better outlook for manufacturing in the October-December 2016 quarter.
- ❖ Several banks have recently announced a reduction in lending rates which is expected to have a positive impact on manufacturing growth in coming months. Both consumption & investment demand are anticipated to increase, going forward. While this bodes well for industrial growth, it is important to sustain the momentum created. We, therefore, look forward to an accommodative stance by the RBI in its forthcoming monetary policy.

Source: MOSPI, Economic outlook CMIE and FICCI Research