

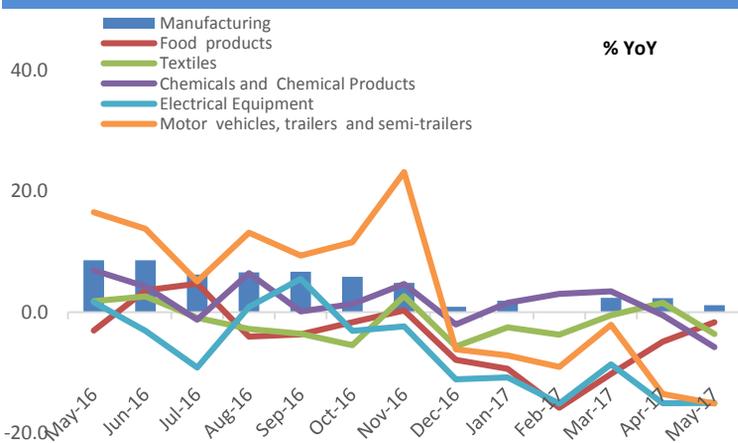
# Economy Fact Sheet – Index of Industrial Production

July 2017

## IIP grew by 1.7 percent in May 2017

- ❖ Index of Industrial Production grew by 1.7 percent in May 2017 after witnessing 2.8 percent growth in the previous month. On a cumulative basis, the index reported dismal growth of 2.2 percent during April-May 2017 vis-à-vis 7.3 percent growth reported in the corresponding period previous year.
- ❖ Mining and manufacturing reported weak growth numbers during the month. Index for manufacturing sector grew by 1.2 percent in May 2017 as compared to 2.4 percent growth registered in the previous month. Mining activity contracted by 0.9 percent in May 2017 which is the lowest in eight months. On the other hand, electricity generation reported robust growth of 8.7 percent in May 2017 as compared to 5.4 percent growth noted in April 2017.
- ❖ As per use based classification of industrial production, primary goods noted 3.4 percent growth in May 2017 vis-à-vis 3.1 percent growth noted in the previous month. Intermediate goods and infrastructure /construction goods recorded a near flat growth of 0.7 percent and 0.1 percent respectively during the month. Growth in capital goods continued to contract in May.
- ❖ Growth in the consumer goods segment improved slightly to 2.2 percent in May 2017 as against 1.8 percent growth witnessed in the previous month. While consumer durables continued on its path of contraction (contracting by 4.6 percent in May 2017), consumer non-durables segment noted growth of 7.9 percent during the month.

### Major Manufacturing Sectors (%YoY)

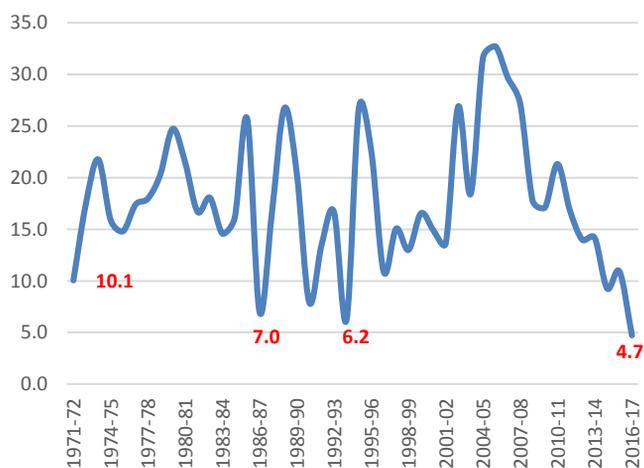


- ❖ The subdued growth in manufacturing is worrying as some of the major sectors like chemicals and chemical products, capital goods, automobile and textiles have shown deterioration in growth. This underlines the for taking urgent policy measures to increase investments in the country.
- ❖ Introduction of GST since July 1, 2017 is likely to provide a boost to the economy in the near term, thus raising the prospects of growth in industrial production.
- ❖ Further, given that outlook for inflation remains benign, it is an apt time to reduce the lending rates to stimulate non-food credit growth (which reached to its lowest point of 4.7 percent in decades in 2016-17).

### Industrial Performance- Monthly (% YoY)

% growth rate	May-16	Feb-16	Mar-16	Apr-17	May-17
<b>Index of Industrial Production</b>	8.1	0.8	3.8	2.8	1.7
<b>Sectoral</b>					
Mining	5.7	4.6	10.3	3.2	-0.9
Manufacturing	8.6	0.1	2.4	2.4	1.2
Electricity	6.1	1.2	6.2	5.4	8.7
<b>Use-base industry classification</b>					
Primary goods	4.6	0.8	5.9	3.1	3.4
Capital goods	13.9	-2.0	9.6	-2.9	-3.9
Intermediate goods	4.5	2.2	2.8	4.2	0.7
Infrastructure/construction goods	7.4	-1.9	0.9	5.2	0.1
Consumer durables	14.7	-8.0	-3.9	-5.4	-4.6
Consumer non- durables	12.4	10.0	6.2	8.4	7.9

### Growth in Non-food Credit (% YoY)



Source: MOSPI, Economic outlook CMIE and FICCI Research