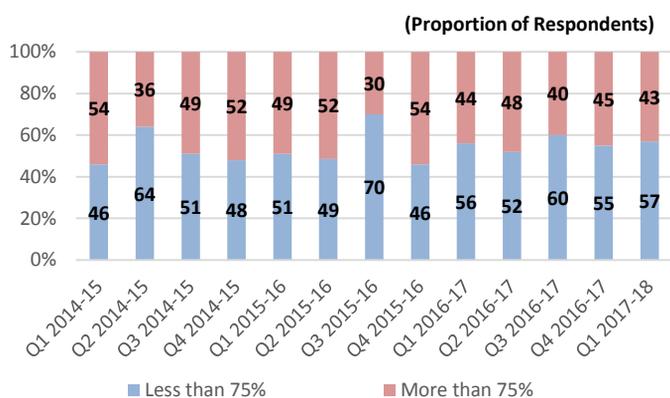


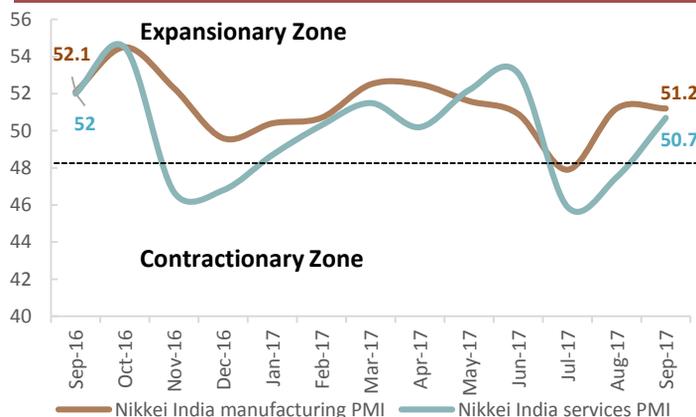
IIP grew by 4.3 percent in August 2017

- ❖ Index of Industrial Production grew by 4.3 percent in August 2017 after witnessing flat growth of 0.9 percent in the previous month. On a cumulative basis, the index reported 2.2 percent growth during April-August 2017 vis-à-vis 6.0 percent growth reported in the corresponding period previous year.
- ❖ Both, mining and electricity reported strong growth during the month. Index for mining sector grew by 9.5 percent in August 2017 as compared to 4.5 percent growth registered in the previous month. Electricity generation expanded by 8.3 percent in August 2017 as compared to 6.6 percent growth noted in July 2017. Manufacturing activity also witnessed a recovery in August 2017. The sector recorded five month high growth of 3.1 percent during the month.
- ❖ As per use based classification of industrial production, primary goods noted 7.1 percent growth in August 2017 vis-à-vis 2.2 percent growth noted in the previous month. Infrastructure /construction goods grew by 2.5 percent in August 2017 vis-à-vis 3.5 percent growth in July 2017. Growth in capital goods recovered and recorded 5.4 percent growth in August.
- ❖ Consumer goods segment noticed improvement and reported 4.5 percent growth in August 2017 as against 0.3 percent growth witnessed in the previous month. Consumer durables registered nine month high growth of 1.6 percent while consumer non-durables segment noted 6.9 percent growth during the month.

Capacity Utilization Rate- FICCI's Business Confidence Survey



Purchasing Manager's Index Value



Industrial Performance- Monthly (% YoY)

| % growth rate | Aug-16 | May-17 | Jun-17 | Jul-17 | Aug-17 |
|--|--------|--------|--------|--------|--------|
| Index of Industrial Production | 4.0 | 2.9 | -0.2 | 0.9 | 4.3 |
| Sectoral | | | | | |
| Mining | -4.3 | 0.3 | 0.4 | 4.5 | 9.5 |
| Manufacturing | 5.5 | 2.6 | -0.5 | -0.3 | 3.1 |
| Electricity | 2.1 | 8.3 | 2.2 | 6.6 | 8.3 |
| Use-base industry classification | | | | | |
| Primary goods | -1.0 | 3.7 | -0.2 | 2.2 | 7.1 |
| Capital goods | 0.5 | -1.6 | -6.6 | -1.3 | 5.4 |
| Intermediate goods | 4.6 | 0.7 | -0.3 | -1.7 | -0.2 |
| Infrastructure/construction goods | 6.5 | -0.1 | 0.1 | 3.5 | 2.5 |
| Consumer durables | 7.3 | 0.6 | -2.4 | -3.6 | 1.6 |
| Consumer non-durables | 11.3 | 9.7 | 4.7 | 3.6 | 6.9 |

Improved growth in manufacturing along with stronger growth in mining and electricity led to a better industrial performance. As industry tides over the transition issues related to GST, the production schedules have started normalizing.

Amidst the ongoing festive season, there are indications that the demand situation in the economy is strengthening with several lead indicators of economic activity pointing towards an improvement. Purchasing Manager's Index- one such indicator-displays improvement in both manufacturing as well as services sector in the economy. However, as per the latest Business Confidence Survey, only 43% of the respondents were operating above 75 percent of installed capacity. We hope that the improvement seen across indicators lead to better capacity utilization rates, going ahead.

It is important that the revival in manufacturing is sustained for investments to pick up. As demand increases, capex cycle would restart which would also have an impact on job creation.

Source: MOSPI, Economic outlook CMIE and FICCI Research