Fact Sheet – Index of Industrial Production (IIP)
June 2020

IIP growth slides further in April 2020

Industrial Performance - Growth (% YoY)

	Apr-19	Feb-20	Mar-20 (QE)	Mar-20 Revised	Apr-20 (QE)
By Economic Activity					
Index of Industrial Production	3.2	4.6	-16.7	**-18.3**	**-55.5**
Mining	5.1	9.7	0.0	**-1.4**	**-27.4**
Manufacturing	2.5	3.1	-20.6	**-22.4**	**-64.3**
Electricity	6.0	11.5	-6.8	**-8.2**	**-22.6**

IIP numbers released for the month of April 2020 are on expected lines. With a stringent lockdown in place during the entire month – and only minor relaxations allowed towards the end – industrial activity was at a near standstill. This has clearly manifested in the numbers announced. IIP growth contracted by a massive (-) 55.5 percent in April 2020 - clocking an even sharper fall from 18.3 percent decline noted in March 2020

Nonetheless, gradual unlocking of the economy began in May 2020 and there has been some pick-up in activity. Also, some of the stimulus measures are reaching to the ground – especially through the credit guarantee scheme for MSMEs and support through MGNREGA – which is positive. However, the future course would depend on how the spread of the pandemic pans as movement gains momentum. The cases have been on rise – which is a worrisome trend. Moreover, the reverse migration has left the manufacturing units in dire labor shortages. The situation thus, is expected to remain challenging at least for the first half of the current fiscal year.

Economic Activity wise as well as Use based classification of IIP reported a severe deterioration in growth numbers during April 2020. The growth in manufacturing sector declined by 64.3 percent y-o-y, while capital goods and consumer goods growth slipped by 92.0 percent and 61.8 percent y-o-y respectively during the month.

MOSPI has released quick estimates for April, 2020 and cautioned about the appropriateness to compare the IIP of April, 2020 with earlier months given that a number of responding units reported nil production during the month. Quick Estimates for April, 2020 have been compiled at a weighted response rate of 87 percent and are expected to undergo revision in subsequent releases.

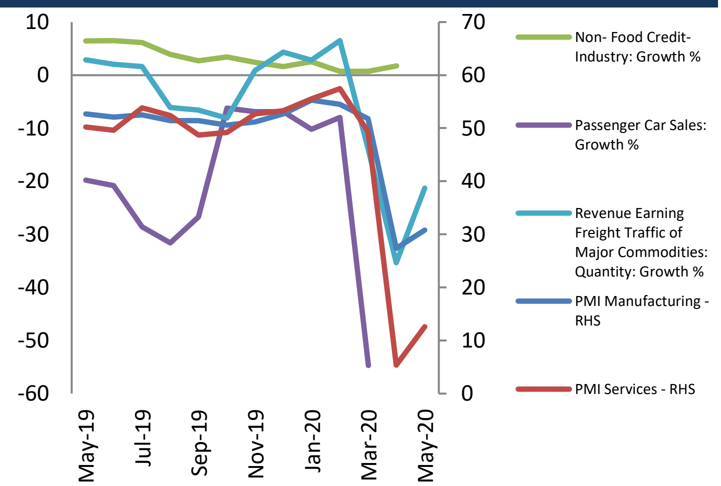
	Apr-19	Feb-20	Mar-20(QE)	Mar-20 Revised	Apr-20
By Usage					
Primary goods	5.1	8.3	-3.1	**-4.1**	**-26.6**
Capital goods	-1.4	-9.5	-35.6	**-38.3**	**-92.0**
Intermediate goods	3.0	19.4	-18.5	**-18.5**	**-66.1**
Infrastructure / construction goods	-0.7	-0.1	-23.8	**-25.2**	**-83.9**
Consumer durables	2.2	-5.8	-33.1	**-36.5**	**-95.7**
Consumer non-durables	5.4	1.5	-16.2	**-20.2**	**-36.1**

Core Sector Performance: Growth: Y-o-y in %

Month	Overall index	Coal	Crude oil	Natural gas	Refinery products	Fertilizers	Steel	Cement	Electricity
Apr-19	5.2	3.2	-6.8	-0.8	4.4	-4.4	13.3	2.3	5.9
Jan-20	2.2	8.0	-5.2	-9.1	1.9	-0.1	1.6	5.1	3.3
Feb-20	7.2	11.2	-6.4	-9.5	7.4	2.9	6.3	7.8	11.7
Mar-20	-9.0	4.0	-5.5	-15.0	-0.4	-11.8	-24.1	-25.1	-8.2
Apr-20	**-38.1**	**-15.4**	**-6.3**	**-20.0**	**-24.2**	**-4.5**	**-84.0**	**-86.0**	**-22.7**

Source: Economic Outlook CMIE

Lead Indicators Performance



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Early Bird Performance: Quarter 4 Results: Manufacturing Sector

	Q1 2018-19	Q2 2018-19	Q3 2018-19	Q4 2018-19	Q1 2019-20	Q2 2019-20	Q3 2019-20	Q4 2019-20
Total income	19.1	24.0	16.9	8.2	2.4	-5.7	-4.4	-4.7
Net sales	**18.9**	**23.3**	**16.8**	**8.3**	**2.5**	**-6.8**	**-5.0**	**-6.1**
Total expenses	**20.0**	**25.5**	**17.1**	**6.5**	**1.7**	**-2.4**	**-4.8**	**1.1**
Operating expenses	20.3	29.0	18.9	8.6	1.2	-8.1	-8.0	-3.5
Raw materials, etc & purch of fin gds	23.1	32.8	21.4	7.4	1.0	-10.7	-11.1	-8.1
Salaries and wages	9.8	11.4	10.6	7.6	8.6	5.9	5.6	8.0
Power & fuel	29.4	34.3	27.0	2.0	-2.8	-11.7	-17.9	-11.0
Royalties, technical know-how fees, etc	42.4	-65.9	13.9	13.1	-75.1	268.5	-8.0	-13.1
Rent & lease rent	2.4	16.2	16.0	-7.4	-81.8	-83.1	-81.4	-81.9
Advertising expenses	24.3	21.5	9.9	5.6	4.8	3.3	1.6	-5.4
Marketing expenses	-16.5	-3.5	-0.8	-16.9	-5.1	-18.9	-25.9	-23.3
Outward freight/other distribution expenses	18.1	13.8	16.4	13.4	-1.4	-6.3	-6.2	-11.7
Net profit (PAT)	**56.1**	**57.3**	**-1.5**	**44.6**	**-8.5**	**-95.5**	**-20.5**	**-45.2**

Net Sales : Growth –Y-o-y in %	Q4 2018-19	Q3 2019-20	Q4 2019-20
Food & agro-based products	6.3	6.9	**6.2**
Textiles	5.1	-4.2	**-19.1**
Chemicals & chemical products	7.2	-7.7	**-6.9**
Inorganic chemicals	5.5	-14.9	**-15.6**
Drugs & pharmaceuticals	9.5	5.8	**3.7**
Plastic products	4.1	-7.6	**-7.9**
Petroleum products	7.0	-9.5	**-9.4**
Consumer goods	15.5	8.5	**-8.9**
Cosmetics, toiletries, soaps & detergents	8.4	2.1	**-10.3**
Leather & related products	4.3	0.9	**-14.9**
Footwear	7.9	6.1	**-14.9**
Gems & jewellery	25.8	15.4	**-5.8**
Domestic appliances	14.1	7.9	**-7.4**
Construction materials	14.3	-5.2	**-12.7**
Metals & metal products	2.2	-9.5	**-16.7**
Machinery	5.5	-11.5	**-16.7**
Electronics	-7.8	-16.7	**-29.8**
Automobiles & ancillaries	1.4	-12.1	**-16.6**

Comments

The situation on ground continues to be difficult and amid the current scenario it is expected that uncertainty around normalisation of business activities may get extended until the end of next quarter. Labour availability and cash-flow management continue to remain two major challenges.

First and foremost, it is imperative that the government continues to ease out the compliances and procedures for businesses in light of the present situation. We are appreciative of the interactive disposition of the government and are encouraged by the surety to extend need based support as and when the situation commands.

Liquidity continues to be a significant impediment, and this is despite various announcements made by the government and the Reserve Bank of India. While supportive measures have been announced for the MSME sector, the government needs to consider a covid-19 liquidity bridge to support restructuring/ additional loan requirement of large companies whose balance sheets have got impaired due to COVID. This will have a huge positive impact on the entire supply chain of these companies including many small and mid-sized vendors, which otherwise may not survive the current crisis. The fiscal impact of this will be spread over 3-4 years and won't be more than Rs 10,000 crore in the first year.

Further, FICCI's interaction with industry members shows that while operations are gradually picking up, the average capacity utilization levels are still close to just about 50%. The problem is subdued consumption demand and shortage of labour. While capacity utilization is expected to go up to 60% as demand rebounds, availability of labour remains an issue as some workers have migrated despite provision of arrangements on site. This necessitates actions to facilitate return of migrant labourers.