

### IIP growth turns positive after six months

#### Industrial Performance- Economic Activity - Growth (% YoY)

Month	IIP (Wt=100.00)	Mining & quarrying (Wt=14.37)	Manufacturing (Wt=77.63)	Electricity (Wt=7.99)
Sep-19	-4.6	-8.6	-4.3	-2.6
Oct-19	-6.6	-8.0	-5.7	-12.2
Nov-19	2.1	1.9	3.0	-5.0
Dec-19	0.5	5.7	-0.3	-0.1
Jan-20	2.2	4.4	1.8	3.1
Feb-20	5.2	9.6	3.8	11.5
Mar-20	-18.7	-1.3	-22.8	-8.2
Apr-20	-57.3	-26.9	-66.6	-22.9
May-20	-33.4	-20.4	-37.8	-14.5
Jun-20	-16.6	-19.5	-17.0	-10.0
Jul-20	-10.8	-12.8	-11.6	-2.5
Aug-20	-7.4	-9.0	-7.9	-1.8
Sept-20	0.2	1.4	-0.6	4.9

According to the Economy Activity wise classification of the index, while growth in mining & quarrying and electricity sub segments entered the positive terrain, the manufacturing sector continued to remain in the contractionary zone

The electricity sub segment reported the sharpest recovery recording a growth of 4.9 percent in September, vis-à-vis (-) 1.8 percent growth witnessed in August 2020. The mining and quarrying sector, on the other hand, grew by 1.4 percent in September 2020; while the manufacturing sector reported a de-growth of 0.6 percent

However, what is encouraging is that out of 23 manufacturing sub-segments, 10 categories (constituting 46.2 percent of the index) reported positive y-o-y growth in September 2020. This marks a significant improvement from just two segments reporting positive y-o-y growth in August 2020. During September, 2020, electrical equipment sector posted a growth of 10.0 percent, followed by 9.1 percent growth in rubber & plastics goods and 7.7 percent growth in transport equipment sector.

In case, of the Use Based Classification of the Index, three out of the five sub segments recorded negative growth. Infrastructure and Consumer Goods were the only two sectors to beat that trend.

The Index of Industrial Production posted a y-o-y positive growth in September, 2020 after witnessing contraction for six consecutive months between March and August, 2020

The overall index reported a y-o-y growth of 0.2 percent in September 2020, vis-à-vis (-) 7.4 percent decline noted in August. The quick estimate for August had earlier reported a contraction of (-) 8.0 percent

On a cumulative basis, the overall IIP growth reported a 21.0 percent fall over the period April-September, 2020, vis-à-vis 1.3 percent growth noted over the same period last year

The September data point entering the positive terrain was anticipated as the lead indicators had reflected a robust improvement in numbers during the month. This is an encouraging sign and is being supported by the festive fervor. Nonetheless, it will be important to remain watchful going ahead.

#### Industrial Performance- Use Based- Growth (% YoY)

	Primary goods (Wt=34.05)	Capital goods (Wt=8.22)	Intermediate goods (Wt=17.22)	Infrastructure/construction goods (Wt=12.34)	Consumer goods (Wt=28.17)	Consumer durables (Wt=12.84)	Consumer non-durables (Wt=15.33)
Sep-19	-5.2	-20.5	6.8	-7.0	-5.2	-10.5	-1.1
Oct-19	-6.0	-22.4	8.7	-9.7	-10.3	-18.9	-3.4
Nov-19	-0.2	-8.9	17.2	-0.7	0.1	-1.4	1.1
Dec-19	2.4	-18.3	13.1	0.2	-4.1	-5.6	-3.2
Jan-20	1.8	-4.4	15.6	-0.3	-1.8	-3.7	-0.6
Feb-20	8.2	-9.6	23.0	2.8	-2.8	-6.2	-0.3
Mar-20	-4.0	-38.8	-18.6	-24.3	-28.3	-36.8	-22.3
Apr-20	-26.6	-92.7	-64.0	-85.0	-68.6	-95.7	-48.1
May-20	-19.6	-65.9	-39.7	-39.0	-35.7	-70.3	-9.7
Jun-20	-14.5	-37.4	-20.7	-18.3	-10.7	-34.8	6.9
Jul-20	-10.8	-22.8	-11.7	-8.6	-8.8	-23.0	1.8
Aug-20	-10.8	-14.8	-6.0	-1.6	-5.3	-9.6	-2.3
Sept-20	-1.5	-3.3	-1.4	0.7	3.6	2.8	4.1

The Capital Goods sector has been in the negative terrain for about 21 consecutive months now. Nonetheless, the extent of contraction has come down to single digit after witnessing double digit contraction for six months in a row.

# Fact Sheet – Index of Industrial Production

## November 2020

### Early Bird Corporate Results – Q2 2020-21

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sept-2020 - short sample	Net Sales : Growth: Y-o-Y in %						
							Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	
<b>Total income</b>	<b>2.2</b>	<b>-5.7</b>	<b>-4.3</b>	<b>-8.1</b>	<b>-37.1</b>	<b>-9.8</b>	<b>Food &amp; agro-based products</b>	8.7	7.4	18.7	1.0	-12.9	6.5
<b>Net sales</b>	<b>2.4</b>	<b>-6.8</b>	<b>-5.0</b>	<b>-9.7</b>	<b>-38.8</b>	<b>-8.3</b>	<b>Dairy products</b>	-18.3	0.2	1.9	-2.9	-19.7	-11.1
<b>Total expenses</b>	<b>1.6</b>	<b>-2.5</b>	<b>-4.7</b>	<b>-1.4</b>	<b>-34.0</b>	<b>-17.0</b>	<b>Bakery products</b>	8.9	11.8	6.9	2.2	3.6	7.8
Operating expenses	1.1	-8.1	-7.9	-5.7	-41.0	-13.7	<b>Processed foods</b>	14.9	14.3	9.1	11.7	-18.2	5.8
Raw materials, etc & purch of fin gds	0.5	-10.8	-11.0	-9.1	-51.6	-17.5	<b>Poultry &amp; meat products</b>	13.0	-11.3	-2.2	-17.2	-19.3	-1.4
Raw materials, stores & spares	-1.6	-11.3	-13.5	-11.7	-52.5	-19.2	<b>Textiles</b>	1.2	-7.1	-4.4	-27.6	-62.6	-16.3
Purchase of finished goods	5.5	-9.3	-4.9	-2.8	-49.5	-13.5	<b>Chemicals &amp; chemical products</b>	1.7	-8.9	-7.0	-3.9	-40.2	-19.7
Salaries and wages	8.4	5.7	5.6	4.1	-3.5	0.4	<b>Drugs &amp; pharmaceuticals</b>	7.5	10.2	5.8	5.3	9.5	5.8
Total other expenses	-0.3	-6.2	-4.5	-1.0	-27.0	-9.6	<b>Plastic products</b>	2.2	-6.7	-6.8	-15.7	-34.3	0.8
Power & fuel	-3.9	-11.8	-17.9	-9.2	-45.1	-24.6	<b>Petroleum products</b>	1.4	-11.7	-9.1	-4.3	-47.9	-25.4
Royalties, technical know-how fees, etc	-4.6	270.1	-8.0	-27.2	-48.0	-8.2	<b>Rubber products</b>	5.1	-1.6	6.6	-9.3	-58.6	-2.2
Rent & lease rent	-83.7	-83.6	-81.4	-83.3	-64.0	-54.8	<b>Consumer goods</b>	3.9	8.7	6.6	-9.0	-49.9	2.2
Advertising expenses	6.3	4.1	3.2	-4.6	-45.9	-5.6	<b>Cosmetics, toiletries, soaps &amp; detergents</b>	6.9	4.6	2.3	-9.6	-0.9	14.0
Marketing expenses	-4.7	-19.1	-25.9	-14.8	-33.2	-16.2	<b>Leather &amp; related products</b>	6.9	1.8	0.4	-8.0	-51.5	-11.1
<b>PBDIT</b>	<b>-0.6</b>	<b>-34.3</b>	<b>-3.7</b>	<b>-31.6</b>	<b>-46.9</b>	<b>52.1</b>	<b>Gems &amp; jewellery</b>	-8.3	14.0	15.0	-7.5	-85.4	-20.1
<b>PBT</b>	<b>-12.4</b>	<b>-71.4</b>	<b>-19.9</b>	<b>-78.8</b>	<b>-89.4</b>	<b>136.8</b>	<b>Domestic appliances</b>	22.1	7.3	-1.8	-10.4	-55.7	3.7
<b>Net profit (PAT)</b>	<b>-9.5</b>	<b>-98.6</b>	<b>-20.9</b>	<b>-94.4</b>	<b>-</b>	<b>424.6</b>	<b>Construction materials</b>	6.2	-2.6	-6.3	-14.2	-36.7	2.7
<b>PAT net of P&amp;E</b>	<b>-8.1</b>	<b>-18.4</b>	<b>-13.7</b>	<b>-49.0</b>	<b>-55.4</b>	<b>48.4</b>	<b>Metals &amp; metal products</b>	-6.8	-10.0	-12.5	-15.5	-31.7	1.3
Count	3,362	3,341	3,321	3,234	3,211	1,801	<b>Machinery</b>	-1.7	-6.2	-12.0	-20.5	-46.6	-7.8
							<b>Electronics</b>	-0.3	-8.7	-16.5	23.6	-30.6	8.4
							<b>Transport equipment</b>	-4.4	-20.5	-11.4	-26.2	-66.2	1.9

The interim corporate results for the second quarter of 2020-21 reported improved financials for the companies after witnessing an absolutely bleak first quarter. With the phased unlocking adopted June onwards, the economic activity has gained momentum and businesses seem to be witnessing a gradual return in confidence levels. The trend has also been supported by the onset of festive season since August, 2020. The profit levels of companies were seen ticking up notably. Growth in net sales for sectors like food and agro based products, plastic products, consumer goods, metal products, electronics and transport equipment were seen returning to the green zone in the quarter ending September 2020.

### Product Linked Incentive Scheme – A Boon for India

Sector	Approved financial outlay over a five-year period Rs.crore	Product Lines
Advance Chemistry Cell (ACC) Battery	18100	ACC Batteries
Electronic/Technology Products	5000	Semiconductor Fab, Display Fab, Laptop/ Notebooks Servers, IoT Devices, Specified Computer Hardware
Automobiles & Auto Components	57042	Automobile and Auto Components
Pharmaceuticals drugs	15000	Biopharmaceuticals; Complex generic drugs; Patented drugs or drugs nearing patent expiry; Special empty capsules; Complex excipients

# Fact Sheet – Index of Industrial Production

## November 2020

Sector	Approved financial outlay over a five-year period Rs. crore	Product Lines
<b>Telecom &amp; Networking Products</b>	12195	Core Transmission Equipment 4G/5G, Next Generation Radio Access Network and Wireless Equipment, Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment Enterprise equipment: Switches, Router
<b>Textile Products: MMF segment and technical textiles</b>	10683	Man-Made Fiber Segment, Technical Textiles
<b>Food Products</b>	10900	Ready to Eat / Ready to Cook, Marine Products, Fruits & Vegetables, Honey, Desi Ghee, Mozzarella Cheese Organic eggs and poultry meat
<b>High Efficiency Solar PV Modules</b>	4500	Solar PVs
<b>White Goods (ACs &amp; LED)</b>	6238	Air conditioners, LED
<b>Speciality Steel</b>	6322	Coated Steel, High Strength Steel, Steel Rails, Ally Steel Bars & Rods
	<b>145980</b>	

Source: PIB

The announcement of PLI scheme for ten sectors earlier this week is likely to be a major booster for the manufacturing sector and is in line with the Government's vision to make India a global manufacturing hub. The sectors covered under the PLI scheme are not only strategic but are also important from the point of view of employment generation.

### Comment

The IIP numbers announced for September align with the good performance displayed by various lead indicators during the month. In fact, the high frequency indicators for the month of October have been encouraging too pointing towards recovery gaining ground. However, it will be important to wait and watch the trends as considerable uncertainty continues to remain on fore. Even though the average number of daily new cases has been falling in India, the world (especially Europe) is in the grip of the second wave of the pandemic. Besides, within India, states like Delhi, Kerala, Maharashtra, West Bengal have noted a continued surge in cases over the past couple of weeks.

Amid this, FICCI is happy to note the Stimulus 3.0 announced by the government. The extension of the Emergency Credit Line Guarantee Scheme until March 31, 2021 is a welcome move. Given the success of the scheme in the first phase, we hope the scheme will continue to provide immediate relief to the MSMEs. Additionally, the expansion of guaranteed credit for supporting 26 stressed sectors as identified by Kamath Committee comes as a big relief.

The Rs 1.46 lakh cr boost to Atmanirbhar manufacturing – Production Linked Incentives for 10 Champion Sectors will be a source of sustaining growth going forward. Moreover, the Rs. 10,200 crore additional budget outlay towards Capital and industrial expenditure to be provided towards Domestic defence equipment, industrial infrastructure and green energy are welcome. These measures clearly reflect the medium to long term strategy of the government to not only make for India but make for the world.