

Index of Industrial Production

September 12, 2020

IIP is an index that **tracks manufacturing activity in different sectors of an economy**. The IIP number measures the industrial production for the period under review, usually a month, as against the reference period. IIP is a key economic indicator of the manufacturing sector of the economy.

IIP Index

- There is a **lag of six weeks** in the publication of the IIP index data after the reference month ends.
- IIP index is currently calculated using **2011-2012 as the base year**.
- **Electricity, crude oil, coal, cement, steel, refinery products, natural gas, and fertilisers are the eight core industries** that comprise about 40% of the weight of items included in the IIP.
- **Mining, manufacturing, and electricity are the three broad sectors** in which IIP constituents fall.
- IIP data is compiled and published by CSO every month. **CSO operates under the Ministry of Statistics and Programme Implementation (MoSPI)**.
- The CSO uses secondary data to reach the monthly IIP number. The data is sourced from various agencies in different ministries or departments of the government. The **Department of Industrial Policy and Promotion (DIPP)** is the source for the major chunk of data for the calculation.
- The factory production data (IIP) is used by various government agencies such as the Ministry of Finance, the Reserve Bank of India (RBI), private firms and analysts, among others for analytical purposes.

IIP for July

- In view of the preventive measures and announcement of **nation-wide lockdown** by the Government to contain spread of COVID-19 pandemic, a large number of the industrial sector establishments were not operating from the end of March, 2020 onwards.
- This has had an impact on the items being produced by the establishments during the period of lockdown.
- With the lifting of restrictions in the subsequent periods, industrial activity is resuming. The Index for the month of **July 2020 stands at 118.1 as compared to:**

. **April- 54.0**

. **May- 89.5**

. **June- 108.9**

- The Indices of Industrial Production for

. **Mining- 87.2**

. **Manufacturing- 118.8**

. **Electricity- 166.3**

- As per use-based classification, the indices stand at

. **Primary goods- 114.1**

. **Capital goods- 70.9**

. **Intermediate goods- 122.9**

. **Infrastructure/ construction goods- 125.2**

- The indices for **consumer durables and consumer non-durables stand at 99.5 and 156.4 respectively.**