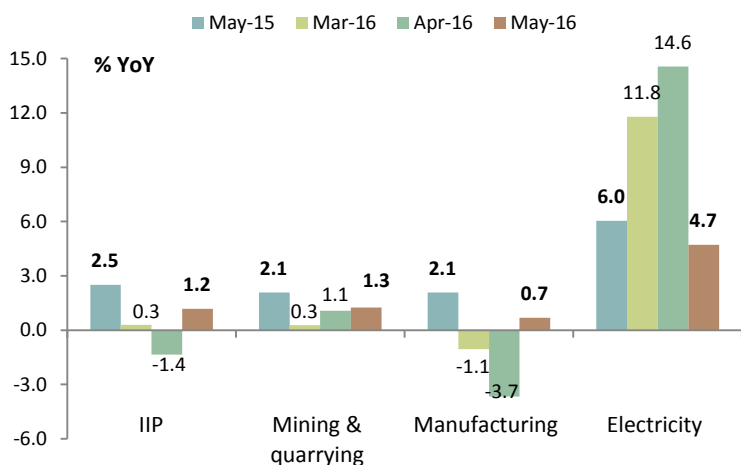


IIP grew by 1.2 percent in May 2016

- ❖ Index of Industrial Production registered a growth of 1.2 percent in May 2016 as against a decline of 1.4 percent in April 2016. Cumulative growth for the first two months of the fiscal 2016-17 stood at (-) 0.1 percent as against 2.8 percent growth noticed in the corresponding period previous year.
- ❖ Manufacturing sector reported a growth of 0.7 percent in May 2016 vis-à-vis a growth of (-) 3.7 percent in the previous month. Growth in the mining sector improved to 1.3 percent in May 2016 vis-à-vis 1.1 percent growth noticed in the previous month. Electricity sector reported a growth of 4.7 percent in May 2016 as compared to 14.6 percent growth noted in April 2016.
- ❖ As per use based classification of industrial production, basic goods witnessed 4.0 percent growth in May 2016 as compared to 4.7 percent growth noted in April 2016. Intermediate goods recorded 3.6 percent growth during the month of May 2016. Capital goods remained in the negative zone for the seventh consecutive month, shrinking by 12.4 percent in May 2016.
- ❖ Growth in the consumer goods picked up by 1.1 percent in May 2016 after noting a fall of 1.9 percent in the previous month. Consumer durables grew by 6.0 percent in May 2016 while consumer non-durables continued to shrink with growth declining by 2.2 percent during the month.

IIP – Economic Activity



IIP – Use Based Classification (Growth % Y-o-Y)

	May-15	Mar-16	Apr-16	May-16
Basic goods	6.2	4.4	4.7	4.0
Capital goods	3.0	-15.3	-25.0	-12.4
Intermediate goods	1.2	4.4	2.3	3.6
Consumer goods	-2.2	0.5	-1.9	1.1
Consumer durables	-3.9	9.9	11.8	6.0
Consumer non-durables	-1.0	-5.0	-10.8	-2.2

- ❖ The uptick noted in IIP growth can be attributed to better manufacturing growth numbers in the month of May 2016. The improvement came on the back of high growth of 14.8 percent noticed in the Machinery & equipment segment during the month. Basic metals were seen growing by 4.8 percent in May 2016 after contracting for nine consecutive months. Chemicals & chemical products also recovered in May 2016 after noting a fall in growth in the previous month.

- ❖ Although there was an improvement, subdued growth in the manufacturing sector continues to be a cause for concern. The weak consumer and investment demand points to the fact that recovery is going to be slow in manufacturing and there is a need for addressing more deep rooted structural issues. FICCI hopes that with the government focusing on improving the business environment by implementing many measures for ease of doing business, growth of manufacturing in the country will lift, going ahead.

Growth Rate of Major Items of the Index

	% Share	May-15	Apr-16	May-16
Manufacturing Products				
Basic Metals	15.0	9.9	-0.3	4.8
Food Products & Beverages	9.6	2.1	-24.8	-4.6
Textiles	8.2	-1.4	-0.5	4.5
Machinery & Equipment	5.0	1.8	6.5	14.8
Consumer Non-Durables				
Antibiotics and its preparations	11.4	2.9	-15.8	0.1
Sugar	7.3	35.7	-65.3	-68.4
Newspapers	4.8	-8.7	-11.9	-1.1
Cigarettes	4.1	-12.1	6.0	5.1
Rice	3.1	2.6	-7.4	2.2

Source: MOSPI, Economic outlook CMIE and FICCI Research