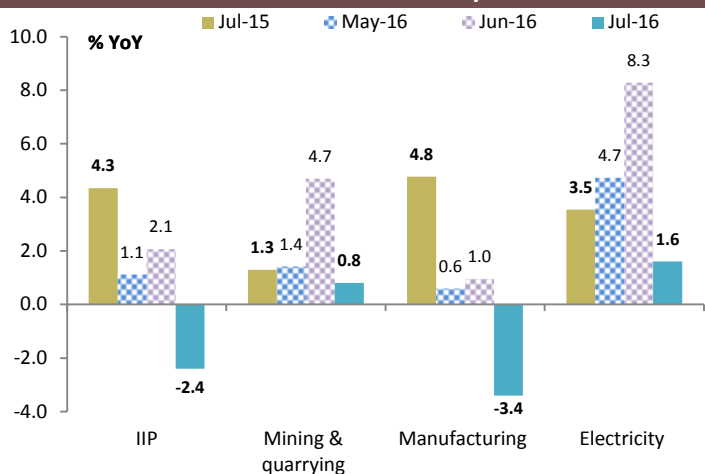


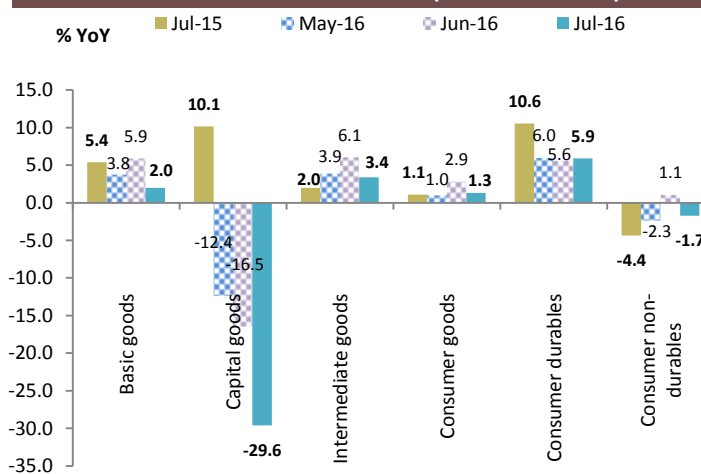
IIP contracted by 2.4 percent in July 2016

- ❖ Index of Industrial Production contracted by 2.4 percent in July 2016 as against 2.1 percent growth noted in June 2016. On a cumulative basis, the index contracted by 0.2 percent in April-July 2016 as against 3.5 percent growth noted in the corresponding period previous year.
- ❖ IIP for manufacturing sector declined by 3.4 percent in July 2016 as compared to 1.0 percent growth noticed in the previous month. Mining and electricity segments reported moderation in growth in July 2016. Mining reported a growth of 0.8 percent in July 2016 vis-à-vis 4.7 percent growth in June 2016 while electricity reported a growth of 1.6 percent in July 2016 vis-à-vis 8.3 percent growth in June 2016.
- ❖ As per use based classification of industrial production, basic goods noted 2.0 percent growth in July 2016 as compared to 5.9 percent growth noted in the previous month. Intermediate goods recorded 3.4 percent growth in June 2016. Capital goods, however, noticed contraction for the ninth consecutive month, contracting by 29.6 percent in July 2016.
- ❖ Consumer goods witnessed a slower growth of 1.3 percent in July 2016 vis-à-vis 2.9 percent growth noted in the previous month. While consumer durables registered a growth of 5.9 percent in July 2016, growth of consumer non-durables fell by 1.7 percent during the month.

IIP – Economic Activity

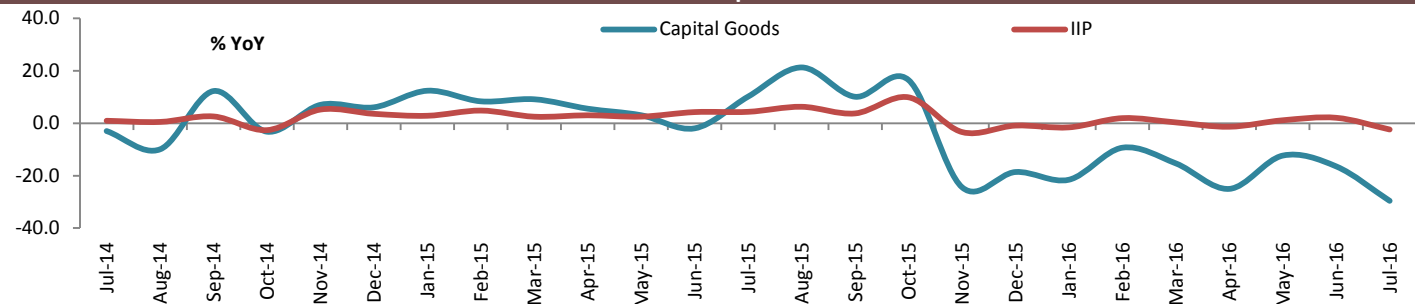


IIP – Use Based Classification (Growth % Y-o-Y)



- ❖ The dismal performance of manufacturing growth for the past eight months is a matter of concern. Investments continue to remain weak as capacity utilization has not seen much improvement.
- ❖ Weak consumer demand and investments continue to shroud the growth of manufacturing and calls for sustained efforts to address the structural issues that impact manufacturing sector. The performance of the industrial sector has been volatile and would need continued support. The cost of capital has to be more competitive to drive investments. We hope that the latest cut in the repo rate by the RBI will be reflected in lower lending rates by the banks.

Growth Trend in Capital Goods & IIP



Source: MOSPI, Economic outlook CMIE and FICCI Research