

IIP contracts by 1.6 percent in January 2021

Industrial Performance- Economic Activity - Growth (% YoY)				
Month	IIP (Wt=100.00)	Mining & quarrying (Wt=14.37)	Manufacturing (Wt=77.63)	Electricity (Wt=7.99)
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	-37.9	-14.9
Jun-20	-16.6	-19.5	-17.0	-10.0
Jul-20	-10.6	-12.7	-11.4	-2.5
Aug-20	-7.1	-8.7	-7.6	-1.8
Sept-20	1.0	1.4	0.4	4.9
Oct-20	4.5	-1.0	4.5	11.3
Nov-20	-2.1	-6.7	-2.0	3.5
Dec-20	1.6	-4.2	2.1	5.1
Jan-21	-1.6	-3.7	-2.0	5.5

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)
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	-10.7	-8.2	-9.1	-23.7	1.8
Aug-20	-10.8	-14.4	-4.8	0.0	-6.0	-10.3	-3.1
Sept-20	-1.5	-1.2	-0.4	4.0	3.6	5.3	2.4
Oct-20	-3.1	3.2	3.2	10.9	11.6	18.1	7.3
Nov-20	-2.3	-7.4	-2.6	1.7	-2.2	-3.4	-1.3
Dec-20	-0.1	1.5	2.2	2.7	2.5	5.7	0.5
Jan-21	0.2	-9.6	0.5	0.3	-4.2	-0.2	-6.8

■ The recovery in index of industrial production continues to display volatility. The latest data for the month of January 2021 has reported a contraction of 1.6 percent, vis-à-vis 1.6 percent growth noted in December 2020. Even though the level of contraction has been on a downtrend from an all time low at the peak of pandemic, the course to recovery which picked up September onwards is yet to gather momentum. The second wave of the pandemic seems to have begun in India with some states once again witnessing a surge in cases. This might pose a threat to the sustenance of recovery. Also, the rising fuel and other raw material prices is emerging as a concern for the members of industry.

■ As per Economy Activity wise classification of the index, both mining & quarrying and manufacturing segments noted a contraction during the month of January 2021. The mining and quarrying segment witnessed negative growth for the fourth consecutive month in January 2021 – reporting a decline by 3.7 percent. While the manufacturing sector noted a contraction by 2.0 percent in January 2021 after posting a 2.1 percent growth in December 2020. Furthermore, the moderation in the performance of the manufacturing seemingly got more broad based in January 2021 with 18 subsegments reporting a contraction during the month vis-à-vis 14 subsegments reporting likewise in December 2020. The decline has been most pronounced in sectors including wearing apparels, printing, furniture, paper & paper products & pharmaceuticals.

■ According to the Use Based Classification of the Index, capital goods and consumer goods segment reported negative growth in January 2021. In case of capital goods segment the decline was steeper at 9.6 percent in January 2021 (vis-à-vis 1.5 percent growth in December 2020), while the consumers goods noted a fall by 4.2 percent (vis-à-vis 2.5 percent growth in December 2020). Moreover, the consumer non-durable segment seems to be faring worse than the durables segment. Besides, the intermediate and infrastructure segments also noted moderation in growth during the month.

■ On a cumulative basis, the overall IIP growth reported a 12.2 percent decline over the period April- December 2020, vis-à-vis 0.6 percent growth noted over the same period last year

Manufacturing Sub segments: Growth: Y-o-Y in %

Month	Jan-20	Nov-20	Dec-20	Jan-21
Manufacture of food products	-1.0	7.8	-1.9	-2.6
Manufacture of beverages	-3.9	-15.9	-7.7	-8.5
Manufacture of tobacco products	21.9	-7.6	-2.0	-10.8
Manufacture of textiles	3.4	-9.1	-6.7	-5.6
Manufacture of wearing apparel	-5.5	-26.3	-20.2	-20.2
Manufacture of leather and related products	3.0	-8.7	-5.3	-4.9
Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	9.2	-0.1	-4.6	6.9
Manufacture of paper and paper products	-8.8	-22.0	-16.8	-12.5
Printing and reproduction of recorded media	-8.5	-19.5	-23.2	-18.3
Manufacture of coke and refined petroleum products	-0.2	-3.3	-0.7	-0.5
Manufacture of chemicals and chemical products	1.0	0.2	7.0	3.1
Manufacture of pharmaceuticals, medicinal chemical and botanical products	-0.5	-2.3	4.2	-11.5
Manufacture of rubber and plastics products	-4.0	6.8	8.4	6.3
Manufacture of other non-metallic mineral products	4.2	-3.8	-4.7	-6.1
Manufacture of basic metals	15.6	2.5	5.7	4.2
Manufacture of fabricated metal products, except machinery and equipment	-7.6	-6.6	2.7	-1.7
Manufacture of computer, electronic and optical products	-0.4	-14.9	21.4	-1.0
Manufacture of electrical equipment	-1.8	-0.3	9.3	-2.8
Manufacture of machinery and equipment n.e.c.	0.2	-5.7	9.4	-7.6
Manufacture of motor vehicles, trailers and semi-trailers	-10.2	-0.7	6.4	-0.9
Manufacture of other transport equipment	-9.0	0.4	-9.3	4.7
Manufacture of furniture	9.1	-26.1	-11.2	-18.0
Other manufacturing	-0.9	-0.6	-4.0	-3.4

Number of sectors witnessing a decline of over 20% in January 2021

1

Number of sectors witnessing decline b/w 15%-20% in January 2021

2

Number of sectors witnessing decline b/w 10%-15% in January 2021

3

Number of sectors witnessing decline b/w 5%-10% in January 2021

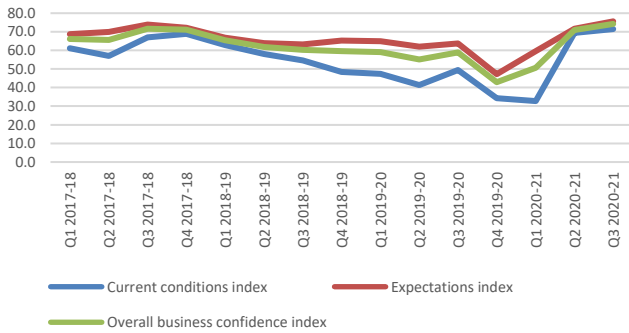
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Number of sectors witnessing decline b/w 0%-5% in January 2021

8

FICCI Business Confidence Index

Overall Business Confidence Index



FICCI's Overall business confidence index at a decadal high in the latest survey round. Overall Business Confidence Index stood at 74.2 in the current round which was more than 3 points higher than the index value of 70.9 reported in the previous survey. Outlook over next six months has improved for employment, exports and investments. Risk from new Covid-19 strains pegged as the most important global trend to watch out for in 2021 with about 57% respondents stating the same.

Operational Parameters - Outlook



Comment

The latest IIP numbers for the month of January 2021 are a little disappointing. Sustaining the growth momentum continues to be challenge for the members of the Indian industry. Even though our latest Business Confidence Survey reflects optimism in the sentiment on back of the vaccination drive and some uptick in demand but carrying this buoyancy forward remains extremely critical. The rise in the number of cases is indeed worrisome and the need of the hour is to steer a massive upswing in vaccinations. The private sector can play a pivotal role here. Making vaccine available in the open market will enable the corporates to inoculate their employees as well as those in their communities. Additionally, the fuel prices need to be brought down to more manageable levels.