

## **IIP contracts 0.7 per cent in August**

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Factory output in April-August contracts by 0.3 per cent, compared to growth of 4.1 per cent in the year-ago period.

Remaining in the negative for the second month in a row, industrial production contracted by 0.7 per cent in August due to slump in manufacturing, mining and capital goods segments.

The factory output, measured by movement in Index of Industrial Production (IIP), had slipped to an eight-month low of (-) 2.49 (revised) in July on account of declining output in manufacturing and capital goods sectors.

On cumulative basis, the factory output in April-August contracted by 0.3 per cent, compared to growth of 4.1 per cent in the year-ago period.

The official data released on Monday showed the manufacturing sector, which constitutes over 75 per cent of the IIP index, contracted by 0.3 per cent in August as against 6.6 per cent expansion in the same month last year.

The capital goods output registered a steep decline of 22.2 per cent in the month, against a growth rate of 21.3 per cent in last year.

Mining activities shrunk by 5.6 per cent in August this year as against a growth of 4.5 per cent in August 2015.

Power generation remained almost flat (0.1 per cent) in compared to an expansion of 5.6 per cent in the year ago period.

Output of consumer durables registered a growth of 2.3 per cent while growth in non-durables segment was almost flat.

Overall, consumer goods production recorded a growth 1.1 per cent in August compared to 6 per cent, a year ago.

In terms of industries, seven out of 22 industry groups in the manufacturing sector showed negative growth during August year-on-year.

Items that showed high negative growth during the current month include cable, rubber insulated, sugar machinery, woollen carpets, gems and jewelry and rice.

Items that registered high positive growth include fruit pulp, air conditioner, instant food mixes, ship building and repairs, scooter and mopeds, stainless/alloy steel and boilers.