

IIP growth slows to 1.7% in May 2017

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India's industrial production (base year 2011-12=100) increased at slower pace of 1.7% in May 2017 over May 2016. The manufacturing sector's production rose 1.2% in May 2017. Meanwhile, the electricity generation galloped 8.7%, but mining output declined 0.9% in May 2017. The growth for April 2017 has been revised downwards to 2.8% from 3.1% reported earlier.

As per the use-based classification, primary goods output improved 3.4% in May 2017 over a year ago, but the output of capital goods continued to decline for second straight month at (-) 3.9%. Intermediate goods output rose mere 0.7%, while the output of Infrastructure/ construction goods also moved up at subdued pace of 0.1%. The output of consumer non-durable durables increased 7.9%, but that of consumer durable goods declined for sixth straight month at 4.5% in May 2017 over May 2016.

In terms of industries, twelve out of the 23 industry groups in the manufacturing sector have shown positive growth in May 2017 as compared to the corresponding month of the previous year.

The industry group 'pharmaceuticals, medicinal chemical and botanical products' has shown the highest positive growth of 24.5% followed by 24.4% in 'other manufacturing' and 11.8% in 'other transport equipment'. On the other hand, the industry group 'beverages' has shown the highest negative growth of (-) 16.5% followed by (-) 15.1% in 'motor vehicles, trailers and semi-trailers' and (-) 15.0% in 'electrical equipment'.

Some important items showing high positive growth during the current month over the same month in previous year include 'digestive enzymes and antacids' 90.5%, 'textile machinery' 51.8%, 'meters electric and non-electric' 48.7%, 'jewellery of gold studded with stones or not' 36.7%, 'industrial valves of different types- safety, relief and control valves on-electronic, non-electrical' 32.8%, 'telephones and mobile instruments' 29.2%, 'aluminium billets/ingots' 23.6% and 'tea' 21.8%.

Some important items that have registered high negative growth include 'api & formulations of hypo-lipidemic agents incl. Anti-hyper-triglyceridemics; anti-hypertensive' (-) 72.8%, 'air filters' (-) 63.7%, 'shelled cashew kernel, whether or not processed/ roasted/ salted' (-) 63.3%, 'axle' (-) 47.0%, 'plastic jars, bottles and containers' (-) 41.1%, 'kerosene' (-) 40.6%, 'rice (excluding basmati)' (-) 36.1%, 'tooth paste' (-) 33.8%, 'api & formulations of vitamins' (-) 32.0%, 'electrical apparatus for switching or protecting electrical circuits' (-) 29.5%, 'commercial vehicles' (-) 26.5% and 'beer & other undistilled and fermented alcoholic liqueurs other than wines' (-) 24.9%.

Industrial production rose 2.2% in April-May FY2018, compared with 7.3% growth in the corresponding period last year. The manufactured product sector output improved 1.8%, while the mining and electricity generation moved up 1.1% and 7.1% in April-May FY2018.

Contribution to growth

India's industrial production improved 1.72% in May 2017 over May 2016. The manufacturing sector's output improved 1.2% contributing to the growth in industrial production with a share of 95 basis points (bps). The electricity generation increased 8.7% contributing positively by 83 bps to the IIP growth, while the mining output declined 0.9% in May 2017, serving the IIP with a negative share of (-) 11 bps.

Among the 23 manufacturing industries group, industry group 'pharmaceuticals, medicinal chemical and botanical products' at 182 bps, had the largest positive contribution in the 1.72% growth in the overall IIP, followed by 'coke and refined petroleum products' at 61 bps, and the 'machinery and equipment' group at 36 bps in May 2017. Industry group 'other transport equipment' had a positive share of 21 bps, while 'other manufacturing' at 20 bps, and 'computer, electronic and optical products' at 18 bps, also served IIP with negative contribution in May 2017. Industry groups 'basic metals' at 4 bps, 'leather and related products' 3 bps and 'furniture' 2 bps also had a positive contribution in May 2017.

About 12 groups out of 22 industry groups increased their output in May 2017, serving the IIP growth with positive contribution. These 12 groups had a positive contribution of 348 bps together to the IIP growth. These 12 groups together carry a weight of 40.9% in the IIP.

On the other hand, industry group 'motor vehicles, trailers and semi-trailers' at (-) 71 bps, had the largest negative contribution to IIP growth in May 2017, followed by 'electrical equipment' (-) 46 bps, 'chemicals and chemical products' (-) 44 bps, 'fabricated metal products, except machinery and equipment' (-) 33 bps, and 'beverages' (-) 20 bps in May 2017. Industry group 'wearing apparel' at (-) 14 bps, 'textiles' (-) 12 bps, and 'food products' (-) 7 bps, also served IIP with negative contribution in May 2017.

About 11 industry groups recorded a positive growth in May 2017, contributing positively to the IIP growth. These 11 groups had a positive contribution of (-) 257 bps together to the IIP growth in May 2017. These 11 groups carry a weight of 36.7% together in the IIP.

As per the use-based classification, primary goods contribution to the IIP growth of 1.7% was positive, at 111 bps, but capital goods served IIP, with a negative share of (-) 26 bps in May 2017. The contribution of intermediate goods was positive at 11 bps. The contribution of consumer goods remained negative at (-) 62 bps in the IIP growth, while the contribution of consumer non-durables goods was positive at 129 bps and infrastructure/ construction goods at 1 bps in May 2017.