

Release of new series of all-India IIP with base 2011-12

**Ministry of Statistics & Programme Implementation
Government of India**

**12th May 2017
National Media Centre
New Delhi**

Current Series

- ➡ Base year : 2004-05
- ➡ Monthly Volume indicator based on a fixed set of items/ factories
- ➡ 15 Source agencies under various Ministries/ Deptts.
- ➡ National Industrial Classification (NIC) 2004
- ➡ Disseminated with a lag of 6 weeks
- ➡ Usage : GDP advance estimates

Sectoral Coverage in 2004-05 series

Sector	Item Groups	Weights (%)
Mining	1	14.157
Manufacturing	397	75.527
Electricity	1	10.316

Base revision

- Earlier revisions
1946, 1951, 1956, 1960, 1970, 1980-81, 1993-94 and 2004-05;
- to capture changes in structure and composition of industry due to
 - technological changes, economic reforms and consumption patterns
- in alignment with other macro-indicators GDP, CPI, WPI.

Base revision (contd.)

- ➡ Based on recommendations of Working Group under Dr. Saumitra Chaudhuri, former Member, Planning Commission (erstwhile)
- ➡ Methodology approved by Committees:
 - **National Statistical Commission**, and
 - **Committee of Secretaries** chaired by the Cabinet Secretary

Changes in the new series of IIP

- ➔ Selection of items at NIC 3 digit level
- ➔ 407 Item groups in Item Basket (against 399 in 2004-05 base)
 - ✓ 405 item groups in Mfg. sector (clubbing 809 items)
 - ✓ 1 item group in Mining sector (clubbing 29 items)
 - ✓ 1 item group for Electricity sector
- ➔ NIC 2008 for industry classification (instead of NIC 2004)
- ➔ Electricity generation from renewable sources captured

Changes in the new series of IIP (contd.)

- ➡ Data on 'work in progress' captured for Capital Goods to avoid volatility due to bulk reporting of finished goods
- ➡ 14 source agencies
- ➡ Increase in Number of factories based on ASI data and other sources
- ➡ Change in Mining sector coverage due to
 - ➡ Mineral Conservation and Development Rules (Amendment), 2016 (dropping 27 non-metallic minerals designated as minor minerals)

Changes in the new series of IIP (contd.)

- **Use-Based Classification** re-framed :
 - (a) Primary goods; (b) Intermediate goods; (c) Capital goods;
 - (d) Infrastructure/construction goods; (e) Consumer durables; and
 - (f) Consumer non-durables
- **WPI with base year 2011-12** as deflator for the items data for which is reported in value terms
- **Technical Review Committee** chaired by Secretary, MoSPI for periodical review and suggest inclusion/deletion of items/factories

Items and weights in IIP with base 2011-12

- Item Basket consist of 407 item groups (against 399 in 2004-05 base) -

	<u>2011-12</u>	<u>2004-05</u>
	<u>Item groups</u> (weight)	<u>Item groups</u> (weight)
Common:	258 (84.6%)	275 (85.6%)
New:	149 (15.4%)	--
Dropped:	--	124* (14.4%)

(* : 38 of these items have been re-classified and included in new series as a broader group and/ or with revised nomenclature)

- Sectoral Weights based on GDP Series 2011-12 :

<u>Sector</u>	<u>2004-05</u>		<u>2011-12</u>	
	<u>Weight</u>	<u>Item grps</u>	<u>Weight</u>	<u>Item grps</u>
Mining	14.157	1	14.373	1
Manufacturing	75.527	397	77.633	405
Electricity	10.316	1	7.994	1

Comparison of two series of IIP

- ▶ Comparison of two series to be made keeping in mind:
 - ✓ **Entry of new factories** increased and exit of closed ones
 - ✓ **Inclusion of** of new items and exclusion of outdated ones.
 - ✓ **Change in the Coverage of electricity sector and mining sector**
 - ✓ **Rationalisation of Sectoral weights** and overall weighting diagram based on **GDP with base 2011-12**
 - ✓ **WPI base 2011-12** used as deflators

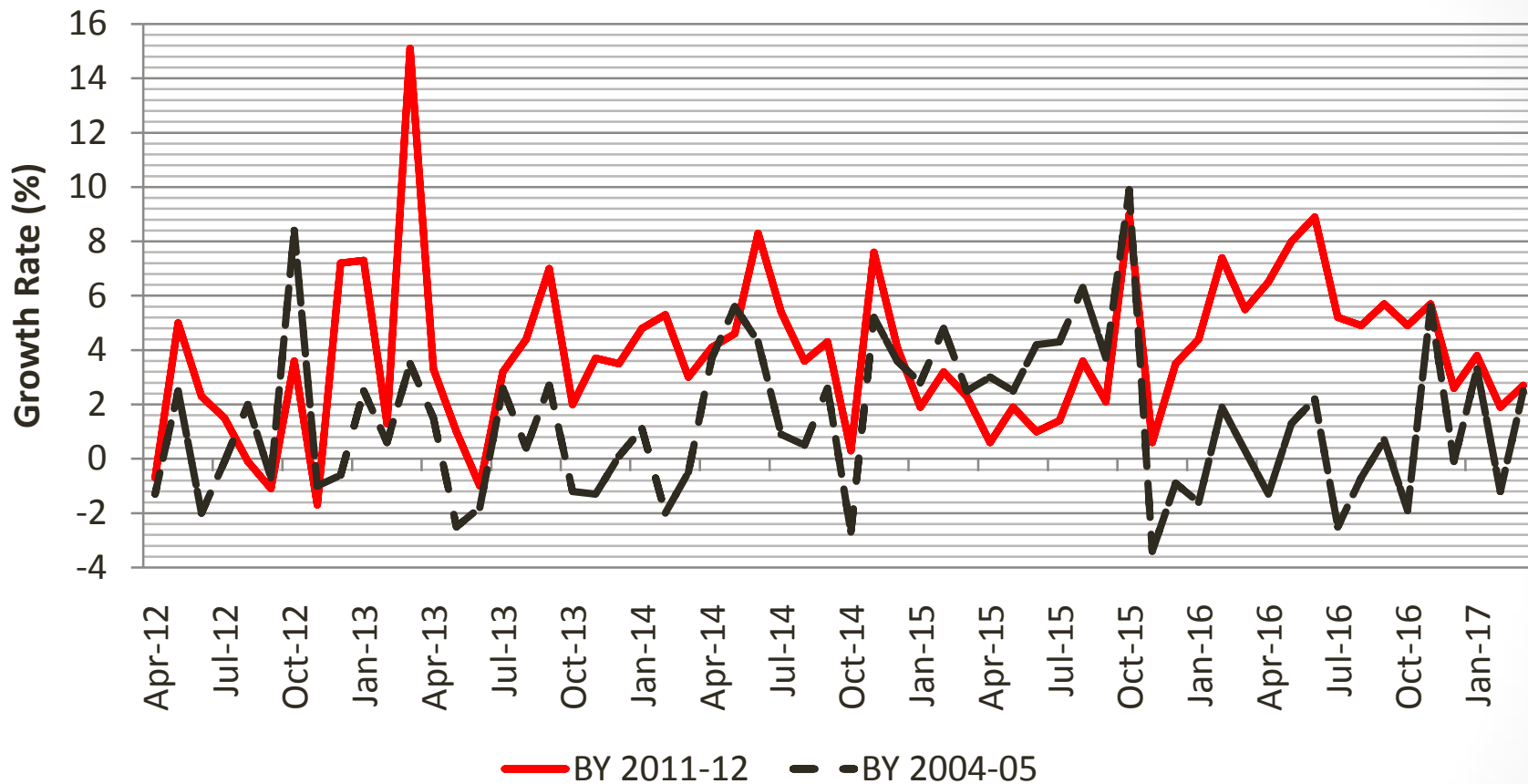
Annual Growth Rates (%) – Sectoral IIP

Base 2011-12 vis-à-vis 2004-05

Sector	Base year	Weights (%)	2012-13	2013-14	2014-15	2015-16	2016-17
Mining	2011-12	14.373	-5.3	-0.1	-1.4	4.3	5.3
	2004-05	14.157	-2.3	-0.6	1.5	2.2	2.2
Manufacturing	2011-12	77.633	4.8	3.6	3.9	3.0	4.9
	2004-05	75.527	1.3	-0.8	2.3	2.0	-0.1
Electricity	2011-12	7.994	4.0	6.1	14.8	5.7	5.8
	2004-05	10.316	4.0	6.1	8.4	5.7	4.7
General	2011-12	100.00	3.3	3.4	4.0	3.4	5.0
	2004-05	100.00	1.1	-0.1	2.8	2.4	0.7

Monthly Growth Rates – overall IIP

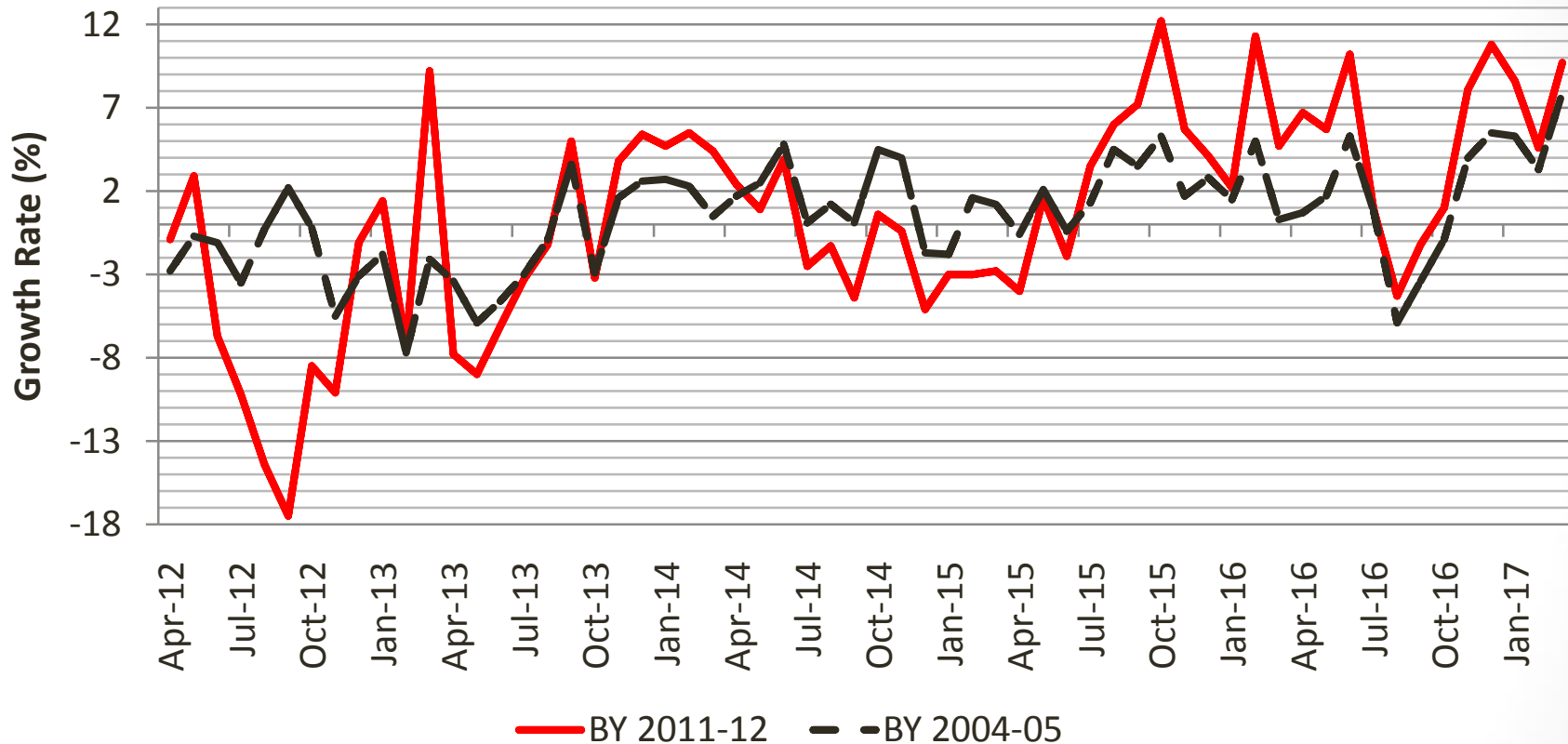
Base 2011-12 vis-à-vis 2004-05



- Reduced volatility in new series compared to existing series
- Mar 2013 spikes due to average Production in base period (Mar 2012) and spike in Capital goods such as Machinery, etc

Monthly Growth Rates – IIP (Mining)

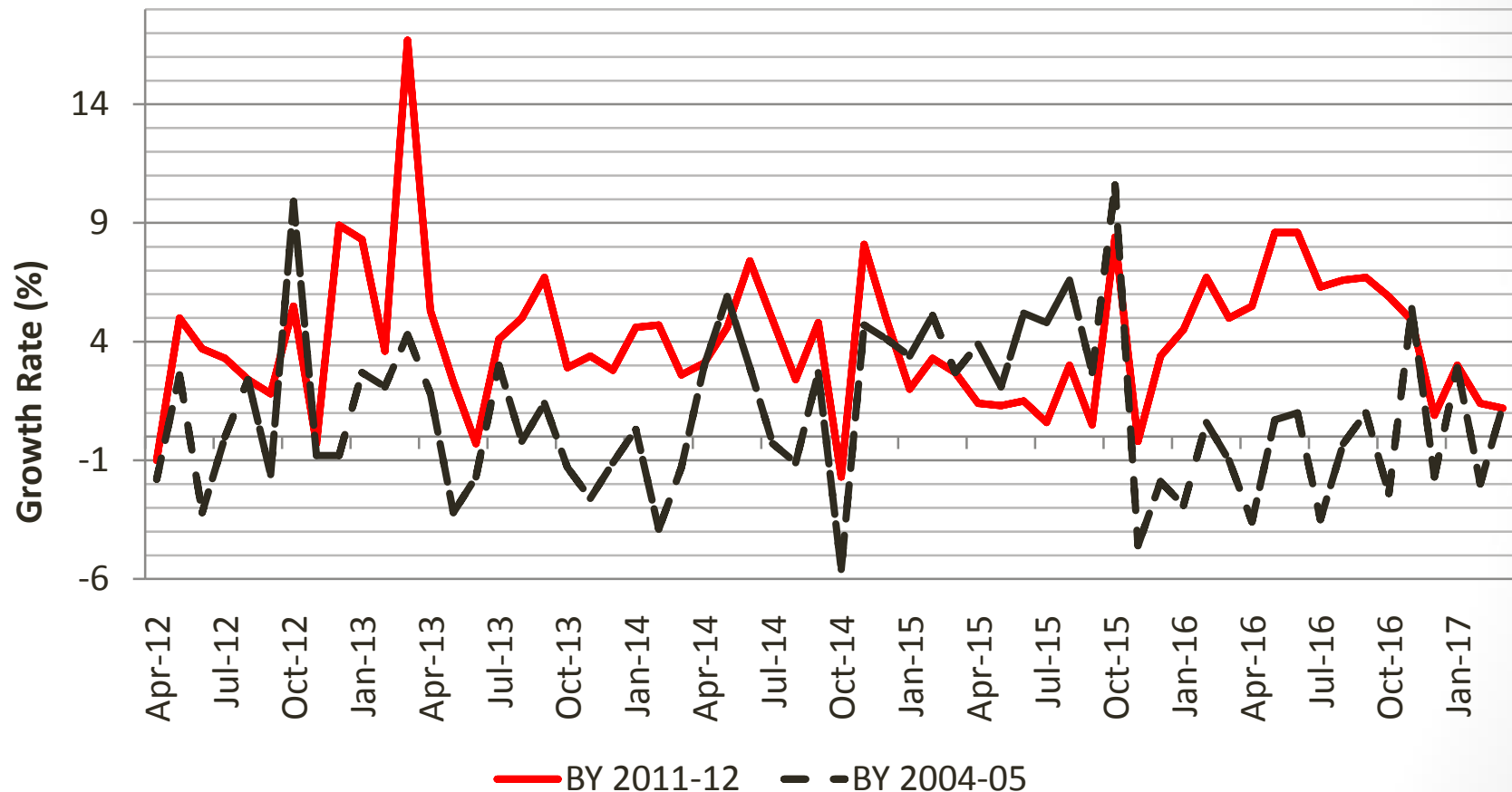
Base 2011-12 vis-à-vis 2004-05



- Reduction in number of items in the basket from 61 to 29 in new series
- Decrease in weight of Petroleum (crude) and increase in weight of Natural Gas and Iron Ore
- Fall in production of Coal and Iron Ore in 2012-13 compared to 2011-12

Monthly Growth Rates – IIP (Manufacturing)

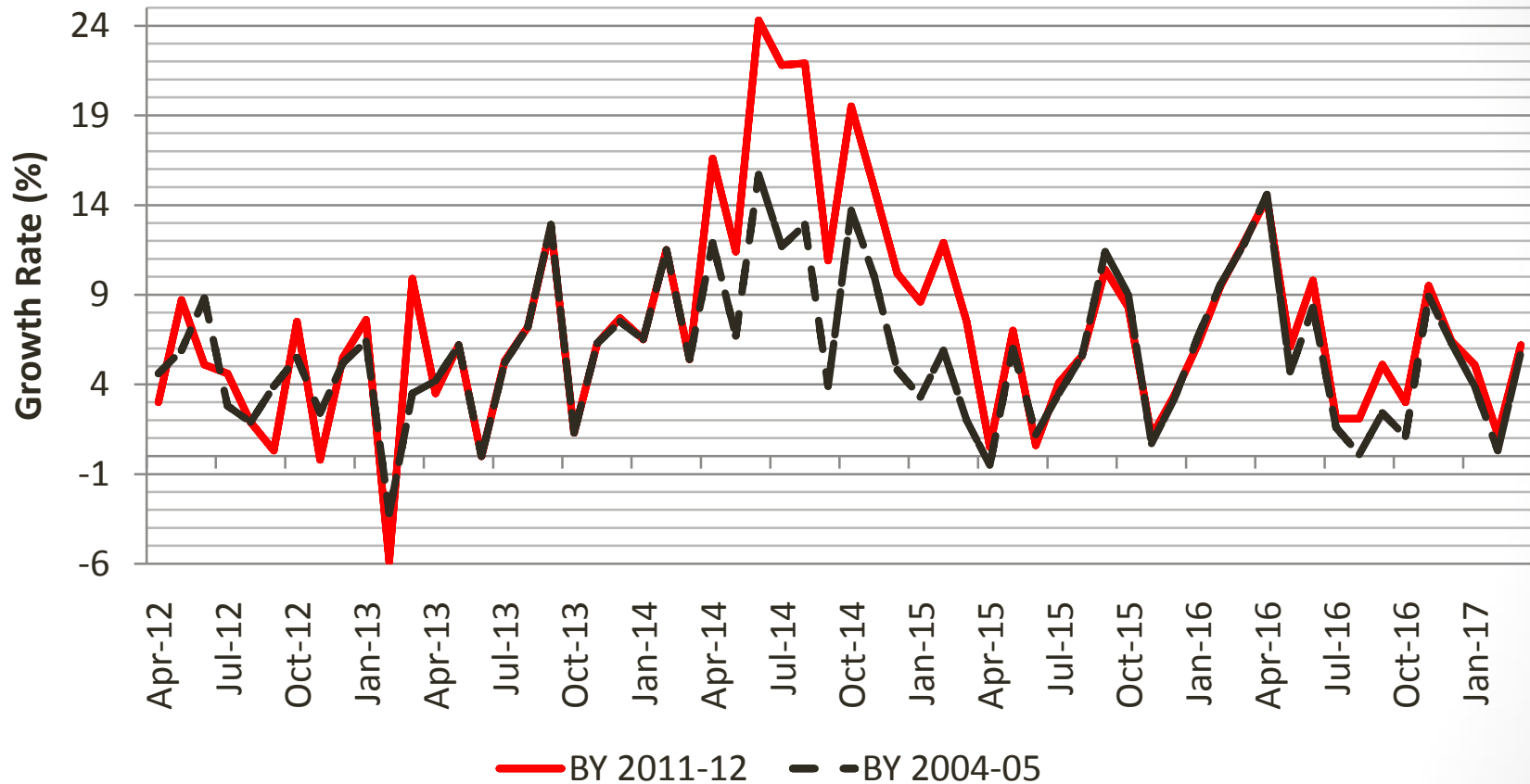
Base 2011-12 vis-à-vis 2004-05



- Shifting of base to recent period
- Increase in number of factories
- Inclusion of new/ emerging items and exclusion of old ones

Monthly Growth Rates – IIP (Electricity)

Base 2011-12 vis-à-vis 2004-05



- Inclusion of Electricity generation from Renewable Sources

For further clarification/ queries, kindly mail at
iipcsso@nic.in

Please join us for tea after the Conference
at 4th floor, National Media Centre