



## Industrial Output Grows in February

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### Why in News

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According to recent data released by the **National Statistical Office**, the **Index of Industrial Production (IIP)** accelerated at 4.5% in February in comparison to the previous year.

### Key Points

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- **Higher output in mining, electricity and manufacturing sectors** is the reason behind the IIP growth.  
Recently, **the eight core sector industries** also recorded a growth of 5.5% in **February, 2020** which is **highest in 11-months**.
- The mining sector saw a robust 10% growth in production, while the electricity sector saw 8.1% growth and manufacturing sector output grew at a rate of 3.2%.
- However, **the auto sector, computer and electronics manufacturing** output saw **negative growth**.
- February saw the second straight month of improved industrial output after a contraction in December.
- However, the **IIP is likely to plunge again for March, due to the lockdown** caused by the **Covid-19** pandemic, which has resulted in a halt in most business.

### Index of Industrial Production

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- The **Index of Industrial Production (IIP)** is an index that shows the growth rates in **different industry groups** of the economy in a fixed period of time.
- It is compiled and published monthly by the **National Statistical Office (NSO), Ministry of Statistics and Programme Implementation**.

- IIP is a **composite indicator** that measures the growth rate of industry groups classified under:
  - **Broad sectors**, namely, Mining, Manufacturing, and Electricity.
  - **Use-based sectors**, namely Basic Goods, Capital Goods, and Intermediate Goods.
- **Base Year** for IIP is **2011-2012**.
- The **eight core industries** of India represent **about 40% of the weight of items** that are included in the IIP.
- Significance of IIP :
  - IIP is the **only** measure on the **physical volume** of production.
  - It is **used by government agencies** including the Ministry of Finance, the Reserve Bank of India, etc, for policy-making purposes.
  - IIP remains extremely relevant for the calculation of the quarterly and **advance GDP estimates**.

**Source: TH**