Index of Industrial Production

Why in News?

- Recently, as per official estimates for the Index of Industrial Production (IIP), India's industrial recovery slowed sharply in December 2021, with output growing just 0.4% year-on-year, and manufacturing activity contracting 0.1%.
  - Contrary to expected growth of 2.5%, growth has come in at 0.4% which is disappointing.

What is the Index of Industrial Production?

- IIP is an indicator that measures the changes in the volume of production of industrial products during a given period.
- It is compiled and published monthly by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation.
- It is a composite indicator that measures the growth rate of industry groups classified under:
  - Broad sectors, namely, Mining, Manufacturing, and Electricity.
- Base Year for IIP is 2011-2012.
- Significance of IIP:
  - 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 (Gross Domestic Product) estimates.
- About Eight Core Sectors:
  - These comprise 40.27% of the weight of items included in the Index of Industrial Production (IIP).
  - The eight core sector industries in decreasing order of their weightage: Refinery Products> Electricity> Steel> Coal> Crude Oil> Natural Gas> Cement> Fertilizers.

Source: TH

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