



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.
 - **Use-based sectors**, namely Basic Goods, Capital Goods, and Intermediate Goods.
- 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](#)