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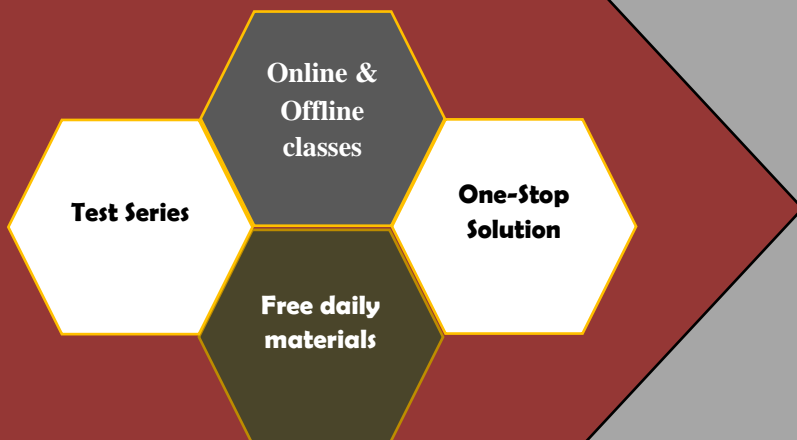
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Index of Industrial Production

Notes for civil services preparation



UPSC

General Studies

Index of Industrial Production

- 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.

- The eight core sector industries represent about 40% of the weight of items that are included in the IIP.
- The eight core industries in decreasing order of their weightage: Refinery Products (28.04 %) > Electricity (19.85 %) > Steel (17.92 %) > Coal (10.33 %) > Crude Oil (8.98 %) > Natural Gas (6.88 %) > Cement (5.37 %) > Fertilizers (2.63 %).
- Base Year for IIP calculation is 2011-2012.

Significance of IIP:

- IIP is the 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 Gross Domestic Product (GDP) estimates.