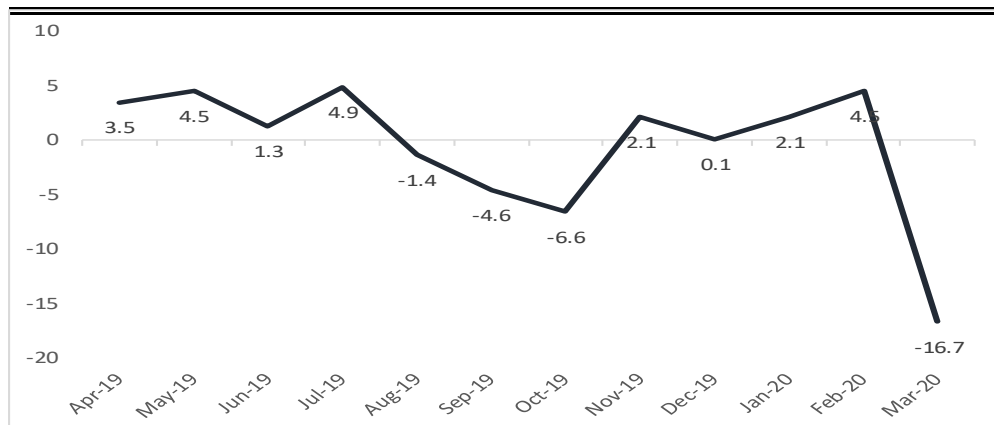


IIP dips on lockdown while CPI eases

Key Highlights -

- ❑ The Index of Industrial Production for the month of March 2020 inched downwards on the back of nation wide lockdown. The month of March showed a year on year degrowth in IIP at -16.7%.
- ❑ The IIP for the April-March period stood at -0.7% as opposed to 3.8% in the same period during the previous year.
- ❑ Mining, manufacturing and electricity generation all witnessed a fall in output in March as compared to February 2020 as the month coincided with the nation wide lockdown.
- ❑ Mining activity, manufacturing activity and electricity generation saw degrowth at 0%, 20.6% and 6.8% respectively.
- ❑ According to the use-based classification, Intermediate goods and primary goods witnessed fall by -18.5% and -3.1% respectively. Production of Capital Goods and Consumer Durables saw degrowth of 35.6% and 33.1% respectively. Construction goods and consumer non-durables tumbled by -23.8% and -16.2% respectively.
- ❑ All the 23 manufacturing industries witnessed contraction. Manufacturing of motor vehicles saw the steepest fall by -49.6%
- ❑ Consumer Price Index for the month of March 2020 further eased at 5.84% as opposed to 5.91% a month ago.
- ❑ The Inflation data could however be subjected to a lot of revisions going forwards as many data points could not be gathered due to the nation wide lockdown.
- ❑ The all India indices have been compiled using Direct Approach by considering a common market at the national level in both Rural & Urban sectors separately.
- ❑ The quick estimates for the IIP figures will also go through additional revisions as a lot of units were non-operational and could not be contacted.
- ❑ The Consumer Price Index pained by the food index though higher on account of food prices, and telecom & communication charge is expected to slide down in the coming months on demand level concerns.
- ❑ The higher inflationary trend has discouraged RBI from cutting down on interest rates in the past. The negative IIP figures are expected to tread on for a few months on the back of nation wide lockdown. The RBI however has space to further ease out and provide more liquidity. The government announcement of 20 lakh crore relief package includes the monetary actions. The sectoral distribution of the package would be on radar to check the economic revival.

Exhibit: Index of Industrial Production



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Exhibit: Sectoral IIP

When we compare the sectoral IIP the manufacturing activity was most affected in March as nation wide lockdown began in the month

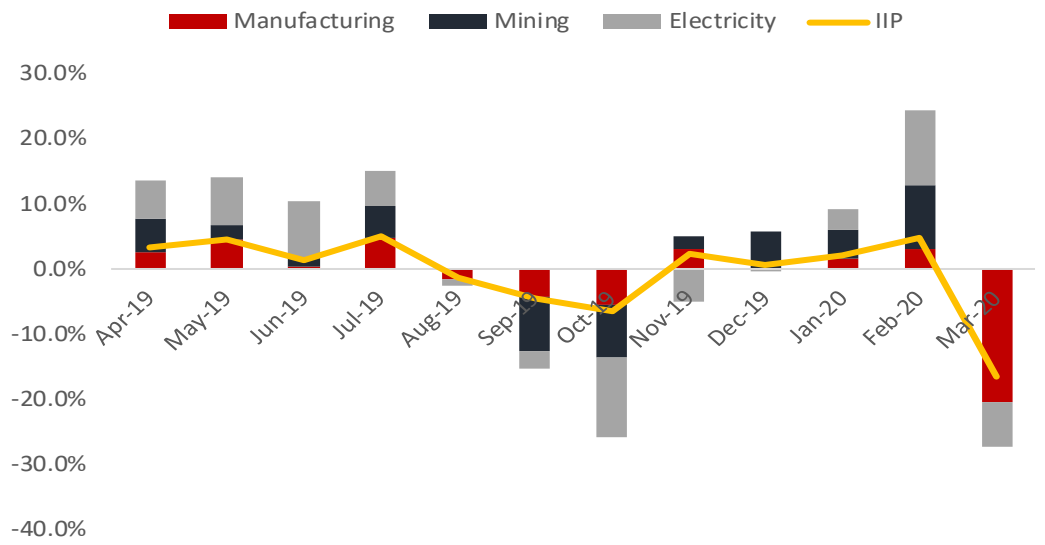
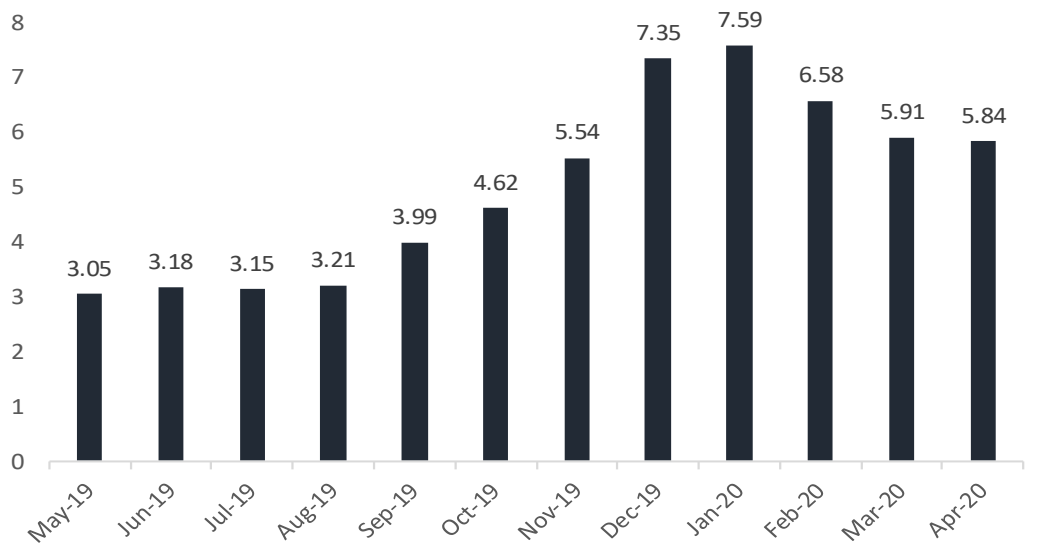


Exhibit: Consumer Price Index



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