



Index of Industrial Production - Kerala

From 2005-06 to 2014-15

Base Year: 2004-05

**Department of Economics and Statistics
Government of Kerala**

Introduction

The Index of Industrial Production (IIP) is the most well-known and well used indicator to compare the industrial performance of the economy. IIP measures volume changes in production of an economy and therefore provides a measurement that is free of influences of price changes. To measure the growth in the general level of industrial activity in the State, Department of Economics and Statistics (DES) regularly collects production data from selected industrial units. The IIP of State measures the industrial performance in the State with reference to a comparable base year. The base year of the current series of Kerala IIP is 2004-05. It covers Manufacturing, Mining and Quarrying, and Electricity sectors. The latest series with 2004-05 as base year contains a total of 336 items of manufacturing sector together with 7 items from mining & Quarrying and one for electricity. The Department of Economics and Statistics has been compiling the IIP data for Kerala, in accordance with the guidelines of Central Statistical Office, Government of India.

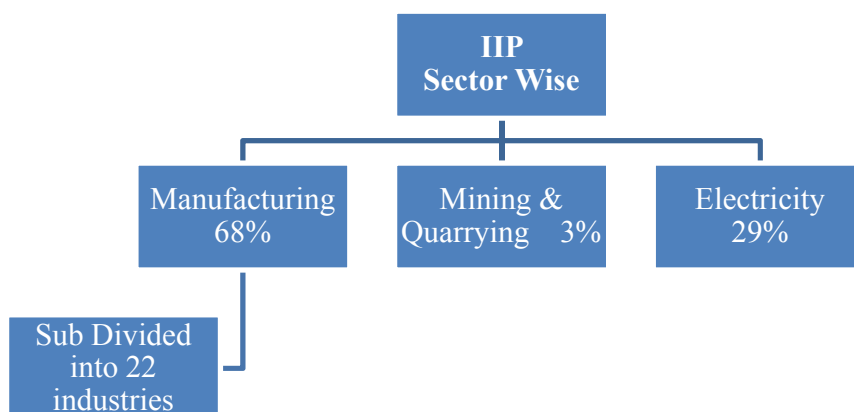
Historical Background in India:

Comparison of economic performance over time is a key factor in economic analysis and a fundamental requirement for policy-making. Short-term indicators play an important role in this context by providing such comparison indicators. Among these short-term indicators, the Index of Industrial Production (IIP) has historically been one of the most well known and well-used indicators. In India, the Office of the Economic Advisor, Ministry of Commerce and Industry made the first attempt of compilation and release of Index of Industrial Production, with base year 1937. With the establishment of the Central Statistical Office (CSO) in 1951, the responsibility for compilation and publication of the Index of Industrial Production (IIP) was vested with CSO. Since then the all India IIP is being released by the CSO as monthly series.

State Participation in Construction of Index of Industrial Production

The all-India IIP compiled by CSO measures only the macro-level industrial changes. As the structure of industry and its development is unique, the indices compiled at all-India level do not fulfil the requirements of individual states. Hence the need for indices at the state level was keenly felt. In September 1975, a unit of Index of Industrial Production started functioning in DES with the collection of production details for the quarter ending July 1975. Since then the DES has been compiling the Kerala state level IIP, in accordance with the guidelines of CSO.

Break up of components comprising IIP sector wise :



Source of Data:

The monthly production data of 'mining & quarrying' and 'electricity' for compiling State level IIP are collected from Indian Bureau of Mines (IBM), Nagpur and Central Electricity Authority respectively. In case of 'manufacturing' sector, the department collects monthly production data directly from the selected manufacturing units through District Statistical Offices.

Weighting Diagram:

Total weight of IIP, which is taken as 1000, was apportioned first to three industrial sectors, ie, Manufacturing, Mining& Quarrying and Electricity. The sectoral weight of manufacturing sector was then allocated to its 2, 3 & 4 digit industry groups in proportion to their GVA figures. Finally the weight allocation at item level has been done in proportion to item-wise GVO. In case of mining & quarrying sector the total weight of the sector was apportioned to the items included in the item basket in proportion to their value of out put furnished by IBM.

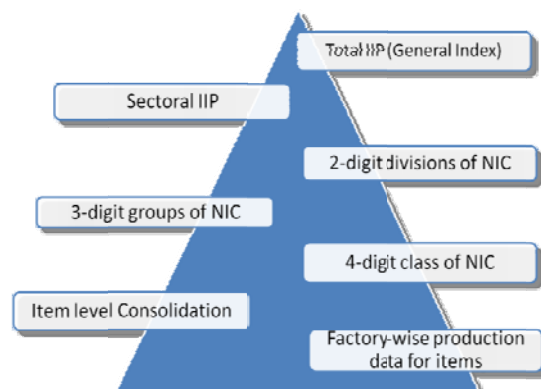
Compilation Procedure:

IIP is generally computed as the weighted average of production relatives of all the industrial activities. Here, Laspeyre's fixed-base formula is used for the calculation of the index, which can be expressed mathematically as follows:

$$I = \frac{\sum W_i R_i}{\sum W_i} \quad i = 1, 2, \dots, N$$

Where I is the index, R_i is the production relative of the i^{th} item and W_i is the weight allotted to it.

Diagram shows Different steps in compilation of IIP :



Index of Industrial production from 2005-06 to 2014-15

(Base year 2004-05)

The IIP for Kerala from 2004-05 to 2014-15 is given in the following tables. The detailed table for Manufacturing sector, Mining and Quarrying sector Electricity sector, for respective years is also annexed.

Table 1. Sectoral Index

Year	Manufacturing	Mining & Quarrying	Electricity	General Index
2005-06	67.3	122.6	117.1	83.6
2006-07	86.7	118.5	122.1	98.0
2007-08	103.0	129.6	141.8	115.1
2008-09	121.3	132.4	116.2	120.1
2009-10	94.0	146.1	124.2	104.4
2010-11	103.3	136.6	118.8	108.9
2011-12	122.6	138.5	139.3	127.9
2012-13	107.5	104.2	109.2	107.9
2013-14	112.4	139.3	125.2	116.9
2014-15	128.4	139.5	137.7	131.5

Table 2. Detailed index (Manufacturing Sector)

NIC Code	Description	Index				
		2005-06	2006-07	2007-08	2008-09	2009-10
15	Food Products & Beverages	35.2	38.6	50.2	71.3	65.2
16	Tobacco Products	17.0	14.5	13.8	115.9	7.8
17	Textiles	68.6	73.9	61.5	59.5	48.3
18	Wearing Apparel, Dressing	*	*	*	*	*
19	Tanning & Dressing of Leather and Products	30.3	37.6	34.9	43.9	37.1
20	Wood & Products	132.5	137.4	130.8	36.0	76.4
21	Paper & Paper Products	97.5	88.1	90.2	73.4	75.5
22	Publishing, Printing and Reproduction of Media	24.2	170.2	215.1	13.0	65.4
23	Coke, Refined Petroleum	69.7	88.5	91.0	65.4	97.8
24	Chemicals and Chemical Fertilizers	76.0	84.4	96.5	305.2	104.7
25	Rubber and Plastic Products	50.9	75.8	82.7	307.2	101.2
26	Other non-metallic minerals	47.4	73.5	86.6	64.8	91.2
27	Basic Metals	55.6	73.9	141.7	169.3	78.5
28	Fabricated metal products	72.6	75.3	104.1	126.7	142.9
29	Machinery and equipment	81.6	69.2	73.6	89.8	56.7
30	Office, accounting and computing machinery	*	*	*	65.4	250.5
31	Electrical machinery and parts	80.5	147.1	293.6	124.9	189.0
32	Radio, television	193.6	239.9	332.4	71.0	230.6
33	Medical, Precision and optical	220.3	84.6	88.6	110.6	107.2
34	Motor vehicles, trailers	201.7	168.0	463.9	57.7	110.6
35	Other transport equipment	87.5	73.4	78.0	90.5	64.8
36	Furniture, Manufacturing n.e.c	20.9	36.5	141.6	83.3	170.2
Sector	Manufacturing	67.4	86.7	103.0	121.3	93.9

NB.* Indices could not compile due to the non availability of data.

Table 2(contd). Detailed index (Manufacturing Sector)

NIC Code	Description	Index				
		2010-11	2011-12	2012-13	2013-14	2014-15
15	Food Products & Beverages	56.2	246.9	134.3	143.5	156.1
16	Tobacco Products	6.8	6.9	6.7	6.0	5.8
17	Textiles	63.4	53.6	65.6	67.7	73.8
18	Wearing Apparel, Dressing	*	214.8	175.6	212.1	259.2
19	Tanning & Dressing of Leather and Products	108.4	172.5	62.2	68.4	211.4
20	Wood & Products	78.0	75.9	103.5	99.9	84.3
21	Paper & Paper Products	81.7	81.4	75.9	74.7	67.2
22	Publishing, Printing and Reproduction of Media	50.4	50.9	58.2	74.3	236.4
23	Coke, Refined Petroleum	101.5	107.7	113.1	118.0	120.0
24	Chemicals and Chemical Fertilizers	91.4	95.3	116.4	117.6	118.8
25	Rubber and Plastic Products	173.6	73.7	68.8	73.1	76.2
26	Other non-metallic minerals	91.9	85.4	61.3	64.5	103.3
27	Basic Metals	81.2	67.1	73.5	67.7	70.5
28	Fabricated metal products	135.3	113.4	105.2	82.2	80.5
29	Machinery and equipment	74.1	180.3	131.4	143.3	102.5
30	Office, accounting and computing machinery	246.8	72.5	115.8	86.1	44.7
31	Electrical machinery and parts	196.2	277.2	164.7	146.1	93.7
32	Radio, television	304.7	180.5	226.1	233.9	280.0
33	Medical, Precision and optical	108.5	167.7	138.5	172.6	232.1
34	Motor vehicles, trailers	85.2	96.3	109.4	75.6	58.6
35	Other transport equipment	137.2	22.8	22.8	16.2	125.4
36	Furniture, Manufacturing n.e.c	123.7	83.2	72.2	96.6	121.9
Sector	Manufacturing	103.3	122.6	107.6	112.4	128.4

NB.* Indices could not compile due to the non availability of data.