

# INDEX OF INDUSTRIAL PRODUCTION

DEPARTMENT OF CENSUS AND STATISTICS – SRI LANKA

MINISTRY OF FINANCE

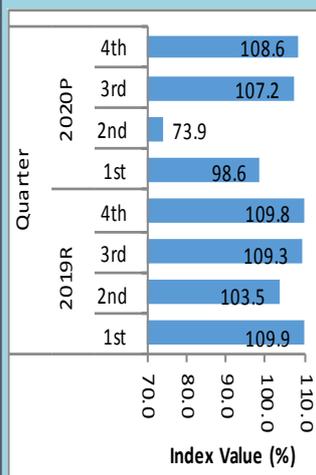
ISSUE NO. 20 4<sup>TH</sup> QUARTER 2020

ISSN 2513 - 2857



## Highlights

Figure 1: Quarterly Trend of IIP



## Inside

<b>Introduction</b>	<b>1</b>
<b>Uses of the IIP</b>	<b>1</b>
<b>IIP for the 4<sup>th</sup> quarter 2020</b>	<b>1</b>
<b>Month to month % changes of IIP</b>	<b>1</b>
<b>Month to month % change of IIP by Industry Divisions</b>	<b>2</b>
<b>Quarterly trend of IIP by industry divisions</b>	<b>3</b>
<b>Year on Year % changes of IIP by Industry Division</b>	<b>4</b>



## Introduction

The Index of Industrial Production (IIP) is an abstract number, the magnitude of which represents the status of production in the industrial sector for a given period of time. The IIP describes changes of the volume of goods and services produced over time. Its main purpose is to provide a measure of the short-term changes in the volume of industrial production from the manufacturing sector in the country. The IIP provides

Information to gauge industrial performance and to forecast the future economic performance. It can be used to identify the turning points in economic development at an early stage. The major advantage of the production index compared to other indicators is the combination of fast availability and detailed breakdown of activities.

## Uses of the IIP

The IIP is a key indicator of economic performance in most countries. Index numbers summarize past developments, facilitate forecasting of future trends and assist with evidence based policy decisions. In addition, index numbers facilitate International comparisons. The IIP also has

an important role in the compilation of the Quarterly National Accounts. Analysis of economic changes, IIP has a crucial role because industrial production is one of the more dynamic and fluctuating element in the economy.

Table 1: IIP for the 4<sup>th</sup> quarter 2020

Month & Quarter	IIP <sup>P</sup>
October 2020	108.1
November 2020	106.9
December 2020	110.7
<b>2020 4<sup>th</sup> Quarter</b>	<b>108.6</b>

P - Provisional

The volume of industrial production has increased by 2.0 % in the month of December, 2020 compared to the same month in 2019. Among the manufacturing industries; volume of products of 'Manufacture of basic pharmaceutical products and pharmaceutical preparations' (46.8%), 'Manufacture of Machinery & equipment (n.e.c.)' (40.1%) and 'Manufacture of Textiles' (35.9%) have shown remarkable increases meanwhile 'Manufacture of fabricated metal products (except machinery equipment )' (17.7%) has reported decrease during this period. (source: Table 5)

Table 2: Month to month % changes of the IIP (2015=100)

Description	IIP				Month to month % Change		
	2020 <sup>P</sup>				Sep 20/ Oct 20	Oct 20/ Nov 20	Nov 20/ Dec 20
	Sep	Oct	Nov	Dec			
Manufacturing Sector	108.4	108.1	106.9	110.7	-0.3	-1.1	3.6

R - Revised P - Provisional

### Historical background

The Index of Industrial Production (IIP) has traditionally been used to provide insight in to short-term changes in economic activity. The compilation of such indices dates back to at least the 1920's.

The United Nations has a long history of collecting and publishing industrial statistics and related information. The index numbers of industrial production is one of the most well known of these statistics.

The collection of these index numbers started in the 1950's following the recommendations of the Statistical Commission at its 5<sup>th</sup> Session in 1950 which outlined the methods to be used in compiling index numbers of industrial production.

#### source:

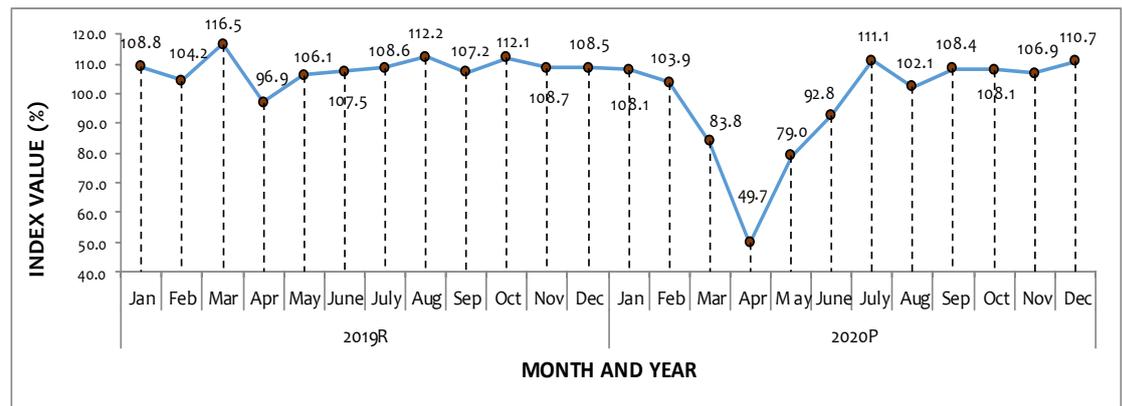
The latest revision of the International Recommendations for the Index of Industrial Production-2010

United Nations  
Statistics Division

#### Vision of DCS

“To be the leader in the region in producing timely statistical information to achieve the country's development goals.”

**Figure 2: Index of Industrial Production (IIP) 2019 January - 2020 December**



**Table 3: Month to month % changes of the IIP by Industry Divisions (2015=100)**

ISIC 2digit	Description	IIP		Month to month % Change Nov 2020/ Dec 2020
		2020 November <sup>P</sup>	2020 December <sup>P</sup>	
10	Food products	109.5	113.0	3.2
11	Beverages	108.7	120.9	11.2
12	Tobacco products	76.2	66.9	-12.2
13	Manufacture of Textiles	128.2	112.4	-12.3
14	Manufacture of wearing Apparels	103.5	102.6	-0.9
15	Manufacture of leather and related products	108.9	107.4	-1.4
16	Manufacture of wood and products of wood and cork except furniture; manufacture of articles of Straw and plaiting materials	83.0	84.0	1.2
17	Manufacture of paper and paper products	87.3	108.5	24.4
18	Printing and reproduction of recorded media	129.5	118.3	-8.6
19	Manufacture of coke and refined petroleum products	109.2	115.8	6.0
20	Manufacture of chemicals & chemical products	82.5	87.1	5.6
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	107.7	108.0	0.3
22	Manufacture of rubber & plastic products	89.9	93.5	4.1
23	Manufacture of other non-metallic mineral products	125.8	139.1	10.5
24	Manufacture of basic metals	133.1	157.7	18.5
25	Manufacture of fabricated metal products	120.7	100.5	-16.8
26-27	Manufacture of electrical equipment	67.5	88.6	31.4
28	Manufacture of Machinery & equipment	108.1	127.7	18.2
31	Manufacture of furniture	94.7	97.0	2.4
29-30-32-33	Other manufacturing	91.3	79.2	-13.2
<b>Overall Index for the Manufacturing Sector</b>		<b>106.9</b>	<b>110.7</b>	<b>3.6</b>

P - Provisional

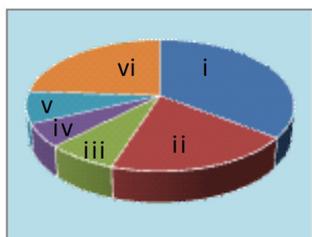
**Highlights****Manufacturing Sector  
Weights (ASI 2015)**

Figure3: Weighting Diagram

- i. Manufacture of food products (35.2%)
- ii. Manufacture of Wearing Apparels (19.8%)
- iii. Manufacture of other non metallic mineral products (7.8%)
- iv. Manufacture of Coke and refined petroleum products (7.4%)
- v. Manufacture of Rubber and Plastic products (5.7%)
- vi. Other Products (24.1%)

**Mission of DCS**

“ Making contribution in the socioeconomic development of the country by providing accurate timely statistics, more effectively by means of new technology, and utilizing the services of dedicated staff under a strategic leadership to become a prosperous nation in the globalized environment ”

**Table 4: Quarterly trend of IIP by industry divisions (2015=100)**

ISIC 2digit	Description	4 <sup>th</sup> Quarter		Year on year % Change
		2019 <sup>R</sup>	2020 <sup>P</sup>	
10	Food products	108.8	112.4	3.3
11	Beverages	102.2	108.0	5.6
12	Tobacco products	78.5	67.7	-13.7
13	Manufacture of Textiles	107.8	120.5	11.7
14	Manufacture of wearing Apparels	119.5	102.3	-14.4
15	Manufacture of leather and related products	123.9	112.3	-9.4
16	Manufacture of wood and products of wood and cork except furniture; manufacture of articles of Straw and plaiting materials	102.3	69.3	-32.3
17	Manufacture of paper and paper products	98.8	96.4	-2.4
18	Printing and reproduction of recorded media	109.2	116.9	7.1
19	Manufacture of coke and refined petroleum products	103.0	114.7	11.4
20	Manufacture of chemicals & chemical products	105.9	98.8	-6.8
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	94.5	106.4	12.6
22	Manufacture of rubber & plastic products	108.5	90.1	-17.0
23	Manufacture of other non metallic mineral products	115.5	131.0	13.4
24	Manufacture of basic metals	130.0	119.2	-8.3
25	Manufacture of fabricated metal products	120.7	113.8	-5.7
26-27	Manufacture of electrical equipment	87.0	76.8	-11.8
28	Manufacture of Machinery & equipment	97.8	125.0	27.7
31	Manufacture of furniture	83.7	97.2	16.1
29-30-32-33	Other manufacturing	71.7	85.9	19.8
<b>Overall Index for the Manufacturing Sector</b>		<b>109.8</b>	<b>108.6</b>	<b>-1.1</b>

R - Revised P - Provisional

The industrial production of the manufacturing sector for the fourth quarter of 2020 has decreased by 1.1 % compared to the same quarter in 2019. Among the manufacturing industries; volume of products of ‘Manufacture of Machinery & equipment’ (27.7%), has shown a remarkable increase in production during the 4<sup>th</sup> Quarter of 2020, compared to 4<sup>th</sup> Quarter of 2019 and volume of products of ‘Manufacture of wood and products of wood and cork except furniture; manufacture of articles of Straw and plaiting materials’ (32.3%), reported a decrease during this period. (source: Table 4)

Table 5 : Year on Year % changes of IIP by industry divisions (2015=100)

ISIC 2digit	Description	2019 <sup>R</sup> October	2020 <sup>P</sup> October	Year on Year % Change	2019 <sup>R</sup> November	2020 <sup>P</sup> November	Year on Year % Change	2019 <sup>R</sup> December	2020 <sup>P</sup> December	Year on Year % Change
10	Food products	108.5	114.6	5.6	105.0	109.5	4.2	112.8	113.0	0.1
11	Beverages	102.1	94.4	-7.6	98.8	108.7	10.0	105.7	120.9	14.3
12	Tobacco products	92.6	60.1	-35.1	78.4	76.2	-2.8	64.5	66.9	3.6
13	Manufacture of Textiles	115.7	121.0	4.6	125.1	128.2	2.4	82.7	112.4	35.9
14	Manufacture of wearing Apparels	127.9	100.7	-21.3	121.2	103.5	-14.6	109.4	102.6	-6.2
15	Manufacture of leather and related products	134.0	120.5	-10.1	132.1	108.9	-17.6	105.6	107.4	-1.7
16	Manufacture of wood and products of wood and cork except furniture; manufacture of articles of Straw and plaiting materials	103.9	40.8	-60.8	103.2	83.0	-19.6	99.8	84.0	-15.8
17	Manufacture of paper and paper products	96.2	93.5	-2.8	103.8	87.3	-15.9	96.3	108.5	12.7
18	Printing and reproduction of recorded media	119.3	102.8	-13.8	105.6	129.5	22.6	102.6	118.3	15.4
19	Manufacture of coke and refined petroleum products	102.2	119.2	16.6	93.8	109.2	16.4	113.0	115.8	2.5
20	Manufacture of chemicals & chemical products	107.3	126.8	18.2	107.6	82.5	-23.4	102.9	87.1	-15.3
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	100.8	103.5	2.7	109.0	107.7	-1.3	73.6	108.0	46.8
22	Manufacture of rubber & plastic products	109.0	86.9	-20.3	107.7	89.9	-16.5	108.8	93.5	-14.0
23	Manufacture of other non-metallic mineral products	119.0	128.2	7.7	113.0	125.8	11.3	114.5	139.1	21.4
24	Manufacture of basic metals	124.5	66.7	-46.4	134.1	133.1	-0.7	131.5	157.7	20.0
25	Manufacture of fabricated metal products	107.1	120.1	12.1	132.9	120.7	-9.2	122.1	100.5	-17.7
26-27	Manufacture of electrical equipment	90.1	74.2	-17.7	86.5	67.5	-22.0	84.5	88.6	5.0
28	Manufacture of Machinery & equipment	103.0	139.1	35.0	99.3	108.1	8.8	91.2	127.7	40.1
31	Manufacture of furniture	85.7	99.7	16.3	83.5	94.7	13.4	81.8	97.0	18.6
29-30-32-33	Other manufacturing	68.4	87.3	27.8	76.0	91.3	20.1	70.9	79.2	11.7
<b>Overall Index for the Manufacturing Sector</b>		<b>112.1</b>	<b>108.1</b>	<b>-3.5</b>	<b>108.7</b>	<b>106.9</b>	<b>-1.7</b>	<b>108.5</b>	<b>110.7</b>	<b>2.0</b>

R - Revised; P - Provisional