



INDEX OF INDUSTRIAL PRODUCTION

DEPARTMENT OF CENSUS AND STATISTICS - SRI LANKA

MINISTRY OF NATIONAL POLICIES AND ECONOMIC AFFAIRS

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Highlights

Monthly IIP

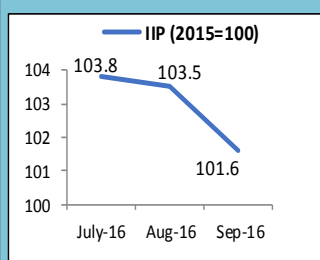


Figure1: Monthly Index of Industrial Production

Inside

Introduction	1
Index of Industrial Production 3 rd quarter 2016	1
Month to month changes of IIP	1
Objectives	2
Key features	2
Uses of the IIP	2
The role of weights in an index	3
Weighting diagram	3
Month to month change of IIP by Industry Divisions	4

Introduction

The Index of Industrial Production (IIP) is an abstract number, the magnitude of which represent 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.

Index of industrial production 3rd quarter 2016

Month & Year		IIP* (2015=100)
July	2016	103.8
August	2016	103.5
September	2016	101.6
2016 (3rd Quarter)		103.0

* Provisional

Table 1: IIP estimates (2015 =100) 3rd quarter 2016

The volume of industrial production has increased by 3.8% in July 2016 and for the months of August and September the index show increase in production by 3.5% and 1.6% respectively with compared to the average monthly production in 2015. The industrial production for the third quarter of 2016 has increased by 3.0% compared to the production in same quarter 2015.

Month to month changes of the IIP (2015=100)

Description	Index of Industrial Production (IIP) Jan - Sept.,2016								
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Manufacturing Sector	103.4	101.9	108.7	95.3	102.6	106.1	103.8	103.5	101.6

* Provisional

Table 2: Month to month changes of the IIP



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 5th 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

Objectives

Purpose of compiling IIP is to obtain quantitative understanding of production activity levels and its trend more rapidly and more adequately.

Key features

Based year	Year 2015
Scope	Manufacturing sector (International Standard Industrial Classification - Rev. 4)
Data collection	Data collection was done from the establishment using a questionnaire and the administrative information on production volume from selected government and semi government institutions. The DCS staff involved in data collection by mail, telephone and in person.
Calculation Method	Fixed weight arithmetic Mean Method
Frequency	Monthly, Quarterly and Annually

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.

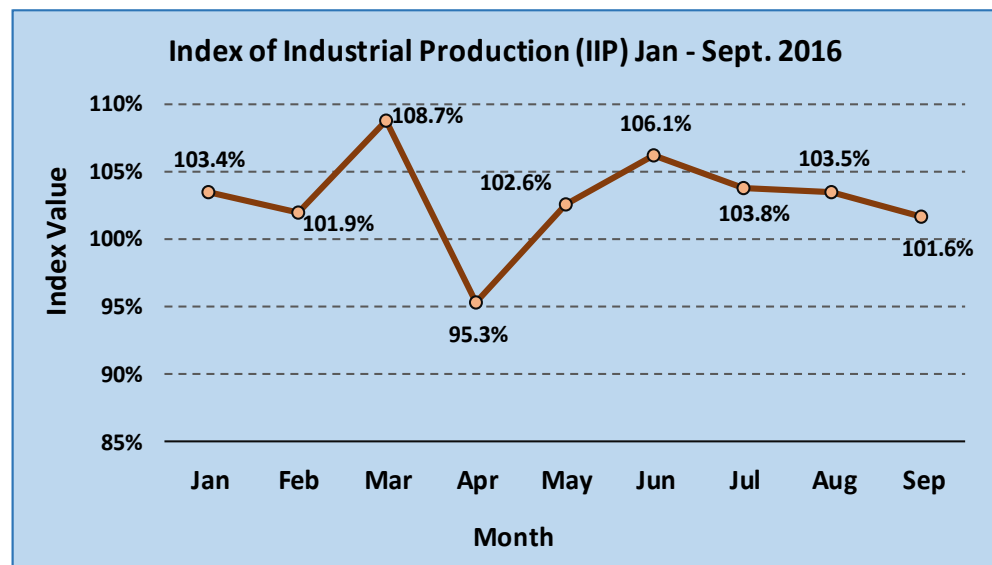
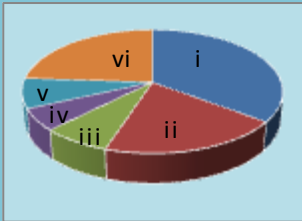


Figure2: Index of Industrial Production (IIP) Jan-Sept., -2016

Highlights**Manufacturing Sector
Weights (ASI 2015)****Figure3:** Weighting Diagram

- i. Manufacture of food products
- ii. Manufacture of Wearing Apparels
- iii. Manufacture of other non metallic mineral products
- iv. Manufacture of Coke and refined petroleum products
- v. Manufacture of Rubber and Plastic products
- vi. Other Products

The role of weights in an index

Weights are key elements in the construction of any index as they provide a measure of the relative importance of each index component. In the case of the IIP, weights reflect the relative importance of a product, product group or Industry within the overall scope of industrial production. To arrive at the aggregate index figure, relative of the data for products, product groups or industries are multiplied by these weights to derive a weighted average aggregated index.

Weighting diagram

ISIC 2 digits	Description	weight-1 digit
10	Manufacture of food products	35.2
11	Manufacture of Beverages	3.8
12	Manufacture of tobacco products	1.7
13	Manufacture of Textiles	3.3
14	Manufacture of wearing Apparels	19.8
15	Manufacture of leather and related products	0.3
16	Manufacture of wood and products of wood and cork except furniture; manufacture of articles of Straw and plaiting materials	0.2
17	Manufacture of paper and paper products	1.7
18	Printing and reproduction of recorded media	1.4
19	Manufacture of coke and refined petroleum products	7.4
20	Manufacture of chemicals & chemical products	4.1
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	0.1
22	Manufacture of rubber & plastic products	5.7
23	Manufacture of other non metallic mineral products	7.8
24	Manufacture of basic metals	2.4
25	Manufacture of fabricated metal products	1.3
26	Manufacture of computers, electronics and optical products	0.5
27	Manufacture of electrical equipment	1.5
28	Manufacture of Machinery & equipment	0.7
29	Manufacture of motor vehicles, trailers and semi-trailers	0.1
30	Manufacture of other transport equipment	0.2
31	Manufacture of furniture	0.8
32	Other manufacturing	0.1
Total		100.0

Table 3 : Weighting diagram- 2015

The manufacturing of food products reported to be the major contributor for the industrial value additions (35.2%) of the country. Wearing apparels industry (19.8%) and non- metallic mineral products (7.8%) were in the second and third rank in sharing large contribution to the industrial value addition of the country.



**Department of
Census and Statistics**

No. 306/71,
Polduwa Road,
Battaramulla,
Sri Lanka.

**Industry,
Constructions, Trade
& Services Division**
5th Floor
"Sankyana Mandiraya"
No. 306/71,
Polduwa Road,
Battaramulla,
Sri Lanka.

Phone : 011-2147401
Fax : 011-2147412
Email :
Industries@statistics.gov.lk

Vision of DCS

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

Mission of DCS

“ Making contribution
to 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 ”

**Month to month changes of IIP by industry divisions
(2015=100)**

Table 4 : Month to month changes of IIP by Industry Divisions

ISIC 2digits	Description	2016 June*	2016 July*	Changes (%)	2016 July*	2016 August*	Changes (%)	2016 August*	2016 Septem- ber*	Changes (%)	2016 2nd Quarter*	2016 3rd Quarter*	Changes (%)
10	Food products	102.4	101.0	-1.4	101.0	103.0	2.0	103.0	100.5	-2.5	100.8	101.5	0.7
11	Beverages	107.9	102.9	-5.0	102.9	104.6	1.7	104.6	105.8	1.3	102.7	104.4	1.7
12	Tobacco products	114.6	114.8	0.2	114.8	113.1	-1.7	113.1	115.5	2.3	102.4	114.5	12.1
13	Manufacture of Textiles	105.3	108.8	3.5	108.8	103.6	-5.3	103.6	106.0	2.4	102.7	106.1	3.4
14	Manufacture of wearing Apparels	115.6	106.1	-9.5	106.1	101.5	-4.6	101.5	103.7	2.2	106.5	103.8	-2.8
15	Manufacture of leather and related products	107.1	103.6	-3.5	103.6	107.6	4.1	107.6	111.0	3.4	101.1	107.4	6.2
16	Manufacture of wood and products of wood and cork except furniture; manufacture of articles of Straw and plaiting materials	101.9	98.5	-3.4	98.5	99.2	0.6	99.2	99.6	0.4	100.5	99.1	-1.4
17	Manufacture of paper and paper products	103.9	103.4	-0.5	103.4	108.0	4.5	108.0	100.4	-7.5	102.3	103.9	1.6
18	Printing and reproduction of recorded media	106.1	101.2	-4.9	101.2	97.5	-3.7	97.5	102.1	4.6	103.4	100.3	-3.2
19	Manufacture of coke and refined petroleum products	98.6	106.5	7.9	106.5	95.9	-10.6	95.9	96.7	0.9	91.5	99.7	8.2
20	Manufacture of chemicals & chemical products	104.7	105.2	0.5	105.2	103.6	-1.6	103.6	91.0	-12.6	94.8	99.9	5.1
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	100.4	120.3	19.9	120.3	117.9	-2.4	117.9	135.1	17.2	95.4	124.5	29.0
22	Manufacture of rubber & plastic products	104.9	105.3	0.4	105.3	106.8	1.5	106.8	100.4	-6.4	101.5	104.2	2.6
23	Manufacture of other non-metallic mineral products	108.7	102.5	-6.2	102.5	108.5	6.0	108.5	104.8	-3.7	101.1	105.2	4.2
24	Manufacture of basic metals	107	102.7	-4.3	102.7	114.2	11.5	114.2	113.1	-1.1	101.4	110.0	8.5
25	Manufacture of fabricated metal products	94.6	106.8	12.2	106.8	98.7	-8.1	98.7	103.8	5.1	81.4	103.1	21.7
26-27	Manufacture of electrical equipment	104.2	95.1	-9.1	95.1	99.5	4.4	99.5	83.9	-15.6	101.1	92.8	-8.3
28	Manufacture of Machinery & equipment	107.6	114.0	6.4	114.0	112.8	-1.2	112.8	107.4	-5.3	102.7	111.4	8.7
31	Manufacture of furniture	99.8	120.9	21.1	120.9	125.8	4.9	125.8	118.1	-7.8	100.4	121.6	21.2
29-30- 32-33	Other manufacturing	103.3	89.6	-13.7	89.6	96.0	6.4	96.0	79.6	-16.4	99.8	88.4	-11.4
Overall Index for the Manufacturing Sector		106.1	103.8	-2.3	103.8	103.5	-0.3	103.5	101.6	-1.8	101.1	103.0	1.9

* Provisional