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Macro Insights

Analysis and Key Takeaways: Index of Industrial Production (IIP) June 2026

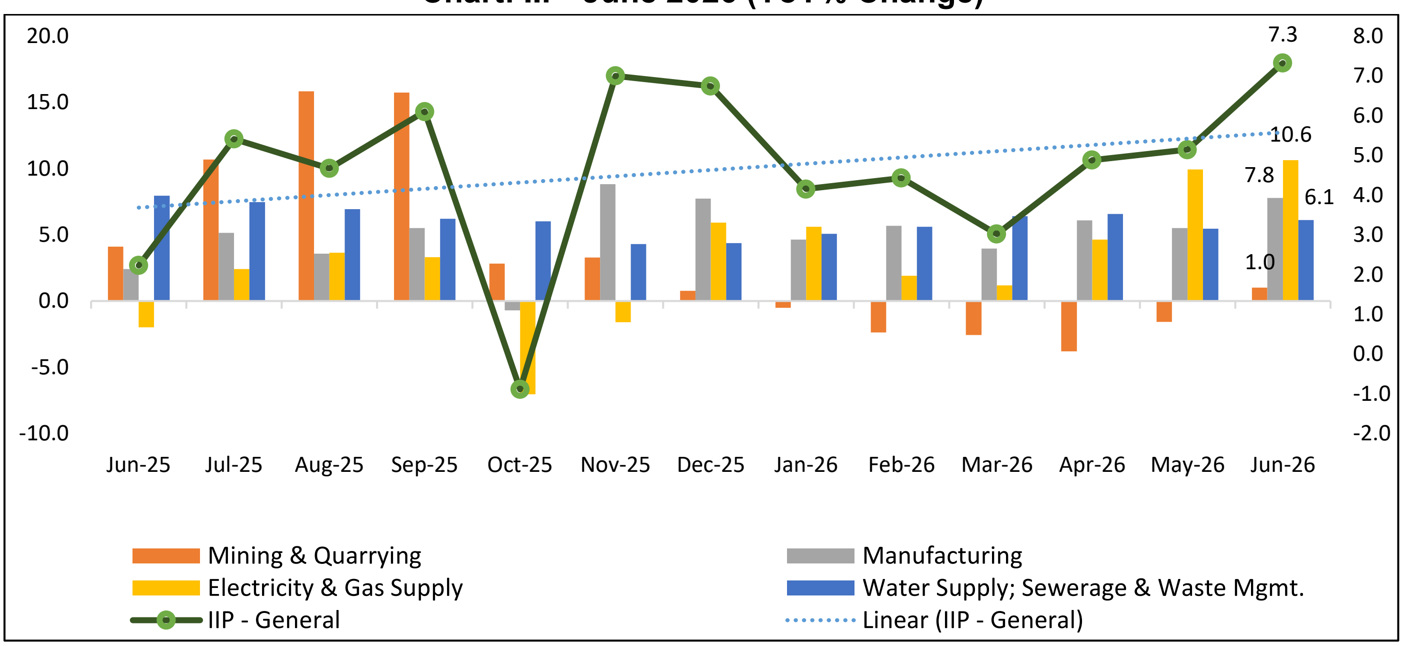
IIP growth increases to 7.3% y-o-y in June 2026

Industrial output, as measured by Index of Industrial Production recorded a 7.3% expansion in Jun'26 compared to 5.0% growth in May'26.

Highlights

- *IIP growth was driven by a broad-based expansion all the four sub-segments.*
- *The strong growth in IIP was fueled by expansion in electricity and manufacturing sector.*
- *Under use-based classification, all the six segments recorded higher growth in Jun'26 vis-à-vis May'26. Capital goods sector grew in double digits for third consecutive month, recording 14.2% YoY growth in Jun'26.*

Chart: IIP- June 2026 (YoY% Change)



Source: MoSPI

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Table 1: IIP YoY growth % (Sector-wise)

Component	Weight (%)	Jun'25	May'26	Jun'26
Mining & quarrying	**11.0**	4.1	-1.4	1.0
Manufacturing	**76.1**	2.4	5.2	7.8
Electricity & Gas Supply	**10.9**	-2.0	10.3	10.6
Water Supply, Sewerage & Waste Management	**2.0**	7.9	5.5	6.1
IIP Index -General	**100.0**	**2.2**	**5.0**	**7.3**

Table 2: IIP YoY growth % (Usage-wise)

Component	Weight (%)	Jun'25	May'26	Jun'26
Primary Goods	**31.1**	2.1	2.7	4.9
Capital Goods	**8.1**	3.4	15.5	14.2
Intermediate Goods	**22.4**	3.1	5.8	9.3
Infra/Construction Goods	**10.9**	6.6	6.6	7.5
Consumer Durables	**11.3**	1.4	8.0	7.7
Consumer non-durables	**16.2**	-2.0	-0.4	4.9

Analysis and Views:

- IIP growth rose to 7.3% in Jun'26, the highest in almost 2 years under the revised series. Growth was driven by a surge in manufacturing and electricity sectors. Manufacturing, which accounts for the largest share (76.1%) in IIP, grew 7.8% YoY in Jun, higher than 5.2% in the previous month, providing the main impetus to overall growth.
- Electricity & gas supply posted the strongest sectoral growth at 10.6% on the back of improvement in power demand. Mining & quarrying also showed modest growth of 1.0%, whereas Water Supply, Sewerage & Waste Management grew 6.1%.
- Within manufacturing, 19 out of 23 industry groups posted YoY growth in the month of June. The top 3 positive contributors for the month of June 2026 are – "Manufacture of electrical equipment" (34.0% YoY), "Manufacture of motor vehicles, trailers and semi-trailers" (17.5% YoY), and "Manufacture of food products" (10.8% YoY).
- The increase in electrical equipment industry group was powered by growth in electrical apparatus for switching or protecting electrical circuits, UPS and solid-state drives, and end-face connectors for optical fibres and cables.
- In the motor vehicles segment, auto components, spares and accessories, passenger cars and commercial vehicles were the major contributors to growth.
- Within the food products category, tea, rice (other than basmati) and starch were among the major contributors to the sector's expansion.
- Data from use-based classification showed a largely positive trend, driven by Capital goods, which recorded double-digit increase (14.2% YoY growth) underscoring the continued strength in industrial activity. Intermediate goods output increased 9.3%, infrastructure and construction goods rose 7.5%, and consumer durables grew 7.7%. Primary goods and consumer non-durables each recorded growth of 4.9%.

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- For the Apr-Jun period, IIP growth increased to 5.8% compared to 3.4% under the revised series wherein Output Producer Price Index (PPI) replaced Wholesale Price Index (WPI) as the deflator.
- Going forward, the IIP is expected to remain strong, drawing support from stable interest rate scenario. Further, demand emanating from upcoming festive season and anticipation of subdued crude oil prices amidst moderating West Asia crisis is likely to provide strength to IIP numbers.

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