

## Recent Trends in Index of Industrial Production (IIP)

*Prelims: Current events of national and international importance | Economy*

### Why in News?

Industrial output, as measured by the Index of Industrial Production, grew 4.9% in April 2026, slower than 5.8% in the same period last year, according to the new IIP series released recently.

- **Index of Industrial Production (IIP)** - It is a key economic indicator that measures the **short-term changes** in the volume of physical production in Indian industries.
- **Published by** - The **National Statistical Office (NSO)** monthly under the Ministry of Statistics and Program Implementation (MoSPI).
- The IIP also incorporates data from **8 core industries** (Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement, and Electricity), which make up over **40%** of the total IIP weight.

### Architectural & Structural Changes in the New IIP Series Base Year Revision

- **Base year Revision** - Shifted from 2011-12 to **2022-23** (index baseline set at 100), aligning it with the newly updated Gross Value Added (GVA) and GDP series.
- **Expanded Basket Size** - The commodity basket has been expanded to 1,042 products (mapped to 463 item groups), up from 839 products in the older series.
- **Broadened Sectoral Coverage**- Expanded from 3 traditional sectors to 4 sectoral indices by incorporating a new composite division.
  - **New Divisions** - Gas supply, water supply, sewerage & waste management activities alongside Mining, Manufacturing, and Electricity.
- **Improved Data Granularity - Mining Sector** - Sub-classified into fuel, metallic (including rare earth minerals), and non-metallic (including minor) minerals.
- **Electricity Sector**- Segmented explicitly into renewable and non-

renewable energy sources.

- **Data Continuity** - A linking formula has been introduced to allow users to compare the old and new data series seamlessly.
- Sectoral Performance Analysis (April 2026 Data) Sectoral Division Weight / Share in Basket April 2026 Performance (YoY).

Sectoral Division (YoY)	Weight / Share in Basket	April 2026 Performance	Key Trends & Insights
<b>Manufacturing</b>	~75% (Dominant Share)	Grew 6.2%	Slower than April 2025 (6.3%). Out of 23, <b>6 industries contracted</b> .
<b>Mining &amp; Quarrying</b>	Varies by GVA weight	Shrank >5%	Drastic deceleration; dragged overall core industrial performance.
<b>Electricity</b>	Varies by GVA weight	Slower Growth	Decelerated compared to the previous fiscal year.
<b>Gas, Water &amp; Waste</b>	New Addition	Slower Growth	Decelerated compared to the previous fiscal year.

### Key Manufacturing Sub-sector Drivers

- **Top Growth - Electrical Equipment** industry surged by **19.2%**.
- **Key Contractions** - Wood products (-12.5%), Wearing Apparel (-7%), and Coke & Refined Petroleum Products (-0.4%).

### Use-Based Classification Trends (April 2026)

- The IIP divides industries into 6 functional categories.
- **Growth Quickened / Accelerated (Positive Economic Signals)**
  - **Capital Goods** - Rocketed to **16% growth**, signaling strong long-term private sector investment and capacity expansion.
  - **Infrastructure / Construction Goods** - Quickened to **7.1%**, reflecting sustained government capital expenditure on infrastructure.
  - **Intermediate Goods** - Grew faster at **7.7%** (up by 0.19 percentage points YoY), indicating healthy supply-chain inputs.
- **Growth Decelerated / Slowed (Consumptive Red Flags)**

- **Primary Goods** - Slumped to **0.8% growth**.
- **Consumer Durables** - Slowed down to **4.3% growth**.
- **Consumer Non-Durables** - Slowed down to **2.8% growth**, signaling muted rural and urban FMCG consumption demand.

## Reference

[The Hindu | Index of Industrial Production](#)

