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
Manufacturing	~75% (Dominant Share)	Grew 6.2%	Slower than April 2025 (6.3%). Out of 23, **6 industries contracted**.
Mining & Quarrying	Varies by GVA weight	Shrank >5%	Drastic deceleration; dragged overall core industrial performance.
Electricity	Varies by GVA weight	Slower Growth	Decelerated compared to the previous fiscal year.
Gas, Water & Waste	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