

IIP debuts with new series

Industrial production registered a growth of 4.9% in Apr'26 against 5.7% growth in Apr'25. Compared with previous year (Apr'25), lower growth was noted across the board. Mining growth declined, while water supply, sewage and electricity output noted deceleration. Manufacturing growth was marginally lower, although it continue grow above the 6% mark. These are based on new base year which have been revised from 2011-12 to 2022-23. The new series has incorporated more relevant items which 64 items removed and a much wider coverage which has been aligned with the NIC-2025 framework. The geometric mean will be used to link the old series with the new one. The global challenges continue to pose downside risk to industrial growth. Certain industries might be more vulnerable given the direct impact, supply chain disruption, higher input cost and elevated energy prices. However, these disruptions are expected to be short term and needs careful monitoring.

IIP growth eases: IIP growth decelerated to 4.9% in Apr'26 from 5.7% in Apr'25. The data is based on the revised base year of 2022-23 and with the incorporation of a new sector-water supply, sewerage and waste management. The slower growth in industrial production was noted across all the sectors. Manufacturing and electricity growth was down by 6.2% (from 6.4% in Apr'25) and 4.9% (from 6.1% in Apr'25) respectively in Apr'26. The new component which is water supply, sewage and waste management too noted a slower growth of 6.6% from 8.2% in Apr'25. For mining sector, growth contracted to (-) 5.1% in Apr'26 after increasing by 0.6% in the previous year. Within manufacturing, 6 out of 23 sub sectors reported negative growth for Apr'26. These include manufacture of wearing apparel, wood products, furniture, coke and petroleum products amongst others. On the other hand, following sectors registered stronger growth including manufacture of textiles, paper products, pharma, rubber products, electrical equipment, fabricated metal products, machinery equipment, and other transport equipment.

Post the revision, on an annual basis, IIP growth has been revised higher to 4.3% from previous estimate of 4.1%. Mining and electricity also revised higher to 3.7% and 1.1%, while manufacturing growth has been revised down marginally to 4.9% for the same period. The new sector in the mix, water supply has registered a growth of 6.4% in FY26.

Capital goods output strengthens: Within use-based classification, capital goods output shines and again registered a robust double digit growth of 16% in Apr'26 against 13.8% in Apr'25. Even, growth for infrastructure and construction and intermediate goods output advanced to 7.1% (from 6.4%) and 7.7% (from 7.6%) respectively in Apr'26. On the other hand, growth for primary goods output eased to 0.8% from 3.3% in Apr'25. Moreover, consumer goods, including durable and FMCG goods also registered much slower growth in Apr'26 as compared with last year.

What has changed?

- First and foremost, the base year has been revised to 2022-23 from the old base of 2011-12. This is the 10th revision in the base year, since the series was formed.
- There has been significant revision with respect to coverage as well change in methodology, along with revision of item wise basket and new weight structure.

- The widened coverage now include sectors such as water supply, sewage, gas supply along with waste management activities.
- Renewable and non-renewable sources have been included under electricity generation. Additionally, metallic and non-metallic minerals, fuel minerals have also been included in the dataset.
- In order to make it more relevant with current times, the revised series have over 463 items, much higher than 407 in the previous series and removal of any outdated items. The dataset is more granular and will now provide a robust picture of the industrial production.
- Significant additions in the new series are component such as card with magnetic stripe, CCTV camera, parts of aircraft, stents and vaccine. However, items such as kerosene, CFL, tubes for rickshaw tyres and sewing machines have been removed from the estimation.

Way forward: Industrial production is expected to witness some challenges due to geopolitical uncertainty at play, since there is no-concrete timeline for the war to end. This is likely to have some bearing on the industrial growth, especially in Q1FY26. On the other hand, the ongoing heatwave condition and any delay in monsoon, will strengthen consumer durable output. Even, electricity demand is likely to improve. Despite the negative bias on account of global factors, Indian economy might witness uneven growth for a short term. But is expected to recover given underlying strength in the economy.

Table 1: IIP growth in Apr'26

Sectoral (%)	Weight	Apr-25	Apr-26	Apr-Mar'25	Apr-Mar'26
IIP	100.0	5.7	4.9	6.4	4.3
Mining	11.1	0.6	-5.1	2.8	3.7
Manufacturing	76.1	6.4	6.2	6.3	4.9
Electricity	10.8	6.1	4.9	9.5	1.1
Water supply, sewage & waste management	2.0	8.2	6.6	11.9	6.4
Use-Based					
Primary Goods	31.1	3.3	0.8	5.5	4.7
Capital Goods	8.1	13.8	16.0	9.3	11.7
Intermediate Goods	22.4	7.6	7.7	5.7	4.5
Infrastructure and Construction Goods	10.9	6.4	7.1	7.5	9.1
Consumer Durables Goods	11.3	7.2	4.3	9.1	4.5
Consumer Non-Durables Goods	16.1	4.1	2.8	3.4	0.7

Source: PIB, Bank of Baroda Research

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For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

chief.economist@bankofbaroda.com