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IIP March 2026: Industrial Output Up 4.1% YoY; Capital Goods Lead at 14.6%

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CURATED & WRITTEN BY

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WHY IN NEWS

The **National Statistical Office (NSO)** under the **Ministry of Statistics and Programme Implementation (MoSPI)** released the **Index of Industrial Production (IIP)** for **March 2026** on **May 11, 2026: 4.1% YoY growth**, IIP at **173.2** (vs 166.3 in March 2025). Capital goods grew **14.6%** – the strongest internal signal of a capex pickup.

HEADLINE NUMBERS

INDICATOR	MARCH 2025	MARCH 2026	YOY
IIP (Index)	166.3	173.2	+4.1%
Mining	162.5	166.8	+2.6%
Manufacturing	162.0	169.4	+4.6%
Electricity	210.3	221.3	+5.2%

Base year: **2011-12 = 100** (the rebasing exercise to a 2022-23 base is ongoing but not yet effective for IIP).

USE-BASED CLASSIFICATION – THE STORY WITHIN

CATEGORY	GROWTH (YOY)	WHAT IT SIGNALS
Primary goods	+2.2%	Coal, oil, refining, gas, mining stable
Capital goods	+14.6%	Capex revival – machinery, plant orders
Intermediate goods	+3.3%	Inputs into final manufacturing rising moderately
Infrastructure/Construction goods	+6.7%	Cement, steel, structurals – construction pipeline strong
Consumer durables	+5.3%	Urban discretionary spend recovering
Consumer non-durables	+1.1%	Rural consumption still weak

Capital goods at 14.6% – the key signal

- The **strongest reading in 18+ months**
- Reflects revived **private capex** – announcement-to-execution converting
- Confirms RBI's nowcast that real GDP for Q4 FY 2025-26 will print above 7%

Consumer non-durables at 1.1% – the warning

- FMCG and household essentials remain weak
- Suggests **rural recovery uneven** – still a worry under low rabi prices and slow wage growth

THE IIP FRAMEWORK

ASPECT	DETAIL
Compiling agency	NSO (under MoSPI)
Base year (current)	2011-12 = 100
Item basket	~407 manufacturing items + 16 mining + 1 electricity
Frequency	Monthly (released ~6 weeks after reference month)
Sectoral weights	Manufacturing 77.63%; Electricity 7.99%; Mining 14.37%
Use-based classification	Primary, Capital, Intermediate, Infra/Construction, Consumer Durables, Consumer Non-durables

HOW IIP FEEDS MACRO POLICY

As a high-frequency indicator

- IIP is a **monthly proxy** for industrial GVA – which is a quarterly NSO release
- RBI's **Monetary Policy Committee (MPC)** uses IIP alongside CPI, GST collections, PMI, core sector to gauge real-economy momentum
- The **Eight Core Industries Index (ICI)** – coal, crude, gas, refinery, fertilisers, steel, cement, electricity – has **40.27% weight** in IIP

Capex and credit

- A 14.6% capital-goods print typically corresponds to a 12-18 month lag in **non-food bank credit** to industry
- Companies in machinery, electricals, transport equipment are the visible beneficiaries

Caveats

- IIP excludes **services** (~55% of GDP), so it is **not a complete economy indicator**
- The basket is **due for rebasing** to 2022-23; until then, sectoral weights lag the real economy

SECTORAL HIGHLIGHTS – MARCH 2026

- **Manufacturing 4.6%**: machinery, transport equipment, electricals lead
- **Electricity 5.2%**: hot weather + commercial demand
- **Mining 2.6%**: coal output normal; crude soft
- Within manufacturing: **NIC-2 Division 28 (machinery)** and **Division 30 (other transport equipment)** posted double-digit growth

UPSC RELEVANCE

GS Paper 3 – Indian Economy

- Indian economy and issues relating to planning, mobilisation of resources
- Effects of liberalisation on the economy; capex cycle, manufacturing growth
- Statistical sources and measurement (IIP, GDP, GVA, NSO, MoSPI)

GS Paper 2 – Governance

- Statutory and regulatory bodies; statistical architecture

Mains Angles

- 1 Critically assess India's industrial production data architecture. Is the IIP basket reflective of the contemporary economy?
- 2 Capital goods growth in IIP is a leading indicator of private capex. Discuss in light of recent prints.
- 3 Consumer non-durables continue to lag in IIP. What does this say about rural consumption recovery?

*Index of Industrial Production – monthly NSO release under MoSPI; base year **2011-12 = 100**.*

Manufacturing 77.63%; Electricity 7.99%; Mining 14.37%.

Primary, Capital, Intermediate, Infra/Construction, Consumer Durables, Consumer Non-durables.

*Coal, Crude Oil, Natural Gas, Refinery Products, Fertilisers, Steel, Cement, Electricity. **Weight in IIP: 40.27%**. Released by Office of the Economic Adviser, DPIIT.*

National Statistical Office; formed 2019 by merging CSO (Central Statistical Office) and NSSO (National Sample Survey Office).

Ministry of Statistics and Programme Implementation.

IIP +4.1%; capital goods +14.6%; manufacturing +4.6%; non-durables only +1.1%.

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