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IIP Grows 6.7 Per Cent With Mining in Contraction, as RBI Data Shows Corporate Sales Up 19.4 Per Cent

28 August 2026 · ECONOMY · GS3

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28 August 2026 · 7 min read ·

Every fact web-verified against primary sources

On **August 28, 2026**, *the* **National Statistics Office** *released* **Quick Estimates of the Index of Industrial Production for July 2026**, *showing growth of* **6.7 per cent**. *On* **August 27**, *the* **Reserve Bank of India** *released* **"Performance of Private Corporate Business Sector during Q1:2026-27"**, *showing aggregate sales growth accelerating to* **19.4 per cent**.

THE IIP NUMBERS

Base year **2022-23 = 100**.

SECTOR	GROWTH, JULY 2026	INDEX
Mining and Quarrying	**(-) 0.9 per cent**	**94.4**
Manufacturing	**7.3 per cent**	**127.4**
Electricity and Gas Supply	**8.7 per cent**	**133.5**
Water Supply, Sewerage and Waste Management	**7.4 per cent**	**148.4**
Overall IIP	**6.7 per cent**	**124.8** (against **117.0** in July 2025)

Headline growth **eased from 7.3 per cent in June 2026** to 6.7 per cent in July.

Within manufacturing, **19 of 23 NIC two-digit industry groups grew**. The three largest contributors were:

INDUSTRY GROUP	GROWTH
Electrical equipment	**28.3 per cent**
Motor vehicles and trailers	**22.2 per cent**
Machinery and equipment n.e.c.	**12.1 per cent**

THE RBI CORPORATE NUMBERS

Drawn from abridged financial results of **3,247 listed non-government non-financial companies**.

SEGMENT	Q1 FY27 SALES GROWTH	PREVIOUS QUARTER
Aggregate	**19.4 per cent**	**13.9 per cent**
Manufacturing (1,827 companies)	**21.4 per cent**	**14.5 per cent**
IT services	**14.8 per cent**	**9.9 per cent**
Non-IT services	**19.7 per cent**	

Manufacturing growth was driven by **automobiles, petroleum and electrical machinery**. Non-IT services were led by **wholesale and retail trade**.

READING THE TWO TOGETHER

The composition story inside the IIP

A 6.7 per cent headline is a good number. **What sits underneath it is more interesting than the headline.**

Electricity growing faster than manufacturing (8.7 against 7.3) while mining contracts (-0.9) describes an industrial economy whose momentum is coming from **downstream consumption and utilities** rather than from **upstream extraction**.

That combination admits two readings, and an honest answer offers both.

The benign reading: electricity demand tracks broad economic activity across industry and households, and its strength is a genuine signal. Mining is volatile month to month, is affected by monsoon disruption to open-cast operations in July, and a single month's contraction is not a trend.

The cautious reading: upstream extraction is where **fresh capacity creation** shows up first. If mining is flat or falling while consumer-facing manufacturing and utilities grow, the expansion may be running on **existing capacity utilisation rather than new investment**. That is a recovery with a ceiling.

Note also the manufacturing composition. Electrical equipment at 28.3 per cent and motor vehicles at 22.2 per cent are both partly **capital-goods and consumer-durable** categories, which is a better signal than growth concentrated in consumer non-durables. That leans towards the benign reading.

Why the corporate sales figure needs careful handling

19.4 per cent aggregate sales growth is nominal, not real. It is revenue in rupees, not volumes. Part of it reflects **price pass-through**, particularly in petroleum, which is one of the named drivers.

Manufacturing at 21.4 per cent against IIP manufacturing at 7.3 per cent is a large gap, and the reason is instructive rather than contradictory:

	IIP MANUFACTURING	RBI CORPORATE SALES
Measures	**Volume** of production	**Value** of sales
Covers	Organised manufacturing broadly	**Listed** companies only
Period	**July 2026** (one month)	**Q1 FY27** (three months)
Prices	Excluded	**Included**

A number that is nominal, value-based, listed-company-only and quarterly is not comparable to one that is real, volume-based, broad and monthly. **Quoting them as if they measure the same thing is a common error**, and noticing the difference is what distinguishes an analytical answer.

The question the two datasets pose together

Corporate profitability and sales are improving. **The live question, and it is the central debate on the Indian economy, is whether that converts into private capital expenditure or only into balance-sheet repair.**

India's corporate sector has repeatedly recovered profitability over the past decade without a broad-based private investment revival. Deleveraging, dividends and buybacks absorbed the improvement instead. Public capital expenditure has carried the investment cycle, growing roughly 24 per cent in the quarter.

Mining in contraction is one small piece of evidence on that question, and it points the wrong way. A single month is not conclusive.

CRITICAL ANALYSIS

The IIP is a narrow instrument and should be described as such. It is a **volume index of industrial production**, covering **mining, manufacturing and electricity** plus water supply. **It excludes construction entirely**, and it covers only the **organised sector**. Industry is roughly a quarter of India's gross value added; the IIP does not measure even all of that.

The RBI sample is narrower still. 3,247 listed non-government non-financial companies represent the formal corporate top of the economy. Read this alongside the **Quarterly Bulletin of Unincorporated Sector Enterprises for Q1 2026-27**, which showed unincorporated establishments down 5.4 per cent and their employment down 9.7 per cent sequentially, and the picture is of an economy performing well at the formal corporate top while the unincorporated base contracts.

Both statements can be true simultaneously. They describe different parts of the same economy. An answer that reports only the strong series is incomplete, and so is one that reports only the weak one.

UPSC RELEVANCE

GS Paper 3: Indian economy and issues relating to planning, mobilisation of resources, growth and development; industrial performance; statistical indicators and their interpretation.

Prelims angle: the IIP base year, its release date convention, its sectoral composition, the current index levels, and the RBI release title and sample size.

Mains angle: *"India's formal corporate sector and its unincorporated enterprise base are currently sending opposite signals. Examine what this divergence implies for employment and for the investment cycle."*

FACTS CORNER — KNOWLEDGEPEDIA

IIP, JULY 2026:

Overall growth 6.7 per cent, down from 7.3 per cent in June 2026. Index 124.8 against 117.0 in July 2025.

Sectoral: Mining and Quarrying (-) 0.9 per cent (94.4); Manufacturing 7.3 per cent (127.4); Electricity and Gas Supply 8.7 per cent (133.5); Water Supply, Sewerage and Waste Management 7.4 per cent (148.4).

19 of 23 NIC two-digit manufacturing groups grew. Top contributors: electrical equipment 28.3 per cent, motor vehicles and trailers 22.2 per cent, machinery and equipment n.e.c. 12.1 per cent.

ABOUT THE IIP:

Compiled by the National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI).

Current base year: 2022-23 = 100 (revised from 2011-12).

Quick Estimates are released on the 28th of every month, or the next working day, with a six-week lag.

A volume index; it excludes construction and covers the organised sector only.

Two classifications: sectoral (mining, manufacturing, electricity, plus water supply and waste management under the revised base) and Use-Based (primary goods, capital goods, intermediate goods, infrastructure/construction goods, consumer durables, consumer non-durables).

The eight core industries (coal, crude oil, natural gas, refinery products, fertilisers, steel, cement, electricity) have a combined weight of about 40 per cent in the IIP and are released separately by the DPIIT.

RBI CORPORATE PERFORMANCE, Q1 FY27:

Release title: “Performance of Private Corporate Business Sector during Q1:2026-27”, dated 27 August 2026.

Sample: 3,247 listed non-government non-financial companies; manufacturing sub-sample 1,827.

Aggregate sales up 19.4 per cent y-o-y, from 13.9 per cent the previous quarter.

Manufacturing 21.4 per cent (from 14.5), driven by automobiles, petroleum and electrical machinery; IT services 14.8 per cent (from 9.9); non-IT services 19.7 per cent, led by wholesale and retail trade.

Compiled by the RBI’s Department of Statistics and Information Management (DSIM); hosted on the DBIE portal.

RBI Governor: Sanjay Malhotra.

Interest Coverage Ratio = EBIT / interest expense. A ratio below 1 indicates the firm’s operating earnings do not cover its interest obligation.

WATCH THE TRAP:

RBI corporate sales figures are nominal, not volume growth. IIP is a volume index. They are not comparable measures and should never be quoted as though they were.

The IIP excludes construction. So does the "industry" reading many answers assume it provides.

IIP base year is 2022-23, not 2011-12. Using the old base year dates an answer.

Q1 FY27 GDP had not been released as of this date; MoSPI's calendar placed it on 31 August 2026. Any growth figure circulating before then is a forecast, not data.

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