Economic Research Vertical 29.07.2026

Industrial Output Accelerates to 7.3% in June 2026, Signalling Robust Momentum

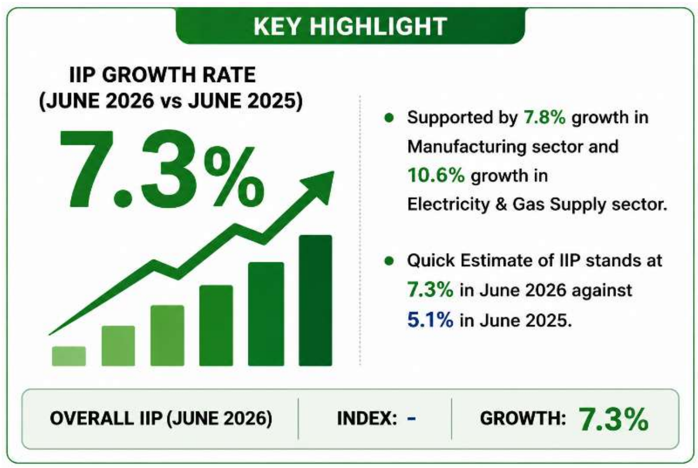
Summary

India's industrial sector posted a solid 7.3 per cent year-on-year growth in June 2026 supported by 7.8% growth in Manufacturing sector and strong growth of 10.6% in Electricity & Gas Supply sector, *according to the latest data released by the Ministry of Statistics and Programme Implementation. Within the Manufacturing sector, 19 out of 23 industries have recorded a positive growth in June 2026 over June 2025. The top three positive contributors were – "Manufacture of electrical equipment" (34.0%), "Manufacture of motor vehicles, trailers and semi-trailers" (17.5%), and "Manufacture of food products" (10.8%).*

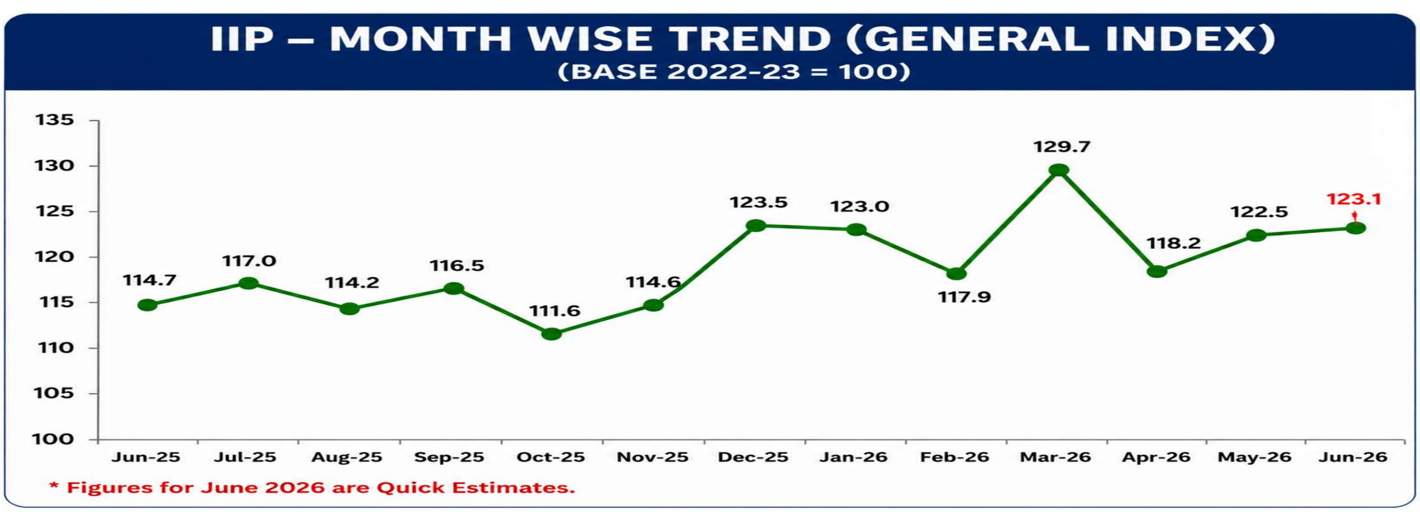
Major sectoral growth drivers were Mining & Quarrying (1%), Manufacturing (7.8%), Electricity & Gas supply (10.6%) and Sewerage & Waste Management (6.1%) respectively. As per use -based classification, Primary goods (4.9%), Capital Goods (14.2%) and intermediate goods (9.3%) also showed robust growth

Industrial Production (IIP): India's industrial performance showed a growth rate of 7.3% in June 2026, with the Index of Industrial Production (IIP) expanding at 7.3% year-on-year.

The Industrial output for June showed a robust yearly growth rate of 7.3% which is driven primarily by a massive structural methodology shift and a surge in utility generation.

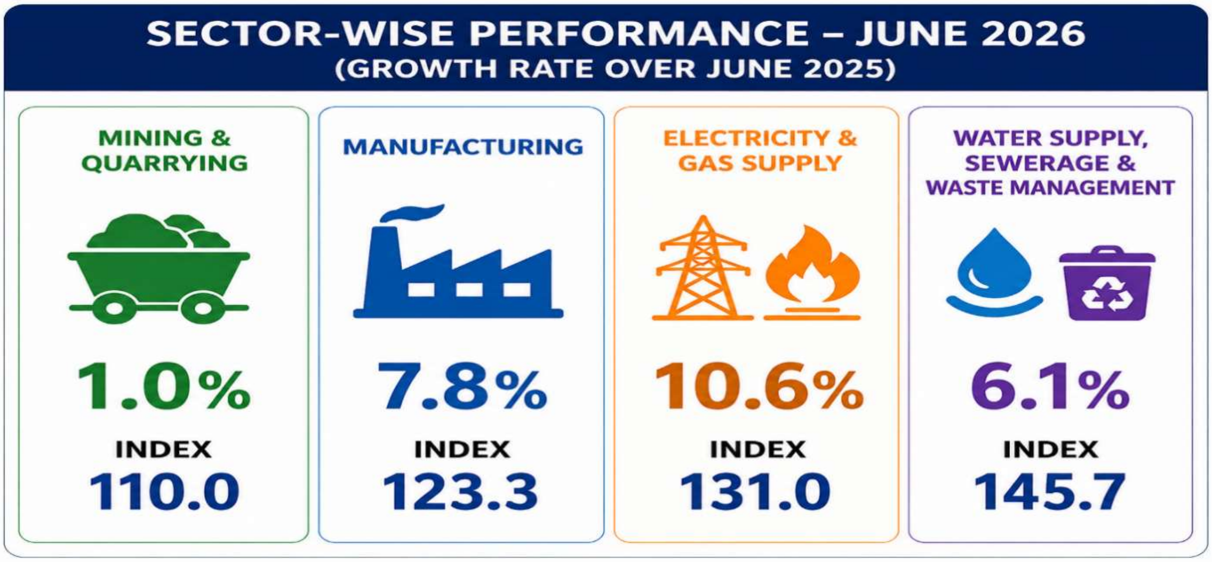


On a yearly basis, the index increased from 114.7 in June 2025 to 123.1 in June 2026, reflecting a continued rise in production levels. The upgradation from 4.97% in May, 2026 to 7.3% in June, 2026 suggests industrial activity picked up moderately in June rather than jumping sharply.



I. Sector-Wise Performance Analysis

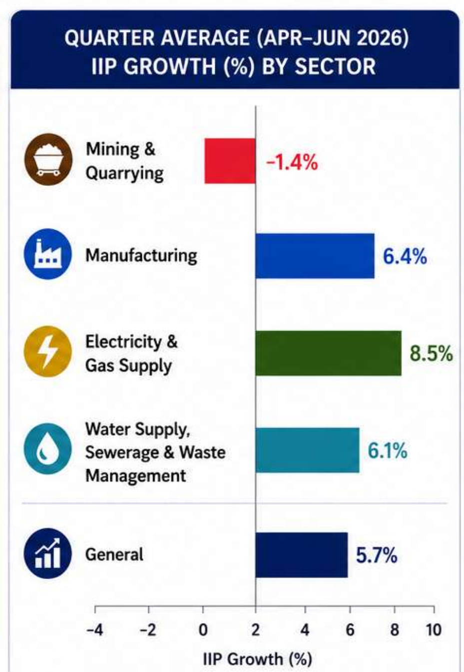
The **sector-wise performance** of IIP in June 2026 shows a broadly positive industrial picture, led by manufacturing and electricity, while mining shows little growth over the period



IIP GROWTH BY INDUSTRIAL SECTORS | Q1 FY2026–27 (APR–JUN 2026)

Sector-wise Performance of Index of Industrial Production (IIP)

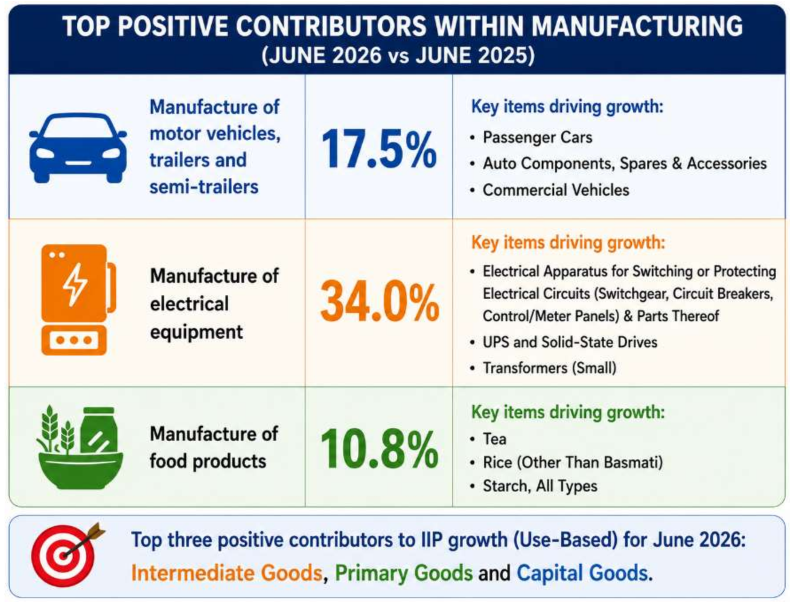
IIP SECTORS	WEIGHTS (%)	APR-26	MAY-26	JUN-26	QUARTER AVERAGE (APR–JUN 2026)
Mining & Quarrying	11.0530	-3.8	-1.4	1.0	-1.4
Manufacturing	76.062	6.1	5.2	7.8	6.4
Electricity & Gas Supply	10.865	4.6	10.3	10.6	8.5
Water Supply, Sewerage & Waste Management	2.0200	6.6	5.5	6.1	6.1
General	100.0000	4.9	5.0	7.3	5.7



Source: Ministry of Statistics & Programme Implementation (MoSPI) – Index of Industrial Production (IIP)

II. Contributors Within Manufacturing:

India's manufacturing sector recorded a healthy 7.8 per cent year-on-year growth in June 2026, contributing significantly to the overall IIP expansion of 7.3 per cent under the revised Output PPI series. Out of 23 industry groups at the 2-digit NIC level, 19 posted positive growth, reflecting broad-based resilience. The performance was led by high-impact segments "Manufacture of electrical equipment" (34.0%), "Manufacture of motor vehicles, trailers and semi-trailers" (17.5%), and "Manufacture of food products" (10.8%).



III. IIP As per Use-Based Classification Analysis

The new IIP series classifies output into six use-based groups, and for June 2026 the strongest contributors were Primary Goods, **Capital Goods**, Intermediate Goods **Consumer Durables**, Infrastructure/ Construction Goods Consumer durables and Consumer non-durables

This suggests the June expansion was not just consumption-led; it also had a clear investment and production-chain component.

As per the Use-Based Classification, the indices stand at 119.5 for Primary Goods, 140.5 for Capital Goods, 124.2 for Intermediate Goods and 132.9 for Infrastructure/ Construction Goods for the month of June 2026. Further, the indices for Consumer durables and Consumer non-durables stand at 119.8 and 115.4 respectively.

The corresponding growth rates of IIP as per Use-Based Classification in June 2026 over June 2025 are 4.9 percent in Primary Goods, 14.2 percent in Capital Goods, 9.3 percent in Intermediate Goods, 7.5 percent in Infrastructure/ Construction Goods, 7.7 percent in Consumer durables and 4.9 percent in Consumer non-durables (Statement III). Based on Use-Based Classification, top three positive contributors to the growth of IIP for the month of June 2026 are Intermediate Goods, Primary goods, and Capital Goods.

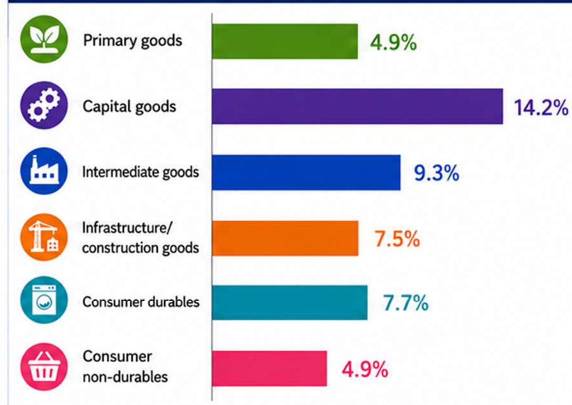
IIP GROWTH BY USE-BASED CATEGORY | APR–JUN 2026

Broad-based Acceleration in Industrial Activity; Strongest Growth in June 2026

IIP GROWTH JUNE 2026
7.3%

USE-BASED CATEGORY	WEIGHT (%)	IIP GROWTH (%)			TREND (APR–JUN)
		Apr-26	May-26	Jun-26	
Primary goods	31.136	0.8	2.7	4.9	
Capital goods	8.082	12.0	15.5	14.2	
Intermediate goods	22.416	10.3	5.8	9.3	
Infrastructure/ construction goods	10.908	6.0	6.6	7.5	
Consumer durables	11.311	5.6	8.0	7.7	
Consumer non-durables	16.147	0.2	-0.4	4.9	

IIP GROWTH (%) IN JUNE 2026 BY USE-BASED CATEGORY



IIP GROWTH OVER THE QUARTER (Q1 FY2026–27)

Month	IIP % Growth
Apr-26	4.9
May-26	5.1
Jun-26	7.3
Average (Apr–Jun 2026)	5.76

IIP growth accelerated each month in Q1 FY2026–27, reaching a high of **7.3%** in June 2026

Source: Ministry of Statistics & Programme Implementation (MoSPI) – Index of Industrial Production (IIP)

The decision of the Ministry of Statistics and Programme Implementation (MoSPI) to replace the **Wholesale Price Index (WPI)** with the **Output Producer Price Index (Output PPI)** as the deflator for the **Index of Industrial Production (IIP) (Base Year: 2022-23)** is a significant methodological improvement and brings India's industrial statistics closer to international best practices.

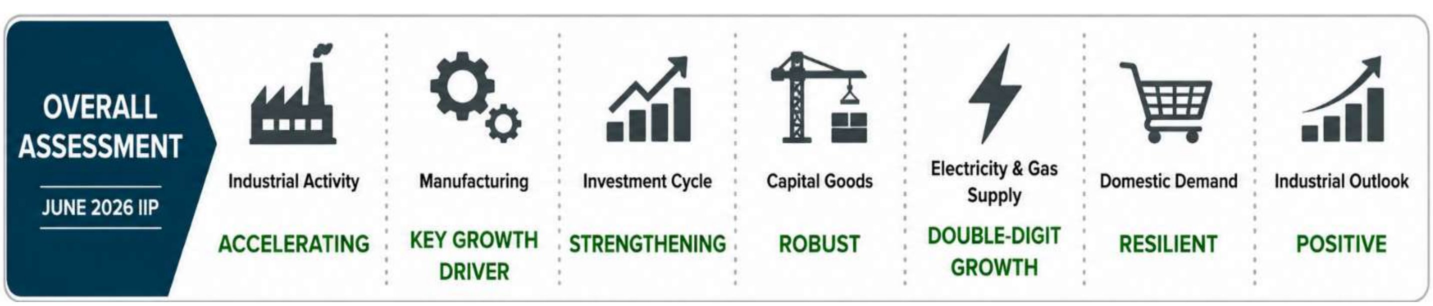
WHY OUTPUT PPI IS ADOPTED IN PLACE OF WPI?

- 234 out of 463 item groups (36.02% of total weight) are value-based and benefit from Output PPI.
- Output PPI provides a more granular price structure, improving estimation of real output.
- In line with international best practices and recommendation of the Technical Advisory Committee (TAC) on IIP base revision.
- Such major changes can be accommodated only at the time of base year revision.
- Facilitates eventual adoption of PPI-based volume estimation methods in National Accounts (used in GDP estimation).

This release supersedes the earlier WPI based IIP 2022-23 series released on 1 June 2026. Please use PPI-based IIP series for all analytical, research and policy purposes.

V. Implications for Banking & Economy:

- The 7.3% IIP growth in June 2026 reflects a healthy expansion in India's industrial sector, driven by manufacturing and capital goods. For banks, it signals stronger credit demand, improved corporate cash flows, and better asset quality.
- For the broader economy, it reinforces expectations of sustained GDP growth and expectation of growth will be revised to 7% from RBI after this IIP data, continued investment, and resilient domestic demand, although the Mining & Quarrying is under monitoring and it will be showing improvement from the previous months data.



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