

Macro Insights

Key Takeaways: Index of Industrial Production (IIP) August 2026

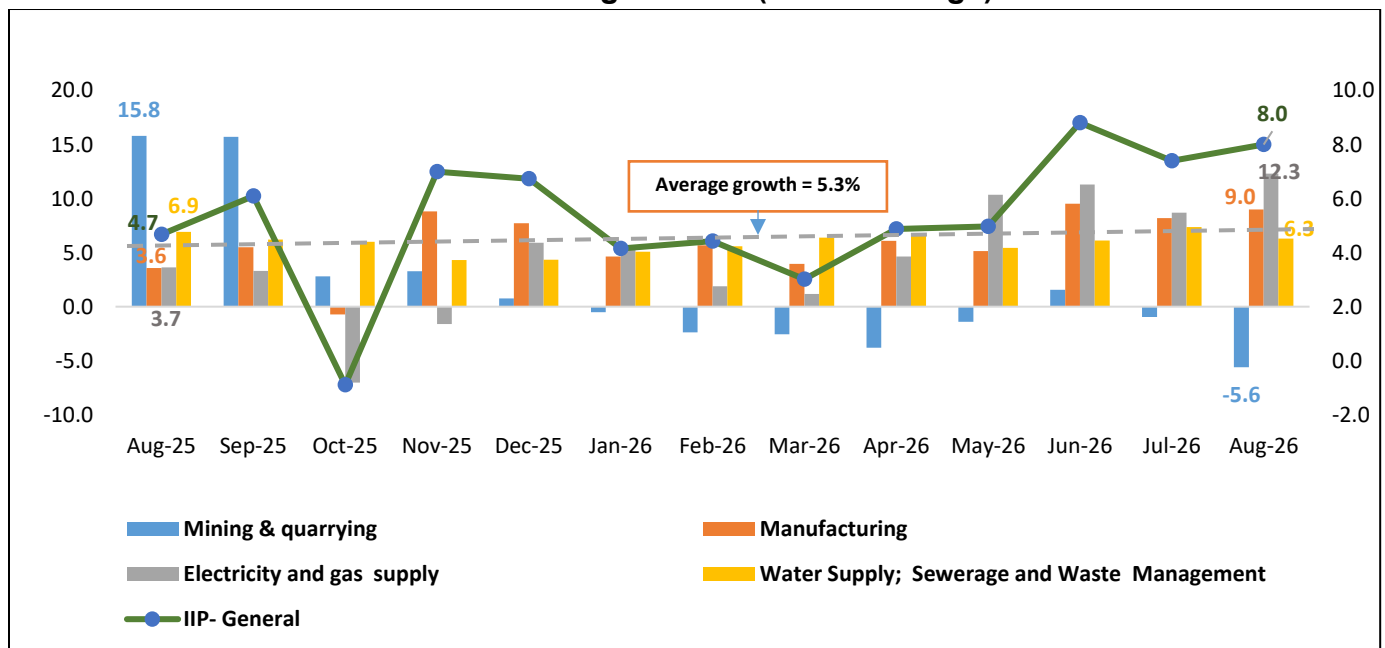
IIP growth rate for the month of August 2026 is 8.0%.

Industrial output, as measured by Index of Industrial Production, accelerated to 8.0% in Aug'26 compared to 7.4% growth in Jul'26.

Highlights

- IIP growth in August was driven by manufacturing and electricity & gas supply.
- The growth rates of the sectors, Manufacturing, Electricity & Gas Supply and Water Supply, Sewerage & Waste Management for the month of August 2026 are 9.0%, 12.3 % and 6.3 % respectively.
- Under use-based classification, all six segments recorded positive YoY growth rates in Aug'26.

Chart: IIP- August 2026 (YoY% Change)



Source: MoSPI

Table 1: IIP YoY growth % (Sector-wise)

Component	Weight (%)	Aug'25	Jul'26	Aug'26
Mining & quarrying	11.0	15.8	-0.9	-5.6
Manufacturing	76.1	3.6	8.2	9.0
Electricity & Gas Supply	10.9	3.7	8.7	12.3
Water Supply, Sewerage & Waste Management	2.0	6.9	7.4	6.3
IIP Index -General	100.0	4.7	7.4	8.0

Table 2: IIP YoY growth % (Usage-wise)

Component	Weight (%)	Aug'25	Jul'26	Aug'26
Primary Goods	31.1	7.6	4.2	3.5
Capital Goods	8.1	6.0	19.0	16.9
Intermediate Goods	22.4	3.3	10.4	13.7
Infra/Construction Goods	10.9	9.2	8.0	12.0
Consumer Durables	11.3	0.9	12.0	11.1
Consumer non-durables	16.2	0.1	-0.8	2.1

Analysis and Views:

- In August 2026, IIP recorded an 8.0% year-on-year growth, supported by 9.0% growth in Manufacturing sector and strong growth of 12.3% in Electricity & Gas Supply sector.
- Mining and quarrying recorded a decline of 5.6% in August 2026 due to heavy and extended monsoon rains particularly across east and central area.
- Within the Manufacturing sector, 18 out of 23 industry groups recorded a positive growth in August 2026 over August 2025. The top three positive contributors for the month of August 2026 are – “Manufacture of electrical equipment” (30.9%), “Manufacture of other transport equipment” (25.3%) and Manufacture of motor vehicles, trailers and semi-trailers” (25.2%).
- In the motor vehicles segment, auto components, spares and accessories, passenger cars and commercial vehicles have shown significant contribution in growth.
- Based on Use-Based Classification, top three positive contributors to the growth of IIP for the month of August 2026 are Intermediate Goods, Capital Goods and Consumer durables.
- In the electrical equipment segment, electrical apparatus for switching or protecting electrical circuits, end-face connectors for optical fibres and cables and UPS and solid-state drives have shown significant contribution in growth.
- Going forward, we expect IIP growth to remain range bound in the coming months, supported by festive-season production, continued government capex, and a resilient domestic demand environment. While global headwinds, oil-price volatility, and base-effect dynamics pose risks to the upside, the underlying momentum in manufacturing, infrastructure, and electricity output suggests that industrial activity will remain a key pillar of India’s growth story in Q3 FY27.

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