

Macro Insights

Analysis and Key Takeaways: Index of Industrial Production (IIP) January 2026

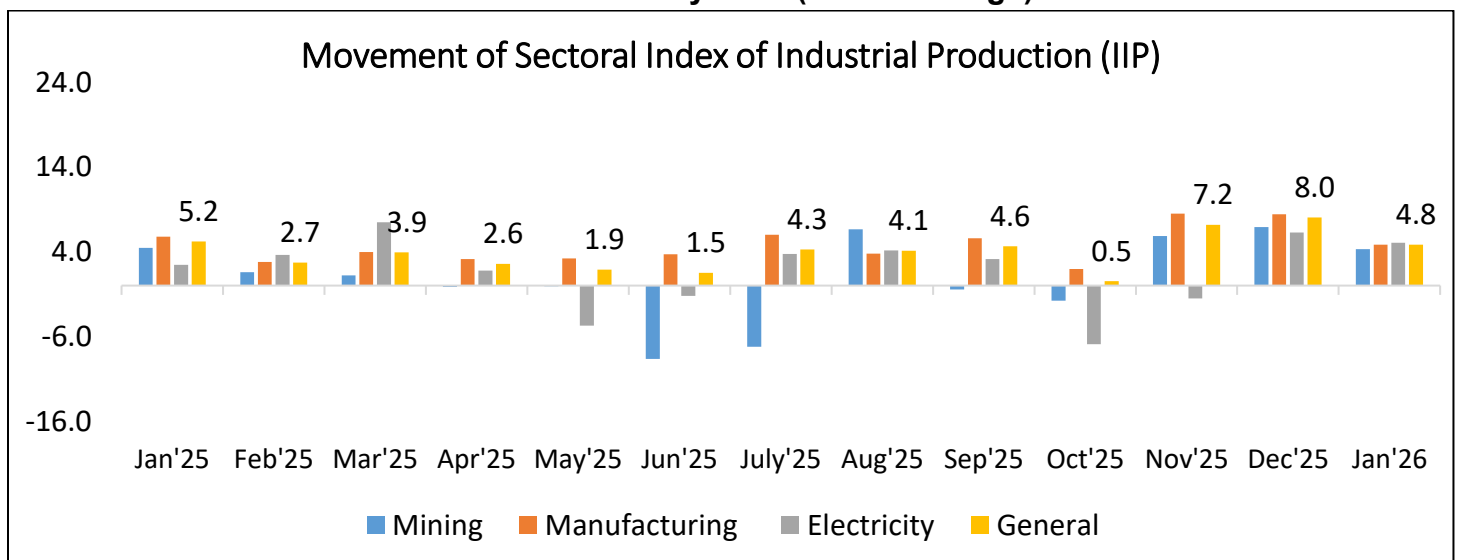
IIP growth slows to 3-month low of 4.8% in Jan'26 from 8.0% in Dec'25

Industrial activity, as indicated by Index of Industrial Production was recorded at 3-month low of 4.8% in Jan'26 from 8.0% growth in Dec'25. It stood at 5.2% in Jan'25. On a sequential basis, IIP declined by 0.7% in Jan'26, with the index declining to 169.4 compared to 170.7 in Dec'25.

Highlights

- ☞ Moderation in IIP growth was driven by a broad-based slowdown across manufacturing, mining, electricity, and consumer-based sectors.
- ☞ Growth slipped from a 26-month high of 7.8% in Dec'25, which was subsequently revised upwards to 8.0%.
- ☞ Under use-based classification, Infrastructure and construction sector recorded strong growth at 13.7% in Jan'26. It was the only sector where growth had shown acceleration vis-à-vis the previous month.

Chart: IIP- January 2026 (YoY% Change)



Source: MoSPI

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

Component	Weight (%)	Jan'25	Dec'25	Jan'26	Apr-Jan (FY24-25)	Apr-Jan (FY25-26)
Mining & quarrying	14.37	4.4	6.9	4.3	3.4	0.6
Manufacturing	77.63	5.8	8.4	4.8	4.2	4.9
Electricity	7.99	2.4	6.3	5.1	5.1	0.9
IIP Index -General	100.00	5.2	8.0	4.8	4.2	4.0

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

Component	Weight (%)	Jan'25	Dec'25	Jan'26	Apr-Jan (FY24-25)	Apr-Jan (FY25-26)
Primary Goods	34.05	5.5	4.4	3.1	4.1	1.1
Capital Goods	8.22	10.2	8.3	4.3	5.6	7.0
Intermediate Goods	17.22	5.3	7.8	6.0	4.6	5.6
Infra/Construction Goods	12.34	7.3	12.8	13.7	6.4	10.0
Consumer Durables	12.84	7.1	12.4	6.3	8.6	5.7
Consumer non-durables	15.33	0.1	8.5	-2.7	-1.2	-0.1

Analysis and Views:

- IIP growth picked up pace to grow at 4.0% in the first 10 months of the financial year FY26. This was slightly lower than 4.2% growth recorded in the same period last fiscal.
- The deceleration in IIP growth in January 2026 was broad based, with all the three key production sectors - manufacturing, mining and electricity, recording slower growth than the previous month.
- Manufacturing activity eased to 4.8% in Jan'26, down from 8.4% in Dec'25. This moderation was largely due to an unfavorable base effect and a slowdown in production momentum following the festive-season ramp-up and subsequent restocking, compounded by ongoing tariff-related uncertainties.
- Within the manufacturing sector, 14 out of 23 industries posted YoY growth in the month of January. Key contributors included basic metals, which rose 13.2 per cent; manufacture of motor vehicles, trailers and semi-trailers, which grew by 10.9 per cent; and manufacture of other non-metallic mineral products, which increased 9.9 per cent.
- Five of the six use-based categories recorded weaker year-on-year performance compared to December, with the sole exception being infrastructure and construction goods, which sustained double-digit growth for the third consecutive month—underscoring the continued strength of construction activity.
- Going forward, IIP growth is expected to remain in the range of 4-6% due to normalization of base effect.

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