

Macro Insights

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

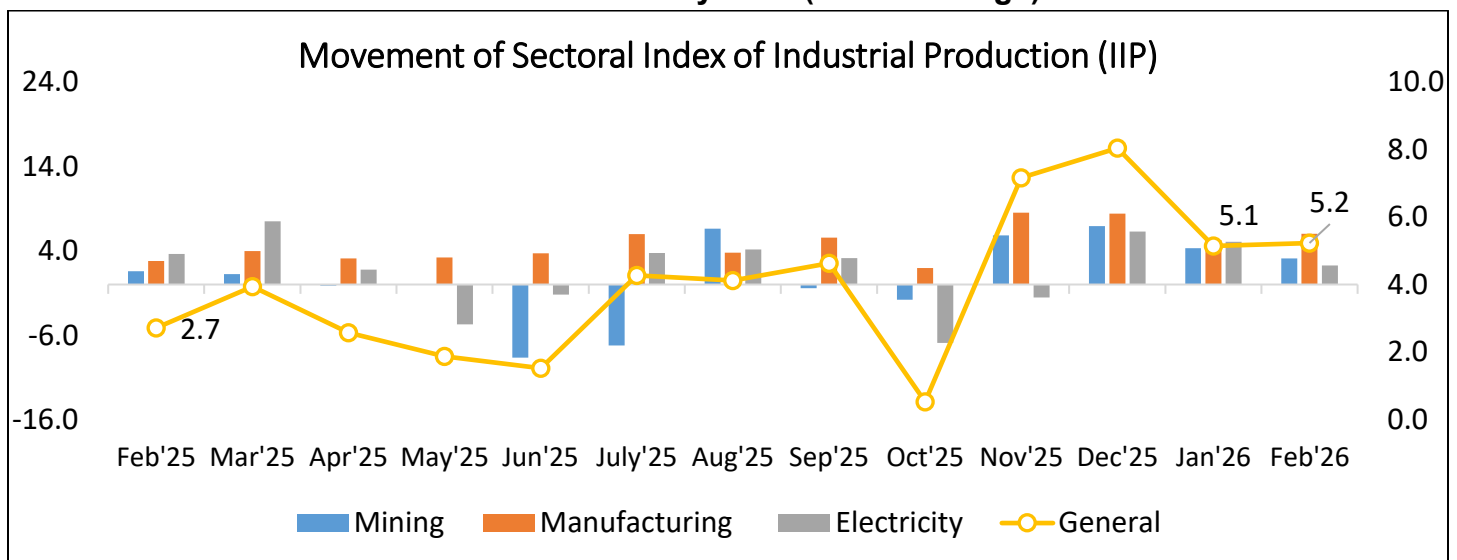
IIP recorded a 5.2% y-o-y growth in Feb'26 led by manufacturing

Industrial activity, as indicated by Index of Industrial Production recorded steady expansion at 5.2% in Feb'26 compared to 5.1% growth in Jan'26. It stood at 2.7% in Feb'25. On a sequential basis, IIP declined by 6.4% in Feb'26, with the index declining to 159 compared to 169.9 in Jan'26.

Highlights

- IIP growth was driven by higher growth in manufacturing sector which recorded an increase of 6% on y-o-y basis.
- Growth in mining and electricity segments was slower at 3.1% YoY and 2.3% YoY in Feb'26 compared to the previous month.
- Under use-based classification, Capital goods sector recorded strong growth at 12.5% YoY in Feb'26, the highest in 9 months. Intermediate goods also recorded faster expansion compared to Jan'26 (7.7% v/s 6.3%).

Chart: IIP- February 2026 (YoY% Change)



Source: MoSPI

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

Component	Weight (%)	Feb'25	Jan'26	Feb'26	Apr-Feb (FY24-25)	Apr-Feb (FY25-26)
Mining & quarrying	14.37	1.6	4.3	3.1	3.2	0.8
Manufacturing	77.63	2.8	5.3	6.0	4.1	5.0
Electricity	7.99	3.6	5.1	2.3	5.0	1.1
IIP Index -General	100.00	2.7	5.1	5.2	4.1	4.1

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

Component	Weight (%)	Feb'25	Jan'26	Feb'26	Apr-Feb (FY24-25)	Apr-Feb (FY25-26)
Primary Goods	34.05	2.8	3.1	1.8	3.9	1.2
Capital Goods	8.22	8.2	4.1	12.5	5.8	7.5
Intermediate Goods	17.22	1.0	6.3	7.7	4.3	5.8
Infra/Construction Goods	12.34	6.8	14.6	11.2	6.4	10.2
Consumer Durables	12.84	3.7	7.2	7.3	8.2	5.9
Consumer non-durables	15.33	-2.1	-2.3	-0.6	-1.3	-0.1

Analysis and Views:

- IIP growth reflected steady expansion at 4.11% (YoY) in the 11 months of the financial year FY26. This was slightly higher than 4.08% growth recorded in the same period last fiscal, despite monthly fluctuations.
- IIP growth in February 2026 was mainly driven by strong growth in manufacturing sector.
- Within manufacturing, 14 out of 23 industry groups posted YoY growth in the month of February. Key contributors included basic metals, which rose 13.2 per cent; manufacture of motor vehicles, trailers and semi-trailers, which grew by 14.9 per cent; and machinery and equipment, which increased by 10.2 per cent. However, some segments continued to see contraction. Pharmaceuticals output declined (-2.3% YoY), while coke and refined petroleum products (-0.3% YoY) and apparel (-16.6% YoY) and beverages (-1.6% YoY) also recorded negative growth, pointing to uneven performance across industries.
- Four of the six use-based categories recorded faster year-on-year growth performance compared to January 2026, with growth being driven by Capital goods, which recorded double-digit increase underscoring the continued strength in industrial activity. Intermediate goods growth also improved to 7.7% from 6.3%, indicating stronger activity across supply chains. Consumer durables registered a growth of 7.3% YoY, indicating resilient consumer demand.
- Going forward, IIP growth may witness moderation in the month of March due to the ongoing war in West Asia and the resultant energy crisis which might slow down industrial activity.

Disclaimer: The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.

For any feedback or valuable suggestions: Reach us at eicsmead@pnb.co.in

Follow our Official Page www.pnb.bank.in

