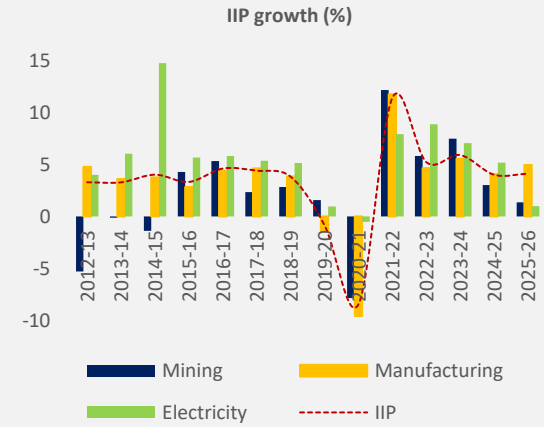
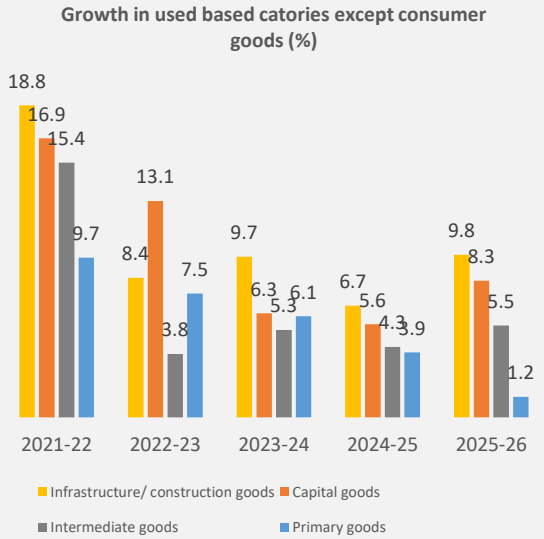
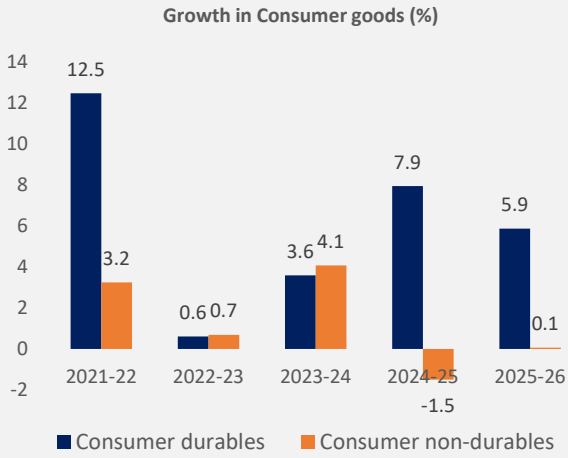
Industrial growth holds, but consumer demand still uneven







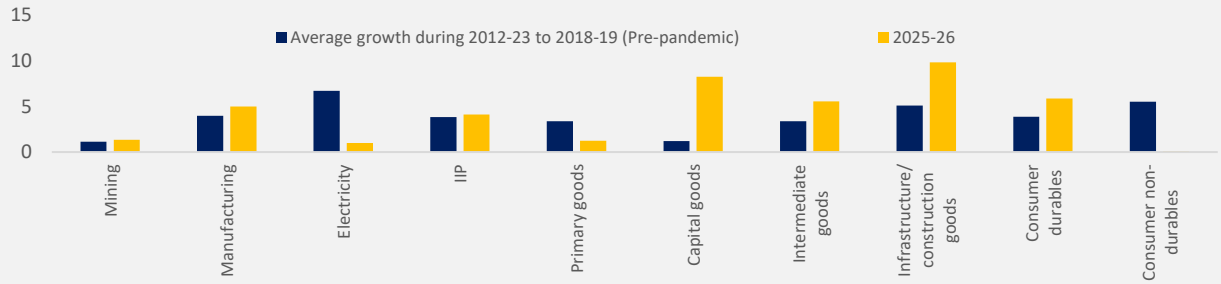
Source: MOSPI

- **Industrial output stayed resilient despite external shocks:** IIP growth held at **4.1% in March 2026**, marginally above **3.9% a year ago**, even as the West Asia conflict disrupted supply chains for critical raw materials and intermediates. However, momentum eased from the stronger **5.1% pace seen in January-February**, indicating emerging pressure on industrial activity.
- **The IIP growth for FY26 growth improved only marginally, masking underlying softness:** Overall IIP growth edged up to **4.1% in FY26** from **4.0% in FY25**, but the gain was constrained by weak electricity (**1.0%**) and mining (**1.4%**) output. Heavy rainfall-related disruptions in mining, along with cyclical demand softness and weather-driven distortions in electricity output**,** capped a stronger recovery. These pressures were already visible in the core sector data, where several upstream and energy-linked industries remained weak during the year.
- **Manufacturing led headline growth, but gains were uneven:** The improvement in headline growth was led primarily by **manufacturing**, which expanded by **5.0% in FY26** compared with **4.1% in FY25**. However, the composition of growth suggests that gains were concentrated in select industries rather than spread evenly across the manufacturing ecosystem.
- Industrial growth is being led by **capital-intensive sectors**, while **consumer-linked and employment-intensive MSME/export sectors remain weak**. Growth remained strongest in capital goods (8.3%) and infrastructure goods linked sectors such as **motor vehicles (12.5%)**, **basic metals (10.9%)**, **other transport equipment (10.2%)**, **electrical equipment (8.7%)**, **fabricated metals (7.5%) and machinery and equipment (6.5%)** —sectors that benefit from government capex, infrastructure pipeline execution, railway spending etc.
- On the other hand, several employment-intensive industries underperformed in FY26, including **wearing apparel (-5.3%)**, **leather (-4.1%)**, **textiles (-1.2%) etc.**. Weakness in these sectors may be attributed to stress in these export-oriented segments.
- **Consumption recovery remained uneven: Consumer durables** (5.9%) showed improvement, pointing to better demand for urban discretionary products such as vehicles, appliances and electronics. However, **consumer non-durables** remained largely stagnant (0.1%), indicating that mass-market consumption demand has yet to recover decisively.

Long term trend in IIP

- While the number of manufacturing sectors recording high double-digit growth has moderated over the past two years, the number of sectors registering positive growth has increased, indicating a more broad-based and even-paced normalization in manufacturing activity following the post-pandemic rebound.
- Primary goods (1.2%) and consumer non-durables (0.1%) grew at a much lower pace than their pre-pandemic averages in FY26. In contrast, capital goods, infrastructure/construction goods, intermediate goods and consumer durables recorded stronger growth relative to their pre-pandemic averages.

% Growth in 2025-26 vs avg. growth during 2012-13 to 2018-19



Growth in manufacturing sectors of IIP

% YoY growth	2021-22	2022-23	2023-24	2024-25	2025-26
Manufacturing	11.8	4.7	5.5	4.1	5.0
Food products	5.9	3.8	1.6	-2.6	0.9
Beverages	11.5	19.9	5.1	3.2	-3.0
Tobacco products	8.7	-0.6	-8.3	4.2	6.3
Textiles	29.3	-8.7	0.1	1.6	-1.2
Wearing apparel	27.4	-7.4	-14.1	6.2	-5.3
Leather	1.3	-5.8	-1.0	-3.5	-4.1
Wood and products of wood etc	15.1	-0.8	-5.9	5.7	7.1
Paper and paper products	17.7	0.6	-3.6	-1.4	0.8
Printing and reproduction of recorded media	12.4	23.4	-1.4	-6.0	-5.8
Coke and refined petroleum products	8.9	5.7	3.9	3.3	1.3
Chemicals and chemical products	4.3	6.9	-1.5	1.5	-0.5
Pharmaceuticals, medicinal chemical etc.	1.3	-2.4	8.0	-1.1	0.4
Rubber and plastics products	8.0	0.5	4.4	4.3	0.6
Other non-metallic mineral products	20.1	6.6	6.5	4.5	6.7
Basic metals	18.6	8.1	11.6	6.7	10.9
Fabricated metal products	10.9	-1.6	8.3	6.2	7.5
Computer, electronic and optical products	11.1	-6.4	-11.3	9.3	6.9
Electrical equipment	12.2	-4.2	7.5	22.4	8.7
Machinery and equipment n.e.c.	11.0	10.5	6.6	3.5	6.5
Motor vehicles, trailers and semi-trailers	18.4	19.3	11.6	4.6	12.5
Other transport equipment	1.6	11.6	13.9	11.5	10.2
Furniture	23.3	16.4	-5.5	16.8	3.7
Other manufacturing	49.0	-3.0	-6.2	-4.6	-14.9

Note:
- Growth greater than 10%
- Growth between 5% to 10%
- Growth greater than 0 and less than 5% (Avg IIP growth during 2023-225-26 was 4.8%)
- Growth less than 0%

Source: MOSPI