

IIP Growth Softens to 6.7% in September 2026

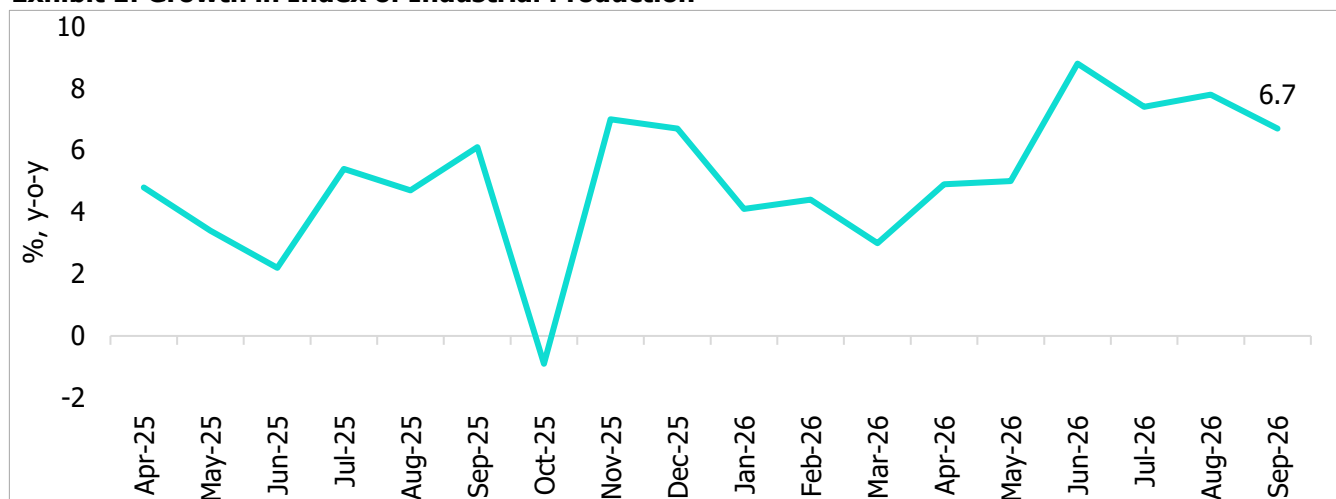
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Industrial output growth moderated to 6.7% y-o-y in September 2026 from 7.8% in the previous month, taking growth in H1 FY27 to 6.8% (vs 4.4% in H1 FY26). While the deceleration was broadly in line with expectations, it is to be noted that growth in September continued to exceed the new-series average of 5.6% recorded during April 2023-March 2026. The resilience in industrial production is also consistent with the strength seen across other high-frequency indicators, including merchandise exports, bank credit, GST collections and automobile sales.

Within the IIP, manufacturing output growth eased to 7.6% y-o-y from 8.6% in August, while electricity and gas supply growth remained robust at 11.2% (12.3% previously). In contrast, mining and quarrying output contracted by 6.2%, deeper than the 4.6% decline recorded a month earlier, largely reflecting weakness in the production of non-metallic minerals. Within manufacturing, 17 of the 23 industry groups registered growth. The strongest contributors were Electrical Equipment (33.9%), Rubber and Plastics Products (19.9%), Motor Vehicles, Trailers and Semi-trailers (19.0%), and Other Transport Equipment (19.1%).

From a use-based classification perspective, growth in capital goods output was healthy at 10.4%, though it moderated from 15.9% in August. Infrastructure and construction goods output expanded by a robust 12.2%, supported by sustained public capital expenditure, and continued to provide a key anchor for overall industrial growth. However, consumer demand indicators remained relatively subdued, with consumer goods output growth slowing for the third consecutive month to 3.4%. This was driven by a moderation in consumer durables growth to 6.0% from 10.5% in the previous month and continued weakness in consumer non-durables.

Exhibit 1: Growth in Index of Industrial Production



Source: MoSPI, CareEdge

Way Forward

Going ahead, industrial activity is likely to face headwinds from geopolitical uncertainties, volatile energy prices, supply-chain disruptions and rising input costs. On the positive side, India's goods exports have been showing strong momentum, inspite of the global uncertainties, and that should be supportive of industrial production. Strong capital expenditure by the Centre and pick-up in private capex will remain supportive of capital goods and

construction good segment. However, the consumer goods category could get adversely impacted by weak rural demand amid the deficient southwest monsoon and the associated risks to agricultural output. Moreover, rising CPI inflation is also a risk to the consumption spending.

Table 1: Component-wise Breakup of IIP Growth (Y-o-Y %)

Growth (Y-o-Y%)	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Sectoral						
Mining & Quarrying	-3.8	-1.4	1.6	-0.9	-4.6	-6.2
Manufacturing	6.1	5.2	9.5	8.2	8.6	7.6
Electricity and Gas Supply	4.6	10.3	11.3	8.7	12.3	11.2
Water Supply; Sewerage and Waste Management	6.6	5.5	6.1	7.4	6.3	5.8
Use-Based						
Primary goods	0.8	2.7	5.4	4.2	4.2	4.0
Capital goods	12.0	15.5	17.9	19.0	15.9	10.4
Intermediate goods	10.3	5.8	11.5	10.4	14.2	12.2
Infrastructure/ Construction Goods	6.0	6.6	8.8	8.0	8.0	7.2
Consumer Durables	5.6	8.0	10.3	12.0	10.5	6.0
Consumer Non-Durables	0.2	-0.4	5.6	-0.8	-1.1	1.4
Industrial Output	4.9	5.0	8.8	7.4	7.8	6.7

Source: MoSPI, CareEdge

Contact

Rajani Sinha	Chief Economist	rajani.sinha@careedge.in	+91 - 22 - 6754 3525
Bharadwaja Adiraju	Senior Economist	bharadwaja.adiraju@careedge.in	+91 - 22 - 6754 3456
Tanya Singh	Associate Economist	tanya.singh@careedge.in	+91 - 22 - 6754 3424
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone : +91 - 22 - 6754 3456
CIN: L67190MH1993PLC071691

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