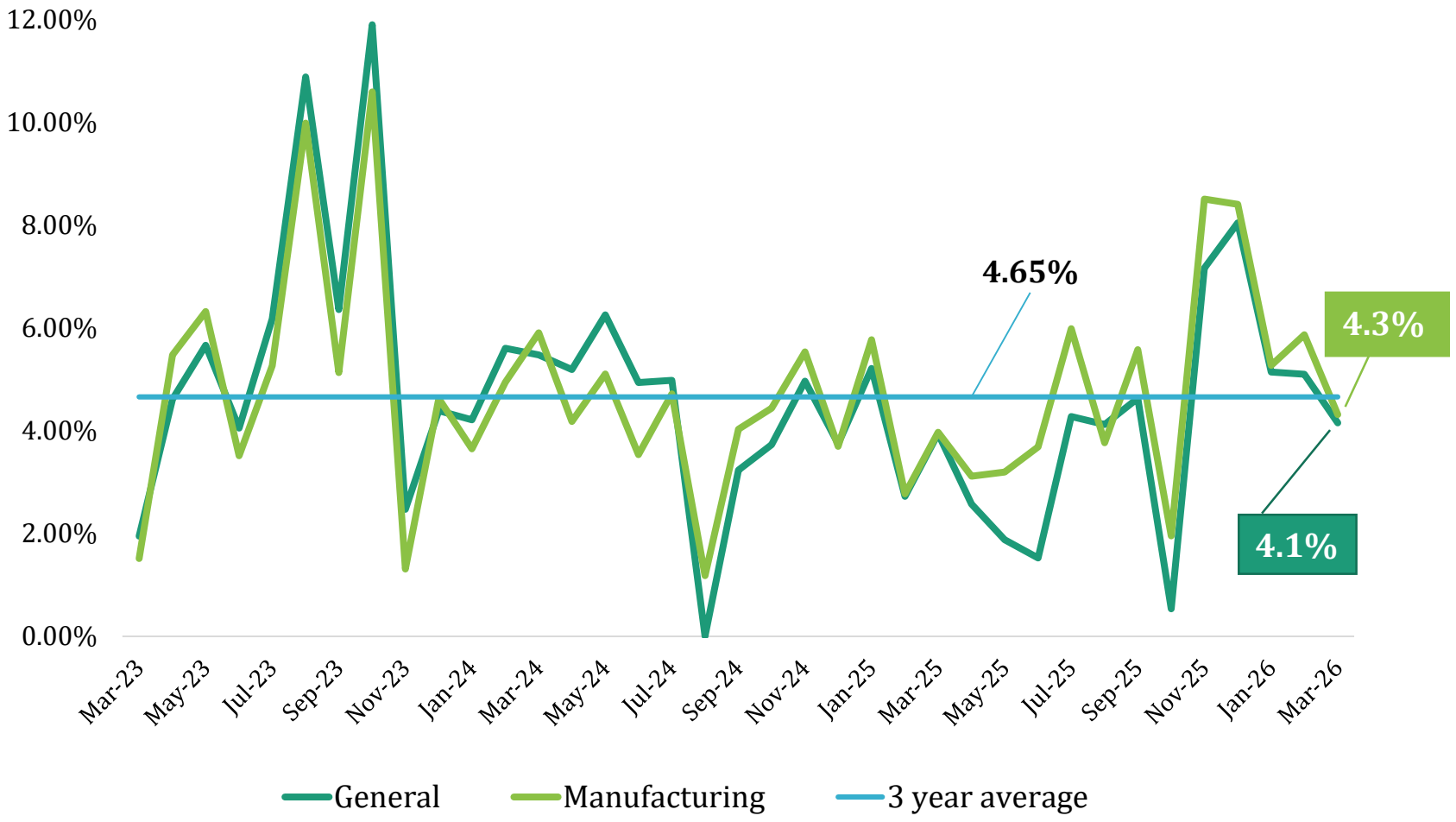
Analysis and Outlook on Index of Industrial Production: May 2026

PHDCCI Research Bureau

Index of Industrial Production (Y-o-Y) – Trend Analysis



- Index of Industrial Production (IIP) recorded a growth of 4.1% in March 2026, as Quick Estimates of IIP stands at 173.2 against 166.3 in March 2025
- The growth is primarily supported by Manufacturing sector (4.3%) and Mining sector (5.5%). Whereas the electricity sector registered a moderate growth of 0.8%.
- The growth in IIP for March 2026 falls below the 3-year average of 4.65%, however, still remains above the long –term average of 3.19%.

Source: Ministry of Statistics and Programme Implementation, MoSPI

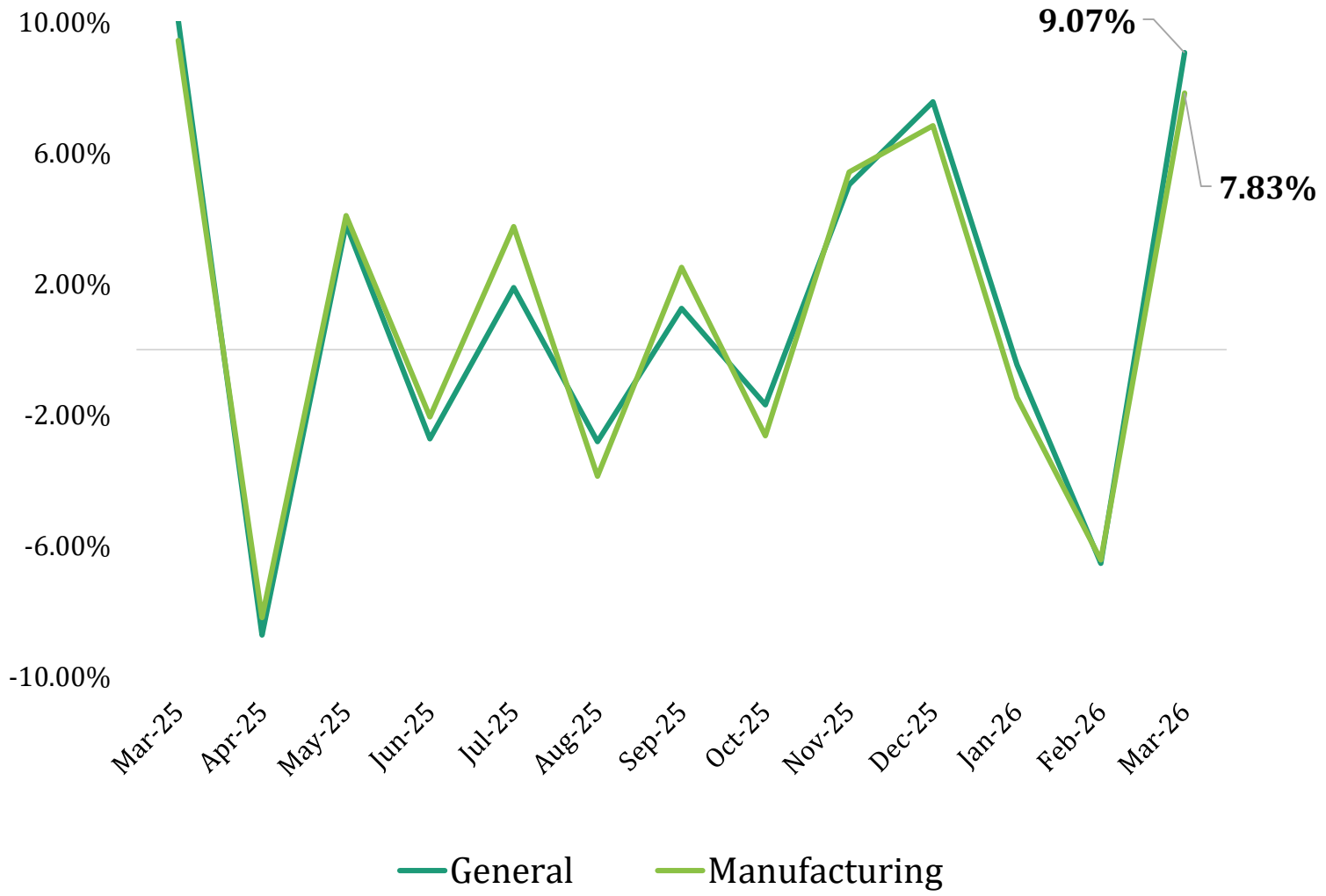
Drivers of Growth (Y-o-Y) in IIP

Weights	Sector	2-Digit level	Jan 2026	Feb 2026	Mar 2026
77.63	**Manufacturing**		**5.27%**	**5.86%**	**4.31%**
4.98		Manufacture of pharmaceuticals, medicinal chemical and botanical products	-6.75%	-2.31%	2.75%
4.09		Manufacture of other non-metallic mineral products	10.41%	7.07%	3.16%
12.80		**Manufacture of basic metals**	**14.12%**	**12.88%**	**8.60%**
2.65		Manufacture of fabricated metal products, except machinery and equipment	10.19%	6.07%	8.42%
3.00		Manufacture of electrical equipment	6.39%	8.60%	5.87%
4.77		Manufacture of machinery and equipment n.e.c.	5.67%	10.29%	11.24%
4.86		Manufacture of motor vehicles, trailers and semi-trailers	10.99%	14.37%	18.10%
14.37	**Mining**		**4.31%**	3.10%	**5.50%**

- Drivers of IIP at sectorial level are Manufacturing, registering growth of 4.31% and the Mining, which grew by 5.5% during March 2026 over March 2025.
- The manufacturing sector reports sustained growth, supported by robust growth in Manufacture of basic metals (8.6%), Manufacture of motor vehicles, trailers and semi-trailers (18.1%), and Manufacture of machinery and equipment n.e.c (11.24%).
- At NIC 2 digit-level, diffusion index of 61% indicate a broad-based expansion in manufacturing sector.

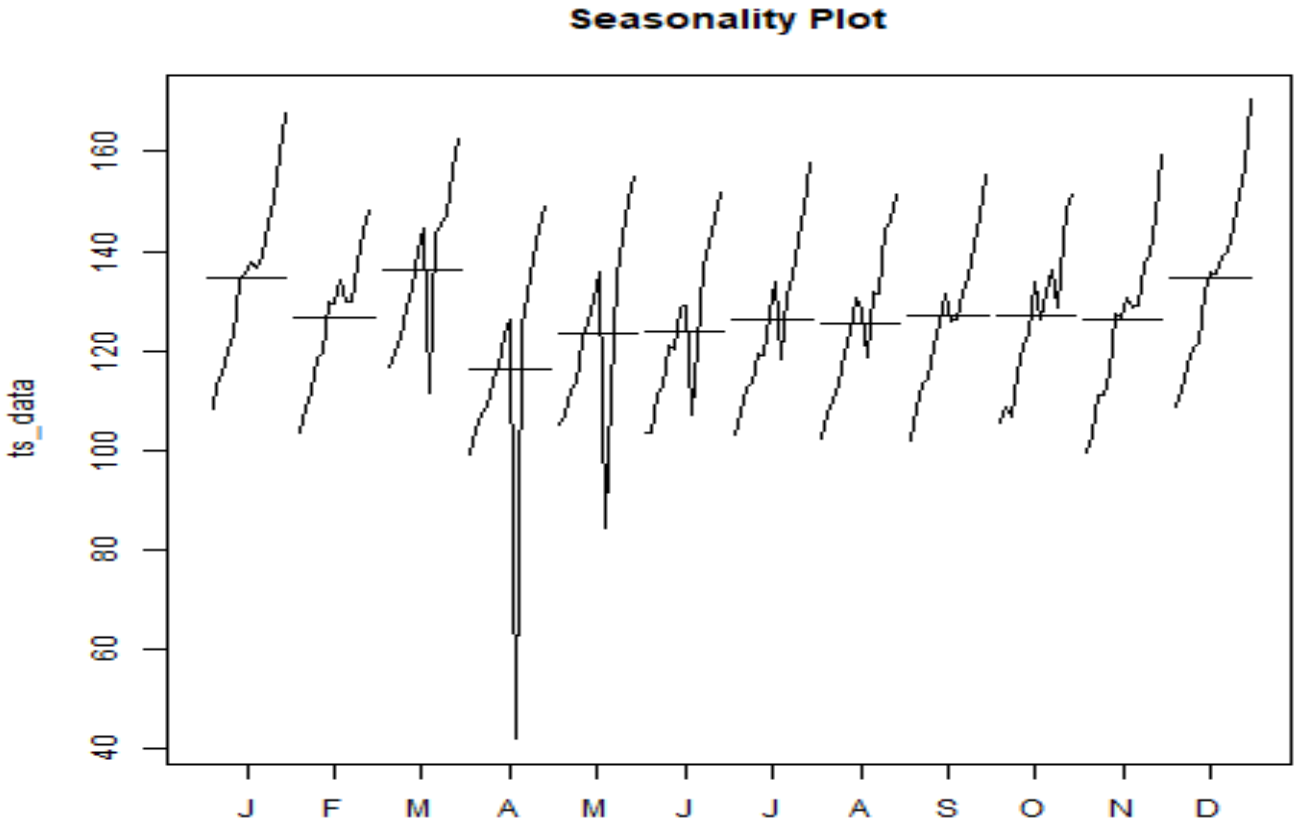
Index of Industrial Production (M-o-M) Growth momentum shows strong acceleration

- On a month-on-month basis, the General Index of Industrial Production grew by 9.07% in March 2026, indicating a strong rebound from February 2026.
- The manufacturing sector records strong growth of 7.83% as compared to the previous month.
- Strong acceleration in IIP was driven by growth momentum in manufacturing sector (largest component of IIP).



Source: Ministry of Statistics and Programme Implementation, MoSPI

Seasonality in Manufacturing



Monthly seasonality plot (Jan–Dec on X-axis, index values on Y-axis) with multiple years overlaid. Each vertical cluster represents the distribution of values for that month across years, and the short horizontal line is the **monthly average**.

Source: PHDCCI Research Bureau Analysis using R version 4.5.2 software

Seasonality:

- The Index of Industrial Production indicates strong seasonality with upward progression towards the end of year.
- IIP shows low values at the beginning of financial year, indicating trough in April. The sharp drop indicates presence of outlier, probably the Covid-19 impact.
- The index gradually starts to recover during May and June, however, the period indicates high volatility.
- Index usually grows at constant rate during Q2.
- The October-December quarter shows strong upward trend reaching a peak in December driven by rising demand due to festive season.
- Fourth quarter begins with this strong upward momentum in January. The year ends with peak in March as firms push production reaching end of financial year.

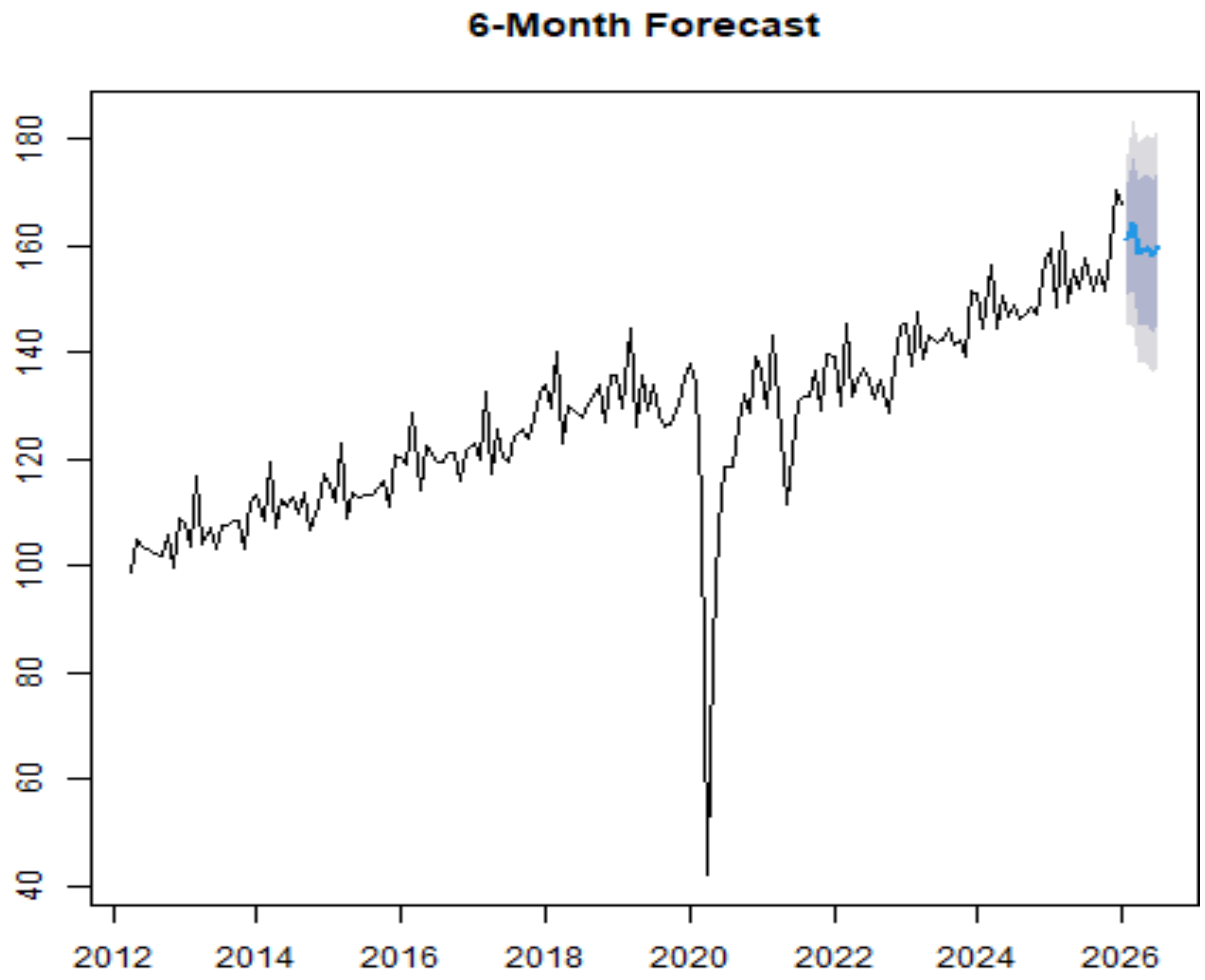
Manufacturing Forecast for next 6 months by PHDCCI

Month	Forecast	Forecasted M-o-M Growth rate	Reported
Feb 2026	161.05		
Mar 2026	164.08	1.88%	169.4 (Provisional)
Apr 2026	158.53	-3.38%	
May 2026	159.45	0.58%	
Jun 2026	157.90	-0.97%	
Jul 2026	159.69	1.13%	

Manufacturing index forecasted with ARIMA model (164.08) by PHDCCI is close to the reported figure (169.4) for March 2026 which lies within the 95% Confidence Interval (144.98, 177.12).

Forecast:

- The forecast shows frequent fluctuations in the index over the next 4 months for the manufacturing sector.
- During the month of April, index is expected to decline by -3.38%. However, index will slightly recover during May, before falling again in June 2026.
- During July 2026, the manufacturing sector will start improving with a growth rate of 1.13%.



Source: PHDCCI Research Bureau Analysis using R version 4.5.2 software

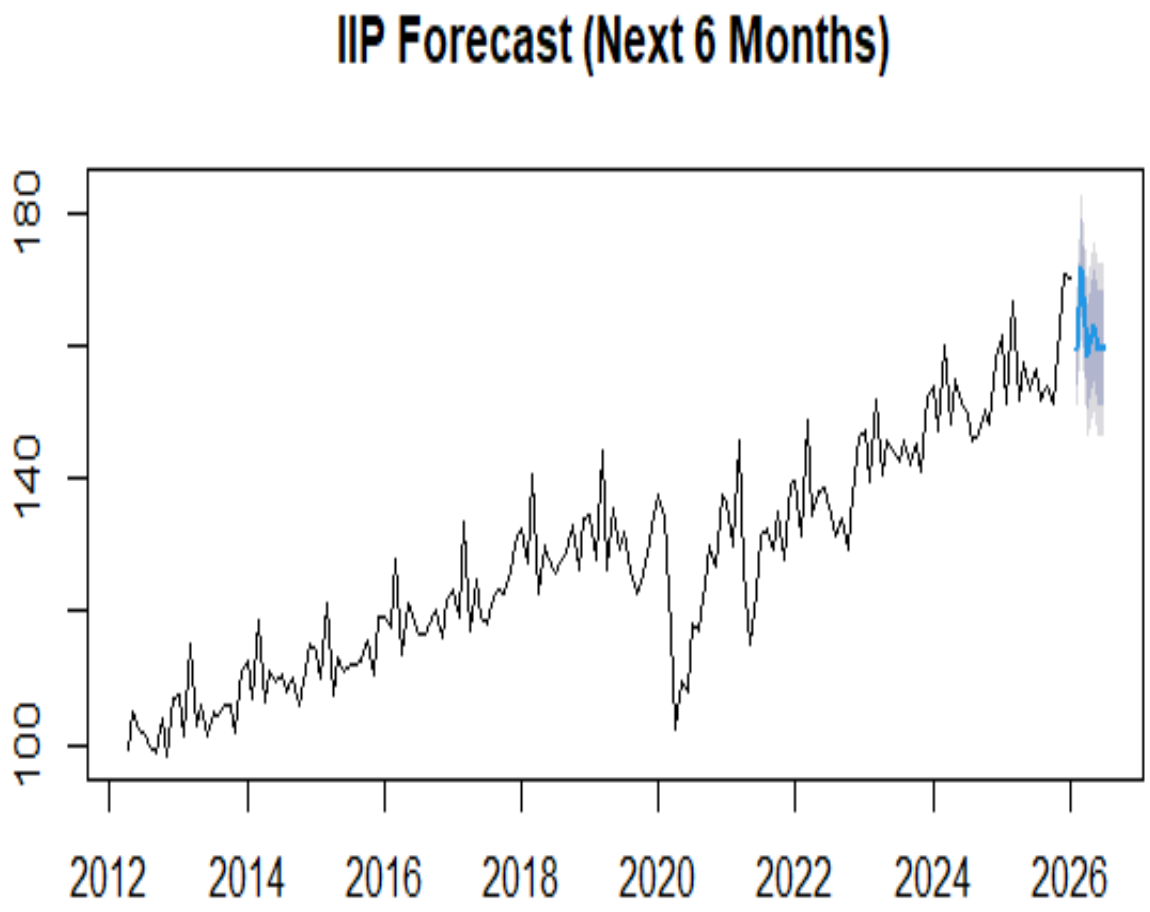
Index of Industrial Production – Forecast for 6 months by PHDCCI

Date	Forecast	Forecasted M-o-M Growth rate	Reported
Feb-26	159.52		
Mar-26	171.79	7.69%	173.2 (Provisional)
Apr-26	158.18	-7.92%	
May-26	163.16	3.15%	
Jun-26	159.36	-2.33%	
Jul-26	159.31	-0.03%	

Forecast of General Index of Industrial Production (171.79) is also close to the reported figure (173.2) for March 2026.

Forecast:

- However the forecast suggests that index will drop sharply during April following the expected decrease in the manufacturing sector.
- After the sharp drop, a slight improvement is expected in May 2026 with growth rate of 3.15%, however, recovery is short-spanned following the negative growth during June and July.



Source: PHDCCI Research Bureau Analysis using R version 4.5.2 software

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Thank You