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Index of Industrial Production (IIP)

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One number, released every month, tries to summarise what every mine, power plant and factory in India just did. It's called the IIP. Here's how MoSPI actually builds it, and why the same number just got rebuilt twice in one month.

India's Index of Industrial Production, in four facts.

01 Compiled By The NSO, under MoSPI, releases IIP as a monthly quick estimate.

02 New Base Year2022-23 = 100, replacing the older 2011-12 series from 1 June 2026.

03 Manufacturing Dominates Manufacturing alone carries a 76.062% weight in the new series.

04 July 2026 ReadingIIP grew 6.7% year-on-year, per MoSPI's 28 August 2026 estimate.

Key terms

IIP
: Index of Industrial Production: a weighted index tracking the volume of selected industrial output over time.

Output Producer Price Index
: The tool MoSPI uses to strip price changes out of value-reported items, isolating real output volume.

Use-based classification

Sorting the same output by what it's mainly used for — capital goods, consumer durables, and so on.

Rebasing

Resetting an index to 100 in a newer reference year, often alongside updated coverage and weights.

1 What Does IIP Measure?

Lesson section: What the IIP Actually Measures.

1.1 What exactly is India's Index of Industrial Production?

The IIP tracks changes in the volume of selected industrial output — not its rupee value. The National Statistical Office compiles it under the Ministry of Statistics and Programme Implementation. It covers manufacturing, mining, electricity and gas, and water and waste services. It’s a sample-based, weighted indicator, not a full census of every factory or the value of all industrial sales.

MoSPI releases a quick estimate on the 28th of every month. If the 28th is a holiday, it comes the next working day.



An industrial area in Durgapur, West Bengal — the kind of manufacturing and mining activity the IIP tracks month to month. Photo by sanjeew singh, CC BY-SA 3.0, via Wikimedia Commons.

1.2 What does an index value like 125 actually tell you?

Its current base is 2022-23 = 100. So an index reading of 125 means output sits 25% above that base-year level. That's not the same as saying output grew 25% this month. For growth, you still need to compare against an earlier index value — the same way you'd compare two dated photographs rather than read one alone.

8. **Try it yourself:** Is an index of 125 a growth rate? See answer ↓

Quick check 1. True or false: The IIP measures the rupee value of all industrial sales. *(True or False?)* See answer ↓

Sources: mospi.gov.in

2 How Is IIP Built?

Lesson section: How MoSPI Builds One Number From Thousands of Factories.

2.1 How does raw factory data become a single index?

Source agencies collect output reports from producing factories and establishments across the country. MoSPI combines these into 463 item groups in the current basket. Each group then gets a weight. A group with more economic weight moves the overall index more than a smaller one. Think of it as a weighted average, where some ingredients simply count for more.

MoSPI uses the Laspeyres fixed-base formula. Weights come from the base year and stay fixed. That keeps months comparable, but the weights age as the economy changes.

2.2 Why does MoSPI strip out price changes before counting?

Some output is reported as a quantity, like tonnes of steel. Some arrives only as a rupee value. For those value-based items, MoSPI removes price changes using the Output Producer Price Index. A factory that just raised its prices doesn't get credited with "producing more." Here's a worked example. An index rises from 120 last July to 126 this July. Year-

on-year growth is (126 – 120) ÷ 120 × 100 = 5%. Quick monthly estimates can still shift as late factory reports arrive. So the release date and revision status both matter.

MoSPI's August release shows how large these revisions can be. July's quick estimate was 124.8, and the final July index is 125.6. Response rates explain part of it. The August quick estimate used a weighted response rate of 88.0%. The final July revision used 93.4%.

> **Quick check 2.** True or false: An index value of 125 means industrial output grew 25% during that particular month. *(True or False?)* See answer ↓

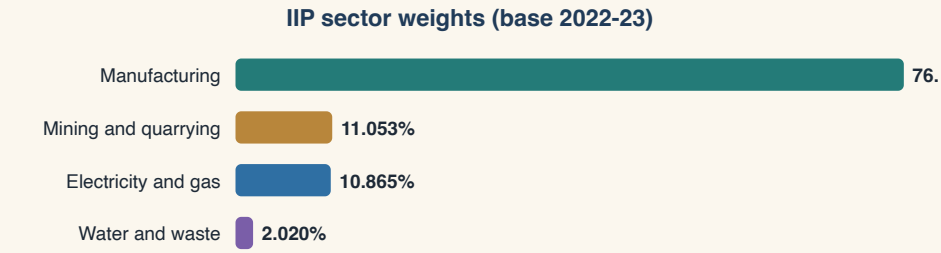
Sources: pib.gov.in; mospi.gov.in

3 Which Sectors Carry Most Weight?

Lesson section: Which Sectors and Uses Carry the Most Weight.

3.1 Which sector dominates the 2022-23 weights?

Four sectors add up to the full index, and manufacturing towers over the rest. Its weight is 76.062%. Mining and quarrying carries 11.053%. Electricity and gas supply carries 10.865%. Water, sewerage and waste services carries 2.020%. Because manufacturing carries such a large weight, a strong or weak manufacturing month can dominate the national headline figure almost on its own.



Original chart from MoSPI weights. Bar length is proportional to weight.



Bokaro Steel Plant, Jharkhand — manufacturing output like this carries over three-quarters of the IIP's weight. Photo by SuLTan0203, CC BY-SA 3.0, via Wikimedia Commons.

3.2 What do the use-based categories sort by, instead of sector?

MoSPI also slices the same underlying output by what it's mainly used for, giving a second lens on the same production:

- Primary goods: basic inputs, such as coal.
- Capital goods: machines used to make other products.
- Intermediate goods: materials used during further production.
- Infrastructure and construction goods: materials used in building works.
- Consumer durables: products that last, like refrigerators.
- Consumer non-durables: products used up sooner, like packaged foods.

A rise in capital-goods output can hint at stronger equipment production, but it's a production measure, not a direct survey of investor or household confidence.

3.3 How big is each use-based group?

Primary goods carry the biggest weight, 31.136%. Intermediate goods carry 22.416%. Consumer non-durables carry 16.148%. Consumer durables carry 11.312%, and infrastructure and construction goods carry 10.908%. Capital goods carry the smallest share, 8.082%.

In August 2026, capital goods grew 16.9% over a year earlier. That was the fastest of the six groups, even with a small weight.

> **Quick check 3.** True or false: Manufacturing carries the largest weight in the 2022-23 IIP series. *(True or False?)* See answer ↓

Sources: mospi.gov.in

4 Why Rebase, And Why Twice?

Lesson section: A Base Year Change, Done Twice in One Month.

4.1 Why did MoSPI retire the 2011-12 series?

MoSPI released the new 2022-23 base IIP series on 1 June 2026, replacing the older 2011-12 base. The updated basket now holds 463 item groups. It adds coverage for gas supply, water supply, sewerage and waste management that the old series simply didn't track. Updated categories and weights let the index reflect a more current pattern of Indian production.

4.2 Why did MoSPI revise its own brand-new June release just weeks later?

On 29 June 2026, MoSPI replaced its first 2022-23-series release with a revised version. The initial release had used an older wholesale-price method. The revision switched to the Output Producer Price Index instead, for 234 value-based item groups. MoSPI said the revised version supersedes the initial one. Any comparison should stick to figures from that same, revised series.



Original timeline from the MoSPI releases of May and July 2026.

4.3 What changed in the revision?

The Department for Promotion of Industry and Internal Trade released the Output PPI on 15 June 2026. The 234 value-based item groups carry 36.02% of the total weight. Output PPI has a more granular price structure than the wholesale index.

MoSPI also added updated data from a few source agencies. It fixed a compilation issue in the electricity index. These changes mainly affect manufacturing and electricity.

4.4 Did the core industries index change too?

Yes. The Department for Promotion of Industry and Internal Trade moved the Index of Core Industries to the 2022-23 base in July 2026. Iron ore joined the list, so the core industries rose from eight to nine. Their weights come from the matching IIP items.

In August 2026, core industries grew 4.8%. Cement, electricity and iron ore were the main drivers.

> **Quick check 4.** True or false: MoSPI replaced the wholesale price index with the Output PPI as deflator for the new IIP series. *(True or False?)* See answer ↓

Sources: mospi.gov.in; pib.gov.in

5 Can IIP Hide Weak Sectors?

Lesson section: Why a Bigger Number Isn't Automatically Good News.

5.1 Can IIP rise even when a major sector shrinks?

Yes, and this is exactly what manufacturing's outsized weight makes possible. If manufacturing grows fast enough, it can more than offset a decline in mining or another smaller-weight sector. That pulls the overall index up even while one part of the economy is actually contracting. A single national growth figure can hide that kind of split performance underneath it.

August 2026 is a real case. Mining and quarrying fell 5.6%. Manufacturing grew 9.0%. The overall index still rose 8.0%.

5.2 How is IIP different from GDP and the Index of Services Production?

GDP measures value added across the entire economy, services included. IIP measures only the volume of selected industrial output — mining, manufacturing, electricity, gas, water and waste. Services get their own separate measure, the Index of Services Production. Treat all three as related but distinct readings of the same economy, not interchangeable numbers.

Measure	What it tracks	Compiled by
IIP	Volume of selected industrial output	MoSPI (NSO)
Index of Services Production	Volume of services output	MoSPI (NSO)
GDP	Value added across the whole economy	MoSPI (NSO)

Worth remembering: rebasing resets what year equals 100 and updates what's measured. It does not mean factories actually changed what they made in the past — it changes the ruler, not the thing being measured.

Quick check 5. True or false: The IIP can still rise nationally even if mining and quarrying output falls that month. *(True or False?)*

See answer ↓

Quick check 6. True or false: GDP and the IIP measure essentially the same thing. *(True or False?)* See answer ↓

Sources: mospi.gov.in; static.pib.gov.in

6 Where Do Exams Trap You?

Lesson section: A Trap Worth Knowing, and the Latest IIP Numbers.

6.1 What trap does the 2016 UPSC question set?

UPSC's 2016 Civil Services Preliminary paper asked about a planned National Investment and Manufacturing Zone. That's an industrial-policy location question, about where a zone sits and what it offers. It has nothing to do with an IIP value or method. Papers can drop "industrial" into a question stem to bait you into IIP territory when the real subject is policy geography. Read the exact wording in Question 61 of the 2016 paper before assuming IIP is even involved.

6.2 What other traps repeat?

First, the level trap. An index of 125 is a level, not a growth rate. Second, the series trap. Compare figures only within the revised 2022-23 series. Third, the quick-estimate trap. A quick estimate can change once final data arrive.

> **Quick check 7.** True or false: The 2016 UPSC question on a National Investment and Manufacturing Zone tested industrial-policy location, not the IIP itself. *(True or False?)* See answer ↓

Sources: mcqquestion.com; mospi.gov.in

7 What Do Latest Numbers Say?

7.1 So what did July 2026's actual IIP reading show?

MoSPI's 28 August 2026 quick estimate put year-on-year IIP growth at 6.7% for July 2026. Manufacturing grew 7.3%, electricity and gas supply grew 8.7%, and water, sewerage and waste services grew 7.4% — while mining and quarrying actually fell 0.9%. The overall index stood at 124.8, against 117.0 a year earlier, which is where that 6.7% comes from. These remain quick estimates, subject to revision as more factory data comes in.

MoSPI finalised July in its next release. The final July index is 125.6, against 117.0. That gives growth of 7.4%, up from the 6.7% quick estimate. Final July manufacturing growth is 8.2%.

7.2 And what did August 2026 show?

MoSPI's data, released on 28 September 2026, put IIP growth at 8% for August. That was up from 7.35% in July, a figure revised from the quick estimate. Manufacturing grew 8.95%. Electricity grew 12.3%, a 27-month high. Growth for April-August was 6.7%. (Source: The Hindu)

These are unrounded figures from the index values. MoSPI's own release rounds them to 8.0% for August, 9.0% for manufacturing and 7.4% for July. Both versions describe the same data.

MoSPI's August quick estimate puts the index at 123.3, against 114.2 a year earlier. Mining and quarrying fell 5.6%, and water, sewerage and waste services grew 6.3%.

7.3 When is the next release?

The next quick estimate, for September 2026, is due on 28 October 2026.

Sources: mospi.gov.in; thehindu.com

Remember this

- **What:** the IIP tracks the volume of selected industrial output.
- **Base:** 2022-23 = 100, released 1 June 2026, revised 29 June.
- **Weights:** manufacturing 76.062%, mining 11.053%, electricity 10.865%, water 2.020%.
- **Latest:** August 2026 growth was 8.0% in MoSPI’s release.

Explain it back: Say why the IIP can rise while mining falls. Then say why MoSPI revised its June release.

Quick answers

Who compiles and releases India's IIP?

The National Statistical Office, under the Ministry of Statistics and Programme Implementation (MoSPI), as a monthly quick estimate.

Which sector carries the most weight in the 2022-23 IIP series?

Manufacturing, at 76.062%, well ahead of mining and quarrying (11.053%), electricity and gas (10.865%), and water and waste services (2.020%).

Why did MoSPI revise its own June 2026 release just weeks later?

It switched from an older wholesale-price method to the Output Producer Price Index, for 234 value-based item groups. MoSPI said the revision supersedes the first release.

Does the IIP measure the same thing as GDP?

No. GDP covers value added across the whole economy, including services; the IIP covers only the volume of selected industrial output.

What did India's IIP show for July 2026?

6.7% year-on-year growth per MoSPI's 28 August 2026 quick estimate, with manufacturing and electricity growing while mining and quarrying fell 0.9%.

Practice MCQs

1. India's Index of Industrial Production (IIP) is compiled and released monthly by which body?

A. The Directorate General of Foreign Trade

B. The National Statistical Office (NSO), under MoSPI

C. The Reserve Bank of India

D. NITI Aayog

See answer ↓

2. As per the use-based classification of the Index of Industrial Production (IIP), the maximum weight has been assigned to

A. consumer non-durables

B. consumer durables

C. intermediate goods

D. primary goods

See answer ↓

3. India's Index of Core Industries now uses the 2022-23 base.

Which of these is not a core industry in it?

A. Coal

B. Refinery products

C. Rubber products

D. Cement

See answer ↓

4. Which mathematical formula does the IIP use to aggregate item-level production data?

A. The Paasche index formula

B. The Laspeyres fixed-base formula

C. A simple arithmetic mean

D. The Fisher ideal index formula

See answer ↓

5. Which base year did MoSPI adopt for the IIP, replacing 2011-12?

A. 2025-26

B. 2017-18

C. 2022-23

D. 2020-21

See answer ↓

6. As per MoSPI data released on 28 July 2026, India's IIP grew 7.3% year-on-year in June 2026, up from what growth rate in May 2026?

A. 5.1%

B. 7.8%

C. 4.9%

D. 10.6%

See answer ↓

7. The Index of Industrial Production (IIP) is best understood as?

A. An actual measure of the physical volume of goods produced

B. A measure limited strictly to export-oriented industries

C. A price index for industrial goods

D. An index number reflecting the general magnitude of industrial activity, not the actual production volume

See answer ↓

8. Which body compiles and releases India's official GDP estimates, along with the IIP and ISP?

A. NITI Aayog

B. The National Statistical Office (NSO), under MoSPI

C. The United Nations Development Programme

D. The Reserve Bank of India

See answer ↓

Answer Key

1. **B.** The National Statistics Office (NSO) compiles and releases the IIP. It works under the Ministry of Statistics and Programme Implementation (MoSPI). The quick estimate comes out on the 28th of every month, or the next working day. ↑ Q1
2. **D.** Primary goods carry the largest use-based weight, about 31% of the index. Intermediate goods come next at about 22%. Consumer non-durables carry about 16%. The weights are for the 2022-23 base. ↑ Q2
3. **C.** The 2022-23 series has nine core industries. Iron ore joined the earlier eight. Rubber products is not among them. Coal, refinery products and cement are. ↑ Q3
4. **B.** The IIP uses the Laspeyres fixed-base index formula. It compares current output with base-year output, using fixed base-year weights. Fixed weights make months comparable. They also age as the economy changes, which is why MoSPI rebases the index. ↑ Q4
5. **C.** MoSPI has already moved the IIP base year from 2011-12 to 2022-23. The new series was released on 1 June 2026. MoSPI then revised it on 29 June 2026, using the Output PPI as deflator for many item groups. ↑ Q5
6. **A.** India's IIP grew 7.3% year-on-year in June 2026, up from 5.1% in May 2026. MoSPI released the June quick estimate on 28 July 2026. Later releases can revise such quick estimates. ↑ Q6
7. **D.** The IIP is an index number. It reflects the general level of industrial activity against a base year. It is not a count of the physical volume produced. ↑ Q7
8. **B.** The NSO, under MoSPI, is the common source behind India's IIP, ISP and GDP estimates. MoSPI released National Accounts Statistics 2026 on 31 August 2026 for the 2022-23 base. ↑ Q8

Quick-check answers

1. **False.** The IIP tracks the volume of selected industrial output. ↑ 1
2. **False.** A reading of 125 means output is 25% above the base year, not 25% up in one month. ↑ 2
3. **True.** Its weight is 76.062%. ↑ 3
4. **True.** MoSPI discontinued the wholesale index for this use. ↑ 4

5. **True.** Manufacturing's large weight can outweigh a small sector's fall. ↑ 5
6. **False.** GDP covers value added across the whole economy, while the IIP covers only selected industrial output. ↑ 6
7. **True.** It tested industrial-policy location, not the IIP. ↑ 7
8. **Think it through.** It is a level against the base year. Growth needs two index values. ↑ 8

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