GROWTH IN FY26 LED BY INFRA AND CAPITAL GOODS

IIP Rises 5.2% in Feb on Healthy Manufacturing

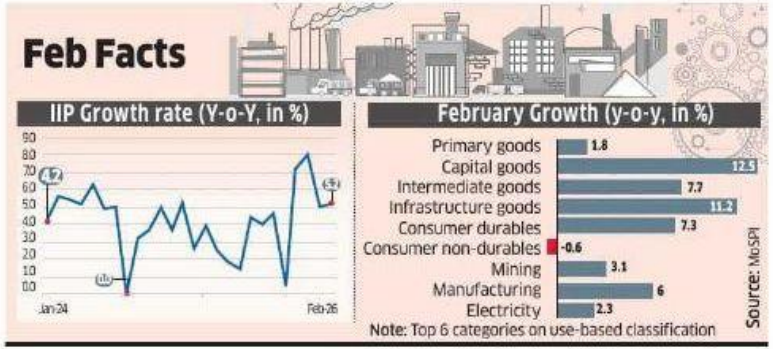
Consumer non-durables a spoilsport; economists expect growth to moderate in Mar amid West Asian conflict

Our Bureau

New Delhi: India's industrial production growth rose 5.2% year-on-year in February, supported by a favourable base and healthy manufacturing output, official data published Monday showed. The Index of Industrial Production (IIP) had expanded 5.1% in January and 2.7% in February last year.

Economists expect the IIP growth to moderate in March as the West Asia conflict plays out, with ICRA estimating expansion at 3-4% in March and India Ratings and Research (Ind-Ra) projecting 3.9%.

"The growth will decelerate in March, amid the unfolding adverse impact of the West Asia crisis on some manufacturing segments, both through the price and availability channels, and weaker electricity performance in the month," said Aditi Nayar, chief economist, ICRA.



During FY26 (until February), industrial growth remained flat at 4.1%, compared with the same period a year earlier.

"IIP growth in FY26 is mainly led by infrastructure/construction and capital goods, which is getting a boost from the investment activities in the economy," said Devendra Pant, chief economist, Ind-Ra.

He cautioned that a prolonged conflict could slow down investment demand, which in turn is likely to impact IIP growth.

Sector-wise, manufacturing output increased to 6% from 5.3% in January. Within the sector, the top three contributors were basic metals (13.2%), motor vehicles, trailers and semi-trailers (14.9%) and machinery and equipment (10.2%).

Electricity generation growth slowed to 2.3% year-on-year in February from 5.1% in the month before, while mining output moderated to 3.1% from 4.3%.

Among use-based categories, all six segments expanded except consumer non-durables, which contracted 0.6%. Consumer durables, in contrast, grew 7.3%.

Capital goods recorded the strongest growth at 12.5%, followed by infrastructure/construction goods at 11.2%. The latter has witnessed double-digit growth for the fourth consecutive month, "suggesting that construction activity has remained quite robust," said Nayar.