# Industrial growth hits 23-month high of 7.3% in June 2026

**Growth in the Index of Industrial Production quickened on the back of strong performances in the manufacturing, electricity, capital goods, and consumer-facing sectors.**

India's industrial growth hit a near two-year peak of 7.3% in June 2026, fuelled by strong performance in manufacturing, electricity, and capital goods, official data released on Tuesday showed.

Analysts, however, caution that this strong performance might not continue in the face of a lower-than-expected monsoon, and continued uncertainty due to the war in West Asia.

The data on the Index of Industrial Production (IIP), released by the Ministry of Statistics and Programme Implementation, showed that the index's growth in June was the fastest since July 2024. The index had grown 5.1% in May 2026.

"The sharp uptick reflects broad-based strength in industrial activity, supported by improving manufacturing output, resilient domestic demand, and sustained momentum in investment-led sectors," Shashwat Singh, Fundamental Analyst at Bajaj Broking said.

"The stronger-than-expected reading indicates that industrial growth gained traction at the end of the quarter despite ongoing global uncertainties," he added.

Manufacturing surge

Within the index, the manufacturing sector grew at a 23-month high of 7.8% in June 2026, compared to 5.5% in May, and 2.4% in June of last year.

The heatwave in several parts of the country in June drove growth in the electricity and gas supply sector to a 25-month high of 10.6%, up from 9.9% in May. Some part of this strong growth could also have been due to a base effect since the sector had contracted 2% in June last year.

The capital goods sector also saw growth accelerating to a relatively robust 14.2% in June 2026, up from 3.45% in June last year. However, analysts say that despite this strong growth, the outlook for the months ahead is not as positive.

Dim outlook ahead

"While this reflects steady capital expenditure execution, our forward-looking credit outlook adopts a cautious stance," Vikrant Chaturvedi, Associate Director at Brickwork Ratings said. "The 9.3% growth in intermediate goods supports near-term supply chain stability, yet the broader macroeconomic landscape is clouded by significant risks."

The prospect of a below-normal monsoon threatens rural consumption and poses upward inflation pressure while persistent regional tensions in West Asia continue to drive oil price volatility, according to him.

"Sustaining the current industrial trajectory will increasingly depend on domestic investment durability to offset these mounting macroeconomic pressures," Mr. Chaturvedi said.

The data also showed that consumer demand seems to be recovering, with growth in both consumer durables and non-durables accelerating in June. The consumer durables category grew 7.7% in June 2026, the fastest since November 2025, while the consumer non-durables sector grew 4.9%, the fastest in the same period of time.