



**KAMARAJ IAS ACADEMY**  
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

# Index of Industrial Production (IIP)

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**Why in news:** India's **industrial production growth**, measured by the **Index of Industrial Production (IIP)**, surged to a **25-month high of 6.7% in November 2025**, indicating a revival in industrial activity driven by manufacturing momentum and improved demand conditions.

## About Index of Industrial Production (IIP)

### What is IIP?

IIP is a **composite index** that measures **short-term changes in the volume of industrial production** in the economy.

It serves as a **high-frequency indicator** of industrial performance and economic momentum.

### Institutional Framework

**1Published by:** Ministry of Statistics and Programme Implementation (MoSPI)

**2Frequency:** Monthly

**3Base Year:** 2011–12

### Sectoral Coverage & Weights

IIP covers **three broad industrial sectors**:

**Manufacturing** (largest weight), **Construction**, and **Electricity**.

Manufacturing dominates the index, making it the primary driver of overall IIP trends.

### Uses & Significance

Tracks **industrial growth cycles** and capacity utilisation.

Acts as a **leading indicator** for GDP trends, especially for the secondary sector.

Used by:

o **RBI** for monetary policy assessment

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o**Government** for industrial and investment policy

o**Investors and analysts** for economic forecasting

Sector	Weight
Manufacturing	77.6%
Mining	14.4%
Electricity	8.0%