IIP growth hit 2-yr high of 6.7% in Nov

AUHONA MUKHERJEE
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India's industrial output attained its highest level in financial year 2025-26 (FY26) so far in November, rising 6.7 per cent year-on-year, the fastest in 25 months, fuelled by a spike in manufacturing and a sharp pick-up in consumer goods, even as electricity generation shrank for the second straight month.

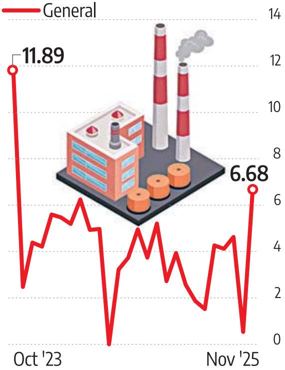
The Index of Industrial Production (IIP) quick estimates for November signalled a 4.5 per cent uptick from levels seen in October, when the index rose a mere 0.5 per cent higher year-on-year, according to data released by the National Statistics Office (NSO) on Monday. The NSO had earlier pegged October's growth at 0.4 per cent.

Manufacturing, which makes up about 78 per cent of industrial output, grew at a 25-month high pace of 8 per cent in November, compared to 2 per cent in October and 4.4 per cent between April and November.

Mining output rebounded to 5.4 per cent in November, snapping a two month-contraction streak. Last November, the IIP had risen 5 per cent.

Production sprint

IIP change (% Y-o-Y)



Source: National Statistics Office

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Banks 'resilient' but face stiff fund mobilisation competition: RBI report

Foreign banks continued to have the highest share of unsecured advances, while the shares of public and private sector banks have gradually converged in recent years.

Non-banking financial companies (NBFCs) also recorded robust performance, supported by double-digit credit growth, improved asset quality and comfortable capital buffers.

NBFCs accounted for about a quarter of the credit extended by SCBs, underscoring their growing importance in meeting the credit requirements of the economy.

At the same time, the RBI called for close monitoring of the microfinance sector, which has seen a deterioration in asset quality.

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On an end-use basis, three of six IIP segments clocked double-digit growth, including capital goods, which rose at a six-month high rate of 10.4 per cent, and infrastructure and construction items that were up 12.1 per cent, the swiftest in four months. Primary goods grew 2 per cent and intermediate goods' output was up 7.3 per cent.

Consumer durables recorded a 10.3 per cent uptick, the fastest since last November and an about-turn from October's 1.3 per cent contraction. Consumption was, in fact, a prime driver of the manufacturing spurt in November, as consumer non-durables production reached the highest level since December 2023 with a 7.3 per cent year-on-year rise, the fastest since October 2023.

"All six use-based sectors expanded after a gap on nine months. The high consumer non-durable growth after the festive season suggests that the inventories with wholesaler and manufacturer have exhausted, and manufacturers believe demand is likely to continue," said India Ratings and Research Chief Economist Devendra Kumar Pant. These numbers, he reckoned, provide anecdotal evidence that the GST rationalisation has bolstered demand.

In the first eight months of FY26, industrial output is up 3.3 per cent, compared with a 4.1 per cent increase in the same period of FY25. This year till date growth is purely driven by manufacturing (up 4.4 per cent), as mining and electricity generation have contracted 0.9 per cent and 0.2 per cent, respectively.

In November, electricity generation contracted 1.5 per cent, compared to a 6.9 per cent dip in October, but this was the fourth month of contraction this financial year.

Of the 23 major manufacturing segments tracked by the NSO, as many as a dozen recorded double-digit growth, including motor vehicles, other transport equipment, furniture, basic metals and pharma products. Just three sectors, including beverages and recorded media, recorded a contraction in November, but wearing apparel sank a sharp 14.4 per cent, an indication of the demand hit from US tariffs on Indian goods.

"This upswing largely reflects the shift in the festive calendar, restocking after the festive season sales, as well as some normalisation in activity across the mining and electricity segments following the excess unseasonal rains in the previous month. Interestingly, average growth in consumer non-durables remained dull at 1.3 per cent in October-November 2025, trailing the 4.3 per cent rise in consumer durables," pointed out Aditi Nayar, chief economist at Icra.

The impact of the US tariffs is likely to reflect across some of the manufacturing segments, partly offsetting the positive impact of the GST rate rejig, she said, though electricity demand has expanded in December so far after, she said. "We expect the IIP growth to ease to 3.5 per cent to 5 per cent in December, as the base effect normalises and the benefit from restocking wanes," Nayar concluded.

GST Council may weigh 5% tax on air, water purifiers

The court's intervention followed a public interest litigation filed by advocate Kapil Madan, who argued that taxing purifiers at 18 per cent by treating them as "luxury" items undermined public health.

Political pressure has also mounted. In November, former Delhi chief minister Arvind Kejriwal urged the Centre to abolish GST on both air and water purifiers. Industry and trade bodies have also made representations to the government, calling for the rate to be cut to 5 per cent.

Reinforcing these demands, the Parliamentary Standing Committee on Science & Technology, Environment, Forests and Climate Change recommended in its December report that GST on air and water purifiers and their consumable parts should be slashed or abolished. The committee said citizens should not be penalised for trying to secure clean air and safe drinking water.

Abhishek A Rastogi, founder of Rastogi Chambers, said cutting GST to 5 per cent would be a practical and policy-aligned step. "With tightening judicial scrutiny on pollution control and the growing recognition of clean air and water as essential public health necessities, these products can no longer be treated as luxury goods," he said. "A lower GST rate would democratise access to essential purification technologies and align indirect tax policy with sustainability and health-equity goals."

Rastogi also noted that manufacturers face the risk of accumulating excess input tax credit due to higher GST rates on components and raw materials, strengthening the case for rationalising the rate structure.

Saudi Aramco, OIL may pick up stake in BPCL's refinery

In 2019, Saudi Arabia signed a memorandum of understanding with India, announcing plans to invest $100 billion across sectors such as energy, agriculture, infrastructure and manufacturing. Those investments are yet to materialise.

In October, BPCL also signed a memorandum of understanding (MoU) with Oil India to explore collaboration as a strategic alliance in building the Andhra refinery, including the possibility of OIL taking a minority equity stake.

BPCL is India's second-largest oil marketing company, with domestic sales of 52.4 million tonnes and a market share of 27.44 per cent in the last financial year. It operates the country's third-largest refining capacity, about 14 per cent of the national total, through refineries in Mumbai, Kochi and Bina.