

Macro Insights

30th June, 2025

IIP growth slows down 9 month low to 1.2 per cent in May'25

IIP drops to 1.2% in May'25 compared to 2.6% in April'25.

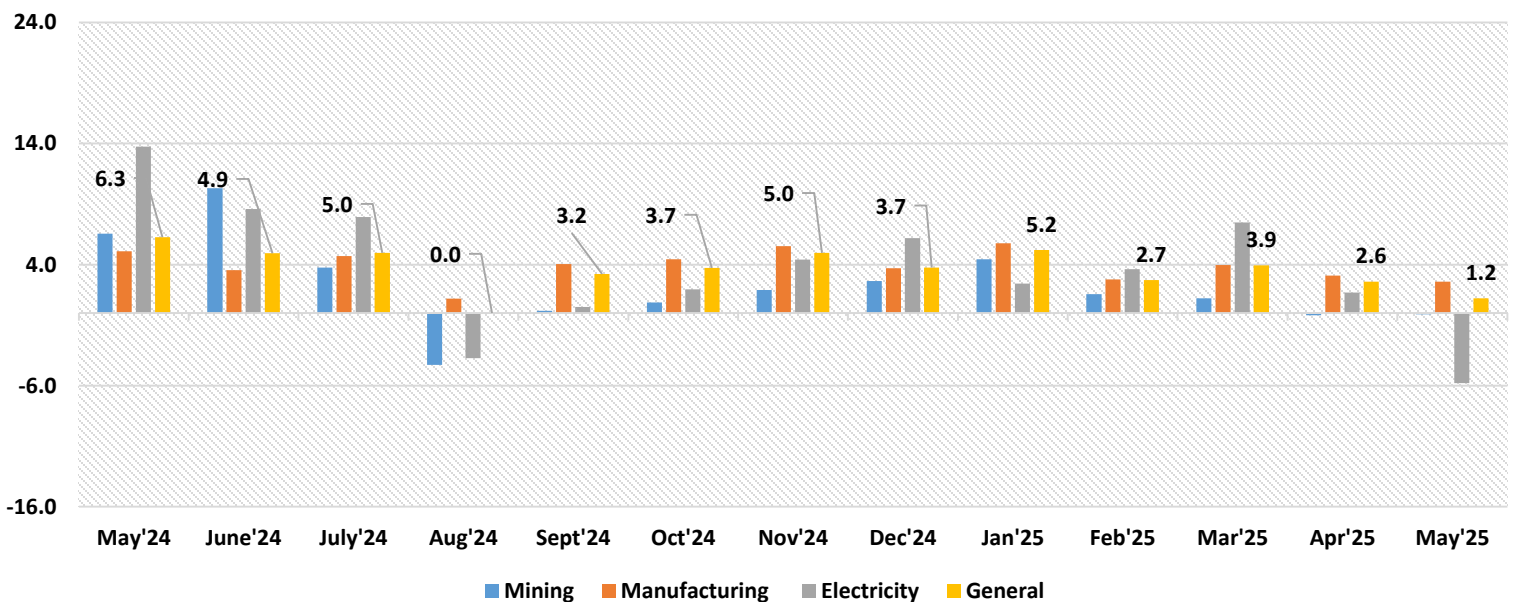
This growth is lower than 6.3% growth recorded in May'24.

Highlights:

- The IIP index stood at 156.6 in May'25, slightly higher than 154.7 in May 2024, but the pace of growth has clearly decelerated. For April–May FY' 26, cumulative growth was just 1.8%, compared to 5.7% in the same period last year.
- The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of May 2025 are (-) 0.1 percent, 2.6 percent and (-)5.8 percent respectively. (As shown in table 1)
- Amongst Use Based, all the sectors showed growth except Primary Goods (-1.9 per cent), Consumer durables (-0.7 per cent) and Consumer Non-Durables (-2.4 per cent). The highest growth being observed in Capital Goods (14.1 per cent), Infrastructure/construction Goods (6.3 per cent) and Intermediate Goods (3.5%) (As shown in table 2).

Chart: IIP Growth % (Sector-wise)

Movement of Sectoral Index of Industrial Production (IIP)



Note: General implies overall IIP

Table 1: IIP growth % (Sector-wise)

Component	Weight	May'24	May'25		Apr-May'24	Apr-May'25
Mining	14.37%	6.6	-0.1		6.6	-0.1
Manufacturing	77.63%	5.1	2.6		4.6	2.8
Electricity	7.99%	13.7	-5.8		12.0	-2.2
IIP Index -General	100.0%	6.3	1.2		5.7	1.8

Table 2: IIP growth % (Usage-wise)

Component	Weight	May'24	May'25		Apr-May'24	Apr-May'25
Primary Goods	34.05%	7.3	-1.9		7.2	-1.1
Capital Goods	8.22%	2.6	14.1		2.8	14.0
Intermediate Goods	17.22%	3.5	3.5		3.6	4.2
Infra/Construction Goods	12.34%	7.6	6.3		8.0	5.5
Consumer Durables	12.84%	12.6	-0.7		11.6	2.6
Consumer Non- Durables	15.33%	2.8	-2.4		0.1	-2.6

Key Takeaways:

- IIP growth declined for the third consecutive month to 1.2 per cent in May'25, mainly on account of negative growth in Electricity (-5.8 per cent) and Mining Sector (-0.1 per cent). The growth of IIP was in line with the market expectations.
- Amongst use based, consumer durable experienced negative growth along with consumer Non-Durables and Primary goods. These sectors together have weightage around 62 percent. The slump in consumer durables and non-durables outlines the weakness in demand situation in the industry.
- Capital goods and infrastructure-related activity posted solid growth, which indicate towards continued emphasis on creating long term assets in the economy.
- As the GDP projections have been retained by RBI in its monetary policy meeting held in June'25 and inflation well within the targeted range, it is expected that the IIP growth may remain in positive territory but owing to seasonal constraints of monsoon in June, July and August months the growth may continue to be range bound. There is a need to keep the watch over demand and investment conditions.

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