

Industrial Production recovers to 4-month high of 3.5% in July 2025

28th Aug, 2025

The **Index of Industrial Production (IIP)** is a monthly economic indicator that measures the performance of Industrial Sectors of the Indian Economy, indicates how much industrial production has grown or declined compared to a base year (Currently 2011-12), to track the short-term changes in the volume of Industrial Output which helps the government, economists, investors and analysts to gauge the health of the industrial sector.

- **Industrial Production (IIP)** growth rate for July 2025 stood at 3.5 % YoY basis, experienced a robust growth from 1.5% in June 2025 driven primarily by 5.4% growth in Manufacturing sector.
- **Overall IIP index:** The quick estimate of the IIP for July 2025 stood at 155.0, higher than 149.8 in July 2024.
- **Sector-wise Growth:** (Growth over the corresponding period of previous year in %)

Sector	Jan'25 *	Feb'25 *	Mar'25 *	Apr'25 *	May'25 *	June'25*	Jul'25 (QE)
Manufacturing	5.8	2.8	3.0	3.1	3.2	3.7	5.4
Mining	4.4	1.6	0.4	-0.2	-0.1	-8.7	-7.2
Electricity	2.4	3.6	6.3	1.7	-4.7	-1.2	0.6

*Revised figures

Manufacturing: showed a positive growth of 5.4%, main driver of overall IIP improvement.

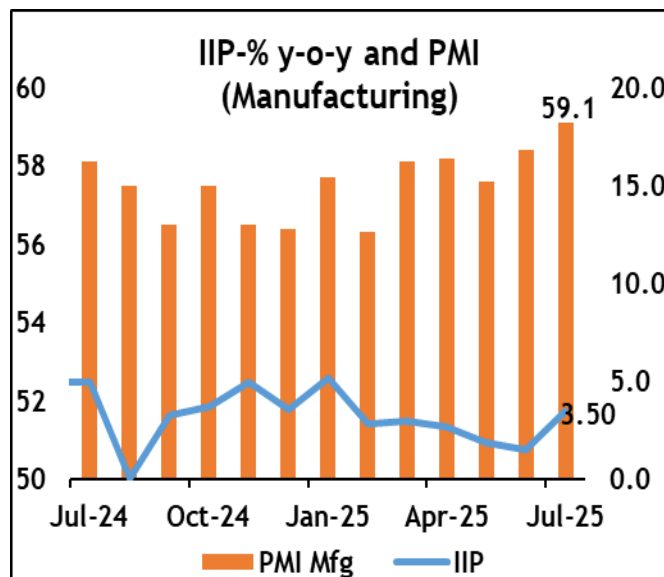
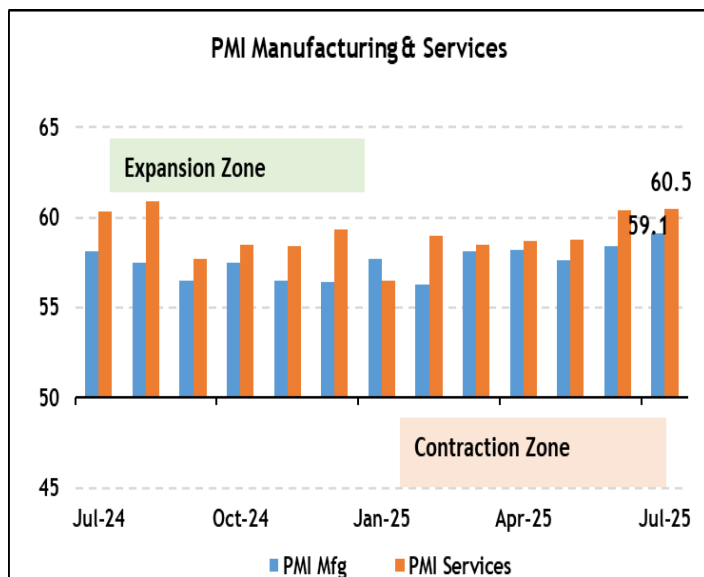
Mining: showing a sharp contraction of (-)7.2% driven by weak performance of primary goods, disruptive monsoon rains and deceleration in related sectors.

Electricity: with a marginal 0.6% growth, indicating stable but subdued power generation.

- **Sector Indices:** Mining:107.7, Manufacturing:156.9 & Electricity:221.5
- **Manufacturing sector insights:** Out of 23 industry groups, 14 recorded positive growth in July 2025 compared to July 2024. Top positive contributors in July 2025 are Manufacture of basic metals (12.7%), Manufacture of electrical equipment (15.9%) and Manufacture of other non-metallic minerals products (+9.5%).
- In July 2025, under the **use-based classification** of the index of IIP revealed mixed performance across different categories. Top Contributors are Infrastructure/Construction Goods index saw significant surge of 11.9% supported by robust growth in constructions input like cement and steel, Consumer durable rose by seven month high of 7.7% likely due to pre

festive season stocking and a pickup in GST e way bills, intermediate Goods index stood at 5.8%, capital goods saw a positive growth of 5.0%, Consumer non-durable after five consecutive month of contraction this segment registered a modest growth of 0.5% whereas Primary goods was the only category to record a contraction declining by 1.7%

- In July 2025, **India's manufacturing PMI** rose to 59.1, a 16 month high indicating strong sector growth driven by robust new orders and output. **Services PMI** showed a resilient expansion reaching a 11-month high of 60.5 driven by strong gains in new orders and output despite global uncertainties and US tariff.



Implications:

- Sustained and broad-based industrial recovery reflects positive momentum and a good sign of the overall health of the economy.
- Public sector spending is a key driver, this government led investment is creating demand for core industrial inputs which is in turn boosting factory output and creating multiplier effect throughout the economy.
- Encouraging sign of consumption revival suggest that consumer sentiment is improving and recovery in consumption will perform as a vital component for a sustained economic upturn.

In conclusion, the data indicates that India's Industrial provides a mixed but largely encouraging picture. It signals a broad-based recovery driven by manufacturing and public spending with early signs of consumption revival, favourable base effects and with improved transmission of monetary easing and upcoming GST rationalisation are seen as key factors however the persistent underperformance of key sectors-mining and electricity and global uncertainties underscore the need for continued policy support to ensure sustained and inclusive economic recovery and growth.

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