

Industrial Production slows to 10-month low at 1.5% in June 2025

28th July, 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 slows to 10-month low in June'25:

- **Industrial Production (IIP)** growth rate for June 2025 stood at 1.5 % YoY basis, marking a slowdown from 1.9% (R) in May 2025.
- **Overall IIP index:** The quick estimate of the IIP for June 2025 stood at 153.3, compared to 151.0 in June 2024, indicating a modest improvement YoY.
- **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 (QE)
Manufacturing	5.8	2.8	3.0	3.1	3.2	3.9
Mining	4.4	1.6	0.4	-0.2	-0.1	-8.7
Electricity	2.4	3.6	6.3	1.7	-4.7	-2.6

*Revised figures

Manufacturing showed a positive growth of 3.9%

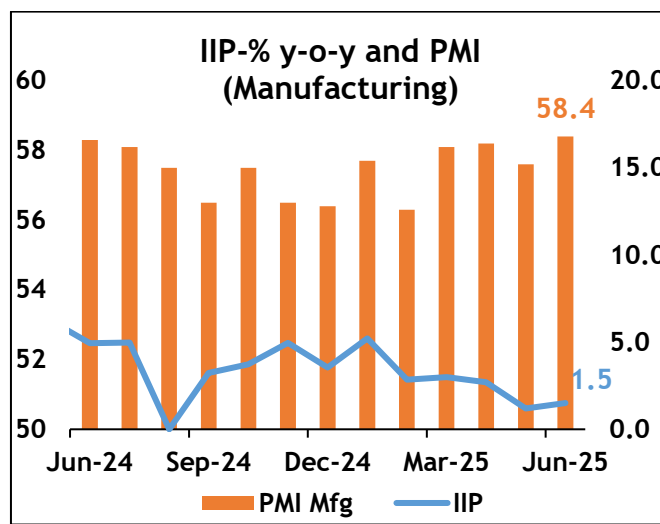
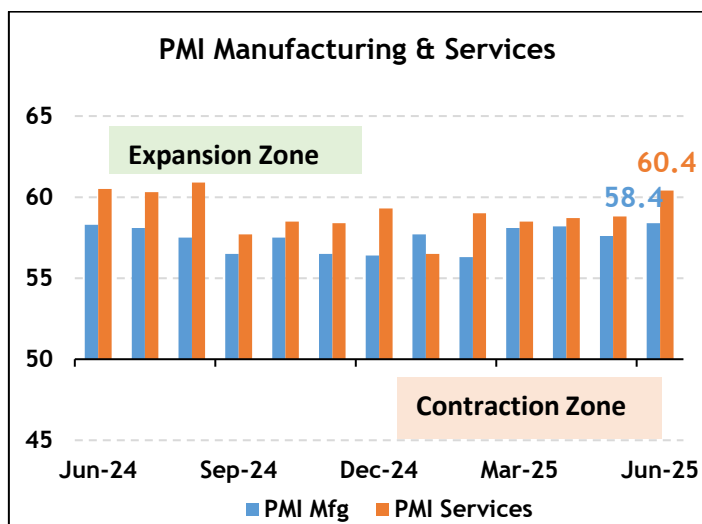
Mining: Experienced a significant decline of (-)8.7% likely due to monsoon related disruptions.

Electricity: declined by (-)2.6%, reduction in demand due to weather impact and weak industrial activity.

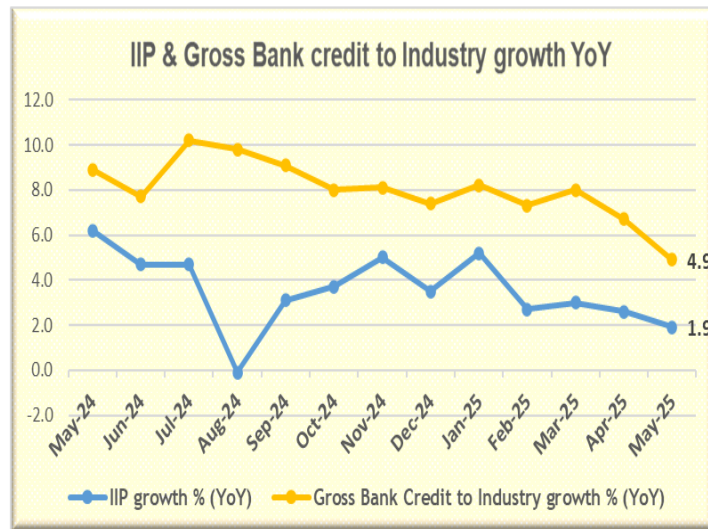
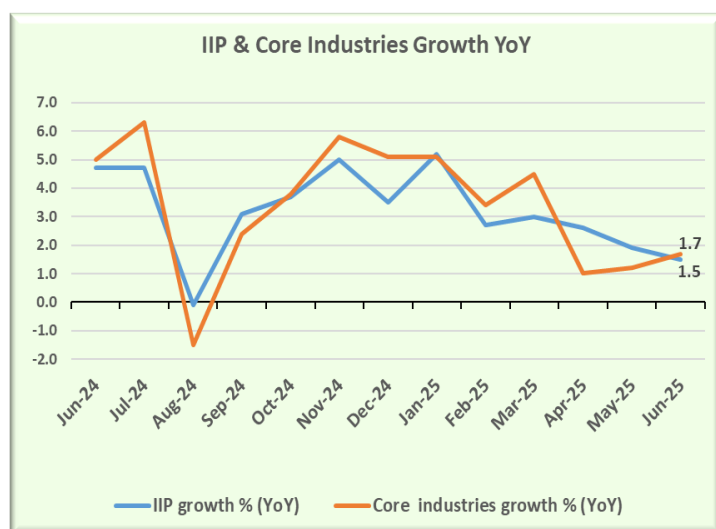
- **Sector Indices:** Mining:123.2, Manufacturing:152.3 & Electricity:217.1
- **Manufacturing sector insights:** Out of 23 industry groups, 15 recorded positive growth in June 2025 compared to June 2024. Top positive contributors in June 2025 are Manufacture of basic metals (+9.6%), Manufacture of coke and refined petroleum products (+4.2%) and Manufacture of fabricated metal products (+15.2%).
- In June 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 the strongest growth at 7.2%, intermediate Goods index stood at 5.5%, capital goods saw a positive growth of 3.5%, Consumer durable also showed a positive growth

of 2.9% whereas Primary goods recorded a decline of 3.0% and Consumer non-durables registered a slight decline of 0.4%.

- In June 2025, India's manufacturing PMI hit a 14-month high of 58.4, up from 57.6 in May'25, driven by strong export orders, production expansion and robust employment while the services PMI also saw strong growth, reaching a 10-month high at 60.4 in June'25, up from 58.8 in May'25



- Industrial Credit growth slowed in May 2025, signaling weak investment demand, cautious corporate behaviour and a wider slowdown in bank lending. Credit to industry recorded a y-o-y growth of 4.9% in May'25, compared with 8.9% in the corresponding fortnight of the previous year. Among major industries, outstanding credit to 'all engineering', 'construction' and 'rubber, plastic and their products' recorded an accelerated y-o-y growth.



*Gross bank credit to industry data for June'25 (Not released)

	IIP growth % (YoY)	Gross Bank Credit to Industry growth % (YoY)	Core Industries growth % (YoY)
June-25	1.5	NA	1.7*
May-25	1.9	4.9	1.2
Apr-25	2.6	6.7	1
Mar-25	3.0	8.0	4.5
Feb-25	2.7	7.3	3.4
Jan-25	5.2	8.2	5.1
Dec-24	3.5	7.4	5.1
Nov-24	5.0	8.1	5.8
Oct-24	3.7	8.0	3.8
Sep-24	3.1	9.1	2.4
Aug-24	-0.1	9.8	-1.5
Jul-24	4.7	10.2	6.3
Jun-24	4.7	7.7	5
May-24	6.2	8.9	6.9

• Provisional figure

Implications:

- Industrial sector growth averaged 2% in April -June 2025 Vs 5.5% last year. This can pull down overall Q1 GDP growth making it harder to sustain the estimated annual growth rate of 6.5%.
- Weak IIP and low inflation give the RBI more room to consider a rate cut but it will be cautious if credit demand and external risks like oil, Fed Policy remain volatile.
- Bond Yield may soften if data supports slower growth and policy easing hopes rise.

In conclusion, the data indicates that India's Industrial activity remains weak and uneven. While the manufacturing sector showed resilience with a 3.9% growth driven by select categories like metals and petroleum products, the sharp contraction in mining (-8.7%) and electricity (-2.6%) highlights underlying structural and seasonal challenges, particularly due to early monsoon disruptions adding the fragile demand conditions especially in rural areas. Unless private investment and broader consumption pick up meaningfully, Industrial recovery may remain slow and uneven.

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