

## Macro Insights

### IIP growth slows down to 10 month low of 1.5 per cent in June'25

IIP drops to 1.5% in June'25 compared to 1.9% in May'25.

This growth is lower than 4.9% growth recorded in June'24.

### Highlights:

- The IIP index stood at **153.3 in June'25**, higher than **151.0** in June 2024. For April-June FY' 26, cumulative growth was just **2.0%**, compared to **5.4%** in the same period last year.
- The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of May 2025 are (-) 8.7 percent, 3.9 percent and (-) 2.6 percent respectively. (As shown in table 1)
- Amongst Use Based, all the sectors showed growth except Primary Goods (-3.0%) and Consumer Non-durables (-0.4%). The highest growth being observed in Infrastructure/construction Goods (7.2%), Intermediate Goods (5.5%) Capital Goods (3.5%), and Consumer Durables (2.9%). (As shown in table 2).

Chart: IIP- June 2025

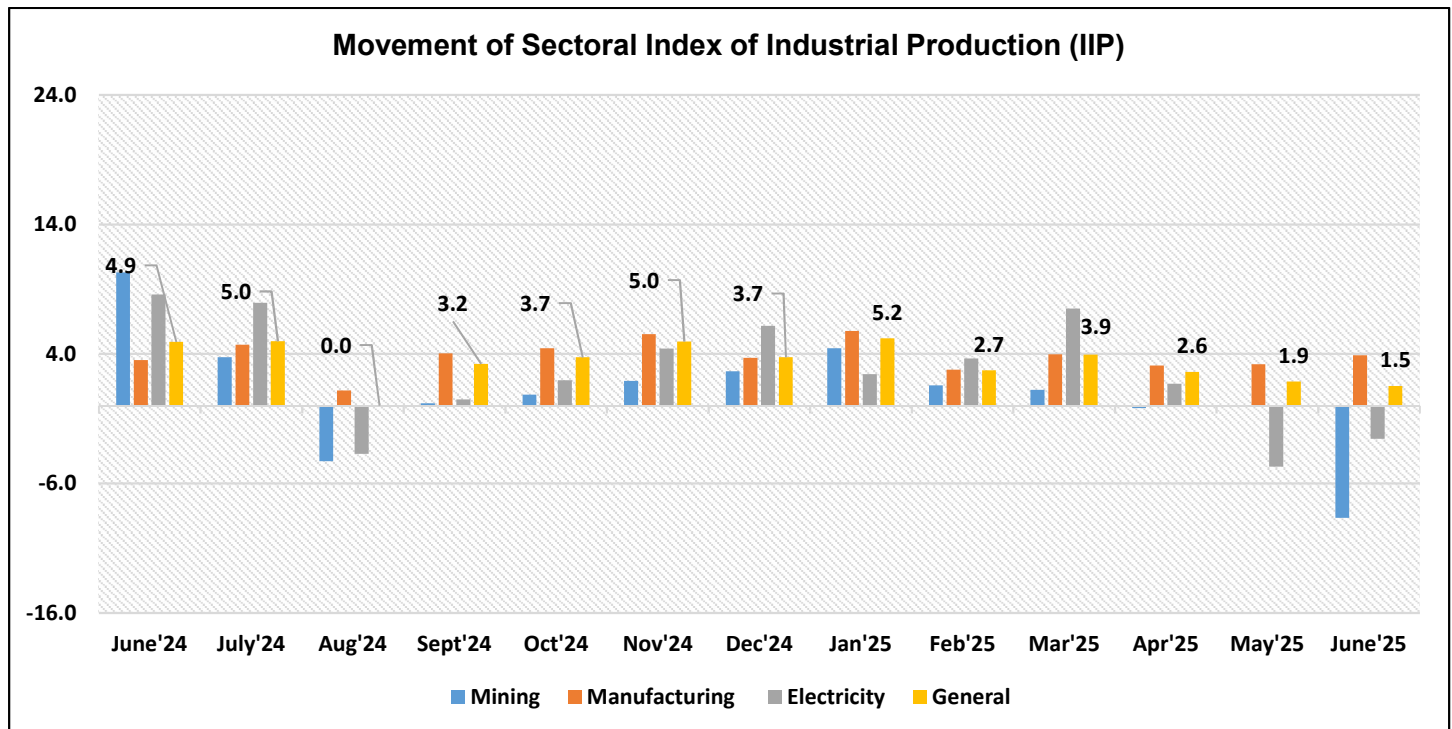


Table: IIP growth % (Sector-wise)

Component	Weight	June'24	June'25	Apr-June'24	Apr-June'25
Mining	14.37%	10.3	-8.7	7.9	-3.0
Manufacturing	77.63%	3.5	3.9	4.2	3.4
Electricity	7.99%	8.6	-2.6	10.9	-1.9
IIP Index -General	100.0%	4.9	1.5	5.4	2.0

Table: IIP growth % (Usage-wise)

Component	Weight	June'24	June'25	Apr-June'24	Apr-June'25
Primary Goods	34.05%	6.3	-3.0	6.9	-1.6
Capital Goods	8.22%	3.6	3.5	3.1	10.0
Intermediate Goods	17.22%	3.2	5.5	3.5	5.0
Infra/Construction Goods	12.34%	8.2	7.2	8.1	6.3
Consumer Durables	12.84%	8.8	2.9	10.7	2.6
Consumer Non- Durables	15.33%	-1.0	-0.4	-0.3	-1.3

### Key Takeaways:

- IIP growth declined for the fourth consecutive month to 1.5 per cent in June'25, mainly on account of negative growth in Mining Sector (-8.7%) and Electricity (-2.6%). The early arrival of monsoon impacted production in both of these sectors.
- Manufacturing saw a modest improvement, with output rising 3.9%, slightly up from 3.5% recorded in June'24. Within the manufacturing segment, 15 out of 23 industry groups recorded positive growth over June'24. Manufacture of fabricated metal products (excluding machinery and equipment), which saw the highest growth of 15.2 percent while other manufacturing saw the highest de-growth of 17.6%
- In the first quarter (Apr-June) of FY'26, IIP grew by 2.0% which is the lowest in past 11 quarters.
- Amongst use based, Primary goods experienced negative growth along with consumer Non-Durables. These sectors together have weightage around 49 percent. The slump in consumer non-durables paints a cautious picture for household demand. However Consumer durables showed a growth of 2.9% compared to -0.92% in May'25.

- On the brighter side, capital goods and infrastructure-related activity posted solid growth, which indicate towards continued emphasis on creating log terms assets in the economy.
- As the GDP projections may see a downward revision owing to the tariff uncertainty in coming policy meet by RBI and expectations of subdued performance of Mining & Electricity sectors owing to the monsoon season, IIP growth may continue to remain range bound.

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