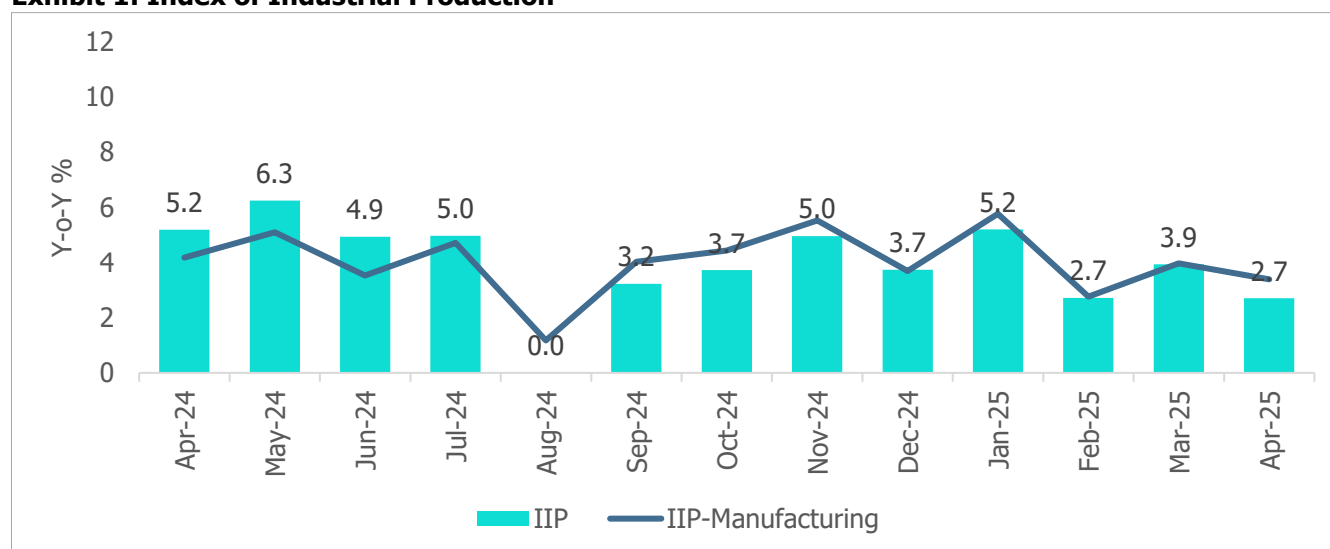


## IIP Grew by 2.7% in April 2025

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India's industrial production grew by a higher than expected 2.7% in April from an upwardly revised 3.9% in the previous month. The manufacturing sector witnessed a relatively steady growth of 3.4%, supporting overall IIP growth. In contrast, a contraction in mining output and a moderation in electricity output weighed on the industrial performance. On the consumption side, consumer durable goods output recorded an encouraging growth, while the performance of consumer non-durables continued to remain weak.

**Exhibit 1: Index of Industrial Production**



Source: MOSPI

The manufacturing sector grew by 3.4% in April (Vs 4% in March). Year-on-year, output increased in 16 out of 23 subcategories. Notably, basic metals, which constitute the largest component (12.8% weight), saw an output growth of 4.9% (Vs 8.7% in March). Among the export-oriented segments, wearing apparel saw an uptick, registering a growth of 10.8% (Vs 1.3% in March). However, moderation was seen in the growth of textile output, and leather and related products remained in the contractionary zone. Electricity output moderated to 1.1% (Vs 7.5% in March) while mining output contracted by 0.2% (Vs growth of 1.2% in March).

In terms of use-based classification, the output of infrastructure and construction goods showed some moderation in growth compared to the previous month (4% vs 9.9% in March). Moreover, capital goods output rose by a sharp 20.3% on the back of a supportive base. On the consumption side, the output of consumer durable goods increased by 6.4% (Vs 6.9% in March), while growth in output of consumer non-durables continued to remain in the contractionary zone for the third consecutive month.

**Table 1: Component-wise Breakup of IIP Growth (Y-o-Y %)**

	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Sectoral						
Mining & quarrying	1.9	2.7	4.4	1.6	1.2	-0.2
Manufacturing	5.5	3.7	5.8	2.8	4.0	3.4
Electricity	4.4	6.2	2.4	3.6	7.5	1.1
Use-based						
Primary goods	2.7	3.8	5.5	2.8	3.9	-0.4
Capital goods	8.9	10.5	10.2	8.2	3.6	20.3
Intermediate goods	4.8	6.4	5.3	1.0	3.8	4.1
Infrastructure/construction goods	8.0	8.4	7.3	6.8	9.9	4.0
Consumer durables	14.1	8.1	7.1	3.7	6.9	6.4
Consumer non-durables	0.6	-7.1	0.1	-2.1	-4.0	-1.7
<b>Industrial Output</b>	<b>5.0</b>	<b>3.7</b>	<b>5.2</b>	<b>2.7</b>	<b>3.9</b>	<b>2.7</b>

Source: MOSPI

**Way Forward**

Going ahead, the domestic consumption landscape remains a key monitorable due to the prevailing unevenness in demand recovery. Urban demand remains a concern, while a favourable agricultural performance and expectations of a normal monsoon support rural demand. The continued improvement in the inflation scenario, led by an easing of food inflation, remains positive for the overall demand recovery. Centre's capex contracted by 4% during Jan-Feb FY25 following a pick-up in Q3. Given this weak momentum, the pace of capex revival remains a critical watch out going ahead. Though the US has put the reciprocal tariffs on a 90-day hold, we expect global economic uncertainty to persist going forward. This is likely to weigh on both the private investment and consumption impulses. Nevertheless, expectations of a further rate cut by the RBI amid easing price pressures are expected to offer some support.

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