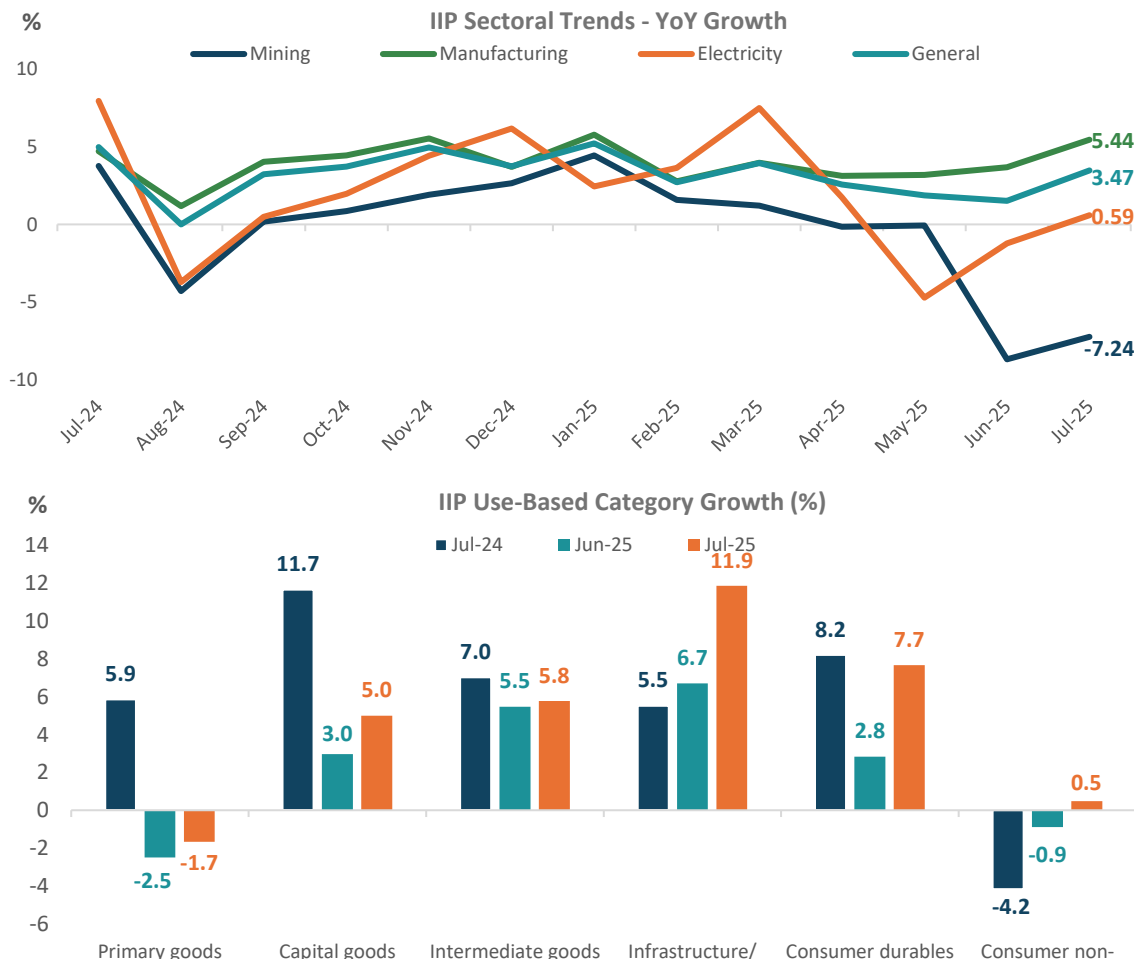


INDIA | JULY 2025

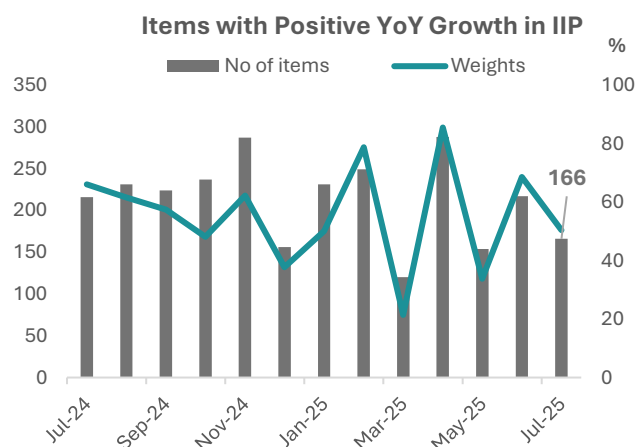
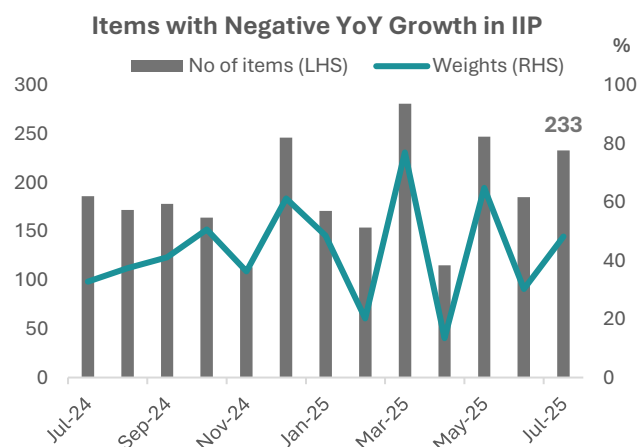
B2K Economy Bytes

Index of Industrial Production – July 2025

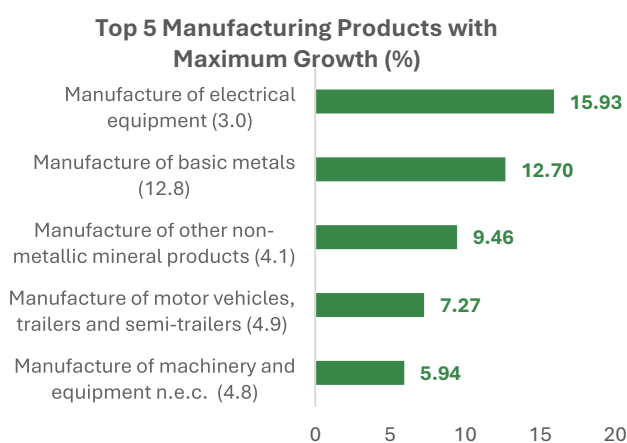
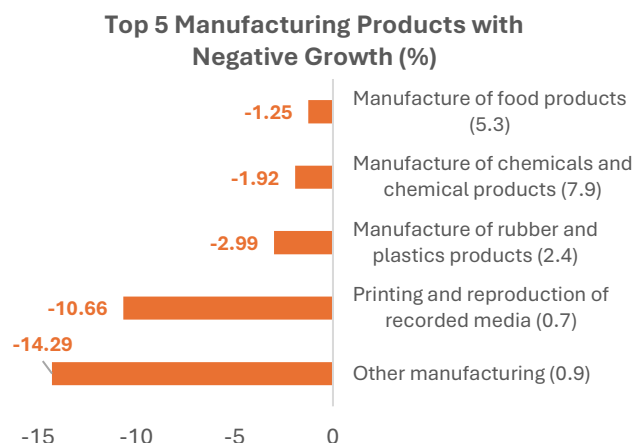
- ❖ Index of Industrial Production (IIP) growth improved to 3.47% YoY in July compared to 1.52% YoY in June, breaking its three-month falling streak, driven by higher growth in Manufacturing (5.44% YoY in July from 3.68% YoY in June).
- ❖ Mining and Electricity production remained poor in July, though Electricity recorded middling growth (0.59% YoY in July vs -1.21% YoY in June) while Mining continued to contract (-7.24% YoY in July vs -8.67% YoY in June).
- ❖ In the use-based category, only Primary Goods showed contraction in growth (-1.67% YoY in July vs -2.50% YoY in June) while the remaining five reported better performances.
- ❖ After 5 months of negative growth, Consumer non-durables grew in July, albeit at a weaker rate of 0.48% YoY.
- ❖ Out of the 23 sub-sectors in Manufacturing, 14 have reported growth in July which constitute about 55% weights in IIP. This shows a reduction compared to June, where 16 sub sectors reported growth, comprising 64% of the total weight in IIP. In July 2024 too, 18 sectors reported growth with 64% weight.
- ❖ Overall, out of 407 item groups in IIP, 233 items recorded negative growth (YoY) in July with a total weight of 48% within IIP. As nearly half of the industrial sector is currently contracting, this suggests a broad-based weakness in industrial activities.



Number of industries showing negative growth are on the rise



Out of the 23 sub-sectors in Manufacturing, 14 have reported growth in July



Key Factors Impacting Industrial Sector Activity

- ❖ **Early Monsoon:** Heavy rainfall across the country has affected mining activities, resulting in another sharp decline in July. While Electricity production improved, but the growth has been subdued due to weak demand. July 2025 recorded a substantial rainfall of 294 millimetres. The strong monsoon has disrupted economic activities across non-agricultural sectors since June. August recorded significant rainfall as well, with weekly rainfall for the week of 14-20 August and 21-27 August recording 22% and 37% above the Long-Period Average (LPA).
- ❖ **Strong Manufacturing:** Higher growth reported by the Manufacturing sector in July served as the main driver for IIP growth raising it to a four-month high of 3.47%. The surge in growth was driven by specific high-performing subsectors such as Manufacture of basic metals, Manufacture of electrical equipment and Manufacture of other non-metallic mineral products. Governments infrastructure spending and construction projects also created strong domestic demand for construction materials.
- ❖ **Imposition of Higher Exports Tariff by US:** The US has imposed an additional tariff of 25% on Indian imports, which has fully come into effect from 27 August 2025. This will create significant near-term challenges for India's manufacturing sector, heavily impacting key export-driven industries which are reliant on US demand. India also

Note: In the current base year (i.e.2011-12), the index covers 839 items clubbed into 407 item groups under three sectors i.e. Mining (29 items clubbed into 1 item group), Manufacturing (809 items clubbed into 405 item groups) and Electricity (1 item) with weights of 14.37%, 77.63% and 7.99% respectively. Source: MoSPI, B2K Analytics Research

faces significantly higher tariffs compared to its trading rivals like Vietnam.

- ❖ **New trading partner with China:** India and China have agreed to resume border trade through three designated passes and direct flights between the two countries. The two countries have also pledged to promote trade and investment between the two countries. In a major development, China has lifted export restrictions on fertilizers, rare earth magnets, and tunnel boring machines to India. Stronger trade and relations with China will provide India with a strong and stable trading partner especially when US-India trade relationships are breaking down.
- ❖ **New GST Regime:** On Independence Day, Prime Minister Modi announced that the Central Government plans to implement a new GST regime that will lower the tax burden on the common man, making goods cheaper and improving domestic demand. The GST council will meet on 3-4 September 2025 to finalise the proposal for simplified GST slabs. The proposed restructure is expected to boost domestic consumption and create demand.

Outlook

The outlook for the financial year remains mixed. The early and strong onset of the monsoon is expected to boost Kharif sowing and improve agricultural activity. Demand in the economy is expected to pick up in the coming months as the festive sales and infrastructure and construction projects continue to support industrial performance. However, the number of manufacturing industries showing negative growth is still higher than those with growth in the recent months. In addition, the new 50% tariffs on Indian exports by the US create significant downside risk to manufacturing. India's trade diversification efforts through the UK-CETA agreement and normalising trade relations with China can provide alternative markets and help mitigate some of the tariff impact. Overall, persistent challenges such as external risks continue to weigh on industrial sector activities, but domestic demand remains strong supported by expected new GST measures and agricultural performance for FY2026.

Annexure

Index of Industrial Production- YoY Growth							
Sectors	Weights	FY2025	Q1 FY2025	Q4 FY2025	Q1 FY2026	Jun-25	Jul-25
General	100	4.02%	5.46%	3.97%	1.98%	1.52%	3.47%
Mining	14.37	3.03%	7.86%	2.39%	-2.98%	-8.67%	-7.24%
Manufacturing	77.63	4.08%	4.27%	4.19%	3.33%	3.68%	5.44%
<i>Manufacture of food products</i>	5.30	-2.59%	-5.37%	-4.35%	0.99%	0.17%	-1.25%
<i>Manufacture of beverages</i>	1.04	3.23%	7.56%	2.97%	-4.26%	-7.59%	-6.29%
<i>Manufacture of tobacco products</i>	0.80	4.24%	-4.99%	12.45%	9.25%	2.28%	10.82%
<i>Manufacture of textiles</i>	3.29	1.59%	-0.72%	3.96%	-0.38%	1.51%	-1.37%
<i>Manufacture of wearing apparel</i>	1.32	6.20%	8.29%	0.36%	4.81%	4.00%	3.22%
<i>Manufacture of leather and related products</i>	0.50	-3.49%	-3.67%	-7.48%	-2.95%	-3.02%	-3.04%
<i>Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials</i>	0.19	5.72%	0.80%	6.11%	8.11%	0.58%	17.26%
<i>Manufacture of paper and paper products</i>	0.87	-1.42%	-1.09%	-5.88%	-3.38%	-3.13%	-2.82%
<i>Printing and reproduction of recorded media</i>	0.68	-6.08%	-2.52%	-10.05%	-11.65%	-10.08%	-10.66%
<i>Manufacture of coke and refined petroleum products</i>	11.77	3.34%	1.92%	3.87%	1.13%	4.54%	1.06%
<i>Manufacture of chemicals and chemical products</i>	7.87	1.52%	0.26%	-0.75%	-3.98%	-3.87%	-1.92%
<i>Manufacture of pharmaceuticals, medicinal chemical and botanical products</i>	4.98	-1.12%	2.61%	-0.44%	-1.75%	0.91%	3.65%
<i>Manufacture of rubber and plastics products</i>	2.42	4.33%	3.16%	3.77%	5.27%	0.17%	-2.99%
<i>Manufacture of other non-metallic mineral products</i>	4.09	4.48%	1.64%	9.05%	5.07%	2.99%	9.46%
<i>Manufacture of basic metals</i>	12.80	6.68%	8.86%	6.92%	7.92%	9.22%	12.70%
<i>Manufacture of fabricated metal products, except machinery and equipment</i>	2.65	6.21%	8.83%	3.53%	8.19%	14.86%	10.03%
<i>Manufacture of computer, electronic and optical products</i>	1.57	9.27%	10.62%	13.06%	1.30%	-0.30%	4.13%
<i>Manufacture of electrical equipment</i>	3.00	22.35%	16.80%	15.68%	8.49%	4.61%	15.93%
<i>Manufacture of machinery and equipment n.e.c.</i>	4.77	3.48%	1.09%	5.64%	8.39%	5.35%	5.94%
<i>Manufacture of motor vehicles, trailers and semi-trailers</i>	4.86	4.63%	7.50%	8.52%	8.62%	3.96%	7.27%
<i>Manufacture of other transport equipment</i>	1.78	11.51%	14.21%	6.79%	2.15%	0.52%	11.48%
<i>Manufacture of furniture</i>	0.13	16.79%	34.71%	-5.23%	1.62%	10.23%	6.60%
<i>Other manufacturing</i>	0.94	-4.66%	-3.56%	-2.76%	-17.78%	-17.29%	-14.29%
Electricity	7.99	5.19%	10.85%	4.57%	-1.48%	-1.21%	0.59%
Use-Based							
Primary Goods	34.05	3.93%	6.91%	4.08%	-1.39%	-2.50%	-1.67%
Capital Goods	8.22	5.63%	3.04%	7.04%	9.82%	2.96%	5.00%
Intermediate Goods	17.22	4.26%	3.50%	3.38%	5.01%	5.47%	5.77%
Infrastructure/ Construction Goods	12.34	6.75%	8.08%	8.05%	6.05%	6.71%	11.85%
Consumer Durables	12.84	7.93%	10.66%	5.89%	2.60%	2.83%	7.66%
Consumer non-durables	15.33	-1.50%	-0.24%	-1.96%	-1.51%	-0.90%	0.48%
Source: MoSPI, B2K Analytics Research							

Authors

Varun Vijay - Research Analyst
Anita Shetty - AVP Research
Contacts
P: +918040409950/ 9742770001
E: info@b2kanalytics.com
W: www.b2kanalytics.com

About B2K

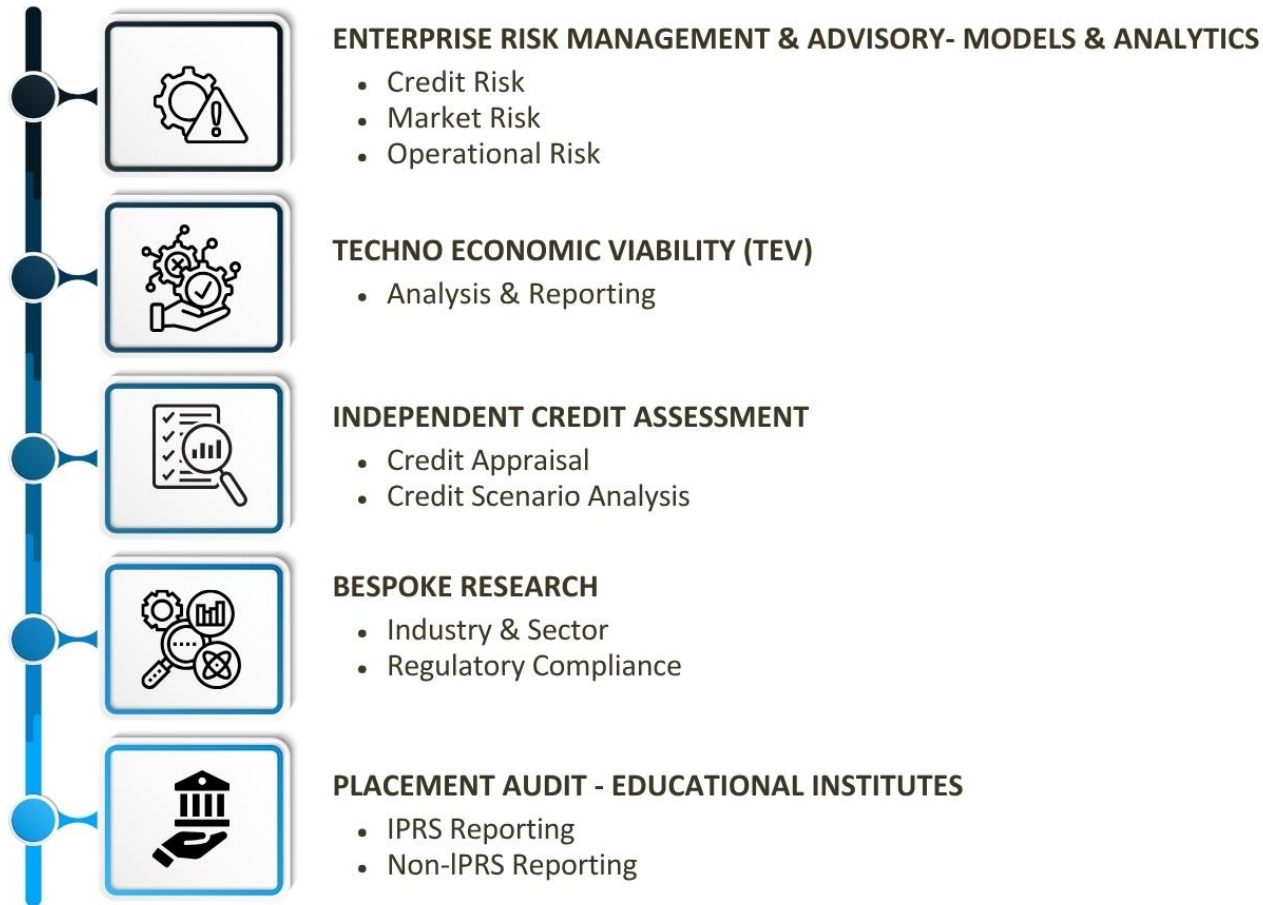
B2K Analytics is a boutique consulting & research firm with the mission of empowering financial success for businesses across broad market spectrum.

DISCLAIMER

Copyright © 2025 by B2K Analytics Private Limited., 3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bengaluru, Karnataka 560076.
Telephone: +91 97427 70001. Email: info@b2kanalytics.com
The information in this report is provided “as is” without any representation or warranty of any kind. B2K Analytics is not responsible for any errors or omissions in analysis/inferences/ views or for results obtained from the use of information contained in this report. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

WHAT WE DO?

CONSULTING & RESEARCH SOLUTIONS



GRADING SERVICES

Develop Competitive Differentiator & Improve Credibility



Educational Institutes / SME / MSME

- Performance Grading
- BIR & Due Diligence



NGOs

- Proprietary PROVEN assessment model
- Analyzing organization financial health



Solar & Renewable energy

- Analysing Solar Energy Projects
- System Integrators Evaluation



For further information, info@b2kanalytics.com