

B2K Economy Bytes

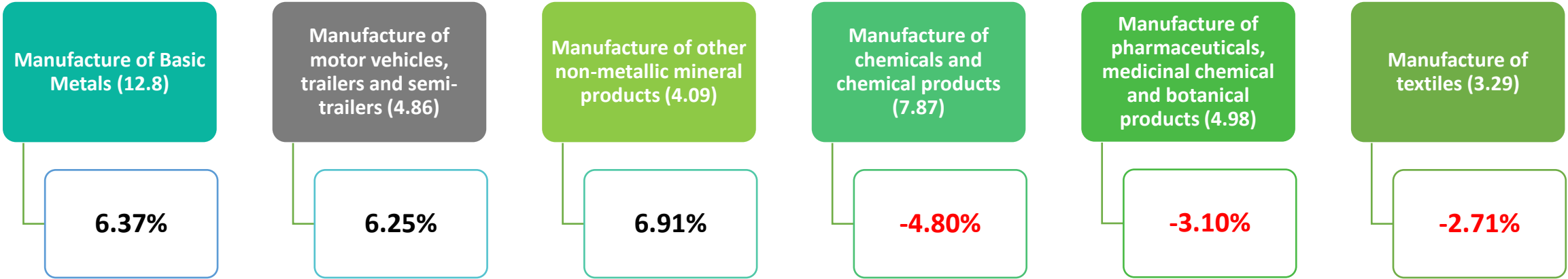
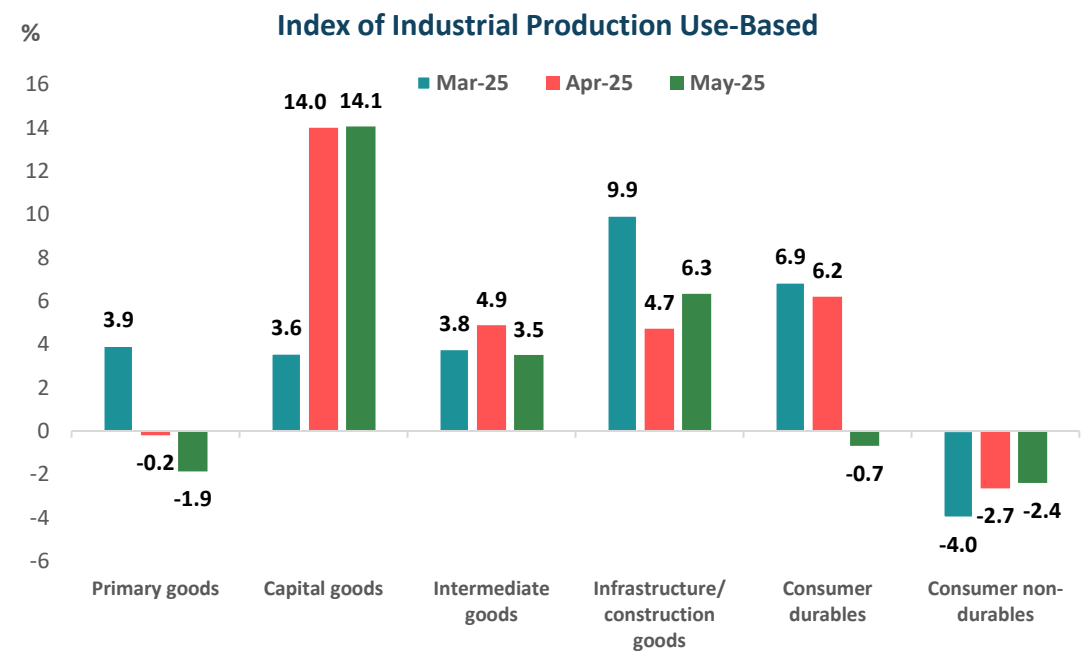
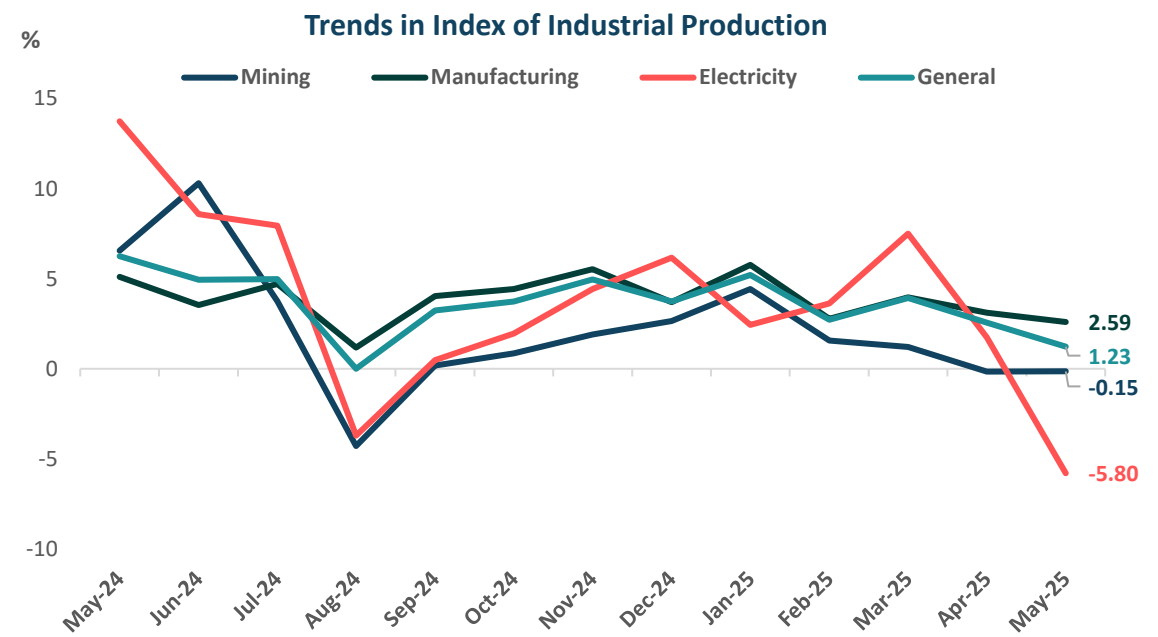
Industry Output May 2025

IIP Growth Moderates again in May

Index of Industrial Production										
Sectors	Weights	FY2025	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	FY2025 (April-May)	FY2026 (April-May)	Apr-25	May-25
General	100	4.02%	5.46%	2.72%	4.13%	3.97%	5.73%	1.88%	2.57%	1.23%
Mining	14.37	3.03%	7.86%	-0.12%	1.83%	2.39%	6.66%	-0.15%	-0.15%	-0.15%
Manufacturing	77.63	4.08%	4.27%	3.29%	4.53%	4.19%	4.65%	2.85%	3.11%	2.59%
Electricity	7.99	5.19%	10.85%	1.43%	4.09%	4.57%	12.03%	-2.18%	1.75%	-5.80%
Use-Based										
Primary goods	34.05	3.93%	6.91%	1.64%	3.03%	4.08%	7.19%	-1.05%	-0.20%	-1.86%
Capital goods	8.22	5.63%	3.04%	4.91%	7.37%	7.04%	2.72%	14.03%	14.00%	14.06%
Intermediate goods	17.22	4.26%	3.50%	4.79%	5.34%	3.38%	3.66%	4.18%	4.88%	3.51%
Infrastructure/ construction goods	12.34	6.75%	8.08%	3.87%	7.01%	8.05%	8.02%	5.53%	4.72%	6.33%
Consumer durables	12.84	7.93%	10.66%	6.60%	9.04%	5.89%	11.62%	2.60%	6.19%	-0.69%
Consumer non-durables	15.33	-1.50%	-0.24%	-2.21%	-1.65%	-1.96%	0.13%	-2.53%	-2.65%	-2.40%

- The Index of Industrial Production (IIP) showed moderation in growth in May 2025 and plummeted to its lowest in 9 months, 1.23%.
- IIP Growth was dragged down by contractions in mining and electricity sector and moderating performance in the manufacturing sector.
- Out of the 23 subsectors for manufacturing sector, 10 subsectors which contribute 22% to IIP reported negative growth.
- While manufacture of basic metals, motor vehicles, trailers and semi-trailers and other non-metallic mineral products reported positive growth.
- In the use-based category, three of the categories showed declining growth in May with growth in capital goods, intermediate goods and infrastructure/ construction goods contributing to overall growth.

Poor Performance across all Sectors



Note: Weight in brackets. Source: MOSPI, B2K Research



Weaker Growth in May compared to April

IIP movement		
Sectors	Change in growth rates May Over April	Reason for Change
General	-134 bps	Growth was dragged down by negative growth in the mining and electricity sectors.
Mining	1 bps	Early onset of the monsoon season restricted activity in the mining sector preventing growth.
Manufacturing	-52 bps	Growth moderated due to softening in growth of new orders and output amidst global uncertainty.
Electricity	-755 bps	Early onset of the monsoon season restricted activity in the electricity sector preventing growth.
Use-Based		
Primary goods	-167 bps	Trade uncertainties causing slowdown in orders.
Capital goods	6 bps	Improved growth from low base effect from the previous year.
Intermediate goods	-137 bps	Weak growth due to moderation of growth in manufacturing sector.
Infrastructure/ construction goods	161 bps	Growth driven by continued infrastructure activity, especially in base metals and non-metallic mineral products.
Consumer durables	-688 bps	Weaker growth due to significant decline in textiles and computer and electronic products.
Consumer non-durables	25 bps	Increased demand for consumer non-durables due to easing inflation rates.

Moderate Outlook for Industrial Sector

Domestic and Global Developments

- **Weak performance in core sectors (crude oil, natural gas, fertilizers).**
- Suspension of export of rare earth materials by China.
- Israel-Iran ceasefire stabilising Middle-East crisis and declining crude oil prices.
- Easing inflation and surplus liquidity in the banking system.

Outlook

- The suspension of China's rare earth materials exports will deliver a significant blow to India's automobile industry in the coming months.
- Easing inflation is likely to increase discretionary spending.
- Growth outlook for industries looks moderate which will likely impact GDP growth for Q1 of FY 2026 causing it to fall below RBI forecasts and last year's level of 6.5%.

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The B2K team has experienced domain experts and industry practitioners who have provided such services and implemented solutions across institutions in different countries. As such, team members are experts in regulatory and management practices in these areas and have helped many clients in adopting best practices.

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