

Industrial Production in Apr'25 might have declined to 1.2% YoY

- IIP growth likely decelerated to 1.2% YoY in Apr'25, from 3.0% in previous month and 5.2% in Apr'24, due to broad based slowdown in economic activity particularly mining and manufacturing.
- The high frequency indicators showed mixed trends in Apr'25, amid high trade and tariff-related uncertainty. As per the latest RBI Bulletin, while E-way bills and toll collections recorded double-digit YoY growth in Apr'25, the automobile sector witnessed a slowdown. Also, petroleum consumption declined for the third consecutive month. Merchandise trade deficit widened to US\$ 26.4 bn in Apr'25 from US\$ 19.2 bn the previous year. Construction sector indicators namely steel consumption and cement production witnessed a moderation in Apr'25.
- Core sector which has close to 40% contribution in IIP slowed to an eight-month low of 0.5% YoY in Apr'25, vs. 6.9% registered in Apr'24. While refinery products, fertilizers and crude oil showed negative YoY growth, the production of cement, coal, steel, electricity and natural gas recorded a positive growth in Apr'25 even as it slowed very sharply vs Mar'25. On MoM basis, except natural gas, all other seven sectors showed contraction with coal, refinery products, cement, steel and fertilizers registering double digit negative growth.
- From a use-based classification perspective, recovery in aggregate demand may have continued to remain weak in Apr'25 IIP as was witnessed in previous months. The overall consumer IIP is expected to slip into negative zone from flat reading in March. Consumption demand may be primarily led by urban demand (proxied by durables) while rural demand (proxied by non-durables) may have weakened further.
- Capital goods IIP growth is expected to have improved in Apr'25 as compared to previous month on favorable base effects (2.8% in Apr'24) as 2024 on lagged govt. spending during elections. Intermediate and infrastructure/construction goods may have worsened compared to previous month. This is attested by the fall in cement (-16.7% MoM) and steel (-10.0% MoM) production in Apr'25.
- We had flagged a potential sharp slowdown in April IIP numbers in the March data report ([IIP March 2025](#)), on spike in global trade uncertainty during the month on reciprocal tariff hikes by the US *(highest since WWII). We estimate that at least 30-35% of weight in IIP is attributed to exports which is likely to come under pressure till some trade clarity is achieved. Apart from this, our analysis shows that due to the negative hit on sentiment, investment decisions are likely to be deferred and consumption (especially for discretionary goods) may be weighed down by global macro uncertainty. On balance, the strengthening of industrial activity would therefore depend on how the tariff negotiations would pan out and the resultant impact on manufacturing, export growth and private investment. In this regard, the prospective US-India trade deal widely speculated to close by first week of July may play a significant role in supporting business sentiment and activity.

Fig 1: IIP may have declined in Apr'25; % y/y

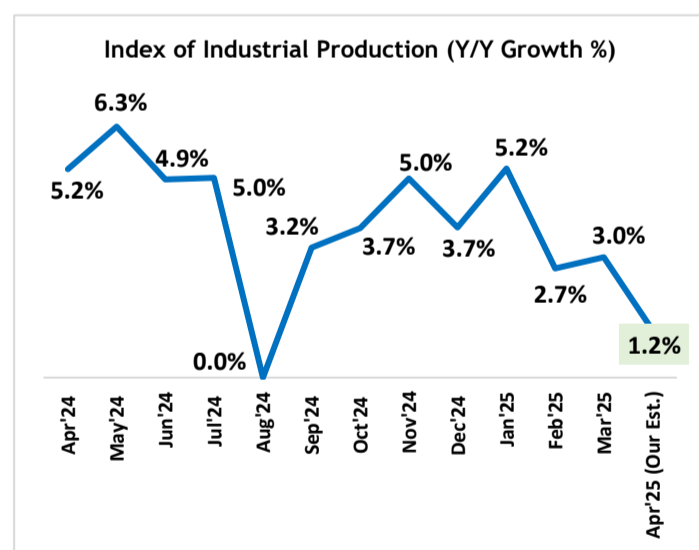


Fig 2: Mining & electricity likely led to moderation in Apr'25 IIP; % y/y

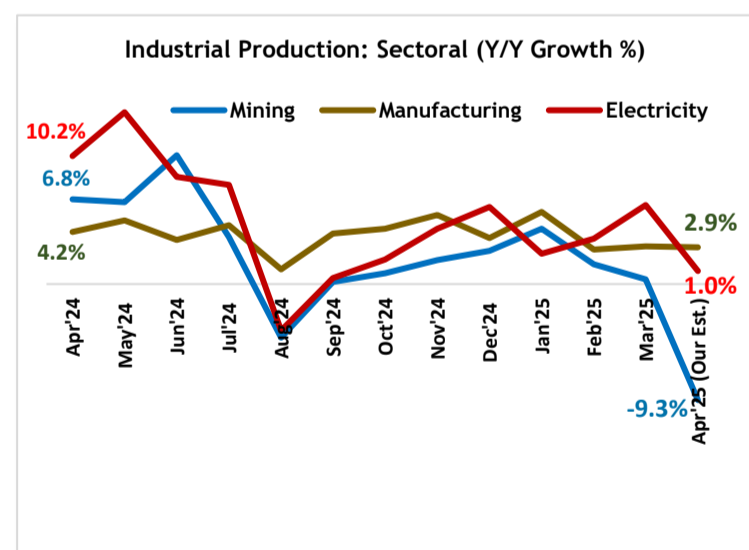


Fig 3: Consumption IIP especially in rural remains a cause of concern; % y/y

Industrial Production: Sectoral				
Sector	Weight	YoY Growth %		
		Feb'25	Mar'25	Apr'25 (Est)
Mining	14.4	1.6%	0.4%	-9.3%
Manufacturing	77.6	2.8%	3.0%	2.9%
Electricity	8.0	3.6%	6.3%	1.0%
Industrial Production: Use-based				
Primary goods	34.0	2.8%	3.1%	-0.7%
Capital goods	8.2	8.2%	2.4%	13.5%
Intermediate goods	17.2	1.0%	2.3%	1.9%
Infrastructure / Construction Goods	12.3	6.8%	8.8%	2.9%
Consumer durables	12.8	3.7%	6.6%	0.8%
Consumer non-durables	15.3	-2.1%	-4.7%	-1.0%

Source: CEIC, UBI Research

Classification: Public

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