

Industrial Production in Apr'25 falls to 2.7% YoY

- IIP growth declined to 2.7% YoY in Apr'25, from upwardly revised 3.9% in previous month, on pick up in manufacturing. However, it was lower than 5.2% in Apr'24, on broad-based weakness.
- Nevertheless, the print was above our estimate of 1.2% and consensus estimate of 1%, with March number revised upward to 3.9% from 3.0% previously.
- From a sectoral perspective, the improvement was led by manufacturing (3.4% vs. 4.0% in Mar'25). Meanwhile, electricity (1.1% vs. 7.5% in Mar'25) and mining were a drag at -0.2% (Mar'25: 1.2%).
- Within the manufacturing sector, 16 out of 23 industry groups have recorded a positive growth in Apr'25 over Apr'24. The top three positive contributors are basic metals (4.9%), motor vehicles, trailers & semi-trailers (15.4%) and machinery and equipment (17.0%). The major losers were pharma (-3.9%), refined petroleum (-3.6%) and chemical products (-2.1%).
- While some of the sectors facing potential/actual tariff effects given their contribution, as our key exports to US held up relatively well like apparel (10.8%), electronics (10.5%), auto components (15.4%), others like pharma contracted 3.9%.
- From a use-based classification perspective, growth in aggregate demand continued to remain weak in Apr'25, with consumer goods IIP showing growth of 1.6% YoY. Consumption demand was led by urban demand (proxied by durables) at 6.4% (vs. 6.9% in Mar'25) while rural demand (proxied by non-durables) persisted in negative zone, a cause for concern.
- Except primary goods, infrastructure/construction and consumer durables, sequential improvement was seen in all the remaining four sub-segments under use-based classification.
- Capital goods IIP growth showed a significant pickup to 20.3% in Apr'25 as compared to previous month (3.6%) on high base effect (2.8% in Apr'24) as year 2024 saw lagged govt. spending during elections. Infrastructure and construction goods growth was down to 4.0% vs. 9.9% in Mar'25. The moderate growth in intermediate, infrastructure/construction goods during the month has been attested by the fall in cement (-16.7% MoM) and steel (-10.0% MoM) production under core sector.
- With Apr'25 core sector growth coming in at an eight-month low, the IIP growth too was widely expected to be weak in April. Moreover, April IIP numbers has also come amid spike in global trade uncertainty during the month on reciprocal tariff hikes by the US. Besides, 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. Going forward, the prospective US-India trade deal is on close watch as it is widely speculated to close by first week of July may play a significant role in supporting business sentiment and activity.

Fig 1: IIP slows in Apr'25; % y/y

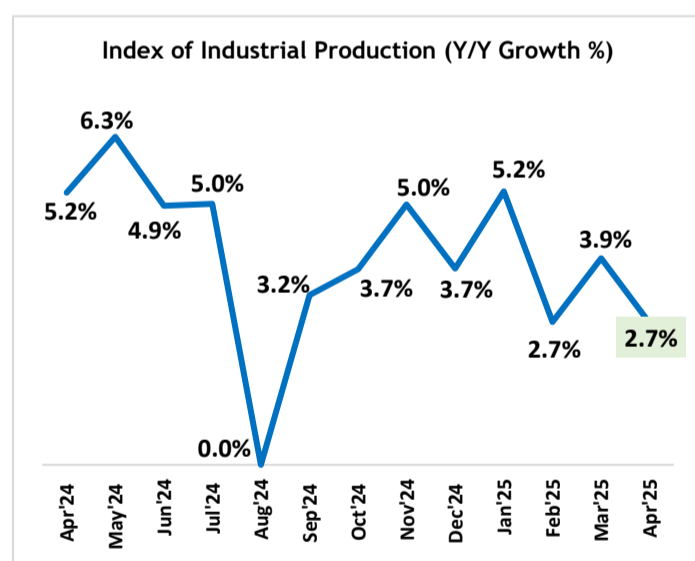


Fig 2: Manufacturing growth led Apr'25 IIP even as mining & electricity we a drag; % y/y

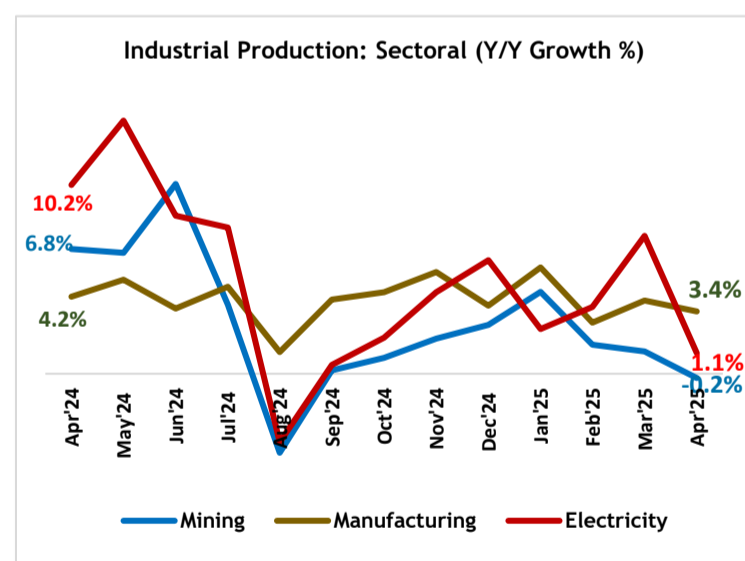


Fig 3: Consumption non-durables IIP remains a cause of concern; % y/y

Industrial Production: Sectoral				
Sector	Weight	YoY Growth %		
		Feb'25	Mar'25	Apr'25
Mining	14.4	1.6%	1.2%	-0.2%
Manufacturing	77.6	2.8%	4.0%	3.4%
Electricity	8.0	3.6%	7.5%	1.1%
Industrial Production: Use-based				
Primary goods	34.0	2.8%	3.9%	-0.4%
Capital goods	8.2	8.2%	3.6%	20.3%
Intermediate goods	17.2	1.0%	3.8%	4.1%
Infrastructure / Construction Goods	12.3	6.8%	9.9%	4.0%
Consumer durables	12.8	3.7%	6.9%	6.4%
Consumer non-durables	15.3	-2.1%	-4.0%	-1.7%

Source: CEIC, UBI Research

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