

Macro Insights

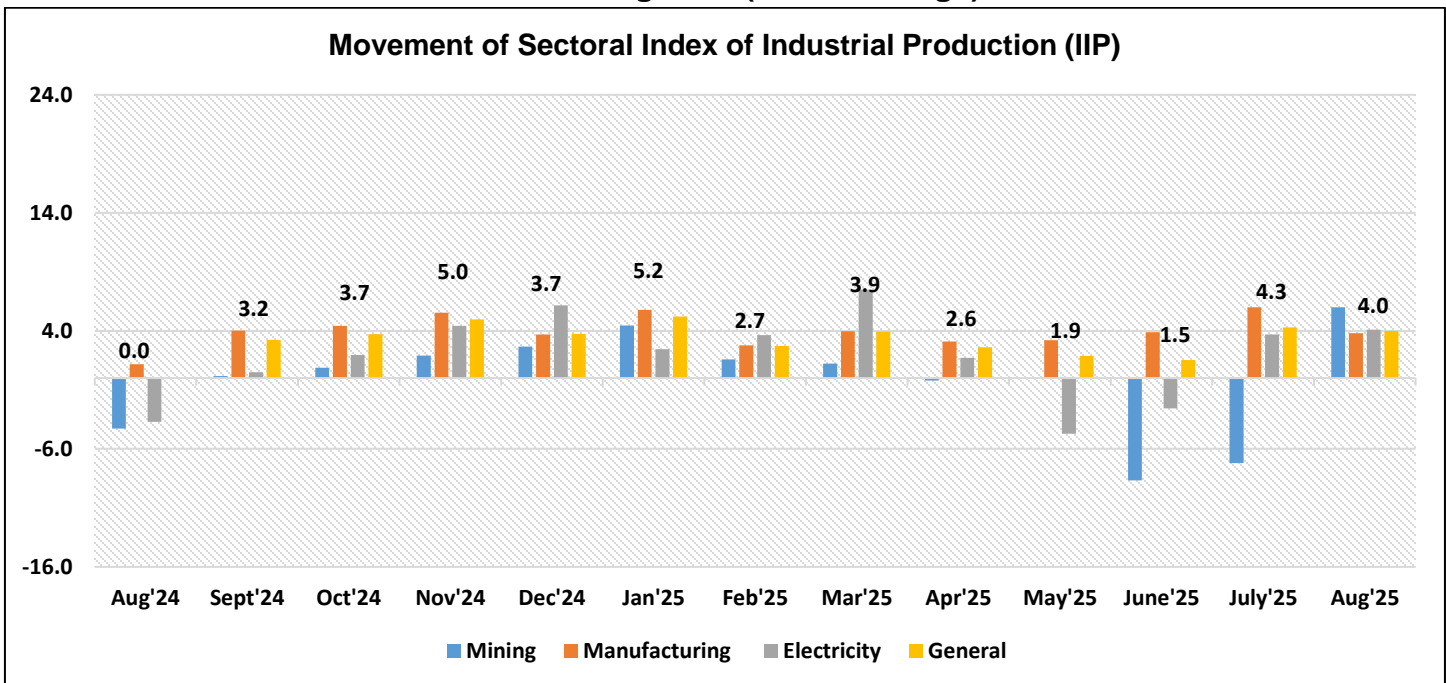
IIP grows by 4.0 per cent in Aug'25

IIP grew to 4.0% in Aug'25 compared to 4.3% in July'25 and there was a growth recorded in Aug'24.

Highlights:

- The IIP index stood at **151.7 in Aug'25**, higher than **145.8** in Aug'24. For April–Aug FY' 26, cumulative growth was just **2.8%**, compared to **4.3%** in the same period last year.
- The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of Aug 2025 are 6.0 percent, 3.8 percent and 4.1 percent respectively. (As shown in table 1)
- Amongst Use Based, all the sectors showed growth except Consumer Non-durables (-6.3%). The highest growth being observed in Infrastructure/construction Goods (10.6%), Primary Goods (5.2%), Intermediate Goods (5.0%) Capital Goods (4.4%), and Consumer Durables (3.5%). (As shown in table 2).

Chart: IIP- Aug 2025 (YoY% Change)



Source: MoSPI

Table 1: IIP growth % (Sector-wise)

Component	Weight	Aug'24	Aug'25	Apr-Aug'24	Apr-Aug'25
Mining	14.37%	-4.3	6.0	4.8	-2.2
Manufacturing	77.63%	1.2	3.8	3.7	3.9
Electricity	7.99%	-3.7	4.1	7.1	0.7
IIP Index -General	100.0%	0.0	4.0	4.3	2.8

Table 2: IIP growth % (Usage-wise)

Component	Weight	Aug'24	Aug'25	Apr-Aug'24	Apr-Aug'25
Primary Goods	34.05%	-2.6	5.2	4.8	-0.1
Capital Goods	8.22%	0.0	4.4	4.1	8.1
Intermediate Goods	17.22%	3.1	5.0	4.1	5.3
Infra/Construction Goods	12.34%	2.7	10.6	6.4	8.5
Consumer Durables	12.84%	5.4	3.5	9.0	3.8
Consumer Non- Durables	15.33%	-4.4	-6.3	-1.9	-2.0

Key Takeaways:

- IIP grew by 4.0% in Aug'25, mainly on account of growth in Mining Sector (6.0%) and Electricity (4.1%). The effect of early arrival of monsoon which had impacted production in both of these sectors in last couple of months have subsided in Aug'25.
- Manufacturing saw a modest improvement, with output rising 3.8%, up from 1.2% recorded in Aug'24.
 - Within the manufacturing segment, 10 out of 23 industry groups recorded positive growth over Aug'24. Manufacture of Basic Metals, having the highest weightage of 12.8% in IIP saw the second highest growth of 12.2%.
 - Manufacture of Pharmaceuticals, medicinal chemical & botanical products having a weightage of 4.98% in IIP showed a de-growth of 9.2% which is expected to de-grow in the coming months as 100% tariff by USA on branded drugs comes into effect from October'25.
- Amongst use based, only consumer Non-Durables posted de-growth. This sector has weightage around 15 percent. The slump in consumer non-durables paints a cautious picture for household demand. However Consumer durables showed a growth of 3.5% In Aug'25 compared to a growth of 7.3% in July'25.

- On the brighter side, capital goods and infrastructure-related activity posted solid growth, which indicate towards continued emphasis on creating long term assets in the economy.
- It is expected that positive effect of GST reforms which kicked into effect from 22nd September through increased consumer demand, lower production costs for manufacturers will help the IIP in remaining in the positive territory and expanding in the coming months.
- Festive season starting from September'25 will also give an impetus to the manufacturing sector which constitutes 77.63% of IIP.

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