

Macro Insights

12th March, 2025

Highlights

IIP grows by 5.0% in Jan'25

IIP grew by 5.0 % in Jan'25 compared to 3.5% in Dec'24. This growth is higher than 4.2% growth observed in Jan'24.

- 👉 IIP grew by 5.0% in Jan'25 which is higher than the growth seen in Jan'24 of 4.2%. IIP for the period of Apr'24-Jan'25 showed a growth of 4.2% this year compared to 6.0% during the same period last year.
- 👉 The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of January 2025 are 4.4 percent, 5.5 percent and 2.4 percent respectively. (As shown in table 1)
- 👉 Amongst Use Based, all the sectors showed growth except consumer non-durables, with highest growth being observed in Capital Goods (7.8%) and Consumer Durables (7.2%), while growth in Primary Goods (5.5 %) in Jan'25. Consumer Non-Durables showed de-growth of -0.2% (As shown in table 2).

Chart : IIP- January 2025 (YoY% Change)

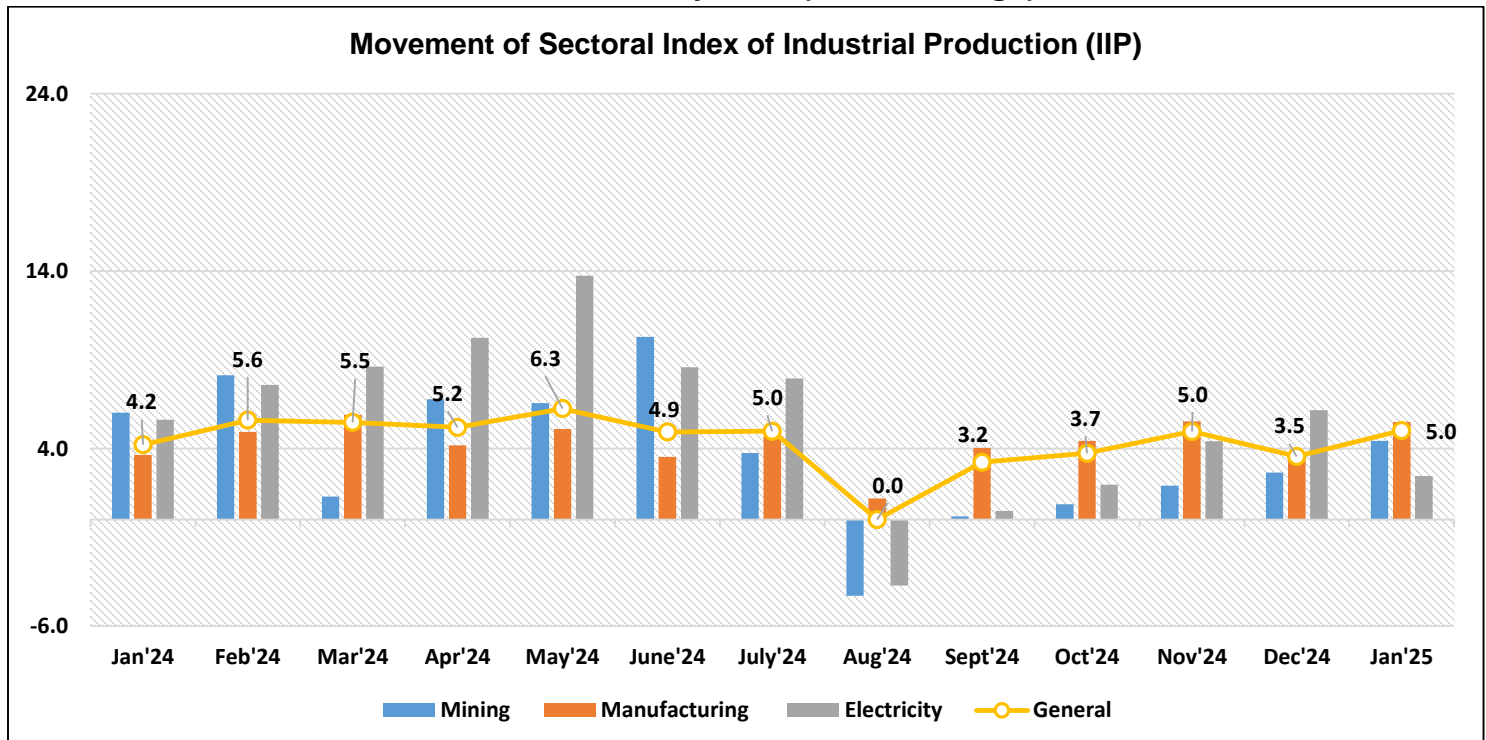


Table 1: IIP growth % (Sector-wise)

Component	Weight	Jan'24	Dec'24	Jan'25	Apr-Jan'24	Apr-Jan'25
Mining	14.37%	6.0	2.7	4.4	8.3	3.4
Manufacturing	77.63%	3.6	3.4	5.5	5.5	4.2
Electricity	7.99%	5.6	6.2	2.4	6.8	5.1
IIP Index -General	100.0%	4.2	3.5	5.0	6.0	4.2

Table 2: IIP growth % (Usage-wise)

Component	Weight	Jan'24	Dec'24	Jan'25	Apr-Jan'24	Apr-Jan'25
Primary Goods	34.05%	2.9	3.8	5.5	6.5	4.0
Capital Goods	8.22%	3.2	10.4	7.8	6.8	5.4
Intermediate Goods	17.22%	5.3	6.4	5.2	4.8	4.6
Infra/Construction Goods	12.34%	5.5	7.4	7.0	10.1	6.3
Consumer Durables	12.84%	11.6	8.3	7.2	2.1	8.6
Consumer Non- Durables	15.33%	0.3	-7.5	-0.2	4.8	-1.3

Views:

- The IIP has moderated in comparison to last year, as seen by 4.2 growth in Apr'24 -Jan'25 in comparison to 6.0% growth seen in Apr'23-Jan'24. IIP started to expand post August'24, when IIP growth was flat, however the growth in Jan'25 increased due to performance of manufacturing.
- The rise in IIP was driven by an uptick in manufacturing, which grew on an annual basis at 5.5%, compared to 3.4% in the preceding month.
- A broad way recovery in the private consumption remains crucial for the industry activity to pick up.
- Going forward, measures announced in the Union Budget of 2025-26 like the recent changes announced in income tax structure to provide relief to income tax payers along with easing inflation will support demand for consumer goods. Further, massive outlay announced by government on capital expenditure will support demand for capital goods and infrastructure/construction goods. These factors are expected to positively impact the IIP growth in the medium term.

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