

Industrial output grew 1.5% in June



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India’s industrial output grew 1.5 per cent in June, the weakest pace in 10 months, from an upward revised figure of 1.9 per cent in May, dragged by mining and electricity even as manufacturing output recovered a tad to rise 3.9 per cent, the quickest in three months.

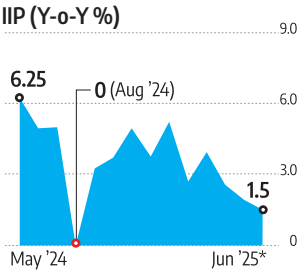
Mining output shrank 8.7 per cent in June, as per the Index of Industrial Production (IIP) released by the National Statistics Office (NSO) on Monday, marking the third straight month of contraction. Electricity generation tanked 2.6 per cent as well. Aditi Nayar, chief economist, ICRA Ratings, attributed some of the slack in mining and electricity to excess rains in the second half of June.

Industrial output has now grown just 2 per cent in the first quarter of 2025-26 (Q1FY26), an 11-quarter low, compared to 5.4 per cent in Q1FY25. The IIP had risen 4.93 per cent in June 2024.

“A marginal pickup in the manufacturing sector growth was more than offset by contraction in both the mining and electricity sector output. IIP growth has remained relatively subdued in the recent months,” said CareEdge Ratings chief economist Rajani Sinha.

According to use-based classification, output in the infrastructure sector accelerated 7.2 per cent while intermediate goods output picked up 5.5 per cent, However, capital goods growth decelerated to 3.5 per cent. “While private capex is yet to show meaningful traction, public capex continues to remain encouraging. However, persistent global uncertainties are weighing on the overall investment sentiment,” added Sinha.

Slowdown blues



* Provisional, Source: NSO

Sector-wise performance

Growth (%)	Mining	Mfg	Electricity
Jul '24	3.8	4.71	7.9
Aug '24	-4.3	1.18	-3.7
Sep '24	0.2	4.03	0.5
Oct '24	0.9	4.43	2
Nov '24	1.9	5.53	4.4
Dec '24	2.7	3.69	6.2
Jan '25	4.4	5.77	2.4
Feb '25	1.6	2.77	3.6
Mar '25	1.2	3.97	7.5
Apr '25	-0.2	3.11	1.8
May '25	-0.1	3.19	-4.7
June '25*	-8.7	3.89	-2.6

*Provisional

Source: NSO

Demand side signals remained mixed as consumer non-durable goods’ output contracted for the fifth straight month, by 0.4 per cent in June, while consumer durables rose 2.9 per cent. Urban consumption, in particular, is still lagging, reckoned Sinha.

“The impact of decline in inflation, monetary easing and relatively good monsoon would be felt with a lag and industrial output may show signs of stable growth in the next couple of months,” said Devendra Pant, chief economist, India Ratings.