

India's Industrial Growth Hits 10-Month Low Amidst Monsoon Impact



India's industrial production growth significantly slowed to a 10-month low of 1.5% in June 2025, according to data released by the National Statistical Office (NSO) on Monday, July 28, 2025. This deceleration, which marks the slowest pace since August 2024, was primarily driven by sharp contractions in the mining and electricity sectors, largely attributed to the early onset of the monsoon season and heavy rainfall across parts of the country.

The Index of Industrial Production (IIP) had registered a more robust 4.9% growth in June 2024. The latest figures reveal a significant reversal in key sectors. Mining activity, for instance, contracted by 8.7% in June 2025, a stark downturn from the 10.3% expansion recorded in the same month last year. Similarly, electricity generation declined by 2.6%, a notable shift from the 8.6% rise observed a year ago. These contractions had a substantial impact on the overall industrial output.

While the mining and electricity sectors faced headwinds, the manufacturing sector, which accounts for the largest share of the IIP, offered some support. Manufacturing output recorded a modest rise of 3.9% in June 2025, a slight improvement from the 3.5% growth seen in June 2024. The NSO also revised upwards the industrial growth rate for May 2025 to 1.9% from its earlier estimate of 1.2%, indicating some areas of resilience.

However, the overall picture for the first quarter of fiscal year 2026 (April-June) shows a significant slowdown in industrial production, with growth registering at just 2%. This is less than half the 5.4% growth recorded during the corresponding period in the previous fiscal year.

Experts suggest that the excess rains during this period likely weighed on both mining output and electricity generation, particularly impacting sectors reliant on seasonal factors.

This dip in industrial growth highlights the sensitivity of certain economic sectors to climatic conditions. While the government continues to focus on boosting manufacturing and overall economic activity, the reliance on weather patterns for key raw materials and energy generation remains a crucial factor influencing industrial performance. Policymakers will likely monitor the impact of monsoon progression on these sectors to ensure stability and sustained growth in the coming months.