



# ICRA BUSINESS ACTIVITY MONITOR - AN INDEX OF HIGH FREQUENCY ECONOMIC INDICATORS

**Tepid core sector performance to  
compress IIP growth to 1.0% in April  
2025, despite steady economic activity  
in non-core sectors**

**MAY 2025**





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ICRA Business Activity Monitor is a composite indicator that comprises:

- Auto production (2Ws and PVs)
- Vehicle registrations
- Output of Coal India Limited (CIL)
- Power generation
- Non-oil merchandise exports
- Cargo handled at major ports
- Consumption of petrol and diesel
- Finished steel consumption
- Generation of GST e-way bills
- Domestic airline passenger traffic
- Aggregate deposits and non-food credit of SCBs

Economic activity, as measured by the ICRA Business Activity Monitor - an Index of high frequency indicators, rose by 7.5% in year-on-year (YoY) terms in April 2025 (+10.1% in April 2024), marginally lower than the 7.6% growth seen in March 2025 (+8.8% in March 2024). However, the YoY growth in core sector output decelerated to an 8-month low of 0.5% in the month from 4.6% in March 2025, led by refinery products, steel, cement and electricity. Based on this, the Index of Industrial Production (IIP) growth is estimated to moderate to just ~1.0% in April 2025 from 3.0% in March 2025, in spite of the relatively steady performance of the ICRA Business Activity Monitor. The early trends for May 2025 are weak, with a YoY moderation in both electricity demand and daily average vehicle registrations.

- **ICRA Business Activity Monitor rose by 7.5% YoY in April 2025:** This was slightly lower than 7.6% growth in March 2025 (+10.1% in April 2024; +8.8% in March 2024) owing to an adverse base, with nine of the 15 indicators seeing a deceleration, including 2W and PV output, electricity generation, finished steel consumption and petrol sales.
- **IIP growth seen at a tepid 1.0% in April 2025, amid weak core data:** The recently released data on core sector output depicted that the YoY growth slowed significantly to an 8-month low of 0.5% in April 2025 from 4.6% in March 2025. The deterioration was broad based across six of the eight sectors, with weak prints for steel, cement, refinery and electricity output. Given that the core sector accounts for 40% of the IIP, ICRA believes that the growth in the latter may have moderated sharply to ~1% in April 2025 from 3.0% in March 2025, in spite of the steady performance of the ICRA Business Activity Monitor and the healthy growth in non-oil exports (which may be getting a boost from round-tripping of imports). Separately, as per the monthly periodic labour force survey (PLFS) bulletin, the unemployment rate stood at 5.1% in April 2025, with that in urban areas (+6.5%) outpacing rural areas (+4.5%).
- **Trends for early-May 2025 are weak:** All-India electricity demand witnessed a YoY decline of 1.9% during May 1-20, 2025 (+2.2% in April 2025), owing to the unfavourable base effect, even as demand levels were unchanged at an elevated 4.8 BU/day. The daily average vehicle registrations stood at 62.3k units/day during May 1-21, 2025, trending ~13% and 10% lower in month-on-month (MoM) and YoY terms, respectively.

# ICRA Business Activity Monitor includes high frequency indicators related to industrial and service sectors

## ICRA Business Activity Monitor



**Auto  
Production  
(PV and 2W )  
and vehicle  
registrations**



**Coal India  
Limited  
output**



**Power  
Generation**



**Rail Freight  
Traffic**



**Non-oil  
Merchandise  
Exports**



**Cargo  
handled at  
Major Ports**



**Consumption  
of Petrol and  
Diesel**



**Finished  
Steel  
Consumption**



**Generation of  
GST e-way  
bills**



**Domestic  
Airline  
Passenger  
Traffic**



**Aggregate  
Deposits and  
Non-food  
credit of SCBs**

*Note: Since the rail freight traffic data for the month of April 2025 is not available, we have excluded this indicator from the computation of the ICRA Business Activity Monitor. We have clubbed the production of PVs, scooters and motorcycles together as a single indicator; SCB: Scheduled Commercial Banks; PV: Passenger Vehicles; 2W: Two-wheelers; Source: ICRA Research*

# Economic activity, as measured by ICRA Business Activity Monitor, increased by 7.5% YoY in April 2025, marginally lower than March 2025 print

Exhibit: Level of ICRA Business Activity Monitor (FY2019=100)

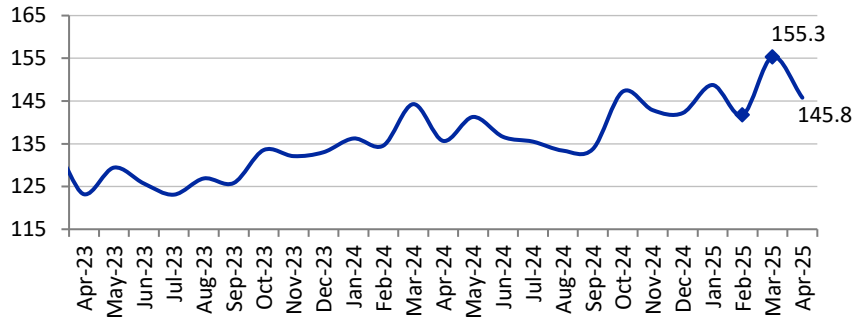
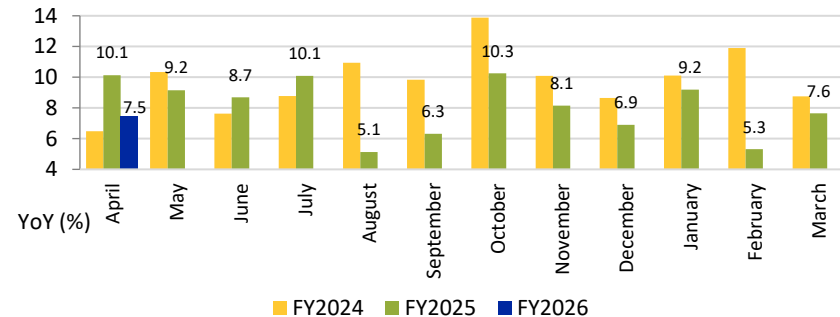


Exhibit: YoY growth of ICRA Business Activity Monitor



Note: While the monthly data for 15 indicators is available, for computation of ICRA Business Activity Monitor, we have clubbed the production of PVs, scooters and motorcycles together as a single indicator; Source: ICRA Research.

- Economic activity, as measured by the ICRA Business Activity Monitor, rose by 7.5% in April 2025 (+10.1% in April 2024). This is only marginally lower than 7.6% growth in March 2025 (+8.8% in March 2024), amid an adverse base effect. As many as nine of the 15 constituent indicators witnessed a deterioration in their growth rates between these months, including electricity generation (to -2.0% in April 2025 from +4.8% in March 2025), steel consumption (to +0.6% from +8.3%), port cargo traffic (to +7.0% from +13.3%; despite healthy growth in merchandise imports and exports), petrol consumption (to +5.0% from +5.7%), and 2W (to -4.1% from +6.0%) and PV (to +10.8% from +11.2%) production, although the latter remained in double digits, with retails being supported by discounts and strong demand for the SUV segment.
- In contrast, some of the mobility-related indicators improved in April 2025 vis-à-vis March 2025, including the GST e-way bill generation (to +23.4% from +20.2%), domestic air passenger traffic (to +10.2% from +8.8%), diesel consumption (to +4.4% from +0.5%), and vehicle registrations (to +3.4% from +0.1%; aided by increased festive demand). Besides, the performance of non-oil exports (to +10.1% from +2.2%; led by agri, engineering and electronic goods, aided by the front-loading of exports to the US), and CIL's output (to +0.5% from -3.2%; reverting to the positive territory after a gap of three months) also improved between these months.

# YoY performance of 9 of the 15 constituent indicators deteriorated in April 2025 compared to March 2025

Exhibit: Heatmap of high frequency indicators

YoY (%)	Auto Output			Vehicle Registration	CIL output	Power Generation*	Non-oil Exports	Ports Cargo Traffic	GST e-way bills	Finished Steel Consumption	Domestic Airlines Passengers	Petrol	Diesel	Bank Deposits~	Non-Food Bank Credit~
	PV output	Scooter output	Motorcycle output												
Jan-25	3.7	14.4	8.5	7.6	-0.8	-1.4	14.8	6.2	23.1	6.7	11.3	6.7	4.2	10.64	12.51
Feb-25	4.5	6.7	-0.9	-6.4	-0.9	2.3	-6.3	7.4	14.7	6.7	11.0	5.0	-1.2	10.60	11.97
Mar-25	11.2	13.4	2.8	0.1	-3.2	4.8	2.2	13.3	20.2	8.3	8.8	5.7	0.5	10.55	12.01
Apr-25	10.8	9.1	-10.1	3.4	0.5	-2.0	10.1	7.0	23.4	0.6	10.2	5.0	4.4	10.44	11.22

YoY growth; sequential pick-up

YoY growth; sequential dip

YoY growth; no sequential change

YoY contraction; sequential pickup

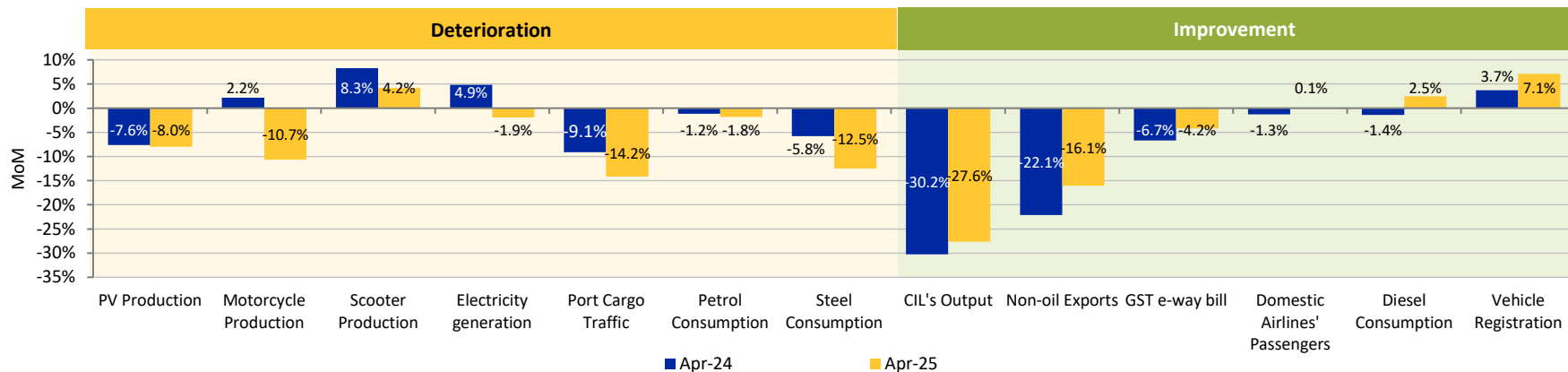
YoY contraction; sequential dip

**The number of indicators reporting a YoY contraction rose to two (motorcycle output and power generation) from one in March 2025 (CIL's output). The number of indicators reporting a double-digit YoY expansion remained unchanged at six.**

~excluding the impact of HDFC and HDFC bank merger to ensure comparability; \*excluding renewable energy; SCBs; Scheduled Commercial Banks; Note: While the monthly data for 15 indicators is available, for computation of ICRA Business Activity Monitor, we have clubbed the production of PVs, scooters and motorcycles together as a single indicator; Passenger Vehicles (PV), scooter and motorcycle refers to growth in production volumes; CIL: Coal India Limited. Auto includes output of PV, two-wheelers and three-wheelers, CIL refers to growth in production volumes; electricity generation includes thermal, hydro, and nuclear electricity; petrol and diesel refer to growth in consumption volumes; bank deposits and bank credit refer to growth in O/S volumes; Data on finished steel consumption (non alloy and alloy/stainless) is taken from JPC; Source: Joint Plant Committee; CIL; CEA; Indian Ports Association; Ministry of Finance; Ministry of Commerce, GoI; Goods and Services Tax Network; Ministry of Petroleum & Natural Gas; Directorate General of Civil Aviation; PPAC; Reserve Bank of India; Vahan Portal; Ministry of Road Transport and Highways; CMIE; CEIC; ICRA Research

# MoM contraction in the Index in April 2025 exceeded that seen in 2024, amid weaker performance of 7 of the 13 non-financial indicators

Exhibit: MoM performance of non-financial economic indicators



- The sequential contraction in the ICRA Business Activity Monitor widened slightly to 6.1% in April 2025 from 6.0% MoM seen in April 2024. As many as seven of the 13 non-financial indicators witnessed a weaker MoM performance in April 2025 vis-à-vis April 2024, led by a particularly sharp deterioration in motorcycle production, cargo traffic at major ports, and steel consumption.
- In contrast, the remaining six indicators, including CIL's output, non-oil exports, GST e-way bill generation, diesel consumption, and vehicle registration witnessed an improvement in their MoM performance in April 2025 vis-à-vis April 2024.

*\*Data on electricity generation does not include renewable segment; Note: While the monthly data for 15 indicators is available, for computation of ICRA Business Activity Monitor, we have clubbed the production of PVs, scooters and motorcycles together as a single indicator; Source: CMIE; CIL; CEA; MoRTH; Ministry of Commerce, GoI; Indian Ports Association; GSTN; DGCA; PPAC; JPC; RBI; CEIC; ICRA Research*

# Core sector growth dipped to 8-month low of 0.5% in April 2025; IIP growth expected to compress to ~1% in the month

EXHIBIT: YoY trends in output of core sector

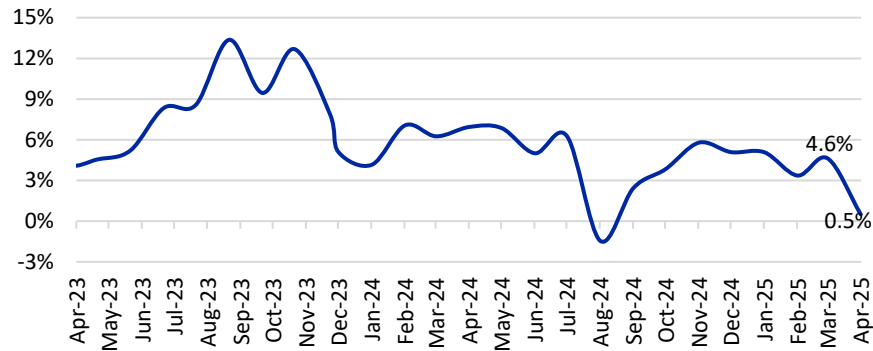
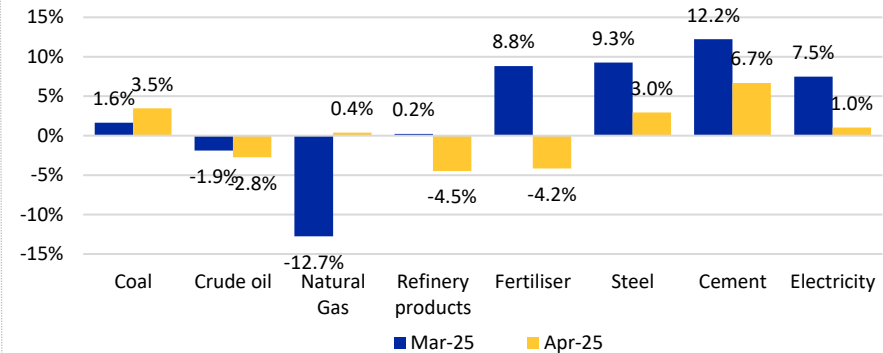


EXHIBIT: YoY performance of core sector and its sub-components

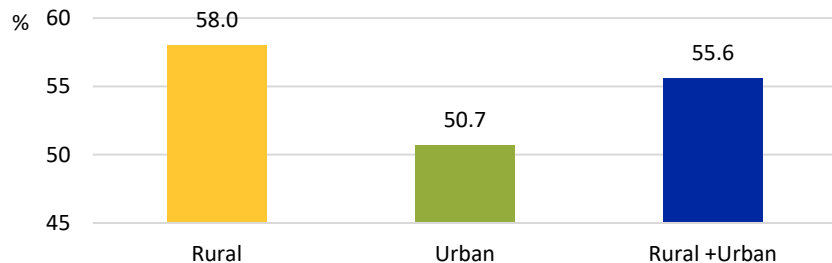


Source: Index of Eight Core Industries, Office of Economic Adviser, Ministry of Commerce and Industry; CEIC; ICRA Research

- The performance of the core sector deteriorated significantly in April 2025, with the YoY growth slumping to an eight-month low of 0.5% in the month (+6.9% in April 2024) from the upward revised 4.6% in March 2025 (+6.3% in March 2024). The deceleration was broad based, led by six of the eight sectors barring coal (to +3.5% in April 2025 from +1.6% in March 2025) and natural gas (to +0.4% from -12.7%).
- Notably, the YoY performance of the output of steel (to a 7-month low of +3.0% in April 2025 from +9.3% in March 2025) and cement (to a 6-month low of +6.7% from +12.2%) sectors moderated quite sharply in April 2025 vis-à-vis March 2025, suggesting that construction activity is likely to have weakened between these months. Additionally, the output of the petroleum refinery (to a 29-month low of -4.5% from +0.2%; in spite of substantial crude oil imports) and fertiliser (to a 14-month low of -4.2% from +8.8%) sectors contracted quite sharply in April 2025 after witnessing YoY growth in March 2025, thereby pulling down the growth in the core index.
- **Based on the tepid rise in the core sector and the trends for other available high frequency indicators, ICRA expects the IIP growth to moderate sharply to ~1.0% in April 2025 from 3.0% in March 2025. The healthy growth in non-oil exports may provide an upside, unless the same represented round-tripping of some imports.**

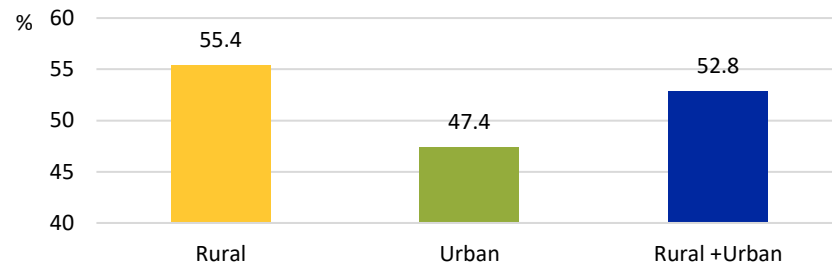
# India's unemployment rate stood at 5.1% in April 2025 as per the PLFS monthly bulletin

**Exhibit: The Labour Force Participation Rate (LFPR) is higher for rural (58.0%) vis-à-vis urban areas (50.7%), led by rural males (79.0%)**



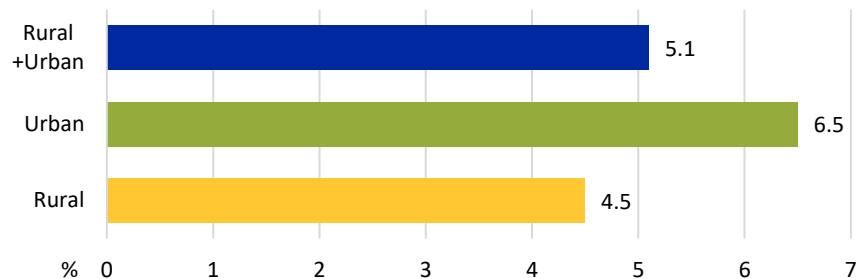
Data is for April 2025, based on CWS for persons of age 15 years and above; Source: PLFS-Monthly Bulletin, MOSPI; ICRA Research

**Exhibit: Likewise, the Worker-Population Ratio (WPR) is also higher for rural (55.4%) vis-à-vis urban areas (47.4%), led by rural males (75.1%)**



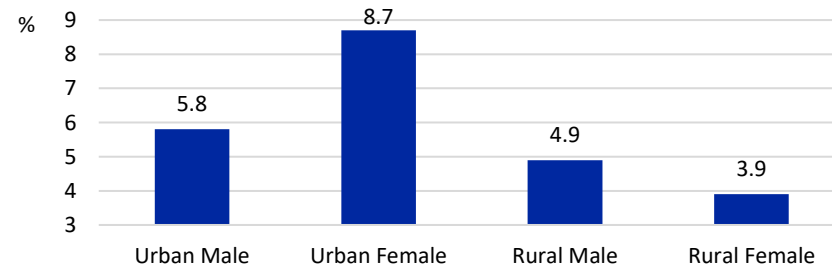
Data is for April 2025, based on CWS for persons of age 15 years and above; Source: PLFS-Monthly Bulletin, MOSPI; ICRA Research

**Exhibit: The Unemployment Rate (UR) stood at 5.1%, with urban areas (6.5%) reporting much higher unemployment levels vis-à-vis rural areas (4.5%)**



Data is for April 2025, based on CWS for persons of age 15 years and above; Source: PLFS-Monthly Bulletin, MOSPI; ICRA Research

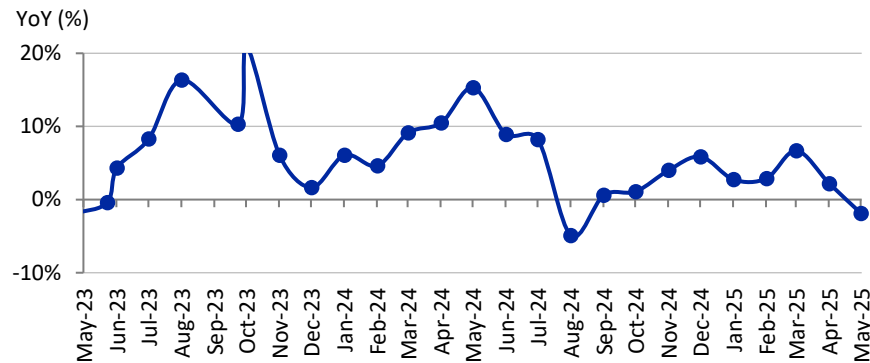
**Exhibit: The Unemployment Rate for urban females (8.7%) was much higher than that for the other categories**



Data is for April 2025, based on CWS for persons of age 15 years and above; Source: PLFS-Monthly Bulletin, MOSPI; ICRA Research

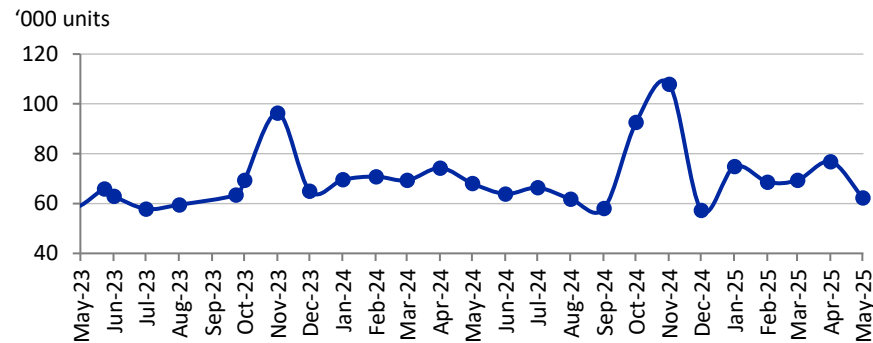
# YoY performance of electricity demand and auto retail volumes deteriorated in May 2025 compared to April 2025

**Exhibit: Electricity Demand at all-India level**



Data for May 2025 is till May 20, 2025; Source: POSOCO; CEIC; ICRA Research

**Exhibit: Daily average vehicle registrations at all-India level**



Data for May 2025 is till May 21, 2025; Source: Vahan, MoRTH; ICRA Research

- The all-India electricity demand contracted by 1.9% YoY in May 2025 (till May 20) as compared to an expansion of 2.2% in April 2025, partly dampened by an unfavourable base (+15.3%/+10.5% in May/April 2024). Nevertheless, given warmer-than-usual temperatures in the ongoing summer season, the average electricity demand remained elevated at 4.8 BU/day during May 1-20, 2025, similar to the levels seen in the previous month. However, the average spot power tariffs in the day-ahead-market (DAM) moderated to Rs. 4.6/unit during May 1-21, 2025 from Rs. 5.2/unit in April 2025, while remaining elevated.
- As per the data provided on the Vahan portal, the average daily vehicle registrations deteriorated sharply by 12.8% to 62.3k units/day during May 1-21, 2025 from 71.5k units/day during the similar period of April 2025. Additionally, on a YoY basis, the daily average volumes fell by 9.9% in May 2025 (up to May 21, 2025), following an expansion of 3.4% seen in April 2025. While the marriage season and post harvest-demand could be a positive for this segment in the remaining part of the ongoing month, customer-level liquidity constraints, seasonal softness to sustain momentum, and higher-than-usual temperatures could impact retail footfalls.

The ICRA Business Activity Monitor - an Index of high frequency economic indicators, is a composite tool that gauges economic activity each month. While several high frequency indicators are released every month, each of these provides insights on the performance of a select segment of the economy. It is possible to appraise trends in each of these indicators and provide a qualitative assessment of the overall state of the economy. However, such an evaluation is fraught with challenges, especially when indicators display contradictory trends or point to multi-speed expansions/contractions. The Business Activity Monitor aims to overcome this contention by providing a summary measure of the state of the economy by integrating multiple high frequency indicators into a single index.

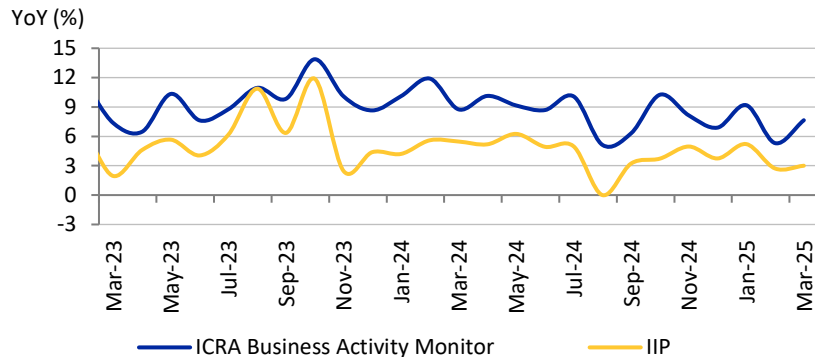
The ICRA Business Activity Monitor is constructed using 14 monthly high frequency indicators – auto production (comprising passenger vehicle, motorcycle and scooter production clubbed into a single indicator), output of Coal India Limited, electricity generation, non-oil merchandise exports, rail freight traffic, ports cargo traffic, non-food bank credit of scheduled commercial banks, bank deposits, vehicle registrations, generation of GST e-way bills, domestic airlines' passenger traffic, petrol consumption, diesel consumption and steel consumption. Each of these indicators are indexed in a way that the average index value for the base year FY2019 amounts to 100. The index is computed by taking the mean of the index values of these 14 indicators.

The ICRA Business Activity Monitor gives us the net direction of our 14 high frequency indicators and can be used to assess economic conditions across time periods. For instance, an improvement in the YoY growth of the Index to 7.6% in March 2025 from 5.3% in February 2025, signifies that the economic activity gained momentum in March 2025 vis-à-vis February 2025.

While summary measures of economic activity such as the GDP and the Index of Industrial Production (IIP) are released by the Government, these are available with relatively longer lags. The GDP data is available for a quarterly or higher frequency and is released with a lag of two months post the end of the quarter. Although IIP data is available on a monthly basis, it is released with a lag of around four weeks post the end of the month (Eg. IIP for March 2025 was released on April 28, 2025). However, the IIP by design excludes the services sector. Since the ICRA Business Activity Monitor is based on a variety of high frequency indicators, it is usually released with a lag of two weeks (Eg. Business Activity Monitor for March 2025 was available by mid-April 2025), thereby enabling a faster assessment of economic activity in the immediately preceding month.

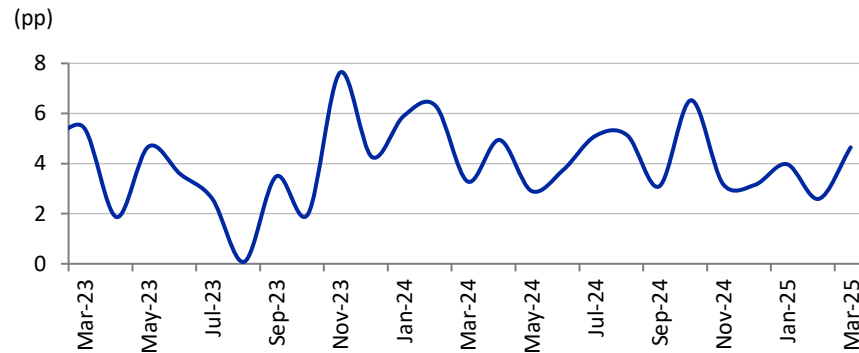
# Annexure A.2: ICRA Business Activity Monitor

**Exhibit: Correlation between YoY trends in ICRA Business Activity Monitor and IIP**



Source: ICRA Research

**Exhibit: Deviation in YoY growth between ICRA Business Activity Monitor and IIP**

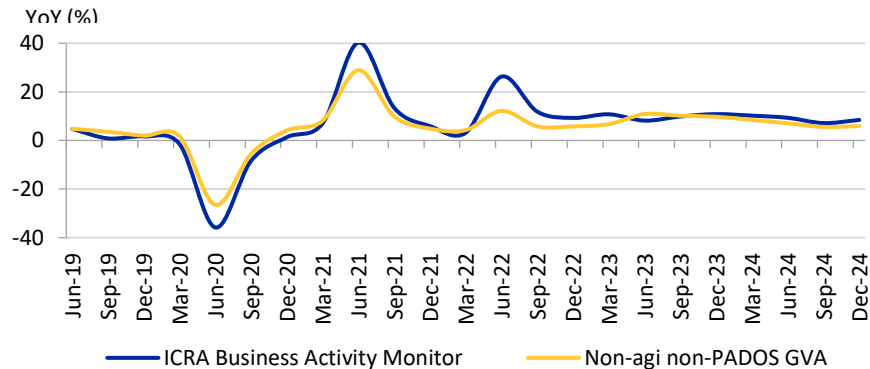


Source: ICRA Research

- The IIP is a measure of industrial activity and does not cover the agriculture and services sectors. The ICRA Business Activity Monitor is a broader measure than the IIP as it also covers some high frequency indicators related to the services sector (measures of mobility such as airlines passenger traffic and petrol consumption and financial services such as non-bank food credit and bank deposits).
- We have observed some degree of co-relation between the two (in both absolute and YoY growth terms). The deviation between the growth of the ICRA Business Activity Monitor and the IIP stood at +/-2% and +/-5% in 17 and 50, respectively, of the 72 months between April 2019 and March 2025.
- Further, the ICRA Business Activity Monitor correctly predicted the YoY growth accelerations and decelerations in the IIP on 57 of the 72 occasions during this period. The deviations in the YoY growth between the ICRA Business Activity Monitor and the IIP were positive/negative in 60/12 of the 72 months.

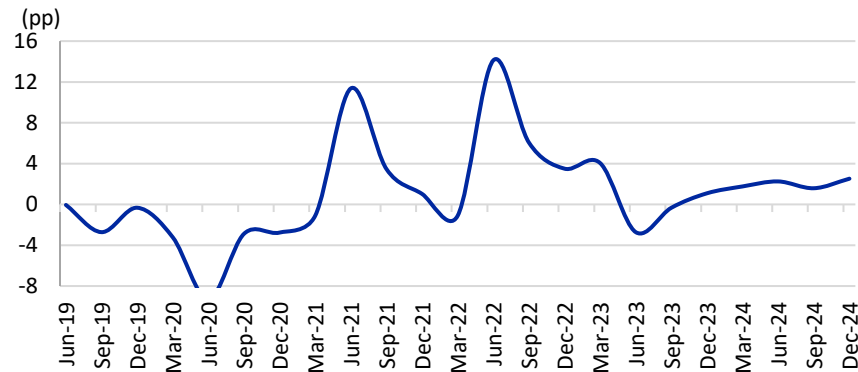
# Annexure A.3: ICRA Business Activity Monitor

**Exhibit: Correlation between YoY trends in ICRA Business Activity Monitor and non-agri non-PADOS GVA**



Source: ICRA Research

**Exhibit: Deviation in YoY growth between ICRA Business Activity Monitor and non-agri non-PADOS GVA**

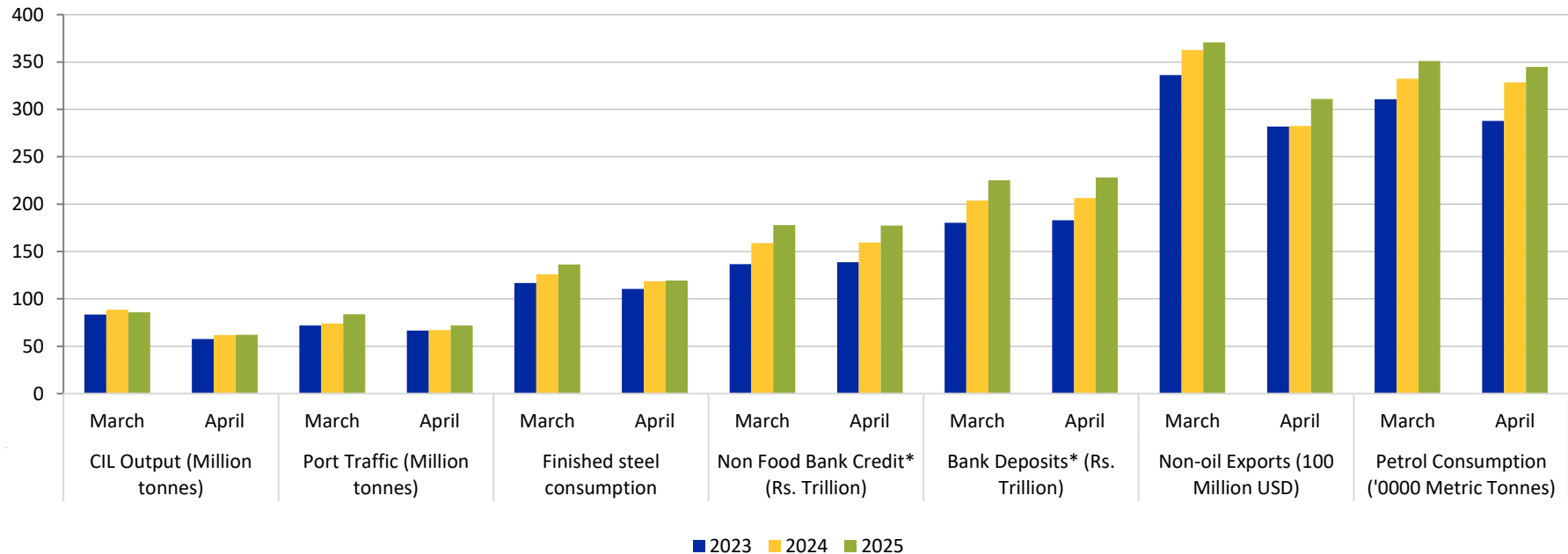


Source: ICRA Research

- On the other hand, notwithstanding some coverage of the services sector, the ICRA Business Activity Monitor is a relatively narrower measure of economic activity compared to the GDP or the Gross Value Added (GVA), which is much more comprehensive in its scope. While the ICRA Business Activity Monitor provides a good gauge of the direction of growth in non-agri non-public administration, defence and other services (PADOS) GVA, the deviation in the growth rates exceeded +/-1% in 19 of the 23 quarters between Q4 FY2019 and Q3 FY2025.
- Interestingly, in the period when growth was slowing down (up to Q1 FY2021), there was a negative deviation between the ICRA Business Activity Monitor and the non-PADOS GVA growth, indicating that the former predicted the downturn but magnified its extent. The opposite is true for the period from Q4 FY2021 onwards.
- Since the GVA is a measure of value addition, this could lead to a difference in the magnitude and/or direction of changes between the growth in the GVA and the ICRA Business Activity Monitor, as the former would be affected by changes in margins of businesses following rising/falling commodity prices or cost cutting measures.

# Annexure B.1: Volumes of 13 of the 15 indicators rose in April 2025 vs. April 2024 barring electricity generation and motorcycle production-I

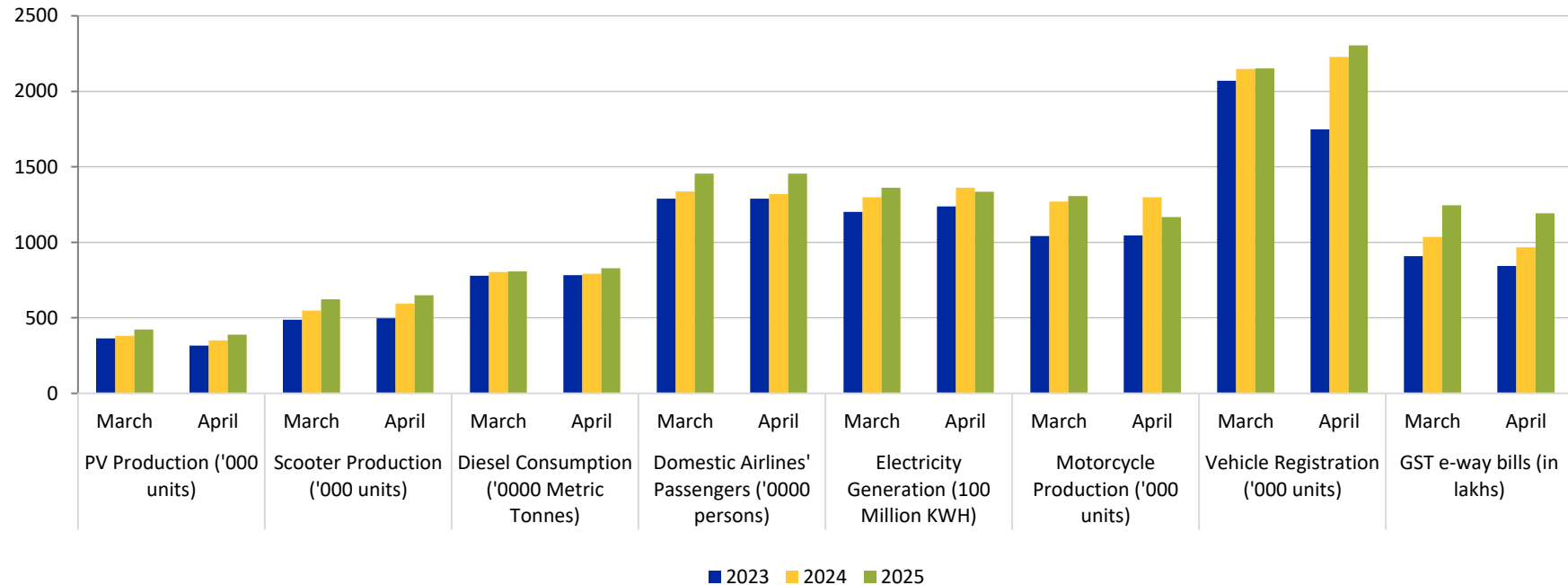
Exhibit: Trends in Volumes for Last Three Years in March and April (Part - I)



\*Data for non-food bank credit and bank deposits is excluding the impact of HDFC and HDFC bank merger to ensure comparability; Source: CIL; Ministry of Commerce, GoI; Indian Ports Association; JPC; RBI; PPAC; CEIC; ICRA Research

# Annexure B.2: Volumes of 13 of the 15 indicators rose in April 2025 vs. April 2024 barring electricity generation and motorcycle production- II

Exhibit: Trends in Volumes for Last Three Years in March and April (Part - II)



Source: CMIE; PPAC; CEA; GSTN; DGCA; Ministry of Road Transport and Highways; CEIC; ICRA Research



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