

INDEX OF INDUSTRIAL PRODUCTION

IIP growth eased to 14-month low of 0.4% in October 2025, owing to festive holidays, unseasonal rains and tariff-related dip in exports

DECEMBER 2025





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IIP growth slowed to 14-month low of 0.4% in October 2025, with a sharp unexpected cooling in manufacturing output.

The output of consumer durables fell by 0.5% YoY in October 2025, post the GST cut-led surge of 10% in September.

The impact of the festive holidays as well as US tariffs and penalties likely weighed on manufacturing output in October 2025.

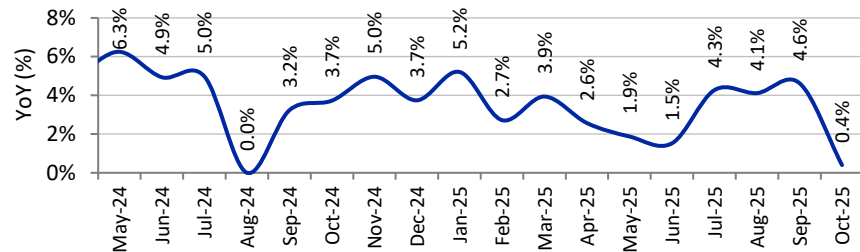
The year-on-year (YoY) growth in the Index of Industrial Production (IIP) decelerated sharply to a 14-month low of 0.4% in October 2025 from 4.6% in September 2025, trailing expectations (ICRA P: +3.0%). While all the three production-based segments witnessed a deterioration between these months, the surprise largely stemmed from manufacturing (to +1.8% in Oct 2025 from +5.6% in Sep 2025). The electricity and mining segments expectedly posted a contraction in October 2025, impacted by excess unseasonal rains in the month (49% above the Long Period Average). Moreover, the output of consumer durables contracted by 0.5% in October 2025 post the GST rate cut-led surge of 10.0% in September 2025. Overall, the GST rate cut-led upswing in manufacturing output in September 2025 was followed by a respite in October 2025 given the festive holidays. Besides, the adverse impact of the US tariffs and penalties is also likely to have impacted production across some manufacturing sub-segments. Given the base effects and shift in the festive calendar*, it would be more prudent to assess the average for October and November, once the data for the latter month becomes available.

- **IIP growth eased to 0.4% in October 2025:** The YoY growth in IIP slowed from 4.6% in September 2025, led by a broad-based deceleration across all three sub-sectors, owing to an early onset of festive season in 2025* as well as excess unseasonal rainfall. The pace of expansion in manufacturing output (to a 14-month low +1.8% from +5.6%) slowed in October 2025 vis-à-vis September, while mining output (to -1.8% from -0.4%) and electricity generation (to a 64-month low of -6.9% from +3.1%) saw a contraction in the month, amid excess unseasonal rainfall.
- **All the six use-based categories saw deterioration:** The YoY performance of all the six use-based sub-segments moderated in October 2025 vis-à-vis September 2025. In particular, consumer durables output contracted by 0.5% post the 10.0% surge seen in October 2025. Besides, the extent of contraction in consumer non-durables (to -4.4% from -0.3%) also widened sharply between these months.
- **Weak exports likely weighed on manufacturing:** The festive holidays, along with the adverse impact of the tariffs on India's goods exports, appear to have weighed on manufacturing output in October 2025. It would be more meaningful to assess the October-November average, given the base effects and the shift in festive calendar*.

*festive period: a) 2022 – Sep 26 to Nov 6; b) 2023 – Oct 15 to Nov 25; c) 2024 – Oct 3 to Nov 15; d) 2025 – Sep 22 to Nov 2

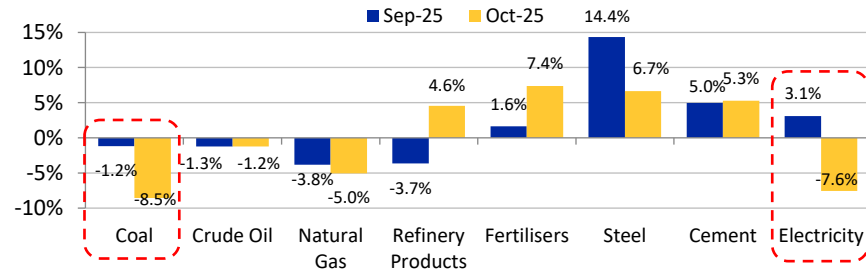
IIP growth decelerated to 0.4% in October 2025, amid excess unseasonal rainfall and early onset of festive season

EXHIBIT: IIP growth eased to a 14-month low of 0.4% in October 2025 from 4.6% in September 2025, while sharply trailing ICRA's forecast (+3.0%)



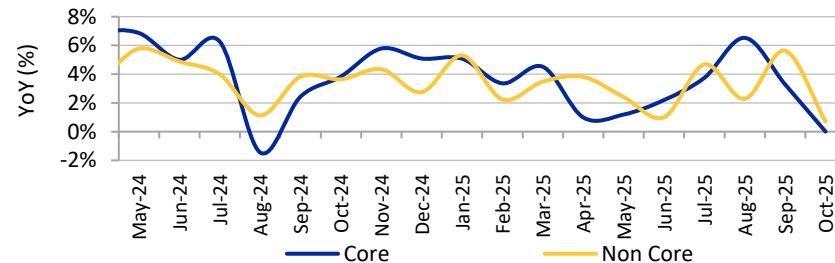
Source: NSO; CEIC; ICRA Research

EXHIBIT: After expanding by 3.3% in September 2025, core output remained flat in October 2025 compared to year ago levels, amid a deterioration in the YoY performance of half of the 8 sub-sectors



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

EXHIBIT: The YoY performance of both the non-core (to +0.7% from +5.6% in September) and core (to 0.0% from +3.3%) segments worsened in October 2025 vs. the prior month, even as the former outpaced the latter

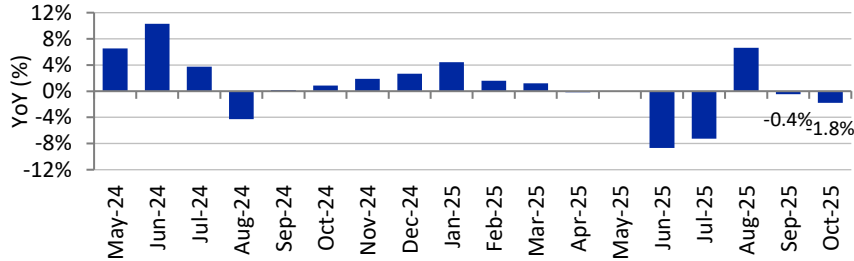


The non-core output is computed by excluding core output from the IIP; Source: Index of Eight Core Industries, Office of Economic Adviser, Ministry of Commerce and Industry; CEIC; ICRA Research

- The YoY growth in non-core sector output (weight in IIP: 59.7%) eased to 23-month low of 0.7% in October 2025 from 5.6% in September 2025. Moreover, it declined by 4.0% sequentially in October 2025, largely led by manufacturing output and electricity generation.
- The core sector output (weight in IIP: 40.3%) remained flat in October 2025, with excess unseasonal rainfall (at 149% of LPA in Oct 2025) impacting coal output (-8.5%) and electricity generation (-7.6%). Moreover, the growth in steel output slowed to a six-month low of 6.7% in October 2025 after recording double-digit growth in the previous three months, albeit on a high base.

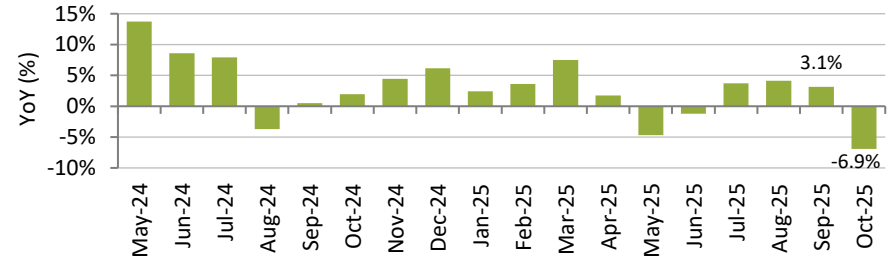
Deterioration was broad based across three sectors in October 2025

EXHIBIT: Mining output contracted for the second consecutive month in October 2025, with the pace of the same widening to 1.8% from 0.4% in September 2025, as unseasonal rains impacted activity



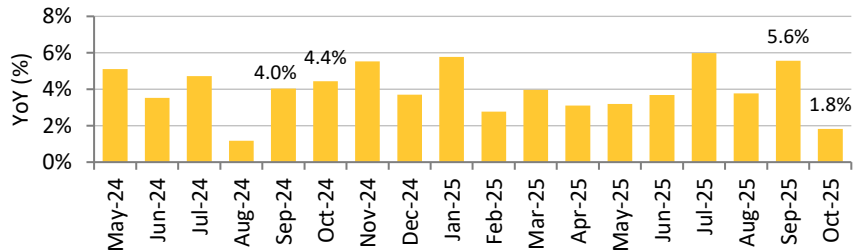
Source: NSO; CEIC; ICRA Research

EXHIBIT: After a gap of three months, electricity output saw a YoY decline in October 2025, to the tune of 6.9%, with a reduction in demand amid unseasonal rains and the onset of winter in some regions such as North India



Source: NSO; CEIC; ICRA Research

EXHIBIT: While manufacturing posted a YoY growth in October 2025, the pace of expansion dipped to a 14-month low of 1.8% from 5.6% in Sept; contraction in exports amid US tariffs and festive holidays weighed on output

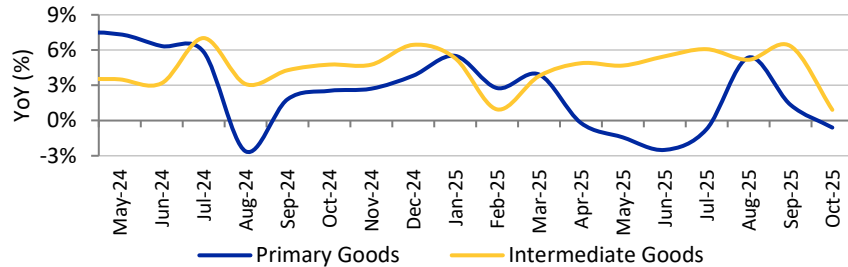


Source: NSO; CEIC; ICRA Research

- The output of as many as 18 of the 23 sub-sectors of manufacturing (with a substantial weight of 61.5% in the IIP) witnessed a deterioration in their YoY performance in October 2025 compared to the previous month. These include basic metals, chemicals, motor vehicles, trailers and semi-trailers, food products and beverages, textiles, leather products, etc.
- The GST rate cut led upswing in manufacturing output in September 2025 was followed by a respite in October 2025 given the festive holidays. Besides, the adverse impact of the steep US tariffs is likely to have impacted production across some manufacturing sub-segments.

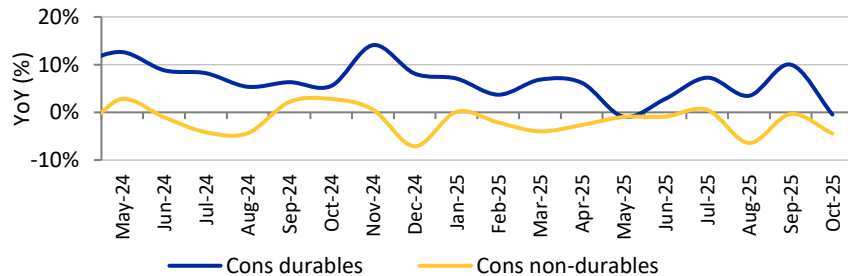
Similar trend also seen across six use-based categories in October 2025

EXHIBIT: Mirroring the trends in mining and electricity, primary goods output contracted by 0.6% in October 2025 (+1.3% in Sep 2025); growth in intermediate goods fell to a 3-year low of just 0.9% (+6.3% in Sep 2025)



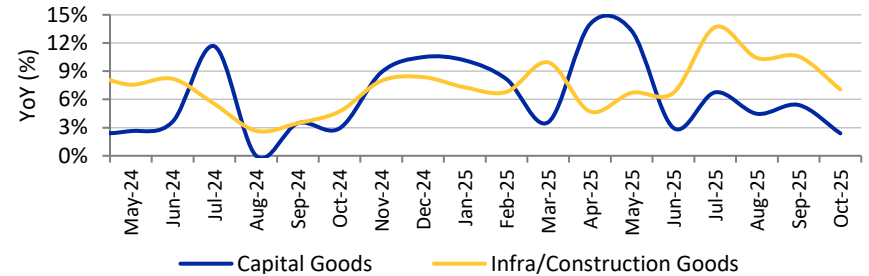
Source: NSO; CEIC; ICRA Research

EXHIBIT: Consumer durables fell by 0.5% in October 2025, after a gap of 4 months; this follows from the strong 10% growth in September 2025 due to GST-cut led stocking; non-durables fell by a steeper 4.4% (-0.3% in Sep 2025)



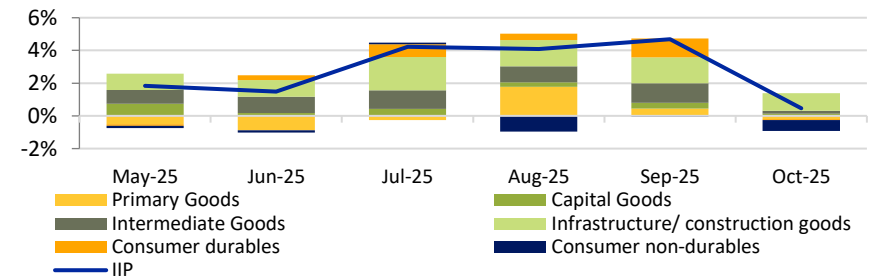
Source: NSO; CEIC; ICRA Research

EXHIBIT: The YoY growth in infra/construction goods eased to 7.1% in October 2025 (+10.6% in Sep 2025), while remaining healthy, after registering double-digit expansion in last three months; capital goods were up 2.4% YoY



Source: NSO; CEIC; ICRA Research

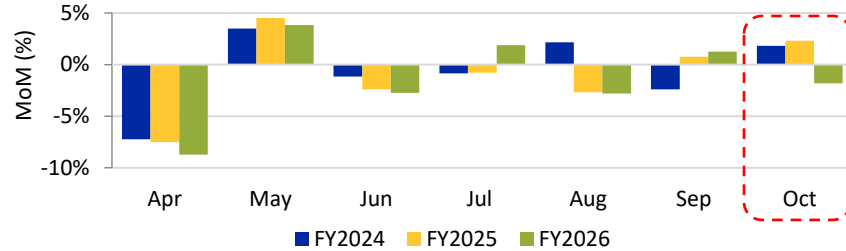
EXHIBIT: The IIP growth of 0.4% in October 2025 mainly stemmed from infra/construction, capital and intermediate goods (total: +1.4 pp), even as consumer and primary goods pulled down the index by as much as 0.9 pp



Source: NSO; CEIC; ICRA Research

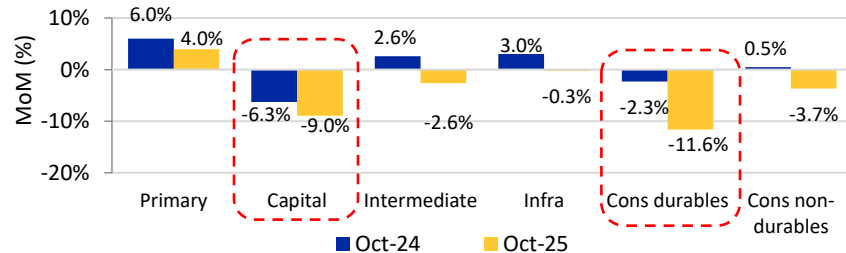
IIP eased by 1.8% MoM in October 2025, in contrast to uptick in October 2023-2024, amid shift in festive period

EXHIBIT: Industrial output eased by 1.8% MoM in October 2025 as opposed to an uptick seen in corresponding month of FY2024-FY2025, amid a shift in the festive calendar*



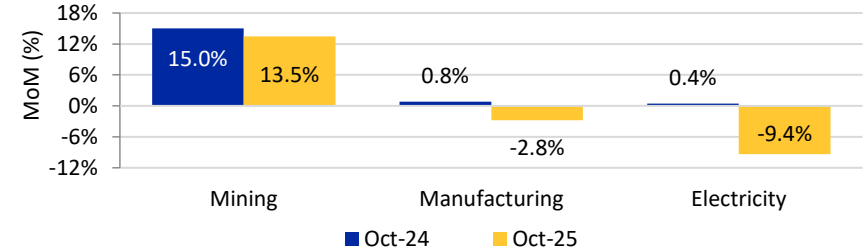
*festive period: a) 2022 – Sep 26 to Nov 6; b) 2023 – Oct 15 to Nov 25; c) 2024 – Oct 3 to Nov 15; d) 2025 – Sep 22 to Nov 2; Source: NSO; CEIC; ICRA Research

EXHIBIT: All the six use-based categories displayed weaker MoM performance in October 2025 vs. October 2024; consumer durables and capital goods witnessed a prominent deterioration



Infra: Infrastructure/ construction goods; Cons durables: Consumer durables; Cons non-durables: Consumer non-durables; Source: NSO; CEIC; ICRA Research

EXHIBIT: MoM trends in manufacturing (weighed down by festive holidays and US tariffs and penalties) and electricity (impacted by excess rains in Oct 2025 vs. normal rains in Oct 2024) turned adverse in Oct 2025 vs. Oct 2024

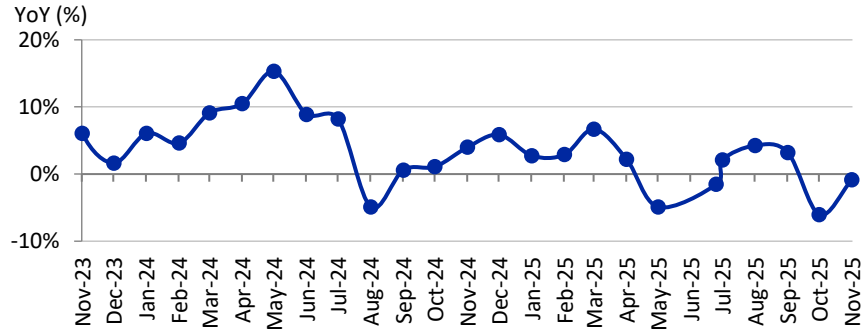


Source: NSO; CEIC; ICRA Research

- Excess rains in October 2025 (149% of LPA) as against normal rains in October 2024 (100% of LPA), significantly weighed on electricity demand and consequently the power generation (-9.4% MoM in Oct 2025 vs. +0.4% MoM in Oct 2024). While mining output (+13.5% MoM vs. +15.0% MoM) reported a healthy sequential growth, the pace of the same narrowed slightly.
- Interestingly, the consumer durables (-11.6% vs. -2.3%) and capital goods (-9.0% vs. -6.3%) segments reported a much steeper contraction in October 2025 relative to the corresponding year-ago month.
- Notably, industrial output recorded a lower sequential contraction in October 2025 relative to 3.2% in October 2022, when the festive season* had begun around the same time.

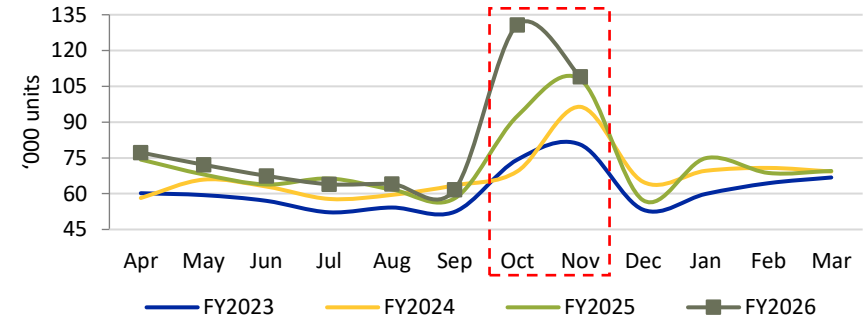
Early data for November 2025 points to mixed trends in growth momentum

EXHIBIT: YoY trends in electricity demand at all-India level



Source: POSOCO; CEIC; ICRA Research

EXHIBIT: Average daily vehicle registrations at all-India level



Source: Vahan, MoRTH; ICRA Research

- The YoY contraction in all-India electricity demand narrowed to 0.8% (average of 4.1 BU) in November 2025 from 6.0% (4.3 BU) in October 2025 (owing to excess rains at 149% of LPA in Oct 2025). The average spot power tariffs in the day-ahead-market (DAM) rose to Rs. 3.1/unit in November 2025 from Rs. 2.7/unit in October 2025, while remaining lower than Rs. 3.3/unit observed in the corresponding year-ago period.
- As per the data on the Vahan portal, the average daily vehicle registrations rose by 1.0% YoY to 109.0k units in November 2025, despite the shift in festive calendar*. However, these were expectedly lower by 16.7% relative to the levels seen in October 2025. Notably, the average levels during October-November 2025 exceeded the year-ago levels by a sharp ~20%, amid the demand boost owing to the GST rate cuts, in addition to the typical festive season uptick.
- Additionally, the pan-India UPI transactions dipped by 7.7% and 9.9% in volume (19.1 billion) and value (Rs. 24.6 trillion) terms, respectively, in November 2025, compared to October 2025. However, on a YoY basis, there was a healthy ~23% surge in UPI volumes as well as a ~14% increase in the value in November 2025.

*festive period: a) 2022 – Sep 26 to Nov 6; b) 2023 – Oct 15 to Nov 25; c) 2024 – Oct 3 to Nov 15, 2024; d) 2025 – Sep 22 to Nov 2; Source: Gol; ICRA Research

Annexure A.1.

Table A.1: Trends in IIP Growth

		Sectoral			Use-Based Classification						
		IIP	Mining	Manufacturing	Electricity	Primary	Capital	Intermediate	Infra/ Construction	Durables	Non-Durables
Weight	100.0%	14.4%	77.6%	8.0%	34.0%	8.2%	17.2%	12.3%	12.8%	15.3%	
YoY (%)											
September-25	4.6%	-0.4%	5.6%	3.1%	1.3%	5.4%	6.3%	10.6%	10.0%	-0.3%	
October-25	0.4%	-1.8%	1.8%	-6.9%	-0.6%	2.4%	0.9%	7.1%	-0.5%	-4.4%	
MoM (%)											
September-25	1.3%	-2.6%	2.5%	-3.5%	-4.0%	9.4%	0.2%	-1.3%	8.9%	9.4%	
October-25	-1.8%	13.5%	-2.8%	-9.4%	4.0%	-9.0%	-2.6%	-0.3%	-11.6%	-3.7%	
Apr-Oct FY2025 (YoY)	4.0%	3.6%	3.9%	5.4%	4.1%	3.8%	4.2%	5.8%	8.1%	-0.7%	
Apr-Oct FY2026 (YoY)	2.8%	-1.9%	3.9%	0.0%	0.1%	6.9%	4.8%	8.5%	4.0%	-2.1%	

Source: NSO; CEIC; ICRA Research

Table A.2: Sub-groups with major contribution in IIP on the basis of use-based classification

Use-Based Classification	Item Group	Sub-group	Weight (%)	Use-Based Classification	Item Group	Sub-group	Weight (%)
Primary Goods (Wt.=34.0%)	Mining	Mining	14.37	Infrastructure /Construction Goods (Wt.=12.3%)	Cement	Other non-metallic mineral	2.16
	Electricity	Electricity	7.99		Bars and Rods of Mild steel	Basic Metals	1.35
	Diesel	Coke and refined petroleum	5.71		HR coils and sheets of mild steel	Basic Metals	1.35
Capital Goods (Wt.=8.2%)	Commercial Vehicles	Motor vehicles, trailers and semi-trailers	0.94	Consumer Durables (Wt.=12.8%)	Auto components/ spares and accessories	Motor vehicles, trailers and semi-trailers	2.59
	Stationary and internal combustion piston engines not for motor vehicles	Machinery and equipment N.E.C.	0.51		Two-wheelers (motorcycles/ scooters)	Other transport equipment	1.36
	Generators / Alternators	Electrical Equipment	0.46		Readymade Garments	Wearing Apparel	1.01
Intermediate Goods (Wt.=17.2%)	Naphtha	Coke and refined petroleum	1.15	Consumer Non-durables (Wt.=15.3%)	API & formulations of vitamins	Pharmaceuticals, medicinal chemical and botanical	0.85
	MS blooms/ billets/ ingots/ pencil ingots	Basic Metals	0.95		Sugar	Food	0.76
	MS slabs	Basic Metals	0.84		Steroids and hormonal preparations	Pharmaceuticals, medicinal chemical and botanical	0.72

Source: NSO; CEIC; ICRA Research



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