



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

**Activity normalised post festivals with
10.8% growth in November 2025;
October-November average was up
8.2% YoY, similar to Q2 FY2026 print**

DECEMBER 2025





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ICRA Business Activity Monitor is a composite indicator that comprises:

- Auto production (2Ws and PVs)
- Vehicle registrations
- Mining output
- Power generation
- Cement output
- 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

The year-on-year (YoY) growth in economic activity, as measured by the ICRA Business Activity Monitor - an Index of high frequency indicators, expectedly surged to a 13-month high of 10.8% in November 2025 from 5.7% in October 2025, albeit partly led by a shift in the festive season* and the dissipation of the adverse impact of excess unseasonal rains on the mining, electricity and construction sectors. Growth averaged at a robust 8.2% YoY October-November 2025, similar to the 8.1% seen in Q2 FY2026, suggesting that the economic momentum remained healthy in the first two months of Q3 FY2026. Core output reverted to a YoY growth of 1.8% in November 2025, after contracting by 0.1% in October 2025, aided by a favourable base, with five of the eight sectors reporting an improvement between these months. Given these trends, ICRA expects the Index of Industrial Production (IIP) growth to edge up to 3.5-4.5% in November 2025 from 0.4% in the previous month. The early data for December 2025 is healthy, with a YoY expansion in electricity demand after a gap of two months, and a continued growth in vehicle registrations even after the surge during the festive season.

- **Growth in ICRA Business Activity Monitor rebounded to 10.8% in November 2025 on a festive base:** The YoY growth in the Index accelerated significantly to a 13-month high 10.8% in November 2025 from 5.7% in October 2025. This was partially boosted by the low base related to festive holidays* in November 2024 as against normalisation of activity in November 2025 after the festive season. As many as 14 of the 16 constituent indicators witnessed YoY improvement in November 2025 as compared to October 2025, like automobile output, non-oil exports, GST e-way bills and indicators of mining and construction sectors.
- **Core output rose by a tepid 1.8% YoY in November 2025:** Core output reverted to a YoY growth of 1.8% in November 2025, after contracting by 0.1% in October 2025, partly aided by a favourable base (Oct /Nov 2024: +8.0%/+5.8%), as well as seasonal pick up in mining and construction activity. This is reflected in YoY improvement in five of the eight sectors like coal, electricity, steel and cement in November 2025. Based on the core sector growth and other high frequency indicators, we expect the IIP to grow by 3.5-4.5% in November 2025 (+0.4% in Oct 2025).

*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.

EXHIBIT: YoY growth of ICRA Business Activity Monitor

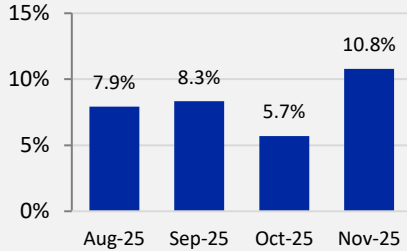
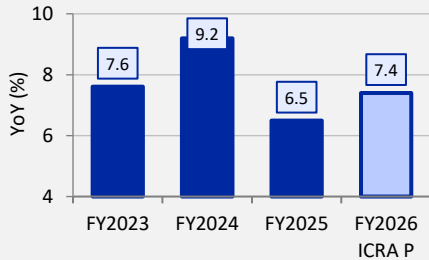


EXHIBIT: YoY trends in GDP growth (at constant 2011-12 prices)



P: Projected; Source: NSO; ICRA Research

- Financial indicators showed a mixed trend in November 2025:** Six of the 12 indicators pertaining to financial conditions saw some improvement in November 2025 as compared to October 2025. Labour market conditions improved, with the unemployment rate dipping to 4.7% in November 2025, the lowest level since the monthly data releases began in April 2025, amid a continued uptick in the Worker-to-Population (WPR) ratio.
- Early data for December 2025 appears positive:** The average daily vehicle registrations rose by ~8% YoY to 66.7k/units during December 1-23, 2025, while being ~40% lower MoM vs. November 2025, owing to seasonality. Additionally, electricity demand has risen by 4.9% YoY in December 2025 so far (till December 22) after contracting in each of the last two months, amid onset of winter season across some parts of the country.
- GDP growth likely to ease in H2 FY2026:** Growth in the ICRA Business Activity Monitor averaged at a robust 8.2% YoY October-November 2025, similar to the 8.1% in Q2 FY2026, suggesting that the economic momentum remained healthy in the first two months of Q3 FY2026. However, the trend was mixed across indicators, with consumption and manufacturing volumes of some segments witnessing an uptick, owing to the GST rate cuts and festive season (vehicle registrations were up 21% YoY in October-November FY2026). Moreover, mining and construction activity, as well as electricity demand witnessed some recovery in the ongoing post monsoon season, as reflected in the November and early-December 2025 data. Additionally, the sowing of rabi crops has risen by 8% YoY till December 19. However, the drag from slowdown in exports is likely to intensify in H2 v. H1 FY2026, unless a trade deal with the US materialises, and thus weigh on economic activity. Besides, the pace of the Government capex is set to slow in H2, after the frontloading seen in H1 FY2026. As a result, ICRA currently expects the GDP growth to ease below 7.0% in H2 FY2026 (+6.9% in H2 FY2025) from 8.0% in H1 FY2026 (+6.1% in H1 FY2025), with the unfavourable base also exerting some pressure. Overall, GDP growth is expected to average at 7.4% in FY2026 (+6.5% in FY2025).

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	Mining Output (Coal, Crude oil and Natural gas)	Power Generation	Cement Output	Finished Steel Consumption	Non-oil Merchandise Exports	Cargo handled at Major Ports	Consumption of Petrol and Diesel	Generation of GST e-way bills	Domestic Airline Passenger Traffic	Aggregate Deposits and Non-food credit of SCBs

SCB: Scheduled Commercial Banks; PV: Passenger Vehicles; 2W: Two-wheelers; Source: ICRA Research

YoY growth in ICRA Business Activity Monitor surged to 13-month high of 10.8% in November 2025, partly led by shift in festive season

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

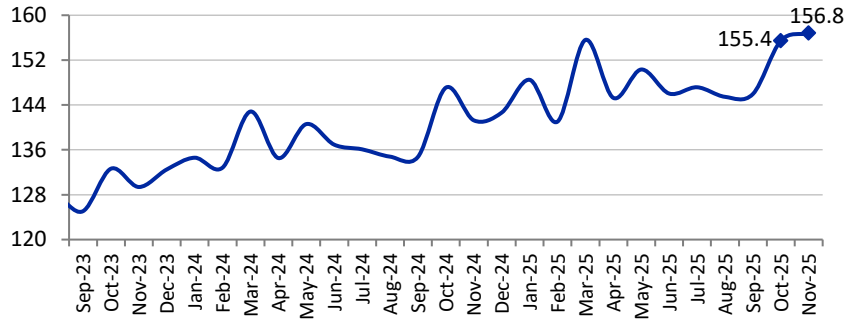
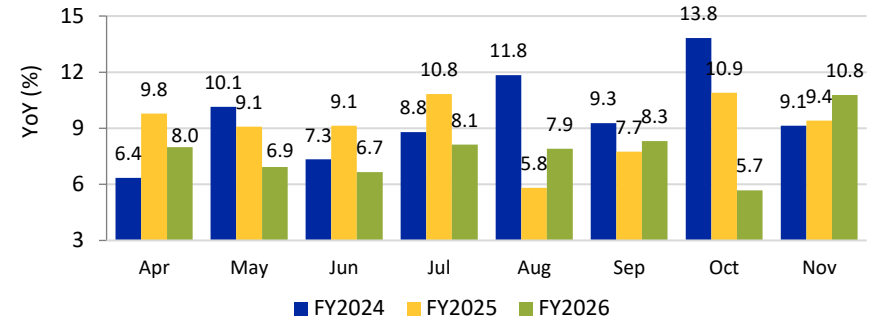


EXHIBIT: YoY growth of ICRA Business Activity Monitor



For details on the construction of the ICRA Business Activity Monitor, please refer to the [Annexure A.1](#); *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: ICRA Research.

- While the YoY growth in the ICRA Business Activity Monitor surged to a 13-month high of 10.8% in November 2025 (+9.4% in Nov 2024) from 5.7% in October 2025 (+10.9% in Oct 2024), this was partly driven by a shift in festive dates*. Growth averaged at 8.2% YoY October-November 2025, similar to the 8.1% seen in Q2 FY2026.
- As many as 14 of the 16 constituent indicators reported an improvement in their YoY performance in November 2025 relative to October 2025. The growth in auto output (including PVs and 2Ws) improved sharply in November 2025, owing to higher number of working days, apart from a dip in dealership inventory. While the growth in vehicle registrations cooled off significantly (to just +2.4% in Nov 2025 from +41.4% in Oct 2025) after the festive and GST cut-related surge in October 2025, this was attributed to the high base related to festive retails seen during November 2024.
- The performance of trade and transport-related indicators such as non-oil exports, ports cargo traffic, GST e-way bill generation and domestic airline passenger traffic also improved materially between these months, partly aided by the shift in the festive season. Besides, indicators pertaining to construction activity (cement output and finished steel consumption), mining output, and electricity generation also witnessed an improvement in their YoY performance in November 2025, after excess unseasonal rainfall (at 149% of LPA in Oct 2025) impacted activity across these sectors in October 2025.

YoY performance of 14 of the 16 constituent indicators improved in November vs. October 2025

EXHIBIT: Heatmap of high frequency indicators

YoY (%)	Auto Output			Vehicle Registration	Mining output	Power Generation	Non-oil Exports	Ports Cargo Traffic	GST e-way bills	Finished Steel Consumption	Cement Output	Domestic Airline Passengers	Petrol	Diesel	Bank Deposits#	Non-Food Bank Credit#
	PV output	Scooter output	Motorcycle output													
Aug-25	-4.1	17.3	7.5	3.8	6.3	4.1	6.4	2.5	22.4	8.5	5.4	-1.4	5.5	1.2	10.22	9.9
Sep-25	16.1	10.4	9.6	6.4	-1.7	3.1	4.9	11.5	21.0	8.1	5.0	-2.9	8.0	6.6	9.5	10.2
Oct-25	9.8	2.8	-8.6	41.4	-6.4	-6.9	-12.0	11.9	8.2	2.6	5.2	2.7	7.4	-0.3	9.7	11.1
Nov-25	22.8	27.8	18.5	2.4	0.3	-2.2	20.3	14.6	27.6	7.1	14.5	8.4	2.6	4.7	10.2	11.4

YoY growth; sequential pick-up

YoY growth; sequential dip

YoY growth; no sequential change

YoY contraction; sequential pickup

YoY contraction; sequential dip

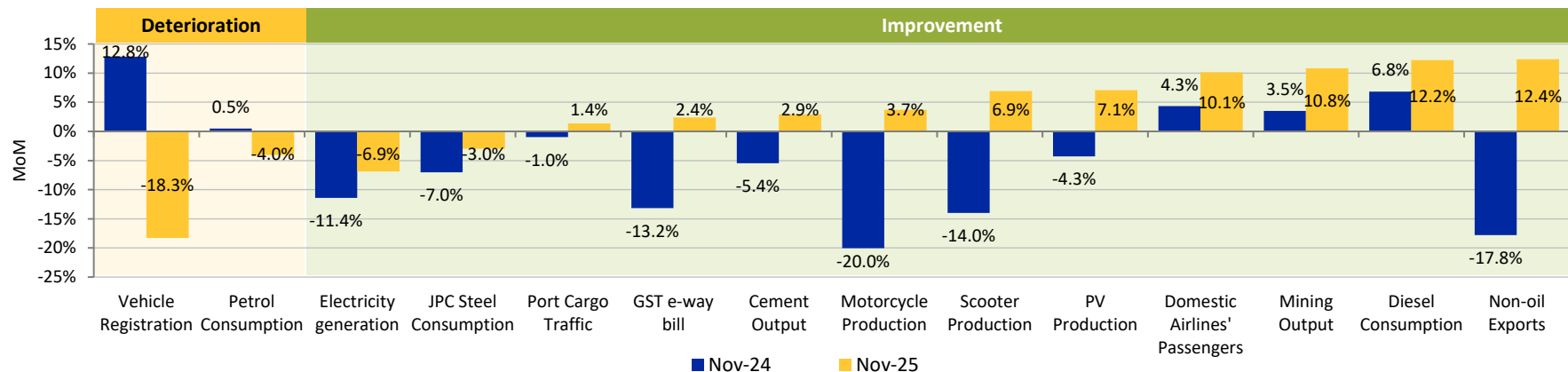
As many as 14 indicators saw an improvement in their YoY growth in November vis-à-vis October 2025, with four of these reverting to an expansion from a contraction. However, this improvement must be interpreted with caution given the shift in the festive season* compared to the year ago period.

including the impact of merger of HDFC and HDFC bank; SCBs; Scheduled Commercial Banks; 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; Mining output includes coal, crude oil and natural gas indices from core sector data; Source: Joint Plant Committee; Indian Ports Association; Ministry of Finance; Ministry of Commerce and Industry, 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

**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*

Sequential uptick in index was slightly lower in November 2025 vs. 2022

EXHIBIT: MoM performance of non-financial economic indicators in November 2025 relative to 2024



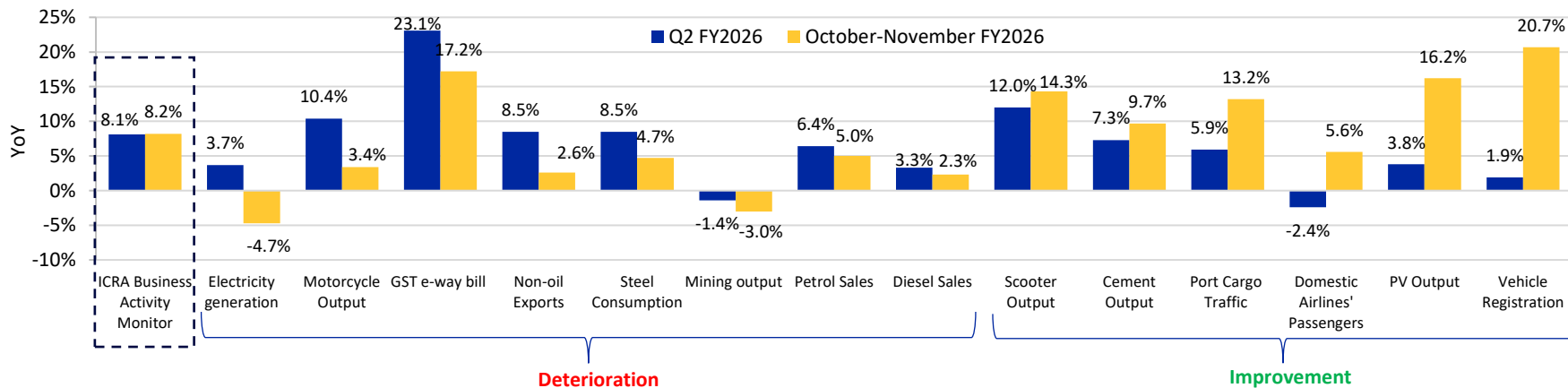
- On a sequential basis, the ICRA Business Activity Monitor reported an uptick of 0.9% MoM in November 2025, in contrast to the 3.8% decline seen in the corresponding year-ago month, with most indicators recording a stronger sequential performance in November 2025 vis-à-vis 2024. However, this was likely on account of a shift in the festive season*.
- Notably, the MoM uptick in the index was lower than the 1.7% seen in November 2022, when the festive season had begun around the same time. This deterioration in the sequential performance was driven by four of the 14 non-financial indicators, including electricity generation, generation of GST e-way bills, vehicle registrations, and cement output.

*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: CEA; MoRTH; Ministry of Commerce and Industry, Gol; Indian Ports Association; GSTN; DGCA; PPAC; JPC; RBI; CEIC; CMIE ICRA Research

High frequency indicators reveal mixed trends in October-November FY2026 vis-à-vis Q2 FY2026

EXHIBIT: YoY performance of high frequency non-agri indicators in Q2 FY2026 and October-November FY2026



- The YoY growth in the ICRA Business Activity Monitor inched up to 8.2% in October-November FY2026 (+10.1% in Oct-Nov FY2025) from 8.1% in Q2 FY2026 (+8.1% in Q2 FY2025), suggesting that the momentum in economic activity remained healthy aided by the festive demand. However, the trend was mixed across non-agri indicators, with the YoY performance of as many eight of the 16 indicators witnessing a deterioration vis-à-vis Q2 FY2026.
- The YoY performance of PV and scooter output as well as vehicle registrations saw an improvement in October-November FY2026 vis-à-vis Q2, owing to the consumption boost post the GST rate cuts as well as the seasonal festive uptick. Additionally, cargo traffic at major ports, cement output, and domestic airline passenger traffic also saw a better YoY performance during this period.
- Eight indicators saw a moderation during October-November FY2026 compared to Q2 FY2026, including non-oil exports (partly reflecting the impact of the tariffs), electricity generation and mining output (impacted by untimely rains in October), finished steel consumption and fuel consumption (partly owing to an adverse base).

Source: CIL; Ministry of Commerce, GoI; Indian Railways; Indian Ports Association; JPC; RBI; PPAC; CMIE; PPAC; CEA; GSTN; DGCA; Ministry of Road Transport and Highways; CEIC; ICRA Research

Core output expanded by 1.8% in November 2025 following the contraction in October 2025, while remaining lacklustre

EXHIBIT: YoY trends in output of core sector

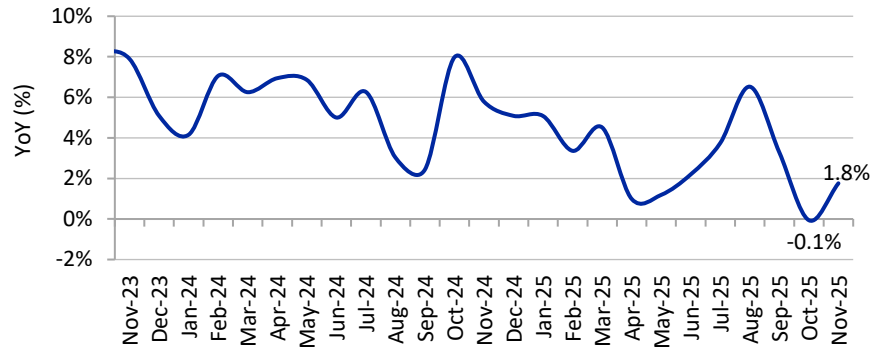
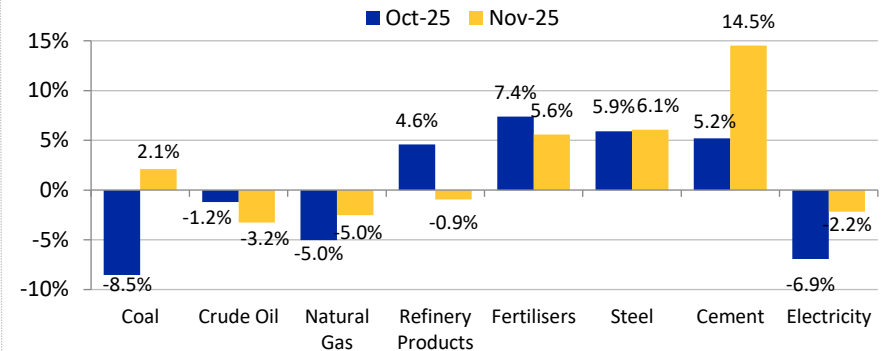


EXHIBIT: YoY performance of core sector and its sub-components

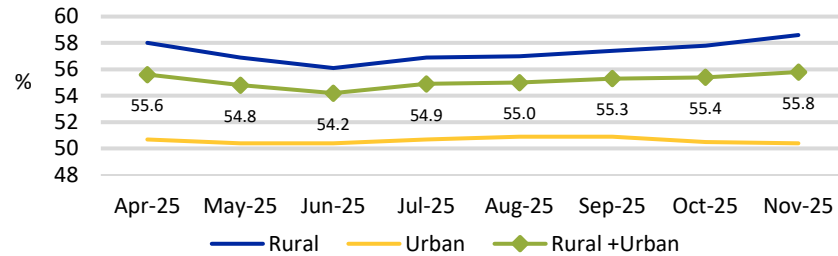


Source: Index of Eight Core Industries, Office of Economic Adviser, Ministry of Commerce and Industry; CEIC; ICRA Research

- Core output reverted to a YoY growth of 1.8% in November 2025, after contracting by 0.1% in October 2025 (initial estimate: 0.0%; weakest in 56 months) aided by a favourable base (Oct /Nov 2024: +8.0%/+5.8%), with five of the eight sectors reporting an improvement between these months.
- Mining activity picked up in November 2025 after being constrained by excess rainfall in October 2025, with coal output (to +2.1% from -8.5% in October 2025) reversing to an expansion in the month. Additionally, the YoY contraction in electricity generation (to -2.2% from -6.9%) narrowed between these months with an uptick in demand amid the onset of the winter season. Besides, the growth in steel (to +6.1% from +5.9%) and cement (to 13-month high +14.5% from +5.2%) output accelerated in November 2025 relative to the prior month. In contrast, the YoY performance of refinery products (to -0.9% from +4.6%), crude oil (to -3.2% from -1.2%), and fertilisers (to +5.6% from +7.4%) reported a deterioration in November 2025 compared to October 2025.
- The average core sector growth for October and November 2025 stands at a meagre 0.8% (+6.9% in Oct-Nov FY2025), lower than the 4.5% recorded in Q2 FY2026 (+3.9% in Q2 FY2025), albeit partly on account of an adverse base.
- Based on the core sector growth and other high frequency indicators, we expect the IIP to rise by 3.5-4.5% in November 2025 (+0.4% in Oct 2025).**

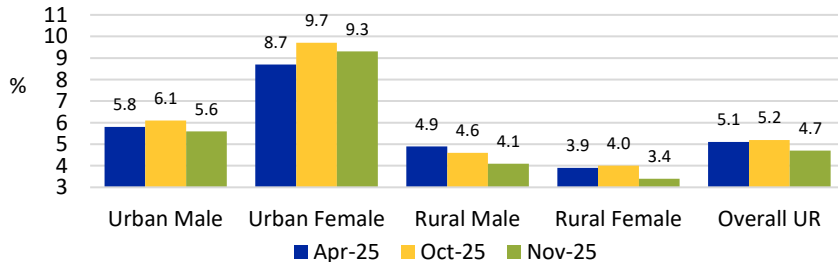
All-India unemployment rate dipped to 4.7% in November 2025, the lowest in at least eight months

EXHIBIT: The all-India Labour Force Participation Rate (LFPR) rose to 55.8% in Nov 2025, the highest level since Apr 2025, primarily led by rural areas (to 58.6% vs. 58.0% in Apr 2025)



LFPR is defined as the percentage of persons in labour force (i.e. working or seeking or available for work) in the population.

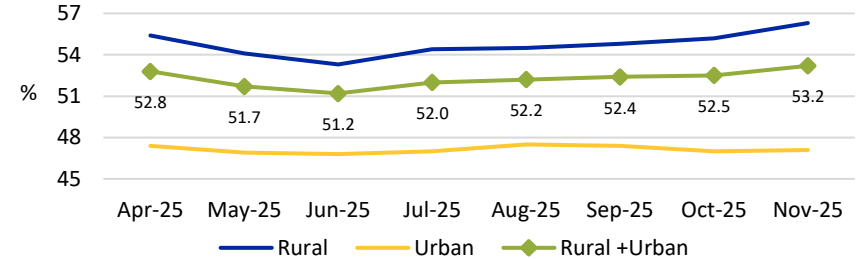
EXHIBIT: The all-India Unemployment Rate (UR) reported a decline between Apr 2025 (5.1%) and Nov 2025 (4.7%), led by falling UR in rural areas; the UR for urban females remains at elevated levels (9.3% in Nov 2025)



UR is defined as the percentage of persons unemployed among the persons in the labour force.

Based on CWS for persons of age 15 years and above; Source: PLFS-Monthly Bulletin, MOSPI; ICRA Research

EXHIBIT: The all-India Worker-Population Ratio (WPR) also rose to a high of 53.2% in Nov 2025; the rise in WPR (+40 bps) exceeded that in LFPR (+20 bps) between Nov 2025 and Apr 2025, pulling down the UR



WPR is defined as the percentage of employed persons in the population.

- The all-India Unemployment Rate (UR) dipped to 4.7% in November 2025, the lowest level since the monthly data releases began in April 2025. This was largely led by dip in UR in rural areas (to 3.9% in Nov 2025 from 4.5% in Apr 2025) while urban UR remained unchanged at 6.5% between these months.
- Within rural areas, the fall in the UR in November 2025 vis-à-vis April 2025 was led by males (-80 bps to 4.1%) and females (-50 bps to 3.4%). Notably, both reported their lowest levels in November 2025, along with urban men.
- The UR among urban females remained elevated at 9.3% (vs. 8.7% in Apr 2025), amid greater fall in WPR (-40 bps to 23.1%) vs. LFPR (-20 bps to 25.5%).
- The unavailability of month-wise year-ago data makes the analysis of labour market conditions challenging.

Financial indicators displayed a mixed trend in November 2025 vis-à-vis October

EXHIBIT: Heatmap of high frequency indicators pertaining to financial conditions

Financial Indicators*	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
WAMMR spread (bps)	-7	5	4	-3	-7	-22	-27	-30	-18	-17	-11	-10	-23
Net LAF/NDTL (%)	0.6	-0.3	-0.9	-0.7	-0.5	0.6	0.7	1.2	1.3	1.2	0.6	0.4	0.7
Yield curve level (%)	6.77	6.72	6.75	6.69	6.66	6.31	6.15	6.11	6.12	6.27	6.31	6.23	6.25
Yield curve slope (bps)	38	28	19	27	20	45	52	93	102	105	111	110	113
3Y AAA spread (bps)	93	103	108	106	111	102	109	101	95	80	91	100	100
5Y AAA spread (bps)	84	88	83	87	100	102	103	99	111	91	92	102	88
BSE Sensex return (%)	0.5	-2.1	-0.8	-5.6	5.8	3.7	1.5	2.6	-2.9	-1.7	0.6	4.6	2.1
PE level vs. 2YMA	94.7	96.2	92.9	89.4	88.3	91.4	96.5	98.5	100.8	96.7	96.5	98.6	99.5
India VIX	1,766	1,782	1,742	1,711	1,670	1,729	1,799	1,821	1,847	1,809	1,834	1,846	1,874
India-US yield differential (bps)	250	239	217	230	246	218	185	196	201	232	251	249	249
INR return (%)	-0.6	-1.2	-1.1	-1.1	2.3	1.1	-1.1	-0.2	-2.1	-0.7	-0.8	0.1	-0.7
1M forward premia (%/annum)	1.64	2.69	3.24	2.68	3.29	2.81	2.33	1.52	1.61	1.72	1.90	1.95	1.89

Easier financial conditions

Neutral

Tighter financial conditions

Indicators pertaining to financial market conditions displayed a mixed picture in November 2025 compared to October 2025. While conditions improved in money markets, the trend was mixed across bond markets and weakened in equity and forex markets between these months.

WAMMR: Weighted average money market rate; LAF: Liquidity adjustment facility, NDTL: Net Time and Demand Liabilities, VIX: Volatility Index; 2YMA: 2 Year Moving Average; PE: Price to earnings ratio; *Refer to [Annexure C](#) for the detailed explanation on indicators; Source: CMIE, RBI, BSE, CEIC, ICRA Research

Flow of financial resources to the commercial sector quite strong in 8M FY2026

EXHIBIT: Flow of Financial Resources to the Commercial Sector in India

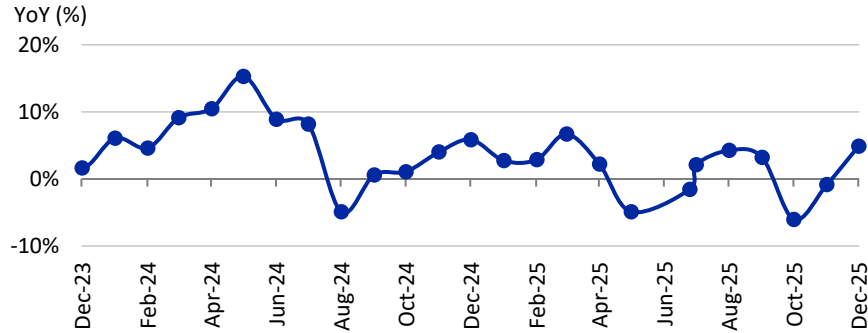
Source (Rs. Billion)	FY2024	FY2025	8M FY2025	8M FY2026
1. Non-Food Bank Credit	21,402	17,983	10,486	12,401
2. Non-Bank Sources (A+B)	12,637	17,105	7,861	10,166
A. Domestic Sources	10,203	13,856	5,857	7,488
Equity Issuances* ¹	1,350	3,812	2,254	1,778
Corporate Bond Issuances* ¹	1,674	1,978	465	2,610
Hybrid Instruments (REITs/ InvITs)* ¹	390	314	106	101
Commercial Paper Issuances*	197	188	734	759
Credit by HFCs** ¹	1,418	1,349	-202	-18
Credit by RBI-regulated AIFs ¹	734	995	99	-266
Credit by NBFCs** ²	4,440	5,220	2,402	2,523
B. Foreign Sources	2,434	3,249	2,003	2,679
ECBs* ¹	279	192	71	265
Short-term Credit from Abroad ²	-67	589	632	250
FDI to India ²	2,222	2,468	1,301	2,164
Total Flow of Resources (1+2)	34,040	35,088	18,347	22,567

¹data for 8M is up to October; ²data for 8M is up to September; ³data for 8M is up to August; *by Non-Financial Entities; **Net of Bank Borrowings; data pertaining to HDFC Ltd, which merged with HDFC Bank effective from July 1, 2023, is included under credit by HFCs prior to its merger while it is included under bank credit post-merger; Source: RBI, ICRA Research

- The flow of financial resources to the commercial sector expanded by a healthy 23% YoY to Rs. 22.6 trillion during April-November 2025 from Rs. 18.3 trillion in the year ago period. This Rs. 4.2 trillion incremental expansion was primarily led by non-bank sources (+29.3%; +Rs. 2.3 trillion) followed by non-food bank credit (+18.3%; +Rs. 1.9 trillion). The share of the former in the total flow of resources inched up to 45% during 8M FY2026 from 42.8% in the year ago period.
- The incremental uptick in non-bank sources was led by corporate bond issuances, which expanded sharply by Rs. 2.1 trillion to Rs. 2.6 trillion during 8M FY2026 from Rs. 0.5 trillion in 8M FY2025. The faster transmission of rate cuts to market yields had increased the attractiveness of bond markets in the early part of the fiscal, although this trend reversed thereafter as transmission to bank lending rates improved while bond yields inched higher. Among other non-bank domestic sources, equity issuances dipped in 8M FY2026 compared to the year ago levels.
- Besides, financial resources from foreign sources rose by 33.7% YoY to Rs. 2.7 trillion, aided by healthy FDI inflows and ECBs. The share of foreign sources inched up to 11.9% in 8M FY2026 from 10.9% in 8M FY2025.
- Overall, the flow of financial resources to the commercial sector has been quite strong in 8M FY2026, suggesting that economic activity remained robust during this period.

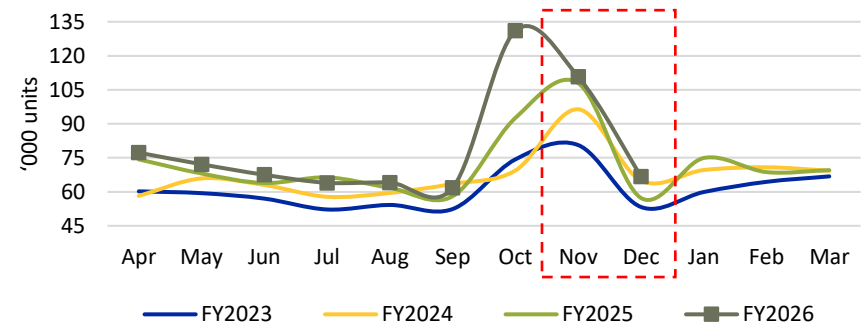
Early data for December 2025 is positive

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



Data for December 2025 is till December 22; Source: POSOCO; CEIC; ICRA Research

EXHIBIT: Average daily vehicle registrations at all-India level



Data for December 2025 is till December 23; Source: Vahan, MoRTH; ICRA Research

- The all-India electricity demand has improved during December 1-22, 2025, rising by 4.9% YoY (average of 4.4 BU), owing to recovery in demand amid the onset of the winter season in some regions of the country. This follows a contraction of 0.8% in November 2025 (4.1 BU) and 6.0% (4.3 BU) in October 2025. Mirrored by the uptick in demand levels, the average spot power tariffs in the day-ahead-market (DAM) have risen to Rs. 3.8/unit during December 1-22, 2025 from Rs. 3.1/unit in November 2025, as well as Rs. 3.7/unit observed in the corresponding year-ago period. During Q3 FY2026 (till Dec 22), demand has fallen by 1.4% YoY (+3.5% in Q3 FY2025), after showing a growth of 3.2% in Q2 FY2026 (+1.1% in Q2 FY2025), partly dulled by the unfavourable base and unseasonal rains in October 2025.
- As per the data available on the Vahan portal, the average daily vehicle registrations are up by ~8% YoY to 66.7k/units during December 1-23, 2025 compared to ~62k/units during the similar period of last year, supported by continued demand boost owing to the GST rate cuts as well as the OEM-dealer retail offers. However, in line with seasonal trends of previous years, the registrations have normalised sequentially over the November 2025 level (-40%). In Q3 FY2026 so far (till Dec 23), registrations expanded by ~20% on a YoY basis (vs +2.0% in Q2 FY2026), reflecting the strong festive demand.

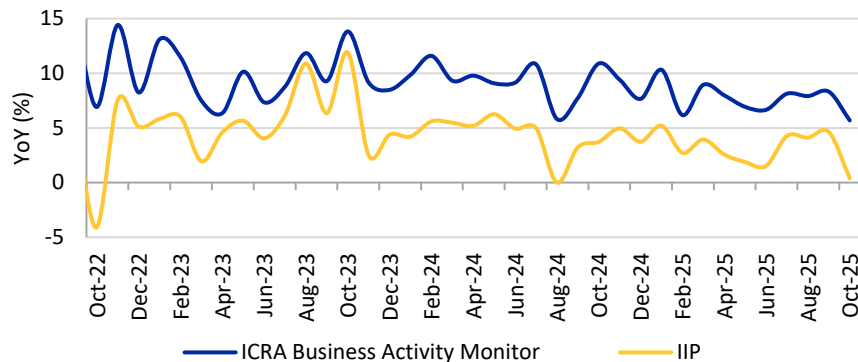
The ICRA Business Activity Monitor - an Index of high frequency economic indicators, is a composite tool that gauges economic activity each month. While several high frequency indicators are released every month, each of these provides insights on the performance of a select segment of the economy. It 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 18 monthly high frequency indicators – auto production (comprising passenger vehicle, motorcycle and scooter production), mining output (weighted average of the coal, crude and natural gas indices based on the core output data), electricity generation, non-oil merchandise exports, 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, cement output and finished 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 indicators.

The ICRA Business Activity Monitor gives us the net direction of the 18 high frequency indicators and can be used to assess economic conditions across time periods. For instance, a moderation in the YoY growth of the Index to 5.7% in October 2025 from 8.3% in September 2025, signifies that the momentum in economic activity deteriorated in October 2025 vis-à-vis in September 2025.

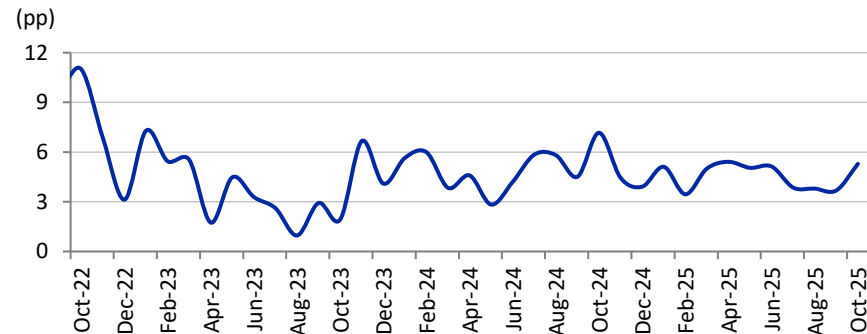
While summary measures of economic activity such as the GDP and the Index of Industrial Production (IIP) are released by the Government, these are available with relatively longer lags. The GDP data is available for a quarterly or higher frequency and is released with a lag of two months post the end 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 October 2025 was to be released on November 28, 2025). Moreover, 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 around three weeks (E.g. Business Activity Monitor for October 2025 was available by November 24, 2025), thereby enabling a faster assessment of economic activity in the immediately preceding month.

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

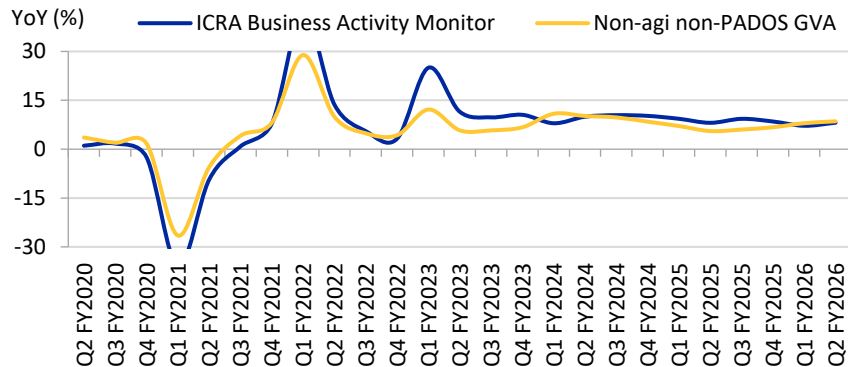


Source: ICRA Research

- 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 53, respectively, of the 79 months between April 2019 and October 2025.
- Further, the ICRA Business Activity Monitor correctly predicted the YoY growth accelerations and decelerations in the IIP on 62 of the 79 occasions during this period. The deviations in the YoY growth between the ICRA Business Activity Monitor and the IIP were positive/negative in 67/12 of the 79 months.

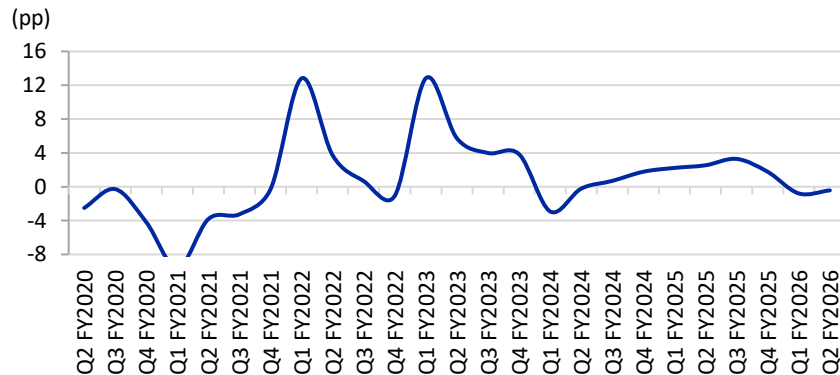
Annexure A.3: ICRA Business Activity Monitor

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

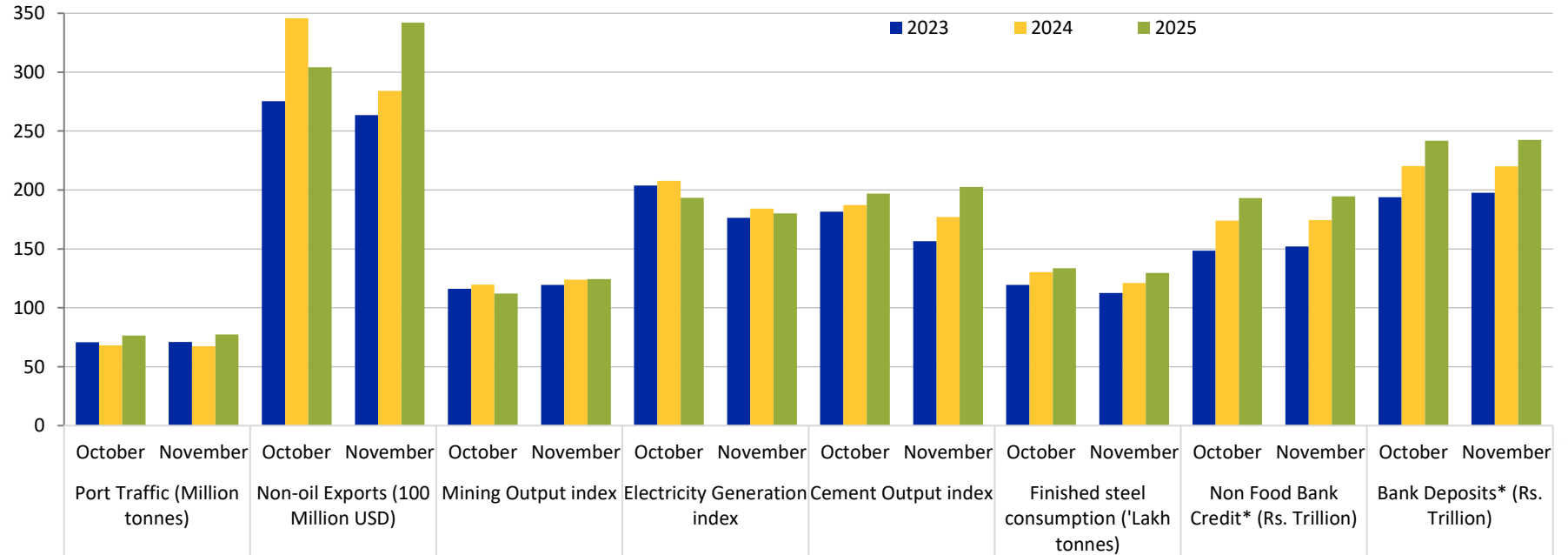


Source: ICRA Research

- 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 17 of the 26 quarters between Q1 FY2020 and Q2 FY2026.
- 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: Volume of 15 of 16 indicators rose in November 2025 vs. 2024 - I

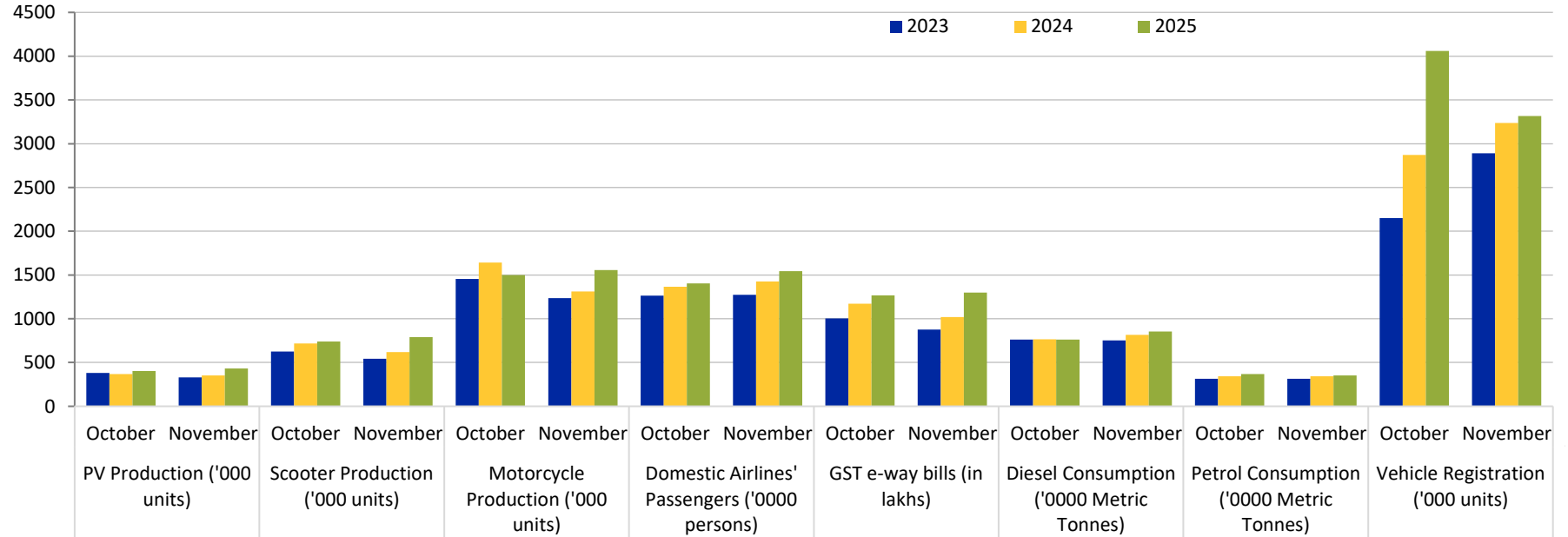
EXHIBIT: Trends in Volumes for Last Three Years in October and November (Part - I)



Source: Ministry of Commerce and Industry, GoI; Indian Ports Association; JPC; RBI; CEIC; CMIE; ICRA Research

Annexure B.2: Volume of 15 of 16 indicators rose in November 2025 vs. 2024 - I

EXHIBIT: Trends in Volumes for Last Three Years in October and November (Part - II)



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

To gauge financial conditions in the Indian economy, ICRA has assessed the performance of 12 high frequency indicators across the money, G-sec, Corporate Bond, forex and equity markets. These include:

- **Weighted Average Money Market Rate (WAMMR) spread:** The WAMMR captures the cost of overnight funds for banks and non-banks. A higher (lower) spread between the WAMMR and the repo rate is typically associated with tighter (easier) financial conditions in the money market.
- **Net LAF/NDTL:** Liquidity conditions are determined by net balances under the liquidity adjustment facility (LAF) as a proportion of net demand and time liabilities (NDTL). A negative (positive) value depicts liquidity deficit (surplus) in the banking system, implying tighter (easier) financial conditions.
- **Yield curve level:** This is computed by averaging the yields of 91-day T-bill, and 3, 5, 10 and 30-year dated securities. A higher level of the yield curve is led by an increase in interest rates which implies an increase in financing costs, thus reflecting a tightening in financial conditions.
- **Yield curve slope:** It is the term spread, captured as the difference between the 10Y G-sec yield and 91-day T-bill yield. A higher slope largely reflects low short-term rates, hence, easier financial conditions.
- **3Y/5Y AAA bond spread:** It is the credit spread, computed as the difference between the AAA Corporate Bond yield and G-sec yield of same maturity. An increase (decrease) in the spread reflects tighter (easier) financial conditions.
- **BSE Sensex Return:** Higher returns attract greater FII inflows, which affect valuations and have a positive impact on market sentiment, implying easier financial conditions. The data at the last working day of the month vis-à-vis the previous month-end data is used to compute the monthly returns.
- **PE level vs. 2YMA:** It is the PE ratio relative to the 2-year moving average. A decline (rise) in this ratio is associated with tighter (easier) financial conditions.
- **India VIX:** The India Volatility Index measures the market's anticipation of volatility/fluctuations in near term. A higher (lower) value depicts more volatility and tighter (easier) financial conditions.
- **INR Return:** This is the MoM change in USD/INR rate [appreciation (+)/depreciation (-)]. A depreciation leads to an increase in debt servicing cost, thus leading to tighter financial conditions.
- **India-US yield differential:** An increase in yield differential reflects relatively higher domestic interest rate, and is associated with tighter financial conditions.
- **1M Forward Premia:** A forward premium in currency exchange occurs when the price of a currency for future delivery (forward rate) is higher than its current price (spot rate). Increase in 1M forward premia is usually linked to tighter financial conditions.



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