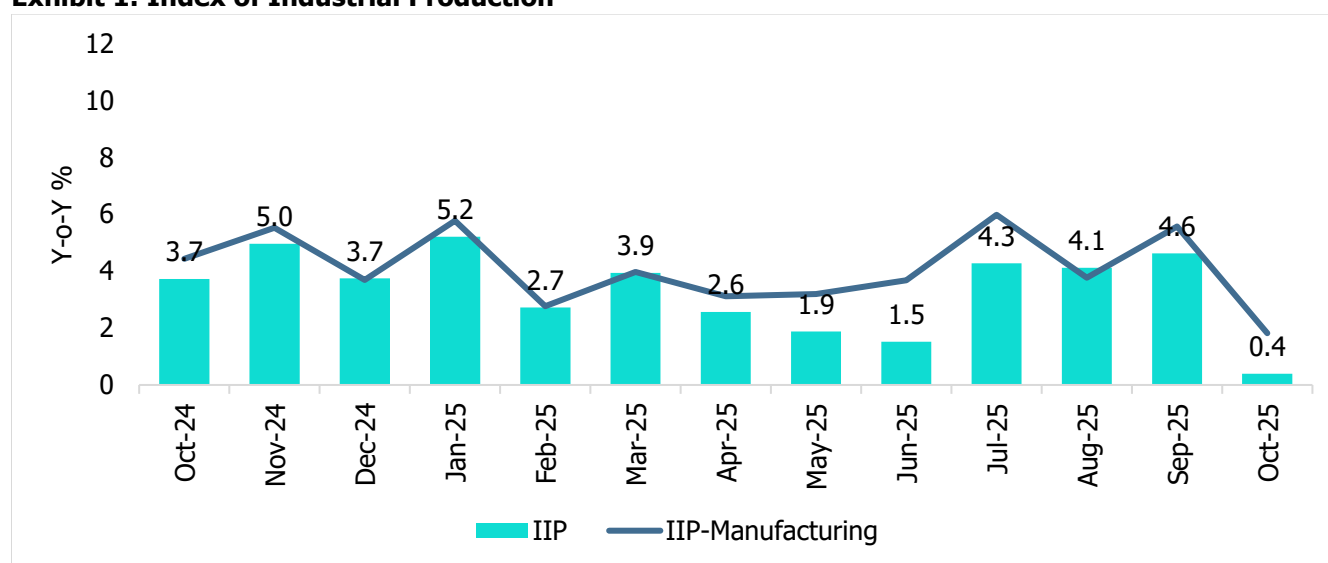


IIP Growth Slowed to 0.4% in October 2025

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India's IIP growth moderated to a fourteen-month low of 0.4% in October. Moderation in the manufacturing sector growth, along with de-growth in mining as well as electricity sector, weighed on the overall IIP growth. While the weaker print can be partly attributed to fewer working days due to multiple festivals, the softness in momentum remains a key monitorable in the coming months. Moreover, demand-side indicators softened, as both consumer durables and non-durables saw output contraction. A broad-based momentum in the domestic demand scenario remains critical for supporting IIP momentum going forward.

Exhibit 1: Index of Industrial Production



Source: MOSPI, CareEdge

Manufacturing sector output slowed sharply to 1.8% in October, from 5.6% in September. On a year-on-year basis, 14 of the 23 manufacturing subcategories recorded contraction. Growth in the output of basic metals, the largest component within manufacturing, with a weight of 12.8%, moderated to 6.6%, from 12.7% in the previous month. A broad-based contraction was seen in the export-oriented categories such as leather and related products, wearing apparel, and textiles. Electricity output slipped into the negative territory, contracting by 6.9% compared with 3.1% growth in the previous month. The mining sector remained weak as well, with output declining by 1.8% after a 0.4% contraction previously.

Within the use-based classification, infrastructure and construction goods continued to post healthy expansion (7.1% Vs 10.6%), supported by strong capex at the Central as well as state government level. Additionally, our analysis of order books for a sample of capital goods companies points towards a favourable capex outlook. On the consumption front, both consumer durables and non-durables recorded a decline in output in October, contracting by 0.5% (Vs growth of 10%) and 4.4% (Vs 0.3% contraction), respectively.

Table 1: Component-wise Breakup of IIP Growth (Y-o-Y %)

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Sectoral						
Mining & quarrying	-0.1	-8.7	-7.2	6.6	-0.4	-1.8
Manufacturing	3.2	3.7	6.0	3.8	5.6	1.8
Electricity	-4.7	-1.2	3.7	4.1	3.1	-6.9
Use-based						
Primary goods	-1.4	-2.5	-0.7	5.4	1.3	-0.6
Capital goods	13.3	3.0	6.8	4.5	5.4	2.4
Intermediate goods	4.7	5.5	6.1	5.2	6.3	0.9
Infrastructure/construction goods	6.7	6.7	13.7	10.4	10.6	7.1
Consumer durables	-0.9	2.8	7.3	3.5	10.0	-0.5
Consumer non-durables	-1.0	-0.9	0.5	-6.4	-0.3	-4.4
Industrial Output	1.9	1.5	4.3	4.1	4.6	0.4

Source: MOSPI, CareEdge

Way Forward

Going ahead, the consumption trends in the economy continue to remain a critical monitorable. Several factors, such as reductions in the income tax rate, rationalisation of the GST rate, and the easing of inflationary pressures, have boded well for consumption. While rural demand conditions remain steady, broad-based domestic demand momentum remains critical for supporting IIP growth going forward. Apart from domestic demand, it will be crucial to monitor external headwinds, which can weigh on the industrial production.

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