



Economic Research Section

Industrial growth holds steady at 0.40% in October'25

01st Dec'2025

The **Index of Industrial Production (IIP)** is a monthly economic indicator that measures the performance of Industrial Sectors of the Indian Economy, indicates how much industrial production has grown or declined compared to a base year (Currently 2011-12), to track the short-term changes in the volume of Industrial Output which helps the government, economists, investors and analysts to gauge the health of the industrial sector.

Industrial Production (IIP): India's industrial activity lost momentum sharply in October'25, with the IIP registering a year-on-year growth of just 0.4%, a steep decline from 4.0% in September'25. The subdued performance was mainly due to a lower number of working days during the month on account of major festivals such as Dussehra, Diwali and Chhath, along with weak electricity generation and contraction in mining activity.

Overall IIP index: The Quick Estimate of the overall IIP index for October 2025 stood at 150.9, marginally higher than 150.3 in October 2024, reflecting near-stagnation in industrial output.

➤ Sector-wise Growth:

(Growth over the corresponding period of previous year in %)

Sector	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25
Manufacturing	5.8	2.8	3.0	3.1	3.2	3.7	6.0	3.8	5.6	1.8
Mining	4.4	1.6	0.4	-0.2	-0.1	-8.7	-7.2	6.6	-0.4	-1.8
Electricity	2.4	3.6	6.3	1.7	-4.7	-1.2	3.7	4.1	3.1	-6.93

Manufacturing: The manufacturing sector recorded a modest growth of 1.8% in October'25, significantly lower than growth observed in the previous month. At the industry-group level, 9 out of 23 manufacturing industries showed positive growth. The major contributors were: Manufacture of basic metals (6.6%), Manufacture of coke and refined petroleum products (6.2%), Manufacture of motor vehicles, trailers and semi-trailers (5.8%).

However, weakness across several consumption-oriented industries restricted overall manufacturing growth.

Mining: Mining output contracted by 1.8% in October'25, reversing the marginal growth recorded last year. The decline reflects operational disruptions and uneven production trends, which adversely affected output during the month.

Electricity: The electricity sector registered a sharp contraction of -6.9%, primarily due to lower power demand. This was driven by an extended monsoon season and comfortable ambient temperatures across many states, which reduced cooling demand and suppressed electricity generation.

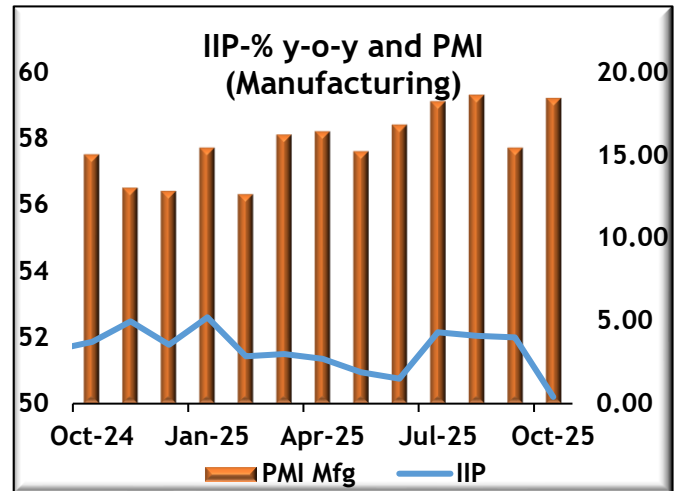
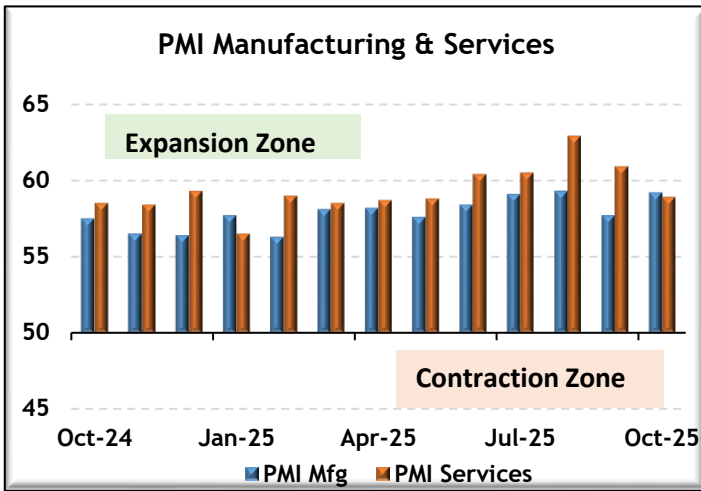
Sector Indices: Mining:126.2, Manufacturing:151.1 & Electricity:193.4 and overall IIP: 150.9.

In Oct'25, as per the use-based classification, industrial performance remained mixed in October'25. Infrastructure / Construction Goods recorded the highest growth at 7.1%, reflecting continued support from

public infrastructure spending. Capital Goods grew by 2.4%, indicating moderate investment activity. Intermediate Goods increased marginally by 0.9%, pointing to subdued industrial demand.

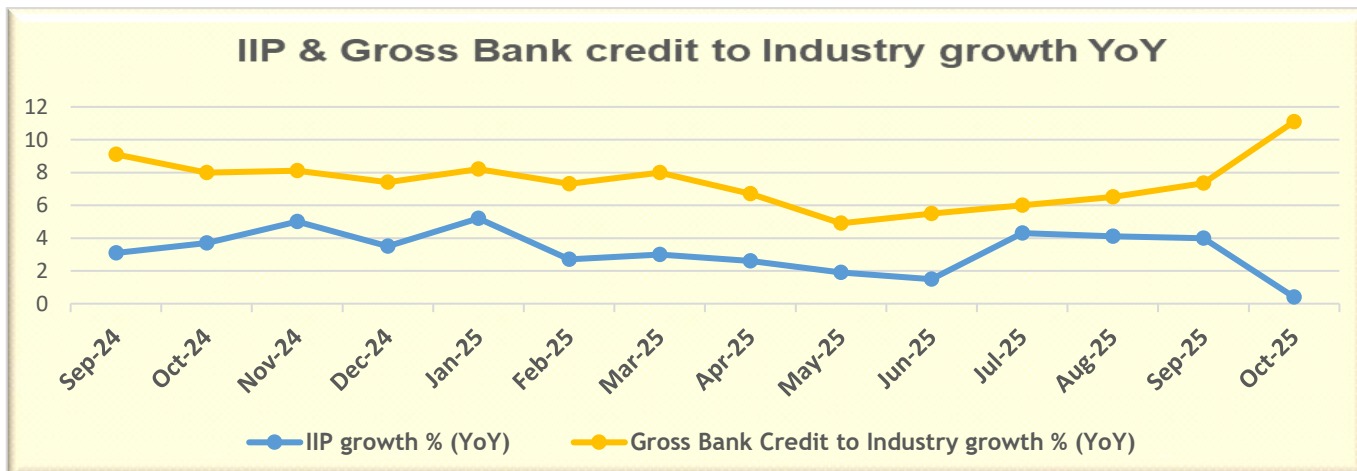
On the other hand, Primary Goods declined by 0.6%, Consumer Durables fell by 0.5%. Consumer Non-Durables contracted sharply by 4.4%, signalling persistent weakness in mass consumption demand, particularly in rural areas.

In Oct'25, India's Manufacturing PMI index eased to 59.2 from 57.7 in Sep'25 indicating continued expansion but at a slower pace. Similarly, the PMI services index declined to 58.9 in Oct'25 from 60.9 in Sep'25. Despite the slowdown, the Services sector continued to show robust demand conditions, supported by strong business activity and ongoing expansion in client orders.



	IIP growth % (YoY)	Gross Bank Credit to Industry growth % (YoY)	Core industries growth % (YoY)
Oct-25	0.4	11.1	0.0*
Sep-25	4	7.3	3.3
Aug-25	4.1	6.5	6.5
Jul-25	4.3	6	3.7
Jun-25	1.5	5.5	2.2
May-25	1.9	4.9	1.2
Apr-25	2.6	6.7	1
Mar-25	3.0	8.0	4.5
Feb-25	2.7	7.3	3.4
Jan-25	5.2	8.2	5.1
Dec-24	3.5	7.4	5.1
Nov-24	5.0	8.1	5.8
Oct-24	3.7	8.0	3.8
Sep-24	3.1	9.1	2.4

*Provisional



Implications:

- The sharp moderation in IIP growth to 0.4% in October'25 suggests a temporary loss of industrial momentum, driven largely by fewer working days due to festive holidays and weather-related disruptions, rather than a fundamental deterioration in industrial capacity. However, the contraction in mining and electricity output signals emerging short-term supply-side constraints that could weigh on overall industrial performance if they persist.
- The continued expansion in infrastructure and construction goods, alongside positive growth in capital goods, indicates that public sector capital expenditure and investment-related activities remain supportive, providing an underlying floor to industrial activity. This trend is positive for medium-term growth prospects, particularly for industries linked to construction, metals, and machinery.
- At the same time, the sharp contraction in consumer non-durables and marginal decline in consumer durables highlight weakness in mass consumption demand, especially in rural and lower-income segments. This divergence between investment-led growth and consumption demand raises concerns about the broad-based nature of the recovery.
- Further, the steep decline in electricity generation, partly due to subdued demand and climatic factors, points to demand-side softness in industrial and commercial activity, which may have spillover effects on manufacturing output in the near term.
- Going forward, industrial growth is likely to remain volatile in the near term, influenced by normalization of working days, revival in electricity demand, and improvement in mining output. Sustained momentum will depend on continued government-led infrastructure spending, revival of consumption demand, and addressing operational bottlenecks in mining and power generation. A pickup in rural demand and private investment will be critical for ensuring a more balanced and durable industrial recovery in the coming months.

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