

**Industrial Production in Oct'25 likely to have moderated to 2.9% YoY**

- IIP growth may have moderated to 2.9% YoY in Oct'25, from 4.0% in previous month, and 3.7% in Oct'24, on contraction in mining output and electricity. Despite the broader slowdown, some sectors received a boost from GST rate rationalization and festival demand.
- High-frequency indicators of overall economic activity showed mixed signals in October. GST collections registered a positive growth (4.6%), albeit at a slower pace than the previous month. Vehicle registrations recorded strong growth across all major segments compared with the corresponding festive period last year. Manufacturing PMI rose to 59.2 in October, from 57.7 in previous month. Services PMI however, cooled to 58.9, from 60.9 in Sep'25. While electricity demand declined due to unseasonal rainfall and the early onset of the winter season, petrol consumption picked up pace during the festive season. Automobile production, however, was negative by 2.8%.
- Core sector which has close to 40% contribution in IIP, fell to a 14-month low of 0% YoY in Oct'25 (vs. 3.3% in Sep'25 and 3.8% in Oct'24), as coal, crude oil, natural gas and electricity declined in October. Infrastructure-based industries, on the other hand, continued to do well, with fertilizers, steel, cement along with refinery products recording positive YoY growth during the month. On MoM basis, only steel and electricity growth were negative.
- Merchandise trade deficit widened to an all-time high in October with exports contracting by 11.8% and imports surged by 16.6% on account of higher gold and silver imports catering to festive demand.
- From a use-based classification perspective, aggregate demand exhibited signs of improvement with the revival of urban demand and continued strength in rural demand, supported by GST rate reductions and a pickup in festive spending. The overall consumer IIP is expected to be around 3.9%. Rural demand was supported by favorable monsoon conditions, strong agricultural activity, GST cuts, and increased festive season spending. Demand for two-wheelers and automobiles registered a sharp pick up, as sales recorded the highest growth rate for both series. Two-wheeler sales growth was 51.8% YoY in Oct'25, as against 6.5% growth seen in previous month. Tractor sales growth was at 14.2% vs 3.6% growth seen in Sep'25. Urban demand also gained momentum, with passenger vehicle (PV) sales recording their highest growth in the past nine months. PV sales was at 11.4% vs. 5.8% in Sep'25.
- Sustained high government spending on infrastructure and construction projects is expected to continue support growth in capital goods. Also, intermediate and infrastructure/construction goods growth sectors are also likely to show healthy growth. Steel and cement sectors continued to display strong growth in Oct'25, driven by government capex. This is attested by the YoY core sector growth in cement (5.3%) and steel (6.7%) production in Oct'25.
- Industrial production growth in Oct'25 is likely to be subdued due to factors like a significant contraction in mining output and electricity, unseasonal rains and impact of US tariffs. Going forward, demand boost from GST rate cuts, culmination of India-US trade deal would give a fillip to manufacturing, particularly export-led sectors and private capex.

Fig 1: IIP likely slowed in Oct'25; % y/y

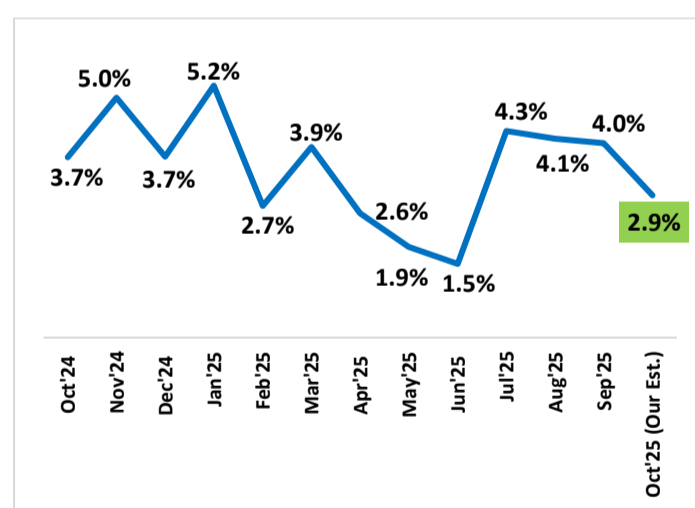


Fig 2: Manufacturing likely led Oct'25 IIP; % y/y

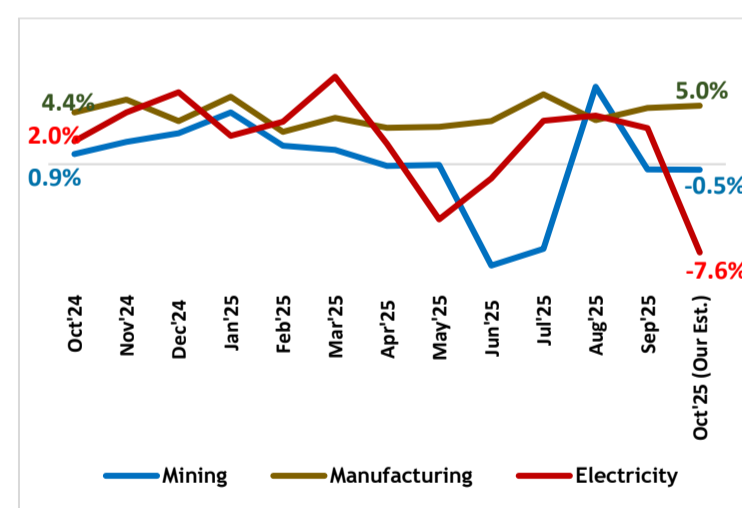


Fig 3: Capital goods and consumer durables may have supported Oct'25 IIP growth; % y/y

Industrial Production: Sectoral				
Sector	Weight	YoY Growth %		
		Aug'25	Sep'25	Oct'25 (Est.)
Mining	14.4	6.6%	-0.4%	-0.5%
Manufacturing	77.6	3.8%	4.8%	5.0%
Electricity	8.0	4.1%	3.1%	-7.6%
Industrial Production: Use-based				
Primary goods	34.0	5.4%	1.4%	-1.9%
Capital goods	8.2	4.5%	4.7%	9.5%
Intermediate goods	17.2	5.2%	5.3%	5.2%
Infrastructure / Construction Goods	12.3	10.4%	10.5%	6.8%
Consumer durables	12.8	3.5%	10.2%	11.7%
Consumer non-durables	15.3	-6.4%	-2.9%	-1.9%

Source: CEIC, UBI Research

Oct'25 figures are UBI estimates

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