

Macro Insights

29th October, 2025

Analysis and Key Takeaways: Index of Industrial Production (IIP) September 2025

IIP records 4.0% growth in Sep'25, slowing from 4.1% in Aug'25

Industrial activity, as indicated by Index of Industrial Production dipped marginally to 4.0% in Sep'25 compared to 4.1% in Aug'25 and 4.2% in July'25. However, it was higher than 3.2% growth recorded in Sep'24.

Highlights

- 👉 IIP growth remained steady at 4.0% in Sep'25, despite weakness witnessed in core sector output growth which was recorded at 3.0% earlier in the month.
- 👉 Among sectoral classification, IIP growth was supported by manufacturing, which grew robustly at 4.8% in Sep'25 compared to 3.8% in Aug'25, while mining and electricity witnessed a deceleration in their growth.
- 👉 Amongst use based classification, infrastructure was the fastest growing segment, growing at 10.5% on YoY basis in Sep'24, followed by consumer durables which grew by 10.2% during this period.

Chart: IIP- September 2025 (YoY% Change)

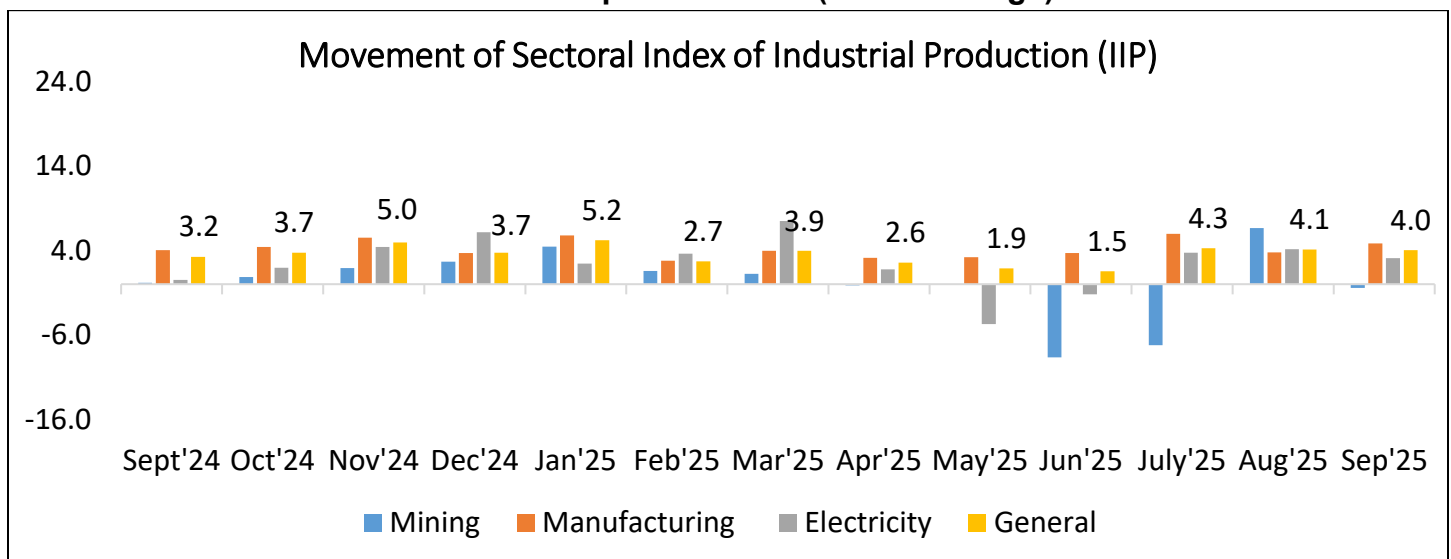


Table 1: IIP growth % (Sector-wise)

Component	Weight (%)	Sep'24	Sep'25	Apr-Sep (FY24-25)	Apr-Sep (FY25-26)
Mining	14.37	0.2	-0.5	4.1	-1.9
Manufacturing	77.63	4.0	4.8	3.8	4.1
Electricity	7.99	0.5	3.1	6.0	1.0
IIP Index -General	100.00	3.2	4.0	4.1	3.1

Table 2: IIP growth % (Usage-wise)

Component	Weight (%)	Sep'24	Sep'25	Apr-Sep (FY24-25)	Apr-Sep (FY25-26)
Primary Goods	34.05	1.8	1.4	4.3	0.2
Capital Goods	8.22	3.5	4.7	4.0	7.5
Intermediate Goods	17.22	4.3	5.4	4.2	5.3
Infra/Construction Goods	12.34	3.5	10.5	6.0	8.8
Consumer Durables	12.84	6.3	10.2	8.6	4.8
Consumer Non- Durables	15.33	2.2	-2.9	-1.2	-2.2

Analysis and Views:

- Growth in industrial activity was recorded at a 3-month low of 4.0% in September 2025, in line with the trend of falling core sector growth over the last 3 months.
- IIP growth stood at 3.05% in the first 6 months of the financial year FY26. This was the slowest pace compared to the last 5 financial years.
- The slowdown in industrial activity was led by the mining and electricity sectors. Activity in the mining sector contracted by 0.5% compared to a growth of 6.6% in the previous month, while that in the electricity sector decelerated to 3.1% in Sep'25 from 4.2% in Aug'25.
- IIP growth was supported by a surge in manufacturing sector activity, which grew at 4.8% in Sep'25 compared to 3.8% in Aug'25. Within manufacturing sector, "Manufacture of basic metals" at 12.3% and "Manufacture of electrical equipment" at 28.7% reported healthy growth.
- As per use-based classification, growth in capital goods (4.7%), intermediate goods (5.4%), infrastructure goods (10.5%) and consumer durables (10.2%) was higher in Sep'25 compared to Aug'25.
- The consumer non-durables segment continued to contract for the second consecutive month in a row with a decline of 6.4% in Aug'25 and 2.9% in Sep'25.
- GST rationalization along with festive season demand could have contributed to activity in the consumer durables segment, where growth surged from 3.5% in Aug'25 to 10.2% in Sep'25.
- The trifecta of GST cuts, festive season demand and government capex push is likely to augur well for IIP growth momentum in the upcoming months. However, growth trajectory of IIP may be determined by both i.e. external conditions as well as domestic demand.

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