

Macro Insights

23rd September 2025

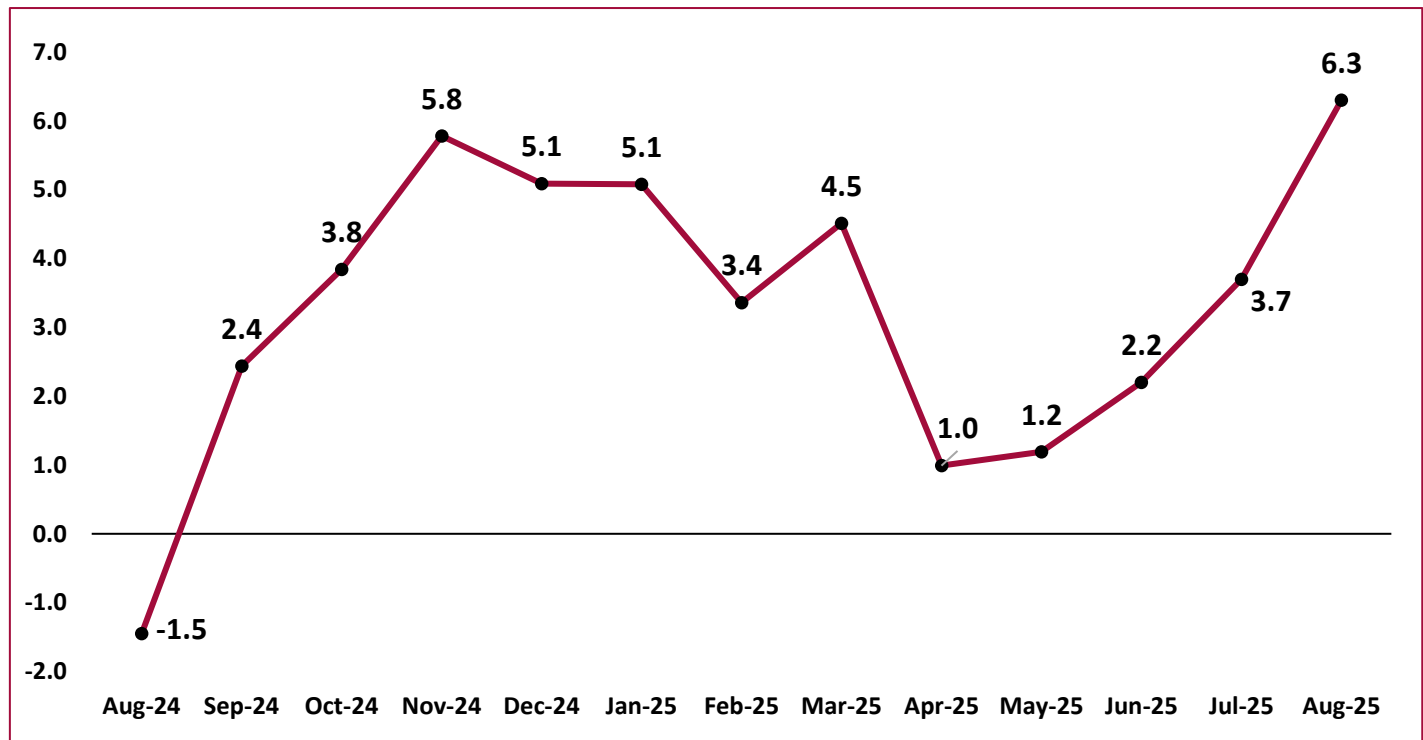
Core Sector growth at 13-month high

Growth in the Index of Eight Core Industries increased at 6.3% in August'2025 as against 3.7% growth in July'2025 and contraction of 1.5% in August last year.

Highlights:

- ☞ The core sector grew at its fastest pace in 13 months in August at 6.3% led by robust expansion in the output of coal, steel and refinery products and due to base effect.
- ☞ Overall, five of the eight sectors, barring steel, cement and electricity saw an improvement in year-on year growth performance in August as compared to July'2025.
- ☞ Steel and Coal registered double digit year on year growth at 14.2 and 11.4 percent respectively. While Cement and Fertilizers posted a modest 6.1 percent and 4.6 percent gain respectively.

Eight Core Industries – August 2025 (YoY Growth in %)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

| Sr. No | Sector | Weight | Aug-2024 | Jan-2025 | Feb-2025 | Mar-2025 | Apr-2025 | May-2025 | Jun-2025 | Jul-2025 | Aug-2025 |
|--------|----------------------|--------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1 | Coal | 10.3 | -8.1 | 4.6 | 1.7 | 1.6 | 3.5 | 2.8 | -6.8 | -12.3 | 11.4 |
| 2 | Crude Oil | 9.0 | -3.4 | -1.1 | -5.2 | -1.9 | -2.8 | -1.8 | -1.2 | -1.3 | -1.2 |
| 3 | Natural gas | 6.9 | -3.6 | -1.5 | -6.0 | -12.7 | -0.9 | -3.6 | -2.8 | -3.2 | -2.2 |
| 4 | Refinery Products | 28.0 | -1.0 | 8.3 | 0.8 | 0.2 | -4.5 | 1.1 | 3.4 | -1.1 | 3.0 |
| 5 | Fertilizers | 2.6 | 3.2 | 3.0 | 10.2 | 8.8 | -4.2 | -5.9 | -1.2 | 2.0 | 4.6 |
| 6 | Steel | 17.9 | 4.1 | 4.7 | 6.9 | 8.7 | 4.4 | 7.4 | 9.7 | 16.6 | 14.2 |
| 7 | Cement | 5.4 | -2.5 | 14.3 | 10.7 | 12.2 | 6.3 | 9.7 | 8.2 | 11.6 | 6.1 |
| 8 | Electricity | 19.8 | -3.7 | 2.3 | 3.6 | 7.5 | 1.7 | -4.7 | -1.2 | 3.7 | 3.1 |
| | Overall Index | 100.0 | -1.5 | 5.1 | 3.4 | 4.5 | 1.0 | 1.2 | 2.2 | 3.7 | 6.3 |

Source: Office of Economic Adviser

Views & Outlook:

- The Eight Core Industries comprise 40.3% of the weight of items included in the Index of Industrial Production (IIP).
- India's infrastructure industries expanded at their fastest pace in over a year, with core sector growth touching 6.3 percent in August'2025.
- For April-August FY26, the core sector growth averaged around 2.8 percent, compared with 4.6 percent in the same period a year earlier.
- The August rebound was driven mainly by heavy industries such as steel and coal, which are closely linked to infrastructure spending and construction demand. The recovery in refinery products and fertilizers further strengthened the momentum.
- Despite global uncertainties, the Government is taking multiple steps to boost the economy. RBI policy rate cuts, GST reductions, tax relief announced in Union Budget, increased government spending, focus on Make in India, and anticipated private investment are all expected to support economic activity, resulting in a positive outlook for core sectors in second half of the year.

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