

Macro Insights

21st January 2026

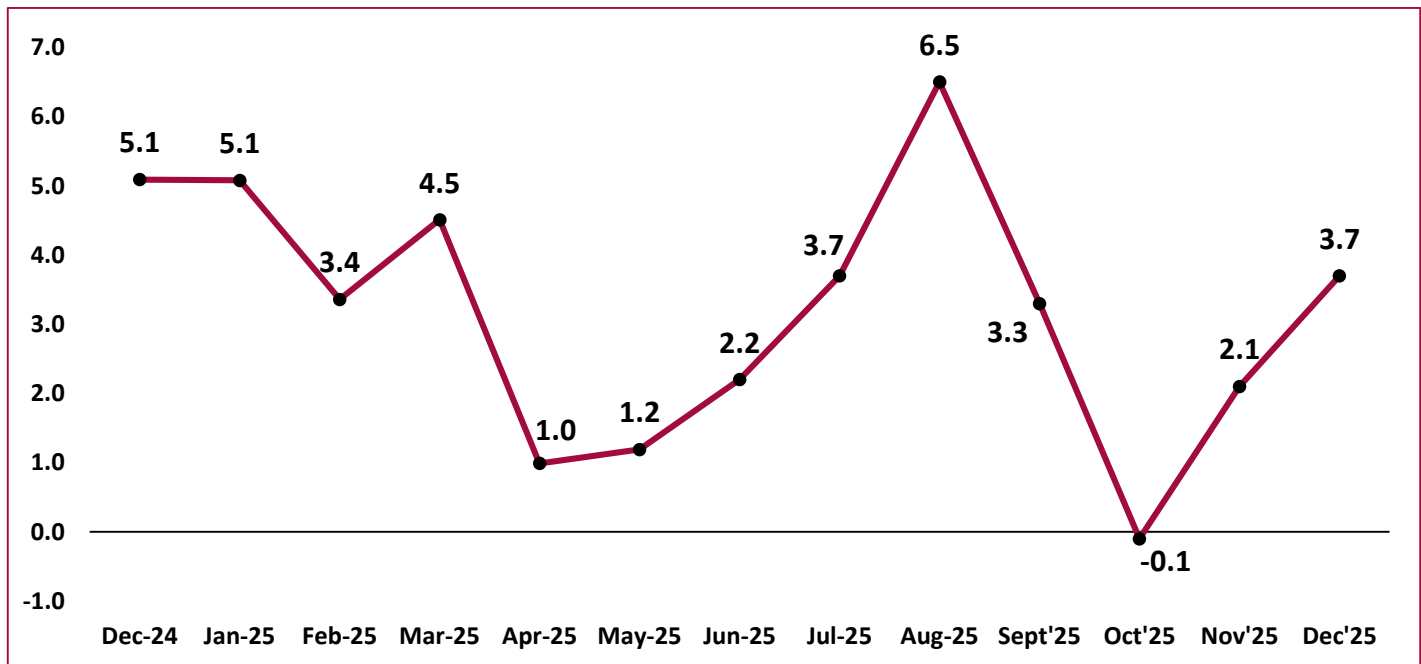
India's core sectors' growth accelerates to 4-month high of 3.7% in December

Index of Eight Core Industries grew by 3.7 per cent (YoY) in December'2025 as compared to 2.1 per cent in November'2025 due to continued pressure from weak performance in oil and gas-linked segments.

Highlights:

- ☞ The core industrial output accelerated to a four-month high in the last month of calendar year 2025, driven primarily by strong steel and cement production.
- ☞ Five sectors - coal, fertilizers, steel, cement and electricity, posted positive YoY growth during Dec'25 with Cement and steel showing a notable growth of 13.5 per cent and 6.9 per cent respectively.
- ☞ Energy related segment comprising of Crude Oil, Natural gas and Refinery Products, showed a negative YoY growth of 5.6 per cent, 4.4 per cent and 1.0 per cent respectively.

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



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

| Sr. No | Sector | Weight | Dec-2024 | Jun-2025 | Jul-2025 | Aug-2025 | Sept-2025 | Oct-2025 | Nov-2025 | Dec-2025 |
|--------|----------------------|--------------|------------|------------|------------|------------|------------|-------------|------------|------------|
| 1 | Coal | 10.3 | 5.3 | -6.8 | -12.3 | 11.4 | -1.2 | -8.5 | 2.1 | 3.6 |
| 2 | Crude Oil | 9.0 | 0.6 | -1.2 | -1.3 | 2.4 | -1.3 | -1.2 | -3.2 | -5.6 |
| 3 | Natural gas | 6.9 | -1.8 | -2.8 | -3.2 | -2.2 | -3.8 | -5.0 | -2.5 | -4.4 |
| 4 | Refinery Products | 28.0 | 2.8 | 3.4 | -1.1 | 3.0 | -3.7 | 4.6 | -0.9 | -1.0 |
| 5 | Fertilizers | 2.6 | 1.7 | -1.2 | 2.0 | 4.6 | 1.6 | 7.4 | 5.6 | 4.1 |
| 6 | Steel | 17.9 | 7.3 | 9.7 | 16.6 | 13.6 | 14.4 | 5.9 | 6.7 | 6.9 |
| 7 | Cement | 5.4 | 10.3 | 8.2 | 11.6 | 5.4 | 5.0 | 5.2 | 14.6 | 13.5 |
| 8 | Electricity | 19.8 | 6.2 | -1.2 | 3.7 | 4.1 | 3.1 | -6.9 | -1.5 | 5.3 |
| | Overall Index | 100.0 | 5.1 | 2.2 | 3.7 | 6.5 | 3.3 | -0.1 | 2.1 | 3.7 |

Source: Office of Economic Adviser

Views & Outlook:

- The Eight Core Industries together account for 40.27 per cent of the weight in the Index of Industrial Production (IIP).
- The cumulative growth rate of Eight Core Sectors during 2025-26 from April to December is 2.6 per cent as compared to 4.5 per cent during the corresponding period of last year.
- The segments showing a positive YoY growth during Dec'25 are also showing a positive cumulative growth from April-December except Coal. Although, Coal production rose by 3.6 per cent in December 2025, but its cumulative output for April-December remained 0.7 percent lower than last year.
- Cumulatively, crude oil output contracted 1.9 per cent and natural gas 3.2 per cent during 2025-26 from April-December, highlighting structural challenges in domestic production.
- Despite the stronger headline growth, energy related segments continued to weigh on the index because of having higher weights of 43.9 per cent of overall index.
- Growth in the Cement and Steel segment shows underpinning resilience in construction and infrastructure-linked demand.
- The December recovery in core sector's output could provide a modest tailwind to industrial production in the coming months.

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