Macro Insights

22nd October 2025

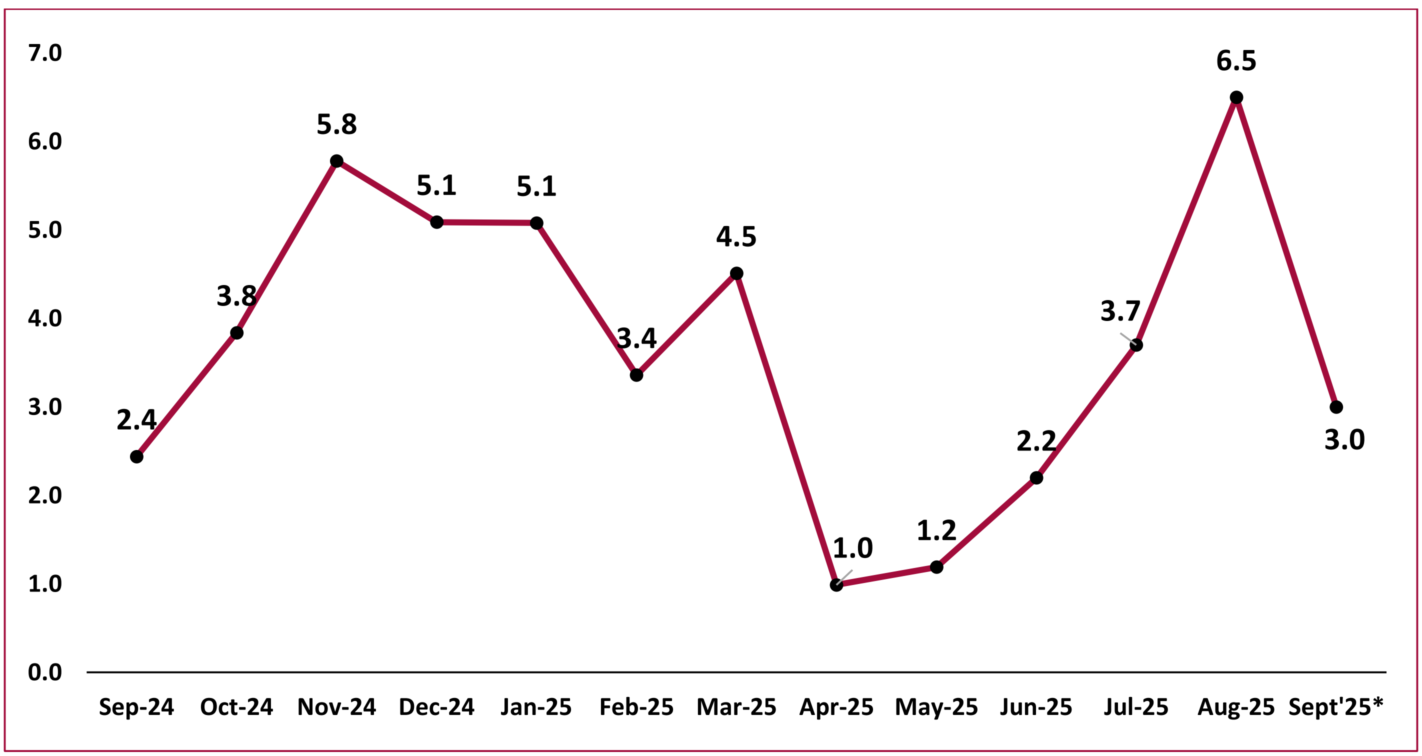
Core Sector growth slows to 3-month low of 3.0% in Sept 2025

Growth in the Index of Eight Core Industries slowed down at 3.0% (YoY) in Sept 2025, vis-à-vis 6.5% in the previous month. The index grew by 2.4% in Sept last year.

Highlights:

- Four out of eight core sectors i.e. Coal, Crude Oil, Natural Gas, and Refinery Products accounting for 54% of the index weight, witnessed contraction in September 2025.
- On the upside, infrastructure-linked sector i.e Steel sustaining momentum, recorded highest and double-digit YoY growth of 14.1%.
- Fertilizer sector slowed in Sept'25, registering 1.6% YoY growth, below 4.6% growth recorded in Aug'25.
- Electricity sector grew by 2.1% in Sept'25, slower than 4.1% recorded in Aug'25.

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



**Provisional*

Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	Sept-2024	Mar-2025	Apr-2025	May-2025	Jun-2025	Jul-2025	Aug-2025	Sept-2025*
1	Coal	10.3	2.6	1.6	3.5	2.8	-6.8	**-12.3**	11.4	**-1.2**
2	Crude Oil	9.0	-3.9	-1.9	-2.8	-1.8	-1.2	**-1.3**	2.4	**-1.3**
3	Natural gas	6.9	-1.3	-12.7	-0.9	-3.6	-2.8	**-3.2**	-2.2	**-3.8**
4	Refinery Products	28.0	5.8	0.2	-4.5	1.1	3.4	**-1.1**	3.0	**-3.7**
5	Fertilizers	2.6	1.9	8.8	-4.2	-5.9	-1.2	**2.0**	4.6	**1.6**
6	Steel	17.9	1.8	8.7	4.4	7.4	9.7	**16.6**	13.6	**14.1**
7	Cement	5.4	7.6	12.2	6.3	9.7	8.2	**11.6**	5.4	**5.3**
8	Electricity	19.8	0.5	7.5	1.7	-4.7	-1.2	**3.7**	4.1	**2.1**
	Overall Index	**100.0**	**2.4**	**4.5**	**1.0**	**1.2**	**2.2**	**3.7**	**6.5**	**3.0**

Provisional **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).
- From April to Sept 2025, core sector growth stood at 2.9% (provisional) significantly lower than the corresponding period for the last financial year, when the core sector growth was 4.3%.
- Among the sectors that witnessed contraction in Sept 2025, Coal production contracted 1.2% which is a sharp drop from the 11.4% growth recorded in Aug'25. Crude oil production also slipped by 1.3%. Natural Gas contributed the highest with a decline of 3.8% YoY, with petroleum refining contracting by 3.7%.
- Meanwhile, the infra-linked sectors continued to provide some support, as steel posted highest and double digit growth, rising by 14.1%, while cement output expanded 5.3%. Sustained momentum in steel and cement production is largely driven by robust public capital expenditure and strong housing demand.
- While the September data shows a deceleration, it's important to note that some sectors, particularly steel and cement, maintained its growth momentum. The October-December period is expected to see a positive trend. GST rate cut was implemented in Sept'25 due to which consumption demand is expected to pick up, leading to improved economic activities. Also, demand in manufacturing and construction sector, positively effecting electricity production is likely to lift core sectors growth in the coming months to around 4.5% - 5.0%. On the downside, persistent geopolitical tensions and trade uncertainties remain potential risks but negotiations in late 2025 show promising signs of progress toward stability which could positively impact core sector performance.

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