

Macro Insights

21st February 2026

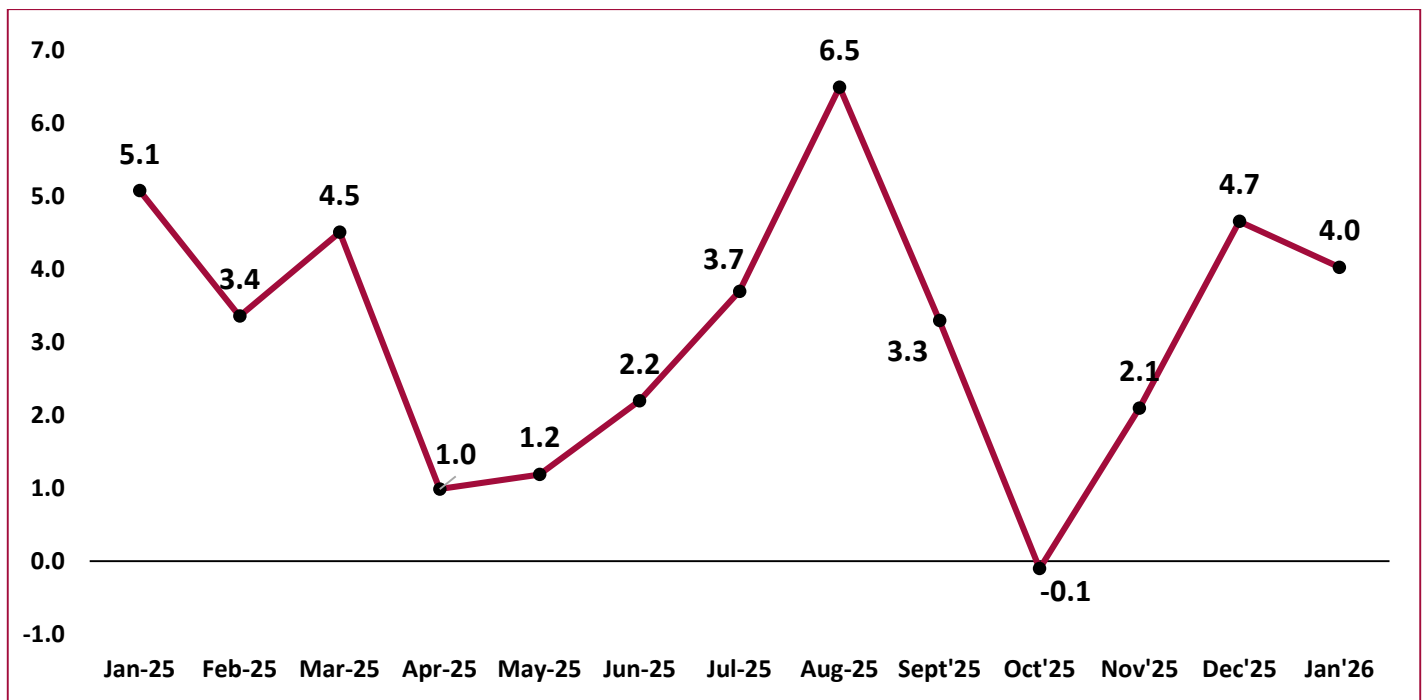
India's core sector output slowed to 4 per cent in Jan'26, from a four-month high of 4.7 per cent in Dec'25

Index of Eight Core Industries grew by 4.0 per cent in January 2026, easing from a revised 4.7 per cent in December as momentum in energy-related industries moderated while infrastructure-related sectors remained resilient.

Highlights:

- ☞ The slowdown in Jan'26 core sector was broad-based, with as many as seven of the eight sectors witnessing a decline in their YoY growth as compared to Dec'25.
- ☞ Five sectors - coal, refinery products, fertilizers, steel, cement and electricity posted positive YoY growth during Jan'26 with Cement and steel showing a notable growth of 10.7 per cent and 9.9 per cent respectively.
- ☞ Energy related segment comprising of Crude Oil and Natural gas, showed a negative YoY growth of 5.8 per cent and 5.0 per cent respectively. Refinery products growth remained stagnant at 0.0 per cent during Jan'26.

Eight Core Industries – January 2026 (YoY Growth in per cent)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in per cent)

Sr. No	Sector	Weight	Jan-2025	Jul-2025	Aug-2025	Sept-2025	Oct-2025	Nov-2025	Dec-2025	Jan-2026
1	Coal	10.3	4.6	-12.3	11.4	-1.2	-8.5	2.1	3.6	3.1
2	Crude Oil	9.0	-1.1	-1.3	2.4	-1.3	-1.2	-3.2	-5.6	-5.8
3	Natural gas	6.9	-1.5	-3.2	-2.2	-3.8	-5.0	-2.5	-4.4	-5.0
4	Refinery Products	28.0	8.3	-1.1	3.0	-3.7	4.6	-0.9	-1.0	0.0
5	Fertilizers	2.6	3.0	2.0	4.6	1.6	7.4	5.6	4.1	3.7
6	Steel	17.9	4.7	16.6	13.6	14.4	5.9	6.7	10.1	9.9
7	Cement	5.4	14.3	11.6	5.4	5.0	5.2	14.6	13.7	10.7
8	Electricity	19.8	2.3	3.7	4.1	3.1	-6.9	-1.5	6.3	3.8
	Overall Index	100.0	5.1	3.7	6.5	3.3	-0.1	2.1	4.7	4.0

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 January is 2.8 per cent as compared to 4.5 per cent during the corresponding period of last year. During 2025-26 from April to January, all the sectors are showing positive YoY growth except Coal, Crude Oil and Natural Gas.
- During Jan 2026, steel and cement registered robust growth despite high base effect showing an infrastructure led growth with higher housing activity in the economy. Cement recorded the strongest expansion, rising 10.7 per cent YoY in January, though lower than December's 13.7 per cent. Steel production grew 9.9 per cent, marginally down from 10.1 per cent in the previous month.
- Core sector output grew by 2.0 per cent during January'26 as compared to December'25. Four out of Eight sectors showed positive MoM growth during January 2026. Coal sector showed a highest MoM growth of 6.3 per cent and fertilizer sector showed a highest MoM decline of 0.89 per cent.
- Given the trends in core output, IIP growth is likely to slow down in January. In the coming months, core sector is expected to remain in the range of 4.0 per cent - 4.5 per cent.

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