

Coal fires up Aug core sector growth to a 13-month high

Gains in coal, fertilizers and refinery products drive 6.3% growth during the month

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India's core infrastructure industries grew at their fastest pace in more than a year, with output rising 6.3% in August compared with a year earlier, provisional data from the commerce ministry showed on Monday.

The uptick marked the quickest pace in 13 months, buoyed by strong gains in coal, fertilizers, and refinery products.

The eight core sectors—coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity—together make up over two-fifths of the country's industrial output. Growth had slowed to 3.7% in July, while August last year saw a contraction of 1.5%.

Two industries, crude oil and natural gas, continued to post declines, though the scale of contraction eased compared to July. Crude oil output slipped 1.2% and natural gas fell 2.2%. In July, both had shrunk at a sharper pace.

Coal production, by contrast, surged 11.4% in August after a steep contraction of 12.3% in the previous month. Fertilizer output rose 4.6%, while refinery products rebounded with 3% growth after a contraction in July.

Steel output expanded 14.2%, down from 16.6% a month earlier, while cement and electricity production



Refinery products rebounded with 3% growth after a contraction in July, while steel output expanded 14.2%, down from 16.6% a month earlier. BLOOMBERG

registered more modest gains of 6.1% and 3.1%, respectively.

Despite the rebound in August, broader industrial activity has shown signs of strain. Industrial output grew

figures for August will be published later this month.

Private surveys suggest a brighter picture for manufacturing. The HSBC India Manufacturing Purchasing

CORE, ENCORE

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just 2.3% in April-July, less than half the pace recorded a year earlier, according to provisional data from the statistics ministry.

The official industrial production

Managers' Index, compiled by S&P Global, climbed to 59.3 in August—the highest reading in 17 months—driven by stronger output, new orders, and job creation. A score above 50 indi-

cates expansion and that below it marks contraction.

Economists cautioned that the August improvement in core sectors was flattered by a low base.

"The uptick was particularly driven by coal, which witnessed an expansion of 11.4% in the month, following a double-digit contraction in July 2025. Overall, five of the eight sectors, barring steel, cement, and electricity, saw an improvement in their YoY growth performance in August 2025 vis-à-vis July 2025," said Aditi Nayar, chief economist at rating agency Icria.

"Icria expects the IIP (Index of Industrial Production) growth to print at 4.5-5.5% in August 2025, particularly aided by a turnaround in the performance of mining output, which has seen a contraction in every month during April-July 2025," she added.

The core sector growth for August is encouraging, said Madan Sabnavis, chief economist at Bank of Baroda.

"Driven mainly by high growth in steel followed by cement it is indicative of heightened activity in the infra space. Except crude oil and gas, all other segments registered positive growth which looks likely to be sustained," he said.

"IIP growth is likely to be in the range of 4.5-5% with monsoon retreating from October onwards construction should pick up this providing support. Also fertilizer output should increase as industry stocks up for rabi sowing," he added.