

Core sector growth slows sharply to 1.7% in June

Our Bureau
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Growth of eight core infrastructure sectors dipped to 1.7 per cent in June against 5 per cent in last June. However, it improved over 1.2 per cent in May this year, government data reported on Monday.

These eight sectors — coal, crude oil, natural gas, fertilizer, electricity, refinery products, steel and cement — comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP).

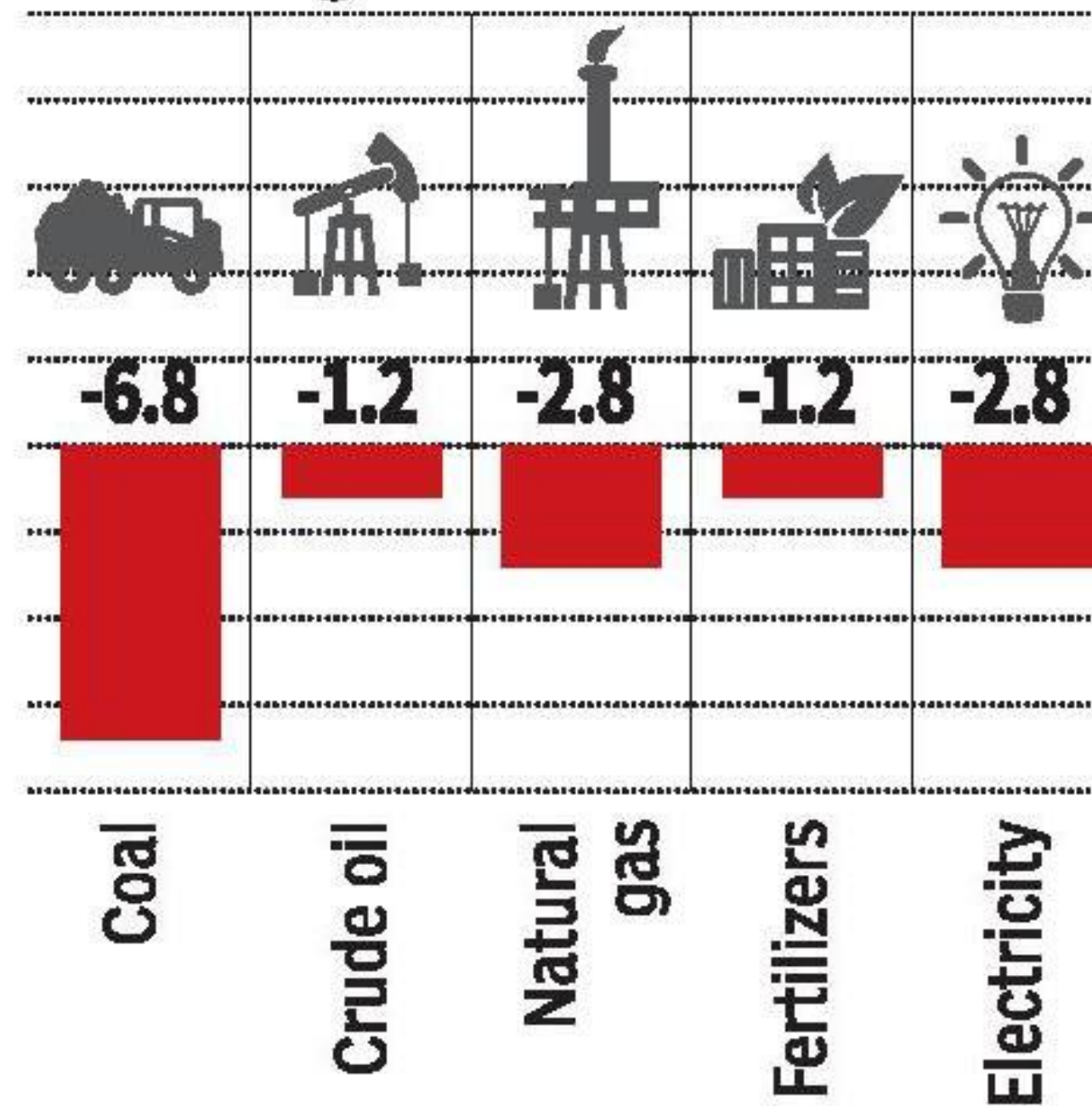
EIGHT SECTORS

During June, coal production declined 6.8 per cent while crude oil output contracted 1.2 per cent. Natural gas and fertilizer output dipped 2.8 per cent and 1.2 per cent in June respectively. Electricity generation declined 2.8 per cent year-on-year. However, refinery products (3.4 per cent), steel (9.3 per cent) and cement (9.2 per cent) output recorded a positive growth.

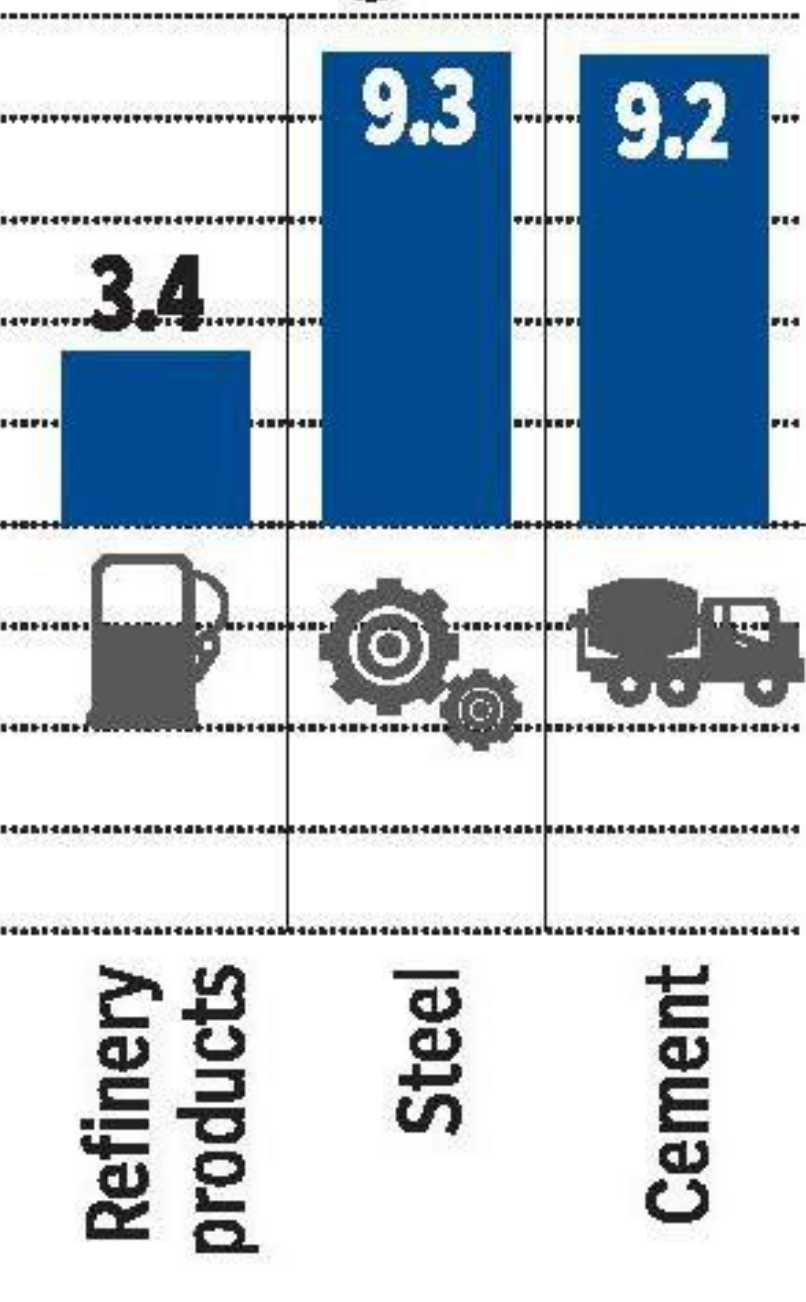
During April-June this fiscal year, the eight sectors

Mixed show

Declining sectors



Growing sectors



expanded 1.3 per cent against 6.2 per cent during the same period in the last fiscal year.

TEPID GROWTH

Aditi Nayar, Chief Economist at ICRA Ltd, said that although the year-on-year growth in core output improved slightly to 1.7 per cent in June, it remained decidedly tepid with as many as five of the eight sectors recording a contraction in their output in the month.

While an elevated base weighed upon coal output, excess rain in the latter half of June 2025 impacted electricity generation, she said.

Encouragingly, the output of the cement and steel sectors rose by a robust 9.2-9.3 per cent in June, although this was supported by a favourable base in the case of the former.

The growth in volumes of these segments has been quite healthy in Q1 FY2026, which implies that the construction sector is poised to record a robust GVA growth in the quarter.

“Given the subdued growth in core output, ICRA expects the IIP growth to print at 1.5-2.5 per cent in June,” she said. The data for industrial growth will be out on July 28.