

# Core Sector Output Hits 15-Month High in August

**GROWTH DRIVERS** Coal, steel & cement drive growth; crude oil, gas drag

## Our Bureau

**New Delhi:** India's core sector output grew at 6.3% year on year in August, its fastest pace in 15 months, aided by a low base effect and strong performance by coal and steel sectors, official data released Monday showed.

The eight infrastructure industries, which account for 40.27% weight in the Index of Industrial Production, had grown 3.7% in July and had shrunk 1.5% in August, 2024. For the first five months of FY26, average core sector growth stood at 2.8%, lower than 4.6% in the corresponding period last year, data showed.

Industrial output had risen to a four-month high of 3.5% in July and the latest core sector print is expected to provide a lift. IIP data will be released on September 29.

Rating agency ICRA projects IIP growth at 4.5-5.5% for August, supported by a turnaround in the performance of mining output, which has seen a contraction in every month during April-July 2025. Bank of Baroda expects 4.5-5%, while Ind-Ra estimates 5.5%.

Coal, steel and cement sectors drove up the core sector output, while crude oil and natural gas dragged it down.

"Aided by a low base, the year-on-year growth in core output expectedly improved in August, with the uptick particularly driven by coal," said Aditi Nayar, chief economist at ICRA.

Coal output rose by 11.4% year-on-year in August after recording contractions in the previous two months. Steel also posted robust growth of 14.2%, the highest among eight industries.

"Core sector growth for August is encouraging, driven mainly by high growth in steel, followed by



cement, indicative of heightened activity in the infrastructure space," said Madan Sabnavis, chief economist at Bank of Baroda.

Cement sector recorded 6.1% growth, followed by fertilisers (4.6%), electricity (3.1%), and re-

finery products (3%).

"Although the growth in cement sector output stood relatively better, it remained at a 10-month low in view of the monsoon fury in various parts of the country in August," said Paras Jasrai, associate director at India Ratings and Research (Ind-Ra). On the other hand, crude oil and natural gas recorded a contraction of 1.2% and 2.2%, respectively.

## OUTLOOK

Looking ahead, Sabnavis expects construction activity to pick up as the monsoon retreats, providing a boost to cement demand, while fertiliser output is likely to increase as stocks are built up for rabi sowing.

Ind-Ra expects core sector output growth of around 5% in September.

## SECTOR LIFT



**Industrial output had risen to a four-month high of 3.5% in July and the latest core sector print is expected to provide a lift**