

December core sector output hit highest level so far in FY26

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India's core sectors' output surged to its highest level in 2025-26 (FY26) in December, even as year-on-year growth improved to a four-month high of 3.7 per cent from an upgraded 2.1 per cent uptick in November.

On a sequential basis, December's core sector output was 8.2 per cent over November levels, with all eight sectors reporting higher production month-on-month for the first time in a year, according to the Index of Core Industries (ICI) released by the Commerce and Industry Ministry on Tuesday. Electricity and cement led this uptick, with double-digit expansions of 18.44 per cent and 12 per cent, respectively, followed by coal (up 9.3 per cent), and refinery products that grew 7.65 per cent.

On a year-on-year basis, five sectors reported a production uptick, led by cement (up 13.5 per cent) and steel which rose at a three-month high pace of 6.9 per cent. While coal output rose 3.6 per cent, electricity generation rebounded after two months of contraction to record a nine-month high growth of 5.3 per cent, and fertilisers grew 4.1 per cent.

However, crude oil, natural gas and refinery products reported output dips in December, the former two clocking the fourth and 18th straight month of contraction, respectively. In December 2024, core sectors' output had registered a

Growth accelerates

Sectoral trend in December

Sector	Y-o-Y chg (%)
Coal	3.6
Crude oil	-5.6
Natural gas	-4.4
Refinery products	-1
Fertilisers	4.1
Steel	6.9
Cement	13.5
Electricity	5.3

Source: Ministry of Commerce and Industry

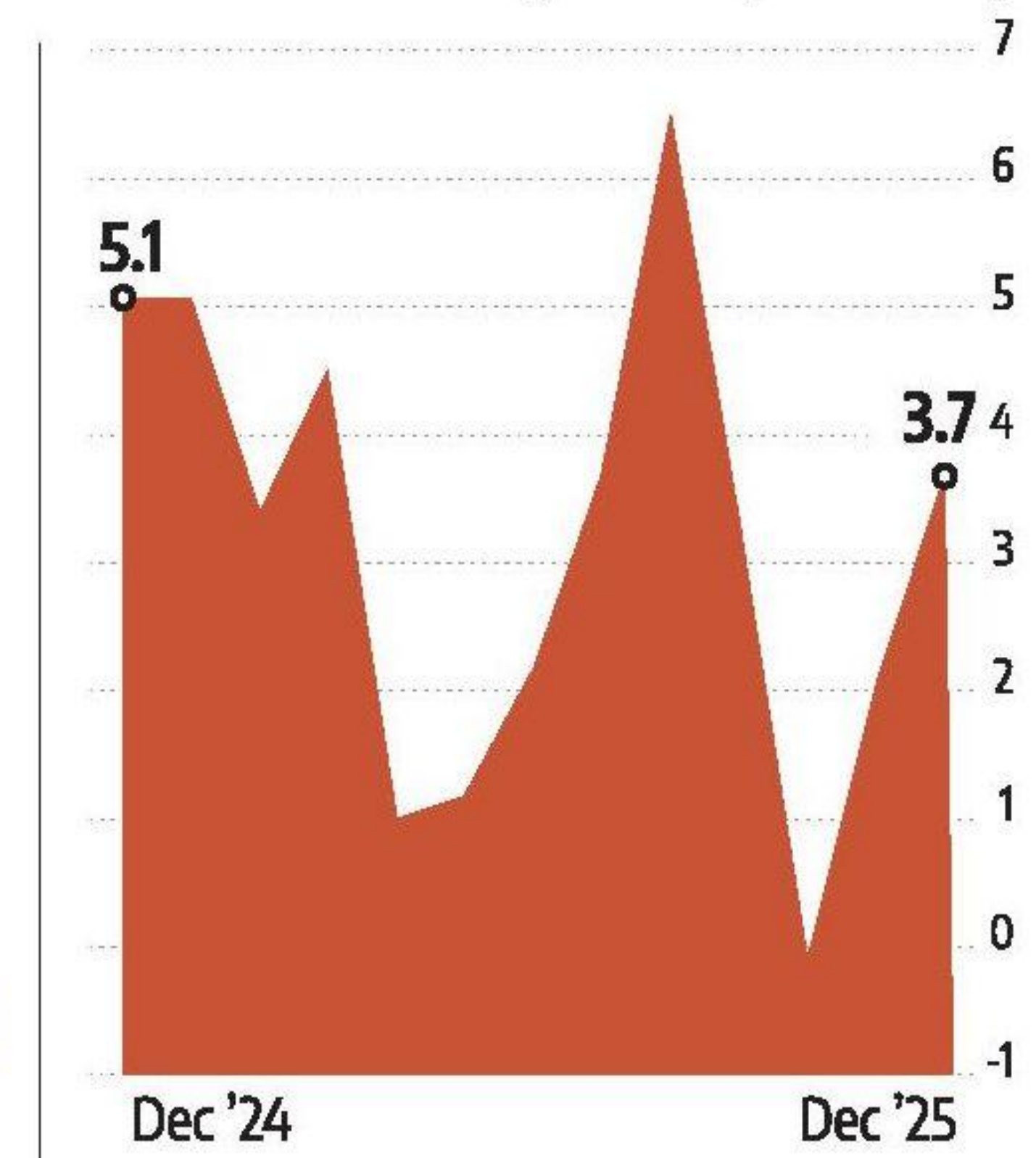
growth of 5.1 per cent.

The ICI, which constitutes 40.27 per cent in the Index of Industrial Production (IIP), stood at 175.7 in December, the highest in nine months. India's industrial output growth had hit a 25-month high of 6.7 per cent year-on-year in November, fuelled by a spike in manufacturing and a sharp pick-up in consumer goods.

For the first three quarters of FY26, the core sectors have now reported a modest 2.6 per cent growth, compared to 4.5 per cent in the same period last year.

Bank of Baroda Chief Economist Madan Sabnavis reckoned that the positive growth in electricity and coal production is indicative of a pick-up

Overall core sector growth (Y-o-Y %)



Note: Dec data is provisional

in business activity, while ICRA Chief Economist Aditi Nayar termed the healthy growth in steel and cement as a signal of robust construction activity. While Sabnavis expects the IIP to rise by 4 per cent in November, Nayar pegged it in the range of 4.5 per cent to 5 per cent.

Sabnavis attributed the growth in steel and cement to higher infrastructure activity with the front end spending by the government on roads and railways adding to the demand. "Further, this growth is impressive as it comes over a higher base too. This is also indicative of private sector involvement in infrastructure which is borne out by the higher investment announcements witnessed this year so far," he posited.