Core sector growth recovers a tad

November's 1.8% uptick follows 1st contraction in 15 mths; infra demand revs up steel, cement

AUHONA MUKHERJEE
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India's core sector output recovered slightly in November to rise 1.8 per cent, after recording its first contraction in 15 months this October according to revised official data, but four of the eight sectors continued to record a year-on-year dip in production, including electricity, even as cement output soared to a 26-month high.

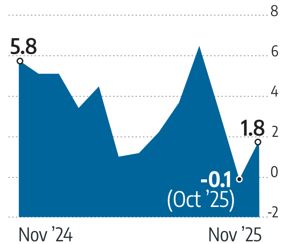
The Ministry of Commerce and Industry, revised October's Index of Core Industries (ICI) to reflect a 0.1 per cent year-on-year decline in output, as opposed to its earlier estimate of a flat zero per cent movement.

November's 1.8 per cent uptick in the ICI is still the second slowest since May. Moreover, on a sequential basis, output was 0.3 per cent below October levels with five of eight sectors recording a contraction — electricity, refinery products, natural gas, crude oil and fertilisers. Barring fertilisers, the four other sectors also recorded a year-on-year decline.

Coal production jumped nearly 20 per cent from October, and was 2.1 per cent higher than last November. Electricity generation fell for the second month in a row, although the contraction eased to 2.2 per cent in November from 6.9 per cent in October.

Back in the green

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



Sectoral trend in November

Sector	Y-o-Y chg in %
Coal	2.1
Crude oil	-3.2
Natural gas	-2.5
Refinery products	-0.9
Fertilizers	5.6
Steel	6.1
Cement	14.5
Electricity	-2.2

Note: Nov data is provisional; Source: Ministry of Commerce and Industry

In November 2024, core sectors' output had registered a growth of 5.8 per cent. In the fastest uptick since October 2023, cement output grew 14.5 per cent on top of a 13.1 per cent rise recorded last November, and was almost 3 per cent over this October's level. Steel output also rose 6.1 per cent in November. "The push to infra in both roads and housing has contributed to these two industries' growth," reckoned Bank of Baroda Chief Economist Madan Sabnavis.

Crude oil shrank 3.2 per cent, marking the third straight month of contraction and the tenth such occasion in 2025. Natural gas output fell 2.5 per cent, the 17th successive month of decline. Refinery products dropped 0.9 per cent. Sabnavis said the decline in the oil complex is normal when global crude oil prices are low.

For the first eight months of financial year 2025–26, core sectors' output growth is 2.4 per cent against 4.4 per cent during the same period last year.

The eight core sectors constitute 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). India's industrial production had moderated significantly to a 14-month low of 0.4 per cent in October from 4.6 per cent in September, on the back of working days and a sharp decline in electricity generation.

"The pickup in the overall core sector reading in November was expected due to the festive season, but remained generally tepid," said Aditi Nayar, chief economist at ICRA Ratings, attributing most of the uptick to cement. "Given the base effects and shift in the festive calendar, it would be more prudent to assess the average for October and November, which stands at a meagre 0.8 per cent, lower than the average growth of 3 per cent recorded in the first half of FY26," she said.

While Nayar expects the IIP to rise by 3.5 per cent to 4.5 per cent in November, Sabnavis pegged it in the range of 2.5 per cent to 3 per cent.