Ayesha Bhati, Economic Intelligence Cell

Macro Insights

22nd October 2026

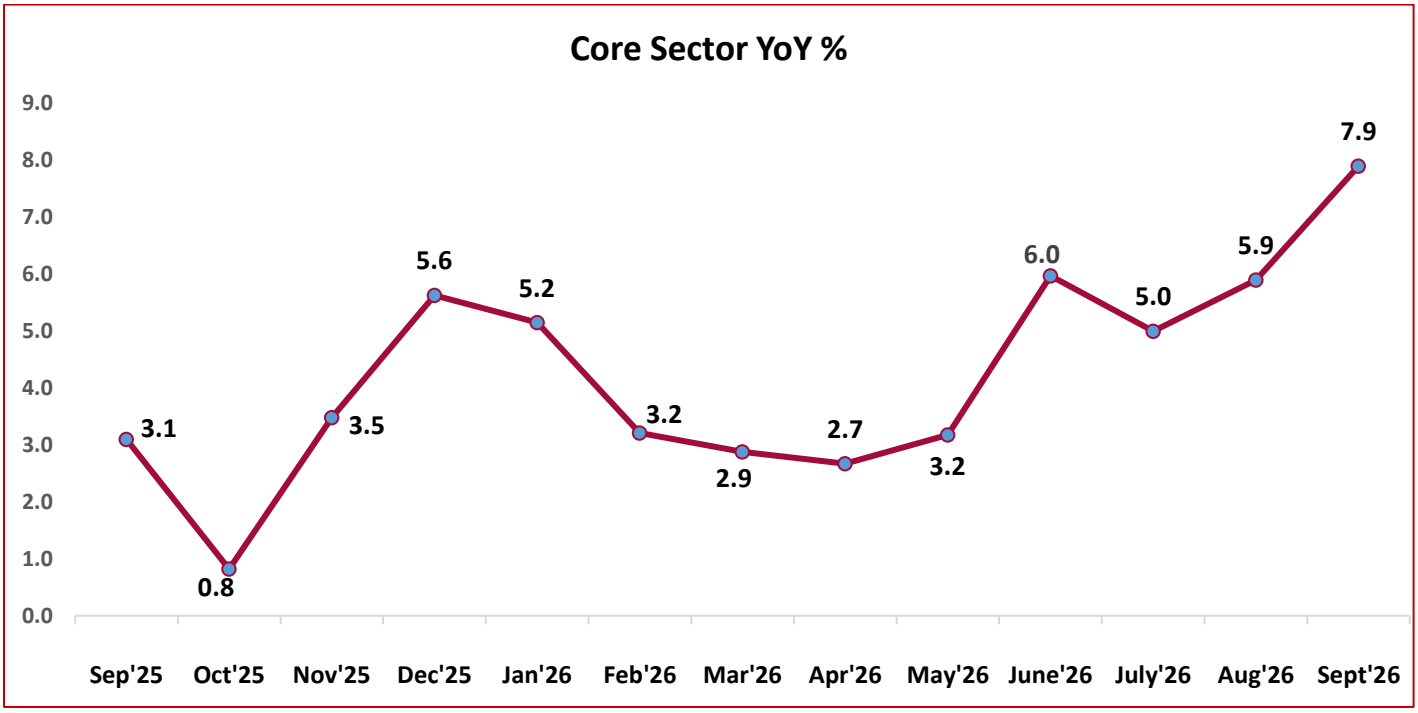
Core sector growth rose to 30 months high of 7.9 per cent in September

The Index of Core Industries (ICI) grew by **7.9 per cent** in **September 2026** on a YoY basis, higher than the growth rate of **5.9 per cent** recorded in **August 2026**.

Highlights:

- Iron Ore, Electricity, Cement, Steel, Refinery Products and Coal have been the major drivers of overall growth of ICI during recent months.
- 6 industries i.e Iron Ore, Electricity, Coal, Refinery Products, Cement, and Steel observed (Y-o-Y) growth rate of 18.4 per cent, 11.4 per cent, 10.7 per cent, 10.3 per cent, 9.8 per cent, and 4.9 per cent respectively.
- 3 industries, i.e Fertilizers, Natural Gas, and Crude Oil witnessed negative growth in September 2026.
- Cumulative growth rate of ICI during April-September 2026 was 5.1 per cent compared to 2.5 per cent in the corresponding period of last year.

Core Industries – September 2026 (YoY Growth in per cent)



Source: Office of Economic Adviser

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Components of Core Sectors* (YoY Growth in per cent)

Sr. No	Sector	Weight	Sept-2025	Mar-2026	Apr-2026	May-2026	June-2026	July-2026	Aug-2026	Sept-2026
1	Coal	5.60	-1.1	-4.0	-9.0	-9.5	1.4	7.6	-3.8	10.7
2	Natural gas	3.84	-3.7	-3.7	-4.2	-5.0	-4.8	-3.0	-4.9	-4.6
3	Crude Oil	7.43	-0.7	-5.3	-3.2	-4.2	-4.2	-5.3	-3.6	-1.4
4	Refinery Products	22.57	-3.2	0.9	-0.2	-8.2	-4.0	3.0	5.6	10.3
5	Fertilizers	2.73	1.7	-24.6	-8.5	-1.0	-3.3	-8.0	-12.4	-11.7
6	Steel	17.58	14.3	9.6	4.7	5.1	5.6	1.9	3.5	4.9
7	Cement	4.41	5.1	4.7	8.3	8.4	9.9	12.7	11.7	9.8
8	Electricity	30.93	3.1	0.8	5.5	11.2	11.4	8.4	13.1	11.4
9	Iron Ore	4.91	0.8	33.3	12.5	19.0	44.5	29.5	5.5	18.4
	Overall Index	**100.0**	**3.1**	**2.9**	**2.7**	**3.2**	**6.0**	**5.0**	**5.9**	**7.9**

***Revised as per Base Year 2022-23** **Source: Office of Economic Adviser**

Views & Outlook:

- The Core Industries together account for 40.3 per cent of the weight in the Index of Industrial Production (IIP).
- A sharp rebound in coal, a jump in iron ore, a record growth in refinery products and a favourable base lifted the headline figure from an upwardly revised 5.9 per cent in August.
- Iron ore, which carries a weighting of 4.9 per cent in the index of core industries (ICI), overtook electricity as the fastest-growing sector. Its growth more than tripled to 18.4 per cent from 5.5 per cent in August. Electricity, the heaviest component of the index at 30.9 per cent weight, grew 11.4 per cent, easing from an upwardly revised 13.1 per cent in August.
- Strong electricity, cement, iron ore and steel output indicate continuing momentum in construction and infrastructure-linked activity. The September recovery in coal (from -3.8 per cent to 10.7 per cent MoM) and refinery products (from 5.6 per cent to 10.3 per cent MoM) makes the latest expansion more broad-based.
- On a month-on-month basis, the index contracted by 1.7 per cent in Sept 2026. There is a degrowth in 7 out of 9 core sectors. Coal and Iron Ore are the only sectors that showed a MoM growth of 12.8 per cent and 12.7 per cent respectively.
- Core-sector growth is expected to remain resilient, aided by infrastructure and construction activity, although persistent weakness in select energy-related segments may temper the pace of expansion. Overall, improving core-sector activity should provide a favourable base for broader industrial production, while the trajectory will remain sensitive to domestic demand conditions, commodity prices and global economic developments.

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