

Core sector growth slumps to 15-month low of 3.6% in January

KR Srivats
New Delhi

The output growth of eight core industries slid to a 15-month low of 3.6 per cent in January 2024, which is also the lowest monthly print so far this fiscal.

The latest reading was lower than the revised 4.9 per cent growth recorded in December 2023 and 9.7 per cent recorded in January 2023, official data released on Thursday showed. Six of the eight core industries recorded positive growth for the month under review.

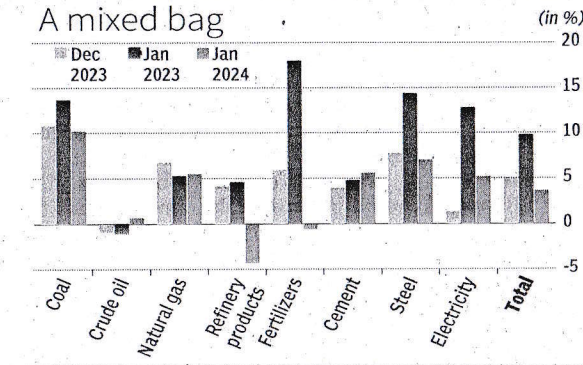
Only refinery products

output and fertilizers saw a contraction.

For April-January 2024, core sector growth came in at 7.7 percent, lower than 8.3 percent recorded in same period last fiscal. The government has also revised the output growth the eight core sectors for October to 12.7 per cent.

Coal output continued to sizzle with a growth of 10.2 per cent in January 2024, albeit lower than the 10.7 per cent growth in December last year.

For the month under review, natural gas output grew robust 5.5 per cent (6.6 per cent in December) and



Source: Ministry of Commerce and Industry

steel output was at 7 per cent (7.6 per cent in December). Cement sector grew 5.6 per cent and electricity genera-

tion was up 5.2 per cent in January 2024. In January 2024, refinery products' output contracted 4.3 per cent

(growth of 4 per cent); fertilizers contracted at 0.6 per cent (5.8 per cent).

EXPERTS' TAKE

Aditi Nayar, Chief Economist, Head Research and Outreach, ICRA Ltd, said, "Core sector growth slid to a 15-month low of 3.6 per cent in January 2024, with contractions emerging in refinery products and fertilizers and a sub-1 per cent rise in natural gas."

"Encouragingly, the other five components displayed a moderate-to-healthy expansion ranging from 5.2 per cent to 10.2 percent in January 2024. With a relatively

healthier trend displayed by various other high frequency indicators, we project the IIP to report a growth of 2-4 per cent in January 2024," Nayar said.

Madan Sabnavis, Chief Economist, Bank of Baroda, said, "Core sector growth in January was a mixed bag. The good part is that cement and steel, which are reflective of capex of government, witnessed fairly good growth of 7 per cent and 5.6 per cent, notwithstanding the high base effect."

"We could expect IIP growth to be between 2-3 per cent this month," he added.