March core sector growth climbed down to 5.2%

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The growth in output of eight key infrastructure industries — known as the core sector — slowed to 5.2 per cent year-on-year (Y-o-Y) in March from 7.1 per cent in February on the back of a sequential deterioration recorded by five of its constituents.

Output decelerated in sectors like coal (8.7 per cent), crude oil (2 per cent), natural gas (6.3 per cent) and steel (5.5 per cent) during March, according to the data released by the Ministry of Commerce and Industry on Tuesday. The output of refinery products (-0.3 per cent) and fertilisers (-1.3 per cent) contracted during the month. On the other hand, output of cement (10.6 per cent) and electricity (8 per cent) accelerated in March.

In March 2023, the core sector had recorded a growth of 4.2 per cent.

Overall in FY24, growth in the core sector stood at 7.5 per cent as against 7.8 per cent in FY23. All the eight constituent sectors registered positive growth during the financial year with output of steel (12.3 per cent) leading the chart, followed by coal (11.7 per cent), cement (9.1 per cent), and electricity (7 per cent) in FY24.

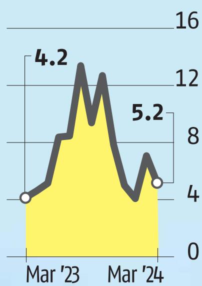
The eight core industries account for 40.27 per cent weighting of items included in the Index of Industrial Production (IIP) and, thus, have a significant impact on the index. Madan Sabnavis, chief economist, Bank of Baroda, said coal and cement were the 'star' performers driven by growth in general industrial activity as well as infrastructure push by the government.

"Growth in the case of steel was driven by infrastructure, while fertiliser production witnessed a decline as this is the non-sowing season and beginning of harvest where typically there is little demand. The energy basket of crude, gas and refinery products showed different tendencies. This can mean growth of around 5-6 per cent in IIP for the month," he added.

Meanwhile, Aditi Nayar, chief economist, ICRA Ratings, said electricity generation displayed a healthy expansion in March and had maintained a robust pace in April, with rising heat likely boosting agricultural and household demand.

STATUS CHECK

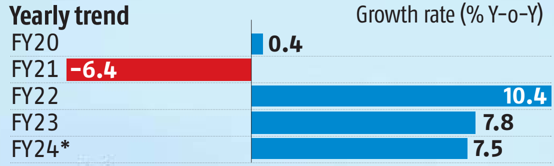
Core sector growth (%)



Sector-wise % chg in March*

Coal	Crude oil	Natural gas	Refinery Products	Fertilisers	Steel	Cement	Electricity
8.7	2	6.3	-0.3	-1.3	5.5	10.6	8

Yearly trend



*Provisional
Source: Ministry of Commerce and Industry