

Core sector growth slows to 8-month low of 0.5% in April

SLIPPING UP. Contractions seen in crude oil, refinery products and fertilizers

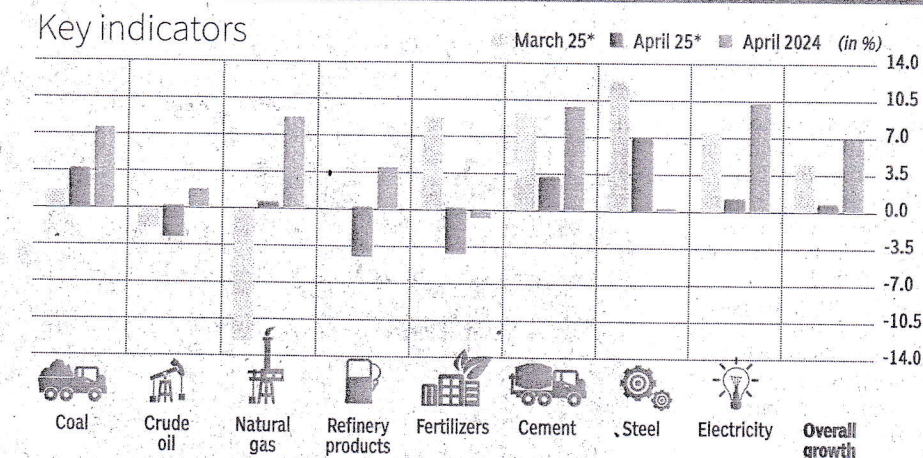
Abhishek Law
New Delhi

The country's core sector growth — across eight industries — slowed down to an eight-month low of 0.5 per cent in April, indicative of a steep dip from the 4.6 per cent in the previous month, according to provisional numbers released by the government on Tuesday.

April 2024 core sector growth stood at 6.9 per cent. These eight core industries — coal, crude oil, natural gas, refinery products, fertilizers, cement, steel and electricity — comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP).

April's figure marks a significant slowdown from the 5.1 per cent growth recorded in January. It pales against the 4.5 per cent cumulative growth for FY25.

According to Aditi Nayar, Chief Economist, Head - Research & Outreach, ICRA Ltd, performance of the core sector deteriorated significantly, with the deceleration



*Provisional. y-o-y is calculated over the corresponding financial year of previous year

being "broad-based".

"Based on the tepid rise in the core sector and the performance of the other available high frequency indicators, ICRA expects the IIP growth to moderate sharply to 1 per cent in April," she said.

THE CONTRACTION

Production in three sectors — crude oil, refinery products and fertilizers — contracted in April. Crude oil

production contracted by 2.8 per cent annually in April, compared to a 1.9 per cent contraction in March. Refinery contracted 4.5 per cent in April against 0.2 per cent growth registered in the previous month. Fertilizer contracted 4.2 per cent in April, compared to an 8.8 per cent growth in March.

Coal production increased by 3.5 per cent in April, up from the 1.6 per cent growth registered in March. Natural

gas rose by 0.4 per cent in April against the 12.7 per cent contraction in March.

Steel production increased by 3 per cent in April but growth was slower than in March when it was 9.3 per cent. Cement production, too, reflected a similar picture. It increased by 6.7 per cent in April, but growth was slower than in March when it was 12.2 per cent.

Electricity generation rose 1 per cent in April.