Economic Intelligence Cell
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Macro Insights

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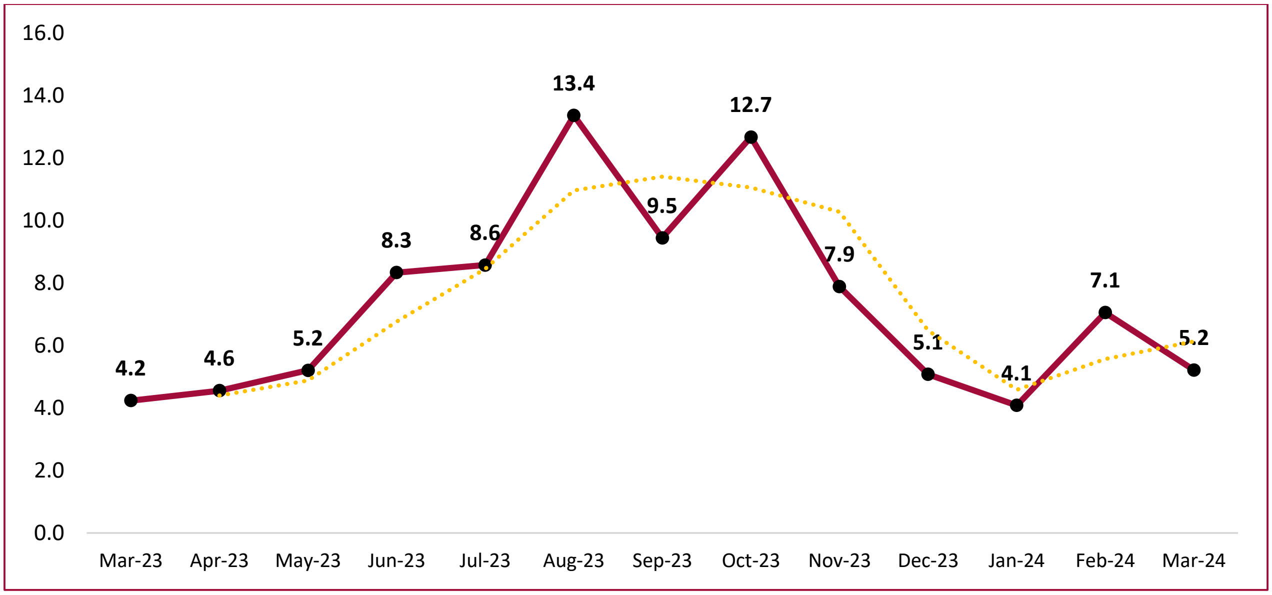
Core Sector growth drops to 5.2% in March 2024.

The Index of Eight Core Industries increased by 5.2% y-o-y in March 2024 vis-à-vis 7.1% in the previous month. However, this growth is higher as compared to the same month last year when it was 4.2%.

Highlights:

- Growth in all sectors of the index came in lower in March 2024, compared to February 2024. Coal sector grew at 8.7% in March, natural gas output expanded at 6.3%, and steel output grew at 5.5%.
- Cement and electricity grew substantially in March 2024 owing to a low base. Crude oil sector witnessed a significant moderation in growth in March 2024 at 2.1% despite a low base.
- Refinery and fertilizer output contracted in March 2024.

Eight Core Industries– March 2024 (YoY Growth in %)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	Mar-23	Jan-24	Feb-24	Mar-24	Apr-Mar 2023	Apr-Mar 2024
1	Coal	10.3	11.7	10.2	11.6	8.7	14.9	11.7
2	Crude Oil	9.0	-2.9	0.6	7.9	2.1	-1.7	0.6
3	Natural gas	6.9	2.8	5.5	11.2	6.3	1.6	6.1
4	Refinery Products	28.0	1.5	-4.4	2.6	-0.3	4.8	3.4
5	Fertilizers	2.6	9.7	-0.6	-9.5	-1.3	11.3	3.7
6	Steel	17.9	12.1	8.7	9.1	5.5	9.3	12.3
7	Cement	5.4	-0.2	5.6	9.1	10.6	8.7	9.1
8	Electricity	19.9	-1.6	5.6	7.5	8.0	8.9	7.0
	Overall Index	**100.0**	**4.2**	**4.1**	**7.1**	**5.2**	**7.8**	**7.5**

Source: Office of Economic Adviser

Views & Outlook:

- Moderation in core sector growth in March 2024 was due to four of the eight sectors (coal, crude oil, natural gas, and steel) recording a substantial fall in their output growth, while two sectors (fertilizers and refinery products) witnessed a decline in their outputs.
- The polling season is likely to have led to a fall in capex spending by the government-impacting the infrastructure-driven sectors.
- A slowdown in the core sector index is expected to impact the Index of Industrial Production (IIP) as it constitutes 40.7% of the IIP.

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