

Core sector growth slows to a 3-month low of 2.3% in Feb

● Natural gas, crude oil production dipped before West Asia crisis

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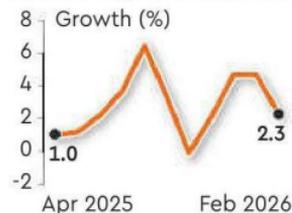
GROWTH IN INFRASTRUCTURE sectors' output slowed to 2.3% year-on-year in February, from 3.4% in the year ago month. The growth halved sequentially from an upwardly revised 4.7% in January, 2026.

The slowdown was led by declines in natural gas (-5.0%) and crude oil (-5.2%) production. Six of the eight core sectors recorded a deceleration in the growth rate in February compared with the previous month. Five of the eight components of the Index of Eight Core Industries (ICI) recorded positive growth in February.

The core-sector growth hit a three-month low in February

LOSING MOMENTUM

Index of eight core industries



*Provisional Source: Ministry of Commerce and Industry



■ Six of the eight core sectors recorded a deceleration in the growth rate in February

■ Output of electricity, coal, cement, steel, and fertilisers marked expansion

even before the escalation of the West Asia crisis, according to data released by the Ministry of Commerce and Industry. The impact of the West Asia crisis is likely to be felt in the March print.

Output of electricity, coal, cement, steel, and fertilisers marked expansion in February, while contraction continued in natural gas and crude oil. Refinery products growth also contracted in February, after remaining flat in January.

Within the sectors, cement

grew 9.3%, followed by steel (7.2%), fertilisers (3.4%), coal (2.3%), and electricity (0.5%). The sectors that contracted were crude oil (-5.2%), natural gas (-5%), and refinery products (-1.0%). Refinery products, electricity, steel, and coal have the maximum weight in the index. In February 2025, the ICI had expanded by 3.4% y-o-y.

Aditi Nayar, chief economist at ICRA, said the sequential halving in y-o-y growth from 4.7% in January was relatively broad-based, with only a few

sectors eking out strong gains.

Gaurasen Gupta, chief economist at IDFC First Bank, however, said the moderation in cement and steel production in February could be due to a slowdown in government capital expenditure. Steel and cement had grown 11.5% and 11.3% respectively in January. Sengupta also noted there could be a pickup in domestic petroleum production to safeguard supplies. Warmer weather will also support electricity production in March, she said.