

Macro Insights

23rd March 2026

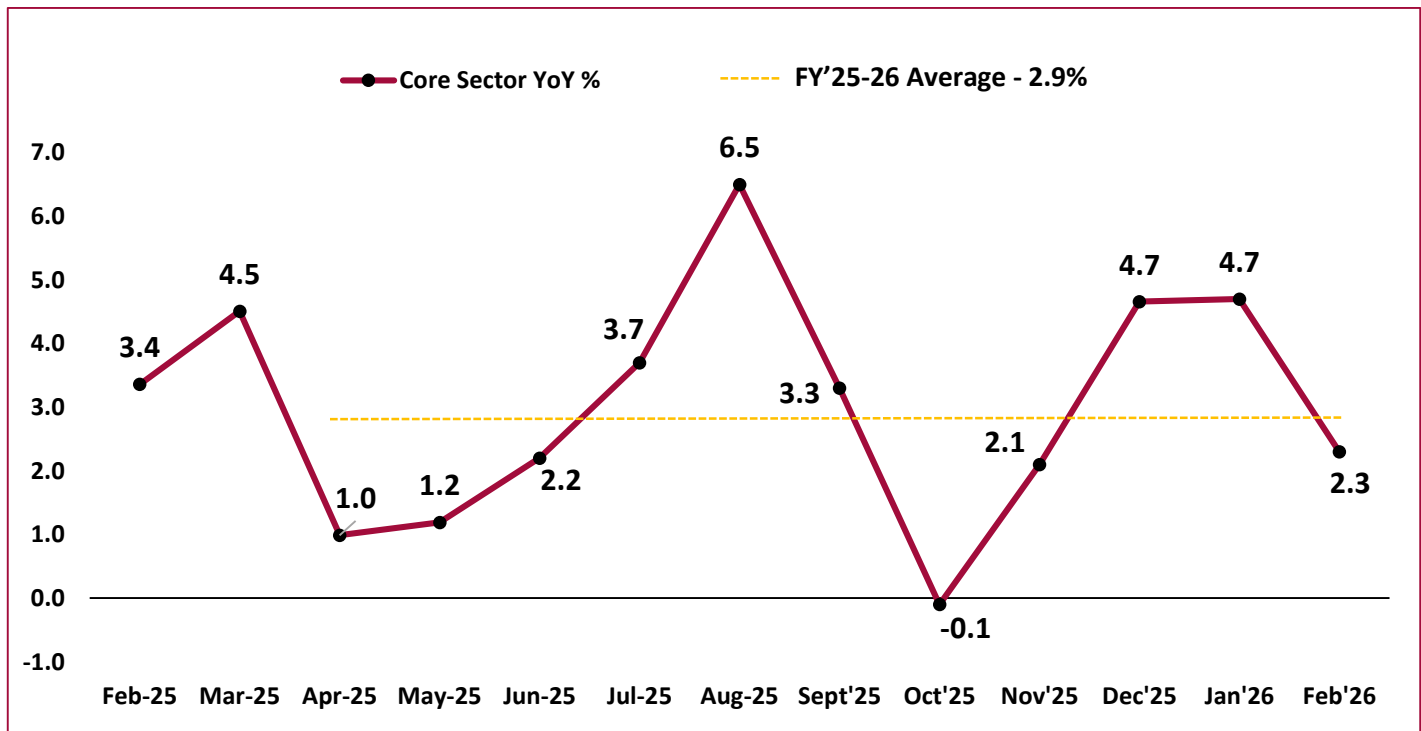
India's Core sector growth declined to three-month low of 2.3 per cent in February'26

Index of Eight Core Industries eased to 2.3 per cent during February'26, down from 4.7 per cent during January'26 and 3.4 per cent during February'25, owing to weakness in energy-linked segments

Highlights:

- ☞ The slowdown in Feb'26 core sector was broad-based, with as many as six of the eight sectors witnessing a decline in their YoY growth as compared to Jan'26.
- ☞ Five sectors - coal, fertilizers, steel, cement and electricity posted positive YoY growth during Feb'26 with Cement and steel showing a notable growth of 9.3 per cent and 7.2 per cent respectively.
- ☞ Energy related segment comprising of Crude Oil, Natural gas and Refinery products showed a negative YoY growth of 5.2 per cent, 5.0 per cent and 1.0 per cent respectively.

Eight Core Industries – February 2026 (YoY Growth in per cent)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in per cent)

Sr. No	Sector	Weight	Feb-2025	Aug-2025	Sept-2025	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026
1	Coal	10.3	1.7	11.4	-1.2	-8.5	2.1	3.6	3.1	2.3
2	Crude Oil	9.0	-5.2	2.4	-1.3	-1.2	-3.2	-5.6	-5.8	-5.2
3	Natural gas	6.9	-6.0	-2.2	-3.8	-5.0	-2.5	-4.4	-5.0	-5.0
4	Refinery Products	28.0	0.8	3.0	-3.7	4.6	-0.9	-1.0	0.0	-1.0
5	Fertilizers	2.6	10.2	4.6	1.6	7.4	5.6	4.1	3.7	3.4
6	Steel	17.9	6.9	13.6	14.4	5.9	6.7	10.1	11.5	7.2
7	Cement	5.4	10.7	5.4	5.0	5.2	14.6	13.7	11.3	9.3
8	Electricity	19.8	3.6	4.1	3.1	-6.9	-1.5	6.3	5.2	0.5
	Overall Index	100.0	3.4	6.5	3.3	-0.1	2.1	4.7	4.7	2.3

Source: Office of Economic Adviser

Views & Outlook:

- The Eight Core Industries together account for 40.27 per cent of the weight in the Index of Industrial Production (IIP).
- The cumulative growth rate of Eight Core Sectors during 2025-26 from April to February is 2.9 per cent as compared to 4.4 per cent during the corresponding period of last year. During 2025-26 from April to February, steel and cement registered robust YoY growth of 9.7 per cent and 9.2 per cent respectively showing an infrastructure led growth with higher housing activity in the economy.
- Index of core sector declined to 166.7 during February'26 from 182.0 during January'26. Low core sector growth is majorly due to sharp deceleration in electricity output (having 19.8 per cent weight) to 0.5 per cent YoY growth and Steel output (having 17.9 per cent weight) to 7.2 per cent YoY growth, along with degrowth in Refinery Product (having 28.0 per cent weight) to -1.0 per cent YoY growth during February'26.
- Core sector output showed a degrowth of 8.4 per cent MoM during February'26 as compared to January'26. All Eight sectors showed negative MoM growth during February 2026. Fertilizers and Natural gas showed a highest MoM decline of 10.4 per cent.
- Global energy supplies are experiencing turbulence due to the ongoing conflict in West Asia, with the impact likely to surface in March's macroeconomic indicators. High crude oil prices above USD 100 per barrel, together with supply disruptions in LPG and LNG, are expected to escalate input costs, dampen industrial activity, and restrain overall economic growth, thereby weakening core sector output. In addition, the conflict has driven up shipping and insurance premiums, eroding the competitiveness of exports and amplifying pressures on trade and industry.

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