

# Core sector output up 7.8% to 4-month high

## 7 of 8 key infra industries reported production growth in January

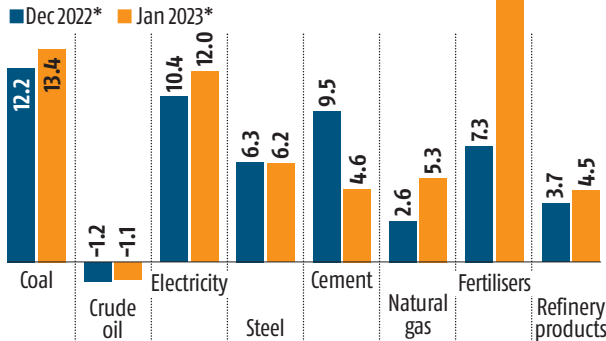
SHIVA RAJORA,  
New Delhi, 28 February

Production of eight infrastructure industries — the core sector — expanded 7.8 per cent year-on-year (YoY) in January, its fastest pace in four months, owing to a lower base and a near all-round showing. Seven of the eight industries reported output growth.

The data released by the industry department on Tuesday showed greater acceleration over the previous month in the output of five sectors like coal (13.4 per cent), electricity (12 per cent), natural gas (5.3 per cent), refinery products (4.5 per cent) and fertilisers (17.9 per cent). Growth in steel (6.2 per cent) and cement (4.6 per cent) decelerated over the previous month but remained in expansion territory. The crude oil industry, however, contracted for the eighth consecutive month. The output shrunk by -1.1 per cent YoY.

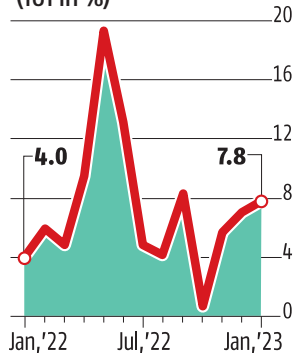
### GOING STRONG

Sectoral growth (YoY in %)



### Core growth

(YoY in %)



\*Provisional; Source: Ministry of Commerce and Industry

Madan Sabanvis, chief economist, Bank of Baroda, said growth in fertilisers was due to supplies for non-farm sectors, as well as replenishing inventory, whereas growth in the steel and cement sectors was due to infrastructure activity taking off largely due to push by the Centre. "Growth in coal and electricity was indicative of steady industrial activity during the month. Higher

power demand indicated high growth in the services sector. With the roads, railways, and metals segments witnessing traction, it is good sign for the economy on the investment front," Sabanvis said.

The eight core industries account for 40.27 per cent of the weighting of the items included in the Index of Industrial Production (IIP). Growth in January came in the

wake of the 7 per cent increase in December that was on the basis of positive expansion in seven of the eight industries.

"With these figures, IIP growth for the month (January) can be expected at 5-6 per cent," added Sabanvis.

The cumulative growth rate of the Index of Core Industries (ICI) during April-January 2022-23 was 7.9 per cent YoY (provisional).