

# Core sector output growth continues to sizzle at 12.7% in June

However, latest print lower than the upward revised growth of 19.3% in May

**KRSRIVATS**

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Aided by a good show from coal, cement, electricity, refinery products and fertilisers, the output growth of eight core industries for June came in at 12.7 per cent, official data released on Friday showed.

In same month last fiscal, the output growth of eight core industries stood at 9.4 per cent. The latest output growth print of 12.7 per cent was, however,

lower than the revised growth of 19.3 per cent for May.

Except for crude oil (output contracted 1.7 per cent), all the seven other core industries output growth on a year-on-year basis remained in positive territory.

The seven industries that saw positive growth rate in April are coal (31.1 per cent); natural gas (1.2 per cent); refinery products (15.1 per cent); fertilisers (8.2 per cent); cement (19.4 per cent);



The output growth of the eight core industries stood at 13.7 per cent in April-June 2022 period

Steel (3.3 per cent) and electricity (15.5 per cent).

The eight core industries have weightage of 40.27 per cent in the index of industrial

production (IIP). The output growth of eight core industries for April-June 2022 stood at 13.7 per cent. Meanwhile, the Commerce and Industry Ministry

has revised upwards the final growth rate of core industries for March 2022 to 4.8 per cent from 4.3 per cent earlier. Last month the output for February 2022 was revised upwards to 5.9 per cent from provisional level of 5.8 per cent.

Previously, the growth output of core industries for January 2022 was revised upwards.

The core output for December 2021 was earlier revised upwards to 4.1 per cent from its provisional level of 3.8 per cent.

## What experts say

Commenting on the latest core

data, Madan Sabnavis, Chief Economist, Bank of Baroda, said that notwithstanding a base effect of growth of 9.4 per cent in June 2021, the core sector has registered growth of 12.7 per cent in June 2022.

Even if compared against June 2019, which was pre-pandemic, the growth was impressive at 8 per cent. The performance however was not broad-based, he added.

“We may expect industrial growth for the year to be closer to the 9-10 per cent mark in June 2022”, Sabnavis added.

Aditi Nayar, Chief Economist,

ICRA, said that as expected, the core sector growth reported a fairly broad-based moderation to 12.7 per cent in June 2022 from 19.3 per cent in the previous month, reflecting the normalising base, while mildly exceeding ICRA forecast of 11-12 per cent.

“In line with the moderation in the YoY performance recorded by most high frequency indicators as well as the core sector in June 2022, we expect the IIP growth to ease to ~11-13 per cent in that month,” Nayar said.

The disaggregated trends are exceedingly mixed, ranging

from a YoY contraction of 1.8 per cent for crude oil to a robust expansion of 31 per cent for coal.

## Double digit growth

Coal, cement, refinery products and electricity generation demonstrated double digit growth in June 2022, whereas the rise in steel and natural gas was quite muted, she pointed out.

The core sector reported an 8 per cent growth in June 2022 relative to the pre-Covid level, with a healthy performance of all the sectors except steel and crude oil.