

Core sector growth at six-month low in Nov

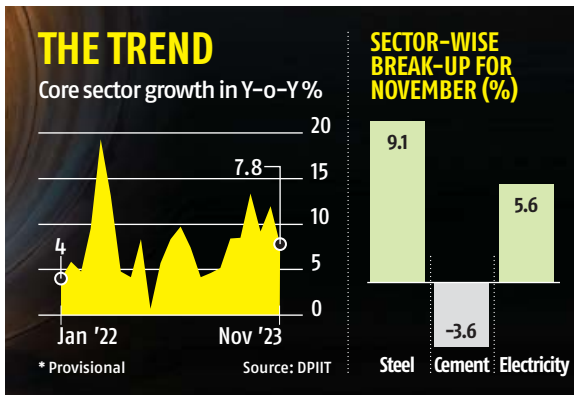
ASIT RANJAN MISHRA

New Delhi, 29 December

The output of eight key infrastructure industries — known as the core sector — slowed to a six-month low of 7.8 per cent in November on the back of a high base and festival holidays.

The October Index of Industrial Production (11.7 per cent), along with the November core sector print, will be factored in the first Advance Estimates of gross domestic product (GDP) data for 2023-24, set to be released on January 5 — ahead of the Interim Budget for FY25 to be presented on February 1.

According to data released by the Ministry of Commerce and Industry on Friday, growth in the output of refinery products (12.4 per cent) accelerated in September vis-à-vis the preceding month, while output of crude oil (-0.4 per cent) and cement (-3.6 per cent) contracted. Output growth in all other sectors, including coal (10.9 per cent), natural gas (7.6 per cent), fertilisers (3.4 per cent) steel (9.1 per cent), and electricity (5.6 per cent)



decelerated.

Madan Sabnavis, chief economist at Bank of Baroda, said core sector growth in November showed steady growth and the slight moderation had been due to base effects. “The high base effect has come in the way of cement production, which has turned negative. Slowdown in housing is also a factor here. Power growth is lower than last month, mainly due to base effects. November has been otherwise a good month for business,” he said.

“Fertiliser growth slowed down on expected lines as rabi sowing came to an end.

Natural gas and refinery products did well over negative growth last year. We can expect IIP growth of upwards of 7-8 per cent in November due to the late festival season,” Sabnavis said.

Analysts believe high base effects in the upcoming months could result in some moderation in the growth figures. Core sector grew between 7.4 per cent and 9.7 per cent during December 2022 and February 2023.

However, most economists predict the Indian economy to grow at least by 6.5 per cent while the Reserve Bank of India has projected 7 per cent growth in FY24.