Core sector growth at 4-mth high

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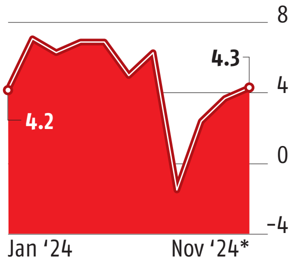
Despite a high base effect, growth in the output of eight key infrastructure industries — popularly known as the core sector — recovered to a four-month high of 4.3 per cent year-on-year (Y-o-Y) in November from an upwardly revised figure of 3.7 per cent in October. In November 2023, the growth had stood at 7.9 per cent.

In August, the output of the core sector had contracted (-1.6 per cent) for the first time in 42 months.

According to the data released by the Ministry of Commerce and Industry on Tuesday, the sequential recovery in November was driven by acceleration in the output of cement (13 per cent), electricity (3.8 per cent) and fertilisers (2 per cent).

On the other hand, in sectors like coal (7.5 per cent), refinery products (2.9 per cent) and steel (4.8 per cent), output remained in the expansion zone, though it decelerated compared to October.

THE RECOVERY PATH



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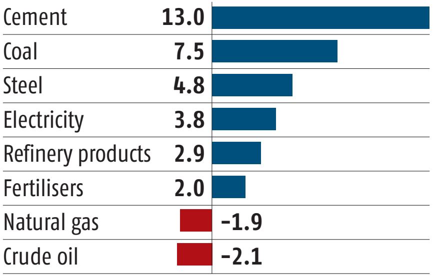

Source: Ministry of Commerce and Industry

Meanwhile, the output of crude oil (-2.1 per cent) and natural gas (-1.9 per cent) contracted during the month.

"The production of cement, coal, steel, electricity, refinery products and fertilisers recorded positive growth in November 2024," said the ministry of commerce in a statement.

Aditi Nayar, chief economist, ICRA Ratings, said that growth in the core sector during November partly reflects the fading impact of heavy rainfall in the earlier months. And, the core sector's performance was especially driven by a sharp increase in the growth of cement output, on the back of a low base.

The eight core industries account for 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP), thus having a significant impact on the index.

Data released earlier this month had shown that industrial production had increased to a three-month high of 3.5 per cent in October. It was aided by the festival season push and a recovery in the core sector.