

Press Release

Core sector continues to show broad-based growth

Electricity, coal, cement and steel output trajectory driven by infrastructure sector

01st Dec, 2023

The output growth of eight core industries (ECI) stood at 12.1% YoY in Oct-23, sharply higher than the modest 0.7% YoY recorded in Oct-22. This was also significantly higher than the 9.2% YoY (revised) growth in Sep-23. Sequentially, the core sector index has risen by 2.8% in Oct-23 whereas it had dropped by 3.9% in Sep-23. For April-Oct'23, the core output grew 8.6% (provisional) as compared to 8.4% in same period last year. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).

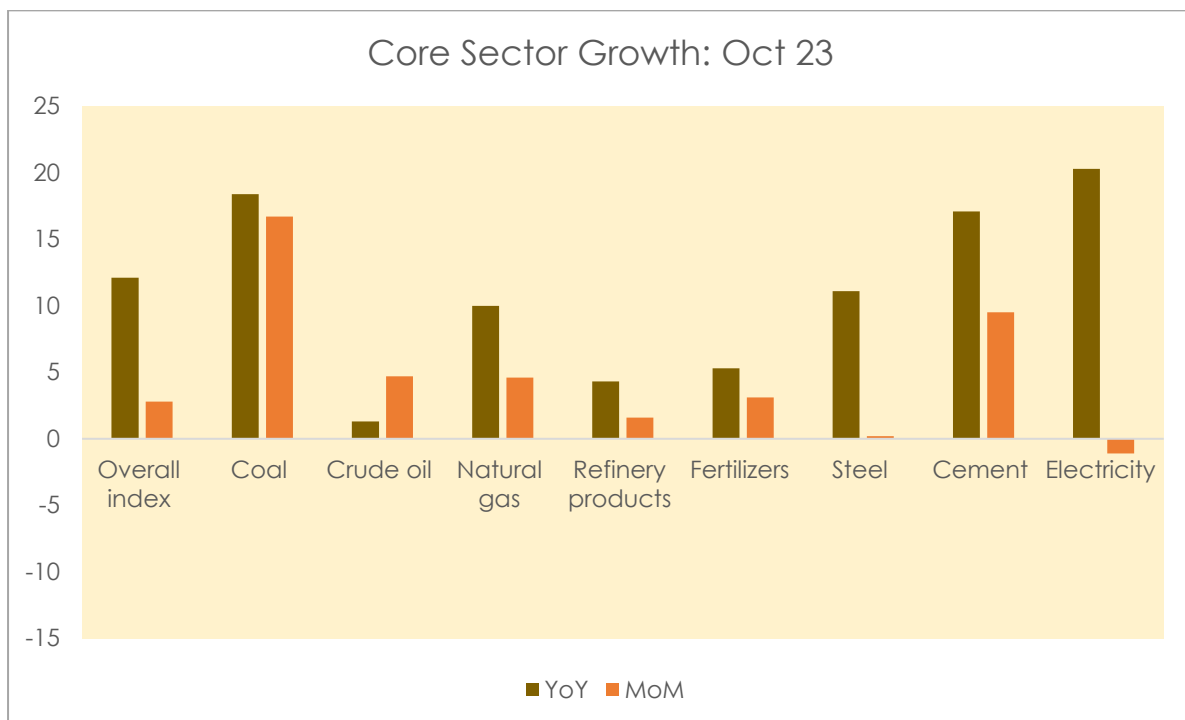
The core sector has been broad based and all the eight core industries - Coal, Crude oil, Steel, Electricity, Natural Gas, Refinery Products, Cement, and Fertilizers recorded a healthy annualised growth in Oct-23 over the corresponding month of last year. Five of the eight core industries - electricity, coal, cement, steel, and natural gas have witnessed double-digit growth in October 2023. Electricity generation showed a robust growth rising of 20.3% YoY for the month which is highest among all the segments and largely reflects the additional power demand from the residential and agricultural markets due to warm weather conditions. Driven by higher demand from the power sector, coal output also notched up a growth of 18.4% YoY in Oct-23, higher than the 3.8% in Oct-22.

Here are our brief comments on each of the core segments:

- **Steel production (weight: 17.92%)** increased strongly by 11.1% YoY this month and marginally by 0.2% MoM. Finished steel production grew by 9.3% YoY to 11 million tonnes compared to the production recorded in the corresponding year-ago month. The sustained higher production in steel reflects the increased requirements from the infrastructure projects.
- **Cement production (weight: 5.37%)** increased by a solid 17.1% YoY and 9.5% MoM. The cumulative output increased by 12.2 % during Apr-Oct'23 over the corresponding period of the previous year. This also signifies the robust demand from the infrastructure sector.
- **Natural Gas production (weight: 6.88%)** rose by 10.0% YoY and by 4.6% MoM, showing improved momentum than that seen in the earlier months. Its YTD production increased by 5.1% during April to October, 2023-24 over the corresponding period of the previous year.
- **Fertilizer production (weight: 2.63%)** increased by 5.3% YoY and sequentially by 3.1%. The total fertilizer production reached 26.5 million tons in Oct-23 along with substantial increase in import and sale.
- **Petroleum Refinery production (weight: 28.04%)** increased by 4.3% YoY with a simultaneous increase of 1.6% sequentially.
- **Crude Oil (weight: 8.98%)** production continues to be muted, rising by 1.3% annually and 4.7% sequentially. In fiscal 2022-23, core industries output grew 7.6%, lower than 10.4 per cent growth in the previous fiscal.

- **Electricity generation (weight: 19.85%)** increased by 20.3% YoY ; however, this was the only sector which witnessed the negative growth of 1.1% MoM. Its cumulative index increased by 7.9% during April to October, 2023-24 over the corresponding period of the previous year.
- **Coal production (weight: 10.33%)** increased by 18.4% YoY ; despite the heavy rainfall witnessed in early October, coal production gained momentum in the latter half of the month and rose by 16.7% MoM.

Chart 1: Annual and sequential growth in core sector in Oct-2023



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