Core Sector Growth - September 2018

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The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). The combined IIP of Eight Core Industries for September 2018 grew by 4.3% slightly lower than the 4.7% growth witnessed in August 2018 and September 2017. However the cumulative growth for the combined index during the period H1-FY19 was higher at 5.5% compared with 3.2% growth in the corresponding period in the previous year.

The overall growth in the index during the month can be attributed to the considerable rise in the production of the Cement, Electricity Generation, Refinery and Coal sectors. Crude Oil and Natural Gas were the only two sectors to register decline in production.

Industry-wise Growth

Coal Production grew by 6.4% in September 2018 over 10.4% in September 2017. The cumulative index of coal production over the period H1-FY19 grew by 9.6% over the corresponding period in the previous year (1.4%).

Production of Crude Oil declined by 4.2% during the month as compared with 0.1% growth in the comparable period previous year. The cumulative growth in the sector declined by (-)3.4% during the period H1-FY19 compared with the contraction of (-)0.2% for the corresponding period in the previous year.

Natural Gas production declined by (-)1.8% in September 2018 as compared with 6.3% growth registered in September 2017. For the period H1-FY19, the cumulative growth in the sector declined by (-) 0.8% compared with 5% growth for the corresponding period in the previous year.

Refinery products sector grew by 2.5% during the month compared with 8.1% growth in September 2017. The cumulative growth for the period H1-FY19 was 6.6% over 2.1% in H1-FY18.

The fertilizer production rose by 2.5% in September 2018. The growth can be attributed to a low base effect as the sector had registered a 7.7% decline in September 2017. The cumulative growth in the sector for H1-FY19 was 1.8% compared with a contraction of (-)2.1% in the corresponding period previous year.

Steel sector production grew by 3.2%. The cumulative growth for the period April-September in the sector was at 3.5% which is around two

percentage points lower than the growth registered in the corresponding period in the previous year.

Cement sector grew considerably by 11.8% during the month over 0.1% in September 2017. The cumulative growth for H1-FY19 was 14.4% compared with a contraction od (-)1.4% in H1-FY18.

Electricity production grew by 8.2%, higher than the 3.4% growth witnessed in September 2017. The cumulative growth of the sector for H1-FY19 was 6.2% higher than 5.7% growth in H1-FY18

Table 1: Growth in Eight Core Industries

Sector	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity	Overall Index
Weight	**10.3335**	**8.9833**	**6.8768**	**28.0376**	**2.6276**	**17.9166**	**5.372**	**19.853**	100
Sep-17	10.4	0.1	6.3	8.1	-7.7	3.7	0.1	3.4	4.7
Jul-18	9.8	-5.4	-5.1	12.3	1.3	6.9	11.0	6.7	7.3
Aug-18	2.4	-3.7	1.0	5.0	-5.2	4.0	14.4	5.4	4.2
Sep-18	**6.4**	**-4.2**	**-1.8**	**2.5**	**2.5**	**3.2**	**11.8**	**8.2**	**4.3**

Table 2: Cumulative Growth for April-September in Eight Core Industries

Sector	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity	Overall Index
H1-FY18	1.4	-0.2	5	2.1	-2.1	5.6	-1.4	5.7	3.2
H1-FY19	9.6	-3.4	-0.8	6.6	1.8	3.5	14.4	6.2	5.5