

INDUSTRY

Core sector output expands by 12.7% in June

Vikas Dhoot

NEW DELHI JULY 29, 2022 17:29 IST

UPDATED: JULY 30, 2022 01:33 IST

Crude oil output dropped 1.7% from a year ago



India's eight core sectors' output growth moderated to 12.7% in June from 18.1% in May, with all sectors except crude oil registering an uptick in production.

Coal, Cement, Electricity and refinery products rose 15% or more, compared to June 2021 output levels, while natural gas (1.2%), steel (3.3%) and fertilisers (8.2%) grew at a milder pace. Crude oil output dropped 1.7% from a year ago, returning to contractionary territory after recording the first uptick in several months this May.

estimated earlier, while May's output growth from these sectors was revised higher at 19.3% from the previous estimate of 18.1%.

While June marks the second successive month of double-digit growth in core sectors, which constitute about 40% of the Index of Industrial Production (IIP), overall core output shrank 4.08% compared to the previous month.

Cement and fertilisers were the only sectors to record a sequential month-on-month growth in output in June of 6.9% and 0.32%, respectively.

Compared to pre-COVID levels, the core sectors reported an 8% growth in June with a healthy performance of all the sectors except steel and crude oil, said Aditi Nayar, chief economist at ICRA.

The disaggregated trends are exceedingly mixed, she said, ranging from a contraction in crude oil to a robust expansion of 31% in coal. The broad-based moderation in the growth rate to 12.7% from 19.3% in May, she attributed to the 'normalising base' effects from 2021 amid the second COVID-19 wave.

"In line with the moderation in the year-on-year performance recorded by most high frequency indicators as well as the core sector in June 2022, we expect the IIP growth to ease to about 11% to 13%," Ms. Nayar averred. The IIP had grown 19.6% in May.

Rajani Sinha, chief economist at CARE Ratings, said the low base from last year helped prop up the growth rate in June, but added she expects further momentum in coming months for the core sectors with a pick-up in investment demand.

THE HINDU

Our code of editorial values

-
1. Comments will be moderated by The Hindu editorial team.
 2. Comments that are abusive, personal, incendiary or irrelevant cannot be published.
 3. Please write complete sentences. Do not type comments in all capital letters, or in all lower case letters, or using abbreviated text. (example: u cannot substitute for you, d is not 'the', n is not 'and').
 4. We may remove hyperlinks within comments.
 5. Please use a genuine email ID and provide your name, to avoid rejection.

Printable version | Jul 30, 2022 1:36:09 am |

<https://www.thehindu.com/business/Industry/core-sector-output-expands-by-127-in-june/article65698395.ece>

© THG PUBLISHING PVT LTD.