

Core growth slows in June but still in double digits

Synopsis

Electricity generation was up 15.5% in June, refinery products output grew 15.1% while fertiliser production rose 8.2% in the month from a year earlier. Production of cement rose 19.4%, steel was up 3.3%, and natural gas 1.2%. Crude oil output declined 1.7% from a year earlier.



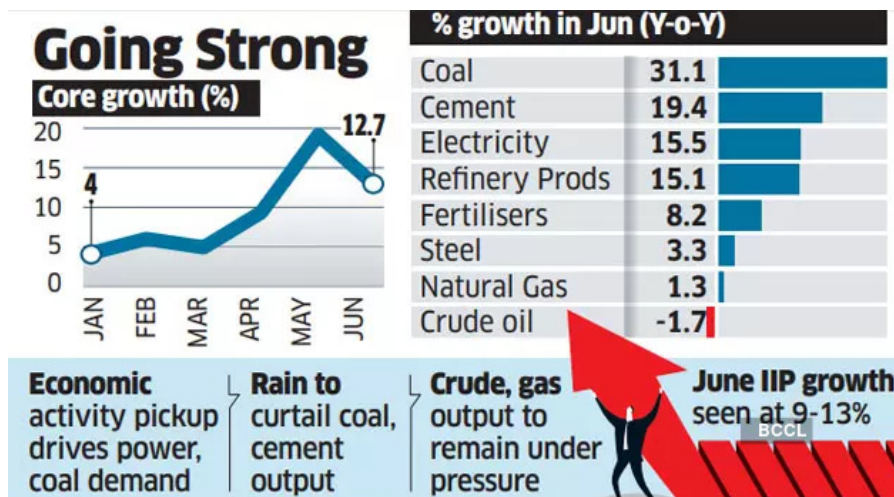
Core sector output in the June quarter was up 13.7% from the year-ago period.

India's core sector output grew a firm 12.7% in June though it slowed from 19.3% in May as the base effect that boosted growth in earlier months began to normalise.

The Index of eight core industries was up 8% in June 2022 from the pre-pandemic level of June 2019, indicating a recovery in infrastructure sectors and a pickup in the economy. The index measures the output of eight industries — coal, crude oil, [natural gas](#), [refinery products](#), fertiliser, steel, cement, and electricity. All sectors except [crude oil](#) showed growth in production in June, with [coal](#) output rising 31.1% from a year ago.

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“Even if compared against June 2019, which was pre-pandemic, growth was impressive at 8%. The performance however was not broad-based,” said [Bank of Baroda](#) [NSE 0.17%](#) chief economist Madan Sabnavis. The pickup meant that demand for power increased and coal production kept pace, he said.



Core sector output in the June quarter was up 13.7% from the year-ago period. “Encouraging performance in the eight core sectors continued in June, supported by the low base of last year,” said Rajani Sinha, chief economist, [CARE Ratings](#) [NSE 0.66%](#). “Going forward, a pickup in investment demand should aid in the core sector gathering further momentum.”



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