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Gireesh Chandra Prasad

Barring crude oil and fertilizers, all other sectors reported growth in output, showed govt data

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NEW DELHI : Eight core infrastructure industries recorded an 11.6% increase in output in August, benefiting from a low base of the year-earlier period and continuing the sustained growth that began in March.

Output of coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity industries comprise two-fifths of the weight of items included in the Index of Industrial Production (IIP).

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Wall Street ends sharply lower in broad sell-off oil and fertilizers, all other sectors reported growth in output. In the April-August period of FY22, the core sector witnessed a 19.3% expansion from the year-ago period.

A lull in monsoon rains in August boosted coal, cement, and electricity, and lifted mobility that propped up growth in petroleum refinery products, experts said. In July, core sector growth was slightly lower at 9.9%.

"Core output displayed a heartening 3.9% rise in August 2021 relative to the pre-covid period of August 2019, led by all the sub-sectors except refinery products and crude oil," said Aditi Nayar, chief economist at rating agency Icra Ltd.

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Nayar, however, cautioned that the gains in August in sectors such as mining, construction, and electricity are likely to be washed out by the September rains, worsened by the impact of a normalizing base. Overall, Icra expects core sector growth to moderate to 4-6% in September.

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While the output of coal and natural gas jumped 20.6% each in August from the year-ago period, refinery products saw a 9.1% jump. Steel, cement, and electricity output improved by 5.1%, 36.3% and 15.3%, respectively, in August, data showed. Meanwhile, crude oil production dropped by 2.3% and fertilizer output by 3.1%.

The economic recovery also reflected in government finances for the April-August period. The Union government's fiscal deficit stood at ₹4.68 trillion at the end of August, touching 31.1% of the budgeted level, official data from the Controller General of Accounts (CGA) showed.

As per budget estimates made in February, the Centre's gap between receipts and spending to be met with borrowings is more than ₹15 trillion. In the first five months of the last fiscal year, the Centre's fiscal deficit had breached the full-year target as revenue receipts declined as a result of the stringent national lockdown aimed at combating the pandemic and spending requirements to deal with the situation shot up.

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CGA data showed that the Centre's revenue receipts of ₹7.9 trillion at the end of the April-August period this fiscal year accounts for about 44.4% of the full-year budget estimate. This was only 18.3% in the same period a year ago.

At the end of August, dividends and profits earned by the Centre at ₹1 trillion almost touched the full-year target, aided by the transfer of surplus from the Reserve Bank of India (RBI). "The profits/dividend target has almost been fully achieved due to the RBI surplus transfer this year," said Madan Sabnavis, chief economist at Care Ratings Ltd.

However, receipts from stake disinvestments in state-run companies at ₹8,369 crore at the end of August accounted for only 11% of the ₹75,000 crore target. There was no receipts in case of the ₹1 trillion target set for disinvestment of stake in financial institutions and public sector banks, data showed.

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