

[Budget 2021](#)[Coronavirus Vaccine Tracker](#)[Long Reads](#)[2021: The Great Reset](#)[Plain Facts](#)[Primer](#)[Market Dast](#)[Home](#) > [News](#) > [India](#) > Core sector sees sharper contraction in November

OPEN APP

The pace of contraction in the economy slowed in the September quarter to 7.5% from a historic 23.9% contraction in the June quarter due to the shock caused by the pandemic-induced nationwide lockdown. BLOOMBERG

Core sector sees sharper contraction in November

2 min read . Updated: 01 Jan 2021, 06:00 AM IST

Asit Ranjan Mishra

Data released by the industry department for November showed five industries—coal (2.9%), fertilizers (1.6%), steel (-4.4%), cement (-7.1%) and cement electricity (2.2%)—that had registered strong growth in October faltered in November



HOME

LATEST

TRENDING

MY READS

Budget 2021

Coronavirus Vaccine Tracker

Long Reads

2021: The Great Reset

Plain Facts

Primer

Market Dash

The eight industries that make up the core sector contracted at a steeper pace of 2.6% in November than in the previous month, signalling that the [economic](#) recovery from the pandemic in Asia's third-largest economy may not yet be on a strong footing.

The core sector, which constitutes 40% of the Index of Industrial Production (IIP), showed signs of recovery in September with only a 0.1% contraction after shrinking 6.9% in the preceding month. However, it contracted at a faster pace in October (-0.9%) and November. To be sure, IIP bounced back to register positive growth in September October on the back of a recovery in demand for consumer goods and a lower base effect.

OPEN APP

MORE FROM THIS SECTION

See All

HOME

LATEST

TRENDING

MY READS

Budget 2021

Coronavirus Vaccine Tracker

Long Reads

2021: The Great Reset

Plain Facts

Primer

Market Dash

**Hospitality, travel firms see surge in bookings in holiday season**

3 min read 06:13 PM IST

**Where is Jack Ma, China's e-commerce pioneer?**

4 min read 06:05 PM IST

**India's armed forces won't find better partners than US military, says outgoing envoy**

1 min read 05:55 PM IST

**Julian Assange's fight for freedom is far from over**

4 min read 05:41 PM IST

OPEN APP

Also Read | [Investing during all-time highs can be good strategy](#)



HOME

LATEST

TRENDING

MY READS

Budget 2021

Coronavirus Vaccine Tracker

Long Reads

2021: The Great Reset

Plain Facts

Primer

Market Dash

Data released by the industry department for November showed five industries—coal (2.9%), fertilizers (1.6%), steel (-4.4%), cement (-7.1%) and [electricity](#) (2.2%)—that had registered strong growth in October faltered in November. Natural gas (-9.3%) contracted at a faster pace.

Only crude oil contracted at a slower pace of 4.9% in November against a 6.2% decline in the preceding month. The absence of a lower base, so far available between August and October, also contributed to the poor show in November. A higher base effect till February means the core sector may continue to underperform other macro indi

[OPEN APP](#)

Madan Sabnavis, chief economist at Care Ratings, said the contraction in growth of steel and cement blunts hopes of a revival in manufacturing and infrastructure. “Quite clearly, the growth rates of 4% and 3.2% seen in October were helped by some element of carry-over demand from the past. The declines of -4.4% and -7.1%, respectively, in November are, hence, quite disappointing. IIP growth can be in 0-1% range as consumer goods may remain upbeat for the month given the festival season,” he added.



HOME

LATEST

TRENDING

MY READS

Budget 2021

Coronavirus Vaccine Tracker

Long Reads

2021: The Great Reset

Plain Facts

Primer

Market Dash

Data separately released by the Controller General of Accounts showed fiscal deficit in the eight months to 30 November stood at 135.1% of the full-year target of ₹10.8 trillion. November saw a sharp and encouraging ramping up of government spending, with revenue expenditure rising 32% while capital expenditure rose nearly 250% on a small base.

“A sustenance of this trend will bolster economic activity, and help the Indian economy exit the recession in the coming quarter,” said Aditi Nayar, principal economist at EY. [OPEN APP](#)

The pace of contraction in the economy slowed in the September quarter to 7.5% from a historic 23.9% contraction in the June quarter due to the shock caused by the pandemic-induced nationwide lockdown.

Since then, many economic agencies have raised their growth forecasts. The Reserve Bank of India (RBI) earlier this month projected the economy to shrink 7.5% in FY21, shallower than the 9.5% contraction it had projected just two months ago.