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Core sectors' growth skids to 6-month low in November

Overall output levels were at their lowest since March 2023; cement output contracts to hit 13-month low, steel growth also at 13-month low

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A view of a steel plant. Steel production also rose at a 13-month low pace of 9.1%, while crude oil slipped back into contraction in November, declining 0.4%. | Photo Credit: The Hindu



production levels slipping to the lowest level in 13 months.



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The Index of Core Industries (ICI) was down 3.34% from October levels, and stood at 150.3, its lowest level since March 2023. Refinery products and coal were the only sectors to see a month-on-month uptick. These were also the only sectors to record a double-digit year-on-year growth, compared to October, when four sectors grew over 10%.

Steel production also rose at a 13-month low pace of 9.1%, while crude oil slipped back into contraction in November, declining 0.4%. Fertiliser production grew 3.4%, the slowest in three months, while natural gas output growth slowed to 7.6%.

Refinery products grew at the highest pace in 17 months at 12.4%, while coal output grew 10.9%, marking the slowest rise in five months. Growth in electricity generation slowed from 20.3% in October to a five-month low of 5.6% in November, with absolute output at the lowest point since March 2023.

In November 2022, core sectors had grown 5.7%. Base effects from last November, when cement production grew 29.1%, affected this November's print along with a slowdown in housing, suggested Bank of Baroda chief economist Madan Sabnavis. The slowdown in fertilisers' growth was on expected lines as rabi sowing comes to an end, he added.

Mr. Sabnavis reckoned that the core sectors' trends and the late festive season this year would translate into the Index of Industrial Production IIP growing over 7%-8%. The core sectors constitute little over 40% of the IIP, which had grown at a 16-month high pace of 11.7% in October.



“Going forward in the rest of the fiscal, core sector growth is likely to slow down due to strong base effect, core sectors grew between 7.4% and 9.7% during December 2022 and February 2023,” pointed out Devendra Kumar Pant, chief economist and senior director – public finance at India Ratings and Research.



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