

# Core sector grew 11.6% in August

Output also 3.9% higher than pre-COVID level as cement, coal, electricity buoy

SPECIAL CORRESPONDENT  
NEW DELHI

India's core sector output accelerated for a second straight month in August, rising 11.6%, buoyed in part by the year-earlier month's 6.9% contraction. Four of the eight sectors registered strong double-digit growth, even as output of fertilizers and crude oil declined.

The output was also 3.9% higher than the pre-COVID August 2019 level, quicker than July's 1.6% increase from the comparable pre-pandemic month of 2019.

Cement production jumped 36% as compared with a 14.5% contraction in August 2020, while coal and natural gas registered a similar 20.6% surge. Electricity and refinery products expanded by 15.3% and 9.1%, respectively, and steel output grew 5.1%, data from the



**Building back:** The uptick in steel and cement output was tied to construction activity, says CARE's Sabnavis. ■ REUTERS

Office of Economic Adviser, Department for Promotion of Industry and Internal Trade showed.

All sub-sectors except refinery products and crude oil saw output above pre-COVID levels, noted ICRA chief economist Aditi Nayar. "The lull in rains supported the growth in coal, cement and electricity, while higher mobility propped up... petro-

leum" products, she said.

Core sector output had expanded 9.9% in July and 9.3% in June.

## 'Govt. spending helps'

CARE chief economist Madan Sabnavis noted that the uptick in steel and cement could be attributed to higher government spending and construction activity. Higher power production was re-

flective of general buoyant activity in the economy and would have driven up output in mining as well, he said.

"On the whole, core sector growth is encouraging as it points to further acceleration during the course of the year as the government gets down to spending more," Mr. Sabnavis said.

Ms. Nayar cautioned that gains in mining, construction and electricity were likely to be washed out by the September rains, even as the statistical effect of the negative base from last year's lockdown normalised.

"Electricity demand has plunged below 1% in the ongoing month, as agricultural and domestic demand subsided with the heavy rainfall. Overall, we expect the core sector growth to moderate to 4-6% in September," Ms. Nayar observed.