



June core sector growth slows to 4%

Published On: 01-08-2024

Context:

• Growth in India's core sector slipped to a 20 months low of 4% in June from 6.4% in May.

• Most sectors except coal recorded a sharp decline in output growth

• Coal output grew by 14.8% (fastest in eight months).

Index of Industrial Production:

• IIP is an indicator that measures the **changes in the volume of production of industrial products** during a given period.

• Compiled and published monthly by: **The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation.**

• It is a composite indicator that measures the growth rate of industry groups classified under:

o **Broad sectors**, namely, Mining, Manufacturing, and Electricity.

o **Use-based sectors**, namely Basic Goods, Capital Goods, and Intermediate Goods.

• **Base Year for IIP is 2011-2012.**

Significance:

• It is used by government agencies including the Ministry of Finance, the Reserve Bank of India, etc, **for policy-making purposes.**

• IIP remains extremely relevant for the **calculation of the quarterly and advance GDP** (Gross Domestic Product) estimates.

Index of Eight Core Industries

• In India there are eight core sectors comprising coal, crude oil, natural gas, petroleum refinery products, fertilisers, steel, cement and electricity

• These eight core industries **constitute 40.27% of the total index of industrial production (IIP).**

• This index is prepared by the **Office of the Economic Advisor, Ministry of Commerce and Industry** and is published monthly with the **base year as 2011-12.**

Weightage of different sectors in the Index:

Highest Weightage: **Refinery products.**

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Lowest Weightage:**Fertilisers.**

Refinery Products> Electricity> Steel> Coal> Crude Oil> Natural Gas> Cement> Fertilizers.

Note: It is noted that Index of Industrial production (IIP) is published by CSO, Ministry of Statistics and Program implementation while Index of Eight core Industries is published by Office of Economic Advisor, Ministry of Commerce and Industry.

?The decline in core sector growth during June could possibly be attributed to **lower spending on the government CAPEX** before the General Elections and the **slowdown in construction** activity which has led to a **temporary slack in demand for steel and cement.**

India ratings upgraded India's FY25 GDP growth projections to 7.5% on budget from an earlier estimate of 7.1% .

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