

## Press Release

### Core Sector Output almost at pre-pandemic levels

Except oil, all other core sector segments surpassed output during Apr-Aug'19

**1-October-2021**

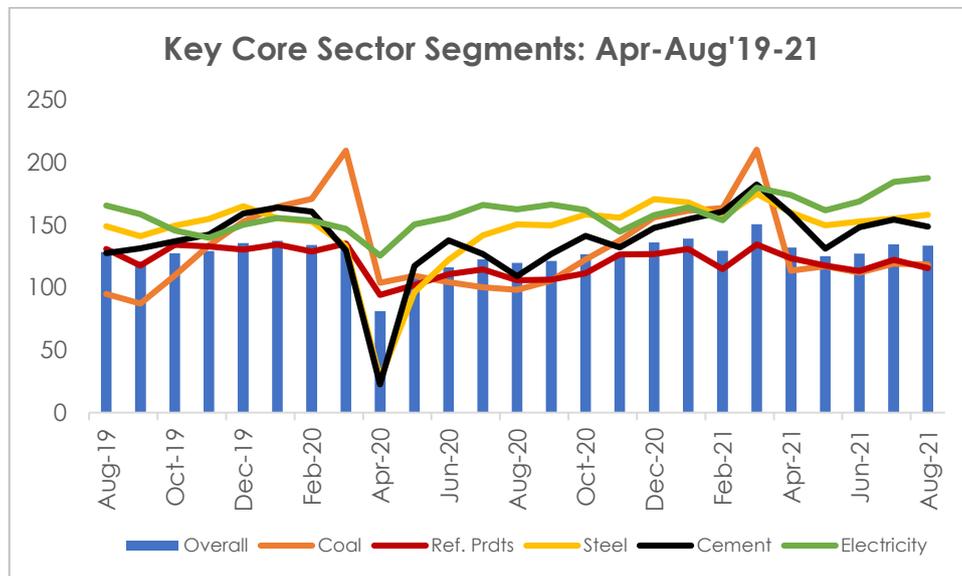
The output of eight core sectors rose to 11.6%YoY in Aug-21 from 10.0%YoY in Jul-21 underscoring the continued recovery in industrial activity with economy getting gradually back on track. While the annualized growth figures are largely driven by the favourable base factor, the core sector output has turned in an encouraging performance even when compared to the pre-pandemic period i.e., Aug-19. Except for crude oil and refined petroleum products, all the other core sectors have recorded a positive output growth in Aug-21 vs Aug-19 with three in particular- coal, cement and electricity clocking double digit growth. Considering the five month period of the current fiscal, the aggregate core sector output is marginally lower by 1.4% as against Apr-Aug'19 period but the production levels in the key segments such as coal, steel, cement and electricity have already surpassed the pre-pandemic levels.

On a sequential basis, however, the core sector index witnessed a contraction of 0.9% after being in expansion zone for 2 months since the peak of the second Covid wave. This can be partly attributed to the seasonality factor as has been observed in the previous years although it is also an indication that the recovery momentum in the industrial sector is not that strong yet. Amidst a backloaded monsoon and the rainfall linked disruption, the core sector output may remain stagnant or register a modest sequential decline in Sep-21 before improving in the second half of FY22.

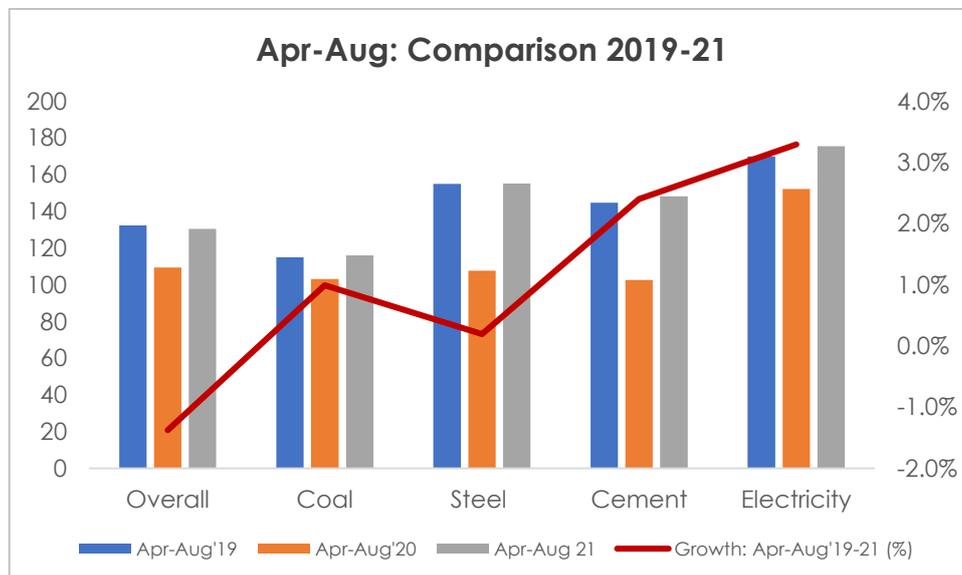
With macroeconomic conditions expected to remain favorable and the risks of a severe third wave declining with increasing vaccination, we expect the core sector output to exceed the pre-pandemic levels in the current and next quarter i.e., Q2FY22 and Q3FY22. This is also reinforced by the significant improvement seen in other related high frequency indicators such as power consumption, PMIs, rail freight, E-way bills etc. Going forward, we believe that government's thrust on infrastructure segment, progress in vaccinations along with strong export demand will continue to bolster overall industrial activity and thereby boost core sector output over the medium term.

## Annexure

**Chart 1: Most of the core segment activity above pre-pandemic levels**



**Chart 2: Coal, Steel, Cement and Electricity output surpassed pre-pandemic levels**



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