
Macroeconomic indicators - Infrastructure sector growth slips to 4pct in September

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Growth in key infrastructure sectors slipped in September after a strong showing in August, which could contribute to a possible moderation in the industrial recovery story.

The core infrastructure sector growth dropped to 4 per cent in September, way below the upwardly revised annual growth of 7.8 per cent in August, data released by the Ministry of Commerce and Industry showed on Wednesday.

The decline is on account of a fall in output in the cement, coal and electricity sectors, which had led the charge in August and had shown strong double-digit growth. The six core sectors — cement, coal, steel, electricity, crude, oil and petroleum refinery products — had recorded a four per cent growth for September last year.

The six sectors together account for about 27 per cent of the total weight of the Index of Industrial Production.

Industrial growth had touched a 22 month high of 10.4 per cent in August. Cumulatively, during April-September this fiscal, core sector output rose 5 per cent compared with 3.4 per cent in the same period in 2008-09.

According to the official data, the coal and cement sectors, which had recorded strong growths of 12.9 per cent and 17.5 per cent respectively, slipped to 6.5 per cent each in September 2009. The electricity sector also recorded a slump from the 10.6 per cent surge in generation reported in August to 7.5 per cent in September, mainly on account of coal shortages and thermal stations going in for annual maintenance.

The data show that the petroleum refinery products' output expanded 3.4 per cent in the month against 3.1 per cent in August last year.

Finished steel production declined by 0.4 per cent against a 4.3 per cent growth in September 2008.

Crude oil remained in the negative, with output falling 0.5 per cent in September this year, compared to a 2.6 per cent slide in the same month of the previous fiscal.

In the first half of the current fiscal, coal production surged 11.6 per cent compared with an 8 per cent increase in April-September last year.

Electricity generation was up 6.8 per cent in the first six months of the fiscal, compared to 2.6 per cent in the year-ago period.

The ailing cement sector too registered growth, expanding production by 12.3 per cent during April-September 2009, against a 5.5 per cent growth last year.

On the flip side, the output of petroleum refinery products slipped to minus 3.6 per cent from a 4.5 per cent growth in the first six months of the last fiscal. Crude oil production and output of finished carbon steel also fell.

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