

## Core Sectors - UPSC Economy Notes

Core sectors of an economy are the main or the key industries in the economy. In India, there are 8 sectors which are considered the Core Sectors. In this article, you can read all about the Eight Core Sectors of the Indian Economy for the [IAS exam](#).

### Core Sectors of the Indian Economy

The **eight core sectors** of the Indian economy are:

1. Electricity
2. Steel
3. Refinery products
4. Crude oil
5. Coal
6. Cement
7. Natural gas
8. Fertilisers

These industries have a major impact on the general economic activities and also industrial activities. They significantly impact most other industries as well. The core sector represents the capital base of the economy.

These eight industries have a combined share of above 40% in the Index of Industrial Production (IIP).

The IIP gives the growth rates of different industry groups of the economy over a specified time period.

Read more on the [IIP](#) at the linked article.

### Weight of Core Industries in IIP

The weight of the different core sectors in the Index of Industrial Production are given in the table below.

Industry	Weight
Coal	10.33
Electricity	19.85
Crude oil	8.98
Cement	5.37
Natural gas	6.88
Steel	17.92
Refinery products	28.04
Fertilisers	2.63
<b>Total</b>	<b>100</b>

### Index of Eight Core Industries (ICI)

The ICI is a production volume index prepared and released by the Office of the Economic Adviser (OEA), Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, GOI.

- It is released 12 days before the IIP is released.
- The objective of the Index of Eight Core Industries is to give an advance indication on the production performance of the industries which are of 'core' nature before the release of the IIP.
- The ICI measures the individual and collective performances of the production in these eight core industries.
- The ICI is used by policymakers including the Ministry of Finance, other Ministries and Departments.
- It is also used by banks for financing Infrastructure projects and the Reserve Bank of India (RBI).
- For the purpose of calculating the ICI, the components covered under the eight core sectors are mentioned in the table below:
  - **Coal** – Coal Production excluding Coking coal.
  - **Electricity** – Actual Electricity Generation of Thermal, Nuclear, Hydro, imports from Bhutan.
  - **Crude Oil** – Total Crude Oil Production.
  - **Cement** – Production of Large Plants and Mini Plants.
  - **Natural Gas** – Total Natural Gas Production.
  - **Steel** – Production of Alloy and Non-Alloy Steel only.
  - **Refinery Products** – Total Refinery Production (in terms of Crude Throughput).
  - **Fertilizer** – Urea, Ammonium Sulphate (A/S), Calcium Ammonium Nitrate (CAN), Ammonium chloride (A/C), Diammonium Phosphate (DAP), Complex Grade Fertilizer and Single superphosphate (SSP).
- The ICI is released every month. The index is calculated by using the Laspeyres formula of weighted arithmetic mean of quantity relatives.

## UPSC Questions related to Core Sectors

### What are the core sectors of Indian economy?

The core sectors of the Indian economy are coal, crude oil, refinery products, fertilisers, steel, natural gas, electricity and cement.

### Which core sector industry has the highest weight in IIP?

Refinery products category has the highest weight in the IIP.

### Which industry is the backbone of all industries?

Generally, the iron and steel industry is said to be the backbone of all industries.

