STUDY NOTES · BASIC CONCEPT

What are the revisions made to the Index of Core Industries (ICI) in India? Which is the 9th Core Industry?

Indian Economy

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What?

The Office of the Economic Adviser under the Department for Promotion of Industry and Internal Trade (DPIIT) released an updated series for the Index of Core Industries (ICI). This revision updates the index to better reflect structural shifts, modern production dynamics, and technological changes in India's industrial economy.

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Key Changes Introduced in ICI (Base Year 2022–23)

1. Updated Base Year (2022–23)

Previous Base Year: 2011–12.

New Base Year: 2022–23.

Purpose: Modernizes high-frequency economic tracking by bringing the ICI in line with updated macroeconomic series for GDP, IIP (Index of Industrial Production), and WPI (Wholesale Price Index).

2. Expansion from 8 to 9 Core Sectors

New Addition: Iron Ore has been added as a core sector due to its critical role as a primary raw material in steelmaking and heavy manufacturing.

New Basket Composition: Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement, Electricity, and Iron Ore.

Share in IIP: The revised nine core industries collectively account for 32.88% of the weight in the updated Index of Industrial Production (IIP).

Core Sector	New Weight (%)
Electricity	**30.93%** (Highest share)
Refinery Products	**22.57%**
Steel	**17.58%**

Core Sector	New Weight (%)
Crude Oil	**7.43%**
Coal	**5.60%**
Iron Ore *(New)*	**4.91%**
Cement	**4.41%**
Natural Gas	**3.84%**
Fertilizers	**2.73%**

4. Methodological Refinements

Gross Steel Production: The Steel index now uses gross production data instead of net production data, aligning its compilation methodology with the IIP.

Elimination of Double Counting in Coal: The Coal sector now tracks Raw Coal only. Intermediate derivatives like Coal Middlings and Washed Coal were removed, as they are derived from raw coal.

Linking Factor (1.47): A overall linking factor of 1.47 has been calculated to bridge the old (2011–12) and new (2022–23) series for historical trend continuity.

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