Press Release

# Core sector concludes on a favourable note in FY25

## Cement & fertilizer flourish while natural gas sees a sharp contraction

**April 22, 2025**

Core sector growth in India saw a marginal increase to 3.8% YoY in Mar'25, up from February's revised 3.4%. However, the overall growth for the FY24- 25 stood at 4.4%, significantly below the 7.6% growth in the preceding year. Construction-linked industries like cement are experiencing their fifth consecutive month of double-digit growth, and steel showed robust expansion, likely fuelled by increased government spending towards the fiscal year's end. This growth was further supported by steady coal output, increased electricity generation due to the onset of summer, and a second month of growth in fertilizers. In contrast, the oil and gas sector remained a drag, with crude oil and natural gas production declining for the third and ninth consecutive months, respectively, due to unfavourable international crude prices and trade tensions. This weakness in the oil complex resulted in flat growth for refining industries.

**Coal** production (weight: 10.33%) remained steady at 1.6% in Mar'25 compared to the same month last year. For FY24-25, the cumulative coal production index grew by 5.1% compared to 2023-24. India's coal production has achieved a significant milestone in FY 24- 25, scaling the peak of One Billion Tonnes in cumulative production, precisely reaching 1047.5 Million Tonnes (MT), up 4.9% from last year's 997.8 MT.

**Cement** production (weight: 5.37%) continues its growth trajectory for the consecutive fifth month by 11.6% in Mar'25 as against Mar'24. For FY24- 25, the cumulative index grew by 6.3% compared to FY23- 24. The growth in the cement sector, which outstripped many other core infrastructure industries, was primarily fuelled by strong demand from government-led infrastructure development in the latter half of the year.

**Electricity** generation (weight: 19.85%) witnessed a 6.2% increase in Mar'25 compared to Mar'24. The cumulative electricity output for FY24- 25 showed a 5.1% rise over the year before. Fuelled by an early heatwave in 2025, India experienced increased power consumption by 6.6% to 148.15 billion units (BU) in Mar'25 from 138.95 BU in Mar'24. Simultaneously, the country marked a historic achievement in renewable energy, adding 25.00 Gigawatt (GW) in FY24-25 – a 35% increase over the previous year's 18.57 GW. Further, India's Meteorological Department anticipates a heat wave affecting a few states from April to June, with central and eastern India and the northwestern plains likely to experience more heatwave days.

**Natural Gas** production (weight: 6.88%) experienced a sharp 12.7% YoY drop in Mar'25. Over the entire FY 24-25, the cumulative production index also saw a slight decline of 1.2% compared to the previous year. India's natural gas production fell 4.8%

in Mar'25 to 2,988.0 million metric standard cubic meters (MMSCM) from 3,138.5 MMSCM in Mar'24 due to mature fields, pushing import dependence to a four-year high of 50.8% in FY25, up from 47.1% in FY24, highlighting increased reliance on LNG imports. Despite higher consumption driven by industrial and power sectors, domestic production remained below targets. This hinders the government's goal of increasing natural gas's share in the energy mix to 15% by 2030, given its cleaner and often cheaper nature compared to oil and coal.

**Steel** production (weight: 17.92%) demonstrated a 7.1% growth in Mar'25 over Mar'24. Over the period from April to March in the fiscal year 2024-25, the cumulative index for steel production also grew by 6.7% compared to the same period in the previous year. In Mar'25, India's steel production grew by a solid 7.0% YoY to 13.7 million tonnes (MT) from 12.8 MT in Mar'24. The Ministry of Steel emphasized India as the only major economy with double-digit growth in steel consumption, a trend expected to persist due to government infrastructure spending. However, imports remain a key area of focus, prompting India to impose a 12% provisional safeguard duty on select steel products from April 21, 2025, for 200 days, aiming to protect domestic producers from cheap imports, particularly dumping from other countries amid a tariff war. Additionally, the Ministry of Steel is examining potential "abuse of import licenses."

**Crude Oil** production (weight: 8.98%) marked a 1.9% dip in Mar'25 versus Mar'24. The cumulative index for the year also showed a contraction of 2.2% when compared to the preceding fiscal year. Crude oil production in India saw a 3.1% reduction in Mar'25, settling at 2.4 million metric tonnes (MMT) compared to 2.5 MMT in Mar'24. This stagnant domestic output, coupled with an ever-increasing demand for fuel, has unfortunately led to a higher oil import dependency. For the financial year ending March 2025, this dependency climbed to 88.2%, an increase from the 87.8% recorded in the preceding year. While the adoption of electric vehicles and the blending of biofuels are indeed on the rise, their current contribution is not yet substantial enough to counteract the overall growth in petroleum demand.

**Petroleum Refinery** production (weight: 28.04%) remained flat at 0.2% in Mar'25 relative to Mar'24. The cumulative production index for the entire FY24- 25 demonstrated a growth of 2.8% compared to the preceding fiscal year. The growth in India's petroleum product output was almost stagnant in Mar'25, registering a mere 0.1% YoY increase to 24.9 million metric tonnes (MMT) from 24.4 MMT in Mar'24. This subdued performance occurred despite increasing domestic demand for refined products, fuelled by consistent economic activity and rising transportation fuel consumption. The limited growth can be attributed to lower export demand and prices, alongside challenges like refinery maintenance and geopolitical factors affecting crude imports.

**Fertilizer** production (weight: 2.6%) recorded a notable 8.8% surge in Mar'25 as opposed to Mar'24. Its cumulative growth was 2.9% compared to the previous year. This rise was driven by expectations of favourable cropping conditions across the country and producers proactively boosting supply in response to high prices, geopolitical uncertainties, and anticipated strong seasonal demand. However, the production of DAP and complex fertilizers domestically was limited by marketing issues, high inventory, and manpower shortages.

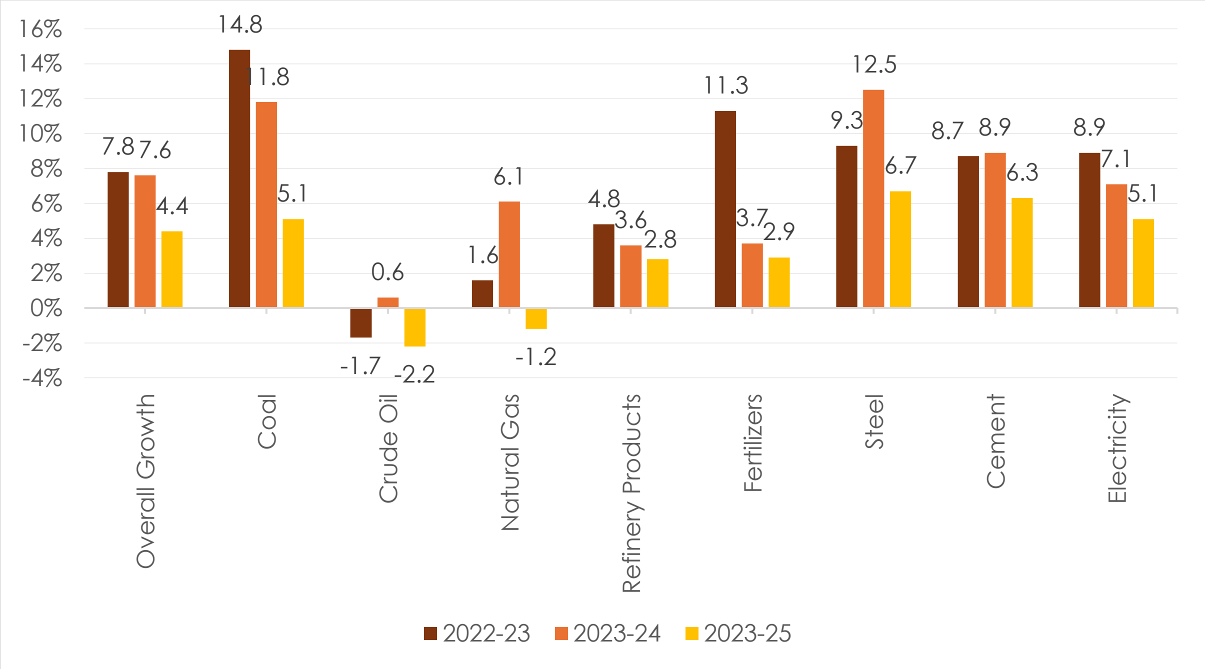
**Below is Acuité Ratings & Research Limited's comment the core sector release**

"India's core sector output rose by 3.8% YoY in March 2025, slightly above the revised 3.4% in February, reflecting resilience, specifically in steel and cement, which saw impressive growth of 7.1% and 11.6%, respectively. The robust growth in cement production, in particular, is due to a continued expansion in construction and infrastructure development.

However, the decline in crude oil (-1.9%) and natural gas output offset these increases. The 12.7% drop in natural gas output is particularly alarming and should be closely monitored. India's dependence on imported crude oil and natural gas has increased in FY25 as the gap between consumption growth and domestic production widened. Oil import dependency reached a record high of 88.2%, while natural gas import dependency rose to 50.8%, up from 47.1% in the previous year.

The cumulative 4.4% growth for the 2024-2025 fiscal year, compared to 7.6% in the previous year, points to a slowdown in the pace of growth, though it still represents a relatively healthy expansion. The sector's performance in the coming months will be critical in assessing whether this slowdown is temporary or reflective of deeper structural challenges within the Indian economy."

Chart 1: Core Sector Growth for the Fiscal Year




## Core Sector Heatmap: Mar'25 vs Mar'24

| Sector | Overall Growth | Coal | Crude Oil | Natural Gas | Refinery Products | Fertilizers | Steel | Cement | Electricity |
|---|---|---|---|---|---|---|---|---|---|
| Mar-24 | 6.3 | 8.7 | 2.1 | 6.3 | 1.6 | -1.3 | 7.5 | 10.6 | 8.6 |
| Apr-24 | 6.9 | 7.5 | 1.7 | 8.6 | 3.9 | -0.8 | 9.8 | 0.2 | 10.2 |
| May-24 | 6.9 | 10.2 | -1.1 | 7.5 | 0.5 | -1.7 | 8.9 | -0.6 | 13.7 |
| Jun-24 | 5.0 | 14.8 | -2.6 | 3.3 | -1.5 | 2.4 | 6.3 | 1.8 | 8.6 |
| Jul-24 | 6.3 | 6.8 | -2.9 | -1.3 | 6.6 | 5.3 | 7.0 | 5.1 | 7.9 |
| Aug-24 | -1.5 | -8.1 | -3.4 | -3.6 | -1.0 | 3.2 | 4.1 | -2.5 | -3.7 |
| Sep-24 | 2.4 | 2.6 | -3.9 | -1.3 | 5.8 | 1.9 | 1.8 | 7.6 | 0.5 |
| Oct-24 | 3.8 | 7.8 | -4.8 | -1.2 | 5.2 | 0.4 | 5.7 | 3.1 | 2.0 |
| Nov-24 | 5.8 | 7.5 | -2.1 | -1.9 | 2.9 | 2.0 | 10.5 | 13.1 | 4.4 |
| Dec-24 | 5.1 | 5.3 | 0.6 | -1.8 | 2.8 | 1.7 | 7.3 | 10.3 | 6.2 |
| Jan-25 | 5.1 | 4.6 | -1.1 | -1.5 | 8.3 | 3.0 | 4.7 | 14.6 | 2.4 |
| Feb-25 | 3.4 | 1.7 | -5.2 | -6.0 | 0.8 | 10.2 | 6.9 | 10.8 | 3.6 |
| Mar-25 | 3.8 | 1.6 | -1.9 | -12.7 | 0.2 | 8.8 | 7.1 | 11.6 | 6.2 |

## Core Sector Heatmap: Fiscal Year Averages

| Sector | Overall Growth | Coal | Crude Oil | Natural Gas | Refinery Products | Fertilizers | Steel | Cement | Electricity |
|---|---|---|---|---|---|---|---|---|---|
| 2012-13 | 3.8 | 3.2 | -0.6 | -14.4 | 7.2 | -3.3 | 7.9 | 7.5 | 4.0 |
| 2013-14 | 2.6 | 1.0 | -0.2 | -12.9 | 1.4 | 1.5 | 7.3 | 3.7 | 6.1 |
| 2014-15 | 4.9 | 8.0 | -0.9 | -5.3 | 0.2 | 1.3 | 5.1 | 5.9 | 14.8 |
| 2015-16 | 3.0 | 4.8 | -1.4 | -4.7 | 4.9 | 7.0 | -1.3 | 4.6 | 5.7 |
| 2016-17 | 4.8 | 3.2 | -2.5 | -1.0 | 4.9 | 0.2 | 10.7 | -1.2 | 5.8 |
| 2017-18 | 4.3 | 2.6 | -0.9 | 2.9 | 4.6 | 0.0 | 5.6 | 6.3 | 5.3 |
| 2018-19 | 4.4 | 7.4 | -4.1 | 0.8 | 3.1 | 0.3 | 5.1 | 13.3 | 5.2 |
| 2019-20 | 0.4 | -0.4 | -5.9 | -5.6 | 0.2 | 2.7 | 3.4 | -0.9 | 0.9 |
| 2020-21 | -6.4 | -1.9 | -5.2 | -8.2 | -11.2 | 1.7 | -8.7 | -10.8 | -0.5 |
| 2021-22 | 10.4 | 8.5 | -2.6 | 19.2 | 8.9 | 0.7 | 16.9 | 20.8 | 8.0 |
| 2022-23 | 7.8 | 14.8 | -1.7 | 1.6 | 4.8 | 11.3 | 9.3 | 8.7 | 8.9 |
| 2023-24 | 7.6 | 11.8 | 0.6 | 6.1 | 3.6 | 3.7 | 12.5 | 8.9 | 7.1 |
| 2024-25 | 4.4 | 5.1 | -2.2 | -1.2 | 2.8 | 2.9 | 6.7 | 6.3 | 5.1 |

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