

## Press Release

### Core sector hits 8-month low growth

**Refinery saw a downturn, while Natural Gas & Cement showed better performance**

**May 21, 2025**

Core sector growth plummeted to an 8-month low of 0.5% YoY in Apr'25, a steep decline from March's 4.6%. This decline is largely attributable to a slump in refinery products and crude oil output, alongside global economic uncertainty arising from US tariffs. The moderation in the manufacturing was also seen in the cumulative growth for the eight core industries during fiscal year 2024-25, standing at 4.5%, significantly lower than the 7.6% posted in the previous year.

Refinery Products with the highest weight of 28.04% reached an eight-month trough at -4.5%. Concurrently, electricity, steel, and fertiliser also experienced setbacks while cement and coal recorded only modest growth. In a divergent trend, natural gas experienced significant growth after 10 months, while crude oil continued its decline.

Here are our brief comments on each of the core industries

**Coal** production (weight: 10.33%) improved at 3.5% in Apr'25 compared to the same month last year. Its cumulative index increased by 5.1% during April to March, 2024-25 over the corresponding period of the previous year. India's overall coal production increased 3.6% to 81.57 million tonnes (MT) in Apr'25, up from 78.71 MT in Apr'24. The government is focused on in-house coal production and aims to cut imports, adding that it also remains committed to achieving sustainable growth and improving coal availability.

**Cement** production (weight: 5.37%) shows robust growth at 6.7% in Apr'25 as against Apr'24. Its cumulative index increased by 6.3% during April to March 2024-25 over the corresponding period of the previous year. In Apr'25, cement demand was held steady in most regions last month, owing to factors like labour shortages from heatwaves, recent price adjustments, and the ongoing marriage and harvesting seasons, all of which hold demand for the essential construction material. However, government-led construction is better and is expected to accelerate before the monsoon, potentially boosting consumption.

**Electricity** generation (weight: 19.85%) dipped by 1.0% from Apr'25 over Apr'24. Its cumulative index increased by 5.2% during April to March, 2024-25 over the corresponding period of the previous year. The all-India electricity demand moderated to 2.3% YoY in April 2025 owing to unfavourable base, impact of early rainfall and slower economic growth.

**Natural Gas** production (weight: 6.88%) posted a positive growth of 0.4% in Apr'25 vs Apr'24. Its cumulative index declined by 1.2% during April to March, 2024-25 over the

corresponding period of the previous year. The domestic natural gas production had remained stagnant. However, the appetite for natural gas is rapidly increasing amid environmental benefits. This surge is primarily due to rising power generation needs and more favourable pricing in Apr'25. Looking ahead, India's natural gas consumption is anticipated to climb by almost 60% by 2030, with significant growth expected from the city gas distribution sector across transportation, household cooking, and industrial applications.

**Steel** production (weight: 17.92%) hit a seven-month low in Apr'25, slowing to 3.0% compared to Apr'24. Its cumulative index increased by 6.9% during April to March, 2024-25 over the corresponding period of the previous year. In Apr'25, India's steel production reached 12.6 million tonnes (MT), marking a 4.2% YoY increase from 12.1 million tonnes in Apr'24. The global front, US tariffs have affected the steel sector, thus India has proposed retaliatory duties on specific American products at the WTO, directly responding to US tariffs on steel and aluminium. However, India has identified 13 nations for international collaboration in steel technology, with a focus on facilitating technology transfer to state-run companies. On the domestic side, the Indian government is rolling out incentives to boost green steel production and will mandate its use in state-funded infrastructure projects, aiming to both promote environmentally friendly practices and stimulate demand.

**Crude Oil** production (weight: 8.98%) saw a downward trend by declining at 2.8% in Apr'25 as compared to Apr'24. Its cumulative index declined by 2.2% during April to March, 2024-25 over the corresponding period of the previous year. With domestic crude oil production in decline, India's dependence on imports is rising, with imports seeing a marginal 1% YoY decrease in Apr'25. Russia remains the top supplier, with the U.S. now the fourth largest, potentially solidifying its position through favourable trade terms. To counter this import dependence, the government is emphasizing increased domestic exploration and production, anticipating greater involvement from both domestic and international players following recent amendments to the Oilfields (Regulation and Development) Act, 1948.

**Petroleum Refinery** production (weight: 28.04%) saw a decrease of 4.5% in Apr'25 over Apr'24. Its cumulative index increased by 2.8% during April to March, 2024-25 over the corresponding period of the previous year. Reliance Industries has begun a 21-day maintenance shutdown this week at its 660,000 barrels-per-day Jamnagar refinery in India. This planned maintenance affects a crude unit, several secondary units, and a diesel hydrotreater. This comes as India's petroleum product exports experienced a 22% MoM decline in Apr'25, with significant drops in shipments to the UAE, Singapore, and the Netherlands.

**Fertilizer** production (weight: 2.6%) dips after 10 months at -4.2% YoY in Apr'25. Its cumulative index increased by 2.9% during April to March, 2024-25 over the corresponding period of the previous year. The decline can be attributed to several factors, including global market volatility, logistical disruptions, and persistent export

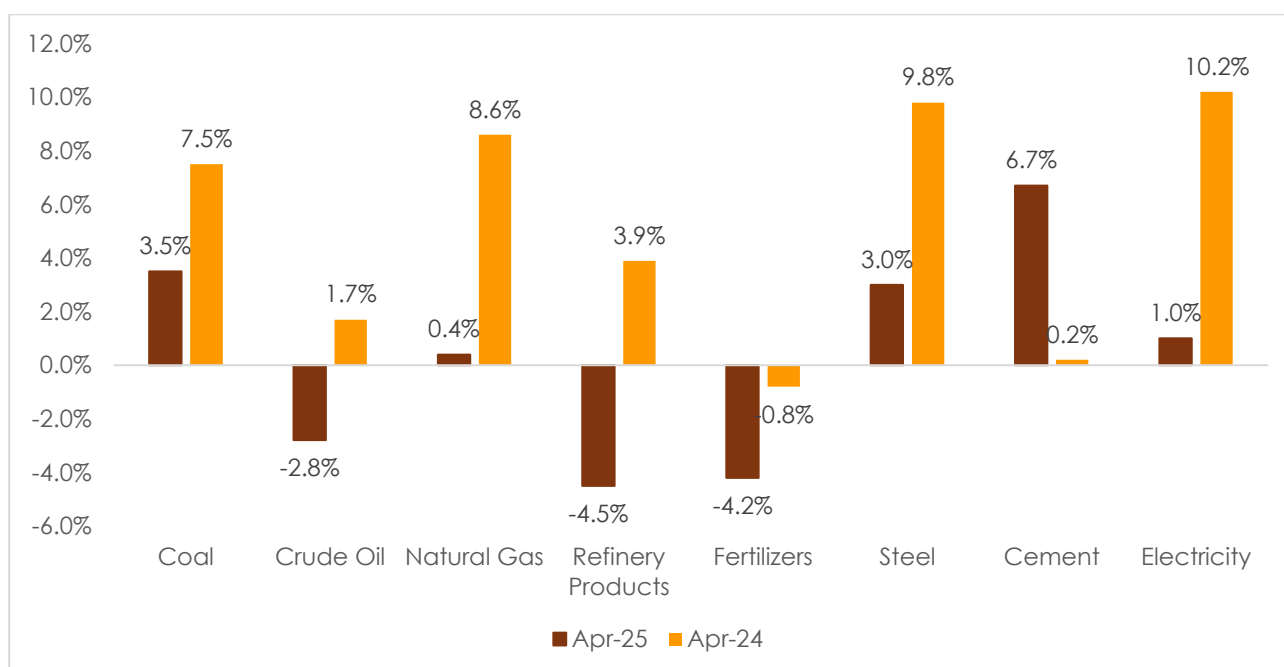
controls by major suppliers like China, which limited the availability of key fertilizers such as urea and DAP.

**Below is Acuite Ratings & Research Limited's comment:**

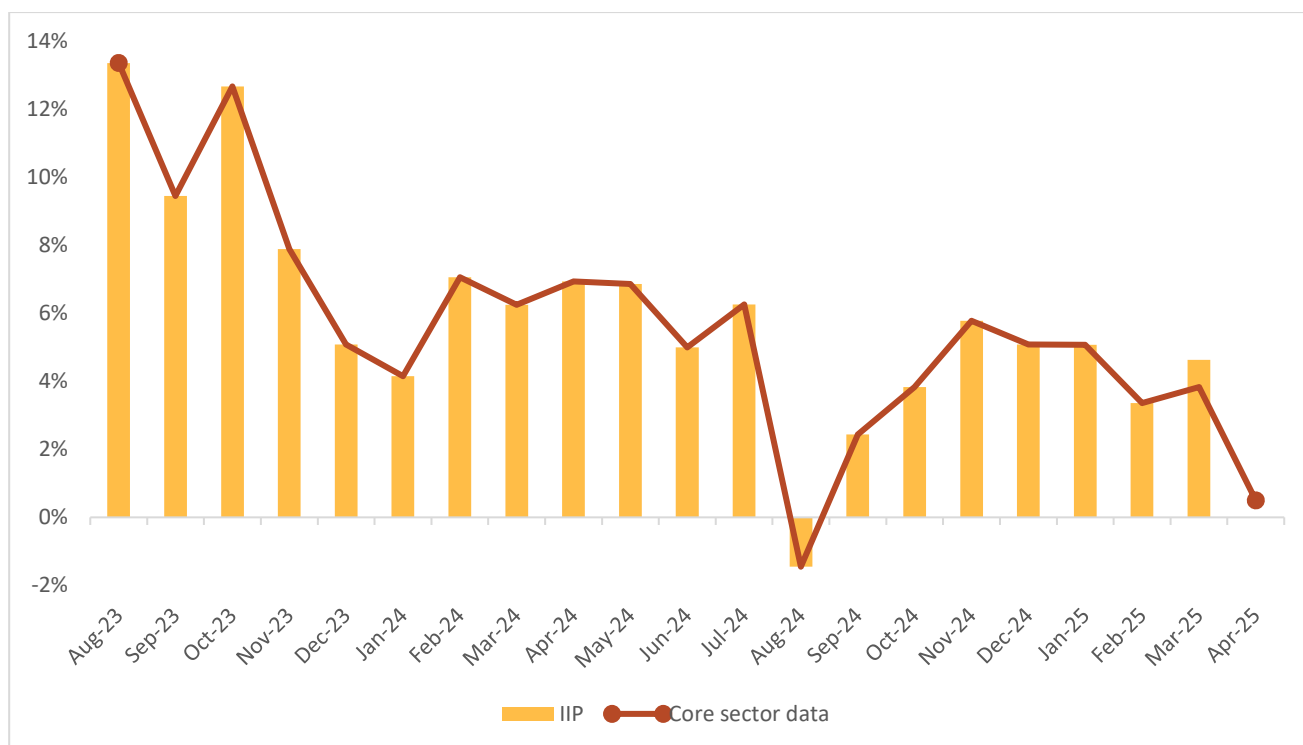
"India's core sector growth moderated sharply to 0.5% YoY in April 2025, compared to a robust 4.6% in the month before and 6.9% in April 2024. This stands as a soft start to the fiscal year. The slowdown was mainly driven by contractions in refinery products (-4.5%), crude oil (-2.8%), and fertilisers (-4.2%), with the drag from refinery output, given its 28% weight, being particularly significant. While sectors like cement (+6.7%), steel (+3.0%), and coal (+3.5%) provided some support, their gains were insufficient to offset weaknesses in the rest.

Cumulatively, core sector growth stood at 4.5% for FY25, down from 7.6% in FY24, suggesting that manufacturing saw a slow year. The resilience in steel and cement is encouraging and likely reflects continued infrastructure push and capex momentum. However, the persistent underperformance in crude oil and natural gas output underscores structural constraints in domestic energy production. Going forward, a broader industrial rebound will depend on heavy support from the government's capex as well as external conditions, including commodity prices and monsoon performance. With core industries serving as lead indicators for the IIP, the April data warrants close watch."

**Chart 1: Core Sector Growth: Apr'25 vs Apr'24**



**Chart 2: Core Sector Production vs IIP YoY growth:**



**Core Sector Heatmap: Apr'25 vs Apr'24**

Sector	Overall Growth	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity
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	14.3	2.3
Feb-25	3.4	1.7	-5.2	-6.0	0.8	10.2	6.9	10.8	3.6
Mar-25	4.6	1.6	-1.9	-12.7	0.2	8.8	9.3	12.2	7.5
Apr-25	0.5	3.5	-2.8	0.4	-4.5	-4.2	3.0	6.7	1.0

## About Acuité Ratings & Research Limited:

Acuité is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI) and accredited by the Reserve Bank of India (RBI) as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms. Backed by a strong analytical team, Acuité helps financial markets grow and be more efficient. ESGRisk Assessment and Insights Ltd, India's first dedicated ESG Ratings company and SMERA Ratings Pvt Ltd, the world's first SME-focused rating company are the two wholly-owned subsidiaries of the company.

## Media Contact:

Sahban Kohari  
Ph: + 91-9890318722  
[sahban@eminencestrategy.com](mailto:sahban@eminencestrategy.com)

**Disclaimer:** This release is sent to you for the sole purpose of dissemination through your newspaper / magazine / media / website / agency. The release may be used by you in full or in part without changing the meaning or context thereof but with due credit to Acuité. However, only Acuité has the sole right of distribution of its releases through any media. Acuité has taken due care and caution for writing this release. Information has been obtained by Acuité from sources which it considers reliable. However, Acuité does not guarantee the accuracy, adequacy or completeness of information on which this release is based. Acuité is not responsible for any errors or omissions or for the results obtained from the use of this release. Acuité has no liability whatsoever to the users / distributors of this release.