

# Core sector growth slips to 8-mth low in Apr

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Output growth in India's eight core infrastructure industries plummeted to an eight-month low of 0.5 per cent in April from an upwardly revised 4.6 per cent growth recorded in March, with three sectors contracting sharply, including refinery products and fertilisers, while electricity and natural gas clocked very feeble upticks.

Base effects also pulled down last month's growth print, as the Index of Core Industries (ICI) had risen a sharp 6.9 per cent in April 2024, which was the joint highest in the past thirteen months.

Cement production grew at the fastest pace among the core sectors, rising 6.7 per cent in April, but this was almost half the pace recorded in March and the lowest uptick in six months. Steel output grew 3 per cent and electricity generation rose a mere 1 per cent, the slowest uptick in seven



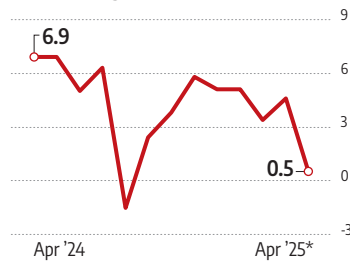
months for both sectors.

Coal production rose at a three-month high pace of 3.5 per cent, while natural gas output grew for the first time in 10 months, albeit by a fractional 0.4 per cent, according to data released by the Ministry of Commerce and Industry on Tuesday.

Crude oil output (-2.8 per cent) con-

## Output slides

Core Y-o-Y growth (in %)

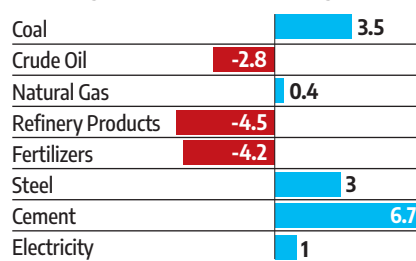


\*Provisional

tracted for the fourth consecutive month, that economists attributed to low global prices, while output in refinery products contracted for the first time in eight months, with a 4.5 per cent drop that marked the sharpest downturn since November 2022.

Fertilisers (-4.2 per cent) contracted for the first time in 11 months.

Sectoral growth in April\* (Y-o-Y chg in %)



Source: Ministry of Commerce & Industry

The eight core sectors constitute 40.27 per cent of the Index of Industrial Production (IIP), which had recorded a mild recovery to rise 3 per cent in March. Economists now expect industrial output growth to drop to around 1 per cent in April.

"The impact of Tariff Tantrums-led unprecedented economic uncertainty

along with a high base effect pulled the infrastructure output growth down to be the lowest since August 2024, with six of eight sectors seeing a moderation in growth," said Paras Jasrai, Associate Director at India Ratings and Research. Jasrai said he expects IIP growth in the range of one to two per cent in April, and core sectors' growth to improve to around 2 per cent in May.

Terming the ICI print for April 'quite disappointing', Bank of Baroda chief economist Madan Sabnavis reckoned that IIP growth will be in the range of 1 per cent to 1.5 per cent for last month.

Rating agency ICRA said IIP growth could moderate sharply to just around 1 per cent in April, citing the tepid core output numbers and other available high frequency indicators.

"The healthy growth in non-oil exports may provide an upside, unless the same represents round-tripping of some imports," the firm's chief economist Aditi Nayar noted.