

Core sectors' growth plunges to 9-mth low of 0.7% in May

SHIVA RAJORA

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Output growth in India's eight core infrastructure industries plummeted to a nine-month low of 0.7 per cent in May from an upwardly revised figure of 1 per cent in April, with half the sectors clocking sharp contractions.

Electricity generation contracted for the first time in nine months, with a 5.8 per cent drop that marked the sharpest downturn since June 2020. Crude oil output dipped 1.8 per cent, shrinking for the fifth straight month.

Fertilisers production contracted for the second month in a row, with May's 5.9 per cent drop being the sharpest since February 2024, while natural gas output (-3.6 per cent) shrank for the 11th successive month.

On the positive side, growth in cement production accelerated to 9.2 per cent in May, recovering from April's six-month low uptick of 6.3 per cent. Steel output also picked up pace and grew 6.7 per cent



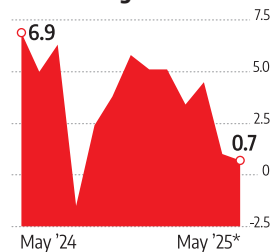
during the month, compared to a revised 4.4 per cent uptick recorded in April, which was the weakest in seven months.

"Clearly, the pick-up in infrastructure activity has aided steel production. Demand from construction and auto besides capital goods would account for this increase. Cement too did very well, which is reflective of the government activity in the capex space," said Bank of Baroda chief economist Madan Sabnavis.

Coal production growth decelerated a tad to 2.8 per cent

In slow lane

Core sector growth



*Provisional

from 3.5 per cent in April, while refinery products output grew 1.1 per cent in May after a 4.5 per cent contraction in the previous month.

The eight core sectors constitute 40.27 per cent of the Index of Industrial Production (IIP), which had fallen to an eight-month low of 2.7 per cent in April from an upward revised figure of 3.94 per cent in March. Economists now expect industrial output growth to drop to 1.5 - 2 per cent in May.

Base effects also affected last month's growth print, as the Index of Core Industries

(Y-o-Y in %)

Mixed bag

Coal	2.8
Crude Oil	-1.8
Natural Gas	-3.6
Refinery Products	1.1
Fertilizers	-5.9
Steel	6.7
Cement	9.2
Electricity	-5.8

Source: Ministry of Commerce and Industry

(ICI) had risen 6.9 per cent in May 2024, which was the highest in the past 13 months.

"Excess rains in the latter part of May 2025, owing to the early onset of the monsoon, likely weighed on the performance of the electricity and some of the mining sectors in the month. However, the Y-o-Y performance of the steel, cement, refinery products and crude oil sectors improved in May 2025 vis-à-vis April 2025, partly offsetting the deterioration in the performance of the other sectors," said Rahul Agrawal, senior economist, Icria Ratings.