

Macro Insights

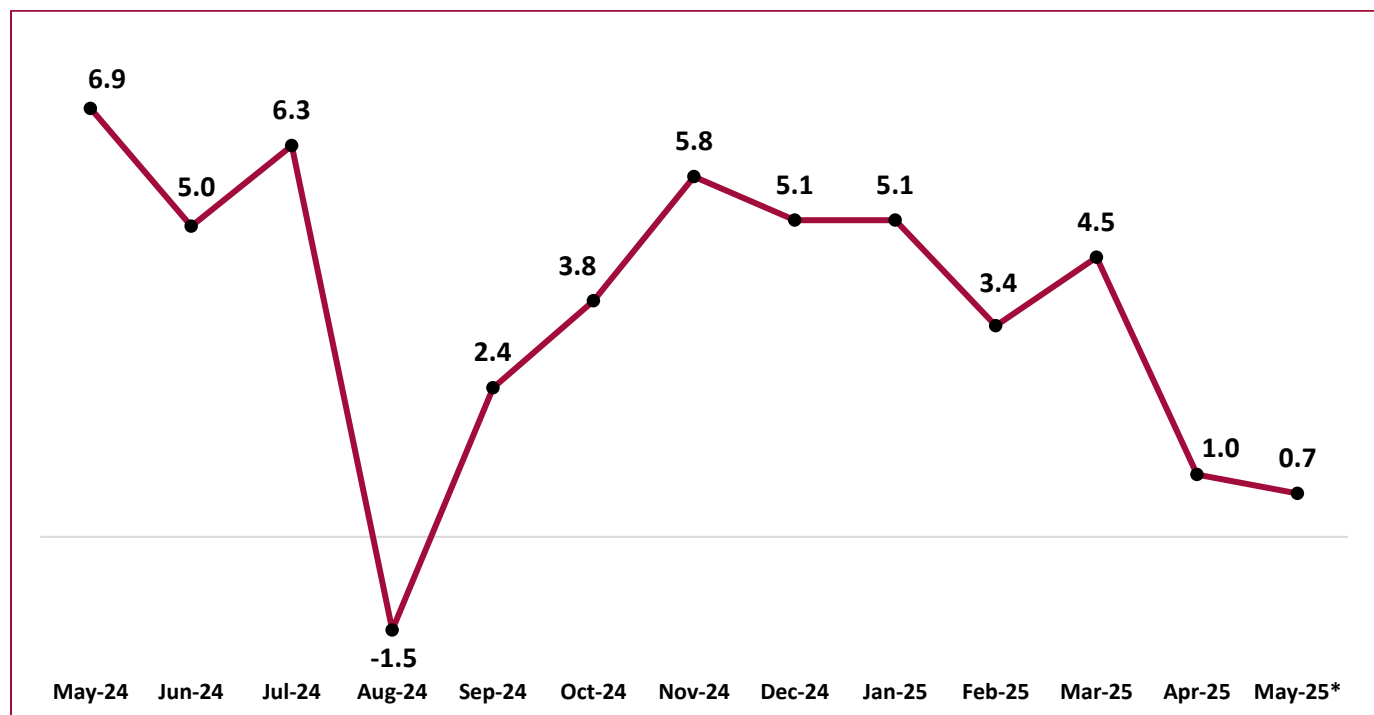
Core Sector growth slows down to nine month low of 0.7% in May 2025

Growth in the Index of Eight Core Industries slowed to 0.7 per cent YoY in May 2025 vis-à-vis 1.0 per cent in April 2025. It was recorded at 6.9 per cent in May 2024.

Highlights

- Four out of eight components of the index witnessed a lower growth in May 2025 compared to the previous month.
- Four sectors, namely Fertilizers, Electricity, Natural Gas and Crude Oil, recorded a contraction on a YoY basis in May 2025.
- Cement production recorded the fastest growth in the index, at 9.2 per cent. followed by Steel at 6.7 per cent.

Eight Core Industries – May 2025 (YoY Growth in %)



*Provisional

Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

S No.	Sector	Weight	May-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25*
1	Coal	10.3	10.2	5.3	4.6	1.7	1.6	3.5	2.8
2	Crude Oil	9.0	-1.1	0.6	-1.1	-5.2	-1.9	-2.8	-1.8
3	Natural gas	6.9	7.5	-1.8	-1.5	-6.0	-12.7	-0.9	-3.6
4	Refinery Products	28.0	0.5	2.8	8.3	0.8	0.2	-4.5	1.1
5	Fertilizers	2.6	-1.7	1.7	3.0	10.2	8.8	-4.2	-5.9
6	Steel	17.9	8.9	7.3	4.7	6.9	8.7	4.4	6.7
7	Cement	5.4	-0.6	10.3	14.3	10.7	12.2	6.3	9.2
8	Electricity	19.8	13.7	6.2	2.3	3.6	7.5	1.7	-5.8
	Overall Index	100.0	6.9	5.1	5.1	3.4	4.5	1.0	0.7

*Provisional

Source: Office of Economic Adviser

Views & Outlook:

- Among the four sectors which showed positive growth in May 2025, growth in sectors of Steel and Cement were higher in May 2025 as compared to April 2025 but growth in Coal output was lower in May 2025 in comparison to April 2025, Refinery products grew in May 2025 (1.1%) after showing a de-growth in April 2025 (-4.5%).
- Half of the eight sectors recorded positive growth in May 2025. Cement sector grew the fastest by 9.2% after showing a growth of 6.3% in April 2025.
- A contraction was observed in other 4 sectors – Fertilizers, Electricity, Natural Gas and Crude Oil, at (-5.9) per cent, (-5.8) per cent, (-3.6) per cent and (-1.8) percent respectively in May 2025. Crude Oil contracted for the fifth month while Natural Gas contracted for the eleventh month, fertilizer output contracted further in May 2025 after showing de-growth in April 2025. Fertilizer output decline could raise concerns for the agriculture sector as sowing season approaches. Electricity production contracted for the 1st time since in Sept 2024 indicating subdued demand or production issues.
- A high base effect also led to a lower core sector growth in May 2025. Core sector growth was recorded at a robust 6.9 per cent in May 2024.
- Going forward, tepid performance in Core sector output, which accounts for over 40 per cent weight in Index of Industrial Production, is likely to moderate factory output as well.
- Global economic uncertainties and commodity price fluctuations pose risks to the growth scenario and may have cascading impact on sectoral growth.

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