

INDIA'S FY25 GDP AT 6.5%; Q4 THROWS A PLEASANT SURPRISE AT 7.4% BUOYED BY GROWTH IN NET INDIRECT TAXES

Issue No. 6, FY26
Date: 30 May 2025

The NSO released the GDP figures for Q4 FY25 and the provisional estimates for the whole year. **India's economy grew by 7.4% in Q4 FY25** as against 8.4% growth in same quarter last fiscal. **The Q4 estimate was a clear surprise as it was 40 bps higher than RBIs 93rd Professional Forecasters survey median estimate of 7%.** The GVA grew by 6.8% in Q4 and 6.4% in FY25. Core GVA grew by 6.4% in FY25. Nominal GDP grew by 9.8% in FY25 as against 12.0% growth in FY24, in line with flat growth in GDP deflator indicating broad based correction in domestic prices. The gap between GDP and GVA of 60bps is due to higher Net Indirect taxes which grew by 12.7%.

There were no major revision in Q1, Q2 and annual data but the Q3 GDP data is revised upwards by 22 bps and GVA data by 27 bps.

From the production side, **all sectors exhibited better growth numbers in Q4 FY25.** While industry grew by 6.5%, the services sector grew by 7.3% in Q4. **Within Industry Construction sector grew by whopping 10.8% in Q4 (a 6-quarters high)** and manufacturing sector increased by 4.8%. Agriculture sector grew by 5.4% in Q4 FY25 over a low base of 0.9% in Q4 FY24. For FY25, Agriculture GVA grew by 4.6% in as against 2.7% growth in FY24.

From the expenditure side, the GDP growth of 7.4% in Q4 was supported by strong uptick in the capital formation which registered a 9.4% yoy growth. The recovery in capital formation was on account of revival in core sector in Q4 as evident from high frequency indicators. The overall growth in capital formation for FY25 now stands 7.1%. **The private consumption maintained its health run in Q4 and overall, the private consumption registered a growth of 7.2% for FY25.** The government expenditure grew by 2.3% in FY25.

The export demand was healthy in for whole year registering a growth of 6.3%, while the imports contracted for the whole year by 3.7%. This growth was frontloaded because of export push amidst US tariffs uncertainty. **The highest contraction in imports happened in Q4 at 12.7% was another factor in pulling the overall GDP growth to 7.2% in Q4.** The corporate sector growth based on annual accounts show similar trends in Q4. **Based on data of around 3,300 listed entities, reported top line growth of 5% while EBIDTA grew by around 12%.** Further, Corporate ex-BFSI, for Q4FY24, reported EBIDTA growth of 8% while bottom line grew by 23%. The operating margin in the sample shown marginal improvement during Q4FY25.

We believe that the Indian economy is poised to remain the fastest-growing major economy in FY26 (GDP growth expected at 6.3-6.5%) by leveraging its sound macroeconomic fundamentals, robust financial sector and commitment towards sustainable growth. With higher anticipated saving based on latest RBI Annual report, the domestic finances will be sufficient to finance the anticipated growth and we do not expect demand induced pressure on prices in FY26. The downside to growth emanate from external and geopolitical factors.

GDP GREW BY 7.4% IN Q4 FY25; 6.5% IN FY25

- India's economy grew by 7.4% in Q4 FY25 as against 8.4% growth in same quarter last fiscal. Riding on Q4 numbers, the annual FY25 growth is estimated at 6.5% as against 9.2% in FY24. The GVA grew by 6.8% in Q4 and 6.4% in FY25. Core GVA grew by 6.4% in FY25. Nominal GDP grew by 9.8% in FY25 as against 12.0% growth in FY24.
- Almost all sectors exhibited better growth numbers in Q4 FY25. While industry grew by 6.5%, the services sector grew by 7.3% in Q4. Within Industry during Q4, Construction sector grew by whopping 10.8% (6-quarters high) and manufacturing sector increased by 4.8%.

Sectors	FY24					FY25				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Agriculture	5.7	3.7	1.5	0.9	2.7	1.5	4.1	6.6	5.4	4.6
Industry	7.3	15.1	11.8	9.5	10.8	8.5	3.8	4.8	6.5	5.9
Mining & quarrying	4.1	4.1	4.7	0.8	3.2	6.6	-0.4	1.3	2.5	4.6
Manufacturing	7.3	17.0	14.0	11.3	12.3	7.6	2.2	3.6	4.8	5.9
Electricity, gas, water supply & other utility services	4.1	11.7	10.1	8.8	8.6	10.2	3.0	5.1	5.4	5.9
Construction	9.2	14.6	10.0	8.7	10.4	10.1	8.4	7.9	10.8	9.4
Services	12.5	7.5	8.3	7.8	9.0	6.8	7.2	7.4	7.3	7.2
Trade, hotels, transport, communication & services related to broadcasting	11.0	5.4	8.0	6.2	7.5	5.4	6.1	6.7	6.0	6.1
Financial, real estate & professional service	15.0	8.3	8.4	9.0	10.3	6.6	7.2	7.1	7.8	7.2
Public administration, defence and Other Services	9.3	8.9	8.4	8.7	8.8	9.0	8.9	8.9	8.7	8.9
Total GVA at Basic Price	9.9	9.2	8.0	7.3	8.6	6.5	5.8	6.5	6.8	6.4
GDP	9.7	9.3	9.5	8.4	9.2	6.5	5.6	6.4	7.4	6.5

Source: NSO & SBI Research

- ◆ Agriculture sector grew by 5.4% in Q4 FY25 over a low base of 0.9% in Q4 FY24. For FY25, Agriculture GVA grew by 4.6% in FY25 as against 2.7% growth in FY24.
- ◆ Among services (in Q4), 'Public administration, defence and Other Services' grew by 8.7% and 'Financial, Real Estate & Professional Services' grew by 7.8%. On a yearly basis services sector grew by 7.2% in FY25 as against 9.0% in FY24.
- ◆ While there is no major revision in Q1, Q2 and annual data, the Q3 GDP data is revised upwards by 22 bps and GVA data by 27 bps.
- ◆ We believe that the Indian economy is poised to remain the fastest-growing major economy in FY26 (GDP growth expected at 6.3-6.5%) by leveraging its sound macroeconomic fundamentals, robust financial sector and commitment towards sustainable growth.

GDP DEFLATOR

- ◆ GDP deflator declined to 3.1% yoy in Q4 FY25 compared to 3.7% yoy in Q3 FY25. Growth in GDP deflator for agriculture has declined to 3.2% yoy in Q4 from 8.5% yoy in the previous quarter.
- ◆ For industry GDP deflator increased to 1.5% yoy compared to 0.5% yoy in Q3 FY24, with mining & quarrying and electricity, gas, water supply and other utility services registering higher deflator growth.
- ◆ Meanwhile, growth in services deflator moderated to 3.2% yoy in Q4 from 3.6% yoy in Q3 FY25.
- ◆ Annually GDP deflator increased to 3.1% yoy in FY25 from 2.6% yoy in FY24, with agriculture witnessing lower deflator growth, while industry and services deflator increased.

GDP EXPENDITURE SIDE

- ◆ The Q4FY25 trends on the general demand show surprising upside. From the expenditure side, the GDP growth of 7.4% in Q4 was supported by strong uptick in the capital formation which registered a 9.4% yoy growth. The recovery in capital formation was on account of revival in core sector in Q4 as evident from high frequency indicators. The overall growth in capital formation for FY25 now stands 7.1%.
- ◆ The private consumption maintained its health run in Q4 although there was sequential slow rate of growth in Q4. Overall, the private consumption registered a growth of 7.2% for FY25.

Revision in GDP and GVA Growths							
Quarter		GVA			GDP		
		Old	New	Change in bps	Old	New	Change in bps
FY25	Q1	6.55	6.55	0	6.52	6.51	-1
	Q2	5.81	5.81	0	5.58	5.61	3
	Q3	6.22	6.49	27	6.15	6.37	22
	Q4	-	6.77	-	-	7.38	-
	Annual	6.37	6.41	4	6.48	6.49	1

Source: NSO & SBI Research

Growth in Sectoral Deflator (YoY%)								
Sectors	FY22	FY23	FY24	FY25				
				Q1	Q2	Q3	Q4	Annual
Agriculture	5.7	2.1	6.8	5.9	3.4	8.5	3.2	4.9
Industry	11.6	6.6	0.8	0.8	0.6	0.5	1.5	0.9
Mining & quarrying	27.6	12.4	1.0	4.9	-1.3	-5.5	-2.6	-1.1
Manufacturing	10.1	6.0	-1.2	0.7	1.2	1.9	2.9	1.7
Electricity, gas, water supply & other utility services	4.6	-4.9	15.8	-2.8	-0.5	0.1	0.9	-0.6
Construction	12.6	8.4	0.2	0.9	-0.3	-0.6	0.1	0.0
Services	8.7	7.3	2.3	3.1	2.8	3.6	3.2	3.2
Trade, hotels, transport, communication & services related to broadcasting	11.5	6.9	1.8	2.2	2.4	3.0	2.8	2.6
Financial, real estate & professional service	9.1	8.8	1.1	2.8	2.4	3.3	2.8	2.8
Public administration, defence and Other Services	5.2	6.0	5.1	4.2	3.7	4.6	4.0	4.1
Total GVA at Basic Price	8.6	6.3	2.5	2.8	2.3	3.9	2.6	2.9
GDP	8.4	5.9	2.6	3.0	2.5	3.7	3.1	3.1

Source: NSO & SBI Research

Quarterly Estimates(% YoY) of Expenditures on GDP at Basic Prices										
Sectors	FY24					FY25				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Total final consumption expenditure	7.1	5.1	5.3	6.3	5.9	7.0	6.1	8.3	4.7	6.5
Private final consumption expenditure	7.4	3.0	5.7	6.2	5.6	8.3	6.4	8.1	6.0	7.2
Government final consumption expenditure	5.3	20.1	2.3	6.6	8.1	-0.3	4.3	9.3	-1.8	2.3
Gross fixed capital formation	8.4	11.7	9.3	6.0	8.8	6.7	6.7	5.2	9.4	7.1
Change in Stocks	46.5	59.8	55.8	52.0	53.4	7.5	2.1	3.5	4.8	4.5
Valuables	-25.4	-6.4	54.7	63.1	14.4	-23.1	25.8	-0.5	-29.8	0.6
Exports	-7.0	4.6	3.0	7.7	2.2	8.3	3.0	10.8	3.9	6.3
Less Imports	18.0	14.3	11.3	11.4	13.8	-1.6	1.0	-2.1	-12.7	-3.7
Discrepancies*	3.3	1.2	0.4	-1.2	0.8	-75.6	-140.7	-831.2	-169.1	-1.6
GDP	9.7	9.3	9.5	8.4	9.2	6.5	5.6	6.4	7.4	6.5

Source: NSO & SBI Research, *Discrepancies is % share in GDP

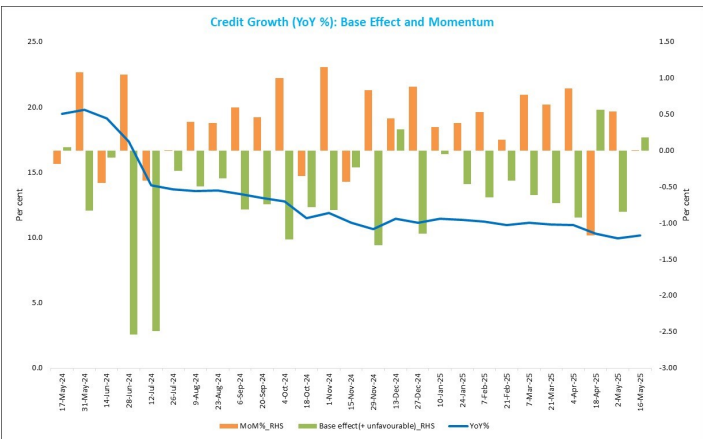
- ◆ The export demand was healthy in for whole year registering a growth of 6.3%, while the imports contracted for the whole year by 3.7%. The highest contraction in imports happened in Q4 at 12.7% was another factor in pulling the overall GDP growth to 7.2% in Q4.

SCB'S CREDIT GROWTH SLOWED DOWN

- ◆ Scheduled commercial banks' (SCBs) credit growth slowed to 9.8% as on May 16, 2025, compared to last year growth of 19.5%. During Apr-May, credit declined by Rs 15,676 crore (-0.1% YTD), compared to last year growth of Rs 1.68 lakh crore (1.0% YTD), while deposits grew by Rs 3.06 lakh crore (1.4% YTD), compared to last year growth of Rs 3.39 lakh crore (1.7% YTD).
- ◆ The sector-wise credit for April 2025 indicates that slow-down in credit in all sectors. Credit to agriculture and allied activities registered a growth of 9.2% (Last year: 19.8%). Credit to industry recorded a growth of 6.6% (last year: 7.4%). Among major industries, outstanding credit to 'basic metal and metal products', 'all engineering', 'vehicles, vehicle parts and transport equipment', 'textiles' and 'construction' recorded an accelerated y-o-y growth. However, credit growth in the infrastructure segment decelerated.
- ◆ Credit to services sector moderated to 10.5% (22.0 % last year), primarily due to decelerated growth in credit to NBFCs. Credit growth to 'trade' and 'computer software' segments remained elevated.
- ◆ Credit to personal loans segment registered a decelerated growth of 14.5 per cent (y-o-y), as compared with 17.0 per cent a year ago, largely due to decline in growth of 'other personal loans', 'vehicle loans' and 'credit card outstanding'.

CORPORATE RESULT Q4FY25 – EBIDTA GREW BY 12%, MARGINAL IMPROVEMENT IN MARGIN

- ◆ Indian Inc. in Q4FY25, around 3300 listed entities, reported top line growth of 5% while EBIDTA grew by around 12% .
- ◆ Further, Corporate ex BFSI, for Q4FY24, reported EBIDTA growth of 8% while bottom line grew by 23%.
- ◆ Further, it is pertinent to mention that operating margin shown marginal improvement during Q4FY25. EBIDTA margin, on aggregate basis of around 2800 companies, improved by 19 bps to 15.03% in Q4FY25 as compared to 14.84% in Q3FY25.



ASCBs Sector-Wise Credit Flow (Rs bn): April 2025							
Sectors	MoM					YoY %	
	Apr-24	Jan-25	Feb-25	Mar-25	Apr-25	Apr-24	Apr-25
Agri. & Allied	447	145	108	228	226	19.8	9.2
Industry	27	202	8	618	-417	7.4	6.6
MSE (Priority)	-102	465	321	167	728	18.6	17.8
Infrastructure	182	-52	-65	201	-114	4.9	-0.8
Services	137	511	433	1045	-729	22.0	10.5
NBFCs	165	-31	-63	238	-255	15.3	2.9
Personal Loans	151	367	474	734	286	26.7	11.9
Housing (Including Priority)	227	192	278	317	-15	36.7	9.8
Other Personal Loans	-106	111	71	174	34	17.9	9.0
Gross Bank Credit	596	1319	1152	2539	-572	19.0	10.3

Source: RBI, SBI Research


Corporate Results Key Parameters							
Qtr.	Rs in crore			EBIDTA Margin %	Growth % (YoY)		
	Net Sales	EBIDTA	PAT		Net Sales	EBIDTA	PAT
Q4FY23	2229585	291331	193157	13.07%	9	-1	-3
Q1FY24	2151039	340062	200978	15.81%	-2	23	33
Q2FY24	2211514	336026	196940	15.19%	-0.3	41	42
Q3FY24	2247976	336131	206027	14.95%	3.3	26	42
Q4FY24	2385547	339853	203521	14.25%	5.2	14	3
Q1FY25	2298623	344305	211099	14.97%	5.7	-1	3
Q2FY25	2297890	330977	208657	14.40%	3.9	-1.5	6
Q3FY25	2406526	357329	227840	14.84%	5.4	5.2	9
Q4FY25	2473114	371776	269264	15.03%	4.8	8.0	23

Source: SBI Research; Cline; around 3500 listed entities ex BFSI; for Q4 around 2800 entities

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