

# CareEdge Economic Meter & Q4 FY25 GDP Preview

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# CareEdge Economic Meter (CEM) Indicates Recovery in Growth Momentum in Q4 FY25



- CEM expanded by 3.0% YoY in Q4 FY25 higher than 2.6% growth in Q3 FY25, indicating uptick in economic activity.
- The CEM is further analysed through a machine learning method to analyse and project the expected YoY GDP growth for Q4 FY25.
- According to our model, real GDP growth for Q4 FY25 is projected to be 6.8%. This quarterly performance brings the full-year FY25 GDP growth to 6.3%, slightly lower than our earlier forecast of 6.4%.
- GVA growth for Q4 FY25 is projected at 6.5%.

Source: CareEdge

Note: CareEdge Economic Meter (CEM) is a factor-based index covering 40 high-frequency economic indicators as well as policy variables to track the state of the economy.

## Q4 FY25 GDP Growth is Projected at 6.8%

	Q4 FY25 (P)	FY25 (P)
<b>Agriculture</b>	<b>6.0</b>	<b>4.5</b>
<b>Industries</b>	<b>5.0</b>	<b>5.4</b>
Manufacturing	3.7	4.1
Mining	1.8	2.6
Construction	8.1	8.4
Electricity, Gas & Utilities	5.0	5.8
<b>Services</b>	<b>7.7</b>	<b>7.3</b>
Trade, Hotels, Transport, Com. & Broadcasting Services	7.8	6.6
Financial, Real Estate and Professional Services	7.0	7.0
Public Administration & Defence	8.5	8.8
<b>GVA</b>	<b>6.5</b>	<b>6.3</b>
Consumption	6.8	6.8
Investment	6.9	6.3
Government Expenditure	7.3	4.7
<b>GDP</b>	<b>6.8</b>	<b>6.3</b>

Source: CareEdge Projections

- Q4 FY25 GDP growth projected at 6.8% which brings FY25 growth at 6.3%, lower than second advance estimate of 6.5%.
- GDP growth in Q4 FY25 is likely to be supported by strong momentum in sectors such as agriculture, hotels & transport and construction. Festivities during the 'Maha-Kumbh' should support hospitality and transportation.
- While overall consumption growth is likely to remain healthy, supported by rural demand, the mixed outlook of urban demand needs monitoring.
- Strong central capex disbursement towards the end of Q3 will support investment growth in Q4.
- Going forward, factors such as recovering rural demand, a lower tax burden, policy rate cuts, falling inflation, and expectations of a good monsoon should support an improvement in economic activity.
- A sustained recovery in consumption will be critical to drive a meaningful uptick in corporate capex. However, global uncertainties pose a headwind. We expect the FY26 GDP growth at 6.2%.

## Areas showing Improvement

<b>Agriculture</b>	• Agricultural activities have remained strong, with Rabi sowing of foodgrains surpassing last year's level by 2%.
	• Domestic tractor sales increased by 23.4% YoY in Q4 FY25, outperforming the 13.5% YoY growth in Q3.
	• Additionally, fertilizer sales grew by 5.4% in Jan-Feb 2025, higher than a growth of 0.4% in Q3 FY25.
<b>Trade, Hotels and Transport</b>	• Domestic air passenger traffic grew by 12% YoY in Q4 FY25, higher than 11.4% YoY in Q3.
	• Foreign tourist arrivals contracted by 1.3% YoY in Q4 FY25, lower than a contraction of 3% in Q3.
	• Anecdotal evidences show travel activities was up in Q4 on the back of Kumbh mela and major concerts.
	• Toll collections grew by 17.2% YoY in Q4 FY25, higher than 12.7% in Q3.
	• E-way bill collections rose 19.4% YoY in Q4 FY25, higher than 16.9% YoY in Q3.
<b>Mining</b>	• IIP mining expanded by 2.1% YoY in Q4 FY25, higher than 1.8% in Q3.

## Areas showing Mixed Trends

<b>Consumption Demand</b>	• While rural demand will be supported by good agricultural output and falling inflation, urban demand present mixed outlook.
	• Growth in gross domestic GST collections improved marginally to 9.7% YoY in Q4 FY25 from 9.5% YoY in Q3.
	• Growth in IIP consumer durables averaged 5.8% in Q4 FY25, lower than 9.2% in Q3.
	• IIP consumer non-durables contracted by 2.2% in Q4, higher than 1.2% contraction in Q3.
	• Passenger vehicle sales in Q4 FY25 grew by 2.3% YoY, lower than 4.5% YoY in Q3.
	• Two-wheeler sales also slowed to 1.4% YoY in Q4 from 3% YoY in Q3.

## Areas showing Mixed Trends

### Construction

- Although central capex contracted by 4% in Jan-Feb 2025, robust spending toward the end of Q3 FY25 is expected to support construction activity in Q4, given the typical lag in its impact.
- Finished steel consumption was up 11.9% YoY in Q4 FY25, higher than 7.8% YoY in Q3.
- IIP infrastructure and construction goods also showed improvement in Q4 FY25 growing by 7.6%, higher than 7% in Q3.
- However, highway construction and bitumen consumption contracted by 8.4% YoY and 3.8% YoY respectively in Q4.

### Manufacturing

- IIP manufacturing growth moderated to 3.9% YoY in Q4 FY25, down from 4.5% in Q3.
- Non-agri-non-petroleum exports moderated to 7.6% YoY in Q4 FY25, down from 13.1% in Q3.
- Production of personal vehicles and cement improved in Q4 FY25 with a growth of 6.4% YoY and 12.3% YoY, respectively.
- However, front-loading of inventory accumulation by firms ahead of the reciprocal tariff supported certain sectors like electronics.

## Areas showing Deceleration

### Government Expenditure

- Central revex contracted by 4.7% in Jan-Feb 2025. Central capex also contracted by 4% in the same period.

### Financials and Real Estate

- Non-Food credit growth slowed to 12.2% YoY in Q4 from 12.3% YoY in Q3 due to moderation in retail credit growth.
- Collection of life insurance first year premium contracted by 4.3% YoY in Q4.
- Growth in stamp and registration revenue of major state governments contracted by 4% YoY in Jan-Feb 2025, which is in contrast with 6.8% YoY growth in Q3.

### External Trade

- Services export growth remained healthy but slowed to 14.1% in Q4, lower than 17.9% in Q3.
- Merchandise exports contracted by 0.3% YoY in Q4 against a growth of 4.4% YoY growth in Q3. Poor performance of goods export is largely due to contracting oil exports (-34% YoY) and moderating non-oil exports (7.4% YoY).

# Select High Frequency Indicators

Sector	High- Frequency Indicators	Unit	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Agriculture	Fertilizer Sales*	YoY	-5.3	2.4	-7.3	0.4	5.4
	Domestic Tractor Sales	YoY	-22.9	0.5	0.7	13.5	23.4
	Agricultural Credit	YoY	20.0	19.6	17.4	14.4	11.3
	Agri Export	YoY	-3.2	2.0	1.7	20.4	6.2
	Govt. expenditure on Agri and Allied Sectors*	YoY	-13.4	-14.2	-21.2	2.7	0.9
Manufacturing	Infrastructure Industries: Steel Production	YoY	8.7	8.4	4.3	7.8	6.2
	Infrastructure Industries: Cement Production	YoY	7.6	0.4	3.2	8.7	12.3
	Pig and Sponge Iron Production	YoY	18.5	7.1	7.4	9.6	7.3
	Gross GST Collections: Domestic	YoY	14.8	12.7	8.0	9.5	9.7
	IIP Manufacturing	YoY	4.8	4.3	3.3	4.5	3.9
	Passenger Vehicle Production	YoY	9.4	6.2	-0.5	3.3	6.4
	Two-Wheeler Production	YoY	26.4	19.6	12.5	8.0	5.8
	Non POL Non Agri Exports	YoY	11.2	7.7	5.5	13.1	7.6
Construction	Central Government Capex*	YoY	10.1	-35.0	10.3	47.7	-4.0
	Highway Construction	YoY	34.6	-14.0	6.5	-5.0	-8.4
	Finished Steel Consumption	YoY	10.6	15.0	12.0	7.8	11.9
	Bitumen Consumption	YoY	1.6	1.0	-26.6	0.2	-3.8
	IIP: Infra and Construction Goods	YoY	7.1	8.1	3.9	7.0	7.6
Mining and Quarrying	IIP Mining	YoY	4.9	7.9	-0.1	1.8	2.1
	Coal Production	YoY	10.1	10.8	0.5	6.7	2.5
Utilities	Electricity Generation	YoY	7.5	11.5	0.4	2.5	2.0
	Electricity Demand	YoY	8.1	10.2	-0.7	2.6	3.2
Trade, Hotels, Transport, Communication and Services Related to Broadcasting	Foreign Tourist Arrivals	YoY	8.1	2.4	-1.7	-3.0	-1.3
	Domestic Air Passenger Traffic	YoY	5.2	5.6	7.2	11.4	12.0
	Toll Collection	YoY	17.3	9.5	10.3	12.7	17.2
	Petrol Consumption	YoY	8.4	7.1	7.3	9.7	5.8
	ATF Consumption	YoY	10.0	11.4	9.4	8.8	6.5
	Diesel Consumption	YoY	4.1	1.6	0.1	4.8	1.2
	E-way Bill Collections	YoY	16.3	16.0	16.8	16.9	19.4
	Domestic Air Cargo Traffic	YoY	10.0	7.1	7.6	4.6	3.1
	International Air Cargo Traffic	YoY	25.0	18.4	21.9	15.0	1.3
	Port Cargo Traffic	YoY	4.6	3.0	4.8	3.0	3.7
Financial, Real Estate and Professional Services	Services Export	YoY	4.1	9.8	12.2	17.9	14.1
	Stamp Duty Collections*	YoY	-1.7	3.1	20.3	6.8	-4.0
	Non-Food Credit	YoY	16.4	15.1	14.8	12.3	12.2
	Industrial Credit	YoY	7.9	7.8	9.7	7.8	7.8
	Retail Credit	YoY	17.9	17.6	16.8	15.7	14.1
	Life Insurance: First Year Premium	YoY	26.0	22.9	16.5	-6.6	-4.3
	Non-Life: Gross Direct Premium	YoY	9.4	13.3	1.9	10.8	1.7
Public Admin.	Central Government Revex*	YoY	-1.1	2.2	6.0	13.1	-4.7

Source: CEIC, CMIE, CareEdge. \*YoY growth is calculated for Q4FY25 considering only months of Jan-Feb 2025.

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