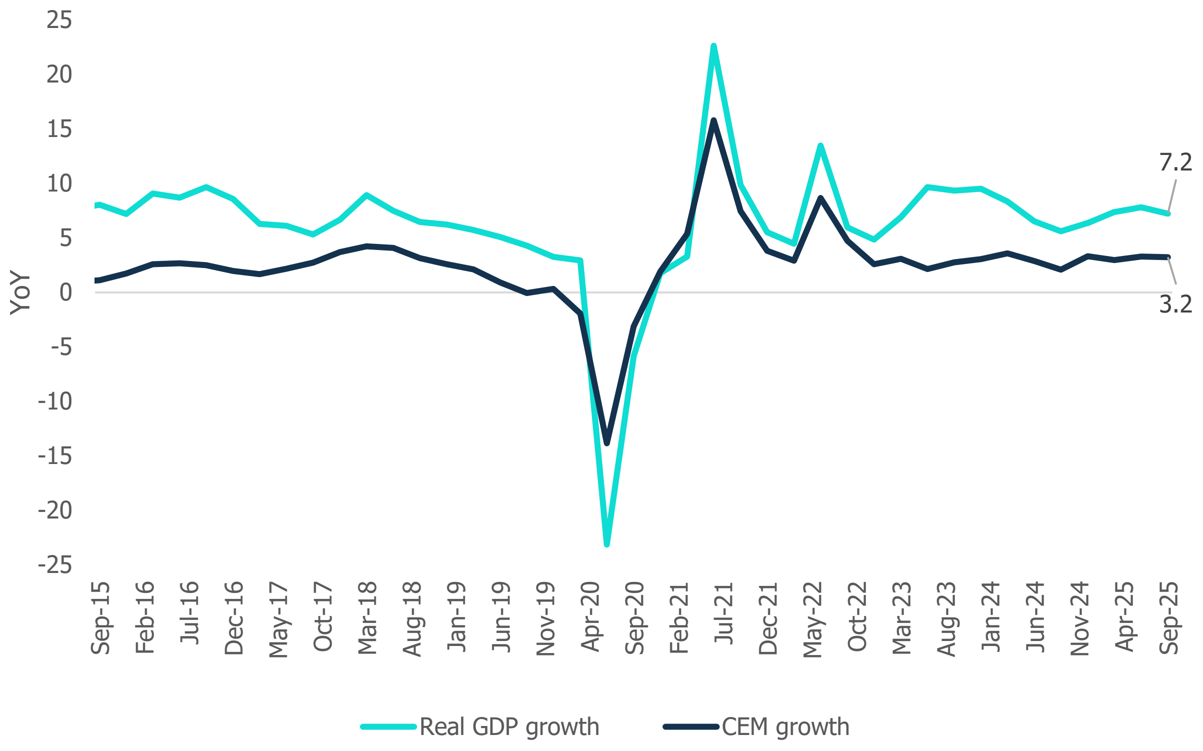
CareEdge Economic Meter

November 2025

CareEdge Economic Meter (CEM) Indicates Healthy Momentum in Q2 FY26



Source: CareEdge

Note: CareEdge Economic Meter (CEM) is a factor-based index covering 39 high-frequency economic indicators to track the state of the economy on a real-time basis.

- CEM expanded by 3.2% YoY in Q2 FY26 marginally lower than 3.3% growth in Q1 FY26.
- The CEM is further analysed through a machine learning method to project the expected GDP growth for Q2 FY26.
- According to our model, real GDP growth for Q2 FY26 is projected at 7.2%. The GVA growth for Q2 FY26 is projected at 7.3%.
- We expect GDP growth to moderate in H2 FY26, averaging 6.3%.
- We expect real GDP and GVA growth for FY26 at 6.9% YoY.
- Nominal GDP growth for FY26 projected at 7.7%, given sharp moderation in inflation. A low deflator is likely to push up real growth numbers.
- Rationalisation of income tax rates, GST rate cuts, healthy rural economic activity, easing inflationary pressures, and the RBI's interest rate cut to support growth in FY26.
- Heightened external economic uncertainties remain a key monitorable. Furthermore, China's excess capacity and the subsequent redirection of exports to markets like India remain significant concerns.

Economic scenario in Q2 FY26 (1/2)

Areas showing Broad Improvement	
Agriculture	• Kharif sowing of food grains was up 2.5% YoY in 2025 amidst a good monsoon. • Domestic tractor and fertilizer sales increased by 30.7% YoY and 19.4% YoY, respectively, in Q2 FY26—compared with 9.2% growth in tractors and a 14% contraction in fertilizer sales in Q1. • Government expenditure on agriculture and allied sectors is up 18.7% in Q2 FY26, higher than 11.8% in Q1. • Agricultural exports up 17.3% YoY in Q2 compared to 8.6% YoY in Q1.
Manufacturing	• IIP Manufacturing grew by 4.9% in Q2 FY26 vs 3.3% in Q1. • Non-petroleum, non-agriculture exports grew by 12.8% in Q2, up from 8.4% in Q1. • Despite the imposition of a 50% tariff on Indian exports to the US toward the end of August, non-petroleum, non-agricultural merchandise exports maintained their momentum—largely due to front-loading of exports ahead of the tariff implementation. • Steel production grew by 14.7% in Q2, higher than 7.2% in Q1. • Domestic GST collections registered healthy growth of 7.7%, albeit moderating from 9.7% in Q1.
Construction	• Central capex remained robust, rising 31% in Q2 FY26 following a strong 52% expansion in Q1. Aggregate State capex (top 19) also increased by 3.5% in Q2, after registering 31% growth in Q1. Typically, capex allocations translate into higher construction activity with a lag. • Bitumen consumption and finished steel consumption rose by 27% and 8.8%, respectively, in Q2 FY26—higher than the 4% contraction in bitumen and the 7.9% growth in steel recorded earlier. • IIP infrastructure and construction goods rose by 11.5% in Q2, higher than 6% in Q1.

Economic scenario in Q2 FY26 (2/2)

Areas showing Mixed Trends	
Services Sector	• Toll collections grew by 21.8% in Q2 FY26, up from 19.7% in Q1. • E-way bill issuances increased by 23.1% in Q2, compared with 20.5% in Q1. • Non-food credit growth strengthened to 13.3% in Q2 from 10.4% in Q1. • Life insurance first-year premiums rose by 10.7% in Q2, higher than the 4.3% growth recorded in Q1. • Diesel consumption increased by 3.3% in Q2, compared with 2.6% in Q1. • Domestic air passenger traffic declined by 1.9% in Q2, following 5.3% growth in Q1. • Services exports grew by 8.7% in Q2, moderating from 10.1% in Q1. • Central Government revenue expenditure contracted by 14.6% in Q2, compared with a 20% expansion in Q1. • State revenue expenditure growth also moderated to 7.4% in Q2 from 11.3% in Q1. • Port cargo traffic and domestic air cargo traffic grew by 5.2% and 4.9%, respectively, in Q2—down from 5.9% and 6.6% in Q1.

Areas showing Broad Weakness	
Mining and Quarrying	• IIP mining remained in a contractionary zone, falling 0.5% YoY in Q2 FY26 after contracting by 3% in Q1. • Coal Production also contracted by 1.3% in Q2 after remaining flat in Q1. • Prolonged monsoon could have impacted mining activities.
Utilities	• Electricity generation remained flat in Q2 after contracting by 5.5% in Q1.

Select High Frequency Indicators

CareEdge RATINGS

Sector	High- Frequency Indicators	Unit	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26
Agriculture	Fertilizer Sales*	YoY	-7.3	0.4	-9.6	-14.7	19.4
	Domestic Tractor Sales	YoY	0.7	13.5	23.4	9.2	30.7
	Agricultural Credit	YoY	17.4	14.4	11.3	7.8	8.0
	Agri Export	YoY	1.6	20.4	10.9	8.6	17.3
	Govt. expenditure on Agri and Allied Sectors	YoY	-21.2	2.7	2.5	11.8	18.7
Manufacturing	Infrastructure Industries: Steel Production	YoY	4.3	7.8	6.8	7.2	14.7
	Infrastructure Industries: Cement Production	YoY	3.2	8.7	12.4	8.0	7.4
	Pig and Sponge Iron Production	YoY	8.4	9.6	8.0	9.9	7.6
	Gross GST Collections: Domestic	YoY	8.0	9.5	9.7	9.7	7.7
	IIP Manufacturing	YoY	3.3	4.5	4.2	3.3	4.9
	Passenger Vehicle Production	YoY	-0.5	3.3	6.4	4.9	3.8
	Two-Wheeler Production	YoY	12.5	8.0	5.8	0.7	10.6
	Non POL Non Agri Exports	YoY	5.2	13.1	6.9	8.4	12.8
Construction	Central Government Capex	YoY	10.3	47.7	33.4	52.0	30.7
	State Capex**	YoY	-1.1	8.4	20.5	31.1	3.5
	Finished Steel Consumption	YoY	12.1	7.5	11.9	7.9	8.8
	Bitumen Consumption	YoY	-26.6	0.2	-3.8	-4.0	27.0
	IIP: Infra and Construction Goods	YoY	3.9	7.0	8.1	6.0	11.5
Mining and Quarrying	IIP Mining	YoY	-0.1	1.8	2.4	-3.0	-0.5
	Coal Production	YoY	0.4	6.7	2.5	0.0	-1.3
Utilities	Electricity Generation	YoY	0.4	2.5	2.0	-5.5	0.3
	Electricity Demand	YoY	-0.7	2.6	3.2	-1.5	3.3
Trade, Hotels, Transport, Communication and Services Related to Broadcasting	Domestic Air Passenger Traffic	YoY	7.3	11.4	12.0	5.3	-1.9
	Toll Collection	YoY	10.3	12.7	17.2	19.7	21.8
	Petrol Consumption	YoY	7.3	9.7	5.8	7.1	6.4
	ATF Consumption	YoY	9.4	8.8	6.5	3.9	-2.0
	Diesel Consumption	YoY	0.1	4.8	1.2	2.6	3.3
	E-way Bill Collections	YoY	16.8	16.9	19.4	20.5	23.1
	Domestic Air Cargo Traffic	YoY	7.7	4.6	3.1	6.6	4.9
	International Air Cargo Traffic	YoY	21.8	15.0	1.3	4.7	3.6
	Port Cargo Traffic	YoY	4.8	3.0	3.7	5.9	5.2
Financial, Real Estate and Professional Services	Services Export	YoY	12.2	17.9	14.2	10.1	8.7
	Non-Food Credit	YoY	14.8	12.3	12.2	10.4	13.3
	Industrial Credit	YoY	9.7	7.8	7.8	7.8	7.8
	Retail Credit	YoY	16.8	15.7	14.1	14.3	20.1
	Life Insurance: First Year Premium	YoY	16.5	-6.6	-4.3	4.3	10.7
	Non Life: Gross Direct Premium	YoY	1.8	9.4	1.7	8.8	5.8
Public Admin.	Central Government Revex	YoY	6.0	13.1	-5.1	20.0	-14.6
	State Government Revex	YoY	10.0	17.4	7.1	11.3	7.4

Source: CEIC, CMIE, CareEdge. *August-Sept data is used to calculate Q2 growth. ** Data pertaining to top 19 states

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