

## Initial estimates reveal Q3FY25 GDP could be ~6.2%-6.3%

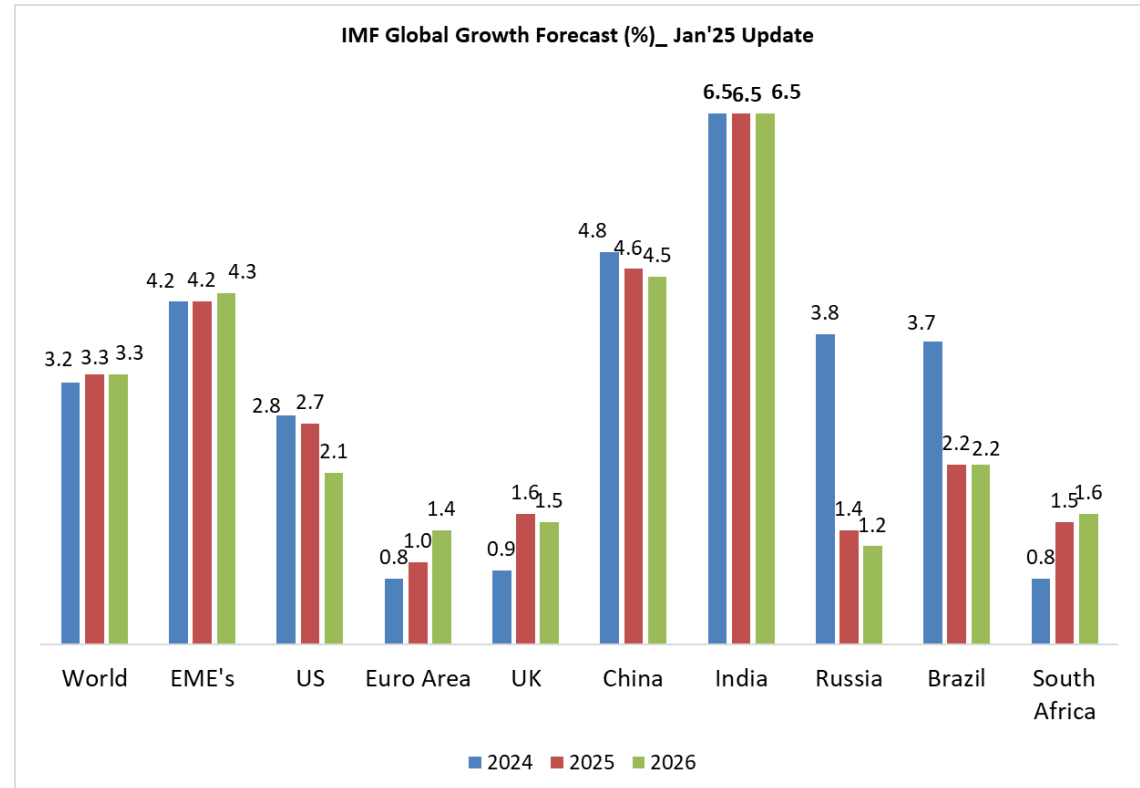
**Q2 NUMBERS WERE A BLIP....PATTERNS OF DEMAND AND CONSUMPTION SEEM BUOYANT IN Q3 AS ARE CAPEX TRENDS...  
INDIA INC. EXHIBITS BETTER EBIDTA AND CORPORATE GVA**

Issue # 32, FY25 19-February-2025

- ❑ Despite upheavals in global geo-politics, and trade/supply chains being susceptible to winds of re-globalization, Indian economy has been leaning against the winds
- ❑ Impinging upon our in-house developed 'Nowcasting Model' that leverages 36 high frequency indicators, we estimate the GDP growth for Q3 FY25 should come around 6.2%-6.3% (data due on 28<sup>th</sup> February)..Presuming no major revisions announced in the erstwhile Q1 and Q2 figures by NSO, we estimate the FY25 full year GDP at 6.3%
- ❑ The % of indicators showing acceleration has increased to 74% in Q3FY25 vs 71% in Q2FY25...Continuing the momentum, a healthy rural economy is further reinforcing stability and sustains momentum in other sectors even as rural agriculture wage growth is consistent and domestic tractor sales and rabi crop sown have picked up momentum
- ❑ CAPEX is showing improvement in Q3 FY25 with majority of the states' capex as % of BE being lower in FY25 on date but embracing a momentum in Q3 FY25 which augurs well for future developments
- ❑ IIP manufacturing growth has improved from 3.3 % in Q2 FY25 to 4.3 % in Q3 FY25 and SBI Index also showing positive momentum in Q3
- ❑ Indian Inc. has reported positive EBIDTA growth/margins (44 bps) after two quarters, while Corporate GVA has improved substantially (QoQ)

- The slowdown in Q3CY24 - down by intensifying geopolitical developments, supply chain disruption and the consequent imported inflationary pressures - was not just for India. Despite that, India continued to remain one of the fastest growing economies
- Recent update of IMF global growth forecast estimate India's growth at 6.5% for both FY25 and FY26 on the back of robust domestic demand, infrastructure support and Govts' strategic policy interventions

GDP growth(YoY)%				
	Q1 CY25	Q2 CY25	Q3 CY25	Q4 CY25
India	7.8	6.7	5.4	-
Singapore	3.2	3.4	5.7	5.0
Malaysia	4.2	5.9	5.4	5.0
Philippines	5.8	6.4	5.2	5.2
Indonesia	5.1	5.0	4.9	5.0
China	5.3	4.7	4.6	5.4
Russian Federation	5.4	4.1	3.1	-
Thailand	1.7	2.3	3.0	3.2
United States	3.1	3.0	2.5	2.8
United Kingdom	0.3	2.0	2.1	-
France	1.3	0.7	1.7	0.9
Canada	1.0	0.9	1.5	-
South Korea	3.3	2.3	1.5	1.2
European Union	0.3	0.9	1.3	-
Japan	-0.8	-0.8	0.6	1.2
Germany	-0.8	0.1	0.1	-0.4
<b>Average</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>	<b>3.1</b>



- To estimate GDP statistically, we have built a ‘Nowcasting Model’ with 36 high frequency indicators associated with industry activity, service activity, and global economy. The model uses the dynamic factor model to estimate the common or representative or latent factor of all the high frequency indicators from Q4 of FY13 to Q1 of FY23
- As per our (SBI) ‘Nowcasting Model’, the forecasted GDP growth for Q3 FY25 would be 6.2-6.3%, the actual data will be released on 28<sup>th</sup> Feb 2025. The details of the full model were shared in [SBI Ecowrap dated 20 Nov’20 \(click Here\)](#).

Real GDP Projections		
	SBI	NSO
Q1 FY25 (Actual)		6.7%
Q2 FY25 (Actual)		5.4%
Q3 FY25	6.2%-6.3%	-
Q4 FY25	Above 6.5%	-
<b>FY25 P</b>	<b>6.3%</b>	<b>6.4%</b>
Source: RBI; SBI Research		

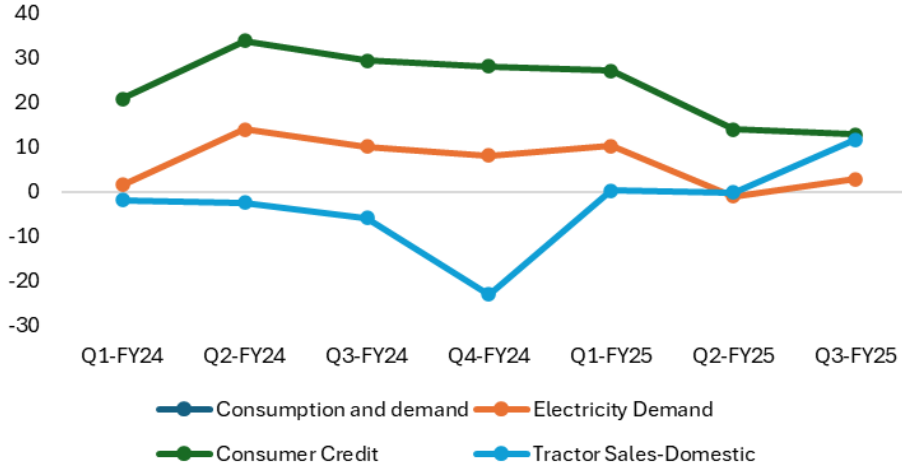
Mapping of Leading Indicators with GDP Growth			
Year	Quarter	GDP Growth (%)	% of indicators showing acceleration
			Overall
FY23	Q1 FY23	12.8	79
	Q2 FY23	5.5	69
	Q3 FY23	4.3	73
	Q4 FY23	6.2	76
FY24	Q1 FY24	8.2	70
	Q2 FY24	8.1	80
	Q3 FY24	8.6	80
	Q4 FY24	7.8	86
FY25	Q1FY25	6.7	78
	Q2 FY25	5.4	71
	Q3 FY25(P)		75
Source: SBI Research			

- NSO may revise Q1 and Q2 estimates in 28 Feb'25  
Release of 2<sup>nd</sup> Revised estimate of FY25 GDP
- Assuming there are no major revisions in Q1 and Q2, estimates, we are expecting FY25 GDP at 6.3%

Revision in Real GDP Estimates						
Year	Q1	Q2	Q3	Q4	Annual	Revision
2024-25	6.5	5.4			<b>6.4</b>	1AE
2023-24	7.8	7.6			<b>7.3</b>	1AE
	8.2	8.1	8.4	5.9	<b>7.6</b>	2AE
2022-23	8.2	8.1	8.6	7.8	<b>8.2</b>	PE
	13.5	6.3			<b>7.0</b>	1AE
	13.2	6.3	4.4	5.1	<b>7.0</b>	2AE
	13.1	6.2	4.5	6.1	<b>7.2</b>	PE
2021-22	12.8	5.5	4.3	6.2	<b>7.0</b>	1RE
	20.1	8.4	-	-	<b>9.2</b>	IAE
	20.3	8.5	5.4	4.6	<b>8.9</b>	2AE
	20.1	8.4	5.4	4.1	<b>8.7</b>	PE
	21.6	9.1	5.2	4.0	<b>9.1</b>	1RE
2020-21	22.6	9.9	5.5	4.5	<b>9.7</b>	2RE
	-23.9	-7.5	-	-	<b>-7.7</b>	IAE
	-24.4	-7.3	0.4	-1.1	<b>-8.0</b>	2AE
	-24.4	-7.4	0.5	1.6	<b>-7.3</b>	PE
	-23.8	-6.6	0.7	2.5	<b>-6.6</b>	1RE
	-23.2	-5.6	1.7	3.5	<b>-5.8</b>	2RE
2019-20	-23.1	-5.8	1.8	3.3	<b>-5.8</b>	3RE
	5.0	4.5	-	-	<b>5.0</b>	IAE
	5.6	5.1	4.7	4.7	<b>5.0</b>	2AE
	5.2	4.4	4.1	3.1	<b>4.2</b>	PE
	5.4	4.6	3.3	3.0	<b>4</b>	1RE
	4.9	4.2	3.2	2.8	<b>3.7</b>	2RE
	5.1	4.3	3.3	2.9	<b>3.9</b>	3RE

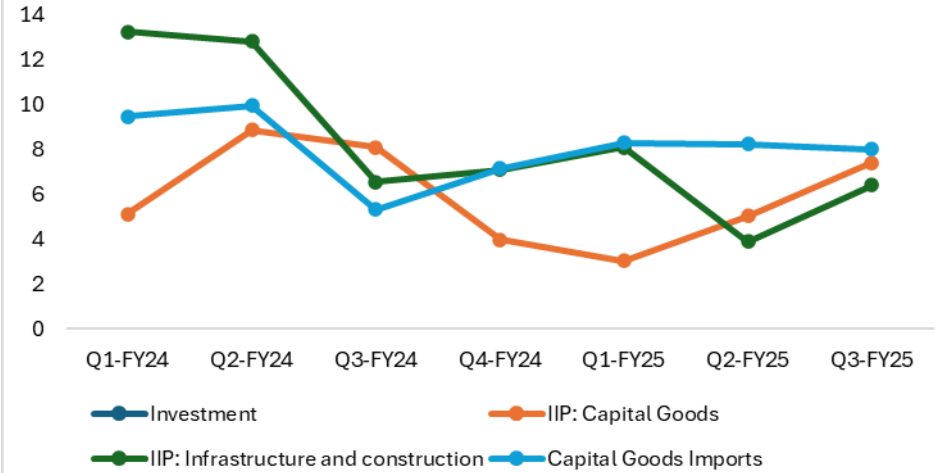
Source: NSO, SBI Research

### Indicators of Consumer Economy

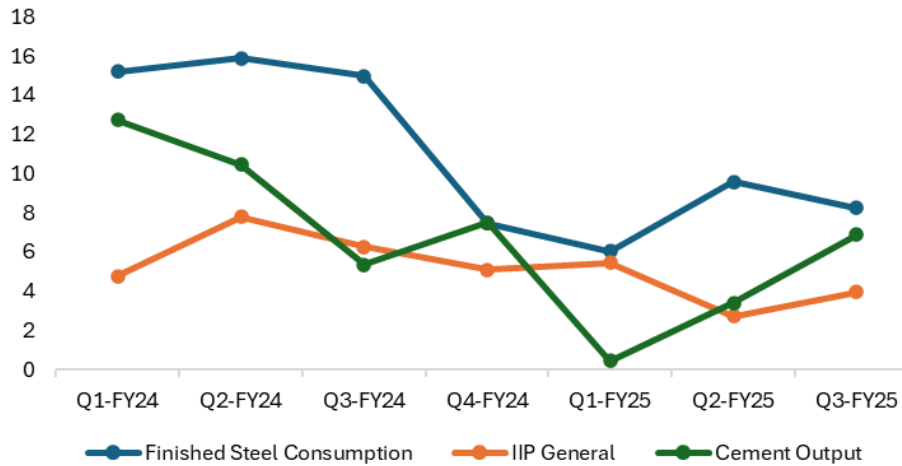


Leading indicators show strong upward movement across all domains including consumer economy, investment demand, industry, and services – signaling robust momentum

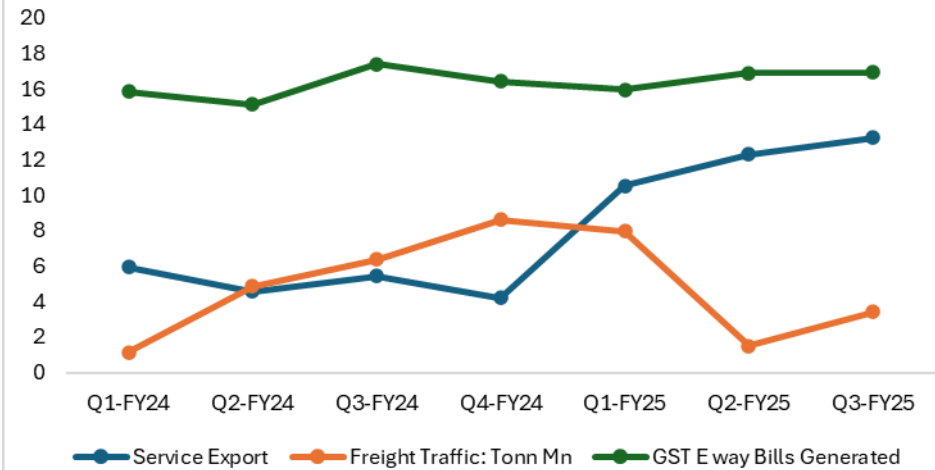
### Indicators of Investment Demand



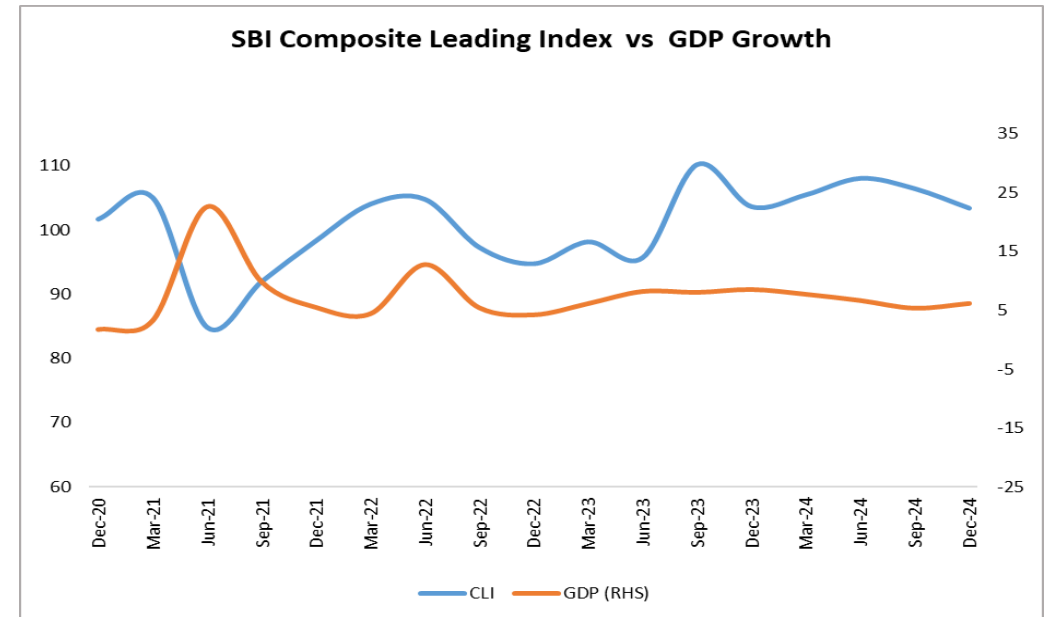
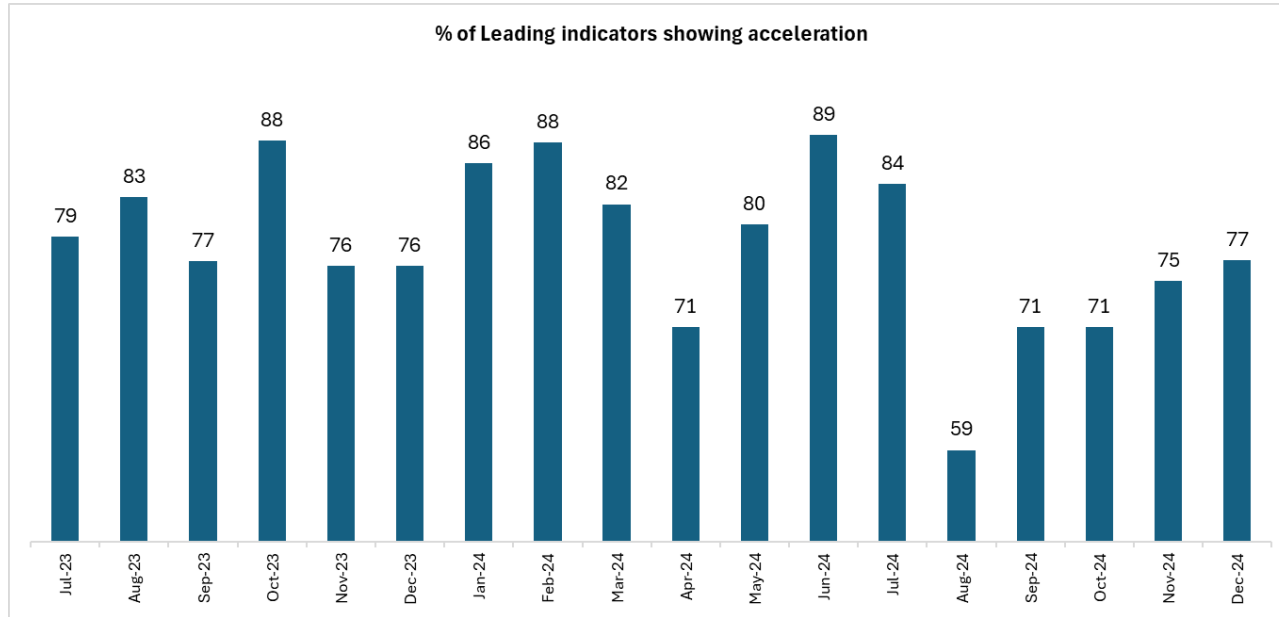
### Indicators of Industry



### Indicators of Services

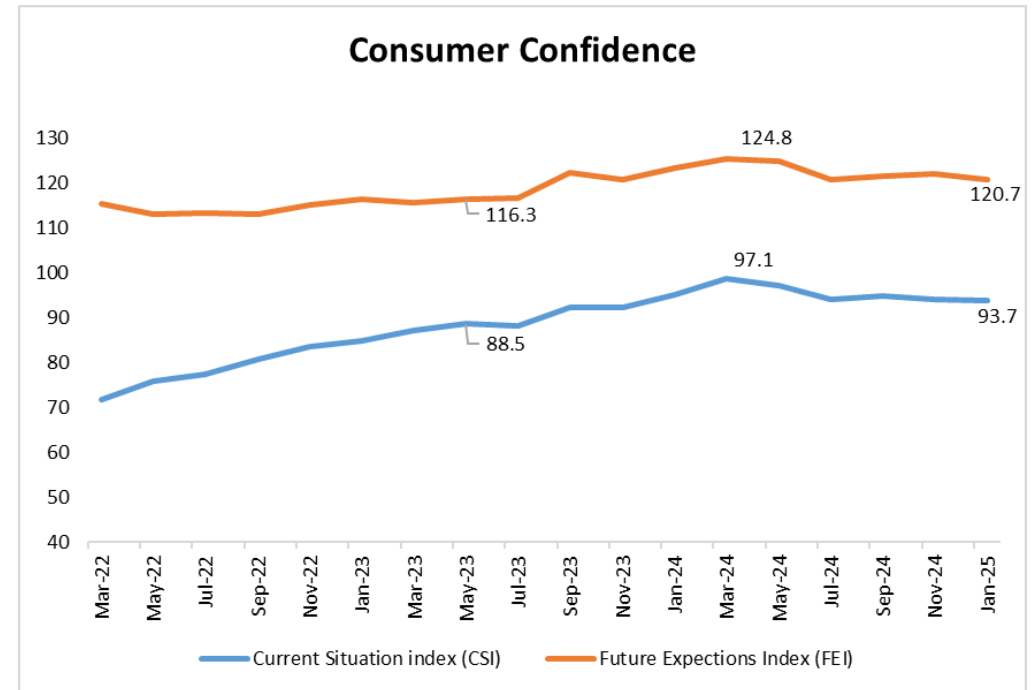
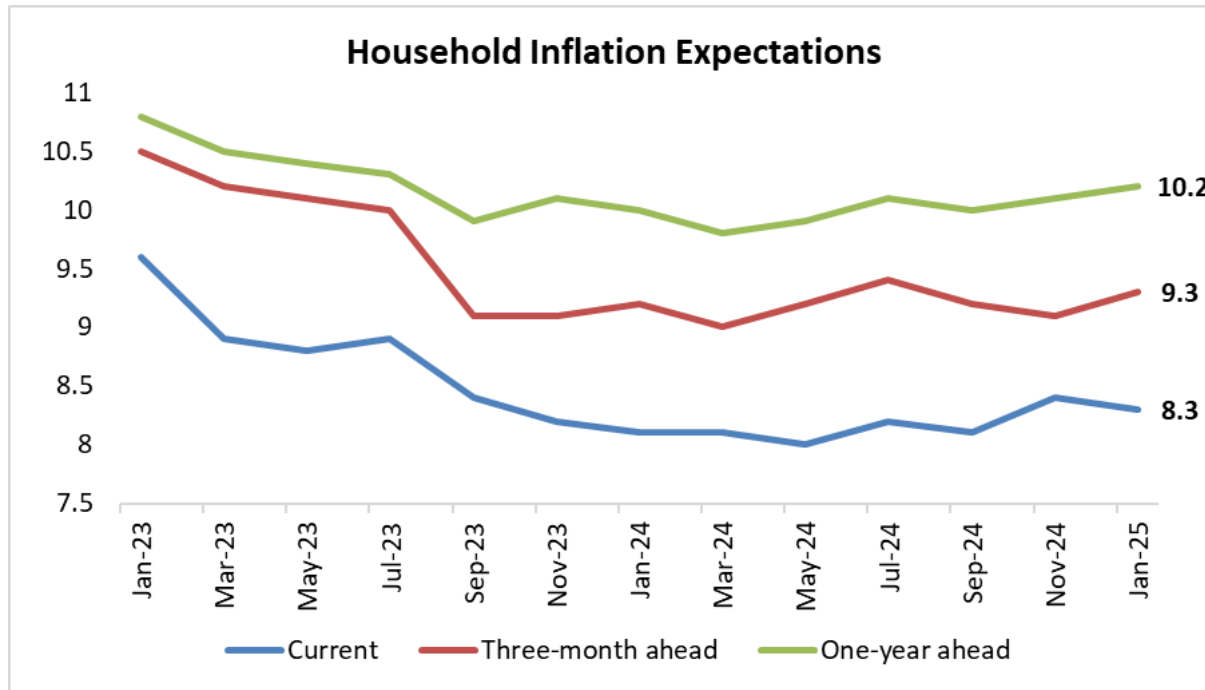


- We track 36 leading indicators in consumption and demand, Agri, Industry, service and other indicators, which indicate a spike in Q3FY25 growth. The % of indicators showing acceleration has increased to 74% in Q3FY25 vs 71% in Q2FY25
- GDP Growth as per SBI composite leading indicator (CLI) Index (a basket of 36 leading indicators which includes parameters from almost all the sectors) based on monthly data shows a slight uptick in economic activity in Q3. This increase in economic activity in Q3FY25 indicate GDP may grow in the range of 6.2-6.3%



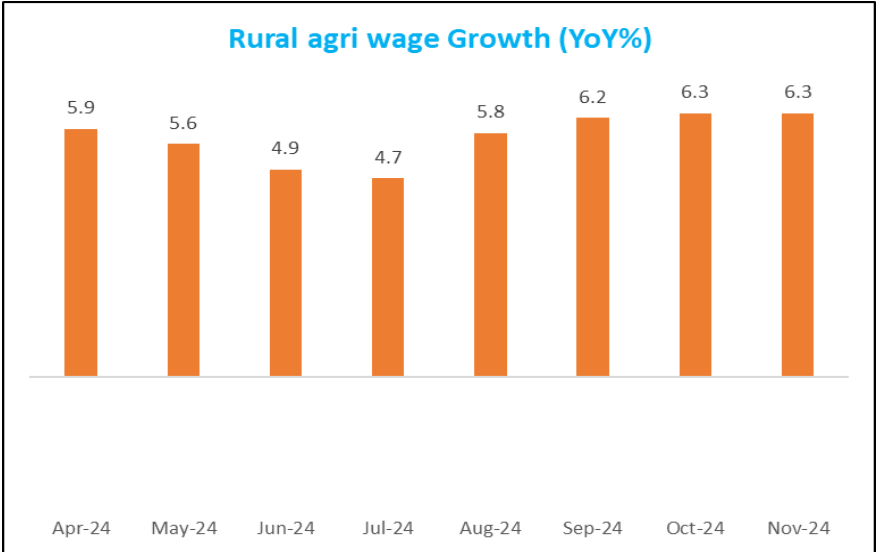
$$\% \text{ of indicators showing acceleration} = \frac{\text{No of indicators showing high and moderate growth}}{\text{Total no of indicators}}$$

- ❑ Slowdown in current household inflation expectations encourages higher discretionary spending and drives demand-led growth
- ❑ Moderation in declining consumer confidence suggests that households are now optimistic about global developments, disinflation process, and economic prospects – enabling long-term sustainable growth





Rural agri wage Growth (YoY%)

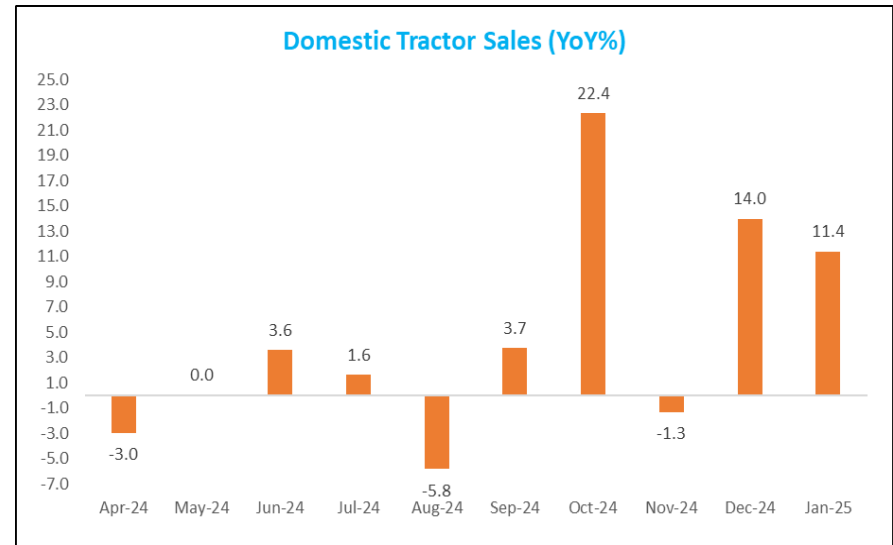


- Rural agriculture wage growth is consistent

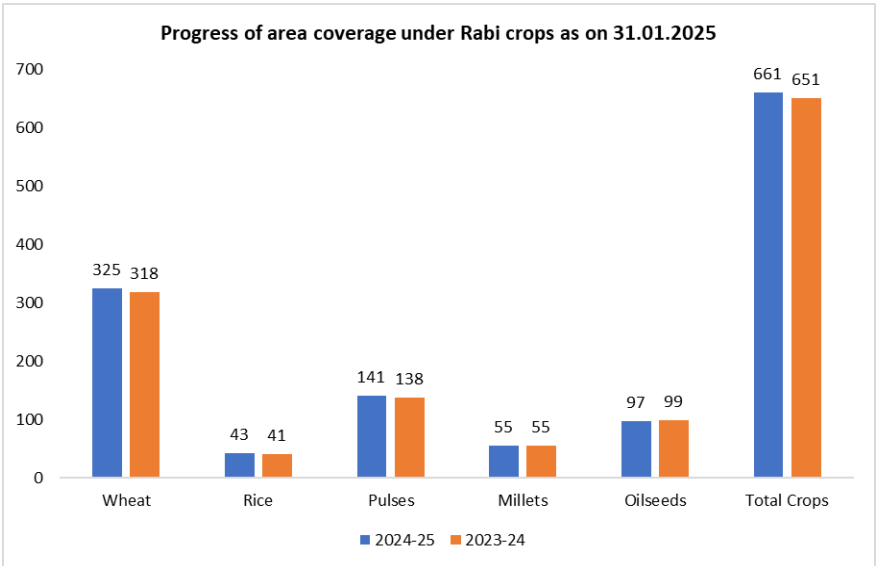
- Domestic tractor sales and rabi crop sown has picked up momentum

- A healthy rural economy reinforces stability and sustains momentum in other sectors as well

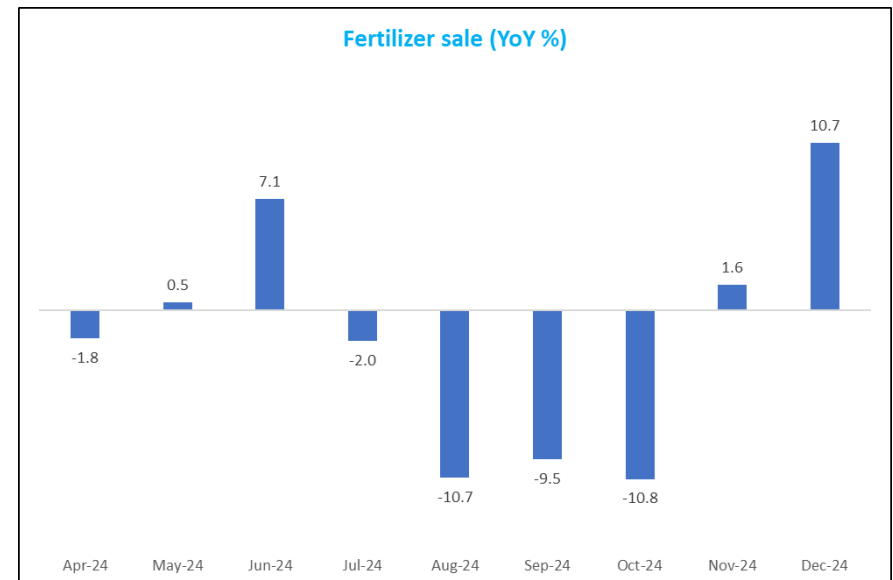
Domestic Tractor Sales (YoY%)



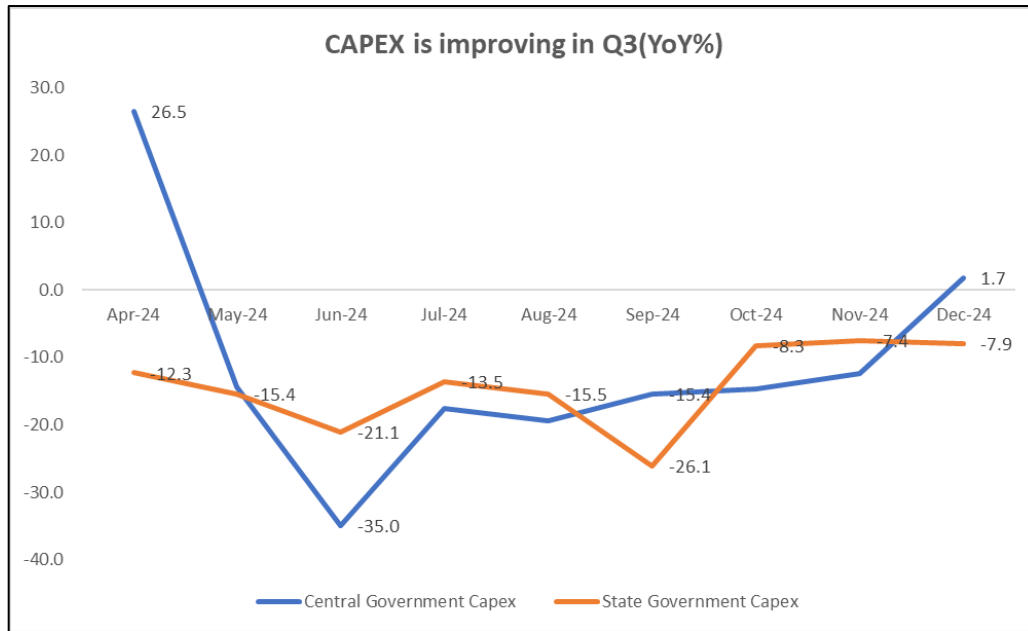
Progress of area coverage under Rabi crops as on 31.01.2025



Fertilizer sale (YoY %)



- Majority of the states Capex as % of BE is lower in FY25, however taking a momentum in Q3 FY25

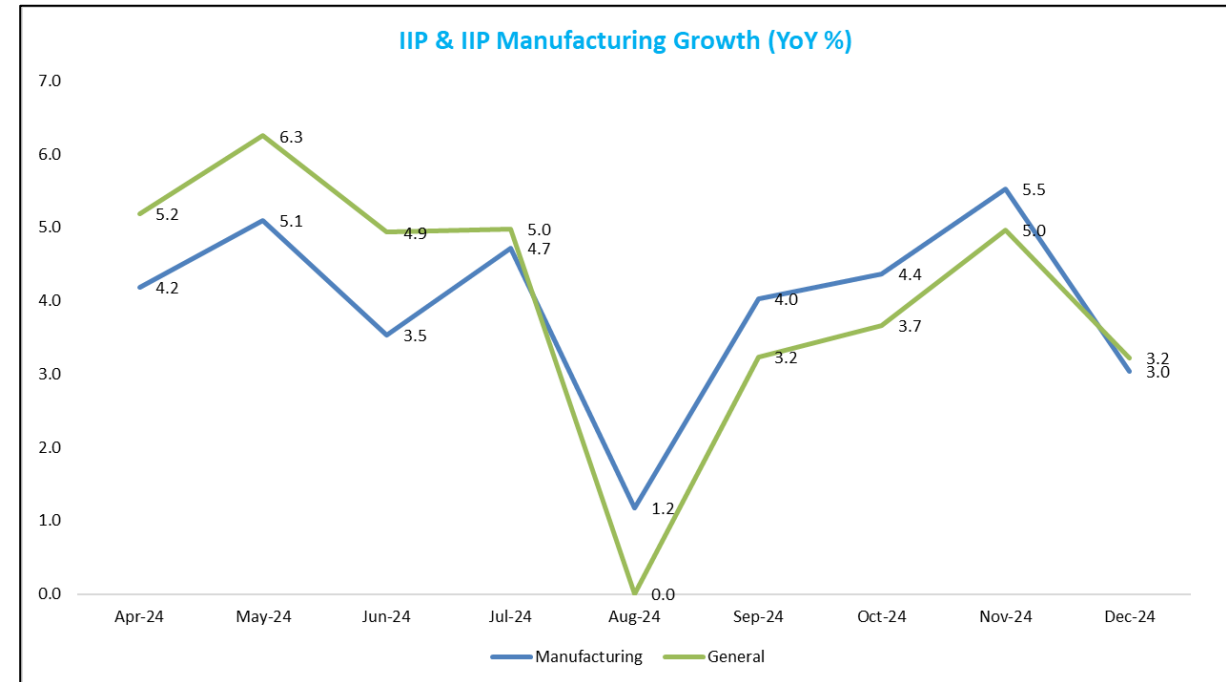
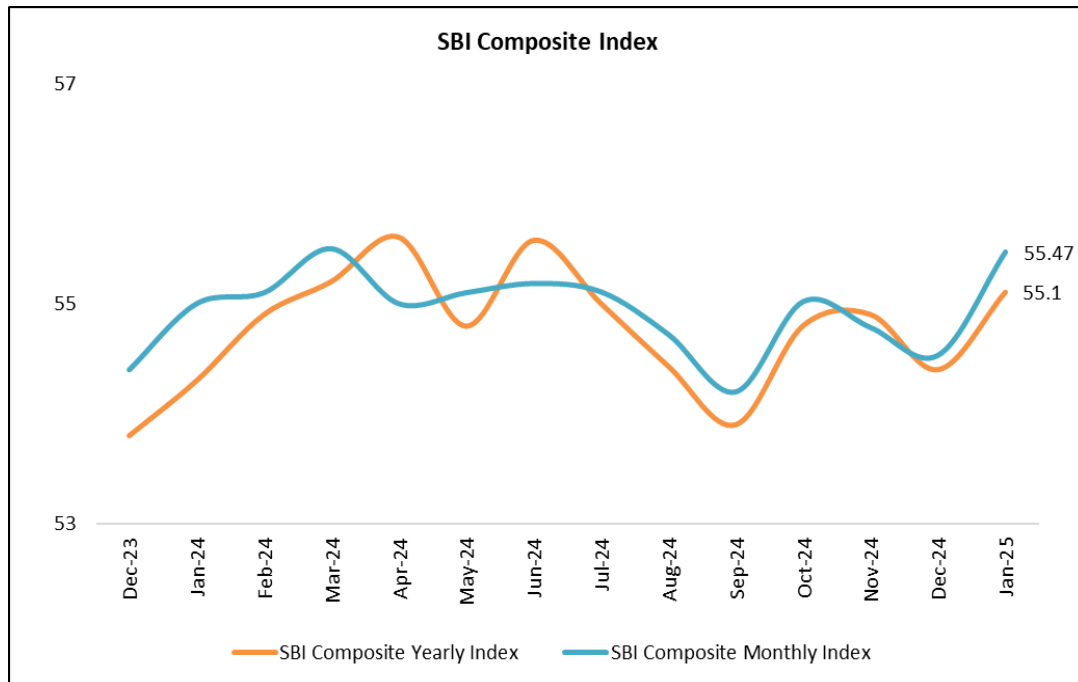


State wise Capital Expenditure as % of Budgeted_FY25 Vs FY24(9 M)					
States	FY25	FY24	States	FY25	FY24
<b>Central</b>	<b>62%</b>	<b>67%</b>	Madhya Pradesh	65%	71%
<b>All States</b>	<b>43%</b>	<b>46%</b>	Maharashtra	29%	30%
Andhra Pradesh	27%	62%	Odisha	42%	52%
Bihar	60%	67%	Punjab	57%	29%
Chhattisgarh	22%	31%	Rajasthan	52%	50%
Gujarat	43%	46%	Tamil Nadu	47%	55%
Haryana	66%	69%	Telangana	76%	84%
Himachal Pradesh	50%	55%	Uttar Pradesh	41%	44%
Jharkhand	17%	48%	Uttarakhand	40%	37%
Karnataka	46%	35%	West Bengal	34%	45%
Kerala	65%	63%			

Source: CAG, CGA, CEIC, SBI Research

# Manufacturing growth is recovering in Q3 FY25

- ❑ IIP manufacturing growth has improved from 3.3 % in Q2 FY25 to 4.3 % in Q3 FY25
- ❑ SBI Composite Index also showing positive momentum in Q3FY25



# Q3FY25 - Indian Inc. reported positive EBIDTA growth after two quarters, margin improved...

- Around 4000 Corporate in listed space reported revenue growth of 6.2% while EBIDTA and profit after tax (PAT) grew by around 11% and 12% respectively in Q3FY25 as compared to Q3FY24
- Further, Corporate ex BFSI represented by more than 3400 listed entities reported revenue and PAT growth of 5% and 9% respectively, in Q3FY25 as compared to Q3FY24
- What is pertinent to mention is the same set of corporate reported EBIDTA growth of around 5% in Q3FY25 as compared to negative EBIDTA growth in last two quarters of FY25
- At aggregate level, EBIDTA margin improved by around 44 bps in Q3FY25 to 14.84% from 14.4% in Q2FY25
- Corporate GVA improved by around 300 bps in Q3FY25 (YoY) to 9.55%

Corporate GVA		
Qtr	No of Companies	Growth (%)
Q3FY23	3899	11.23
Q4FY23	3908	20.12
Q1FY24	3958	28.62
Q2FY24	3904	46.79
Q3FY24	3959	26.28
Q4FY24	4162	17.18
Q1FY25	4155	10.90
Q2FY25	4015	6.64
Q3FY25	4077	9.55

Source: SBI Research; CLIne; listed entities; GVA as measured by EBIDTA+Employee expenses

Corporate Results Key Parameters							
Qtr.	Rs in crore			EBIDTA Margin %	Growth % (YoY)		
	Net Sales	EBIDTA	PAT		Net Sales	EBIDTA	PAT
Q3FY23	2177015	266074	145126	12.22%	15	-9	-16
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

Source: SBI Research; CLIne; around 3500 listed entities ex BFSI



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