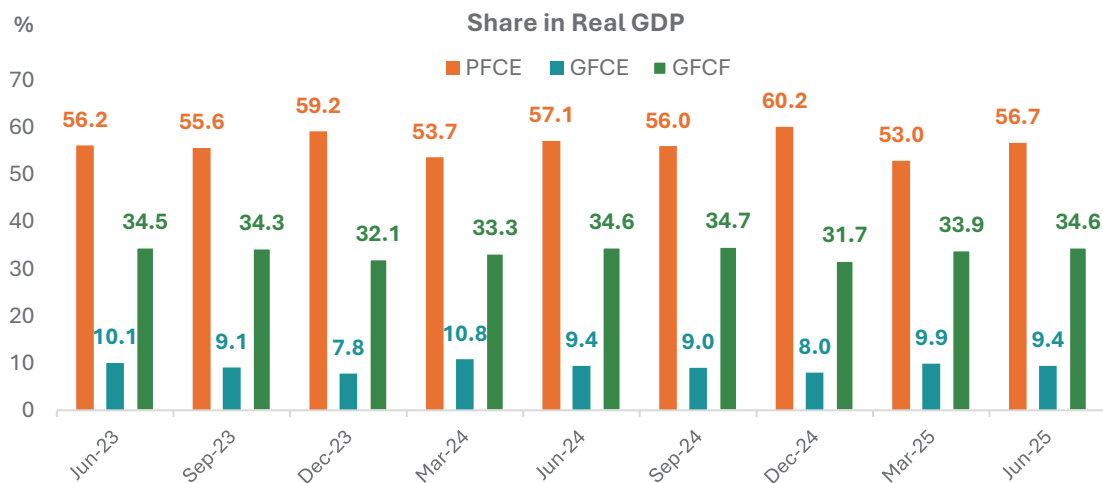
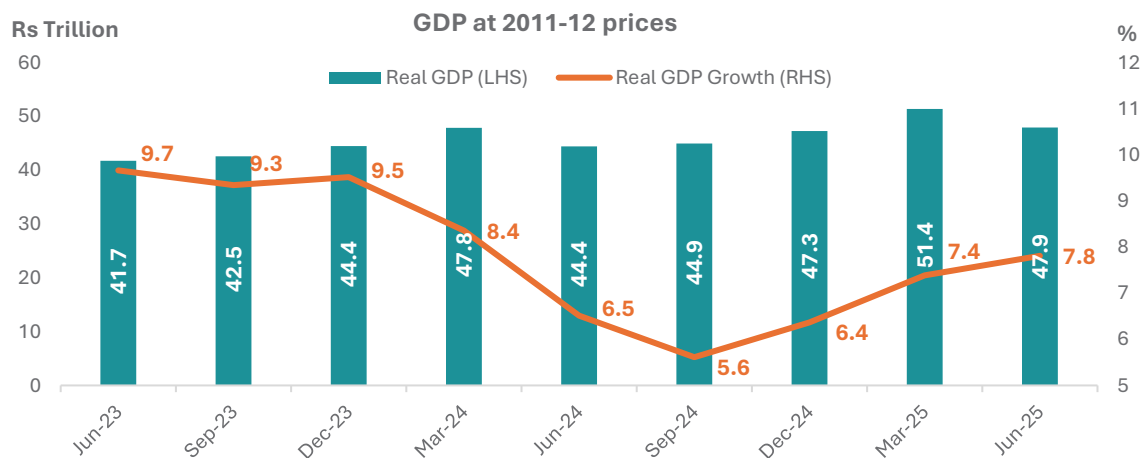


INDIA | AUGUST 2025

B2K Economy Bytes

GDP and GVA-Q1 FY2026

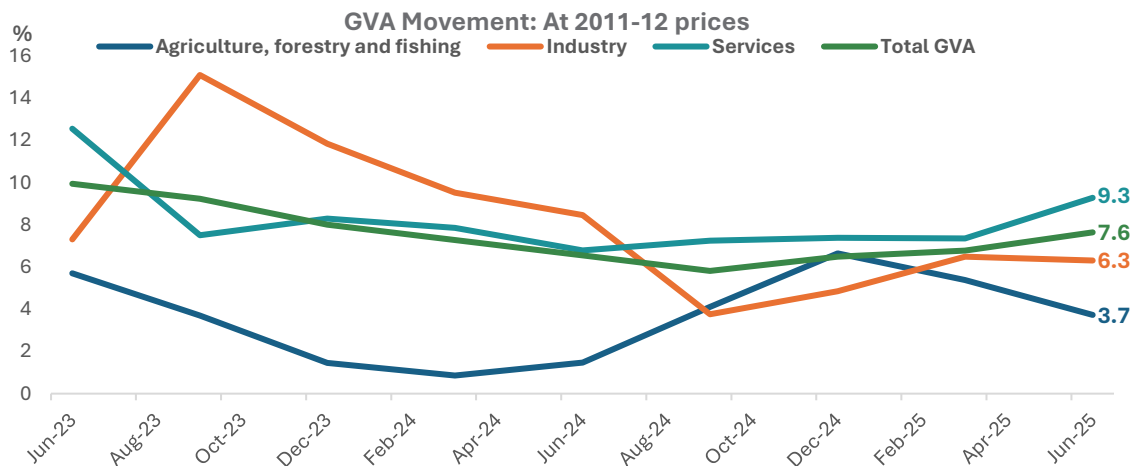
- ❖ Real GDP grew at 7.8% YoY in Q1 FY2026, a 5-quarter high, much above the RBI's estimates of 6.5%.
- ❖ Services sector which accounts for more than 50% of India's GDP was the major driver of GDP growth showing 9.3% increase during the quarter. All heads of services showed higher growth compared to Q4 FY2025 with Public administration, defence and other services witnessing the highest 9.8% YoY growth.
- ❖ Manufacturing growth remains robust at 7.7% in Q1 due to strong demand for infrastructure projects and construction. However, early monsoon disrupted mining activity and curtailed power demand. Mining sector contracted while Electricity sector showed subdued activity during the quarter capping the overall industrial growth to 6.3%.
- ❖ Agriculture growth in Q1 moderated to 3.7% compared to 5.4% in Q4FY2024.
- ❖ On the expenditure side, growth in Government Final Consumption Expenditure (GFCE) surged in Q1 FY2026 driven by higher government spending and investment in infrastructure projects.



*For more information refer to Annexure.

Source: CMIE, MoSPI, B2K Research

Services sector, a major contributor to growth



A Snapshot of High Frequency Economic Indicators										
Particulars	FY2024	FY2025	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
GDP Growth (YoY %)	9.19	6.49	7.38			7.81				
Current Account Deficit (\$ Bn)	-26.0	-23.3	13.5							
Capital Expenditure: Cumulative (Rs Bn)	9492.0	10520.1	7573.6	8118.9	10520.1	1597.9	2213.5	2751.3	3469.3	
Gross Tax Collection: Cumulative (Rs Bn)	34655.2	37952.3	29843.6	32042.3	37952.3	2714.8	5152.3	8690.1	10929.1	
Repo Rate (%)	6.50	6.25	6.50	6.25	6.25	6.00	6.00	5.50	5.50	5.50
MCLR: Overnight (%)	8.00	8.20	8.20	8.20	8.20	8.20	8.20	8.20	7.95	
CPI Inflation YoY (%)	5.36	4.63	4.26	3.61	3.34	3.16	2.82	2.10	1.55	
WPI Inflation YoY (%)	-0.73	2.27	2.51	2.45	2.25	0.85	0.13	-0.13	-0.58	
IIP Growth YoY (%)	5.91	4.07	5.21	2.72	3.94	2.57	1.87	1.52	3.47	
Consumer Durables Growth (YoY %)	3.57	7.98	7.08	3.69	6.85	6.19	-0.92	2.83	7.66	
Non-food Bank Credit Growth (YoY %)	20.17	10.96	12.51	12.26	10.96	10.00	8.80	9.30	9.90	
Deposit Growth (YoY %)	13.47	10.28	12.06	12.01	10.28	9.79	9.89	10.1	10.2	
Manufacturing PMI	59.1	58.1	57.7	56.3	58.1	58.2	57.6	58.4	59.1	59.8*
Services PMI	61.2	58.5	56.5	59	58.5	58.7	58.8	60.4	60.5	65.6*
Merchandise Exports (\$ bn)	437.1	437.7	36.3	36.8	42.0	38.3	38.5	35.1	37.2	
Merchandise Imports (% bn)	678.3	720.3	59.4	51.0	63.5	64.9	60.6	53.9	64.6	
Service Exports (% bn)	341.0	387.0	34.7	31.6	35.6	32.8	32.5	32.1	33.7	
Service Imports (% bn)	178.0	199.0	16.7	14.5	17.5	16.9	16.7	15.9	17.3	
Forex Reserves (\$ bn) ^	645.6	665.4	630.6	638.7	665.4	688.1	691.5	702.8	698.2	
Note: Green to Red shades indicate strong to poor performance of the respective indicators. - Not available, ^: End of the period, *: Provisional numbers. Actual numbers published at the start of September. Source: CMIE, RBI, MoSPI										

For more information refer to Annexure.

Source: CMIE, EIA, S&P, MoSPI, B2K Research

Outlook

- ❖ Despite the mixed signals from major high frequency indicators impacted by the early monsoon and tariff woes the GDP growth far exceeded market expectations and RBI's estimates of 6.5%. Agricultural activity is expected to strengthen further due to higher reservoir levels and improve rural demand while easing borrowing costs after the RBI's repo rate and CRR cut to support consumption demand and investments. On the monetary policy front, the acceleration in Q1 growth provides room for the RBI to hold policy rates steady and maintain at current levels while awaiting effective transmission of earlier rate cuts.
- ❖ India's GDP growth outlook for the next three quarters of FY2026 looks moderately low compared to Q1 growth. While domestic demand has remained resilient due to supply-side recovery, favourable monsoon conditions, and supportive consumption drivers including tax rationalisation and easing inflation, but persistent external risks continue to pose challenges, particularly the imposition of 50% tariffs by the US on a large share of Indian exports. Given the US is India's major trading partner, higher tariffs on Indian imports by US is a serious threat in the short and pose downside risk to India's growth trajectory. While ongoing efforts to diversify trade partners, including new free trade agreements expected to bring some stability

Annexure

GDP and its Components: YoY Changes at 2011-12 prices					
Components	FY2024	FY2025	Q1 FY2025	Q4 FY2025	Q1 FY2026
PFCE	5.56%	7.20%	8.28%	5.95%	7.05%
GFCE	8.14%	2.28%	-0.29%	-1.81%	7.45%
GCF: Total	10.52%	6.67%	6.17%	7.75%	7.34%
GCF: GFCF	8.78%	7.06%	6.65%	9.41%	7.82%
GCF: Valuables	14.44%	0.61%	-23.09%	-29.79%	-22.49%
Exports of goods and services	2.20%	6.34%	8.29%	3.85%	6.33%
Imports of goods and services	13.75%	-3.67%	-1.56%	-12.67%	10.88%
Total GDP (at constant prices)	9.19%	6.49%	6.51%	7.38%	7.81%
GFCE: Government Final Consumption Expenditure, PFCE: Private Final Consumption Expenditure, GFCF: Gross Fixed Capital Formation, GCF: Gross Capital Formation					
Source: MoSPI, CMIE					

GVA and its Components: YoY Changes at 2011-12 prices					
Sectors	FY2024	FY2025	Q1 FY2025	Q4 FY2025	Q1 FY2026
Agriculture, forestry and fishing	2.66%	4.63%	1.46%	5.37%	3.73%
Industry	10.82%	5.90%	8.45%	6.49%	6.30%
Mining and quarrying	3.21%	2.69%	6.65%	2.54%	-3.13%
Manufacturing	12.30%	4.52%	7.59%	4.85%	7.72%
Electricity, gas, water supply and other utility services	8.64%	5.88%	10.16%	5.41%	0.46%
Construction	10.41%	9.35%	10.10%	10.77%	7.56%
Services	8.99%	7.19%	6.78%	7.34%	9.28%
Trade, hotels, transport, storage and communication	7.50%	6.09%	5.40%	6.03%	8.59%
Financial services, real estate and professional services	10.27%	7.17%	6.64%	7.83%	9.48%
Public administration, defence and other services	8.83%	8.86%	9.01%	8.71%	9.77%
Total GVA (at basic price)	8.56%	6.41%	6.55%	6.77%	7.63%
Source: MoSPI, CMIE					

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About B2K

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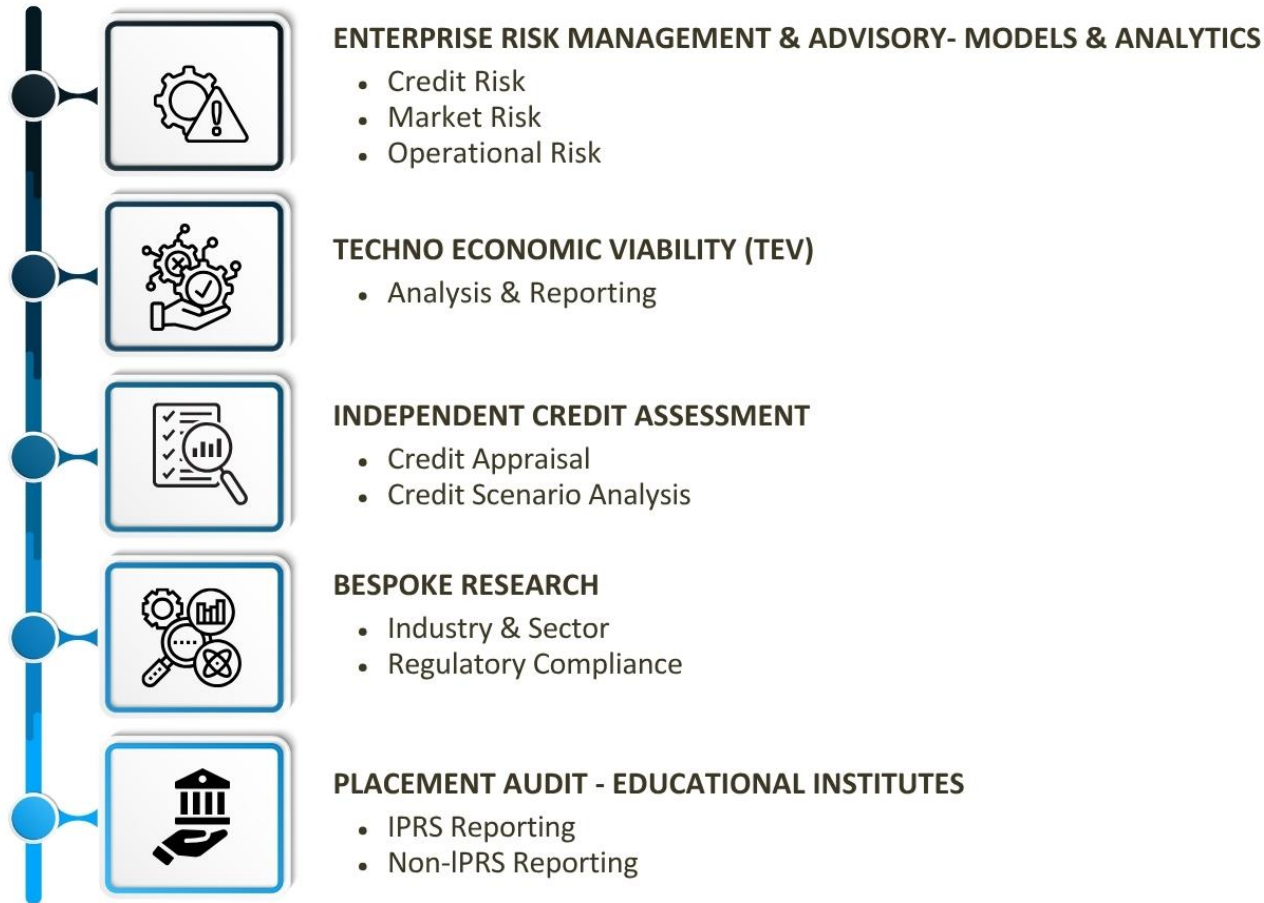
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For more information refer to Annexure.

Source: CMIE, EIA, S&P, MoSPI, B2K Research

WHAT WE DO?

CONSULTING & RESEARCH SOLUTIONS



GRADING SERVICES

Develop Competitive Differentiator & Improve Credibility



Educational Institutes / SME / MSME

- Performance Grading
- BIR & Due Diligence



NGOs

- Proprietary PROVEN assessment model
- Analyzing organization financial health



Solar & Renewable energy

- Analysing Solar Energy Projects
- System Integrators Evaluation



For further information, info@b2kanalytics.com