India Economic Performance 2024-25

> Mains Syllabus: GS III - Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

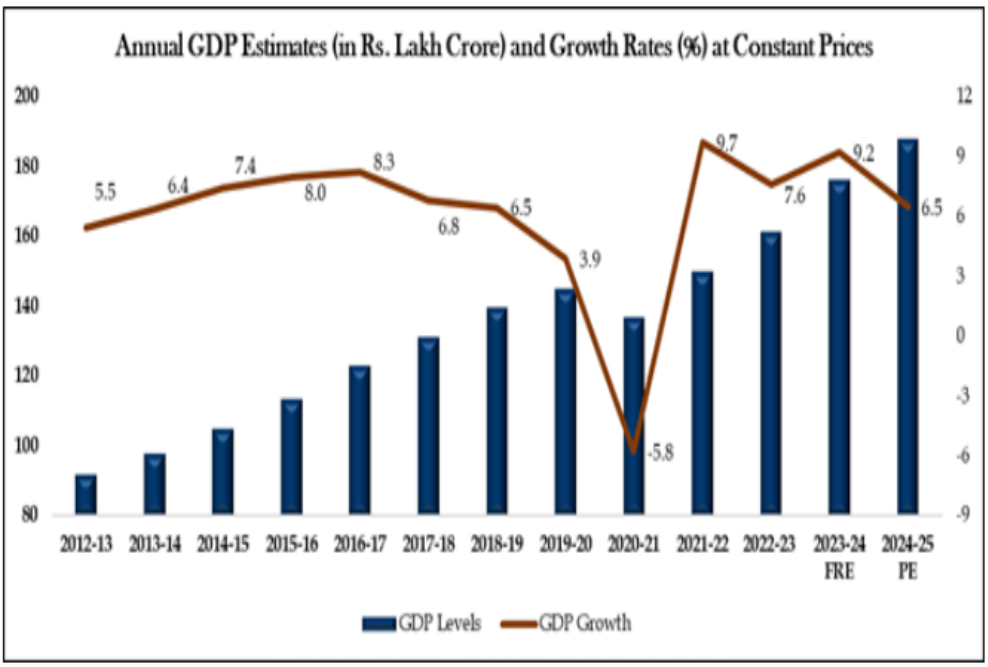
Why in the News?

Recently, provisional estimates of annual gross domestic product for 2024-25 was released.

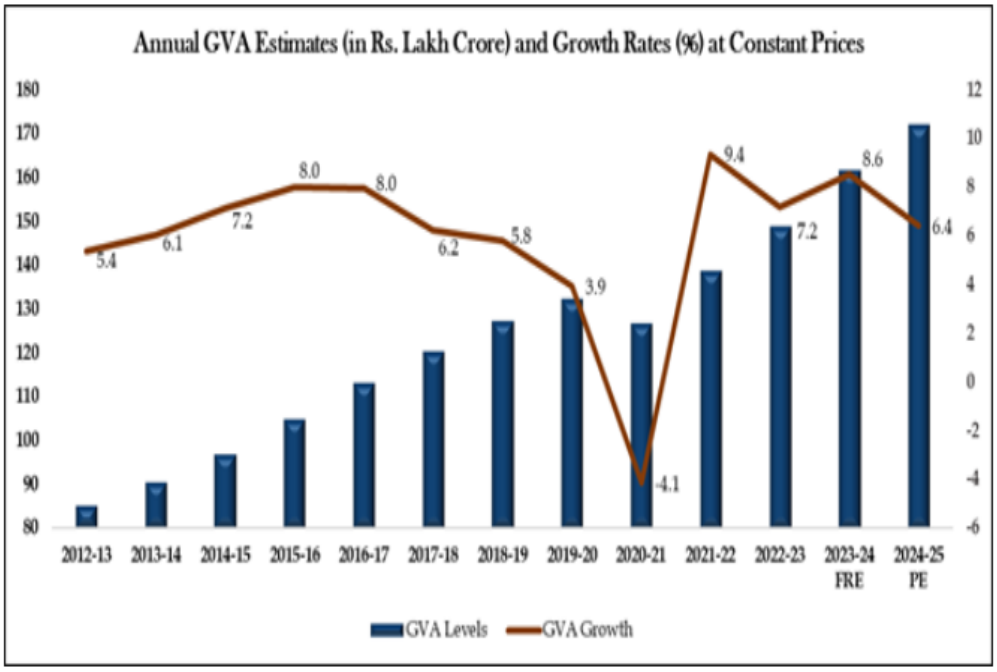
What was the economic performance of India in 2024-25?

> *The National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI) releases the Provisional Estimates (PE) of Annual Gross Domestic Product (GDP) for the Financial Year (FY) 2024-25.*

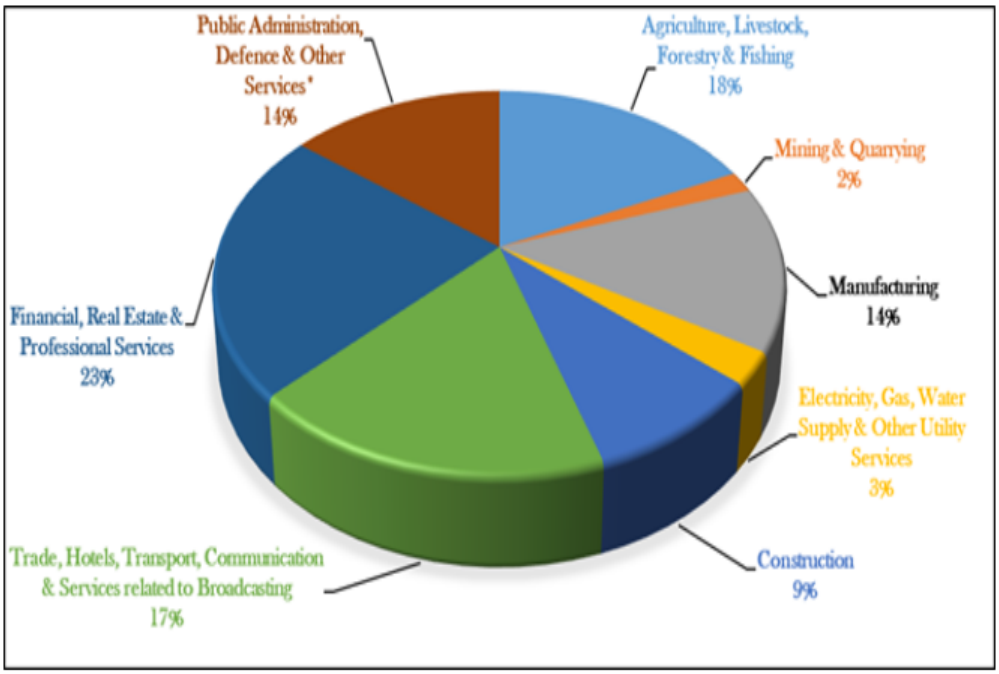
- **Real GDP Growth** - GDP at Constant Prices is estimated to attain a level of Rs. 187.97 lakh crore in FY 2024-25 registering a growth rate of 6.5%.
- **Nominal GDP Growth** – GDP at Current Prices is estimated to attain a level of Rs. 330.68 lakh crore in the FY 2024-25, against Rs. 301.23 lakh crore in FY 2023-24, showing a growth rate of 9.8%.



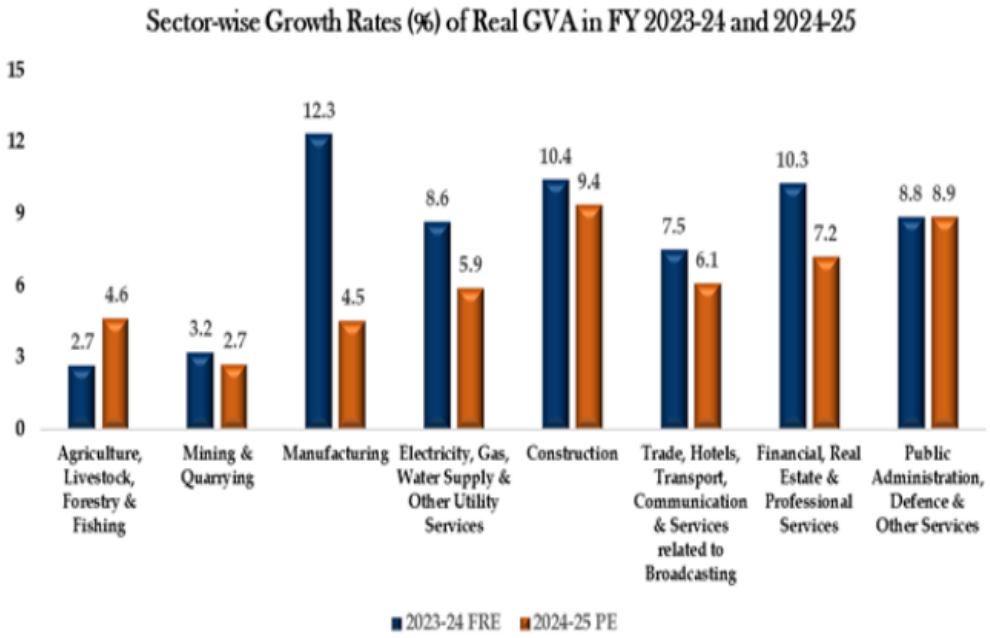
- **Real GVA Growth** – It is estimated at Rs. 171.87 lakh crore in the FY 2024-25, registering a growth rate of 6.4%.



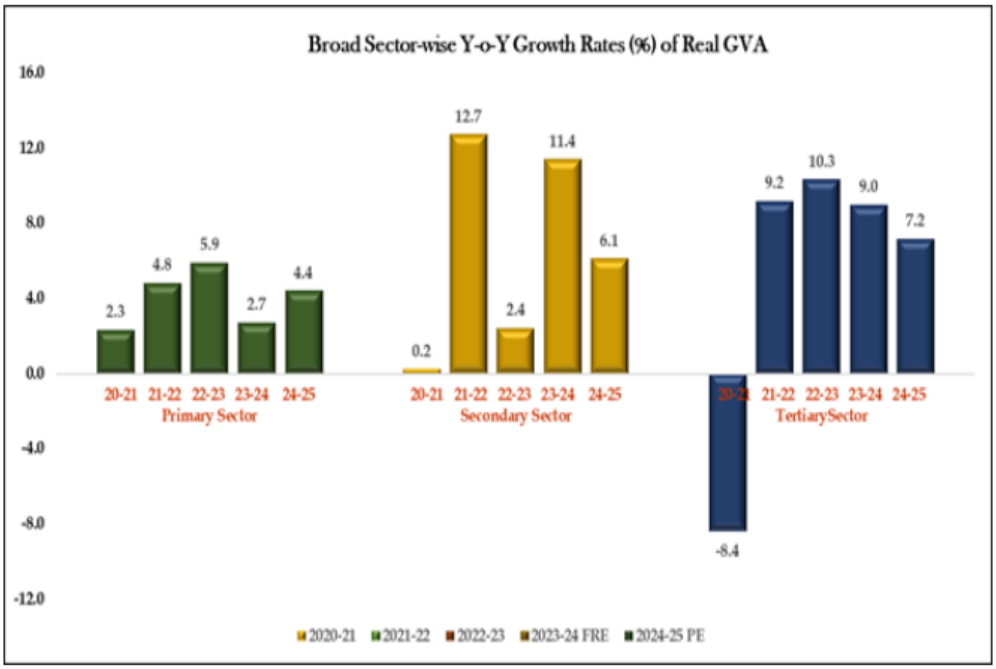
- **Last Quarter Growth** - In Q4 of FY 2024-25, Real GDP and Nominal GDP has been estimated to grow by 7.4% and 10.8% respectively.
- **Sectoral Composition of GVA** – Financial , Real Estates & Professional Services accounts for 23% of Nominal GVA in FY 2024-25.



- **Sector-wise Estimate** - ‘Construction’ sector is estimated to record a growth rate of 9.4% in FY 2024-25, followed by 8.9% growth rate in ‘Public Administration, Defence & Other Services’ sector.



- **Growth of Primary Sector** - Primary Sector has seen 4.4% growth rate as compared to growth rate of 2.7% observed in previous financial year.



Primary Sector: Agriculture, Livestock, Forestry & Fishing and Mining & Quarrying

Secondary Sector: Manufacturing, Electricity, Gas, Water supply & Other Utility Services and Construction

Tertiary Sector: Trade, Hotels, Transport, Communication and Services related to

Broadcasting, Financial, Real Estate & Professional Services and Public Administration, Defence & Other Services

- **PFCE Growth** - Private Final Consumption Expenditure (PFCE) has reported 7.2% growth rate during FY 2024-25 as compared to 5.6% growth rate in the previous financial year.
- **GFCF Expansion** - Gross Fixed Capital Formation (GFCF) has a measure of asset creation by the public and private sector, saw growth slowing to 7.1% in 2024-25 from 8.8% in 2023-24.

Sl. No.	Indicators	2023-24	2024-25	Q4 2023-24	Q4 2024-25
[1]	[2]	[3]	[4]	[3]	[4]
1	Production of Rice	4.0	6.3	-2.7	12.1
2	Production of Coal	11.8	5.1	10.2	2.6
3	Production of Crude Oil	0.6	-2.2	3.3	-2.7
4	Production of Cement	8.9	6.3	7.6	12.3
5	Consumption of Steel	13.7	11.5	10.6	11.9
6	Total Telephone Subscribers	2.3	0.1		
7	Sales of Commercial Vehicles	0.7	-1.2	-3.6	1.5
8	Purchase of Private Vehicles	12.4	7.7	22.0	1.6
9	Cargo Handled at Major Sea Ports	4.5	4.2	2.8	8.7
10	Cargo Handled at Airports	7.0	10.5	19.1	2.1
11	Passengers Handled at Airports	15.0	9.4	7.3	11.3
12	**Railways**				
	(i) Net Tonne Kilometres	1.1	-0.01	4.2	-2.6
	(ii) Passenger Kilometres	11.0	6.0	5.3	6.6
13	Aggregate Bank Deposits	12.9	10.6		
14	Aggregate Bank Credits	16.3	12.1		
15	Revenue Expenditure less Interest Payment and Subsidies (Centre)	3.3	3.9	-1.1	-3.0
16	Export of Goods & Services	3.2	8.3	5.6	8.0
17	Import of Goods & Services	-1.3	9.5	3.3	6.3
18	CPI General Index	5.4	4.6	5.0	3.7
19	**IIP**				
	(i) Mining	7.5	3.0	4.9	2.4
	(ii) Manufacturing	5.5	4.1	4.8	4.2
	(iii) Electricity	7.1	5.2	7.3	4.6
	(iv) Metallic Minerals	6.5	4.2	-3.1	6.9
20	**WPI**				
	(i) Food Articles	6.6	7.3	7.0	3.6
	(ii) Minerals	6.9	4.5	4.4	1.9
	(iii) Manufactured Products	-1.7	1.7	-1.1	2.9
	(iv) All Commodities	-0.7	2.3	0.3	2.3

What is the takeaway from the provisional estimate report?

- **Slow but Comparatively Better Growth** - The 6.5% growth in 2024-25, the slowest since the pandemic but the fastest among major economies.
- In a growth-scarce environment, post-COVID and despite the rising uncertainties due

to political conflicts and trade tensions, India is holding up its growth numbers better than many advanced economies.

- **Robust Growth in Fourth Quarter** – The real GDP growth in Q4 of 2024-25 accelerated to 7.4%, the fastest quarterly growth in the year.
- But it was slower than the 8.4% seen in the fourth quarter of the previous financial year.
- **Main Drivers of Growth** - The construction sector returned to double-digit growth, and the agriculture sector posted a strong performance and these are also two major employment drivers.
- **Decline in Manufacturing** - The manufacturing sector grew at just 4.8%, down from 11.3% in Q4 of the previous year.
- **Major Role of Taxes** - The GDP growth rate of 7.4% was achieved in large part due to a 12.7% growth in net taxes.
- This bump in tax collections provided a statistical boost without which growth in actual economic activity would have come in at around 6.8%.

What lies ahead?

- To keep pace with the country's growing requirements and acheive a 'Viksit Bharat' by 2047, the growth must be held to a higher standard in line with its aspirations.
- As the Economic Survey points out, Viksit Bharat by 2047 requires "sustained economic growth of close to 8% every year for at least a decade.

References

1. PIB | PROVISIONAL ESTIMATES OF ANNUAL GDP FOR 2024-25
2. The Hindu | GDP growth slows to 6.5% in 2024-25

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