

India Economic Performance 2024-25

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

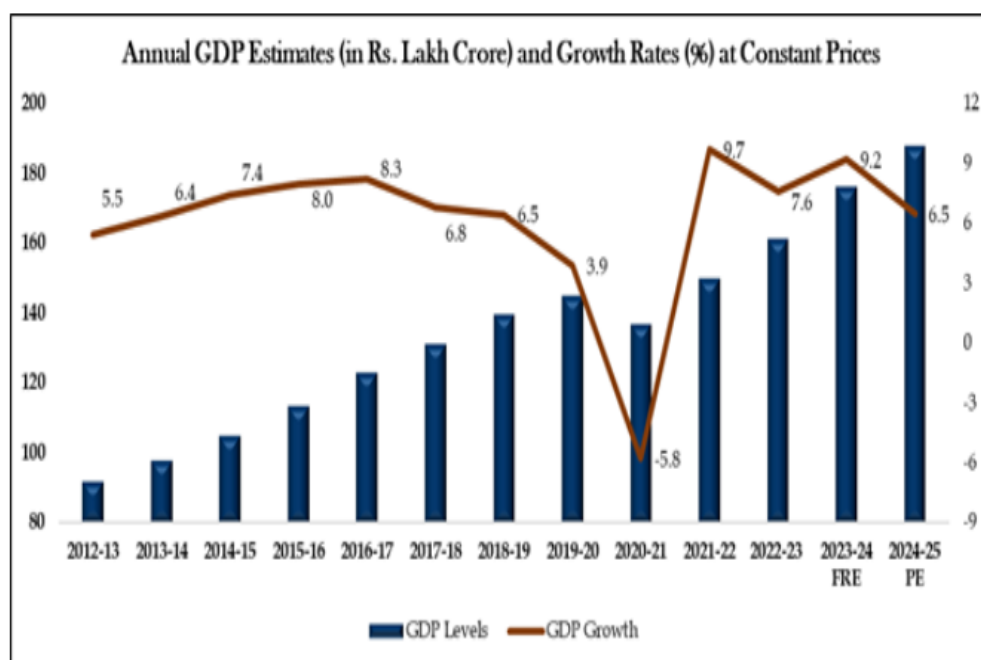
Why in the News?

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

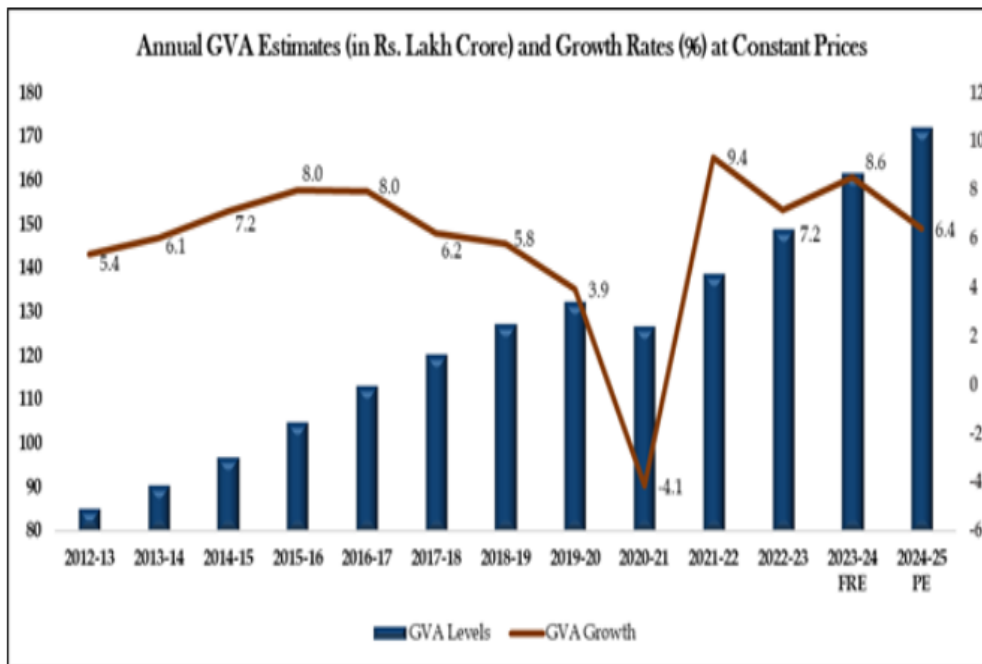
What was the economic performance of India in 2024-25?

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.

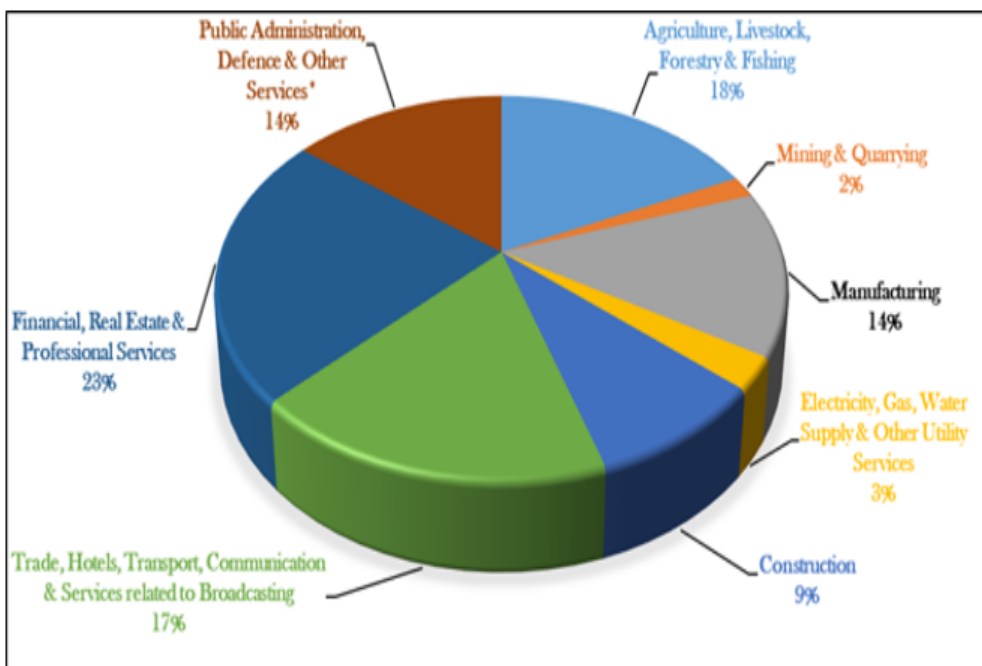
- **Real GDP Growth** - GDP at Constant Prices is estimated to attain a level of Rs. 187.97 lakh crore in FY 2024-25 registering a growth rate of 6.5%.
- **Nominal GDP Growth** - GDP at Current Prices is estimated to attain a level of Rs. 330.68 lakh crore in the FY 2024-25, against Rs. 301.23 lakh crore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

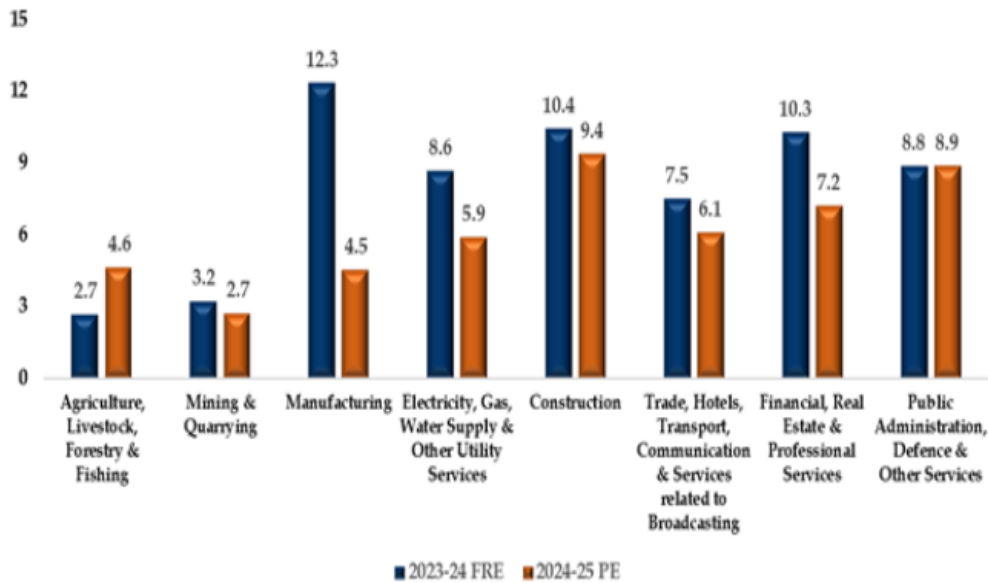


- **Last Quarter Growth** - In Q4 of FY 2024-25, Real GDP and Nominal GDP has been estimated to grow by 7.4% and 10.8% respectively.
- **Sectoral Composition of GVA** - Financial , Real Estates & Professional Services accounts for 23% of Nominal GVA in FY 2024-25.

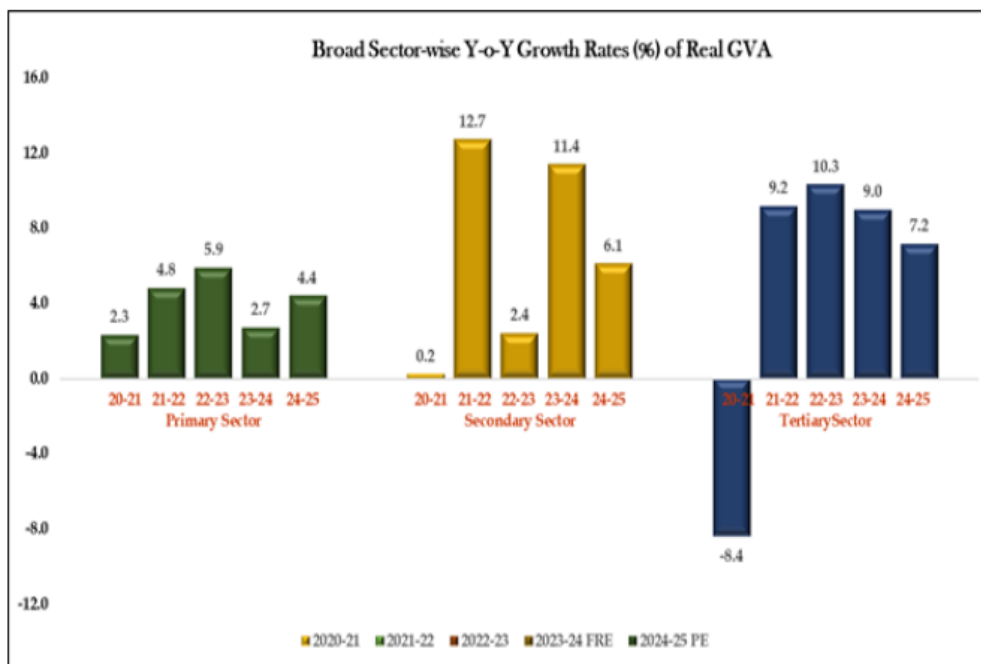


- **Sector-wise Estimate** - 'Construction' sector is estimated to record a growth rate of 9.4% in FY 2024-25, followed by 8.9% growth rate in 'Public Administration, Defence & Other Services' sector.

Sector-wise Growth Rates (%) of Real GVA in FY 2023-24 and 2024-25



- **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 achieve 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](#)