

thebusiness|year



INDIA ECONOMY
2025 OVERVIEW

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Economic overview

India's economic landscape in 2025 reflects resilience and steady growth, underpinned by strong domestic demand, strategic government initiatives, and a burgeoning services sector.



Quick facts

GDP

➔ **Growth Rate:** India's real GDP is projected to grow at 6.4% in the fiscal year 2024-2025, with nominal GDP expected to rise by 9.7%, according to the First Advanced Estimates released by the Ministry of Finance.

➔ **GDP Size:** The International Monetary Fund (IMF) estimates India's GDP at **USD4.27 trillion** in current prices for 2025.

Inflation

➔ Retail inflation has remained within the target band of **4% ±2%** during April to December 2024, supported by government supply-side measures. The Reserve Bank of India (RBI) projects inflation at **4.6%** in 1Q and **4%** in 2Q of FY2025-2026.

Ease of Doing Business

➔ India continues to implement reforms aimed at improving the business environment, including tax cuts for middle-income individuals and small businesses to stimulate economic growth, according to Financial Times reporting.

Foreign Direct Investment (FDI)

➔ In the financial year 2022-2023, India attracted **USD70.9 billion** in total FDI inflows, with the **computer software and hardware sector** receiving the highest inflows at **USD7.9 billion**, followed by the **services sector** at **USD6.6 billion**, according to India Briefing.

➔ Over the last decade (April 2014 to September 2024), cumulative FDI inflows amounted to **USD709.84 billion**, accounting for **68.69%** of the overall FDI inflow in the past 24 years.

Government Initiatives

➔ **The Production-Linked Incentive (PLI)** scheme, introduced in 2020 to boost domestic manufacturing and reduce dependency on imports, has attracted over **USD17 billion** in investments, resulting in production valued at approximately **USD131.6 billion** and generating nearly one million jobs over four years, according to Reuters reporting.

➔ The Reserve Bank of India (RBI) reduced its key interest rate by **25 basis points to 6.25%** in February 2025, marking the first rate cut since May 2020, aiming to stimulate the economy amid easing inflation.

Overall, India's economic trajectory in 2025 showcases a blend of robust growth, proactive policy measures, and a focus on enhancing the business ecosystem, positioning the country as a significant player in the global economy.

Key pillars of the economy

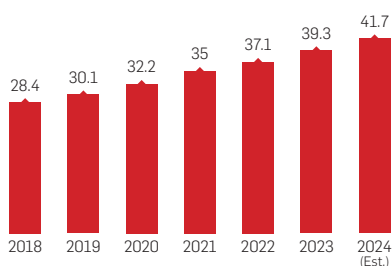


Agriculture

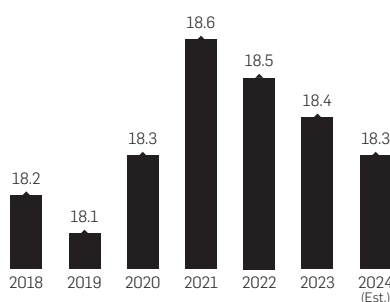
Source: Statista

➔ India's agriculture sector remains a crucial part of the economy, contributing around 18% of GDP and employing nearly 43% of the workforce.

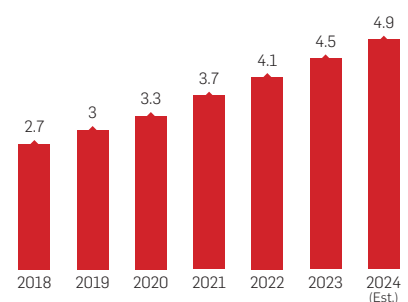
Agriculture GDP Contribution (INR Trillion)



Share of Total GDP (%)



Agri Exports (INR Trillion)





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