

# India's real GDP expected to rise 6.4% in FY25

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India's real Gross Domestic Product (GDP) is expected to rise 6.4% in this financial year, slowing from 8.2% in 2023-24, the National Statistics Office (NSO) said on Tuesday (January 7, 2025) in its first advance estimates of GDP for 2024-25. GDP growth slowed to 6% in the first half of this financial year.

The real Gross Value Added (GVA) in the Indian economy is reckoned to rise 6.4% as well, relative to a 7.2% uptick in 2023-24, with Agriculture GVA growth surging to 3.8% from 1.4% last year

Apart from agriculture, the only other sector expected to record an improvement in GVA growth this year is Public Administration, Defence and Other Services, which the NSO said will rise 9.1% from 7.8% last year.

Manufacturing GVA growth is expected to nearly halve from 9.9% in 2023-24 to 5.3% this year, while GVA in Mining and Quarrying is estimated to rise just 2.9% from 7.1% a year ago.

Construction GVA growth is pegged at 8.6%, from 9.9% in 2023-24 and another key employment-generating sector - Trade, Hotels, Communication and Services related to Broadcasting - is estimated to grow 5.8% as opposed to 6.4% last year.

“Real GDP or GDP at Constant Prices is estimated to attain a level of ₹184.88 lakh crore in the financial year 2024-25, against the Provisional Estimate of GDP for the year 2023-24 of ₹173.82 lakh crore,” the NSO said.

On the expenditure side, private final consumption spends are expected to expand 7.3% from 4% in 2023-24, while government final consumption expenditure is seen rising 4.1% from 2.5% last year.

The NSO's first advanced estimates of GDP growth for the year, that are used for the framing of the Union Budget for 2025-26 to be presented in February, suggest that the economy's engines will slow to a four-year low this fiscal and the Budget will have to find ways to revive the growth momentum.

The NSO advised those interpreting the advance estimates to bear in mind that they are likely to undergo revisions thanks to improved data coverage and revision in input data made by source agencies.

“The Second Advance Estimates of Annual GDP for FY 2024-25 along with Quarterly GDP estimates for the quarter October-December of 2024-25 (Q3 2024-25) will be released on 28.02.2025,” the country's apex statistics office said.

Data released late November had showed India's GDP growth slipped to a seven-quarter low of 5.4% in the July to September 2024 quarter. Following this, the Reserve Bank of India had pared its growth projection for the full year to 6.6% from 7.2% estimated earlier. Late last month, the Finance Ministry also reframed its growth expectation for 2024-25 from a range of 6.5% to 7%, to around 6.5%.

Crisil chief economist Dharmakirti Joshi attributed the expected deceleration in 2024-25 growth to the sharp slowdown in the second quarter, lower fiscal stimulus, high interest rates and stricter lending norms. “The decline in government capital expenditure, a key driver of post-pandemic recovery, during the second quarter is unlikely to be compensated for in the rest of the fiscal. Further, private sector investment remains sluggish despite favourable conditions. Little surprise therefore that investment growth slowed to 6.4% this fiscal from 9.0% in the previous one,” he said.