



India's Growth Story Strengthens

*Steady Inflation, Strong Production, and Rising Exports Support
India's Growth Narrative*

November 28, 2025

Key Takeaways

- **Real GDP** has been estimated to **grow by 8.2% in Q2** and registered a growth of **8%** in **H1** (April-September) of FY 2025-26.
- **CPI** eased to **0.25%** in October 2025 in comparison to October 2024, is **the lowest year-on-year** inflation of the current CPI series.
- **IIP** registered a robust growth of **4.0 %** year-on-year in September 2025, driven by 4.8% growth in manufacturing sector.
- **Labour Force Participation Rate** climbed to a **six-month high**, reaching 55.4% in October 2025.
- India's cumulative **exports** (merchandise & services) rose by **4.84%** in April-October 2025 in comparison to April-October 2024.

Introduction

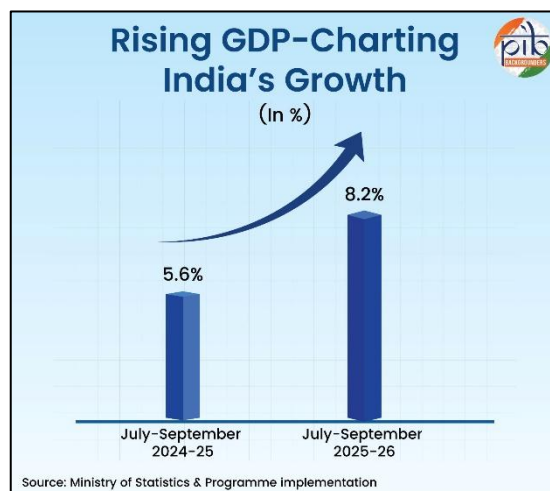
India's economic ascent continues to capture global attention. Already **the world's fourth largest economy, the nation is charting a confident course toward becoming the third largest by 2030**, with **GDP projected at USD 7.3 trillion**. The current growth phase reflects the strength of decisive policymaking, structural reforms, and India's deepening global integration.

With growth accelerating, India has once again outpaced global peers, reinforcing its position as the fastest-growing major economy. The surge is supported by resilient domestic demand, moderating inflation, and higher labour force participation. A revival in domestic investment and strong investor sentiment signals a stable and broad-based economy. As reforms gather pace and consumption remains optimistic, India's economic outlook continues to upbeat, signalling sustained momentum and growth across sectors.

Key Economic Indicators: Steady Growth of India

Robust GDP Growth

Gross Domestic Product (GDP) is one of the primary indicators of overall economic performance which reflects the rate at which the country is expanding. As per the latest data, the **real GDP** of India, adjusted for inflation, is estimated to grow by **8.2% in Q2** of FY 2025-26 against the growth rate of 5.6% during Q2 of FY 2024-25. The GDP in Q1 of FY 2025-26 grew at 7.8% against the growth rate of 6.5% during Q1 of FY 2024-25. **Nominal GDP** has witnessed a growth rate of **8.7% in Q2** of FY 2025-26. Each sector of the economy is playing a pivotal role in the growth of the country. **Primary sector** experienced the year-on-year Real GVA growth rate of **3.1%** in Q2 FY 2025-26. Similarly, the **Secondary (8.1%)** and **Tertiary Sector (9.2%)** have boosted the Real GDP growth rate in Q2 of FY 2025-26.



Half Yearly Growth of FY26

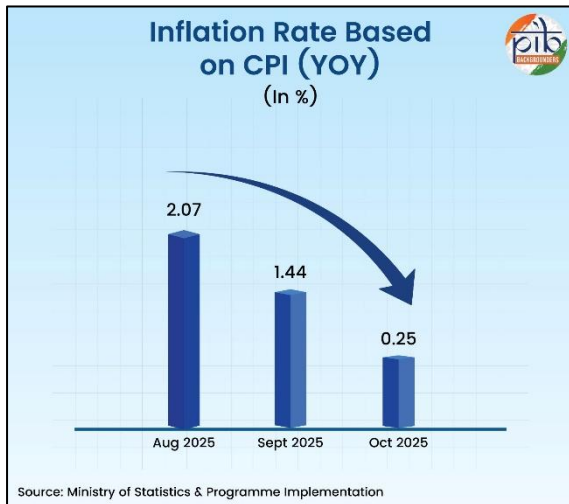
Real GDP in H1 (April-September 2025-26) registered a growth rate of **8%** in comparison of 6.1% growth rate witnessed in H1 of FY25.

Primary sector (2.9%) experienced a moderate growth, whereas **secondary (7.6%)** and **tertiary sector (9.3%)** exhibited sustained expansion.

Inflation Shows Stability

India's inflation trajectory in October 2025 reflects a remarkable softening, underscoring the economy's robust fundamentals and effective price management measures. Headline inflation, measured by the **Consumer Price Index (CPI)** eased to **0.25% over the previous year**, marking the **lowest level recorded in the current CPI series**. The inflation remains well within the tolerance band of RBI. The moderation in inflation is consistent with the **RBI's decision to maintain the repo rate at 5.50% with a neutral stance**, reflecting confidence in price stability and growth prospects.

Indicators	September 2025 (in %)	October 2025 (in %)
Consumer Price Index	1.44	0.25
Consumer Food Price Index (CFPI)	(-) 2.33	(-) 5.02
Rural inflation	1.07	(-)0.25
Urban inflation	1.83	0.88

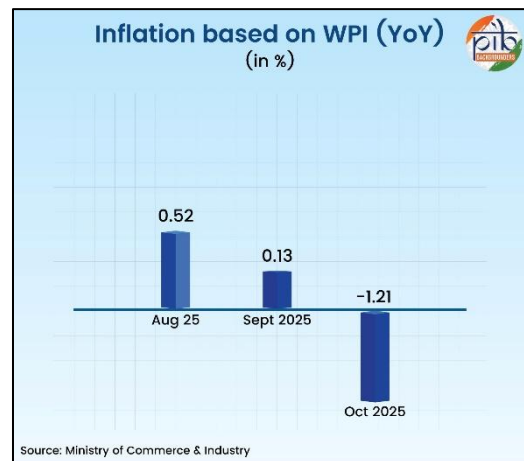


The decline was primarily driven by a **sharp moderation in food inflation (CFPI)**, which registered at (-)5.02% over October, 2024, supported by easing prices of oils and fats, vegetables, fruits, egg, cereals and products. The trend also reflects the positive impact of recent decline in GST rates.

Rural inflation fell to (-)0.25%, while **urban inflation** stood at 0.88%, indicating a multi-dimensional moderation across regions. The sustained moderation in inflation reinforces purchasing power, supports real consumption growth, and provides

monetary policy space to nurture investment and output expansion. Overall, the easing inflationary environment strengthens the foundation for sustained, inclusive, and stable economic growth in the coming quarters.

India's **wholesale price index (WPI)** based inflation also eased to (-) **1.21% in October 2025** over October 2024, reflecting a decline in prices of key items including food articles, crude petroleum and natural gas, electricity, mineral oils, and basic metal manufacturing etc. The year-on-year inflation rate for the **WPI Food Index** fell further to (-) **5.04% in October 2025**, down from -1.99% in September 2025. This continued reduction in wholesale inflation indicates strengthening purchasing power of businesses, and advancing market sentiments.



Growing Index of Industrial Production (IIP)

IIP measures growth in manufacturing, mining, and electricity, reflecting the strength of industrial activity. India's IIP registered a robust growth of **4.0 % year on year in September 2025**, driven primarily by a **4.8 % expansion in the manufacturing sector**. A rising IIP signals robust production, higher employment, and stronger investment momentum, reinforcing the economy's overall growth trajectory.

Top three positive contributors responsible for the strong performance are from the Manufacturing Sector. The performance underlines the strength of India's industrial base and its capacity to contribute meaningfully to the broader growth agenda.

- Manufacture of Basic Metals (growth of 12.3 %),
- Manufacture of Electrical Equipment (growth of 28.7 %), and
- Manufacture of motor vehicles, trailers and semi-trailers (14.6%)

From a Use-based classification perspective, several categories posted commendable growth. The top three contributors are: Infrastructure & Construction Goods expanded by **10.5 %**, Consumer Durables by **10.2 %**, and Intermediate Goods by **5.3 %** in September 2025. Such diversified growth across primary goods, capital goods, intermediate goods and consumer durables segments signal both strong investment activity and resilient consumption demand. In combination with manufacturing gains, these patterns reflect a well-balanced industrial upturn that strengthens the foundation for sustained, inclusive economic expansion.

Government Interventions Boost the Manufacturing Sector

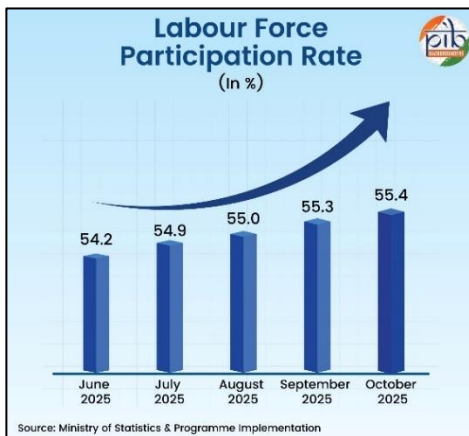
Manufacturing sector has increasingly emerged as a central pillar of the nation's growth model, not just meeting domestic demand but also strengthening India's position in global value chains. The flagship initiatives have attributed to the growth story of the sector.

The Production Linked Incentive (PLI) Scheme, launched in 2020, covers **14 strategic sectors**, boosting domestic manufacturing through incentives tied to incremental sales and aligning with national goals like *Atmanirbhar Bharat* and a USD 7.3-trillion economy by 2030.

With an approved outlay of **₹1.97 lakh crore** and **800+ applications**, it has attracted investments of over **₹1.76 lakh crore**, driving growth in output, exports, and jobs. It shows strong industry confidence and robust adoption.

Other initiatives like Skill India, Make in India, National Manufacturing Mission, GST Reforms are aimed at accelerating capacity building and strengthening the Indian manufacturing ecosystem.

Robust Employment Growth



A strong labour force is vital for economic growth as it drives production, innovation, and consumption across sectors. The fuel of the economy, the labour market continues to show encouraging signs of resilience in October, 2025. The overall **Labour Force Participation Rate (LFPR) in CWS (currently weekly status)** for persons of age 15 years and above reached **55.4% in October 2025**, recording a **6-month high level** from 54.2% in June 2025. Other labour market indicators like worker participation rate (52.5%, rising since June 2025), female participation (34.2%, highest since May 2025) and unemployment rate (unchanged at 5.2% since

September 2025) also witnessed an improvement. Additionally, the Employee's Provident Fund Organization (EPFO) recorded addition of 21.04 Lakh Net Members during July 2025, growth of 5.55 % in net payroll additions compared to July 2024. This increase in new subscribers showcase growing employment opportunities, increased awareness of employee benefits, and EPFO's successful outreach programs.

Indicators	September 2025 (in %)	October 2025 (in %)
Worker Population Ratio (WPR)	52.4	52.5
Unemployment Rate	5.2	5.2

Female labour force participation	34.1	34.2
Rural labour force participation	57.4	57.8
Urban labour force participation	50.9	50.5

Naukri JobSpeak Index

The Naukri JobSpeak index is a key indicator of white collar hiring in India. The index recorded a **10.1% year-on-year rise** in September 2025, reflecting strong white-collar hiring momentum. The growth is led by a **61% surge in Artificial Intelligence (AI) and Machine Learning (ML) roles**.

Fresher hiring rose by 15%, indicating expanding early-career opportunities and growing demand for new-age skills in India's evolving job market.

Demand in non-IT sectors like insurance, hospitality, and real estate also increased.

The enhanced employment trends show rising incomes, stronger job security, and improving job quality, reflecting the positive impact of economic growth and policy measures. Together, they signal more inclusive employment gains that enhance productivity and support sustainable economic expansion.

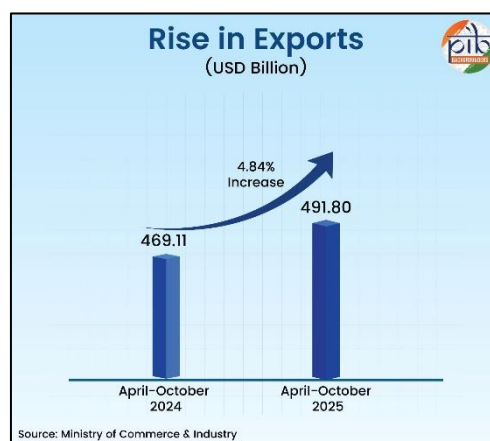
Government Initiatives Enhance Labour Market Outcomes

Under **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**, over 27 lakhs candidates have been trained nationwide (as on 17 November, 2025). **NAVYA (Nurturing Aspirations through Vocational Training for Young Adolescent Girls)** equip adolescent girls with industry-relevant skills for enhancing employability across emerging sectors. Programs such as **Pradhan Mantri Mudra Yojana (PMMY)** under which ₹4,91,406 crore has been sanctioned till March 2025, **Stand-Up India** under which ₹62,790 crore has been sanctioned till June 2025, and **Start-Up India** under which there are 200,235 DPIIT recognised Startups (as on 18 November, 2025) support entrepreneurs, expands startup ecosystem and create job opportunities for the labour force. **Skill India Mission** is committed to the mantra of promoting multiple skill-related programs from information technology programs to personality development to international levels beyond the borders of the country. The **17th Rozgar Mela** was also held at 40 locations across the country in which more than 51,000 appointment letters were distributed to the newly selected youth on 24th October, 2025. Together, these programs strengthen skills, foster entrepreneurship, and contribute to a more capable and resilient workforce driving inclusive economic growth.

Trade Performance Improves

India's trade sector remained robust in April–October 2025, reflecting strong global demand and steady improvements across key export categories. Both merchandise and services exports recorded healthy growth, reinforcing the economy's resilience amid global uncertainties.

India's external sector continued to show strength in April–October 2025, with **cumulative exports** (merchandise and services) rising by **4.84%** to USD 491.80 billion, compared to USD 469.11 billion a year earlier.



Merchandise exports grew by **0.63%** to USD 254.25 billion, supported by strong demand from key markets such as Spain (40.74%), China (24.77%), Hong Kong (20.7%), USA (10.15%), and UAE (5.88%), despite global trade disruptions. The growth was supported by robust performance in:

- Marine Products (16.18%)
- Meat, dairy & poultry products (23.97%)
- Other cereals (25.52%),
- Cashew (28.32%),
- Electronic Goods (37.82%)

Services exports remained a major pillar of resilience, expanding by **9.75%** to an estimated USD 237.55 billion in April–October 2025 from USD 216.45 Billion in April–October 2024, underscoring India's growing global competitiveness in computer services and business services. Overall, the export sector continues to reinforce India's economic stability and growth outlook.

Government's Support in Expanding Trade

The Government, along with the RBI, strengthen the trade ecosystem of India by releasing numerous schemes and relief measures. Key measures include **extension in the time period for realisation and repatriation** of full export value of goods/software/services exported from India from nine months to fifteen months from the date of export from India. **Increase in the time period for shipment of goods** from one year to three years from the date of receipt of advance payment or as per agreement, whichever is later .

The Cabinet has also approved the **Credit Guarantee Scheme for Exporters** for providing 100% credit guarantee coverage by National Credit Guarantee Trustee Company Limited (NCGTC) to Member Lending Institutions (MLIs) for extending additional credit facilities upto Rs.20,000 crore to eligible exporters, including MSMEs. The scheme is aimed at enhancing global competitiveness and support diversification into new and emerging markets. **Export Promotion Mission** will provide a comprehensive, flexible, and digitally driven framework for export promotion, backed by total outlay of ₹25,060 for FY 2025–26 to FY 2030–31.

Policies such as **Foreign Trade Policy 2023** complement initiatives like **RoDTEP reimbursements, Districts as Export Hubs**, and infrastructure support through **Trade Infrastructure for Export Scheme**, enabling market diversification, improved compliance, and smoother logistics. Supporting the trade, **Special Economic Zones** are also boosting jobs, investment, and exports. Collectively, these steps are helping exporters manage global uncertainties while expanding India's trade potential.

Success of GST 2.0

The Government launched comprehensive GST (Goods & Services Tax) reforms, introducing **rate rationalisation** with a simplified **two-slab structure of 5% and 18%**. The reform features sweeping rate reductions across key sectors, focusing on common man goods, labour intensive industries, agriculture, and healthcare, which serve as vital drivers of the economy.

Gross **GST collections** for **October 2025** stood at ₹1.96 lakh crore, marking a **4.6% increase** over ₹1.87 lakh crore recorded in the same month last year. The uptick in revenue, coinciding with the onset of rate rationalisation, underscores resilient consumption trends during the festive season.

The reduction in GST rates has lowered the cost of goods and services, boosting household savings and consumption, while expanding the tax base. At the same time, a broader tax base is aiding stable revenue trends, contributing to a more balanced and sustainable growth environment.

India's Growth Projections

India's growth outlook continues to strengthen, with major global and domestic institutions upgrading their projections in recognition of the economy's resilience and expanding domestic demand. The **RBI** has revised its FY 2025–26 GDP forecast upward from 6.5% to 6.8%, reflecting robust momentum across sectors. International agencies echo this optimism too.

- The **World Bank** projects 6.5% growth in 2026, citing strong consumption and the positive effects of GST reforms;
- **Moody's** expects India to remain a growing G20 economy through 2026 with growth rate of 6.4% and 6.5% in 2027;
- The **IMF** has boosted its projections to 6.6% for 2025 and 6.2% for 2026.
- The **OECD** has raised growth forecasts to 6.7% for 2025 and 6.2% for 2026.
- The **S&P** anticipate that India's GDP will grow by 6.5% in fiscal year 2026 and 6.7% in 2027.

Together, these revisions highlight broad international confidence in India's economic fundamentals and its ability to sustain strong, domestically driven growth despite evolving global challenges.

Conclusion

India's economy is progressing on a stable and resilient growth path, supported by structural reforms, digital transformation, and a strong focus on inclusive development. With international organisations' confidence in the growth trajectory of India and stable macroeconomic indicators, the economy is well

positioned to sustain its economic momentum. With the RBI's continuous monitoring of inflation and recent policy measures—such as streamlined tax structures, labour-centric reforms, and trade-promotion initiatives—the government's governance efforts are helping ease compliance, reduce costs, and support broader participation across sectors. Together, these **developments indicate steady progress towards a more productive, competitive, and people-centric economy, aligned with long-term sustainable growth.**

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