

Business Optimism Index increased by 5.1 percentage points (q-o-q) in Q2 2025



Optimism for Sales Volume rose by **6 percentage points** (q-o-q), led by **metals, food and beverages** sectors.



Optimism for net profit increased by **6 percentage points** (q-o-q), highest in **financial services, construction, and hospitality** sectors.

Optimism for **Export Orders** surged by **28 percentage points** (q-o-q).



Optimism for **Inventory Levels** dropped by **34 percentage points** (q-o-q) in Q2 2025.



Optimism for the **Global Macroeconomic Environment** increased by **10 percentage points** (q-o-q).

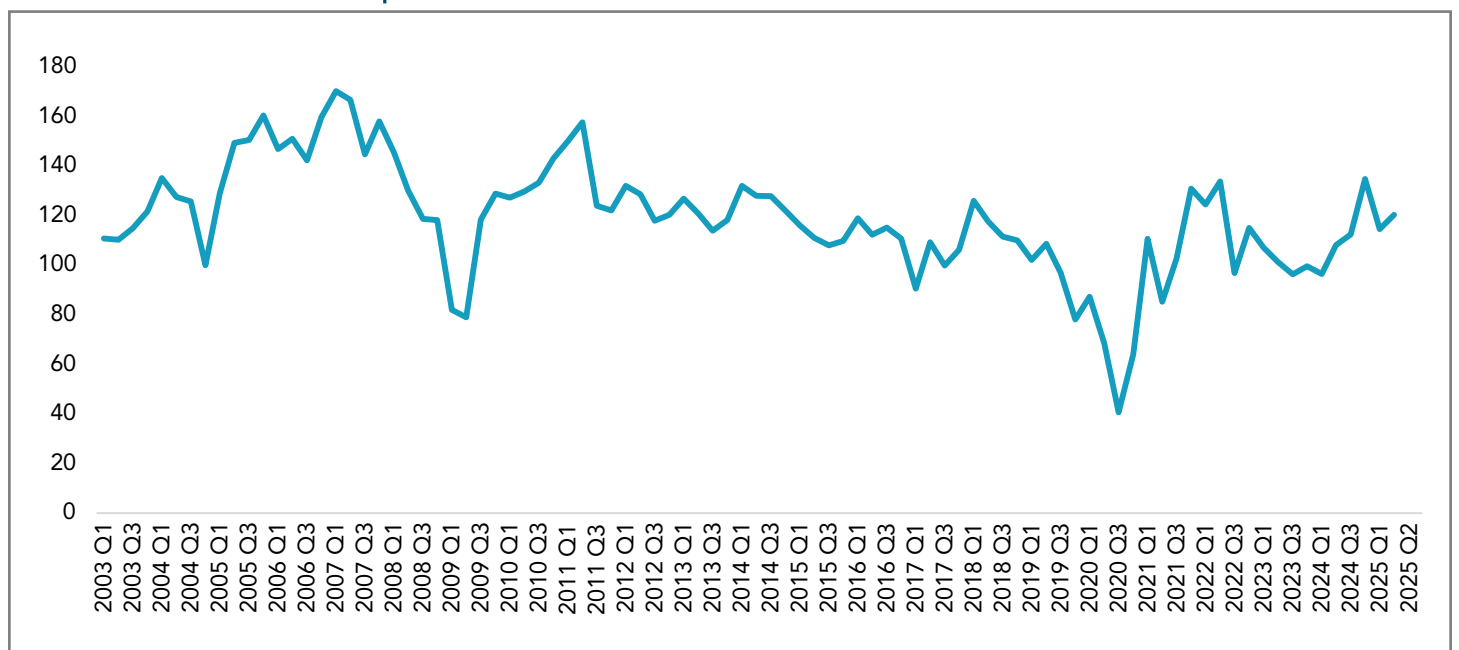


**Electricals, electronics, textiles, leathers and metals** sectors were the **most optimistic** across multiple parameters.

## Key Macro Highlights

- 👍 India's GDP growth rebounded to 6.2% in Q3 FY25 from a seven-quarter low of 5.6% (revised from 5.4%) in Q2 FY25, driven by improved economic activity despite earlier concerns over urban consumption and manufacturing slowdown.
- 👍 The Union Budget 2025-26 introduced direct tax reforms, including no tax on incomes up to ₹12 lakh, with salaried individuals earning up to ₹12.75 lakh benefiting from a ₹75,000 standard deduction
- 👍 Private Final Consumption Expenditure (PFCE) at constant prices improved to 6.9% in Q3 FY25, reflecting a robust rebound in domestic consumption.
- 👍 IIP grew by 5% y-o-y in January 2025, the highest in two quarters, led by manufacturing (5.5%), mining (4.4%), and electricity (2.4%), while capital goods production rose by 7.8% y-o-y but slowed from 10.4% in December 2024.
- 👍 Retail inflation fell to a 7-month low of 3.61% in February 2025, driven by a sharp decline in food inflation to 3.75%, led by deflation in vegetables and pulses.
- 👍 The merchandise trade deficit narrowed to USD 14.05 billion in February 2025, the lowest in over three years, as exports declined by 10.9% y-o-y to USD 36.91 billion and imports fell by 16.3% to \$50.96 billion.
- 👎 Gross Fixed Capital Formation (GFCF) grew by 5.7% in Q3 FY25, slightly slower than the 5.8% growth in the preceding quarter, reflecting subdued private investment activity.
- 👎 WPI inflation rose to 2.38% in February 2025 from 2.31% in January, driven by higher fuel, power, and manufacturing costs.
- 👎 Core inflation rose to 4% in February 2025, up from 3.71% in January, driven by a 35.6% surge in gold prices and rising costs in housing, clothing, and miscellaneous categories.
- 👎 FDI inflows declined by 5.6% y-o-y to USD 10.9 billion in Q3 FY25, influenced by global economic uncertainties affecting investor sentiment.
- 👎 Consumer confidence in India slightly declined in January 2025, with the current situation index dipping to 93.7 and future expectations index dropping to 120.7, reflecting cautious optimism amid concerns over inflation.

## D&B Business Optimism Index (BOI)



## D&B Optimism Index for India for Q2 2025

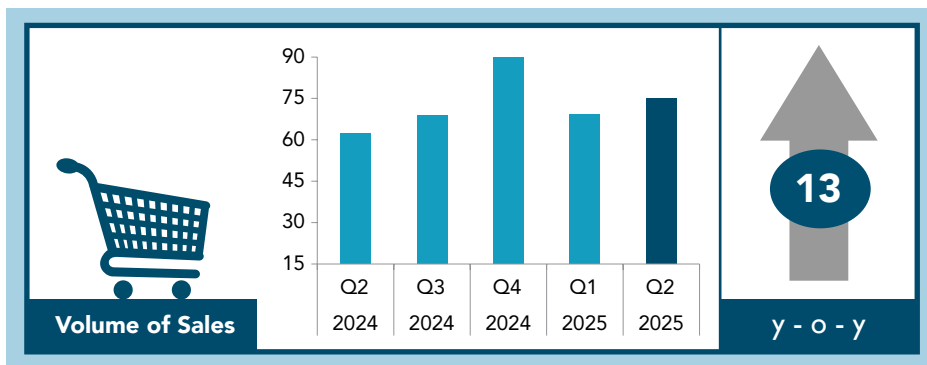
### India's Domestic Resilience Drives Business Optimism in Q2 2025

The Dun & Bradstreet Business Optimism Index (BOI) for Q2 2025 signals an improving business outlook, with the index rising to 120.2—a 5.1% increase over the previous quarter. This optimism is primarily driven by small businesses while larger businesses remain more circumspect. A host of macroeconomic indicators point to strengthening domestic fundamentals: GDP rebounded to 6.2% in Q3 FY25, while Private Final Consumption Expenditure (PFCE) grew by 6.9%, indicating recovering domestic demand. The Union Budget 2025–26's tax reforms and infrastructure-led growth agenda are expected to enhance disposable incomes and stimulate demand. Complementing this, the RBI's February 2025 rate cut has eased liquidity, reduced borrowing costs, and is further expected to spur investment activity. Reflecting these tailwinds, optimism around sales volumes increased by 6 percentage points, especially in food, beverages, metals, and transportation. Domestic order optimism rose by 2 percentage points q-o-q, while selling price expectations improved by 2 percentage points q-o-q, highlighting steady demand conditions. Net profit optimism climbed by 6 percentage points q-o-q, underscoring confidence in cost management and pricing strength. Employment sentiment edged up slightly, indicating gradual improvement in labor market conditions.

### Global Headwinds and Challenges Weigh on Business Expectations

Despite a resilient domestic economy, global uncertainties are beginning to cast a shadow on India's business outlook, particularly for businesses exposed to external markets. Optimism for export orders surged by 28 percentage points q-o-q, but this increase is likely attributed to businesses frontloading orders ahead of the reciprocal tariff announcements on April 2, 2025. Input cost expectations rose by 15 percentage points q-o-q, seemingly fueled by anticipated increases in import prices as tariff hikes and retaliatory trade measures begin to take effect. These cost concerns are further underscored by the WPI, which stood at 2.38% in February 2025. Inventory optimism plunged by 34 percentage points q-o-q, as firms shifted to leaner stockpiles amid supply chain disruptions and policy unpredictability. Sectors like automotive reflect the pressure, with low confidence across domestic demand, export orders, pricing, and profitability. Looking ahead, while India's resilient domestic demand and improving macro fundamentals provide a crucial cushion, the specter of a prolonged trade war, rising inflation, expected tighter global monetary policy along with subdued domestic private investments pose significant challenges. Sustaining business activities in the coming quarters will hinge on agile cost management, continued policy clarity, and strategic diversification to navigate the unpredictable international landscape.

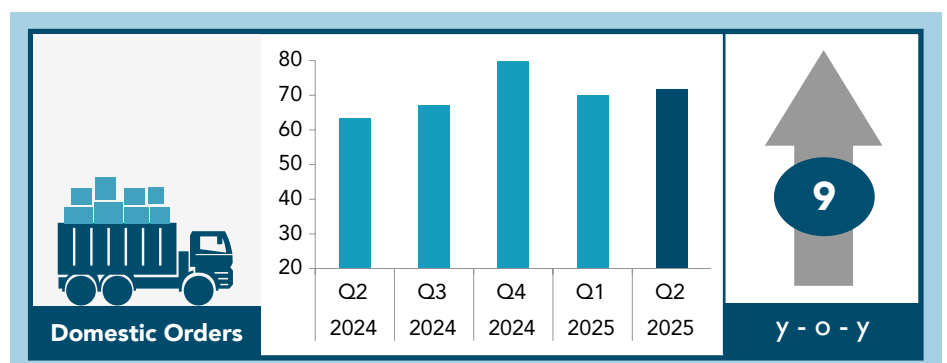
## Optimism on Sub-indices



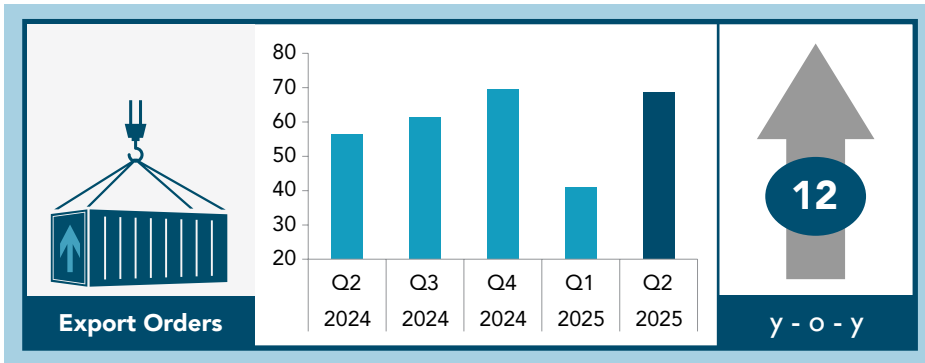
Note: All y-o-y figures are in percentage points

75% of the respondents expect volume of sales to improve during Q2 2025, compared to 69% in Q1 2025, marking a Q-o-Q rise of 6 percentage points. Moreover, optimism for volume of sales increased by 13 percentage points in a Y-o-Y basis. While food and beverage and metals are most optimistic, construction and financial and insurance activities sectors are least optimistic.

72% of respondents foresee an improvement in their domestic order book positions during Q2 2025, slight rise from 70% in Q1 2025, reflecting a Q-o-Q increase of 2 percentage points. Y-o-Y, this parameter has grown by 9 percentage points. Optimism is highest amongst food and beverages, electricals and electronics, metals and textile and leathers sectors, while it is the lowest amongst financial and insurance activities sector.



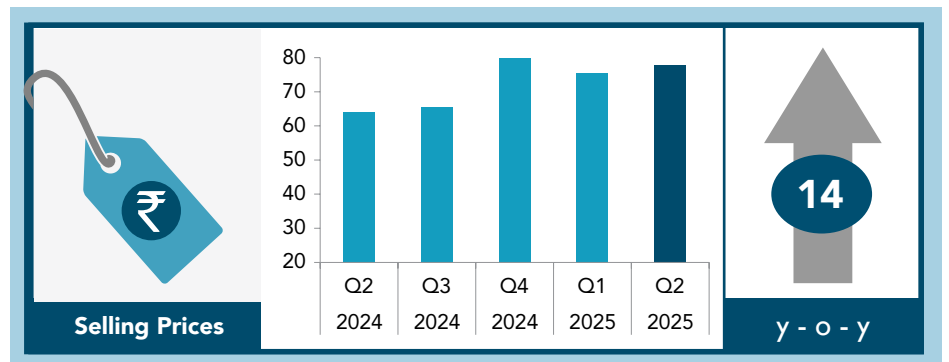
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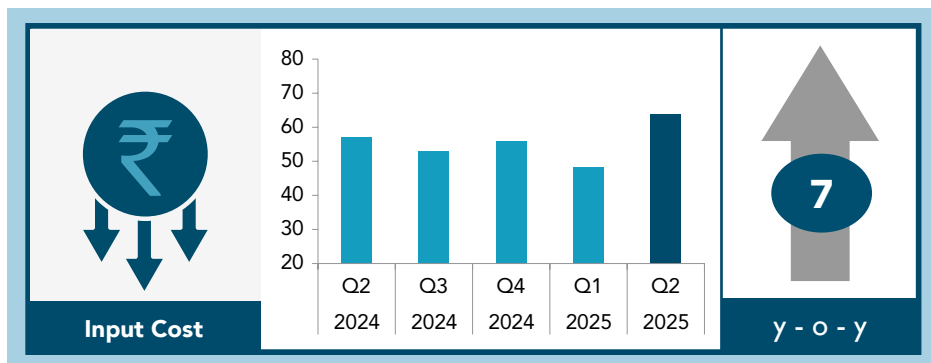
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Export optimism surged in Q2 2025, with 69% of respondents anticipating higher export orders, marking a 28-percentage point increase from Q1 2025 and a 12-percentage point rise Y-o-Y. Optimism is strong in textiles and leathers, electronics, and metals sectors, while expectations remain subdued in financial & insurance and automotive sectors.

78% of respondents expect selling prices to increase in Q2 2025, compared to 75% in Q1 2025, reflecting a Q-o-Q rise of 2 percentage points. Y-o-Y, this parameter has grown by 14 percentage points. Metals and hospitality activities sectors are highly optimistic, while electronics and automotive sectors are least optimistic on this parameter.



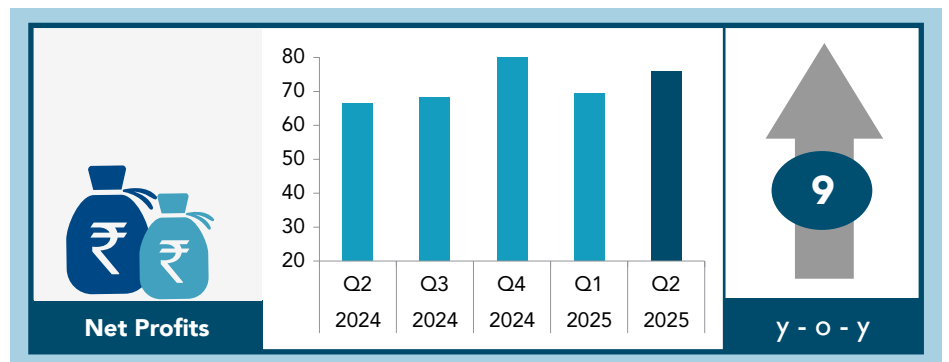
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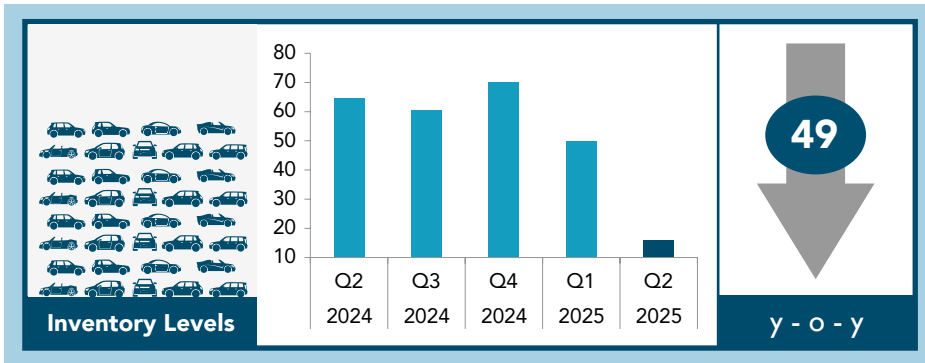
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64% of respondents anticipate a rise in input costs during Q2 2025, up from 48% in Q1 2025, reflecting a Q-o-Q increase of 15 percentage points. Y-o-Y, optimism for input costs has increased by 7 percentage points. High optimism is evident in sectors such as food and beverages, and metals, while services sectors like, information and communication, and professional and administrative service providers report lower expectations.

76% of respondents expect higher net profits in Q2 2025, compared to 69% in Q1 2025, indicating a Q-o-Q rise of 6 percentage points. Y-o-Y, profit expectations improved by 9 percentage points. Optimism is highest in financial and insurance activities sector, while electronics and hardware sector show lowest optimism.



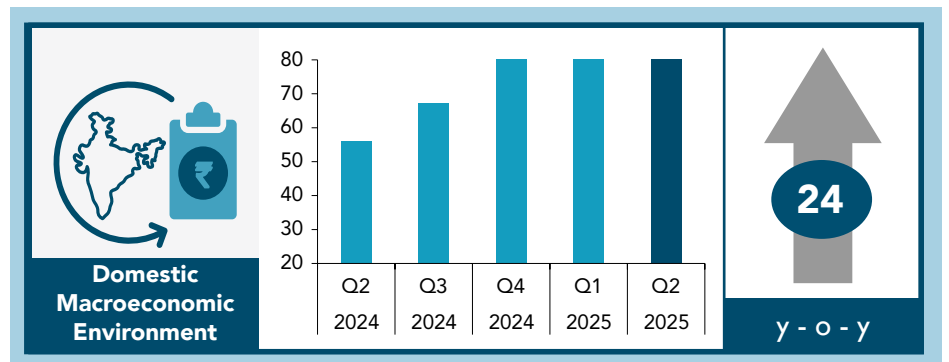
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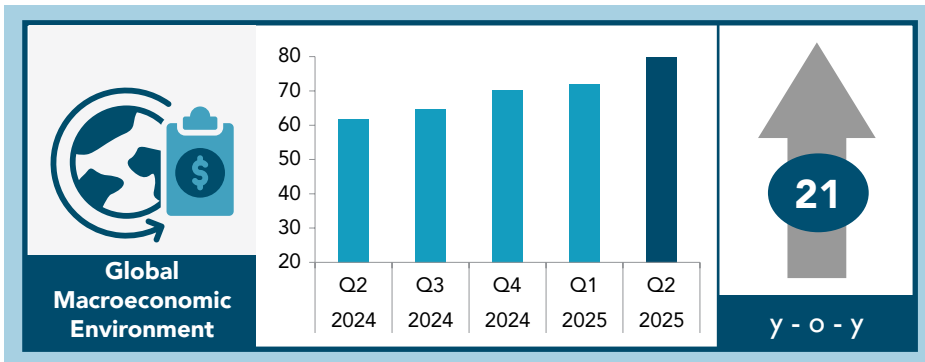
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Only 16% of respondents anticipate higher inventory levels in Q2 2025, a sharp decline from 50% in Q1 2025, reflecting a 34-percentage point drop Q-o-Q and 49 percentage points Y-o-Y. Optimism is strongest in mining and automotive, while metals, food and beverages, and tobacco sectors remain least optimistic.

80% of respondents are optimistic about the domestic macroeconomic environment in Q2 2025, down from 83% in Q1 2025, reflecting a Q-o-Q decrease of 3 percentage points and a Y-o-Y rise of 24 percentage points. High optimism is seen in sectors such as information and communication, financial and insurance activities, wholesale and retail trade. While hospitality and capital goods sectors show lower optimism.



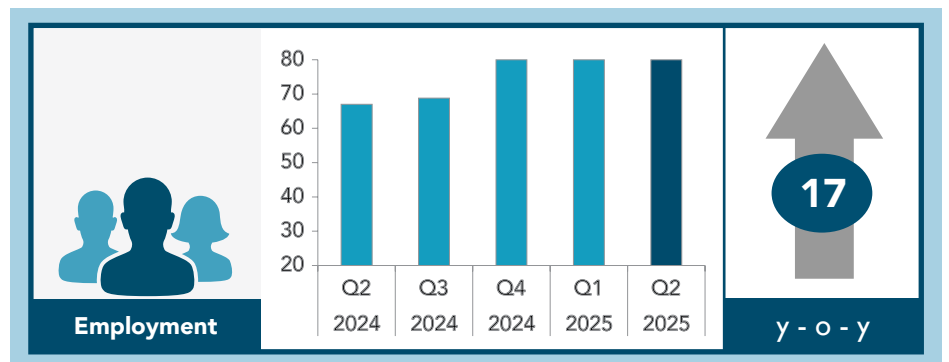
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82% of respondents anticipate an improvement in the global macroeconomic environment during Q2 2025, compared to 72% in Q1 2025, marking a Q-o-Q rise of 10 percentage points and a Y-o-Y increase of 21 percentage points. High optimism is seen in utilities sector and professional and administrative service providers. On the other hand automotive and hospitality sectors show lower optimism.

84% of respondents expect employment levels to improve in Q2 2025, compared to 83% in Q1 2025, indicating a slight Q-o-Q rise of 1 percentage points. Y-o-Y, employment optimism surged by 17 percentage points. The hospitality and food and beverages sectors show strong optimism, while automotive, capital goods and transportation and storage sectors remain less optimistic.



Note: All y-o-y figures are in percentage points

## Methodology

The Dun & Bradstreet Business Optimism Index report is a synthesis of data from a comprehensive survey, alongside insights from Dun & Bradstreet, leveraging the firm's proprietary data and economic expertise. The primary survey is conducted on a stratified random sample of around 300 businesses, across 17 sectors and across three size segments (small, medium and large businesses). A diffusion index is calculated for each parameter and normalized against base period values

(Sep-2023 to Jun-2024). An index reading above 100 indicates an improvement in optimism relative to the base period, while an index reading below 100 signifies a deterioration. The composite index at size and sector level is calculated using factor-weighted averages of the parameter-level indices. The economy-level index is a weighted average of sector-level indices by their contribution to GDP.



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Economic Research Team

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