



dun & bradstreet

India Financial and Investment Confidence

Indices Report - Q2 2025

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The Dun & Bradstreet India Financial and Investment Confidence Indices (IFICI) Report offers a comprehensive quarterly assessment of business sentiment in India through two distinct indices - the Investment Confidence Index (ICI) and the Financial Confidence Index (FCI).

The ICI and the FCI are based on a quarterly survey of 300 businesses in India, conducted alongside similar surveys in 32 major economies across the world as part of Dun & Bradstreet's Global Business Optimism Insights report.

While the FCI serves as an early warning signal for financial distress and potential bankruptcies, helping stakeholders anticipate risks across sectors, the ICI offers insights into business sentiment around investment activity, reflecting the willingness of firms to launch new projects, expand operations, and pursue growth.

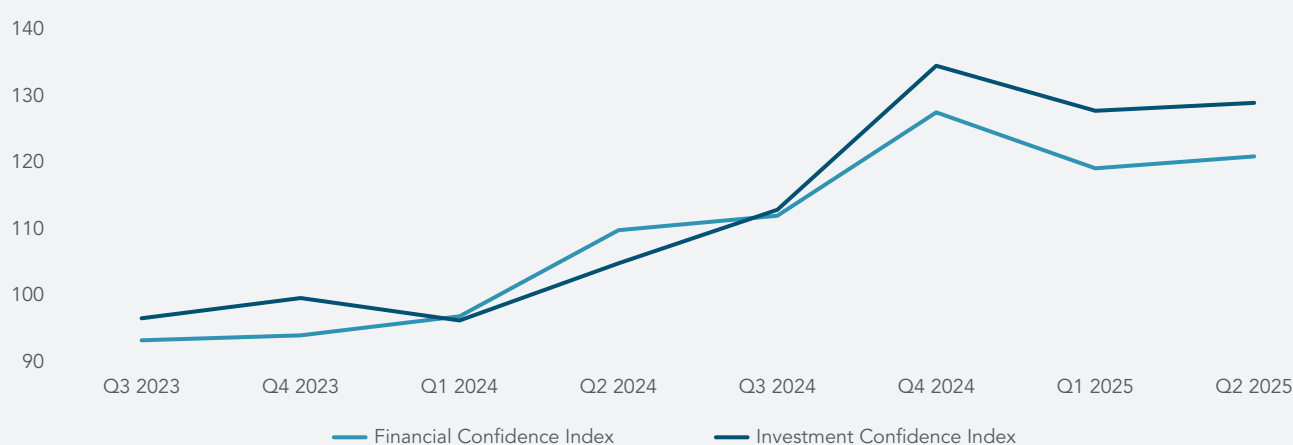
Both indices track optimism across 17 sectors - grouped under industry and services - and span three business sizes, providing a comprehensive view of business confidence in the economy.



Executive Summary

- Both the ICI and the FCI increased modestly by 1% quarter-on-quarter (QoQ) for Q2 2025, reflecting continued uncertainty around trade policies and geopolitical tensions.
- Investment optimism among small-scale businesses rose 12% QoQ, driven by supportive policy measures and expectations of interest rate cuts, which are expected to boost demand.
- Financial confidence among small businesses in India recorded a notable 19% QoQ growth, even as the FCI for small businesses globally declined by 8% QoQ.
- Optimism on capital expenditure fell by 18% QoQ amid heightened geopolitical and policy uncertainty, driven largely by global tariff concerns.
- Investment and financial optimism in India's services sector rose by 4% QoQ, contrasting with a 0.2% decline in global sentiment.
- Business risk appetite improved by 5% QoQ.
- An increasing number of businesses express confidence regarding borrowing costs, with optimism growing by 20% QoQ.

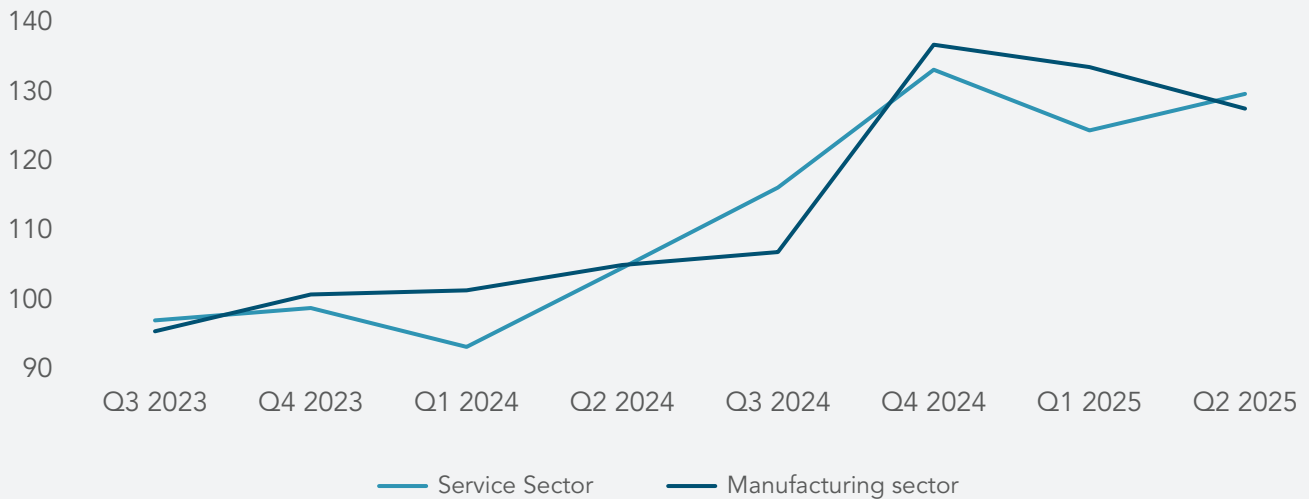
Index Analysis



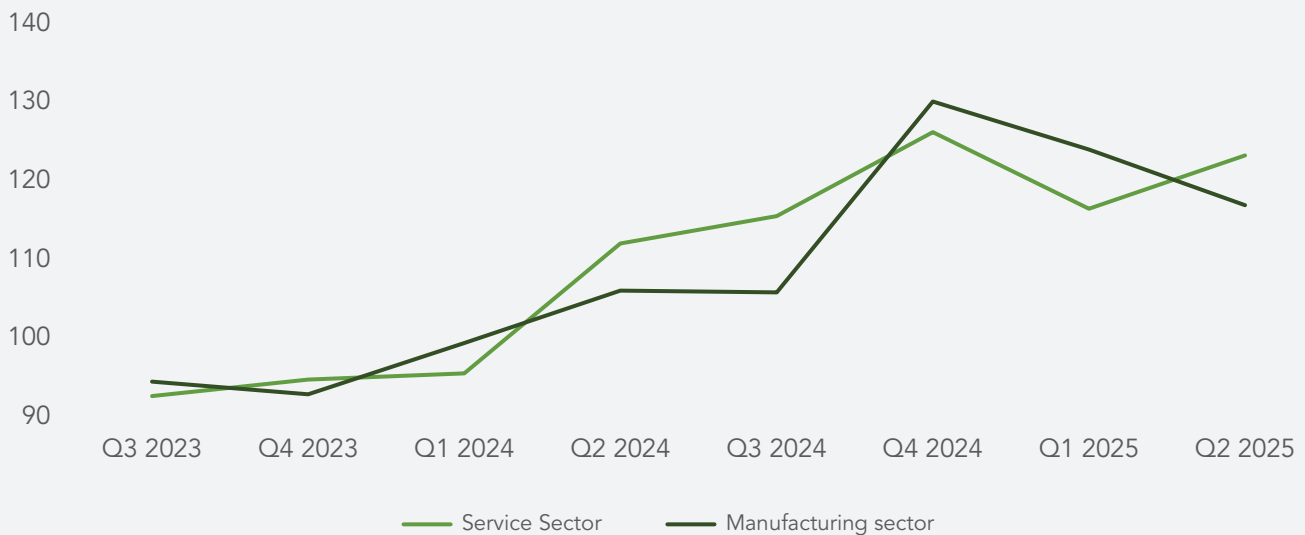
Source - Dun & Bradstreet Global Business Optimism Insights Q2 2025

- Overall optimism in the ICI and the FCI increased by 1% in Q2 2025, compared to a decline of 5% (ICI) and 7% (FCI) in Q1 2025.
- Investment Optimism in the services sector is recovering in Q2 2025, suggesting increased investments in operations and long-term expansion plans.
- Optimism regarding financial risk increased by 8% QoQ, as more consumers are also optimistic about spending this year and next, as indicated by the RBI Consumer Confidence Index.
- Optimism on corporate risk appetite rose by 5% QoQ, reaching an all-time high.
- Financial optimism among small businesses rose by 20% QoQ, reaching a three-quarter high.

Investment Confidence Index

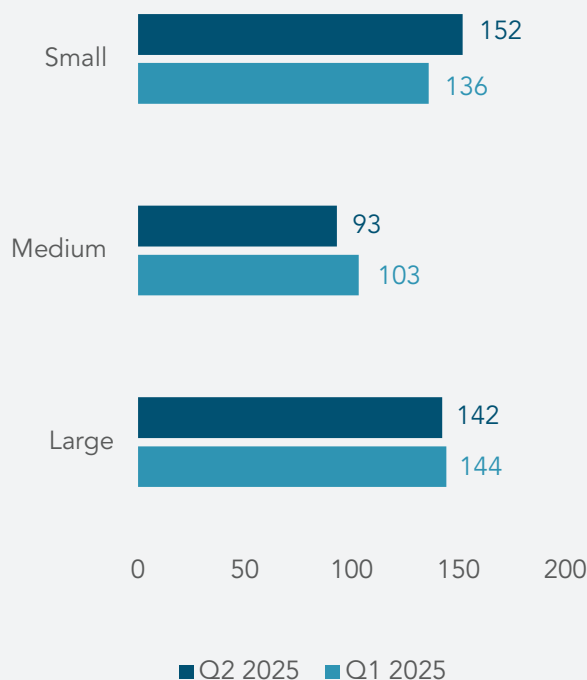


Financial confidence Index

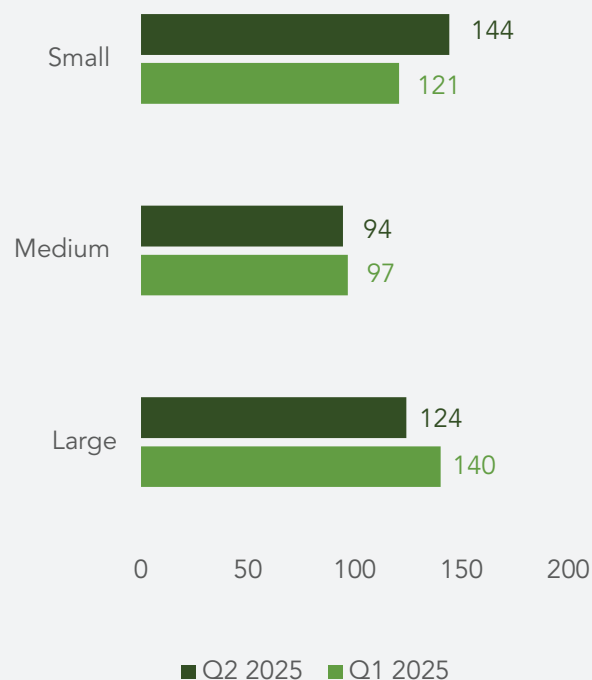


Source - Dun & Bradstreet Global Business Optimism Insights Q2 2025

- Optimism in the services sector surpassed that of the manufacturing sector in Q2 2025.
- Optimism for investment in the services sector increased by 4% QoQ, following a 7% decline in Q1 2025. This rise is attributed to an anticipated surge in export orders, indicating a recovery in the country's services sector.
- Financial optimism in the services sector grew by 6% QoQ after an 8% decline in the previous quarter.
- Optimism in the manufacturing sector declined, with both the ICI index and the FCI falling by 4% and 6% QoQ, respectively, amid uncertainty regarding continued foreign investment.
- The decline in optimism within the manufacturing sector can be attributed to sluggish growth in Indian manufacturing, driven by uncertainty in global trade policies, which has resulted in subdued production.



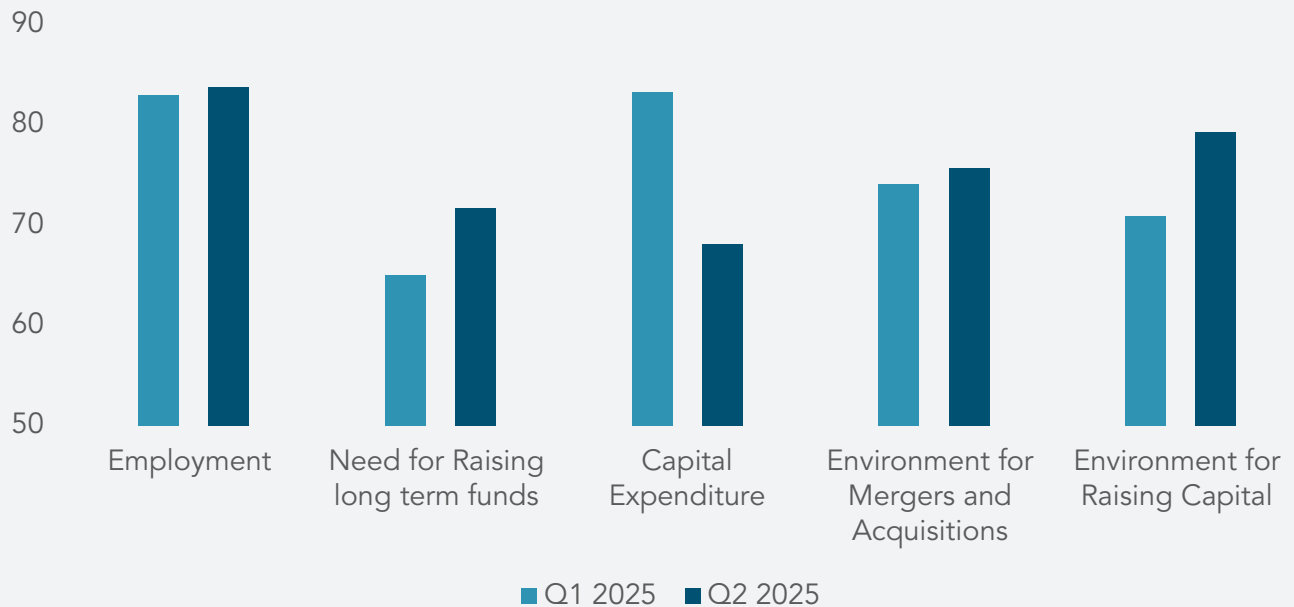
Source - Dun & Bradstreet Global Business Optimism Insights Q2 2025



Source - Dun & Bradstreet Global Business Optimism Insights Q2 2025

- Financial Confidence for small businesses in India (20%) is higher than global optimism which fell by 7%
- The ICI and FCI for small businesses increased by 12% and 20% QoQ, respectively. An anticipated interest rate reduction by the RBI in June could lower borrowing costs for businesses.
- Optimism is largely driven by the shift of manufacturing chains from China to India and increasing domestic consumption, benefiting Indian small businesses.
- In large businesses, optimism in the ICI fell by 1% QoQ, while the FCI declined by 11% QoQ. Optimism in the FCI for large businesses has reached a two-quarter low. Financial optimism in medium businesses has improved marginally. It declined by 2% QoQ, compared to the previous QoQ fall of 44% in Q1 2025. However, regulatory burdens, operational inefficiencies, shortages of skilled labour, and limited R&D investment remain significant challenges for medium enterprises, adversely affecting their financial confidence.

Investment Confidence Index : Sub- Indices

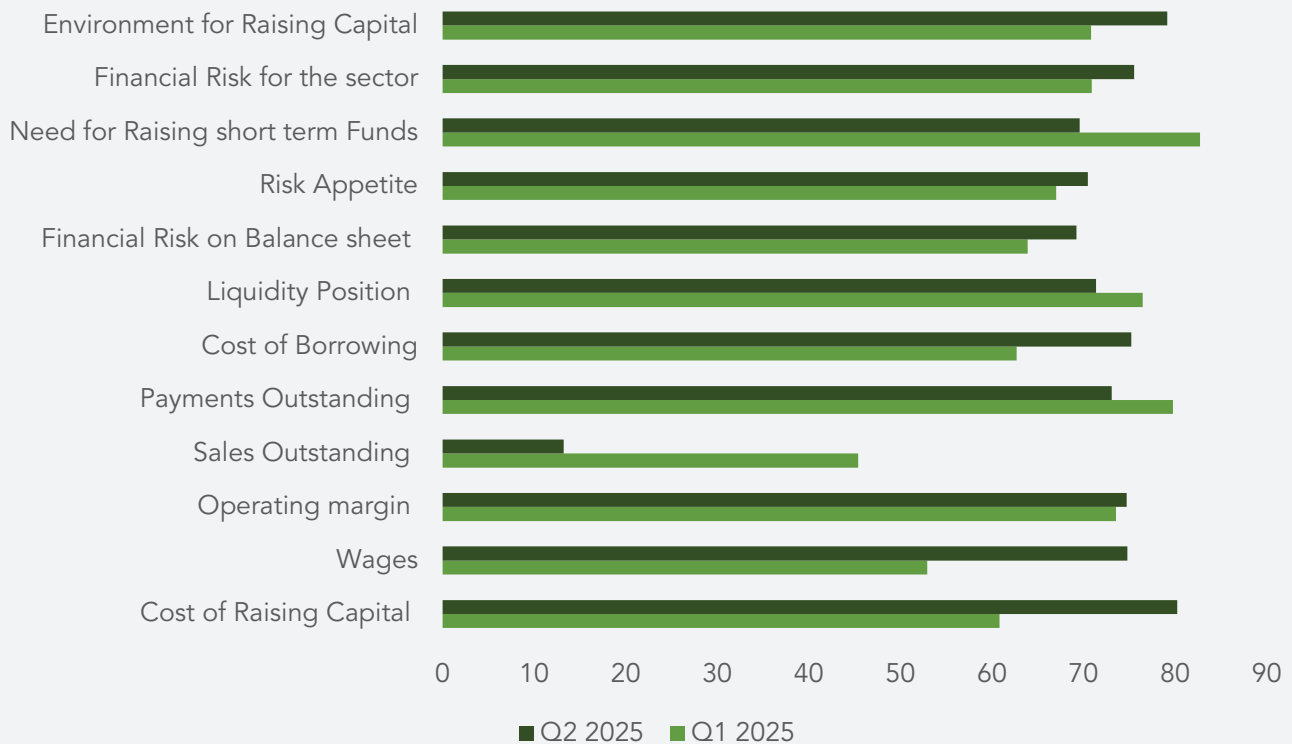


Source - Dun & Bradstreet Global Business Optimism Insights Q2 2025

- A growing number of firms are eager to raise capital in the Indian economy, with optimism rising by 12% QoQ.
- Optimism for long-term funds has increased by 10% QoQ, driven by improving consumer confidence in spending, which indicates higher demand.
- Optimism for capital expenditure has declined by 18% QoQ, reaching a four-quarter low.



Financial Confidence Index: Sub-Indices



Source - Dun & Bradstreet Global Business Optimism Insights Q2 2025

- Optimism regarding risk appetite has increased by 5% QoQ.
- Optimism about cost raising capital has grown by 12% QoQ, which is in synchronization with increased optimism for raising capital in Q2 2025 for businesses.
- Optimism for the requirement of short-term funds has declined by 16% QoQ, reaching an all-time low, however, optimism on the liquidity has reduced reflecting concerns over sustainability of liquidity over the short term.
- Optimism regarding financial risk has risen by 8% QoQ.



Methodology

Dun & Bradstreet conducted a stratified random survey of around 300 businesses in India, covering 17 sectors and three business size segments. A diffusion index is calculated for each parameter and normalized against base year values (Q3 2023 to Q2 2024). An index reading above 100 indicates an improvement in optimism

relative to the base year, 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. Economy-level indices are weighted averages of sector-level indices by their contribution to GDP.





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