

Corporate India bets on demand recovery in '25

Plans bigger capex, more hirings; expects govt to offer tax incentives

BS REPORTERS

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Corporate India is expecting a rebound in consumer spending and demand in the new year, with top executives gearing up for increased investments and hiring as company earnings climb.

A survey conducted by *Business Standard* in December, involving 50 chief executive officers, found that 80 per cent believe the government should offer greater tax incentives to the common person to boost consumption.



**2025:
THE OUTLOOK**

In 2024, high interest rates, soaring prices, and elevated food inflation significantly impacted consumption, especially in urban areas. Rural demand, however, showed signs of recovery in the latter part of the year, and 68 per cent of CEOs expect it to strengthen further in 2025.

Geopolitical tensions affecting global trade also emerged as a key concern for business leaders. CEOs remain apprehensive about poten-

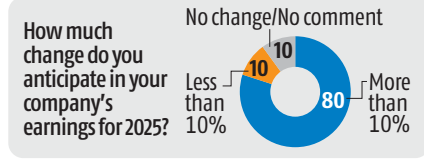
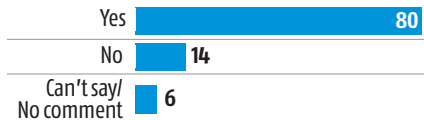
NEW YEAR VISION

Here's what 50 CEOs expect in 2025 (%)

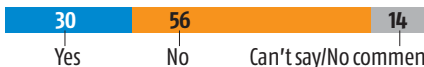


ILLUSTRATION: AJAYA MOHANTY

Are you planning to increase investments in 2025?

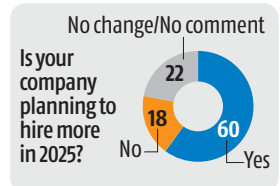
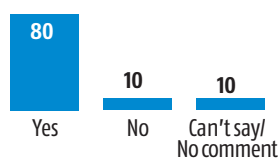


Do you foresee the slowdown in consumption persisting into the new year?

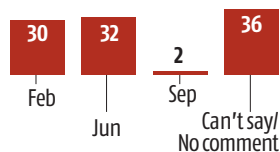


tial extreme trade measures the United States might adopt as Donald Trump assumes the presidency in January 2025. However, optimism prevails regarding the domestic stock market and broader economy. Many CEOs also foresee

Should the government offer more tax sops to the common person to revive consumption?



When do you expect the RBI to initiate rate cuts in 2025?



Source: BS CEO Survey
Compiled by BS Research Bureau

improved India-US relations under the Trump administration. Meanwhile, rising imports from China and the volatility stemming from the wars in Israel and Ukraine remain pressing challenges.

BUSINESS STANDARD CEO POLL

India Inc expects mkts to rise over 10% in '25

The slowdown in GDP growth in the September quarter of FY25 was another worry for business leaders. While the government acknowledged the challenges faced in that period, it noted that India's GDP growth has averaged 8.3 per cent over the past three years.

The economy expanded by 6.7 per cent in the April-June quarter but slowed to 5.4 per cent in the July-September period of FY25. "I'm expecting increased investment in infrastructure building and fiscal sops to boost disposable income, thereby boosting consumption," said the CEO of a Bengaluru-based IT company.

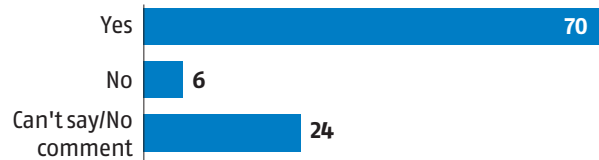
Another CEO, representing a fintech firm, highlighted the need for initiatives to drive consumer spending: "More focus is needed on schemes and projects that will push consumer spending. A reduction in corporation and individual taxes - while simultaneously spreading the tax burden across the vast population by increasing the GST collection spread, and not by increasing GST rates -- is required." On the hiring front, 68 per cent of CEOs reported an increase in the hiring numbers in 2024 compared to 2023. Looking ahead, 60 per cent plan to hire more in 2025, while 42 per cent intend to offer average salary hikes exceeding 10 per cent, reflecting expectations of stronger company earnings. A substantial 80 per cent of respondents expect their earnings to grow by more than 10 per cent in 2025, with only 10 per cent forecasting a smaller increase.

Favourable macroeconomic conditions and robust corporate earnings are expected to bolster investor sentiment. A majority (56 per cent) of chief executives anticipate stock markets will rise by over 10 per cent in 2025.

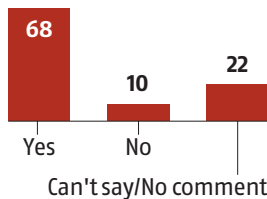
On capital expenditure, 80

THE LEADERSHIP VIEW

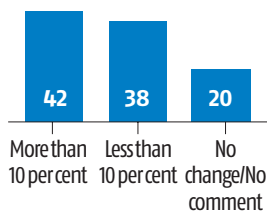
Do you expect India-US ties to improve in 2025 with the Trump government taking over in January?



Do you expect rural demand in 2025 to be better than current levels in 2024?



What is your salary hike projection for your employees in 2025?

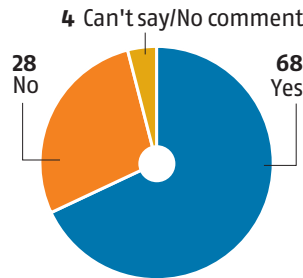


Did you invest in new capacity in 2024?

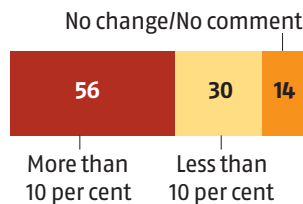
Sample size 50 CEOs
Source: BS CEO Survey; Compiled by BS Research Bureau

per cent of CEOs plan increased investments in 2025, with a similar proportion confirming they had expanded capacity in 2024.

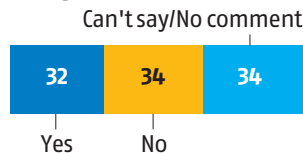
Did you hire more in 2024 than in 2023?



How much do you expect the stock markets to rise in 2025?



Do you think the government/RBI has done enough to curb inflation?



According to CareEdge Ratings, private capital expenditure fell short of expectations in 2024 as businesses hesitated

to commit to long-term investments. However, the rating agency predicts a recovery in private investments in 2025, spurred by anticipated monetary policy easing in February. CEO opinions remain divided on whether the government or the RBI has done enough to curb inflation. On the timing of a rate cut, 30 per cent of CEOs expect it in February, while 32 per cent anticipate it in June.

Major investments announced in 2024 included the Adani group's plans to invest ₹7.5 trillion (\$88.5 billion) in Rajasthan across sectors, as part of a broader \$100 billion (₹8.5 trillion) strategy over the next decade. Similarly, Tata Power outlined plans to invest ₹1.25 trillion by 2030, while the Tata group pledged ₹10.2 trillion in investments through the end of the decade.

Asked about their expectations from the Union Budget, CEOs said infrastructure building and tax incentives for the salaried class to boost consumption should be among priorities for the Narendra Modi government.

They also recommended ease of doing business and reduction of compliance burden, coupled with more incentives for new investments. "As a nation, we need more investments into education and health care, so that in future, they lead to availability of skilled manpower and healthier workforce," said the CEO of a large engineering firm.

(Dev Chatterjee with Prachi Pisal, Roshni Shekhar, Sohini Das, Subrata Panda, Abhishek Kumar, Peerzada Abrar, Ishita AyanDutt, Jaden Mathew Paul, Aathira Achuthan Varier, Sharleen D'souza, Sundar Sethuraman, Ajinkya Kawale, Akshara Srivastava, Amritha Pillay, Samie Modak, Shivani Shinde, Sanket Koul, and Anjali Singh)