GST reforms to boost India Inc's Q3 performance: Icra

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India Inc could sustain healthy year-on-year (Y-o-Y) revenue growth of 8-10 per cent in the October-December quarter of 2025-2026 (Q3FY26) — vis-à-vis 9.2 per cent Y-o-Y in Q2FY26 — led by firm rural demand and expectations of a revival in urban demand, rating agency Icra said on Tuesday.

Coupled with the softening input costs like crude oil and coal, the rating agency projects an improvement in the operating profit margin (OPM) by 50-100 bps on a Y-o-Y basis.

Kinjal Shah, senior vice-president & co-group head, Corporate Ratings, Icra, said: "Domestic rural demand remains resilient and tailwinds like GST rate rationalisation, income tax relief announced during the Union Budget 2025, 100 bps interest rate cut by the Reserve Bank of India between February 2025 and November 2025 (leading to lower borrowing costs) and easing food inflation are expected to boost urban consumption."

That said, the ongoing geopolitical tensions and steep US tariffs continue to impact demand sentiments, especially for export-oriented sectors such as agro-chemicals, textiles, auto and auto components, seafoods, cut and polished diamonds, and IT services.