



Indian Economy Updates

May 2025



Domestic Indicators

India's IIP Growth Rate for March 2025 Stands At 3%: The IIP growth rate for the month of March 2025 is 3 per cent which was 2.9 per cent in the month of February 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of March 2025 are 0.4 per cent, 3.0 per cent and 6.3 per cent, respectively. The top three positive contributors for the month of March 2025 are – "Manufacture of basic metals" (6.9%), "Manufacture of motor vehicles, trailers and semi-trailers" (10.3%). and "Manufacture of electrical equipment" (15.7%)...

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The Index of Eight Core Industries (ICI) Grew 0.5 per cent in April 2025: The combined Index of Eight Core Industries (ICI) increased by 0.5 per cent (provisional) in April 2025 as compared to the Index in April 2024. The production of Cement, Coal, Steel, Electricity and Natural Gas recorded positive growth in April 2025. The cumulative growth rate of ICI during April to March, 2024-25 is 4.5 per cent (provisional) as compared to the corresponding period of last year...

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Retail Inflation Slows to 3.16 per cent in April 2025, Lowest in Almost 6 Years: Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of April 2025 over April 2024 is 3.16% (Provisional). There is decline of 18 basis points in headline inflation of April 2025 in comparison to March 2025. It is the lowest year-on-year inflation after July 2019. The significant decline in headline inflation and food inflation during the month of April 2025 is mainly attributed to decline in inflation of Vegetables, Pulses & Products, Fruits, Meat and fish, Personal care and effects and Cereals and Products...

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India's Wholesale Inflation Estimated at 0.85 per cent in April 2025: The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 0.85% (provisional) for the month of April 2025 (over April 2024). Positive rate of inflation in April 2025 is primarily due to increase in prices of manufacture of food products, other manufacturing, chemicals and chemical products, manufacture of other transport equipment and manufacture of machinery and equipment etc. The month over month change in WPI for the month of April 2025 stood at (-) 0.19% as compared to March, 2025...

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GST Collections for April 2025 Stood at INR 2.36 Lakh Crore, up 12.6 per cent YoY: Goods and Services Tax (GST) collections for the month of April 2025 touched INR 12.6 lakh crore, an increase of 12.6 per cent year-on-year basis. Central GST collection stood at INR 48,634 crore while State GST collections were INR 59,372 crore. Additionally, for this month, Integrated GST collection remained at INR 69,504 crore. Furthermore, GST Cess collection was reported at INR 12,293 crore...

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Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) was 55.6% during April 2025: Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) among persons of age 15 years and above was 55.6% during April 2025. LFPR in rural areas was 58.0% and LFPR in urban areas was 50.7% for during April 2025 for persons of the same age group. Unemployment Rate (UR) in CWS among persons of age 15 years and above was 5.1% in April 2025. The male UR was a touch higher at 5.2% compared to the female UR of 5.0% at the country level...

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RBI Monetary Policy Update for April 2025: The Monetary Policy Committee (MPC), in its 54th meeting and the first of the financial year 2025–26, unanimously decided to reduce the policy repo rate by 25 basis points, bringing it down to 6 per cent with immediate effect. Within India, the outlook has shown signs of improvement. Inflation, particularly food inflation, has declined more than expected, offering some relief, though global and weather-related risks remain...

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External Indicators

Total Exports (Merchandise & Services) for April 2025 are Estimated at USD 73.80 Billion: India's total exports (Merchandise and Services combined) for April 2025* is estimated at US\$ 73.80 Billion, registering a positive growth of 12.70 per cent vis-à-vis April 2024. Total imports (Merchandise and Services combined) for April 2025* is estimated at US\$ 82.45 Billion, registering a positive growth of 15.72 per cent vis-à-vis April 2024. Top 5 export destinations, in terms of change in value, exhibiting positive growth in April 2025 vis a vis April 2024 are U S A (27.31%), U Arab Emts (33.65%), Australia (74.16%), Tanzania Rep (87.2%) and Kenya (132.44%)...

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India's forex reserves rise for fourth consecutive week, reach USD 653.96 billion: India's foreign exchange reserves for the week ending 16 May, reduced by USD 4.88 billion to USD 685.729 billion. The drop occurred after foreign exchange reserves climbed to their highest level in seven months during the first week of May 2025...

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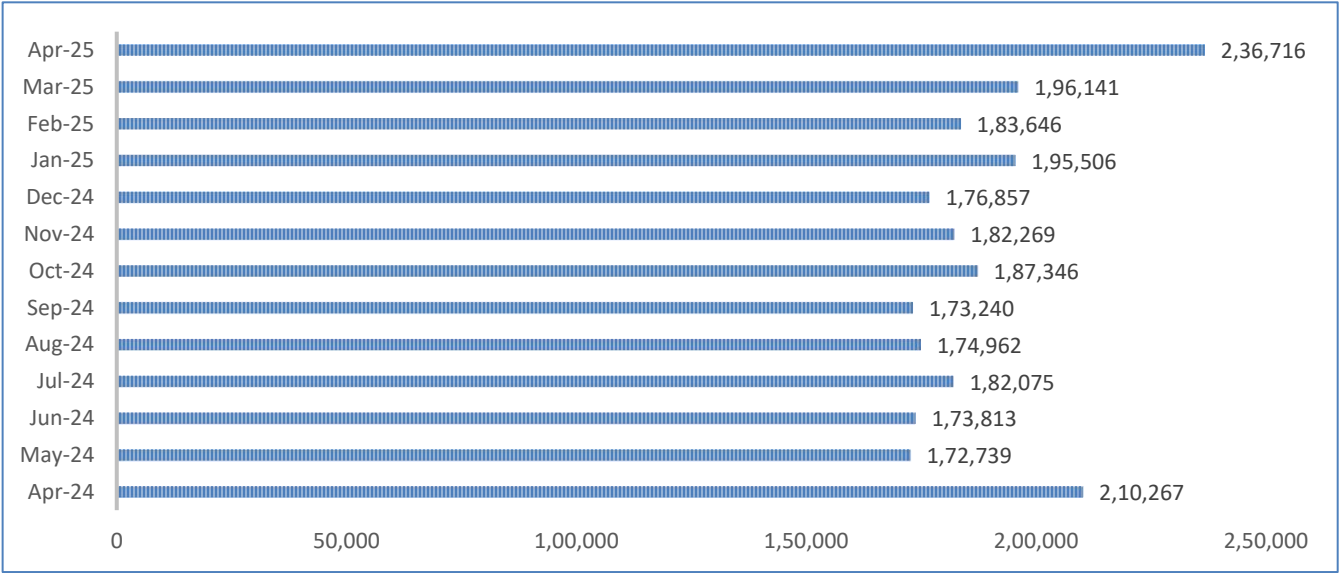
India's Outward Foreign Direct Investment (FDI) Reaches USD 6.8 Billion in April 2025: India's outward foreign direct investment (FDI) commitments reached USD 6.8 Billion in April 2025, almost double from USD 3.58 Billion a year ago. Equity commitments rose to USD 2.72 Billion; Loan commitments rose to USD 1.16 Billion; and Guarantees for overseas units moved up to USD 2.98 Billion in April 2025...

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Economic Analysis

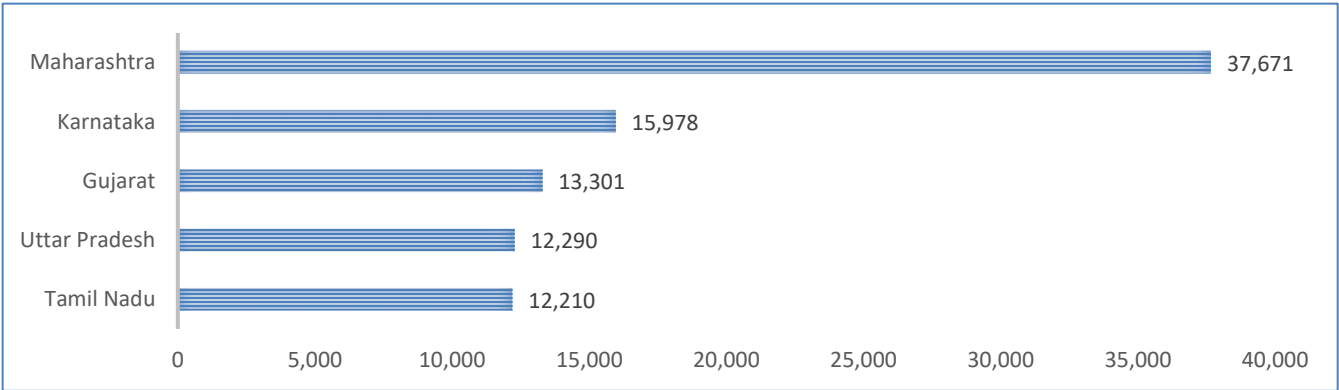
GST Revenue Collections (in INR crores)



Source: Ministry of Finance, GOI.

India’s Goods and Services Tax (GST) collections saw a strong growth of around 10 percent in March 2025, reaching INR 1.96 lakh crore. This increase was driven by a 8.8% rise in domestic revenues and a 13.5% jump in revenues from imports. For the 2024-25 fiscal year, from April to March, total GST collections have climbed 9.4% compared to the same period last year, reaching INR 22.08 lakh crore, up from INR 20.18 lakh crore in 2024-25.

Top 5 States with High GST Revenue Collection in April 2025 (in INR crores)

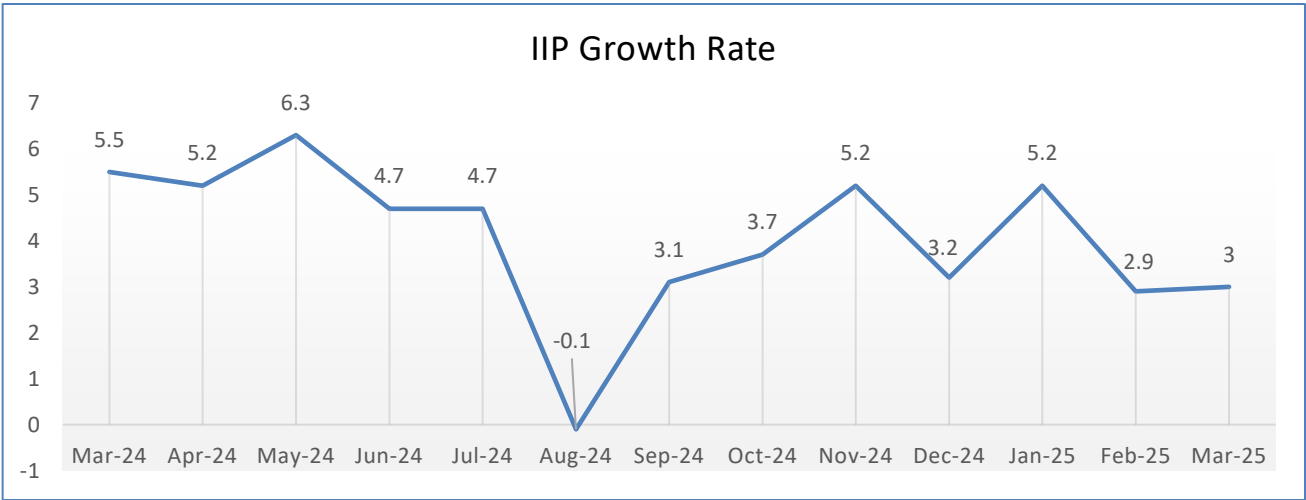


Source: Ministry of Finance, GOI.

Maharashtra led the country with the highest GST revenue collections, totaling INR 37,671 crores, followed by Karnataka and Gujarat. Uttar Pradesh and Tamil Nadu rounded out the top five. These states have emerged as the largest contributors to GST revenues, reflecting their strong economic activities and business environments. Total State GST collection stood almost at INR 1.9 lakh crore.

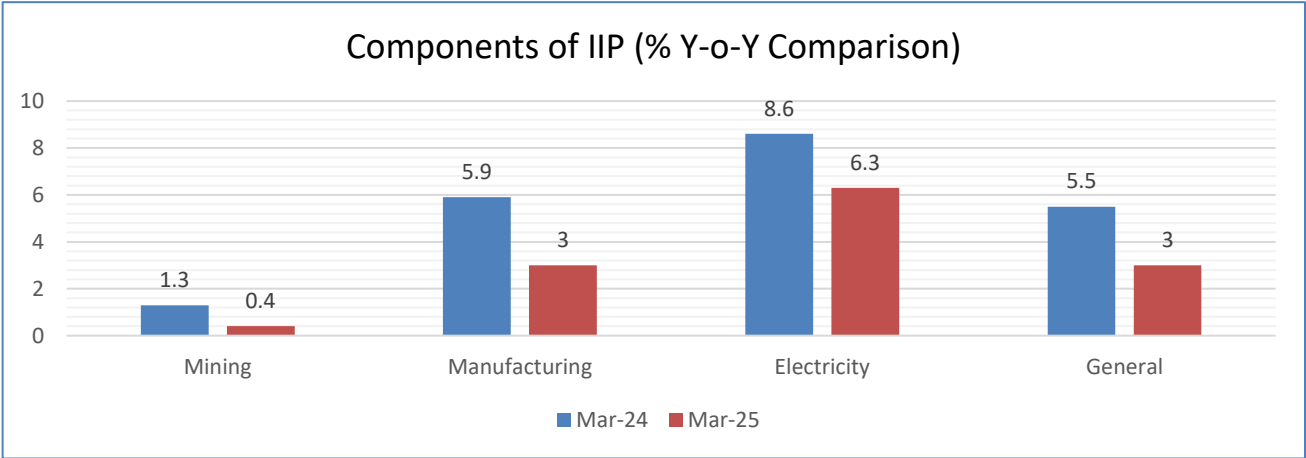


Production Scenario (IIP Growth)



Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI.

The Index of Industrial Production (IIP) has seen a mild uptick from 2.9 per cent in February 2025 to 3.0 per cent in March 2025. Growth, however, fell short of the 5.5% expansion recorded in the same month the previous year. Manufacturing, the sector with the largest weight in the index, grew by 3 per cent. 13 out of 23 industry groups, within manufacturing, witnessed growth. According to experts, despite domestic tailwinds, industrial expansion will encounter global challenges.

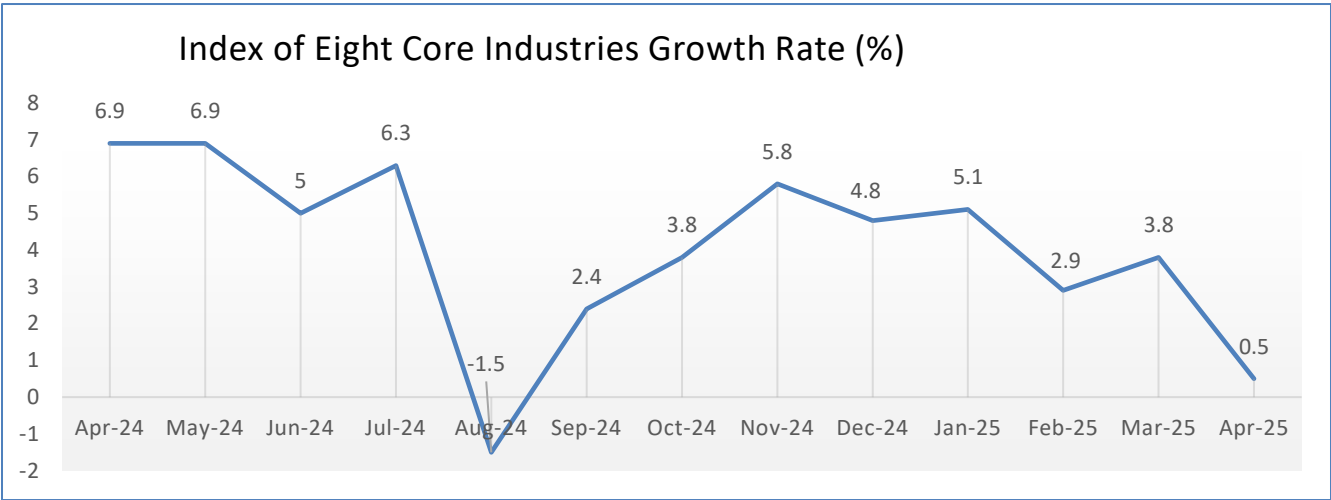


Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI

The mining sector's growth plummeted to 0.4% from 1.3%, manufacturing growth slowed to 3% from 5.9%, and electricity production saw a decline to 6.3% compared to 8.8% in the same month last year, highlighting volatile economic environment and an uncertain global economic scenario.

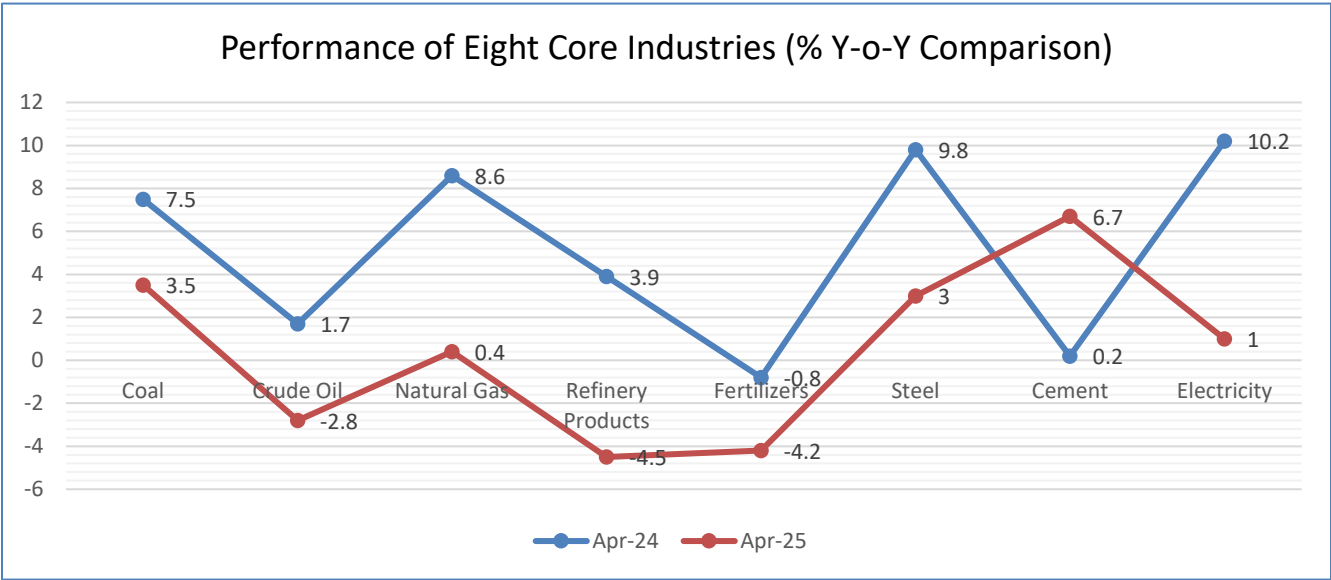


Production Scenario (Core Infra)



Source: Ministry of Commerce and Industry, GOI.

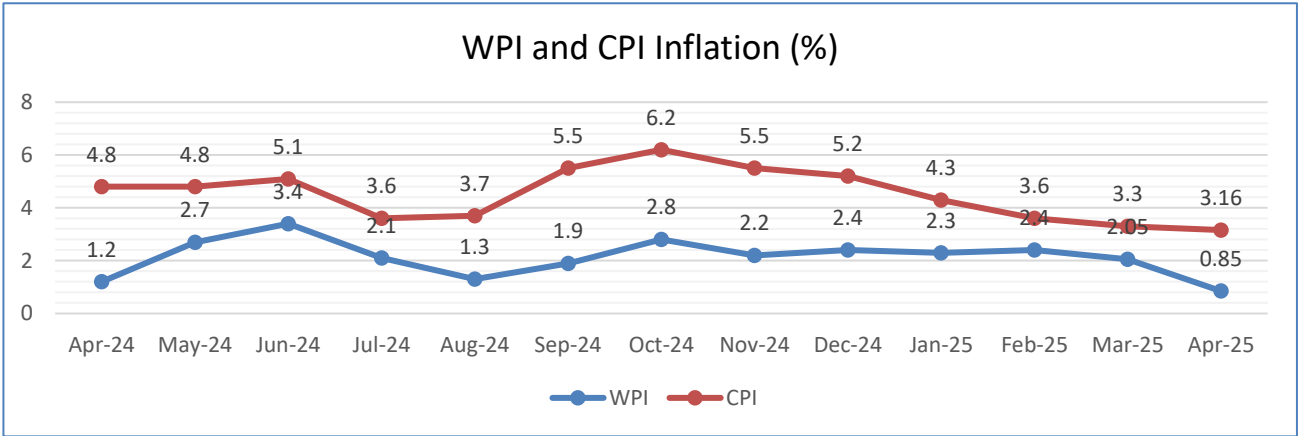
In April 2025, the Eight Core Industries registered a growth rate of only 0.5%, a sharp decline from 3.8% in March 2025 and much lower than 6.9% in April 2024. This indicates a slowdown in industrial activity, especially when compared to the previous year's robust start. April 2025 reflects a broad-based moderation in the performance of the core industries, primarily due to weakness in petroleum-related sectors and subdued energy demand.



Source: Ministry of Commerce and Industry, GOI.

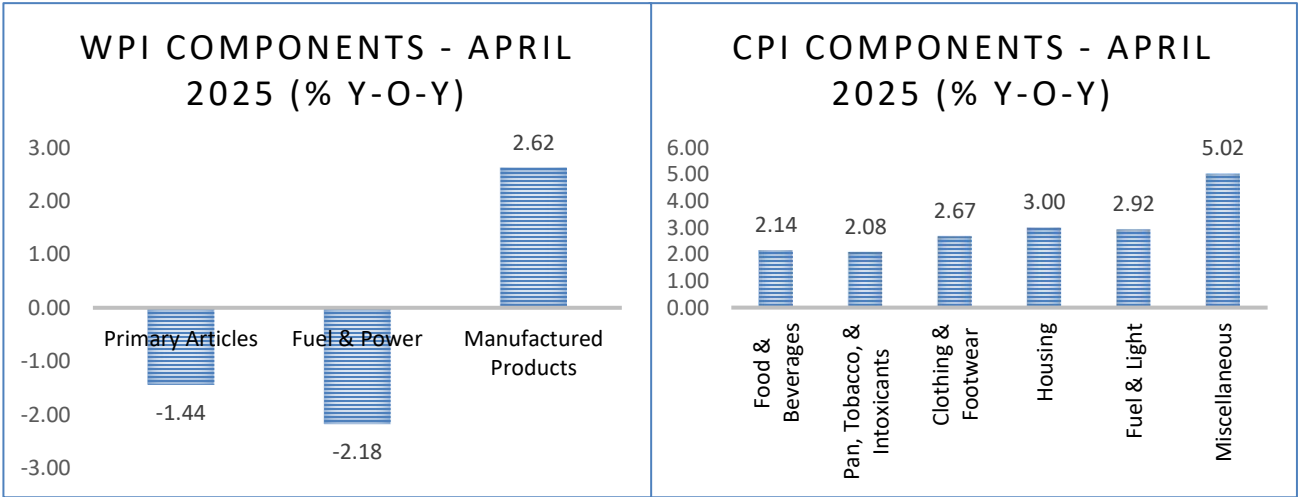
In April 2025, four of the eight core industries - Coal, Natural Gas, Steel, and Cement - registered growth, with Cement showing the highest increase (6.7%). Yearly comparison of the Eight Core Industries shows a mixed trend in April 2025 compared to April 2024. Cement (up from 0.2% to 6.7%) showed improvement, while, Electricity and Steel saw moderation from last year's high growth. Natural Gas maintained a steady positive trend. The change in momentum across sectors may reflect changing economic dynamics.

Inflation Trends (WPI and CPI)



Source: MOSPI and Office of Economic Advisor, GOI.

The WPI and CPI inflation trends between April 2024 and April 2025 reveal initial divergence and later convergence. CPI peaked at 6.2% in October 2024, while WPI peaked at 3.4% in June 2024. From November 2024 onwards, both indices steadily decline, indicating cooling inflationary pressures in the economy. By April 2025, CPI eased to 3.16%, and WPI fell sharply 0.85%. This suggests reduced cost-push inflation at the wholesale level. However, the CPI's relatively slower decline implies demand-side pressures. The sharp fall in WPI with moderate CPI decline could indicate margin expansion opportunities for producers.



Source: MOSPI and Office of Economic Advisor, GOI.

In April 2025, WPI inflation was driven solely by a 2.62% rise in Manufactured Products, while Primary Articles and Fuel & Power dragged the overall WPI down. This explains the sharp fall in overall WPI to 0.85%. In contrast, CPI inflation remained elevated due to broad-based increases, especially in the Miscellaneous and Housing categories. The divergence suggests that while input costs have softened, consumer prices are adjusting gradually, reflecting a stable but cautious inflation environment.



RBI Monetary Policy Update (April 2025)

Policy Rates	
Policy Repo Rate	6.00%
Standing Deposit Facility Rate	5.75%
Marginal Standing Facility Rate	6.25%
Bank Rate	6.25%
Fixed Reverse Repo Rate	3.35%
Reserve Ratios	
CRR (Cash Reserve Ratio)	4.00%
SLR (Statutory Liquidity Ratio)	18.00%

Source: RBI

The 6-member Monetary Policy Committee (MPC) of the RBI announced a cut in the Policy Repo Rate by 25 bps making it 6%. Hence, the Standing Deposit Facility (SDF) rate is 5.75%, the Marginal Standing Facility (MSF) and the Bank Rate are 6.25%. Furthermore, the policy stance was changed from 'accommodative' to 'neutral'. The RBI expects inflation to ease further and stay within a comfortable range this year, having revised its inflation forecast for the current financial year downward from 4.2% to 4%.

The April 2025 Monetary Policy Report reflects RBI's balanced stance of fostering growth while ensuring price stability. A 25-bps cut in the repo rate to 6% was driven by easing food inflation and steady economic recovery. GDP growth for 2025–26 is projected at 6.5%, with inflation expected near the 4% target. Strong services exports and remittances have kept the current account deficit manageable. Stable forex reserves and improved liquidity highlight the economy's resilience amid global uncertainties.



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