

The Associated Chambers of Commerce and Industry of India

MONTHLY ROUNDUP

ASSOCHAMVOICE



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State of the Indian Economy

Domestic Indicators

Monthly Review of Accounts of GoI Up to September 2025

The key highlights of the monthly accounts of the Government of India up to September 2025 state the Government has received INR 17,30,216 crore (49.5% of corresponding BE 2025-26 of Total Receipts). This amount consists of INR 12,29,370 crore Tax Revenue (Net to Centre), INR 4,66,076 crore of Non-Tax Revenue and INR 34,770 crore of Non-Debt Capital Receipts. Total Expenditure incurred by Government of India is INR 23,03,339 crore (45.5% of corresponding BE 2025-26).

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India's IIP Growth Rate Stands at 4.0% for September 2025

The IIP growth rate for the month of September 2025 is 4.0%, remaining unchanged from Quick Estimate of August 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of September 2025 are (-)0.4%, 4.8% and 3.1% respectively. Within the manufacturing sector, 13 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in September 2025 over September 2024. The top three positive contributors for the month of September 2025 are - "Manufacture of basic metals" (12.3%), "Manufacture of electrical equipment" (28.7%) and "Manufacture of motor vehicles, trailers and semi-trailers" (14.6%).

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The Index of Eight Core Industries (ICI) Stood at 3.0% in September 2025

The combined Index of Eight Core Industries (ICI) increased by 3.0% (provisional) in September 2025 as compared to the Index in September 2024. The production of Steel, Cement, Electricity and Fertilizer recorded positive growth in September 2025. The cumulative growth rate of ICI during April to September, 2025-26 is 2.9% (provisional) as compared to the corresponding period of last year.

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Retail Inflation Moves To 1.54% for September 2025

Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of September 2025 over September 2024 is 1.54% (Provisional). There is decrease of 53 basis points in headline inflation of September 2025 in comparison to August 2025. It is the lowest year-on-year inflation after June 2017. The decline in headline inflation and food inflation during the month of September 2025 is mainly attributed to favourable base effect and to decline in inflation of Vegetables, Oil and fats, Fruits, Pulses and products, Cereal and products, Egg, Fuel and light etc.

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Wholesale Inflation for September 2025 Stands at 0.13%

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 0.13% (provisional) for the month of September 2025 (over September 2024). Positive rate of inflation in September 2025 is primarily due to increase in prices of manufacture of food products, other manufacturing, non-food articles, other transport equipment and textiles etc. The month over month change in WPI for the month of September 2025 stood at (-)0.19% as compared to August 2025.

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GST Collection for Sept 2025 Stood at INR 1.89 Lakh Crore, up 9.1% Y-O-Y

Goods and Services Tax (GST) collections for the month of September 2025 stood at INR 1.89 lakh crore, an increase of 9.1% year-on-year basis. Central GST collection stood at INR 33,645 crore while State GST collection was INR 41,836 crore. Additionally, for September 2025, Integrated GST collection was INR 1.01 lakh crore. Furthermore, GST Cess collection was reported at INR 11,652 crore. The Gross Import Revenue for September 2025 was INR 52,492 crore, out of which IGST was INR 52,031 crore.

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Labour Force Participation Rate (LFPR) was 55.3% in September 2025

Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) among persons of age 15 years and above was 55.3% in September 2025, compared to 54.2% in June 2025. The overall Unemployment Rate (UR) among persons of age 15 years and above climbed up marginally to 5.2% in September 2025 from 5.1% recorded in August 2025 after declining during the past two successive months. Overall WPR (Worker Population Ration) among female of age 15 years and above has steadily increased for the third month in a row from 30.2% in June 2025 to 32.3% in September 2025.

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External Indicators

Total Exports (Merchandise & Services) for September 2025 are Estimated at USD 67.20 Billion

India's total exports (Merchandise and Services combined) for September 2025* is estimated at USD 67.20 Billion, registering a positive growth of 0.78% vis-à-vis September 2024. Total imports (Merchandise and Services combined) for September 2025* are estimated at USD 83.82 Billion, registering a positive growth of 11.34% vis-à-vis September 2024. Top 5 export destinations, in terms of change in value, exhibiting positive growth in September 2025 vis a vis September 2024 are UAE (24.33%), Spain (150.81%), China (34.18%), Bangladesh (23.06%) and Egypt (67.29%).

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India's Forex Reserves Reach USD 702.28 Billion

India's forex reserves increased by USD 4.496 billion to reach USD 702.28 billion for the week ended October 17. The foreign currency assets, a major component of the reserves, decreased by USD 1.692 billion to reach USD 570.411 billion. The gold reserves increased by USD 6.181 billion to reach USD 108.546 billion during the week. The special drawing rights (SDRs) were up by USD 38 million to reach USD 18.722 billion. India's reserve position with the IMF fell by USD 30 million at USD 4.602 billion in the reporting week.

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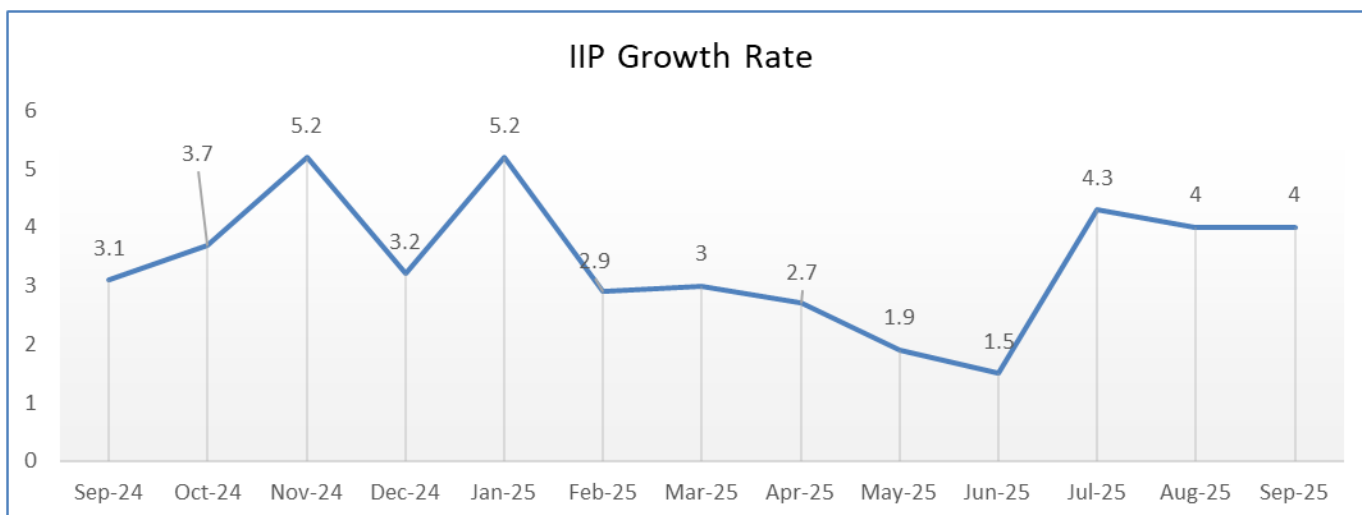
Outward Foreign Direct Investment Stands at USD 4.419 Billion in September 2025

India's outward foreign direct investment (FDI) commitments stood at USD 4.419 billion in September 2025, down by 8.27% year-on-year, brought down by loan and guarantee issued. Equity stood at USD 2.574 billion; loans stood at USD 0.952 billion; and guarantees issued stood at USD 0.892 billion.

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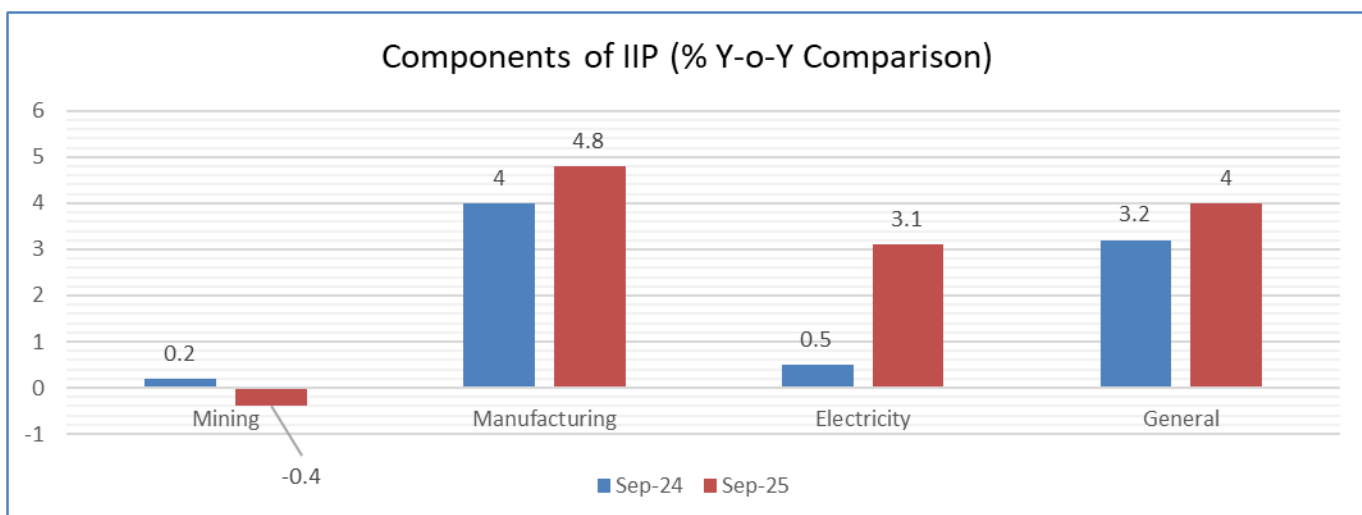
Economic Analysis

Production Scenario (IIP Growth)



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

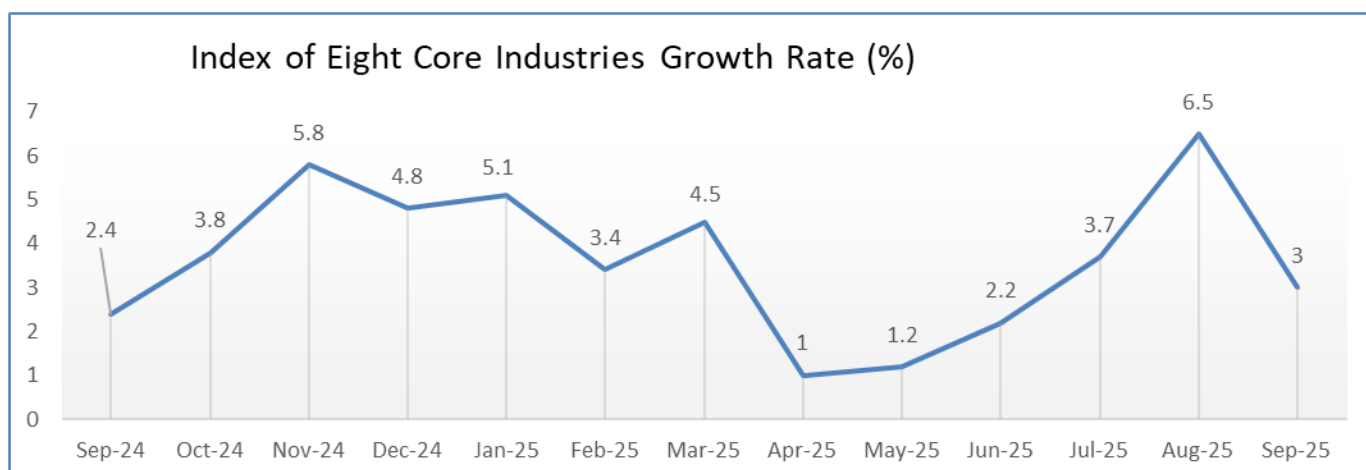
India's Index of Industrial Production (IIP) growth remained steady at 4% in September 2025, maintaining the same pace as August. This stability follows a sharp rebound from the June low of 1.5%, indicating a sustained recovery in manufacturing and electricity output. While growth moderated from the peaks of November 2024 and January 2025 (both 5.2%), the recent consistency suggests resilient domestic demand despite global uncertainties. The momentum points to improving industrial sentiment, supporting broader economic stability.



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

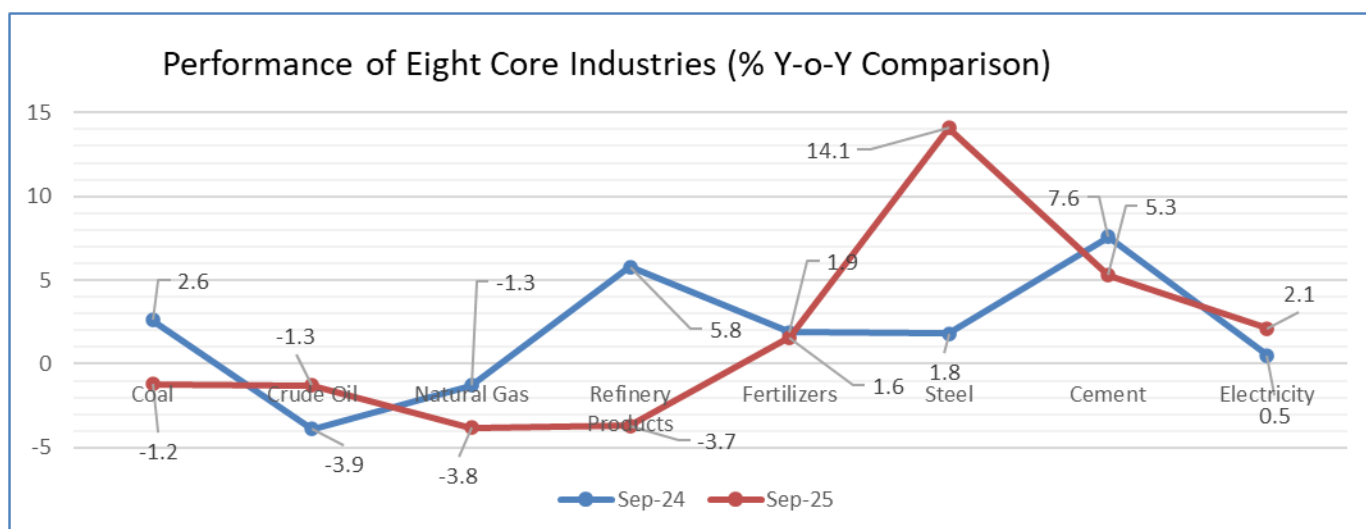
The mining sector's growth decreased from 0.2% to -0.4%, manufacturing growth improved from 4.0% to 4.8%, and electricity production saw an increase to 3.1% compared to 0.5% in the same month last year, highlighting improved industrial environment despite an uncertain global economic scenario.

Production Scenario (Core Infra)



(Source: Ministry of Commerce and Industry, GOI)

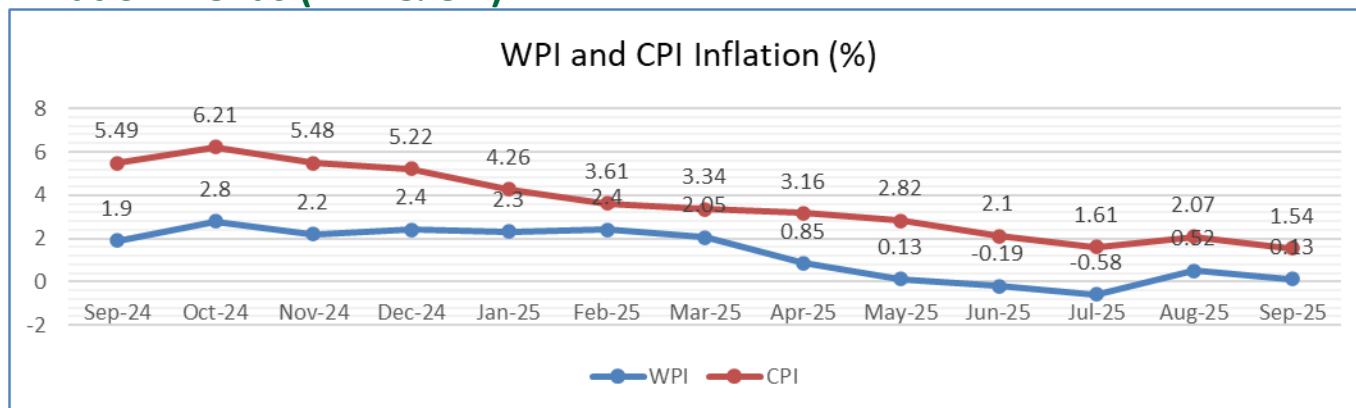
In September 2025, the growth rate of the Index of Eight Core Industries moderated to 3%, following a sharp surge to 6.5% in August 2025. This sequential slowdown suggests that the strong momentum seen in August was not sustained, possibly due to a high base effect or temporary supply-side corrections in sectors like refinery products, steel, and electricity. Nonetheless, the 3% growth indicates continued expansion, albeit at a slower pace. The moderation could also reflect inventory adjustments and uneven performance across industries. Despite the deceleration, the overall trajectory remains positive, signalling underlying industrial stability as India enters the second half of FY2025-26.



(Source: Ministry of Commerce and Industry, GOI)

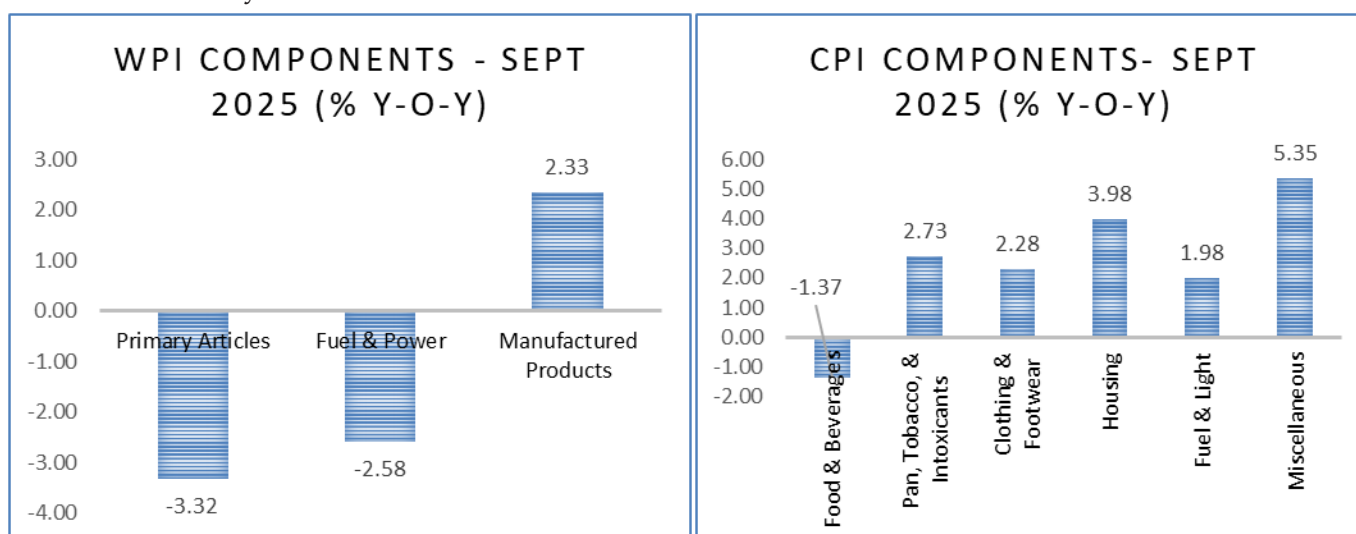
In September 2025, four of the eight core industries - Fertilizers, Steel, Cement, and Electricity - registered growth, with Steel showing the highest increase (14.1%). Yearly comparison of the Eight Core Industries shows an upward trend compared in September 2025, compared to September 2024. Steel at 14.1%, Cement at 5.3%, and Electricity at 2.1% pushed the Index of Eight Core Industries up. The rebound compared to the previous year reflects a significant revival in the core sectors and may reflect changing economic dynamics in the long run.

Inflation Trends (WPI & CPI)



(Source: MOSPI and Office of Economic Advisor, GOI)

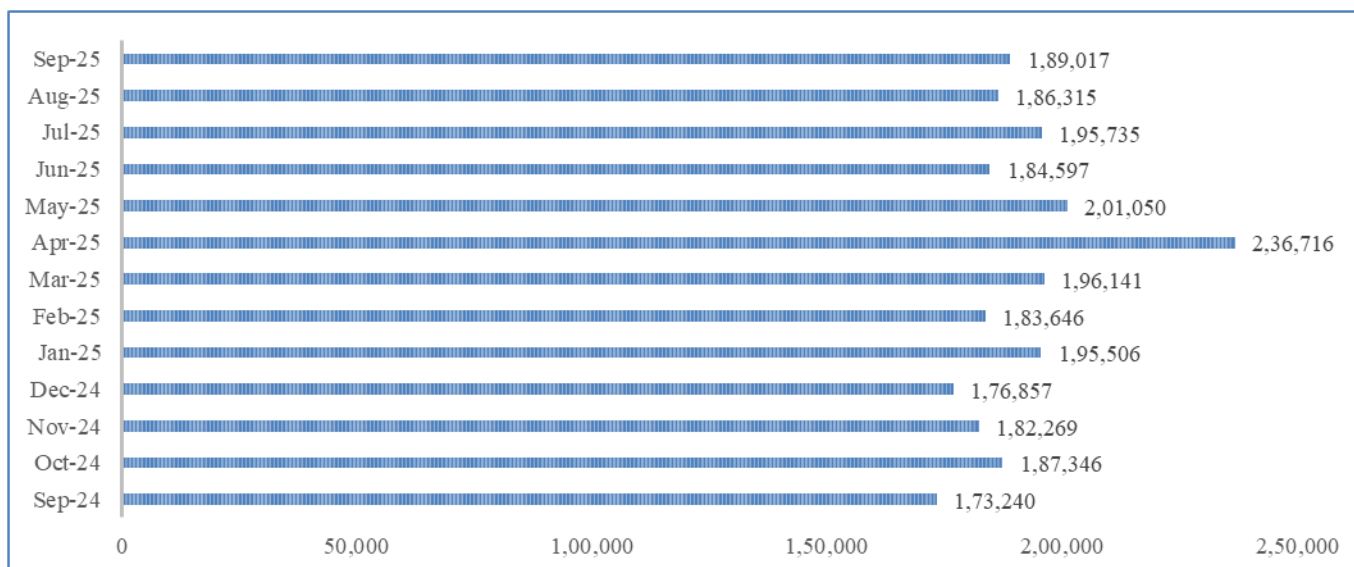
In September 2025, WPI inflation stood at a marginal 0.13%, while CPI inflation eased to 1.54%, marking one of the lowest consumer inflation readings in recent months. The near-zero WPI figure suggests that wholesale price pressures have largely dissipated, reflecting stable commodity and input costs. The softening CPI indicates easing food and fuel prices, helping anchor retail inflation well below the RBI's 4% target. Compared to the high inflation levels of late 2024, both indices now point to a benign inflation environment. This disinflationary trend offers room for monetary policy flexibility and could support industrial recovery amid moderate demand conditions in late 2025.



(Source: MOSPI and Office of Economic Advisor, GOI)

In September 2025, WPI inflation showed divergent trends across components - Primary Articles (-3.32%) and Fuel & Power (-2.58%) declined sharply, while Manufactured Products rose 2.33%, reflecting stable industrial pricing despite input cost softness. On the CPI side, consumer inflation was driven by Miscellaneous (5.35%) and Housing (3.98%), offsetting the fall in Food & Beverages (-1.37%). The data suggests easing supply-side pressures but persistent service and housing costs. Overall, wholesale prices signal disinflation, while consumer inflation remains mildly sticky due to non-food categories.

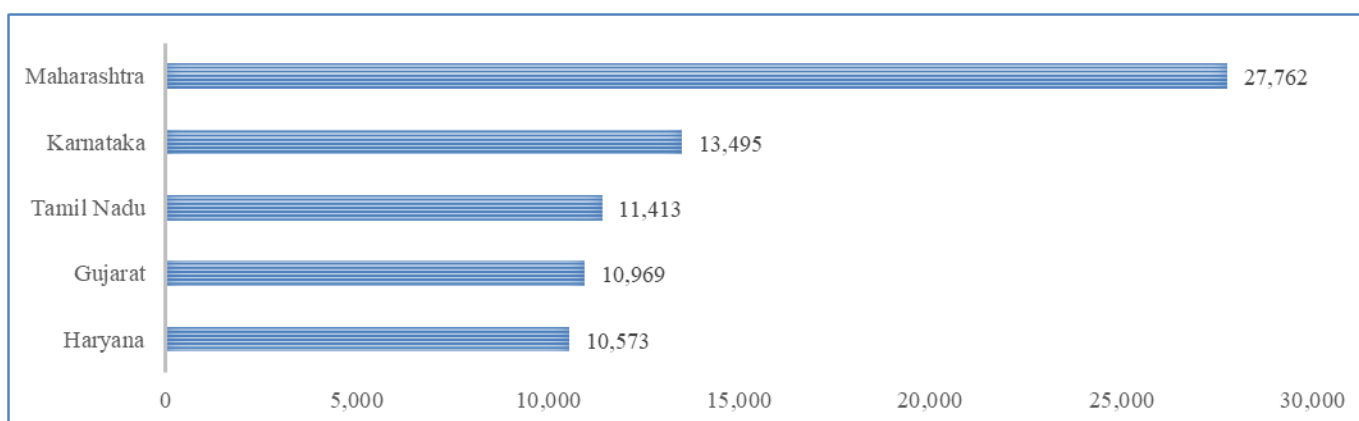
GST Revenue Collection (in INR crores)



(Source: Ministry of Finance, GOI)

India's Goods and Services Tax (GST) collections clocked nearly at INR 1.89 lakh crore in September 2025, registering a Y-O-Y growth of 9.1% compared to September 2024 and an increase of 1.45% compared to August 2025. The increase compared to the previous year (September 2024) shows a revived tax base and improved compliance levels. Strong collection figures indicated resilient economic activity despite recent GST rate reductions. The festive season in India likely contributed to the rise in consumption. Proactive stocking by retailers and e-commerce platforms also boosted import GST revenues.

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



(Source: Ministry of Finance, GOI)

Maharashtra led the country with the highest GST revenue collections, totalling INR 27,762 crores, followed by Karnataka and Tamil Nadu. Gujarat and Haryana 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 1.36 lakh crore.

RBI Monetary Policy Update (October 2025)

Policy Rates	
Policy Repo Rate	5.50%
Standing Deposit Facility Rate	5.25%
Marginal Standing Facility Rate	5.75%
Bank Rate	5.75%
Fixed Reverse Repo Rate	3.35%
Reserve Ratios	
CRR (Cash Reserve Ratio)	3.5%
SLR (Statutory Liquidity Ratio)	18.00%

(Source: RBI)

Following the 57th meeting of the Monetary Policy Committee, the Reserve Bank of India (RBI) released its Monetary Policy Report (October 2025) with the following key updates:

- The repo rate remains unchanged at 5.50%, maintaining a neutral policy stance.
- The report underscores resilient domestic demand, favourable financial conditions, and a stable external environment, signalling a cautiously optimistic outlook for the Indian economy.
- The GDP growth projection for FY 2025–26 has been revised upward to 6.8% from the earlier estimate of 6.5%.
- Growth for FY 2025–26 is expected at 6.8% overall (Q1: 7.8%, Q2: 7.0%, Q3: 6.4%, Q4: 6.2%), while FY 2026–27 growth is projected at 6.6%, assuming a normal monsoon and stable macroeconomic conditions.
- The CPI inflation forecast for FY 2025-26 has been revised downward to 2.6%, compared to 3.1% earlier.

BFSI E-Bulletin

BFSI Article

GST 2.0: A Business Perspective

The recent reforms recommended by the GST Council in its 56th Council Meeting represent a significant shift with wide-ranging structural implications for businesses and can be considered, in some ways, as a reimagination of GST.

The meeting witnessed a major restructuring of GST rate slabs and amendments across multiple product categories, underscoring the need for businesses to carefully assess the impact on their ongoing and future contracts. It is now more important than ever for businesses to revisit product and service classifications, evaluate the tax incidence under revised rates, and carry out detailed impact studies on existing pricing and contractual arrangements. A proactive review will help businesses not only remain compliant but also manage costs effectively and plan for smoother implementation.

In this article, we present the top changes and what they entail for businesses.

Changes to Rate Structure

Currently the 4-slab GST Structure i.e. 5%, 12%, 18% and 28% with special rates for Gold and Jewellery have been moved, with effect from 22 September 2025, to a more Citizen friendly 2-tier rate structure with 18% being the standard or default GST rate and there being a Merit Rate of 5% for certain goods and services.

Furthermore, due to the proposed discontinuation of Compensation Cess, a special de-merit rate of 40% is also levied on certain goods and services with no applicable compensation cess.

Special rates for certain key sectors (such as gems and jewellery) would continue to be in force to take in consideration the particular needs of the sector

Intermediary Services to be Accorded "Export Status" - Mitigating Classification Disputes

One of the most debated issues under GST has been the taxability of intermediary services. In respect of most cross-border business services being provided from India, the place of supply is determined as the location of the recipient. This ensures that if the recipient is outside India, the transaction qualifies as an export of services and enjoys zero-rated tax benefits.

However, in the case of intermediary services, which has been a longstanding exception, a specific place of supply rule mentioned in Section 13(8)(b) of the IGST Act, 2017, deems the place of supply to be the location of the supplier in India. This has meant that even when services are rendered to overseas affiliates or clients, GST liability arises in India, pushing up costs and diluting India's competitiveness as a global services hub.

Recognizing the friction this causes for multinational groups, the GST Council has now recommended the removal of Section 13(8)(b). Once the law is amended, the place of supply for intermediary services will default to Section 13(2), i.e., the recipient's location. This means, in effect, that intermediary services are accorded export status.

Operationalization of the Goods and Services Tax Appellate Tribunal (GSTAT)

The Goods and Services Tax Appellate Tribunal (GSTAT), which represents the second stage of appeal under the Indian indirect tax administration, will be made operational for accepting appeals before the end of September and will commence hearing before the end of December this year. The Principal Bench of the GSTAT will also serve as the National Appellate Authority for Advance Ruling.

These measures will significantly strengthen the institutional framework of GST by providing a robust mechanism for dispute resolution, ensuring consistency in advance rulings, and offering greater certainty to taxpayers. This will further enhance trust, transparency, and ease of doing business under the GST regime.

Risk-Based Provisional Refund for Zero-Rated Supplies and Inverted Duty Structures

The sanction of refunds has been proposed to be system driven and the default setting is that 90% of the refund applied should be disbursed unless there is a risk assessed by the tax authorities. Further, the reasons for not sanctioning any refund need to be expressly documented by the tax authorities. This provision will come into effect from 1st November 2025.

Simplified GST Registration for Small and Low-Risk Businesses

Effective 1 November 2025, an optional simplified registration scheme has been recommended to ease the process for small and low-risk businesses. Under this scheme, registration will be granted automatically within three working days of application. It will be available to applicants who self-assess that their output tax liability on supplies to registered persons will not exceed ₹2.5 lakh per month (inclusive of CGST, SGST/UTGST, and IGST).

Greater Clarity on Treatment of Post-sales Discount

With respect to the treatment of GST on post sales discount, firstly certain amendments are proposed to Section 34 of the CGST Act and it has also been recommended to issue a Circular to provide guidance on certain issues specific to GST on post sales discount.

How RSM India Can Help Businesses Navigate the GST 2.0 Reforms?

RSM India with its dedicated experts in Goods and Services Tax and pan India presence, has the capabilities to enable your business to understand these reforms and assess the impact they have on your business. We can help businesses by following a 5-step process as follows:

- **GST Impact Studies:** RSM India can assist you in making a pragmatic and correct assessment of the Impact and GST incidence on your ongoing and future transactions.
- **Empowering your teams:** RSM India can through its checklists, carve out the same sub-area wise and guide your cross functional teams such as Sales, Marketing, IT, Procurement, Legal and Finance on specific micro-actions that need to be taken to give effect to the reforms.
- **Cost-Benefit Analysis:** With impact ranging from 0% to 40% now, it is imperative that businesses assess the costs and revenues and bring flexibility in their budgets to accommodate different scenarios. RSM India with its experts assists you to do the budgeting and cost benefit analysis meaningfully.
- **Optimisation and Action:** With the aid of your legal counsel, RSM India tax experts can proactively address opportunities for rate changes, contract negotiations and input tax credit optimization and help you engage with key stakeholders to assist you in benefiting from these rate rationalisations.

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BFSI News

India Races to Reform Financial Sector as Foreigners Pull \$17 Billion

Rattled by nearly \$17 billion in foreign outflows this year, India is doubling down on financial sector reforms in a push to beef up capital buffers and lift investment in the country amid wider worries about the economic hit from US tariffs.

Several measures to anchor foreign participation and boost credit have already been announced by the central bank and market regulator in recent months. These include quicker pathways for companies to list and foreign funds and overseas lenders to enter and rules that allow corporates to borrow more easily and banks to finance mergers.

Other areas of regulatory easing in India's \$260 billion financial sector are under discussion to be rolled out over the next six-to-12 months, said six regulatory sources with knowledge of the matter. The possible changes include bolstering capital market participation by mom-and-pop investors in smaller towns and further easing banking regulations, said the source. The dismantling of decades-old restrictions comes as Prime Minister Narendra Modi pushes for greater economic self-reliance after concerns about the hit to India growth from punitive US tariffs unnerved foreign investors.

The sources declined to be named as they were not authorised to speak to the media. The central bank did not respond to a Reuters request for comment on new possible easing measures. A SEBI spokesperson, in response to Reuters queries, said it has introduced 11 "major reforms" for foreign investors to improve their access to India global competitiveness. "There is an increased focus on ease of doing business and the regulatory cholesterol clogging up the financial sector is being cleared," said Srinivasan, managing director, Kotak Alternate Asset Managers, which manages \$20 billion in assets.

Creating Investor-Friendly Environment

Foreign investors have net sold nearly \$17 billion in Indian equities this year, compared with \$124 million in inflows in 2024 and \$20 billion in 2023. The sell-off has made India the worst-hit Asian market in terms of foreign portfolio withdrawals.

The gradual loosening in India coincides with the initiative China has unveiled in recent months, including opening its stock option market to foreign investors and expanding foreign access to its bond repurchase market.

India's economy is seen growing 6.8% in the fiscal year to March 31, 2026, according to the Reserve Bank of India (RBI) estimates, compared to 6.5% in the previous year, but below the central bank's "aspirational" growth of about 8%.

The regulatory changes are intended to be pro-business and revive foreign investment and boost growth, the sources said. Vikas Pershad, a Singapore-based India portfolio manager in the Asia Pacific Equities team at M&G Investments, which manages \$443 billion in client assets, said the regulatory easing and strong growth outlook are among reasons for investors to stay "constructive" on India. This year's concerted efforts to ease certain regulatory requirements ... have certainly not gone unnoticed," said Pershad. "As long-term investors in India, we believe these steps are meaningful in creating a more accessible and investor-friendly environment."

Fresh Thinking, Closer Coordination

The shift comes less than a year after leadership changes at the RBI and SEBI. Sanjay Malhotra became RBI governor in December and Tuhin Kanta Pandey started as SEBI chief in March. Both previously worked together in the finance ministry and are focused on reversing years of tight regulation that followed a debt crisis between 2016 and 2018, analyst and insiders say.

In internal meetings this year, Malhotra argued crisis-era rules remained in force after the shock, likening them to a plaster left on after a fracture healed, according to one source. Under those changes, banks can now fund acquisitions and lend more against listed debt and equity securities, the central bank announced this month.

Capital buffer requirements for non-bank lenders funding infrastructure have been eased and additional provisions on banks lending to large corporates have been removed. Long-standing rules limiting lower-rated borrowers from raising debt overseas have also been dismantled.

"The current governor is leaning more towards liberalisation and optimum regulation. Some of these changes are really needed," said HR Khan, former RBI deputy governor. SEBI's focus includes simplifying foreign investor access and encouraging investor access and encouraging investment from smaller urban areas, two sources said.

"Mutual funds have proven to be the right vehicle to get retail investors from smaller cities into capital markets," a SEBI spokesperson said, adding that the regulator is increasing access for more such funds. While financial sector deregulation is positive, it will take deeper reforms to unleash market forces in the Indian economy, said Ian Simmons, Fiera Capital's London-based senior portfolio manager for global emerging markets strategy.

"The effort towards reviving animal spirits in the private sector comes back to the bigger bureaucratic, judicial and tax reforms, geared towards the ease of doing business", said Simmons, whose firm manages \$117.6 billion in assets.

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Climate-linked Insurance Scheme: Why Govt. is Exploring It and What's Ahead

Climate change is real and so is its impact on human lives. With 80,000 lives lost and economic damages of around \$180 billion between 1993 and 2025, India ranks sixth in the world in climate vulnerability, according to the Germanwatch Global Climate Risk Index 2025.

The impact of climate change is borne by people through the loss of their lives, and even if they somehow escape those life-threatening events, their capital and properties succumb to the disasters.

To solve this problem, the government is drafting a climate-linked insurance scheme. The scheme could help someone in Uttarakhand or Punjab whose house was washed away in the floods, or someone in Rajasthan whose business was affected due to heatwaves.

Let's unfold the climate-linked insurance scheme and understand how it can help people:

What is a climate-linked insurance scheme?

As the climate-linked insurance scheme is in the early stage of drafting, there is no significant information provided by the government. However, according to a Reuters report, the climate-linked insurance policy will adopt a parametric insurance model.

What are the features of a climate-linked insurance scheme?

The climate-linked insurance scheme has many features such as:

- a) It makes the payout fast and easy as it eliminates the need for assessment of the damaged areas.
- b) It is more beneficial in areas vulnerable to climate change.

What is a parametric insurance model?

The parametric insurance model, also known as the index-based model, is a type of insurance that provides payment to the insured on the occurrence of a certain event or breach of a predetermined threshold, rather than covering or determining the actual loss.

For example, if the agreement says that an earthquake of 7.0 magnitude occurs in Haryana's Gurugram district, then the insured person will get the payout if the event occurs, irrespective of the actual loss he or she faces.

Similarly, the agreement could say that in Rajasthan's Churu district, if the temperature breaches 50 degrees Celsius, the insured person will get the payout upon the occurrence of the event.

How is the Climate-linked Insurance Scheme Helpful?

The parametric insurance model used in climate-linked insurance schemes is generally adopted keeping in mind the significance for the insured person. It is designed in such a way that it aligns with the risk to the business or assets of the client.

For example, Uttarkashi district of Uttarakhand is considered a hotspot for flood-related events that almost every year damage the assets and properties of people living and doing business in that area. The climate-linked insurance scheme could be helpful to people running businesses in Uttarkashi as it covers occurrences of such events.

Another feature of the parametric insurance model is that it makes payouts easy and fast because it eliminates the need for assessment of the damaged area. This can significantly benefit clients, as assessments in traditional insurance policies can take years, leading to delays in payout and harming clients who need urgent capital.

What other countries have climate-linked insurance schemes?

With the rollout of the climate-linked insurance scheme, India will become the first major economy to introduce such a scheme. However, the climate-linked insurance scheme is already on the rise. In 2021, Fiji became the first Pacific nation to introduce the climate-linked insurance policy.

What is the model of Fiji's climate-linked insurance scheme?

The model of the climate-linked insurance scheme adopted in Fiji is also a parametric insurance model launched by the country's Minister for Economy, Aiyaz Sayed-Khaiyum. The country offers two insurance products to its people. The basic features of the products are:

- a) The products provide coverage for 12 months.
- b) The payouts are admissible after one month of the policy commencement.
- c) Multiple events are covered under one policy year (to a maximum of 100 per cent of the sum insured).
- d) Ease of payments through digital transactions using MPaisa and MyCash wallets.

The Fiji Climate Change Portal states that the insurance products were developed by the Pacific Insurance and Climate Insurance Programme (PICAP) under the United Nations Capital Development Fund (UNCDF), in conjunction with the United Nations Development Programme (UNDP) and the United Nations University – Institute for Environment and Human Security (UNU-EHS).

Why is there a need for the climate-linked insurance scheme in India?

As India is the most populated country in the world, any policy change will directly impact a large number of people.

On the other hand, climate change is significantly affecting the country, as the World Bank states, “India is already experiencing a warming climate.” And it’s not only warmer days; there are changing rainfall patterns, an increase in droughts, depleting groundwater resources, melting glaciers, and migration of people from disaster-affected areas.

“We’ve seen the frequency and severity of adverse climate events go up, and based on that, this discussion with the government also started,” Ramaswamy Narayanan, chairperson of state-run reinsurer GIC Re, told Reuters. Most property and casualty executives say insurers are falling behind on climate adaptation. In ZestyAI’s 2025 State of Property Insurance report, 61% of the more than 220 executives surveyed said the industry isn’t responding fast enough to climate risks.

Who discovered climate change?

The exact answer to that question would be no one, because there is no single scientist or single discovery but a series of breakthroughs.

1800s: Eunice Foote demonstrated that carbon dioxide traps heat, today known as the greenhouse effect.

1938: Guy Callendar proved that global temperatures are rising.

1958: Dr Charles David Keeling provided the first evidence that CO₂ levels are rising.

1967: Scientists created the first computer model of Earth’s climate.

1968: Dr John Mercer warned that melting ice caps could lead to a disastrous rise in sea levels.

1969: For the first time, Earth’s temperature was measured with satellites.

1985: Scientists discovered that a hole had appeared in the ozone layer above Antarctica.

1992: Scientists realised that higher levels of CO₂ in the ocean would make it harder for corals and other animals to build reefs.

However, the term “climate change” was first used in its current sense by American geochemist Wallace Broecker in 1975 in his article titled “Climatic Change: Are We on the Brink of a Pronounced Global Warming?”

How does climate change happen?

To understand the process of climate change, there are two terms that need to be understood: the ozone layer and greenhouse gases.

Ozone layer: There are five major layers in Earth’s atmosphere - the troposphere, stratosphere, mesosphere, thermosphere, and exosphere — but the most significant layer is the stratosphere because it contains the ozone layer, which protects the surface of the Earth from high temperatures and harmful ultraviolet rays of the Sun.

Greenhouse gases: There are various important gases in Earth’s atmosphere other than just oxygen. Key greenhouse gases include carbon dioxide, methane, nitrous oxide, and others. The presence of greenhouse gases is vital for life to sustain on Earth, as they keep the temperature at an optimal level rather than at the freezing point of -18 degrees Celsius. However, with the increase in human activities, greenhouse gases have risen beyond the required level, leading to depletion of the ozone layer — a major cause of climate change.

What human activities cause climate change?

The major human activities that cause climate change are deforestation, burning of fossil fuels, pollution of the air, water, and soil, overfishing, intensive agriculture, urbanisation, and waste disposal.

How does climate change affect humans?

“Climate change is directly contributing to humanitarian emergencies,” the World Health Organization (WHO) stated, adding that climate change is increasing the scale, frequency, and intensity of heatwaves, wildfires, floods, tropical storms, and hurricanes.

According to WHO, climate change is expected to cause approximately 250,000 additional deaths per year from undernutrition, malaria, diarrhoea, and heat stress alone between 2030 and 2050. WHO, in a report, estimates the direct damage costs to health will reach approximately \$2–4 billion per year by 2030. The report also reveals that around 3.6 billion people live in areas that are highly susceptible to climate change.

Which places are most affected by climate change?

The places most affected by climate change are those with weak health infrastructure — mainly developing nations.

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Select RBI Circulars

RBI Circulars October - 2025				
Circular Number	Date Of Issue	Department	Subject	Meant For
RBI/2025-2026/94 DOR.AML.REC.58/ 14.06.001/2025-26	24.10.2025	Department of Regulation	Implementation of Section 51A of UAPA,1967: Updates to UNSC’s 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments to 01 Entry	The Chairpersons/ CEOs of all the Regulated Entities

<u>RBI/2025-2026/93</u> <u>DOR.AML.REC.57/</u> <u>14.06.001/2025-26</u>	23.10.2025	Department of Regulation	Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments to 01 Entry	The Chairpersons/CEOs of all the Regulated Entities
<u>RBI/2025-2026/92</u> <u>DOR.AML.REC.56/</u> <u>14.06.001/2025-26</u>	09.10.2025	Department of Regulation	Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 02 Entries	The Chairpersons/CEOs of all the Regulated Entities
<u>RBI/2025-2026/91</u> <u>A.P. (DIR Series)</u> <u>Circular No. 14</u>	03.10.2025	Foreign Exchange Department	International Trade Settlement in Indian Rupees (INR)	All Authorised Dealer Category-I banks
<u>RBI/2025-2026/90</u> <u>A.P. (DIR Series)</u> <u>Circular No. 13</u>	03.10.2025	Financial Markets Regulation Department	Investment in Corporate Debt Securities by Persons Resident Outside India through Special Rupee Vostro account	All Authorised Dealer Category-I banks
<u>RBI/2025-2026/89</u> <u>A.P. (DIR Series)</u> <u>Circular No.12</u>	01.10.2025	Foreign Exchange Department	Export Data Processing and Monitoring System (EDPMS) & Import Data Processing and Monitoring System (IDPMS) – reconciliation of export /import entries – Review of Guidelines	All Authorised Dealer Category-I Banks
<u>RBI/2025-2026/88</u> <u>A.P. (DIR Series)</u> <u>Circular No. 11</u>	01.10.2025	Foreign Exchange Department	Merchanting Trade Transactions (MTT) – Review of time period for outlay of foreign exchange	

India's International Trade

Trade Performance September 2025

Highlights

- India's total trade clocked a strong growth of 3.98 per cent in FY 2025-26 (April-September), estimated to reach USD 886 billion (approx.) in April-September 2025 as against USD 852 billion in April-September 2024.
- Total exports grew by 4.45 per cent and imports grew by 3.57 per cent during April-September 2025 over April-September 2024.
- In the month of September, merchandise exports grew by 6.75% whereas merchandise imports grew profoundly by 16.67 per cent during the month of September 2025.
- Consequently, Merchandise trade deficit reach USD 32.15 billion, almost doubling in September 2025 over September 2024.
- Services exports fell for the first time since April 2023, felling by around 5.46 per cent, reaching USD 31 billion and imports fell by 7.56 per cent, reaching USD 15 billion in September 2025 over September 2024.
- Trade surplus in services sector financed deficit in merchandise trade by 48 per cent.
- Forex reserves rose from USD 694 billion in September 2024 to USD 702 billion in September 2025.
- Rupee plunged to its lowest levels since April 20203 to reach 88.32 per USD in September 2025.
- India's rank as an exporter (merchandise) in the world has fallen from 17th to 18th in 2025, with share in world exports remaining the same.
- India remained 8th largest exporter of commercial services in 2025.

Overall September 2025

India's total trade (Merchandise and Services combined) for September 2025 is estimated at USD 151, rising by around 7 per cent over September 2024. The marginal growth in total exports at 0.78 per cent and double-digit growth in imports of over 11 per cent, led to almost doubling of trade deficit for September 2025 over September 2024.

India's Trade (US\$ Bn)		
	Sep-24	Sep-25
Total exports	66.68	67.20
Total Imports	75.28	83.82
Total Trade	141.96	151.02
Trade Balance	-8.60	-16.62

Source: Press Release, Oct 2025, Ministry of Commerce and Industry

Merchandise Trade September 2025

Merchandise exports, at USD 36.38 Billion grew impressively by 7% in September 2025 over September 2024, led by strong growth in exports of electronic goods (50.54%), Petroleum Products (15.22%), Rice (33.18%) and Marine Products (23.44%).

The growth in total merchandise imports was much more profound at over 16% during the same month. This rise is attributed to a windfall increase in imports of Fertilizers, Crude and Manufactured (202.34%), Gold (106.93%), Silver (139.03%), Vegetable Oils (53.44%), Metalliferous ores & other minerals (40.98%), Non-ferrous metals (16.21%), Electronic goods (15.46%), Machinery, electrical & non-electrical (9.40%), Chemical material & products (9.28%) and Pearls, precious & Semiprecious stones (7.33%).

Subsequently, trade deficit rose to USD 32.15 Billion, increasing by nearly 30% over its level in September last year.

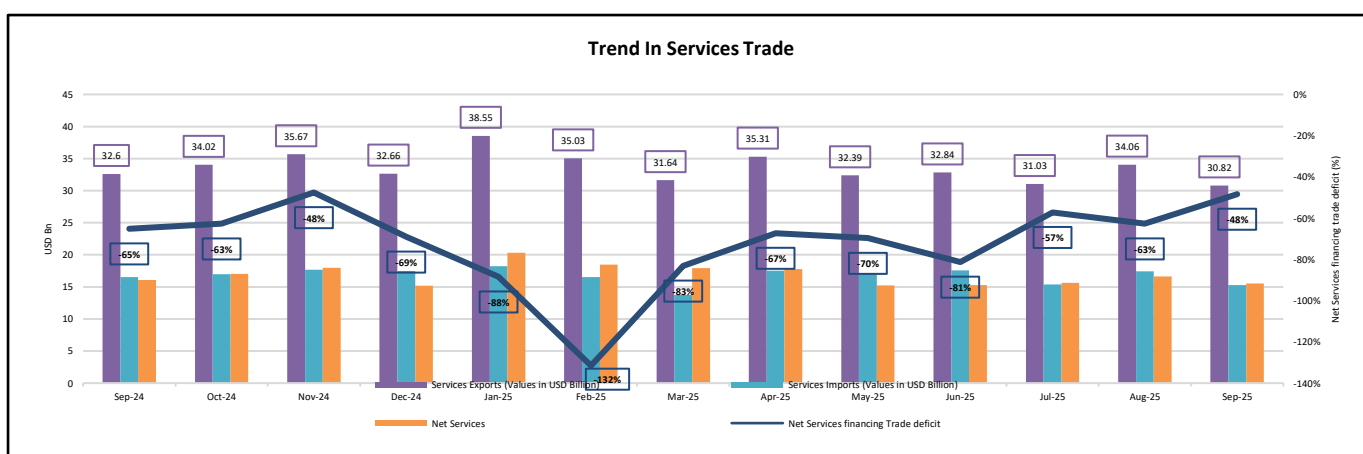


(Source: Ministry of Commerce and Industry)

Services Trade September 2025

India's service exports declined by around 5.5 per cent in September 2025 over September 2024. This is first ever decline in services exports since April 2024. At the same time, services imports also fell by around 7.6 per cent. Consequently, Services trade surplus declined by around 3 per cent during the same period, touching a level of USD 16 billion.

With merchandise trade deficit of USD 32 billion in September 2025, the country ended up with a cumulative trade deficit (or net exports) of USD 16.62 billion. Consequently, the net services trade deficit financing ratio reached 48% in September 2025.



(Source: Reserve Bank of India)

Trade Performance April-September 2025

Overall April-September 2025

Cumulative trade for April-September 2025 was recorded at USD 886 billion, registering a growth of 4% (approx.) as compared to April-September 2024. The total exports and imports (merchandise plus services) for April-September 2025 experienced a strong growth of 4.45% and 3.57% over April-September 2024. Consequently, trade balance fell by around 2% during the same period.

India's Trade (US\$ Bn)		
	Apr-Sept 2024	Apr-Sept 2025
Total exports	395.71	413.30
Total Imports	456.53	472.84
Total Trade	852.24	886.14
Trade Balance	-60.82	-59.54
Source: Press Release, Oct 2025, Ministry of Commerce and Industry		

Merchandise Trade April-September 2025

The merchandise exports figures for FY 2024-25 rose by around 4%, with cumulative merchandise exports rising by around USD 6.4 billion in April-September 2025 over April-September 2024.

Merchandise imports also rose at similar rate of around 4.5% during April-September 2025 over April-September 2024.

This led to marginal widening of cumulative trade deficit to USD 154.99 billion, a growth of over 6% in April-September 2025 over the corresponding period last year.

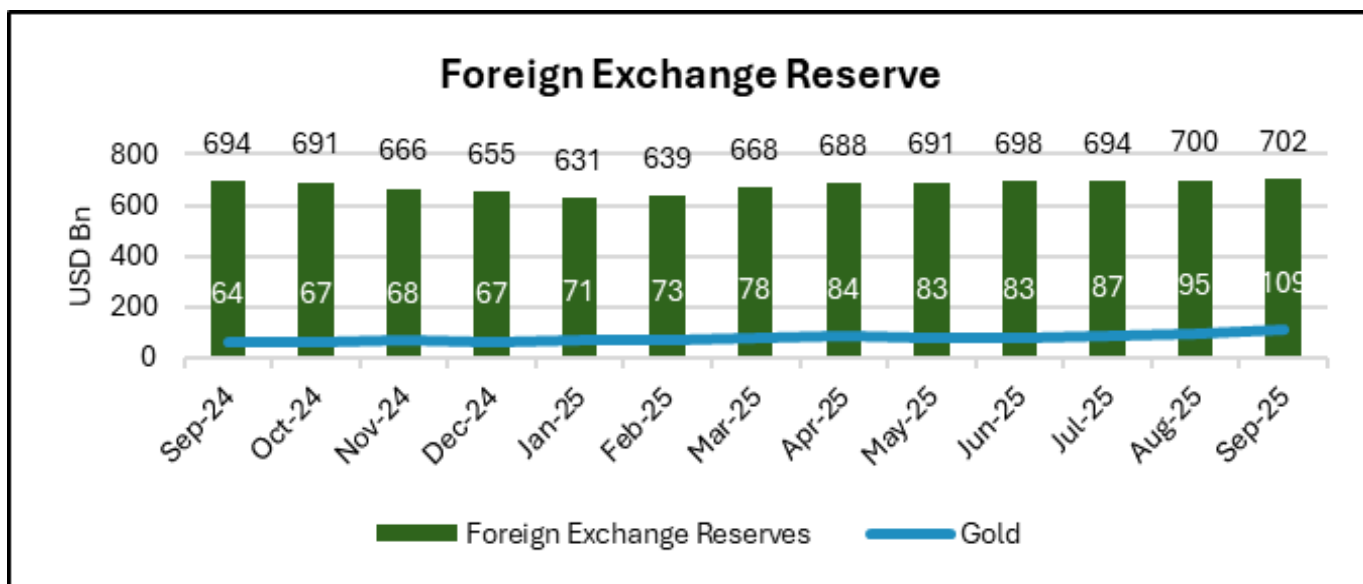
Services Trade April-September 2025

Services exports for the period April-September 2025 grew by around 6 per cent reaching USD 193 billion (approx.) from USD 182 billion during corresponding period last year. At the same time, services imports remained stable.

This led to widening of cumulative trade surplus to USD 95.45 billion in April-September 2025 from USD 84.35 billion in April-September 2024, representing a growth of around 13%.

Foreign Exchange Reserves

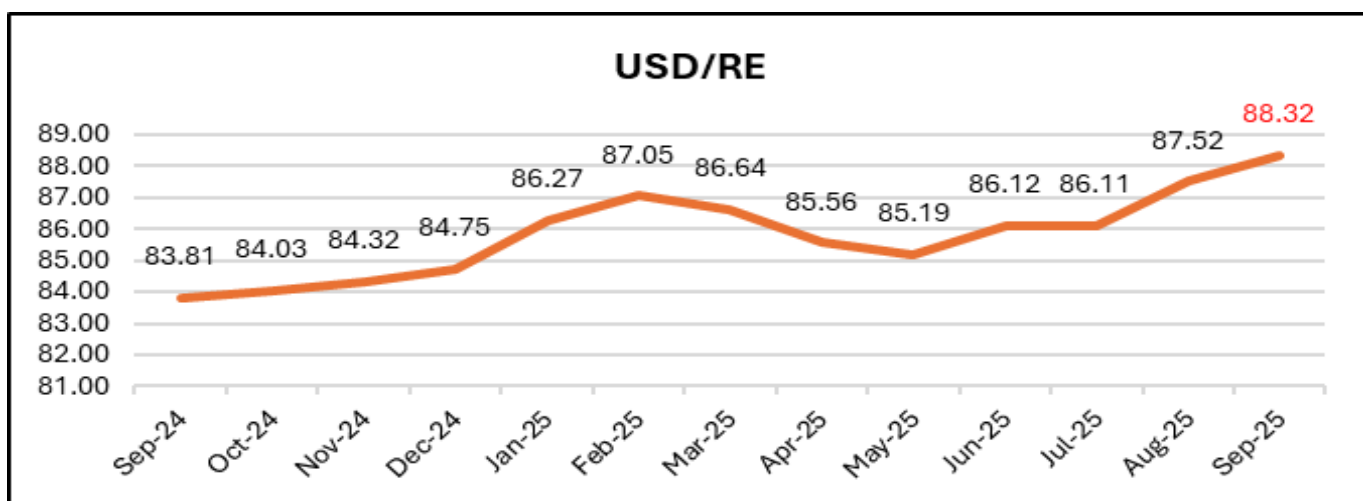
India's forex reserves has risen to USD 703 billion in October 2025 by almost 2 per cent over October 2024. The rise in forex reserves is predominantly attributed to increasing levels of Gold reserves that reached its all-time high levels, crossing the USD 100 billion mark in October 2025.



(Source: Reserve Bank of India)

Exchange Rate

In September 2025 rupee depreciated to an all-time high of 88.32 per USD since April 2023. Over September 2024, the depreciation of rupee has been of around 5 per cent.



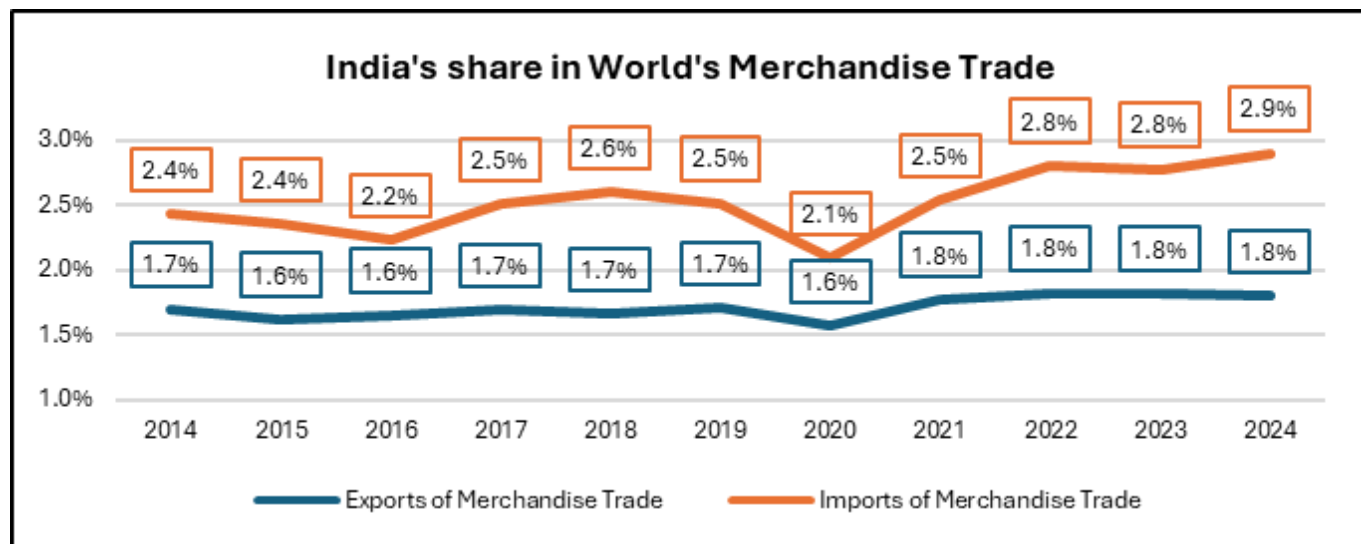
(Source: Reserve Bank of India)

(Note: Exchange Rate for December 2025 is the average of daily exchange rate available at <https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>)

Global Rankings 2024

India is the 18th largest exporter and 9th largest importer of goods.

India's share in world's exports and imports of goods has remained stable over the years

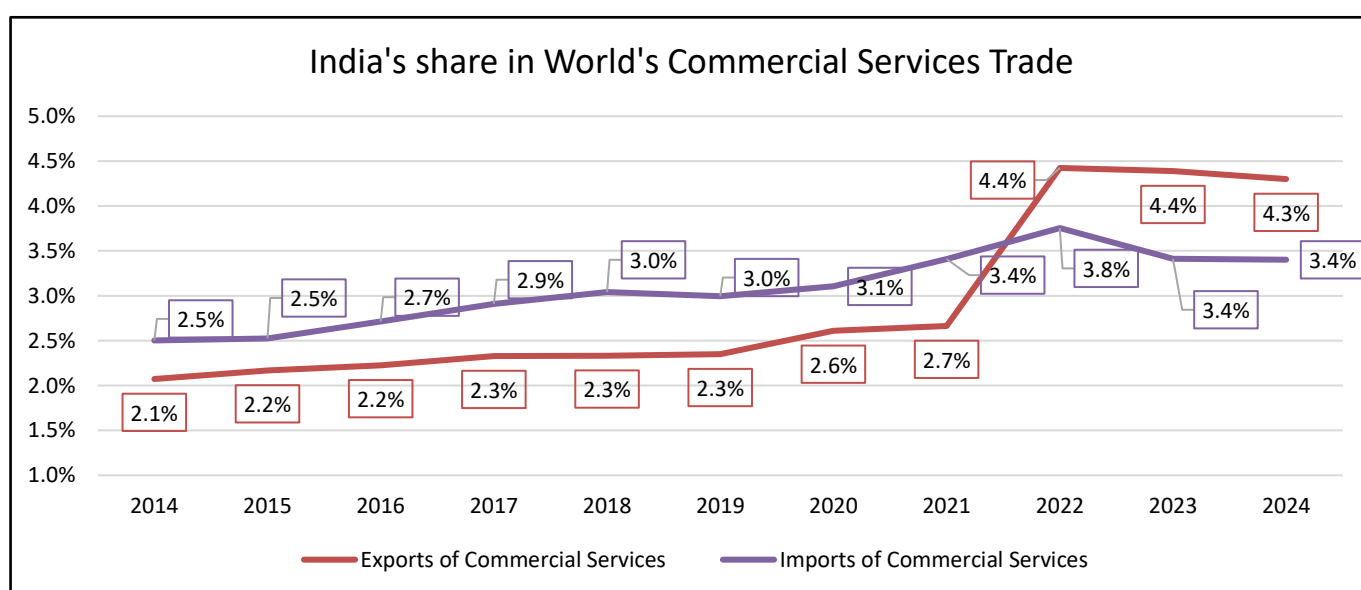


(Source: Global Trade Outlook and Statistics, April 2025, World Trade Organisation (WTO))

India is the 8th largest exporter and 9th largest importer of commercial services

India's share in world's exports of commercial services has risen sharply post 2021. Services exports correlate with various factors such as global demand, economic conditions, infrastructure quality, and human capital, among others. However, it has remained more or less stable since past 3 years.

The country's share in world imports of commercial services has fallen recently after reaching a decadal high in 2022 and remained stable since then.



(Source: Global Trade Outlook and Statistics, April 2025, World Trade Organisation (WTO))

Policy Updates

Finance

Cabinet Approves the Terms of Reference of the 8th Central Pay Commission

The Union Cabinet approved the terms of reference of the Eighth Central Pay Commission. Central Pay Commissions are constituted periodically to make recommendations on salaries and other service conditions of central government employees. The Eighth Central Pay Commission was announced in January 2025. The recommendations are likely to come into effect from January 1, 2026.

[\(Read More\)](#)

RBI Announces Changes in Banking Regulations

RBI announced several measures in relation to the banking sector. Key changes include: Risk based premium framework for deposit insurance, Review of capital market guidelines for banks, Withdrawal of guidelines on enhancing credit supply for large borrower, Review of external commercial borrowing (ECB) framework, and Lending in rupee to persons outside India.

[\(Read More\)](#)

SEBI Invites Comments on Amendments to Mutual Fund Regulations

The Securities and Exchange Board of India (SEBI) released a consultation paper on the proposed amendments to the SEBI (Mutual Funds) Regulations, 1996 (MF Regulations). Key changes proposed are: Changes to levies by Asset Management Companies (AMCs) that propose certain changes to charges levied by AMCs, and Management of non-pooled funds, which state that AMCs may undertake investment management and advisory services for non-pooled funds by completing requisite registration with SEBI.

[\(Read More\)](#)

PFRDA Releases Consultation Paper on Enhancing the National Pension System

The Pension Fund Regulatory and Development Authority (PFRDA) released a consultation paper titled "Enhancing the National Pension System: Proposals for Flexible, Assured and Predictable Pension Schemes". To address subscriber concerns related to adequacy of corpus and predictability of retirement income, PFRDA has proposed three schemes under NPS framework.

[\(Read More\)](#)

Power

Comments Invited on Draft Amendments to the Electricity Act, 2003

The Ministry of Power has invited comments on the draft Electricity (Amendment) Bill, 2025. The Bill seeks to amend the Electricity Act, 2003. The 2003 Act consolidates laws related to generation, transmission, and distribution of electricity. Key features of the draft Bill include: Network sharing among discoms, Cost-reflective tariff and removal of cross-subsidy, Exemption from supply obligation, and Establishment of Electricity Council.

[\(Read More\)](#)

Agriculture

Cabinet Approves Mission to Boost Domestic Production of Pulses

The Union Cabinet approved a Mission to boost domestic production and achieve self sufficiency in pulses. The Mission will be implemented over a six-year period, from 2025-26 to 2030-31, with a financial outlay of Rs 11,440 crore. Key features of the scheme are as follows: Distribution of seeds, Post-harvest infrastructure, and Assured procurement.

[\(Read More\)](#)

Labour

Draft National Labour and Employment Policy Released for Public Consultation

The Ministry of Labour and Employment released the draft National Labour and Employment Policy for public consultation. The Policy aims to increase female labour force participation and achieve near zero workplace fatalities. The policy outlines seven objectives: (i) universal and portable social security, (ii) occupational safety and health, (iii) employment and future readiness, (iv) women and youth empowerment, (v) ease of compliance and formalisation, (vi) technology and green transition, and (vii) convergence and good governance.

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Communications

IT Rules on Issuance of Content Removal Orders Amended

The Ministry of Electronics and Information Technology has notified the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules, 2025. These amend the IT Rules, 2021. The 2021 Rules lay down the process through which online intermediaries, such as social media platforms, may be directed to remove or restrict access to content.

[\(Read More\)](#)

Comments Invited on Draft Amendments to IT Rules on Synthetically Generated Information

The Ministry of Electronics and Information Technology has invited comments on the draft Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules, 2025. These seek to amend the IT Rules, 2021. The draft Rules introduce obligations for online intermediaries and users with regard to synthetically generated information. Synthetically generated information has been defined as any information that is artificially or algorithmically created, generated, modified or altered using a computer resource, in a manner that such information reasonably appears to be authentic.

[\(Read More\)](#)

Sports

Comments Invited on Draft Rules under the National Sports Governance Act, 2025

The Ministry of Sports and Youth Affairs has released three set of draft Rules under the National Sports Governance Act, 2025, for public feedback. These relate to: (i) appointment of members to the National Sports Board, (ii) constitution of National Sports Bodies and their elections, and (iii) appointments to the National Sports Tribunal. Comments are invited until November 14, 2025.

[\(Read More\)](#)

Mining

Intermediary Timelines Specified for Execution of Mining Lease

The Ministry of Mines has notified amendments to the Mineral (Auction) Rules, 2015. These Rules have been issued under the Mines and Minerals (Development and Regulation) Act, 1957. The 2015 Rules prescribe a timeframe of three years (extendable by two years) for executing a mining lease from the date of issuance of a letter of intent (LoI).

[\(Read More\)](#)

Industry

PLI Scheme for Textiles Amended

The Ministry of Textiles has notified amendments to the Production Linked Incentive (PLI) Scheme for textiles. The scheme was launched in 2021. It aims to increase domestic production of certain products such as Man Made Fibre (MMF) apparel, MMF fabrics, and technical textile products. Key changes include: Reduction in investment threshold, Lower turnover criteria, Expansion of eligible product categories, and Relaxation in company registration requirements.

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Environment

Emission Intensity Targets Released for Certain Industries

The Ministry of Environment, Forest and Climate Change issued Greenhouse Gases Emission Intensity Target (GEI) Rules, 2025, under the Environment (Protection) Act, 1986. These Rules specify greenhouse gases emission intensity targets for industries in four sectors: (i) aluminium, (ii) cement, (iii) chemical processing, and (iv) pulp and paper. The Rules will facilitate compliance under the Carbon Credit Trading Scheme, 2023. The scheme provides a market-based mechanism to regulate and trade carbon credits.

[\(Read More\)](#)

Transport

Rules Regarding Constitution of the National Road Safety Board Notified

The Ministry of Road Transport and Highways issued the National Road Safety Board Rules, 2025 under the Motor Vehicles Act, 1988. The Act provides that the Board will advise the central and state governments on issues related to road safety such as: (i) standards of design, construction and maintenance of motor vehicles, and (ii) standards related to road safety, road infrastructure and traffic control. The Rules specify the organisational composition of the Board and related procedures.

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