





The Associated Chambers of Commerce and Industry of India

# **MONTHLY ROUNDUP**

**ASSOCHAM**VOICE



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# State of the Indian Economy

## Domestic Indicators

### Quarterly Estimates of GDP for Q1 of FY 2025-26 Released

The National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI) has released the Quarterly Estimates of Gross Domestic Product (GDP) for the April-June Quarter (Q1) of Financial Year (FY) 2025-26 along with its Expenditure components both at Constant (2011-12) and Current Prices. Real GDP has been estimated to grow by 7.8% in Q1 of FY 2025-26 over the growth rate of 6.5% during Q1 of FY 2024-25. Nominal GDP has witnessed a growth rate of 8.8% in Q1 of FY 2025-26.

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### Fiscal Deficit Hits 17.9% of the FY26 Budget Estimates, Up to June 2025

India's fiscal deficit up to June 2025, was at 2.8 lakh crore rupees, equivalent to 17.9% percent of annual estimates, higher than the previous year's 8.4%. The government aims to narrow the fiscal gap to 4.4% of GDP in this financial year. The capital expenditure, which focuses on developing physical infrastructure, amounted to 2.75 lakh crore rupees, representing 24.5% of the annual goal.

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### India's IIP Growth Rate Stands at 3.5% for July 2025

The IIP growth rate for the month of July 2025 is 3.5% which was 1.5% (Quick Estimate) in the month of June 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of July 2025 are (-)7.2%, 5.4% and 0.6% respectively. Within the manufacturing sector, 14 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in July 2025 over July 2024. The top three positive contributors for the month of July 2025 are - "Manufacture of basic metals" (12.7%), "Manufacture of electrical equipment" (15.9%) and "Manufacture of other non-metallic mineral products" (9.5%).

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### The Index of Eight Core Industries (ICI) Grew to 2.0% July 2025

The combined Index of Eight Core Industries (ICI) increased by 2% (provisional) in July 2025 compared to July 2024. The production of Steel, Cement, Fertilizer and Electricity recorded positive growth in July 2025. The cumulative growth rate of ICI during April to July 2025-26 is 1.6% (provisional) compared to the corresponding period of last year. Coal production declined by 12.3%, Crude Oil production declined by 1.3%, Natural Gas production declined by 3.2%, Petroleum Refinery production declined by 1.0%, Fertilizer production increased by 2.0%, Steel production increased by 12.8%, Cement production increased by 11.7%, and Electricity generation increased by 0.5%.

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## Retail Inflation Slows to 1.55% in July 2025, Lowest Y-O-Y after June 2017

The year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of July 2025, over July 2024, is 1.55% (Provisional). There is a decline of 55 basis points in headline inflation of July 2025 compared to June 2025. It is the lowest year-on-year inflation after June 2017. The significant decline in headline inflation and food inflation during the month of July 2025 is mainly attributed to favorable base effect and to decline in inflation of Pulses and Products, Transport and communication, Vegetables, Cereal and products, Education, Egg and Sugar and confectionery.

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## Wholesale Inflation for July 2025 Stands at (-)0.58%

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is (-) 0.58% (provisional) for the month of July 2025 (over July 2024). Negative rate of inflation in July 2025 is primarily due to decrease in prices of food articles, mineral oils, crude petroleum & natural gas, manufacture of basic metals, etc. The month over month change in WPI for the month of July 2025 stood at 0.39% as compared to June 2025.

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## GST Collection for July 2025 Stood at INR 1.96 Lakh Crore, up 7.5% Y-O-Y

Goods and Services Tax (GST) collections for the month of July 2025 stood at INR 1.96 lakh crore, an increase of 7.5% year-on-year basis. Central GST collection stood at INR 35,470 crore while State GST collection was INR 44,059 crore. Additionally, for July 2025, Integrated Domestic GST collection was INR 51,910 crore. Furthermore, GST Domestic Cess collection was reported at INR 11,584 crore. The Gross Import Revenue for July 2025 was INR 52,712 crore, out of which IGST was INR 51,626 crore.

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## Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) was 54.9% During July 2025

Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) among persons of age 15 years and above was 54.9% during July 2025 compared to 54.2% during June 2025. LFPR in rural areas was 56.9% and LFPR in urban areas was 50.7% during July 2025 for persons of the same age group. Unemployment Rate (UR) in CWS among persons of age 15 years and above has remained same as 5.2% in July 2025.

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# International Indicators

## Total Exports (Merchandise & Services) for July 2025 are Estimated at USD 68.27 Billion

India's total exports (Merchandise and Services combined) for July 2025\* are estimated at USD 68.27 Billion, registering a positive growth of 4.52% vis-à-vis July 2024. Total imports (Merchandise and Services combined) for July 2025\* is estimated at USD 79.99 Billion, registering a negative growth of 6.07% vis-à-vis July 2024. Top 5 export destinations, in terms of change in value, exhibiting positive growth in July 2025 vis-à-vis July 2024 are the USA (19.94%), UAE (11.69%), China P Rp (27.39%), Spain (60.12%) and Hong Kong (66.43%).

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## India's Forex Reserves Reach USD 690.72 Billion

India's forex reserves dropped USD 4.386 billion to USD 690.72 billion for the week ended August 22. The foreign currency assets, a major component of the reserves, decreased USD 3.652 billion to USD 582.251 billion. The gold reserves decreased USD 665 million to USD 85.003 billion during the week. The special drawing rights (SDRs) were down USD 46 million to USD 18.736 billion. India's reserve position with the IMF was also down USD 23 million at USD 4.731 billion in the reporting week.

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## Outward Foreign Direct Investment Rises to USD 5.03 Billion in June 2025:

India's outward foreign direct investment (FDI) commitments surged to USD 5.03 billion in June 2025, up 73.77% year-on-year, driven by stronger equity and loan. Loans surged to USD 5.85 billion in June 2025, rising from USD 4.54 billion in June 2024.

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# Economic Analysis

## Quarterly Estimates of GDP for Q1 of FY 2025-26

- **Real GDP Growth Rate: 7.8%**
- **Nominal GDP Growth Rate: 8.8%**

- **Public Administration, Defence & Other Services: 9.8%**
- **Financial, Real Estate & Professional Services: 9.5%**
- **Trade, Hotels, Transport, Communication & Services related to Broadcasting: 8.6%**

- **Primary Sector: 2.8%**
- **Secondary Sector: 7.0%**
- **Tertiary Sector: 9.3%**

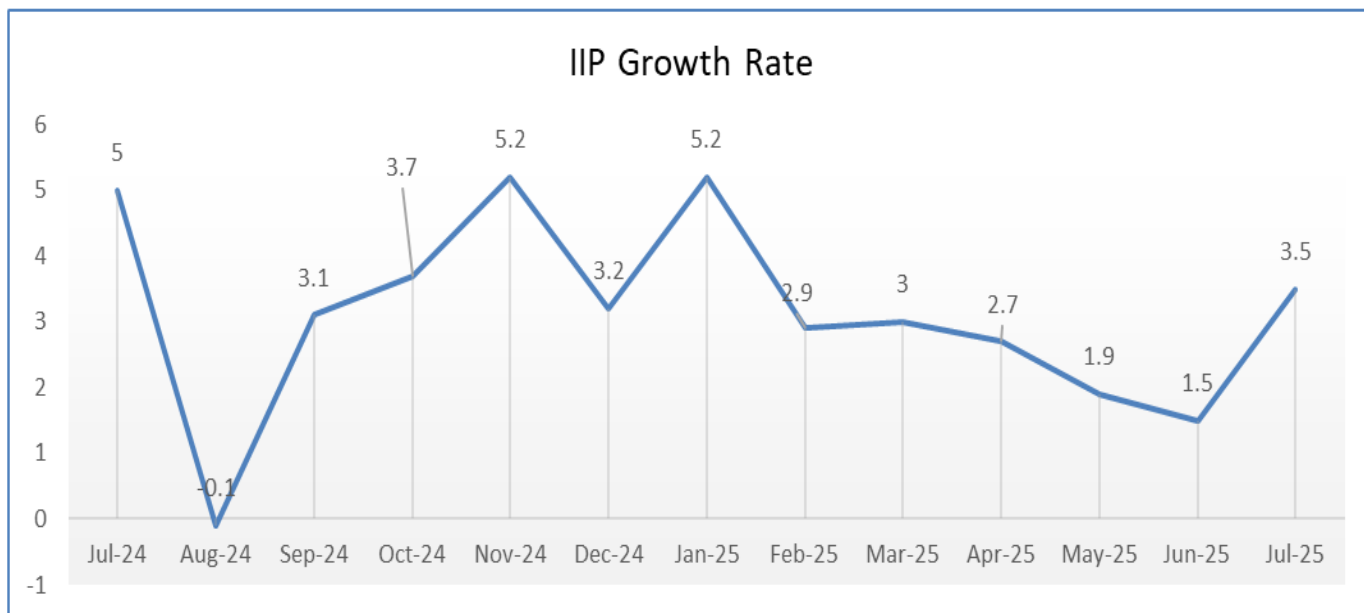
(Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI)

Real GDP (GDP at Constant Prices in Q1 of FY 2025-26) is estimated at INR 47.89 lakh crore, against INR 44.42 lakh crore in Q1 of FY 2024-25, registering a growth rate of 7.8%. Nominal GDP (GDP at Current Prices in Q1 of FY 2025-26) is estimated at INR 86.05 lakh crore, against INR 79.08 lakh crore in Q1 of FY 2024-25, showing a growth rate of 8.8%.

Considering the percentage sectoral growth rates of real GVA, Public Administration, Defence & Other Services at 9.8%, Financial, Real Estate & Professional Services at 9.5%, Trade, Hotels, Transport, Communication & Services related to Broadcasting at 8.6%, Manufacturing at 7.7%, and Construction at 7.6% were the top performers for Q1 of FY 2025-26. Agriculture, Livestock, Forestry & Fishing at 3.7%, Electricity, Gas, Water Supply & Other Utility Services at 0.5%, and Mining & Quarrying at -3.1% were the low-growth sectors.

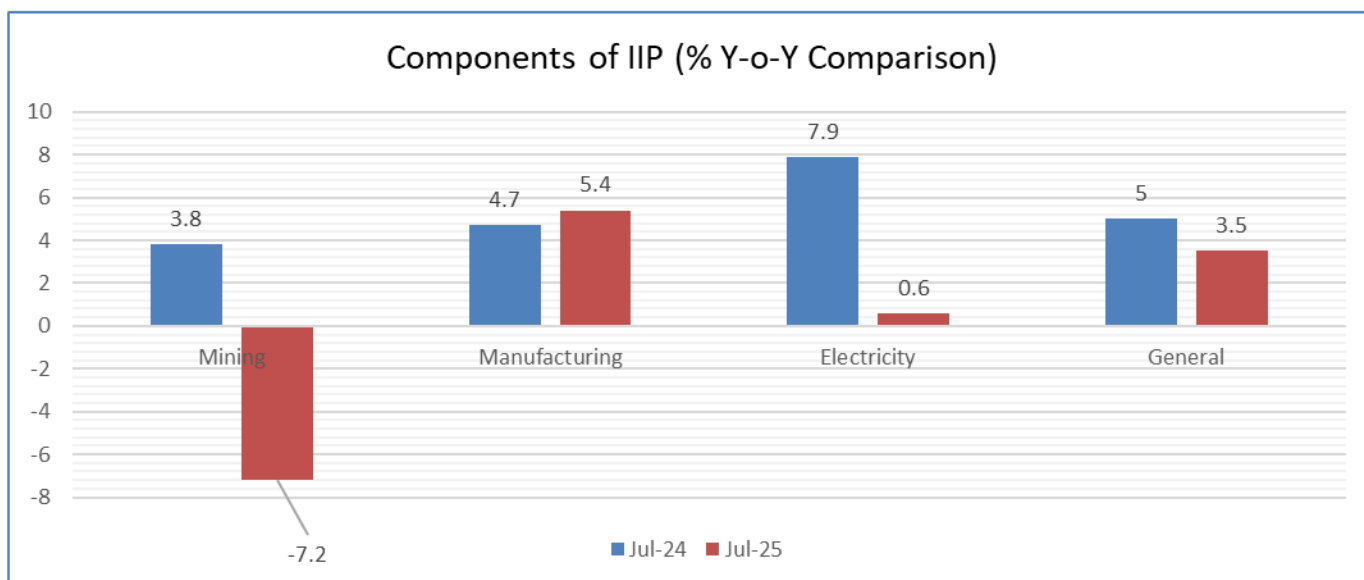
India's economic performance for Q1 of FY 2025-26 reflects a stable recovery, with real GDP growing by 7.8% and nominal GDP by 8.8%. High sectoral growth Public Administration, Defence & Other Services, Financial, Real Estate & Professional Services, Trade, Hotels, Transport, Communication & Services related to Broadcasting, Manufacturing, and Construction indicates strong public spending and infrastructure push. However, relatively low growth in agriculture and mining points to structural bottlenecks and possible rural distress. The data suggests a balanced growth trajectory.

## Production Scenario (IIP Growth)



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

The Index of Industrial Production (IIP) has seen a significant rise to 3.5% in July 2025 from 1.5% in June 2025. Growth fell short of the 5.0% expansion recorded in the same month the previous year. Manufacturing, the sector with the largest weight in the index, grew by 5.4%. 14 out of 23 industry groups witnessed a positive growth in July 2025 compared to July 2024. Despite a slowdown in some sectors, infrastructure/construction goods, consumer durables, and intermediate goods carried the industrial output.

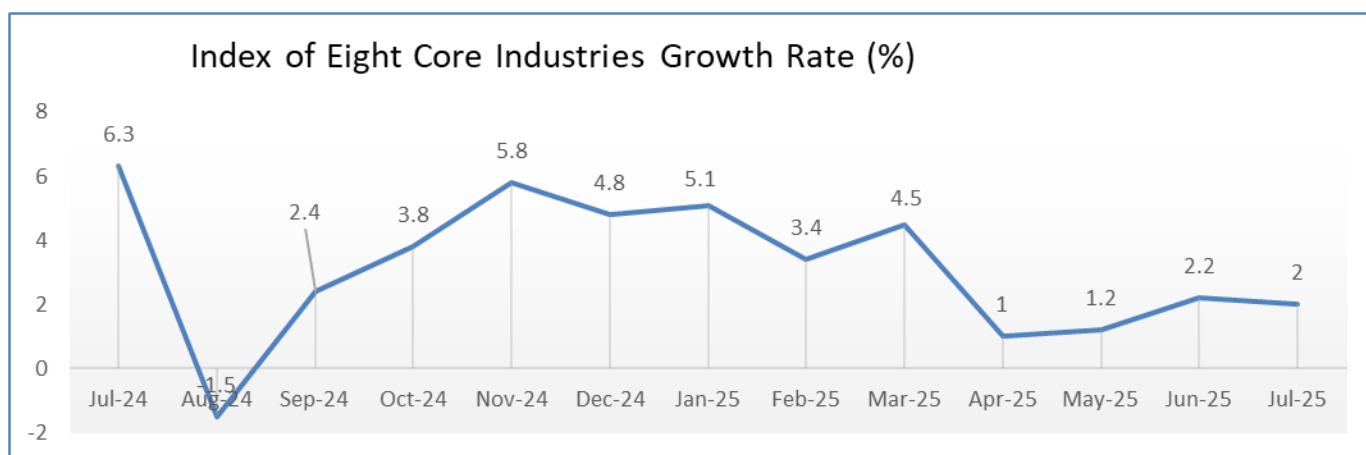


(Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI)

The mining sector's growth plummeted from 3.8% to (-)7.2%, manufacturing growth improved from 4.7% to 5.4%, and electricity production saw a decline from 7.9% to 0.6% compared to the same month last year, highlighting dampened industrial environment and an uncertain global economic scenario.

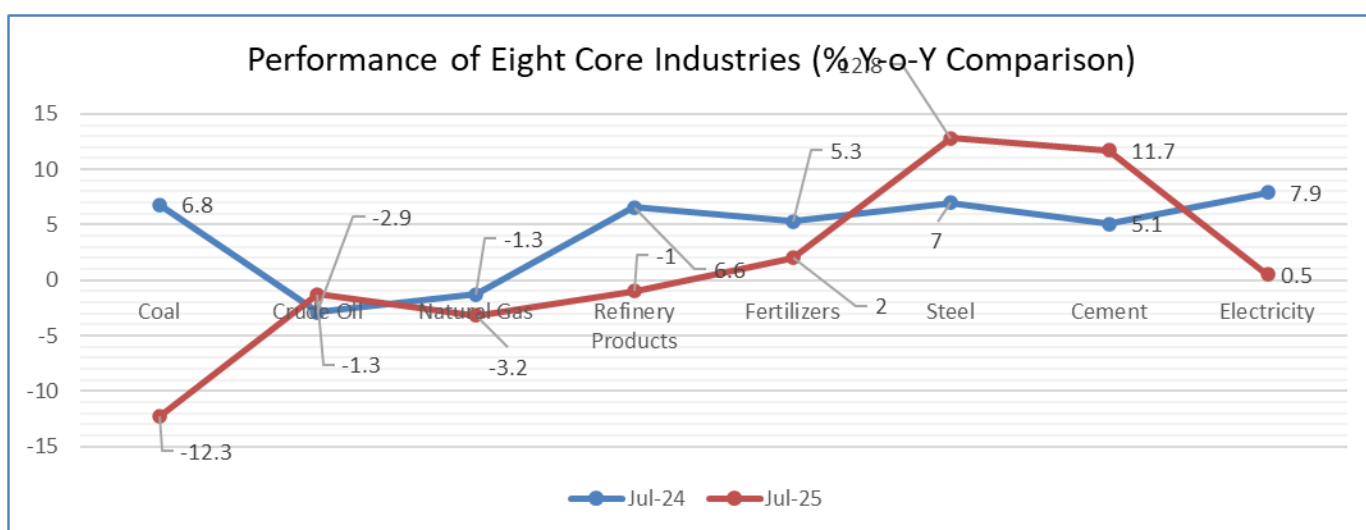


## Production Scenario (Core Infra)



(Source: Ministry of Commerce and Industry, GOI)

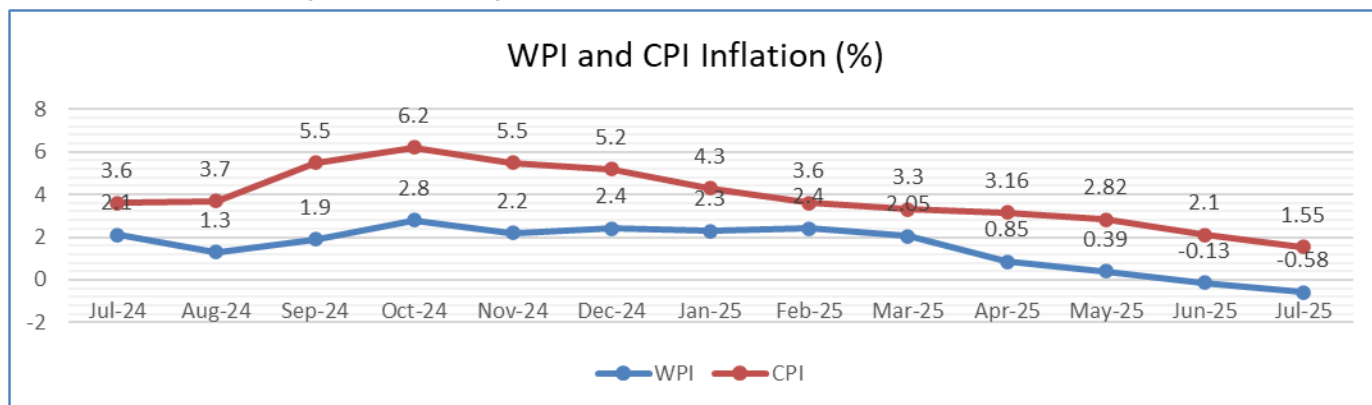
In July 2025, the Eight Core Industries registered a growth rate of only 2.0%, a slight decline from 2.2% in June 2025 and much lower than 6.3% in July 2024. This indicates a mild reduction in the industrial activity compared to the previous month, June 2025, but a significant slowdown compared to the same period last year, July 2024. July 2025 reflects a broad-based moderation compared to the previous year, July 2024; however, Fertilizers at 2.0%, Steel at 12.8%, and Cement at 11.7% helped the index in gaining momentum.



(Source: Ministry of Commerce and Industry, GOI)

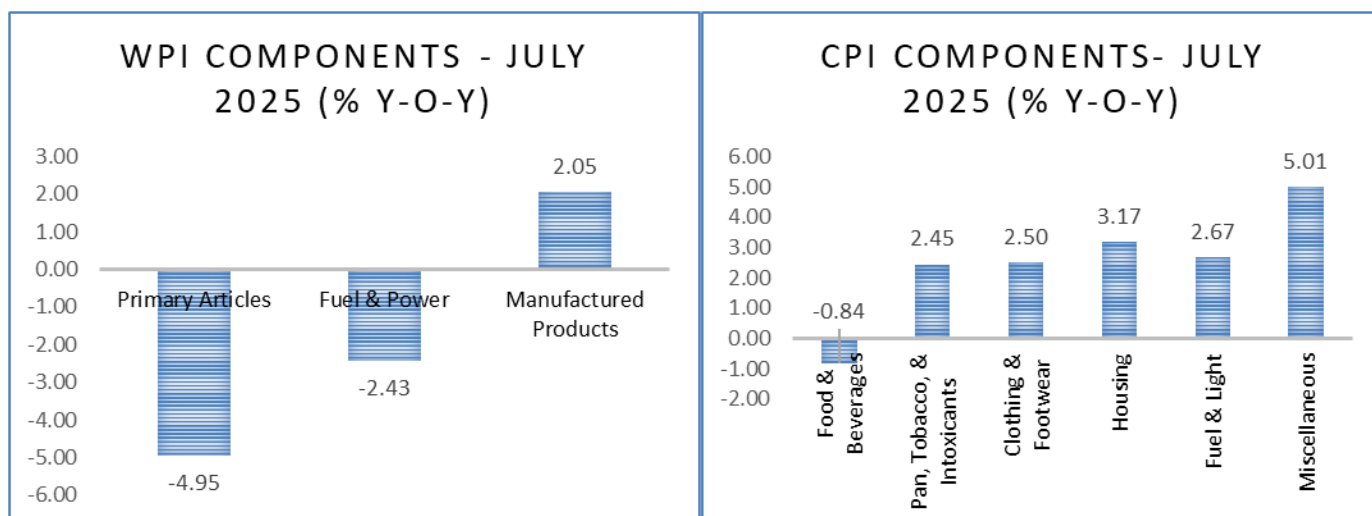
In July 2025, three of the eight core industries - Fertilizers, Steel, and Cement - registered growth, with Steel showing the highest increase (12.8%). Yearly comparison of the Eight Core Industries shows majorly a downward trend in July 2025 compared to July 2024. Steel (up from 7.0% to 12.8%) and Cement (up from 5.1% to 11.7%) showed improvement, while Coal, Refinery Products, and Electricity saw a significant moderation from last year's high growth. The change in momentum across sectors may reflect changing economic dynamics.

## Inflation Trends (WPI & CPI)



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

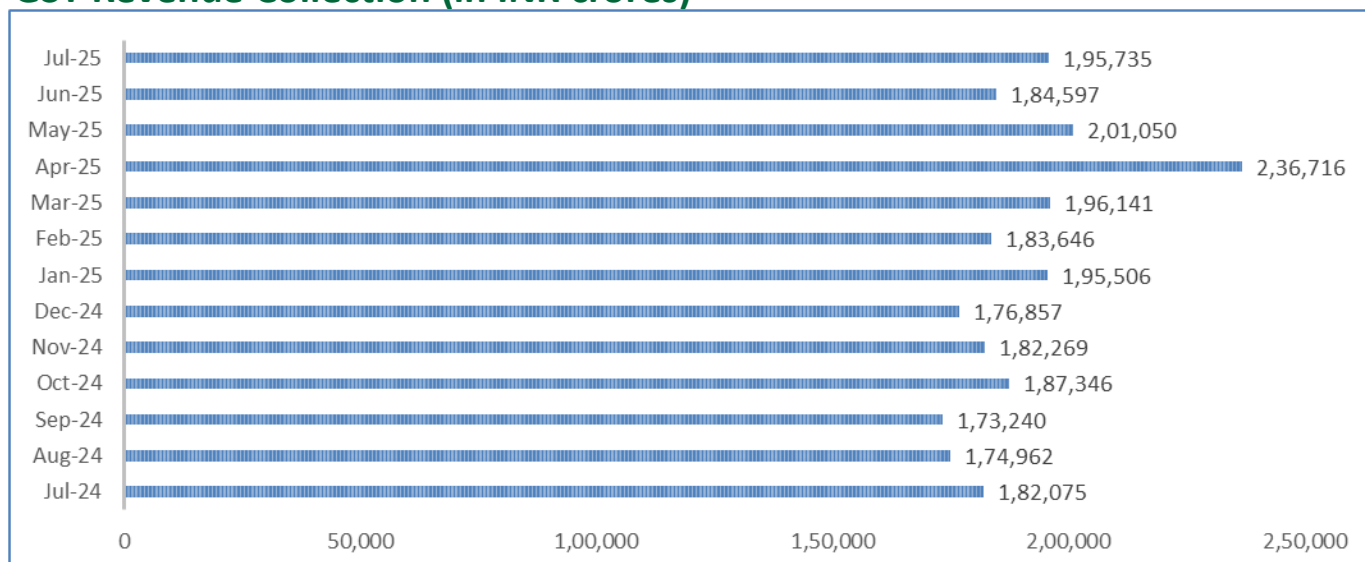
The WPI and CPI inflation trends between July 2024 and July 2025 reveal divergence, followed by convergence and finally a parallel movement. CPI peaked at 6.2% in October 2024, while WPI peaked at 2.8% in Oct 2024. From November 2024 onwards, both indices steadily decline, indicating cooling inflationary pressures in the economy. By July 2025, CPI eased to 1.55% and WPI fell sharply to (-)0.58%. 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 July 2025, WPI inflation was driven solely by a 2.05% rise in Manufactured Products, while Primary Articles and Fuel & Power dragged the overall WPI down. This explains the sharp fall in overall WPI to (-)0.58%. In contrast, CPI inflation remained moderately 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.

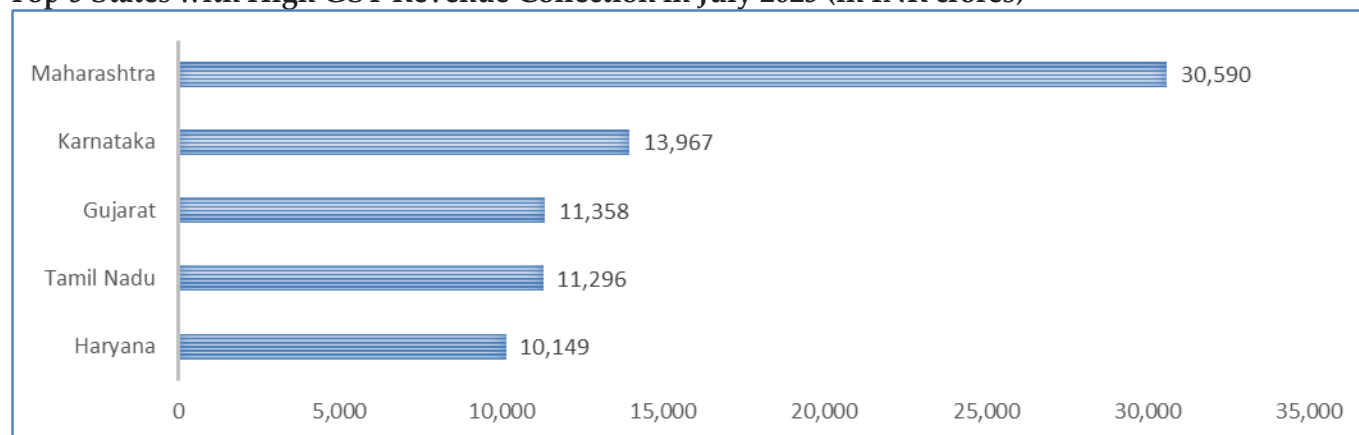
## GST Revenue Collection (in INR crores)



(Source: Ministry of Finance, GOI)

India's Goods and Services Tax (GST) collections clocked nearly at INR 1.95 lakh crore in July 2025, registering a Y-O-Y growth of 7.5% compared to July 2024 and an increase of 6% compared to June 2025 collections. Gross collections in July 2025 saw a year-over-year growth of 7.5%, showing a revived tax base and improved compliance levels. Revenue from domestic transactions have grown by 6.7% year-on-year, while revenue from imports have seen a robust rise of 9.7%. GST collections continue to be supported by improved compliance, an expanding tax base, and sustained economic momentum.

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



(Source: Ministry of Finance, GOI)

Maharashtra led the country with the highest GST revenue collections, totalling INR 30,590 crores, followed by Karnataka and Gujarat. Tamil Nadu 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 1.43 lakh crore.



# BFSI E-Bulletin

## BFSI News

### Reforms Undertaken to Strengthen Credit Discipline in Public Sector Banks, says Government

The Centre has rolled out a series of banking reforms in recent years aimed at tightening credit discipline, improving governance, and accelerating technology adoption across the financial sector, Minister of State for Finance Pankaj Chaudhary told Parliament on Monday. In a written reply to the Lok Sabha, Chaudhary said that both the Centre and the Reserve Bank of India (RBI) have acted to strengthen co-operative banks and public-sector lenders. The moves range from enacting the Insolvency and Bankruptcy Code and establishing the RBI's Central Repository of Information on Large Credits—allowing fraud and wilful default cases to be tracked and resolved more quickly—to deploying automated early-warning systems that flag potential bad loans. Market-based tools to manage stressed assets, along with time-bound workflows for corrective action, have helped curb slippages and reinforce stability, he said.

Governance reforms at state-owned banks include arm's-length selection of top management through the Financial Services Institutions Bureau, appointing non-executive chairmen at nationalised lenders, widening the talent pool, and linking extensions for managing directors to performance. The Enhanced Access & Service Excellence (EASE) programme has benchmarked progress in governance, risk management, technology-driven banking, and human resources, the minister said. Bank mergers have delivered economies of scale and stronger balance sheets, while accelerated technology adoption has boosted financial inclusion, improved efficiency, and enabled real-time service delivery. Digital payments, propelled by Jan-Dhan-Aadhaar-Mobile (JAM) integration, interoperable banking correspondents, the Unified Payments Interface, and direct benefit transfers, have surged.

The total volume of digital transactions jumped from 2.07 billion in FY18 to 22.83 billion in FY25, a compound annual growth rate of 41%. Transaction value rose from ₹196.2 trillion to ₹350.9 trillion over the same period. UPI has been the standout, growing from 920 million transactions in FY18 to 185.87 billion in FY25, a CAGR of 114%. Transaction value climbed from ₹1.1 trillion to ₹261 trillion. In July, UPI logged a record 1.95 billion transactions in a single month. The reforms, Chaudhary added, have also strengthened support for micro, small, and medium-sized enterprises through measures such as the Mutual Credit Guarantee Scheme, Emergency Credit Line Guarantee Scheme, a new credit-assessment model, and an expanded Credit Guarantee Fund Trust.

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## IRDAI Asks Insurers to Complete QIS 2 Under RBC Framework by October 15

In a step towards implementing the Risk Based Capital (RBC) framework, the Insurance Regulatory and Development Authority of India (Irdai) on Thursday directed insurance companies to initiate the Second Quantitative Impact Study (QIS 2) and submit the results by 15 October 2025. The Irdai had conducted QIS 1 in 2023 to assess the initial impact of the RBC framework.

In a circular, the regulator said: “Insurers shall carry out the QIS 2 as per the Technical Guidance document with the data used for actuarial valuation as at 31 March 2025. The Technical Guidance document, along with the data submission template and requirements regarding the associated template for submission of results, mode of submission of results from the QIS 2 exercise, and supplementary information, are being informed separately to the insurers.”

The directive applies to life insurers, general insurers, standalone health insurers, reinsurers, branches of foreign reinsurers, and Lloyd’s India. The regulator has asked insurers to submit the QIS 2 results on or before 15 October 2025

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## RBI Signals Caution Despite Softer Inflation; Corporate Bonds Still Attractive)

The MPC policy meeting today was broadly on expected lines, as the status quo on policy rates was maintained along with retaining the monetary policy stance at “neutral.” The decision was unanimous. The inflation forecast for FY26 was lowered to 3.10% from 3.70% earlier, while the GDP growth forecast was retained at 6.50% for FY26. The forecast for CPI inflation for Q1FY27 has been given at 4.90%, while for GDP growth it is 6.60%

The MPC statement laid emphasis on “core inflation,” while mentioning that the lower headline CPI currently being witnessed is mainly due to volatile food prices, especially vegetable prices. More importantly, with the 1-year forward-looking inflation at 4.90% (for Q1FY27) forecasted substantially above the medium-term target of 4%, along with the forecasted growth of 6.60% for Q1FY27, the bar for further rate cuts is higher.

The MPC remains optimistic on growth, as it mentions in its statement: “Domestic growth remains resilient and is broadly evolving along the lines of our assessment. Private consumption, aided by rural demand, and fixed investment, supported by buoyant government capex, continue to boost economic activity. On the supply side, a steady southwest monsoon is supporting kharif sowing, replenishing reservoir levels, and boosting agricultural activity. Moreover, the services sector and construction activity remain robust.”

Further on the outlook, the statement mentions that “the above-normal southwest monsoon, lower inflation, rising capacity utilization, and congenial financial conditions continue to support domestic economic activity. The supportive monetary, regulatory, and fiscal policies, including robust government capital expenditure, should also boost demand. The services sector is expected to remain buoyant, with sustained growth in construction and trade in the coming months.”

However, it cautions on the external environment, with the MPC statement mentioning that “prospects of external demand remain uncertain amidst ongoing tariff announcements and trade negotiations. The headwinds emanating from prolonged geopolitical tensions, persisting global uncertainties, and volatility in global financial markets pose risks to the growth outlook.”

The MPC statement concluded by stating that “The MPC resolved to maintain a close vigil on the incoming data and the evolving domestic growth-inflation dynamics to chart out the appropriate monetary policy path.” Thus, in our view, the MPC has conveyed a message of robust growth along with stable inflation, with some uncertainties pertaining to global growth amidst the current geopolitical environment. The MPC will remain data-dependent and can react to evolving data, and it has not shut the door on a future rate cut.

## **Market Reaction**

The bond markets were expecting a pause along with a dovish tilt, given the current and expected lower inflation, with a minority section of the market expecting a rate cut. The market perceived the policy statement to be leaning towards hawkishness, and as a result, bond yields went up across the curve. The benchmark 10-year bond yield ended the day at 6.42%, up by 8 bps during the day.

## **Our View**

We believe that both growth and inflation can surprise on the downside, which could open up space for another 25 bps rate cut in the Oct–Dec quarter. The critical factor will be the evolution of RBI’s projection of CPI inflation for Q1/Q2 FY27 going forward, and any downward revision can open up space for incremental rate cuts—especially given the current global geopolitical uncertainties and some signs of domestic slowdown.

Bond yields have gone up since the June MPC meeting, and with the current MPC language, further near-term pressure on yields can be expected. However, we think that the 10-year bond yield at 6.50% or higher presents an attractive tactical opportunity to increase duration, as we believe that growth will surprise on the downside along with inflation. We think that yields will remain rangebound, with the benchmark 10-year bond yield moving in a range of 6.25% to 6.60% over the next couple of months.



We maintain our view that corporate bonds will outperform over a medium-term horizon, and corporate bond funds with up to 5-year duration present an attractive investment opportunity from a risk/reward perspective. Long duration can be used tactically. Investors with a 12–18-month investment horizon can look at corporate bond funds, given the attractive spreads amidst abundant liquidity. Investors having an investment horizon of 6–12 months can look at money market funds, as the current 1-year yields offer attractive carry and roll-down.

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## Select RBI Circulars

### RBI Circulars – August 2025

Circular Number	Date of Issue	Department	Subject	Meant For
<b>RBI/2025-2026/76 DOR.AML.REC. 48/14.06.001/2025-26</b>	25.8.2025	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 05 Entries	The Chairpersons/CE Os of all the Regulated Entities
<b>RBI/2025-2026/75 DOR.AML.REC. 46/14.01.001/2025-26</b>	14.8.2025	Department of Regulation	Reserve Bank of India (Know Your Customer (KYC)) (2nd Amendment) Directions, 2025	-
<b>RBI/2025-2026/74 DoR.MCS.REC.4 7/01.01.028/2025-26</b>	14.8.2025	Department of Regulation	Compliance with Hon'ble Supreme Court Order dated April 30, 2025 in the matter of Pragya Prasun and Ors. vs Union of India (W.P.(C) 289 of 2024) and Amar Jain vs Union of India & Ors. (W.P.(C) 49 of 2025)	All Banks, All NBFCs (including Housing Finance Companies) All All-India Financial Institutions All Credit Information Companies All Payment System Providers / System Participants All Authorised Persons in Foreign Exchange

## RBI Circulars – August 2025

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2025-2026/73 CO.DPSS.RLPD. No.S536/04-07-001/2025-2026	13.8.2025	Department of Payment and Settlement Systems	Introduction of Continuous Clearing and Settlement on Realisation in Cheque Truncation System	The Chairman / Managing Director / Chief Executive Officer of Banks participating in Cheque Truncation System/ National Payment Corporation of India
RBI/2025-2026/72 A.P. (DIR Series) Circular No. 09	12.8.2025	Financial Markets Regulation Department	Investment in Government Securities by Persons Resident Outside India through Special Rupee Vostro account	All Authorised Dealer Category-I banks
RBI/2025-2026/71 A.P. (DIR Series) Circular No.08	05.8.2025	Foreign Exchange Department	International Trade Settlement in Indian Rupees (INR)	All Category-I Authorised Dealer Banks

# India's International Trade

## Trade Performance July 2025

### Highlights

- India's total trade clocked a strong growth of 4.71 per cent in FY 2025-26 (April-July), estimated to reach USD 587 billion (approx.) in April-July 2025 as against USD 560 billion in April-July 2024.
- Total exports grew by 5.23 per cent and imports grew by 4.25 per cent during April-July 2025 over April-July 2024.
- In the month of July, merchandise exports grew by 7.3% whereas merchandise imports grew more strongly by around 8.6 per cent during the month of July 2025.
- Consequently, Merchandise trade deficit, reached to a 8-month high value of USD 27.35 billion, falling by around 10 per cent in July 2025 over July 2024.
- Trade in Services outperformed this month as well. Services exports grew by 15 per cent, reaching USD 31 billion and imports rose by 16 per cent, reaching USD 15 billion in July 2025 over July 2024.
- Trade surplus in services sector financed deficit in merchandise trade by 57 per cent.
- Forex reserves rose from USD 666 billion in July 2024 to USD 689 billion in July 2025.
- Rupee depreciated to 86.47 against USD in July 2025, after plunging to lowest levels in March 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 July 2025

India's total trade (Merchandise and Services combined) for July 2025 is estimated at USD 148.26 registering a growth of 5.35 percent as compared to July 2024. The growth in total imports was much more profound at 6.06 per cent that that of exports, which grew at 4.53 for July 2025 over July 2024.

India's Trade (US\$ Bn)		
	Jul-24	Jul-25
<b>Total exports</b>	65.31	68.27
<b>Total Imports</b>	75.42	79.99
<b>Total Trade</b>	140.73	148.26
<b>Trade Balance</b>	-10.11	-11.72

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

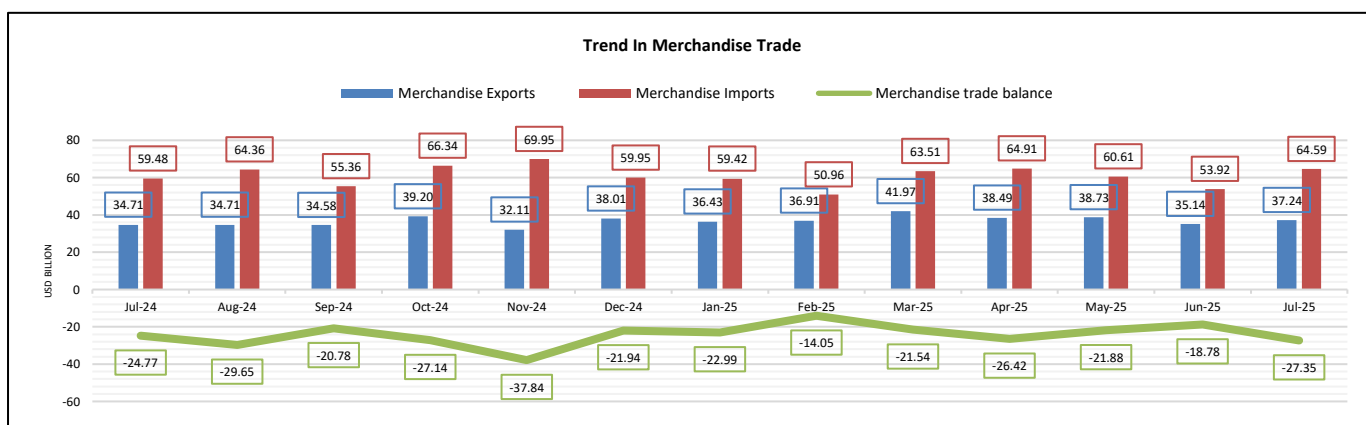


## Merchandise Trade July 2025

Merchandise exports, at USD 37.24 Billion grew impressively by 7% in July 2025 over July 2024, led by strong growth in exports of electronic goods (33.89%) and gems and jewelry (28.95%). This rise is moderated by a considerable fall in exports of petroleum exports at around 25% over July 2024.

Total merchandise imports grew more profoundly in July 2025 by 8.59%. This rise is attributed to a significant increase in imports of Silver (437%), Fertilizers, Crude & manufactured (133%), Metalliferous ores & other minerals (42%), Pearls, precious & Semiprecious stones (29%), Machinery, electrical & non-electrical (20%), Gold (14%) and Electronic goods (13%).

Subsequently, trade deficit rose to 8-month high of USD 27.35 Billion, up by nearly 10% over its level in July last year.

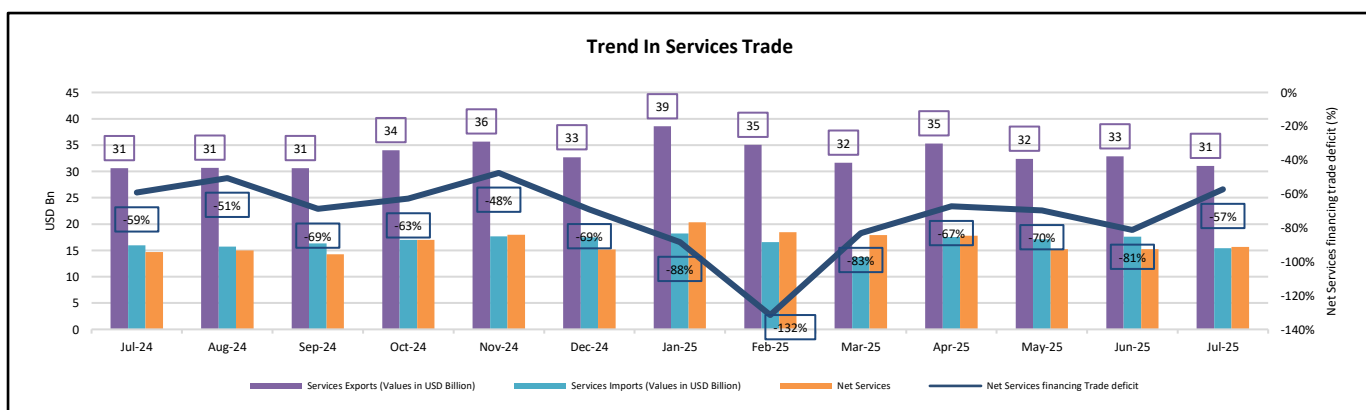


(Source: Ministry of Commerce and Industry)

## Services Trade July 2025

India's service exports shot up by 1.4 per cent (approx.) in July 2025 over July 2024 and services imports fell by 3.4 per cent during the same period. Consequently, Services trade surplus grew up by around 7 per cent during the same period, touching a level of USD 16 billion.

With merchandise trade deficit of USD 27.35 billion in July 2025, the country ended up with a cumulative trade deficit (or net exports) of USD 11.72 billion. Consequently, the net services trade deficit financing ratio improved considerably after November 2024 to 57% in July 2025.



(Source: Reserve Bank of India)

# Trade Performance April-July 2025

## Overall April-July 2025

Cumulative trade for April-July 2025 was recorded at USD 587 billion, registering a growth of 4 percent (approx.) as compared to April-July 2024. The total exports and imports (merchandise plus services) for April-July 2025 experienced a strong growth of 5.23 per cent and 4.25 per cent over April-July 2024. Consequently, trade balance fell by around 3.69 per cent during the same period.

India's Trade (US\$ Bn)		
	Apr-July 2024	Apr-July 2025
<b>Total exports</b>	263.83	277.63
<b>Total Imports</b>	296.31	308.91
<b>Total Trade</b>	560.14	586.54
<b>Trade Balance</b>	-32.48	-31.28
Source: Press Release, August 2025, Ministry of Commerce and Industry		

## Merchandise Trade April-July 2025

The trade figures for FY 2024-25 rose by around 3%, with cumulative merchandise exports rising by around USD 4.4 billion in April-July 2025 over April-July 2024.

The growth in merchandise imports was much more profound with imports rising by around 5% during April-July 2025 over April-July 2024.

This led to widening of cumulative trade deficit to USD 94.81 billion, a growth of over 9% in April-July 2025 over the corresponding period last year.

## Services Trade April-July 2025

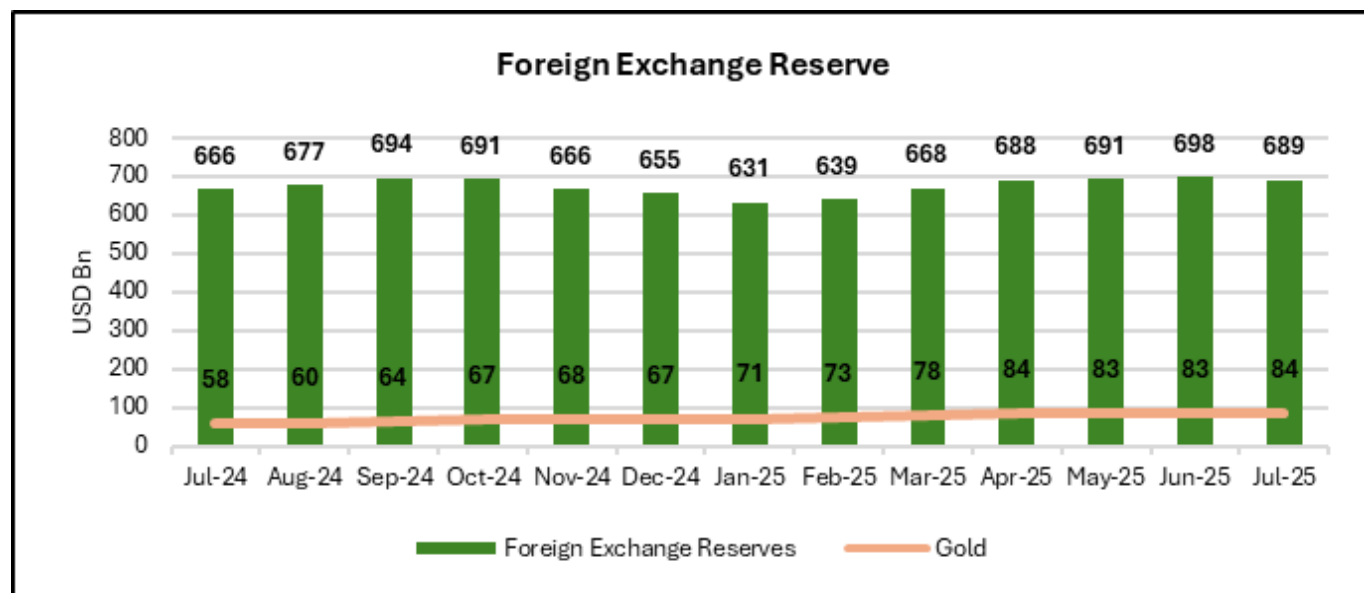
Services exports for the period April-July 2025 grew by around 8 per cent reaching USD 128 billion (approx.) from USD 119 billion during corresponding period last year.

The growth in imports was minimal with imports registering a negligible growth during April-July 2025 over April-July 2024.

This led to widening of cumulative trade surplus to USD 63.53 billion in April-July 2025 from USD 54.35 billion in April-July 2024, representing a growth of around 17%.

## Foreign Exchange Reserves

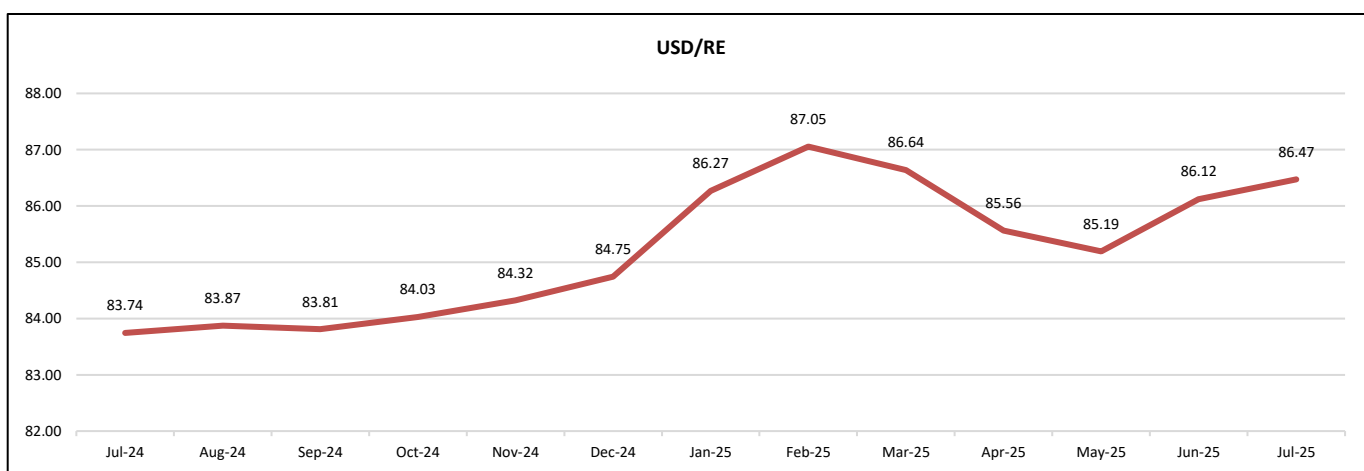
India's forex reserves has fallen again in July 2025 by almost 2 per cent, reaching closer to September 2024 level of USD 694 billion. However, in comparison to previous year, the figure has seen a rise of more than 6 per cent from the levels of July 2024.



(Source: Reserve Bank of India)

## Exchange Rate

Rupee depreciated in July 2025 to 85.90 per USD as against May 2025. However, the rupee has depreciated by almost 2.9 per cent in July 2025 over July 2024.



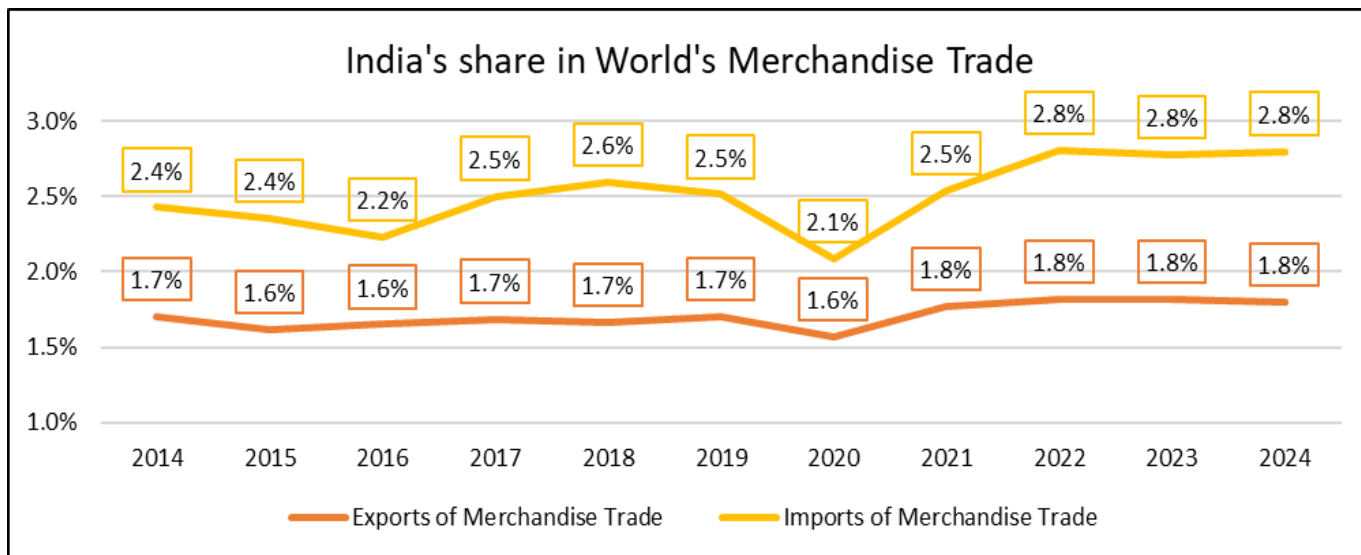
(Source: Reserve Bank of India)

(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

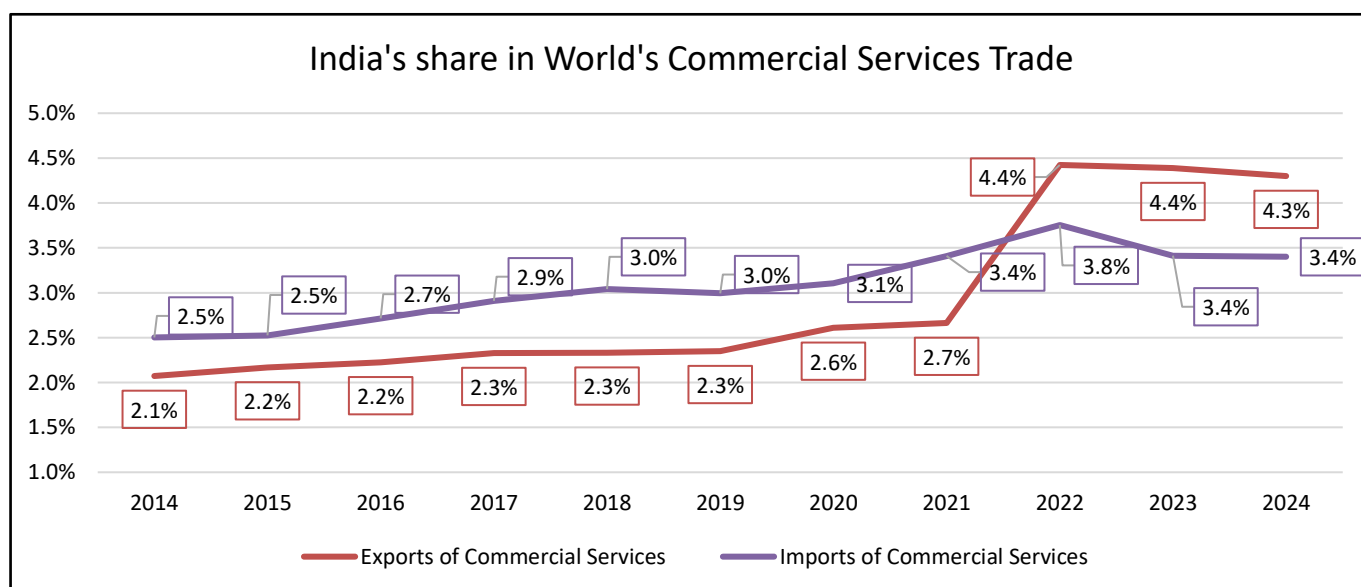


(Source: Global Trade Outlook and Statistics, April 2025, World Trade Organisation (WTO))

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

### THE INCOME-TAX BILL, 2025

Parliament passed the Income-Tax (No.2) Bill, 2025, replacing the Income-Tax Act, 1961. The new Bill, incorporating the Select Committee's recommendations, primarily simplifies language and removes outdated provisions. Tax rates, regimes, definitions, offences, penalties, and administrative structures remain unchanged. The earlier Income-Tax Bill, 2025, was withdrawn after committee review. The revised Bill proposes April 1, 2026, as its commencement date.

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### THE TAXATION LAWS (AMENDMENT) BILL, 2025

Parliament passed the Taxation Laws (Amendment) Bill, 2025, revising the Income Tax Act and Finance Act. The Bill extends income tax exemptions to payments under the Unified Pension Scheme for central government employees and grants tax exemption on investment income in India to the Public Investment Fund of Saudi Arabia.

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### THE INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) BILL, 2025

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 was introduced in Lok Sabha to amend the IBC, 2016 and has now been referred to a Select Committee. Major changes include the introduction of a creditor-initiated insolvency resolution process (CIIRP) for designated corporate debtors, requiring consent from at least 51% of financial creditors. Debtors may contest the process before the NCLT, and their management remains under Resolution Professional oversight. The Bill also introduces provisions for group insolvency, cross-border insolvency resolution, and specifies a 14-day timeline for NCLT to admit Corporate Insolvency Resolution Process applications, with strict standards for documentation and reasons for delays.

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## RBI Releases a Discussion Paper on the Monetary Policy Framework

The Reserve Bank of India (RBI) released a discussion paper reviewing the monetary policy framework. Since 2016, India has followed a flexible inflation targeting regime with a CPI inflation target set at 4% ( $\pm 2\%$ ). This target was retained until March 2026, with a policy review scheduled by then.

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## Commerce & Industry

### THE JAN VISHWAS (AMENDMENT OF PROVISIONS) BILL, 2025

The Jan Vishwas (Amendment of Provisions) Bill, 2025, was introduced to amend 17 central Acts, primarily with the aim of decriminalising and rationalising minor offences to foster ease of living and doing business. The Bill replaces several imprisonment clauses with monetary penalties or warnings for first-time violations, and incorporates frequent revision of fines. This reform is intended to build trust-based governance and reduce the burden on the legal system.

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## Education

### Bill to Establish IIM Guwahati Passed by Parliament

The Indian Institutes of Management (Amendment) Bill, 2025, was passed by Parliament to establish the Indian Institute of Management, Guwahati (IIM Guwahati), as an institute of national importance. This marks Assam's first IIM and the 22nd in India, aimed at boosting higher education and regional development in the North-Eastern region.

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## Law & Justice

### The Constitution (130th) Amendment Bill, 2025 introduced in Lok Sabha

The Constitution (One Hundred and Thirtieth Amendment) Bill, 2025, introduced in Lok Sabha, proposes the removal of the Prime Minister, Chief Ministers, or other Ministers if arrested for serious criminal offences. It extends these provisions to Delhi. Additionally, two related Bills address similar rules for Puducherry and Jammu and Kashmir. All three Bills have been referred to a Joint Parliamentary Committee for further review.

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# Mines

## Mines and Minerals (Development and Regulation) Amendment Act, 2025: Enhancing India's Mineral Exploration and Production

The Mines and Minerals (Development and Regulation) Amendment Act, 2025, brings significant reforms to strengthen India's mining sector. It expands funding and scope of the National Mineral Exploration and Development Trust, raises royalty rates from 2% to 3%, and lifts the 50% sales cap on captive mines. The Act allows lease extensions for deep-seated minerals, includes critical minerals without extra royalties, and creates a regulatory framework for mineral exchanges. These changes aim to boost production, promote sustainable mining, enhance market efficiency, and reduce import dependence, positioning India as a global mineral leader.

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# Renewable

## Guidelines for series approval of SPV Modules for conducting testing in Test Labs for implementation of Solar Systems, Devices and Components Goods Order, 2025

The Guidelines for Series Approval of SPV (Solar Photovoltaic) Modules establish a comprehensive framework for rigorous testing in authorised Test Labs under the Solar Systems, Devices, and Components Goods Order, 2025. They standardise the evaluation of solar modules to ensure consistent quality, safety, and reliability. Series approval enables batch certification, simplifying deployment while ensuring compliance with regulations. This process boosts consumer confidence, enhances market transparency, and accelerates solar technology adoption by guaranteeing adherence to national standards and performance criteria specified in the 2025 Goods Order.

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## **Scheme Guidelines for innovative methods/pathways/applications in green hydrogen sector not covered in previous Mission schemes**

The Scheme Guidelines for Innovative Methods in green hydrogen support technologies beyond existing missions, promoting R&D in production, storage, and applications. By incentivising innovation, the scheme aims to accelerate commercialization, improve efficiency, reduce costs, and foster diverse industrial uses, advancing India's goal of a sustainable, decarbonized energy future.

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## **Shipping & Port**

### **The Indian Ports Bill, 2025 passed by Parliament**

The Indian Ports Bill, 2025, was passed by Parliament to modernise and regulate the country's port infrastructure and operations. It aims to enhance efficiency, transparency, and competitiveness in port management by introducing unified regulatory frameworks. The Bill seeks to attract investment, promote sustainable development, and facilitate seamless logistics to strengthen India's position as a global maritime hub.

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### **The Merchant Shipping Bill, 2024 passed by Parliament**

The Merchant Shipping Bill, 2024, was passed by Parliament to modernise and consolidate laws governing merchant shipping in India. It aims to enhance safety, security, and environmental standards for shipping operations. The Bill also provides a comprehensive legal framework for registration, licensing, and welfare of seafarers, aligning Indian maritime laws with international conventions to boost the sector's growth and global competitiveness.

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### **The Coastal Shipping Bill, 2024 passed by Parliament**

The Coastal Shipping Bill, 2024 was passed by Parliament to regulate and promote coastal shipping and inland water transport in India. The Bill aims to enhance the efficiency and competitiveness of coastal shipping, reduce logistics costs, and promote environmentally sustainable transport. It also establishes a regulatory framework to facilitate smooth operations and development of coastal and inland waterways, boosting regional connectivity and trade.

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## **The Carriage of Goods by Sea Bill, 2024 passed by Parliament**

The Carriage of Goods by Sea Bill, 2024, recently passed by Parliament, modernises the legal framework governing the shipping sector. It aims to align India's maritime laws with international conventions, enhancing efficiency and dispute resolution in sea freight. The Bill introduces clearer liability provisions, protects the rights of cargo owners and carriers, and supports India's growing participation in global maritime trade.

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## **Sports & Gaming**

### **The National Sports Governance Bill, 2025 passed by Parliament**

The National Sports Governance Bill, 2025, was passed by Parliament to enhance transparency, accountability, and efficiency in India's sports administration. It establishes a robust framework for the governance of sports bodies, promoting ethical management and dispute resolution. The Bill aims to professionalize sports organizations, safeguard athletes' interests, and boost India's global sporting performance through improved institutional structures and governance standards.

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### **The Promotion and Regulation of Online Gaming Bill, 2025 passed by Parliament**

The Promotion and Regulation of Online Gaming Bill, 2025, has been passed by Parliament to establish a comprehensive legal framework for the online gaming industry. The Bill aims to promote responsible gaming while regulating activities to prevent fraud, money laundering, and exploitation. It introduces licensing requirements, consumer protection measures, and mechanisms to ensure transparency and fair play in online gaming across India.

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### **The National Anti-Doping (Amendment) Bill, 2025 passed by Parliament**

The National Anti-Doping (Amendment) Bill, 2025, was passed by Parliament to strengthen India's fight against doping in sports. The Bill updates the existing framework to align with international standards, enhances the powers of anti-doping authorities, and introduces stricter penalties for violations. It aims to promote fair play, protect clean athletes, and ensure integrity in sports nationwide.

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