




The Associated Chambers of Commerce and Industry of India

MONTHLY ROUNDUP

ASSOCHAMVOICE



	State of the Indian Economy	1 - 8
	BFSI E-Bulletin	9 - 15
	India's International Trade	16 - 20
	Policy Updates	21 - 24

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State of the Indian Economy

Domestic Indicators

Monthly Review of Accounts of GoI Up to August 2025

The key highlights of the monthly accounts of the Government of India up to August 2025 state the Government has received INR 12,82,709 crore (36.7% of corresponding BE 2025-26 of Total Receipts). This amount consists of INR 8,10,407 crore Tax Revenue (Net to Centre), INR 4,40,332 crore of Non-Tax Revenue and INR 31,970 crore of Non-Debt Capital Receipts. Total Expenditure incurred by Government of India is INR 18,80,862 crore (37.1% of corresponding BE 2025-26).

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

The IIP growth rate for the month of August 2025 is 4.0% which was 3.5% (Quick Estimate) in the month of July 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of August 2025 are 6.0%, 3.8% and 4.1% respectively. Within the manufacturing sector, 10 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in August 2025 over August 2024. The top three positive contributors for the month of August 2025 are – “Manufacture of basic metals” (12.2%), “Manufacture of coke and refined petroleum products” (5.4%) and “Manufacture of motor vehicles, trailers and semi-trailers” (9.8%).

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The Index of Eight Core Industries (ICI) Stood at 6.3% in August 2025

The combined Index of Eight Core Industries (ICI) increased by 6.3% (provisional) in August 2025 as compared to the Index in August 2024. The production of Steel, Coal, Cement, Fertilizer, Electricity and Petroleum Refinery products recorded positive growth in August 2025. The cumulative growth rate of ICI during April to August, 2025-26 is 2.8% (provisional) as compared to the corresponding period of last year.

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Retail Inflation Move Up to 2.07% for August 2025

Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of August 2025 over August 2024 is 2.07% (Provisional). There is an increase of 46 basis points in headline inflation of August 2025 in comparison to July 2025. An increase in headline inflation and food inflation during the month of August 2025 is mainly attributed to increase in inflation of Vegetables, Meat and fish, Oil and fats, Personal care and affects, Egg etc.

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Wholesale Inflation for August 2025 Stands at 0.52%

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 0.52% (provisional) for the month of August 2025 (over August 2024). Positive rate of inflation in August 2025 is primarily due to increase in prices of food products, other manufacturing, non-food articles, other non-metallic mineral products and other transport equipment etc. The month over month change in WPI for the month of August 2025 stood at 0.52% as compared to July 2025.

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GST Collection for August 2025 Stood at INR 1.86 Lakh Crore, up 6.5% Y-O-Y

Goods and Services Tax (GST) collections for the month of August 2025 stood at INR 1.86 lakh crore, an increase of 6.5% year-on-year basis. Central GST collection stood at INR 34,076 crore while State GST collection was INR 42,854 crore. Additionally, for August 2025, Integrated Domestic GST collection was INR 48,639 crore. Furthermore, GST Domestic Cess collection was reported at INR 11,392 crore. The Gross Import Revenue for August 2025 was INR 49,354 crore, out of which IGST was INR 48,546 crore.

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Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) was 55% in August 2025

Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) among persons of age 15 years and above was 55% in August 2025, compared to 54.2% in June 2025. The overall Unemployment Rate (UR) among persons of age 15 years and above has declined for the second successive month to 5.1% in August 2025 from 5.6% recorded in June 2025. The female workforce has increased in both rural and urban areas for the last two successive months.

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External Indicators

Total Exports (Merchandise & Services) for August 2025 are Estimated at USD 69.16 Billion

India's total exports (Merchandise and Services combined) for August 2025* is estimated at USD 69.16 Billion, registering a positive growth of 9.34% vis-à-vis August 2024. Total imports (Merchandise and Services combined) for August 2025* is estimated at USD 79.04 Billion, registering a negative growth of (-)7% vis-à-vis August 2024. Top 5 export destinations, in terms of change in value, exhibiting positive growth in August 2025 vis-à-vis August 2024 are UAE (23.42%), USA (7.15%), the Netherlands (17.87%), Hong Kong (62.46%) and China P Rp (22.38%).

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India's Forex Reserves Reach USD 702.57 Billion

India's forex reserves dip by USD 396 million to reach USD 702.57 billion for the week ended September 19. The foreign currency assets, a major component of the reserves, decreased USD 864 million to reach USD 586.15 billion. The gold reserves increased by USD 360 million to reach USD 92.779 billion during the week. The special drawing rights (SDRs) were up by USD 105 million to reach USD 18.879 billion. India's reserve position with the IMF was also up by USD 2 million at USD 4.762 billion in the reporting week.

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Outward Foreign Direct Investment Stands at USD 2.097 Billion in August 2025

India's outward foreign direct investment (FDI) commitments stood at USD 2.097 billion in August 2025, down by 38.4% year-on-year, brought down by equity and guarantee issued. Equity stood at USD 0.939 billion; loans stood at USD 0.51 billion; and guarantees issued stood at USD 0.647 billion.

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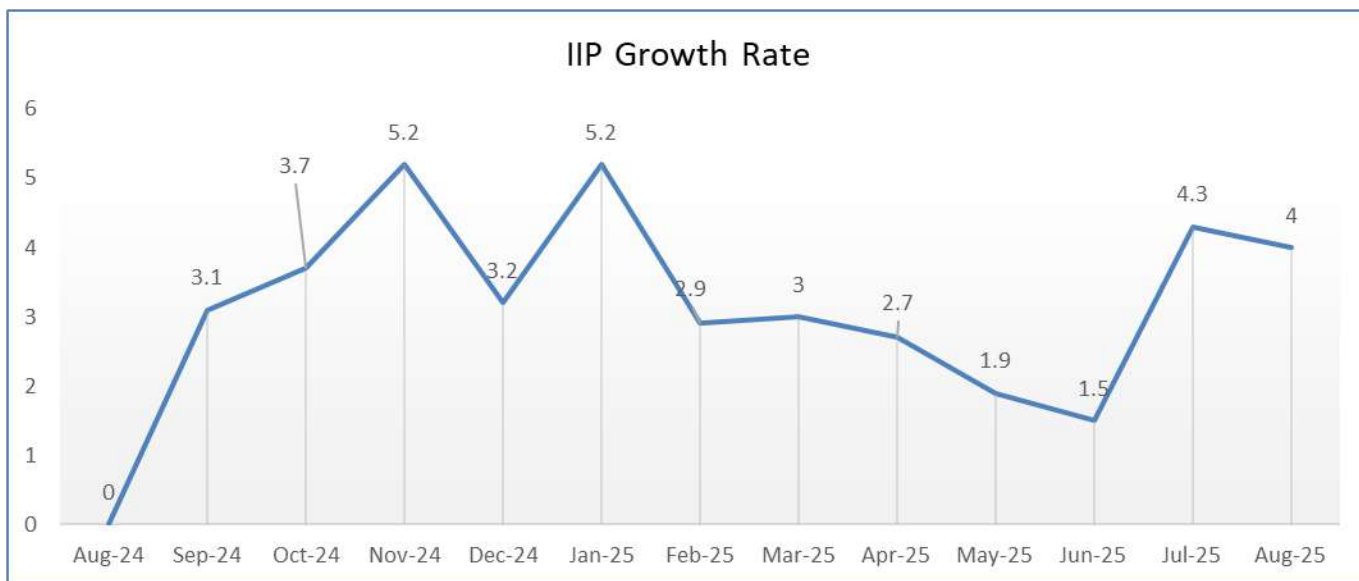
India's Sovereign Rating Upgraded to BBB+ (Stable) by Rating and Investment Information, Inc. (R&I), Japan

The Government of India welcomes the decision by the Japanese credit rating agency, Rating and Investment Information, Inc. (R&I), to upgrade India's long-term sovereign credit rating to 'BBB+' from 'BBB', while retaining the "Stable" Outlook for the Indian economy. This is the third such upgrade by a sovereign credit rating agency this year, following S&P's upgrade to 'BBB' (from BBB-) in August 2025 and Morningstar DBRS' upgrade to 'BBB' (from BBB (low)) in May 2025,.

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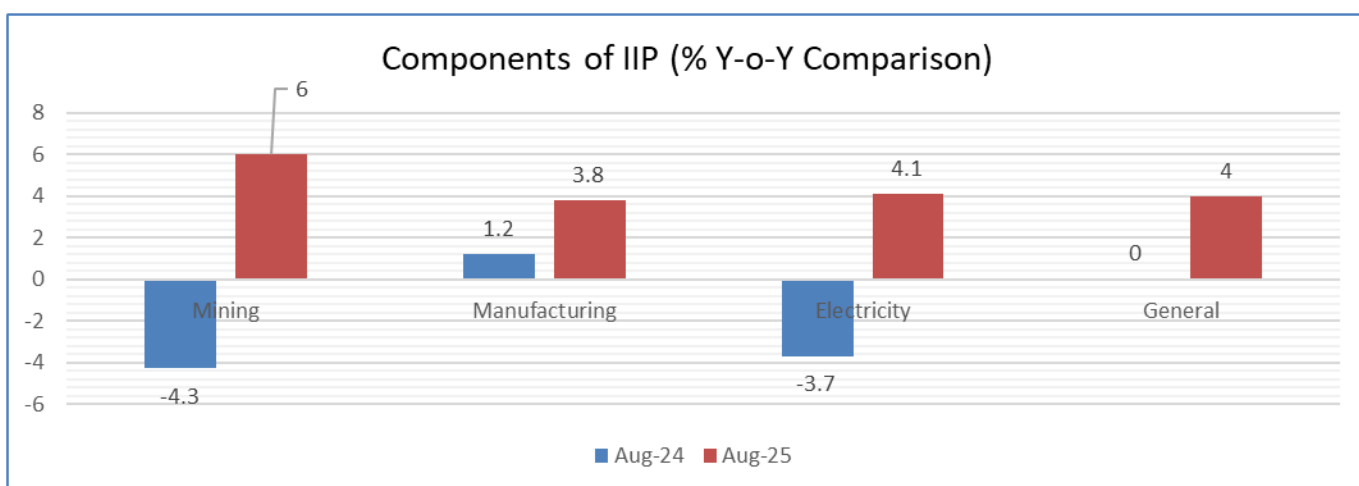
Economic Analysis

Production Scenario (IIP Growth)



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

The Index of Industrial Production (IIP) has seen a slight decline to 4.0% in August 2025 from 4.3% in July 2025. Growth is significantly higher than the 0% value recorded in the same month the previous year. Manufacturing, the sector with the largest weight in the index, grew by 3.8%. 10 out of 23 industry groups witnessed a positive growth in August 2025 compared to August 2024. Despite a slowdown in some sectors, primary goods, capital goods, intermediate goods, and infrastructure/construction goods carried the industrial output.



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

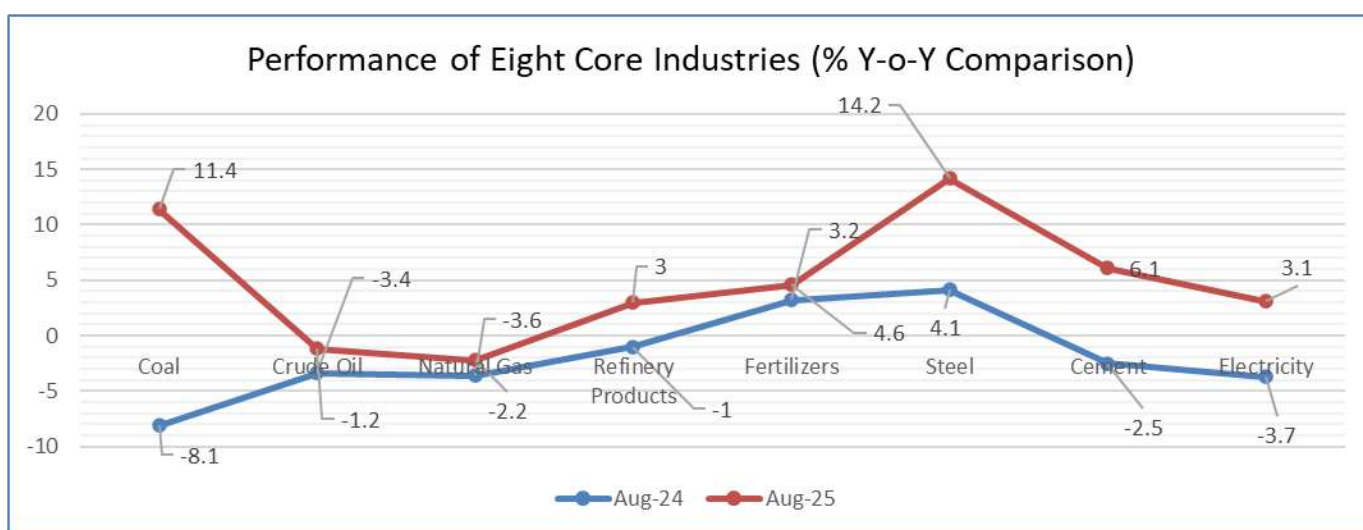
The mining sector's growth increased from -4.3% to 6%, manufacturing growth improved from 1.2% to 3.8%, and electricity production saw an increase to 4.1% compared to -3.7% in the same month last year, highlighting improved industrial environment despite an uncertain global economic scenario.

Production Scenario (Core Infra)



(Source: Ministry of Commerce and Industry, GOI)

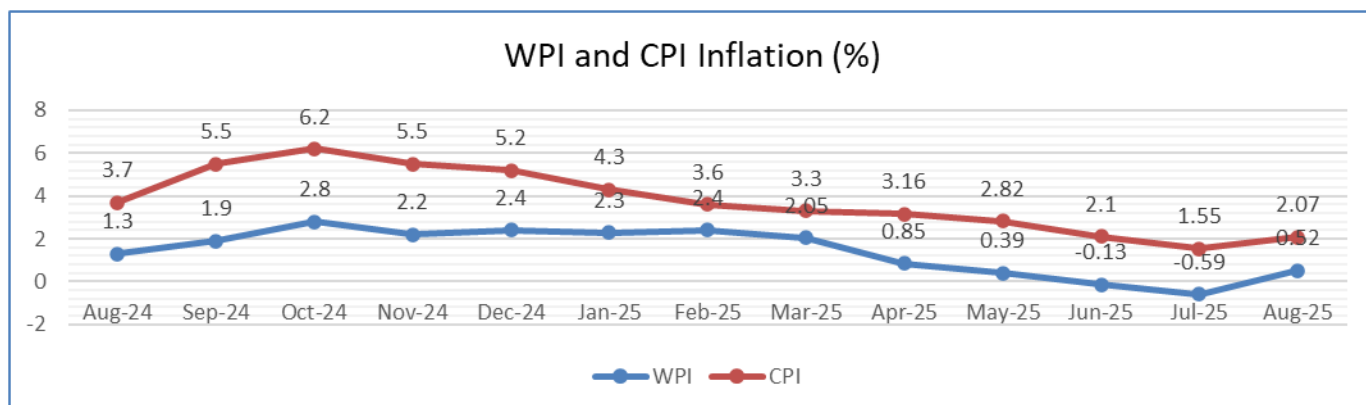
The Index of Eight Core Industries shows a notable turnaround in August 2025, recording a growth rate of 6.3%, the highest in the past year. This reflects a strong rebound from the contraction of -1.5% in August 2024, highlighting improved industrial momentum. Over the year, the index displayed a mixed trend - gaining strength between September and November 2024, stabilizing around 4-5% till March 2025, and then dipping sharply to just 1% in April 2025. Since then, growth has inched up gradually, with August 2025 marking a decisive recovery, suggesting renewed demand and revival in core sectors.



(Source: Ministry of Commerce and Industry, GOI)

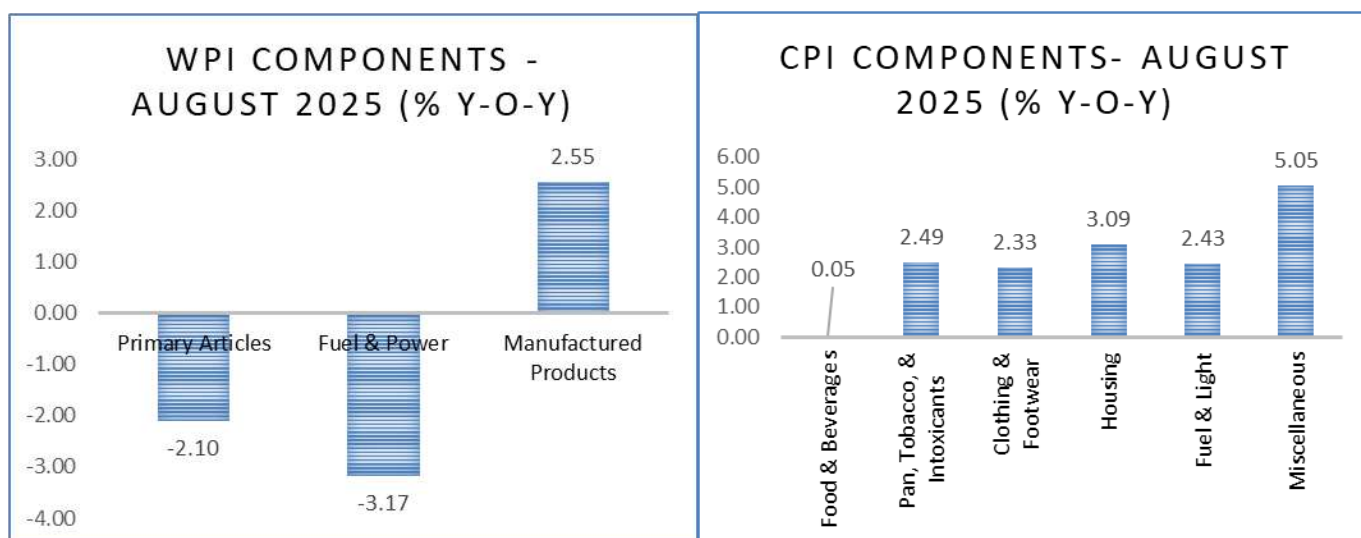
In August 2025, six of the eight core industries - Coal, Refinery Products, Fertilizers, Steel, Cement, and Electricity - registered growth, with Steel showing the highest increase (14.2%). Yearly comparison of the Eight Core Industries shows an upward trend compared in August 2025, compared to August 2024. Steel at 14.2%, Coal at 11.4%, and Cement at 6.1% pushed the Index of Eight Core Industries up. The strong 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)

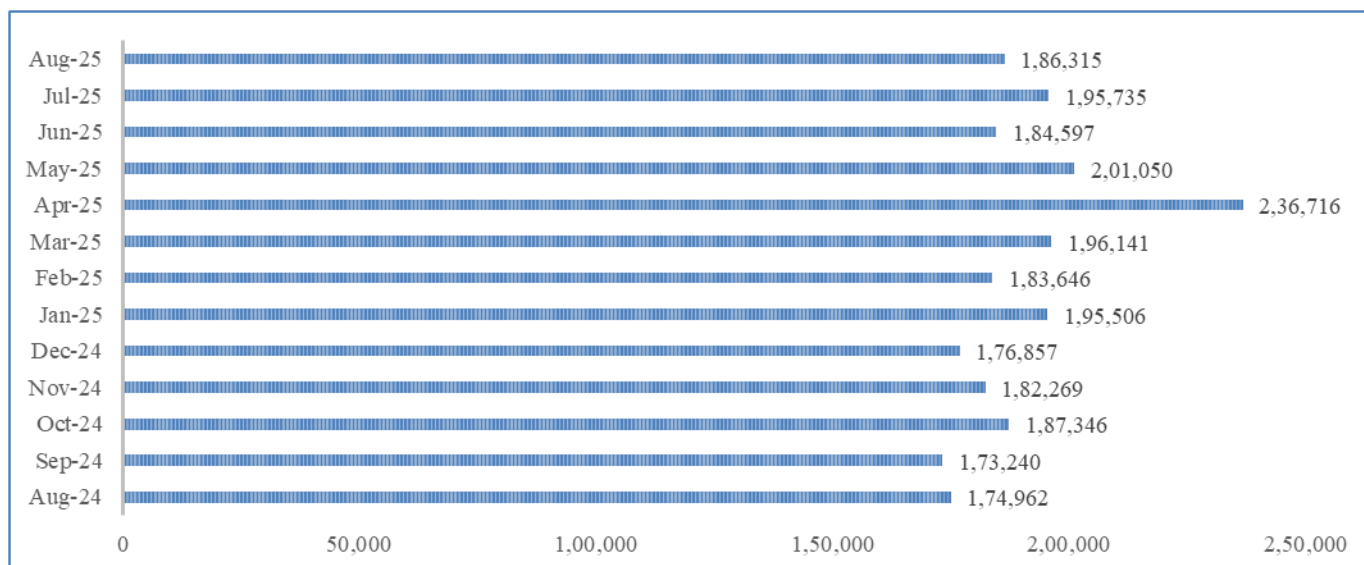
The WPI and CPI inflation trends between August 2024 and August 2025 reveal divergence, followed by convergence and finally a parallel movement. CPI peaked at 6.2% in October 2024, while WPI peaked at 3.4% in June 2024. From November 2024 onwards, both indices steadily decline, indicating cooling inflationary pressures in the economy. In August 2025, CPI and WPI marginally increased to 2.07% and 0.52% respectively. The positive rate of inflation was majorly due to an increase in prices of food products, other manufacturing, non-food articles, etc. It is expected that WPI will further increase in the coming months due crude oil and commodity prices, along with the rupee's depreciation against the dollar.



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

In August 2025, WPI inflation was driven solely by a 2.55% rise in Manufactured Products, while Primary Articles and Fuel & Power dragged the overall WPI down. This explains a modest rise in the WPI inflation to 0.52%. In contrast, CPI inflation remained moderately elevated due to broad-based increases, especially in the Miscellaneous and Housing categories. The convergence suggests that input costs and consumer prices are adjusting gradually, reflecting a stable but cautious inflation environment, with expectations of further increase.

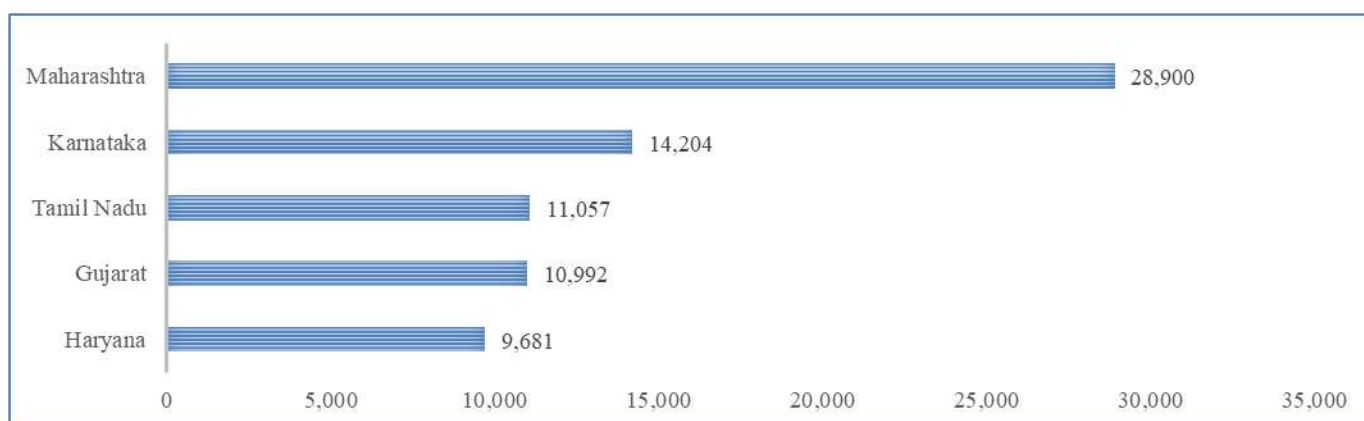
GST Revenue Collection (in INR crores)



(Source: Ministry of Finance, GOI)

India's Goods and Services Tax (GST) collections clocked nearly at INR 1.86 lakh crore in August 2025, registering a Y-O-Y growth of 6.5% compared to August 2024 but a decline of 4.8% compared to July 2025 collections. The increase compared to the previous year (August 2024) shows a revived tax base and improved compliance levels. However, a decline compared to the previous month (July 2025) is mainly due to subdued demand for goods and services during the monsoon season. Nonetheless, 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 28,900 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 1.37 lakh crore.

56th GST Council Meeting Outcomes

Structure

- 2-rate structure (5% merit rate, 18% standard rate, and 40% de-merit rate for select goods & services).

Households

- 5% on hair oil, toilet soap bars, shampoos, toothbrushes, toothpaste, bicycles, tableware, kitchenware, other household articles.
- Nil on UHT milk, prepackaged and labelled chena or paneer, and all Indian breads.
- 5% on almost all the food items.
- 18% on ACs, TVs (32 inch), small cars, motorcycles equal to or less than 350 CC.

Healthcare

- Nil on 33 lifesaving drugs & medicines and those used for cancer, rare and other chronic diseases.
- 5% on all other drugs and medicines, and medical devices.
- Nil on individual health insurance policies.

(Source: GST Council)

India's 56th GST Council meeting approved a sweeping package of reforms aimed at making the system more "strategic, principled, and citizen-centric." The changes balance tax relief with process simplification, delivering immediate benefits while strengthening long-term compliance.

- A new rationalised structure introduces three main rates: 5% for essentials and social goods, 18% as the standard, and 40% for sin and luxury items.
- Healthcare received major relief. Thirty-three lifesaving drugs and three more for cancer, rare and chronic diseases are now exempt. Most other medicines and many medical devices are at 5%. All life and health insurance policies, including reinsurance, are exempted - improving affordability for households.
- Construction and transport gain from rate cuts: cement is now 18%, sand-lime bricks 5%, and vehicles including buses, trucks, ambulances, and small cars up to 350cc are at 18%. These changes reduce project costs, boost demand, and spur mobility.
- Renewable-energy devices and farm equipment drop to 5%, promoting green growth and rural mechanisation. The correction of inverted duty in man-made textiles strengthens competitiveness.
- For compliance, a simplified registration scheme allows low-risk businesses automated approval within three days.
- Finally, operationalising the GST Appellate Tribunal by year-end will ensure faster dispute resolution and bolster taxpayer confidence.

BFSI E-Bulletin

BFSI Article

GST Next Gen Reforms

The recent reforms recommended by the GST Council are expected to give a fillip to consumer spending and resultantly, boost economic growth. These reforms are a welcome change in turbulent times and in our view, are mega changes with significant impact and incidence. The focus of these reforms in addition to driving consumption, is also to support exporters, rate rationalization for key sectors and also to support Small and Medium Enterprises.

The recent GST Council meeting has performed a major rejig of the GST rate slabs and amended GST rates on various products across sectors. It is important for businesses to keep track of the revised rates on their products and services, and also understand the impact of these rate changes on existing and running contracts. In this article, we discuss the major impacts of these recommendations.

Discontinuation of the Compensation Cess Mechanism:

The withdrawal of the Compensation Cess mechanism has been a subject of extensive discussion at several GST Council meetings. While the arrangement had been extended multiple times in the past, the Council has now moved towards a more definitive approach. Compensation Cess was originally levied over and above the highest GST slab of 28%, covering products such as aerated beverages, motor vehicles, tobacco products, and others commonly referred to as demerit goods.

With the imminent phase-out of Compensation Cess, the GST Council has recommended a restructuring of rates for such goods. Accordingly, a new 40% GST slab has been introduced for the following categories:

- Pan masala
- Caffeinated beverages
- Carbonated fruit-based beverages
- Cigars, cigarettes, tobacco and substitutes
- Mid-size and large motor vehicles (engine capacity above 1500 cc or length above 4000 mm)
- Certain Utility vehicles (engine capacity above 1500 cc, length above 4000 mm and ground clearance of 170 mm or more)
- Private jets and yachts
- Casinos, race clubs and gambling
- Admission to certain high-value sporting events such as the IPL

Under the earlier framework, GST was charged at 28% along with Compensation Cess. With the withdrawal of the Cess, the 40% GST slab has been introduced to ensure that the overall tax incidence remains broadly aligned with pre-existing levels.

It is pertinent to note that currently mid-size and big cars attract 28% GST and compensation cess ranging from 17-22% with the overall tax incidence ranging from 45-50%. Now the GST rates once notified on these vehicles shall be 40% with no compensation cess.

Rate Rationalisation

As against the current 4 tiered rate structure the Council has recommended a two rate structure with a standard GST rate of 18% and a Merit rate of 5%. Further, a special demerit rate of 40% has been recommended for certain goods and services (in common parlance referred as “sin goods”). So, with a view to simplify rate structures, the products falling within the 12% slab and 28% slab have been reclassified to the new rate structures. Some of the major rate reforms are provided below:

- Reduction of GST from 28% to 18% on microwaves, air conditioning machines, televisions and small cars. For the purposes of GST, small cars refer to Petrol, LPG, or CNG cars with engine capacity up to 1200 cc and length up to 4000 mm and Diesel cars with engine capacity up to 1500 cc and length up to 4000 mm.
- Motor vehicles cleared as ambulances, and duly fitted with all necessary fitments, furniture, and accessories necessary for an ambulance at the time of clearance from the factory will attract a GST rate of 18%. It has been reduced from 28%.
- Lorries and trucks intended for transport of goods shall reduce from 28% to 18%.
- The GST rate on renewable energy equipment/devices that were at 12% has been reduced to 5%.
- Earlier, marble and travertine blocks and granite blocks attracted GST rate of 12%. These are in the nature of intermediate goods and GST rate on these goods has been reduced to 5%.
- Earlier, there were certain medicines falling within the 12% slab. All drugs/ medicines have been prescribed a concessional rate of GST of 5%, except those specified at nil rate.
- Reduction of GST from 28% to 18% on Cement

Exemptions on Life and Personal Health Insurance Policies

The GST Council has recommended an exemption of GST on all types of life insurance policies which has also been clarified to include Unit Linked Insurance Plans (ULIPs) and endowment policies. Further, GST exemption on all individual health insurance policies, including family floaters and senior citizen policies, have also been recommended. The exemption is also recommended to extend to reinsurance policies. This is a welcome move and is expected to augment the insurance coverage penetration in India.

Major Impact on Real Estate and Infrastructure Sector

The reduction in GST on cement from 28% to 18% is set to bring welcome relief to two of India's most critical sectors—real estate and infrastructure. While most real estate developers opt for the 5% GST scheme without Input Tax Credit (ITC) and a large share of infrastructure projects are exempt or do not claim ITC, cement continues to remain one of the biggest cost drivers. This rate cut is therefore more than just a tax relief—it directly translates into lower project costs, improved cash flows, and offers a strong boost to housing affordability and infrastructure development.

Measures to Make India a Competitive Global Service Delivery Hub

One of the most debated issues under GST has been the taxability of intermediary services. Under the current regime, for most cross-border services, 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, a special provision deems the place of supply to be the location of the supplier in India. As a result, service providers are required to pay GST, leading to higher costs and reduced competitiveness.

The GST Council has now recommended removing this special rule and aligning intermediary services with other cross-border services. This change is expected to reduce unnecessary litigation by streamlining the classification and taxability of services, enhance tax certainty and trust for exporters and provide a strong boost to Indian affiliates of Multinational Companies, Global Capability Centres (GCCs), and the IT/ITeS sector. In essence, this move will not only simplify the GST framework but also make India a more competitive destination for global service delivery.

Retail Sale Price-based Taxation for Tobacco and Tobacco Products

The GST Council had, in the earlier Council meetings, constituted a Group of Ministers to look into capacity-based taxation for commodities like pan masala and gutka. There is an issue of tax evasion in these products and it was proposed to introduce a tax based on maximum retail prices of these commodities and to shift the burden of taxation to the manufacturing stage. In the recent 56th GST Council Meeting it appears that this has made progress and notifications and amendments in rules will be announced soon.

Astute Consulting Group

Tel.: +91 22 6121 4444

Email: emails@astuteconsulting.com

BFSI News

India Regulators Plan Quicker Entry Processes for Foreign Investors, Sources Say

India's markets regulator and its central bank are in advanced discussions to ease entry processes for new overseas investors, four sources said, at a time when foreign flows into the economy remain weak. The changes would include fewer and standardised documentation and less scrutiny on investors that are already regulated in other countries. That will reduce the time taken to register in India to 30-60 days from nearly six months, bringing them in line with global standards, said the sources, who have direct knowledge of the matter. They declined to be named as discussions are private. Email queries sent to market regulator Securities and Exchange Board of India (SEBI) and the Reserve Bank of India were not answered.

"To facilitate the ease of investments by foreign investors in India we are engaging with various stakeholders to streamline the know your customer norms across the regulators," Tuhin Kanta Pandey, India markets regulator chairman, said last week, without elaborating.

The proposed changes come at a time when India faces harsh trade tariffs from the U.S., leading to uncertainty for the economy and its markets. Overseas investors have sold a net \$10 billion in Indian equities and bonds so far in 2025, with selling intensifying in July and August because of muted corporate earnings and U.S. tariff concerns.

Top Indian regulatory officials have met over 200 global asset managers across Europe, Asia and the U.S. in the last five months to seek feedback on ways to make Indian markets more accessible, two of the four sources said. Separately a delegation of investors from six countries met officials at the RBI, SEBI, exchanges and finance ministry in India earlier this month, the two added.

As part of the changes, the central bank will match SEBI's more liberal documentation needs for regulated overseas pooled funds, such as insurance and mutual funds, which are considered to be low-risk, the sources said. "In 2019, SEBI had eased documentary requirements for regulated public retail funds brought them at par with government-owned funds. A similar relaxation has not been done by RBI yet," said one of the sources.

RBI will also align norms for foreign investors to open bank accounts with SEBI's registration requirements, a second source said. At present, RBI requires banks to follow a risk-based assessment which includes seeking a declaration on the source of funds and proof of identity, among other requirements.

SEBI has also recently launched a website for foreign investors, and is exploring whether it could allow them to submit registration documents directly, said one of the four sources. Both SEBI and RBI have been very responsive and pro-active this year in finding ways to make it easy for foreign investors to invest in India,” said Eugenie Shen, managing director, Asia Securities Industry & Financial Markets Association, a lobbyist for offshore investors.

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IRDAI Seeks to Curb High Insurance Commissions, Considers MF-Style Cap:

Sources

The Insurance Regulatory and Development Authority of India (IRDAI) told insurers that commissions need to come down and asked them to explore a model similar to mutual funds’ Total Expense Ratio (TER) cap, the sources said.

India’s insurance regulator has raised concerns over high commissions and distribution costs in a meeting with chief executives of insurance companies, sources told CNBC-TV18. The Insurance Regulatory and Development Authority of India (IRDAI) told insurers that commissions need to come down and asked them to explore a model similar to mutual funds’ Total Expense Ratio (TER) cap, the sources said.

Insurers are likely to submit a presentation on adopting a TER-like framework and have suggested disclosing commissions on policy documents for greater transparency. IRDAI is expected to form a sub-committee to recommend ways to lower costs, they added. The regulator also reiterated its focus on boosting insurance penetration, ensuring faster health claims processing, and meeting social sector and motor third-party obligations. IRDAI did not immediately respond to CNBC-TV18’s request for comment.

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SEBI, RBI in Talks to Introduce Corporate Bond Index Derivatives

SEBI is in talks with RBI to roll out corporate bond index derivatives as part of efforts to expand India's debt market and boost retail and foreign investor participation. The Securities and Exchange Board of India (SEBI) is working with the Reserve Bank of India (RBI) to introduce corporate bond index derivatives as part of efforts to deepen the domestic debt market, said Ananth Narayan G, whole-time member, on Friday.

“Corporate bond index derivatives trading is another frontier in this regard. Good discussions are ongoing between SEBI and RBI, and we are hopeful that we will see progress soon,” Narayan said, adding that aligning the bond market’s platforms and settlement process with equities could help bonds emerge as a stronger investment class.

Secondary bond market volumes currently stand at about Rs 1.4 trillion a month, compared with equities where volumes of a similar scale are traded in just a day. SEBI had framed regulations in 2023 allowing exchanges to launch futures on corporate bond indices comprising securities rated AA+ and above. However, these products have not gained traction so far.

To revive interest, SEBI is now working with RBI on a new protocol for the product’s rollout. Outstanding corporate bonds have nearly tripled over the past decade, rising to Rs 53.6 trillion as of March 2025 from Rs 17.5 trillion in FY15. Despite this growth, Narayan noted, the market continues to be dominated by institutional investors such as banks, insurers, provident funds, and mutual funds.

“Retail and foreign investors remain on the fringes,” he said.

In recent years, SEBI has introduced several measures to broaden participation in the bond market. These include establishing a central database for corporate bonds under Bond Central, introducing norms for online bond platforms, and lowering the minimum investment size for privately placed bonds to Rs 10,000 from Rs 1 lakh.

“The broader point is this: developing alternate asset classes is not optional anymore; it is an imperative for sustained capital formation in India,” Narayan said.

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Select RBI Circulars

RBI Circulars September - 2025				
Circular Number	Date Of Issue	Department	Subject	Meant For
<u>RBI/2025-2026/82</u> <u>DoR.MCS.REC.50/01.</u> <u>01.003/2025-26</u>	26.9.2025	Department Regulation	Reserve Bank of India (Settlement of Claims of in respect of Deceased Customers of Banks) Directions, 2025	All commercial banks and co-operative banks

<u>RBI/2025-2026/81 CO.DPSS.RLPD.N o.S680/04-07- 001/2025-2026</u>	26.9.2025	Department of Payment Settlement Systems	of Special Clearing in and Cheque Truncation System on October 3, 2025	The Chairman / Managing Director / Chief Executive Officer of Banks participating in Cheque Truncation System/ National Payments Corporation of India
<u>RBI/2025-2026/80 DOR.MRG.REC.49 /00.00.011/2025-26</u>	26.9.2025	Department of Regulation	Investment by State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) in Shared Service Entity (SSE) established by NABARD	All State / Central Co-operative Banks
<u>RBI/2025-2026/79 CO.DPSS.POLC.N o.S 668/02-14-015 /2025-2026</u>	25.9.2025	Department of Payment Settlement System	Reserve Bank of India (Authentication and mechanisms for digital payment transactions) Directions, 2025	All Payment System Providers and Payment System Participants (banks and non-banks), All domestic digital payment transactions, unless specifically exempted otherwise
<u>RBI/2025-2026/78 A. P. (DIR Series) Circular No. 10</u>	22.9.2025	Financial Markets Regulation Department	Participation of Standalone Primary Dealers in Non-deliverable Rupee Derivative Markets	All Authorised Persons
<u>RBI/2025-2026/77 CO.DPSS.ODD.No .S604/06-08- 024/2025-2026</u>	05.9.2025	Department of Payment Settlement Systems	Returns – Department of Payment and Settlement Systems – Submission in CIMS	All SCBs (including RRBs), UCBs, StCBs, DCCBs, Payment Banks and Small Finance Banks

India's International Trade

Trade Performance August 2025

Highlights

- India's total trade clocked a strong growth of 4.19 per cent in FY 2025-26 (April-August), estimated to reach USD 740 billion (approx.) in April-August 2025 as against USD 710 billion in April-August 2024.
- Total exports grew by 6.18 per cent and imports grew by 2.48 per cent during April-August 2025 over April-August 2024.
- In the month of August, merchandise exports grew by 6.72% whereas merchandise imports fell considerably by 10.13 per cent during the month of August 2025.
- Consequently, Merchandise trade deficit reach USD 26.49 billion, an improvement of around 26 per cent in August 2025 over August 2024.
- Trade in Services outperformed this month as well. Services exports grew by 12 per cent, reaching USD 34 billion and imports rose by 6 per cent, reaching USD 17 billion in August 2025 over August 2024.
- Trade surplus in services sector financed deficit in merchandise trade by 63 per cent.
- Forex reserves rose from USD 677 billion in August 2024 to USD 703 billion in August 2025.
- Rupee plunged to its lowest levels since April 2023 to reach 87.52 per USD in August 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 August 2025

India's total trade (Merchandise and Services combined) for August 2025 is estimated at USD 148.20 bn, remaining stable as compared to August 2024. The growth in total exports at 9.34 per cent and decline in imports by around 7 per cent, led to more than 50 per cent improvement in trade deficit for August 2025 over August 2024.

India's Trade (US\$ Bn)		
	Aug-24	Aug-25
Total exports	63.25	69.16
Total Imports	84.99	79.04
Total Trade	148.24	148.20
Trade Balance	-21.74	-9.88

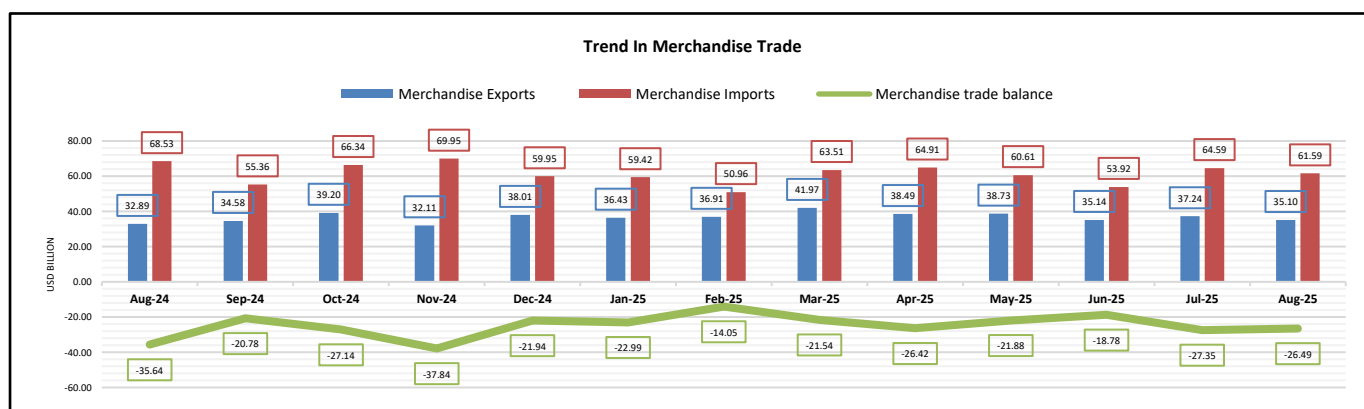
Source: Press Release, Sep 2025, Ministry of Commerce and Industry

Merchandise Trade August 2025

Merchandise exports, at USD 35.10 Billion grew impressively by 7% in August 2025 over August 2024, led by strong growth in exports of electronic goods (25.93%), gems and jewelry (15.57%), Drugs & Pharmaceuticals (6.94%), Petroleum Products (6.54%), Organic and Inorganic Chemicals (3.76%) and Engineering Goods (4.91%).

On the contrary, total merchandise imports fell by more than 10% in August 2025. This decline is attributed to a significant fall in imports of Gold (56.67%), Transport equipment (26.54%), Coal, coke & Briquettes (26.20%), Iron & Steel (10.98%), Artificial resins, plastic materials, etc. (9.69%), Organic and Inorganic Chemicals (5.19%) and Chemical material & products (3.73%).

Subsequently, trade deficit fell to USD 26.49 Billion, down by nearly 26% over its level in August last year.

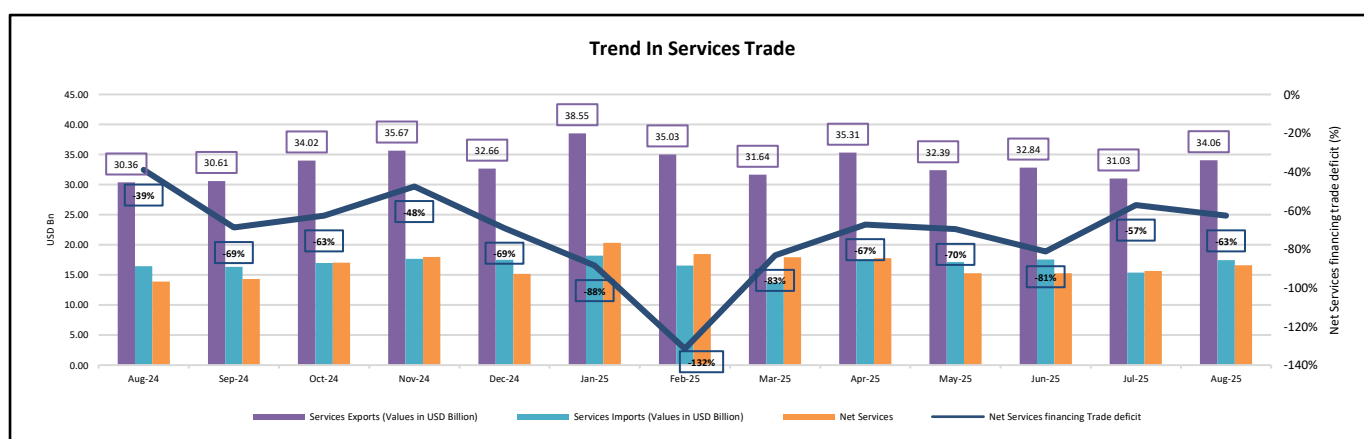


(Source: Ministry of Commerce and Industry)

Services Trade August 2025

India's service exports shot up by a whopping 12.19 per cent in August 2025 over August 2024 and services imports by 6 per cent during the same period. Consequently, Services trade surplus grew up by around 19 per cent during the same period, touching a level of USD 17 billion.

With merchandise trade deficit of USD 26.49 billion in August 2025, the country ended up with a cumulative trade deficit (or net exports) of USD 9.88 billion. Consequently, the net services trade deficit financing ratio reached 63% in August 2025.



(Source: Reserve Bank of India)

Trade Performance April-August 2025

Overall April-August 2025

Cumulative trade for April-August 2025 was recorded at USD 740 billion, registering a growth of 4 percent (approx.) as compared to April-August 2024. The total exports and imports (merchandise plus services) for April-August 2025 experienced a strong growth of 6.18 per cent and 2.48 per cent over April-August 2024. Consequently, trade balance fell by around 21 per cent during the same period.

India's Trade (US\$ Bn)		
	Apr-Aug 2024	Apr-Aug 2025
Total exports	329.03	349.35
Total Imports	381.30	390.77
Total Trade	710.33	740.12
Trade Balance	-52.27	-41.42
Source: Press Release, Sep 2025, Ministry of Commerce and Industry		

Merchandise Trade April-August 2025

The merchandise trade figures for FY 2024-25 rose by around 2%, with cumulative merchandise exports rising by around USD 4.5 billion in April-August 2025 over April-August 2024.

Merchandise imports also rose at similar rate of around 2% during April-August 2025 over April-August 2024.

This led to marginal widening of cumulative trade deficit to USD 122.39 billion, a growth of over 1.5% in April-August 2025 over the corresponding period last year.

Services Trade April-August 2025

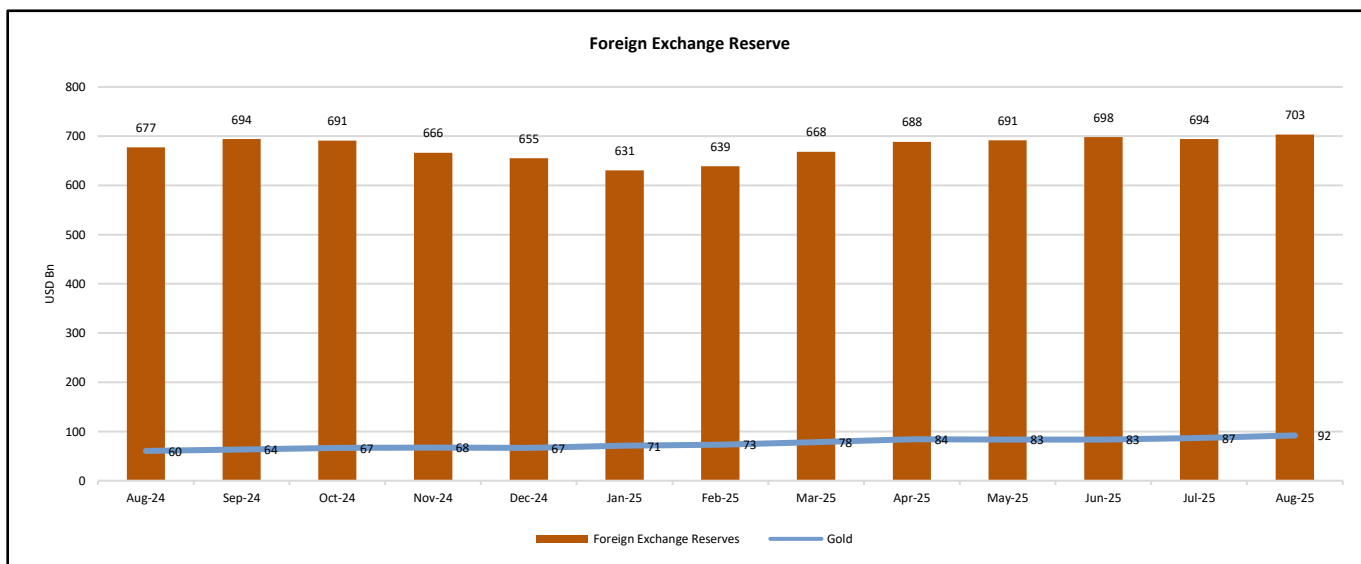
Services exports for the period April-August 2025 grew by double digits of around 11 per cent reaching USD 165 billion (approx.) from USD 149 billion during corresponding period last year.

The growth in imports was much less at around 4 per cent during April-August 2025 over April-August 2024.

This led to widening of cumulative trade surplus to USD 80.97 billion in April-August 2025 from USD 68.25 billion in April-August 2024, representing a growth of around 19%.

Foreign Exchange Reserves

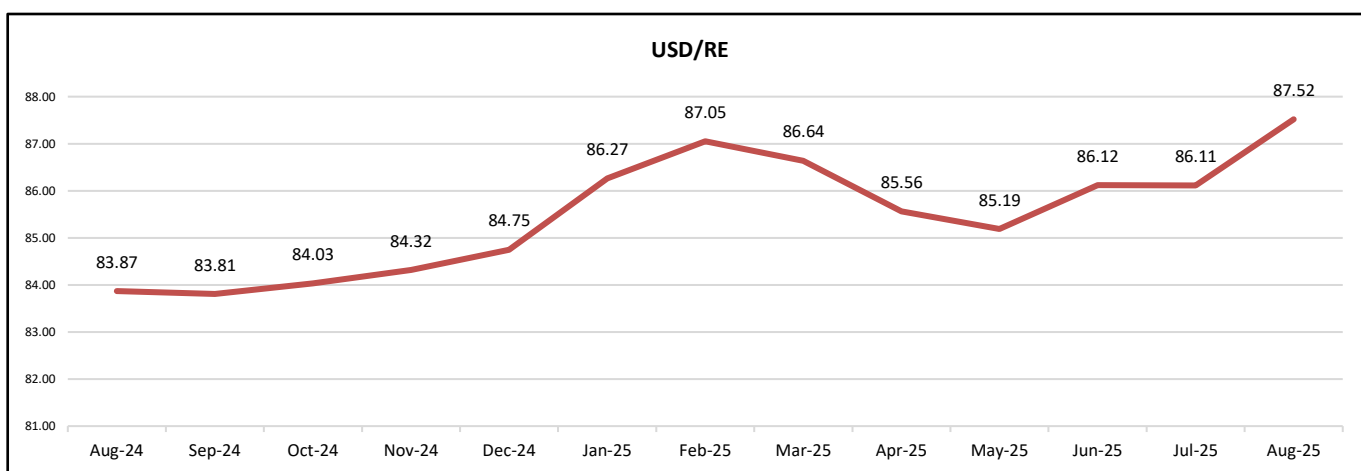
India's forex reserves has fallen again in August 2025 by almost 2 per cent, reaching closer to September 2024 level of USD 694 billion. However, in comparison to previous year, the figure has seen a rise of more than 6 per cent from the levels of August 2024.



(Source: Reserve Bank of India)

Exchange Rate

Rupee depreciated in August 2025 to an all-time high of 87.52 per USD since April 2023. However, the rupee has depreciated by almost 4.35 per cent in August 2025 over August 2024.



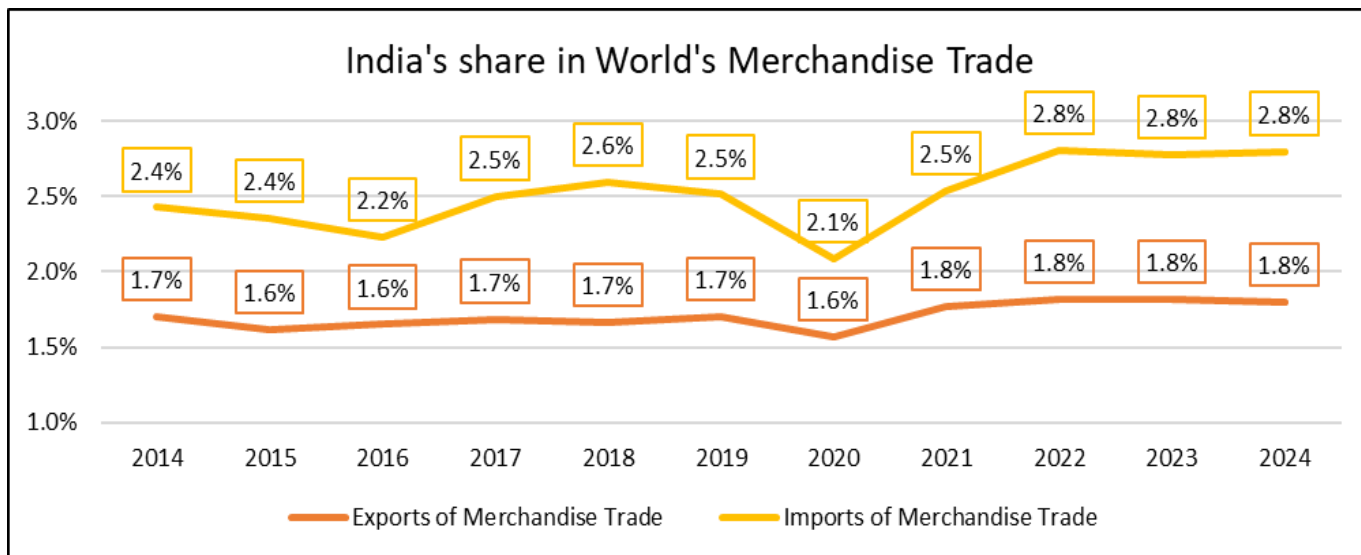
(Source: Reserve Bank of India)

(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

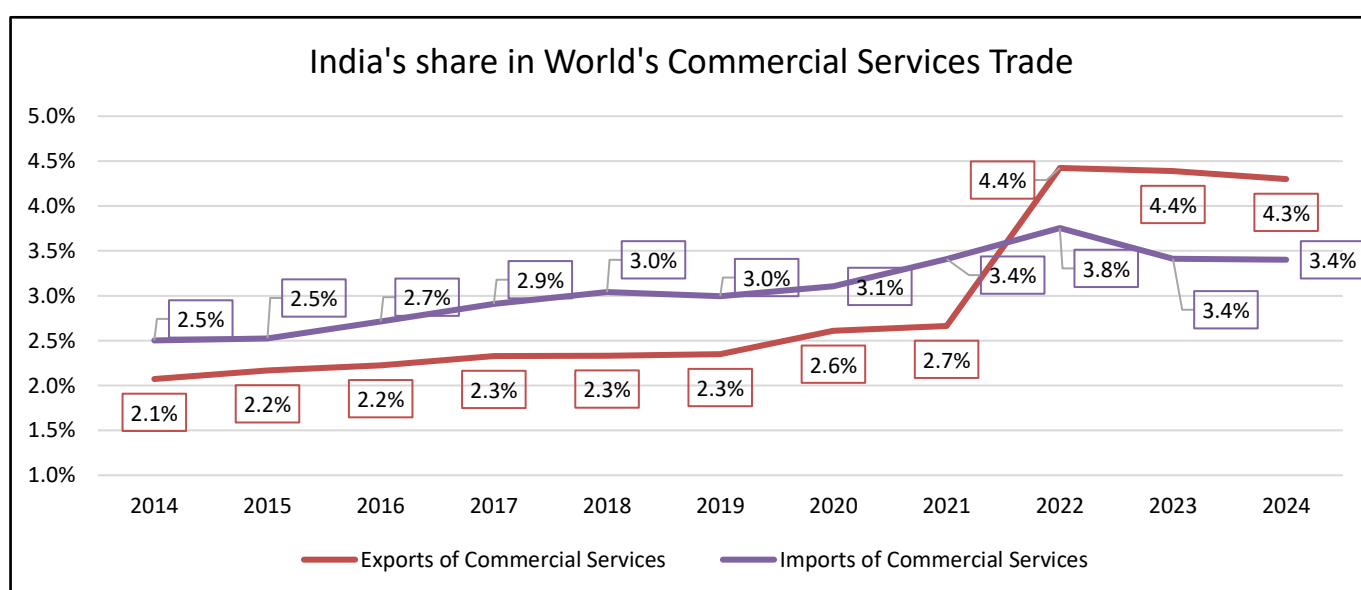


(Source: Global Trade Outlook and Statistics, April 2025, World Trade Organisation (WTO))

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

GST Council Approves Rate Rationalisation and Compliance Simplification Measures

The GST Council has approved rationalisation of tax rates and procedural reforms to simplify compliance and boost trade. The earlier four-tier GST structure has been replaced by a streamlined two-rate system—5% and 18%—along with a special demerit rate of 40% for select goods and services. GST rates have been reduced on essential products such as groceries, agricultural goods, consumer non-durables like shampoos, soaps, and toothbrushes, as well as consumer durables including TVs, air conditioners, small cars, and motorcycles. Key labour-intensive items, medicines, medical equipment, and renewable energy devices also benefit from lower tax rates.

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SEBI Eases Public Shareholding Norms and Revises Related Party Transaction Rules

The Securities and Exchange Board of India (SEBI) has approved key amendments to the Securities Contracts (Regulation) Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The changes include revised norms for Minimum Public Offers (MPO) and Minimum Public Shareholding (MPS), introducing new market capitalisation thresholds and easing timelines for large issuers—allowing up to 10 years to achieve 25% public shareholding. For Related Party Transactions (RPTs), SEBI has modified thresholds for materiality, eased disclosure requirements, and defined validity periods for omnibus approvals to simplify compliance. The 35% retail quota in IPOs remains unchanged.

[\(Read More\)](#)

SEBI Renews Recognition of National Commodity Clearing Limited (NCCL)

The Government has issued a Gazette Notification approving the renewal of recognition for the National Commodity Clearing Limited (NCCL) as a clearing corporation for commodity derivatives. The renewal reinforces NCCL's role in ensuring transparent, efficient, and risk-managed clearing and settlement of trades across commodity exchanges. This decision aims to strengthen market integrity, promote investor confidence, and support the smooth functioning of India's commodity derivatives market.

[\(Read More\)](#)

SEBI Renews Recognition of Metropolitan Stock Exchange of India Ltd (MSEI)

The Government has issued a Gazette Notification approving the renewal of recognition for the Metropolitan Stock Exchange of India Ltd (MSEI) as a recognised stock exchange under the Securities Contracts (Regulation) Act, 1956. This renewal allows MSEI to continue facilitating trading in securities while adhering to regulatory standards. It aims to strengthen market integrity, enhance investor confidence, and promote transparency and efficiency in India's capital market ecosystem.

[\(Read More\)](#)

Civil Aviation

Draft Bill to Promote and Regulate Civilian Drones Released for Public Feedback

The Ministry of Civil Aviation has released the draft Civil Drone (Promotion and Regulation) Bill, 2025 for public consultation. The Bill outlines a comprehensive framework for promoting and regulating civilian unmanned aircraft systems (UAS). It defines UAS as unmanned aircraft weighing up to 500 kilograms, operated either autonomously or remotely, and includes the aircraft, remote pilot stations, and control links. All UAS must be registered with the Directorate General of Civil Aviation (DGCA), and manufacturing or assembly will require DGCA certification. The Bill also mandates safety and security features prescribed by the government, while UAS operators must undergo remote pilot training and obtain certificates from DGCA or authorized officers.

[\(Read More\)](#)

Communication

Comments Invited on the Draft Rules for Telecommunication User Identification

The Department of Telecommunication has invited public comments on the draft rules for telecommunication user identification, aimed at enhancing security, curbing misuse, and ensuring accurate verification of telecom users. The proposed rules outline processes for collecting and validating user details, promoting accountability among service providers. Stakeholders, including industry players and citizens, are encouraged to review the draft and submit feedback to help shape a robust and transparent regulatory framework.

[\(Read More\)](#)

Amendments to Interception Rules Notified

The Department of Telecommunication has notified the Telecommunications (Procedures and Safeguards for Lawful Interception of Messages) Amendment Rules, 2025. The revised rules aim to enhance procedural transparency, strengthen safeguards to protect citizens' privacy, and ensure accountability in lawful surveillance activities. These amendments streamline coordination among authorised agencies while reinforcing adherence to data protection and security standards in line with evolving technological and regulatory requirements.

[\(Read More\)](#)

Education

Guidelines Released on Co-location of Anganwadi Centres with Schools

The Ministries of Education and Women and Child Development have jointly issued guidelines for co-locating anganwadi centres with schools, in line with the National Education Policy, 2020. The guidelines propose two models—(i) physical co-location and (ii) mapping anganwadis to nearby grade-one schools where space is limited. They also call for reconciliation of child data with primary school records and alignment of state curricula with the National Curriculum Framework for the Foundational Stage.

[\(Read More\)](#)

Power

Ministry Notifies Electricity (Amendment) Rules, 2025 to Regulate Energy Storage Systems

The Ministry of Power has notified the Electricity (Amendment) Rules, 2025 under the Electricity Act, 2003, to update provisions related to energy storage systems. The amendments allow energy storage systems to function independently or as part of generation, transmission, or distribution. They may be developed, owned, leased, or operated by generating companies, licensees, consumers, or independent providers. Owners may sell, lease, or rent storage capacity, promoting flexibility, market participation, and energy reliability.

[\(Read More\)](#)

Renewable

National Policy on Geothermal Energy Notified

The Ministry of New and Renewable Energy has notified the National Policy on Geothermal Energy to promote exploration, development, and utilisation of geothermal resources in India. The policy seeks to attract investments, establish regulatory and institutional frameworks, and encourage technology adoption. It supports both electricity generation and direct-use applications, including ground source heat pumps, district heating, greenhouse cultivation, and cold storage, contributing to India's clean energy and decarbonisation goals.

[\(Read More\)](#)

Statistics and Programme Implementation

Comments Invited on the Draft Indian Statistical Institute Bill, 2025

The Ministry of Statistics and Programme Implementation invited comments on the draft Indian Statistical Institute Bill, 2025, which aims to strengthen the governance, administrative, and academic framework of the Indian Statistical Institute (ISI). The proposed Bill seeks to modernize the institute's structure, enhance research capabilities, and promote data-driven policymaking. Stakeholders, academicians, and the public are encouraged to review the draft and share feedback to ensure a robust and forward-looking legislation.

[\(Read More\)](#)

Corporate Office

ASSOCHAM

4th Floor, YMCA Cultural Centre and Library Building, 01, Jai Singh Road,
New Delhi - 110001

Phone: 46550555(Hunting Line) Email: assochem@nic.in

Website: <https://www.assochem.org>

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