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January 2026

The Associated Chambers of Commerce and Industry of India

MONTHLY ROUNDUP

ASSOCHAM VOICE

State of the Indian Economy

Domestic Indicators

Monthly Review of Accounts of Government of India Up to December 2025

The key highlights of the monthly accounts of the Government of India up to December 2025 state the Government has received INR 25,25,156 crore (72.2% of corresponding BE 2025-26 of Total Receipts). This amount consists of INR 19,39,254 crore Tax Revenue (Net to Centre), INR 5,39,855 crore of Non-Tax Revenue and INR 38,927crore of Non-Debt Capital Receipts. Total Expenditure incurred by Government of India is INR 3,80,998 crore (66.7% of corresponding BE 2025-26).

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India's IIP Growth Rate Stands at 7.8% for December 2025

The IIP growth rate for the month of December 2025 is 7.8 percent which was 6.7 percent (Quick Estimate) in the month of November 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of December 2025 are 6.8 percent, 8.1 percent and 6.3 percent respectively. Within the manufacturing sector, 16 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth. The top three positive contributors for the month of December 2025 are – "Manufacture of basic metals" (12.7%), "Manufacture of motor vehicles, trailers and semi-trailers" (33.5%) and "Manufacture of pharmaceuticals, medicinal chemical and botanical products" (10.2%).

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The Index of Eight Core Industries (ICI) Stood at 3.7% in December 2025

The combined Index of Eight Core Industries (ICI) increased by 3.7 per cent (provisional) in December 2025 as compared to the Index in December 2024. The production of Cement, Steel, Electricity, Fertilizer and Coal recorded positive growth in December 2025. The cumulative growth rate of ICI during April to December 2025-26 is 2.6 per cent (provisional) as compared to the corresponding period of last year.

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Retail Inflation Moves To 1.33% for December 2025

Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of December 2025 over December 2024 is 1.33% (Provisional). There is an increase of 62 basis points in headline inflation of December 2025 in comparison to November 2025. Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) for the month of December 2025 over December 2024 is -2.71% (Provisional). The increase in headline inflation and food inflation during the month of December 2025 is attributed to Personal care and effects, Vegetables, Meat and fish, Egg, Spices and Pulses and Products.

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Wholesale Inflation for December 2025 Stands at 0.83%

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 0.83% (provisional) for the month of December 2025 (over December 2024). Positive rate of inflation in December 2025 is primarily due to increase in prices of other manufacturing, minerals, manufacture of machinery and equipment, manufacture of food products and textiles etc. The month over month change in WPI for the month of December 2025 stood at 0.71% as compared to November 2025.

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GST Collection for December 2025 Stood at INR 1.74 Lakh Crore

Goods and Services Tax (GST) collections for the month of December 2025 stood at nearly INR 1.74 lakh crore, an increase of 6.1% year-on-year basis. Central GST collection stood at INR 34,289 crore while State GST collection was INR 41,368 crore. Additionally, for December 2025, Integrated GST collection was INR 98,894 lakh crore. The Gross Import Revenue for November 2025 was INR 51,977 crore, out of which IGST accounted for the entire amount.

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Labour Force Participation Rate (LFPR) was 56.1% in December 2025

Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) among persons of age 15 years and above was 56.1% in December 2025. The overall Unemployment Rate (UR) among persons of age 15 years and above was 4.8% in December 2025. The overall Worker Population Ratio (WPR) in December 2025 was 53.4%. In the age group 15 years and above, rural male and female workforce participation increased in December 2025, reaching 76.0% and 38.6%, respectively.

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External Indicators

Total Exports (Merchandise & Services) for December 2025 are Estimated at USD 74.01 Billion

India's total exports (Merchandise and Services combined) for December 2025* is estimated at US$ 74.01 Billion, registering a negative growth of (-)1.01 percent vis-à-vis December 2024. Total imports (Merchandise and Services combined) for December 2025* is estimated at US$ 80.94 Billion, registering a positive growth of 6.17 percent vis-à-vis December 2024. Top 5 export destinations, in terms of change in value, exhibiting positive growth in December 2025 vis a vis December 2024 are China P Rp (67.35%), U Arab Emts (14.94%), Malaysia (65.42%), Hong Kong (61.28%) and Spain (48.48%).

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India's Forex Reserves Reach USD 709.413 Billion

India's forex reserves increased by USD 8.05 billion to reach USD 709.413 billion for the week ending January 23. Foreign currency assets, the largest component of the reserves, rose by USD 2.37 billion to USD 562.89 billion. Gold reserves recorded a sharper increase, rising by USD 5.64 billion to USD 123.09 billion. RBI's Special Drawing Rights (SDRs) recorded a USD 33 million rise to USD 18.74 billion, while the reserve position in the International Monetary Fund (IMF) rose by USD 18 million to USD 4.7 billion.

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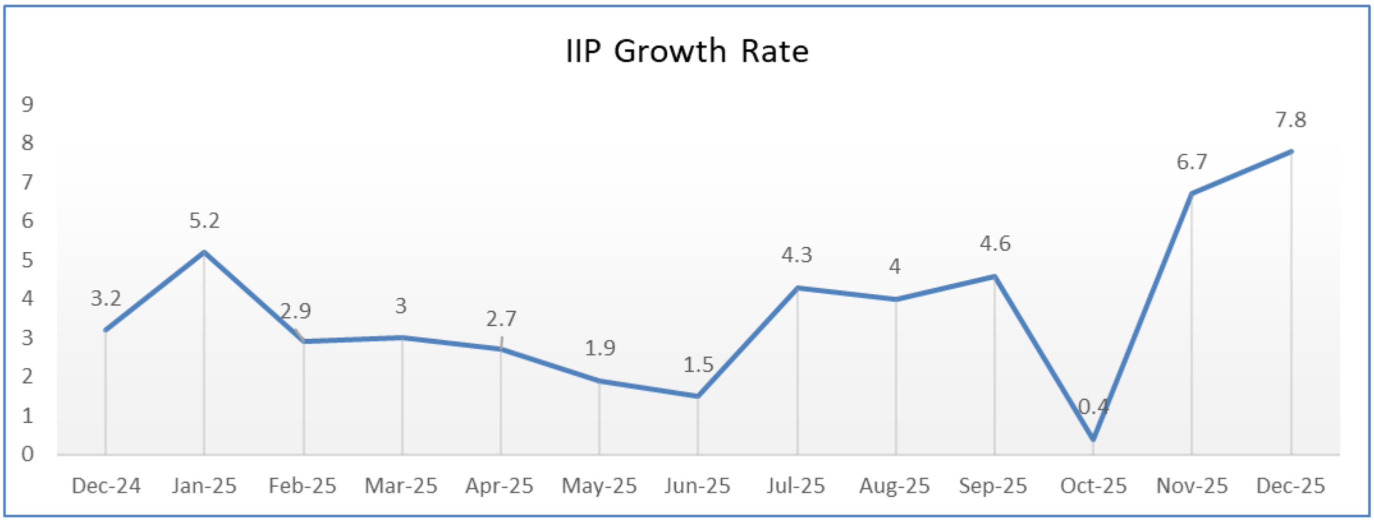
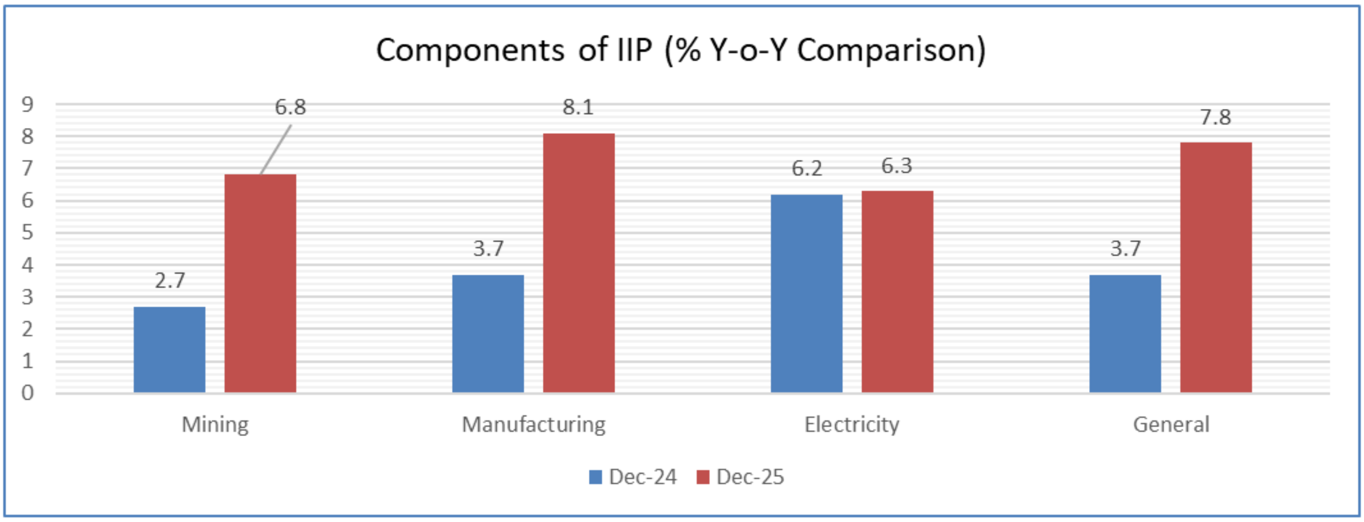
Economic Analysis

Production Scenario (IIP Growth)



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

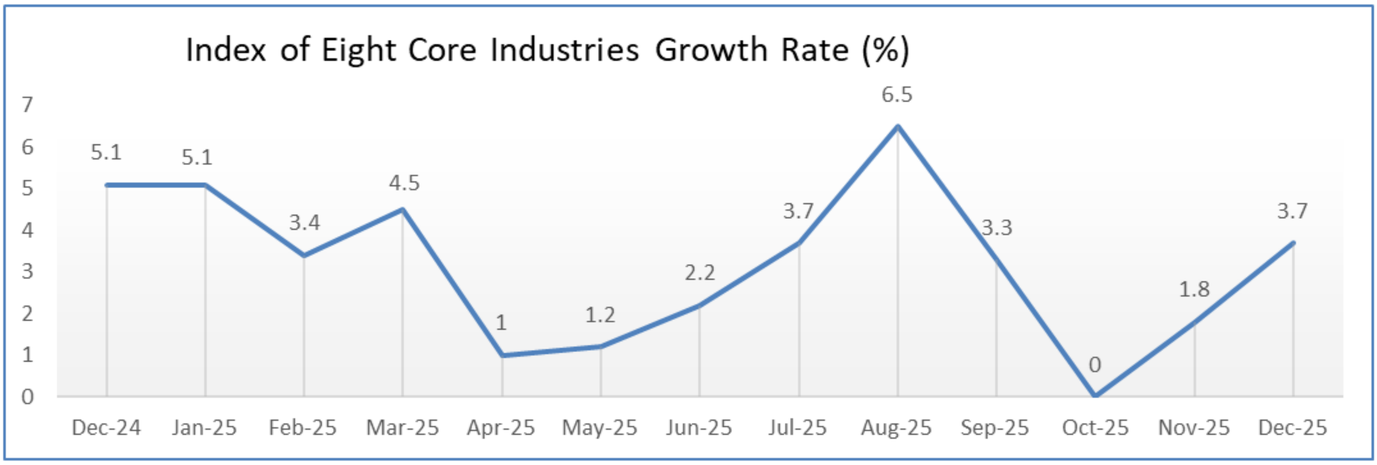
India's Index of Industrial Production (IIP) recorded a strong 7.8% year-on-year growth in December 2025, marking a sharp rebound after the October slowdown. The rise was driven by an 8.1% expansion in the manufacturing sector, led by basic metals, motor vehicles, trailers, semi-trailers, pharmaceuticals, medicinal chemical and botanical products. Mining output grew 6.8% and electricity output grew by 6.3%, reinforcing the broader industrial recovery momentum.



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

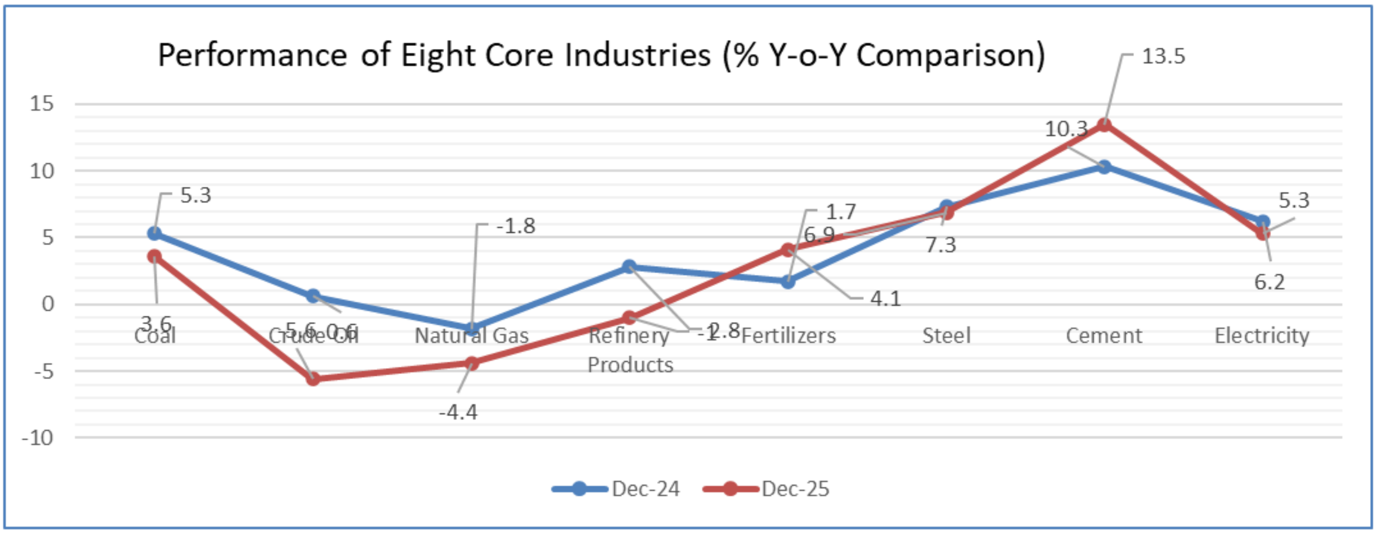
IIP growth strengthened markedly in December 2025, led by manufacturing and mining, indicating improved industrial momentum. Manufacturing rose to 8.1% and mining to 6.8%, while electricity growth remained steady. Overall IIP at 7.8% reflected broad-based recovery.

Production Scenario (Core Infra)



(Source: Ministry of Commerce and Industry, GOI)

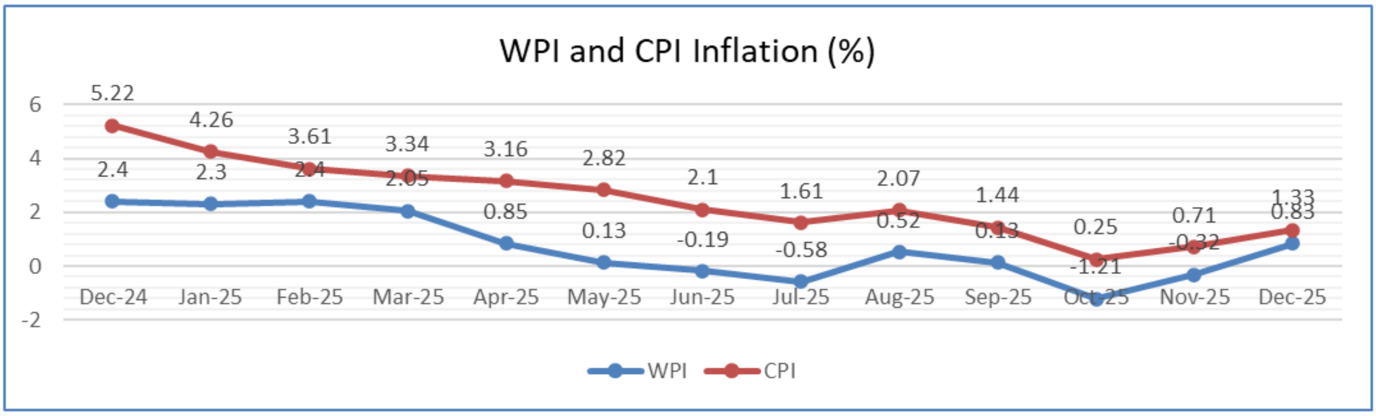
Growth in India's eight core industries accelerated to a four-month high of 3.7% in December 2025, supported by a rebound in electricity and coal, official data showed. However, expansion was slower than 5.1% in December 2024. Electricity output rose 5.3% and coal grew 3.6%, while steel and cement remained strong amid higher infrastructure spending. In contrast, crude oil, refinery products and natural gas contracted sharply. Fertiliser growth moderated month-on-month but stayed above last year's level. Overall performance reflected demand resilience, government capex support, and uneven energy-sector dynamics during the month.



(Source: Ministry of Commerce and Industry, GOI)

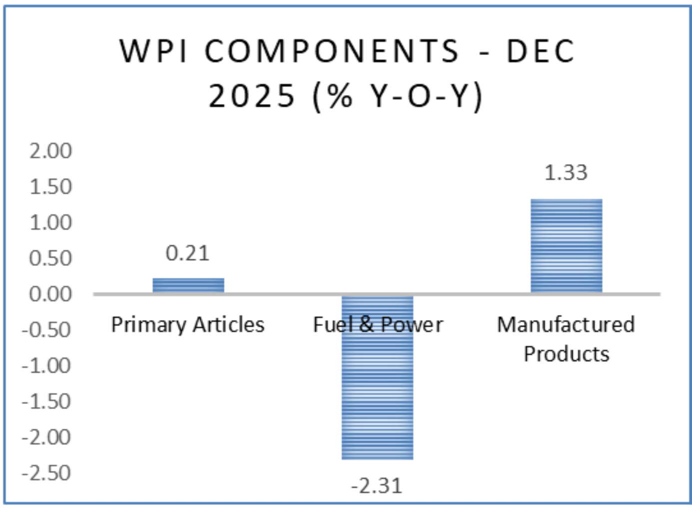
The chart shows a mixed performance across core industries in December 2025 compared with December 2024. Electricity and coal recorded clear improvements, supporting the overall rebound in the index. Steel and cement continued to post strong growth, reflecting sustained infrastructure and construction demand. Fertiliser growth moderated but remained positive. In contrast, hydrocarbons weakened sharply, with crude oil, natural gas and refinery products in contraction, dragging momentum. Overall, growth is increasingly investment-led and power-driven, while energy supply-side constraints remain a key downside risk into the near-term industrial outlook for policymakers nationally.

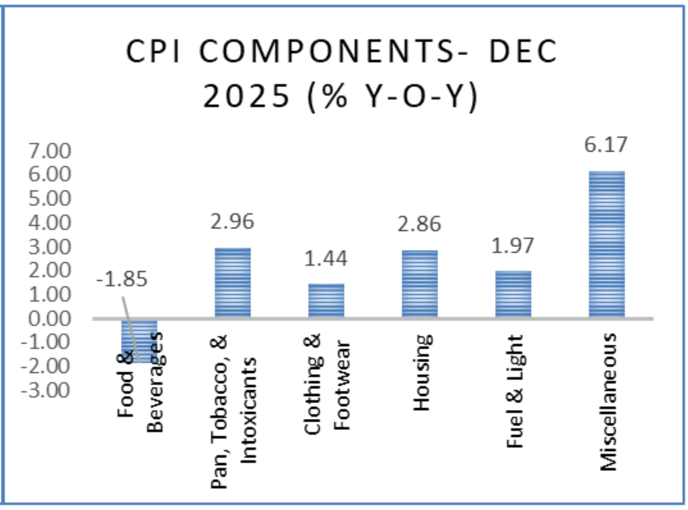
Inflation Trends (WPI & CPI)



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

WPI and CPI inflation eased sharply by December 2025, signalling broad-based disinflationary momentum. CPI inflation moderated to 1.33%, reflecting sustained softness in food prices and favourable base effects. WPI inflation remained benign at 0.83%, indicating limited upstream price pressures across commodities and manufactured goods. The divergence between retail and wholesale inflation narrowed compared to earlier months, suggesting better cost pass-through conditions. Together, the trends provide policy space for maintaining an accommodative monetary stance, while underscoring the importance of monitoring food supply shocks and global energy prices going forward carefully.

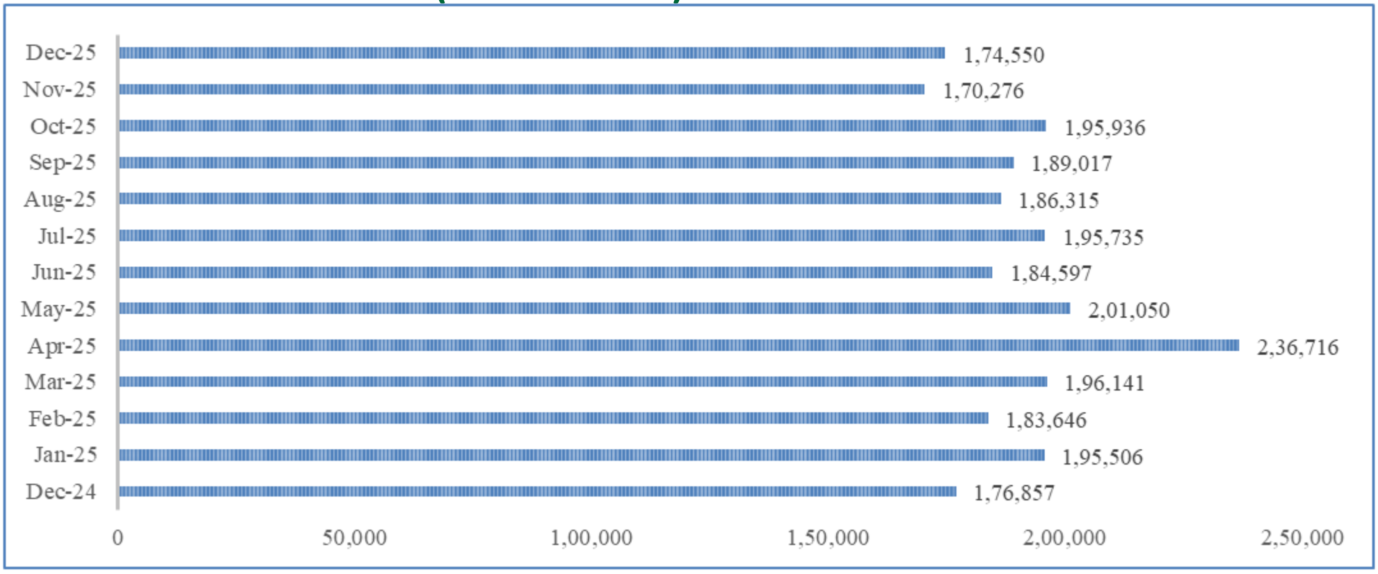




(Source: MOSPI and Office of Economic Advisor, GOI)

Component-wise data for December 2025 highlights divergent inflation drivers. WPI remained subdued as fuel and power prices contracted sharply, offsetting mild gains in primary articles and manufactured products. CPI inflation was restrained by deflation in food and beverages, reflecting easing food prices. However, services-linked components such as housing, miscellaneous items, and pan, tobacco and intoxicants showed firmer pressures. Overall, inflation softness is supply-driven, while core and services inflation warrant continued monitoring by policymakers closely ahead.

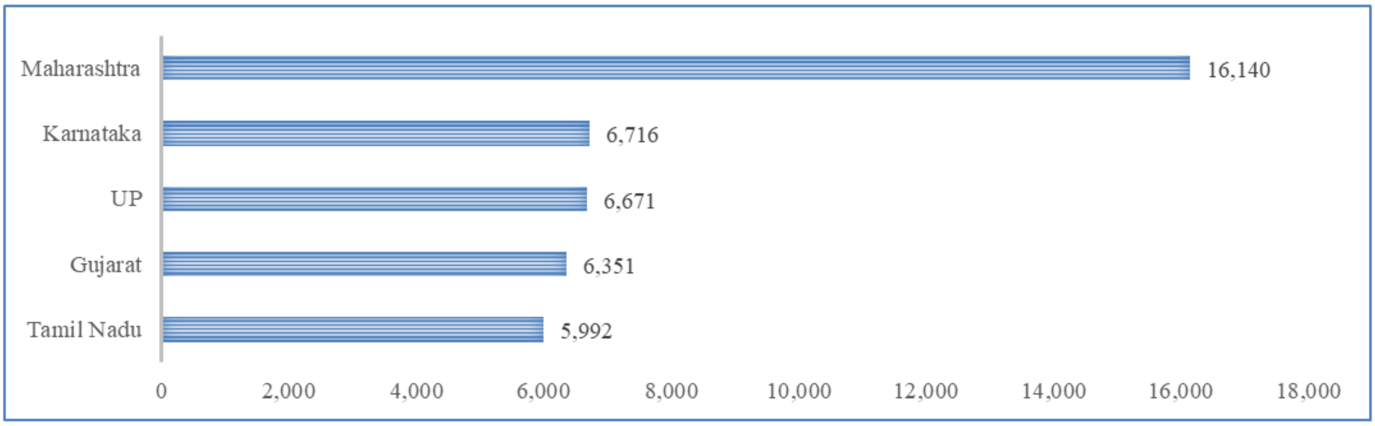
GST Revenue Collection (in INR crores)



(Source: Ministry of Finance, GOI)

Gross GST collections in December 2025 stood at Rs.1.75 lakh crore, improving from the previous month and registering a significant 6.1% year-on-year increase. The composition was led by IGST collections, reflecting stronger import-linked activity, while CGST and SGST remained stable. Notably, domestic GST revenues increased by 1.2% only, signalling softer internal demand, whereas import-related revenues rose by 19.7%, supported by trade flows and customs-linked taxation. Overall, the data points to subdued domestic consumption offset partly by resilience in external trade and import activity.

Top 5 States for Post-Settlement SGST Collection in December 2025 (in INR crores)



(Source: Ministry of Finance, GOI)

Maharashtra led the country with the highest GST revenue collections, totalling INR 16,140 crores, followed by Karnataka and Uttar Pradesh. Gujarat and Tamil Nadu rounded out the top five. These states have emerged as the largest contributors to GST revenues, reflecting their strong economic activities and business environments. Total State GST collection stood almost at INR 79,584 crore.

BFSI Article

Labour Codes – Impact on your Business

What do the new Labour Codes mean? How does it impact you?

In a historic decision, with effect from 21st November 2025, the Indian Government has announced the implementation of 4 labour codes. As our readers may be aware, the Government has been working on a complete overhauling of the archaic labour regulations with the objective of bringing them in sync with the 21st century business landscape and promoting investments. The new set of regulations consolidates 44 labour laws under 4 categories of Codes namely, Wage Code; Social Security Code; Occupational Safety, Health & Working Conditions Code; and Industrial Relations Code. This has been a massive exercise and shall see the light of day soon.

What are and what is the status of the 4 Labour Codes? When will they be applicable?

The Parliament has already passed all the four Codes and it has also received the President's assent. The government is aiming to implement all the four Codes in one go from the next Financial Year 2026-27 (laws are notified with an effective date of 21st November 2025) and complete the final stretch of labour sector reforms. The 4 codes are:

1. The Code on Wages, 2019, applying to all the employees in organized as well as unorganized sector, aims to regulate wage and bonus payments in all employments and aims at providing equal remuneration to employees performing work of a similar nature in every industry, trade, business, or manufacture.
2. The Code on Occupational Safety, Health and Working Conditions, 2020 seeks to regulate health and safety conditions of workers in establishments with 10 or more workers, and in all mines and docks.
3. The Code on Social Security, 2020 consolidates nine laws related to social security and maternity benefits.
4. The Code on Industrial Relations, 2020 seeks to consolidate three labour laws namely, The Industrial Disputes Act, 1947: The Trade Unions Act, 1926 and The Industrial Employment (Standing Orders) Act, 1946. The Code aims to improve the business environment in the country largely by reducing the labour compliance burden of industries.

Since labour laws is placed under the concurrent list of the constitution of India, the States can choose to frame their own Rules to govern the labour in their respective States. While the labour laws are in effect, we would like to mention that the rules to give effect to these Acts are yet to be notified and therefore, until such time, the old legislations are continuing to be in place.

The new labour code brings in significant changes and it is pertinent that businesses/organizations understand the key changes introduced under the new Codes, restructure and re-align, wherever required, to adapt to the new labour code regime.

How do the labour laws impact you?

The labour and employee regulations have far reaching implications for every business organization. Firstly, these are crucial for a congenial and harmonious relationship between employers and employees. You cannot have high productivity and innovation in an environment saddled with rifts and disputes. Secondly, the labour and employee costs constitute between 10% to 50% of the total costs for most business organizations and the new laws will have impact on the cost structure. Finally, the new regulations will require review and revision of all employment contracts, compensation structure, registrations and compliances. Suitable changes will need to be made in the governance structure and IT systems. This will require a "project management" approach and a transition roadmap.

Some of the key impacts that the labour laws have on the business community are as follows:

1. Consistency in definition of wages: Under the current labour laws, there are nearly 12 definitions assigned to the term "wages" alone! This was resulting in lot of litigation and confusion for the companies. The term 'wages' has been uniformly defined under the 4 codes and therefore, it is expected to reduce much confusion about what is specifically included in wages.

2. Businesses need to clearly understand "Inclusions" and "Exclusions" in Wages: The definition of wages is probably the single most important aspect that the industry needs to consider. The Code on Wages contains the specific inclusions as well as exclusions in the definition of wages. Further, under the Code of Wages, it has been specified that the total of the specified exclusions, if the same exceeds 50% (or such other % as specified by the Central Government) of the remuneration, then the amount exceeding such 50% would be deemed to be remuneration and would be added in wages as per the definition. All companies need to consider the definition of wages, look at their employment letters, analyse each of the components of their employees' CTC and may need to revisit the components in case of non-compliance with the definition of wages under the new proposed labour laws.

3. Impact of the new codes on social security and take-home salary: Due to the change in the definition of wages and the fact that the various social security such as Provident Fund, Gratuity, ESIC etc. have now been pegged as a percentage of the 'wages' and not just the basic or basic plus dearness allowance, there is expected to be a change in the total payouts on account of social security and retirement benefits. Depending on the employment letters and salary breakup of existing employees, even the take home salary of employees may be affected. Even TDS calculations based on the revisions in the take home need to be carefully considered as the obligation to deduct TDS in case of salary is on the employer.

4. Much Wider Coverage: Unlike the current labour laws, where coverage is different for each of the laws depending on type of work done by the employee or coverage is restricted to workers or employees drawing certain remuneration, the 4 labour codes seem to be applicable to all employees and certainly have much wider coverage than each of the current laws looked at individually. In fact, the new labour codes also look at new age working models and seem to give protection and legal remedies to 21st century workers as well. The labour codes cover contract labour, fixed term employment, gig workers, platform workers and many more concepts. Thus, the laws appear to be forward looking are more inclusive. For example, the Code on Occupational Safety, Health and Working Conditions enforces additional compliances on commercial establishments other than factories, over and above the specific rules under each State's shop and establishment laws.

5. Faster F&F Settlements: Section-17(2) of the Code on Wages requires wages payable to an employee to be paid within two days of removal, dismissal, resignation, or retrenchment. This will require exit formalities and HR processes to be completed expeditiously and for dues to be settled within the prescribed period. It is important that companies take note of this and make the necessary changes to their internal processes.

How RSM India can help?

The four Labour Codes represent a significant shift in India's employment and social security framework and are expected to have a far-reaching impact across organisations. Their implementation goes well beyond statutory compliance and requires coordinated action across multiple functions:

- **Human Resources (HR):** For HR and CHRO teams, the Labour Codes necessitate a comprehensive relook at employment contracts, compensation and benefits structures, HR policies, workforce classifications, and statutory compliance processes. Interpreting and operationalising these changes can be complex, given the interplay between existing practices and the revised definition of wages and employee entitlements.
- **Information Technology (IT) / ERP Systems:** Implementation of the Labour Codes will require changes to payroll and ERP systems, including configuration updates, master data restructuring, and development of customised reports to support compliance, audits, and regulatory disclosures. Ensuring system readiness will be critical to avoid compliance gaps once the Codes are notified.
- **Taxation:** The revised definition of "wages" under the Labour Codes has direct implications under the Income-tax Act, including the taxability of salary components, availability of exemptions, computation of taxable income, and withholding tax (TDS) obligations. These aspects will need to be carefully re-evaluated to ensure tax efficiency while remaining compliant.
- **Finance and Strategy:** Finance teams will need to undertake a detailed impact assessment covering increased social security costs, changes to employer contributions, implications for contract labour versus insourcing decisions, budgeting, and long-term workforce cost planning.

• **Legal and Compliance:** Legal and compliance functions will be required to revisit and re-draft employment agreements, contract labour arrangements, and HR policies, and assess compliance with the revised registration, returns, and record-keeping requirements under the Labour Codes.

RSM India, with its integrated, multidisciplinary teams spanning labour law consulting, taxation, HR advisory, technology, and legal and secretarial compliance, is well positioned to support organisations through the entire transition journey. Our support can include:

• Diagnostic and impact assessments across HR, tax, finance, and compliance

• Advisory on restructuring compensation and benefits in line with the Labour Codes

• Review and redrafting of employment contracts, HR policies, and labour arrangements

• Payroll and ERP readiness assessments, including system configuration support

• Evaluation of tax and social security implications and mitigation strategies

• Ongoing compliance support and implementation handholding

Through a coordinated, structured and pragmatic approach, RSM India helps organisations transition and navigate the new Labour Codes.

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BFSI News

BFSI growth drove momentum for Indian IT in Q3FY26

"During Q3 FY26, India's IT majors noted that despite macroeconomic uncertainties, BFSI demand continues to hold firm—and in some cases accelerate—as banks and financial institutions ramp up large deals, discretionary spending, and AI-led transformation. Tier I IT companies—TCS, Infosys, HCLTech, and Wipro—reported BFSI vertical growth of 1.6%, 3.9%, 8.1%, and 0.4% on a constant-currency YoY basis, respectively. Tier II companies showed similar trends, with Persistent Systems, Coforge, and Mphasis posting YoY growth of 3.6%, 13.8%, and 20.8%, respectively, in the BFSI vertical.

During Infosys' earnings conference call, the management commented that it sees good traction in large deals and discretionary projects in financial services. The company expects more acceleration in the sector FY27 over FY26, with increased activity on AI. "We see continued momentum in Financial services with approximately 5% growth in last 9 months, led by large deal wins and uptick in discretionary spends across sub-verticals like banking, payments, mortgages, along with asset and wealth management. There is elevated interest in AI-led transformation, platform modernization and vendor consolidation. We are seeing a shift from compliance to business growth. Significant core transformation across all FS sub-vertical is creating strong long-term strategic pipeline, providing good IP platform partner opportunities," said CFO Jayesh Sanghrajka.

The company signed 26 large deals during the quarter, including 10 in Financial services alone. On the other hand, Sudhir Singh, CEO and Executive Director of Coforge, noted during the company's Q3 earnings call that the banking segment is growing at 32% year-on-year, while insurance is expanding at 20% YoY. He added that the pipeline remains strong. Going forward, Singh said he expects banking to maintain its current share of revenue, as the vertical is likely to continue growing at roughly the same pace as the rest of the firm.

"Banking institutions are under pressure to improve ROE amidst the macro uncertainty, with the higher interest rates and the intensified regulatory scrutiny. From our vantage, business demand is healthy across commercial banking, lending, wealth management, and risk and compliance. Operational resilience, cloud native architectures have become mission critical for banks, which is also an area of investment. Core modernization efforts at banksare also gaining momentum, and that has been driven by the need for simplification, agility, and the strategic retirement of cost free legacy infrastructure," he explained, adding that the company's confidence continues to be high for banking, with robust performance over the last four to five years.

According to Biswajeet Mahapatra, Principal Analyst at Forrester, nearly 40% of GenAI proofs of concept are now progressing into production globally, with momentum accelerating in India. Around 40% of Indian enterprises are already running multiple GenAI use cases in production, while another 30% remain in pilot stages. BFSI, among other sectors like technology, healthcare, manufacturing, retail, and professional services are leading this transition. Notably, Indian BFSI and ITeS sectors outperform the global average in production-stage AI adoption, even as both continue to grapple with challenges around data consistency and governance.

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India's Non-Life Insurance Industry Set for Moderate Growth

Gross direct premiums in the non-life sector reached Rs 3.07 lakh crore in FY25, up from Rs 1.69 lakh crore in FY19, reflecting a compound annual growth rate of 10.4%, broadly in line with nominal GDP growth. India's non-life insurance sector is poised for steady expansion over the medium term, supported by regulatory reforms, improving underwriting discipline, and rising digital penetration. CareEdge Ratings projects industry premiums to grow 8– 11% in the coming years, with health and motor insurance remaining the dominant segmants.

Gross direct premiums in the non-life sector reached Rs 3.07 lakh crore in FY25, up from Rs 1.69 lakh crore in FY19, reflecting a compound annual growth rate (CAGR) of 10.4%, broadly in line with nominal GDP growth. While overall growth moderated to 6.2% in FY25 due to implementation of the 1/n rule, weak crop performance, and slower commercial activity, health insurance remained a key driver, expected to reach Rs 1.40 lakh crore by FY27. The motor insurance segment, projected to cross Rs 1.17 lakh crore by FY27, benefits from rising vehicle sales, growing EV adoption, and increased digitisation. The share of motor premiums has shifted from Own-Damage (OD) to third-party (TP) policies, with TP now accounting for 58% of total motor premiums. Recent regulatory moves and expected GST reductions on vehicles could further support growth in the motor insurance space.

Despite rising premiums, underwriting profitability remains under pressure. FY25 saw underwriting losses widen to Rs 0.30 lakh crore, with public sector insurers accounting for the majority of the shortfall. The combined ratio has consistently stayed above 100%, although industry efficiency has improved, with expense of management declining from 27% of net earned premiums in FY19 to 16.6% in FY25. Health insurance claims ratios are normalising post-pandemic, with retail health tabilising at 76.2% and group health at 93.7% in FY24, reflecting tighter underwriting and pricing discipline. Standalone Health Insurers (SAHIs) continue to expand market share reporting double-digit premium growth even after the 1/n accounting change. Looking ahead, the sector's growth will be supported by deeper digital integration, InsureTech collaborations, and AI-driven risk assessment. Embedded distribution models and regulatory support for financial inclusion are expected to drive greater penetration in tier 2–3 cities, particularly in health and motor segments.

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Select RBI Circulars

RBI Circulars January - 2026				
Circular Number	Date Of Issue	Department	Subject	Meant For
RBI/2025-2026/203 DOR.RET.REC.400/12.01.001/ 2025-26	22.1.2026	Department of Regulation	Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026	_
RBI/2025-2026/202 DOR.RET.REC.399/12.01.001/ 2025-26	22.1.2026	Department of Regulation	Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026	_
RBI/2025-2026/201 DOR.RET.REC.398/12.01.001/ 2025-26	22.1.2026	Department of Regulation	Reserve Bank of India (Local Area Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026	_
RBI/2025-2026/200 DOR.RET.REC.397/12.01.001/ 2025-26	22.1.2026	Department of Regulation	Reserve Bank of India (Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026	_
RBI/2025-2026/199 DOR.RET.REC.396/12.01.001/ 2025-26	22.1.2026	Department of Regulation	Reserve Bank of India (Payments Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026	_
RBI/2025-2026/198 DOR.RET.REC.395/12.01.001/ 2025-26	22.1.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026	_

RBI/2025-2026/197 DOR.RET.REC.394/12.01.001/ 2025-26	**22.1.2026**	**Department of Regulation**	**Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026**	_
RBI/2025-2026/195 DOR.STR.REC.393/04.02.001/ 2025-26	19.1.2026	Department of Regulation	Interest Subvention for Pre- and Post- Shipment Export Credit under Export Promotion Mission (EPM) – Niryat Prothsahan	All Scheduled Commercial Banks (excluding Regional Rural Banks); Primary (Urban) Co-operative Banks; State Co-operative Banks; All-India Financial Institutions
RBI/FIDD/2025-26/196 FIDD.CO.PSD.BC.No.11/04.09 .001/2025-26	19.1.2026	Financial Inclusion and Development Department	Reserve Bank of India (Priority Sector Lending – Targets and Classification) (Amendment) Directions, 2026	_
RBI/2025-2026/194 A.P. (DIR Series) Circular No. 20	16.1.2026	Foreign Exchange Department	Export and Import of Goods and Services	All Authorised Dealers
RBI/2025-2026/193 FIDD.CO.FSD.BC.No.10/05.02. 001/2025-26	13.1.2026	Financial Inclusion and Development Department	Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial year 2025-26	The Chairman/Managing Director/Chief Executive Officer All Public Sector Banks, Private Sector Banks and Small Finance Banks
RBI/2025-2026/192 A.P. (DIR Series) Circular No. 19	12.1.2026	Foreign Exchange Department	Foreign Exchange Management (Guarantees) Regulations, 2026	All Authorised Dealer Category I Banks,
RBI/2025-2026/191 DOR.STR.REC.392/21-01-002/2025-26	09.1.2026	Department of Regulation	Reserve Bank of India (All India Financial Institutions (AIFIs) - Prudential Norms on Capital Adequacy) Amendment Directions, 2026	_

RBI/2025-2026/190 DOR.STR.REC.391/21-01-002/2025-26	**09.1.2026**	**Department of Regulation**	**Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026**	–
RBI/2025-2026/189 DOR.STR.REC.390/21-01-002/2025-26	09.1.2026	Department of Regulation	Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026	–
RBI/2025-2026/188 DOR.CRE.REC.389/21.04.018/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (All India Financial Institutions – Financial Statements: Presentation and Disclosures) – Amendment Directions, 2026	–
RBI/2025-2026/187 DOR.CRE.REC.388/21.04.018/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, Amendment Directions, 2026	–
RBI/2025-2026/186 DOR.CRE.REC.387/21-04-018/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Rural Co-operative Banks – Financial Statements: Presentation and Disclosures) – Amendment Directions, 2026	–
RBI/2025-2026/185 DOR.CRE.REC.386/21-04-018/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Urban Co-operative Banks – Financial Statements: Presentation and Disclosures) – Amendment Directions, 2026	–
RBI/2025-2026/184 DOR.CRE.REC.384/21-04-018/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Regional Rural Banks – Financial Statements: Presentation and Disclosures) – Amendment Directions, 2026	–

RBI/2025-2026/183 DOR.CRE.REC.385/21-04-018/2025-26	**05.1.2026**	**Department of Regulation**	**Reserve Bank of India (Local Area Banks – Financial Statements: Presentation and Disclosures) – Amendment Directions, 2026**	_
RBI/2025-2026/182 DOR.CRE.REC.383/21.04.018/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) – Amendment Directions, 2026	_
RBI/2025-2026/181 DOR.CRE.REC.382/21.04.018/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026	_
RBI/2025-2026/180 DOR.CRE.REC.381/07-02-007/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (All India Financial Institutions – Credit Risk Management) – Amendment Directions, 2026	_
RBI/2025-2026/179 DOR.CRE.REC.380/07-02-008/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) – Amendment Directions, 2026	_
RBI/2025-2026/178 DOR.CRE.REC.379/07-02-006/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Rural Co-operative Banks– Credit Risk Management) – Amendment Directions, 2026	_
RBI/2025-2026/177 DOR.CRE.REC.378/07-02-005/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Urban Co-operative Banks – Credit Risk Management) – Amendment Directions, 2026	_

RBI/2025-2026/176 DOR.CRE.REC.376/07-02-004/2025-26	**05.1.2026**	**Department of Regulation**	**Reserve Bank of India (Regional Rural Banks – Credit Risk Management) – Amendment Directions, 2026**	_
RBI/2025-2026/175 DOR.CRE.REC.377/07-02-003/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Local Area Banks – Credit Risk Management) – Amendment Directions, 2026	_
RBI/2025-2026/174 DOR.CRE.REC.375/07-02-002/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks – Credit Risk Management) – Amendment Directions, 2026	_
RBI/2025-2026/173 DOR.CRE.REC.374/07-02-001/2025-26	05.1.2026	Department of Regulation	Reserve Bank of India (Commercial Banks – Credit Risk Management) – Amendment Directions, 2026	_
RBI/2025-2026/172 CO.DPSS.ODD.No.S1074/06-08-024/2025-2026	01.1.2026	Department of Payment and Settlement System	Returns – Department of Payment and Settlement Systems – Submission in CIMS	All Prepaid Payment Instrument (PPI) Issuers
RBI/2025-2026/171 CO.DPSS.ODD.No.S1073/06-08-024/2025-2026	01.1.2026	Department of Payment and Settlement Systems	Returns – Department of Payment and Settlement Systems – Submission in CIMS	All White Label ATM Operators
RBI/2025-2026/170 CO.DPSS.ODD.No.S1072/06-08-024/2025-2026	01.1.2026	Department of Payment and Settlement System	Returns – Department of Payment and Settlement Systems – Submission in CIMS	All MTSS Overseas Principals

RBI/2025-2026/169 DOR.CRE.REC.372/07-03-008/2025-26	**01.1.2026**	**Department of Regulation**	**Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Amendment Directions, 2026**
RBI/2025-2026/168 DOR.CRE.REC.373/21-01-002/2025-26	01.1.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Amendment Directions, 2026
RBI/2025-2026/167 DOR.CRE.REC.371/21.04.018/2025-26	01.1.2026	Department of Regulation	Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) Amendment Directions, 2026

India’s International Trade

Trade Performance December 2025

Highlights

- India’s total trade clocked a negative growth of 4.45 per cent in FY 2025-26 (April-December), estimated to reach USD 1304 billion (approx.) in April-December 2025 as against USD 1365 billion in April-December 2024.
- Total exports fell by 4.15 per cent and imports fell by 5 per cent during April-December 2025 over April-December 2024.
- In the month of December, merchandise exports rose by 2% whereas merchandise imports rose profoundly by 9 per cent during the month of December 2025.
- Consequently, Merchandise trade deficit reach USD 25 billion, rising by around 21 per cent in December 2025 over December 2024.
- Services exports fell by around 4 per cent, reaching USD 36 billion and imports fell by 2 per cent, reaching USD 18 billion in December 2025 over December 2024.
- Trade surplus in services sector financed deficit in merchandise trade by 72 per cent.
- Forex reserves rose from USD 655 billion in December 2024 to USD 697 billion in December 2025.
- Rupee plunged to its lowest levels to reach 90.09 per USD in December 2025.
- India’s rank as an exporter (merchandise) in the world has fallen from 17th to 18th in 2024, with share in world exports remaining the same.
- India remained 8th largest exporter of commercial services in 2024.

Overall December 2025

India’s total trade (Merchandise and Services combined) for December 2025 is estimated at USD 155, rising by around 2.6 per cent over December 2024. The total exports fell by 1 per cent and imports rose by 6.17 per cent. This led to widening of trade deficit by over 300 per cent in December 2025 over December 2024.

India's Trade *(US$ Bn)*		
	Dec-24	Dec-25
Total exports	74.77	74.01
Total Imports	76.23	80.93
Total Trade	151.00	154.94
Trade Balance	-1.46	-6.92

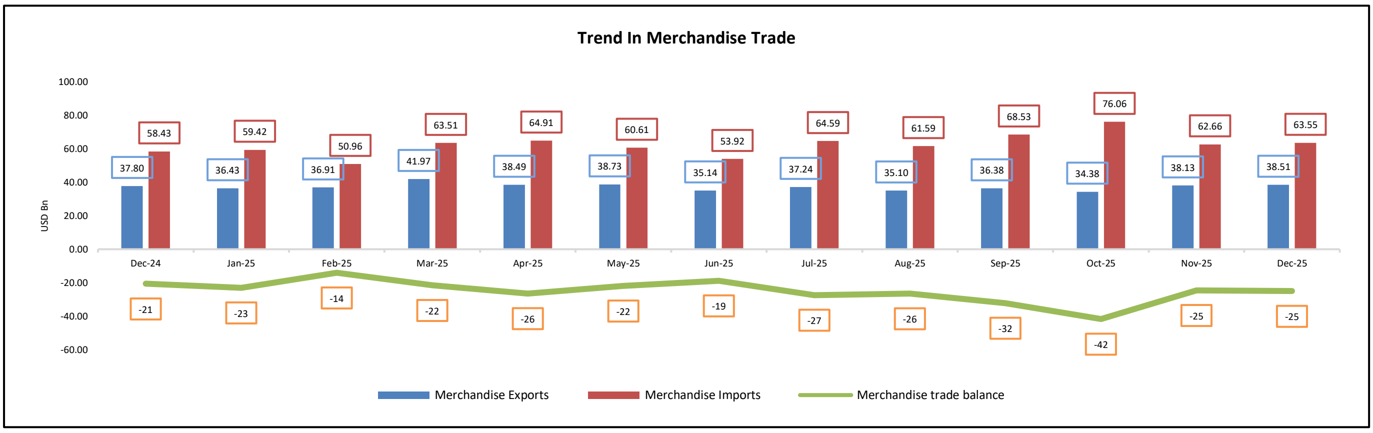
Source: Press Release, Jan 2026, Ministry of Commerce and Industry

Merchandise Trade December 2025

Merchandise exports, at USD 38.51 billion rose sharply by around 2% in December 2025 over December 2024. Exports this month continue to recovering for falls over past few months. China (67.35%), UAE (14.94%), Malaysia (65.42%), Hong Kong (61.28%) and Spain (48.48%) remain the top destinations for exports.

Major commodifies including Electronic Goods (16.78%), Drugs & Pharmaceuticals (5.65%), RMG of all Textiles (2.89%), Engineering Goods (1.28%) and Organic & Inorganic Chemicals (1.08%) experienced positive growth during the period under consideration. Merchandise imports rose more profoundly by around 9 per cent. This rise is attributed to increase in imports of Non-ferrous metals (40.28%), Metaliferrous ores & other minerals (32.64%), Vegetable Oils (27.76%), Electronic goods (22.20%), Pearls, precious & Semiprecious stones (21.37%), Fertilisers, Crude & manufactured (20.05%), Machinery, electrical & non-electrical (18.44%), and Coal, Coke & Briquettes, etc (14.46%) and Petroleum, Crude & products (5.96%).

Subsequently, trade deficit remained at USD 25 Billion, increasing by nearly 21% over its level in December last year.

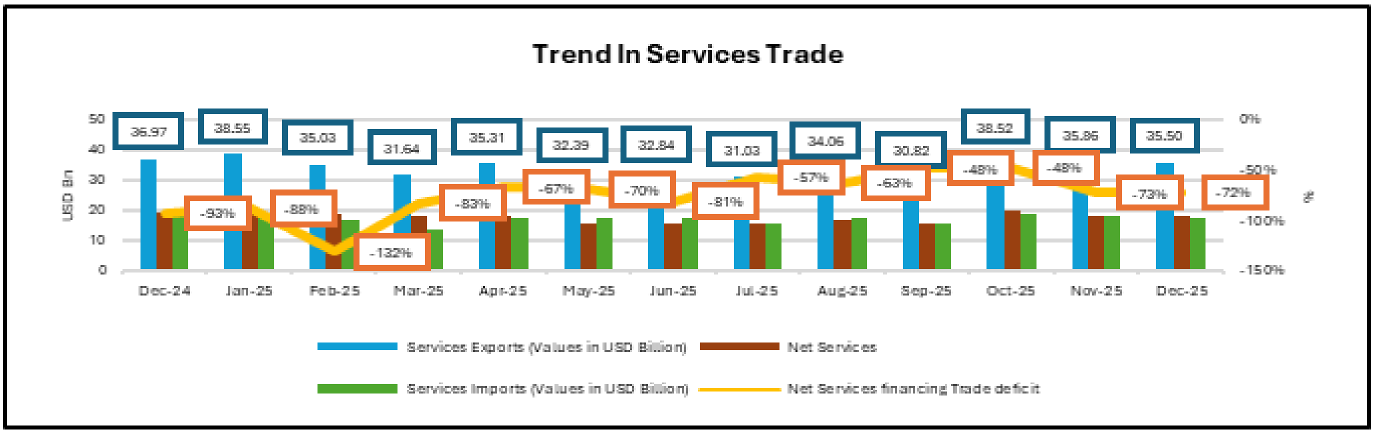


(Source: Ministry of Commerce and Industry)

Services Trade December 2025

India's service exports fell by around 4 per cent in December 2025 over December 2024. At the same time, services imports also fell by around 2 per cent. Consequently, Services trade surplus fell by around 5 per cent during the same period, touching a level of USD 18 billion.

With merchandise trade deficit of USD 25 billion in December 2025, the country ended up with a cumulative trade deficit (or net exports) of USD 3 billion. Consequently, the net services trade deficit financing ratio reached 72% in December 2025.



(Source: Reserve Bank of India)

Trade Performance April-December 2025

Overall April-December 2025

Cumulative trade for April-December 2025 was recorded at USD 1304 billion, registering a negative growth of 4 percent (approx.) as compared to April-December 2024. The total exports and imports (merchandise plus services) for April-December 2025 experienced a negative growth of 4.15 per cent and 4.72 per cent over April-December 2024. Consequently, trade balance rose by around 8.44 per cent during the same period.

India's Trade *(US$ Bn)*		
	Apr-Dec 2025	**Apr-Dec2025**
Total exports	634.26	607.94
Total Imports	730.84	696.37
Total Trade	1365.10	1304.31
Trade Balance	-96.58	-88.43
Source: Press Release, Jan 2026, Ministry of Commerce and Industry		

Merchandise Trade April-December 2025

The merchandise exports figures for FY 2024-25 fell by around 2.39%, standing at USD 322.41 billion in April-December 2025.

Merchandise imports also fell by around 5.57% during April-December 2025 over April-December 2024.

This led to marginal widening of cumulative trade deficit to USD 224 billion, a growth of over 9.8% in April-December 2025 over the corresponding period last year.

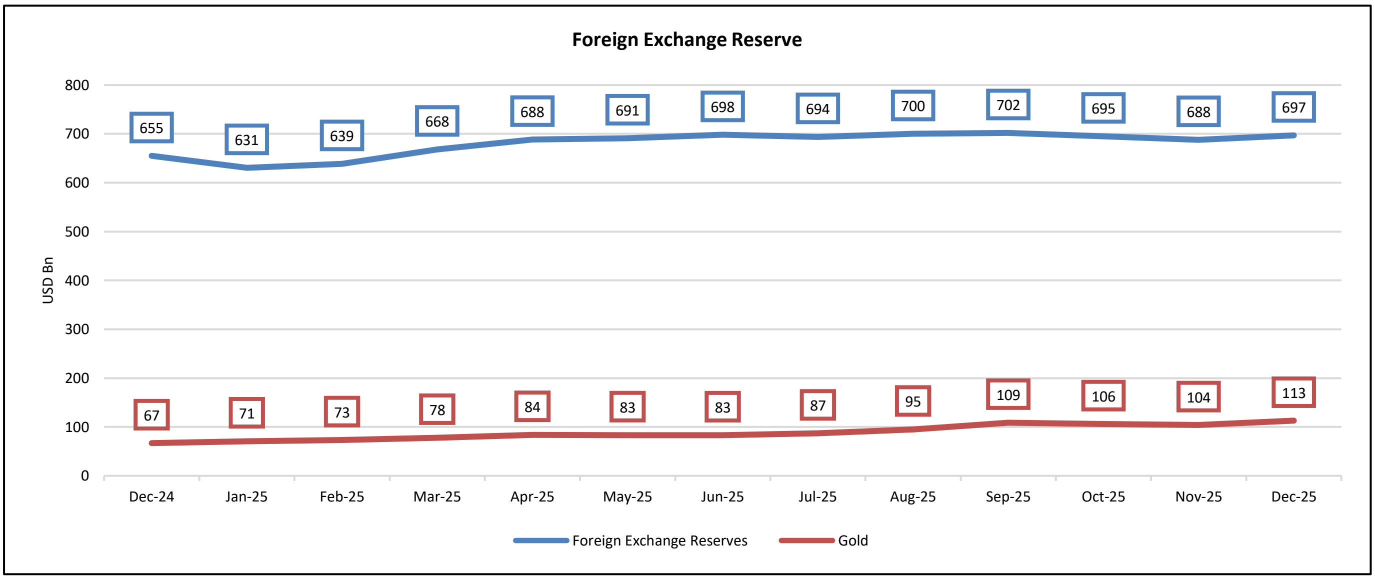
Services Trade April-December 2025

Services exports for the period April-December 2025 fell by around 6 per cent, reaching USD 286 billion (approx.) from USD 304 billion during corresponding period last year. At the same time, services imports fell around 1.5 per cent, reaching USD 150 billion (approx.) from USD 152 billion during corresponding period last year.

This led to narrowing of cumulative trade surplus to USD 136 billion in April-December 2025 from USD 152 billion in April-December 2024, representing a growth of around 11%.

Foreign Exchange Reserves

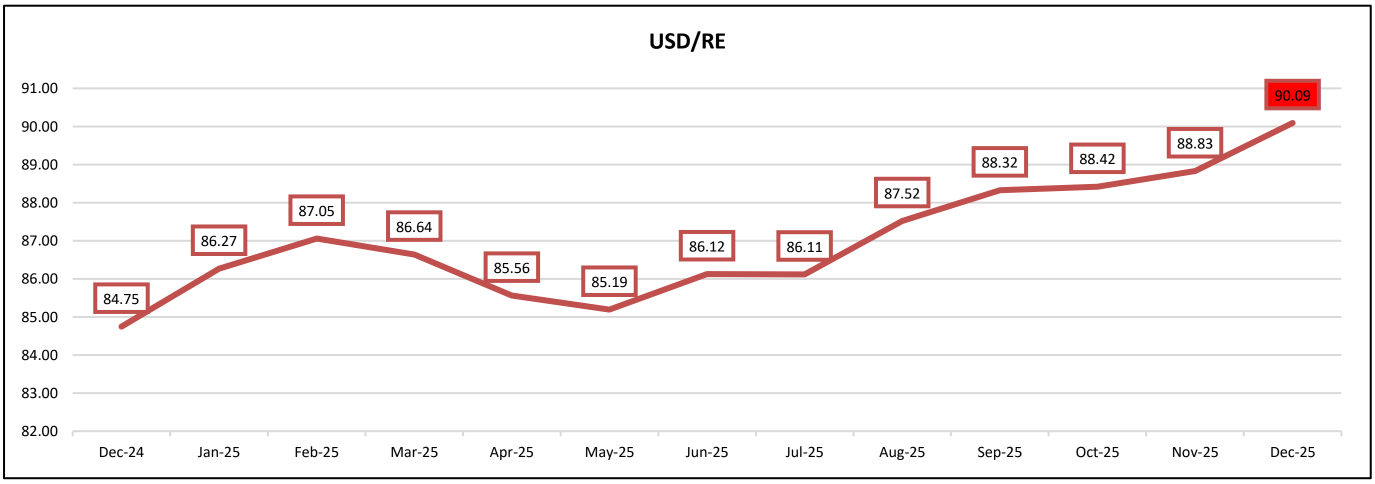
India's forex reserves has risen to USD 697 billion in December 2025 by almost 6 per cent over December 2024. The rise in forex reserves is predominantly attributed to increasing levels of Gold reserves that reached high levels, crossing the USD 113 billion mark in December 2025.



(Source: Reserve Bank of India)

Exchange Rate

In December 2025 rupee depreciated to an all-time high of 90.09 per USD since April 2023. Over December 2024, the depreciation of rupee has been of around 6 per cent.



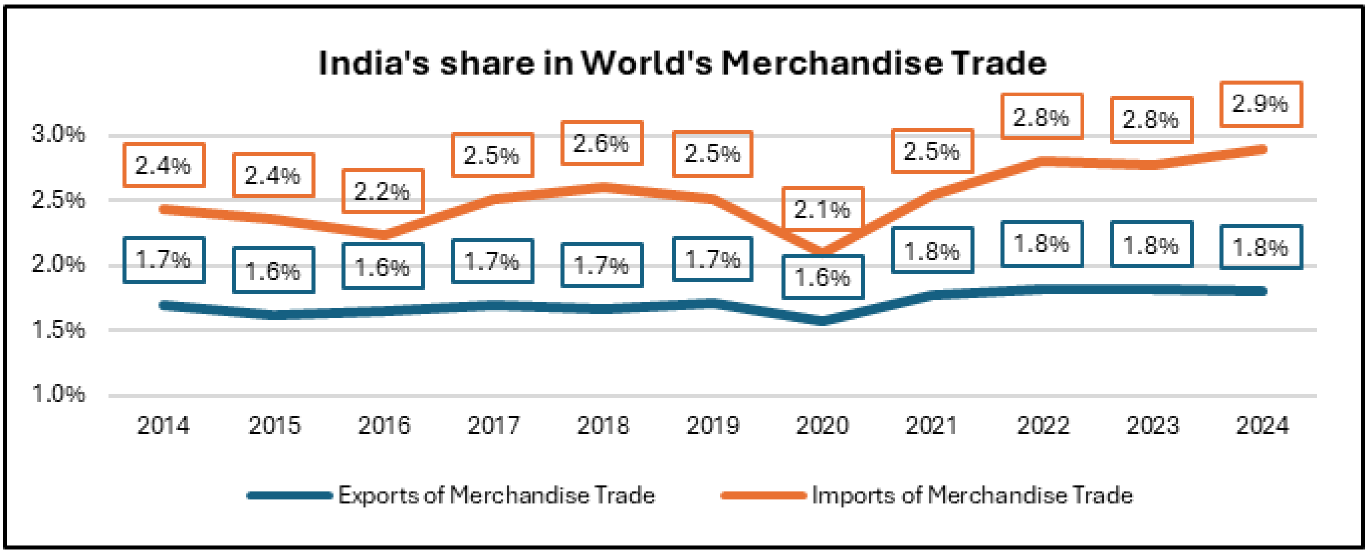
(Source: Reserve Bank of India)

(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

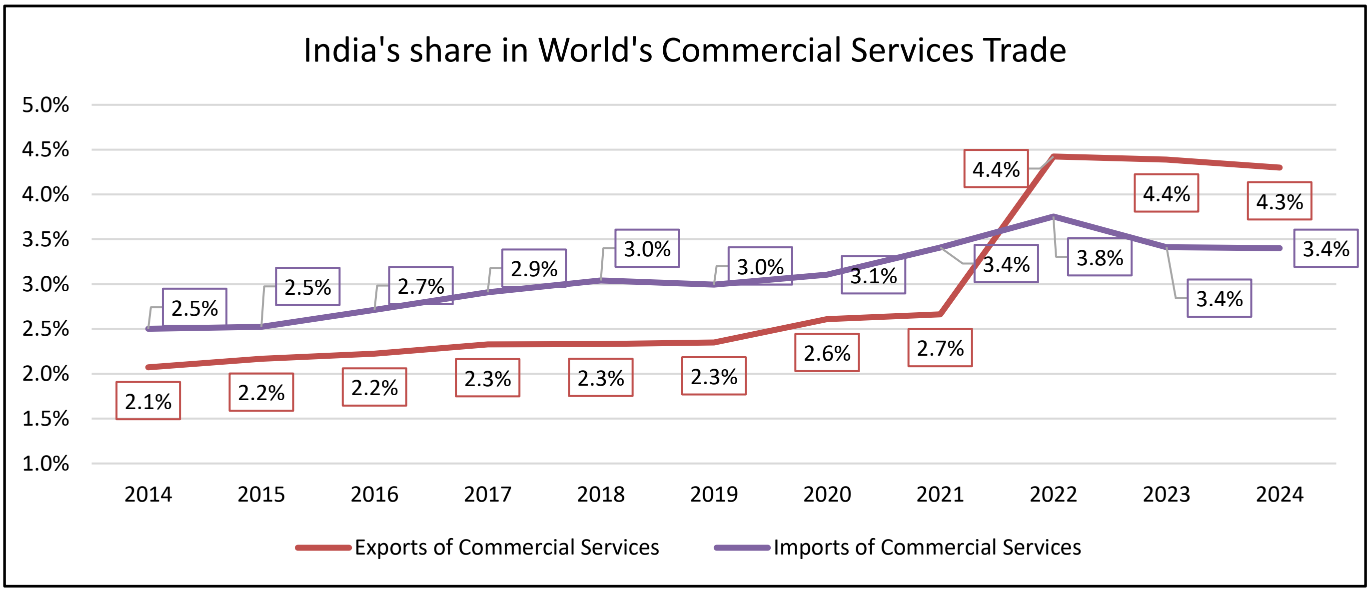


(Source: Global Trade Outlook and Statistics, April 2025, World Trade Organisation (WTO))

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

Commerce & Industry

India and European Union Conclude Free Trade Agreement

India and European Union (EU) announced the conclusion of a Free Trade Agreement (FTA). The agreement would provide market access for 99% of India's exports by value, to the EU. Key features of the agreement include: (i) elimination of EU's tariffs on around USD 33 billion of India's exports in sectors such as textiles and automobiles, (ii) access for India to EU's 144 subsectors such as IT, business, and education services, (iii) facilitative framework for business and student mobility, and (iv) access for practitioners of Indian traditional medicine under home title in EU member states where traditional medical practices are not regulated.

(Read More)

Comments Invited on Note Proposing Amendments to Designs Act, 2000

The Department for Promotion of Industry and Internal Trade (DPIIT) has invited comments on a concept note proposing amendments to the Designs Act, 2000. The Act was implemented to protect design of physical goods and manufacturing processes. The amendments seek to modernise India's design protection framework, and include graphic and animated designs. Comments are invited by February 22, 2026.

(Read More)

Education

UGC (Promotion of Equity in Higher Education Institutions) Regulations, 2026 Released; SC Orders Stay

The University Grants Commission (UGC) released the UGC (Promotion of Equity in Higher Education Institutions) Regulations, 2026. They replace the UGC (Promotion of Equity in Higher Education Institutions) Regulations, 2012. Two weeks following the release of the 2026 Regulations, the Supreme Court put a stay on its implementation, and held that the 2012 Regulations will continue to be in force. The Court stated that some provisions of the 2026 Regulations suffer from ambiguities, and could be misused.

(Read More)

UGC Guidelines on Uniform Policy on Mental Health and Well-Being for Higher Educational Institutions Circulated

The UGC released guidelines on the Uniform Policy on Mental Health and Well-Being for Higher Educational Institutions (HEIs). The Policy provides a framework for the mental health ecosystem in HEIs, in alignment with National Education Policy, 2020. It requires HEIs to establish a mental health and well-being support centre (the Support Centre), and a mental health and well-being centre monitoring committee (the Monitoring Committee). The UGC will be responsible for monitoring the implementation of the Policy.

(Read More)

Agriculture

Draft Pesticide Management Bill, 2025 Released for Comments

The Ministry of Agriculture and Farmers Welfare released the draft Pesticide Management Bill, 2025 for comments. The Bill aims to regulate the manufacture, import, sale, storage, distribution, use, and disposal of pesticides. It aims to replace the Insecticides Act, 1968 and the Insecticides Rules, 1971. Another Bill to regulate pesticides was introduced and is currently pending in Rajya Sabha. It was also examined by the Standing Committee on Agriculture, Animal Husbandry, and Food Processing.

(Read More)

Mining and Coal

Draft Amendments to the Mineral Concession Rules, 1960 Released for Public Consultation

The Ministry of Coal has released draft amendments to the Mineral Concession Rules, 1960. The Rules are formulated under the Mines and Minerals (Development and Regulation) Act, 1957. The draft Rules seek to regulate the inclusion of other minerals in a mining lease.

(Read More)

Draft Amendments to Mines and Minerals (Development and Regulation) Act Released

The Ministry of Coal released the Mines and Minerals (Development and Regulation) Amendment Bill, 2026 for public consultation. The Mines and Minerals (Development and Regulation) Act, 1957 governs the regulation, development, and conservation of minerals in India and the grant of mining rights.

(Read More)

Draft Amendments to the Mineral (Auction) Rules, 2015 Released for Public Consultation

The Ministry of Mines has released draft amendments to the Mineral Auction Rules, 2015. The Rules are formulated under the Mines and Minerals (Development and Regulation) Act, 1957. The draft rules propose partial execution of mining and composite leases to speed the operationalisation of mines. Key proposals include: Forest Area Exclusion, Part lease execution, Revised upfront payments, and Online portal.

(Read More)

Environment

Environmental (Protection) Fund Rules Notified

The Ministry of Environment, Forest and Climate Change has notified the Environment (Protection) Fund Rules, 2026. The fund has been set up under the Environment (Protection) Act, 1986. All penalties under the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and the Environment (Protection) Act, 1986 will be credited to the fund.

(Read More)

Solid Waste Management Rules, 2026 Notified

The Ministry of Environment, Forest and Climate Change has notified the Environment (Protection) Fund Rules, 2026. The fund has been set up under the Environment (Protection) Act, 1986. All penalties under the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and the Environment (Protection) Act, 1986 will be credited to the fund.

(Read More)

Uniform Consent Guidelines Amended Under Air and Water Acts

The Ministry of Environment, Forest and Climate Change has amended the 2025 Uniform Consent Guidelines under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974. These guidelines provide procedures and criteria for obtaining consent to establish or operate industrial plants that may cause air or water pollution.

(Read More)

Greenhouse Gases Emission Intensity Targets Extended to Four Additional Industries

The Ministry of Environment, Forest and Climate Change has amended the Greenhouse Gases Emission Intensity Target Rules, 2025. These Rules are issued under the Environment (Protection) Act, 1986 for compliance under the Carbon Credit Trading Scheme, 2023. The Rules provide mandatory emission reduction targets for emission-intensive industries, such as aluminium, cement, and pulp and paper. The amended Rules extend the framework to four additional industries: (i) secondary aluminium, (ii) petroleum refineries, (iii) petrochemicals, and (iv) textiles.

(Read More)

Draft Amendments to Ash Utilisation Notification, 2021 Released for Consultation

The Ministry of Environment, Forest and Climate Change released draft amendments to the Ash Utilisation Notification, 2021. The 2021 notification was issued under the Environment (Protection) Act, 1986. It mandates 100% utilisation of fly ash by coal or lignite thermal power plants (TPPs) in eco-friendly manner. As per the draft amendment, the Central Electricity Authority (CEA), in collaboration with the Central Pollution Control Board (CPCB), will prepare a plan for handling ash waste. Earlier, this was done by CPCB in consultation with CEA.

(Read More)

Pharmaceuticals

The New Drugs and Clinical Trials Rules, 2019 Amended

The Ministry of Health and Family Welfare has notified amendments to the New Drugs and Clinical Trials Rules, 2019. The Rules provide for regulatory mechanism for approval of new drugs and conduct of clinical research. Key amendments include: Submitting an online intimation, For certain bioavailability and bioequivalence studies, prior permissions have been waived off, and Revised timelines.

(Read More)

Finance

RBI Invites Comments on Licensing of Urban Co-Operative Banks (UCBs)

The Reserve Bank of India (RBI) released a discussion paper on licensing guidelines for UCBs. UCBs are co-operative societies that are licensed as primary co-operative banks. They constitute the largest group of banks by number. In June 2004, RBI had placed licensing of UCBs on hold after several newly licensed entities became financially unsound. As on March 31, 2025, 1,457 UCBs were operational, with total assets of about seven lakh crore rupees. Further, 82 UCBs classified as weak are under supervisory restrictions.

(Read More)

National Financial Reporting Authority (NFRA) Publishes Second 'Audit Practice Toolkit' to Enhance Audit Quality in India

NFRA has issued an Audit Practice Toolkit titled 'Risk & Response Memorandum: ROMM (Risk of Material Misstatement) Assessment at Assertion Level for Revenue'. This Audit Practice Toolkit deals with a critical phase of audit i.e., assessment of ROMM for various material financial statement line items. Shri Nitin Gupta, Chairperson, NFRA said this sample document is adaptable to different type and sizes of audit engagements..

(Read More)

MCA Replaces Annual KYC Requirements Under the Companies Act, 2013 With Abridged KYC Requirements Once in Three Years

The annual KYC requirement for directors in companies under rule 12A of the Companies (Appointment & Qualification of Directors) Rules, 2014 has been reviewed pursuant to examination in the Ministry of Corporate Affairs, recommendation made by the High Level Committee on Non-Financial Regulatory Reforms (HLC-NFRR) and suggestions received from stakeholders. The relevant rule in this regard has been amended by the M/o Corporate Affairs in consultation with concerned Ministries/ Departments.

(Read More)

Labour and Employment

Cabinet Approves Continuation of Atal Pension Yojana

The Union Cabinet has approved continuation of the Atal Pension Yojana (APY) till 2030-31. APY was launched in May 2015 to provide income security to workers in the unorganised sector. It offers a guaranteed minimum pension between Rs 1,000-5,000 per month starting at age 60, based on contributions. Support will be provided for: (i) developmental and promotional activities to expand awareness among workers, and (ii) gap funding to ensure the scheme remains financially sustainable.

(Read More)

Sports

The National Sports Governance (National Sports Bodies) Rules, 2026 Released

The Ministry of Youth Affairs and Sports released the National Sports Governance (National Sports Bodies) Rules, 2026. The Rules have been notified under the National Sports Governance Act, 2025. Key features of the Rules include: Appointment of Sportspersons of Outstanding Merit, Eligibility criteria, Roster for SOM and election panel, Electoral officer, Grounds for disqualification, etc.

(Read More)

The National Sports Board (Search-cum-Selection Committee) Rules, 2026 Released

The Ministry of Youth Affairs and Sports released the National Sports Board (Search-cum-Selection Committee) Rules, 2026. The Rules are released under the National Sports Governance Act, 2025. Key features of the Rules include: Composition of the board, Composition of the committee, Role of the committee, and Re-appointment.

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