

# Economy Watch

Monitoring India's  
macro-fiscal performance

July 2025



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# Highlights

1. In June 2025, manufacturing PMI increased to a 14-month high of 58.4. Services PMI also increased to a 10-month high of 60.4 during the month.
2. IIP growth fell to a nine-month low of 1.2% in May 2025 due to a moderation in the growth of manufacturing output and contraction in electricity and mining output.
3. CPI inflation eased to a 77-month low of 2.1% in June 2025 on account of lower food prices, even as core CPI inflation increased to 4.6% owing to rising gold prices.
4. WPI showed a contraction in prices at the wholesale level at (-)0.1% in June 2025, the first such contraction since October 2023, led mainly by a y-o-y fall in prices of food items.
5. Gol's gross tax revenues (GTR) grew by 12.1% in April-May FY26 with a growth of 5.0% in direct taxes and 19.4% in indirect taxes.
6. Gol's total expenditure grew by 19.7% in April-May FY26, with growth in revenue expenditure at 9.4% and that in capital expenditure at 54.1%.
7. Gol's fiscal deficit during April-May FY26 stood at 0.8% of the annual BE. During this period, the revenue account showed a surplus of 34.9% of the annual BE.
8. Gross bank credit grew by 9.9% in May 2025, its slowest growth rate since March 2022.
9. Net FDI inflows were significantly low at US\$0.04 billion in May 2025 while net FPI inflows were relatively higher at US\$1.55 billion during the month.
10. Merchandise exports showed a near flat growth in June 2025 at (-)0.1%, owing to slowing global demand and lower global crude prices on an y-o-y basis. Merchandise imports contracted by (-)3.7% reflecting falling crude prices, lower demand for re-exports and rising gold prices.
11. Led by a sharp moderation in net merchandise trade deficit to 5.8% of GDP in 4QFY25, current account reflected a surplus for the first time since 4QFY24 at 1.3% of GDP.
12. In June 2025, average global crude price increased to a three-month high of US\$69.1/bbl. from US\$62.7/bbl. in May 2025 owing to the Israel-Iran conflict.
13. The OECD projected global growth at 2.9% in 2025, with India's FY26 growth forecasted at 6.3%.
14. For FY26, we expect that real GDP growth may remain at 6.5% with growth positive signals provided by high frequency indicators.
15. Given current trends, we expect that the BRICS+ group would account for more than 50% of global GDP in PPP terms by 2030, both due to growth prospects of the current members and partners and induction of additional countries into the group.





# Foreword

## Continuing global slowdown: India leading differential growth prospects

The OECD, in its June 2025 issue of Economic Outlook, has projected global growth to slow from 3.3% in 2024 to 2.9% in 2025 and in 2026 based on the technical assumption that tariff rates as of mid-May 2025 are sustained despite ongoing legal challenges. The OECD assesses the slowdown to be concentrated in the US, Canada and Mexico, with China and other economies expected to see smaller downward adjustments. Amid this global backdrop, India's real GDP is projected to show a strong growth at 6.3% in FY26, increasing marginally to 6.4% in FY27 led by a strengthening of private consumption driven by rising real incomes that are helped by moderate inflation. Investment would also be supported by declining interest rates and substantial public capital spending. Further, CPI Inflation is assessed to remain contained at around 4% as economic activity grows around trend. However, downside risks may emanate from a less benign monsoon season or higher global commodity prices, driving up food prices and inflation.

High-frequency indicators for May and June 2025 provide a growth-positive picture. Manufacturing PMI increased to a 14-month high of 58.4 in June 2025, up from 57.6 in May 2025. On a quarterly basis, PMI manufacturing averaged 58.1 in 1QFY26, its highest level since 1QFY25. Services PMI also increased to a 10-month high of 60.4 in June 2025 from 58.8 in May 2025. On a quarterly basis, services PMI averaged 59.3 in 1QFY26, its highest level since 2QFY25.

The main news in CGA's data pertaining to central finances for the first two months of FY26 relates to non-tax revenues which showed a 41.8% increase over the corresponding revenues of FY25. This inordinate rise in Gol's non-tax revenues was due to the large amount of dividends and profits amounting to INR2,78,702 crore which was primarily the effect of RBI's payment of dividends to the Gol. As a result, Gol's revenue account during the first two months showed a surplus of 34.9% of the annual budgeted amount for FY26, which is, in fact, a deficit of INR5,23,846 crore. This situation is likely to progressively change in the subsequent months of the fiscal year and the surplus may eventually be converted to a deficit. In fact, other major fiscal aggregates show a performance, which is quite different from the performance during the corresponding months of FY25. Thus, personal income tax, which grew at 17% in FY25, showed a growth of only 6.4% during April-May FY26. Similarly, union excise duties, which contracted by (-)1.7% in FY25, grew by 8.6% during the first two months of FY26. We assess that the fiscal performance of the Gol in the first two months is quite transitory and the situation is likely to progressively move towards the budgeted growth rates of different fiscal aggregates. However, the RBI's large dividends might keep central finances in a healthy situation throughout the year. Another noticeable positive trend was that the annual budgeted capital expenditure growth of 10.1% is being frontloaded with the growth in Gol's capital expenditure in the first two months at 54.1%.

CPI inflation eased to a 77-month low of 2.1% in June 2025 on account of lower food prices, even as core CPI increased to 4.6% owing to rising gold prices. On a quarterly basis, for the first quarter of FY26, CPI inflation was at 2.7%, marginally lower than the RBI's projection at 2.9% in its June 2025 Monetary Policy Statement. This is likely to facilitate continuation of the policy rate reduction cycle in the subsequent months of FY26.

Monthly gross GST collections moderated slightly to INR1.84 lakh crore in June 2025 from INR2.01 lakh crore in May 2025. On a quarterly basis, gross GST collections averaged INR2.07 lakh crore in 1QFY26, up from INR1.92 lakh crore in 4QFY25. Gross bank credit grew by 9.9% in May 2025 as compared to 11.3% in April 2025. IIP growth moderated to a nine-month low of 1.2% in May 2025 due to a moderation in the growth of manufacturing output and contraction in electricity and mining output.

On the external front, on a monthly basis, merchandise exports showed a near flat growth in June 2025 at (-)0.1%, owing to slowing global demand and lower crude prices on an y-o-y basis, while imports contracted

by (-)3.7%, reflecting falling crude prices, lower demand for re-exports and rising gold prices. On a quarterly basis, led by a sharp moderation in net merchandise trade deficit to a four-quarter low of 5.8% of GDP in 4QFY25, current account reflected a surplus for the first time since 4QFY24 at 1.3% of GDP. Merchandise imports eased to 17.3% of GDP in 4QFY25, the lowest level since 4QFY21, partly on account of lower global crude prices while merchandise exports improved to 11.4% in 4QFY25 from 10.9% in 3QFY25.

As per the Quarterly Trade Watch released by NITI Aayog in July 2025, the US action of an implementation of a baseline tariff of 10% on all imports along with higher tariffs on specific trading partners such as China, Canada, Mexico, Vietnam, and Thailand present a unique strategic opportunity for Indian exporters. In the current US tariff regime, at the HS-2 level, India is expected to gain competitiveness in 22 of the top 30 product categories, covering 61% of its exports to the US and representing 68% of total US imports. Similarly, at the HS-4 level, India enjoys a favorable tariff differential in 78 of the top 100 products, accounting for nearly 52% of its exports to the US. Further, the report assesses that India is expected to gain a tariff edge over China, Mexico, and Canada in key HS-2 sectors, enhancing market potential in nuclear reactors, iron and steel, textiles, electricals and vehicles. In sectors where India does face slightly higher tariffs (six out of top 30 HS-2 categories), the average tariff disadvantage is only 1%, suggesting that India remains broadly competitive. Due to realigned US tariffs on competitors, India has opportunities in high-value sectors (e.g., electronics, nuclear reactors) and labor-intensive goods (e.g., apparel, textiles).

In this month's In-focus, we have undertaken an analysis of the prospects of BRICS+ in global growth, investment and trade flows highlighting some of the outcomes of the BRICS+ meeting held in Rio De Janeiro during 6-7 July 2025. The emphasis of the BRICS+ group policies is to promote intra-BRICS trade which can be undertaken in terms of local currencies using the BRICS payment platform. In addition, they are also promoting relatively condition-free flow of financial resources that can also promote investment including that in infrastructure in the BRICS+ participating countries. This is also likely to promote growth in these countries and reduce the difference between per capita GDP of BRICS+ group vis-à-vis the G7 group. Thus, the BRICS+ initiatives are aimed at promoting growth, global trade, and a multilateral trading system in the world. Given current trends, we expect that the BRICS+ group would account for more than 50% of global GDP in PPP terms by 2030, both due to growth prospects of the current members and partners and induction of additional countries into the group.

This month onwards, in our section on 'Capturing macro-fiscal trends: Data appendix' we will provide updates on the US dollar index developed by Intercontinental Exchange (ICE). A small note on the methodology of preparing this index is included in this issue of Economy Watch.

Our estimate for FY26 GDP growth is maintained at 6.5% with growth positive signals provided by high frequency indicators.



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# 1.

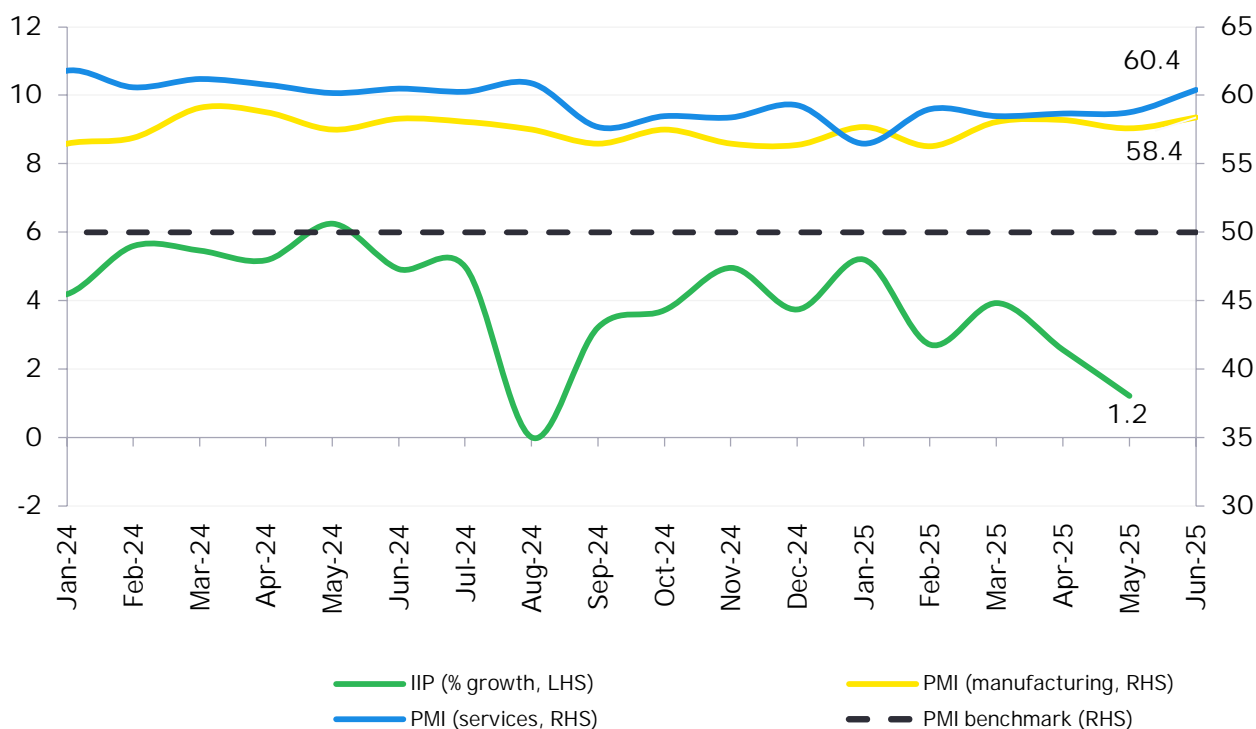
## Growth: Manufacturing and services PMI rose to 14-month and 10-month high levels in June 2025

PMI: Manufacturing and services PMI averaged 58.1 and 59.3 in 1QFY26

- Manufacturing PMI (seasonally adjusted or sa) increased to a 14-month high of 58.4 in June 2025, up from 57.6 in May 2025. This improvement was solely driven by the intermediate goods segment while the consumer and capital goods segments witnessed slowdowns. On a quarterly basis, PMI manufacturing averaged 58.1 in 1QFY26, its highest level since 1QFY25.
- Services PMI (sa) increased to a 10-month high of 60.4 in June 2025 from 58.8 in May 2025 (Chart 1) led by a sharp rise in new domestic orders accompanied by expansion in new export orders, although at a softer pace. Sectorally, the improvement was led by the Finance and Insurance segment. On a quarterly basis, services PMI averaged 59.3 in 1QFY26, its highest level since 2QFY25.
- Owing to a sharp increase in both manufacturing and services PMI, the composite PMI Output Index (sa) increased to a 14-month high of 61 in June 2025 from 59.3 in May 2025. On a quarterly basis, composite PMI output index averaged 60.0 in 1QFY26, its highest level since 1QFY25.

In June 2025, manufacturing PMI increased to a 14-month high of 58.4. Services PMI also increased to a 10-month high of 60.4 during the month.

Chart 1: PMI and IIP growth



Source: MoSPI and S&P Global.

### 1.1. IIP: Growth fell to a nine-month low of 1.2% in May 2025

- According to the quick estimates, IIP growth moderated for the second successive month to 1.2% in May 2025, its lowest growth since August 2024, as compared to 2.6% (revised) in April 2025 (Chart 1).
- Growth in the output of the manufacturing sector decelerated to 2.6% in May 2025 from 3.1% (revised) in April 2025. Further, output of electricity contracted by (-)5.8% in May 2025 as compared to a growth of 1.7% in April 2025. Output of mining contracted for the second successive month, by (-)0.1% in May 2025 as compared to (-)0.2% in April 2025.
- Within manufacturing, among the key sub-industries, output of coke and refined petroleum products (1.1%) and food products (1.8%) showed low growth rates during May 2025 while output of motor vehicles and basic metals witnessed moderation in their growth rates from 16.0% and 6.8%, respectively, in April 2025 to 6.3% and 6.4%, respectively, in May 2025.
- Output of chemical and chemical products contracted for the fourth successive month by (-)4.8% in May 2025 as compared to (-)4.1% in April 2025. Output of pharmaceutical products showed a contraction for the third-consecutive month at (-)3.1% in May 2025, although at a slower pace as compared to (-)5.3% in April 2025.
- Within the 'use-based' classification of industries, output of infrastructure /construction and capital goods showed robust growth rates of 6.3% and 14.1% respectively in May 2025 as compared to 4.7% and 14.0% in April 2025. However, output of consumer durables declined by (-)0.7% in May 2025, its first such contraction since November 2023. In addition, output of consumer non-durables contracted for the fourth successive month by (-)2.4% and that of primary goods by (-)1.9% in May 2025.
- Growth in the output of eight core infrastructure industries (core IIP) fell to a nine-month low of 0.7% in May 2025 from 1.0% (revised) in April 2025. This was largely due to a contraction in the output of four of the eight sub-industries.
- There was a sharp decline in the output of electricity by (-)5.8% in May 2025 as compared to a growth of 1.7% in April 2025. Further, output of natural gas contracted for the eleventh successive month by (-)3.6% while that of crude oil contracted for the fifth successive month by (-)1.8% in May 2025. Output of fertilizers contracted for the second successive month by (-)5.9% in May 2025.

IIP growth moderated to a nine-month low of 1.2% in May 2025 due to a moderation in the growth of manufacturing output and contraction in electricity and mining output.



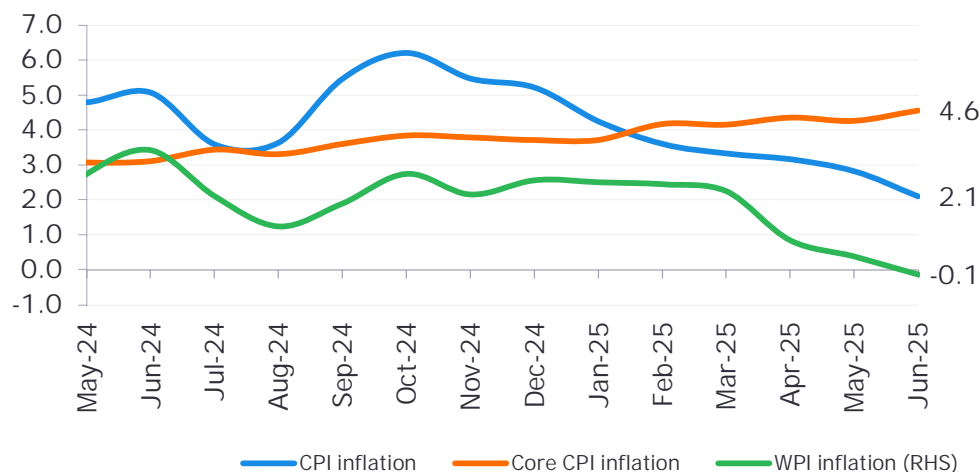
## 2.

### Inflation: CPI inflation fell to a 77-month low of 2.1% in June 2025

#### 2.1. CPI inflation

- CPI inflation moderated for the eighth successive month from 2.8% in May 2025 to 2.1% in June 2025 (Chart 2), its lowest level since January 2019, led by a sharp fall in food inflation.
- Consumer food prices contracted for the first time since February 2019 at (-)1.1% in June 2025 as prices of vegetable declined by (-)19.0% and those of pulses and products fell by (-)11.8%. The contraction was led by favorable base effects accompanied by strong monsoon rains and a robust harvest season.
- Inflation in fuel and light was at 2.6% in June 2025, marginally lower than 2.8% in May 2025.
- Housing based inflation remained stable at 3.2% in June 2025, the same level seen in May 2025.
- Inflation in clothing and footwear eased slightly to 2.6% in June 2025 from 2.7% in May 2025.
- Personal care and effects saw an uptick in inflation from 13.5% in May 2025 to 14.8% in June 2025, its highest level since February 2013, mainly on account of rising gold prices. Inflation in gold surged to 36.0% in June 2025, its highest level since August 2020.
- Core CPI inflation<sup>1</sup> increased to 4.6% in June 2025 from 4.3% in May 2025 led by rising gold prices.
- On a quarterly basis, CPI inflation averaged 2.7% in 1QFY26, 100 basis points lower than 3.7% in 4QFY25. However, core CPI inflation was at 4.4% in 1QFY26, on average, as compared to 4.0% in 4QFY25.

Chart 2: Inflation (y-o-y, in %)



CPI inflation eased to a 77-month low of 2.1% in June 2025 on account of lower food prices, even as core CPI inflation increased to 4.6% owing to rising gold prices.

Source: MoSPI, Office of the Economic Adviser, Government of India (GoI)

<sup>1</sup> Core CPI inflation is measured as CPI inflation excluding food and beverages, pan, tobacco and intoxicants and fuel and light.



## 2.2. WPI inflation: Turned negative for the first time in 20 months at (-)0.1% in June 2025

- WPI showed a contraction in prices at the wholesale level at (-)0.1% in June 2025, the first such contraction since October 2023, led mainly by a y-o-y fall in prices of food items.
- WPI food index-based inflation turned negative for the first time since June 2023 at (-)0.3% in June 2025, driven by an increase in the pace of contraction in prices of fruits and vegetables to (-)13.5% in June 2025 from (-)8.2% in May 2025. This contraction is partly attributable to favorable base effects.
- Inflation in other food items like pulses and spices was negative at (-)14.1% and (-)15.9%, respectively, while that in cereals was significantly low at 1.4% in June 2025.
- Wholesale price of crude petroleum and natural gas continued to show a contraction on a y-o-y basis at (-)12.3% in June 2025, close to its level at (-)12.4% in May 2025.
- Fuel and power inflation remained negative at (-)2.7% in June 2025 as compared to (-)2.3% in May 2025, as the moderation in inflation in electricity was partially offset by the slowing pace of contraction in prices of mineral oils.
- Inflation in manufactured products remained stable at an eight-month low of 2.0% in June 2025.
- Inflation in manufactured food products eased for the fourth successive month to a nine-month low of 7.0% in June 2025.
- Core WPI inflation remained subdued at 1.0% in June 2025, although marginally higher than 0.8% in May 2025, reflecting a slight uptick in inflation in other non-metallic mineral products, machinery and equipment and other manufacturing goods.



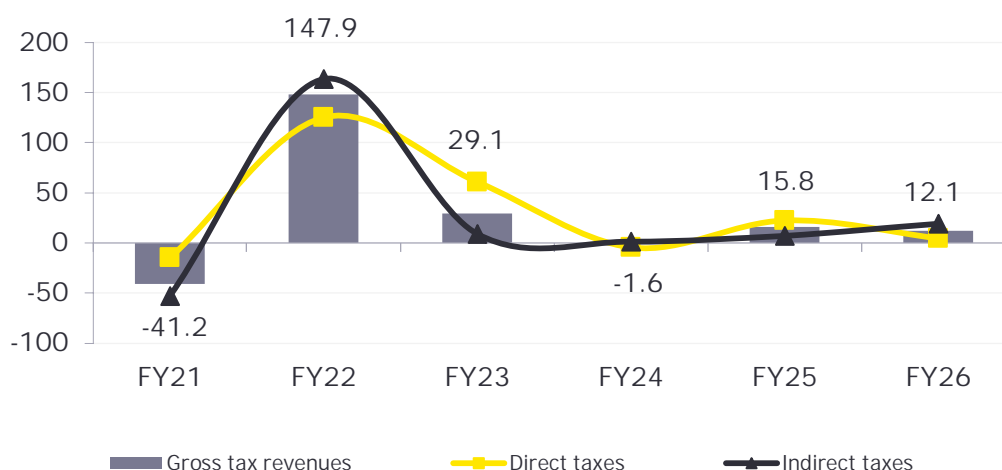
# 3.

## Fiscal: Gol's capital expenditure grew by 54.1% during April-May FY26

### 3.1. Tax and non-tax revenues

- As per the CGA, Gol's GTR<sup>(b)</sup> showed a growth of 12.1% during April-May FY26, slightly lower than 15.8% witnessed during the corresponding period of FY25 (Chart 3).
- Direct taxes<sup>(a)</sup> showed a growth of 5.0% while indirect taxes<sup>(a)</sup> grew by 19.4% during the first two months of FY26. The corresponding growth rates during April-May FY25 were at 22.7% and 7.5%, respectively.
- Within direct taxes, personal income tax (PIT) revenues posted a subdued growth of 6.4% during April-May FY26 compared to a double-digit growth of 41.6% during the corresponding period of FY25.
- Corporate income tax (CIT) revenues experienced a contraction of (-)0.8% during April-May FY26 largely owing to refunds. A similar pattern is reflected in the previous two years of FY24 and FY25 wherein CIT revenues during April-May witnessed contraction rates of (-)28% and (-)19.8%, respectively.
- Among indirect taxes, Gol's GST revenues showed a strong growth of 23.4% during April-May FY26 as compared to 10.5% during the corresponding period of FY25.
- Union excise duties (UED), which had shown a contraction for three successive years of FY23, FY24 and FY25, showed a positive growth of 8.6% during the first two months of FY26.
- Growth in customs duties was modest at 4.1% during April-May FY26 as compared to 3.8% during April-May FY25.

Chart 3: Growth in central gross tax revenues during April-May (% , y-o-y)



Gol's GTR grew by 12.1% in April-May FY26 with a growth of 5.0% in direct taxes and 19.4% in indirect taxes.

Source: Monthly Accounts, CGA, Government of India

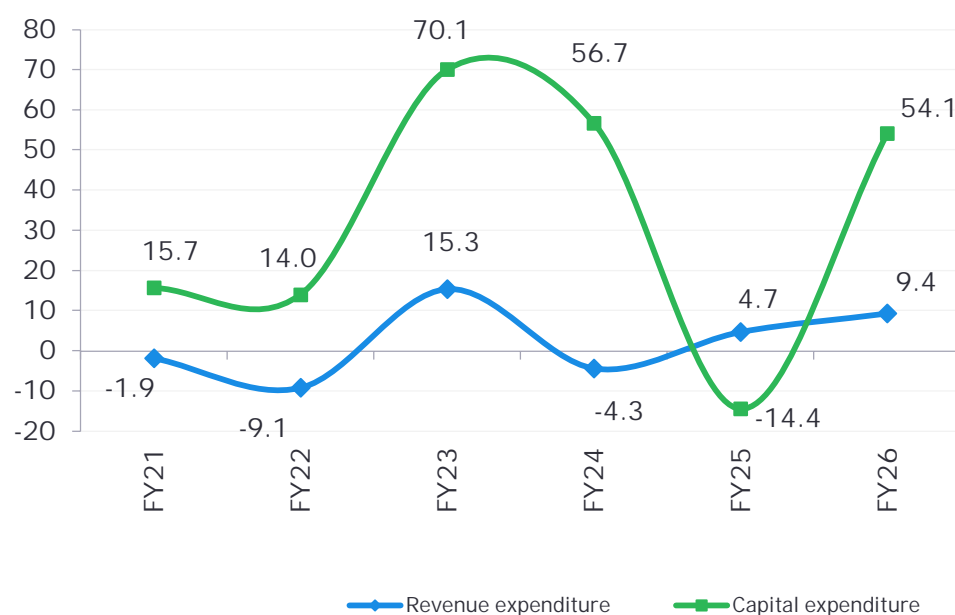
Notes: (a) Direct taxes include personal income tax (excluding STT) and corporation tax, and indirect taxes include union excise duties, arrears of service tax, customs duty, and GST (comprising CGST, UTGST IGST and GST compensation cess) (b) Other taxes (securities transaction tax, wealth tax, fringe benefit tax, banking cash transaction tax, etc.) are included in the Gol's GTR along with direct and indirect taxes.

- Gol's non-tax revenues showed a high growth of 41.8% during April-May FY26, owing to substantially higher dividends by the RBI. Dividends and profits of the Gol during the first two months of FY26 stood at INR2,78,702 crore, which is already 86% of the FY26 (BE) at INR3,25,000 crore.
- Non-debt capital receipts of the Gol stood at 33.2% of the annual FY26 (BE) compared to the corresponding three-year average ratio at 14.9% based on actual data.
- As per the Department of Investment and Public Asset Management (DIPAM)<sup>2</sup>, Gol's disinvestment receipts as of 23 July 2025 were at INR3,673.42 crore, amounting to 7.8% of the FY26 BE at INR47,000 crore.

### 3.2. Expenditures: Revenue and capital

- Growth in Gol's total expenditure was at 19.7% during April-May FY26 compared to a contraction of (-)0.4% during the corresponding period of FY25 (Chart 4).
- Gol's revenue expenditure growth was at 9.4% during the first two months of FY26, higher than 4.7% during the corresponding period of FY25.
- Gol's capital expenditure has been frontloaded, showing a strong growth of 54.1% during April-May FY26 as compared to a contraction of (-)14.4% during the corresponding period of FY25.

Chart 4: Growth in central expenditures during April-May (% , y-o-y)



Gol's total expenditure grew by 19.7% in April-May FY26, with growth in revenue expenditure at 9.4% and that in capital expenditure at 54.1%.

Source (basic data): Monthly Accounts, CGA, Government of India

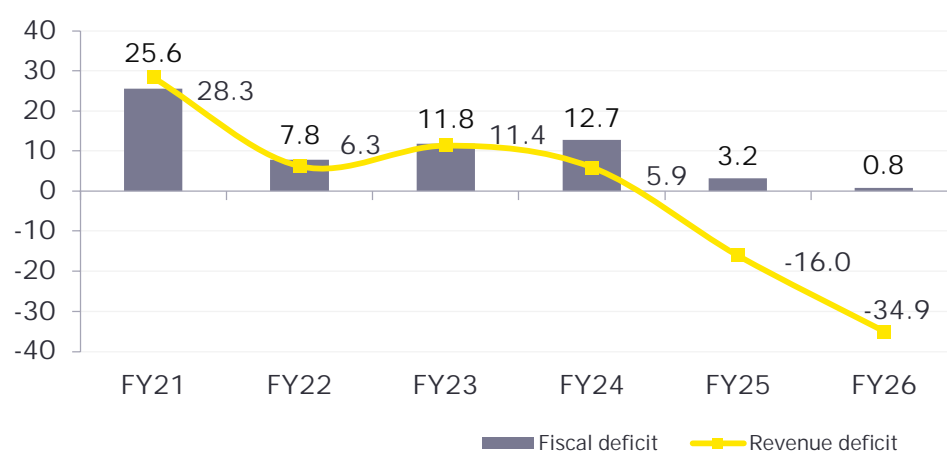
<sup>2</sup> <https://dipam.gov.in/>



### 3.3. Fiscal imbalance

- Gol's fiscal deficit during April-May FY26 was at 0.8% of the FY26 (BE), much lower than the corresponding ratios in the previous five years based on actual data (Chart 5). This is attributable to an inordinate rise in Gol's dividends and profits during the first two months of FY26.
- Owing to the large dividend payout by the RBI, during April-May FY26, Gol's revenue account showed a surplus of 34.9% of the annual budgeted amount, which is in fact a deficit of INR5,23,846 crore. This is a transitory situation, and it is expected to progressively change in the subsequent months of the fiscal year with the surplus eventually getting converted to a deficit. Nonetheless, RBI's large dividends are likely to keep central finances in a healthy situation throughout the year.

Chart 5: Fiscal and revenue deficit during April-May as a percentage of annual actuals (BE for FY26)



Gol's fiscal deficit during April-May FY26 stood at 0.8% of the annual BE. During this period, the revenue account showed a surplus of 34.9% of the annual BE.

Source: Monthly Accounts, CGA, Government of India and MoSPI



## 4.

### Comparative trends: Growth in India's export and import volumes in 2025 to exceed that of EMDE group

#### 4.1. Volume of exports of goods and services

- According to the IMF (April 2025), growth in the volume of exports of goods and services at the global level is projected to fall sharply from 3.9% in 2024 to 1.4% in 2025 due to elevated trade policy uncertainty (Table 1). Going forward, although growth in global export volumes is projected to improve, it is forecasted to remain below the level seen in 2024 even by 2030.
- It may be noted that these projections take into account global trade and tariff actions up to 4 April 2025. Since then, significant developments have taken place with respect to tariff rates imposed by the US as also the retaliatory measures undertaken by other countries.
- Comparing the two major country groups namely, advanced economies (AEs) and emerging market and developing economies (EMDEs), the fall in the growth of export volumes in 2025 is projected to be much steeper for EMDEs at (-)5.1% points vis-à-vis. (-)0.9% points for AEs, reflecting the impact of relatively higher reciprocal tariff rates imposed on exports to the US by several EMDEs.
- During the remainder of the forecast period spanning from 2026 to 2030, average growth in export volumes is forecasted at 2.5% for AEs and 3.7% for EMDEs, both slightly lower than the average growth rates witnessed during 2022 to 2024 at 3% and 4.1%, respectively.
- Among AEs, growth in the export volumes is projected to fall in 2025 for the US, Euro area and Japan and it is expected to remain negative for the UK. During the forecast period from 2026 to 2030, average growth in the volume of goods and services exports is projected at 2.8% for the US, 2.3% for the Euro area, 1.4% for Japan and 1.1% for the UK.

Table 1: Growth in volume of exports of goods and services (% , annual)

Country	2024	2025(f)	2026(f)	2027(f)	2028(f)	2029(f)	2030(f)	Avg growth (2026 to 2030)
World	3.9	1.4	2.4	3.0	3.2	3.1	3.1	3.0
AEs	2.1	1.2	2.0	2.5	2.8	2.7	2.7	2.5
US	3.3	1.9	1.8	3.0	3.0	3.0	3.0	2.8
UK	-1.2	-0.4	1.0	1.2	1.2	1.1	1.1	1.1
Euro area	1.1	0.1	1.4	2.2	2.6	2.6	2.5	2.3
Japan	1.0	-0.2	0.6	1.7	1.6	1.5	1.4	1.4
EMDEs	6.7	1.6	3.0	3.9	3.9	3.8	3.7	3.7
Brazil	-0.2	4.0	4.0	3.0	3.0	3.0	3.0	3.2
Russia	-2.0	2.4	1.9	2.4	2.3	2.4	2.5	2.3
India*	4.7	3.3	2.2	3.7	3.7	3.7	3.7	3.4
China	13.9	-0.3	1.6	3.4	3.2	3.2	3.2	2.9
South Africa	-2.0	1.4	2.5	3.0	3.4	3.4	3.4	3.1

Source: World Economic Outlook, April 2025; \*Data pertains to fiscal year; '(f)' implies forecasts

Note: Data incorporates information up to 04 April 2025

- China's export volume is projected to show a contraction of (-)0.3% in 2025 from a strong growth of 13.9% in 2024, reflecting the impact of the largest increase in US reciprocal tariff rates. Growth in export volumes is projected to gradually recover during 2026 to 2030 although remaining much lower than that seen in 2024.

- Among EMDEs, considering the period during 2026 to 2030, average growth in export volumes is forecasted to be the highest for India at 3.4% followed by Brazil at 3.2%, South Africa at 3.1%, China at 2.9% and Russia at 2.3%.

## 4.2. Volume of imports of goods and services

- Similar to the case of export volumes, growth in the volume of imports of goods and services is projected to fall in 2025 relative to 2024 for all countries except Euro area and South Africa (Table 2).
- In the US, growth in import volumes was relatively high at 5.3% in 2024 with consumers and businesses likely front-loading purchases ahead of tariffs that were anticipated back then. Growth in import volumes is forecasted to fall to 2.6% in 2025 and further to 1.2% in 2026 before recovering to 2.1% thereafter.
- Growth rates in import volumes in the UK and Japan are projected to remain subdued throughout the period from 2025 to 2030. In the case of the UK, this may be attributable to increased global economic uncertainty and domestic challenges like rising costs and weak business investment. In Japan, apart from global uncertainties, lower import growth may be attributable to domestic structural weaknesses.
- In the Euro area, growth in the volume of goods and services imports is projected to improve from 0.2% in 2024 to 1% in 2025 as lower global export growth and weak domestic demand was partially neutralized by the re-routing of some Chinese exports as also appreciation of the Euro. Average growth in import volumes during 2026 to 2030 is estimated at 2.5%, higher than that for the UK and Japan.

Table 2: Growth in volume of imports of goods and services (% , annual)

Country	2024	2025(f)	2026(f)	2027(f)	2028(f)	2029(f)	2030(f)	Avg growth (2026 to 2030)
World	3.6	1.9	2.5	3.1	3.2	3.2	3.2	3.0
AEs	2.4	1.9	2.0	2.4	2.6	2.6	2.7	2.5
US	5.3	2.6	1.2	2.1	2.1	2.1	2.1	1.9
UK	2.7	1.8	1.2	1.1	1.1	1.1	1.1	1.1
Euro area	0.2	1.0	1.7	2.4	2.8	2.8	2.7	2.5
Japan	1.3	0.4	1.3	1.7	1.4	1.3	1.3	1.4
EMDEs	5.8	2.0	3.4	4.1	4.2	4.1	4.0	4.0
Brazil	10.1	2.4	1.8	1.4	1.8	2.1	1.8	1.8
Russia	17.7	-5.3	-4.7	1.1	4.4	3.5	3.3	1.5
India*	5.4	5.0	5.3	5.7	6.0	6.0	6.0	5.8
China	7.5	-0.8	3.7	3.5	3.4	3.2	3.2	3.4
South Africa	-6.1	2.0	2.9	3.2	3.3	3.3	3.3	3.2

Source: World Economic Outlook, April 2025; \*Data pertains to fiscal year; '(f)' implies forecasts

Note: Data incorporates information up to 04 April 2025

- China's imports are projected to contract by (-)0.8% in 2025 compared to a growth of 7.5% in 2024 due to a combination of factors including a slowdown in domestic demand, weaker export manufacturing, and the ongoing impact of trade tensions with the US. Average growth in import volumes during 2026 to 2030 is expected to remain modest at 3.4%.
- In line with a buoyant GDP growth performance forecasted for India, its import growth in volume terms is projected to remain relatively strong, averaging 5.8% during 2026 (FY27) to 2030 (FY31).
- In comparison, average growth rates in import volumes during 2026 to 2030 for South Africa, Brazil and Russia is forecasted at 3.2%, 1.8% and 1.5%, respectively.



# 5.

## In-focus: BRICS 2025 - Local currencies for global trade

### Introduction

The 17<sup>th</sup> meeting of the BRICS+ group of countries was held in Rio de Janeiro on 06 and 07 July 2025. According to latest available information, the BRICS+ group includes 10 member countries and nine partner countries<sup>3</sup>. The member countries are: Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates (UAE). In addition, the following are considered as BRICS+ partner countries: Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Uganda and Uzbekistan. Saudi Arabia, which was invited to join as a member country, may also eventually do so<sup>4</sup>. At present, we can consider the BRICS+ group to consist of 19 participating countries. The share of the BRICS+ in the global economy, population and trade has been steadily increasing, both because of their higher growth rate and expansion through additional countries as members and/or partners. The BRICS+ group is not positioning itself as opposed to any other country bloc or platform, but its growing share in terms of various economic and trade parameters may facilitate, in due course, the evolution of the global economy towards a multilateral system.

Originally, there were four countries, Brazil, Russia, India and China, under the acronym BRIC<sup>5</sup>. This was expanded first to BRICS by including South Africa. It was in 2006 that a ministerial meeting of BRIC was held on the sidelines of a UN General Assembly Session in New York. In 2009, the first BRIC Summit was held in Yekaterinburg, Russia. In 2010, the BRIC became BRICS with South Africa joining as the fifth member<sup>6</sup>. Additional members over and above the original five members were invited to join the BRICS in 2024 when Egypt, Ethiopia, Iran, and UAE were accepted as additional members and the other countries listed above were invited to join as partner countries. More recently, in 2025, Indonesia became a member country. Other countries have also shown interest in joining the group and the group is expected to keep expanding in the near future.

### Growing share in global population and GDP

The BRICS+ group represents a diverse set of countries, some of which are resource rich in terms of availability of crude and other mineral resources, some of these have high per capita incomes and some have relatively large populations. Table 3 gives comparable data for 18 members/partner countries of BRICS+. All the present countries are included in this table in order to make the data comparable over the years. The BRICS+ group accounted for 54.0% of world population in 2024 (Table 3).

There is a difference between the share of GDP of BRICS+ group in global GDP, measured in USD market exchange rate terms as compared to purchasing power parity (PPP) terms. In fact, the relative shares get reversed when measured in purchasing power parity terms in 2024. Thus, in market exchange rate terms, its share was 28.9% in 2024, whereas in PPP terms this share was 42.5%. It is the latter which is more representative of genuine share in economic activities. It can be seen that the BRICS+ group is representative of the Global South with its per capita GDP measured in PPP\$ terms being about 0.8 times the global per capita GDP whereas G7 is representative of the Global North, with its per capita GDP being nearly thrice that of global per capita GDP.

<sup>3</sup> <https://brics.br/en/about-the-brics>

<sup>4</sup> <https://www.mea.gov.in/Portal/ForeignRelation/BRICS-2025.pdf>

<sup>5</sup> <https://infobrics.org/page/history-of-brics/>

<sup>6</sup> <https://www.gov.za/about-government/brics-brazil-russia-india-china-south-africa-1>

Table 3: Group-wise shares in global GDP and population (%)

	2000	2000	2007	2010	2015	2019	2020	2021	2022	2023	2024	2024 minus 2000
	Five countries in BRICS	Nineteen countries in BRICS+										
	% share											% points
Size of GDP in current US\$ market exchange rate terms												
BRICS+ <sup>#</sup>	8.1	11.4	17.3	22.7	27.2	28.8	28.9	30.1	30.4	29.3	28.9	17.5
G7	64.8	64.8	54.5	49.7	46.3	45.4	45.8	44.3	43.8	44.5	44.6	-20.2
RoW*	27.1	23.8	28.2	27.6	26.5	25.8	25.3	25.6	25.8	26.2	26.5	2.6
Total	100	100	100	100	100	100	100	100	100	100	100	
Size of GDP in PPP\$ terms												
BRICS+ <sup>#</sup>	17.4	24.1	29.8	33.3	36.8	39.4	40.3	40.9	41.0	41.8	42.5	18.5
G7	44.6	44.6	38.7	35.7	32.9	31.0	30.6	30.0	29.7	29.3	28.9	-15.7
RoW*	38.0	31.3	31.5	31.0	30.4	29.6	29.1	29.1	29.3	28.9	28.6	-2.7
Total	100	100	100	100	100	100	100	100	100	100	100	
Size of population												
BRICS+	43.7	55.5	55.3	55.1	54.8	54.5	54.4	54.3	54.2	54.1	54.0	-1.6
G7	11.3	11.3	10.9	10.6	10.2	10.0	9.9	9.8	9.8	9.7	9.7	-1.6
RoW*	45.0	33.2	33.8	34.3	35.0	35.5	35.7	35.9	36.0	36.2	36.4	3.2
Total	100	100	100	100	100	100	100	100	100	100	100	
Relativity in per capita GDP (PPP terms) = Share in GDP PPP/Share in population												
BRICS+	0.40	0.43	0.54	0.60	0.67	0.72	0.74	0.75	0.76	0.77	0.79	0.35
G7	3.95	3.95	3.55	3.37	3.23	3.10	3.09	3.06	3.03	3.02	2.98	-0.97
RoW*	0.84	0.94	0.93	0.90	0.87	0.83	0.82	0.81	0.81	0.80	0.79	-0.16

Source (basic data): IMF WEO April 2025 and UN Population statistics 2024

Notes: (1) BRICS+ includes member countries as well as partner countries. As per latest information, the BRICS+ group member countries include the following: Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and United Arab Emirates. BRICS+ partner countries include Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Uganda and Uzbekistan.

(2) # This excludes data for Cuba as it is unavailable in the IMF database

(3)\* RoW refers to Rest of the World

## A comparison of per capita GDP in market exchange rate and PPP terms

Table 4 shows that the BRICS+ countries largely represent the Global South whose per capita GDP, in both market exchange rate and PPP terms, is lower than that of the per capita GDP of G7 countries. G7's per capita GDP was 27.5 times as high as the BRICS+ group in 2000 in market exchange rate terms. This ratio has fallen to 8.5 in 2024. However, the gap appears narrower when we compare the per capita GDP in PPP terms. Here, the relativity has fallen from nine times to 3.7 times during 2000 to 2024. It may be noted that market exchange rates often reflect factors beyond domestic purchasing power, including the international role of G7 currencies as reserve assets and their widespread use in global trade and finance.

Table 4: Group-wise per-capita GDP

	2000	2000	2007	2010	2015	2019	2020	2021	2022	2023	2024	Ratio of 2024 to 2000
	Five countries ( BRICS)	Nineteen countries in BRICS+										
	% share											% points
Current US\$ market exchange rate terms												
BRICS+ <sup>#</sup>	1,030	1,153	2,761	3,999	5,116	6,061	5,889	6,944	7,258	7,260	7,392	6.4
G7	31,700	31,700	43,990	44,920	46,147	51,938	50,812	56,086	57,493	60,594	62,671	2.0
RoW	3,555	4,239	7,534	7,979	7,997	8,519	8,015	9,114	9,469	9,876	10,388	2.5
World	5,695	5,695	8,894	9,758	10,375	11,555	11,148	12,611	13,031	13,474	13,943	2.4
G7/BRICS+	30.8	27.5	15.9	11.2	9.0	8.6	8.6	8.1	7.9	8.3	8.5	
PPP\$ terms												
BRICS+ <sup>#</sup>	3,235	3,564	6,397	7,703	10,323	13,176	13,361	15,048	16,640	18,082	19,284	5.4
G7	32,011	32,011	42,026	42,496	49,029	56,334	55,205	60,571	66,312	69,512	71,961	2.2
RoW	7,300	8,171	11,301	11,809	13,677	15,533	15,013	16,584	18,247	18,982	19,915	2.4
World	8,348	8,348	11,957	12,844	15,503	18,360	18,144	20,130	22,143	23,493	24,737	3.0
G7/BRICS+	9.9	9.0	6.6	5.5	4.7	4.3	4.1	4.0	4.0	3.8	3.7	

Source (basic data): IMF WEO April 2025, World population is derived by aggregating the total of the three groups

# This excludes data for Cuba as it is unavailable in the IMF database; RoW refers to Rest of the World

## Intra group relativity in BRICS+

An important dimension of the working of BRICS+ pertains to the relative economic sizes of individual countries as measured in terms of their share in the total BRICS+ GDP. As Table 5 shows, China alone accounts for nearly 59% of the BRICS+ total GDP measured in market exchange rate terms and nearly 46% measured in PPP terms in 2024. In PPP terms, India's share is 19.4% while that of Brazil and Russia are 8.3% and 5.7%, respectively, in 2024. All these countries are part of the original BRICS group. The next highest share relates to Indonesia, the latest member country of the group, at 5.6% in 2024.

Table 5: Share in BRICS+ GDP in market exchange rate and PPP\$ terms

Share in MX terms				Share in PPP\$ terms			
	2022	2023	2024		2022	2023	2024
China	59.13	58.62	58.66	China	45.78	45.71	45.76
India	10.81	11.67	12.23	India	18.49	19.13	19.42
Brazil	6.30	7.03	6.79	Russia	8.46	8.34	8.28
Russia	7.41	6.61	6.76	Brazil	5.89	5.76	5.68
Indonesia	4.26	4.40	4.37	Indonesia	5.61	5.58	5.59
UAE	1.62	1.65	1.68	Egypt	2.78	2.74	2.67
Thailand	1.60	1.66	1.65	Thailand	2.25	2.17	2.12
Malaysia	1.32	1.28	1.31	Iran	2.07	2.06	2.03
Iran	1.22	1.20	1.26	Nigeria	1.87	1.82	1.80
South Africa	1.31	1.22	1.25	Malaysia	1.68	1.65	1.65
Egypt	1.53	1.26	1.20	South Africa	1.30	1.24	1.19
Kazakhstan	0.73	0.84	0.89	UAE	1.05	1.03	1.02
Nigeria	1.54	1.17	0.59	Kazakhstan	1.01	1.01	1.01
Ethiopia	0.38	0.51	0.45	Ethiopia	0.51	0.52	0.53
Uzbekistan	0.29	0.33	0.36	Uzbekistan	0.51	0.51	0.52
Belarus	0.24	0.23	0.22	Belarus	0.36	0.36	0.35
Uganda	0.15	0.17	0.18	Uganda	0.20	0.20	0.21
Bolivia	0.14	0.15	0.15	Bolivia	0.18	0.17	0.17
Total BRICS+	100.00	100.00	100.00	Total BRICS+	100.00	100.00	100.00

Source (basic data): IMF WEO April 2025



## Share in global trade and its composition

Table 6 shows the fast pace at which the share of BRICS+ group in merchandise exports and merchandise imports has increased over the years. In terms of exports, this share in 2024 was 27.3% compared to 12.9% in 2000, an increase of 14.5% points. In fact, in 2024, the share of G7 at 28.1% has become comparable to that of the BRICS+ share of 27.3% in global exports. Thus, on one side the share of BRICS+ has continuously increased whereas that of G7 has steadily fallen. A similar pattern prevails in the case of merchandise imports. In this case, the share of BRICS+ has increased by 13.3% points over the period from 2000 to 2024, whereas that of G7 has seen a decline of 16.8% points over the same period.

In fact, the share in global exports and imports of the rest of the world, has also increased but only marginally during this period. Their share in global exports increased by 2.6% points and in imports by 3.5% points during this period. Thus, the growth in BRICS+'s shares of exports and imports closely corresponds with a reduction in the respective shares of the G7 group.

Table 6: Group-wise shares in global trade (%)

	2000	2000	2007	2010	2015	2019	2020	2021	2022	2023	2024	2024 minus 2000
	Five countr ies in BRICS	Nineteen countries in BRICS+										
	% share											% points
Total merchandise exports												
BRICS+ <sup>#</sup>	5.8	12.9	19.9	23.1	25.1	24.9	25.9	27.1	27.4	26.6	27.3	14.5
G7	45.2	45.2	36.5	33.3	32.1	31.4	30.0	28.4	27.7	28.8	28.1	-17.1
RoW	49.0	42.0	43.6	43.6	42.9	43.7	44.1	44.5	44.9	44.6	44.6	2.6
Total exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Total merchandise imports												
BRICS+ <sup>#</sup>	5.4	9.9	16.1	20.4	21.0	22.1	22.2	23.1	22.2	22.6	23.2	13.3
G7	49.8	49.8	41.3	37.6	36.2	35.3	34.8	33.4	33.9	33.5	33.0	-16.8
RoW	44.8	40.3	42.7	42.0	42.8	42.5	43.0	43.5	43.9	43.9	43.8	3.5
Total imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source (basic data): IMF Direction of Trade Statistics (DOTS) – data downloaded on 10 July 2025

<sup>#</sup> This excludes data for Cuba as it is unavailable in the IMF database; RoW refers to Rest of the World

## Exchange rate relativity: Comparing market exchange rate with PPP rate for BRICS

Given the difference in the volume of GDP, measured in market exchange rate terms as compared to PPP\$ terms, it is useful to look at how these exchange rates have varied over time and their relativity. For this analysis, we have looked at five of the original BRICS member countries. In terms of market exchange rates, it is seen that for all countries, except China, the exchange rate measured in terms of local currency unit per US\$ has depreciated over time (Table 7). The local currencies for these countries are Brazil (Real), China (Yuan), India (INR), Russia (Ruble), and South Africa (Rand). The Brazilian Real has depreciated over this 25-year period by nearly three times, the INR by just a little less than two times, whereas Russia's Ruble has shown maximum depreciation relative to the US\$ by more than three times. South Africa's Rand has also depreciated by a little less than three times. Only in China's case it has appreciated marginally.

Table 7: Market exchange rates and PPP\$ levels of BRICS: Relativity of exchange rates

	2000	2007	2010	2015	2019	2020	2021	2022	2023	2024	Ratio* (2024 over 2000)
Market exchange rates (local currency unit/US\$)											
Brazil (BRL)	1.8	1.9	1.8	3.3	3.9	5.2	5.4	5.2	5.0	5.4	3.0
China (CNY)	8.3	7.6	6.8	6.2	6.9	6.9	6.4	6.7	7.1	7.2	0.9
India (INR)	45.7	40.3	45.6	65.5	70.9	74.2	74.5	80.4	82.8	84.6	1.9
Russia (RUB)	28.1	25.6	30.4	61.2	64.6	72.3	73.7	68.4	85.6	92.6	3.3
South Africa (ZAR)	6.9	7.1	7.3	12.8	14.5	16.5	14.8	16.4	18.5	18.3	2.6
PPP\$ exchange rates											
Brazil	0.8	1.2	1.5	2.0	2.2	2.3	2.4	2.4	2.4	2.5	3.0
China	3.0	3.4	3.7	3.9	4.1	4.0	4.0	3.8	3.6	3.5	1.2
India	10.7	13.0	16.1	19.6	20.2	20.3	20.7	20.5	20.3	20.4	1.9
Russia	5.0	12.2	16.1	22.9	23.9	23.1	23.7	26.1	27.2	29.0	5.8
South Africa	2.9	4.1	4.9	5.8	7.1	7.2	7.4	7.2	7.3	7.4	2.5
Market exchange rate / PPP\$ ratio											
Brazil	2.2	1.6	1.2	1.6	1.8	2.3	2.3	2.1	2.0	2.2	NA
China	2.7	2.3	1.8	1.6	1.7	1.7	1.6	1.8	1.9	2.0	NA
India	4.3	3.1	2.8	3.3	3.5	3.7	3.6	3.9	4.1	4.1	NA
Russia	5.6	2.1	1.9	2.7	2.7	3.1	3.1	2.6	3.1	3.2	NA
South Africa	2.4	1.7	1.5	2.2	2.0	2.3	2.0	2.3	2.5	2.5	NA

Source (basic data): IMF World Economic Outlook April 2025

Note: The magnitude of market exchange rate is derived by dividing the nominal GDP measured in national currency units by the respective GDP measured in market exchange rate terms. Similarly, the magnitude of PPP international \$ exchange rate is derived by dividing the nominal GDP measured in national currency units by the respective GDP measured in PPP\$ terms;

\*Value more than 1 represents a depreciation, a value less than 1 represents depreciation.

There is a corresponding depreciation in PPP terms also. In India's case, the depreciation over this 25-year period is from a level of INR10.7/PPP International \$ to INR20.4/PPP International \$, which is a margin comparable to the corresponding depreciation in market exchange rate terms. This is also reflected in the market exchange rate to PPP\$ ratio. This ratio had fallen from 4.3 to 2.8 during 2000 to 2010, after which this relativity has increased to nearly a factor of 4.1 in 2024. In 2024, India had the largest factor of relativity at 4.1 amongst the selected BRICS countries; in the case of Brazil, China and South Africa, it ranged between 2 to 2.5. In Russia's case this factor has fallen from 5.6 in 2000 to 3.2 in 2024. As the market exchange rates converge towards the PPP\$ rate, India could be the largest gainer in the size of its GDP. Such convergence may happen when the market exchange rate is driven by the relative purchasing power parities.

## Ongoing institutional initiatives by BRICS+ group

The BRICS+ group is promoting greater use of local currencies in global trade transactions and settlement frameworks. For this purpose, the main initiative is to develop and popularize the use of a BRICS+ cross-border payments platform which is based on blockchain technology. On this platform exports and imports of individual countries amongst the participants in the BRICS+ group and even with countries outside of this group are likely to be denominated in local currencies. Each participant country may have automatic settlement of cross-border trade and the balances in their aggregate account will be instantaneously updated. Further, information regarding the volume and value of transactions is unlikely to be shared with the countries managing the SWIFT system. Additionally, the US dollar may not be necessary for pricing or conducting these transactions. In this context, the following observation was made in the declaration released by the BRICS+ group in its 17<sup>th</sup> summit held at Rio de Janeiro:

*"Following the instruction from our leaders in the Kazan Declaration to continue the discussion on the BRICS Cross-Border Payments Initiative, we acknowledge the progress made by the BRICS Payment Task Force (BPTF) in identifying possible pathways to support the continuation of discussions on the potential for greater interoperability of BRICS payment systems. In this regard, we welcome the "Technical Report: BRICS Cross-border Payments System", which reflects members' revealed preferences, and should play a pivotal role in our efforts to facilitate fast, low-cost, more accessible, efficient, transparent, and safe cross-border payments among BRICS countries and other nations and which can support greater trade and investment flows<sup>7</sup>."*

Thus, BRICS+ group's cross border payment initiative is likely to help not only in the creation of the platform to encourage trade in local currencies but also promote investment and economic growth in the BRICS+ participating countries.

Earlier in 2024, in the annual report for 2023-24 of BRICS Business Council, the following was noted:

*"Considering the prevailing global economic circumstances, according to the Bank for International Settlements, all countries are currently facing challenges with cross-border payments. The Task Force focuses on developing principles for innovative financial payment, enhancing security and reducing the costs of international transactions and discussing the feasibility of utilizing traditional and innovative financial services, including BRICS Pay, BRICS Decentralized Cross-border Messaging System (DCMS), BRICS UNIT, BRICS+ Interstate Digital Settlement System for securities for the BRICS financial market (aka BRICS CLEAR), all of which are non-binding to members and under the principle of commercial voluntariness within BRICS countries. In the long run, this initiative will contribute to the economic resilience and prosperity of our nations and further strengthen cooperation among BRICS+ countries and could foster the growth of our economies<sup>8</sup>."*

Once these initiatives are fully developed and put into practice, they have the potential to support a multilateral system of global trade, investment, and financial flows that could be more cost-effective and efficient compared to existing arrangements.

In this context, the BRICS bank, that is, the New Development Bank, is expected to play a key role in providing investment flows into the BRICS+ countries through loans and credit arrangements that may be given at relatively modest interest rates and near condition-free financing.

Another institutional arrangement of BRICS+ pertains to the BRICS Contingent Reserve Arrangement (CRA). This is a framework established by BRICS nations to provide short-term liquidity support through currency swaps during balance of payments crises. It aims to mitigate potential crises and strengthen financial stability among BRICS+ countries.

## Conclusion

In this writeup, we have looked at the latest membership of the group called BRICS+ nations, their share as a group in the global economy measured in terms of GDP, as also their respective shares in global exports and imports. It is seen that the share of the BRICS+ group has been increasing over time, both because of an increase in their membership/partnership and because, on average, the BRICS+ group countries have maintained a higher GDP growth than the G7 group. Thus, the BRICS+ group, which now has 19 participating countries consisting of 10 members and nine partner countries, accounted for 42.5% of global GDP in PPP terms in 2024. Their corresponding share in global population was 54.0%. This group largely represents the Global South with the average per capita GDP (PPP terms) of the G7 group being 3.7 times higher than that of the BRICS+ group in 2024.

The share of global exports of the BRICS+ group has been rising over time and in 2024 it amounted to 27.3%. There are considerable differences in the evaluation of the size of these countries when measured in market exchange rate terms as compared to PPP terms. The reason for the large differences between the two sets of exchange rates arises mainly from the use of US\$ as a reserve currency and a medium of exchange for global trade. It is the PPP comparison which is more relevant for reflecting the correct size and scope of economic activities in these countries. The BRICS+ group has taken a number of initiatives to reduce the extent of this distortion. In particular, they have initiated the implementation of a BRICS

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<sup>7</sup> <https://brics.br/en/documents/economy-finance-trade-and-infrastructure/250705-1st-brics-fmcbg-joint-statement.pdf/@download/file>

<sup>8</sup> [https://bbf2a463-6e2c-4484-b1b1-b55a3678d857.selstorage.ru/BRICS\\_ar\\_2024.pdf](https://bbf2a463-6e2c-4484-b1b1-b55a3678d857.selstorage.ru/BRICS_ar_2024.pdf)



payment system, a BRICS bank called the New Development Bank and BRICS Contingent Reserve Arrangements. These initiatives have evolved over time and are becoming progressively more effective.

The emphasis of the BRICS+ group policies is to promote intra-BRICS trade which can be undertaken in terms of local currencies using the BRICS payment platform. In addition, they are also promoting relatively condition-free flow of financial resources that can also promote investment including that in infrastructure in the BRICS+ participating countries. This is likely to also promote growth in these countries and reduce the difference between per capita GDP of BRICS+ group vis-à-vis the G7 group. Thus, the BRICS+ initiatives are aimed at promoting growth, global trade, and a multilateral trading system in the world.

Given current trends, we expect that the BRICS+ group would account for more than 50% of global GDP in PPP terms by 2030, both due to growth prospects of the current members and partners and induction of additional countries into the group.



# 6.

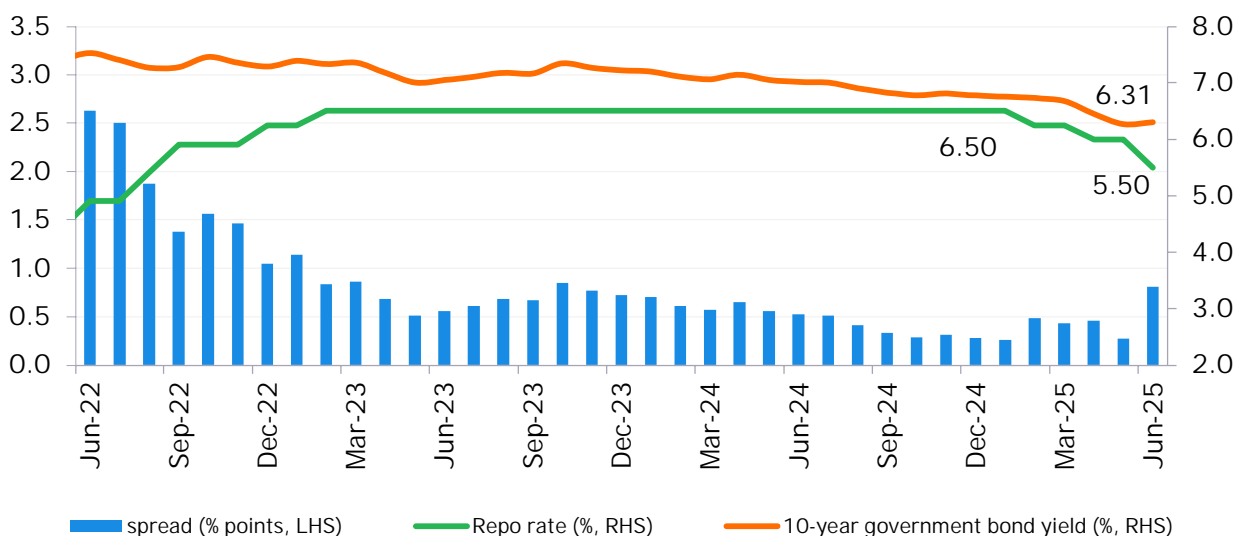
## Money and Finance: Growth in gross bank credit moderated to a 38-month low of 9.9% in May 2025

### 6.1. Monetary sector

#### Monetary policy

- In its monetary policy review held in June 2025, the RBI reduced the repo rate by 50 basis points, bringing it down from 6% to 5.5%. Thus, since January 2025, on a cumulated basis, the repo rate has been lowered by 100 basis points (Chart 6). By frontloading the rate cuts, the RBI emphasized that this decision aligns with its objective of supporting growth, especially as CPI inflation continues to remain below the target and shows signs of broad-based moderation.
- As per the RBI's June 2025 statement, CPI inflation is projected to average 3.7% in FY26, remaining below the RBI's target of 4%. However, the RBI's quarterly trajectory of CPI inflation indicates a gradual upward trend, with inflation forecasted at 2.9% in 1Q, 3.4% in 2Q, 3.9% in 3Q and 4.4% in 4QFY26. As per the latest available data, CPI inflation in 1QFY26 averaged 2.7%.
- In RBI's assessment, food price pressure is expected to remain subdued due to record wheat and pulse production during the Rabi season. In addition, an above-normal monsoon is forecasted to bode well for the Kharif crop, improving the prospects for stability in food prices. On the external front, global commodity prices, including those of crude oil are projected to remain moderate, aided by a slowdown in global growth. However, the RBI remains vigilant about the impact of weather-related uncertainties and evolving tariff-related concerns on the CPI inflation outlook.

Chart 6: Movements in the repo rate and 10-year government bond yield



Source: Database on Indian Economy, RBI

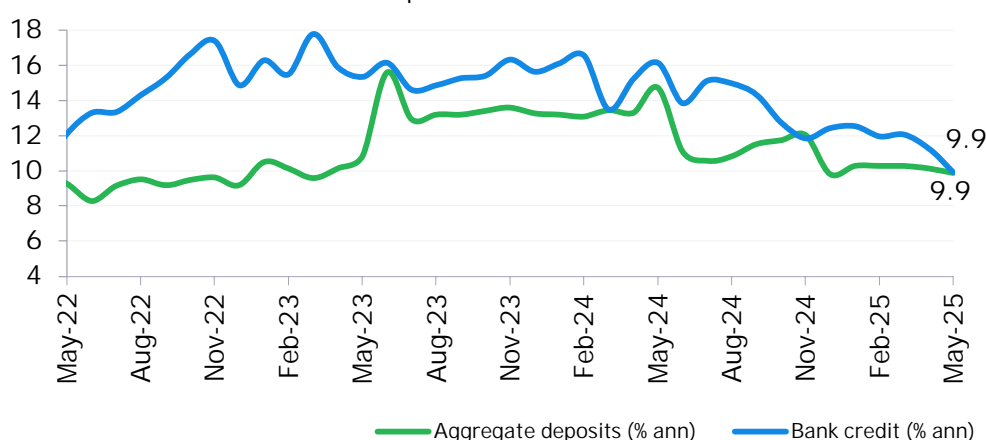
## Money stock

- Growth in broad money stock (M3)<sup>9</sup> at 9.6% in June 2025 was close to its level of 9.5% in May 2025. During the last six months (January to June 2025), growth in M3 averaged 9.6%.
- Time deposits, the largest component of M3, continued to show a relatively lower growth of 8.8% in June 2025, although improving marginally as compared to 8.6% in May 2025.
- Growth in narrow money (M1) at 12.1% in June 2025 was also marginally lower as compared to 12.3% in May 2025. This dip is attributable to a lower growth of 17.1% in demand deposits in June 2025 as compared to 18.1% in May 2025. Growth of currency with the public, however, improved marginally to 8.0% in June 2025 from 7.7% in May 2025.

## Aggregate credit and deposits

- Growth in gross bank credit fell to a 38-month low of 9.9% in May 2025 from 11.3% in April 2025 (Chart 7).

Chart 7: Growth in credit and deposits



Gross bank credit grew by 9.9% in May 2025, its slowest growth rate since March 2022.

Source: Database on Indian Economy, RBI

- Non-food credit growth also fell to a 39-month low of 9.8% in May 2025 from 11.2% in April 2025 as there was moderation in the growth of credit to major sectors of the economy.
- Growth in outstanding credit to industries, having a share of about 25% on average in total non-food credit (last five years), fell to a 44-month low of 4.9% in May 2025 from 6.7% in April 2025. Within industrial credit, among major segments, growth in credit to iron and steel and textiles moderated to 6.5% and 6.8%, respectively, in May 2025 from 11.1% and 8.5% in April 2025. Growth in credit to chemical and chemical products fell to 4.7% in May 2025 from 6% in April 2025. Credit to infrastructure, having the largest share in industrial credit, contracted for the second successive month by (-)2.5% in May 2025 as compared to (-)0.8% in April 2025.
- Growth in credit to the services sector, with an average share of about 27% in total non-food credit (last five years) moderated to a 39-month low of 9.4% in May 2025 from 11.2% in April 2025.
- Growth in agricultural credit, showing a sequential fall since July 2024, reached a near five-year low of 7.5% in May 2025 from 9.2% in April 2025.
- Personal loans (share of close to 30% in total non-food credit) continued to show a strong double-digit growth of 13.7% in May 2025, although lower as compared to 14.5% in April 2025. Among the sub-components of personal loans, growth in loans to individuals against shares and bonds fell sharply to 1.6% in May 2025 from 23.8% in April 2025. Growth in loans against fixed deposits also moderated to 15.5% in May 2025 from 17.8% in April 2025. Growth of housing loans witnessed a sequential decline for the sixth consecutive month to 13.8% in May 2025 from 14.7% in April 2025. Vehicle loan growth remained broadly stable at 8.7% in May 2025, close to its level of 8.8% in April

<sup>9</sup> The data on M3, demand and time deposits and bank credit exclude the impact of merger of a non-bank with a bank.

2025. However, loans for consumer durables continued to contract for the third successive month by (-)3.9% in May 2025.

- Growth in other non-food credit, that is, non-food credit excluding credit to agriculture, industry, services and personal loans, fell to 15.7% in May 2025 from 17.3% in April 2025.
- Growth in aggregate deposits, after averaging close to 10.3% during January to April 2025, fell to 9.9% in May 2025.

## 6.2. Financial sector

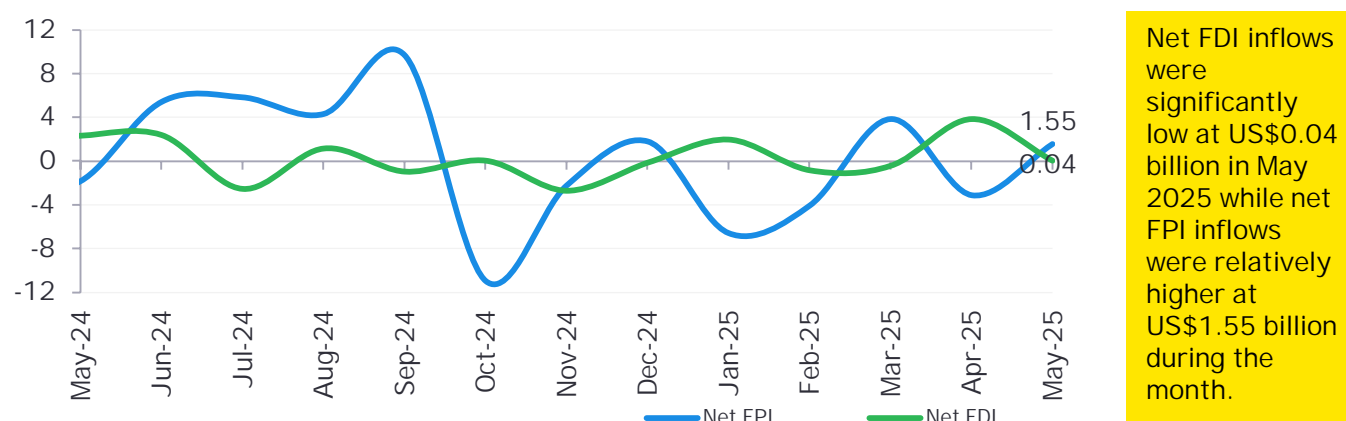
### Interest rates

- As per the data released by the RBI in the first week of July 2025, the yield on 10-year government bonds (benchmark) increased marginally to 6.31% in June 2025 from 6.27% in May 2025 (Chart 6). During 1QFY26, benchmark bond yield averaged lower at 6.34% as compared to 6.72% during 4QFY25.
- The average interest rate on term deposits with a maturity period of more than one year was lowered for the third successive month to 6.35% in June 2025 from 6.52% in May 2025, with actual rates ranging from 5.93% to 6.78%.
- The average MCLR moderated for the second successive month to 8.18% in June 2025 from 8.22% in May 2025, with the actual MCLR ranging between 8.10% and 8.25% during the month.
- WALR on 'Fresh Rupee Loans' (FRL) by SCBs moderated for the third consecutive month to average 9.20% in May 2025 from 9.26% in April 2025.

### FDI and FPI

- As per the provisional data released by the RBI on 23 July 2025, overall foreign investments (FIs) registered higher inflows amounting to US\$1.59 billion in May 2025 as compared to inflows amounting to US\$0.8 billion in April 2025 as net FPI's witnessed relatively higher inflows during the month (Chart 8).

Chart 8: Net FDI and FPI inflows (US\$ billion)



Source: Database on Indian Economy, RBI

- Net FPIs witnessed inflows amounting to US\$1.55 billion in May 2025 as compared to outflows amounting to US\$3.1 billion in April 2025.
- Net FDI inflows were significantly low at US\$0.04 billion in May 2025 as compared to US\$3.9 billion in April 2025. Gross FDI inflows were also lower at US\$7.2 billion in May 2025 as compared to US\$8.7 billion in April 2025.
- During April-May FY26, net FDI inflows amounted to US\$3.9 billion, close to the inflows amounting to US\$4.0 billion seen in April-May FY25. Net FPIs, however, registered outflows amounting to US\$1.5 billion during April-May FY26, lower as compared to US\$4.5 billion outflows during the corresponding period of FY25.



# 7.

## Trade and CAB: Current account balance showed a surplus at 1.3% of GDP in 4QFY25

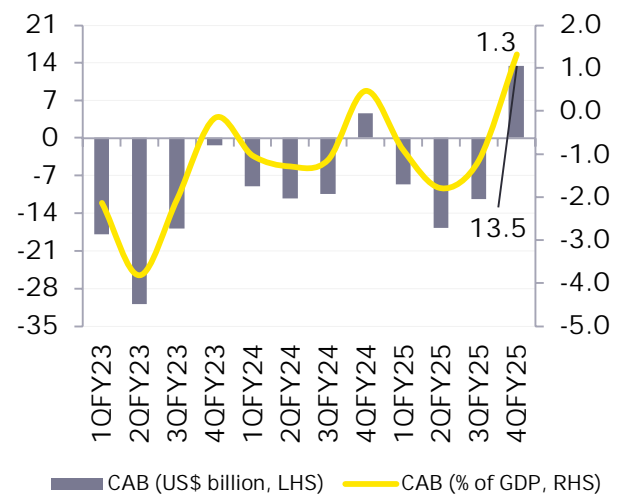
### 7.1. CAB showed a surplus of 1.3% of GDP in 4QFY25 as compared to (-)1.1% in 3QFY25

- Led by a sharp moderation in net merchandise trade deficit to 5.8% of GDP in 4QFY25, current account reflected a surplus for the first time since 4QFY24 (Chart 9). Merchandise imports eased to 17.3% of GDP, its lowest level since 4QFY21, partly on account of lower global crude prices while merchandise exports improved to 11.4% of GDP in 4QFY25 from 10.9% in 3QFY25.
- Net invisibles, which amounted to 7.2% relative to GDP in 4QFY25, also contributed significantly to the overall current account surplus. Surplus in invisibles was driven by a surplus in services which was at an all-time high of 5.2% of GDP in 4QFY25. Net transfers were also high at 3.1% of GDP, although lower than 3.3% in 3QFY25.

Table 8: Components of CAB (in US\$ billion)

Fiscal year	CAB as % of nominal GDP	CAB	Merchandise net	Invisibles* net
FY22	-1.2	-38.8	-189.5	150.7
FY23	-2.0	-67.1	-265.3	198.2
FY24	-0.7	-26.1	-244.9	218.8
FY25	-0.6	-23.4	-287.2	263.8
1QFY25	-0.9	-8.7	-63.8	55.1
2QFY25	-1.8	-16.8	-84.6	67.8
3QFY25	-1.1	-11.3	-79.3	68.0
4QFY25	1.3	13.5	-59.5	72.9

Chart 9: CAB



Source: Database on Indian Economy, RBI; Note: (-) deficit; (+) surplus; \*invisibles include services, current transfers and income components

- On an annual basis, current account deficit was subdued at (-)0.6% relative to GDP in FY25 (Table 8), marginally lower than (-)0.7% in FY24, led by a rising invisibles surplus, the highest since FY09, which offset an expanding net merchandise trade deficit.

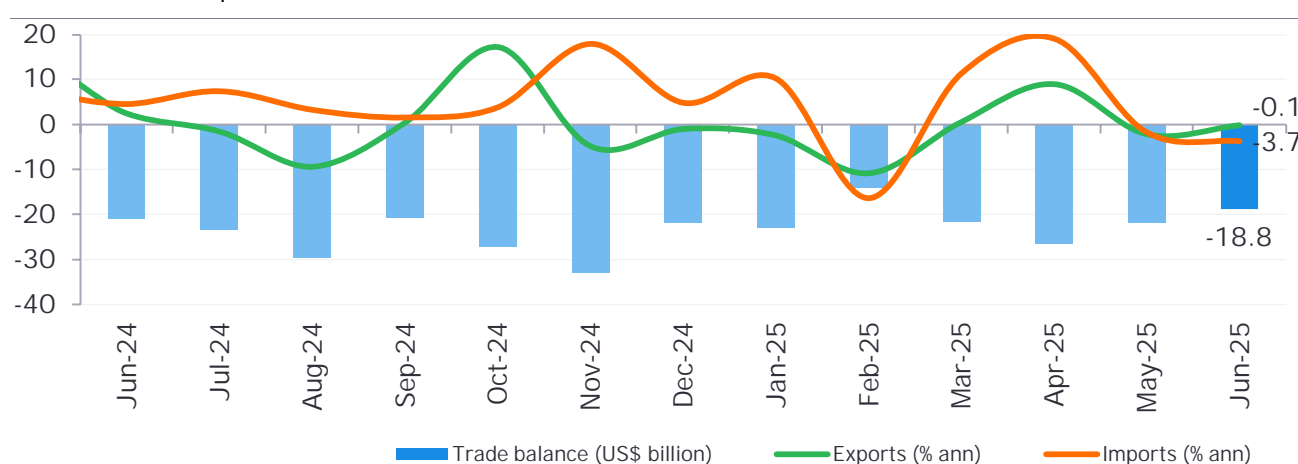
### 7.2. Merchandise trade and exchange rates

Merchandise exports showed a near flat growth in June 2025 at (-)0.1% owing to slowing global demand and lower global crude prices on an y-o-y basis. Merchandise imports contracted by (-)3.7% reflecting falling crude prices, lower demand for re-exports and rising gold prices.

- Oil exports and imports continued to show a contraction at (-)15.9% and (-)8.4% in June 2025 as compared to (-)30.3% and (-)26.1%, respectively, in May 2025, reflecting a considerable moderation in the price of Indian crude basket on a y-o-y basis.

- Growth of exports and imports excluding oil, gold/silver and jewelry eased to 4.8% and 0.1% in June 2025 from 6.9% and 11.9% in May 2025, respectively.
- The weak export growth performance may be partly attributable to global headwinds and lower demand from key trading partners. The contraction in imports was partly on account of falling oil prices as well as rising gold prices which led to a sustained fall in gold imports by (-)25.7% in June 2025 as compared to (-)12.6% in the previous month.
- Electronic goods exports continued to show a robust growth of 46.9% in June 2025, although lower than 54.1% in May 2025 while growth in imports of the same category weakened to 9.4% from 27.2% over the same period. Exports of electronic goods have shown an average growth of 45.7% during October 2024 to June 2025.
- On the imports side, iron and steel, non-ferrous metals, and transport equipment showed a contraction of (-)11.8%, (-)8.0% and (-)20.5% in June 2025 as compared to growth rates of 12.2%, 15.3% and a contraction of (-)28.2% in May 2025, respectively.

Chart 10: Developments in merchandise trade



Source: Ministry of Commerce and Industry, GoI

- Merchandise trade deficit eased to a four-month low of US\$18.8 billion in June 2025 attributable to the contraction in merchandise imports (Chart 10).
- Goods and services trade deficit fell to US\$6.1 billion in May 2025 from a five-month high of US\$10.5 billion in April 2025 as merchandise trade deficit eased while services trade surplus remained near stable at US\$15.8 billion in May 2025.
- The Indian Rupee depreciated to INR85.9/US\$ in June 2025 from INR85.2/US\$ (average) in May 2025. This was attributable partly to external factors including rising oil prices and safe-haven demand from geopolitical tensions, and partly to RBI's surprise rate cut that narrowed India's interest rate differential accompanied by capital outflows.

# 8.

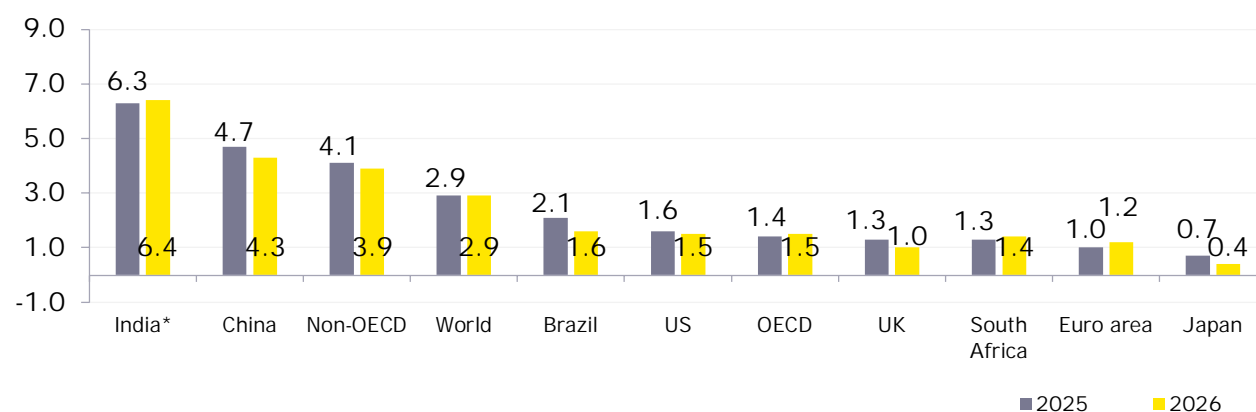
## Global growth: OECD projected global growth to fall from 3.3% in 2024 to 2.9% in 2025 and 2026

### 8.1. Global growth

- The OECD, in its June 2025 issue of Economic Outlook, has projected global growth to slow from 3.3% in 2024 to 2.9% in 2025 and in 2026 (Chart 11), on the technical assumption that tariff rates as of mid-May 2025 are sustained despite ongoing legal challenges. The slowdown is assessed to be concentrated in the US, Canada and Mexico, with China and other economies expected to see smaller downward adjustments.
- In the US, growth is projected to weaken from 2.8% in 2024 to 1.6% in 2025 and 1.5% in 2026 owing to substantially higher effective tariff rate on imports, combined with retaliatory measures from some trading partners, elevated policy uncertainty and softer real income growth. Additionally, a further slowdown in net immigration and reduction in the federal workforce are anticipated to moderate growth.
- Growth in the Euro area is projected to remain modest at 1.0% in 2025, after 0.8% in 2024, before picking up to 1.2% in 2026, with increased trade friction being offset by ongoing capital spending from Next Generation EU funds, resilient labor markets and a recent easing of credit conditions.
- In Japan, GDP growth is projected to moderate from 0.7% in 2025 to 0.4% in 2026. While private consumption growth is expected to be supported by strong wage gains and business investment growth underpinned by healthy profits and government subsidies, offsetting forces would relate to subdued external demand amid new trade restrictions and elevated trade policy uncertainty.

The OECD projected global growth at 2.9% in 2025, with India's FY26 growth forecasted at 6.3%.

Chart 11: Global growth projections (%)



Source: OECD Economic Outlook (June 2025)

\*data pertains to fiscal year

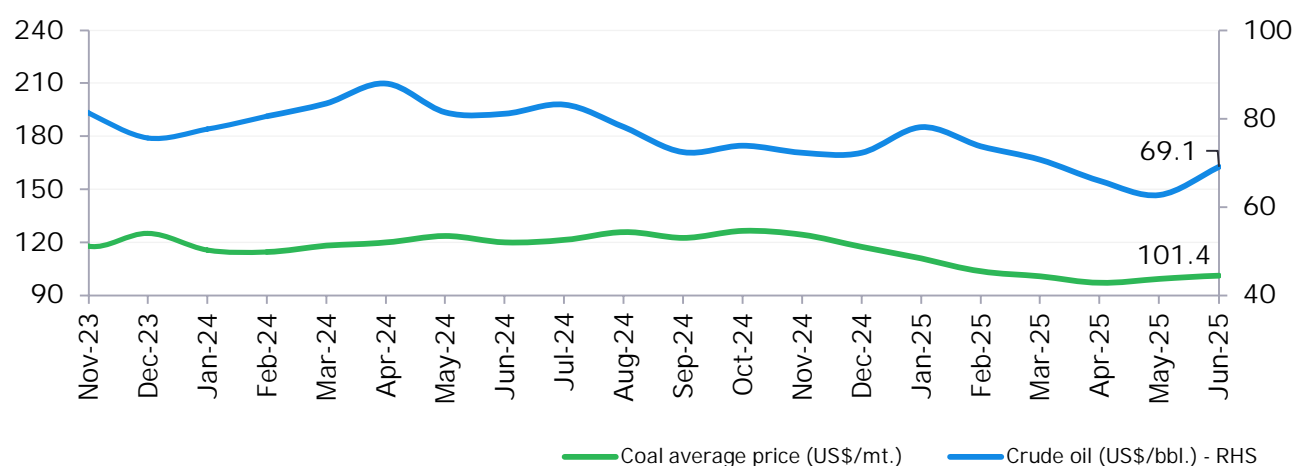
- China's real GDP growth is projected to ease from 5.0% in 2024 to 4.7% in 2025 and 4.3% in 2026, with increased trade costs and recent increases in global food prices pushing inflation up from its currently low levels.
- The Indian economy is projected to grow by 6.3% in 2025 (FY26) and 6.4% in 2026 (FY27) as private consumption gradually strengthens, driven by rising real incomes helped by moderate inflation. Investment would also be supported by declining interest rates and substantial public capital spending.

- In Brazil, growth is projected at 2.1% in 2025 and 1.6% in 2026 principally driven by household consumption helped by robust wage increases.
- GDP growth in South Africa is projected at 1.3% in 2025 and 1.4% in 2026. High uncertainty and declining confidence are expected to weigh on domestic demand, although easing monetary policy would provide support. Further, an increase in tariffs on imports into the US could serve as a drag on exports.

## 8.2. Global energy prices: Global crude price increased to a three-month high of US\$69.1/bbl. in June 2025

- In June 2025, average global crude price<sup>10</sup> increased to a three-month high of US\$69.1/bbl. from US\$62.7/bbl. in May 2025 owing to the Israel-Iran conflict (Chart 12). On a quarterly basis, however, global crude price averaged US\$65.9/bbl. in 1QFY26, its lowest level since 4QFY21.
- Owing to an increase in demand from India and China and extended sanctions on Russian coal, average global coal price<sup>11</sup> also increased to US\$101.4/mt. in June 2025 from US\$99.4/mt. in May 2025<sup>12</sup>. On a quarterly basis, global coal price averaged US\$99.3/mt. in 1QFY26, its lowest level since 4QFY21.

Chart 12: Global crude and coal prices



Source (basic data): World Bank Pink Sheets, July 2025

<sup>10</sup> Simple average of three spot prices, namely, Dated Brent, West Texas Intermediate and Dubai Fateh

<sup>11</sup> Simple average of Australian and South African coal prices.

<sup>12</sup> <https://tradingeconomics.com/commodity/coal>





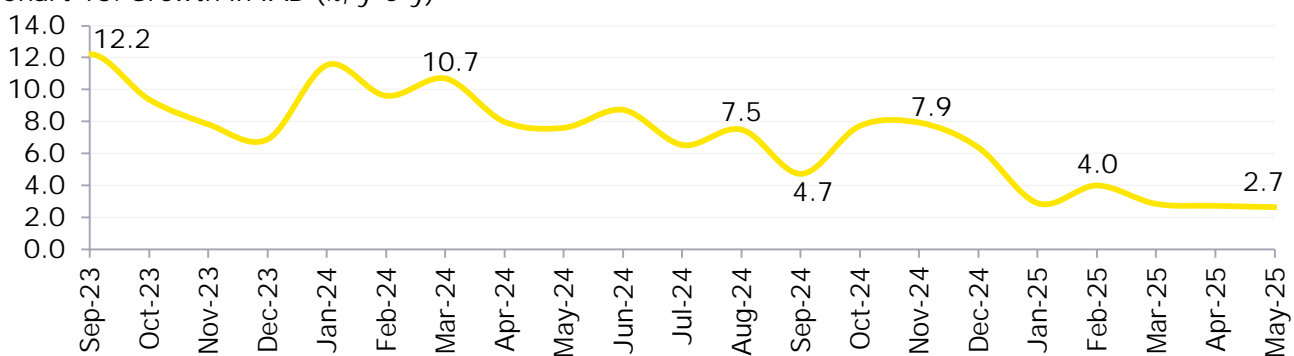
# 9.

## Index of Aggregate Demand (IAD): Growth remained low at 2.7% in May 2025

### 9.1. Growth in IAD remained low for the third successive month in May 2025

- Pointing to weakening demand conditions, IAD<sup>13</sup> showed a low growth for the third consecutive month at 2.7% in May 2025, similar to its level in April 2025 (Chart 13 and Table 9).
- Demand conditions in the agricultural sector have shown a sequential moderation as indicated by a moderation of growth in agricultural credit. In fact, growth in credit to agriculture fell to a near five-year low of 7.4% (sa) in May 2025 from 9.1% in April 2025.
- Manufacturing sector also witnessed easing demand conditions during the month, with PMI manufacturing expanding at a slower pace of 57.6 in May 2025 as compared to 58.2 in April 2025.
- In the services sector, however, demand conditions remained nearly stable during the month as shown by PMI services (sa), which expanded by 58.8 in May 2025, marginally improving from 58.7 in April 2025.

Chart 13: Growth in IAD (% y-o-y)



Source (Basic data): S&P - IHS Markit PMI, RBI and EY estimates

Table 9: IAD

Month	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
IAD	177.6	179.7	180.0	180.7	179.8	181.9	182.9	183.6	183.2
Growth (% y-o-y)	4.7	7.7	7.9	6.4	2.9	4.0	2.8	2.7	2.7
Growth in agr. credit	16.4	15.7	15.3	12.6	12.2	11.4	10.5	9.1	7.4
Mfg. PMI**	6.5	7.5	6.5	6.4	7.7	6.3	8.1	8.2	7.6
Ser. PMI**	7.7	8.5	8.4	9.3	6.5	9.0	8.5	8.7	8.8

Source (basic data): S&P Global, RBI and EY estimates; \*\*Values here indicate deviation from the benchmark value of 50. A positive value indicates expansion in demand while a negative value implies contraction in demand; PMI for Manufacturing and Services are seasonally adjusted.

<sup>13</sup> EY has developed an Index of Aggregate Demand (IAD) to reflect the monthly combined demand conditions in the agriculture, manufacturing, and services sectors. It considers the movements in PMI for manufacturing and services, both measured in seasonally adjusted (sa) terms, tracing the demand conditions in these sectors. Movements in the monthly agricultural credit off-take (sa) capture the demand conditions in the agricultural sector.



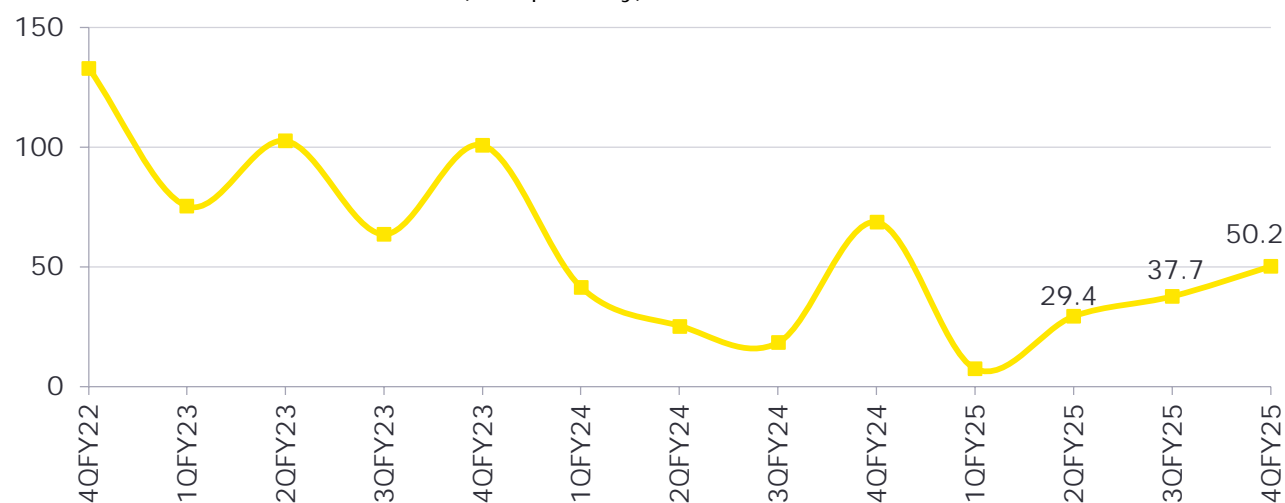
# 10.

## Index of Macro Imbalance (IMI): Indicated a deterioration in macro balance in 4QFY25

### 10.1. The level of IMI increased to 50.2 in 4QFY25 from 37.7 in 3QFY25

- Index of Macro Imbalance (IMI)<sup>14</sup> pointed to a sustained deterioration in the macro balance in 4QFY25 with the index value increasing for the third successive quarter reaching a level of 50.2 in 4QFY25 as compared to 37.7 in 3QFY25 (Chart 14). This is attributable to Gol's fiscal deficit to GDP ratio, which surpassed its benchmark level by a significant margin during the quarter.
- Gol's fiscal deficit to GDP ratio increased to 7.5% in 4QFY25 from 5.2% in 3QFY25, 4.5% points above the benchmark value of 3%, thereby contributing to the macro imbalance during the quarter.
- CPI inflation averaged lower at 3.7% in 4QFY25 as compared to 5.6% in 3QFY25 and was 0.3% points below its benchmark value of 4%. Thus, CPI inflation did not contribute to macro imbalance during the quarter.
- The current account showed a surplus of 1.3% of GDP in 4QFY25 as compared to a deficit of 1.1% of GDP in 3QFY25. Therefore, CAB did not contribute to the macro imbalance in 4QFY25.

Chart 14: Index of Macro Imbalance (IMI; quarterly)



Source (Basic data): RBI, MoSPI and EY estimates.

<sup>14</sup> The IMI is obtained by adding the percentage deviation of inflation rate (based on new CPI 2012 = 100), fiscal deficit (as a percentage of GDP) and current account deficit (as a percentage of GDP) from their respective benchmarks of 4%, 3% of GDP and (-) 1.3% of GDP (Rangarajan 2016). All three components of IMI have been given equal weightage (33.33%). The state of balance is judged by a value of 0. An index value greater than zero indicates the presence of an imbalance in the economy. While considering the percentage deviation of each of the indicators from its selected norm, only the positive deviations are taken. Negative deviations are equated to zero to ensure that the negative and positive deviations across indices are not canceled out.

Rangarajan, C (2016): "Can India grow at 8 to 9 per cent?" The Hindu, (<http://www.thehindu.com/opinion/lead/can-india-grow-at-8-to-9-per-cent/article8596824.ece>, Accessed on 17 May 2016.)

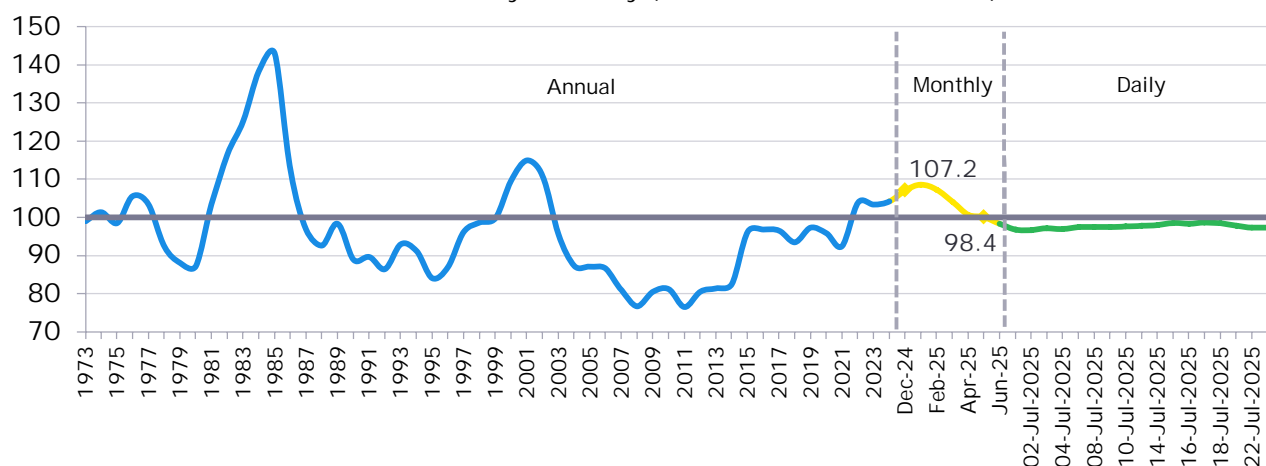
# 11.

## US dollar index (DXY): Methodology and Trends

- We will be tracking the US dollar index (DXY) prepared by Intercontinental Exchange (ICE) starting with the current issue of the EY Economy Watch. A brief note on the methodology of preparing the DXY and its historical trends is given below.
- The US Dollar Index (DXY) reflects the US dollar's strength or weakness against a basket of key global currencies. This index has a bearing on global trade, investment flows, commodity prices, and monetary policies. The index was created in 1973, after the arrival of the petrodollar and the dissolution of the Bretton Woods Agreement.
- The DXY is calculated by taking a weighted geometric mean of the exchange rates between the US dollar and six major currencies (weights): (1) the Euro (57.6%), (2) Japanese yen (13.6%), (3) British pound (11.9%), (4) Canadian dollar (9.1%), (5) Swedish krona (4.2%), and (5) Swiss franc (3.6%)<sup>15</sup>. Presently, most of these currencies are linked to the US' largest trade partners.
- The DXY is calculated using the formula:  

$$USD\text{X} = 50.14348112 * EURUSD^{-0.576} * USDJPY^{0.136} * GBPUSD^{-0.119} * USDCAD^{0.091} * USDSEK^{0.042} * USDCHF^{0.036}$$
- A rising DXY implies the U.S. dollar is strengthening against other major currencies (DXY>100) while a falling DXY indicates weakening (DXY<100). The index is calculated in real-time every 15 seconds based on spot prices of the component currencies.
- Chart 15 shows the annual, monthly and daily levels of the DXY. On an annual basis, it is notable that the index value consistently remained below 100 during 2003 to 2021. The index posted an above-100 value each month during the period April 2022 till May 2025 after which it has fallen below 100.
- On a monthly basis, the DXY fell from a peak of 107.2 in December 2024 to 98.4 in June 2025. On a daily basis, during 1 July to 23 July 2025, DXY has averaged even lower at 97.7.

Chart 15: Trends in DXY: annual, monthly and daily (Baseline index value = 100)



Source (Basic data): Refinitiv

<sup>15</sup> [https://www.ice.com/publicdocs/data/ICE\\_FX\\_Indexes\\_Methodology.pdf](https://www.ice.com/publicdocs/data/ICE_FX_Indexes_Methodology.pdf)



# 12.

## Capturing macro-fiscal trends: Data appendix

Table A1: Industrial growth indicators (annual, quarterly, and monthly growth rates, y-o-y)

Fiscal year/ quarter/ month	IIP	Mining	Manufacturing	Electricity	Core IIP	Fiscal year/ quarter/ month	PMI mfg.	PMI ser.
	% change y-o-y							
FY22	11.4	12.2	11.8	7.9	10.4	FY22	54.0	52.3
FY23	5.2	5.8	4.7	8.9	7.8	FY23	55.6	57.3
FY24	5.9	7.5	5.5	7.1	7.6	FY24	57.2	60.3
FY25	4.0	2.9	3.9	5.1	4.4	FY25	57.4	59.2
1QFY25	5.5	7.9	4.3	10.8	6.3	2QFY25	57.4	59.6
2QFY25	2.7	-0.1	3.3	1.4	2.4	3QFY25	56.8	58.7
3QFY25	4.1	1.8	4.5	4.1	4.9	4QFY25	57.4	58.0
4QFY25	4.0	2.4	4.2	4.6	4.3	1QFY26	58.1	59.3
Feb-25	2.7	1.6	2.8	3.6	3.4	Mar-25	58.1	58.5
Mar-25	3.9	1.2	4.0	7.5	4.5	Apr-25	58.2	58.7
Apr-25	2.6	-0.2	3.1	1.7	1.0	May-25	57.6	58.8
May-25	1.2	-0.1	2.6	-5.8	0.7	Jun-25	58.4	60.4

Source: MoSPI, Office of the Economic Adviser, Ministry of Commerce and Industry and S&P Global

Table A2: Inflation indicators (annual, quarterly, and monthly growth rates, y-o-y)

Fiscal year/ quarter/ month	CPI	Food Price Index	Fuel and light	Core CPI	WPI	Food Price Index	Mfg. products	Fuel and power	Core WPI
	% change y-o-y					% change y-o-y			
FY22	5.5	3.8	11.3	6.1	13.0	6.8	11.1	32.5	11.0
FY23	6.7	6.6	10.3	6.3	9.4	6.3	5.6	28.1	5.8
FY24	5.4	7.5	1.2	4.4	-0.7	3.2	-1.7	-4.7	-1.4
FY25	4.6	7.3	-2.5	3.6	2.3	7.3	1.7	-1.3	0.7
2QFY25	4.2	6.8	-4.1	3.5	1.8	5.5	1.2	-0.9	0.5
3QFY25	5.6	9.4	-1.6	3.8	2.5	10.0	2.0	-3.6	0.5
4QFY25	3.7	4.1	-0.5	4.0	2.4	6.2	3.0	-1.0	1.4
1QFY26	2.7	0.5	2.8	4.4	0.4	1.6	2.2	-2.9	1.0
Mar-25	3.3	2.7	1.4	4.2	2.2	4.9	3.2	0.0	1.7
Apr-25	3.2	1.8	2.9	4.4	0.9	3.3	2.6	-3.8	1.3
May-25	2.8	1.0	2.8	4.3	0.4	1.7	2.0	-2.3	0.8
Jun-25	2.1	-1.1	2.6	4.6	-0.1	-0.3	2.0	-2.7	1.0

Source: Office of the Economic Adviser, Ministry of Commerce and Industry and MoSPI

Note: The CPI for April and May 2020 has been imputed. Core CPI inflation is measured in different ways by different organizations/agencies. Here, it has been calculated by excluding food, and fuel and light from the overall index



Table A3: Fiscal indicators (annual growth rates, cumulated monthly growth rates, y-o-y, unless otherwise specified)

Fiscal year/month	Gross tax revenue	Corporate tax	Income tax	Direct taxes*	Indirect taxes**	Fiscal deficit % of GDP	Revenue deficit % of GDP
FY22	33.7	55.6	42.9	49.0	20.2	6.7	4.4
FY23	12.7	16.0	19.7	17.8	7.2	6.4	4.0
FY24	13.5	10.3	25.4	17.9	8.5	5.6	2.6
FY25 (RE over act.)	11.2	7.6	20.3	14.4	6.8	4.8	1.9
FY26 (BE over RE)	10.8	10.4	14.4	12.7	8.3	4.4	1.5
Cumulated growth (% , y-o-y)						% of budgeted target	
Oct-24	10.8	1.2	20.2	11.1	9.0	46.5	52.2
Nov-24	10.7	-0.5	23.5	12.1	7.6	52.5	61.5
Dec-24	10.8	2.7	22.2	12.2	7.4	58.2 <sup>#</sup>	42.0 <sup>#</sup>
Jan-25	10.3	-0.6	22.0	10.7	8.5	74.5 <sup>#</sup>	72.4 <sup>#</sup>
Feb-25	10.9	1.9	22.0	12.4	7.9	85.8 <sup>#</sup>	93.8 <sup>#</sup>
Mar-25	9.5	8.3	17.0	12.9	4.2	100.5 <sup>#</sup>	92.9 <sup>#</sup>
Apr-25	6.5	-40.7	10.8	-3.0	17.4	11.9	9.4
May-25	12.1	-0.8	6.4	5.0	19.4	0.8	-34.9

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents; # indicates that the values as percent of revised estimates; annual data is sourced from Union budget documents.

\* Includes corporation tax and income tax

\*\* Includes customs duty, excise duty, service tax, CGST, UTGST, IGST and GST compensation cess

Fiscal year/month	CGST	UTGST	IGST	GST compensation cess	Total GST (GoI)
INR crore					
FY25 (RE)	9,08,459	-	0	1,53,440	10,61,899
FY26 (BE)	10,10,890	-	0	1,67,110	11,78,000
Oct-24	80,379	323	-9,602	12,159	83,259
Nov-24	82,274	480	-17,406	13,116	78,464
Dec-24	69,383	269	-3,736	11,958	77,874
Jan-25	79,258	864	3,980	13,415	97,517
Feb-25	77,623	304	-9,998	13,356	81,285
Mar-25	78,843	1,230	4,613	12,179	96,865
Apr-25	78,240	119	31,097	12,696	1,22,152
May-25	76,744	372	2,333	12,310	91,759

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents

Note: IGST revenues are subject to final settlement

Table A4: Monetary and financial indicators (annual, quarterly, and monthly growth rates, y-o-y)

Fiscal year/ month	Repo rate (end of period)	Fiscal year/ quarter/ month	Bank credit	Agg. deposits	Net FDI	Net FPI	Fiscal year/ quarter/ month	M1	M3	10-year govt. bond yield	FX reserves
	%		% change y-o-y		US\$ billion			% change y-o-y		%	US\$ billion
Jul-24	6.50	FY22	7.0	9.7	38.6	-16.8	FY22	10.7	8.8	6.40	617.6
Aug-24	6.50	FY23	14.4	9.5	28.0	-5.2	FY23	6.9	9.0	7.35	578.4
Sep-24	6.50	FY24	15.7	13.0	10.1	44.1	FY24	7.3	11.1	7.16	645.6
Oct-24	6.50	FY25	13.6	11.3	2.3	2.7	FY25	7.8	9.6	6.88	665.4
Nov-24	6.50	1QFY25	15.1	13.0	6.6	0.9	2QFY25	9.2	10.8	6.92	704.9
Dec-24	6.50	2QFY25	14.8	11.0	-2.3	19.9	3QFY25	6.0	9.3	6.79	640.3
Jan-25	6.50	3QFY25	12.4	11.2	-2.8	-11.4	4QFY25	7.9	9.6	6.72	665.4
Feb-25	6.25	4QFY25	12.2	10.3	0.7	-6.8	1QFY26	12.1	9.6	6.34	702.8
Mar-25	6.25	Feb-25	12.0	10.3	-0.8	-4.0	Mar-25	7.9	9.6	6.68	665.4
Apr-25	6.00	Mar-25	12.1	10.3	-0.4	3.9	Apr-25	7.0	9.6	6.46	688.1
May-25	6.00	Apr-25	11.3	10.2	3.9	-3.1	May-25	12.3	9.5	6.27	691.5
Jun-25	5.50	May-25	9.9	9.9	0.04	1.55	Jun-25	12.1	9.6	6.31	702.8

Source: Database on Indian Economy - RBI

Table A5: External trade and US Dollar Index

External trade indicators (annual, quarterly and monthly growth rates)							Calendar year	DXY
Fiscal year/ quarter/ month	Exports	Imports	Trade balance	Ex. rate (avg.)	Crude prices (avg.)	Coal prices (avg.)		
	% change y-o-y		US\$ billion	INR/US\$	US\$/bbl	US\$/mt.		
FY22	44.8	56.0	-191.0	74.5	78.4	164.8	2021	92.5
FY23	6.0	16.8	-268.5	80.4	92.7	283.4	2022	104.0
FY24	-2.3	-5.3	-241.1	82.8	81.1	126.4	2023	103.4
FY25	0.1	6.2	-282.8	84.6	77.1	118.2	2024	104.2
2QFY25	-3.6	4.1	-73.9	83.8	77.9	123.4	3QCY24	102.7
3QFY25	3.6	8.6	-81.9	84.5	72.9	122.9	4QCY24	105.4
4QFY25	-4.2	1.2	-58.6	86.7	74.2	105.2	1QCY25	106.7
1QFY26	2.1	4.2	-67.1	85.6	65.9	99.3	2QCY25	99.7
Mar-25	0.7	11.4	-21.5	86.6	70.7	101.0	Mar-25	104.1
Apr-25	9.0	19.1	-26.4	85.6	65.9	97.1	Apr-25	100.7
May-25	-2.2	-1.7	-21.9	85.2	62.7	99.4	May-25	100.1
Jun-25	-0.1	-3.7	-18.8	85.9	69.1	101.4	Jun-25	98.4

Source: Database on Indian Economy - RBI, Pink Sheet - World Bank; E = estimates; and \*projections as given in April 2025 issue of the IMF WEO.

Table A5: Global growth

Calendar year	Growth (annual)			
	World GDP	Adv. econ.	Emer. econ.	India <sup>#</sup>
	% change y-o-y			
2019	2.9	1.9	3.7	3.9
2020	-2.7	-4.0	-1.7	-5.8
2021	6.6	6.0	7.0	9.7
2022	3.6	2.9	4.1	7.6
2023	3.5	1.7	4.7	9.2
2024 (E)	3.3	1.8	4.3	6.5
2025*	2.8	1.4	3.7	6.2
2026*	3.0	1.5	3.9	6.3
2027*	3.2	1.7	4.2	6.5
2028*	3.2	1.7	4.1	6.5
2029*	3.2	1.7	4.1	6.5
2030*	3.1	1.7	4.0	6.5

Source: Database on Indian Economy - RBI, Pink Sheet - World Bank; E = estimates; and \*projections as given in April 2025 issue of the IMF WEO # data is on fiscal year basis

Table A6: Macroeconomic aggregates (annual and quarterly real growth rates, % change y-o-y)

Fiscal year/quarter	Output: major sectors									IPD inflation
	GVA	Agr.	Ming.	Mfg.	Elec.	Cons.	Trans.	Fin.	Publ.	GVA
FY22	9.4	4.6	6.3	10.0	10.3	19.9	15.2	5.7	7.5	8.6
FY23	7.2	6.3	3.4	-1.7	10.8	9.1	12.3	10.8	6.7	6.3
FY24 (1st RE)	8.6	2.7	3.2	12.3	8.6	10.4	7.5	10.3	8.8	2.5
FY25 (PE)	6.4	4.6	2.7	4.5	5.9	9.4	6.1	7.2	8.9	2.9
4QFY23	6.6	9.4	4.6	1.5	8.6	7.1	7.5	10.9	2.5	2.4
1QFY24	9.9	5.7	4.1	7.3	4.1	9.2	11.0	15.0	9.3	1.1
2QFY24	9.2	3.7	4.1	17.0	11.7	14.6	5.4	8.3	8.9	2.5
3QFY24	8.0	1.5	4.7	14.0	10.1	10.0	8.0	8.4	8.4	3.3
4QFY24	7.3	0.9	0.8	11.3	8.8	8.7	6.2	9.0	8.7	2.9
1QFY25	6.5	1.5	6.6	7.6	10.2	10.1	5.4	6.6	9.0	2.8
2QFY25	5.8	4.1	-0.4	2.2	3.0	8.4	6.1	7.2	8.9	2.3
3QFY25	6.5	6.6	1.3	3.6	5.1	7.9	6.7	7.1	8.9	3.9
4QFY25	6.8	5.4	2.5	4.8	5.4	10.8	6.0	7.8	8.7	2.6

Source: National Accounts Statistics, MoSPI

\*Growth numbers for FY23 pertain to final estimates while that for FY24 pertain to first revised estimates as per the National statistics released on 28 February 2025. Growth numbers for FY25 are based on second advance estimates released on 28 February 2025.

Fiscal year/quarter	Expenditure components						IPD inflation
	GDP	PFCE	GFCE	GFCF	EX	IM	GDP
FY22	9.7	11.7	0.0	17.5	29.6	22.1	8.4
FY23	7.6	7.5	4.3	8.4	10.3	8.9	5.9
FY24 (1st RE)	9.2	5.6	8.1	8.8	2.2	13.8	2.6
FY25 (PE)	6.5	7.2	2.3	7.1	6.3	-3.7	3.1
4QFY23	6.9	2.1	9.0	5.6	9.4	-1.8	1.9
1QFY24	9.7	7.4	5.3	8.4	-7.0	18.0	1.2
2QFY24	9.3	3.0	20.1	11.7	4.6	14.3	2.5
3QFY24	9.5	5.7	2.3	9.3	3.0	11.3	3.1
4QFY24	8.4	6.2	6.6	6.0	7.7	11.4	3.4
1QFY25	6.5	8.3	-0.3	6.7	8.3	-1.6	3.0
2QFY25	5.6	6.4	4.3	6.7	3.0	1.0	2.5
3QFY25	6.4	8.1	9.3	5.2	10.8	-2.1	3.7
4QFY25	7.4	6.0	-1.8	9.4	3.9	-12.7	3.1

Source: National Accounts Statistics, MoSPI

\* Growth numbers for FY23 pertain to final estimates while that for FY24 pertain to first revised estimates as per the National statistics released on 28 February 2025. Growth numbers for FY25 are based on second advance estimates released on 28 February 2025.





## List of abbreviations

Sr. no.	Abbreviations	Description
1	AD	aggregate demand
2	AEs	advanced economies
3	Agr.	agriculture, forests and fishing
4	AY	assessment year
5	Bcm	billion cubic meters
6	bbl.	barrel
7	BE	budget estimate
8	CAB	current account balance
9	CGA	Comptroller General of Accounts
10	CGST	Central Goods and Services Tax
11	CIT	corporate income tax
12	Cons.	construction
13	CPI	Consumer Price Index
14	COVID-19	Coronavirus disease 2019
15	CPSE	central public-sector enterprise
16	CRAR	Credit to Risk- weighted Assets Ratio
17	Disc.	discrepancies
18	ECBs	External Commercial borrowings
19	Elec.	electricity, gas, water supply and other utility services
20	EMDEs	Emerging Market and Developing Economies
21	EXP	exports
22	FAE	first advance estimates
23	FC	Finance Commission
24	FII	foreign investment inflows
25	Fin.	financial, real estate and professional services
26	FPI	foreign portfolio investment
27	FRBMA	Fiscal Responsibility and Budget Management Act
28	FRL	Fiscal Responsibility Legislation
29	FY	fiscal year (April–March)
30	GDP	Gross Domestic Product
31	GFCE	government final consumption expenditure
32	GFCF	gross fixed capital formation
33	Gol	Government of India
34	G-secs	government securities
35	GST	Goods and Services Tax
36	GVA	gross value added
37	IAD	Index of Aggregate Demand
38	IBE	interim budget estimates
39	ICRIER	Indian Council for Research on International Economic Relations
40	IEA	International Energy Agency
41	IGST	Integrated Goods and Services Tax

Sr. no.	Abbreviations	Description
42	IIP	Index of Industrial Production
43	IMF	International Monetary Fund
44	IMI	Index of Macro Imbalance
45	IMP	imports
46	INR	Indian Rupee
47	IPD	implicit price deflator
48	MCLR	marginal cost of funds-based lending rate
49	Mfg.	manufacturing
50	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
51	Ming.	mining and quarrying
52	m-o-m	month-on-month
53	Mt	metric ton
54	MoSPI	Ministry of Statistics and Programme Implementation
55	MPC	Monetary Policy Committee
56	MPF	Monetary Policy Framework
57	NEXP	net exports (exports minus imports of goods and services)
58	NSO	National Statistical Office
59	NPA	non-performing assets
60	OECD	Organization for Economic Co-operation and Development
61	OPEC	Organization of the Petroleum Exporting Countries
62	PFCE	private final consumption expenditure
63	PIT	personal income tax
64	PMI	Purchasing Managers' Index (reference value = 50)
65	PoL	petroleum oil and lubricants
66	PPP	Purchasing power parity
67	PSBR	public sector borrowing requirement
68	PSU/PSE	public sector undertaking/public sector enterprises
69	RE	revised estimates
70	REE	Rare earth elements
71	RBI	Reserve Bank of India
72	SLR	Statutory Liquidity Ratio
73	Trans.	trade, hotels, transport, communication and services related to broadcasting
74	US\$	US Dollar
75	UTGST	Union Territory Goods and Services Tax
76	WALR	weighted average lending rate
77	WHO	World Health Organization
78	WPI	Wholesale Price Index
79	y-o-y	year-on-year
80	1HFY20	first half of fiscal year 2019-20, i.e., April 2019-September 2019

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