

Economy Watch

Monitoring India's
macro-fiscal performance

May 2025



The better the question. The better the answer. The better the world works.

EY

Shape the future
with confidence

CONTENTS



Highlights	3
Foreword: Neutralizing adverse global impacts by active policy support to India's growth	4
1. Growth: PMI manufacturing and services remained at high levels of 58.2 and 58.7 in April 2025	6
2. Inflation: CPI inflation eased to a 69-month low of 3.2% in April 2025	8
3. Fiscal: Gol's FY25 fiscal deficit target at 4.8% of GDP is likely to be met	10
4. Comparative trends: IMF projected India's FY26 growth at 6.2% vis-à-vis global growth at 2.8% in 2025	13
5. In-focus: Economics of Rare Earth Elements	16
6. Money and Finance: Gross bank credit grew at a stable pace of 12.1% in March 2025	24
7. Trade and CAB: Merchandise export growth improved to 9% in April 2025	27
8. Global growth: UN projected global growth to fall from 2.9% in 2024 to 2.4% in 2025	29
9. Index of Aggregate Demand (IAD): Growth moderated to 2.8% in March 2025	31
10. Capturing macro-fiscal trends: Data appendix	33
List of abbreviations	37

Prepared by Macro-fiscal Unit, Tax and Economic Policy Group, EY India

D.K. Srivastava, Chief Policy Advisor, EY: dk.srivastava@in.ey.com

Muralikrishna Bharadwaj, Senior Manager, EY: muralikrishna.b@in.ey.com

Tarrung Kapur, Senior Manager, EY: tarrung.kapur@in.ey.com

Ragini Trehan, Senior Manager, EY: ragini.trehan@in.ey.com

Highlights

1. In April 2025, manufacturing PMI increased to a ten-month high of 58.2. Services PMI continued to remain at a high level of 58.7.
2. IIP growth remained low at 3% in March 2025, although improving marginally from 2.7% in February 2025. IIP growth averaged 4.0% in FY25, a decline from the 5.9% growth rate recorded in FY24.
3. CPI inflation eased to a 69-month low of 3.2% in April 2025 as prices of vegetables fell, whereas core CPI inflation increased to 4.4% from 4.2% in March 2025.
4. WPI inflation fell to a 13-month low of 0.9% in April 2025 on account of lower food and fuel prices.
5. Gol's gross tax revenues (GTR) showed a growth of 10.9% during April-February FY25. A growth of 12.9% is required in March 2025 for realizing the FY25 RE.
6. Gol's total expenditure grew by 3.9% during April-February FY25, with growth in revenue expenditure at 4.7% and that in capital expenditure at only 0.8%.
7. Gol's fiscal and revenue deficits during April-February FY25 stood at 85.8% and 93.8% of their respective annual REs.
8. Growth in gross bank credit remained nearly stable at 12.1% in March 2025, close to its level of 12.0% in February 2025. The average growth of bank credit in FY25 was lower at 13.6% as compared to 15.7% recorded in FY24.
9. Growth in merchandise exports and imports increased to 9.0% and 19.1%, respectively, in April 2025 from 0.7% and 11.4%, respectively, in March 2025, partly attributable to base effects.
10. Merchandise trade deficit increased to a six-month high of US\$26.4 billion in April 2025, owing to a sharp increase in growth in imports.
11. Net FDIs remained negative with outflows amounting to US\$1.1 billion while net FPIs registered inflows amounting to US\$3.9 billion in March 2025.
12. Average global crude price fell to US\$65.9/bbl. in April 2025, its lowest level since April 2021. The World Bank has projected Brent crude price to average US\$64/bbl. in 2025 and US\$60/bbl. in 2026.
13. The UN has projected global growth at 2.4% in 2025, with India's growth in this calendar year forecasted at 6.3%.
14. With CPI inflation likely to be contained at 4% or below, on average, in FY26, India should be able to achieve a real GDP growth of 6.5% with a continued rate reduction cycle in FY26 along with Gol's restoration of strong emphasis on capital expenditure.

32.69%

+5.63%

-5.63%

+14.35

-25.35

+22.18



Foreword

Neutralizing adverse global impacts by active policy support to India's growth

The United Nations, in its May 2025 mid-year update of the World Economic Situation and Prospects, projects global growth to ease from an estimated 2.9% in 2024 to 2.4% in 2025 and 2.5% in 2026. These baseline projections, which reflect developments and policy announcements as of early May 2025, reflect a downward revision of 0.4% points each compared to the January 2025 forecasts. The broad-based downgrade for both developed and developing economies stems from (1) a series of US tariff hikes, unprecedented in terms of size, scope and speed, (2) retaliatory measures by China, the European Union and Canada and (3) uncertainty due to selective implementation pauses and bilateral negotiations. As per latest available information, the US, on 12 May 2025, reduced its reciprocal tariff rate on selected Chinese imports to 10% from 125%¹ making the effective tariff rate 30%. In response, China also reduced its tariff rate on US imports to 10% from 125%². In India's case, despite a projected moderation in growth to 6.3% in 2025 and 6.4% in 2026 from 7.1% in 2024, the UN affirms that it remains one of the fastest-growing major economies, supported by resilient consumption and government spending. As per the IMF World Economic Outlook data released in April 2025, India's nominal GDP, measured in current market exchange rate terms, is estimated at US\$4.187 trillion in FY26, crossing Japan's GDP at US\$4.186 trillion in 2025.

CPI inflation in India continued its downward trend, falling to a 69-month low of 3.2% in April 2025 – down from its peak of 6.2% in October 2024 – primarily due to a decline in food prices, especially vegetable prices. Given the seasonal nature of these components, CPI inflation may exhibit slight upward movement in FY26. The RBI projects CPI inflation to average 4.0% in FY26, with quarterly estimates at 3.6%, 3.9%, 3.8%, and 4.4%, respectively. Our expectation is that Q1 FY26 inflation may average around 3.4%, with full-year inflation in the range of 3.5% to 4.0%. This augurs well for a continuation of the policy rate reduction cycle in FY26. We expect that by the end of the calendar year 2025, the repo rate may be brought down to 5.25%. In spite of ongoing global uncertainties, India may be able to achieve a real GDP growth of 6.5% in FY26, driven by strong domestic demand with a pickup in private investment spurred by lower interest rates.

High-frequency indicators for April and May 2025 suggest the need for sustained policy support to maintain the growth momentum. The manufacturing PMI increased to a 10-month high of 58.2 in April 2025, while services PMI increased to 58.7, well above its long-run average of 54.2. Gross GST collections stood at INR2.37 lakh crore in April 2025, the highest-ever monthly collections since the inception of GST. Growth in gross bank credit remained nearly stable at 12.1% in March 2025, close to its level of 12.0% in February 2025. Growth in merchandise exports and imports increased to 9.0% and 19.1%, respectively, in April 2025 from 0.7% and 11.4%, respectively, in March 2025, aided partly by base effects. WPI inflation fell to a 13-month low of 0.9% in April 2025 on account of lower food and fuel prices. IIP growth remained low at 3% in March 2025, although improving marginally from 2.7% in February 2025. Also, retail sales of motor vehicles posted a low growth of close to 3% in April 2025. This was, however, an improvement over the contraction of (-)0.7% in March 2025.

In its April 2025 Monetary Policy Review, the RBI had revised downwards, India's real GDP growth projection for FY26 from 6.7% to 6.5%. The IMF (April 2025) has also revised downwards, its growth forecast for India by 0.3% points to 6.2% in FY26. The Indian economy has been exposed to additional risk due to some of the recent disruptions including those emanating from the neighboring countries. There is

¹ <https://www.whitehouse.gov/briefings-statements/2025/05/joint-statement-on-u-s-china-economic-and-trade-meeting-in-geneva/>

² <https://www.piie.com/research/piie-charts/2019/us-china-trade-war-tariffs-date-chart>

also a risk due to continuing global uncertainties arising from US tariff actions, ongoing supply-side disruptions, and frequent shifts in inter-country tariff rates— particularly between the US and other major economies.

In this context, India may need to rely on both its monetary and fiscal policy levers to mitigate the adverse impact of domestic developments and global slowdown on its GDP growth. There was a sudden slowdown in the growth of Govt's capital expenditure in FY25. During April-February 2025, it showed a growth of only 0.8%. In recent years, Govt's capital expenditure growth averaged 30.9% during FY22 to FY24. It thus served as a key fiscal driver to support overall growth. At this juncture, Govt's capital expenditure growth momentum needs to be restored and supplemented by a continuation of the repo rate reduction cycle so that monetary and fiscal policy support can ensure that India's real GDP growth does not slip below 6.5% in FY26.



D.K. Srivastava
Chief Policy Advisor, EY India

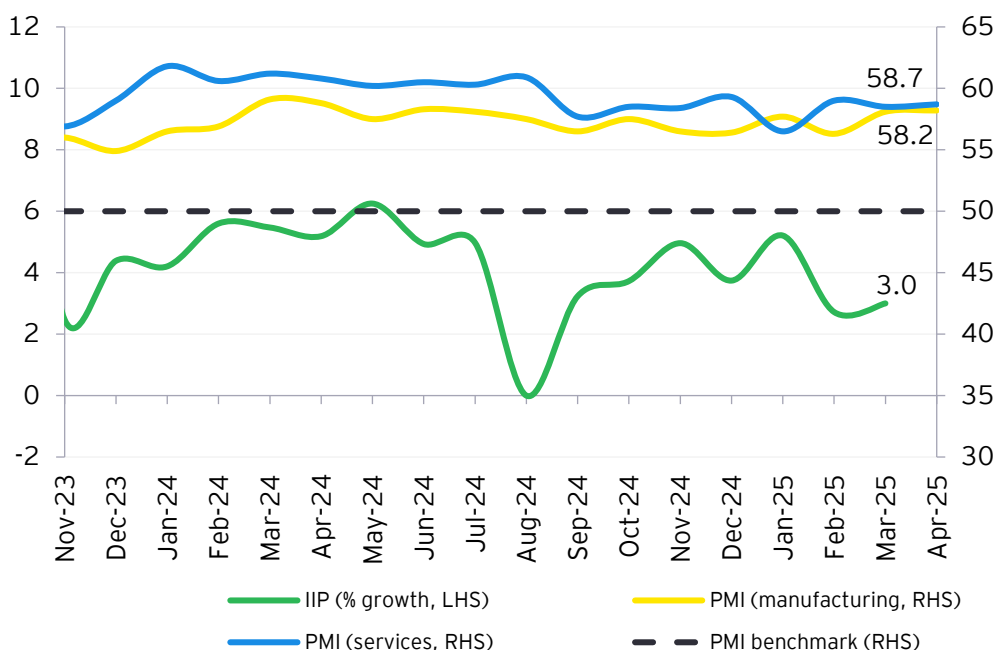
1.

Growth: PMI manufacturing and services remained at high levels of 58.2 and 58.7 in April 2025

1.1. PMI: Manufacturing PMI increased to a 10-month high of 58.2 in April 2025

- Despite rising only fractionally from 58.1 in March 2025 to 58.2 in April 2025, manufacturing PMI increased to its highest level since June 2024, driven by a faster increase in stocks of purchases, employment and production. At the sub-sector level, the fastest increase was witnessed in the consumer goods segment.
- Services PMI (seasonally adjusted or sa) increased to 58.7 in April 2025 from 58.5 in March 2025, remaining well above its long-run average at 54.2 (Chart 1). The Finance and Insurance sub-sector exhibited the highest growth rates for both output and new orders.
- Owing to a strong growth momentum in both manufacturing and services activity, the composite PMI Output Index (sa) increased to an eight-month high of 59.7 in April 2025 from 59.5 in March 2025.

Chart 1: PMI and IIP growth



In April 2025, manufacturing PMI increased to a 10-month high of 58.2. Services PMI continued to remain at a high level of 58.7.

Source: MoSPI and S&P Global.

1.2. IIP: Growth remained low at 3.0% in March 2025

- According to the quick estimates, IIP growth remained low at 3.0% in March 2025, although marginally higher compared to 2.7% (revised) in February 2025 (Chart 1).
- Growth in the output of the manufacturing sector remained subdued at 3.0% in March 2025, marginally improving from 2.8% in February 2025. Growth in mining output was at a six-month low of 0.4% in March 2025, falling from 1.6% in February 2025. Growth in the output of electricity, however, accelerated to 6.3% in March 2025 from 3.6% in February 2025.
- Within manufacturing, among the key sub-industries, while output of motor vehicles, trailers et al. (10.3%), other non-metallic mineral products (8.5%), other machinery and equipment (8.0%) and basic metals (6.9%) showed strong growth rates in March 2025, there was a contraction in the output of food products ((-)8.0%), pharmaceuticals ((-)4.6%), and chemical and chemical products ((-)2.5%) during the month.
- Among the 'use-based' classification of industries, output of infrastructure/construction and consumer durables sectors showed strong growth rates of 8.8% and 6.6%, respectively, in March 2025 as compared to 6.8% and 3.7% in February 2025. Output of capital goods grew by 2.4% in March 2025, moderating from 8.2% in February 2025 while that of consumer non-durables contracted for the second successive month by (-)4.7% in March 2025.
- On an annual basis, IIP growth averaged 4.0% in FY25, lower as compared to 5.9% in FY24 owing to a moderation in the growth of manufacturing and mining output.
- Manufacturing sector output grew by 3.9% in FY25, lower as compared to 5.5% in FY24. Mining output also witnessed a fall in its growth rate from 7.5% in FY24 to 2.9% in FY25.
- Output of eight core infrastructure industries (core IIP) grew by 3.8% in March 2025, increasing marginally from 3.4% in February 2025. This was led by a higher growth in the output of electricity (6.2%), cement (11.6%) and steel (7.1%). Further, output of crude oil, having the largest weight of 28% in the core IIP, contracted at a slower pace of (-)1.9% in March 2025 as compared to (-)5.2% in February 2025.
- In FY25, core IIP growth moderated to 4.4% from 7.6% in FY24 due to slower growth in petroleum refinery products, steel, cement and electricity output.

IIP growth remained low at 3% in March 2025, although improving marginally from 2.7% in February 2025. IIP growth averaged 4.0% in FY25, lower as compared to 5.9% in FY24.

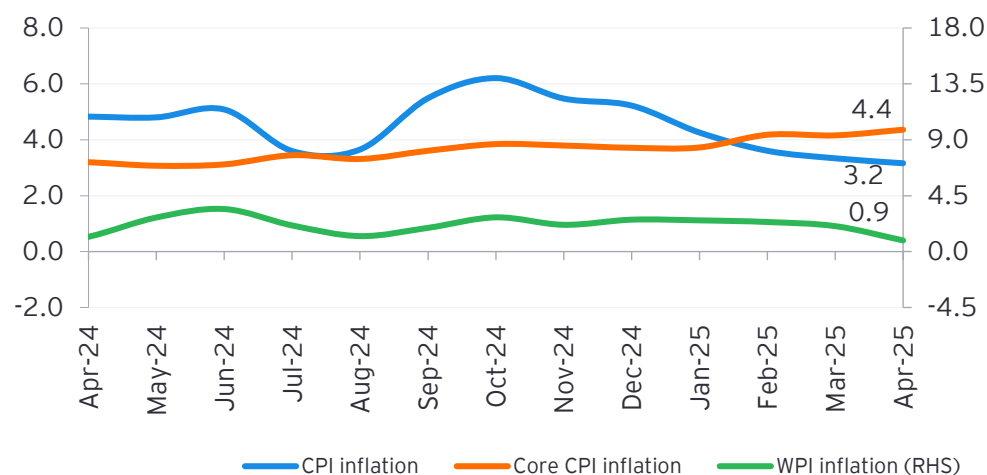
2.

Inflation: CPI inflation eased to a 69-month low of 3.2% in April 2025

2.1. CPI inflation

- CPI inflation moderated to 3.2% in April 2025 (Chart 2), its lowest level since July 2019, as consumer food price index-based inflation eased to a 42-month low of 1.8%.
- The pace of contraction in prices of vegetables increased to (-)11.0% in April 2025 from (-)7.0% in March 2025 led by a sharp fall in prices of potatoes.
- Inflation in pulses saw a sequential decline for the 11th successive month to (-)5.2% in April 2025 from (-)2.7% in March 2025.
- Owing partly to waning favorable base effects, and partly to a hike in the price of LPG by INR50/cylinder, inflation in fuel and light increased to 2.9% in April 2025 from 1.4% in March 2025.
- Inflation in transportation and communication services was low at 3.7% in April 2025, although higher than 3.4% in March 2025.
- Core CPI inflation³ increased to 4.4% in April 2025 from 4.2% in March 2025, partly owing to a higher inflation in transportation and communication services.

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



CPI inflation eased to a 69-month low of 3.2% in April 2025 as prices of vegetables fell, whereas core CPI inflation increased to 4.4% from 4.2% in March 2025.

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

³ Core CPI inflation is measured as CPI inflation excluding food and beverages, pan, tobacco and intoxicants and fuel and light.

2.2. WPI inflation: Fell to a 13-month low of 0.9% in April 2025

- WPI inflation moderated to 0.9% in April 2025 from 2.0% in March 2025 (Chart 2) led by a fall in food and fuel inflation.
- WPI food index-based inflation fell to 2.5%, its lowest since October 2023, driven by a moderation in inflation in fruits to 8.4% from 20.8% in March 2025.
- The pace of contraction in prices of vegetables increased to (-)18.3% in April 2025 from (-)15.9% in March 2025, led by a favorable base effect.
- Owing to a moderation in global crude prices, the pace of contraction in wholesale price of crude and natural gas increased to an eight-month high of (-)15.6% in April 2025.
- Fuel and power inflation turned negative at (-)2.2% in April 2025 from 0.2% in March 2025. This was primarily on account of a sharp contraction in mineral oils to (-)5.6% in April 2025 as compared to (-)1.6% in March 2025.
- Inflation in manufactured products continued to remain low at 2.6% in April 2025 as compared to 3.1% in March 2025, as inflation in food products eased to 9.5% in April 2025 from 10.7% in March 2025.
- Core WPI inflation remained subdued at 1.3% in April 2025, lower than 1.6% in March 2025 owing to sustained disinflation in manufactured basic metals.

3.

Fiscal: Gol's FY25 fiscal deficit target at 4.8% of GDP is likely to be met

3.1. Tax and non-tax revenues

- As per the CGA, data for Gol's fiscal aggregates are available up to February 2025.
- Based on this data, Gol's GTR(b) showed a growth of 10.9% during April-February FY25 compared to 13.4% during the corresponding period of FY24. A growth of 12.9% is required in March 2025 for realizing the FY25 RE at INR38.53 lakh crore.
- The quarterly growth performance and the buoyancy estimates are summarized in Table 1. After showing double-digit growth during 2QFY24 to 1QFY25, GTR growth eased to 3.8% in 2QFY25 due mainly to a negative growth of (-)1.5% in direct taxes. In 3QFY25, GTR growth at 8.5% showed some improvement.
- For the period under review, GTR buoyancy was at its peak level of 2.5 in 1QFY25, after which it fell below 1.
- Among direct taxes(a), while PIT growth has remained positive in all quarters under review, there have been instances of negative growth in the case of CIT. This is reflective in the buoyancy estimates as well.
- During April-February FY25, CIT revenues experienced a subdued growth of 1.9% while PIT revenues continued to grow at a robust pace of 22%.
- Among indirect taxes, union excise duties (UED) have shown a contraction in five out of seven quarters under review. In fact, on a cumulated basis, UED showed a contraction for the third successive year at (-)1.4% during April-February FY25.
- Gol's GST revenues have shown a positive growth in all quarters shown here and have maintained a buoyancy of close to or above 1 except in 2QFY24. During April-February FY25, GST revenues grew by 11.6%, higher than 8.4% during the corresponding period of FY24.
- After contracting in 1QFY25, customs duties have shown buoyant growth in 2Q and 3Q of FY25. However, on a cumulated basis, customs duties growth was modest at 4.2% during April-February FY25.

Gol's GTR showed a growth of 10.9% during April-February FY25. A growth of 12.9% is required in March 2025 for realizing the FY25 RE.

Table 1: Performance of central taxes: Growth and buoyancy

Quarter	GTR	Direct taxes	CIT	PIT	Indirect taxes	GST	UED	Customs
Growth (quarterly, y-o-y)								
1QFY24	3.3	-1.0	-13.9	11.0	9.0	11.5	-15.4	34.9
2QFY24	27.8	48.2	45.8	51.2	4.3	6.0	-7.2	14.4
3QFY24	10.8	19.4	16.1	23.4	0.1	10.4	-0.3	-28.0
4QFY24	11.2	4.7	-13.0	18.7	18.7	22.1	1.7	36.5

Quarter	GTR	Direct taxes	CIT	PIT	Indirect taxes	GST	UED	Customs
1QFY25	23.7	39.9	26.2	49.9	5.5	9.1	-0.9	-4.3
2QFY25	3.8	-1.5	-8.3	6.7	11.2	11.8	5.7	15.6
3QFY25	8.5	9.6	3.3	16.8	5.5	9.4	-8.4	10.0
Apr-Feb FY25	10.9	12.4	1.9	22.0	7.9	11.6	-1.4	4.2
Apr-Feb FY24	13.4	21.67	17.3	25.8	4.6	8.4	-5.8	3.9
Buoyancy								
1QFY24	0.3	-0.1	-1.3	1.0	0.8	1.1	-1.4	3.2
2QFY24	2.3	4.0	3.8	4.2	0.4	0.5	-0.6	1.2
3QFY24	0.8	1.5	1.2	1.8	0.01	0.8	-0.02	-2.2
4QFY24	0.9	0.4	-1.1	1.6	1.55	1.8	0.1	3.0
1QFY25	2.5	4.1	2.7	5.2	0.57	0.9	-0.1	-0.4
2QFY25	0.5	-0.2	-1.0	0.8	1.35	1.4	0.7	1.9
3QFY25	0.9	1.0	0.3	1.7	0.56	0.9	-0.8	1.0

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

(c) Negative buoyancies arise due either to a negative growth in nominal GDP or in tax revenues. However, during the quarters under consideration, there was no instance of negative nominal growth. Thus, negative buoyancies are due to a negative growth in the respective tax revenue category

- Gol's non-tax revenues showed a high growth of 36.9% during the first 11 months of FY25, owing to substantially higher dividends by the RBI. Non-tax revenues during April-February FY25 as a percentage of the RE stood at 92.9%, higher than the three-year average ratio at 87.2% in the corresponding period during FY22 to FY24 based on actual data.
- Non-debt capital receipts of the Gol during April-February FY25 stood at 63.3% of the annual RE, much lower than the three-year average ratio at 77.8% in the corresponding period during FY22 to FY24 based on actual data.
- As per the Department of Investment and Public Asset Management (DIPAM)⁴ FY24, Gol's disinvestment receipts in FY25 were at INR10,131.32 crore, falling short of the FY25 RE at INR33,000 crore by INR22,868.68 crores.

3.2. Expenditures: Revenue and capital

- Growth in Gol's total expenditure was negative in 1QFY25 due to a large contraction of (-)35% in capital expenditures and a subdued growth in revenue expenditures. Growth in expenditures picked up in 2Q and 3Q of FY25 (Table 2).
- On a cumulated basis, however, total expenditure of the Gol grew by 3.9% during April-February FY25 compared to 7.3% during the corresponding period of FY24. As a proportion of FY25 RE, Gol's total expenditure during April-February FY25 stood at 82.5%, marginally lower than the corresponding average at 83.5% based on the last three years' actual data.
- A growth of 18.4% is required in March 2025 for realizing the FY25 RE at INR47.16 lakh crore.
- Gol's revenue expenditure growth was at 4.7% during April-February FY25 compared to 1.3% during April-February FY24. The growth required in March 2025 to meet the FY25 RE is estimated at 11.7%.

Gol's total expenditure grew by 3.9% during April-February FY25, with growth in revenue expenditure at 4.7% and that in capital expenditure at only 0.8%.

⁴ <https://dipam.gov.in/>

- Gol's capital expenditure showed a subdued growth of 0.8% during April-February FY25, unlike the last year, which showed a growth of 36.5% during the corresponding period. A high growth of 44.5% is required in March 2025 to meet the FY25 RE at INR10.18 lakh crore.

Table 2: Trends in central expenditures

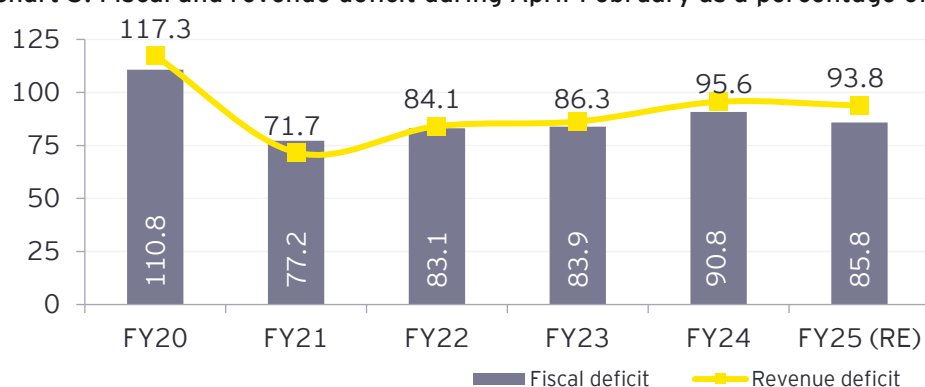
Quarter	Total expenditure	Revenue expenditure	Capital expenditure
<i>Growth (quarterly, y-o-y)</i>			
1QFY24	10.8	-0.1	59.1
2QFY24	22.0	21.0	26.4
3QFY24	-6.0	-11.3	24.4
4QFY24	1.3	-1.0	11.6
1QFY25	-7.7	2.2	-35.0
2QFY25	6.8	6.0	10.3
3QFY25	19.8	13.1	47.7
Apr-Feb FY25	3.9	4.7	0.8
Apr-Feb FY24	7.3	1.3	36.5
<i>Proportion to GDP (%)</i>			
1QFY24	14.6	10.7	3.9
2QFY24	14.8	11.8	2.9
3QFY24	12.1	9.8	2.4
4QFY24	17.4	14.0	3.5
1QFY25	12.3	10.0	2.3
2QFY25	14.6	11.6	3.0
3QFY25	13.2	10.0	3.2

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

3.3. Fiscal imbalance

- Gol's fiscal deficit during April-February FY25 was at 85.8% of the FY25 RE, lower than 90.8% during April-February FY24 based on actual data (Chart 3). A low growth in Gol's capital expenditure contributed to a relatively low fiscal deficit as a proportion of RE during the 11-month period of FY25. The FY25 fiscal deficit target of 4.8% of GDP is likely to be met.
- Gol's revenue deficit during April-February FY25 stood at 93.8% of the FY25 RE compared to 95.6% during the corresponding period of FY24 based on actual data. Gol's revenue deficit target for FY25 at 1.9% of GDP is likely to be met.

Chart 3: Fiscal and revenue deficit during April-February as a percentage of actuals



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

Gol's fiscal and revenue deficits during April-February FY25 stood at 85.8% and 93.8% of their respective annual REs.

4.

Comparative trends: IMF projected India's FY26 growth at 6.2% vis-à-vis global growth at 2.8% in 2025

4.1. Real GDP growth

- According to the IMF (April 2025), under the reference forecast that incorporates information as of 4 April 2025 with respect to tariff actions by the US and retaliatory measures by other countries, global growth is projected at 2.8% in 2025 and 3% in 2026, down from 3.3% for both years in the January 2025 WEO Update.
- In the medium term, global growth is expected to remain modest at 3.2% during 2027 to 2029 and 3.1% in 2030 due to slowing structural reform momentum and headwinds from a range of challenges. These forecasts are below the historical average global growth at 3.7% during 2000 to 2019 (Table 3).
- For advanced economies (AEs), growth under the reference forecast is projected to drop from an estimated 1.8% in 2024 to 1.4% in 2025 and 1.5% in 2026. The forecast for 2025 has been revised downwards by 0.5% point vis-à-vis the January 2025 projection.
- In the US, growth is projected to decrease to 1.8% in 2025, 1% point lower than the rate for 2024 as well as 0.9% point lower than the forecast rate in the January 2025 WEO Update. The downward revision is a result of greater policy uncertainty, trade tensions, and a softer demand outlook, given slower-than-anticipated consumption growth. Tariffs are also expected to weigh on growth in 2026, which is projected at 1.7% amid moderate private consumption.
- There have been significant downward revisions in the 2025 and 2026 growth forecasts for the UK, Euro area and Japan. In 2025, while the UK is projected to grow by 1.1%, growth in the Euro area and Japan is expected to be below 1%. Considering the forecast period from 2025 to 2030, average growth in the UK, Euro area and Japan is estimated at 1.4%, 1.2% and 0.6%, respectively.

Table 3: Real GDP growth (% annual)

Country	2024	2025(f)	2026(f)	2027(f)	2028(f)	2029(f)	2030(f)
World	3.3	2.8	3.0	3.2	3.2	3.2	3.1
AEs	1.8	1.4	1.5	1.7	1.7	1.7	1.7
US	2.8	1.8	1.7	2.0	2.1	2.1	2.1
UK	1.1	1.1	1.4	1.5	1.5	1.4	1.4
Euro area	0.9	0.8	1.2	1.3	1.3	1.2	1.1
Japan	0.1	0.6	0.6	0.6	0.6	0.5	0.5
EMDEs	4.3	3.7	3.9	4.2	4.1	4.1	4.0
Brazil	3.4	2.0	2.0	2.2	2.3	2.4	2.5
Russia	4.1	1.5	0.9	1.1	1.1	1.2	1.2
India*	6.5	6.2	6.3	6.5	6.5	6.5	6.5
China	5.0	4.0	4.0	4.2	4.1	3.7	3.4
South Africa	0.6	1.0	1.3	1.6	1.7	1.8	1.8

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

⁵ For details of the timeline of tariff impositions, see <https://www.piie.com/research/piie-charts/2019/us-china-trade-war-tariffs-date-chart>

- Growth in EMDEs under the IMF's reference forecast is projected to fall to 3.7% in 2025 and 3.9% in 2026 from 4.3% in 2024. These projections are 0.5% points, and 0.4% points lower as compared to the January 2025 projections. Post 2026, a recovery is visible with growth averaging 4.1% during 2027 to 2030.
- There is a tangible downward revision of 0.6% points and 0.5% points in the 2025 and 2026 growth prospects for China, which now stand at 4% each. Modest growth is anticipated in 2027, followed by a subsequent decline.
- India's growth is projected to be relatively more stable at 6.2% in 2025 (FY26) and 6.3% in 2026 (FY27) although the 2025 (FY26) forecast is 0.3% points lower than that in January 2025.
- For other EMDEs, the average growth during the projection period from 2025 to 2030 stands at 2.2% for Brazil, 1.5% for South Africa and 1.2% for Russia.

4.2. CPI inflation

- Under the reference forecast, global headline inflation is expected to decline to 4.3% in 2025 and to 3.6% in 2026. Global CPI inflation is expected to gradually fall to a level of 3.2% by 2028 and remain stable thereafter (Table 4).
- Inflation is projected to converge back to target earlier in AEs, reaching 2.2% in 2026, compared with EMDEs, for which it declines to 4.6% over the same time horizon.
- For AEs, the inflation forecast for 2025 has been revised upward by 0.4% point since January 2025. The UK and the US stand out in both the direction and the magnitude of their revisions. Compared with those in the January 2025 WEO Update, the UK inflation forecast has been revised upward by 0.7% point and the US forecast by 1% point. For the US, this reflects stubborn price dynamics in the services sector as well as a recent uptick in the growth of the price of core goods (excluding food and energy) and the supply shock from recent tariffs. In the UK, it primarily reflects one-off regulated price changes. In the euro area, the inflation forecast is unchanged.
- By 2027, except for the US, CPI inflation in all selected major AEs is forecasted to reach a level of 2%.

Table 4: CPI inflation (% annual)

Country	2024	2025(f)	2026(f)	2027(f)	2028(f)	2029(f)	2030(f)
World	5.7	4.3	3.6	3.3	3.2	3.2	3.2
AEs	2.6	2.5	2.2	2.0	2.1	2.1	2.1
US	3.0	3.0	2.5	2.1	2.2	2.2	2.2
UK	2.5	3.1	2.2	2.0	2.0	2.0	2.0
Euro area	2.4	2.1	1.9	2.0	2.0	2.0	2.0
Japan	2.7	2.4	1.7	2.0	2.0	2.0	2.0
EMDEs	7.7	5.5	4.6	4.1	4.0	3.9	3.8
Brazil	4.4	5.3	4.3	3.4	3.0	3.0	3.0
Russia	8.4	9.3	5.5	4.0	4.0	4.0	4.0
India*	4.7	4.2	4.1	4.0	4.0	4.0	4.0
China	0.2	0.0	0.6	1.4	1.8	1.9	2.0
South Africa	4.4	3.8	4.5	4.5	4.5	4.5	4.5

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

- In the EMDEs, inflation prospects are mixed. In China, inflation is projected to remain muted, with CPI inflation forecasted at zero in 2025 as the country faces strong deflationary forces due to trade tensions.
- The trajectory of headline inflation in India is forecasted to be relatively stable. CPI inflation at 4.2% in 2025 (FY26), 4.1% in 2026 (FY27), and 4% thereafter is close to the central bank's target level.
- In other selected major EMDEs, average CPI inflation is expected to show a falling trend over the forecast period. By 2028, CPI inflation in South Africa is forecasted to reach 4.5% followed by Russia at 4% and Brazil at 3%.

5.

In-focus: Economics of Rare Earth Elements

Introduction

All modern technological innovations such as AI, Gen AI, robotics, space exploration and rocketry extensively utilize rare earth elements (REEs). These are a set of 17 metallic elements. This group comprises the 15 lanthanides (lanthanum to lutetium) on the periodic table, along with scandium and yttrium, which exhibit similar chemical properties and often occur in the same mineral deposits.

Despite their name, most REEs are not particularly rare in the Earth's crust. Their perceived "rarity" stems from the fact that they are typically dispersed across different countries and not found in concentrated, economically viable deposits except in some places.

In essence, REEs are indispensable for numerous technologies that underpin modern life and are crucial for the development of clean energy and advanced electronic systems.

There is a cut-throat competition among major economic powers who have control over mining, processing and marketing of the REEs. China had an early start in this race, but other powers such as the US, the EU and India are now trying to catch up.

A listing of REEs

The 17 REEs are divided into two broad groups, namely, light and heavy REEs (Table 5).

Table 5: List of REEs

Light rare earth elements	Heavy rare earth elements
Scandium (Sc)	Terbium (Tb)
Lanthanum (La)	Dysprosium (Dy)
Cerium (Ce)	Holmium (Ho)
Praseodymium (Pr)	Erbium (Er)
Neodymium (Nd)	Thulium (Tm)
Promethium (Pm)	Ytterbium (Yb)
Samarium (Sm)	Lutetium (Lu) ¹
Europium (Eu)	Yttrium (Y)
Gadolinium (Gd)*	

Source (Basic data): <https://pubs.usgs.gov/fs/2014/3078/pdf/fs2014-3078.pdf>;
<https://mines.gov.in/admin/download/64a3eae23bee21688464098.pdf>

* Sometimes treated as Heavy REE

Light REEs are characterized by lower atomic weights within the lanthanide series. These are found abundantly in the earth's crust as compared to heavy REEs that are scarcer. The light REEs are to be extracted from minerals like bastnasite and monazite. Large deposits of minerals from which the light REEs can be extracted include Bayan Obo (China) and Mountain Pass (US).

In contrast, the heavy REEs have higher atomic weights within the lanthanide series. They tend to have higher value as they are less abundant. These are primarily sourced from ion-adsorption clay deposits that are abundantly available in southern China and minerals like xenotime and monazite. They have a higher melting point as compared to some light REEs.

Key properties of REEs

There are certain distinguishing properties of the REEs as summarized below:

1. **Silvery-white and lustrous metals:** These often have a shiny appearance.
2. **Soft and malleable:** These can be easily shaped.
3. **High reactivity:** These tend to react with other elements, especially at high temperatures.
4. **Similar chemical properties:** Due to their electron configurations, these exhibit similar behaviors, making them difficult to separate⁶.
5. **Unique magnetic, luminescent, and catalytic properties:** These properties are due to their unique 4f electron orbitals, which are crucial for many high-tech applications.
6. **High melting and boiling points:** Most REEs have relatively high temperatures at which these change state.
7. **Good electrical conductivity:** These allow the flow of electric current.
8. **High density:** These are generally heavy metals.

Uses of REEs

REEs are vital components in a wide array of modern technologies. Key applications of light and heavy REEs are summarized in Table 6.

Table 6: Key applications of light and heavy REEs

Light rare earth elements	Heavy rare earth elements
Neodymium (Nd) and Praseodymium (Pr): Crucial for making powerful permanent magnets used in electric vehicles, wind turbines, hard disk drives, and various automotive subsystems. Neodymium is also used in steelmaking to remove impurities and create specialized alloys.	Dysprosium (Dy) and Terbium (Tb): Essential additives in neodymium magnets to enhance their performance at high temperatures, crucial for electric vehicle motors and wind turbine generators.
Lanthanum (La): Used in nickel-metal hydride batteries, camera lenses including those in smartphones, as a catalyst in petroleum refining, as polishing agents for glass, used in steelmaking to remove impurities.	Terbium (Tb) and Yttrium (Y): used to create the red, green, and blue phosphors in screens for smartphones, computers, televisions, and LED lighting.
Cerium (Ce): Used in catalytic converters in automobiles to reduce emissions, glass polishing powders, and as an additive in some alloys.	Erbium (Er): Used in fiber optics as an amplifier and in some medical lasers.
Samarium (Sm): Used in certain types of magnets and in nuclear reactor control rods.	
Europium (Eu): Used in red phosphors for screens and energy-efficient lighting.	
Gadolinium (Gd): Used as a contrast agent in MRI scans and in nuclear reactor control rods.	
Scandium (Sc): used in lightweight, high-strength alloys for aircraft components.	
Praseodymium (Pr): used in steelmaking to remove impurities and create specialized alloys.	

Source: <https://www.usgs.gov/media/images/potential-uses-rare-earth-elements-found-marine-minerals>

Location of REEs

Rare earth minerals are found in various geological settings across the globe. However, economically viable deposits are concentrated in a few key regions. Table 7 details major types of deposits and their locations.

⁶ They typically exist in a +3 oxidation state where an oxidation state of +3 indicates an atom has lost three electrons or appears to have lost three electrons in a compound.

Table 7: Major types of deposits and their locations

Type of REEs	Description	Location
Carbonatites	Igneous rocks rich in carbonate minerals and are a significant source of light rare earth elements (LREEs)	<ul style="list-style-type: none"> Bayan Obo, China (<i>world's largest known REE deposit, containing a mix of LREEs</i>) Mountain Pass, California, US Mount Weld, Australia Brazil Canada Russia
Ion-adsorption clays (lateritic clays)	These deposits, formed by the weathering of granite and other rocks, are a crucial source of heavy rare earth elements (HREEs) and yttrium	<ul style="list-style-type: none"> Southern China Brazil Parts of Southeast Asia
Monazite and xenotime-bearing sands (heavy mineral sands)	These are beach sand deposits containing monazite (rich in LREEs and thorium) and xenotime (rich in HREEs and yttrium)	<ul style="list-style-type: none"> India (<i>significant monazite-rich beach sand deposits</i>) Australia (<i>heavy mineral sand deposits containing monazite and xenotime</i>) Brazil Southeast Asia (Malaysia, Vietnam)
Alkaline igneous rocks	Certain types of alkaline igneous rocks and related pegmatites can host various REE minerals, including LREEs and HREEs	<ul style="list-style-type: none"> Canada (Strange Lake, Ashram) Greenland (Kvanefjeld, Tanbreez) Russia (Kola Peninsula) United States (Bokan Mountain, Alaska)
Loparite deposits	This mineral is a significant source of LREEs, particularly lanthanum and cerium, as well as niobium and tantalum	<ul style="list-style-type: none"> Kola Peninsula, Russia

Source (basic data): Liu, S. L., Fan, H. R., Liu, X., Meng, J., Butcher, A. R., Yann, L., ... & Li, X. C. (2023). Global rare earth elements projects: New developments and supply chains. *Ore Geology Reviews*, 157, 105428. (<https://doi.org/10.1016/j.oregeorev.2023.105428>)

Table 8 shows that in terms of mining of rare earths, China has a share of 68.6% followed by the US at 12.3%. These percentages are much higher than their corresponding shares in reserves⁷. In the case of China, the share of reserves is 40% and in the case of US, it is only 1.64%. This is indicative that exploitation of rare earths through mining is much more in these two countries than their reserves warrant. In fact, the scope for further mining is much more in Brazil which has a share in reserves of 19% but share in mining of only 0.02% and India which has a share of 6.27% of reserves but mining is limited to only 0.83%. Russia is also a similar case where the share in reserves is 9.09% but exploitation through mining is only 0.74%. Due to their much higher exploitation of rare earths through mining as compared to their own reserves, both US and China are looking to expand their ownership of rare earth rich additional lands.

It is important to note that while reserves indicate the potential amount of REEs, production figures reflect the current mining output. China currently dominates both in terms of reserves and production, particularly in the refining and processing stages of the rare earth supply chain. However, other countries are actively exploring and developing their rare earth resources to diversify the global supply. Any country which needs to secure its supplies of REEs needs to both ensure it has raw material supply (through mining domestically or through controlling mines abroad) as well as ensure it has processing capacity and technology for refining these for their final use.

⁷ The USGS which is the primary data source referred here defines 'Reserves' as "that part of the reserve base that could be economically extracted or produced at the time of determination". The term 'reserves' need not signify that extraction facilities are in place and operative. Reserves include only recoverable materials.

Table 8: World rare earth mineral production and reserves

Country	Mine production			Reserves	
	2022 (metric tons)	2023 (metric tons)	Share in world (2023, %)	('000 metric tons)	Share in World (%)
(1)	(2)	(3)	(5)	(5)	(6)
China	2,10,000	2,40,000	68.57	44,000	40
United States	42,000	43,000	12.29	1,800	1.64
Burma	12,000	38,000	10.86	NA	
Australia	18,000	18,000	5.14	5,700	5.18
Thailand	7,100	7,100	2.03	5	0.004
India	2,900	2,900	0.83	6,900	6.27
Russia	2,600	2,600	0.74	10,000	9.09
Madagascar	960	960	0.27	NA	
Vietnam	1,200	600	0.17	22,000	20
Brazil	80	80	0.02	21,000	19.09
Malaysia	80	80	0.02	NA	
Canada				830	0.75
Greenland				1,500	1.36
South Africa				790	0.72
Tanzania				890	0.81
World total (rounded)	300000	350000	100	1,10,000	100

Source (Basic data): <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-rare-earths.pdf>

Evolution of mining of REEs

The evolution of REE mining is intertwined with their discovery, understanding, and the development of technologies that utilize their unique properties.

The history of REEs dates back to the discovery of gadolinite, a black mineral containing several rare earth elements in Ytterby, Sweden in 1787. Later, in 1794, Chemist Johan Gadolin further analyzed it and identified a new "earth" (oxide) containing yttrium. The mines around Ytterby continued to yield other unique minerals, leading to the discovery of more rare earth elements including yttrium, ytterbium, terbium, and erbium. Over the next decades, leading chemists isolated and identified individual rare earth elements from these complex minerals. The first significant industrial use of rare earths emerged in the late 19th century in the development of gas lamp mantles that were made from a mixture of thorium and cerium oxides. This created the first real demand for rare earth-bearing minerals. The primary source of these minerals was monazite found in coastal sands in Brazil and India.

In the 20th century, the Manhattan Project during World War II highlighted the importance of separating REEs, which acted as impurities in uranium and hindered nuclear chain reactions. Subsequently, ion exchange process (Ames process) was discovered for separating REEs in industrial quantities. Post World War II, europium, sourced majorly from the Mountain Pass mine in California, US became crucial for the red phosphors in early color televisions, leading to a significant increase in demand and making the US the dominant producer. In the 1950s, for a brief period, South Africa became a leading exporter of rare earth ores, primarily from monazite deposits. In the latter part of the 20th century, China began to exploit its vast rare earth resources in Inner Mongolia. Southern China also became a significant source of ion-adsorption clays, which are particularly rich in heavy rare earth elements and were relatively easy to mine. By the 1990s, China had become the world's leading producer, often selling at prices that other mines could not compete with, leading to the closure of operations like Mountain Pass in 2002.

Prospects of REEs in modern times

Geopolitical Significance and Diversification Efforts

China is presently a dominant player in the mining and processing of the REEs. In the early 2000s, China controlled over 90% of global rare earth production, leading to concerns about supply security, especially

after China imposed export restrictions in 2010. This triggered a global push to diversify rare earth sources.

As such, mining of REEs outside China has taken off in the last decade and a half. This period saw the reopening of the Mountain Pass Mine (US) in 2011 and the development of Mount Weld (Australia), which began mining monazite in the same year. Russia (Loparite deposits on the Kola Peninsula) and countries like India, Vietnam, Thailand, and Malaysia also continued or increased their mining activities.

There is now a focus on mining heavy REEs. The strategic importance of heavy REEs has led to increased interest in ion-adsorption clay deposits, primarily still mined in Southern China, and the exploration of new heavy REE deposits elsewhere. Myanmar has also emerged as a significant, though often unregulated, source of heavy REEs.

Some new countries are beginning to increase their participation in the mining of HREEs. These include Brazil (Serra Verde project) and Canada.

Economic Implications of REEs

The economic implications of REEs are summarized below:

- **High demand and growing market:** The increasing adoption of clean energy technologies and the proliferation of electronic devices are driving significant growth in the demand for rare earth elements.
- **Supply chain vulnerabilities:** The concentration of mining and processing in a few countries, particularly China, creates supply chain risks and geopolitical tensions. Disruptions in supply can have significant economic consequences for industries reliant on these materials.
- **Price volatility:** Geopolitical factors, production quotas, and demand fluctuations can lead to significant price volatility for rare earth elements, impacting manufacturing costs.
- **Job creation and investment:** The rare earth industry, from mining and processing to manufacturing components, supports numerous jobs and attracts significant investment in research, development, and production facilities globally.
- **Strategic importance:** Governments worldwide are recognizing the strategic importance of securing a stable and diversified supply of REEs for their economic and national security. This is leading to efforts to develop domestic mining and processing capabilities and to foster international collaborations.
- **Innovation and technological advancement:** The unique properties of rare earth elements continue to drive innovation in various sectors, leading to the development of more efficient, powerful, and miniaturized technologies.

Thus, rare earth minerals are indispensable enablers of modern technologies and the transition to a green economy. Their economic importance lies not just in their value as raw materials but in their crucial role in numerous downstream industries which contribute significantly to global GDP and technological advancement. Ensuring a secure and sustainable supply chain for these critical materials is a major economic and strategic imperative for nations worldwide.

Supply and demand profiles of REEs: historical trends and prospects

Based on data sourced from Global Critical Mineral Outlook 2024, Tables 9 and 10 provide the relative role of major players as far as the supply and demand for rare earth elements are concerned. In the case of supply, China is playing a lead role⁸ followed by Myanmar, US and Australia. This situation may not change much up to even 2040. Going forward, mining in the US may have a relatively less role than in Australia and Myanmar. China's share in refining is even higher as it accounts for nearly 92% of total global refining. This situation may not change much even by 2040 although the shares of Malaysia, the US and Australia may increase marginally.

⁸ Country-wise magnitudes pertaining to mining of REEs in Tables 8 and 9 differ on account of different data sources

Table 9: Rare earth elements supply (mining and refining)

Mining (Units kt REE)					
Country	Historical		Base Case		2040 over 2023 (% increase)
	2021	2023	2030	2040	
China	32	47	58	62	31.9
Australia	4	5	19	20	300.0
Myanmar	6	11	10	10	-9.1
US	6	6	7	7	16.7
RoW	6	6	13	14	133.3
World	55	75	107	114	52.0
Refining (Units kt REE)					
Country	Historical		Base Case		2040 over 2023 (% increase)
	2021	2023	2030	2040	
China	53	70	81	86	23
Malaysia	4	4	13	13	225
US	0	0	4	4	
Australia	0	0	4	4	
RoW	2	2	5	5	150
World	59	76	106	110	45

Source (basic data): International Energy Agency, Global Critical Mineral Outlook 2024

Note: Rare earth elements refer only to four magnet rare earths, neodymium, praseodymium, dysprosium and terbium

Although mining and processing of REEs are themselves highly polluting activities, one of their major uses is paradoxically in the clean energy sector. As per stated policies, the use of rare earths in the clean energy sector is projected to increase to nearly 32% by 2050 (Table 10). Correspondingly, the other uses of rare earth elements, although quite large at present, accounting for a share of nearly 83% in 2023, is expected to fall to 68% by 2050.

Table 10: Rare earth elements demand (Units kt)

Demand sources	Historical		Share in 2023 (%)	Stated Policies			Share in 2050 (%)
	2021	2023		2030	2040	2050	
Clean energy	11	16	17.4	40	48	57	31.7
Electric Vehicles	3	7	7.6	23	36	40	22.2
Wind	8	10	10.9	17	12	17	9.4
Other uses	56	60	82.6	47	57	66	68.3
Total demand	78	93	100.0	127	153	180	100.0

Source (basic data): International Energy Agency, Global Critical Mineral Outlook 2024

Notes: (1) residual demand is derived by using the excess of total demand over the demand from sectors pertaining to clean energy, electric vehicles and wind.

(2) Rare earth elements refer only to four magnet rare earths, neodymium, praseodymium, dysprosium and terbium.

Pollution in processing and extraction of REEs

The extraction and processing of rare earth elements generate various types of pollution, including radioactive waste from ores containing thorium and uranium, chemical waste from the use of strong acids and solvents, air pollution from dust and gas emissions, and water pollution from the discharge of contaminated effluents. These pollutants lead to severe environmental impacts, such as soil and water contamination, degradation of ecosystems, loss of agricultural productivity, and harm to human health. Case studies from regions like Baotou in China, Lynas Corporation in Malaysia, and the Mountain Pass mine in the US illustrate the serious consequences of unchecked rare earth processing, including toxic waste accumulation, community protests, and environmental damage, highlighting the urgent need for more sustainable and regulated practices.

An article in the Harvard International Review (2021)⁹ outlines two main techniques for extracting REEs, both of which introduce hazardous chemicals into the surrounding environment. The first technique removes the surface soil to establish a leaching pond, where reagents are applied to the excavated material to isolate the target metals. While this chemical leaching efficiently dissolves and concentrates rare earth metals for further refinement, improperly contained ponds can seep toxins into groundwater and even contaminate connected waterways. The second approach drills boreholes into the substrate, inserting PVC pipes and rubber hoses to inject the same corrosive solutions, ultimately creating another leaching basin with comparable leakage risks—and often leaving behind abandoned PVC infrastructure that is never removed.

Both extraction methods generate vast quantities of hazardous byproducts, posing significant ecological and public health threats. Specifically, each ton of rare earth elements produced gives rise to roughly 13 kg of particulate dust, between 9,600 and 12,000 cubic meters of waste gases, about 75 cubic meters of contaminated water, and one ton of radioactive residue. These figures reflect the fact that the ores naturally contain additional metals which, upon reacting with leachate chemicals, pollute the air, water, and soil. Of greatest concern, many rare earth deposits carry thorium and uranium, whose radioactive decay can have severe health consequences. In total, extracting a single ton of rare earth elements results in approximately 2,000 tons of toxic waste.

India's relative position and prospects in mining and processing REEs

Government of India has launched the National Critical Mineral Mission (NCMM)¹⁰ in 2025 to establish an effective framework for India's self-reliance in the critical mineral sector. Under the NCMM, Geological Survey of India (GSI) has been assigned to carry out 1200 exploration projects from FY25 to FY31.

In order to reduce the import dependency of REE, Atomic Minerals Directorate for Exploration and Research (AMD) is carrying out exploration along the coastal, inland and riverine placer sands of the country for augmentation of heavy REEs including monazite and xenotime as well as in several potential geological domains (hard rock) of the country. Further, during the last three years (FY22 to FY24), GSI has taken up 368 mineral exploration projects on critical minerals including REE and for FY25, GSI has taken up 195 exploration projects to assess the mineral potential of critical minerals including REEs specified in Part D of First Schedule of the Mines and Minerals (Development and Regulation) Act, 1957.

Table 11 shows the state-wise distribution of rare earth deposits in India as per the Atomic Minerals Directorate for Exploration and Research (AMD).

Table 11: Rare earth mineral deposits in Indian states

Resource Type	States	Quantity
Monazite	Coastal beach placer sands of Kerala, Tamil Nadu, Odisha, Andhra Pradesh, Maharashtra, and Gujarat and inland placers of Jharkhand, West Bengal and Tamil Nadu	13.07 million Tonnes
Rare Earth Elements Oxide (REO)	Gujarat	11,20,201 Tonnes
	Rajasthan	36,945 Tonnes
Xenotime Concentrate	Riverine placer deposits in Chhattisgarh and Jharkhand	2,000 Tonnes

Source: Response given to the Lok Sabha (Unstarred Question No. 1788) on 13 December 2023; <https://cdnbbsr.s3waas.gov.in/s35b8e4fd39d9786228649a8a8bec4e008/uploads/2023/12/202312262139211219.pdf>

IREL (India) Limited, a public sector undertaking under Department of Atomic Energy (DAE) has been mandated to produce REEs in the form of high pure rare earth oxides from REEs bearing mineral monazite in India. IREL has been operating in three locations, having the facility for integrated mining and processing of mineral sands and a facility each for extraction and refining of rare earths. With the grant of Letter of Intent (LoI) for three more reserve deposits in different geographies of India, the domestic production is planned to be enhanced.

⁹ <https://hir.harvard.edu/hot-so-green-technology-the-complicated-legacy-of-rare-earth-mining/>

¹⁰ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2118380>

Table 12 shows that India is highly dependent on China, both for alkali or alkaline earth metals and for inorganic and organic compounds of REEs.

Table 12: Country-wise imports of selected REEs into India

HS Code	Description	2021-22		2022-23		2023-24		Share in 2023-24 imports of each category	Share in imports of total rare earth materials
		Country	Qty (tonnes)	Country	Qty (tonnes)	Country	Qty (tonnes)	%	%
28053000	Alkali or alkaline earth metals: Rare-earth metals, scandium and yttrium, whether or not intermixed or inter alloyed	China	714.5	China	709	China	699	59.0	30.8
		Japan	34	Japan	42	Hong Kong	234	19.7	10.3
		US	6.6	Singapore	20	Japan	192	16.2	8.5
		Hong Kong	5	Hong Kong	20	Mongolia	60	5.1	2.6
		Russia	1	US	1.09	UK	0.11	0.0	0.0
		Others	0.06	Others	0.18	Others	0.02	0.0	0.0
		Total	761	Total	792	Total	1,185	100	52.2
2846	Compounds, inorganic or organic, of rare earth metals	China	745	China	796	China	780	71.8	34.4
		Japan	196	Korea	150	Japan	148	13.6	6.5
		Korea	93	Japan	148	Korea	90	8.3	4.0
		Austria	41	US	20	US	24	2.2	1.1
		Russia	40	France	14	France	19	1.7	0.8
		Others	69	Others	24	Others	24	2.2	1.1
		Total	1,183	Total	1,153	Total	1,086	100	47.8
REE Total			1,944		1,945		2,270		100.0

Source (basic data): PIB press release dated 02 April 2025, Gol;
<https://www.pib.gov.in/PressReleaseFramePage.aspx?PRID=2117701>

Concluding observations

REEs are critical for sectors such as artificial intelligence (AI) and Generative AI (Gen AI), defense technologies, and clean energy. In general, modern technologies based on semiconductors will require the use of REEs as critical inputs at different stages of production. REEs are therefore vital for India's future growth. Any shortages in this regard may serve as a substantive bottleneck for growth and employment. To realize India's *Viksit Bharat* aspiration, *Aatmanirbhar* strategy requires development and control of the extraction and processing of REEs by India. Since REEs serve as a critical input throughout the modern production chains, they are expected to have a substantial role linked to forward linkages in employment and output generation. It may be critical for optimizing the opportunities generated by India's demographic dividend.

India possesses a significant quantity of REEs. What is now needed is to accelerate the processes of its extraction and processing within India so that some of the lead that China has taken in this space may be neutralized. India has launched a National Critical Mineral Mission in 2025 for this purpose. Substantial additional resources need to be allocated by central and state governments as well as the private sector for research and development in the field of rare earths. Strategic partnerships are also needed with countries that are known to have large REE reserves like Myanmar, Vietnam, Brazil, South Africa and Tanzania.

6.

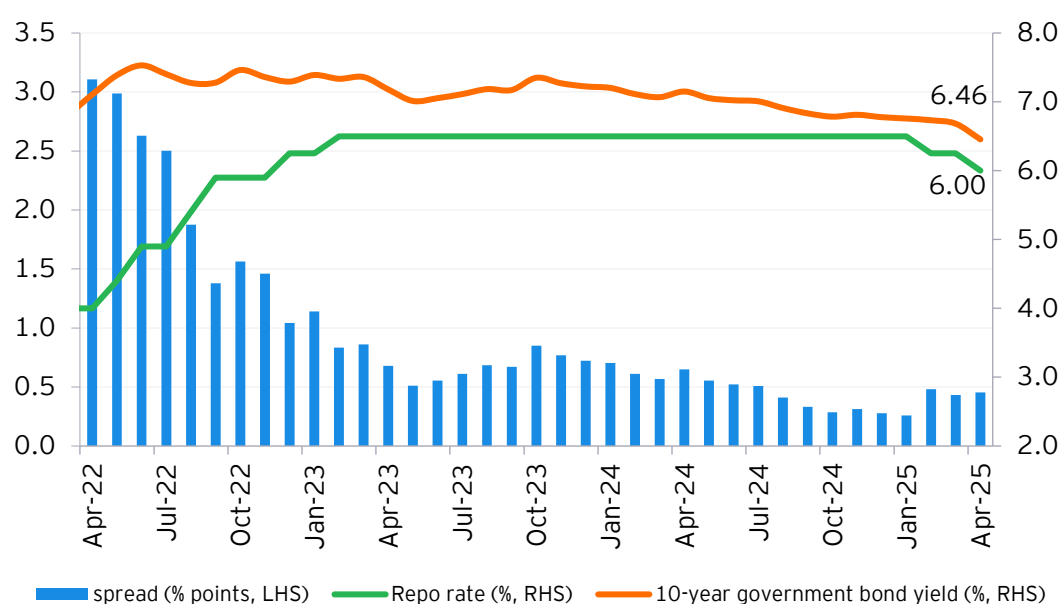
Money and Finance: Gross bank credit grew at a stable pace of 12.1% in March 2025

6.1. Monetary sector

Monetary policy

- In its monetary policy review held on 09 April 2025, the members of the monetary policy committee unanimously voted to lower the repo rate to 6.0% from 6.25%. This was its second successive rate reduction since January 2025 (Chart 4). The decision of the MPC to lower the repo rate was largely to support growth as the falling trend of CPI inflation, which remained below the 4% target rate during the last two months created much needed space.

Chart 4: Movements in the repo rate and 10-year government bond yield



Growth in gross bank credit remained nearly stable at 12.1% in March 2025, close to its level of 12.0% in February 2025.

Source: Database on Indian Economy, RBI

- The RBI projected India's GDP growth to remain stable averaging 6.5% in FY26, similar to its level in FY25 as per the second advance estimates, largely supported by stable domestic demand even while highlighting that challenges could emanate from global trade related disruptions.
- The MPC projected CPI inflation to average 4.0% in FY26, with quarterly estimates of 3.6% in 1Q, 3.9% in 2Q, 3.8% in 3Q, and 4.4% in 4QFY26. These projections are based on (i) a positive outlook for food inflation due to a significant seasonal correction in vegetable prices and record wheat production and (ii) the prospects of a decline in global crude oil prices. However, the RBI noted concerns regarding global market uncertainties and potential adverse weather-related disruptions which could pose risks to this inflation trajectory.

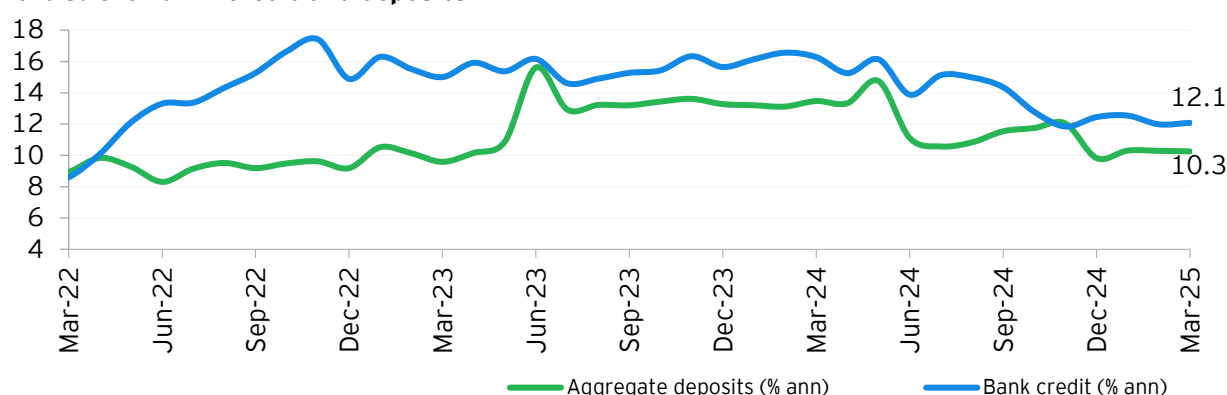
Money stock

- Growth in broad money stock (M3)^{8F5F11} remained stable at 9.6% for the fourth successive month in April 2025.
- Time deposits, the largest component of M3, showed a robust growth of 10.4% in April 2025, marginally higher than 10.2% in March 2025.
- Growth in narrow money (M1) however, eased to 7.1% in April 2025 from 7.8% in March 2025. This moderation is attributable to a slower growth in demand deposits at 6.9% in April 2025 as compared to 9.6% in March 2025. Growth in currency with the public, on the contrary, showed a higher growth of 6.9% in April 2025 as compared to 5.9% in March 2025.

Aggregate credit and deposits

- Growth in gross bank credit remained nearly stable at 12.1% in March 2025, close to its level of 12.0% in February 2025 (Chart 5). In FY25, growth in bank credit averaged lower at 13.6% as compared to 15.7% in FY24.

Chart 5: Growth in credit and deposits



Source: Database on Indian Economy, RBI

- Non-food credit also posted a stable growth of 12% in February and March 2025 as moderation in the growth of credit to agriculture and other non-food credit was neutralized by an improvement in the growth in credit to industries and services.
- Outstanding credit to industries, having a share of about 25% on average in total non-food credit (last five years), showed a growth of 8.0% in March 2025, improving from 7.3% in February 2025. Within industrial credit, among major segments, credit to textiles and chemicals and chemical products showed strong growth rates of 8.3% and 7.4%, respectively, in March 2025 as compared to their respective levels of 4.6% and 6.4% in February 2025. Credit to infrastructure, having the largest share of 36.5% on average in total industrial credit (last five years), posted a lower growth of 1.4% in March 2025, moderating from 1.7% in February 2025.
- Credit to the services sector, with an average share of about 27% in total non-food credit (last five years), grew by 13.4% in March 2025, marginally higher as compared to 13.0% in February 2025.
- Personal loans (share of close to 30% in total non-food credit) showed a stable growth of 14.0% for the second successive month in March 2025. Among the sub-components of personal loans, growth in loans to individuals against shares and bonds, and fixed deposits increased to 18.7% and 12.7% respectively in March 2025 from 16.7% and 11.9%, respectively, in February 2025. However, this was nearly offset by a moderation in the growth of housing loans and vehicle loans to 15.3% and 8.6% respectively and a contraction in the loans for consumer durables by (-)1.3% in March 2025.
- Growth in agricultural credit, showing a sequential fall since July 2024, reached a 46-month low of 10.4% in March 2025 from 11.4% in February 2025.

¹¹ The data on M3, demand and time deposits and bank credit exclude the impact of merger of a non-bank with a bank.

- Growth in other non-food credit, that is, non-food credit excluding credit to agriculture, industry, services and personal loans, also eased to 14.2% in March 2025 from 16.4% in February 2025.
- Aggregate deposits posted a stable growth for the third successive month at 10.3% in March 2025. In FY25, growth in deposits averaged lower at 11.4% as compared to 13.0% in FY24.

6.2. Financial sector

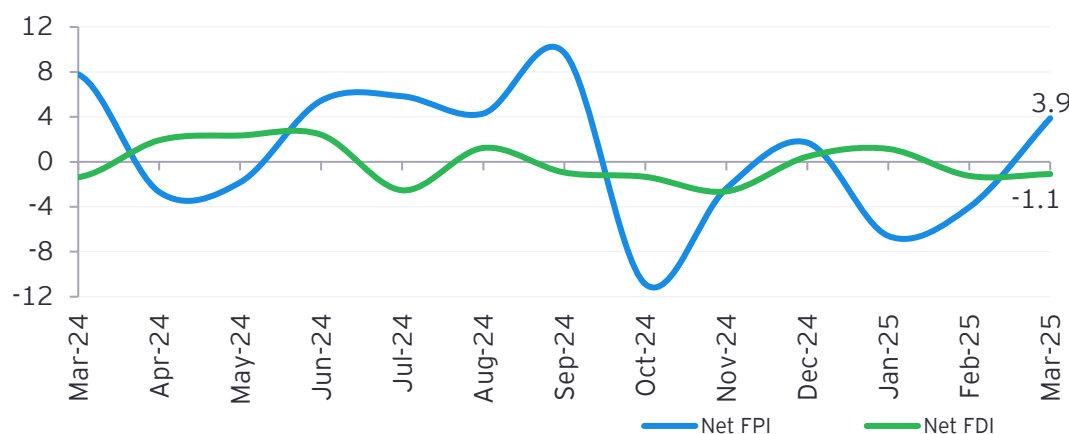
Interest rates

- As per the data released by the RBI in the first week of May 2025, the yield on 10-year government bonds (benchmark) eased by 23 basis points to 6.46% in April 2025, its lowest level since December 2021, falling from 6.68% in March 2025 (Chart 4). Bond yields were influenced by RBI's recent policy actions and the easing trend of inflation.
- The average interest rate on term deposits with a maturity period of more than one year was lowered to 6.61% in April 2025 from 6.63% in March 2025, with actual rates fluctuating between 6.00% and 7.23%.
- The average MCLR remained stable at 8.30% for the eighth successive month in April 2025, with the actual MCLR ranging between 8.15% and 8.45% during the month.
- WALR on 'Fresh Rupee Loans' (FRL) by SCBs moderated marginally to average 9.35% in March 2025 from 9.40% in February 2025. During FY25, WALR-FRL averaged higher at 9.39% as compared to 9.35% during FY24.

FDI and FPI

- As per the provisional data released by the RBI on 21 May 2025, overall foreign investments (FIs) turned positive with inflows amounting to US\$2.8 billion in March 2025 as compared to significant outflows amounting to US\$5.3 billion in February 2025 (Chart 6). On a cumulated basis, overall foreign investment inflows were significantly low at US\$3.0 billion in FY25 as compared to US\$54.2 billion in FY24.

Chart 6: Net FDI and FPI inflows (US\$ billion)



Net FDIs remained negative with outflows amounting to US\$1.1 billion while net FPIs registered inflows amounting to US\$3.9 billion in March 2025.

Source: Database on Indian Economy, RBI

- Following two successive months of outflows, net FPIs turned positive with inflows amounting to US\$3.9 billion in March 2025. In February 2025, net FPI outflows amounted to US\$4.0 billion. During FY25, on a cumulated basis, net FPIs witnessed inflows amounting to US\$2.7 billion as compared to US\$44.1 billion inflows seen in FY24.
- Net FDIs, however, witnessed outflows for the second successive month in March 2025 at US\$1.1 billion as compared to outflows amounting to US\$1.2 billion in February 2025. Even while gross FDI inflows were at US\$5.9 billion in March 2025, the cumulative impact of higher repatriation/disinvestment (US\$2.6 billion) and sustained outward FDI by India (US\$4.4 billion) led to net FDI outflows during the month. During FY25, net FDI inflows were at a historic low of US\$0.4 billion as compared to US\$10.1 billion during the corresponding period in FY24.



7.

Trade and CAB: Merchandise export growth improved to 9% in April 2025

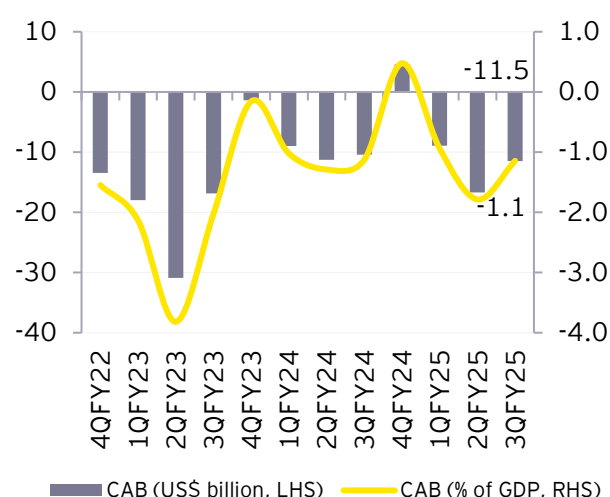
7.1. CAB moderated to (-)1.1% of GDP in 3QFY25 from (-)1.8% in 2QFY25 (Chart 7)

- Net merchandise trade deficit eased to 7.9% of GDP in 3QFY25 from 9.0% in 2QFY25 as merchandise imports fell to 18.8% from 20.2% of GDP over the same period while merchandise exports moderated only marginally to 10.9% from 11.2% of GDP.
- Surplus on account of net invisibles narrowed to 6.7% of GDP in 3QFY25 from 7.2% in 2QFY25 (Table 13) as deficit on income account deteriorated to a historic high of 1.7% of GDP. Net services surplus was also at an unprecedented high of 5.1% of GDP in 3QFY25 while net private transfers moderated to 3.3% of GDP from 3.5% in the previous quarter.

Table 13: Components of CAB (in US\$ billion)

Fiscal year	CAB as % of nominal GDP	CAB	Merchandise net	Invisibles* net
FY21	0.9	23.9	-102.2	126.1
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
4QFY24	0.5	4.6	-52.0	56.6
1QFY25	-0.9	-8.9	-63.8	54.9
2QFY25	-1.8	-16.7	-84.3	67.6
3QFY25	-1.1	-11.5	-79.2	67.7

Chart 7: CAB



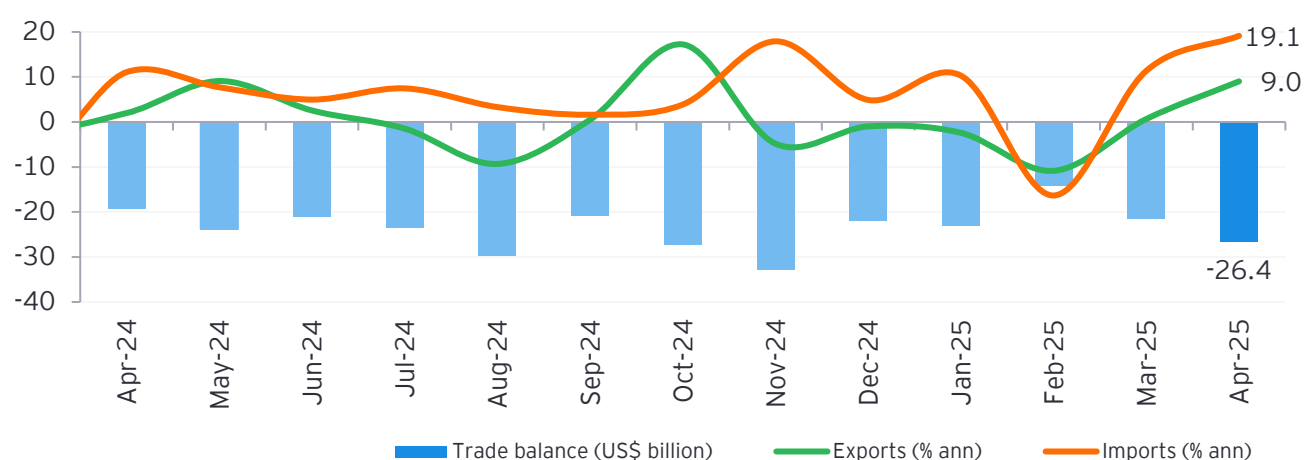
Source: Database on Indian Economy, RBI; Note: (-) deficit; (+) surplus; *invisibles include services, current transfers and income components

7.2. Merchandise trade and exchange rates

Growth in merchandise exports and imports increased to 9.0% and 19.1% in April 2025 from 0.7% and 11.4% in March 2025, partly reflecting a favorable base effect.

- The growth in exports was led by a surge in engineering goods exports which increased by 11.3% in April 2025 after showing a contraction for two successive months. Growth in oil exports turned positive at 4.7% in April 2025 after contracting for 10 successive months. Readymade garment exports increased to 14.4%, their highest level since October 2024.
- The surge in imports was driven by increasing oil imports, which grew by 25.6% in April 2025 from 16.3% in March 2025. This was accompanied by an increase in the growth of electronic equipment, silver and chemical materials and products to 31.2%, 35.5% and 115.8% respectively in April 2025 from 25.0%, (-)85.4% and 45.0% in March 2025.

Chart 8: Developments in merchandise trade



Source: Ministry of Commerce and Industry, GoI

- Growth of exports and imports excluding oil, gold/silver and jewelry increased to 10.0% and 18.1% respectively in April 2025 from 1.5% and 5.3% in March 2025.
- Merchandise trade deficit increased to a five-month high of US\$26.4 billion in April 2025 (Chart 8) owing to a sharp increase in growth of imports.
- Goods and services trade balance showed a deficit of US\$3.4 billion in March 2025 as compared to a surplus of US\$3.1 billion in February 2025. This was despite a rise in the services trade surplus to US\$18.1 billion in April 2025 from US\$17.1 billion in March 2025.
- The Indian Rupee appreciated for the second successive month to INR85.6/US\$ (average) in April 2025 from INR86.6/US\$ (average) in March 2025 attributable partly to a sluggish economic outlook in the United States, higher FII inflows and a decline in crude prices.

8.

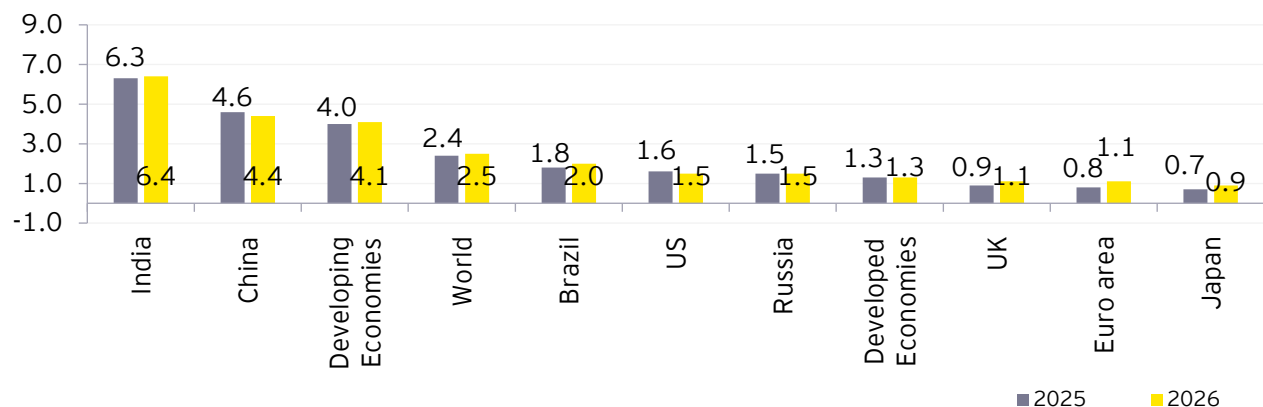
Global growth: UN projected global growth to fall from 2.9% in 2024 to 2.4% in 2025

8.1. Global growth

- The United Nations, in its May 2025 mid-year update of the World Economic Situation and Prospects, has projected global growth to ease from an estimated 2.9% in 2024 to 2.4% in 2025 and 2.5% in 2026 in its baseline scenario that incorporates developments and policy announcements as of early May 2025 (Chart 9). The projections for 2025 and 2026 are revised downwards by 0.4% points each as compared to the January 2025 forecasts.
- There have been tangible growth downgrades for 2025 and 2026 as compared to the January 2025 forecasts for both developed and developing economies, albeit to different degrees.
- The broad-based downgrade arises from (1) a series of increases in US tariffs that have been unprecedented in size, scope and speed, (2) retaliatory measures by China, the European Union and Canada and (3) uncertainty arising from selective implementation pauses and bilateral negotiations.
- Growth in developed economies is forecasted to fall from 1.8% in 2024 to 1.3% each in 2025 and 2026.
- Growth in the US is forecast at 1.6% in 2025, down from 2.8% in 2024 and 0.3% points below the January 2025 forecast. While the expectation of higher tariffs led to frontloading of imports, rising policy uncertainty is expected to weigh on private investment and consumption. Growth is projected to remain subdued at 1.5% in 2026 as well.
- In the Euro area, growth is projected at 0.8% in 2025, marginally lower than 0.9% in 2024 and 0.3% points below the January 2025 forecast. An uptick in consumer spending, supported by resilient labor markets, real income growth and lower interest rates, is expected to be partially offset by weaker net exports amid rising trade barriers. In this backdrop, growth is projected to improve to 1.1% in 2026.

The UN projected global growth at 2.4% in 2025, with India's growth in this calendar year forecasted at 6.3%.

Chart 9: Global growth projections (%)



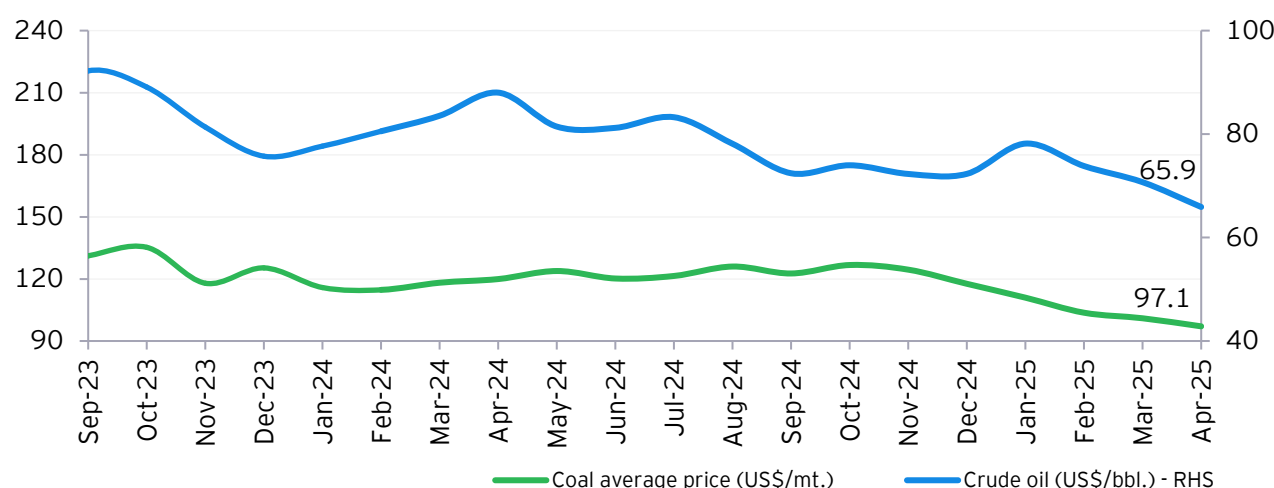
Source: UN World Economic Situation and Prospects Mid Year Update (May 2025)

- Growth in developing economies is forecasted to fall from 4.2% in 2024 to 4.0% in 2025 before increasing marginally to 4.1% in 2026.
- In China, disruptions in export-oriented manufacturing, subdued consumption, and property sector weakness are expected to slow growth from 5% in 2024 to 4.6% in 2025, 0.2% points below the January 2025 forecast. Growth is projected to fall further to 4.4% in 2026.
- For India, the growth is projected at 6.3% in 2025 and 6.4% in 2026, lower than 7.1% in 2024. In UN's assessment, despite a projected moderation, India remains one of the fastest-growing large economies, supported by resilient consumption and government spending.

8.2. Global energy prices: Global crude price at US\$65.9/bbl. in April 2025 fell to its lowest level since April 2021

- In April 2025, average global crude price¹² fell to US\$65.9/bbl., its lowest level since April 2021 when it was at US\$63/bbl. (Chart 10). This was due to the recent announcement of reciprocal tariffs by the US and mounting recession fears along with the decision by some OPEC+ members to accelerate the unwinding of extra voluntary production cuts¹³.
- The World Bank Commodity Market Outlook (April 2025) forecasts Brent oil price to average US\$64/bbl. in 2025, down from US\$81/bbl. in 2024 and then to decrease further to US\$60/bbl. in 2026 owing to an expected slowdown in global economic growth due to rising trade tensions and elevated policy uncertainty with consequent reductions in global energy demand growth.
- Similar to the trend witnessed in global crude price, average global coal price¹⁴ also fell to US\$97.1/mt., its lowest level since April 2021.
- The World Bank (April 2025) has projected the price of Australian coal to fall from US\$136.1/mt. in 2024 to US\$100/mt. in 2025 and further to US\$95/mt. in 2026. These forecasts reflect the impact of an expected slowdown in global economic growth, with consequent negative impact on coal demand.

Chart 10: Global crude and coal prices



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

¹² Simple average of three spot prices, namely, Dated Brent, West Texas Intermediate and Dubai Fateh

¹³ <https://www.iea.org/reports/oil-market-report-april-2025>

¹⁴ Simple average of Australian and South African coal prices.

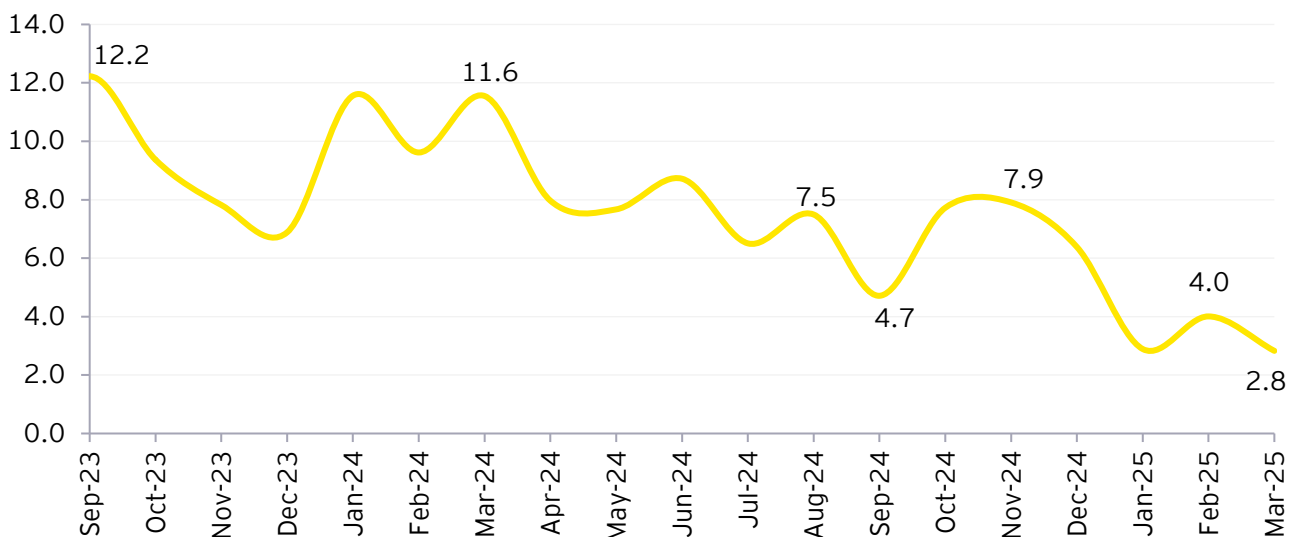
9.

Index of Aggregate Demand (IAD): Growth moderated to 2.8% in March 2025

9.1. Growth in IAD fell to 2.8% in March 2025 from 4.0% in February 2025

- Growth in IAD¹⁵ moderated to a 29-month low of 2.8% in March 2025 from 4.0% in February 2025, partly owing to an unfavorable base effect (Chart 11 and Table 14). In addition, demand conditions in services and agricultural sectors saw signs of easing during the month. In FY25, IAD showed a lower growth of 6.2% as compared to 9.9% in FY24.
- Demand conditions in the agricultural sector showed a sequential moderation as indicated by a sustained fall in the growth in agricultural credit for the eighth successive month to 10.5% (sa) in March 2025 from 11.4% in February 2025.
- The services sector also witnessed some deceleration in demand during the month as reflected by PMI services (sa) which expanded at a relatively slower rate of 58.5 in March 2025 as compared to 59.0 in February 2025.
- Demand conditions in the manufacturing sector, however, improved during the month, with PMI manufacturing expanding at a relatively faster pace of 58.1 in March 2025 as compared to 56.3 in February 2025.

Chart 11: Growth in IAD (y-o-y)



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

¹⁵ 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.

Table 14: IAD

Month	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
IAD	180.0	180.9	177.5	179.6	179.9	180.6	179.7	181.9	183.1
Growth (% y-o-y)	6.5	7.5	4.7	7.7	7.9	6.4	2.9	4.0	2.8
Growth in agr. credit	18.0	17.7	16.4	15.6	15.3	12.5	12.2	11.4	10.5
Mfg. PMI**	8.1	7.5	6.5	7.5	6.5	6.4	7.7	6.3	8.1
Ser. PMI**	10.3	10.9	7.7	8.5	8.4	9.3	6.5	9.0	8.5

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.

10.

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	1QFY25	58.2	60.5
2QFY25	2.7	-0.1	3.3	1.4	2.4	2QFY25	57.4	59.6
3QFY25	4.1	1.8	4.5	4.1	4.9	3QFY25	56.8	58.7
4QFY25	3.6	2.1	3.9	4.2	4.1	4QFY25	57.4	58.0
Dec-24	3.7	2.7	3.7	6.2	5.1	Jan-25	57.7	56.5
Jan-25	5.2	4.4	5.8	2.4	5.1	Feb-25	56.3	59.0
Feb-25	2.7	1.6	2.8	3.6	3.4	Mar-25	58.1	58.5
Mar-25	3.0	0.4	3.0	6.3	3.8	Apr-25	58.2	58.7

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
1QFY25	4.9	8.9	-3.8	3.1	2.4	7.6	0.8	0.2	0.3
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	2.3	6.0	2.9	-0.8	1.3
Jan-25	4.3	6.0	-1.5	3.7	2.5	7.5	2.6	-1.9	1.1
Feb-25	3.6	3.7	-1.3	4.2	2.4	6.2	3.0	-1.0	1.3
Mar-25	3.3	2.7	1.4	4.2	2.0	4.7	3.1	0.2	1.6
Apr-25	3.2	1.8	2.9	4.4	0.9	2.5	2.6	-2.2	1.3

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	
Jul-24	21.3	4.8	53.4	33.6	7.1	17.2	3.8
Aug-24	12.1	-6.0	25.5	12.9	9.5	27.0	24.7
Sep-24	12.0	2.3	25.0	13.6	8.4	29.4	12.8
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 [#]	42.0 [#]
Jan-25	10.3	-0.6	22.0	10.7	8.5	74.5 [#]	72.4 [#]
Feb-25	10.9	1.9	22.0	12.4	7.9	85.8 [#]	93.8 [#]

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
Jul-24	72,288	57	-483	12,779	84,641
Aug-24	70,606	352	8,213	11,915	91,086
Sep-24	69,998	338	1,600	11,861	83,797
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

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
May-24	6.50	FY22	7.0	9.7	38.6	-16.8	FY22	10.7	8.8	6.40	617.6
Jun-24	6.50	FY23	14.4	9.5	28.0	-5.2	FY23	6.9	9.0	7.35	578.4
Jul-24	6.50	FY24	15.7	13.0	10.1	44.1	FY24	7.3	11.1	7.16	645.6
Aug-24	6.50	FY25	13.6	11.3	0.4	2.7	FY25	7.8	9.6	6.88	665.4
Sep-24	6.50	1QFY25	15.1	13.0	6.6	0.9	1QFY25	8.5	10.9	7.08	652.0
Oct-24	6.50	2QFY25	14.8	11.0	-2.3	19.9	2QFY25	9.2	10.8	6.92	704.9
Nov-24	6.50	3QFY25	12.4	11.2	-2.8	-11.4	3QFY25	6.0	9.3	6.79	640.3
Dec-24	6.50	4QFY25	12.2	10.3	-1.2	-6.8	4QFY25	7.8	9.6	6.72	665.4
Jan-25	6.50	Dec-24	12.4	9.8	0.5	1.7	Jan-25	6.1	9.6	6.76	630.6
Feb-25	6.25	Jan-25	12.5	10.3	1.2	-6.6	Feb-25	6.4	9.6	6.73	638.7
Mar-25	6.25	Feb-25	12.0	10.3	-1.2	-4.0	Mar-25	7.8	9.6	6.68	665.4
Apr-25	6.00	Mar-25	12.1	10.3	-1.1	3.9	Apr-25	7.1	9.6	6.46	688.1

Source: Database on Indian Economy - RBI

Table A5: External trade and global growth

External trade indicators (annual, quarterly and monthly growth rates)							Global growth (annual)			
Fiscal year/ quarter/ month	Exports	Imports	Trade balance	Ex. rate (avg.)	Crude prices (avg.)	Coal prices (avg.)	Calendar year	World GDP	Adv. econ.	Emer. econ.
	% change y-o-y		US\$ billion	INR/US\$	US\$/bbl	US\$/mt.		% change y-o-y		
FY22	44.8	56.0	-191.0	74.5	78.4	164.8	2015	3.4	2.3	4.3
FY23	6.0	16.8	-268.5	80.4	92.7	283.4	2016	3.2	1.8	4.4
FY24	-2.3	-5.3	-241.1	82.8	81.1	126.4	2017	3.8	2.5	4.8
FY25	0.1	6.2	-282.8	84.6	77.1	118.2	2018	3.6	2.3	4.6
1QFY25	4.3	7.6	-63.9	83.4	83.6	121.3	2019	2.8	1.7	3.6
2QFY25	-3.6	4.1	-73.9	83.8	77.9	123.4	2020	-2.8	-4.2	-1.8
3QFY25	3.6	8.6	-81.9	84.5	72.9	122.9	2021	6.3	5.6	6.9
4QFY25	-4.2	1.2	-58.6	86.7	74.2	105.2	2022	3.5	2.6	4.1
Jan-25	-2.4	10.3	-23.0	86.3	78.2	110.9	2023	3.3	1.7	4.4
Feb-25	-10.9	-16.3	-14.1	87.1	73.8	103.7	2024 (E)	3.3	1.8	4.3
Mar-25	0.7	11.4	-21.5	86.6	70.7	101.0	2025*	2.8	1.4	3.7
Apr-25	9.0	19.1	-26.4	85.6	65.9	97.1	2026*	3.0	1.5	3.9

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 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 (SAE)	6.4	4.6	2.8	4.3	6.0	8.6	6.4	7.2	8.8	2.9
3QFY23	5.3	6.4	2.6	-4.3	9.9	9.1	9.7	9.4	1.3	4.0
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	1.7	6.8	7.5	10.2	10.1	5.4	6.6	9.0	2.7
2QFY25	5.8	4.1	-0.3	2.1	3.0	8.7	6.1	7.2	8.8	2.3
3QFY25	6.2	5.6	1.4	3.5	5.1	7.0	6.7	7.2	8.8	3.8

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 (SAE)	6.5	7.6	3.8	6.1	7.1	-1.1	3.2
3QFY23	4.8	2.4	2.5	6.7	8.2	2.9	3.9
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	7.7	-0.5	6.7	8.1	-0.7	2.9
2QFY25	5.6	5.9	3.8	5.8	2.5	-2.5	2.5
3QFY25	6.2	6.9	8.3	5.7	10.4	-1.1	3.5

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	GoI	Government of India
34	G-secs	government securities
35	GST	Goods and Services Tax

Sr. no.	Abbreviations	Description
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
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

Sr. no.	Abbreviations	Description
79	y-o-y	year-on-year
80	1HFY20	first half of fiscal year 2019-20, i.e., April 2019-September 2019

Our offices

Ahmedabad

22nd Floor, B Wing, Privilon
Ambli BRT Road, Behind Iskcon Temple
Off SG Highway
Ahmedabad - 380 059
Tel: + 91 79 6608 3800

8th Floor, Building No. 14A
Block 14, Zone 1
Brigade International Financial Centre
GIFT City SEZ
Gandhinagar - 382355, Gujarat
Tel +91 79 6608 3800

Bengaluru

12th & 13th Floor
"UB City", Canberra Block
No.24 Vittal Mallya Road,
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground & 1st Floor
11, 'A' wing
Divyasree Chambers
Langford Town,
Bengaluru - 560 025
Tel: + 91 80 6727 5000

3rd & 4th Floor
MARKSQUARE
#61, St. Mark's Road
Shantala Nagar,
Bengaluru - 560 001
Tel: + 91 80 6727 5000

1st & 8th Floor, Tower A
Prestige Shantiniketan
Mahadevapura Post
Whitefield,
Bengaluru - 560 048
Tel: + 91 80 6727 5000

Bhubaneswar

8th Floor, O-Hub, Tower A
Chandaka SEZ, Bhubaneswar,
Odisha - 751024
Tel: + 91 674 274 4490

Chandigarh

Elante offices, Unit No. B-613 & 614
6th Floor, Plot No- 178-178A
Industrial & Business Park, Phase-I
Chandigarh - 160 002
Tel: + 91 172 6717800

Chennai

6th & 7th Floor, A Block,
Tidel Park, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR

Aikyam
Ground Floor
67, Institutional Area
Sector 44w, Gurugram - 122 003
Haryana
Tel: + 91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

Hyderabad

THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jaipur

9th floor, Jewel of India
Horizon Tower, JLN Marg
Opp Jaipur Stock Exchange
Jaipur, Rajasthan - 302018

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: +91 33 6615 3400

6th floor, Sector V,
Building Omega, Bengal Intelligent
Park, Salt Lake Electronics Complex,
Bidhan Nagar, Kolkata - 700 091
Tel: +91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express
Highway, Goregaon (E),
Mumbai - 400 063
Tel: + 91 22 6192 0000

3rd Floor, Unit No.301
Building No.1, Mindspace-Gigaplex
IT Park, MIDC, Plot No. IT-5
Airoli Knowledge Park
Airoli West, Navi Mumbai - 400 708
Tel: + 91 22 6192 0003

Altimus, 18th Floor
Pandurang Budhkar Marg
Worli, Mumbai - 400 018
Tel: +91 22 6192 0503

Pune

C-401, 4th Floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

10th Floor, Smartworks
M-Agile, Pan Card Club Road
Baner, Pune - 411 045
Tel: + 91 20 4912 6800

Ernst & Young LLP

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit www.ey.com/en_in.

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at Ground Floor, Plot No. 67, Institutional Area, Sector - 44, Gurugram - 122 003, Haryana, India.

©2025 Ernst & Young LLP. Published in India.
All Rights Reserved.

EYIN2505-023

ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.


SB


ey.com/en_in

 @EY_India

 EY

 EY India

 EY Careers India

 @ey_indiacareers