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सत्यमेव जयते

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Abstract

India's economic momentum quickened in Q1 FY26, with real GDP growing by 7.8 per cent YoY, higher than most estimates. A pick up in the manufacturing and services sector, combined with steady growth in the agricultural sector helped real GVA expand by 7.6 per cent over this period. GDP growth remains driven primarily by domestic demand, with the share of private consumption in Q1 FY25 being the highest first-quarter share of consumption in nominal GDP in the past 15 years. The rationalisation of the GST structure will provide further impetus to consumption growth. The share of capital formation remained steady, driven by improved government capex.

Between April and July 2025, Union public finances were marked by front-loaded capital expenditure and stable net revenue receipts, supported by strong non-tax revenues. This was despite lower income-tax collections due to revised slab rates and the extension of the return-filing deadline. Analysis of unaudited provisional accounts of 21 States for the same period reveals an uptick in state fiscal deficit on account of increased revenue expenditure and moderation in revenue receipts.

Inflation in the Indian economy picked up in August 2025 but remains well below the 4 per cent target. An abundant and spatially well-dispersed monsoon has not only aided in an increase in Kharif crop acreage sown, but has also replenished reservoirs. This augurs well for the upcoming Rabi crop.

External economic activity in the form of trade and capital flows displayed healthy trends. In August 2025, India's total exports (goods and services) recorded a growth of 9.3 per cent (YoY), driven primarily by a 12.2 per cent growth (YoY) in service exports. Merchandise exports grew by 6.7 per cent (YoY) and overall merchandise trade performance is broad-based in terms of composition. In Q1 FY26, India's current account deficit has declined to 0.2 per cent of the GDP from 0.9 per cent of the GDP in Q1 FY25, mainly driven by higher net invisible receipts. As of September 12, 2025, the foreign exchange reserves stand at a level of USD 703 billion, providing an import cover of 11.6 months.

Even as India's banking and financial system remains stable, the integration of artificial intelligence in financial services represents a significant transformation within the industry. In

this context, the recent report by RBI, "Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI)," serves as a crucial guideline that outlines effective strategies for leveraging AI's potential while ensuring the integrity and stability of our financial systems.

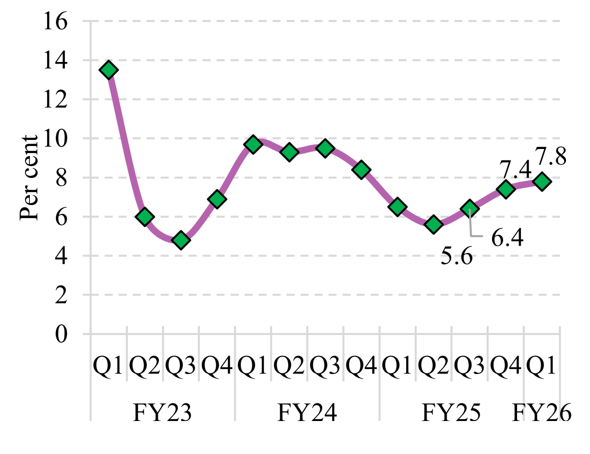
Notwithstanding the deployment of AI across industries, India's labour market has shown a positive momentum, with labour force participation reaching a four-month high in August 2025. White collar hiring has shown modest growth, accompanied by a continued rise in jobs in the services and manufacturing sectors, as indicated by the employment sub-indices of the PMI. Additionally, the Employee Provident Fund Organisation payroll data indicates continued formalisation of the workforce. The findings of the Annual Survey of Industries (ASI) for the manufacturing sector and the Quarterly Bulletin of Unincorporated Sector Enterprises (QBUSE) for the non-agriculture sector point to job creation in both the organised and unorganised sectors.

Steady Growth, macroeconomic stability, and credible fiscal discipline over the past few years have earned India its third sovereign ratings upgrade in FY25. Following upgrades by Morningstar, DBRS and S&P Global Ratings, Japanese credit ratings agency R&I has upgraded India from BBB to BBB+. Ongoing reforms initiated by the union government are anticipated to enhance the economy's resilience against external trade-related shocks. Complementing this, state governments are encouraged to actively pursue cooperative federalism by implementing targeted deregulation at the state level. Such collaborative efforts between central and state administrations will help reinforce India's upward growth trajectory, supporting sustained economic development.

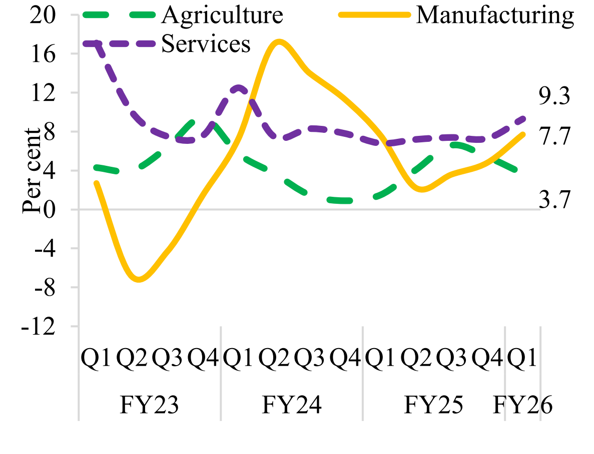
Strengthening Economic Momentum

1. Against a global backdrop of elevated economic and policy uncertainty, India's growth momentum strengthened in Q1 FY26 as reflected in the quarterly estimates of national income, released on 29th August 2025. Gross domestic product (GDP) at constant (2011-12) prices or real GDP grew by 7.8 per cent YoY in Q1 FY26, a five-quarter high, while real gross value added (GVA) expanded by 7.6 per cent over this period. At current prices or in nominal terms, both GDP and GVA grew by 8.8 per cent YoY. With this growth, India continues to grow at the fastest pace amongst its peers, particularly against China (5.2 per cent) and Indonesia (5.1 per cent).

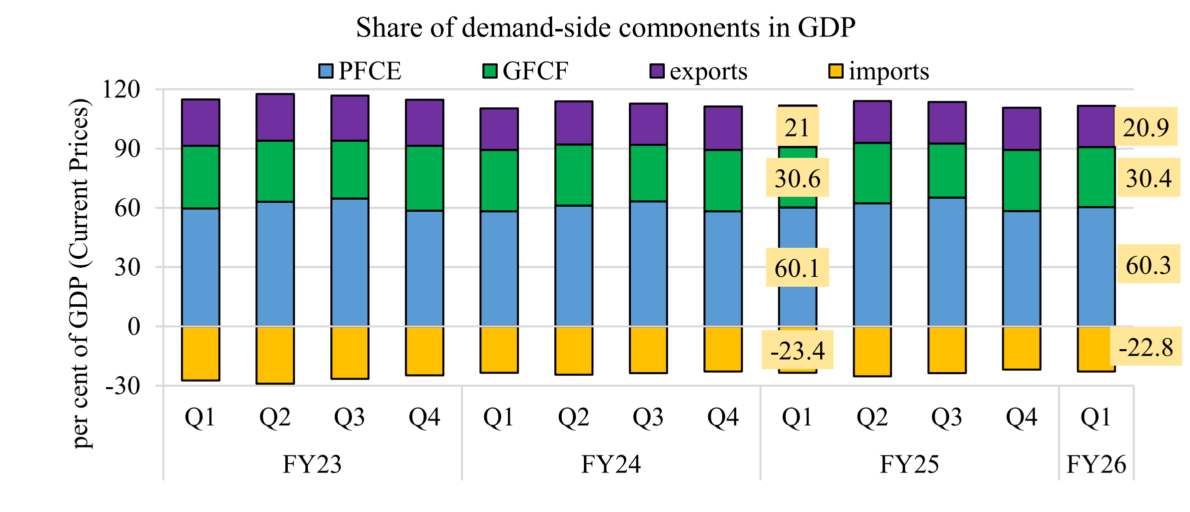
Real GDP grew by 7.8 per cent, a five-quarter high



Healthy performance across sectors



GDP growth was anchored by domestic drivers



Source: MoSPI

2. From a value-added perspective, real GVA in the industry sector picked up primarily on account of an uptick in manufacturing and construction GVA. Growth in the electricity, gas, water supply and other utility services softened primarily arising from a lower growth in

electricity consumption due to the early onset of the monsoon across the country this year. GVA growth in the services sector ticked up with healthy performance across all segments.

3. Within demand-side estimates, domestic drivers have anchored real GDP growth in the first quarter. The share of private final consumption expenditure (PFCE) in nominal GDP increased to 60.3 per cent in Q1 FY26, up from 58.3 per cent in Q4 FY25. Notably, this represents the highest first-quarter share of consumption in GDP in the past 15 years. Gross Fixed Capital Formation (GFCF) in real terms registered robust growth of 7.8 per cent and held its share in nominal GDP steady at 30.4 per cent. The government's capex impetus, combined with a favourable base effect, aided in GFCF growth. Government final consumption expenditure (GFCE) rebounded to grow by 7.4 per cent in real terms in Q1 FY26 after a contraction in Q1 FY25 and Q4 FY25. This acceleration is consistent with the 20 per cent YoY increase in the Centre's revenue expenditure during the quarter.

4. High-frequency indicators for July and August indicate a carry-forward of the economic momentum. Indicators of economic activity, such as GST E-way bills and PMI, continue to signal strength in the economy. Volume of E-way bills generated has increased by 24.1 per cent YoY in July – August 2025. PMI Manufacturing and PMI Services reached 17-year and 15-year highs, respectively, in August 2025, reflecting strong underlying trends in these sectors. The demand perspective presents a mixed picture. Retail sales of two-wheelers and three-wheelers are lower by 2.3 per cent YoY in July – August 2025, while retail sales of passenger vehicles have remained at the same level over this period. This might also be a reflection of consumers delaying their purchases to avail of the reduction in GST and the upcoming festive discounts, resulting in a near-term demand slowdown. After declining last quarter on account of the onset of an early monsoon leading to cooler-than-normal temperatures, electricity consumption grew by 3.4 per cent YoY in July–August 2025. The consumption of petroleum products was lower by 3.5 per cent YoY over this period, with heavy rains likely affecting travel in addition to growing use of alternative fuels.

5. Growth in Q1 FY26 was well-above market expectations. This outperformance, combined with the recently announced rationalisation of the GST structure (elaborated upon in Box 1) is expected to provide impetus to economic activity in the remainder of the fiscal year. Accordingly, market analysts have raised their growth forecasts. The median growth forecast for FY26 is now 6.6 per cent as compared to 6.5 per cent in August 2025 and 6.4 per cent in June–July 2025[1]. Some analysts have even gone beyond the upper range of the Ministry of Finance's projection of 6.3 – 6.8 per cent to suggest around 6.9 per cent growth for FY26.

[1]https://economicoutlook.cmie.com/kommon/bin/sr.php?kall=wshreport&nvdt=20250915182253536&nvtype=INSIGHTS

Box 1: Recent GST reforms

The 56th meeting of the GST Council has brought in broadly a two-rate structure with a Standard Rate of 18 per cent, a Merit Rate of 5 per cent and a special de-merit rate or sin-good rate of 40 per cent for a select few goods and services (but inclusive of earlier compensation cess rate, hence with no increase in overall tax burden), with effect from 22nd September 2025. The rationalisation of GST came in as the third leg of the tripod of tax reforms, following up on the corporate tax reductions and personal income tax reforms. More importantly, measures to simplify the GST registration mechanism, particularly for small suppliers making supplies through e-commerce operators and an easier refund mechanism are expected to lower input costs and improve liquidity for companies, while giving a thrust to Make in India. The reforms, alongside the RBI's rate cuts, income tax rebates, and the wider context of deregulation and easing inflation, create favourable conditions for an economic uptick. The GST rationalisation is a major push towards advancing India's climate goals by making renewable energy, waste management, biodegradable products, and green mobility more affordable and within reach. Some of the notable key rate changes are tabulated below:

Key Changes	
Agriculture and related items	• GST on agricultural goods (tractors, agricultural, horticultural or forestry machinery etc.) lowered to 5 per cent from 12 per cent. • GST rates on key fertiliser inputs such as Sulphuric acid, Nitric acid and Ammonia slashed to 5 per cent from 18 per cent.
Auto & Auto Parts	• GST on small cars[2], motorcycles (350cc & below) and three-wheelers is reduced to 18 per cent from 28 per cent. GST on buses, trucks and ambulances is reduced to 18 per cent from 28 per cent. • Uniform 18 per cent GST rate on all auto parts irrespective of their HS code. • Motorcycles (>350cc) and cars outside small cars definition have been moved to the 40 per cent slab. However, cess imposed on luxury cars has been removed.
Electronic Appliances	• ACs, TVs (larger than 32 inches), dishwashing machines, monitors and projectors set to attract an 18 per cent GST rate compared to 28 per cent earlier.
Textile & Labour-Intensive Goods	• GST rate reduced on man-made fibres from 18 per cent to 5 per cent and man-made yarn from 12 per cent to 5 per cent. • GST on labour intensive goods such as handicrafts, marble and intermediate leather goods lowered to 5 per cent from 12 per cent.
Everyday essentials & food	• 5 per cent GST rate on hair oil, toilet soap bars, shampoos, toothbrushes, toothpaste, bicycles, tableware, kitchenware and other household articles. These items earlier were either in the 18 per cent or 12 per cent GST bracket. • Zero GST on Ultra-High Temperature (UHT) milk, all Indian breads, pre-packaged and labelled paneer.

[2] For the purposes of GST, small cars means Petrol, LPG, or CNG cars with engine capacity up to 1200 cc and length up to 4000 mm and Diesel cars with engine capacity up to 1500 cc and length up to 4000 mm.

	• GST lowered to 5 per cent on almost all food items such as packaged namkeens, instant Noodles, chocolates, coffee, preserved meat, butter, ghee, etc. Earlier these items faced a GST of 12 per cent or 18 per cent.
Medicines & Medical Equipment	• Zero GST on select lifesaving drugs & medicines. • GST on all other drugs, medicines slashed to 5 per cent from 12 per cent. • 5 per cent GST on (a) Medical apparatus & devices and (b) Medical equipment and supplies
Hotel & Personal Services	• Hotel accommodation services (value less than or equal to ₹7,500 per unit per day) to be subject to GST of 5 per cent from 12 per cent earlier. • Beauty and physical well-being services (gyms, salons, barbers, yoga centres, etc.) to see lower GST rate of 5 per cent from 18 per cent.
Insurance Policies	• GST exemption to all individual life and health insurance policies with reinsurance.

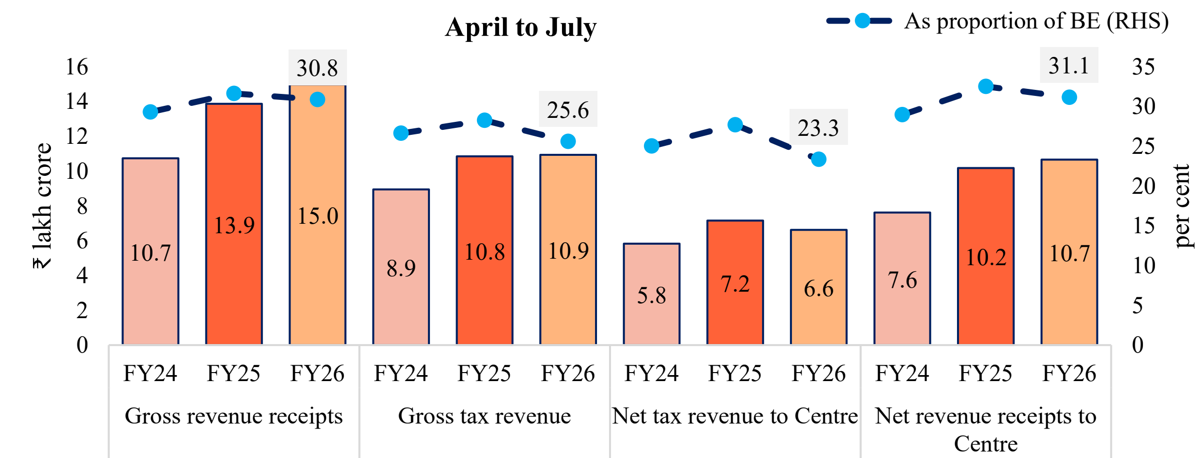
Public Finances

Union Public Finances

Two-pronged fiscal stimulus: Rationalisation of taxes and front-loading of capex

6. During April–July 2025, gross revenue receipts remained stable at about 31 per cent of Budget Estimates (BE), in line with trends from previous years. Growth in gross tax revenues was muted due to lower income-tax collections, reflecting revised slab rates and the extended return-filing deadline. In contrast, GST and corporate tax collections grew strongly by 9.8 per cent and 7.6 per cent, respectively. A 17 per cent year-on-year increase in tax devolution to States reduced the Centre's net tax revenue to 23 per cent of BE in FY26, compared with 27% in FY25. However, a robust 34 per cent growth in non-tax revenues helped maintain net revenue receipts at 31 per cent of BE in FY26, against 32.5 per cent in FY25.

Stable gross and net revenue receipts for the Union

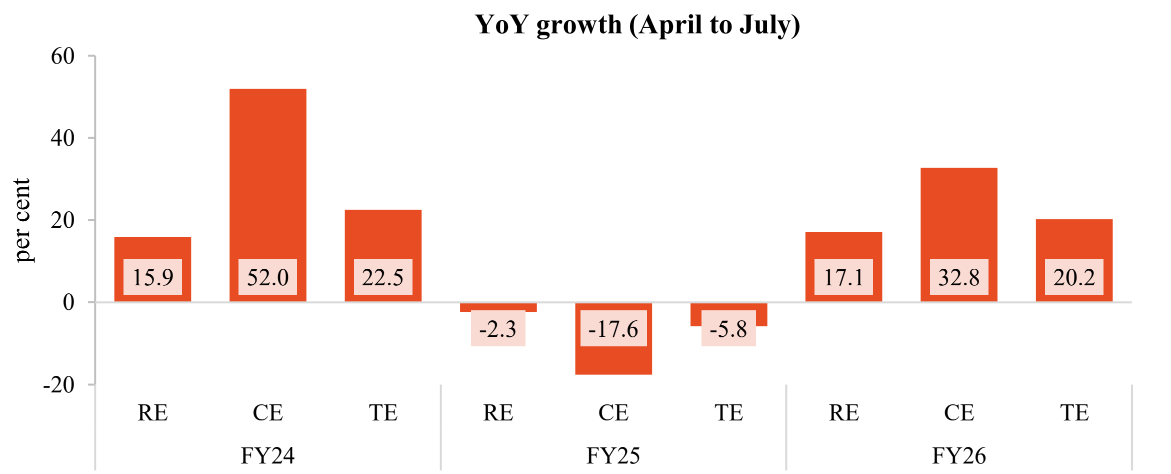


Source: Controller General of Accounts

7. On the expenditure side, total spending rebounded sharply due to the low base from last year's general elections and has now stabilised around FY24 levels as a share of Budget Estimates (BE). The front-loading of capital expenditure, along with its stronger year-on-year

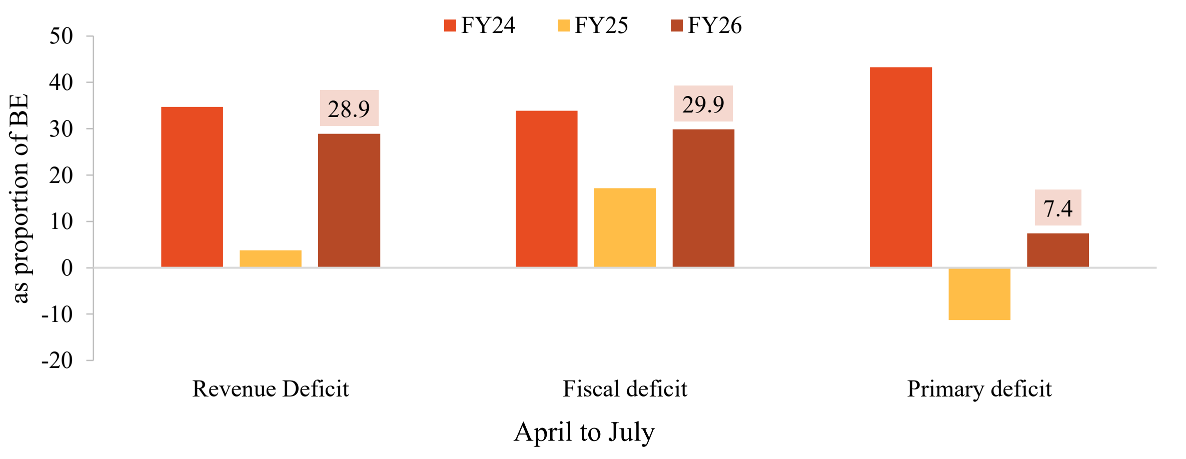
growth compared to revenue expenditure, underscores the government's focus on improving expenditure quality and supporting economic productivity. Capital expenditure stood at about 29 per cent of revenue expenditure, slightly higher than the budgeted 28 per cent. As of end-July 2025, revenue and fiscal deficits remain comfortably placed, leaving adequate space for fiscal policy during the rest of the year.

Steady progress in expenditure with robust capex



Source: Controller General of Accounts.
Note: RE-revenue expenditure, CE-capital expenditure, TE-total expenditure

Union Government's revenue and fiscal deficits remain comfortably placed

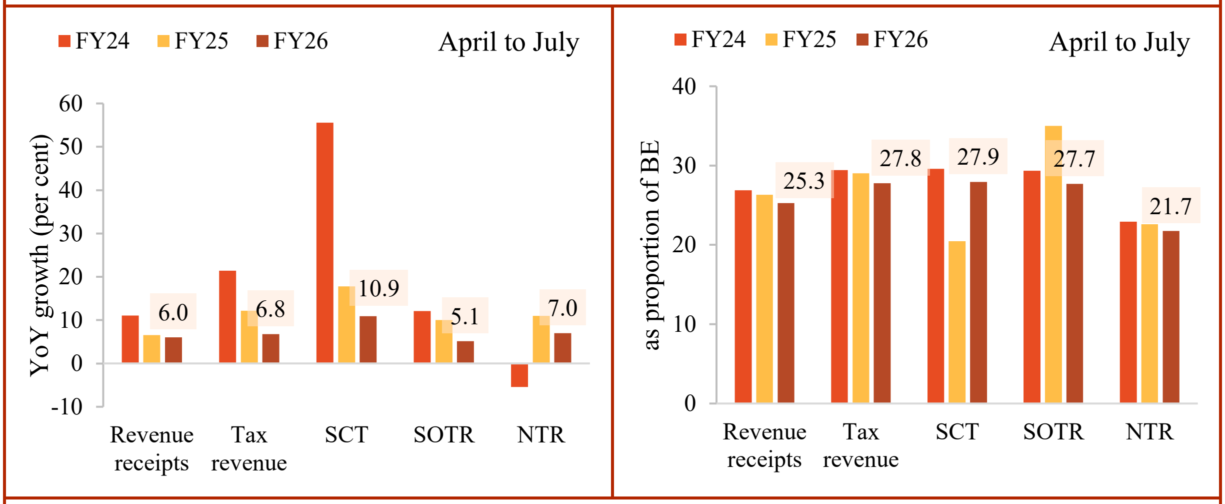


Source: Controller General of Accounts.

State Public Finances

8. Unaudited provisional accounts of 21 States show a slight moderation in revenue receipts compared with the past two years, both as a share of Budget Estimates (BE) and in year-on-year growth. While devolution of central taxes remains the main driver of states' tax revenues, their own tax and non-tax revenues still have scope to grow further.

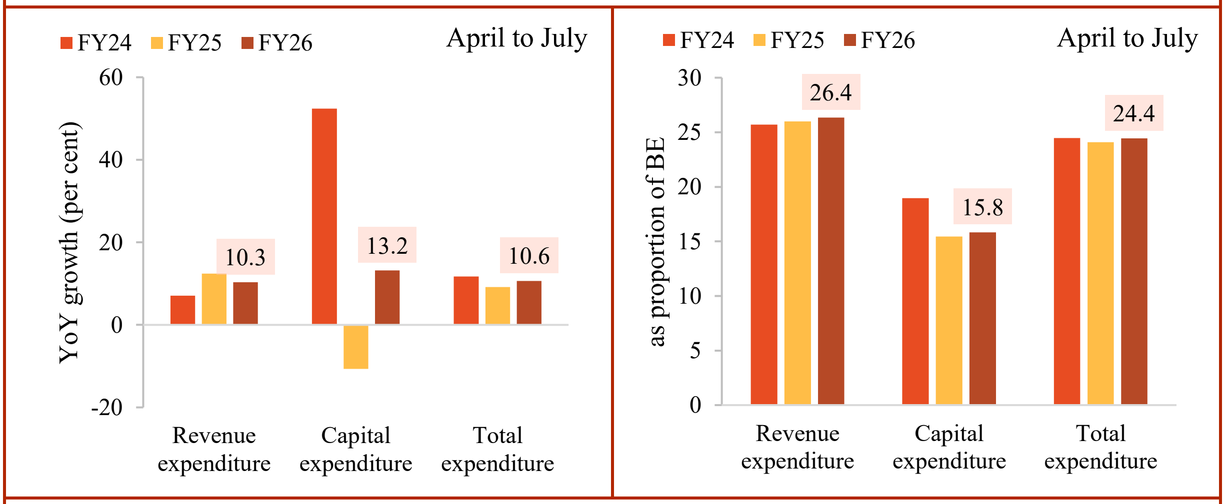
State Tax revenues: YoY Growth and as a proportion of Budget Estimates (BE)



Source: State Accounts Report, Comptroller and Auditor General of India.
Note: SCT-state's share in central taxes, SOTR-states own tax revenue, NTR-non-tax revenue

9. As a proportion of BE, while there is an uptick in capital expenditure compared to the previous year, it is lower than FY24 levels. Actual capex as a proportion of revenue expenditure stood at around 13 per cent for 21 States, against the budgeted proportion of 22 per cent.

State Governments' capex grows at a higher pace than revenue expenditure



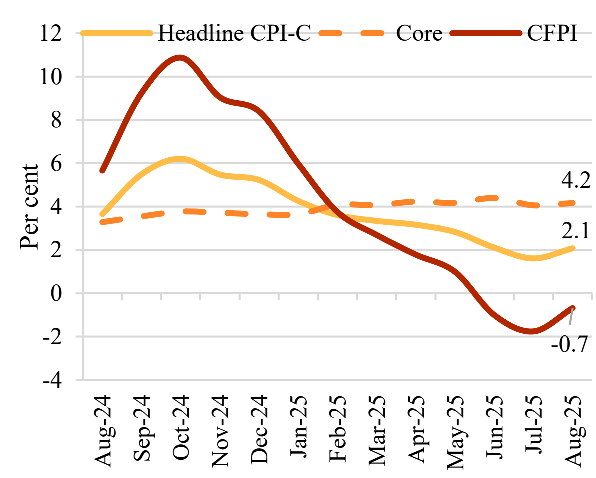
Source: State Accounts Report, Comptroller and Auditor General of India.
Note: Capital expenditure includes loans and advances disbursed

10. As of the end of July 2025, the States' revenue deficit as a proportion of Budget Estimates (BE) was higher than in previous years. This was because actual revenue expenditure grew faster year-on-year than revenue receipts. In contrast, the fiscal deficit showed only a relatively smaller increase as a proportion of BE. The growth in capital expenditure is higher than revenue expenditure incurred by states, indicating that focus on productive expenditures is not lost.

Inflation picks up

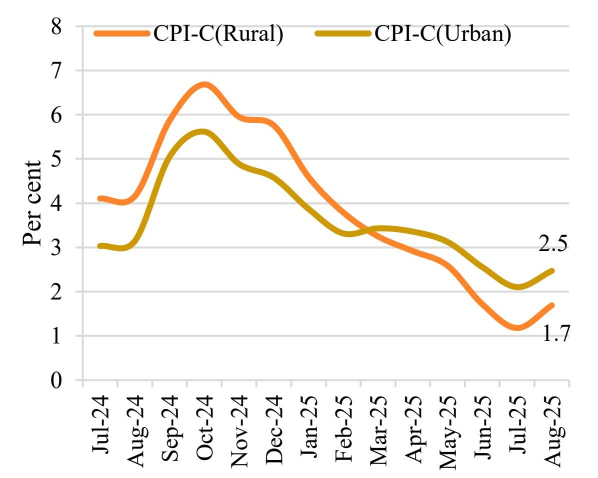
11. After a disinflationary period of nine consecutive months, headline inflation turned up to 2.07 per cent in August 2025. In all major six categories, positive price movement appeared, ranging from 0.05 per cent to 5 per cent. The deflation in food articles is continuing, but moderated to (-) 0.69 per cent in this month. Core inflation remained stable in August 2025, at 4.16 per cent compared with 4.06 per cent in July, extending the steady trend observed over the past six months. The uptick in headline inflation can be fully accounted for by the momentum (price) effect, as the base effect has completely waned in August 2025[3]. The trend of retail inflation being higher in urban areas than in rural areas continued in August, with inflation rising to 2.5 per cent in urban and 1.7 per cent in rural regions.

Headline, food and core inflation



Source: MoSPI

Retail inflation in rural and urban

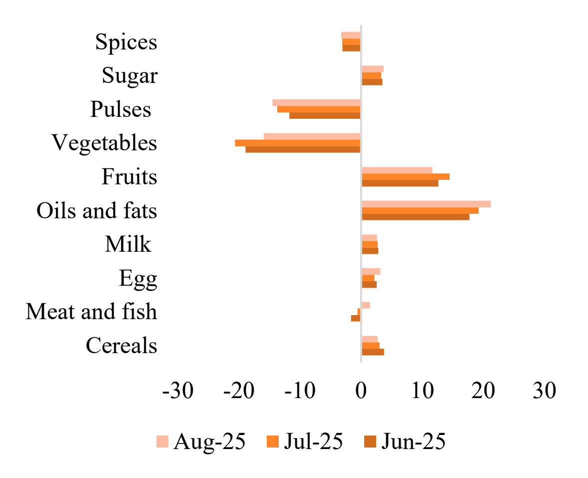
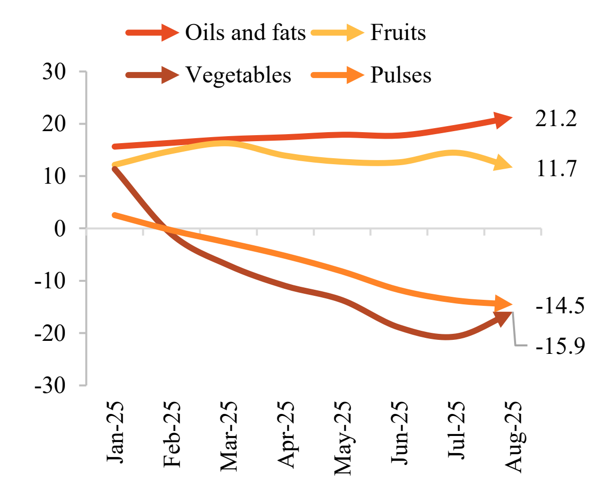


Source: MoSPI

Deflationary conditions ease in food items, steady inflation in non-food category

12. The deflationary trend in food articles, seen over the past two months, persisted in August 2025 but eased to (-) 0.69 per cent from (-) 1.76 per cent in July. Except for pulses, vegetables, and spices, most other food items recorded positive price movements during the month. The deflation in vegetable prices, which began in February 2025, also showed signs of waning, with the decline moderating to (-) 16 per cent in August from (-) 21 per cent in July. Meanwhile, fruit prices, which had been elevated for the past five months, eased to 12 per cent in August.

[3] The momentum effect is the inflation differential between the two consecutive months in the current year (which shows price change), while the base effect is the inflation differential between the two consecutive months in the previous year. Momentum is the part of inflation that comes from recent price changes continuing into the current period, while the base effect comes from last year's level of prices used for calculating annual inflation this year.

Price movement in food groups (per cent YoY)	Price movement in vegetables, pulses, edible oil and fruits (per cent YoY)
	

Source: MoSPI

13. Inflation in edible oil prices remains elevated and rising. To address this, the Government has notified the Vegetable Oil Products Production and Availability (Regulation) Amendment Order, 2025, effective August 1, 2025. The amendment aims to correct supply–demand imbalances by monitoring production and stock levels, while enabling timely policy measures such as adjusting import duties or facilitating imports. These steps are expected to help stabilise retail prices and improve the availability of edible oils across the country.

14. In the non-food category, inflation has eased marginally in fuel, housing, education and health during August 2025. The latest residential housing price index (NHB RESIDEX) released by National Housing Bank (NHB) also reports a significant softening of house price inflation in Q1 FY26. However, the inflation in the gold, silver and ornaments surged in August 2025. In fact, the upsurge in precious metals prices is holding the core inflation to around 4 per cent.

Financial and banking sector developments

Bank Credit[4]

15. As of end-June 2025, the YoY growth in outstanding credit by scheduled commercial banks (SCBs) moderated to 10.4 per cent from 13.9 per cent recorded as of end-June 2024. It is pertinent to note that this decrease in the flow of bank credit coincides with the increase in the overall flow of financial resources to the commercial sector during the same period.[5] The

[4] The data excludes the impact of the merger of the bank with a non-bank in July 2023.
[5] RBI's Monthly Bulletin, August 2025:https://tinyurl.com/kwcvnfxx
As per the RBI, *flow of resources to the commercial sector in India* consists of non-food bank credit and resources from non-bank sources, which include both domestic and foreign sources. The domestic sources include equity issuances by non-financial entities, corporate bonds by non-financial entities, hybrid instruments (REITs/ InvITS) by non-financial entities, commercial paper issuances by non-financial entities, credit by housing finance

non-bank sources of credit compensated for the decline in bank credit growth. This shift could be due to the large corporations increasingly relying on market-based instruments such as commercial paper and corporate bonds for their funding requirements, while the MSMEs largely rely on bank credit for their funding requirements.

16. The faster transmission of the monetary policy has made market-based financial instruments a viable source of funding for large corporations. Additionally, as the profitability of large corporates has increased over time, their internal resources have become an important source for business expansion.[6] Collectively, these factors have contributed towards decreasing their demand for bank credit. This can be verified from the fact that the private placement of corporate bonds increased by 47.9 per cent (YoY) as of June 2025, alongside a 48.9 per cent increase (YoY) in resources mobilised by the corporates from Equity, Debt and Hybrid issuances.[7]

17. In contrast, as per the RBI data, the trend in credit to the MSMEs reveals a robust growth trajectory. The bank credit to MSMEs has increased to 17.4 per cent YoY in June 2025, compared to an increase of 11.5 per cent in June 2024. It is noteworthy that, within the MSME sector, the credit extended to the micro and small enterprises has registered an increase of 19.3 per cent YoY in June 2025, up from 11 per cent YoY in June 2024.

Artificial Intelligence in Financial Services

18. The integration of AI in financial services represents a significant transformation in how financial institutions operate and manage risks. This paradigm shift requires institutions to recalibrate their strategies and regulations to align with evolving circumstances. In this context, the RBI's recent report titled "Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI)", August 2025, serves as a valuable guideline for effectively leveraging AI's potential while ensuring the integrity and stability of financial systems. The following Box summarises the recommendations of this report.

Box 2: Artificial Intelligence in Financial Services: Global Trends and India's Approach

Globally, the adoption of AI in finance is accompanied by parallel developments in international policy. The World Economic Forum's white paper on AI in Financial Services (January 2025) projects that investments across banking, insurance, capital markets and payments business will exceed USD 97 billion by 2027, with AI making substantial contributions to revenue growth in the forthcoming years through enhanced operational

companies (net of bank borrowings), credit by RBI-regulated all-India financial institutions, and credit by non-banking financial companies (net of bank borrowings). The foreign sources include external commercial borrowings by non-financial entities, ADR/GDR issues by non-financial entities, short-term credit from abroad, and foreign direct investment to India.

[6] The RBI, https://tinyurl.com/2c8t49rc

[7] The SEBI

efficiency, accuracy and a higher degree of personalisation at scale. Further, the AI-powered alternative credit scoring models promote financial inclusion, particularly in developing economies.

However, these benefits are accompanied by risks related to unintended consequences and ethical concerns. In response to these challenges, policymakers swiftly respond with various regulatory approaches, including principle-based guidance, voluntary initiatives, and binding legislation. The European Union is establishing a comprehensive AI regulatory framework through the EU AI Act, which aims to impose uniform rules across sectors and introduce a risk-based classification of AI systems. In contrast, Singapore is adopting a multi-stakeholder strategy that encourages responsible AI innovation within its fintech ecosystem, ensuring ethical standards. The UK and the US employ a guidance-based framework, allowing sector-specific regulators to evaluate the need for new subordinate legislation or adjust the existing regulations in response to AI-related risks.

Despite these diverse approaches, a shared objective emerges to ensure that AI enhances the provision of financial services safely and inclusively. These global developments serve as important context and benchmarks for India's trajectory in governing AI in the finance sector.

India: RBI's FREE-AI Framework for Responsible AI

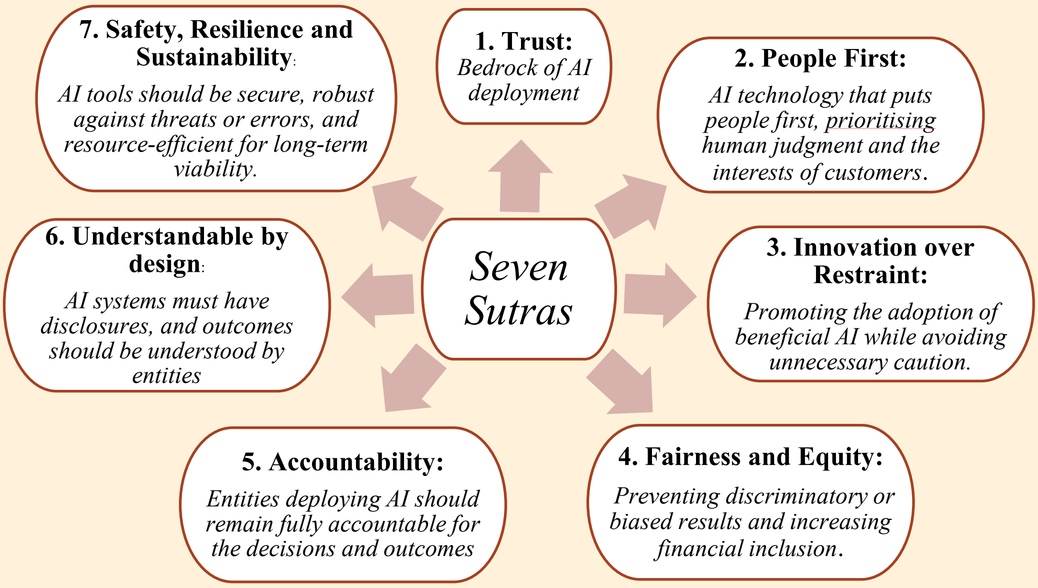
India's approach to adopting AI in financial services aligns with the broader goal of leveraging technology for inclusive economic development. The country's unique digital public infrastructure lays a foundation for AI integration, aiming to democratise financial access at an unprecedented scale.

The RBI's FREE-AI Framework is designed to foster innovation while ensuring robust risk management, highlighting that these two elements are complementary forces that should be pursued together. The framework also supports the India AI Mission, enhancing national AI capabilities, and aligns with the Digital Personal Data Protection Act, ensuring consistency in data governance.

Based on detailed surveys, the RBI found that AI adoption in Indian finance is still in its early stages, with only approximately 21 per cent of surveyed banks and financial institutions implementing or developing AI solutions. Adoption is concentrated among larger banks, while smaller urban cooperative banks and many NBFCs face resource constraints, including inadequate data infrastructure, limited skilled talent, and insufficient IT budgets, which hinder AI deployment. Additionally, even among early adopters, the use of AI applications remains basic, often focused on improving process efficiency, customer interactions (like simple chatbots), lead generation, and internal decision support rather than engaging in complex autonomous decision-making.

Similarly, on a global scale, the landscape of AI adoption reflects a careful and measured approach. In the United States, the Financial Times reports that many companies that deployed AI are placing a greater emphasis on assessing the risks associated with AI implementation over the potential productivity benefits that AI offers. This cautious attitude highlights a broader trend of measured AI integration across various sectors.8

The RBI's framework recognises the importance of trust in mitigating systemic risks and preserving consumer confidence. It identifies seven core guiding principles, as "Seven Sutras," to ensure effective AI development, deployment, and governance within the financial sector.



Guided by these principles, the RBI's FREE AI outlines **six strategic pillars** for implementing its vision effectively. Under the **Innovation Enablement Framework**, the focus is on **Infrastructure**, **Policy**, and **Capacity Building**. This includes developing shared data and technology infrastructure to democratise AI access (for example, data lakes or plug-and-play 'landing zones' platforms that smaller firms can leverage), crafting agile policies and establishing regulatory sandboxes for safe and controlled experimentation, along with addressing the AI skill gap. The **Risk Mitigation Framework** focuses on **Governance**, **Protection**, and **Assurance** to create transparent governance structures (like board oversight and ethics committees), implement robust protective measures for privacy and security, and mandate ongoing monitoring and validation of AI systems to ensure reliability.

As these pillars provide a structured approach for financial regulators and institutions to leverage AI's benefits while managing risks, India's financial sector is better placed. At the

8 Financial Times – 'America's top companies keep talking about AI — but can't explain the upsides', dated September 23, 2025: https://tinyurl.com/yc669h9h

same time, this position puts India as a leader in AI governance and presents a model for emerging economies, effectively balancing innovation with social responsibility.

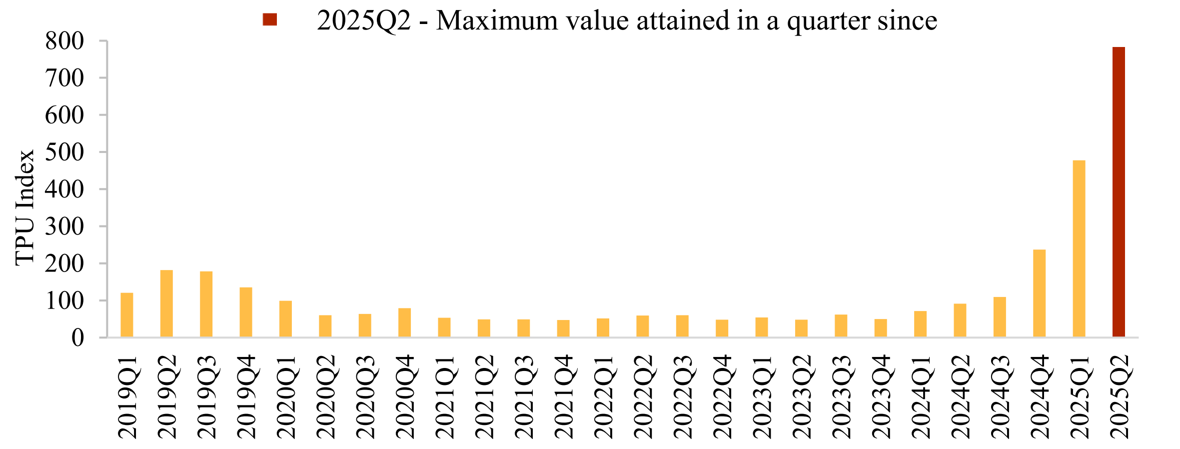
Source: RBI FREE-AI Committee Report: https://tinyurl.com/y9scv5a6

Global Trade Developments

19. Persistent shocks, including tariff uncertainties, geopolitical tensions, and disruptions in supply chains, have reshaped global trade dynamics. Historically, increases in uncertainty were episodic and relatively contained, as multilateral and regional agreements served as stabilising factors, mitigating abrupt policy shifts and providing predictability to global markets.

20. Against this backdrop, in 2025, uncertainty reached unprecedented levels, posing considerable challenges for global trade. The Trade Policy Uncertainty (TPU) Index peaked in Q2 CY25, recording the highest level attained in a quarter since 1960. In Q1 CY25, the TPU Index increased by 101.3 per cent on a QoQ basis, followed by a 63.7 per cent increase in Q2 CY25 on a QoQ basis.

Trade Policy Uncertainty Index



Source: Caldara, Dario, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino, and Andrea Raffo, "The Economic Effects of Trade Policy Uncertainty" (https://www.federalreserve.gov/econres/ifdp/files/ifdp1256.pdf)

21. The sources of this uncertainty are both economic and non-economic. While industrial policies and competition for critical raw materials are driving supportive trade measures, persistent concerns over trade imbalances are simultaneously prompting corrective trade measures. Additionally, some nations are employing trade policy unilaterally to pursue their various domestic goals. These unilateral actions have, in turn, prompted retaliation. As rule-based trading systems weaken, strategic ambiguity is likely to characterise the trade policymaking process, further contributing to uncertainty.

India’s trade performance in August 2025

22. The trade statistics for August 2025 reflect a notable resilience amidst a dynamic global trade environment. The total trade deficit (merchandise & services) during August 2025 stood

at USD 9.9 billion, a 54.6 per cent YoY decrease, primarily on account of robust services exports and a decline in merchandise imports. During this period, total exports registered a growth rate of 9.3 per cent (YoY), while total imports reduced by 7 per cent (YoY).[9]

23. In August 2025, merchandise exports grew by 6.7 per cent (YoY), while merchandise imports declined by 10.1 per cent. Consequently, the merchandise trade deficit decreased to USD 26.5 billion from USD 35.6 billion in August 2024. The composition of merchandise trade indicates that the improvement in the overall trade performance is broad-based. Non-petroleum, non-gems and jewellery exports demonstrated a growth of 6.1 per cent (YoY), accounting for 80.7 per cent (USD 28.3 billion) of total merchandise exports. Additionally, the gold imports have reduced by 56.7 per cent (YoY), which can be attributed to rising gold prices that have increased by 36.3 per cent (YoY) and to import restrictions implemented in June 2025.[10,11,12] The significant decline in gold imports has played a crucial role in reducing the merchandise trade deficit.

24. Simultaneously, the services trade continued to provide thrust to India's trade performance. Services exports registered a growth of 12.2 per cent (YoY) and imports grew by 6 per cent (YoY) in August 2025; as a result, the net of services trade (USD 16.6 billion) grew by 19.5 per cent (YoY).

25. Effectively, the services trade surplus covered approximately two-thirds of the merchandise trade deficit, thereby substantially reducing the total trade balance in August 2025 compared to August in the previous year.

26. In terms of international engagements, at the recent SCO Trade Ministers' meeting (September 2025), India reaffirmed its support for an open, fair, inclusive and non-discriminatory multilateral trading system with the WTO at its core.[13] Negotiations with the EU for an FTA are at an advanced stage, and an agreement with Oman is expected to be finalised soon. Active dialogues with the United States, New Zealand, Qatar, Chile, Peru, and several other nations are underway.[14]

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[9] The latest data for services sector released by RBI is for July 2025. The data for August 2025 is an estimation, which will be revised based on RBI's subsequent release.

[10] Based on International Prices of Gold from LBMA Precious Metal Prices.

[11] The Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, issued Notification No. 18/2025-26 dated June 17, 2025, to restrict the import of alloys of Palladium, Rhodium, and Iridium containing more than 1% gold by weight. https://tinyurl.com/f5rdnv4f

[12] The Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, issued Notification No. 19/2025-26 dated June 17, 2025. https://tinyurl.com/f5rdnv4f

[13] PIB Press release of the Ministry of Commerce & Industry, dated September 07, 2025: https://tinyurl.com/4v5v4j7s

[14] PIB Press release of the Ministry of Commerce & Industry, dated September 07, 2025: https://tinyurl.com/mvrr667e

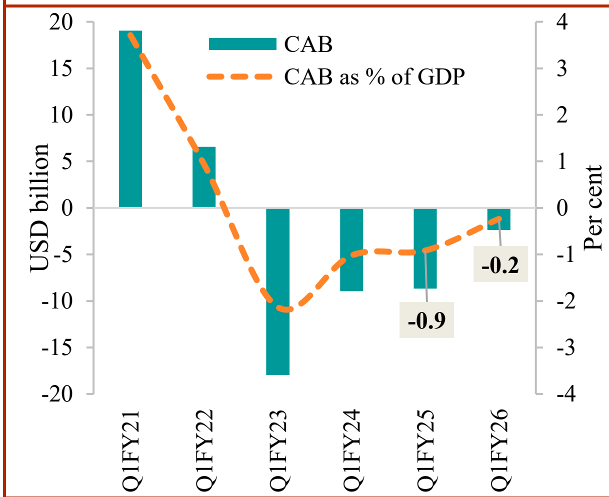
Developments in India's Balance of Payments in Q1 FY26

Current Account Balance

27. In Q1 FY26, India's current account deficit stood at USD 2.4 billion (0.2 per cent of GDP), declining from USD 8.6 billion (0.9 per cent of the GDP) during Q1 FY25, mainly driven by higher net invisible receipts, particularly services receipts and personal transfers, mainly representing remittances.[15]

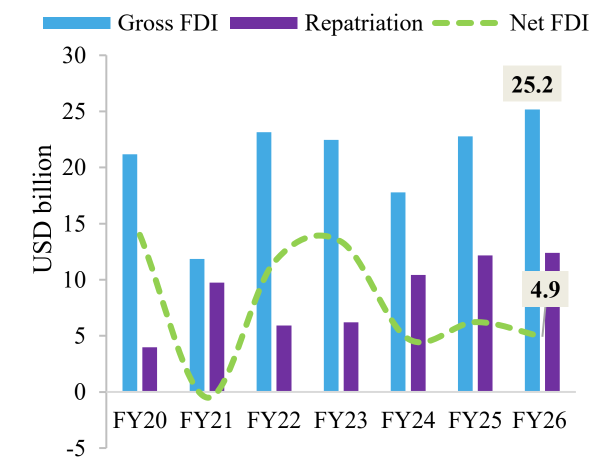
28. Net services receipts increased to USD 47.9 billion in Q1FY26 from USD 39.7 billion in Q1 FY25, representing a YoY increase of 20.7 per cent. Remittance inflows reached USD 33.2 billion in Q1FY26, registering a 16.1 per cent YoY increase. These inflows now comprise 13 per cent of total current account receipts in Q1FY26 and play a crucial role in supporting household consumption and maintaining macroeconomic stability.

Current Account Balance



Source: RBI

Foreign Direct Investment (April-June)



Source: RBI

Capital Flows

29. Gross inward FDI stood at USD 25.2 billion in Q1 FY26, compared with USD 22.8 billion in Q1 FY25, representing an increase of 10.5 per cent YoY. If this trend is maintained in the coming quarters, it would result in annual gross FDI inflows of around USD100.0 bn. There are notable improvements in equity inflows, while the incidence of repatriations remains broadly at the same level as in Q1 FY25. As a result, net FDI inflows stood at USD 4.9 billion in Q1 FY26. Additionally, it is pertinent to note that the gross FDI reached a four-year high in June 2025.

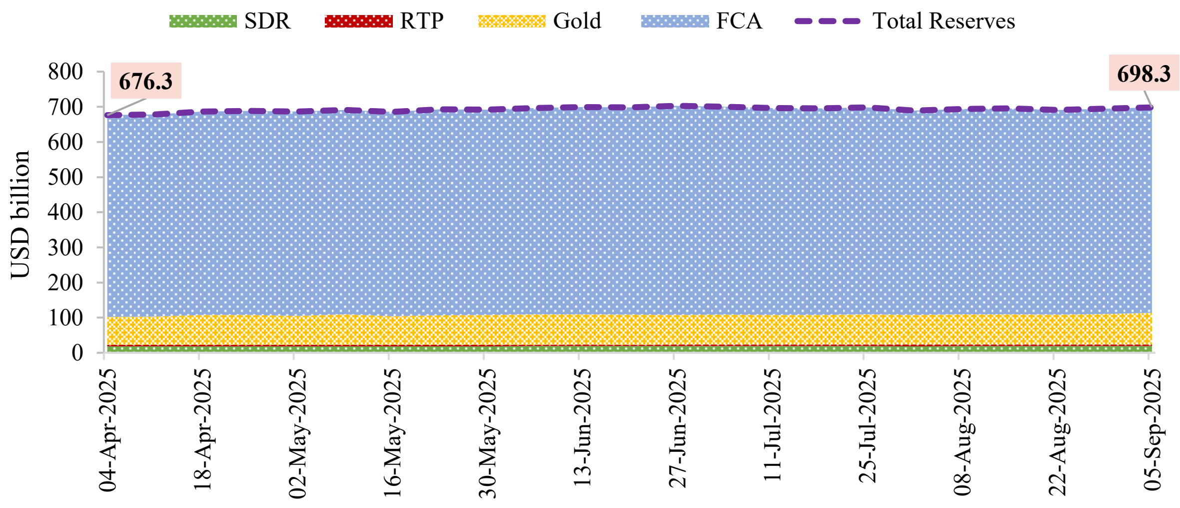
[15] RBI - Developments in India's Balance of Payments during the First Quarter (April-June) of 2025-26: https://tinyurl.com/y2fsmz7j

30. In August 2025, foreign portfolio investment (FPI) saw net outflows of USD 2.3 billion, primarily due to equity outflows amounting to USD 4 billion. This was partially offset by net inflows of USD 1.4 billion into the debt segment.

Foreign Exchange Reserves

31. As of September 12, 2025, the foreign exchange reserves stand at a level of USD 703 billion, providing an import cover of 11.6 months[16] and around 94.8 per cent of India's total external debt outstanding as of end-March 2025.

Foreign Exchange Reserves



Source: RBI

Positive momentum in the labour market

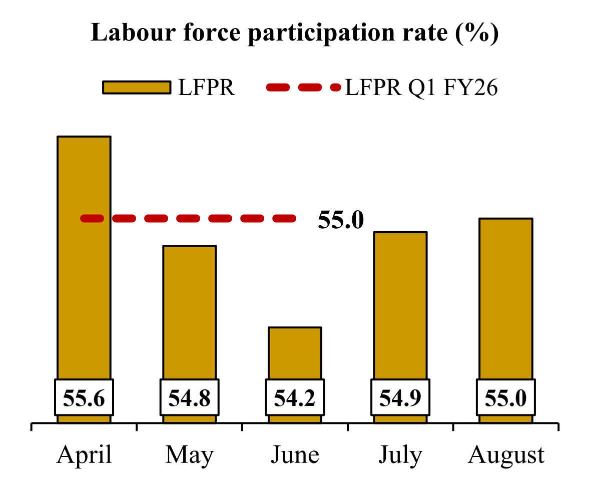
32. India's labour market continues to show steady activity, as revealed by official monthly Periodic Labour Force Survey (PLFS) data alongside high-frequency hiring indicators. Establishment-level data from the Annual Survey of Industries (ASI) for the manufacturing sector and the Quarterly Bulletin of Unincorporated Sector Enterprises (QBUSE) for the non-agriculture sector point to job creation in both the organised and unorganised sectors. Together, these sources highlight improving labour force participation, falling unemployment, and robust job creation in the economy.

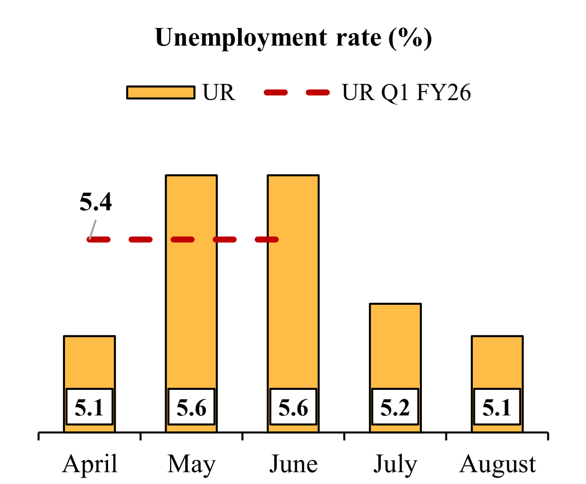
33. The quarterly and monthly PLFS data reveal a steady labour market with seasonal variations. The monthly August PLFS bulletin reports a labour force participation rate (LFPR) of 55 per cent (as per the current weekly status (CWS))[17], among persons aged 15 years and

[16] RBI's Weekly Statistical Supplement dated September 12, 2025: https://tinyurl.com/bdw3kzpn
[17] The activity status of a person is determined on the basis of the activities pursued by the person during the specified reference period. The activity status determined on the basis of a reference period of the last 7 days preceding the date of the survey is known as the current weekly status (CWS) of the person.

above, marking a four-month high. Additionally, the unemployment rate (UR) declined to 5.1 per cent, reaching a four-month low (the monthly PLFS reports have been available since April 2025). This decline in UR is attributed to the fall in UR of males in urban areas from 6.6 per cent in July 2025 to 5.9 per cent in August 2025. The UR among rural males has also declined to 4.5 per cent in August 2025, the lowest in the previous four months.[18]

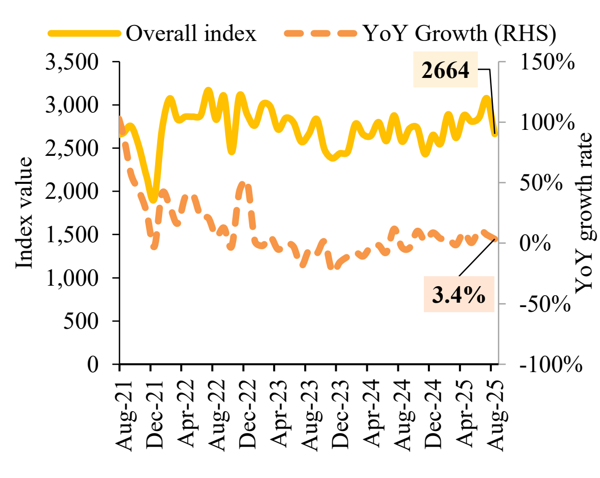
Positive momentum in the labour market





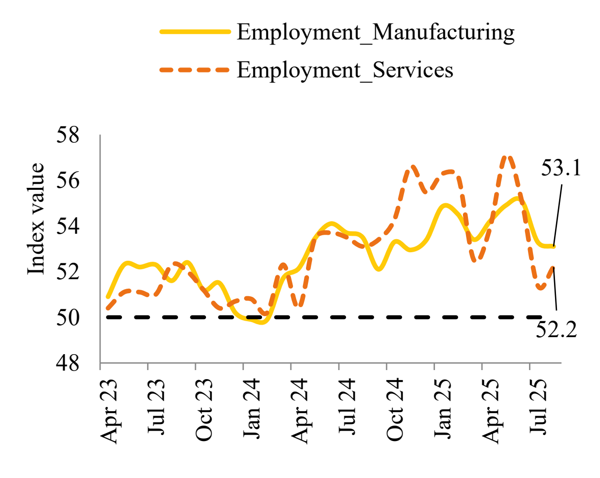
Source: Monthly (August 2025) and Quarterly PLFS bulletin (April-June 2025), MoSPI
Note: For the current weekly status, age 15 years and above

Naukri Jobspeak Index saw growth.



Source: Naukri JobSpeak Index

Modest job expansion in the manufacturing and services sector



Source: HSBC PMI

34. These official trends, supplemented by high-frequency indicators, reflect a resilient jobs market. The Naukri JobSpeak index, a key indicator of white collar hiring in India, witnessed a modest 3.4 per cent YoY growth in August 2025. This rise in hiring was driven by growth in hiring for Artificial Intelligence (AI) and Machine Learning (ML) roles and the non-IT sector.

[18] Monthly PLFS bulletin for August 2025: https://tinyurl.com/4mndv4t4

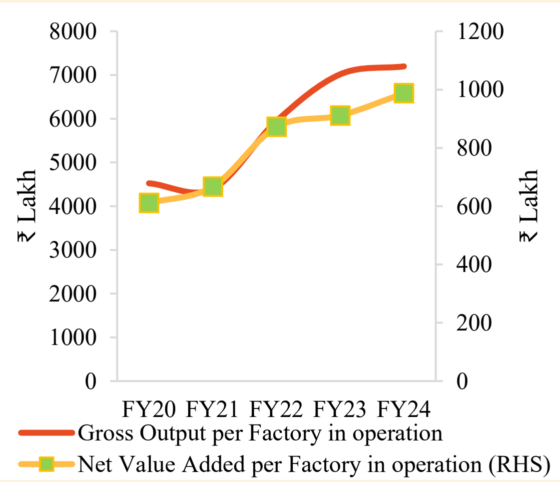
The AI and ML roles experienced a 54 per cent YoY rise. Non-IT sector industries like the insurance sector (+ 24 per cent YoY), followed by hospitality (+ 22 per cent YoY), real estate (+18 per cent) and education (+16 per cent) continue to drive the growth in white-collar hiring. Fresher hiring (individuals with up to three years of experience) saw a remarkable 7 per cent YoY rise driven by demand in non-IT sectors like Hospitality, real estate, and education. Job creation in manufacturing and services sectors continues its positive trend, with the PMI employment sub-index remaining in the expansion zone for the 18th consecutive month.

Box 3: ASI 2023-24 – Continued rise in employment and value added in the organised manufacturing sector

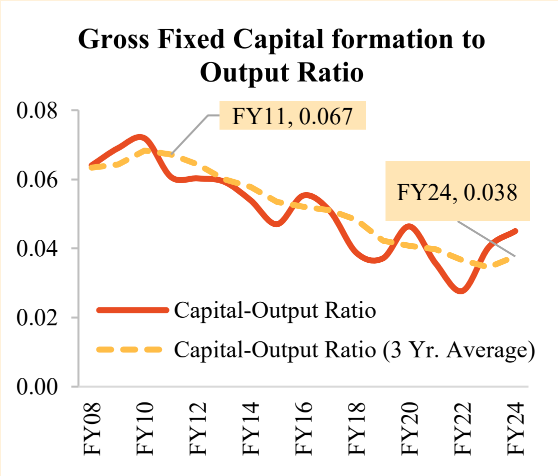
The Ministry of Statistics and Programme Implementation has released the Annual Survey of Industries (ASI) for April 2023–March 2024[19], which underscores the sustained strength of the manufacturing sector.

The number of factories expanded by 2.7 per cent in FY24—more than double the average annual growth of 1.3 per cent recorded during the pre-pandemic years (FY15–FY20)—reflecting an acceleration in capacity creation supported by proactive policies aimed at fostering a favourable business environment. Manufacturing value addition also exhibited robust momentum, with net value added recording a strong double-digit growth of 12 per cent in FY24. Net value added per factory rose to 1.6 times the FY20 level, which likely reflects a combination of efficiency gains and the expansion of capacity in higher value–adding industries.

Capacity expansion in manufacturing



Improving capital productivity



Source: ASI, MoSPI

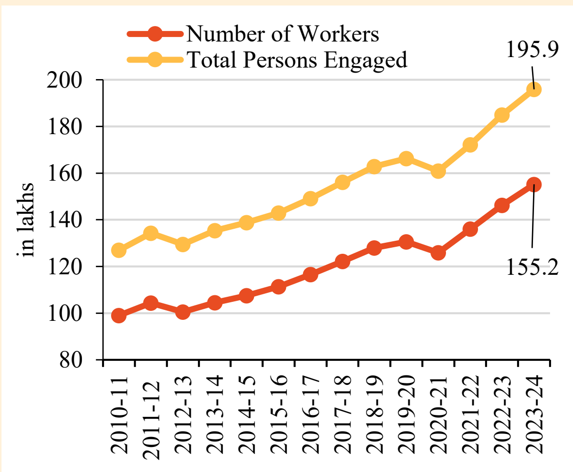
Investment growth, as measured by gross capital formation, remained robust, increasing at a higher rate of 10.5 per cent in FY24 compared to 9.2 per cent in the previous period. Further,

[19] The reference period of the survey is April 2023 to March 2024. The field work for this survey was carried out during October 2024 to June 2025.

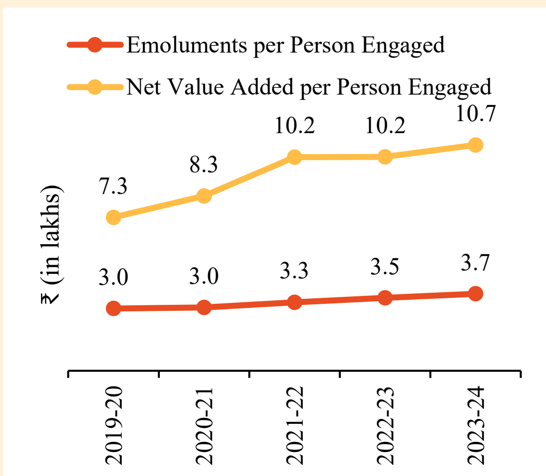
the continuous decrease in the three-year moving average of gross fixed capital formation-output ratio since FY11 indicates improved capital productivity and capacity utilisation. This improvement is underpinned by large-scale infrastructure programmes, targeted industrial policies and ongoing reforms to enhance the ease of doing business. Overall, these developments demonstrate a more efficient use of resources, enhanced competitiveness, and a stronger foundation for future investment in emerging sectors.

Employment grew by 6 per cent YoY.[20] This translates into an addition of over 10 lakh jobs in FY24 over FY23. The sector added more than 57 lakh jobs over the past decade, between FY15 and FY24.[21] The share of contract workers to total workers has increased from 38 per cent in FY20 to 42 per cent in FY24. In terms of geographic distribution, six states contribute to over 60 per cent of the total employment in the manufacturing sector with Tamil Nadu (15 per cent) on top followed by Gujarat (13 per cent), Maharashtra (13 per cent), Uttar Pradesh (8 per cent), Karnataka (6 per cent), Haryana (6 per cent) and Telangana (5 per cent).

Rise in overall factory employment and employment per factory



Growth in emolument per person and net value added (NVA) per person



Source: ASI report 2023-24, MoSPI

Another key feature of the data is the rising net value added per person engaged. This signals improved labour productivity and output efficiency, with each employed person contributing substantially more to total value creation than in previous years. The sector also experienced positive growth in emoluments per person. The ASI findings reflect the key role of the manufacturing sector in employment generation and productivity.

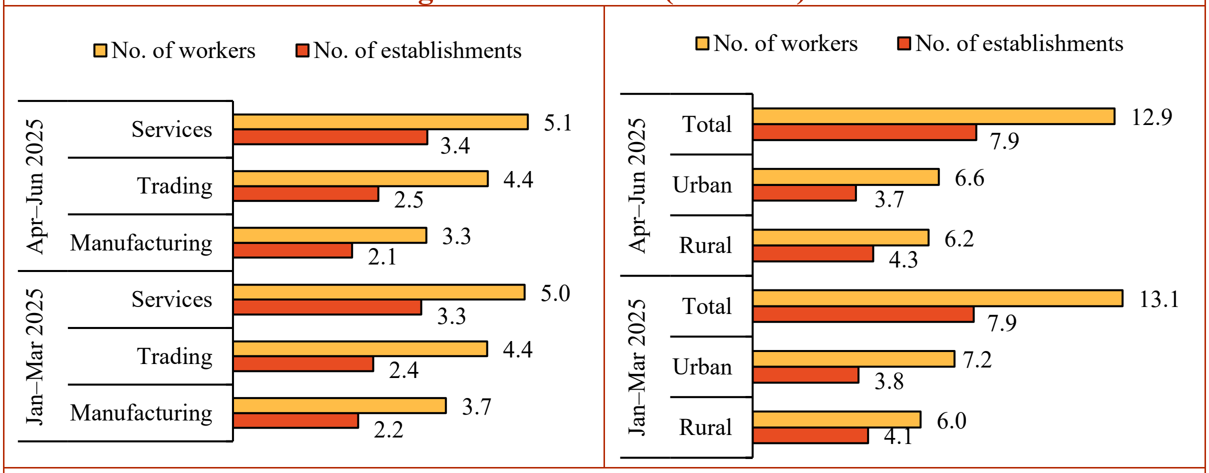
[20] It may be noted that employment refers to total persons engaged (TPE), which includes the employees (which include workers and clerical/administrative staff) and all working proprietors and their family members who are actively engaged in the work of the factory even without any pay, and the unpaid members of the cooperative societies who worked in or for the factory in any direct and productive capacity.
[21] The ASI, conducted by the MoSPI, covers the organised manufacturing sector. Its coverage extends to the entire Factory Sector comprising industrial units (called factories) registered under the Sections 2(m)(i) and 2(m)(ii) of the Factories Act, 1948, with ten or more workers with electricity or twenty or more workers without electricity. (https://www.mospi.gov.in/sites/default/files/press_release/PIBNote_ASI%202023-24-English_rev.pdf)

Seven industry groups in the manufacturing sector contribute to around 60 per cent of the total employment. These are food products (11 per cent), Textiles (9 per cent), Basic metals (8 per cent), Motor vehicles, trailers and semi-trailers (7 per cent), wearing apparel (7 per cent), Machinery and equipment (6 per cent), Chemicals and chemical products (6 per cent) and Other non-metallic mineral products (6 per cent).

Employment in the unincorporated sector enterprises

35. The National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI) has released the first Quarterly Bulletin of Unincorporated Sector Enterprises[22] (QBUSE), which provides estimates for January to March 2025 and April to June 2025. Earlier, the ministry provided annual estimates for the sector through the Annual Survey of Unincorporated Sector Enterprises (ASUSE). The quarterly bulletin is designed to deliver timely and periodic estimates with a quarterly frequency between the annual estimates using the same framework as ASUSE. [23]

Increase in the number of establishments and workers in the unincorporated non-agricultural sector (In crores)



Source: QBUSE

36. According to the QBUSE report for April-June 2025, the unincorporated non-agricultural sector comprises a total of 7.9 crore establishments, providing employment for 12.9 crore individuals. The share of working owners among total employed workers in the sector increased from 58.3 per cent in the January-March quarter to 60.2 per cent in the April-June quarter, indicating a shift towards self-employment and entrepreneurial activities.[24] The

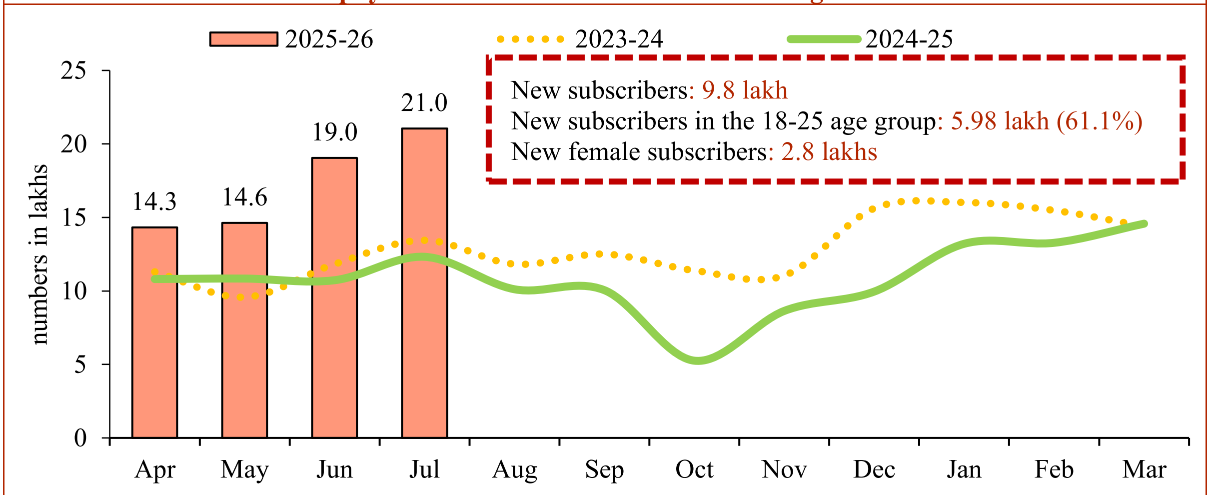
[22] Unincorporated non-agricultural establishments: Non-agricultural establishments which are not incorporated (i.e., neither registered under Companies Act, 1956 nor under Companies Act, 2013).
[23] The QBUSE is a quarterly publication of the Annual Survey of Unincorporated Sector Enterprises (ASUSE). It presents key estimates at more frequent intervals based on data collected during the quarters covered by ASUSE. Quarterly Bulletin of Unincorporated Sector Enterprises (QBUSE): https://www.mospi.gov.in/sites/default/files/press_release/Press_Note_ASUSE_Quarterly_Q1%2BQ2.pdf
[24] "Working Owners" are individuals who own and operate their unincorporated businesses, and either work in them themselves or are involved in their management.

rural workforce in the sector was 6.25 crore in April-June 2025, emphasising the significant contribution of unincorporated enterprises to rural economic activities. Additionally, women represent over 28 per cent of the workforce in the sector, indicating progress toward gender-inclusive growth.

Formalisation of the labour force

37. The increase in net monthly payroll additions under the Employees Provident Fund Organisation (EPFO) highlights the ongoing shift towards a more formalised economy. This trend is highlighted in the Quess Pulse Report FY25, which reports the ongoing formalisation of the labour market transformation driven by increased female participation and a rising number of young workers entering formal employment.[25]

EPFO net payroll additions reached an all-time high in June 2025



Source: EPFO payroll data

Demographic shifts

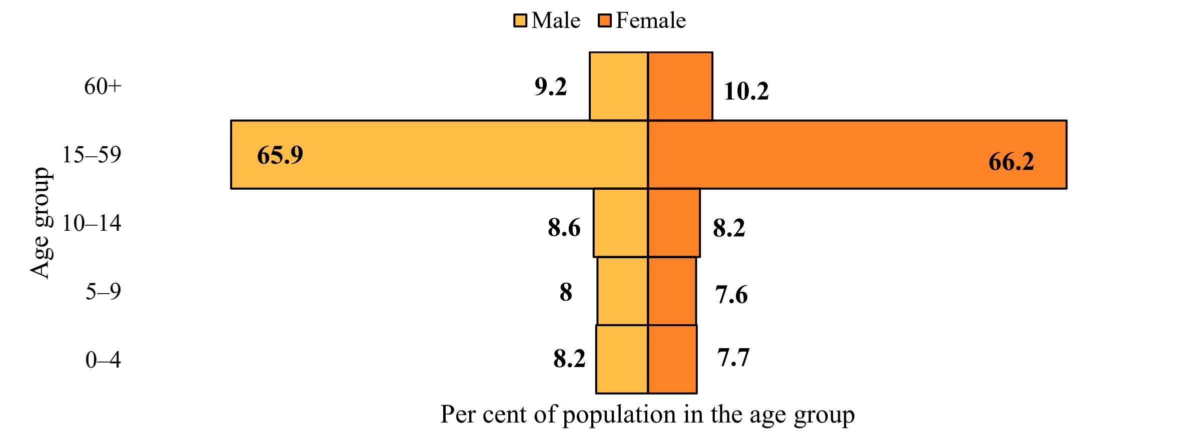
38. Demographic dynamics significantly influence the country's growth prospects and policy priorities. They play a key role in developing a country's education, skilling, and health policies, which will impact the overall human capital composition in the future. The recently released Sample Registration System 2023 report spotlights a notable shift in India's population structure. Between 2013 and 2023, India experienced notable improvements in key demographic indicators, reflecting progress in healthcare and population management.[26]

39. The Birth Rate[27] declined from 21.4 births per 1,000 population in 2013 to 18.4 in 2023, whereas the Death Rate[28] reduced from 7.0 to 6.4 deaths per 1,000 population during the same

[25] Quess Corp. (2025). *Pulse Report FY25:* https://www.quesscorp.com/reports/
[26] Sample Registration System 2023:
https://censusindia.gov.in/nada/index.php/catalog/46172/download/50420/SRS_STAT_2023.pdf
[27] It is the number of live births per 1,000 people in the middle of a given year.
[28] It is the number of deaths per 1,000 people in the middle of a given year.

period. Most significantly, the Infant Mortality Rate[29] dropped from 40 to 25 infant deaths per 1,000 live births, falling by more than 37 per cent. Meanwhile, the total fertility rate (TFR)[30] declined from 2.3 in 2013 to 1.9 in 2023, falling below the replacement rate. In 2023, institutional deliveries accounted for around 94.9 per cent of all births, covering Government and private facilities. When considered together, these factors demonstrate improved maternal and child healthcare services.

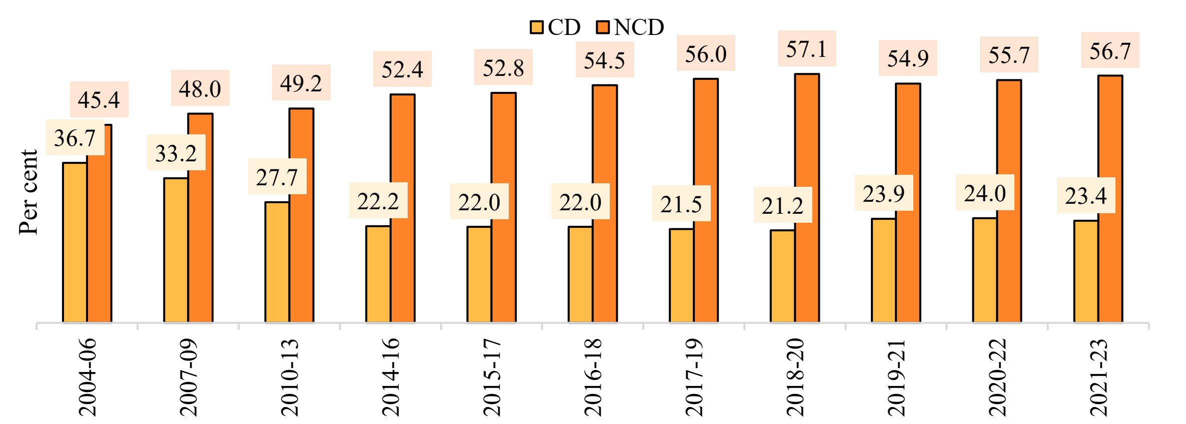
Percentage distribution of the population by broad age-groups (2023)



Source: Sample Registration System 2023 report

40. Another key feature of the data is the rise in the share of the old age population (60+ years of age) from 8.3 per cent in 2013 to 9.7 per cent in 2023, whereas the working age population (15-59 years of age) share increased from 63.3 per cent in 2013 to 66.1 per cent in 2013. Importantly, the population share of young dependents (0–14 years of age) has consistently declined, further underscoring India's transition toward a mature age structure.

Rise of NCDs in the share of disease burden



Source: Sample Registration System 2023 report

[29] It is the number of deaths of infants under one year of age per 1,000 live births.
[30] It is the average number of children a woman would have during her reproductive years.

41. India's life expectancy at birth increased from 69.9 years during the period 2018–2022 to 70.3 years in 2019-2023. This increase reflects advancements in healthcare infrastructure, nutrition, and living conditions, which have improved life expectancy and added years to life.[31] With the rise in life expectancy, India has also experienced an epidemiological transition with the health burden shifting from infectious to chronic non-communicable diseases.

Outlook

42. India's economic outlook remains broadly optimistic despite a turbulent international environment marked by geopolitical uncertainties and shifting trade dynamics. The GDP growth surprised on the upside in Q1 FY26. Domestic components of demand have played a key role in supporting growth and is expected to remain so in the next half year as well. Recognising the need to strengthen domestic growth drivers amid these heightened external-sector risks, the government has announced a rationalisation of the GST regime. This move is expected to lower the tax burden on consumers, boost consumption, and provide a cushion against tariff impacts. Additionally, it is likely to improve demand visibility for firms, enabling them to expand investment in additional capacities.

43. Inflation is expected to remain well under control, with replenished reservoirs auguring well for the winter crop. Additionally, the revision in GST rates may lead to a one-time reduction in inflation over the next year.

44. Despite trade and tariff-related headwinds, India's external sector has remained resilient. Strong service exports and remittances have offset the merchandise trade deficit, while gross FDI inflows continue to rise, underscoring India's appeal as an investment destination. Labour market momentum is expected to stay positive. However, the recent US imposition of a one-time fee of US$100,000 for all future H-1B visas cause disruptions, the impact of which—particularly on the growths of future remittances and service trade surpluses—will need close monitoring if the restrictions persist. India is also expanding its economic partnerships, signing a bilateral investment treaty with Israel and preparing a Comprehensive Economic Partnership Agreement with Oman to reduce duties, boost investment, and diversify trade beyond energy imports.

45. The combination of strong growth, macroeconomic stability, and credible commitment to fiscal discipline over the previous few years has earned India its third sovereign ratings upgrade in FY26. After upgrades by Morningstar DBRS, and S&P Global Ratings, Japanese credit ratings agency Rating and Investment Information, Inc. (R&I) upgraded India's sovereign rating from BBB to BBB+ while retaining a stable outlook. With the reform push, there is a further upside bias on the growth prospects of the country. The OECD revised India's GDP growth forecast for 2025 upward by 40 basis points, to 6.7 per cent from the earlier 6.3

[31] Office of the Registrar General of India, Ministry of Home Affairs

per cent projected in June, citing strong domestic demand and the impact of robust GST reforms.

46. At the same time, this is not the time to drop our guard. Uncertainties and risks persist. If tariff uncertainties persist, there will be an impact on export sectors with spillover risk to domestic employment, income and consumption. Newer markets will take time to mature and contribute to export growth as established markets have. The decision by the U.S. government to impose a fee on new H1B visa-seekers is a reminder of the risks of trade uncertainties affecting the hitherto unaffected services sector. For now, the risks appear manageable, but they are there. Taking advantage of the strong monsoon and even excess rains, India must invest in water storage, deepening, desilting and rejuvenating water bodies. Growth in agriculture can be taken up by a few notches if productivity improvements and farmer empowerment go hand in hand. National security and self-sufficiency in critical primary resources will have to be kept in mind and strengthened, considering the rapidly polarising geopolitical environment. Speed of decision-making and attention to detail in execution are more critical than ever at all levels of the government - Union, States and local. Commitment to and delivering on fiscal targets is critical to make available the stimulus of lower cost of capital to all segments of the society.

47. The union government's reform agenda is expected to cushion the economy against the adverse effects of trade disruptions. Regulatory reform and infrastructure development will be key to sustaining momentum. States will do well to leverage cooperative federalism and contribute to this effort by pursuing state-level deregulation, thereby putting India's economy on a higher growth trajectory. The near-term outlook, therefore, is characterised by steady, reform-driven growth rooted in macroeconomic discipline and adaptive economic diplomacy, with ongoing vigilance warranted against external shocks and global market volatility.

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Performance of High-Frequency Indicators

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)		
			2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
Agriculture								
Fertiliser Sales	Mn Tonnes	Apr - Jun	102.1	107.5	121.2	2.5	5.3	12.7
Domestic Tractor Sales	Lakh	Apr - Aug	3.7	3.7	4.1	-0.3	-0.2	11.6
Foodgrain Production	Mn Tonnes	3rd AE	328.9	354		-0.5	7.6	
Reservoir Level	Bn Cu. Metres	11-Sep	117.7	153.8	157.7	-23.1	30.7	2.5
Wheat Procurement (RMS)	LMT	17-Sep	260.7	265.9	299.9	39.1	2.0	12.8
Kharif Sowing (Foodgrain)	Mn Hectare	12-Sep	69.5	72.8	74.9	-1.5	4.7	2.9
Rainfall	Millimeters	17-Sep	741.4	867.4	869.1	-14.3	17	0.2
Credit to Agri and allied activities	₹ Lakh crore	July	18.3	21.6	23.1	16.9	17.9	7.3
Industry								
IIP	Index	Apr - Jul	143.2	150.9	154.4	5.1	5.4	2.3
8-Core Industries	Index	Apr - Jul	154.4	164.1	166.7	6.6	6.3	1.6
Domestic Auto sales	Lakh	Apr - Aug	87.3	99.2	98.5	7	13.6	-0.7
PMI Manufacturing	Index	Apr - Aug	58	58	58.5	2.8	0	0.5
Power consumption	Billion kWh	Apr - Aug	706.8	745.6	749.2	7.4	5.5	0.5
Natural gas production	Bn Cu. Metres	Apr - May	5.7	6.1	5.9	-1.5	7.2	-2.9
Cement production	Index	Apr - Jul	186.2	189	205.8	11.3	1.5	8.9
Steel consumption	Mn Tonnes	Apr - Aug	53.1	60.4	65.4	14.7	13.7	8.3

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)		
			2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
Inflation								
CPI-C	Index	Apr - Aug	182.1	190.1	194.6	5.6	4.4	2.4
WPI	Index	Apr - Aug	150.8	154	154.2	-2.1	2.1	0.1
CFPI	Index	Apr - Aug	184.2	198	197.7	6.6	7.5	-0.2
CPI-Core	Index	Apr - Aug	178.9	184.6	192.4	5.1	3.2	4.2
Services								
Domestic Air Passenger Traffic	Lakh	Apr - Jul	1010.7	1071.8	1107.9	20.7	6	3.4
Port Cargo Traffic	Million tonnes	Apr - Jul	266.7	278.5	293	2.4	4.4	5.2
PMI Services	Index	Apr - Aug	60.8	60.5	60.3	3.1	-0.3	-0.2
Fuel Consumption	Million tonnes	Apr - Aug	96	99.7	99.7	6.1	3.9	0
UPI (Volume)	Crore	Apr - Aug	4819.9	7062.4	9444.2	59.2	46.5	33.7
E-Way Bill Volume	Crore	Apr - Aug	44	51	62.2	16.7	15.9	22
Fiscal Indicators								
Gross tax revenue (Central Govt)	₹ Lakh crore	Apr - Jul	8.9	10.8	10.9	2.8	21.3	0.8
Revenue Expenditure	₹ Lakh crore	Apr - Jul	10.6	10.4	12.2	15.9	-2.3	17.1
Capital Expenditure	₹ Lakh crore	Apr - Jul	3.2	2.6	3.5	52	-17.6	32.8
Fiscal Deficit	₹ Lakh crore	Apr - Jul	6.1	2.8	4.7	77.7	-54.3	69.1
Primary Deficit	₹ Lakh crore	Apr - Jul	3.1	-0.5	0.2	436.7	-116.7	-142.6
GST Collection	₹ Lakh crore	Apr - Aug	8.3	9.1	10	11.3	10.1	9.9

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)		
			2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
External Sector								
Merchandise exports	USD Billion	Apr - Aug	176.7	179.6	184.1	-10	1.7	2.5
Non-petroleum exports	USD Billion	Apr - Aug	141.4	147.3	158.1	-7.4	4.2	7.3
Merchandise imports	USD Billion	Apr - Aug	275.8	300.1	306.5	-10.8	8.8	2.1
Non-oil imports	USD Billion	Apr - Aug	187.4	196.1	209.6	-6.6	4.6	6.9
Net FDI	USD Billion	Apr - June	4.7	6.2	4.9	-64.7	31.6	-21
Exchange Rate (Average)	INR/USD	Aug	82.8	83.9	87.5	4.1	1.3	4.3
Foreign Exchange Reserves	USD Billion	Aug	594.9	684	694.2	6	15	1.5
Import Cover	Months	Aug	10.5	11.7	11.5	-	-	-
Monetary and Financial								
Non-Food Credit	₹ Lakh crore	22-Aug	149	169.2	186	19.8	13.6	9.9
10-Year Bond Yields	Per cent	22-Aug	7.2	6.9	6.6	0.0	-0.3	-0.3
Repo Rate	Per cent	22-Aug	6.5	6.5	5.5	1.1	0	-1.0
Currency in Circulation	₹ Lakh crore	22-Aug	33.1	35.1	38.1	4	6.1	8.5
M0	₹ Lakh crore	22-Aug	44.6	46.3	49.2	9.8	3.9	6.2
Employment								
Net payroll additions under EPFO	Lakh	Apr - Jul	46.1	44.7	69	-4.3	-3.1	54.4
No. of person demanded employment under MGNREGA	Crore	Apr - Aug	17.1	14.4	13.5	4	-15.8	-6.1
Urban Unemployment Rate	Per cent	Oct - Dec	6.5	6.4	-	-0.7	-0.1	
Subscriber Additions: (NPS)	Lakh	Apr - June	1.8	2.5	4.2	-2.2	41.5	66.1

Notes on colour coding in Performance of HFIs:

- For all variables other than MGNREGA, CPI-C, WPI, CPFI, CPI-Core, 10-yr bond yields and the Repo rate, the highest growth rate across the three years is assigned the darkest shade of green, and the lowest growth rate is assigned the darkest shade of red.
- For the variables MGNREGA, CPI-C, WPI, CPFI, CPI-Core, 10-yr bond yields and the Repo rate, the highest growth rate across the three years is assigned the darkest shade of red, and the lowest growth rate is assigned the darkest shade of green.