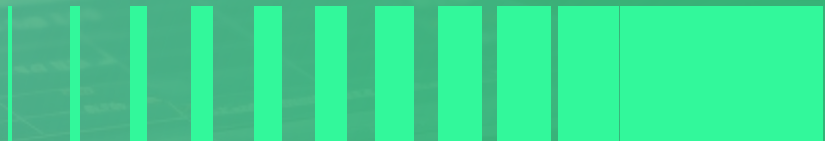




# India Economic Monitor

September | 2025

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# Executive summary



India's real GDP expanded by 7.8% YoY in Apr-Jun'25, marking a 5-quarter high and surpassing expectations despite global uncertainties. Growth was led by the services sector, which recorded a robust 9.3% YoY increase, followed by manufacturing at 6.3% YoY, although mining decelerated. Agriculture also registered healthy growth of 3.7% YoY, a sharp improvement over Apr-Jun'24. On the expenditure side of things, private consumption remained broadly stable compared to Jan-Mar'25, with rural spending outpacing urban for the sixth consecutive quarter. In contrast, government spending and gross capital formation dipped seasonally from the previous quarter, yet each continued to post strong annual gains.



High-frequency indicators signaled mixed momentum in Jul-Aug'25. IIP rebounded to 155 in Jul'25, supported by robust growth in manufacturing, even as mining registered a sharp slowdown. Cement production, however, declined to an 8-month low in Jul'25. Steel consumption rose in Aug'25, driven by strong demand in the non-alloy segment. Power consumption declined in Aug'25, reflecting the impact of prolonged monsoons. The auto sector displayed divergent trends: passenger vehicle sales fell amid anticipation of upcoming GST reductions, while two-wheeler sales surged, buoyed by rural demand and festive spending.



India's merchandise trade deficit narrowed slightly to \$26.5 billion, supported by stronger exports of non-petroleum goods, jewellery, and electronics. However, forex reserves declined further, mainly due to a drop in foreign currency assets. On the investment side, FDI inflows accelerated in Jul'25, driven by larger equity inflows through the RBI route and higher share acquisitions. Notably, cumulative FDI in 2025 (up to Jul'25) has already surpassed the total inflows for all of 2024.



BFSI indicators showed mixed trends in Jul-Aug'25. Aggregate deposits and credit remained broadly stable in Jul'25. UPI volumes hit a record 20 billion transactions in Aug'25, though values eased slightly, with most driven by financial payments and essential purchases. In contrast, life and non-life insurance premiums declined, reflecting weak crop insurance, a subdued vehicle market, and lower group single premiums. Equity market activity was uneven, with NSE transactions falling and BSE rising. Meanwhile, GST collections moderated in Aug'25, weighed down by softer seasonal demand.



On the macroeconomic front, WPI inflation climbed to a 4-month high in Aug'25, driven by higher food, textiles, and electrical equipment prices. The fiscal deficit narrowed in Jul'25 as expenditure contracted more sharply than receipts. CPI inflation also edged up, led by costlier vegetables, meat, eggs, oils, and personal items. Services PMI rose to a 15-year high in Aug'25 on strong new orders and output, while Manufacturing PMI reached an 18-month high supported by rising factory demand. Meanwhile, MGNREGA demand and employment continued to decline due to kharif sowing, monsoon rains, and funding constraints, even as rural employment increased through other avenues. Analysts now project FY26 GDP growth in the 6.2–6.9% range.

# High frequency indicators exhibited mixed trends in Jul-Aug'25 amid global trade uncertainties and monsoon disruptions (1/2)



## Industry

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth <sup>#</sup>
IIP (Index) *	155	3%	1%	-
Daily Avg Power Consumption ('000 MUs)	4.85	4%	-2%	2%
Petroleum Consumption (MMT)	18.7	3%	-4%	0%
Steel Consumption (MMT)	13.7	9%	2%	10%
Cement Production (MT) *	37.4	12%	-10%	10%



## Logistics

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth <sup>#</sup>
E-way Bills (Mn)	129.1	22%	-2%	21%
JNPA Traffic ('000 TEUs)	696	9%	4%	14%
Air Passenger Bookings (Mn) *	32.1	-1%	-5%	7%
Air Freight (K Tons) *	334.5	4%	7%	4%



## Trade & Investment

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth <sup>#</sup>
Merchandise Exports (\$ Bn)	35.1	1%	-6%	1%
Merchandise Imports (\$ Bn)	61.6	-4%	-5%	3%
Services Exports (\$ Bn)	34.1	11%	10%	12%
Services Imports (\$ Bn)	17.5	11%	13%	4%



## Auto

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth <sup>#</sup>
PV Sales ('000 Units)	321.8	-9%	-6%	-1%
2W Sales ('000 Units)	1,834	7%	17%	0%
3W Registrations ('000 Units) (does not include e-rickshaws)	59.9	5%	-8%	6%
EV Registrations ('000 Units) (does not include e-rickshaws and commercial vehicles)	143.3	33%	1%	21%

\* Data available only up to Jul'25 as on 22nd Sep'25 – hence growth comparisons are for June and not July. Jul'25 data has been compared with Jul'24 & Jun'25 data for the YoY & MoM growth comparisons.

# YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Jul and Jan-Jun for the \* marked indicators).

# High frequency indicators exhibited mixed trends in Jul-Aug'25 amid global trade uncertainties and monsoon disruptions (2/2)



## Banking, Financial Services & Insurance

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
UPI Value (INR Tn)	24.9	21%	-1%	22%
Aggregate Deposits (INR Tn) *	238.4	10%	0%	-
Aggregate Credit (INR Tn) *	189.7	10%	0%	-
NSE & BSE Txns. (INR K Cr)	1951.6	-31%	-17%	-18%
Insurance Premium (INR K Cr)	55.9	-2%	-19%	3%



## Macroeconomic

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
GST Collections (INR Tn)	1.86	6%	-5%	10%
WPI (%)	-	0.52	-	-
CPI (%)	-	2.07	-	-
Jan Dhan Deposits (INR Tn)	2.6	16%	1%	14%
MGNREGA Emp. Provided (HH)	10.1	-28%	-29%	0%



## Sentiment

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Manufacturing PMI (Index)	59.3	3%	0%	-
Services PMI (Index)	62.9	3%	4%	-
Current Situation Index (Rural) *	100.6	5%	1%	-
Future Expectations Index (Rural) *	127.7	4%	1%	-

\* Data available only up to Jul'25 as on 22nd Sep'25 – hence growth comparisons are for June and not July. Jul'25 data has been compared with Jul'24 & Jun'25 data for the YoY & MoM growth comparisons.

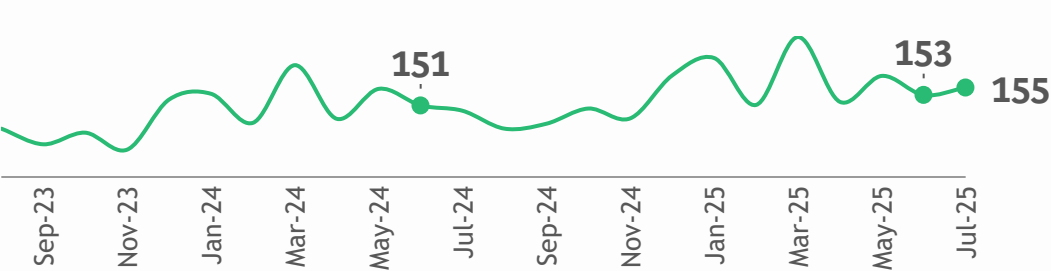
# YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Jul and Jan-Jun for the \* marked indicators).

# IIP rebounded in Jul'25 while cement production fell; Steel consumption increased in Aug'25, power consumption declined



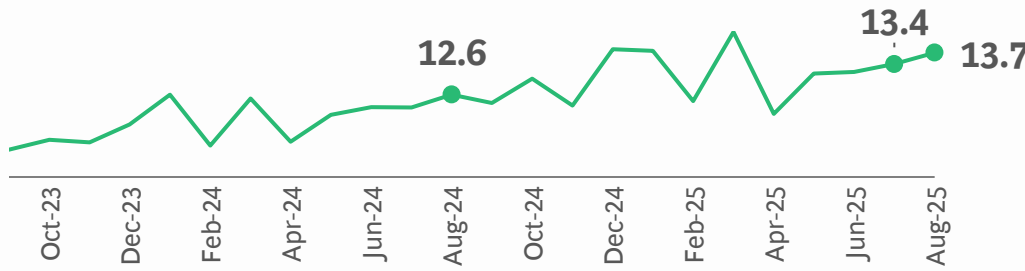
## Index of Industrial Production (IIP)<sup>1</sup>

IIP rebounded in Jul'25, supported by robust growth in manufacturing, especially basic metals, even as mining registered a sharp slowdown



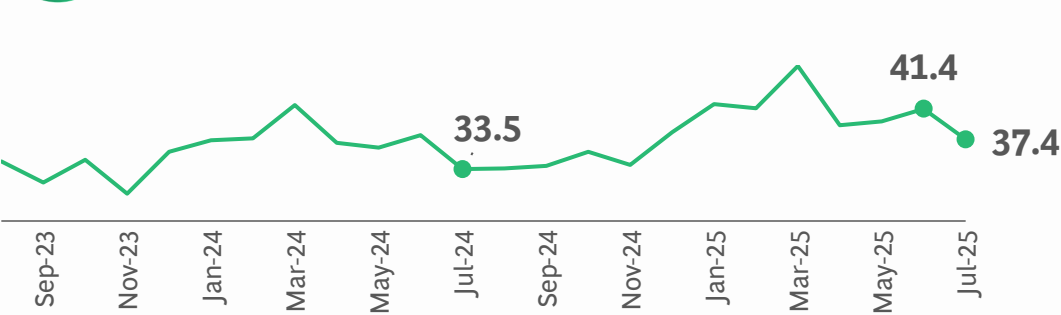
## Steel Consumption (MMT)<sup>2</sup>

Steel consumption continued to grow in Aug'25 led by the non-alloy category



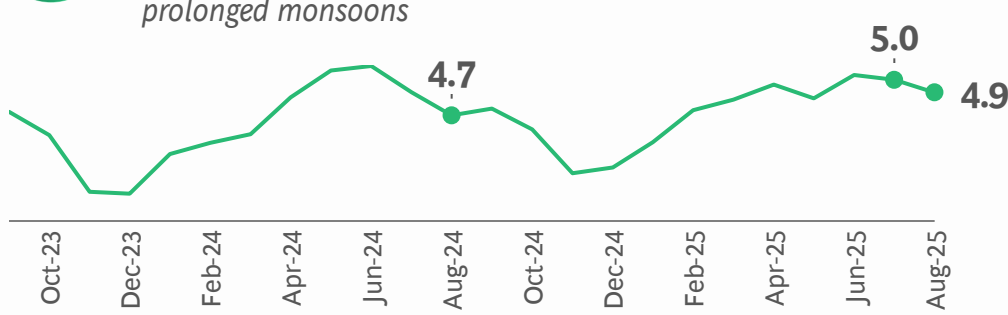
## Cement Production (MT)

Cement production declined sharply to an 8-month low in Jul'25



## Daily Average Power Consumption ('000 MUs)

Average power consumption declined further in Aug'25 amid prolonged monsoons



1. Index of Industrial Production (IIP) shows the growth rates in different industry groups (comprises of Mfg. (78% weightage), Mining (14%), Electricity (8%))

2. Steel consumption incl. long & flat steel, provisional figures for Aug'25

Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, Joint Plant Committee, Ministry of Commerce and Industry, CMIE, BCG analysis

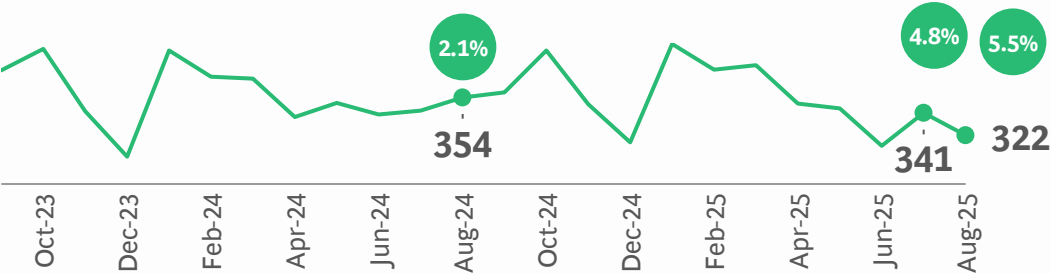


# Two-wheeler sales surged in Aug'25, fueled by rural demand, while passenger vehicle sales and three-wheeler registrations declined



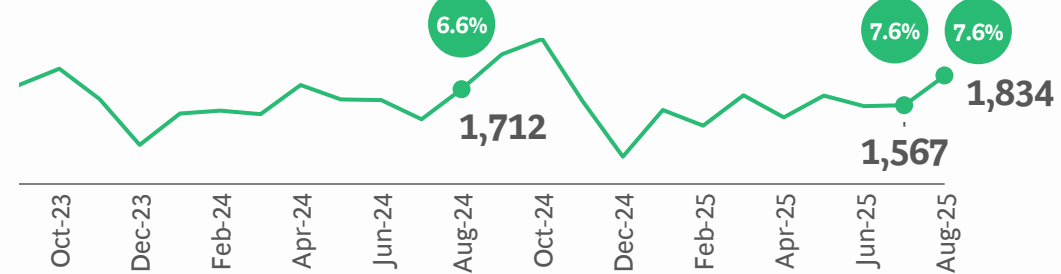
## Passenger vehicles sales ('000 units)

PV sales declined sharply in Aug'25, as the anticipation of GST changes led buyers to defer purchases



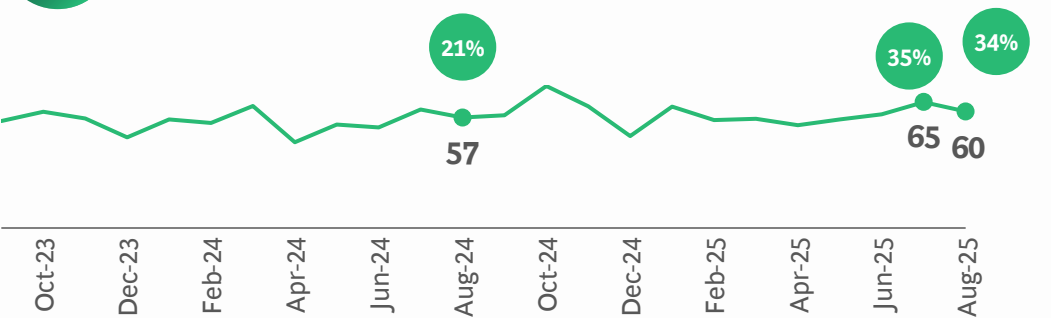
## Two-wheeler sales ('000 units)

2W sales grew significantly in Aug'25, led by rural demand and festive spending



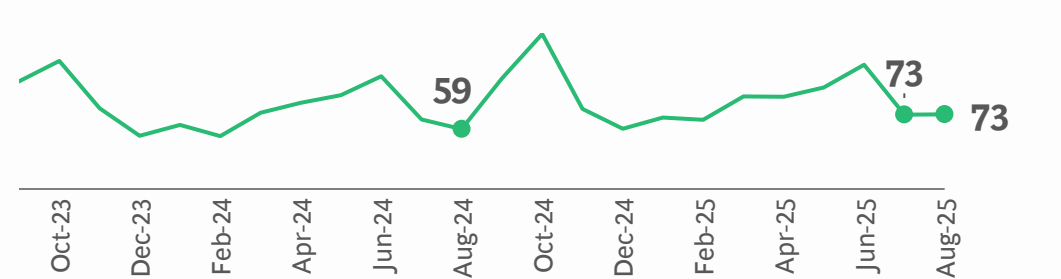
## Three-wheeler Registrations<sup>1</sup> ('000 units)

3W registrations fell in Aug'25 after reaching a 9-month high in Jul'25



## Tractor sales ('000 units)

Tractor sales remained relatively stable in Aug'25 vs. Jul'25 levels in the post-harvest season



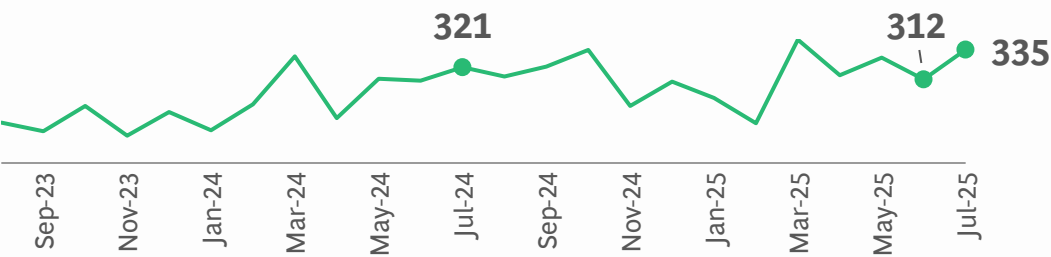
Figures represent wholesale numbers (including exports).; \*.BMW, Mercedes and Volvo Auto data are not available  
 1. 3W registrations does not include e-rickshaws  
 2. EV Penetration is calculated basis the Vahan (Registration Data). EV Registrations does not include e—rickshaws and commercial vehicles  
 Source: SIAM, CMIE, TMA, Vahan, Press search, BCG analysis

# Air passenger bookings declined seasonally in Jul'25, while Aug'25 saw a surge in JNPA container traffic and a marginal dip in E-way bills



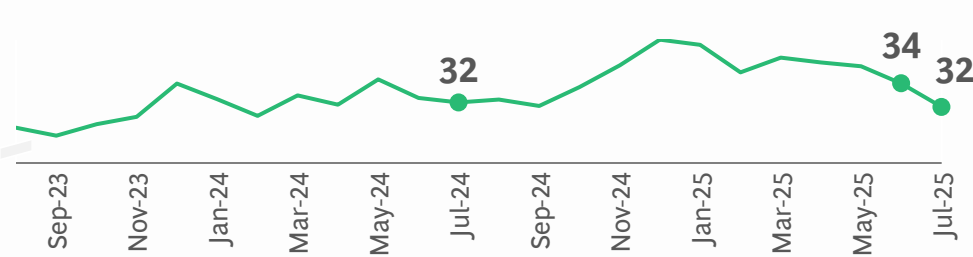
## Air Freight Traffic (K tons)

Air freight traffic rebounded sharply to a 4-month high in Jul'25, as global air cargo demand rises



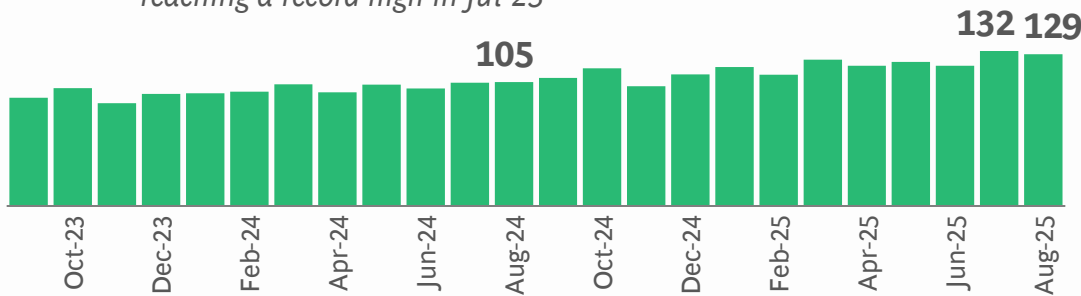
## Air Passenger Bookings (Mn)

Air passenger bookings declined seasonally in Jul'25, accompanied by a slight rise in cancellations



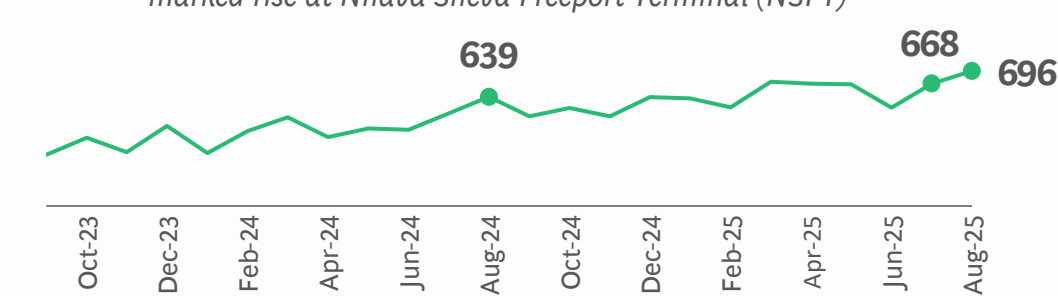
## E-way Bills (Mn)<sup>1</sup>

E-way bill generation witnessed a marginal downturn in Aug'25, after reaching a record high in Jul'25



## JNPA Container Traffic ('000 TEUs)<sup>2</sup>

JNPA traffic maintained its upward momentum in Aug'25, driven by a marked rise at Nhava Sheva Freeport Terminal (NSFT)



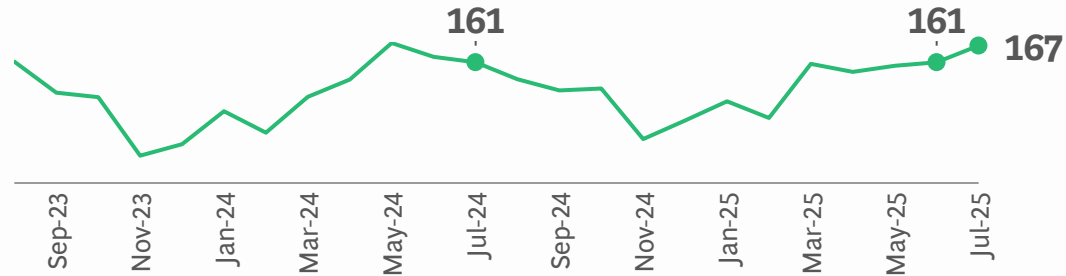
1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.; 2.TEU refers to Twenty-foot equivalent unit (Shipping containers 20 feet long, 8 feet tall) Trust  
Source: Ministry of Railways, CMIE, Airport Authority of India, Jawaharlal Nehru Authority, GST Network, NHAI, NPCI, BCG analysis

# Total electricity and renewable energy generation continued to increase in Jul'25; Diesel consumption continued to decline in Aug'25



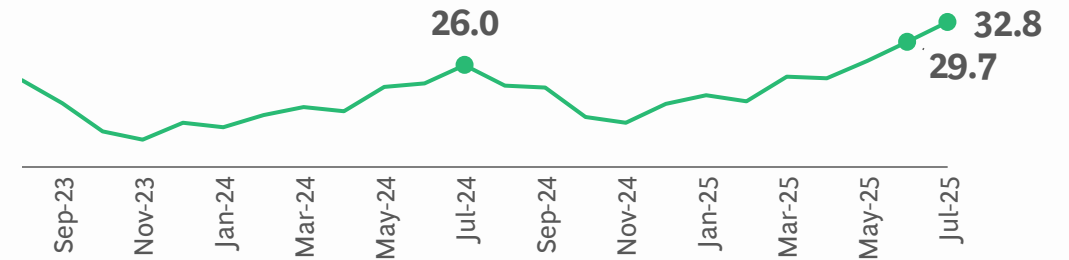
## Total Electricity Generation (Billion KWh)

Electricity generation increased in Jul'25, powered by renewable energy sources



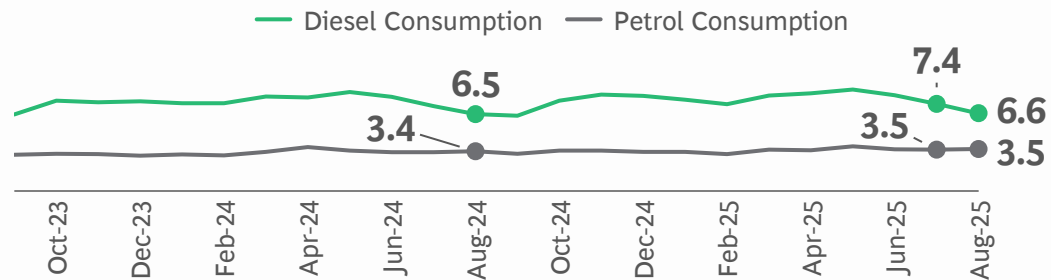
## Renewable Energy Generation (Billion KWh)

Renewable energy generation climbed further in Jul'25, led by gains in small hydro and wind power



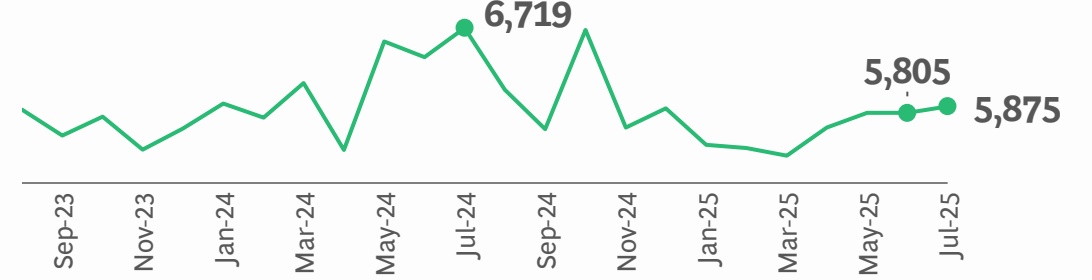
## Diesel and Petrol Consumption (MMT)

Diesel consumption continued to decline in Aug'25 due to limited mobility as monsoons sweep across the country



## Natural Gas Consumption<sup>1</sup> ('00 MMSCM<sup>2</sup>)

Natural gas consumption marginally inched up in Jul'25, fueled largely by the fertilizer sector



1. Natural Gas Consumption= Net Production +LNG Imports

2. MMSCM: Million Standard Cubic Meter

Source: Petroleum Planning and Analysis Cell, CEA, Power System Operation Corporation, CMIE, BCG analysis



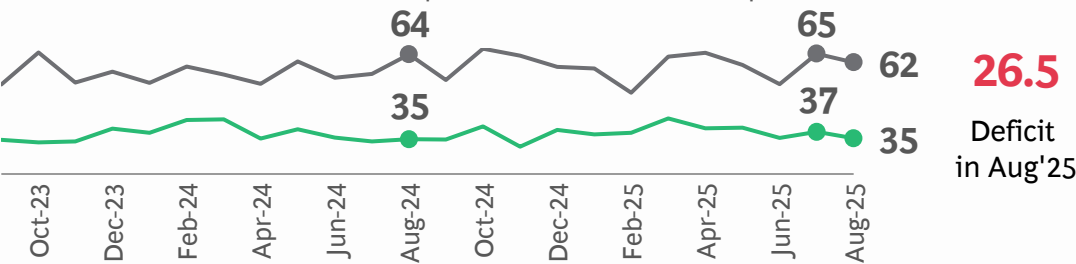
# Merchandise trade deficit narrowed while service trade surplus expanded in Aug'25; FDI inflows rose sharply in Jul'25



## Merchandise Trade (\$ Bn)

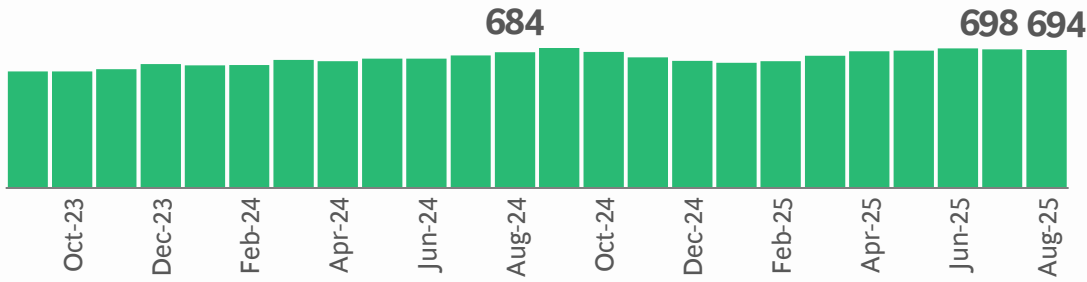
Merchandise trade deficit narrowed slightly as non-petroleum exports (jewellery, electronics) and petroleum imports declined

— Merchandize Exports — Merchandize Imports



## Forex Reserves (\$ Bn)

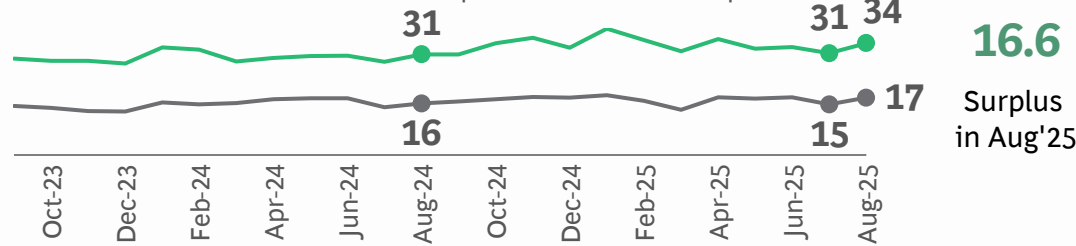
Forex reserves declined marginally in Aug'25, driven by a fall in foreign currency assets



## Services Trade (\$ Bn)

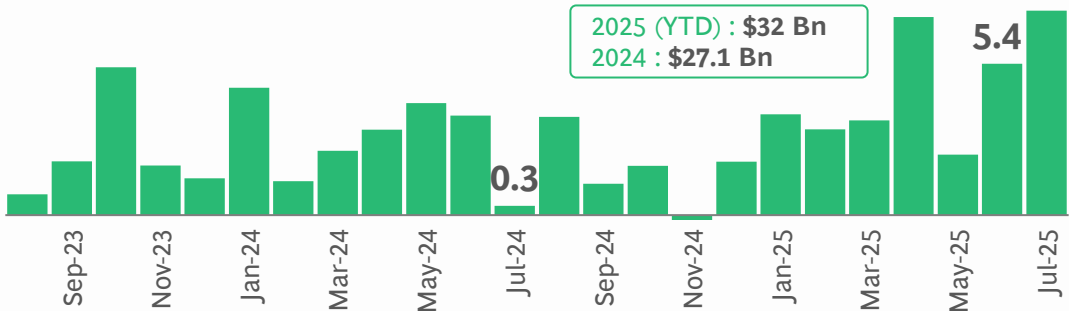
Services trade surplus expanded in Aug'25, as service exports growth outpaced imports

— Services Exports — Services Imports



## FDI (\$ Bn)<sup>1</sup>

FDI inflows continued to accelerate in Jul'25 due to larger equity inflows, notably through the RBI route and acquisition of shares



Note: Aug'25 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry

Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies

1. Denotes total inward FDI to India; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies; Calendar year considered for FDI 2024 & 2025 values.

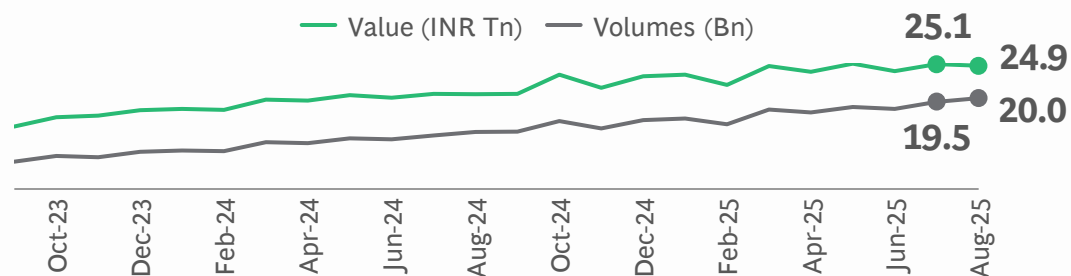
Source: Ministry of Commerce & Industry, CMIE, RBI, PIB

# UPI transaction volumes reached record highs, while both life and non-life insurance premiums declined in Aug'25



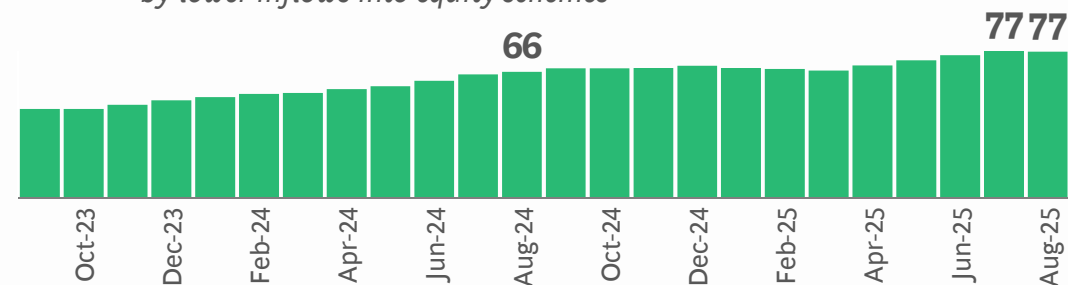
## UPI

UPI volumes hit a record high in Aug '25, though values dipped slightly, with most transactions from financial payments and essential purchases



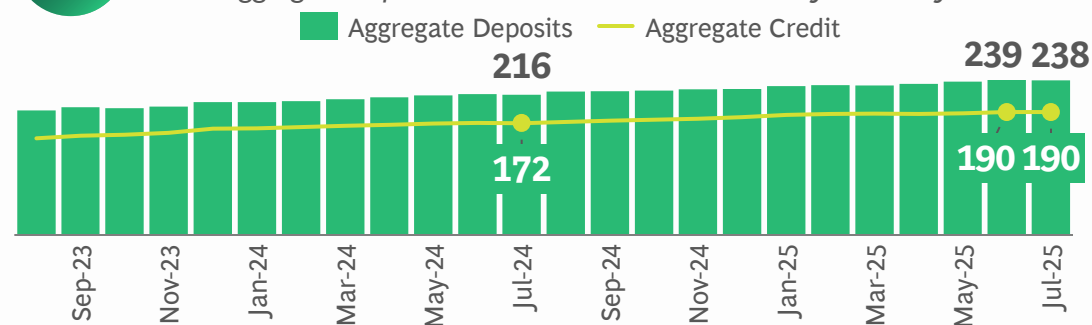
## Mutual Funds AUM (INR Tn)<sup>1</sup>

Mutual fund AUM remained largely unchanged in Aug'25, weighed down by lower inflows into equity schemes



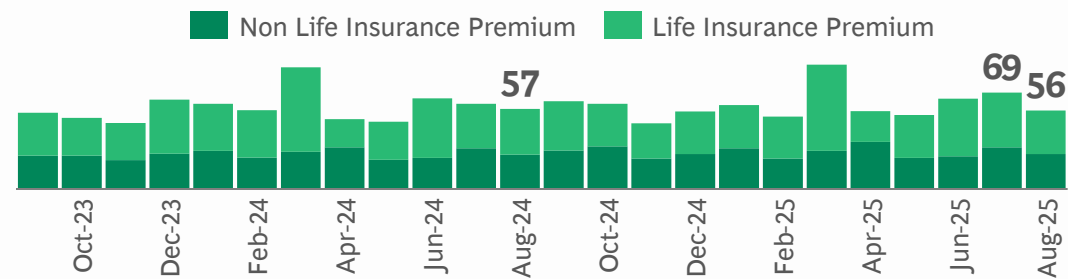
## Aggregate deposits & credit (INR Tn)

Both aggregate deposits and credit remained stable Jul'25 vs. Jun'25



## Insurance Premium (INR '000 Cr)<sup>2</sup>

Life and non-life premiums fell in Aug 25, driven by weak crop insurance, a subdued vehicle market, and lower group single premium

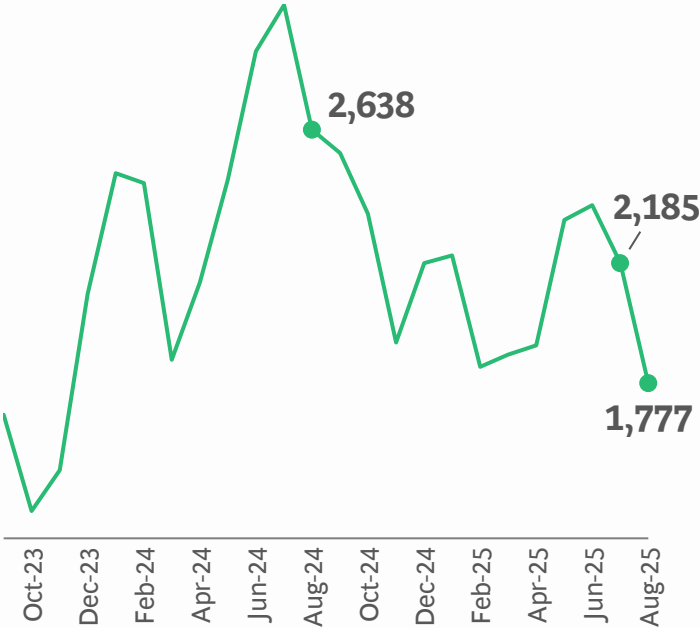


# BSE transactions edged up in Aug'25, while NSE fell sharply; Volatility Index (VIX) ended the month slightly higher



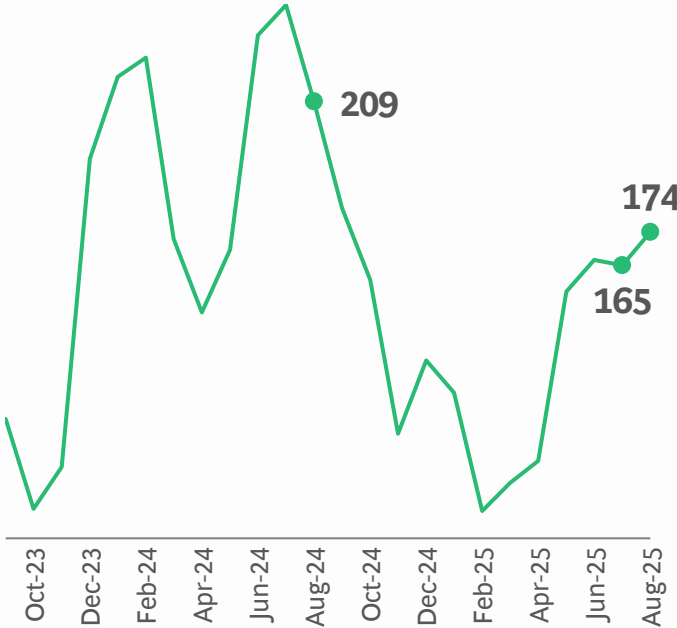
## NSE transactions (INR Cr)

NSE transactions declined sharply in Aug'25 by nearly 20% MoM to a 21-month low



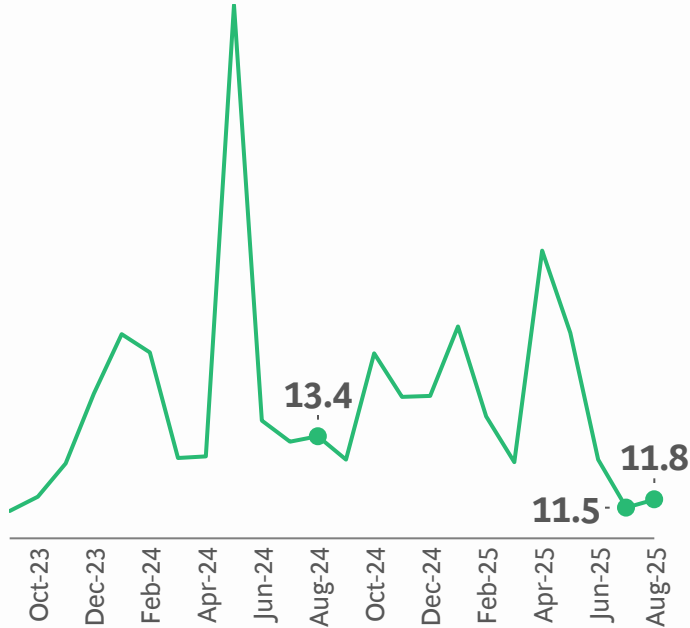
## BSE transactions (INR Cr)

BSE transactions rebounded to an 11-month high in Aug'25



## India VIX (Volatility Index)<sup>1</sup>

VIX inched up in Aug'25 after closing at a 22-month low in Jul'25, indicating rising market uncertainties



Source: NSE, BSE, CMIE, BCG analysis  
 1. India VIX (Volatility Index): NSE's measure of expected market volatility over the next 30 calendar days.

# Fiscal deficit narrowed in Jul'25 as spending contracted more sharply than receipts; GST collections dipped in Aug'25 amid softer demand



## Govt. Receipts & Expenditures (INR Tn)

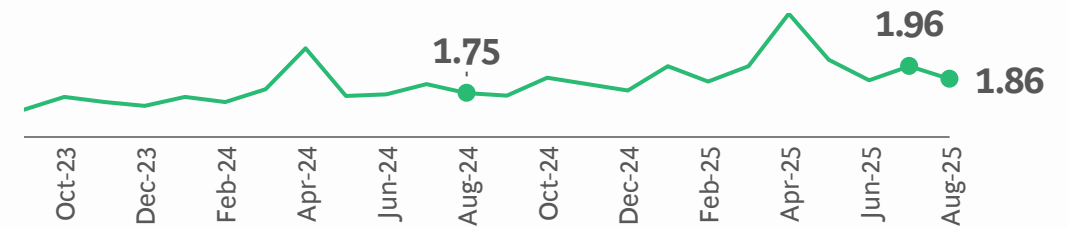
Fiscal deficit contracted in Jul'25 as government expenditure fell more sharply than receipts

	May'25	Jun'25	Jul'25
Govt. Expenditure (INR Tn)	2.8	4.8	3.4
Govt. Receipts (INR Tn)	4.5	2.1	1.5
Fiscal Deficit (INR Tn)	-1.7	2.7	1.9



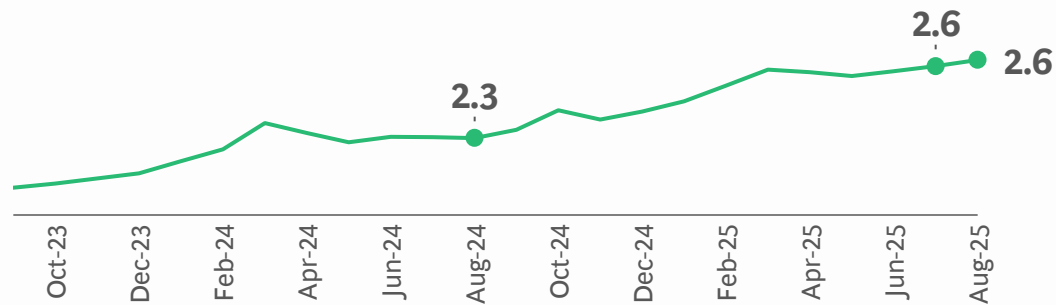
## GST Collections<sup>1</sup> (INR Tn)

GST collections witnessed a cyclical decline in Aug'25, due to uncertainties around global tariffs and softer seasonal demand



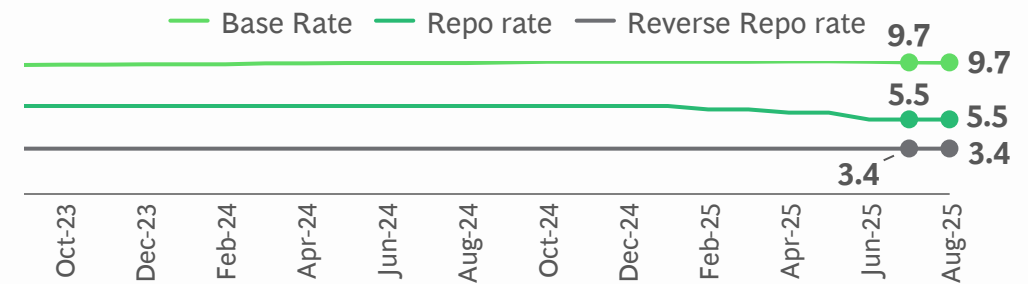
## Jan Dhan Deposits (INR Tn)

Jan Dhan deposits marginally grew in Aug'25 vs. Jul'25



## RBI's policy rates (%)

RBI maintained the repo rate at 5.5% in Aug'25

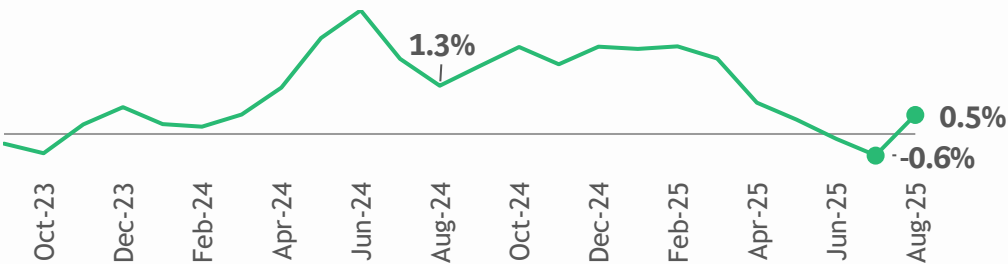


# WPI inflation climbed to a 4-month high of 0.5%, while CPI inflation increased to 2.1% in Aug'25

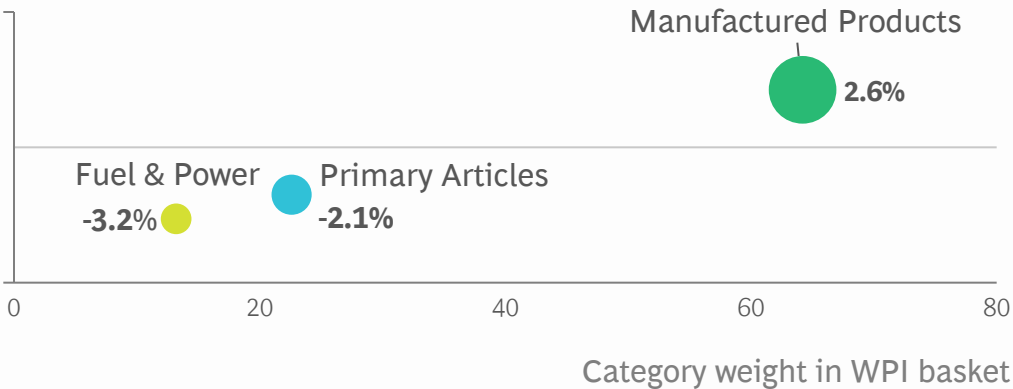


## Wholesale Price Index (WPI)<sup>1</sup>

WPI inflation rose to 0.52% in Aug'25, a 4-month high, led by food and manufactured goods prices

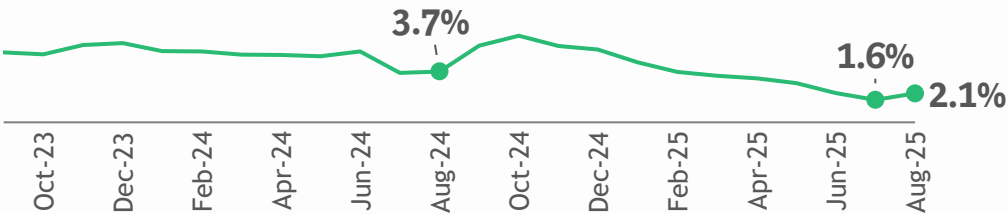


WPI inflation rate for Aug'25

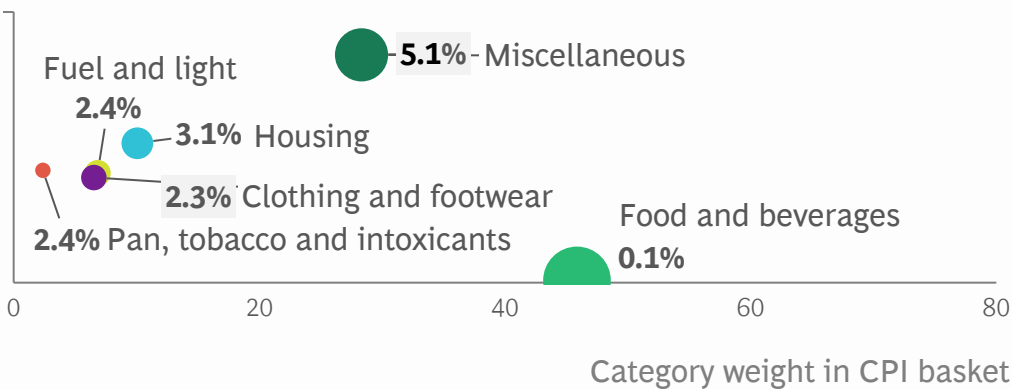


## Consumer Price Index (CPI)<sup>2</sup>

CPI inflation rose to 2.07% in Aug '25, led by higher prices of vegetables, meat, fish, edible oils, eggs, and personal care items



CPI inflation rate for Aug'25



1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, minerals, crude petroleum & natural gas; Fuel & power incl. coal & mineral oils; 2. CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated as YoY increase in prices of the commodities.  
Source: MOSPI, CMIE, BCG Analysis

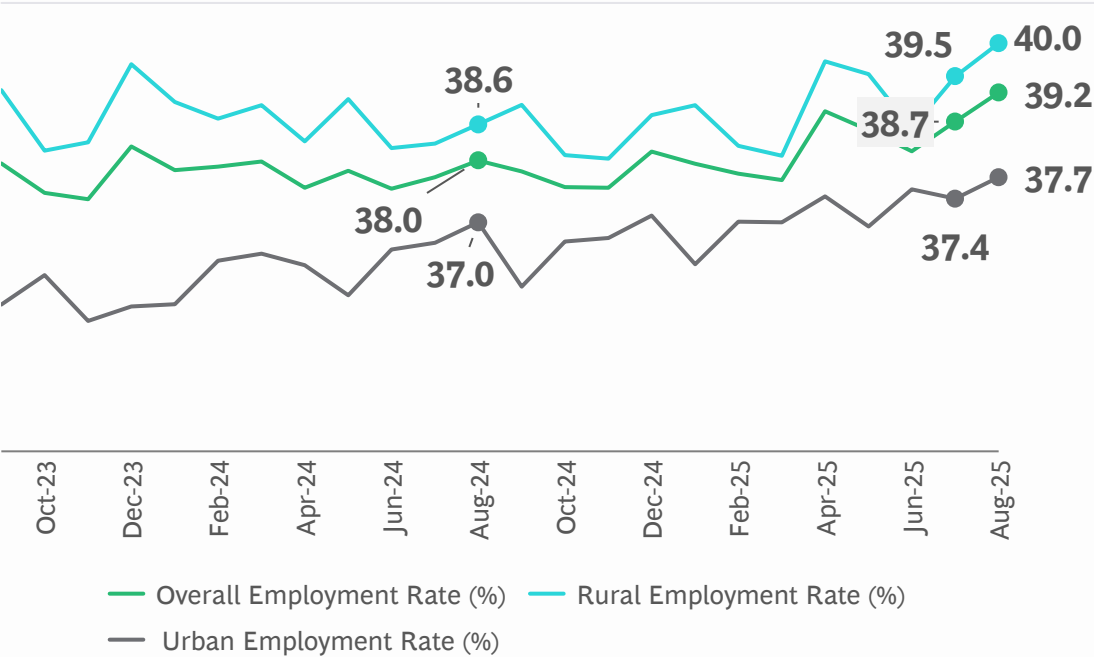
# Overall employment rates increased sharply, while MGNREGA employment declined to a 11-month low in Aug'25



## CMIE Employment rate (%)<sup>1</sup>

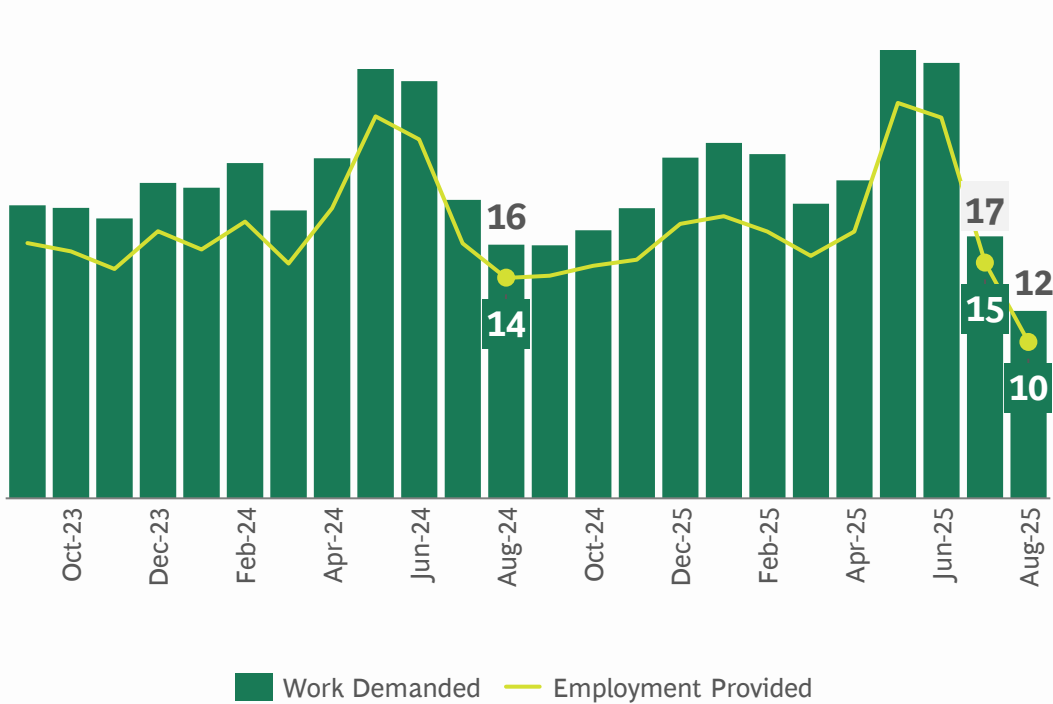
Both rural and urban employment rates inched up to record highs in Aug'25, supported by a rising labour participation rate

Employment status indicates whether a member of a household who is 15 years of age or more is employed or not employed as of the date of the survey



## MGNREGA Employment Progress (Households in Mn)<sup>2</sup>

MGNREGA work demand and employment continued to decline, driven by kharif sowing, monsoon rains, and funding constraints



1.CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old  
2.MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act.  
Source: CMIE Consumer Pyramids survey, Ministry of Labor & Employment, Ministry of Rural Development, CMIE, BCG Analysis

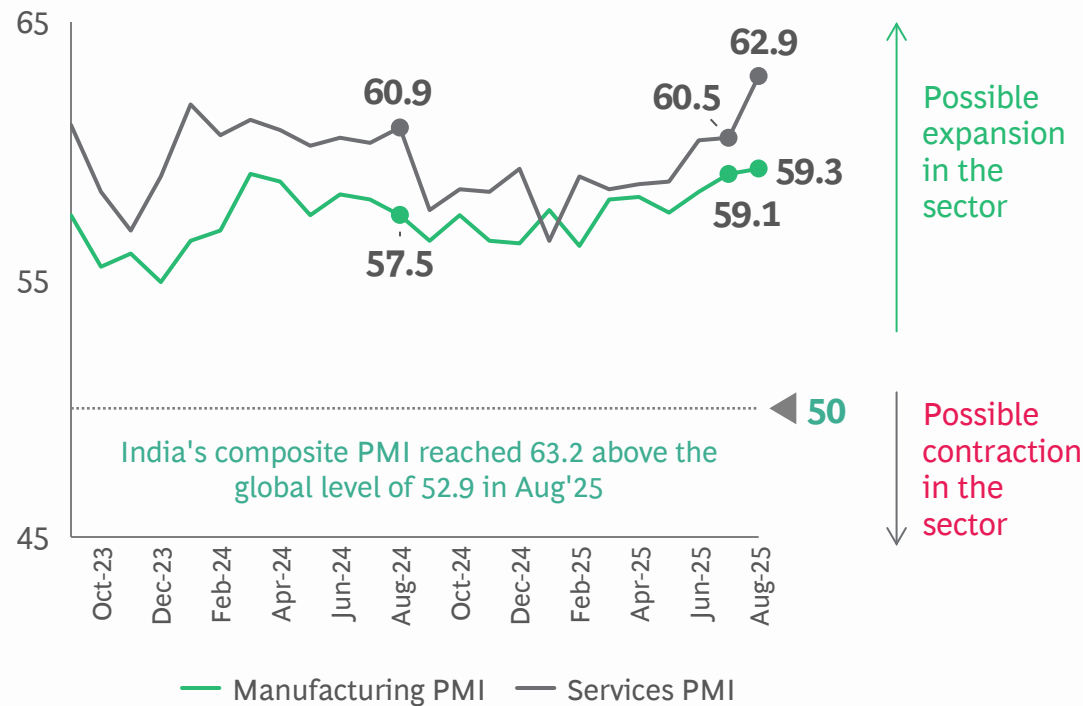


# Services PMI rose to a 15-year high in Aug'25; Consumer confidence stayed positive across both rural and urban segments



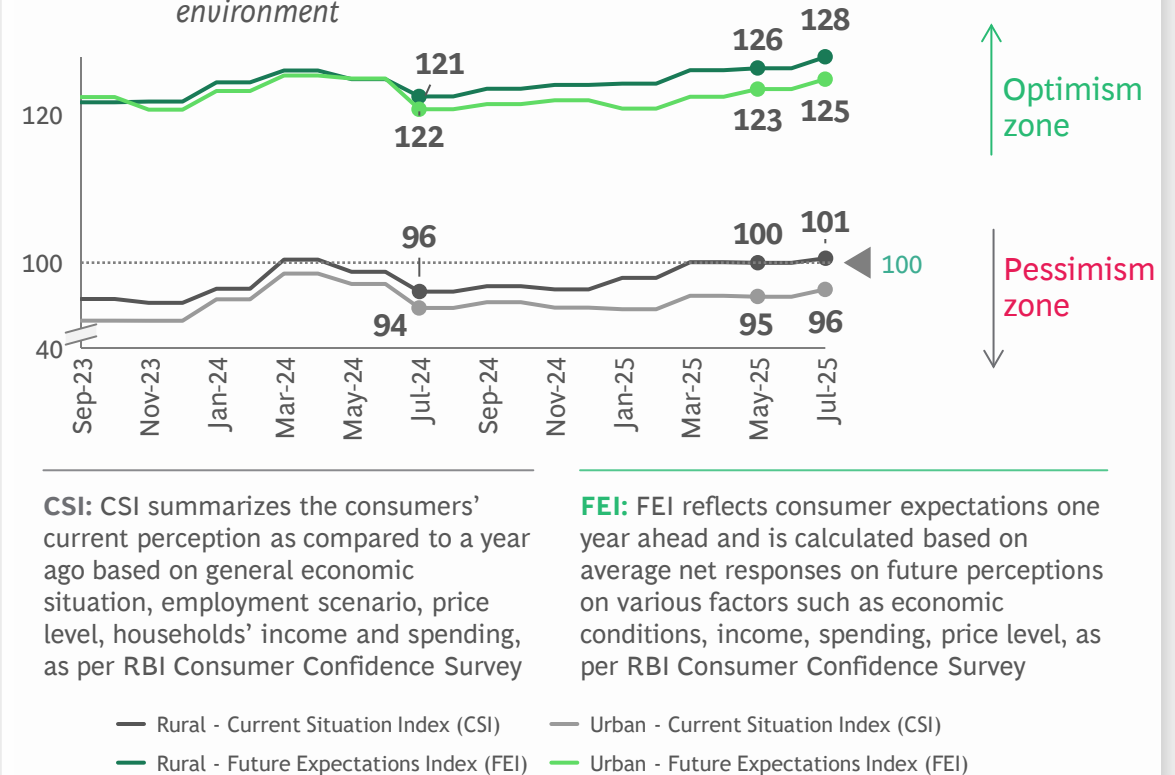
## Manufacturing and services PMI<sup>1</sup>

While Services PMI hit a record 15-year high driven by new orders and increasing output, Manufacturing PMI surged to an 18-month high in Aug'25, driven by growing factory orders and production



## Consumer Confidence Survey (RBI)<sup>2</sup>

In both rural and urban segments, FEI and CSI improved in Jul'25 driven by positive perceptions of income, spending, and overall economic environment



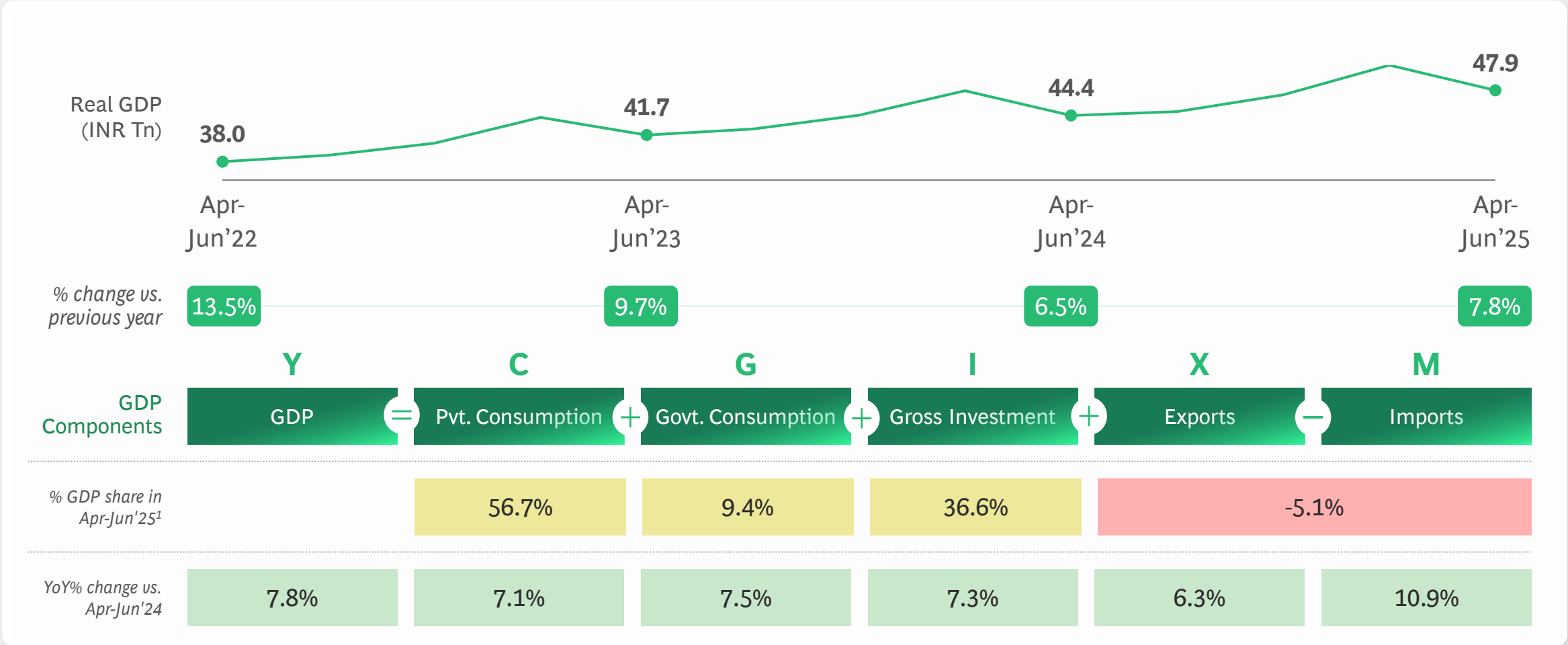
1.The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity; 2.Sample size: 7,924 and 5,592 responses for rural and urban (across 19 major cities) respectively surveyed during 1-12<sup>th</sup> July, 2025; CSI/FEI = 100 + Average of Net Responses of (General Economic Situation, Employment Scenario, Price Level, Household income and Overall Spending). Data are based on web releases made in August 2025. For each survey round, the final figures as available in the latest web release covering the same have been considered.



# GDP and National Income Update - Q1 FY26



# India's real GDP grew 7.8% YoY in Q1 FY26, its fastest pace in five quarters, surpassing expectations amid low inflation



Note: Real GDP at 2011-12 base prices, converted from INR using 2011-12 exchange rates (Rs. 47.95); The numbers would differ from estimates from World Bank, IMF, etc. due to difference in the base year (2011-12 has been used as the base year)  
 1. Discrepancies account for 2.3% share in GDP; 2. Statistical Discrepancy: taking the GDP from the production approach as the control total, gives the measure of the overall difference between the production approach and the expenditure approach followed for estimation.  
 Source: MoSPI, CMIE, BCG Analysis

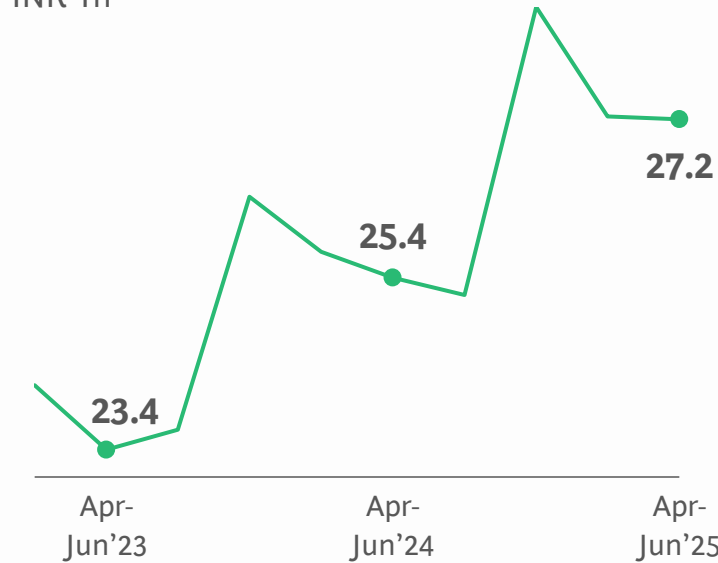
# Private consumption held steady, while government spending and gross capital formation saw cyclical declines in Apr-Jun'25 vs. Jan-Mar'25



## Private Consumption

Private consumption held steady in Apr-Jun'25, with rural demand surpassing urban for the sixth quarter in a row

INR Tn



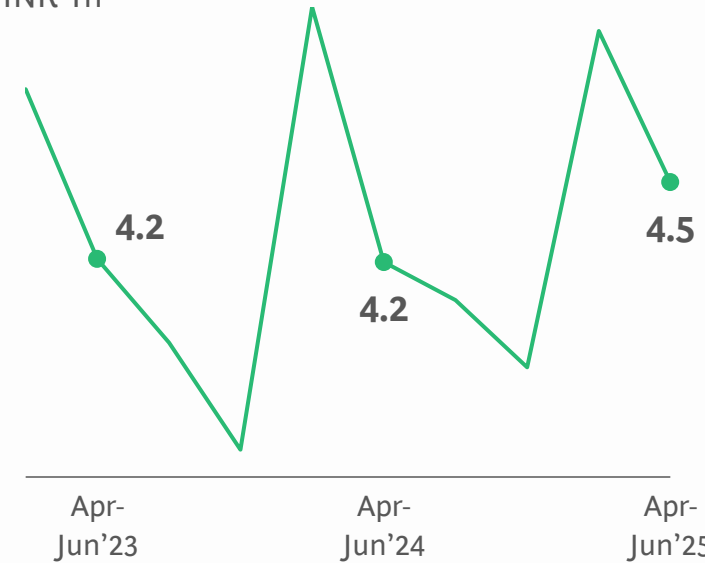
% change vs previous year



## Government Consumption

Govt consumption witnessed a cyclical drop in Apr-Jun'25 vs. Jan-Mar'25 even as the YoY growth improved rapidly

INR Tn



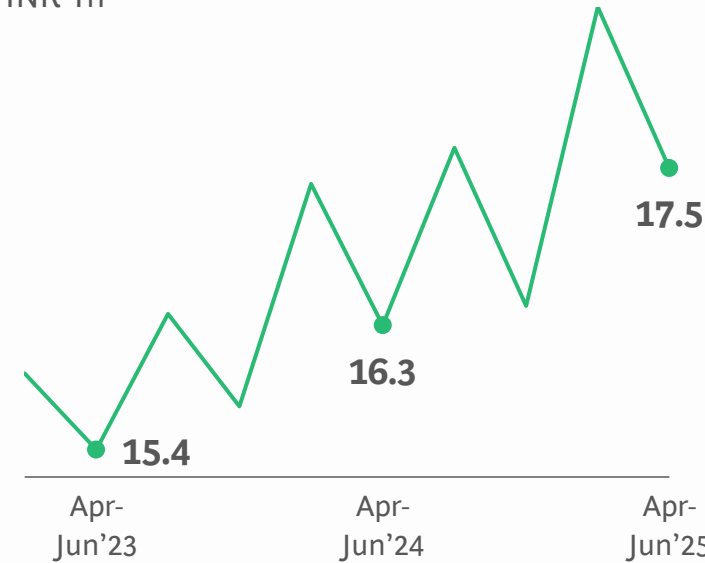
% change vs previous year



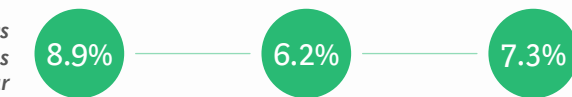
## Gross capital formation (GCF)<sup>1</sup>

GCF declined in Apr-Jun'25, reflecting its cyclical nature, alongside a mild slowdown in YoY growth from Jan-Mar'25

INR Tn



% change vs previous year

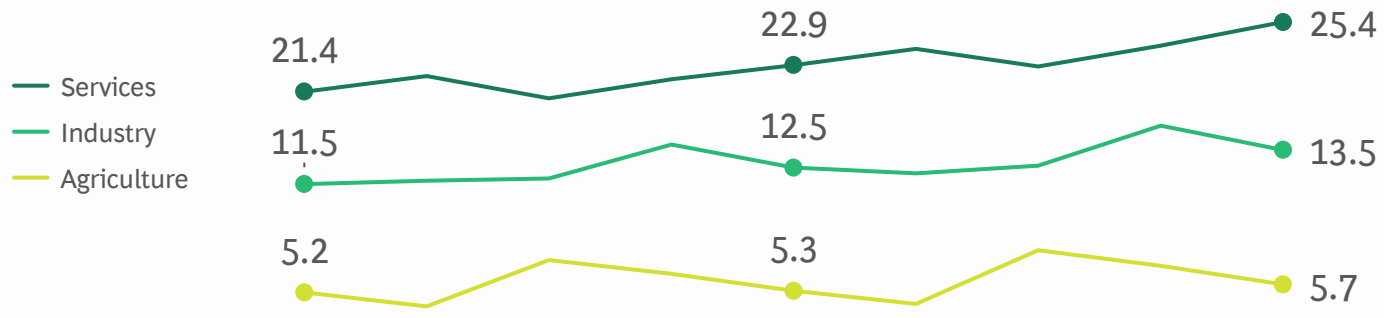


1. Gross capital formation is measured by acquisition of produced assets (including purchases of second-hand assets), including the production of such assets by producers for their own use, minus disposals. The relevant assets relate to assets that are intended for use in the production of other goods & services for a period of more than a year;  
Source: RBI, CMIE, BCG Analysis

# Services sector drove India's growth in Apr-Jun'25, while industry witnessed a deceleration in growth rate vs. Apr-Jun'24



Sectoral Gross Value Added<sup>1</sup> (at constant prices in INR Tn)

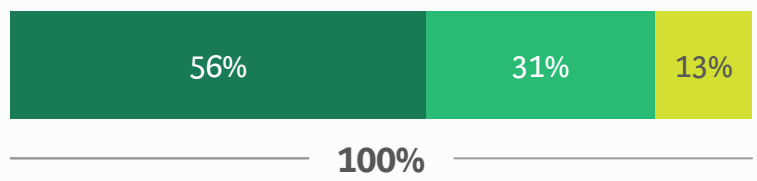


YoY %	Apr-Jun'23	Apr-Jun'24	Apr-Jun'25
Services	12.6%	6.8%	9.3%
Industry	7.3%	8.5%	6.3%
Agriculture	5.7%	1.0%	3.7%

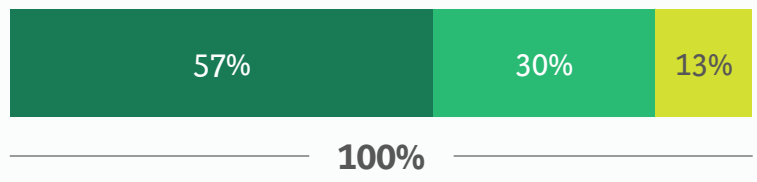


Sectoral share in GVA %

Apr-Jun'24



Apr-Jun'25



Services Industry Agriculture

1. GVA shows the production contribution of a particular sector, GDP = GVA + product taxes – product subsidies; Source: CMIE, BCG Analysis

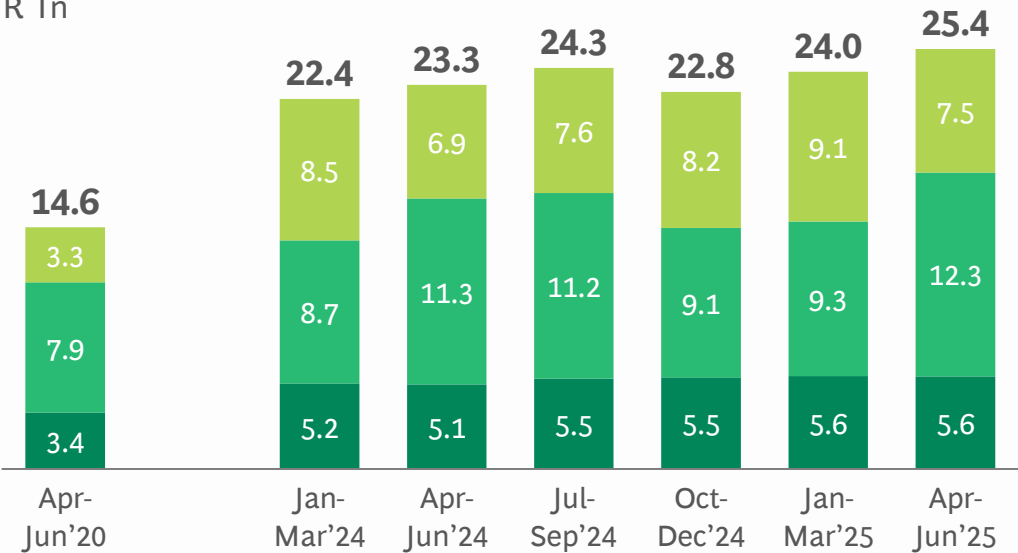
# While industry's growth decelerated due to mining in Apr-Jun'25, services sub-sectors witnessed robust YoY growth (1/2)



## GVA of services sub-sectors

Services GVA rose sharply in Apr-Jun'25 vs. Jan-Mar'25, driven by a significant growth in the financial, real estate and professional services

INR Tn



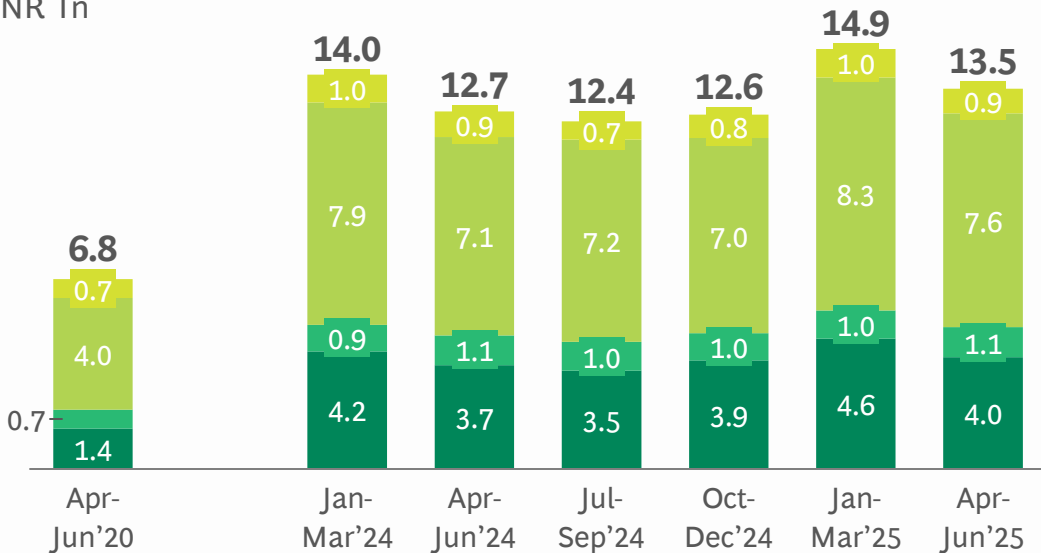
- Trade, hotels, transport, communication and broadcasting services
- Financial services, real estate and professional services
- Public administration, defence and other services



## GVA of industrial sub-sectors

Industrial GVA slowed in Apr-Jun'25 vs. Jan-Mar'25, recording a slump in most sub-sectors except utilities

INR Tn



- Mining and quarrying
- Manufacturing
- Electricity, gas, water supply and other utility services
- Construction



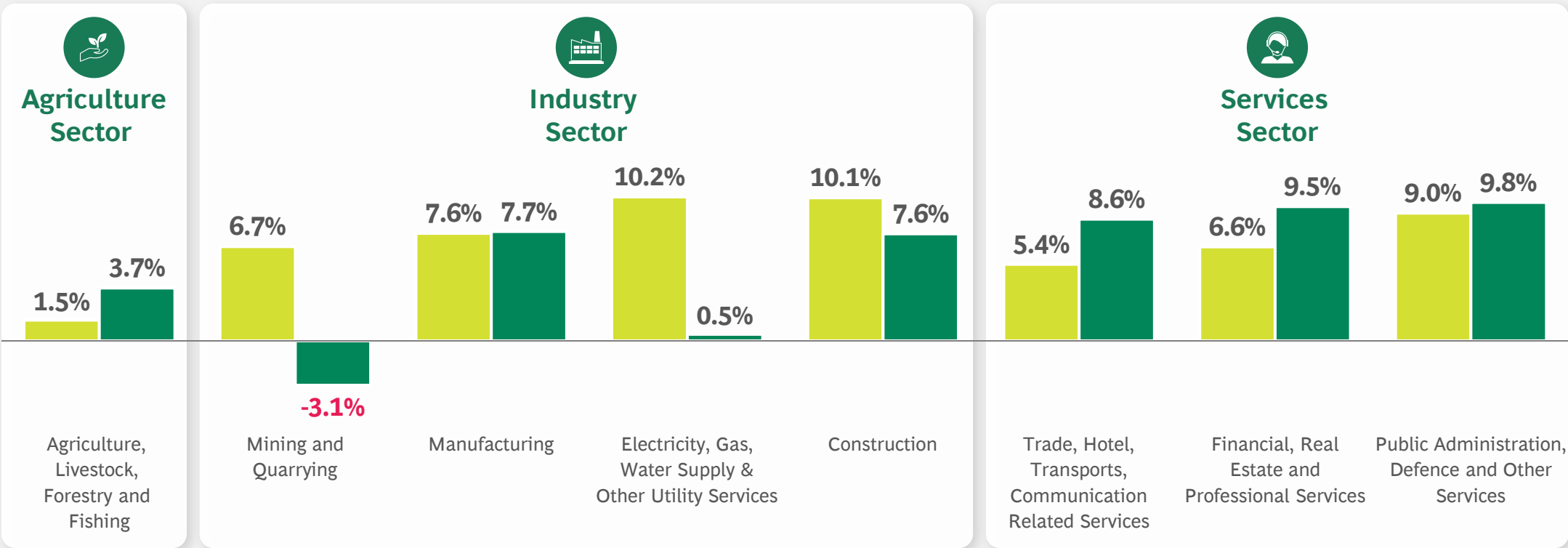
# While industry's growth decelerated due to mining in Apr-Jun'25, services sub-sectors witnessed robust YoY growth (2/2)



## Sectoral GVA growth rates (%) of sub-sectors for Apr-Jun'24 and Apr-Jun'25 (YoY)

*In Q1 FY26, growth was fueled by services and industrial sub-sectors like manufacturing and construction, even as mining weakened*

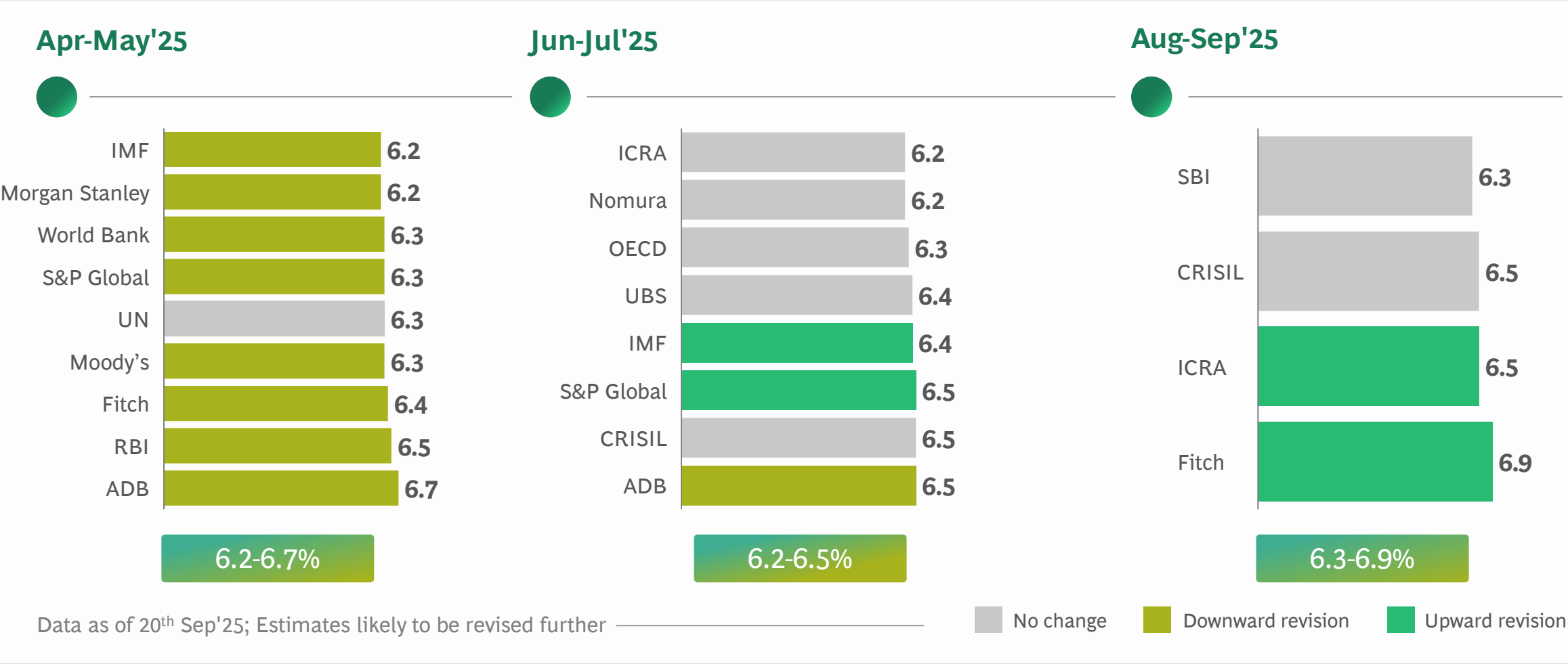
Growth %



■ YoY Growth (%) for Q1 FY25
 ■ YoY Growth (%) for Q1 FY26

# FY26 GDP projected to grow between 6.2–6.9%; ICRA and Fitch increased forecasts in Aug-Sep'25

India GDP growth forecast for FY26 (YoY %)



Note: Upper-limit has been included where agencies reported forecast range. Latest forecasts considered in case of revision by agency within same month  
Source: Analyst reports, BCG analysis



BCG

