India Economic Monitor

October | 2025

Executive summary

High-frequency indicators showed mixed trends in Aug–Sep'25 amid GST rationalization and U.S. tariff headwinds. IIP declined in Aug'25, reflecting a slowdown in manufacturing and the electricity sector. Steel consumption also softened, mainly due to subdued demand for non-alloy steel. Power consumption was broadly unchanged in Sep'25 versus Aug'25 amid prolonged monsoons and softer industrial activity. The auto sector hit new records across most segments in Sep'25 following GST changes: passenger vehicle (PV), two-wheeler (2W), and tractor sales recorded a sharp upward trend, while three-wheeler registrations saw a slight decline.

On the trade front, the merchandise trade deficit widened to a 13-month high of $32.15 billion in Sep'25, fueled by substantial growth in gold and silver imports. The services trade surplus edged down to $15.53 billion in Sep'25, as exports fell slightly more than imports. Meanwhile, foreign-exchange reserves rose in Sep'25, primarily on higher gold holdings. FDI inflows fell sharply in Aug'25 as equity inflows declined and foreign disinvestment and repatriations increased.

BFSI indicators showed contrasting trends in Sep'25. UPI transactions were broadly stable, with a slight dip in volumes. Insurance premiums increased; life premiums surged led by group single policies, while non-life premiums also rose sharply. Mutual fund AUM hit a new peak, supported by steady SIPs and retail inflows. In contrast, BSE trading activity weakened slightly, while NSE volumes saw a sharp rebound. Meanwhile, the VIX closed Sep'25 at a record low amid a lack of immediate market-moving triggers.

On the macroeconomic front, WPI inflation inched down to 0.1% in Sep'25, driven by a decline in primary-article prices, while CPI inflation eased to an over 8-year low of 1.5% on softer food and beverage prices. Business activity moderated, with both manufacturing and services PMIs softening in Sep'25 as new orders and output eased amid weaker external demand. Sentiment improved, with consumer confidence rising across urban and rural areas on lower inflation expectations. On the fiscal side, India's deficit narrowed in Aug'25, amid lower revenue expenditure and higher tax receipts. GST collections rose in Sep'25, aided by higher gross import revenues and stronger sales following recent tax-rate rationalization. Analysts project FY26 GDP growth at 6.5–6.9%.

Source: MoHFW, POSOCO, MOSPI, Ministry of Commerce & Industry, RBI, GST Network, NPCI, NETC, Ministry of Railways, AAI, JNPA, AIOCD, mFMS, Joint Plant Committee, Ministry of Steel, SIAM, Vahan Dashboard, CMIE, IRDAI, Ministry of Finance, GST Council, Ministry of Rural Development, Analyst reports, BCG analysis

High frequency indicators exhibited mixed trends in Aug-Sep'25 amid domestic tax changes and US tariff headwinds (1/2)

Industry

Indicator	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
IIP (Index) *	151.7	4%	-3%	-
Daily Avg Power Consumption ('000 MUs)	4.86	3%	0%	2%
Petroleum Consumption (MMT)	18.63	7%	-1%	1%
Steel Consumption (MMT)	13.48	9%	-2%	10%
Cement Production (MT) *	35.67	6%	-5%	10%

Logistics

Indicator	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
E-way Bills (Mn)	132.01	21%	2%	21%
JNPA Traffic ('000 TEUs)	648.91	9%	-7%	13%
Air Passenger Bookings (Mn) *	33.1	1%	3%	6%
Air Freight (K Tons) *	330.7	5%	-1%	4%

Trade & Investment

Indicator	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Merchandise Exports ($ Bn)	36.38	5%	4%	1%
Merchandise Imports ($ Bn)	68.53	24%	11%	5%
Services Exports ($ Bn)	30.82	1%	-10%	10%
Services Imports ($ Bn)	15.29	-6%	-12%	2%

Auto

Indicator	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
PV Sales ('000 Units)	372.46	4%	16%	-1%
2W Sales ('000 Units)	2,160.9	7%	18%	1%
3W Registrations ('000 Units) (does not include e-rickshaws)	58.69	1%	-2%	5%
EV Registrations ('000 Units) (does not include e-rickshaws and commercial vehicles)	141.31	28%	-1%	22%

GROWTH →

* Data available only up to Aug'25 as on 20th Oct'25 – hence growth comparisons are for August and not September. Aug'25 data has been compared with Aug'24 & Jul'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-Sep and Jan-Aug for the * marked indicators).

High frequency indicators exhibited mixed trends in Aug-Sep'25 amid domestic tax changes and US tariff headwinds (2/2)

Banking, Financial Services & Insurance

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
UPI Value (INR Tn)	24.90	21%	0%	22%
Aggregate Deposits (INR Tn) *	242.02	9%	2%	-
Aggregate Credit (INR Tn) *	192.03	10%	1%	-
NSE & BSE Txns. (INR K Cr)	2,333.23	-15%	20%	-18%
Insurance Premium (INR K Cr)	71.38	14%	28%	4%

Macroeconomic

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
GST Collections (INR Tn)	1.89	9%	1%	10%
WPI (%)	-	0.13%	-	-
CPI (%)	-	1.54%	-	-
Jan Dhan Deposits (INR Tn)	2.7	17%	2%	14%
MGNREGA Emp. Provided (HH)	9.35	-34%	-8%	-9%

Sentiment

GROWTH →

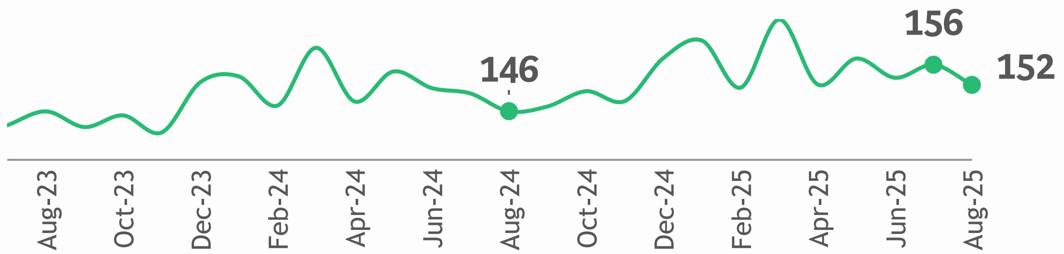
	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Manufacturing PMI (Index)	57.7	2%	-3%	-
Services PMI (Index)	60.9	6%	-3%	-
Current Situation Index (Urban)*	96.9	2%	0%	-
Future Expectations Index (Urban)*	125	3%	0%	-

* Data available only up to Aug'25 as on 20th Oct'25 – hence growth comparisons are for August and not September. Aug'25 data has been compared with Aug'24 & Jul'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-Sep and Jan-Aug for the * marked indicators).

IIP and cement production declined in Aug'25; Power consumption remained steady while steel consumption dipped in Sep'25

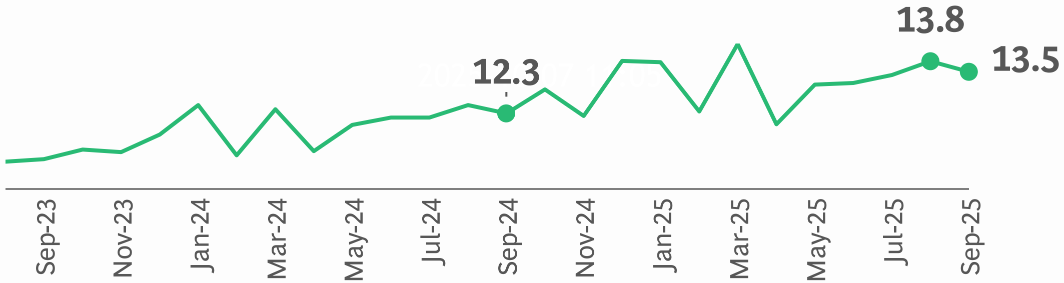
Index of Industrial Production (IIP)[1]

IIP declined in Aug'25 amid a sharp slowdown in the manufacturing sector index, especially pharmaceuticals, and the electricity sector index



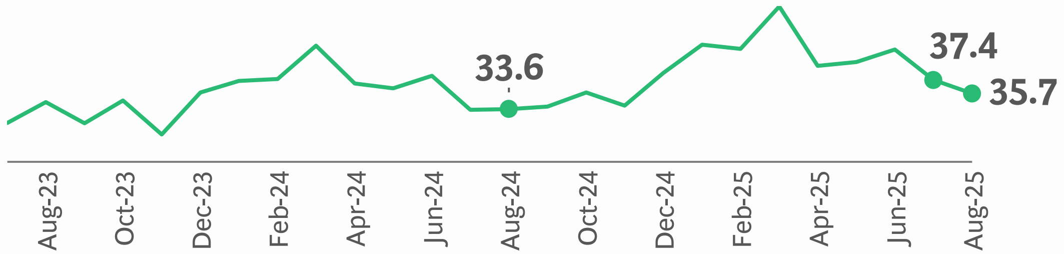
Steel Consumption (MMT)[2]

Steel consumption dipped in Sep'25, amid a drop in the non alloy category



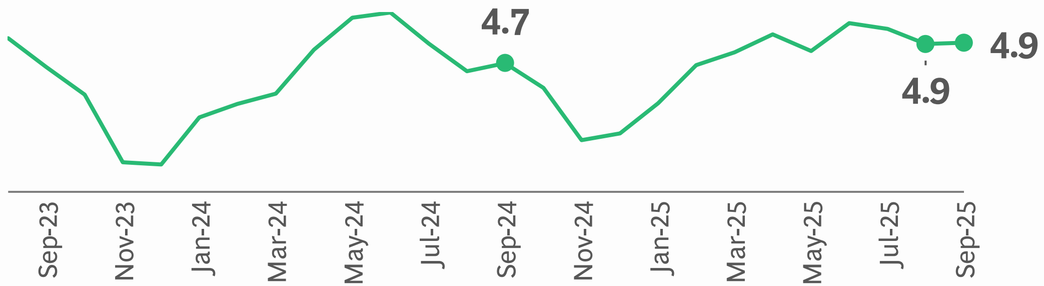
Cement Production (MT)

Cement production declined further to a 9-month low in Aug'25, despite maintaining strong YoY growth



Daily Average Power Consumption ('000 MUs)

Average power consumption remained broadly unchanged in Sep'25 amid softer industrial activity and prolonged monsoons



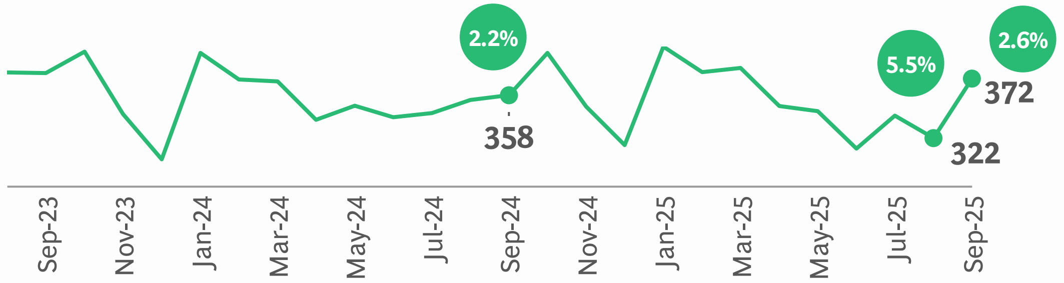
1. Index of Industrial Production (IIP) shows the growth rates in different industry groups (comprises of Mfg. (78% weightage), Mining (14%), Electricity (8%)
2. Steel consumption incl. long & flat steel, provisional figures for Sep'25

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

PV, 2W, and tractor sales recorded significant growth in Sep'25, while 3W registrations fell marginally

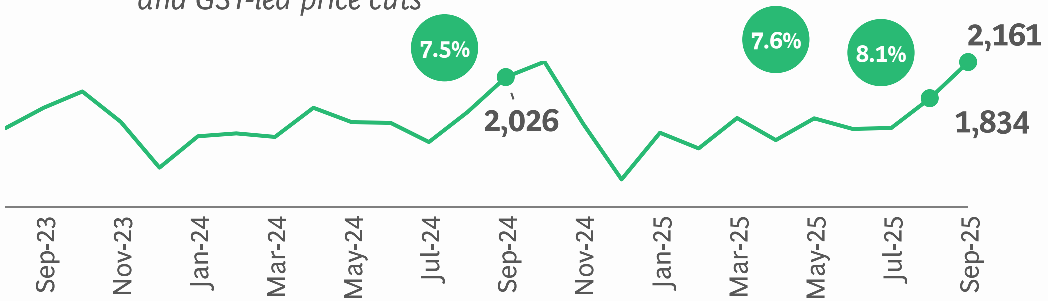
Passenger vehicles sales ('000 units)

PV sales recorded a steep hike in Sep'25, driven by recent GST cuts and festive sentiments



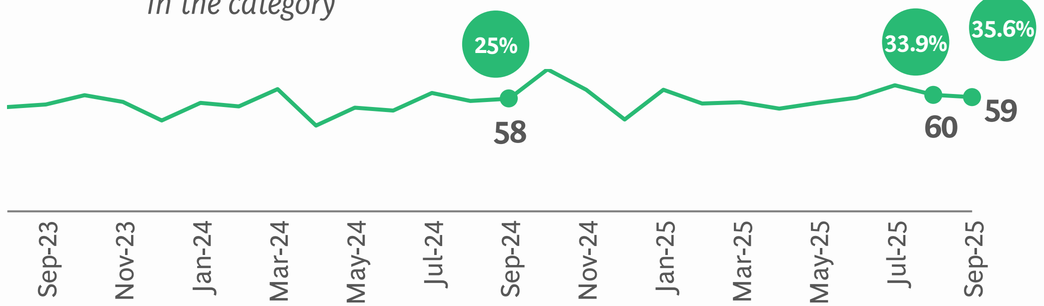
Two-wheeler sales ('000 units)

2W sales surged in Sep'25 driven by high demand during festive season and GST-led price cuts



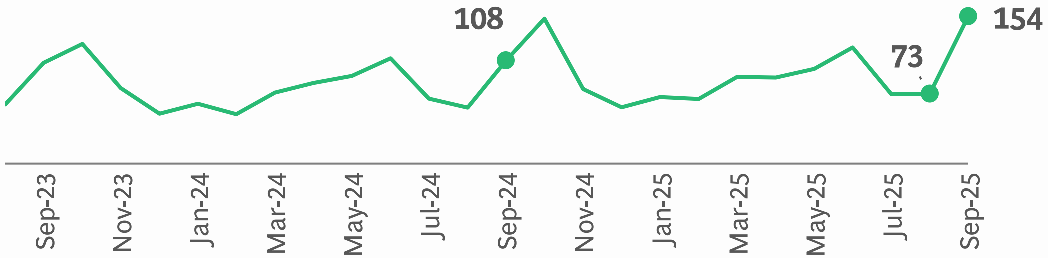
Three-wheeler Registrations[1] ('000 units)

3W registrations dipped slightly in Sep'25 amid slower retail momentum in the category



Tractor sales ('000 units)

Tractor sales more than doubled in Sep'25 vs. Aug'25, buoyed by a strong monsoon, increased kharif sowing, and higher minimum support prices



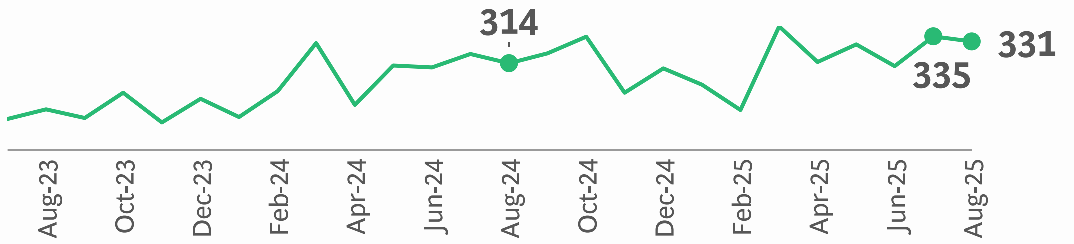
Figures represent wholesale numbers (including exports).; *.BMW, Mercedes and Volvo Auto data are not available
1. 3W registrations does not include e-rickshaws
2. EV Penetration is calculated basis the Vahan (Registration Data). EV Registrations does not include e-rickshaws and commercial vehicles
Source: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

XX% = %EV Registrations[2]

E-way bills inched up while JNPA traffic declined in Sep'25; Air passenger bookings improved as air freight traffic eased in Aug'25

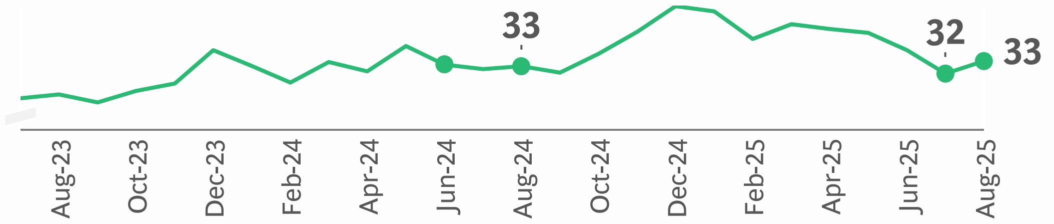
Air Freight Traffic (K tons)

Air freight traffic dropped slightly in Aug'25 amid global tariff uncertainty



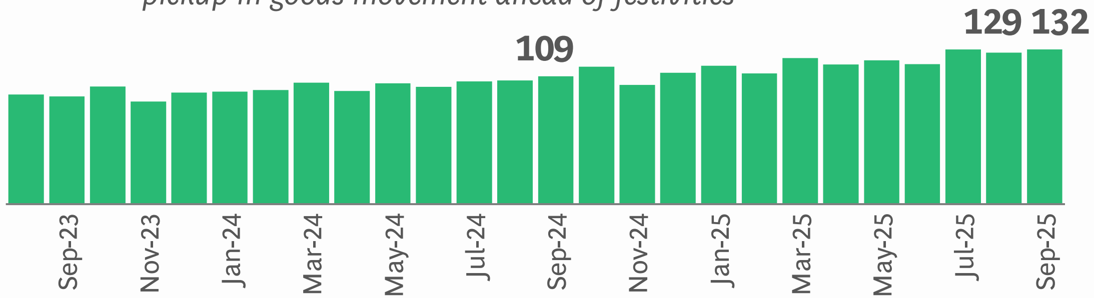
Air Passenger Bookings (Mn)

Air passenger bookings rebounded in Aug'25 after dipping for four consecutive months



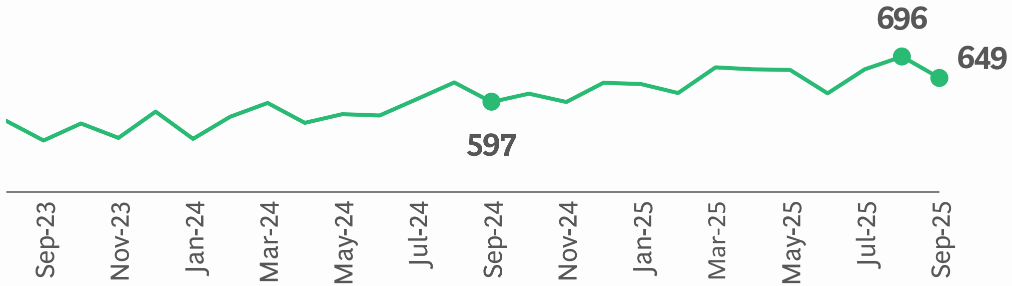
E-way Bills (Mn)[1]

E-way bill generation inched up to an all-time high in Sep'25, driven by a pickup in goods movement ahead of festivities



JNPA Container Traffic ('000 TEUs)[2]

JNPA traffic witnessed a sharp drop in Sep'25, driven by a decline at Bharat Mumbai Container Terminal Private Limited (BMCTPL)



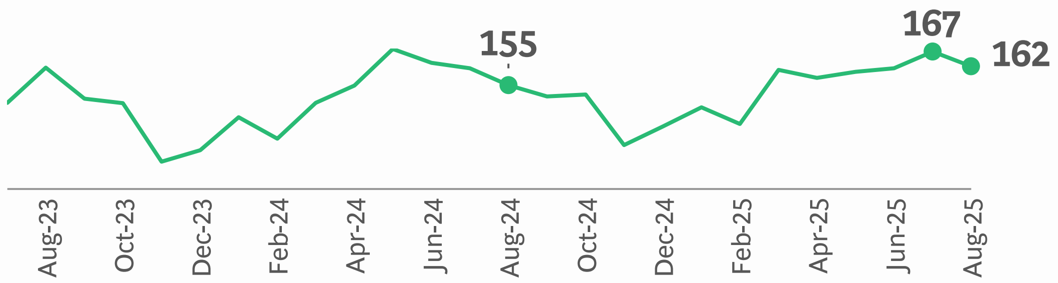
1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.; 2.TEU refers to Twenty-foot equivalent unit (Shipping containers 20 feet long, 8 feet tall)

Source: Ministry of Railways, CMIE, Airports Authority of India, Jawaharlal Nehru Port Authority, GST Network, NHAI, NPCI, BCG analysis

Electricity generation declined in Aug'25, alongside lower renewable output; Diesel consumption rose slightly in Sep'25

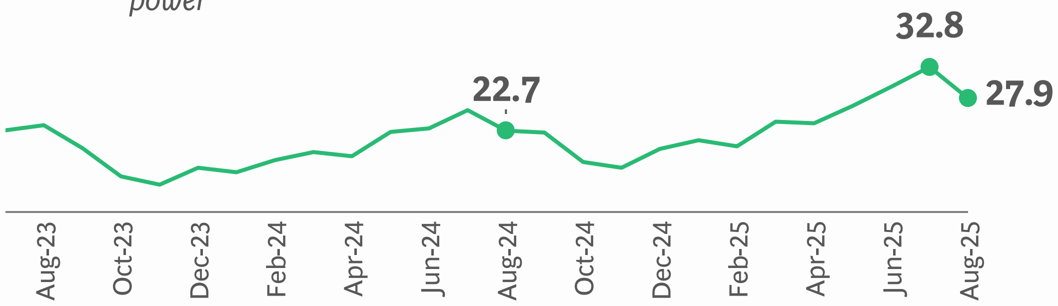
Total Electricity Generation (Billion KWh)

Electricity generation slowed in Aug'25, due to a decline in renewable and thermal energy sources



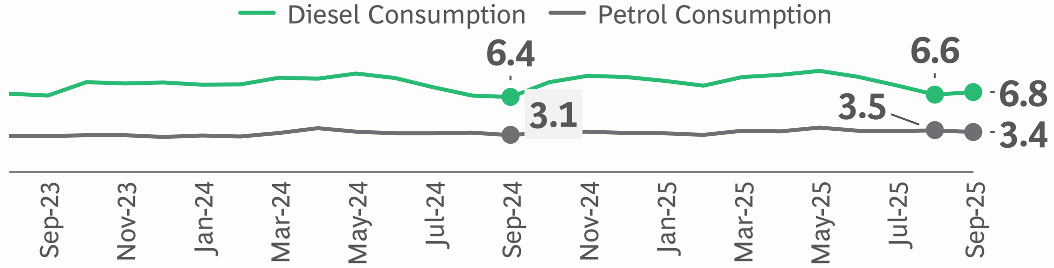
Renewable Energy Generation (Billion KWh)

Renewable energy generation fell in Aug'25, led by a sharp drop in wind power



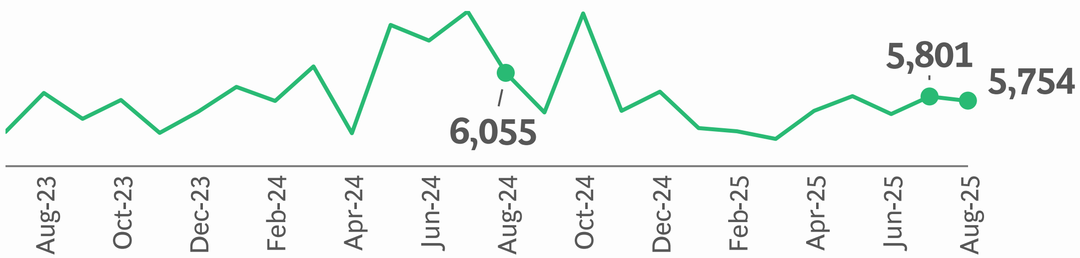
Diesel and Petrol Consumption (MMT)

Diesel consumption rose in Sep'25 on account of festive-season demand, whereas petrol recorded a modest cyclical decline



Natural Gas Consumption[1] ('00 MMSCM[2])

Natural gas consumption saw a slight decline in Aug'25 amid a minor drop in LNG imports



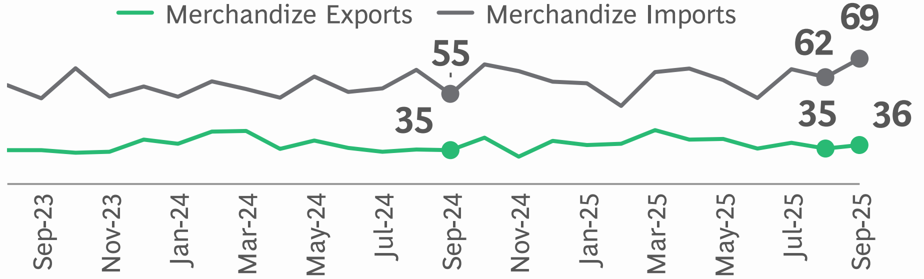
1. Natural Gas Consumption= Net Production +LNG Imports
2. MMSCM: Million Standard Cubic Meter

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

Merchandise trade deficit widened to a 13-month high in Sep'25; FDI inflows plummeted sharply in Aug'25

Merchandise Trade ($ Bn)

Trade deficit rose to a 13-month high in Sep'25, led by higher gold and silver imports and lower U.S.-bound exports after tariff hikes

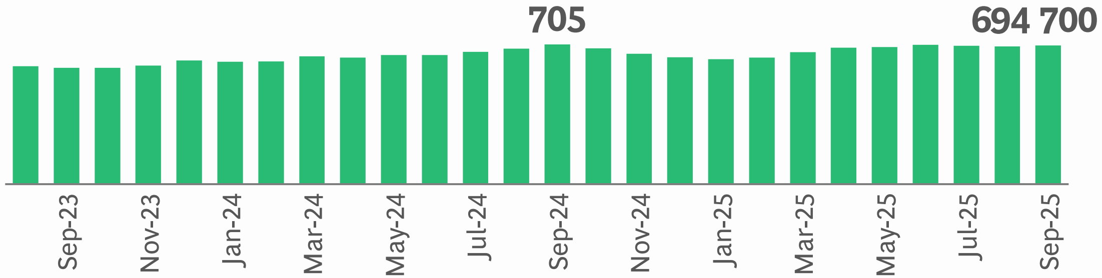


32.2

Deficit in Sep'25

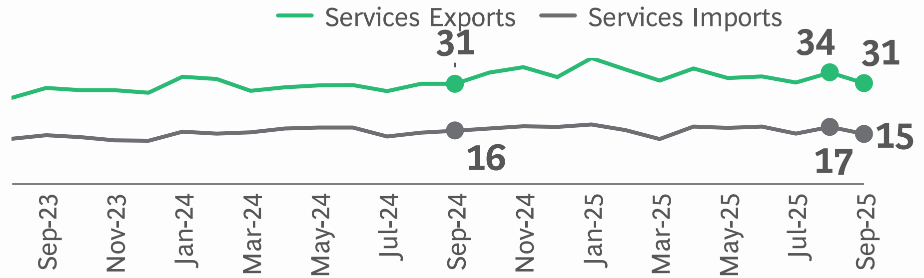
Forex Reserves ($ Bn)

Forex reserves rose marginally in Sep'25, driven by higher gold reserves



Services Trade ($ Bn)

Services trade surplus narrowed in Sep'25, driven by declines in both exports and imports

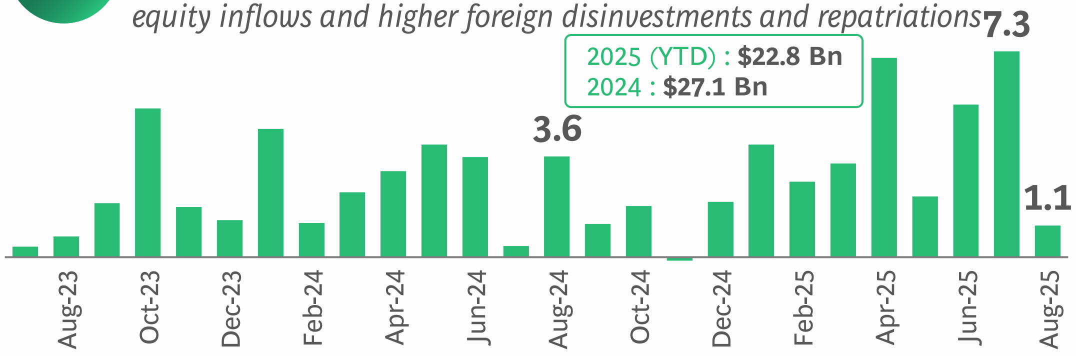


15.5

Surplus in Sep'25

FDI ($ Bn)[1]

FDI inflows fell sharply in Aug'25, weighed down by a steep drop in equity inflows and higher foreign disinvestments and repatriations

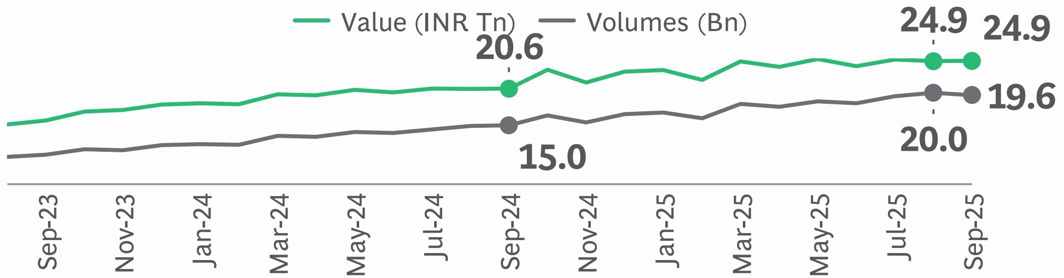


Note: Jul'25 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting 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 values remained steady while Insurance premiums surged in Sep'25; Aggregate deposits and credit increased in Aug'25

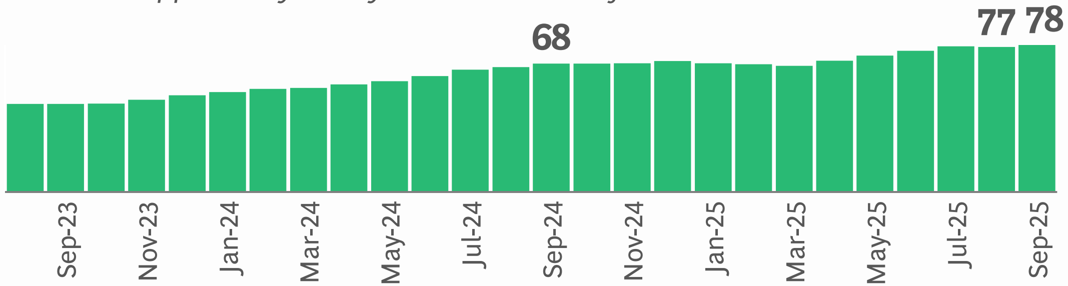
UPI Transactions

UPI value stayed largely unchanged in Sep’25, while volumes dipped slightly after reaching a record high in Aug'25



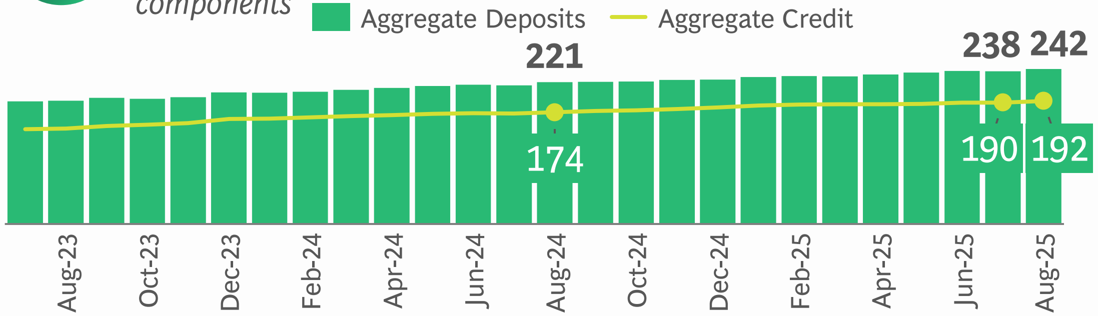
Mutual Funds AUM (INR Tn)[1]

Mutual fund AUM rose slightly in Sep’25 amid investor confidence supported by steady SIPs and retail inflows.



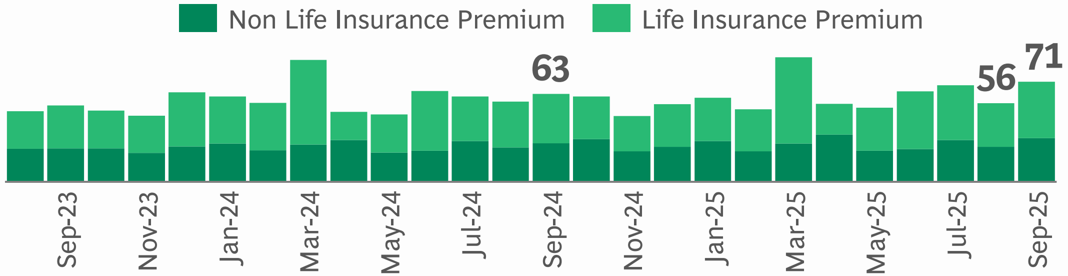
Aggregate deposits & credit (INR Tn)

Aggregate deposits grew in Aug'25, driven by both time and demand components



Insurance Premium (INR '000 Cr)[2]

Insurance premiums increased in Sep’25, as life insurance premiums surged led by group single premiums



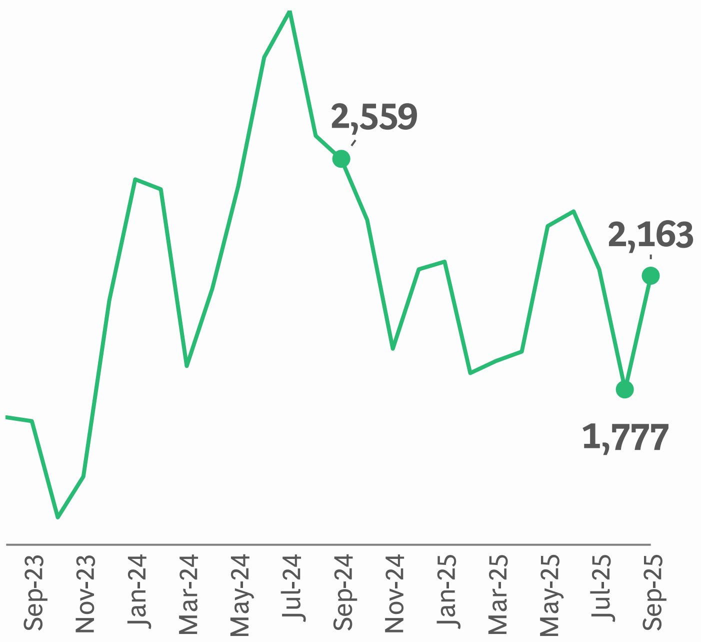
1.Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures used for life & non-life insurance as on 21 Aug'25; 2.Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Crop Insurance, Credit Guarantee, Aviation, Personal accident and Miscellaneous

Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India, BCG analysis

NSE transactions rebounded sharply in Sep'25; Market volatility index (VIX) declined to record lows

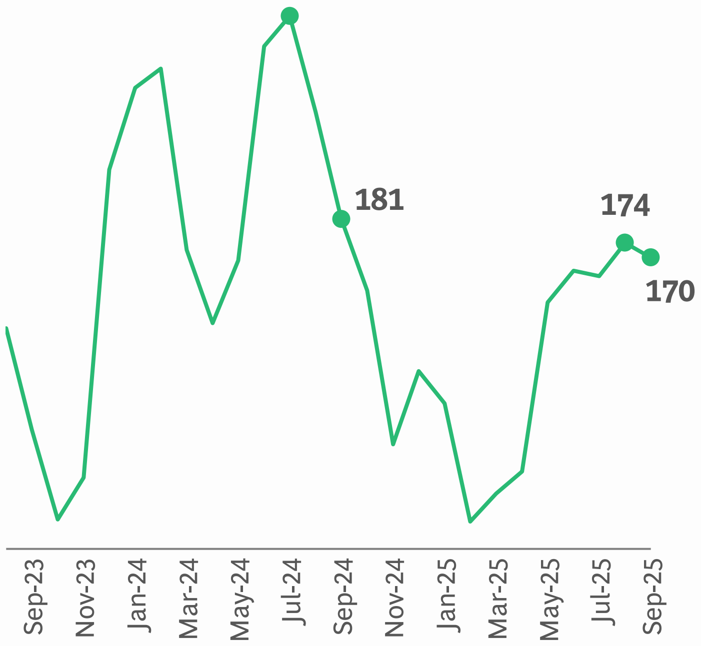
NSE transactions (INR Cr)

NSE transactions surged in Sep'25 amid a packed IPO calendar and record mutual fund inflows



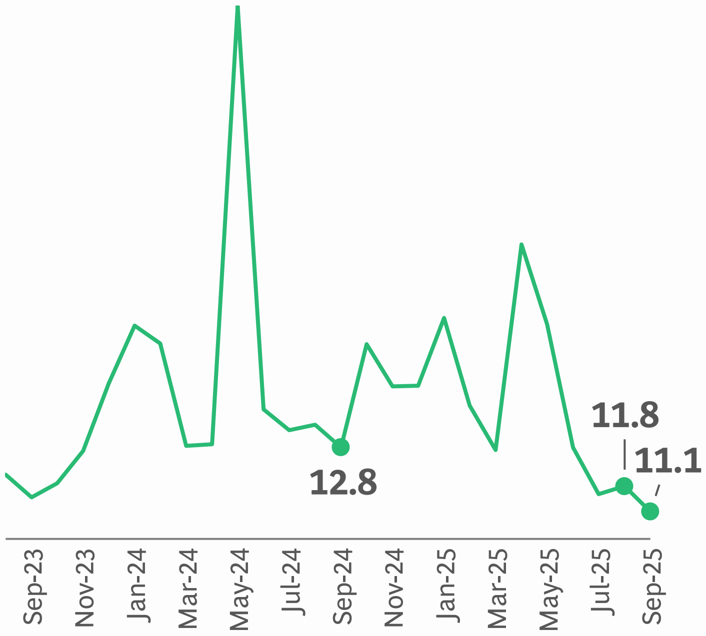
BSE transactions (INR Cr)

BSE transactions inched down marginally in Sep'25 vs. Aug'25 levels



India VIX (Volatility Index)[1]

VIX declined to close at a record low in Sep'25, in the absence of immediate key triggers



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 significantly in Aug’25; GST collections increased in Sep'25 amid structure rationalization

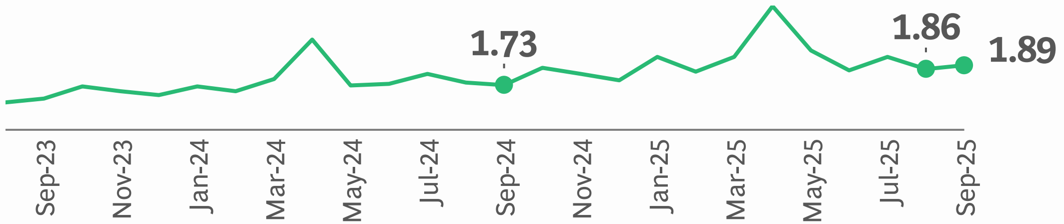
Govt. Receipts & Expenditures (INR Tn)

The fiscal deficit for Aug’25 narrowed as tax revenue receipts increased, and revenue expenditure declined

	Jun'25	Jul'25	Aug'25
Govt. Expenditure (INR Tn)	4.8	3.4	3.2
Govt. Receipts (INR Tn)	2.1	1.5	1.9
Fiscal Deficit (INR Tn)	2.7	1.9	1.3

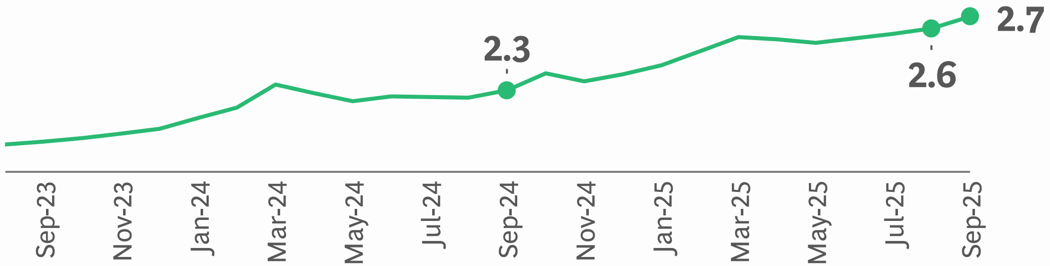
GST Collections[1] (INR Tn)

GST collections rose in Sep’25, driven by higher gross import revenues amid tax-structure rationalization



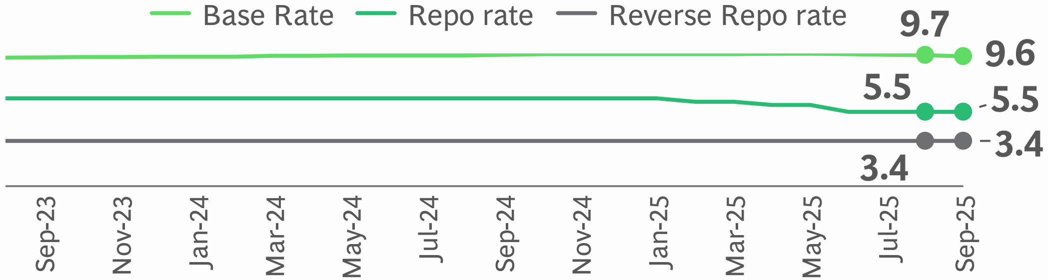
Jan Dhan Deposits (INR Tn)

Jan Dhan deposits in Sep’25 rose slightly as banks intensified nationwide financial inclusion drives and re-KYC efforts for beneficiary accounts



RBI's policy rates (%)

RBI held repo rate remained unchanged in Sep'25

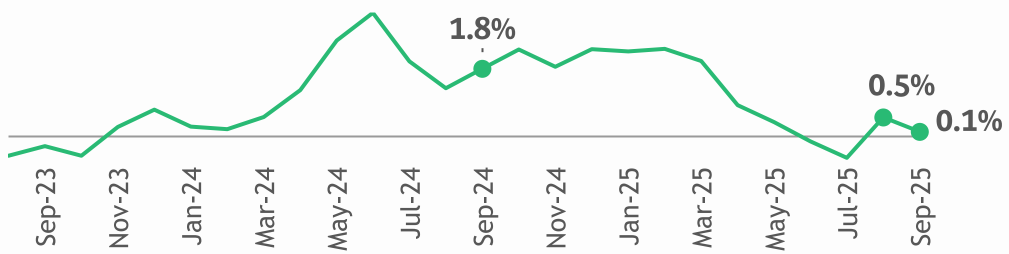


1.GST Collections include all components: CGST, SGST, IGST, Cess
Source: CMIE, Ministry of Finance, GST Council, GST Network , RBI, Jan Dhan Yojana, BCG analysis

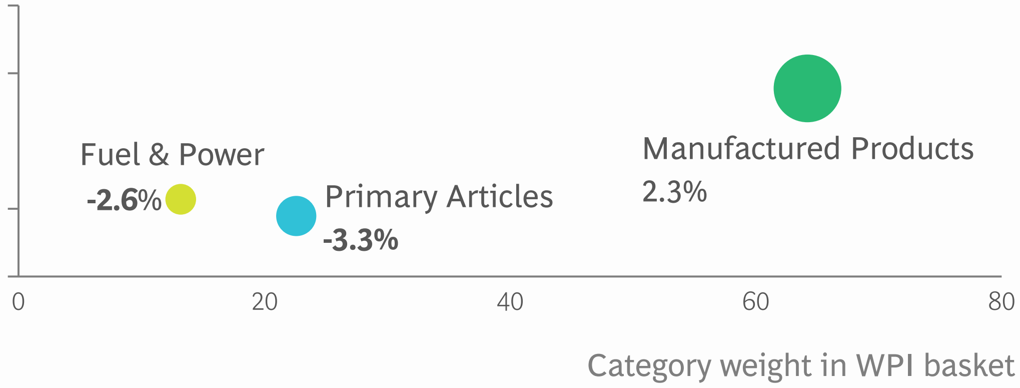
WPI inflation inched down to 0.1% in Sep'25; CPI inflation fell to over an 8-year low amid lower food and beverage prices

Wholesale Price Index (WPI)[1]

WPI inflation declined in Sep'25 primarily due to deflationary trends in key categories including vegetables, petrol, LPG, and others

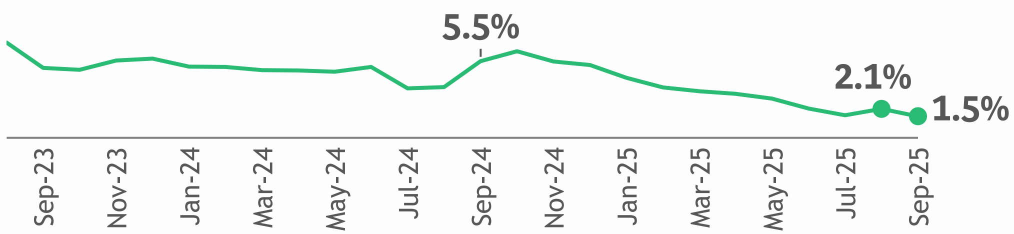


WPI inflation rate for Sep'25

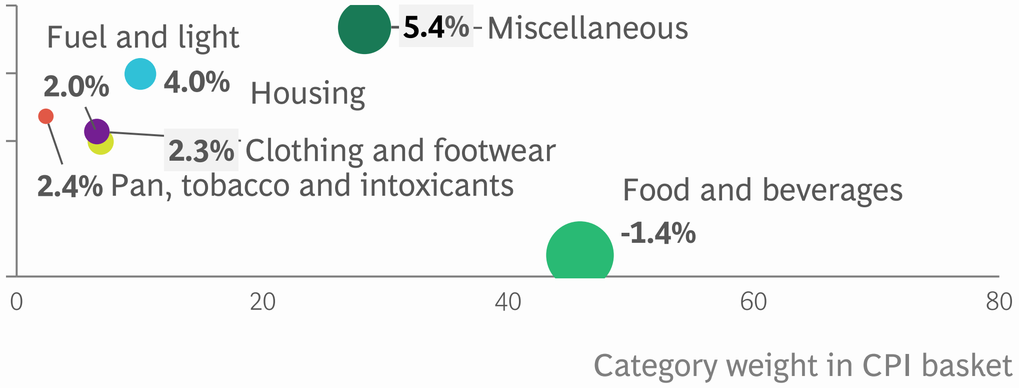


Consumer Price Index (CPI)[2]

CPI inflation fell to over an 8-year low in Sep'25 led by a decrease in food and beverage prices



CPI inflation rate for Sep'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.

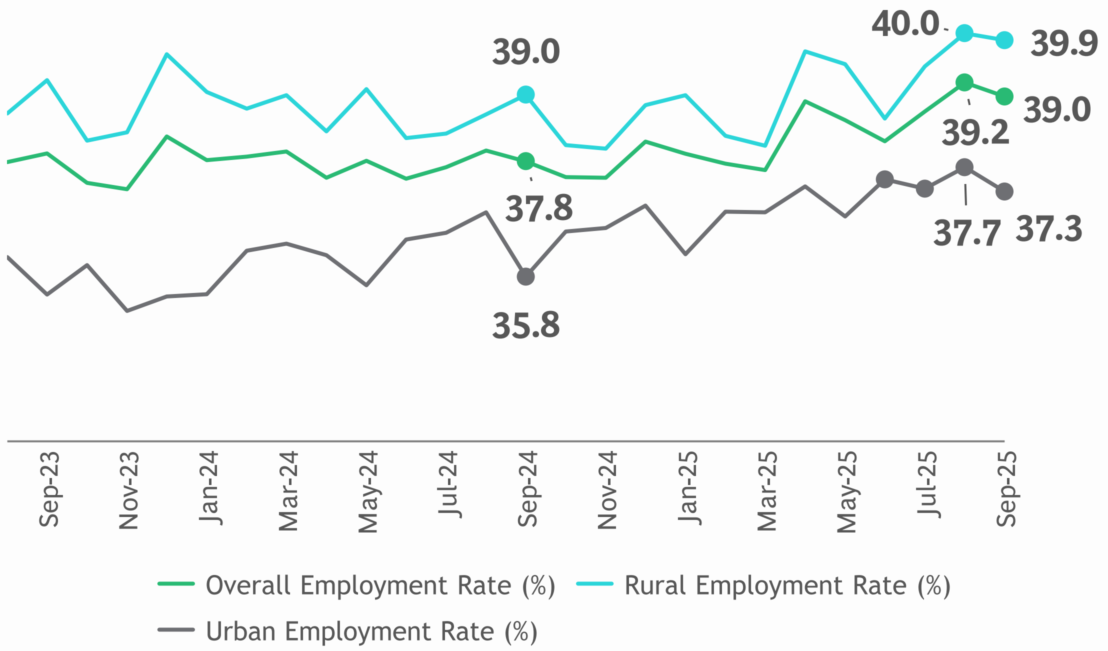
Source: MOSPI, CMIE, BCG Analysis

Overall employment rate witnessed a downturn in Sep'25; MGNREGA employment declined amid kharif sowing and budget constraints

CMIE Employment rate (%)[1]

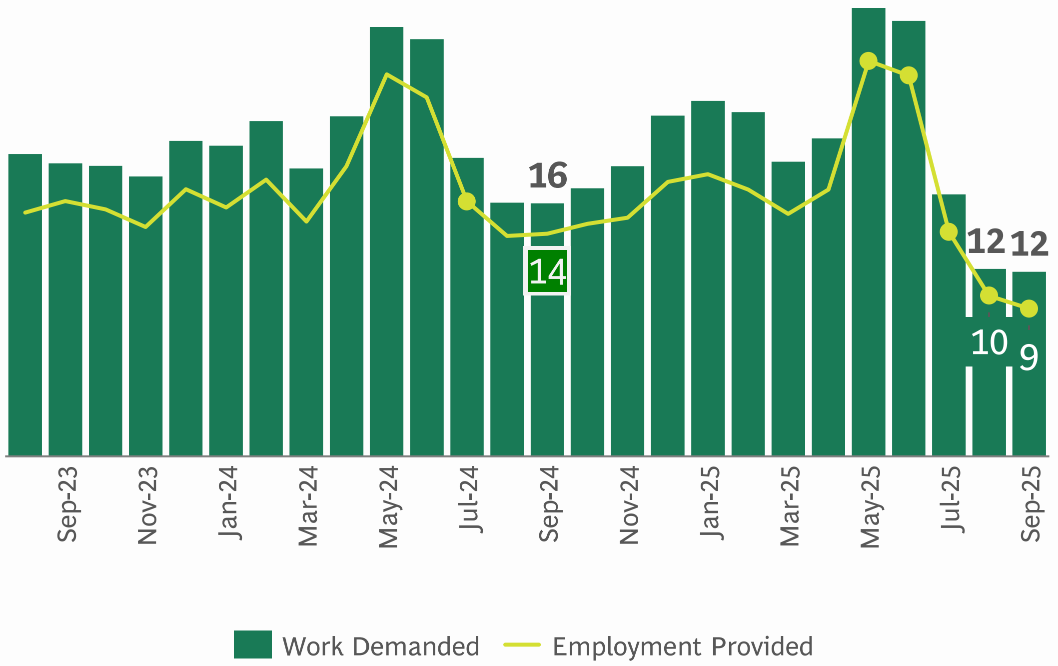
The overall employment rate dropped slightly in Sep'25, driven by the seasonal fall in agricultural jobs

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)[2]

MGNREGA employment continued to fall in Sep'25 amid a surge in kharif sowing activity alongside government budget constraints

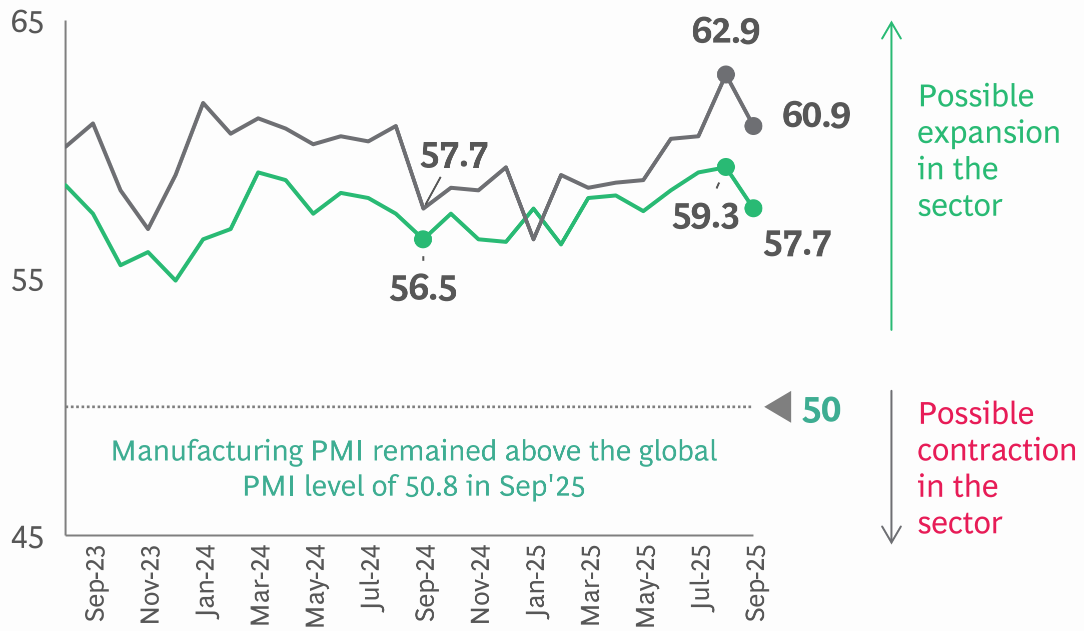


1.CMIE's Consumer Pyramids panel of households contains over 178,677 households and these include over 522,000 members who are over 15 years old
2.MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act.
Source: CMIE Consumer Pyramids survey, Ministry of Labour & Employment, Ministry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

Manufacturing and Services PMI dipped in Sep'25; Consumer confidence improved amid easing inflation sentiments

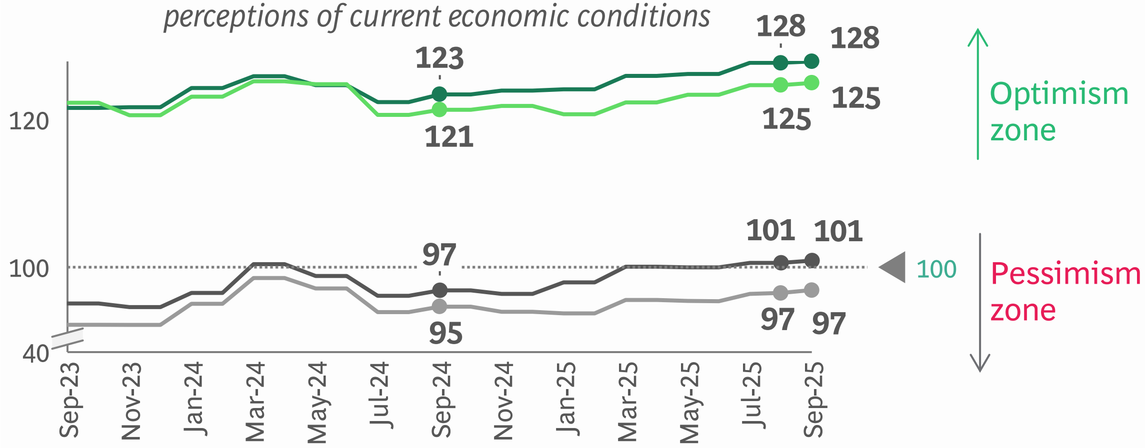
Manufacturing and services PMI[1]

Both manufacturing and services PMI moderated in Sep'25 as factories faced softer new orders, and services cooled on weaker international demand and price competition



Consumer Confidence Survey (RBI)[2]

Consumer sentiments improved in Sep'25 across both urban and rural areas, driven by easing inflation expectations and a marginal uptick in perceptions of current economic conditions



CSI: CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

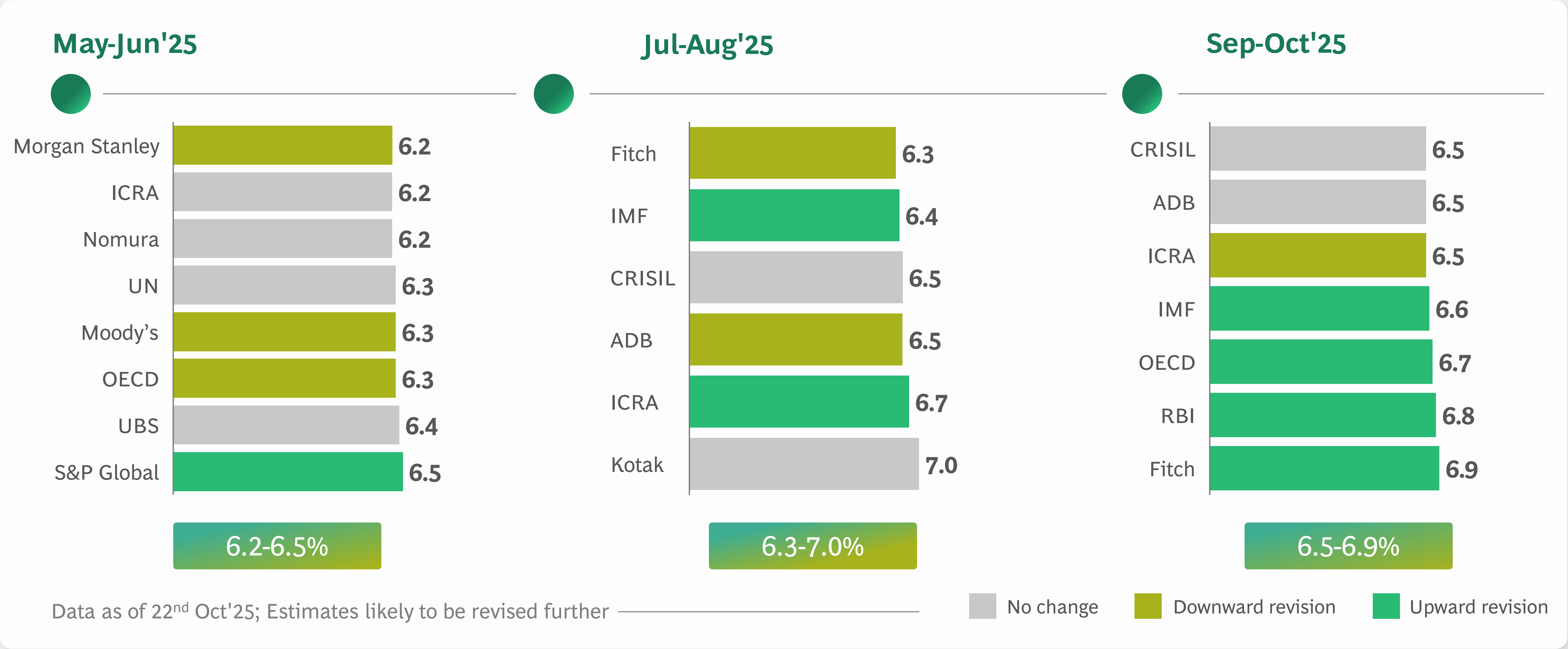
FEI: FEI reflects consumer expectations one year ahead and is calculated based on average net responses on future perceptions on various factors such as economic conditions, income, spending, price level, as per RBI Consumer Confidence Survey

Rural - Current Situation Index (CSI) | Urban - Current Situation Index (CSI)
Rural - Future Expectations Index (FEI) | Urban - Future Expectations Index (FEI)

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 covering both upstream and downstream activity; 2.Sample size: 8,848 and 6,068 responses for rural and urban (across 19 major cities) respectively surveyed during August 28 to September 07, 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.
Source: S&P Global, IHS Markit, CMIE, Analyst Reports, RBI, BCG analysis

FY26 GDP projected to grow between 6.5–6.9%; IMF and Fitch raised forecasts in Sep-Oct'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