



# Indian Economy Updates

June 2025



## Domestic Indicators

**Provisional Estimates of Annual GDP for 2024-25 & Quarterly Estimates of GDP for the 4th Quarter of 2024-25:** Real GDP has been estimated to grow by 6.5% in FY 2024-25. Nominal GDP has witnessed a growth rate of 9.8% in FY 2024-25. In Q4 of FY 2024-25, Real GDP and Nominal GDP has been estimated to grow by 7.4% and 10.8% respectively. 'Construction' sector is estimated to record a growth rate of 9.4% in FY 2024-25, followed by 8.9% growth rate in 'Public Administration, Defence & Other Services' sector and 7.2% growth rate in 'Financial, Real Estate & Professional Services' sector...

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**Provisional/Unaudited Accounts of the Government of India for FY 2024-25:** The Government of India has received ₹30,78,247 crore (97.8% of corresponding RE 2024-25 of Total Receipts) during 2024-25 comprising ₹24,98,885 crore Tax Revenue (Net to Centre), ₹5,37,544 crore of Non-Tax Revenue and ₹41,818 crore of Non-Debt Capital Receipts. Total Expenditure incurred by Government of India is ₹46,55,517 crore (98.7% of corresponding RE 2024-25), out of which ₹36,03,510 crore is on Revenue Account and ₹10,52,007 crore is on Capital Account...

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**Monthly Review of Accounts of Government of India for April 2025 (FY 2025-26):** The Government of India has received ₹2,79,288 crore (8.0% of corresponding BE 2025-26 of Total Receipts) for April 2025 comprising ₹1,89,669 crore Tax Revenue (Net to Centre), ₹67,160 crore of Non-Tax Revenue and ₹22,459 crore of Non-Debt Capital Receipts, on account of Recovery of Loans. Total Expenditure incurred by Government of India is ₹4,65,620 crore (9.2% of corresponding BE 2025-26), out of which ₹3,05,830 crore is on Revenue Account and ₹1,59,790 crore is on Capital Account...

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**RBI Monetary Policy Statement (55th Meeting):** The MPC voted to reduce the policy repo rate by 50 basis points (bps) to 5.50 per cent with immediate effect. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) shall stand adjusted to 5.25 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 5.75 per cent...

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# Economic Updates

**India's IIP Growth Rate for April 2025 Stands At 2.7%:** The IIP growth rate for the month of April 2025 is 2.7 per cent which was 3.0 per cent in the month of March 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of April 2025 are (-)0.2 per cent, 3.4 per cent and 1.1 per cent respectively. The top three positive contributors for the month of April 2025 are - "Manufacture of basic metals" (4.9%), "Manufacture of motor vehicles, trailers and semi-trailers" (15.4%) and "Manufacture of machinery and equipment n.e.c." (17.0%)...

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**The Index of Eight Core Industries (ICI) Grew 0.7 per cent in May 2025:** The combined Index of Eight Core Industries (ICI) increased by 0.7 per cent (provisional) in May 2025 as compared to the Index in May 2024. The production of Cement, Steel, Coal and Refinery Products recorded positive growth in May 2025. The cumulative growth rate of ICI during April to May, 2025-26 is 0.8 per cent (provisional) as compared to the corresponding period of last year...

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**Retail Inflation Slows to 2.82 per cent in May 2025, Lowest Y-O-Y after February 2019:** Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of May 2025 over May 2024 is 2.82% (Provisional). There is decline of 34 basis points in headline inflation of May 2025 in comparison to April 2025. It is the lowest year-on-year inflation after February 2019. The significant decline in headline inflation and food inflation during the month of May 2025 is mainly attributed to decline in inflation of Pulses & products, Vegetables, Fruits, Cereals & products, Households goods & services, Sugar & confectionary and Egg and the favorable base effect...

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**India's Wholesale Inflation Estimated at 0.39 per cent in May 2025:** The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 0.39% (provisional) for the month of May 2025 (over May 2024). Positive rate of inflation in May 2025 is primarily due to increase in prices of manufacture of food products, electricity, other manufacturing, chemicals and chemical products, manufacture of other transport equipment and non-food articles etc. The month over month change in WPI for the month of May 2025 stood at (-) 0.06% as compared to April, 2025...

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**GST Collections for May 2025 Stood at INR 2.01 Lakh Crore, up 16.4 per cent YoY:** Goods and Services Tax (GST) collections for the month of May 2025 touched INR 2.01 lakh crore, an increase of 16.4 per cent year-on-year basis. Central GST collection stood at INR 35,434 crore while State GST collections were INR 43,902 crore. Additionally, for this month, Integrated Domestic GST collection remained at INR 58,767 crore. Furthermore, GST Domestic Cess collection was reported at INR 11,683 crore...

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## External Indicators

**Total Exports (Merchandise & Services) for May 2025 are Estimated at USD 71.12 Billion:** India's total exports (Merchandise and Services combined) for May 2025\* is estimated at US\$ 71.12 Billion, registering a positive growth of 2.77 percent vis-à-vis May 2024. Total imports (Merchandise and Services combined) for May 2025\* is estimated at US\$ 77.75 Billion, registering a negative growth of (-) 1.02 percent vis-à-vis May 2024. Top 5 export destinations, in terms of change in value, exhibiting positive growth in May 2025 vis a vis May 2024 are USA, China P Rp, Australia, Russia, and Germany...

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**India's Forex Reserves Reach USD 696.65 Billion:** India's foreign exchange reserves for the week ending 06 June, increased by USD 5.17 billion to USD 696.656 billion. Foreign currency assets stood at USD 587.687 billion; Gold stood at USD 85.888 billion; SDRs stood at USD 18.672 billion; and Reserve Position in the IMF stood at USD 4.409 billion...

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**India's Foreign Direct Investment (FDI) Equity Inflow Stands at \$9.346 Billion from January to March 2025:** India's foreign direct investment (FDI) equity inflow for January 2025 to March 2025 stands at \$9.346 billion. Top countries include Singapore, Mauritius, the US, and Japan, among others. Among the sectors, Computer Software Technology, Electronics, Insurance, and Trading (Wholesale Cash & Carry), etc. were the top performers. Maharashtra, Karnataka, and Delhi were top recipients of FDI...

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# Economic Updates

## Economic Analysis

### Provisional Estimates of Annual GDP for FY 2024-25

- **Real GDP Growth Rate:** 6.5%
- **Nominal GDP Growth Rate:** 9.8%

- **Construction Sector Growth Rate:** 9.4%
- **Public Administration, Defence & Other Services Growth Rate:** 8.9%
- **Financial, Real Estate & Professional Services Growth Rate:** 7.2%

- **Primary Sector Growth Rate:** 4.4%
- **Private Final Consumption Expenditure (PFCE) Growth Rate:** 7.2%
- **Gross Fixed Capital Formation (GFCF) Growth Rate:** 7.1%

Real GDP (GDP at Constant Prices) is estimated at INR 187.97 lakh crore. The First Revised Estimates of GDP for FY 2023-24 were INR 176.51 lakh crore. Thereby, a growth of 6.5% has been registered for the real GDP. Nominal GDP (GDP at Current Prices) is estimated at INR 330.68 lakh crore. Upon comparing it with the FY 2023-24 Nominal GDP of INR 301.23 lakh crore, a growth rate of 9.8% has been recorded.

Considering the percentage sectoral growth rates of real GVA, Construction at 9.4%, Public Administration, Defence & Other Services at 8.9%, and Financial, Real Estate & Professional Services at 7.2% were the top performers for FY 2024-25. Manufacturing at 4.5%, Agriculture, Livestock, Forestry & Fishing at 4.6%, and Mining & Quarrying at 2.7% were the low-growth sectors.

India's FY 2024-25 economic performance reflects a stable recovery, with real GDP growing by 6.5% and nominal GDP by 9.8%. High sectoral growth in construction and public administration, defence & other services indicates strong public spending and infrastructure push. Financial and professional services also performed well, signaling robust urban demand. However, relatively low growth in agriculture and manufacturing points to structural bottlenecks and possible rural distress, while mining lagged further at 2.7%. The data suggests a services-driven growth trajectory.



## RBI Monetary Policy Update (June 2025)

Policy Rates	
Policy Repo Rate	5.50%
Standing Deposit Facility Rate	5.25%
Marginal Standing Facility Rate	5.75%
Bank Rate	5.75%
Fixed Reverse Repo Rate	3.35%
Reserve Ratios	
CRR (Cash Reserve Ratio)	4.00%
SLR (Statutory Liquidity Ratio)	18.00%

Source: RBI

The Monetary Policy Committee (MPC) of the RBI announced a cut in the Policy Repo Rate by 50 bps making it 5.50%. Hence, the Standing Deposit Facility (SDF) rate is 5.25%, the Marginal Standing Facility (MSF) and the Bank Rate are 5.75%.

The Monetary Policy Committee (MPC) has shifted its stance from accommodative to neutral while reaffirming its commitment to achieving the medium-term CPI inflation target of 4%, within a +/-2% band, alongside supporting economic growth. Global uncertainties have somewhat eased due to a temporary tariff reprieve and optimism in trade negotiations, but remain elevated, posing risks to growth sentiment.

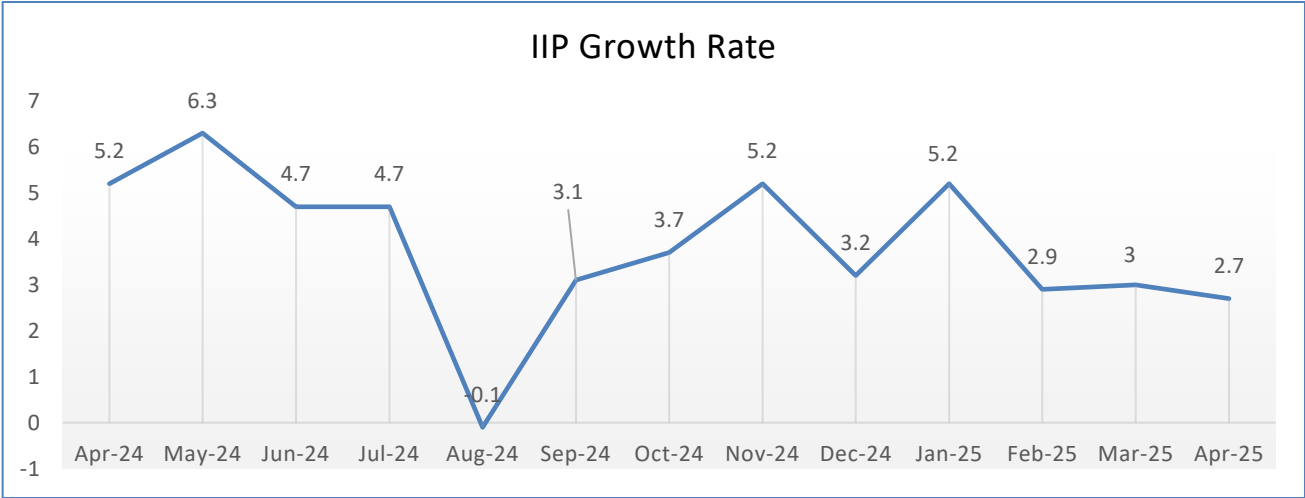
Domestically, economic activity is expected to maintain momentum in 2025-26, driven by private consumption, increased fixed capital formation, and robust rural demand. The services sector continues to expand, supporting urban recovery, while agricultural prospects remain strong. Investment activity is also expected to improve, aided by trade agreements such as the FTA with the UK.

Headline CPI inflation fell to almost a six-year low of 3.2% in April 2025, with core inflation stable despite gold price increases. Inflation expectations, particularly among rural households, show a declining trend. Projections suggest continued moderation in key commodity prices, including crude oil.

Given this favorable inflation outlook and stable growth conditions, the RBI decided for policy rate cuts to reinforce domestic consumption and investment. The evolving inflation-growth dynamics support a proactive monetary stance to strengthen the growth trajectory amidst persisting global risks.

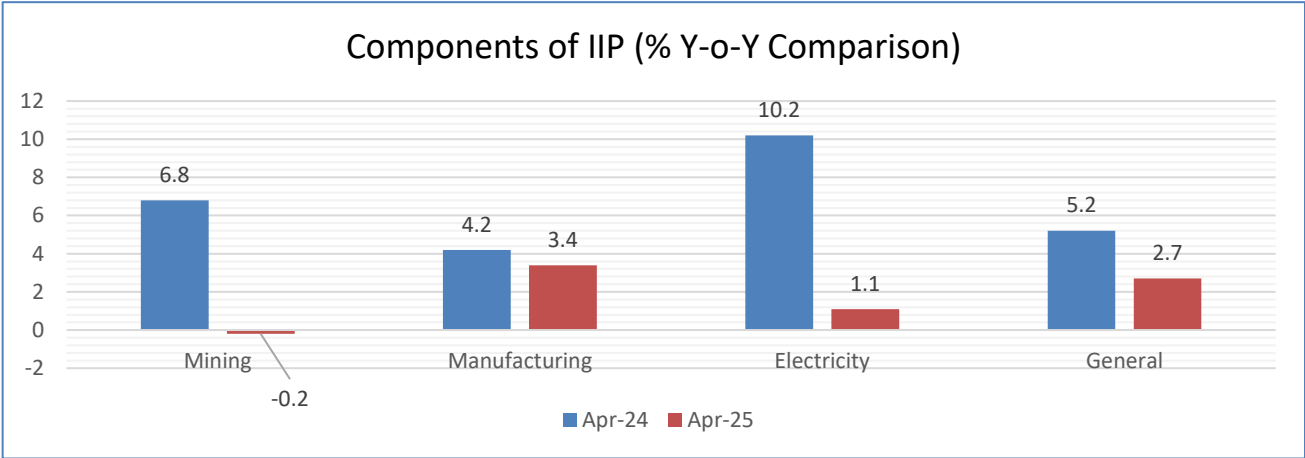


## Production Scenario (IIP Growth)



Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI.

The Index of Industrial Production (IIP) has seen a mild drop from 3.0 per cent in March 2025 to 2.7 per cent in April 2025. Growth, however, fell short of the 5.2% expansion recorded in the same month the previous year. Manufacturing, the sector with the largest weight in the index, grew by 3.4 per cent. 16 out of 23 industry groups, within manufacturing, witnessed growth. Despite a slowdown in some sectors, strong capital goods and stable manufacturing sustained industrial output.



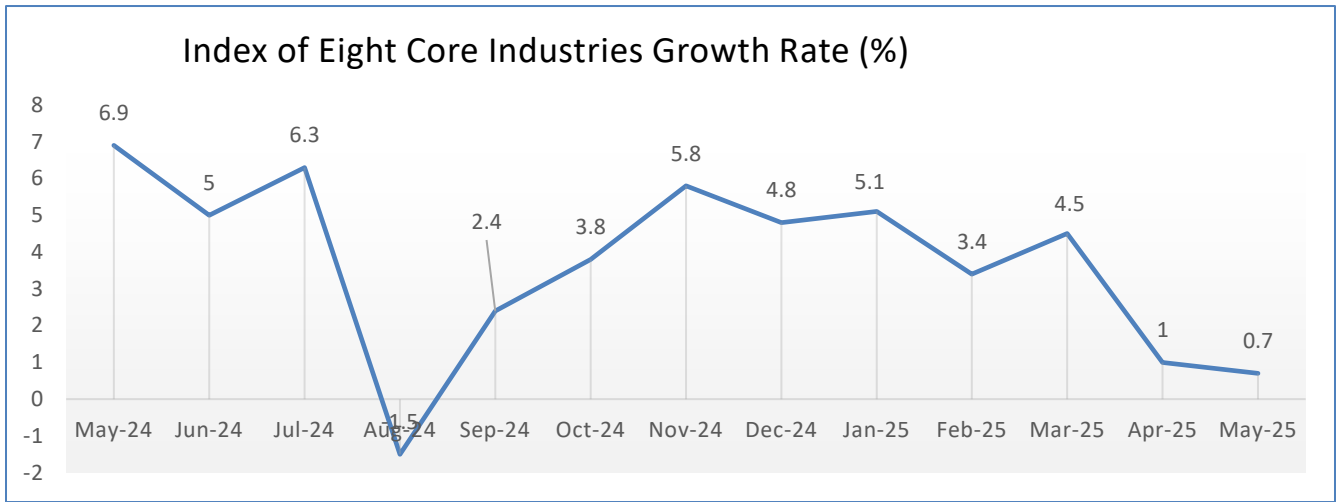
Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI

The mining sector's growth plummeted from 6.8% to (-)0.2%, manufacturing growth slowed from 4.2% to 3.4%, and electricity production saw a decline to 1.1% compared to 10.2% in the same month last year, highlighting volatile economic environment and an uncertain global economic scenario.



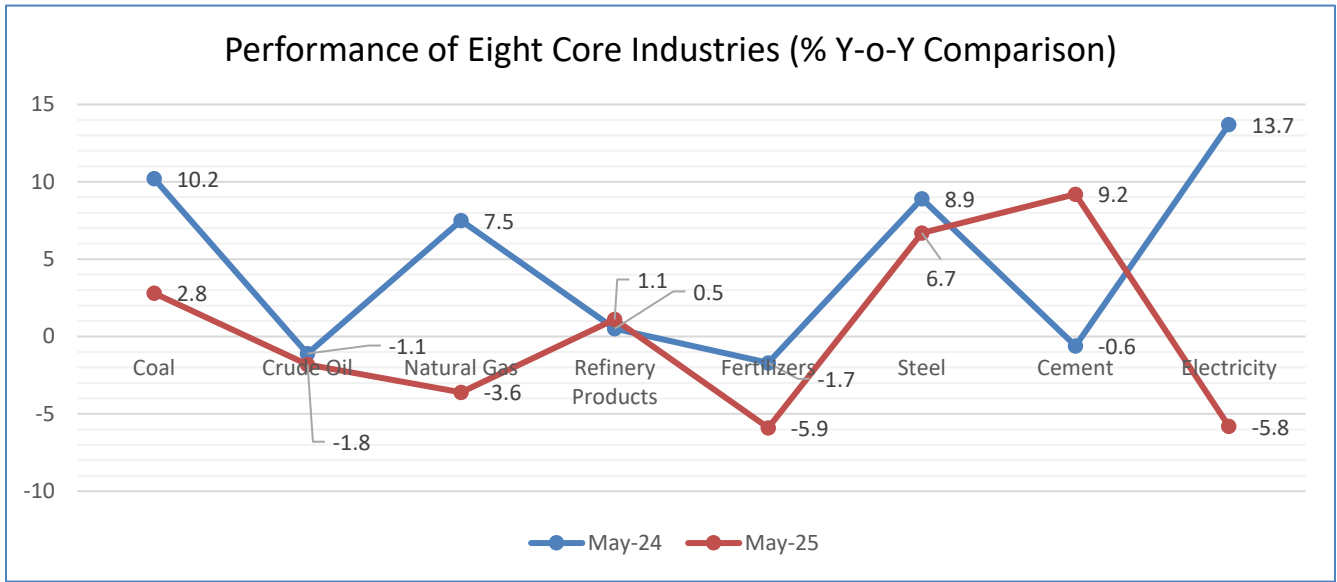


## Production Scenario (Core Infra)



Source: Ministry of Commerce and Industry, GOI.

In May 2025, the Eight Core Industries registered a growth rate of only 0.7%, a slight decline from 1% in April 2025 and much lower than 6.9% in May 2024. This indicates a slowdown in industrial activity, especially when compared to the previous year's robust start. May 2025 reflects a broad-based moderation in the performance of the core industries, primarily due to weakness in petroleum-related sectors, fertilizers, electricity, and subdued energy demand.

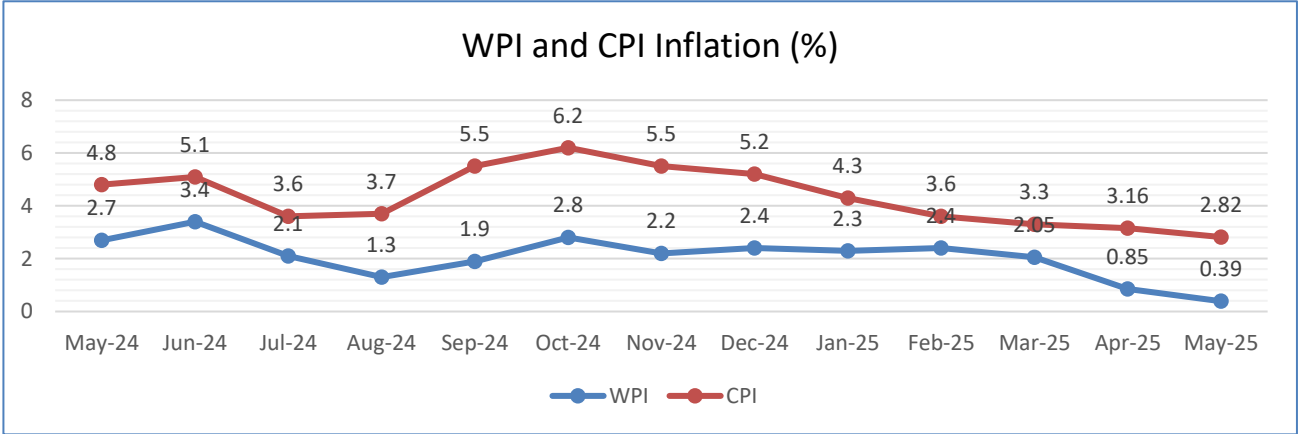


Source: Ministry of Commerce and Industry, GOI.

In May 2025, four of the eight core industries – Coal, Refinery Products, Steel, and Cement - registered growth, with Cement showing the highest increase (9.2%). Yearly comparison of the Eight Core Industries shows a mixed trend in May 2025 compared to May 2024. Cement (up from -0.6% to 9.2%) showed improvement, while, Electricity and Natural Gas saw moderation from last year's high growth. Steel and Cement maintained steady positive trends. The change in momentum across sectors may reflect changing economic dynamics.

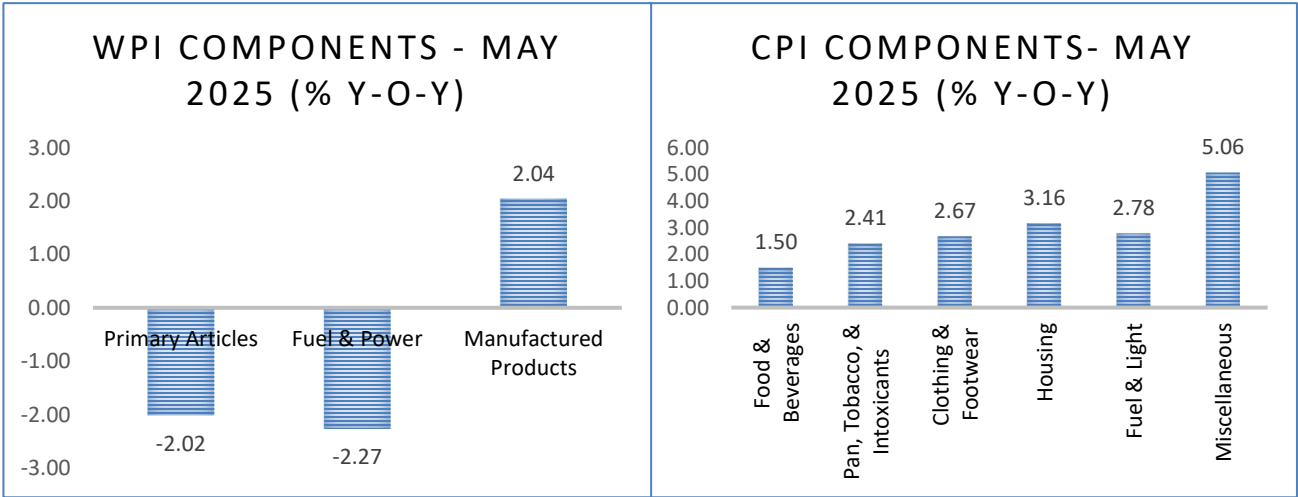


## Inflation Trends (WPI and CPI)



Source: MOSPI and Office of Economic Advisor, GOI.

The WPI and CPI inflation trends between May 2024 and May 2025 reveal initial divergence and later convergence. CPI peaked at 6.2% in October 2024, while WPI peaked at 3.4% in June 2024. From November 2024 onwards, both indices steadily decline, indicating cooling inflationary pressures in the economy. By May 2025, CPI eased to 2.82%, and WPI fell sharply 0.39%. This suggests reduced cost-push inflation at the wholesale level. However, the CPI’s relatively slower decline implies demand-side pressures. The sharp fall in WPI with moderate CPI decline could indicate margin expansion opportunities for producers.

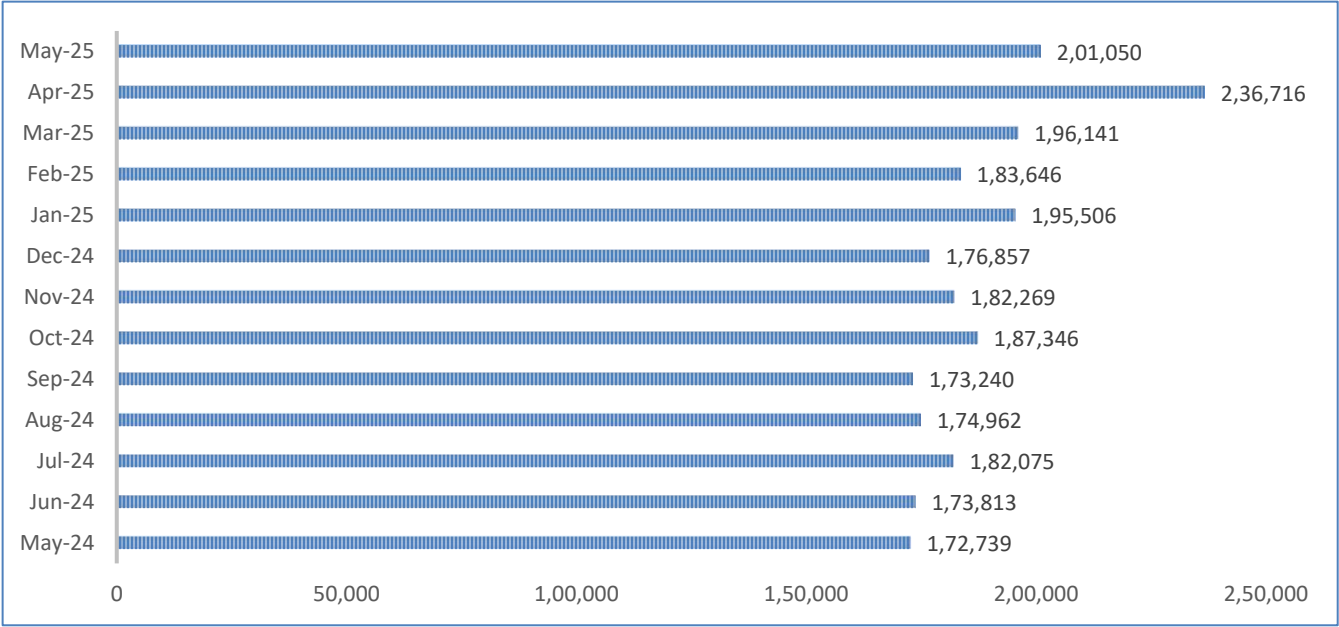


Source: MOSPI and Office of Economic Advisor, GOI.

In May 2025, WPI inflation was driven solely by a 2.04% rise in Manufactured Products, while Primary Articles and Fuel & Power dragged the overall WPI down. This explains the sharp fall in overall WPI to 0.39%. In contrast, CPI inflation remained moderately elevated due to broad-based increases, especially in the Miscellaneous and Housing categories. The divergence suggests that while input costs have softened, consumer prices are adjusting gradually, reflecting a stable but cautious inflation environment.



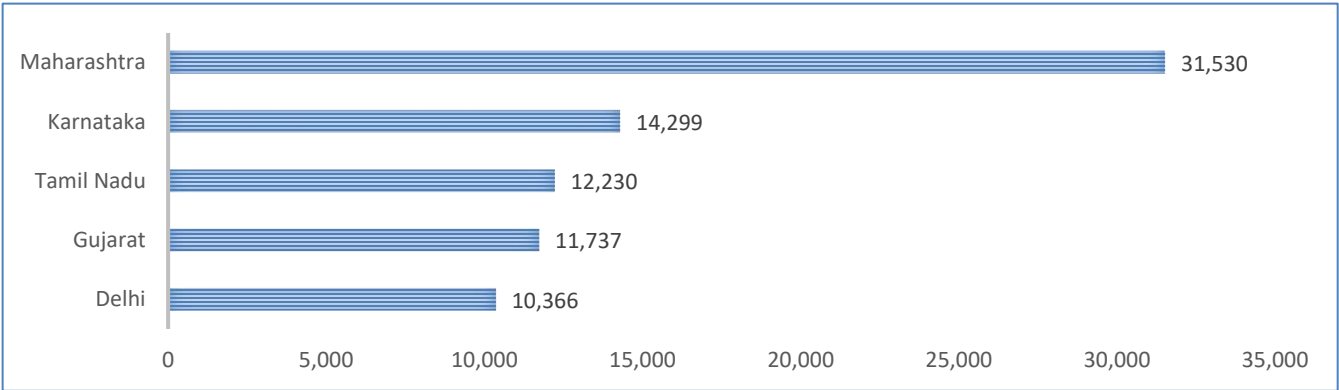
## GST Revenue Collections (in INR crores)



Source: Ministry of Finance, GOI.

India’s Goods and Services Tax (GST) collections clocked at INR 2.01 lakh crore in May 2025, registering a Y-O-Y growth of 16.4% compared to May 2024 but a decline of 14.8% compared to April 2025 collections. The year-over-year (Y-O-Y) growth of 16.4% highlights continued economic momentum and improved tax compliance. GST growth is primarily driven by a robust domestic economy, fueled by consumer demand, increased imports, digital initiatives, and enhanced tax compliance.

## Top 5 States with High GST Revenue Collection in May 2025 (in INR crores)



Source: Ministry of Finance, GOI.

Maharashtra led the country with the highest GST revenue collections, totaling INR 31,530 crores, followed by Karnataka and Tamil Nadu. Gujarat and Delhi rounded out the top five. These states have emerged as the largest contributors to GST revenues, reflecting their strong economic activities and business environments. Total State GST collection stood almost at INR 1.5 lakh crore.



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