

# Indian Economy Updates

April 2025



# Economic Updates

## Domestic Indicators

**India's IIP records growth of 2.9% in February 2025:** The IIP growth rate for the month of February 2025 is 2.9 percent which was 5.0 percent in the month of January 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of February 2025 are 1.6 percent, 2.9 percent and 3.6 percent respectively. The top three positive contributors for the month of February 2025 are – “Manufacture of basic metals” (5.8%), “Manufacture of motor vehicles, trailers and semi-trailers” (8.9%) and “Manufacture of other non-metallic mineral products” (8.0%). ...

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**India's core sectors grew 2.9 percent in February 2025:** The combined Index of Eight Core Industries (ICI) increased by 2.9 per cent (provisional) in February 2025 as compared to the Index in February 2024. The production of Cement, Fertilizers, Steel, Electricity, Coal and Refinery Products recorded positive growth in February 2025. The cumulative growth rate of ICI during April to February, 2024-25 is 4.4 per cent (provisional) as compared to the corresponding period of last year...

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**India's April-February 2025 fiscal deficit hits 85.8 percent of FY25 target at INR 13.47 lakh crore:** India's fiscal deficit for April to February, was at 13.47 lakh crore rupees, equivalent to 85.8 percent of annual estimates, lower than the previous year's 86.5 percent. The government aims to narrow the fiscal gap to 4.9 percent of GDP in this financial year from 5.6 percent a year earlier. The capital expenditure, which focuses on developing physical infrastructure, amounted to 8.12 lakh crore rupees, representing 79.7 percent of the annual goal...

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**GST collections in March at INR 1.96 lakh crore, up 9.9 percent YoY:** Goods and Services Tax (GST) collections for the month of March touched INR 1.96 lakh crore, an increase of 9.9 percent year-on-year basis. Central GST collections stood at INR 38,145 crore while states was at INR 49,891 crore. Additionally, for this month, integrated GST collections remained at INR 95,853 crore. Furthermore, GST cess collections was reported at INR 12,259 crore....

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**Retail inflation eases to 3.34 percent in March 2025:** Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of March 2025 over March 2024 is 3.34% (Provisional). There is a decline of 27 basis points in headline inflation of March 2025 in comparison to February 2025. It is the lowest year-on-year inflation after August 2019. The significant decline in headline inflation and food inflation during the month of March 2025 is mainly attributed to decline in inflation of Vegetables, Eggs, Pulses & products, Meat & fish, Cereals & Products and Milk & products.....

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**India's wholesale inflation estimated at 2.05 percent in March 2025:** The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 2.05% (provisional) for the month of March 2025 (over March 2024). Positive rate of inflation in March 2025 is primarily due to increase in prices of manufacture of food products, other manufacturing, food articles, electricity and manufacture of textiles etc. The month over month change in WPI for the month of March 2025 stood at (-) 0.19% as compared to February 2025. ...

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# Economic Updates

## External Indicators

**India's cumulative exports (merchandise & services) during April-March 2025 is estimated at USD 820.93 Billion:** India's total exports (Merchandise and Services combined) for March 2025\* is estimated at USD 73.61 Billion, registering a positive growth of 2.65 percent vis-à-vis March 2024. Total imports (Merchandise and Services combined) for March 2025\* is estimated at US\$ 77.23 Billion, registering a positive growth of 4.90 percent vis-à-vis March 2024. India's total exports during FY 2024-25 (April-March)\* is estimated at US\$ 820.93 Billion registering a positive growth of 5.50 percent. Total imports during FY 2024-25 (April-March)\* is estimated at US\$ 915.19 Billion registering a growth of 6.85 percent.....

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**India's forex reserves rise for fourth consecutive week, reach USD 653.96 billion:** India's foreign exchange reserves for the week ending April 4, the country's forex reserves rose by USD 10.87 billion to USD 676.27 billion. India's reserves had been steadily declining since hitting an all-time high of USD 704.89 billion in September, marking a nearly 10 percent drop from the peak...

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**Outward Foreign Direct Investment rises by 39.63 percent to USD 5.36 billion in February 2025:** India's outward foreign direct investment (FDI) commitments surged to USD 5.81 billion in March 2025, up 20 percent year-on-year, driven by stronger equity and loan. Loans surged to USD 2.10 billion in March 2025, rising from USD 0.62 billion in March 2024...

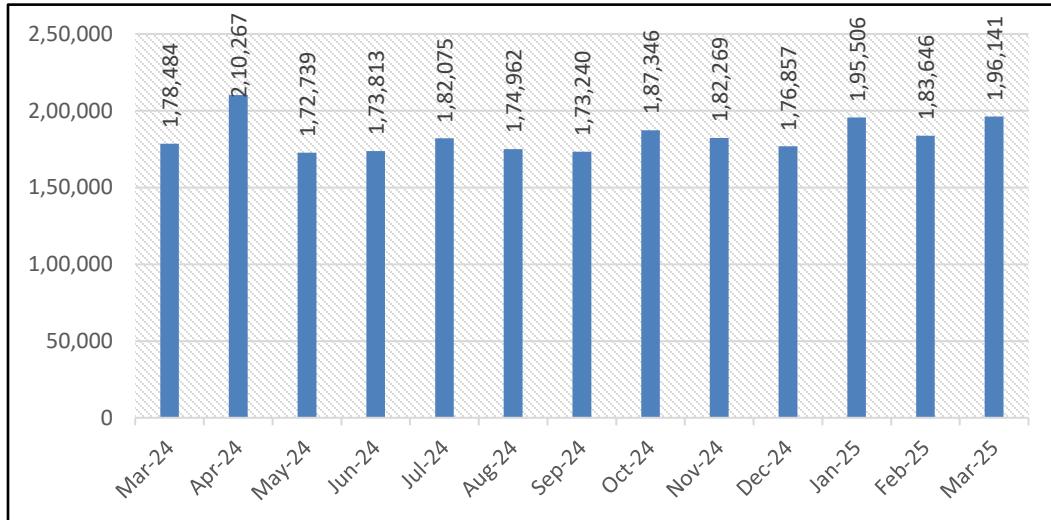
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# Economic Updates

## Economic Analysis

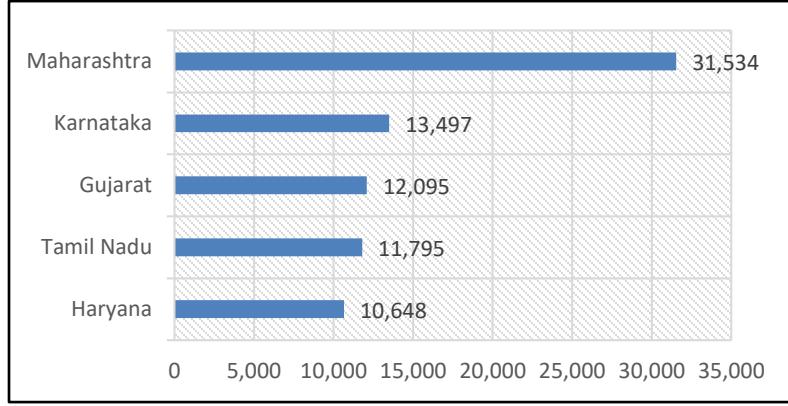
### • GST Revenue Collections (in INR crores)



Source: Ministry of Finance, GOI.

India's Goods and Services Tax (GST) collections saw a strong growth of around 10 percent in March 2025, reaching INR 1.96 lakh crore. This increase was driven by a 8.8% rise in domestic revenues and a 13.5% jump in revenues from imports. For the 2024-25 fiscal year, from April to March, total GST collections have climbed 9.4% compared to the same period last year, reaching INR 22.08 lakh crore, up from INR 20.18 lakh crore in 2024-25.

### Top States with higher level of GST Revenue collection during March 2025 (in INR crores)



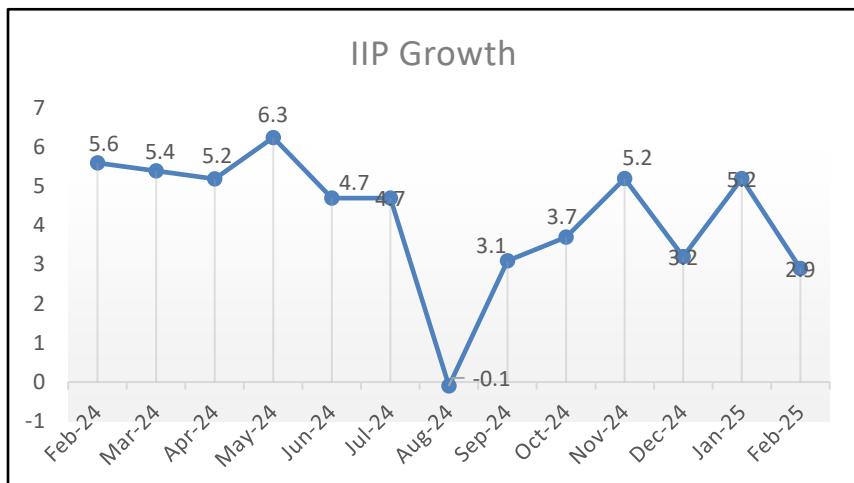
Source: Ministry of Finance, GOI.

Maharashtra led the country with the highest GST revenue collections, totaling INR 31,534 crores, followed by Karnataka and Gujarat. Tamil Nadu and Haryana rounded out the top five. These states have emerged as the largest contributors to GST revenues, reflecting their strong economic activities and strong business environments.



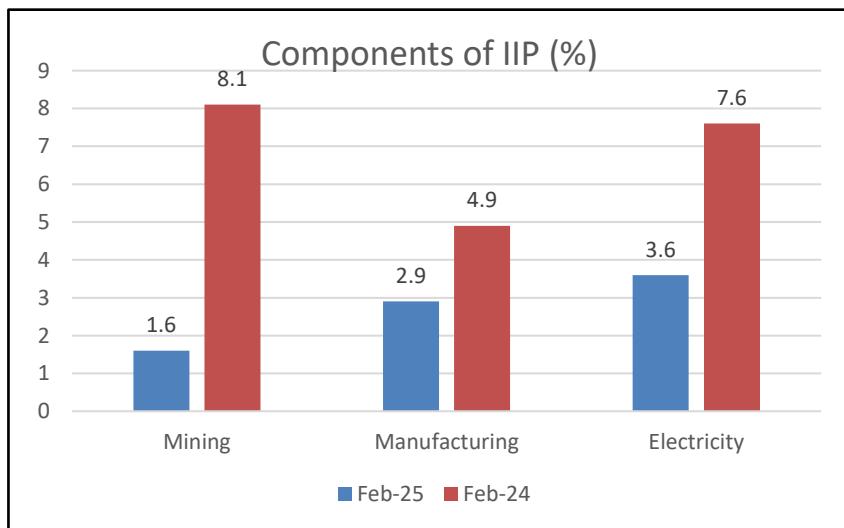
# Economic Updates

- **Production Scenario (IIP Growth)**



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

The Index of Industrial Production (IIP) grew at its slowest rate in six months, reaching 2.9% in February 2025. Mining and electricity sectors witnessed the most significant slowdown, while the manufacturing sector saw a more moderate decline. Low demand and high base effects have contributed to this decline. Experts say that global uncertainties may cast shadow on public and private investments and consumption adding pressure on production.



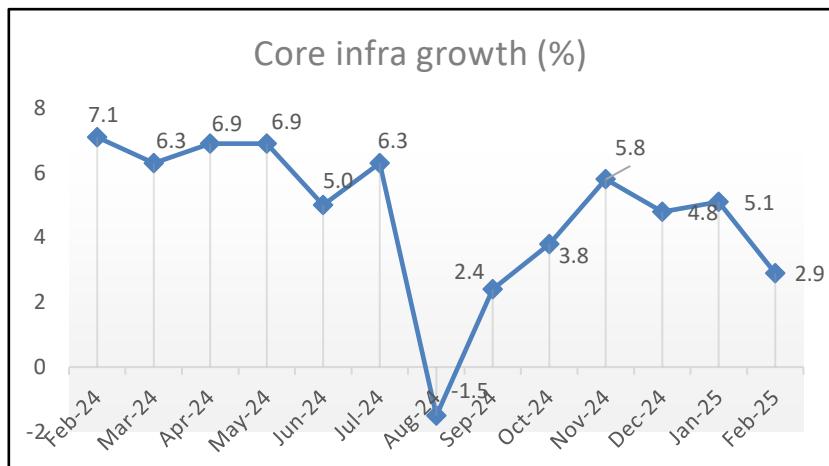
Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI

The mining sector's growth plummeted to 1.6%, down from 8.1%, manufacturing growth slowed to 2.9% from 4.9% and electricity production saw a decline to 3.6% compared to 7.6% in the same month last year, highlighting volatile economic environment.



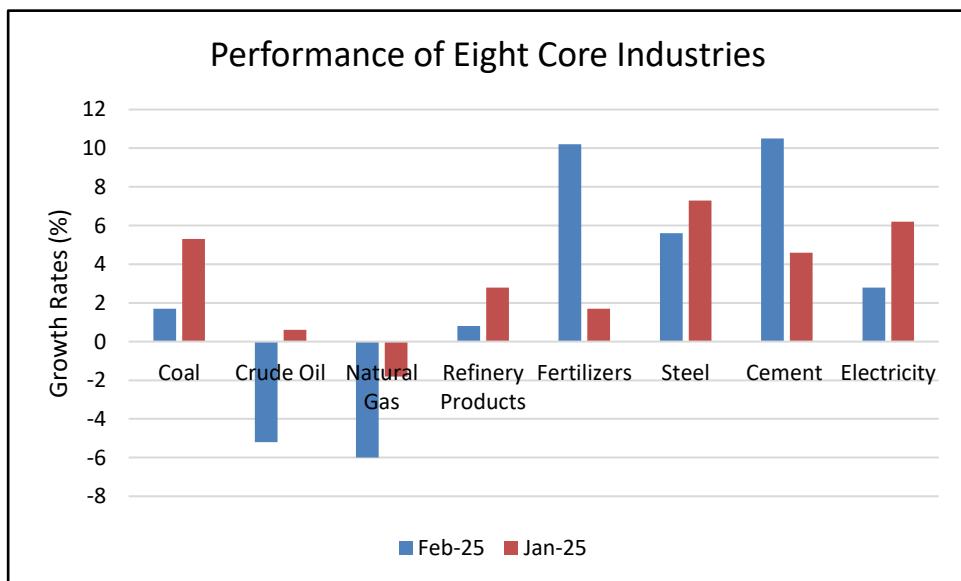
# Economic Updates

## • Production Scenario (Core infra)



Source: Ministry of Commerce and Industry, GOI.

After reaching to the lowest point in August 2024, the quick recovery by November (5.8%) suggests normalization of operations and possibly a pick-up in festival-season demand. However, the recent slowdown to 2.9% in February 2025 reflects softening industrial activity, inventory adjustments and possibly weaker investment momentum post-budget cycle.



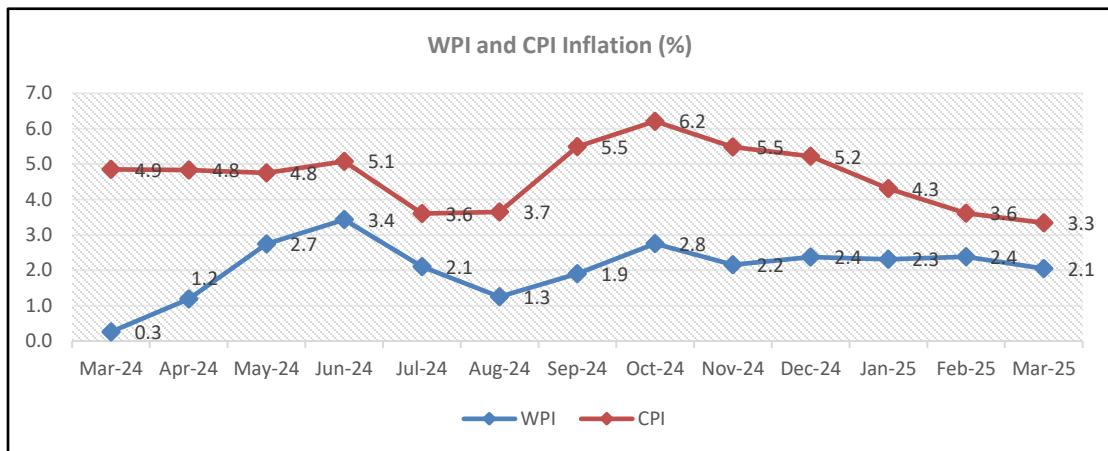
Source: Ministry of Commerce and Industry, GOI.

The strength in coal, electricity, and steel reflects stable energy demand and infrastructure-related projects. However, contraction in crude oil and natural gas points to continued extraction challenges and muted global energy prices. The slowdown in cement and refinery products in February indicates a deceleration in construction activity, contributing to the overall dip in core sector growth.



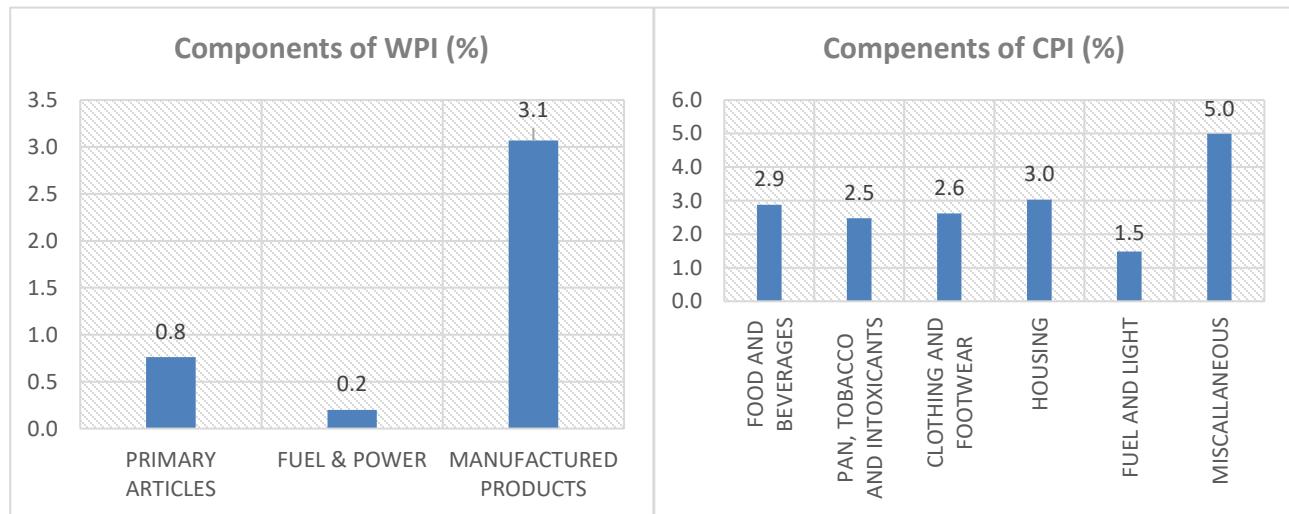
# Economic Updates

- **Inflation Trends (WPI and CPI)**



Source: MOSPI and Office of Economic Advisor, GOI.

The trends shows gradual convergence between wholesale and retail inflation during past few months. After peaking at 6.2% in October 2024, CPI inflation has moderated steadily, declining to 3.3% by March 2025. In contrast, WPI inflation witnessed a sharper and more volatile movement—rising from 0.3% in March 2024 to a high of 3.4% in June 2024, before declining and stabilizing around the 2–2.5% range. The narrowing gap between WPI and CPI inflation since late 2024 indicates a broader easing of price pressures across both wholesale and retail levels.



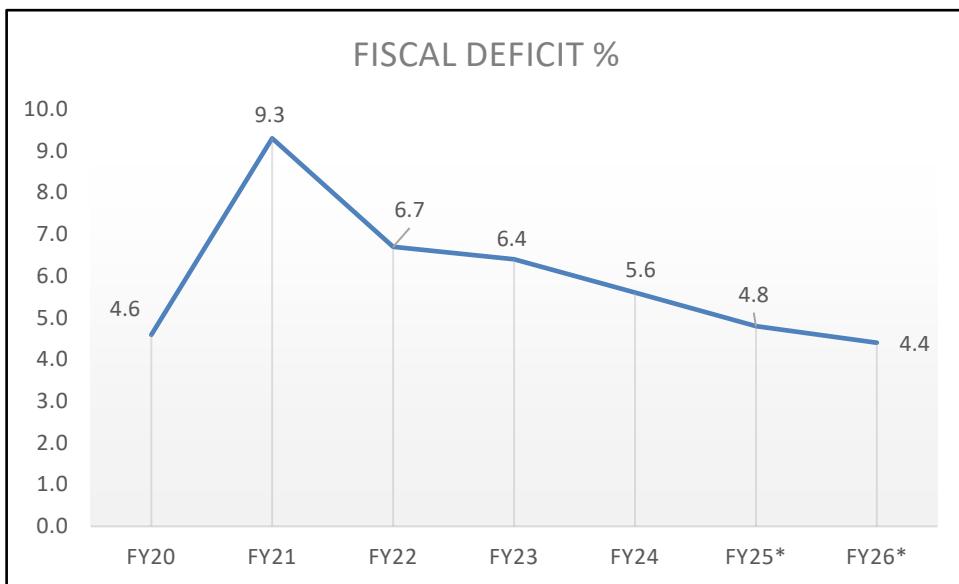
Source: MOSPI and Office of Economic Advisor, GOI.

On the WPI side, manufactured products and primary articles are contributing positively, while fuel and power are exerting a deflationary effect. In contrast, CPI inflation is being driven by services and consumption-related categories, especially miscellaneous and housing, with food also playing a significant role. Interestingly, fuel appears to have a dampening impact on both indices, indicating lower energy costs. Overall, CPI pressures appear to stem more from demand-side factors, while WPI reflects input cost moderation.



# Economic Updates

- **Fiscal Deficit**



Source: Controller General of Accounts, Ministry of Finance. \*Budget Estimates.

The Indian government will target a narrower fiscal deficit of 4.4% of gross domestic product for fiscal year 2025-26, down from a revised 4.8% for the current year, Finance Minister Nirmala Sitharaman said in the budget. However, there are concerns that the anticipated growth in revenue receipts may be overly optimistic, potentially leading to challenges in meeting fiscal deficit targets without compromising on essential expenditures.



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