

INDIA'S GROWTH PULSE

Tracking India's Economic Momentum



CENTRE FOR ACCELERATING INDIA'S GROWTH

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Manasa Sriram
Lead Editor



Yash Khandelwal
Author



Karthik Chopra
Co-author



Shagun Vishwanath
Policy Spotlight Author



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TABLE OF CONTENTS

Highlights	1
Policy Spotlight	3
I. Economic Snapshot	6
A. Growth And Output	7
B. Inflation And Price	9
C. Trade And External Sector	10
D. Financial Health	11
E. Fiscal Health	12
F. Labour And Employment	13
II. Sectoral Snapshot	15
A. Agriculture	16
B. Animal Husbandry	17
C. Coal	18
D. Renewable Energy	19
E. Manufacturing	20
Annexure I- Economic Updates In Detail	21
A. Growth And Output	22
B. Inflation And Price	24
C. Trade And External Sector	26
D. Financial Health	28
E. Fiscal Health	29
F. Monetary Health	31
G. Labour And Employment	32
Annexure II- Sectoral Updates In Detail	33
A. Agriculture And Allied	34
B. Energy And Power	35
C. New And Renewable Energy	37
D. Manufacturing	39
Annexure III- Glossary Of Terms	41

HIGHLIGHTS

India demonstrated macroeconomic resilience in December 2025, underpinned by strong GDP growth, broad-based sectoral momentum, low inflation, external balance strength, fiscal discipline, and improving labour markets, positioning the economy for sustained expansion despite global headwinds.

ECONOMIC HIGHLIGHTS

GROWTH MOMENTUM SUSTAINS

India's GDP growth remained robust in FY2025-26, with estimates suggesting 7.4% growth. This is supported by strong performance in industry and services. Manufacturing activity continued to benefit from infrastructure-led demand, while services growth stayed broad-based, reinforcing the durability of the current expansion beyond consumption alone.

INDUSTRIAL ACTIVITY STRENGTHENS

Industrial output regained momentum, with IIP growth accelerating to 7.8% in December 2025, driven by manufacturing, cement, and steel. Core sectors reflected higher capacity utilisation as infrastructure execution and construction activity picked up pace in the post-monsoon period.

DISINFLATION PERSISTS DESPITE FIRING

Headline CPI inflation rose modestly to 1.33% in December 2025 from 0.71% in November, yet remained well below the RBI's tolerance band. Food inflation stayed in deflation at -2.71%, continuing to anchor overall price stability. However, core inflation increased to 4.62%, indicating persistent underlying demand-side pressures.

EXTERNAL BUFFERS IMPROVE FURTHER

India's external position strengthened, with foreign exchange reserves rising to \$ 696 billion, an increase of about 8% year-on-year, providing a strong buffer against global financial volatility and supporting currency stability.

FISCAL POSITION REMAINS BALANCED

Net direct tax collections posted 8.8% year-on-year growth, underscoring revenue buoyancy. Capital expenditure was budgeted to rise sharply, reinforcing the Government's investment-led growth strategy, while the fiscal deficit target showed marginal improvement, signalling continued adherence to the consolidation path.

LABOUR MARKET IMPROVES

Labour market indicators strengthened, with higher labour force participation of 56.1% and worker population ratios, alongside a decline in unemployment. Gains were evident in rural areas and among female workers, indicating gradual broad-basing of employment growth.

SECTORAL HIGHLIGHTS

SERVICES CONTINUE TO ANCHOR MOMENTUM

HSBC Flash India Services PMI¹ held strong in December 2025, with the services activity index around 59.3, supporting sustained expansion and reflecting continued strength in new business and demand conditions.

MANUFACTURING MODERATES BUT STAYS EXPANSIONARY

The HSBC Flash India Manufacturing PMI climbed to 56.8 in January from December's levels, indicating resilient factory expansion driven by higher output and order inflows, although overall growth remains slightly below the 2025 average.

CORE INDUSTRY PERFORMANCE ACCELERATES²

India's eight core infrastructure sectors grew by about 3.7% year-on-year in December 2025, led by stronger output in cement, steel, electricity, and other key components, marking a four-month high and rebounding from slower growth in November.

CONSTRUCTION CYCLE STRENGTHENS

Cement production rose sharply by around 13.5% YoY and steel production increased by around 6.9% YoY in December 2025, consistent with sustained public capex and infrastructure activity.

ENERGY DEMAND NORMALISES³

Electricity generation in December 2025 also showed positive growth (~5.3% YoY), reflecting seasonal shifts rather than broad demand weakness, while core energy components like crude oil and natural gas remained subdued.

AGRICULTURE SHOWS STEADY GROWTH

Agriculture GVA continued to expand into late 2025, growing at around 3–3.5% year-on-year, though at a slower pace than earlier quarters due to base effects and uneven monsoon distribution across regions. Foodgrain production remained resilient, supported by stable kharif output and improved rabi sowing, while allied activities such as livestock and fisheries continued to provide underlying support to rural incomes.

TRADE COMPOSITION IMPROVES

External demand conditions strengthened toward the end of 2025, with export orders and new business inflows rising in December, reflected in the manufacturing PMI export orders index remaining above the expansion threshold of 50 for consecutive months. Merchandise exports showed improved momentum in electronics, engineering goods, and chemicals, while services exports, particularly IT and business services, continued to grow at a high single-digit to low double-digit rate, supporting diversification and reducing dependence on traditional commodity exports.

POLICY SPOTLIGHT

RURAL EMPLOYMENT TRANSFORMATION: THE NEW MGNREGA ACT (VIBRANT BHARAT – GRAMEEN ROZGAR, ASSETS AND MANAGEMENT GUARANTEE ACT, 2025) (VB-G RAM G ACT, 2025)

By:Shagun Vishwanath

India's approach to rural development is undergoing a strategic recalibration as the country aligns its social protection frameworks with the long-term objective of Viksit Bharat @2047. As the rural economy becomes increasingly integrated with national growth, climate resilience imperatives, and productivity-driven livelihoods, policy focus has shifted from short-term income support toward sustainable asset creation and structural transformation. Within this evolving context, employment programmes are no longer viewed merely as safety nets but as instruments for building durable rural capacities. Against this backdrop, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which anchored rural livelihood security for nearly two decades, has undergone a statutory overhaul in late 2025. The replacement legislation is positioned as a modernised framework that seeks to retain the employment guarantee while embedding it within a broader developmental architecture, linking wage employment with infrastructure creation, natural resource management, and livelihood generation. The transition reflects a deliberate policy shift from standalone manual work provision toward integrated rural development, consistent with India's long-term economic and social aspirations.

WHY THIS REFORM MATTERS

The original MGNREGA, enacted in 2005, guaranteed 100 days of wage employment per year to rural households willing to do unskilled work, with notified daily wages set through rural labour price indices (around ₹336 per day in some regions). Over nearly two decades, the employment programme generated over 4,870 crore person-days of work, reaching millions of rural workers each year, with more than 5 crore households participating annually before the most recent reforms. Despite its statutory promise, the actual average days of work per household remained around 50 days, reflecting implementation constraints even as it helped mitigate rural distress, support incomes, and act as a buffer during downturns.

FROM MGNREGA TO VB-G RAM G ACT (2025)

In December 2025, the Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025, commonly referred to as the VB-G RAM G Act, was passed by Parliament on 18 December 2025 and received Presidential assent on 21 December 2025. This act repeals and replaces the MGNREGA, 2005, with a modern statutory structure designed to enhance rural employment, strengthen livelihood security, and integrate work with the creation of durable rural assets

CORE FEATURES OF THE NEW LAW

The new law significantly expands the scope and ambition of rural employment policy. It increases the statutory guarantee of wage employment from 100 to 125 days per rural household each year, thereby strengthening income support for rural families and improving livelihood security. Beyond wage provision, the Act adopts an integrated development orientation by linking employment generation with the creation of durable rural infrastructure, natural resource management, and livelihood-enhancing assets, moving away from stand-alone manual work toward productive and growth-oriented outcomes. A major structural shift is introduced through the reconfiguration of the funding framework, with the adoption of a Centre–State cost-sharing model such as 60:40, replacing the earlier predominantly centralised financing approach and encouraging greater fiscal participation by states. Complementing these changes, the Act modernises governance mechanisms by embedding digital planning tools, biometric worksite monitoring, and real-time implementation dashboards, aimed at improving transparency, accountability, and citizen engagement across the programme lifecycle.

POLICY RATIONALE AND STRATEGIC INTENT

The legislative overhaul reflects a shift in perspective from a purely rights-based wage guarantee toward a development-integrated rural employment strategy. By enhancing the number of workdays, tying work to asset creation, and embedding accountability mechanisms, the Act aims to boost rural incomes while supporting broader goals of economic productivity, climate resilience, and infrastructure saturation in line with India's long-term growth vision. In addition to daily wage earnings, the new Act enhances rural worker benefits by increasing guaranteed days of employment from 100 to 125 per year, thereby boosting potential annual earnings by around 25% compared with the previous framework. Wages are to be paid weekly, improving cash flow and reducing financial stress. Work under the Act is linked to productive asset creation in areas such as water security, rural infrastructure, livelihood support and climate resilience, which indirectly strengthen local economies and reduce vulnerability. Digital payroll systems and biometric attendance continue to protect workers against wage theft, and inclusive provisions, including priority for women-headed households and supportive facilities, aim to broaden participation. Finally, planning for peak agricultural seasons ensures labour availability for farming, supporting both agriculture and rural incomes.

WAY FORWARD FOR THE VB-G RAM G ACT

As the VB-G RAM G Act moves from legislation to execution, the central challenge lies not in intent but in implementation. The transition from a rights-based wage guarantee to a development-integrated employment framework requires careful calibration to ensure that flexibility does not weaken worker protections. Effective rollout will depend on adequate fiscal support to states, clear cost-sharing arrangements, and strong administrative capacity at the local level. Equally important is preserving the core assurance of timely work and wage payments while aligning projects with local development priorities. Robust monitoring, transparent grievance-redress mechanisms, and sustained coordination between the Centre, states, and Panchayati Raj institutions will be essential to maximise the Act's reach and ensure that its benefits accrue broadly to rural workers while supporting long-term rural transformation.

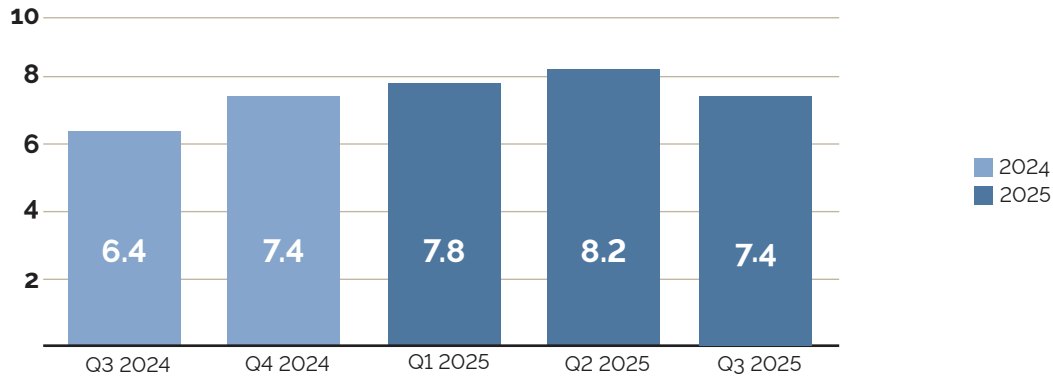


ECONOMIC SNAPSHOT

This section presents an overview of our economic performance as of December 2025, based on the latest data from the Ministry of Statistics and Programme Implementation (MoSPI), the Reserve Bank of India (RBI), the Ministry of Finance, the Ministry of Commerce and Industry, and other relevant Ministries. (Refer To Annexure I For Detailed Analysis)

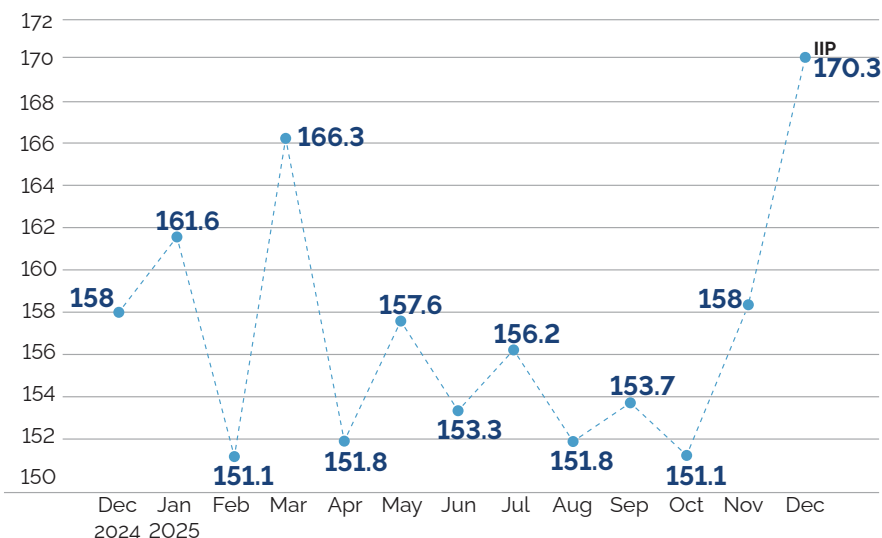
CHAPTER 1

GROWTH AND OUTPUT

INDIA'S GDP GROWTH ESTIMATED TO ACCELERATE TO 7.4% IN FY 2025-26⁴

Graph 1: GDP Growth Rate From Q3 2024 to Q3 2025

India's GDP growth is projected at 7.4%, marking a substantial acceleration from 6.5% in the previous year. This pace far exceeds the projected global growth rate of 3.2% and the 4.2% forecast for emerging economies in 2026.⁵ The strong performance highlights India's resilience and momentum, even in the face of challenges such as trade tariffs, supply-chain disruptions, and geopolitical uncertainties. The manufacturing sector and services sector supported the surge in this growth, growing by 6.2% and 9.1% respectively. Agricultural growth moderated at 3.1%.⁶ Although official estimates are awaited, estimates suggest that Indian GDP grew at 7.0% during FY26 Q3.⁷

INDUSTRIAL OUTPUT SURGES 7.8% IN DECEMBER 2025, HITS HIGHEST LEVEL IN OVER TWO YEARS.⁸

Graph 2: IIP From December 2024 to December 2025

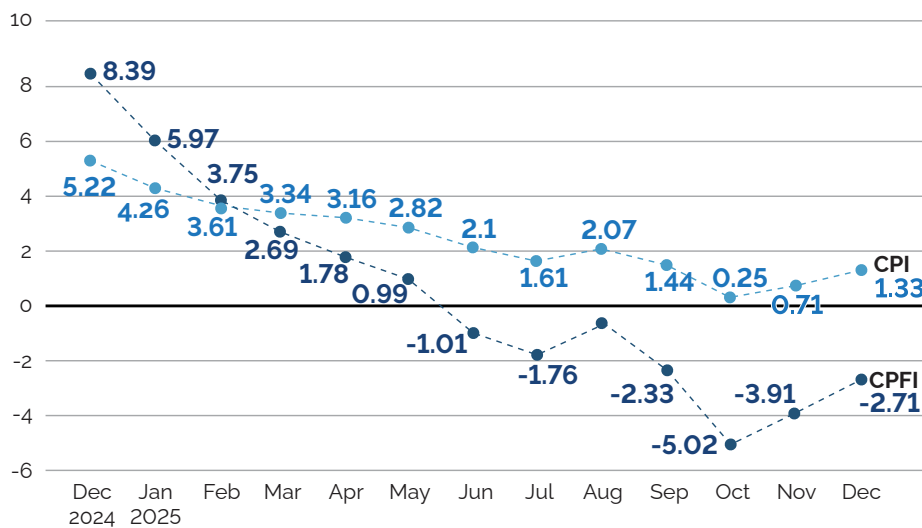
India's Index of Industrial Production (IIP) registered 7.78% year-on-year growth in December 2025, driven by a broad-based increase in industrial activity. The Index of Industrial Production recorded 153.0 for Mining, 169.9 for Manufacturing, and 204.9 for Electricity. Although high-frequency Purchasing Managers' Index (PMI) indicators moderated during the month, the resilience in hard industrial data indicates that manufacturing and infrastructure-linked sectors continued to support growth, despite a marginal easing in services activity.



CHAPTER 2

INFLATION AND PRICE

INFLATION STAYED BELOW THE RBI'S LOWER TOLERANCE THRESHOLD FOR THE FOURTH STRAIGHT MONTH IN DECEMBER 2025.



Graph 3: Inflation Comparison From December 2024 to December 2025

Retail inflation declined through most of 2025, before rising slightly towards the end of the year. Headline CPI inflation fell from 5.22% in December 2024 to 1.33% in December 2025, mainly due to a sharp fall in year-on-year food prices. On a month-on-month basis, CPI inflation increased from 0.71% in November to 1.33% in December 2025, indicating a mild firming in prices. Despite this increase, inflation remained below the RBI's lower tolerance limit, suggesting the absence of broad-based price pressures. Food inflation (CFPI) remained negative at -2.71% year-on-year for the seventh consecutive month. Although the pace of food price deflation moderated compared to October and November, food prices continued to pull down headline inflation. With inflation below the target band and driven down by food prices, the RBI has space to keep the policy stance unchanged while monitoring the recent firming.¹⁰

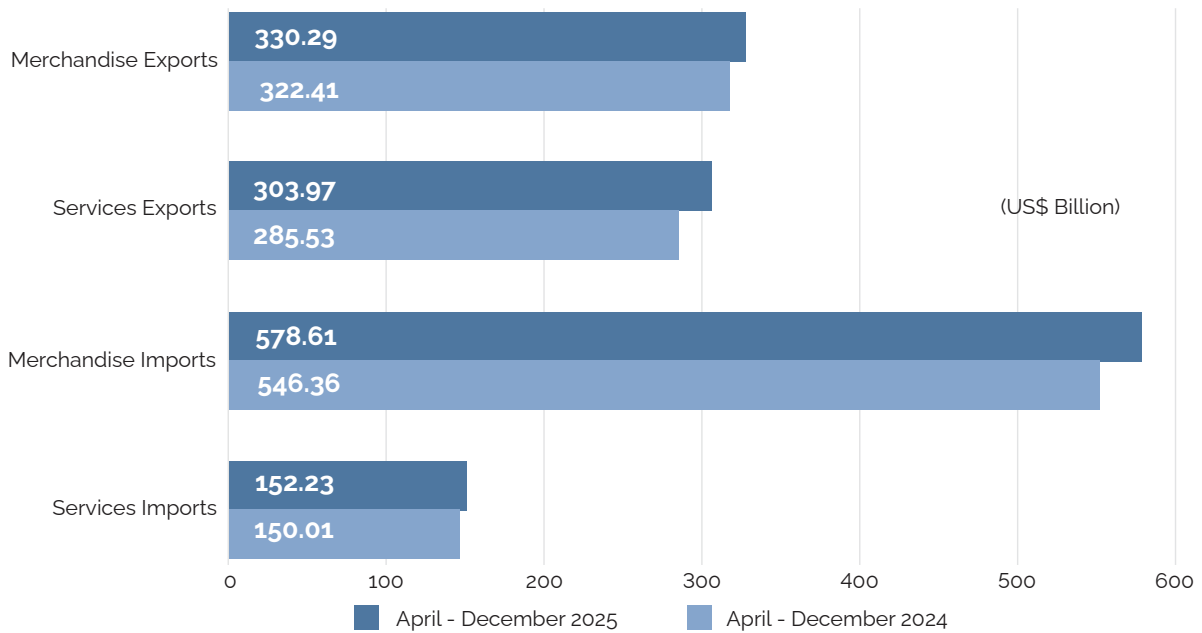
NON-FOOD INFLATION REMAINS MUTED IN DECEMBER 2025

Inflation across key non-food components remained subdued in December 2025, indicating limited underlying price pressures. Housing inflation (urban) eased marginally to 2.86% from 2.95% in November, reflecting stable rental and housing cost dynamics. Transport & communication inflation moderated to 0.76%, while fuel & light inflation softened to 1.97%, down from 2.32% in the previous month. The easing momentum across these components underscores a generally benign inflation environment outside food prices.

CHAPTER 3

TRADE AND EXTERNAL SECTOR¹¹

TRADE DEFICIT WIDENS AS EXPORTS DIP, IMPORTS RISE
IN DECEMBER 2025



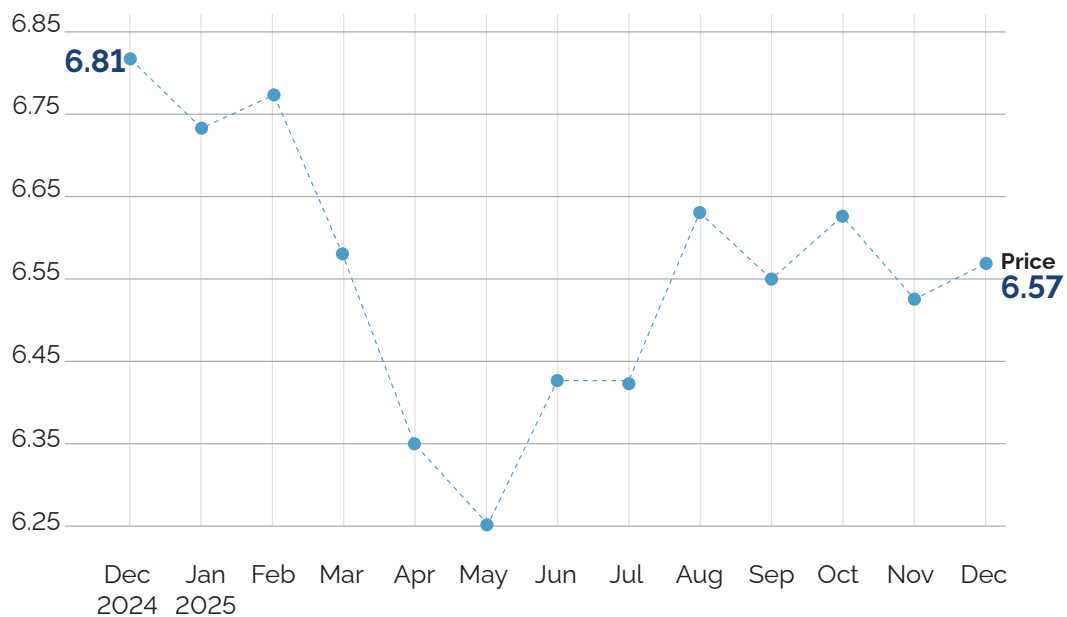
Graph 5: Exports and Imports for April - December 2025

India's external trade dynamics softened in December 2025, with exports witnessing a marginal year-on-year decline amid subdued global demand, while imports expanded, leading to a wider trade deficit. Total exports stood at \$74.01 billion, slightly lower than the \$74.77 billion recorded in December 2024. Imports increased to \$80.94 billion, reflecting higher inbound shipments, particularly of merchandise goods. As a result, the trade deficit widened to \$6.92 billion, compared to \$1.46 billion a year earlier. This is a YoY increase of nearly 374%, largely driven by rising imports combined with stagnant merchandise and service exports, indicating pressure on the external balance. Despite short-term pressures, foreign exchange reserves strengthened, providing a buffer against external volatility.¹²

CHAPTER 4

FINANCIAL HEALTH¹³

INDIAN BOND YIELDS RISE IN DECEMBER AMID MARKET REPRICING, STAY SOFTER YEAR-ON-YEAR



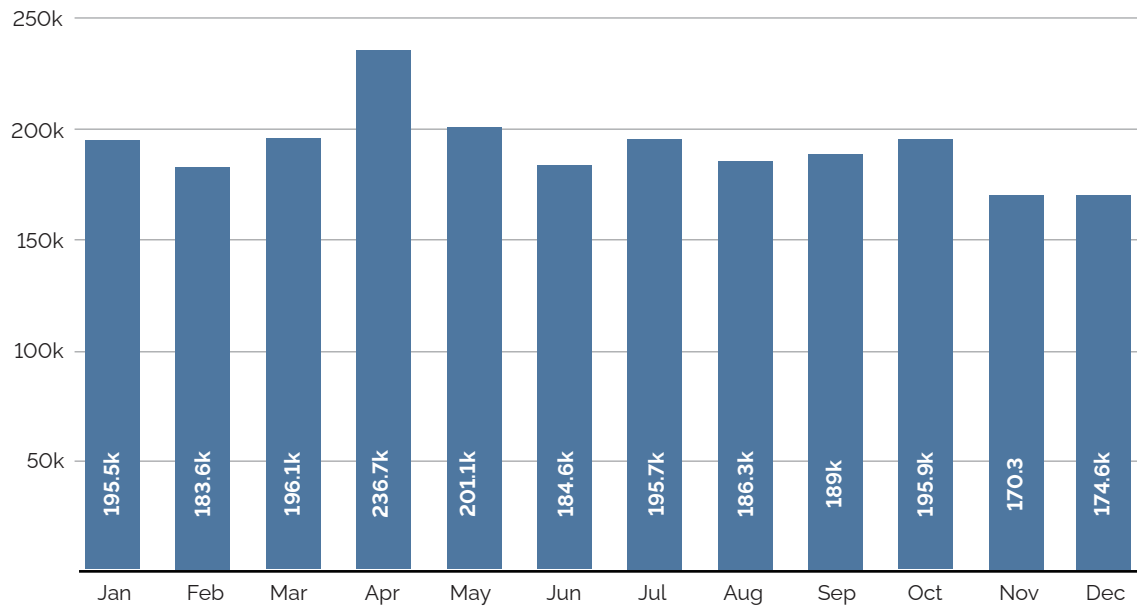
Graph 6: Indian Bond Yields December 2024 - December 2025

Indian government bond yields edged higher in December 2025, with the benchmark yield rising to 6.57% from 6.51% in November, reflecting mild market repricing after recent easing. The uptick followed a phase of yield softening through much of 2025, driven by expectations of stable inflation, supportive liquidity conditions, and calibrated RBI operations. Despite the month-on-month increase, yields remain well below the December 2024 level of 6.81%, indicating a structurally softer rate environment over the year. Market movements in December were shaped by year-end portfolio adjustments, evolving expectations on the timing of future policy easing, and ongoing RBI support through liquidity management and bond market operations. Overall, the yield trajectory continues to reflect a balance between improving macro stability and near-term volatility driven by market flows.

CHAPTER 5

FISCAL HEALTH

SEASONAL UPTICK IN GST DRIVEN BY IMPORT-LINKED SECTORS



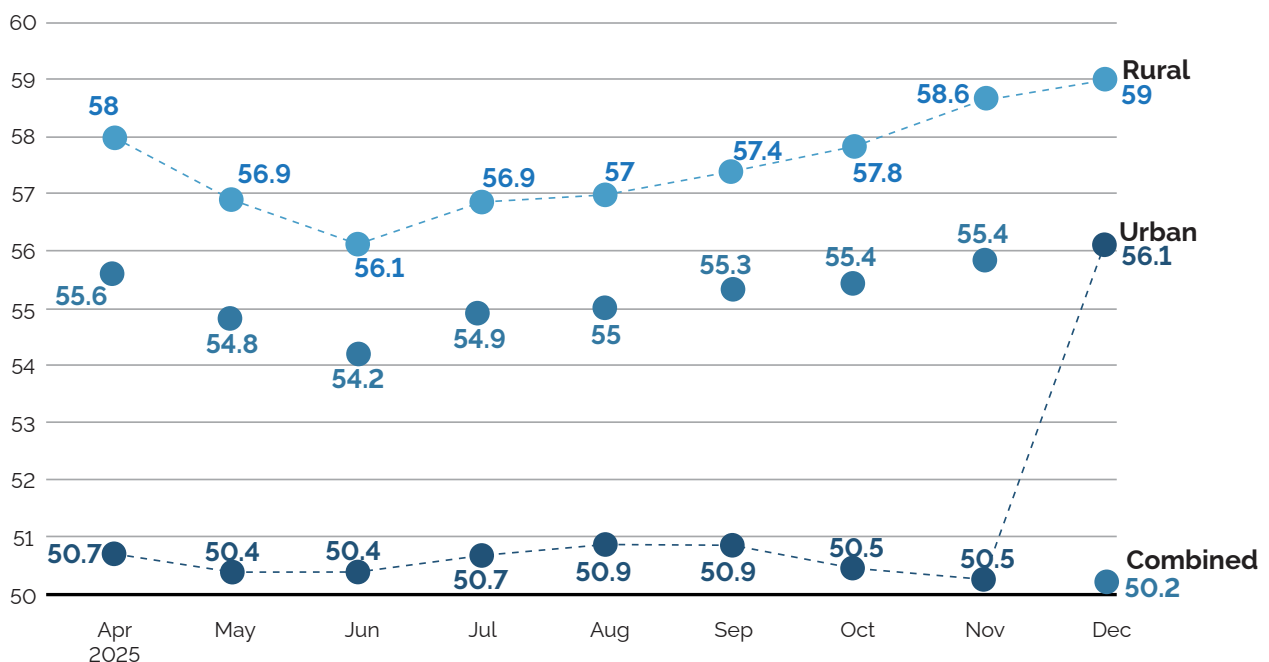
Graph 7: GST Collections for January to December 2025 (in thousand crore)

GST Collections show a seasonal pick-up in December. Gross GST collections rose to ₹ 1.75 lakh crore in December 2025, reflecting a recovery from the post-festive moderation seen in November.¹⁴ The improvement was driven largely by strong import-related GST collections, indicating continued momentum in import-intensive and investment-linked sectors. While domestic GST revenues remained stable, a sharp rise in refunds moderated net accruals. Overall, December collections point to resilient tax buoyancy, supported by compliance gains and sustained economic activity.¹⁵

CHAPTER 6

LABOUR AND EMPLOYMENT¹⁶

LABOUR FORCE PARTICIPATION HITS SEVEN-MONTH HIGH AS UNEMPLOYMENT FALLS TO MULTI-MONTH LOW IN NOVEMBER 2025



Graph 8: Labour Force Participation Rate (LFPR)

The overall Labour Force Participation Rate (LFPR) rose to 56.1%, marking the highest level recorded in 2025, driven by stronger engagement in rural areas and continued increases in female workforce participation. The Worker Population Ratio (WPR) also climbed to 53.4% from 53.2% in November 2025, suggesting that a greater share of the working-age population was employed or actively seeking work. Meanwhile, the Unemployment Rate (UR) remained broadly stable at 4.8%, indicating sustained job absorption even as labour force participation expanded. Rural areas continued to show relatively lower unemployment compared to urban regions, while improvements in female participation reflected gradual but consistent gains in inclusion. Sectorally, the recovery is concentrated in services (trade, hotels & restaurants, education, health and business/finance) and in labour-intensive manufacturing (textiles, garments, food products), where both direct job creation and large multiplier effects account for the bulk of projected gains through 2030.¹⁷ These trends highlight continued momentum in labour market recovery and the resilience of employment conditions heading into the new year.¹⁸



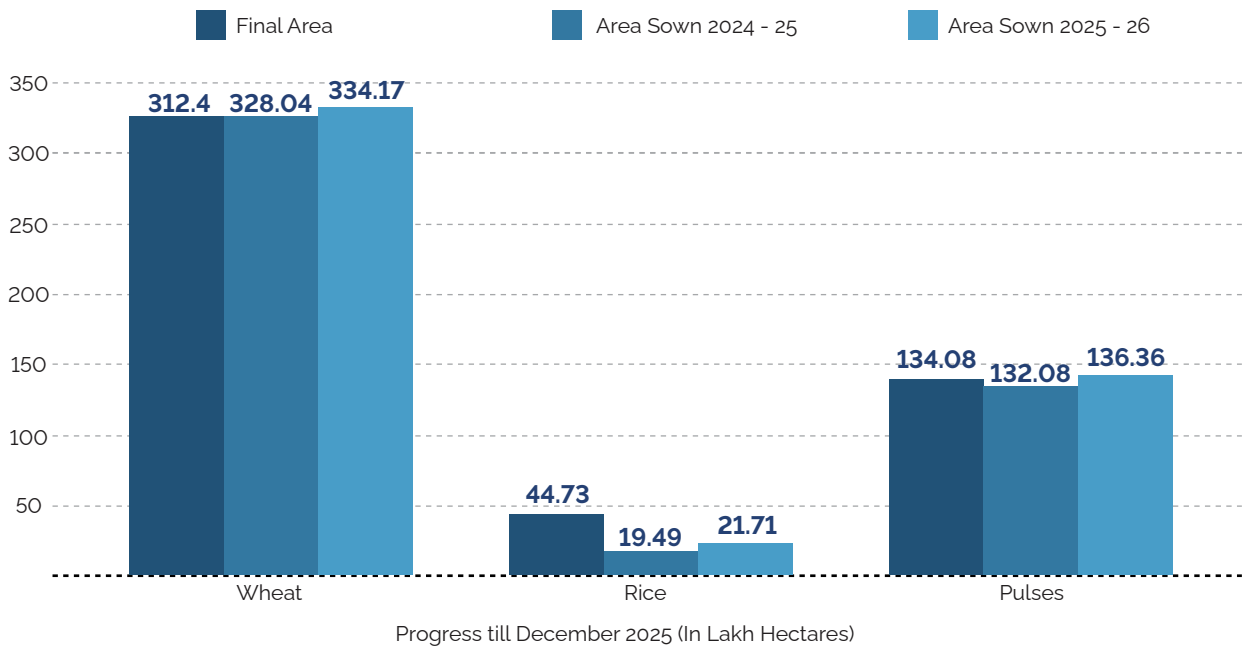
SECTORAL SNAPSHOT

This section presents an overview of India's performance in key sectors as of December 2025, based on the latest data from the Ministry of Commerce and Industries, the Ministry of Health, the Ministry of Road, Transport, and Highways, and the Ministry of New and Renewable Energy.

CHAPTER 1

AGRICULTURE¹⁹

RABI SOWING SURGES WITH 28 LAKH HECTARE EXPANSION IN DECEMBER 2025



Graph 9: Area Under Cultivation during the Rabi Season

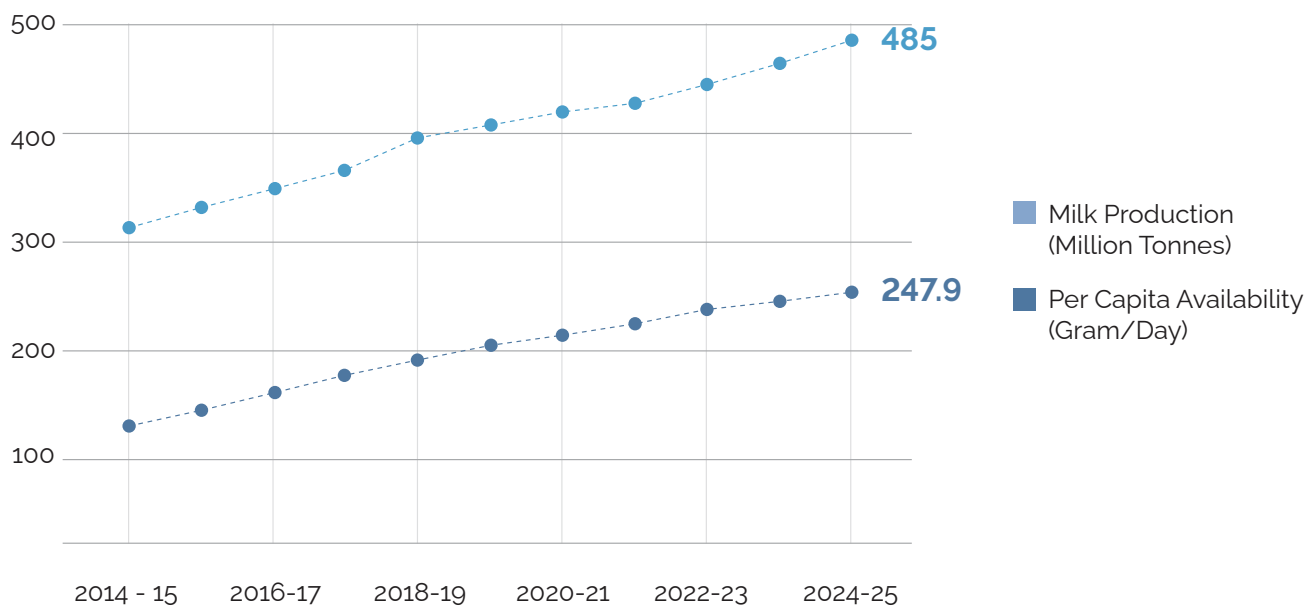
Rabi sowing recorded a notable expansion in the current season, led by a strong increase in wheat acreage. Wheat area rose by 6.13 lakh hectares compared to last year, while rice sowing increased by nearly 2.22 lakh hectares. Pulses registered a net addition of 3.74 lakh hectares, although the expansion remained uneven across crops and regions. Overall, the net sown area during the rabi season reached about 479 lakh hectares in December 2025, up from around 451 lakh hectares in December 2024, reflecting a year-on-year increase of nearly 28 lakh hectares.

However, this broad-based expansion in acreage has not translated into a commensurate acceleration in agricultural value addition. Real GVA growth in Agriculture & Allied activities remained moderate at 3.1% in FY 2025–26, suggesting that output gains are increasingly driven by area expansion rather than improvements in yield or efficiency. This underscores the need for sustained productivity enhancement through better technology adoption, input efficiency, and

CHAPTER 2

ANIMAL HUSBANDRY²⁰

STEADY GROWTH IN MILK PRODUCTION REFLECTS PRODUCTIVITY GAINS AND DAIRY NETWORK EXPANSION



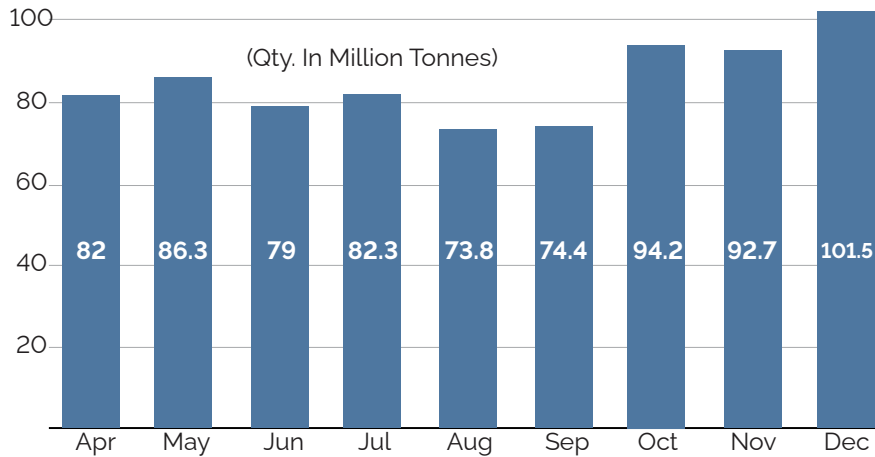
From 2014 to 2025 (All India)

Graph 10: Milk Production & Per Capita Availability Of Milk

India's milk production has grown steadily over the past decade, increasing from 146.31 million tonnes in 2014–15 to 247.87 million tonnes in 2025–26, while per capita milk availability has improved from 319 grams per day to 485 grams per day over the same period. These figures remain broadly unchanged in the latest update, as milk production follows a structural and seasonal cycle rather than short-term monthly fluctuations. The absence of a month-on-month increase, therefore, does not indicate stagnation, but rather the biological nature of livestock productivity and stable herd sizes in the current cycle. Overall, the sustained expansion continues to reflect improvements in animal productivity and the widening reach of organised dairy networks, which have helped stabilise milk prices and reinforced dairy's role as a critical source of rural income and nutritional security.²¹

CHAPTER 3

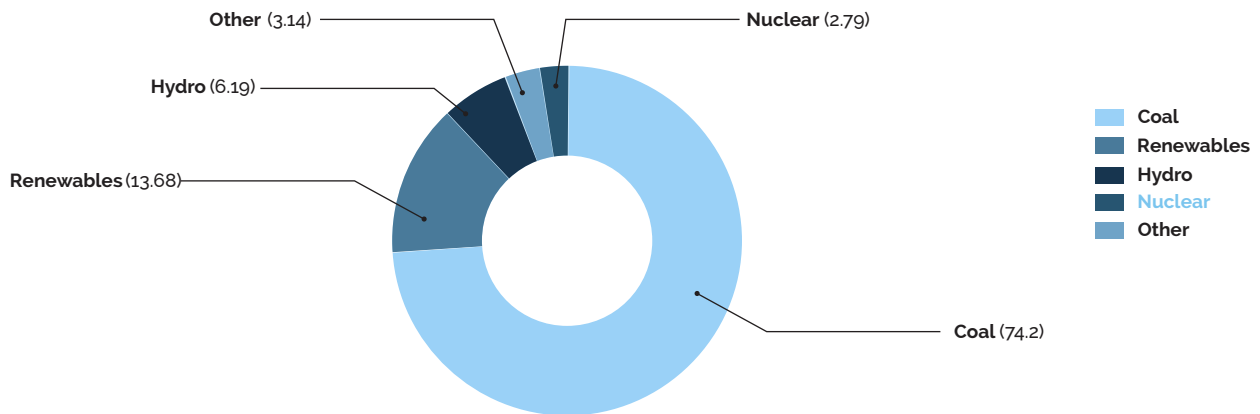
COAL



Graph 12: Coal Production from April to December 2025

Coal production stood at 1,042.90 million tonnes during calendar year 2025, underscoring sustained strength in domestic output. The coal production rallied up to 101.5 million tonnes in December 2025 after a marginal dip in November 2025, indicating an upward trend due to the onset of the winter season. Coal output has rebounded as power plants ramp up mining operations to meet peak winter demand.

Coal Remains India's Primary Source of Electricity for December 2025, with over 74% Share²²



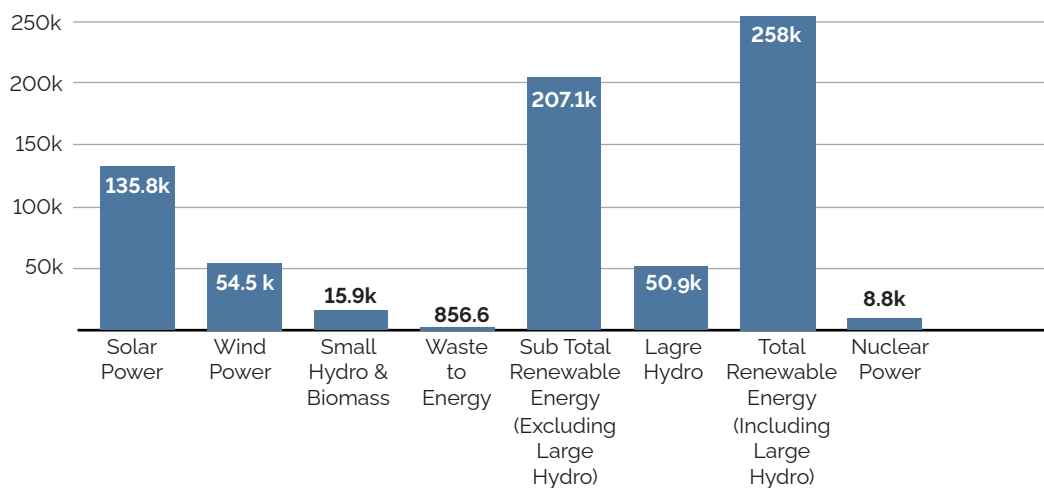
Graph 13: Share of Energy Sources (As of December 2025)

Coal continues to anchor India's Power System in December amid capacity expansion and adequate fuel availability. Coal-based power generation rallied in December 2025, with output at 1,11,883 GWh, accounting for 74.2% of total electricity generation, higher than 1,07,145 GWh recorded a year earlier. The nearly 4.42% growth reflects a combination of increasing winter demand, lower output from renewables, and hydro generation during this winter month.^{23,24}

CHAPTER 4

RENEWABLE ENERGY²⁵

RENEWABLE ENERGY MOMENTUM CONTINUES WITH 4.05 GW INSTALLATIONS IN DEC 2025



Graph 14: Total Renewable Capacity As of December 2025 (As of December 2025)

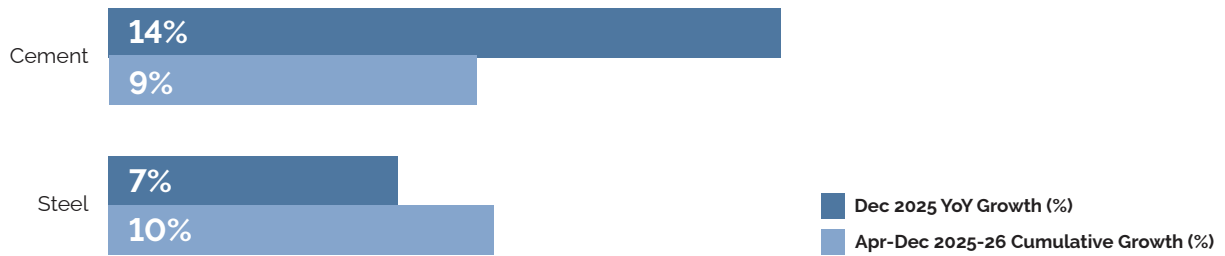
India's clean energy transition continued to gain momentum through December, with total non-fossil fuel installed capacity reaching 266.8 GW. Renewable energy capacity, including large hydro, stood at 258.0 GW, driven primarily by solar and wind additions. Solar power capacity increased to 135.8 GW, reinforcing its position as the backbone of India's renewable energy expansion. Wind capacity reached 54.5 GW, reflecting steady growth in onshore installations. India added approximately 38.611 GW of solar capacity in FY26 (April–December),²⁶ more than double the additions in the same period last year, reflecting a shift towards a cleaner and more resilient energy system.



CHAPTER 5

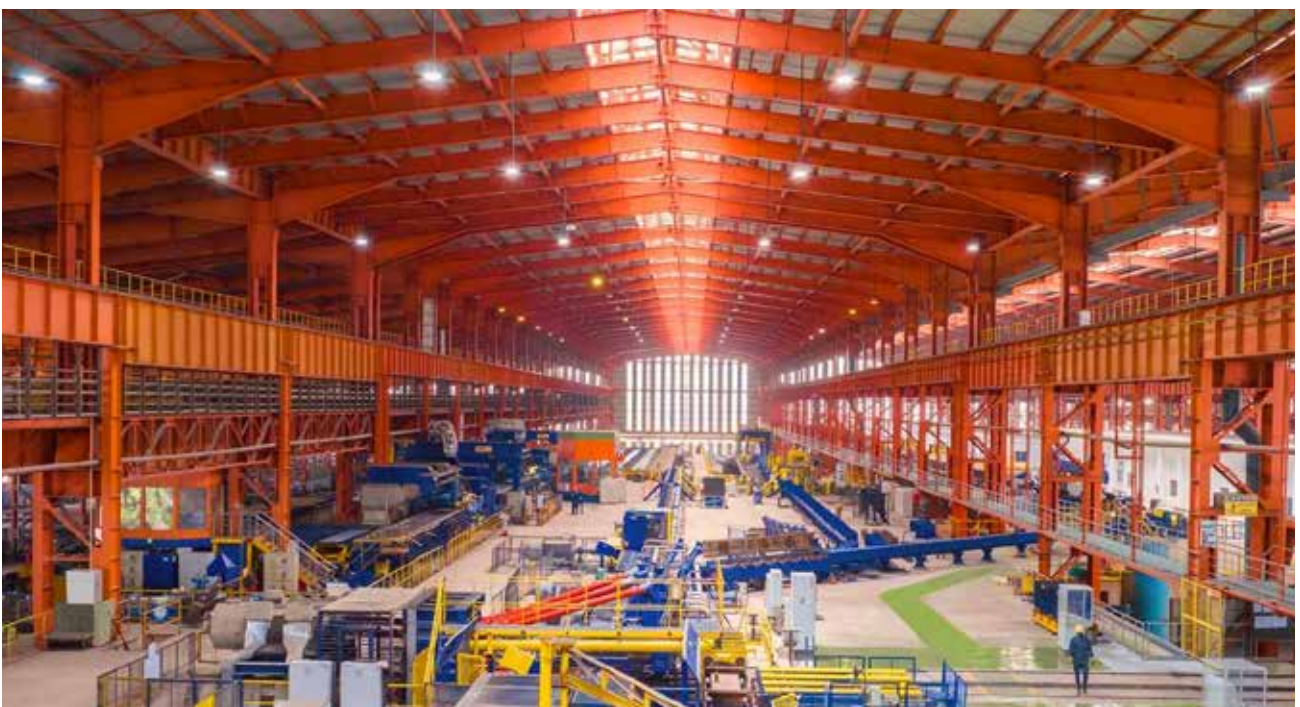
MANUFACTURING²⁷

INDIA'S CORE INDUSTRIAL GROWTH REMAINS ROBUST IN DECEMBER 2025 WITH SURGE IN STEEL AND CEMENT OUTPUT



Graph 15: Manufacturing of Steel and Cement

India's core industrial activity remained strong in December 2025, supported by firm performance in steel and cement. Steel production rose 6.9% year-on-year in December 2025, while the cumulative steel production index increased 9.5% during April–December 2025-26, reflecting sustained infrastructure and manufacturing demand. Cement output recorded a sharper 13.5% Y-o-Y growth in December 2025, and its cumulative index expanded by 8.8% over April–December 2025-26, underscoring robust construction and housing activity. Together, these trends point to high capacity utilisation and continued investment momentum across core industries, reinforcing the resilience of India's industrial growth trajectory.



ANNEXURE I

ECONOMIC UPDATES IN DETAIL

CHAPTER 1

GROWTH AND OUTPUT

INDUSTRIAL GROWTH AND OUTPUT

INDICATOR	Latest Value	Previous Value	Trend
GDP Growth (%)	7.4 ²⁹ (FY2026)	6.5% (FY2025)	The growth rate strengthened to 7.4% in FY2026 from 6.5% in FY2025 , indicating a clear acceleration in economic momentum and improved underlying activity.
IIP Growth (Y-o-Y) ³⁰ (Index points, Base year: 2011-12 = 100)	170.3 ³¹	158	Strong expansion reflecting broad-based industrial recovery.
Manufacturing PMI ³² (Index: 0-100)	55 (December 2025)	55.6 (November 2025)	Marginal moderation but remains in the expansion zone above 50.
Services PMI ³³ (Index: 0-100)	58 ³⁴ (December 2025)	59.8 (November 2025)	Slight easing though services activity remains robust.

Table 1: Key Growth and Output Indicators

STRONG GDP EXPANSION CONTINUES

India's economy is projected to expand at a robust 7.4% in FY2025-26, up from 6.5% in FY2024-25, reflecting broad-based demand, strong consumption, and rising investment activity as per the first advance estimates released by the National Statistics Office under MoSPI. The manufacturing sector and services sector supported the surge in this growth, growing by 6.2% and 9.1% respectively. Agricultural growth moderated at 3.1%. Gross Fixed Capital Formation (GFCF) stood at 34% of GDP. Private consumption accounted for about 61.5% of GDP, and government consumption was around 11%.

INDUSTRIAL OUTPUT HITS MULTI-YEAR HIGH

Industrial activity showed a sharp acceleration in December 2025, with the Index of Industrial Production (IIP) rising 7.8% YoY, its strongest pace in over two years. This broad-based gain was driven by manufacturing (+8.1%), mining (+6.8%) and electricity output (+6.3%), signalling strengthening momentum in the industrial sector.

MANUFACTURING ACTIVITY REMAINS IN EXPANSION

In December 2025, the Manufacturing PMI remained in expansion territory above 50, reflecting continued growth in factory activity and new orders, despite moderating from the previous month.

SERVICES SECTOR GROWTH CONTINUES ROBUSTLY

The Services PMI remained strong in December 2025, staying well above the 50 expansion threshold, although slightly softer than the previous month's reading. This points to sustained activity in the services sector, supported by new business and demand growth.



CHAPTER 2

INFLATION AND PRICE

INDICATOR	NOVEMBER 2025	OCTOBER 2025	NOVEMBER 2024	YEAR ON YEAR (Y-O-Y) TREND
CPI Inflation	1.33%	0.71%	5.22%	Deep disinflation continues despite a mild increase, & inflation remains well below the RBI tolerance band.
Food Inflation	-2.71%	-3.91%	8.39%	Food prices remain in deflation, though the intensity has moderated due to easing supply pressures.
Core Inflation	4.62% ⁴⁰	4.30%	3.90%	Core inflation increased to 4.62% in December 2025 from 3.90% in December 2024, indicating strengthening underlying price pressures despite subdued headline inflation.
WPI Inflation	0.83%	-0.32%	2.37%	Wholesale inflation turns positive, driven by base effects and gradual normalisation in input costs.

Table 2: Key Inflation and Price Indicators

SUSTAINED DISINFLATION IN HEADLINE CPI

Headline CPI inflation remained exceptionally low at 1.33% in December 2025, rising marginally from 0.71% in November 2025 but still far below 5.22% recorded in December 2024. Despite the slight uptick, inflation continues to stay well under the RBI's tolerance band, indicating a prolonged phase of deep disinflation and minimal price pressures in the economy.

CONTINUED FOOD PRICE DEFLATION WITH MODERATION

Food inflation stayed in deflationary territory at -2.71% in December 2025, although the intensity eased compared to -3.91% in November 2025. This represents a sharp reversal from 8.39% food inflation a year ago, reflecting strong supply conditions, improved logistics, and favourable base effects. Falling food prices, seen in crops like jeera (-34.7%), ginger (-22.9%) and dry chillies (-10.3%)

continue to provide relief to household budgets and support real consumption. Food inflation overall eased due to better vegetable supplies, improved arrivals from recent harvests, and stabilising imports.

UNDERLYING PRICE PRESSURES REMAIN A WATCH POINT

While headline inflation remained subdued at 1.33% year-on-year in December 2025, core inflation stayed elevated at around 4.3%, highlighting persistent price pressures in non-food and non-fuel categories such as services, housing, health, education, and manufactured goods. This wide gap of nearly 300 basis points between headline and core inflation indicates that underlying demand-side pressures have not fully eased, even as food prices remain in deflation. The divergence suggests that disinflation has been driven largely by favourable food price dynamics

WHOLESALE INFLATION TURNS POSITIVE

WPI inflation moved into positive territory at 0.83% in December 2025, up from -0.32% in November 2025, though still significantly lower than 2.37% in December 2024. The increase is largely attributed to base effects and gradual normalisation of input costs, indicating stabilisation rather than a resurgence of wholesale price pressures.



CHAPTER 3

TRADE AND EXTERNAL SECTOR

INDICATOR	DECEMBER 2025	DECEMBER 2024	YEAR ON YEAR (Y-O-Y) TREND
Exports	\$74.01	\$74.77	Exports declined marginally from \$74.77 bn in December 2024 to \$74.01 bn in December 2025. This represents a YoY contraction of about 1.0%, indicating mild weakness or stagnation in external demand conditions.
Imports	\$80.94	\$76.23	Imports increased from \$ 76.23 bn to \$ 80.94 bn over the same period. This translates into a YoY growth of approximately 6.2%, suggesting stronger domestic demand, higher commodity prices, or increased import dependence.
Trade Deficit	\$6.92	\$1.46	The trade deficit widened sharply from \$ 1.46 bn in December 2024 to \$ 6.92 bn in December 2025. This is a YoY increase of nearly 374%, largely driven by rising imports combined with stagnant exports, indicating pressure on the external balance.
Exchange Rate (\$ 1 to INR)	₹ 88.44	₹ 84.36	The exchange rate moved from ₹85.62 per \$ to ₹89.91 per \$, reflecting a YoY depreciation of about 5.0% in the Indian rupee. This suggests external sector pressures, possibly due to capital outflows, a stronger dollar, or widening trade deficits.
Forex Reserves	\$696.0	\$640.3	Foreign exchange reserves increased from \$640.3 bn to \$696 bn (units as provided), marking a YoY rise of roughly 8.7%. Despite currency depreciation, reserve accumulation indicates active reserve management and capital inflows supporting external stability.

Table 3: Key Trade Indicators



EXPORTS SHOW MILD SOFTNESS AMID GLOBAL DEMAND UNCERTAINTY

Merchandise exports edged down marginally to \$74.01 billion in December 2025, compared to \$74.77 billion a year ago, reflecting a YoY contraction of about 1.0%. The subdued performance points to weak external demand and global trade headwinds, particularly in advanced economies, suggesting that export growth remains constrained despite domestic supply-side improvements.

IMPORT GROWTH ACCELERATES, REFLECTING INVESTMENT AND PRICE PRESSURES

Imports rose to \$80.94 billion, registering a 6.2% YoY increase from \$76.23 billion in December 2024. Out of these, US\$ 63.55 billion in merchandise (mainly petroleum, electronic goods, machinery, gold, and chemicals) and US\$ 17.38 billion in services (led by transport, travel, and business services). The expansion in imports indicates stronger domestic absorption, possibly driven by capital goods, intermediate inputs, and elevated commodity prices. This trend underscores the investment-linked nature of current demand rather than consumption-led growth alone.

TRADE DEFICIT WIDENS SHARPLY, RAISING EXTERNAL BALANCE CONCERNS

The merchandise trade deficit widened significantly to \$6.92 billion, up from \$1.46 billion a year earlier, marking a YoY increase of nearly 374%. The sharp widening reflects the combined effect of stagnant exports and rising imports, exerting pressure on the current account and increasing sensitivity to external shocks.

RUPEE DEPRECIATES AMID EXTERNAL SECTOR PRESSURES

The exchange rate depreciated from ₹85.62 per \$ to ₹89.91, implying a YoY weakening of around 5.0%. The rupee's movement mirrors global dollar strength, trade imbalance pressures, and evolving capital flow dynamics, although orderly market conditions suggest effective policy management.

FOREX RESERVES STRENGTHEN, PROVIDING A STABILITY BUFFER

Foreign exchange reserves increased to \$696.1 billion, reflecting a YoY rise of approximately 8.7% from \$640.3 billion. Despite currency depreciation, the accumulation of reserves highlights robust capital inflows and proactive reserve management, reinforcing India's external sector resilience and ability to withstand global financial volatility.

CHAPTER 4

FINANCIAL HEALTH

INDICATOR	LATEST VALUE (DEC 2025)	PREVIOUS VALUE	TREND
Deposit Growth	9.7% (Dec 2025)	11% (Dec 2024)	Deposit growth eased to 9.7% from 11% a year earlier, suggesting slower mobilisation of household and institutional savings.
Forex Reserve	\$ 696 billion	644.39	Foreign exchange reserves strengthened sharply to \$ 696 billion, rising by about 8.0% year-on-year from around \$ 644.4 billion, significantly improving India's external buffer and resilience against global volatility.
10-Year G-Sec Yield	6.65	6.665	Long-term government bond yields edged up to 6.65%, reflecting mildly firmer interest rate expectations.
Deposit Growth	Neutral	Neutral	The RBI maintained a neutral policy stance, signalling continuity and a balanced approach between growth support and inflation management

Table 4: Key Financial Health Indicators

DEPOSIT DYNAMICS

The deposit growth slowed to 9.7% from 11% in December 2024, indicating some moderation in savings mobilisation, which may keep liquidity conditions relatively tight for banks.

EXTERNAL SECTOR STRENGTH

India's foreign exchange reserves rose sharply to around \$ 696 billion from \$ 644.4 billion a year earlier, strengthening external buffers and enhancing resilience against global financial volatility and capital flow pressures.

INTEREST RATE ENVIRONMENT

The 10-year G-Sec yield edged up to 6.65% from 6.55%, signalling mildly firmer long-term interest rates. This reflects evolving inflation expectations and government borrowing dynamics, while remaining broadly stable by historical standards.

POLICY CONTINUITY

The RBI maintained a neutral policy stance, underscoring its balanced approach of supporting growth while remaining vigilant on inflation and financial stability risks. This continuity provides policy predictability for markets and borrowers alike.

CHAPTER 5

FISCAL HEALTH

GOODS AND SERVICE TAX DATA FOR NOVEMBER 2025

INDICATOR	LATEST VALUE (NOVEMBER 2025)	NOVEMBER 2024 (CRORE)	GROWTH (MONTHLY IN %)
Gross GST Revenue	1,74,550	1,64,556	6.1
Gross Domestic Revenue	1,22,574	1,21,118	1.2
Gross Import Revenue	51,977	43,438	19.7
Total Refunds	28,980	22,138	30.9
Net GST Revenue	1,45,570	1,42,417	2.2

Table 5: GST Collections for December 2025

STABLE GST COLLECTIONS

Gross GST revenue in the latest period stood at ₹1.75 lakh crore, reflecting a 6.1% year-on-year increase. This steady expansion underscores the resilience of India's indirect tax framework, supported by consistent compliance and formal-sector activity. The moderate pace of growth suggests that GST collections are stabilising at a higher base, even as consumption growth remains uneven across sectors.

POST-FESTIVAL DEMAND REALIGNMENT

The composition of GST receipts points to a clear divergence between domestic and import-linked activity. Domestic GST revenue rose marginally to ₹1.23 lakh crore, registering 1.2% YoY growth, indicating cautious consumer spending following the festive period. In contrast, import-related GST climbed sharply to ₹51,977 crore, posting a 19.7% YoY increase, driven by sustained demand for capital goods, electronics, and intermediate inputs, signalling investment-oriented rather than consumption-led momentum.

ELEVATED REFUND OUTGO

Total GST refunds increased to ₹28,980 crore, marking a 30.9% YoY rise. The higher refund outgo reflects improved processing and quicker settlement of claims, particularly for exporters and input-intensive sectors. While this has moderated net revenue growth, it also indicates smoother functioning of the GST system and better liquidity support to businesses.

STEADY NET REVENUE ACCRUALS

After adjusting for refunds, net GST revenue stood at ₹1.46 lakh crore, up 2.2% YoY. The modest increase in net collections highlights the impact of elevated refunds but still points to stable fiscal accruals for both the Centre and States, reinforcing the underlying strength of the GST base.

INDICATOR	FY 2025 - 26 (IN ₹ CRORE)	FY 2024 - 25 (IN ₹ CRORE)	TREND
Net Direct Tax	1837898.32 (As on 11 January 2026)	1688909.67 (As on 11 January 2025)	8.8% YoY growth, indicating steady direct tax buoyancy.
Effective Capital Expenditure	1548282 (Budgeted Estimate)	13,18,320 (Revised Estimate)	Strong expansion reflects continued infrastructure push.
Fiscal Deficit Target	15,68,936 (Budgeted Estimate)	15,69,527 (Revised Estimate)	Marginal improvement signals adherence to the consolidation path.

Table 6: Key Fiscal Indicators

SUSTAINED BUOYANCY IN DIRECT TAX COLLECTIONS

Net direct tax collections for FY 2025–26 stood at ₹18.38 lakh crore as on 11 January 2026, registering a robust 8.8% year-on-year growth over the corresponding period last year. This steady increase reflects continued resilience in personal income tax collections and stable corporate profitability, underscoring the strength of formal sector incomes and tax compliance even amid global economic uncertainty.

STRONG PUSH IN CAPITAL EXPENDITURE

The Government has significantly scaled up its investment-led growth strategy, with effective capital expenditure budgeted at ₹15.48 lakh crore in FY 2025–26, compared to ₹13.18 lakh crore (RE) in FY 2024–25. This sharp expansion highlights the continued emphasis on infrastructure development, asset creation, and crowding in of private investment, reinforcing medium-term growth prospects.

ADHERENCE TO FISCAL CONSOLIDATION PATH

Fiscal discipline remains intact, with the fiscal deficit target for FY 2025–26 marginally lower at ₹15.69 lakh crore compared to ₹15.70 lakh crore (RE) in FY 2024–25. The slight improvement indicates that higher capital spending is being financed through revenue gains rather than excessive borrowing, reaffirming the Government's commitment to fiscal consolidation while supporting growth.

CHAPTER 6

MONETARY HEALTH

INDICATOR	CURRENT RATE (AS OF DECEMBER 2025)	PREVIOUS RATE (AS OF NOVEMBER 2025)	TREND
Policy Repo Rate	5.25%	5.50%	-25 bps cut; first reduction to spur growth following detailed macro assessment
Standing Deposit Facility (SDF) Rate	5.00%	5.25%	Floor adjusted downwards; maintains symmetric corridor (-25 bps below repo)
Marginal Standing Facility (MSF) Rate	5.5%	5.75%	Ceiling adjusted downwards; aligned with repo cut (+25 bps above repo)

Table 7: Key Monetary Policy Rates

REPO RATE CUT

The Reserve Bank of India reduced its key policy repo rate by 25 basis points to 5.25% in December 2025. This marks the first rate cut after a brief pause and aims to spur economic growth while inflation remains benign. The decision reflects the MPC's assessment that low inflation provides space to support robust growth momentum amid favourable domestic conditions.

ADJUSTED CORRIDOR RATES

The Standing Deposit Facility (SDF) rate has been lowered to 5.00% and the Marginal Standing Facility (MSF) rate to 5.50%. These downward adjustments maintain the symmetric corridor around the repo rate (-25 bps for SDF and +25 bps for MSF), ensuring stable liquidity conditions and effective monetary policy transmission while signalling an easing bias.

CHAPTER 7

LABOUR AND EMPLOYMENT

INDICATOR	DECEMBER 2025	NOVEMBER 2025	TREND
Labour Force Participation Rate	56.1%	55.8%	Increased marginally, indicating higher labour market engagement
Worker Population Ratio (WPR)	53.4%	53.2%	Improved slightly, reflecting better employment absorption
Unemployment Rate	4.8%	4.7%	Rose marginally, suggesting a small uptick in job seekers

Table 8: Key Labour and Employment Indicators

PARTICIPATION CONTINUES TO IMPROVE

Labour market participation strengthened further in December 2025, with the Labour Force Participation Rate (LFPR) rising to 56.1% from 55.8% in November. The sustained increase in LFPR indicates continued improvement in workforce engagement, suggesting growing confidence in job availability across both non-farm and services-led segments of the economy.

EMPLOYMENT ABSORPTION SHOWS STEADY GAINS

Employment absorption remained firm alongside higher participation. The Worker Population Ratio (WPR) increased to 53.4% in December, up from 53.2% in November, reflecting the economy's continued capacity to absorb additional labour entrants. The gradual rise points to steady hiring momentum across formal and informal sectors, consistent with improving economic activity.

UNEMPLOYMENT EDGES UP marginally

The Unemployment Rate rose slightly to 4.8% in December from 4.7% in November, indicating a small uptick in job seekers entering the labour force. Importantly, the simultaneous increase in LFPR and WPR suggests that the marginal rise in unemployment is participation-driven rather than demand-led, pointing to underlying labour market resilience rather than weakening conditions.

ANNEXURE II

SECTORAL UPDATES IN DETAIL

AGRICULTURE AND ALLIED SECTORS

INDICATOR	LATEST PERIOD VALUE	PREVIOUS PERIOD VALUE	GROWTH (IN %)
Sown Area under Rabi Crops (Lakh Hectares)	652.33 (as of 16 January 2026)	626.64 (2024-25 season)	25.69%
Egg Production (Billion Numbers)	149.11 (2024-2025)	142.77 (2023-2024)	4.44%
Meat Production (in million tonnes)	10.50 (2024-2025)	10.25 (2023-2024)	2.46%

Table 9: Key Performance Indicators- Agriculture and Allied Sectors

RABI CROP SOWING PROGRESS

As per the latest information from the Ministry of Agriculture & Farmers Welfare, the sown area under rabi crops has expanded further to about 652.33 lakh hectares as of mid-January 2026, compared to 626.64 lakh hectares during the corresponding period of 2024-25, marking an increase of nearly 25.7 lakh hectares. This acceleration from December levels indicates continued momentum in winter sowing across major crop belts. The expansion has been supported by favourable soil moisture conditions, adequate reservoir storage, and timely access to seeds and fertilisers. With sowing activity still underway in several regions, especially for pulses and oilseeds, overall rabi acreage is likely to stabilise at a higher base this season, providing a positive outlook for winter crop output.

CONTINUED GROWTH IN ALLIED SECTORS

Allied agricultural activities continue to strengthen the resilience of the rural economy. Egg production reached 149.11 billion numbers in 2024-25, recording a 4.14% year-on-year increase, supported by capacity additions in the poultry sector and sustained urban consumption demand. Meat production rose to 10.50 million tonnes, reflecting a 2.46% increase over the previous year, driven by productivity improvements and the expanding role of organised processing and supply chains. Together, these trends underscore the growing importance of livestock and allied sectors in stabilising farm incomes and cushioning rural livelihoods against variability in crop performance.

ENERGY AND POWER

ELECTRICITY GENERATION & SUPPLY

INDICATOR	LATEST VALUE	PREVIOUS VALUE	YOY INCREASE (%)
Total Installed Capacity (MW)	5,14,000 MW (Dec 2025)	~4,56,757.49 MW (Dec 2024)	12.5
Electricity Generation (BU)	1,50,783	1,41,834	6.3
Peak Power Demand (MW)	2,42,773 MW (FY 2025-26; provisional)	2,49,856 MW (FY 2024-25)	-2.83
Peak Power Demand Met (MW)	2,42,493 MW (FY 2025-26; provisional)	2,49,854 MW (FY 2024-25)	-2.95

Table 10: Key Performance Indicators- Electricity Generation & Supply

STRONG CAPACITY ADDITION MOMENTUM

India's total installed electricity capacity stood at 5,14,000 MW, reflecting a robust year-on-year growth of 12.5% compared to 4,56,757.49 MW in the previous period. This sustained expansion signals continued policy and investment focus on capacity augmentation, particularly across renewable energy and supporting thermal assets, to meet long-term electricity demand growth.

ACCELERATED ELECTRICITY GENERATION

Electricity generation reached 1,50,783 billion units, registering a notable 6.31% increase over the corresponding previous period. This sharp rise indicates improved plant availability, stronger grid management, and increasing contribution from non-fossil sources, placing the sector on a stable trajectory toward achieving the annual generation target.

MODERATION IN PEAK POWER DEMAND

Peak power demand was recorded at 242,773 MW, marginally lower than the previous level of 249,856 MW, resulting in a 2.83% decline. Similarly, peak demand met declined by 2.95%, reflecting seasonal moderation, milder weather conditions, and improved demand-side efficiency rather than structural demand weakness.

IMPROVED SUPPLY-DEMAND ALIGNMENT

The narrow gap between peak demand (242,773 MW) and peak demand met (242,493 MW) highlights improved grid responsiveness and adequacy of supply. This indicates enhanced operational efficiency of the power system and sufficient reserve margins to manage short-term fluctuations.

COAL

INDICATOR	LATEST VALUE	PREVIOUS VALUE	GROWTH (IN %)
Coal Production (Million Tonnes)	101.45 (December 2025)	97.94 (December 2024)	3.58
Coal Offtake/Dispatch (Million Tonnes)	90.17 (December 2025 - 26)	92.61 (December 2024 - 25)	-2.64
Lignite Production (Million Tonnes)	3.69 (December 2025 - 26)	3.59 (December 2024 - 25)	2.81

Table 11: Key Performance Indicators - Coal

STRONGER COAL PRODUCTION MOMENTUM

Coal production rose to 101.45 million tonnes in December 2025, up 3.58% year on year from 97.94 million tonnes in December 2024. The higher output reflects sustained mining activity during the post-monsoon period and improved operational efficiency across major coal-producing regions. Elevated production levels also supported stock replenishment and enhanced supply preparedness for peak winter electricity demand.

MODERATION IN OFFTAKE AMID ADEQUATE SUPPLY

Coal offtake declined to 90.17 million tonnes in December 2025, a 2.64% decrease from the same period last year. The softer dispatch reflects moderated power demand in certain regions and comfortable coal inventories at power plants, reducing immediate drawdowns. In contrast, lignite production increased to 3.69 million tonnes, up 2.81% year-on-year, indicating improved utilisation at lignite-based plants.



NEW AND RENEWABLE ENERGY

CAPACITY TYPE	ADDED IN DECEMBER (MW)	CUMULATIVE (MW)
Solar Power	2,961.7	1,35,809.94
Wind Power	524.91	54,510.93
Small Hydro & Biomass	0	15,915.92
Waste to Energy	0	856.62
Sub Total Renewable Energy (Excluding Large Hydro)	3,486.61	2,07,093.41
Large Hydro	5,66.5	5,09,14.67
Total Renewable Energy (Including Large Hydro)	4,053.11	2,58,008.08
Nuclear Power	0	8,780
Total Non-Fossil Capacity	4,053.11	2,66,788.08

Table 12: Installed Capacity (As of 31 December 2025)

CLEAN ENERGY EXPANSION ACCELERATES FURTHER

As of December 2025, India's total installed non-fossil fuel capacity increased to 266.79 GW, reflecting continued momentum in clean energy deployment. Renewable energy additions during the month stood at 4.05 GW, driven primarily by solar and wind power. Solar capacity rose by 2.96 GW in December, lifting cumulative solar installations to 135.81 GW, while wind capacity expanded by 0.52 GW to 54.51 GW, indicating steady progress in onshore wind projects. With total renewable energy capacity (including large hydro) crossing 258 GW, the sustained pace of additions highlights the strengthening impact of policy support, improved project execution, and India's continued shift toward a cleaner and more resilient energy mix.

SOURCE WISE	DECEMBER 2025	% SHARE	DECEMBER 2024	GROWTH (IN %)
Coal	1,11,883 MW	74.2	1,71,145 MW	4.42
Lignite	2,774 MW	1.84	2,345 MW	18.29
Hydro	9,337 MW	6.19	8,242 MW	13.29
Nuclear	4,201 MW	2.79	5,101 MW	-17.63%
Gas, Naphtha & Diesel	1,996 MW	1.3	1,646 MW	19.43%
Renewables	20,622 MW	13.68	17,355 MW	18.82%
Total	1,50,783 MW	100	1,41,834 MW	6.31%

Table 13: Key Performance Indicators - Share of Different Energy Sources as of December 25⁶⁹

OVERALL GENERATION STRENGTHENS

All India electricity generation increased to 150,783 GWh in December 2025, registering a 6.31% year on year growth compared to December 2024. The expansion reflects higher demand during the winter period, supported by broad-based increases across coal, renewables, hydro, and gas-based generation.

COAL REASSERTS DOMINANCE

Coal-based generation rose by 4.42% YoY to 111,883 GWh, accounting for 74.2% of total electricity generation. The increase indicates stronger dispatch from thermal plants amid rising demand and moderating supply from renewables, reinforcing coal's role as the primary baseload source during the month.

LIGNITE OUTPUT PICKS UP

Lignite-based generation recorded a sharp 18.29% YoY increase, reaching 2,774 GWh and contributing 1.84% to the generation mix. The rise points to improved utilisation of lignite-based plants, particularly in specific regional grids.

RENEWABLES MAINTAIN STRONG MOMENTUM

Renewable energy generation expanded by 18.82% YoY to 20,622 GWh, accounting for 13.7% of total generation. The sustained growth underscores the increasing contribution of solar and wind power in meeting incremental electricity demand alongside thermal sources.

HYDRO OUTPUT MODERATES BUT REMAINS SUPPORTIVE

Hydro generation increased by 13.29% YoY to 9,337 GWh, contributing 6.19% of total generation. While lower than November levels, hydro output continued to provide critical system balancing support during peak demand periods.

NUCLEAR GENERATION REMAINS CONSTRAINED

Nuclear power generation declined by 17.63% YoY to 4,201 GWh, with its share remaining below 3%, reflecting ongoing maintenance-related outages and operational constraints.

MIXED BUT STABLE ENERGY TRANSITION

Overall, the December 2025 generation mix reflects a balanced expansion, with coal-led growth complemented by strong gains in renewables, hydro, and gas-based generation. While fossil fuels remain dominant, the sustained rise in non-fossil sources continues to reinforce the gradual structural transition in India's power sector.



MANUFACTURING

STEEL

INDICATOR	LATEST VALUE	PREVIOUS VALUE	GROWTH (IN %)
Crude Steel Production (Million Tonnes)	96.08 (April - October 2025 - 26)	86.03 (April - October 2024 - 25)	11.7
Finished Steel Production (Million Tonnes)	91.89 (April - October 2025 - 26)	82.94 (April - October 2024 - 25)	10.8%
Finished Steel Consumption (Million Tonnes)	92.5 (April - October 2025 - 26)	85.83 (April - October 2024 - 25)	7.4%
Steel Exports (Million Tonnes)	0.64 (April - October 2025 - 26)	0.44 (April - October 2024 - 25)	45.5

Table 14: Key Performance Indicators - Steel

STRONG OUTPUT GROWTH

India's steel sector continued to register robust expansion in the latest period, with crude steel production rising to 91.89 million tonnes, up from 86.03 million tonnes, reflecting a strong 11.7% increase. This growth points to high capacity utilisation across major steel producers, supported by steady industrial activity and uninterrupted availability of key inputs. Finished steel production also recorded a healthy rise, reaching 91.89 million tonnes, up from 82.94 million tonnes earlier, marking a 10.8% year-on-year increase and signalling sustained momentum in manufacturing and construction-related demand.

HEALTHY CONSUMPTION AND EXPORT MOMENTUM

Domestic steel demand remained resilient, with finished steel consumption increasing to 92.5 million tonnes from 85.83 million tonnes, representing a 7.8% growth. This improvement reflects strong infrastructure spending, continued public investment, and steady demand from housing and capital goods sectors. On the external front, steel exports rose sharply to 0.64 million tonnes from 0.44 million tonnes, recording a significant 45.5% increase, highlighting improved global competitiveness and widening market access despite mixed international demand conditions.

SECTOR OUTLOOK

The latest data suggests that India's steel industry is effectively leveraging both domestic demand and export opportunities. Continued policy support, sustained infrastructure spending, and improved capacity utilisation are likely to underpin this positive trajectory. While global steel markets remain volatile, the domestic growth impulse provides a strong buffer, positioning the sector on a stable growth path in the near term.

CEMENT

	LATEST VALUE	PREVIOUS VALUE	TREND
Cement Production (MMT)	43.32 (December 2025)	38.17 (December 2024)	Increased by 13.5%

Table 15: Cement Production Capacity as of December 2025^{72/3}

MONTH/YEAR	CEMENT INDEX ^{74/5} (BASE YEAR: 2011 - 12)	GROWTH (IN %)
December 2024	129.5	6.64
December 2025	130.6	0.85

Table 16: Cement Index And Growth For December 2025⁷⁶

STRONG YEAR-ON-YEAR GROWTH

Cement production recorded a robust 13.5% year-on-year increase in December 2025, rising to 44.7 million tonnes from 36.8 million tonnes in December 2024. This sharp expansion reflects sustained construction momentum supported by infrastructure spending and housing demand.

IMPROVED MONTHLY MOMENTUM

The acceleration in December output indicates a clear pick-up in production activity following the post-monsoon period, as manufacturers ramped up capacity utilisation to meet heightened seasonal demand from real estate, public works, and rural housing projects.

INDEX-BASED EXPANSION SIGNALS STRENGTH

The cement production index rose from 192 in December 2024 to 203 in December 2025, translating into a growth acceleration from 4% to 8.8%. This improvement highlights stronger underlying industrial activity and improved operational efficiency across the sector.

DEMAND-LED SECTOR RESILIENCE

The sustained rise in cement output continues to be driven by ongoing government-led infrastructure programmes, steady recovery in the real estate sector, and resilient rural construction demand. With installed capacity estimated at around 680-690 million tonnes per annum and improving utilisation rates, the cement sector remains well-positioned to support India's broader.

ANNEXURE III

GLOSSARY OF TERMS

TERM	EXPLANATION
VB-G RAM G Act, 2025	Vibrant Bharat-Grameen Rozgar, Assets and Management Guarantee Act, 2025
IIP (Index of Industrial Production)	The all India IIP is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period.
Index of Eight Core Industries (ICI)	A monthly measure of output in eight key industries (coal, crude oil, natural gas, refinery products, fertilisers, steel, cement, and electricity) that reflect India's industrial health.
Consumer Price Index	An index that tracks the changes in the average price of a basket of goods and services consumed by households, used to measure inflation.
Consumer Food Price Index	The Consumer Food Price Index is a measure of inflation that tracks price changes specifically in food and beverages within the consumer basket in India. It serves as a sub-index of the broader Consumer Price Index (CPI), highlighting food inflation trends.
Core Inflation	Core inflation is an inflationary measure that excludes food and fuel components. It is used to identify the underlying trend in inflation by filtering out transitory price movements, and is considered a useful indicator for monetary policy.
LFPR In CWS	Labour Force Participation Rate in Current Weekly Status. It is the % age of people who are either working or looking for work during a reference week, based on survey data.
Rabi Season	The Rabi season is the winter cropping period in India and neighbouring countries, where crops are sown in October-November (after the monsoon) and harvested in March-April (spring).
PMI (Purchasing Managers Index)	PMI are factual indicators of economic health based on monthly surveys of business executives covering 45 economies and 30 sectors. PMI gives a number between 0 and 100 indicating the overall health of an economy. A PMI reading over 50 represents economic expansion of the particular sector, and below 50 represents contraction compared to the month prior.
Neutral Stance of RBI	A neutral stance means the RBI is neither inclined towards raising nor cutting interest rates and will act based on evolving economic data. It allows flexibility to respond to changing inflation or growth conditions.

Table 20: Installed Capacity (AS OF 30 September 2025)25

