



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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## RBI Bulletin – August 2025

Today, the Reserve Bank released the [August 2025](#) issue of its monthly Bulletin. The Bulletin includes monetary policy statement, three speeches, five articles and current statistics.

The five articles are: [I. State of the Economy](#); [II. Private Corporate Investment: Growth in 2024-25 and Outlook for 2025-26](#); [III. Equity Mutual Funds: Transforming India's Savings Landscape](#); [IV. EV Policies and Two-Wheeler EV Adoption: Evidence from Indian States](#); and [V. Horticultural Diversification: A Pathway to Agricultural Resilience](#).

### I. State of the Economy

Continuing uncertainty on US trade policies shaped the global macroeconomic environment during July and August. Domestic economic activity remained mixed across sectors in July. Timely progress of monsoon has boosted *kharif* sowing. While industrial activity remained subdued, manufacturing sector expanded along with services sector sustaining the growth momentum. Headline inflation fell for the ninth consecutive month in July. Financial conditions remained congenial and supportive of domestic economic activity. India's sovereign rating upgrade by S&P bodes well for capital inflows and sovereign yields, going forward.

### II. Private Corporate Investment: Growth in 2024-25 and Outlook for 2025-26

*By Snigdha Yogindran, Sukti Khandekar, Rajesh B Kavediya and Alope Ghosh*

Private corporate sector plays a vital role in driving the overall investment trend in the economy. Drawing on data related to the phasing of capital expenditure (capex) plans announced by private corporates, this article assesses their investment intentions and provides insights into the near-term outlook.

#### Highlights:

- The total cost of projects as well as the number of projects sanctioned by banks and financial institutions (FIs) decreased during 2024-25 as compared to previous year, indicating tepid investment optimism of private corporates.
- Infrastructure sector continued to attract major share of envisaged capital investment, led by 'Power' industry.
- The phasing profile of the pipeline projects based on all channels of financing taken together, suggests that the envisaged capex is estimated at ₹2,67,432 crore in 2025-26 as against ₹2,20,132 crore in 2024-25.

### **III. Equity Mutual Funds: Transforming India's Savings Landscape**

*By Mayank Gupta, Satyam Kumar, Abhinandan Borad, Subrat Kumar Seet and Pratibha Kedia*

This article examines the evolving landscape of household savings in India, highlighting the increasing preference among retail investors for equity mutual funds (MFs) as a key investment avenue. It presents a comprehensive analysis of the structural shift in investor behaviour and the key factors influencing flows into equity mutual funds. Despite robust growth, India's mutual fund industry remains relatively small compared to global benchmarks, pointing to significant scope for further expansion.

#### **Highlights:**

- Over the past decade, household financial saving preferences have undergone a notable shift, with an increasing inclination toward equity-oriented instruments, particularly equity mutual funds.
- The study identifies increasing financial inclusion (proxied by demat accounts), relative market returns, and business confidence as critical drivers of equity mutual fund flows in India.
- Empirical analysis suggests that real GDP growth contains predictive information about equity mutual fund flows.
- As retail participation deepens, especially from smaller towns and among women investors, there is a need for continued emphasis on investor awareness, financial literacy, and prudent regulatory oversight to ensure sustained and inclusive growth of the mutual fund sector.

### **IV. EV Policies and Two-Wheeler EV Adoption: Evidence from Indian States**

*By Atal Singh, Satyam Kumar, Abhyuday Harsh and Tista Tiwari*

With nearly three-fourths of vehicle registrations in India comprising two-wheelers (2W) in 2024-25, it is imperative that any initiative aimed at promoting electric vehicles (EVs) must focus on the adoption of 2W-EVs to meet the country's decarbonisation goals. In this context, this paper empirically investigates the impact of state-level EV promotion policies on the adoption of 2W-EVs.

#### **Highlights:**

- Supportive policies at state level (such as financial incentives, tax exemptions, and investments in charging infrastructure) drive the adoption of 2W-EVs.
- Regional disparity exists in adoption rates, with southern and western states exhibiting higher adoption rates, partly due to better charging infrastructure and the early development of EV policies.
- Strong charging infrastructure, even with moderate policy support, can enhance the adoption of 2W-EVs.

## **V. Horticultural Diversification: A Pathway to Agricultural Resilience**

*By Shivam*

The article investigates the source of agricultural growth over the past three decades (1992-93 to 2022-23) and quantifies the contribution of different crops to the overall growth of agriculture. The study examines the implications of diversification-led growth for small farmers and discusses the challenges thereof.

### **Highlights:**

- Agricultural growth over the past three decades has primarily been driven by yield improvements, diversification into horticulture and increased cropping intensity.
- Fruits and vegetables, the key components of horticulture, show consistently high growth rates and significantly contribute to Gross Value Output.
- Small and marginal farmers have benefited from these trends and are increasingly allocating land to horticulture.
- Challenges include yield unpredictability, inadequate post-harvest storage, and price volatility. Government initiatives such as the National Horticulture Mission, Horticulture Cluster Development Board, Agriculture Infrastructure Fund, Pradhan Mantri Formalisation of Micro Food Processing Enterprises, and Operation Greens are addressing these challenges.

The views expressed in the Bulletin articles are of the authors and do not represent the views of the Reserve Bank of India.

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