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SPEECH

Balancing Innovation and Prudence- AI's Role in India's Financial Future
Shri M Rajeshwar Rao

*Balancing Innovation and Prudence- AI's Role in India's Financial Future**

Shri M. Rajeshwar Rao

Distinguished guests, participants, ladies and gentlemen, a very good evening.

I am delighted to address this august gathering of distinguished persons, and key stakeholders across the financial spectrum in the banking transformation summit on the theme of 'Banking That Builds Bharat: AI-Powered, Credit-Driven', which is extremely contextual and relevant and encapsulates the spirit of *Viksit Bharat*.

Introduction

The Indian banking system has time and again exhibited its capability to embrace and adapt to newer technologies. Beginning from the early days of computerization in the 1980s, to spread of ATMs in the 1990s, the expansion of internet and mobile banking in the 2000s, interoperable infrastructure for payments, data repositories and data sharing since 2010s, the banking sector has adapted successfully to the requirements of the changing times and has over the period made banking more efficient and inclusive. Banking has now entered into a new phase of evolution driven by digital democratization. A prime example is the homegrown Unified Payments Interface (UPI), which has made India a global leader in digital payments which reinforces our belief that responsible innovation can be a powerful driver of progress.

* Keynote Address delivered by Shri M Rajeshwar Rao, Deputy Governor, Reserve Bank of India on September 16, 2025 at 3rd edition of the CNBC-TV18 Banking Transformation Summit on 'Banking That Builds Bharat: AI-Powered, Credit-Driven' in Mumbai. Inputs provided by Chandni Trehan Saluja and Abhishek Kumar Narwal are gratefully acknowledged.

The Government of India has articulated an ambitious vision of "*Viksit Bharat*" i.e., transforming India into a developed country by 2047. This sets the tone for the next step in our technological journey of financial sector and more specifically, in the banking sector. Under *Viksit Bharat*, the goal is for every adult to not only have a bank account, a target largely achieved under Jan Dhan Yojana¹, but also have access to affordable credit, insurance, and investment options. The endeavour of banking sector should be to ensure that benefits of banking, more so of credit accessibility, is made available to customers across all segments on a fair, transparent and affordable basis.

Measures taken by RBI

In last five years, between 2019-20 to 2024-25, the bank credit growth has been averaging around 10.5 percent². It is also seen that the share of retail credit has grown to 33 per cent³ while the share of credit to Micro, Small & Medium Enterprises (MSME) sector has been growing steadily, forming 18 per cent of total bank credit as of March 2025. Before delving into the role of new technologies, let me briefly first touch upon the steps taken by RBI over the years to increase flow of credit.

The RBI has undertaken several measures to expand both the reach and depth of credit by reducing friction, increasing access points, and lowering the cost of financial service delivery. Key initiatives include Aadhaar-based KYC, the Central KYC Registry, the revised Priority Sector Lending norms, Partial Credit Enhancement Guidelines, and the Account Aggregator

¹ Accounts have grown from 14.72 crore in 2015 to over 56.16 crore by August 2025, with around 67% in rural/semi-urban areas and 33% of Jan Dhan accounts were opened in urban/ metro - <https://www.pib.gov.in/PressNoteDetails.aspx?NotelD=155102&ModuleId=3> areas.

² Handbook of Statistics on the Indian Economy, 2024-25 - Table 44 - Scheduled Commercial Banks - Select Aggregates - Adjusted Bank Credit (excluding the impact of a merger of non-bank with a bank since July 28, 2023).

³ Handbook of Statistics on the Indian Economy, 2024-25 - Table 45 - Sectoral Deployment of Non-Food Gross Bank Credit - Share of Non-Adjusted Personal Loans

framework⁴. In response to the growing digitalisation of credit, the Digital Lending Guidelines⁵ were introduced to ensure transparency, fairness, data privacy, while enabling fund flow to wider sectors. The RBI has also enabled formal credit access through frameworks like Trade Receivables e-Discounting System (TReDS) for MSMEs, co-lending models between banks and NBFCs, and targeted refinancing schemes.

More recently, the RBI has, in collaboration with its subsidiary RBI Innovation Hub (RBIH), tested a prototype of the Public Tech Platform for Frictionless Credit⁶ to enable seamless digital data flow to lenders. Building on this, the Unified Lending Interface (ULI)⁷ is being developed to transform credit delivery by integrating access to both financial and non-financial data such as digitised land records, Goods and Services Tax Network (GSTN) data, property records, and satellite data along with services like e-KYC, the Account Aggregator framework, and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). This ecosystem aims to make lending faster, cheaper, and more accessible to underserved segments. Together, this digital public infrastructure and an enabling regulatory framework would help to drive inclusive credit growth.

Gaps in access to formal credit

Having said that, a lot of distance still needs to be traversed, as the gap in credit penetration persists. Even today, only around 25 per cent of India's adult population have formal access to institutional credit⁸ while in the MSME sector (which forms ~30 per cent of GDP)⁹, only part of their credit needs is

met by formal institutions¹⁰. While the Financial Inclusion Index developed by RBI has shown steady improvement, rising from 53.9 in March 2021 to 67.0 in March 2025¹¹ reflecting the growth in account ownership and credit access, scope remains in effecting improvement in the usage and quality of services delivered. The gap between inclusion and credit access is a challenge and an opportunity to banking fraternity. The credit needs to not only grow in terms of volume and numbers but also needs to be directed towards productive, sectors that deliver higher multipliers such as MSMEs, infrastructure, informal sectors, and rural population, to achieve not just the goal of "*Viksit Bharat*" but to have a "*Samaveshi Viksit Bharat*".

The new wave in banking- Artificial Intelligence

Driving the next credit revolution will require harnessing new technologies. Over time, the role of technology in finance has shifted from improving operational efficiency to fully automating and centralizing previously manual, fragmented processes. Among emerging technologies, Artificial Intelligence (AI) stands out for its vast potential from strengthening internal operations and risk management to delivering faster, more seamless customer experiences. Reports indicate that nearly 70% of Banking, Financial Services, and Insurance (BFSI) organisations in India have an enterprise level AI strategy in FY 2024¹². An RBI study of banks' annual reports also shows a sharp rise in references to AI, underscoring its growing strategic importance¹³. While both demand-side factors (profitability, competition, compliance efficiency) and supply-side drivers (tech advances, data growth, new

⁴ <https://rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=10598>

⁵ <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12848&Mode=0>

⁶ https://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=56200

⁷ <https://rbihub.in/unified-lending-interface/>

⁸ <https://newsroom.transunioncibil.com/more-than-160-million-indians-are-credit-underserved/>

⁹ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2142170>

¹⁰ https://www.sidbi.in/uploads/Understanding_Indian_MSME_sector_Progress_and_Challenges_13_05_25_Final.pdf

¹¹ https://www.rbi.org.in/scripts/FS_PressRelease.aspx?prid=60875&fn=2754 dated July 22, 2025

¹² NASSCOM AI Adoption Index – India]

¹³ RBI Bulletin – How Indian Banks are Adopting Artificial Intelligence? [https://rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=22931]

business models) influence AI adoption, supply-side forces remain the primary catalyst.

AI as a discipline has evolved over decades and has seen rise of machine learning systems which can learn from historical data to make decisions, often with high accuracy. Indian banks and non-banks, embarked on AI journey nearly a decade ago, mainly handling at that time, large volume of information and supplementary analysis which added value without displacing established systems. The adoption has since moved from deployment of AI for back-office functions for efficiency enhancements to more varied use cases such as in the areas of fraud risk management, optimising IT operations, facial recognition for KYC, credit scoring, claim processing, and customer focused services. As observed in the surveys conducted by RBI in 2023 and 2024¹⁴, more than three-fourth of the banks have deployed AI-powered chatbots for customer service. This marks a fundamental shift in which AI is no longer just an enabler but a part of the decision-making process, product design, and customer engagement.

AI across the credit lifecycle

Though, the banks have been using AI in some areas of lending, there is potential use cases for its usage across other areas of the credit lifecycle. I would like to highlight a few of them:

(i) Credit Inclusion

An important use case would be in the way credit is assessed and distributed. This would require supplementing existing assessment methods with broader data based and more refined analysis, whereby financial institutions could gain additional perspectives on risk and capability of the potential borrowers. This would be a significant game changer to address the credit requirement of the millions

¹⁴ RBI Trends and Progress of banking in India – 2023-24 (Para 10 under Chapter IV)

of "credit invisibles", *i.e.*, people with no formal credit history or new to credit customers. Given the availability of a variety of digital footprints which customers have, AI can be leveraged to peruse alternative data sets, to assess their creditworthiness. This would mean a paradigm shift from asset-based lending to cash-flow and alternate data-based lending, promoting a journey towards inclusive digital finance. Government of India also has recognised the potential of alternate data to drive financial inclusion and has started initiatives such as the "Grameen Credit Score"¹⁵ which aims to provide underserved communities with formal credit access by analyzing alternative financial data, including UPI transactions, government subsidy receipts, and utility payments.

(ii) Turnaround Time

AI enables banks to process large volumes of customer data quickly, accelerating credit decisions and service delivery. This is especially valuable in time-sensitive sectors like MSME working capital, where AI can analyse diverse datasets like bank statements, payment histories, GST filings, e-invoices, TReDS receivables, and public records. It also aids lenders in assessing seasonality, supply chains, inventory cycles, customer concentration, and overall creditworthiness of MSMEs.

(iii) Credit Appraisals

The banks can embrace AI algorithms for leveraging behavioural analytics by analysing vast amounts of transactional data for detecting patterns indicative of creditworthiness and stable financial behaviour, leading to more accurate credit assessments and improved decision-making processes.

(iv) Customized Credit Solutions

AI's ability to dynamically assess customer preferences and behaviour can empower banks

¹⁵ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2112198>

to offer customized credit solutions tailored to an individual's financial capacity. This not only improves loan accessibility but also ensures that borrowers receive fair and structured financial products that align with their needs.

(v) Early Warning Signals and Provisioning

AI-based early warning systems can help lenders monitor credit portfolios more effectively through dynamic risk scoring and real-time default probability tracking. By flagging early signs of financial stress, these systems protect the lender's balance sheet while giving borrowers a chance to course-correct. The goal, ultimately, is not just to lend more but to lend better.

(vi) Document Management

AI also plays a key role in automating document verification by using techniques like Optical Character Recognition (OCR) to read and process information from documents – especially handwritten documents which are generally unstructured, allowing for automated extraction of data thus reducing rejections. It can also examine the visual characteristics of the documents to detect forgery, tampering, or modifications and accurately process large volumes of records, classifying, extracting, and validating key data, thereby improving efficiency and minimizing errors in the lending process.

(vii) Customer Support and Grievance Redress

One promising use case of AI is the development of multilingual chatbots and voice assistants which enable customers to interact with banks in their native language. This is a revolutionary change as by localizing the user experience, the AI can enable more people across different languages, literacy levels, and abilities to confidently use formal banking services.

Banks are also experimenting with using AI powered virtual assistants to enable staff to respond to customer queries which can enhance customer experience. Timely resolution of customer queries

boosts trust in the banking system and encourages deeper engagement, furthering financial inclusion. As digital access has expanded, so has customer complaints. This highlights another use case for AI. It can efficiently categorize, prioritize, and route complaints, enabling faster, proactive resolution by detecting patterns and addressing root causes before issues escalate into grievances.

(viii) Loan Servicing

AI-powered loan servicing platforms can create personalised repayment solutions and reduce operational errors across servicing and portfolio management. They can also provide new ways of loan servicing by supporting collections and recovery through prioritised outreach strategies. AI can help to strengthen compliance with auditable trails of measures initiated for recovery.

(ix) Fraud Risk Management and Cyber Security

20. AI also holds potential in safeguarding the financial system itself. As cybercriminals increasingly use AI for sophisticated attacks, Regulated Entities (REs) can leverage AI-driven tools to protect customers and detect threats. AI can monitor large transaction volumes in real time, flagging anomalies that may assist in detecting fraud or money laundering.

Collaboration for Credit Revolution

With fintechs advancing rapidly, REs are increasingly partnering with them across the credit lifecycle. A key model–Digital Lending, involves embedding processes like KYC, credit assessment, and collection directly into fintech platforms. While such collaborations enhance financial inclusion and innovation, they also bring risks such as blurred accountability, data misuse, inadequate grievance redressal, and potential mis-selling. The guiding principle to address this remains the premise that regardless of the model used, accountability ultimately rests with the regulated entity.

Risks and challenges of AI - New dimensions and the Ethical imperative

Technological advancements come with challenges that REs must recognize, as these risks can undermine the benefits of innovation. For example, the recent Supreme Court ruling¹⁶ on video-based e-KYC highlighted that mandatory automated processes may create barriers for people with disabilities, underscoring the need for fairness and accessibility in technology adoption to avoid exclusions. AI, without proper controls, can introduce risks like algorithmic bias, lack of transparency, ethical concerns, and systemic vulnerabilities. It can also amplify existing risks such as third-party dependencies, concentration, model, cyber, and data privacy risks. Let me highlight a few:

(i) Third-party dependency

As AI adoption grows, financial institutions increasingly rely on complex networks of external providers, cloud platforms, AI vendors, and data aggregators. These interdependencies create vulnerabilities where a disruption or breach in one link can cascade across multiple institutions, disrupting critical services. The complexity and opacity of these layers makes it difficult to identify risks, which may accumulate unnoticed and spread rapidly during shocks.

(ii) Market Correlation

A critical vulnerability of AI is its potential to synchronize behaviors across the financial system. When institutions use similar models trained on overlapping data, their decisions on asset pricing, credit assessment, trading, and others may align, creating hidden linkages. This can amplify market stress, spread shocks rapidly, worsen liquidity shortages, increase asset price volatility, and trigger sharp, self-reinforcing market swings.

¹⁶ https://api.sci.gov.in/supremecourt/2024/17879/17879_2024_13_1501_61229_Judgement_30-Apr-2025.pdf

(iii) Cyber Risk

The integration of AI into financial systems—especially through new interaction methods and increased reliance on specialized providers expands the cyber threat landscape in unpredictable ways. AI's strengths, such as reliance on large datasets, open interfaces, and automated decisions, also create vulnerabilities. Malicious actors can exploit these through adversarial attacks or compromised training data, potentially corrupting AI outputs. Even a single breach can disrupt critical operations across multiple REs and undermine trust in AI across the sector.

(iv) Model Risk

Unlike traditional models built on clear rules and well laid out assumptions, AI models operate through dense, opaque algorithms, which we also refer to as "black boxes" and evolve with the data they consume. This introduces the risk of prejudice within models where biased data, opaque design, or untested assumptions may lead to biased outcomes of model. Such distortions can lead to unfair credit assessment, excluding deserving segments, or conversely extending credit where risks are understated.

(v) Data Risk

AI is only as strong as the data that shapes it and this leads to a host of vulnerabilities emanating from data quality. Currently, while most of the financial data is structured, much of it is fragmented across systems, often in inconsistent formats, sometimes incomplete or outdated, or skewed by historical biases. When such data flows into AI models, it can produce results that may appear authentic, but suboptimal and in some cases may produce wrong outputs. Over-reliance on such models can quietly turn data gaps into large-scale misjudgments and wrong business decisions.

(vi) Legal Certainty and Intellectual Property Right issues

AI models are often trained on publicly available data, like news stories, articles, and explainer videos,

etc., and may lead to intellectual property and copyright infringements.

(vii) Concentration Risk

Reserve Bank's Financial Stability Report¹⁷ has pointed out the high market concentration in critical third-party providers of cloud/ AI services, noting that heavy reliance on a small number of tech players could create single points of failure. Such concentration risks are compounded by the vertical integration of certain providers, who supply not just models but also the underlying infrastructure and datasets.

(viii) Frauds and disinformation

While AI is transforming many of the processes of financial institutions, the rise of Generative AI has also lowered the barriers for fraud, putting powerful deception tools in the hands of malicious actors. Deepfakes can mimic voices, faces, and documents with unsettling accuracy, while AI-generated phishing lures, fake identities, and forged credentials can slip past traditional checks.

In light of these multi-faceted risks, some of which I have touched upon, it becomes crucial that adoption of AI in banking sector must be done in a responsible and measured manner. The excitement around AI's benefits should not overshadow prudent risk management. In this context, the following aspects become even more crucial.

(i) Governance

A robust governance is indispensable for ensuring the integrity of data, the reliability of models, and mitigating the risks associated with adoption of AI. The financial institutions should have in place a comprehensive strategy for AI adoption. It should be accompanied by clear policies, risk appetites, criticality, and impact assessments as well as ethical

standards that cascade through the organisation. Robust monitoring and reporting mechanisms should be put in place to ensure alignment between innovation goals and institutional stability. Further, in a regulated industry like banking, it is essential to understand how a model arrives at its decisions, making explainability a critical requirement. Thus, there is a need for financial institutions to invest in Explainable AI frameworks that provide clear, auditable reasons for loan decisions. Strong governance is central to managing AI-driven model risk.

(ii) Human-in-the-loop

While AI can automate and recommend, the humans should be responsible for the decisions. The financial institutions while adopting AI for business processes should implement the principle of human-in-the-loop to ensure that AI is leveraged as a tool to support and enhance human decisions and not replace them.

(iii) Maintaining Data quality and security

High-quality data is the backbone of safe and effective AI in finance. While the RBI already collects data through supervisory reports, regulatory returns, and surveys, the introduction of model risk guidelines, aligned with global best practices, will soon extend this scope to include data on AI models used by regulated entities. Financial institutions should therefore adopt robust data strategies, incorporating diverse, reliable indicators that reflect both the scale of AI adoption and associated vulnerabilities.

When AI is used for credit decisioning or financial inclusion, especially through alternative data, customer data becomes central, making privacy and security paramount. The Digital Personal Data Protection (DPDP) Act, 2023 provides the legal framework for responsible data use, and financial institutions must ensure compliance through consent-based, privacy-first data handling practices.

¹⁷ RBI FSR - June 2025 (Para 1.42 under Chapter 1) <https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/0FSRJUNE20253006258AE798B4484642AD861CC35BC2CB3D8E.PDF>

(iv) Research and Development

Continued investment in research and development is critical for advancing the capabilities of AI in lending lifecycle for unlocking new opportunities. Research efforts of the financial institutions should focus on improving data quality and accessibility, developing novel AI algorithms for enhancing credit inclusion, and addressing key challenges related to bias, fairness, and interpretability in credit evaluation as well as enhancement of in-house capabilities to manage concentration risk of providers.

(v) Industry Collaborations

Collaboration and knowledge-sharing among industry stakeholders, including financial institutions, fintech companies, and academic institutions is essential for driving innovation and addressing common challenges in AI-driven credit processes. This can foster the development of best practices, standards, and frameworks for responsible AI use, promoting transparency, fairness, and accountability in credit evaluation. Some of the initial areas where the industry can collaboratively work is harmonising AI taxonomies and developing common benchmarks and metrics.

Regulatory guardrails for new technologies

As AI adoption gains traction, regulatory oversight is crucial in ensuring an efficient, responsible and fair adoption. Recognising the increasing usage of model-driven credit assessments and decision-making in REs, the RBI had issued a draft circular on model risk management in credit¹⁸, setting out expectations on governance, validation, monitoring, and accountability. Building on this foundation and recognising the increasing usage of models by the REs, not only for credit functions but also for wide spectrum of processes across functional and operational

domains, the Bank is in the process of expanding the scope of these guidelines and would be issuing overarching Model Risk Management Guidelines applicable across all models. As technologies like AI are generally not adopted uniformly across the sector and owing to presence of a varied type of entities with different scales, the principle of proportionality has to be also factored in. The objective would be to ensure that all REs can adopt technologies best suited to their business models and customer needs, while effectively managing risks such as explainability, algorithmic bias, resilience, and over-automation¹⁹. In continuation of this approach, the recently released report of the Committee on Framework for Responsible, Efficient, and Ethical AI (FREE-AI)²⁰, has laid out seven guiding sutras for trustworthy AI, and emphasized the need for a robust model risk management framework by REs.

Conclusion

Over the decades, Indian banking sector has exhibited its ability to integrate meaningful technological advancements. As AI transforms financial services, it's clear this is a development which is not a mere upgrade but a major shift impacting products, processes, and operations. From the risk perspective, the long-term implications of AI adoption on the financial system remain uncertain but exhibit potentially far-reaching consequences. It is therefore imperative for the financial sector to approach AI adoption with foresight, investing not just in innovation, but also in resilience by building strong governance structure, diversifying dependencies, engaging in continual assessment of emerging risks, and ensuring their AI strategies align with long-term safety and sustainability of the

¹⁸ https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4479

¹⁹ RBI Annual Report 2024-25: VI.19 under Chapter VI (Regulation, Supervision and Financial Stability)

²⁰ FREE-AI Committee Report
[<https://rbidocsrbi.org.in/rdocs/PublicationReport/Pdfs/FREEAIR130820250A24FF2D4578453F824C72ED9F5D5851.PDF>]

financial system. Ensuring that AI-driven decisions are ethical, unbiased, and transparent will be paramount in building a sustainable, AI-powered financial future. This calls for "*optimistic vigilance*" wherein AI and other technologies in banking are neither feared nor embraced blindly but "*navigated*". The RBI, on its part, will continue to provide an enabling regulatory environment so that together we can build a banking

system that truly builds Bharat, and not just builds, but transforms Bharat.

Let me sign off with the thought "Trust is the currency of banking". Even as we broaden the credit coverage using algorithms and digital interfaces, maintaining the trust will be our biggest challenge and also our biggest responsibility.

Thank you.

ARTICLES

State of the Economy

Flow of Financial Resources to Commercial Sector in India during 2024-25

The Untold Story of FinTech Customers' Experience

Review of Performance of the NBFC Sector

Impact of UPI on Cash Demand – Evidence from National and Subnational Levels

Is Consumption Inequality Declining? – What the 2022-23 NSSO Survey Tells Us

Infrastructure - An Engine of India's Growth Express

State of the Economy*

Global uncertainty remained elevated in the wake of imposition of US trade tariffs on major trading partners and renewed concerns over fiscal health of advanced economies. The Indian economy exhibited marked resilience as evident from the five-quarter high growth during Q1:2025-26, propelled by domestic drivers. The landmark GST reforms should progressively result in a sustained positive impact through significant gains in ease of doing business, lower retail prices and strengthening of consumption growth drivers. CPI headline inflation edged up but remained well below the target rate for the seventh consecutive month. System liquidity remained in surplus facilitating the pass through of policy rate cuts. Indian equity markets witnessed bidirectional movements during August-September. India's current account deficit moderated in Q1 over last year, supported by robust services exports and strong remittances receipts.

Introduction

Global uncertainty remained elevated in the wake of lingering US trade policy uncertainties with key trading partners, renewed concerns on fiscal health of advanced economies (AEs) and geopolitical risks. Despite uncertainties clouding the economic outlook, the global purchasing manager's index (PMI) rose to a 14-month high in August with manufacturing PMI moving into the expansion zone accompanied by a robust expansion in services sector activity. Global

commodity prices largely eased in August though a sharp pick-up in select commodities, particularly gold and coffee, were witnessed since the second half of August.

Bond yields across AEs continued to harden in August as debt sustainability concerns assumed centre-stage. Demand for alternative safe-haven assets, on the other hand, propelled gold prices to a record high. US bond yields declined since end-August on rising expectations of Fed easing. Thereafter in September, yields declined further and stabilised following the rate cut by Fed. Reflecting these factors, the US dollar also fell for most of August and September. Equity markets in key economies remained buoyant in August largely driven by strong Q2:2025 earnings, expectations of Fed easing and optimism over BigTech stocks. Fed's rate cut in September further strengthened the rally, especially in the US. Equity flows to emerging markets remained thin in August on risk-off investor sentiments.

Inflation trends remained divergent across AEs and emerging markets and developing economies (EMDEs). While AEs grappled with sticky inflation, the EMDEs experienced disinflation. In August-September, major central banks reduced their benchmark interest rates, prioritising concerns on domestic growth and unemployment over inflation.

The Indian economy exhibited marked resilience, as evident from the five-quarter high growth during Q1:2025-26, propelled by domestic drivers. Consumption expenditure and fixed investment activity remained strong, negating the decline in net exports. The high-frequency indicators for economic activity showed steady growth in August with rural demand remaining robust, though urban demand continued to show some weakness.

* This article has been prepared by Rekha Misra, Asish Thomas George, Shashi Kant, Biswajeet Mohanty, Durga G., Shreya Kansal, Yamini Jhamb, Jessica Maria Anthony, Harendra Kumar Behera, Vrinda Gupta, Akash Raj, Amrita Basu, Sanjana Sejwal, Love Kumar Shandilya, Prashant Kumar, Sritama Ray, Pratibha Kedia, Nilava Das, Archana Dilip, Sumit Roy, Yogesh Rana, Avnish Kumar, Pulastya Bandyopadhyay, Supriyo Mondal, Pallak Goyal, Yuvraj Kashyap, Rasmi Ranjan Behera and Samridhi. The guidance and comments provided by Dr. Poonam Gupta, Deputy Governor, is gratefully acknowledged. Peer review by Rakhe Paluvai Balachandran, Subhadhra Sankaran and Abhinav Narayanan is also acknowledged. Views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

An import tariff of 50 per cent is applicable on India's exports to the US from August 27, 2025.¹ Its immediate impact may be sector-specific, given that around 45 per cent of India's merchandise exports to the US are exempted from the tariffs, including sectors constituting major export products, particularly smartphones and pharmaceuticals. Despite the elevated trade policy uncertainties, merchandise exports have shown resilience during April-August 2025-26.

The decisions of the GST Council in its 3rd September meeting set in motion major structural reforms in the GST regime, simplifying rates and processes. Beyond rate simplification, the reforms have also addressed challenges relating to inverted duty structure², and made processes business-friendly, particularly benefiting micro, small and medium enterprises, and startups. Overall, these reforms are expected to boost tax buoyancy, improve compliance, and contribute to greater ease of living as well as ease of doing business.

CPI headline inflation edged up but remained well below the target rate for the seventh consecutive month. Food group largely contributed to the pick-up in overall inflation. Core inflation (CPI excluding food and fuel inflation) also increased at the margin, driven primarily by the uptick in gold prices.

Overall financial conditions turned accommodative since the beginning of September. System liquidity remained in surplus during August and September (up to September 19). The weighted average call rate – the operating target of monetary policy – broadly hovered in the lower half of the corridor.

¹ On August 6, 2025, the US imposed an additional tariff of 25 per cent on India's imports over and above the 25 per cent imposed on July 31, 2025.

² Inverted duty structure has been corrected for manmade textile and fertilizer sector.

In the fixed income segment, government bond yields softened in September, with the government reiterating its commitment to fiscal consolidation. The pass-through of the cumulative reduction in the repo rate by 100 bps during February to August 2025 to bank lending and deposit rates has been robust. Credit growth by banks picked up slightly to double-digits in August, with deposit growth remaining steady. During 2025-26 so far, the flow of non-food bank credit to the commercial sector moderated; however, it was more than offset by the flow from non-bank sources.

Indian equity markets witnessed bidirectional movements during August-September, shaped by policy announcements and key macro-data releases. After recording a sharp rebound in mid-August following the S&P sovereign rating upgrade and announcement of GST reforms, equity markets fell by end-August as additional US tariffs on Indian exports took effect. Thereafter, equity markets rebounded in early September on strong Q1 GDP growth numbers and the decision of the GST council to rationalise rates. Although foreign portfolio investors continued to sell, robust domestic institutional buying more than offset these outflows.

Despite elevated global trade uncertainties, India's external sector exhibited resilience. The current account deficit moderated in Q1:2025-26 as compared with the previous year, supported by strong services exports and robust remittance inflows. These trends are expected to keep the deficit low and rangebound throughout the year. Net foreign direct investment (FDI) inflows reached a 38-month high in July, aided by higher gross FDI and slower repatriation and outward FDI. Foreign exchange reserves remained adequate, underscoring external sector stability.

Set against this backdrop, the remainder of the article is structured into four sections. Section II

covers the rapidly evolving developments in the global economy. Section III provides an assessment of domestic macroeconomic conditions. Section IV encapsulates financial conditions in India, while Section V presents the concluding observations.

II. Global Setting

Global developments remained clouded by elevated uncertainty on lingering US trade policy uncertainties with key trading partners and geopolitical risks. Concerns over fiscal sustainability in AEs gained prominence in August, significantly impacting financial markets. In the US, rising equity markets co-existed with weakening consumer sentiment amidst softening labour market conditions and rising inflation concerns.

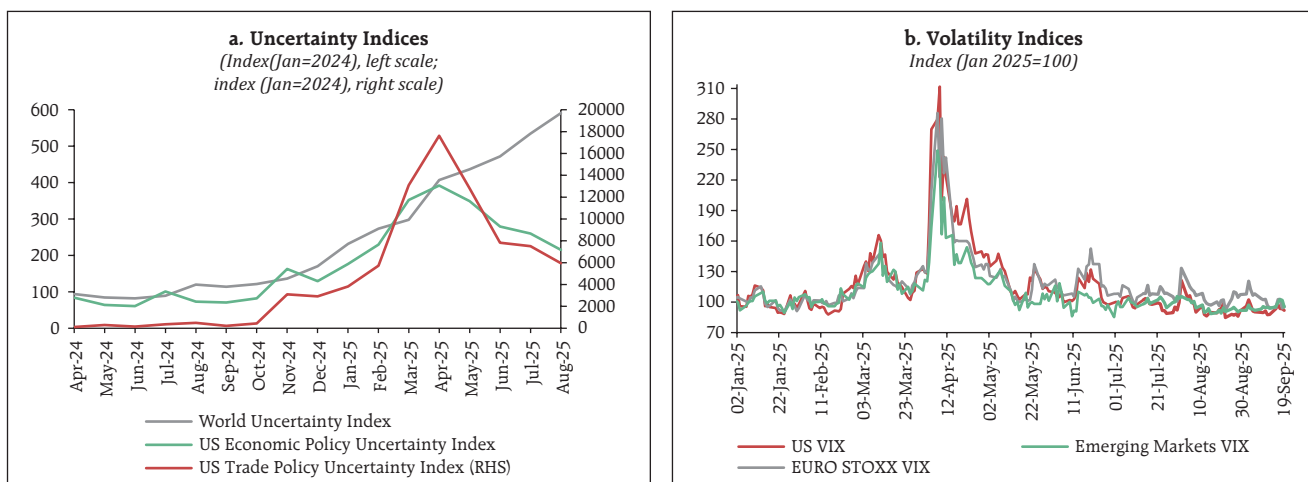
Global economic uncertainty remained elevated in August on account of trade policy uncertainties and renewed concerns on debt sustainability across AEs. The economic and trade policy uncertainty indices in the US eased, *albeit* moderately, following tariff deals between US and several trade partners. Mounting

fiscal sustainability concerns triggered increased financial market volatility in August, especially in Europe (Chart II.1a and II.1b).

Global purchasing manager's index (PMI) rose to a 14-month high in August reflecting continued expansion in output and new business. Global manufacturing PMI moved into the expansion zone in August after contracting in July on higher production — partly reflecting a front-loading of production ahead of potential tariff hikes. PMI services continued to rise at a strong pace (Table II.1).

Business activity, as per PMI indices, expanded in major AEs, including the US, the UK, Japan, and the Eurozone in August. Among major EMDEs, business activity in China and India expanded, with India recording its highest rate in a decade, whereas Brazil and Russia continued to contract (Chart II.2a). Major economies saw a contraction in new export orders, whereas India continued to experience expansion (Chart II.2b). The global supply chain pressure index slipped below its historical average (Annex chart A1).

Chart II.1: Uncertainty Indicators



Notes: 1. World Uncertainty Index (WUI) is computed by counting the percent of word "uncertain" (or its variant) in the Economist Intelligence Unit country reports.
2. Economic Policy Uncertainty (EPU) index measures the level of uncertainty surrounding future economic policies, derived from the frequency of specific keywords like "economy," "policy," and "uncertainty" in major newspaper articles. Trade Policy Uncertainty Index measures the unpredictability of government trade policy decisions.

Sources: Bloomberg; www.PolicyUncertainty.com; and World Uncertainty Index (WUI) database.

Table II.1: Global Purchasing Managers' Index

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
PMI composite	52.9	51.9	52.3	52.4	52.6	51.8	51.5	52.1	50.8	51.2	51.7	52.4	52.9
PMI manufacturing	49.6	48.7	49.4	50.1	49.6	50.1	50.6	50.3	49.8	49.5	50.4	49.7	50.9
PMI services	53.9	52.9	53.1	53.1	53.8	52.2	51.5	52.7	50.8	52.0	51.8	53.4	53.4
PMI export orders	49.0	48.5	48.9	49.3	48.7	49.6	49.7	50.1	47.5	48.0	49.1	48.5	48.9
PMI export orders: manufacturing	48.4	47.5	48.3	48.6	48.2	49.4	49.6	50.1	47.3	48.0	49.2	48.2	48.7
PMI export orders: services	50.8	51.6	50.7	51.3	50.3	50.2	50.2	50.1	48.2	47.9	48.7	49.4	49.3



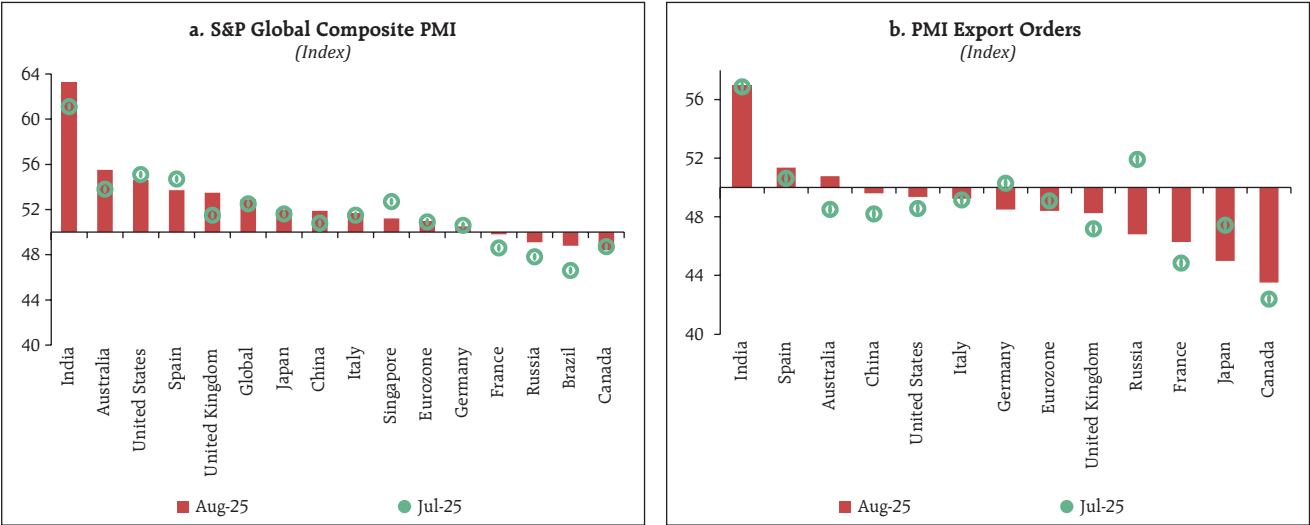
Notes: 1. The Purchasing Managers' Index (PMI), a diffusion index, captures the change in each variable compared to the prior month, noting whether each has risen/improved, fallen/deteriorated or remained unchanged. A PMI value >50 denote expansion; <50 denote contraction; and =50 denote 'no change'.
2. Heat map is applied on data from April 2023 till August 2025. The map is colour coded—red denotes the lowest value, yellow denotes 50 (or the no change value), and green denotes the highest value in each of the PMI series.

Source: S&P Global.

Commodity prices eased in August *vis-à-vis* July. Global food prices remained largely unchanged from the previous month as an increase in prices of meat and sugar was offset by a decline in cereal and dairy prices.³ Crude oil prices weakened in August due to supply glut in global markets and expectations of easing sanctions on Russian crude following US

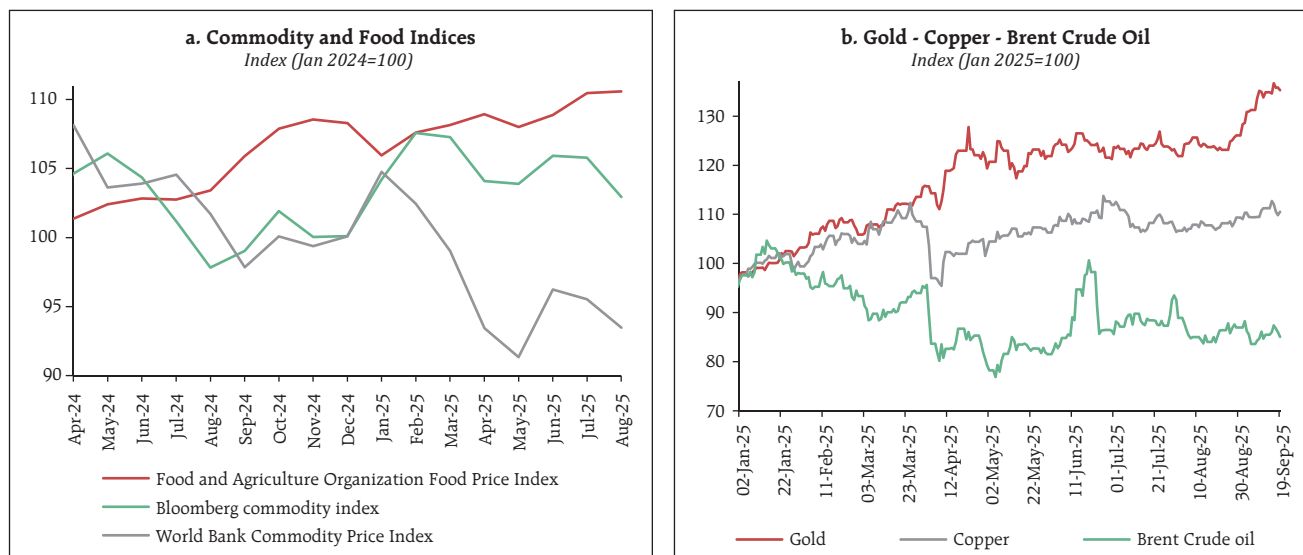
intermediation. Crude oil prices registered a further dip in September on announcement of increased production by OPEC *plus*. Nevertheless, high frequency commodity price indicators showed a sharp pick-up in select commodity prices since the second half of August. Coffee prices recorded a sharp pick-up on supply shortages in Brazil. After remaining

Chart II.2: Purchasing Managers' Index: Comparison across Jurisdictions



Note: A level of 50 indicates no change in activity, while a reading above 50 signals expansion and below 50 suggests contraction.
Source: S&P Global.

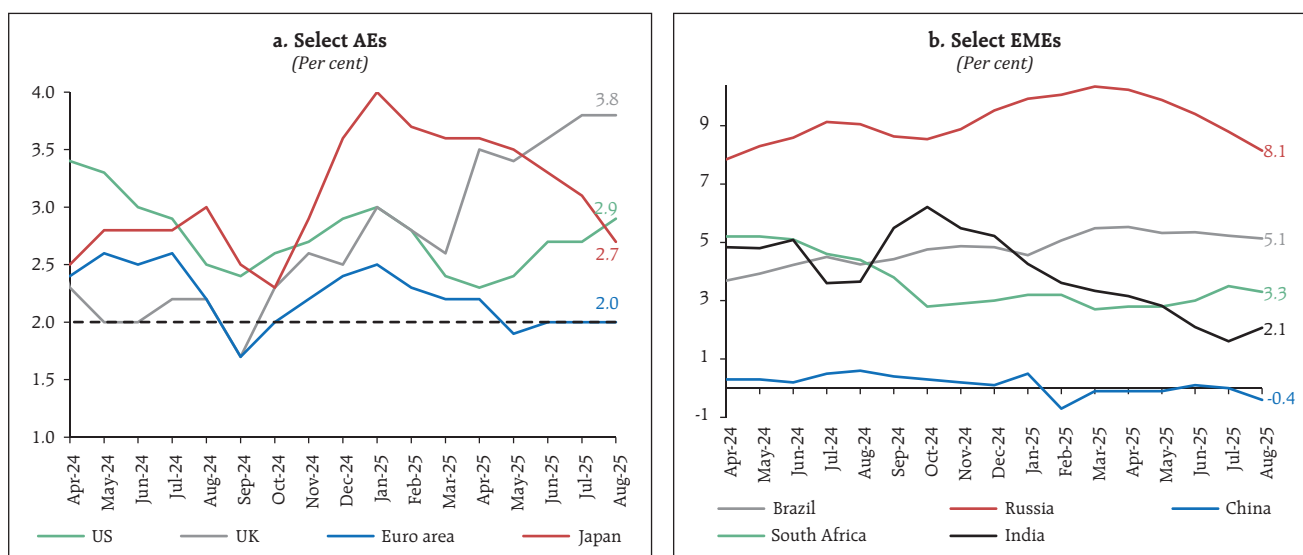
³ As per the Food and Agriculture Organization's Food Price Index for the month of August 2025.

Chart II.3: Commodity and Food Prices

rangebound, gold prices surged since end-August to all-time highs, buoyed by safe-haven demand (Chart II.3a and 3b).

Inflation trends remained divergent across AEs and EMDEs. While the former grappled with sticky inflation, the latter experienced disinflation. CPI inflation in the US edged up to 2.9 per cent in August, the highest since January, though core inflation

remained steady at 3.1 per cent. In the Euro area, headline inflation remained steady at 2 per cent in August, with services inflation exhibiting a slight moderation alongside soft energy prices. Inflation in the UK was also steady at 3.8 per cent. Headline inflation in Japan eased to 2.7 per cent, marking the lowest reading since October 2024 (Chart II.4a). Among major EMDEs, inflation in Brazil continued to

Chart II.4: Headline Inflation

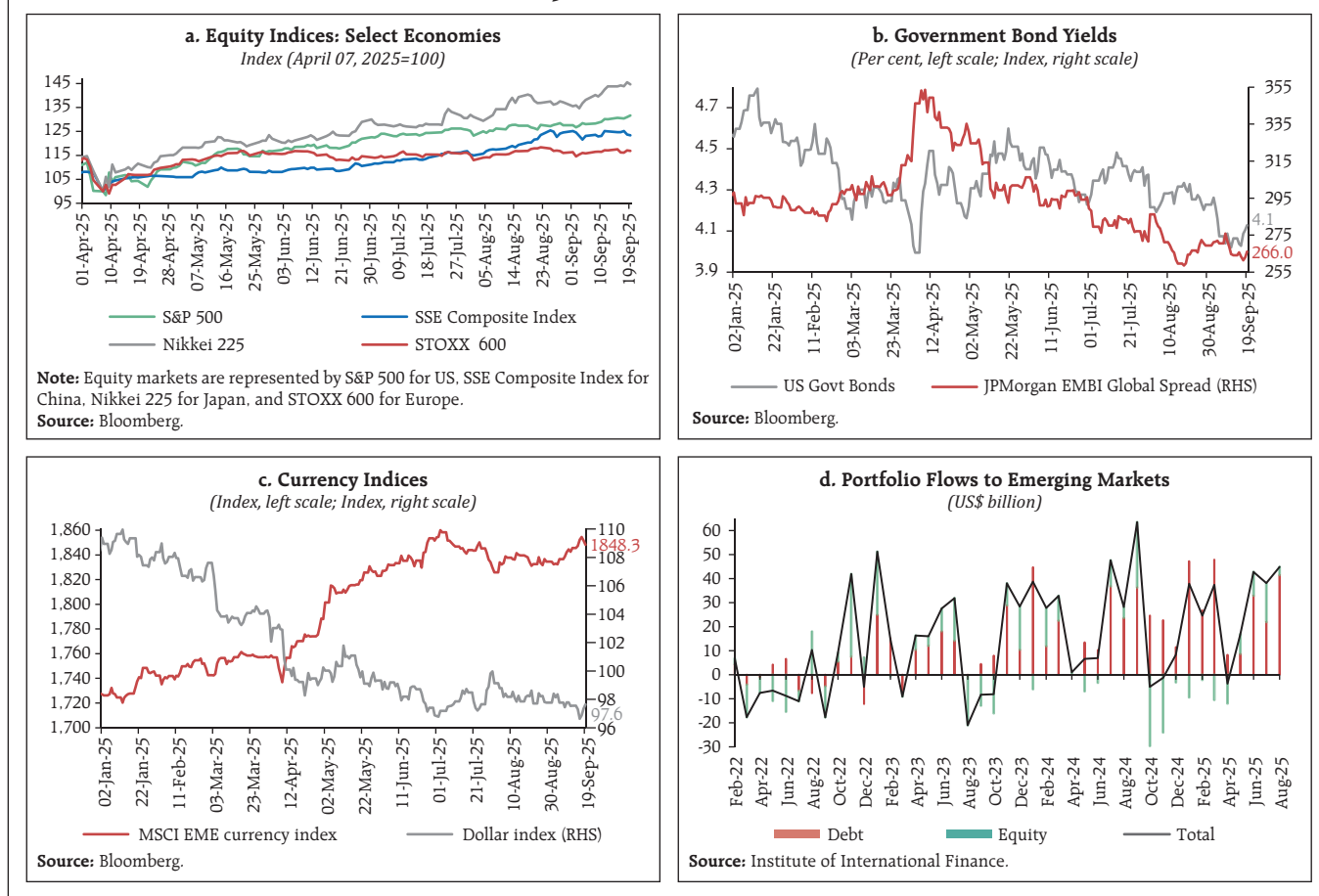
soften, but remained above the target level (Annex chart A2). Persistent price declines have pushed China into the deflationary zone again after a hiatus of 2 months. In Russia, though on a moderating path, inflation continued to remain well above the target. South Africa's annual inflation eased in August (Chart II.4b).

Equity markets in key economies remained buoyant in August largely driven by strong Q2:2025 earnings, expectations of Fed easing and optimism over BigTech stocks. Fed's rate cut in September further strengthened the rally, especially in the US. Europe STOXX 600 slipped marginally in the end of August on muted earnings. In September, stocks were subdued as the sovereign rating downgrade of France weighed on sentiment. Equity markets in Japan registered strong performance in August,

supported by the US-Japan trade deal. Indices gained further in September, on the back of improved business confidence and better-than-expected Q2:2025 GDP data. Chinese equities surged in August supported by the 90-day extension of the US-China trade truce, which were further bolstered by the stimulus measures in the housing sector towards the end of the month. The indices, however, witnessed a modest pullback in September amidst fears of regulatory tightening, weak consumer spending and factory output numbers (Chart II.5a).

Bond markets in AEs grappled with a substantial increase in long-dated borrowing costs in most of August, which touched multi-year highs amidst renewed concerns about the fiscal health of major economies. Towards the end of August, yields softened in the US following rising expectations of Fed easing

Chart II.5: Global Financial Markets



in September meeting due to subdued July inflation data combined with the Fed's communication on shifting balance of economic risks.⁴ Thereafter in September, yields declined further and stabilised following the rate cut by Fed (Chart II.5b). EME bond spreads over AEs narrowed until mid-August, before edging up later in the month. In September, spreads held broadly steady on account of strong appetite for emerging market assets.

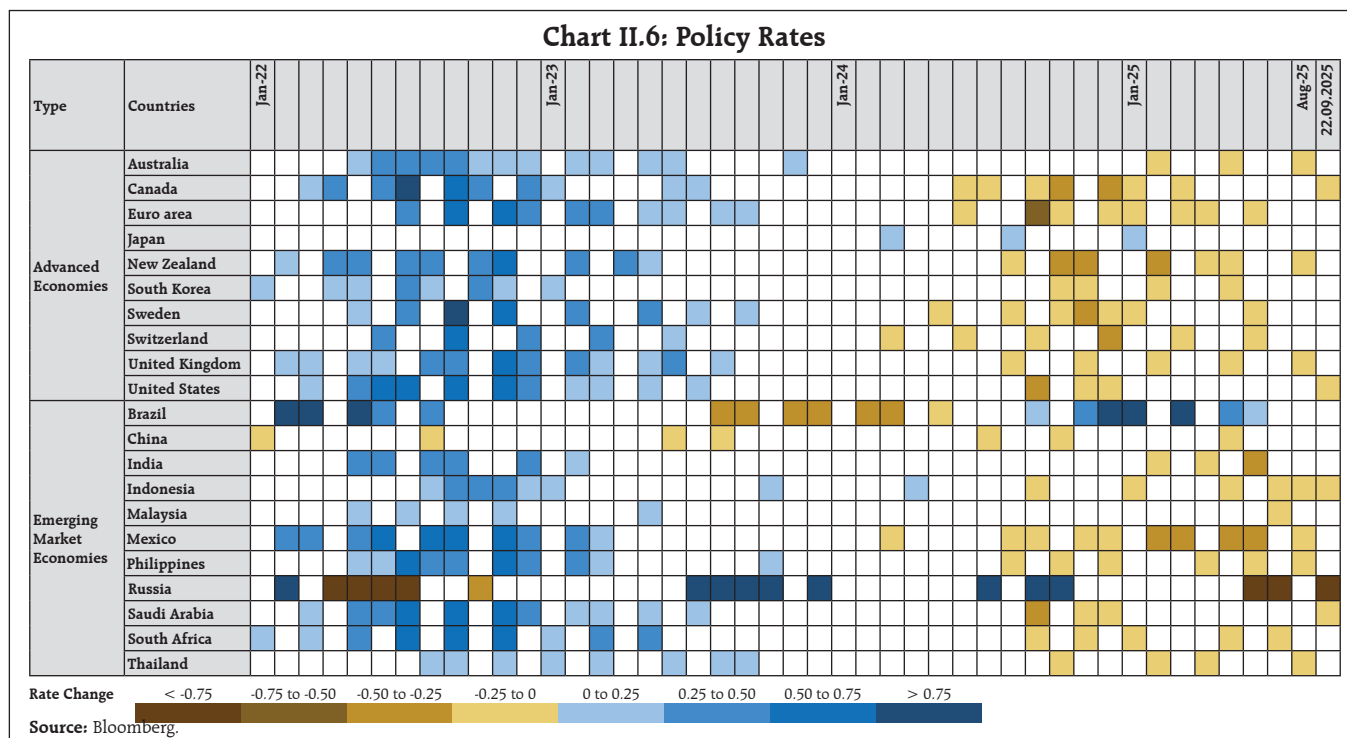
The US dollar retreated in August and September so far on Fed's pivot to easing (Chart II.5c). Equity flows to emerging markets remained thin in August on risk-off investor sentiments. Debt flows, on the other hand, picked up sharply (Chart II.5d).

In August-September, major central banks opted to reduce their benchmark interest rates, weighing concerns of domestic growth and unemployment over inflation. In August, New Zealand, Australia and England reduced the benchmark interest rate by 25

basis points. In September, the US Federal Reserve reduced its policy rate by 25 bps. ECB kept its policy rate unchanged for the second consecutive time. Bank of England also kept their interest rates steady in September. Amongst the EMDEs, Indonesia, Mexico and Thailand cut their policy rates by 25 basis points each. China held its benchmark lending rate steady for the third consecutive month in August. In September, Malaysia's central bank held its overnight policy rate steady while Russia reduced it citing easing inflationary pressures (Chart II.6).

III. Domestic Developments

The Indian economy exhibited marked resilience as evident from the better-than-expected growth in Q1:2025-26. The dual engines of growth – consumption and investment – remained strong. Aggregate demand conditions remain robust characterised by strong rural remand in a low inflation environment.



⁴ Monetary Policy and the Fed's Framework Review: Speech by Chair Jerome H. Powell at "Labor Markets in Transition: Demographics, Productivity, and Macroeconomic Policy," an economic symposium sponsored by the Federal Reserve Bank of Kansas City, Jackson Hole, Wyoming.

Aggregate Demand

Real GDP growth picked up pace reaching a five-quarter high in Q1:2025-26, rising to 7.8 per cent (year-on-year) from 7.4 per cent (year-on-year) in the preceding quarter. Consumption and fixed investment remained the key drivers contributing 4.7 percentage points and 2.7 percentage points, respectively. The growth in private final consumption expenditure was sustained by strong rural demand and easing inflation. The government final consumption expenditure saw an accelerated growth due to higher revenue expenditure (excluding interest payments and subsidies) of both union and state governments. Net exports turned into a drag on growth reversing their positive contribution in the previous quarter as import expansion outpaced export growth. (Chart III.1 and Annex table A1). In nominal terms, the GDP growth registered a three-quarter low of 8.8 per cent. The narrowing of the gap between nominal and real GDP growth resulted from a sharp moderation in GDP deflator to an all-time low of 0.9 per cent (Annex chart A6).

The high-frequency indicators for overall economic activity remained robust in August. GST e-way bills

grew at a robust pace and posted their second-highest tally, reflecting inventory stocking for the festive season and a surge in orders ahead of additional US tariffs on Indian exports. While electricity demand, and petroleum consumption picked-up pace, growth in GST revenue and toll collection remained broadly steady. Digital payments recorded robust double-digit growth in volume, while growth in value terms exhibited moderation (Table III.I).

During August, rural demand stood strong with robust retail tractor sales and recovery in two-wheeler sales aided by a favourable monsoon and easing inflation. Household demand for employment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) declined in August, reflecting the availability of alternative avenues of employment due to higher *kharif* sowing. Urban demand continued to show some weakness as indicated by a modest uptick in automobile sales and subdued domestic air passenger traffic (Table III.2).

Various indicators of employment conditions depicted a mixed picture in August. The all-India unemployment rate declined to 5.1 per cent, led by a sharp decline in urban unemployment. Labour

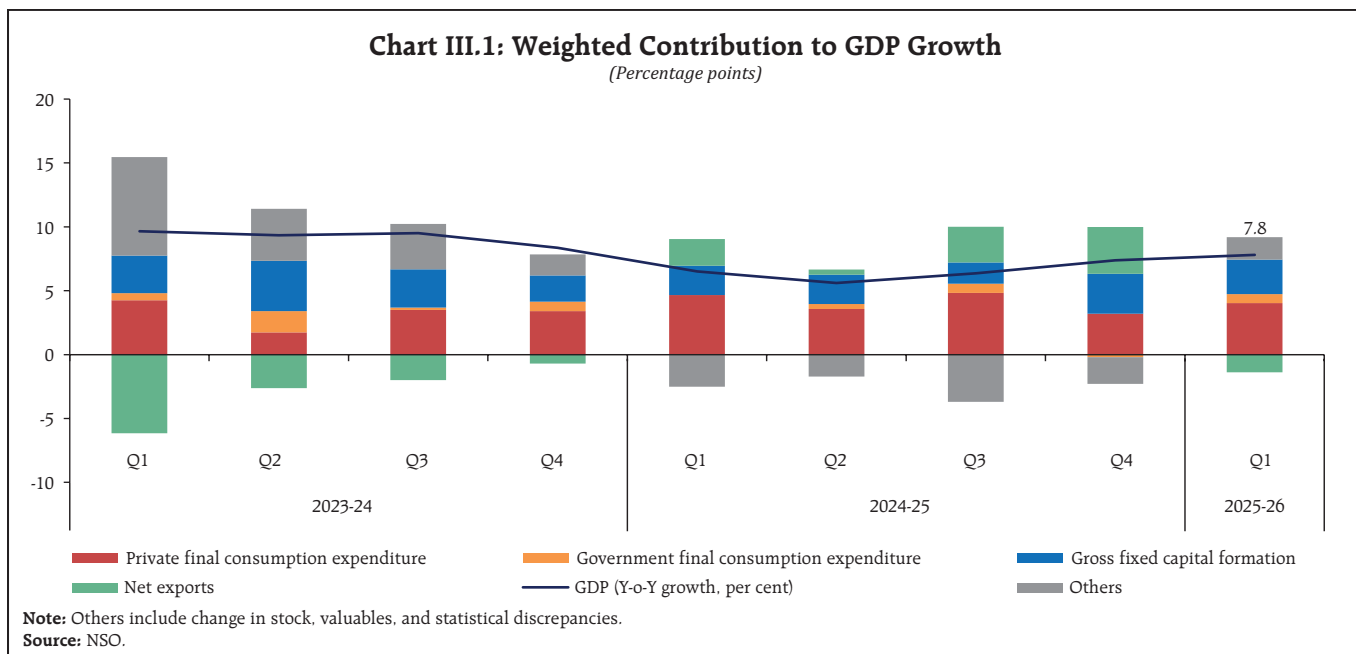


Table III.1: High Frequency Indicators: Economic Activity

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
GST E-way bills	12.9	18.5	16.9	16.3	17.6	23.1	14.7	20.2	23.4	18.9	19.3	25.8	22.4
GST revenue	10.0	6.5	8.9	8.5	7.3	12.3	9.1	9.9	12.6	16.4	6.2	7.5	6.5
Toll collection	6.8	6.5	7.9	11.9	9.8	14.8	18.7	11.9	16.6	16.4	15.5	14.8	12.7
Electricity demand	-5.0	-0.8	-0.4	3.7	5.1	1.3	2.4	5.7	2.8	-4.8	-2.3	2.6	3.9
Petroleum consumption	-3.1	-4.4	4.1	10.6	2.0	3.0	-5.2	-3.1	0.2	0.7	0.5	-3.9	2.6
Of which Petrol	8.6	3.0	8.7	9.6	11.1	6.7	5.0	5.7	5.0	9.2	6.8	5.9	5.5
Diesel	-2.5	-1.9	0.1	8.5	5.9	4.2	-1.3	0.9	4.2	2.1	1.5	2.4	1.2
Aviation turbine fuel	8.1	10.4	9.4	8.5	8.7	9.4	4.2	5.7	3.9	4.3	3.3	-2.3	-2.9
Digital Payments - volume	34.9	36.3	40.3	30.1	33.1	33.0	26.7	30.8	30.0	29.2	28.3	30.9	28.8
Digital Payments - value	16.7	21.5	27.5	9.5	19.6	18.6	9.5	17.3	18.4	12.6	17.4	16.6	5.6

<<Contraction ----- Expansion>>

Notes: 1. The y-o-y growth (in per cent) has been calculated for all indicators.

2. The heatmap is applied on data from April 2023 till August 2025. Digital Payments data for August 2025 is provisional.

3. The heatmap translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.

Sources: Goods and Services Tax Network (GSTN); RBI; Central Electricity Authority (CEA); and Ministry of Petroleum and Natural Gas, GoI.

force participation rate and worker population ratio increased in August, driven by gains in both rural and urban areas.⁵ As per the Naukri JobSpeak index, the growth in white-collar job listings was modest, led by hiring in AI/ML and non-IT sectors like insurance, travel/hospitality, BPO/ITES and real estate. PMI employment indices for both manufacturing and services remained in expansion (Table III.3).

During FY 2025-26 (April-July), the key deficit indicators of the union government stood higher, as compared to the corresponding period of the previous year.⁶ This was primarily due to higher revenue and capital expenditure alongside a slowdown in revenue receipts (Chart III.2a). The moderation in revenue receipts can be mainly attributed to lower direct tax collections, especially

Table III.2: High Frequency Indicators: Rural and Urban Demand

		Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Urban demand	Domestic air passenger traffic	6.7	7.4	9.6	13.8	10.8	14.1	12.1	9.9	9.7	2.6	3.7	-2.5	-1.1
	Retail passenger vehicle sales	-4.5	-18.8	32.4	-13.7	-2.0	15.5	-10.3	6.3	1.6	-3.1	2.5	-0.8	0.9
Rural demand	Retail automobile sales	2.9	-9.3	32.1	11.2	-12.5	6.6	-7.2	-0.7	2.9	5.4	4.8	-4.3	2.8
	Retail tractor sales	-11.4	14.7	3.1	29.9	25.8	5.2	-14.5	-5.7	7.6	2.8	8.7	11.0	30.1
	Retail Two-wheeler sales	6.3	-8.5	36.3	15.8	-17.6	4.2	-6.3	-1.8	2.3	7.3	4.7	-6.5	2.2
	MGNREGA: work demand	-16.0	-13.4	-7.6	3.9	8.2	14.4	2.8	2.2	-6.5	4.4	4.4	-12.3	-26.1

<<Contraction ----- Expansion>>

Notes: 1. The y-o-y growth (in per cent) has been calculated for all indicators.

2. The heatmap is applied on data from April 2023 till August 2025.

3. The heatmap translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.

4. The data on domestic air passenger traffic for August 2025 growth rate is calculated by aggregating daily data.

Sources: Airports Authority of India; Federation of Automobile Dealers Associations (FADA); and Ministry of Rural Development, GoI.

⁵ PLFS August 2025 Monthly Bulletin released on September 15, 2025

⁶ As per the latest data released by the Controller General of Accounts.

Table III.3: High Frequency Indicators: Employment

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Unemployment rate (PLFS: All-India)									5.1	5.6	5.6	5.2	5.1
Unemployment rate (PLFS: Rural)									4.5	5.1	4.9	4.4	4.3
Unemployment rate (PLFS: Urban)									6.5	6.9	7.1	7.2	6.7
Naukri JobSpeak Index	-3.4	6.0	10.0	2.0	8.7	3.9	4.0	-1.5	8.9	0.3	10.5	6.8	3.4
PMI employment: Manufacturing	53.5	52.1	53.3	52.9	53.4	54.8	54.5	53.4	54.2	54.9	55.1	53.3	53.1
PMI employment: Services	53.1	53.4	54.3	56.6	55.5	56.3	56.2	52.5	53.9	57.1	55.1	51.4	52.2

<<Contraction ----- Expansion>>

Notes: 1. All PLFS indicators are in the current weekly status and for people aged 15 years and above.

2. The y-o-y growth (in per cent) has been calculated for Naukri index.

3. The heatmap is applied on data from April 2023 till August 2025.

4. The heatmap translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.

5. All PMI values are reported in index form. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes 'no change'. In the PMI heatmaps, red denotes the lowest value, yellow denotes 50 (or the no change value), and green denotes the highest value in each of the PMI series.

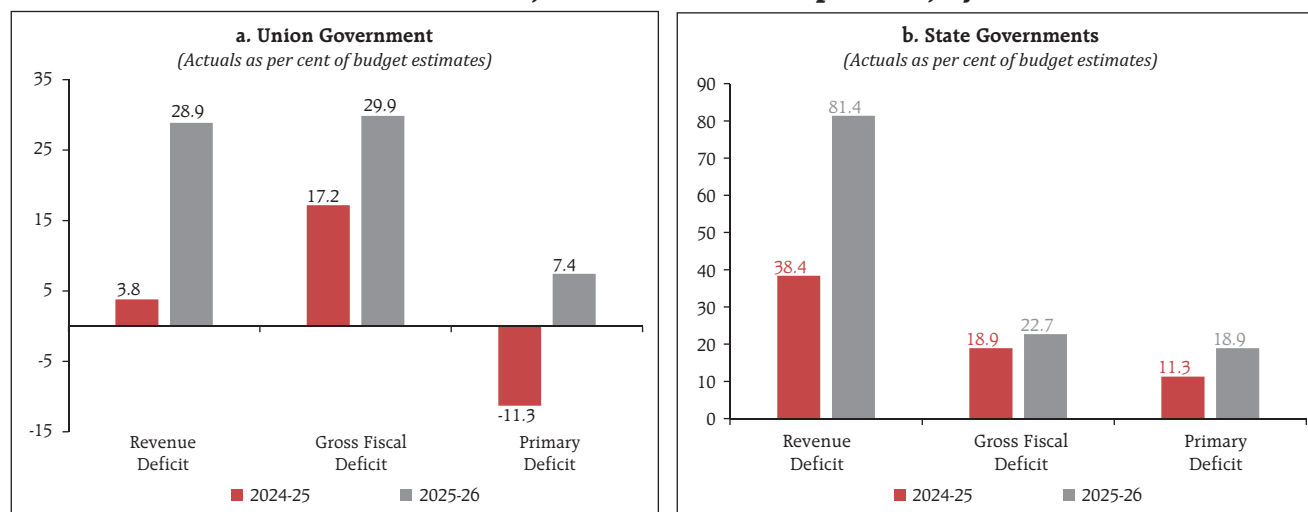
Sources: Ministry of Statistics and Program Implementation (MoSPI), GoI; Info Edge; Employees' Provident Fund Organisation; and S&P Global.

income tax.⁷ Growth in the indirect tax collections, however, was broadly in line with last year.

Gross fiscal deficit of states during April-July 2025, as a proportion of budget estimates for the financial year, was higher than the same period last year (Chart III.2b). This was largely due to moderation in the growth of state's goods and services tax

collections and slackening of growth in sales tax/VAT. Revenue expenditure remained robust while capital expenditure slowed in July.

The decisions of the GST Council in its 3rd September meeting set in motion major structural reforms in the GST regime, simplifying rates and processes. The four existing slabs (5, 12, 18 and 28

Chart III.2: Major Fiscal Indicators (Up to end-July)

Notes: 1. Negative primary deficit numbers, as per cent of budget estimates indicates primary surplus.

2. In Chart b, data pertains to 24 States/UTs.

Sources: Controller General of Accounts; and Comptroller and Auditor General of India.

⁷ Within the direct taxes, income tax revenues contracted though corporation tax registered an expansion in comparison to the same period of last year. Income tax contracted by 9.9 per cent up to end-July 2025-26 in comparison to growth of 53.4 per cent in the corresponding period of the previous year.

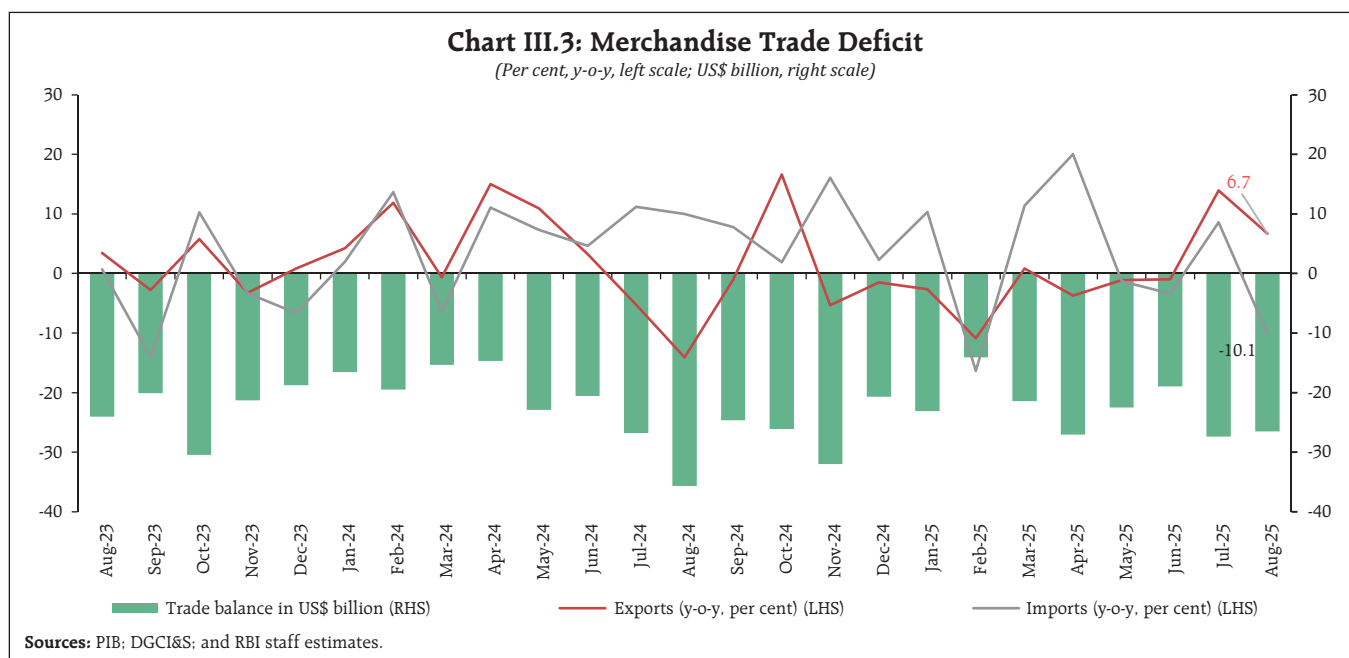
per cent) have been streamlined mainly into two (5 and 18 per cent), with rationalisation cutting across sectors. The new framework is designed to balance the needs of the common man with ease of administration. Most of the essential items now attract either 'nil' or 5 per cent GST. A majority of the electronic items and motor vehicles would be taxed at 18 per cent (Annex table A2). A new category has also been created for luxury and sin goods, taxable at 40 per cent. Beyond rate simplification, the reforms also tackle challenges relating to inverted duty structure. Processes have also been made business-friendly: simpler registration and return filing, faster refunds, and lower compliance costs – particularly benefiting micro, small and medium enterprises and startups. Overall, these reforms are expected to boost tax buoyancy, improve compliance, and contribute to greater ease of living as well as ease of doing business.

Trade

Merchandise trade deficit narrowed to US\$ 26.5 billion in August 2025 from a record high deficit of US\$ 35.6 billion in August 2024 on account of a narrowing of non-oil deficit (Chart III.3).⁸

Merchandise exports expanded for the second consecutive month (Annex chart A3).⁹ Electronic goods, engineering goods, gems and jewellery, petroleum products; and drugs and pharmaceuticals performed well, while tobacco, ready-made garments of all textiles, and iron ore contributed negatively to exports.

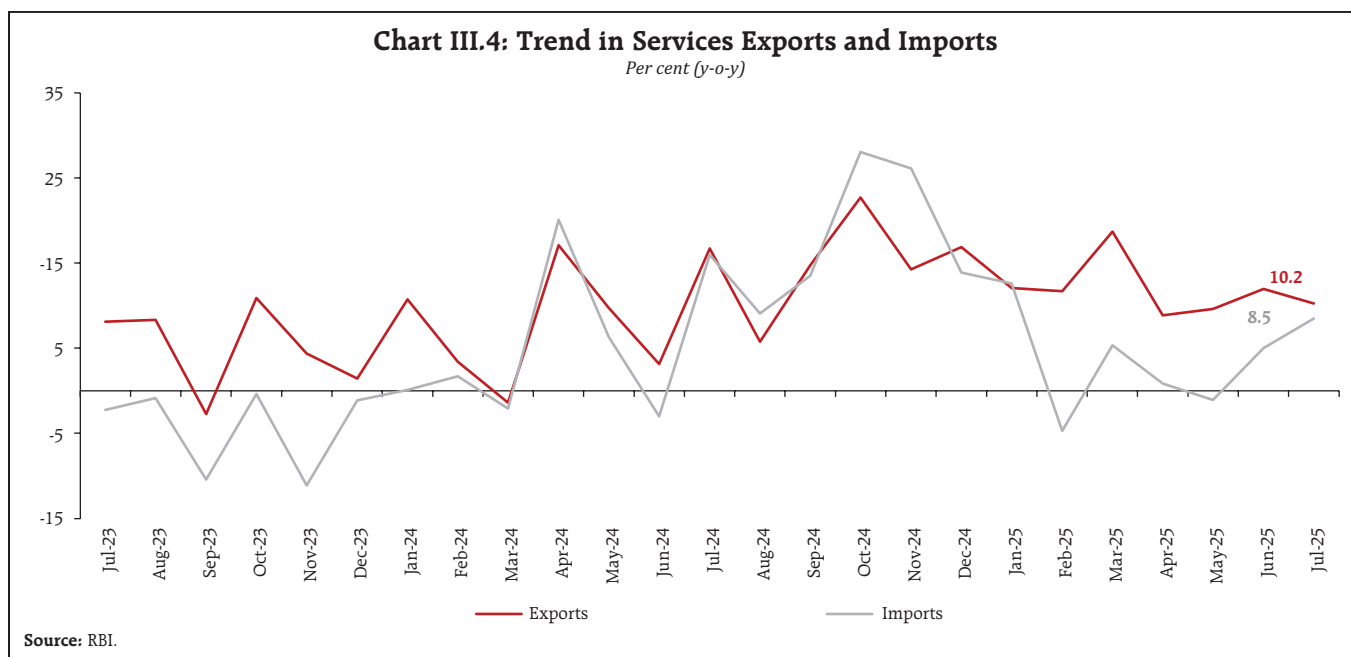
Merchandise imports contracted in August 2025 (Annex chart A4).¹⁰ Petroleum crude and products, fertilisers, electronic goods, vegetable oil and machinery contributed positively to import growth during the month. Gold, transport equipment, coal, coke and briquettes, silver, and iron and steel dragged imports down.



⁸ Oil trade deficit increased to US\$ 8.8 billion in August from US\$ 7.9 billion a year ago. Its share in total trade deficit increased to 33.2 per cent in August from 22.2 per cent a year ago. Non-oil deficit narrowed to US\$ 17.7 billion in August as compared to US\$ 27.7 billion a year ago.

⁹ US\$ 35.1 billion in August [growth of 6.7 per cent (y-o-y)]

¹⁰ US\$ 61.6 billion in August [contracted by 10.1 per cent (y-o-y)]



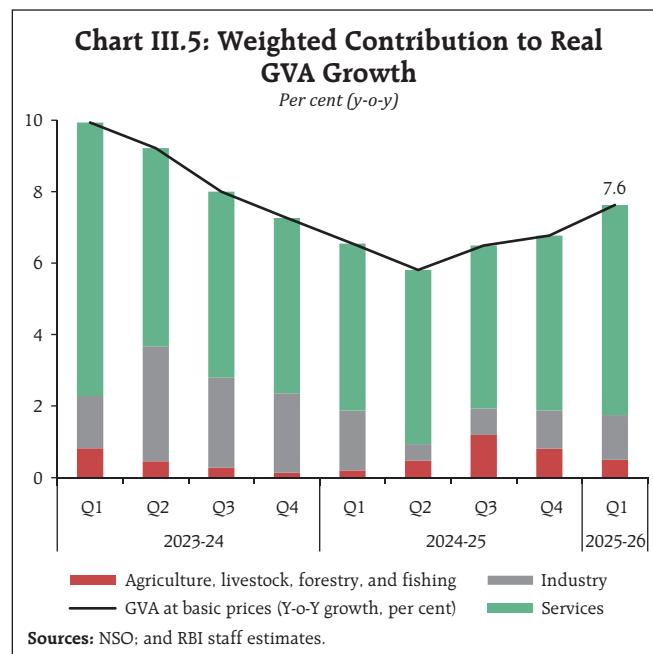
Services trade remained robust in July 2025. The net services export earnings expanded by 12.2 per cent (y-o-y) to US\$ 16.4 billion (Chart III.4). Services exports grew on the back of software and business services. At the same time, imports also rose rapidly, reflecting a rise in imports of software, business and travel services.

Aggregate Supply

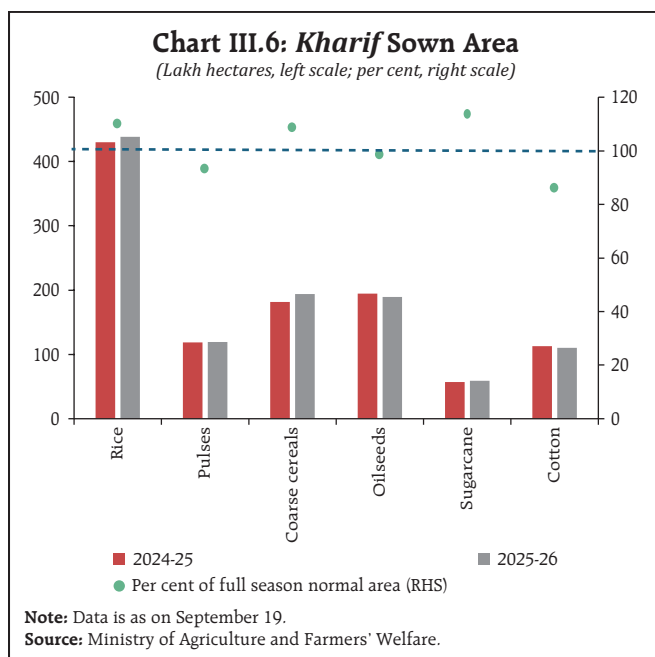
On the supply side, real gross value added (GVA) at basic prices registered a growth of 7.6 per cent in Q1:2025-26 over a growth of 6.8 per cent in the preceding quarter. The quarterly momentum in real GVA growth was driven by a strong services sector and a pickup in industrial sector. Agriculture and allied sectors moderated sequentially from the previous quarter, yet their performance remained robust on a year-on-year basis, reflecting resilience (Chart III.5 and Annex Table A3). Industry and services remained the key drivers contributing 1.3 and 5.9 percentage points, respectively. Manufacturing and construction saw robust expansion supported by higher demand and infrastructure push.

Agriculture

Kharif sowing crossed normal acreage for the full season supported by above normal monsoon rainfall (Chart III.6).¹¹ The increase in sown area was mainly in rice, maize, *urad* and sugarcane while the area under oilseeds and cotton declined. The tur



¹¹ *Kharif* sowing, as on September 19, 2025, was at 1115.9 lakh hectares, which is around 101.8 per cent of the normal area.



acreage has been shifting to maize due to decline in *tur* prices and the rising demand for maize in ethanol production¹².

The cumulative rainfall during June 1 – September 22, 2025 at the all-India level stood 7 per cent above the normal level with some of the major *kharif* producing states receiving excessive rainfall (Chart III.7). Reservoir levels have reached 90 per cent of the capacity which augurs well for upcoming *rabi* season (Chart III.8).

The combined stock of rice and wheat with the government continued to remain comfortable supported by adequate procurement in *kharif* and *rabi* marketing seasons.¹³

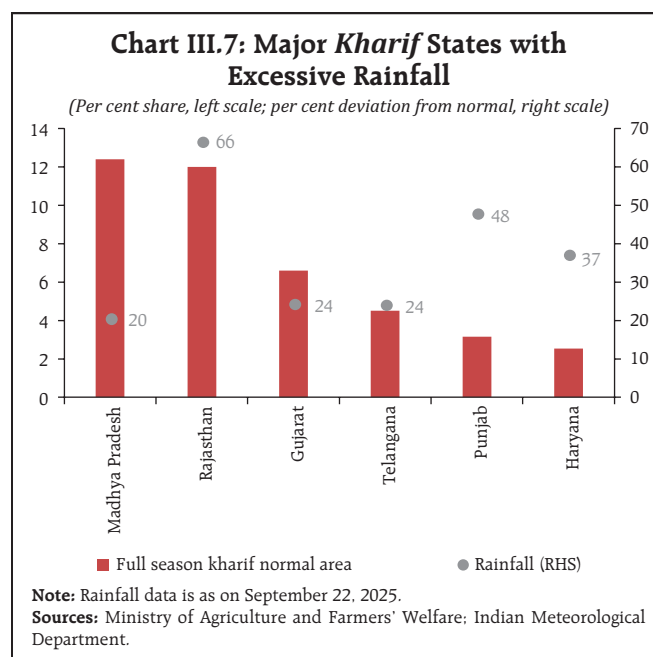
Industry and Services

Monthly Indicators of Industrial Activity

Growth in industrial activity, as measured by the year-on-year change in Index of Industrial Production (IIP), improved to a four-month high in July 2025.

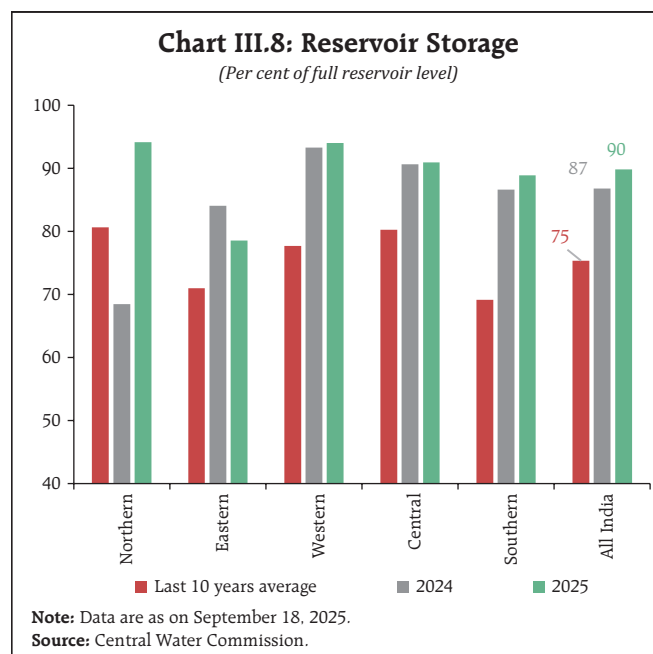
¹² *Tur* acreage declined by 0.5 per cent, while that of maize rose by 12.6 per cent as compared to the previous year.

¹³ As on September 1, 2025, public stock was 2 times the buffer norm.



At the sectoral level, manufacturing sector recorded robust growth reaching the highest in last six months. Index of eight core industries witnessed a sharp jump in August led by double-digit expansion in steel and coal.

Available high-frequency indicators for August point to expansion in manufacturing activity, with its PMI surging to a near 18-year high, with



ongoing improvements in demand conditions leading to increase in factory orders. Automobile production remained robust, led by strong output of three-wheelers and two-wheelers. Production of passenger vehicles declined due to recalibration of dispatches ahead of GST reforms. Production and sales of passenger vehicles are likely to pick up in the upcoming festive season supported by the GST rate cut. Conventional electricity generation recovered as thermal coal production improved. Renewable energy generation sustained its pace (Table III.4). Supply chain pressures inched up in August 2025 but

stayed below their historical average levels (Annex chart A5).

Monthly Indicators of Services Activity

India's services sector sustained its growth momentum in August, with services PMI recording the highest expansion since June 2010. International air passenger traffic remained high and retail commercial vehicles segment recorded a strong growth. Port traffic expanded *albeit* at a slower pace than in July. Growth in steel consumption picked up while cement production decelerated (Table III.5).

Table III.4: High Frequency Indicators- Industry

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
IIP-Headline	0.0	3.2	3.7	5.0	3.7	5.2	2.7	3.9	2.6	1.9	1.5	3.5	
IIP Manufacturing	1.2	4.0	4.4	5.5	3.7	5.8	2.8	4.0	3.1	3.2	3.7	5.4	
IIP capital goods	0.0	3.5	2.9	8.9	10.5	10.2	8.2	3.6	14.0	13.3	3.0	5.0	
PMI Manufacturing	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6	58.4	59.1	59.3
PMI Export Order	54.4	52.9	53.6	54.6	54.7	58.6	56.3	54.9	57.6	56.9	60.6	57.3	56.1
PMI Manufacturing: Future Output	62.1	61.6	62.1	65.5	62.5	65.1	64.9	64.4	64.6	63.1	62.2	57.6	60.5
Eight Core Index	-1.5	2.4	3.8	5.8	5.1	5.1	3.4	4.5	1.0	1.2	2.2	3.7	6.3
Electricity generation: Conventional	-3.8	-1.3	0.5	2.7	4.5	-1.3	2.4	4.8	-1.8	-8.2	-6.1	-0.8	1.0
Electricity generation: Renewable	-3.7	12.5	14.9	19.0	17.9	31.9	12.2	25.2	28.0	18.2	28.7	26.4	
Automobile Production	4.4	10.1	10.0	8.0	1.3	9.4	2.3	6.5	-1.7	5.2	1.2	10.7	8.1
Passenger vehicle production	0.7	-3.4	-4.0	6.5	9.2	3.7	4.5	11.2	10.8	5.4	-1.8	0.1	-4.1
Tractor production	-1.0	2.7	0.4	24.7	20.9	23.7	-7.8	18.5	20.5	9.1	9.8	11.5	9.4
Two-wheelers production	4.9	12.9	13.3	8.8	-0.6	10.3	1.6	5.6	-4.1	4.7	1.4	12.3	10.0
Three-wheelers production	9.0	3.9	-6.7	-5.5	7.6	16.2	6.5	6.0	4.1	16.9	8.6	24.0	15.8
Crude steel production	3.9	0.3	4.2	4.5	8.3	7.4	6.0	8.5	9.3	11.0	12.6	14.0	11.1
Finished steel production	3.0	0.7	4.0	2.8	5.3	6.7	6.7	10.0	6.6	7.0	10.9	13.8	13.0
Import of capital goods	12.3	10.9	7.0	4.7	6.1	15.5	-0.5	8.6	21.5	14.3	2.6	12.2	

<<Contraction ----- Expansion>>

Notes: 1. The y-o-y growth (in per cent) has been calculated for all indicators (except for PMI).

2. The heatmap translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.

3. The heatmap is applied on data from April 2023 till August 2025, other than for electricity generation: renewable, where the data are till June 2025.

4. All PMI values are reported in index form. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes 'no change'. In the PMI heatmaps, red denotes the lowest value, yellow denotes 50 (or the no change value), and green denotes the highest value in each of the PMI series.

Sources: Ministry of Statistics and Programme Implementation (MoSPI); S&P Global; Central Electricity Authority (CEA), Ministry of Power; Society of Indian Automobile Manufacturers (SIAM); Office of Economic Adviser, GoI; Joint Plant Committee; Directorate General of Commercial Intelligence & Statistics; and Tractor and Mechanisation Association.

Table III.5: High Frequency Indicators-Services

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
PMI services	60.9	57.7	58.5	58.4	59.3	56.5	59.0	58.5	58.7	58.8	60.4	60.5	62.9
International air passenger traffic	11.1	11.2	10.3	10.7	9.0	11.1	7.7	6.8	13.0	5.0	3.4	5.5	7.4
Domestic air cargo	0.6	14.0	8.9	0.3	4.3	6.9	-2.5	4.9	16.6	2.3	2.6	4.8	
International air cargo	20.7	20.5	18.4	16.1	10.5	7.1	-6.3	3.3	8.6	6.8	-1.2	4.2	
Port cargo traffic	6.7	5.8	-3.4	-5.0	3.4	7.6	3.6	13.3	7.0	4.3	5.6	4.0	2.5
Retail commercial vehicle sales	-6.0	-10.4	6.4	-6.1	-5.2	8.2	-8.6	2.7	-1.0	-3.7	6.6	0.2	8.6
Hotel occupancy	0.7	2.1	-5.3	11.1	-0.2	1.2	0.6	1.9	7.2	-2.8	-0.3	-2.4	
Tourist arrivals	-4.2	0.4	-1.4	-0.1	-6.6	-0.2	-8.6	-13.7	-3.8				
Steel consumption	14.1	13.5	12.7	12.3	11.4	11.4	11.3	11.5	6.0	7.1	7.9	7.7	8.2
Cement production	-2.5	7.6	3.1	13.1	10.3	14.3	10.7	12.2	6.3	9.7	8.2	11.6	6.1

<<Contraction ----- Expansion>>

Notes: 1. The y-o-y growth (in per cent) has been calculated for all indicators (except for PMI).

2. The heatmap translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.

3. The heatmap is applied on data from April 2023 till August 2025, other than for domestic and international air cargo, and hotel occupancy, where the data are till July 2025. The latest data for tourist arrivals is till April 2025.

4. The data on international air passenger traffic for August 2025 growth rate is calculated by aggregating daily data.

5. All PMI values are reported in index form. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes 'no change'. In the PMI heatmaps, red denotes the lowest value, yellow denotes 50 (or the no change value), and green denotes the highest value in each of the PMI series.

Sources: Federation of Automobile Dealers Associations (FADA); Indian Ports Association; Airports Authority of India; HVS Anarock; Ministry of Tourism, GoI; Joint Plant Committee; Office of Economic Adviser; and S&P Global.

Inflation

Headline CPI inflation¹⁴ inched up in August after falling for nine consecutive months, with the pickup coming largely from the food group (Chart III.9). CPI inflation stood at 2.1 per cent in August as against 1.6 per cent in July.

Food group recorded zero inflation in August after being in deflation during June- July. Inflation in sub-groups such as oils and fats, eggs, meat and fish and sugar inched up. Cereals, fruits, milk, prepared meals and non-alcoholic beverages saw a moderation in inflation. Deflation continued in vegetables, pulses, and spices (Chart III.10).

Fuel and light inflation moderated in August with inflation remaining elevated for LPG, while

moderating for electricity.¹⁵ Kerosene prices continued to remain in deflation.

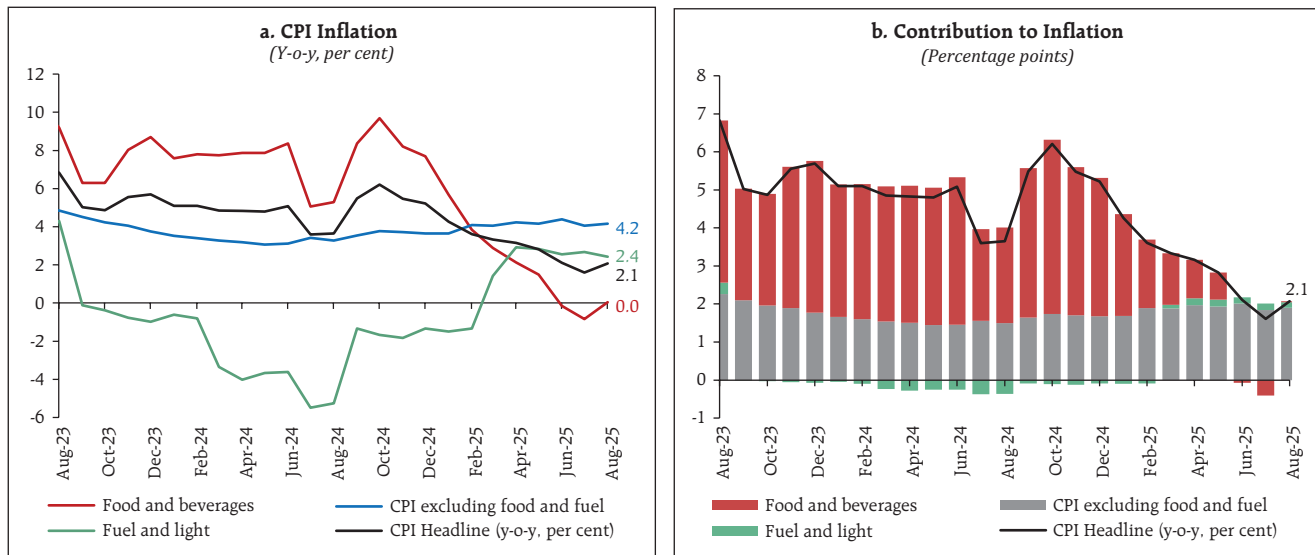
Core inflation edged up to 4.2 per cent in August from 4.1 per cent in July. The uptick in inflation was mostly driven by the 'personal care and effects'¹⁶ sub-group, on account of rising gold prices. Gold contributed around 28 per cent to core inflation in August. Inflation, however, moderated in other subgroups such as clothing and footwear, housing, health, education, and transport and communication.

Both rural and urban inflation edged up to 1.7 per cent and 2.5 per cent, respectively, in August. While the state-level inflation rates varied between (-) 1.40 per cent and 9.04 per cent, inflation was

¹⁵ Inflation in fuel and light subgroup was 2.4 per cent in August.

¹⁶ The 'personal care and effects' sub-group in the CPI basket contains precious metal items like gold and silver apart from items such as soap, hair oil, and other cosmetics.

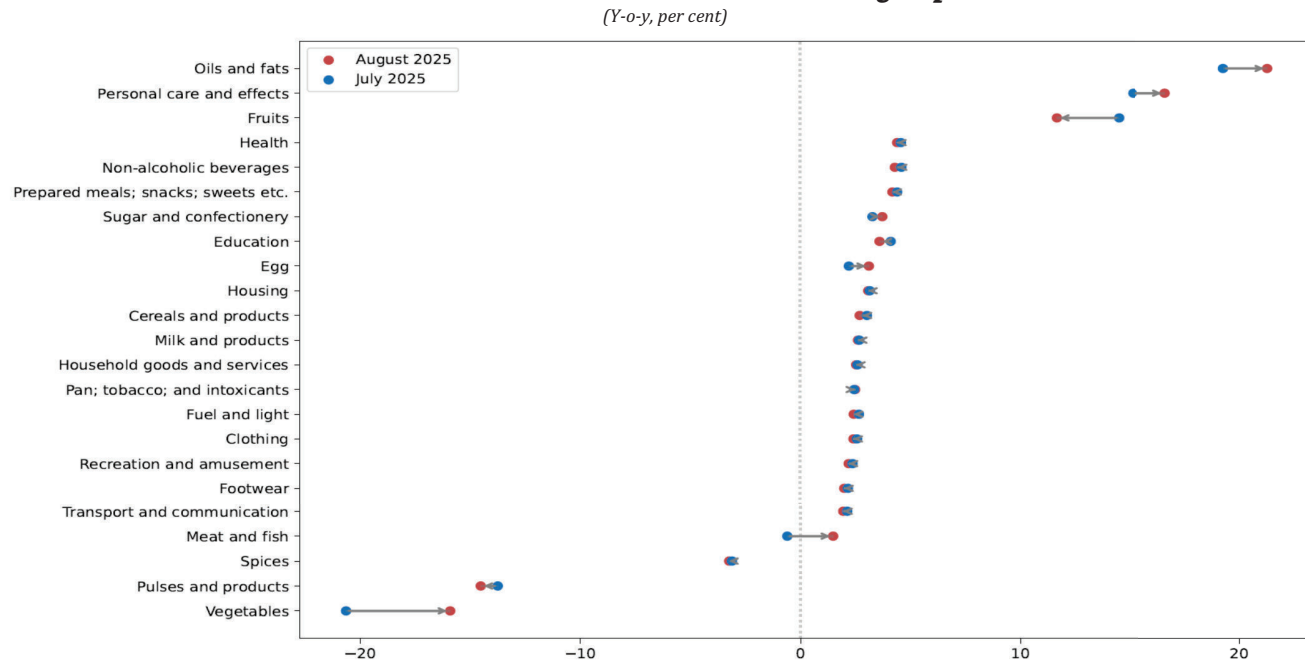
¹⁴ As per the provisional data released by the National Statistical Office (NSO) on September 12, 2025.

Chart III.9: Trends and Drivers of CPI Inflation

contained below 4 per cent in majority of the states, with only two states recording a higher inflation (Chart III.11).

High-frequency food price data for September so far (up to 19th) point towards a pick-up in cereal prices. Pulses recorded a mixed trend, with a decline

in prices of *tur/arhar* dal and moong dal and an increase in gram dal price. Among edible oils, prices firmed up for mustard, sunflower and palm oils while groundnut oil prices eased. Prices of key vegetables (potato, onion, and tomato) softened with a notable decline in tomato prices (Chart III.12).

Chart III.10: Annual Inflation across Sub-groups

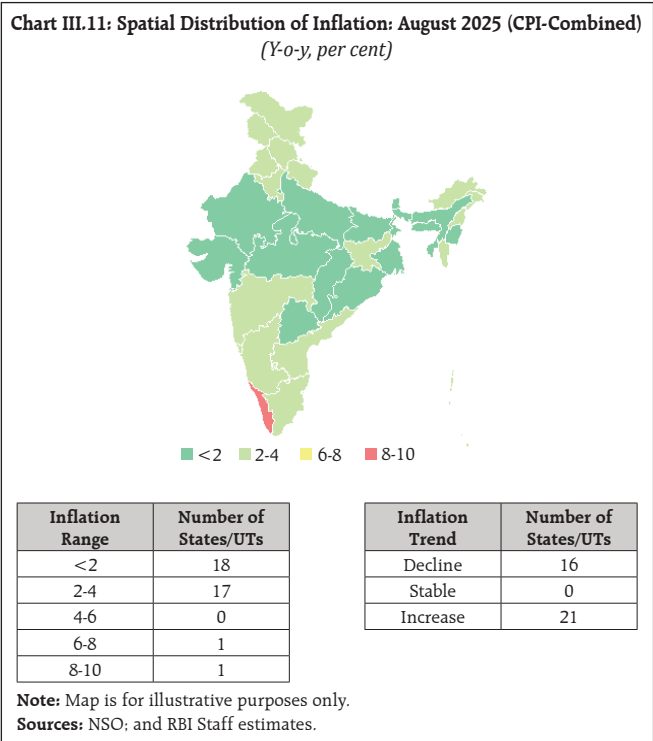


Table III.6: Petroleum Products Prices

Item	Unit	Domestic Prices			Month-over-month (per cent)	
		Sep-24	Aug-25	Sep-25 ^	Aug-25	Sep-25 ^
Petrol	₹/litre	100.97	101.12	101.12	0.0	0.0
Diesel	₹/litre	90.42	90.53	90.53	0.0	0.0
Kerosene (subsidised)	₹/litre	45.78	44.47	44.25	3.4	-0.5
LPG (non-subsidised)	₹/cylinder	813.25	863.25	863.25	0.0	0.0

^: For the period September 1-19, 2025.

Note: Other than kerosene, prices represent the average Indian Oil Corporation Limited (IOCL) prices in four major metros (Delhi, Kolkata, Mumbai and Chennai). For kerosene, prices denote the average of the subsidised prices in Kolkata, Mumbai and Chennai.

Sources: IOCL; Petroleum Planning and Analysis Cell (PPAC); and RBI staff estimates.

Retail selling prices of petrol and diesel remained unchanged in September (up to 19th). Kerosene prices moderated slightly while LPG prices remained unchanged (Table III.6).

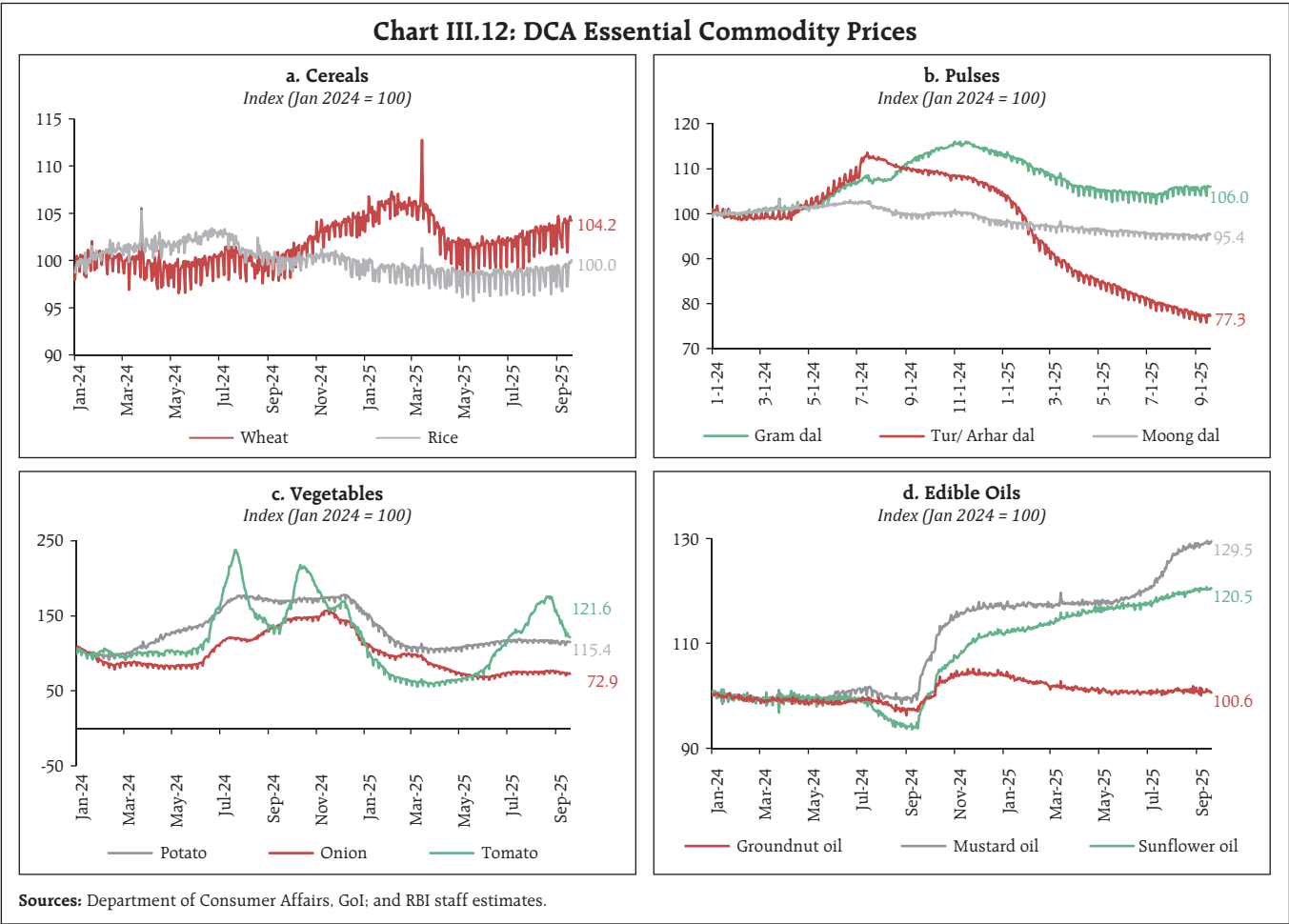


Chart III.13: PMI: Input and Output Prices

Note: A level of 50 corresponds to no change in activity, and a reading above 50 denotes expansion and vice versa.

Source: S&P.

The PMIs for August 2025 recorded a pick-up in the rate of expansion of input prices for manufacturing which rose due to higher prices for metals, leather, and electronic parts. In services, too, input costs expansion picked up due to higher salaries. Selling prices also accelerated for both services and manufacturing firms reportedly due to strengthening of demand conditions (Chart III.13).

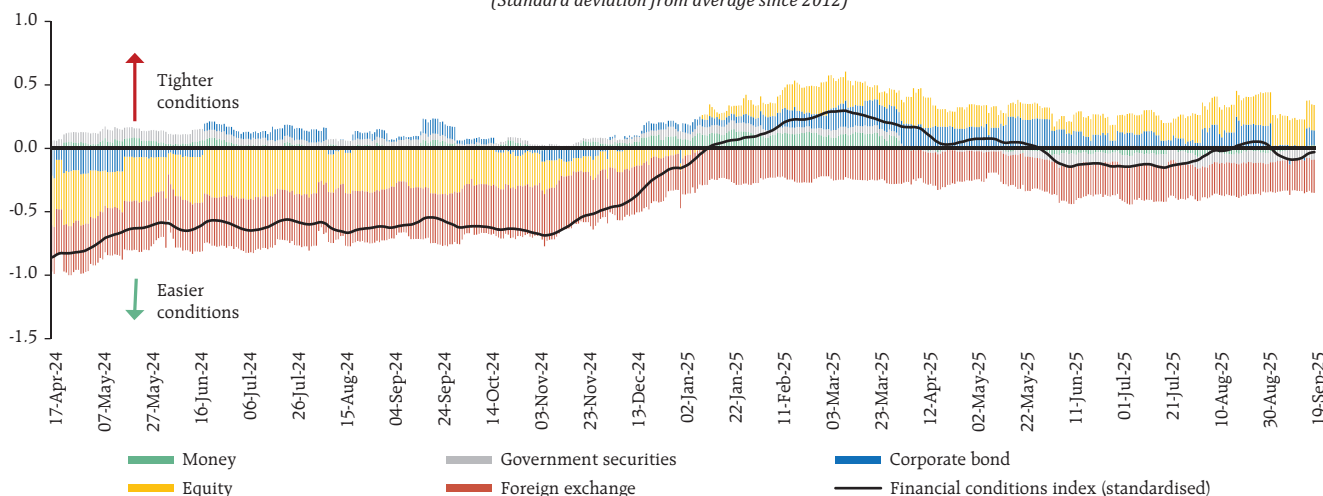
IV. Financial Conditions

Overall financial conditions turned accommodative since the beginning of September primarily on account of easing corporate bond market (Chart IV.1).

System liquidity remained in surplus during August and September (up to September 19). The

Chart IV.1: Daily Financial Conditions Index for India

(Standard deviation from average since 2012)



Note: The financial conditions index provides a metric based on its historical average; in this context, a zero value corresponds to a financial system operating at the historical average level of all the financial indicators included in the index. To present the results, standardised index is used.¹⁷

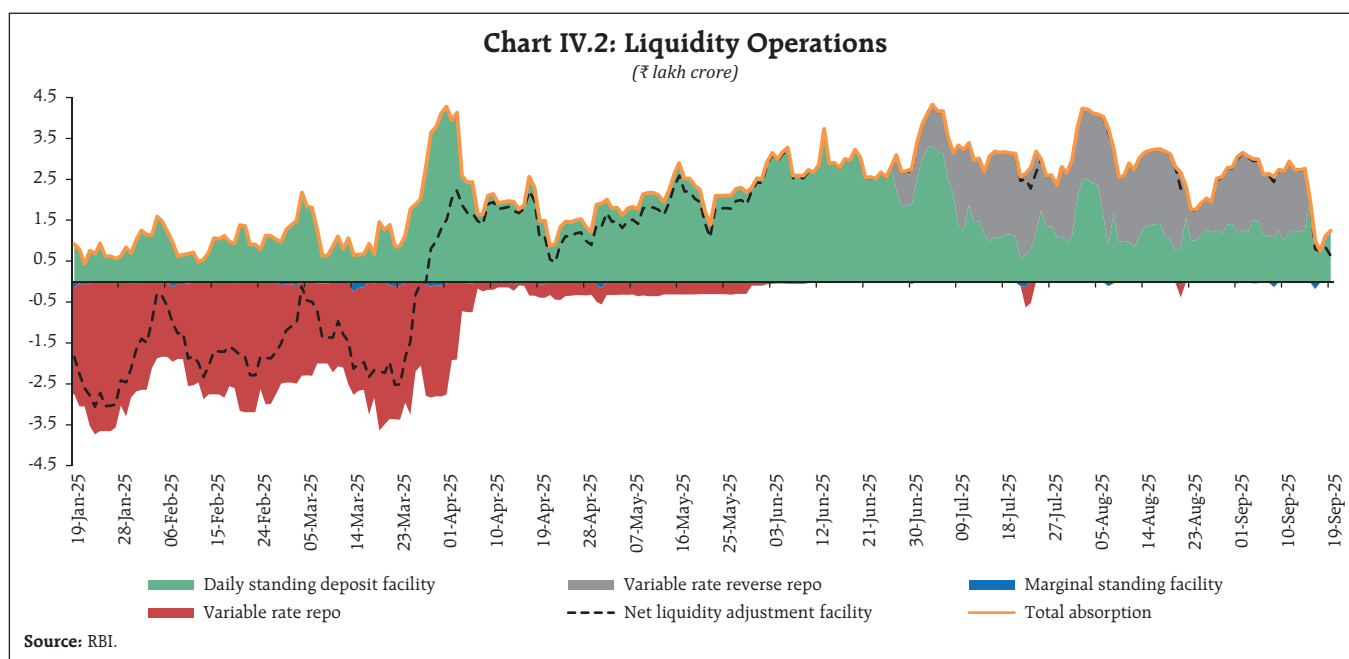
Source: RBI staff estimates.

¹⁷ For detailed methodology see https://rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=23451

cash reserve ratio reduction of 25 bps effective September 6 aided banking system liquidity. The average daily net absorption under the liquidity adjustment facility stood at ₹2.4 lakh crore during August 16 to September 19, 2025, compared to ₹3.09 lakh crore in the preceding one-month period (Chart IV.2). During this period, the Reserve Bank conducted 5 variable rate reverse repo auctions (overnight to 8-day maturity) to absorb excess liquidity and align overnight money market rates with the policy repo rate. Amidst surplus liquidity conditions, the average balances under the standing deposit facility continued to remain elevated and banks' recourse to the marginal standing facility remained low.¹⁸ The Reserve Bank also conducted variable rate repo auction on August 21 and September 16 to 19 to address frictional liquidity strains on account of tax outflows.

Money Market

Amidst surplus liquidity, the weighted average call rate – the operating target of monetary policy – generally hovered in the lower half of the corridor in August and the first half of September. However, it hardened during September 15-19 as system liquidity moderated on account of tax outflows (Chart IV.3a).¹⁹ Overnight rates in the collateralised segments – the triparty and market repo – and the benchmark secured overnight rupee rate largely moved in tandem with the uncollateralised rate. Yields on three-month treasury bills, certificates of deposit, and commercial papers issued by non-banking financial companies hardened during this period (Chart IV.3b).²⁰ The average risk premium in the money market (the spread between the yields on 3-month commercial paper and 91-day treasury bill) increased marginally.²¹

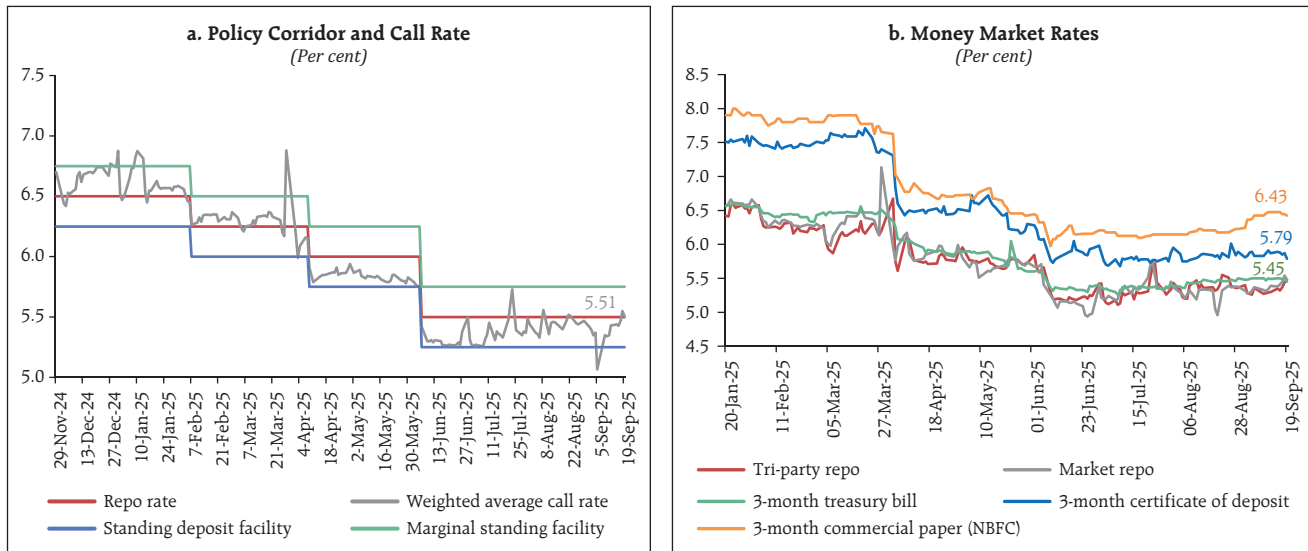


¹⁸ Balances under the standing deposit facility were ₹1.21 lakh crore during August 16 to September 19, 2025 as compared to ₹1.32 lakh crore in the preceding one-month period. MSF stood at an average of ₹0.03 lakh crore during this period.

¹⁹ The spread averaged (-) 8 bps during the period August 16 to September 19, 2025, as against (-) 6 bps during the period July 16 to August 15, 2025.

²⁰ The average yields on 3-month treasury bills, 3-month commercial papers issued by NBFCs, and 3-month certificate of deposit hardened by 9 bps, 18 bps and 5 bps, respectively, during the period August 16 to September 19, 2025, as compared to the period July 16 to August 15, 2025.

²¹ Increased to 86 bps during the period August 16 to September 19, 2025, as compared to 76 bps in the preceding one-month period.

Chart IV.3: Policy Corridor and Money Market Rates

Sources: RBI; Clearing Corporation of India Limited; and Bloomberg.

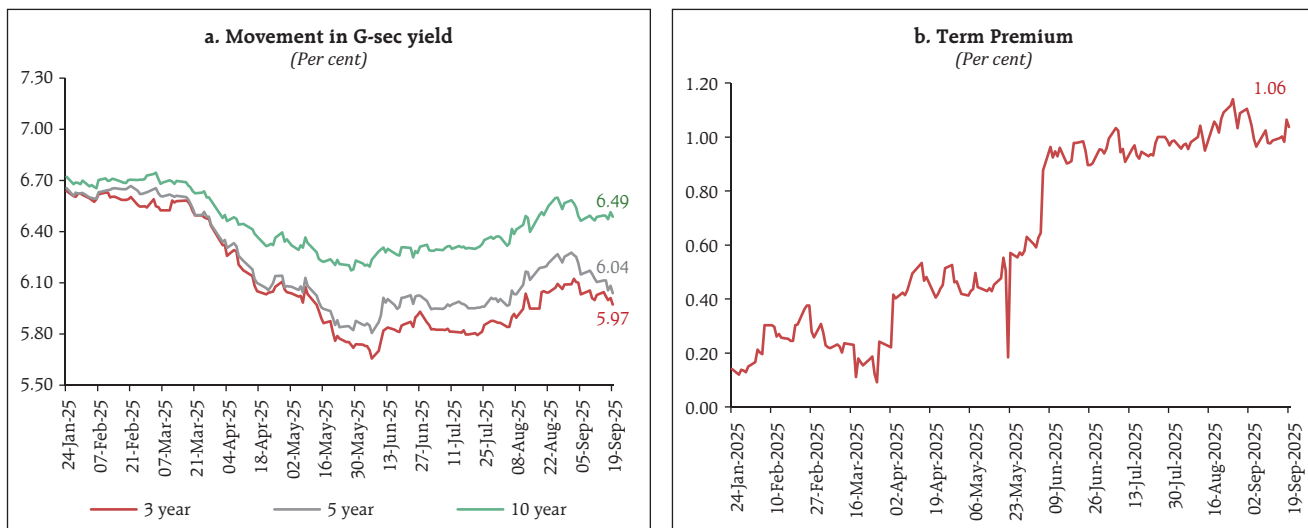
Government Securities (G-sec) Market

In the fixed income segment, yields hardened in August before softening in September, as markets reacted positively to the reiteration of the government towards the path of fiscal consolidation. The average term premium (the difference between the yields of 10-year G-sec and 91-day treasury bill) increased

by 7 bps during August 16 to September 19, 2025 as compared to the preceding one-month period (Charts IV.4a and IV.4b).

Corporate Bond Market

Corporate bond yields exhibited mixed movements across tenors and rating spectrum, while their spreads over the corresponding risk-free rates

Chart IV.4: Developments in G-sec Market

Note: In chart b, term premium is calculated as the difference between the 10-year G-sec yield and the 91-day treasury bill yield.

Sources: Bloomberg; FIMMDA; and RBI staff estimates.

Table IV.1: Corporate Bonds - Rates and Spread

Instrument	Interest Rates (Per cent)			Spread (bps)		
				(Over Corresponding Risk-free Rate)		
	July 16, 2025 – August 15, 2025	August 16, 2025 – September 18, 2025	Variation	July 16, 2025 – August 15, 2025	August 16, 2025 – September 18, 2025	Variation
1	2	3	(4 = 3-2)	5	6	(7 = 6-5)
(i) AAA (1-year)	6.56	6.58	2	93	91	-2
(ii) AAA (3-year)	6.95	7.01	6	97	94	-3
(iii) AAA (5-year)	7.13	7.10	-3	95	81	-14
(iv) AA (3-year)	8.02	7.94	-8	204	199	-5
(v) BBB- (3-year)	11.64	11.38	-26	567	567	0

Note: Yields and spreads are computed as averages for the respective periods.

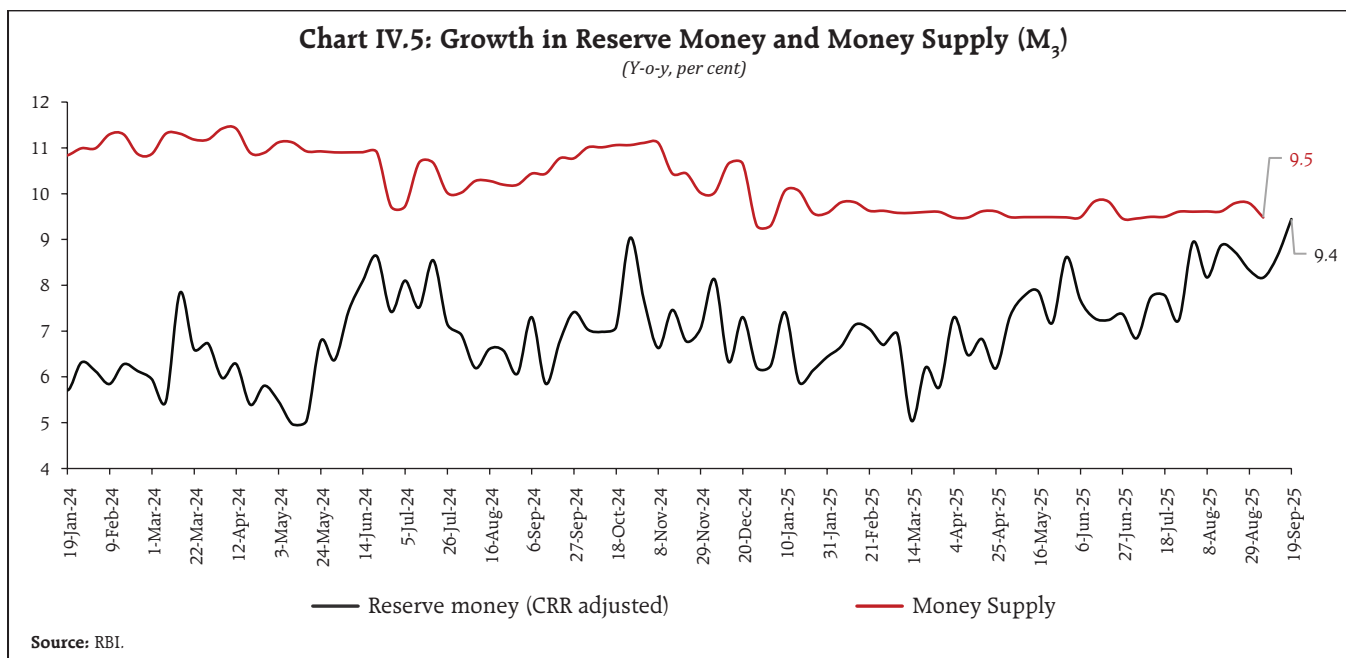
Source: FIMMDA.

declined (Table IV.1). Corporate bond issuances remained higher than last year on a cumulative basis though there was some decline in July.²²

Money and Credit

Reserve money growth, adjusted for the first-round impact of changes in the cash reserve ratio,

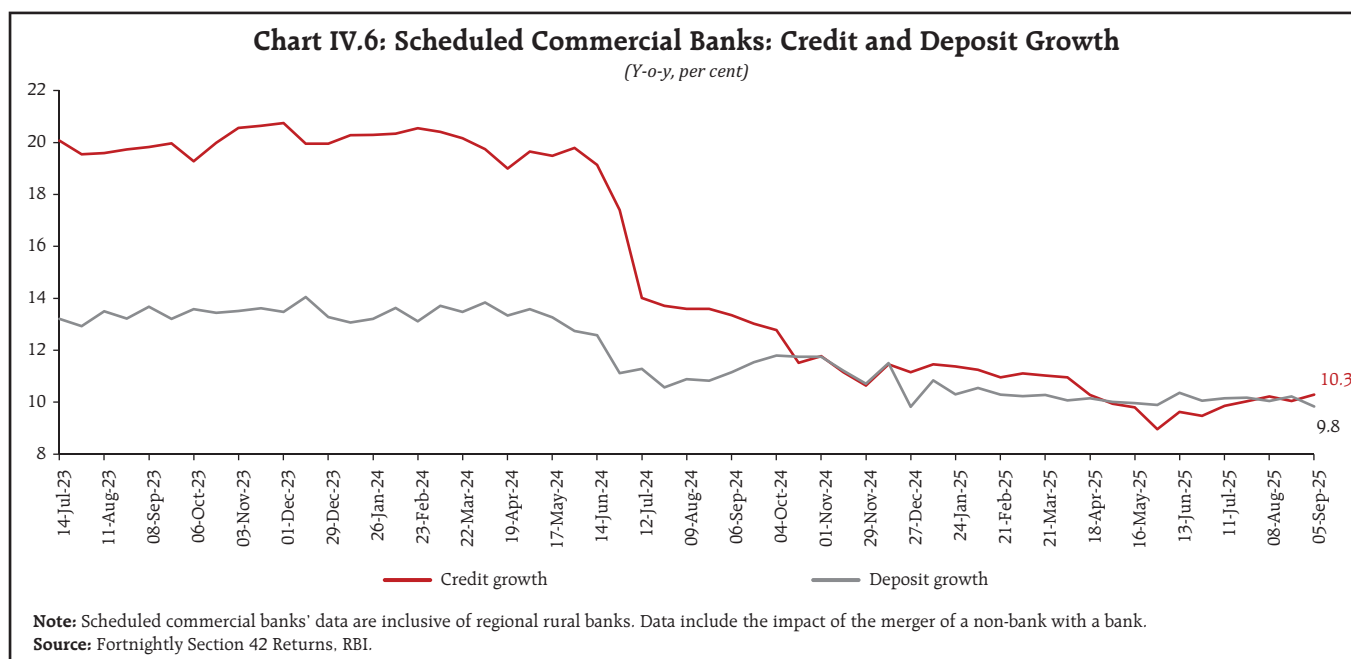
increased in September, tracking growth in currency in circulation. Currency in circulation grew reflecting increased demand for currency ahead of the festival season and *kharif* harvest activities. The growth in money supply (M_3) remained broadly stable during August (Chart IV.5).^{23,24}



²² Declined to ₹0.58 lakh crore in July 2025, compared to ₹1.08 lakh crore in June 2025. On a cumulative basis (April to July), it was at ₹3.5 lakh crore in 2025-26 as compared to ₹2.5 lakh crore in corresponding period of the previous year.

²³ Reserve money (adjusted for CRR) grew by 9.4 per cent (y-o-y) as on September 19, 2025 [8.7 per cent (y-o-y) as on August 22, 2025]. Currency in circulation grew by 8.9 per cent (y-o-y) as on September 19, 2025 [8.5 per cent (y-o-y) as on August 22, 2025].

²⁴ Money supply grew by 9.5 per cent (y-o-y) as on September 5, 2025 [9.6 per cent (y-o-y) as on August 8, 2025]. It includes the impact of the merger of a nonbank with a bank (with effect from July 1, 2023).



Scheduled commercial banks' credit growth picked up slightly to double-digits in August, with deposit growth remaining steady (Chart IV.6 and Annex Chart A7).²⁵ During 2025-26 so far, the flow of non-food bank credit to the commercial sector moderated; however, it was more than offset by the flow from non-bank sources. Consequently, total flow of financial resources to the commercial sector was higher than in the corresponding period a year ago.

Across key sectors, bank credit growth recorded a modest improvement in July (Annex Chart A8).^{26,27} Within the services sector, credit growth sustained its upward trajectory, mainly driven by trade and commercial real estate. Growth in personal loans was largely supported by housing loans and buoyancy in gold and other personal loan segments. Credit

to industry recorded a slight uptick on the back of robust credit growth to MSMEs.

Deposit and Lending Rates

The pass-through of the cumulative 100 bps reduction in the repo rate during February to August 2025 to lending and deposit rates has been robust. The weighted average lending rate on fresh and outstanding rupee loans of scheduled commercial banks declined by 53 bps and 49 bps, respectively, in the current easing phase. On the deposit side, the weighted average domestic term deposit rates on fresh and outstanding deposits also moderated (Table IV.2).

The decline in the weighted average lending rate on fresh and outstanding rupee loans was higher in the case of private banks relative to public sector

²⁵ Credit growth of scheduled commercial banks was 10.3 per cent (y-o-y) as on September 5, 2025 [10.2 per cent (y-o-y) a month ago]. Deposit growth was 9.8 per cent (y-o-y) as on September 5, 2025 [10.0 per cent (y-o-y) a month ago].

²⁶ As at end-July, growth in non-food bank credit stood at 9.9 per cent (y-o-y), up from 9.3 per cent (y-o-y) recorded in June 2025. Non-food credit data are based on fortnightly Section-42 return for the last reporting Friday of the month, which covers all scheduled commercial banks (SCBs).

²⁷ Sectoral non-food credit data are based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all scheduled commercial banks, pertaining to the last reporting Friday of the month. Data include the impact of the merger of a non-bank with a bank.

Table IV.2: Transmission to Banks’ Deposit and Lending Rates

(Variation in basis points)

Period	Repo Rate	Term Deposit Rates		Lending Rates				
		WADTDR-Fresh Deposits	WADTDR-Outstanding Deposits	EBLR	1-Year MCLR (Median)	WALR - Fresh Rupee Loans		WALR-Outstanding Rupee Loans
						Overall	Interest Rate Effect #	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Tightening Period May 2022 to Jan 2025	+250	259	206	250	175	181	193	115
Easing Phase Feb 2025 to Aug* 2025	-100	-101	-17	-100	-40	-53	-60	-49

Notes: Data on EBLR pertain to 32 domestic banks.
*: Data on WADTDR and WALR pertain to July 2025. #: At constant share.
WALR: Weighted Average Lending Rate; **WADTDR:** Weighted Average Domestic Term Deposit Rate;
MCLR: Marginal Cost of Funds-based Lending Rate; **EBLR:** External Benchmark-based Lending Rate.
Source: RBI.

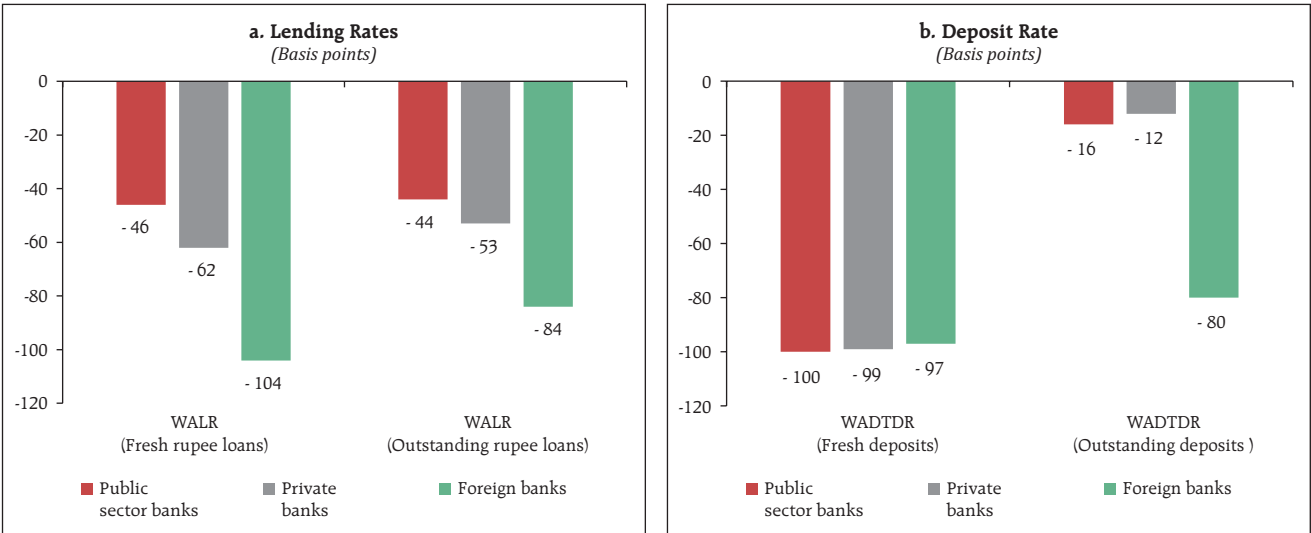
banks (Chart IV.7). On the deposit side, transmission was higher for public sector banks compared to private banks.

Equity Markets

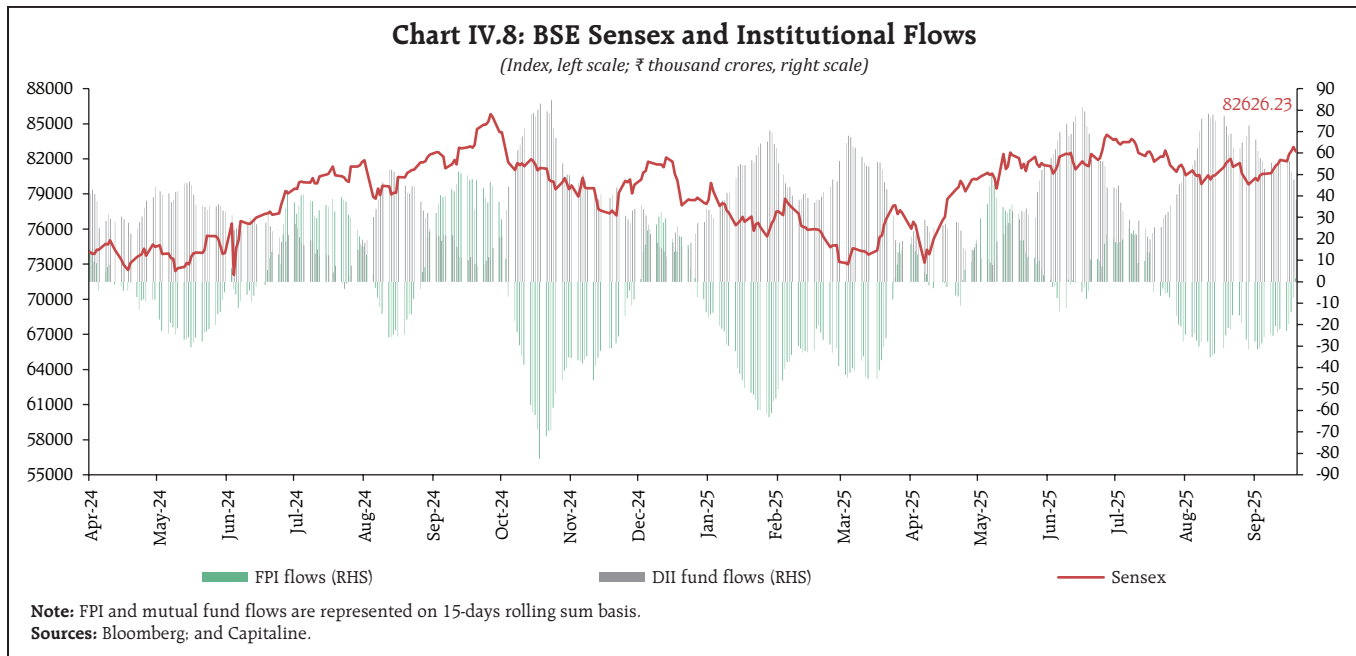
Indian equity markets gained during mid-August following the S&P sovereign rating upgrade and the announcement of GST reforms. Thereafter, equity markets declined towards the end of the month as the additional US import tariff levied on Indian products

came into effect. Markets began on a positive note in early September on a revival of investor sentiment, buoyed by the release of higher-than-expected GDP growth data for Q1:2025-26 and the strong PMI data releases. Selling activity by foreign investors was more than offset by the sustained buying interest from domestic investors (Chart IV.8). A consistent buying trend by domestic institutional investors has resulted in their equity market holdings surpassing those of FPIs (Annex Chart A9).

Chart IV.7: Transmission across Bank Groups (February 2025 – July 2025)



Note: Transmission during February to July 2025 is calculated by subtracting the weighted average lending and deposit rates of January 2025 from those of July 2025.
Source: RBI.



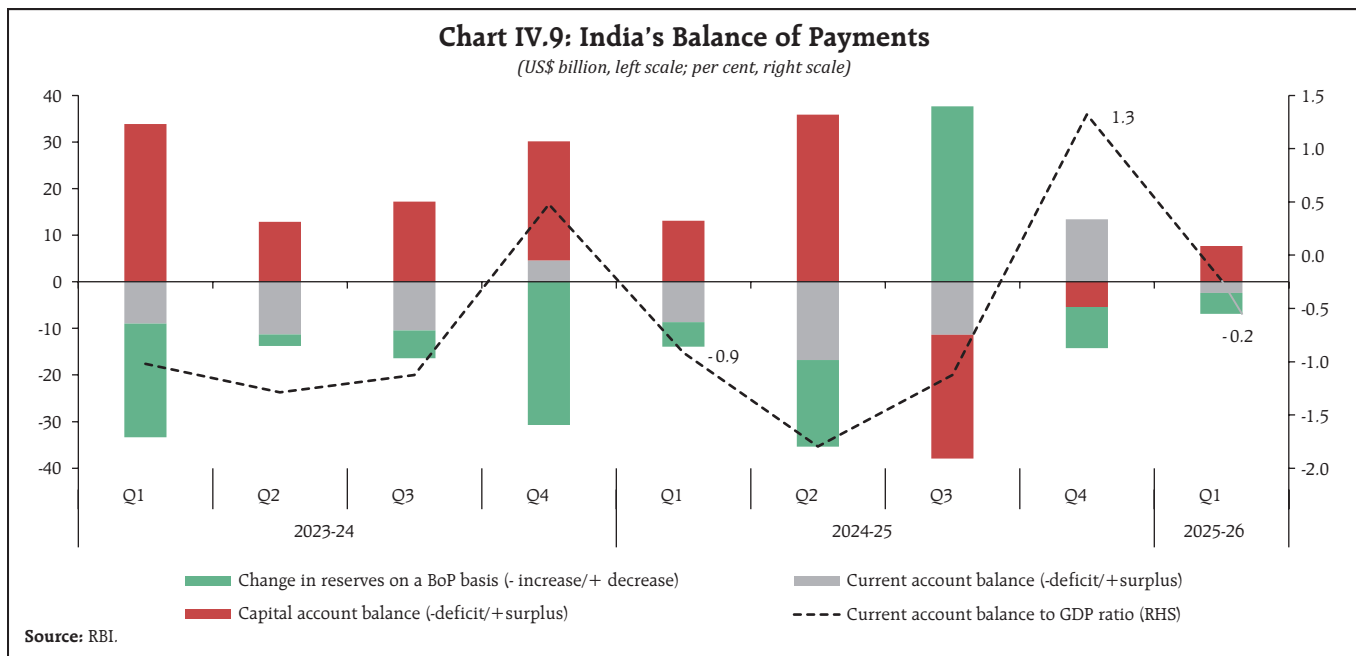
Balance of Payments

India's current account balance improved in Q1:2025-26 over the same period last year, supported by robust services exports and strong remittances receipts (Chart IV.9).²⁸ There was an accretion to the foreign exchange reserves (on a balance of payment

basis) in Q1:2025-26 as net capital inflows were higher than the current account deficit.

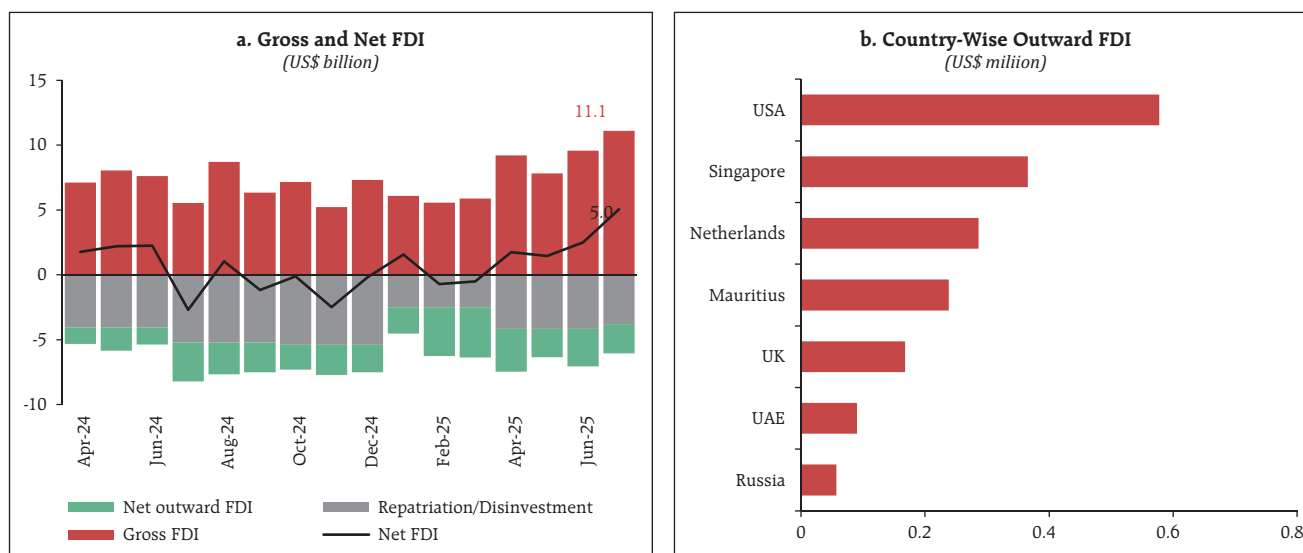
External Sources of Finance

Net FDI reached a 38-month high in July, driven by strong gross FDI and reduced repatriation and outward FDI investment.²⁹ Gross inward FDI doubled



²⁸ Current account balance as per cent of GDP in Q1:2025-26 was (-) 0.2 per cent as compared to (-) 0.9 per cent in Q1:2024-25.

²⁹ Net FDI was at US\$5 billion in July 2025.

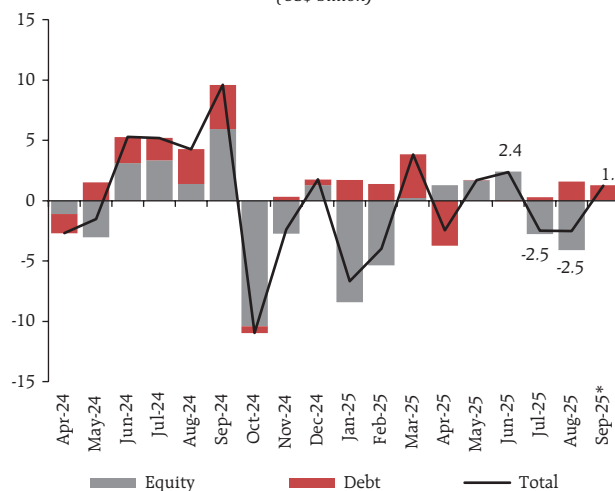
Chart IV.10: Foreign Direct Investment Flows

Source: RBI.

from a year ago (Chart IV.10a). Singapore, followed by the Netherlands, Mauritius, the US and the UAE, together accounted for more than three-fourth of total inflows. Manufacturing and services including communication, computer and business services were the top recipient sectors. Both repatriation of FDI and outward FDI moderated. Outward FDI was mainly directed towards financial, insurance and business services, as well as manufacturing, with the US, Singapore, the Netherlands, Mauritius, and the UK being the major destinations (Chart IV.10b). These movements together led to an increase in net FDI.

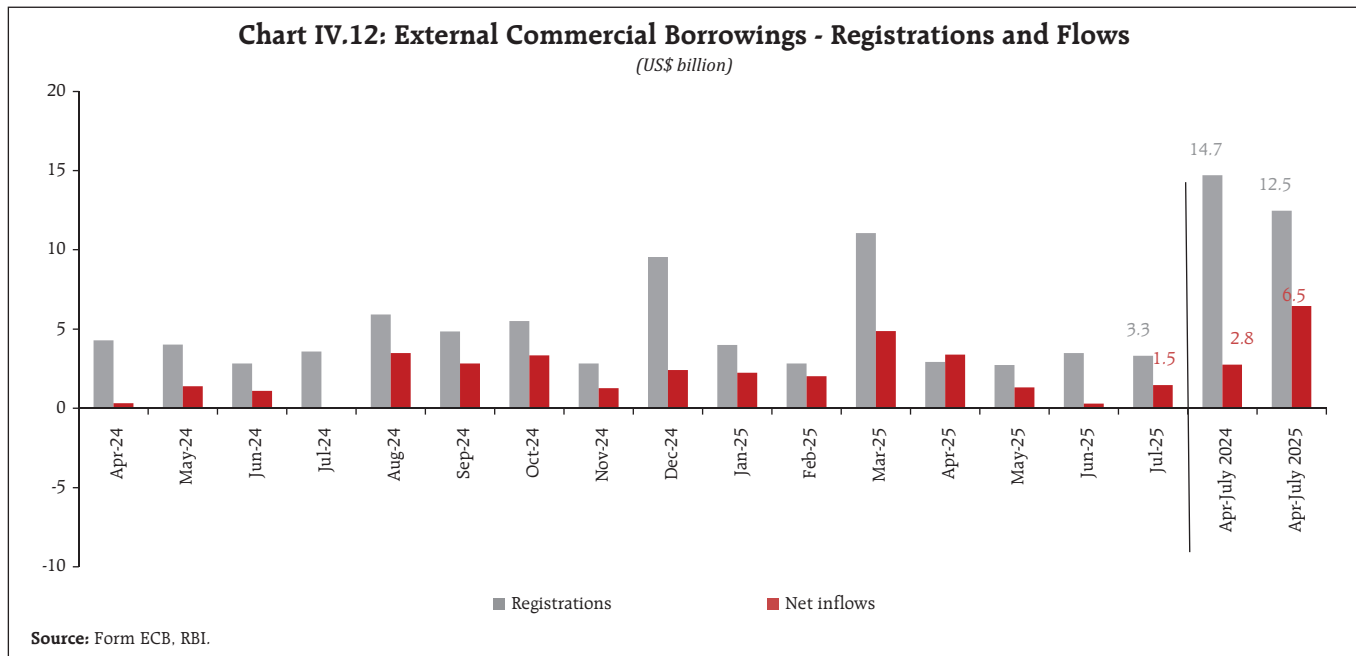
Foreign portfolio investment recorded net outflows in August, mainly due to equity outflows amidst heightened risk-off sentiment on US announcement of additional tariffs on Indian products (Chart IV.11). In contrast, the debt segment saw net inflows owing to India's sovereign credit rating upgrade by S&P Global. During September so far (up to September 18) overall net foreign portfolio investment turned positive primarily driven by sustained debt inflows on the US Fed rate cut.

The registrations of external commercial borrowings moderated during April-July 2025. Despite the slowdown, inflows continued to outpace outflows, resulting in positive net inflows (Chart IV.12). Notably, 40 per cent of the total external commercial borrowings registered during this period were intended for capital expenditure.

Chart IV.11: Foreign Portfolio Investments (US\$ billion)

Notes: 1. Debt also includes investments under the hybrid instruments.
2. *: Data up to September 22.

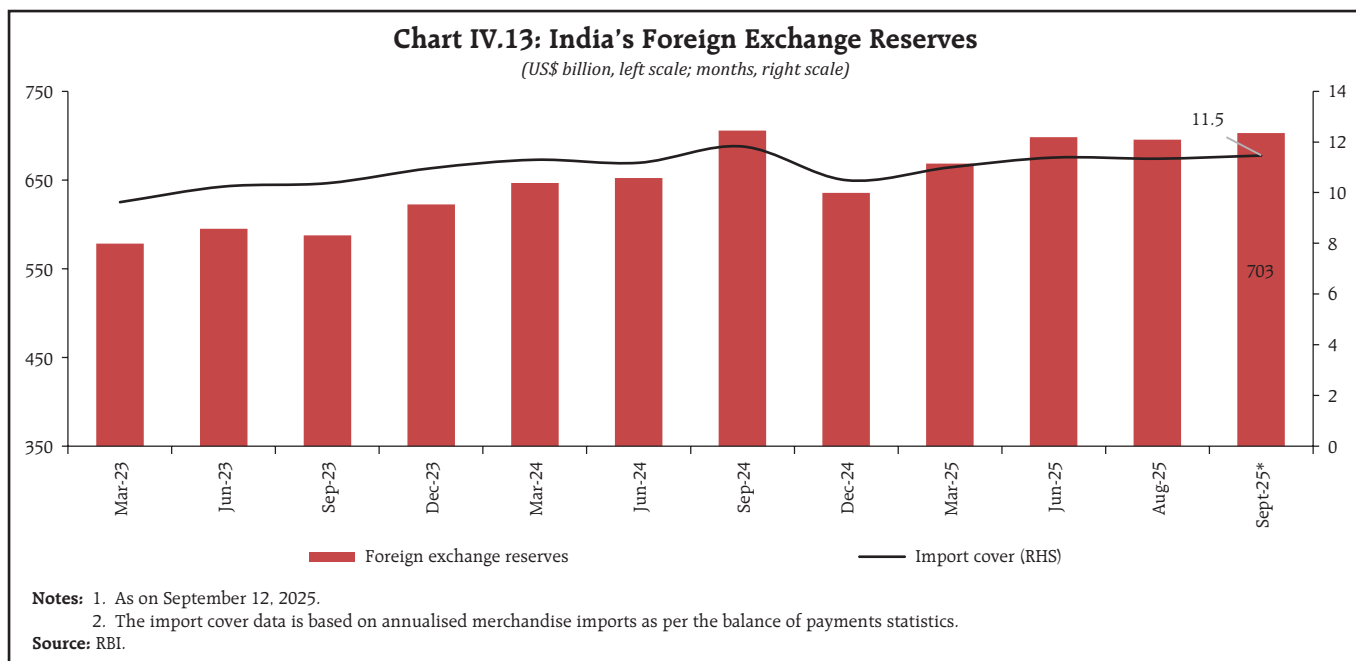
Source: National Securities Depository Limited (NSDL).



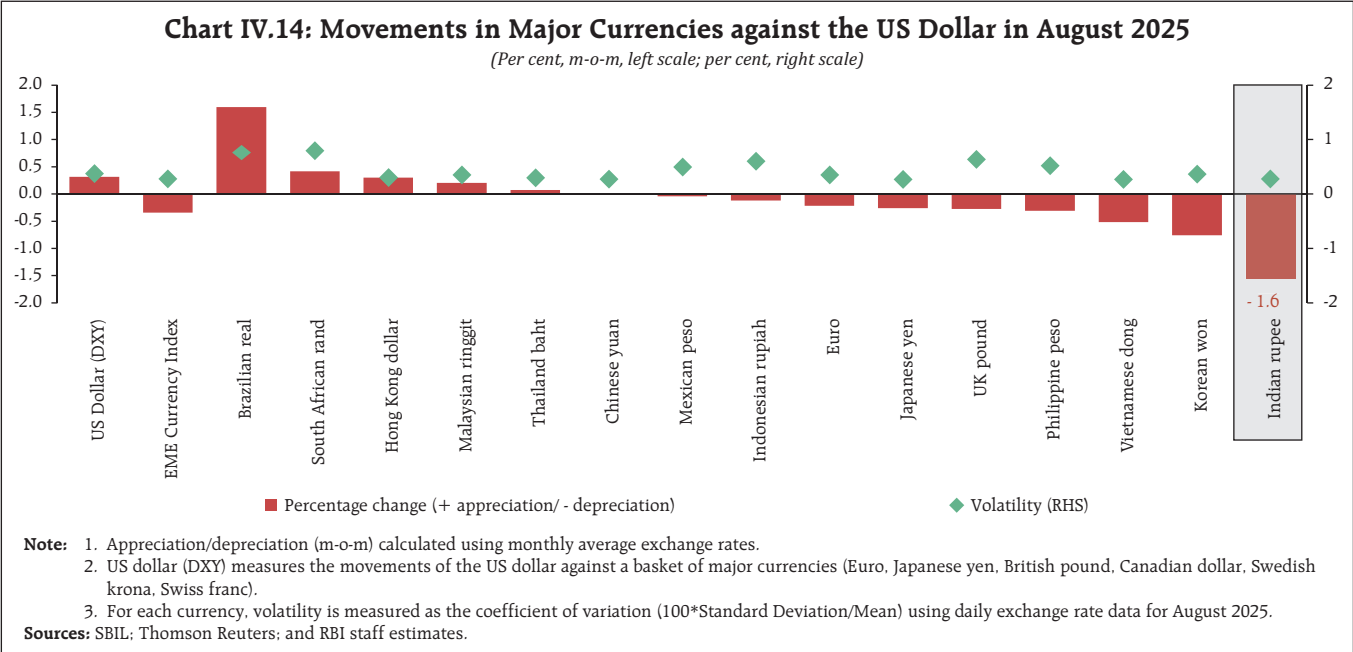
India's foreign exchange reserves remained adequate, providing a cover for more than 11 months of goods imports and for more than 95 per cent of the external debt outstanding at end-March 2025 (Chart IV.13).³⁰

Foreign Exchange Market

The Indian rupee depreciated against the US dollar in August amidst mixed performance of major currencies. This reflected escalating India-US tariff tensions, FPI outflows and a strengthening US dollar (Chart IV.14).



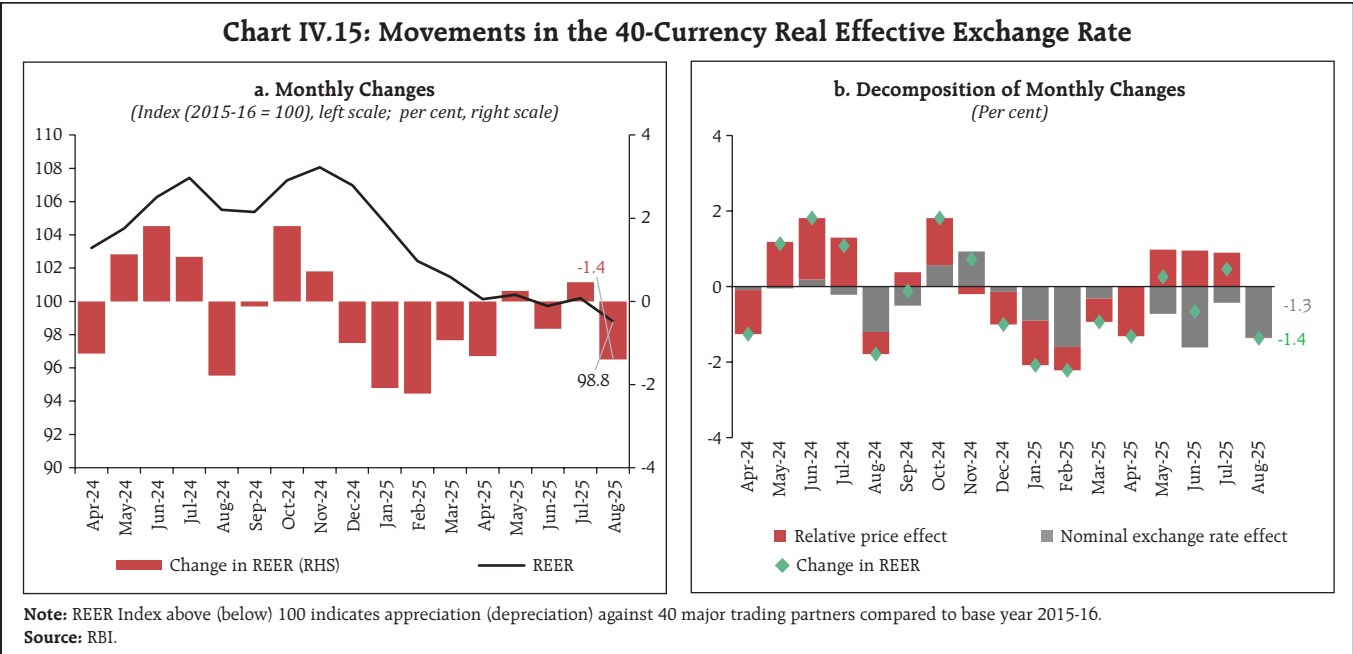
³⁰ The import cover for goods and services was around nine months.



In real effective terms, the Indian rupee depreciated in August (Chart IV.15a). The depreciation in real effective exchange rate was mainly driven by depreciation in nominal effective exchange rate with a marginal relative price effect (Chart IV.15b).

V. Conclusion

While the imposition of high US import tariff brought in some headwinds to the domestic macro-outlook, the developments since then have underscored the resilience of the economy. The S&P sovereign rating upgrade was an acknowledgement



of its strong macro-fundamentals. The Q1:2025-26 GDP estimates reinforced the resilience of domestic growth drivers. High frequency indicators for August show manufacturing and services activity at a decadal high.

In this scenario, the growth outlook for H2 is one of optimism. Healthy corporate balance sheets and the focus on structural reforms by the government are the bright spots of the economy. The landmark GST reforms should progressively result in a sustained positive impact through significant gains in ease of

doing business, lower retail prices and strengthening of consumption growth drivers. A higher *kharif* sowing is expected to translate to a sustained growth momentum in the agriculture sector, while also keeping food prices under check. The transmission of the front-loaded monetary policy easing measures have been robust. Coupled with income tax relief for households and employment augmenting measures³¹, the stage is set for a sustained pick-up in consumption demand in H2 and potentially for a virtuous cycle of higher investments and stronger growth impulses, overcoming persistent global uncertainties.

³¹ Under the government's Employment Linked Incentive Scheme. For details, please refer to <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2141129>

Annex

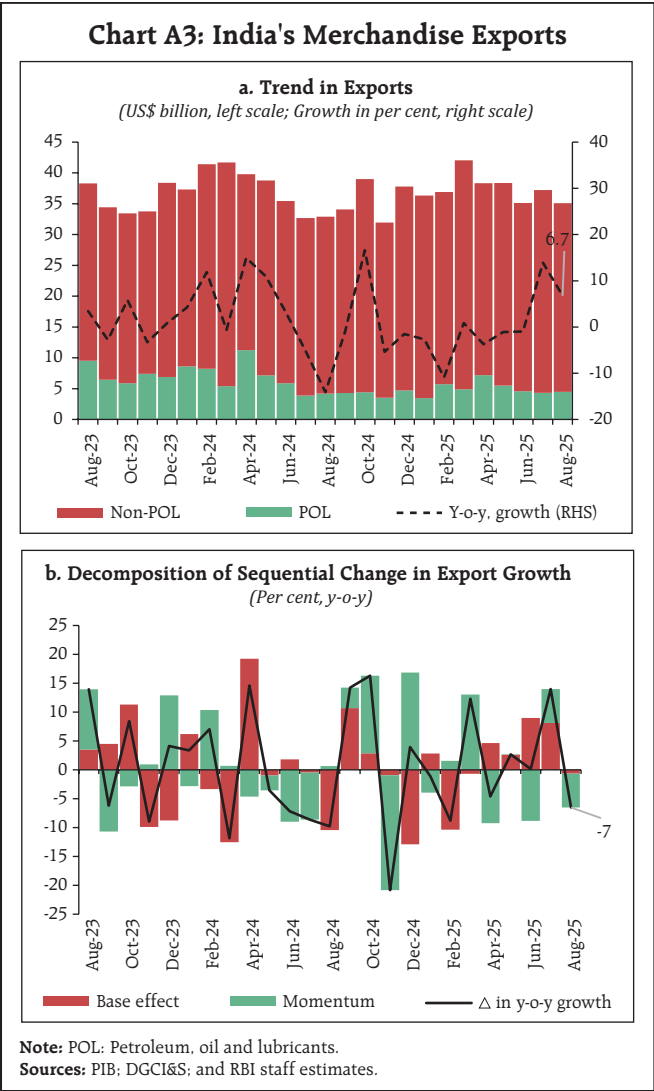
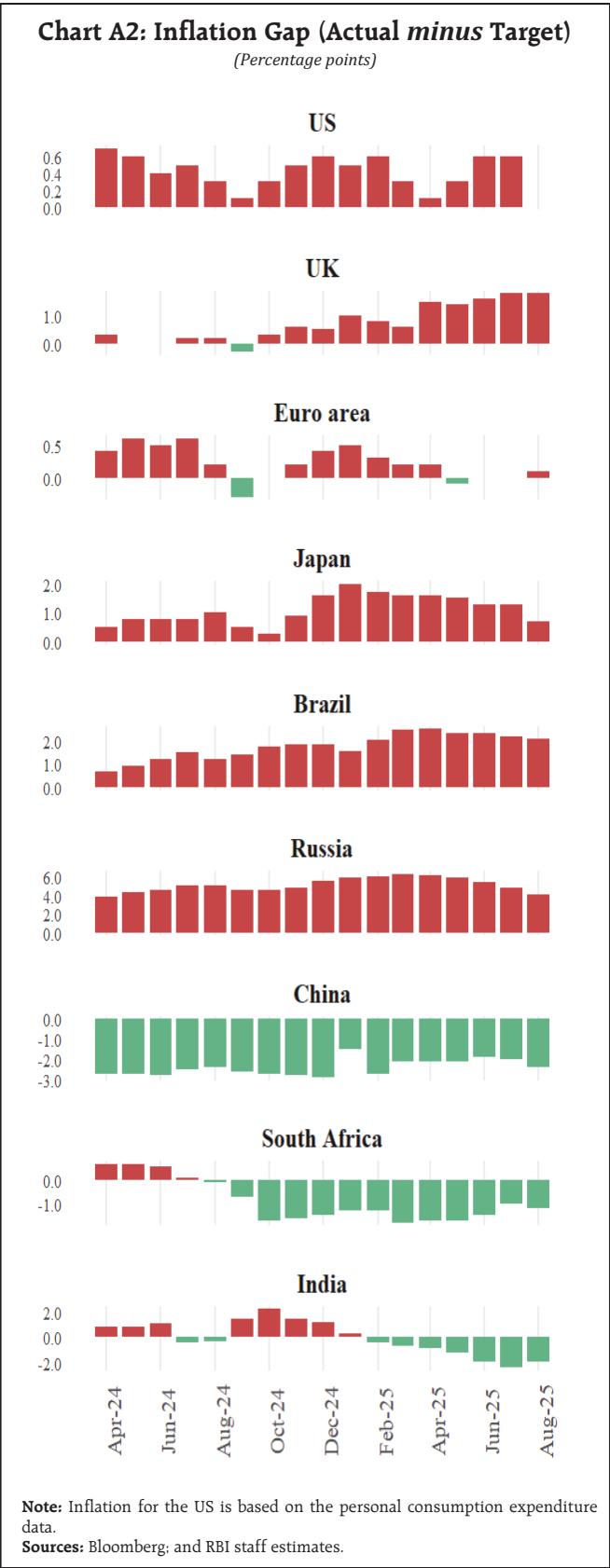
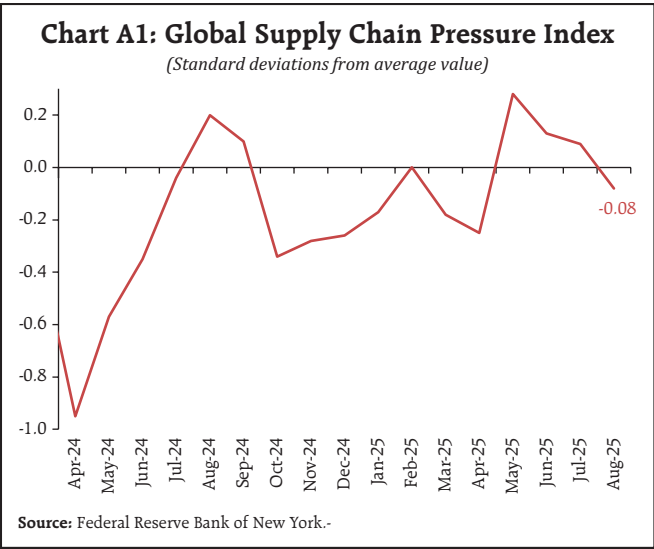


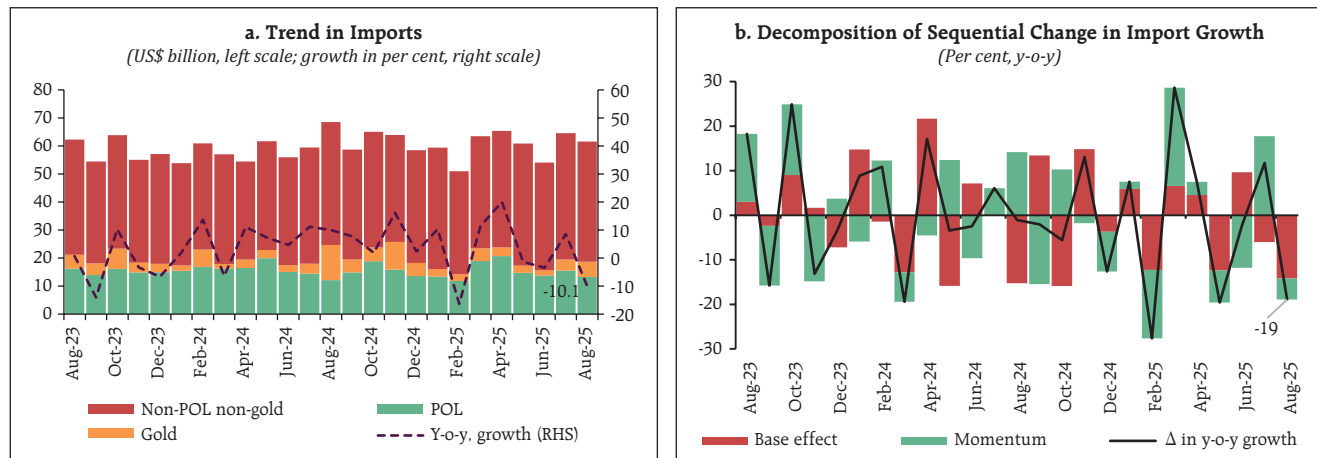
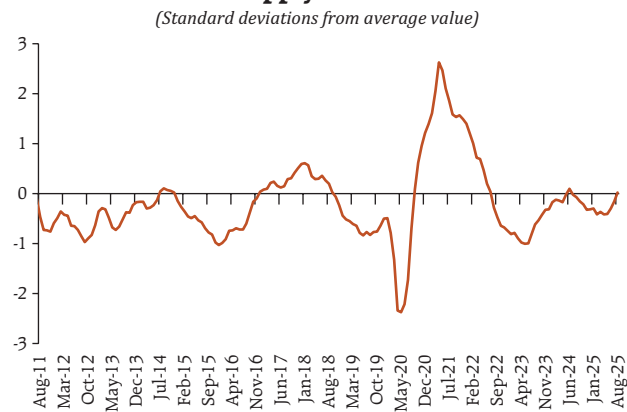
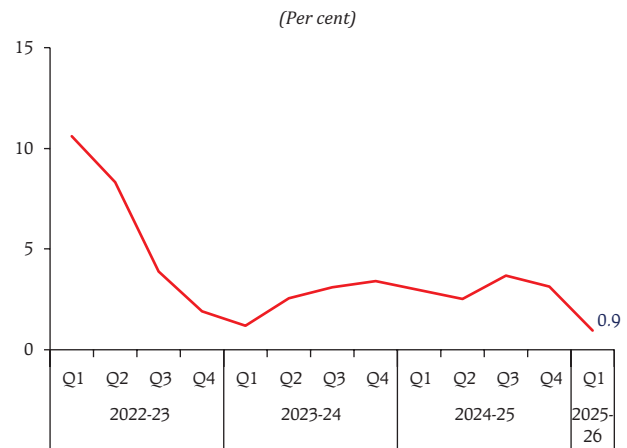
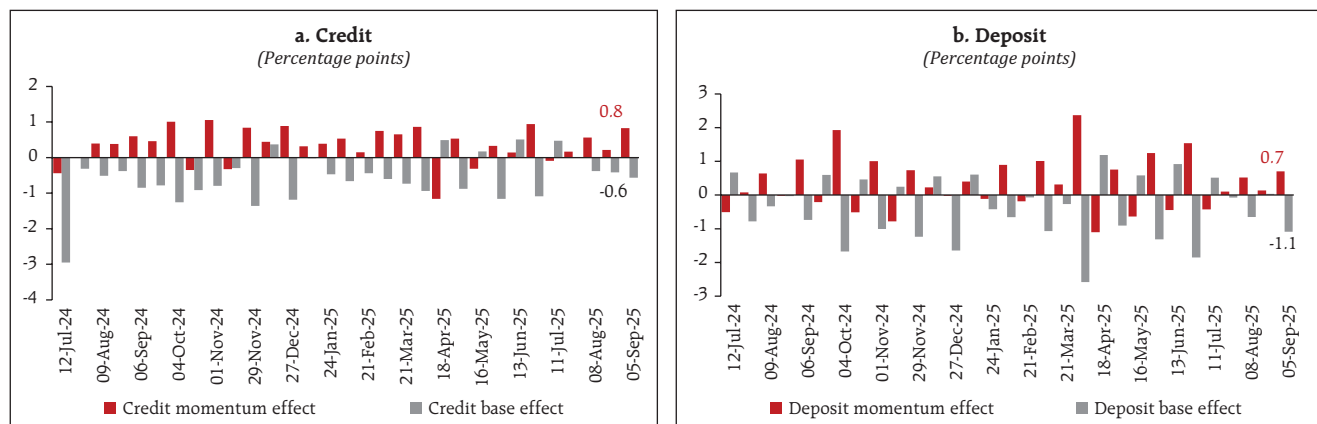
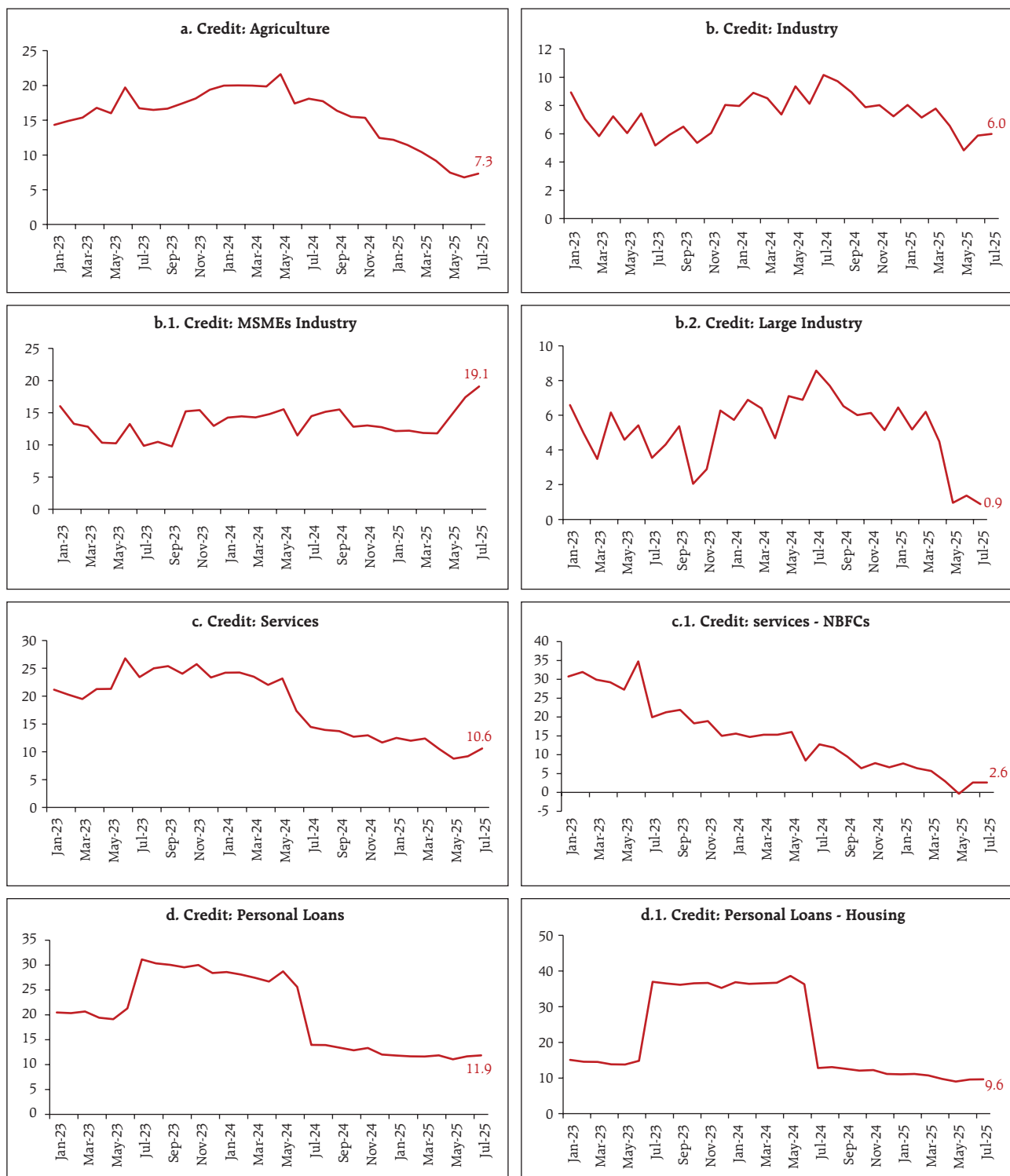
Chart A4: India's Merchandise Imports**Chart A5: Index of Supply Chain Pressures for India****Chart A6: GDP Deflator****Chart A7: Scheduled Commercial Banks: Credit and Deposit Growth**

Chart A8: Sectoral Deployment of Bank Credit

(Y-o-y, per cent)



Notes: 1. Sectoral non-food credit data is based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all SCBs, pertaining to the last reporting Friday of the month. Data are provisional. The bank groups covered under the SIBC return are - Public Sector Banks, Private Sector Banks, Foreign Banks, and Small Finance Banks.
2. Data include the impact of the merger of a non-bank with a bank.

Source: RBI.

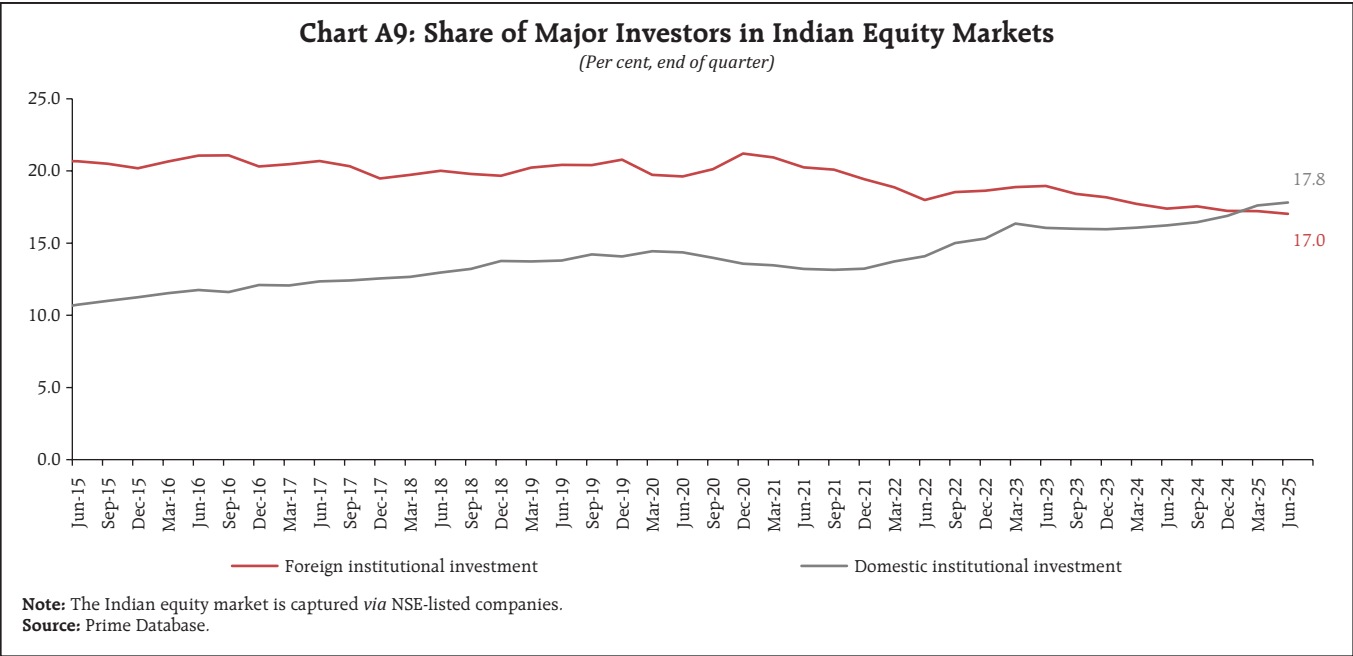


Table A1: Real Gross Domestic Product (GDP) Growth												
(Y-o-y growth, in per cent)												
Components	Share in 2024-25 (Per cent)	Weighted Contribution (percentage points)		2023-24				2024-25				2025-26
		2023-24	2024-25	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
I. Total Consumption Expenditure	65.6	4.0	4.3	7.1	5.1	5.3	6.3	7.0	6.1	8.3	4.7	7.1
Private	56.5	3.2	4.0	7.4	3.0	5.7	6.2	8.3	6.4	8.1	6.0	7.0
Government	9.1	0.8	0.2	5.3	20.1	2.3	6.6	-0.3	4.3	9.3	-1.8	7.4
II. Gross Capital Formation	36.8	3.8	2.5	8.9	11.9	12.4	9.1	6.2	7.7	4.9	7.8	6.4
Fixed Investment	33.7	3.0	2.4	8.4	11.7	9.3	6.0	6.7	6.7	5.2	9.4	7.8
III. Net Exports												
Exports	21.6	0.5	1.4	-7.0	4.6	3.0	7.7	8.3	3.0	10.8	3.9	6.3
Imports	22.5	3.3	-0.9	18.0	14.3	11.3	11.4	-1.6	1.0	-2.1	-12.7	10.9
GDP	100.0	9.2	6.5	9.7	9.3	9.5	8.4	6.5	5.6	6.4	7.4	7.8

Sources: NSO; and RBI staff estimates.

Table A2: Key Recommendations of the 56th GST Council					
	From (Per cent, GST rate)	To (Per cent, GST Rate)		From (Per cent, GST rate)	To (Per cent, GST Rate)
Daily Essentials			Farmers and Agriculture		
Hair Oil, Shampoo, Toothpaste, Toilet soap bar, toothbrushes, shaving cream	18	5	Tractors tyres and parts	18	5
Butter, Ghee, Cheese, Dairy spreads	12	5	Specified bio-pesticides, micro-nutrients	12	5
Pre-packaged namkeens, Bhujia, mixtures	12	5	Drip irrigation system and sprinklers	12	5
Utensils	12	5	Agriculture, horticulture or forestry machines for soil penetration, cultivation, harvesting and threshing	12	5
Feeding bottles, clinical diapers, etc	12	5			
Sewing machines and parts	12	5			
Healthcare Sector			Automobiles		
Individual health and life insurance	18	'nil'	Petrol and petrol hybrid, LPG, CNG cars (certain types)	28	18
Thermometer	18	5	Diesel and diesel hybrid cars (certain type)	28	18
Medical grade oxygen	12	5	3 wheeled vehicles	28	18
All diagnostic kits and reagents	12	5	Motor cycles (certain types)	28	18
Glucometer and test strips	12	5	Motor vehicles for transport of goods	28	18
Corrective spectacles	12	5			
Education			Electronic Appliances		
Maps, charts, and globes	12	'nil'	Air conditioners	28	18
Pencils, sharpeners, crayons, pastels	12	'nil'	Television (certain types)	28	18
Exercise books and notebooks	12	'nil'	Monitors and projectors	28	18
Eraser	5	'nil'	Dish washing machines	28	18

Source: Press Information Bureau.

Table A3: Real Gross Value Added (GVA) Growth												
(Y-o-Y Growth, per cent)												
Sectors	Share in 2024-25 (Per cent)	Weighted Contribution (percentage points)		2023-24				2024-25				2025-26
		2023-24	2024-25	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
I. Agriculture, Livestock, Forestry & Fishing	14.4	0.4	0.7	5.7	3.7	1.5	0.9	1.5	4.1	6.6	5.4	3.7
II. Industry	21.5	2.4	1.0	6.6	15.3	12.6	9.9	7.8	2.1	3.5	4.7	5.8
Mining and Quarrying	2.0	0.1	0.1	4.1	4.1	4.7	0.8	6.6	-0.4	1.3	2.5	-3.1
Manufacturing	17.2	2.1	0.8	7.3	17.0	14.0	11.3	7.6	2.2	3.6	4.8	7.7
Electricity, gas, water supply and other utility services	2.4	0.2	0.1	4.1	11.7	10.1	8.8	10.2	3.0	5.1	5.4	0.5
III. Services	64.1	5.8	4.8	12.1	8.3	8.5	8.0	7.2	7.4	7.5	7.9	9.0
Construction	9.1	0.9	0.8	9.2	14.6	10.0	8.7	10.1	8.4	7.9	10.8	7.6
Trade, hotels, transport, communication, and services related to broadcasting	18.5	1.4	1.1	11.0	5.4	8.0	6.2	5.4	6.1	6.7	6.0	8.6
Financial, real estate and professional services	23.8	2.4	1.7	15.0	8.3	8.4	9.0	6.6	7.2	7.1	7.8	9.5
Public administration, defense and other services	12.7	1.1	1.1	9.3	8.9	8.4	8.7	9.0	8.9	8.9	8.7	9.8
IV. GVA at basic prices	100.0	8.6	6.4	9.9	9.2	8.0	7.3	6.5	5.8	6.5	6.8	7.6

Sources: NSO; and RBI staff estimates.

Flow of Financial Resources to Commercial Sector in India during 2024-25

by Amit Pawar[^], Abhinandan Borad[^],
Pawan Kumar*, John V. Guria[^], and
Vishal Raina[^]

Indian financial system has evolved into a diversified structure since the early 1990s, reflecting the impact of major reforms in the Indian economy including the financial sector. Analysing the flow of financial resources to the commercial sector is vital for macro-financial surveillance and gauging the economy's growth outlook. This article highlights that while bank credit expansion moderated during 2024-25, non-bank sources, both domestic and foreign, played an important role in bridging the funding gap for the commercial sector in India. The increase in funding from non-bank sources during 2024-25 was largely driven by equity issuances amidst buoyancy in the domestic equity market, credit by Non-Banking Financial Companies (NBFCs), and a rebound in short-term external credit. The recourse to non-bank sources by the commercial sector, amidst a moderation in bank credit, reflects the adaptability of the financial system in meeting the evolving funding needs of the economy. The financing from banking system continues to be the most important source, although the flow of financial resources from non-bank sources to the commercial sector increased in recent period. As at end-March 2025, the outstanding non-food bank credit as per cent to GDP increased to 55.1 per cent from 54.5 per cent at end-March 2024. Overall, the outstanding

credit from banks and non-bank sources as per cent to GDP increased to 81.9 per cent at end-March 2025 from 80.2 per cent at end-March 2024.

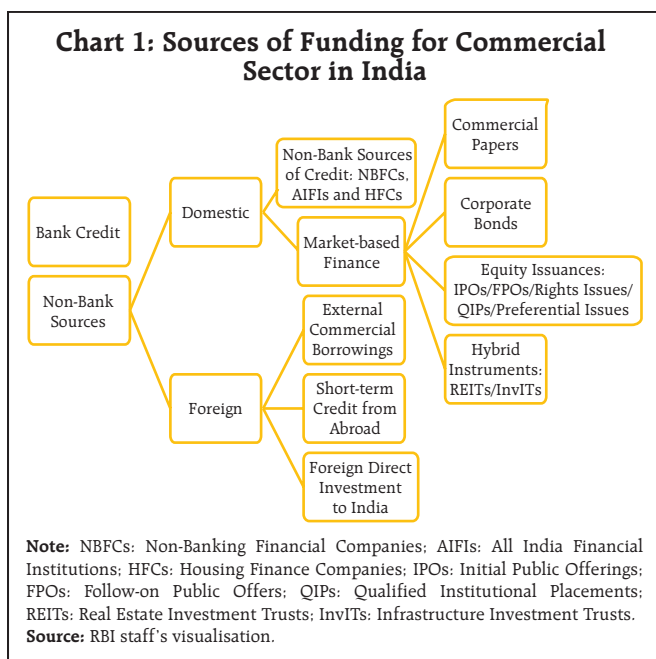
Introduction

Indian financial system has evolved into a diversified structure consequent to the initiation of a set of reforms in various segments of the economy in the aftermath of the balance of payments crisis in the early 1990s. This evolution of the Indian financial system has largely been driven by successive reforms implemented across its various segments, in response to and supported by the evolving requirements of a growing economy (RBI, 2024a). India's financial system, which has traditionally been characterised by bank-centric intermediation for the provision of credit, has undergone a structural transformation marked by the rising significance of non-bank financial intermediaries (NBFIs) and the growing use of market-based instruments to meet the financing requirements of the commercial sector. Accordingly, the recourse to market-based financing instruments such as corporate bonds and equity issuances as well as external sources such as foreign direct investment (FDI), external commercial borrowings (ECBs), and short-term trade credit has increased appreciably in the recent years, although the financing from banking system continues to be the most important source.

The sources of funding for the commercial sector in India are varied and diverse (Chart 1). These are largely divided into bank credit and non-bank sources (including domestic and foreign).

As the Indian financial system has been largely bank-dominated, bank credit growth is viewed as a key parameter to assess the flow of financial resources to commercial sector and growth outlook of the economy. A softening of bank credit growth is often interpreted as a sign of weak aggregate demand and, therefore, a potential risk to the near-term growth outlook. However, given an increasing role

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of non-bank sources of funding, an assessment of a broader spectrum of flow of financial resources to the commercial sector covering banks, non-banks and other sources, as alluded above, needs to be considered. Against this backdrop, this article analyses the flow of financial resources and outstanding credit to the commercial sector in India during 2024-25, based on multiple sources of funding. The remainder of the article is organised as follows: Section II presents the consolidated statement on flow of financial resources to commercial sector in India. Section III discusses the trends and composition of credit from banks to the commercial sector, followed by an analysis of flows of financial resources from non-bank sources (including domestic and foreign) in Section IV. Section V discusses the outstanding credit from banks and non-bank sources to the commercial sector in India. Section VI draws concluding observations.

II. Total Flow of Financial Resources to Commercial Sector

The statement on flow of financial resources to commercial sector from banks operating in India and non-banks (including domestic and foreign sources) is prepared to present total flow of financial resources to this sector. The financial flows in this statement are captured on a net basis (*i.e.*, gross flows adjusted for repayments/redemption/repatriation), as net flows

reflect the availability of actual funds and liquidity to the commercial sector and its investment behaviour.

At the aggregate level, it is observed that the flow of non-food bank credit moderated by ₹3.4 lakh crore during 2024-25 (Table 1 and Chart 2). However, an increase in flows of ₹4.5 lakh crore from non-bank sources (both domestic and foreign) during 2024-25 more than offset the moderation in the flow of bank credit, resulting in an increase in total flow of financial resources to the commercial sector by ₹1.1 lakh crore. The flows from non-bank domestic sources rose by ₹3.7 lakh crore during 2024-25, mainly on account of a rise in equity issuances amidst buoyancy in the domestic equity market and an increase in credit by NBFCs. The flows from non-bank foreign sources increased by ₹0.8 lakh crore during the same period, primarily due to an increase in short-term credit from abroad, reflecting a rebound in India's merchandise imports.

III. Flows from Banks

In India, although market-based sources of finance have grown considerably in recent years, bank credit remains the primary source of funding for a wide range of sectors. The flow of non-food bank credit moderated during 2024-25 following a robust expansion in 2023-24 (Chart 3). It declined to ₹18.0 lakh crore in 2024-25 from ₹21.4 lakh crore in 2023-24.

The Reserve Bank increased the risk weights on unsecured personal loans and bank lending to NBFCs in November 2023 in a move aimed at strengthening financial stability.¹ This regulatory action raised the capital requirements for banks on such exposures,

¹ Risk weights on bank lending to NBFCs and retail loans excluding housing, education, vehicle loans, and loans against gold and gold jewellery were increased on November 16, 2023 (<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/REGULATORYMEASURES8785E7886A044B678FB8AF2C6C051807.PDF>). However, the risk weights on the exposures of SCBs to NBFCs are restored to their pre-November 2023 level *w.e.f.* from April 1, 2025 and the same are as per the external rating. Also, microfinance loans in the nature of consumer credit are excluded from the applicability of higher risk weights and are subject to a risk weight of 100 per cent.

Table 1: Flow of Financial Resources to Commercial Sector in India

(₹ crore)			
Source	2022-23	2023-24	2024-25 P
A. Non-Food Bank Credit	18,19,026	21,40,243	17,98,321
B. Non-Bank Sources (B1+B2)	9,03,298	12,63,721	17,10,459
B1. Domestic Sources	5,27,181	10,20,302	13,85,609
1. Equity Issuances by Non-Financial Entities	1,16,111	1,35,008	3,81,161
2. Corporate Bond Issuances by Non-Financial Entities	1,12,822	1,67,374	1,97,795
3. Hybrid Instruments (REITs/ InvITs) by Non-Financial Entities	6,360	39,024	31,442
4. Commercial Paper Issuances by Non-Financial Entities	-78,489	19,712	18,819
5. Credit by Housing Finance Companies (Net of Bank Borrowings)	72,111	1,41,816	1,34,852
6. Credit by RBI-regulated All India Financial Institutions	32,419	73,386	99,501
7. Credit by Non-Banking Financial Companies (Net of Bank Borrowings)	2,65,846	4,43,982	5,22,037
B2. Foreign Sources	3,76,118	2,43,419	3,24,850
1. External Commercial Borrowings by Non-Financial Entities	-10,033	27,916	19,201
2. Short-term Credit from Abroad	51,136	-6,741	58,860
3. Foreign Direct Investment to India	3,35,015	2,22,244	2,46,788
C. Total Flow of Resources (A+B)	27,22,324	34,03,964	35,08,780

P: Provisional.

Notes: i) Non-food bank credit pertains to scheduled commercial banks (SCBs) and excludes credit extended by co-operative banks.

ii) Credit extended by banks, NBFCs and HFCs is inclusive of personal loans.

iii) Data on all items are presented on a net basis, except equity and hybrid instruments which are on a gross basis.

iv) All India Financial Institutions (AIFIs) include National Bank for Agriculture and Rural Development (NABARD), National Housing Bank (NHB), Small Industries Development Bank of India (SIDBI), Export-Import Bank of India (EXIM Bank), and National Bank for Financing Infrastructure and Development (NaBFID). Credit extended by AIFIs excludes refinancing to Scheduled Commercial Banks (SCBs), NBFCs, and HFCs, and direct loans to domestic and foreign governments/institutions.

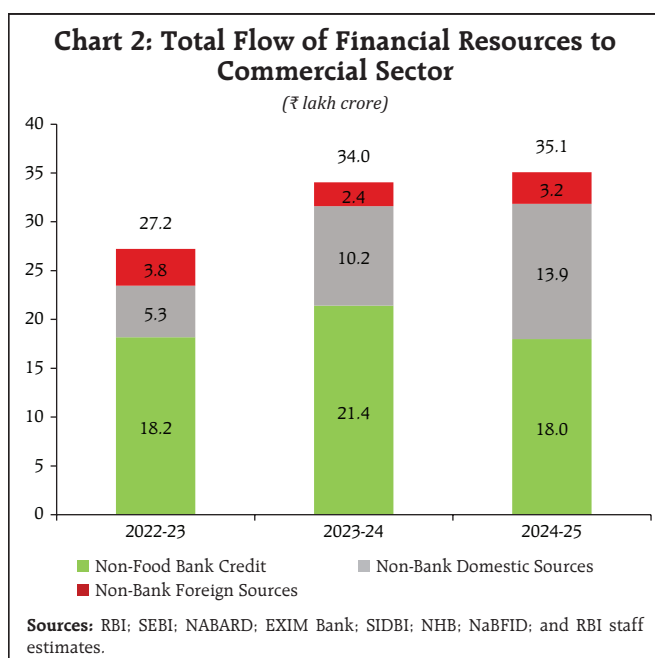
v) Data pertaining to HDFC Limited, which merged with HDFC Bank effective from July 1, 2023, is included under credit by Housing Finance Companies prior to its merger, while it is included under bank credit post-merger.

vi) Data on credit by Housing Finance Companies (HFCs) and Non-Banking Financial Companies (NBFCs) has been adjusted for the conversion of some HFCs into NBFCs.

Sources: RBI; SEBI; NABARD; EXIM Bank; SIDBI; NHB; NaBFID; and RBI staff estimates.

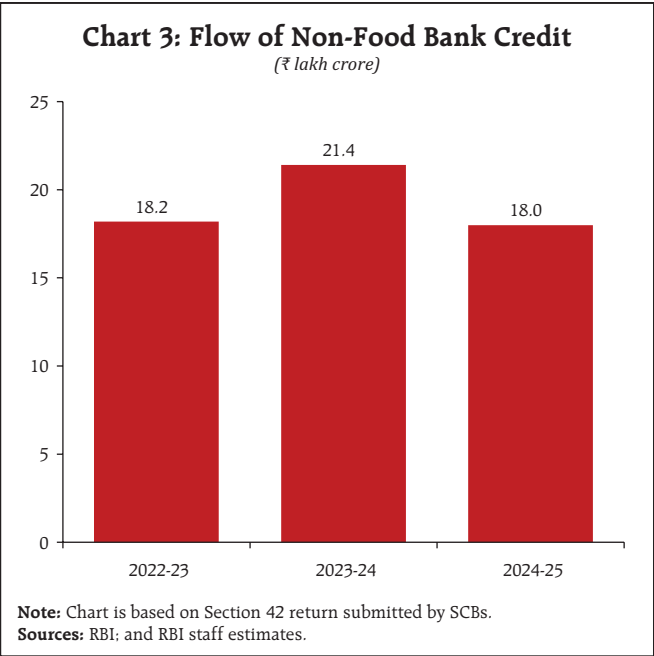
effectively making it more expensive for them to lend in these segments. The decision was driven by

concerns over the potentially unsustainable growth in unsecured credit, which could pose risks if left unchecked.



The break-up of non-food bank credit flow into (a) 'segments with increased risk weight (*i.e.*, targeted segments)', and (b) 'segments with unchanged risk weight (*i.e.*, non-targeted segments)' shows that the credit flow to the targeted segments had increased significantly from ₹2.5 lakh crore in 2021-22 to ₹6.6 lakh crore during 2022-23, while it increased moderately in the case of non-targeted segments (Chart 4a). The share of credit flow to the targeted segments in total non-food credit flow increased from 21.0 per cent in 2021-22 to 38.1 per cent in 2022-23 (Chart 4b).

In 2023-24, the credit flow to the targeted segments reduced to ₹4.7 lakh crore and its share



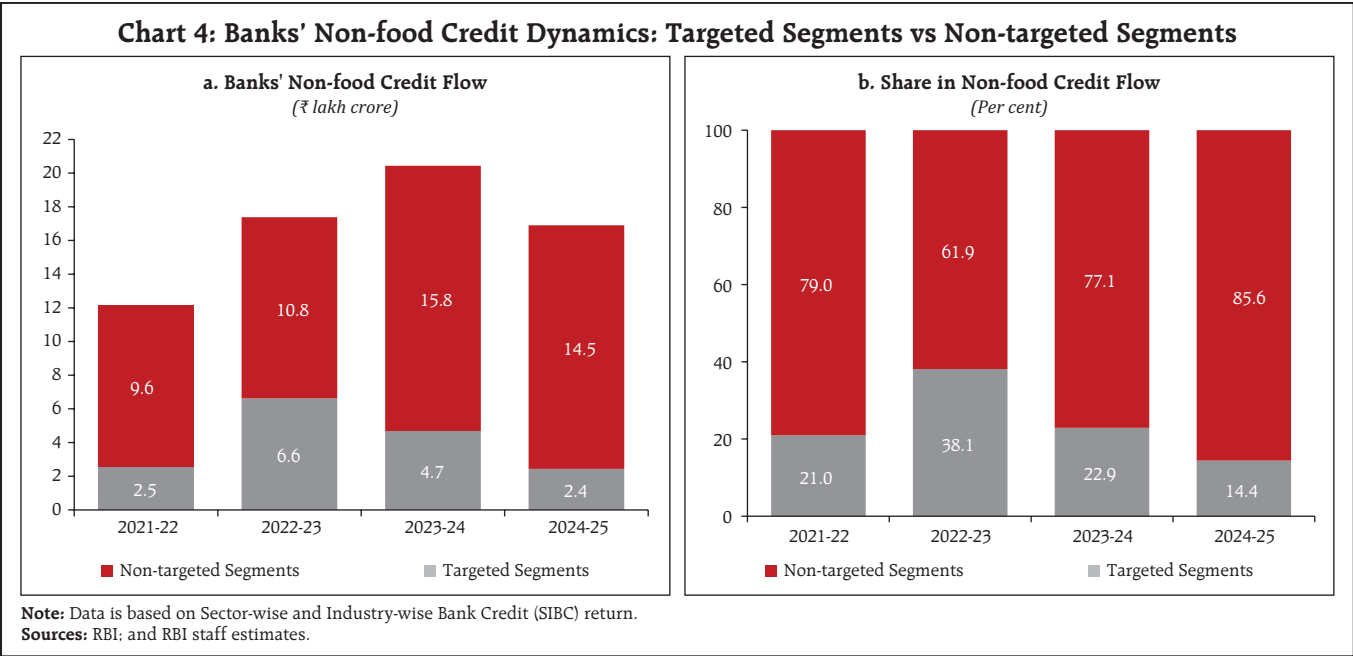
declined to 22.9 per cent in total non-food bank credit, primarily due to the increased risk weights on unsecured credit in November 2023. The credit flow to the targeted segments moderated further to ₹2.4 lakh crore in 2024-25 and its share in non-food bank credit fell to 14.4 per cent, exerting a dampening effect on overall credit flow.

IV. Flows from Non-Banks

IV.1. Domestic Sources

IV.1.1. Market Sources

In recent years, the dynamism of Indian equity markets and the expansion of a robust corporate bond market, particularly for highly rated issuers, have significantly enhanced the access to market-based financing avenues for corporates. Firms with strong credit profiles and robust balance sheets have been well-positioned to leverage favourable market conditions to mobilise resources at competitive costs. During periods of robust performance and subdued volatility in the financial markets, the relative cost of market-based financing tends to decline *vis-à-vis* traditional bank credit, thereby incentivising corporates to raise funds through capital market instruments. During the last three years, commercial sector regularly tapped financial markets, with a rising trend in their contribution (Chart 5a). Reflecting this trend, resource mobilisation through equity issuances by non-financial entities increased sharply during 2024-25 (Chart 5b). This growth was



predominantly driven by heightened activity in IPOs and FPOs, spurred by increased retail investor participation and favourable equity valuations in the post-pandemic market environment. The automobile, consumer services, and telecommunications sectors accounted for the largest share of equity-based fund mobilisation, particularly through public issues and rights issues, in 2024-25 (Chart 5c).

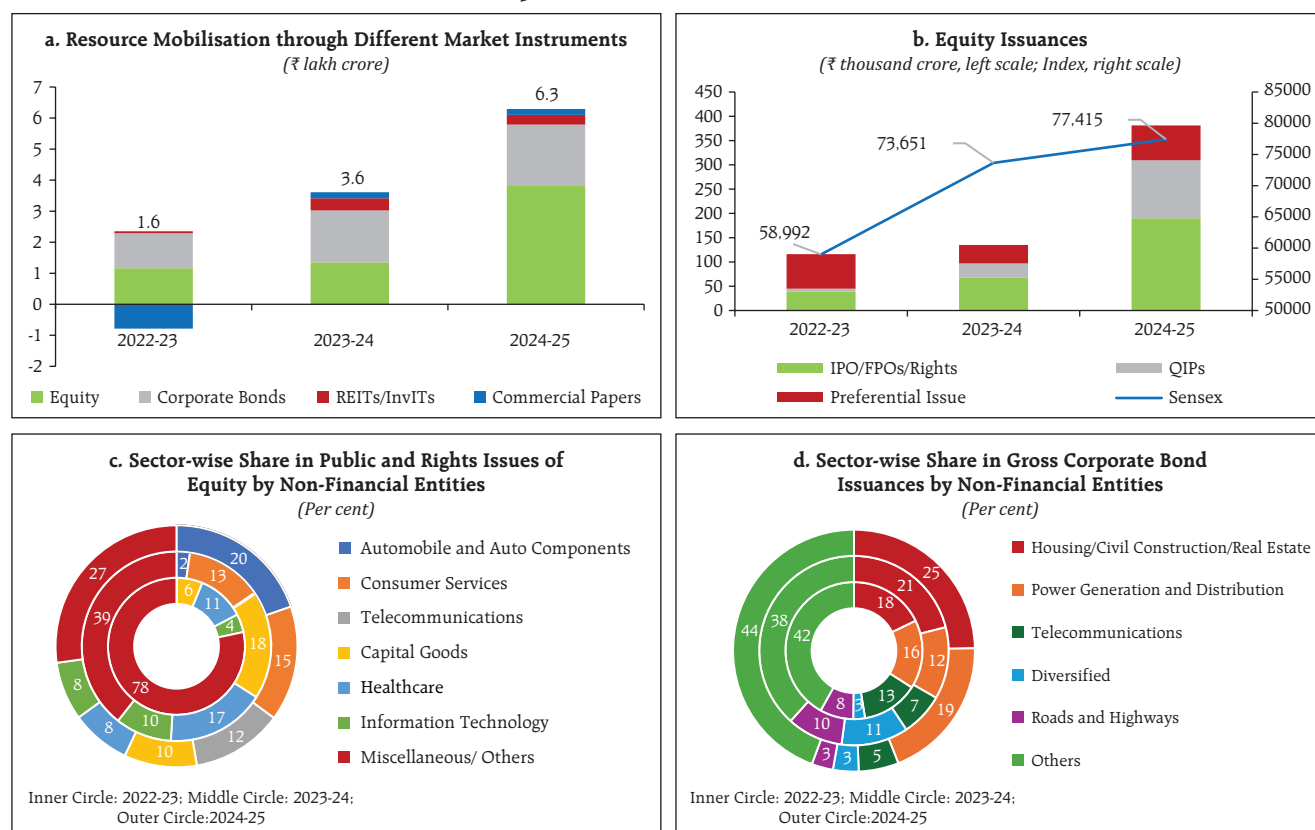
Corporate bond issuances from non-financial entities also increased in 2024-25 amidst a moderation in corporate bond yields. The monthly average yield on AAA-rated 3-year bonds of corporates fell by 33 bps in March 2025 *vis-à-vis* March 2024. Capital-intensive sectors such as housing, civil construction, real estate, power generation and distribution, and telecommunications emerged as major issuers, accounting for about half of the total resource

mobilisation by non-financial corporate sector in the bond market (Chart 5d). This reflects an increased reliance on market-based long-term debt to fund infrastructure and capacity-building projects.

Furthermore, hybrid market instruments such as Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) have become another avenue of funding. Although smaller in amount relative to equity and bonds, their growing contribution — evident in the increasing issuances over the past three years — indicates increasing investor appetite for asset-backed and income-generating vehicles.

For meeting short-term liquidity and working capital needs, highly rated corporates have continued

Chart 5: Flows from Market Sources



Note: In Chart 5a, equity includes resources raised by non-financial entities via IPOs, FPOs, Rights Issues, Qualified Institutional Placement and Preferential Allotment; and corporate bonds and commercial papers are net issuances by non-financial entities. Total of sector-wise share may not add up to 100 per cent due to rounding off.
Sources: SEBI; PRIME Database; and RBI staff estimates.

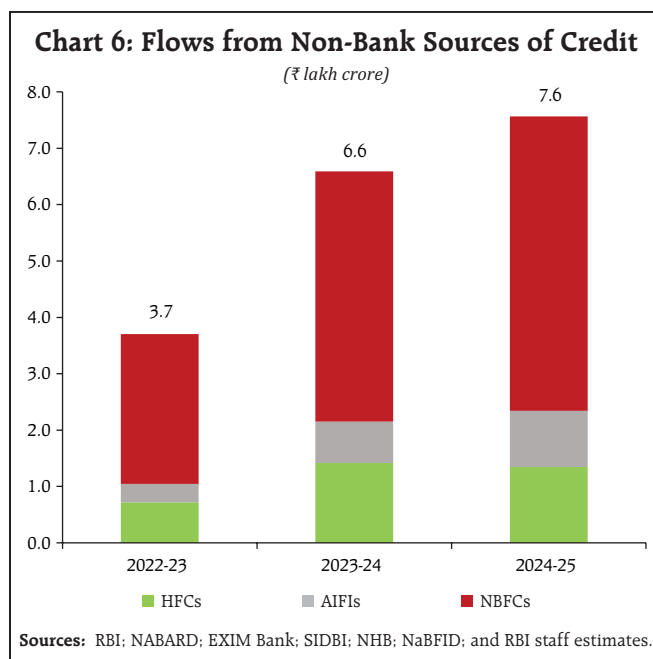
to access the Commercial Paper (CP) segment of the money market. CP issuances, while more volatile than other instruments, are influenced by several interrelated factors, including prevailing short-term interest rates, banking system liquidity, corporate credit ratings, and seasonal working capital cycles. Periods of monetary easing and surplus liquidity in the system generally support greater CP issuance, as corporates take advantage of lower borrowing costs. Conversely, in a tightening interest rate environment, CP issuance is likely to moderate due to rising yields and increased rollover risk. A stable monetary environment in 2023-24 and 2024-25 led to increased CP issuances following a decline in CP issuances in 2022-23 amidst tight monetary conditions.

IV.1.2. Non-Bank Sources of Credit

Among the major non-bank sources of credit in India, NBFCs, AIFIs, and HFCs play a pivotal role in complementing traditional banking channel. These entities have become increasingly important in facilitating credit access to sectors and borrower segments that are either underserved or inadequately served by the conventional banking system.

During the last three years, total credit extended by NBFCs, AIFIs, and HFCs witnessed consistent growth, reflecting their increasing role in India's credit ecosystem. However, among these three categories of entities, NBFCs have remained the dominant source of non-bank credit (Chart 6). Industry and retail sectors were extended a larger share of NBFCs' credit, with power sector accounting for bulk of the credit to industries at end-March 2024 (RBI, 2024b).² Further, in case of HFCs, housing loans to individuals constitute a significant portion of their credit.

² As per latest available data.



IV.2. Foreign Sources

External sources of funding, particularly Foreign Direct Investment (FDI), continue to play a critical role in supporting India's external financing needs while fostering long-term economic development. FDI – a stable and non-debt creating source of capital – contributes not only to the augmentation of domestic investment but also to broader structural gains. These include technology transfer, improved managerial practices, enhanced productivity, and increased integration into global value chains. Furthermore, FDI acts as a gauge of investor confidence and institutional credibility, thereby improving market sentiment and liquidity.

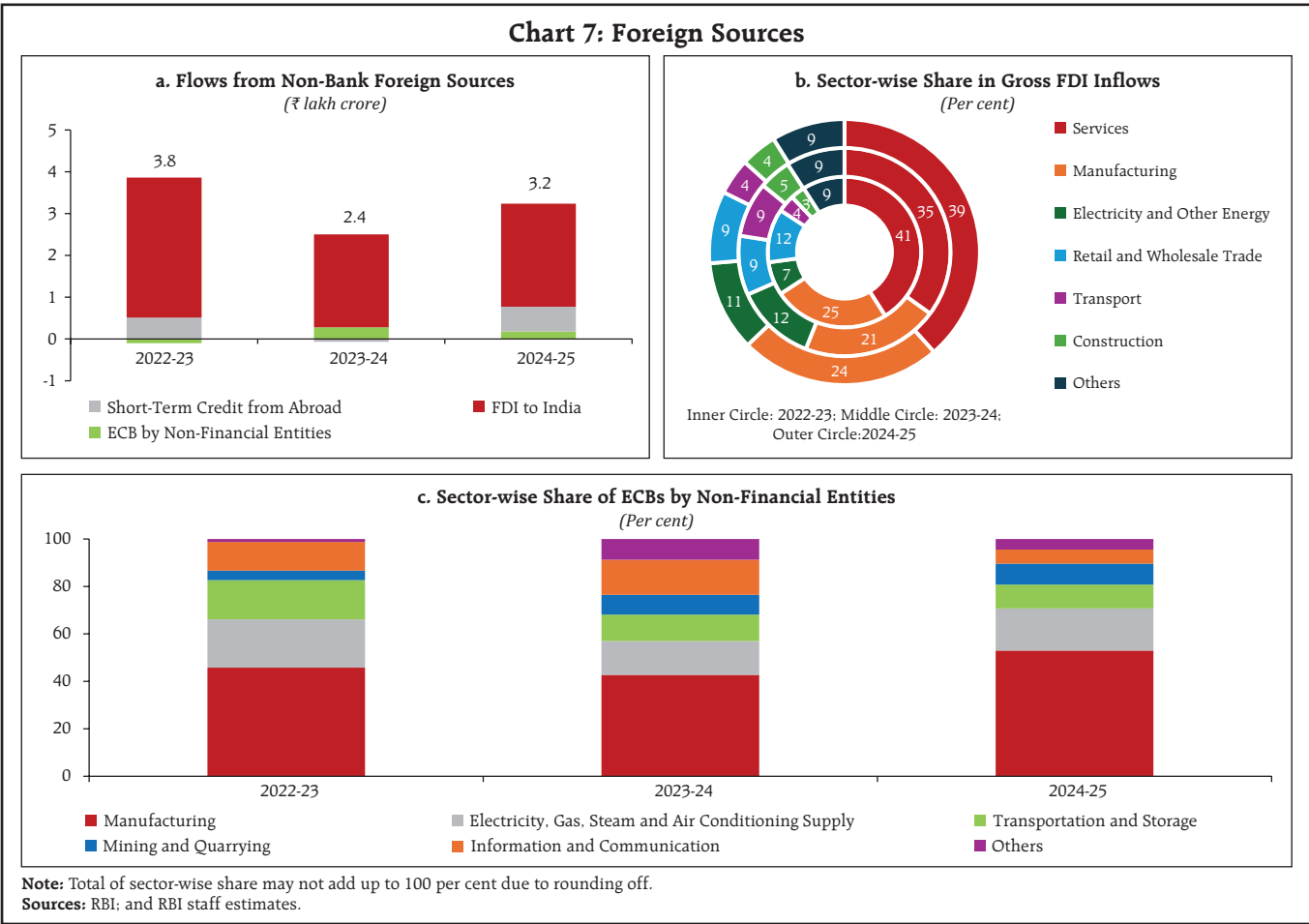
According to India's foreign investment policy, FDI entails investments through equity instruments by non-resident investors in either (a) unlisted Indian companies or (b) 10 per cent or more of the post-issue paid-up equity capital (on a fully diluted basis) of listed Indian companies. During 2024-25, net FDI flows to India increased despite an increase in repatriation (Chart 7a). The services sector accounted for the largest share of gross FDI inflows in 2024-

25, followed by manufacturing, electricity and other energy sectors, retail and wholesale trade, and transport (Chart 7b).

External Commercial Borrowings (ECBs) remain an important channel for corporates to access long-term foreign capital.³ ECBs mostly require a minimum average maturity of three years and are subject to regulatory ceilings on cost and end-use restrictions. During the last three years, net ECB flows to non-financial entities have exhibited significant variability, reflecting global interest rate cycles, shifting global liquidity conditions and repayment obligations. Among non-financial sectors, manufacturing, and electricity, gas, steam and air conditioning supply

sectors account for the largest share in ECBs (Chart 7c). In terms of end-use of funds, more than half of total ECBs is used on capital or capacity expansion such as import or local sourcing of capital goods, new projects, modernisation and overseas acquisitions, while about a third is used for the repayment of earlier ECBs and outstanding rupee loans.⁴

Short-term credit from abroad (*i.e.*, short-term trade credit) has witnessed a positive correlation with the performance of India's merchandise trade during the last three years. In 2024-25, short-term credit from abroad increased amidst a rebound in India's merchandise imports.



³ ECBs include loans including bank loans, floating/ fixed rate notes/ bonds/ debentures (other than fully and compulsorily convertible instruments), trade credits beyond three years, foreign currency convertible bonds (FCCBs), foreign currency exchangeable bonds (FCEBs), financial lease, and the plain vanilla Rupee denominated bonds issued overseas (which can be either placed privately or listed on exchanges as per host country regulations).

⁴ Based on average for last three years.

V. Outstanding Credit to Commercial Sector

The outstanding non-food bank credit increased to ₹182.1 lakh crore (55.1 per cent of GDP) at end-March 2025 from ₹164.1 lakh crore (54.5 per cent of GDP) at end-March 2024 (Appendix Table A1). Similarly, the outstanding credit from non-bank sources rose to ₹88.9 lakh crore (26.9 per cent of GDP) from ₹77.6 lakh crore (25.7 per cent of GDP) during this period.⁵ Consequently, total outstanding credit from banks and non-bank sources to the commercial sector increased to ₹270.9 lakh crore (81.9 per cent of GDP) at end-March 2025 from ₹241.7 lakh crore (80.2 per cent of GDP) at end-March 2024.

VI. Conclusion

A gradual liberalisation of the Indian financial system has facilitated the creation of diverse sources of funding for the commercial sector. While banking system remains a major source of financing for the commercial sector in India, non-bank sources (both domestic and foreign) have also emerged as important sources of finance in recent years. Therefore, it is imperative to analyse the total flow of financial resources to the commercial sector taking into account the flows from both banks and non-bank sources.

In 2024-25, although the flow of credit from banks to the commercial sector moderated, the flows from non-bank sources more than offset the moderation in bank credit, resulting in a rise in flows to this sector. The moderation in bank credit flow in 2024-25 may be mainly attributable to a slowdown in credit to the targeted segments emanating from an increase in risk weights on unsecured credit in November 2023 aimed at strengthening financial stability.

The outstanding credit from banks and non-bank sources as per cent to GDP increased at end-March 2025 from their levels at end-March 2024. Consequently, overall outstanding credit to the commercial sector in India as per cent to GDP rose during this period.

References:

- RBI (2024a). The changing nature of the financial system: implications for resilience and long-term growth in emerging market economies. *BIS Papers* No. 148, 159-180.
- RBI (2024b). *Report on Trend and Progress of Banking in India 2023-24*.

⁵ Data on non-bank sources excludes issuances of equities and hybrid instruments under domestic sources and foreign direct investment in equities under foreign sources.

Appendix

Table A1: Outstanding Credit to Commercial Sector in India (As at end-March) (Amount in ₹ crore; Figures in parentheses are per cent to GDP)			
Source	2023	2024	2025 P
A. Non-Food Bank Credit	1,36,55,330 (50.8)	1,64,09,083 (54.5)	1,82,07,441 (55.1)
B. Non-Bank Sources (B1 + B2)	74,43,091 (27.7)	77,56,314 (25.7)	88,85,434 (26.9)
B1. Domestic Sources	53,95,038 (20.1)	56,59,037 (18.8)	66,37,411 (20.1)
1. Corporate Bond Issuances by Non-Financial Entities	16,58,140	18,25,514	20,23,310
2. Commercial Paper Issuances by Non-Financial Entities	89,816	1,09,528	1,28,347
3. Credit by Housing Finance Companies (Net of Bank Borrowings)	10,39,420	5,98,965	6,27,125
4. Credit by RBI-regulated All India Financial Institutions	3,51,224	4,24,610	5,24,111
5. Credit by Non-Banking Financial Companies (Net of Bank Borrowings)	22,56,439	27,00,421	33,34,518
B2. Foreign Sources	20,48,053 (7.6)	20,97,277 (7.0)	22,48,023 (6.8)
1. External Commercial Borrowings by Non-Financial Entities	10,29,403	10,71,240	11,33,592
2. Short-term Credit from Abroad	10,18,650	10,26,037	11,14,432
C. Total Credit (A+B)	2,10,98,421 (78.5)	2,41,65,397 (80.2)	2,70,92,875 (81.9)

P: Provisional.

- Notes:** i) Non-food bank credit pertains to scheduled commercial banks (SCBs) and excludes credit extended by co-operative banks. Including credit extended by co-operative banks (viz., urban co-operative banks, state co-operative banks, and district central co-operative banks), non-food bank credit at end-March 2023 and 2024 stood at ₹1,46,22,252 crore (54.4 per cent of GDP) and ₹1,74,63,724 crore (58.0 per cent of GDP), respectively. Accordingly, total outstanding credit at end-March 2023 and 2024 stood at ₹2,20,65,343 crore (82.1 per cent of GDP) and ₹2,52,20,038 crore (83.7 per cent of GDP), respectively.
- ii) Data on non-bank sources excludes issuances of equities and hybrid instruments under domestic sources and foreign direct investment in equities under foreign sources.
- iii) In case of corporate bonds, the outstanding data for end-March 2024 and 2025 are based on SEBI's new series of data on bonds issued by financial and non-financial corporations. The outstanding data for end-March 2023 is worked out by adjusting the flow of 2023-24 from outstanding data for end-March 2024.
- iv) Flows based on outstanding data may not tally with the flows provided in Table 1 due to:
- Merger of HDFC Limited with HDFC Bank on July 1, 2023;
 - Conversion of some Housing Finance Companies into Non-Banking Financial Companies; and
 - Valuation effect in case of foreign sources.
- v) Data is exclusive of current and non-current trade payables representing domestic liabilities in case of non-financial non-government public and private limited companies as data are not available.

Sources: RBI; SEBI; NABARD; EXIM Bank; SIDBI; NHB; NaBFID; and RBI staff estimates.

The Untold Story of FinTech Customers' Experience

by Ashish Khobragade, Sakshi Awasthy, Mantisha and Rakhe Balachandran [^]

Understanding user experience is crucial for advancing FinTech innovations and shaping customer-centric policies. This study analyses 5.69 million FinTech app reviews using machine learning techniques to uncover sentiments and key concerns in India's FinTech ecosystem. Results reveal a generally positive user experience, with emotions like trust and joy dominating across sectors. Topic modelling identifies customer support, technical and app functionality, and loan-related concerns. Empirical findings from the fractional probit model highlight the positive, albeit diminishing, impact of market share on favourable review sentiment, while data privacy and app updates emerge as significant drivers.

Introduction

FinTechs have become pivotal in reshaping key financial segments, including payments, credit and investment, thus, transforming the financial service delivery across nations. The extant literature notes that high transaction speed, personalisation, security and transparency are driving customer preferences for FinTech innovations (Feyen *et al.*, 2023). India, the world's third-largest and fastest-growing FinTech ecosystem, is emerging as a global leader in digital finance (RBI, 2024). With over 10,000 FinTech startups—the country ranks as the second-largest app market globally, recording 26.4 billion downloads

in 2023 (Tracxn, 2024; Statista, 2024). Finance apps alone account for 481 million downloads, led by digital wallet and payment apps (100 million), personal loan apps (93 million), and investment apps (64 million) in Q4 2023 (Statista, 2024). Over the past decade, FinTech funding has grown at a robust 21 per cent compound annual growth rate (CAGR), driven by global liquidity post-pandemic, with payments and alternative lending segments dominating fundraising (Tracxn, 2024; Saroy *et al.*, 2023). Adoption is particularly high among younger users, with 52 per cent being under 25 years and 51 per cent coming from semi-urban and rural areas (TransUnion CIBIL, 2023). To foster responsible innovation, the Reserve Bank has launched initiatives like the Regulatory Sandbox, the RBI Innovation Hub, and digital lending norms and SRO framework for FinTechs, balancing consumer protection and systemic stability. Looking ahead, India's FinTech market is projected to grow from \$110 billion to \$420 billion over the next five years, with a CAGR of 31 per cent (Chaudhary, 2024).

The thriving FinTech ecosystem, while promising, often masks the underlying challenges faced by customers as diverse users onboard and FinTech business models rapidly evolve to meet their varied needs. A customer-centric approach—grounded in understanding customer needs, safeguarding their interests and building trust—requires embedding continuous feedback mechanisms into business strategies (Das, 2023). Traditional methods to address these issues, including usability testing (Nielsen, 1993), surveys, and focus groups (Morgan, 1993) are limited by scalability, high cost, time lags and potential user or surveyor bias. A novel method, which is superior to formal surveys, is analysing online reviews for eliciting near real-time customer feedback. With mobile applications (or apps) as

[^] Ashish Khobragade, Sakshi Awasthy and Rakhe Balachandran are from Department of Economic and Policy Research (DEPR), Reserve Bank of India (RBI), and Mantisha was a research intern in DEPR, RBI. Authors are thankful to Shri Sarat Dhal for valuable comments and suggestions. The views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

primary interfaces, users increasingly share feedback through ratings and reviews (Huebner *et al.*, 2018), influencing app adoption and purchase decisions (Burgers *et al.*, 2016). However, the sheer volume, unstructured formats, spelling errors, emoticons, and multilingual content—often mixing English with regional languages—pose significant methodological challenges.

Understanding user experience is crucial for advancing FinTech innovations and shaping customer-centric policies. This study analyses 5.69 million FinTech app reviews using advanced machine learning techniques such as Distilled Bidirectional Encoder Representations from Transformers (DistilBERT) and BERTopic to uncover sentiments and key concerns in India's FinTech ecosystem. Results reveal a generally positive user experience, with emotions like trust and joy dominating across sectors. Topic modelling of negative reviews identifies customer support, technical and app functionality, and loan-related concerns. Empirical findings from the fractional probit model (FPM) highlight the positive, *albeit* diminishing, impact of market share on favourable review sentiment, while data privacy and app updates emerge as significant drivers. When interpreting the study's results, it is important to note that negative app reviews may have prompted remedial actions by corresponding FinTechs, though customers may not have updated their reviews. Nonetheless, recurring issues across apps highlight their prevalence and warrant attention from FinTechs, SROs and policymakers.

The study is organised as follows: Section II reviews the relevant literature. Section III details the data and methodology, while Section IV presents the major findings. Section V concludes with some policy perspectives.

II. Literature review

The proliferation of social networks, online consumers and user-friendly application interfaces has significantly increased the volume of data, creating new opportunities for text-based research (Zhao *et al.*, 2020). App reviews have emerged as a valuable crowd-sourced indicator of user satisfaction (Vasa *et al.*, 2012). Despite the diverse insights these reviews offer regarding user expectations and app usage, the systematic and timely analysis of the growing volume of reviews across numerous apps remains a significant challenge (Huebner *et al.*, 2018).

Machine learning techniques have become essential for extracting nuanced insights from large sets of unstructured data (Pang and Lee, 2008). Evidence suggests that applying sentiment analysis to identify customer emotions such as trust, joy, fear, and anger (Omotosho, 2021) enhances understanding of user feedback regarding bank responsiveness, app functionality and operational failures (Balcioğlu, 2024). Topic modelling techniques have also been extensively used to extract valuable insights into app quality and sales (Khalid *et al.*, 2014; Liang *et al.*, 2015). Factors driving app satisfaction include the number of downloads, app category (Pagano and Maalej, 2013), app functionalities (Luiz *et al.*, 2018), and benefits like delivery efficiency and customer support (Kumar *et al.*, 2023). Factors such as ease of use, perceived usefulness, perceived value, performance expectancy, user experience, and perceived quality have also been identified for FinTech mobile apps using a set of relevant words (Perea-Khalifi *et al.*, 2024). Policy makers worldwide are increasingly leveraging data analytics tools to analyse user-generated content, such as social media posts, to inform decision-making and policy development (Driss *et al.*, 2019). Furthermore, app review data can serve as an early-warning system for predicting fraud and default rates (Pranata *et al.*, 2019).

In the Indian context, while studies have applied machine learning to extract insights from short-text social media data (Trivedi and Singh, 2021), research on user experiences in FinTech apps using online reviews remains limited. A study on a peer-to-peer (P2P) lending app revealed that users were generally satisfied with loan processing times, with less emphasis on ease of use, cost and risk (Gupta and Mahajan, 2023). Another study demonstrated the positive impact of the Reserve Bank of India's 2017 P2P lending guidelines on user sentiments, as assessed by the Valence Aware Dictionary and Sentiment Reasoner (VADER) model (RBI, 2024).

Against this backdrop, the paper seeks to offer a thorough assessment of user adoption and satisfaction of Fintech applications. Unlike previous studies, this research utilises a larger sample size and explores a wider range of factors, including app attributes, functionalities, company funding stages, FinTech categories, privacy issues, and regulatory affiliations.

III. Data and Methodology

III.1 Sample Selection

This study analyses a sample of 107 business-to-consumer (B2C) FinTechs in India, comprising 61 alternative lending apps, 25 payments apps and 21 banking tech app.¹ These FinTechs were identified using Tracxn database² and subsequently mapped to the Google Play Store. The final selection of associated apps was based on four criteria: (a) FinTech follows a B2C business model; (b) FinTechs which have

primary business line as either payment or lending or banking; (c) FinTechs which have crossed the threshold average deadpool age of three years (*i.e.*, launched in or before 2022)³; and (d) apps having minimum of 50 reviews.

III.2 Data Collection

The open-access Python package *google-play-scraper* (JoMingyu, 2019) was used to extract app reviews. Over 5.69 million reviews, spanning April 2022 to August 2024, were collected, along with app-specific data like unique installations, review counts and major app updates. Two factors guided the selection of the study period: first, exclusion of potential distortions from the COVID-19 pandemic on user sentiments and second, relevance from a policy perspective. Analysing outdated reviews may not reveal current challenges in Indian FinTech ecosystem, which require timely corrective measures.

Privacy and data safety policies for each app were also compiled, covering aspects like permissions requested. Privacy data include an overview of more than 13 types of permissions that applications may request from users, such as identity, contacts, location, SMS, phone details, photo/media/files, storage, camera, microphone, WiFi connection, device and call information and others. FinTech-specific data, including year of incorporation, funding raised, founder backgrounds, funding stage and annual revenue, were sourced from the Tracxn database.⁴ Major app updates were extracted from the respective app pages on the Google Play Store. All the non-categorical variables were aggregated (averaged) at the app level for the subsequent cross-sectional analysis.

¹ Alternative lending, payments and banking tech apps are apps that have lending, payments and banking as their primary business lines, respectively. It is possible that FinTech categories may overlap, thus, the primary business model is taken for classification into these categories.

² FinTechs in the domains of payments, alternative lending and banking technology, were shortlisted from Tracxn, a market intelligence platform, and verified through their respective official websites, yielding 376 valid firms. These account for about 60 per cent of total funding raised by B2C FinTechs in India, with an even higher share for app-based firms. After excluding acquired entities without standalone financials, 107 FinTechs with 5.69 million reviews were retained, forming a robust and representative sample for analysing customer concerns.

³ The average deadpool age is computed from 429 deadpooled B2C FinTechs in banking tech, payments, and lending identified from Tracxn, where 'deadpool' denotes firms that cease to exist. To ensure meaningful sentiment analysis and relevance for policy making, the study focuses only on operational FinTechs older than three years, with defunct or very new apps excluded. Any selection bias is minimal, and FinTech age is controlled for in the empirical analysis.

⁴ Accessed as on September 26, 2024.

III.3 Sentiment Analysis

Sentiment analysis is performed to identify review sentiments such as positive, negative, or neutral in line with extant literature (Omotosho, 2021; Mishev *et al.*, 2020). In the FinTech sector, sentiment analysis and deep learning models have been applied to assess user satisfaction and identify customer concerns in FinTech applications (Masturoh and Pohan, 2021; Al Ryan *et al.*, 2023; Huebner *et al.*, 2018). Natural Language Processing (NLP) tasks involving pre-trained language models typically employ either feature-based or fine-tuning approaches.⁵ In the Indian context, where digital texts often mix regional languages such as Hindi with English, fine-tuned models like BERT have shown superior performance (Wadhawan and Aggarwal, 2021). Accordingly, this study employs a fine-tuned DistilBERT, a faster and smaller transformer-based model (Sanh, 2019).

For training the data, a random sample of 4000 observations⁶ was drawn from the dataset. Each review in the sample was manually labelled into three sentiments, *viz.*, positive, negative, and neutral. This pre-trained DistilBERT-based uncased model was fine-tuned on the labelled data to classify each review into the aforementioned three sentiment categories. In terms of performance of the trained data, DistilBERT model showed higher accuracy than VADER (Table 1).⁷ Moreover, the training data was fairly balanced between positive and negative reviews in DistilBERT, making it the preferred model.⁸

⁵ The feature-based approach relies on predefined word features to assign sentiment scores, as seen in VADER. VADER, a lexicon and rule-based sentiment analysis model, is particularly effective among machine-learning-oriented techniques (Hutto and Gilbert, 2014). In contrast, the fine-tuning approach involves adjusting pre-trained models like BERT (Devlin *et al.*, 2018) to classify text into sentiment categories.

⁶ The size of the labelled dataset is sufficient as the difference in accuracy score in train and test data predictions is one per cent, indicative of no overfitting or underfitting.

⁷ Accuracy is the proportion of all classifications that were correct, whether positive or negative. It is computed as: $(\text{True Positive} + \text{True Negative}) / (\text{True Positive} + \text{True Negative} + \text{False Positive} + \text{False Negative})$.

⁸ With neutral reviews at ~1 per cent, excluding them simplifies the analysis to focus on the imbalance between positive and negative reviews, making it a binary classification problem.

Table 1: Accuracy Scores of Review Sentiment Classifiers

Model	(in per cent)	
	Training Set	Test Set
VADER	81.5	81.6
DistilBERT	97.46	96.1

Source: Authors' calculations.

III.4 Emotion Classification

The National Research Council (NRC) - Canada emotion classifier, a rule-based approach, is used to ascertain the eight types of emotions associated with user adoption of FinTech apps, *viz.*, 'trust', 'anticipation', 'joy', 'surprise', 'sadness', 'fear', 'anger', and 'disgust' (Mohammad and Turney, 2013). However, the emotion 'surprise' is excluded from this study due to ambiguity regarding its positive or negative connotation.

III.5 Topic Modelling

To uncover customer concerns in FinTech applications, topic modelling on labelled negative reviews is employed. Traditional methods like Latent Dirichlet Allocation (LDA) and Non-negative Matrix Factorisation (NMF) can yield homogenous or overly broad topics, as their efficacy decreases with short, unstructured, and complex text (Egger and Yu, 2022). In contrast, BERTopic, a neural network model, provides more meaningful and consistent insights (Grootendorst, 2022; Krishnan, 2023). Thus, a semi-supervised BERTopic with Term Frequency-Inverse Document Frequency (TF-IDF) is applied to negative reviews across FinTech app segments. A topic model, one for each category of app, was trained on a sample of reviews.⁹ The trained models were then used

⁹ To construct a robust and well-generalised BERTopic models, diverse and representative samples of reviews were extracted for training from reviews spanning April 2022 to August 2024. The models were trained on a smaller sample due to computing constraints, with each iteration using a random subset of 30,000–40,000 reviews, resulting in category-wise sample shares of 10, 20 and 30 per cent alternative lending, payments and banking tech apps, respectively. These trained models were then used to predict topics on a more recent set of reviews (April 2023 – August 2024), ensuring robust classification across evolving trends in customer reviews.

to classify the remaining reviews into identified topics.¹⁰ Only reviews exceeding 30 characters were analysed, resulting in 5,37,611 reviews; comprising 2,77,003 reviews for Alternative Lending, 1,90,594 for Payments, and 70,014 for Banking Tech. From the topic model output, only coherent and specific clusters were considered for analysis, thereby retaining 26.3 per cent of reviews in Alternative Lending, 25.4 per cent in Payments, and 33.7 per cent in Banking Tech in the final analysis. For brevity and better comprehension, topics were later manually clubbed in 11 broad themes.

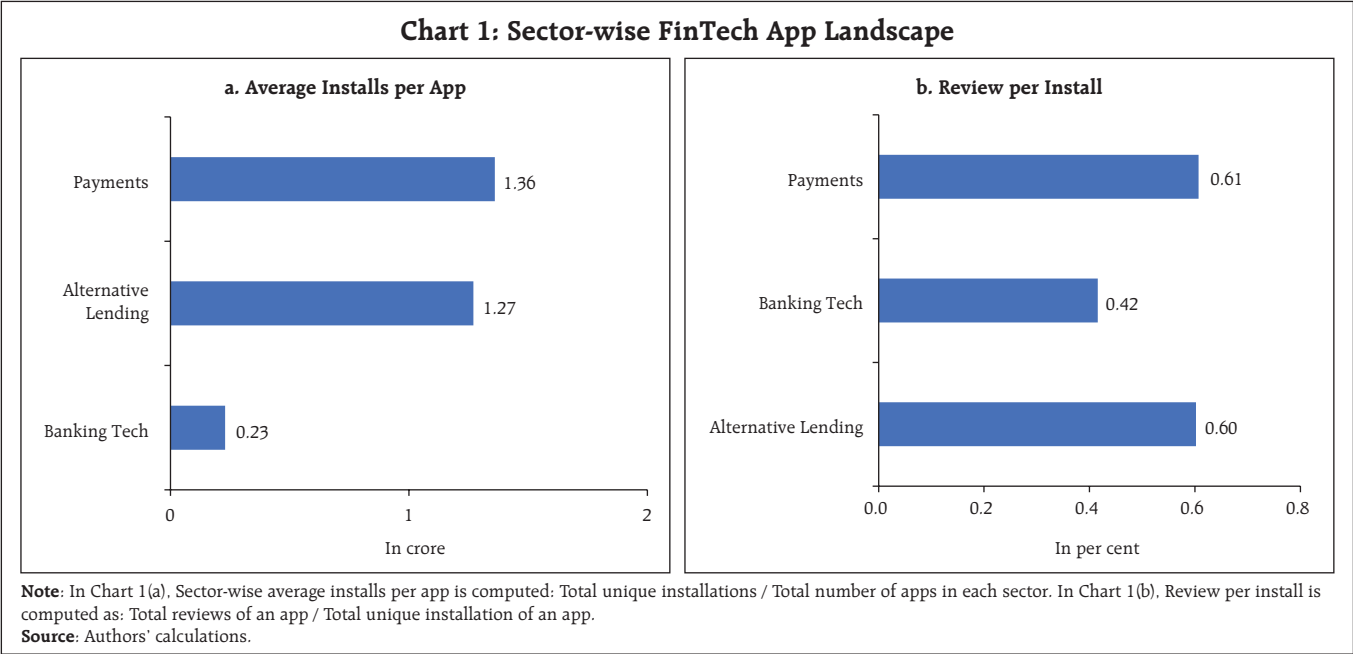
IV. Empirical Results

IV.1 Stylised Findings

Among the three sectors under study, viz., payment, lending and banking,¹¹ apps with payment or lending as their primary business are more likely to get installed than banking (Chart 1a). The likelihood of receiving a review per unique FinTech

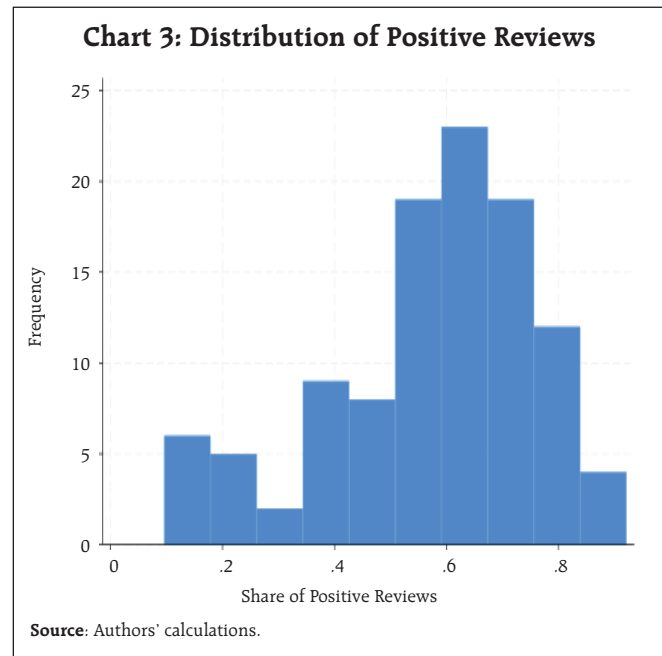
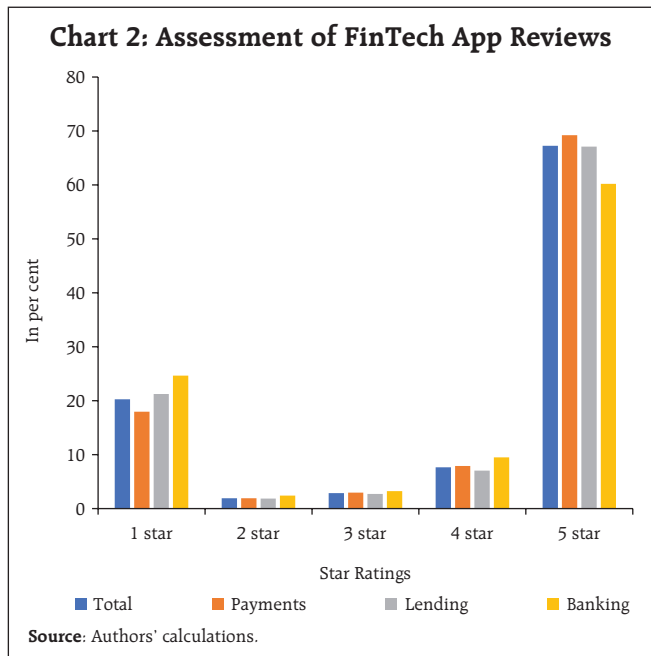
app installation is 0.54 per cent, marginally higher for payment and lending apps (0.6 per cent) compared to banking technology apps (Chart 1b). *Albeit*, the apps under study have received around six million reviews during the last two years, providing ample opportunities to understand the major customer concerns.

FinTech reviews are polarised in India, with around 20 per cent of total reviews belonging to one star and 67 per cent of total reviews belonging to five stars (Chart 2). Thus, these extreme reviews account for almost 87 per cent of total reviews in the FinTech ecosystem. In terms of sentiment analysis, the numbers may vary. The divergence in sentiments between ratings and reviews can be attributed to the underlying metrics: while ratings reflect the overall number of responses, including those without written feedback, sentiment analysis is confined to the sub-sample of worded reviews, suggesting that consumers with extreme experiences are more likely to leave a



¹⁰ Since the BERTopic identifies reviews with dominant topic, reviews were classified into 295, 191, and 185 topics for alternative lending, payments and banking tech, respectively. Similar topics were clubbed into 11 broad themes (reported later in Table 3); while vague and incoherent topics were dropped.

¹¹ Four outlier apps in terms of total installs (two payment apps and two banking apps) are excluded while calculating the average installs per app for each of these sectors.



worded review as compared to others (Schoenmueller *et al.*, 2020; Hu *et al.*, 2017). Further, there also exists a positive imbalance in FinTech reviews, which means that the share of positive reviews received by most of the apps is higher than the share of negative reviews.

Notably, 61.7 per cent of all FinTech apps studied received a share of positive reviews in the 50 to 80 per cent range. A smaller share of apps (7 per cent) received less than 20 per cent positive reviews. Thus, the distribution of mean positive reviews is slightly negatively skewed in the Indian FinTech ecosystem (Chart 3). Among the FinTech apps that were below the overall positive average, 58 per cent belong to payments sector, 22 per cent belong to alternative lending and 20 per cent belong to the banking tech sector.

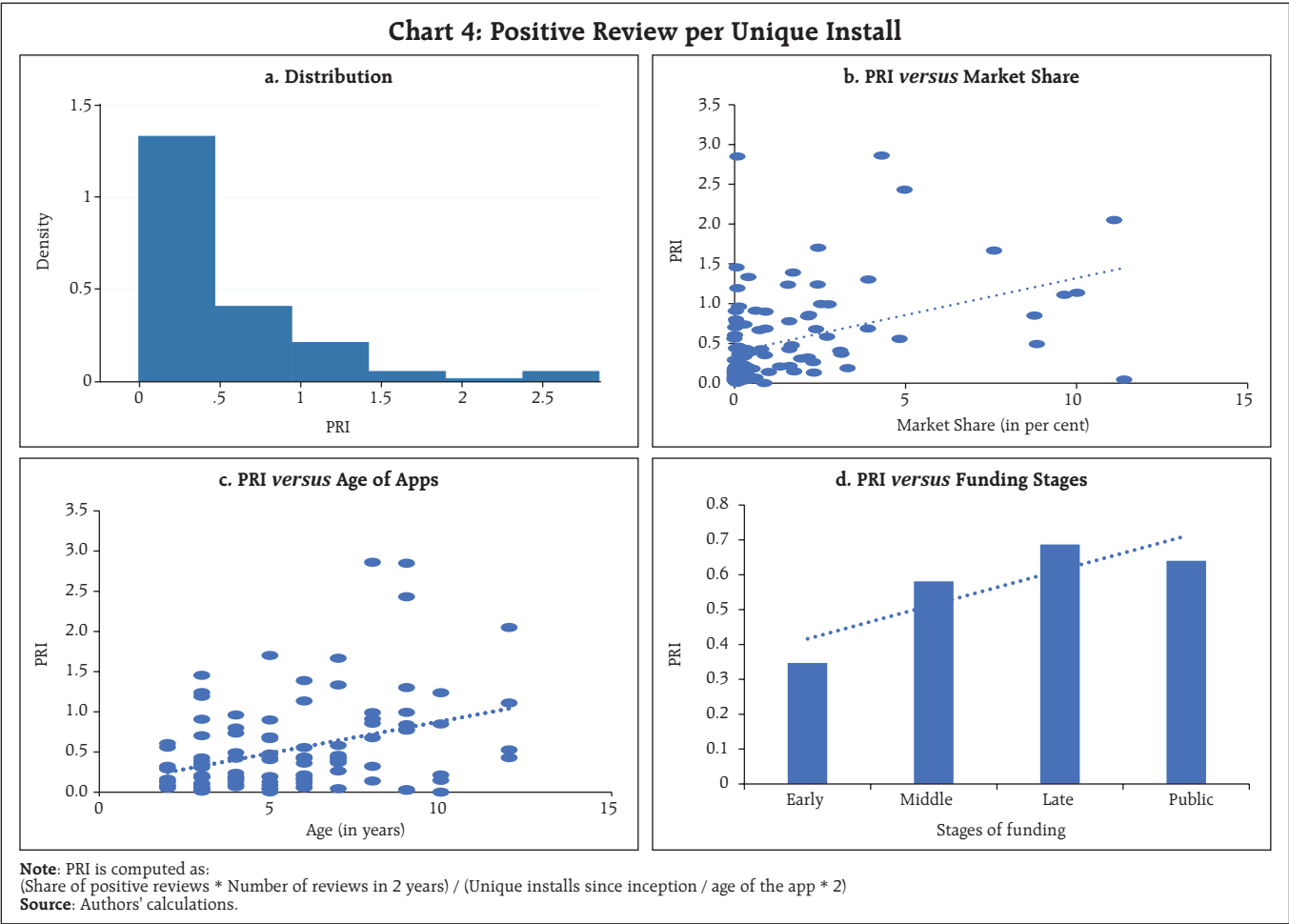
Positive reviews per unique installation (PRI) of the app may be more relevant since majority of customers do not leave a review. PRI is positively skewed with majority of the apps having PRI below 1 (Chart 4a). PRI varies according to characteristics of FinTech apps. PRI increases with the segment-wise market share of the apps in terms of installs (Chart 4b).

The PRI also increases with age as the FinTechs cross the average age of being deadpooled (*i.e.*, 3 years) [Chart 4c]. Similar relationship is observed with the funding stages of FinTechs, with an initial increase from early stage to late stage followed by a mild decline for public FinTechs (Chart 4d).

IV.2 Analysis of Emotions in Reviews

Emotional expressions in the customer reviews provide more insights regarding the satisfaction or dissatisfaction of customers. Following standard literature, this study examines three positive emotions (trust, anticipation of better outcomes and joy) and four negative emotions (disgust, sadness, fear and anger) [Omotosho, 2021].

The most positive emotion associated with the Indian FinTech ecosystem is trust across all sectors, followed by anticipation of a good outcome and joy. Across sectors, around 50 per cent of customers have expressed trust with the FinTech ecosystem. Among the negative emotions, the most expressed emotion is anger, followed by sadness, fear and disgust. Anger is expressed by 14 per cent of customers.



Overall, positive emotions dominate in all sectors, reflecting a generally favourable sentiment, but negative emotions warrant attention for targeted improvements (Table 2).

Table 2 : Sector-wise Emotion Classification				
(in per cent)				
Emotions	Alternative Lending	Banking Tech	Payments	Total
Positive Emotions				
Trust	47.63	53.31	48.62	48.98
Anticipation	43.50	44.21	43.90	43.73
Joy	40.69	42.05	43.25	41.55
Negative Emotions				
Anger	13.68	15.35	14.99	14.31
Sadness	13.10	12.86	13.10	13.05
Fear	11.11	10.86	11.27	11.10
Disgust	10.26	8.28	8.50	9.46

Note: Presence of emotions is scaled to total reviews in the sample period, providing an overview regarding the percentage of customers that expressed an emotion.

Source: Authors' calculations.

IV.3 Topic Modelling of Negative Reviews

Negative reviews can function as an effective feedback mechanism from customers to FinTechs, and can also provide macro-level insights to policy makers. Employing topic modelling on negative reviews based on their embedded key messages represents an innovative approach to understanding the overarching challenges faced by customers. Major issues highlighted by the sector-wise analysis of negative reviews using topic modelling are provided in Table 3.

A major concern identified across sectors is customer support and service (CSS), which emerges as the most significant concern for banking technology customers, and the second-largest for payment tech and alternative lending tech users. Within this

Table 3: Major Concerns of FinTech Customers

(in per cent)

Broad Concerns	Alternative Lending	Payments	Banking Tech
Credit/Loan related	52.02	15.64	4.66
Customer support and service	11.19	20.52	35.90
Technical issues and app functionality	7.39	23.74	35.27
High interest rates and hidden charges	6.78	10.93	0.31
Payment Processing and Settlement Related Issues	7.18	7.96	9.93
Account related	6.54	6.02	3.99
Cashback/Rewards	3.21	7.83	0.99
Harassment and unethical practices	1.38	0.21	0.93
KYC and verification related issues	1.77	6.41	3.96
Promotional messages and misleading advertisements	0.87	0.58	0.52
User data and privacy	1.68	0.16	3.54

Note: Figures indicate per cent of reviews in the total number of final reviews in each category.

Source: Authors' calculations.

category, key issues include unresponsive customer support such as delayed or no responses to emails, calls, or chat queries; lack of effective escalation mechanisms and inadequate resolution for critical or urgent issues or difficulties in reaching out to a human agent; rude or unprofessional behaviour from customer support staff; poor handling of technical issues, loan repayment problems, or account-related queries; automated and generic responses without actionable solutions to user complaints; frustration with limited or unavailable support channels such as missing customer care numbers; and lack of effective resolution despite multiple communication and grievance escalation.

Another major concern is technical issues and app functionality, which is the most prominent issue for payment tech apps, the second-largest for banking tech, and the third-largest for alternative lending tech. Specific issues include frequent app crashes, freezing and loading failures, inability to login, and email, employment status and one-time

password (OTP) verification issues. Customers also face slow app performance, server downtimes, and update delays, alongside persistent bugs, glitches, and compatibility issues. Errors in essential features such as payment processing, Know Your Customer (KYC), and data synchronisation are prevalent, as are issues following app updates, including functionality disruptions and forced reinstallation. Other issues include missing basic features such as scan-and-pay and problems with available features like biometric authentication, unified payments interface setup, password resets and repeated malware warnings.

For alternative lending tech app users, loan and credit-related issues account for over 50 per cent of complaints. Specific issues under this broad concern can be categorised into three sub-topics, viz., loan application and approval issues, credit limit related issues and data discrepancy issues. Loan application related issues include delayed processing of loan applications or applications remaining under review for extended periods, approved loans not being disbursed, and loan and offer rejections without clear reasons or transparency. Credit limit issues include issues with loan eligibility after repayment, including repeated rejections despite good credit scores or payment history, low initial credit limits or credit limit reductions (after application) without justification, and inability to increase credit limits despite timely repayments. Customers have also pointed out data discrepancy issues such as errors in sanctioned *versus* disbursed loan amounts, inaccurate or delayed updates to credit rating agencies and negative impacts on credit scores due to errors in reporting or hidden penalties. Additionally, the topic modelling analysis did not bring out prevalence of fraudulent apps in the ecosystem. This is because of the removal of fraudulent lending apps from the Play Store by the Reserve Bank of India and Self-Regulatory Organisations (SROs), in an effort to reduce digital lending frauds.

IV.4 Determinants of FinTech Apps' User Experience – An Econometric Analysis

Customers are expressing their sentiments in reviews as presented in the previous sections. In this section, the determinants of positive review sentiments are analysed using FPM, since the dependent variable - share of positive reviews of apps - lies between zero and one.

Three variants of the FPM, *viz.*, the full sample (Model 1), the full sample excluding outliers (Model 2) and a trimmed sample by excluding observations beyond ± 1.78 standard deviations from the mean of the dependent variable (Model 3)¹² are presented (Table 4; Average Marginal Effects are reported in Annex - Table 1). The preferred model is Model 2, which provides estimation on the full sample by excluding outliers. As alluded to earlier, since not all FinTech app users leave reviews and reviews are often polarised, the regression controls for review per install (RPI) and review polarity¹³.

The model indicates that the share of positive reviews flattens after reaching a certain age threshold. Further, apps with a larger market share exhibit a significantly higher proportion of positive reviews. This relationship, however, diminishes over time. Age, reflecting the survival dynamics of apps, and market share, representing business expansion strategies of apps, collectively highlight the alignment of positive reviews with the performance of individual apps within the FinTech ecosystem.

Two additional app-specific characteristics that significantly influence the share of positive app reviews are data privacy and major app updates.

¹² The upper bound, corresponding to the maximum value of the share of positive reviews (dependent variable), is 0.921049. To exclude a proportionate number of apps with lower shares of positive reviews, 1.78 standard deviation from the mean was selected.

¹³ Polarity is computed as the sum of number of 1 and 5 star rated reviews as a share of total reviews.

Table 4: Drivers of FinTech Apps' User Experience Summarised Fractional Probit Regression Outputs

Dependent Variable: Share of Positive Reviews	(1)	(2)	(3)
Variables	Baseline	Baseline Excluding Outliers	Trimmed Sample- 1.78 SD
Age @	0.114* (0.068)	0.103 (0.065)	0.115** (0.058)
Age ²	-0.011** (0.006)	-0.011* (0.005)	-0.010** (0.005)
Log of total funding	0.020 (0.023)	0.022 (0.025)	0.003 (0.023)
Medium data collection #	0.860*** (0.297)	0.597** (0.244)	0.118 (0.073)
High data collection #	0.662** (0.316)	0.360 (0.265)	-0.030 (0.083)
Segment market share \$	0.057*** (0.018)	0.046** (0.021)	0.045** (0.018)
Segment market share ²	-0.0008*** (0.0003)	-0.0006** (0.0003)	-0.0006** (0.0003)
App's major update !	0.292** (0.156)	0.367** (0.163)	0.190 (0.168)
Update * Review per install	0.460** (0.207)	0.545** (0.234)	0.451* (0.238)
Review per install \$	0.265*** (0.078)	0.256* (0.139)	0.277** (0.134)
Polarity	-2.425** (1.171)	-3.95*** (0.949)	-2.732*** (0.899)
Constant	0.568 (1.128)	2.153** (0.924)	1.881** (0.864)
Observations	91	88	84
Log pseudolikelihood	-58.80	-56.86	-55.00
Prob > ch ²	0.00	0.00	0.00
Pseudo R ²	0.047	0.047	0.027

Notes:

1. Parentheses indicate robust standard errors. *, **, *** represent 10 per cent, 5 per cent and 1 per cent level of significance.
2. The sample size reduces from 107 to 91 owing to missing observations in log of total funding.
3. In Model 2, three outlier apps in variables like review per install (> 2 per cent); polarity (< 0.7) and app's major updates (> 8) are excluded (one app each).
4. In Model 3, sample is trimmed by removing the apps that lie on extreme ends of the dependent variable (*i.e.*, the share of positive reviews in total reviews) by 1.78 standard deviation.
5. @ includes age of the app and not of the FinTech.
6. # Relative to apps with low data collection (that seek least number of permission between 0-4). Data collection variable is constructed as a simple aggregation of the 13 types of permissions sought by FinTech apps. The value between 10 to 13 permissions is labelled 1 (high data collection); between 5 to 9 is labelled 2 (medium data collection); between 0 to 4 is labelled 3 (low data collection). High data collection results in lower privacy levels, while low data collection ensures higher privacy.
7. \$ These variables are in percentage terms.
8. ! Any major update to the app since the first review (post April 1, 2022). It is a dummy variable, if there is a major update, it is equal to 1 and 0, otherwise.

Source: Authors' calculations.

Compared to apps collecting minimal information (zero to four permissions), apps requiring a moderate level of user data (five to nine permissions) exhibit a notably higher share of positive reviews. However, the model indicates that further increases in data collection (exceeding ten data points) do not significantly affect the share of positive reviews, except in baseline model 1. This finding is consistent with insights from the topic modelling analysis, which suggest that excessive data collection without commensurate service improvements can lead to customer dissatisfaction, suggesting an inverse U-shaped relationship between permissions requested and user satisfaction.

Updates are an important feature of apps, that are generally aimed at improving app functionality. Consistent with this, the share of positive reviews is significantly higher for apps that received major updates during the study period compared to those without such updates. This aligns with the findings from the topic modelling exercise, where many customers highlighted concerns about app functionality. Thus, major updates appear to address these issues, improving app performance and leading to greater customer satisfaction (Perea-Khalifi *et al.*, 2024). In the presence of major updates, the share of positive reviews rises with increasing RPI, indicating that updates enhance functionality and encourage more users to share positive experiences.

The main findings remain consistent across the full sample, including when outliers are retained (Model 1). For additional robustness checks, a third model is estimated using a trimmed sample that includes only observations within ± 1.78 standard deviations of the dependent variable. The results remain broadly consistent, affirming their robustness.

V. Policy Implications and Conclusion

Consumer online reviews play a pivotal role in technology adoption by offering near real-time insights into user experiences. Using a large dataset of 5.69 million user-generated reviews, this study applies advanced machine learning techniques to analyse sentiments and extract key user concerns, offering insights for policymakers and industry stakeholders to enhance user satisfaction in the FinTech ecosystem.

Indian FinTech apps, overall, deliver a positive user experience. Among the three sectors under study—payment, alternative lending, and banking tech—apps in the payment and lending sectors are more likely to be installed and receive a review per install. Sectoral analysis reveals that positive emotions, including trust, anticipation of a better outcome and joy, are prevalent across all sectors, indicating a generally favourable sentiment. However, prevalence of negative emotions such as anger, fear and sadness underscore areas for targeted improvements. Topic modelling results highlight customer support and service as a major concern across sectors, with issues like unresponsive support, inadequate grievance resolution and limited customer care contact channels. Technical issues and app functionality, including app crashes, login failures, and server downtimes, are the most significant for payment tech and banking tech apps. For alternative lending apps, over half of the complaints relate to loan and credit issues, such as processing delays, credit limit concerns and data discrepancies.

Empirical analysis indicates that market share has a positive, *albeit* diminishing, impact on user experience, highlighting the importance of a competitive FinTech ecosystem to sustain innovation. Key app characteristics, such as data privacy and

major updates, are also significant drivers of positive reviews. Major updates enhance app functionality, leading to increased positive reviews and greater user engagement. Privacy, in turn, follows an inverse U-shape association with user satisfaction, indicating the importance of improving service delivery in proportion to data collection. The growing importance of customer-centric financial innovations emphasises the need for robust regulatory strategies, supported by advanced data analytics and AI-assisted tools, to address evolving user concerns and inform forward-looking policies.

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Annex

Table 1: Drivers of FinTech Apps' User Experience - Summarised
Fractional Probit Average Marginal Effects (AMEs)

Dependent Variable: Share of Positive Reviews	(1)	(2)	(3)
Variables	Baseline	Baseline Excluding Outliers	Trimmed Sample-1.78 SD
Age @	0.002 (0.006)	-0.003 (0.006)	0.004 (0.006)
Log of total funding	0.007 (0.008)	0.008 (0.010)	0.014 (0.009)
Medium data collection #	0.322*** (0.102)	0.225** (0.091)	0.043 (0.028)
High data collection #	0.247*** (0.109)	0.137 (0.096)	-0.011 (0.031)
Segment market share \$	0.02*** (0.007)	0.016** (0.007)	0.016*** (0.006)
App's major update !	0.110* (0.057)	0.136** (0.060)	0.071 (0.006)
Update * Review per install	0.170*** (0.076)	0.202** (0.086)	0.177** (0.088)
Review per install \$	0.098*** (0.028)	0.095** (0.051)	0.103** (0.050)
Polarity	-0.897** (0.431)	-1.463*** (0.345)	-1.018** (0.333)
Observations	91	87	83

Notes:

1. Parentheses indicate robust standard errors. *, **, *** represent 10 per cent, 5 per cent and 1 per cent level of significance.
2. AMEs measure the average change in the dependent variable resulting from a one-unit change in an independent variable, holding all other variables constant.
3. The sample size reduces from 107 to 91 owing to missing observations in log of total funding.
4. In Model 2, four outlier apps in variables like customer support concerns (> 15 per cent of total negative concerns); review per install (> 2 per cent); polarity (< 0.7) and app's major updates (> 8) are excluded (one app each).
5. In Model 3, sample is trimmed by removing the apps that lie on extreme ends of the dependent variable (*i.e.*, the share of positive reviews in total reviews) by 1.78 standard deviation.
6. @ includes age of the app and not of the FinTech.
7. # Relative to apps with low data collection (that seek least number of permissions between 0-4). Data collection variable is constructed as a simple aggregation of the 13 types of permissions sought by FinTech apps. The value between 10 to 13 permissions is labelled 1 (high data collection); between 5 to 9 is labelled 2 (medium data collection); between 0 to 4 is labelled 3 (low data collection). High data collection results in lower privacy levels, while low data collection ensures higher privacy.
8. \$ These variables are in percentage terms.
9. ! Any major update to the app since the first review (post April 1, 2022). It is a dummy variable, if there is a major update, it is equal to 1 and 0, otherwise.

Source: Authors' calculations.

Review of Performance of the NBFC Sector

by Abhyuday Harsh, Pallavi Pant,
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and Brijesh P[^]

Non-banking Financial Companies (NBFCs) play a vital role in India's economic growth. These institutions by providing finance for infrastructure, vehicles, housing, and consumer goods, improve aggregate demand, create jobs, and contribute to economic expansion. The growing contribution of NBFCs to credit, particularly to the industrial and retail sectors, is evident in their rising credit-to-GDP ratio. Furthermore, the financial health of the sector continued to be robust in terms of key indicators viz., return on assets, return on equity, net interest margin, capital to risk-weighted assets ratio and non-performing assets ratios. The increase in their share in overall credit along with inter-connectedness with banks and financial markets, have implications for monetary policy transmission.

Introduction

Non-Banking Financial Companies (NBFCs) represent a critical and dynamic segment of India's financial system. Registered with the Reserve Bank under the RBI Act, 1934, NBFCs¹ are engaged in a variety of financial activities, including, *inter alia*, provision of loans and advances, acquisition of shares

and bonds, hire-purchase finance, and factoring. They play an important role in financing key economic sectors such as infrastructure development, vehicle purchases (both commercial and personal), housing, and consumer durables, thereby stimulating aggregate demand, fostering employment opportunities, and contributing to overall economic growth. The proliferation of NBFCs in India also points to their ability to adapt to market conditions through customised product offerings and quick service delivery to diverse and niche segments.

Over time NBFCs have grown in size and significance, implying that any significant disruption in the sector could have repercussions on the financial system and the real economy. The growing systemic significance of NBFCs is underscored by the vigilant and nuanced regulatory oversight adopted by the Reserve Bank. A landmark development in this regard was the implementation of the Scale-Based Regulation (SBR) framework since October 2022, which signified a shift to a more nuanced, risk-calibrated system that acknowledges the heterogeneity within the NBFC sector. This reflects a delicate balancing act by the Reserve Bank, between ensuring financial stability and facilitating innovation in the sector.

The growing role of NBFCs in credit intermediation, along with their interconnectedness with banks and financial markets has highlighted their increasing significance in the transmission of monetary policy impulses to the real economy, even as banks continue to serve as the primary conduit.

In this light, this article presents the recent performance of India's NBFC sector. The subsequent article is organised into the following sections. Section II situates India's non-banking sector in the global context. Section III examines NBFCs' balance

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¹ Although merchant banking companies, stock exchanges, companies engaged in the business of stock-broking/sub-broking, nidhi companies, alternative investment fund companies, insurance companies and chit fund companies are NBFCs, they have been exempted from the requirement of registration with the Reserve Bank under Section 45-IA of the RBI Act, 1934.

sheet, highlighting their growing significance within India's financial system. Building on this, section IV explores the issue of the effectiveness of monetary policy transmission in this increasingly important segment. Section V details financial and prudential indicators of the NBFC sector followed by the last section which concludes and discusses key emerging challenges.

II. NBFIs: A Global Perspective

At the global level, the total financial assets of non-banking financial institutions² (NBFIs) sector demonstrated robust expansion, with a growth of 8.5 per cent outpacing the banking sector's growth of 3.3 per cent, at end-December 2023. The share of NBFIs in global financial assets stood at 49.1 per cent at end-December 2023. Lending by NBFIs across globe also increased by 4.1 per cent, compared to a 3.4 per cent rise in bank lending. Despite the prevailing high-interest rate environment, borrowings by NBFIs also remained strong.

The narrow measure of Financial Stability Board (FSB) includes NBFIs entities involved in credit intermediation activities that could give rise to bank-like vulnerabilities. NBFIs under the narrow measure constituted around 30 per cent of total NBFIs assets. Narrow measure for advanced economies grew at 10.8 per cent whereas for emerging market economies, it expanded at 5.7 per cent. All economies except India and Saudi Arabia witnessed growth in narrow measure³. For India, this can be attributed to economic function (EF2) which accounts for the largest share in India and reported a contraction due to the merger of a large NBFIs with a bank (Table 1). EF2 includes lending institutions dependent on short-term funding and is dominated by finance companies which specialise in areas such as consumer finance, auto finance, retail mortgage provision, commercial property finance, and equipment finance.

The FSB conducted a survey on policy tools being utilised in jurisdictions where EF2 is present, such as

Table 1: Composition of Narrow Measure

(At end-December 2023)

Economic Function (EF)	Entity Type	Share		Growth	
		(Per cent)			
		Global	India	Global	India
EF1	Collective investment vehicles with features that make them susceptible to runs (e.g., money market funds, real estate funds)	74.1	19.1	10.1	-10.5
EF2	Lending dependent on short-term funding (e.g., consumer credit companies, leasing companies)	8.5	79.7	7.6	-2.3
EF3	Market intermediation dependent on short-term funding (e.g., broker-dealers, custodial accounts)	7.0	0.7	16.2	49.8
EF4	Facilitation of credit intermediation (e.g., credit insurers, monoline insurers)	0.2	0.0	0.2	96.1
EF5	Securitisation-based credit intermediation (e.g., Securitisation vehicles, structured finance vehicles)	7.5	0.4	3.8	7.4

Note: "Share" denotes the proportion of a specific EF relative to the total, i.e., the sum of EF1, EF2, EF3, EF4, and EF5, for either Global or India, as applicable. Similarly, the growth of a specific EF refers to its Y-o-Y growth, comparing December to December.

Source: Global Monitoring Report on Non-Bank Financial Intermediation, 2024.

² The Financial Stability Board (FSB) defines NBFIs sector as a broad measure of all non-bank financial entities, comprising all financial institutions that are not central banks, banks, or public financial institutions.

³ The narrow measure comprises of five economic functions (EFs), namely EF1 to EF5.

India. The survey responses indicated that the primary policies adopted included prudential requirements akin to those for banks, capital requirements, leverage limits, restrictions on significant risk exposures among others. Moreover, majority of responding jurisdictions reported enforcing limits on liabilities that NBFI entities can take on from banks and risky clients (Chart 1). Additional measures involved disclosure mandates, registration and authorization procedures, as well as constraints on the range of activities, including the issuance of credit cards.

In India, NBFCs are the largest component of EF2. Given their systemic importance and diverse business models, NBFCs are regulated through SBR, which envisages a layer-wise progressive increase in regulatory intensity. Thus, NBFCs in the base layer are subject to less stringent regulation than those in middle and upper layers in view of their small size and limited interconnectedness. Apart from capital, prudential, governance and disclosure guidelines, RBI has concurrently emphasised on, enhanced customer protection, with recent measures mandating Key Fact Statements for loans, issuing guidelines on penal

charges, ensuring fair practices in the charging of interest, and promoting responsible lending conduct.

III. Performance of the NBFC Sector⁴

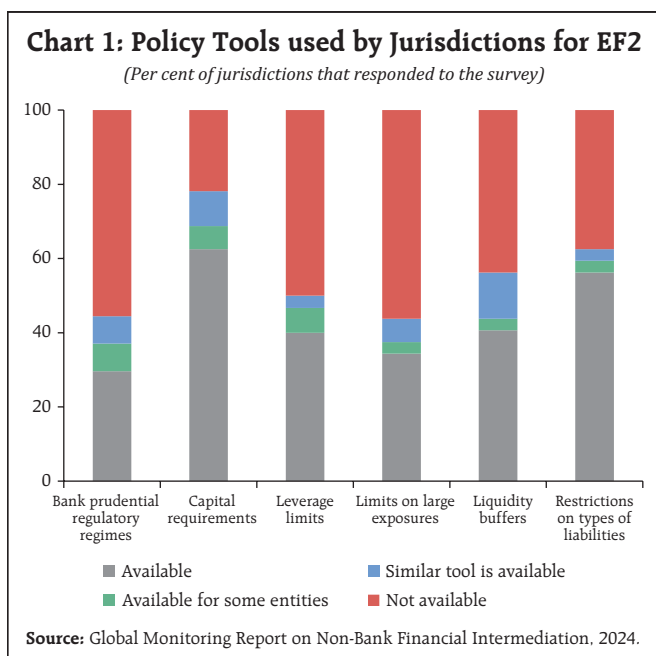
III.1. Balance Sheet

The NBFC sector in terms of total assets/liabilities continued to register double-digit growth as of end-December 2024. The increase in risk-weights on select categories of retail loans⁵ by NBFCs in November 2023 contributed to the moderation in the growth of unsecured loans and advances across layers. Borrowings, which are the main source of funds and constitute about two-third of the total liabilities of NBFCs, grew at a higher rate at end-December 2024 than a year ago (Table 2).

Assets

Loans and advances grew by 15.4 per cent at end-December 2024, at a slower rate than the preceding year (Chart 2). As at end-December 2024, unsecured loans constituted 24.0 per cent of gross loans and advances compared with 26.8 per cent a year ago. Unsecured loans of upper layer NBFCs recorded deceleration, broadly reflecting the impact of increased risk-weights.

The share of unsecured loans in the credit portfolio of middle layer NBFCs declined from around 32 per cent at end-December 2022 to 25 per cent at end-December 2024 (Chart 3a). In terms of growth, NBFC-UL witnessed a sharp decline in growth of unsecured credit, in relation to the middle layer, which recorded a marginal uptick (Chart 3b).



⁴ The analysis in this article is restricted only to NBFCs-UL and ML, excluding CICs, PDs and HFCs.

⁵ Vide notification dated November 16, 2023, RBI announced regulatory measures towards consumer credit and bank credit to NBFCs, which *inter alia* included increase in risk weights on the consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans.

Table 2: Consolidated Balance Sheet of NBFCs

(At end-December)

(₹ crore)

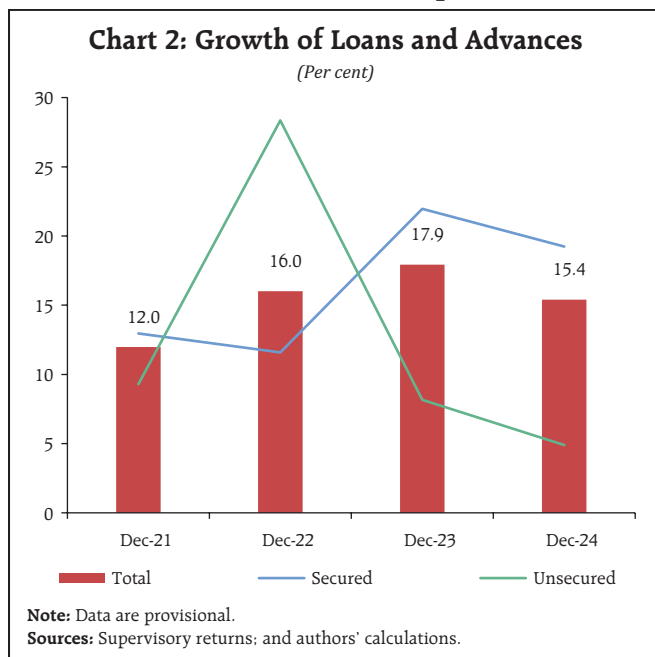
Items	2023			2024		
	NBFC	NBFC-UL	NBFC-ML	NBFC	NBFC-UL	NBFC-ML
Share Capital	1,37,265 (18.2)	4,552 (-36.3)	1,32,714 (21.8)	1,38,288 (0.7)	2,807 (-38.3)	1,35,481 (2.1)
Reserves and Surplus	9,08,398 (15.6)	2,10,254 (15.4)	6,98,144 (15.6)	11,30,508 (24.5)	2,37,014 (12.7)	8,93,494 (28.0)
Public Deposits	1,06,435 (-8.1)	85,779 (28.4)	20,656 (-57.9)	1,23,348 (15.9)	1,02,439 (19.4)	20,909 (1.2)
Borrowings	31,78,623 (14.6)	7,97,075 (13.9)	23,81,549 (14.9)	36,96,651 (16.3)	9,20,520 (15.5)	27,76,131 (16.6)
Other Liabilities	3,37,404 (15.3)	54,013 (1.8)	2,83,391 (18.3)	3,77,917 (12.0)	54,930 (1.7)	3,22,987 (14.0)
Total Liabilities/Assets	46,68,126 (14.3)	11,51,673 (14.2)	35,16,453 (14.4)	54,66,712 (17.1)	13,17,710 (14.4)	41,49,002 (18.0)
Loans and Advances	37,15,229 (17.9)	10,21,556 (18.4)	26,93,673 (17.8)	42,87,573 (15.4)	11,55,044 (13.1)	31,32,529 (16.3)
Investments	5,15,402 (0.3)	61,122 (-10.7)	4,54,280 (2.0)	7,27,957 (41.2)	75,128 (22.9)	6,52,830 (43.7)
Cash and Bank Balances	1,62,586 (0.8)	38,836 (-13.4)	1,23,749 (6.2)	1,80,396 (11.0)	54,982 (41.6)	1,25,413 (1.3)
Other Assets	2,74,909 (6.6)	30,158 (-7.5)	2,44,751 (8.7)	2,70,786 (-1.5)	32,556 (8.0)	2,38,230 (-2.7)

Notes: 1. Data are provisional.

2. Figures in parentheses are y-o-y growth in per cent.

Sources: Supervisory returns; and authors' calculations.**Liabilities**

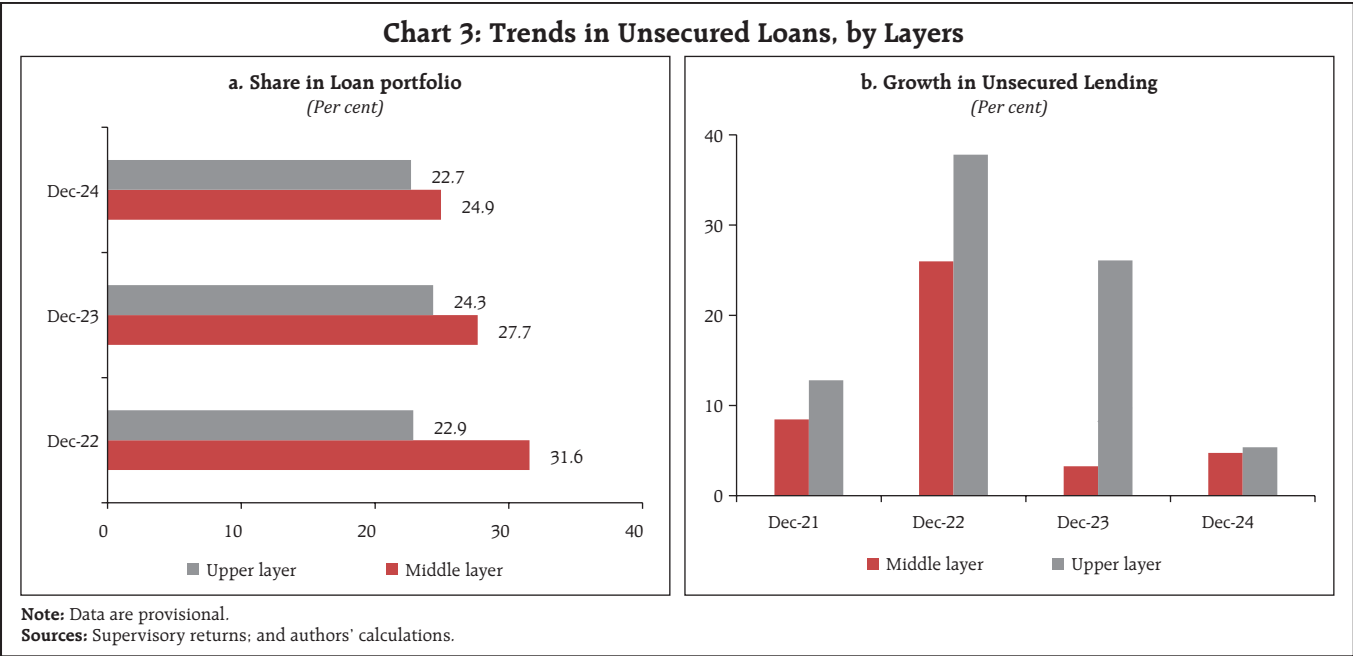
NBFCs primarily raise funds from market and banks, which accounted for 38.7 per cent and 37.4



per cent of their total borrowings, respectively, at end-December 2024 (Chart 4). The sector witnessed considerable deceleration in growth of share capital, partly due to uncertainty in market conditions. NBFCs in the upper layer continued to experience decline in share capital at end-December 2024.

Funds raised via issuance of debentures and inter-corporate borrowings grew at a higher rate, while growth in bank borrowing recorded moderation at end-December 2024 (Table 3).

Apart from domestic market, NBFCs are taking recourse to external commercial borrowings (ECBs). ECBs also contributes to diversification of sources of funding. The share of NBFCs in total ECBs (registrations) has been rising over the years (Chart 5).



III.2. Sectoral Credit

Credit portfolio of NBFCs is dominated by loans to industry and retail segment, constituting around 72 per cent of total outstanding of the sector (Chart 6a). At end December 2024, credit to agriculture sector grew at a fast pace owing to robust kharif foodgrain production and good rabi prospects (RBIa,

2024). Retail loans have been resilient growing in double digit, but weakness in industry and services outlook has contributed to moderation of their credit growth (RBIb, 2024). However, credit growth in both segments continued to remain in double digits (Chart 6b).

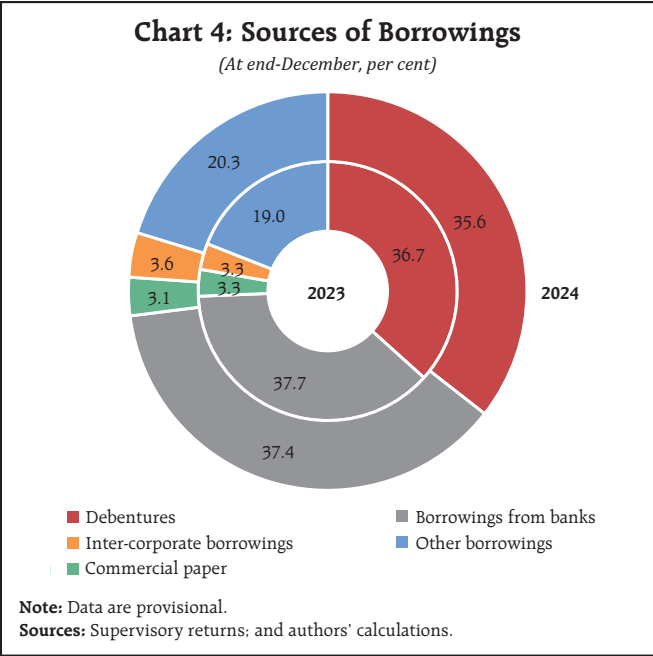
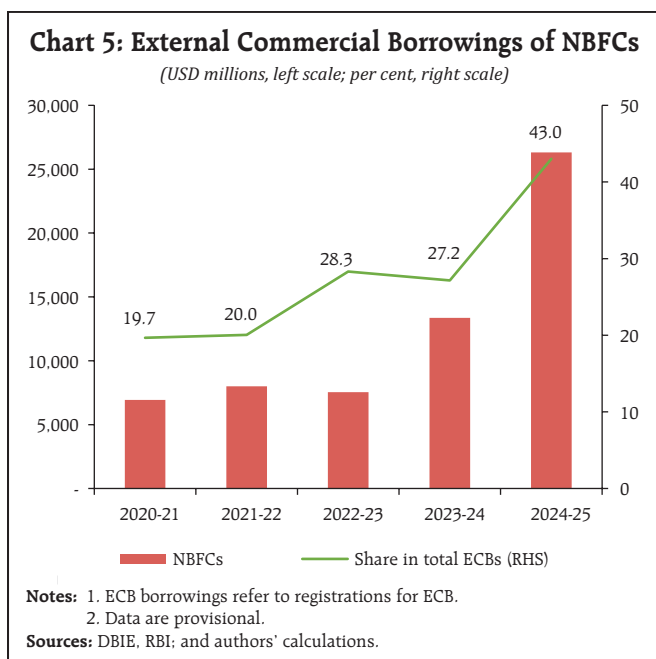


Table 3: Sources of Borrowings of NBFCs
(₹ crore)

Items	End-December 2023	End-December 2024	Percentage Variation	
			Dec-23 over Dec-22	Dec-24 over Dec-23
1. Debentures	11,65,408	13,14,517	9.6	12.8
2. Borrowings from Banks	11,98,257	13,84,385	16.8	15.5
3. Borrowings from FIs	96,193	93,943	31.4	-2.3
4. Inter-corporate borrowings	1,03,699	1,33,754	2.0	29.0
5. Commercial paper	1,05,903	1,14,820	37.1	8.4
6. Borrowings from Government	20,206	22,620	-6.0	11.9
7. Subordinated debts	65,468	74,374	-7.2	13.6
8. Other borrowings	4,23,489	5,58,237	24.6	31.8
Total borrowings	31,78,623	36,96,651	14.6	16.3

Note: Data are provisional.
Sources: Supervisory Returns; and authors' calculations.

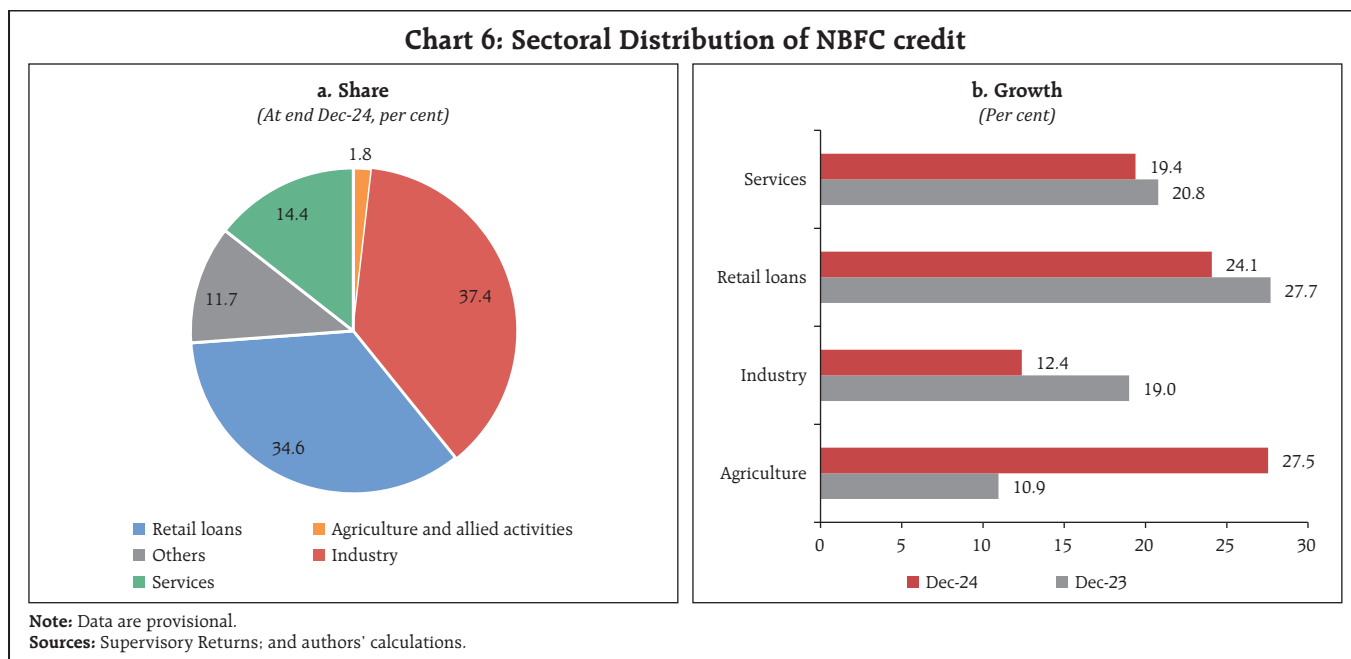


A layer wise analysis of the sector shows the dominance of credit to industry by NBFCs in the middle layer due to the presence of government owned NBFCs, followed by retail and services loans. Whereas upper layer is mainly concentrated in retail loans segment with a share of more than 60 per cent, followed by services (Chart 7).

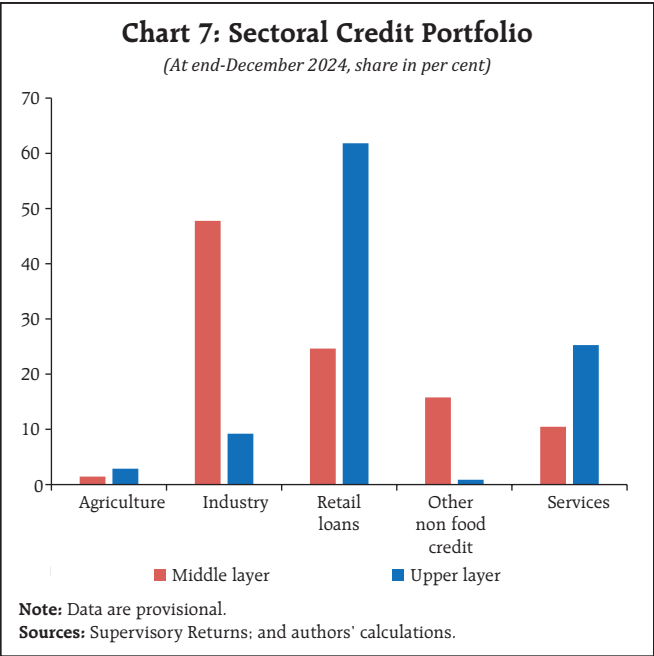
Vehicle and loans against gold are the largest segments in retail portfolio of NBFCs, comprising 34.9 per cent and 12.6 per cent of total retail loans respectively. Vehicle loans grew robustly in line with rising demand, growing population, and rising annual sales in passenger vehicle market in 2023-24 (SIAM, 2025). Gold loans which have a strong presence in rural and semi urban markets also grew at double digit catering to underserved sections of the society. Micro finance loans saw a sharp deceleration in growth (Table 4). Microfinance Industry Network (MFIN) has issued guardrails⁶, which capped loan outstanding per borrower.

IV. Monetary Policy Transmission

Owing to their substantial credit intermediation to crucial sectors of the economy and interlinkages with banks and other financial entities, NBFCs have gained salience in facilitating the transmission of monetary policy to the broader economy, even as banks continue to be the primary channel of transmission. NBFCs' dependence on bank and market borrowings results



⁶ MFIN - a Self-Regulatory Organisation (SRO) - monitors emerging developments in the sector and based on it issues Directives and Advisories to members. During the year 2024, MFIN issued directive guardrails on 8 July, thereby limiting the number of microfinance lenders to a client to 4 and capping the total microfinance loans to a client at ₹ 2 lakhs.



in a transmission mechanism that is more indirect⁷ as compared to banks. A change in policy rate impacts NBFCs via their cost of funds, which moves when market and bank interest rates respond to monetary policy.

In this regard, an attempt has been made to examine whether NBFCs' borrowing and lending rates respond to changes in relevant rates by a representative sample of top 100 NBFCs based on asset size. The methodology of loan pricing is not uniform across NBFCs. While some NBFCs adopt their own prime lending rates as interest rate benchmarks, others rely on base rates/MCLR of banks as external benchmarks; a few do not have any interest rate benchmark for their loan pricing. The lack of transparency has resulted in difficulty in assessing transmission of monetary policy in this segment of financial market (RBI, 2021; Patra, 2022).

A dynamic panel model is estimated using generalised method of moments (GMM) methodology on an unbalanced panel⁸, covering the period from March 2019 to December 2024 covering 86 per cent of the assets of NBFC sector (at end-March 2024).

To understand transmission on the liabilities side of NBFCs' balance sheet, weighted average borrowing

Table 4: Retail Loans of NBFCs

(₹ crore)

Items	End-December 2023	End-December 2024	Percentage Variation	
			Dec-23 over Dec-22	Dec-24 over Dec-23
1. Housing Loans	26,364	38,106	-4.4	44.5
2. Consumer Durables	42,343	50,297	43.6	18.8
3. Credit Card Receivables	53,479	60,603	28.7	13.3
4. Vehicle/Auto Loans	4,28,654	5,18,408	25.6	20.9
5. Education Loans	39,500	62,572	75.6	58.4
6. Advances against Fixed Deposits	124	174	-58.2	40.9
7. Advances to Individuals against Shares, Bonds	16,813	22,432	33.3	33.4
8. Advances to Individuals against Gold	1,43,745	1,87,350	20.0	30.3
9. Micro finance loan/SHG Loan	1,31,795	1,32,819	39.2	0.8
10. Others	3,13,740	4,11,962	27.0	31.3
Total Retail Loans	11,96,557	14,84,724	27.7	24.1

Note: Data are provisional.
Sources: Supervisory returns; and authors' calculations.

⁷ As NBFCs lack direct access to the liquidity adjustment facility (LAF) window, monetary policy transmission occurs indirectly through market-based channels, affecting borrowing cost and, consequently lending rates.

⁸ The analysis focusses on a sample of top 100 NBFCs owing to constraints on data availability and quality.

rate (WABR) of NBFCs is considered as the dependent variable, which is calculated by using available instrument-wise borrowing rate of every NBFC, weighted by their respective outstanding amounts. Similarly, on the asset side, weighted average lending rate (WALR) is calculated by using available sectoral lending rates weighted by their respective outstanding amounts. Repo rate, weighted average call rate (WACR; operating target of monetary policy), and the 91-day T-bill rate (benchmark rate representing broader financial conditions) are used as independent variables. Additionally, two other rates which are relevant to NBFCs are also considered: average bond yield of AAA and AA-rated NBFCs and the WALR of bank lending to NBFCs. This is because NBFCs are largely dependent on banks and markets for their funding requirements⁹. A change in these rates affects the cost of funds for NBFCs, in turn affecting their lending rates.

NBFC-specific factors such as size (log of total assets), capital adequacy, (capital to risk-weighted assets) and profitability (return on assets, taken as a ratio of net profit to total assets) are used as controls. To control for the macroeconomic environment, real GDP growth rate and consumer price inflation are included. A dummy for the COVID-19 pandemic, which takes the value one during June-September 2020, and zero otherwise is also included.

The following specification for regression is used:

$$Y_{i,t} = \alpha Y_{i,t-1} + \sum_{j=1}^n \beta MP_{t-j} + \delta_c X_{i,t-1}^c + covid_t + \theta_i + \varepsilon_{i,t}$$

where $Y_{i,t}$ is WABR or WALR of NBFC i in period t , as the case may be, MP_t is main variable of interest, which in different specifications stands for repo rate, WACR, or 91-day T-bill rate. In the regressions with WALR as the dependent variable, NBFCs bond yield or WALR of bank lending to NBFCs are also included

as additional variables of interest. The vector $X_{i,t-1}^c$ represents various controls, which have been taken with a one-quarter lag to address potential endogeneity concerns. θ_i are the controls for unobservable NBFC fixed effects.

Results indicate that changes in the various aforementioned relevant rates have a positive and significant effect on NBFCs' WABR and WALR, implying transmission *albeit* incomplete. The summed coefficient of repo rate, WACR, 91-day T bill rate, NBFC bond yield and WALR of banks to NBFCs is reported, which gives the cumulative impact of change in the relevant interest rate on the WABR/ WALR of NBFCs over three quarters. On the borrowing side, a one percentage point change in repo rate is associated with a 0.24 percentage point change in WABR of NBFCs over three quarters. Similar results with WACR (0.21) and 91-day T bill rate (0.19) are reported as well. In all specifications, the coefficient of the lagged dependent variable is positive and highly significant, indicating persistence. Among controls, the coefficient for the size and return on assets variables are negative and significant, indicating that larger and more profitable NBFCs can borrow at lower rates (Table 5).

On the lending side, a one percentage point change in repo rate is associated with a 0.33 percentage point change in WALR of NBFCs over three quarters (0.36 percentage point change when WALR of Banks to NBFCs is considered). Similarly, WALR of NBFCs is found to be positively associated with WACR (0.22), 91-day T-bill rate (0.24) and NBFC bond yield (0.17) as well (Table 6).

On the borrowing side, a key impediment to transmission could be the higher cost of funds faced by NBFCs. NBFCs rely on bank and market borrowings for their funding requirements and unlike banks, do not have direct access to the liquidity adjustment facility (LAF) window. Consequently, reductions in the repo rate may not immediately translate into

⁹ At end December 2024, bank borrowings (37.4) and debentures (35.6) together accounted for 73 per cent of NBFCs total borrowings.

Table 5: Transmission to Weighted-Average Borrowing Rate of NBFCs

	Dependent Variable: WABR		
	Repo rate	WACR	91-day T-Bill rate
WABR (-1)	0.443*** (0.112)	0.442*** (0.119)	0.448*** (0.113)
Size	-0.407* (0.209)	-0.418* (0.214)	-0.400* (0.210)
CRAR	-0.00413 (0.00269)	-0.00425 (0.00265)	-0.00442* (0.00252)
ROA	-0.0659** (0.0281)	-0.0714** (0.0313)	-0.0721** (0.0334)
GDP	-0.00440 (0.00345)	0.000782 (0.00366)	0.00216 (0.00398)
Inflation	0.0216 (0.0301)	0.0230 (0.0256)	0.0367 (0.0236)
Covid Dummy	-0.0369 (0.162)	-0.0651 (0.194)	-0.0928 (0.205)
$\sum_{j=0}^2 \beta MP_{t-j}$ Summed Coefficient	0.244*** (0.0613)	0.206*** (0.0496)	0.190*** (0.0437)
Constant	7.391*** (2.229)	7.752*** (2.433)	7.494*** (2.350)
Observations	1684	1684	1684
AR1 (p-value)	0.00	0.00	0.00
AR2 (p-value)	0.32	0.27	0.27
Hansen-J (p-value)	0.51	0.58	0.54

Notes: 1. Standard errors in parentheses.
2. * p<0.10, ** p<0.05, *** p<0.010.

Source: Authors' estimates.

reduced cost of funding. Further, bank and market funding to NBFCs may also be dependent on liquidity conditions and perceived levels of riskiness, which may further dampen transmission. On the lending side, since NBFCs cater relatively to riskier borrower segments, they charge higher interest rates to account for potential defaults, which may further dampen adjustment of lending rates to changes in relevant rates.

V. Financial and Prudential Indicators

Profitability as indicated by return on assets (RoA), return on equity (RoE) and net interest margin (NIM) remained at healthy levels across the layers at end-December 2024 (Chart 8).

Table 6: Transmission to Weighted-Average Lending Rate of NBFCs

	Dependent variable: WALR				
	Repo rate	WACR	91-day T-bill rate	NBFC bond yield	WALR of banks to NBFCs
WALR (-1)	0.492*** (0.0859)	0.500*** (0.0847)	0.502*** (0.0824)	0.507*** (0.0830)	0.519*** (0.0851)
Size	-1.299*** (0.405)	-1.251*** (0.410)	-1.226*** (0.395)	-1.212*** (0.389)	-1.106*** (0.371)
CRAR	-0.0146 (0.0128)	-0.0137 (0.0138)	-0.0157 (0.0130)	-0.0163 (0.0134)	-0.0165 (0.0123)
ROA	-0.0518 (0.108)	-0.0416 (0.116)	-0.0405 (0.0986)	-0.0116 (0.0907)	-0.00700 (0.110)
GDP	-0.0119* (0.00615)	-0.0175** (0.00781)	-0.0137 (0.0114)	-0.0112 (0.00772)	-0.0110 (0.00837)
Inflation	-0.0307 (0.113)	-0.0617 (0.0997)	-0.0703 (0.0910)	-0.0361 (0.0857)	-0.0710 (0.0836)
Covid Dummy	0.233 (0.474)	0.175 (0.515)	0.647 (0.728)	-0.00467 (0.453)	-0.129 (0.503)
$\sum_{j=0}^2 \beta MP_{t-j}$ Summed Coefficient	0.329*** (0.117)	0.221** (0.0844)	0.242*** (0.0818)	0.166** (0.0709)	0.357* (0.210)
Constant	18.64*** (4.055)	18.92*** (4.164)	18.63*** (4.009)	18.40*** (3.891)	14.91*** (3.648)
Observations	1624	1624	1624	1624	1624
AR1 (p-value)	0.00	0.00281	0.00	0.00	0.00
AR2 (p-value)	0.27	0.26	0.23	0.27	0.25
Hansen-J (p-value)	0.48	0.41	0.40	0.47	0.36

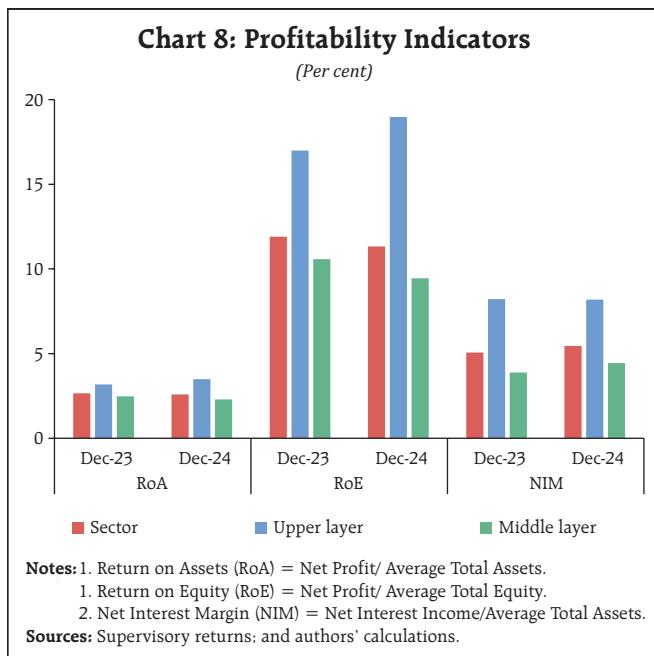
Notes: 1. Standard errors in parentheses.
2. * p<0.10, ** p<0.05, *** p<0.010.

Source: Authors' estimates.

The Reserve Bank has been closely monitoring key indicators, viz, Capital to Risk-weighted Assets Ratio (CRAR), Tier-1 capital ratio and net NPA ratio (NNPA) under the prompt corrective action (PCA) framework, which has been effective for NBFCs¹⁰ since October 2022. So far, no NBFC has been placed under the PCA framework by the Bank.

Asset quality of the NBFC sector has continued to improve in the recent years as reflected in consistent decline in NPA ratios. At end-December 2024, GNPA and NNPA ratios stood at 3.4 and 1.2 per cent, respectively. While asset quality of middle layer is in

¹⁰ <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12208&Mode=0>



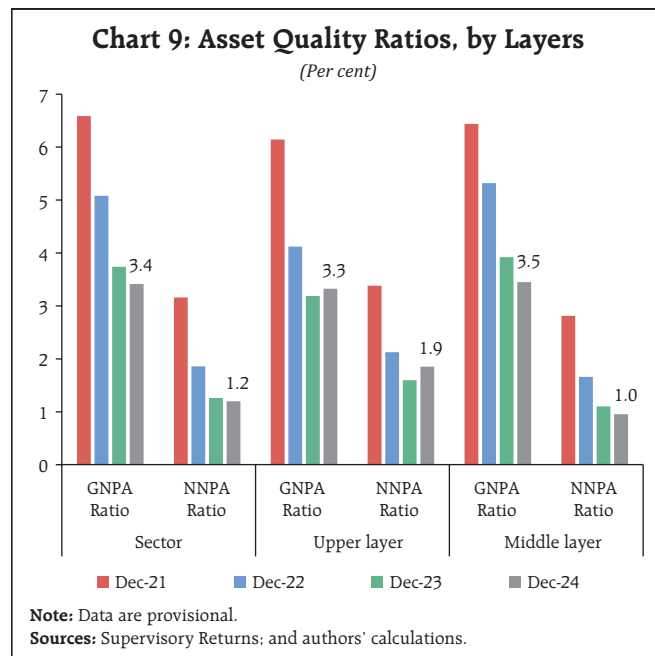
alignment with the overall sectoral trend, the upper layer witnessed a mild uptick in NPA ratios at end-December 2024 (Chart 9).

At end-December 2024, NBFCs' credit portfolio has stayed healthy, with moderation in GNPA ratios across sectors, except agriculture and allied activities (Chart 10).

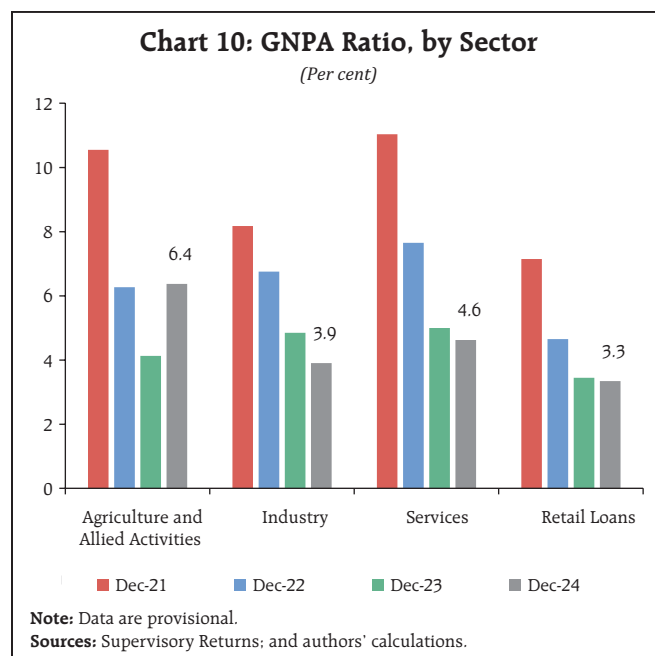
After a significant improvement in the asset quality at end-December 2023, MSME credit portfolio of NBFCs has continued to remain strong with stable level of GNPA ratio at end-December 2024 (Chart 11).

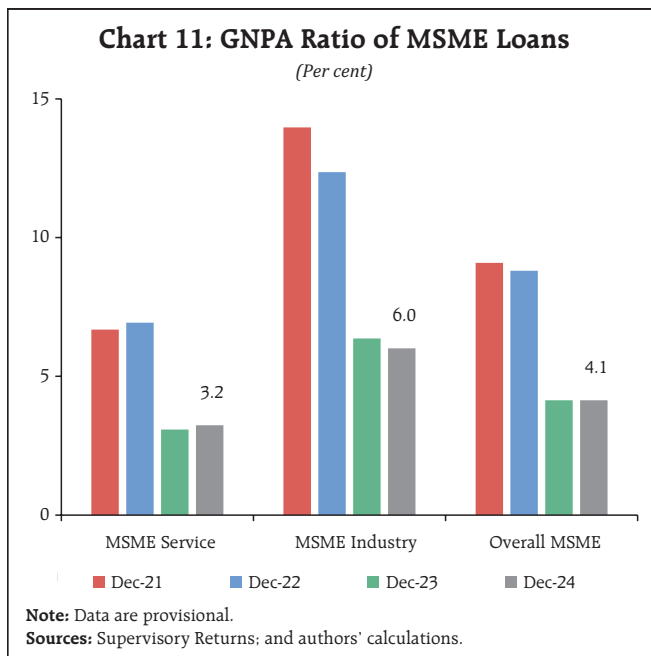
Asset quality of retail loans continue to remain stable despite the strong growth in retail loans. However, GNPA with regard to microfinance loans increased at end-December 2024 (Chart 12). NBFCs along with SROs in the microlending space should remain vigilant to ensure responsible lending practices and credit discipline among market participants.

NBFCs have consistently maintained capital buffers on their balance sheet, even beyond the regulatory requirement. At end-December 2024, at an aggregate level, the upper layer and the middle



layer kept CRAR of 20.6 per cent and 28.6 per cent, respectively (Chart 13). The disparity in the level of CRAR between the upper layer and the middle layer is mainly due to difference in ownership structure. Large government-owned NBFCs - which are placed in the middle layer by regulatory design have periodic capital infusion, resulting in higher CRAR. In contrast the upper layer, which comprises, private NBFCs are

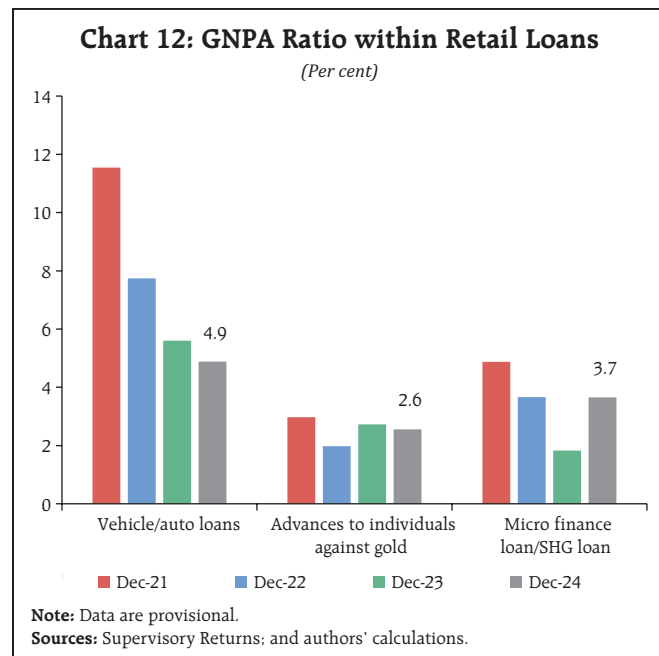




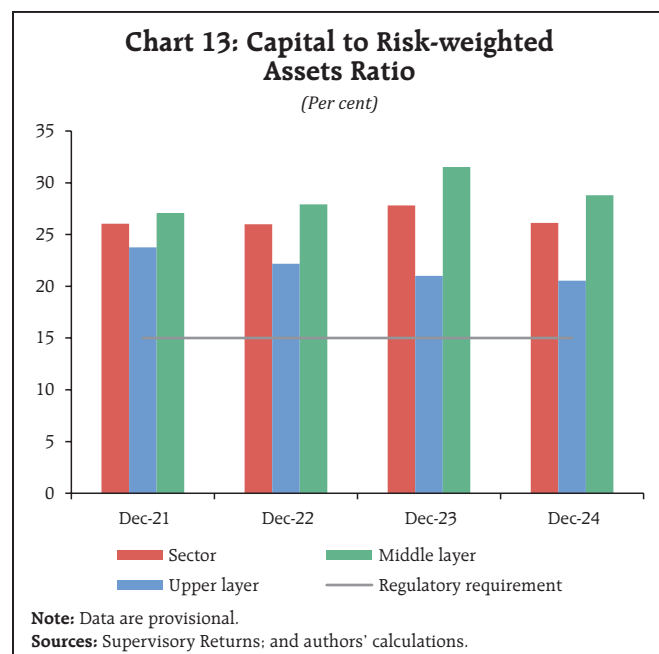
driven by profit and growth, often run with leverage and riskier loan books.

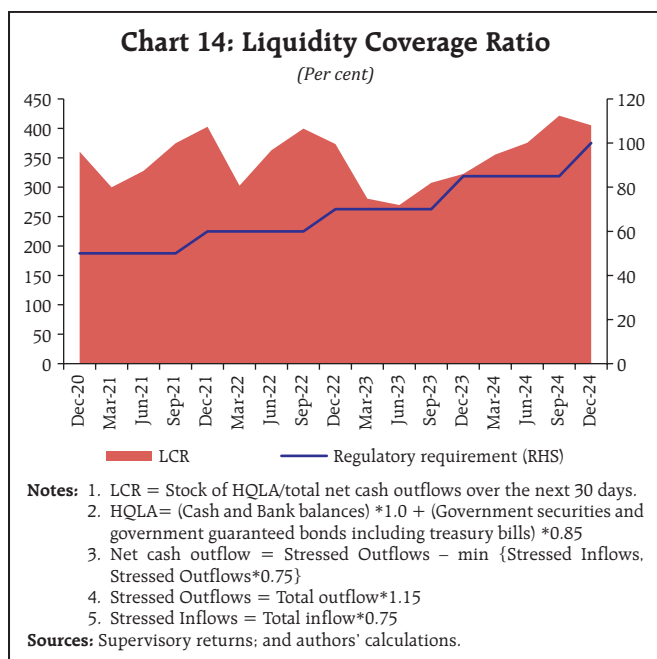
In November 2019, the Reserve Bank introduced Liquidity Coverage Ratio (LCR) framework for NBFCs to strengthen their liquidity risk management. By mandating a buffer of High-Quality Liquid Assets¹¹ (HQLAs) sufficient to cover net cash outflows over a 30-day stress scenario, the LCR enhances the short-term resilience of NBFCs. To ensure a smooth transition, the LCR requirement was implemented in a phased manner from December 1, 2020. All non-deposit taking NBFCs with assets of ₹10,000 crore and above, and all deposit-taking NBFCs, had to maintain a minimum LCR starting at 50 per cent on December 1, 2020, and reach 100 per cent by December 1, 2024. All non-deposit taking NBFCs with assets between ₹5,000 crore and ₹10,000 crore followed a similar trajectory starting at 30 per cent. This calibrated approach allowed NBFCs to gradually align with the new norms while preserving sectoral liquidity and credit flow.

¹¹ Due to data constraints, we utilise a conservative approach to estimate HQLA which might underestimate the quantum of actual HQLA maintained by NBFCs under extant regulations.



As on December 2024, the sector has been maintaining LCR beyond the regulatory requirement (Chart 14). This cautious approach may be due to the sector's reliance on short-term funding for long-term assets, which exposes them to liquidity mismatches and systemic risk. The LCR mitigates such vulnerabilities, promoting stability and market confidence.





VI. Conclusion

FSB in its report noted that, globally NBFI sector's growth outpaced growth of the traditional banking sector. In India, NBFCs continued to record double-digit credit growth as of end-December 2024. This expansion is evident from a rising NBFC credit to GDP ratio sustained by lending to industry and retail sector, which continue to dominate their portfolio. NBFC sector remains robust in terms of various profitability and prudential indicators such as return on assets, return on equity, net interest margin, capital to risk weighted assets and non-performing assets. The spike in growth rate of unsecured loans was contained through increase in risk weights in November 2023. With regards to sources of finance, NBFCs continue to rely largely on bank borrowings and debentures. NBFCs' role in credit intermediation and

interlinkages with banks and other financial institutions have implications for transmission of monetary policy impulses to the financial sector and real economy. Empirical analysis points to the fact that there is monetary policy transmission to NBFCs' borrowing and lending rates, *albeit*, incomplete.

The prospects for segments like vehicle loans and loans against gold appear robust, buoyed by improvements in vehicle sales and rising gold prices. The introduction of LCR is set to further bolster NBFCs' short-term resilience. As the financial sector increasingly adopts artificial intelligence and machine learning, NBFCs must remain vigilant and proactively address cyber challenges by leveraging these new opportunities effectively.

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Impact of UPI on Cash Demand – Evidence from National and Subnational Levels

by Sakshi Awasthy and Subrat Kumar Seet[^]

While the broader shift to digital payments is well-established, regional adoption of the Unified Payments Interface (UPI) and its impact on cash demand remain underexplored. Using a dual empirical strategy - an autoregressive distributed lag model and panel quantile regression - this study finds that higher UPI adoption is associated with lower cash demand at both national and subnational levels, with state-level patterns suggesting non-linearity. Among other state-wise factors, income and ATM density are positively associated with cash demand, whereas workforce formalisation and educational attainment are linked to lower cash reliance.

Introduction

Payments underpin all economic activity. In a frictionless environment, the choice of payment mode may have less bearing on real outcomes; however, in practice, transaction costs and information asymmetries render certain payment methods more efficient than others in shaping economic growth (Dubey and Purnanandam, 2023). The shift from cash to digital payments, particularly fast payment systems, has been associated with increased welfare, financial inclusion, credit access, economic formalisation and financial resilience

(Bachas *et al.*, 2018; Aguilar *et al.*, 2024; Aurazo and Franco, 2024; Cantú *et al.*, 2024). At the same time, existing literature is also strewn with instances of simultaneous rise in cash and digital payments (Bech *et al.*, 2018; Chen *et al.*, 2020; Caswell *et al.*, 2020), even as the transactional use of cash ebbs, or what is often described as the "paradox of banknotes" (Bailey, 2009). This trend has reinvigorated the debate on the impact of digital payments on cash, with significant implications for currency and liquidity management, underlying economic frictions, and broader macroeconomic policy.

India's fast payment system, Unified Payments Interface (UPI), launched in 2016, offers a unique empirical setting to study the evolving relationship between cash and digital payments for three key reasons. First, the scale of adoption has been unprecedented. UPI users have surged from around 30 million in 2017 to over 420 million by 2024 (RBI, 2024; Reddy *et al.*, 2024). Transaction volumes are nearing 200 billion a year, accounting for over 80 per cent of total digital payments (RBI, 2025). Second, the launch of UPI closely followed a large-scale financial inclusion drive *i.e.*, *Pradhan Mantri Jan Dhan Yojana*, creating enabling conditions for widespread digital uptake across socio-economic groups. Finally, notwithstanding the growth in digital payments (especially UPI), currency in circulation has continued to rise, *albeit* at a slower pace in recent years, reflecting a dynamic interplay between cash and digital modes.

While the broader shift to digital payments is well-established (Nachane *et al.*, 2013; Chaudhari *et al.*, 2019; Raj *et al.*, 2020; Awasthy *et al.*, 2022; RBI, 2023), regional adoption of the UPI and its impact on cash demand at the state-level remain underexplored. Given India's geographical and income diversity, national aggregates may obscure regional disparities, as digital uptake may be concentrated in select

[^] Authors are from the Department of Economic and Policy Research. Valuable insights provided by Dr. Rajiv Ranjan, former Executive Director, Shri M.M. Ramaiah, and Dr. Rakhe Balachandran are gratefully acknowledged. Authors are grateful to the team from Department of Currency Management, including Shri Sanjeev Prakash, CGM-in-Charge; Pradip Bhuyan, and Baswaraj Patil for making available the currency chest data. Authors are thankful to Shri Gunveer Singh, CGM-in-Charge, Department of Payment and Settlement Systems for facilitating access to region-wise UPI data. The views expressed in this paper are those of authors and do not represent the views of the Reserve Bank of India.

economic clusters, with cash being persistent in other regions. As per estimates, individuals in the top 20 per cent income group are twice as likely to use digital payments as those in the bottom 40 per cent (NPCI, 2020). More recent data show a steeper gradient, with the top 10 per cent by consumption expenditure twice as likely to report the *ability to use* UPI as the bottom 25 per cent, though the overall ability stands close to 50 per cent (NSO, 2025). As digital payments become central to economic activity, identifying regions that are excluded or lagging behind is crucial - not only to promote inclusive access but also to address infrastructure gaps and risks to consumer protection.

Against this backdrop, the paper examines the impact of UPI on cash usage by modelling cash demand at both national and subnational levels. Specifically, the study addresses four key research questions: (a) What is the impact of UPI on cash demand at the all-India aggregate level? (b) What regional patterns emerge in the adoption of UPI and cash? (c) How does UPI influence cash demand across states? and (d) Does this impact vary by state's income levels? Given the limited empirical focus on regional trends, this study provides one of the first state-level assessments of cash to UPI substitution in India.

The remainder of the paper is structured as follows: Section II reviews the literature, followed by descriptive analysis in Section III. Section IV outlines the data and methodology, while Section V presents the empirical results. Section VI concludes. Technical details and additional estimation outputs are presented in Annexures I–III.

II. Related Literature

There exists a substantial body of theoretical and empirical literature on the determinants of money demand (Friedman, 1999; Alvarez and

Lippi, 2009). The demand for cash is traditionally attributed to three primary motives: the transaction motive linked to economic activity (Fisher, 1911); the precautionary motive, reflecting the need for liquidity in uncertain situations; and the speculative motive, driven by expectations about interest rate movements (Keynes, 1954). Building on this, money demand is reconceptualised as a stable function of wealth, incorporating expected returns on alternative assets such as bonds, equities, and durable goods (Friedman, 1956). The seminal inventory (Baumol, 1952) and portfolio (Tobin, 1956) theoretical models extend the money demand function by incorporating interest rates and transaction costs. More recent studies emphasise the negative impact of payment innovations on physical currency (Columba, 2009; Oyelami and Yinusa, 2013; Huynh *et al.*, 2014). Concurrently, a growing body of literature highlights the coexistence of cash and digital payments, attributing sustained cash usage to precautionary motives and economic uncertainties (Bech *et al.*, 2018; Caswell *et al.*, 2020; Chen *et al.*, 2020; Ardizzi *et al.*, 2020).

In the Indian context, studies have found a significant negative association between digital payments and currency demand, reflecting a growing substitution effect (Nachane *et al.*, 2013; Bhattacharya and Singh, 2016; Chaudhari *et al.*, 2019; Raj *et al.*, 2020; and Awasthy *et al.*, 2022; Udupa *et al.*, 2025). At the regional level, however, empirical research has largely focussed on digital payment adoption, instead of substitution dynamics. Using transaction level data from *PhonePe*, Dubey and Purnanandam (2023) find that districts with higher post-UPI cashless payment intensity experienced significantly greater household income growth. Drawing on the same dataset, a report by ICRIER finds that COVID-19 accelerated digital adoption and narrowed disparities in UPI's user penetration across

states and districts (Reddy *et al.* 2024). The report also identifies key drivers of digital adoption such as income levels, internet access, digital literacy, and financial infrastructure.

III. How does India Pay?

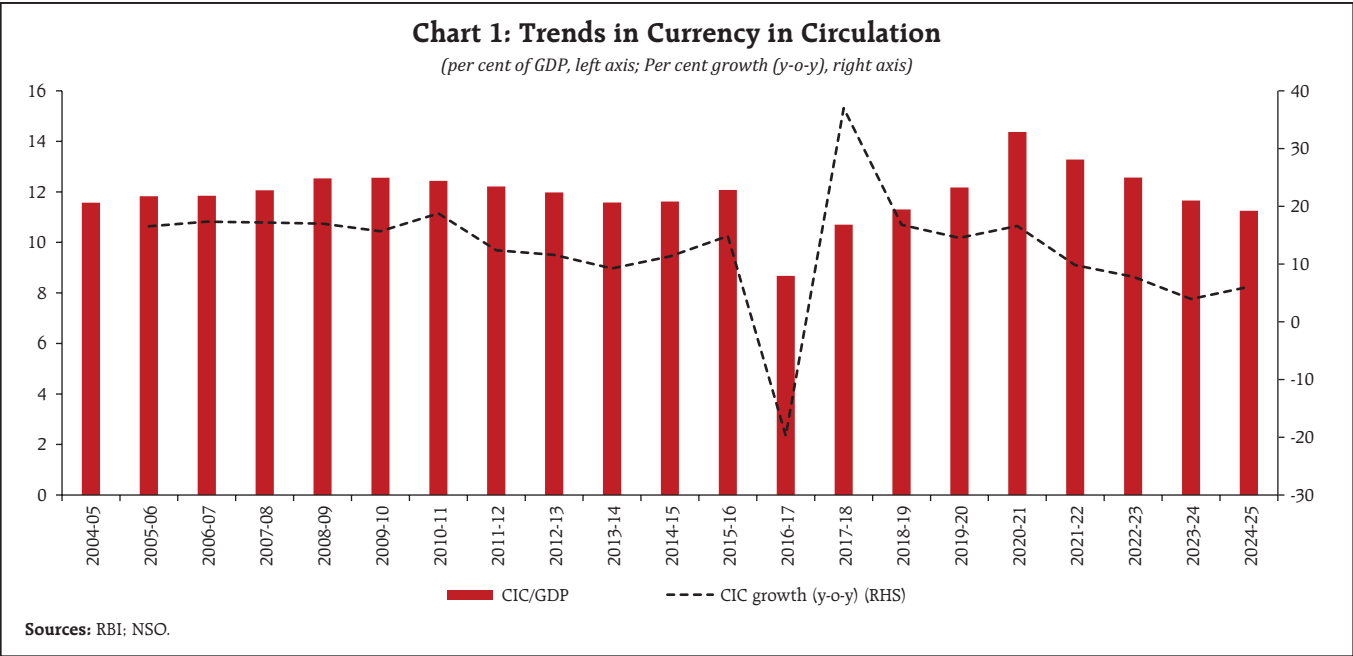
III.1. Aggregate-Level Insights into Payment Choice

India has a diverse payment ecosystem, encompassing both cash and a broad suite of digital options. Currency in circulation (CIC)¹ has normalised from a peak of 14.4 per cent of Gross Domestic Product (GDP) in 2020–21 to 11.7 per cent in 2023–24 and further to 11.2 per cent in 2024–25. CIC growth slowed to 4–6 per cent in recent years, driven by structural shift towards digital payments, post-pandemic normalisation, phased withdrawal of ₹2000 notes, and greater formalisation (Chart 1). A marginal rise (y-o-y) in 2024-25 reflects higher rural demand and election-related spending. Real CIC

growth turned negative in 2023-24 and remained modest in 2024-25, suggesting decline in inflation-adjusted cash demand.

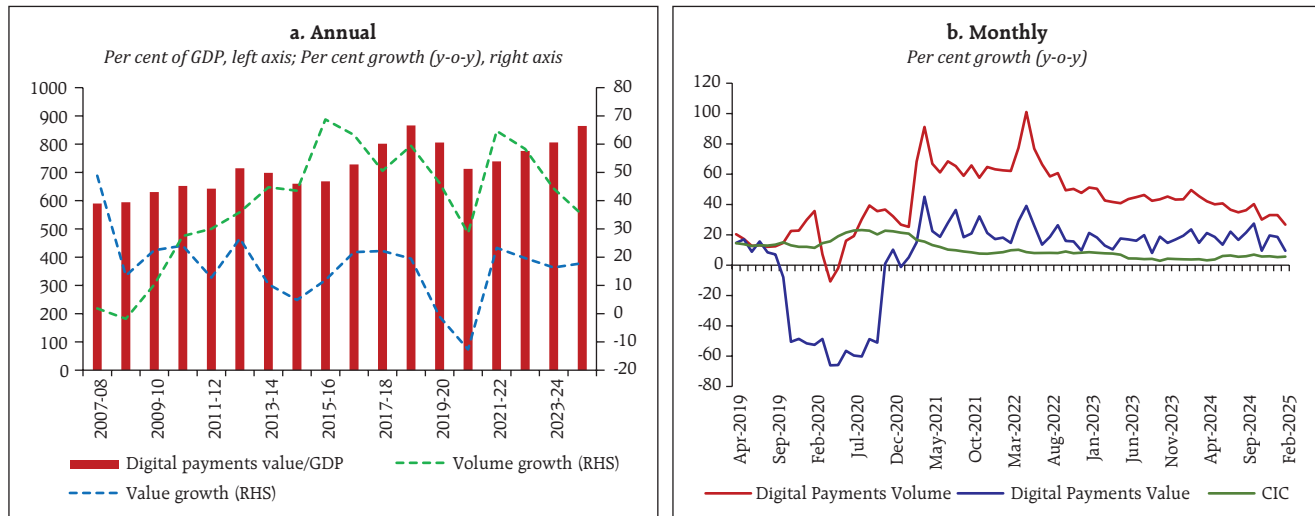
In contrast, digital payments (value) as a share of GDP has risen sharply to over 800 per cent, with the pandemic acting as a catalyst for increased adoption in both volume and value terms (Chart 2a). Overall, total digital payments have exhibited robust growth over the last decade (2015-2025), recording a compound annual growth rate of 48 per cent by volume and 12.5 per cent by value. Monthly trends show a broadly sustained digital momentum amid tapering CIC growth (Chart 2b).

The shift away from cash is also evident in the decline in currency-to-demand deposits ratio to 1.31 in 2024-25 from 1.68 in 2015-16² and a steady fall in ATM cash withdrawals (as a share of GDP) since 2018-19 (Charts 3 a and b).



¹ Given anonymity associated with cash-based economic transactions, CIC is taken as a proxy for cash demand, in line with previous RBI studies (Nachane *et al.*, 2013; Chaudhari *et al.*, 2019; Raj *et al.*, 2020)

² Since digital payments are backed by bank deposits, mainly demand deposits, a decline in the CIC-to-demand deposits ratio—holding other factors constant—indicates a shift towards digital modes of transaction, whereas an increase in the ratio reflects a rising preference for cash.

Chart 2: Trends in Digital Payments

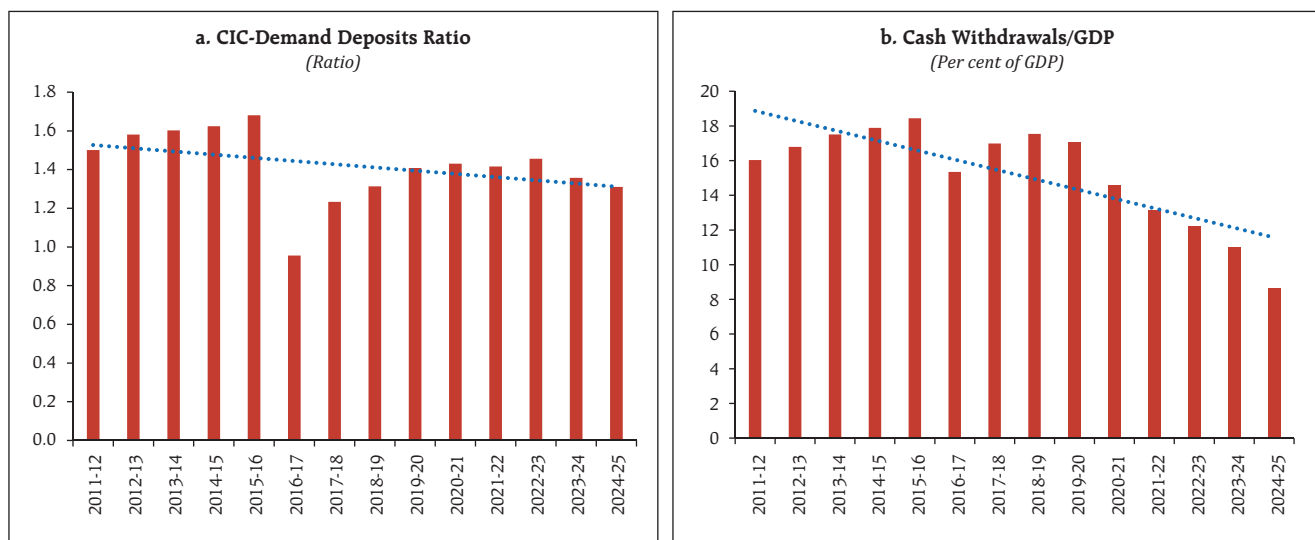
Note: Total Digital Payments include, *inter alia*, transactions under the Real Time Gross Settlement, National Electronic Funds Transfer, Immediate Payment Service, National Automated Clearing House, Unified Payments Interface, Aadhaar enabled Payment System, Bharat Bill Payment System, Cards and Prepaid Payment Instruments.

Sources: RBI; NSO.

A possible driver behind the decline in cash demand has been the rise of UPI. Transaction volumes logged under the fast payment mode surged to 18,586 crore in 2024-25 from 1,252 crore in 2019-20, with a marked acceleration post COVID-19. In less than a decade, UPI has become a leading payment system, processing more than 17 billion transactions a month and overall, accounting for 84 per cent and 9

per cent of total digital payment volumes and values, respectively, in 2024-25 (Table 1).

The strong UPI rally is underpinned by its open, technology-agnostic architecture that eases development of applications, user-friendly design, and increasing digital awareness (Aurazo *et al.* 2024). Growing use of UPI for daily low-value transactions is evident from the rising share of peer-

Chart 3: Trends in Demand for Cash

Note: Figures for 2024-25 are provisional. In chart b, data include cash withdrawals from debit and credit cards. Dotted line presents the linear trend in both charts.

Sources: RBI; NSO.

Table 1: Growth in UPI

Year	Volume (crore)	Value (₹ lakh crore)	Average Ticket Size (₹)	Share in Total Digital Payments Volume (per cent)	Share in Total Digital Payments Value (per cent)
2016-17	2	0.1	3867	0.2	0.0
2017-18	92	1.1	1200	6.3	0.1
2018-19	539	9	1627	23.2	0.5
2019-20	1,252	21	1703	36.8	1.3
2020-21	2,233	41	1838	51.1	2.9
2021-22	4,596	84	1831	63.8	4.8
2022-23	8,371	139	1662	73.5	6.7
2023-24	13,113	200	1525	79.7	8.2
2024-25	18,586	261	1404	84	9

Note: Average ticket size (₹) is computed as = ((Value/Volume)*1,00,000).
Sources: RBI; NPCI.

to-merchant (P2M) payments, narrowing ticket size of UPI payments (Chart 4a), and the bulk of the P2M volumes falling within the sub-₹500 value band (Chart 4b).

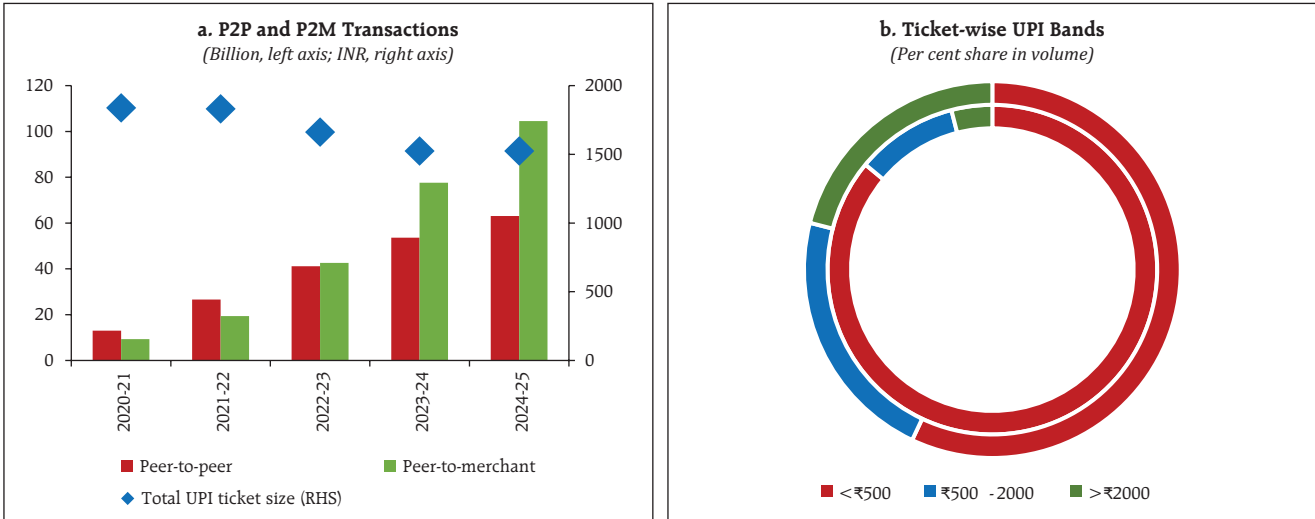
III.2. State-level Insights into Payment Choice

State-level analysis reveals regional variations shaped by income and structural factors. Due to unavailability of granular data on ATM withdrawals, cash usage is proxied by withdrawals from currency chests, which are regional repositories managed by

commercial banks on behalf of the Reserve Bank of India. As all freshly issued notes pass through these chests, their withdrawal patterns are assumed to reflect public cash demand. On average, the share of annual cash withdrawals from ATMs (through debit and credit cards) to cash withdrawals at currency chests stands at 80 per cent in 2024-25.

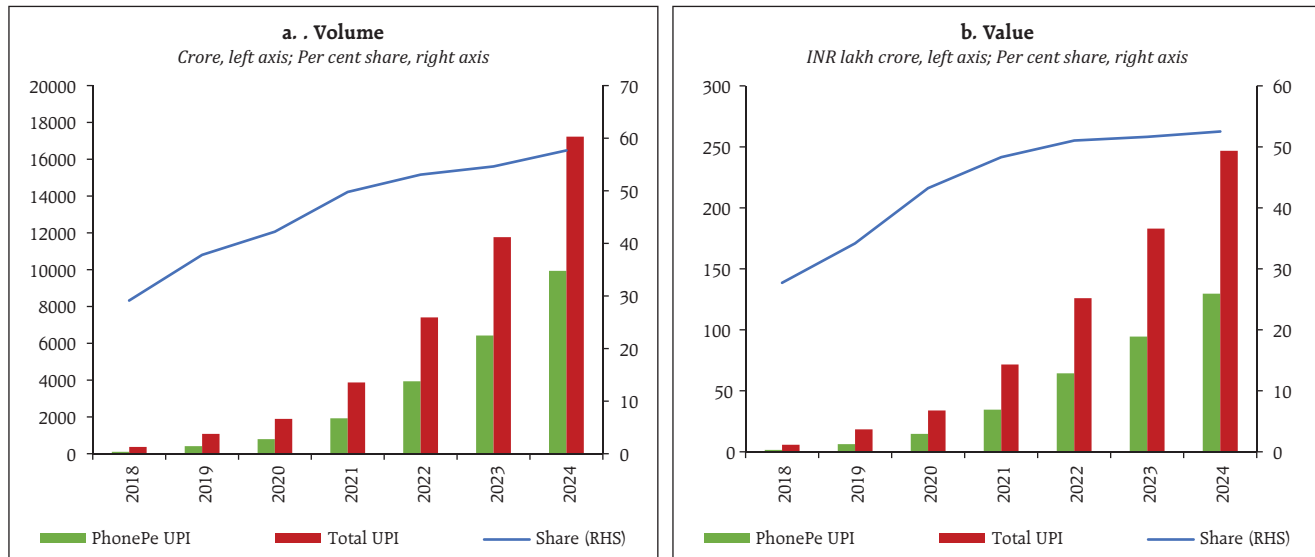
In the absence of disaggregated UPI data, this study employs data from *PhonePe* (Pulse), a payment service provider accounting for 58 per cent of total UPI transaction volume and 53 per cent of value

Chart 4: Composition of UPI Transactions



Source: NPCI.

Note: Inner and outer circles pertain to P2M and P2P transactions, respectively.
Source: NPCI.

Chart 5: Share of PhonePe in UPI over time

Sources: PhonePe Pulse, NPCI, Authors' calculations.

(Charts 5 a and b). This open-source dataset has been widely used in studies examining UPI diffusion across states and districts (Dubey and Purnanandam, 2023; Reddy *et al.*, 2024).

Two factors support the generalisability of this dataset as a proxy for overall UPI activity: First, *PhonePe's* growth trajectory has closely mirrored overall UPI trends in recent years, with correlations between their growths being 0.99 for both volume and value. Second, *PhonePe*-based state-wise rankings exhibit a strong correlation with total state-wise UPI rankings in 2024, for which data was available ($r = 0.97$). To ensure comparability, both cash and UPI indicators are normalised by state population, yielding measures of cash and UPI intensities.

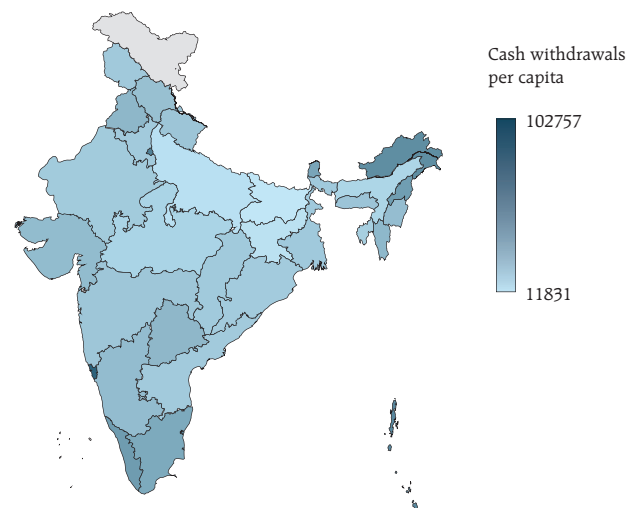
Cash intensity varies widely across states and Union Territories (UTs), with Goa, Delhi, Chandigarh, Arunachal Pradesh, Nagaland, Kerala, and Sikkim recording the highest per capita cash withdrawals (Chart 6), reflecting factors such as tourism and service-led cash usage, remittance inflows, rural areas' cash dependence, limited digital infrastructure, older demography, and security constraints. Recent trends

indicate a broad-based and sustained decline in cash usage across most states over the past few years, suggesting a structural rather than transitory shift.

On the digital front, UPI intensity, proxied by *PhonePe* transactions, remains high in Telangana, Karnataka, Andhra Pradesh, Delhi and Maharashtra in per capita volume terms, aligning closely with the presence of urban centres, economic hubs and

Chart 6: Cash Withdrawal Intensity in FY 2024-25

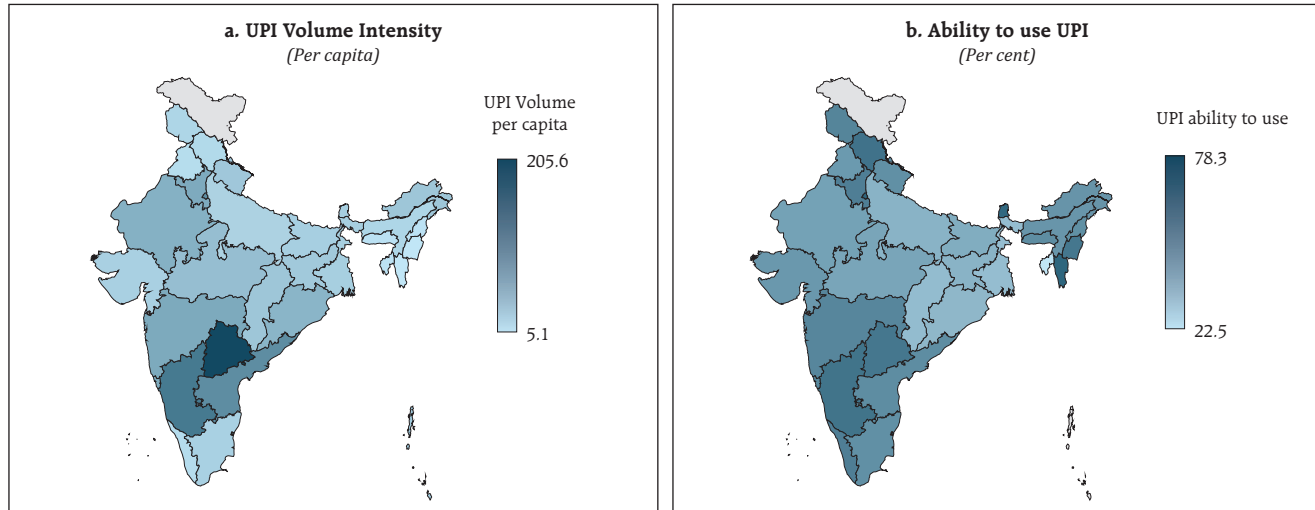
(Per capita)



Note: Cash intensity = Cash withdrawals_i / population_i, where i = state.

Source: RBI.

Chart 7: State-wise Variation in UPI Adoption in FY 2024-25



Notes: (a) Chart a - UPI Volume intensity = UPI volume, / population; where i = state;
 (b) Chart b - Ability of persons to perform online banking transactions using UPI as a share of total state population.
Sources: PhonePe Pulse; CAMS Survey, NSS 80th Round, NSO (2025).

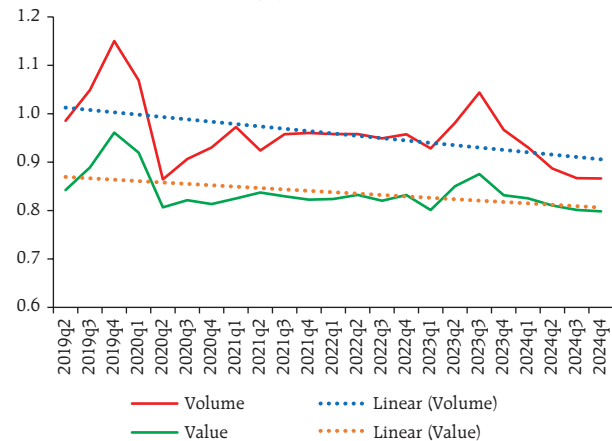
regions with high employment-driven migration (Chart 7a). In contrast, UPI uptake remains modest in several cash-dependent regions such as the North-Eastern states (Tripura, Manipur, Meghalaya, Nagaland). Data from a nationwide survey suggest relatively lower inter-state variation in the *ability* to use UPI for online banking transactions, with a modest skew towards the southern and northern states (NSO, 2025).³ Notably, Chandigarh, Himachal Pradesh, Kerala, Manipur, and Mizoram exhibit high reported ability to use UPI (Chart 7b).

In terms of growth, most states have witnessed a surge in UPI adoption post pandemic (FY: 2022). Although the overall trajectory of UPI payments remains positive across states, the pace of growth has moderated due to high base effect from the pandemic year and a transition towards a more stable, self-propelling adoption curve.

³ These estimates are based on unit level data from National Statistical Survey's Comprehensive Modular Survey – Telecom, 80th Round released on May 29, 2025. The survey questionnaire includes a specific question posed to individual respondents: "Whether able to perform online banking transactions via devices like computers, or mobile?" The response options are: (i) yes, through UPI only; (ii) yes, through net banking or other means (except UPI) only; (iii) yes, both UPI and other means; and (iv) no.

UPI usage, however, continues to be concentrated, with the top 10 states accounting for nearly 80 per cent of total transaction volumes - a pattern that has remained relatively stable over time. Nevertheless, the trend decline in dispersion of UPI adoption across states is evident from the strengthening of sigma (σ) convergence since 2020, *albeit* at a gradual pace (Chart 8). This slower convergence may reflect

Chart 8: Sigma Convergence in UPI Payments Across States
 (σ (log of UPI per capita))



Note: Sigma (σ) convergence refers to a reduction in the dispersion (standard deviation) of a variable such as UPI volume or value per capita across units (e.g., states) over time.
Source: Authors' calculations.

heterogeneity in digital infrastructure, extent of formalisation, financial inclusion and literacy, and merchant acceptance across states.

IV. Data and Methodology

At the national level, an auto-regressive distributed lag (ARDL) model is estimated using quarterly data from Q2:2009 to Q4:2024 to assess UPI's impact on cash demand in nominal and real terms.⁴ Key determinants include GDP, deposit rates (proxied by major banks' one year lower bounds), the share of high-denomination notes in circulation⁵ (store-of-value proxy), and UPI transaction volumes (substitutive effect)⁶, thereby accounting for transaction, precautionary, and speculative motives. Controlling for the high denomination notes' share also helps isolate UPI's impact on CIC, as high-value transactions may distort trends driven by predominantly small-value UPI payments. The sample period chosen reflects the structural shift following the Payment and Settlement Systems Act (2007) and minimises the global financial crisis's impact. Except for interest rates, all variables are seasonally adjusted and log-transformed. Stationarity checks using the Augmented Dickey-Fuller (ADF) test confirm that all series are I(0) or I(1), validating the ARDL framework. Key shocks, including withdrawal of specified bank notes in 2016 and COVID-19 lockdowns are captured through quarterly dummies.⁷

⁴ The following long-run equation is estimated: $\ln(CiC_t) = \psi_0 + \psi_1 \ln(GDP_t) + \psi_2 \ln(T_t) + \psi_3 \ln(HDN_t) + \psi_4 \ln(1 + UPI_t) + \mu_t$, where ψ_k are long-run coefficients.

⁵ High denomination notes include ₹500, ₹1000 (before their withdrawal) and ₹2000 notes.

⁶ Since UPI data is unavailable for the period before 2016, $\log(1 + \text{actual UPI transactions})$ is used as the variable to ensure continuity. This variable remains constant for pre-2016 quarters, thereby not affecting the estimation.

⁷ A dummy for the ₹2000 note withdrawal in May 2023 was initially included but found insignificant and thus, excluded from the final model. The effect may have been subsumed by the share of high-denomination notes variable, which likely accounts for its explanatory power in the main regression.

Building on the macro-level insights, cash determinants at the state level are analysed using fixed-effects⁸ panel quantile regression for 31 Indian states and UTs over the period Q2:2019 to Q1:2025, at the 25th, 50th, and 75th percentiles of the cash distribution. The model accounts for unobserved state-specific heterogeneity and time effects. The sample period, beginning in 2019, captures the phase during which UPI gained traction. To examine heterogeneity across income groups, separate panel regressions are estimated for low, middle, and high-income states, stratified on the 25th, 50th, and 75th percentiles of net state domestic product (current prices).

As mentioned above, cash demand is measured by quarterly currency chest withdrawals and UPI adoption by *PhonePe* transaction data. In the absence of quarterly subnational GDP, economic activity is proxied using VIIRS VNP46A2 nighttime lights, which provides daily measurements of artificial (human-generated) illumination at ~500-meter spatial resolution. Quarterly state-level aggregates are computed as the sum of the "Gap Filled DNB BRDF Corrected Nighttime Lights" band, using zonal statistics over state boundaries, thereby eliminating any high-frequency volatility. This data has been widely used to estimate output and growth, especially in data-scarce granular geographical levels, and to better capture informal sector activity (Lahiri, 2020; Beyer *et al.*, 2022; Mathen *et al.*, 2024). Other control variables include ATM density (financial infrastructure), employee provident fund organisation (EPFO) net payroll additions (formalisation), Periodic Labour Force Survey (PLFS)'s educational attainment below higher-secondary level (literacy), and Telecom Regulatory Authority of India's internet subscriptions (digital infrastructure). All variables, except internet subscribers and education attainment levels, are

⁸ Hausman Test validates the use of fixed effects model over random effects.

normalised by state population and log-transformed. Year fixed effects control for broad macroeconomic trends, while intra-year shocks like festivals, state elections, and COVID-19 are captured through quarterly dummies. While these regression estimates do not necessarily imply causality, they provide insights on the magnitude of these factors. Cross-state summary statistics and correlation heatmap are provided in Annex I.

V. Impact of UPI on Cash Demand: Empirical Evidence

V.1. National Level Insights

The UPI volumes are negatively associated with cash demand across models both in nominal and real terms, underscoring its role as a substitute for cash (Table 2). Income (GDP) emerges as the primary determinant of cash demand with elasticities ranging from 0.79 to 0.86, indicating a positive association between economic activity and cash usage. Deposit interest rates exhibit a negative and statistically significant effect, reflecting the opportunity cost of holding cash. Conversely, the higher denomination banknotes share shows a small but positive effect, consistent with its store-of-value role (Model 2). The post-estimation diagnostics confirm the absence of serial autocorrelation and heteroscedasticity at 5 per cent level. The error correction coefficient, which captures the speed at which short-run deviations adjust to the long-run equilibrium, shows that 24-30 per cent of deviations are corrected within a single quarter. Moreover, the Bounds test F-statistic exceeds the upper bound of the critical values, confirming the existence of a long-run relationship between these variables.

Owing to the specified bank note withdrawal, the dummy coefficient for Q4:2016 and Q1:2017 is negative and statistically significant (Annex II).

Table 2: Impact of Unified Payments Interface on Currency in Circulation

Dependent Variable: Log of Currency in Circulation

Variables	Nominal		Real	
	(1)	(2)	(1)	(2)
Model Type	ARDL (3,2,0)	ARDL (3,2,0,0,0)	ARDL (3,2,0)	ARDL (3,3,0,0,0)
Income	0.86*** (0.03)	0.83*** (0.04)	0.84*** (0.06)	0.79*** (0.10)
Interest Rate	-0.05*** (0.01)	-0.05*** (0.01)	-0.04*** (0.01)	-0.03** (0.01)
UPI Volume		-0.016*** (0.01)		-0.013*** (0.01)
HDN Share		0.005*** (0.01)		0.005** (0.01)
Intercept	1.80*** (0.60)	1.96*** (0.60)	1.95* (1.03)	2.36 (1.50)
<i>Cointegration Tests</i>				
Bounds Test: F statistic #	89.6	134.7	283.37	318.3
Error Correction Coefficient	-0.26*** (0.01)	-0.24*** (0.01)	-0.30*** (0.01)	-0.28*** (0.01)
<i>Model Tests</i>				
Adjusted R squared	0.99	0.99	0.99	0.99
SIC and AIC	-4.73 and -5.13	-4.74 and -5.21	-4.52 and -4.91	-4.48 and -4.98
<i>Post-estimation Tests</i>				
LM Test of Autocorrelation: Probability	0.63	0.08	0.49	0.05
BPG Heteroscedasticity Test: Probability	0.91	0.85	0.73	0.79
CUSUM and CUSUM squared stability test	Stable	Stable	Stable	Stable

Notes: (a) The standard errors are in parentheses. ***, ** and * refer to significance levels at 1 per cent, 5 per cent and 10 per cent, respectively.

(b) CIC, income and UPI are natural logarithm transformed. Real CIC refers to CIC deflated by the Consumer Price Index (CPI) to adjust for price levels and reflect the purchasing power of money.

(c) Model 1 is the baseline model without UPI and HDN share. Model 2 incorporate UPI volume and HDN share.

(d) All the models have relevant dummy variables for withdrawal of specified bank notes, COVID-19 first wave and second wave.

(e) As robustness check, the share of UPI in total digital transactions was also considered, which takes the value of zero for the pre-2016 period. The results confirm the negative association between UPI share and cash demand. Further, the inclusion of the COVID-19 Stringency Index revealed a positive and statistically significant impact.

(f) # Critical values for F statistic at 5 per cent level are around 3.0 and 6.0 for I(0) and I(1) assumptions, respectively.

(g) In post-estimation checks, null hypothesis is no serial correlation for LM test, and homoscedasticity for BPG test.

Source: Authors' calculations.

Further, dummy variables for both the first and second waves of the pandemic are positive and statistically significant, suggesting that the increase in currency demand during the lockdown was driven by precautionary and store-of-value motives, consistent with previous findings (Caswell *et al.*, 2020; Chen *et al.*, 2020; Awasthy *et al.*, 2022; RBI, 2023).

V.2. State Level Insights

V.2.1. By Cash Quantiles

Consistent with the aggregate regression, economic activity as proxied by nighttime lights exhibits a strong and statistically significant association with cash usage across all states (Table 3, Model 1). While its influence remains consistently positive across the conditional distribution of cash demand, it marginally attenuates from lower to upper quantiles of cash usage (Models 2 – 4).

UPI volumes per capita display a negative and non-linear association, given the negative linear term coupled with a positive squared term. This indicates that increases in UPI usage substitute for cash, however, beyond an estimated threshold ($\log \text{UPI per capita} = 2.18$) and as digital adoption matures, the substitution effect moderates, possibly reflecting saturation or behavioural inertia. Plotting the UPI coefficient across different cash quantiles indicates a stronger substitution effect in upper quantiles, implying that in cash-intensive states, digital adoption exerts a stronger dampening impact on cash usage (Chart 9). This pattern may reflect a combination of higher initial cash dependence, policy and market efforts, and steeper early-stage learning curves in digital adoption. Similar non-linear dynamics are observed for UPI value per capita (Table 1:Annex III).

Internet subscriber base, as a proxy for digital infrastructure, exerts only a weak influence, with borderline significance at the median quantile. The degree of formalisation displays a concave

Table 3: State-wise Impact of UPI Volume on Cash Demand – By Cash Quantiles

Dependent Variable: Log of Currency Chest Withdrawals per Capita

	(1)	(2)	(3)	(4)
Variables	Full sample	25 th Quantile (Low cash)	50 th Quantile (Mid cash)	75 th Quantile (High cash)
Economic activity [#]	0.25*** (0.05)	0.29*** (0.06)	0.26*** (0.05)	0.21*** (0.06)
UPI Volume [#]	-0.13** (0.05)	-0.12*** (0.03)	-0.13*** (0.03)	-0.15*** (0.04)
UPI Volume squared [#]	0.03*** (0.01)	0.03*** (0.00)	0.03*** (0.00)	0.03*** (0.01)
ATM density [#]	0.77** (0.29)	0.52*** (0.19)	0.76*** (0.15)	1.04*** (0.21)
Degree of formalisation [#]	-0.11*** (0.03)	-0.12*** (0.03)	-0.11*** (0.03)	-0.10*** (0.04)
Degree of formalisation squared [#]	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)
Education attainment level	-0.01 (0.00)	-0.00 (0.00)	-0.01** (0.00)	-0.01** (0.00)
Internet Subscriber Base [@]	0.05 (0.04)	0.05 (0.04)	0.05 (0.03)	0.06 (0.05)
Covid Dummy	0.04*** (0.01)	0.05* (0.03)	0.04** (0.02)	0.04 (0.03)
State Election Dummy	0.05*** (0.01)	0.05** (0.02)	0.05*** (0.02)	0.04* (0.02)
Festival Dummy	0.05**	0.05***	0.05***	0.05**
Constant	17.27*** (2.40)			
Year Fixed Effects	Yes	Yes	Yes	Yes
Observations	688	688	688	688
R-squared	0.43			
F statistic	66.07			
Prob > F	0.00			
Number of States	31			

Notes: a) The standard errors in parentheses are clustered by state. ***, ** and * refer to significance levels at 1 per cent, 5 per cent and 10 per cent, respectively.

b) # Variables are in per capita terms and log transformed.

c) @ Variable is in quarter-on-quarter growth terms.

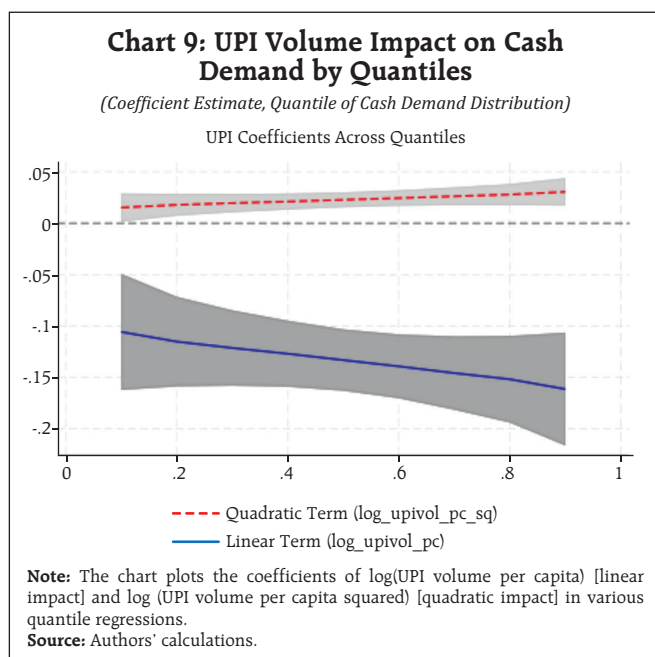
d) Due to data unavailability for Ladakh, Lakshadweep, Dadra and Nagar Haveli, Sikkim and Puducherry, the sample size of the number of states and UTs is reduced to 31.

e) These results control for year fixed effects.

f) State-wise degree of formalisation is computed as the log of net payroll additions under EPFO adjusted for population.

g) While state-wise CPI was included as control, it was found to be statistically insignificant, possibly due to its effect being absorbed by economic activity and overall limited cross-state variation. Additionally, rural and urban population proxies were considered; however, as these are based on Census 2011 data, they were excluded from the fixed-effects panel regression.

Source: Authors' calculations.



relationship with cash demand. Initial formalisation is associated with lower cash reliance, possibly due to improved access to banking and digital wage payments, which wears off later (post log of degree of formalisation = 5.8). This pattern suggests that informal sector remains more cash-intensive, with lower willingness to adopt digital payments (Ligon *et al.*, 2019), possibly owing to limited integration with formal financial networks (Lahiri, 2020). Further, states with higher proportions of population with at least higher secondary education show lower cash demand at median and upper quantiles, reflecting the positive relationship between education and digital alternatives. Structural shocks, along with policy and seasonal dummies such as COVID-19, state elections, festivals and the marriage season are all positively and significantly associated with spikes in cash demand across the distribution, reaffirming its episodic and precautionary nature in line with Raj *et al.*, (2020).

V.2.2. By Income Groups

Although UPI adoption exhibits a non-linear relationship across income groups, mid-income

states display the strongest substitution elasticity, indicating that they are at a critical inflection point in the ongoing digital transition (Table 4). Economic activity is positively associated with cash demand

Table 4: State-wise Impact of UPI Volume on Cash Demand – By Income Groups
Dependent Variable: Log of Currency Chest Withdrawals per Capita

	(1)	(2)	(3)
Variables	Low Income States	Mid Income States	High Income States
Economic activity [#]	0.26*** (0.07)	0.22** (0.09)	0.41*** (0.10)
UPI Volume [#]	-0.15* (0.08)	-0.22*** (0.06)	-0.08* (0.05)
UPI Volume squared [#]	0.05** (0.02)	0.04*** (0.01)	0.01* (0.01)
ATM density [#]	1.22** (0.54)	0.45 (0.31)	0.58 (0.43)
Degree of formalisation [#]	-0.06 (0.08)	-0.09*** (0.02)	-0.16 (0.13)
Degree of formalisation squared [#]	0.01 (0.01)	0.01*** (0.00)	0.01 (0.01)
Education attainment level	-0.01* (0.01)	0.01 (0.01)	-0.01** (0.00)
Internet Subscriber Base [@]	0.07 (0.06)	0.01 (0.02)	0.05 (0.21)
Covid dummy	0.04* (0.02)	0.03 (0.03)	0.02 (0.02)
State Election Dummy	0.03 (0.03)	0.06** (0.03)	0.01 (0.02)
Festival Dummy	0.03 (0.02)	0.08 (0.05)	0.08** (0.03)
Constant	21.50*** (4.88)	13.47*** (2.10)	16.52*** (3.46)
Year Fixed Effects	Yes	Yes	Yes
Observations	244	235	209
R-squared	0.50	0.54	0.50
Number of States	14	15	11

Notes: (a) Low, mid and high-income states pertain to the 25th, 50th and 75th percentile, respectively, of the net state domestic product (current prices).

(b) The standard errors in parentheses are clustered by state. ***, ** and * refer to significance levels at 1 per cent, 5 per cent and 10 per cent, respectively.

(c) # Variables are in per capita terms and log transformed.

(d) @ Variable is in quarter-on-quarter growth terms.

(e) Due to data unavailability for Ladakh, Lakshadweep, Dadra and Nagar Haveli, Sikkim and Puducherry, the sample size of states and UTs is reduced to 31.

(f) These results control for year fixed effects.

Source: Authors' calculations.

in all income groups, but its magnitude is higher in high-income states. ATM density is associated with higher cash usage only in low-income states than in more affluent ones, underscoring their continued dependence on traditional access points. Formalisation of the workforce is negatively associated with cash usage, though only in mid-income states and that too up to a threshold. Additionally, higher education levels are linked with lower cash demand in low and high income states. Similar results prevail for UPI values per capita (Annex III, Table 2).

VI. Conclusion

The study examines the impact of UPI on cash demand in India. Using a dual empirical strategy of autoregressive distributed lag model and panel quantile regression, the article finds that higher UPI adoption is associated with lower cash demand at both national and subnational levels. At the aggregate level, descriptive trends indicate a structural shift in India's payment landscape, evident from currency growth moderating from pandemic levels and sustained UPI expansion with narrowing ticket sizes. Empirically, income, proxied by GDP, is positively associated with cash demand, while UPI and interest rates exhibit a negative effect.

At the state-level, preferences between cash and UPI, as proxied by *PhonePe* transactions, display regional variation. Early UPI adopting states continue to retain a dominant share of total UPI payments, however, a broad-based decline in cash demand across states and narrowing inter-state disparities in UPI adoption since the pandemic point to early signs of convergence. Empirical analysis reveals a negative and non-linear association between UPI adoption and cash demand across cash quantiles. While UPI largely substitutes cash, the effect moderates as digital adoption matures, possibly due to saturation or behavioural inertia. Income, proxied by nighttime

lights, and ATM density are positively associated with cash demand, whereas workforce formalisation and higher educational attainment are linked to lower cash reliance. Income-group-wise segregation shows that mid-income states exhibit the strongest substitution elasticity, while lower-income states may unlock untapped substitution potential through improved literacy and greater workforce formalisation.

These findings suggest that a one-size-fits-all approach may not be sufficient for adoption and sustained usage of UPI. Region-specific targeted interventions aligned with each state's demographic, infrastructural, and behavioural context are likely to be effective. Expanding digital infrastructure and financial literacy interventions, incentivising digital wage transfers, and building trust in digital modes may accelerate cash-to-UPI transition across the spectrum.

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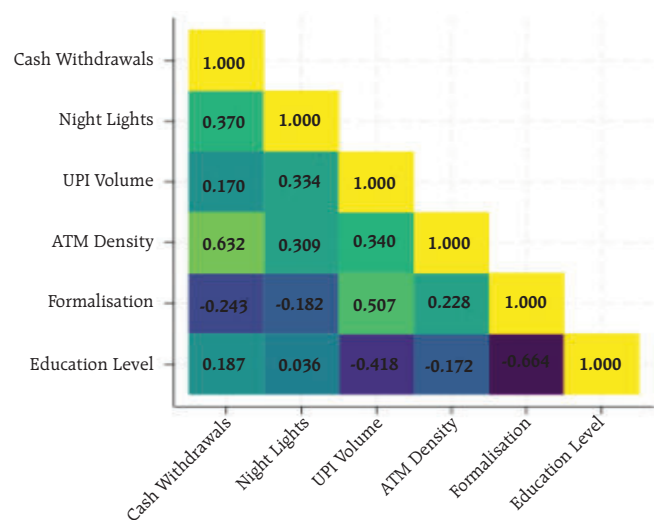
Annex I

Table 1: State-wise Summary Statistics of Select Variables

Variable	Type	Mean	Std. dev.	Min	Max	Observations
Cash Withdrawals	overall	9.06	0.66	5.34	10.56	792
	between		0.54	7.85	10.19	33
	within		0.38	6.56	10.31	24
Night Lights (Economic activity)	overall	-4.38	0.49	-5.68	-2.40	792
	between		0.44	-5.25	-2.98	33
	within		0.23	-5.13	-3.80	24
UPI	overall	1.04	1.48	-3.30	4.45	792
	between		0.92	-0.75	3.00	33
	within		1.17	-2.39	3.48	24
ATM	overall	-8.49	0.52	-9.64	-7.30	792
	between		0.52	-9.55	-7.33	33
	within		0.06	-8.72	-8.30	24
Formalisation	overall	9.85	2.52	1.39	13.78	718
	between		2.48	4.53	13.35	31
	within		0.62	3.66	12.41	24
Education Levels	overall	66.88	8.37	49.70	87.10	792
	between		8.24	53.70	85.34	33
	within		2.05	57.47	73.26	24
Internet Subscriber Base Growth	overall	0.02	0.12	-0.68	2.14	759
	between		0.01	-0.01	0.07	33
	within		0.12	-0.73	2.09	23

Note: All variables, except education and internet subscribers, are in per capita terms and log transformed.
Source: Authors' calculations.

Chart 1: Correlation Heat Map of Select Variables



Note: All these variables, except education, are normalised by population and log transformed.
Source: Authors' calculations.

Annex II

Table 1: Short-run Drivers of Currency Demand in India
Dependent Variable: LCiC (Log of Currency in Circulation)

	Nominal		Real	
	(1)	(2)	(1)	(2)
Model Type	ARDL (3,2,0)	ARDL (3,2,0,0,0)	ARDL (3,2,0)	ARDL (3,2,0,0,0)
	(a)	(b)	(a)	(b)
D(LCiC) (-1)	-0.23*** (0.02)	-0.26*** (0.02)	-0.20*** (0.03)	-0.25*** (0.02)
D(LCiC) (-2)	-0.15*** (0.02)	-0.14*** (0.02)	-0.13*** (0.03)	-0.12*** (0.03)
D(Income)	0.08* (0.04)	0.07* (0.04)	0.14*** (0.04)	0.18*** (0.03)
D(Income) (-1)	0.11*** (0.03)	0.12*** (0.03)	0.21*** (0.04)	0.26*** (0.04)
Dummy: SBN withdrawal	-0.31*** (0.01)	-0.33*** (0.01)		0.09*** (0.03)
Dummy: COVID first wave	0.10*** (0.01)	0.10*** (0.01)	-0.30*** (0.01)	-0.32*** (0.01)
Dummy: COVID second wave	0.03*** (0.01)	0.03*** (0.01)	0.12*** (0.01)	0.13*** (0.01)

Notes: (a) The standard errors are in parentheses. ***, ** and * refer to significance levels at 1 per cent, 5 per cent and 10 per cent, respectively.

(b) CiC, income and UPI are natural logarithm transformed.

(c) Model 1 is the baseline model without UPI and HDN share. Model 2 incorporates UPI volume and HDN share.

Source: Authors' calculations.

Annex III

Table 1: State-wise Impact of UPI Value on Cash Demand – By Cash Quantiles

Dependent Variable: Log of Currency Chest Withdrawals per Capita

	(1)	(2)	(3)	(4)
Variables	Full sample	25 th Quantile (Low cash)	50 th Quantile (Mid cash)	75 th Quantile (High cash)
Economic activity #	0.27*** (0.05)	0.31*** (0.06)	0.28*** (0.05)	0.23*** (0.07)
UPI Value #	-0.65*** (0.21)	-0.62*** (0.11)	-0.65*** (0.09)	-0.69*** (0.13)
UPI Value squared #	0.04*** (0.01)	0.03*** (0.01)	0.04*** (0.00)	0.04*** (0.01)
ATM density #	0.68** (0.29)	0.45** (0.19)	0.66*** (0.15)	0.93*** (0.22)
Degree of formalisation #	-0.12*** (0.03)	-0.13*** (0.04)	-0.12*** (0.03)	-0.12*** (0.04)
Degree of formalisation squared #	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)
Education attainment level	-0.01 (0.01)	-0.01 (0.00)	-0.01*** (0.00)	-0.01*** (0.00)
Internet Subscriber Growth @	0.06 (0.04)	0.04 (0.05)	0.06 (0.04)	0.07 (0.05)
Covid dummy	0.06*** (0.01)	0.06** (0.03)	0.06** (0.02)	0.05 (0.03)
State Election Dummy	0.04*** (0.01)	0.04** (0.02)	0.04** (0.02)	0.04 (0.02)
Festival Dummy	0.04* (0.02)	0.04** (0.02)	0.04*** (0.02)	0.03 (0.02)
Constant	19.59*** (3.12)			
Year Fixed Effects	Yes	Yes	Yes	Yes
Observations	688	688	688	688
R-squared	0.39			
F statistic	74.11			
Prob > F	0.00			
Number of States	31			

Notes: a) The standard errors in parentheses are clustered by state. ***, ** and * refer to significance levels at 1 per cent, 5 per cent and 10 per cent, respectively.

b) # Variables are in per capita terms and log transformed.

c) @ Variable is in quarter-on-quarter growth terms.

d) Due to data unavailability for Ladakh, Lakshadweep, Dadra and Nagar Haveli, Sikkim and Puducherry, the sample size of the number of states and UTs is reduced to 31.

e) These results control for year fixed effects.

Source: Authors' calculations.

Table 2: State-wise Impact of UPI Value on Cash Demand – By Income Groups

Dependent Variable: Log of Currency Chest Withdrawals per Capita

	(1)	(2)	(3)
Variables	Low Income States	Mid Income States	High Income States
Economic activity #	0.33*** (0.07)	0.21** (0.09)	0.41*** (0.10)
UPI Value #	-1.13** (0.52)	-0.90*** (0.08)	-0.35* (0.17)
UPI Value squared #	0.07** (0.03)	0.05*** (0.01)	0.02 (0.01)
ATM density #	1.13* (0.62)	0.33 (0.32)	0.55 (0.45)
Degree of formalisation #	-0.08 (0.08)	-0.10*** (0.02)	-0.17 (0.13)
Degree of formalisation squared #	0.01 (0.01)	0.01*** (0.00)	0.01* (0.01)
Education attainment level	-0.01* (0.01)	0.00 (0.02)	-0.01** (0.00)
Internet Subscriber Growth @	0.07 (0.06)	0.01 (0.02)	0.05 (0.21)
Covid dummy	0.07*** (0.02)	0.05 (0.03)	0.03 (0.02)
State Election Dummy	0.03 (0.03)	0.06** (0.02)	0.01 (0.02)
Festival Dummy	0.00 (0.02)	0.07 (0.06)	0.07** (0.03)
Constant	25.70*** (7.66)	16.84*** (2.34)	18.04*** (4.04)
Year Fixed Effects	Yes	Yes	Yes
Observations	244	235	209
R-squared	0.44	0.50	0.48
Number of States	14	15	11

Notes: (a) Low, mid and high-income states pertain to the 25th, 50th and 75th percentile, respectively, of the NSDP (current prices).

(b) The standard errors in parentheses are clustered by state. ***, ** and * refer to significance levels at 1 per cent, 5 per cent and 10 per cent, respectively.

(c) # Variables are in per capita terms and log transformed.

(d) @ Variable is in quarter-on-quarter growth terms

(e) Due to data unavailability for Ladakh, Lakshadweep, Dadra and Nagar Haveli, Sikkim and Puducherry, the sample size of the number of states and UTs is reduced to 31.

(f) These results control for year fixed effects.

Source: Authors' calculations.

Is Consumption Inequality Declining? – What the 2022-23 NSSO Survey Tells Us

*Kaustubh, Satadru Das,
Pawan Gopalakrishnan, and
Debojyoti Mazumder[^]*

This article assesses consumption inequality in India by analysing convergence or divergence in household consumption expenditure among various groups. Further, the article estimates the incidence of poverty across states by updating the Rangarajan Committee poverty line. The study finds that there is a broad trend towards convergence in consumption expenditure among households but there are a few notable exceptions. A significant decline in poverty incidence across states in India is also found.

Introduction

In recent years, India has experienced a deceleration in consumption growth, a trend with significant implications for economic development, poverty reduction, and social equity. Consumption, a critical driver of economic growth, reflects not only aggregate demand but also the living standards and well-being of households. Analysing consumption inequality and regional convergence is vital, as disparities in consumption can perpetuate economic and social inequities, while convergence can indicate progress towards more inclusive growth. While trends in real per capita gross state domestic product (GSDP) show growing disparity among states over the past decade (Kaustubh and Ghosh, 2023; 2025), it becomes essential to examine how is it materialising in the context of consumption. This prompts a crucial question: Is the growing spatial income inequality

leading to a corresponding rise in consumption inequality? Several important factors over the last decade like the implementation of the goods and services tax (GST), and occurrence of unexpected shocks, like the COVID-19 pandemic, are postulated to have substantial effect on inequality. While some analysts have pointed to anecdotal evidence and data from other sources to argue that these events contributed to rising inequality (Himanshu, 2017; Jha and Lahoti, 2022; Ghosh, 2024), other studies suggest that the impacts of these events were either temporary or led to a reduction in inequality (Chanda and Cook, 2022; Gupta et al., 2021). Enhanced labour mobility across states and well-targeted policy measures could help mitigate the impact of rising income inequality on consumption.

Considering the contrasting findings and hypothesis, the Household Consumption Expenditure Survey of 2022-23 by National Sample Survey Organization (NSSO) provides an unparalleled opportunity to examine these issues in detail. The survey was released by the Ministry of Statistics and Programme Implementation (MoSPI) in July 2024, after a gap of eleven years. Covering 2.6 lakh households, this dataset offers granular insights into consumption behaviours across income groups, states, and rural-urban divides, enabling a comprehensive analysis of the drivers of inequality and the extent of regional convergence. Understanding these trends is particularly relevant for India, where addressing consumption disparities is essential to achieving sustainable development goals and fostering equitable economic progress. By investigating these dynamics, this study aims to inform policy interventions that can promote balanced growth and ensure that the benefits of development are more evenly distributed across the population.

Most of the discussions in media and academic research regarding the HCES 2022-23 have focussed on the aggregate numbers from the survey. These

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articles have analysed the major trends emerging in the consumption pattern of the Indian economy by comparing the surveys of 2011-12 and 2022-23. The findings of these articles can be broadly summarised as follows: there is an increase in the average monthly per capita expenditure (MPCE) between 2011-12 and 2022-23 in both rural and urban areas; a decrease in the rural and urban gap in consumption; a decline in the share of food in total consumption expenditure; and finally, a decrease in consumption inequality across income deciles (Rampal, 2024; Iyer, 2024; Nageswaran *et al.*, 2024).

Previous studies have found a greater spatial inequality in consumption of non-food items compared to food items and spatial inequality in rural MPCE is more than urban MPCE between states in terms of MPCE based on HCES 2022-23 (Mitra and Shrivastav, 2024). In similar line, (Bonu, 2024) analysed the consumption inequality among social groups. It is found that Scheduled Tribes in Odisha, Jharkhand and Chhattisgarh are at the bottom of the consumption pyramid. Broadly, they provided evidence that the scheduled tribes are at bottom of the consumer pyramid followed by scheduled castes in almost all states. These studies focused only on HCES 2022-23 to analyse various dimensions of consumption inequalities. However, the importance of comparative analysis between different HCES rounds were broadly overlooked.

The present article contributes to this discussion by analysing the trends in spatial and temporal variation in consumption expenditure by analysing micro-data from the HCES 2022-23 and comparing them with previous rounds of NSSO consumption surveys.

Through comparative analysis of NSSO survey rounds of 2011-12 and 2022-23, the study finds a reduction in expenditure inequality across several

dimensions, including between urban and rural households, between high consumption and low consumption households, and across states. This decrease in consumption inequality could also have implications for poverty levels. To explore this, the poverty incidence is estimated by appropriately adjusting the consumption expenditure based poverty line recommended by the Rangarajan Committee in 2014 to current prices. Results from these estimations reveal a significant decline in poverty incidence across states.

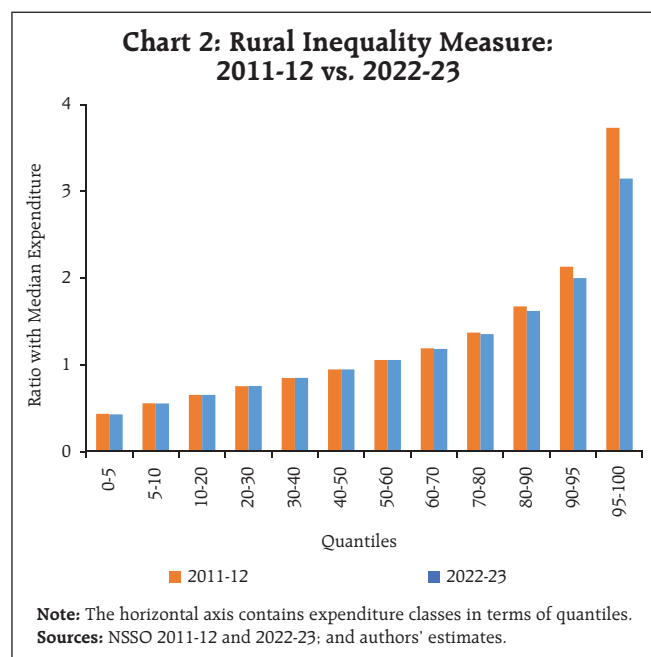
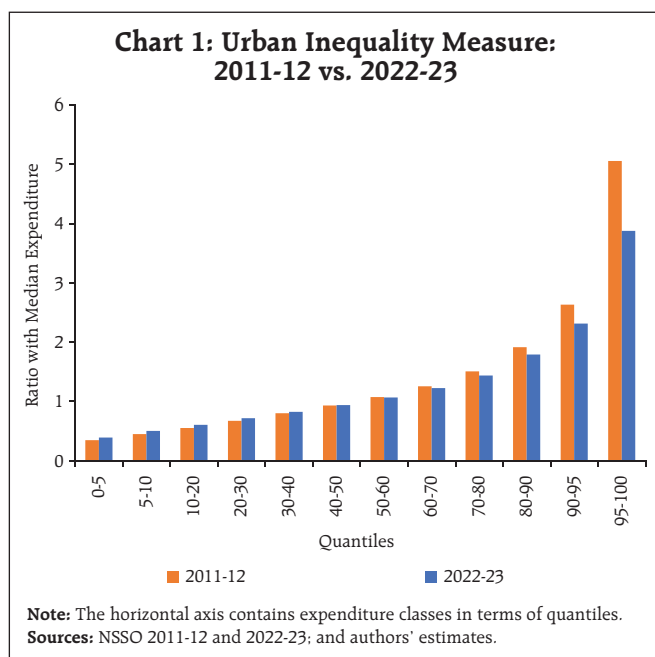
The rest of the article is organised as follows: Section II analyses variation in consumption expenditure across expenditure classes, Section III presents variation between urban and rural households, while Section IV examines variation across states. Section V updates the Rangarajan Committee poverty line for the large states and calculates the incidence of poverty. Finally, Section VI concludes by offering some policy insights.

II. Convergence across Expenditure Classes

To analyse the disparity across expenditure classes, the ratio between the mean expenditure of each expenditure class and the median expenditure of the entire sample is calculated. The exercise is done separately for urban and rural households¹. For convergence, the ratios should increase for the fractiles below median and decrease for fractiles above median between 2011-12 and 2022-23.

It is observed that in urban areas, the ratio increased for most of the fractiles below median and decreased for most of the fractiles above median

¹ Inequality is defined as the difference between the average MPCE of the top fractiles and the bottom fractiles. In the charts, the ratio between the average MPCE of each quantiles and the median MPCE are plotted as bars. This ratio will be lesser than 1 for quantiles below 50 and greater than 1 for quantiles above 50. An increase in the ratio for the fractiles below 50 will imply a movement towards the median and a fall in the ratio for the fractiles above 50 will also imply a movement towards median, therefore, implying a decrease in inequality.



(Chart 1). In rural areas, the ratio has remained unchanged for most of the fractiles below median but has decreased for the top four fractiles (Chart 2). It can be concluded that inequality across expenditure classes has decreased for both urban and rural households compared to 2011-12, although the decline has been more in urban areas.

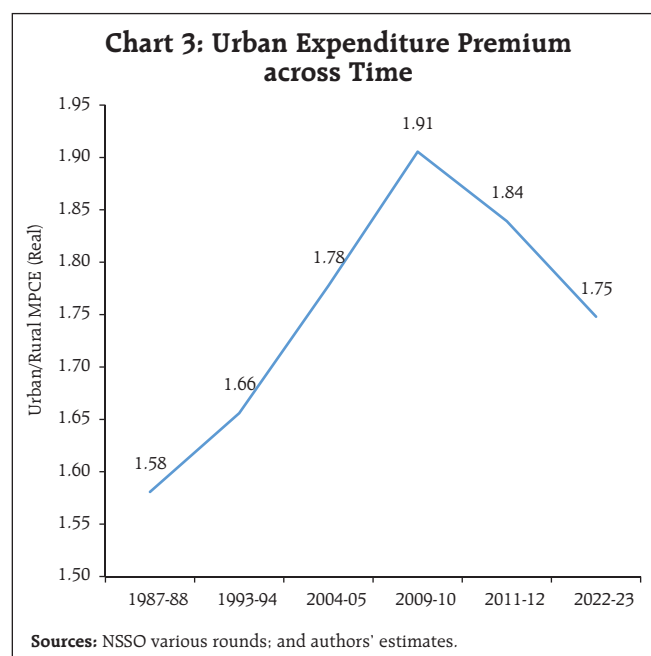
III. Convergence between urban and rural households

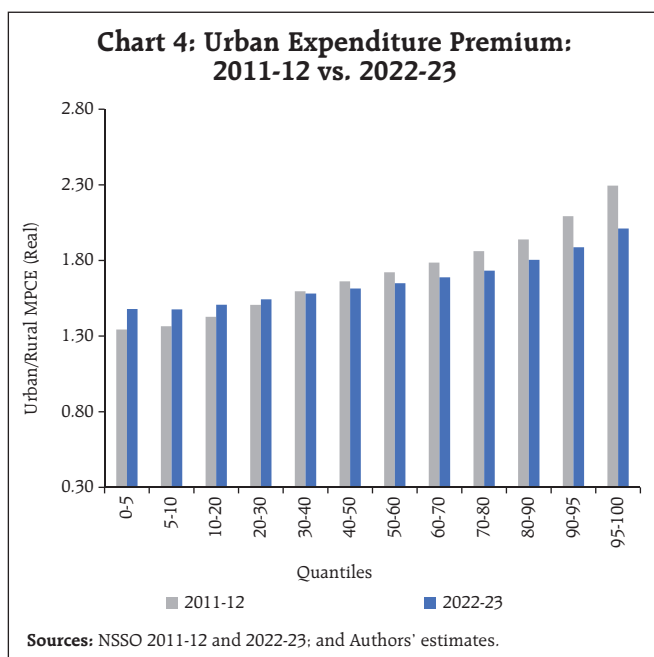
The urban-rural gap is measured using the urban premium which is defined as the ratio of real urban MPCE and real rural MPCE. The real values are calculated by discounting the nominal MPCE for urban and rural households with their respective consumer price indices (CPIs) so that all values can be expressed in terms of 2011-12 prices. This ratio has seen a decline in trend since reaching its peak in 2009-10, indicating that the urban-rural gap in terms of consumption has continued to decline since 2009-10 (Chart 3).

However, further analysis shows that the fall in urban premium is not uniform across expenditure

classes. Specifically, the urban premium has increased among the bottom 30 per cent and has decreased for top 70 per cent of consumption fractiles (Chart 4). This implies that the urban-rural gap has fallen for better-off households but has increased for poorer households.

Next, the estimated urban premium is compared across states to assess if it is lower in richer states





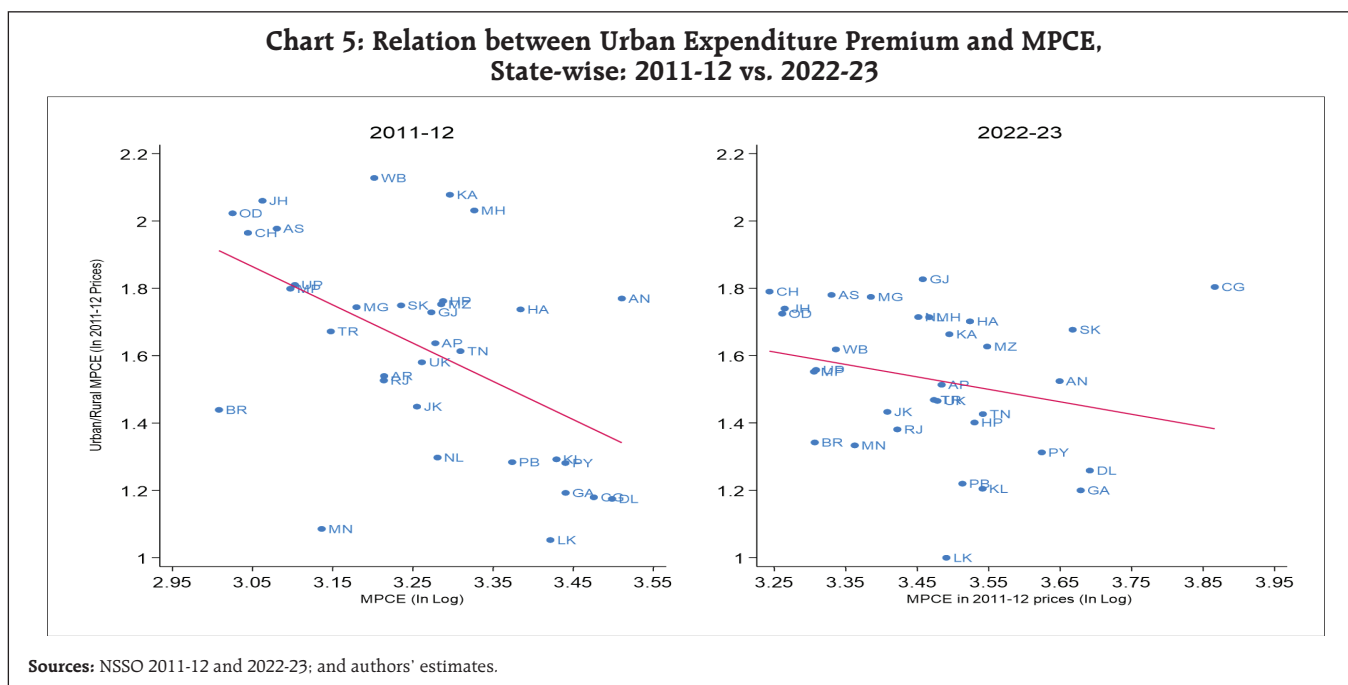
(states with higher average MPCE) as compared to poorer states and if that relationship has remained same over time. State-wise average MPCE are calculated by weighting the average urban and rural MPCE in a state by the respective urban and rural population from the 2010-11 Census (the same used

by NSSO for the survey). The relationship between the state-wise urban premium and MPCE is examined separately for 2011-12 and 2022-23.

The urban premium has a negative relationship with states' average MPCE. This implies that states with higher MPCE have lower urban-rural gap (Chart 5). The relationship, however, has changed between 2011-12 and 2022-23. Comparing the slopes of the fitted lines in the scatter plots, it is observed that this relationship has become weaker. The fall in slope is primarily due to the urban premium falling in states which have lower MPCE than the national average. This indicates the urban-rural gap has substantially decreased in the lower MPCE states between 2011-12 and 2022-23.

IV. Convergence across States

The literature on inter-state disparity in economic outcomes and its dynamics in the Indian context has mostly focussed on the growing divergence in per capita incomes² among Indian states, leading



² State level per capita incomes are measured using state level gross state domestic product (GSDP).

to increasing spatial economic inequality. Broadly, these studies have shown that there exists a beta-divergence in per capita GSDP across Indian states during recent decades (Ghosh and Kaustubh, 2023; 2025). As regarding to the dynamics of MPCE between Indian states, (Acharya *et al.*, 2021) had done a detailed study based on earlier rounds of NSSO consumption expenditure surveys and found evidence of overall divergence in MPCE between the states over the period between 1993-94 to 2011-12, and some evidence of conditional convergence when states were grouped based on their standards of living. Some opinion pieces in news media like (Mahambare and Jyoti, 2024) in the context of the household consumption survey round of 2022-23 has pointed to anecdotal evidence of dichotomy between divergent per-capita GSDP/NSDP and convergent MPCE in some states. For instance, while Gujarat and Maharashtra have higher per capita NSDP than Rajasthan, the MPCE in rural Rajasthan is higher than rural Gujarat and Maharashtra. They speculate that such a dichotomy may be attributed to several factors such as high labour mobility which generates higher incomes in labour-exporting states compared to their GSDP levels, and government policies and schemes designed to mitigate the impact of growing spatial economic inequality on the living standards of people.

Given this context, the present study investigates the inter-state dynamics of MPCE between the period 2011-12 to 2022-23. A state-level beta-convergence analysis is performed for the period 2011-12 to 2022-23, separately for urban and rural areas. Specifically, beta-convergence occurs when regions with lower initial values experience faster growth than their wealthier counterparts. This relationship is examined by regressing growth in urban and rural real MPCE between 2011-12 and 2022-23 ($\Delta \text{Real MPCE}_i$) of the i^{th} state on the logarithm of its MPCE in 2011-12

($\text{Log}(\text{MPCE})_{i,2011-12}$) for 32 states and UTs as shown in equation 1. The standard errors (e_i) are made robust to heteroskedasticity. A statistically significant negative coefficient of log of MPCE in 2011-12 (β) will denote unconditional beta-convergence and the higher magnitude of the coefficient will denote higher speed of convergence (Barro and Sala-i-Martin, 1992; 1995).

$$\Delta \text{Real MPCE}_i = \alpha + \beta * \text{Log}(\text{MPCE})_{i,2011-12} + e_i \quad (1)$$

Testing the above regression obtains a significant negative relationship between growth in MPCE and the log of MPCE in 2011-12 for both urban and rural areas, indicating beta-convergence in per capita consumption across states (Table 1). This implies that states with lower MPCE in 2011-12 experienced faster consumption growth, resulting in a reduction of inter-state inequality in consumption between 2011-12 and 2022-23. However, the speed of convergence in rural areas is higher than urban areas as reflected by the higher magnitude of β for rural areas compared to urban areas.

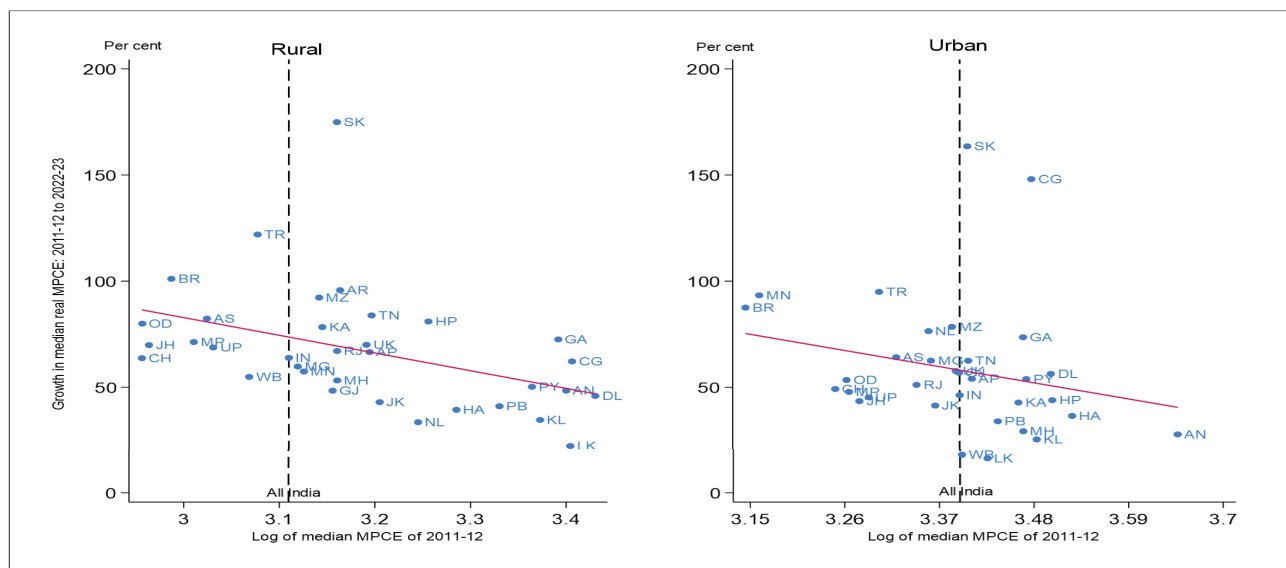
To better visualise the beta convergence in MPCE across states, a scatter diagram between state-wise nominal MPCE of 2011-12 (in log) and the corresponding growth in real MPCE from 2011-12 to 2022-23 is plotted for both rural and urban sectors (Chart 6). For beta convergence, the fitted line of the scatter plot must have a negative slope, as is observed. The vertical dashed line in black is the national average MPCE in 2011-12. States on the left of the vertical line had lower MPCE than the national average in 2011-12.

Table 1: Beta-Convergence Tests

Variable	Rural	Urban
β	-83.8***	-72.3*
α	333.6***	302.1**

Note: *** denotes 1 per cent significance level, ** denotes 5 per cent significance level and * denotes 10 per cent significance level.

Source: Author's calculations based on HCES 2011-12 and 2022-23.

Chart 6: Convergence in Real MPCE across States

Sources: NSSO 2011-12 and 2022-23; and authors' estimates.

States like Odisha, Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Jharkhand, and West Bengal had lower MPCE than the national average and lie below the fitted curve (red line), implying that these states will take comparatively longer time to reach the all-India average MPCE as their real MPCE growth was below the level suggested by the convergence estimation in relation to their MPCE in 2011-12. On the other hand, most north-eastern states as well as Tamil Nadu and Andhra Pradesh (including Telangana) had higher MPCE than the national average in 2011-12 and lie above the fitted line, indicating that their real MPCE growth was above the level suggested by the convergence estimation.

Thus, the data shows evidence of unconditional beta-convergence in per-capita consumption expenditure across states for both rural and urban areas for the period of 2011-12 to 2023-24. This is in contrast to the results found by (Acharya *et al.* 2021) for the period between 1993-94 to 2011-12-. However, similar to the findings of the earlier study, there are heterogeneities in the speed of convergence between rural and urban areas, and across states. It should

be noted that while the per capita GSDP of Indian states has been diverging (Ghosh and Kaustubh, 2023; 2025), the MPCE in both rural and urban areas is showing signs of convergence. This suggests that living standards across these regions are becoming more similar, even as their per capita economic production continues to diverge.

V. Estimating the Poverty Line

This article follows the methodology proposed by the Rangarajan Expert Committee on poverty, constituted by the Planning Commission in 2011 to estimate incidence of poverty. Consumption-based poverty lines determine the amount of money required to purchase a basket of essential items for a household. Micro-level data on household consumption expenditure can reveal the percentage of households spending more than the amount specified by the poverty line. A decline in inequality in a growing economy will imply expenditure of poorer households is increasing faster than richer households. To the extent that there exists spatial variation in convergence of consumption expenditure,

there may be difference in poverty reduction across states.

A few recent papers have calculated the state-wise incidence of poverty in India based on consumption data of HCES 2022-23 (Bhasin and Bhalla, 2024; Sethu *et al.*, 2024). They have either used the World Bank purchasing power parity (PPP) poverty lines of \$1.9 and \$3.2 or domestic poverty lines (suggested by Tendulkar Committee or the Rangarajan Committee) after inflating them with CPI headline inflation to account for change in prices. However, there are issues with these approaches. There is a lack of consensus regarding the PPP conversion factor required to convert World Bank's poverty lines, which are defined in dollars, into rupees. For inflating the Rangarajan or Tendulkar poverty line with headline CPI inflation, the weights of consumption items in the CPI basket can be very different from the weights of those items in the poverty line basket (PLB). For example, the weight of food in the Rangarajan PLB for rural areas is 57 per cent compared to 54 per cent weightage in the rural CPI consumption basket. Similarly, the weight for food in Rangarajan PLB for urban areas is 47 per cent compared to 36 per cent weightage in urban CPI consumption basket. Thus, the headline CPI inflation may not be the appropriate metric to gauge the inflation in the PLB.

To tackle this, a price index based on the weight of each item in the Rangarajan PLB, rather than using the item weights from the CPI basket, is developed. The price changes for each item between 2011-12 and 2022-23 are calculated, adjusting for these changes by the respective item's weight in the PLB to determine inflation for the PLB during this period. This analysis was carried out separately for urban and rural households in each state. Following this, the Rangarajan Committee poverty lines in nominal terms were updated by adjusting the 2012 poverty line with the inflation rates calculated as discussed in the previous step. Finally, the percentage of households

below the updated poverty line in urban and rural areas of each state using the HCES 2022-23 micro-data are obtained.

The method suggested by the Rangarajan Committee, which submitted its report to the Planning Commission in 2014, had some distinct advantages over the previous official poverty line constructed by the Tendulkar committee. First, the Rangarajan Committee's methodology defines different PLBs for urban and rural populations based on the difference in the consumption pattern between the two groups. Second, the methodology re-links poverty line with minimum calorie needs after the Tendulkar Committee's methodology delinked them. Third, the Rangarajan Committee report gives the weightage of each item in the PLB for urban and rural areas, which makes it possible to calculate the nominal value of these baskets in 2022-23 prices for each state.³

Table 2 contains the state-wise poverty line in 2011-12 as reported in the Rangarajan Committee Report and the poverty line for 2022-23, which is estimated using the methodology described above for large Indian states.

Using micro-data from HCES 2022-23, the percentage of population below the poverty line in each of the states in 2022-23 were calculated. These are reported in Table 3 along with the poverty percentages of the states in 2009-10 and 2011-12, respectively, from the Rangarajan report of 2014. A substantial decrease in the incidence of poverty is observed in both rural and urban areas across each state in HCES 2022-23 compared to HCES 2011-12. Other studies which have used the HCES 2022-23 have also found substantial decline in poverty during the period although the poverty rates calculated by them is different from

³ It may be noted that the poverty line estimated in the article is based on the methodology proposed in the 2014 Rangarajan Committee report. Ten years have passed since the release of the report, and consumption patterns may have shifted with new items becoming more important in the consumption basket. This may necessitate creation of a new poverty line which may capture the current reality better (Bhasin and Bhalla, 2024; Dev *et al.*, 2024).

Table 2: State-wise Poverty Line 2011-12 and 2022-23 using Rangarajan Methodology

(In Rupees)

State	Rural 2011-12	Urban 2011-12	Rural 2022-23	Urban 2022-23
Andhra Pradesh	1032	1371	1903	2588
Assam	1067	1420	1968	2586
Bihar	971	1229	1724	2277
Chattisgarh	912	1230	1586	2149
Delhi	1492	1538	2577	2592
Gujarat	1103	1507	2014	2664
Haryana	1128	1528	2083	2696
Himachal Pradesh	1067	1412	1895	2547
Jammu & Kashmir	1044	1403	1980	2653
Jharkhand	904	1272	1621	2356
Karnataka	975	1373	1784	2599
Kerala	1054	1354	1982	2563
Madhya Pradesh	942	1340	1707	2521
Maharashtra	1078	1560	2006	2791
Odisha	876	1205	1608	2182
Punjab	1127	1479	2048	2622
Rajasthan	1036	1406	1887	2561
Tamil Nadu	1082	1380	2041	2608
Uttar Pradesh	890	1330	1622	2429
West Bengal	934	1373	1755	2572

Note: Telangana is included in Andhra Pradesh; Ladakh is included in Jammu and Kashmir.

Sources: HCES 2022-23; Consumer Price Index, MoSPI; and authors' calculations.

the estimates in this study, this is due to differences in methodology. The paper by (Bhasin and Bhalla, 2024) estimated total poverty headcount ratio of 2.3 per cent overall in 2022-23 which was 12.2 in 2011-12. The poverty line they estimated is based on the World Bank's measure of consumption expenditure of 1.99 USD per day which they convert into Rupee terms using purchasing power parity measure. (Sethu et al., 2024) also estimate poverty incidence using the HCES 2022-23 and found poverty rates of 23 per cent and 27.4 per cent for rural and urban respectively, for all India. Their poverty rate is based on a poverty line constructed by them which has updated calorific needs based on the occupation and age of the family members of the household. It is to be noted that the

Table 3: Per centage of population below poverty in 2009-10, 2010-11, and 2022-23 for select

Indian States

State	Rural 2009-10	Urban 2009-10	Rural 2011-12	Urban 2011-12	Rural 2022-23	Urban 2022-23
Andhra Pradesh	27.0	30.5	12.7	15.6	1.2	2.2
Assam	42.9	40.2	42.0	34.2	8.7	5.5
Bihar	65.1	55.0	40.1	50.8	5.9	9.1
Chattisgarh	58.9	36.5	49.2	43.7	25.1	13.3
Delhi	4.9	24.7	11.9	15.7	0.9	2.6
Gujarat	37.0	35.6	31.4	22.2	5.9	4.1
Haryana	19.2	24.8	11.0	15.3	4.1	4.3
Himachal Pradesh	11.2	22.5	11.1	8.8	0.4	2.0
Jammu & Kashmir	14.4	32.4	12.6	21.6	4.2	4.1
Jharkhand	55.3	42.1	45.9	31.3	16.6	12.6
Karnataka	24.3	26.7	19.8	25.1	0.9	3.3
Kerala	9.7	23.7	7.3	15.3	1.4	4.3
Madhya Pradesh	51.3	45.0	45.2	42.1	9.6	11.6
Maharashtra	27.6	30.3	22.5	17.0	11.3	8.6
Odisha	50.0	41.2	47.8	36.3	8.6	10.2
Punjab	14.8	28.6	7.4	17.6	0.6	2.6
Rajasthan	31.9	38.5	21.4	22.5	6.8	6.7
Tamil Nadu	25.9	29.7	24.3	20.3	2.1	1.9
Uttar Pradesh	46.3	49.6	38.1	45.7	5.7	9.9
West Bengal	37.8	36.6	30.1	29.0	7.5	12.4

Note: Andhra Pradesh includes Telangana; Jammu and Kashmir includes Ladakh.

Sources: HCES 2022-23, and author's calculations.

present study does not construct any poverty line but updates the Rangarajan poverty line using item-wise price indices.

Conclusion

This study compares the consumption expenditure numbers from the Household Consumption Expenditure Survey of 2022-23 by the NSSO with the survey done in 2011-12 focussing on convergence across various dimensions such as expenditure classes, urban-rural areas, and states. The results show that there is a broad trend of convergence in MPCE. A closer analysis reveals that there are some exceptions to the broad trend. The decrease in inequality in consumption expenditure

across expenditure deciles and regions may be explained by more effective delivery of various government schemes. Also, the study re-estimated the poverty line for each state with this data keeping the Rangarajan Committee definition. The estimated incidence of poverty shows an overall reduction of poverty across states in India.

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Infrastructure - An Engine of India's Growth Express

by Ashutosh Raravikar and Abhishek Ranjan[^]

During the last decade India has placed a policy thrust on development of infrastructure with an integrated and inclusive approach. In this context, this study analyses the relationship between infrastructure and economic growth by creating indices of infrastructure using different methods. The results indicate that infrastructure has positively and significantly impacted the GDP growth. Hence the policy focus on expansion in broad-based infrastructure would take the growth story ahead. Besides, given the large requirement of investment in infrastructure, exploring suitable financing options and strategies would enable filling the infrastructure gap faster.

Introduction

India aims and aspires to become a developed nation by 2047. It has emerged as a fastest growing economy in the world. Of late, there has been a policy thrust on expansion in infrastructure. Infrastructure is a significant factor for broad-based and rapid growth as it generates the facilitative framework from both supply and demand side. Infrastructure is an engine that could drive the Indian growth express further ahead. This article delves into various dimensions of infrastructure and attempts to explore and establish the empirical relationship between infrastructure and economic growth in India. It also analyses various ways for financing the infrastructure. Section II takes an overview of the existing literature on the subject in both global and Indian context. Section III explains the mechanism

between infrastructure and growth as well as welfare and cites global experiences. Section IV encapsulates the development of infrastructure in India, especially the recent phase of its rapid growth with a reoriented approach. The results of our empirical work on infrastructure and growth in India are explained. Section V deals with the approaches on financing of infrastructure. Section VI concludes.

II. Review of Literature

The need for development of infrastructure for long term growth of economy has been pointed out in several research studies across the world. The research has brought to the fore the significant role of public investment and its positive impact on productivity and growth of national income. Munnell (1992) showed that recession in America during 1970s was associated with reduction in government capital expenditure. Agenor (2010) propounded that public investment in physical and social infrastructure enabled a country to attain steady economic growth over long run. The research works by Bougheas and others have also argued the positive relation between infrastructure and growth. David Aschauer (1993) advocated the need for using fiscal policy as an instrument for creation of infrastructure through public expenditure. Paul and Schwartz (1996) argued that investment in infrastructure positively affected the rise in productivity. However, some of the works found no or inconclusive or weak relation between the two. For instance, Elburz *et al.*, (2017) found no relation between investment on infrastructure and output.

Research studies pertaining to Indian economy indicate positive relationship between the two. Dash and Sahoo (2010) argued that creation of infrastructure positively and significantly impacted the output growth in Indian economy. Kumari and Sharma (2017) propounded that in case of

[^] Authors are from Department of Economic and Policy Research. Inputs from Rajib Das are thankfully acknowledged. The views expressed in this article are the personal views of authors and do not represent the views of the Reserve Bank of India.

India, the infrastructure development favourably impacted economic growth with a lag of 1-2 years. Rath *et al.*, (2022) showed an important and positive relation between states' capital outlay and gross state domestic product (GSDP) in India and that the present year's decision was impacted by past values of capital outlay. Mishra *et al.*, (2017) found significant association between economic growth and capital outlay. Thus, the significance of expenditure, especially government expenditure, on investment in infrastructure was advocated for GDP growth.

III. Infrastructure, Growth and Welfare

Infrastructure is a set of physical structures that facilitate economic activity and support the capacity of economic operations. It consists of "physical facilities, institutions and organisational structures or the social and economic foundations for the operation of the society" (UNCTAD, 2008). Infrastructure is also the social overhead capital that comprises basic services for functioning of productive activities. It has two components - economic or physical and social. The former mainly consists of the means of transport and communication that boost economic activities, and the latter comprise of educational institutions, healthcare units etc., that impact the welfare of people. Lack of sufficient transport network causes inadequate availability of raw materials and hinders movement of finished products to markets. Farmers get lower price causing reduction in rural incomes and hence percolation of growth. Physical infrastructure reduces cost of production and increases factor productivity. Development of infrastructure involves building up of assets needed by the country including housing, transportation, telecommunication, sanitation and commercial establishments.

Technology has been a revolutionary enabler providing the last mile connectivity of government

benefit schemes and delivery of goods and services to the targeted beneficiaries. Digital infrastructure consists of physical and software-based set up or arrangements that are essential for delivery of goods and services, remote works and other needs. These include data centres, information technology (IT) staff, fibre, hardware, software, operating systems etc. Digital infrastructure is a core utility that contributes to economic development and growth.

The quality of human life hinges on meeting the basic needs and living in a friendly and pleasant environment. This is enabled by social infrastructure. Social infrastructure involves building and maintaining the set up and facilities which support social services for attaining the human development and well-being. These comprise of education, health and social protection schemes tailored for various sections such as old people, unorganised workers and aspirational regions. Social infrastructure raises human efficiency and skills, causing rise in output.

Expenditure on infrastructure benefits the economic growth through its multiplier effects (World Bank, 2023). Expansion in infrastructure increases the output through raising productivity of factors of production as well as aggregate demand. This occurs through rise in connectivity, expediting the movement of goods and people, reduction in cost, facilitating the ease of doing business and increasing the access of people to various facilities and financial services. The public investment in infrastructure yields larger multipliers than private spending because the former has a potential to increase the productive capacity of the economy, directly as well as indirectly, through crowding in private investment, apart from its positive impact on aggregate demand. Moreover, it increases output in both short and long term and decreases government debt to GDP ratio (IMF, 2014). The cost of financing is also lower in case of public investment.

Global experience showed a strong correlation and association between infrastructure and level of economic development and growth. Various countries across the world were benefitted by their infrastructure led strategies. The experiences of the US, Germany, Italy, Ethiopia, Brazil, Mexico, South Korea, Thailand, Japan, China and sub-Saharan Africa indicate that the large public investment in infrastructure helped positive and faster growth through various channels such as increase in factor productivity and refinement in the quality of institutions. Moreover, there was also a rise in per capita income, and the growth was equitable. Thus, international experience across various countries corroborates the significant and positive impact of government led infrastructure development on growth and welfare.

IV. Infrastructure Development in India

IV.1 Historical Evolution

After independence, there began an era of planned development comprising of the building of infrastructure in India. During the first two decades, institutionalisation of savings and credit, and establishment of development finance institutions (DFIs) facilitated the financing to infrastructure. The next era of social control over banking witnessed transformation in financial infrastructure across the country that aided the construction of infrastructure. The 1990s began with the paradigm shift in economic management of the nation with liberalisation, privatisation and globalisation followed by institutional, structural and financial sector reforms, which gave an impetus to infrastructure development through market-oriented solutions. Foreign direct investment in infrastructure was liberalised. The recommendations of Expert Group on Commercialisation of Infrastructure Projects headed by Rakesh Mohan prepared the blueprint

on further infrastructure development. In 2006 the Viability Gap Funding Scheme (VGFS) was launched to provide finances to projects that were economically or socially beneficial but financially not viable. Thereunder 40 per cent of capital expenditure was provided as a grant. The last decade witnessed a significant upward shift in infrastructure growth. Digital Public Infrastructure (DPI) emerged in India in 2009 with launch of Aadhar as a channel for doorstep service delivery. The significance of digital infrastructure was realised further during the post-Covid scenario when physical interactions became non-feasible.

IV.2 Flight to Higher Orbits

India aspires for development of an ecosystem to attain economic growth which would promote all-round development leading to generation of employment, enabled by skills that are in sync with output having global quality standards. All these would lead to prosperity for the welfare of all people. Efforts were initiated in this direction during the last decade. United Nation (UN)'s Sustainable Development Goal (SDG) no. 9 aims to "develop quality, reliable, sustainable and resilient infrastructure including regional and trans-border infrastructure to support economic development and human well-being with a focus on affordable and equitable access for all".¹ The focus on infrastructure is an integral part of the "Bhartiya Development Model" with an objective of "sustained, fast, inclusive growth" (Niti Aayog, 2023). With "social overhead capital" there have been attempts to penetrate economic development to the remotest parts of the nation. Realising its significance and to get the full multiplier effect of infrastructure, government adopted the "forward looking programmatic approach" in 2019. These mainly include National Monetisation Pipeline

¹ Economic Survey 2018-19 (Vol. 2), Government of India.

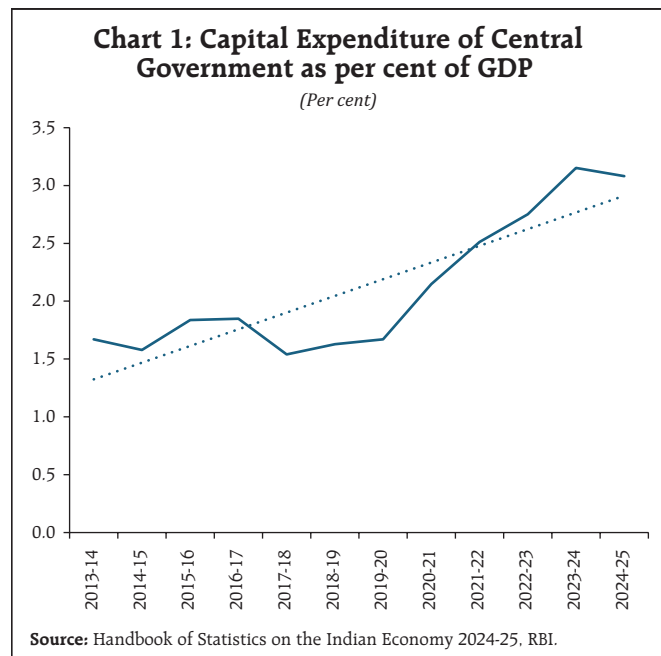
(NMP), National Infrastructure Pipeline (NIP), Public-Private Partnership (PPP) for expanding physical infrastructure, fiscal reforms, financing programs, measures for greening of economy and promotion of digital and social infrastructure. The comprehensive program adopted recently by the government has been elaborated in **Annex A**.

During the last decade capital expenditure of central government has witnessed a steady rise from ₹1.9 lakh crore in 2013-14 to ₹10.2 lakh crore in 2024-25 with a remarkable upward shift since 2018-19 (Chart 1). A high growth in infrastructure occurred during the period (Chart 2). The growth in capital expenditure and growth in infrastructure were associated with the rise in GDP (Charts 3 and 4).

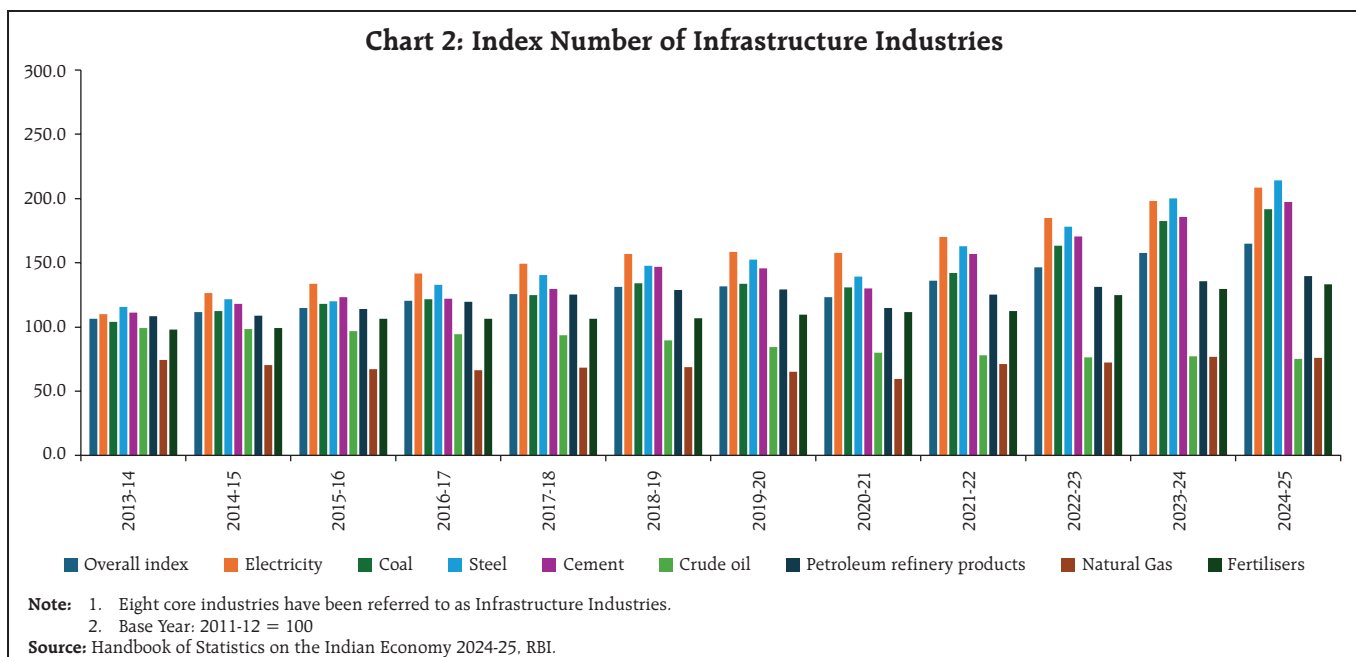
IV.3 The Empirical Research

IV.3.1 Various Estimations

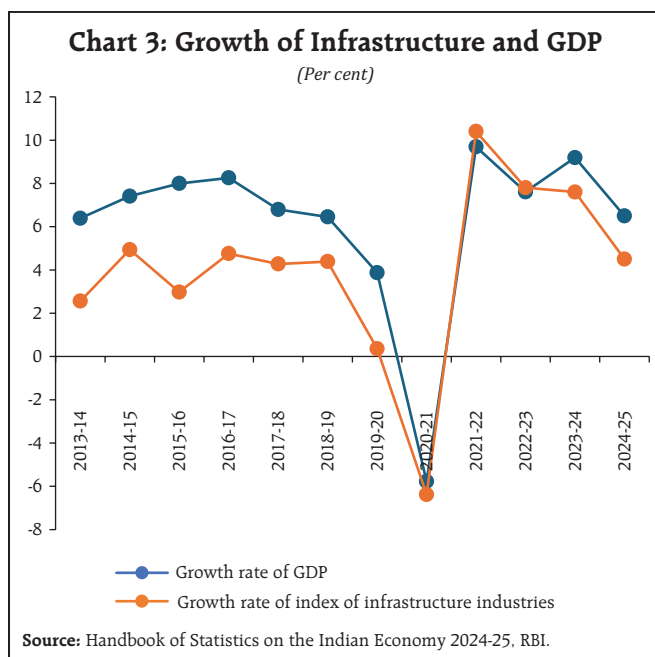
Various research studies have underscored the need for a big push to infrastructure. The correlation coefficient between per capita infrastructure investment and per capita GDP for 54 countries in



various regions across the world including India in 2019 was significant at 0.75. The correlation coefficient between the overall infrastructure quality and per capita GDP for 154 countries including India in 2018 was 0.76.² The correlations of investment in infrastructure pertaining to rail, road, airport and

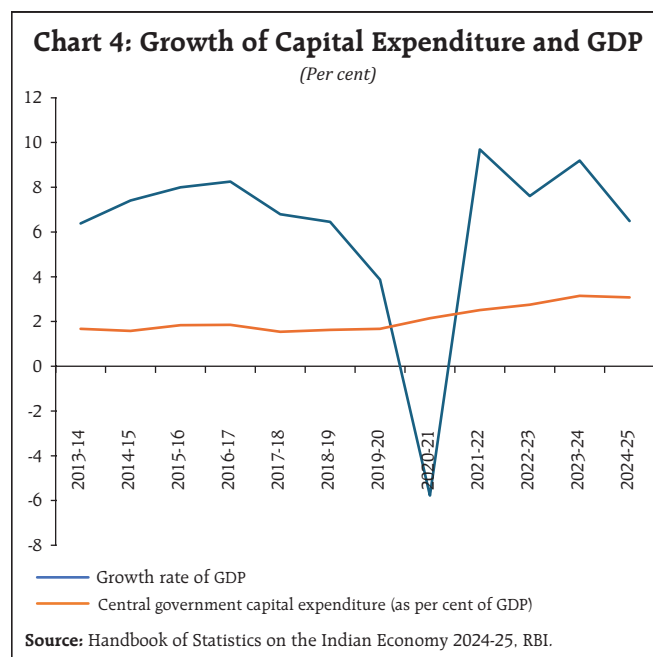


² Economic Survey 2022-23, Government of India.



inland modes with GDP for India were quite high with values greater than 0.90 (GoI, 2019). Various empirical works have estimated the output elasticity of infrastructure (during late 1980s & early 1990s) ranged between 0.38 – 0.56 (Khan, 2015). For India, Sahoo (2011) has found it to be upto 0.5. The output elasticity of public infrastructure was 8 per cent (Bom and Lighthart, 2013). The gains of infrastructure investment were substantial and the value of output and welfare (in terms of private consumption) multipliers of public investment on infrastructure were computed at 1-1.4 and 0.8 respectively (IMF, 2016), when infrastructure was adequately effective. The infrastructure positively affected quality of life and national security (Baldwin, Dixon, 2008), environment and welfare (Bristow and Nelthorp, 2000), output and employment (Gu, Macdonald, 2009), regional development (Nijkamp, 1986). Infrastructure favourably impacted the productivity and efficiency of manufacturing firms (Mitra *et al.*, 2002). It played crucial role in reduction of poverty

³ Estimate by S & P Global as quoted by Economic Advisory Council to Prime Minister.



(Datt and Ravallion, 1998) and boosted agricultural and rural development (Bingswanger *et al.*, 1993 and Fan *et al.*, 2000) and overall economic growth in India (GoI, 2023).

The fiscal multiplier effect for infrastructure investment was estimated by various entities. It was in the range of 0.8 up to 2 years, 1.5 for 2-5 years and 1.6 in recession³. The value of infrastructure investment multiplier was larger than the multiplier for overall public expenditure. In India, the estimated values of multiplier worked out between 2.5-3.5 (KPMG, 2024). It means that for each Rupee spent for creation of infrastructure, the growth in GDP would be ₹2.50 to ₹3.50. The multiplier value was higher during the contractionary phase of the economy as compared to the expansionary period, thereby benefitting more when needed. Moreover, its impact lasted for a longer period than that of revenue expenditure. Accordingly, the growth of expenditure for creation of infrastructure or capital expenditure as a proportion of gross domestic product (GDP) proved vital for growth.

IV.3.2 Empirical Exercise

We look at the relationship between infrastructure and GDP. For studying this, we create an infrastructure index and see the relationship with GDP. The data utilized in our study covers the period from 2006 to 2021 and is on an annual frequency. The data on real GDP, per capita GDP and road network are sourced from the CEIC⁴. All remaining infrastructure indicators have been taken from the World Development Indicators⁵ of the World Bank. The year-on-year growth rate has been computed for each indicator. We create three different indices based on the growth rate of the infrastructure variable. In the first method, we take simple average of the growth rates. In the second method, we take principal component of the growth rates, and in the third, we create an index based on dynamic factor model (DFM). The first two are linear methods and their weights are given in Table 1.

In simple average, we assume that each of the variables works in a similar way. We find that the access to electricity, clean fuel and technologies for cooking, length of roads and telephone subscription have significant weight in the principal component analysis (PCA) index, and any increase in these variables will significantly change the index. Equation 1 represents the regression model. The results of regression are given in Table 2.

$$GDP = a + b \text{ Infrastructure Index} + \epsilon \quad (1)$$

Table 1: Infrastructure Variables and Weights

Infrastructure Variable	PCA Weight	Equal Weight
Access to clean fuels and technologies for cooking (per cent of population)	0.58	0.2
Access to electricity (per cent of population)	0.62	0.2
Fixed telephone subscriptions (per hundred people)	0.32	0.2
Air transport, freight (million ton-km)	0.18	0.2
Length of Roads: Highways: Public Works Department: National	0.38	0.2

⁴ <https://www.ceicdata.com/en>

⁵ <https://databank.worldbank.org/source/world-development-indicators>

Table 2: Regression Estimates

	Model 1 (Average)	Model 2 (PCA)	Model 3 (DFM)
Intercept	6.25*** 0.97	6.76*** 0.91	6.77*** 0.91
Infrastructure Index	0.22** 0.19	0.17* 0.74	0.16* 0.74
Adjusted R-squared	0.18	0.11	0.11

Significant codes: '***' 0.001 '**' 0.01 '*' 0.1

Data source: The data utilized in our study covers the period 2006 - 2021 with an annual frequency. The data on real GDP and road network are from the CEIC. All remaining infrastructure indicators are from World Development Indicators of the World Bank.

The results clearly indicate that the infrastructure index explains a part of the GDP growth. The infrastructure index is significant, implying that infrastructure has played an important role in the economic growth of the country.

In addition to above, the study is extended to the states level to create a panel data with Gross State Domestic Product (GSDP) as the dependent variable and the independent variables : 1) Foreign Direct Investment (FDI), 2) Proposed Investment, 3) Agricultural Yield, 4) Registered Vehicles, 5) Road Length, 6) Telecom Subscribers and 7) Electronic Exports for each state. It is an unbalanced panel containing data from 2012-2025 with total 431 observations. Hausman test is used and results are found in favour of fixed effect rather than random effect (with p-value < 0.001). The regression is represented by Equation 2 and estimates are given in Table 3.

$$\begin{aligned} \text{Log(GSDP)} \sim & \text{Log(FDI)} + \text{Log(Proposed_} \\ & \text{Investment)} + \text{Log(Agricultural_Yield)} + \text{Log(Registered_} \\ & \text{Vehicles)} + \text{Log(Roads_Length)} + \text{Log(Telecom_} \\ & \text{Subscribers)} + \text{Log(Electronics_Exports)} \end{aligned} \quad (2)$$

Table 3: Fixed Effect Panel Regression Estimates

Coefficients	Estimate	Standard Error	T-Value	Pr(> t)
log_FDI	0.013	0.0028	4.425	1.25e-05 ***
log_Proposed Investment	0.118	0.0140	8.457	< 2e-16 ***
Agricultural_Yield	0.000	0.0001	3.906	1.12e-04 ***
Registered_Vehicles	0.000	0.0001	-3.508	5.04e-04 ***
log_Roads_Length	0.000	0.0000	2.857	4.49e-03 ***
log_Telecom_Subscribers	0.145	0.0033	4.436	1.19e-05 ***
log_Electronic Exports	0.008	0.0027	3.063	2.35e-03 **

Adjusted R-Squared: 0.15238,

Significant codes: '***' 0.001 '**' 0.01

The above results strengthen our hypothesis that infrastructure plays important role in GDP growth. We further compute cluster-robust standard errors for a fixed effects regression model, addressing the issues like heteroskedasticity and within-group correlation (Hoechle, D., 2007). It computes robust standard errors clustered by "state", relaxing the identical and independent distribution assumptions, an assumption used in ordinary least squares (OLS). The small-sample correction method adjusts for finite clusters. The coefficients remain significant with the recomputed coefficient significance test statistic (t-statistics, p-values) (Table 4).

The results show that 1 per cent increase in foreign direct investment (FDI) is associated with 0.013 per cent increase in GSDP and 1 per cent

increase in investment is associated with 0.118 per cent increase in GSDP. An increase of 1 per cent in telecom subscribers results into an increase of 0.15 per cent in GSDP, and an increase of 1 per cent in electronic export growth results into GSDP growth of 0.008 per cent. Rest of the variables have small impact on GSDP. The significance of the results further corroborates our hypothesis.

V. Financing of Infrastructure

In order to enable India becoming a developed country by 2047, the annual real GDP growth would be required at 7.6 per cent (Behera *et al.*, 2023). To attain the goal of US\$ 5 trillion economy, the investment in infrastructure needs to be made at an annual rate of 8-10 per cent for next five years (NaBFID, 2022). For this, the required annual expenditure on infrastructure would be 7-8 per cent of GDP *i.e.*, about US\$ 200 billion⁶. In this context, the financing of infrastructure investment assumes significance. Funding of infrastructure involves various challenges. These include asset-liability mismatches arising from high sunk costs and long gestation periods, spike in costs due to delays in approvals, violation of agreements, problems in land acquisition, complicated legal mechanisms regarding distribution of returns, sharing of risks among all stakeholders and difficulties in price determination. The problems get accentuated due to interdependence of projects and non-availability of complimentary units causing time overruns with cascading effects in absence of holistic planning. Absence of developed debt raising market and financial system coupled with default by a non-banking financial company (NBFC) and high non-performing assets (NPAs) of banks in previous decade adversely impacted the funding of infrastructure sector.

Table 4: Robust Fixed Effect Panel Regression Estimates

Coefficients	Estimate	Standard Error	T-Value	Pr (> t)
log_FDI	0.013	0.0030	4.178	3.59e-05 ***
log_Proposed Investment	0.118	0.0161	7.375	8.77e-13 ***
Agricultural_Yield	0.000	0.0001	3.458	6.02e-04 ***
Registered_Vehicles	0.000	0.0001	-3.027	2.61e-03 **
log_Roads_Length	0.000	0.0000	2.101	3.62e-02 **
log_Telecom_Subscribers	0.145	0.0036	4.038	6.26e-05 ***
log_Electronic Exports	0.008	0.0030	2.744	6.31e-03 **

Significant codes: '***' 0.001 '**' 0.01

⁶ Economic Survey 2018-19, Government of India.

Over the years, the Reserve Bank and government have taken various measures to facilitate the funding of infrastructure. These are outlined in **Annex B**. Due to long gestation period and avoidance of risk taking by the private institutions, the development finance institutions (DFIs) need to take up the work to address market failure and attain the broader objectives of the nation. In India, National Bank for Financing Infrastructure Development (NaBFID) was set up in 2022 by an Act of Parliament (NaBFID Act, 2021) as a main development finance institution for funding the infrastructure⁷. It has commenced work on providing stable finance for infrastructure, developing the derivatives and bond markets with liquidity and depth and exploring the novel funding instruments for financing the infrastructure. NaBFID grants loans for infrastructure, obtains investments from private sector and institutions including abroad, refinances the present loans, facilitates resolution of disputes, provides expertise, technology and consultancy services in funding the infrastructure. It provides a bouquet of services including term lending, debentures, bonds, guarantees and letters of comfort. These would also facilitate effective management of infrastructure projects that are facing issues of unviable costs and delays. Its activities involve coordination with various stakeholders to facilitate institution building for developing long term infrastructure. NaBFID has sanctioned over ₹1 lakh crore by 2023-24 and has also raised the disbursement (Rao, 2024). As a part of multilateral institutional partnership, it has signed a memorandum of understanding (MoU) with International Finance Corporation (IFC) for developing public private partnership (PPP) projects through mobilisation of private finance, especially for climate risk mitigation such as renewable energy. It has signed a Letter of Intent (LoI) with Asian Development Bank (ADB) and

Foreign Commonwealth and Development Office. It would facilitate funding the urban bodies and developing financial instruments. Its MoU with New development Bank (NDB) would augment exchange of technical expertise and research and capacity building (NaBFID, 2025).

Going forward, taking further initiatives by NaBFID could contribute more to its mission. With the expansion in scale of large long term institutional investors like provident funds and insurance companies, it may tap funding from them. It may also secure a high credit rating to tap global and domestic sources of finance. It may develop its own sustainable financing model to reduce dependence on resources from government. It may develop a strong governance and assurance mechanism coupled with knowledge base and expertise. It may refine its skills in evaluation and dynamic monitoring of its financed projects with surveys etc. Systems may be put in place for resolution of stressed assets. It may provide funding for climate resistant low carbon infrastructure and technology to promote sustainable growth. It can provide technical advisory services for infrastructure projects and development of bond market. Provision of products like credit default swaps (CDS) and facilitating loan syndication would go a long way in this regard (Rao, 2024).

It would be desirable that the funding institution exert control over the performance of the funded entities in terms of achievement of objectives of the infrastructure projects. The arrangements of such 'disciplining' would need to be in place. The principle of "allocation discipline" (Kumar, 2022) based on "reciprocal control mechanisms" (Amsden, 2001) may be adhered to. A performance tracking and interventions would enable the financing entity to exert a control, and the beneficiary entities would reciprocate by attaining the goals of the projects. The financier would need to deploy the rigorous

⁷ <https://www.nabfid.org>

procedures for scrutinising the proposals for finance to assess the feasibility and fulfilment of objectives of projects. The phased provision of funding as per the progress of work would be desirable. The strong and effective monitoring would be helpful. In case of a failure or default, a system of restructuring or liquidation would need to be in place. The securitisation would play a crucial role therein. Securitisation is a significant instrument in funding infrastructure. It makes credit market diversified. Banks get benefitted in terms of releasing their capital and asset liability management. The small and medium sized banks face constraints in their capacity for credit appraisals. Securitisation enables them financing large infrastructure projects after the project has started working. In this context, there is a need to develop the market for securitisation. For this purpose, it would be imperative to resolve various constraints and take initiatives such as increasing the transparency through sufficient disclosures, raising demand for receivables for longer tenures, participation of long-term institutional investors, expansion in investor base, development of secondary market, and resolution of tax-related and legal issues including foreclosure laws.

India is witnessing fast urbanisation. For improving the standards of living in urban areas and attracting the persons and investments to towns, development of urban infrastructure would be the key. Rapid progress towards creation of smart cities and proactive initiatives by urban local bodies would contribute towards attaining these objectives. Municipal corporations may augment their capital expenditure through finding suitable and novel funding mechanisms based on bonds and lands to increase their incomes. Issuance of municipal bonds including green bonds would enable mobilising finances by municipal corporations on a sustainable basis (RBI, 2024). The issuance of municipal bonds

commenced in India since mid-1990s for funding the local urban infrastructure. Its growth was facilitated through funding by a US agency, SEBI's regulatory framework on municipal bonds, grants under AMRUT Scheme, and guidance under SEBI's Information Database and Repository on Municipal Bonds for issuance and listing of municipal debt securities. Of late there has been a rise in municipal bond financing. Municipal bond index was launched recently by National Stock Exchange (NSE) which tracks performance of bonds issued by corporations having investment grade rating. This would enhance transparency in municipal bond market and expand the investor base. Municipal bond issuance and their market are presently at nascent stage. Outstanding municipal bond issuance stood at ₹4,204 crore as on March 31, 2024 which worked out to 0.09 per cent of outstanding corporate bonds and 0.01 per cent of GDP. Investor base is limited to private placement of major part of the bond issuance. For enabling the expansion in urban infrastructure, the municipal bond market needs to develop rapidly. For this, the improvement in financial performance and credit ratings of municipal corporations would be essential. That would boost the investor confidence and broaden the market participation. Some of the local bodies have recently started issuance of green bonds for projects having a positive ecological impact. This would promote sustainable urban development. The issuance involves extra cost. However, as the market develops, the cost would decline. The Fourteenth Finance Commission recommended creation of an intermediary to help the local bodies accessing bond markets. Moreover, local tax reforms, innovative strategies for augmenting tax and non-tax revenues, revisions in user charges for municipal services and taxes, and performance-linked municipal grants would go a long way in enhancing the magnitude of infrastructure financing.

External commercial borrowing (ECB) is another effective avenue for funding infrastructure. It enables the entities to borrow overseas funds at a lower cost and/or easier accessibility depending on the factors such as interest rates and exchange rates. This reduces the cost of infrastructure projects. On the other hand, excessive overseas borrowing and adverse exchange rate movements coupled with hedging costs increase their indebtedness with the risk of debt trap and pose challenges for the external sector sustainability and financial stability of the country in general. Progressive liberalisation of ECB policy, rule-based dynamic limit introduced by Reserve Bank, small proportion of India's external debt and the strength of external sector would enable bridging the gap in infrastructure financing through ECB. Backing the ECBs with government guarantees for viable infrastructure projects may be helpful.

Sustainable infrastructure funding by banks would hinge upon the health of such assets. To prevent the building of high level of stressed assets in infrastructure with banking system, certain measures would be useful. First, the realistic assessment of time schedules of project completion and appropriate structuring of their financing with equity and loans would keep the costs at lowest level and increase the feasibility in funding. Second, the schedule of repayments may be fixed according to cash inflows of projects to avoid stressing. Third, project appraisals should be done by financiers realistically with respect to its designs, projections, identification of risks and matching those with risk appetites of the financiers. Fourth, project financing may be done through a diversified mix of sources and instruments including corporate bonds. Fifth, the loan pricing by lenders should reflect risks and be dynamic to adjust with changing risk profiles. Sixth, the institutional reforms would comprise of expanding the long-term

investor base, harnessing the potential of capital markets and infrastructure funds, development of diversified financial instruments and expanding the securitisation of loans.

The issue of asset liability mismatches faced by banks in case of infrastructure funding could be resolved if they lend a larger portion at floating rates. Besides, there is a need for developing alternative sources for funding infrastructure to avoid financial stability risks arising from any stress in assets of the banking system. Investment bankers can play a significant role in financing infrastructure through provision of innovative ways of funding and acting as a link between government and private sector. There is a need to develop a bond market for infrastructure financing. It would elongate the maturity profile of debt, reduce maturity mismatches in the books of lenders, broaden the financing base, expand the instruments in risk management, enable stronger corporate governance and minimise the impact of borrowers on financiers (Khan, 2015). Developing the market for sovereign green bonds may be accorded a priority, as they have a long tenure with lower refinancing risk, contain *greenium* (premium over plain bonds), impart stable funding source to government for climate related infrastructure and finance the green transition.

Finally, as the domestic savings fall short of the needed resources, exploring the ways of infrastructure financing through stable external sources such as concessional multilateral institutional finance and external commercial borrowing with sovereign guarantees would be crucial. It can fund the resource gap and impart viability and competitiveness to projects through technological knowledge. This should be done while ensuring systemic stability and covering the risks from unhedged portion of funds. From the policy angle, there is a need for macroeconomic quantitative assessment of existing

supply of various kinds of infrastructure in the country with region-wise break-up, and the extent of infrastructure requirement. The gap would provide an estimate of investment need from private sector. Accordingly, the financing of gap may be done through tapping various avenues.

VI. Conclusion

Infrastructure investment favourably impacts sustainable economic development, growth and welfare through its multiplier effects and by facilitating an affable human life. India's recent policy thrust on physical, digital and social infrastructure with an integrated and inclusive approach, cost efficiency, multimodal connectivity, greening aspects, higher capital expenditure and expanded financing mechanisms are proving effective in taking the country to a higher growth orbit in a sustainable way. Our empirical exercise shows that infrastructure development has positively and significantly impacted the growth in GDP. Infrastructure index explains a significant amount of the GDP growth. Accordingly, the future policy initiatives may focus on the increased investment and operations for creation of broad-based infrastructure across the country. Given the large requirement of investment in infrastructure, exploring the avenues and ways for financing the infrastructure projects assumes importance. It can be done through devising sustainable and innovative financing modules by NaBFID, exploring diversified avenues of public-private partnership, development of corporate, municipal and green bond markets, securitisation, appropriate project appraisals and loan pricing, project allocations with discipline, and development of alternative and innovative internal and external sources of financing. Macroeconomic assessment of infrastructure requirements and identification of supply gaps could impart further directions for policies. These would go a long way

in maintaining the momentum to develop the ecosystem with growth, prosperity and welfare of all.

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Annex A: India's Infrastructure Programme

Broad-based Institutional Set-Up

To enhance the participation of private sector in infrastructure projects, the government initiated National Monetisation Pipeline (NMP), National Infrastructure Pipeline (NIP) and Public-Private Partnership (PPP). NIP takes a complete view of development of infrastructure in the country. It enables the investors to plan their investments in infrastructure. NIP is envisaged with an investment of ₹111 lakh crore during 2020-2025 to be financed by central government, state governments and private sector entities. Presently it has 8,964 projects having investment of ₹108 lakh crore. NIP works on the platform of Invest India Grid (IIG) which is a central portal that coordinates and tracks the progress of all infrastructure projects. In addition to creation of infrastructure, there is also a focus on modernisation of existing set-up including airports and ports. With the proposed integration of project monitoring group (PMG) and NIP portals with NIP as a point of entering the data and PMG utilising the data, there will be a substantial saving of time. The financing for infrastructure is received from private, government and multilateral entities. Funding is also generated from monetisation of assets through NMP which was initiated in 2021 for creation of assets through monetisation by tapping investment from private sector. Therein the assets are leased or licensed to entities in private sector for maintaining and operating for certain period on basis of consideration. The consideration amounts are invested by government for infrastructure creation.

Various other new initiatives taken by government for infrastructural growth include Indian Customs Electronic Data Interchange Gateway (ICEGATE), Window Interface for Trade (SWIFT), National Rail Plan, Ude Desh Ka Aam Nagrik (UDAN),

Parvatmala, Bharatmala, Sagarmala, e-Sanchit, reforms in various processes and GST reforms. Government announced several measures for states such as capital expenditure-linked additional borrowing facilities and long-term interest-free loans to increase their capital expenditure. A system for credit rating for infrastructure projects for risk assessment has been launched. In addition, some complementing reforms have been made including establishment of a devoted institution for infrastructure funding viz., National Bank for Financing Infrastructure and Development (NaBFID), public private partnership through Model Concession Agreements, funding options of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs), recapitalisation of development financial institutions (DFIs) and development of social infrastructure. For financing the developmental expenditure of PPP projects, India Infrastructure Project Development Fund (IIPDF) Scheme commenced in 2022. The central government's capital expenditure as a proportion of GDP received a big push as it rose from an average 1.7 per cent (2009-2020) to 3.1 per cent in 2024-25.

To reduce the cost structures and increase the efficiency, the Gati Shakti and National Logistic Policy (NLP) were initiated. PM Gati Shakti framework envisages creation of an umbrella platform for all infrastructure projects with a complete database. The "seven engines" in NIP viz., mass transport, ports, logistic infrastructure, railways, roads, airports and waterways would be integrated with PM Gati Shakti-National Master Plan. National Logistics Policy (NLP) was launched in 2022 to coordinate and converge the infrastructural activities of all government entities and have an integrated logistics framework. Its vision involves development of integrated, cost-effective and resilient logistics ecosystem backed by technology. It

is being executed through a Comprehensive Logistics Action Plan (CLAP). It would boost the manpower skills, digital infrastructure and enhance the services. The goals thereunder involve the reduction in logistics cost to match international benchmarks by 2030 and improvement in India's ranking in logistics performance index to achieve place in top 25 nations by 2030. So far, it has reduced the cost by about 50 per cent (Virmani, 2023). The introduction of multi-modal connectivity for linking different modes of transport would facilitate the movements of people and goods among various types of transports. It would expand the reach of connectivity, reduce the cost and travel time.

Greening of Economy

As per Article 48-A in Constitution on commitment to environment preservation, and in view of the threats posed by global climate change, the government has taken several measures. In 2008, National Action Plan on Climate Change (NAPCC) was initiated for development of sustainable habitats, increasing energy efficiency, decreasing the intensity of emissions and expanding the area under forests. National Adaptation Fund on Climate Change (NAFCC) was set up in 2015 for sections and sectors vulnerable to climate change. Coalition for Disaster Resilient Infrastructure (CDRI) was established as an initiative towards disaster management system. Green Growth Equity Fund (GGEF) was launched in 2018 for green infrastructure expenditures. For mobilising funds for green infrastructure, in January 2023 the non-resident investors were provided unrestricted access to certain categories of central government securities including sovereign green bonds under fully accessible route (FAR). In 2022, government issued the Framework for Sovereign Green Bonds and accordingly the Reserve Bank notified in 2023 the issuance calendar for marketable Sovereign Green Bonds (SGBs) for mobilising finances for green infrastructure. The

proceeds would be utilised for reducing the carbon intensity in the economy.

Digital Infrastructure

In 2015, the government launched Digital India Programme (DIP) that provides high speed internet for service delivery, private space on public cloud for digital storage and sharing of documents, and unique digital identity to citizens. Telecommunication services are provided in remote areas for connectivity and provision of affordable services with Comprehensive Telecom Development Plan (CTDP), National Frequency Allocation Plan (NFAP) and universal access to broadband services. With the e-Marketplace 'MyScheme', people can get information on suitable government schemes. National Artificial Intelligence Portal (NAIP) has been developed to provide artificial intelligence (AI) ecosystem. With the dynamic digital landscape, the standards for internet use like Open Credit Enablement Network (OCEN) for borrowing and lending modalities have been developed. The digital adoptions have been made all pervasive in various areas such as healthcare, education, financial services and agriculture. A wide gamut of services like direct benefit transfer (DBT) enabled by Jandhan Aadhar Mobile (JAM) trinity, national database for unorganised workers 'e-Shram' portal, Unified Payment Interface (UPI), DigiLocker, MyGov, Co-Win, financial data sharing with Account Aggregator Framework (AAF), digitisation of tax administration, Mission Drone Shakti, e-Rupee and Trade Receivables Discounting System (TReDS) indicate the major milestones in the journey of India's digital infrastructure development.

With the thrust placed on development of digital and communications infrastructure, an expansion was witnessed in terms of access, usage and interoperability. The multiplier effect of digital infrastructure on growth has been very large due to multiple tasks done through mobile phone, Aadhar-

based identification for grant of benefits and extension of financial, educational services and health facilities to the unreached sections. There has been a progress towards provision of services based on e-governance. The new initiatives such as the innovations pertaining to digital trade through Open Network for Digital Commerce (ONDC) and control access to user data with AAF are expected to further strengthen the digital infrastructure landscape in near future.

Social Infrastructure

The agenda under United Nation's Sustainable Development Goals adopted by India focuses on elimination of poverty, inequality and creation of

conducive conditions for sustainable and inclusive growth. Recent initiatives on these lines include National Education Policy (NEP), improvement in school facilities, increasing the number of teachers, rise in proportion of public expenditure on health, increasing the number of primary and community health centres, doctors and health personnel, Ayushman Bharat scheme, expansion in coverage of health insurance, e-Sanjeevani for telemedicine, provision of adequate potable water, electricity, empowerment of women, and rural economic empowerment through measures like SVAMITVA for digital land records.

Annex B: Policy Measures on Infrastructure Financing

1. Considering the delays in execution of infrastructure projects due to various reasons, the time and cost overruns have been allowed subject to stipulations.
2. Banks have been allowed to issue guarantees to other lenders for infrastructure projects if the former bear at least 5 per cent of the cost of projects and perform appraisal and monitoring of credit.
3. Banks have been permitted to fund the equity of promoters in case of acquiring shares in company executing infrastructure project in India.
4. Flexible structuring of lending has been permitted to banks for alignment of cash flows with repayments.
5. Infrastructure bonds issuance by banks has been permitted and the assets have been exempted from propriety sector lending norms in addition to exemption granted for funds from reserve requirements. Rupee denominated bonds in overseas capital markets (Masala Bonds) have also been allowed to be raised by banks.
6. As the fund raising for infrastructure would require a developed bond market and as the latter would reduce risk for banks, the Reserve Bank has taken various measures for development of corporate bond market. These include permitting the issuance of long term bonds by banks coupled with cross holdings of a proportion of primary issuance by them, allowing them to provide credit enhancement up to 50 per cent of the issuance of bond, simplification of issuance procedures for corporate bonds, standardisation of market conventions, allowing reissuances of corporate bonds for raising market liquidity, increasing the limit for foreign portfolio investors (FPIs), reduction in withholding tax, measures for deepening off-shore rupee bond market, establishment of reporting platforms for transparency, operationalisation of delivery *versus* payment (DvP) settlement of over the counter (OTC) transactions to curb the risk, permitting repo in corporate bonds, permitting credit enhancement of corporate bonds for infrastructure by banks and allowing credit default swaps (CDS) in corporate bonds for risk management. The corporate bond issuances have increased because of these measures.
7. As the finance providers are required to be compensated for risk of construction at prior stage, the measures such as permission to set up infrastructure development funds (IDFs) as mutual funds (MFs) and non-bank financial companies (NBFCs) for acquiring post construction assets from banks and 'take out financing' have been taken. The increased role of IDFs and InvITs would boost funding of infrastructure.
8. Consideration of debt due to the lenders of PPP projects as secured, has been allowed to certain extent.
9. Since there are safeguards for infrastructure financing like escrow accounts, the provisioning on sub-standard unsecured loan accounts in infrastructure has been reduced to 20 per cent, provided banks have arrangements to escrow the cash flows and have first claim thereon.
10. As the infrastructure sector has historically and potentially large proportion of accumulating stressed assets, banks have been provided with several instruments to safeguard themselves against stressed assets such as flexible restructuring scheme with inclusion of infrastructure sectors like construction, extra

time for project completion and corrective action plan.

11. Banks have been permitted to set longer repayment period for infrastructure loans but provide funding for initial years or a shorter period and periodic refinancing through other banks or instruments, termed as 5/25 scheme. Such flexibilities however need to be judiciously utilised by the lenders without concealing the stress in assets.
12. Guidelines were issued in 2014 allowing banks to mobilise long term finances for infrastructure lending with minimum regulatory pre-emption like cash reserve ratio (CRR). In 2023 the regulatory framework for IDF-NBFCs was reviewed by the Reserve Bank to facilitate their greater role and harmonising the regulations.
13. Foreign portfolio investors (FPIs) were allowed to invest in debt securities of Real Estate Investment Trusts (REITs) and InvITs.
14. Takeout financing has a significant role in funding infrastructure as it enables banks to fund long tenure projects with medium tenure finances through reduction in their exposure and better management of their assets and liabilities. Accordingly, banks have been permitted to refinance project lending through partial takeout funding without prior agreement with other financial institutions and set a longer period for redemption.
15. An Urban Infrastructure Development Fund (UIDF) has been set up by using the shortfall in priority sector lending with an initial corpus of ₹10,000 crore.

CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems

Occasional Series

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Notes: .. = Not available.

– = Nil/Negligible.

P = Preliminary/Provisional. PR = Partially Revised.

No. 1: Select Economic Indicators

Item	2024-25	2023-24	2024-25		2025-26
		Q4	Q1	Q4	Q1
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	6.4	7.3	6.5	6.8	7.6
1.1.1 Agriculture	4.6	0.9	1.5	5.4	3.7
1.1.2 Industry	4.5	9.9	7.8	4.7	5.8
1.1.3 Services	7.5	8.0	7.2	7.9	9.0
1.1a Final Consumption Expenditure	6.5	6.3	7.0	4.7	7.1
1.1b Gross Fixed Capital Formation	7.1	6.0	6.7	9.4	7.8
	2024-25	2024		2025	
		Jun.	Jul.	Jun.	Jul.
	1	2	3	4	5
1.2 Index of Industrial Production	4.0	4.9	5.0	1.5	3.5
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	10.3	11.1	10.6	10.1	10.2
2.1.2 Credit #	11.0	17.4	13.7	9.5	10.0
2.1.2.1 Non-food Credit #	11.0	17.4	13.7	9.3	9.9
2.1.3 Investment in Govt. Securities	9.7	8.6	8.1	8.8	6.6
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	4.3	7.4	7.2	4.9	4.7
2.2.2 Broad Money (M3)	9.4	10.1	9.7	9.5	9.6
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.50	4.50	4.00	4.00
3.2 Statutory Liquidity Ratio	18.00	18.00	18.00	18.00	18.00
3.3 Cash-Deposit Ratio	4.3	5.1	5.1	4.4	4.3
3.4 Credit-Deposit Ratio	80.8	79.3	79.3	78.9	79.2
3.5 Incremental Credit-Deposit Ratio #	86.1	56.0	53.1	28.7	33.5
3.6 Investment-Deposit Ratio	29.7	28.9	29.8	28.6	28.8
3.7 Incremental Investment-Deposit Ratio	28.1	6.4	28.8	-0.1	3.8
4 Interest Rates (%)					
4.1 Policy Repo Rate	6.25	6.50	6.50	5.50	5.50
4.2 Fixed Reverse Repo Rate	3.35	3.35	3.35	3.35	3.35
4.3 Standing Deposit Facility (SDF) Rate *	6.00	6.25	6.25	5.25	5.25
4.4 Marginal Standing Facility (MSF) Rate	6.50	6.75	6.75	5.75	5.75
4.5 Bank Rate	6.50	6.75	6.75	5.75	5.75
4.6 Base Rate	9.10/10.40	9.10/10.40	9.10/10.40	9.10/10.30	8.50/10.30
4.7 MCLR (Overnight)	8.15/8.45	8.10/8.60	8.10/8.60	7.95/8.25	7.95/8.20
4.8 Term Deposit Rate >1 Year	6.00/7.25	6.00/7.30	6.00/7.30	5.85/6.70	5.85/6.70
4.9 Savings Deposit Rate	2.70/3.00	2.70/3.00	2.70/3.00	2.50/2.75	2.50/2.50
4.10 Call Money Rate (Weighted Average)	6.35	6.67	6.59	5.29	5.55
4.11 91-Day Treasury Bill (Primary) Yield	6.52	6.80	6.67	5.41	5.40
4.12 182-Day Treasury Bill (Primary) Yield	6.52	6.92	6.79	5.54	5.52
4.13 364-Day Treasury Bill (Primary) Yield	6.47	6.96	6.80	5.57	5.57
4.14 10-Year G-Sec Par Yield (FBIL)	6.62	7.04	6.97	6.34	6.41
5 Reference Rate and Forward Premia					
5.1 INR-US\$ Spot Rate (Rs. Per Foreign Currency)	85.58	83.45	83.73	85.56	86.52
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	92.32	89.25	90.86	100.20	101.73
5.3 Forward Premia of US\$ 1-month (%)	3.12	1.10	1.11	1.65	1.81
3-month (%)	2.56	1.14	1.20	1.66	1.76
6-month (%)	2.28	1.26	1.43	1.79	1.85
6 Inflation (%)					
6.1 All India Consumer Price Index	4.6	5.1	3.6	2.1	1.6
6.2 Consumer Price Index for Industrial Workers	3.39	3.7	2.1	2.5	2.7
6.3 Wholesale Price Index	2.3	3.4	2.1	-0.2	-0.6
6.3.1 Primary Articles	5.2	9.2	3.2	-3.2	-5.0
6.3.2 Fuel and Power	-1.3	0.5	1.9	-3.1	-2.4
6.3.3 Manufactured Products	1.7	1.5	1.6	1.9	2.0
7 Foreign Trade (% Change)					
7.1 Imports	6.2	4.6	11.2	-3.7	8.6
7.2 Exports	0.1	2.4	0.6	-0.1	7.3

Note : Financial Benchmark India Pvt. Ltd. (FBIL) has commenced publication of the G-Sec benchmarks with effect from March 31, 2018 as per RBI circular FMRD.DIRD.

7/14.03.025/2017-18 dated March 31, 2018. FBIL has started dissemination of reference rates w.e.f. July 10, 2018.

#: Bank credit growth and related ratios for all fortnights from December 3, 2021 to November 18, 2022 are adjusted for past reporting errors by select scheduled commercial banks (SCBs).

Data include the impact of merger of a non-bank with a bank w.e.f. July 1, 2023.

*: As per Press Release No. 2022-2023/41 dated April 08, 2022.

Reserve Bank of India

No. 2: RBI - Liabilities and Assets *

(₹ Crore)

Item	As on the Last Friday/ Friday						
	2024-25	2024	2025				
			Aug.	Aug. 01	Aug. 08	Aug. 15	Aug. 22
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	3683836	3458493	3753870	3779110	3788176	3773434	3763879
1.1.2 Notes held in Banking Department	11	14	17	17	16	14	13
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	3683847	3458507	3753886	3779127	3788192	3773448	3763892
1.2 Assets							
1.2.1 Gold	235379	188699	260533	267638	265785	263628	271256
1.2.2 Foreign Securities	3448129	3269461	3492976	3511227	3522214	3509319	3492206
1.2.3 Rupee Coin	340	347	378	261	194	501	429
1.2.4 Government of India Rupee Securities	-	-	-	-	-	-	-
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	1709285	1702744	1797387	1748116	1732715	1739682	1737992
2.1.1.1 Central Government	100	100	100	101	100	100	101
2.1.1.2 Market Stabilisation Scheme	-	-	-	-	-	-	-
2.1.1.3 State Governments	42	42	42	42	42	43	42
2.1.1.4 Scheduled Commercial Banks	943060	1019456	1001761	926802	954551	932900	959655
2.1.1.5 Scheduled State Co-operative Banks	7776	8019	8011	8472	8122	8011	8031
2.1.1.6 Non-Scheduled State Co-operative Banks	5963	5186	5256	5333	5188	5022	5120
2.1.1.7 Other Banks	46963	49701	47560	47715	47538	47994	48027
2.1.1.8 Others	593085	479121	635149	649765	601228	630623	583536
2.1.1.9 Financial Institution Outside India	112296	141119	99508	109887	115944	114989	133480
2.1.2 Other Liabilities	2150508	1917383	2257657	2347314	2349220	2303451	2399650
2.1/2.2 Total Liabilities or Assets	3859793	3620127	4055044	4095429	4081935	4043133	4137642
2.2 Assets							
2.2.1 Notes and Coins	11	14	17	17	16	14	13
2.2.2 Balances Held Abroad	1413591	1790736	1631246	1639427	1639085	1618220	1691216
2.2.3 Loans and Advances							
2.2.3.1 Central Government	-	-	-	-	-	-	-
2.2.3.2 State Governments	26284	13381	32232	42792	34130	27463	19623
2.2.3.3 Scheduled Commercial Banks	251984	6968	1100	4352	1187	1818	1950
2.2.3.4 Scheduled State Co-op.Banks	-	-	-	-	-	-	-
2.2.3.5 Industrial Dev. Bank of India	-	-	-	-	-	-	-
2.2.3.6 NABARD	-	-	-	-	-	-	-
2.2.3.7 EXIM Bank	-	-	-	-	-	-	-
2.2.3.8 Others	36426	8547	10320	10361	11106	11006	10975
2.2.3.9 Financial Institution Outside India	111768	141402	99465	109553	115461	114364	132802
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	-	-	-	-	-	-	-
2.2.4.2 Government Treasury Bills	-	-	-	-	-	-	-
2.2.5 Investments	1560630	1317280	1786267	1781635	1776673	1769940	1767243
2.2.6 Other Assets	459101	341800	494397	507292	504276	500308	513821
2.2.6.1 Gold	429510	330135	474804	487753	484376	480446	494347

* Data are provisional.

No. 3: Liquidity Operations by RBI

(₹ Crore)

Date	Liquidity Adjustment Facility						Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+7+9-2-4-6-8)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo	MSF	SDF		Sale	Purchase	
	1	2	3	4	5	6		8	9	
Jul. 1, 2025	-	-	-	-	1233	255381	-	-	-	-254148
Jul. 2, 2025	-	-	-	-	3410	299291	-1030	-	-	-296911
Jul. 3, 2025	-	-	-	-	1111	326770	-	-	-	-325659
Jul. 4, 2025	-	-	-	100010	1282	332158	-	-	-	-430886
Jul. 5, 2025	-	-	-	-	216	285155	-	-	-	-284939
Jul. 6, 2025	-	-	-	-	339	250650	-	-	-	-250311
Jul. 7, 2025	-	-	-	-	1051	250865	-230	-	-	-250044
Jul. 8, 2025	-	-	-	-	1072	214021	-240	-	-	-213189
Jul. 9, 2025	-	-	-	97315	1081	136036	-186	-	-	-232456
Jul. 10, 2025	-	-	-	-	1078	124621	-45	-	-	-123588
Jul. 11, 2025	-	-	-	151633	1223	187091	365	-	-	-337136
Jul. 12, 2025	-	-	-	-	85	127893	-	-	-	-127808
Jul. 13, 2025	-	-	-	-	81	132452	-	-	-	-132371
Jul. 14, 2025	-	-	-	-	838	116037	-	-	-	-115199
Jul. 15, 2025	-	-	-	57450	869	97432	-	-	-	-154013
Jul. 16, 2025	-	-	-	-	879	109064	-18	-	-	-108203
Jul. 17, 2025	-	-	-	-	808	106279	-5	-	-	-105476
Jul. 18, 2025	-	-	-	200027	951	116590	293	-	-	-315373
Jul. 19, 2025	-	-	-	-	819	111162	-	-	-	-110343
Jul. 20, 2025	-	-	-	-	1179	103669	-	-	-	-102490
Jul. 21, 2025	-	-	-	-	10750	56852	361	-	-	-45741
Jul. 22, 2025	-	-	-	-	13273	63745	2063	-	-	-48409
Jul. 23, 2025	-	-	50001	-	820	78428	1829	-	-	-25778
Jul. 24, 2025	-	-	1421	-	362	117991	-	-	-	-116208
Jul. 25, 2025	-	-	-	125008	1906	174961	-104	-	-	-298167
Jul. 26, 2025	-	-	-	-	484	119530	-	-	-	-119046
Jul. 27, 2025	-	-	-	-	484	121441	-	-	-	-120957
Jul. 28, 2025	-	-	-	-	938	109847	-	-	-	-108909
Jul. 29, 2025	-	-	-	46058	1584	108957	-	-	-	-153431
Jul. 30, 2025	-	-	-	-	1408	94716	-	-	-	-93308
Jul. 31, 2025	-	-	-	13075	1649	114195	-	-	-	-125621

No. 4: Sale/ Purchase of U.S. Dollar by the RBI**i) Operations in onshore / offshore OTC segment**

Item	2024-25	2024	2025	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US \$ Million) (1.1-1.2)	-34511	6934	-3661	-2540
1.1 Purchase (+)	364200	23569	1164	0
1.2 Sale (–)	398711	16635	4825	2540
2 ₹ equivalent at contract rate (₹ Crores)	-291233	57887	-31808	-22267
3 Cumulative (over end-March) (US \$ Million)	-34511	5402	-3557	-6097
(₹ Crore)	-291233	44872	-31881	-54148
4 Outstanding Net Forward Sales (-)/ Purchase (+) at the end of month (US \$ Million)	-84345	-9100	-60390	-57850

ii) Operations in currency futures segment

Item	2024-25	2024	2025	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US \$ Million) (1.1-1.2)	0	0	0	0
1.1 Purchase (+)	31415	2144	0	0
1.2 Sale (–)	31415	2144	0	0
2 Outstanding Net Currency Futures Sales (-)/ Purchase (+) at the end of month (US \$ Million)	0	-340	0	0

**No. 4 A : Maturity Breakdown (by Residual Maturity) of
Outstanding Forwards of RBI (US \$ Million)**

Item	As on July 31 , 2025		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	0	7695	-7695
2. More than 1 month and upto 3 months	0	10835	-10835
3. More than 3 months and upto 1 year	0	19220	-19220
4. More than 1 year	0	20100	-20100
Total (1+2+3+4)	0	57850	-57850

No. 5: RBI's Standing Facilities

(₹ Crore)

Item	As on the Last Reporting Friday							
	2024-25	2024	2025					
		Aug. 23	Mar. 21	Apr. 18	May. 30	Jun. 27	Jul. 25	Aug. 22
	1	2	3	4	5	6	7	8
1 MSF	9961	1818	9961	2003	1540	1065	1906	1818
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	-	-	-	-	-	-	-	-
2.2 Outstanding	-	-	-	-	-	-	-	-
3 Liquidity Facility for PDs								
3.1 Limit	9900	9900	9900	14900	14900	14900	14900	14900
3.2 Outstanding	9517	8541	9517	7999	8595	7010	10299	10985
4 Others								
4.1 Limit	76000	76000	76000	76000	76000	76000	76000	76000
4.2 Outstanding	-	-	-	-	-	-	-	-
5 Total Outstanding (1+2.2+3.2+4.2)	19478	10359	19478	10002	10135	8075	12205	12803

Money and Banking

No. 6: Money Stock Measures

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/ reporting Fridays				
	2024-25	2024	2025		
		Jul. 26	Jun. 27	Jul. 11	Jul. 25
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	3630751	3426089	3722652	3729016	3707458
1.1 Notes in Circulation include CBDC-Retail (R) and CBDC-Wholesale (W).	3687816	3502874	3783575	3787633	3763742
1.2 Circulation of Rupee Coin	35889	33563	36909	36909	37314
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks includes CBDC-W.	93696	111091	98575	96269	94341
2 Deposit Money of the Public	2953329	2678638	3324072	3054960	3126308
2.1 Demand Deposits with Banks	2840023	2587413	3215375	2944828	3018666
2.2 'Other' Deposits with Reserve Bank	113307	91225	108697	110133	107642
3 M1 (1 + 2)	6584081	6104726	7046725	6783976	6833766
4 Post Office Saving Bank Deposits	212331	199017	212331	212331	212331
5 M2 (3 + 4)	6796412	6303743	7259056	6996307	7046097
6 Time Deposits with Banks	20702508	19568786	21183731	21357280	21306108
7 M3 (3 + 6)	27286589	25673513	28230456	28141256	28139873
8 Total Post Office Deposits	1443555	1361211	1443555	1443555	1443555
9 M4 (7 + 8)	28730144	27034724	29674011	29584811	29583428

No. 7 : Sources of Money Stock (M₃)

(₹ Crore)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2024-25	2024	2025		
		Jul. 26	Jun. 27	Jul. 11	Jul. 25
	1	2	3	4	5
1 Net Bank Credit to Government	8510825	7678213	8520033	8614205	8541317
1.1 RBI's net credit to Government (1.1.1-1.1.2)	1508105	1060910	1513361	1586327	1502150
1.1.1 Claims on Government	1591591	1341836	1806229	1808369	1810116
1.1.1.1 Central Government	1558903	1320596	1786164	1787938	1786091
1.1.1.2 State Governments	32688	21239	20066	20431	24026
1.1.2 Government deposits with RBI	83485	280926	292869	222042	307966
1.1.2.1 Central Government	83443	280883	292826	221999	307924
1.1.2.2 State Governments	42	42	42	42	43
1.2 Other Banks' Credit to Government	7002720	6617302	7006672	7027878	7039167
2 Bank Credit to Commercial Sector	19068129	17577818	19283371	19266495	19300981
2.1 RBI's credit to commercial sector	38246	10935	9029	7965	12383
2.2 Other banks' credit to commercial sector	19029883	17566883	19274342	19258530	19288597
2.2.1 Bank credit by commercial banks	18243972	16813935	18486200	18469893	18501377
2.2.2 Bank credit by co-operative banks	766659	733892	769075	767978	767165
2.2.3 Investments by commercial and co-operative banks in other securities	19252	19056	19067	20660	20056
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	6148527	5800754	6437976	6406286	6467260
3.1 RBIs net foreign exchange assets (3.1.1 - 3.1.2)	5550947	5434047	5840396	5808706	5869680
3.1.1 Gross foreign assets	5550956	5434044	5840398	5808708	5869677
3.1.2 Foreign liabilities	9	-2	2	2	-3
3.2 Other banks' net foreign exchange assets	597580	366707	597580	597580	597580
4 Government's Currency Liabilities to the Public	36632	34306	37652	37652	38057
5 Banking Sector's Net Non-monetary Liabilities	6477524	5417577	6048576	6183381	6207741
5.1 Net non-monetary liabilities of RBI	2147427	1718640	2168644	2176784	2235868
5.2 Net non-monetary liabilities of other banks (residual)	4330098	3698937	3879932	4006598	3971873
M₃(1+2+3+4-5)	27286589	25673513	28230456	28141256	28139873

No. 8: Monetary Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2024-25	2024	2025		
		Jul. 26	Jun. 27	Jul. 11	Jul. 25
	1	2	3	4	5
Monetary Aggregates					
NM ₁ (1.1+1.2.1+1.3)	6584081	6104726	7046725	6783976	6833766
NM ₂ (NM ₁ + 1.2.2.1)	15768688	14799222	16446990	16262123	16288486
NM ₃ (NM ₂ + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	27909568	26361016	28786422	28701812	28681808
1 Components					
1.1 Currency with the Public	3630751	3426089	3722652	3729016	3707458
1.2 Aggregate Deposits of Residents	23250261	21908513	24104854	24007378	24029154
1.2.1 Demand Deposits	2840023	2587413	3215375	2944828	3018666
1.2.2 Time Deposits of Residents	20410239	19321100	20889478	21062550	21010489
1.2.2.1 Short-term Time Deposits	9184607	8694495	9400265	9478148	9454720
1.2.2.1.1 Certificates of Deposits (CDs)	527375	420069	516691	528946	507798
1.2.2.2 Long-term Time Deposits	11225631	10626605	11489213	11584403	11555769
1.3 'Other' Deposits with RBI	113307	91225	108697	110133	107642
1.4 Call/Term Funding from Financial Institutions	915248	935190	850218	855286	837554
2 Sources					
2.1 Domestic Credit	28802443	26384962	29048840	29141826	29125727
2.1.1 Net Bank Credit to the Government	8510825	7678213	8520033	8614205	8541317
2.1.1.1 Net RBI credit to the Government	1508105	1060910	1513361	1586327	1502150
2.1.1.2 Credit to the Government by the Banking System	7002720	6617302	7006672	7027878	7039167
2.1.2 Bank Credit to the Commercial Sector	20291618	18706750	20528808	20527622	20584410
2.1.2.1 RBI Credit to the Commercial Sector	38246	10935	9029	7965	12383
2.1.2.2 Credit to the Commercial Sector by the Banking System	20253372	18695815	20519778	20519657	20572027
2.1.2.2.1 Other Investments (Non-SLR Securities)	1208294	1112229	1208081	1241827	1243910
2.2 Government's Currency Liabilities to the Public	36632	34306	37652	37652	38057
2.3 Net Foreign Exchange Assets of the Banking Sector	5605462	5304425	5954722	5880727	5943463
2.3.1 Net Foreign Exchange Assets of the RBI	5550947	5434047	5840396	5808706	5869680
2.3.2 Net Foreign Currency Assets of the Banking System	54514	-129622	114326	72021	73784
2.4 Capital Account	4481192	4317778	5040017	5048368	5127183
2.5 Other items (net)	2053777	1044899	1214776	1310026	1298257

No. 9: Liquidity Aggregates

(₹ Crore)

Aggregates	2024-25	2024	2025		
		Jul.	May	Jun.	Jul.
	1	2	3	4	5
1 NM₃	27896780	26361016	28594932	28786422	28681808
2 Postal Deposits	756786	720419	756786	756786	756786
3 L₁ (1 + 2)	28653566	27081435	29351718	29543208	29438594
4 Liabilities of Financial Institutions	95148	68324	116492	113786	113786
4.1 Term Money Borrowings	10	748	4	5	5
4.2 Certificates of Deposit	80810	54670	101755	98755	98755
4.3 Term Deposits	14328	12905	14733	15026	15027
5 L₂ (3 + 4)	28748714	27149759	29468210	29656993	29552381
6 Public Deposits with Non-Banking Financial Companies	121178	..	..	129567	..
7 L₃ (5 + 6)	28869892	..	..	29786560	..

Note : Figures in the columns might not add up to the total due to rounding off of numbers.

No. 10: Reserve Bank of India Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2024-25	2024	2025		
		Jul. 26	Jun. 27	Jul. 11	Jul. 25
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	3724448	3537180	3821227	3825285	3801799
1.2 Bankers' Deposits with the RBI	991488	1039059	994142	990947	978898
1.2.1 Scheduled Commercial Banks	926001	976073	933483	930199	918229
1.3 'Other' Deposits with the RBI	113307	91225	108697	110133	107642
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	4829243	4667464	4924066	4926365	4888339
2 Sources					
2.1 RBI's Domestic Credit	1389090	917751	1214662	1256791	1216470
2.1.1 Net RBI credit to the Government	1508105	1060910	1513361	1586327	1502150
2.1.1.1 Net RBI credit to the Central Government (2.1.1.1.1 + 2.1.1.1.2 + 2.1.1.1.3 + 2.1.1.1.4 – 2.1.1.1.5)	1475460	1039713	1493338	1565939	1478167
2.1.1.1.1 Loans and Advances to the Central Government	-	-	-	-	-
2.1.1.1.2 Investments in Treasury Bills	-	-	-	-	-
2.1.1.1.3 Investments in dated Government Securities	1558574	1320373	1785715	1787655	1785639
2.1.1.1.3.1 Central Government Securities	1558574	1320373	1785715	1787655	1785639
2.1.1.1.4 Rupee Coins	329	223	449	282	451
2.1.1.1.5 Deposits of the Central Government	83443	280883	292826	221999	307924
2.1.1.2 Net RBI credit to State Governments	32646	21197	20023	20388	23983
2.1.2 RBI's Claims on Banks	-157261	-154094	-307728	-337501	-298063
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-157261	-154094	-307728	-337501	-298063
2.1.3 RBI's Credit to Commercial Sector	38246	10935	9029	7965	12383
2.1.3.1 Loans and Advances to Primary Dealers	9182	9062	7010	5881	10299
2.1.3.2 Loans and Advances to NABARD	-	-	-	-	-
2.2 Government's Currency Liabilities to the Public	36632	34306	37652	37652	38057
2.3 Net Foreign Exchange Assets of the RBI	5550947	5434047	5840396	5808706	5869680
2.3.1 Gold	668162	483062	722374	723791	741528
2.3.2 Foreign Currency Assets	4882794	4950982	5118023	5084916	5128149
2.4 Capital Account	1875114	1774642	2127550	2127699	2179408
2.5 Other Items (net)	272313	-56002	41094	49084	56460

No. 11: Reserve Money - Components and Sources

(₹ Crore)

Item	2024-25	Outstanding as on March 31/last Fridays of the month/Fridays					
		2024	2025				
		Jul. 26	Jun. 27	Jul. 4	Jul. 11	Jul. 18	Jul. 25
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	4829243	4667464	4924066	4923222	4926365	4964256	4888339
1 Components							
1.1 Currency in Circulation	3724448	3537180	3821227	3821421	3825285	3811252	3801799
1.2 Bankers' Deposits with RBI	991488	1039059	994142	992989	990947	1045162	978898
1.3 'Other' Deposits with RBI	113307	91225	108697	108812	110133	107843	107642
2 Sources							
2.1 Net Reserve Bank Credit to Government	1508105	1060910	1513361	1673148	1586327	1603965	1502150
2.2 Reserve Bank Credit to Banks	-157261	-154094	-307728	-430882	-337501	-315666	-298063
2.3 Reserve Bank Credit to Commercial Sector	38246	10935	9029	8297	7965	8235	12383
2.4 Net Foreign Exchange Assets of RBI	5550947	5434047	5840396	5806062	5808706	5823240	5869680
2.5 Government's Currency Liabilities to the Public	36632	34306	37652	37652	37652	37652	38057
2.6 Net Non- Monetary Liabilities of RBI	2147427	1718640	2168644	2171055	2176784	2193169	2235868

No. 12: Commercial Bank Survey

(₹ Crore)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2024-25	2024	2025		
		Jul. 26	Jun. 27	Jul. 11	Jul. 25
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	22288331	20945882	23131393	23030976	23054208
1.1.1 Demand Deposits	2698049	2444220	3072874	2802034	2876368
1.1.2 Time Deposits of Residents	19590283	18501662	20058519	20228941	20177840
1.1.2.1 Short-term Time Deposits	8788876	8288307	9002651	9079791	9057108
1.1.2.1.1 Certificates of Deposits (CDs)	527375	420069	516691	528946	507798
1.1.2.2 Long-term Time Deposits	10741960	10130153	11003241	11097523	11069799
1.2 Call/Term Funding from Financial Institutions	915248	935190	850218	855286	837554
2 Sources					
2.1 Domestic Credit	26156690	24247935	26419739	26438568	26502935
2.1.1 Credit to the Government	6697298	6312657	6696348	6715694	6726284
2.1.2 Credit to the Commercial Sector	19459392	17935278	19723391	19722874	19776651
2.1.2.1 Bank Credit	18243972	16813935	18486200	18469893	18501377
2.1.2.1.1 Non-food Credit	18207441	16785745	18421811	18410900	18444703
2.1.2.2 Net Credit to Primary Dealers	15458	16966	37618	19563	39782
2.1.2.3 Investments in Other Approved Securities	630	1111	454	554	544
2.1.2.4 Other Investments (in non-SLR Securities)	1199332	1103267	1199119	1232864	1234948
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1-2.2.2-2.2.3)	54514	-129622	114326	72021	73784
2.2.1 Foreign Currency Assets	529621	284197	577466	524521	526520
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	292270	247686	294252	294730	295619
2.2.3 Overseas Foreign Currency Borrowings	182837	166133	168887	157771	157117
2.3 Net Bank Reserves (2.3.1+2.3.2-2.3.3)	791777	1229518	1327882	1352241	1298767
2.3.1 Balances with the RBI	882415	976073	933483	930199	918229
2.3.2 Cash in Hand	81874	99350	86671	84541	82475
2.3.3 Loans and Advances from the RBI	172512	-154094	-307728	-337501	-298063
2.4 Capital Account	2581908	2518965	2888296	2896498	2923604
2.5 Other items (net) (2.1+2.2+2.3-2.4-1.1-1.2)	807812	472008	603594	698238	685360
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	878795	732752	877929	814152	832554
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	118268	149498	135597	105815	140516

Figures in parentheses include the impact of merger of a non-bank with a bank.

No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 21, 2025	2024	2025		
		Jul. 26	Jun. 27	Jul. 11	Jul. 25
	1	2	3	4	5
1 SLR Securities	6697928	6313767	6696802	6716248	6726828
2 Other Government Securities (Non-SLR)	165500	157537	160012	160009	160190
3 Commercial Paper	63163	52091	63802	61337	63539
4 Shares issued by					
4.1 PSUs	13874	12950	13835	15651	14823
4.2 Private Corporate Sector	95984	93831	98318	96026	97826
4.3 Others	7664	7367	7764	8017	7715
5 Bonds/Debentures issued by					
5.1 PSUs	130308	121092	145962	139677	132293
5.2 Private Corporate Sector	248138	242161	260094	241944	245757
5.3 Others	150000	138806	152384	159471	157888
6 Instruments issued by					
6.1 Mutual funds	119867	96391	91749	131978	138862
6.2 Financial institutions	204865	181041	205220	218755	216055

Note: 1. Data against column Nos. (1), (2) & (3) are Final and for column Nos. (4) & (5) data are Provisional.

2. Data include the impact of merger of a non bank with a bank w.e.f. July 1, 2023.

No. 14: Business in India - All Scheduled Banks and All Scheduled Commercial Banks

(₹ Crore)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2024-25	2024	2025		2024-25	2024	2025	
		Jul.	Jun.	Jul.		Jul.	Jun.	Jul.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	208	208	194	195	135	135	120	121
1 Liabilities to the Banking System	458011	500022	502739	476008	451305	495646	496493	469955
1.1 Demand and Time Deposits from Banks	315675	285475	376910	347964	309414	281386	371106	342422
1.2 Borrowings from Banks	112027	138779	100647	105216	111976	138752	100641	105206
1.3 Other Demand and Time Liabilities	30310	75768	25182	22828	29916	75507	24746	22327
2 Liabilities to Others	25053097	23505340	25831875	25688230	24557481	23027726	25322680	25177053
2.1 Aggregate Deposits	23055487	21654100	23916476	23843715	22580601	21193568	23425645	23349827
2.1.1 Demand	2748263	2493596	3121710	2925734	2698049	2444220	3072874	2876368
2.1.2 Time	20307224	19160504	20794766	20917980	19882552	18749348	20352771	20473459
2.2 Borrowings	920568	939516	854691	841980	915248	935190	850218	837554
2.3 Other Demand and Time Liabilities	1077042	911725	1060708	1002536	1061632	898968	1046816	989672
3 Borrowings from Reserve Bank	311466	7161	1065	1906	311466	7161	1065	1906
3.1 Against Usance Bills /Promissory Notes	-	-	-	-	-	-	-	-
3.2 Others	311466	7161	1065	1906	311466	7161	1065	1906
4 Cash in Hand and Balances with Reserve Bank	985044	1097637	1041975	1022191	964289	1075424	1020154	1000704
4.1 Cash in Hand	84399	101799	89278	85044	81874	99350	86671	82475
4.2 Balances with Reserve Bank	900645	995838	952697	937147	882415	976073	933483	918229
5 Assets with the Banking System	432645	432441	490913	458151	348496	363113	398514	369221
5.1 Balances with Other Banks	273720	242359	340579	327705	215801	193127	273831	264197
5.1.1 In Current Account	13239	12352	25103	15890	10619	9487	22785	13780
5.1.2 In Other Accounts	260481	230007	315476	311815	205182	183640	251046	250417
5.2 Money at Call and Short Notice	44772	29827	42285	36664	25838	13930	24041	17911
5.3 Advances to Banks	43856	42711	33677	28849	39504	41613	31558	27214
5.4 Other Assets	70296	117544	74373	64933	67353	114443	69084	59900
6 Investment	6850574	6466548	6854341	6887824	6697928	6313767	6696802	6726828
6.1 Government Securities	6842024	6458194	6845977	6878471	6697298	6312657	6696348	6726284
6.2 Other Approved Securities	8550	8354	8365	9353	630	1111	454	544
7 Bank Credit	18708286	17254613	18956024	18968340	18243972	16813935	18486200	18501377
7a Food Credit	87145	78811	116363	108648	36531	28190	64389	56674
7.1 Loans, Cash-credits and Overdrafts	18370704	16938015	18613283	18627704	17909851	16500433	18146380	18163165
7.2 Inland Bills-Purchased	76523	68987	80511	77657	74963	67638	79560	77094
7.3 Inland Bills-Discounted	222320	208216	225234	226698	221059	207073	223845	225406
7.4 Foreign Bills-Purchased	15357	16061	14007	13538	15122	15852	13787	13316
7.5 Foreign Bills-Discounted	23382	23334	22988	22743	22977	22940	22627	22395

Note: Data in column Nos. (4) & (8) are Provisional

Data include the impact of merger of a non-bank with a bank w.e.f. July 1, 2023.

No. 15: Deployment of Gross Bank Credit by Major Sectors

(₹ Crore)

Sector	Outstanding as on				Growth(%)	
	Mar. 21, 2025	2024	2025		Financial year so far	Y-o-Y
			Jul. 26	Jun. 27		
	1	2	3	4	2025-26	2025
I. Bank Credit (II + III)	18243936	16814792	18483098	18501872	1.4	10.0
II. Food Credit	36531	28190	64389	56674	55.1	101.0
III. Non-food Credit	18207404	16786602	18418709	18445197	1.3	9.9
1. Agriculture & Allied Activities	2287071	2156320	2305993	2313845	1.2	7.3
2. Industry (Micro and Small, Medium and Large)	3937149	3724547	3947139	3947778	0.3	6.0
2.1 Micro and Small	791721	729948	872577	883101	11.5	21.0
2.2 Medium	360475	317323	357618	363994	1.0	14.7
2.3 Large	2784953	2677277	2716943	2700683	-3.0	0.9
3. Services	5161462	4623910	5140226	5113966	-0.9	10.6
3.1 Transport Operators	258409	244262	266029	265924	2.9	8.9
3.2 Computer Software	32915	27356	36232	36579	11.1	33.7
3.3 Tourism, Hotels & Restaurants	83091	79202	84781	85458	2.8	7.9
3.4 Shipping	7305	7076	8042	8727	19.5	23.3
3.5 Aviation	46026	44637	50750	45213	-1.8	1.3
3.6 Professional Services	195956	171393	196406	194935	-0.5	13.7
3.7 Trade	1186787	1043753	1174129	1179121	-0.6	13.0
3.7.1. Wholesale Trade ¹	648619	545170	629888	637065	-1.8	16.9
3.7.2 Retail Trade	538168	498582	544241	542056	0.7	8.7
3.8 Commercial Real Estate	532757	484531	555519	560514	5.2	15.7
3.9 Non-Banking Financial Companies (NBFCs) ² of which,	1636098	1528856	1596490	1568925	-4.1	2.6
3.9.1 Housing Finance Companies (HFCs)	323146	322052	331346	315767	-2.3	-2.0
3.9.2 Public Financial Institutions (PFIs)	228678	202991	211702	198406	-13.2	-2.3
3.10 Other Services ³	1182118	992845	1171848	1168570	-1.1	17.7
4. Personal Loans	5952299	5507740	6126535	6161047	3.5	11.9
4.1 Consumer Durables	23402	24606	23376	23114	-1.2	-6.1
4.2 Housing	3010477	2810108	3067120	3081152	2.3	9.6
4.3 Advances against Fixed Deposits	141101	120373	145540	140433	-0.5	16.7
4.4 Advances to Individuals against share & bonds	10080	9422	9886	9730	-3.5	3.3
4.5 Credit Card Outstanding	284366	275601	292602	291088	2.4	5.6
4.6 Education	137456	123066	139587	141537	3.0	15.0
4.7 Vehicle Loans	622794	590981	642866	643654	3.3	8.9
4.8 Loan against gold jewellery ⁴	208735	132535	277025	294166	40.9	122.0
4.9 Other Personal Loans	1513889	1421047	1528534	1536172	1.5	8.1
5. Priority Sector (Memo)						
(i) Agriculture & Allied Activities ⁵	2287804	2196939	2274259	2288548	0.0	4.2
(ii) Micro & Small Enterprises ⁶	2240503	1998597	2460012	2489085	11.1	24.5
(iii) Medium Enterprises ⁷	601451	511874	591992	596343	-0.8	16.5
(iv) Housing	746651	748840	856626	940427	26.0	25.6
(v) Education Loans	62825	61523	64355	68839	9.6	11.9
(vi) Renewable Energy	10325	7075	12563	12160	17.8	71.9
(vii) Social Infrastructure	1316	2937	828	943	-28.4	-67.9
(viii) Export Credit	12479	12298	13047	12875	3.2	4.7
(ix) Others	47900	58548	46467	44331	-7.5	-24.3
(x) Weaker Sections including net PSLC- SF/MF	1820904	1743686	1825579	1842667	1.2	5.7

Notes:

- (1) Data are provisional. Bank credit, Food credit and Non-food credit data are based on Section-42 return, which covers all scheduled commercial banks (SCBs), while sectoral non-food credit data are based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all SCBs, pertaining to the last reporting Friday of the month.
- (2) Data since July 28, 2023 include the impact of the merger of a non-bank with a bank.
- 1 Wholesale trade includes food procurement credit outside the food credit consortium.
- 2 NBFCs include HFCs, PFIs, Microfinance Institutions (MFIs), NBFCs engaged in gold loan and others.
- 3 "Other Services" include Mutual Fund (MFs), Banking and Finance other than NBFCs and MFs, and other services which are not indicated elsewhere under services.
- 4 Since May 2024, a bank has changed the classification of a category of agricultural loan into "Loans against gold jewellery" under retail segment.
- 5 "Agriculture and Allied Activities" under the priority sector also include priority sector lending certificates (PSLCs).
- 6 "Micro and Small Enterprises" under the priority sector include credit to micro and small enterprises in industry and services sectors and also include PSLCs.
- 7 "Medium Enterprises" under the priority sector include credit to medium enterprises in industry and services sectors.

No. 16: Industry-wise Deployment of Gross Bank Credit

(₹ Crore)

Industry	Outstanding as on				Growth(%)	
	Mar. 21, 2025	2024	2025		Financial year so far	Y-o-Y
		Jul. 26	Jun. 27	Jul. 25	2025-26	2025
	1	2	3	4	%	%
2 Industries (2.1 to 2.19)	3937149	3724547	3947139	3947778	0.3	6.0
2.1 Mining & Quarrying (incl. Coal)	56756	54719	56945	54751	-3.5	0.1
2.2 Food Processing	219527	205744	223136	216389	-1.4	5.2
2.2.1 Sugar	28522	22622	22862	20158	-29.3	-10.9
2.2.2 Edible Oils & Vanaspati	20927	18179	21342	21048	0.6	15.8
2.2.3 Tea	5084	6058	4950	4925	-3.1	-18.7
2.2.4 Others	164994	158886	173983	170258	3.2	7.2
2.3 Beverage & Tobacco	35513	30470	34636	34731	-2.2	14.0
2.4 Textiles	277267	255111	277281	270465	-2.5	6.0
2.4.1 Cotton Textiles	107227	94890	105615	98267	-8.4	3.6
2.4.2 Jute Textiles	4288	4125	4411	4329	1.0	4.9
2.4.3 Man-Made Textiles	49091	45754	49102	48545	-1.1	6.1
2.4.4 Other Textiles	116661	110341	118153	119324	2.3	8.1
2.5 Leather & Leather Products	12980	12548	13207	13385	3.1	6.7
2.6 Wood & Wood Products	27826	24458	28303	28053	0.8	14.7
2.7 Paper & Paper Products	52848	47826	52731	52961	0.2	10.7
2.8 Petroleum, Coal Products & Nuclear Fuels	154178	136958	154602	157907	2.4	15.3
2.9 Chemicals & Chemical Products	267814	254881	271055	268991	0.4	5.5
2.9.1 Fertiliser	32011	34891	31958	29718	-7.2	-14.8
2.9.2 Drugs & Pharmaceuticals	88738	82308	86613	86835	-2.1	5.5
2.9.3 Petro Chemicals	26892	27879	31955	30494	13.4	9.4
2.9.4 Others	120172	109803	120529	121944	1.5	11.1
2.10 Rubber, Plastic & their Products	103464	89581	102610	102513	-0.9	14.4
2.11 Glass & Glassware	13443	12431	13243	12920	-3.9	3.9
2.12 Cement & Cement Products	59752	60728	59183	59668	-0.1	-1.7
2.13 Basic Metal & Metal Product	433502	402716	442055	440996	1.7	9.5
2.13.1 Iron & Steel	300156	285055	301600	298486	-0.6	4.7
2.13.2 Other Metal & Metal Product	133345	117661	140455	142509	6.9	21.1
2.14 All Engineering	240135	204685	248780	252030	5.0	23.1
2.14.1 Electronics	52862	45156	55370	57446	8.7	27.2
2.14.2 Others	187272	159529	193411	194585	3.9	22.0
2.15 Vehicles, Vehicle Parts & Transport Equipment	119057	109189	121183	121116	1.7	10.9
2.16 Gems & Jewellery	85734	82940	88818	91482	6.7	10.3
2.17 Construction	150701	141194	150855	146725	-2.6	3.9
2.18 Infrastructure	1322831	1301135	1316796	1325756	0.2	1.9
2.18.1 Power	682953	636926	695401	704850	3.2	10.7
2.18.2 Telecommunications	118940	129614	104278	106891	-10.1	-17.5
2.18.3 Roads	311219	327581	316840	316260	1.6	-3.5
2.18.4 Airports	9156	8004	9355	8296	-9.4	3.7
2.18.5 Ports	5916	6331	5530	5505	-6.9	-13.0
2.18.6 Railways	13595	11835	11510	11457	-15.7	-3.2
2.18.7 Other Infrastructure	181052	180844	173882	172498	-4.7	-4.6
2.19 Other Industries	303822	297232	291720	296940	-2.3	-0.1

Note: (1) Data since July 28, 2023 include the impact of the merger of a non-bank with a bank.

No. 17: State Co-operative Banks Maintaining Accounts with the Reserve Bank of India

(₹ Crore)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday								
	2024-25	2024	2025						
		Jun. 28	Apr. 18	Apr. 25	May 02	May 16	May 30	Jun. 13	Jun. 27
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	34	33	34	34	34	34	34	34	34
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	146871.0	133938.0	145054.5	147251.7	147608.7	147866.9	145985.2	147828.9	147839.5
2 Demand and Time Liabilities									
2.1 Demand Liabilities	29215.6	27801.7	27277.2	26936.5	28452.9	27298.2	26758.2	26529.6	26248.7
2.1.1 Deposits									
2.1.1.1 Inter-Bank	9022.9	7904.7	8714.1	8298.2	8119.3	8033.8	7428.2	7289.6	6767.4
2.1.1.2 Others	14063.9	14567.8	13668.7	14069.6	14316.8	13861.7	11836.7	13791.0	13170.9
2.1.2 Borrowings from Banks	700.0		350.0		1289.0	824.2	2912.2	721.2	1543.3
2.1.3 Other Demand Liabilities	5428.9	5329.2	4544.4	4568.8	4727.9	4578.4	4581.2	4727.8	4767.0
2.2 Time Liabilities	201100.7	185708.9	199471.9	199412.2	199704.6	200375.1	199917.5	199176.8	199275.4
2.2.1 Deposits									
2.2.1.1 Inter-Bank	66874.3	64501.4	66627.7	64779.7	64977.2	64945.2	64334.4	63644.4	63111.1
2.2.1.2 Others	132807.1	119370.2	131385.8	133182.1	133291.9	134005.2	134148.5	134037.9	134668.6
2.2.2 Borrowings from Banks	643.9	653.2	615.5	615.5	615.5	615.5	615.5	615.5	615.5
2.2.3 Other Time Liabilities	775.4	1184.1	842.9	834.9	820.0	809.2	819.0	878.9	880.3
3 Borrowing from Reserve Bank	699.5		499.9	499.8	499.8	499.8	499.8	499.8	499.8
4 Borrowings from a notified bank / Government	126928.5	85281.4	120340.2	117224.0	113687.2	112391.9	113039.0	113368.7	113728.9
4.1 Demand	53459.8	23887.4	50684.0	50291.4	48334.5	47731.0	47805.0	48429.0	48853.6
4.2 Time	73468.7	61394.0	69656.2	66932.6	65352.6	64660.9	65234.0	64939.6	64875.3
5 Cash in Hand and Balances with Reserve Bank	13390.9	13323.7	15967.2	19115.8	12935.0	15919.7	16813.3	14110.1	23560.3
5.1 Cash in Hand	1052.1	759.4	813.7	741.3	970.1	756.2	772.5	824.3	774.2
5.2 Balance with Reserve Bank	12338.8	12564.3	15153.5	18374.6	11964.9	15163.5	16040.7	13285.8	22786.0
6 Balances with Other Banks in Current Account	1656.3	1631.9	1856.2	1487.3	1306.3	1197.9	1102.6	1230.4	1132.7
7 Investments in Government Securities	77220.1	75500.4	79265.3	78742.6	78309.8	79425.0	79798.1	80061.3	80872.4
8 Money at Call and Short Notice	26531.1	20740.5	22162.6	20185.1	22926.3	53472.9	21442.9	18248.3	19854.6
9 Bank Credit (10.1+11)	174828.8	134324.1	174573.0	185733.8	173379.6	173468.6	173065.3	173173.8	171391.3
10 Advances									
10.1 Loans, Cash-Credits and Overdrafts	174590.4	134111.9	174312.5	185468.1	173105.4	173203.9	172775.8	172882.6	171119.8
10.2 Due from Banks	124607.6	135046.8	119426.7	118050.3	116990.1	116484.5	116407.6	116476.4	117780.4
11 Bills Purchased and Discounted	238.4	212.2	260.5	265.6	274.2	264.7	289.5	291.2	271.5

Prices and Production

No. 18: Consumer Price Index (Base: 2012=100)

Group/Sub group	2024-25			Rural			Urban			Combined		
	Rural	Urban	Combined	Aug.24	Jul.25	Aug.25 (P)	Aug.24	Jul.25	Aug.25 (P)	Aug.24	Jul.25	Aug.25 (P)
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	198.6	205.3	201.1	200.2	198.4	199.9	207.1	207.0	207.8	202.7	201.6	202.8
1.1 Cereals and products	195.0	193.7	194.6	192.6	197.0	197.5	191.9	197.3	197.8	192.4	197.1	197.6
1.2 Meat and fish	222.3	231.9	225.7	220.1	225.5	222.8	229.2	236.3	233.7	223.3	229.3	226.6
1.3 Egg	192.8	197.5	194.6	188.0	196.3	193.3	190.7	202.3	197.4	189.0	198.6	194.9
1.4 Milk and products	186.3	187.0	186.6	186.2	190.4	190.8	187.1	192.1	192.4	186.5	191.0	191.4
1.5 Oils and fats	175.4	165.5	171.8	164.1	197.9	202.3	157.1	182.1	184.5	161.5	192.1	195.8
1.6 Fruits	188.3	194.2	191.0	186.1	210.2	211.7	197.5	217.2	215.9	191.4	213.5	213.7
1.7 Vegetables	222.1	269.6	238.2	245.0	196.4	203.9	291.2	242.6	249.1	260.7	212.1	219.2
1.8 Pulses and products	208.0	213.5	209.8	212.5	182.8	182.0	219.0	187.2	186.4	214.7	184.3	183.5
1.9 Sugar and confectionery	130.4	132.6	131.2	130.7	134.7	135.7	132.8	136.4	137.4	131.4	135.3	136.3
1.10 Spices	228.5	223.9	227.0	229.6	221.6	221.6	225.0	219.2	218.9	228.1	220.8	220.7
1.11 Non-alcoholic beverages	185.2	173.9	180.5	183.8	190.9	191.4	172.8	180.5	180.6	179.2	186.6	186.9
1.12 Prepared meals, snacks, sweets	199.4	209.7	204.2	198.5	205.3	206.1	208.3	217.5	217.8	203.0	211.0	211.5
2 Pan, tobacco and intoxicants	207.3	212.6	208.7	206.8	211.6	212.1	213.1	217.9	218.2	208.5	213.3	213.7
3 Clothing and footwear	197.9	186.7	193.5	197.2	201.3	201.4	186.0	190.7	191.0	192.8	197.1	197.3
3.1 Clothing	198.8	188.8	194.9	198.0	202.2	202.4	188.1	193.0	193.3	194.1	198.6	198.8
3.2 Footwear	192.7	174.7	185.2	192.3	195.5	195.7	174.2	178.2	178.4	184.8	188.3	188.5
4 Housing	--	181.5	181.5	--	--	--	181.1	185.7	186.7	181.1	185.7	186.7
5 Fuel and light	181.2	169.7	176.9	180.9	184.0	184.5	169.8	175.3	175.2	176.7	180.7	181.0
6 Miscellaneous	189.3	180.7	185.1	188.3	197.4	198.2	180.1	188.1	188.8	184.3	192.9	193.6
6.1 Household goods and services	185.7	177.1	181.6	184.9	188.4	188.8	176.4	181.0	181.9	180.9	184.9	185.5
6.2 Health	198.4	193.2	196.4	197.3	205.4	206.0	192.2	200.3	200.7	195.4	203.5	204.0
6.3 Transport and communication	175.5	164.8	169.9	176.1	179.4	179.8	165.3	168.1	168.2	170.4	173.5	173.7
6.4 Recreation and amusement	180.1	175.5	177.5	179.6	182.8	183.1	174.9	178.7	179.2	177.0	180.5	180.9
6.5 Education	190.8	186.2	188.1	191.7	196.8	197.3	186.5	193.7	194.2	188.7	195.0	195.5
6.6 Personal care and effects	204.3	206.2	205.1	199.1	229.8	232.3	201.0	232.0	234.3	199.9	230.7	233.1
General Index (All Groups)	194.9	190.0	192.6	195.4	197.6	198.7	190.3	194.3	195.0	193.0	196.1	197.0

Source: National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.

P: Provisional

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2024-25	2024	2025	
				Jul.	Jun.	Jul.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2016	2.88	142.6	142.7	145.0	146.5
2 Consumer Price Index for Agricultural Labourers	2019	9.69	-	134.3	134.1	135.3
3 Consumer Price Index for Rural Labourers	2019	9.78	-	134.3	134.4	135.7

Source: Labour Bureau, Ministry of Labour and Employment, Government of India.

No. 20: Monthly Average Price of Gold and Silver in Mumbai

Item	2024-25	2024	2025	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	75842	71189	97176	97581
2 Silver (₹ per kilogram)	89131	88058	105444	110958

Source: India Bullion & Jewellers Association Ltd., Mumbai for Gold and Silver prices in Mumbai.

No. 21: Wholesale Price Index

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Aug.	Jun.	Jul.(P)	Aug.(P)
	1	2	3	4	5	6
1 ALL COMMODITIES	100.000	154.9	154.4	153.7	154.4	155.2
1.1 PRIMARY ARTICLES	22.618	192.5	195.1	186.1	188.0	191.0
1.1.1 FOOD ARTICLES	15.256	205.3	209.0	198.0	199.7	202.6
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	210.1	210.0	203.0	204.1	205.3
1.1.1.2 Fruits & Vegetables	3.475	241.4	259.2	212.4	220.9	231.4
1.1.1.3 Milk	4.440	185.8	185.9	190.2	190.1	190.7
1.1.1.4 Eggs, Meat & Fish	2.402	173.4	173.1	174.0	171.8	173.2
1.1.1.5 Condiments & Spices	0.529	232.7	236.8	199.5	200.0	199.6
1.1.1.6 Other Food Articles	0.948	213.6	205.7	222.8	221.0	218.6
1.1.2 NON-FOOD ARTICLES	4.119	161.7	160.2	160.7	164.3	169.1
1.1.2.1 Fibres	0.839	161.4	161.2	162.7	165.0	168.0
1.1.2.2 Oil Seeds	1.115	181.5	178.6	190.6	197.8	203.5
1.1.2.3 Other non-food Articles	1.960	138.7	140.0	137.8	137.7	139.5
1.1.2.4 Floriculture	0.204	277.4	248.6	210.5	234.5	269.4
1.1.3 MINERALS	0.833	229.0	227.6	228.8	229.0	235.1
1.1.3.1 Metallic Minerals	0.648	219.2	217.4	219.4	219.6	227.3
1.1.3.2 Other Minerals	0.185	263.4	263.6	261.9	261.7	262.4
1.1.4 CRUDE PETROLEUM & NATURAL GAS	2.410	151.3	155.0	139.2	140.3	139.7
1.2 FUEL & POWER	13.152	150.0	148.3	142.3	144.6	143.6
1.2.1 COAL	2.138	135.6	135.6	136.7	136.3	136.3
1.2.1.1 Coking Coal	0.647	143.4	143.4	146.4	146.4	146.4
1.2.1.2 Non-Coking Coal	1.401	125.8	125.8	126.6	126.6	126.6
1.2.1.3 Lignite	0.090	232.4	232.0	224.5	215.0	215.0
1.2.2 MINERAL OILS	7.950	156.2	156.9	146.7	149.6	149.5
1.2.3 ELECTRICITY	3.064	144.1	134.8	134.5	137.3	133.3
1.3 MANUFACTURED PRODUCTS	64.231	142.6	141.3	144.7	144.6	144.9
1.3.1 MANUFACTURE OF FOOD PRODUCTS	9.122	172.0	166.5	177.3	177.3	178.4
1.3.1.1 Processing and Preserving of meat	0.134	155.7	153.0	158.2	158.4	158.3
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	144.9	143.8	147.4	146.6	149.3
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	132.6	131.6	135.7	135.9	135.8
1.3.1.4 Vegetable and Animal oils and Fats	2.643	168.5	150.5	181.5	182.2	185.0
1.3.1.5 Dairy products	1.165	180.8	178.5	183.9	183.8	184.0
1.3.1.6 Grain mill products	2.010	186.9	184.0	185.2	185.7	186.6
1.3.1.7 Starches and Starch products	0.110	167.0	173.3	154.7	152.8	150.7
1.3.1.8 Bakery products	0.215	170.5	168.4	176.8	176.6	176.5
1.3.1.9 Sugar, Molasses & honey	1.163	139.1	139.5	143.2	143.0	144.1
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	160.6	157.1	178.7	177.3	177.0
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	156.7	150.8	159.7	160.6	160.1
1.3.1.12 Tea & Coffee products	0.371	190.7	202.8	203.8	198.9	194.5
1.3.1.13 Processed condiments & salt	0.163	192.6	191.9	189.7	190.6	190.1
1.3.1.14 Processed ready to eat food	0.024	152.7	151.9	156.4	156.6	157.3
1.3.1.15 Health supplements	0.225	185.1	185.9	188.8	187.8	187.8
1.3.1.16 Prepared animal feeds	0.356	204.1	208.6	199.9	200.8	203.8
1.3.2 MANUFACTURE OF BEVERAGES	0.909	134.1	134.0	135.4	135.2	135.6
1.3.2.1 Wines & spirits	0.408	136.0	135.6	138.8	138.3	138.8
1.3.2.2 Malt liquors and Malt	0.225	138.7	138.3	139.9	140.1	140.7
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	127.5	128.1	126.7	126.4	126.7
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	0.514	177.8	176.0	179.8	179.9	179.9
1.3.3.1 Tobacco products	0.514	177.8	176.0	179.8	179.9	179.9

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Aug.	Jun.	Jul.(P)	Aug.(P)
	1	2	3	4	5	6
1.3.4 MANUFACTURE OF TEXTILES	4.881	136.3	135.9	136.4	136.6	137.8
1.3.4.1 Preparation and Spinning of textile fibres	2.582	121.4	122.3	120.2	119.9	120.7
1.3.4.2 Weaving & Finishing of textiles	1.509	158.3	155.7	160.1	161.0	163.0
1.3.4.3 Knitted and Crocheted fabrics	0.193	124.0	123.7	125.1	125.3	127.3
1.3.4.4 Made-up textile articles, Except apparel	0.299	160.4	160.5	161.0	161.1	160.8
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	142.7	141.1	151.8	155.3	158.9
1.3.4.6 Other textiles	0.201	134.9	135.4	132.7	133.1	133.0
1.3.5 MANUFACTURE OF WEARING APPAREL	0.814	153.4	152.9	155.5	156.0	155.9
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	150.9	150.3	153.8	154.1	154.1
1.3.5.2 Knitted and Crocheted apparel	0.221	160.1	159.8	160.1	161.0	160.7
1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS	0.535	125.3	124.9	127.5	127.6	127.9
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	106.1	104.1	112.2	112.1	110.7
1.3.6.2 Luggage, HandbAgs, Saddlery and Harness	0.075	142.5	143.1	141.1	141.0	141.9
1.3.6.3 Footwear	0.318	129.7	129.8	131.1	131.3	132.3
1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK	0.772	149.2	149.5	150.4	150.1	150.0
1.3.7.1 Saw milling and Planing of wood	0.124	141.1	140.3	142.2	141.6	142.7
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	148.6	149.1	149.4	149.3	148.7
1.3.7.3 Builder's carpentry and Joinery	0.036	215.3	216.4	216.1	215.3	215.3
1.3.7.4 Wooden containers	0.119	140.6	141.1	143.3	142.7	143.3
1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS	1.113	139.2	139.8	140.0	139.8	139.8
1.3.8.1 Pulp, Paper and Paperboard	0.493	144.6	145.5	143.9	143.8	143.9
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	147.3	146.1	150.9	151.1	150.9
1.3.8.3 Other articles of paper and Paperboard	0.306	122.4	124.0	122.6	121.9	121.9
1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA	0.676	187.3	187.0	189.6	190.3	191.4
1.3.9.1 Printing	0.676	187.3	187.0	189.6	190.3	191.4
1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	6.465	136.5	136.7	137.1	137.0	137.1
1.3.10.1 Basic chemicals	1.433	138.6	137.9	141.7	141.2	140.9
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	143.1	143.2	143.0	142.9	142.9
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	133.6	134.1	134.0	134.6	135.1
1.3.10.4 Pesticides and Other agrochemical products	0.454	128.8	129.8	131.6	131.2	131.6
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	139.5	140.7	136.8	136.3	137.1
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	139.7	139.0	142.4	142.6	142.7
1.3.10.7 Other chemical products	0.692	135.4	136.2	133.5	133.1	132.8
1.3.10.8 Man-made fibres	0.296	104.9	106.9	103.1	103.5	102.9
1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS	1.993	144.3	144.8	145.7	146.0	146.0
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	144.3	144.8	145.7	146.0	146.0
1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS	2.299	129.0	129.1	129.5	129.1	129.5
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	115.6	114.8	115.7	115.2	114.9
1.3.12.2 Other Rubber Products	0.272	112.1	113.6	113.3	114.3	113.8
1.3.12.3 Plastics products	1.418	138.1	138.2	138.5	137.9	138.7
1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	3.202	131.5	129.8	133.4	133.5	133.7
1.3.13.1 Glass and Glass products	0.295	163.2	163.5	163.5	163.5	162.9
1.3.13.2 Refractory products	0.223	121.6	119.6	123.2	123.7	124.0
1.3.13.3 Clay Building Materials	0.121	124.4	121.6	131.0	129.3	133.4
1.3.13.4 Other Porcelain and Ceramic Products	0.222	124.6	124.6	125.8	125.6	125.6
1.3.13.5 Cement, Lime and Plaster	1.645	130.4	127.7	132.8	133.1	133.1

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Aug.	Jun.	Jul.(P)	Aug.(P)
	1	2	3	4	5	6
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	139.2	138.4	140.1	139.5	140.2
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	134.4	133.7	138.3	138.0	138.2
1.3.13.8 Other Non-Metallic Mineral Products	0.169	95.2	96.8	93.6	94.9	94.0
1.3.14 MANUFACTURE OF BASIC METALS	9.646	139.7	138.3	138.6	137.5	137.4
1.3.14.1 Inputs into steel making	1.411	133.6	131.2	131.4	131.2	129.8
1.3.14.2 Metallic Iron	0.653	141.8	145.4	129.5	128.6	128.3
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	117.9	114.4	117.1	116.2	115.9
1.3.14.4 Mild Steel -Long Products	1.081	140.4	138.6	137.2	135.4	135.8
1.3.14.5 Mild Steel - Flat products	1.144	134.2	136.4	134.4	133.0	132.2
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	135.4	134.6	133.2	130.8	128.8
1.3.14.7 Stainless Steel - Semi Finished	0.924	131.1	128.6	128.7	122.6	123.0
1.3.14.8 Pipes & tubes	0.205	164.7	165.2	166.7	163.2	161.3
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	157.4	154.6	161.4	162.7	164.1
1.3.14.10 Castings	0.925	144.9	144.0	143.4	143.4	143.6
1.3.14.11 Forgings of steel	0.271	172.2	170.7	177.9	173.9	174.3
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	3.155	136.0	136.6	137.0	136.6	136.9
1.3.15.1 Structural Metal Products	1.031	130.8	131.5	131.4	131.5	132.1
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	149.5	151.2	151.6	149.7	149.2
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	109.8	111.5	112.1	112.5	113.2
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	138.0	138.4	135.0	133.8	135.7
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	102.0	101.9	104.7	104.8	105.5
1.3.15.6 Other Fabricated Metal Products	0.728	144.9	144.7	146.8	147.2	146.8
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	2.009	121.5	121.6	122.1	122.5	122.1
1.3.16.1 Electronic Components	0.402	117.9	117.4	120.3	120.8	120.1
1.3.16.2 Computers and Peripheral Equipment	0.336	134.2	136.2	131.4	131.4	130.4
1.3.16.3 Communication Equipment	0.310	146.0	145.4	146.9	147.0	147.2
1.3.16.4 Consumer Electronics	0.641	101.1	101.1	100.2	100.6	100.0
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	119.9	118.1	126.6	126.6	126.6
1.3.16.6 Watches and Clocks	0.076	167.9	166.3	173.7	173.3	175.0
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	114.4	119.7	109.9	115.4	115.4
1.3.16.8 Optical instruments and Photographic equipment	0.008	107.4	106.9	118.1	118.1	117.9
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	2.930	133.7	133.5	134.8	134.6	135.0
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	132.3	131.7	133.3	132.7	133.2
1.3.17.2 Batteries and Accumulators	0.236	141.3	141.8	144.1	144.8	144.9
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	118.6	120.7	115.9	115.7	115.9
1.3.17.4 Other electronic and Electric wires and Cables	0.428	154.4	153.3	158.3	158.6	159.2
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	118.4	118.9	118.5	118.2	118.2
1.3.17.6 Domestic appliances	0.366	131.8	132.4	130.3	130.4	130.8
1.3.17.7 Other electrical equipment	0.206	123.4	122.6	125.6	125.5	125.5
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	4.789	130.8	130.6	132.5	132.3	132.5
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	132.8	132.4	136.6	136.6	137.1
1.3.18.2 Fluid power equipment	0.162	134.5	134.0	134.9	134.8	135.0
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	118.5	118.5	119.9	120.2	120.0
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	128.5	126.4	131.9	130.0	129.9
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	86.6	86.7	87.9	88.2	86.6
1.3.18.6 Lifting and Handling equipment	0.285	130.0	129.5	130.8	131.0	131.2

No. 21: Wholesale Price Index (Concl.)

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Aug.	Jun.	Jul.(P)	Aug.(P)
	1	2	3	4	5	6
1.3.18.7 Office machinery and Equipment	0.006	130.2	130.2	130.2	130.2	130.2
1.3.18.8 Other general-purpose machinery	0.437	145.3	149.2	143.8	141.8	142.4
1.3.18.9 Agricultural and Forestry machinery	0.833	145.5	144.3	146.8	146.4	146.2
1.3.18.10 Metal-forming machinery and Machine tools	0.224	123.2	122.8	127.3	127.4	127.4
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	89.8	88.8	92.7	93.0	92.9
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	126.1	126.2	127.8	128.0	127.0
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	141.4	141.9	139.9	139.6	144.9
1.3.18.14 Other special-purpose machinery	0.468	144.9	144.8	147.1	147.5	147.9
1.3.18.15 Renewable electricity generating equipment	0.046	69.2	69.1	69.4	69.4	69.4
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	4.969	129.9	129.8	130.6	130.7	130.7
1.3.19.1 Motor vehicles	2.600	130.6	130.3	131.1	131.2	131.2
1.3.19.2 Parts and Accessories for motor vehicles	2.368	129.1	129.3	130.1	130.1	130.1
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	1.648	145.2	144.6	150.4	151.1	151.8
1.3.20.1 Building of ships and Floating structures	0.117	180.5	177.9	190.7	190.7	190.7
1.3.20.2 Railway locomotives and Rolling stock	0.110	108.9	110.0	109.8	110.0	111.0
1.3.20.3 Motor cycles	1.302	146.0	145.4	151.4	152.1	152.9
1.3.20.4 Bicycles and Invalid carriages	0.117	134.9	134.6	137.1	138.2	138.2
1.3.20.5 Other transport equipment	0.002	163.2	162.4	165.8	165.9	165.6
1.3.21 MANUFACTURE OF FURNITURE	0.727	160.3	159.0	164.6	164.8	164.7
1.3.21.1 Furniture	0.727	160.3	159.0	164.6	164.8	164.7
1.3.22 OTHER MANUFACTURING	1.064	183.8	174.1	224.5	226.8	227.7
1.3.22.1 Jewellery and Related articles	0.996	185.4	175.0	228.6	231.1	232.0
1.3.22.2 Musical instruments	0.001	201.9	201.4	204.3	204.3	203.5
1.3.22.3 Sports goods	0.012	164.9	163.6	171.4	171.9	172.4
1.3.22.4 Games and Toys	0.005	163.1	163.6	164.7	160.2	162.6
1.3.22.5 Medical and Dental instruments and Supplies	0.049	158.6	159.7	162.1	162.1	160.9
2 FOOD INDEX	24.378	192.9	193.1	190.2	191.3	193.5

Source: Office of the Economic Adviser, Ministry of Commerce and Industry, Government of India.

No. 22: Index of Industrial Production (Base:2011-12=100)

Industry	Weight	2023-24	2024-25	April-July		July	
				2024-25	2025-26	2024	2025
				4	5	6	7
General Index	100.00	146.7	152.6	150.9	154.4	149.8	155.0
1 Sectoral Classification							
1.1 Mining	14.37	128.9	132.8	129.6	124.5	116.1	107.7
1.2 Manufacturing	77.63	144.7	150.6	147.6	153.3	148.8	156.9
1.3 Electricity	7.99	198.3	208.6	221.1	219.0	220.2	221.5
2 Use-Based Classification							
2.1 Primary Goods	34.05	147.7	153.5	154.8	152.6	150.1	147.6
2.2 Capital Goods	8.22	106.6	112.6	106.4	115.5	114.0	119.7
2.3 Intermediate Goods	17.22	157.3	164.0	161.0	169.4	164.6	174.1
2.4 Infrastructure/ Construction Goods	12.34	176.3	188.2	183.8	197.5	179.7	201.0
2.5 Consumer Durables	12.84	118.6	128.0	125.9	130.7	126.6	136.3
2.6 Consumer Non-Durables	15.33	153.7	151.4	149.3	147.8	147.1	147.8

Source : Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(₹ Crore)

Item	Financial Year	April – July			
	2025-26 (Budget Estimates)	2025-26 (Actuals)	2024-25 (Actuals)	Percentage to Budget Estimates	
				2025-26	2024-25
				4	5
1 Revenue Receipts	3420409	1065420	1017020	31.1	32.5
1.1 Tax Revenue (Net)	2837409	661812	715224	23.3	27.7
1.2 Non-Tax Revenue	583000	403608	301796	69.2	55.3
2 Non Debt Capital Receipt	76000	29789	6386	39.2	8.2
2.1 Recovery of Loans	29000	7138	6381	24.6	22.8
2.2 Other Receipts	47000	22651	5	48.2	0.0
3 Total Receipts (excluding borrowings) (1+2)	3496409	1095209	1023406	31.3	31.9
4 Revenue Expenditure of which :	3944255	1216699	1039091	30.8	28.0
4.1 Interest Payments	1276338	446690	327887	35.0	28.2
5 Capital Expenditure	1121090	346926	261260	30.9	23.5
6 Total Expenditure (4+5)	5065345	1563625	1300351	30.9	27.0
7 Revenue Deficit (4-1)	523846	151279	22071	28.9	3.8
8 Fiscal Deficit (6-3)	1568936	468416	276945	29.9	17.2
9 Gross Primary Deficit (8-4.1)	292598	21726	-50942	7.4	-11.3

Source: Controller General of Accounts (CGA), Ministry of Finance, Government of India and Union Budget 2025-26.

No. 24: Treasury Bills – Ownership Pattern

(₹ Crore)

Item	2024-25	2024	2025					
		Jul. 26	Jun. 20	Jun. 27	Jul. 4	Jul. 11	Jul. 18	Jul. 25
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	26554	2466	18639	18898	17315	16732	16088	15002
1.2 Primary Dealers	25258	9749	21671	18582	17761	16823	16781	17505
1.3 State Governments	40315	46140	71291	80904	81477	87277	92777	71677
1.4 Others	115688	95885	96090	95120	97524	97045	97731	98093
2 182-day								
2.1 Banks	44887	51248	51017	49943	48673	50941	51612	54296
2.2 Primary Dealers	62218	57730	55998	57055	54535	52998	51354	56692
2.3 State Governments	11078	14922	18888	16888	16888	17888	17419	17460
2.4 Others	104994	119522	93886	92901	94692	91961	90934	80911
3 364-day								
3.1 Banks	72304	90700	71580	71571	73723	74980	75410	74597
3.2 Primary Dealers	86939	137182	74466	76439	78576	76859	74963	74963
3.3 State Governments	37389	38525	44898	45967	46328	46459	46563	47732
3.4 Others	162757	164118	160754	159789	154500	155860	157527	157340
4 14-day Intermediate								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	188072	175531	156490	155018	85981	142202	138198	184745
4.4 Others	572	1008	1297	428	229	2607	1638	1026
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	790381	828188	779176	784059	781993	785823	789158	766268

14D intermediate T-Bills are non-marketable unlike 91D, 182D and 364D T-Bills. These bills are ‘intermediate’ by nature as these are liquidated to replenish shortfall in the daily minimum cash balances of State Governments.

Note: Primary Dealers (PDs) include banks undertaking PD business.

No. 25: Auctions of Treasury Bills

(Amount in ₹ Crore)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price (₹)	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
	1	2	3	4	5	6	7	8	9	10
91-day Treasury Bills										
2025-26										
Jul. 2	9000	129	38698	1202	34	8975	1202	10177	98.68	5.3699
Jul. 9	9000	151	40780	5814	41	8986	5814	14800	98.67	5.3872
Jul. 16	9000	140	36181	7429	40	8971	7429	16400	98.68	5.3851
Jul. 23	9000	161	37548	5127	35	8973	5127	14100	98.67	5.3872
Jul. 30	10000	102	25879	16274	60	9976	16274	26250	98.67	5.3970
182-day Treasury Bills										
2025-26										
Jul. 2	6000	100	28293	23	25	5977	23	6000	97.33	5.5001
Jul. 9	6000	103	22512	2311	50	5989	2311	8300	97.31	5.5371
Jul. 16	6000	171	36447	300	28	5980	300	6280	97.31	5.5399
Jul. 23	6000	145	33760	1009	28	5991	1009	7000	97.32	5.5291
Jul. 30	6000	122	30192	1007	29	5993	1007	7000	97.32	5.5206
364-day Treasury Bills										
2025-26										
Jul. 2	5000	97	18105	471	58	4989	471	5460	94.76	5.5494
Jul. 9	5000	81	21498	2492	36	4950	2492	7442	94.73	5.5787
Jul. 16	5000	113	24851	1332	47	4986	1332	6318	94.72	5.5924
Jul. 23	5000	122	29165	1254	26	4987	1254	6240	94.74	5.5701
Jul. 30	5000	103	26370	164	35	4989	164	5153	94.74	5.5673

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on	Range of Rates	Weighted Average Rates
	Borrowings/ Lendings	Borrowings/ Lendings
	1	2
July 01 ,2025	4.75-5.40	5.31
July 02 ,2025	4.70-5.35	5.27
July 03 ,2025	4.75-5.35	5.26
July 04 ,2025	4.75-5.35	5.26
July 05 ,2025	4.70-5.30	4.91
July 07 ,2025	4.75-5.35	5.26
July 08 ,2025	4.50-5.35	5.26
July 09 ,2025	4.80-5.45	5.32
July 10 ,2025	4.75-5.45	5.35
July 11 ,2025	4.75-5.55	5.45
July 14 ,2025	4.75-5.40	5.31
July 15 ,2025	4.75-5.50	5.38
July 16 ,2025	4.75-5.45	5.36
July 17 ,2025	4.75-5.50	5.35
July 18 ,2025	4.75-5.45	5.33
July 19 ,2025	4.75-5.40	5.00
July 21 ,2025	4.75-5.70	5.48
July 22 ,2025	4.75-5.80	5.62
July 23 ,2025	4.75-5.85	5.73
July 24 ,2025	4.75-5.65	5.54
July 25 ,2025	4.75-5.50	5.39
July 28 ,2025	4.75-5.40	5.34
July 29 ,2025	4.75-5.45	5.38
July 30 ,2025	4.75-5.42	5.37
July 31 ,2025	4.75-5.55	5.48
August 01 ,2025	4.75-5.55	5.44
August 02 ,2025	4.75-5.24	4.95
August 04 ,2025	4.75-5.45	5.37
August 05 ,2025	4.75-5.45	5.36
August 06 ,2025	4.75-5.50	5.33
August 07 ,2025	4.75-6.00	5.44
August 08 ,2025	4.75-5.70	5.55
August 11 ,2025	4.75-5.45	5.36
August 12 ,2025	4.85-5.55	5.45
August 13 ,2025	4.75-5.55	5.46
August 14 ,2025	4.85-5.68	5.46

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2024	2025			
	Aug. 23	Jul. 11	Jul. 25	Aug. 8	Aug. 22
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	446580.44	525253.75	508451.73	511313.00	494942.79
1.1 Issued during the fortnight (₹ Crore)	46185.89	18575.50	18550.54	27981.81	36879.16
2 Rate of Interest (per cent)	7.03-7.68	5.67-6.49	5.59-6.63	5.64-6.24	5.66-6.27

No. 28: Commercial Paper

Item	2024	2025					
	Jul. 31	Jun. 15	Jun. 30	Jul. 15	Jul. 31	Aug. 15	Aug. 31
	1	2	3	4	5	6	7
1 Amount Outstanding (₹ Crore)	458911.05	549258.30	500000.60	534009.15	547229.30	554479.70	543870.10
1.1 Reported during the fortnight (₹ Crore)	67966.95	102447.00	58021.75	79530.05	73858.50	56758.35	60807.60
2 Rate of Interest (per cent)	6.89-12.07	5.67-11.63	5.71-13.84	5.51-12.67	5.57-13.84	5.68-12.67	5.72-13.83

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Crore)

Item	2024-25	2024	2025					
		Jul. 26	Jun. 20	Jun. 27	Jul. 4	Jul. 11	Jul. 18	Jul. 25
	1	2	3	4	5	6	7	8
1 Call Money	18990	17812	24157	28538	25874	29963	28444	29057
2 Notice Money	2506	228	6749	307	6276	535	6323	380
3 Term Money	941	618	903	990	1098	1679	1361	1240
4 Triparty Repo	692068	693314	802836	702250	858204	663802	788486	682533
5 Market Repo	578912	566606	763218	632175	789565	633563	750243	610007
6 Repo in Corporate Bond	5212	3283	9639	8409	8251	9481	9722	9721
7 Forex (US \$ million)	131877	103577	118707	165416	137181	122259	127800	123941
8 Govt. of India Dated Securities	56065	139737	132864	121551	114628	82402	89891	82508
9 State Govt. Securities	3971	6747	5182	4910	6521	4755	8566	7952
10 Treasury Bills								
10.1 91-Day	2514	3301	6647	3997	4351	4625	3984	4981
10.2 182-Day	2218	4933	4672	3436	3339	2508	4595	3470
10.3 364-Day	1854	4467	3093	1967	3392	2562	3923	2395
10.4 Cash Management Bills		0	0	0	0	0	0	0
11 Total Govt. Securities (8+9+10)	66622	159184	152459	135862	132231	96851	110959	101306
11.1 RBI	1715	2077	816	596	33	176	811	627

No. 30: New Capital Issues by Non-Government Public Limited Companies

(Amount in ₹ Crore)

Security & Type of Issue	2024-25		2024-25 (Apr.-Jul.)		2025-26 (Apr.-Jul.) *		Jul. 2024		Jul. 2025 *	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	464	210190	154	50281	132	51219	42	9001	59	28160
1.1 Public	322	190478	106	42592	90	41596	31	6210	45	26132
1.2 Rights	142	19712	48	7690	42	9623	11	2791	14	2029
2 Public Issue of Bonds/ Debentures	43	8149	12	2716	17	4086	2	262	6	2000
3 Total (1+2)	507	218339	166	52997	149	55305	44	9263	65	30161
3.1 Public	365	198627	118	45307	107	45682	33	6472	51	28132
3.2 Rights	142	19712	48	7690	42	9623	11	2791	14	2029

Notes : 1. Since April 2020, monthly data on equity issues is compiled on the basis of their listing date.

2. Figures in the columns might not add up to the total due to rounding off numbers.

3. The table covers only public and rights issuances of equity and debt. It does not include data on private placement of debt, qualified institutional placements and preferential allotments.

Source : Securities and Exchange Board of India.

* : Data is Provisional

External Sector

No. 31: Foreign Trade

Item	Unit	2024-25	2024	2025				
			Jul.	Mar.	Apr.	May	Jun.	Jul.
		1	2	3	4	5	6	7
1 Exports	₹ Crore	3701070	290134	363598	328021	327855	301901	320672
	US \$ Million	437416	34707	41968	38338	38485	35144	37238
1.1 Oil	₹ Crore	534917	48417	42467	61423	47820	39650	37385
	US \$ Million	63341	5792	4902	7179	5613	4616	4341
1.2 Non-oil	₹ Crore	3166153	241716	321131	266598	280035	262251	283287
	US \$ Million	374075	28915	37066	31159	32872	30529	32897
2 Imports	₹ Crore	6089909	497180	550211	555329	516260	463159	556189
	US \$ Million	720241	59475	63507	64904	60601	53916	64587
2.1 Oil	₹ Crore	1570226	121162	164684	177212	125635	118534	134126
	US \$ Million	185779	14494	19008	20712	14748	13799	15575
2.2 Non-oil	₹ Crore	4519683	376018	385527	378117	390624	344624	422063
	US \$ Million	534462	44981	44499	44193	45853	40118	49012
3 Trade Balance	₹ Crore	-2388839	-207046	-186613	-227308	-188405	-161257	-235517
	US \$ Million	-282825	-24768	-21539	-26567	-22116	-18772	-27349
3.1 Oil	₹ Crore	-1035309	-72744	-122217	-115789	-77815	-78884	-96741
	US \$ Million	-122438	-8702	-14107	-13533	-9134	-9183	-11234
3.2 Non-oil	₹ Crore	-1353530	-134302	-64395	-111519	-110590	-82373	-138776
	US \$ Million	-160387	-16066	-7433	-13034	-12982	-9589	-16115

Note: Data in the table are provisional.

Source: Directorate General of Commercial Intelligence and Statistics.

No. 32: Foreign Exchange Reserves

Item	Unit	2024	2025					
		Sep. 06	Jul. 25	Aug. 01	Aug. 08	Aug. 15	Aug. 22	Aug. 29
		1	2	3	4	5	6	7
1 Total Reserves	₹ Crore	5785515	6040880	6030417	6081131	6086782	6046195	6125356
	US \$ Million	689235	698192	688871	693618	695106	690720	694230
1.1 Foreign Currency Assets	₹ Crore	5071259	5095487	5091494	5119915	5130564	5096748	5152367
	US \$ Million	604144	588926	581607	583979	585903	582251	583937
1.2 Gold	₹ Crore	520331	741528	735336	755391	750161	744074	765603
	US \$ Million	61988	85704	83998	86160	85667	85003	86769
1.3 SDRs	Volume (Metric Tonnes)	853.64	879.98	879.98	879.98	879.98	879.98	879.98
	SDRs Million	13702	13707	13707	13707	13707	13709	13709
	₹ Crore	155056	162741	162582	164304	164467	164003	165665
1.4 Reserve Tranche Position in IMF	US \$ Million	18472	18809	18572	18741	18782	18736	18775
	₹ Crore	38869	41125	41005	41521	41591	41371	41721
	US \$ Million	4631	4753	4694	4739	4754	4731	4749

* Difference, if any, is due to rounding off.

Note: Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI, foreign currency received under SAARC and ACU currency swap arrangements and RBI's contribution to funding of Nexus Global Payments. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

No. 33: Non-Resident Deposits

(US \$ Million)

Scheme	Outstanding				Flows	
	2024-25	2024	2025		2024-25	2025-26
		Jul.	Jun.	Jul. (P)	Apr.-Jul.	Apr.-Jul.(P)
	1	2	3	4	5	6
1 NRI Deposits	164677	157157	168327	167862	5820	4657
1.1 FCNR(B)	32809	28572	33583	33581	2839	772
1.2 NR(E)RA	100733	99981	102750	102029	1780	2418
1.3 NRO	31135	28603	31993	32251	1201	1468

P: Provisional.

No. 34: Foreign Investment Inflows

(US \$ Million)

Item	2024-25	2024-25	2025-26 (P)	2024 (P)	2025 (P)	
		Apr.-Jul.	Apr.-Jul.	Jul.	Jun.	Jul.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1-1.1.2)	959	3536	10751	-2688	2507	5046
1.1.1 Direct Investment to India (1.1.1-1.1.1.2)	29130	10937	21435	331	5413	7304
1.1.1.1 Gross Inflows/Gross Investments	80615	28316	37712	5539	9571	11105
1.1.1.1.1 Equity	50993	19693	28178	3291	7175	8760
1.1.1.1.1.1 Government (SIA/FIPB)	2208	321	1371	112	1004	11
1.1.1.1.1.2 RBI	34686	13863	19894	2099	5337	6366
1.1.1.1.1.3 Acquisition of shares	13124	5207	6046	1002	571	2306
1.1.1.1.1.4 Equity capital of unincorporated bodies	975	302	867	78	263	78
1.1.1.1.2 Reinvested earnings	22759	7037	7688	1812	1959	1812
1.1.1.1.3 Other capital	6863	1587	1846	436	438	533
1.1.1.2 Repatriation/Disinvestment	51486	17379	16277	5207	4159	3801
1.1.1.2.1 Equity	49525	16679	15743	5005	4026	3666
1.1.1.2.2 Other capital	1960	700	534	202	133	135
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3-1.1.2.4)	28171	7402	10684	3019	2905	2258
1.1.2.1 Equity capital	16945	5100	6201	2372	2038	1449
1.1.2.2 Reinvested Earnings	6846	2282	2454	571	628	571
1.1.2.3 Other Capital	7955	1350	2966	260	445	561
1.1.2.4 Repatriation/Disinvestment	3575	1330	938	183	205	323
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3-1.2.4)	3564	6785	-1116	5840	2435	-2724
1.2.1 GDRs/ADRs	-	-	-	-	-	-
1.2.2 FIIs	3283	6725	-2	5828	2726	-2483
1.2.3 Offshore funds and others	-	-	-	-	-	-
1.2.4 Portfolio investment by India	-281	-59	1113	-12	291	241
1 Foreign Investment Inflows	4523	10320	9635	3152	4943	2322

P: Provisional

No. 35: Outward Remittances under the Liberalised Remittance Scheme (LRS) for Resident Individuals

(US \$ Million)

Item	2024-25	2024	2025		
		Jul.	May	Jun.	Jul.
	1	2	3	4	5
1 Outward Remittances under the LRS	29563.12	2754.05	2313.16	2127.39	2452.93
1.1 Deposit	705.26	41.68	54.65	42.12	46.24
1.2 Purchase of immovable property	322.82	24.54	41.69	37.75	39.48
1.3 Investment in equity/debt	1698.94	120.86	104.94	206.12	156.19
1.4 Gift	2938.69	275.26	233.30	190.51	223.53
1.5 Donations	11.81	0.68	1.98	1.26	0.73
1.6 Travel	16964.57	1662.13	1389.23	1235.17	1445.34
1.7 Maintenance of close relatives	3722.03	337.40	322.54	262.97	298.11
1.8 Medical Treatment	81.19	8.62	6.72	5.59	6.26
1.9 Studies Abroad	2918.91	272.16	149.78	138.76	229.25
1.10 Others	198.90	10.72	8.32	7.15	7.80

**No. 36: Indices of Nominal Effective Exchange Rate (NEER) and
Real Effective Exchange Rate (REER) of the Indian Rupee**

Item	2023-24	2024-25	2024	2025	
			Aug.	Jul.	Aug.
	1	2	3	4	5
40-Currency Basket (Base: 2015-16=100)					
1 Trade-Weighted					
1.1 NEER	90.75	91.03	90.80	86.57	85.40
1.2 REER	103.71	105.26	105.50	100.19	98.79
2 Export-Weighted					
2.1 NEER	93.13	93.52	93.46	88.62	87.35
2.2 REER	101.22	102.34	102.85	97.45	95.97
6-Currency Basket (Trade-weighted)					
1 Base : 2015-16 =100					
1.1 NEER	83.62	82.38	82.02	78.58	77.47
1.2 REER	101.66	102.72	102.50	98.15	97.14
2 Base : 2022-23 =100					
2.1 NEER	97.31	95.87	95.46	91.44	90.16
2.2 REER	99.86	100.90	100.69	96.41	95.42

Note: Data for 2024-25 and 2025-26 so far is provisional.

No. 37: External Commercial Borrowings (ECBs) – Registrations

(Amount in US \$ Million)

Item	2024-25	2024	2025	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Automatic Route				
1.1 Number	1328	119	112	126
1.2 Amount	47800	3581	2733	3220
2 Approval Route				
2.1 Number	51	0	1	1
2.2 Amount	13384	0	750	101
3 Total (1+2)				
3.1 Number	1379	119	113	127
3.2 Amount	61184	3581	3483	3321
4 Weighted Average Maturity (in years)	5.05	5.20	4.90	5.30
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over alternative reference rate (ARR) for Floating Rate Loans@	1.48	1.45	1.70	1.61
5.2 Interest rate range for Fixed Rate Loans	0.00-11.67	0.00-10.00	0.00-10.50	0.00-10.80
Borrower Category				
I. Corporate Manufacturing	13900	626	954	299
II. Corporate-Infrastructure	15462	1393	1819	1260
a.) Transport	614	0	5	0
b.) Energy	6900	559	155	724
c.) Water and Sanitation	28	0	0	0
d.) Communication	13	0	0	0
e.) Social and Commercial Infrastructure	184	0	7	0
f.) Exploration, Mining and Refinery	5356	800	0	160
g.) Other Sub-Sectors	2367	34	1652	376
III. Corporate Service-Sector	3226	349	19	379
IV. Other Entities	1026	4	0	0
a.) units in SEZ	26	4	0	0
b.) SIDBI	0	0	0	0
c.) Exim Bank	1000	0	0	0
V. Banks	0	0	0	0
VI. Financial Institution (Other than NBFC)	0	0	0	0
VII. NBFCs	26318	1195	682	1372
a). NBFC- IFC/AFC	12389	0	97	121
b). NBFC-MFI	459	16	18	15
c). NBFC-Others	13470	1179	567	1236
VIII. Non-Government Organization (NGO)	0	0	0	0
IX. Micro Finance Institution (MFI)	0	0	0	0
X. Others	1252	14	9	11

Note: Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

@ With effect from July 01, 2023, the benchmark rate is changed to Alternative Reference Rate (ARR).

No. 38: India's Overall Balance of Payments

(US\$ Million)

Item	Apr-Jun 2024			Apr-Jun 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance Of Payments (1+2+3)	507129	501903	5226	545826	541318	4508
1 Current Account (1.1+ 1.2)	241832	250508	-8676	256736	259106	-2370
1.1 Merchandise	111158	174963	-63805	113087	181551	-68464
1.2 Invisibles (1.2.1+1.2.2+1.2.3)	130674	75545	55129	143649	77555	66094
1.2.1 Services	88465	48784	39681	97428	49507	47920
1.2.1.1 Travel	7352	9171	-1819	5855	9085	-3230
1.2.1.2 Transportation	8506	8609	-103	7708	8395	-687
1.2.1.3 Insurance	903	593	310	926	613	313
1.2.1.4 G.n.i.e.	161	309	-147	134	323	-188
1.2.1.5 Miscellaneous	71542	30102	41440	82805	31092	51712
1.2.1.5.1 Software Services	41926	4479	37447	47324	5853	41471
1.2.1.5.2 Business Services	23000	16625	6375	29511	15868	13643
1.2.1.5.3 Financial Services	2215	1267	948	1945	703	1242
1.2.1.5.4 Communication Services	519	444	75	503	380	123
1.2.2 Transfers	29520	3215	26304	34048	3029	31019
1.2.2.1 Official	18	312	-293	20	217	-197
1.2.2.2 Private	29502	2904	26598	34028	2812	31216
1.2.3 Income	12689	23546	-10857	12174	25019	-12845
1.2.3.1 Investment Income	10552	22568	-12016	10044	23992	-13948
1.2.3.2 Compensation of Employees	2137	978	1159	2130	1027	1103
2 Capital Account (2.1+2.2+2.3+2.4+2.5)	264502	251395	13107	289090	281389	7700
2.1 Foreign Investment (2.1.1+2.1.2)	183768	176600	7168	173561	166248	7313
2.1.1 Foreign Direct Investment	23925	17701	6224	27222	21517	5705
2.1.1.1 In India	22777	12171	10606	26607	12476	14131
2.1.1.1.1 Equity	16402	11673	4728	19418	12078	7340
2.1.1.1.2 Reinvested Earnings	5225		5225	5876		5876
2.1.1.1.3 Other Capital	1151	498	653	1313	398	914
2.1.1.2 Abroad	1147	5529	-4382	615	9041	-8426
2.1.1.2.1 Equity	1147	2728	-1580	615	4752	-4137
2.1.1.2.2 Reinvested Earnings	0	1712	-1712	0	1884	-1884
2.1.1.2.3 Other Capital	0	1090	-1090	0	2405	-2405
2.1.2 Portfolio Investment	159844	158899	945	146339	144731	1608
2.1.2.1 In India	159240	158343	897	145201	142720	2481
2.1.2.1.1 FIIs	159240	158343	897	145201	142720	2481
2.1.2.1.1.1 Equity	139824	140833	-1009	123636	118245	5391
2.1.2.1.1.2 Debt	19416	17510	1906	21565	24475	-2910
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	604	556	48	1138	2011	-872
2.2 Loans (2.2.1+2.2.2+2.2.3)	31815	26686	5129	65326	59337	5989
2.2.1 External Assistance	3640	2267	1373	3120	2398	722
2.2.1.1 By India	6	26	-20	6	11	-5
2.2.1.2 To India	3634	2241	1393	3114	2387	727
2.2.2 Commercial Borrowings	12627	11098	1529	46754	42206	4548
2.2.2.1 By India	4138	4255	-117	36024	35153	871
2.2.2.2 To India	8489	6843	1646	10730	7053	3677
2.2.3 Short Term to India	15548	13321	2228	15453	14734	719
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	13729	13321	408	15453	13689	1764
2.2.3.2 Suppliers' Credit up to 180 days	1820	0	1820	0	1045	-1045
2.3 Banking Capital (2.3.1+2.3.2)	36380	33511	2870	33634	35189	-1555
2.3.1 Commercial Banks	36259	33511	2749	33625	35189	-1564
2.3.1.1 Assets	10705	13570	-2865	8579	13083	-4504
2.3.1.2 Liabilities	25554	19941	5614	25046	22106	2939
2.3.1.2.1 Non-Resident Deposits	23426	19401	4025	23778	20164	3614
2.3.2 Others	121	0	121	10	0	10
2.4 Rupee Debt Service	0	61	-61	0	61	-61
2.5 Other Capital	12538	14537	-1999	16568	20554	-3986
3 Errors & Omissions	795	0	795	0	823	-823
4 Monetary Movements (4.1+ 4.2)	0	5226	-5226	0	4508	-4508
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)		5226	-5226		4508	-4508

Note: P: Preliminary.

No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Apr-Jun 2024			Apr-Jun 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance Of Payments (1+2+3)	4230634	4187037	43597	4669620	4631057	38563
1 Current Account (1.1+ 1.2)	2017438	2089818	-72379	2196416	2216691	-20275
1.1 Merchandise	927317	1459598	-532281	967474	1553197	-585723
1.2 Invisibles (1.2.1+1.2.2+1.2.3)	1090122	630220	459902	1228942	663494	565447
1.2.1 Services	738001	406971	331030	833507	423543	409964
1.2.1.1 Travel	61335	76511	-15177	50087	77720	-27633
1.2.1.2 Transportation	70959	71816	-856	65943	71818	-5876
1.2.1.3 Insurance	7534	4950	2584	7924	5245	2679
1.2.1.4 G.n.i.e.	1346	2575	-1229	1148	2761	-1612
1.2.1.5 Miscellaneous	596827	251118	345709	708405	265999	442406
1.2.1.5.1 Software Services	349760	37363	312397	404862	50070	354792
1.2.1.5.2 Business Services	191873	138694	53178	252469	135754	116715
1.2.1.5.3 Financial Services	18478	10572	7906	16636	6012	10624
1.2.1.5.4 Communication Services	4331	3702	629	4305	3251	1053
1.2.2 Transfers	246264	26824	219440	291287	25911	265375
1.2.2.1 Official	153	2599	-2446	172	1858	-1686
1.2.2.2 Private	246112	24225	221887	291114	24053	267061
1.2.3 Income	105857	196425	-90569	104148	214040	-109892
1.2.3.1 Investment Income	88028	188267	-100239	85926	205255	-119329
1.2.3.2 Compensation of Employees	17829	8158	9670	18222	8785	9437
2 Capital Account (2.1+2.2+2.3+2.4+2.5)	2206565	2097219	109346	2473204	2407326	65878
2.1 Foreign Investment (2.1.1+2.1.2)	1533057	1473256	59801	1484840	1422274	62567
2.1.1 Foreign Direct Investment	199586	147666	51920	232886	184078	48808
2.1.1.1 In India	190016	101538	88478	227624	106733	120892
2.1.1.1.1 Equity	136827	97382	39445	166121	103325	62795
2.1.1.1.2 Reinvested Earnings	43588	0	43588	50274	0	50274
2.1.1.1.3 Other Capital	9600	4156	5444	11230	3407	7822
2.1.1.2 Abroad	9570	46128	-36558	5262	77345	-72084
2.1.1.2.1 Equity	9570	22755	-13184	5262	40654	-35392
2.1.1.2.2 Reinvested Earnings	0	14278	-14278	0	16116	-16116
2.1.1.2.3 Other Capital	0	9095	-9095	0	20575	-20575
2.1.2 Portfolio Investment	1333471	1325590	7881	1251954	1238196	13759
2.1.2.1 In India	1328434	1320949	7485	1242216	1220994	21223
2.1.2.1.1 FIIs	1328434	1320949	7485	1242216	1220994	21223
2.1.2.1.1.1 Equity	1166461	1174878	-8416	1057724	1011603	46121
2.1.2.1.1.2 Debt	161973	146071	15901	184493	209391	-24898
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	5037	4641	396	9738	17202	-7464
2.2 Loans (2.2.1+2.2.2+2.2.3)	265411	222623	42788	558876	507639	51237
2.2.1 External Assistance	30365	18913	11451	26690	20513	6177
2.2.1.1 By India	52	217	-166	52	94	-42
2.2.1.2 To India	30313	18696	11617	26638	20419	6219
2.2.2 Commercial Borrowings	105337	92583	12753	399987	361074	38913
2.2.2.1 By India	34517	35497	-980	308187	300735	7452
2.2.2.2 To India	70820	57087	13733	91800	60339	31461
2.2.3 Short Term to India	129710	111126	18583	132199	126052	6147
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	114529	111126	3402	132199	117110	15089
2.2.3.2 Suppliers' Credit up to 180 days	15181	0	15181	0	8942	-8942
2.3 Banking Capital (2.3.1+2.3.2)	303498	279556	23942	287747	301047	-13300
2.3.1 Commercial Banks	302487	279556	22931	287664	301047	-13384
2.3.1.1 Assets	89303	113205	-23902	73395	111925	-38530
2.3.1.2 Liabilities	213184	166351	46833	214268	189122	25147
2.3.1.2.1 Non-Resident Deposits	195426	161851	33575	203422	172503	30920
2.3.2 Others	1011	0	1011	84	0	84
2.4 Rupee Debt Service	0	508	-508	0	524	-524
2.5 Other Capital	104599	121277	-16677	141740	175841	-34101
3 Errors & Omissions	6630	0	6630	0	7040	-7040
4 Monetary Movements (4.1+ 4.2)	0	43597	-43597	0	38563	-38563
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	43597	-43597	0	38563	-38563

Note: P: Preliminary.

No. 40: Standard Presentation of BoP in India as per BPM6

(US\$ Million)

Item	Apr-Jun 2024			Apr-Jun 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	241831	250477	-8646	256736	259087	-2351
1.A Goods and Services (1.A.a+1.A.b)	199623	223747	-24124	210514	231059	-20544
1.A.a Goods (1.A.a.1 to 1.A.a.3)	111158	174963	-63805	113087	181551	-68464
1.A.a.1 General merchandise on a BOP basis	111119	166616	-55497	112707	174065	-61359
1.A.a.2 Net exports of goods under merchandising	39	0	39	380	0	380
1.A.a.3 Nonmonetary gold		8347	-8347		7486	-7486
1.A.b Services (1.A.b.1 to 1.A.b.13)	88465	48784	39681	97428	49507	47920
1.A.b.1 Manufacturing services on physical inputs owned by others	268	22	246	253	40	213
1.A.b.2 Maintenance and repair services n.i.e.	81	238	-157	76	267	-191
1.A.b.3 Transport	8506	8609	-103	7708	8395	-687
1.A.b.4 Travel	7352	9171	-1819	5855	9085	-3230
1.A.b.5 Construction	1478	563	915	1098	891	207
1.A.b.6 Insurance and pension services	903	593	310	926	613	313
1.A.b.7 Financial services	2215	1267	948	1945	703	1242
1.A.b.8 Charges for the use of intellectual property n.i.e.	341	4448	-4107	446	5352	-4906
1.A.b.9 Telecommunications, computer, and information services	42541	5215	37326	47932	6470	41462
1.A.b.10 Other business services	23000	16625	6375	29511	15868	13643
1.A.b.11 Personal, cultural, and recreational services	1175	1249	-74	1210	1157	54
1.A.b.12 Government goods and services n.i.e.	161	309	-147	134	323	-188
1.A.b.13 Others n.i.e.	444	475	-31	334	345	-11
1.B Primary Income (1.B.1 to 1.B.3)	12689	23546	-10857	12174	25019	-12845
1.B.1 Compensation of employees	2137	978	1159	2130	1027	1103
1.B.2 Investment income	8660	21944	-13284	8498	23345	-14846
1.B.2.1 Direct investment	3384	12672	-9288	3156	14533	-11377
1.B.2.2 Portfolio investment	70	2411	-2341	113	1815	-1702
1.B.2.3 Other investment	1110	6641	-5531	1001	6826	-5825
1.B.2.4 Reserve assets	4095	220	3876	4228	170	4058
1.B.3 Other primary income	1892	624	1268	1545	647	898
1.C Secondary Income (1.C.1+1.C.2)	29520	3185	26335	34048	3010	31038
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	29502	2904	26598	34028	2812	31216
1.C.1.1 Personal transfers (Current transfers between resident and/non-resident households)	28644	1989	26655	33162	2061	31101
1.C.1.2 Other current transfers	857	914	-57	866	750	115
1.C.2 General government	18	281	-263	20	198	-178
2 Capital Account (2.1+2.2)	185	150	35	177	577	-400
2.1 Gross acquisitions (DR.) / disposals (CR.) of non-produced nonfinancial assets	4	45	-41	23	398	-374
2.2 Capital transfers	182	105	76	154	179	-26
3 Financial Account (3.1 to 3.5)	264317	256501	7816	288913	285339	3574
3.1 Direct Investment (3.1A+3.1B)	23925	17701	6224	27222	21517	5705
3.1.A Direct Investment in India	22777	12171	10606	26607	12476	14131
3.1.A.1 Equity and investment fund shares	21627	11673	9953	25294	12078	13217
3.1.A.1.1 Equity other than reinvestment of earnings	16402	11673	4728	19418	12078	7340
3.1.A.1.2 Reinvestment of earnings	5225		5225	5876		5876
3.1.A.2 Debt instruments	1151	498	653	1313	398	914
3.1.A.2.1 Direct investor in direct investment enterprises	1151	498	653	1313	398	914
3.1.B Direct Investment by India	1147	5529	-4382	615	9041	-8426
3.1.B.1 Equity and investment fund shares	1147	4439	-3292	615	6636	-6021
3.1.B.1.1 Equity other than reinvestment of earnings	1147	2728	-1580	615	4752	-4137
3.1.B.1.2 Reinvestment of earnings		1712	-1712		1884	-1884
3.1.B.2 Debt instruments	0	1090	-1090	0	2405	-2405
3.1.B.2.1 Direct investor in direct investment enterprises		1090	-1090		2405	-2405
3.2 Portfolio Investment	159844	158899	945	146339	144731	1608
3.2.A Portfolio Investment in India	159240	158343	897	145201	142720	2481
3.2.1 Equity and investment fund shares	139824	140833	-1009	123636	118245	5391
3.2.2 Debt securities	19416	17510	1906	21565	24475	-2910
3.2.B Portfolio Investment by India	604	556	48	1138	2011	-872
3.3 Financial derivatives (other than reserves) and employee stock options	6053	9666	-3613	5501	10588	-5087
3.4 Other investment	74496	65009	9487	109851	103996	5855
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	23547	19401	4146	23788	20164	3624
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	121	0	121	10	0	10
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	23426	19401	4025	23778	20164	3614
3.4.2.3 General government			0			0
3.4.2.4 Other sectors			0			0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	29100	27475	1626	59721	59629	92
3.4.3.A Loans to India	24956	23193	1763	23691	24465	-774
3.4.3.B Loans by India	4144	4281	-137	36030	35163	866
3.4.4 Insurance, pension, and standardized guarantee schemes	47	133	-86	43	92	-49
3.4.5 Trade credit and advances	15548	13321	2228	15453	14734	719
3.4.6 Other accounts receivable/payable - other	6253	4680	1574	10848	9378	1470
3.4.7 Special drawing rights			0			0
3.5 Reserve assets	0	5226	-5226	0	4508	-4508
3.5.1 Monetary gold			0			0
3.5.2 Special drawing rights n.a.			0			0
3.5.3 Reserve position in the IMF n.a.			0			0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	5226	-5226	0	4508	-4508
4 Total assets/liabilities	264317	256501	7816	288913	285339	3574
4.1 Equity and investment fund shares	169302	167301	2001	156227	149648	6579
4.2 Debt instruments	88762	79295	9467	121838	121805	33
4.3 Other financial assets and liabilities	6253	9906	-3652	10848	13886	-3038
5 Net errors and omissions	795	0	795	0	823	-823

Note: P: Preliminary.

No. 41: Standard Presentation of BoP in India as per BPM6

(₹ Crore)

Item	Apr-Jun 2024			Apr-Jun 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	2017436	2089564	-72128	2196412	2216528	-20117
1.A Goods and Services (1.A.a+1.A.b)	1665317	1866568	-201251	1800981	1976740	-175759
1.A.a Goods (1.A.a.1 to 1.A.a.3)	927317	1459598	-532281	967474	1553197	-585723
1.A.a.1 General merchandise on a BOP basis	926993	1389964	-462971	964221	1489154	-524933
1.A.a.2 Net exports of goods under merchanting	324	0	324	3253	0	3253
1.A.a.3 Nonmonetary gold	0	69634	-69634	0	64043	-64043
1.A.b Services (1.A.b.1 to 1.A.b.13)	738001	406970	331030	833507	423543	409964
1.A.b.1 Manufacturing services on physical inputs owned by others	2234	183	2051	2162	341	1821
1.A.b.2 Maintenance and repair services n.i.e.	676	1983	-1307	654	2286	-1632
1.A.b.3 Transport	70959	71816	-856	65943	71818	-5876
1.A.b.4 Travel	61335	76511	-15177	50087	77720	-27633
1.A.b.5 Construction	12327	4693	7635	9390	7619	1771
1.A.b.6 Insurance and pension services	7534	4950	2584	7924	5245	2679
1.A.b.7 Financial services	18478	10572	7906	16636	6012	10624
1.A.b.8 Charges for the use of intellectual property n.i.e.	2843	37103	-34261	3818	45787	-41969
1.A.b.9 Telecommunications, computer, and information services	354891	43507	311384	410065	55353	354712
1.A.b.10 Other business services	191873	138694	53178	252469	135754	116715
1.A.b.11 Personal, cultural, and recreational services	9803	10418	-615	10353	9894	459
1.A.b.12 Government goods and services n.i.e.	1346	2575	-1229	1148	2761	-1612
1.A.b.13 Others n.i.e.	3703	3965	-262	2858	2953	-95
1.B Primary Income (1.B.1 to 1.B.3)	105857	196425	-90569	104148	214040	-109892
1.B.1 Compensation of employees	17829	8158	9670	18222	8785	9437
1.B.2 Investment income	72241	183061	-110820	72705	199717	-127012
1.B.2.1 Direct investment	28232	105711	-77480	27000	124332	-97331
1.B.2.2 Portfolio investment	582	20112	-19530	969	15529	-14560
1.B.2.3 Other investment	9262	55405	-46143	8563	58401	-49838
1.B.2.4 Reserve assets	34166	1833	32333	36172	1455	34717
1.B.3 Other primary income	15787	5206	10581	13221	5537	7683
1.C Secondary Income (1.C.1+1.C.2)	246262	26570	219692	291283	25749	265534
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	246112	24225	221887	291114	24053	267061
1.C.1.1 Personal transfers (Current transfers between resident and/non-resident households)	238960	16597	222364	283709	17634	266075
1.C.1.2 Other current transfers	7151	7628	-477	7405	6419	986
1.C.2 General government	150	2345	-2195	168	1695	-1527
2 Capital Account (2.1+2.2)	1547	1253	295	1515	4936	-3421
2.1 Gross acquisitions (DR./disposals (CR.)) of non-produced nonfinancial assets	32	375	-343	199	3401	-3202
2.2 Capital transfers	1515	878	637	1316	1535	-219
3 Financial Account (3.1 to 3.5)	2205020	2139817	65203	2471694	2441116	30578
3.1 Direct Investment (3.1.A+3.1.B)	199586	147666	51920	232886	184078	48808
3.1.A Direct Investment in India	190016	101538	88478	227624	106733	120892
3.1.A.1 Equity and investment fund shares	180416	97382	83034	216395	113325	113069
3.1.A.1.1 Equity other than reinvestment of earnings	136827	97382	39445	166121	103325	62795
3.1.A.1.2 Reinvestment of earnings	43588	0	43588	50274	0	50274
3.1.A.2 Debt instruments	9600	4156	5444	11230	3407	7822
3.1.A.2.1 Direct investor in direct investment enterprises	9600	4156	5444	11230	3407	7822
3.1.B Direct Investment by India	9570	46128	-36558	5262	77345	-72084
3.1.B.1 Equity and investment fund shares	9570	37033	-27463	5262	56770	-51509
3.1.B.1.1 Equity other than reinvestment of earnings	9570	22755	-13184	5262	40654	-35392
3.1.B.1.2 Reinvestment of earnings	0	14278	-14278	0	16116	-16116
3.1.B.2 Debt instruments	0	9095	-9095	0	20575	-20575
3.1.B.2.1 Direct investor in direct investment enterprises	0	9095	-9095	0	20575	-20575
3.2 Portfolio Investment	1333471	1325590	7881	1251954	1238196	13759
3.2.A Portfolio Investment in India	1328434	1320949	7485	1242216	1220994	21223
3.2.1 Equity and investment fund shares	1166461	1174878	-8416	1057724	1011603	46121
3.2.2 Debt securities	161973	146071	15901	184493	209391	-24898
3.2.B Portfolio Investment by India	5037	4641	396	9738	17202	-7464
3.3 Financial derivatives (other than reserves) and employee stock options	50493	80637	-30144	47060	90579	-43519
3.4 Other investment	621470	542327	79143	939793	889701	50093
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	196437	161851	34586	203506	172503	31003
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	1011	0	1011	84	0	84
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	195426	161851	33575	203422	172503	30920
3.4.2.3 General government	0	0	0	0	0	0
3.4.2.4 Other sectors	0	0	0	0	0	0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	242762	229201	13561	510918	510131	787
3.4.3.A Loans to India	208194	193487	14707	202679	209303	-6624
3.4.3.B Loans by India	34569	35714	-1146	308239	300829	7410
3.4.4 Insurance, pension, and standardized guarantee schemes	396	1109	-714	366	783	-417
3.4.5 Trade credit and advances	129710	111126	18583	132199	126052	6147
3.4.6 Other accounts receivable/payable - other	52166	39039	13127	92803	80231	12572
3.4.7 Special drawing rights	0	0	0	0	0	0
3.5 Reserve assets	0	43597	-43597	0	38563	-38563
3.5.1 Monetary gold	0	0	0	0	0	0
3.5.2 Special drawing rights n.a.	0	0	0	0	0	0
3.5.3 Reserve position in the IMF n.a.	0	0	0	0	0	0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	43597	-43597	0	38563	-38563
4 Total assets/liabilities	2205020	2139817	65203	2471694	2441116	30578
4.1 Equity and investment fund shares	1412373	1395681	16693	1336545	1280262	56282
4.2 Debt instruments	740481	661501	78980	1042346	1042060	286
4.3 Other financial assets and liabilities	52166	82636	-30470	92803	118794	-25990
5 Net errors and omissions	6630	0	6630	0	7040	-7040

Note: P: Preliminary.

No. 42: India's International Investment Position

(US\$ Million)

Item	As on Financial Year/Quarter End							
	2024-25		2024				2025	
			Mar.		Dec.		Mar.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1. Direct investment Abroad/in India	270441	556812	242271	542952	260755	547104	270441	556812
1.1 Equity Capital*	173559	521931	153343	511142	166493	512997	173559	521931
1.2 Other Capital	96882	34881	88927	31810	94262	34107	96882	34881
2. Portfolio investment	13763	272061	12469	277239	12173	276521	13763	272061
2.1 Equity	8727	141938	10942	162061	9356	155573	8727	141938
2.2 Debt	5036	130123	1527	115178	2817	120948	5036	130123
3. Other investment	186700	640384	132617	574786	170526	619693	186700	640384
3.1 Trade credit	33422	131203	33413	123722	33213	135606	33422	131203
3.2 Loan	25891	250551	17547	221396	22523	240588	25891	250551
3.3 Currency and Deposits	79332	167598	53519	154787	68630	165713	79332	167598
3.4 Other Assets/Liabilities	48055	91032	28138	74880	46160	77785	48055	91032
4. Reserves	668326		646419		635701		668326	
5. Total Assets/ Liabilities	1139230	1469257	1033776	1394977	1079156	1443318	1139230	1469257
6. Net IIP (Assets - Liabilities)	-330027		-361201		-364162		-330027	

Note: * Equity capital includes share of investment funds and reinvested earnings.

Payment and Settlement Systems

No. 43: Payment System Indicators

PART I - Payment System Indicators - Payment & Settlement System Statistics

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2024-25	2024	2025		FY 2024-25	2024	2025	
		Jul.	Jun.	Jul.		Jul.	Jun.	Jul.
	1	2	3	4	5	6	7	8
A. Settlement Systems								
Financial Market Infrastructures (FMIs)								
I CCIL Operated Systems (1.1 to 1.3)	47.40	4.54	5.30	5.21	296218030	25280807	30959727	32781616
1.1 Govt. Securities Clearing (1.1.1 to 1.1.3)	17.87	1.71	1.77	1.63	185733719	17139102	17946468	19293299
1.1.1 Outright	10.56	1.03	1.05	0.84	16056018	1524120	1611829	1274228
1.1.2 Repo	4.72	0.44	0.51	0.55	77286611	7150905	7894091	8664018
1.1.3 Tri-party Repo	2.58	0.23	0.21	0.24	92391091	8464077	8440549	9355053
1.2 Forex Clearing	28.06	2.71	3.39	3.48	100639565	7417106	11968143	12739681
1.3 Rupee Derivatives @	1.46	0.12	0.14	0.10	9844746	724598	1045117	748636
B. Payment Systems								
I Financial Market Infrastructures (FMIs)	-	-	-	-	-	-	-	-
I Credit Transfers - RTGS (1.1 to 1.2)	3024.55	246.68	254.88	277.67	201387682	15970680	19012360	18863902
1.1 Customer Transactions	3010.32	245.48	253.73	276.46	181153129	14531533	16983278	16624624
1.2 Interbank Transactions	14.23	1.19	1.15	1.21	20234553	1439147	2029082	2239279
II Retail								
2 Credit Transfers - Retail (2.1 to 2.6)	2061014.91	161225.51	200519.84	212335.07	79781976	6480748	6957478	7319321
2.1 AePS (Fund Transfers) @	3.64	0.31	0.30	0.31	190	13	16	16
2.2 APBS \$	32964.43	2481.39	2841.94	2705.04	554034	28605	48247	42355
2.3 IMPS	56249.68	4902.84	4481.05	4821.90	7139110	593177	606356	631411
2.4 NACH Cr \$	16938.86	1479.29	1325.97	1628.20	1670223	132397	134188	143081
2.5 NEFT	96198.05	8006.14	7920.52	8500.14	44361464	3662264	3764742	3993960
2.6 UPI @	1858660.25	144355.54	183950.06	194679.48	26056955	2064292	2403931	2508498
2.6.1 of which USSD @	17.24	1.40	1.18	1.59	185	15	21	31
3 Debit Transfers and Direct Debits (3.1 to 3.3)	21659.95	1734.76	1891.36	1912.72	2208583	175789	210754	217899
3.1 BHIM Aadhaar Pay @	230.08	19.25	18.27	19.95	6907	575	615	619
3.2 NACH Dr \$	19762.28	1588.11	1728.39	1753.66	2199327	175014	209956	217102
3.3 NETC (linked to bank account) @	1667.59	127.40	144.70	139.11	2349	200	183	179
4 Card Payments (4.1 to 4.2)	63861.15	5294.35	5672.82	5982.42	2605110	217435	218552	231987
4.1 Credit Cards (4.1.1 to 4.1.2)	47740.76	3837.80	4587.10	4861.81	2109197	172670	183088	193849
4.1.1 PoS based \$	24571.10	1970.94	2338.70	2432.75	795022	62284	67468	70380
4.1.2 Others \$	23169.66	1866.86	2248.41	2429.06	1314175	110386	115620	123469
4.2 Debit Cards (4.2.1 to 4.2.1)	16120.39	1456.56	1085.72	1120.61	495914	44765	35463	38138
4.2.1 PoS based \$	11980.33	1068.58	812.90	832.19	332556	28600	23079	23921
4.2.2 Others \$	4140.06	387.98	272.82	288.42	163358	16165	12384	14216
5 Prepaid Payment Instruments (5.1 to 5.2)	70254.08	5356.71	6868.39	7124.06	216751	16327	20740	20758
5.1 Wallets	52898.40	4009.69	5338.82	5431.45	154066	11386	17308	16915
5.2 Cards (5.2.1 to 5.2.2)	17355.68	1347.01	1529.57	1692.61	62686	4941	3432	3842
5.2.1 PoS based \$	8240.14	713.97	595.05	660.66	11512	940	888	908
5.2.2 Others \$	9115.54	633.05	934.51	1031.95	51174	4001	2544	2935
6 Paper-based Instruments (6.1 to 6.2)	6095.38	531.00	447.43	494.59	7113350	610685	550176	607504
6.1 CTS (NPCI Managed)	6095.38	531.00	447.43	494.59	7113350	610685	550176	607504
6.2 Others	0.00	-	-	-	-	-	-	-
Total - Retail Payments (2+3+4+5+6)	2222885.46	174142.33	215399.84	227848.86	91925771	7500984	7957700	8397469
Total Payments (1+2+3+4+5+6)	2225910.01	174389.01	215654.72	228126.54	293313453	23471665	26970060	27261371
Total Digital Payments (1+2+3+4+5)	2219814.63	173858.01	215207.29	227631.95	286200103	22860979	26419884	26653867

PART II - Payment Modes and Channels

System	Volume (Lakh)				Value (₹ Crore)				
	FY 2024-25	2024	2025		FY 2024-25	2024	2025		
		Jul.	Jun.	Jul.		Jul.	Jun.	Jul.	
		1	2	3		4	5	6	7
A. Other Payment Channels									
1 Mobile Payments (mobile app based) (1.1 to 1.2)	1756976.91	138523.69	170640.11	180368.04	39206221	3141241	3467488	3658470	
1.1 Intra-bank \$	110801.96	8897.45	9560.57	10205.70	7207439	584669	611428	634819	
1.2 Inter-bank \$	1646174.95	129626.24	161079.54	170162.34	31998782	2556572	2856060	3023651	
2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)	47478.09	4305.75	3635.82	3987.57	131858133	10958678	12824960	12803198	
2.1 Intra-bank @	13056.37	1227.41	839.90	935.66	69086996	5820942	6918867	6734105	
2.2 Inter-bank @	34421.72	3078.34	2795.92	3051.90	62771136	5137737	5906093	6069093	
B. ATMs									
3 Cash Withdrawal at ATMs \$ (3.1 to 3.3)	60308.11	5069.38	4382.08	4472.41	3063077	250318	229907	232955	
3.1 Using Credit Cards \$	97.25	8.54	6.28	6.63	5084	433	345	362	
3.2 Using Debit Cards \$	59965.70	5040.14	4358.58	4447.66	3046987	248968	228735	231722	
3.3 Using Pre-paid Cards \$	245.16	20.70	17.22	18.13	11005	917	827	871	
4 Cash Withdrawal at PoS \$ (4.1 to 4.2)	3.58	0.29	0.14	0.13	37	3	1	1	
4.1 Using Debit Cards \$	3.33	0.27	0.11	0.11	35	3	1	1	
4.2 Using Pre-paid Cards \$	0.25	0.02	0.02	0.02	3	0	0	0	
5 Cash Withdrawal at Micro ATMs @	11640.55	944.29	944.62	996.95	296622	23498	25646	25574	
5.1 AePS @	11640.55	944.29	944.62	996.95	296622	23498	25646	25574	

PART III - Payment Infrastructures (Lakh)

System	As on March 2025	2024	2025		
		Jul.	Jun.	Jul.	
	1	2	3	4	
Payment System Infrastructures					
1 Number of Cards (1.1 to 1.2)	11006.97	10677.71	11163.78	11243.50	
1.1 Credit Cards	1098.85	1045.68	1111.97	1116.23	
1.2 Debit Cards	9908.12	9632.02	10051.80	10127.27	
2 Number of PPIs @ (2.1 to 2.2)	13401.35	15211.55	13520.65	13746.53	
2.1 Wallets @	8678.44	11419.62	8681.92	8870.16	
2.2 Cards @	4722.91	3791.93	4838.73	4876.37	
3 Number of ATMs (3.1 to 3.2)	2.56	2.55	2.51	2.49	
3.1 Bank owned ATMs \$	2.20	2.21	2.15	2.13	
3.2 White Label ATMs \$	0.36	0.34	0.36	0.36	
4 Number of Micro ATMs @	14.82	14.78	14.59	14.67	
5 Number of PoS Terminals	110.98	89.72	117.91	119.21	
6 Bharat QR @	67.18	61.87	67.21	66.65	
7 UPI QR *	6579.30	5851.14	6782.51	6881.22	

@: New inclusion w.e.f. November 2019

#: Data reported by Co-operative Banks, LABs and RRBs included with effect from December 2021.

\$: Inclusion separately initiated from November 2019 - would have been part of other items hitherto.

*: New inclusion w.e.f. September 2020; Includes only static UPI QR Code

Notes : 1. Data is provisional.

2. ECS (Debit and Credit) has been merged with NACH with effect from January 31, 2020.

3. The data from November 2019 onwards for card payments (Debit/Credit cards) and Prepaid Payment Instruments (PPIs) may not be comparable with earlier months/ periods, as more granular data is being published along with revision in data definitions.

4. Only domestic financial transactions are considered. The new format captures e-commerce transactions; transactions using FASTags, digital bill payments and card-to-card transfer through ATMs, etc.. Also, failed transactions, chargebacks, reversals, expired cards/ wallets, are excluded.

Part I-A. Settlement systems

1.1.3: Tri- party Repo under the securities segment has been operationalised from November 05, 2018.

Part I-B. Payments systems

4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, etc.

4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, etc.

5: Available from December 2010.

5.1: includes purchase of goods and services and fund transfer through wallets.

5.2.2: includes usage of PPI Cards for online transactions and other transactions.

6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.

6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.

Part II-A. Other payment channels

1: Mobile Payments –

o Include transactions done through mobile apps of banks and UPI apps.

o The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

2: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.

Part II-B. ATMs

3.3 and 4.2: only relates to transactions using bank issued PPIs.

Part III. Payment systems infrastructure

3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAOs). WLAs are included from April 2014 onwards.

Occasional Series

No. 44: Small Savings

(₹ Crore)

Scheme		2023-24	2024		2025	
			Feb.	Dec.	Jan.	Feb.
		1	2	3	4	5
1 Small Savings	Receipts	232460	14570	11133	12581	11379
	Outstanding	1865029	1819758	1982465	1994553	2005585
1.1 Total Deposits	Receipts	161344	10025	8734	9178	8077
	Outstanding	1298795	1268920	1395484	1404661	1412738
1.1.1 Post Office Saving Bank Deposits	Receipts	17229	1520	1090	2702	814
	Outstanding	191692	218498	201999	204701	205515
1.1.2 Sukanya Samriddhi Yojna	Receipts	35174	2233	2244	2347	2282
	Outstanding	157611	109222	177007	179354	181636
1.1.3 National Saving Scheme, 1987	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.1.4 National Saving Scheme, 1992	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.1.5 Monthly Income Scheme	Receipts	26696	1927	827	1279	1045
	Outstanding	269007	267205	282142	283421	284466
1.1.6 Senior Citizen Scheme 2004	Receipts	38167	2153	1531	1922	1952
	Outstanding	175472	173476	194605	196527	198479
1.1.7 Post Office Time Deposits	Receipts	25341	2632	2125	2853	2108
	Outstanding	305776	303000	330912	333764	335872
1.1.7.1 1 year Time Deposits	Outstanding	140423	138552	159174	161578	163358
1.1.7.2 2 year Time Deposits	Outstanding	11967	11730	14299	14476	14637
1.1.7.3 3 year Time Deposits	Outstanding	8932	8782	10308	10487	10645
1.1.7.4 5 year Time Deposits	Outstanding	144454	143936	147131	147223	147232
1.1.8 Post Office Recurring Deposits	Receipts	18713	-420	1025	-1831	-25
	Outstanding	197134	195727	207269	205438	205413
1.1.9 Post Office Cumulative Time Deposits	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.1.10 Other Deposits	Receipts	8	-20	-108	-95	-100
	Outstanding	1754	1444	1195	1100	1000
1.1.11 PM Care for children	Receipts	16	0	0	1	1
	Outstanding	349	348	355	356	357
1.2 Saving Certificates	Receipts	56069	3940	2226	3019	2858
	Outstanding	418021	414597	438074	440601	443112
1.2.1 National Savings Certificate VIII issue	Receipts	16853	1446	430	796	762
	Outstanding	183905	180181	192621	193417	194179
1.2.2 Indira Vikas Patras	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.3 Kisan Vikas Patras	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.4 Kisan Vikas Patras - 2014	Receipts	20939	1428	1113	1376	1247
	Outstanding	220560	219498	228707	230083	231330
1.2.5 National Saving Certificate VI issue	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.6 National Saving Certificate VII issue	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.7 M.S. Certificates	Receipts	18277	1066	683	847	849
	Outstanding	18277	17235	25303	26150	26999
1.2.8 Other Certificates	Outstanding	-4721	-2317	-8557	-9049	-9396
1.3 Public Provident Fund	Receipts	15047	605	173	384	444
	Outstanding	148213	136241	148907	149291	149735

Note : Data on receipts from April 2017 are net receipts, i.e., gross receipt minus gross payment.

Source: Accountant General, Post and Telegraphs.

No. 45 : Ownership Pattern of Central and State Governments Securities

(Per cent)

Central Government Dated Securities					
Category	2024			2025	
	Jun.	Sep.	Dec.	Mar.	Jun.
	1	2	3	4	5
(A) Total (in ₹. Crore)	10946860	11271589	11422728	11642652	11854200
1 Commercial Banks	37.52	37.55	37.98	36.18	35.28
2 Co-operative Banks	1.42	1.35	1.36	1.29	1.29
3 Non-Bank PDs	0.70	0.77	0.65	0.76	0.59
4 Insurance Companies	26.11	25.95	26.14	25.81	25.95
5 Mutual Funds	2.87	3.14	3.11	2.68	2.46
6 Provident Funds	4.41	4.25	4.25	4.24	4.35
7 Pension Funds	4.74	4.86	5.05	4.91	4.96
8 Financial Institutions	0.57	0.63	0.64	0.71	0.74
9 Corporates	1.44	1.60	1.45	1.49	1.26
10 Foreign Portfolio Investors	2.34	2.80	2.81	3.12	2.80
11 RBI	11.92	11.16	10.55	12.78	14.21
12 Others	5.97	5.92	6.01	6.01	6.13
12.1 State Governments	2.13	2.19	2.21	2.25	2.29

State Governments Securities					
Category	2024			2025	
	Jun.	Sep.	Dec.	Mar.	Jun.
	1	2	3	4	5
(B) Total (in ₹. Crore)	5727482	5909490	6055711	6399564	6524417
1 Commercial Banks	33.85	34.39	35.11	35.40	35.54
2 Co-operative Banks	3.38	3.29	3.22	3.08	3.02
3 Non-Bank PDs	0.59	0.60	0.53	0.61	0.60
4 Insurance Companies	25.85	25.56	25.16	24.07	24.12
5 Mutual Funds	2.08	1.93	1.89	1.93	1.84
6 Provident Funds	22.94	23.02	22.90	23.60	23.72
7 Pension Funds	4.87	4.87	4.82	5.07	4.96
8 Financial Institutions	1.58	1.57	1.58	1.48	1.59
9 Corporates	2.03	1.95	1.97	2.05	1.93
10 Foreign Portfolio Investors	0.05	0.04	0.03	0.05	0.02
11 RBI	0.62	0.60	0.58	0.55	0.54
12 Others	2.17	2.18	2.19	2.10	2.12
12.1 State Governments	0.26	0.26	0.26	0.25	0.25

Treasury Bills					
Category	2024			2025	
	Jun.	Sep.	Dec.	Mar.	Jun.
	1	2	3	4	5
(C) Total (in ₹. Crore)	858193	747242	760045	790381	784059
1 Commercial Banks	47.79	44.74	40.45	46.58	42.87
2 Co-operative Banks	1.49	1.58	1.22	2.17	1.80
3 Non-Bank PDs	2.69	2.28	1.41	2.09	1.10
4 Insurance Companies	5.78	5.26	4.73	4.23	4.07
5 Mutual Funds	14.50	15.06	15.41	16.15	15.72
6 Provident Funds	0.60	0.26	0.04	0.20	0.09
7 Pension Funds	0.00	0.00	0.00	0.02	0.00
8 Financial Institutions	6.56	6.36	6.77	7.73	6.31
9 Corporates	4.79	4.66	4.56	4.50	3.77
10 Foreign Portfolio Investors	0.20	0.15	0.12	0.09	0.02
11 RBI	0.00	0.00	0.00	0.00	0.00
12 Others	15.59	19.65	25.29	16.23	24.26
12.1 State Governments	11.55	14.95	20.11	11.23	18.34

Notes: (1) The table format is revised since monthly Bulletin for the month of June 2023.

(2) Central Government Dated Securities include special securities and Sovereign Gold Bonds.

(3) State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY).

(4) Bank PDs are clubbed under Commercial Banks.

(5) The category 'Others' comprises State Governments, DICGC, PSUs, Trusts, Foreign Central Banks, HUF/ Individuals etc.

(6) Data since September 2023 includes the impact of the merger of a non-bank with a bank.

No. 46: Combined Receipts and Disbursements of the Central and State Governments

(₹ Crore)

Item	2019-20	2020-21	2021-22	2022-23	2023-24 RE	2024-25 BE
	1	2	3	4	5	6
1 Total Disbursements	5410887	6353359	7098451	7880522	9110725	9800798
1.1 Developmental	3074492	3823423	4189146	4701611	5514584	5862996
1.1.1 Revenue	2446605	3150221	3255207	3574503	3965270	4195108
1.1.2 Capital	588233	550358	861777	1042159	1453849	1526993
1.1.3 Loans	39654	122844	72163	84949	95464	140895
1.2 Non-Developmental	2253027	2442941	2810388	3069896	3467270	3800321
1.2.1 Revenue	2109629	2271637	2602750	2895864	3266628	3537378
1.2.1.1 Interest Payments	955801	1060602	1226672	1377807	1562660	1711972
1.2.2 Capital	141457	169155	175519	171131	196073	259346
1.2.3 Loans	1941	2148	32119	2902	4569	3597
1.3 Others	83368	86995	98916	109015	128871	137481
2 Total Receipts	5734166	6397162	7156342	7855370	9054999	9650488
2.1 Revenue Receipts	3851563	3688030	4823821	5447913	6379349	7209647
2.1.1 Tax Receipts	3231582	3193390	4160414	4809044	5456913	6142276
2.1.1.1 Taxes on commodities and services	2012578	2076013	2626553	2865550	3248450	3631569
2.1.1.2 Taxes on Income and Property	1216203	1114805	1530636	1939550	2204462	2506181
2.1.1.3 Taxes of Union Territories (Without Legislature)	2800	2572	3225	3943	4001	4526
2.1.2 Non-Tax Receipts	619981	494640	663407	638870	922436	1067371
2.1.2.1 Interest Receipts	31137	33448	35250	42975	49552	57273
2.2 Non-debt Capital Receipts	110094	64994	44077	62716	86733	118239
2.2.1 Recovery of Loans & Advances	59515	16951	27665	15970	55895	45125
2.2.2 Disinvestment proceeds	50578	48044	16412	46746	30839	73114
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	1449230	2600335	2230553	2369892	2644642	2472912
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	1440548	2530155	2194406	2332768	2619811	2456959
3A.1.1 Net Bank Credit to Government	571872	890012	627255	687904	346483	...
3A.1.1.1 Net RBI Credit to Government	190241	107493	350911	529	-257913	...
3A.1.2 Non-Bank Credit to Government	868676	1640143	1567151	1644864	2273328	...
3A.2 External Financing	8682	70180	36147	37124	24832	15952
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	1440548	2530155	2194406	2332768	2619811	2456959
3B.1.1 Market Borrowings (net)	971378	1696012	1213169	1651076	1962969	1983757
3B.1.2 Small Savings (net)	209232	458801	526693	358764	434151	447511
3B.1.3 State Provident Funds (net)	38280	41273	28100	13880	21386	19857
3B.1.4 Reserve Funds	10411	4545	42153	68803	52385	-33653
3B.1.5 Deposits and Advances	-14227	25682	42203	51989	35819	-10138
3B.1.6 Cash Balances	-323279	-43802	-57891	25152	55726	150310
3B.1.7 Others	548753	347643	399980	163104	57374	-100684
3B.2 External Financing	8682	70180	36147	37124	24832	15952
<i>4 Total Disbursements as per cent of GDP</i>	<i>26.9</i>	<i>32.0</i>	<i>30.1</i>	<i>29.2</i>	<i>30.8</i>	<i>30.0</i>
<i>5 Total Receipts as per cent of GDP</i>	<i>28.5</i>	<i>32.2</i>	<i>30.3</i>	<i>29.1</i>	<i>30.7</i>	<i>29.6</i>
<i>6 Revenue Receipts as per cent of GDP</i>	<i>19.2</i>	<i>18.6</i>	<i>20.4</i>	<i>20.2</i>	<i>21.6</i>	<i>22.1</i>
<i>7 Tax Receipts as per cent of GDP</i>	<i>16.1</i>	<i>16.1</i>	<i>17.6</i>	<i>17.8</i>	<i>18.5</i>	<i>18.8</i>
<i>8 Gross Fiscal Deficit as per cent of GDP</i>	<i>7.2</i>	<i>13.1</i>	<i>9.5</i>	<i>8.8</i>	<i>9.0</i>	<i>7.6</i>

... : Not available; RE: Revised Estimates; BE: Budget Estimates

Source : Budget Documents of Central and State Governments.

Notes: GDP data is based on 2011-12 base. GDP for 2024-25 is from Union Budget 2024-25.

Data pertains to all States and Union Territories.

1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.

1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.

2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.

3A.1.1: Data as per RBI records.

3B.1.1: Borrowings through dated securities.

3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).

This data may vary from previous publications due to adjustments across components with availability of new data.

3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.

3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

No. 47: Financial Accommodation Availed by State Governments under various Facilities

(₹ Crore)

Sr. No	State/Union Territory	During July-2025					
		Special Drawing Facility (SDF)		Ways and Means Advances (WMA)		Overdraft (OD)	
		Average amount availed	Number of days availed	Average amount availed	Number of days availed	Average amount availed	Number of days availed
	1	2	3	4	5	6	7
1	Andhra Pradesh	6012.90	31	765.83	13	701.57	1
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	474.28	7	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	-	-	-	-	-	-
6	Goa	-	-	-	-	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	313.77	1	-	-	-	-
9	Himachal Pradesh	-	-	411.89	21	140.27	5
10	Jammu & Kashmir UT	37.45	7	74.81	7	-	-
11	Jharkhand	677.06	9	-	-	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	1262.45	31	407.81	12	-	-
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	-	-	-	-	-	-
16	Manipur	96.68	17	88.49	8	-	-
17	Meghalaya	279.30	26	-	-	-	-
18	Mizoram	-	-	-	-	-	-
19	Nagaland	263.53	16	-	-	-	-
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	4774.33	31	1140.12	28	833.11	2
23	Rajasthan	2877.15	26	1313.80	3	-	-
24	Tamil Nadu	-	-	-	-	-	-
25	Telangana	5046.19	31	1750.66	28	1933.57	11
26	Tripura	-	-	-	-	-	-
27	Uttar Pradesh	-	-	-	-	-	-
28	Uttarakhand	1022.48	23	-	-	-	-
29	West Bengal	-	-	-	-	-	-

- Notes: 1. SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.
2. WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.
3. OD is advanced to State Governments beyond their WMA limits.
4. Average amount availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.
5. - : Nil.

Source: Reserve Bank of India.

No. 48: Investments by State Governments

(₹ Crore)

Sr. No	State/Union Territory	As on end of July 2025			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	11966	1181	0	0
2	Arunachal Pradesh	3040	8	0	5350
3	Assam	7730	94	0	0
4	Bihar	13890	-	0	19000
5	Chhattisgarh	8508	987	0	8268
6	Goa	1164	473	0	0
7	Gujarat	15863	688	0	2000
8	Haryana	2706	1756	0	0
9	Himachal Pradesh	-	-	0	0
10	Jammu & Kashmir UT	37	36	0	0
11	Jharkhand	3094	-	0	780
12	Karnataka	20953	776	0	65925
13	Kerala	3342	-	0	0
14	Madhya Pradesh	-	1320	0	1500
15	Maharashtra	73889	2221	0	0
16	Manipur	72	145	0	0
17	Meghalaya	1320	112	0	0
18	Mizoram	522	83	0	0
19	Nagaland	1959	48	0	0
20	Odisha	18946	2120	0	15636
21	Puducherry	599	-	0	2050
22	Punjab	10400	948	0	0
23	Rajasthan	2884	375	0	5750
24	Tamil Nadu	3567	-	0	968
25	Telangana	8167	1790	0	0
26	Tripura	1361	31	0	0
27	Uttarakhand	5865	315	0	0
28	Uttar Pradesh	16554	2914	0	15000
29	West Bengal	14311	1067	0	10000
	Total	252706	19487	0	152227

Notes: 1. CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.

2. ATBs include investment by State Governments in Treasury bills of 91 days, 182 days and 364 days in the primary market.

3. - : Not Applicable (not a member of the scheme).

No. 49: Market Borrowings of State Governments

(₹ Crore)

Sr. No.	State	2023-24		2024-25		2025-26						Total amount raised, so far in 2025-26	
		Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	May		June		July		Gross	Net
						Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised		
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Andhra Pradesh	68400	55330	78205	57123	6822	4322	14000	13000	5600	3300	32172	25372
2	Arunachal Pradesh	902	672	1010	704	-	-	-	-	-	-	-	-130
3	Assam	18500	16000	19000	13850	2600	2600	-	-	1400	1400	4900	3950
4	Bihar	47612	29910	47546	30890	-	-	-	-	6000	6000	6000	6000
5	Chhattisgarh	32000	26213	24500	16913	1000	1000	1000	1000	-	-700	3970	3270
6	Goa	2550	1560	1050	250	100	-50	100	100	100	-	300	-100
7	Gujarat	30500	11947	38200	16280	8500	4500	1500	300	3000	3000	13000	5240
8	Haryana	47500	28364	49500	31710	5000	3100	3000	425	3000	945	13000	6470
9	Himachal Pradesh	8072	5856	7359	4725	-	-	800	800	1919	1919	4919	4269
10	Jammu & Kashmir UT	16337	13904	13170	11416	800	300	705	705	1100	600	3605	2605
11	Jharkhand	1000	-2505	3500	-2005	-	-	-	-	-	-1000	-	-1000
12	Karnataka	81000	63003	92025	71525	-	-	-	-1000	-	-	-	-1000
13	Kerala	42438	26638	53666	37966	5000	3500	5000	4000	5000	2500	17000	10000
14	Madhya Pradesh	38500	26264	63400	47206	5000	5000	3277	2277	6800	5300	15077	12577
15	Maharashtra	110000	79738	123000	90917	-	-3500	8000	6500	24000	21000	45500	37500
16	Manipur	1426	1076	1500	1037	750	750	-	-	250	100	1000	650
17	Meghalaya	1364	912	1882	997	-	-	500	430	-	-50	850	630
18	Mizoram	901	641	1169	939	-	-	125	50	100	100	225	150
19	Nagaland	2551	2016	1550	950	-	-100	-	-100	-	-	-	-200
20	Odisha	0	-4658	20780	17780	-	-	-	-	3000	3000	3000	3000
21	Puducherry	1100	475	1600	880	-	-	200	200	-	-200	200	-
22	Punjab	42386	29517	40828	32466	5500	4600	4500	2858	5000	4400	20800	16058
23	Rajasthan	73624	49718	75185	49479	8600	6600	9500	4938	5500	4000	29100	19038
24	Sikkim	1916	1701	1951	1621	-	-	-	-	-	-	-	-
25	Tamil Nadu	113001	75970	123625	89894	7300	1300	13000	9750	7000	5500	31300	17550
26	Telangana	49618	39385	56209	42199	4500	1152	8500	7200	8500	6000	25900	17752
27	Tripura	0	-550	0	-150	300	300	-	-	-	-200	800	600
28	Uttar Pradesh	97650	85335	45000	23185	3000	1000	-	-3233	3000	1000	9000	-2233
29	Uttarakhand	6300	3800	10400	8000	-	-	1000	250	1000	1000	3000	2250
30	West Bengal	69910	48910	76500	54600	-	-1500	7500	6000	5500	4000	13000	7500
	Grand Total	1007058	717140	1073310	753345	64772	34874	82207	56449	96769	72914	297618	197767

- : Nil.

Note: The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.

Source: Reserve Bank of India.

No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise

(Amount in ₹ Crore)

Item	2022-23				
	Q1	Q2	Q3	Q4	Annual
Net Financial Assets (I-II)	287802.7	297217.6	293954.9	451660.3	1330635.4
<i>Per cent of GDP</i>	<i>4.4</i>	<i>4.6</i>	<i>4.3</i>	<i>6.4</i>	<i>4.9</i>
I. Financial Assets	577822.4	632335.6	748109.7	968986.1	2927253.7
<i>Per cent of GDP</i>	<i>8.9</i>	<i>9.8</i>	<i>11.0</i>	<i>13.6</i>	<i>10.9</i>
<i>of which:</i>					
1.Total Deposits (a+b)	185429.1	317361.2	280233.1	325852.7	1108876.2
(a) Bank Deposits	163172.4	299532.7	256399.7	307866.8	1026971.5
i. Commercial Banks	158613.3	300565.0	248459.8	284968.0	992606.2
ii. Co-operative Banks	4559.0	-1032.4	7939.8	22898.9	34365.3
(b) Non-Bank Deposits	22256.8	17828.6	23833.5	17985.9	81904.7
<i>of which:</i>					
Other Financial Institutions (i+ii)	6504.8	2076.7	8081.6	2234.0	18897.1
i. Non-Banking Financial Companies	4230.6	3267.2	3246.9	3945.8	14690.4
ii. Housing Finance Companies	2274.2	-1190.5	4834.7	-1711.8	4206.6
2. Life Insurance Funds	73357.5	151737.1	167581.7	156268.5	548944.9
3. Provident and Pension Funds (including PPF)	146719.1	118171.9	136388.4	216513.6	617793.1
4. Currency	66438.9	-54579.3	76760.1	148990.1	237609.7
5. Investments	51502.6	48530.1	49778.6	64150.6	213961.9
<i>of which:</i>					
(a) Mutual Funds	35443.5	44484.0	40205.9	58954.5	179087.8
(b) Equity	13560.9	1378.2	6434.1	1664.9	23038.1
6. Small Savings (excluding PPF)	54375.1	51114.5	37367.7	57210.6	200068.0
II. Financial Liabilities	290019.7	335118.0	454154.8	517325.8	1596618.3
<i>Per cent of GDP</i>	<i>4.5</i>	<i>5.2</i>	<i>6.7</i>	<i>7.3</i>	<i>5.9</i>
Loans/Borrowings					
1. Financial Corporations (a+b)	289781.5	334879.7	453916.6	517087.5	1595665.3
(a) Banking Sector	234235.0	263450.2	370782.9	383843.2	1252311.4
<i>of which:</i>					
i. Commercial Banks	230283.8	261265.3	368304.6	331291.0	1191144.8
(b) Other Financial Institutions	55546.4	71429.5	83133.7	133244.3	343353.9
i. Non-Banking Financial Companies	30531.7	36650.3	55791.7	94565.3	217539.1
ii. Housing Finance Companies	22336.7	33031.2	24903.3	36745.8	117017.0
iii. Insurance Corporations	2678.0	1747.9	2438.7	1933.2	8797.8
2. Non-Financial Corporations (Private Corporate Business)	33.7	33.7	33.7	33.7	135.0
3. General Government	204.5	204.5	204.5	204.5	818.0

No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise (Contd.)

(Amount in ₹ Crore)

Item	2023-24				
	Q1	Q2	Q3	Q4	Annual
Net Financial Assets (I-II)	349607.1	283994.4	294431.6	666547.4	1594580.4
<i>Per cent of GDP</i>	<i>4.8</i>	<i>3.9</i>	<i>3.8</i>	<i>8.4</i>	<i>5.3</i>
I. Financial Assets	671244.1	810128.8	805066.2	1187279.1	3473718.2
<i>Per cent of GDP</i>	<i>9.3</i>	<i>11.2</i>	<i>10.4</i>	<i>14.9</i>	<i>11.5</i>
<i>of which:</i>					
1.Total Deposits (a+b)	266680.3	407948.0	296931.3	406706.9	1378266.4
(a) Bank Deposits	253004.1	501768.5	277432.0	390720.4	1422924.9
i. Commercial Banks	243833.9	502260.7	280096.7	383460.6	1409651.9
ii. Co-operative Banks	9170.2	-492.2	-2664.7	7259.8	13273.0
(b) Non-Bank Deposits	13676.2	-93820.5	19499.4	15986.5	-44658.5
<i>of which:</i>					
Other Financial Institutions (i+ii)	-485.4	-107982.1	5337.7	1824.9	-101304.9
i. Non-Banking Financial Companies	6119.3	4782.3	4895.8	1942.9	17740.3
ii. Housing Finance Companies	-6604.7	-112764.4	441.9	-118.0	-119045.2
2. Life Insurance Funds	157301.9	140356.8	160135.2	189267.6	647061.4
3. Provident and Pension Funds (including PPF)	163686.0	148356.1	153435.1	253882.9	719360.2
4. Currency	-48636.2	-36700.8	56719.0	146643.8	118025.7
5. Investments	41014.3	72664.6	79238.2	108336.6	301253.8
<i>of which:</i>					
(a) Mutual Funds	32085.6	55768.8	60134.6	90973.0	238962.1
(b) Equity	3756.7	7146.3	9941.1	8236.1	29080.1
6. Small Savings (excluding PPF)	91197.8	77504.1	58607.4	82441.4	309750.7
II. Financial Liabilities	321637.1	526134.4	510634.6	520731.7	1879137.8
<i>Per cent of GDP</i>	<i>4.5</i>	<i>7.3</i>	<i>6.6</i>	<i>6.5</i>	<i>6.2</i>
Loans/Borrowings					
1. Financial Corporations (a+b)	321519.8	526016.2	510516.4	520613.5	1878665.8
(a) Banking Sector	213606.3	868873.9	402647.1	392330.5	1877457.7
<i>of which:</i>					
i. Commercial Banks	208026.5	875654.0	389898.0	382557.9	1856136.4
(b) Other Financial Institutions	107913.6	-342857.7	107869.2	128283.0	1208.0
i. Non-Banking Financial Companies	81448.8	59683.7	85031.8	100836.5	327000.7
ii. Housing Finance Companies	23784.0	-404294.0	21233.4	25852.9	-333423.7
iii. Insurance Corporations	2680.7	1752.6	1604.0	1593.6	7631.0
2. Non-Financial Corporations (Private Corporate Business)	33.7	34.7	34.7	34.7	138.0
3. General Government	83.5	83.5	83.5	83.5	334.0

No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise (Concl'd.)

(Amount in ₹ Crore)

Item	2024-25				Annual
	Q1	Q2	Q3	Q4	
Net Financial Assets (I-II)	551994.2	496676.1	271043.1	674489.0	1994202.4
<i>Per cent of GDP</i>	<i>7.0</i>	<i>6.3</i>	<i>3.2</i>	<i>7.6</i>	<i>6.0</i>
I. Financial Assets	840665.3	901135.4	689663.5	1129381.1	3560845.4
<i>Per cent of GDP</i>	<i>10.6</i>	<i>11.5</i>	<i>8.1</i>	<i>12.8</i>	<i>10.8</i>
<i>of which:</i>					
1.Total Deposits (a+b)	274567.9	403591.4	158320.8	418183.6	1254663.6
(a) Bank Deposits	254885.4	388328.6	141290.0	401577.5	1186081.4
i. Commercial Banks	251171.1	389734.0	147864.7	395337.4	1184107.2
ii. Co-operative Banks	3714.3	-1405.4	-6574.7	6240.0	1974.2
(b) Non-Bank Deposits	19682.4	15262.8	17030.8	16606.1	68582.2
<i>of which:</i>					
Other Financial Institutions (i+ii)	7461.4	3041.8	4809.8	4385.1	19698.2
i. Non-Banking Financial Companies	6289.7	3230.0	4444.5	4220.0	18184.2
ii. Housing Finance Companies	1171.7	-188.2	365.4	165.1	1514.0
2. Life Insurance Funds	175427.0	178835.2	90159.4	90393.0	534814.6
3. Provident and Pension Funds (including PPF)	170218.2	170219.6	170758.3	281332.6	792528.6
4. Currency	34212.5	-57615.2	70840.8	162236.1	209674.1
5. Investments	120638.2	152637.1	159255.2	103720.8	536251.4
<i>of which:</i>					
(a) Mutual Funds	106987.0	137618.0	124132.0	97193.0	465930.0
(b) Equity	14448.0	15645.0	36063.1	7410.3	73566.5
6. Small Savings (excluding PPF)	65601.6	53467.4	40329.0	73515.0	232913.0
II. Financial Liabilities	288671.1	404459.3	418620.4	454892.1	1566642.9
<i>Per cent of GDP</i>	<i>3.7</i>	<i>5.2</i>	<i>4.9</i>	<i>5.2</i>	<i>4.7</i>
Loans/Borrowings					
1. Financial Corporations (a+b)	288492.4	404280.6	418441.7	454713.3	1565928.0
(a) Banking Sector	205040.4	322147.7	319626.6	387045.6	1233860.3
<i>of which:</i>					
i. Commercial Banks	208525.3	321241.4	302569.3	379856.5	1212192.4
(b) Other Financial Institutions	83452.0	82132.9	98815.0	67667.7	332067.7
i. Non-Banking Financial Companies	65813.7	65488.7	75764.5	39833.9	246900.8
ii. Housing Finance Companies	15125.2	14233.6	20561.4	25756.8	75677.0
iii. Insurance Corporations	2513.1	2410.7	2489.1	2077.1	9489.9
2. Non-Financial Corporations (Private Corporate Business)	34.7	34.7	34.7	34.7	139.0
3. General Government	144.0	144.0	144.0	144.0	576.0

Notes :

1. Net Financial Savings of households refer to the net financial assets, which are measured as difference of financial asset and liabilities flows.
2. Preliminary estimates for 2024-25 and revised estimates for 2022-23 and 2023-24.
3. The preliminary estimates for 2024-25 will undergo revision with the release of first revised estimates of national income, consumption expenditure, savings, and capital formation, 2024-25 by the NSO.
4. Non-bank deposits apart from other financial institutions, comprises state power utilities, co-operative non credit societies etc.
5. Figures in the columns may not add up to the total due to rounding off.

No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators

(Amount in ₹ Crore)

Item	Jun-2022	Sep-2022	Dec-2022	Mar-2023
Financial Assets (a+b+c+d+e+f+g+h)	25621348.1	26423992.1	27187715.6	27844981.1
<i>Per cent of GDP</i>	<i>102.8</i>	<i>102.6</i>	<i>103.3</i>	<i>103.5</i>
(a) Bank Deposits (i+ii)	11843527.1	12143059.7	12399459.4	12707326.2
i. Commercial Banks	10987692.1	11288257.2	11536717.0	11821685.0
ii. Co-operative Banks	855834.9	854802.6	862742.4	885641.2
(b) Non-Bank Deposits				
<i>of which:</i>				
Other Financial Institutions	216170.0	218246.7	226328.2	228562.2
i. Non-Banking Financial Companies	74794.2	78061.4	81308.3	85254.0
ii. Housing Finance Companies	141375.8	140185.3	145020.0	143308.2
(c) Life Insurance Funds	5325967.3	5559681.9	5786592.6	5795430.6
(d) Currency	2950343.2	2895763.9	2972524.0	3121514.1
(e) Mutual funds	2048097.3	2260209.7	2355315.8	2367792.5
(f) Public Provident Fund (PPF)	851913.4	858591.1	864730.6	939449.0
(g) Pension Funds	744459.2	796454.0	853412.0	898343.0
(h) Small Savings (excluding PPF)	1640870.6	1691985.1	1729352.9	1786563.5
Financial Liabilities (a+b)	8911860.9	9246740.6	9700657.2	10217744.7
<i>Per cent of GDP</i>	<i>35.8</i>	<i>35.9</i>	<i>36.9</i>	<i>38.0</i>
Loans/Borrowings				
(a) Banking Sector	7095467.7	7358918.0	7729700.9	8113544.1
<i>of which:</i>				
i. Commercial Banks	6620073.1	6881338.5	7249643.0	7580934.1
ii. Co-operative Banks	473897.0	476024.8	478486.9	530915.0
(b) Other Financial Institutions	1816393.1	1887822.6	1970956.3	2104200.7
<i>of which:</i>				
i. Non-Banking Financial Companies	869174.9	905825.3	961617.0	1056182.3
ii. Housing Finance Companies	835181.3	868212.5	893115.8	929861.7
iii. Insurance Corporations	112036.9	113784.8	116223.5	118156.7

No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators (Contd.)

(Amount in ₹ Crore)

Item	Jun-2023	Sep-2023	Dec-2023	Mar-2024
Financial Assets (a+b+c+d+e+f+g+h)	28754605.9	29637615.0	30737884.8	32025210.0
<i>Per cent of GDP</i>	<i>104.2</i>	<i>104.4</i>	<i>105.0</i>	<i>106.3</i>
(a) Bank Deposits (i+ii)	12960330.3	13462098.8	13739530.7	14130251.1
i. Commercial Banks	12065518.9	12567779.6	12847876.2	13231336.9
ii. Co-operative Banks	894811.4	894319.2	891654.5	898914.3
(b) Non-Bank Deposits				
<i>of which:</i>				
Other Financial Institutions	228076.8	120094.7	125432.4	127257.3
i. Non-Banking Financial Companies	91373.3	96155.6	101051.4	102994.3
ii. Housing Finance Companies	136703.5	23939.1	24381.0	24263.0
(c) Life Insurance Funds	6064436.9	6255801.1	6553726.0	6820611.8
(d) Currency	3072877.9	3036177.0	3092896.0	3239539.8
(e) Mutual funds	2626046.1	2829859.3	3156299.3	3387208.3
(f) Public Provident Fund (PPF)	955060.6	960343.6	964851.5	1051376.5
(g) Pension Funds	970016.0	1017975.0	1091276.0	1172651.0
(h) Small Savings (excluding PPF)	1877761.2	1955265.4	2013872.8	2096314.2
Financial Liabilities (a+b)	10539264.5	11065280.7	11575797.1	12096410.5
<i>Per cent of GDP</i>	<i>38.2</i>	<i>39.0</i>	<i>39.6</i>	<i>40.2</i>
Loans/Borrowings				
(a) Banking Sector	8327150.3	9196024.2	9598671.3	9991001.8
<i>of which:</i>				
i. Commercial Banks	7788960.6	8664614.6	9054512.6	9437070.5
ii. Co-operative Banks	536409.2	529527.7	542240.6	551852.1
(b) Other Financial Institutions	2212114.2	1869256.5	1977125.7	2105408.7
<i>of which:</i>				
i. Non-Banking Financial Companies	1137631.1	1197314.8	1282346.6	1383183.0
ii. Housing Finance Companies	953645.7	549351.7	570585.1	596438.0
iii. Insurance Corporations	120837.4	122590.0	124194.0	125787.7

No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators (Concl'd.)

(Amount in ₹ Crore)

Item	Jun-2024	Sep-2024	Dec-2024	Mar-2025
Financial Assets (a+b+c+d+e+f+g+h)	33253098.6	34421189.5	34532805.6	35264710.9
<i>Per cent of GDP</i>	<i>107.9</i>	<i>109.6</i>	<i>107.2</i>	<i>106.6</i>
(a) Bank Deposits (i+ii)	14385136.5	14773465.1	14914755.1	15316332.6
i. Commercial Banks	13482508.0	13872242.0	14020106.6	14415444.1
ii. Co-operative Banks	902628.6	901223.2	894648.5	900888.5
(b) Non-Bank Deposits				
<i>of which:</i>				
Other Financial Institutions	134718.7	137760.5	142570.3	146955.5
i. Non-Banking Financial Companies	109284.0	112514.0	116958.5	121178.5
ii. Housing Finance Companies	25434.7	25246.5	25611.9	25777.0
(c) Life Insurance Funds	7123527.6	7385938.1	7272871.3	7293099.1
(d) Currency	3273752.3	3216137.1	3286977.8	3449213.9
(e) Mutual funds	3866386.1	4291914.4	4224091.7	4128924.5
(f) Public Provident Fund (PPF)	1059829.5	1063056.1	1064212.0	1157449.2
(g) Pension Funds	1247832.0	1337535.0	1371615.0	1443509.0
(h) Small Savings (excluding PPF)	2161915.8	2215383.2	2255712.2	2329227.2
Financial Liabilities (a+b)	12384902.9	12789183.5	13207625.1	13662338.5
<i>Per cent of GDP</i>	<i>40.2</i>	<i>40.7</i>	<i>41.0</i>	<i>41.3</i>
Loans/Borrowings				
(a) Banking Sector	10196042.2	10518189.9	10837816.5	11224862.1
<i>of which:</i>				
i. Commercial Banks	9645595.7	9966837.1	10269406.4	10649262.8
ii. Co-operative Banks	548284.4	549069.4	566104.4	573131.8
(b) Other Financial Institutions	2188860.7	2270993.6	2369808.7	2437476.4
<i>of which:</i>				
i. Non-Banking Financial Companies	1448996.8	1514485.5	1590250.0	1630083.9
ii. Housing Finance Companies	611563.2	625796.8	646358.2	672115.0
iii. Insurance Corporations	128300.7	130711.4	133200.5	135277.5

Notes :

1. Data as ratios to GDP have been calculated based on the Provisional Estimates of National Income 2024-25, released by NSO on May 30, 2025.
2. Pension funds comprises funds with the National Pension Scheme.
3. Outstanding deposits with Small Savings are sourced from the Controller General of Accounts, Government of India.
4. Non-bank deposits apart from other financial institutions, comprises state power utilities, co-operative non credit societies etc. Data for outstanding deposits are available only for other financial institutions.
5. Figures in the columns may not add up to the total due to rounding off.

Explanatory Notes to the Current Statistics

Table No. 1

1.2 & 6: Annual data are average of months.

3.5 & 3.7: Relate to ratios of increments over financial year so far.

4.1 to 4.4, 4.8, 4.9 & 5: Relate to the last Friday of the month/financial year.

4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.

4.10 to 4.12: Relate to the last auction day of the month/financial year.

4.13: Relate to last day of the month/ financial year

7.1 & 7.2: Relate to Foreign trade in US Dollar.

Table No. 2

2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.

2.2.2: Include cash, fixed deposits and short-term securities/bonds, e.g., issued by IIFC (UK).

Table No. 4

Maturity-wise position of outstanding forward contracts is available at <http://nsdp.rbi.org.in> under "Reserves Template".

Table No. 5

Special refinance facility to Others, *i.e.* to the EXIM Bank, is closed since March 31, 2013.

Table No. 6

For scheduled banks, March-end data pertain to the last reporting Friday.

1.1: Notes in Circulation include CBDC-Retail (R) and CBDC-Wholesale (W).

1.4: Cash on Hand with Banks includes CBDC-W.

2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

Table Nos. 7 & 11

3.1 in Table 7 and 2.4 in Table 11: Include foreign currency denominated bonds issued by IIFC (UK).

Table No. 8

NM₂ and NM₃ do not include FCNR (B) deposits.

2.4: Consist of paid-up capital and reserves.

2.5: includes other demand and time liabilities of the banking system.

Table No. 9

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.

L₁ and L₂ are compiled monthly and L₃ quarterly.

Wherever data are not available, the last available data have been repeated.

Table No. 13

Data against column Nos. (1), (2) & (3) are Final and for column Nos. (4) & (5) data are Provisional.

Table No. 14

Data in column Nos. (4) & (8) are Provisional.

Table No. 17

2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks

2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.

4: Include borrowings from IDBI and NABARD.

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30

Exclude private placement and offer for sale.

1: Exclude bonus shares.

2: Include cumulative convertible preference shares and equi-preference shares.

Table No. 32

Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC and ACU currency swap arrangements. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

Table No. 34

1.1.1.1.2 & 1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.

Data may not tally with the BoP data due to lag in reporting.

Table No. 35

1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

Table No. 36

Increase in indices indicates appreciation of rupee and *vice versa*. For 6-Currency index, base year 2022-23 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). The details on methodology used for compilation of NEER/REER indices are available in December 2005, April 2014 and January 2021 issues of the RBI Bulletin.

Table No. 37

Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

Table Nos. 38, 39, 40 & 41

Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

Table No. 43

Part I-A. Settlement systems

1.1.3: Tri- party Repo under the securities segment has been operationalised from November 05, 2018.

Part I-B. Payments systems

4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, etc.

4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, etc.

5: Available from December 2010.

5.1: includes purchase of goods and services and fund transfer through wallets.

5.2.2: includes usage of PPI Cards for online transactions and other transactions.

6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.

6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.

Part II-A. Other payment channels

1: Mobile Payments –

- Include transactions done through mobile apps of banks and UPI apps.
- The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

2: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.

Part II-B. ATMs

3.3 and 4.2: only relates to transactions using bank issued PPIs.

Part III. Payment systems infrastructure

3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAOs). WLAs are included from April 2014 onwards.

Table No. 45

(-) represents nil or negligible

The table format is revised since monthly Bulletin for the month of June 2023.

Central Government Dated Securities include special securities and Sovereign Gold Bonds.

State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY).

Bank PDs are clubbed under Commercial Banks.

The category 'Others' comprises State Governments, DICGC, PSUs, Trusts, Foreign Central Banks, HUF/ Individuals etc.

Data since September 2023 includes the impact of the merger of a non-bank with a bank.

Table No. 46

GDP data is based on 2011-12 base. GDP for 2023-24 is from Union Budget 2023-24.

Data pertains to all States and Union Territories.

1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.

1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.

2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.

3A.1.1: Data as per RBI records.

3B.1.1: Borrowings through dated securities.

3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).

This data may vary from previous publications due to adjustments across components with availability of new data.

3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.

3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

Table No. 47

SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.

WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.

OD is advanced to State Governments beyond their WMA limits.

Average amount Availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.

- : Nil.

Table No. 48

CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.

ATBs include Treasury bills of 91 days, 182 days and 364 days invested by State Governments in the primary market.

--: Not Applicable (not a member of the scheme).

The concepts and methodologies for Current Statistics are available in Comprehensive Guide for Current Statistics of the RBI Monthly Bulletin (<https://rbi.org.in/Scripts/PublicationsView.aspx?id=17618>)

Time series data of 'Current Statistics' is available at <https://data.rbi.org.in>.

Detailed explanatory notes are available in the relevant press releases issued by RBI and other publications/releases of the Bank such as **Handbook of Statistics on the Indian Economy**.

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8. Report on Trend and Progress of Banking in India 2023-24	Issued as Supplement to RBI Bulletin January, 2025	
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11. Monetary Policy Report - April 2025	Included in RBI Bulletin April 2025	
12. Report on Municipal Finances - November 2024	₹300 per copy (over the counter) ₹350 per copy (inclusive of postal charges)	US\$ 16 per copy (inclusive of air mail courier charges)
13. Banking Glossary (English-Hindi)	₹100 per copy (over the counter) ₹150 per copy (inclusive of postal charges)	

Notes

- Many of the above publications are available at the RBI website (www.rbi.org.in).
 - Time Series data are available at the Database on Indian Economy (<https://data.rbi.org.in>).
 - The Reserve Bank of India History 1935-2008 (5 Volumes) are available at leading book stores in India.
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