



Analysis on Recent Economic Developments - June 2025

PHDCCI's Research Bureau



Analysis and Outlook on Index of Industrial Production: May 2025

Year-on-Year Growth Trends (May 2025 vs May 2024)



Overall IIP (Year-on-Year)

	May 2024	May 2025	Growth (%)
General index	154.7	156.6	1.2%
	Sector-wise		
Mining	136.5	136.3	-0.1%
Manufacturing	150.4	154.3	2.6%
Electricity	229.3	216.0	-5.8%

Source: PHD Research Bureau, MOSPI

Use Based Categories IIP (Year-on-Year)

Category	May 2024	May 2025	Growth (%)
Primary Goods	160.9	157.9	-1.9
Capital Goods	105.3	120.1	14.1
Intermediate Goods	162.4	168.1	3.5
Infrastructure/Construction Goods	186.3	198.1	6.3
Consumer Durables	130.2	129.3	-0.7
Consumer Non-Durables	154.0	150.3	-2.4

Source: PHD Research Bureau, MOSPI

Analysis on IIP (May 2025 vs May 2024)



IIP grows steady on the back of growth in mining, capital goods, infrastructure and construction goods

The Index of Industrial Production (IIP) recorded a growth of 1.2 % in May 2025

Strong growth in Infrastructure and construction goods from 4.7% in April 2025 to 6.3% in May 2025 is lending a supporting hand to the steady growth of India's IIP

13 industry groups recorded positive growth, lead by high growth of basic metals, machinery and equipment and non metallic mineral products

The industrial sector is expected to continue on its robust development trajectory in the future, bolstering India towards becoming a global manufacturing



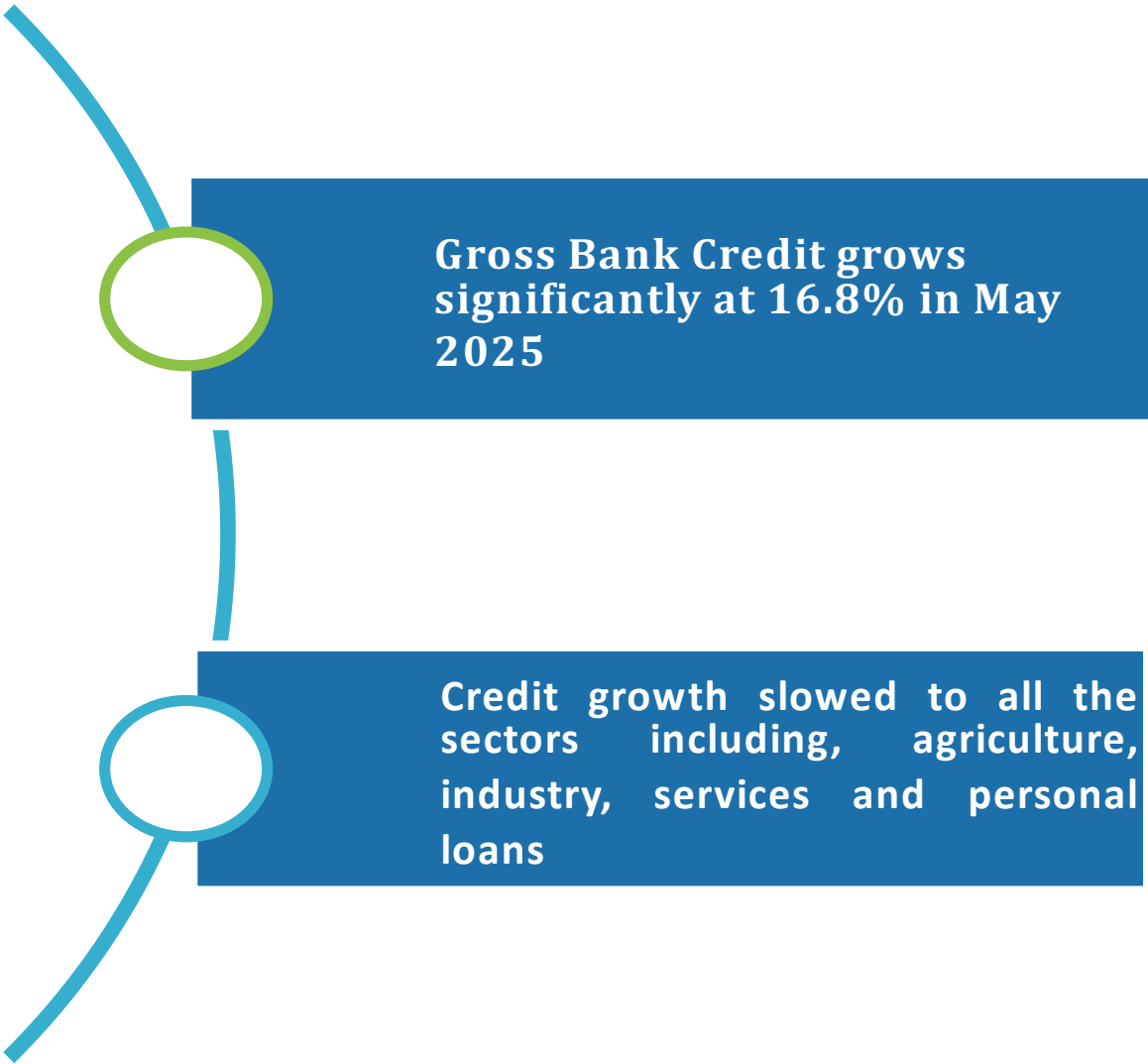
Analysis on Deployment of Gross Bank Credit by Major Sectors May 2025

Deployment of Gross Bank Credit by Major Sectors

Year-on-Year Growth Trends (May 2025 vs May 2024)



	May 2024 (%)	May 2025 (%)
Non Food Bank Credit	9.8	16.8
Sector-wise (Month-on-Month)		
Agriculture and Allied Activities	21.6	7.5
Industry (Micro and Small, Medium and Large)	8.9	4.9
Services	20.7	9.4
Personal Loans	19.3	13.7



Source: PHD Research Bureau, RBI

Analysis



Among industries, credit to medium industries expanded to 16.8% in May 2025 from 15.5% in May 2024.

Among Services sector, credit increased to Shipping and computer software sectors.

Renewable Energy sector saw robust expansion to over 100% in May 2025 from 25% in May 2024.

Among Priority sectors, Credit to medium enterprises advanced to more than 20% in May 2025 from 17.2% in May 2024..

Credit to Export sector also registered a positive growth of 7.2% in May 2025 vis-v-vis (17.7%) growth in May 2024



This suggests a strengthening of the MSME ecosystem, reflecting improved investor confidence and potential for sustained industrial growth

Stronger government push towards sustainable business practices aligned with net-zero commitments .

Despite global headwinds, there is an expansion of exports demand supported by government continued support for external sector



Analysis Fiscal Deficit - May 2025

Fiscal Deficit stands at 0.8% of actuals to BEs of May 2025

- The gross fiscal deficit of the Central Government stands at 0.8% of the actuals to budget estimates (BEs) in May 2025 as compared to 3.1% of the actuals to budget estimates in the previous year.
- The primary deficit and revenue deficit stand at -46.0% and -34.9% respectively, of the actuals to revised estimates in May 2025 as compared to -16.3% and -15.7%, of the actuals to budget estimates in the previous year.

Note :- Fiscal deficit figure shown in monthly accounts during a financial year is not necessarily an indicator of fiscal deficit for the year as it gets impacted by temporal mismatch between flow of non-debt receipts and expenditure up to that month on account of various transitional factors both on receipt and expenditure side, which may get substantially offset by the end of the financial year.

***Financial Year runs from "April to March"**

****COPPY : Corresponding Period of the Previous Year**

@ Actuals are unaudited provisional figures.

@@ 1 Crore = 10 Millions

Source: <https://cga.nic.in/MonthlyReport/Published/5/2025-2026.aspx>

**GOVERNMENT OF INDIA
UNION GOVERNMENT ACCOUNTS
AT A GLANCE
AS AT THE END OF MAY 2025**



(Rs. in Crore) @@

			Budget Estimates 2025-2026*	Actuals@ upto May 2025	% of Actuals to Budget Estimates	
			Rs.	Rs.	Current	COPPY**
1	Revenue Receipts		3420409	707739	20.7%	(18.2%)
2	Tax Revenue (Net)	(Details)	2837409	350862	12.4%	(12.3%)
3	Non-Tax Revenue	(Details)	583000	356877	61.2%	(46.1%)
4	Non-Debt Capital Receipts	(Details)	76000	25224	33.2%	(2.7%)
5	Recovery of Loans		29000	2606	9.0%	(7.4%)
6	Other Receipts		47000	22618	48.1%	(0.0%)

7	Total Receipts (1+4)		3496409	732963	21.0%	(17.9%)
8	Revenue Expenditure		3944255	524772	13.3%	(12.9%)
9	<i>of which</i> Interest Payments		1276338	147788	11.6%	(10.6%)
10	Capital Expenditure		1121090	221354	19.7%	(12.9%)
11	<i>of which</i> Loans disbursed		225844	59219	26.2%	(11.8%)
12	Total Expenditure (8+10)	<i>(Details)</i>	5065345	746126	14.7%	(12.9%)
13	Fiscal Deficit (12-7)		1568936	13163	0.8%	(3.1%)
14	Revenue Deficit (8-1)		523846	-182967	-34.9%	(-15.7%)
15	Primary Deficit (13-9)		292598	-134625	-46.0%	(-16.3%)

SOURCES OF FINANCING THE DEFICIT AS AT THE END OF MAY 2025

(Rs. in Crore) @@



		Budget Estimates 2025-2026	Actuals@ upto May 2025	% of Actuals to Budget Estimates	
		Rs.	Rs.	Current	COPPY**
1	<u>External Financing</u>	23490.39	-5386.39	-23%	(8%)
2	<u>Domestic Financing</u>	1545445.76	18549.82	1%	(3%)
	(a) <u>Market Borrowings</u>	1153833.94	98279.56	9%	(14%)
	(b) <u>Securities against Small Savings</u>	343382.46	-45208.66	-13%	(-25%)
	(c) <u>State Provident Funds</u>	5000.00	-987.26	-20%	(2%)
	(d) <u>Special Deposits</u>	0.00	-232.44		
	(e) <u>National Small Saving Fund</u>	0.00	107736.03		
	- i- <u>Savings Deposit and Certificates</u>	200848.53	42646.78	21%	(16%)

	- ii- Public Provident Funds	104814.02	-3003.19	-3%	(7%)
	-iii- Investment In Securities	-304075.68	49885.87	-16%	(-29%)
	- iv- Income/Expenditure of NSSF	-1586.87	18206.57	-1147%	(-147%)
	(f) Others	40744.98	103742.32	255%	(-75%)
	(g) Cash Balance {Decrease(+)/Increase(-)}	2484.38	4582.27	184%	(3%)
	(h) Investment (-) / Redemption (+) of Surplus Cash		-249362.00		
	(i) Ways & Means Advances		0.00		
3	TOTAL FINANCING	1568936.15	13163.43	1%	(3%)

**Financial Year runs from "April to March"*

***COPPY : Corresponding Period of the Previous Year*

@ Actuals are unaudited provisional figures.

@@ 1 Crore = 10 Millions

MAJOR SUBSIDIES AS AT THE END OF MAY 2025



(Rs in Crore) @@

		Budget Estimates 2025-2026*	Actuals@ upto May, 2025	COPPY	% of Actuals to Revised Estimates	
		Rs.	Rs.	Rs.	Current	COPPY**
1	Food Subsidy	203420.00	27990.67	38539.12	14%	(19%)
2	Nutrient Based Fertilizers Subsidy	49000.00	4310.70	3583.42	9%	(8%)
3	Urea Subsidy	118887.20	18951.37	12442.67	16%	(10%)
4	Petroleum	12100.01	0.00	122.45	0%	(1%)
	Total Major Subsidies	383407.21	51252.74	54687.66	13%	(14%)

*Financial Year runs from "April to March"

**COPPY : Corresponding Period of the Previous Year

@ Actuals are unaudited provisional figures.

@@ 1 Crore = 10 Millions



Analysis Current Account Deficit- May 2025

India's current account balance recorded a surplus of US\$ 13.5 billion (1.3 per cent of GDP) in Q4:2024-25



Key Features of India's BoP in Q4:2024-25

India's current account balance recorded a surplus of US\$ 13.5 billion (1.3 per cent of GDP) in Q4:2024-25 as compared with US\$ 4.6 billion (0.5 per cent of GDP) in Q4:2023-24 and against a deficit of US\$ 11.3 billion (1.1 per cent of GDP) in Q3:2024-25

Merchandise trade deficit at US\$ 59.5 billion in Q4:2024-25 was higher than US\$ 52.0 billion in Q4:2023-24. However, it moderated from US\$ 79.3 billion in Q3:2024-25

Net services receipts increased to US\$ 53.3 billion in Q4:2024-25 from US\$ 42.7 billion a year ago. Services exports have risen on a y-o-y basis in major categories such as business services and computer services

Net outgo on the primary income account, primarily reflecting payments of investment income, moderated to US\$ 11.9 billion in Q4:2024-25 from US\$ 14.8 billion in Q4:2023-24.

India's current account balance recorded a surplus of US\$ 13.5 billion (1.3 per cent of GDP) in Q4:2024-25



Key Features of India's BoP in Q4:2024-25

Personal transfer receipts, mainly representing remittances by Indians employed overseas, rose to US\$ 33.9 billion in Q4:2024-25 from US\$ 31.3 billion in Q4:2023-24. There was an accretion of US\$ 8.8 billion to the foreign exchange reserves (on a BoP basis) in Q4:2024-25 as compared to an accretion of US\$ 30.8 billion in Q4:2023-24

In the financial account, foreign direct investment (FDI) recorded a net inflow of US\$ 0.4 billion in Q4:2024-25 as compared to an inflow of US\$ 2.3 billion in the corresponding period of 2023-24

Foreign portfolio investment (FPI) recorded a net outflow of US\$ 5.9 billion in Q4:2024-25 as against a net inflow of US\$ 11.4 billion in Q4:2023-24

Net inflows under external commercial borrowings (ECBs) to India amounted to US\$ 7.4 billion in Q4:2024-25, as compared to US\$ 2.6 billion in the corresponding period a year ago. Non-resident deposits (NRI deposits) recorded a net inflow of US\$ 2.8 billion in Q4:2024-25, lower than US\$ 5.4 billion a year ago

Table 1: Major Items of India's Balance of Payments

(US\$ billion)



	January-March 2024 PR			January-March 2025 P			2023-24 PR			2024-25 P		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	253.5	248.9	4.6	264.9	251.4	13.5	942.8	968.9	-26.0	1018.3	1041.6	-23.3
1. Goods	121.6	173.6	-52.0	116.3	175.8	-59.5	441.4	686.4	-244.9	441.8	729.0	-287.2
of which:												
POL	22.2	48.8	-26.5	14.1	44.3	-30.2	84.2	178.7	-94.6	63.3	185.8	-122.4
2. Services	89.4	46.7	42.7	102.0	48.7	53.3	341.1	178.3	162.8	387.5	198.7	188.8
3. Primary Income	10.5	25.3	-14.8	11.9	23.8	-11.9	41.5	91.2	-49.7	53.4	101.8	-48.4
4. Secondary Income	32.1	3.4	28.7	34.7	3.2	31.5	118.9	13.0	105.9	135.6	12.1	123.5
B. Capital Account and Financial Account	248.0	253.3	-5.2	255.8	270.2	-14.4	851.9	826.3	25.6	1154.5	1132.8	21.7
of which:												
1. Direct Investment	20.2	17.9	2.3	18.5	18.1	0.4	74.9	64.8	10.2	84.2	83.2	1.0
2. Portfolio Investment	138.9	127.5	11.4	126.0	131.8	-5.9	466.1	422.0	44.1	639.3	635.8	3.6
3. Other Investments	82.7	67.7	14.9	106.2	98.8	7.4	287.8	244.7	43.1	368.6	334.2	34.5
of which:												
NRI Deposits	26.0	20.7	5.4	26.3	23.5	2.8	88.6	73.9	14.7	104.5	88.4	16.2
ECBs to India	11.7	9.2	2.6	15.6	8.2	7.4	33.5	29.9	3.5	47.8	29.4	18.4
4. Reserve Assets [Increase (-)/Decrease (+)]	0.0	30.8	-30.8	0.0	8.8	-8.8	0.0	63.7	-63.7	37.7	32.6	5.0
C. Errors & Omissions (-) (A+B)	0.6	0.0	0.6	0.9	0.0	0.9	1.6	1.2	0.4	2.0	0.4	1.5

PR: Partially Revised; and P: Preliminary.

Note: Total of sub-components may not tally with aggregate due to rounding off.



Analysis on Direct Tax Collections FY 2025-26 (as on 19.06.2025)

Direct Tax Collections for FY 2025-26 as on 19.06.2025

(Rs in crore)



	FY 2024-25 (As on 19.06.2024)					FY 2025-26 (As on 19.06.2025)**					Percentage Growth
	Corporate Tax (CT)	Non-Corporate Tax (NCT)*	Securities Transaction Tax (STT)	Other Direct Tax	Total	Corporate Tax (CT)	Non-Corporate Tax (NCT)*	Securities Transaction Tax (STT)	Other Direct Tax	Total	Total growth
Gross Collection	2,28,109.92	2,79,506.59	11,605.34	714.36	5,19,936.21	2,49,672.09	2,82,262.41	13,013.04	259.61	5,45,207.15	4.86%
Refunds	45,927.22	8,727.28	-	12.29	54,660.79	76,832.08	9,551.11	-	2.12	86,385.31	58.04%
Net Collection	1,82,188.70	2,70,779.31	11,605.34	702.07	4,65,275.42	1,72,840.01	2,72,711	13,013	3257.49	4,58,821.84	-1.39%

Source:
Press Release CCA (Central Board of Direct Taxes)
Notes: * NCT includes taxes paid by individuals, HUFs, Firms, AOPs, Local Authorities, Artificial Juridical Person
**Provisional Figures

Analysis



Gross Direct tax collections registered a 4.86% increase compared to the same period last year, indicating tax momentum remains strong

Net Direct tax collections recorded a slight decline of (1.39%), due to 58% increase in refunds.

The steep rise in refunds highlights improved disbursal system, and tax friendly process.

Overall, there is increase in corporate and non corporate income tax, reflects steady profitability of corporates, and resilient economic activity, despite geopolitical uncertainties and trade frictions.



Analysis on Core Infra

The combined Index of Eight Core Industries (ICI) increased by 0.7%(provisional) in May, 2025 as compared to the Index in May, 2024.



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

Industry Coverage

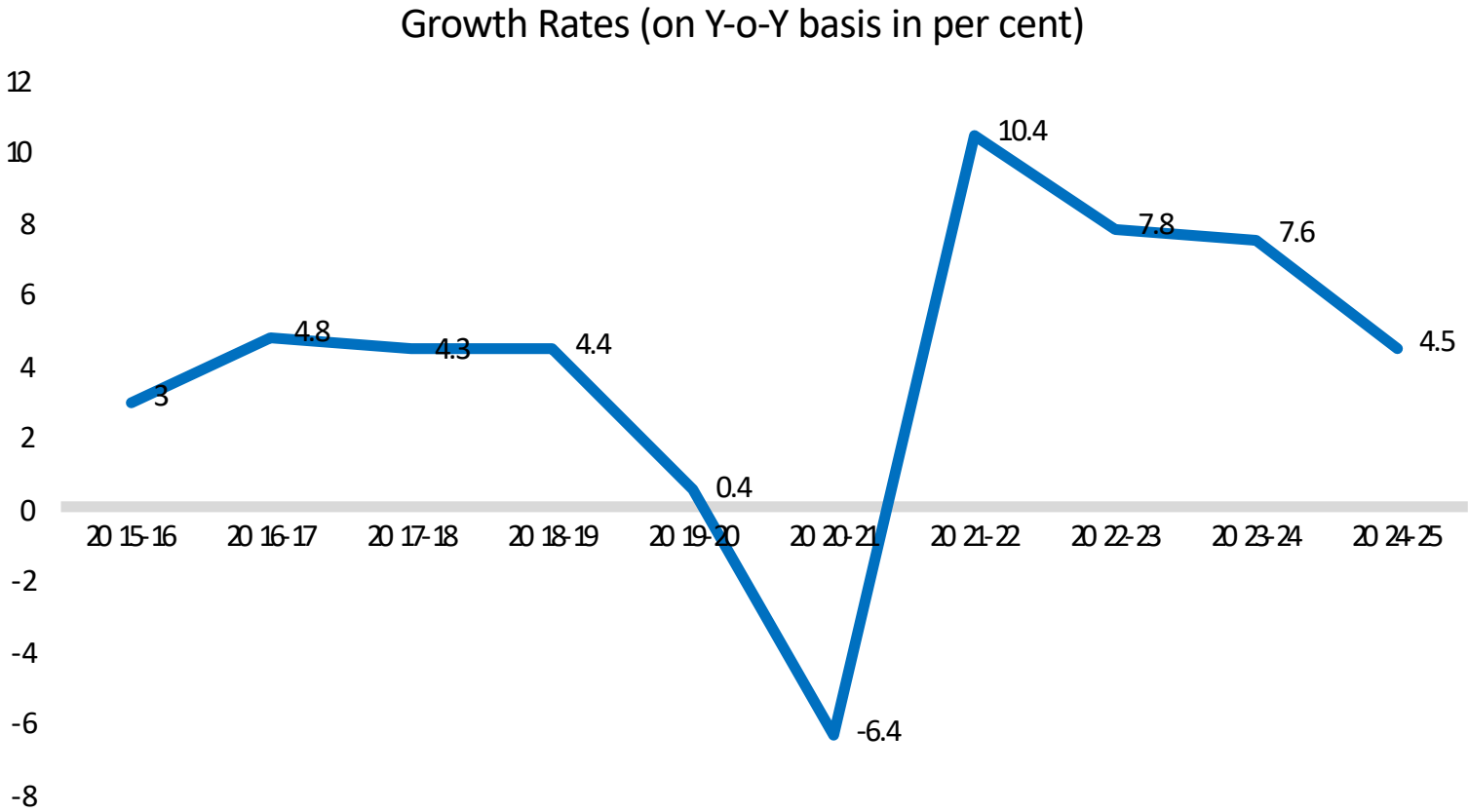
- Coal
- Crude Oil
- Natural Gas
- Refinery Products
- Fertilizers
- Steel
- Cement
- Electricity

Performance of Eight Core Industries Yearly Growth Rate

(Base Year: 2011-12=100)



S.No	Core Industries	Apr-May 2025-26* (%)
1.	Overall	0.8
2.	Coal	3.1
3.	Crude Oil	-2.2
4.	Natural Gas	-2.3
5.	Petroleum Refinery Products	-1.7
6.	Fertilizers	-5.1
7.	Steel	5.5
8.	Cement	7.8
9.	Electricity	-2.2



Source: Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade, Government of India (https://eaindustry.nic.in/eight_core_infra/Eight_Infra.pdf)
Note: * means Provisional

Performance of Eight Core Industries Monthly Growth Rate

(Base Year: 2011-12=100)



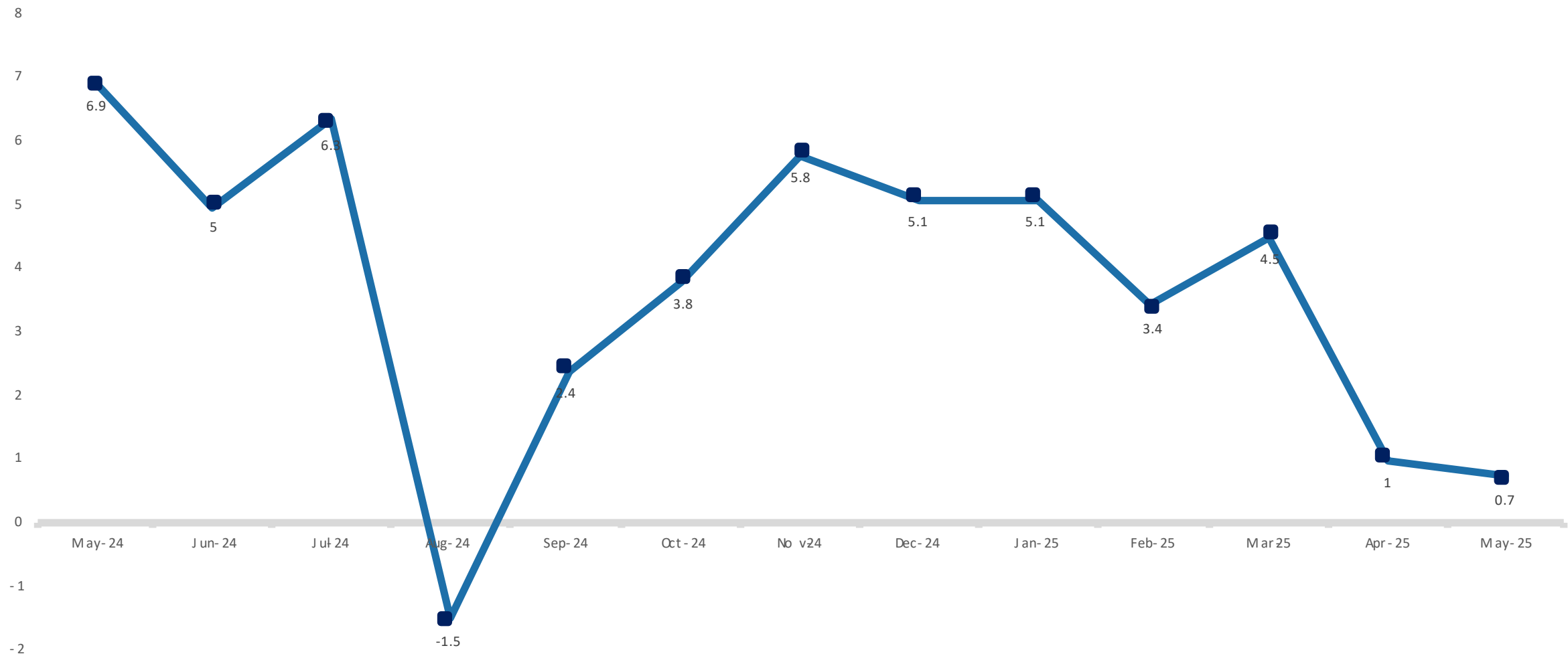
S.No	Core Industries	May 2024 (%)	April 2025 (%)	May 2025 (%)*
1.	Overall	6.9	1.0	0.7
2.	Coal	10.2	3.5	2.8
3.	Crude Oil	-1.1	-2.8	-1.8
4.	Natural Gas	7.5	-0.9	-3.6
5.	Petroleum Refinery Products	0.5	-4.5	1.1
6.	Fertilizers	-1.7	-4.2	-5.9
7.	Steel	8.9	4.4	6.7
8.	Cement	-0.6	6.3	9.2
9.	Electricity	13.7	1.7	-5.8

Source: Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade, Government of India (https://eaindustry.nic.in/eight_core_infra/Eight_Infra.pdf)

Note: * means Provisional

Performance of Eight Core Industries Monthly Growth Rate

(Base Year: 2011-12=100)



Source: Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade, Government of India (https://eaindustry.nic.in/eight_core_infra/Eight_Infra.pdf)
Figures for May 2025 are provisional

Disclaimer



“Analysis on Recent Economic Developments – June 2025” is prepared by PHD Chamber of Commerce and Industry. This report may not be reproduced, wholly or partly in any material form, or modified, without prior approval from PHD Chamber of Commerce and Industry. It may please be noted that this report is for guidance and information purposes only. Though due care has been taken to ensure accuracy of the information to the best of the PHD Chamber's knowledge and belief, it is strongly recommended that readers should seek specific professional advice before making any decisions. Please note that the PHD Chamber of Commerce and Industry do not take any responsibility for outcome of decisions taken as a result of relying on the content of this report. PHD Chamber of Commerce and Industry shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the reader or user due to any reliance placed or guidance taken from any portion of this publication.

Copyright 2025

PHD Chamber of Commerce and Industry

ALL RIGHTS RESERVED

No part of this publication including the cover, shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of, and acknowledgement of the publisher (PHD Chamber of Commerce and Industry).



Research Team

Mr. Sanat Kumar
Chief Economist, PHDCCI

Dr. Mansi Vinaik,
Deputy Secretary, PHDCCI

Ms Reema Jain,
Research Officer, PHDCCI



Thank You