



FINANCE & ECONOMY

SECTOR SPECIFIC
REPORT



FEBRUARY 2025 EDITION

01

**KEY HIGHLIGHTS FROM
ECONOMIC SURVEY
2024-25**

**ECONOMIC
SURVEY**

**UNION
BUDGET**

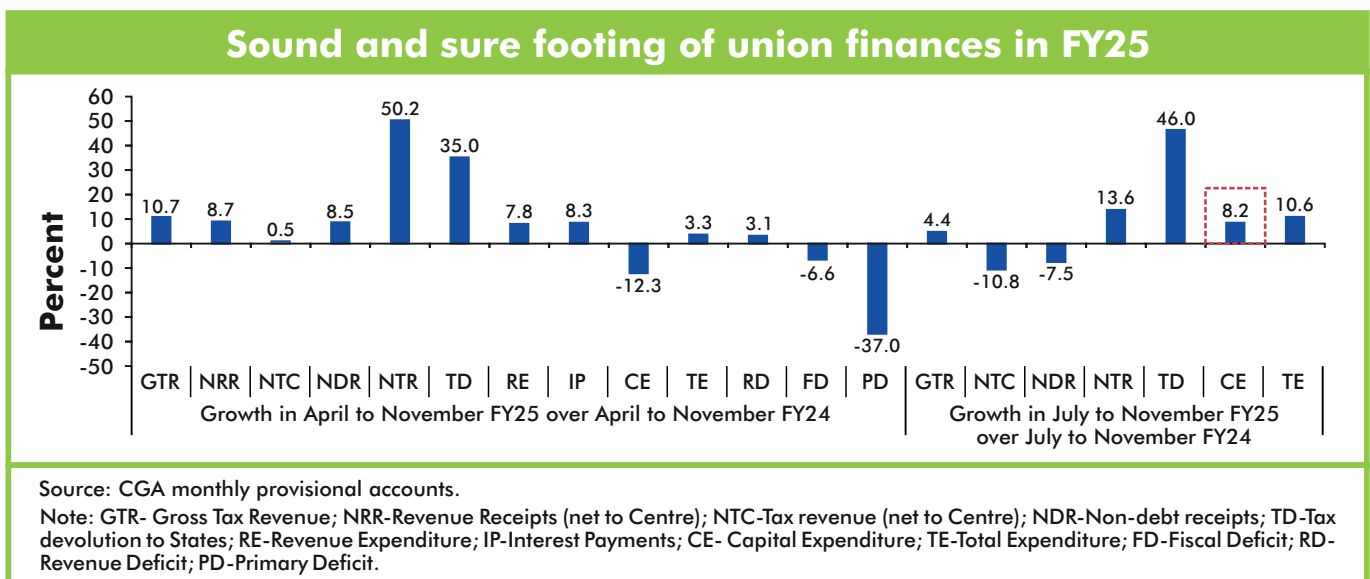
The Economic Survey 2024-25 provides an analysis of India's economic performance and future projections. **The survey estimates real GDP growth at 6.4% for FY25, with projections for FY26 ranging between 6.3% and 6.8%.** Strong domestic demand, industrial activity, and policy-driven infrastructure investments are expected to drive growth.



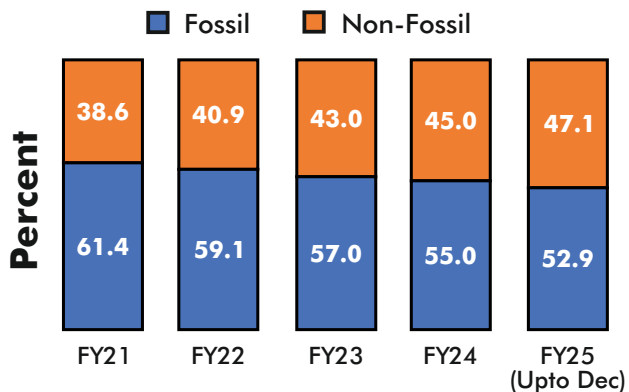
A key focus is on structural reforms and deregulation to boost long-term growth and competitiveness. Private sector participation in infrastructure remains crucial, with capital expenditure growing at 38.8% from FY20 to FY24. Post-election, CapEx growth stood at 8.2%. Public-private partnerships are encouraged to enhance efficiency in transportation, energy, and logistics.

ECONOMIC SURVEY 2024-25

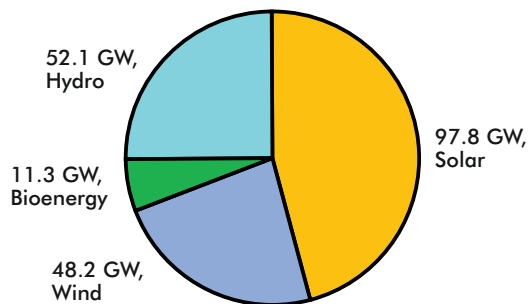
- GDP growth forecast for FY26 between 6.3-6.8%
- All sectors are performing well
- Retail headline inflation softens from 5.4% to 4.9%
- Unemployment rate declines to 3.2%
- Services sector exports grew by 11.6% in the first nine months of FY25
- Food inflation driven by factors such as supply chain disruption, extreme weather condition



GROWTH TRAJECTORY IN RENEWABLES



Total Installed RE Capacity: 209.4 GW (Dec'24)



Source: Executive Summary Report, Central Electricity Authority



Prices and Inflation: Positive Signs despite Challenges



The RBI and the IMF have projected that India's consumer price inflation will progressively align towards the inflation target in FY26

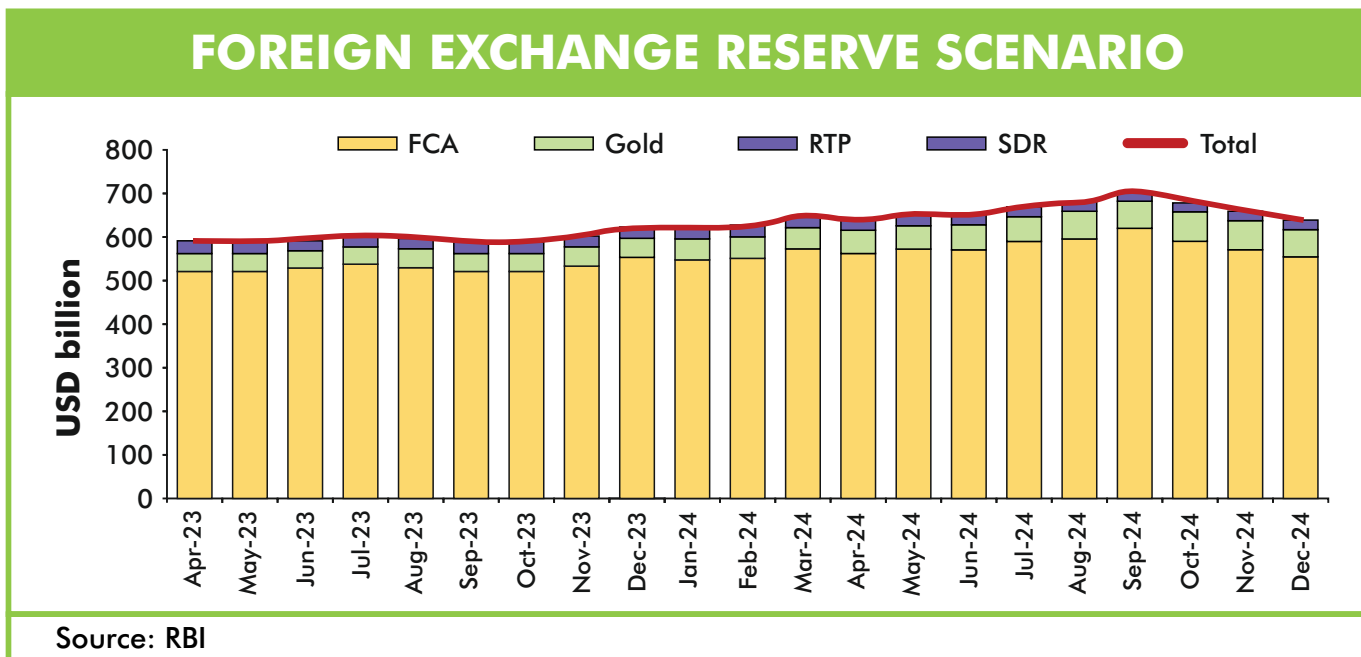
- As per the IMF, the global inflation rate, which peaked at 8.7% in 2022, came down to 5.7% by 2024
- In India, retail inflation reduced from 5.4% in FY24 to 4.9% in FY25 (April-December), aided by various government initiatives and monetary policy measures
- Government's proactive policy interventions have been crucial in stabilizing inflation
- As per World Bank's Commodity Markets Outlook, October 2024, commodity prices are expected to decrease by 5.1% in 2025 and 1.7% in 2026
- Downward trend movement in prices of commodities imported by India is positive for domestic inflation outlook



Inflation trends indicate a decline, with retail inflation dropping from 5.4% in FY24 to 4.9% during FY25 (April–December 2024). Both RBI and IMF project inflation aligning with the 4% target by FY26. Stable inflation is expected to improve consumer confidence and investment. The banking sector remains strong, with credit growth converging with deposit growth.

Gross Non-Performing Assets (GNPA) hit a 12-year low of 2.6%, while Rs 3.6 lakh crore was realized through 1,068 IBC resolutions. Strengthening financial inclusion and digital banking services further support economic expansion. Exports grew 6%, with services exports rising 11.6% year-on-year in the first nine months of FY25.

Foreign exchange reserves stand at USD 640.3 billion, covering 10.9 months of imports by the end of December 2024 after touching the record milestone of \$704.89 billion in late September 2024.



In manufacturing, smartphone imports dropped significantly, with 99% domestic manufacturing. India ranks sixth among the top 10 patent filing offices globally, reflecting growing innovation and R&D investments.

SUMMARY

Strong GDP Growth	Infrastructure & Financial Stability	Trade & Manufacturing Boom	Social Sector & Employment
<ul style="list-style-type: none"> FY25 Growth: 6.4% FY26 Projection: 6.3% - 6.8% Driven by domestic demand and investments 	<ul style="list-style-type: none"> CapEx Growth: 38.8% (FY20-FY24) GNPA at 12-year low (2.6%) Rs 3.6 lakh crore recovered via IBC resolutions 	<ul style="list-style-type: none"> Export growth: 6%, Services: 11.6% 99% smartphones made in India Forex reserves: \$640.3 billion 	<ul style="list-style-type: none"> Government health spending up to 48% Unemployment down to 3.2% Lower out-of-pocket healthcare costs

The social sector saw increased government health spending from 29% to 48%, while out-of-pocket health costs declined to 39.4%. Unemployment fell to 3.2% in 2023-24 from 6.0% in 2017-18, indicating strong job creation. Overall, the economic survey 2024-25 underscores India's focus on reforms, infrastructure, and social welfare to sustain growth while enhancing global competitiveness.

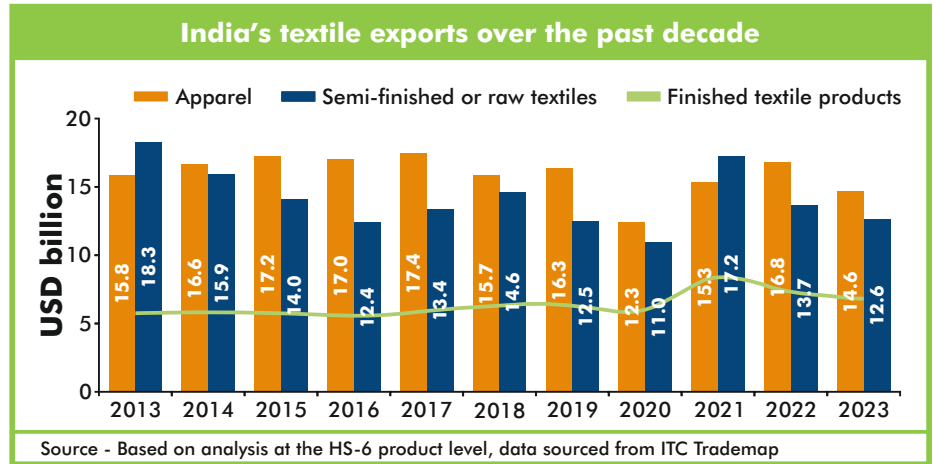
02

ECONOMIC SURVEY HIGHLIGHTED INDIA AS THE SIXTH LARGEST EXPORTER OF TEXTILES AND APPAREL GLOBALLY



In 2025, the Economic Survey highlights **India's position as the sixth-largest exporter of textiles and apparel globally, holding a 3.9% share in world trade.** The sector plays a crucial role in the Indian economy, contributing 8.21% to total exports and generating significant employment.

DECADAL LANDSCAPE OF INDIA'S TEXTILE EXPORT

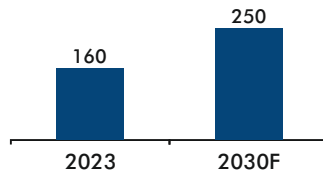


Despite initial challenges in early 2024, such as the Red Sea crisis and fluctuating raw material prices, the industry demonstrated resilience and witnessed a steady recovery in global demand.

QUICK SNAPSHOT OF INDIA'S TEXTILE AND APPAREL INDUSTRY

MARKET SIZE

TEXTILES AND APPAREL INDUSTRY (US\$ BILLION)



KEY FACTS AS OF FY24



SECTOR COMPOSITION

SHARE OF INDIA'S TEXTILE EXPORTS FY24



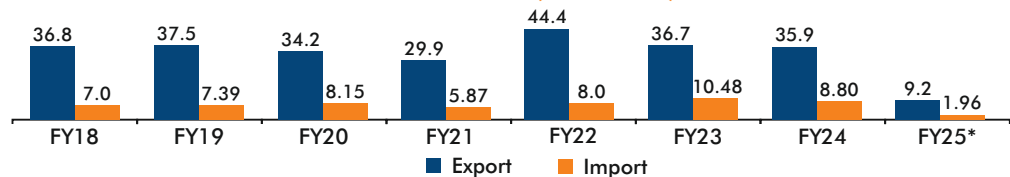
FABRIC PRODUCTION IN FY24* (MILLION SQUARE METER)



Note: *Until April-June 2023-24

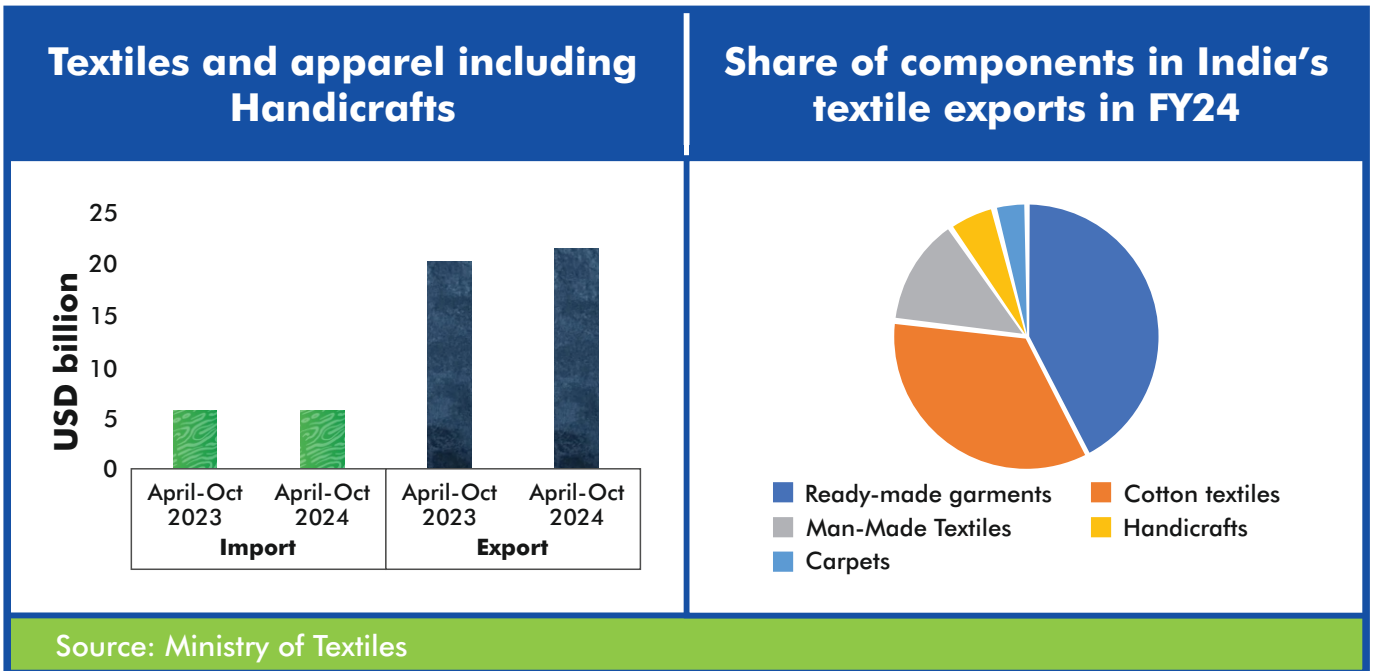
KEY TRENDS

TEXTILES TRADE (US\$ billion)



Note: Imports include textile yarn fabric and made-up articles; Exports include RMG of all textiles, cotton yarn/fabs./made-ups/handloom products, man-made yarn/fabs./made-ups, handicrafts excl. handmade carpets, jute mfg. including floor coverings, *-April-June

During the first half of FY 2024-25 (April-October 2024), India's textiles and apparel exports reached \$21,358 million, reflecting a 7% year-on-year growth. **Ready-made Garments (RMG) led the segment, accounting for 41% of total exports, followed by cotton textiles at 33% and man-made textiles at 15%.** The United States and the European Union remained the largest markets, comprising nearly 47% of exports and driving demand for high-quality Indian textiles.



A closer analysis of export data during this period reveals significant growth in several categories. **RMG exports rose by 12%, while man-made textiles grew by 5%. Notably, silk product exports surged by 40%, and carpet exports increased by 12%.** However, some segments, such as wool and woolen textiles, as well as handloom products, faced declines of 19% and 6%, respectively, due to shifting global demand and competitive pressures.



On the import front, India saw a 15% reduction in textiles and apparel imports in FY 2023-24, with this trend continuing into FY 2024-25. **Imports for the first half of the fiscal year stood at \$5,425 million, marking a slight 1% decline from the previous year.** This indicates a shift towards self-reliance, as domestic production increasingly meets industry demands, strengthening India's manufacturing ecosystem.

- RMG: 41% share
- Cotton Textiles: 33% share
- Man-Made Textiles: 15% share
- Silk Products: 40% growth
- Carpets: 12% growth
- Wool & Handloom: Decline (19% and 6%)



- Exports: 7% growth
- Key markets: 47% share
- Challenges: Red Sea crisis, Raw material costs

- 8.21% of total exports
- Major employment generator

- 6th largest exporter globally
- 3.9% share in world trade

- Imports down 15% in FY 2023-24
- Further 1% drop in FY 2024-25
- Strengthening domestic manufacturing

The Economic Survey underscores the textiles and apparel sector's importance in employment generation, craftsmanship promotion, and economic growth. Its resilience amid global disruptions highlights its strategic significance in India's economic framework and long-term development goals.

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03

SBI REPORT HIGHLIGHTED INDIA'S INVESTMENT ECOSYSTEM AND EXTERNAL COMMERCIAL BORROWINGS



The State Bank of India (SBI) January 2025 report analyses India's investment landscape and the role of External Commercial Borrowings (ECBs) in corporate financing. The data indicates strong growth in investment activities, with increased private sector participation.



In the first nine months of FY25 (April-December 2024), total investment announcements reached Rs 32.01 lakh crore, marking a 39% rise from Rs 23 lakh crore in FY24. The private sector's share increased to nearly 70% in 9MFY25, up from 56% in FY24, reflecting strong corporate confidence.

NEW INVESTMENT ANNOUNCEMENT					
Year	Amount Rs Lakh crore			Share (%)	
	Govt.	Private	Total	Govt.	Private
FY17	10.17	4.08	14.25	71.36	28.64
FY18	8.23	3.92	12.16	67.72	32.28
FY19	10.24	7.01	17.25	59.37	40.63
FY20	5.57	5.28	10.85	51.34	48.66
FY21	5.28	5.43	10.71	49.30	50.70
FY22	6.26	13.75	20.01	31.28	68.72
FY23	11.61	25.45	37.06	31.33	68.67
FY24	15.61	23.00	38.61	40.43	59.57
FY24 (9M)	10.14	13.09	23.23	43.65	56.35
FY25 (9M)	9.70	22.31	32.01	30.30	69.70

As of March 2024, the gross block of Indian corporates stood at Rs 106.50 lakh crore, up from Rs 73.94 lakh crore in March 2020. Over five years, annual additions averaged Rs 8 lakh crore. Capital work in progress was valued at Rs13.63 lakh crore, indicating a strong project pipeline. Household Net Financial Savings (HNFS) improved to 5.3% of GDP in FY24 from 5.0% in FY23. Savings in physical assets also increased, rising from 12.9% in FY23 to 13.5% in Fy24.

FIXED ASSETS (Rs Lakh crore)					
Description	2020	2021	2022	2023	2024
Gross Block	73.94	79.62	87.08	96.80	106.50
Addition in gross block	9.13	5.68	7.46	9.72	9.70
Net Block	51.15	52.86	56.78	61.88	67.19
Capital Work in Progress	8.05	8.60	9.30	12.33	13.63

This trend underscores strengthening domestic financial health. Investment as a percentage of GDP has increased, driven by both government and private contributions. In FY23, government investment reached 4.1% of GDP, the highest since FY12, while private investment rose to 11.9%, the highest since FY16. FY24 projections suggest further growth to 12.5%.

Hedging Status of ECB Loans Sep-22 vis-à-vis Sep-24 (US\$ bn)		
Description	Sep-22	Sep-24
A. ECB - Total outstanding	173.5	190.4
B. ECB - INR denominated	15.1	15.3
C. ECB - FDI Companies' borrowings from foreign parent	28.4	32.5
of which, (a) INR denominated	10.8	12.4
(b) FCY denominated	17.6	20.1
D. ECB - Non-Rupee and non-FDI [=A-B-C(b)]	140.7	154.9
E. Hedged non-Rupee non-FDI ECBs (i.e., D above)	61.6	89.5
F. ECB-unhedged {D-E}	78.9	65.5
G. Percentage share of unhedged ECB {(F)/(A)*100}	45.5	34.4

As of September 2024, India's outstanding ECBs stood at \$190.4 billion. Non-rupee and non-FDI components accounted for \$154.9 billion. The private sector held 63% (\$97.58 billion), while the public sector held 37% (\$55.5 billion). Nearly 74% of private borrowings were hedged, reducing currency risks.

QUICK TAKEAWAY

INVESTMENT GROWTH

- Rs 32.01 lakh crore in 9MFY25
- Private sector share: 70% (up from 56%)

CORPORATE EXPANSION

- Rs.106.50 lakh crore (March 2024)
- Rs 8 lakh crore added annually
- Capital work in progress: Rs 13.63 lakh crore

INVESTMENT AS % OF GDP

- Government: 4.1% (Highest since FY12)
- Private: 11.9% (Highest since FY16)
- FY24 Projection: Approximately 12.5%

HOUSEHOLD SAVINGS (HNFS)

- HNFS: 5.3% of GDP
- Physical asset savings: 13.5% of GDP

ECBs have also become more cost-effective. **From April-November 2024, the average cost declined by 12 basis points to 6.6%.** In November 2024, it further dropped to 5.8%, making ECBs an attractive financing option. SBI's report highlights a growing investment ecosystem, marked by private participation and strategic ECB use for corporate expansion to aid in India's economic growth trajectory.

External Commercial Borrowing



04

NEW FRAMEWORK ON CURRENCY SWAP ARRANGEMENT FOR SAARC COUNTRIES (2024-27) TO FOSTER REGIONAL FINANCIAL COOPERATION AND INTEGRATION



The **Reserve Bank of India (RBI)**, in consultation with the **Government of India**, introduced an updated **Currency Swap Arrangement framework for SAARC countries, covering the period from 2024 to 2027**. This initiative is designed to provide short-term financial support to SAARC nations facing foreign exchange liquidity issues or balance of payments difficulties, ensuring regional financial stability and strengthening economic cooperation among member states.



The **Currency Swap Facility for SAARC countries** was first implemented in **2012**, aiming to help member nations address temporary economic challenges and enhance financial resilience. **The revised framework continues this effort by offering financial assistance through bilateral swap agreements between the RBI and interested SAARC central banks**, ensuring accessibility and flexibility in financial management.

KEY FEATURES

OBJECTIVE	<ul style="list-style-type: none"> Provides financial safety net for SAARC countries Manage short-term FOREX liquidity challenges
KEY FEATURES	<ul style="list-style-type: none"> Bilateral swap agreements with SAARC central banks Two swap windows: INR Swap & USD/Euro Swap
INR SWAP WINDOW	<ul style="list-style-type: none"> Special concessions for rupee-based swap Total corpus: Rs 250 billion
USD/EURO SWAP	<ul style="list-style-type: none"> Supports FOREX liquidity in major currencies Total corpus: Rs 2 billion
ELIGIBILITY	<ul style="list-style-type: none"> Available to all SAARC nations signing bilateral agreements with RBI
IMPACT	<ul style="list-style-type: none"> Strengthens regional financial stability Enhances economic cooperation among SAARC countries



A key feature of the new arrangement is the introduction of an exclusive Indian Rupee (INR) Swap Window. This facility includes favourable terms for INR-based swap support, with a total fund allocation of Rs 250 billion. This move enhances regional trade and financial integration by encouraging the use of the INR in economic transactions, reducing dependency on external currencies.

Additionally, the RBI will maintain a separate US Dollar/Euro Swap Window, ensuring that SAARC nations have access to foreign currency liquidity when required. **This facility has a total corpus of US\$2 billion, offering greater flexibility in managing external financial obligations and stabilizing economic conditions in times of crisis.** All SAARC member countries can access this facility, provided they sign bilateral swap agreements with the RBI.



RBI

- Announces SAARC currency swap framework for 2024-2027
- Separate rupee swap window in SAARC currency swap facility
- To enter into bilateral swap pacts with SAARC central banks





FRAMEWORK ON CURRENCY SWAP ARRANGEMENT FOR SAARC COUNTRIES 2024-27

Union Cabinet approved the new 'Framework on Currency Swap Arrangement for SAARC Countries 2024-27' on June 19, 2024.

New Framework replaced the 'Framework on Currency Swap Arrangement for SAARC Countries 2019-22'.

SAARC CURRENCY SWAP FRAMEWORK



Recognised bilateral swap arrangements in the Global Financial Safety Net.

To further strengthen India's ties with SAARC Countries and promote regional integration and inter-dependence.

The Framework is in place since inception in 2012 to provide SAARC countries a line of funding for short-term foreign exchange requirements.

Impact:
A separate INR SWAP Window of ₹25000 crore introduced in addition to existing USD/Euro SWAP Window of \$2 billion to encourage draws in INR to support INR internationalisation.

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By offering financial support in multiple currencies, the initiative strengthens economic ties among SAARC nations and helps them navigate temporary liquidity crises more efficiently. The updated framework underscores India's commitment to fostering economic cooperation within the SAARC region. By improving financial resilience and providing timely assistance, the arrangement ensures that member countries can better manage external financial pressures, contributing to regional economic stability and growth.

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05

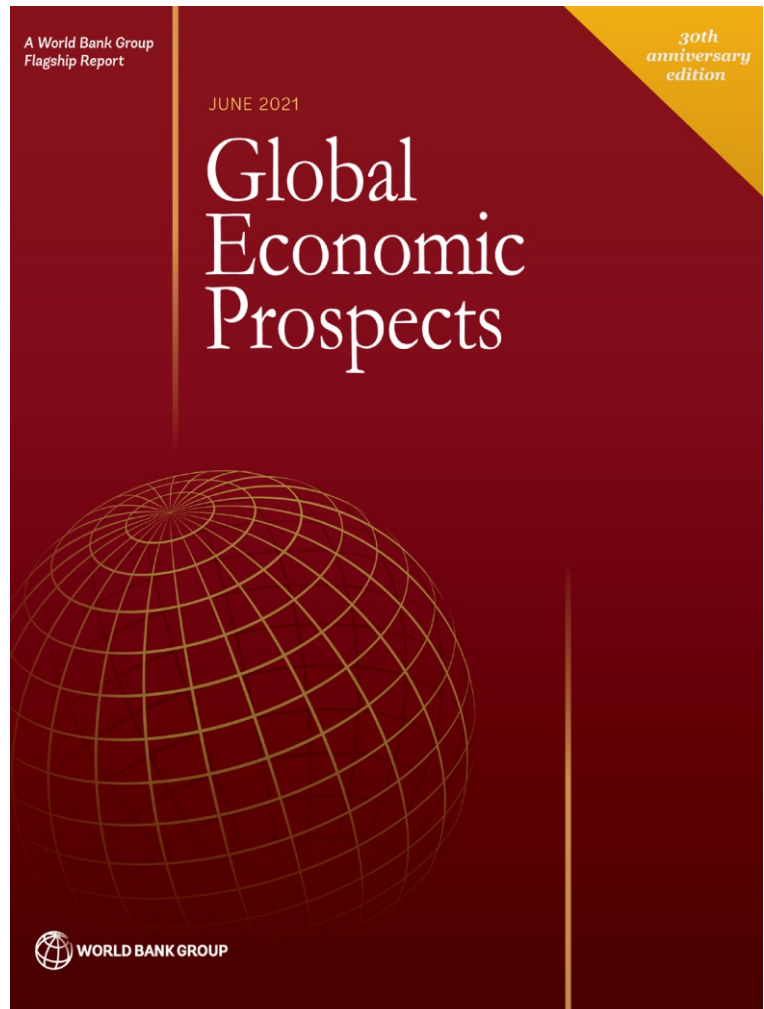
WORLD BANK GEP REPORT 2025, ONCE AGAIN PROJECTED INDIA AS FASTEST GROWING WORLD ECONOMY IN FY26 AND FY27



The World Bank's January 2025 Global Economic Prospects (GEP) report projects India to be the fastest-growing major economy, with an estimated growth rate of 6.7% for both FY26 and FY27.

This impressive growth rate significantly surpasses the global average of 2.7% and places India ahead of other major economies, including China, which is expected to grow at a slower pace of 4% in the coming year.

The report attributes this strong economic momentum to India's expanding services sector, a revitalized manufacturing base, and structural reforms that have enhanced efficiency, productivity, and competitiveness. Government-led infrastructure investments and improvements in tax administration have played a crucial role in strengthening India's economic landscape.



KEY HIGHLIGHTS OF INDIA'S ECONOMIC GROWTH

- **India to grow at 6.7% in FY26 & FY27, fastest among major economies**
- **Growth driven by services, manufacturing, and strong private consumption**
- **Government boosts infrastructure, tax reforms, and investment climate**
- **IMF projects 6.5% growth for 2025 & 2026**
- **India strengthens its role as a key global economic player**

These measures have facilitated a more business-friendly environment, attracting both domestic and foreign investments. Additionally, a robust labour market, coupled with rising private consumption and increased disposable incomes, has further bolstered economic growth. Favourable financing conditions and improved corporate balance sheets have supported steady investment growth, ensuring sustained momentum in economic expansion. The **International Monetary Fund (IMF)** also maintains a positive outlook on India's economic trajectory, forecasting a growth rate of **6.5% for both 2025 and 2026**.



LEADING THE INNOVATION CHARGE
INDIA RANKS 39
 GLOBAL INNOVATION INDEX 2024

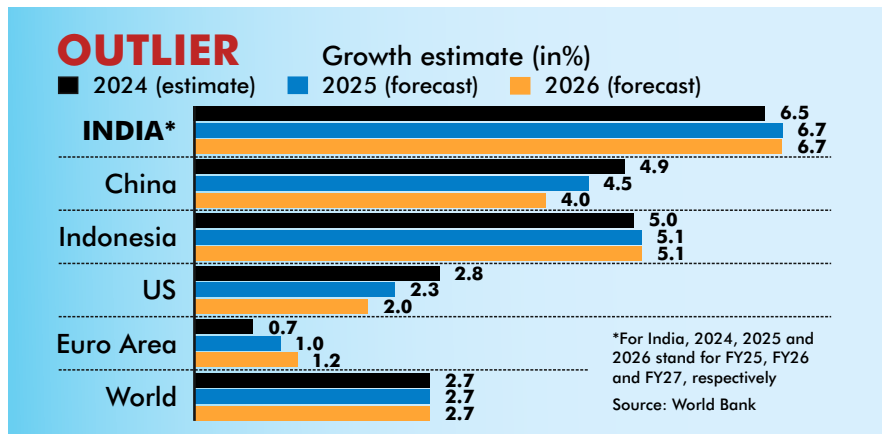
IMPROVED GLOBAL RANK:
 India climbed from **81st** in 2015 to **39th** in 2024 among 133 economies

TOP PERFORMER:
 India ranks **1st** among 38 lower-middle-income economies, maintaining its leadership

INNOVATION OUTPUT STRENGTH:
 India excels in innovation outputs, ranking 33rd, an improvement from last year

The services sector, particularly in technology and digital services, continues to thrive, positioning India as a global leader in innovation, digital transformation, and entrepreneurship. Meanwhile, the manufacturing sector has gained traction, benefiting from streamlined logistics, policy reforms, and government incentives aimed at increasing industrial efficiency. With inflation under control and consumer confidence improving, the domestic market remains a key driver of growth.

These projections underscore India's resilience amid global economic uncertainties and evolving market dynamics. As the nation continues to implement transformative reforms and leverage its demographic advantages, it is set to solidify its position as a key player in the global economic landscape.



06

EXPERT INSIGHT



“ The Indian economy is on a steady growth path. The macroeconomic health checklist looks good. As the country aims to accelerate its economic growth rate in the coming years, it has the tailwind of strong balance sheets in the domestic corporate and financial sectors. But, globalization is on the retreat. Hence, raising the growth average in the next two decades will require reaping the demographic dividend through a deregulation stimulus. ”

Shri V. Anantha Nageswaran
Chief Economic Advisor
Government of India



RESOURCES

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