

# EcoSphere

*EXPLORING INDIAN AND GLOBAL ECONOMIES &  
CLIMATE CHANGE WITH InsPIRE*

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*Volume II, Issue 10*



*Driving Policy, Empowering Progress*

**Institute for Pioneering Insightful Research Pvt. Ltd. (InsPIRE)**

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## EcoSphere

### *Exploring Indian and Global Economies and Climate Change with InsPIRE*

November 2025, Volume II, Issue 10

*EcoSphere is a monthly review providing insights into the Indian and Global economies, financial markets, climate change, and a digest of academic and policy research papers and articles. Designed to share information and ideas with professionals, researchers, and students, it is not intended as financial or investment advice. EcoSphere is compiled based on best efforts, utilizing information from diverse published sources. InsPIRE does not ensure the completeness or accuracy of this publication, nor does it guarantee the precision of future conditions based on its use.*

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Dr Debesh Roy, Chairman, InsPIRE

Ms. Bijetri Roy, Managing Director, InsPIRE

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Contact us:

Dr Debesh Roy, Chairman

Institute for Pioneering Insightful Research Pvt. Ltd. (InsPIRE)  
Villa No. B 315, Paramount Golfcourse, UPSIDC, Site C,  
Opp. Sector Zeta,  
Greater Noida 201 311, Uttar Pradesh, India

Please send your feedback to:

Email ID: [inspiresearch0806@gmail.com](mailto:inspiresearch0806@gmail.com)



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**Institute for Pioneering Insightful Research Pvt. Ltd. (InsPIRE)**

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## Chairman's Reflections



### ***Bridging Ambition and Action: Navigating a Complex World***

November 2025 exemplifies the dual realities of our era: ambition and resilience on one hand, and uncertainty and fragility on the other. Our Cover Story, *The Belém Mutirão: COP 30's Fragile Consensus and the Long Road to 1.5°*, captures this paradox. COP30 in Belém highlighted both the accelerating momentum of real-economy climate action and the constraints of geopolitical divergence. While the summit advanced crucial elements on adaptation, finance, just transition, and trade through the global mutirão, it failed to secure agreement on fossil-fuel phase-downs or a roadmap to halt deforestation, underscoring the widening gap between scientific urgency and political will. Yet, cities, industries, financiers, Indigenous communities, and civil society increasingly outpace formal negotiations, offering hope that meaningful climate governance can emerge outside traditional multilateral frameworks. The COP30 experience reiterates that action cannot wait for perfect consensus; it must leverage the dynamism of real-world stakeholders to meet the 1.5°C goal.

India's economy has shown remarkable resilience amid this global turbulence. Our Special Feature, *India's Q2 GDP: Growth Surges, Broadens, and Becomes More Domestic-Driven*, highlights an 8.2 percent expansion in Q2 FY2025–26, driven by strong domestic demand, manufacturing expansion, and resilient services, even as agriculture moderates under climate-linked pressures. Inflation fell sharply, with headline CPI at 0.25 percent, driven by GST rationalisation and broad disinflation across food and non-food categories. Wholesale prices also declined into negative territory, signalling both relief and caution: rural demand and producer margins require careful monitoring. Industrial activity moderated, with the IIP rising just 0.4 percent in October, while the Index of Eight Core Industries remained flat, indicating softening

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momentum despite pockets of strength in steel, cement, fertilizers, and refinery products. Externally, services exports remain robust even as merchandise exports softened and imports surged, widening the trade deficit to \$21.8 billion.

Labour market indicators offer cautious optimism. Rural and female participation rose, the worker population ratio improved, and unemployment remained stable at 5.2 percent. Meanwhile, the rollout of India's four new labour codes represents a landmark modernisation: unifying wage definitions, strengthening social security, and extending benefits for fixed-term and formal-sector workers. While these reforms increase employer costs and may temporarily reduce take-home pay, they enhance transparency, ease of doing business, and alignment with global labour standards.

Agriculture remains a priority for structural reform. India produces 12 million tonnes of groundnuts annually yet primarily exports low-value bird feed, highlighting gaps in value-chain governance, branding, and traceability. Repositioning India's groundnut as a global health food through a National Groundnut Board, aflatoxin protocols, and value-added processing could improve nutrition security, increase exports' economic value, and bolster farmer incomes. Similarly, the draft Seed Bill seeks to replace decades-old legislation with a framework that enhances seed quality, affordability, transparency, and innovation.

Corporate India reported mixed results in Q2 FY26. Bharti Airtel doubled profits to ₹8,651 crore, while Tata Steel recorded a 272 percent jump in net profit to ₹3,101.75 crore on higher volumes and cost efficiencies. Tata Consumer Products, Ambuja Cements, Grasim Industries, and Adani Ports delivered strong growth, although IndiGo reported widened losses due to currency depreciation and tariffs.

Banking continues to play a pivotal role in India's economic ambitions. State Bank of India posted a 9.97 percent year-on-year rise in net profit, crossing the ₹100 trillion business milestone, with advances growing 12.73 percent led by retail and home loans. In our Insight section, we emphasise that India's aspiration to become a \$30-trillion economy by 2047 depends on scaling its banking sector to globally competitive levels.

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Consolidation, capitalisation, governance reforms, and talent infusion can strengthen public sector banks (PSBs), enabling them to drive investment, financial inclusion, and innovation while maintaining resilience. Lessons from China, Europe, and Singapore suggest that hybrid leadership models and technological adoption are essential for large banks to finance transformative projects.

Indian equity markets delivered a third consecutive month of gains in November, with the BSE Sensex and Nifty 50 reaching all-time highs. This resilience was underpinned by domestic fundamentals, strong corporate earnings, optimism over an India–US trade agreement, and steady DII inflows, even as global volatility and swings in FII flows persisted. Global markets, by contrast, were mixed amid rate uncertainties, uneven corporate earnings, and geopolitical risks. The US, Europe, and Asia-Pacific displayed caution, reflecting moderating inflation in the US, China’s slow recovery, and recessionary pressures in Europe.

Central banks navigated delicate policy choices. The US Federal Reserve cut rates by 25 basis points to 3.75–4.0 percent and signalled the end of balance sheet runoff, balancing cooling labour markets with persistent inflation. The Bank of England’s Monetary Policy Committee held rates at 4 percent amid moderating inflation but persistent economic slack. October 2025 inflation data showed broad global moderation: the UK, Eurozone, and EU saw declines, while China’s CPI returned to positive territory, Japan experienced a modest uptick, and Russia and Brazil recorded easing price pressures. FAO Food Price Index, also trended lower, offering further relief.

The latest *UNEP Adaptation Gap Report 2025* and *UNEP Emissions Gap Report 2025* deliver some of the clearest scientific warnings to date. The *Adaptation Gap Report* shows that climate impacts are accelerating much faster than countries’ ability to respond, with adaptation finance declining even as losses mount. Simultaneously, the *Emissions Gap Report* reveals that global emissions rose to 57.7 GtCO<sub>2e</sub> in 2024, updated NDCs remain insufficient, and the remaining 1.5°C carbon budget is likely to be exhausted before 2030. Current policies point to a 2.8°C future—far beyond safe

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thresholds. Together, these reports underscore an urgent call for scaled-up finance, stronger political resolve, and accelerated action through 2035 to prevent escalating human and economic devastation.

Meanwhile, COP30's failure to secure a fossil fuel phaseout roadmap has shifted the focus to voluntary initiatives and leadership at COP31, with Australia and Türkiye sharing responsibilities in a novel joint presidency, highlighting both global commitment and coordination challenges.

Climate challenges in India remain acute. Extreme weather struck on 99 percent of days in 2025, claiming over 4,000 lives, destroying nearly 100,000 homes, damaging 9.5 million hectares of crops, and killing almost 59,000 animals, according to Centre for Science and Environment's *Climate India 2025*.

As we reflect on November 2025, the interconnectedness of growth, markets, policy, and climate is evident. India's economic resilience, corporate dynamism, banking reforms, and climate challenges illustrate that sustained progress demands decisive policy, strategic investment, and institutional reform. *EcoSphere* celebrates these achievements while underscoring the need to convert momentum into meaningful action—whether in climate, economic growth, or financial innovation—to ensure a resilient, inclusive, and sustainable future.

Dr Debesh Roy

[debeshroy\\_chairman@inspire-solutions.in](mailto:debeshroy_chairman@inspire-solutions.in)

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### **Unit Conversion**

1 lakh = 100,000

1 crore = 10 million

100 crore = 1 billion

1 lakh crore = 1 trillion

### **Currency Conversion**

USD (\$) 1 = INR (₹) 85.5814 (28 March 2025)

USD (\$) 1 = INR (₹) 89.4557 (28 November 2025)

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## COVER STORY

### COP 30 BELÉM, BRAZIL

#### THE BELÉM MUTIRÃO: COP 30'S FRAGILE CONSENSUS AND THE LONG ROAD TO 1.5°

*The thirtieth Conference of the Parties (COP 30) in Belém has underscored the profound complexities now shaping global climate governance. Convened in the heart of the Amazon, this year's summit was framed by high expectations: that it would deliver a decisive shift from commitments to implementation, and demonstrate that the world remains capable of collective ambition in the face of intensifying climate impacts. Instead, COP 30 offered a more sober lesson—one that illuminates the extraordinary momentum of real-economy transformation while exposing the limits of political consensus within a deeply divided international landscape.*

*The negotiations in Belém were marked by both significant achievements and notable omissions. The final “global mutirão” text advanced important elements across adaptation, climate finance, just transition, and trade, indicating a growing recognition that climate action must be systemic, multi-sectoral, and inclusive. Initiatives such as the Belém Mission to 1.5°C, the creation of a Just Transition Mechanism, and the structured dialogues on unilateral trade measures all point to an evolving architecture of global cooperation.*

*Yet the summit's inability to secure agreement on a fossil-fuel transition or a roadmap for halting deforestation underscores the political constraints of consensus-based diplomacy. These missing elements reveal the widening gap between what science*

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*demands and what geopolitics permits. Even as countries reaffirm their commitment to the Paris Agreement, divisions between fossil-fuel producers, emerging economies, and climate-vulnerable states have become sharper and more consequential.*

*At the same time, the action taken outside the negotiating rooms—by cities, industries, financiers, Indigenous leaders, and civil society—demonstrated the real engine of global climate progress. This broader ecosystem continues to innovate, mobilise resources, and implement solutions at a scale that often outpaces multilateral processes. COP 30 affirmed that while the UNFCCC remains a critical platform, the transition to a resilient, low-carbon future is increasingly being driven by distributed networks of actors working beyond traditional state boundaries.*

*In this issue, EcoSphere's cover story examines the outcomes of COP 30 with analytical clarity and comprehensive depth. We explore the political negotiations, the implementation agenda embedded in the global mutirão, and the broader implications for the global climate regime at a time when scientific warnings are intensifying and the window for effective action is narrowing.*

*Belém did not deliver all that was hoped. But it illuminated a world in motion—a world grappling with the realities of climate change, negotiating the contours of cooperation, and mobilising new forms of collective effort. As we look ahead, the core question remains whether this momentum can be channelled towards the ambition and scale required to meet the 1.5°C challenge.*

## **Introduction**

COP 30 in Belém, Brazil, concluded with a package of decisions that captured both the aspirations and the fundamental divides shaping global climate governance a decade after the Paris Agreement. The summit's final "global mutirão" — a term invoking collective effort — brought together threads of adaptation, ambition, trade, finance, and just transition. Yet the package stopped short of delivering on the two most politically

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charged demands heading into Belém: a roadmap to transition away from fossil fuels and a roadmap to reverse deforestation.

The contrast between implementation-focused progress and the persistent fractures in global political consensus defined this Amazon COP. It was a meeting framed as a “COP of truth” — and it delivered exactly that: clarity on how far the world has come, and on how deep the disagreements still run.

### **The Final Global Mutirão: Ambition Recast Without a Fossil-Fuel Roadmap**

After intense all-night negotiations, the Brazilian presidency unveiled the final “global mutirão” decision, a compromise that attempts to bundle progress across contentious negotiations while sidestepping blockages.

#### ***Core Outcomes of the Final Mutirão Text***

- Tripling adaptation finance by 2035, though without a clear baseline year.
- Launch of the Belém Mission to 1.5°C, a voluntary accelerator to support deeper emission cuts.
- Creation of a Global Implementation Accelerator (GIA) linked to the UAE Consensus, with check-ins at Bonn 2026 and COP 31.
- A new two-year climate finance work programme (covering Article 9), accompanied by a protective footnote clarifying it does not prejudge how the new global finance goal (NCQG) will be met.
- Three annual dialogues on unilateral trade measures, marking the first time trade appears in what effectively functions as a COP “cover text”.
- A decision to create a Just Transition Mechanism, a win for G77+China.

But what the mutirão does *not* include remains its most defining feature.

### ***No Fossil-Fuel Transition or Deforestation Roadmap***

Despite fierce advocacy from more than 82 countries to include a formal roadmap on transitioning away from fossil fuels — echoing the COP 28 mandate — the final text

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contains no reference to fossil fuels, no phase-out language, and no deforestation roadmap.

Instead, these were relegated to voluntary roadmaps outside the UNFCCC framework, proposed by the Brazilian presidency.

This outcome reflected entrenched resistance from major fossil-fuel producers, including Saudi Arabia, and highlights the limits of unanimity in the consensus-based UN climate system. The EU called the outcome a “missed opportunity”. Small island states and climate-vulnerable nations expressed deep disappointment at the lack of a structured pathway to honour the 1.5°C goal in practice.

Still, the implicit link between the GIA and the UAE Consensus — which embeds the COP28 decision on transitioning away from fossil fuels — ensures that the conversation remains alive, if fragile.

### **Adaptation Breakthroughs — and a Delayed Finance Target**

COP 30 was billed by its presidency as the “COP of adaptation,” and in this domain it delivered important, if imperfect, outcomes.

#### ***Adaptation Indicators and the Belém–Addis Vision***

After protracted negotiations, countries adopted 59 out of 100 proposed global adaptation indicators — a significant reduction intended to ensure feasibility and avoid new reporting burdens. The remaining issues will now be addressed under a new two-year Belém–Addis Vision to refine indicators without creating legal obligations.

#### ***Tripling Adaptation Finance — But by 2035***

The final decision “calls for” adaptation finance to be tripled by 2035, a date pushed five years beyond what many developing countries sought. Moreover, the baseline year was removed, creating ambiguity around measurement.

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Given that adaptation finance fell from USD 28 billion in 2022 to USD 26 billion in 2023, despite adaptation needs of roughly USD 310 billion annually by 2035 (UNEP), the new target is symbolic but not yet transformative.

### **Ambition and 1.5°C: Acknowledging Overshoot, Avoiding Substance**

The final mutirão text commits to keeping 1.5°C “within reach,” but does so in highly qualified terms:

- For the first time, it acknowledges the likelihood of an overshoot of 1.5°C and calls for limiting its magnitude and duration.
- It calls on countries to “accelerate” implementation of their current NDCs and to “strive to do better,” but establishes no binding mechanism.
- It “invites” countries to produce implementation and investment plans, but does not require them.

Critically, the final text makes no reference to annual NDC discussions, despite earlier proposals that would have kept political pressure on ambition.

Small island states described the outcome as insufficient for safeguarding their survival. Analysts called it the “lowest common denominator” that avoided triggering vetoes.

### **Trade and Unilateral Measures: A Historic First Entry into COP Decisions**

One of the most surprising outcomes of COP 30 was the formal integration of unilateral trade measures (UTMs) into the COP’s main decision.

For the first time, the final mutirão decision:

- Establishes three dialogues (2026–2028) on trade, with support from the WTO.
- Reaffirms that climate measures — including unilateral ones — must not be arbitrary, discriminatory, or restrictive in disguised ways.

This outcome was driven by rising tensions surrounding the EU’s Carbon Border Adjustment Mechanism (CBAM), which many developing countries view as

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protectionist. It reflects deepening intersections between the climate regime and global trade governance.

### **Climate Finance: Limited Progress, Lingering Frustrations**

Climate finance, which is chronically underdelivered and politically sensitive remained a pressure point throughout COP 30.

#### ***A Two-Year Climate Finance Programme***

COP 30 agreed to a **two-year work programme on Article 9**, covering all sources of finance and including public finance commitments. A footnote clarifying that the programme does not prejudge NCQG implementation reflects deep divisions about donor obligations.

#### ***The Baku–Belém Roadmap Noted, Not Adopted***

The roadmap outlining how the USD 1.3 trillion part of the NCQG (targeted for 2035) might be mobilised, largely through private capital, was merely “taken note of,” despite pressure from Kenya and AILAC.

#### ***Adaptation Fund Shortfalls***

The Adaptation Fund again fell short of its USD 300 million target, with the final decision expressing “concern” and “urgency” about scaling finance.

Overall, COP 30 revealed both the urgency of climate finance needs and the political constraints of current donor commitments.

#### ***Just Transition: A Major Win — With Gaps***

A significant outcome of COP 30 was the creation of a Just Transition Mechanism — the strongest multilateral signal yet on ensuring fairness in the global shift to a low-carbon economy. However, references to critical minerals, included in earlier drafts, were removed. This reflects geopolitical sensitivities around supply chains and resource governance.

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### ***Brazil's Leadership and Logistical Trials***

Hosting COP 30 in the Amazon was President Luiz Inácio Lula da Silva's long-standing political and symbolic project. It celebrated Brazil's forest leadership but also exposed contradictions:

- Lula's government approved new oil and gas exploration at the Amazon River mouth weeks before COP 30.
- Environmental concerns flared around the passage of Brazil's "devastation bill," weakening licensing processes.
- Widespread worries about accommodation costs and shortages prompted Brazil to offer free cruise ship cabins for LDC, African, and small-island delegates.
- A venue fire during the summit halted negotiations and underscored logistical pressures.

Despite these challenges, Brazil succeeded in shepherding the mutirão text to conclusion, though not without bruising political compromises.

### **Conclusion: COP 30's Legacy — A Summit of Realism, Restraint, and Relentless Action**

COP 30 will be remembered as a summit that clarified both the momentum of implementation and the limits of consensus under the UNFCCC. The global mutirão represents the broadest reorganisation of climate cooperation in years, innovating across adaptation, finance, just transitions, and trade.

Yet, by declining to include fossil-fuel or deforestation roadmaps in the official text, COP 30 highlighted the political boundaries that continue to constrain ambition, even as scientific urgency mounts. The real economy continues to accelerate decarbonisation. But diplomacy, still shaped by national interests and hard geopolitics, is struggling to keep pace.

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Belém offered both a framework for collective action and a stark reminder: implementation is not only technical — it is deeply political. And the path to 1.5°C will depend not just on plans, but on whether countries choose to follow them.

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## A COP OF ‘TALK’, NOT ‘TRUTH’

The 30th UN Climate Conference (COP 30) in Belém, expected to be the “COP of Truth,” delivered limited substantive progress and largely became another exercise in rhetoric, according to observers from the Centre for Science and Environment (CSE). The final *Belém Political Package* announced by the Brazilian Presidency included a new mechanism for international cooperation on just transition, language on tripling adaptation finance by 2035, and a work programme to review climate finance flows under Article 9 of the Paris Agreement. However, the package sidestepped any formal reference to fossil fuels, instead addressing them through informal roadmaps outside the COP process.

CSE analysts argue that while the just transition mechanism is a rare win for developing countries, it lacks defined functions, timelines, and assured financing. Adaptation outcomes were even weaker: although indicators for the Global Goal on Adaptation were adopted, they remain hollow without clear commitments for implementation support, and the promise to triple adaptation finance was vague, delayed, and lacking accountability.

Finance negotiations exposed deep fractures. Developing countries sought stronger scrutiny of developed-country finance commitments, but key demands were blocked—particularly a formal agenda item on public finance obligations under Article 9.1. Accountability provisions were diluted, transparency requirements weakened, and links to the COP 29 finance goal were severed. Despite this, the newly established work programme offers one of the few remaining avenues to challenge wealthy nations on climate finance.

Mitigation discussions were overshadowed by a surprise, non-negotiated “Roadmap to Transition Away from Fossil Fuels” (TAFF), heavily promoted by developed countries.

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Developing nations rejected it for lacking finance provisions and for bypassing formal negotiations. The roadmap was ultimately excluded from the final text, but Brazil announced a parallel process linked to a 2026 Colombia conference. CSE argues that the push for the roadmap was used strategically to divert attention from adaptation and just transition—areas of core interest to the Global South.

A growing concern at the COP was the rise of unilateral trade measures, such as the EU's Carbon Border Adjustment Mechanism (CBAM). Although not formally added to the negotiation agenda, trade-and-climate issues gained prominence and will now be discussed over the next three years in platforms involving the WTO and UNCTAD—an achievement driven by persistent developing-country advocacy.

Overall, COP 30 was marked by polarisation, developed-country attempts to shift blame onto large developing economies, and the continued weakening of differentiation principles. The conference produced few meaningful commitments, intensifying doubts about the COP process's legitimacy and its ability to deliver equitable climate action in a rapidly warming world.

***This is a summary of an article by the Centre for Science and Environment, New Delhi. The article can be accessed from:***

***<https://www.cseindia.org/a-cop-of-talk-not-truth-says-cse-12946>***

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## **A DILUTED COP: CLIMATE DIVISIONS HARDENED AT BELÉM AMID GLOBAL WARMING**

A *Business Standard* editorial argues that COP30 in Belém, Brazil, ended in deep disappointment, failing to deliver meaningful progress on global climate action while exposing widening geopolitical divisions. The agreement's most glaring shortcoming is the complete omission of a roadmap to phase out fossil fuels — a priority for the European Union but strongly resisted by developing countries, including the BRICS bloc, on equity grounds. With the United States absent, Saudi Arabia played a decisive role in blocking any fossil-fuel commitments, while Brazil attempted face-saving

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moves by pushing discussions on deforestation and fossil-fuel transitions outside the COP framework — arrangements whose legal force remains unclear.

Contentious issues such as the EU's Carbon Border Adjustment Mechanism (CBAM) were deferred, suggesting no near-term relief for developing countries. While some developing economies, including India, may see tactical advantage in avoiding binding fossil-fuel targets, the editorial warns that global warming will accelerate as coal, oil, and gas use continues.

The editorial highlights the slow pace and poor quality of national climate pledges (NDCs): only 120 of 196 countries submitted updates at COP30, many of which are inadequate to meet the Paris targets. India has not yet filed its updated NDC, though it has met its renewable energy goal ahead of time.

Most worrying is the weak outcome on climate finance. Although adaptation finance was tripled, the promised \$120 billion annually until 2035 is far below the \$360 billion needed, and the long timeframe risks leaving vulnerable populations unprotected from worsening climate impacts.

Instead of being the long-promised “implementation COP,” COP30 further undermined prospects for a meaningful global consensus, leaving COP31 in Türkiye with an even more difficult agenda.

*This is a summary of the Business Standard editorial on 23 November 2025. The full editorial can be accessed from: <https://shorturl.at/Ve8MQ>*

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#### **STOP BEMOANING THIS YEAR'S COP OUTCOME: THE REAL LET-DOWN IS A CRISIS OF NATIONAL-LEVEL LEADERSHIP**

David Fickling argues that the widespread sense of failure surrounding COP30 in Belém is misplaced and distracts from the real shortcomings in global climate action. While the final agreement's refusal to explicitly mention “fossil fuels” and the paltry \$6 billion committed to forest protection appear disappointing, he contends these issues are less consequential than they seem. Given that major oil exporters hold veto power

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in the UN process, it is unsurprising that references to fossil fuels were removed. In fact, their increased resistance reflects the growing success of the energy transition: the International Energy Agency has repeatedly downgraded its fossil fuel consumption forecasts, and coal use is declining in China and India. These shifts matter far more than UN wording.

The true failure, Fickling argues, lies in countries' Nationally Determined Contributions (NDCs)—the emissions-reduction plans that form the backbone of the Paris Agreement. The 2035 NDCs unveiled at COP30 fall dramatically short. Only the EU and Japan, among the world's top emitters, have submitted credible plans. The U.S. plan was rendered meaningless after President Trump's election; India, Iran, Saudi Arabia, and South Korea have not submitted any update; and China, Russia, and Indonesia have tabled extremely weak targets that allow emissions to rise.

Fickling links this inertia to the increasingly authoritarian, inward-looking politics of major powers in 2025, whose leaders resist binding commitments. Yet he finds hope elsewhere: citizens, businesses, and local actors are driving decarbonisation by adopting cheaper solar power, switching to electric vehicles, and building clean-energy infrastructure despite political dysfunction. Most needed technologies already exist and are cost-effective, but regulatory and political barriers slow deployment. With global leaders—average age 69—largely insulated from the long-term consequences, Fickling argues it is younger generations who must push the world toward a more ambitious climate path.

*This is a summary of an article by David Fickling, Bloomberg Opinion Columnist, re-published by Mint dated 25 November 2025.*

*The full article can be accessed from: <https://shorturl.at/61yUA>*

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## **US EXIT FROM COP 30 PUTS ONUS ON EU, CHINA, INDIA TO DRIVE CLIMATE ACTION**

The United States' absence from COP30 is consistent with its broader retreat from global climate action, following its withdrawal from the Paris Agreement and the US Environmental Protection Agency's recent move to review its "endangerment findings," which effectively questions the scientific basis of climate change. This shift threatens US-supported research and undermines global climate planning. In contrast, the European Union has pursued ambitious climate goals through the Green Deal and Fit for 55 package, targeting a 55 percent emissions reduction by 2030 and net-zero by 2050. However, Donald Trump's return to the White House has intensified geopolitical pressures on Europe, forcing the EU to prioritise defence and security—especially after the loss of cheap Russian energy—over climate commitments. Rising defence spending to meet the US-mandated NATO target of 3 percent of GDP and fiscal constraints in countries such as Germany, Greece, Italy, and France cast further doubt on the EU's ability to meet its climate goals.

China, the world's largest emitter, has avoided absolute emissions-reduction commitments, allowing it to expand coal power even while pledging to peak emissions by 2030 and reach net-zero by 2060. Though China leads in affordable green technologies, domestic economic stress and unresolved US–China tariff tensions risk slowing its transition. India, the third-largest emitter, has made comparatively stronger progress, ranking 10th in the 2025 Climate Change Performance Index, yet remains dependent on coal.

Given US disengagement, the article argues that the EU, China, and India must shoulder the burden of global climate action—Europe by offering greater financial and technical support to developing countries, China by sharing low-cost green technologies, and India by advancing green projects at home and in the Global South. Whether these powers can sustain climate ambition amid mounting geopolitical and economic pressures remains uncertain.

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*Driving Policy, Empowering Progress*

*This is a summary of an article by Rajeev Kher and Anshuman Gupta, published in Business Standard on 25 November 2025.*

*The full article can be accessed from: <https://shorturl.at/9dTgy>*



## SECTION 1

# INDIAN ECONOMY

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## SPECIAL FEATURE

### INDIA'S Q2 GDP

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#### INDIA'S Q2 GROWTH SURGES, BROADENS, AND BECOMES MORE DOMESTIC-DRIVEN

*India's Q2 FY2025–26 growth performance arrives at a moment when the global economy is grappling with slowing trade, volatile energy markets, and shifting geopolitical alignments. Against this backdrop, the latest GDP print stands out for the clarity with which it captures India's evolving growth narrative. The economy's 8.2 percent expansion underscores the durability of domestic demand, the growing heft of manufacturing, and the resilience of services, even as agriculture and parts of the rural economy reveal emerging stresses.*

*This month's Special Feature, "India's Q2 Growth Surges, Broadens and Becomes More Domestic Driven," examines the texture beneath the topline numbers. It highlights the sectors powering the acceleration, unpacks the changing composition of demand, and evaluates the macroeconomic context in which this recovery is unfolding.*

*The analysis also identifies the challenges that could shape the trajectory for the rest of the fiscal year. As India heads into H2, the task is not simply to preserve momentum, but to address the pressures building beneath the surface—climate-linked volatility in agriculture, the need to catalyse private investment at scale, and external headwinds that could test macroeconomic stability. We believe that navigating this conjuncture will require calibrated policy responses, steady reforms, and continued emphasis on inclusivity and resilience.*

*Taken together, the Q2 numbers reaffirm India's position as the fastest-growing major economy, but they also serve as a timely reminder: sustaining this pace will demand*

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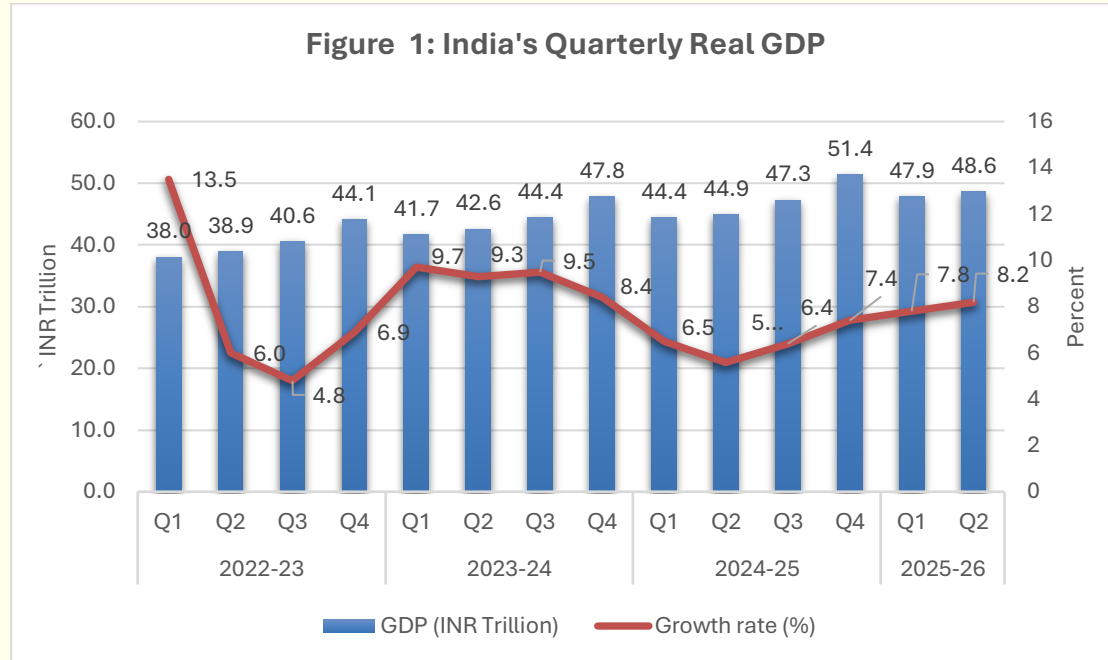
*vigilance, agility, and a renewed commitment to strengthening the economy's structural foundations.*

## **Introduction**

India's economy delivered a strong performance in Q2 FY2025–26, with real GDP expanding by a six-quarter high of 8.2 percent, up sharply from 5.6 percent a year earlier (Figure 1), signalling sustained momentum despite an increasingly uncertain global environment. The growth was significantly higher than the Reserve Bank of India's 7 percent projection. India's Chief Economic Advisor (CEA) Dr V. Anantha Nageswaran said that the full-year GDP growth for FY 26 will be at least 7 percent, if not higher, aided by a strong 8 percent growth in the first half of the year and the cumulative effect of structural reforms. He further asserted that the confluence of stable inflation, sustained public capex, and reform momentum positions the economy to withstand risks.

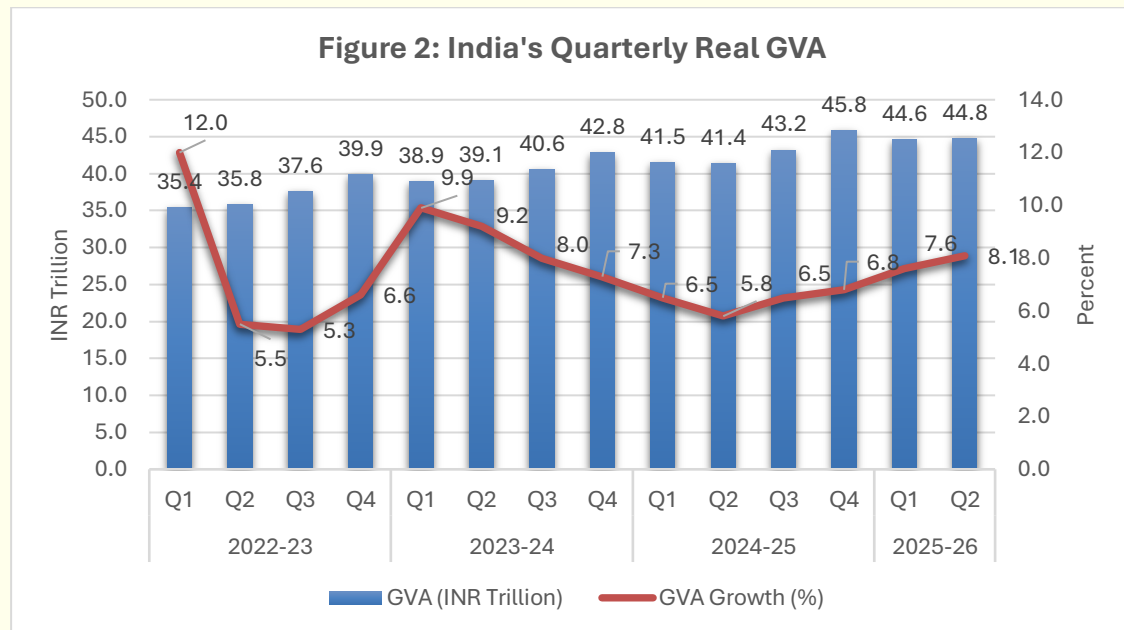
According to the NSO, real GDP rose to ₹48.63 trillion in Q2 from ₹44.94 trillion a year earlier (Figure 1), while nominal GDP grew by 8.7 percent to ₹85.25 trillion, reflecting both robust activity and a benign inflation backdrop. The growth impulse was broad-based: the secondary and tertiary sectors remained the key drivers, supported by firming domestic demand and resilient investment trends, even as agriculture and parts of the services economy showed signs of moderation. On the supply side, real GVA increased by 8.1 percent to ₹44.77 trillion (Figure 2), with nominal GVA rising by 8.7 percent to ₹77.69 trillion, underscoring the strength of underlying economic activity. Together, these indicators reinforce India's position as the world's fastest-growing major economy, while also bringing to the fore emerging macroeconomic pressures that warrant careful policy calibration in the months ahead.

**Figure 1: India's Quarterly Real GDP**



Source: NSO, MoSPI, Government of India

**Figure 2: India's Quarterly Real GVA**



Source: NSO, MoSPI, Government of India

### Sectoral Drivers: Manufacturing and Services Lead

The secondary sector grew by 8.1 percent, driven by a sharp 9.1 percent expansion in manufacturing, supported by healthy corporate earnings, improved capacity utilisation,

and double-digit growth in steel consumption and cement production. Construction grew by 7.2 percent, reflecting ongoing public infrastructure spending and urban real estate activity. Meanwhile, the tertiary sector expanded by 9.2 percent, with financial, real estate and professional services registering an impressive 10.2 percent, indicating strong credit growth, buoyant markets, and demand for allied services. Trade, hotels, and transport moderated slightly but still posted a healthy 7.4 percent, reflecting sustained consumption. Agriculture, grew by 3.5 percent.

### **Demand-Side Dynamics: Consumption and Investment Hold Firm**

Private consumption remained a key pillar, rising 7.9 percent, aided by urban spending, vehicle sales and services demand. Investment demand, measured by gross fixed capital formation, grew 7.3 percent, supported by government capex and select private sector activity, although concerns about uneven private capex remain. Government consumption, however, contracted 2.7 percent, reflecting fiscal consolidation. Net exports weighed on growth due to strong import momentum driven by domestic demand, even as exports improved.

### **Managing Momentum**

India's robust H1 growth of 8 percent provides a strong platform for FY2025–26, but sustaining this momentum will depend on how effectively the economy navigates three emerging pressures. First, rural demand and agricultural productivity must be revived amid increasing climate-linked volatility that threatens incomes, output stability, and consumption. Second, accelerating private capital expenditure, particularly in manufacturing, will be crucial as global supply chains continue to reconfigure and new opportunities for integration and competitiveness emerge. Third, India will need to manage external headwinds such as volatile energy prices, persistent trade tensions, and shifting global monetary conditions, all of which could shape growth prospects in the coming quarters.

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Overall, India's Q2 GDP numbers reflect a resilient and broad-based expansion, but with clear signals that the policy thrust must now shift toward deepening structural reforms, strengthening rural resilience, and maintaining macroeconomic stability.

### **India's FY26 Outlook: Strong Momentum Amid Global Uncertainty**

India's growth outlook for FY26 has strengthened considerably, underpinned by robust macroeconomic performance in the first half of the year and a favourable structural policy environment. With real GDP expanding by 7.8 percent in Q1 and accelerating to a six-quarter high of 8.2 percent in Q2, the CEA noted that full-year growth is now expected to be 7 percent or higher, comfortably surpassing the Economic Survey 2024–25 projection of 6.3–6.8 percent.

According to the CEA, the economy's current dynamism reflects the cumulative impact of a decade of investments in physical and digital infrastructure, ongoing reforms, and the resilience shown by Indian exporters despite tariff shocks. However, merchandise exports still contracted by 11.8 percent, indicating that higher US tariffs continue to exert a “negative residual impact” despite efforts to diversify markets.

Looking ahead, the CEA emphasised that key risks are predominantly external. Geopolitical tensions, a volatile global financial environment and uncertainties around cross-border capital flows may weigh on investment sentiment. Yet, in comparison with global peers, India “stands out as an oasis of stability and growth”, supported by macroeconomic buffers, strong domestic demand, and policy continuity.

Structural reforms are expected to further reinforce the medium-term growth trajectory. The rollout of the labour codes, GST rate rationalisation, the simplified personal income tax regime, and broader deregulation initiatives are set to improve business efficiency and competitiveness. At the same time, resilient fiscal performance—evidenced by 9 percent growth in GST collections during April–October 2025—suggests that improved compliance and firm consumption continue to bolster revenues, even under a rationalised tax structure.

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***Driving Policy, Empowering Progress***

On the demand side, improving price dynamics and tax reforms are likely to increase disposable incomes, supporting near-term consumption. Corporate sector balance sheets remain healthy, providing a foundation for sustained private investment in the second half of the year.

As India prepares to shift its GDP base year from 2011–12 to 2022–23, the upcoming data revisions may further refine the assessment of growth momentum. But the underlying message remains clear: with resilient domestic drivers, reform traction, and easing inflation, India is well-positioned to maintain robust growth in FY26 despite global headwinds.

## NAVIGATING MACROECONOMIC TRENDS

### INDIA'S INFLATION FALLS TO RECORD LOWS IN OCTOBER 2025

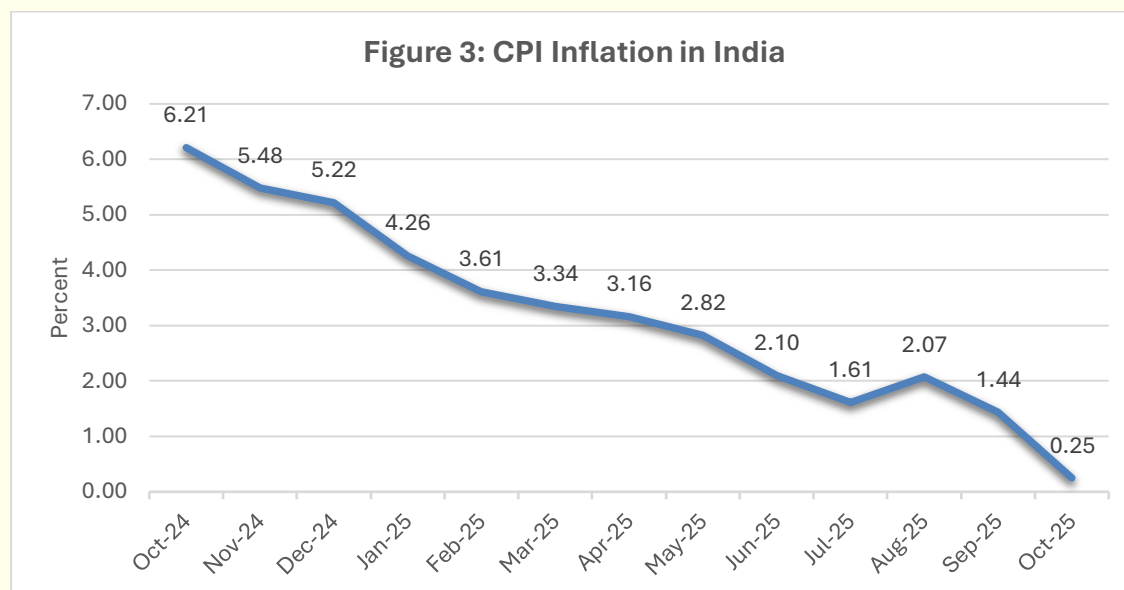
#### Introduction

India's inflation trajectory underwent a remarkable shift in October 2025, with headline inflation plunging to 0.25 percent, the lowest level recorded in the current CPI (2012=100) series. This sharp disinflation reflects a combination of GST reductions, a favourable base effect, and broad-based easing across key food and non-food components. At the same time, food inflation fell dramatically to -5.02 percent, with both rural and urban areas experiencing negative food price pressures. These developments carry significant implications for households, policymakers, and macroeconomic management heading into 2026.

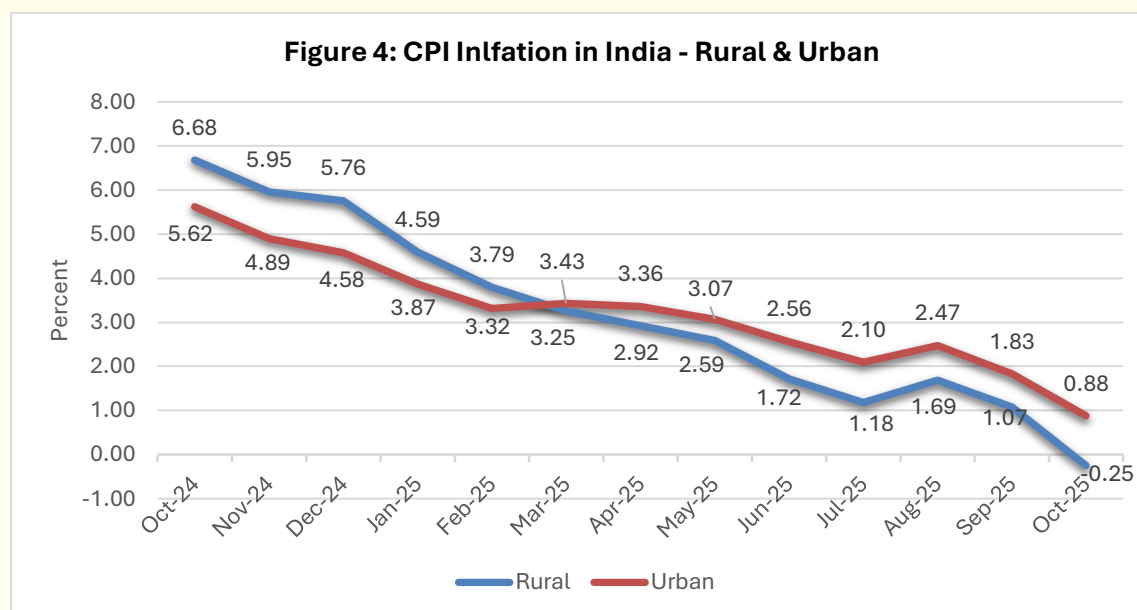
#### General Inflation

Headline CPI inflation eased to 0.25 percent in October 2025 (Figure 3), down from 1.44 percent in September. Rural inflation registered -0.25 percent, while urban inflation moderated sharply from 1.83 percent to 0.88 percent (Figure 4). The decline reflects substantial softening in food prices as well as visible effects of the GST reduction across several consumption baskets. Month-on-month, the CPI rose only marginally (0.15 percent), confirming limited pricing pressures across sectors.





Source: MoSPI, GoI



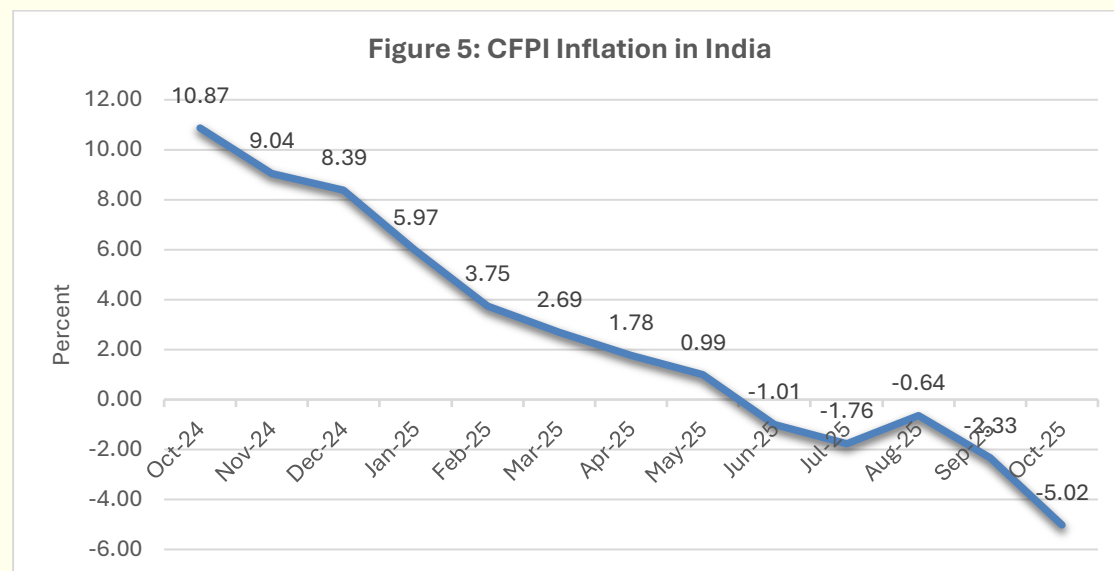
Source: MoSPI, GoI

## Food Inflation

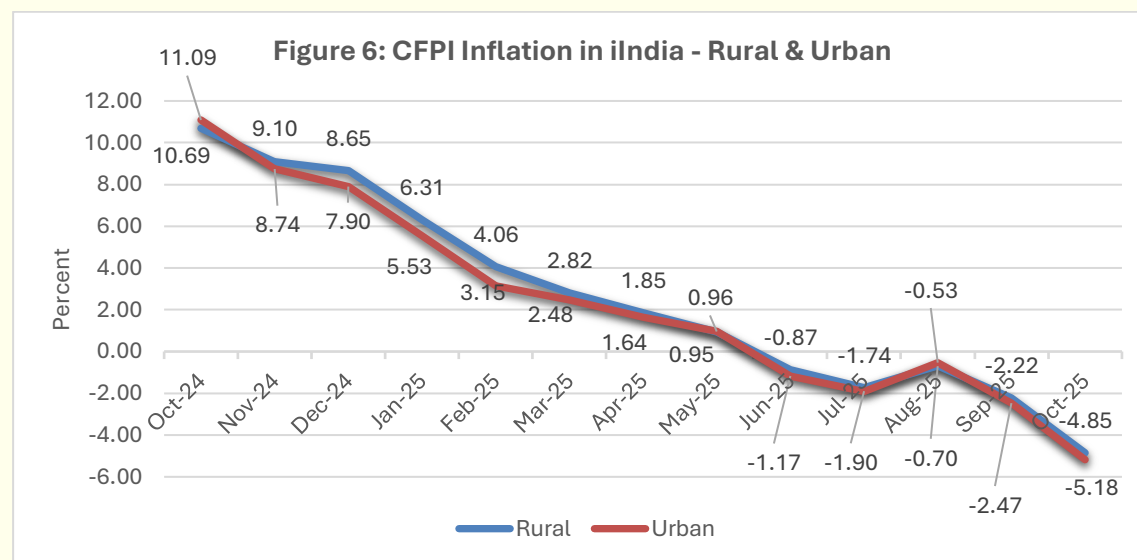
### Consumer Food Price Inflation (Overall, Rural and Urban)

CFPI fell to -5.02 percent (Figure 5), the steepest decline in the current series. Rural CFPI stood at -4.85 percent and urban at -5.18 percent (Figure 6), marking a dramatic

month-over-month deceleration driven by vegetables, fruits, oils, and pulses. The food index itself declined between September and October for both rural and urban areas.



Source: MoSPI, GoI

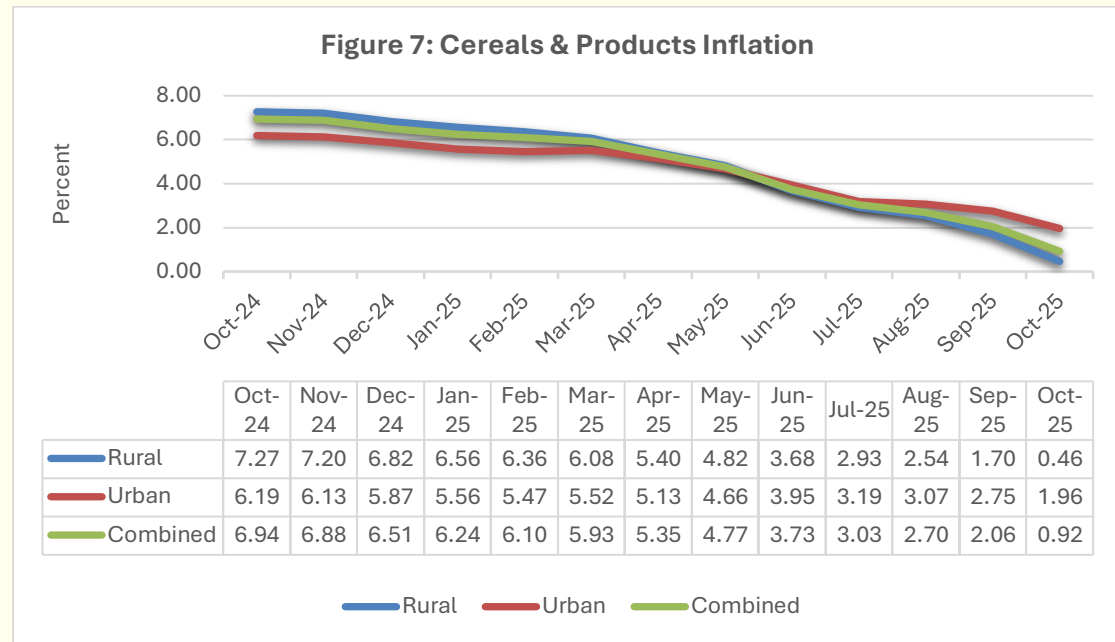


Source: MoSPI, GoI

### Cereals and Products

Inflation in cereals stood at 0.92 percent, with rural at 0.46 percent and urban at 1.96 percent (Figure 7). Index levels were largely stable month-to-month, reflecting adequate supplies and muted procurement pressures. Rice and wheat showed mixed

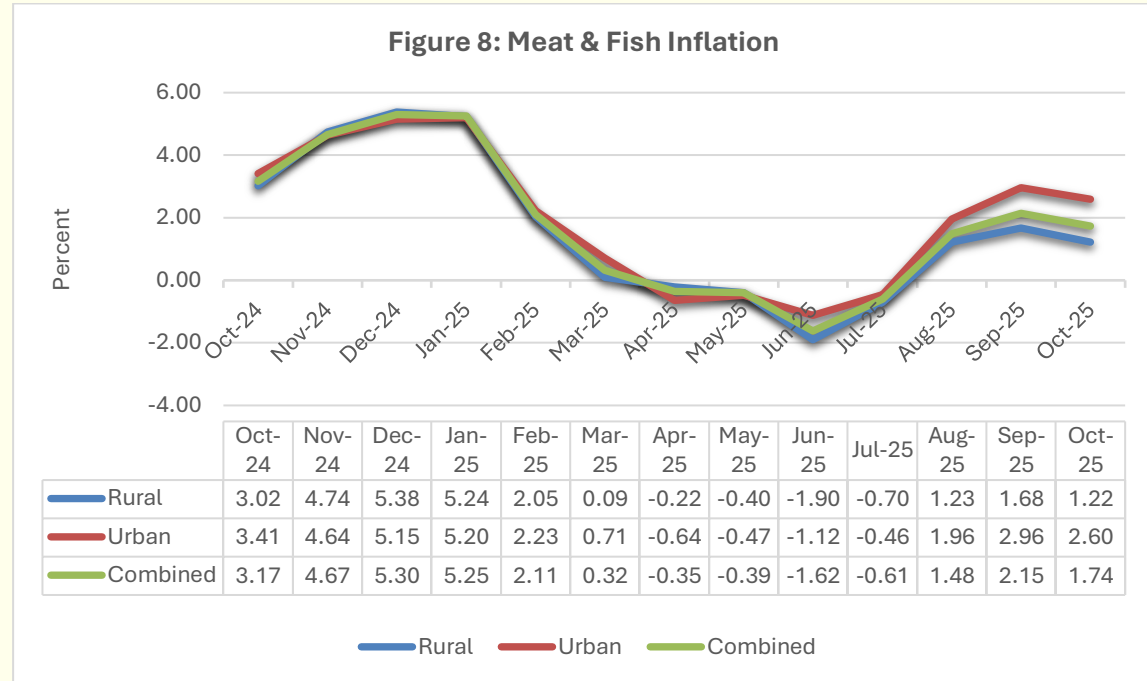
behaviour: rice inflation slipped into negative territory, while wheat inflation moderated.



Source: MoSPI, GoI

### Meat and Fish

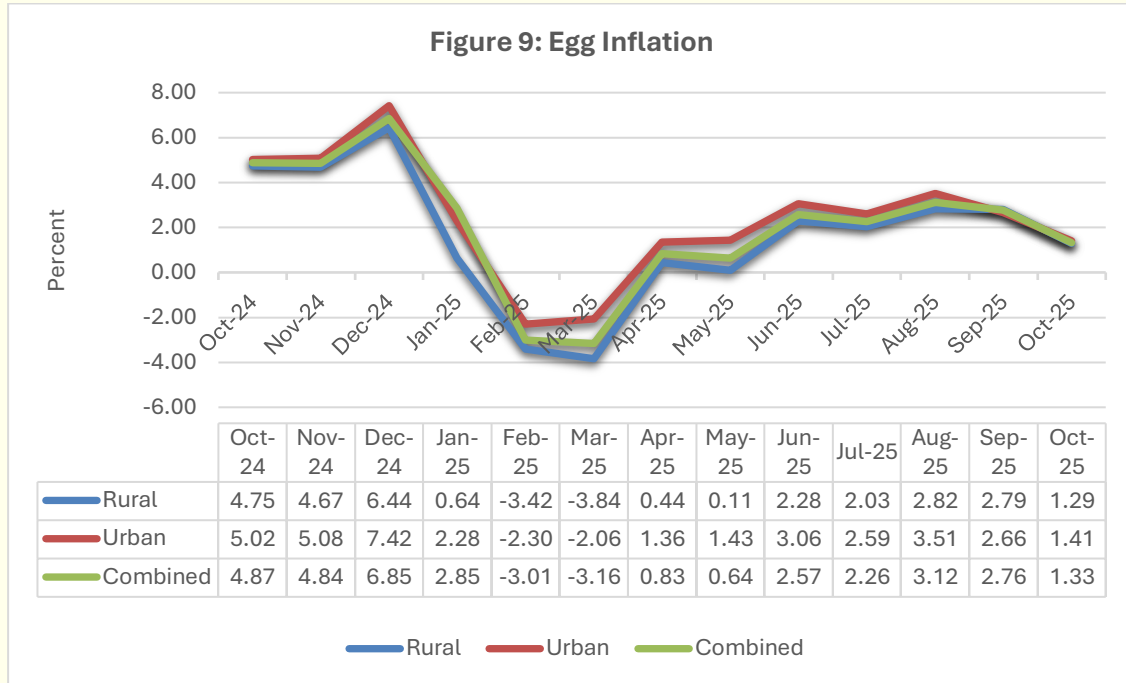
This category recorded 1.74 percent inflation overall, with rural at 1.22 percent and urban at 2.60 percent (Figure 8). The index increased slightly, suggesting firming protein demand but no major supply shocks.



Source: MoSPI, GoI

## Eggs

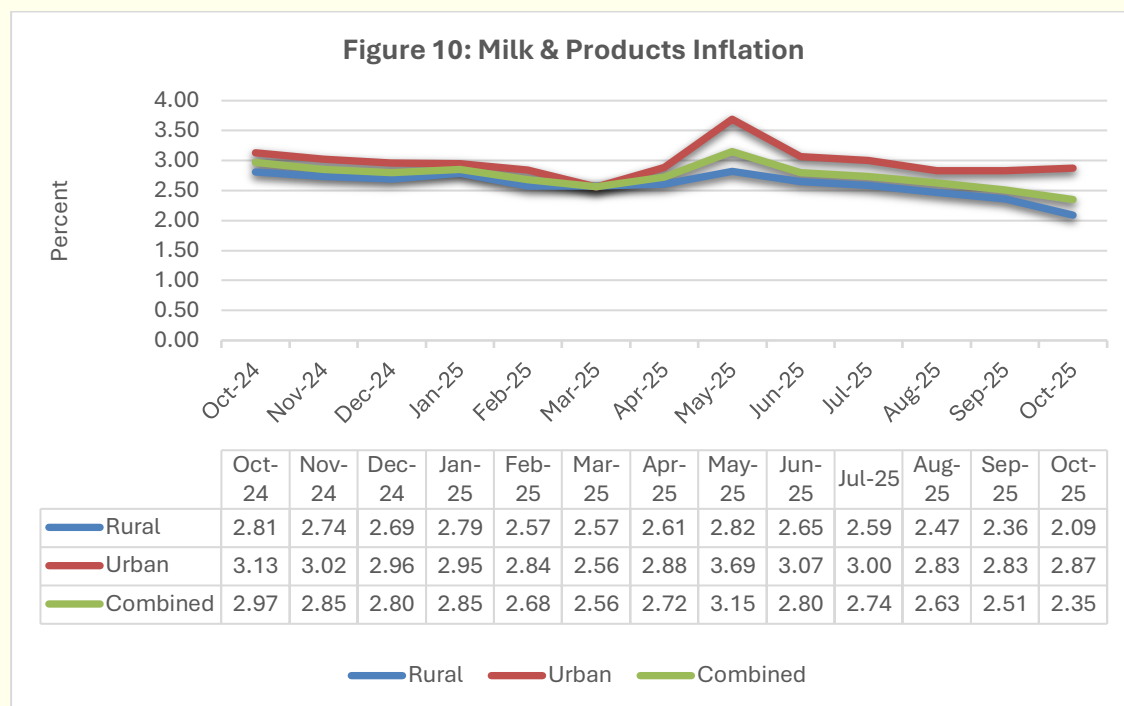
Egg inflation remained fell sharply to 1.33 percent from 2.76 percent in September 2025 (Figure 9), driven by steady consumption patterns and normal supply conditions. Rural and urban inflation declined strongly to 1.29 percent and 1.41 percent, respectively.



Source: MoSPI, GoI

### Milk and Products

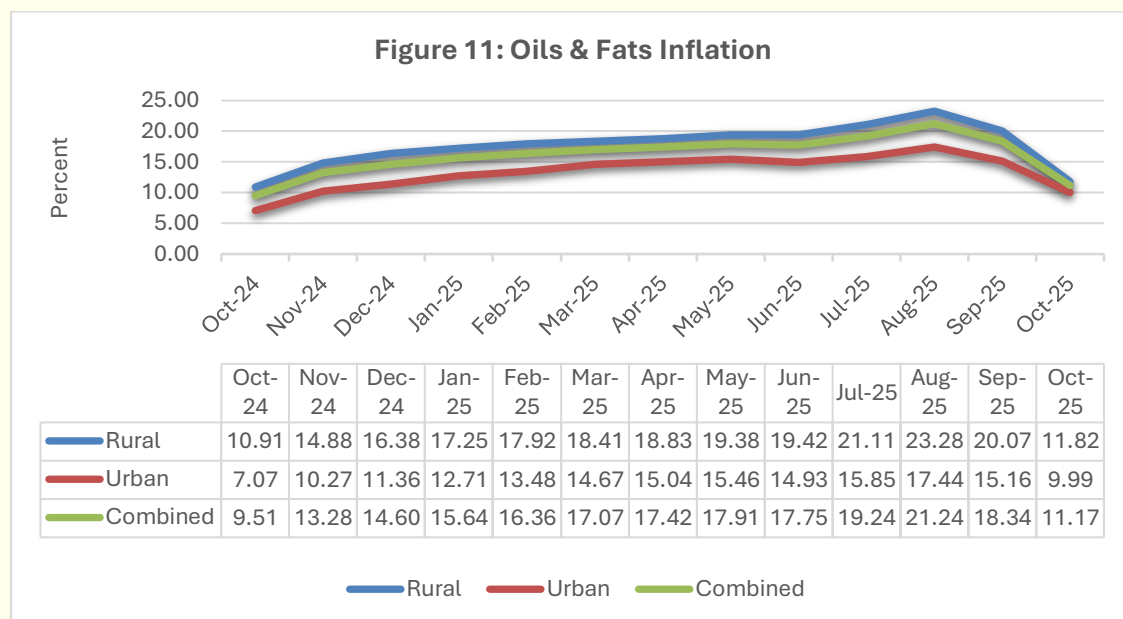
Milk inflation stood at 2.35 percent (rural 2.09 percent, urban 2.87 percent) (Figure 10), exhibiting stable price behaviour. The milk index was effectively unchanged from September, indicating subdued dairy inflation.



Source: MoSPI, GoI

## Oils and Fats

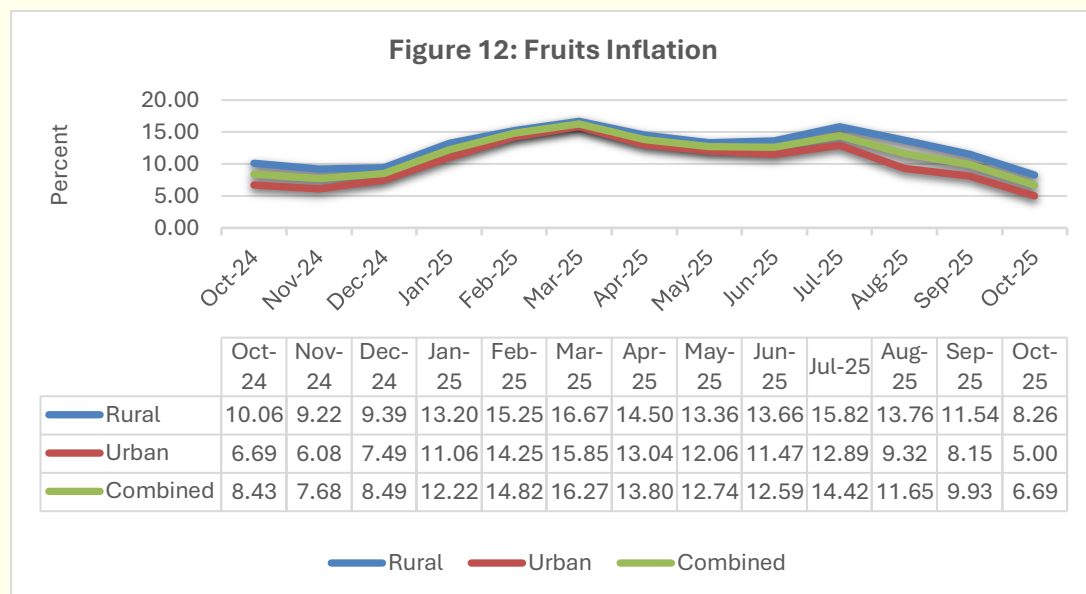
Oils and fats inflation declined sharply to 11.17 percent (Figure 11) from a much higher base last year, although still elevated due to prior global edible oil volatility. The index declined month-on-month (196.8 to 196.0 combined), with rural and urban indices both easing. Mustard and refined oils showed disinflation though prices remain above past-year levels.



Source: MoSPI, GoI

## Fruits

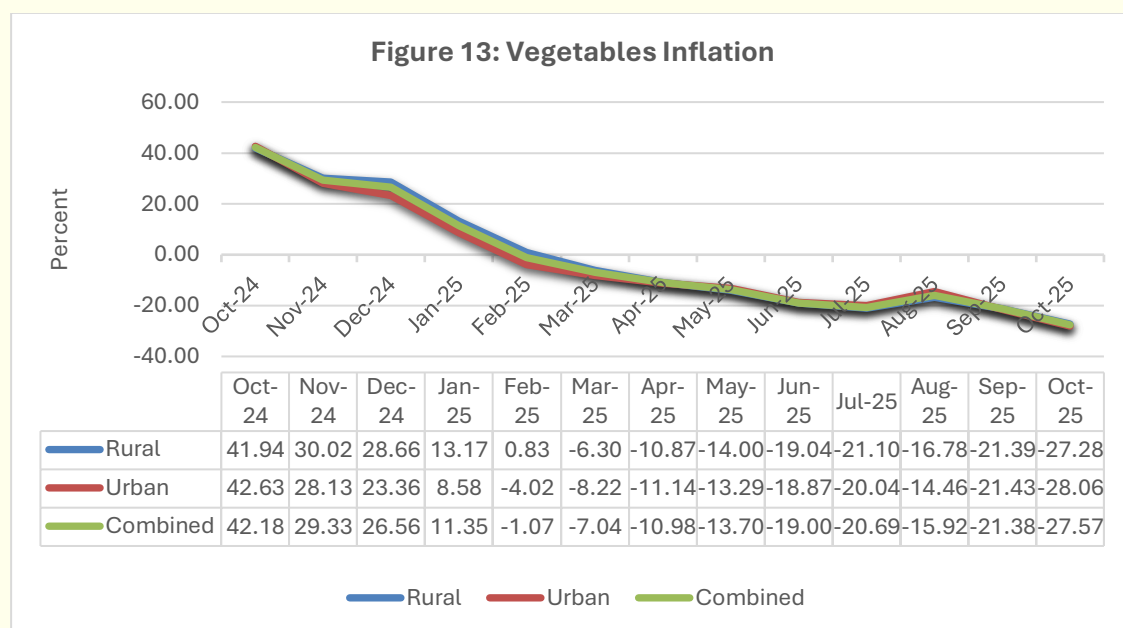
Fruit inflation declined sharply to 6.69 percent (rural 8.26 percent, urban 5.00 percent) (Figure 12), reflecting seasonal firming in fruit prices but considerably softer than earlier surges.



Source: MoSPI, GoI

## Vegetables

Vegetable inflation was deeply negative and fell to –27.57 percent, with rural at –27.28 percent and urban at –28.06 percent (Figure 13). The vegetable index declined marginally month-over-month—an important driver of the overall plunge in food inflation.

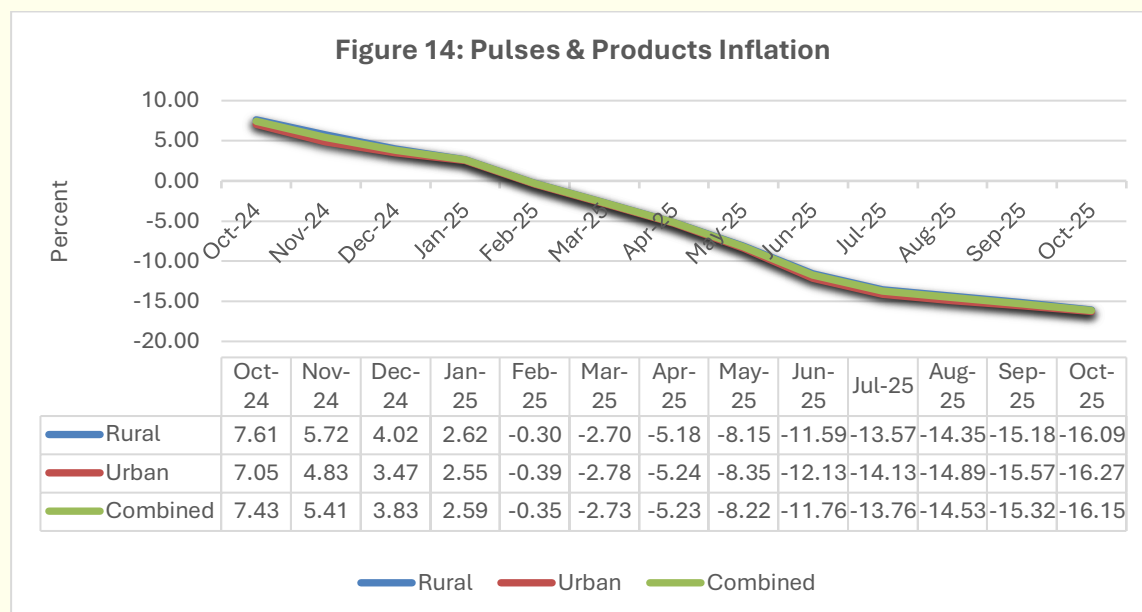


Source: MoSPI, GoI

## Pulses

Pulses inflation contracted by –16.15 percent, with rural at –16.09 percent and urban at –16.27 percent (Figure 14), driven by favourable harvest and strong base effects. Arhar/tur showed over –30 percent inflation.

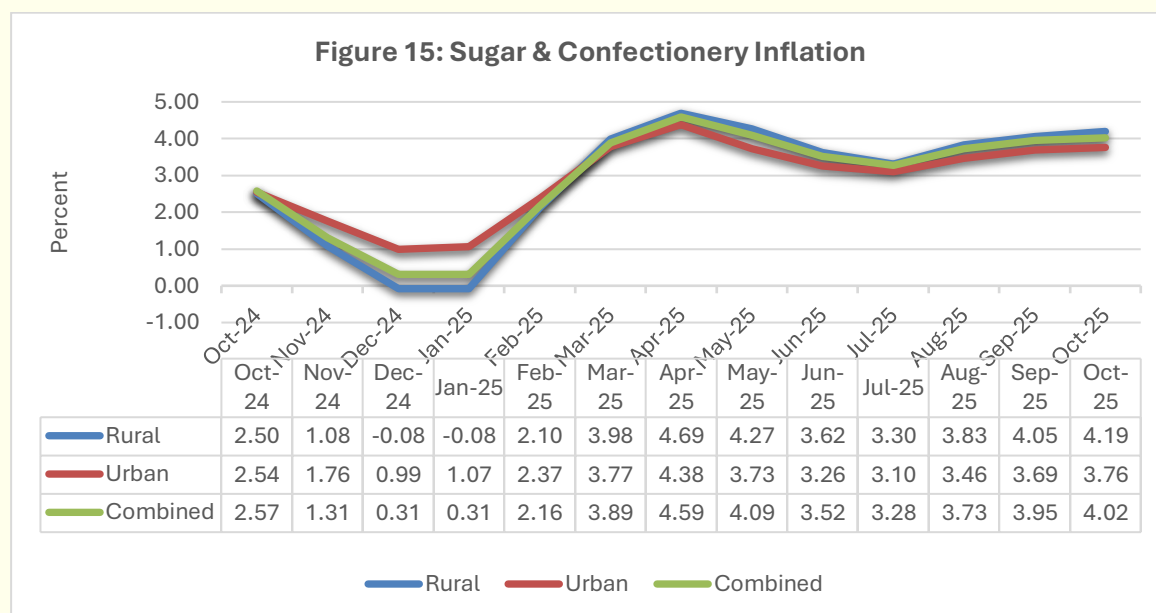




Source: MoSPI, GoI

### Sugar and Confectionery

Sugar inflation remained moderate at 4.02 percent, slightly lower in urban areas (3.76 percent) relative to rural (4.19 percent) (Figure 15).

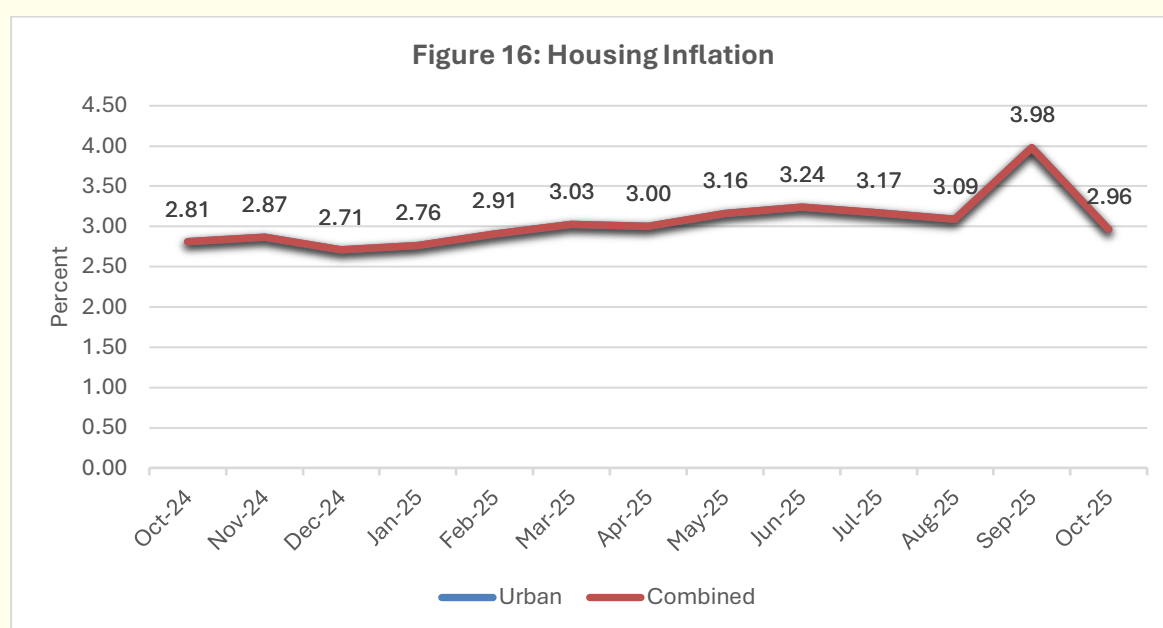


Source: MoSPI, GoI

## Non-Food Inflation

### Housing

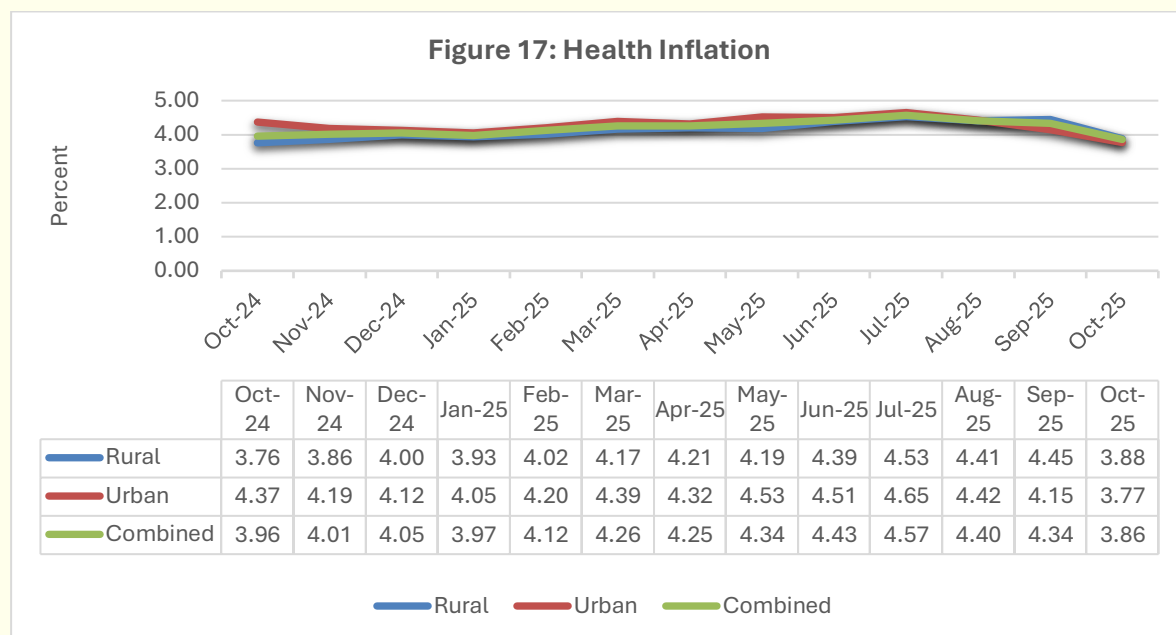
Urban housing inflation declined to 2.96 percent, from 3.98 percent in September (Figure 16). This steady trend reflects subdued rental inflation and controlled housing service costs.



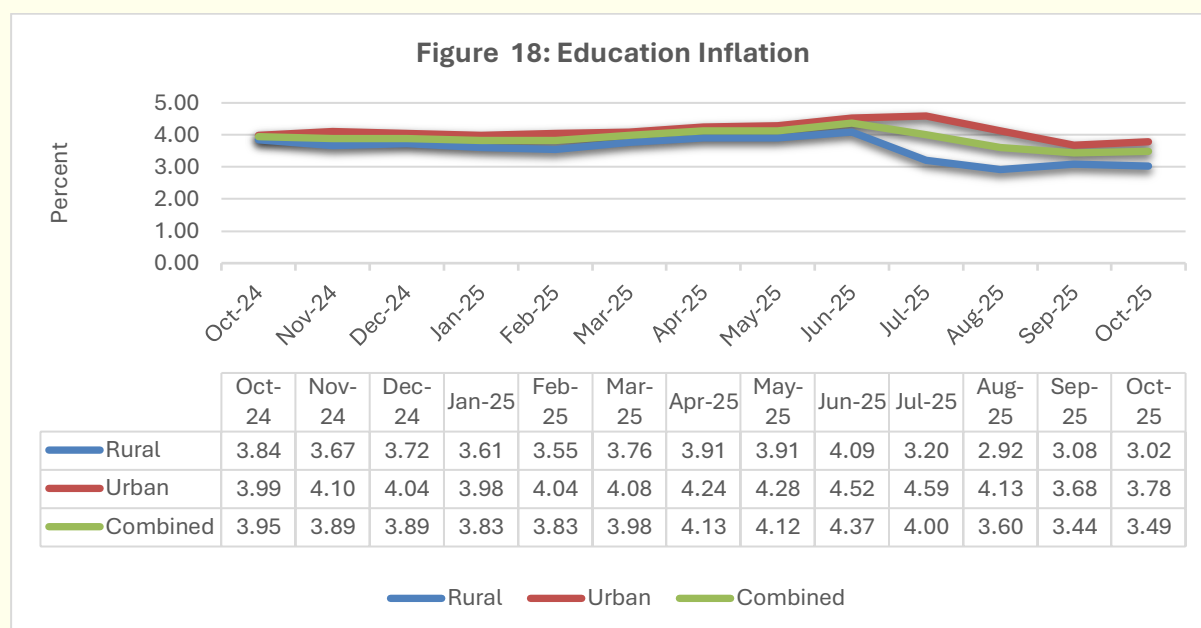
Source: MoSPI, GoI

### Health and Education

Health inflation eased to 3.86 percent from 4.39 percent in September (Figure 17). Education inflation remained stable at 3.49 percent (Figure 18), showing marginal uptick from the previous month.



Source: MoSPI, GoI

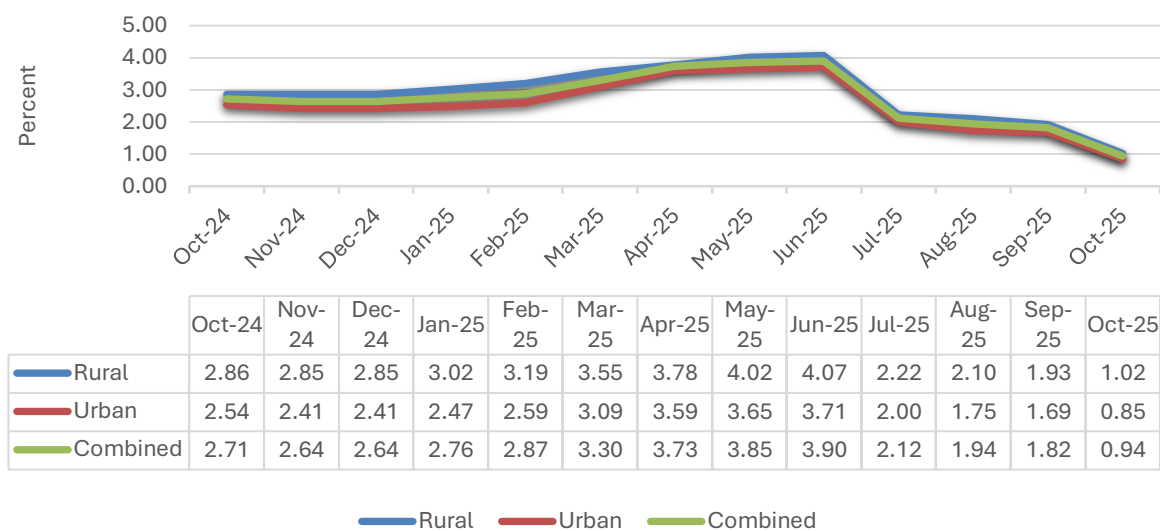


Source: MoSPI, GoI

## Transport and Communication

Inflation dropped to 0.94 percent, down from 1.82 percent, driven largely by lower communication costs and easing fuel-linked transportation prices. Both rural and urban areas benefitted from these declines.

**Figure 19: Transport & Communication Inflation**

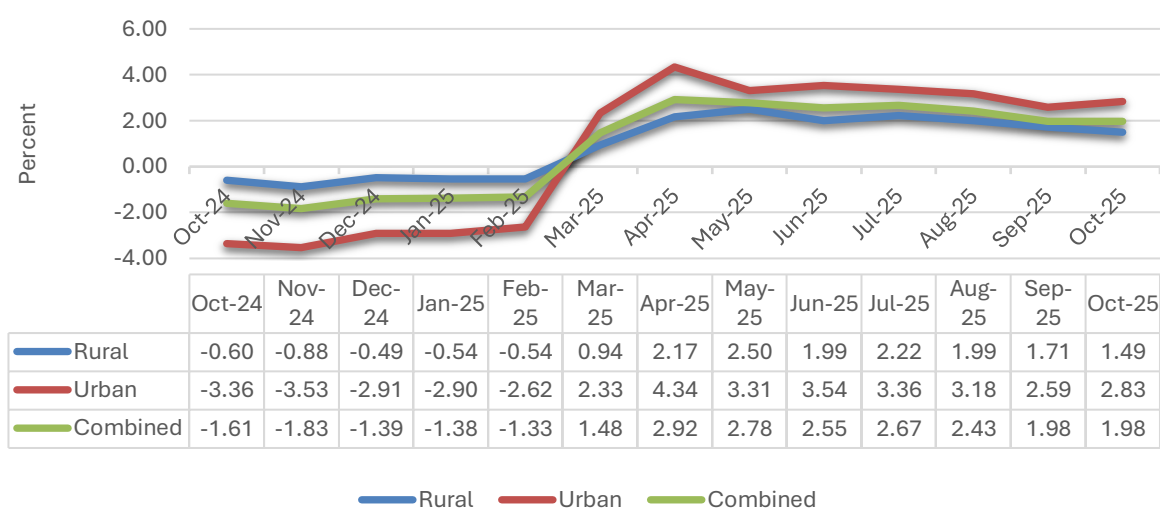


Source: MoSPI, GoI

## Fuel and Light

Fuel and light inflation was unchanged at 1.98 percent (Figure 20), reflecting stable domestic energy prices and limited global volatility during the month.

**Figure 20: Fuel & Light Inflation**



## State-Wise Trends

Kerala recorded the highest inflation at 8.56 percent, followed by Jammu & Kashmir (2.95 percent), Karnataka (2.34 percent), Punjab (1.81 percent), and Tamil Nadu (1.29 percent). Many states—such as Uttar Pradesh (–1.71 percent), Bihar (–1.97 percent), Madhya Pradesh (–1.62 percent), and Odisha (–1.39 percent)—experienced deflation. Urban inflation was positive in fewer states relative to rural. The wide divergence reflects differing food price patterns, climatic effects, and GST pass-through rates.

## Key Insights

- October 2025 marks the lowest headline and food inflation in the current CPI series, driven overwhelmingly by negative food inflation.
- Vegetables, pulses, and oils were the largest contributors to disinflation.
- GST rate reductions produced broad-based declines across goods and services.
- Rural India experienced deflation, reflecting deeper food disinflation and slower demand recovery.
- Non-food inflation remains anchored and stable, highlighting limited core inflation pressures.
- Large interstate variations emphasise differences in market integration, supply conditions, and local taxation.

## Policy Implications

- Monetary policy flexibility increases, as ultra-low inflation strengthens the case for maintaining an accommodative stance while supporting growth.
  - Food price management remains pivotal; the government must ensure that disinflation does not turn into farm-gate price distress, especially in vegetables and pulses.
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***Driving Policy, Empowering Progress***

- GST rationalisation success signals scope for targeted reductions, especially in high-weight consumption items.
- Investment in storage, cold chains, and market linkages could prevent extreme volatility in perishables.
- Core inflation stability allows fiscal authorities to maintain public investment momentum without triggering price pressures.
- States with high inflation (e.g., Kerala, Karnataka) may require region-specific supply interventions.

**Conclusion**

October 2025 represents a turning point in India's inflation dynamics, with unprecedented declines in headline and food inflation driven by policy measures, favourable bases, and easing supply conditions. While this provides relief to consumers and macro policymakers, sustaining price stability will require careful management of food supply chains, calibrated fiscal policy, and close monitoring of international commodity trends. As India approaches 2026, the challenge will be to maintain low inflation without compromising farm incomes, public investment, or growth momentum.

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## **INFLATION IS DOWN, ARE HOUSEHOLDS BETTER OFF?**

India is witnessing an unusually sharp bout of disinflation, with October CPI inflation plunging to 0.25 percent the lowest in the current series. The decline is driven overwhelmingly by a collapse in food and vegetable prices. Vegetables fell nearly 27 percent year-on-year in CPI, and even more sharply in WPI—by 35 percent with potatoes down 40 percent and onions over 60 percent. Pulses, fuel, and manufactured goods also showed significant softening, suggesting broad-based price relief driven by improved supplies, bumper harvests, better logistics, lower global commodity prices, and favourable base effects.

However, this sharp fall in headline inflation masks a very different picture underneath. Core CPI remains sticky at around 4.4 percent reflecting rising costs of essentials such as rent, healthcare, education, transport, and services. Elevated gold prices—captured in the CPI’s miscellaneous category—are reinforcing inflation expectations. The divergence between WPI deflation and persistent core CPI shows that India’s disinflation is supply-led, not demand-driven.

Several forces explain the price fall: strong harvests, easing weather disruptions, reduced taxes on select goods, and lower global prices of oil and farm commodities. But part of the decline is statistical—a reversal of last year’s supply shocks.

This spells a paradox of low inflation. While softer inflation supports stable interest rates and gives the RBI policy space, very low inflation can also hurt growth if it signals weak demand and rising real borrowing costs. India’s situation is less concerning because the disinflation is supply-driven, but without stronger income growth—especially in rural and informal sectors—low inflation alone may not bolster consumption.

Despite the dramatic drop in official data, households do not feel inflation falling. Their inflation experience is shaped by essentials whose prices remain elevated. Inflation expectations also remain high due to years of persistent price pressures. Moreover, CPI

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still rose modestly month-on-month, indicating that deflationary readings are unlikely to persist.

Overall, India's disinflation is real but magnified by base effects and volatile food categories. Whether this marks a durable shift or a temporary statistical dip will depend on food supplies, global commodities, and domestic demand. For now, a wide gap persists between headline data and household sentiment.

*This is a summary of an article "Explainer: Inflation is down, are households better off" by KR Shanmugam in Financial Express on 20 November 2025. The article can be accessed from: <https://shorturl.at/0V4aw>*

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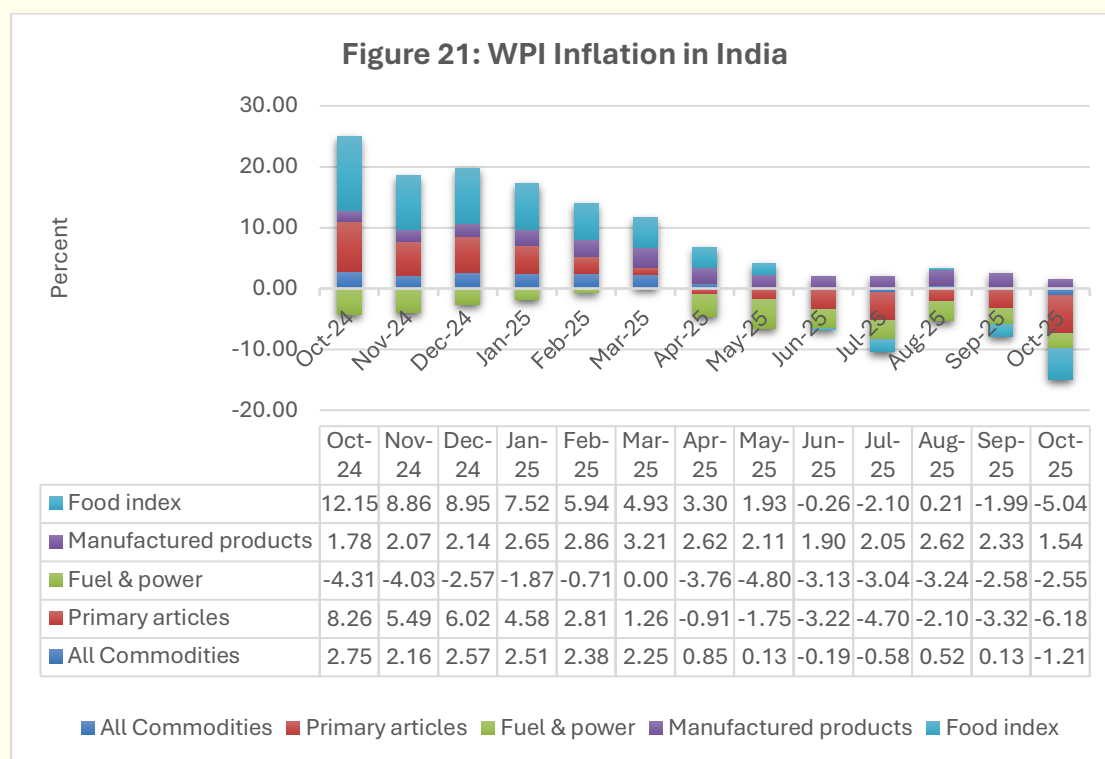
## **WPI TURNS DEEPER NEGATIVE: DISINFLATION STRENGTHENS ON FOOD AND ENERGY SOFTNESS**

### **Introduction**

Wholesale inflation in India slipped deeper into negative territory in October 2025, with the headline Wholesale Price Index (WPI) recording  $-1.21$  percent year-on-year, compared with  $0.13$  percent in September 2025 (Figure 21). This marks a decisive continuation of the disinflationary trajectory driven primarily by falling prices of food articles, crude petroleum and natural gas, electricity, mineral oils, and basic metals. On a month-over-month (MoM) basis, the WPI eased by  $0.06$  percent, reflecting subdued pricing pressures across primary and manufactured segments. While soft inflation provides relief to supply chains and producers, the persistence of broad-based negative price momentum, especially in food, raises questions about rural demand weakness and the sustainability of producer margins.

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Source: Office of Economic Adviser, Department for Promotion of Industry and Internal Trade, GoI

## Primary Articles

Primary articles inflation contracted sharply to  $-6.18$  percent year-on-year (Y-o-Y), compared with  $-3.32$  percent in September (Figure 21), marking its sixth consecutive month in negative territory. The index declined MoM by  $0.42$  percent. The decline was driven by a pronounced fall in food articles ( $-8.31$  percent), reflecting deep corrections in vegetables ( $-34.97$  percent), onions ( $-65.43$  percent), potatoes ( $-39.88$  percent), pulses ( $-16.50$  percent), and fruits ( $-7.03$  percent). Price corrections in perishables highlight both seasonal gluts and weak rural purchasing power. Non-food articles also recorded a Y-o-Y moderation to  $1.54$  percent, with oilseeds showing resilience at  $6.15$  percent. In minerals, the index increased  $1.72$  percent MoM, sustaining Y-o-Y inflation of  $5.57$  percent, driven by higher prices of key ores. Crude petroleum and natural gas fell by  $3.13$  percent MoM, deepening the annual decline to  $-7.54$  percent, reflecting lower global energy benchmarks.

## **Fuel & Power**

Fuel and power inflation remained subdued at –2.55 percent Y-o-Y (Figure 21), although the index registered a notable 1.12 percent MoM increase—the highest among major groups in October. This sequential uptick was led by a 2.89 percent rise in electricity prices and a 0.67 percent increase in mineral oils. However, year-on-year declines across key components such as LPG (–9.52 percent), petrol (–2.60 percent), and high-speed diesel (–1.89 percent) continue to anchor the group in negative territory. The divergence between monthly firming and annual softness suggests stabilisation in global oil markets but continued domestic price moderation relative to last year.

## **Manufactured Products**

Manufactured products, which constitute 64.23 percent of the WPI basket, showed mild inflation of 1.54 percent Y-o-Y (Figure 21), but edged down 0.07 percent MoM. The price trajectory reflects a mixed pattern across industries: 7 out of 22 manufacturing groups witnessed price declines in October, including chemicals, basic metals, motor vehicles, and printing and media. Basic metals continued to register deflation (–1.58 percent Y-o-Y), signalling weak global industrial demand and a correction in steel markets. Conversely, 11 categories registered MoM increases, including textiles, food products, electronics, electrical equipment, and wood products, indicating selective demand recovery and firming input costs in certain segments. Overall, manufactured inflation remains positive but subdued, consistent with moderate industrial activity and declining commodity prices.

## **WPI Food Index**

The WPI Food Index remained unchanged MoM at 192.0, but its inflation declined sharply from –1.99 percent in September to –5.04 percent in October (Figure 21). This steep disinflation reflects ongoing corrections in vegetable and pulse prices, supported by improved arrivals and favourable supply conditions. While benign food inflation provides macroeconomic comfort, the magnitude of declines—especially in vegetables and onions—suggests potential stress for producers and points to persistent rural

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demand softness. Manufactured food products, though posting marginal MoM gains, recorded a sharp decline in Y-o-Y inflation to 1.76 percent, down from 4.56 **percent** in September, reinforcing the overall disinflationary trend in the food economy.

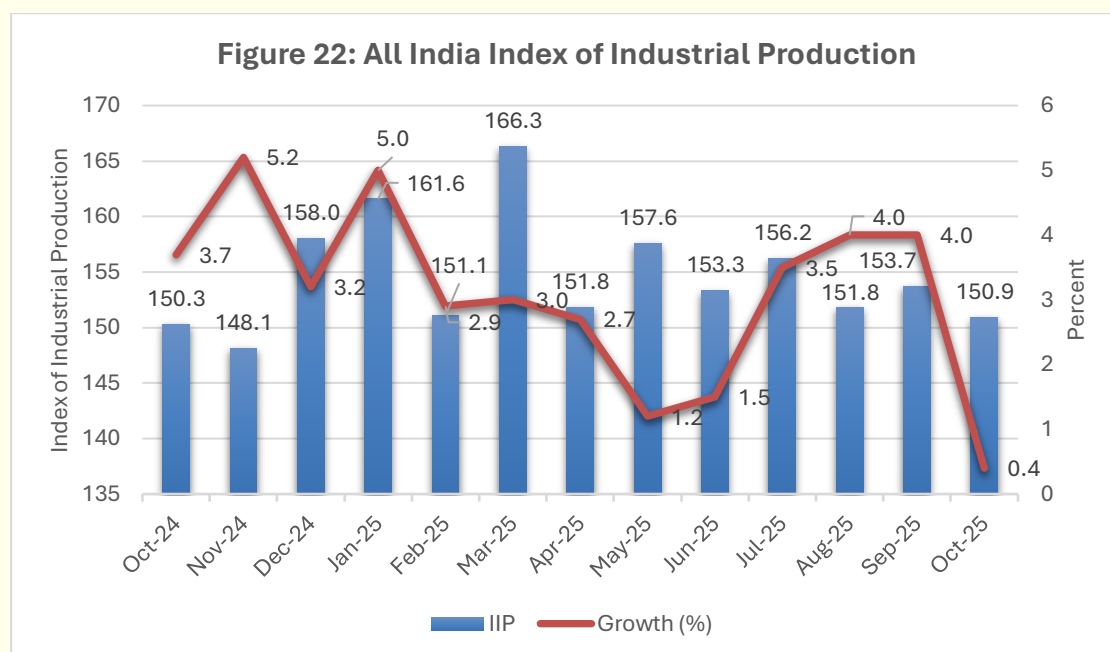
## **Conclusion**

The October 2025 WPI print underscores a broad-based disinflation driven primarily by sharp corrections in food prices, soft global commodity markets, and modest manufacturing price pressures. While negative wholesale inflation eases operational costs and supports the inflation management outlook, it also reflects underlying economic frictions—particularly weak rural demand, price volatility in perishables, and subdued global industrial activity. The divergence between monthly firming in fuel prices and annual declines suggests a stabilising energy environment, but with limited inflationary spillover so far. Going forward, the key policy challenge lies in ensuring that sustained WPI deflation does not translate into weakened producer margins and investment sentiment, while also addressing structural imbalances in agricultural supply chains.

## INDIA'S INDUSTRIAL GROWTH IN OCTOBER 2025: A PAUSE IN MOMENTUM AMID SEASONAL DRAGS

### Introduction

Industrial activity in India moderated sharply in October 2025, with the Index of Industrial Production (IIP) expanding by just 0.4 percent year-on-year—well below the 4.0 percent growth recorded in September (Figure 22). The slowdown is partly attributable to fewer working days due to a cluster of major festivals, including Dussehra, Diwali, and Chhath. Yet, the deceleration also underscores underlying demand softness in select sectors and weather-related anomalies that reduced electricity consumption. The General Index rose marginally to 150.9, marginally above 150.3 in October 2024, signalling a stagnating momentum. The industrial economy continues to reflect a mixed recovery: pockets of resilience in manufacturing and construction-linked segments coexist with declines in mining, electricity, and consumer-oriented categories.



Source: MoSPI, GoI

## **Sectoral Performance**

### ***Manufacturing***

Manufacturing grew 1.8 percent year-on-year (Figure 23), supported by strong output in basic metals (6.6 percent), coke and refined petroleum products (6.2 percent), and motor vehicles (5.8 percent). Key contributors included: MS slabs, alloy steel flat products, HR coils in basic metals; diesel, petrol, hard coke in petroleum refining; passenger cars, commercial vehicles, auto components in the transport cluster

However, only 9 of 23 manufacturing sub-groups posted growth, indicating broad-based softness. Weakness was visible in food products (–8.0 percent), wearing apparel (–6.1 percent), leather products (–16.4 percent), and rubber and plastics (–4.3 percent), suggesting subdued consumer demand and pressure on export-linked segments.

### ***Electricity***

Electricity output contracted sharply by –6.9 percent (Figure 23), driven by: extended monsoon rains; lower temperatures across several states; and reduced cooling demand. The electricity index fell from 213.4 in September to 193.4 in October, marking the steepest decline among the three core sectors. This drop weighed significantly on overall IIP momentum.

### ***Mining***

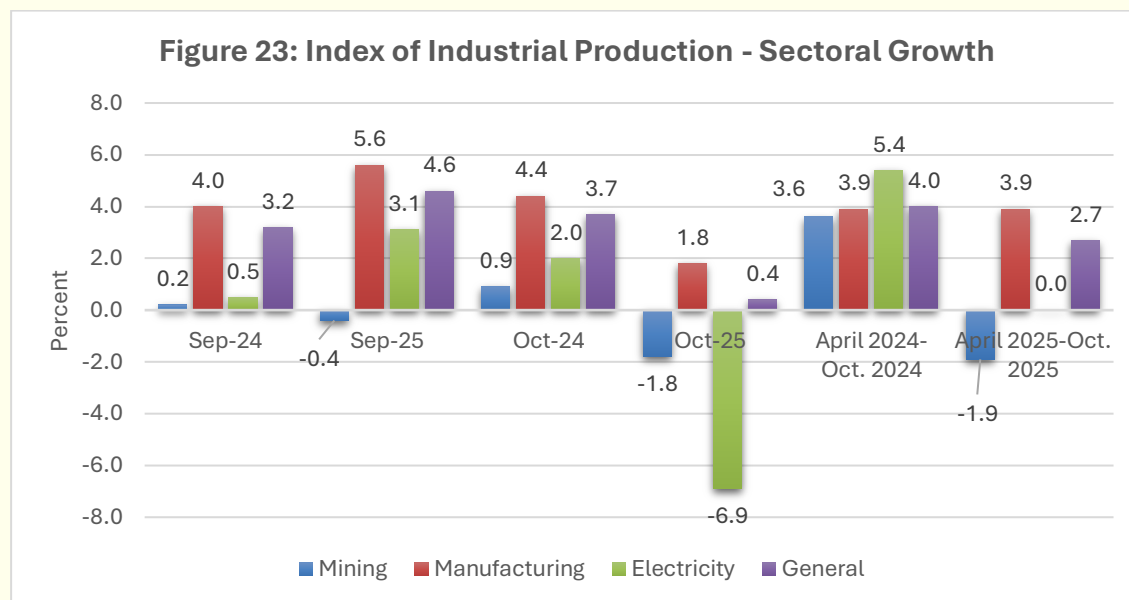
Mining activity declined –1.8 percent (Figure 23), reversing the modest recovery of the previous months. With the mining index at 126.2, subdued production of key minerals and disruptions due to erratic rainfall contributed to the contraction. The cumulative (Apr–Oct) mining growth moved deeper negative at –1.9 percent.

### ***General IIP***

The General Index increased marginally to 150.9, but year-on-year growth slowed to 0.4 percent (Figure 23). On a cumulative basis (Apr–Oct), IIP rose 2.7 percent,

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reflecting moderate and uneven industrial momentum. Growth continues to be anchored by manufacturing, while mining and electricity remain drags.



Source: MoSPI, GoI

## Use-based Classification

### Primary Goods

Primary goods output fell  $-0.6$  percent, with the index at 148.9. Weak momentum reflects muted raw material demand and disruptions from extended rainfall. Cumulative growth (Apr–Oct) barely held positive at 0.1 percent.

### Capital Goods

Capital goods grew 2.4 percent, suggesting continued investment-related activity despite monthly volatility. The index stood at 111.8, with cumulative growth of 6.8 percent, reflecting ongoing public capex and selective private investment in machinery, electrical equipment, and transport assets.

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### ***Intermediate Goods***

Intermediate goods rose **0.9** percent, backed by stable demand from steel, chemicals, petroleum products, and auto components. The index increased to 166.5, reflecting supply-chain continuity despite overall industrial slowdown.

### ***Infrastructure/Construction Goods***

This category was the standout performer, rising 7.1 percent, the strongest among all use-based groups. With the index at 197.2, growth was fuelled by strong public infrastructure activity, construction materials demand, and logistics-driven expansion. Cumulatively, the segment grew 8.5 percent, underlining its central role in industrial resilience.

### ***Consumer Durables***

Consumer durables contracted **–0.5** percent, reflecting festival-linked disruptions, subdued retail demand in some categories, and weaker discretionary spending. The index fell to 129.2, down from 146.2 in September.

### ***Consumer Non-Durables***

Consumer non-durables saw a sharper decline of **–4.4** percent, with the index at 139.9. This category has been under stress due to weak rural demand, inventory adjustments, and seasonal disruptions.

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**Table 1: IIP Growth - Use-based Classification**

	Sept. 2024	Sept.2025	Oct. 2024	Oct. 2025	April- October 2024-25	( percent) April- October 2025-26
Primary goods	1.8	1.3	2.5	-0.6	4.1	0.1
Capital goods	3.5	5.4	2.9	2.4	3.8	6.8
Intermediate goods	4.3	6.3	4.8	0.9	4.3	6.3
Infrastructure/ Construction goods	3.5	10.6	4.7	7.1	5.8	8.5
Consumer durables	6.3	10.0	5.5	-0.5	8.1	4.1
Consumer non-durables	2.2	-0.3	2.8	-4.4	-0.7	-2.2

Source: NSO, MoSPI, GoI

## Policy and Structural Implications

The October IIP data reflects a confluence of structural and seasonal factors. Three implications stand out:

1. **Dependence on Public Capex:** Growth remains disproportionately supported by infrastructure and construction goods, signalling the centrality of government spending. Sustained private investment revival—especially in machinery, metals, and capital goods—will be essential to broaden industrial recovery.
2. **Consumer Sector Fragility:** Declines in consumer durables and non-durables reinforce concerns about soft consumption trends, particularly in rural areas. Targeted policies to stimulate rural purchasing power, strengthen agricultural incomes, and ease supply chain frictions will be important.
3. **Weather Sensitivity and Energy Demand:** Weather-driven volatility has significant implications for electricity demand and industrial energy use.



Strengthening grid flexibility, promoting diversified energy usage, and enhancing climate-resilient industrial planning will be crucial.

## **Outlook**

Industrial prospects for the coming months remain cautiously optimistic. While the October slowdown is partly temporary, structural headwinds persist. Manufacturing momentum in metals, electronics, petroleum products, and automobiles is likely to continue, supported by festive-season backlogs and export recovery in select segments. Infrastructure demand will remain robust, driven by fiscal commitments and project completions. However, risks stem from: persistent rural consumption weakness; global demand uncertainty; weather-related disruptions to mining and energy; and potential volatility in commodity prices

The November and December prints will be critical for assessing whether the October moderation represents a temporary dip or an early signal of broader industrial deceleration.

## **Conclusion**

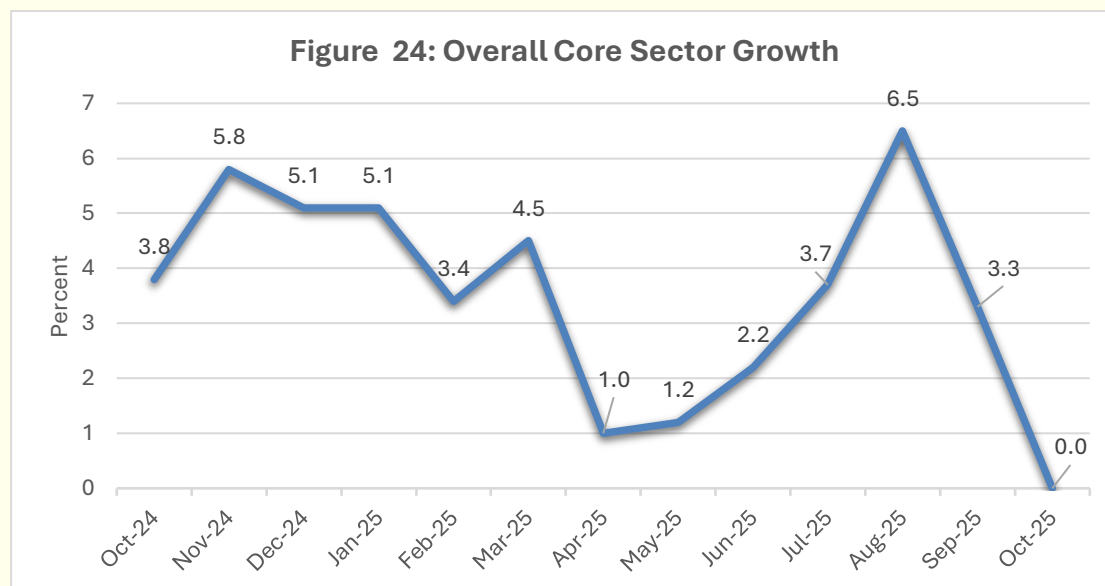
India's industrial sector in October 2025 presents a picture of divergence: while manufacturing and construction-linked sectors continue to provide a floor to overall growth, electricity, mining, and consumer-facing categories remain under stress. The headline slowdown to 0.4 percent is partly seasonal but also indicative of underlying fragilities. Strengthening domestic demand, accelerating private investment, and improving resilience to weather variations will be crucial for sustaining industrial momentum into early 2026. A calibrated policy approach—balancing capex support with measures to stimulate consumption—will be key to achieving stable, broad-based industrial growth.

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## CORE SECTOR STALLS IN OCTOBER 2025: STRENGTH IN STEEL AND CEMENT, WEAKNESS IN ENERGY

### Introduction

India's core infrastructure sectors recorded a flat performance in October 2025, with the Index of Eight Core Industries (ICI) remaining unchanged (Figure 24) at 162.4, the same level as October 2024. This stagnation reflects a complex interplay of strong output in key manufacturing-linked industries—such as steel, cement, fertilizers, and refinery products—offset by significant contractions in electricity, coal, natural gas, and crude oil. With the core sectors accounting for 40.27 percent of the IIP basket, the October print signals a deceleration in the industrial economy's backbone, even as select industries show resilience. The cumulative growth for April–October 2025–26 stands at 2.5 percent, compared with 4.3 percent a year earlier, indicating a broad-based moderation in industrial momentum.



Source: Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry, GoI

## **Energy Sector Performance**

### ***Electricity***

Electricity generation contracted sharply by 7.6 percent year-on-year, marking the most significant drag on the October core sector print. The monthly index fell to 192.1, down from 207.8 in October 2024, indicating weakened power demand as well as supply-side pressures. Cumulatively, electricity output is 0.1 percent lower during April–October 2025–26, pointing to a broader slowdown in industrial and commercial consumption.

### ***Refinery Products***

Petroleum refinery production expanded by 4.6 percent year-on-year (Figure 25), emerging as one of the strongest contributors to October’s performance. The index rose to 141.7, supported by robust demand for refined petroleum products and improved utilisation rates across refineries. Cumulatively, growth stands at 0.4 percent for April–October, suggesting stabilisation in the downstream petroleum sector after months of volatility.

### ***Natural Gas***

Natural gas production continued to decline, falling 5.0 percent year-on-year in October (Figure 25). The index dropped to 75.3, reflecting ongoing reductions in output from domestic fields and the impact of subdued industrial demand. Over the April–October period, natural gas production is down 3.1 percent, highlighting persistent structural constraints in exploration and production.

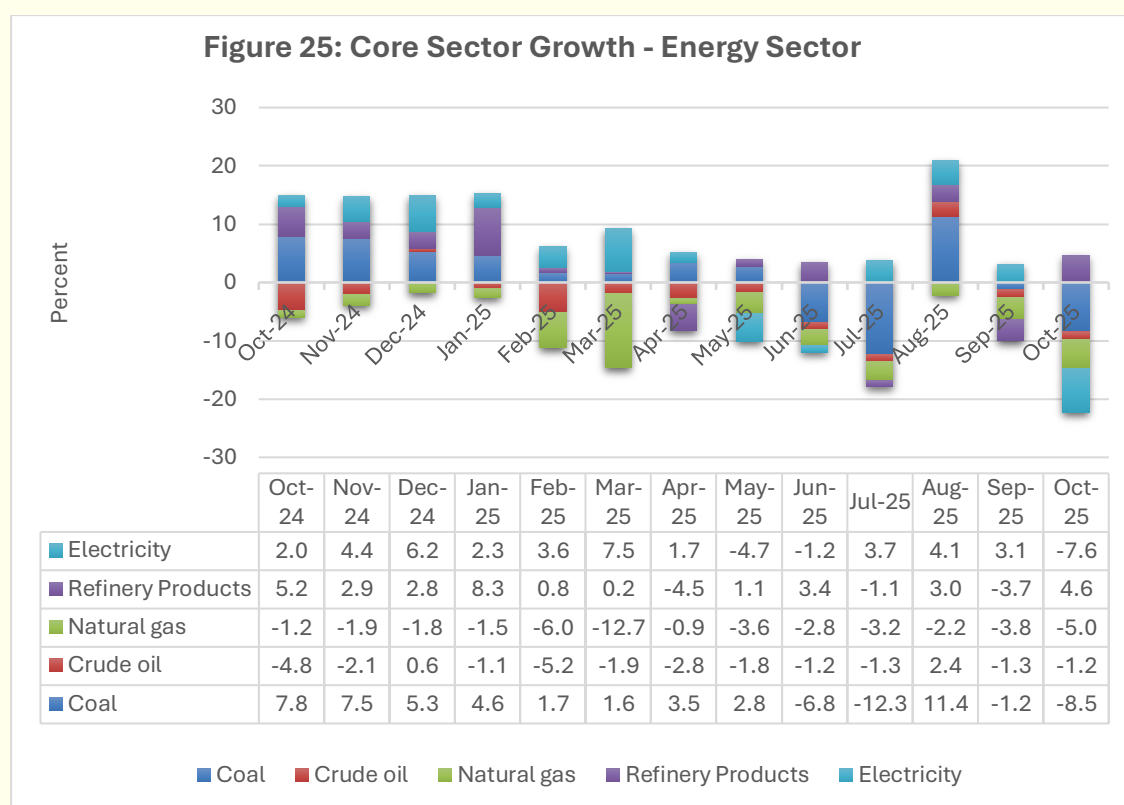
### ***Crude Oil***

Crude oil extraction contracted by 1.2 percent in October (Figure 25), with the index at 73.7. This marks a continuation of the long-term decline in domestic crude output, influenced by maturing fields, limited new discoveries, and lagging investment. Cumulative production fell 1.1 percent in April–October, reinforcing concerns about India’s domestic energy security.

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## Coal

Coal production saw the steepest decline among energy commodities, falling 8.5 percent year-on-year in October (Figure 25). The index dropped to 170.1, reflecting disruptions in mining activity, weather-related logistical constraints, and base effects. Coal output is down 2.0 percent cumulatively, raising questions about fuel supply adequacy for power generation during peak demand months.



Source: Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry, GoI

## Manufacturing Sector Performance

### Cement

Cement production registered a healthy 5.3 percent growth in October (Figure 26),, with the index rising to 197.1. This reflects steady construction activity, beneficiaries of both public infrastructure spending and urban housing demand. Cumulatively,

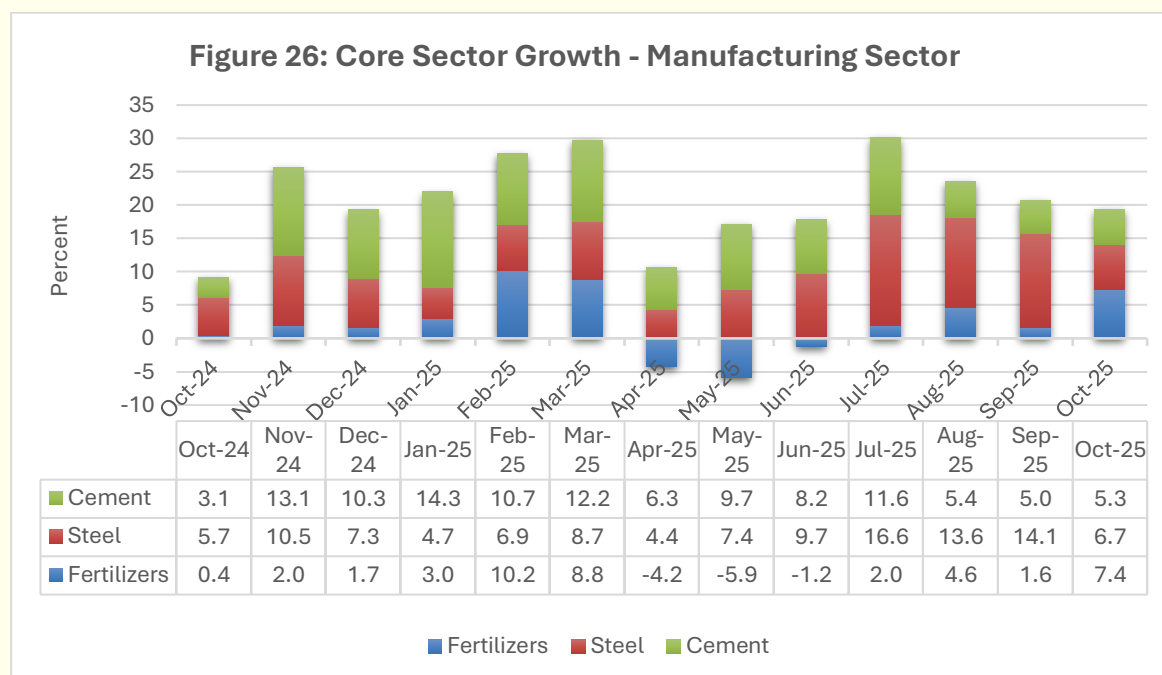
cement output has grown 7.3 percent, making it one of the strongest-performing core sectors.

## Steel

Steel production grew 6.7 percent year-on-year (Figure 26), supported by robust demand from automobiles, infrastructure, and engineering goods. The index at 227.1 indicates elevated output levels, while cumulative growth surged 10.3 percent, the highest among all core industries—a sign of strong industrial recovery and supply-chain resilience.

## Fertilizers

Fertilizer production rose 7.4 percent in October (Figure 26), with the index reaching 147.0. This increase aligns with agricultural seasonal demand and improved plant utilisation. However, cumulative growth remains modest at 0.7 percent, suggesting variability linked to raw material availability and planting cycles.



Source: Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry, GoI

## Annual Core Sector Growth

The cumulative growth of the eight core industries during April–October 2025–26 stands at 2.5 percent, significantly lower than 4.3 percent during the same period in the previous year (Table 2). The high-performing sectors—steel (+10.3 percent), cement (+7.3 percent), and fertilizers (+0.7 percent)—offset the cumulative declines in coal (–2.0 percent), crude oil (–1.1 percent), natural gas (–3.1 percent), and electricity (–0.1 percent). Refinery products, despite positive October performance, show only 0.4 percent cumulative growth. The divergence between manufacturing-linked sectors and energy producers highlights structural weaknesses that continue to constrain overall momentum.

**Table 2: India's Annual Core Sector Growth**

	Overall Core Sector	Energy Sector					Manufacturing Sector		
		Coal	Crude Oil	Natural Gas	Refinery Products	Electricity	Fertilizers	Steel	Cement
2012-13	3.8	3.2	-0.6	-14.4	7.2	4.0	-3.3	7.9	7.5
2013-14	2.6	1.0	-0.2	-12.9	1.4	6.1	1.5	7.3	3.7
2014-15	4.9	8.0	-0.9	-5.3	0.2	14.8	1.3	5.1	5.9
2015-16	3.0	4.8	-1.4	-4.7	4.9	5.7	7.0	-1.3	4.6
2016-17	4.8	3.2	-2.5	-1.0	4.9	5.8	0.2	10.7	-1.2
2017-18	4.3	2.6	-0.9	2.9	4.6	5.3	0.03	5.6	6.3
2018-19	4.4	7.4	-4.1	0.8	3.1	5.2	0.3	5.1	13.3
2019-20	0.4	-0.4	-5.9	-5.6	0.2	0.9	2.7	3.4	-0.9
2020-21	-6.4	-1.9	-5.2	-8.2	-11.2	-0.5	1.7	-8.7	-10.8
2021-22	10.4	8.5	-2.6	19.2	8.9	8.0	0.7	16.9	20.8
2022-23	7.8	14.8	-1.7	1.6	4.8	8.9	11.3	9.3	8.7
2023-24	7.6	11.8	0.6	6.1	3.6	7.1	3.7	12.5	8.9
2024-25	4.5	5.1	-2.2	-1.2	2.8	5.2	2.9	6.8	6.3
April- Oct. 2024-25	4.3	6.2	-2.5	1.4	2.7	5.4	1.6	6.2	1.9
April – Oct. 2025-26	2.5	-2.0	-1.1	-3.1	0.4	-0.1	0.7	10.3	7.3

Source: Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry, GoI

## Conclusion

The October 2025 core sector data presents a mixed picture—one of selective strength amid broader weaknesses. Manufacturing-oriented sectors such as steel and cement continue to drive industrial resilience, while energy commodities remain under strain due to structural and demand-side constraints. The stagnation of the overall index underscores the need for targeted interventions to revive energy sector performance, unlock domestic production capacity, and strengthen supply-chain efficiencies. As India navigates a phase of global economic uncertainty and shifting industrial dynamics, the core sector's trajectory will remain critical for sustaining broader industrial and GDP growth.

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## INDIA'S TRADE LANDSCAPE IN OCTOBER 2025: SERVICES STRENGTH CUSHIONS MERCHANDISE WEAKNESS

### Introduction

India's external sector in October 2025 reflected a mixed but revealing picture of emerging trade dynamics. While the month registered a marginal contraction in total exports to \$72.89 billion from \$73.39 billion, a year earlier (Table 3)—driven primarily by a sharp decline in merchandise shipments—services exports continued to offer strong support, underscoring the structural shift in India's trade composition. The widening trade deficit—driven by robust import growth to \$94.70 billion from \$82.44 billion, in the previous year, particularly in merchandise goods—signals strengthening domestic demand but also highlights persistent vulnerabilities in commodities, energy inputs, and gold imports. This resulted in a sharp increase in trade deficit to \$21.80 billion from \$9.05 billion. The cumulative data for April–October 2025 reflects moderate expansion in both goods and services exports, although import growth continues to outpace export momentum. The evolving pattern of product and market diversification offers encouraging signs, but the broader trade landscape remains sensitive to global uncertainty and shifting demand.

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## **Merchandise Trade**

Merchandise trade showed clear signs of pressure in October 2025. Exports contracted to US\$ 34.38 billion, down from US\$ 38.98 billion a year earlier (Table 3), reflecting a combination of weaker global commodity prices, soft demand in developed markets, and supply-side adjustments in key domestic sectors. In contrast, merchandise imports surged to US\$ 76.06 billion, up from US\$ 65.21 billion in October 2024, driven by higher inflows of industrial inputs, electronics, and precious metals. This widening imbalance expanded the merchandise trade deficit for October and, over the April–October period, pushed the cumulative deficit to US\$ 196.82 billion, compared to US\$ 171.40 billion in the previous year. Despite the monthly contraction, several product segments registered strong performance. Electronic goods, meat and dairy products, marine products, cashew, and coffee were among the fastest-growing items, signalling both improved competitiveness and targeted export support. Non-petroleum and non-gems & jewellery exports fell to US\$ 28.14 billion, down from US\$ 31.32 billion a year earlier, but cumulatively they rose to US\$ 203.40 billion, indicating underlying strength beyond volatile commodity segments.

## **Services Trade**

Services trade continued to serve as the anchor of India's external sector. Estimated services exports for October 2025 rose to US\$ 38.52 billion, up from US\$ 34.41 billion in October 2024 (Table 3), reflecting ongoing momentum in software, business process management, consultancy, and professional services. Imports increased more modestly, rising to US\$ 18.64 billion from US\$ 17.23 billion, helping maintain a substantial services surplus. Over the April–October period, services exports surged to US\$ 237.55 billion, compared to US\$ 216.45 billion in the previous year, a growth of nearly 10 percent. The cumulative services trade surplus widened to US\$ 118.68 billion, from US\$ 101.49 billion, reinforcing the role of services in stabilising the overall trade balance and partly offsetting merchandise-related pressures. Services remain India's most dynamic export segment, driving structural diversification and supporting macroeconomic resilience.



**Table 3: Trade During October 2025**

		October 2025 (US\$ Billion)	October 2024 (US\$ Billion)
Merchandise	Exports	34.38	38.98
	Imports	76.06	65.21
Services	Exports	38.52	34.41
	Imports	18.64	17.23
Total Trade	Exports	72.89	73.39
	Imports	94.70	82.44
	<b>Trade Balance</b>	<b>-21.80</b>	<b>-9.05</b>

Source: Ministry of Commerce and Industry, Government of India <https://www.commerce.gov.in/trade-statistics/latest-trade-figures/>

### Cumulative Trade: April–October 2025 Trends

India's total exports (merchandise + services) during April–October 2025 rose to US\$ 491.80 billion (Table 4), a growth of 4.84 percent over the same period in 2024. Imports, however, grew faster at 5.74 percent, rising to US\$ 569.95 billion, widening the overall trade deficit to US\$ 78.14 billion from US\$ 69.92 billion previously. Merchandise exports grew marginally by 0.63 percent to US\$ 254.25 billion, while merchandise imports increased by 6.37 percent to US\$ 451.08 billion, reflecting strong domestic demand for energy, capital goods, and intermediate goods. Non-petroleum exports performed better, rising by 3.92 percent, and non-petroleum, non-gems & jewellery exports increased by 4.62 percent, highlighting the growing importance of diversified manufacturing and agri-based products.

**Table 4: Trade During April-October 2025**

		<i>April-September 2025 (US\$ Billion)</i>	<i>April-September 2024 (US\$ Billion)</i>
<i>Merchandise</i>	<i>Exports</i>	254.25	252.66
	<i>Imports</i>	451.08	424.06
<i>Services</i>	<i>Exports</i>	237.55	216.45
	<i>Imports</i>	118.87	114.96
<i>Total Trade</i>	<i>Exports</i>	491.80	469.11
	<i>Imports</i>	569.95	539.02
	<b><i>Trade Balance</i></b>	<b>-78.14</b>	<b>-69.92</b>

Source: Ministry of Commerce and Industry, Government of India <https://www.commerce.gov.in/trade-statistics/latest-trade-figures/>

## Product and Market Diversification

The latest data highlights significant diversification in both product categories and export markets. On the product side, strong growth in cashew (126.85 percent), meat, dairy & poultry products (30.87 percent), electronic goods (19.05 percent), other cereals (14.71 percent), marine products (11.08 percent), and coffee (10.91 percent) demonstrates the widening export basket. These gains, especially in higher-value agri-products and electronics, reflect improvements in competitiveness, supply-chain expansion, and targeted policy incentives. Import dynamics also show notable shifts, with declines in categories such as precious stones, petroleum products, pulp and waste paper, iron & steel, and newsprint, underscoring changes in global pricing, substitution effects, and domestic manufacturing adjustments.

On the market diversification front, India recorded significant export growth to China (+42.35 percent), Spain (+43.43 percent), Sri Lanka (+29.02 percent), Vietnam (+21.42 percent), and Tanzania (+17.92 percent) in October. Over the April–October period,

the key high-growth destinations included the USA, China, UAE, Spain, and Hong Kong, suggesting that India is deepening its presence in both established and emerging markets. Import sources also shifted significantly, with Switzerland, Hong Kong, China, the UK, and UAE showing marked increases, linked partly to gold, electronics, and intermediate goods supply chains.

## **Conclusion**

India's trade performance in October 2025 underscores a growing divergence between the strength of services exports and the weakness in merchandise shipments. While cumulative trade data for the fiscal year to date remains positive, the widening trade deficit highlights persistent structural vulnerabilities—particularly dependence on commodity imports and sensitivity to global demand cycles. Encouragingly, India's export basket and destination markets continue to diversify, supporting long-term resilience. Sustaining this momentum will require deeper integration into global value chains, continued policy support for emerging export sectors, and strategies to reduce import dependence in critical inputs. As global trade conditions remain uncertain, these structural shifts will determine the trajectory of India's external sector over the coming quarters.

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## **GEOPOLITICS RESHAPES INDIA'S OIL EXPORTS AS REFINERS PIVOT TO NEW MARKETS**

India's petroleum export landscape is undergoing a sharp reorientation as geopolitical pressures and sanctions reshape global energy trade flows. Traditional buyers such as the Netherlands, France, and Indonesia have significantly reduced their import volumes, prompting Indian refiners—particularly private sector players—to redirect shipments to newer, non-traditional markets across West Asia, Africa, and East Asia.

The shift comes amid heightened pressure from the United States following the inauguration of President Donald Trump in January. Washington has urged India to halt purchases of discounted Russian crude and, on August 7, imposed an additional 25 percent tariff on India for buying Russian oil, raising the total tariff to 50 percent from

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August 27. The US has also encouraged the European Union to adopt secondary sanctions that would deter EU member states from sourcing refined products from India.

These actions have begun to reflect in India's export data. According to the commerce department, petroleum product shipments fell 5.6 percent in volume during April–September 2025 (H1FY26). The sector's share in India's total exports also declined from 17.1 percent in H1FY25 to 13.8 percent in H1FY26.

The Netherlands—historically India's largest petroleum export destination—cut its imports by 20.4 percent in volume terms. Several other key markets sharply scaled back their purchases: France (–85 percent), Indonesia (–81.1 percent), the UK (–50.1 percent), Malaysia (–43.2 percent), and South Africa (–22.3 percent). The decline was most pronounced in Europe, where the Port of Rotterdam, a major transshipment hub for Indian products, has seen reduced throughput amid tightening sanctions-linked sensitivities.

Yet India has responded with a remarkable diversification push. Exports to Jordan (18,086 percent), Hong Kong (17,006 percent), and Spain (13,436 percent) surged exponentially in H1FY26, alongside substantial increases to the Philippines (2,235 percent), Namibia (1,068 percent), China (145 percent), and Argentina (110 percent). This redirection has helped cushion the overall decline from Europe and Southeast Asia.

The realignment also follows the US decision last month to sanction Russia's largest oil producers, Rosneft and Lukoil, intensifying disruption in supply chains. Private refiners such as Reliance Industries (RIL) and Nayara Energy, which source a meaningful share of their crude from Russia, are expected to face the brunt of the impact. State-run refiners—including Indian Oil, Bharat Petroleum, and Hindustan Petroleum—are likely to remain relatively insulated in the near term, as they import Russian oil largely through trader intermediaries and focus mainly on the domestic market.

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A refinery executive noted that European buyers have grown increasingly cautious, compelling Indian refiners to shift volumes to “Africa and South America,” as these regions remain less exposed to geopolitical scrutiny.

The emerging pattern underscores a broader recalibration in India’s energy trade strategy—one that balances geopolitical risks, supply-chain diversification, and continued reliance on discounted Russian crude. While the pressure from US and EU policies may intensify over the coming months, India’s rapid expansion into new markets signals an adaptive shift aimed at preserving export momentum amid an evolving global energy order.

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## **MUTED GST GROWTH IN NOVEMBER REFLECTS MIXED ECONOMIC SIGNALS POST-RATIONALISATION**

India's goods and services tax (GST) revenues registered only a marginal increase in November, underscoring a notable moderation in indirect tax collections in the first full month after the GST rate rationalisation took effect. Gross GST collections in November rose modestly by 0.7 percent year-on-year to ₹1,70,276 crore, reflecting the impact of reduced GST rates alongside improved tax compliance. Net GST revenues rose a modest 1.3 per cent year-on-year to ₹1.52 trillion, excluding compensation cess, marking a slowdown from previous months. The weakness was more pronounced when compensation cess receipts were included: net cess collections plunged over 69 per cent to ₹4,006 crore, bringing overall net GST revenues for the month down 4.25 per cent from a year earlier.

Government officials sought to temper concerns by emphasising a sharp jump in transaction volumes, arguing that robust consumption has cushioned the immediate revenue impact of lower GST rates introduced on September 22. Yet, high-frequency indicators offered a mixed reading of the underlying momentum. While passenger-vehicle wholesales surged 21 per cent year-on-year to around 425,000 units—helped by reduced levies and festive-season demand—other indicators weakened. UPI transactions slipped 1 per cent in volume and 3.5 per cent in value compared to October's record, rural job demand under MGNREGA fell for the fifth straight month with a steep 32 per cent decline, and the HSBC Manufacturing PMI eased to a nine-month low of 56.6. Industrial output also contracted sharply, with IIP growth dropping to a 14-month low of 0.4 per cent in October. Rail freight volumes rose 4.2 per cent, but this alone was insufficient to offset the patchy signals across the broader economy.

Gross GST revenues for November—reflecting taxes paid for October transactions—were also subdued, rising just 0.7 per cent to slightly above ₹1.7 trillion. Revenues from domestic transactions declined 2.3 per cent year-on-year to ₹1.24 trillion, as sequential gross revenues fell 9.5 per cent and net revenues dipped 6.1 per cent relative to October. The weakness in domestic collections was partly counterbalanced by stronger import

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activity: gross revenues from imports rose 10.2 per cent, while refunds to exporters grew 3.5 per cent. However, refunds on domestic transactions dropped 12 per cent, resulting in overall refunds being 4 per cent lower than a year earlier and 30.6 per cent lower than in October, ending a two-month surge of nearly 40 per cent.

Cumulatively, GST collections remain broadly healthy for the fiscal year so far. In the first eight months of 2025–26, gross and net GST revenues have risen 8.9 per cent and 7.3 per cent, respectively, to ₹14.76 trillion and ₹12.79 trillion, excluding the compensation cess. The cess itself, used primarily to service borrowings taken during the pandemic, has fallen 14.3 per cent to ₹84,144 crore. Despite this, economists caution that maintaining the Central GST revenue target through the remainder of the year may be challenging. ICRA’s Chief Economist Aditi Nayar noted that although consumption appears to have offset some of the impact of GST rate cuts, the required pace of collections for the rest of the fiscal year remains elevated, increasing the likelihood of a slippage.

Government sources continue to highlight the strong response to the GST rate rationalisation, describing it as a “Laffer curve-type” effect in which lower tax rates stimulate demand and enhance compliance. The festive-season “GST Bachat Utsav” reportedly saw taxable values surge 15 per cent year-on-year during September–October, compared to 8.6 per cent in the corresponding period last year. Officials pointed to broad-based growth across key segments where rates were rationalised: taxable values grew 17 per cent for prepared food, 20 per cent for buses and passenger cars, 13 per cent for pharmaceuticals, 19 per cent for cement and ceramics, 18 per cent for two-wheelers and bicycles, 17 per cent for tractors, and 19 per cent for medical devices. Leather products and goods under the miscellaneous “others” category recorded growth of 18 per cent and 28 per cent, respectively—signals that companies effectively passed on tax reductions and that supply chains experienced no significant disruptions.

However, not all sectors benefited equally. Textiles, for instance, saw growth slow to 8 per cent during September–October compared to 12 per cent last year, reflecting weaker

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global demand and continued stress in export-oriented segments. This divergence underscores the delicate balance between rate rationalisation, consumption-led growth, and broader economic headwinds. As policymakers weigh the evolving revenue trajectory against evidence of a consumption uplift, November's GST data highlights both the promise and the pressures inherent in India's evolving indirect tax landscape.



## EMPLOYMENT

### INDIA'S WORKFORCE EXPANDS: WOMEN AND RURAL ECONOMIES DRIVE OCTOBER 2025 GAIN

India's labour market in October 2025 continued to display encouraging signs of resilience and gradual strengthening, driven by rising labour force participation and a steady unemployment rate. The latest Monthly Bulletin of the Periodic Labour Force Survey (PLFS) shows that the Labour Force Participation Rate (LFPR) for individuals aged 15 years and above rose for the fourth consecutive month, reaching 55.4 percent, the highest level in six months. This improvement was broad-based but notably stronger in rural India, where LFPR climbed from 56.1 percent in June 2025 to 57.8 percent in October 2025, reflecting growing economic engagement among rural households. A striking feature of this month's data is the continued increase in female participation, with the female LFPR rising to 34.2 percent, its highest since May 2025, driven overwhelmingly by rural women entering or re-entering the labour force.

Parallel to the rise in participation, the Worker Population Ratio (WPR) also strengthened. The overall WPR increased to 52.5 percent, continuing an upward trend visible since June 2025. The expansion of the female workforce has played a central role in this improvement. Among women aged 15 and above, the WPR rose from 30.2 percent in June to 32.4 percent in October, marking four consecutive months of growth. Rural women contributed significantly to this trend, with their WPR climbing from 33.6 percent in June to 36.9 percent in October, suggesting improved livelihood opportunities, increased participation in agricultural and non-farm activities, and possibly the influence of seasonal labour demand. Male WPR remained stable, indicating that most of the incremental labour force absorption is being driven by women.

The Unemployment Rate (UR) remained steady at 5.2 percent, unchanged from September 2025, pointing to a stable labour market despite rising participation. A

marginal decline in the rural unemployment rate—from 4.6 percent to 4.4 percent—helped offset a modest increase in the urban unemployment rate, which edged up from 6.8 percent to 7.0 percent. Female unemployment showed a slight improvement: the overall female UR declined from 5.5 percent in September to 5.4 percent in October, driven primarily by a decline in rural female unemployment to 4.0 percent. Among men, the unemployment rate held firm at 5.1 percent, as a small reduction in rural male unemployment was balanced by a marginal increase in urban male unemployment.

The October data also underscores the scale and robustness of the survey effort. The monthly estimates are based on responses from 3,74,164 individuals, including 2,14,254 respondents from rural areas and 1,59,910 from urban areas, ensuring comprehensive national coverage. The PLFS's transition to monthly reporting—from January 2025—has made it possible to track short-term shifts in labour market conditions more effectively, and the October 2025 bulletin is the seventh in this new series.

Taken together, the October 2025 labour market indicators present a picture of cautious optimism. Rising labour force participation—especially among rural women—alongside steady unemployment suggests that the economy is generating opportunities at a pace sufficient to absorb new entrants. The continued rise in WPR reinforces the view that more individuals are successfully finding work, even as broader structural challenges persist. At the same time, the stability of urban unemployment highlights the need for continued policy focus on generating high-quality jobs in manufacturing and services. With rural participation and employment acting as the primary drivers of improvement, strengthening non-farm rural employment, skilling initiatives, and access to micro-enterprise opportunities will be essential to sustaining momentum. As India progresses through FY2025–26, the October PLFS data points to improving labour market engagement, even as the quality and sustainability of employment remain key areas for deeper policy attention.

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## **PLFS JULY–SEPTEMBER 2025: EMPLOYMENT EXPANDS, UNEMPLOYMENT DECLINES, STRUCTURAL GAPS PERSIST**

The July–September 2025 round of the Periodic Labour Force Survey (PLFS) reflects a labour market experiencing steady, broad-based improvement, supported in particular by rising female participation and strengthening rural employment trends. As the second quarterly bulletin under the redesigned PLFS methodology, the findings offer a clearer, higher-frequency view of India’s evolving labour dynamics across both rural and urban settings. The data portray an economy where labour force engagement is expanding modestly, employment absorption is improving, and unemployment pressures have eased—though urban labour markets continue to display pockets of fragility, especially for women. These trends, taken together, suggest continued momentum in employment generation but also highlight structural asymmetries that merit careful attention from policymakers.

Overall labour force engagement strengthened slightly during the quarter, with the Labour Force Participation Rate (LFPR) edging up to 55.1 percent from 55.0 percent in the previous quarter. This improvement was shared across rural and urban areas, reflecting a steady rise in work-seeking behaviour. Notably, female LFPR continued its upward trajectory, increasing to 33.7 percent from 33.4 percent, driven primarily by rural women whose participation rose from 37.0 to 37.5 percent. This sustained improvement in female labour force engagement is a significant feature of recent PLFS rounds and points to shifting household dynamics, seasonal agricultural demand, and the expansion of self-employment opportunities in rural India.

Employment indicators also strengthened, with the Worker Population Ratio (WPR) rising to 52.2 percent from 52.0 percent in the previous quarter. Female WPR improved across both rural and urban areas, reaching 32.0 percent at the all-India level. The rise in WPR was largely rural-led, with women contributing significantly to the expansion in the workforce. At the same time, unemployment pressures eased modestly: the unemployment rate among persons aged 15 years and above declined to 5.2 percent, down from 5.4 percent previously. Rural unemployment saw a more pronounced

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decline—from 4.8 percent to 4.4 percent—while urban unemployment increased slightly, reflecting continued structural bottlenecks in urban labour markets, especially for women, whose unemployment rate rose marginally from 8.9 to 9.0 percent.

The employment structure continues to diverge between rural and urban India. In rural areas, the share of self-employed workers increased sharply to 62.8 percent from 60.7 percent, indicating both seasonal agricultural activity and the growing dominance of informal, own-account work. Casual labour's share declined slightly, while regular wage employment remained limited, reinforcing the persistent challenges of job quality and income stability in rural India. In urban areas, nearly half the workforce—49.8 percent—was engaged in regular wage or salaried jobs, showing a modest improvement over the previous quarter. However, casual labour remains significant, and self-employment continues to account for over a third of the urban workforce, underscoring the fragility of urban livelihoods.

Sectorally, rural employment remains highly concentrated in agriculture, whose share increased sharply from 53.5 to 57.7 percent due to kharif operations during the survey period. The secondary sector's share in rural employment declined, while tertiary activities continued to play a secondary role. In urban areas, the dominance of the services sector persisted, with its share rising slightly to 62.0 percent. Manufacturing and allied industries accounted for a little over a fifth of the urban workforce, while agriculture remained marginal. This structural divide between a predominantly agrarian rural workforce and a service-oriented urban workforce continues to shape India's broader labour market landscape.

In absolute terms, the quarterly PLFS estimates suggest that 56.2 crore persons aged 15 years and above were employed across India during July–September 2025, comprising 39.6 crore males and 16.6 crore females. The survey drew on a substantial sample size of 5.65 lakh individuals, providing robust insights into labour market trends across both rural and urban regions.

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Taken together, the findings point to an improving labour market, characterised by rising participation, expanding employment, and easing unemployment, particularly in rural areas. Yet, the persistence of high agricultural dependence, a rising share of self-employment, and the stagnation of urban female employment signal that deeper structural reforms remain vital. Strengthening non-farm employment, improving skill development, enhancing job quality, and fostering more resilient urban labour markets will be critical to sustaining and broadening these gains in the quarters ahead.

## IMPLEMENTATION OF NEW LABOUR CODES

### LABOUR CODES 2.0: A NEW WAGE FRAMEWORK AND THE FUTURE OF SOCIAL SECURITY IN INDIA

The Centre's decision to implement the four new labour codes marks the most sweeping transformation of India's labour legislation in decades. The reform signals an attempt to modernise an antiquated system, strengthen social protection, and bring transparency to employment contracts. Yet the changes also carry significant cost implications for employers and possible short-term adjustments for workers' take-home pay.

#### 1. Redefining Wages: The Core of the Reform

At the heart of the new codes lies a fundamentally revised definition of "wages." Basic pay, dearness allowance, and retaining allowance must now constitute at least 50 percent of total remuneration, with all other CTC components treated as wages unless specifically exempted. Labour law experts interviewed across business dailies highlight that this reform addresses a long-standing loophole: employers traditionally minimised basic pay and inflated allowances to limit gratuity and provident fund liabilities.

With the exemption limit now capped at 50 percent, salary structures will have to be realigned. This change brings India closer to global best practices in wage transparency and eliminates the fragmented interpretation of wages across PF, ESIC, gratuity, and bonus legislations.

#### 2. Implications for Social Security Contributions

The ripple effects across India's social security ecosystem will be substantial.

##### *Provident Fund (PF) and ESIC*

While PF contributions may not radically change for those covered under the ₹15,000 statutory wage ceiling, higher-earning employees opting for voluntary contributions

will see a larger retirement corpus. This could strengthen India's long-term savings rate, a key macroeconomic priority.

### ***Gratuity: The Biggest Shift***

Gratuity calculations will now be based on deemed wages, i.e., at least 50 percent of the employee's salary. This will significantly increase gratuity liabilities for employers. Several experts point out that this alone marks a structural enhancement in workers' exit benefits.

The government has also extended gratuity eligibility to fixed-term employees after one year of continuous service—an important corrective to the widespread practice of hiring workers on short-term contracts to avoid gratuity payouts. This move enhances parity between contract and permanent workers, narrowing gaps in social protection.

### ***Workmen's Compensation, Maternity Benefits, and Other Social Security***

Since these benefits are linked to statutory wages, the broader wage base will raise employer obligations but simultaneously strengthen employee protection. For lower-income workers, the outcome is unequivocally positive: better retirement savings, enhanced insurance coverage, and stronger safety nets.

### **3. The Cost Question: Employer Burdens and Pay Restructuring**

While the reform enhances worker welfare, it undeniably raises employer costs. Many companies, especially those with large workforces, will likely revisit compensation structures to manage rising gratuity and PF outgo. HR consultants warn that some firms may moderate annual increments or reduce take-home salaries to offset the increased burden.

This duality of higher long-term benefits but lower immediate disposable income, has been a key theme across business newspapers. While employees gain in the long run, corporations may face short-term financial pressures, especially in labour-intensive sectors such as textiles, manufacturing, hospitality, and retail.

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#### **4. Ease of Doing Business: A Counterbalancing Force**

The government argues that the harmonisation of 29 labour laws into four codes, viz., Labour Relations, Occupational Safety, Industrial Relations, and Social Security, creates a streamlined, uniform compliance framework. Industry bodies welcome the reduction in grey areas and the promise of digitised compliance systems.

Multinational corporations view the new clarity on wages and benefits as a positive step. Predictable rules and transparent cost structures could make India more attractive to global investors seeking labour stability.

#### **5. A Necessary Modernisation, But Not Without Friction**

While the new regime strengthens labour protections and represents a long overdue rationalisation of India's fragmented labour laws, the transition will be challenging. Companies must restructure salary packages, recalibrate HR policies, update payroll systems, and absorb higher financial liabilities.

Yet, as noted across the business press, the long-term benefits—better social security for workers, clearer compliance for employers, and enhanced global competitiveness—are likely to outweigh these transitional costs.

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#### **A WEAK LINK IN COMPETITIVENESS**

Ajit Pai argues that India's ambition to become a developed economy by 2047 hinges critically on improving its labour productivity and strengthening its competitiveness amid rising global uncertainty. Although India has made notable progress over the past decade, structural weaknesses—particularly low formal employment, high dependence on agriculture, and weak enterprise productivity—pose significant risks to realising its demographic dividend.

Pai highlights that India has the lowest labour productivity among major economies, and that widely used PPP-adjusted productivity metrics artificially inflate India's performance. In real (non-PPP) terms, India's labour productivity gap is stark: the US

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is 32 times more productive, France 24 times, and China four times. This distortion breeds complacency among policymakers while hurting Indian firms competing in global markets where transactions occur in non-PPP terms.

He identifies several interconnected causes of India's poor productivity: fragmented and subscale industries, low urbanisation, inefficient logistics, regulatory burdens, and outdated policies across agriculture, urban planning, industry, and labour. With 43 percent of the workforce still in agriculture—compared to ~2 percent in advanced economies—India's labour allocation remains structurally inefficient.

Pai then turns to labour reform. The four labour codes passed in 2019–20 were expected to modernise India's labour framework, but implementation has stalled because both Centre and states must finalise rules. States have progressed unevenly, delaying the transformation that industry anticipated. Fully implementing the codes, he argues, is essential to unlocking productivity gains.

Pai also flags the need for additional reforms, including aligning overtime norms with Asian competitors and redesigning gig worker protections. He argues that the current structure in the social security code resembles a defined-benefit approach disguised as defined contribution, limiting gig worker flexibility and dampening productivity. A simpler, portable defined-contribution model tied directly to a worker's earnings across platforms would better support the fast-growing gig economy.

With global trade headwinds intensifying, Pai concludes that India must urgently implement the labour codes and pursue further reforms to raise labour productivity. Only then can India become a resilient and competitive developed economy by 2047.

*The is a summary of an article by Ajit Pai published in Financial Express on 20 November 2025. The full article is available from: <https://shorturl.at/6b4Of>*

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## AGRICULTURE

### **REPOSITIONING GROUNDNUT — THE PRIDE OF GUJARAT: FROM BIRD FEED EXPORTS TO GLOBAL HEALTH FOOD LEADERSHIP**

India cultivates 5.5 million hectares of groundnut, the largest area in the world, with an annual production of nearly 12 million tonnes. Gujarat alone contributes about 2 million hectares, producing some of the world's best-quality groundnuts renowned for their nutty flavour and natural oil content. With major ports nearby, Gujarat has become the country's export hub for groundnuts.

However, the irony remains stark — India today stands as the world's largest exporter of groundnuts for bird feed in Europe.

- A national pride reduced to a low-value commodity.
- A policy failure in value-chain governance.
- This paradox must end.

#### **Policy Context and Opportunity**

India's groundnut sector has historically been treated as a raw commodity market, rather than a value-driven agri-industry. Despite scientific breakthroughs in aflatoxin management and quality enhancement, the absence of structured value-chain governance, traceability systems, and product branding has pushed Indian groundnuts into low-end export segments.

Yet, India holds all the strengths required to reclaim leadership in global peanut trade — not as a supplier of bird feed, but as a trusted source of aflatoxin-free, high-nutrition health food.

During the author's tenure as All India Project Coordinator and Director, ICAR–National Groundnut Research Centre (Junagadh, Gujarat), aflatoxin management

technologies were developed and successfully demonstrated across major producing states with special funding support from UNDP–India.

Subsequently, UNIDO adopted these technologies internationally, deploying them in African countries under my technical guidance as International Consultant on Aflatoxins.

India, therefore, is not short of solutions — it is short of institutional will and market regulation.

### **Global Comparison: India vs. USA**

In India, groundnut trade is almost entirely dominated by private traders and market intermediaries. Purchases are made from APMC yards without varietal identity, quality segregation, or traceability.

Such practices not only erode farmer incomes but also prevent access to premium markets. The result: low-value bulk exports to Southeast Asia and Europe, mostly as bird feed. By contrast, the United States has built a coordinated system linking research, production, and marketing under the National Peanut Board (NPB) — a body that channels funds into innovation, consumer health research, and export promotion. Recently, the NPB awarded over \$450,000 in grants to address peanut allergies through research on prevention, diagnosis, and management.

India urgently needs an equivalent institution — a National Groundnut Board — to synchronize stakeholders from research to retail.

### **Policy Recommendations**

1. Constitute a National Groundnut Board (NGB) under the Ministry of Agriculture & Farmers' Welfare, integrating R&D, quality certification, processing, branding, and export promotion.
  2. Adopt and mandate aflatoxin management protocols across states using existing ICAR-validated technologies.
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3. Introduce “0-Aflatoxin India” certification and traceability systems for premium export markets.
4. Promote farmer–industry partnerships for quality-linked procurement and contract production.
5. Position Indian groundnut as a “Global Health Food”, leveraging its protein, healthy fats, and micronutrient profile through coordinated branding and market intelligence.
6. Provide targeted incentives (e.g., export-linked credit, technology adoption grants) to processing units adopting aflatoxin-free certification.

### **The Paradox**

Who truly benefits from this trade?

While exporters rejoice, Indian consumers pay the hidden price — our best edible oil and protein-rich nuts are going out of country, while cheap, unhealthy palm oil floods our markets.

India’s nutritional base is weakening, not strengthening. Our export strategy is feeding foreign birds while our own people suffer protein deficiency, poor cognitive health, and rising non-communicable diseases.

### **Policy Dilemma— Two Sides**

#### ***Pros of restricting exports:***

- \* Improves domestic nutrition security.
- \* Supports public health and reduces palm oil imports.
- \* Enhances local value addition and employment in food processing.

#### ***Cons to consider:***

- \* Exporters and farmers might initially face reduced earnings.
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\* International trade relations could be impacted unless balanced by incentives and domestic market stabilization measures.

### **Appeal to Policymakers**

It is time to rethink our export priorities and reclaim groundnut as a national health resource, not a low-value export commodity.

Gujarat's pride should feed its people first, not foreign pets.

\* Ban or heavily regulate the export of protein-rich foods such as groundnut used for non-human consumption.

\* Encourage domestic processing and value addition to strengthen India's edible oil economy.

\* Promote awareness about groundnut's health benefits to reduce dependence on imported palm oil.

### **Conclusion**

It is time India reimagines its groundnut strategy:

- From a fragmented, trader-driven system to a coordinated, brand-led, quality-driven export economy.
- Gujarat's pride must no longer be shipped as bird feed. It deserves recognition as a global health food — a symbol of India's scientific capability, nutritional legacy, and value-based agriculture.

***About the Author: Dr M S Basu. MD SBSF Consultancy. Formerly Director ICAR; Visiting Scientist ICRISAT; UNIDO International Consultant on Aflatoxins (Africa); Founder Consultant, HIL Seed Division (Govt of India Enterprise) and Independent Consultant, Business Planning & Development, NAIP (World Bank Funded).***

Email ID: [muktisadhan@gmail.com](mailto:muktisadhan@gmail.com)

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## GOVERNMENT RELEASES DRAFT SEED BILL, STRONGER QUALITY CONTROL NORMS PROPOSED

The government has released a draft Seed Bill aimed at overhauling India's outdated seed regulatory framework by replacing the Seeds Act of 1966 and the Seed (Control) Order of 1983. Open for public consultation until December 11, 2025, the draft seeks to strengthen seed quality regulation, ensure traceability, curb counterfeit and substandard seeds, and make high-quality planting material more affordable for farmers. It also proposes liberalising seed imports to promote innovation and aims to bring greater transparency to supply chains. While the Bill decriminalises minor offences to ease compliance, it retains strict penalties for serious violations, aligning with the broader ease-of-doing-business agenda.

Experts, however, argue that the proposed legislation falls short on farmer protection, as it neither provides compensation for seed underperformance nor devolves sufficient regulatory authority to states. They also note that certification will remain non-mandatory, allowing private firms to continue selling "truthfully labelled" seeds outside the certification system.

Alongside the draft Bill, the government has intensified efforts to stabilise fertiliser supply chains after widespread urea shortages during the last kharif season triggered by rising demand and falling imports. The Department of Fertilisers and the agriculture ministry conducted over 3.17 lakh inspections and raids to curb black marketing, hoarding and diversion of fertilisers — a campaign that continues into the rabi season. For the ongoing rabi period, fertiliser demand is estimated at 37.87 million tonnes across major nutrients, with opening stocks in October providing partial but insufficient buffers, underscoring the need for sustained vigilance in distribution.

*This is a summary of an article by Sandip Das in Financial Express on November 13, 2025. The full article can be accessed from: <https://shorturl.at/ILTdh>*

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**STRONG STORAGE SYSTEMS KEY TO INDIA'S NEXT DECADE OF AGRICULTURAL  
GROWTH: DR RAMESH CHAND, MEMBER, NITI AAYOG**

India's agriculture sector is well positioned to sustain 4 percent annual growth over the next decade, according to NITI Aayog member Dr Ramesh Chand, who emphasised that rising output must be matched with stronger post-harvest and warehousing systems. Speaking at a PHDCCI event, Dr Chand noted that while agricultural demand is expected to grow at only 2.5 percent, India can maintain high growth by channelling surplus produce either to industry or, preferably, to export markets. He highlighted the need to modernise warehouse infrastructure—particularly for crops like maize, which require storage conditions different from rice and wheat—and stressed that regulatory clarity is essential for attracting investment in storage. Dr Chand also observed that the relevance of the Essential Commodities Act has diminished after the withdrawal of the three farm laws.

Contrary to common belief, he said, food losses in India are relatively low—for instance, milk losses are just 0.5 percent—but preventable losses remain significant enough to justify greater investment in scientific storage. With grain production projected to rise from 354 million tonnes in 2024-25 to nearly 368 million tonnes by 2030-31, strengthened warehousing and post-harvest management will be vital for maintaining price stability, protecting food security and improving farmer incomes as India consolidates its position as the world's second-largest agricultural producer and eighth-largest exporter.

***The full news item in Financial Express on November 20, 2025 can be accessed from: <https://shorturl.at/HdFTn>***

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## CORPORATE NEWS

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### AIRTEL DOUBLES PROFIT IN Q2FY26 ON PREMIUMISATION AND BROADBAND SURGE

Bharti Airtel reported a strong performance in the second quarter of FY26, with its consolidated net profit more than doubling to ₹8,651 crore, driven by continued premiumisation in its mobile business and record additions in broadband subscribers. This compares with a profit of ₹4,153 crore in Q2FY25. The company added 5.1 million smartphone subscribers during the quarter and 22.2 million over the past year, reflecting sustained growth in high-value data users. Consolidated revenue for the quarter stood at ₹52,145 crore, while the key metric of average revenue per user (ARPU) rose to ₹256, up from ₹233 a year earlier.

Airtel's India business delivered revenue of ₹38,690 crore, growing nearly 23 percent year-on-year on the back of mobile premiumisation. According to Vice-Chairman and MD Gopal Vittal, the company recorded 5.4 percent sequential consolidated revenue growth, with India revenues rising 2.9 percent and Africa operations delivering 7.1 percent constant-currency growth. To support its expanding user base, Airtel added 2,479 towers and 20,841 mobile broadband base stations in Q2, and over the past year deployed 12,796 new towers and 44,104 km of fibre.

The homes business continued strong momentum with 951,000 new customers and 8.5 percent sequential revenue growth, buoyed by rapid uptake of IPTV and connected home services. Airtel Business also performed well, with 4.3 percent sequential revenue growth and multiple wins in connectivity, IoT, and security solutions. Vittal highlighted the company's solid balance sheet, reflecting disciplined capital allocation and steady deleveraging.

Airtel also expanded its digital services portfolio, launching Airtel Cloud, a sovereign cloud platform, and unveiling an AI-powered customer experience suite aimed at

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reducing churn and improving ARPU. With operations across 15 countries and a global user base exceeding 600 million, Airtel is increasingly leveraging non-core digital services to supplement revenue growth in a competitive telecom market.

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#### **TATA CONSUMER POSTS STRONG Q2FY26 WITH BROAD-BASED DOUBLE-DIGIT GROWTH**

Tata Consumer Products reported an 11 percent year-on-year rise in net profit to ₹404 crore for Q2FY26, supported by strong double-digit growth across its India core businesses of tea and salt. Net sales increased 17.8 percent to ₹4,966 crore, driven by broad-based performance. In the India segment, packaged beverages revenue grew 12 percent, while coffee posted an exceptional 56 percent growth. The foods business expanded over 19 percent, with the value-added salt portfolio rising 23 percent and the Tata Sampann range surging 40 percent. The company's international business also maintained momentum, recording 9 percent revenue growth in constant currency terms, led by robust coffee demand in the US. Managing Director and CEO Sunil D'Souza said the company delivered strong topline growth of 18 percent in Q2FY26, marking the second straight quarter of double-digit expansion in its India core portfolio.

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#### **AMBUJA CEMENTS POSTS FOUR-FOLD PROFIT JUMP IN Q2FY26 ON STRONG REVENUE GROWTH**

Ambuja Cements Ltd, part of the Adani Group, reported a sharp surge in profitability for Q2FY26, with profit after tax rising more than four-fold to ₹2,302 crore, largely boosted by a ₹1,697 crore income tax provision reversal following favourable High Court rulings. Excluding this one-off, the company also recorded strong operating performance. Consolidated revenue grew 25 percent year-on-year to ₹9,129.73 crore, supported by a 20.15 percent increase in cement revenue to ₹8,753.62 crore and a robust 56.5 percent rise in Ready-Mix Concrete revenue to ₹462 crore. Total expenses increased 19.16 percent to ₹8,375.59 crore during the quarter.

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## **GRASIM'S Q2 PROFIT SURGES 76 PERCENT ON STRENGTH IN BUILDING MATERIALS AND CHEMICALS**

Grasim Industries reported a robust performance in the September quarter of FY26, posting a 76 percent rise in consolidated net profit to ₹553 crore, supported by stronger earnings from its cement and chemicals businesses and continued momentum in its newer segments. Consolidated revenue grew 17 percent year-on-year to ₹39,900 crore, reflecting broad-based growth across building materials and chemicals. Consolidated EBITDA rose 29 percent to ₹5,217 crore, underscoring improved operating efficiency and scale.

The company's standalone revenue reached a record ₹9,610 crore, up 26 percent, driven by a ramp-up in its paints business and expansion of its business-to-business e-commerce vertical. The cellulosic fibres and chemicals divisions also contributed with resilient performance despite cost pressures.

The building materials division—which includes UltraTech Cement, Birla Opus paints, and the Birla Pivot B2B platform—was a key growth driver. The segment's revenue rose 28 percent to ₹22,253 crore, while EBITDA jumped 55 percent to ₹2,950 crore. UltraTech benefited from strong infrastructure-led demand, recording a 6.9 percent increase in cement volumes. Grasim's paints business continued its rapid scale-up, expanding distribution to over 10,000 towns and achieving an installed capacity of 1,332 million litres per annum by October 2025. Meanwhile, the B2B commerce arm reported 15 percent sequential revenue growth.

In the chemicals segment, revenue increased 17 percent to ₹2,399 crore, with EBITDA rising 34 percent to ₹365 crore on the back of improved electrochemical unit realisations and higher chlorine derivatives output. The cellulosic fibres business saw marginal revenue growth of 1 percent to ₹4,149 crore, although EBITDA contracted by 29 percent due to elevated input costs.

Grasim continued to invest across its core and emerging businesses, with a strategic emphasis on sustainability, capacity expansion, and renewable energy integration. With

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India's infrastructure and housing sectors gaining momentum, the company said it is well-positioned to capitalise on rising demand and sustain long-term growth.

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#### **TITAN SHINES IN Q2FY26 WITH 59 PERCENT PROFIT GROWTH DRIVEN BY JEWELLERY SEGMENT**

Titan reported a strong performance in the September quarter of FY26, with consolidated net profit rising 59 percent year-on-year to ₹1,120 crore, compared to ₹704 crore in the same period last year. According to the company's regulatory filing, sales grew 22.17 percent to ₹16,461 crore, up from ₹13,473 crore a year earlier. Total expenses increased 26.3 percent to ₹17,316 crore, while total income, including other income, rose 28.5 percent to ₹18,837 crore. The company's jewellery division remained the primary growth driver, recording a robust 29.3 percent increase in revenue to ₹16,522 crore during the quarter.

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#### **INDIGO'S Q2FY26 LOSS WIDENS ON HEAVY FOREX HIT; REVENUE AND OPERATIONS STAY ROBUST**

IndiGo, India's largest airline, reported a sharp deterioration in its financial performance for the second quarter of FY26, posting a consolidated net loss of ₹2,582 crore — a 161.6 percent increase over the ₹986.7 crore loss recorded in the same period last year. The airline attributed the widening loss primarily to significant rupee depreciation and continued foreign direct investment (FDI) outflows triggered by the recent US tariff impositions.

IndiGo's Chief Financial Officer Gaurav Negi explained that the airline's substantial exposure to foreign exchange volatility stems from its long-term aircraft lease liabilities and maintenance obligations, which are denominated in US dollars. With a net dollar exposure of nearly \$9 billion, every ₹1 depreciation translates into an estimated ₹900 crore foreign exchange loss. The rupee weakened by 3.18 against the dollar during the September quarter compared to the June quarter, resulting in a foreign exchange loss of around ₹2,900 crore.

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To manage these risks, IndiGo has been hedging a portion of its foreign currency obligations and currently has \$850 million in its hedge book. This strategy yielded a hedging gain of ₹200 crore in the quarter. Negi added that the airline's growing international operations would, over time, create a natural hedge through increased dollar inflows, offering greater protection against currency fluctuations.

Despite the forex-driven setback, IndiGo's operational performance remained resilient. Adjusted EBITDA — excluding the impact of forex movements and hedging gains — rose to ₹3,800 crore with a margin of 20 percent, compared to ₹2,700 crore and a 16 percent margin in the corresponding quarter last year. Total income grew 10.4 percent year-on-year to ₹19,600 crore, supported by stronger-than-expected revenue performance in August and September, particularly in the domestic market.

The airline emphasised that while lease liabilities extend over eight to ten years from a cash-flow perspective, accounting standards require the currency impact to be recognised each reporting period, magnifying the volatility in quarterly results. Nevertheless, IndiGo remains confident that its hedging strategy and expanding global footprint will bolster financial stability in the coming years.

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#### **ADANI PORTS Q2 PROFIT UP 27 PERCENT, REVENUE BEATS ESTIMATES DESPITE RISING COSTS**

Adani Ports and Special Economic Zone (APSEZ) reported strong second-quarter results, with net profit rising 27.2 percent year-on-year to ₹3,109 crore, supported by a 12 percent increase in cargo volumes. However, the figure fell short of Bloomberg's analyst estimate of ₹3,256 crore. Revenue for the quarter grew robustly by 29.7 percent to ₹9,167 crore, surpassing expectations due to higher contributions from the company's logistics and marine services businesses.

Operational performance remained solid, with EBITDA increasing 27 percent year-on-year to ₹5,550 crore. The company also recorded a sharp surge in other income, which rose 174 percent to ₹836 crore. Total expenses, however, climbed 37.65 percent to ₹6,103 crore, reflecting expanded operations and higher activity levels.

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APSEZ handled 124 million tonnes of cargo during the quarter, driven by strong growth in rail and container traffic. Ashwani Gupta, whole-time director and chief executive officer, said the company continues to maintain a steady growth trajectory across its business segments, supported by rising cargo volumes and strengthened logistics capabilities.

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### **M&M POSTS STRONG Q2FY26 RESULTS AS AUTO AND FARM SEGMENTS POWER GROWTH**

Mahindra & Mahindra (M&M) delivered a strong performance in the second quarter of FY26, reporting a 16 percent rise in consolidated profit after tax (PAT) to ₹3,673 crore, supported by robust growth across its auto and farm segments. Consolidated revenue increased 22 percent year-on-year to ₹46,106 crore. Excluding one-off gains — including land sales, the SML Isuzu tax impact, and earlier PLI benefits — PAT growth stood at a higher 28 percent.

During the quarter, M&M acquired a 58.96 percent stake in SML Isuzu for ₹555 crore, further strengthening its commercial vehicle portfolio. The company's results largely met Bloomberg estimates, with profit slightly outperforming expectations. M&M shares closed nearly 1 percent higher on the BSE.

The automaker retained leadership across key categories, securing the top spot in SUV revenue market share at 25.7 percent, up 390 basis points, and increasing tractor market share by 50 basis points to 43 percent. Its dominance extended to the sub-3.5 tonne light commercial vehicle segment, where market share rose to 53.2 percent, and the electric three-wheeler space, where it held 42.3 percent.

Both auto and farm businesses posted strong margins. The farm equipment segment recorded its highest-ever Q2 market share, selling 123,000 units—up 32 percent year-on-year—while generating revenue of ₹10,225 crore and PAT of ₹1,163 crore, a 45 percent increase. The auto division sold 262,000 units, a 13 percent rise, including vehicles from last-mile mobility and Mahindra Electric Automobile Ltd. Utility vehicle volumes reached 146,000 units, making M&M the second-largest player by volume.

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Electric SUV penetration rose to 8.7 percent, surpassing the industry average of 7.4 percent. M&M now commands 25 percent of India's e-SUV market, capturing 33.1 percent of segment revenue in Q2 and 37.9 percent in the first half of FY26—the highest industry-wide.

Group CEO and Managing Director Anish Shah highlighted the strong execution across businesses, noting that Tech Mahindra continues to progress on its transformation journey with a 250-basis-point EBIT margin improvement, while M&M Financial Services delivered a 45 percent PAT increase. He said the company's "growth gems" remain on track toward long-term value creation.

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#### **BRITANNIA DELIVERS STRONG Q2 AS BAKERY PORTFOLIO AND E-COMMERCE DRIVE GROWTH**

Britannia Industries posted a 23.1 percent year-on-year rise in consolidated net profit for the July–September quarter, supported by stable commodity costs and continued value-chain optimisation. The FMCG major reported revenue of ₹4,841 crore, up 3.7 percent from the same period last year, while profit before interest, tax and depreciation rose 21.5 percent to ₹1,003 crore. Net profit for Q2FY26 stood at ₹654 crore.

Vice-Chairman, Managing Director and CEO Varun Berry noted that the recent GST rate rationalisation had boosted consumer sentiment but also created short-term disruption across supply chains, trade networks and distribution channels. These transition-related challenges affected performance toward the end of the quarter, though Berry expects operations to normalise progressively in the coming months.

Despite these headwinds, Britannia's adjacent bakery portfolio — including Rusk, Wafers, and Croissants — continued to record double-digit growth, driven particularly by strong traction in e-commerce. This also supported in-home consumption of the company's indulgence-led offerings such as Fudge It Cakes, Pure Magic Stars and Tarts, Jim Jam, and Little Hearts.

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Looking ahead, the company aims to sustain volume-led growth, sharpen regional and consumer-centric product strategies, and strengthen its distribution footprint. Berry emphasised that price competitiveness, coupled with Britannia's brand equity, will be central to defending and deepening its market leadership, especially as local players proliferate across several states and regions.

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#### **INNOVATION DRIVES SUN PHARMA'S Q2 AS US GENERICS DRAG GROWTH**

Sun Pharmaceutical Industries, India's largest formulations company and a major exporter to the United States, reported a steady performance in Q2FY26 with revenues rising 8.93 percent to ₹14,478 crore and net profit increasing 2.56 percent to ₹3,118 crore year-on-year. Growth was primarily driven by India, emerging markets, and the rest of the world, even as US revenues declined 4.1 percent, weighing slightly on investor sentiment. Despite this, Sun Pharma surpassed Bloomberg analyst estimates on both revenue and adjusted net income.

A key highlight of the quarter was the strong performance of global innovative medicines, whose sales grew 16.4 percent to \$333 million, accounting for 20.2 percent of overall revenue. For the first half of FY26, this segment registered a similar 16.6 percent growth. The company also launched Leqselvi in the US for severe alopecia areata, reporting an encouraging prescriber and patient response.

Operationally, Sun Pharma delivered robust metrics with EBITDA rising 14.9 percent to ₹4,527 crore and an EBITDA margin of 31.3 percent. R&D spending stood at ₹782 crore, or 5.4 percent of sales, with 38 percent allocated to innovative research, reflecting the firm's growing strategic focus on specialty products.

Regionally, India formulation sales grew 11 percent to ₹4,348 crore, contributing nearly 33 percent of consolidated revenues, while US formulation sales came in at \$496 million, reflecting the ongoing softness in generics despite gains in innovative therapies. Sequentially, Sun Pharma showed resilience with revenues up 4.53 percent and net profit rising 36.83 percent.

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Managing Director Kirti Ganorkar highlighted that innovative medicines in the US have outpaced generics for the first time, signalling a meaningful shift in Sun Pharma's long-term growth composition.

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#### **ROBUST SPECIALTY GROWTH AND PHARMACY MOMENTUM LIFT APOLLO HOSPITALS' Q2 PERFORMANCE**

Apollo Hospitals Enterprises Ltd (AHEL), one of India's largest healthcare providers, reported a 26 percent rise in consolidated net profit to ₹477 crore in Q2FY26, up from ₹379 crore a year earlier. The growth was supported by a 13 percent increase in consolidated revenue, which rose to ₹6,304 crore from ₹5,589 crore in Q2FY25. The company also reiterated that its HealthCo vertical is on track to achieve breakeven within the next two quarters.

Operational performance strengthened with EBITDA improving to ₹941 crore, compared to ₹816 crore last year. Diluted earnings per share stood at ₹33.19. Apollo operated 8,050 beds during the quarter but experienced a marginal decline in occupancy at 69 percent, down from 73 percent in the previous year, partly due to lower medical admissions.

Group CFO Krishnan Akhileswaran noted that although medical admissions were softer due to a high base effect, this was offset by 14 percent growth in high-complexity CONGO specialties, including cardiology, oncology, neurosciences, gastroenterology and orthopaedics. Average revenue per inpatient admission rose to ₹1.73 lakh, reflecting an expanding share of complex procedures.

A drop in patient inflow from Bangladesh had a 1 percent impact on healthcare revenue, though the company reported a 1.5 percent rise in overall overseas patients, supported by interest from Iraq, West Asia and Africa. Apollo is exploring opportunities to operate and manage a hospital in Iraq, and expects growth momentum to improve further once its Gurugram facility becomes operational.

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The healthcare services division recorded a 9 percent revenue increase to ₹3,169 crore, while EBITDA rose to ₹781 crore. Apollo Health & Lifestyle posted 17 percent growth in gross revenue to ₹474 crore, including ₹183 crore from diagnostics and ₹73 crore from Spectra.

HealthCo—spanning offline and digital pharmacy operations—showed marked improvement, with EBITDA losses narrowing from ₹80 crore to ₹40 crore. Revenue from the offline pharmacy distribution business stood at ₹2,335 crore, while the digital platform contributed ₹326 crore, taking total HealthCo revenue to ₹2,661 crore, up 17 percent year-on-year.

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#### **BAJAJ AUTO POSTS RECORD QUARTER AS PREMIUM MIX, EVS AND EXPORTS POWER GROWTH**

Bajaj Auto reported its strongest-ever quarterly performance in Q2 FY26, achieving record revenue and profit as robust product mix, strong exports, and rising traction in its electric portfolio lifted overall earnings. Consolidated revenue rose 18.8 percent year-on-year to ₹15,734.7 crore, while profit after tax surged 53.2 percent to ₹2,122 crore. Despite the stellar results, the stock remained flat on the BSE.

The company crossed a major milestone with EBITDA exceeding ₹3,000 crore for the first time, supported by a richer mix of premium vehicles, best-ever spare parts sales, favourable currency realisations, and operating leverage. EBITDA margin improved to 20.5 percent, expanding more than 70 basis points quarter-on-quarter, even after factoring in net cost inflation.

Executive Director Rakesh Sharma described September as “topsy-turvy,” with sales dipping after the GST 2.0 announcement before recovering post-September 22. Supply constraints—particularly a 15 percent shortfall in electric three-wheelers and a 50 percent constraint for Chetak due to rare-earth magnet shortages—also affected the quarter, though these began easing by month-end.

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Bajaj's electric business now contributes around 20 percent of domestic revenue, achieving double-digit profitability. Domestic revenue hit a record high as premium motorcycles outperformed, supported by GST-related price rationalisation that strengthened top-end variants. Market trends show that in the 100cc–250cc range, better-equipped, higher-value variants are outperforming standard models, boosting both sales volume and realisations.

Exports rose 35 percent, driven by strong double-digit growth in Africa. In commercial vehicles, the electric portfolio grew 1.5× year-on-year, aided by the launch of the large e-rickshaw 'Riki' across four cities. Despite earlier supply disruptions, Chetak regained leadership in October after Bajaj secured alternative magnet supplies.

The quarter also marked record performance for KTM and Triumph, with combined domestic and export retail crossing 60,000 units, up 70 percent year-on-year. Bajaj has already received eight of the nine approvals needed from European regulators to take majority control of KTM, with the final clearance expected by mid-November. A turnaround plan will then be activated, supported by improved exports and a cost-management strategy focused on European manufacturing efficiency.

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#### **TATA STEEL POSTS 272 PERCENT PROFIT SURGE ON STRONG INDIA VOLUMES AND COST CUTS**

Tata Steel reported a sharp 272 percent year-on-year jump in consolidated net profit to ₹3,101.75 crore in Q2 FY26, driven by higher sales volumes in India and planned cost reductions across geographies. Revenue rose 8.9 percent to ₹58,689 crore, with both revenue and profit exceeding Bloomberg consensus estimates. Sequentially, revenue increased 10.4 percent, while profit surged 49.3 percent. Managing Director & CEO T.V. Narendran said the global operating environment remained difficult due to tariffs, geopolitical tensions, and elevated steel exports, but the company delivered resilient results with EBITDA margins improving for a second consecutive quarter.

In India, crude steel production rose 8 percent while deliveries grew 17 percent quarter-on-quarter, boosting turnover to ₹34,787 crore and profit after tax to ₹4,215 crore. Tata

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Steel continued strengthening its domestic market leadership through capacity expansion and downstream growth, including signing an agreement to acquire the remaining 50 percent stake in Tata BlueScope Steel for ₹1,100 crore, pending regulatory approvals.

Executive Director & CFO Koushik Chatterjee highlighted that cost-transformation initiatives generated ₹2,561 crore in savings during the quarter and ₹5,450 crore in the first half of FY26. Capital expenditure stood at ₹3,250 crore for the quarter and ₹7,079 crore for H1. In Europe, Tata Steel Netherlands reported revenues of €1,551 million and EBITDA of €92 million, while the UK operations posted revenues of £505 million and an EBITDA loss of £66 million amid subdued demand. Tata Steel reduced UK debt by £540 million, contributing to a ₹3,300-crore sequential decline in consolidated gross debt to ₹95,643 crore. The company remains focused on Indian volume growth, raw-material security, optimal capital allocation, and calibrated decarbonisation investments aligned with evolving EU and UK policy frameworks.

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#### **HINDALCO POSTS DOUBLE-DIGIT PROFIT RISE, ANNOUNCES ₹10,225-CRORE ALUMINIUM EXPANSION**

Hindalco Industries, the flagship metals company of the Aditya Birla Group, reported a 21.3 percent year-on-year increase in consolidated net profit to ₹4,741 crore for Q2 FY26, supported by strong performance in both its Indian operations and its US subsidiary, Novelis. Consolidated revenue rose 13.5 percent to ₹66,058 crore, even as other income declined 33.7 percent to ₹713 crore.

Managing Director Satish Pai highlighted a strong quarter across key verticals. The aluminium upstream business saw EBITDA rise 22 percent to ₹4,500 crore, while the downstream segment delivered an impressive 69 percent increase to ₹261 crore. The copper business performed in line with expectations, generating EBITDA of over ₹600 crore, despite lower global treatment and refining charges.

Novelis, Hindalco's US-based subsidiary, delivered resilient results despite a recent fire incident at its Oswego recycling facility. EBITDA per tonne remained strong at \$505.

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Pai confirmed that the fire required no special provisioning, though immediate spending is underway to repair the plant. Hindalco will infuse \$750 million in equity to support Novelis' liquidity, funded through debt raised by its Holland subsidiary. With Hindalco currently in a negative net-debt position, the balance sheet remains comfortably positioned for the infusion.

The Oswego hot mill, initially expected to restart in December, is now slated to resume operations by late November. Hindalco's profit before interest, depreciation, and tax (PBIDT) for the quarter rose 8.1 percent to ₹9,680 crore.

Looking ahead, Pai said Novelis is set to become a "much leaner" organisation, with the company confident of exceeding its \$300 million cost-reduction target by FY28. Supportive US industrial policy is also expected to aid the subsidiary's recovery and long-term competitiveness.

In India, Hindalco announced the second phase of expansion at Aditya Aluminium, adding 193 Kt of upstream capacity at a cost of ₹10,225 crore, with commissioning expected in FY29. This will be financed through a mix of internal accruals and debt.

Domestic demand continues to be robust across packaging, automotive, electrical, EV, and solar segments. Hindalco now sells 75 percent of its output domestically, with only 25 percent exported. While global aluminium demand in China remains mixed—stable overall but weighed down by weak construction—emerging sectors are driving strong appetite. Pai expects another solid quarter in Q3, backed by strong Indian demand and

## BANKING, FINANCIAL SERVICES & INSURANCE

### **SBI CROSSES ₹100 TRILLION BUSINESS MILESTONE WITH STRONG Q2FY26 PERFORMANCE**

State Bank of India (SBI), the country's largest lender, reported a robust performance for the July–September quarter of FY2025–26, posting a 9.97 percent year-on-year (Y-o-Y) rise in net profit to ₹20,160 crore, aided by a ₹3,869 crore post-tax gain from the partial stake sale in Yes Bank. Sequentially, profit rose 5.22 percent from ₹19,160 crore in the previous quarter.

With this performance, SBI achieved a major milestone—total business exceeding ₹100 trillion, comprising ₹55.9 trillion in deposits and ₹44.2 trillion in advances. It also remains the only Indian bank in the S&P Global Top 50 Banks list, ranked 43rd globally.

Net Interest Income (NII) grew 3.28 percent Y-o-Y to ₹42,984 crore, while Net Interest Margins (NIMs) from domestic operations stood at 3.09 percent, down 18 basis points from a year earlier but improving 7 basis points sequentially. SBI Chairman C. S. Setty noted that NIMs outperformed expectations due to effective management of deposit costs, adding that margins should rebound to around 3.22 percent by Q4FY26.

Other income surged 30.44 percent Y-o-Y to ₹19,919 crore, driven by treasury gains and the Yes Bank stake sale, which yielded a ₹4,593 crore pre-tax profit. Setty said the internal rate of return (IRR) on SBI's investment in Yes Bank was 14 percent, and the bank continues to hold a 10.8 percent stake.

On the asset side, gross advances rose 12.73 percent Y-o-Y to ₹44.19 trillion, led by retail loan growth of 14.09 percent and home loan expansion of 15.22 percent. The corporate loan book grew 7.1 percent, with the Retail, Agriculture, and MSME (RAM) portfolio crossing ₹25 trillion. Buoyed by reforms and improved demand, SBI raised its credit growth projection for FY26 to 12–14 percent, up from the earlier 11 percent.

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Setty attributed the upward revision to credit-accretive policy measures, including RBI's monetary policy actions and GST rationalisation, which are expected to stimulate consumption and investment. He said that the corporate loan book should post double-digit growth in the second half of the year, supported by a healthy credit-deposit ratio of 69.82 percent and ample liquidity buffers.

Ashwini Tewari, Managing Director (Corporate Banking and Associates), disclosed that SBI's corporate loan pipeline stands at ₹7 trillion, with half already sanctioned and the rest under consideration, primarily for capital expenditure projects.

On the liabilities side, deposits grew 9.27 percent Y-o-Y to ₹55.92 trillion, with Current Account and Savings Account (CASA) deposits up 8.6 percent. The CASA ratio stood at 39.63 percent, slightly lower than a year ago but higher sequentially. Setty highlighted a 17.9 percent rise in current account deposits and projected overall deposit growth of 10 percent for FY26.

SBI's asset quality continued to strengthen, with the gross non-performing assets (NPA) ratio declining to 1.73 percent, down 40 basis points from the previous year, while the net NPA ratio improved to 0.42 percent. The provision coverage ratio (PCR) remained robust at 92.29 percent, indicating prudent risk management.

With strong profitability, steady credit growth, and improving asset quality, SBI's Q2FY26 results underline its pivotal role in India's financial system and its readiness to support the economy's investment-led growth momentum.

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**SBI JOINS \$100-BILLION CLUB, SETS AMBITION TO BREAK INTO GLOBAL TOP TEN**

SBI crossed a historic milestone on 06 November 2025 as its market capitalisation surged past the \$100-billion mark for the first time. With this achievement, SBI Chairman C. S. Setty said the bank is now setting its sights on breaking into the league of the top 10 global banks by market capitalisation.

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SBI's share price closed at a record ₹960.75, continuing its upward trajectory following a strong Q2 FY26 performance marked by better-than-expected growth in core income, a sequential improvement in net interest margin, and healthier asset quality. The bank also recently crossed the ₹100-trillion business milestone — the first Indian bank to do so.

Ranked 43rd globally by assets according to S&P Global Ratings, SBI remains the only Indian bank within the top 50. Setty highlighted that the \$100-billion aspiration dates back to 2018, when the bank posted its first-ever loss. “We had a conference in Kolkata that year, with the theme: How do you reach \$100 billion market capitalisation?” he recalled.

Looking ahead, Setty underscored that global visibility is crucial for India's financial system. “It is very important to have a couple of Indian banks in the world's top 20. We have a large domestic market that we serve efficiently, but being recognised among the top ten global banks is something we look forward to,” he said. While no formal timeline has been set, Setty indicated the bank aims to achieve this target before 2030.

At its current valuation of ₹8.86 trillion (\$100 billion), SBI stands as India's sixth most valuable company. Its stock has risen 21 percent so far this year. With HDFC Bank and ICICI Bank already part of the \$100-billion club, SBI's renewed ambition signals a broader rise in the global profile of India's banking sector.

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**LIC POSTS 32 PERCENT PROFIT SURGE AS INVESTMENT GAINS AND LOWER COSTS BOOST PERFORMANCE**

Life Insurance Corporation of India (LIC) reported a strong performance in the July–September quarter of FY26, with net profit rising 31.92 percent year-on-year to ₹10,053.4 crore, driven by growth in its core insurance business, steady investment income, and a meaningful decline in expenses. The state-owned insurer's results signal improving operational efficiency and resilience amid regulatory changes and shifting market dynamics.

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Net premium income grew 5.5 percent Y-o-Y to ₹1.3 trillion, supported by stable demand across product categories. Investment income also strengthened, rising nearly 3 percent Y-o-Y to ₹1.12 trillion. LIC's management highlighted robust growth in its investment portfolio: equity investments increased 11 percent and debt investments 15 percent, indicating continued diversification and disciplined allocation amid market volatility. The insurer also executed ₹12,000 crore in bond forward-rate agreements between March and September to manage interest-rate exposure.

However, LIC's annualised premium equivalent (APE) declined 0.5 percent to ₹16,382 crore, reflecting subdued sales due to product modifications following new surrender value norms, a high base effect, and transitional disruptions stemming from the recent Goods and Services Tax (GST) rate changes. The abolition of GST on life insurance premiums led to a temporary pause in policy purchases toward the end of the quarter, as customers waited for the revised rates.

LIC has passed on the full GST benefit to customers without altering agent commissions—a move intended to preserve distributor motivation while stimulating demand. Managing Director and CEO R. Doraiswamy expressed confidence that GST rationalisation would accelerate business volumes in the second half of FY26, adding that the company remains focused on balancing margin expansion with profitability.

Despite the slowdown in APE, LIC posted a 7.7 percent Y-o-Y rise in value of new business (VNB) premium to ₹3,167 crore. The VNB margin improved to 19.33 percent, up from 17.86 percent a year earlier, signalling stronger profitability from new policies. Cost rationalisation further supported performance: total expenses fell 6.5 percent Y-o-Y to ₹15,234.4 crore, while net commissions declined 11.7 percent to ₹5,772.15 crore.

LIC's assets under management (AUM) rose to ₹57.23 trillion as of September 30, marking a 3.31 percent increase from the previous year. The yield on policyholders' funds, excluding unrealised gains, stood at 6.45 percent, reflecting stable returns in a mixed macroeconomic environment. The insurer's persistency ratio—an indicator of



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customer retention—stood at 68.19 percent for the 13th month and 55.12 percent for the 61st month.

With regulatory clarity improving and investment performance remaining robust, LIC anticipates stronger momentum in the second half of the fiscal year, driven by renewed policy uptake and continued gains in operational efficiency.

## INSIGHT

### BUILDING GLOBAL-SCALE BANKS FOR VIKSIT BHARAT

India's ambition to become a developed economy by 2047 – *Viksit Bharat* - rests on the twin pillars of productive investment and robust financial intermediation. Yet, as the economy aspires to expand nearly ten-fold to reach a \$30-trillion GDP, the question arises: do Indian banks possess the scale and strength to fund such transformation? Today, only two Indian banks feature among the world's top 100 — State Bank of India at 43rd and HDFC Bank at 73rd. In contrast, China has seven among the top 20. For India to move from aspiration to achievement, its banking system must evolve from a fragmented structure into a set of globally competitive institutions capable of driving growth, innovation, and inclusion.

#### The Imperative for Scale

Finance Minister Nirmala Sitharaman recently underscored the government's intent to create larger, world-class banks through discussions with the Reserve Bank of India and the banking sector. Her reasoning is straightforward: India needs banks that can lend at global scale, withstand shocks, and support sustained investment in infrastructure, manufacturing, and technology.

India's bank credit-to-GDP ratio stands at around 56 percent, significantly below the global average of over 100 percent. In comparison, China's is close to 180 percent, reflecting its massive domestic credit capacity. As of October 2025, total credit in India's banking system reached ₹192.1 lakh crore, while deposits stood at ₹238.8 lakh crore — impressive in absolute terms but modest when benchmarked internationally. If India's GDP were to climb to \$30 trillion by 2047, total banking credit would need to rise to roughly 130 percent of GDP. That implies a banking system nearly six times larger than today's in real terms.

Larger banks enjoy stronger capitalisation, wider reach, and the economies of scale necessary to absorb shocks and lend aggressively. They can spread fixed costs —

technology, compliance, human resources — across vast asset bases, lowering cost-income ratios and enabling competitive pricing. Currently, public sector banks (PSBs) operate at an average cost-income ratio of about 52 percent, compared with 45.9 percent for private sector banks. Rationalising costs through scale could generate savings that can be passed on to customers through higher deposit rates or lower lending costs, fuelling both savings and investment.

### **Consolidation and the 2019 Experience**

India's last major banking consolidation was in 2019, when 27 PSBs were merged into 12 entities. The process, though complex, yielded important gains. Larger banks benefited from operational synergies, reduced duplication, and improved efficiency. Post-merger, PSBs began regaining market share and showing stronger balance sheets.

Recent performance trends underscore this transformation. In the June 2025 quarter, PSBs outpaced private banks in loan growth, with the gap in deposit mobilisation narrowing steadily. This growth was driven not by large corporate lending but by retail and MSME portfolios — signalling both resilience and diversification. Home loans and small-business credit surged, showing that PSBs can simultaneously advance inclusion and profitability when given scale and managerial freedom.

Analysts point out that PSBs' outperformance partly stemmed from aggressive pricing — a deliberate strategy to regain share. While this may have compressed short-term margins, it expanded the customer base, positioning these banks for sustained growth.

### **Reimagining Governance and Leadership**

Creating global-scale banks, however, requires more than mergers; it demands institutional reform. The government has already revised norms for selecting top executives in PSBs, allowing private sector professionals to apply for Managing Director and Executive Director positions. This marks a departure from the traditional approach of internal promotion within the public sector.

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Infusing private-sector talent can bring market discipline, sharper risk management, and greater digital agility — all essential attributes in a banking landscape transformed by fintech and AI-driven decision systems. Globally, such hybrid leadership models have worked well. Singapore’s DBS Bank, for instance, successfully transitioned from a state-owned entity into a regional powerhouse by blending public accountability with private-sector efficiency and innovation.

India could replicate such models, supported by modern governance frameworks. Many experts advocate replacing the Banking Companies (Acquisition and Transfer of Undertakings) Act — which subjects PSBs to public audit and vigilance constraints — with the Companies Act framework that governs private banks. This would enable the government to reduce its stake below 50 percent, while remaining the single largest shareholder. Banks would then operate under market-based oversight, with independent boards ensuring transparency and accountability.

Such a shift could also make PSBs more attractive to institutional investors, improving their capital adequacy and capacity to lend. Moreover, flexible rules on CEO tenure, competitive remuneration, and performance-linked incentives are vital if PSBs are to retain and attract top managerial talent.

### **Financial Inclusion through Scale**

One of the most compelling arguments for creating larger banks is their potential to accelerate financial inclusion. Mergers allow banks to integrate branch networks, expand into under-served regions, and leverage shared digital infrastructure.

The combination of scale and technology can dramatically enhance outreach. For instance, post-consolidation PSBs have improved their rural and semi-urban presence while expanding digital channels. With over 40 crore Jan Dhan accounts and the success of the UPI system, India already has the foundation of a mass-scale digital financial architecture. Larger banks can now build on this base to offer diversified credit, insurance, and investment products to small borrowers and entrepreneurs.

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Research by the World Bank and IMF suggests that financial deepening — measured by private credit as a share of GDP — is strongly correlated with long-term growth and poverty reduction. A 2023 IMF study on “Banking Sector Development and Economic Growth in Emerging Asia” found that economies with well-capitalised, large banks achieved higher investment rates and greater resilience during downturns. India’s challenge, therefore, is not only to expand access but to do so through institutions with the balance-sheet strength to support sustainable credit cycles.

### **Global Lessons and Strategic Priorities**

Globally, banking consolidation has followed different paths. China’s “Big Four” — ICBC, China Construction Bank, Agricultural Bank of China, and Bank of China — dominate both domestic and international markets. These banks benefited from state support, massive capital infusion, and international expansion strategies aligned with national industrial policy.

In contrast, Europe’s consolidation, particularly post-2008, has been market-driven, focusing on efficiency and digital transformation rather than state-led amalgamation. India’s model lies somewhere in between — leveraging government guidance but with increasing private participation and regulatory autonomy.

Going forward, policy must focus on three priorities:

1. **Strategic mergers and capitalisation:** Further consolidation among mid-sized PSBs, coupled with strong recapitalisation, can create a few globally competitive national champions.
  2. **Regulatory agility:** The RBI must strike a balance between prudential norms and growth imperatives, enabling banks to lend more dynamically without compromising stability.
  3. **Technological leadership:** As AI, blockchain, and quantum computing reshape finance, India’s large banks must invest in next-generation technologies to remain competitive.
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## **Towards a Global Banking Vision**

If India is to finance its developmental ambitions — from infrastructure corridors to green energy, from MSME empowerment to digital public infrastructure — it needs banks that can think and act at global scale. Scale brings credibility, access to cheaper capital, and the ability to underwrite transformative projects.

Yet scale must not come at the cost of competition or inclusion. The creation of large banks must go hand-in-hand with regulatory frameworks that promote transparency, innovation, and consumer protection. India's fintech ecosystem, cooperative banks, and regional rural banks will continue to play complementary roles in ensuring that financial deepening benefits every segment of society.

As Finance Minister Sitharaman observed, it is not just about amalgamation — it is about creating an environment where banks can operate and grow. The next phase of India's banking evolution must therefore blend scale with freedom, prudence with innovation, and public purpose with market discipline. Only then can Indian banks truly power the nation's journey from emerging giant to developed economy.

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## FINANCIAL MARKETS

### SENSEX–NIFTY STRENGTHEN IN NOVEMBER: DOMESTIC FLOWS AND EARNINGS DRIVE MOMENTUM

#### Introduction

Indian equity markets delivered a resilient performance in November 2025, navigating global uncertainty, shifting rate-cut expectations, and swings in foreign institutional investor (FII) flows. Benchmark indices — the BSE Sensex and the Nifty 50 — not only posted their third consecutive month of gains but also touched fresh lifetime highs during the month. The rally was supported by robust domestic fundamentals, strong corporate earnings, optimism surrounding an India–US trade agreement, and steady domestic institutional investor (DII) inflows. Despite pockets of volatility, the broader trend remained upward, underscoring the strong positioning of Indian equities heading into the final month of 2025.

#### Market Movement: BSE Sensex and Nifty 50

The BSE Sensex began November at 83,978 and ended the month near 85,707 (Figure 27), while the Nifty 50 climbed from 25,763 to 26,203 (Figure 28)— both indices gaining around 2 percent for the month.

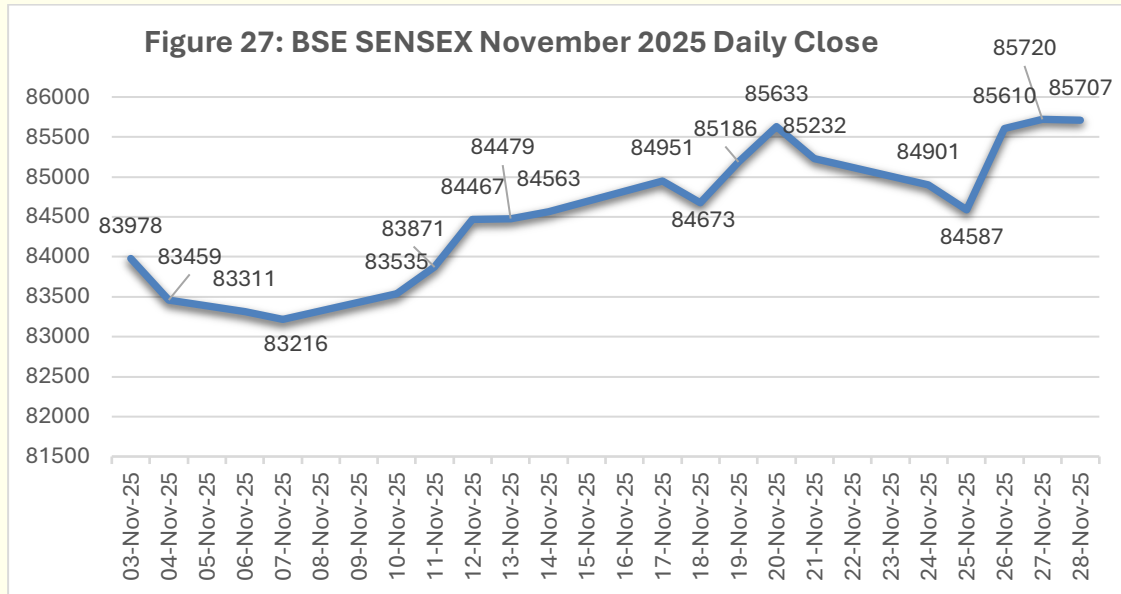
#### Key Milestones

- Both indices hit record intraday highs, with the Sensex touching 86,055.86 and the Nifty reaching 26,310.45.
- The Sensex closed above 85,000 for the first time since September 2024.
- The Nifty 50 reclaimed and sustained levels above 26,000 for multiple sessions.

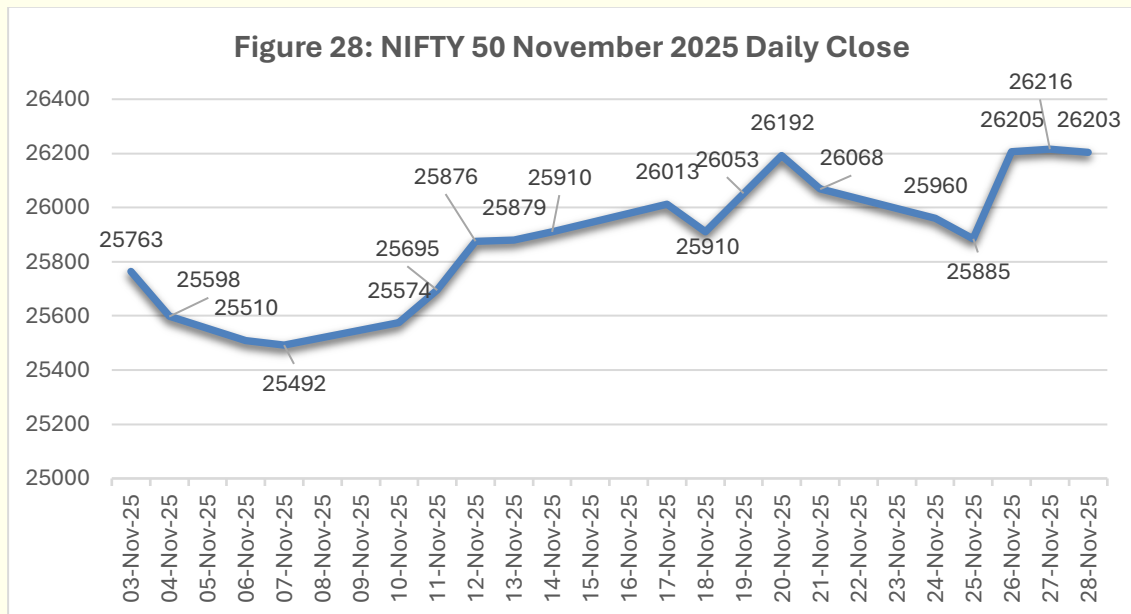
#### Overall Trend

Markets experienced periods of consolidation and brief corrections, notably between 24–25 November, but these were offset by strong rebound sessions such as the 26

November surge, when the Sensex jumped over 1,022 points and the Nifty rose 320 points, marking one of the strongest single-day performances in months.



Source: BSE <https://www.bseindia.com/indices/IndexArchiveData.html>



Source: NSE <https://www.niftyindices.com/reports>



## Factors Influencing Market Sentiment

### 1. Domestic Drivers

- **Strong Q2 FY26 earnings:** Broad-based performance, especially in manufacturing, construction, and consumption.
- **Record SIP and DII inflows:** DIIs infused enormous liquidity, absorbing FII selling and driving sustained buying.
- **Easing inflation & policy optimism:** Record-low retail inflation (0.25 percent in October) strengthened expectations of a December RBI rate cut.
- **GDP momentum:** A robust Q2 growth print boosted confidence in economic fundamentals.

### 2. Global Factors

- **US Fed policy trajectory:** Changing expectations of a December rate cut created intermittent volatility.
- **Russia–Ukraine peace discussions:** Positive developments helped soften crude oil prices to nearly \$61.6 per barrel, reducing macro pressures.
- **India–US trade deal expectations:** Recurring optimism supported sentiment through the month.

### 3. Institutional Flow Dynamics

- FIIs oscillated between heavy selling and selective buying — for example:
    - Outflows of over ₹4,000 crore on 24–25 November.
    - Sharp inflows of ₹4,778 crore on 26 November.
  - DIIs consistently dominated, with cumulative investments crossing ₹7 lakh crore over 14 months, providing a strong domestic cushion.
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## Sectoral Performance and Market Breadth

### Sectoral Trends

- **Outperformers** in November included:
  - IT and Tech (boosted by US tech strength and easing hiring constraints)
  - Banking and financials (record closes for Bank Nifty)
  - Auto and telecom
- **Laggards:**
  - Utilities, realty, power, and energy faced pressure, especially during the late-month correction.
  - Oil & gas displayed weakness despite occasional rebounds.

### Market Breadth and Broader Indices

- Midcap and smallcap performance was **mixed**:
  - Weekly gains were modest, but midcaps outperformed smallcaps overall.
- Market breadth fluctuated, with several sessions showing significant declines in the broader universe: e.g., Over 3,000 stocks declined on 24 November despite DII support. Yet, investor wealth still grew ₹4.09 lakh crore during November, underscoring strong underlying demand.

### Outlook

As November closed, Indian equity markets demonstrated strong resilience supported by robust domestic flows, improving global cues, and expectations of monetary easing. While volatility may remain elevated in December due to key triggers — including the

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RBI policy meeting, India–US trade developments, and global rate expectations — the broader market structure appears constructive.

Analysts foresee:

- Further upside if the Nifty sustains above its 21-DMA (25,890),
- Continued leadership from financials, IT, and select consumption sectors, and
- A potential revival in midcaps and smallcaps if global risk sentiment remains favourable.

With a strong macroeconomic foundation, steady earnings cycle, and unmatched domestic liquidity, Indian markets are well-positioned to maintain their upward trajectory into early 2026, even as global uncertainties persist.

## SECTION 2

## GLOBAL ECONOMY

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## MONETARY POLICY

### BALANCING RISKS: INSIDE THE FOMC'S SPLIT DECISION ON RATES, INFLATION, AND MARKET STRAINS

The Federal Open Market Committee (FOMC) entered its October 28–29, 2025 meeting facing a complicated economic landscape marked by cooling labor markets, persistent inflation pressures, tightening money markets, and rising uncertainty due to a prolonged government shutdown. Against this backdrop, the Committee delivered a widely anticipated quarter-percentage-point rate cut and signalled the imminent end of its balance sheet reduction program.

#### A Narrowly Backed Rate Cut

The FOMC minutes indicated that nearly all members agreed to lower the federal funds rate target range to 3.75–4.0 percent, citing rising downside risks to employment and signs of gradual softening in labor demand. Two members dissented—one preferring a deeper 50-basis-point cut and another advocating no cut at all—reflecting the heightened divergence of views on the state of the economy.

While inflation had edged higher earlier in the year, many participants noted that tariff-related effects, elevated goods inflation, and sticky services inflation were complicating the path toward the 2 percent target. Still, they emphasized that risks to employment had grown more acute, making policy easing appropriate.

#### Inflation Still Sticky, but Expectations Anchored

The Committee observed that both headline and core inflation remained “somewhat elevated,” with 12-month PCE inflation estimated at 2.8 percent. Goods inflation had strengthened, partly due to this year’s tariff increases, while housing disinflation was progressing slowly.

Still, most participants saw longer-term inflation expectations as stable—an anchor that, in their view, remained critical to preventing upward inflation drift.

## **Labor Market Cooling, but Not Collapsing**

With key official indicators delayed by the government shutdown, the Committee relied on private data and district intelligence. Job gains had slowed noticeably, unemployment had edged up, and firms reported reduced job postings and a hesitancy to hire.

Several policymakers pointed to rising unemployment among more cyclically sensitive groups and a widening gap between moderate GDP growth and weak job creation—potentially reflecting productivity gains from AI and structural shifts in labor demand.

## **Economic Activity Moderating, Consumption Uneven**

GDP growth appeared to be expanding at a moderate pace, though uncertainty remained high due to limited federal data. Consumer spending strengthened but increasingly diverged by income group, with higher-income households buoyed by strong equity markets and lower-income households constrained by high prices.

Business investment remained robust in technology and AI-related sectors, but agriculture faced pressure from low crop prices, weak export demand, and high input costs.

## **Money Markets Tighten, End of Runoff Near**

Perhaps the most significant operational decision was the Committee's agreement to end balance sheet runoff on December 1, 2025. Indicators such as falling ON RRP usage, higher repo rates, and shifting bank payment patterns suggested that reserves were approaching ample levels.

Ending runoff would stabilize money markets and allow the Fed to avoid unnecessary volatility in the effective federal funds rate. Going forward, all maturing agency securities will be reinvested into Treasury bills, gradually increasing the bill share in the System Open Market Account (SOMA).

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## **Financial Stability Concerns Rise**

Several participants flagged risks stemming from the rapid growth of private credit markets, stretched equity valuations—particularly in AI-linked sectors—and elevated hedge fund leverage. While banks remained sound, vulnerabilities were viewed as “notable,” especially given corporate debt levels and credit strains in some segments.

## **Policy Outlook: Disagreement and Uncertainty**

The Committee expressed sharply differing views on whether another rate cut in December would be appropriate. Most believed further gradual easing toward a “neutral” stance was likely over time, though not necessarily at the next meeting. Others stressed the danger of cutting too quickly amid elevated inflation readings.

The Fed made clear that policy is not on a preset path. With inflation risks still leaning upward and employment risks now rising, members stressed the need for cautious, data-driven decision-making—made more challenging by missing economic data during the shutdown.

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### **BANK OF ENGLAND’S MONETARY POLICY AT A TURNING POINT: CAUTIOUS PAUSE AMID GRADUAL DISINFLATION**

Bank of England’s Monetary Policy Committee (MPC) concluded its meeting on 5 November 2025 with a finely balanced decision that underscored the complexity of the UK’s current economic landscape. By a narrow 5–4 majority, the Committee voted to keep the Bank Rate unchanged at 4 per cent, even as four members favoured an immediate 25-basis-point reduction to 3.75 per cent. The split reflected the differing interpretations of recent data: while inflation has clearly turned a corner, uncertainty remains about the strength and durability of the disinflation process, the degree of slack building in the economy, and the risks to medium-term inflation from both demand weakness and entrenched price pressures.

Across the Committee, there was broad agreement that CPI inflation has peaked and that underlying disinflation is progressing. This is being supported by a restrictive

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monetary stance, an easing in pay growth, softer services inflation, subdued economic activity, and signs of a loosening labour market. However, members differed on how firmly this disinflation is established. Some pointed to improvements in wage and price indicators as evidence that past monetary restraint is working through the economy. Others remained concerned that household inflation expectations, structural changes in wage-setting, or elevated cost pressures could slow the descent of inflation.

A key focus of the discussions was the emergence of slack in the economy. The labour market continues to cool, vacancies are falling, and household consumption has softened—developments that many members believe will help bring inflation sustainably back to the 2 per cent target. Yet some members argued that deeper structural shifts in labour supply may mean spare capacity is more limited than headline data suggest. This uncertainty over the true degree of slack has contributed to differing views on how restrictive the current policy stance remains and how quickly rates should be lowered.

The Committee also reviewed two alternative scenarios from the November Monetary Policy Report. One highlighted the risk of persistent inflation, driven by lingering second-round effects in wages and prices. The other envisaged weaker domestic demand—particularly if households continue to save at unusually high rates—leading to a faster decline in underlying inflation. While most members acknowledged elements of both scenarios, their relative weighting drove their final votes: those emphasising persistence preferred to hold rates, while those more concerned about weak demand favoured a cut.

Members recognised that the restrictiveness of monetary policy has already eased as Bank Rate has been reduced from its peak. The path ahead, they agreed, must be guided by the evolving inflation outlook. If disinflation continues, rates are likely to move further down over time, though the pace of future cuts will depend on accumulating evidence and the degree of uncertainty around the economy's neutral interest rate.

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Ultimately, the majority opted for a pause, arguing that it was prudent to wait for additional confirmation that disinflation is firmly entrenched before reducing policy restraint further. The minority, however, judged that policy had become overly restrictive relative to current economic conditions and that delaying cuts risked a sharper downturn and an eventual undershoot of the inflation target.

The November decision thus captures a moment of transition: inflation is falling, slack is emerging, and monetary policy is shifting from fighting inflation to safeguarding the recovery. But with risks still finely balanced, the MPC signalled that it would proceed cautiously, adjusting rates only as confidence in the disinflation trajectory strengthens.

## INFLATION

### UK INFLATION COOLS IN OCTOBER AS ENERGY AND HOUSING COSTS EASE

UK inflation continued its gradual descent in October 2025, supported by easing pressures in housing-related costs and energy prices. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.8 percent in the 12 months to October, down from 4.1 percent in September (Figure 29), marking another step in the ongoing disinflation process. On a monthly basis, CPIH increased by 0.4 percent, a slower pace than the 0.6 percent monthly rise recorded a year earlier. The Consumer Prices Index (CPI) showed a similar trend, with annual inflation cooling to 3.6 percent from 3.8 percent in September and the monthly increase also moderating to 0.4 percent.

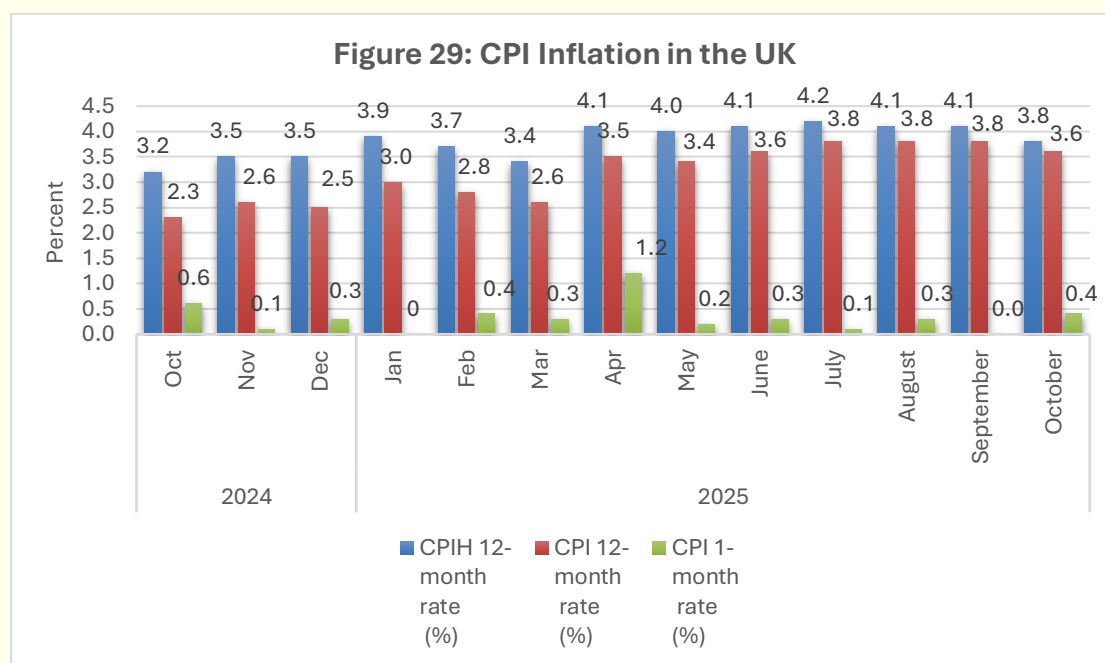
Much of the easing between September and October came from housing and household services, which made the largest downward contribution to both CPIH and CPI. Annual inflation in this category fell sharply from 5.9 percent to 5.0 percent, reflecting a notable slowdown in gas and electricity price increases. Gas prices were up just 2.1 percent year-on-year in October compared with a 13.0 percent rise the previous month, while electricity prices increased 2.7 percent, down from 8.0 percent in September. These softer increases followed Ofgem's October adjustment to the energy price cap, which lifted the typical dual-fuel annual bill by £35 to £1,755 but still left price pressures considerably lower than a year ago. This milder rise in energy costs also translated into slower month-on-month increases: gas prices rose by only 0.9 percent compared with last year's 11.7 percent, and electricity prices by 2.4 percent compared with 7.7 percent.

Owner occupiers' housing (OOH) costs, which account for about 17 percent of CPIH and are a key source of difference between the CPIH and CPI measures, also contributed to the easing. OOH inflation slowed for the ninth consecutive month, rising 4.8 percent in the year to October compared with 5.2 percent in September—the lowest rate since August 2023. Monthly growth in OOH costs also moderated, increasing by 0.4 percent versus 0.8 percent a year earlier.

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Underlying inflation indicators softened as well. Core CPIH, which excludes energy, food, alcohol and tobacco, fell to 3.7 percent from 3.9 percent, with both goods and services inflation easing. Core CPI also edged down, dropping to 3.4 percent from 3.5 percent in September, as goods inflation declined to 2.6 percent and services inflation to 4.5 percent. Despite these encouraging signs, food and non-alcoholic beverages remained a source of upward pressure, providing the largest offsetting contribution to the overall inflation rate.

Overall, the October data indicate that the UK's disinflationary trend is becoming more firmly established, driven by cooling energy prices, moderating housing costs and a gradual easing in underlying price pressures. However, with food prices still exerting upward influence and inflation remaining above the 2 percent target, policymakers are likely to continue monitoring the balance of risks as they assess the trajectory of inflation in the months ahead.



Source: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest>

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## **ENERGY PRICES DRAG DOWN EURO AREA INFLATION IN OCTOBER, SERVICES KEEP PRESSURE UP**

Inflation in the euro area edged down in October 2025, with annual consumer price growth easing to 2.1 percent from 2.2 percent in September (Figure 30), according to Eurostat. The slight moderation brings inflation almost exactly in line with the European Central Bank's medium-term target and marks a steadying of price pressures compared with a year earlier, when the rate stood at 2.0 percent. Across the broader European Union, annual inflation also declined, falling to 2.5 percent in October from 2.6 percent the previous month.

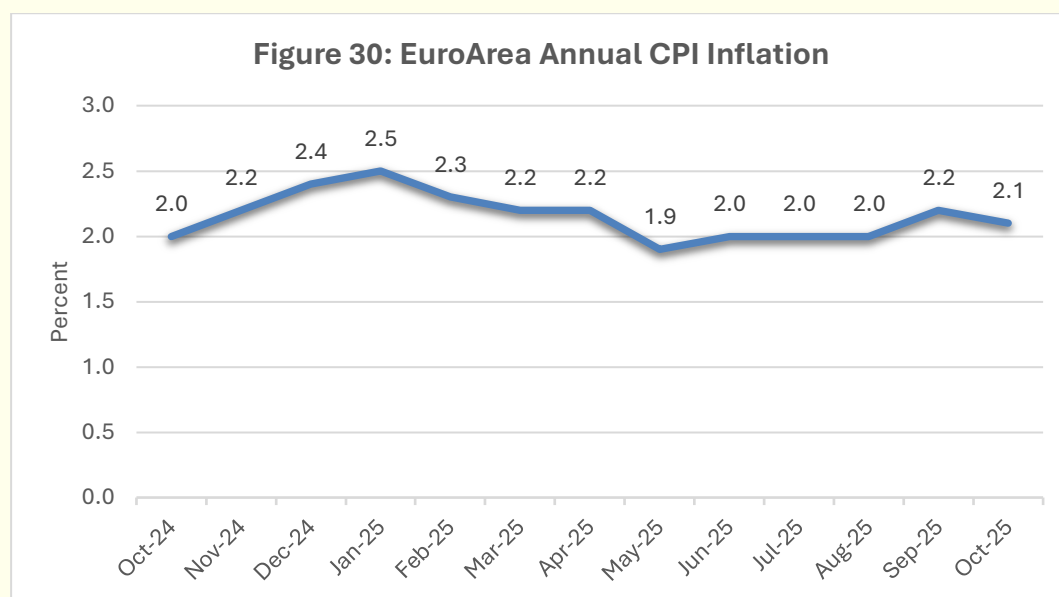
Inflation developments continued to vary widely across Member States. Cyprus recorded the lowest annual rate at just 0.2 percent, followed by France at 0.8 percent and Italy at 1.3 percent, signalling relatively subdued price pressures in Southern and Western Europe. At the other end of the spectrum, Romania posted the highest inflation rate at 8.4 percent, with Estonia and Latvia also experiencing elevated rates of 4.5 percent and 4.3 percent, respectively. Compared with September, inflation declined in fifteen Member States, was unchanged in three, and increased in nine, highlighting the uneven pace of price adjustment across the Union.

The composition of inflation provides further insight into the October outcome. Services remained the dominant driver, contributing 1.54 percentage points to the euro area's annual rate—reflecting ongoing strength in labour-intensive sectors such as hospitality, travel, healthcare and personal services. Food, alcohol and tobacco added a further 0.48 percentage points, indicating that price pressures in essential consumption items, while eased from earlier peaks, remain noticeable for households. Non-energy industrial goods contributed 0.16 percentage points, suggesting relatively modest price increases for manufactured items. Energy, however, continued to act as a drag on inflation, subtracting 0.08 percentage points from the annual rate, consistent with stabilising wholesale prices and base effects from last year's elevated levels.

Overall, the October figures suggest that the euro area is moving deeper into a phase of inflation normalisation, with headline inflation hovering near 2 percent and the

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composition shifting away from energy-driven volatility. Yet the persistence of services inflation underscores the challenges policymakers face as they assess the timing and pace of future monetary easing. With inflation falling in a majority of Member States but still elevated in parts of Eastern Europe, the path toward fully stable price conditions remains gradual and differentiated across the region.



Source: Eurostat <https://shorturl.at/uKYMe>

## CHINA EDGES OUT OF DEFLATION IN OCTOBER WITH 0.2 PERCENT RISE IN CONSUMER PRICES

China's consumer inflation moved back into positive territory in October 2025, offering a tentative sign of strengthening domestic demand after months of stagnant or declining prices. According to the National Bureau of Statistics, the Consumer Price Index (CPI) rose by 0.2 percent year-on-year, reversing the 0.3 percent decline recorded in September and marking one of the first meaningful price increases in several months (Figure 31). On a monthly basis, CPI also edged up by 0.2 percent, reflecting a modest but broad-based improvement in consumer activity.

The October uptick represents a notable shift from trends earlier in 2025, when consumer prices hovered around zero or even slipped into deflation, dragging the annual average CPI close to flat. This month's rise was driven largely by increased

spending during the National Day and Mid-Autumn Festival holidays—a period that typically boosts consumption in travel, dining, leisure and retail. The recovery in service-sector demand was especially evident: service prices increased by 0.8 percent year-on-year, supporting the overall inflation rebound.

Another encouraging sign came from core inflation, which excludes volatile food and energy prices. Core CPI accelerated for the sixth consecutive month, reaching 1.2 percent year-on-year, its strongest pace of 2025 so far. This sustained upward trend suggests that underlying demand in areas such as services, education, healthcare, and recreation is gradually firming, even as headline inflation remains subdued.

Food prices, however, continued to weigh on inflation, falling 2.9 percent year-on-year. Declines in pork and fresh produce prices—longstanding contributors to volatility in China’s CPI—helped keep overall inflation low, even as other categories showed signs of recovery. The divergence between weak food prices and strengthening services activity reflects an economy still navigating an uneven path toward a broader consumption-led rebound.

While October’s figures remain far below China’s official inflation target of around 3 percent, the return to slight positive inflation suggests that deflationary risks may be easing. Analysts noted that although the increase is modest, it may help bolster business confidence and support policy efforts aimed at stabilising growth. Much will depend on whether momentum can be sustained beyond the holiday period, particularly amid ongoing softness in the property sector and cautious household spending.



Source: <https://tradingeconomics.com/china/inflation-cpi>

#### JAPAN SEES STRONGEST MONTHLY CPI GAIN SINCE JANUARY 2025 AMID ENERGY AND SERVICE COST RISES

Japan's consumer inflation ticked up in October 2025, with the annual Consumer Price Index (CPI) rising to 3.0 percent, slightly above the 2.9 percent recorded in September and the highest reading since July (Figure 32). The latest data from the Ministry of Internal Affairs and Communications indicate that price pressures continue to broaden across key categories, even as some components show signs of easing. The modest acceleration in headline inflation underscores the gradual and uneven nature of Japan's shift away from years of subdued price growth.

A major driver of the October increase came from the electricity sector, where prices rose 3.5 percent year-on-year—the fastest pace in four months—following the expiry of government subsidies. While the withdrawal of support pushed electricity costs higher, gas prices provided some offset, slowing to 0.7 percent from 1.6 percent in September. Despite this moderation in gas, the overall contribution of energy remained significant in lifting the inflation rate.

Beyond energy, inflationary pressures were evident across a wide range of categories. Transport inflation rose sharply to 3.6 percent, up from 3.0 percent, while household items saw price growth nearly double to 1.8 percent. Recreation costs accelerated to 2.6 percent, communications prices rose a striking 7.5 percent, and housing inflation remained steady at just below 1 percent. Clothing prices increased at a stable 2.5 percent. Healthcare costs softened slightly, rising 0.8 percent compared with 1.2 percent the previous month, and miscellaneous goods held steady at 0.7 percent. Education remained the only major category in deflation, with prices falling 5.6 percent year-on-year.

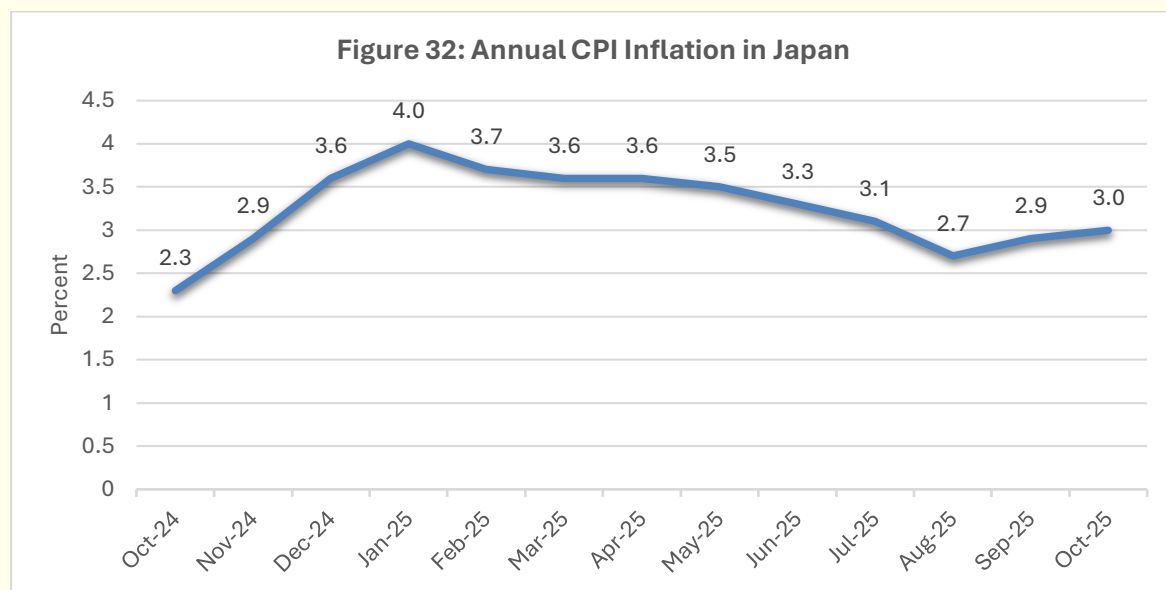
Food prices, historically one of the strongest contributors to overall inflation, rose 6.4 percent year-on-year—still elevated but marking the softest increase since December 2024. The moderation was driven in part by a slowdown in rice prices, which rose 40.2 percent, the smallest increase in 14 months. This reflects the government’s ongoing efforts to stabilise costs for staple foods amid concerns about household purchasing power.

Core inflation, which excludes fresh food, mirrored the headline rate at 3.0 percent, matching market forecasts and marking the highest level in three months. On a monthly basis, the CPI rose 0.4 percent, the strongest monthly gain since January, suggesting that underlying price momentum remains firm despite occasional fluctuations across categories.

The October data highlight the continued challenge for policymakers: inflation is staying above the Bank of Japan’s 2 percent target, driven in part by policy-related adjustments such as the end of subsidies, but also supported by steady price increases in services and goods. As Japan navigates a shifting inflation environment, the question remains whether these pressures will persist long enough to support a sustained exit from ultra-loose monetary policy.

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Source: <https://tradingeconomics.com/japan/inflation-cpi>

#### **RUSSIA'S INFLATION EASES TO 7.7 PERCENT IN OCTOBER 2025, CONTINUING GRADUAL MODERATION**

Russia's consumer inflation eased in October 2025, with the annual inflation rate declining to 7.7 percent from 8 percent in September (Figure 33), according to data from the Federal State Statistics Service. The latest figures indicate a modest but continued cooling of price pressures following a period of elevated inflation driven by geopolitical tensions, supply disruptions, and domestic demand fluctuations. Although inflation remains significantly above the Central Bank of Russia's 4 percent target, the October slowdown suggests that tightening measures and easing global commodity prices have begun to take effect.

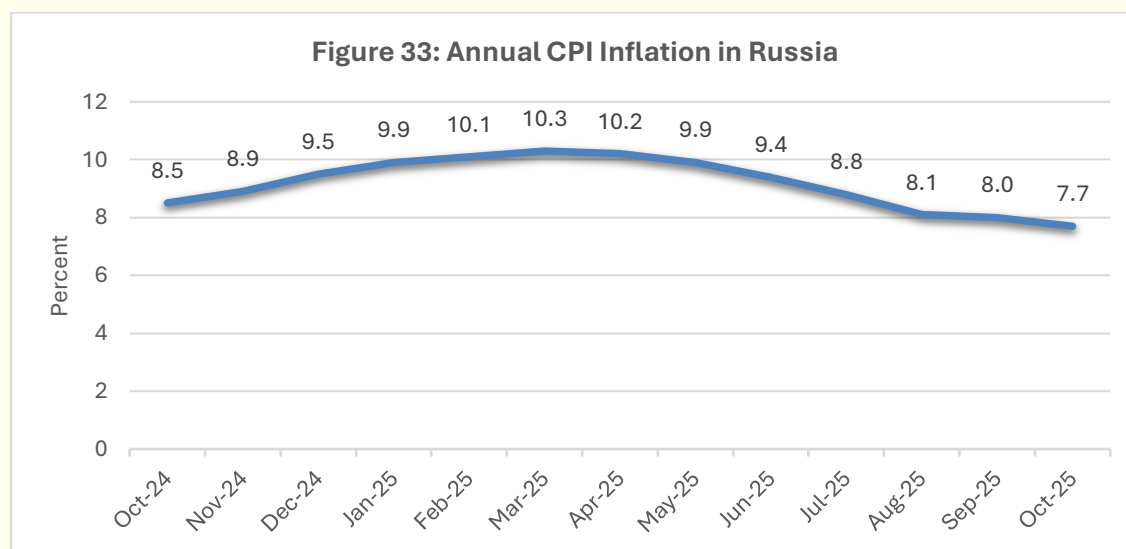
The October reading fits within Russia's long and historically volatile inflation landscape. Since 1991, the country has experienced dramatic swings in consumer prices, with inflation averaging 99.41 percent over the past three decades. The most extreme episode occurred in December 1992, when inflation surged to an unprecedented 2,333.3 percent during the turbulent transition from a centrally planned economy. Conversely, the record low was recorded in February 2018, when inflation

fell to just 2.18 percent, reflecting a period of macroeconomic stabilisation and prudent monetary policy.

While current inflation is elevated by historical standards, recent trends point to a gradual stabilisation. The October easing marks the second consecutive month of declining inflation, supported in part by more stable food prices, slowing growth in regulated tariffs, and weaker consumer demand. Nonetheless, persistent price pressures remain in certain categories, and the geopolitical and economic environment continues to complicate the inflation outlook.

For policymakers, the challenge ahead lies in sustaining disinflation while supporting economic activity amid external sanctions, supply-chain adjustments, and muted household confidence. The Central Bank's decisions in the coming months will likely hinge on whether inflation continues to moderate and how global commodity markets evolve.

Russia's October inflation data, while still elevated, signals cautious progress toward stabilising prices—an important development for households, businesses, and policymakers navigating an uncertain economic landscape.



Source: <https://tradingeconomics.com/russia/inflation-cpi>

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## **BRAZIL'S INFLATION COOLS TO 4.68 PERCENT IN OCTOBER 2025, LOWEST LEVEL IN TEN MONTHS**

Brazil's consumer inflation eased more than expected in October 2025, with the annual Consumer Price Index (CPI) falling to 4.68 percent from 5.17 percent in September (Figure 34), according to data from the Brazilian Institute of Geography and Statistics (IBGE). The reading came in below market expectations of 4.75 percent, marking the lowest inflation level since January and reinforcing signs that price pressures are gradually moderating across much of the economy.

The overall slowdown was driven by broad-based easing in several major categories. Food and beverages, a key component of household consumption, saw inflation fall sharply to 5.5 percent from 6.61 percent in September, supported by declines in key staples and improved supply conditions. Housing inflation also cooled significantly, dropping to 4.36 percent from 6.24 percent, reflecting lower electricity tariffs and slower increases in rental and maintenance costs. Household goods inflation eased to 0.43 percent from 1.21 percent, while personal expenses slowed to 6.83 percent from 7.10 percent. Communication services also showed notable moderation, with inflation falling to 0.88 percent from 1.56 percent.

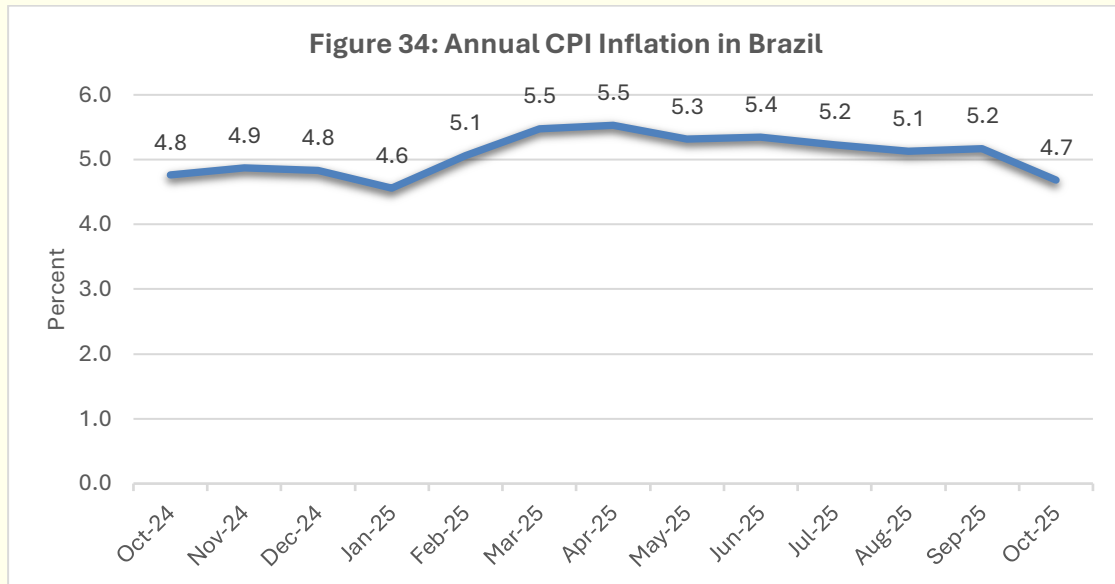
However, the deceleration was not uniform across all categories. Price growth picked up slightly in clothing, rising to 5.07 percent from 4.93 percent, while transport inflation accelerated to 3.69 percent from 3.18 percent, partly reflecting higher fuel prices and seasonal demand for travel. Health and personal care costs inched up to 5.42 percent from 5.39 percent, and education expenses increased marginally to 6.21 percent from 6.19 percent. These pockets of upward pressure indicate that certain demand-driven and cost-related factors continue to influence specific segments of the economy.

Regional inflation varied across the country, with Goiânia recording the highest annual rate at 6.41 percent, highlighting persistent localised cost pressures. On a monthly basis, consumer prices rose just 0.1 percent, a sharp deceleration from the 0.48 percent increase seen in September, further reinforcing the broader cooling trend.

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The October data suggest that Brazil is making steady progress in reining in inflation, aided by a mix of favourable supply dynamics and cautious monetary policy. As inflation eases toward the upper end of the central bank's target range, policymakers will likely weigh the balance between maintaining tight conditions to secure disinflation and supporting an economy still recovering from earlier price shocks. The coming months will be crucial in determining whether Brazil can sustain this downward trajectory without reacceleration in more volatile categories.



Source: <https://tradingeconomics.com/brazil/inflation-cpi>

## FOOD & AGRICULTURE

### FAO FOOD PRICE INDEX FALLS FOR SECOND MONTH, LED BY SOFTENING CEREAL, DAIRY, AND SUGAR MARKETS

The FAO Food Price Index (FFPI) continued its downward trend in October 2025, slipping to 126.4 points (Table 5)—1.6 percent below its revised September reading and slightly under its October 2024 level. With the exception of vegetable oils, all major commodity groups registered declines, keeping the overall index 21 percent below its peak in March 2022.

The Cereal Price Index fell to 103.6 points, reflecting broad-based easing across wheat, coarse grains, and rice. Wheat prices softened amid abundant global supplies, strong prospects in the southern hemisphere, and steady planting progress in the north. Coarse grain prices also dipped, led by lower barley, maize, and sorghum quotations, although some support came from reduced maize yield expectations in the EU and potentially the United States, as well as renewed US–China trade activity. Rice prices saw a sharper decline of 2.5 percent, driven by intensified competition and the onset of main-crop harvests in major exporters across the northern hemisphere.

In contrast, the Vegetable Oil Price Index rose modestly to 169.4 points—its highest since July 2022—supported by increases across palm, sunflower, rapeseed, and soy oils. Palm oil prices firmed slightly on expectations of tighter exportable supplies following Indonesia’s planned biodiesel mandate expansion, while limited Black Sea sunflower oil supplies and strong domestic demand for rapeseed and soy oil in key markets further lifted the index.

The Meat Price Index dropped to 125.0 points, reversing eight months of continuous increases. The decline was driven by steep falls in pig and poultry meat prices and weaker ovine meat quotations, reflecting abundant supplies and shifting trade patterns, particularly reduced Chinese demand. Bovine meat was the sole exception, with prices rising on firm global demand and higher quotes from Australia.

Dairy prices also continued to slide, with the Dairy Price Index falling to 142.2 points—its fourth straight monthly decline—despite remaining higher year-on-year. All dairy sub-categories recorded drops, led by butter and milk powders, as plentiful export availabilities from the EU and New Zealand combined with subdued import demand across Asia and the Middle East. Cheese prices eased slightly due to mixed trends between the EU and Oceania.

Sugar prices saw the sharpest downturn, falling to 94.1 points—the lowest since December 2020. Expectations of robust global supplies, especially from Brazil’s strong harvest and anticipated increases in Thailand and India, weighed heavily on prices. Additional downward pressure came from lower crude oil prices, which reduced demand from the biofuel sector.

**Table 5: FAO Food Price Index (FFPI)**

	<i>Food Price Index</i>	<i>Meat</i>	<i>Dairy</i>	<i>Cereals</i>	<i>Oils</i>	<i>Sugar</i>
<i>October 2024</i>	126.9	119.2	139.0	114.4	152.7	129.6
<i>November 2024</i>	127.7	118.7	140.0	111.4	164.1	126.4
<i>December 2024</i>	127.4	119.6	141.9	111.4	162.1	119.3
<i>January 2025</i>	124.7	116.7	143.1	111.8	153.0	111.2
<i>February 2025</i>	126.6	116.9	147.7	112.6	156.0	118.5
<i>March 2025</i>	127.2	118.3	148.7	109.7	161.8	116.9
<i>April 2025</i>	128.2	121.6	151.7	110.9	158.0	112.3
<i>May 2025</i>	127.1	122.8	153.6	109.0	152.2	109.4
<i>June 2025</i>	128.1	126.0	155.5	107.3	155.7	103.6
<i>July 2025</i>	129.8	126.7	154.6	106.5	166.8	103.3
<i>August 2025</i>	129.8	127.0	152.3	105.7	169.1	103.6
<i>September 2025</i>	128.5	127.5	147.2	104.9	167.9	99.4
<i>October 2025</i>	126.4	125.0	142.2	103.6	169.4	84.1

Source: <https://w.w.fao.org/worldfoodsituation/foodpricesindex/en>

## GLOBAL MARKETS: STOCKS STRUGGLE FOR DIRECTION IN NOVEMBER - US RESILIENCE, EUROPEAN WEAKNESS, AND ASIA-PACIFIC VOLATILITY

### INTRODUCTION

Global equity markets delivered a mixed performance in November 2025 as investors navigated a complex macroeconomic environment dominated by shifting interest-rate expectations, uneven corporate earnings, and geopolitical uncertainties. According to data from the uploaded document, major indices across the United States, Europe, and Asia-Pacific fluctuated throughout the month, reflecting caution among investors. *The Wall Street Journal* during November pointed to moderating US inflation, renewed debate over the timing of Federal Reserve rate cuts, concerns about China's slow economic recovery, and recessionary pressures in parts of Europe—factors that collectively influenced global market sentiment.

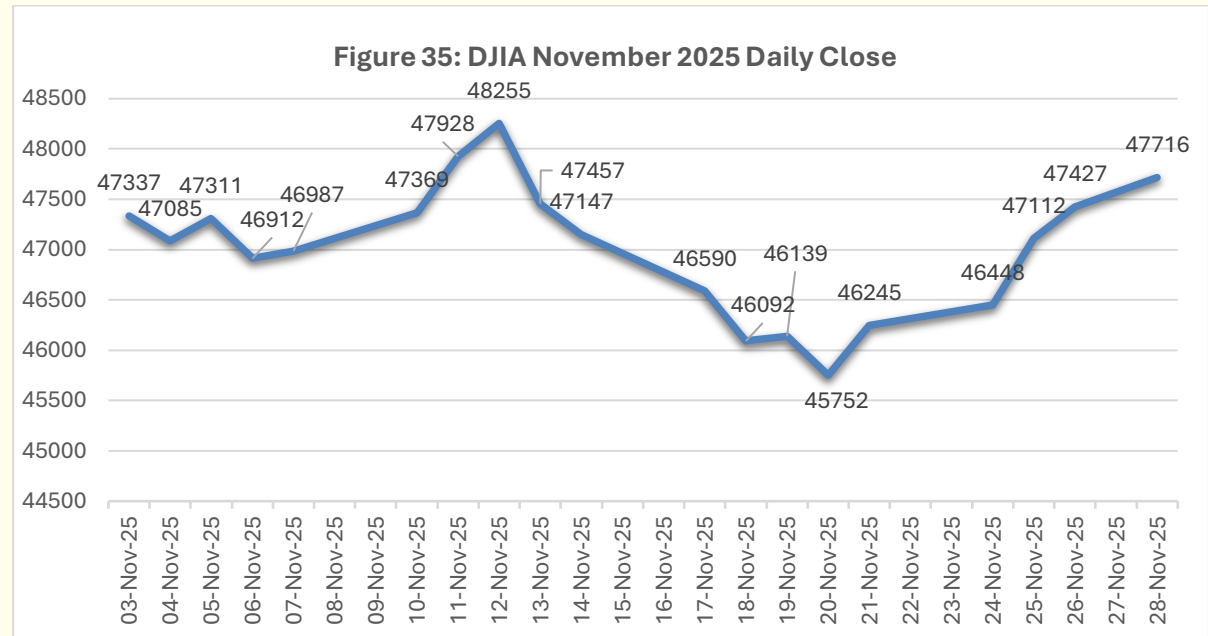
### SECTION A – PERFORMANCE OF US STOCK MARKETS

#### Introduction

U.S. equity markets were volatile in November 2025, weighed down by concerns over the Federal Reserve's next policy steps and weaker earnings from major technology firms. According to *WSJ* coverage, investors remained sensitive to macroeconomic data suggesting a slower-but-resilient U.S. economy, while geopolitical tensions and declining Treasury yields contributed to intermittent bouts of market stability.

#### Dow Jones Industrial Average (DJIA)

The DJIA traded within a relatively wide band during November, starting at 47,337 on 3 November and closing at 47,716 on 28 November 2025 (Figure 35). Mid-month volatility was pronounced, with the index dipping below 46,000 on 18–20 November amid profit-taking and concerns about declining global demand. Towards month-end, however, the index rebounded as cooling inflation strengthened expectations of potential Fed easing in early 2026.

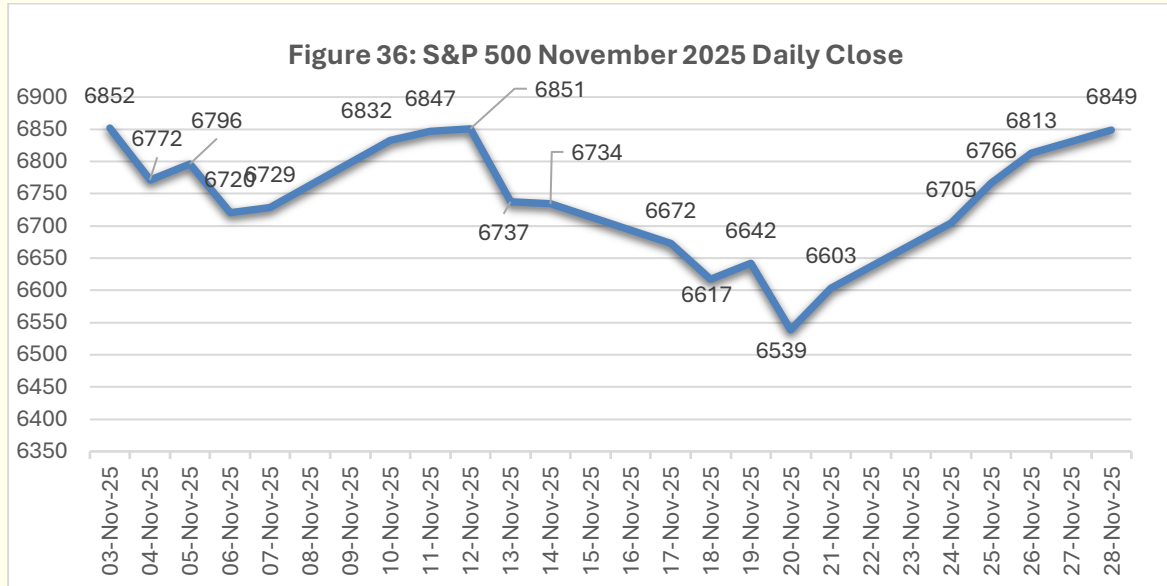


Source: <https://www.wsj.com/market-data/quotes/index/DJIA/historical-prices>

## S&P 500

The S&P 500 exhibited similar fluctuations, falling from 6,852 on 3 November to a monthly low of 6,539 on 20 November before recovering to 6,849 on 28 November (Figure 36). *WSJ* noted that weaker earnings from semiconductor and cloud-computing firms exerted downward pressure, though strong retail sales data later in the month helped lift sentiment.

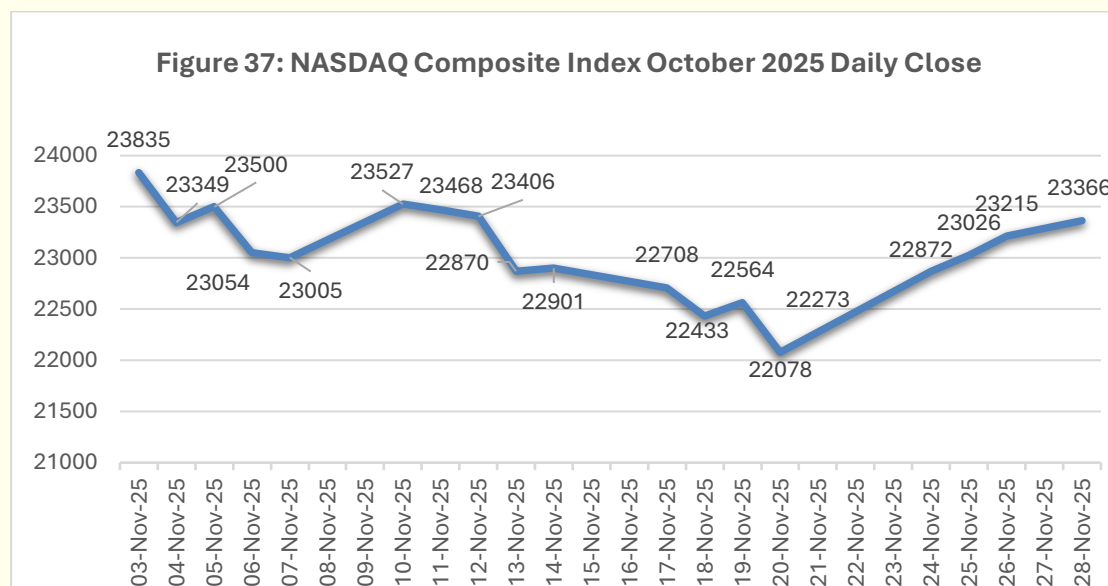




Source: <https://www.wsj.com/market-data/quotes/index/SPX/historical-prices>

## NASDAQ Composite Index

The tech-heavy NASDAQ Composite remained under pressure for most of November. After opening at 23,835, it declined steadily to 22,078 by 20 November—its weakest level of the month—before closing at 23,366 on 28 November (Figure 37). Persistent weakness in tech stocks, detailed in multiple *WSJ* analyses, reflected concerns over slowing global chip demand and narrowing margins for AI-related investments.



Source: <https://www.wsj.com/market-data/quotes/index/COMP/historical-prices>

## Insights

US markets experienced broad-based consolidation, particularly in technology. Cooling inflation supported expectations of Fed policy easing, but uncertainty over timing kept markets choppy. *WSJ* highlighted that corporate earnings guidance for 2026 was increasingly conservative, further dampening risk appetite.

## SECTION B - PERFORMANCE OF EUROPEAN STOCK MARKETS

### Introduction

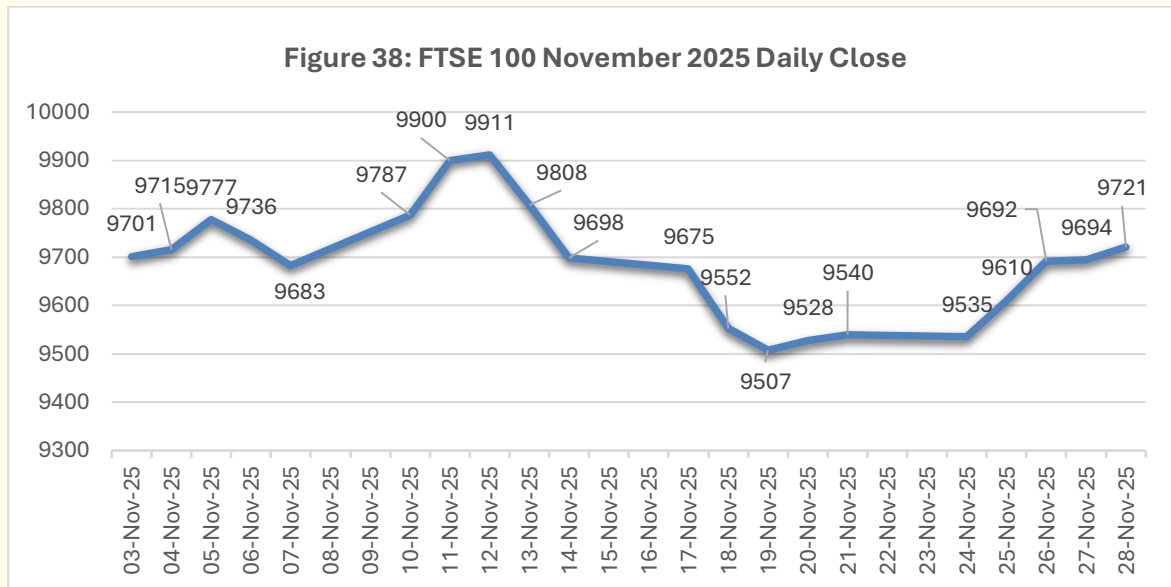
European equities traded lower in November, influenced by worsening economic indicators, including a continued contraction in manufacturing and weaker-than-expected corporate results. *WSJ* reporting emphasised recession fears in Germany and subdued consumer spending across the continent, shaping investor behaviour.

### FTSE 100

The FTSE 100 experienced moderate volatility, beginning the month at 9,701 and ending at 9,721 (Figure 38), with notable dips to around 9,507 mid-month. Energy and

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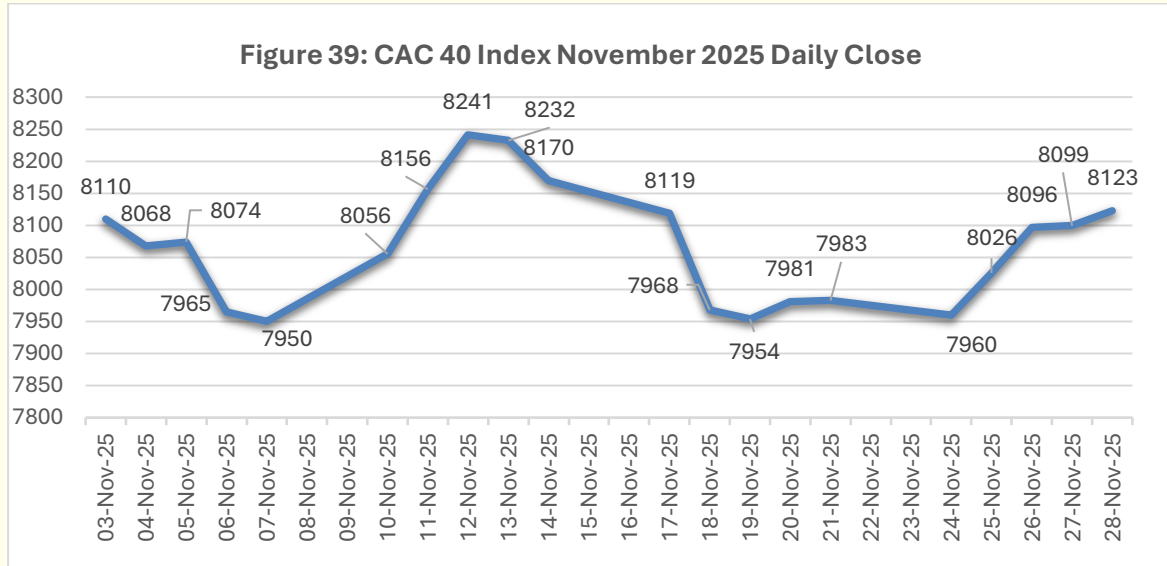
mining stocks struggled as commodity prices stagnated, consistent with *WSJ* commentary on declining global demand.



Source: <https://www.wsj.com/market-data/quotes/index/UK/UKX/historical-prices>

### CAC 40 (Paris, France)

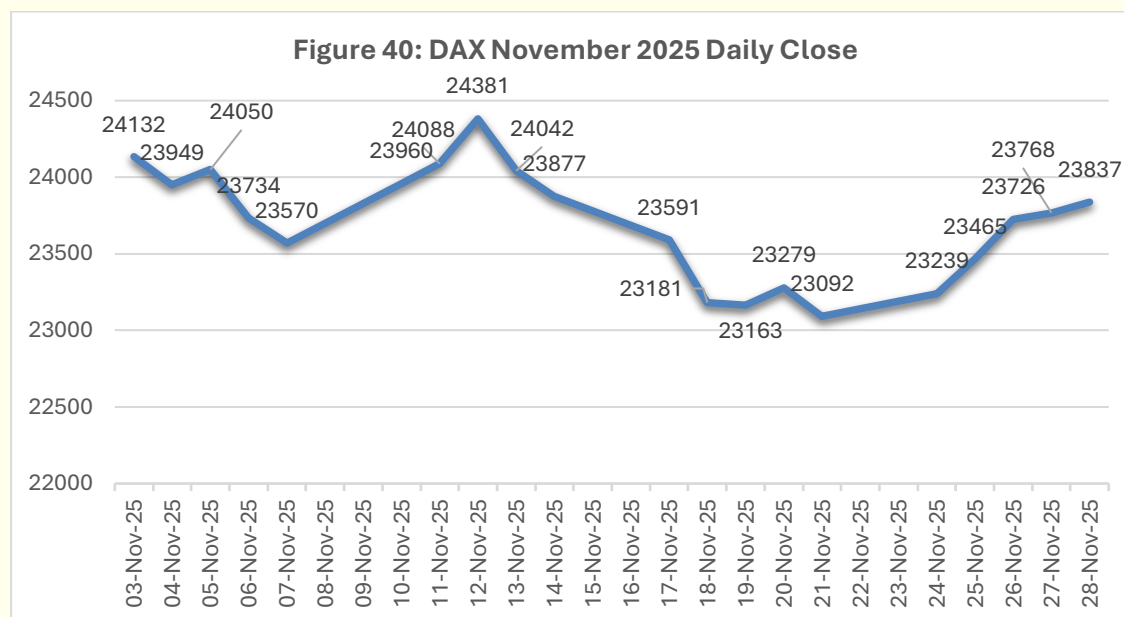
France's CAC 40 mirrored the regional downtrend, starting at 8,110, declining to a mid-month low of 7,954, and closing at 8,123 on 28 November (Figure 39). Luxury stocks—central to the index—remained sensitive to slowing Chinese consumption.



Source: <https://www.wsj.com/market-data/quotes/index/FR/PX1/historical-prices>

### DAX (Frankfurt, Germany)

Germany's DAX weakened amid persistent recession fears, falling from 24,132 on 3 November to a month-low 23,092 on 21 November before slightly recovering to 23,837 by month-end (Figure 40). Economic headwinds—such as contracting industrial production—were highlighted in *WSJ* reports throughout November.



Source: <https://www.wsj.com/market-data/quotes/index/DX/DAX/historical-prices>

## Insights

European markets struggled with recessionary pressures, particularly in Germany. Energy and industrial stocks underperformed, consistent with subdued commodity markets. Investor confidence remained fragile due to weak demand from China and lowered earnings expectations.

## SECTION C – PERFORMANCE OF ASIA-PACIFIC STOCK MARKETS

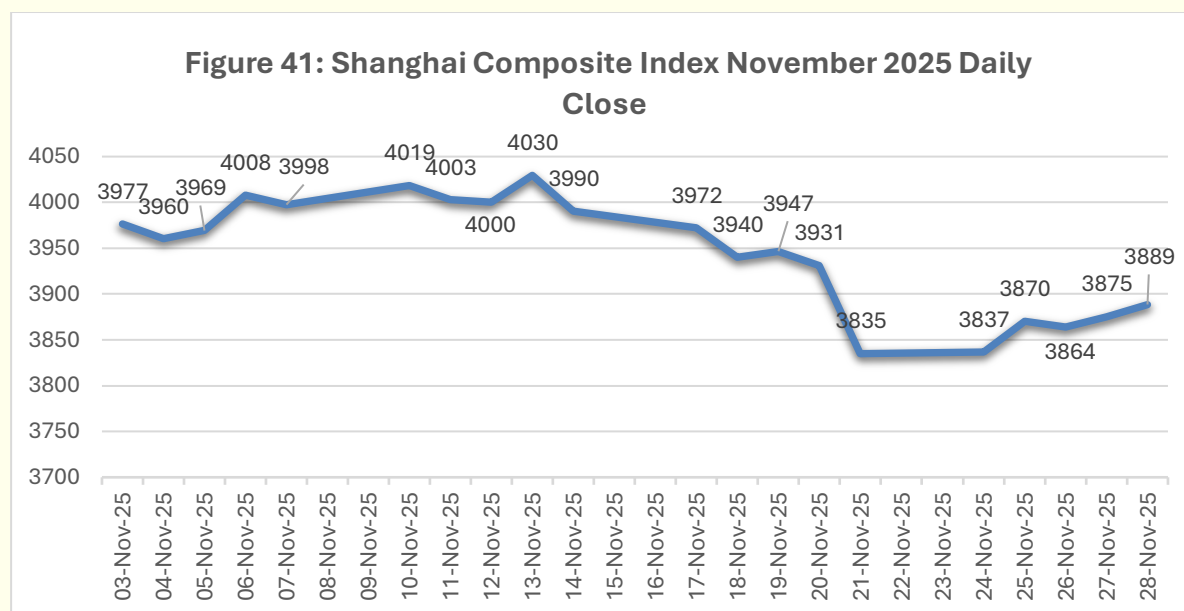
### Introduction

Asia-Pacific equity markets delivered a varied performance in November 2025, shaped by divergent economic trajectories across the region and ongoing uncertainty surrounding China's recovery. While some markets benefitted from supportive monetary conditions and resilient corporate earnings, others faced persistent headwinds from weak consumer demand, fragile property markets, and global trade softness. Investor sentiment across the region remained cautious, reflecting both domestic challenges and broader global risk factors highlighted throughout the month. Against this backdrop, the major indices across China, Japan, Hong Kong, Singapore, South

Korea, and Australia moved in different directions, underscoring the region's highly differentiated outlook.

### Shanghai Composite Index (Shanghai, China)

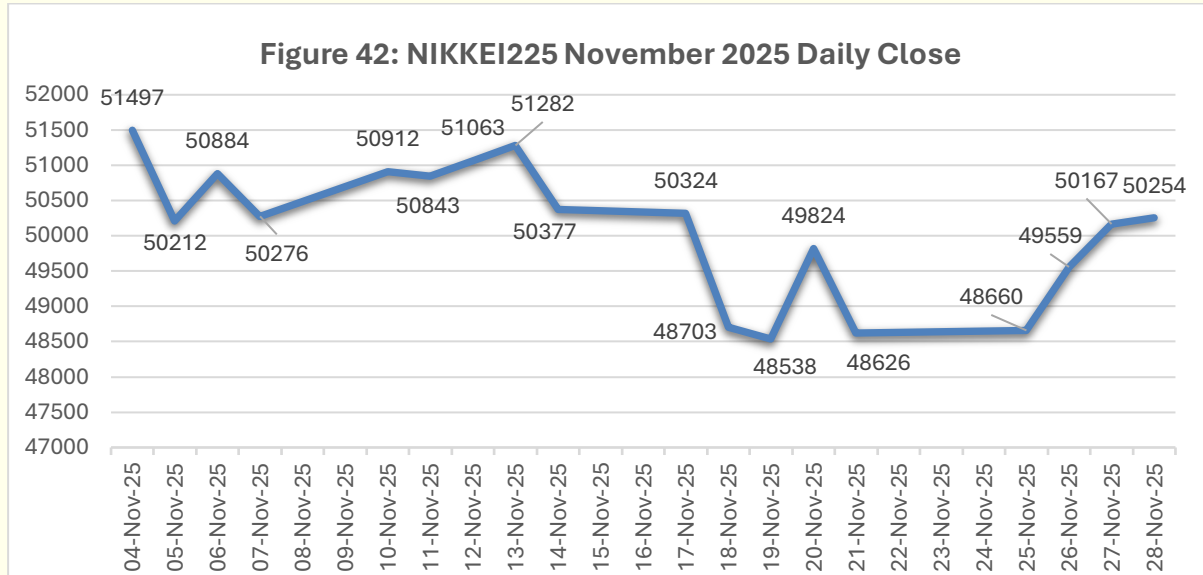
The Shanghai Composite trended downward for much of November, falling from 3,977 on 3 November to 3,837 on 24 November, and closing at 3,889 on 28 November (Figure 41). Uncertainties in China's property market and lacklustre consumer spending continued to drag on sentiment.



Source: <https://www.wsj.com/market-data/quotes/index/CN/XSHG/SHCOMP/historical-prices>

### NIKKEI 225 (Tokyo, Japan)

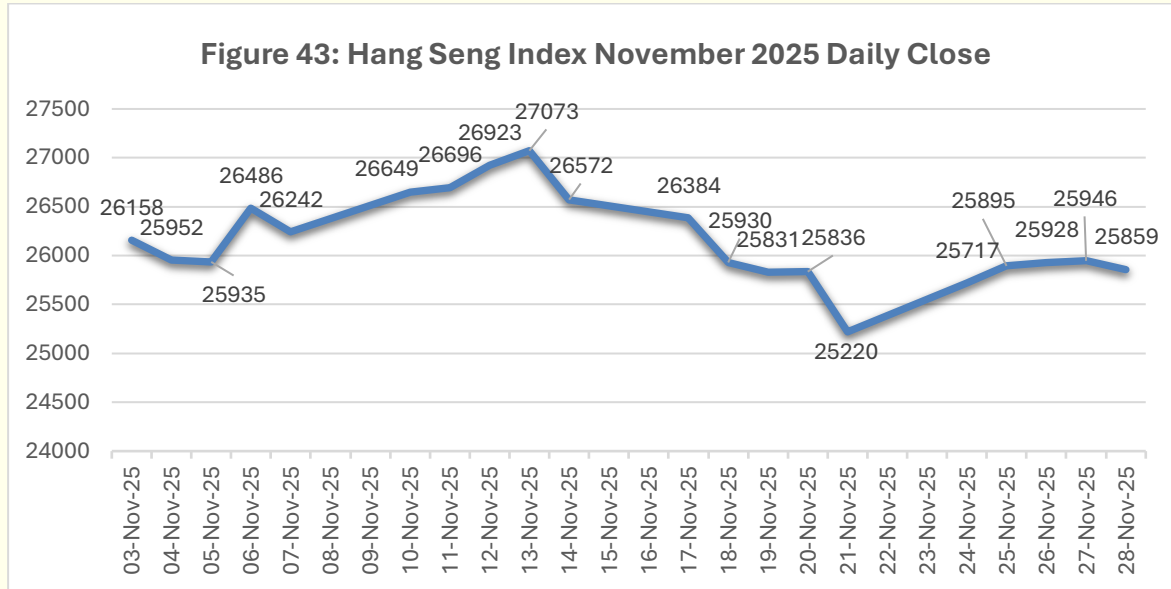
The Nikkei 225 experienced sharp volatility, starting at 51,497 and falling to 48,703 by 18 November amid concerns about yen weakness and declining exports. It recovered to 50,254 by 28 November (Figure 42), supported by technology shares and expectations of delayed tightening by the Bank of Japan.



Source: <https://www.wsj.com/market-data/quotes/index/JP/NIK/historical-prices>

### Hang Seng Index (Hong Kong)

Hong Kong's Hang Seng Index remained under heavy pressure. After opening at 26,158, it fell to 25,220 on 21 November before ending at 25,859 on 28 November (Figure 43). There have been persistent foreign outflows amid pessimism about China's growth outlook.

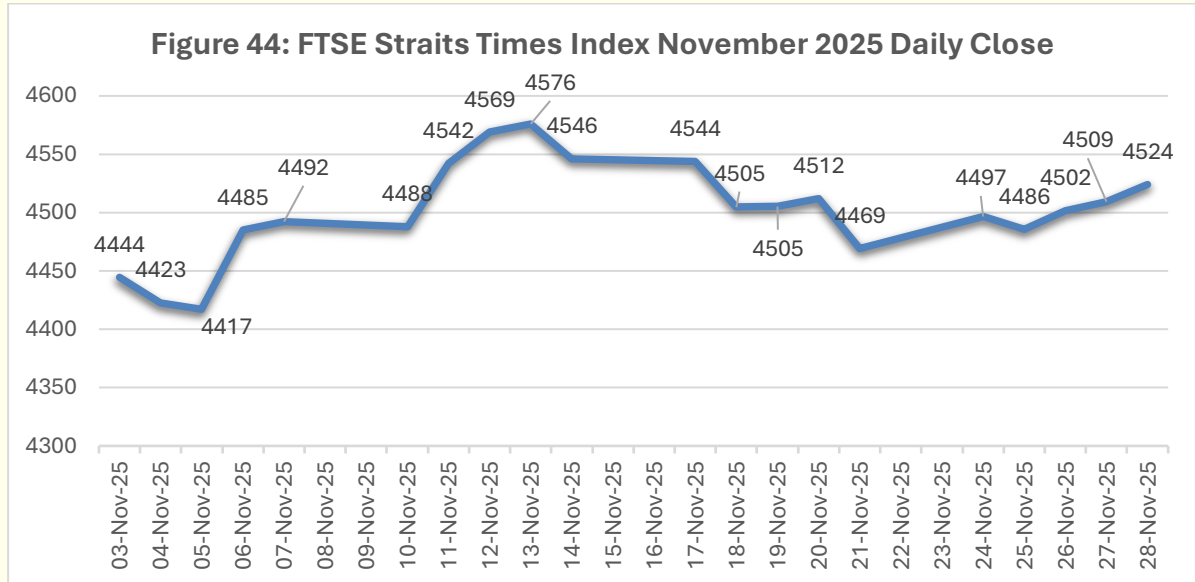


Source: <https://www.wsj.com/market-data/quotes/index/HK/HSI/historical-prices>

### FTSE Straits Times Index (Singapore)

The Singapore Straits Times Index traded in a narrow range, opening at 4,444 and closing at 4,524 on 28 November (Figure 44). Stability in financial and real estate sectors supported the index.

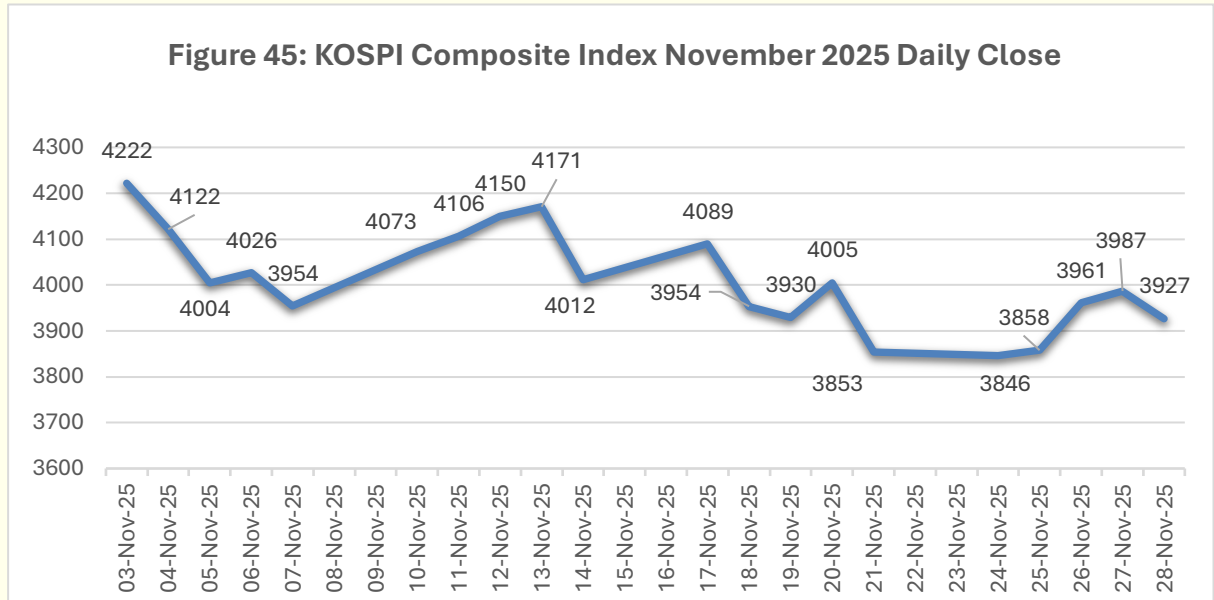




Source: <https://www.wsj.com/market-data/quotes/index/SG/STI/historical-prices>

### KOSPI Composite Index (Busan & Seoul, South Korea)

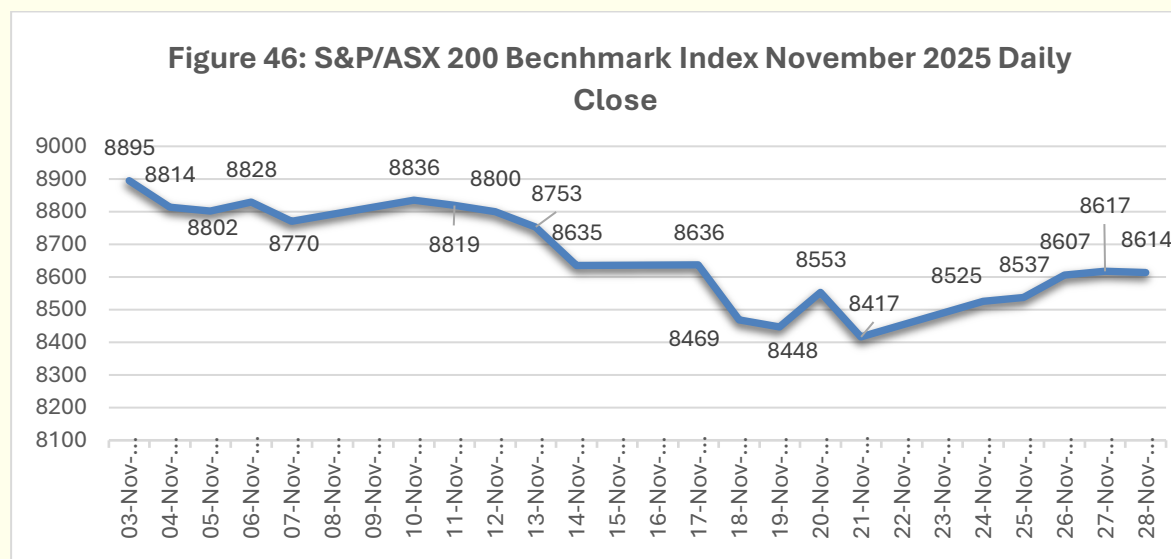
South Korea's KOSPI exhibited significant weakness, dropping from 4,222 to 3,927 by month-end (Figure 45), reflecting concerns over semiconductor demand and slowing exports.



Source: <https://www.wsj.com/market-data/quotes/index/KR/SEU/historical-prices>

### S&P/ASX Benchmark Index (Sydney, Australia)

Australia's ASX index experienced a steady decline through mid-month before stabilising, closing at 8,614 on 28 November compared with 8,895 on 3 November (Figure 46). Lower iron ore prices and caution around the RBA's policy stance weighed on equities.



Source: <https://www.wsj.com/market-data/quotes/index/AU/XJO/historical-prices>

## Insights

Asia-Pacific markets were the most volatile globally in November. China-related pessimism dragged down regional indices, especially the Hang Seng and KOSPI. Japan was relatively resilient due to strong tech sector performance and supportive monetary conditions.

## SECTION D – OUTLOOK FOR MAJOR GLOBAL STOCK INDICES

Looking ahead, global equity markets are expected to remain sensitive to macroeconomic conditions, central bank policy signals, and geopolitical developments.

The outlook:

- **US markets** may stabilise if inflation continues to cool and the Federal Reserve signals greater clarity on potential 2026 rate cuts.
- **European equities** are likely to face continued pressure given recession risks, although selective opportunities may emerge in defensive sectors.
- **Asia-Pacific markets** will depend heavily on China's ability to reinvigorate domestic demand, with Japan expected to outperform if the yen stabilises and export demand improves.

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Overall, November 2025 reflected a month of cautious trading, with investors seeking clarity amid an evolving global macroeconomic landscape. Markets are poised for continued volatility, but selective strength could emerge as inflation moderates and economic conditions stabilise toward 2026.

## SECTION 3

# RESEARCH DIGEST

## SYNOPSIS OF RESEARCH PAPERS

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### FORECASTING SOCIAL SCIENCE: EVIDENCE FROM 100 PROJECTS

Authors: Stefano DellaVigna and Eva Vivalt

*NBER Working Paper No. 34493, November 2025*  
National Bureau of Economic Research (NBER)

Forecasts about research outcomes increasingly influence scientific decisions, including R&D investment choices and the direction of academic inquiry, yet systematic evidence on their accuracy remains limited. This paper analyses a unique dataset from the Social Science Prediction Platform (SSPP), comprising 53,298 forecasts on 1,482 key questions across 100 projects posted between 2020 and 2024, including 66 projects with realized results. The analysis shows that forecasters, on average, overestimate treatment effects; nevertheless, mean forecasts remain strongly predictive of actual effects, indicating substantial informational value. Accuracy varies systematically across forecasters: academics exhibit slightly higher accuracy than non-academics, but domain expertise does not improve forecasting performance, and greater self-reported confidence is paradoxically associated with lower accuracy. A motivated panel of repeat forecasters demonstrates notably higher accuracy compared to other repeat participants, and substantial cross-study correlation in forecasting accuracy makes it possible to identify a group of “superforecasters.” These findings align with prior evidence on wisdom-of-crowds dynamics, diverge from earlier work on the role of confidence, and introduce new insights into cross-study accuracy patterns. The paper concludes by discussing implications for the use of forecasts in assessing research novelty, informing study design, and understanding belief updating, while underscoring caveats related to project selection, the lack of training protocols for forecasters, and the emerging role of AI-assisted prediction.

*The full paper can be accessed from:*  
[https://www.nber.org/system/files/working\\_papers/w34493/w34493.pdf](https://www.nber.org/system/files/working_papers/w34493/w34493.pdf)

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## AI AGENTS FOR CASH MANAGEMENT IN PAYMENT SYSTEMS

Authors: Iñaki Aldasoro and Ajit Desai

*BIS Working Papers No. 1310, November 2025*

Bank for International Settlements

This paper evaluates the capacity of a generative artificial intelligence (AI) agent to perform high-level intraday liquidity management in wholesale payment systems. Using prompt-based experiments with ChatGPT's reasoning model, the study simulates payment scenarios characterized by liquidity shocks, competing priorities, and binding operational constraints. The analysis finds that, even without domain-specific training, the AI agent is able to approximate key prudential cash-management practices: it maintains precautionary liquidity buffers, dynamically prioritizes payments under uncertainty, and balances settlement speed against liquidity usage through calibrated recommendations. These results indicate that routine cash-management tasks could be partially automated using general-purpose large language models, offering potential reductions in operational costs and improvements in liquidity efficiency when deployed with human oversight.

The paper also highlights broader theoretical, regulatory, and operational considerations. The findings suggest that agentic AI may offer a flexible and efficient alternative to traditional reinforcement learning approaches, enabling rapid prototyping and decision-making through zero-shot or few-shot reasoning. Future research directions include expanding scenario complexity, integrating AI agents into multi-agent payment system simulators to study systemic risk and gridlock dynamics, and developing practical guidelines and safeguards for safe deployment. The study concludes that as financial institutions and policymakers explore AI integration into critical payment infrastructures, careful attention to risk assessment, supervisory frameworks, and regulatory compliance will be essential.

*The full paper can be accessed from: <https://www.bis.org/publ/work1310.pdf>*

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## SUMMARY OF OPINION ARTICLES FROM INDIAN PUBLICATIONS

### CONFIDENCE IN INDIA'S LOGISTICS COST: THE STORY OF ECONOMIC TRANSITION

India's long-held belief that its logistics cost stood at an uncompetitive 13–14 percent of GDP has been overturned with the government's release of the first credible estimate putting the FY24 logistics cost at 7.97 percent of GDP. Based on a rigorous hybrid methodology combining macroeconomic datasets with over 3,500 stakeholder surveys, the NCAER–DPIIT report provides a transparent and data-backed figure, revealing that India is already operating within the 7–8 percent range typical of advanced economies. The study estimates total logistics expenditure at ₹24.01 trillion, with road transport dominating despite being significantly costlier per tonne-km than rail or waterways. Smaller firms bear a disproportionately high logistics burden, spending up to 17 percent of turnover compared to 7.6 percent for large firms, while warehousing—especially cold and hazardous storage—continues to add pressure. Export–import logistics also face bottlenecks at ports, with documentation and handling charges remaining major pain points. The new findings overturn two myths: that India's logistics cost is excessively high and that logistics is inherently a drag on competitiveness. Yet major structural challenges persist, especially the overwhelming dependence on roads, which account for 71 percent of freight movement and 42 percent of logistics costs. The National Logistics Policy aims to rebalance this by reducing road freight share below 10 percent by 2030 and expanding rail's role, supported by multimodal logistics parks, dedicated freight corridors, and the PM Gati Shakti Plan, which has mapped thousands of kilometres of roads and railways while identifying major infrastructure gaps. Addressing cold-chain shortages, easing SME logistics costs through shared infrastructure, and eliminating port-level inefficiencies and corruption remain critical priorities. India's ongoing reforms—from Sagarmala and Bharatmala to ULIP—are shifting the narrative from logistical handicap to opportunity, with a national multimodal transport governance framework emerging as a next step. Bringing logistics costs closer to 7 percent of GDP by 2030 would place India firmly among global



leaders. The new 7.97 percent estimate is more than a statistical correction; it marks a turning point that restores investor confidence, provides a solid baseline for policy, and reframes logistics as a driver of competitiveness in a rising \$5 trillion economy.

***This is a summary of an article by Vinayak Chatterjee, published in Business Standard on 20 November 2025***

***The full article can be accessed from: <https://shorturl.at/EKeBA>***

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## **WHY DESIGNING WITH PEOPLE IN MIND IS NOW ESSENTIAL FOR INDIA'S URBAN FUTURE**

Amit Kapoor argues that Indian cities, like cities everywhere, are cumulative creations shaped by policies, improvisations, accidents and neglect rather than coherent design, and with 600 million urban residents expected by 2036, the absence of intentional design has become untenable. He stresses that design is not cosmetic beautification but a structural force that determines inclusion, mobility, safety, and public life; seemingly neutral choices—like wide roads without footpaths, impermeable gated communities, or metro systems without last-mile connectivity—become mechanisms of control that privilege some and exclude others. Kapoor advocates a shift from form-driven to human-centred design, highlighting examples such as El Paso’s redesign of Covid-testing centres based on observation and behavioural insight, illustrating that governance must begin with listening. India, he notes, has a rare opportunity because much of the infrastructure that will matter in 2050 is yet to be built, but repeating old patterns—car-centric planning, exclusionary zoning, technocratic “smart” solutions—will lock in inequity and climate vulnerability for generations, especially as the country faces a projected need for over \$2.4 trillion in climate-resilient infrastructure by mid-century. Designing better cities, he argues, requires asking foundational questions about causes rather than symptoms—why congestion exists, why lakes die, how informal economies sustain the city—and treating listening as a method. Cities like Pune, Chennai, Ahmedabad and Surat show promising shifts toward more thoughtful, user-centred approaches. Yet India’s planning capacity remains limited, with fragmented authority and outdated institutional frameworks; therefore, design must become a civic

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competence embedded in budgeting, policymaking and everyday governance rather than the preserve of specialists. Kapoor concludes that if India adopts design as an iterative, empathetic and participatory way of thinking, its cities can evolve into ecosystems where mobility is safe, public spaces inclusive, services intuitive, and design quietly effective. The choices made now will outlast this generation, determining whether future Indian cities are endured or proudly inhabited.

*This is a summary of an article by Amit Kapoor, published in the Business Standard on 20 November 2025.*

*The full article can be accessed from: <https://shorturl.at/E93gf>*

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## TIME TO FOCUS ON REAL EXCHANGE RATE

Ajay Shankar argues that India's real exchange rate — a concept rarely discussed outside economic circles — has become a silent but powerful force shaping the country's economic performance. While public debate focuses on interest rates, GST changes, tariffs, and fiscal deficits, the real exchange rate, which adjusts the nominal exchange rate for inflation differences between countries, receives little attention despite its enormous impact on competitiveness. Shankar explains that if India's inflation exceeds that of its trading partners, the real exchange rate appreciates even if the nominal value remains unchanged, effectively making Indian goods more expensive abroad and imports cheaper — similar to an across-the-board cut in import duties. This dynamic, he says, has quietly undermined domestic manufacturing for decades. Unlike East Asian economies that deliberately kept their currencies competitively low to support export-led growth, India's real exchange rate has appreciated persistently despite modest productivity gains, driven by two unique factors: rising remittances (from \$2 billion in 1990 to \$135 billion in 2024) and large inflows of foreign institutional investment seeking stock market returns rather than real investment. These inflows kept the nominal exchange rate stable while inflation pushed up the real rate, creating an overvalued rupee that periodically suffered sharp depreciations when foreign investors exited. According to CEIC and RBI data, the real exchange rate was 18 percent higher in 2024 than in 2005 and over 8 percent above its 2015 level,

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effectively turning India's formal import duties negative — a fact poorly understood in the public domain. This overvaluation, Shankar argues, has acted like “driving with the hand brakes on,” contributing to India's disappointing industrial performance.

To unlock manufacturing potential, he calls for a clear policy shift wherein the RBI commits to maintaining a stable real exchange rate by modestly buying dollars — not artificially depreciating the currency, but preventing harmful real appreciation. Such a stance would send a strong market signal, promote domestic value addition, and avoid distortive protectionist measures. With the rupee recently weakening past 89 to the dollar, he says policymakers should communicate that this depreciation is beneficial because the currency remains overvalued. Creating new expectations that the real exchange rate will no longer be allowed to appreciate is essential for positive outcomes. The winners of such a policy would be job creators and workers, as domestic manufacturing strengthens. The losers would be the wealthy, who would face higher real costs for foreign travel, overseas education, and luxury imports, as well as firms with foreign-currency debt. Ultimately, Shankar argues, preventing real exchange rate appreciation is a necessary — though not sufficient — condition for India to realise its manufacturing ambitions and boost domestic value addition. The choice clearly has to favour job creation.

*This is a summary of an article by Ajay Shankar, published in Financial Express on 21 November 2025.*

*The full article can be accessed from: <https://shorturl.at/jholQ>*

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## **A NEW PHASE OF POLICYMAKING EMERGES WITH COMMITTEE-LED GOVERNANCE**

The recent notification of India's four long-pending Labour Codes has led many to conclude that the Union government has become more reform-oriented, but the article argues that the shift is deeper and more nuanced, reflecting a gradual rebalancing of political economy dynamics over the past 17 months. Early in its third term, the Modi government appeared hesitant on reforms when it withdrew a major lateral-entry recruitment initiative after political opposition. Yet, within weeks, it advanced the

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Unified Pension Scheme (UPS), offering government employees a guaranteed pension while containing fiscal costs. Contrary to fears, the UPS faced minimal political resistance, gained acceptance among unions, and saw limited migration from the National Pension System, with only about 100,000 central employees opting in. This outcome defused a potentially contentious issue at modest cost.

The period has also been marked by a softening of protectionist impulses. Licensing curbs on imports of laptops and electronic devices—announced in 2023—have repeatedly been deferred, and their implementation now appears unlikely. More significantly, the government has begun reversing the proliferation of quality control orders (QCOs), which had increasingly functioned as non-tariff barriers harming domestic competitiveness. A high-level committee has recommended rolling back 208 such QCOs on raw materials and intermediate goods, and 69 have already been suspended.

Complementing these moves are tax reforms that have made the system more citizen- and business-friendly, including higher effective tax-free income thresholds and rationalisation of GST procedures. The government's increasing reliance on committees, consultation, and regulatory simplification has enabled both the advancement of meaningful reforms and the withdrawal of problematic measures. This calibrated approach to stakeholder engagement, the article argues, explains the recent reform momentum and suggests further policy improvements in the months ahead.

***This is a summary of an article by A.K.Bhattacharya, published in Business Standard on 25 November 2025.***

***The full article can be accessed from: <https://shorturl.at/hfUxU>***

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## **LET'S NOT FIGHT RUPEE DEPRECIATION: A CALIBRATED SLIDE MAY BE DESIRABLE**

Sajjid Chinoy argues that the recent depreciation of the rupee should not provoke anxiety, because a weaker rupee is both inevitable and economically desirable in the current macroeconomic context. He offers four reasons to support this view. First, exchange rates must function as a shock absorber that responds to changing fundamentals. India's balance of payments has weakened over the past year: The current account deficit is expected to double to about \$55 billion in FY26 amid worsening terms of trade, while both FDI and portfolio inflows have slowed. These shifts justify a new, weaker rupee equilibrium that supports export competitiveness and limits import growth.

Second, rupee depreciation can help offset competitiveness pressures caused by high U.S. tariffs on Indian exports. While exporters have temporarily redirected shipments to other markets, this strategy may not be sustainable. With U.S. tariffs on India at 34 per cent—much higher than those on Southeast Asian competitors—a more competitive exchange rate becomes essential, especially if a trade deal remains elusive.

Third, a weaker rupee can counter China's growing export push resulting from its excess capacity and deflation. Indian imports from China have surged, doubling the bilateral deficit since the pandemic. Despite the nominal depreciation of the rupee against the yuan, Chinese deflation has caused India's real exchange rate to appreciate, making Chinese imports cheaper. Allowing the rupee to depreciate further would strengthen domestic manufacturers without resorting to tariffs, which tend to hurt exports.

Finally, because inflation is currently benign, moderate depreciation will not meaningfully threaten price stability. With external debt low, the balance sheet risks are minimal, and rupee weakness can even help ease financial conditions alongside domestic monetary easing. Chinoy concludes that resisting rupee depreciation would be counterproductive; calibrated weakening will help restore external balance, bolster competitiveness, and support growth.

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*Driving Policy, Empowering Progress*

*This is a summary of an article by Sajjid Chinoy in Business Standard on 25 November 2025.*

*The full article can be accessed from: <https://shorturl.at/cmGc8>*

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## BOOKSHELF CHRONICLES

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### THE GREAT SANCTIONS HACK

Author: Urjit Patel

Publisher: Rupa Publications

Year of Publication: 2025

*The Great Sanctions Hack* by Urjit Patel is a timely and incisive exploration of how economic sanctions have evolved into one of the most powerful instruments of modern geopolitics. Drawing on his experience as a macroeconomist and former RBI Governor, Patel examines sanctions not as abstract policy tools but as mechanisms that increasingly resemble slow-moving economic weapons. He argues that contemporary sanctions operate less like traditional diplomatic signals and more like prolonged sieges, exerting pressure through financial channels, payment systems, shipping networks, investment flows, and currency dominance. This approach allows Patel to show how deeply sanctions penetrate the global economic system and how their effects can be felt well beyond the intended target.

A central strength of the book lies in its ability to illuminate the systemic risks created by frequent and expansive sanctions regimes. Patel meticulously traces how sanctions often inflict significant collateral damage on countries that are not directly involved in geopolitical disputes, especially emerging economies that depend heavily on integrated trade and financial networks. By unpacking the architecture of the global financial system — from correspondent banking to the dominance of the US dollar — he effectively highlights how concentrated control in a few nodes allows sanctions to function with outsized reach. The result is a sobering picture of a world economy where even a limited set of political decisions can destabilize markets, reconfigure supply chains, and create persistent uncertainty across continents.

Patel also questions the widely held belief that sanctions are reliably effective in achieving political objectives. Using historical evidence, he demonstrates that

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outcomes are often ambiguous, delayed, or entirely unrelated to sanctions pressure, challenging the assumption that they provide a predictable or cost-efficient alternative to conventional diplomacy. His analysis underscores that while sanctions may appear to be a low-cost tool for sanctioning states, their global economic consequences are anything but low-cost — and may, in fact, reinforce the very behaviours they intend to deter.

Patel's treatment of sanctions is grounded in economic theory, structural analysis, and institutional detail, offering valuable insights for policymakers, financial professionals, and students of international relations. He excels at diagnosing the structural flaws in the global sanctions regime. The book raises urgent questions about transparency, accountability, and systemic resilience.

*The Great Sanctions Hack* stands out as a thoughtful and authoritative intervention in debates on global economic governance. It reframes sanctions as instruments whose power has outpaced the systems designed to monitor and evaluate them, and it alerts readers to the fragility created when financial infrastructure becomes a theatre of geopolitical rivalry. Patel's careful exposition and measured tone lend the book a seriousness that mirrors the gravity of its subject.

The book succeeds as a wake-up call to policymakers and analysts who must confront the long-term risks posed by sanctions-driven geopolitics. It is less a dramatic exposé than a reasoned examination, but its implications are profound: in a world increasingly defined by economic interdependence and strategic contestation, sanctions represent not only tools of influence but potential sources of global instability.

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## **SURVIVING CLIMATE ANXIETY**

Authors: Thomas Doherty

Publisher: Hachette

Year of Publication: 2025

*Surviving Climate Anxiety* sets out an important and compassionate aim: to help people cope with the deep psychological distress triggered by environmental crisis — something increasingly common as climate change intensifies globally. Doherty, a psychologist known for his work on “eco-anxiety,” approaches the subject not as abstract doom-mongering but as a real and valid form of emotional and mental distress.

What the book does especially well is combine psychological insight with practical guidance: Doherty walks readers through ways to “reclaim your nervous system,” to identify and name emotions, to reframe overwhelming thoughts, and to establish a stable “environmental identity” — a set of values, connections to nature, and sense of belonging that acts as an anchor amid uncertainty. This identity-based approach offers a grounding “North Star” for people grappling with existential dread about the planet’s future.

Rather than indulging in alarmist rhetoric, the book tries to balance realism with psychological resilience. Doherty doesn’t sugar-coat the severity of climate threats; instead, he acknowledges grief, anger, guilt and despair — yet offers a path toward integrating them into “care, connection, and action.” He encourages practices — through art, creativity, spiritual reflection, connection to nature — that help readers not only process their anxiety but transform it into something productive and life-affirming.

The book also draws on many real-world stories: people haunted by visions of melting glaciers, parents agonizing whether to bring children into a world threatened by climate collapse, young people wrestling with despair about the future. These stories make the psychological toll of climate change concrete and relatable, which helps destigmatize the kind of emotional pain many feel but rarely discuss.

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In terms of tone, *Surviving Climate Anxiety* strikes a delicate balance: it's honest about danger, but avoids paralysis or hopelessness. As one review puts it, Doherty's "lack of alarmism is refreshing," his "middle-of-the-road approach" allows space for "gratitude and satisfaction... alongside outrage and anger." That human-centred, practical orientation makes the book accessible not only to environmental activists or psychologists, but to anyone who finds themselves overwhelmed by doomscrolling, climate news, and existential uncertainty — especially those wanting to live with awareness, not denial.

*Surviving Climate Anxiety* is a warm, thoughtful, and timely guide for the psychological and emotional dimensions of living through a climate crisis. It offers not false hope, but grounded optimism — not denial, but empowerment. For anyone who cares deeply about the Earth and feels anxious, overwhelmed, or grief-stricken by its future, this book can serve as a companion, a healer, and a call to show up for self, community, and planet.

## SECTION 4

# CLIMATE CHANGE

## CLIMATE NEWS

### INDIA EXPERIENCED EXTREME WEATHER EVENTS ON 99 PER CENT OF THE DAYS IN THE FIRST NINE MONTHS OF 2025

India experienced an alarming escalation of climate-related disasters in the first nine months of 2025, with extreme weather striking on 99 per cent of days. Heat and cold waves, intense rainfall, floods, landslides, lightning and storms together claimed 4,064 lives, damaged nearly 9.5 million hectares of crops, destroyed close to 100,000 houses, and led to almost 59,000 animal deaths. This represents a dramatic surge compared with previous years: the same period in 2024 saw extreme weather on 255 days and far smaller losses. These findings come from *Climate India 2025*, the annual assessment by the Centre for Science and Environment (CSE) and *Down To Earth*, based on over 1,500 days of monitoring.

At the report's launch, CSE director general Sunita Narain stressed that India can no longer view these events as isolated disasters but must confront the sheer scale of climate impacts and the global mitigation failures driving them. She warned that adaptation alone cannot keep pace unless the world sharply reduces CO<sub>2</sub> emissions. The year 2025 has already broken multiple climate records: January was among the driest in more than a century, February was India's warmest in 124 years, and September registered unusually high temperatures. Crops have borne the brunt of these shifts, with weather-related damage soaring fourfold since 2022 — a figure likely underestimated due to incomplete state data.

The devastation varied across states and regions. Eighteen states and Union Territories recorded their highest number of extreme weather days since 2022. Himachal Pradesh saw the highest frequency, with extreme weather on nearly 80 per cent of days, while Madhya Pradesh suffered the most fatalities. Maharashtra reported the largest crop losses, and the northwest region — including Punjab, Himachal Pradesh and Uttarakhand — experienced both the highest number of event days and the highest death toll. Central India also suffered heavily, with extensive crop damage and over a thousand deaths.

Heavy rainfall, floods and landslides were the deadliest hazards, responsible for well over half of all fatalities, followed by lightning and storms. Seasonal patterns show that winter brought short, intense rainfall bursts; the pre-monsoon period saw widespread heatwaves, including across Himalayan states; and the monsoon delivered unprecedented destruction, with extreme events recorded on every single day — the fourth consecutive year of such a pattern.

India's capital cities also reflected the broader climate disruption. Many experienced abnormally high temperatures during the monsoon months, with Kohima leading at 98 per cent of days above normal minimums. Rising monsoon temperatures, analysts warn, destabilise the monsoon system itself, heightening the risk of erratic rainfall, floods, droughts and threats to food security.

The report situates India's extreme weather within a global context, noting that CO<sub>2</sub> concentrations have seen their steepest annual rise on record, contributing to increasingly frequent and geographically unusual climate events worldwide. CSE researchers emphasise that while climate change is a major driver, India must also rethink its development pathways to reduce vulnerability. As *Down To Earth* editor Richard Mahapatra cautions, the findings are grim but essential: without urgent, meaningful mitigation action, today's disasters risk becoming tomorrow's normal.

***The report *Climate India 2025: An Assessment of Extreme Weather Events* by the Centre for Science and Environment can be accessed from:***

***<https://www.cseindia.org/climate-india-2025-an-assessment-of-extreme-weather-events-12927>***

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## **AUSTRALIA'S COP31 CO-PRESIDENT VOWS TO FIGHT ALONGSIDE PACIFIC FOR A FOSSIL FUEL TRANSITION**

After the failure of COP30 to secure a collective roadmap for phasing out fossil fuels, Australia signalled that it would continue pushing for a transition away from coal, oil and gas when it takes a central role in COP31. Speaking alongside Pacific Island ministers, Australian climate minister Chris Bowen stressed that Australia and the Pacific had jointly shaped the global transition goal adopted at COP28 and would advocate for it again next year. Although COP30 ended without consensus — with roughly 85 countries supporting a fossil fuel phaseout roadmap and about 80 opposing it — governments did establish a Global Implementation Accelerator and launched several voluntary initiatives, including Brazil's pledge to produce a transition plan by COP31 and Colombia's hosting of a global conference on the issue.

A last-minute deal saw Australia and Türkiye agree to share responsibilities for COP31: Bowen will serve as the "President of Negotiations," holding exclusive authority over talks, while Türkiye's environment minister will serve as the formal COP President with the gavel. This unusual division has raised concerns among experts about potential confusion and clashes between two countries with limited history of cooperation. Still, both governments insist disagreements will be resolved amicably, with Kurum emphasising the symbolic friendship between Australia and Türkiye stretching back to the First World War.

Under the arrangement, the main COP31 events — including high-level speeches, negotiations and the climate action showcase — will take place in Antalya, while a pre-COP meeting will be held in a Pacific nation under Australian leadership. The partnership has divided opinion: critics in both Australia and Türkiye view it as an awkward compromise, but Pacific leaders have welcomed it enthusiastically. Ministers from Vanuatu and Palau highlighted that the model enables smaller nations to co-host and influence the global agenda, while offering a platform to bring world leaders to the Pacific to witness climate impacts firsthand. Australia and Türkiye will also split the

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***Driving Policy, Empowering Progress***

appointment of COP31 champions, with Australia selecting youth champions and Türkiye overseeing the High-Level Champions and the broader Action Agenda.

Bowen acknowledged that COP31 will involve tough negotiations, but argued that difficult talks can yield meaningful progress — a hope shared by Pacific nations seeking stronger action and greater visibility for their climate priorities.

***This is a summary of an article by Joe Lo in Climate Home News on November 24, 2025. The article can be accessed from: <https://shorturl.at/Llg2A>***

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## SYNOPSIS OF RESEARCH PAPERS / REPORTS

### ADAPTATION AT A CROSSROADS: UNEP'S 2025 WARNING ON THE WIDENING CLIMATE RESILIENCE GAP

The *UNEP Adaptation Gap Report 2025* highlights the widening disparity between the accelerating impacts of climate change and the world's current pace of adaptation action and finance. Despite incremental improvements in planning and policy uptake, global adaptation efforts are falling significantly short of what is required to safeguard vulnerable populations, ecosystems, and economies.

#### **Rising Adaptation Needs**

The report underscores that adaptation needs are rapidly intensifying. Climate-related losses and damages are increasing, particularly in developing countries, where limited fiscal space and mounting debt burdens constrain governments' ability to invest in resilience. The projected costs of adaptation continue to rise sharply, reflecting both worsening climate extremes and insufficient early investments.

#### **Persistent Adaptation Finance Gap**

Adaptation finance flows declined in recent years, exacerbating an already severe financing deficit. Current public and private flows fall far below the level required to meet adaptation needs. While a target to double adaptation finance by 2025 had been previously agreed, progress remains uneven, and the report notes that the world is not on track to meet even this modest benchmark. Adaptation finance remains a fraction of global climate finance, which continues to be dominated by mitigation investments.

#### **Uneven Progress in National Adaptation Planning**

Although more countries—especially Least Developed Countries (LDCs) and Small Island Developing States (SIDS)—have developed National Adaptation Plans (NAPs), implementation remains limited. The report observes that adaptation planning has improved in scope and sophistication, but translation into implementable projects is slow, hindered by a lack of predictable funding and limited institutional capacity.



## **Increasing Risks and Vulnerabilities**

The report reaffirms that climate risks are outpacing adaptation efforts. Vulnerable populations are experiencing higher exposure to heatwaves, floods, droughts, coastal erosion, and food insecurity. Ecosystems are crossing resilience thresholds, reducing their capacity to provide vital services. Without scaled-up and well-targeted adaptation, millions could be pushed further into poverty, and global progress on sustainable development goals could unravel.

## **Opportunities for Closing the Gap**

UNEP identifies several pathways to narrow the adaptation gap:

- Scaling public finance, particularly from developed countries, which remain obligated under Article 9 of the Paris Agreement.
- Boosting private-sector participation, especially in sectors where risk-transfer mechanisms and blended finance can be effective.
- Improving implementation frameworks, enabling faster conversion of adaptation plans into bankable projects.
- Strengthening global monitoring, including harmonized indicators for tracking adaptation progress under the Global Goal on Adaptation (GGA).

## **Call to Action**

The report concludes with a clear warning: without immediate and substantial increases in adaptation investment, the human and economic costs of climate impacts will deepen rapidly. It calls for renewed political commitment, stronger financial pledges, and integrated action across climate, development, trade, and finance systems to ensure that adaptation is not sidelined in global climate efforts.

*The full report can be accessed from: <https://www.unep.org/resources/adaptation-gap-report-2025>*

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## OFF TARGET: WHY UNEP'S 2025 EMISSIONS GAP REPORT WARNS OF A DECISIVE CLIMATE DECADE

The *UNEP Emissions Gap Report 2025* warns that the world remains dangerously off course to meet the temperature goals of the Paris Agreement. Ten years after the landmark 2015 accord, global emissions continue to rise, ambition remains insufficient, and implementation is lagging. Although progress has been made in renewable energy deployment, cost reductions, and long-term net-zero commitments, the pace and scale of global mitigation fall far short of what is required to limit warming to 1.5°C or even 2°C.

### Emissions Trends and the State of Global Ambition

Global greenhouse gas emissions increased to 57.7 GtCO<sub>2e</sub> in 2024, marking a 2.3 per cent rise from the previous year and significantly exceeding the average annual growth rate of the 2010s. Virtually all major emitters contributed to this increase. At the same time, the process for updating national climate pledges has faltered. Only one-third of Parties submitted new or updated Nationally Determined Contributions for 2035 by the September 2025 deadline, and many of these reflected minimal strengthening of ambition. Compounding this challenge is the impending withdrawal of the United States from the Paris Agreement in January 2026, which will nullify its NDC and further weaken global emissions trajectories. As a result, projected warming based on full NDC implementation remains between 2.3°C and 2.5°C—an improvement on paper from last year largely due to methodological changes rather than stronger climate pledges.

### The Emissions Gap: 2030, 2035 and Beyond

The report shows that current trajectories remain far from pathways consistent with limiting warming to 1.5°C. Under policies currently in place, the world is heading towards approximately 2.8°C of warming. The emissions gap for 2030 remains enormous: instead of the 25 per cent reduction below 2019 levels required for a 2°C pathway, or the 40 per cent reduction required for 1.5°C, existing NDCs collectively

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produce only marginal cuts of 0–7 per cent. The 2035 targets fare no better, leaving large gaps between what countries have committed to and the emissions reductions needed in the least-cost Paris-aligned scenarios. Although net-zero pledges now cover around 70 per cent of global emissions, few countries have translated these commitments into credible policy frameworks, resulting in continued misalignment between long-term aspirations and near-term action.

### **The Shrinking Carbon Budget and an Increasingly Inevitable Overshoot**

The 2025 report underscores the limited remaining carbon budget compatible with 1.5°C. To have a 50 per cent chance of restricting warming to 1.5°C without overshoot, the world can emit no more than 130 GtCO<sub>2</sub>—equivalent to less than four years of current CO<sub>2</sub> emissions. A more stringent 66 per cent probability reduces the remaining budget to just 80 GtCO<sub>2</sub>. Given present trends, these budgets will be exhausted before 2030. Even pathways allowing for a temporary overshoot of 1.5°C, peaking at about 1.6°C before returning to 1.5°C by the end of the century, are increasingly out of reach due to the failure to initiate deep emissions cuts earlier in the decade. To limit overshoot to 0.3°C and return to 1.5°C by 2100, global emissions must fall 26 per cent by 2030 and 46 per cent by 2035, relative to 2019 levels. Delays will increase dependence on large-scale carbon dioxide removal technologies requiring the long-term storage of quantities of CO<sub>2</sub> that are unprecedented and technically challenging.

### **Signals of Progress Amidst Continuing Gaps**

Although the overall picture is sobering, the report highlights areas of meaningful progress. Rapid advances in solar and wind energy, electric mobility, and storage technologies have broadened the potential for accelerated decarbonisation. Improvements in national climate governance, sectoral policies, and the expansion of net-zero targets provide an enabling environment for deeper action. There has also been growing international attention to reducing methane and other short-lived climate pollutants, which could deliver rapid near-term mitigation benefits. However, without immediate and concerted efforts from major emitters to scale up ambition and

implement their pledges, these advances will not be sufficient to alter the global emissions trajectory.

### **The Imperative for Rapid, Coordinated Action**

The *Emissions Gap Report 2025* concludes with an urgent call for accelerated global action. The world is approaching a critical juncture: continued delays in mitigation will sharply increase future economic costs, amplify climate impacts, and force more abrupt and disruptive transitions later. To prevent the most severe risks, countries must significantly strengthen their NDCs, rapidly implement existing commitments, and adopt transformative policies capable of bending emissions downward this decade. The report emphasises that every tenth of a degree matters, and immediate action in 2025–2035 will determine whether the world can still limit the duration and magnitude of overshoot—and preserve a liveable climate for future generations.

The full paper can be accessed from: <https://shorturl.at/uJDIM>

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## POWERING THE NEXT DECADE: INSIGHTS FROM THE IEA WORLD ENERGY OUTLOOK 2025

### **A World in Energy Transition, But Not Yet in Transformation**

The *World Energy Outlook 2025* places the global energy system at a pivotal juncture. Clean energy technologies reached record deployment levels in 2024, from solar PV and wind to batteries and electric vehicles, signalling structural change in how the world produces and consumes energy. Yet this momentum remains insufficient to steer the world decisively toward a net-zero trajectory. Global energy demand continued to rise, driven primarily by emerging and developing economies, while geopolitical tensions since 2022 have forced governments to focus on short-term energy security even as they reaffirm long-term decarbonisation commitments. The result is a world caught between accelerating clean-energy progress and persistent dependence on fossil fuels.

### **Fossil Fuels Near a Turning Point, But Global Use Remains High**

Although fossil fuel consumption has peaked in several advanced economies, global use remains near historic highs. Oil demand continues to be supported by petrochemical production and transport needs, natural gas remains resilient despite price volatility, and coal consumption persists at scale—especially across Asia. These trends reflect uneven progress in the transition and the risk of carbon lock-in as long-lived fossil fuel infrastructure continues to shape decisions in many countries. Without stronger policies and faster deployment of clean alternatives, the world risks committing to emissions pathways incompatible with climate stability.

### **Scenario Outlooks: Rapid Clean Energy Growth Still Falls Short**

Across the scenarios analysed in the Outlook, clean energy growth is robust but inadequate. In the Stated Policies Scenario (STEPS), global energy systems undergo gradual change, with renewables dominating new electricity capacity additions and electricity becoming the fastest-growing component of final energy consumption. Nevertheless, this scenario remains aligned with warming well above 1.5°C. In the

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Announced Pledges Scenario (APS), the implementation of long-term commitments results in steeper emissions reductions, yet the world still fails to achieve a pathway compatible with limiting warming to 1.5°C. Only in the Net-Zero Emissions (NZE) Scenario does the transition occur at the scale necessary—requiring emissions to fall by more than 40 percent by 2035, rapid electrification of end-use sectors, and a major expansion of energy efficiency and clean technologies. Achieving the NZE trajectory will demand an unprecedented transformation of energy systems worldwide.

### **The Deepening Energy Investment Divide**

A central theme of the Outlook is the widening investment gap between advanced economies and the Global South. While global clean-energy investment reached record levels in 2024, more than 85 percent of this investment was concentrated in advanced economies and China. Many developing countries face high capital costs, limited fiscal space, and restricted access to affordable finance, making fossil fuels appear cheaper in the short term despite long-term vulnerabilities. Without a substantial increase in concessional finance and reforms in the international financial architecture, clean energy deployment in developing economies will remain far below necessary levels. The report warns that the global energy transition cannot succeed if the majority of the world's population is unable to participate fully due to financial constraints.

### **Energy Security in an Era of Geopolitical Complexity**

Energy security remains a defining concern shaping national strategies. Oil and gas markets remain prone to disruptions triggered by geopolitical conflicts and supply-chain turbulence. Simultaneously, the shift toward electrification creates new vulnerabilities linked to grid infrastructure, storage requirements, and the availability of critical minerals such as lithium, cobalt, and rare earths. The Outlook stresses that long-term energy security will increasingly depend on accelerating the clean-energy transition, diversifying supply chains, and creating resilient infrastructure that can withstand climate-related and geopolitical shocks alike. The path to secure and sustainable energy systems lies not in prolonging fossil fuel dependence, but in

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deepening the commitment to clean energy deployment and system-wide transformation.

### **A Decisive Decade Ahead**

The *World Energy Outlook 2025* concludes that the world stands at an energy crossroads. The technological foundation for deep decarbonisation is stronger and more affordable than ever, and global momentum continues to build behind clean energy. However, current policy ambition, implementation, and investment—particularly in developing economies—are still insufficient to meet global climate and energy-security goals. Without bold action this decade, the opportunity to limit warming to 1.5°C will fade, making the energy transition more costly, fragmented, and inequitable. The Outlook underscores that closing the investment gap, strengthening policy frameworks, and ensuring an inclusive transition are essential to securing a sustainable and resilient global energy future.

*The full report can be accessed from: <https://www.iea.org/reports/world-energy-outlook-2025>*

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## SUMMARY OF OPINION ARTICLES

### CLIMATE FINANCE IS WITHIN REACH AS COP30 EYES STRONGER COMMITMENT

At the UN Climate Change Conference (COP30) in Belém, Brazil, attention has turned from scientific and technical debates to the critical issue of financing climate mitigation and adaptation in emerging market and developing economies (EMDEs). Although global estimates of climate finance needs have moderated over time, they still suggest massive funding requirements — between \$1 trillion and \$4 trillion annually up to 2030 — figures often seen as daunting and discouraging for effective action.

In this context, Rakesh Mohan and Janak Raj's study, "*Climate Finance Needs of Nine G20 EMEs: Well Within Reach*," offers a more granular and optimistic perspective. Covering Argentina, Brazil, China, Indonesia, India, Mexico, Russia, South Africa, and Türkiye, the study estimates that these nine economies will require incremental climate finance of \$2.2 trillion between 2022 and 2030 — about \$255 billion a year, or 0.6 percent of their combined GDP. Even after extrapolating for uncovered sectors, the total annual cost is estimated at just over \$0.5 trillion, suggesting that the financing challenge is manageable and within reach.

Contrary to the prevailing focus on energy transition, the study finds that the steel sector accounts for the largest share of financing needs — about \$1.2 trillion (52 percent), followed by road transport (\$460 billion) and cement (\$450 billion). These hard-to-abate industries depend heavily on carbon capture and storage (CCS) technologies, which are currently expensive but represent the only viable decarbonization pathway. By contrast, the power sector requires relatively little investment — roughly \$150 billion — reflecting the falling cost of renewables, savings from reduced fossil-fuel investment, and technological advances that have sharply lowered capital expenditure requirements.

In road transport, while transitioning to electric vehicles yields a net negative cost of – \$5 billion, driven by declining vehicle sales in China, the development of charging



infrastructure requires significant investment of \$465 billion, much of it due to China's costly high-speed charging network.

At the country level, China accounts for the lion's share of climate finance needs — about \$1.34 trillion (61 percent of the total, or 0.7 percent of its GDP annually) — owing to its dominance in steel and cement production. India follows with \$470 billion (\$55 billion annually, or 1.3 percent of GDP), while the other seven economies collectively require \$390 billion (\$45 billion annually), amounting to 0.3–0.7 percent of their GDPs.

Overall, the study estimates that investments in the power, steel, and cement sectors could together cut 33 billion tonnes of CO<sub>2</sub> emissions at an average cost of \$53 per tonne, with the power sector being the most expensive to decarbonize.

In conclusion, the authors argue that their bottom-up estimates present a far more attainable picture than earlier projections, suggesting that with well-targeted financing and technology deployment, the climate mitigation goals of EMDEs are financially feasible. They call for COP30 to conclude on an optimistic note, recognizing that managing the required resources is both practical and achievable

*This is a summary of an article authored by Rakesh Mohan and Janak Raj in Business Standard on November 10, 2025. The full article can be accessed from: <https://shorturl.at/BuvFg>*

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## THE WORLD FACES ACTION AND INACTION AGAINST CLIMATE: WHAT WILL WIN?

As world leaders gathered in Brazil for COP30, Sunita Narain observes that the conference is taking place amid deep global uncertainty and conflicting forces shaping the climate debate. While carbon dioxide levels have reached a record high — rising from 420.4 ppm in 2023 to 423.9 ppm in 2024, according to the World Meteorological Organization — the world is simultaneously witnessing a retreat from strong climate action. The hesitation is not limited to the United States; across the globe, governments

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are struggling to scale up low-carbon solutions, caught between the urgency of the climate crisis and economic interests that favour inaction.

Paradoxically, renewable energy surpassed coal as the leading source of global electricity in the first half of 2025, according to Ember's "Global Electricity Mid-Year Insights 2025" report. Solar power doubled in three years, driven largely by China, with India also contributing significantly. Yet, the same report warns that countries are turning back to fossil fuels to meet soaring electricity demand from AI-driven data centres and heatwave-induced energy needs. Natural gas use hit a record high, led by the US, while China, despite its renewable dominance and unused coal capacity, is building 95 GW of new coal power, a trend mirrored in India. The central question, Narain notes, is whether renewables will maintain momentum or fossil fuels will reclaim ground.

Another global crosscurrent lies in the electric vehicle (EV) transition, hailed as a potential game-changer for reducing transport emissions. In 2024, 20 percent of global car sales were electric, with China accounting for nearly half. EVs have become cost-competitive and technologically advanced, but the shift now faces geopolitical headwinds. China's near-monopoly over the EV supply chain — from rare-earth minerals to battery manufacturing — has triggered a backlash from Western economies, leading to subsidy cuts and delays in phasing out internal combustion engines. China's restrictions on critical mineral exports threaten to further destabilize the global green transition, raising doubts about whether EV adoption will accelerate or stall.

Narain highlights a growing divide between nations entrenched in fossil-fuel systems and those able to invest in green technologies. The transition to cleaner energy, she argues, will depend crucially on access to finance that allows developing countries to leapfrog to sustainable pathways. Yet, financial realities are grim: the IMF's latest World Economic Outlook shows that, for the first time since 2000, the world's poorest nations are spending more on debt servicing than they receive in development assistance — a stark indicator of the resource constraints undermining climate ambition.

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The author portrays a world caught between progress and paralysis, where technological breakthroughs coexist with political backsliding. She leaves readers with a pressing question: how can the forces of positive change be strengthened to steer the planet toward a greener, fairer future amid growing global discord?

*This is a summary of an article authored by Sunita Narain in Business Standard on November 09, 2025. The full article can be accessed from: <https://shorturl.at/5Lkzo>*

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## A GREEN ENERGY TRANSITION IS CRITICAL FOR ASIA'S GROWTH

Krishna Srinivasan and Arunabha Ghosh argue that climate change poses a fundamental threat to Asia's macroeconomic and financial stability, demanding urgent government action to promote sustainable energy and resilience. Asia, which contributes two-thirds of global growth and over half of global greenhouse gas emissions, remains highly dependent on coal and ill-prepared for climate shocks due to weak infrastructure, limited adaptive capacity, and inadequate safety nets. This vulnerability, combined with rising debt, geopolitical fragmentation, and the pressures of decarbonisation, makes climate change a macro-critical challenge for the region. In India, for instance, the Council on Energy, Environment and Water (CEEW) finds that three-fourths of districts are extreme climate hotspots, facing heightened risks from floods, droughts, and cyclones.

The authors emphasise that a sustainable energy transition coupled with adaptive capacity building is essential not just for environmental reasons but as a growth and financial stability imperative. Achieving energy independence and net-zero goals can reduce external vulnerabilities and strengthen balance sheets, especially as major markets such as the EU, Japan, and Canada increasingly restrict non-green imports. Accelerating renewables and clean technologies will also bolster energy security and economic resilience.

However, this transition requires massive climate finance. Asia's emerging and developing economies face an annual investment gap of at least \$800 billion (IMF,

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2024), of which the private sector must supply 80–90 percent. Yet structural barriers — such as weak credit ratings, underdeveloped capital markets, inconsistent disclosure standards, and limited risk assessment capabilities — constrain private participation. The authors propose innovative de-risking tools like guarantees, blended finance, and credit enhancement mechanisms to attract private capital. Encouragingly, a regional stakeholder dialogue hosted by the IMF, NITI Aayog, and CEEW found growing investor confidence in green ventures, with participants agreeing that Asia’s energy transition is now irreversible.

The article calls for better price signals and regulatory reforms to mobilize climate finance. Phasing out fossil fuel subsidies — which total \$1.3 trillion globally — and expanding carbon pricing and emissions trading systems would help create a level playing field for clean investments. Central banks and financial regulators, the authors suggest, should also integrate climate-related risks into prudential frameworks and promote transparent disclosures. Digital tools such as climate finance platforms and green registries can further support decarbonisation and resilience-building efforts.

Asia, the authors note, is already leading in clean technology development, with existing technologies capable of delivering over 80 percent of required emissions reductions by 2030 (IEA). Yet realizing this potential demands structural transformation — including reliable renewable supply, expanded storage and transmission infrastructure, skilled workforce development, and efficient grid management. According to CEEW, India could meet its 2030 power demand with 876 GW of capacity, including 600 GW from non-fossil sources, if supported by robust infrastructure. The fall in solar tariffs from ₹5 per unit to around ₹2–2.5, and the emergence of solar-plus-storage at ₹2.7/kWh, exemplify India’s progress and cost competitiveness.

Srinivasan and Ghosh assert that Asia’s growth and the global green transition are deeply intertwined. Underinvestment in climate resilience threatens not only the environment but also the region’s economic stability. Only through coherent, coordinated, and forward-looking policies can Asia safeguard its macroeconomic

stability while sustaining its role as the engine of global growth. ***This is a summary of an article authored by Krishna Srinivasan and Arunabha Ghosh in Mint on November 11, 2025***

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## FROM RHETORIC TO REALITY: WHY COP30 MUST BECOME A BANK OF ACTIONS

After 10 days of negotiations at COP30 in Belém, Arunabha Ghosh argues that the conference has reached its hardest phase, where rhetoric must give way to actions that match the worsening climate crisis. He underscores that climate change is already exacting a deadly toll — from landslides in Indonesia and Vietnam to tornadoes in Portugal — with extreme weather causing over \$100 billion in losses in just the first half of the year. While the Paris Agreement helped shift the world from a catastrophic 3–3.5°C warming trajectory to 2.3–2.6°C, the global process has become a ledger of unfulfilled commitments. COP30, he says, must now transform the UN climate regime into a “bank of actions” by delivering on three urgent fronts.

First, a credible finance roadmap is essential, starting with the pathway from the current \$100 billion to at least \$300 billion annually. The proposed Baku-to-Belém roadmap’s \$1.3 trillion target for 2035 acknowledges the scale required, but delivery must involve new, additional, concessional funds, and must reverse the current imbalance in private versus public mobilisation. Public capital should be leveraged to attract private investment by reducing high capital costs in developing countries, including reforming credit-rating systems that obstruct investment.

Second, Ghosh calls for confronting the adaptation finance abyss. Developing countries need \$310–365 billion annually by 2035, but received only \$26 billion in 2023 — much of it as debt, deepening fiscal distress. He stresses that adaptation metrics must reflect national circumstances and that concessional international public finance must shift significantly toward adaptation to avoid worsening debt crises.

Third, debates over transitioning away from fossil-fuel dependence must be grounded in economic and social realities. Lula’s emphasis on “dependence” signals that

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transitions are not binary. For developing countries, the shift is a “pentathlon,” requiring simultaneous progress on energy access, urbanisation, sustainable industrialisation, global market power, and modernised digitalised grids. A just transition must protect livelihoods through clean energy access, lower finance costs, modern grids, and open intellectual property — enabling an empowered green economy, not abrupt dislocation.

Fourth, COP30 should catalyse a new variable geometry of partnerships, formally endorsing “coalitions of the doing” — agile, voluntary alliances that build green supply chains, secure critical minerals, decarbonise heavy industry, and leverage digital public infrastructure for climate investment. India’s leadership through initiatives like the International Solar Alliance and the Global Biofuels Alliance demonstrates how such coalitions can mobilise large groups of countries toward concrete action.

Ghosh highlights India’s own experience as proof of what action-oriented climate policy can achieve: a 36 percent reduction in emission intensity since 2005, rapid declines in solar-storage costs through market innovation, and nearly \$50 billion in energy transition investment attracted in a single year. Existing policies alone are projected to cut four billion tonnes of emissions this decade.

He concludes that COP30 will only succeed if it marks a decisive shift from negotiation to implementation — from promises to investments, from debates to deployment, from broken systems to steady, real progress. The planet’s physics will not wait, and only by turning climate finance into climate investment, and commitments into durable partnerships and projects, can we safeguard our shared future.

*This is a summary of an article authored by Arunabha Ghosh in Business Standard on November 19, 2025. The full article can be accessed from: <https://shorturl.at/rEZ8c>*

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## **CLIMATE KOOKINESS: THERE'S A WHOLE INDUSTRY THAT WANTS TO DIM THE SUN AND IT'S TERRIFYING**

Solar geoengineering — techniques that aim to cool the planet by blocking sunlight — is gaining unprecedented momentum despite not being on the COP30 agenda, raising deep concerns about safety, governance, and the motives behind its rapid commercialization.

A recent poll of climate scientists shows growing alarm: two-thirds expect large-scale solar radiation modification (SRM) attempts by 2100, and over half believe such deployment will come from a “rogue actor” such as a private company, billionaire, or unilateral state. This reflects despair over slow emissions cuts and rising global temperatures.

Academic research into methods like stratospheric aerosol injection (SAI) and space mirrors has received millions in public funding, including £56.8 million from the UK's Advanced Research and Invention Agency. Such research can be useful if transparent and detached from deployment ambitions.

However, the far more troubling trend is the boom in private, profit-driven ventures. Commercial solar geoengineering received only \$17.6 million between 2007 and 2024 — but in 2025 alone, US–Israeli startup Stardust raised \$60 million, led by major tech investors such as Chris Sacca and the Agnelli family. Stardust aims to develop a supposedly “safe, inert” particle for SAI, but scientists strongly dispute the existence of such a material.

Williams warns that commercial incentives inevitably encourage downplaying risks and overselling benefits of a highly uncertain and potentially dangerous technology. SRM cannot fix climate change — it can only mask some effects, while leaving others (like drought and ocean acidification) untouched or possibly worsened.

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More alarming are the long-term risks:

- Once started, SRM would need to continue for centuries, or else the planet could experience a catastrophic termination shock — rapid warming within a decade.
- Reliance on private companies is risky given corporate lifespans (median 15 years), economic instability, and geopolitical shocks.
- Governance is almost nonexistent. Regulation is fragmented, weak, or based on conspiracy-driven bans. No global framework exists to oversee or restrict deployment.

While some firms, including Stardust, promise transparency and ethical safeguards, Williams concludes that private-sector involvement in geoengineering without strong international regulation is dangerous and unacceptable. With more startups emerging and billions in venture capital flowing in, governments must act urgently to establish global rules before a rogue deployment triggers irreversible consequences.

*This is a summary of an article by Lara Williams in Bloomberg, and re-published in Mint on 21 November 2025. The full article can be accessed from: <https://shorturl.at/1wvfz>*

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## CONTRADICTIONS AND UTILITY

Somit Dasgupta argues that the global climate movement is facing a severe setback despite more than three decades since the Rio Summit, the Kyoto Protocol, and the Paris Agreement. He places primary blame on the United States—particularly the Trump administration—which has twice withdrawn from the Paris Agreement and openly promoted fossil-fuel expansion. This stance emboldens climate sceptics, strengthens the fossil-fuel lobby, and even appears to influence figures like Bill Gates, who has recently downplayed climate priorities despite the developed world’s chronic failure to deliver even the long-promised USD 100 billion in climate finance.

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Dasgupta criticizes developed nations for resorting to creative accounting—counting commercial loans as climate finance—and notes that the Loss and Damage Fund has a mere USD 800 million committed. At COP30 in Belém, contradictions abound: fossil fuel industry delegates form one of the largest blocs; major producers like Brazil continue oil extraction even in sensitive regions; and Brazil’s push for forest protection sits uneasily with large-scale tree felling for road construction to host the summit.

The first draft of the COP30 communiqué revisits familiar but contentious issues—climate finance, fossil-fuel phase-out and trade measures—but the likelihood of consensus remains low. With declining global political interest, poor attendance by heads of state, and only half of countries updating their NDCs (many weakly), COP’s effectiveness is under question. Still, Dasgupta argues that abandoning COP would be disastrous, removing the last barrier against unchecked emissions and potentially pushing global temperatures beyond 3°C.

*This is a summary of an article by Somit Dasgupta in Financial Express on 21 November 2025. The full article can be accessed from: <https://shorturl.at/LIVHb>*

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Greater Noida 201 311, Uttar Pradesh, India

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