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ECONOMY OBSERVER



November 2025

Latest Economy Observer from Dun & Bradstreet highlights: India: Navigating Unprecedented Global Policy Uncertainty with Economic Resilience

Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet said, “India’s economic trajectory continues to defy global headwinds, anchored by resilient domestic fundamentals and a benign inflation outlook. Industrial output remains robust, though signs of post-festive normalisation and inventory adjustments suggest a near-term moderation. The RBI’s neutral stance and stable yields reflect confidence in macroeconomic stability, while strategic trade diversification and rising gold reserves underscore India’s proactive positioning as a resilient and forward-looking economy amid global uncertainty. As advanced economies grapple with fiscal fragility, India’s calibrated policy mix and expanding external partnerships offer a compelling narrative of resilience and opportunity in a fragmented global landscape.”

POSITIVE

- The Ministry of Labour & Employment simplified EPF withdrawal rules, reducing categories from 13 to 3 and lowering the minimum employment period to 12 months, enhancing liquidity and transparency.
- The Ministry of Textiles amended the PLI Scheme for MMF and technical textiles, expanding eligible products, halving investment thresholds, and lowering turnover requirements to boost sectoral investment.
- RBI amended Foreign Exchange Management Regulations to allow rupee-denominated lending to Bhutan, Nepal, and Sri Lanka, promoting regional financial integration.
- India recorded USD 7.3 billion in foreign investment inflows in Q1 FY26, reflecting growing external strength and investor confidence.
- The India–EFTA Trade and Economic Partnership Agreement, effective October 1, commits the EFTA to invest USD 100bn in FDI and create 1m direct jobs over 15 years, while boosting market access, services exports, and professional mobility, marking a major step in India’s export diversification strategy.

NEGATIVE

- Localised crop damage due to flooding in Punjab, Haryana, and Rajasthan poses risks to regional agricultural output.
- 50% tariff imposed by the US (effective end-August) will have a negative impact on India’s export volumes. Key sectors impacted include textiles and apparel (with US having accounted for 29% of the sector’s total exports in FY25) and gems and jewellery (33%).
- Industrial production is expected to remain uneven due to sustained weakness in non-durable consumer output, and inventory overhang partly due to post-festive demand normalisation that could prompt production adjustments and subdued external demand.
- Global geopolitical tensions, volatile commodity prices and shifting monetary policies in advanced economies continue to pose risks to trade flows, currency stability, and investor sentiment, potentially impacting India’s external sector performance.

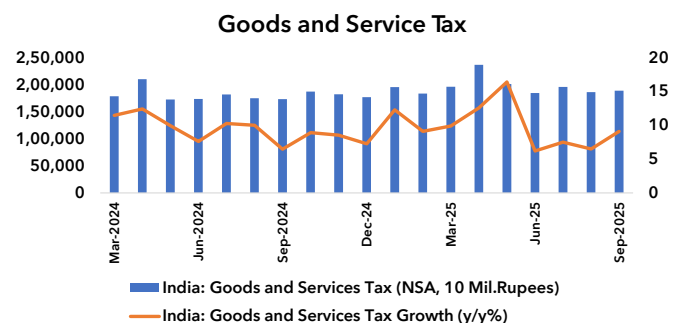
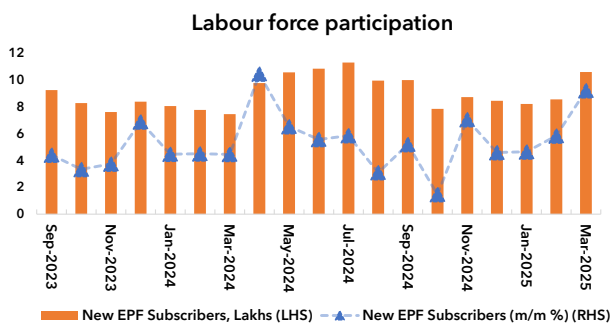
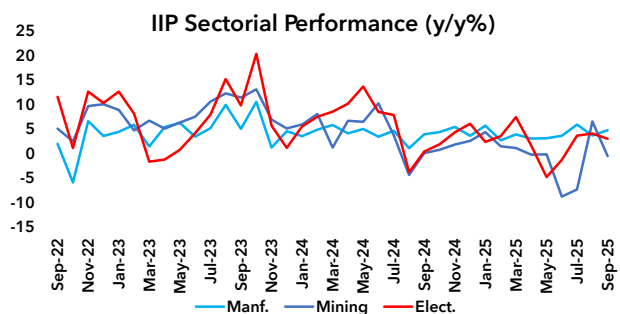
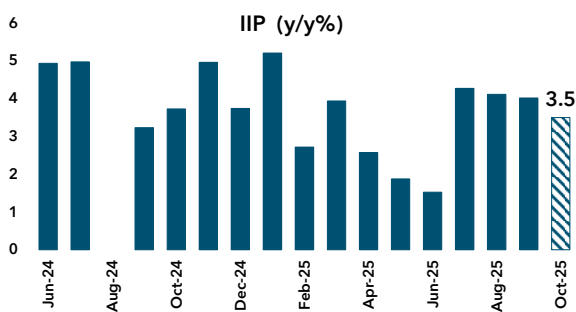
D&B’s Economy Observer Forecast

Variables	Estimate**	Latest Period	Previous period
IIP Growth	3.5% Oct-25	4.0% Sept-25	4.1% Aug-25
Inflation WPI	(-) 1.0% Oct-25	0.1% Sept-25	0.5% Aug-25
CPI (Combined)	0.6% Oct-25	1.5% Sept-25	2.1% Aug-25
91-day T-Bills*	5.5% Oct-25	5.5% Sept-25	5.5% Aug-25
10-year G-Sec Yield*	6.5% Oct-25	6.6% Sept-25	6.5% Aug-25
Bank Credit	9.8% Oct-25	10.4% Sept-25	10.0% Aug-25
Exchange Rate (INR/USD) *	88.0 Nov -25	88.6 Oct -25	88.2 Sept-25

Real Economy

- India's Index of Industrial Production (IIP) stood robust at 4.0% in September 2025, driven by infrastructure, electricity, construction and intermediate sectors signaling healthy underlying growth momentum. Dun & Bradstreet estimates IIP growth to have eased to 3.5% in October 2025, driven by sustained weakness in non-durable consumer output, an inventory overhang that could prompt production adjustments and subdued external demand.
- The Ministry of Labour & Employment has streamlined Employees' Provident Fund (EPF) withdrawal rules by merging 13 provisions into 3 simplified categories (essential needs, housing, and special circumstances) and reducing the minimum employment period to 12 months. Members can now access up to 75% of their PF corpus without documentation, while retaining 25% to preserve retirement savings. This reform enhances liquidity for workers, signaling a shift toward more flexible labour market policies.
- The Ministry of Textiles has eased PLI norms for man-made fibers (MMF) and technical textiles, adding 17 HSN codes, halving investment thresholds, and allowing new units within existing firms. With a lower 10% turnover growth requirement, the move aims to unlock fresh investment and accelerate India's shift toward high-growth synthetic textile segments.
- October 2025 GST collections rose 4.6% year-on-year to ₹1.95 lakh crore, reflecting stable consumption trends, expanding formalisation, and improved compliance, indicative of a strengthening business environment.

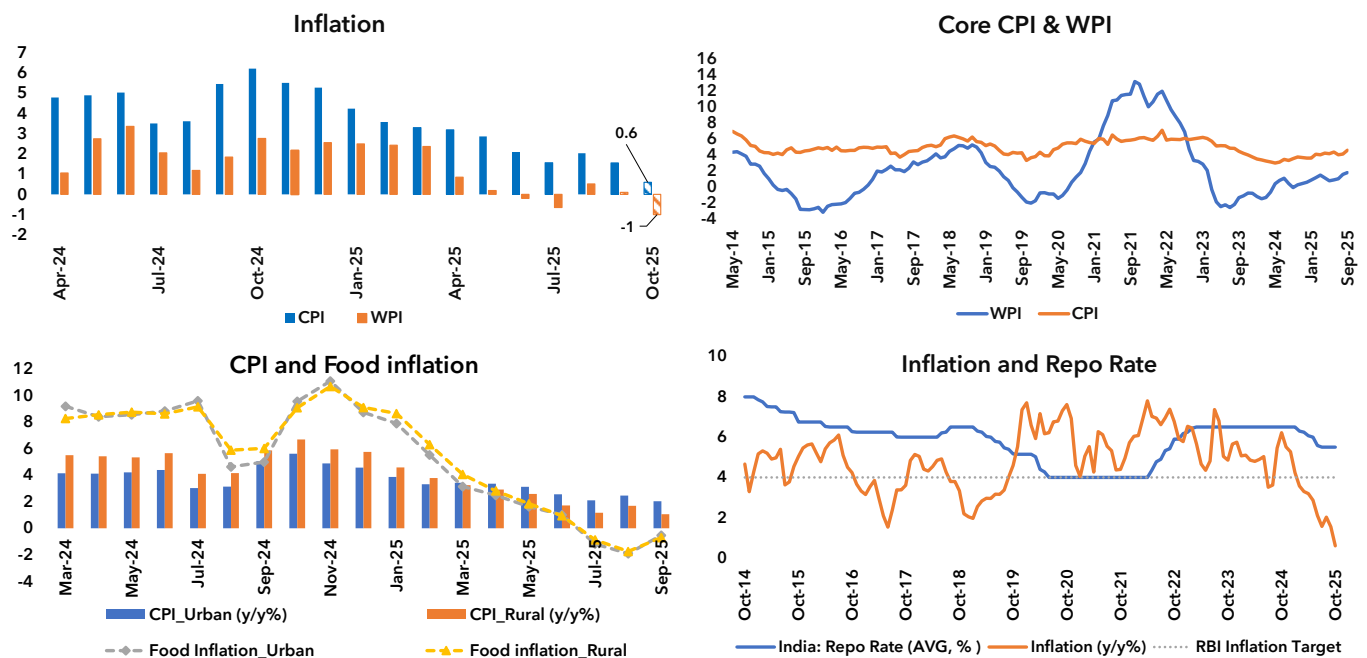
India's real economy shows steady momentum, supported by industrial activity, GST revamp, fiscal buoyancy, and targeted reforms. Labour and textile sector adjustments are unlocking liquidity and investment point to a cautiously optimistic outlook shaped by sectoral pivots and productivity gains.



Price Economy

- India's inflation eased in September 2025, with CPI moderating sharply to 1.5%, marking its lowest reading since June 2017, Dun & Bradstreet forecasts CPI to ease further to 0.6 % in October 2025, driven by subdued food prices and disinflationary effects of GST rate rationalization. At the same time, WPI inflation is estimated to decline sharply, moving into negative territory (-1%) in October, down from 0.1% in September, reflecting cooling input costs.
- These trends suggest a benign price environment, which may help boost consumer purchasing power and short-term demand. However, the combination of post-festive demand normalisation and weak wholesale pricing power could lead businesses to scale back production and delay restocking.
- Agricultural conditions remain favorable, with above-normal monsoon rainfall (9% above the long-period average) and a 1.4% YoY increase in kharif sowing acreage, rising from 109.6 mhectares in 2024 to 111.15 m hectares in 2025. Strong gains of sowing were recorded in paddy (+4.7%), maize (+12.2%), and coarse cereals (+6.7%), while oilseeds and cotton saw marginal declines. Despite localised crop damage due to flooding in Punjab, Haryana, and Rajasthan, the national production outlook remains stable, supporting continued price stability.
- Despite MSP hikes for Rabi 2026-27, inflationary impact remains modest due to strong buffer stocks, stable retail prices, and favorable monsoon-driven supply conditions; the government's expanded procurement ₹84,263 crore for 297 Lakh MT and 100% MSP coverage for key pulses until 2028-29 reinforces price stability and strengthens India's path to agricultural self-sufficiency.

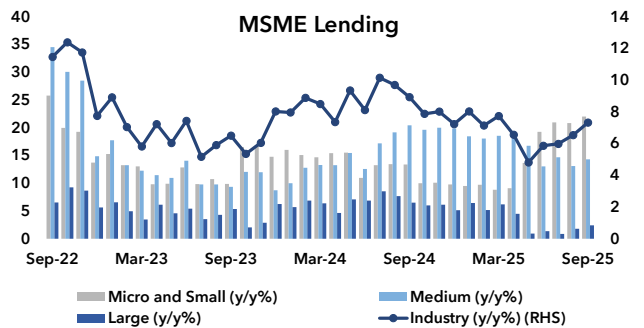
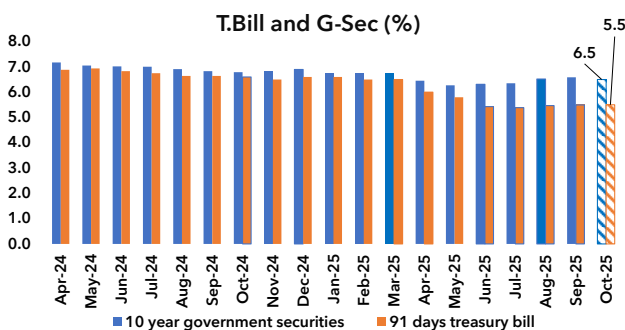
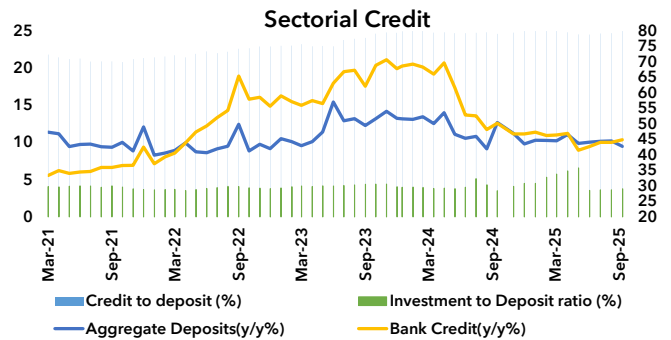
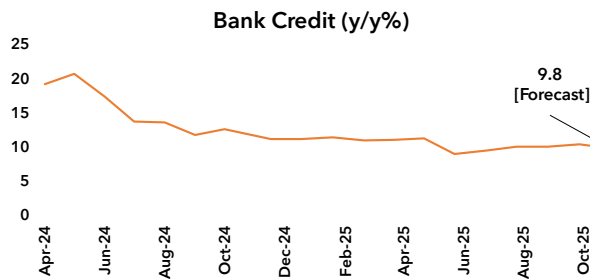
India's short-term inflation outlook remains soft, supported by easing consumer and wholesale prices, favorable agricultural conditions, and restrained cost pressures. While this benign price environment may boost purchasing power and demand, post-festive normalisation of demand and weak pricing power could temper production momentum, especially in manufacturing and export-linked sectors. Government support through expanded procurement and stable food supply continues to reinforce price stability.



Money Market

- Indian financial markets remain cautiously optimistic, shaped by broadly stable yields and supportive monetary conditions. **Dun & Bradstreet estimates the 10-year G-Sec yield to have moderated to 6.5% in October 2025, while the 91-day T-Bill yield is estimated to have remained steady at 5.5%**, reflecting investor confidence in short-term instruments amid comfortable liquidity.
- The RBI maintained the repo rate at 5.5% with a neutral stance in its October policy review, citing subdued inflation and resilient growth. Liquidity conditions fluctuated during the month due to festive and GST outflows, prompting the RBI to conduct multiple variable rate repo and reverse repo auctions. **Dun & Bradstreet estimates bank credit growth to ease to 9.8% in October**, indicating a measured lending approach amid evolving credit conditions.
- The RBI announced a record redemption price of ₹12,704 per unit for Sovereign Gold Bonds issued in 2020, reflecting a sharp rise in value driven by a global gold rally and domestic demand.
- India's gold reserves stood at USD97.5bn at end-September, comprising 13.9% of total foreign exchange reserves, the highest share in over two decades, underscoring the RBI's strategic pivot toward safer assets amid global uncertainty.

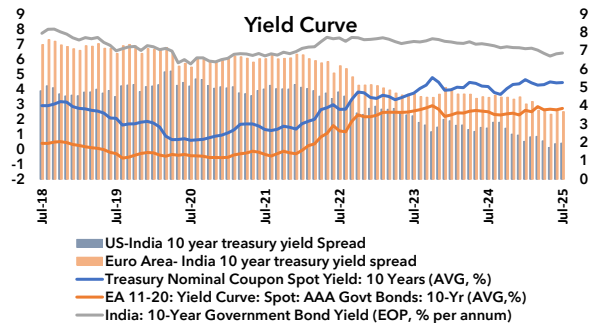
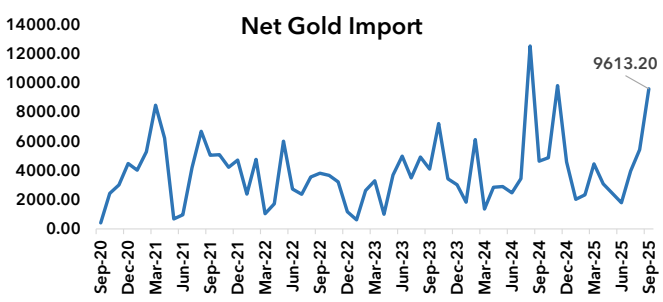
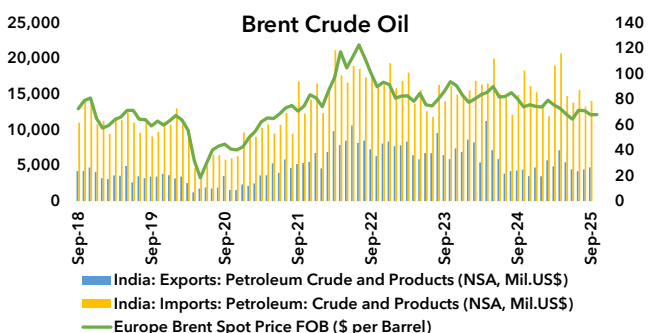
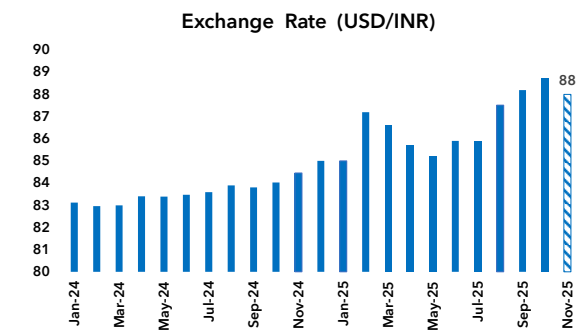
India's financial and corporate landscape remains cautiously optimistic, supported by stable monetary conditions, and resilient investor sentiment. The RBI's neutral stance and liquidity management reflect a balanced approach amid festive and fiscal flows. Investor confidence is evident in steady yields and strong demand for short-term instruments.



External Scenario

- India's external sector showed both resilience and emerging pressures over the review period. The rupee averaged ₹88.6/USD in October, **with Dun & Bradstreet projecting a slight appreciation to ₹88.0/USD in November.**
- The RBI's amendment to the Foreign Exchange Management Regulations enables rupee-denominated lending to Bhutan, Nepal, and Sri Lanka, allowing Indian banks to support cross-border trade in local currency, thereby strengthening regional financial integration.
- The RBI signed bilateral currency swap agreements with Bhutan and the Maldives in October facilitating liquidity support and financial stability in the region. Bhutan availed and repaid a ₹15 billion swap, followed by a fresh ₹15 billion facility, while the Maldives accessed a USD 400 million swap, later rolled over. These arrangements, alongside rupee-denominated lending to Bhutan, Nepal, and Sri Lanka, reflect India's strategic push for regional financial integration and trade facilitation.
- RBI data recorded foreign investment inflows of USD 7.3 bn in Q1 FY26, including USD 2.5 bn in FII and USD 1.6 bn in portfolio investment. This reflects India's growing external strength, marked by currency stability efforts, regulatory reforms for regional financial integration, and deepening trade partnerships. The combination of rising gold reserves and ongoing acceleration of market diversification efforts signals India's strategic positioning as a proactive and increasingly influential player in global trade and finance.
- India's foreign currency assets stood at USD579.2bn as of end-September 2025, with USD 489.5 bn invested in securities, USD46.1mheld with central banks and the BIS, and USD 43.5 bn in deposits with overseas commercial banks. A small portion is managed by external asset managers under RBI Act norms, reflecting a strategic approach to reserve diversification and alignment with global best practices.
- The landmark Trade and Economic Partnership Agreement (TEPA) between India and the EFTA States (Iceland, Liechtenstein, Norway, and Switzerland), which became effective on October 1st, incorporates binding commitments of USD100 bn in FDI and 1m direct jobs over 15 years, while enhancing market access, services exports, and professional mobility through MRAs. The deal reflects India's ongoing strategic push towards diversifying its export markets.

India's external sector remains resilient, supported by stable monetary conditions and strategic trade and financial initiatives. Strengthening foreign investment sentiment and rising gold reserves underscore India's positioning as a stable and proactive player in global finance. The recent trade agreement with the EFTA reinforces India's ongoing strategic push towards diversifying its export markets.



Economy Observer is a monthly report that shares an in-depth analysis on key macroeconomic developments in India and provides a monthly forecast of key economic indicators, providing insight into the expected direction of the Indian economy.

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