FIPI

Federation of Indian Petroleum Industry

POLICY & ECONOMIC REPORT

OIL & GAS MARKET

April 2025

Table of Contents

List of Figures & Tables

Executive Summary

According to IMF's latest World Economic Outlook Report released in April 2025, the GDP for the world economy is projected to grow at 3.2 % during 2024 and 2025, at the same pace as in 2023. The projection for global growth in 2024 and 2025 is below the historical (2000–19) annual average of 3.8 %, reflecting restrictive monetary policies and withdrawal of fiscal support.

A slight acceleration for advanced economies—where growth is expected to rise from 1.6 % in 2023 to 1.7 % in 2024 and 1.8 % in 2025—will be offset by a modest slowdown in emerging market and developing economies from 4.3 % in 2023 to 4.2 % in both 2024 and 2025.

In case of India, according to RBI in its April - Monetary Policy Committee (MPC), real GDP growth has been projected at 6.5 per cent for 2025–26, maintaining the same rate as estimated for 2024–25, following a strong expansion of 9.2 per cent in the preceding year. The quarterly projections stand at 6.5 per cent in Q1, 6.7 per cent in Q2, 6.6 per cent in Q3, and 6.3 per cent in Q4. This marks a downward revision of 20 basis points from the February estimate, reflecting heightened global volatility.

Further, India is poised to lead the global economy once again, with the International Monetary Fund (IMF) projecting it to remain the fastest growing major economy over the next two years. According to the April 2025 edition of the IMF's World Economic Outlook, India's economy is expected to grow by 6.2 per cent in 2025 and 6.3 per cent in 2026, maintaining a solid lead over global and regional peers. In contrast, the IMF projects global economic growth to be much lower, at 2.8 per cent in 2025 and 3.0 per cent in 2026, highlighting India's exceptional outperformance.

Retail inflation in India, as measured by the Consumer Price Index (CPI), fell to a remarkable 4.6% in the fiscal year 2024-25, the lowest since 2018-19. Retail inflation in India has followed a steady downward path over the past three financial years, falling from 6.7 percent in 2022–23 to 5.4 percent in 2023–24, and further to 4.6 percent in 2024–25. The year-on-year inflation rate for March 2025 dropped to 3.34%, a decline of 27 basis points from February 2025, marking the lowest monthly inflation rate since August 2019. The Monetary Policy Committee (MPC) unanimously decided to reduce the policy repo rate by 25 basis points, bringing it down to 6 per cent with immediate effect. The repo rate is the rate at which the Reserve Bank of India (RBI) lends money to commercial banks.

India's private sector expansion reached an eight-month high in April, 2025, fuelled by strong demand and a notable surge in foreign orders for manufactured goods, according to the HSBC Flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global. The Composite PMI rose to 60.0 in April from 59.5 in March, marking the strongest growth in combined manufacturing and services activity since August. A reading above 50 signals expansion.

The manufacturing sector showed particularly strong momentum, with its PMI climbing to 58.4, up from 58.1, reaching a one-year high. The services sector also maintained solid growth, with its PMI increasing to 59.1 from 58.5, the highest level in four months. Private sector firms noted a record increase in new

export orders during April amid healthy demand from Africa, Asia, Europe, the Middle East, and the Americas.

On the external front, India's foreign exchange reserves saw an increase of $1.567 billion reaching to $677.835 billion, in the week ending April 11, according to the latest data from the Reserve Bank of India (RBI). Further, India's total exports (Merchandise and Services combined) for March 2025 are estimated at US$ 73.61 Billion, registering a growth of 2.65 percent vis-à-vis March 2024. Total imports (Merchandise and Services combined) for March 2025 is estimated at US$ 77.23 Billion, registering a growth of 4.90 percent vis-à-vis March 2024.

As far as oil and gas industry is concerned, global oil markets were disrupted by a series of trade tariff announcements in early April, after a period of relative stability. Benchmark crude oil prices plunged to their lowest levels in four years on a sharp escalation in trade tensions and the prospect of higher supplies from some OPEC+ countries. Brent futures tumbled by more than $15/bbl, to below $60/bbl, but subsequently recovered to around $65/bbl after the implementation of some of the tariffs was postponed. While imports of oil, gas and refined products were given exemptions from the tariffs announced by the United States, concerns that the measures could stoke inflation, slow economic growth and intensify trade disputes weighed on oil prices.

Hedge funds and other money managers' net long positions dropped in the first half of the month by nearly 7%, fuelling oil price volatility. However, net long positions rebounded in the second half of the month. Between the Last weeks of February and March, speculators raised net long positions in the two major futures contracts ICE Brent and NYMEX WTI by nearly 23% and were net buyers of about 66 mb.

Crude oil spot prices fell for a second consecutive month in March, driven by the decline in oil futures markets and further easing of oil supply risk premiums. Spot prices also came under pressure from lower refining margins in all major markets, as well as lower global refinery intake amid refinery maintenance season. Higher crude stocks in the US and signs of a well-supplied crude market in the Atlantic Basin also weighed on the spot market.

Natural gas spot prices at the US Henry Hub benchmark averaged $4.12 per million British thermal units (MMBtu) in March 2025. Henry Hub's natural gas prices receded in March after trending upwards for three consecutive months. Earlier in the month, prices were supported by reports of a decline in storage levels amid residential heating demand. However, they closed the month down by 2.2%, m-o-m, pressured by softer US LNG exports amid maintenance activities at key export hubs. However, they were still up by more than 100%, y-o-y.

Economy in Focus

1. A snapshot of the global economy

Global economic growth

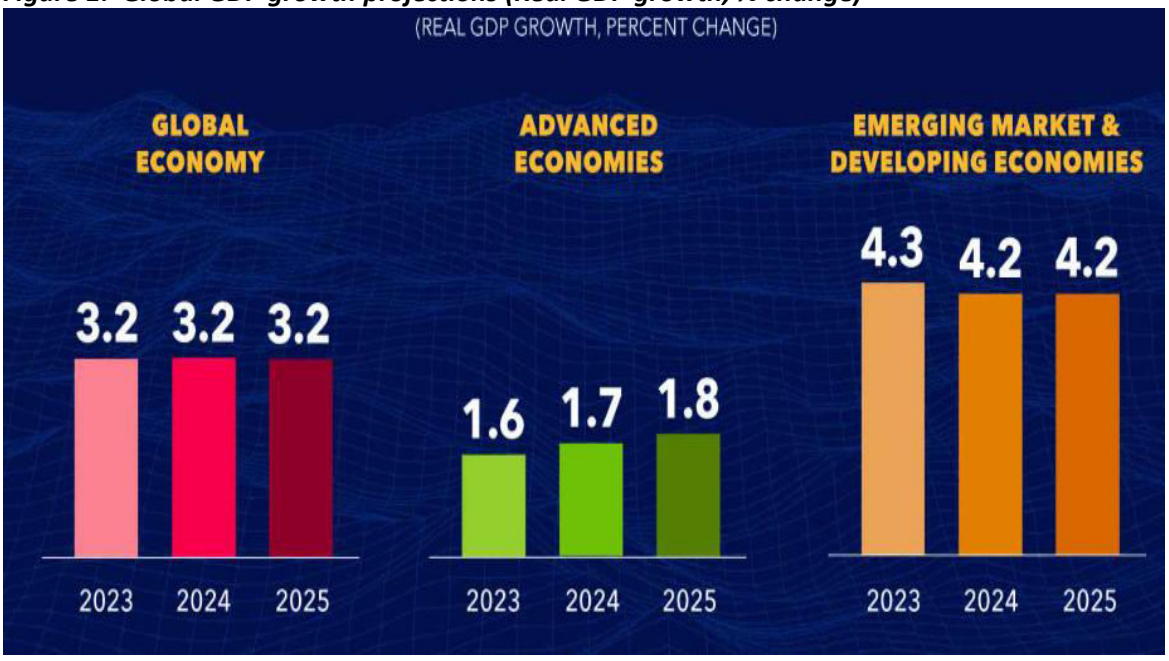
According to IMF's latest World Economic Outlook Report released in April 2025, the GDP for the world economy is projected to grow at 3.2 % during 2024 and 2025, at the same pace as in 2023.

The projection for global growth in 2024 and 2025 is below the historical (2000–19) annual average of 3.8 %, reflecting restrictive monetary policies and withdrawal of fiscal support.

A slight acceleration for advanced economies—where growth is expected to rise from 1.6 % in 2023 to 1.7 % in 2024 and 1.8 % in 2025—will be offset by a modest slowdown in emerging market and developing economies from 4.3 % in 2023 to 4.2 % in both 2024 and 2025.

- In the United States, growth is projected to increase to 2.7 % in 2024, before slowing to 1.9 % in 2025, as gradual fiscal tightening and a softening in labor markets slow aggregate demand.
- Growth in the euro area is projected to recover from its low rate of an estimated 0.4% in 2023, to 0.8% in 2024 and 1.5% in 2025.
- Growth in the United Kingdom is projected to rise from an estimated 0.1 % in 2023 to 0.5 % in 2024, then to 1.5 % in 2025.

Figure 1: Global GDP growth projections (Real GDP growth, % change)



Source- IMF

- Growth in China is projected to slow from 5.2 % in 2023 to 4.6 % in 2024 and 4.1 % in 2025 as the positive effects of one-off factors—including the post pandemic boost to consumption and fiscal stimulus ease and weakness in the property sector persists.
- Growth in India is projected to remain strong at 6.8 % in 2024 and 6.5 % in 2025, with the robustness reflecting continuing strength in domestic demand and a rising working-age population.
- In Latin America and the Caribbean, growth is projected to decline from an estimated 2.3 % in 2023 to 2.0 % in 2024 before rising again to 2.5 % in 2025.
- The forecast for global growth for five years is projected at 3.1 % which is at its lowest in decades.

Figure 2: Global GDP growth projections for 2025 and 2026

		PROJECTIONS	
(Real GDP, annual percent change)	2023	2024	2025
World Output	**3.2**	**3.2**	**3.2**
Advanced Economies	**1.6**	**1.7**	**1.8**
United States	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
Germany	-0.3	0.2	1.3
France	0.9	0.7	1.4
Italy	0.9	0.7	0.7
Spain	2.5	1.9	2.1
Japan	1.9	0.9	1.0
United Kingdom	0.1	0.5	1.5
Canada	1.1	1.2	2.3
Other Advanced Economies	1.8	2.0	2.4
Emerging Market and Developing Economies	**4.3**	**4.2**	**4.2**
Emerging and Developing Asia	5.6	5.2	4.9
China	5.2	4.6	4.1
India	7.8	6.8	6.5
Emerging and Developing Europe	3.2	3.1	2.8
Russia	3.6	3.2	1.8
Latin America and the Caribbean	2.3	2.0	2.5
Brazil	2.9	2.2	2.1
Mexico	3.2	2.4	1.4
Middle East and Central Asia	2.0	2.8	4.2
Saudi Arabia	-0.8	2.6	6.0
Sub-Saharan Africa	3.4	3.8	4.0
Nigeria	2.9	3.3	3.0
South Africa	0.6	0.9	1.2
Memorandum			
Emerging Market and Middle-Income Economies	4.4	4.1	4.1
Low-Income Developing Countries	4.0	4.7	5.2

Source- IMF

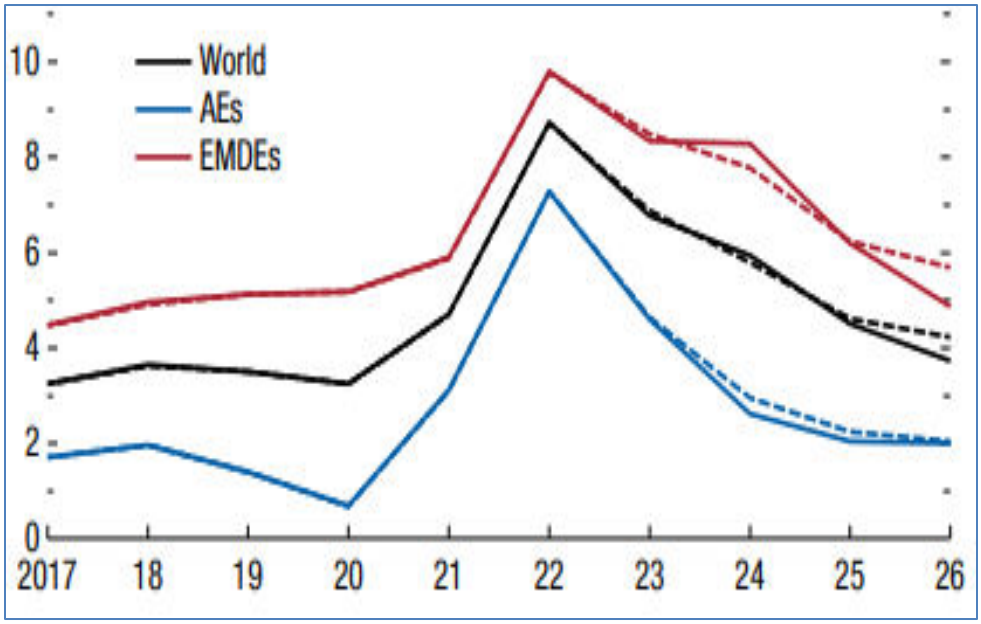
Global Inflation

According to IMF, global inflation is forecast to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025.

Advanced economies are expected to return sooner to rates near their pre-pandemic (2017–19) average, with inflation averaging 2.0 percent in 2025, about a year before emerging market and developing economies are expected to return to their pre-pandemic average near 5.0 percent.

The global inflation forecast is revised upward by 0.1 percentage point in 2024 from the January 2024 projections. This reflects unchanged projections for advanced economies—with decreases in the euro area, Japan, and the United Kingdom compensated by an increase in the United States—and an upside revision of 0.2 percentage point in emerging market and developing economies.

Figure 3: Headline inflation

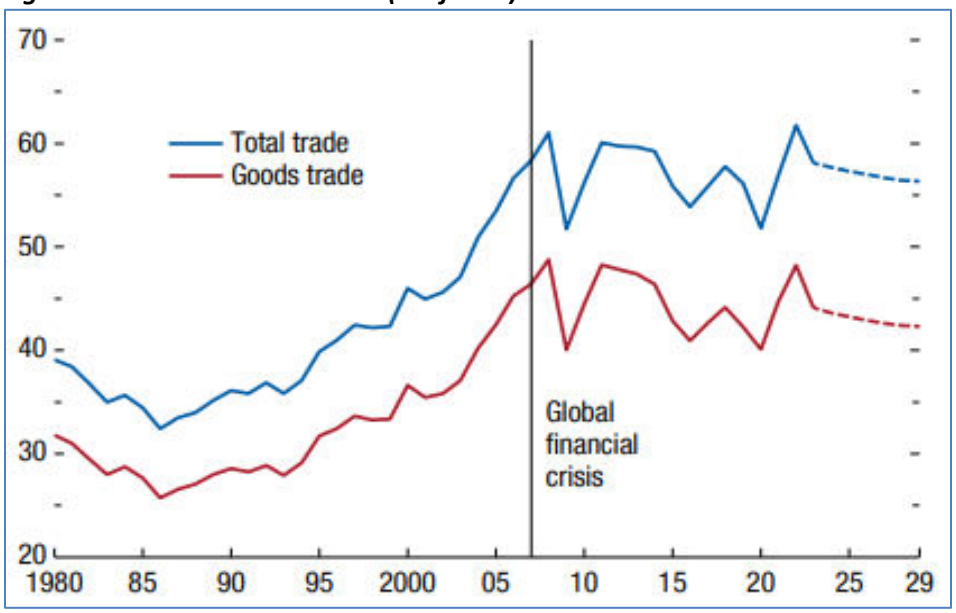


Source- IMF

Global Trade

World trade growth is projected at 3.0 percent in 2024 and 3.3 percent in 2025, with trade growth expected to remain below its historical (2000–19) annual average growth rate of 4.9 percent over the medium term and at 3.2 percent in 2029. This projection implies, relatively low outlook for economic growth, a ratio of total world trade to GDP (in current dollars) that averages 57 percent over the next five years.

Figure 4: Global Trade Outlook (% of GDP)



Source- IMF

Even though world trade-to-GDP ratios remain relatively stable, significant shifts in trade patterns are taking place, especially since the start of the war in Ukraine in February 2022. The growth in trade flows between geopolitical blocs has declined significantly since then compared with growth of trade within blocks. This reallocation of trade flows is occurring in the context of rising cross-border trade restrictions, with about 3,200 new restrictions on trade in 2022 and about 3,000 in 2023, up from about 1,100 in 2019, according to Global Trade Alert data, and increased concerns about supply-chain resilience and national security.

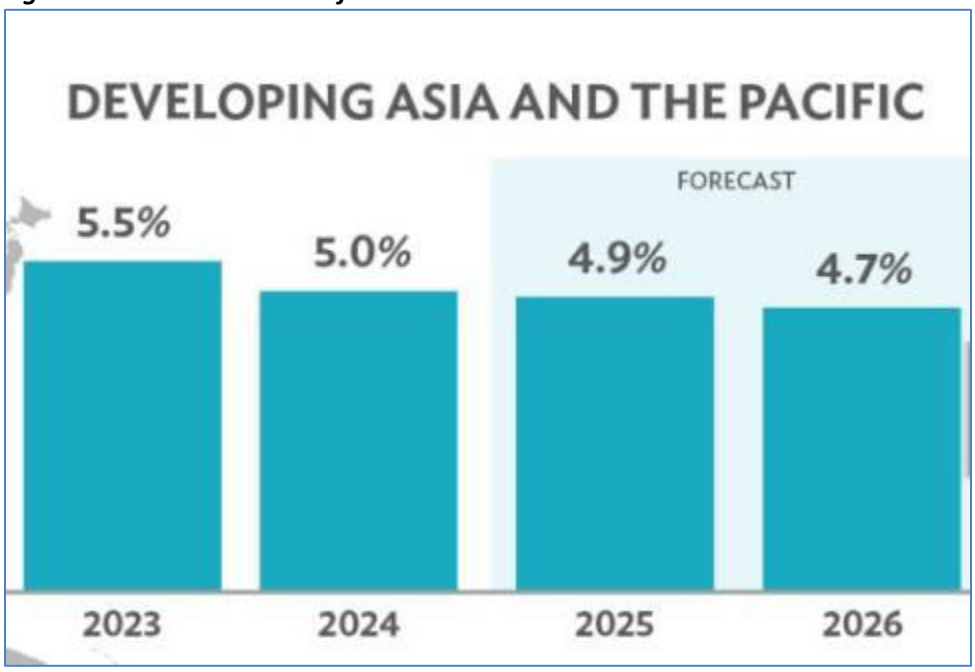
2. ADB forecasts growth declining for Asia and the Pacific

Economies in developing Asia and the Pacific are projected to grow 4.9% this year, down from 5.0% last year, according to the latest forecast by the Asian Development Bank (ADB).

Solid domestic demand and strong global appetite for semiconductors driven by the artificial intelligence boom are supporting growth, but tariffs and trade uncertainty will act as a headwind. Regional growth is expected to decline further to 4.7% next year, according to Asian Development Outlook (ADO) April 2025. Inflation is projected to moderate to 2.3% this year and 2.2% next year as global food and energy prices continue to decline.

The growth forecasts were finalized prior to the 2nd April 2025 announcement of new tariffs by the US administration, so the baseline projections only reflect tariffs that were in place previously. This will get further revised down in its report in July, 2025.

Figure 5: ADB GDP Growth forecast



Source- ADB

The report notes that while economies in the region are resilient, faster, and larger-than-expected changes in US trade and economic policies pose risks to the outlook. Along with higher US tariffs, increased policy uncertainty and retaliatory measures could slow trade, investment, and growth. Further deterioration in the property market of the People's Republic of China (PRC), the region's largest economy, could also drag on growth. ADB projects a 4.7% expansion for the PRC this year, and 4.3% next year, compared with 5.0% last year.

Stronger growth in South Asia and Southeast Asia, driven by domestic demand, and a continued recovery in tourism elsewhere in the region will partly offset the slowdown in the PRC. India—South Asia's largest economy is projected to grow by 6.7% this year and 6.8% next year, according to ADB projections.

Weak external demand is expected to weigh on economic activity in Caucasus and Central Asia, with growth projected to slow from 5.7% last year to 5.4% this year and 5.0% next year. For the Pacific, tourism will continue to support growth but at a slower pace, which is forecast at 3.9% this year and 3.6% next year, compared to 4.2% last year.

GDP Growth Rate and Inflation, % per year

	GDP Growth				Inflation			
	2023	2024	2025	2026	2023	2024	2025	2026
Developing Asia	**5.5**	**5.0**	**4.9**	**4.7**	**3.3**	**2.6**	**2.3**	**2.2**
Developing Asia excluding the PRC	**5.6**	**5.1**	**5.0**	**5.1**	**6.2**	**4.8**	**4.0**	**3.7**
Caucasus and Central Asia	**5.4**	**5.7**	**5.4**	**5.0**	**10.2**	**6.8**	**6.9**	**5.9**
Armenia	8.3	5.9	5.0	4.7	2.0	0.3	3.0	2.8
Azerbaijan	1.1	4.1	3.4	3.3	8.8	2.2	4.2	3.5
Georgia	7.8	9.5	6.0	5.0	2.5	1.1	4.0	3.5
Kazakhstan	5.1	4.8	4.9	4.1	14.5	8.7	8.2	6.5
Kyrgyz Republic	9.0	9.0	8.5	8.6	10.8	5.0	6.0	7.8
Tajikistan	8.3	8.4	7.4	6.8	3.8	3.6	5.0	5.8
Turkmenistan	6.3	6.3	6.5	6.0	1.3	5.5	6.0	6.0
Uzbekistan	6.3	6.5	6.6	6.7	10.0	9.4	8.0	7.0
East Asia	**4.8**	**4.7**	**4.4**	**4.0**	**0.6**	**0.5**	**0.6**	**0.9**
People's Republic of China	5.4	5.0	4.7	4.3	0.2	0.2	0.4	0.7
Hong Kong, China	3.2	2.5	2.3	2.5	2.1	1.7	1.9	2.0
Republic of Korea	1.4	2.0	1.5	1.9	3.6	2.3	1.9	1.9
Mongolia	7.4	4.9	6.6	5.9	10.3	6.8	9.1	7.0
Taipei,China	1.1	4.6	3.3	3.0	2.5	2.2	2.0	1.8
South Asia	**7.8**	**5.8**	**6.0**	**6.2**	**7.9**	**6.6**	**4.9**	**4.5**
Afghanistan	-6.2	2.3	2.6	2.2	10.6	-7.7	-5.3	5.0
Bangladesh	5.8	4.2	3.9	5.1	9.0	9.7	10.2	8.0
Bhutan	4.9	5.5	8.5	6.0	4.2	2.8	3.4	3.5
India	9.2	6.4	6.7	6.8	5.4	4.7	4.3	4.0
Maldives	4.7	5.5	5.0	4.8	2.9	1.4	4.7	2.2
Nepal	2.0	3.9	4.4	5.1	7.7	5.4	5.2	5.0
Pakistan	-0.2	2.5	2.5	3.0	29.2	23.4	6.0	5.8
Sri Lanka	-2.3	5.0	3.9	3.4	17.4	1.2	3.1	4.5
Southeast Asia	**4.1**	**4.8**	**4.7**	**4.7**	**4.2**	**3.0**	**3.0**	**2.8**
Brunei Darussalam	1.1	4.2	2.5	2.0	0.4	-0.4	0.5	-0.2
Cambodia	5.0	6.0	6.1	6.2	2.1	0.8	3.7	2.4
Indonesia	5.0	5.0	5.0	5.1	3.7	2.3	2.0	2.0
Lao People's Democratic Republic	3.7	4.0	3.9	4.0	31.2	23.3	13.5	10.4
Malaysia	3.6	5.1	4.9	4.8	2.5	1.8	2.5	2.5
Myanmar	0.8	-0.7	1.1	1.6	27.5	27.8	29.3	20.0
Philippines	5.5	5.6	6.0	6.1	6.0	3.2	3.0	3.0
Singapore	1.8	4.4	2.6	2.4	4.8	2.4	2.0	1.7
Thailand	2.0	2.5	2.8	2.9	1.2	0.4	1.0	1.1
Timor-Leste	2.4	3.3	4.0	3.8	8.4	2.1	2.9	2.6
Viet Nam	5.1	7.1	6.6	6.5	3.3	3.6	4.0	4.2
The Pacific	**4.7**	**4.2**	**3.9**	**3.6**	**3.1**	**1.9**	**3.4**	**3.7**
Cook Islands	14.0	16.0	8.1	2.9	13.2	4.6	2.3	2.0
Fiji	7.5	3.5	3.0	3.2	2.4	4.5	2.6	2.4
Kiribati	4.2	5.8	4.1	3.3	9.3	3.0	2.5	2.2
Marshall Islands	-3.9	0.4	2.5	3.0	7.4	4.7	3.6	3.0
Federated States of Micronesia	0.8	1.1	1.7	1.1	6.2	4.1	3.0	2.7
Nauru	1.6	2.0	2.5	2.5	5.2	5.0	3.5	2.5
Niue	8.9	3.8	3.4	3.0	5.1	5.4	3.7	3.2
Palau	1.5	6.6	9.5	4.5	12.4	3.7	2.5	2.6
Papua New Guinea	3.8	4.3	4.2	3.8	2.3	0.7	3.8	4.3
Samoa	8.6	10.0	5.5	3.0	12.0	3.6	3.0	2.7
Solomon Islands	3.0	2.5	2.9	3.2	5.1	4.1	2.7	2.5
Tonga	2.1	1.6	2.5	2.3	10.2	4.6	3.2	3.0
Tuvalu	3.7	3.1	2.7	2.5	7.2	1.2	2.5	2.0
Vanuatu	2.4	1.7	2.0	2.5	11.2	4.8	3.5	2.4

Source- ADB

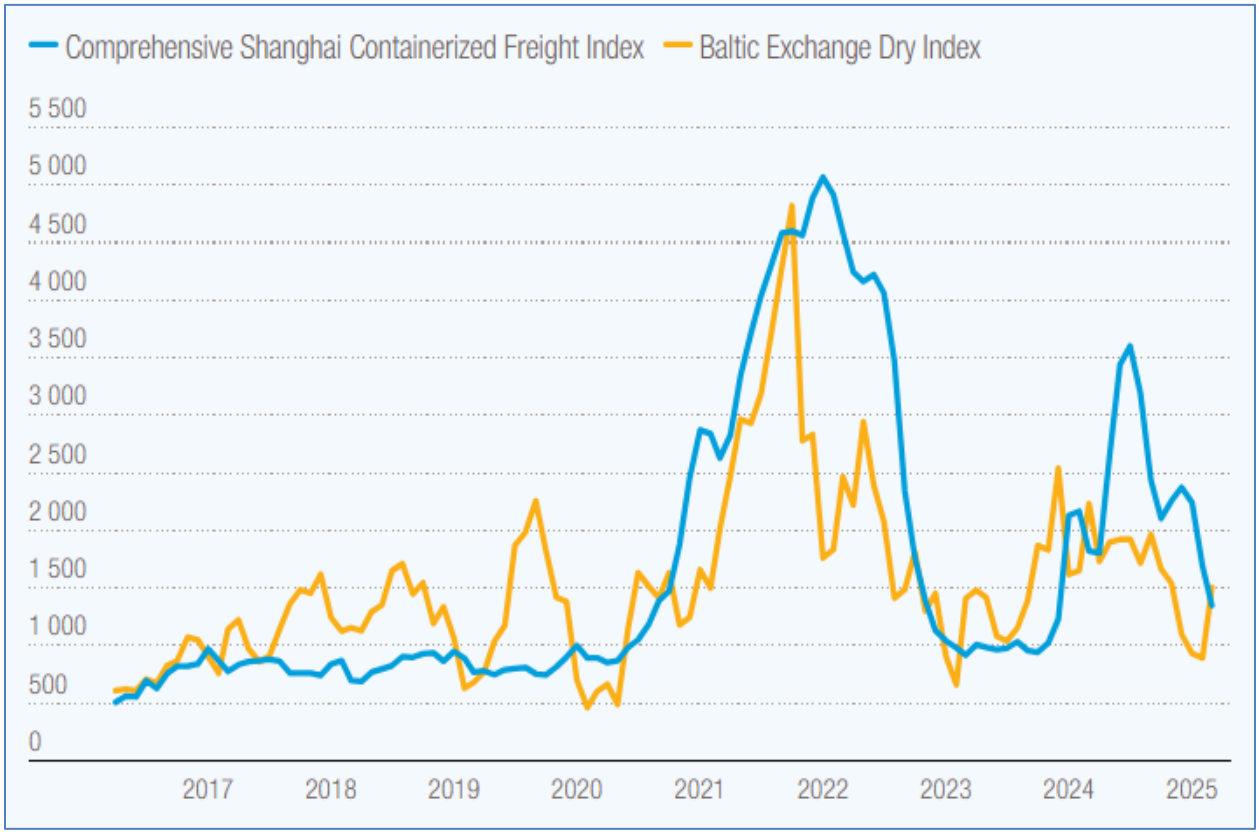
3. Trade and development foresights 2025 – UNCTAD

Merchandise trade dynamism is fading

The late-2024 and early-2025 uptick in global trade was driven in part by front-loaded orders ahead of newly announced tariffs. This momentum is expected to fade over the year as new tariffs come into effect.

Between early January and late March 2025, the Comprehensive Shanghai Export Containerized Freight Index – a key barometer of international shipping and trade activity – fell by 40%, dropping to levels last seen in the pre-pandemic period, when global merchandise trade was already sluggish.

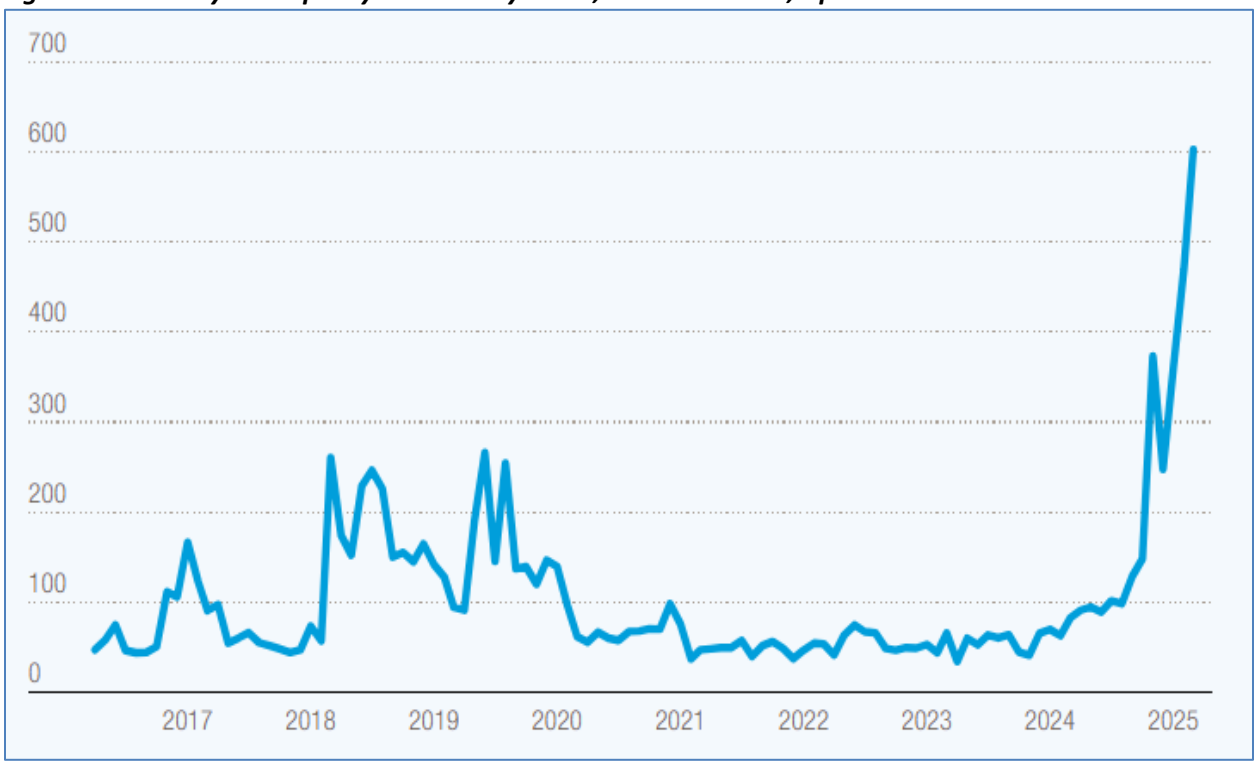
Figure 6: Baltic Exchange Dry Index & Comprehensive Shanghai Containerized Freight Index, base date = 1,000, April 2016 – March 2025



Source- UNCTAD

Trade policy uncertainty is weighing heavily on business confidence and long-term planning and reshaping global trade patterns. Manufacturers and investors are delaying decisions, reassessing supply chain strategies and stepping up risk management efforts.

Figure 7: Monthly trade policy uncertainty index, Index numbers, April 2016 – March 2025



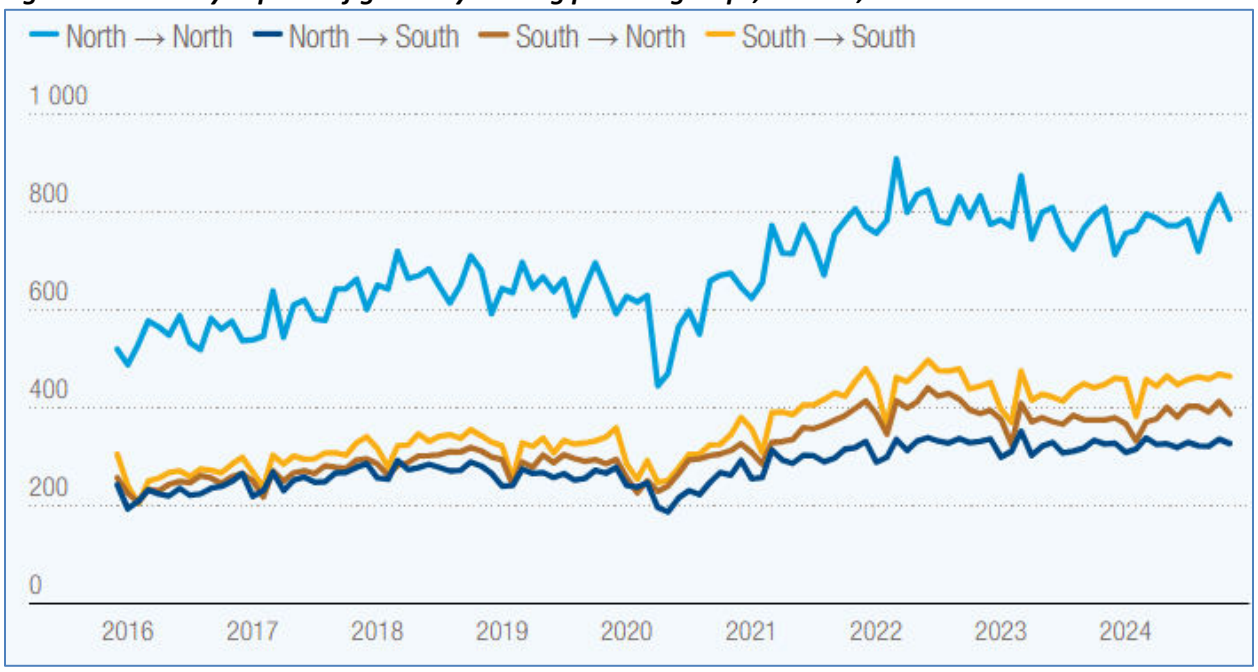
Source- UNCTAD

Many low-income countries face challenges in terms of worsening external conditions, heavy debt burdens and weakening domestic growth. More than a half of low-income countries (35 out of 68) are currently in debt distress or at high risk of debt distress. With borrowing costs still high, governments have to increasingly divert resources from critical spending needs to cover debt-servicing costs.

South-South trade and regional integration offer opportunities

The growth of trade among developing countries (South-South trade), however act as a source of opportunities, resilience, and a buffer against uncertainty. Already accounting for about one third of global trade, South–South trade is expanding faster than other trade flows. Intra-regional trade, particularly in East and South-East Asia, is helping drive this growth.

Figure 8: Monthly exports of goods by trading partner groups, USD bn, Dec 2015 – Nov 2024



Source- UNCTAD

Policy priorities for building resilience

With trade tensions rising and global growth slowing, the key risks of economic fragmentation and geoeconomic confrontation exist, and requires polices for building resilience.

- Strengthening regional and international policy coordination to restore predictability in trade and financial flows.
- Enhancing multilateral cooperation to stabilize markets and protect vulnerable economies.
- Building on existing trade and economic links between developing countries as a pathway to resilience and a buffer against global shocks.
- Rebalancing of fiscal priorities, shifting away from surging military spending towards sustainable infrastructure, social protection, and climate action.
- Aligning fiscal, monetary, and industrial policies with long-term development goals.

4. Escalating tariffs: the impact on small and vulnerable economies- UN

In a new report released on 14 April, 2025, UN Trade and Development (UNCTAD) is amping up calls that the poorest and most vulnerable economies be exempt from “reciprocal tariffs”.

Such tariffs, currently on pause for 90 days, were calculated at rates to balance bilateral merchandise trade deficits between the United States and 57 of its trading partners, which range from 11% for Cameroon to 50% for Lesotho.

The report, entitled "Escalating tariffs: The impact on small and vulnerable economies," finds that in many cases, reciprocal tariffs risk devastating developing and least developed economies, without significantly reducing US trade deficits or increasing revenue collection.

The 57 trading partners concerned – 11 of them least developed countries contribute minimally to US trade deficits, according to UNCTAD. 28 out of these 57 trading partners each account for less than 0.1% of the deficits yet could still be subject to reciprocal tariffs. Some of the 28 countries and their reciprocal tariff rates are mentioned below: -

Figure 9: Some of 28 trading partners targeted by reciprocal tariffs (< 0.1% to total US trade deficit)

Country	Contribution to United States deficit	Reciprocal tariff (90-day pause)
Angola	0.095%	32%
Libya	0.072%	31%
Lao People's Democratic Republic	0.063%	48%
Madagascar	0.054%	47%
Tunisia	0.050%	28%
Serbia	0.048%	38%
Myanmar	0.047%	45%
Côte d'Ivoire	0.035%	21%
Botswana	0.024%	38%
Fiji	0.019%	32%
Lesotho	0.019%	50%
Mauritius	0.015%	40%
Bosnia and Herzegovina	0.010%	36%
Brunei Darussalam	0.009%	24%
North Macedonia	0.009%	33%
Namibia	0.009%	21%
Moldova	0.007%	31%

Source- UN

Potential negative impact on US consumers: -

The report also notes that several countries facing potential reciprocal tariffs export agricultural commodities the US does not produce, for which there are few substitutes. Some examples can be vanilla from Madagascar or cocoa from Côte d'Ivoire and Ghana. In 2024, the US imported vanilla worth approximately $150 million from Madagascar. Cocoa imports from Côte d'Ivoire were close to $800 million, while imports from Ghana were valued at about $200 million. Increasing tariffs on these goods, despite possibilities to add some revenues, is likely to result in higher prices for consumers.

5. Indian Economy

India's economic growth

According to RBI in its April - Monetary Policy Committee (MPC), real GDP growth has been projected at 6.5 per cent for 2025–26, maintaining the same rate as estimated for 2024–25, following a strong expansion of 9.2 per cent in the preceding year.

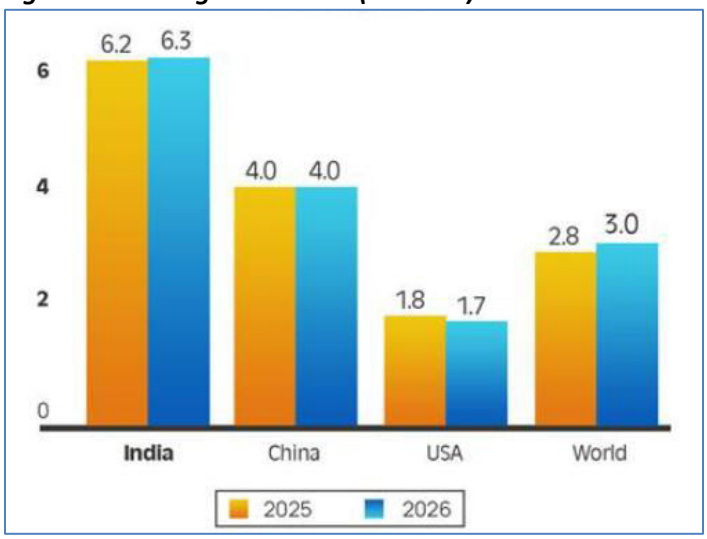
The quarterly projections stand at 6.5 per cent in Q1, 6.7 per cent in Q2, 6.6 per cent in Q3, and 6.3 per cent in Q4. This marks a downward revision of 20 basis points from the February estimate, reflecting heightened global volatility.

According to RBI, agriculture remains on a positive footing, supported by healthy reservoir levels and robust crop production, which is expected to sustain rural demand. Manufacturing is showing early signs of revival amid improved business sentiment, and the services sector continues to demonstrate resilience.

On the investment side, activity is gaining pace on the back of higher capacity utilization, continued government focus on infrastructure, and strong balance sheets of banks and corporates. While services exports are likely to remain steady, merchandise exports could face headwinds from global uncertainties and trade disruptions. Looking ahead, the RBI has projected real GDP growth at 6.7 per cent for 2026–27, suggesting continued recovery momentum.

Further, India is poised to lead the global economy once again, with the International Monetary Fund (IMF) projecting it to remain the fastest growing major economy over the next two years. According to the April 2025 edition of the IMF's World Economic Outlook, India's economy is expected to grow by 6.2 per cent in 2025 and 6.3 per cent in 2026, maintaining a solid lead over global and regional peers. In contrast, the IMF projects global economic growth to be much lower, at 2.8 per cent in 2025 and 3.0 per cent in 2026, highlighting India's exceptional outperformance.

Figure 10: GDP growth rates (2025-26)

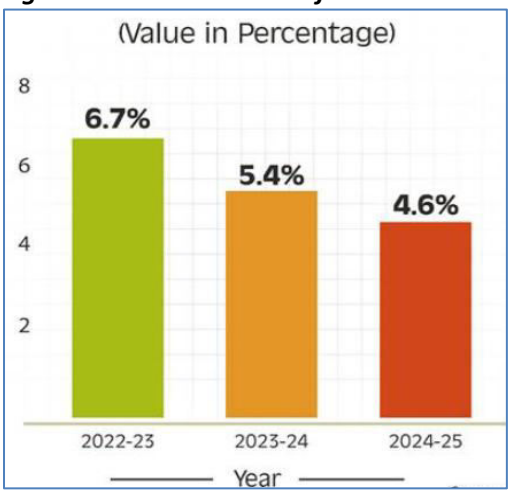


Source- IMF World Economic Outlook, April 2025

Inflation in India

- Retail inflation in India, as measured by the Consumer Price Index (CPI), fell to a remarkable 4.6% in the fiscal year 2024-25, the lowest since 2018-19.
- Retail inflation in India has followed a steady downward path over the past three financial years, falling from 6.7 percent in 2022–23 to 5.4 percent in 2023–24, and further to 4.6 percent in 2024–25.
- Further, the decline in crude oil prices has further strengthened the disinflationary outlook. Accordingly, Consumer Price Index (CPI) inflation for 2025–26 is projected at 4.0 per cent, with quarterly estimates at 3.6 per cent in Q1, 3.9 per cent in Q2, 3.8 per cent in Q3, and 4.4 per cent in Q4.

Figure 11: India's retail inflation on a decline (in %)



Source- RBI

- The year-on-year inflation rate for March 2025 dropped to 3.34%, a decline of 27 basis points from February 2025, marking the lowest monthly inflation rate since August 2019.

Key Monetary Policy decisions-

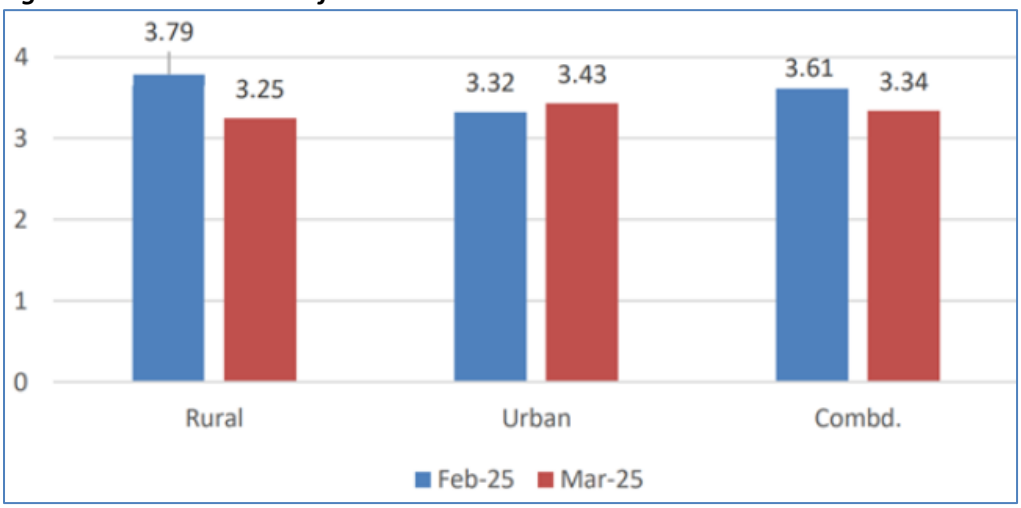
- The Monetary Policy Committee (MPC) unanimously decided to reduce the policy repo rate by 25 basis points, bringing it down to 6 per cent with immediate effect. The repo rate is the rate at which the Reserve Bank of India (RBI) lends money to commercial banks.

- As a result, the Standing Deposit Facility (SDF) rate under the Liquidity Adjustment Facility (LAF) has been adjusted to 5.75 per cent. The SDF allows banks to park excess funds with the RBI without any collateral.

- The Marginal Standing Facility (MSF) rate and the Bank Rate have both been revised to 6.25 per cent. MSF stands for Marginal Standing Facility, a provision made by the RBI that enables scheduled commercial banks to obtain overnight liquidity if inter-bank funds completely dry up.

- These rate adjustments are consistent with the RBI's objective of achieving the Consumer Price Index (CPI) inflation target of 4 per cent, within a flexible band of ±2 per cent, while also supporting economic growth.

Figure 12: Year on Year Inflation rate based on CPI



Source- RBI

Key Highlights for March 2025

- **Food Inflation:** The year-on-year food inflation based on the Consumer Food Price Index (CFPI) stood at 2.69% in March 2025, the lowest since November 2021. This marks a sharp decline of 106 basis points from the previous month.
    - Rural food inflation: 2.82%
    - Urban food inflation: 2.48%

- **Rural Inflation:** A notable fall was recorded in both headline and food inflation in rural areas.
    - Headline inflation fell from 3.79% in February to 3.25% in March
    - Food inflation dropped from 4.06% to 2.82%
- **Urban Inflation:** Headline inflation in urban areas saw a marginal rise to 3.43% in March, up from 3.32% in February. However, food inflation declined significantly from 3.15% to 2.48%.
- **Housing Inflation:** For the urban sector, housing inflation rose slightly to 3.03% in March 2025 from 2.91% in February.
- **Fuel & Light:** Inflation in this category rebounded to 1.48% in March from -1.33% in February, covering both rural and urban areas.
- **Education Inflation:** A moderate increase was noted in education-related inflation, rising to 3.98% from 3.83% the previous month.
- **Health Inflation:** Prices in the health segment saw a mild rise, with inflation at 4.26% in March, up from 4.12% in February.
- **Transport & Communication:** Inflation in this category increased to 3.30% in March 2025 compared to 2.93% in February.
- **Items with Highest Inflation:** In March 2025, the top five items with the highest year-on-year inflation were coconut oil (56.81%), coconut (42.05%), gold (34.09%), silver (31.57%), and grapes (25.55%).
- **Items with Lowest Inflation:** The items witnessing the steepest decline in prices were ginger (-38.11%), tomato (-34.96%), cauliflower (-25.99%), jeera (-25.86%), and garlic (-25.22%).

India PMI

India's private sector expansion reached an eight-month high in April, 2025, fuelled by strong demand and a notable surge in foreign orders for manufactured goods, according to the HSBC Flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global.

The Composite PMI rose to 60.0 in April from 59.5 in March, marking the strongest growth in combined manufacturing and services activity since August. A reading above 50 signals expansion.

The manufacturing sector showed particularly strong momentum, with its PMI climbing to 58.4, up from 58.1, reaching a one-year high. The services sector also maintained solid growth, with its PMI increasing to 59.1 from 58.5, the highest level in four months. Private sector firms noted a record increase in new export orders during April amid healthy demand from Africa, Asia, Europe, the Middle East, and the Americas.

Index Of Eight Core Industries (BASE: 2011-12=100) for March, 2025

The combined Index of Eight Core Industries (ICI) increased by 3.8 per cent (provisional) in March, 2025 as compared to the Index in March, 2024.

The ICI measures the combined and individual performance of production of eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).

The final growth rate of Index of Eight Core Industries for December 2024 was observed at 5.1 per cent. The cumulative growth rate of ICI during April to March, 2024-25 is 4.4 per cent (provisional) as compared to the corresponding period of last year.

The summary of the Index of Eight Core Industries is given below:

- Coal - Coal production (weight: 10.33 per cent) increased by 1.6 per cent in March, 2025 over March, 2024. Its cumulative index increased by 5.1 per cent during April to March, 2024-25 over corresponding period of the previous year.

- Crude Oil - Crude Oil production (weight: 8.98 per cent) declined by 1.9 per cent in March, 2025 over March, 2024. Its cumulative index declined by 2.2 per cent during April to March, 2024-25 over corresponding period of the previous year.

- Natural Gas - Natural Gas production (weight: 6.88 per cent) declined by 12.7 per cent in March, 2025 over March, 2024. Its cumulative index declined by 1.2 per cent during April to March, 2024-25 over corresponding period of the previous year.

- Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 per cent) increased by 0.2 per cent in March, 2025 over March, 2024. Its cumulative index increased by 2.8 per cent during April to March, 2024-25 over corresponding period of the previous year.

- Fertilizers - Fertilizer production (weight: 2.63 per cent) increased by 8.8 per cent in March, 2025 over March, 2024. Its cumulative index increased by 2.9 per cent during April to March, 2024-25 over corresponding period of the previous year.

- Steel - Steel production (weight: 17.92 per cent) increased by 7.1 per cent in March, 2025 over March, 2024. Its cumulative index increased by 6.7 per cent during April to March, 2024-25 over corresponding period of the previous year.

- Cement - Cement production (weight: 5.37 per cent) increased by 11.6 per cent in March, 2025 over March, 2024. Its cumulative index increased by 6.3 per cent during April to March, 2024-25 over corresponding period of the previous year.

- Electricity - Electricity generation (weight: 19.85 per cent) increased by 6.2 per cent in March, 2025 over March, 2024. Its cumulative index increased by 5.1 per cent during April to March, 2024-25 over corresponding period of the previous year.

India's external position

India's forex reserves

- India's foreign exchange reserves saw an increase of $1.567 billion reaching to $677.835 billion, in the week ending April 11, according to the latest data from the Reserve Bank of India (RBI).
- Foreign currency assets (FCA)—the largest component of India's forex reserves—stand at USD 574.98 billion, while gold reserves are valued at USD 79.997 billion.
- SDRs for the above-mentioned week fell by $6 million to stand at $18.356 billion.
- Reserve position in the IMF was up by $43 million to $4.502 billion.
- Thus, according to RBI, India's forex reserves can offer an import cover of nearly 11 months and reflecting the strength of the external sector.

India's foreign trade position

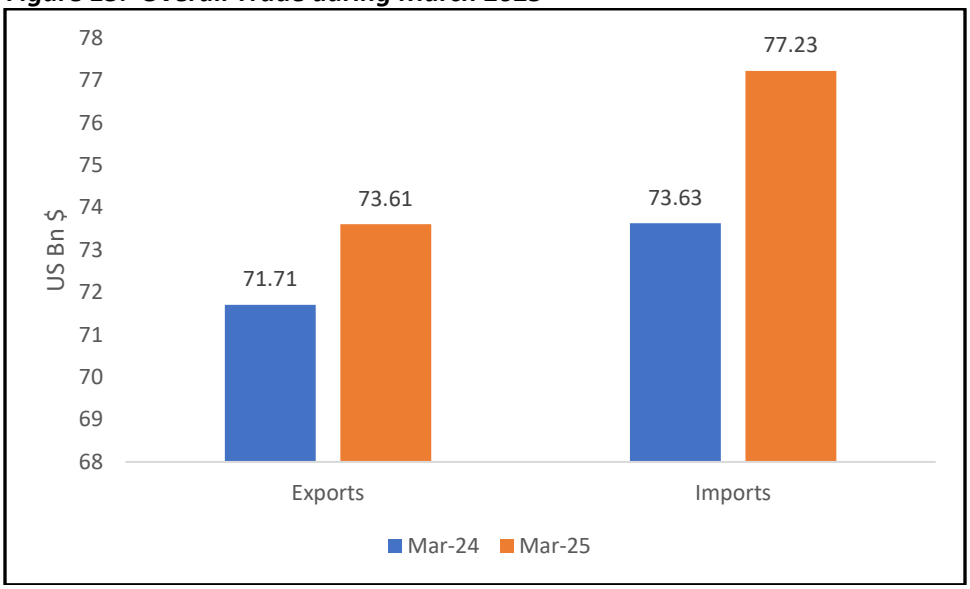
- India's total exports (Merchandise and Services combined) for March 2025 is estimated at US$ 73.61 Billion, registering a growth of 2.65 percent vis-à-vis March 2024.
- Total imports (Merchandise and Services combined) for March 2025 is estimated at US$ 77.23 Billion, registering a growth of 4.90 percent vis-à-vis March 2024.

Table 1: Trade during March 2025

		March 2025 (USD Billion)	March 2024 (USD Billion)
Merchandise	Exports	41.97	41.69
	Imports	63.51	57.03
Services	Exports	31.64	30.01
	Imports	13.73	16.60
Overall Trade (Merchandise + Services)	Exports	73.61	71.71
	Imports	77.23	73.63
	Trade Balance	**-3.63**	**-1.92**

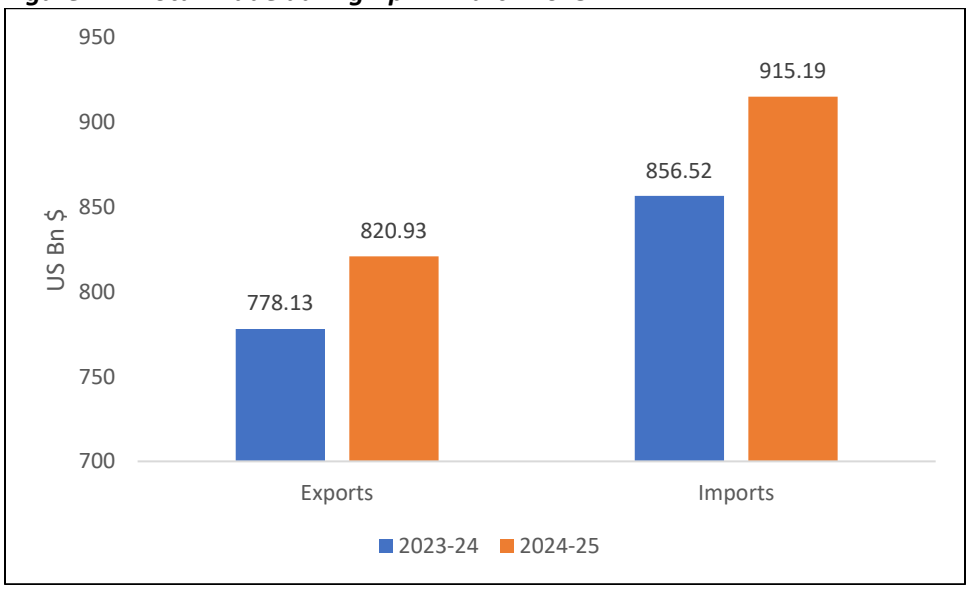
Source- Ministry of Commerce & Industry

Figure 13: Overall Trade during March 2025



Source- RBI

Figure 14: Total Trade during April- March 2025



Source- RBI

- **India's Foreign Trade – April 2024 to March 2025**

  Overall Trade Performance

  - Total Exports (Merchandise + Services): $820.93 billion, registering a 5.50% YoY growth.
  - Total Imports (Merchandise + Services): $915.19 billion, growing by 6.85% YoY.

  Sector-wise Export Growth (March 2025 vs. March 2024)

  High Growth Categories:

  - Coffee: 40.37%
  - Drugs & Pharmaceuticals: 9.39%

- Electronic Goods: 32.47%
- Meat, Dairy & Poultry Products 12.57%
- Tobacco 36.53%
- Tea 11.84%
- Fruits & Vegetables (5.67%)

Declining Import Categories:

- Fertilizers, Crude & Manufactured -2.21%
- Coal, coke & briquettes 20.03%
- Dyeing/tanning/coloring materials -13.42%
- Pearls, precious & semi-precious stones -24.41%
- Iron & Steel -4.61%

Services Sector Growth: Estimated growth in services exports (April 2024 - March 2025): 12.45 % YoY.

Top Export Destinations (Growth in Value Terms)

April 2024 - March 2025 vs. April 2023 - March 2024:

- U S A 11.59%
- U K 12.08%
- Japan 21.12%
- U Arab Emirates 2.84 %
- France 11.42%

Top Import Sources (Growth in Value Terms)

April 2024 - March 2025 vs. April 2023 - March 2024:

- U Arab Emirates 32.06%
- China P Rp 11.52%
- Thailand 43.99%
- U S A 7.44%
- Russia 4.39%

6. India overtakes Germany to become world's third largest generator of electricity from wind and solar: Report

India has surpassed Germany as the world's third-largest generator of electricity from solar and wind power sources in 2024. Solar and wind energy generated 15 per cent of global electricity, with India just behind at 10 per cent, according to a report by global energy think-tank Ember.

The report also added that the world reached a new milestone as all low-carbon sources such as renewables and nuclear power provided 40.9 per cent of the world's electricity generation in 2024, passing the 40 per cent mark for the first time since the 1940s.

According to the report, in comparison, India generated 22 per cent of its electricity from clean sources in 2024, with hydropower as the single largest contributor at 8 per cent of the mix, while wind and solar made up 10%. India's wind and solar generation continue to grow rapidly, nearly doubling in the five years

leading to 2024. While India's clean generation continues to grow, it remains below the global average, highlighting significant potential for further expansion.

The report added that renewables were the main driver of overall clean growth globally, adding a record 858 TWh in 2024, 49 per cent more than the previous high in 2022. Solar was the largest source of new power for the third year running, adding 474 TWh in 2024, as well as the fastest-growing for the 20th year in a row. While global solar generation doubled in three years to reach a share of 6.9 per cent in 2024.

In comparison, India reached a share of 7 per cent solar electricity in 2024, with generation doubling in three years from 2021. India added 24 GW of solar capacity in 2024, more than double the additions in 2023, making it the third largest globally after China and the US. It also recorded the fourth-largest increase in solar generation globally in 2024.

Overall, India's electricity demand grew by 5 per cent in 2024. Clean generation met 33 per cent of the increase in electricity demand, with coal meeting the majority. However, this was significantly lower than in 2023, when coal met 91 per cent of the increase.

7. ADB revises India's FY26 growth forecast to 6.7% amid US tariff risks

The Asian Development Bank (ADB) has revised downwards India's GDP growth forecast for the financial year 2025-26 (FY26) to 6.7 per cent from the earlier 7 per cent in its April 2025 latest outlook report.

A major risk arises from US tariff levies on India's and other countries' exports, which could reduce trade and investment flows and potentially create volatility in the domestic financial market. Global economic uncertainty may also affect completion of investment projects in India, ADB said in its report.

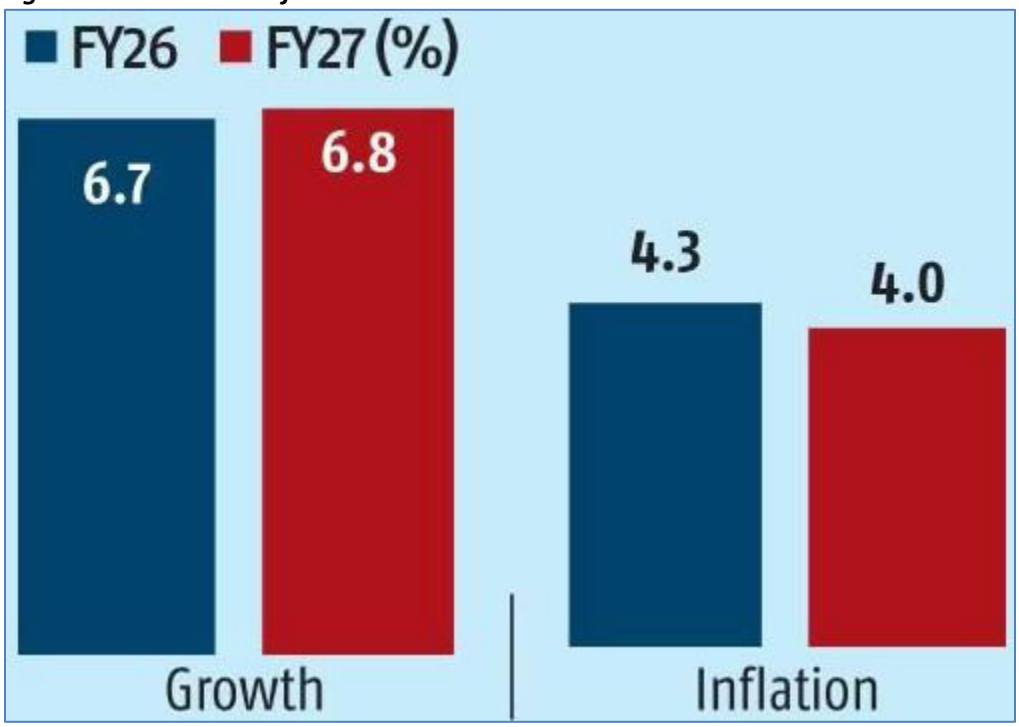
However, ADB in its report highlighted that these risks could potentially be mitigated by a trade agreement between India and US, which is being negotiated and the fact that India's merchandise exports to the US account for a relatively low 2 per cent of GDP.

According to ADB, favorable monetary and fiscal policies, rising rural incomes, and moderating inflation would support India's growth. The growth for the financial year 2026-27 has been projected at 6.8 per cent in the report. Addressing food inflation with extreme weather events would be a challenge for India, which ADB said could impose risks on agricultural outlook.

It further said that developing Asian economies should remain committed to open trade and investment, bolstering economic integration, reconfiguring supply chains to adapt to new tariffs, and seeking new trade agreements among themselves and with third countries.

Countries should also consider macroeconomic policy support in cases where tariffs result in a significant slowdown in growth as well as diversify export markets to reduce concentration risk, the ADB report recommended.

Figure 15: ADB India's forecast



Source- ADB

8. India's outward FDI up 20% at $5.81 bn in March 2025- RBI

India's outward foreign direct investment (FDI) commitments rose about 20 per cent to $5.81 billion in March 2025, up from $ 4.84 billion the same month last year. Sequentially, they rose marginally from $5.57 billion in February, according to data from the Reserve Bank of India (RBI).

Outbound FDI, expressed as a financial commitment, has three components: equity, loans, and guarantees. Equity commitments fell to $ 2.49 billion in March, compared to $2.55 billion a year ago and $3.11 billion in February.

Loan commitments increased more than three-fold to $2.10 billion in March, up from $ 617 million a year ago. They were higher than the $1.14 billion committed in February. Guarantees for overseas units fell to $1.21 billion in March, from $1.67 billion a year ago and down from $1.31 billion in February, RBI data showed.

Outward FDI in the quarter ended March 2025 stood at $10.32 billion with an equity component of $6.78 billion and debt of $3.53 billion. The three top outward FDI destinations for Indian FDI in January-March 2025 were Singapore ($2.09 billion), Mauritius ($1.44 billion) and the United States of America ($1.17 billion).

According to RBI data the actual outward FDI in April 2024-January 2025 stood at $ 20.19 billion, up from $ 11.78 billion in April 2023-January 2024.

9. India ranks 12th globally in Global AI Investment Ranking by Countries in 2025

The AI global market grew to USD 279.22 billion in 2024 and is forecast to grow at a CAGR of 35.9% from 2025 to 2030. Driving the next technology revolution, private AI investment globally has consequently grown substantially in the last decade as countries position themselves for the future.

According to a recent Stanford report, India attracted $1.16 billion in private AI investments in 2024; furthermore, from 2013 to 2024, the total amount of private investments in AI in India reached $11.29 billion, Stanford's report highlights. India is making impressive progress in the global AI landscape, significantly boosting its startup ecosystem. The country is home to **over 240 generative AI startups** and is heavily investing in private funding for artificial intelligence (AI).

Figure 16: AI investments over past decade

Rank	Country	Total Investment (in USD, Billions)
1	United States	470.9
2	China	119.3
3	United Kingdom	28.2
4	Canada	15.3
5	Israel	15
6	Germany	11.3
7	India	11.1
8	France	9
9	South Korea	7.3
10	Singapore	7.3

Source- Stanford AI Index 2025

In a notable mention, the U.S. raised nearly half a trillion dollars in private investment in AI, higher than the rest of the world combined from 2013 to 2024, according to the same report. Further, China also made substantial AI investments totalling $119.3 billion, with the UK following next with $28.2 billion of investment. Alongside them, Canada and Israel made significant contributions, investing $15 billion in AI over the past decade. Other than the top 10, countries like Israel ($15.0 billion), Singapore ($7.3 billion), Sweden ($7.3 billion), Japan ($5.9B), Australia ($4B), Switzerland ($3.9B), and the United Arab Emirates ($3.7B) have attracted significant AI investments over the past decade.

Lessons from Economics

K-Shaped Recovery

A K-shaped recovery occurs when, following a recession, different parts of the economy recover at different rates, times, or magnitudes. It is called K-shaped because the path of the different parts of the economy when charted together may diverge, resembling the two arms of the letter "K."

A K-shaped recovery leads to changes in the structure of the economy as economic outcomes and relations are fundamentally changed before and after the recession.

The term "K-shaped" recovery gained prominence in 2020 and 2021 in the wake of the sharp recession in the U.S. that accompanied the COVID-19 pandemic. It was used to describe the uneven economic recovery across different sectors, industries, and groups of people in the economy.

Unlike other letter-shaped descriptors of economic recessions and recoveries (e.g. L-shaped, V-shaped, U-shaped, W-shaped), which describe the path of economy-wide macroeconomic aggregate variables like gross domestic product (GDP) or total employment, a K-shaped recovery describes the path of different dis-aggregated economic variables, such as income across different segments of society or employment in different industries, relative to one another.

Causes of a K-Shaped Recovery

- K-shaped recovery can reflect creative destruction in an economy as described by economist Josef Schumpeter, which occurs when new technologies and industries replace older technologies and industries over the course of a recession.
- It can reflect the public policy response to a recession in terms of monetary and fiscal policy, which can benefit some segments of the economy more than others.

Fiscal Policy During a K-Shaped Recovery

Fiscal policy is applied when the government changes its taxation and spending to help steer the economy. During a K-shaped recovery, governments can selectively implement tax breaks and other incentives that target certain industries, leading those sectors to recover at a faster pace than those left unaffected by the policy measures. The government also can choose to spend on infrastructure or other projects that benefit a certain industry.

Example of K shaped recovery-

Some economists have pointed to the aftermath of the economic fallout due to the pandemic as resulting in a K-shaped recovery. For instance, the technology sector remained robust amid work-at-home measures, teleconferencing, and lockdowns that kept people online and streaming. Likewise, parts of the healthcare sector that worked on vaccines and treatments saw a boost. Meanwhile, service-based industries such as restaurants, travel, and hospitality took an outsized hit.

Thus, a K-shaped economic recovery is where various sectors, industries, and groups within an economy recover at different rates after a recession. This can happen for several reasons related to technological and structural change within an economy as well as responses to a recession by policymakers.

Oil Market

Crude oil price – Monthly Review

Following a period of relative stability, global oil markets were disrupted by a series of trade tariff announcements in early April. Benchmark crude oil prices plunged to their lowest levels in four years on a sharp escalation in trade tensions and the prospect of higher supplies from some OPEC+ countries. Brent futures tumbled by more than $15/bbl, to below $60/bbl, but subsequently recovered to around $65/bbl after the implementation of some of the tariffs was postponed. While imports of oil, gas and refined products were given exemptions from the tariffs announced by the United States, concerns that the measures could stoke inflation, slow economic growth and intensify trade disputes weighed on oil prices.

The downward spiral in oil prices was also fuelled by the surprise decision of eight OPEC+ members, which were party to voluntary cuts since November 2023, to triple their scheduled production target increases for May to 411 kb/d. However, the actual increase may be much smaller, as a number of countries, including Kazakhstan, the United Arab Emirates and Iraq are already producing well above their targets. Notably, Kazakh crude oil output reached a record high of 1.8 mb/d following the start-up of the Chevron - operated Tengiz oilfield expansion project. This puts Kazakhstan some 390 kb/d above its OPEC+ output quota. In addition, several countries in the group have committed to compensate for earlier overproduction in the coming months, which may negate most of the increase.

The significant drop in oil prices rattled the US shale patch, with firms arguing they need $65/bbl on average to profitably drill new light tight oil wells, according to the latest Dallas Fed Energy Survey. New tariffs may also make it more expensive to buy steel and equipment, further discouraging drilling. Along with the impact of Chinese tariffs on imports of US ethane and LPG, this has resulted in a downward revision of 150 kb/d to our US oil supply forecast for this year, with growth now assessed at 490 kb/d. However, conventional oil projects remain on track, with total non-OPEC+ supply expected to rise by 1.3 mb/d.

Hedge funds and other money managers' net long positions dropped in the first half of the month by nearly 7%, fuelling oil price volatility. However, net long positions rebounded in the second half of the month. Between the Last weeks of February and March, speculators raised net long positions in the two major futures contracts ICE Brent and NYMEX WTI by nearly 23% and were net buyers of about 66 mb.

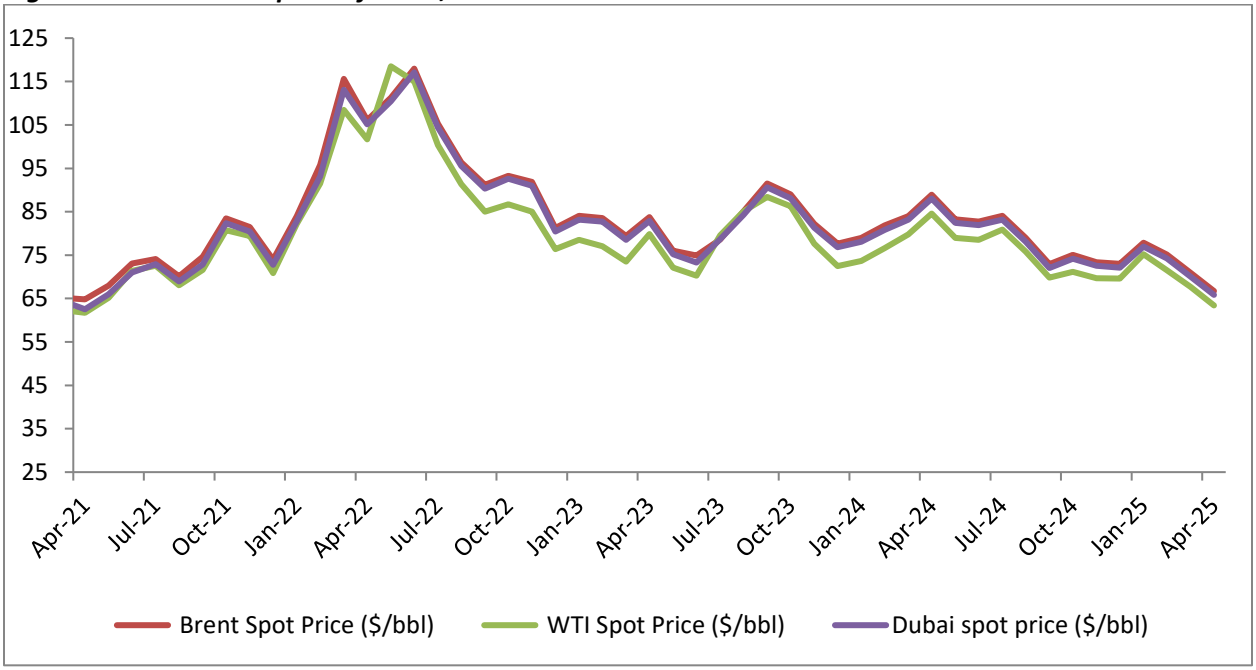
Crude oil spot prices fell for a second consecutive month in March, driven by the decline in oil futures markets and further easing of oil supply risk premiums. Spot prices also came under pressure from lower refining margins in all major markets, as well as lower global refinery intake amid refinery maintenance season. Higher crude stocks in the US and signs of a well-supplied crude market in the Atlantic Basin also weighed on the spot market. The drop in spot prices was particularly pronounced in sour crude benchmark Dubai as worries about supply disruptions of sour crude eased. The Dubai benchmark also faced downward pressure due to slow demand from Asia Pacific refiners and more favorable west-to-east arbitrage economics.

In March, the ORB value declined by $2.81, or 3.7%, m-o-m, to stand at $74.00/b, as all ORB component values decreased alongside their respective crude oil benchmarks. This largely offset higher official selling

prices for all three markets, the US, Europe, and Asia. Year-to-date, the ORB value was lower by $5.00, or 6.1%, compared to the previous year, at $76.77/b.

Brent crude ranged an average to $66.74 a barrel and WTI ranged to $63.43 per barrel in the month of April 2025.

Figure 17: Benchmark price of Brent, WTI and Dubai crude



Source- World Bank

- Brent crude price averaged $66.74 per bbl in April 2025, down by 5.9% on a month on month (MoM) and by 25.0% on year on year (YoY) basis, respectively.

- WTI crude price averaged $63.43 per bbl in April 2025, down by 6.2% on a month on month (MoM) and by 25.0% on year on year (YoY) basis, respectively.

- Dubai crude price averaged $65.85 per bbl in April 2025, down by 6.0% on a month on month (MoM) and by 25.2% on year on year (YoY) basis, respectively.

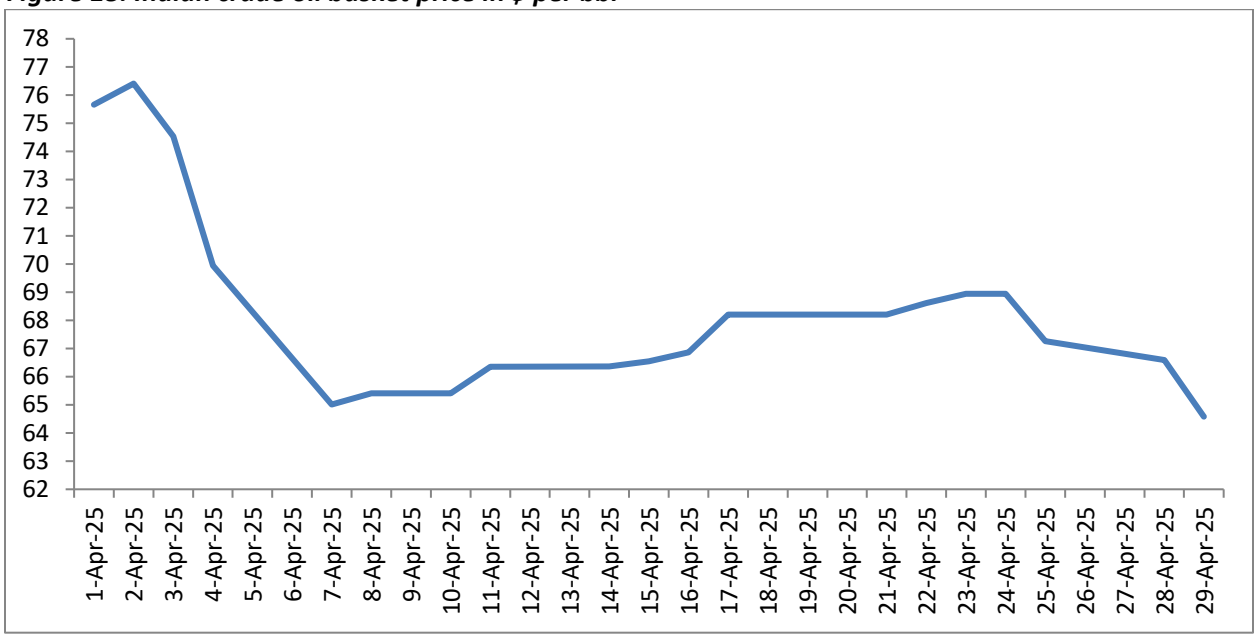
Table 2: Crude oil price in April, 2025

Crude oil	Price ($/bbl)	MoM (%) change	YoY (%) change
Brent	66.74	-5.9%	-25.0%
WTI	63.43	-6.2%	-25.0%
Dubai	65.85	-6.0%	-25.2%

Source- World Bank

Indian Basket Crude oil price

Figure 18: Indian crude oil basket price in $ per bbl



Source- PPAC

- Indian crude basket price averaged $67.99 per barrel in April 2025, down by 6.2% on Month on Month (M-o-M) and by 24.0% on a year on year (Y-o-Y) basis, respectively.

Oil production situation

- Non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is forecast to grow by about 0.9 mb/d, y-o-y, in 2025.
- The main growth drivers are expected to be the US, Canada, Brazil and Argentina. Non-DoC liquids supply growth in 2026 also revised down slightly to about 0.9 mb/d, with the US, Brazil, Canada and Argentina as the key drivers. Meanwhile, natural gas liquids (NGLs) and non-conventional liquids from countries participating in the DoC are forecast to grow by 0.1 mb/d, y-o-y, in 2025, to average 8.4 mb/d, followed by an increase of about 0.1 mb/d, y-o-y, in 2026, to average 8.5 mb/d. Crude oil production by the countries participating in the DoC dropped by 37 tb/d in March, m-o-m, averaging about 41.02 mb/d, as reported by available secondary sources.

Table 3: Non-DoC liquids production in 2025, mb/d

Non-OPEC liquids production	2024	1Q25	2Q25	3Q25	4Q25	2025
Americas	27.71	27.97	28.13	28.32	28.60	28.26
of which US	*21.76*	*21.73*	*22.22*	*22.30*	*22.41*	*22.17*
Europe	3.53	3.58	3.56	3.57	3.63	3.58
Asia Pacific	0.44	0.42	0.42	0.43	0.43	0.43
Total OECD	**31.68**	**31.98**	**32.10**	**32.31**	**32.67**	**32.27**
China	4.56	4.62	4.61	4.52	4.53	4.57
India	0.80	0.84	0.83	0.84	0.84	0.84
Other Asia	1.61	1.62	1.59	1.57	1.57	1.59
Latin America	7.22	7.33	7.37	7.49	7.64	7.46
Middle East	1.99	1.99	2.01	2.00	2.00	2.00
Africa	2.33	2.35	2.35	2.35	2.34	2.35
Other Eurasia	0.37	0.36	0.37	0.37	0.37	0.37
Other Europe	0.10	0.09	0.10	0.10	0.10	0.10
Total Non-OECD	**19.00**	**19.21**	**19.22**	**19.24**	**19.38**	**19.26**
Total Non-DoC production	50.68	51.18	51.32	51.56	52.06	51.53
Processing gains	2.52	2.57	2.57	2.57	2.57	2.57
Total Non-DoC liquids production	**53.20**	**53.75**	**53.89**	**54.13**	**54.63**	**54.10**

Source- OPEC monthly report, April 2025

- From the above table, it can be inferred, that the total non-DoC liquids production is expected to reach 54.10 mb/d by 2025.
- The non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is forecast to grow by about 0.9 mb/d, y-o-y in 2025.

Oil demand situation

- The global oil demand growth forecast for 2025 is revised down slightly to 1.3 mb/d, y-o-y. This minor adjustment is mainly due to received data for 1Q25 and the expected impact on oil demand given recently announced US tariffs. In the OECD, oil demand is expected to grow by 0.04 mb/d, while non-OECD demand is forecast to expand by almost 1.25 mb/d in 2025.
- The forecast for global oil demand growth in 2026 is revised down slightly to about 1.3 mb/d. The OECD is expected to grow by around 0.1 mb/d, y-o-y, in 2026, while demand in the non-OECD is forecast to increase by 1.2 mb/d, y-o-y, in 2026.

Table 4: World Oil demand, mb/d

	2024	1Q25	2Q25	3Q25	4Q25	2025	Growth	%
Total OECD	**45.70**	**44.94**	**45.49**	**46.28**	**46.24**	**45.74**	**0.04**	**0.10**
~ of which US	*20.42*	*20.02*	*20.40*	*20.67*	*20.72*	*20.46*	*0.03*	*0.17*
Total Non-OECD	**58.06**	**59.23**	**58.76**	**59.07**	**60.17**	**59.31**	**1.25**	**2.16**
~ of which India#	*5.55*	*5.79*	*5.84*	*5.50*	*5.92*	*5.76*	*0.21*	*3.76*
~ of which China	16.68	16.94	16.68	17.05	17.11	16.95	0.27	1.62
Total world	**103.75**	**104.16**	**104.25**	**105.35**	**106.41**	**105.05**	**1.30**	**1.25**

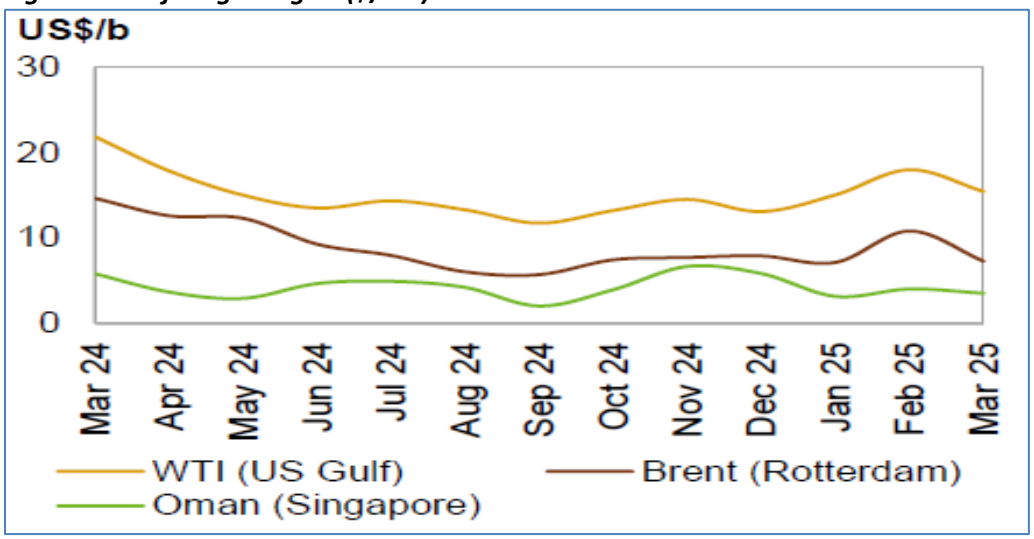
Source- OPEC monthly report, April 2025

Global petroleum product prices

USGC refining margins declined from the ten-month high reached in the previous month. This downturn reflected the monthly rise in USGC refinery runs as several refineries returned to full operation following maintenance. In terms of products, middle distillates and naphtha represented the main sources of the weakness amid stock build registered throughout the month and soft domestic demand. On the other hand, similarly to what was witnessed in the previous month, gasoline margins continued to strengthen considerably with implied increasing US domestic demand in line with seasonal trends and a tightening domestic balance. According to preliminary data, refinery intake in the USGC was 270 tb/d higher, m-o-m, averaging 15.98 mb/d in March. USGC margins against WTI averaged $15.41/b in March, down by $2.53, m-o-m, but up 43¢, y-o-y.

Refinery margins in Rotterdam against Brent reversed trends to exhibit the strongest loss compared to its other regional counterparts, following the robust performance registered in the previous month. Crack spreads for all products across the barrel showed losses with gasoil representing the strongest negative performer in March. The drop in Northwest European (NWE) refining economics emerged despite a significant decline in total product inventories at the Amsterdam-Rotterdam-Antwerp (ARA) storage hub, amid a monthly decline in NWE refinery runs due to heavy maintenance and a decline in gasoil imports due to subdued inland requirements. The pressure on total product inventories derived from all product categories with the exception of jet fuel which showed an 18% inventory rise, m-o-m, and naphtha which was 31% higher, m-o-m, according to Platts data from 3 April 2025, with jet fuel having possibly experienced a regional overhang. Refinery runs in March continued to decline, dropping 220 tb/d, m-o-m, and averaging 8.99 mb/d in EU-14 plus Norway and the UK. Refinery margins against Brent in Europe averaged $7.27/b in March, which was $3.53 lower, m-o-m, and $5.01 lower, y-o-y.

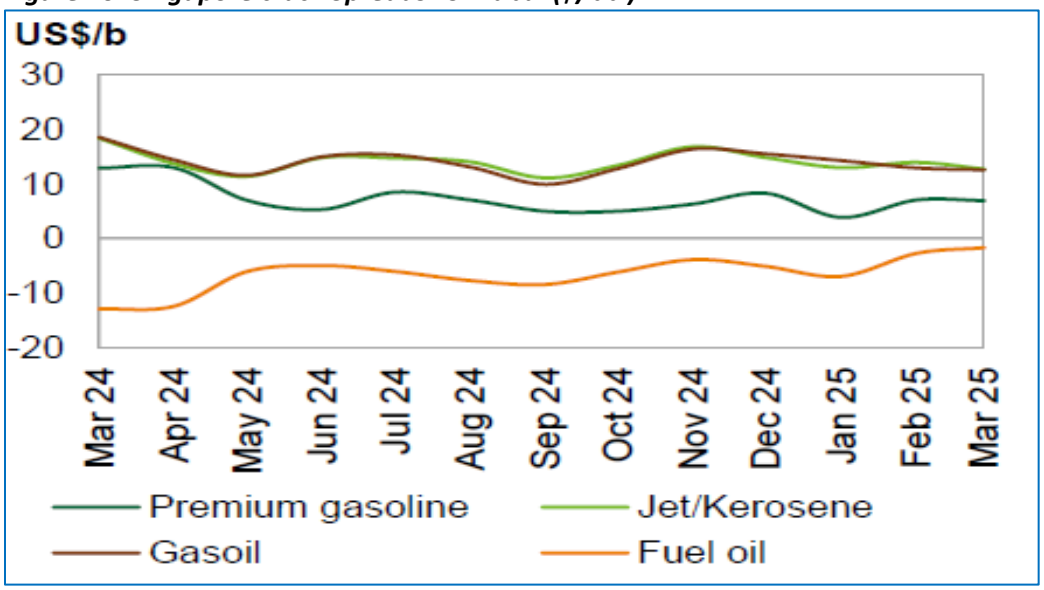
Figure 19: Refining Margins ($/bbl)



Source- Argus and OPEC

The Southeast Asia gasoline 92 crack spread against Dubai remained volatile as it reversed direction again in March to show a modest loss. Healthy regional gasoline supplies and subdued domestic demand (as Asia typically drops to its seasonal low during April and May), weighed on gasoline markets in Southeast Asia. However, going forward, a potential pick-up in gasoline demand across regions during the upcoming summer season, as well as a projected rise in Asian refinery maintenance activities, should provide some support in the near term. The product's margin averaged $6.92/b in March, down 12¢, m-o-m, and $5.96, y-o-y.

Figure 20: Singapore crack Spreads vs. Dubai ($/bbl)



Source- Argus and OPEC

The Singapore gasoil crack spread eased representing the second main source of weakness, following jet/kerosene, in the month of March. Despite lower supplies from China to Singapore, the persistently narrow East-to-West spread amid healthy inflows from India and the Middle East continued to weigh on the products' performance. The Singapore gasoil crack spread against Dubai averaged $12.55/b, down 37¢, m-o-m, and $6.00, y-o-y.

Table 5: Singapore FOB, refined product prices ($/bbl) in March 2025

Singapore product prices	Price ($/b)	MoM (%) change	YoY (%) change
Naphtha	69.66	-3.9%	-8.9%
Premium gasoline (unleaded 95)	81.01	-6.1%	-20.2%
Regular gasoline (unleaded 92)	79.53	-6.2%	-18.1%
Jet/Kerosene	85.26	-7.0%	-16.9%
Gasoil/Diesel (50 ppm)	86.02	-5.8%	-16.8%
Fuel oil (180 cst 2.0% S)	84.86	-6.2%	-16.3%
Fuel oil (380 cst 3.5% S)	70.89	-5.5%	-0.5%

Source- OPEC

Petroleum products consumption in India

Monthly Review:

- Overall consumption of all petroleum products in March 2025 with a volume of 20.91 MMT registered de-growth of 0.85% on volume of 21.09 MMT in March 2024.
- MS (Petrol) consumption during the month of March 2025 with a volume of 3.51 MMT recorded a growth of 5.68% on volume of 3.32 MMT in March 2024.
- HSD (Diesel) consumption during the month of March 2025 with a volume of 8.08 MMT recorded growth of 0.47% on volume of 8.04 MMT in the month of March 2024.
- LPG consumption during the month of March 2025 with a volume of 2.72 MMT registered a growth of 4.18% over the volume of 2.61 MMT in the month of March 2024.
- ATF consumption during March 2025 with a volume of 0.801 MMT registered a growth of 5.74% over the volume of 0.758 MMT in March 2024.
- Bitumen consumption during March 2025 with a volume of 0.986 MMT registered de-growth of 0.34% over volume of 0.990 MMT in the month of March 2024.
- Kerosene consumption registered a growth of 3.74% during the month of March 2025 as compared to March 2024.

Table 6: Petroleum products consumption in India, March 2025 and Year till Date (YTD)

	Monthly			Year till Date	
Consumption of Petroleum Products (P)	**Consumption in '000 MT**	**MoM (%) change**	**YoY (%) change**	**Consumption in '000 MT**	**YoY (%) change**
LPG	2,722	5.8%	4.2%	31,320	5.64%
Naphtha	1,078	14.0%	-9.5%	13,162	-3.03%
MS	3,512	10.7%	5.7%	40,005	7.49%
ATF	801	9.0%	5.7%	8,985	8.98%
SKO	33	3.3%	3.7%	408	-15.75%
HSD	8,077	10.0%	0.5%	91,407	1.93%
LDO	91	47.4%	36.5%	838	7.26%
Lubricants & Greases	458	29.2%	10.2%	4,597	19.07%
FO & LSHS	483	1.5%	-9.4%	6,458	-1.40%
Bitumen	986	18.5%	-0.3%	8,333	-4.78%
Petroleum coke	1,887	1.8%	15.6%	22,047	18.43%
Others	783	3.6%	-47.7%	11,609	-20.30%
TOTAL	**20,911**	**9.3%**	**-0.9%**	**2,39,169**	**3.11%**

Source- PPAC

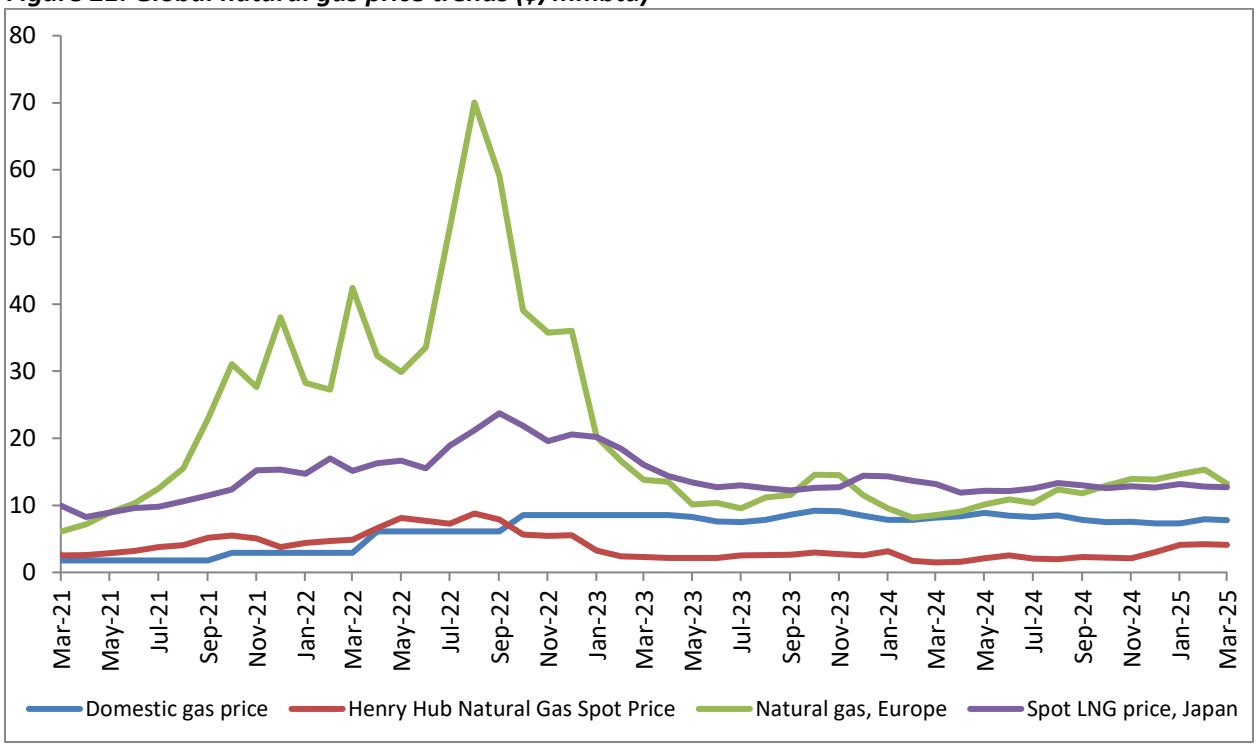
Year Till Date: 1st April 2024 – 31st March 2025

Natural Gas Market

Natural Gas Price – Monthly Review

- Natural gas spot prices at the US Henry Hub benchmark averaged $4.12 per million British thermal units (MMBtu) in March 2025. Henry Hub's natural gas prices receded in March after trending upwards for three consecutive months. Earlier in the month, prices were supported by reports of a decline in storage levels amid residential heating demand. However, they closed the month down by 2.2%, m-o-m, pressured by softer US LNG exports amid maintenance activities at key export hubs. However, they were still up by more than 100%, y-o-y.
- Natural gas spot price at the Title Transfer Facility (TTF) in the Netherlands in Europe traded at an average of $13.24 per MMBtu. The average Title Transfer Facility (TTF) declined in March after two consecutive months of gains, falling by 13.7%, m-o-m. TTF prices fell sharply amid a retraction in the geopolitical risk premium. Moreover, expectations of additional LNG capacity in the US eased market concerns about supply risk ahead of the beginning of the injection season. According to data from Gas Infrastructure Europe, EU storage levels were at 33.8% of capacity as of 31 March. Prices were down by 54.7%, y-o-y.
- Japan Liquefied Natural Gas Import Price averaged at $12.70 per MMBtu for March 2025. There is a change of -0.6% from last month and -3.7% from one year ago.
- The Union Cabinet has approved a new formula for pricing of natural gas and imposed cap or ceiling price on the same. Natural gas produced from legacy or old fields, known as APM gas, will now be indexed to crude oil prices. From April 1 2023, APM gas will be priced at 10% of the price of basket of crude oil that India imports. The rate such arrived at however will be capped at US$ 6.50 per MMBTU. The price such arrived at will also have a floor of US$4 per MMBTU. As per notification dated 31st March 2025, the APM gas price has been raised to US$ 6.75 per MMBTU, up from US$ 6.50 per MMBTU.
- Further, in accordance with MoP&NG, Govt. of India, pricing freedom for gas being produced from discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas, the gas price ceiling for the period 1st April, 2023 - 30th September, 2023 was notified as US$ 12.12/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March, 2023. As per notification dated 30th September 2023, Gas price ceiling was further revised for the period 1st October, 2023 – 31st March, 2024 was notified as US$9.96/MMBTU on Gross Calorific Value (GCV) basis. Prices were further revised for the period 1st April, 2024 – 30th September, 2024 was notified as US$9.87/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March 2024. Accordingly, for the period 1st October, 2024 – 31st March, 2025 gas price ceiling was further revised as US$10.16/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2024. Now, as per notification dated 31st March 2025, Gas price ceiling was further revised for the period 1st April, 2025 – 30th September, 2025 was notified as US$10.04/MMBTU on Gross Calorific Value (GCV) basis.

Figure 21: Global natural gas price trends ($/mmbtu)



Source- EIA, World Bank

Table 7: Gas price, March 2025

Natural Gas	Price ($/MMBTU)	MoM (%) change	YoY (%) change
India, Domestic gas price (Apr'25)	7.26	-6.92%	-13.37%
India, Gas price ceiling – difficult areas (Apr-Sep'25)	10.04	-1.18%	1.72%
GIXI (Gas index of India) price*	14.01	9%	38%
Henry Hub	4.12	-1.7%	176.5%
Natural Gas, Europe	13.24	-13.7%	54.9%
Liquefied Natural Gas, Japan	12.70	-0.6%	-3.7%

Source- EIA, PPAC, World Bank, IGX
**Prices are weighted average prices (excluding ceiling price gas)*

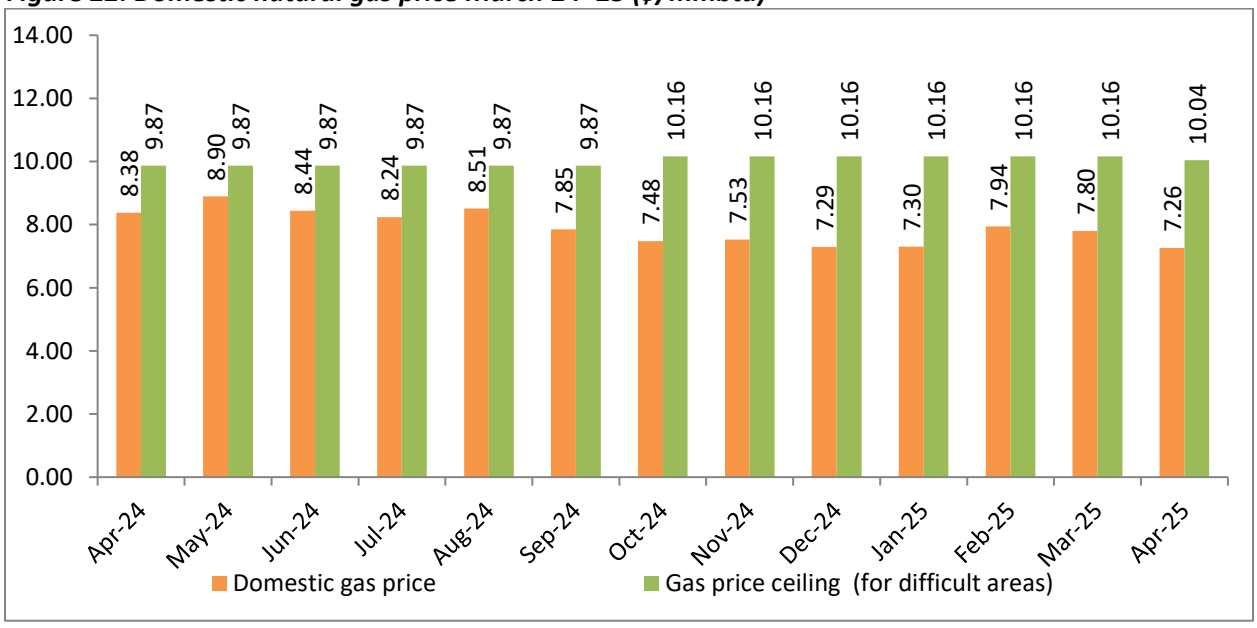
Table 8: Gas price, GCV Basis

Period	Domestic Gas calculated price in US$/MMBTU	Gas price ceiling – difficult areas price in US$/MMBTU
1-31 May 2023	8.27	12.12
1-30 June 2023	7.58	12.12
1-31 July 2023	7.48	12.12
1-31 August 2023	7.85	12.12
1-30 September 2023	8.60	12.12

Period	Domestic Gas calculated price in US$/MMBTU	Gas price ceiling – difficult areas price in US$/MMBTU
1-31 October 2023	9.20	9.96
1-30 November 2023	9.12	9.96
1-31 December 2023	8.47	9.96
1-31 January 2024	7.82	9.96
1-29 February 2024	7.85	9.96
1-31 March 2024	8.17	9.96
1-30 April 2024	8.38	9.87
1-31 May 2024	8.90	9.87
1-30 June 2024	8.44	9.87
1-31 July 2024	8.24	9.87
1-31 August 2024	8.51	9.87
1-30 September 2024	7.85	9.87
1-31 October 2024	7.48	10.16
1-30 November 2024	7.53	10.16
1-31 December 2024	7.29	10.16
1-31 January 2025	7.30	10.16
1-28 February 2025	7.94	10.16
1-31 March 2025	7.80	10.16
1-30 April 2025	7.26	10.04

Source- PPAC

Figure 22: Domestic natural gas price March'24–25 ($/mmbtu)



Source- PPAC

Indian Gas Market

- Gross production of natural gas for the month of March 2025 (P) was 2988 MMSCM which was lower by 4.8% compared with the corresponding month of the previous year.

- Total import of LNG (provisional) during the month of March 2025 was 3044 MMSCM (P) (a decrease of 0.3% over the corresponding month of the previous year).

- Natural gas available for sale during March 2025 was 5533 MMSCM (P) (a decrease of 1.6% over the corresponding month of the previous year).

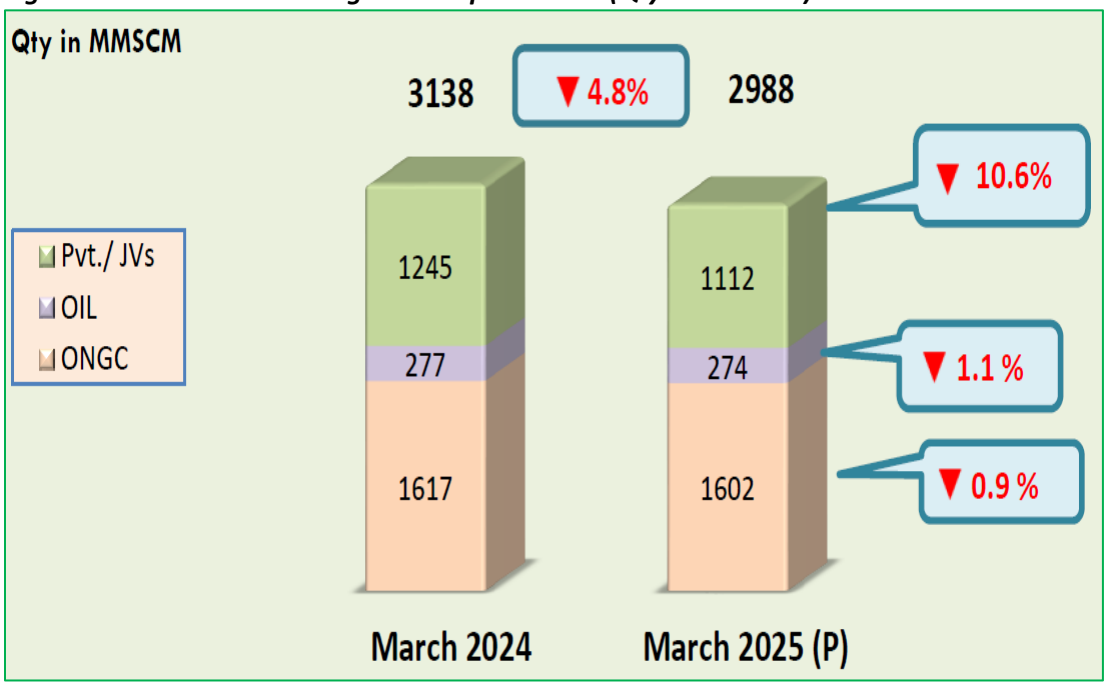
- Total consumption during March 2025 was 5663 MMSCM (provisional). Major consumers were fertilizer (29%), City Gas Distribution (CGD) (23%), Power (10%), Refinery (8%) and Petrochemicals (5%).

Monthly Report on Natural gas production, imports, and consumption – March 2025

1. Domestic Natural Gas Gross Production:

Domestic natural gas gross production for the month of March 2025 was 2988 MMSCM (decrease of 4.8% over the corresponding month of the previous year).

Figure 23: Domestic natural gas Gross production (Qty in MMSCM)

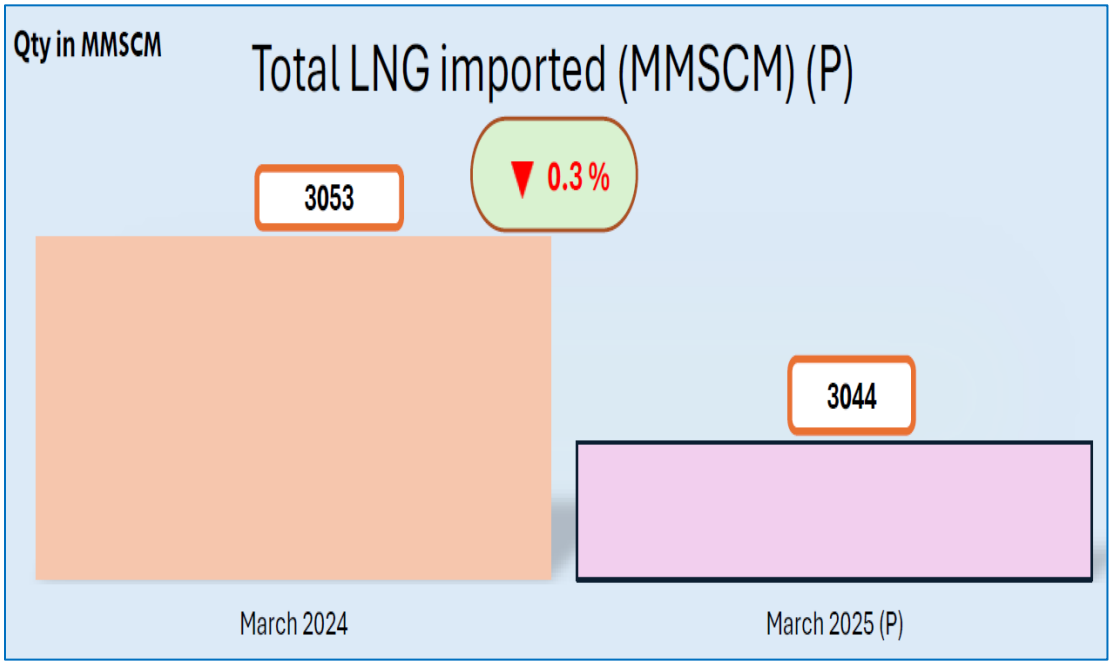


Source- PPAC

2. LNG imports:

Total import of LNG (provisional) during the month of March 2025 was 3044 MMSCM (P) (a decrease of 0.3% over the corresponding month of the previous year).

Figure 24: LNG imports (Qty in MMSCM)

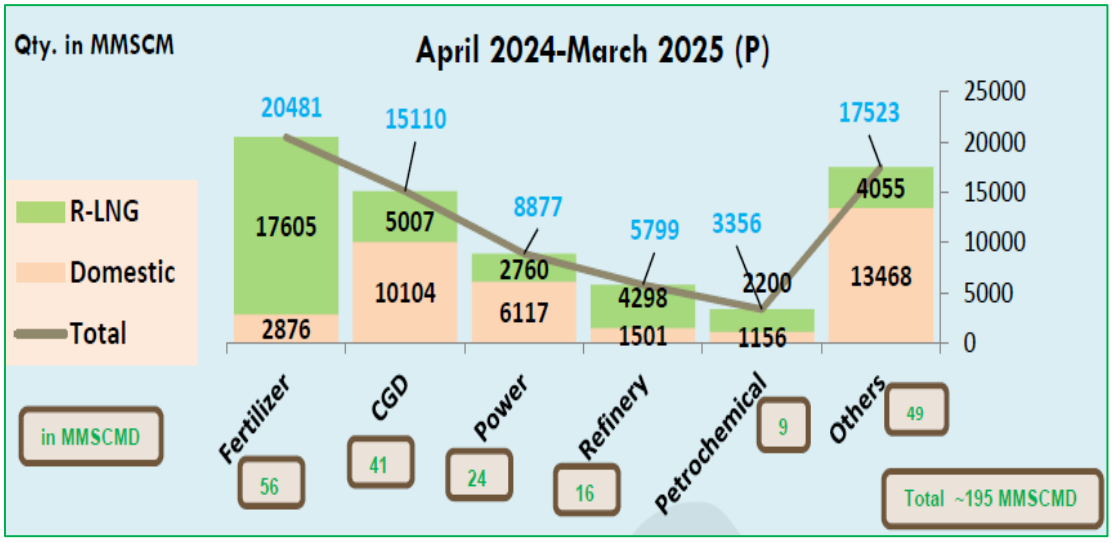


Source- PPAC

3. Sectoral Consumption of Natural Gas:

Major consumers were fertilizer, CGD, power, refinery, petrochemicals among others.

Figure 25: Sectoral Consumption of Natural Gas (Qty in MMSCM) in April 2024-March 2025



Source- PPAC

Key developments in Oil & Gas sector

- **Monthly Production Report for March, 2025**

1. Production of Crude Oil

Indigenous crude oil and condensate production during March 2025 was 2.4 MMT. Nomination fields of OIL registered a production of 0.3 MMT, Nomination fields of ONGC registered a production of 1.6 MMT whereas PSC/RSC which includes production from Private/JV and PSU registered production of 0.5 MMT during March 2025. There is a de-growth of 3.1% in crude oil and condensate production during March 2025 as compared with the corresponding period of the previous year.

2. Production of Natural Gas

Gross production of natural gas for the month of March 2025 (P) was 2988 MMSCM which was lower by 4.8% compared with the corresponding month of the previous year. The cumulative gross production of natural gas of 36113 MMSCM for the current financial year till March 2025 was lower by 0.9% compared with the corresponding period of the previous year.

3. Crude Oil Processed (Crude Throughput)

Total Crude oil processed during March 2025 was 22.9 MMT which is 1.9% lower than March 2024, where PSU/JV refiners processed 16.3 MMT and private refiners processed 6.6 MMT of crude oil. Total indigenous crude oil processed was 2.1 MMT and total Imported crude oil processed was 20.8 by all Indian refineries (PSU+JV+PVT). There was a growth of 2.3% in total crude oil processed in April-March current Financial Year as compared to same period of previous Financial Year.

4. Production of Petroleum Products

Production of petroleum products was 24.9 MMT during March 2025 which is 0.1% higher than March 2024. Out of 24.9 MMT, 24.6 MMT was from refinery production & 0.3 MMT was from fractionator. There was a growth of 2.9% in production of petroleum products in April-March FY 2024 – 25 as compared to same period of FY 2023 – 24. Out of total POL production, in March 2025, share of major products including HSD is 42.4%, MS 17.8%, Naphtha 6.0%, ATF 6.0%, Pet Coke 5.3%, LPG 4.3%, and rest is shared by Bitumen, FO/LSHS, LDO, Lubes & others.

Key Policy developments/Significant news in Energy sector

MoP&NG Drives Energy Innovation with Strong Presence at Startup Mahakumbh 2025

The Ministry of Petroleum and Natural Gas (MoP&NG) participated in Startup Mahakumbh 2025, held from April 3-5 at Bharat Mandapam, New Delhi.

Oil and Gas PSUs have established robust frameworks to incubate, mentor, and fund innovative startups. A total of 32 PSU-backed startups participated in Startup Mahakumbh 2025. ONGC's startup fund has seen a 450% growth in valuation over five years, with WellRx—its first oilfield startup under the Startup India Policy—expanded its energy solutions to over 120 countries. IndianOil has funded 42 startups under its IndS_UP initiative, generating 86 intellectual properties and 635 jobs. Oil India supports deeptech ventures such as Caliche Private Limited, which specializes in biochemical sand influx control for oil wells, and Carbonation India Private Limited, which develops sustainable waste management solutions for the oil and gas sector.

Expert participation from PSU officials added significant value to Startup Mahakumbh 2025, offering startups access to decades of industry experience and strategic insights. A total of 14 senior executives from leading PSU oil and gas companies shared their expertise on research monetization, EV innovation, manufacturing integration, and mobility solutions. Chairman, ONGC was part of opening plenary session. Other sessions featured insights on investment strategies for electrification, policy incentives for EV innovation, acceleration of last-mile EV mobility etc.. The event also hosted an incubation roundtable titled "From Lab to Market – Unlocking Research Monetization," featuring senior executives from BPCL, ONGC, Oil India, and HPCL.

Following the grand success of its inaugural edition, which was graced by Prime Minister Shri Narendra Modi, Startup Mahakumbh 2025 is themed 'Startup India @ 2047: Unfolding the Bharat Story.' The event has expanded significantly, with over 3,000 startups from 11 thematic sectors participating alongside more than 1,000 investors and incubators, fostering an environment conducive to innovation and entrepreneurship.

The Ministry of Petroleum and Natural Gas has consistently supported and recognized innovation, as demonstrated during India Energy Week 2025, held from 11th to 14th February at Yashobhoomi, Dwarka, Delhi. The 'Avinya'25 – Energy Startup Challenge' identified and rewarded startups making advancements in CO_2 capture, ESG solutions, and renewable energy. Additionally, the 'Vasudha – Oil and Gas Startup Challenge' recognized international startups pioneering AI-driven solutions in the upstream oil and gas sector.

Other PSUs are also driving innovation. EIL's EngSUI initiative has supported 31 startups with ₹35 crore, funding projects in industrial enzymes, compostable polymers, and carbon capture. HPCL's HP Udgam program has provided ₹35 crore in seed funding to 29 startups, including Maraal Aerospace, which develops solar-powered long-range drones. BPCL's Ankur program has funded 30 startups with ₹28 crore, helping them raise $132 million and achieve a cumulative valuation of $300 million. GAIL's Pankh initiative

supports startups in energy, logistics, and industrial technology, with ventures showcasing solutions in pipeline repair, biogas generation, and sustainable materials.

Through these sustained efforts, MoP&NG and its PSUs are fostering a technology-driven and sustainable energy ecosystem, empowering startups to lead India's energy transition and innovation landscape.

India Reinforces Commitment to Energy Security and Exploration Growth: Shri Hardeep Singh Puri at OALP IX & Special DSF Signing Ceremony

"The Indian hydrocarbon sector is entering a new era of accelerated exploration and development," said Shri Hardeep Singh Puri, Minister of Petroleum and Natural Gas, while addressing the Open Acreage Licensing Policy (OALP) Round-IX and Special Discovered Small Field (DSF) Signing Ceremony. He highlighted that through investor-friendly reforms, swift approvals, scientific exploration, and a strong emphasis on sustainability, India is steadily building a resilient and future-ready energy ecosystem aligned with the vision of Viksit Bharat.

Addressing the esteemed gathering of dignitaries, industry stakeholders, and investors, Shri Puri noted that today's signing ceremony signifies much more than the completion of a procedural formality—it is a powerful testament to India's unwavering commitment to reducing its import dependence and securing its energy future.

With India currently reliant on imports for 88% of its crude oil and 50% of its natural gas needs, the urgency for domestic exploration and production has never been greater. As the Minister pointed out, "In the next two decades, 25% of the world's incremental energy demand growth will come from India."

Reflecting on the past, Shri Puri acknowledged the challenges the Indian upstream sector faced between 2006 and 2016 a "dull decade" marred by policy paralysis and procedural delays, leading to the exit of global energy giants like BG, ENI, and Santos. However, the tide has turned. "We were determined to unlock India's untapped energy potential, estimated at approximately 42 billion tonnes of oil and oil equivalent of gas," he said.

To that end, the Government has implemented a series of transformative reforms over the past decade. A key achievement has been the expansion of exploration activity, with the explored area of India's sedimentary basins increasing from 6% in 2014 to 10% today, with a target of reaching 15%. The Minister reiterated the commitment to increasing exploration acreage to 1 million sq. km by 2030, highlighting the dramatic 99% reduction in "No-Go" areas within India's Exclusive Economic Zone (EEZ).

Scientific, data-driven exploration has been a cornerstone of this strategy, backed by a ₹7,500 crore investment into new seismic data acquisition, aerial surveys in remote terrains, and stratigraphic wells. Importantly, geo-scientific data is now available for major basins on both coasts, with the National Data Repository being upgraded to a cloud-based platform to ensure faster, transparent access to seismic, production, and well data.

The Minister proudly noted that 76% of the total area currently under exploration has been brought under active exploration only since 2014. Under OALP Round-IX alone, 28 blocks across eight sedimentary basins

have been awarded, covering 1.36 lakh square kilometers—38% of which fall in areas previously designated as "No-Go." Additionally, two blocks were awarded under the Special DSF Round, with a total of 60 bids received.

"Congratulations to all the awardees. Your success will play a pivotal role in meeting our increasing energy demands as India continues its ascent as one of the world's largest energy consumers," Shri Puri said.

Looking ahead, the Minister announced that OALP Round-X has already been launched at the India Energy Week 2025, offering 25 blocks across 13 sedimentary basins—covering the largest-ever acreage of 1.92 lakh square kilometers, with 51% falling in previously restricted zones.

Furthermore, DSF Round-IV is being launched tonight, comprising 55 discoveries across nine contract areas with estimated reserves of 258.59 million metric tonnes of oil equivalent (MMTOE). All blocks have undergone rigorous technical vetting by global experts, and critically, all relevant data is being made freely available to potential investors.

He also shared that under previous DSF Bid Rounds (I, II, and III), a total of 85 Revenue Sharing Contracts covering 175 fields have been awarded.

Highlighting the potential in unconventional hydrocarbon sources, Shri Puri elaborated on India's Coal Bed Methane (CBM) assets, currently estimated at 2,600 BCM. With 15 active CBM blocks—five already under production—the Government is preparing to launch a Special CBM 2025 Round to offer three new blocks (two in West Bengal and one in Gujarat), further diversifying India's energy portfolio.

In a major legislative update, the Minister announced that the amended Oilfields (Regulation and Development) Act, 1948 (ORDA), will come into effect in April 15, 2025. This "landmark reform" modernizes India's upstream regulatory framework and aligns it with international best practices.

The Government has also been responsive to industry concerns through the establishment of a Joint Working Group (JWG) comprising private E&P operators, National Oil Companies, the Ministry of Petroleum and Natural Gas, and the Directorate General of Hydrocarbons. "The JWG has submitted its report, and we are formally launching it this evening," Shri Puri announced.

In a move towards inclusive governance and legal clarity, the Minister also launched the draft PNG Rules Public Consultation Portal, encouraging industry and public stakeholders to share feedback. These rules will help shape future Model Revenue Sharing Contracts and streamline sectoral regulations.

Government takes steps to ensure affordable Domestic Natural Gas to CNG (Transport) and PNG (Domestic) Segments under CGD Sector

The Government has introduced key policy measures aimed at strengthening the allocation framework for domestic natural gas, in alignment with its vision of promoting cleaner energy access, enhancing urban air quality, and bolstering domestic energy security.

With a focus on ensuring the sustained availability and affordability of natural gas for key public-facing segments, Compressed Natural Gas (CNG) used in transport and Piped Natural Gas (PNG) used in domestic

households for cooking, the Ministry of Petroleum and Natural Gas (MoP&NG) has introduced the following important enhancements to the Domestic Gas Allocation Policy:

1. Advance Quarterly Allocation:

- From Q1 FY 2025-26, domestic natural gas allocations for CNG (T) and PNG (D) segments will be done on a two-quarter advance basis.
- Allocation will also now include New Well Gas (NWG) from nomination fields of ONGC and OIL.
- Estimations by GAIL and ONGC will help ensure supply visibility to CGD entities in advance, enhancing planning and delivery efficiency.

2. NWG Allocation on Pro-Rata Basis:

- Auction-based allocation for NWG has been replaced with a quarterly pro-rata allocation to ensure timely and reliable supply.
- GAIL will allocate NWG to CGD entities in proportion to their requirements, in accordance with prevailing MoP&NG guidelines.

3. Allocation Ratios maintained:

- Despite increasing demand in the CGD sector, allocation ratios of domestic gas have broadly been maintained:
  - Q3 2024–25: 54.68% of projected demand allocated
  - Q1 2025–26: 55.68% allocation
  - Q2 2025–26 (Projected): 54.74% allocation
- Broad trajectory in domestic gas allocation reflects the Government's commitment to prioritize public-facing segments like transport and domestic cooking.

4. Pricing Linked to Indian Crude Basket:

- As both APM gas and New Well Gas prices are linked to Indian Crude Basket prices, calculated monthly, with the recent decline in crude prices, this allocation of domestic gas would make natural gas more affordable for CNG (T) and PNG (D) consumers.

These strategic measures by the Government will lead to enhanced ability of CGD entities to forecast demand and manage supply efficiently, improved supply predictability and better affordability for CGD companies due to crude-linked pricing. These measures will ensure a stable, affordable, and transparent domestic gas supply system for the critical transport and domestic segments under the CGD network, benefitting millions of urban and semi-urban consumers across India.

Target of Doubling Energy Efficiency

The Government has prepared plans across key sectors namely Industry, Buildings (including appliances), Transport and Others/Miscellaneous. By implementing these plans, it is aimed to reduce the energy

consumption by 89 Million tonnes of oil equivalent (Mtoe) in 2030 as compared to the scenario in which these interventions are not carried out.

Sustainable cooling acts as a tool to address the growing cooling demand. To balance the growing cooling demand while ensuring the sustainable and energy efficient cooling solutions, two new building codes: the Energy Conservation and Sustainable Building Code (ECSBC) for commercial buildings and the Eco Niwas Samhita (ENS) for residential buildings have been published by the Bureau of Energy Efficiency (BEE) for adoption by States. The Air-conditioners, Ceiling Fans and Refrigerators have been brought under mandatory compliance of Standard and Labelling programme to ensure that energy efficient devices are deployed for cooling purposes.

Additionally, with the overarching goal to address the rising cooling demand, Ministry of Environment, Forest and Climate Change (MoEFCC) launched India Cooling Action Plan (ICAP).

Bureau of Energy Efficiency, under the aegis of Ministry of Power has taken several initiatives to promote the energy efficiency in industry, transport and domestic sectors which includes;

i. Perform, Achieve and Trade scheme to improve energy efficiency in energy-intensive industries. It sets sector-specific energy reduction targets, allowing industries to earn Energy Saving Certificates for exceeding targets, which can be traded on power exchanges. This incentivizes cost-effective energy savings while providing flexibility in compliance.

ii. Under the Standards and Labelling programme, the major energy consuming appliances are given star rating from 1 to 5 with 5 star as most efficient appliance. Based on star label, the consumer is encouraged for making informed choice regarding purchase of energy efficient appliances thereby saving electricity consumption.

iii. The Energy Conservation and Sustainable Building Code (ECSBC) for commercial buildings and the Eco Niwas Samhita (ENS) for residential buildings have been published for energy savings in building sector. These codes are to be adopted and implemented by the States / local bodies.

iv. Corporate Average Fuel Efficiency norms for passenger cars for energy savings in transport sector.

Central Electricity Authority concurred a record number of Detailed Project Reports of Hydro Pumped Storage Projects during 2024-25

The Central Electricity Authority (CEA), under the Ministry of Power, Government of India, has concurred Detailed Project Reports (DPRs) of following 6 Hydro Pumped Storage Projects (PSPs) of about 7.5 GW in record time during 2024-25, marking a key milestone in India's ongoing commitment to developing advanced long term energy storage solutions:

- Upper Indravati (600 MW) in Odisha
- Sharavathy (2,000 MW) in Karnataka
- Bhivpuri (1,000 MW) in Maharashtra
- Bhavali (1,500 MW) in Maharashtra
- MP-30 (1,920 MW) in Madhya Pradesh

- Chitravathi (500 MW) in Andhra Pradesh

This is the outcome of the collaborative efforts of the PSP developers, appraising organisations (CWC, GSI and CSMRS).

A number of steps were taken to resolve the issues and fast track the appraisal process. This is a big achievement since inception of new concept of Off-Stream, close loop PSPs. CEA has made the appraisal process transparent through the Portal "Jalvi Store". The DPR for appraisal has been made shorter, check list has been provided for ease of submission of chapters to appraising agency and many more such initiatives.

Further, CEA has made ambitious plan to concur minimum 13 PSPs of about 22 GW during 2025-26. Most of these PSPs are targeted to be commissioned in 4 years and latest by 2030. Development of these projects shall boost energy storage capacity drastically in the country, making a major contribution to grid reliability and supporting India's ambitious renewable energy goals. This further underscores the CEA's ongoing commitment for facilitating the transition towards a more sustainable and resilient power system.

The participation of private sector in this segment is quite encouraging and with the help of self-identified PSP, the PSP potential in the country has crossed 200 GW and it is further increasing almost every month. Thus, from a meagre 3.5 GW of operational hydro PSP capacity in the country, the development needs to be taken up in an accelerated mission mode to harness this potential. This year two PSPs around 3000 MW will get commissioned and by 2032 we expect around 50 GW. At present 8 projects of 10 GW is under construction and DPR has been concurred for 3 projects of around 3 GW. In addition to this, 49 projects of 66 GW are under Survey and investigation. All these DPRs are expected to be finalised by the developers in 2 years.

Hydro PSPs are vital for the energy transition, as they allow excess electricity generated during off-peak hours to be stored in the form of water in elevated reservoirs. This stored energy can then be used back during non-solar hours peak demand periods, ensuring a reliable, consistent, and flexible power supply.

State of art totally Indigenously developed Resource adequacy model (STELLAR) launched by Central Electricity Authority

An indigenously developed Integrated Generation, Transmission and Storage Expansion Planning Model with Demand Response, a vital Resource Adequacy Tool, has been launched on 11.04.2025 by Shri Ghanshyam Prasad, Chairperson, Central Electricity Authority (CEA) in the presence of Sh. Alok Kumar, Ex-Secretary (Power) and partner TLG and various representatives from the State Power Utilities. It is planned to distribute this software model to all the States/ Discoms free of cost.

The indigenously developed tool is specifically designed to assist the states in carrying out a comprehensive Resource Adequacy plan in line with the resource adequacy guidelines issued by the Ministry of Power in June 2023.

After the issuance of Resource Adequacy Guidelines, CEA has been carrying out the Resource Adequacy (RA) plans for all the Discoms. To begin with, CEA completed the exercise for all Discoms up to 2032, and now all of them have been updated to 2034-35. CEA has also finished the national level exercise up to 2034-35. Since the plan is dynamic and is mandated to be revised every year, it was thought to develop a common tool for all and share it with them free of cost to play with it. It will also help integrate the studies easily and bring out the optimum solutions for the country.

The model explicitly considers:

1. Chronological operation of the power system
2. All unit commitment constraints, including technical minimum, minimum up and down times, and ramp-up/ramp-down rates
3. Endogenous demand response
4. Ancillary services, and many more

The benefits of the tool include:

1. Ensuring adequate resource adequacy (neither less nor more) in the electricity grid. Zero load shedding, No stressed capacity and least cost solutions.
2. Optimisation of the cost of power system generation expansion and system operation while considering the benefit of demand response.
3. Optimisation of energy and ancillary services.
4. Optimisation of size and location of storage.

The software has been developed entirely in India with the active guidance of CEA, ensuring complete transparency. CEA will update and upgrade this tool based on further suggestions from the users (Discoms/ load despatchers) of this software.

The launch event highlighted the collaboration between CEA, The Lantau Group (TLG) and the Asian Development Bank (ADB) under the Technical Assistance program.

India Achieved Historic Milestone in Renewable Energy Capacity Addition in FY 2024-25

The Ministry of New and Renewable Energy (MNRE) achieved historic milestone in the renewable energy sector for the financial year 2024-25. Under the leadership of Prime Minister Shri Narendra Modi, the country has added an unprecedented 25 GW of renewable energy capacity, marking an increase of nearly 35% over the previous year's addition of 18.57 GW.

Solar Sector Drives Renewable Surge

India's solar power sector led the renewable energy growth, with capacity additions soaring from 15 GW in FY24 to nearly 21 GW in FY25, a remarkable 38% increase. The country also achieved the significant milestone of surpassing 100 GW of installed solar capacity this year.

Domestic Solar Manufacturing Scales New Heights

In a strong push towards Atmanirbharta, India's solar module manufacturing capacity nearly doubled from 38 GW in March 2024 to 74 GW in March 2025, while solar PV cell manufacturing capacity tripled from 9 GW to 25 GW. Additionally, the country's first ingot-wafer manufacturing facility (2 GW) commenced production in FY25. Under the Production Linked Incentive (PLI) Scheme for High-Efficiency Solar PV Modules, investments worth ₹41,000 crore have been made, generating direct employment for approximately 11,650 people.

PM Surya Ghar Muft Bijli Yojana Sees Widespread Impact

The PM Surya Ghar Muft Bijli Yojana witnessed impressive progress, benefiting over 11.01 lakh households by March 31, 2025. Under the scheme, ₹5,437.20 crore has been disbursed as Central Financial Assistance to 6.98 lakh beneficiaries, significantly promoting the adoption of rooftop solar.

Green Hydrogen Sector Gains Momentum

India’s Green Hydrogen sector also saw significant developments. Incentives worth ₹2,220 crore were awarded for 1,500 MW per annum of electrolyser manufacturing, while an additional ₹2,239 crore was allocated for 4,50,000 tons-per-annum (TPA) of Green Hydrogen production. Under the National Green Hydrogen Mission, seven pilot projects were funded with ₹454 crore for decarbonizing the steel sector. Additionally, five pilot projects in the transport sector, with ₹208 crore in funding, will introduce 37 hydrogen-fueled vehicles and nine hydrogen refueling stations.

Record Progress Under PM-KUSUM Scheme

The PM KUSUM Scheme witnessed record progress. In Component B, 4.4 lakh pumps were installed in FY25, a 4.2-fold increase over the previous year. In Component C, 2.6 lakh pumps were solarized, 25 times more than in FY24. The total number of solar pumps installed/solarized under the scheme has now exceeded 10 lakhs. Financial expenditure for PM-KUSUM surged to ₹2,680 crore, a 268% increase from the previous year.

The Indian Renewable Energy Development Agency (IREDA) continues to play a crucial role in financing clean energy projects. In FY25, IREDA recorded a 27% increase in loan sanctions, reaching ₹47,453 crore, while loan disbursements rose by 20% to ₹30,168 crore.

Union Minister of New and Renewable Energy, Shri Prahlad Joshi, said, "India may have already become or will soon become the third-largest renewable energy capacity holder in the world. This milestone is a testament to Prime Minister Modi’s vision for a sustainable and self-reliant energy future."

These remarkable achievements reaffirm India’s commitment to its clean energy transition and its leadership in the global renewable energy sector.

NISE's New PV Lab to Set Global Benchmarks in Solar Testing Capabilities: Union Minister Shri Pralhad Joshi

Marking a major advancement in India's renewable energy capabilities, Union Minister for New and Renewable Energy Shri Pralhad Joshi, inaugurated the PV Module Testing and Calibration Lab at the National Institute of Solar Energy (NISE), Gwal Pahari, Bandhwari, Haryana. Speaking at the occasion, the Minister stated that the new lab will set global benchmarks in solar R&D, testing, training, and policy support while marking a bold step towards self-reliance, innovation, and global excellence.

Shri Joshi also said that NISE is now equipped to offer comprehensive testing, calibration, and certification services, particularly for photovoltaic modules and technologies where no established standards currently exist. He termed the lab a pioneering facility for India and further highlighted that as Indian companies scale up the production of large modules, this lab will ensure that products meet the highest quality standards. Shri Joshi noted that the lab also aligns with BIS standards and will provide a major boost to the Production Linked Incentive (PLI) scheme and support India's aspiration to become a global manufacturing hub.

The Minister also underlined the importance of NISE as a training ground for government officials, industry professionals, and international delegates. He appreciated NISE's efforts in training over 55,000 Suryamitra technicians and for installing more than 300 solar air dryer-cum-space heating systems in Leh, which are being used by farmers to dry apricots. He said such initiatives strengthen technical capacity and foster collaboration among government, industry, and academia. Shri Joshi also stated that with the new facility, NISE will significantly improve its efficiency, quality, and research in accordance with global benchmarks.

Tremendous Growth in RE Sector

Highlighting the exponential growth under the leadership of Prime Minister Shri Narendra Modi, the Minister said that India's installed solar capacity increased from 2.82 GW in 2014 to crossed 106 GW now, marking a growth of over 3700%. In terms of manufacturing, solar module production has increased from 2 GW in 2014 to 80 GW today, with a target of reaching 150 GW by 2030. Alongside solar progress, the Minister also underscored the achievement of 50 GW in wind energy capacity.

Emphasising the government's ambitious targets, Union Minister Shri Pralhad Joshi said that India is firmly on track to achieve the 500 GW non-fossil fuel energy target by 2030, including 292 GW of solar energy, as envisioned by Prime Minister Shri Narendra Modi.

The Minister said that NISE should reflect the transformation India's renewable energy sector has seen in the last 11 years under Prime Minister Modi's leadership. He also urged the institute to step up efforts in global research impact and patent generation.

Emerging Technologies and Scalable Innovations

Union Minister Joshi highlighted the need for deep research, innovation, and global collaboration. He advised NISE to build partnerships, develop talent, and push boundaries so that its work resonates across laboratories, manufacturing units, and solar farms worldwide.

He also acknowledged that NISE is already working on advanced technologies like Perovskite Solar Cells and Bifacial Panels. Going forward, he said, NISE should undertake initiatives for mass adoption of innovations such as AI for Solar Power Forecasting, Building-Integrated Photovoltaics (BIPV), and Solar-Driven EV Charging Stations. He added that enabling sustainable EV charging through solar is a part of Prime Minister Modi's vision and should be explored by NISE at scale.

Strengthening Global Solar Cooperation

The Minister also chaired a meeting to review the progress of the International Solar Alliance (ISA), along with MNRE Secretary Shri Santosh Kumar Sarangi, ISA Director General Shri Ashish Khanna and other senior officials. He emphasized the need for collaborative global efforts in solar energy adoption.

Commemorating Earth Day with Green Commitments

Shri Joshi also planted a tree as part of the 'Ek Ped Maa Ke Naam' plantation drive at NISE, calling it a heartfelt initiative by Prime Minister Shri Narendra Modi. He stated that each sapling is a tribute to our mothers and a promise for a greener tomorrow. On World Earth Day, he called upon all to renew their commitment to building a cleaner, greener, and more sustainable planet.

India's Coal Sector Crossed the One Billion Tonne Milestone in Cumulative Production for the Financial Year 2024-25

In a remarkable achievement, India's coal sector has crossed the One Billion Tonne (BT) milestone in cumulative production for the financial year 2024-25. This unprecedented feat underscores the Ministry of Coal's relentless efforts to enhance production, streamline dispatches, and strengthen the nation's energy security.

The cumulative coal production in FY 2024-25 has now crossed the One Billion Tonne (BT) mark, reaching 1047.57 (Provisional), compared to 997.83 MT in FY 2023-24, recording a substantial growth of 4.99%. Commercial & Captive, and other entities have also recorded a stupendous coal production of 197.50 MT (Provisional), reflecting a growth of 28.11% over the same period last year recorded at 154.16 MT.

Similarly, coal dispatch has also demonstrated remarkable progress, The cumulative coal dispatch in FY 2024-25 has also exceeded the One BT milestone, reaching 1024.99MT (Provisional), as compared to 973.01 MT in FY 2023-24, reflecting a significant increase of 5.34%. Dispatch from Commercial, Captive, and other entities also witnessed a significant rise, reaching 196.83MT (provisional), with a growth of 31.39% compared to the corresponding period of previous year which was recorded at 149.81 MT.

This milestone highlights India's progress in ramping up domestic coal production while ensuring efficient distribution to meet growing energy demands. The Ministry of Coal remains committed to fostering self-

reliance, reducing import dependency, and driving sustainable mining practices to bolster the nation's energy security and economic resilience.

Ministry of Coal Executed Agreements for Two More Commercial Coal Mines, Advancing India's Energy Security and Employment Goals

In a notable advancement towards strengthening India's energy independence and economic growth, the Ministry of Coal signed Coal Mine Development and Production Agreements (CMDPAs) with the successful bidders of two coal mines, Marwatola-II and Namchik West, under the 11th round of commercial coal mining auctions.

These agreements mark another step toward the country's goal of achieving self-reliance in coal production. Singhal Business Private Limited has secured the Marwatola-II block, while PRA Nuravi Coal Mining Private Limited has emerged as the successful bidder for Namchik West.

Of the two coal mines, one is fully explored and the other is partially explored. Combined, they are projected to generate an estimated annual revenue of Rs. 106.14 crore, based on a total Peak Rated Capacity (PRC) of ~0.34 million tonnes per annum (MTPA). To operationalise these mines, a capital investment of approximately Rs. 55 Crore will be required.

In terms of employment potential, the two blocks are expected to create around 460 direct and indirect job opportunities, contributing to the socio-economic development of their respective regions.

With these additions, the Ministry of Coal has now signed CMDPAs for a total of 120 coal mines auctioned under the commercial coal mining framework. These mines represent a cumulative PRC of 265.64 MTPA, with an estimated annual revenue generation of Rs. 37,300 crore and a projected investment of Rs. 39,900 Crore. Moreover, they are expected to provide employment to nearly 3,59,200 individuals across the country.

SECL to Become First Coal PSU to Use Paste Fill Technology for Mining

South Eastern Coalfields Limited (SECL) is set to become the first coal PSU in India to adopt paste fill technology for coal mining, marking a major step toward sustainable and environmentally friendly mining practices.

To implement this innovative underground mining technology, SECL has signed a ₹7040 crore agreement with TMC Mineral Resources Private Limited.

Under this agreement, large-scale coal production will be undertaken using paste fill technology in the Singhali underground coal mine located in SECL's Korba area. Over a period of 25 years, the project is expected to produce approximately 8.4 million tonnes (84.5 lakh tonnes) of coal.

Paste filling is a modern underground mining method that eliminates the need to acquire surface land. After coal extraction, the mined-out voids are filled with a specially prepared paste made from fly ash, crushed overburden from opencast mines, cement, water, and binding chemicals. This process prevents land subsidence and ensures the structural stability of the mine. Importantly, the paste utilizes industrial waste materials, making the process environmentally sustainable and promoting waste recycling.

The Singhali underground mine was approved in 1989 for a production capacity of 0.24 million tonnes per year and commenced operations in 1993. Presently, the mine has 8.45 million tonnes of extractable reserves of G-7 grade non-coking coal. It was developed using the Bord and Pillar method, employing Load Haul Dumpers (LHDs) and Universal Drilling Machines (UDMs) for underground operations.

However, the surface area above the mine is densely occupied—with villages, high-tension electricity lines, and a Public Works Department (PWD) road, rendering traditional caving methods unfeasible due to safety and environmental concerns.

With a total investment of ₹7040 crore, the project is a major initiative to promote green mining technologies in India. It aims to enhance coal production while significantly reducing environmental impact.

Speaking on the occasion, SECL CMD Shri Harish Duhan said "I firmly believe that paste fill technology will not only secure the future of underground mining but also offer an innovative, eco-friendly solution. This project is a landmark step toward green mining and will shape the future of the coal industry in the years to come."

India's Underground Coal Mining Gets a Major Boost with New Incentives by Ministry of Coal

In a decisive step towards revitalizing India's coal sector, the Ministry of Coal introduced a series of transformative policy measures aimed at promoting underground coal mining. These bold reforms address the traditional challenges of high capital investment and longer gestation periods, reaffirming the Government's resolve to modernize the coal ecosystem while aligning with the broader vision of sustainable development.

To accelerate the growth/ Operationalization of underground coal mining, the Ministry of Coal has introduced a robust package of incentives:

1. Reduction in Floor Revenue Share: The floor percentage of revenue share for underground coal mines has been reduced from 4% to 2%. This targeted reduction offers substantial fiscal relief and enhances the financial viability of underground projects.
2. Waiver of Upfront Payment: The mandatory upfront payment requirement for underground mining ventures has been completely waived off. This measure removes a significant financial barrier, encouraging broader participation from the private sector and facilitating faster project implementation.

These incentives are further complemented by an existing 50% rebate on performance security for underground coal blocks, collectively lowering the entry threshold and facilitating smoother project implementation.

The Ministry's reform-oriented approach underscores its commitment to fostering a future-ready, investment-friendly, and innovation-driven coal sector. By incentivizing underground mining, the Government is not only catalyzing economic growth but also driving the industry toward greater efficiency, safety, and employment generation.

Underground coal mining is inherently more environment-friendly, as it causes significantly less surface disruption compared to opencast operations. These policy measures are expected to encourage the

adoption of advanced technologies—such as continuous miners, longwall systems, remote sensing tools, and AI-based safety mechanisms—which will boost productivity while ensuring ecological balance.

These forward-leaning reforms mark a strategic shift toward cleaner and more sustainable coal extraction practices. They are poised to unlock the vast untapped potential of underground mining in India, fostering innovation, reducing carbon emissions, and contributing meaningfully to the nation's energy security and Atmanirbhar Bharat objectives.

With this visionary roadmap, the Ministry of Coal is not only reshaping the future of coal mining but also reaffirming its role as a catalyst in India's journey toward self-reliant and environmentally responsible industrial growth.

RBI Issues April 2025 Policy Update

RBI Cuts Repo Rate to 6%, Projects 6.5% GDP Growth for FY 2025-26

Introduction

The Monetary Policy Committee (MPC), in its 54th meeting and the first of the financial year 2025–26, unanimously decided to reduce the policy **repo rate by 25 basis points**, bringing it down to 6 per cent with immediate effect. The repo rate is the rate at which the Reserve Bank of India (RBI) lends money to commercial banks, and a cut in this rate is aimed at boosting lending and investment. This decision comes at a time when global economic conditions are becoming increasingly uncertain. Trade tensions have resurfaced, leading to a decline in crude oil prices, weakening of the US dollar, softening bond yields, and corrections in equity markets. While central banks across the world are adjusting their policies to address domestic concerns, they are doing so cautiously.

Within India, the outlook has shown signs of improvement. Inflation, particularly food inflation, has declined more than expected, offering some relief, though global and weather-related risks remain. Growth is recovering after a weak first half in the previous financial year, but it still falls short of the country's potential. The Monetary Policy Report of April 2025, released alongside the MPC resolution, also outlines the GDP growth forecast and inflation projection for the coming months. This year also marks a milestone for the RBI as it completes 90 years since its establishment on 1st April 1935. Over the decades, it has evolved into a full-service central bank, balancing its roles of managing inflation, supporting growth, and ensuring financial stability.

Key Policy Decisions

- The Monetary Policy Committee (MPC) unanimously decided to reduce the policy repo rate by 25 basis points, bringing it down to **6 per cent** with immediate effect. The repo rate is the rate at which the Reserve Bank of India (RBI) lends money to commercial banks.
- As a result, the Standing Deposit Facility (SDF) rate under the Liquidity Adjustment Facility (LAF) has been adjusted to **5.75 per cent**. The SDF allows banks to park excess funds with the RBI without any collateral.
- The Marginal Standing Facility (MSF) rate and the Bank Rate have both been revised to 6.25 per cent. MSF stands for Marginal Standing Facility, a provision made by the RBI that enables

scheduled commercial banks to obtain overnight liquidity if inter-bank funds completely dry up. It is an emergency facility that allows banks to borrow at a rate higher than the repo rate.

- These rate adjustments are consistent with the RBI's objective of achieving the Consumer Price Index (CPI) inflation target of 4 per cent, within a flexible band of ±2 per cent, while also supporting economic growth.

Growth Assessment

The Reserve Bank of India has projected real GDP growth at **6.5 per cent for 2025–26**, maintaining the same rate as estimated for 2024–25, following a strong expansion of 9.2 per cent in the preceding year. The quarterly projections stand at 6.5 per cent in Q1, 6.7 per cent in Q2, 6.6 per cent in Q3, and 6.3 per cent in Q4. This marks a downward revision of 20 basis points from the February estimate, reflecting heightened global volatility. Agriculture remains on a positive footing, supported by healthy reservoir levels and robust crop production, which is expected to sustain rural demand. Manufacturing is showing early signs of revival amid improved business sentiment, and the services sector continues to demonstrate resilience.

India's GDP Growth Projections for 2025–26

Quarter	Projected GDP Growth (%)
Q1	6.5
Q2	6.7
Q3	6.6
Q4	6.3
Full Year	6.5

Source - Reserve Bank of India

On the investment side, activity is gaining pace on the back of higher capacity utilisation, continued government focus on infrastructure, and strong balance sheets of banks and corporates. Easing financial conditions have also aided this recovery. While services exports are likely to remain steady, merchandise exports could face headwinds from global uncertainties and trade disruptions. Looking ahead, the RBI has projected real GDP growth at **6.7 per cent for 2026–27**, suggesting continued recovery momentum.

Inflation Outlook

Headline inflation eased during January and February 2025, driven by a sharp decline in food prices. With uncertainties around the rabi crop largely resolved, and second advance estimates indicating record wheat output and higher pulse production than last year, food inflation is expected to soften further. This

favourable trend is supported by robust kharif arrivals and a sharp fall in inflation expectations over the next three and twelve months, as reflected in recent surveys. The decline in crude oil prices has further strengthened the disinflationary outlook. Accordingly, Consumer Price Index (CPI) **inflation for 2025–26 is projected at 4.0 per cent**, with quarterly estimates at 3.6 per cent in Q1, 3.9 per cent in Q2, 3.8 per cent in Q3, and 4.4 per cent in Q4.

Consumer Price Index (CPI)
Inflation Projections for 2025–26

Quarter	Projected CPI Inflation (%)
Q1	3.6
Q2	3.9
Q3	3.8
Q4	4.4
Full Year	4.0

Source - Reserve Bank of India

While the inflation outlook appears stable, global uncertainties and the possibility of weather-related supply shocks continue to pose upside risks to the inflation path. The Reserve Bank of India has assumed a normal monsoon in framing its projections, and it considers the risks to be evenly balanced at this stage.

External Sector Snapshot

- **Robust Services and Remittances:** Services exports remained strong in January–February 2025, led by software, business, and transportation services. Net services and remittance receipts are expected to remain in large surplus, cushioning the merchandise trade deficit.
- **Sustainable Current Account Deficit:** The current account deficit (CAD) for both 2024–25 and 2025–26 is projected to stay well within sustainable levels, supported by resilient external inflows.
- **Mixed Investment Flows:** While gross FDI remained strong due to stable macroeconomic fundamentals, net FDI moderated because of higher repatriations and outward investments. Net FPI inflows touched USD 1.7 billion in 2024–25, driven by debt inflows despite equity outflows.
- **Healthy Forex Reserves:** As of April 4, 2025, India's foreign exchange reserves stood at USD 676.3 billion, offering an import cover of nearly 11 months and reflecting the strength of the external sector.

Liquidity and Financial Market Conditions

- **Liquidity Shortage and RBI Intervention:** In January 2025, the banking system faced a shortage of funds, known as a liquidity deficit. To address this, the Reserve Bank of India (RBI) provided up to ₹3.1 lakh crore on 23rd January through the Liquidity Adjustment Facility (LAF) – a tool that allows banks to borrow money from the RBI for short periods to manage temporary mismatches in cash flow.

- **Improved Liquidity Position:** The RBI later infused about ₹6.9 lakh crore into the system, and increased government spending in late March helped further. These actions improved the situation, and by 7th April 2025, the system had a liquidity surplus of ₹1.5 lakh crore – meaning there was more money available in banks for lending and investment.

- **Softening of Market Rates:** With more liquidity available, the Weighted Average Call Rate (WACR) – the average interest rate at which banks lend to each other overnight – declined and hovered close to the repo rate, which is the interest rate at which the RBI lends money to commercial banks. This indicates stable short-term borrowing costs.

- **Lower Funding Costs in Debt Market:** The difference between interest rates on Commercial Papers (CPs) and Certificates of Deposit (CDs) – short-term borrowing instruments used by companies and banks – and the 91-day Treasury Bill – a short-term government security – reduced. This narrowing of spreads means that borrowing became cheaper in financial markets. The RBI has stated it will continue to monitor these conditions and take action as needed to maintain sufficient liquidity.

Conclusion

The Monetary Policy Report of April 2025, released alongside the 54th meeting of the Monetary Policy Committee, reflects a balanced approach by the Reserve Bank of India (RBI) to support growth while maintaining price stability. The decision to cut the policy repo rate by 25 basis points to 6 per cent is underpinned by easing inflation, particularly in food prices, and a gradual recovery in economic activity. With GDP growth for 2025–26 projected at 6.5 per cent and inflation expected to remain within the 4 per cent target band, the report signals cautious optimism despite global uncertainties.

On the external front, robust services exports and strong remittance inflows have helped cushion the merchandise trade deficit, keeping the current account deficit at sustainable levels. Meanwhile, improved system liquidity, lower short-term borrowing costs, and stable foreign exchange reserves underscore the resilience of India's financial system. The RBI has affirmed its commitment to closely monitor evolving conditions and take timely, calibrated measures to preserve macroeconomic and financial stability.

****

Research, analysis & compilation by:

Economic Policy & Planning Team - FIPI

Email: pankhuri@fipi.org.in