FORTNIGHT MACRO REPORT

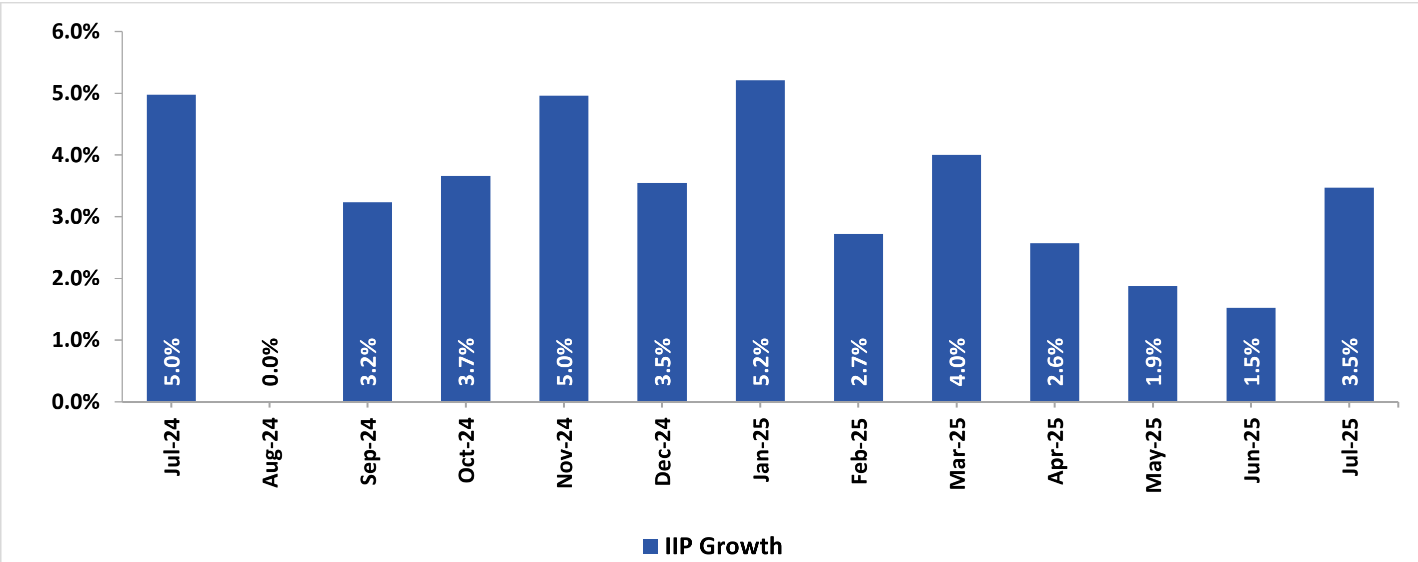
03 September 2025

BONANZA WEALTH

IIP GROWTH

India’s industrial production picked up pace, marking a 4-month high of 3.5% (provisional) in Jul-25, up from 1.5% (final) in Jun-25, driven largely by the manufacturing sector. Manufacturing, which forms nearly 78% of the index, rose by 5.4% in Jul-25 following a 3.7% rise in Jun-25. Electricity output observed positive growth of 0.6% in Jul-25, after contracting by (-1.2%) in the previous month. However, mining activity declined for the fourth-consecutive month by (-7.2%) in Jul-25, compared to (-8.7%) in Jun-25.

Among the 23 manufacturing sub-sectors, 14 recorded YoY growth led by Basic metals (12.7%), Electrical equipment (15.9%), and Other non-metallic mineral products (9.5%). On the other hand, Chemical and chemical products (-1.9%), Other Manufacturing (-14.3%), and Rubber and plastic products (-3.0%) observed YoY decline, pointing to sector specific constraints.

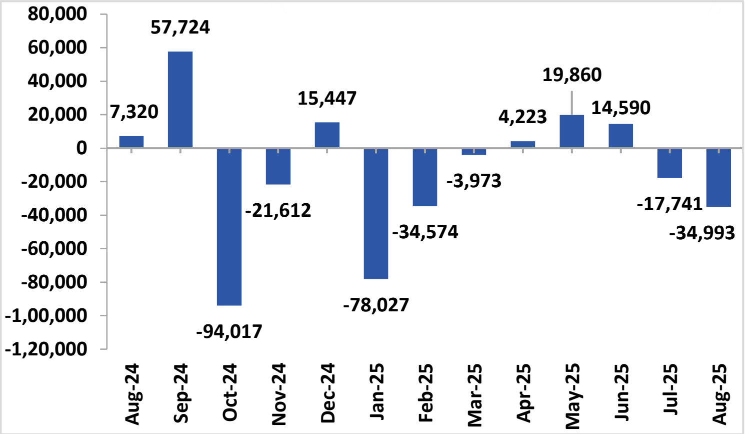


Within the use-based classification, five out of six categories experienced growth under which Infrastructure/Construction Goods (11.9%) were a standout performer followed by Consumer Durables (7.7%), Intermediate Goods (5.8%), Capital goods (5.0%), and Consumer Non-Durables (0.5%). Meanwhile, YoY decline was witnessed in Primary goods of (-1.7%).

Overall, better transmission of monetary easing and the upcoming GST reforms may support urban consumption, though discretionary spending could be delayed until lower tax rates take effect.

FPI FLOWS

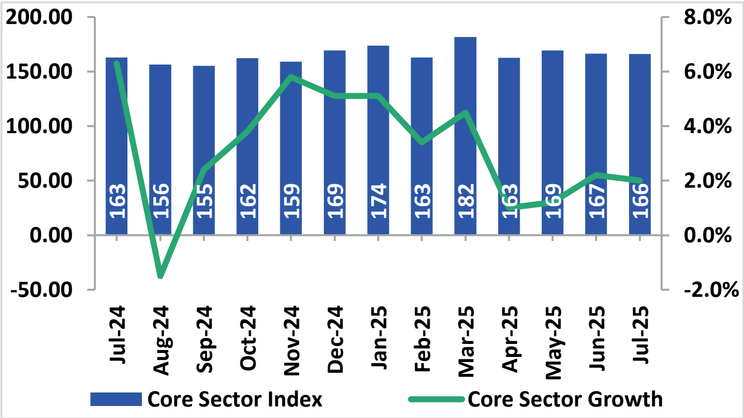
Foreign Portfolio Investors (FPIs) offloaded Rs 34,993 crore from equities in Aug-25 in comparison to the outflows of Rs 17,741 crore in Jul-25, marking a six-month low. The withdrawals were influenced by 50% US tariffs on Indian exports and high domestic valuations. Overall, the secondary market outflows stood at Rs 39,063 crore in Aug-25, some of which was offset by fresh buying of Rs 4,070 crore through IPOs. So far in 2025, the equity withdrawals reached Rs 1.3 lakh crore. On the other hand, the Debt segment witnessed resilience, with net inflows of Rs 14,491 crore in Aug-25 following the new inflows of Rs 12,203 crore in Jul-25.



In the first half of Aug-25, sector-wise inflows were recorded in Telecommunication (Rs 7,446 crore), Construction materials (Rs 1,690 crore) and Construction (Rs 1,378 crore). On the other hand, major outflows were observed in Financial Services (Rs 13,471 crore), Information Technology (Rs 6,380 crore) and Oil & Gas (Rs 4,091 crore). Despite heavy selling in secondary markets, FPIs maintained steady participation in the primary and debt markets. Going ahead, FPI flows are expected to remain sensitive to global trade developments, interest rate cues, and domestic market valuations.

CORE SECTOR

The Index of Eight Core Industries (ICI) registered an increase of 2.0% (Provisional) in Jul-25, dragged down by contractions observed in the fossil fuels categories. Core sector output contributes 40.27% to the Index of Industrial Production (IIP). The final ICI print for Jun-25 was revised upward to 2.2% from the previously reported 1.7%, reflecting a stronger momentum.



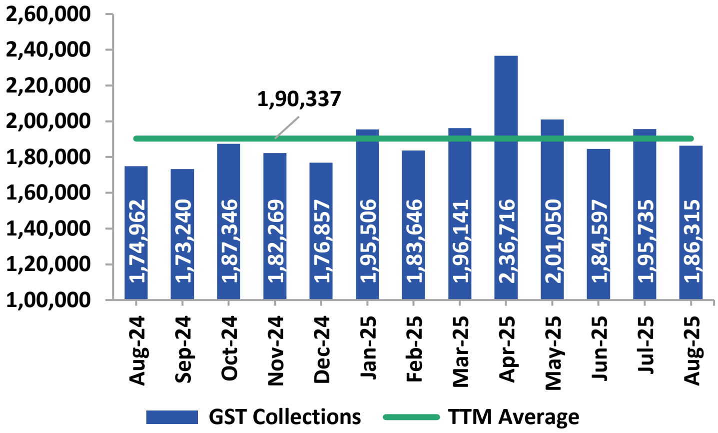
Notably, four out of eight key industries experienced growth in Jul-25. Positive output growth was recorded in Steel (12.8%), Cement (11.7%), Fertilizers (2.0%) and Electricity (0.5%). However, contractions were observed in Coal (-12.3%), Natural Gas (-3.2%), Crude Oil (-1.3%) and Refinery Products (-1.0%).

Steel industry has reported consecutive growth in production in the last 12 months. The cumulative growth of the Index of Core Industries (ICI) during Apr-25 to Jul-25 stood at 1.6% (Provisional). While steel and cement continue to show strong momentum, a broader revival in the core industries will depend on improved demand visibility and ongoing policy support to address sector-specific challenges

GST COLLECTIONS

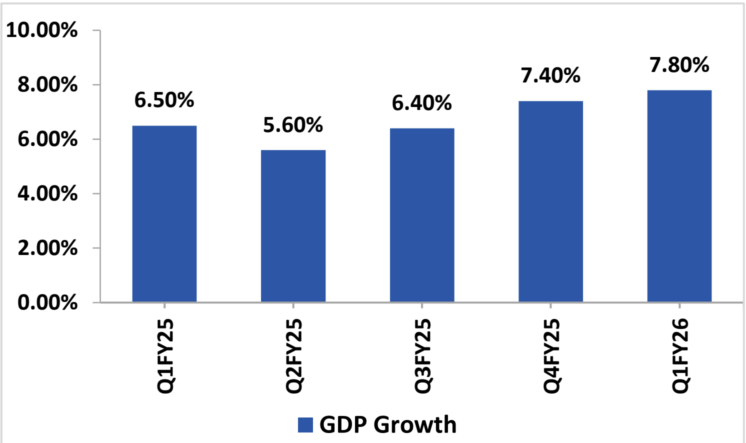
India's gross Goods and Services Tax (GST) revenue collections for Aug-25 reached to Rs 1,86,315 crore, a 6.5% YoY increase. According to government data, gross GST revenue from domestic transaction grew by 9.6% YoY to Rs 1,36,962 crore, however revenue from imported goods decreased by (-1.2%) YoY, reaching to Rs 49,354 crore. Gross GST collections comprised CGST of Rs 34,076 crore, SGST of Rs 42,854 crore, IGST of Rs 97,186 crore, and Cess of Rs 12,199 crore. After adjusting for refunds, the net GST revenue for Aug-25 amounted to Rs 1,66,956 crore, reflecting a 10.7% YoY growth. So far for FY26, the gross GST revenue totalled to Rs 10,04,414 crore, recording an 9.9% YoY rise, while net collections after refunds stood at Rs 8,78,096 crore, marking an 8.8% YoY growth.

Maharashtra led the states in GST collections with Rs. 28,900 crore, registering a 10% YoY increase. Karnataka followed with Rs 14,204 crore. Tamil Nadu secured the third position with Rs 11,057 crore, while Gujarat and Haryana collected Rs 10,992 crore and Rs 9,681 crore, respectively. Looking ahead, the focus will be on the upcoming GST Council meeting on the long-awaited GST 2.0 reforms, which are expected to rationalize tax slabs for the first time in eight years. This move could reshape consumption patterns and ease compliance dynamics.



Gross Domestic Product

India's gross domestic product (GDP) growth surged to a 5-quarter high of 7.8% YoY in the Q1FY26, as against from 6.5% in Q1FY25. It is also higher than the 7.4% growth recorded in the previous quarter. The gross value added (GVA) also stood at 7.6% in Q1FY26, while nominal GDP grew by 8.8%. The upside was primarily driven by sharp increase in the services sector, which delivered a 2-year high of 9.3% real GVA growth supported by financial, real estate, and professional services expanding by 9.5%. Manufacturing and construction followed closely, growing by 7.7% and 7.6% respectively. Agriculture posted steady growth at 3.7%, while mining and quarrying contracted by (-3.1%). Rainfall affected the utilities category which grew modestly by 0.5%.



Despite the headwinds surrounding the 50% tariffs on Indian exports, India remains the fastest growing major economy in the world. Recent policy reforms aimed at rationalizing the GST framework are widely expected to drive consumption higher. This robust performance is supported by diversified growth across agriculture, manufacturing, construction, and the services sector, showcasing India's economic resilience and growth potential.

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