





Lissue No.99/ December 2025

1. State of the Indian Economy

Real GDP to grow by 8.2% in Q2 of FY 2025-26: Real GDP or GDP at Constant Prices in Q2 of FY 2025-26 is estimated at ₹48.63 lakh crore, against ₹44.94 lakh crore in Q2 of FY 2024-25, registering a growth rate of 8.2%. Nominal GDP or GDP at Current Prices in Q2 of FY 2025-26 is estimated at ₹85.25 lakh crore, against ₹78.40 lakh crore in Q2 of FY 2024-25, showing a growth rate of 8.7%.

Real GDP or GDP at Constant Prices in April-September of 2025-26 (H1 2025-26) is estimated at ₹96.52 lakh crore, against ₹89.35 lakh crore in H1 of 2024-25, registering a growth rate of 8.0%. Nominal GDP or GDP at Current Prices in H1 of 2025-26 is estimated at ₹171.30 lakh crore, against ₹157.48 lakh crore in H1 of 2024-25, showing a growth rate of 8.8%.

The Secondary (8.1%) and Tertiary Sector (9.2%) has boosted the Real GDP growth rate in Q2 of FY 2025-26 to rise above 8.0%. Manufacturing (9.1%) and Construction (7.2%) in the Secondary Sector, has registered above 7.0% growth rate at Constant Prices in this quarter. Agriculture and Allied (3.5%) and Electricity, Gas, Water Supply and Other Utility Services Sector (4.4%) has seen moderated Real growth rate during Q2 of FY 2025-26.

India's Index of industrial production records growth of 0.4% in October 2025- The IIP growth rate for the month of October 2025 is 0.4 percent, which was 4.0 percent (Quick Estimate) in the month of September 2025. The slow growth in the month could be attributed to less number of working days because of a number of festivals in the month including Dussehra, Dipawali and Chhath. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of October 2025 are (-) 1.8 percent, 1.8 percent and (-) 6.9 percent respectively. Lower demand in October 2025 and consequent decline in electricity generation was driven by extended

rainfall season and comfortable ambient temperature across multiple States/UTs.

Overall LFPR showed upward momentum; female WPR continued to rise: unemployment rate remained stable in October- The overall LFPR among persons of age 15 years and above continued to increase for the four successive months to 55.4% in October, 2025 from 54.2% in June, 2025. The LFPR in rural areas has also increased steadily from 56.1% observed in June, 2025 to 57.8% in October, 2025. The overall LFPR among female aged 15 years and above reached 34.2% in October, 2025 marking the highest since May, 2025 driven by the increase in female LFPR in rural areas. The UR among persons of age 15 years and above remained unchanged at 5.2% between September, 2025 and October, 2025. A marginal decline in the rural Unemployment Rate (UR), from 4.6% in September, 2025 to 4.4% in October, 2025, coupled with a moderate rise in urban UR from 6.8% to 7.0%, resulted in overall stability in the unemployment rate among persons aged 15 years and above.

Foodgrain production rises to 357.73 million tonnes in 2024-25- As per final estimates of crop production released by Ministry of Agriculture & Farmers' Welfare for 2024-25, the foodgrain production is estimated at 357.73 million tonnes, up from 332.30 million tonnes in 2023-24. Rice production has reached a record level of 1,501.84 lakh tonnes, which is 123.59 lakh tonnes higher than last year's production. Wheat too registered record growth, rising to 1,179.45 lakh tonnes, an increase of 46.53 lakh tonnes over last year's 1,132.92 lakh tonnes. Moong production has increased to 42.44 lakh tonnes, soybean to 152.68 lakh tonnes, and groundnut to 119.42 lakh tonnes. Maize and 'Shri Anna' (millet) output are estimated at 434.09 lakh tonnes and 185.92 lakh tonnes, respectively, compared to 376.65 lakh tonnes and 175.72 lakh tonnes, respectively, last year.

Total oilseed output during 2024-25 is estimated at a record 429.89 lakh tonnes, which is 33.20 lakh tonnes higher than the 396.69 lakh tonnes produced in 2023-24. The increase is driven





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by record groundnut and soybean output, estimated at 119.42 lakh tonnes and 152.68 lakh tonnes respectively. These represent increases of 17.62 lakh tonnes and 22.06 lakh tonnes over last year's 101.80 lakh tonnes and 130.62 lakh tonnes. Rapeseed and mustard output is estimated at 126.67 lakh tonnes.

India's WPI inflation falls to -1.21% in October 2025- The annual rate of inflation based on All India Wholesale Price Index (WPI) number is (-) 1.21% (provisional) for the month of October, 2025 (over October, 2024). Negative rate of inflation in October, 2025 is primarily due to decrease in prices of food articles, crude petroleum & natural gas, electricity, mineral oils and manufacture of basic metals etc. The month over month change in WPI for the month of October, 2025 stood at (-) 0.06% as compared to September, 2025.

2. Interest Rate Outlook

Benchmark G-sec yield remains stable in November 2025- The yield on Government securities (G-secs) of 1-year residual maturity remained stable at 5.59 per cent in November 2025. The yield on 1-year G-sec has mostly remained between 5.57-5.6 per cent since June 2025, barring September when the yield went to 5.63 per cent. The 3-year G-sec declined for the third consecutive month to 5.82 per cent in November, recording a decline of three bps from the previous month. In contrast, the benchmark 10-year G-sec yield remained stable at 6.52 per cent in November 2025 for the second consecutive month. This was the highest yield since March 2025 when the benchmark yield had reached 6.66 per cent (CMIE).

RBI's MPC cuts repo rate- The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI), in its Monetary Policy Statement for 2025-26 released on 5 December 2025, decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 5.25 per cent from 5.50 per cent
- reduce standing deposit facility (SDF) to 5.00 per cent from 5.25 per cent

- reduce both the marginal standing facility (MSF) rate and the bank rate from 5.75 per cent to 5.50 per cent
- maintain the stance as 'neutral'.

However, one of the members of MPC was of the view that the stance be changed from neutral to accommodative.

Japan govt bond yields surge to multi-year peaks- Japanese government bond (JGB) yields climbed to fresh multi-year highs on Monday as markets increased their bets that the Bank of Japan (BOJ) will raise interest rates at its meeting next week (The BOJ is set to meet between 18-19 December). The yield on the benchmark 10-year JGB rose 0.5 basis point to 1.955%, its highest since July 2007. Traders are now assigning roughly 80% odds to a 25-basis-point hike on December 19, reflecting growing confidence that the central bank is preparing to resume tightening.

INR surpasses 90- The Indian Rupee (INR) continued to record sharp depreciation against the US Dollar (USD). INR breached the Rs.90 per USD level for the first time on December 3, and it hit a record intraday low of Rs.90.41 per USD on December 4. Notably, the INR breached Rs.89 per USD on November 21. And within the next two weeks, the INR slid by Rs.1.41 to cross Rs.90 per USD. In the week ended December 5, the weekly average exchange rate depreciated to Rs.90 per USD, compared to the average of Rs.89.29 per USD in the preceding week. This marks a depreciation of 0.8 per cent, mirroring the 0.8 per cent decline recorded in the previous week.

The INR continues to face pressure due to foreign investment outflows and a likely high trade deficit. FPIs were net sellers in the Indian capital market in the week ended December 5. In addition, other foreign exchange inflow sources such as FDI, NRI deposits and ECB flows are likely to have remained weak. Export earnings are also likely to have been affected due to steep US tariffs (CMIE).

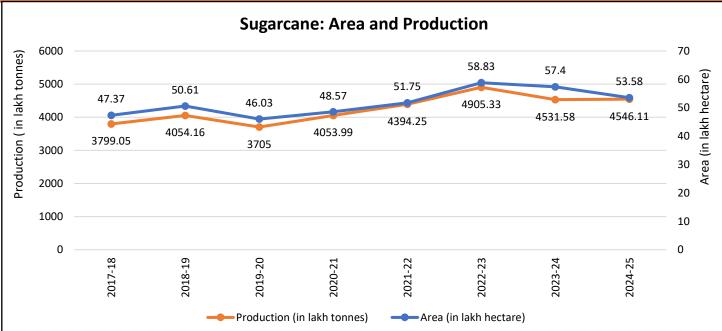
FOMC meeting - The Federal Reserve's FOMC meeting held on December 9-10, 2025, decided to lower the target range for the federal funds rate by 0.25 percentage point to 3.5 to 3.75 percent.

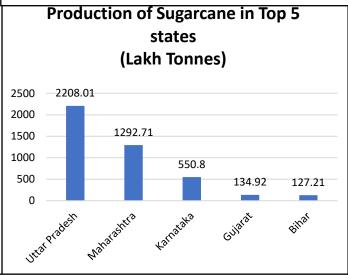




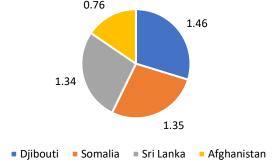


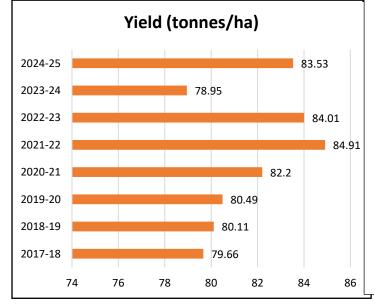
Commodity Dashboard: Sugarcane





Major export destinations for sugarcane in 2024-25 (in lakh tonnes)





India's sugar output jumps 43% to 4.11 MT in Oct-Nov

- India's sugar output rose 43% to 4.11 MT in the first two months of the 2025-25 marketing year.
- An ISMA (Indian Sugar and Bio-Energy Manufacturers Association) report indicates that production growth was driven by strong output from Maharashtra, which surged to 1.69 million tonnes from 460,000 tonnes in the year-ago period.
- Production in Uttar Pradesh, the country's largest sugarproducing state, reached 1.40 million tonnes through November, up from 1.28 million tonnes in the same period last year.
- ISMA called for an increase in the MSP of sugar which has remained unchanged for over six years and also urged to ethanol procurement prices to reflect higher feedstock and conversion costs.

Source: DoAFW, APEDA, UPAg, AISTA (All India Sugar Trade Association)





ECO # THINK

Report \Box THINK

The State of Food and Agriculture 2025

- Released by FAO on 3 November 2025
- Theme: Addressing land degradation across landholding scales.

Overview

The 2025 edition of the State of Food and Agriculture report by the Food and Agriculture Organization (FAO) highlight the urgent challenge of land degradation and its far-reaching implications for global agrifood systems. It emphasizes that targeted investments and sustainable practices are critical to restoring land productivity and strengthening resilience.

Key Findings

- Agricultural expansion remains the primary driver of global deforestation, accounting for nearly 90 % of forest loss. In this century, another important aspect to consider is that approximately 3.6 Mha of croplands are abandoned annually, with land degradation likely to play a significant role in these losses.
- The human toll of land degradation on croplands is sobering: approximately 1.7 billion people worldwide live in areas experiencing yield gaps linked to humaninduced land degradation. The largest affected populations reside in Eastern and Southern Asia regions that have accumulated a substantial degradation debt and also have high population densities.
- The relationship between land degradation agricultural productivity dramatically across regions and income levels. In high-income countries with intensive agricultural systems, the per hectare production losses from degradation are particularly severe, though often masked by heavy application of synthetic fertilizers and other inputs. In stark contrast, most of sub-Saharan Africa exhibits relatively low degradation-induced yield losses, not because soils are healthier, but because other constraints - including

limited access to inputs, mechanization, credit and markets - dominate as causes of yield gaps.

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- Large farms, particularly those exceeding 50 ha, dominate global production of cereals, pulses, sugars and oil crops commodities that form the backbone of international trade and urban food systems. These operations produce more than 55% of global crop-derived nutrients, with the largest category (>1 000 ha) accounting for nearly one-sixth of global food energy from crops.
- The convergence of land degradation, poverty and food insecurity creates particularly vulnerability concerning hotspots. Analysis reveals that the most severe overlaps occur in Southern Asia and sub-Saharan Africa, where degraded lands coincide with high poverty rates and childhood stunting. Overall, 47 million children under five years of age suffering from stunting live in hotspots where stunting overlaps with significant yield losses from land degradation.
- Farm size, while not the only factor influencing land management and food production, shapes all other determinants in important ways. Of the world's roughly 570 million farms, 85 % are smaller than 2 ha yet cultivate only 9% of farmland, while the 0.1% exceeding 1000 ha command about half of all agricultural land - a disparity that shapes strategies for land degradation control, food security and longterm resource governance.

Future Directions

The decisions we make today will shape whether future generations inherit fertile, productive landscapes or degraded ecosystems. By investing in sustainable practices, empowering smallholders, and fostering global collaboration, we can restore our lands and build resilient agrifood systems. The time to act is nowwisely, equitably, and together.

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