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SYMBIOSIS
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MACRO PERSPECTIVES

December 2025

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Global Economic Briefs

- The S&P Global Rating Agency has lifted its global GDP growth forecasts for 2025 and 2026 in November, although only slightly. Annual real GDP growth forecasts for 2025 through 2027 have been raised to 5.0%, 4.6% and 4.5%, respectively, about one-quarter of a percentage point higher in each year than its October projections. The upward adjustments primarily reflect a more positive assessment of export prospects and a more pro-growth policy environment.
- The S&P Global's October's PMI data also offered some cautiously positive signals for some of the major economies that have been struggling recently, including Canada, the Eurozone and Japan. That said, trade worries and geopolitical uncertainties continued to dampen business expectations for the year ahead.
- World Economic Forum's chief has warned of the formation of three possible bubbles in global economy, notably, a Crypto bubble, second an AI bubble and a third would be a Debt bubble. Governments have not been so heavily indebted since 1945.
- On November 12th, President Trump signed legislation ending the longest government shutdown in US history. Throughout the 43-day shutdown, key economic data was not gathered and the release of crucial economic indicators was delayed in the US. The lack of data has already cast a fog of uncertainty over the state of the US economy.
- According to HSBC's Global Trade Pulse Survey, after months of uncertainty, twothirds of global business leaders have finally become more confident in dealing with trade policy despite facing increased costs and cash flow pressures. Businesses are adapting to the new situation and implementing changes like increased efficiency and AI automation to adapt, with 84% of those surveyed reporting they are planning to diversify suppliers and revenue streams or have already done so.
- In the HSBC's Think Future 2026 Outlook, the bank said 'gold' is set to remain firmly supported in the months ahead as it continues to benefit from powerful demand both from central banks and retail investors amid persistent economic uncertainty.
- The UK's mandatory ETA scheme has ended free-visa entry into the country. International visitors from 85 nationalities including the US, Canada, and France, who have thus far not needed advance clearance, must apply online for an ETA (Electronic Travel Authorisation) from Feb 25, 2026, before entry to the UK.
- A report published by the Official Monetary and Financial Institutions Forum (OMFIF) stated that international central banks are charting a move away from the US dollar but because there is no single alternative to the US currency, they plan to buy up euros,

China's yuan and more gold. The findings are based on discussions with 10 central banks, who manage about $6.5 trillion in total.

Indian Economy: Agriculture & Rural Belts

- India's agricultural exports have grown significantly faster than its overall merchandise exports during Apr-Sept, FY26 despite the US tariff barriers. In H1, FY26, exports of agriculture & allied products grew by 9.0% (y-o-y) to $25.53 billion compared to $23.42 billion in the same period of FY25. These were driven by rice, seafood, meat, coffee, and fruits & vegetables despite US tariffs and falling global food prices.
- Fertiliser imports by India surged by 143.7% (y-o-y) during Jul-Oct, FY26 primarily on account of the surging urea imports. A shortage of urea in the country prompted the government to import urea from the global market in three tranches over a period of two to three months.
- Area sown under Rabi (winter) crops in India increased by 9.9% (y-o-y) to 39.3 mln ha by 28th Nov, 2025, driven by increased sowing under wheat (up 16.9%), coarse cereals (up 9.3%) and pulses (up 2.3%).
- With a relatively higher GVA growth of "agriculture & allied activities" over the past five quarters and growing contribution of non-agricultural sectors in the rural economy, Indian mutual fund houses have started launching rural-focused funds. According to the Kotak Mahindra Asset Management Company, India's rural economy will continue to do better than urban economy over the next couple of years.

Indian Economy: Economic & Policy Briefs

- Indian economy grew at its fastest pace in six quarters at 8.2% (y-o-y) in Q2, FY26, driven primarily by services and manufacturing. Agricultural growth stayed firm at 3.5%. Growth in private final consumption expenditure revived to 7.95%, while fixed investments grew by 7.3%.
- India's CPI inflation averaged at 1.71% in Q2, FY26 versus 2.69% in Q1, FY26 whereas WPI inflation averaged at 0.02% in Q2, FY26 versus 0.26%in Q1, FY26. Higher softness of inflation in Q2, FY26 has given a boost to real GVA & GDP growth rates in Q2, FY26 despite a subdued nominal growth rate.
- The IMF has rated India's national accounts data with a 'C' grade in its Data Adequacy Assessment (DAA) for the second consecutive year in the Fund's 2025 Article IV report on India. The concerns regarding India's GDP measurement include the use of an outdated base year, poor representation of the informal sector, non-availability of a credible producer price index that can be used as the price deflator and the use of a single deflation method rather than a double deflation method to arrive at the "real" values of output versus inputs.
- The IMF has reclassified India's "de facto" exchange rate regime as a "crawl like arrangement", two years after branding it "stabilised". A crawl-like arrangement is when the exchange rate remains within a "narrow margin of 2% relative to a statistically identified trend for six months or more (with the exception of a specified number of outliers), and the exchange rate arrangement cannot be considered as floating.
- A press release by the Moody's Rating Agency on Nov 13th showed that it expects India's economy to grow at 6.5% (y-o-y) through 2027, supported by robust

infrastructure spending and solid consumption, although the private sector remains cautious about business capital spending.

- On 21st November, 2025 India's Union Government made effective the four labour codes on wages, industrial relations, social security, and worker safety. This reform is part of a broader effort to modernise India's labour framework, promoting ease of doing business and ensuring workers' rights are safeguarded. These reforms would replace 29 older labour laws with a unified, modern framework and align India's labour system with global standards.
- According to S&P Global Ratings, NPLs in unsecured retail loans – personal & microfinance in India will peak in FY26, showing the effect of stricter risk management practices. It also flagged that global uncertainty could affect corporate capex excluding infrastructure, and thus hurt loan growth in India. Corporate borrowing has gained momentum, but uncertain external conditions may delay private capital expenditure related growth.
- Indian government's fiscal deficit touched 52.6% of the budgeted estimate until October, 2025 (versus 46.5% in Apr-Oct, 2024), as Capex increased by 32% while gross tax revenue grew by just 4.0% (y-o-y).
- Indian government's gross GST collections declined by 13% (m-o-m) in November, 2025 as GST tax rates were reduced and transaction volumes normalised following the festive surge in September & October. The government's strategic disinvestments, asset monetisation and a higher dividend transfer from the RBI may partially offset the revenue shortfall for the year FY26.
- According to the latest CRISIL report, capital outlay of State governments is expected to grow from four per cent to six per cent in FY26 touching approximately Rs 7.5 trillion. This would be lower than seven per cent in FY25 and well below the decadal average of 11% as rising revenue deficits are limiting financial flexibility. According to the CRISIL report, rising revenue deficit of the states are due to the slow pace of revenue growth on account of GST rate rationalisation, slowing devolution from the Centre and lower nominal GDP growth.
- India's merchandise trade deficit widened to $41.71 billion in October, 2025 from $19.12 billion in June as exports declined by 11.9% while imports increased by 16.9% on year during the month due to much higher imports of gold, silver, fertlisers & electronics.
- As on Nov 14, 2025, Indian commercial banks' aggregate deposits grew by 10.2% (y-o-y), while non-food credit grew by 11.25% taking the credit-deposit ratio to 80.29%. While the non-food credit growth looks decent at 11.25%, it is primarily driven by a low statistical base. Actually, the loans disbursed by commercial banks contracted by Rs 566.85 billion in the first fortnight of November, 2025.
- India's foreign exchange reserves too declined in the week ended Nov 21st by $4.47 billion to $688.10 billion due to a decline in both foreign exchange assets and gold reserves. Global market fluctuations, including changes in currency and gold valuations, directly impact reserve values. Despite this fall, India's foreign exchange reserves are at a comfortable position ensuring a strong buffer against global uncertainties.

Indian Economy: Industry & Services Sectors

- India's infrastructure output, as measured by the combined Index of Eight Core Industries (ICI), remained flat in Oct, 2025 on an annual basis. Four of India's core sectors including production of Fertilizer (up 7.4%), Steel (up 6.7%), Cement (up 5.3%)

and Petroleum Refinery products (up 4.6%) recorded positive growth during October. The cumulative growth rate of ICI during April-Oct, 2025 is provisionally reported at 2.5% as compared to the corresponding period of last year.

- India's industrial production growth as measured by the Index of Industrial Production (IIP) eased to 0.4% (y-o-y) in October, 2025 from 4.6% in September. The cumulative IIP growth during Apr-Oct, FY26 stood at 2.8% (y-o-y) versus 4.0% in the corresponding period last year. In the month of October, crucial sectors like mining, power generation, primary goods and consumer goods (both durables & nondurables) posted negative growth rates.
- The HSBC India Services Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 58.9 in October from 60.9 in September and 62.9 in August, marking its weakest pace since May. This is because growth in new business and output slowed amid softer export demand and rising global competition.
- A report by the Confederation of Indian Industry (CII) and Colliers International projects that India's annual housing sales will reach around one million units by 2047, driven by rising incomes, urbanisation, and demographic growth. While major metros like Mumbai, Bengaluru, and the Delhi NCR will continue to see strong demand, tier-II and III cities are expected to contribute increasingly due to improved infrastructure and changing buyer preferences.
- India's government is preparing a new round of the production-linked incentive (PLI) scheme for the food processing sector to boost manufacturing and value addition in the industry.
- India's textile and apparel exporters, already struggling with US tariffs, fear that the newly notified labour codes could raise wage bills and compliance costs, tightening margins that are already as low as 5-10%. Exporters say that treating migrant workers on par with local employees and bringing all categories of workers under full compliance requirements will increase operating costs, especially for MSMEs in hubs like Tiruppur and Coimbatore.

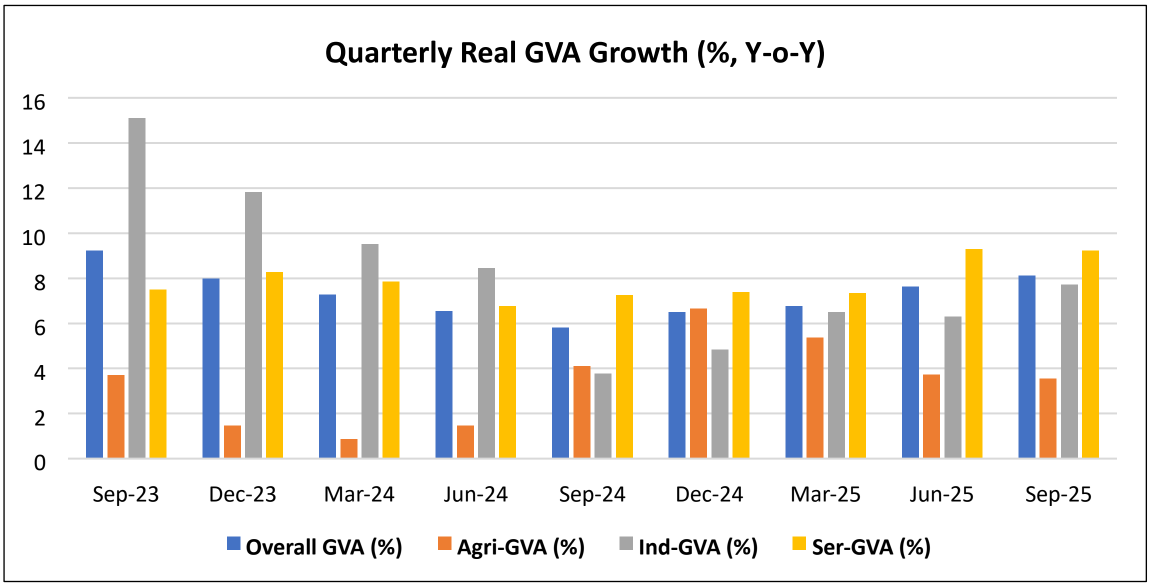
Indian Financial Markets

- India's banking system liquidity has dropped significantly since September, 2025, driven by massive unsterilised forex interventions that have partly offset the RBI's liquidity-boosting measures. Besides the CRR cut, the RBI has been buying bonds in the secondary market through open-market operations to counter the effect of its forex market interventions.
- Tightness in liquidity has given rise to excessively steep yield curve. On December 1st, the benchmark 10-year yield on government bond jumped nearly three basis points to close at 6.5732% - it's highest since Sept 30, 2025, as strong economic growth data dimmed rate cut hopes from the next monetary policy announcement on December 5, 2025.
- After a strong start earlier in the year, the corporate bond market in India has slowed as rising yields have dampened the sentiment. According to market participants, the total issuances in 2025 may be lower than last year.
- Indian rupee declined to a fresh low of 89.83 against the US dollar on December 1st, 2025, slipping past its previous record low of 89.49 hit about a fortnight ago. Indian rupee has come under pressure due to FPI outflows, record trade deficits, weak earnings and delays in finalising the trade deals. During FY26 until now, rupee has

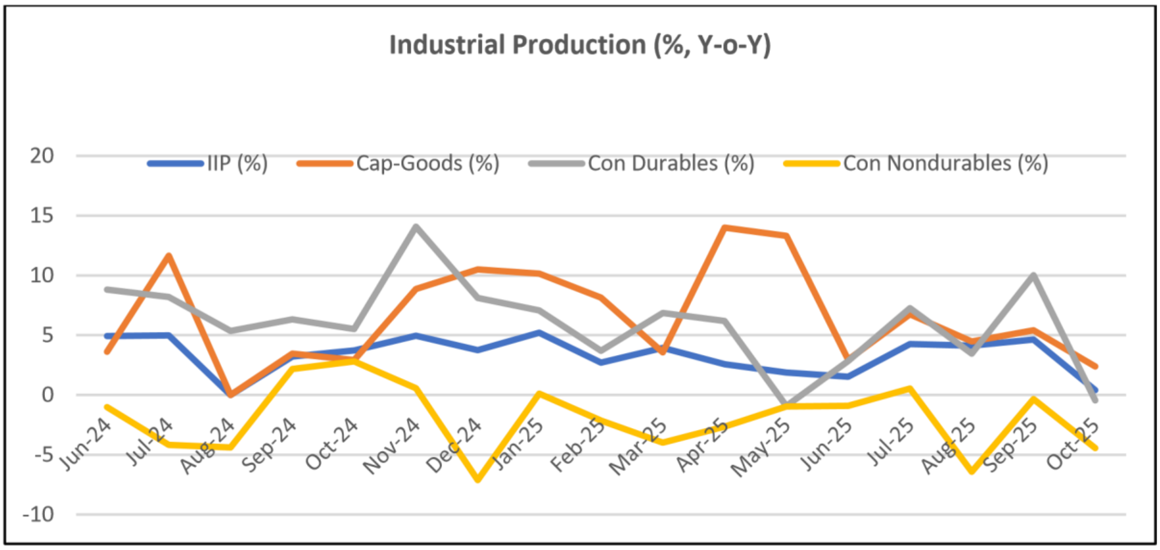
depreciated by nearly 4.83% against the US dollar despite the RBI's interventions to control excessive volatility.

- Even as the Indian equity indices are hitting new fresh highs, the FPIs have remained net sellers of Indian stocks during the calendar 2025. For seven out of 11 months during 2025, FPIs remained the net sellers of Indian equities. With this, the total FPI outflows in 2025 so far was well over Rs 2.96 trillion. The probable reasons could be relatively higher valuations, muted Capex by the private sector, depreciation bias in the Indian currency and Indo-US trade uncertainty.
- Global Brent crude prices increased by 1% to $63.17 per barrel on December 1st, 2025 following Drone attacks by Ukraine, the closure of Venezuelan airspace by the US, and OPEC's decision to leave output levels unchanged in the first quarter of FY26, as per the Reuters news.

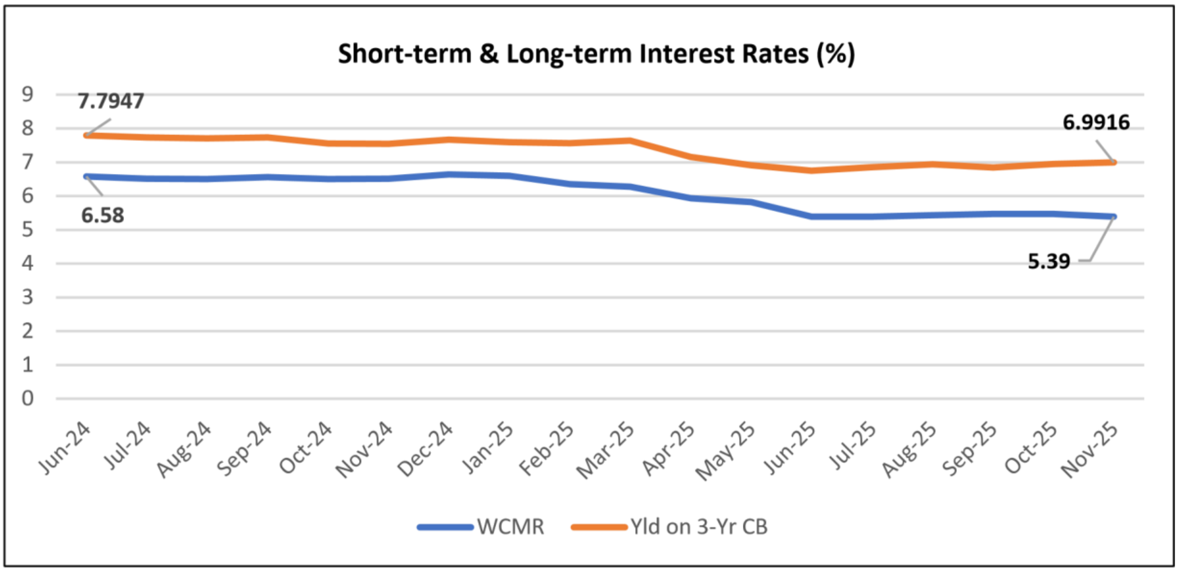
India's Macro Story in Graphs (Past Year)



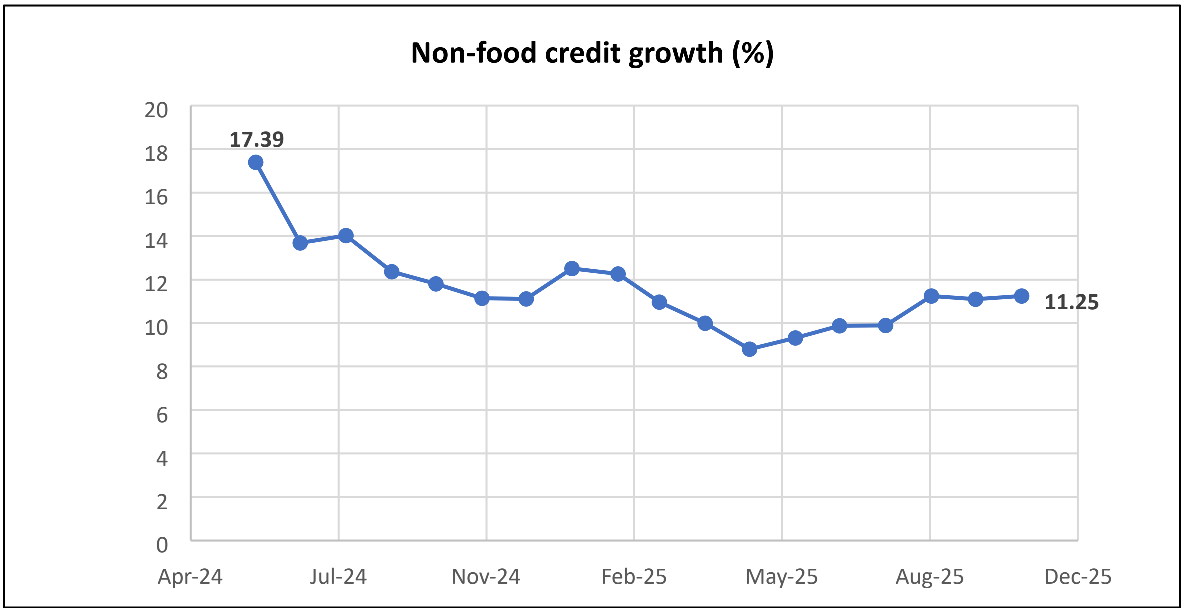
A strong growth of 8.1% (y-o-y) in overall real GVA during Q2, FY26 was primarily driven by services & industries. This is a bit inconsistent with the picture presented by the high frequency indicators.



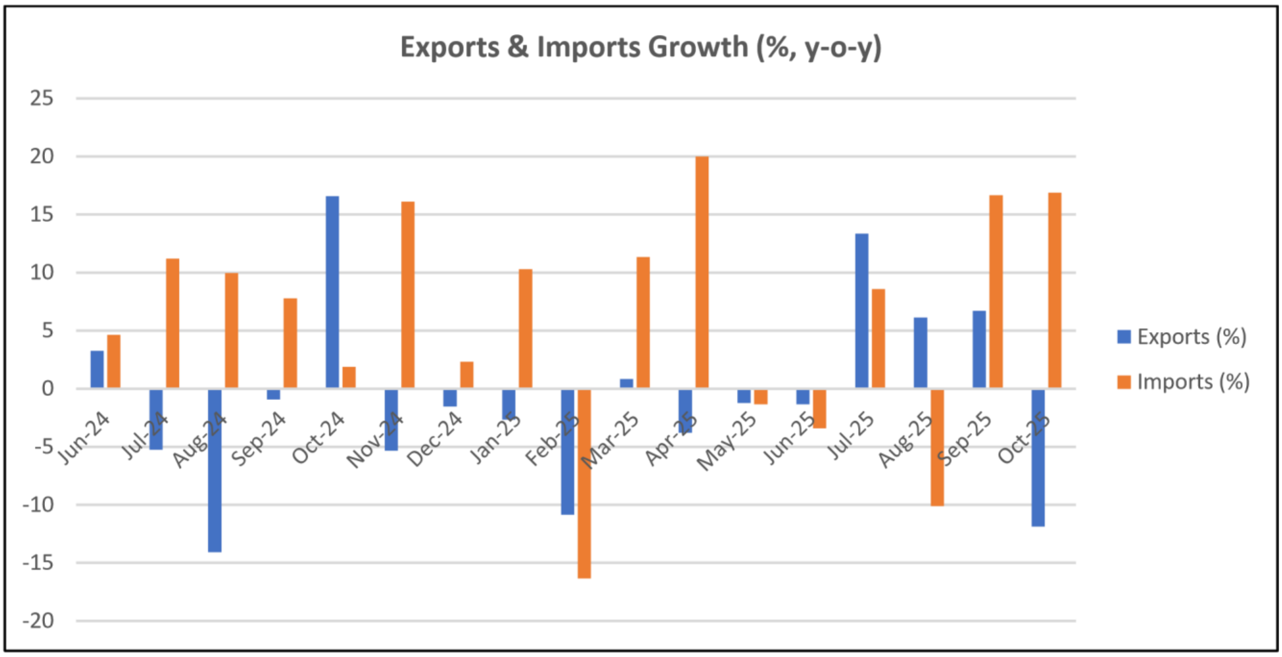
For a major part of the period from Jun-24 through Oct-25, consumer nondurables growth has stayed in negative zone signalling a continued weakness in demand from lower income groups.



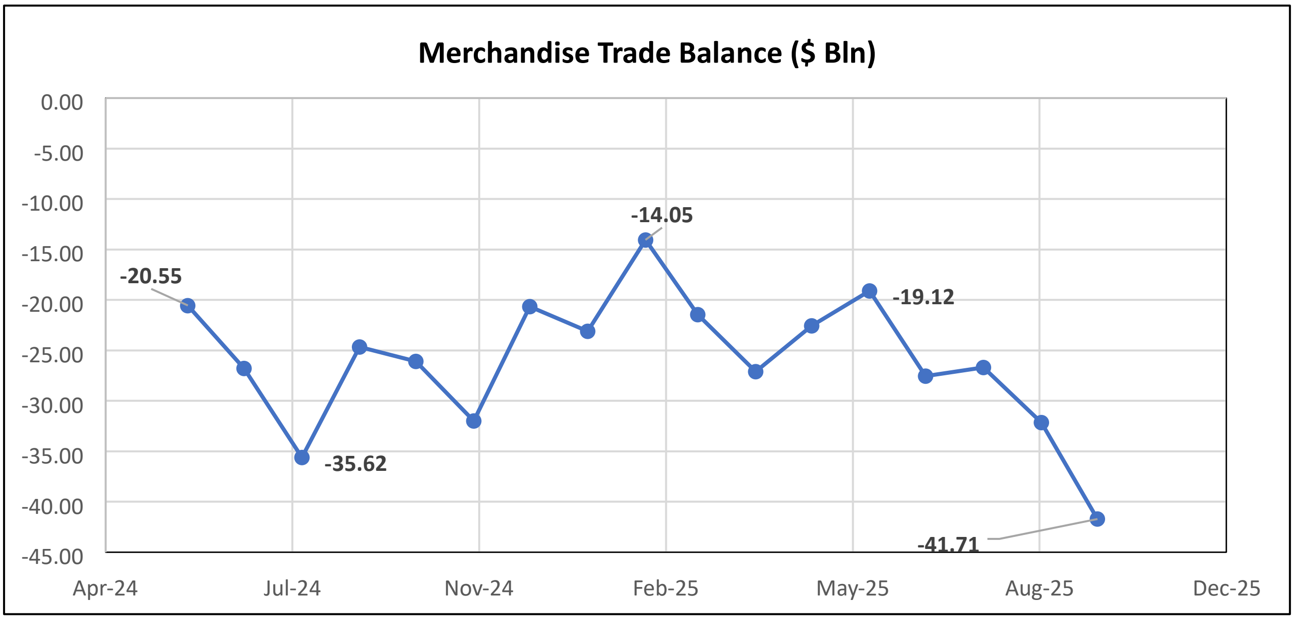
During Jun-24 to Nov-25, short-term interest rates (represented by weighted average call money rates) eased much more than long-term interest rates (represented by yield on 3-Yr AAA Corporate Bonds) reflecting steepness in yield curve.



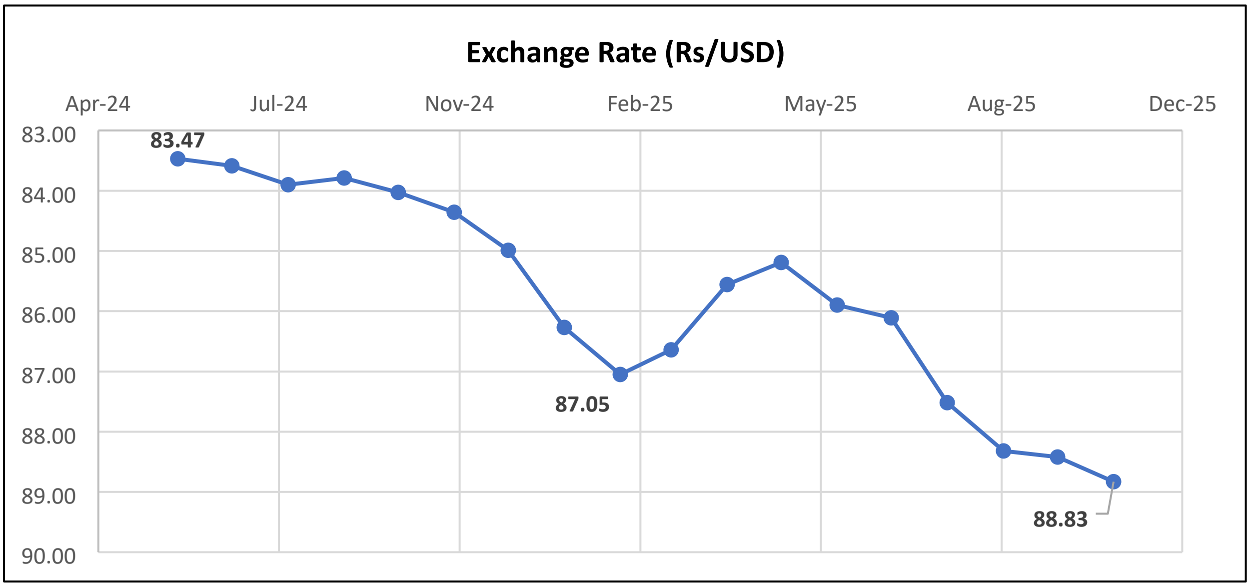
While non-food credit growth looks decent at 11.25% (y-o-y) as on Nov 14, 2025, it is driven by a low statistical base. The loans disbursed by commercial banks contracted by Rs 566.85 billion in the first fortnight of November, 2025.



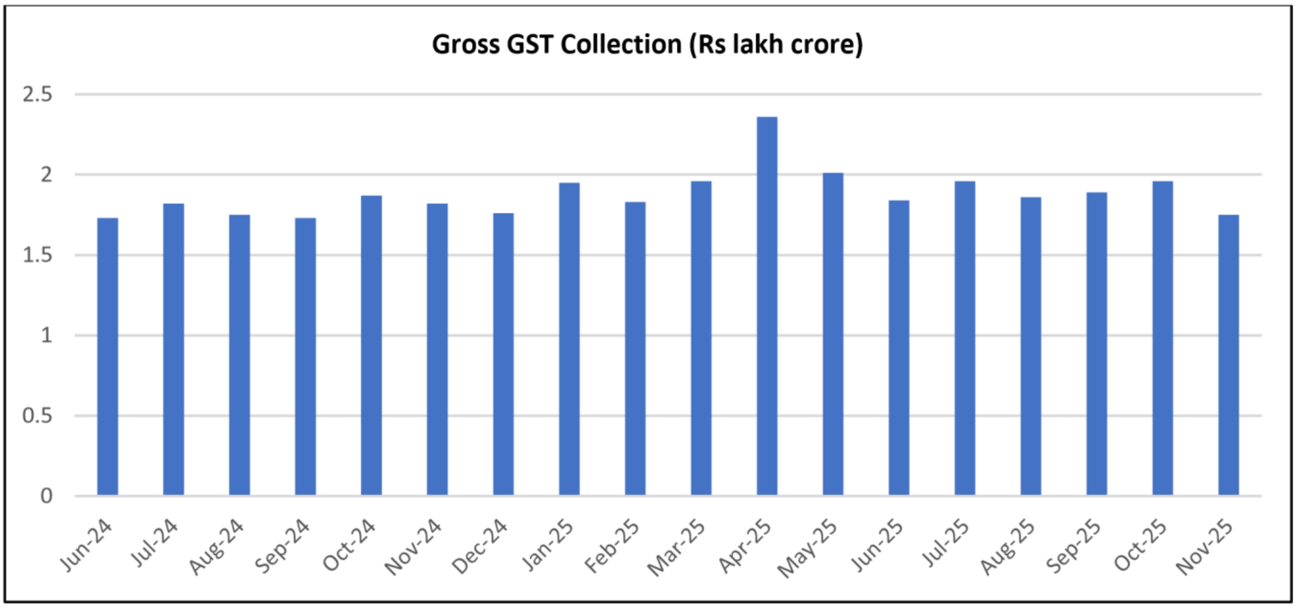
India's exports declined significantly in October, 2025 due to tariff barriers, while imports surged due to elevated imports of gold, silver, fertilisers (Urea) and electronics.



India's merchandise trade deficit has widened from $19.12 billion in June-25 to $41.71 billion in October-2025 on account of surging imports and contracting exports.



India's Rupee-US Dollar exchange rate has depreciated by 4.83% in FY26 so far due to widening merchandise trade deficit and lingering uncertainty about the US-India trade deal.



Indian government's gross GST collections declined by 13% (m-o-m) in November, 2025 as GST tax rates were reduced and transaction volumes normalised following the festive surge in September & October.

Director’s Insights

*In this section, **Dr Jyoti Chandiramani** – the **Director of the Symbiosis School of Economics** has contributed an article entitled as **“Uttarakhand: Searching for Order, Design, and Ecological Balance”**. In this article, she explains **how Uttarakhand has undergone a dramatic transformation due to unplanned urbanisation in just 25 years** and tries to answer the questions - How the state can restore its ecological order? What kind of initiatives are needed to address the growing challenges in a state that was blessed with natural beauty, but its evolution has been sans order?*

Uttarakhand: Searching for Order, Design, and Ecological Balance

My recent visit to Uttarakhand evoked childhood memories of tranquil hills, sacred rivers, and pristine forests - an archetype of Himalayan beauty. Few other regions inspire such affection and spiritual connection. It is this dream-like imagery that fueled the aspiration for statehood in 2000: the belief that a new state, carved from Uttar Pradesh, could better respond to the unique development needs of its mountainous communities.

Yet in just twenty-five years, Uttarakhand has undergone a dramatic transformation. While the state enjoys a per capita income of ₹2,74,064 in 2024-25, which is higher than India's average of ₹2,05,324 and far above that of its parent state, Uttar Pradesh, at ₹1,08,572, this prosperity masks a deeper story (Directorate of Economics & Statistics, Government of Uttarakhand, 2025; Government of Uttar Pradesh, 2025). The state has experienced growth in diverse sectors, including the tertiary sector, driven by tourism, pilgrimage, and adventure spots, as well as manufacturing, which now accounts for a significant portion of the state's GDP (Bisht et al., 2025). Other important sectors are services, particularly IT and related industries, while agriculture benefits from a focus on horticulture and agro-based processing, as well as the utilities sector, hydropower. This is marred by ecological fragility, unplanned urbanisation, and mounting environmental risk. The very characteristics that made Uttarakhand a sought-after destination are now under threat.

The Journey Toward "Order Without Design"

Alain Bertaud's influential work, *Order without Design (2018)*, provides a powerful lens through which to understand Uttarakhand's trajectory. Bertaud argues that cities acquire a form of spontaneous order driven by market forces, mobility patterns, and individual choices. Planners often underestimate this self-organising behaviour, leading to policy failures when design disregards underlying economic dynamics.

In Uttarakhand, however, the opposite problem has emerged. While market forces, particularly tourism and real estate speculation, have created a spontaneous order, the state lacks the design, oversight, and regulatory discipline necessary to steer this order within ecological limits. The result is not Bertaud's efficient "order without design," but an order of disorder - a system shaped by uncoordinated private choices, political compulsions, and competitive pilgrim-tourism, all unfolding on a fragile Himalayan base. The state's land use pattern highlights the region's fragility, with densification evident in urban areas (Table 1).

Table 1: The Land-use: Uttarakhand

Description	Area (km²)
Total Geographical Area of the State	53,483
Hilly vs. Plain (physiographic division)	86% Hilly & 14% Plains
Forest Area	64.8%
Cultivable / Agricultural Land	14%
Urban Area	901.93 km^2 - 1.68%

Uttarakhand's performance in the Sustainable Development Goals (SDGs) rankings reflects a paradoxical situation - having leapfrogged from rank 11 in India in 2018 to the first rank, alongside Kerala, in 2022-23. This often creates a misleading sense of achievement. While indicators in health, education, and sanitation have improved, they fail to capture the cumulative ecological stress that mass tourism, infrastructure expansion, and land-use conversion have produced (Oxfam India, 2014; Forest Survey of India, 2019).

The complacency induced by high SDG rankings has allowed a deeper structural problem to remain underemphasised - the state is moving toward becoming a high-risk tourism economy, vulnerable to climatic shocks (flash floods and cloud burst - in June 2013 and 2016, dislodgement of a glacieret caused in an air blast and dust clouds - June 2021, nearly 1500 landslides [1] - in 2024). The region, therefore, experiences geological instability and uncontrolled human pressure on fragile ecosystems (National Disaster Management Authority, 2021). This raises a critical question: how has Uttarakhand arrived at such a precarious state within just 25 years?

Several factors have converged to push the state to this tipping point. Uttarakhand receives tourist numbers several times its population (Times of India, 2024; Bisht et al., 2025). The Char Dham, once rooted in spiritual austerity, has become a **high-volume commercial circuit.** Towns like Kedarnath and Yamunotri now struggle with **waste, congestion, and erosion.**

There is also the case of **unregulated land-use change due to economic opportunities in the plains** (Haridwar, Udham Nagar, and parts of Dehradun and Nainital), where tourism pressure in the hills has driven rapid, poorly regulated construction. Hillsides are cut; riverbeds encroached; slopes destabilised. **Infrastructure expansion has occurred without ecological sensitivity, resulting in road widening, hydropower projects, and large-scale building,** all of which have accelerated slope failures and weakened natural buffers (Forest Survey of India, 2019; Pandey et al., 2023). **Lack of urban design or spatial planning** in Uttarakhand's towns

[1] https://carbonimpacts.info/article/-impact-of-climate-change-on-landslides-in-uttarakhand-66fa4e4dad26d

(Nainital, Mussoorie, Joshimath, and even Rishikesh) reflects the absence of a coherent urban vision. Furthermore, climate change poses a threat multiplier, as extreme rainfall, glacial melt, and landslides have increased significantly, rendering tourism belts vulnerable to disasterprone zones (Uttarakhand Office of the Advisor Administration, 2025). **Persistent outmigration to the plains, leaving behind ghost villages,** has hollowed out hill villages while concentrating economic pressure on urban tourist towns (Oxfam India, 2014).

The state of Uttarakhand presently stands at the edge. It raises a question as to how the state can restore its ecological order. What are the initiatives to be taken to address these challenges in a state that was blessed with natural beauty, but its evolution has been sans order?

Given the terrain's natural limits, a carrying-capacity-based tourist management system is essential. While such models exist in other domains, religious destinations like the Tirupati temple, which limits daily darshan, and Shirdi have an online-regulated flow of devotees, or a model similar to what has been followed in Bhutan, which employs "high-value, lowvolume" tourism (Ministry of Tourism, 2023).

For the Char Dham Yatra (the main pilgrimage/tourist circuit, comprising the shrines of Badrinath, Kedarnath, Gangotri, and Yamunotri), the state government in 2022 imposed daily limits on the number of pilgrims/visitors. For the 2024 - 25 season, limits were set at 15,000 per day for Badrinath, 12,000 for Kedarnath, 7,000 for Gangotri, and 4,000 for Yamunotri. The entry required prior registration (e-pass / permit / biometric registration), especially for highfootfall pilgrimage seasons (Government of Uttarakhand, 2022). However, pilgrims currently register online, and there is no daily quota system in place. This can be supported by protecting fragile pilgrimage corridors and ecologically sensitive zones, regulating vehicle flows, introducing zone-based movement restrictions, and experimenting with differentiated pricing. Without such measures, environmental degradation and disaster risks will continue to intensify.

The path to restoration requires strict zoning laws for slopes, rivers, and forested areas; a shift from mass tourism to curated and dispersed eco-tourism models; urban planning grounded in geological intelligence and risk mapping; reversing incentives for unregulated construction; creating resilient, mountain-appropriate infrastructure; and, above all, coordinated governance across tourism, forests, PWD, urban development, and disaster management (Oxfam India, 2014).

This brings us to a larger question: **Will the state be able to restore ecological order, or does it stand at the edge?** The restoration is possible, but only with strong political will, institutional coherence, and active community participation.

The Uttarakhand movement for statehood once symbolised the quest for dignity, sustainability, and cultural identity. Today, the state faces the paradox of prosperity and precarity. The challenge ahead is to reclaim its ecological foundations, reintroduce design into spontaneous green growth with aesthetics, and ensure that its mountains remain a place of beauty, pilgrimage, and belonging for future generations.

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