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CANOMICS

YOUR WINDOW TO THE ECONOMIC PULSE

MONTHLY MAGAZINE
 (OCTOBER - 2025)



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अर्थनीति

॥मधुकर इव राजा करं संहरेत्—जीवनाय पर्याप्तं, नाशाय नात्यधिकम्॥

*(The king must collect tax like a honey bee—enough to sustain
but not too much to destroy)*

--Kautilya

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Editor Speaks

In the first three decades post-independence India's growth rate came to be known as "The Hindu rate of growth"- a euphemism for the sluggish 3-3.5% growth typical of India during those decades. However, as we had to undertake structural economic reforms in the 90s to abide by IMF diktats, we embarked on the liberalization and privatization programme which drastically redrew the growth trajectory. Per capita income increased from \$305 to \$2600 in the last three decades at a CAGR of 9.4%. We boast of a unique demographic dividend with 900 million in the age group of 18-59 who constitute the working cohort. Even the current real GDP growth rate of 6.5-7% is below our potential and headroom for further growth prospects exist, a far cry from the developed world characterized by saturation and stagnation. Significant reforms in the real and financial sectors have facilitated this transformation. Now we are at the threshold of a big leap forward with an aspirational goal of 'Viksit Bharat 2047'.

The contribution of banking industry in this transformative journey has been phenomenal and will continue to act as a catalyst. Overall credit growth in the banking system is currently in the range of 11-12%, higher than nominal GDP growth of 9-10%. Gone are the days when the industry was grappling with a huge crisis of toxic asset build up, prompt corrective action frameworks and asset quality reviews. Non-performing assets are consolidating below 2.5%. Public sector banks with a market share of 60-65% posted a consolidated net profit of Rs 94000 crore for the half year ended September 2025. Two Indian banks are among the top 100 global banks. As part of Viksit Bharat, India has an aspiration to place at least two of its banks among the top 20 global banks. Efforts are underway to explore how best to achieve this goal aided by enabling reforms and structural changes.

But complacency is the least we can afford in this defining moment. Productivity improvements should be a rule than an exception in this journey. Overall spending on Research & Development should rise to 5% of GDP to be at par with the developed world. Going forward productivity gains will lead to lower inflation and interest rates which will facilitate credit growth, reinvigorate animal spirits and aid private capex revival- a much needed aspect as government alone cannot do the heavy lifting forever. However, the state of physical infrastructure should be such that foreign capital does not hesitate to flow to our shores. Ongoing efforts to improve our standing in the ease of doing business should complement infrastructure development.

The confluence of a large swathe of start-ups, global capability centres and emergence of new frontiers in artificial intelligence will have a multiplier effect on productivity and economic growth. To top it all, India boasts of a middle class boom whose incomes will continue to rise and sustain demand for the foreseeable future. When the west and developed world witness stagnation due to an ageing populace and near zero birth rates, India remains a clear outlier. It is not without reason that multilateral agencies and leading think-tanks proclaim India as the new growth engine of the world. Not long ago, just two centuries before, India contributed a fourth of global GDP. Our Viksit Bharat agenda is nothing but a mission to regain our rightful place in the global stage.

K Satyanarayana Raju
Managing Director & Chief Executive Officer



The global financial system is at an inflection point. Geo political tensions, trade wars and protectionism tend to upend the extant global order. Even the most vocal protagonists of free trade and liberalization have metamorphosed into inward looking economies. However, it is quite reassuring that the International Monetary Fund (IMF) estimates global GDP to grow by 3.1% in 2025. India is poised to emerge as the fastest growing economy with a real GDP growth rate of 6.6%. This could be conservative. Going by Q1 growth print of 7.8% and emerging data from the ground, there is a high possibility of closing the fiscal with a growth exceeding 7%. Interest rates cuts, tax cuts and diversification of trade basket will catalyze the process.

Direct and indirect taxation reforms-income tax cuts and tweaks in the GST slabs-have undoubtedly given a huge impetus to consumption. GST data for October 2025 which reflect transactions done in September show an uptick of 0.6% net of refunds. November collections are expected to be even better as the full impact of higher consumption will get reflected. These tweaks disincentivizes evasion and aids better compliance. GST collections track growth in nominal GDP with a buoyancy exceeding one, which implies a growth of 10% this fiscal. This coupled with Rs 1 lakh crore worth of income tax cuts would have a multiplier effect on consumption. Early signs point towards this with UPI transactions increasing by 25% by volumes and 16 % by value in October, 2025. The significant spurt in vehicle registrations in October point towards a definitive uptick in consumption trends.

While private consumption is on a strong footing private investment is muted. Though government has done the heavy-lifting by increasing public capex, crowding in private investments haven't been easy. It is expected that the optimum level of capacity utilization required to kickstart private capex is upwards of 80% which depends on demand trends. The various measures announced by the government so far, this fiscal along with interest rate cuts should facilitate surge in aggregate demand which should boost private capex going forward.

The global and domestic economic landscape has resonated in the banking sector. Public sector banks posted an aggregate net profit of Rs 94000 crore in H1 while NIMs have bottomed out. Bank credit growth for the fortnight ended October 17 was 11.5% while growth in aggregate deposits were 10.5%. The revival in credit growth tracks 100 bps cut in repo rate which has led to an effective transmission of 58 bps towards rate cuts for fresh loans. The host of regulatory reforms as regards risk weight tweaks, acquisition financing, capital market exposures etc. could help sustain this trend. Of special interest would be loan against gold jewellery which has shown a spurt of 118% at Rs 3.2 lakh crore, with a further increase expected due to elevated gold prices and more formalization of the economy. Furthermore, some of the emerging and sunrise sectors that would be of interest to banks would be data centers, renewable energy and AI.

However, resource mobilization could face challenges, for instance, India has just 200 million demat accounts for its 1.46 billion population which implies the headroom for retail equity participation is manifold. Growth in mutual fund assets under management from Rs 2 lakh crore in the early 2000s to Rs 75 lakh crore by mid-2025 evidences this shift. Low-cost CASA deposits are either flat or declining for most banks. Here comes the relevance of relationship building and gaining the trust of customers. Banks would need to effectively leverage artificial intelligence and data analytics to align their products to changing customer's preferences and tastes.

India is marching at a brisk pace towards achieving the Viksit Bharat goal by 2047. Though we have undertaken revolutionary reforms-PM Jan Dhan Yojna, Direct Benefit Transfers, GST reforms, launch of PLI schemes, bank consolidation, Insurance for all, New Education Programme, to name a few- our progress in the ease of doing business, contract enforcement, infrastructure in major cities and bankruptcy laws are work-in-progress. We must also ensure 'AI agnostic' new avenues for our younger populace to prevent the 'demographic dividend' from turning into a 'demographic nightmare'. Simultaneously the R&D spend should be gradually hiked to 3-3.5% of GDP. These steps would complement the current reform momentum, making the journey towards \$20 trillion economy much simpler.

Dr. MadhavanKutty G.
Chief Economist



Movement of Key Market Indicators during the Month...

Indicators	High	Low	Average	Remarks
Sensex	84997.1	80983.3	83192.4	The Monthly range, based on available data, closed higher by 3.65% over the month amid positive market sentiment.
Bankex	65771	62401.5	64381	The Bankex rose in October 2025 as SEBI announced new rules to broaden the index composition and reduce large bank dominance, boosting investors' confidence.
India G Sec Yield	6.58	6.48	6.52	India's G-sec remained nearly flat as global yield volatility and RBI policy caution kept investors on hold.
US Treasury	4.16	3.95	4.05	US Treasury yields fell as weak economic data and expectations of an early Fed rate cut increased demand for bonds.
Gold (Per troy \$)	4355.6	3885.6	4076.5	Gold prices rose as investors turned to safe-haven assets amid global economic uncertainty and falling US Treasury yields.
Brent Oil	66.0	60.8	63.6	Brent oil prices fell due to easing geopolitical tensions and higher global supply, especially from the US and OPEC members.
USD/ INR	88.8	87.85	88.48	INR weakened against the US dollar due to rising import demand, foreign fund outflows and a stronger dollar globally.

Key Rates of Key Players

Rates	SBI	PNB	BoB	Canara	UBI	Bol	Highest Rate	Lowest Rate	Any Change In the Month
RLLR	8.15	8.35	8.15	8.25	8.25	8.35	8.35% (PNB, Bol)	8.15% (SBI, BoB)	No change
MCLR (1Yr.)	8.75	8.80	8.75	8.75	8.60	8.85	8.85% (Bol, PNB)	8.60% (UBI)	Change by BoB
Term Dep (1Yr.)	6.25	6.25	6.25	6.25	6.40	6.25	6.40% (UBI)	6.25% (SBI, PNB, BoB, Canara, Bol)	No change

Domestic Policy Rates

SDF	MSF	Fixed Rev Repo	CRR	SLR	MCLR (overnight)	Term Dep. >1 yr
5.25%	5.75%	3.35%	3.50%	18%	7.80-8.00%	5.85-6.60%
Unchanged	Unchanged	Unchanged	changed	Unchanged	Stable	Stable

Policy Context: RBI's October MPC emphasized growth (projected 6.8% GDP for 2025-26) and inflation control (CPI at 2.6%), opting for status quo amid global uncertainties (e.g., US tariffs).

Liquidity Position During the Month (In Lakhs Cr.)

Opening	Closing	Highest	Lowest	Average
1.66 (surplus)	1.23 (surplus)	1.90 (surplus)	0.70 (Deficit)	0.85 (surplus)



Policy Implications

RBI managed tight liquidity through short-term repo operations, aiming to maintain stability while supporting credit growth under its neutral policy stance.

Global Policy Rates Status

RBI Repo Rate	US Fed	European Central Bank	Bank of Japan	Bank of England	Bank of Indonesia	PBOC, China	Bank of Korea
5.50%	4.0%	2.15%	0.50%	4%	4.75%	3.0%	2.50%

Quick Observations: Global central Banks are mostly holding rates steady as inflation eases and growth stabilizes, balancing between supporting recovery and avoiding premature rate cuts.



Top 3 Focus of the Month ...

The Rising Value of Gold in 2025

Gold has experienced a remarkable surge in value throughout 2025, cementing its status as a premier safe-haven asset amid global uncertainties. As of October 2025, spot gold prices have shattered records hitting the \$4,000 per ounce milestone, with gold futures rising by more than 46% year-to-date. This rally marks a continuation of trends from previous years, driven by a confluence of economic, geopolitical and market factors.

Analysts expect gold to hit \$4,500+ in mid-2026, citing persistent inflation fears and geopolitical tensions.

Banking on Russian Oil Companies: Risks, Sanctions and Global Impacts

Extending banking facilities to Russian oil giants like Rosneft and Lukoil and to top oil buyers like India and China—whether through financing or investment—would likely turn unviable due to threat of sweeping U.S. and EU sanctions and asset freezes of those banks. Major European lenders like UniCredit and Raiffeisen are scaling back exposures while some Indian banks have blocked letters of credit. Chinese regional banks face growing risks despite handling 2 million bpd via non-dollar channels. All these factors have contributed to a 15-20% plunge in Rosneft/Lukoil shares, a 21% annual drop in Russian oil revenues and probability of 10-15% fall in exports by Q1 2026 unless they succeed to bypass these restrictions.

RBI' MPC OCT 2025

The Monetary Policy Committee (MPC) announced a status quo on the repo rate and retained it at 5.5%. Consequently, the Marginal standing facility (MSF) and Standing deposit facility (SDF) rate stood at 5.75% and 5.25% respectively. While tariff-related developments and geopolitical uncertainties pose downside risks to the growth outlook in the second half of FY26, the domestic growth drivers are expected to provide resilience. With GDP growth projected at 6.8% and inflation at 2.6%, India's macroeconomic fundamentals look resilient. However, external risks (trade tensions, global slowdown, FPI outflows) remain key watch points.



Regulatory Moves/Announcements by RBI ...

RBI's Announcements/Moves

Announcements	Brief Summary	Impacts
In MPC Oct'25, RBI holds Repo Rate at 5.50%, lowered Inflation forecast to 2.6%, raised GDP Growth to 6.8% (01 Oct-03 Oct, 2025)	MPC announced a status quo on the repo rate and retained it at 5.5%. MSF and SDF rate stood at 5.75% and 5.25% respectively. Revised GDP forecast FY26 to 6.8% (from 6.5%) and inflation forecast FY26 to 2.6% (from 3.1%).	Neutral stance encourages bank to lend more to productive sectors, upgraded GDP forecast will boost business confidence and signals optimism in domestic demand and investment. Lower inflation outlook increases purchasing power and aggregate demand.
RBI unveiled 22 measures to boost credit flow, deepen financial markets and strengthen regulation (01 Oct-03 Oct 2025)	Allowing banks to fund mergers & acquisitions (M&As) and land purchases through regulated SPVs. Raising exposure limits on loans against shares and IPO financing.	It will augment lending capacity of banks and supports sectoral credit growth which encourages business expansion. This is vital for private capex which has been sluggish so far.
RBI strengthens consumer grievance resolution (07 oct 2025)	Proposes wider scope for grievance redressal by including state and district central Co-operative banks under the RBI ombudsman scheme.	Will offer more uniform complaint resolution mechanism across the banking system and will promote stronger consumer protection.
Draft guidelines on Unique Transaction Identifier (UTI) framework for Over-the-Counter (OTC) derivative transactions in India (23 Oct 2025)	The UTI will assign a distinct code to each trade, improving traceability and aligning with global G20 standards. It complements the existing Legal Entity Identifier (LEI) system to enhance reporting accuracy and oversight.	Will bring greater transparency in derivative markets through precise trade identification, better regulatory monitoring, reduced duplication or mismatch of reported trades and strengthening India's integration with international financial systems.
RBI draft guidelines for Commercial banks and small finance banks on capital market exposure (24 Oct 2025)	Guidelines for acquisition finance by banks to Indian companies require target entities to be listed with a three-year profit history and satisfactory net worth. Aggregate exposure limit is set at 10% of Tier 1 capital, with a maximum finance of 70% of acquisition value.	Will enable bank to support M&A deals and boost capital market participation. These norms also prevent overexposure, mitigates systemic risk and brings uniformity in norms across banks and small finance banks.
Draft guidelines to facilitate faster cross border inward payments (29 Oct 2025)	Part of Payment Vision 2025 to improve the speed, transparency and efficiency of inward remittances and aligning with the G20 roadmap on cross-border payments.	Will speed up foreign remittance credits, enhance banking efficiency and support rupee internationalisation along with ease of doing business.



Government Announcements/Moves

Announcements	Brief Summary	Impacts
Finance minister launched the three-month nationwide campaign “Apki Poonji, Apka Adhikar (Your Money, Your Right)”	Banks were urged to spread the awareness about the initiative to beneficiaries. Rs 1,84,000 crore worth unclaimed assets are currently lying with the various financial institutions.	The campaign carries a simple but powerful message that every rupee saved by citizens must return to them or their families.
DBT (Direct benefit transfer) route through Aadhaar to be must for central scheme.	The government has mandated that all new centrally sponsored schemes will utilize Aadhaar authentication for direct benefit transfers, with payments routed through the Aadhaar enabled payment system.	This move aims to enhance public service delivery and promote a digital, less-cash economy.
Real-time forex settlement at GIFT City launched	FM launched a real-time foreign currency settlement system, replacing a delayed process involving multiple banks.	This will enable instant transactions, eliminating the 36-to-48-hour lag and positioning GIFT-IFSC among global financial centers with local foreign currency settlement capabilities.
Government announced that India and the UK are set to exceed their \$112 billion bilateral trade target before 2030	The bilateral trade currently stands at around \$56 billion. Critical minerals and rare earth are sectors strategic to trade.	The deal will help to mitigate US tariff risks. Also deepening collaboration between academia and Industry envisaged in the deal would serve as India’s “innovative driving force” accelerating growth in high value sectors.
Overhaul of Key Economic Indicators (GDP, CPI, IIP)	Revamp effective early 2026 to include digital economy metrics, services index and better household data.	Enhances data accuracy aids policy-making for post-tariff recovery.

Behaviour of other Macro-Economic Indicators (1/3)...

CPI Inflation Trends in September 2025

Retail inflation in India for September (released in October) eased to 1.44% from 2.07% in Aug and 5.49% in Sep'24, mainly due to lower food and beverage prices and a favourable base effect. Vegetables deflated by 21.4%, leading to an overall monthly food & beverages deflation of 142 bps. Core inflation (excluding food & fuel) rose to 4.48%, driven by a 5.4% rise in the miscellaneous category. Rural and urban inflation fell by 62 bps and 43 bps, helped by good monsoon and base effects. Within the miscellaneous group, health inflation was 4.34%, showing stickiness due to high medical expenses and low insurance coverage. Gold and silver inflation surged to 46.87% and 41.75% respectively. The FY26 CPI estimate of 2.6% by MPC implies H2 FY26 inflation near 3.46%.

Notably, non-bank resource flows to the commercial sector rose from 37.1% to 48.8% in FY25, showing reduced sensitivity to repo rate changes and highlighting the limits of monetary policy in driving growth. However, slowing inflation creates more room for further rate cuts.

IIP Movements

India's industrial activity continued its moderate momentum recording a Y-o-Y growth of 4.0% in Sep'25, unchanged from the quick estimates for Aug'25. The overall expansion was primarily supported by healthy growth of manufacturing sector (4.8%) and continued expansion in electricity generation (3.1%), while mining registered a slight contraction (-0.4%).

The steady IIP supports FY26 GDP forecasts of 6.5-7.0%, given industry's 28% GDP weight. Recent initiatives including the newly introduced PLI scheme for specialty steel will facilitate industry growth to maintain a steady pace of growth. Moreover, this will also augment the share of manufacturing in GDP currently stagnant at 15-17%.

Trade Flow Update

India's trade deficit widened to \$32.15 bn in Sep 2025, compared to \$26.49 bn in Aug 2025 and \$24.67 bn in Sep 2024, reflecting a sharp monthly and annual increase driven by surge in Gold, silver and fertiliser imports. Merchandise imports rose to \$68.53 bn in Sep 2025 compared to \$61.59 bn in the previous month and \$58.74 bn in Sep 2024. This marks a strong 16.7% YoY and 11.3% MoM increase, reflecting a rebound in domestic demand. The surge also suggests festive season restocking and firm consumption momentum, even as oil imports moderated on a yearly basis.

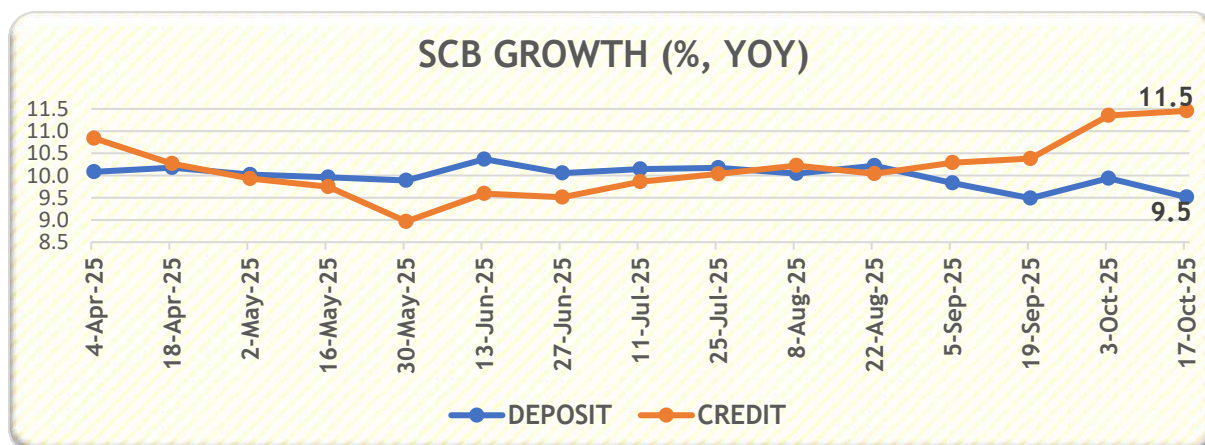
Overall exports rose by 6.7% despite tariff related shocks as exports to China, UAE, Indonesia, UAE and Bangladesh offset decline in exports to the US to a great extent.

Behaviour of other Macro-Economic Indicators(2/3)...

Sectoral Credit Flow

In September 2025, data on sectoral deployment of bank credit from 41 select scheduled commercial banks (covering about 95% of total non-food credit) showed 10.2% year-on-year growth. Credit to agriculture and allied activities grew 9.0% (16.4% last year), while industry credit rose 7.3% (8.9% earlier), driven by micro, small and medium industries and sectors like engineering, infrastructure and textiles. The services sector grew 10.2% y-o-y (13.7% a year ago), lending to NBFCs slowed, but tourism, hotels, software and real estate remained strong. Personal loans increased 11.7%, against 13.4% a year earlier, due to moderation in vehicle, credit card and other personal loans. Repo rate cut of 100 bps and consequent reduction in lending rates supported credit growth.

Parameter	SCB (Credit Growth % YoY)					
	Share (%)	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Non-Food credit	--	8.8	9.3	9.9	9.9	10.2
Agriculture	13%	7.5	6.8	7.3	7.6	9.0
Large	2%	1.0	0.8	0.9	1.8	2.4
Services	15%	8.7	9.0	10.6	10.6	10.2
NBFCs	28%	-0.3	2.6	2.6	3.4	3.9
Retail	33%	11.1	12.1	11.9	11.8	11.7
Retail (Excl. Gold Loans)	31%	8.8	9.5	9.1	9.1	9.0
Housing	17%	9.0	9.6	9.6	9.7	10.1
Loans against gold jewellery	1.7%	115.3	123.8	122.0	117.8	114.9



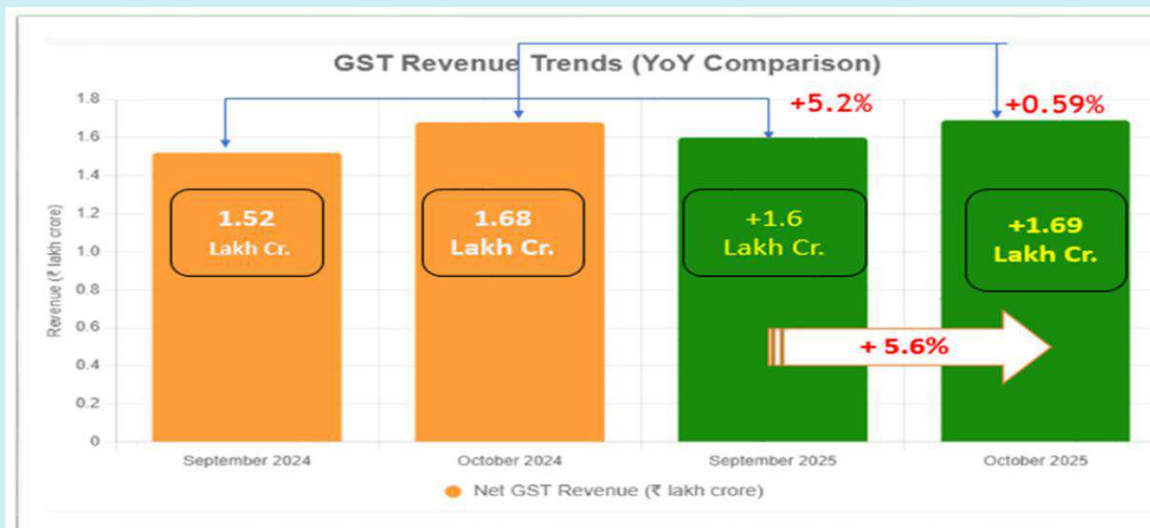
Credit and deposit growth gap widens

As per the latest RBI fortnightly data, credit growth at 11.5% has outpaced bank deposit growth highlighting challenges in resource mobilisation in view of alternative saving avenues and lower deposit rates. For instance, assets under management of mutual funds are now at Rs 80 lakh crore constituting 36% of banking system deposits. Credit growth continues to be in double digit aided by lower interest rates and ample banking system liquidity.

Behaviour of other Macro-Economic Indicators(2/3)...

Post GST Rate Cut Scenario (Gain But not Loss Yet...)

India's GST 2.0 reforms, effective from September 22, 2025, slashed taxes on 375 items, shifting most from 12-28% to 5-18% slabs, abolishing the 28% slab and eliminating cess on non-tobacco goods. Though initial estimates pegged an annual revenue loss of Rs 48000 crore, GST collections for October (transactions done in September) shows gross collections at ₹1.96 lakh crore (+4.6% YoY), with festive demand surge likely offsetting concerns of any revenue shortfall. As GST collections track nominal GDP growth, full year collections are likely to see a 10% growth in FY26 over FY25.



Indicator	Pre-Reform (Sept 2025)	Post-Reform (Oct 2025)	Change
Manufacturing PMI	58.4 (Sept)	59.2 (Oct)	+0.8 points
Auto Sales (Cars & SUVs)(PV)	3.0 lakh units (Sept)	5.57 lakh units (Oct)	+86%
Two-Wheeler Sales	12.88 lakh units (Sept)	31.50 lakh units (Oct)	+144.60%
Consumer Electronics Sales	+12% YoY (Sept)	+22% YoY (Oct)	+10 pp
Inflation (CPI)	1.44% (Sept)	0.25% (Oct, provisional)	-1.19%
Stock Market (Sensex)	80269	83938	+4.5%

Financial Performance of Major Indian Banks (As on 30.09.2025)

				Highest			Lowest		
	CB	UBI	PNB	IB	SBI	BOB	BOI	HDFC	ICICI
Y-o-Y % Growth									
Business Parameters									
Gross Global Business	13.55%	3.24%	10.57%	12.34%	10.77%	10.46%	11.83%	11.00%	8.62%
Gross Global Advances	13.74%	4.99%	10.14%	12.65%	12.73%	11.88%	14.03%	9.93%	9.64%
Gross Global Deposits	13.40%	1.90%	10.88%	12.09%	9.27%	9.28%	10.08%	12.07%	7.68%
CASA	10.53%	1.40%	4.75%	7.26%	8.06%	6.60%	3.95%	7.43%	8.24%
RAM Credit									
Retail	29.11%	23.98%	8.82%	18.58%	14.09%	17.56%	19.96%	18.23%	6.62%
Housing Loan	15.25%	9.47%	12.87%	12.68%	15.22%	16.49%	15.46%	6.69%	9.90%
Vehicle Loan	25.58%	15.75%	30.91%	45.74%	9.64%	17.68%	19.61%	NA	2.06%
Agri	9.57%	-12.25%	12.99%	13.98%	14.23%	17.44%	13.65%	NA	-1.30%
MSME	10.55%	16.29%	18.63%	14.10%	18.78%	13.86%	16.46%	NA	24.85%
Total RAM	16.40%	8.47%	12.65%	15.57%	15.09%	16.59%	17.02%	NA	10.22%
Profitability Parameters									
Operating Profit	12.21%	-16.01%	5.45%	2.31%	8.91%	-20.06%	-7.87%	13.02%	3.44%
Net profit	18.93%	-9.97%	13.95%	11.50%	9.97%	-8.18%	7.62%	10.82%	5.22%
Net Interest Margins	2.52%	2.67%	2.60%	3.23%	2.93%	2.96%	2.41%	3.27%	4.30%
Asset Quality Parameters									
Gross NPA Ratio	2.35%	3.29%	3.45%	2.60%	1.73%	2.16%	2.54%	1.24%	1.58%
Net NPA Ratio	0.54%	0.55%	0.36%	0.16%	0.42%	0.57%	0.65%	0.42%	0.39%

Key Insights for Q2 (2025-2026):

The Q2 FY26 results (ended September 30, 2025) reflect a resilient phase for Indian banks. With record PSU profits, best-in-class asset quality and robust credit growth, the sector is well-positioned for a similar show for the whole of FY26 and FY27.

Balance sheets of Indian banks are the strongest in the past 15 years. Though deposit growth lagging credit growth remains a challenge, asset quality is robust and NPAs have bottomed out. Healthy balance sheets aid credit expansion and growth.



Data Stat: Revealing the Top 2 Data Taste of the Month...

Discussion 1: All that Glitters is 'Often' a Gold...

(Source: World Gold Council (WGC) Gold Demand Trends reports, IMF IFS statistics (with updates to October 2025))



Gold Purchase by Central Banks of Major Economies (Oct, 2024-Oct 2025)

Ranking	Country/(Central Bank)	Total (12 Months)	Current Reserves (in Tonnes as of Oct 2025)	% of Total Reserves/Assest	Ranking	Country/(Central Bank)	Total (12 Months)	Current Reserves (in Tonnes as of Oct 2025)	% of Total Reserves/Assest
1	National Bank of Poland (NBP)	109	515	21%	6	China (PBoC)	34	2,300	5%
2	Japan (BOJ)	81	846	5%	7	National Bank of Kazakhstan	24	316	39%
3	State Oil Fund of Azerbaijan (SOFAZ)	52.8	185	30%	8	Germany (Bundesbank)	0	3,352	72%
4	Central Bank of Turkey (CBRT)	51	635	72%	9	United States (Fed)	0	8,133	68%
5	India (RBI)	45	876	12%					

Reflections

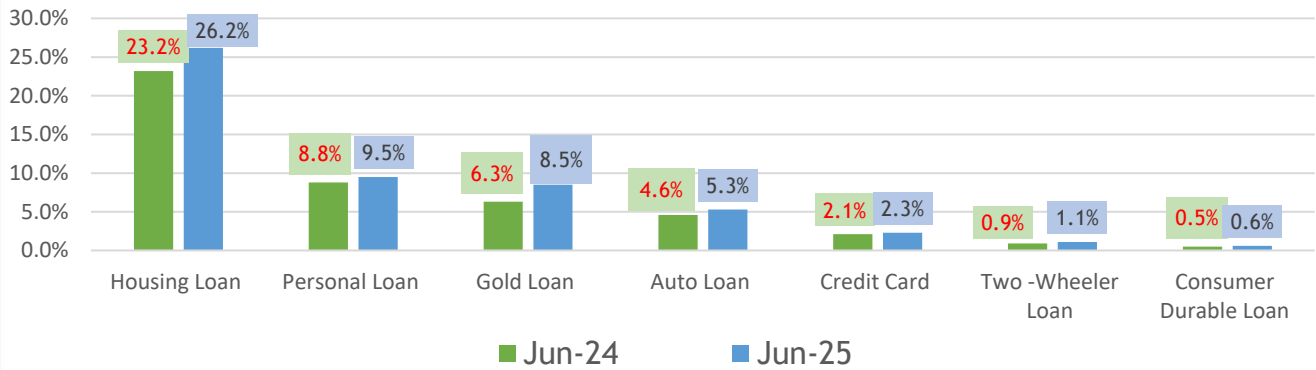
- ✓ Gold prices have exhibited a strong bullish trend over the past 6 months (+14.5% rose in October, 2025 over previous month and a total of (+) 49.05% rose between April- 2025 to October 2025).
- ✓ This is driven by factors such as sustained central bank purchases (over 1,000 metric tons in 2024 and continuing into 2025), geopolitical uncertainties and diversification away from USD reserves.
- ✓ India ranks at 5th Position (45 tones) in terms of Gold Purchases in last 12 months.

Takeaways

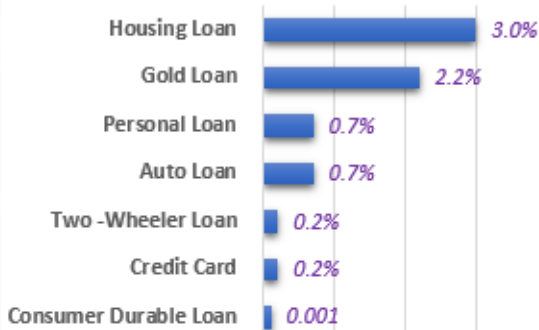
- ✓ Gold purchases by major Central Banks has again justified the function of gold as a crisis performer, an instrument of inflation hedge and diversifier of economic shock.
- ✓ This has resulted into gold's record-breaking price rally, pushing spot prices above \$4,000 per ounce in October 2025.
- ✓ However, Gold's limited role as a medium of exchange caps its threat to the USD's dominance, but if adoption grows, it could reshape reserve management norms in future.

Discussion 2: Who is Lending (& how much) for Consumption Need of Indian Economy? (Source: CRIF, June 2025)

% Share in Consumption loan Portfolio (Outstanding as on Jun-24 & Jun-25)



**Growth in % share of Portfolio
(Between Jun,24 -Jun,25)**



Market Share (% of Total Portfolio of Consumption Loan)

Loan Type	Time-Horizon	Market Share (%)			
		PSU Banks	Pvt Banks	HFCs	Others
Housing Loan	Jun-25	39.6% ↑	34.8% ↓	19.5% ↑	6.1% ↑
	Jun-24	38.7%	36.2%	19.4%	5.8%
Gold Loan	Jun-25	60.1% ↓	15.7% ↓	11.2% ↑	13.0% ↑
	Jun-24	60.2%	17.1%	10.2%	12.6%
Auto Loan	Jun-25	36.9% ↑	31.4% ↓	26.9% ↑	5.3% ↑
	Jun-24	36.0%	33.5%	25.9%	4.6%
Credit Card	Jun-25	68.0% ↓	32.0% ↑		
	Jun-24	69.2%	30.8%		

* PSUBank+NBFC+SFBs+Foreign Bank+RRBs+ARCs

Reflections

- ✓ Housing loans remain the largest and fastest-growing segment, likely due to their high-ticket size and sustained demand for real estate.
- ✓ The significant growth in gold loans suggests it is becoming a key financing option, possibly due to economic factors or increased accessibility.
- ✓ PSU Banks increased their market share in Housing Loans (+0.9%) and Auto Loans (+0.9%) and remained stable in Gold Loans (-0.1%).
- ✓ Private Banks are losing market share across all loan types, particularly in Auto Loans (-2.1%) and Housing/Gold Loans (-1.4% each), suggesting competitive challenges or a strategic shift to other products.
- ✓ NBFCs are growing in Gold Loans (+1.0%) and Auto Loans (+1.0%). Private Banks dominate credit cards (68.0% in 2025), but the growing share of “Others” (32.0%) suggests new players are entering.

Takeaways

The growth in secured loans (housing and gold) may indicate a preference for asset-backed lending by Banks, while slower growth in unsecured loans (e.g. credit cards) could suggest cautious consumer spending in certain areas.



Rewinding News During the Month ...

Indian Banking/financial sector News

Date	News Headlines	Implications
Oct-03	RBI granted SRO status to Finance Industry Development Council (FIDC) for NBFCs	FIDC becomes the self-regulatory body for NBFCs, enforcing standards and easing RBI oversight, which strengthens governance and risk management in the sector. This assumes significance as NBFCs are increasingly becoming interconnected to the overall financial system.
Oct-04	Cheque Clearing Timelines reduced to Hours from Days	RBI's real-time cheque clearing cuts settlement from days to hours, enhancing liquidity and customer convenience in traditional banking. This improves turnaround times and working capital cycles for small and medium industries.
Oct-08	RBI launched deposit tokenisation pilot in India	It will create digital representations of assets like deposits, stocks and bonds that are stored in a blockchain using the wholesale segment of its central bank digital currency (CBDC) with an aim to make transactions faster, cheaper and safer.
Oct-08	RBI launched a retail sandbox for its central bank digital currency (CBDC).	This could serve as a testing platform for fintechs to innovate with e-Rupee and helps to accelerates CBDC and digital payment adoption.
Oct-09	RBI unveiled 4 New Digital Payment initiatives at Global Fintech Festival 2025	These 4 new initiatives are: Internet-of-Things based "UPI payments"; an interoperable net banking solution- "Banking Connect"; UPI Reserve Pay" and AI based "UPI Help" that helps expand UPI's reach and functionality, driving frictionless and inclusive payments. These are efforts aimed at augmenting digitisation and reducing cash-based transactions.
Oct-09	HSBC Pledges \$1 Billion for Indian Start-ups via Banking Arm	It will strengthen India start-up ecosystem by expanding access to non-equity funding and boosting innovation led growth. This indicating rising global confidence in Indian start-up ecosystem.
Oct-15	Government Plans Mega PSB Merger by FY27	Consolidation to create stronger lenders, reduce overlaps, Punjab & Sind Bank, BoM eyed for privatization. IOB, CBI, BoI to Anchor with bigger banks.
Oct-16	Inoperative Jan Dhan Accounts in PSBs	26% of PMJDY dormant accounts signals inclusion gaps and call for stronger efforts to boost account activity and financial literacy. Out of a total 545.5 million PMJDY account, 142.8 million were inoperative as of end Sep'25.
Oct-18	Emirates NBD acquires 60% Stake in RBL Bank for \$3B	\$3B FDI deal brings global capital and expertise, strengthening retail and corporate banking. This comes close on the heels of SMBC-Yes Bank deal and signals an increasing trend of foreign capital finding its way to Indian banks.
Oct-20	PNB expects \$1 billion impact from RBI'ECL framework by 2031	This shift to forward-looking provisioning could reduce bank profits and capital but improve risk and resilience over the long-term helping put guard rails against black swan events.
Oct-24	Outward remittances under the Liberalised Remittance Scheme for studies abroad fell sharply	Hit 8 year low due to significant drop in international travel and overseas education spending driven by factor like Visa restrictions, higher cost and a recent increase in the Tax collection at source.

Domestic Economy News

Date	News Headlines	Implications
Oct-01	GST collections rose by 9% to Rs 1.96 lakh crore in October 2025	Strong GST growth signals sustained consumer demand and effective tax compliance, supporting fiscal health and government spending.
Oct-05	Exports drive Indian factories to 25% higher Eco-Efficiency: IIM Study	Exporting firms cut energy use/emissions via tech, supports green growth amid global trade shifts.
Oct-08	Pan-India survey to make MSMEs more competitive	The initiative seeks cluster-level feedback to frame policies that enhances sector competitiveness and cost efficiency. Targeted policy interventions for MSMEs will strengthen supply chains, job creation and regional economic balance.
Oct-09	House price Index rose by 3.6% annually in Q1, although lower than previous year's 7.6%: RBI Report	Nagpur, Chandigarh, Chennai and Kochi recorded the highest increase Q-o-Q. RBI included 8 new cities. Moderating real estate growth improves affordability but may dampen investor sentiment in urban markets.
Oct-13	Textile exporters saw up to 50% drop in US business	The decline stems from the 50% duty imposed by Trump. Trade disruptions threaten jobs and forex. Urgent need for market diversification and government support. Almost 30-40% of Indian textile exports are to the US at present.
Oct-14	India's Russian oil imports in April-Sept falls 8.4% Y-o-Y.	This drop is due to narrower discounts and tighter supplies, with refiners shifting towards Middle Eastern and U.S. Threat of sanctions on entities having links with Russian oil companies also contributed.
Oct-15	India's Unemployment rate rose to 5.2% in September 2025	With rural area particularly impacted, rural unemployment rate rose to 4.6% in September from 4.3% in August, with male and female unemployment rates rising to 4.7% and 4.3% respectively.
Oct-21	Pact with UK, EFTA to bring in \$100 bn investments.	This is estimated to generate one million direct jobs in India over the next 15 years.
Oct-22	RBI's gold reserves crossed 880 metric tonnes by September 2025	Enhanced gold holdings strengthen forex resilience amid global uncertainty and rupee volatility.
Oct-23	Digital payments comprise 99.8% of total transactions volume in H1 2025	Near-total shift to digital transactions strengthen India's leadership in fintech and financial inclusion. Rising digital transactions also indicate improving consumption trends.
Oct-27	Govt plans Bharat Aayat Niryat lab Setu to link EXIM testing: DGFT	The Scheme plans to launch a digital single-window platform to link testing and inspection agencies nationwide for faster and paperless certification of export and import consignments.
Oct-28	India's Industrial production rose 4%	Steady industrial recovery supports GDP growth, signalling improving business confidence and manufacturing uptick.
Oct-28	Union Cabinet sanctioned Rs 37,952 crore subsidy for phosphorous and potassic fertilizers	This financial support is designated for the upcoming 2025-26 rabi season. The approved rates aim to bolster agricultural productivity during the crucial winter cropping period.
Oct-29	Govt to allocate gold quota under trade pact with UAE through bidding process	This move aims to enhance transparency and efficiency. Eligible importers must be registered with the Bureau of Indian Standards for hallmarking. This also helps curb imports of spurious gold.
Oct-30	Some Indian companies received licenses to import rare earths from China	The move aims to secure critical minerals for high tech industries and build domestic reserves.
Oct-30	Assocham suggested tax simplification, rationalisation	Simplified taxation and reduced litigation will improve ease of doing business and attract investment.

Global Economy News

Date	News Headlines	Implications
Oct-03	Japan's August jobless rate rose to 2.6%	Slight labour market softening may delay BoJ (Bank of Japan) rate hikes, supporting yen weakness and export competitiveness.
Oct-07	World Bank lifted China 2025 GDP forecast to 4.8% ahead of a slowdown next year	The world bank raised its 2025 growth forecast for China to 4.8% from an earlier estimate of 4.0% but warned the momentum is likely to slow in 2026 due to low consumer and business confidence and weak new export orders. However, at \$19 trillion, it remains the second largest after the US.
Oct-11	China Export Growth Hits 6-Month High	Pre-tariff front-loading and diversification to non-US markets cushion immediate trade war blows.
Oct-12	Trump announced an additional 100% tariff on China, set to start from November 1, 2025	If it happens it will escalate U.S.-China decoupling, inflate global goods prices and accelerate supply chain shifts to India/Vietnam.
Oct-16	IMF Revises Asia's 2025 GDP Growth Higher to 4.5%	Upbeat outlook reinforces Asia's role as global growth anchor despite U.S. protectionism and China slowdown.
Oct-20	China Industrial Output Growth at 3-Month High	China's industrial output rose 6.5% YoY in September 2025, up from 5.2% in August and above the 5.0% forecast, driven by stronger manufacturing (+7.3%) and mining (+6.4%) growth. It signals stronger manufacturing momentum and domestic demand recovery.
Oct-22	UK Inflation rate below forecasts at 3.8%	It signals persistent pressures from food, wages and administered prices, prompting BOE (Bank of England) to hold rates at 4% while eyeing cuts to 3.5% by mid -2026 to anchor inflation to the 2% target.
Oct-22	Japan unexpectedly posts Trade Gap	Japan's September 2025 trade deficit was JPY 234.6 billion, missing the expected JPY 22 billion surplus, as higher imports and energy costs outweighed 4.2% export rise. Weak exports and energy imports highlight yen depreciation risks and BoJ policy dilemmas.
Oct-24	September 2025 CPI inflation: U.S. consumer prices jump 3% yearly	US annual Inflation rose to 3% in September 2025, the highest since January, driven by higher energy prices and modest vehicle cost increases. Persistent inflation above Fed target delays rate cuts, strengthening dollar and pressuring EM currencies by keeping US bond yields elevated.
Oct-26	FDI into China drops 10.4% in Jan-Sep 2025	Geopolitical tensions and profit repatriation curbs deter foreign capital, slowing tech/industrial upgrades.
Oct-28	China, ASEAN sign upgraded free trade pact	China and ASEAN signed an upgraded free trade pact to boost regional trade in goods, services and digital sectors amid US protectionism. Deepened regional integration counters U.S. tariffs, boosting intra-Asian trade and investment flows.
Oct-28	US, Japan sign agreement on 'securing' rare earths supply	The United States and Japan signed an agreement "securing" the supply of critical minerals and rare earths, during the visit of US president to Tokyo.
Oct-29	US Fed cuts rates quarter point, sets end to balance-sheet runoff	This signals a shift toward supporting growth amid easing inflation, boosting global market sentiment and liquidity.



Must Track in Next Month...

Date	Report/Event	Country/Region
Nov-01	RBI Forex Reserves (Week 51)	India
Nov-05	US ADP Employment Report (Oct)	US
Nov-12	India CPI Inflation (Oct)	India
Nov-13	US CPI Inflation (Oct)	US
Nov-14	India WPI Inflation YoY & Bank Deposit and Credit Growth	India
Nov-15	India's Balance of Trade	India
Nov-17	India's Unemployment rate	India
Nov-18	US export and Import price & Industrial production YoY	US
Nov-21	India's HSBC composite PMI flash	India
Nov-25	US house price index	US
Nov-28	India Industrial production YoY & GDP growth rate YoY	India

Data Sources...

❖ Web Site:

- ❖ <https://mospi.gov.in/data>
- ❖ <https://data.rbi.org.in/DBIE/>
- ❖ <https://www.pib.gov.in/>
- ❖ <https://financialservices.gov.in/>
- ❖ <https://www.dgft.gov.in/CP/>
- ❖ <https://www.commerce.gov.in/>
- ❖ <https://www.sebi.gov.in/>
- ❖ <https://www.focus-economics.com/countries/india/>

❖ Report /Publications:

- World Gold Council (WGC) Gold Demand Trends reports
- TransUnion CIBIL, MFIN, and fintech reports
- CRIF, June 2025
- CMIE
- COGENCIS

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