



Ministry of Finance Year Ender 2025 Department of Economic Affairs

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In 2025, the Department of Economic Affairs (DEA), under the Ministry of Finance, guided India's economic management, fiscal strategy, and financial sector coordination, while implementing reforms to support growth, stability, investment, and global engagement. Through policies across macroeconomics, capital markets, infrastructure, digital finance and investor protection and empowerment, DEA strengthened economic fundamentals and positioned India for sustained future growth.

I. Sixteenth Finance Commission

The Sixteenth Finance Commission submitted its Report for the award period from 2026-27 to 2030-31 to the President of India on 17th November 2025. During its tenure, the XVIFC analysed the finances of the Union and States in detail and has come up with a report after wide-ranging consultations with the Union Government, State Governments, Local Governments at different tiers, Chairpersons and Members of previous Finance Commissions, academic institutions of eminence, multi-lateral institutions, Advisory Council to the Commission, and other domain experts.

The report shall be available in the public domain once it is tabled in the Parliament by the Union Finance Minister under Article 281.

II. Initiatives to Boost Infrastructural Investment

The Expert Committee on the Harmonised Master List of Infrastructure Sub-sectors submitted its final report, recommending new principles for infrastructure classification and proposing a comprehensive financing framework to attract private capital and improve project bankability.

During the year, a new sub-sector, "Large Ships," was added under the transport and logistics category of the Harmonised Master List.

Funds raised through Sovereign Green Bonds amounted to ₹21,697.40 crore in FY 2024-25, with proceeds allocated to eligible green projects across ministries. Capital expenditure monitoring by DEA enabled infrastructure ministries to achieve expenditure of ₹10.46 lakh crore during FY 2024-25, exceeding revised estimates, while IEBR expenditure also surpassed targets.

III. Regulatory Strengthening

For implementation of the 2025-26 Budget Announcement, DEA established a mechanism under the aegis of Financial Sector Development Council (FSDC) to evaluate the impact of the current financial regulations and subsidiary instructions while enhancing their responsiveness for financial sector development.

Several measures were implemented to enhance market integrity and strengthen the regulatory framework. The public issue framework for SMEs was tightened with eligibility criteria, caps on offer-for-sale and General Corporate Purpose funds, and restrictions on using IPO proceeds for loan repayment. Trading and

risk monitoring in equity derivatives were improved. Measures were introduced to curb expiry-day volatility.

To mitigate risk of securities misuse by stock broker, securities for payout are now credited directly to client demat accounts by Clearing Corporations. Framework for safer participation of retail investors in algorithmic trading has been introduced.

IV. Fostering Market Development

To deepen and diversify India's securities markets, focused measures were undertaken to improve efficiency and participation. The MF Lite framework was introduced to provide a simplified regulatory regime for passive mutual fund schemes, while timelines for listing of public debt securities were reduced from T+6 to T+3. FPIs were also enabled to access sale proceeds on a T+1 basis for repatriation or reinvestment.

Market processes were streamlined through the introduction of the Common Contract Note (CCN) with Single Vwap, mandated from June 2025, easing post-trade processes for institutional investors.

v. Facilitating Ease of Doing Business

Several measures were taken to streamline compliance processes, harmonize regulations, and reduce compliance burden. Listing entities now have a single filing system and integrated filing report, which minimizes periodic filings. To enable ease of doing investment for NRIs, it was specified that PAN may also be used by exchanges/clearing corporations as a unique identifier for monitoring position limits of NRIs. Dedicated Foreign Portfolio Investors Outreach Cell launched to directly engage with FPIs, and aid them in accessing Indian securities market. Also, registration process for certain category of FPIs was simplified. Registered stock brokers no longer require explicit approval from regulator to undertake securities market related activities in Gujarat International Finance Tech-city - International Financial Services Centre (GIFT-IFSC). Intermediaries mandated to extend their services enabling digital accessibility to client including persons with disabilities.

VI. Empowering and Protecting Investors

Investor empowerment and protection remained central to market reforms during the year. A unified investor mobile application was launched, providing a consolidated view of securities holdings across intermediaries. To address misleading claims on investment performance, a framework for recognising Past Risk and Return Verification Agencies (PaRRVA) was established, while regulated entities were barred from associating with unregulated influencers.

Financial inclusion initiatives included the rollout of "Chhoti SIP" i.e. SIP of ₹250, aimed at encouraging first-time investors. Digital public infrastructure was leveraged to enable retrieval and storage of mutual fund and demat statements through DigiLocker. To prevent accumulation of unclaimed assets, nomination norms for demat accounts and mutual fund folios were revised.

To address this growing issue of impersonation and enhance investor confidence and ease of investing, a new UPI address structure for all SEBI registered intermediaries who collect funds from investors with effect from October 01, 2025 has been mandated. To empower investors, a new tool "SEBI Check" has been rolled out w.e.f October 1, 2025, which will allow investors to verify the authenticity of UPI IDs and confirm the bank details such as bank account number and IFSC of a registered intermediary.

SEBI, in collaboration with the Ministry of Panchayati Raj (MoPR), has launched a nationwide training initiative for Block Level Panchayat representatives to promote financial literacy and investor education at grassroots level, empowering representatives with knowledge to educate rural communities across India.

Joint media campaign "SEBI vs SCAM" was launched to bolster investor protection and combat financial fraud and scams within the securities market.

VII. Key SEBI Proposals on Ease of Doing Business and Capital Market Deepening

IPO Participation: Amendments to SEBI (ICDR) Regulations, 2018 now include Life Insurance Companies and Pension Funds in the reserved anchor portion, alongside domestic Mutual Funds, enhancing institutional investor participation.

Related Party Transactions: SEBI (LODR) Regulations, 2015 amended to replace the uniform "materiality threshold" with a "scale-based threshold," ensuring proportional RPT regulation based on company size.

SWAGAT-FI Framework: Single-window access for trusted and verified FPIs and FVCIs facilitates easier onboarding, reduces duplication, costs, and compliance burden.

Strategic Investors in InvITs/REITs: Scope expanded to include QIBs, family trusts, FPIs, and NBFCs; REITs re-classified as equity to boost Mutual Fund participation and investment limits.

Accredited Investors: Introduction of "AI-only schemes" and additional operational flexibilities for Large Value Funds.

IFSC Retail Schemes: Resident Indian non-individual sponsors/managers allowed up to 10% contribution as FPIs, harmonising regulations and easing compliance.

Electronic Payments Mandate: Listed entities now required to pay dividends, interest, redemption, or repayments only electronically, promoting digital transactions.

FPIs in IFSCs: SEBI (FPI) Regulations, 2019 amended to relax resident Indian participation, attracting more foreign capital via IFSCs.

Special Rupee Vostro Accounts (SRVA): Government approval RBI, in consultation with Government of India allows surplus rupee balances in SRVA to be investment invested in corporate debt, enhancing financial stability and promoting INR bilateral trade settlement.

VIII. Simplification of Know Your Customer (KYC) Process

India's journey to streamline Know Your Customer (KYC) processes has appeared in multiple budget announcements and most recently in FY 2025-26, the government announced to continue simplifying the KYC process and streamlining its periodic updation (Re-KYC). In this regard a common Central KYC Records Registry (CKYCRR) template has been established for all regulated entities (RE) in financial sector, each financial sector regulator has issued KYC master circular or guidelines and KYC Registering Authorities (KRA) under SEBI has also been notified for interoperability with CKYCRR. Pursuant to July 2024 PML Maintenance of Record Rules amendment, RBI in June 2025 mandated the Regulated Entities (REs) to use of CKYCR wherever available, for establishing the identity of the customer for KYC and Re-KYC.

IX. Scaling Account Aggregator

The Account Aggregator (AA) framework is a foundational pillar of India's Digital Public Infrastructure (DPI), enabling secure, consent-based and interoperable sharing of financial data among regulated entities. Account Aggregator (AA) framework, has recorded steady growth in participation by Financial Information Providers and Users (FIP and FIU), and the generation of millions of user consents to fetch financial data for digital lending and personal finance use cases. So, institutionalised self-regulation, working in complementarity with regulatory oversight, is critical for ensuring responsible conduct, operational consistency, and consumer confidence. In this regard Self-Regulatory Organisation (SRO) for the AA ecosystem has been given in principle approval to enhance governance, standardisation, and trust on the framework.

x. Unified Payment Interface (UPI) Internationalisation

India is working towards developing interoperability between its Fast Payment System (FPS) i.e., Unified Payments Interface (UPI) with other countries for cross-border peer-to-peer (P2P) and person-to-merchant (P2M) payments. In calendar year 2025 three significant achievements were made in this regard including UPI acceptance for e-commerce and QR payments with two new Singapore entity and QR-based UPI acceptance at merchant locations were enabled with Qatar National Bank. This strategic expansion marks Qatar as the eighth nation to be integrated live with the UPI ecosystem. Acceptance of UPI apps at foreign merchant locations is already live in Bhutan, France, Mauritius, Nepal, Singapore, Sri Lanka, and the UAE.

xi. National Investment and Infrastructure Fund (NIIF)

The National Investment and Infrastructure Fund (NIIF) remained pivotal in mobilising long-term capital for infrastructure and key national sectors. In 2024, NIIF launched its second Private Markets Fund (PMF II) with a target corpus of USD 1 billion. As of 2025, the Fund has already secured commitments for USD 750 million with USD 490 million from GOI, USD 100 million from New Development Bank and USD 160 million across 4 investors (1 existing investor, 2 domestic insurance companies and 1 Japanese investor viz. Development Bank of Japan). Fund to be fully operational this year, with an aim to invest across various sectors and realise strong financial returns.

The NIIF Master Fund achieved key milestones during the year, completing its first full exit from Ayana Power, one of the largest infrastructure transactions in the renewable energy sector. The Fund also completed the sale of three out of five road assets, ensuring positive financial returns for both the Government of India and other investors.

xii. SWAMIH Investment Fund

SWAMIH Investment Fund I emerged as a flagship intervention in resolving stressed housing projects and restoring buyer confidence in the real estate sector. The SWAMIH Fund over the last 5 years has played a catalytic role in India's real estate landscape and is a testament to what purpose-driven capital can achieve. As on September 15, 2025, SWAMIH Fund has funded 139 investments with aggregate portfolio commitment of INR 13,799 crore which are spread across 20 cities in 12 states, unlocking more than INR 44,654 crore of project cost. 58,596 homes out of total target of over 94,208 houses in the SWAMIH Fund's portfolio have been successfully completed. SWAMIH Fund has fully exited 50 investments and partially exited 41 investments, reflecting significant progress in its resolution strategy. Notably, the SWAMIH Fund has already returned ~50% of the capital drawn from its investors, underscoring both its efficiency and financial discipline.

Building on this success of SWAMIH Fund, SWAMIH Fund 2 with target commitment of up to INR 15,000 crore, aiming to complete additional 1 lakh stressed housing units across India has been announced in the Union Budget 2025-26.

xiii. Financial Stability

The Department of Economic Affairs continued safeguarding financial stability through coordination with regulators and international institutions. This is done inter-alia through, the Financial Stability and Development Council (FSDC) and its sub-committee (FSDC-SC), which monitors macro-prudential supervision of the economy and deliberates on contextual issues covering financial stability, financial sector development, inter-regulatory coordination, financial literacy, and financial inclusion. In FY 2025-26, FSDC held its 29th meeting on 10th June, 2025 and the FSDC-SC held its 32nd meeting on 4th September, 2025, wherein major global and domestic macroeconomic and financial sector developments were reviewed.

DEA also participated in various meetings of the Financial Stability Board (FSB) and its committees. Amongst other issues, matters related to India's G20 priorities on Crypto Assets and Cross Border Payments were deliberated upon.

India underwent its third Financial Sector Assessment Programme (FSAP), jointly conducted by the International Monetary Fund (IMF) and the World Bank every 5 years, which was completed during 2024–25. Subsequently, the IMF and the World Bank published their Financial System Stability Assessment (FSSA) report and Financial Sector Assessment (FSA) report respectively, incorporating the views of Indian authorities.

XIV. Cyber Security in the Financial Sector

DEA has established institutional mechanisms and enhanced inter-agency coordination under the Financial Stability and Development Council (FSDC) framework.

The Computer Security Incident Response Team for the Financial Sector (CSIRT-Fin), established under DEA, conducted sector-wide cyber security drills addressing ransomware, payment frauds, and supply-chain attacks, and issued periodic cyber security landscape reports.

More than 100 critical financial systems across banking, payments, securities, and insurance were notified as Protected Systems under the Information Technology Act, 2000. These systems now operate under enhanced security controls, continuous monitoring, and periodic audits, strengthening operational resilience of platforms such as RTGS, NEFT, UPI, and securities depositories.

Recognising the growing cyber threats to financial stability arising from rapid digitalisation and highly interconnected financial systems, the FSDC constituted an Inter-Ministerial Group in August 2025, led by the DEA, MEITY and other Departments / Institutions, to formulate a comprehensive Financial Sector Cybersecurity Strategy. The Strategy seeks to establish a unified governance framework across financial sector authorities with a view to strengthening sector-wide cyber resilience.

XV. Central Bank Digital Currency (CBDC)

India remained among the few countries globally to conduct a live Central Bank Digital Currency pilot at scale. The retail Digital Rupee pilot expanded nationwide, covering 82 lakh users and 11 lakh merchants as of November 2025. The CBDC was made interoperable with UPI, enabling users to scan any UPI QR code across the country.

Programmable CBDC pilots were implemented for selected Direct Benefit Transfer schemes, while offline CBDC pilots enabling transactions without internet connectivity are currently under testing.

The wholesale CBDC pilot facilitated settlement of government securities and call money market transactions, with banks and non-bank primary dealers participating. For cross-border payments, RBI is pursuing bilateral and multilateral CBDC engagements to address challenges of cost, speed, and transparency in international transactions. India is currently engaging in advanced bilateral discussions with partner countries and actively contributing to multilateral CBDC projects led by the BIS Innovation Hub.

XVI. Multilateral and Bilateral Development Assistance

India continued to engage actively with multilateral financial institutions during the year. At the IDA-21 pledging session held in South Korea in December 2024, India pledged INR 23.21 Billion to the World Bank's soft lending-arm. Between June 2024 and March 2025, DEA approved 27 International Finance Corporation (IFC) investment proposals amounting to US\$2.8 billion. IFC's current exposure in India as of March 2025 stands at US\$10 billion. India consented to an increase in its IMF quota to SDR 19,671.6

million under the Sixteenth General Review of Quotas. From April 2014 to August 2025, 158 loans worth USD 35.8 billion were signed with World Bank, compared to 117 loans worth USD 29.9 billion during 2003–2014.

India also continued its engagement with the International Fund for Agricultural Development (IFAD), which has supported 36 projects in India with cumulative assistance of approximately USD 1462.7 million, focusing on rural development, tribal welfare, women’s empowerment, and microfinance. Over the past eleven years, 10 projects worth about USD 547 million have been implemented across nine States. At present, two sovereign projects amounting to USD 132 million (approx.) are under consideration for IFAD financing.

XVII. G20 Engagement and International Economic Cooperation

Following India’s G20 Presidency in 2023, the country continued to play an active role as part of the G20 Troika under the Brazilian Presidency in 2024 and as a G20 member during the South African Presidency in 2025. India worked closely with Brazilian and South African Presidencies to ensure continuity of priorities articulated in the G20 New Delhi Leaders’ Declaration and the Finance Ministers and Central Bank Governors’ Communiqué of October 2023.

The Finance Track agenda continued to emphasise reforms of Multilateral Development Banks (MDBs), addressing debt vulnerabilities, enhancing the voice and representation of Emerging Market and Developing Economies in decision making in international economic and financial institutions, and mobilising climate finance. Building on India’s legacy, the G20 Roadmap for better, bigger, and more effective MDBs was endorsed by Leaders in 2024, with work continuing in 2025 towards developing a monitoring and reporting framework and preparing the inaugural progress report to track the implementation of the Roadmap.

XVIII. COMPARATIVE ACHIEVEMENTS OF LAST 11 YEARS

S.no	Variable	Unit	Source	THEN	NOW	Remarks
Macroeconomy						
1	Inflation	Per cent	IMF	5.8	2.8	THEN: For FY14
						NOW: For FY25
2	GDP Per Capita (PPP)	PPP Dollar, Inflation Adjusted	World Bank	3,889	7,563	THEN – Average per capita GDP between FY05- FY14
						NOW – Average per capita GDP between FY15- FY24

3	Capital Expenditure	Percent of GDP	M/o Finance	1.7	3.1	THEN- Capex as a per cent of GDP for FY14
						NOW- Capex as a per cent of GDP for FY26 (BE)
4	Electronics Exports	US Dollars, Billions	M/o Commerce	7.6	38.6	THEN- Exports for FY14
						NOW- Exports for FY25
5	Foreign Direct Investment	US Dollar, Billions	RBI	305	748.8	THEN - Sum of Gross FDI between FY05 - FY14; NOW - Sum of Gross FDI between FY15 and FY25
6	Multidimensional Poverty	Percent of Population	UNDP, Niti Aayog	29.2	11.3	THEN- As at the end of 2013-14
						NOW- As at the end of 2023 (Estimated)
7	Indirect Tax Rate	Per cent	Department of Revenue	15	11.6	THEN- Average Pre-GST Indirect Tax Rate, NOW- Average GST Rate for FY 24
8	Number of Start-ups	Number of Companies	DPIIT	350	1,57,706	THEN- As of 2014
						NOW- As on 31st December 2024

9	Harvard Economic Complexity Index	Ranking	Harvard University	52	44	THEN- Ranking in 2011
						NOW- Ranking in 2023.
						(Indian Economy has become more sophisticated over the last decade. Lower numbers represent higher ranking.)
Physical and Digital Infrastructure						
10	Cities with Metro Rail	Number of Cities	M/o Housing & Urban Affairs	5	23	THEN - As at the end of 2014,
						NOW As of 05 January 2025
11	National Highway constructed length	Thousand km	M/o Road Transport & Highways	25.7	54.9	THEN-highways constructed between FY05 and FY14;
						NOW - highways constructed between FY15 - FY24 (till December 2024)
12	Pace of highway construction	km/day	M/o Road Transport & Highways	12	21.3	THEN - pace in 2013-14;
						NOW - pace in 2024-25 (till Dec’24)

13	Electrified rail network	Thousand km	M/o Railways	21.8	67.7	THEN - Electrified broad-gauge network as of 2014;
						NOW - Electrified broad-gauge network upto February 2025
14	Number of airports	Number	M/o Civil Aviation	74	157	THEN - As at the end of 2014;
						NOW - As of September 2024
15	Average Toll Plaza Waiting Time	Time	M/o Road Transport & Highways	12.2 minutes	47 seconds	THEN - As in 2014;
						NOW - As in 2023
16	Total Installed Power Capacity	Giga Watts	Central Electricity Authority	249	475.2	THEN – As of March 2014
						NOW – As of March 2025
17	Installed Renewable Energy Capacity	Giga Watts	Central Electricity Authority	76	220.1	THEN – As of March 2014; NOW – As of March 2025
18	Logistics Performance Index	Ranking	World Bank	54	38	THEN- India's ranking in the index for the year 2012, NOW- India's ranking in the index for the year 2023. Lower numbers represent higher ranking.
19	Mobile Broadband Subscribers	Number of People, Crores	TRAI	6	94.3	THEN- As at the end of 2013-14;
						NOW- As at the end of 30 April 2025

26	Number of LPG Connection	Crore	M/o Petroleum & Natural Gas and PPAC	14.5	32.9	THEN – As of April 2014
						NOW – As of April 1, 2025
27	Number of PNG Connections	Lakh	M/o Petroleum & Natural Gas	22.3	129.8	THEN – As of April 2014
						NOW – As of March 31, 2024
28	Electrification Status	Per cent	World Bank	85.1	100	THEN – As of 2014
						NOW – As of December 2024
29	Average Availability of Electricity (Rural)	Hours	M/o Power	12	22.6	THEN - average number of hours of electricity available in 2014;
						NOW - average number of hours of electricity available in FY25
30	Number of tap water connections (Rural)	Crore	Ministry of Jal Shakti	3.2	19.4	THEN – As of August 2019
						NOW – As of May 30, 2025
31	Total number of DBT Beneficiaries	Crore	DBT Website	10.8	201.9	THEN- As of FY14
						NOW- As of FY25
32	Funds transferred to under-privileged households under various schemes (total of cash and kind)	Rs. Crore	DBT Website	7,367	6,83,679	THEN- Transfer in FY14

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