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**MONTHLY MAGAZINE**  
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## अर्थनीति

॥“कोषः प्रजानां रक्षणार्थः॥

*(The treasury exists for the protection and welfare of the people*

*Not for the king's personal luxury)*

**--Kautilya**

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## Message from MD & CEO...

India is passing through a defining phase. Despite paradigm shifts in the global order bringing in its wake numerous challenges, Indian financial system has displayed resilience and strength. The combination of repo rate cuts, income tax changes and tweaks in GST rates resulted into better-than-expected GDP growth. The BFSI sector performed exceptionally well. Asset quality in the banking sector improved significantly and capital adequacy is well above the minimum threshold which would facilitate double digit credit growth. Credit from both banking and non-banking sectors put together registered a growth rate of 13%. With interest rates on a downward path, private capex, which has been sluggish, is expected to improve.

The strength displayed by the economy resonates in the banking sector. Bank credit growth since the last fortnight of October-2025 is in double digits, growing more than 11%. This has been fairly broad-based with agriculture, MSME and personal loan categories growing at 10-14%, as per latest available statistics. The 125-bps cut in repo rate has catalyzed the process which augurs well for consumption led economic growth. With the recent 25 bps repo rate cut, retail loans including housing, automobile and education loans could become cheaper and it would be a win-win situation for both Banks and borrowers. Loan against gold jewellery has also seen a remarkable surge which can be attributed to rising gold prices. This is useful for individuals in need of emergency funds as they can avail more by pledging same quantum of gold. Overall bank credit growth for FY 2025-26 is expected to remain healthy at 11-12%.

The central bank is taking enough measures to ensure financial stability. From a scenario of liquidity deficit in the last quarter of FY25, banking system liquidity is in surplus as a result of RBI's commitment to maintain sufficient liquidity at all times. The 100 bps CRR cut in phases released approximately Rs 2.4 lakh crore which has kept short term interest rates range bound, preventing volatility. The transmission of monetary policy is satisfactory with weighted average rates on fresh loans declining by 69 bps. Open market Operations and swaps provide further comfort on the liquidity front. These supportive measures go a long way in protecting the margins of banking industry at a time when interest rates are declining and resource mobilization is highly competitive.

Calendar year 2025 witnessed huge traction on the reforms front by both RBI and Government. RBI has proposed new norms enabling domestic Banks to participate in acquisition financing; Central Bank Digital Currency (CBDC) is gaining traction and volume of 12 crore transactions amounting to Rs 28000 Crore has been done till date. Cross border transactions using CBDC is also under consideration. Further, Government initiatives like simplification of income tax Codes, notification of a new labour code, GST rate rationalisation to boost consumption as well as efforts to enable Indian Banks gain scale and strength are also underway. The proposal to grant greater autonomy to the Boards of public sector banks is also under active consideration. These measures will catalyze the growth of banking sector and the economy in the years ahead.

The upcoming Union Budget is expected to provide further impetus to these efforts. There is a renewed thrust on reskilling and upskilling of employees across sectors to enhance productivity and growth. India is now a shining example of political stability and economic strength. Our march towards the third largest global economy tag could come faster than expected.

**K Satyanarayana Raju**  
**Managing Director & Chief Executive Officer**



## *From the Desk of the Chief Economist ....*



It would not be wrong to state that India has cemented its position as a force to reckon with on the global stage. It was the 'fastest growing economy' tag that had earned us global adulation so far, the growing military and diplomatic prowess complements it. Only an economically and militarily powerful nation commands global respect and acclaim. We charted our path precisely by this script, with a perceptible change in our standing among the comity of nations.

It is not surprising that we have so far emerged unscathed from steep US tariffs, among the highest relative to others. India effectively leveraged her global standing to conclude Free Trade Agreements (FTAs) and Comprehensive Economic Partnership Agreements (CEPA) with Europe, Australia, Canada and GCC countries to diversify its export basket. Many are looking at India as a great opportunity to do business with, in the current environment where the US attempts to rewrite the rules of the game in its own whimsical ways and China continues to remain an undependable ally. The Production Linked Incentive (PLI) scheme has made India a hub of mobile and smartphone manufacturing, seizing on the China +1 opportunity. Going forward, we are set to increase the share of manufacturing in GDP from 15% to 25%. This will provide a big leap to income and employment.

Demand drivers improved considerably. Rural demand, which had been soft for the past couple of years, is showing signs of recovery, evidenced by sales in the FMCG sector and waning demand for MNREGA work. Second quarter GDP numbers show consumption to nominal GDP ratio surging past 62% with real consumption growing 7.9% annually. The GST rate tweaks and 125 bps repo rate cut will amplify this trend. Annual growth in personal loans that stand at 14% is yet another evidence of a consumption revival in the offing.

Fiscal-monetary and Centre-state coordination is more visible than ever. For the past three years, Union Budget has continued interest free capex loans to states while also proposing to share the proceeds of the newly proposed health cess/excise rejig on tobacco and pan masala. In an indication of sound fiscal-monetary coordination, the central bank cut the repo rate by 125 bps, which facilitates hassle free debt management and helps to rein in fiscal deficit, besides doubling up as a growth booster for the economy.

Statistics in the public domain makes it amply clear that the impact from tariff related shocks have been much benign than feared. For the 7-month period of April - October 2025, trade deficit has risen just under 10% due to support provided by robust services exports. If we exclude gold imports, the deficit is in fact 1% lower than the same period last year. Our export diversification strategy has played well. Current account deficit is well managed at below 1%, buoyed by strong remittance flows and service exports, leaving little room for concern.

To be sure, rupee depreciated by 5% this year, earning the tag of the worst performing currency. However, this is not due to weakness in our domestic fundamentals and is attributable to extraneous factors over which we have little control-elevated US bond yields, reciprocal tariffs and policy stance of the US Federal Reserve, to name a few. However, rupee weakness will help boost export competitiveness and alleviate some pain inflicted on certain sectors due to tariffs. An RBI study estimates that 5%-rupee depreciation increases GDP growth by 25 bps through the export channel.

The reforms unleashed over the past decade will help us to face the New Year with greater poise and confidence. Investor appetite is expected to improve from the second half of the fiscal in anticipation of improved corporate performance. Who can afford to ignore a nation boasting of a demographic profile where 58% of its populace are in the working age bracket?

**Dr. Madhavankutty G.**  
**Chief Economist**



## Movement of Key Market Indicators during the Month...

Indicators	High	Low	Average	Remarks
Sensex	85720.3	83216.2	84583.1	Sensex increased due to Strong domestic growth outlook and sustained FII inflows supported risk appetite, while easing inflation expectations boosted equity valuations.
Bankex	66946.1	64813.4	65847.6	Bankex Increased due to Improved asset quality, stable credit growth and higher net interest margin, expectations lifted banking stocks.
India G Sec Yield	6.56	6.48	6.52	Increased due to Higher government borrowing expectations and sticky domestic inflation kept upward pressure on long-term yields.
US Treasury	4.16	3.99	4.08	Decreased due to Cooling US inflation data and dovish signals on future rate cuts increased bond demand, pushing yields lower.
Gold (Per troy \$)	4210.5	3931.9	4085.2	Increased due to Safe-haven demand rose amid global uncertainty and falling US yields, supporting gold prices.
Brent Oil	65.05	62.29	63.48	Decreased due to concerns over slower global demand and adequate supply conditions led to a decline in oil prices.
USD/ INR	89.48	88.56	88.86	Rupee weakened due to capital outflows and a widening trade deficit, despite supportive domestic growth cues.

### Key Rates of Key Players

Rates	SBI	PNB	BOB	Canara	UBI	BOI	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, BOI)	8.15% (SBI, BOB)	No Change
MCLR (1Yr.)	8.75	8.75	8.75	8.70	8.60	8.85	8.85% (BOI)	8.60% (UBI)	Canara & PNB
Term Dep (1Yr.)	6.25	6.25	6.25	6.25	6.40	6.25	6.40% (UBI)	6.25% (SBI, PNB, BOB, CANARA, BOI)	No Change

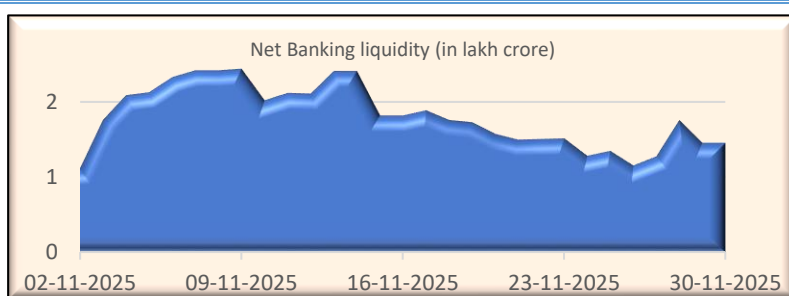
### Domestic Policy Rates

SDF	MSF	Fixed Rev Repo	CRR	SLR	MCLR (overnight)	Term Dep. >1 yr
5.25	5.75	3.35	3.25	18.00	7.80-7.95	5.85-6.60
Unchanged	Unchanged	Unchanged	Change	Unchanged	Change	Unchanged

**Policy Context:** RBI's stance is neutral/unchanged, aiming to maintain stability while supporting credit growth.

### Liquidity Position During the Month (In Lakhs Cr.)

Opening	Closing	Highest	Lowest	Average
1.08 (surplus)	1.45 (surplus)	2.43 (surplus)	1.08 (surplus)	1.78 (surplus)



### Policy Implications

The target is to consistently maintain a net liquidity surplus of 1% of demand and time liabilities. IPOs, advance tax outflows and FX interventions will necessitate further liquidity injections, possibly through OMOs.

### 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%	3.75- 4.0%	2.15%	0.50%	4.00%	4.75%	3.00%	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 ...

### IMF Slashes Global Growth Outlook to 3.2% amid Trade Wars and Policy Fragmentation

The IMF's economic outlook issued around November 9, 2025, projected a slowdown in global growth, from 3.3% in 2024 to 3.2% in 2025 and further to 3.1% in 2026. The outlook highlighted a subdued global environment characterized by uncertainty, fragile recovery and ongoing risks such as protectionism, financial vulnerabilities and policy uncertainties.

The IMF raised India's growth forecast to 6.6% for 2025-26, driven by strong private consumption despite US tariffs. US economy is expected to grow at a slower pace, around 1.6% in 2025, with continued uncertainty.

### Tech Sector Sell-Off Sparks Fears of AI Bubble Burst and Recession

On November 14, the Nasdaq fell 2.3%, the S&P 500 dropped 1.7%, and the Dow Jones Industrial Average plunged 797 points (1.7%), marking the steepest daily declines in nearly a month. This erased approximately \$1 trillion from tech-heavy portfolios. The downturn continued into the following week, with the Nasdaq entering "correction territory" (down over 10% from October highs) by November 18, shedding another 0.8-1.2% in sessions.

The sharp decline in global tech stocks, marked a pivotal moment in the ongoing reassessment of the artificial intelligence (AI) boom, erasing over \$1 trillion in market capitalization across major indices. This event, part of a broader November sell-off, has amplified concerns about an overinflated "AI bubble" reminiscent of the dot-com crash, compounded by macroeconomic headwinds like persistent inflation. There are concerns about the return on AI investments.

### Russia's Central Bank Gold Sales: A Shift from Hoarding to Liquidation

Bank of Russia (CBR) made headlines by initiating direct physical sales of gold from its reserves—a historic reversal from its long-standing policy of accumulation. This move is driven by mounting fiscal pressures, a depleting National Wealth Fund (NWF), falling oil revenues and need to stabilize the ruble amid Western sanctions. Previously, Russia was one of the world's top gold buyers, adding over 2,300 tons to its holdings since 2014 to diversify away from the U.S. dollar. Now, it's dipping into those reserves to fund the state budget, marking a sign of economic strain rather than strength.

## Major Economies & their Economic Soundness...

### Economic Health Indicators

Country	Nominal GDP (USD Trillion) (Jan-Dec 2024)	Real GDP Growth rate (Sep-2025)	Gross Debt (of GDP)	Unemployment Rate	CPI Inflation Rate (%) Oct-2025
USA	29.30	2.1*	124%	4.4%	3.1
China	18.79	4.8	88.3%	5.1%	0.2
Germany	4.68	0.3	62.2%	6.3%	2.3
Japan	4.02	1.1	237%	2.6%	3.0
India	3.91	8.2	81.9%	5.2%	0.25
UK	3.64	1.3	93.6%	5.0%	3.6
Indonesia	1.4	5.04	39.2%	4.9%	2.9
S. Korea	1.9	1.80	46.8%	2.5%	1.3
Canada	2.24	1.4	111%	6.9%	2.2
Russia	2.17	0.6	16.4%	2.2%	7.7

Data \*June 2025

## Major Economies & Their Bond Yield...

### Bond Yield (%) of Major Economies

Country	10Y Bond Yield (November Month End)	Variation Vs. US T- Bill	Variation with CPI inflation (real rate)	Observations
United States	4.02	-	0.90	Real rates one of the lowest after Germany, Japan & UK
China	1.84	-2.18	1.64	Relatively attractive interest rate differential vs US
Germany	2.70	-1.32	0.4	One of the least real interest rate economies
Japan	1.81	-2.21	-1.2	Negative differential with US rates leading to Yen weakness
India	6.55	-2.53	6.25	Highest real interest rate economy. Could be a reason among other factors behind rupee weakness
UK	4.45	-0.43	0.85	Inflation rate among highest in western economies and bond yields also higher
Canada	3.15	-0.87	0.95	Negative rate differential vs US due to lower inflation
Russia	12.72	8.7	5.2	High bond yields due to very high inflation. Real rates also high
Indonesia	6.32	-2.30	3.42	Real rate lower than India. Currency (Rupiah) appreciated vs Dollar in 2025
S. Korea	3.4	0.62	2.1	Reasonable real interest rate economy





## Regulatory Moves/Announcements by RBI ...

### Regulatory Moves/Announcements by RBI

Announcements	Brief Summary	Impacts
RBI (Repurchase Transactions (Repo) Directions, 2025) dated 11 Nov 2025	These Directions standardise and tighten the framework governing repo transactions-clarifying eligibility, collateral, documentation settlement and participant criteria. RBI also allowed municipal bonds to be used as collateral in overnight repo transactions.	To improve flexibility, transparency and reduce risk in inter-bank/money market repo segment. This will improve short term liquidity and ease funding potentially lowering borrowing costs.
Foreign Exchange Management (Export of Goods and Services) dated 13 Nov 2025	The amendment extends the period for realisation and repatriation of export proceeds from nine months to fifteen months and for submission of various export-related documents from one year to three years.	The extended timelines for realisation of export proceeds and shipment against advances ease working capital pressures, improve cash flow management and offer exporters greater operational flexibility during global trade uncertainties.
RBI (Trade Relief Measures) Directions dated 14 Nov 2025	Relief measures for exporters (Covering 20 sectors) include moratorium on all repayments starting from Sep 1, 2025 till Dec 31, 2025.Account classified as standard as on Aug 31, 2025 will be eligible. For export credit disbursed up to Mar 31, 2026, the maximum credit period is extended to 450 days from 270 days. All REs must set aside a general provision of at least 5% of the total outstanding amount by Dec 31, 2025.	Relief measures help exporters by easing repayment timelines and improving cash flow, while for Regulated Entities, provisioning strengthens credit risk resilience, though it temporarily leads to higher capital buffer requirements.
Amendments to Directions - Compounding of Contraventions under FEMA, 1999 dated Nov 24, 2025	The circular updates the Master Directions on compounding dated April 22, 2025, specifically streamlining the receipt of compounding application fees and the sums for which contraventions are compounded (compounding amount). It mandates that all such payments must now be made through NEFT or RTGS without prejudice to permissions or approvals required under other laws.	To promote Uniformity, ease of reconciliation and streamlined processing of payments for authorised persons and their constituents.



## Policy Moves /Announcements by Central Government...

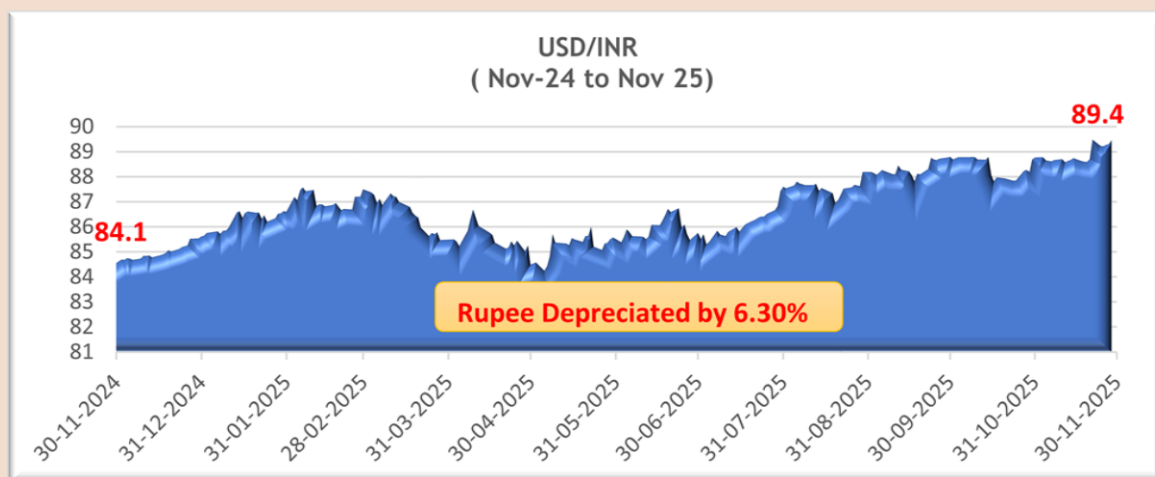
### Government Announcements/Moves

Announcements	Brief Summary	Impacts
The ministry of corporate affairs has passed orders to roll out a revamped compliance and oversight system for companies and LLPs starting from 1 January 2026.	The creation of six new registrars of companies (RoCs)—officers who monitor companies' compliance with the Companies Act and LLP Act—and three new regional directors (RDs), who oversee the work of RoCs.	The restructuring will make corporate regulators more accessible and efficient; experts call it a timely response to India's fast-expanding business landscape.
The Indian government has launched an ambitious ₹45,000 crore package to invigorate the country's export landscape.	The package consists of two main components: A flagship Export Promotion Mission (EPM) with an outlay of ₹25,060 crore, designed to run over six years (FY 2025-26 to FY 2030-31) & Credit Guarantee Scheme for Exporters (CGSE) worth ₹20,000 crore, this offers collateral-free credit support to eligible exporters (especially MSMEs), backed by a 100% government guarantee.	The CGSE will allow many small exporters (MSMEs) to access working capital without collateral, reducing financial barriers. The financial and non-financial support will help exporters enter new markets, reducing dependency on traditional markets.
Commerce and Industry Ministry launched a trade intelligence portal.	This will help stakeholders track and evaluate the utilization of the free trade agreements (FTA) signed, map global demand patterns, monitor global supply chains, identify emerging products, explore export opportunities and support timely strategic interventions.	The platform will provide real-time, interactive insights on India and global trade, commodities and sectoral analytics, market intelligence including export opportunities and competitor analysis. The portal also includes automated trade reports and tracking of trade trends for the production-linked incentive (PLI) sectors and critical minerals.
CBDT announced the launch of the second phase of its NUDGE initiative, designed to strengthen voluntary compliance in the reporting of foreign assets and overseas income.	The department will start sending SMS and email alerts to taxpayers flagged through Automatic Exchange of Information (AEOI) data analysis for FY 2024-25. Those contacted will be advised to review and revise their Income Tax Returns for AY 2025-26 by 31 December 2025 to avoid penal consequences.	Around 25,000 taxpayers are expected to receive alerts in the first leg. These cases reportedly involve foreign holdings that may have been misreported or not declared at all.

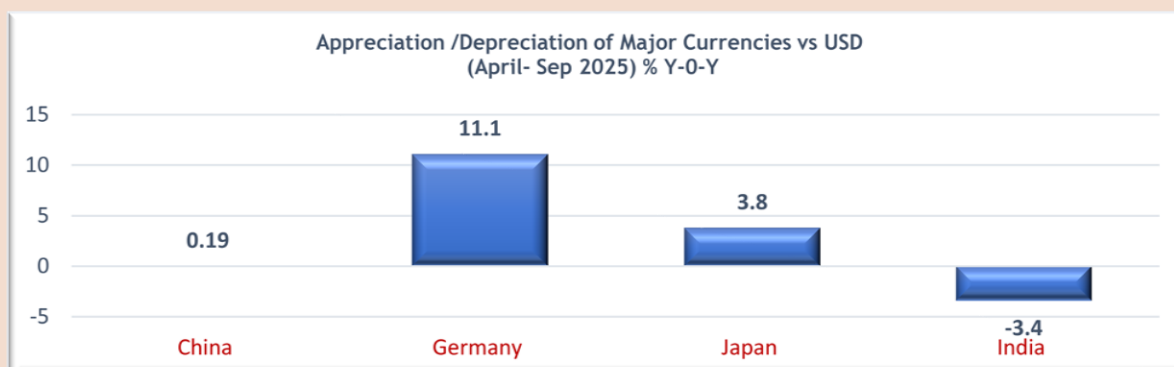
## Behaviour of other Macro-Economic Indicators (1/4)...

### Rupee Ends November at All-Time Low of 89.46 tagged as Asia's Worst Performer in 2025

The Indian rupee suffered its sharpest monthly fall in November, depreciating 1.02% to close at a record low of 89.46 against the US dollar on 29 November – the final trading day of the month – and remained unchanged at the same level through the weekend of 30 November. Starting the month at 88.77 on 3 November, the currency traded in a narrow range near 88.60-88.80 until 20 November. The decisive break came on 21 November when USD/INR surged past the Reserve Bank of India's closely guarded 88.80 threshold, hitting an intra-day and closing low of 89.66 – a drop of 88 paise in a single session. The rupee weakened further in the following week, touching 89.52 on 22 November before ending the month at 89.46.



During Jan -Nov 2025 Rupee lost 4% making it the worst performing Asian currency. Trade deal uncertainty, elevated US bond yields and low share in global trade are reasons for continued rupee weakness.



## Behaviour of other Macro-Economic Indicators (2/4)...

### Indian economy grew 8.2% Q2- Fastest in 6 Quarters

India's Q2 FY26 real GDP surged 8.2% YoY (July-September 2025), the fastest in six quarters and well above the 7.0-7.3% consensus, powered by manufacturing (9.1%), services (9.2%), and reviving consumption (7.9%). With H1 now averaging 8.0%, full-year FY26 forecasts have jumped to 7.2-7.6%, cementing India's position as the world's fastest-growing major economy.

Though a low base has favoured growth, domestic fundamentals are also robust. Consumption as a ratio of nominal GDP is above 62% and this is expected to be maintained once the full impact of GST rate cut becomes visible in the third quarter. However, below expected nominal GDP growth, due to low inflation, is a concern as it can adversely impact tax revenues and fiscal deficit.

### India's Trade deficit: Elevated but Supported by Services Surplus

India's trade performance in October 2025 showed a sharp deterioration compared with last year. Merchandise exports fell to \$34.38 bn from \$38.98 bn in October 2024, while imports surged to \$76.06 bn, driven by a spike in gold (\$14.72 bn) and silver (\$2.72 bn) shipments. Thus, merchandise trade deficit widened to \$41.69 bn versus \$26.22 bn a year earlier. Over the April-October period, however, the cumulative picture appears more moderate. Exports inched up 0.63% to \$254.25 bn, while imports grew 6.37% to \$451.08 bn, indicating that the massive October deficit may not be indicative of any future trend this fiscal.

Current account deficit for April-Sep 2025 was 0.8%, lower than 1.2% in the same period last year supported by remittances and services exports.

Foreign Trade (\$Bn)			
	APR-OCT 24	APR-OCT 25	% CHANGE
Merchandise Export	250.71	255.46	1.89%
Merchandise Import	424.13	450.21	6.15%
Services Export	216.43	234.97	8.57%
Services Import	114.95	119.04	3.56%
Total Export (M+S)	467.14	490.43	4.99%
Total Import (M+S)	539.08	569.25	5.60%
TRADE BALANCE	-71.94	-78.82	9.56%

## Behaviour of other Macro-Economic Indicators (3/4)...

### Widening gap between credit and deposit growth & CD ratio

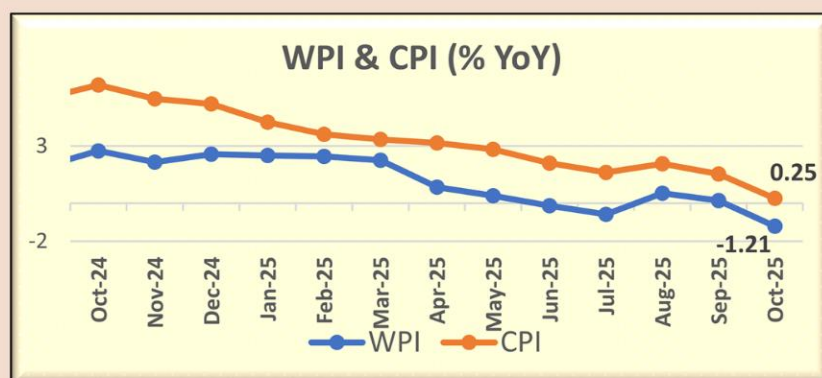
The credit-deposit (CD) ratio of Indian banks touched 80.21% for the fortnight ending October 31, 2025, marking a first time it has surpassed the 80% upper comfort zone. This high ratio indicates that credit growth is outpacing deposit growth, a trend influenced by strong demand during the festive season and lower deposit growth rate.



A high ratio signals potential challenges in resource mobilization for banks and may indicate a need for proactive liquidity management. As on end October total AUM of mutual funds that offer competition to banks was Rs 80 trillion, an increase of 21% during April-October of this fiscal vs 6.1% in bank deposits.

### Wholesale and retail inflation declining-Is it sustainable?

India's inflation landscape shows a marked decline at both wholesale (Wholesale Price Index (WPI)) and retail (Consumer Price Index or CPI) levels, reaching multi-year lows. This moderation influenced by favourable monsoons, GST rate reductions and softening commodity prices follows a volatile period earlier in 2025.



This trajectory supports RBI's 4% target (with 2-6% tolerance band) and opens room for further monetary easing (25-50 bps cuts expected in December 2025 and February 2026). However, low CPI and WPI inflation and low GDP deflators pose challenges to nominal GDP growth and tax collections. Future course of inflation would be influenced by base year revisions.

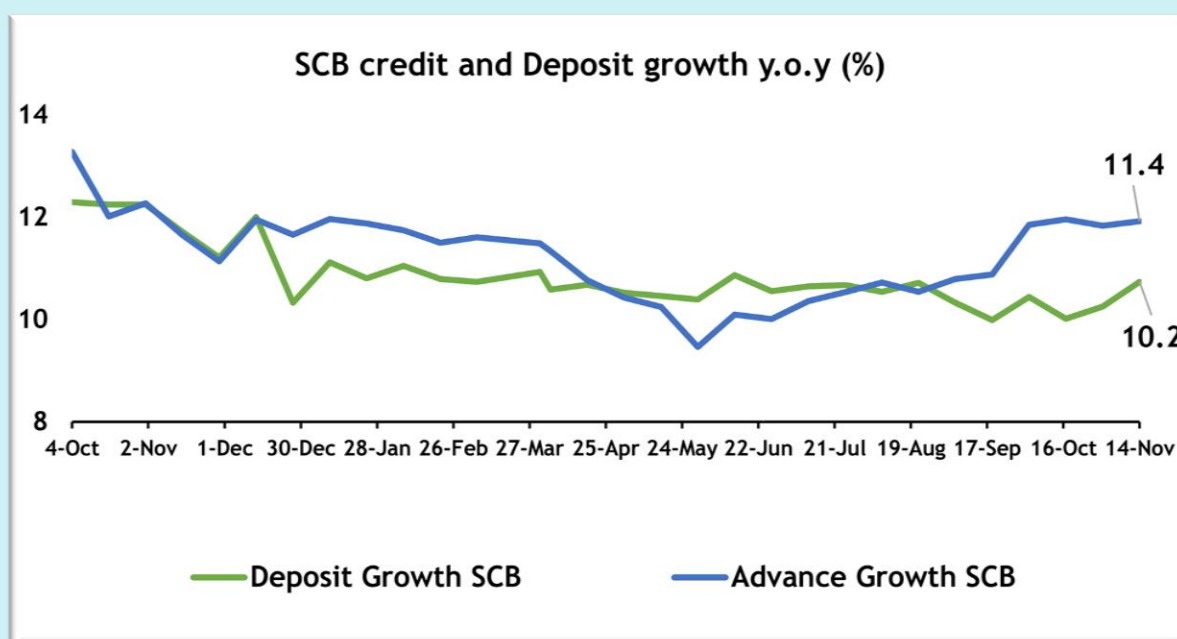


## Behaviour of other Macro-Economic Indicators (4/4)...

### Credit and Deposit Growth of SCBs (Schedule Commercial Banks)

(From October, 2024 to November 2025)

From early October 2024 to mid-November 2025, Deposit growth of SCBs remained relatively stable, fluctuating mildly between 10% and 11% for most of the period. In contrast, credit growth after bottoming out near 9.5-10% around May-June 2025, recovered sharply to 11.4% by November 2025.



Overall, while deposit growth stayed steady and modestly decelerated, credit growth exhibited a clear downward trend through mid-2025 followed by a strong rebound in the second half, resulting in loan growth outpacing deposit growth. The 100-bps repo rate cut and consequent reduction in rates on repo linked loans apparently contributed to higher credit off take.



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

### Discussion 1: Why Bond Yield Worldwide are decoupled from Policy rate Change of Major Economies?

Data Source: <https://www.bloomberg.com/markets/rates-bonds>

#### Movement of 10-Yr. Bond Yield Vs. Policy Rate of Major Economies (As on 25.11.2025)

Economy	Policy rate			10- Yr. Bond Yield			Outcome & Reason
	Nov 2024	Nov 2025	Policy change (bps)	Nov 2024	Nov 2025	Yield change (bps)	
United States	4.50-4.75%	3.75-4.00%	-75	4.37%	4.01%	-36	Partial drop in Yield, Not in Proportionate to Rate Cut due to <b>tariffs &amp; \$38T</b> debt.
Euro area / Germany	3.25%	2.00%	-125	2.31%	2.67%	+36	Yield has gone up despite cut due to <b>Fiscal spending</b> > ECB cuts.
Japan	0.25%	0.50%	+25	1.05%	1.82%	+77	Strong rise in yield despite cut. Reason may be due to <b>Normalization effort + inflationary pressure</b>
United Kingdom	4.75%	4.00%	-75	4.30-4.45%	4.50%	+20	Strong divergence (Yields up vs. cuts) due to <b>persistent inflation, fiscal risks</b>
China	1-yr LPR = 3.10%	3.00%	10	2.20%	1.82%	-38	Good alignment of policy cut vs Bond as yield fell is greater than (>) cut due to <b>Stimulus, deflation in economy.</b>
India	6.50%	5.50%	-100	6.70%	6.50%	-20	Partial alignment of Policy cut with Bond yield. Although yields declined but lagged the aggressive RBI easing.

#### Reflections

- ✓ Most major central banks pivoted to easing of Policy rate in 2025.
- ✓ Japan alone tightened, while bond-market reactions diverged.
- ✓ Yields haven't fallen (US, UK & India) proportionally to cuts, signalling markets' caution on sustained low rates amid U.S. tariffs and deficits (\$38T+ debt).
- ✓ In India, RBI cut rates by 100 bps since February, but the 10-year bond yield has fluctuated between a low of 6.16% and high 6.55%, leading RBI to cancel some bond auctions.

#### Takeaways

- ✓ The message is clear. Markets are worried about inflation, deficits and debt sustainability and have less confidence in the ability of central Banks to keep interest rate low through monetary easing.
- ✓ Geo political tensions have also contributed to dichotomy between central bank policies and bond yield movements.

## Discussion 2: Why an advanced economy tag eludes India Yet?

Source: IMF Reports, Various Sources

### Major Asian Economies Transformation: Decade Wise Comparison

Nations	1970s	1980s	1990s	2000s	2010s	2020s
India	Green Revolution deepens; public sector-led growth	License Raj limits private investment; slow growth	1991: Balance of Payments Crisis → Liberalization, Privatization, Globalization (LPG); FDI allowed; SEBI set up	IT & services boom; telecom expansion; rural roads, Golden Quadrilateral	Insolvency Code (IBC), digital payments (UPI); Make in India; fiscal consolidation	PLI schemes, green energy mission, infrastructure capex surge, fiscal discipline focus
	Reforms after Two Decades					
China	Deng's "Reform and Opening Up" (SEZs, rural DE collectivization)	Massive industrialization; export-led growth model; urban migration	WTO entry (exports surged 3% to 30% of world manufacturing)	Belt and Road Initiative Infrastructure boom; high savings/investment; SOE reform	Belt & Road Initiative (2013); shift to tech & consumption; "Made in China 2025"	"Dual Circulation" strategy; EV, AI, and chip focus;
South Korea	Park Chung-he's era: heavy industries & chaebol growth; <b>export-oriented model</b>	Rapid export growth; GDP/capita surges; education investment	1997–98: Asian Financial Crisis → IMF bailout; corporate, labor, financial restructuring	Tech innovation; global rise of Samsung, Hyundai; creative economy	Aging challenge; innovation-driven growth; K-content & cultural exports	Net-zero transition; green tech investment; population decline concerns
Japan	"Economic Miracle" – MITI-led <b>industrialization; high savings, tech adoption</b>	Asset price boom; yen appreciation post-Plaza Accord (1985)	1991: Asset bubble burst → "Lost Decade"; deflation, stagnation	Banking reform, deregulation; outward FDI (manufacturing in ASEAN)	Abenomics (2012–2020): QE, fiscal stimulus, labor reforms, "Women omics"	Slow growth; aging; digital transformation under Kishida's "New Capitalism"
Indonesia	Suharto's New Order: political stability; FDI, oil revenue-driven growth	Industrialization, infrastructure push; poverty reduction	1997–98: Asian Crisis → political shift, decentralization; democratic reform	Resource-based growth; financial reforms; commodity exports	Infrastructure drive; manufacturing revival; tourism, digital economy	Omnibus Law (2020): deregulation; FDI ↑44% (2022); Nusantara capital project

### Reflections

- ✓ China and Vietnam's socialist-to-market transitions yielded rapid catch-up.
- ✓ East Asian tigers (Japan, South Korea) built on early industrial policies.
- ✓ Southeast Asia recovered from 1997 via ASEAN integration.
- ✓ India's delayed reforms (pre-1991) created a lag.
- ✓ The 1991 U-turn was too late as when India finally opened, China had already built 50,000 km highways, Korea had Samsung making microwaves for the world.

### Takeaways

- ✓ India didn't just "lag" – it deliberately chose the opposite path for 44 crucial years (1947-1991) while the rest of Asia sprinted ahead.
- ✓ Korea started poorer than India in 1950 (\$82 vs India's \$90 cent capita). By 1991, a Korean earned 22× more than an Indian. \$100 invested in Korea in 1962 yielded \$18,000 by 2025 but same \$100 in India only yielded \$1,100.



## Rewinding News During the Month ...

Indian Banking/financial Sector News		
Date	News Headlines	Summary/Implications
Nov-01	SBI joined India International Bullion Exchnage as special category client	SBI successfully completed its first gold trade on the India International Bullion Exchange, a step towards modernizing India's gold import with greater efficiency and transparency for the entire bullion and Jewellery sector with aims to boost liquidity and competitive pricing.
Nov-04	NPCI announced a partnership with Rozarpay Curlec to enable UPI transactions in Malaysia.	The integration will allow Indian travellers visiting Malaysia to make instant and secure payments to local merchant accepting payments directly via Rozarpay Curlec's platform using their preferred UPI enabled apps.
Nov-04	State Bank of India total business crossed Rs.100 trillion mark.	Bank reported a net profit of Rs 20,159.67 crore in Q2 FY26, up 9.97% YoY, from Rs 18,331.44 crore. GNPA's at 1.73% for Q2FY26 from 2.13%. Similarly, net NPA's declined to 0.42% from 0.53% a year-ago period. Advances rose by 12.73% (YoY) in Q2 FY26.
Nov-10	NPCI International Payments Limited partnered with Bahrain's BENEFIT.	To link India's UPI with Bahrain's Fawri+ for instant cross-border remittances, backed by RBI and CBB, it promotes financial inclusion. Separately, NBBL and CCIL's Clear Corp launched forex services on Bharat Connect, enabling users to buy foreign currency and make outward remittances.
Nov-11	SBI and PNB are collaborating on a unified strategy to enter M&A financing market.	They aim to enter the lucrative mergers and acquisitions financing market. Banks also plan to push for relaxed RBI norms. This move will allow them to participate in large ticket deal financing from April 2026.
Nov-12	The DFS launched the Startup Common Application journey on the Jan Samarth Portal, developed by the Indian Banks' Association (IBA).	In collaboration with PSB Alliance, this portal provides a single digital platform for startups to access credit across all PSBs. It enables them to apply for loans, compare offers and track their applications seamlessly through a unified digital journey and ensuring faster processing and greater transparency, further promoting inclusivity.
Nov-19	Insolvency and Bankruptcy Board of India (IBBI) plans to do home buyers a good turn.	IBBI proposes two measures, whereby the resolution professional will include the details of all allottees, irrespective of whether such allottees have filed claims and the resolution plan providing for fair treatment of such allottees.
Nov-19	PM shared significant achievements of the Sukanya Samriddhi Yojana.	Over four crore accounts are active, holding more than Rs 3.25 lakh crore. One of the plans of the country in which our daughters get the highest interest rate of 8.2%.
Nov-19	HDFC Bank emerged as the most valuable Indian brand.	It's valued at nearly \$45 billion, as per the Kantar Brand rankings. The lender's branch value has soared 377% driven by aggressive digital investment and consumer focused innovation.
Nov-20	The FinMin has overhauled the Capital Gains Account Scheme by allowing most private banks to offer the facility recognising new-age-payment modes.	19 private banks can now offer Capital Gains Account scheme. The reforms also recognise UPI, IMPS, NEFT, credit cards and other digital modes as valid payment instruments and clarify the effective date of cheque or e-payment deposits.
Nov-24	RBI starts interlinking the UPI with TIPS of Euro system.	The proposed UPI-TIPS interlinkage aims to facilitate cross-border remittances between India and the Euro area.

### Indian Banking/financial sector News (Contd...)

Nov-25	The Gold loan sector in India is on the verge of a significant boom.	With nearly 3000 new branches focused solely on gold lending slated to open in the coming year. ICRA projected the organized gold loan market to reach Rs 15 lakh crore mark in FY26. NBFC gold loan AUM are expected to expand 30-35% in FY26.
Nov-25	Credit card spends rose to 19.6% YoY in Oct'25 to Rs 2.14 lakh crore, up from Rs 1.79 lakh crore in Oct'24.	Driven largely by strong e-commerce sales and festive season purchases. However, spending was broadly flat compared with Rs 2.16 lakh crore in Sep'25.
Nov-26	Flow of financial resources to commercial sector increased significantly to Rs 20.1 lakh crore (as on 31 Oct'25) from Rs 16.2 lakh crore a year ago: RBI.	Non-bank sources showed a marked increase to Rs 8.95 lakh crore from Rs 6.43 lakh crore and Banks to Commercial sector increased to Rs 11.12 lakh crore from Rs 9.80 lakh crore. Non-bank sources primarily corporate bond issuances, credit by NBFCs and Foreign direct Investment to India were the key drivers even as bank credit growth remained steady.
Nov-26	RBI takes practical stance on family trusts and investment Cos.	The RBI is allowing, on a case-by-case basis, transfer of ownership of investment companies which hold shares of family group companies and other portfolio investments, to family trusts. With this, the shareholdings and control of these entities shift from senior family members to family trusts.
Nov-26	Credit-deposit ratios of Indian banks crossed 80% in October 2025.	Reflecting loan growth outpacing the deposit mobilisation rate. This calls for more proactive liquidity management and may even indicate a structural shift and not just a cyclical imbalance if the ratio remains elevated.
Nov-26	NBFC borrowings are set to reach \$750 billion by FY27	With 64% expected from market-based instruments as firms pivot from bank loans to NCDs, ECBs and other capital-market funding routes.
Nov 27	Pradhan Mantri MUDRA Yojana (Launched in 2015)	It has successfully distributed Rs 34 lakh crore in collateral-free loans, reaching over 55 crore beneficiaries.
Nov 28	RBI eased digital banking rules	Allowing banks to advertise products to customers post login. These includes govt schemes and third-party financial products. Also removed the need for prior approval before launching new digital channels with an aim to streamline digital banking operations for financial institutions across India.



## Domestic Economy News

Date	News Headlines	Implications
Nov-03	India's bioeconomy sector to reach USD 300 bn by 2030: NITI Aayog report.	Frontier technologies such as climate-resilient seeds and AI will enhance farm productivity and sustainability with tailored solutions for farmers. This will strengthen agricultural resilience, support rural prosperity and elevate India's global Agri-tech competitiveness.
Nov-04	India's top 1% grew wealth share by 62% between 2000 and 2023: G20 inequality report.	This trend mirrors global patterns where wealth concentration is increasing. This highlights extreme inequality as a choice, not an inevitability. It calls for global coordination and proposes an International Panel on Inequality to guide policy.
Nov-04	The government has launched the third round of the Production Linked Incentive Scheme for speciality steel.	This initiative aims to attract investment and boost domestic production. The scheme encourages the manufacturing of high-grade steels for various critical sectors. It seeks to increase India's speciality steel capacity and reduce import dependence.
Nov-06	India's housing market to see 5-10% annual price rise: CII and Colliers.	Supported by increasing household incomes, favourable demographic trends, and forward-looking housing policies, India's residential real estate market is expected to witness a significant surge in demand.
Nov-08	India has introduced new rules for deep sea fishing in its Exclusive Economic Zone.	These rules will empower local fishermen and cooperatives while banning foreign vessels. This initiative will promote technologically advanced vessels and sustainable practices.
Nov-10	Union Cooperation Minister launched Sahakar Digi pay and Sahakar Digi Loan for urban cooperative banks.	This will help Urban Cooperative Banks (UCBs) compete more effectively with commercial banks and fintechs by modernizing their customer experience.
Nov-13	The Ministry of Agriculture and Farmers Welfare has released the draft seeds bills.	This will replace older legislation and modernize seed regulation. This will focus on quality, affordability, innovation through liberalized imports.
Nov -19	The IBBI now mandates resolution professionals to furnish detailed documentation proving that all bidders comply with Section 29A eligibility norms.	This initiative intends to ensure that only qualified and reliable entities engage in the recovery process for distressed assets. This move strengthens transparency and accountability in the insolvency process, ensuring only credible and compliant bidders participate.
Nov -24	India diversifies seafood markets; shrimp exports jump 18% in the first five months of FY26.	This rise was supported by demand from non-US markets, including Vietnam, Belgium, China and Russia. This will reduce India's dependence on the US for seafood exports.
Nov-21	4 labour code Herald transformational change: Better Wages, Safety, Social Security & enhanced Welfare for India's Workforce.	Code lay the foundation for a protected, future-ready workforce and resilient industries, boosting employment and driving labour reforms for Aatmanirbhar Bharat. Code aligns India's Labour ecosystem with global standards, ensuring social justice for all workers.
Nov-27	The All-India House Price Index (HPI) based on transactions in 18 major cities increased at a slower pace of 2.2% in Q2 FY26.	The value of House Price Index declined from 113.4 to 112.7 in Q2:2025-26 as compared to Q1:2025-26, owing to decrease of the index for major cities, namely Kolkata, Chennai, Lucknow and Hyderabad.
Nov-27	IMF gives India a 'C' on its GDP and other national accounts data, the second-lowest grade.	This grade signifies that the data provided to the IMF 'have some shortcomings that somewhat hamper surveillance'. Uncertainty around data quality can make foreign investors more cautious, potentially affecting capital flows, market valuations and long-term investment decisions.

## Global Economy News

Date	News Headlines	Implications
Nov-04	Japan's factory activity falls at fastest pace in 19 months.	The PMI fall to 48.2 with the fastest new order drop in 20 months and forty-four consecutive months of export declines showed a deepening demand driven manufacturing downturn.
Nov-06	US layoffs for October surge to two-decade high.	It is driven by cost cutting and rising adoption of AI. The concentration of layoffs in warehousing, technology, food and government sectors along with nearly 450 announced layoff plans indicated broad based corporate retrenchment and heightened pressure across major industries.
Nov-07	US Consumer Credit Rises more than expected in September.	US consumer credit rose by 13.09 billion dollars in September 2025 after a revised 3.13 billion dollar increase in August surpassing the 10-billion-dollar expectation and reflecting a 3.1% annualized rise.
Nov-07	U.S. backs EU using frozen Russian assets to help end war.	The US backing of EU plans to tap about 185 billion euros of frozen Russian central bank assets signalled a stronger western effort to limit Russia's war-financing capacity after the 2022 invasion.
Nov-11	Japan Current Account Surplus Notches Record High.	The surge in the current account surplus to 4483.3 billion yen from 1537.4 billion yen and well above the 2468-billion-yen forecast showed a strong external boost led by faster export growth and a goods account swing to surplus.
Nov-17	China's January-October fiscal revenue up 0.8% y/y.	China's fiscal revenue rising 0.8% to about 18.65 trillion yuan while expenditure grew 2.0% indicated a modest improvement in government income but persistent fiscal strain as spending continued to outpace revenue growth.
Nov-17	Japan Q3 GDP contracts annualised 1.8% in July-September.	The 1.8% annualised GDP fall showed Japan's economy had weakened as US tariffs and soft consumption dragged growth despite support from government spending and capex.
Nov-19	US trade deficit narrows sharply in August in boost to third-quarter GDP.	The mild 0.3% dip in goods exports to 179.0 billion dollars alongside steadier services exports suggested that domestic demand softness rather than export weakness drove the adjustment in the trade balance.
Nov-19	UK consumer price inflation eases to 3.6% in October.	The easing of UK CPI to 3.6% from 3.8% in September and marking the first decline since May signalled cooling price pressures that strengthened expectations of a Bank of England rate cut to 3.75% from 4% in December.
Nov-23	Canada, India agrees to restart trade talks.	The decision by Canada and India to restart trade talks after a two-year pause signalled a reset in diplomatic and economic ties with a shared goal of doubling bilateral trade to 50 billion dollars by 2030.
Nov-25	German economy stagnated in Q3.	Germany's GDP stagnation at 0.0% in Q3 2025 after a 0.3 contraction in Q2 indicated that Europe's largest economy remained stuck in a weak growth phase with no meaningful recovery momentum.
Nov-25	China Conducted CNY 1 trillion MLF Operation.	The Peoples Bank of China's one trillion-yuan MLF operation with a net 100-billion-yuan liquidity injection signalled continued monetary support aimed at maintaining ample banking system liquidity amid economic headwinds.



## Must Track in Next Month...

Date	Report/Event	Country
03-Dec	HSBC Composite PMI	India
04-Dec	Balance of Trade	USA
05-Dec	RBI MPC decision	India
08-Dec	Balance of Trade	China
10-Dec	Inflation Rate YoY	China
11-Dec	Fed Interest Rate decision	USA
12-Dec	Inflation Rate YoY and Banks Deposit & Credit Growth	India
15-Dec	Housing Price Index YoY	China
15-Dec	WPI Inflation YoY & Balance of Trade	India
16-Dec	HSBC composite PMI	India
16-Dec	Industrial Production YoY	USA
18-Dec	Inflation Rate YoY	USA
26-Dec	Bank Deposit & Credit Growth	India
29-Dec	Industrial production YoY	India
30-Dec	House Price Index	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
- CMIE
- COGENCIS

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