



Monthly Research Compendium

NOVEMBER 2025





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The Research Compendium is a compilation of some of ICRA's key research reports released in the previous month.

The ICRA Research Compendium offers a summary of some of the most thought-provoking research reports published during the month



Each slide communicates key excerpts from the respective reports through charts and tables

Follow the link in the caption of each slide to access the detailed report on ICRA's website

ICRA's sectoral outlook as of October 2025

Banking: RBI's draft framework on capital charge for credit risk hints at relief for Banks

Banking: Impact of RBI's proposed ECL framework on banks' capitalisation profile likely to be moderate

Climate series: NMM's success depends on reducing imports by tapping into domestic manufacturing strength







Commercial real estate: Healthy pre-leasing activity in Pune - ~42% of FY2026 office supply already committed

































Economy: India's merchandise trade deficit soared to 13-month high in Sep 2025, after US penalty rollout; CAD to widen materially in Q2 FY2026

Residential real estate: Improving infrastructure driving growth in key emerging residential micro markets

State finances: Actual SGS issuance in Q3 FY2026 could modestly exceed the indicated Rs. 2.8 trillion

Structured Finance: Securitisation volumes continue to grow; NBFCs expected to remain key originators

 Positive	
	Capital goods
	Defence
	Hospital
 Negative	
	Power – distribution
	Chemicals (basic)
	Chemicals (petrochemicals)
	Cut & polished diamonds
	NBFC-Microfinance Institutions (NBFC-MFI)
	Paper - Printing and Writing Paper
	Textile (apparel exports)

 Stable					
	Construction & construction equipment		Tyres		Media – broadcasting
	Cement		Renewable energy/ Power transmission/ Thermal		Retail (fashion)
	Ferrous metals		Upstream oil & gas		Insurance (life & general)
	Non-ferrous metals		Oil refining & marketing		Airlines & airport infra
	Roads & road logistics		Gas utilities		IT services
	Real estate – residential, commercial & retail		Ports		Telecom services
	Jewellery – retail		Pharma		Telecom towers
	Brokerage		Fertilisers		Chemicals (speciality)
	Automobile & automobile dealership		Sugar		Bank
	Auto components		Bulk tea		NBFCs (infra, retail NBFCs, HFC) & SFB
	Hotels				

Note: NBFC - Non-Banking Financial Companies

Exhibit: Key changes - Capital charge for credit risk



Proposed risk weight reduction in certain categories to benefit capital ratios



- Under the standardised approach (SA), credit exposures shall be risk-weighted, either as per the risk weights prescribed for specific categories of exposures or as per ratings assigned by eligible credit rating agencies (ECRA). Risk-weighted assets are calculated as the product of the standardised risk weights and the exposure amount.



- The draft circular proposes to reduce risk weights applicable to some of the rating categories. This would enable the banks to reduce the capital allocated to such exposures, leading to an improvement in their capitalisation profile.



- Banks are now also required to conduct a thorough due diligence to ensure that external credit ratings accurately and conservatively reflect the creditworthiness of counterparties. If a bank's internal analysis indicates that an exposure carries higher risk characteristics than those suggested by the external rating category, the bank may apply a risk weight that is at least one notch higher than the base risk weight assigned by the external rating agency. However, they are not allowed to lower the risk weight, if their internal assessment is favourable.
- In addition, ratings by different ECRA's could attract different risk weights based on their respective reported one-year probability of default (PD) statistics. Ratings by ECRA's with high PDs than specified would attract higher risk weights.

Banking: Impact of RBI's proposed ECL framework on banks' capitalisation profile likely to be moderate

Exhibit: Prudential provisioning norms – ECL implementation to impact capital ratios



RBI's proposed implementation of ECL approach is expected to increase the provisioning requirement for banks



- Lending institutions, including banks, are required to maintain sufficient provisions on loan assets, investments and other assets to account for any diminution in the value of such assets. It is the responsibility of the management to maintain sufficient provisions. However, the provisions are subject to meeting the minimum thresholds prescribed by the regulator.



- The existing approach defines fixed rates to make provisions for different loans/investments/assets and the same depend on the type of asset and the overdue ageing status of the same. The rate of provision to be made is directly proportional to the overdue ageing of the asset.



- Under the draft circular, the RBI has proposed to implement the expected credit loss (ECL) framework for making provisions starting April 1, 2027. The banks will be required to calculate the additional provision required, if any, on the existing portfolio at the time of transition and thereafter the ECL norms are to be followed on yearly basis.
- A bank shall recognise lifetime ECL for all financial instruments evidencing significant increase in credit risk (SICR) since initial recognition. For this purpose, a bank shall adopt a 'three-stage' approach, based on the credit quality of the financial instrument at the time of initial recognition, or on any subsequent reporting date. The approach is akin (with suitable changes) to what NBFCs currently follow under Ind-AS. Thus, it may be considered a precursor to banks to eventually shifting to Ind-AS, going forward.

Climate series: NMM's success depends on reducing imports by tapping into domestic manufacturing strength

By focusing on cleantech manufacturing, the National Manufacturing Mission (NMM) addresses a critical gap: while India's clean energy targets and markets have grown, the domestic production of the required technologies has not kept pace. This Mission seeks to change that paradigm by promoting domestic cleantech manufacturing. Following are some of the major outputs expected from the Mission:

Exhibit: Expected outcomes from successful implementation of National Manufacturing Mission (NMM)



Reduce import dependency



Bridge a \$260–270 billion financing gap for energy transition by 2030



Annual domestic market potential of \$120–150 billion by 2030



50 million jobs under NMM

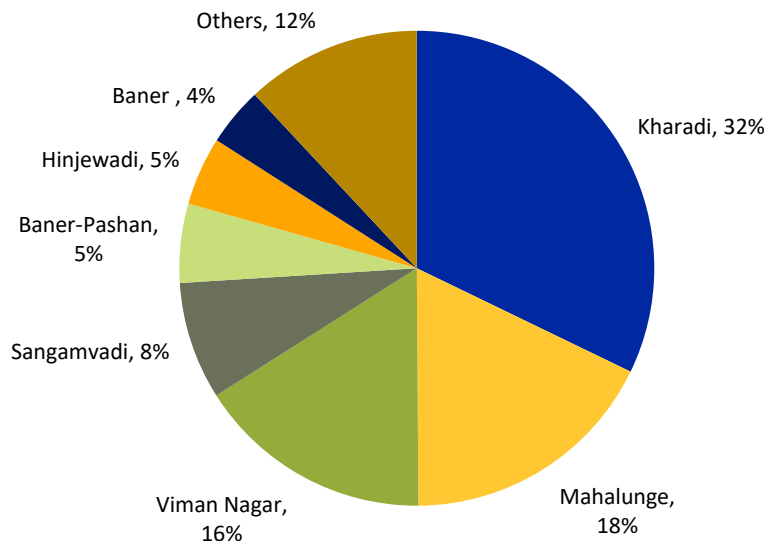


Cumulative import bill savings of \$2 trillion by 2047

- The GoI has taken a strategic step by launching the NMM and aligning it with the NDC targets, existing schemes and policies. By actively supporting MSMEs and start-ups, the mission lays a strong foundation for industrial transformation. However, its success will depend on effective execution.
- If implemented well, the NMM can significantly reduce import dependency, generate employment in the cleantech sector, and establish India as a global exporter of clean technology products by leveraging domestic strengths.

Commercial real estate: Healthy pre-leasing activity in Pune - ~42% of FY2026 office supply already committed

Exhibit 10: Upcoming supply by micro-market in Pune for FY2026



Top 10 projects expected to become operational in FY2026	Developer	Micro-market	Area in msf (Preleased in msf)
Global Business City (B1, B2 and B3)	Mapletree India	Kharadi	1.90 (0.40)
M Aryabhata	Malpani Estates	Mahalunge	1.74 (0.97)
M Kautilya	Malpani Estates	Viman Nagar	1.29 (0.68)
Zen One	Kohinoor Group	Kharadi	1.25 (1.25)
Raja Bahadur 101	Raja Bahadur International	Sangamvadi	0.78 (0.74)
Montclaire Commercial	Mont Vert Homes	Baner-Pashan	0.53 (0.0)
Kratos Tower (Tower A & B)	Apus Realities	Hinjewadi	0.46 (0.06)
DNK Square	DNK Developers	Viman Nagar	0.29 (0.0)
Solitaire Business Hub	Solitaire	Bibwewadi	0.29 (0.0)
Business Tower	Kohinoor Group	Mundhwa	0.23 (0.0)

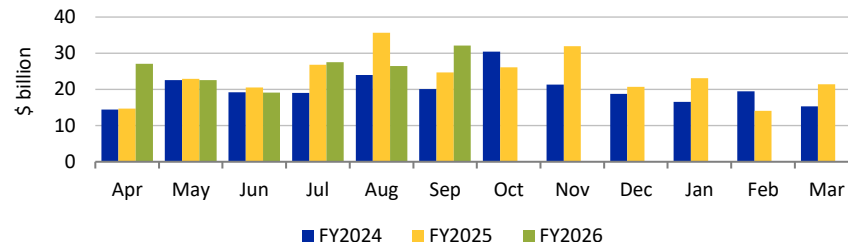
Kharadi and Mahalunge to account for 50% of supply addition in FY2026

Source: Propequity, ICRA Research; Note: pre-leased data is as on June 30, 2025

Economy: India's merchandise trade deficit soared to 13-month high in Sep 2025, after US penalty rollout; CAD to widen materially in Q2 FY2026

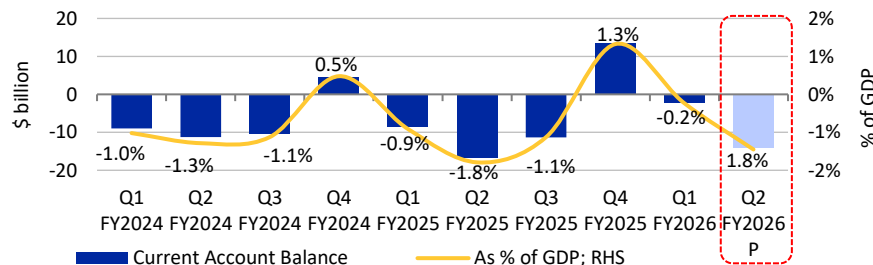
- India's merchandise exports rose by 6.8% year-on-year (YoY) to \$36.4 billion in September 2025, maintaining the growth pace seen in the previous month.
- Following the onset of 50% tariffs, India's exports to the US fell by ~12% YoY in September 2025, after the sharp ~23% expansion in 8M CY2025. However, this was compensated by higher shipments to the non-US regions (+11%, including China, Bangladesh and the UAE) in the month. Simultaneously, imports accelerated to an all-time high \$68.5 billion in September 2025, amid a spike in gold imports, which pushed up the merchandise trade deficit (MTD) to a 13-month high of \$32.1 billion.
- Overall, with the average monthly trade deficit rising sharply to \$28.7 billion in Q2 FY2026 from \$22.9 billion in Q1, ICRA expects India's current account deficit (CAD) to enlarge to \$17-18 billion in Q2 FY2026 (1.8% of GDP) from the low \$2.4 billion in Q1 FY2026 (0.2% of GDP).

EXHIBIT: India's MTD widened to a 13-month high of \$32.1 billion in September 2025; the monthly average of \$28.7 billion recorded in Q2 FY2026 was much higher than \$22.9 billion seen in Q1 FY2026



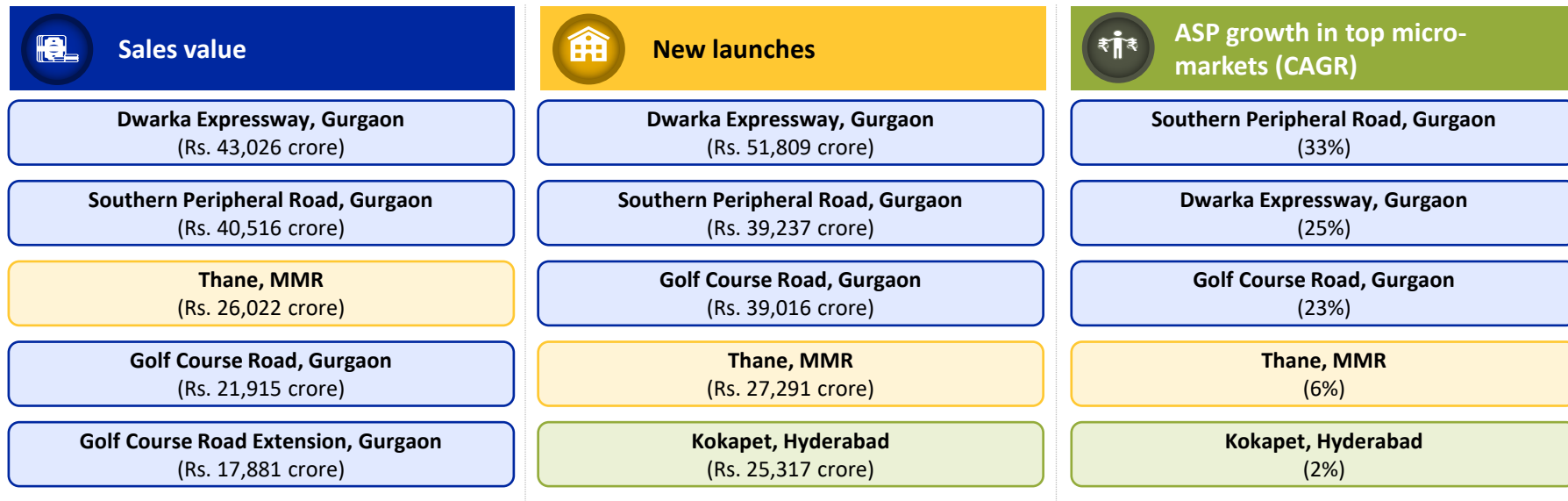
Source: Ministry of Commerce and Industry, GoI; CMIE; ICRA Research

EXHIBIT: ICRA expects India's CAD to enlarge to ~1.8% of GDP in Q2 FY2026, with a larger MTD offsetting the increase in services trade surplus



P: Projected; Data labels correspond to CAD as % of nominal GDP; ICRA's nominal GDP Proj. has been used for Q2 FY2026; Source: RBI; CEIC; ICRA Research

Residential real estate: Improving infrastructure driving growth in key emerging residential micro markets

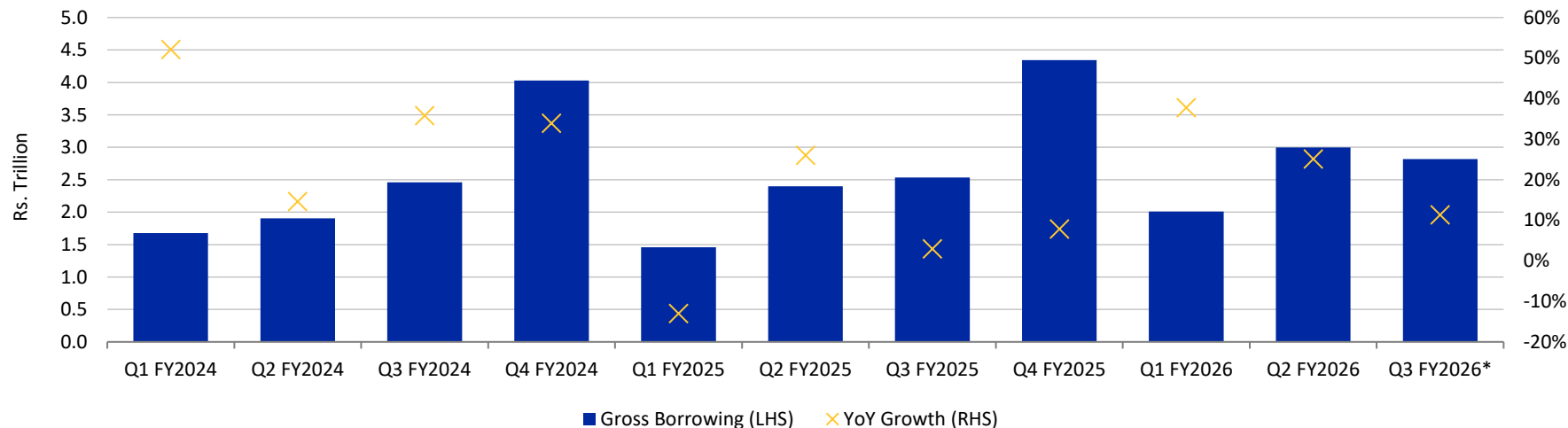


- Thane's robust infrastructure (numerous flyovers and arterial roads) and rail connectivity links it to various micro markets of Mumbai. The ongoing/upcoming projects, such as Mumbai Metro Line 4, Thane-Borivali Twin Tunnel project and the widening of Ghodbunder Road, will further enhance access and reduce travel time.
- Golf Course Road, Gurgaon, is an elite luxury residential hub, known for its premium location and access to Delhi, the Dwarka Expressway, NH-8. Its proximity to major commercial and office districts like Cybercity, One Horizon Centre enhances its appeal.
- Kokapet's residential demand is driven by its strategic location near Hyderabad's key IT and corporate hubs and good connectivity via the Outer Ring Road.

Source: Prop Equity, ICRA Research; Note: msf – million square feet; *top 5 micro markets were selected based on highest sales value and highest launch value during April 2024 to August 2025

State finances: Actual SGS issuance in Q3 FY2026 could modestly exceed the indicated Rs. 2.8 trillion

EXHIBIT: Gross SGS issuance by all state governments/UTs and YoY growth



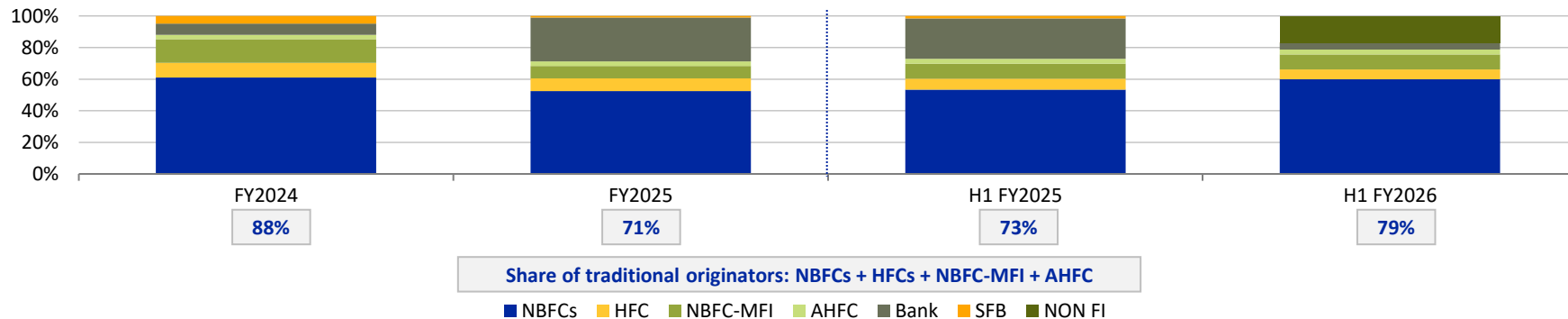
- The auction calendar of market borrowings by 28 state governments and two UTs for Q3 FY2026, released by the RBI on October 3, 2025, has placed the total market borrowing at Rs. 2.8 trillion. This implies a growth of 11.3% relative to Q3 FY2025 (gross issuance of Rs. 2.5 trillion; 2.9% YoY growth). Notably, the actual issuance in Q3 FY2025 was ~21% below the indicated amount (Rs. 3.2 trillion).
- The indicative issuance in Q3 FY2026 is a mild ~6% below the actual issuance in Q2 FY2026, while being 40% higher than Q1 FY2026.

Note: * Q3 FY2026 is based on Q3 indicative borrowing and YoY growth is over actual SGS issued in Q3 FY2025

Source: RBI; ICRA Research

Structured Finance: Securitisation volumes continue to grow; NBFCs expected to remain key originators

Exhibit: Originator type-wise securitisation market volume (PTC+DA)



Source: ICRA Research

- In contrast to the previous fiscal, non-banking entities have taken the lead in overall securitisation volumes since the beginning of FY2026. NBFCs (excluding MFIs and HFCs) accounted for over 60% of the total volumes in H1 FY2026. Meanwhile, the contribution from banks (excluding SFBs) declined significantly to around 7% in H1 FY2026 from approximately 26% in H1 FY2025. In FY2025, private sector banks actively leveraged securitisation to manage their credit-deposit (CD) ratios by reducing assets on their balance sheets. With CD ratios now largely stabilised, non-banking entities are expected to continue leading securitisation volumes in the second half of FY2026.
- Non-financial sector entities (mainly two corporates) securitised their trade receivables through the PTC route during Q2 FY2026, which has given a significant boost to the overall volumes for H1 FY2026.



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Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, Head – Research and Outreach	aditin@icraindia.com	0124 - 4545 385
Madhura Nejjur	Assistant Vice-President	madhura.nejjur@icraindia.com	022 - 6114 3417





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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