BRICS Chamber of Commerce & Industry™
GEARING UP FOR THE FUTURE

BRICS CHAMBER OF COMMERCE AND INDUSTRY

BUILDING BUSINESSES BRICS AND BEYOND

NEWSLETTER

MAY 2025

Chamber of Commerce & Industry
GEARING UP FOR THE FUTURE

ARTICLES

MS. PRITI GOEL
FOUNDER & CEO - PRISHA WEALTH MANAGEMENT PRIVATE LIMITED
PARTNER & CEO - AVINAV CONSULTING
AUTHOR – DHANAISHA, CHERISHED WEALTH
INDIVIDUAL MEMBER, BRICS CCI

India Becomes the World's Fourth-Largest Economy: Investment Opportunities in 2025 and Beyond

In May 2025, India officially became the world's fourth-largest economy, surpassing Japan with a GDP (Gross Domestic Product) of $4.19 trillion, according to the International Monetary Fund. This landmark achievement signals more than just a shift in rankings, it reflects India's robust and evolving economic foundations, and positions the country as a critical engine of global growth.

India's economic rise offers a renewed canvas for investors, both domestic and international, who are now recalibrating their portfolios to reflect this paradigm shift.

The Macro Landscape: Solid Growth Anchors

· Sustained GDP growth, with projections of 6.8% for FY26

· A vast and growing domestic consumption base

· The world's largest population, with a young median age under 30

· Digitally integrated governance and financial systems

· Broad-based policy continuity that promotes manufacturing, infrastructure, and green energy

Digital transformation continues to be a force multiplier. India processes over 1 billion Unified Payments Interface (UPI) transactions daily, and Digital Public Infrastructure (DPI) is streamlining access to banking, credit, and services for millions.

ARTICLES

Global Equity Market Overview

As of May 27, 2025, here's an updated snapshot of major global (top 4 world economies) equity indices, including their year-to-date (YTD) performance:

India

· **Nifty 50:** 24,785.80 (on May 27)
YTD return: +4.3%
The Nifty 50 index has shown resilience, maintaining a positive trajectory year-to-date despite recent market fluctuations.

· **BSE Sensex:** 81,551.63 (on May 27)
YTD return: +5.1%
The BSE Sensex continues to reflect investor confidence in domestic growth, with a steady year-to-date gain. After a brief correction in April, Indian equities have regained strength, reflecting investor confidence in domestic growth despite global headwinds. Mid-cap and small-cap indices have shown resilience, buoyed by strong Domestic Institutional Investors (DII) flows and sectoral earnings recovery. The key takeaway: while not overheating, the market remains on a steady upward path, supported by fundamental drivers.

United States

· S&P 500: 5,921.54 (on May 27)
YTD return: +6.2%
The S&P 500 index has rebounded strongly, marking a significant year-to-date increase. Broad based sector recovery, especially in energy, financials, and consumer discretionary has underpinned the index's strength.

· Dow Jones Industrial Average: 42,343.65 (on May 27)
YTD return: +4.8%
The Dow Jones Industrial Average has shown robust performance, contributing to the positive outlook of U.S. markets. Ably supported by strength in industrials and blue-chip stocks. Infrastructure spending and resilience in manufacturing heavy constituents have contributed to gains.

· Nasdaq Composite: 19,199.16 (on May 27)
YTD return: +7.5%
The Nasdaq Composite has outperformed, driven by strong gains in the technology sector and Artificial Intelligence (AI) focused companies. Investor enthusiasm around AI innovation, semiconductor demand, and robust earnings from tech giants have propelled the index upward.

China

· Shanghai Composite Index: 3,342.93 (on May 27)
YTD return: −0.2%
The Shanghai Composite Index has remained relatively flat year-to-date, reflecting cautious investor sentiment amid economic uncertainties. The index is weighed down by a fragile property sector, regulatory tightening, and tepid consumer sentiment, despite intermittent policy support.

BRICS Chamber of Commerce & Industry
GEARING UP FOR THE FUTURE

ARTICLES

Germany

· DAX Index: 24,226.49 (on May 27)

YTD return: +33.4%

Germany's DAX Index has achieved significant growth year-to-date, buoyed by strong performances in key sectors. It has been Europe's top performer so far in 2025. Driven by a rally in defense and industrial stocks, easing energy concerns, and a boost from EU–U.S. trade relief measures.

Investment Themes Shaping the Landscape

1. Infrastructure and Urban Expansion

India's commitment to physical and digital infrastructure remains strong. The **National Infrastructure Pipeline** continues to receive substantial public and private investment, with execution improving across roadways, freight corridors, airports, and urban housing.

Smart city initiatives, logistics infrastructure, and real estate demand in Tier 2/3 cities are creating sustainable investment avenues.

2. Manufacturing and Export Push

The **Production Linked Incentive (PLI)** schemes have started delivering results, with India's electronics, medical devices, solar modules, and white goods exports hitting record levels in FY25.

The "China+1" diversification strategy by global firms continues to benefit India, particularly in textiles, automobiles, and chemicals.

3. Green Energy and Sustainability

India is targeting 50% of energy capacity from non-fossil fuels by 2030. In 2025, solar, wind, and green hydrogen projects have received increased Foreign Direct Investment (FDI), while domestic firms are scaling battery storage and clean mobility platforms.

This green transition is opening long-term investment opportunities across the energy, transport, and manufacturing sectors.

4. Technology and Digital Innovation

India's digital economy is projected to reach $1.2 trillion by 2030, with AI, automation, fintech, and healthtech driving growth. Regulatory clarity and increased digital trust have supported the growth of emerging platforms and startups.

The resurgence of startup funding in early 2025 has improved prospects for tech Initial Public Offers (IPOs) in late 2025 and early 2026.

5. Healthcare and Financial Inclusion

Healthcare demand is growing with increased insurance penetration and changing consumer behavior. Financial inclusion has deepened through Jan Dhan accounts, Aadhar-linked services, and digital lending platforms.

ARTICLES

With rising household savings channeled through mutual funds and systematic investment plans (SIPs), financial services remain a pillar of India's capital markets.

The FII-DII Dynamic in 2025

Foreign Institutional Investors (FIIs)

In early 2025, FIIs were net sellers of Indian equities, offloading approximately $15.5 billion by March, marking one of the most significant sell-offs in recent history. However, sentiment shifted in April and May, with FIIs turning net buyers, investing around $2.2 billion during this period.

On the fixed income front, the inclusion of Indian government bonds in JP Morgan's and Bloomberg's Emerging Market bond indices has been a double-edged sword. While these inclusions were expected to attract substantial passive inflows, the actual impact has been mixed. In April and May, Indian bonds experienced significant outflows, with foreign investors pulling out $2.4 billion, despite the anticipated benefits of index inclusion.

FIIs continue to focus on high-growth sectors, particularly those with strong export linkages, scalable technology platforms, and robust corporate governance. However, their investment strategies are increasingly influenced by global macroeconomic factors, including U.S. interest rate expectations and geopolitical developments.

Domestic Institutional Investors (DIIs)

Domestic Institutional Investors (DIIs) continue to provide stability to Indian equity markets, backed by record monthly SIP inflows of ₹26,632 crore (~$3.2 billion) as of April 2025. Mutual funds, insurance, and pension funds are now dominant forces on Dalal Street, supported by steady domestic savings.

Retail investor participation has surged, with demat accounts crossing 192 million, with 41 million added in FY25 alone. This growth is increasingly broad-based, fueled by rising awareness and digital access in Tier 2 and Tier 3 cities.

As foreign institutional flows remain sensitive to global uncertainties, DIIs driven by long-term domestic capital are emerging as the key pillars of market resilience. The rise of disciplined retail investing through SIPs is reshaping India's market dynamics.

This structural shift marks a maturing equity ecosystem more inclusive, stable, and rooted in long-term value creation.

Risks and Challenges to Monitor

· Global economic uncertainty: Slowing growth in developed markets and shifting monetary policy by the US Fed remain external watch points.

· Commodity price volatility: Oil, metals, and agri-inputs could influence inflation and margins.

ARTICLES

- Execution risks: While policy continuity is strong, timely execution of infra and energy projects remains critical.
- Climate and monsoon variability: A weak monsoon could affect rural demand and food inflation.

However, these risks are cyclical, not structural, and are being actively mitigated through fiscal and monetary tools.

Conclusion: India's Investment Moment Is Here

India's elevation to the fourth-largest global economy marks the beginning, not the peak of its economic and investment ascent. The country's unique blend of scale, stability, and dynamism makes it a standout among emerging markets.

While markets may experience intermittent corrections, India offers investors a long-term growth runway anchored in domestic consumption, innovation, and policy vision. For global capital and domestic savers alike, India in 2025 is not just an opportunity, it is a necessity in a diversified, forward-looking portfolio.

ETFs (Exchange Traded Funds) remains as one of the best asset classes in India, especially for long-term, cost-conscious investors. They are the "index-linked superhighways" of India's economic growth; cost-effective, transparent, and scalable for every investor.

If you're looking to build a low-maintenance, tax-efficient, long-term portfolio that tracks India's rise, ETFs are one of the best asset classes to do it with. For details, contact us at info@prishawealth.com.

Disclosures:

- Investment in securities market are subject to market risks. Read all the related documents carefully before investing
- The securities quoted are for illustration only and are not recommendatory
- Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors