India Economic Monitor

March | 2026

Executive summary

In Oct–Dec’25, India’s real GDP growth accelerated to 7.8% YoY under the revised 2022–23 base-year series, marking one of the strongest readings in recent quarters. Services and industry remained the key growth drivers: services grew 9.5% YoY, supported by financial, real estate and professional services, while industry expanded 9.7% YoY, buoyed by strong manufacturing activity. Agriculture remained subdued at 1.4% YoY. On the demand side, private consumption and gross capital formation continued to support domestic demand, growing by 8.7% and 7.8% YoY, respectively, while government consumption moderated cyclically to 4.8% YoY.

High-frequency indicators remained broadly stable in Jan-Feb’26. Industrial activity stayed resilient in Jan’26 on strong underlying indicators, while in Feb’26, average daily power consumption inched up even as steel consumption declined. In logistics, e-way bill generation fell further in Feb’26, partly due to the shorter month, while JNPA container traffic also moderated. Air passenger traffic dipped in Feb’26, although air freight remained resilient. Auto sales softened cyclically across most categories in Feb’26, while 3W registrations remained broadly flat.

In the external sector, the merchandise trade deficit narrowed to $27.1 Bn in Feb’26, driven by lower gold and silver imports, while the services trade surplus narrowed to $23.2 Bn. Forex reserves increased further in Feb’26, supported by higher foreign currency assets. FDI declined sharply, driven by weaker equity inflows, particularly via the RBI route and share purchases despite some moderation in outflows.

BFSI indicators showed mixed trends in Jan–Feb’26. Credit growth strengthened in Jan’26, driven primarily by higher loans, cash credits, and overdrafts. Mutual fund AUM also increased in Feb’26, supported by continued net inflows into equity funds. UPI transactions declined in Feb’26 due to the shorter month, despite record-high daily average volumes. Insurance premiums softened, reflecting moderation in the non-life segment, especially crop insurance. Meanwhile, market activity remained firm as NSE and BSE transactions edged up, while India VIX closed at a 9-month high amid heightened global volatility.

On the macro side, GST collections declined in Feb’26 due to the shorter calendar month, alongside weaker import revenue, despite steady domestic activity. In Jan’26, the fiscal deficit widened as tax revenues declined. Inflation firmed further in Feb’26, with WPI rising to 2.1% on higher manufactured-product and non-food article prices, and CPI increasing to 3.2%, led by food and personal care. Manufacturing PMI strengthened in Feb’26 on stronger domestic demand and output, even as services PMI edged down slightly. Analysts project FY26 GDP growth in the range of 5.9–7.6% amid volatile external conditions, with the Government of India’s second advance estimate placing growth at 7.6%.

Source: MoHFW, POSOCO, MOSPI, Ministry of Commerce & Industry, RBI, GST Network, NPCI, NETC, Ministry of Railways, AAI, JNPT, AIOCD, mFMS, Joint Plant Committee, Ministry of Steel, SIAM, Vahan Dashboard, CMIE, IRDAI, Ministry of Finance, GST Council, Ministry of Rural Development, Analyst reports, BCG analysis

High-frequency indicators remained broadly stable in Jan-Feb'26, despite continued uncertainties in the external environment (1/2)

Industry

GROWTH →

Industry	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
IIP (Index) *	169	5%	-1%	-
Daily Avg Power Consumption ('000 MUs)	4.8	1%	3%	2%
Petroleum Consumption (MMT)	20.2	6%	-4%	4%
Steel Consumption (MMT)	13.5	9%	2%	8%
Cement Production (MT) *	46.5	11%	1%	11%

Logistics

GROWTH →

Logistics	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
E-way Bills (Mn)	132.6	19%	-3%	17%
JNPA Traffic ('000 TEUs)	668.4	8%	-9%	12%
Air Passenger Bookings (Mn)	35.1	0%	-9%	2%
Air Freight (K Tons)	328.6	18%	1%	13%

Trade & Investment

GROWTH →

Trade & Investment	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Merchandise Exports ($ Bn)	36.6	-1%	0%	0%
Merchandise Imports ($ Bn)	63.7	24%	-11%	22%
Services Exports ($ Bn)	39.5	25%	-10%	19%
Services Imports ($ Bn)	16.4	13%	-16%	10%

Auto

GROWTH →

Auto	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
PV Sales ('000 Units)	417.7	11%	-7%	12%
2W Sales ('000 Units)	1871.4	35%	-3%	30%
3W Registrations ('000 Units) (does not include e-rickshaws)	74.6	35%	0%	27%
EV Registrations ('000 Units) (does not include e-rickshaws and commercial vehicles)	151.1	51%	-9%	41%

* Data available only up to Jan'26 as on 24th Mar'26 – hence growth comparisons are for January and not February. Jan'26 data has been compared with Jan'25 & Dec'25 data for the YoY & MoM growth comparisons.
# YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Jan and Jan-Dec for the * marked indicators).

High-frequency indicators remained broadly stable in Jan-Feb'26, despite continued uncertainties in the external environment (2/2)

Banking, Financial Services & Insurance

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
UPI Value (INR Tn)	26.8	22%	-5%	21%
Aggregate Deposits (INR Tn) *	254	11%	0.1%	-
Aggregate Credit (INR Tn) *	209.7	12%	1%	-
NSE & BSE Txns. (INR K Cr)	2,590.1	34%	1%	21%
Insurance Premium (INR K Cr)	59.3	15%	-16%	16%

Macroeconomic

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
GST Collections (INR Tn)	1.89	3%	-5%	2%
WPI (%)	-	2.1%	0.3%	-
CPI (%)	-	3.2%	0.1%	-
Jan Dhan Deposits (INR Tn)	3.0	18%	3%	18%
MGNREGA Emp. Provided (HH)	14.1	-24%	0%	-26%

Sentiment

GROWTH →

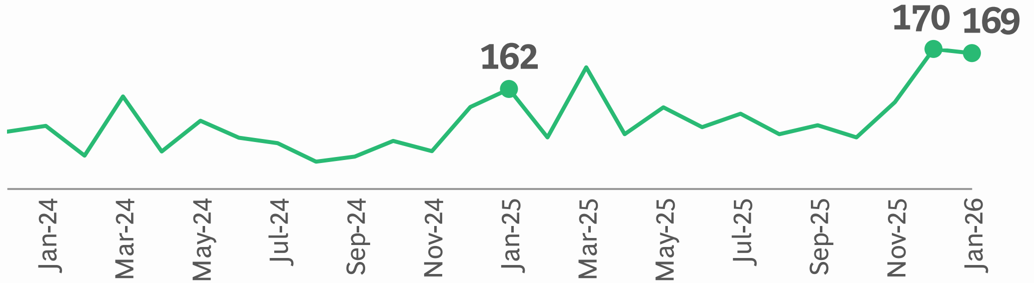
	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Manufacturing PMI (Index)	56.9	1%	3%	-
Services PMI (Index)	58.1	-2%	-1%	-
Current Situation Index (Urban)	98.1	5%	0%	-
Future Expectations Index (Urban)	123.4	2%	0%	-

* Data available only up to Jan'26 as on 24th Mar'26 – hence growth comparisons are for January and not February. Jan'26 data has been compared with Jan'25 & Dec'25 data for the YoY & MoM growth comparisons.
# YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Jan and Jan-Dec for the * marked indicators).

Industrial activity stayed resilient in Jan’26 on strong underlying indicators; steel consumption softened in Feb’26

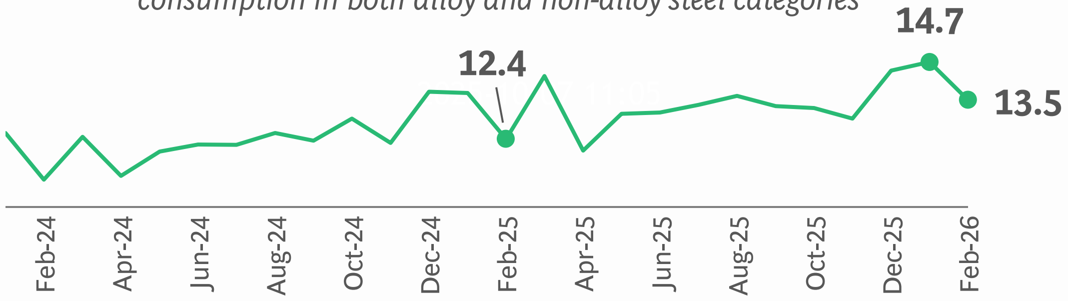
Index of Industrial Production (IIP)[1]

IIP dipped marginally in Jan’26 from a two-year high in Dec’25, led by a slowdown in manufacturing



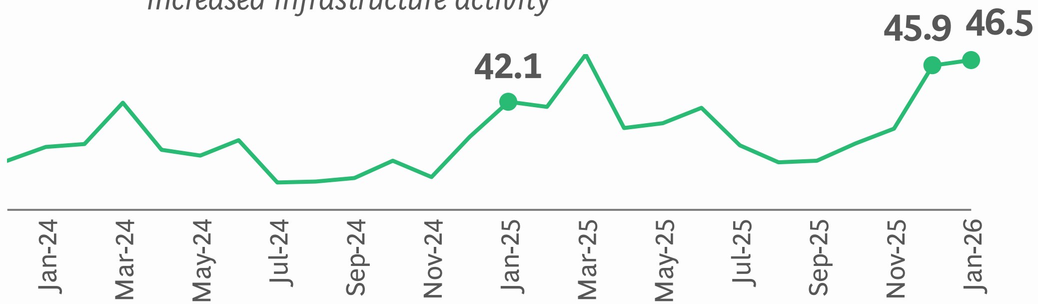
Steel Consumption (MMT)[2]

Steel consumption declined in Feb'26, due to a decrease in consumption in both alloy and non-alloy steel categories



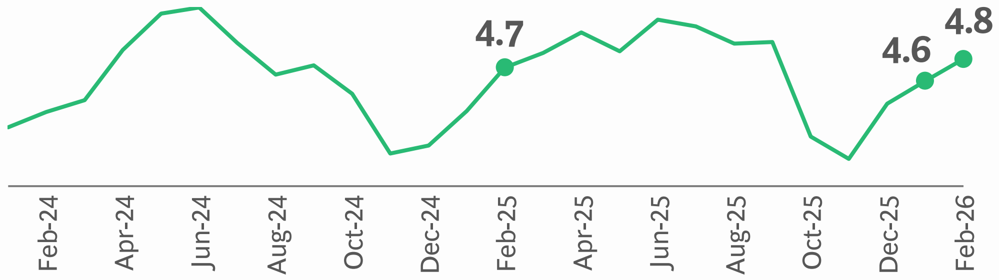
Cement Production (MT)

Cement production rose to a 10-month high in Jan’26, driven by increased infrastructure activity



Daily Average Power Consumption ('000 MUs)

Daily power consumption rose in Feb’26, supported by rising temperatures and steady industrial activity



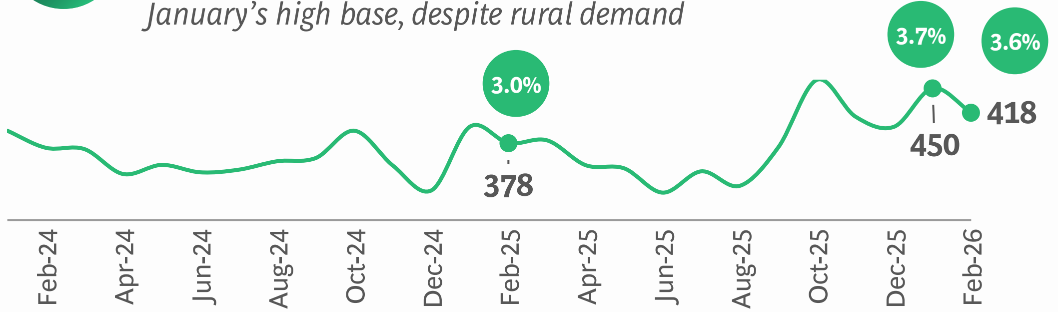
1. Index of Industrial Production (IIP) shows the growth rates in different industry groups (comprises of Mfg. (78% weightage), Mining (14%), Electricity (8%)
2. Steel consumption incl. long & flat steel, provisional figures for Feb'26

Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, Joint Plant Committee, Ministry of Commerce and Industry, CMIE, BCG analysis

Auto sector witnessed a cyclical dip across most categories in Feb’26 vs. Jan'26, while 3W registrations stayed broadly flat

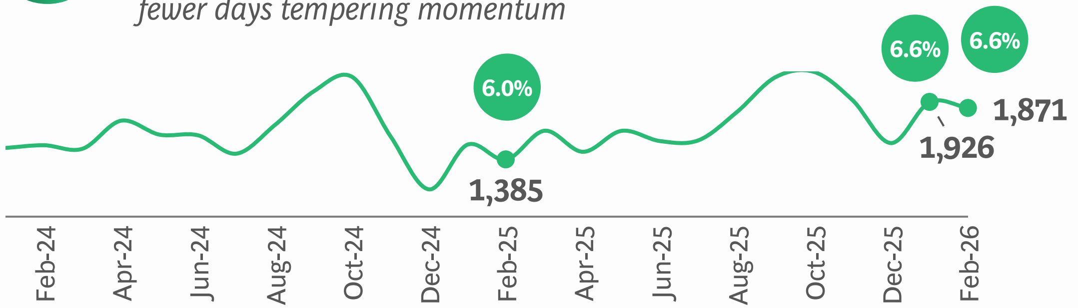
Passenger vehicles sales (’000 units)

PV sales dipped sequentially in Feb’26 due to fewer selling days after January’s high base, despite rural demand



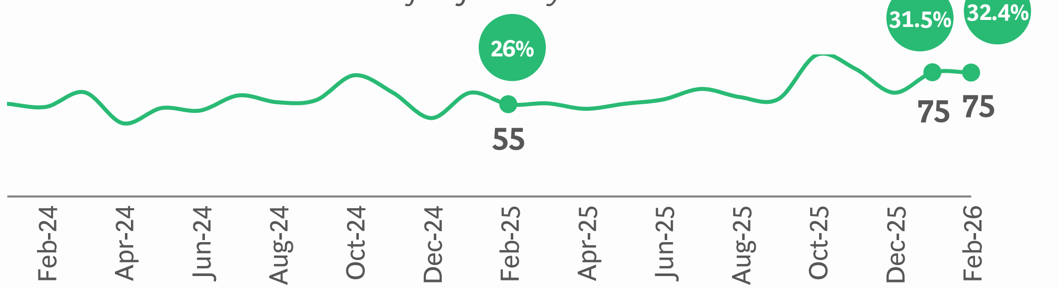
Two-wheeler sales (’000 units)

2W sales eased in Feb’26 as January’s festival-led spike normalized, with fewer days tempering momentum



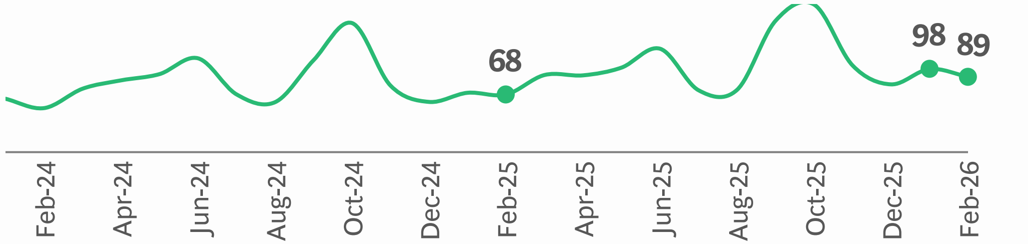
Three-wheeler Registrations[1] (’000 units)

3W registrations remained broadly flat in Feb’26 amid fewer selling days and normalization after January



Tractor sales (’000 units)

Tractor sales fell sequentially in Feb’26 on fewer selling days after January’s peak, despite healthy rural sentiment



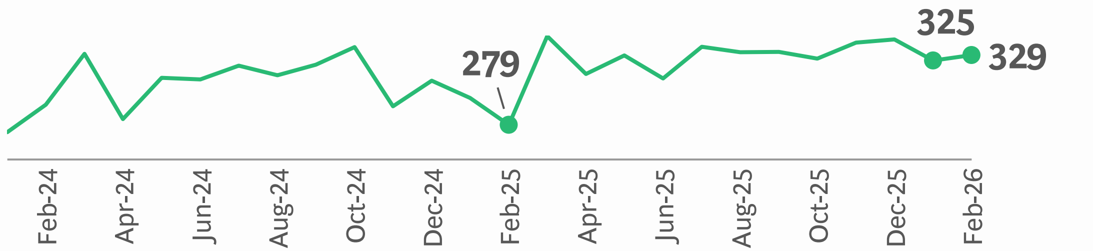
XX% = %EV Registrations[2]

Figures represent wholesale numbers (including exports).; *.BMW, Mercedes and Volvo Auto data are not available
1. 3W registrations does not include e-rickshaws
2. EV Penetration is calculated basis the Vahan (Registration Data). EV Registrations does not include e-rickshaws and commercial vehicles
Source: SIAM, CMIE, TMA, Vahan, Press search, BCG analysis

JNPA traffic slowed in Feb'26; e-way bills declined due to fewer days, while air passenger traffic fell on a higher base

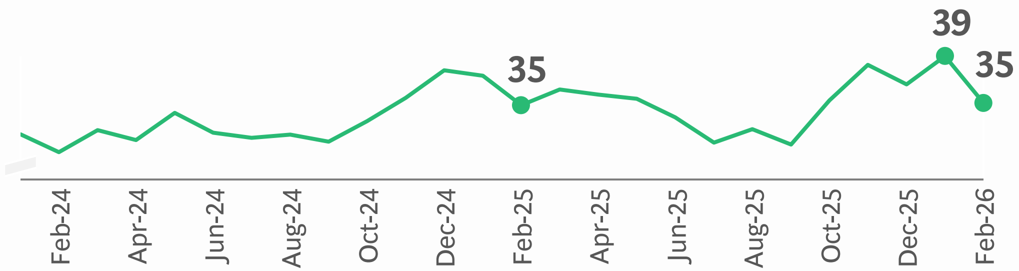
Air Freight Traffic (K tons)

India's air freight traffic edged up marginally in Feb'26 on resilient cargo movement



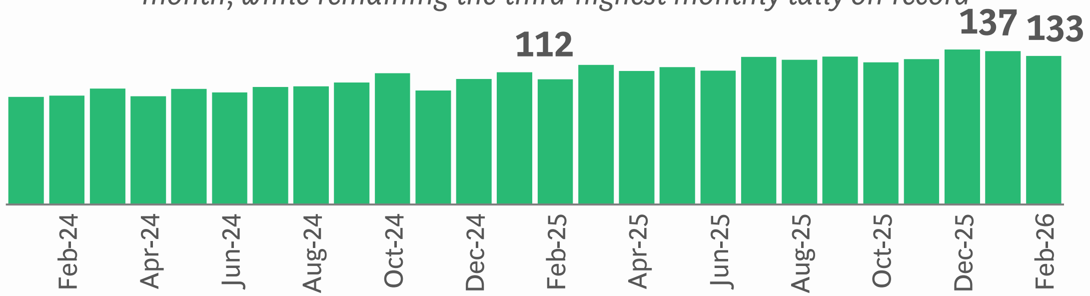
Air Passenger Bookings (Mn)

Air passenger traffic fell in Feb'26, mainly reflecting fewer days in the month after January's higher base



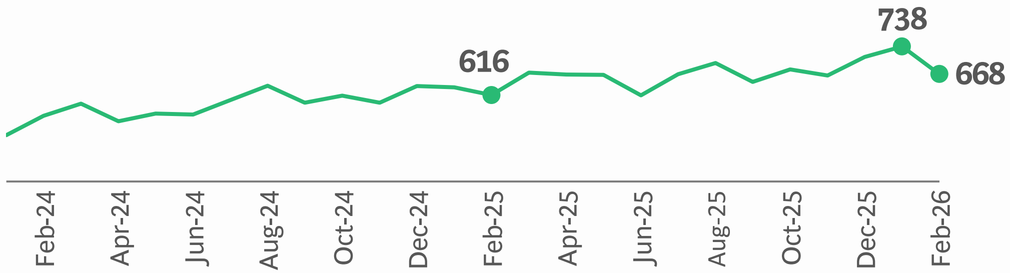
E-way Bills (Mn)[1]

E-way bill generation declined further in Feb'26 due to the shorter month, while remaining the third-highest monthly tally on record



JNPA Container Traffic ('000 TEUs)[2]

JNPA traffic declined in Feb'26, led by a sharp slowdown in traffic primarily at APM and NSICT terminals



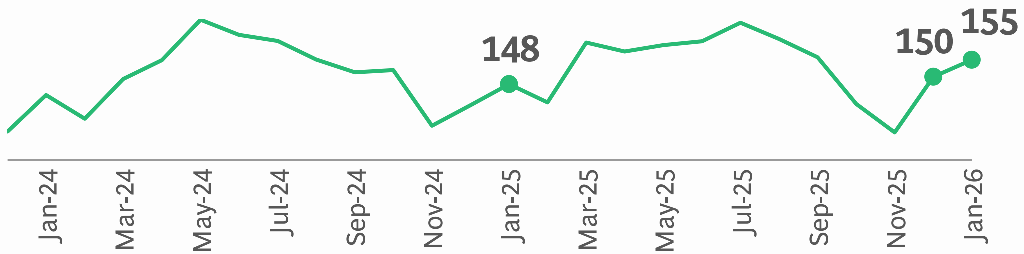
1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000; 2.TEU refers to Twenty-foot equivalent unit (Shipping containers 20 feet long, 8 feet tall)

Source: Ministry of Railways, CMIE, Airports Authority of India, Jawaharlal Nehru Port Authority, GST Network, NHAI, NPCI, BCG analysis

Electricity and renewable energy generation rose further in Jan’26, while natural gas consumption declined

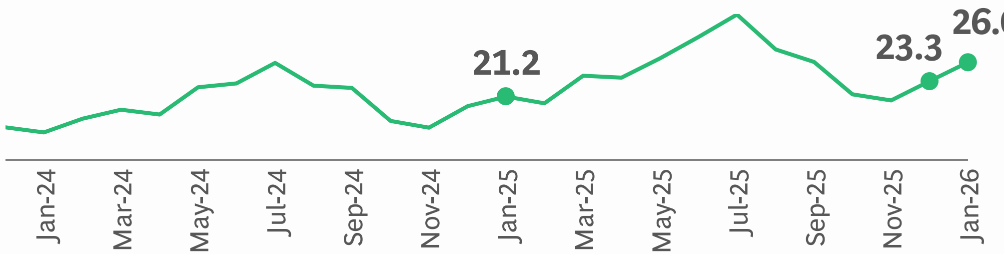
Total Electricity Generation (Billion KWh)

Electricity generation rose in Jan’26, driven by higher output from renewable sources as well as thermal and nuclear power



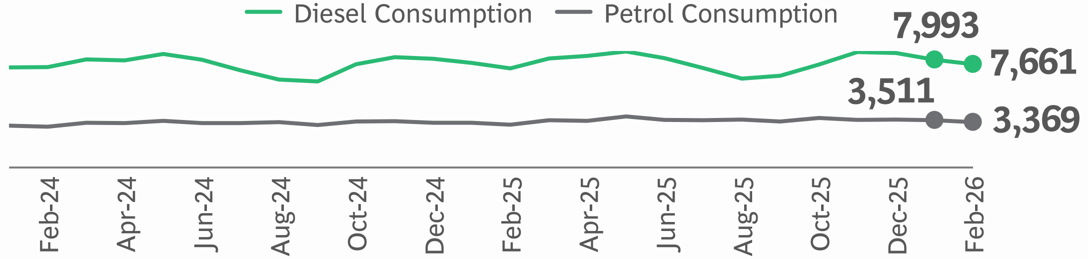
Renewable Energy Generation (Billion KWh)

Renewable energy generation climbed further in Jan’26, led by higher wind and solar output



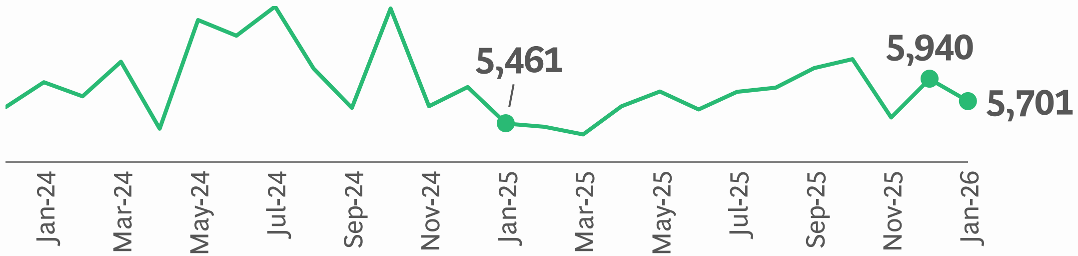
Diesel and Petrol Consumption ('000 MT)

Diesel and petrol consumption inched down in Feb'26 amid fewer days and softer transport activity after January’s high base



Natural Gas Consumption[1] ('00 MMSCM[2])

Natural gas consumption dipped in Jan'26, led by a sequential decline in LNG imports

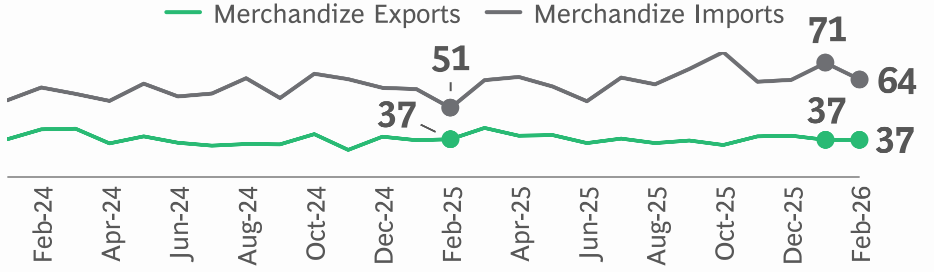


1. Natural Gas Consumption= Net Production +LNG Imports
2. MMSCM: Million Standard Cubic Meter
Source: Petroleum Planning and Analysis Cell, CEA, Power System Operation Corporation, CMIE, BCG analysis

Merchandise trade deficit and services surplus narrowed in Feb'26, while forex reserves climbed; FDI inflows dipped in Jan'26

Merchandise Trade ($ Bn)

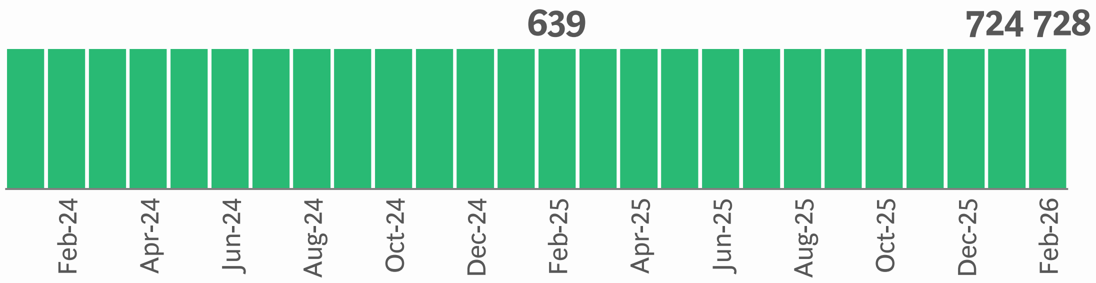
Merchandise trade deficit narrowed in Feb'26, driven by a sharp decline in gold & silver imports while exports remained largely stable



27.1
Deficit in Feb'26

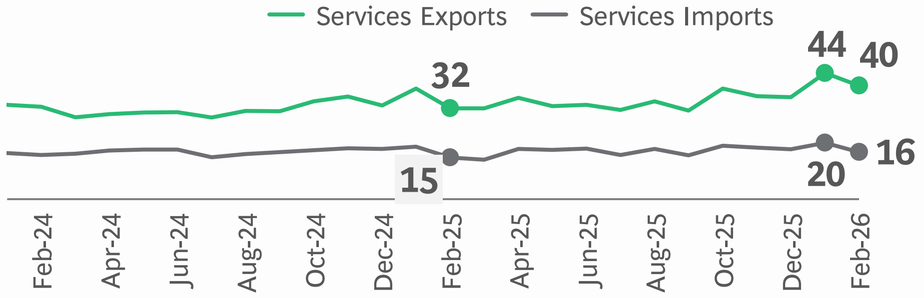
Forex Reserves ($ Bn)

Forex reserves inched up further in Feb'26, led by a surge in foreign currency assets



Services Trade ($ Bn)

Services trade surplus narrowed in Feb'26, as imports declined at a faster rate than exports

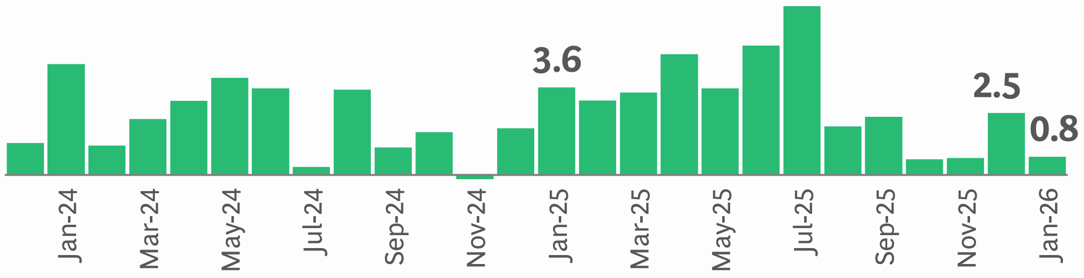


23.2
Surplus in Feb'26

FDI ($ Bn)[1]

FDI fell sharply in Jan'26 due to lower equity inflows, especially via the RBI route and acquisitions

2026 (YTD) : **$0.8 Bn**
2025 : **$39.1 Bn**

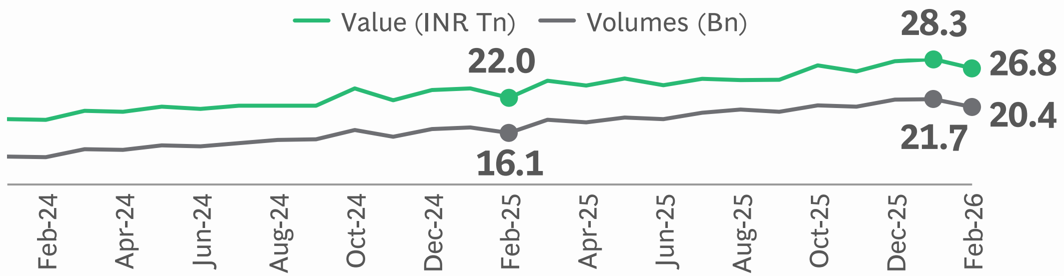


Note: Jan'26 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies
1. Denotes total inward FDI to India; Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting agencies; Calendar year considered for FDI 2024 & 2025 values.
Source: Ministry of Commerce & Industry, CMIE, RBI, PIB

UPI transactions and insurance premiums moderated in Feb’26, even as mutual funds AUM inched up further

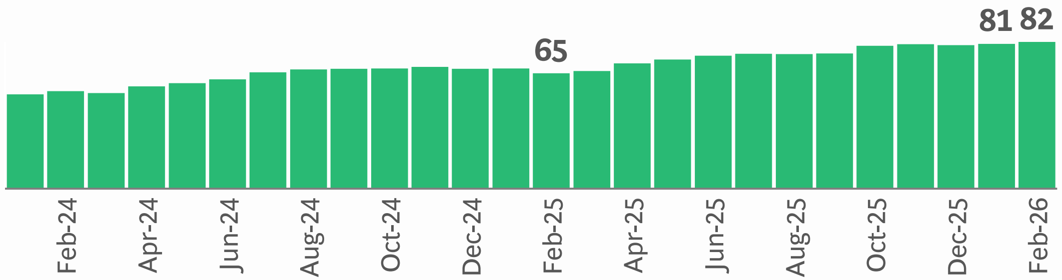
UPI Transactions

UPI transactions declined in Feb’26 due to the shorter month, despite higher daily average transaction volumes and values



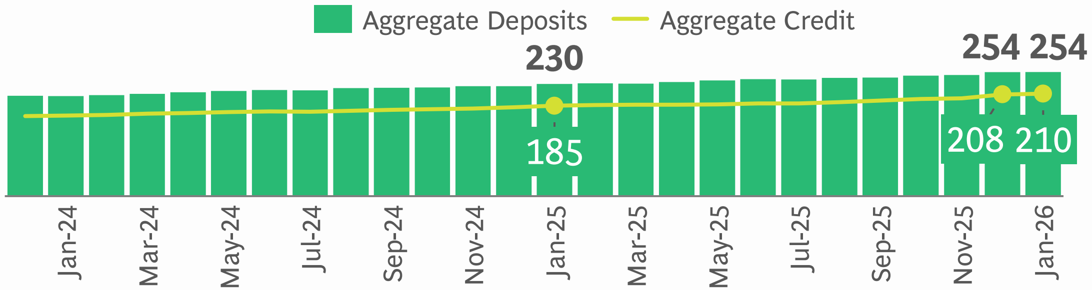
Mutual Funds AUM (INR Tn)[1]

Mutual funds AUM further increased in Feb'26, driven by an increase in open ended schemes



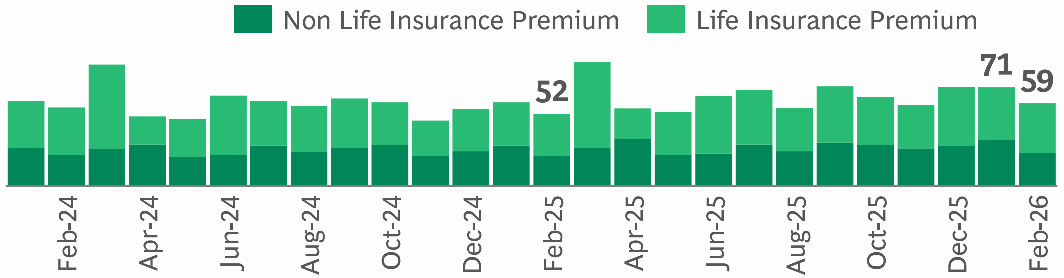
Aggregate deposits & credit (INR Tn)

Aggregate credit inched up slightly in Jan'26, driven primarily by higher loans, cash credits and overdrafts



Insurance Premium (INR '000 Cr)[2]

Insurance premiums declined sharply in Feb'26, driven by a slowdown in non-life insurance, especially crop insurance segment

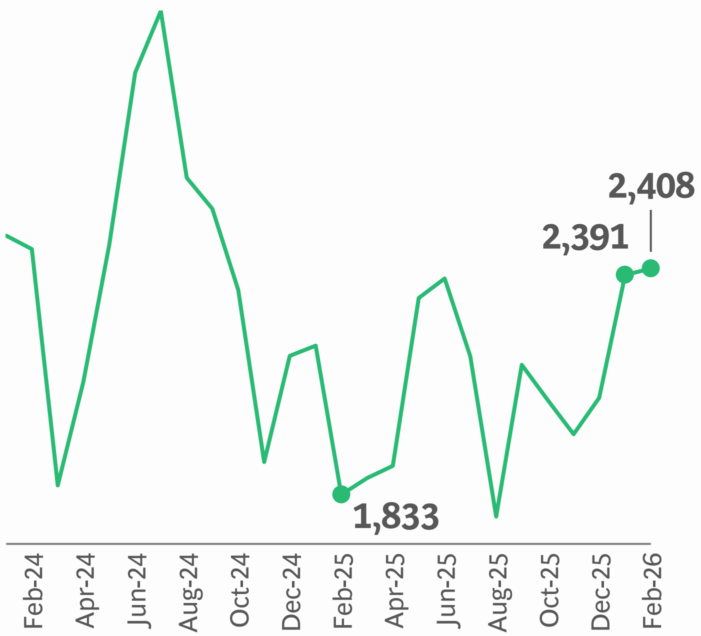


1.Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures used for life & non-life insurance as on 20 Mar'26; 2.Non-Life Insurance includes Fire, Marine, Motor, Engineering, Health, Crop Insurance, Credit Guarantee, Aviation, Personal accident and Miscellaneous
Source: DBIE, NPCI, IRDAI, AMFI, GIC, Life Insurance Council of India, BCG analysis

NSE and BSE transaction volumes edged up in Feb'26, while India VIX ended the month at a 9-month high

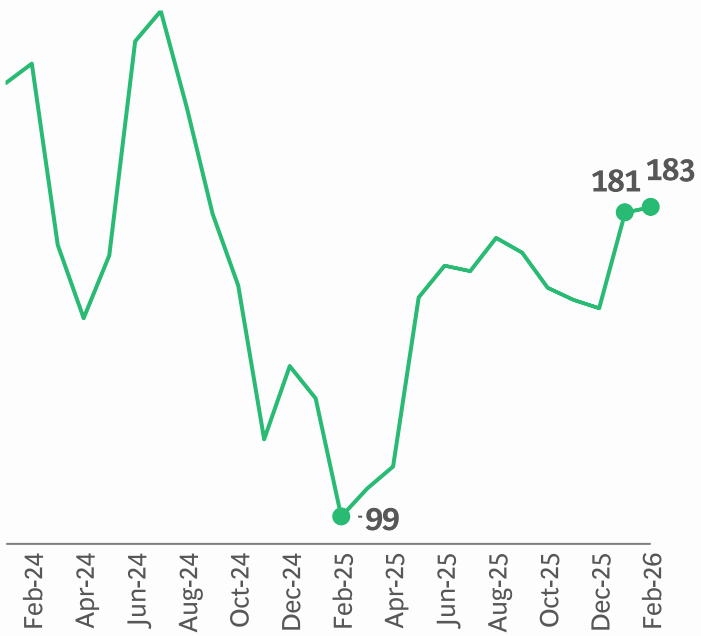
NSE transactions (INR K Cr)

NSE transactions edged up in Feb'26 on higher trading activity amid post-budget volatility



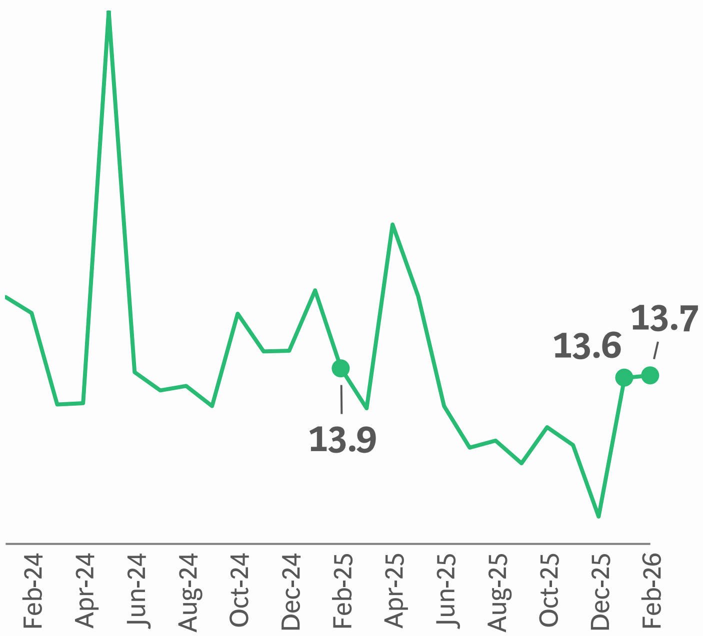
BSE transactions (INR K Cr)

BSE transactions inched up marginally in Feb'26 amid elevated market volatility and stronger trading activity



India VIX (Volatility Index)[1]

India VIX inched up slightly to close at a 9-month high, amid escalating West Asia tensions, rising crude prices and sustained foreign outflows



Source: NSE, BSE, CMIE, BCG analysis

1. India VIX (Volatility Index): NSE's measure of expected market volatility over the next 30 calendar days.

Exchange rate strengthened marginally in Feb'26; GST collections declined, while fiscal deficit widened in Jan'26 on lower receipts

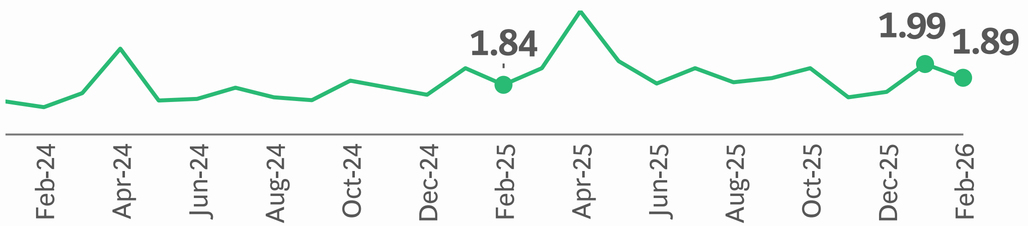
Govt. Receipts & Expenditures (INR Tn)

Jan'26 recorded a fiscal deficit, driven by a cyclical decline in tax revenue receipts, partly offset by lower capital and revenue expenditure

	Nov'25	Dec'25	Jan'26
Govt. Expenditure (INR Tn)	3.0	4.6	3.1
Govt. Receipts (INR Tn)	1.5	5.8	1.8
Fiscal Balance (INR Tn)[2]	1.5	-1.2	1.3

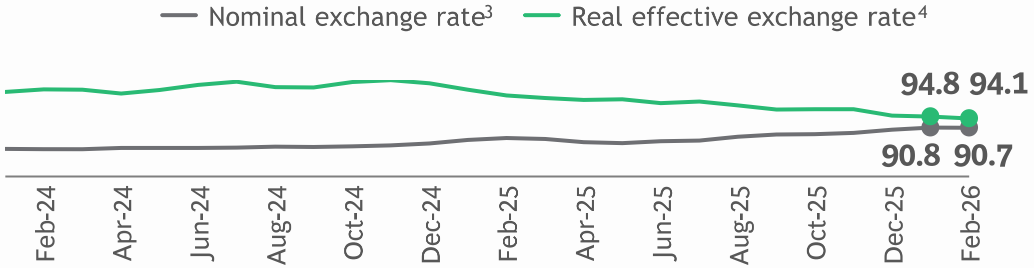
GST Collections[1] (INR Tn)

GST collections declined in Feb'26, partly due to the shorter month and lower import revenues



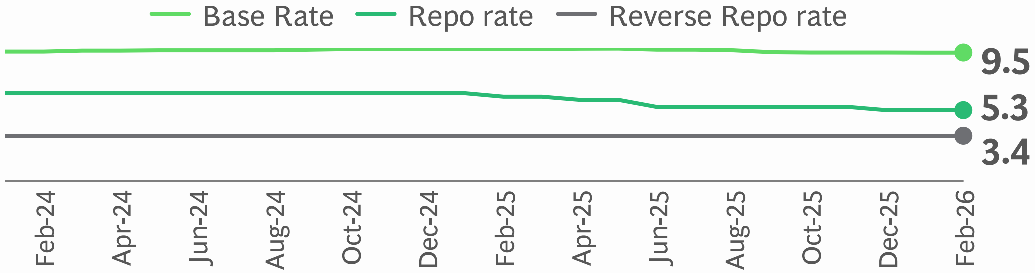
Exchange Rate (INR to USD)

The nominal exchange rate strengthened marginally in Feb'26, while the REER eased slightly



RBI's policy rates (%)

The RBI kept the repo rate unchanged in Feb'26



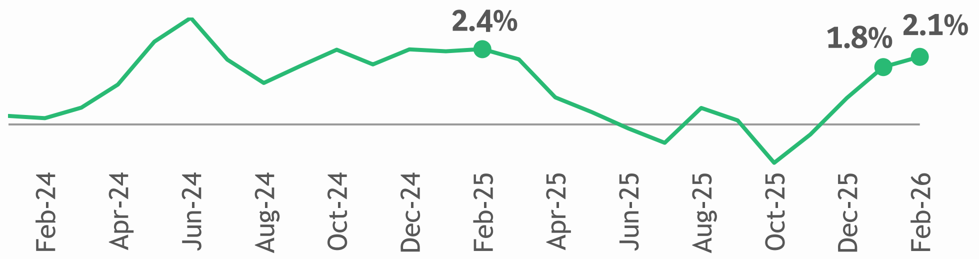
1. GST Collections include all components: CGST, SGST, IGST, Cess
2. Fiscal balance is defined as total expenditure minus total receipts (INR tn); a positive value indicates a deficit, while a negative value indicates a surplus
3. RBI Reference Exchange Rate of Indian Rupee against US Dollar presented as a monthly average
4. Real Effective Exchange Rate Based On Consumer Price Index: Base year 2015-16, Trade weights, 40 currency

Source: CMIE, Ministry of Finance, GST Council, GST Network , RBI, Jan Dhan Yojana, BCG analysis

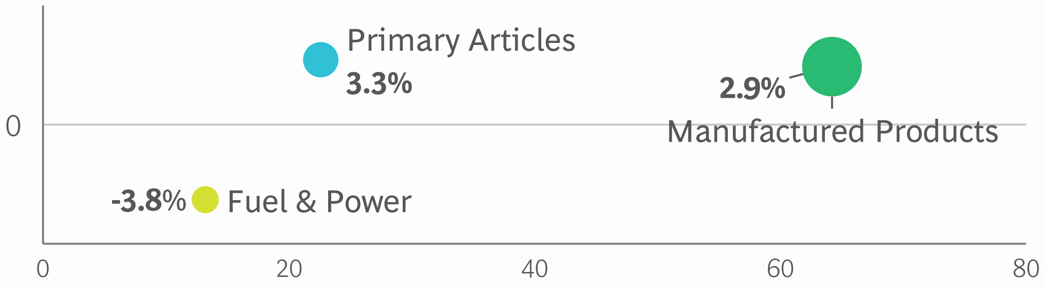
Inflation inched up further in Feb'26, with WPI rising to 2.1% and CPI increasing to 3.2%

Wholesale Price Index (WPI)[1]

WPI inflation increased in Feb'26, driven by higher prices in manufactured products and non-food articles

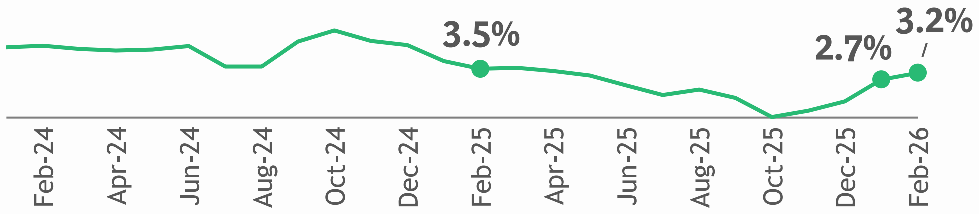


WPI inflation rate for Feb'26 (YoY)

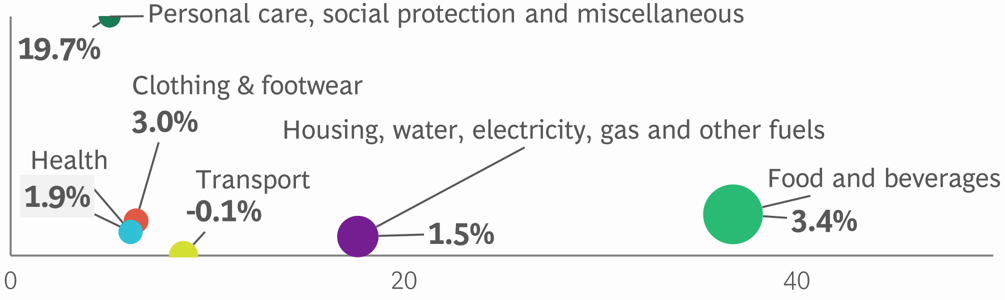


Consumer Price Index (CPI)[2]

CPI inflation rose in Feb'26, led by higher inflation in food & beverages, and personal care categories



CPI inflation rate for Feb'26 (YoY)



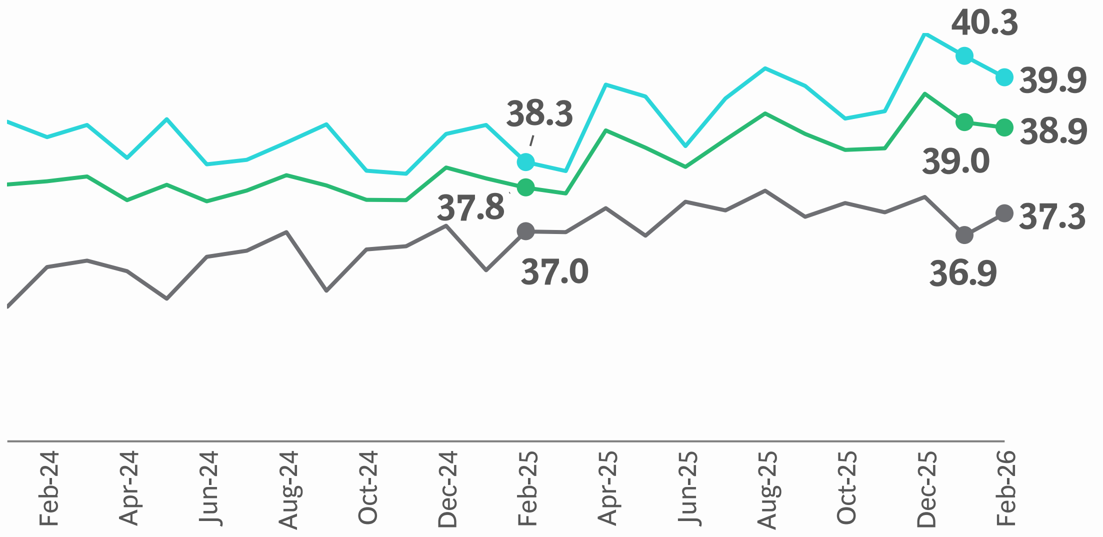
1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, minerals, crude petroleum & natural gas; Fuel & power incl. coal & mineral oils; 2. CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated as YoY increase in prices of the commodities. 3. Six categories with the highest weights in the CPI basket are shown. The CPI basket also includes excluded categories: 'Pan, Tobacco & intoxicants', 'Furnishings, household equipment and routine household maintenance', 'Information and communication', 'Recreation, sport and culture', 'Education services', and 'Restaurants and accommodation services'. Source: MOSPI, CMIE, BCG Analysis

MGNREGA work demand rose sharply in Feb'26, while overall employment rate edged down marginally

CMIE Employment rate (%)[1]

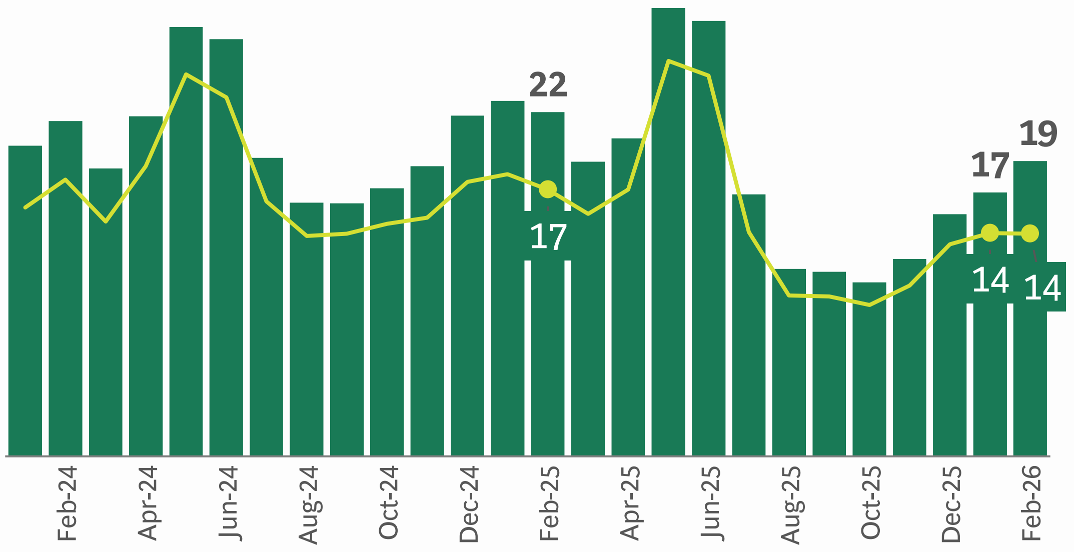
Overall employment rate fell as rural job losses outweighed urban gains, with labour force exits reducing both employment and unemployment

Employment status indicates whether a member of a household who is 15 years of age or more is employed or not employed as of the date of the survey



MGNREGA Employment Progress (Households in Mn)[2]

MGNREGA work demand rose sharply in Feb'26 due to seasonal rural job needs, while employment provided stayed broadly stable vs. Jan'26

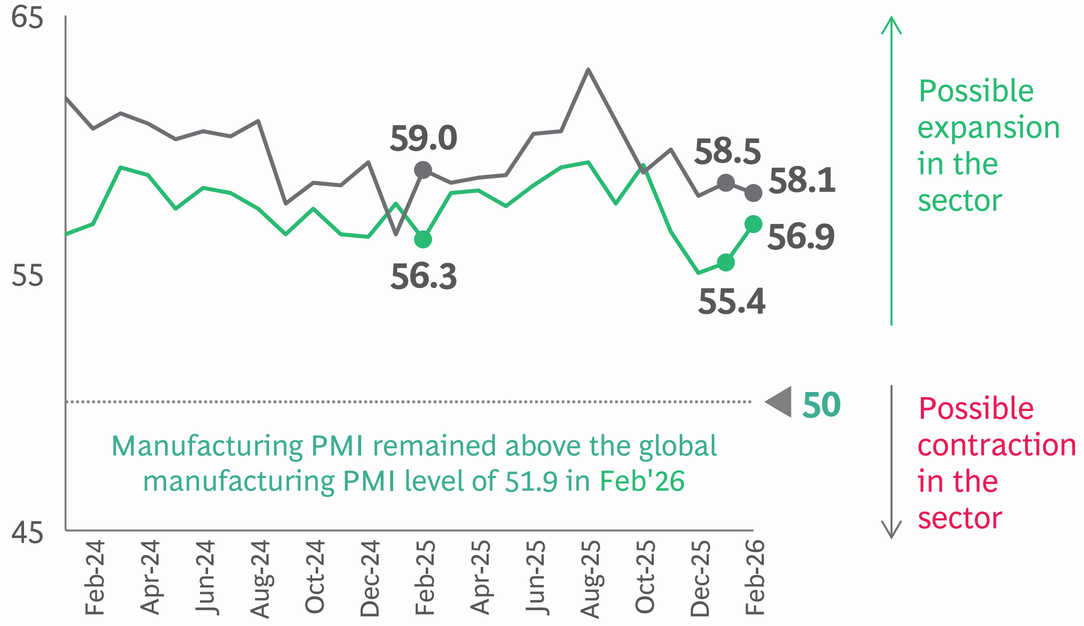


1.CMIE's national employment survey contains 40,000 households and these include an average of 1,80,000 members across all age groups.
2.MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act.
Source: CMIE Employment survey, Ministry of Labour & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Manufacturing PMI rose while Services PMI eased marginally in Feb'26; urban sentiments dipped, while rural outlook improved in Jan'26

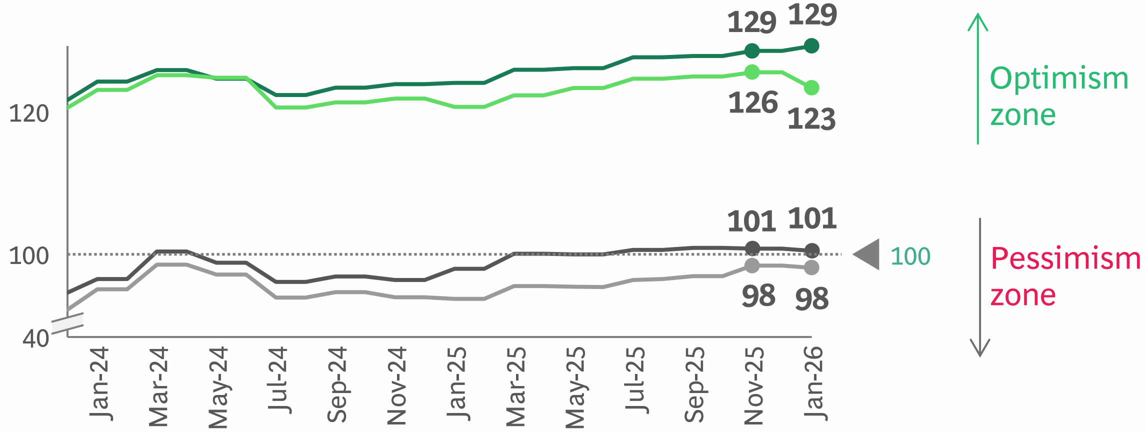
Manufacturing and services PMI[1]

Manufacturing PMI rose in Feb'26 on stronger domestic demand and output, while Services PMI eased slightly as new business growth moderated



Consumer Confidence Survey (RBI)[2]

Urban future expectations weakened in Jan'26, led by lower optimism on economic conditions, income and price levels



CSI: CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

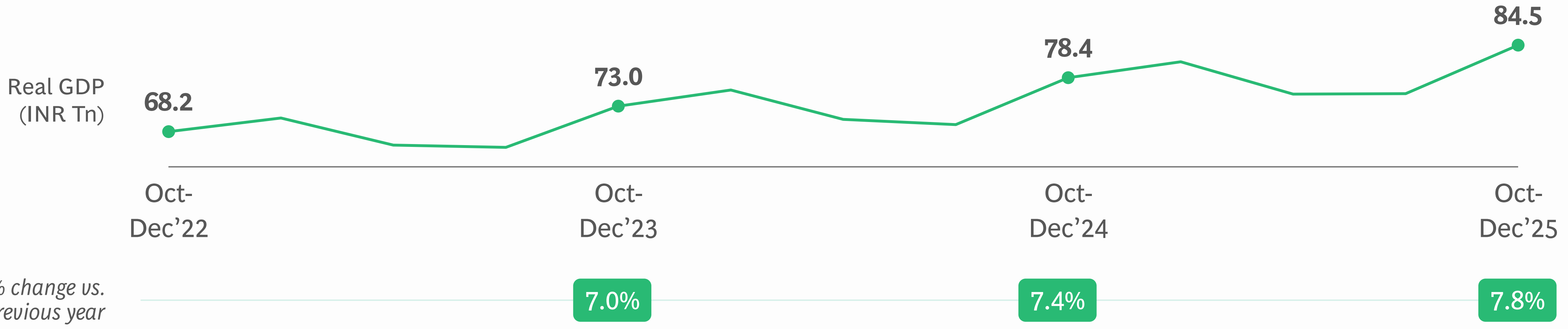
FEI: FEI reflects consumer expectations one year ahead and is calculated based on average net responses on future perceptions on various factors such as economic conditions, income, spending, price level, as per RBI Consumer Confidence Survey

Rural - Current Situation Index (CSI)
Urban - Current Situation Index (CSI)
Rural - Future Expectations Index (FEI)
Urban - Future Expectations Index (FEI)

1. The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors. The PMI is based on a monthly survey of supply chain managers covering both upstream and downstream activity; 2. Sample size: 8,909 and 5,933 responses for rural & semi-urban, and urban (across 19 major cities) respectively surveyed during January 2-11, 2026; CSI/FEI = 100 + Average of Net Responses of (General Economic Situation, Employment Scenario, Price Level, Household income and Overall Spending). Data are based on web releases made in February 2026. For each survey round, the final figures as available in the latest web release covering the same have been considered.
Source: S&P Global, IHS Markit, CMIE, Analyst Reports, RBI, BCG analysis

GDP and National Income Update - Q3 FY26

India's real GDP growth accelerated to 7.8% YoY in Q3 FY26 under the revised base year, marking the strongest pace in recent quarters



	Y	C	G	I	X	M
GDP Components	GDP =	Pvt. Consumption +	Govt. Consumption +	Gross Investment +	Exports −	Imports
% GDP share in Oct-Dec'25[1]		57%	9.6%	33.2%	-1.4%	
YoY% change vs. Oct-Dec'24	7.8%	8.7%	4.8%	7.8%	5.6%	8.6%

Note: Real GDP is shown at 2022–23 constant prices. Estimates may differ from those published by the World Bank, IMF, and other institutions because of the base-year revision. The earliest quarterly data available under the revised series begins in Apr–Jun'22

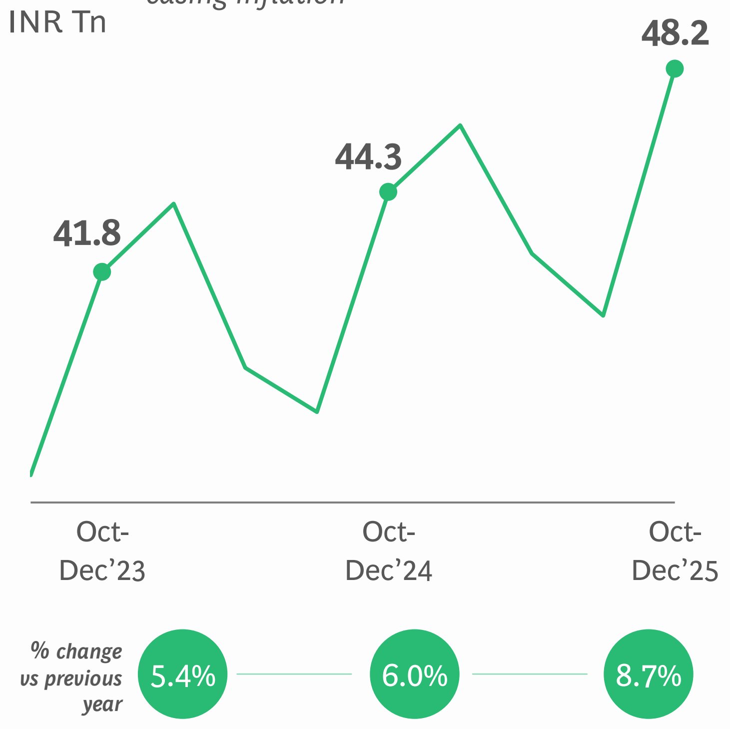
1. Components may not sum to 100% because GDP includes a statistical discrepancy. Statistical discrepancy measures the difference between GDP estimated using the production and expenditure approaches, with the production approach treated as the control total.

Source: MoSPI, CMIE, BCG Analysis

Private consumption and investment supported domestic demand in Oct–Dec’25, while government consumption remained subdued

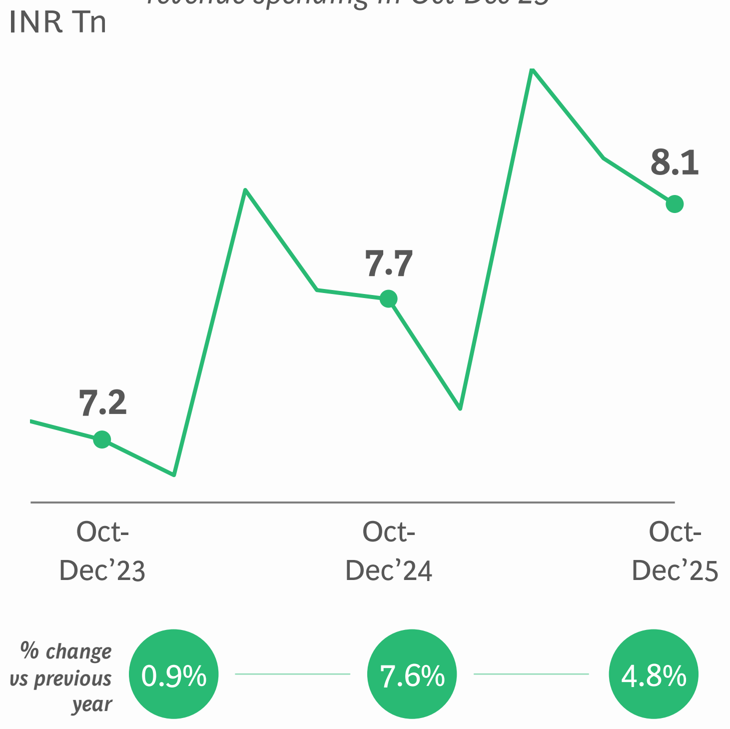
Private Consumption

Private consumption rose in Oct-Dec’25, supported by robust rural demand and easing inflation



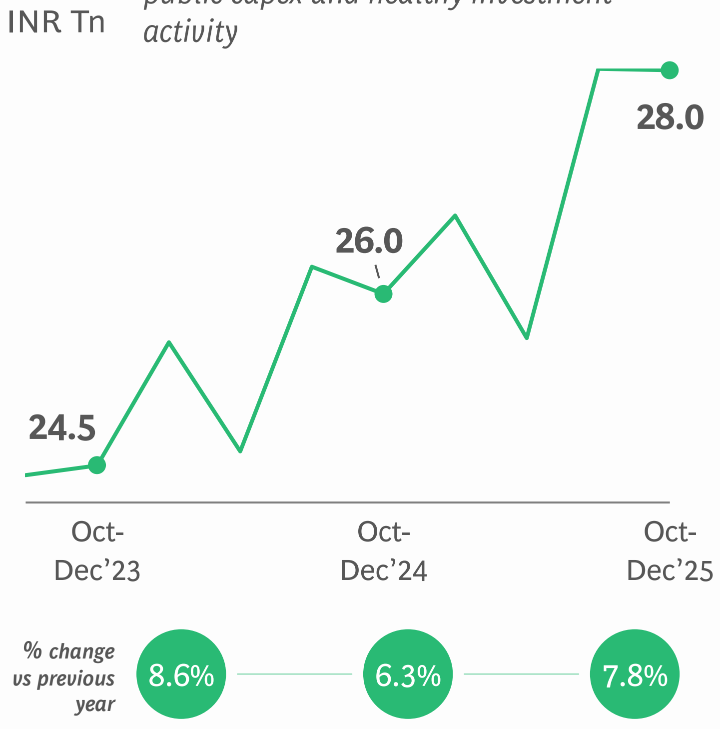
Government Consumption

Government consumption dipped cyclically, amid fiscal consolidation and restrained revenue spending in Oct-Dec'25



Gross Capital formation (GCF)[1]

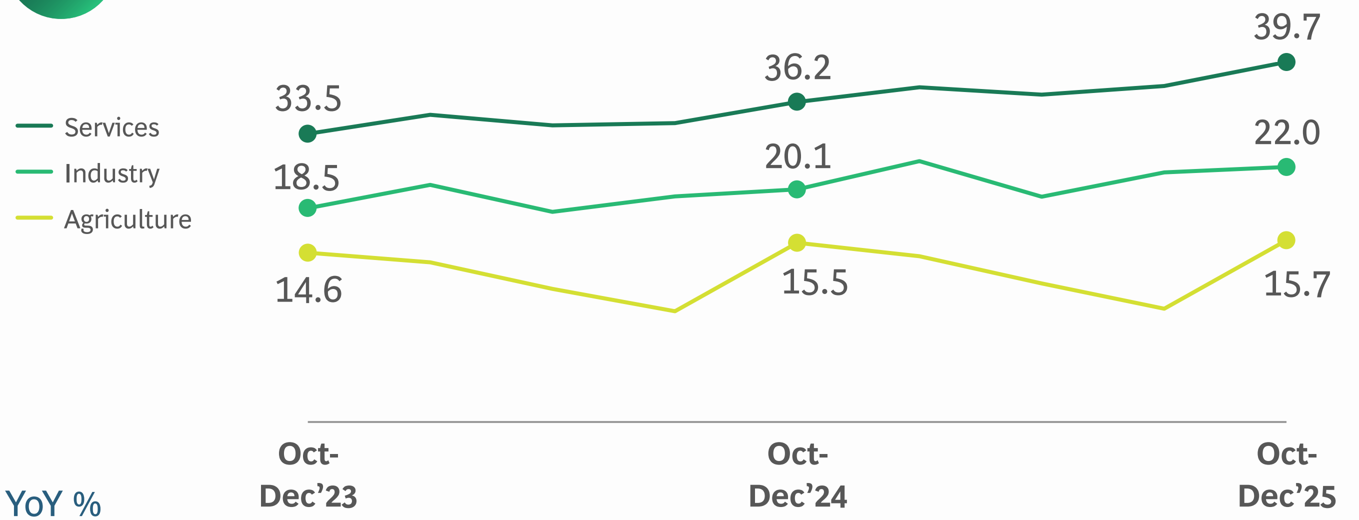
Gross capital formation remained strong in Oct-Dec’25, supported by continued public capex and healthy investment activity



1. Gross capital formation measures acquisitions of produced assets, including second-hand assets and assets produced for own use, net of disposals. These assets are intended for use in producing other goods and services for more than one year.
Source: RBI, CMIE, BCG Analysis

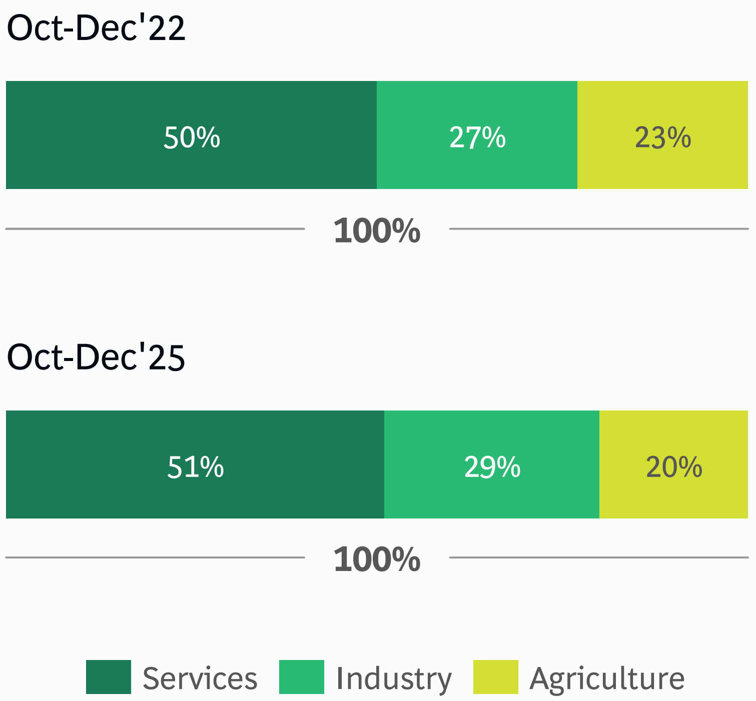
Industry and services underpinned growth in Oct-Dec'25 FY26, while agriculture growth remained subdued

Sectoral Gross Value Added[1] (at constant prices in INR Tn)



YoY %	Oct-Dec'23	Oct-Dec'24	Oct-Dec'25
Services	6.5%	8.2%	9.5%
Industry	11.8%	8.7%	9.7%
Agriculture	1.4%	5.8%	1.4%

Sectoral share in GVA %

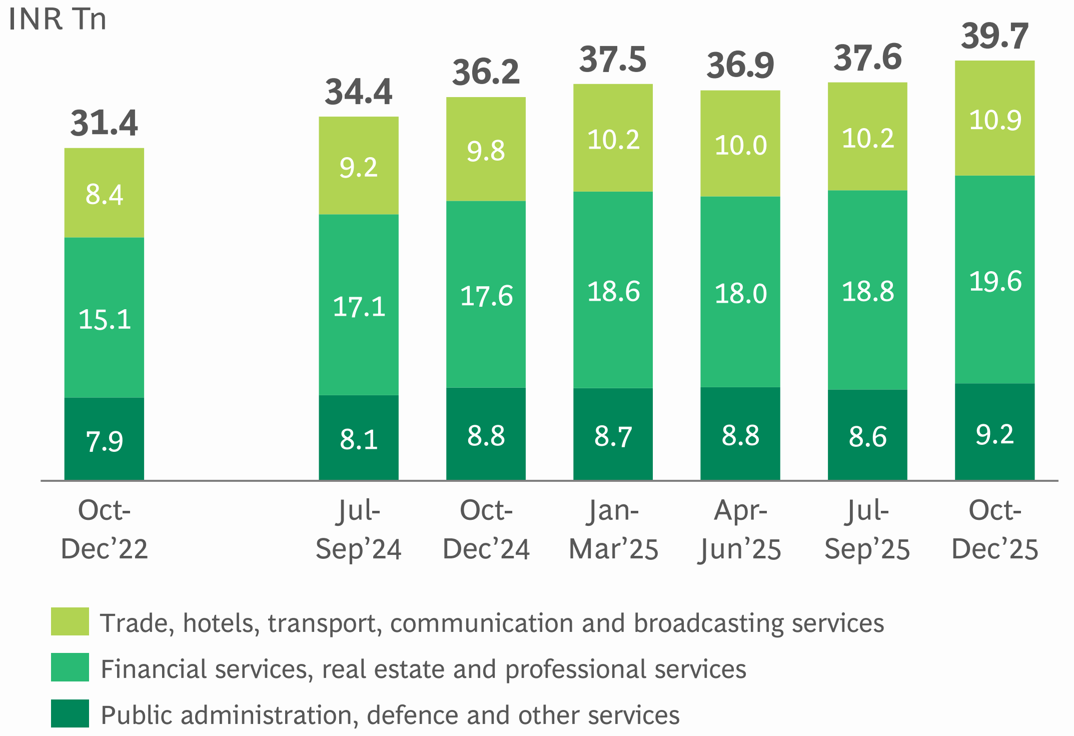


1. GVA shows the production contribution of a particular sector, GDP = GVA + product taxes – product subsidies; Source: CMIE, BCG Analysis

Services and industry supported growth in Q3 FY26, with manufacturing remaining a key industrial driver

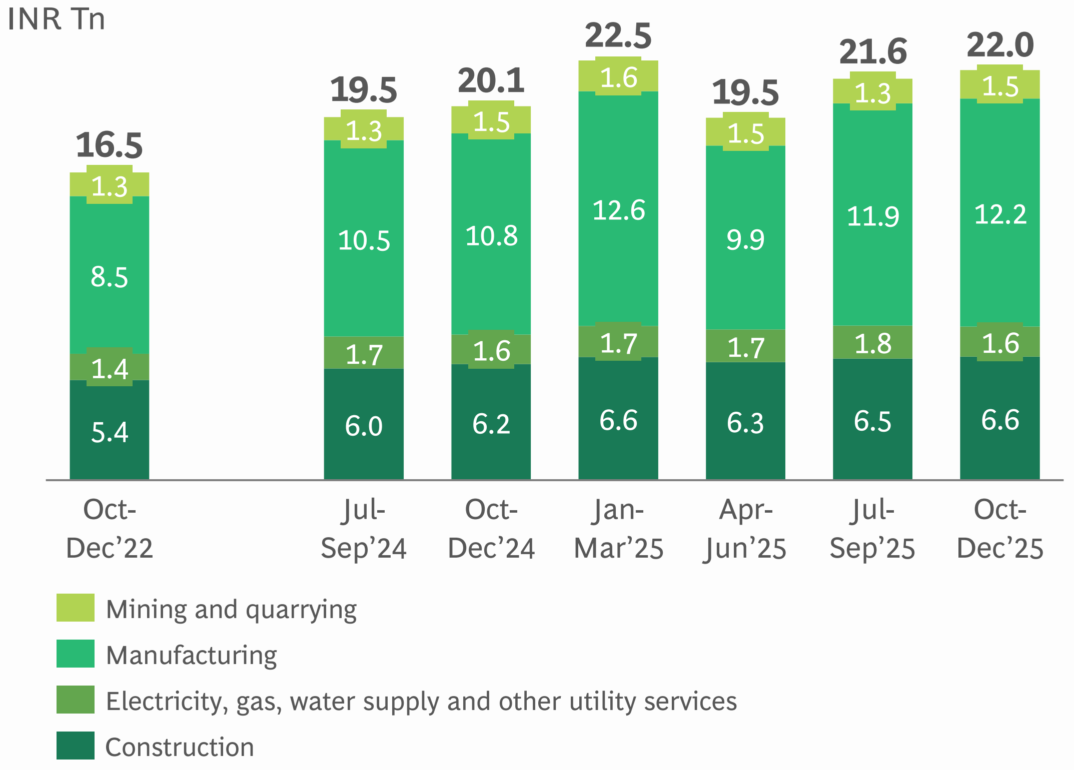
GVA of services sub-sectors

Services GVA remained strong in Q3 FY26, led by financial services, real estate, and professional services



GVA of industrial sub-sectors

Industrial GVA remained resilient in Q3 FY26, supported by manufacturing and construction activity

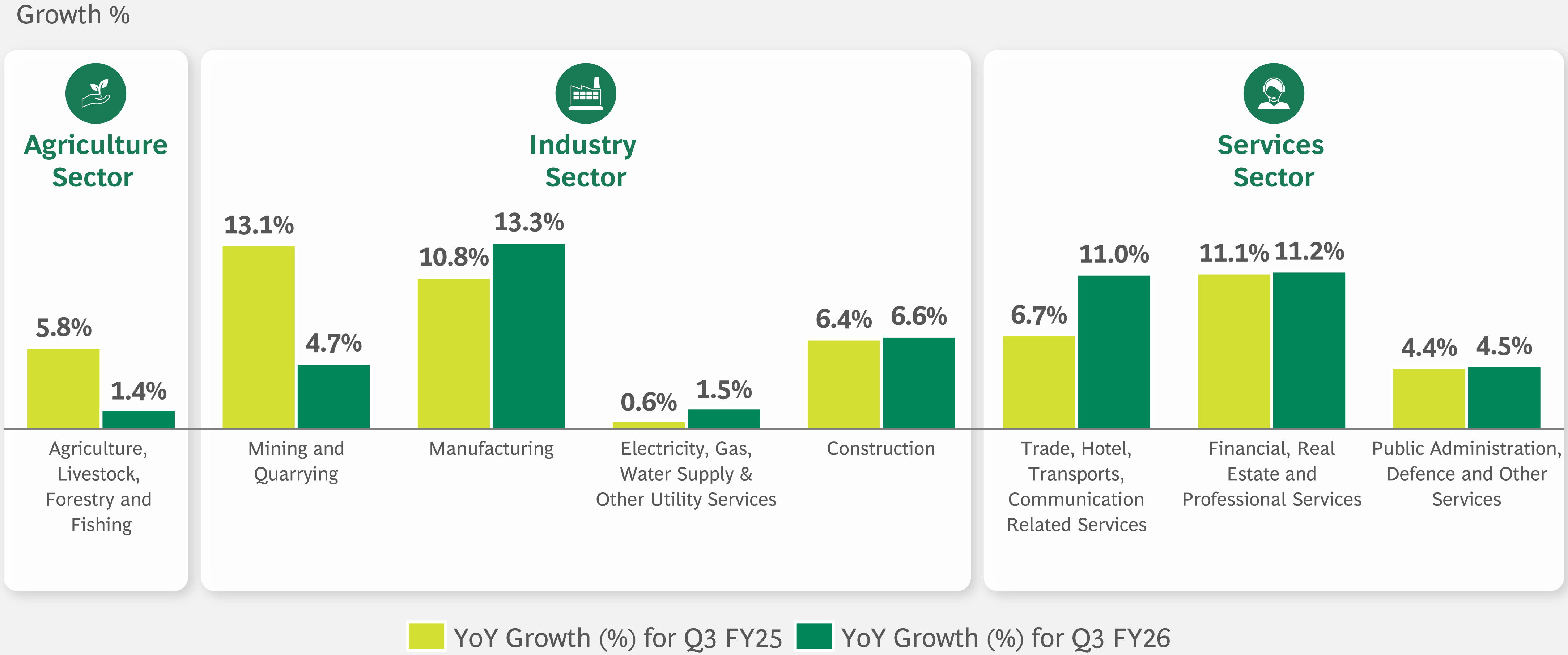


Source: CMIE, BCG Analysis

Services sub-sectors grew faster in Q3 FY26 than in Q3 FY25, while growth in agriculture and mining softened

Sectoral GVA growth rates (%) of sub-sectors for Q3 FY25 and Q3 FY26 (YoY)

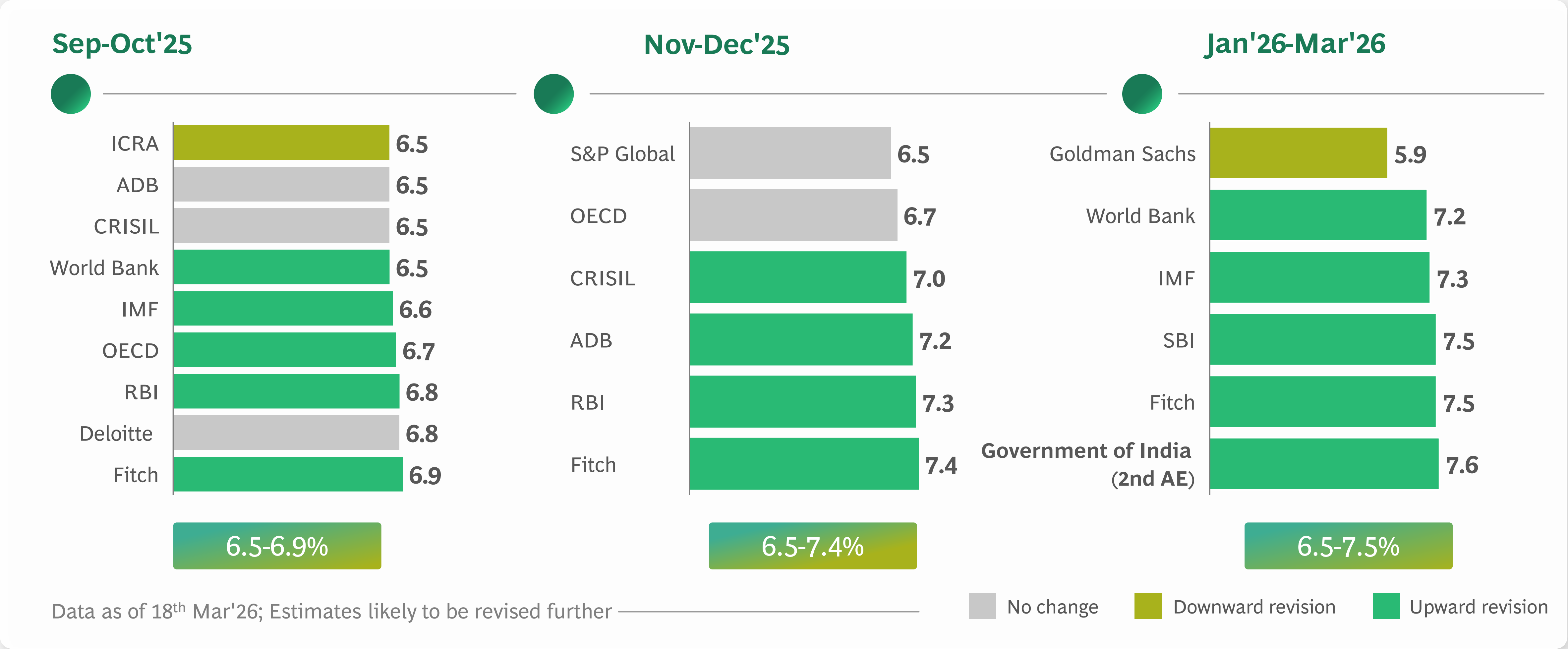
In Q3 FY26, manufacturing and trade, hotels, transport, and communication-related services grew faster than in Q3 FY25, while agriculture and mining growth softened



Source: CMIE, BCG Analysis

FY26 GDP growth is projected at 5.9–7.6%; Government of India projects growth at 7.6% under the new GDP series

India GDP growth forecast for FY26 (YoY %)



Note: Upper-limit has been included where agencies reported forecast range. Latest forecasts considered in case of revision by agency within same month
Source: Analyst reports, BCG analysis

BCG