India Economic Monitor

August | 2026

Executive summary

High-frequency indicators pointed to domestic momentum in Jun–Jul'26, though sectoral performance was uneven. Industrial activity was broadly stable, with IIP holding steady and cement production rising in Jun'26, while steel consumption edged up and daily average power consumption eased marginally in Jul'26. Auto sales were mixed: passenger vehicle sales reached a record high in Jul'26 led by EVs and supported by lower GST rates, softer financing costs and new model launches—while two- and three-wheeler volumes increased. Tractor sales declined sharply on cyclical factors. Logistics indicators diverged, with JNPA container traffic and e-way bill generation rising as air passenger traffic softened.

India's merchandise trade deficit widened to a 6-month high of US$31.9 billion in Jul'26, as surging imports of gold and electronic goods more than offset a sharp rise in petroleum exports. The services trade surplus also narrowed to US$16.9 billion, reflecting weaker exports and higher imports. Meanwhile, forex reserves rebounded, driven by a sharp increase in foreign currency assets. FDI inflows strengthened in Jun'26, supported by higher equity inflows and other capital, despite an increase in repatriation.

BFSI indicators strengthened in Jul'26, with UPI transaction volumes and mutual fund AUM reaching record highs. BSE transactions rose to a multi-month high, aided by two additional trading days, while NSE transactions dipped only marginally. India VIX declined further, signalling improved investor sentiment. Aggregate credit and deposits also edged up in Jun'26, driven by higher loans, cash credits & overdrafts and time deposits.

On the macroeconomic front, India recorded a fiscal deficit in Jun'26 after a surplus in May, as non-tax revenues normalised and capital and interest spending increased. GST collections rose to a three-month high in Jul'26, while the rupee weakened to ₹95.8 per US dollar amid higher oil prices, US tariff uncertainty and sustained FPI outflows. Inflation remained elevated, with WPI at 9.8% and CPI rising to a 19-month high of 4.5%, above the RBI's 4% target for the second straight month. Employment fell to a 4-month low, while Manufacturing and Services PMIs and consumer confidence weakened. Analysts expect FY27 GDP growth of 6.0–7.0%.

Source: MoHFW, GRID-INDIA, MOSPI, Ministry of Commerce & Industry, RBI, GST Network, NPCI, NETC, Ministry of Railways, AAI, JNPA, 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 show broad-based activity gains, even as sentiment softened in Jun–Jul’26 (1/2)

Industry

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
IIP (Index) *	123.1	7%	1%	-
Daily Avg Power Consumption ('000 MUs)	5.5	11%	-1%	6%
Petroleum Consumption (MMT)	19.9	3%	3%	-2%
Steel Consumption (MMT)	14.4	8%	1%	9%
Cement Production (Index) *	138.2	10%	4%	-

Logistics

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
E-way Bills (Mn)	139.8	6%	2%	13%
JNPA Traffic ('000 TEUs)	745.1	12%	3%	13%
Air Passenger Traffic (Mn) *	33.39	-2%	-10%	-0.4%
Air Freight (K Tons) *	364.3	17%	-0.1%	11%

Trade & Investment

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Merchandise Exports ($ Bn)	44.2	19%	10%	8%
Merchandise Imports ($ Bn)	76.2	18%	8%	16%
Services Exports ($ Bn)	35.9	6%	-1%	9%
Services Imports ($ Bn)	18.9	10%	3%	8%

Auto

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
PV Sales ('000 Units)	457.8	34%	18%	21%
2W Sales ('000 Units)	1,923.5	23%	4%	23%
3W Registrations ('000 Units) (does not include e-rickshaws)	93.76	45%	12%	35%
EV Registrations ('000 Units) (does not include e-rickshaws and commercial vehicles)	285.9	102%	7%	70%

* Data available only up to Jun'26 as on 19th Aug'26 – hence growth comparisons are for June and not July. Jun'26 data has been compared against Jun'25 & May'26 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-Jul and Jan-Jun for the * marked indicators).

High-frequency indicators show broad-based activity gains, even as sentiment softened in Jun–Jul'26 (2/2)

Banking, Financial Services & Insurance

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
UPI Value (INR Tn)	29.9	19%	3%	20%
Aggregate Deposits (INR Tn) *	270.9	13%	2%	-
Aggregate Credit (INR Tn) *	224.5	18%	2%	-
NSE & BSE Txns. (INR K Cr)	2,996.6	28%	1%	24%
Insurance Premium (INR K Cr)	78.4	14%	6%	15%

Macroeconomic

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
GST Collections (INR Tn)	2.11	8%	8%	3%
WPI (%)	-	9.8%	-	-
CPI (%)	-	4.5%	-	-
Jan Dhan Deposits (INR Tn)	3.1	18%	1%	18%
MGNREGA Emp. Provided (HH in mn)	18.6	-23%	11%	-31%

Sentiment

GROWTH →

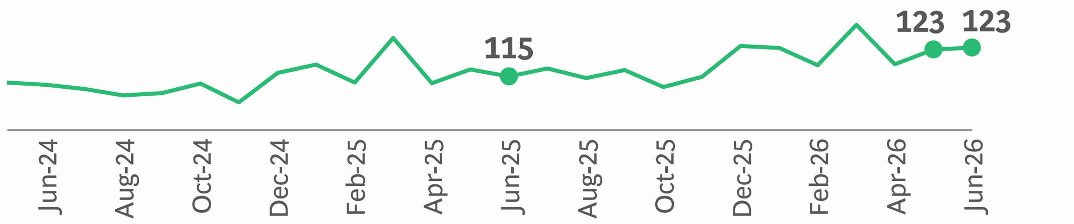
	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Manufacturing PMI (Index)	53.5	-10%	-1%	-
Services PMI (Index)	53.3	-12%	-7%	-
Current Situation Index (Urban)	88.3	-9%	-3%	-
Future Expectations Index (Urban)	115.3	-8%	-3%	-

* Data available only up to Jun'26 as on 19th Aug'26 – hence growth comparisons are for June and not July. Jun'26 data has been compared against Jun'25 & May'26 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-Jul and Jan-Jun for the * marked indicators).

Industrial activity remained stable, with cement production inching up in Jun’26; Steel consumption edged higher in Jul’26

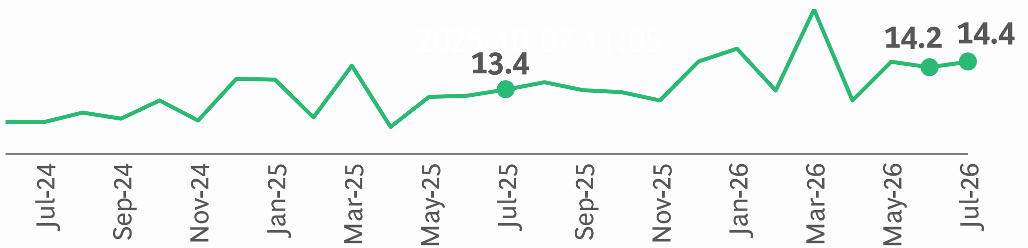
Index of Industrial Production (IIP)[1]

IIP remained stable in Jun'26, with modest gains in manufacturing and electrical activity while mining dipped



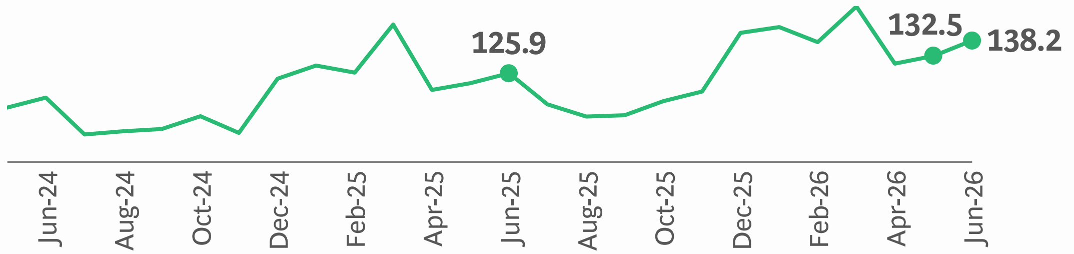
Steel Consumption (MMT)[2]

Steel consumption edged up marginally in Jul'26, with the modest increase met through inventory drawdowns



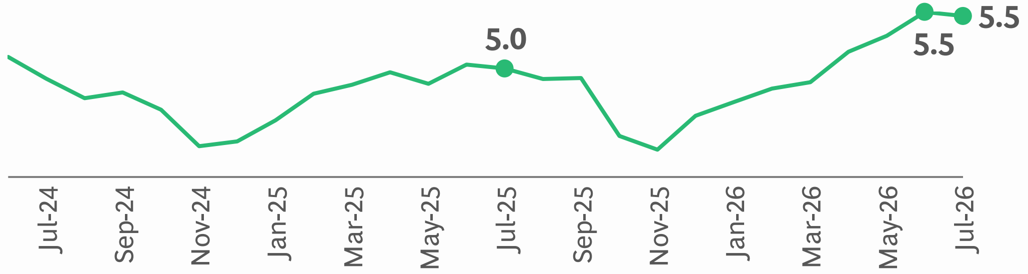
Cement Production (Index)[3]

Cement production rose seasonally in Jun'26, aided by a delayed monsoon and quarter-end push



Daily Average Power Consumption ('000 MUs)

Daily average power consumption eased marginally in Jul'26 as monsoon reduced cooling demand following June’s heatwave



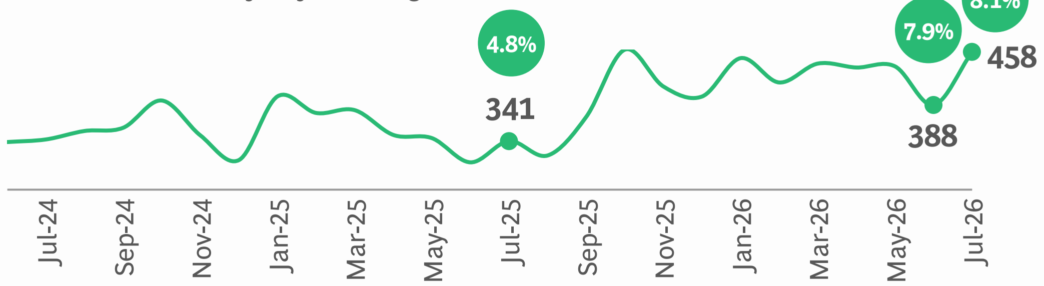
1. Index of Industrial Production (IIP) tracks monthly output levels across key industry groups, comprising Manufacturing (76.06% weight), Mining & Quarrying (11.05%), Electricity & Gas Supply (10.87%), and Water Supply, Sewerage & Waste Management (2.02%) as per the new Base Year 2022-23
2. Steel consumption incl. long & flat steel, provisional figures for Jul'26
3. Component of Index of Core Industries from IIP; base year 2022-23

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 recorded mixed signals in Jul'26, with PV, 2W and 3W categories growing while tractor sales dipped sharply

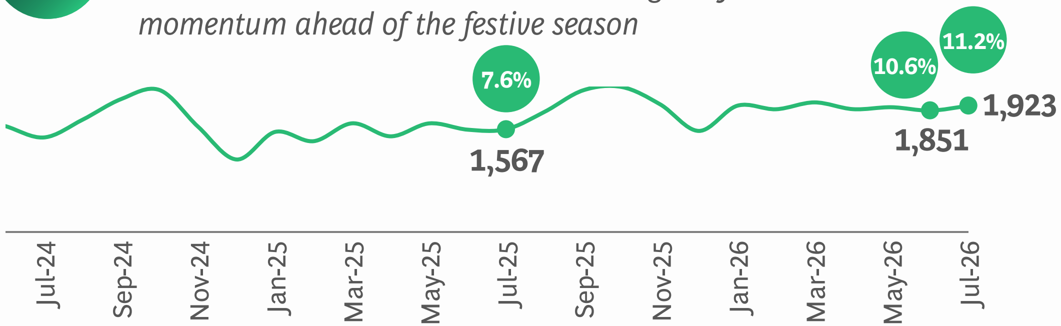
Passenger vehicles sales ('000 units)

Passenger vehicle sales touched a record high in Jul'26 on lower GST rates, softer financing costs and new model launches



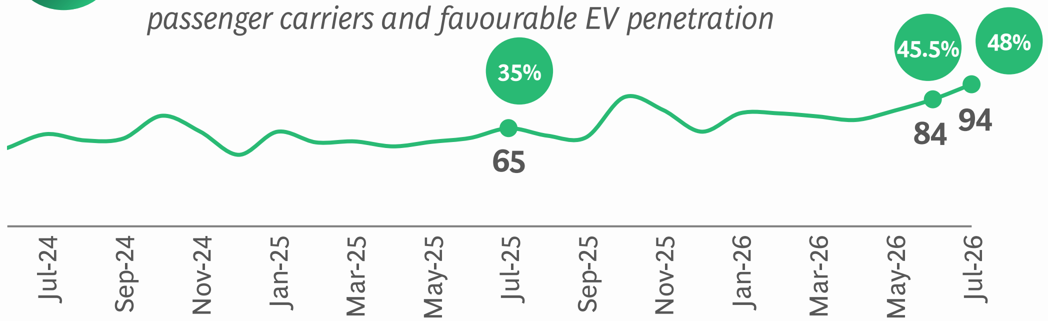
Two-wheeler sales ('000 units)

Two-wheeler sales reached a 4-month high in Jul'26 on sustained momentum ahead of the festive season



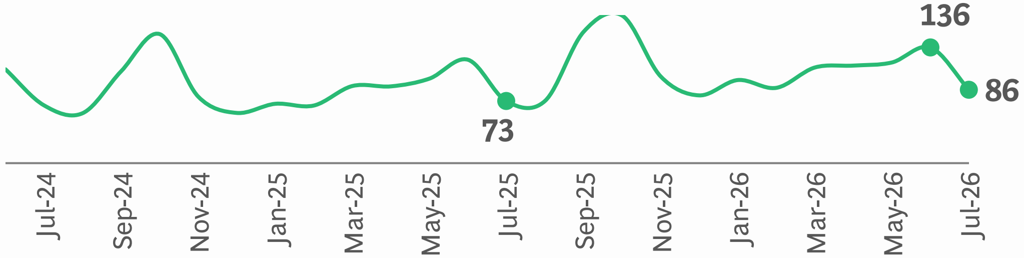
Three-wheeler Registrations[1] ('000 units)

Three-wheeler registrations climbed to a multi-month high led by passenger carriers and favourable EV penetration



Tractor sales ('000 units)

Tractor sales witnessed a cyclical 7-month low in Jul'26 off an inflated June base



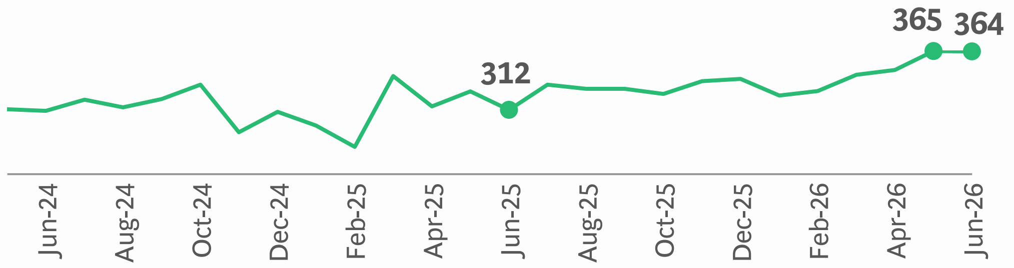
Figures represent wholesale numbers (including exports); *BMW, Mercedes and Volvo Auto data are not available
1. 3W registrations does not include e-rickshaws
2. EV Penetration is calculated basis Vahan (Registration Data). EV Registrations does not include e-rickshaws and commercial vehicles
Source: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

XX% = %EV Registrations[2]

JNPA traffic and e-way bills volumes inched up in Jul'26, while air passenger traffic declined seasonally in Jun'26

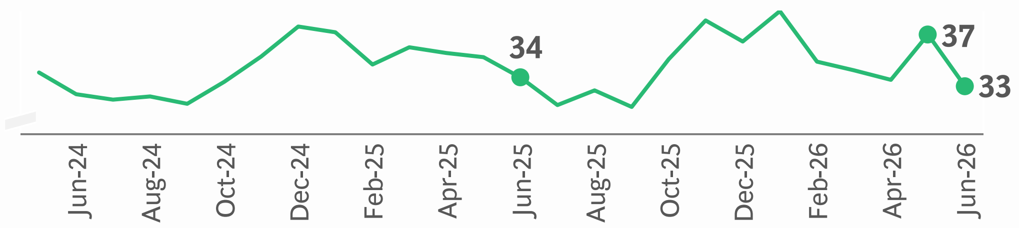
Air Freight Traffic (K tons)

Air freight traffic edged down marginally in Jun’26, although Suez diversions and perishables demand supported international volumes



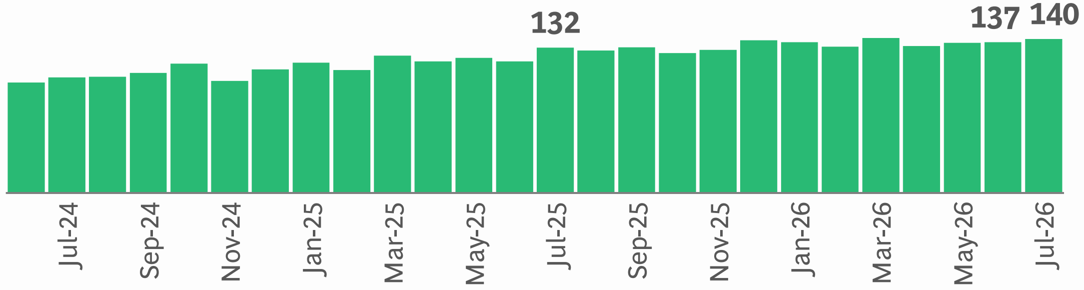
Air Passenger Traffic (Mn)

Air passenger traffic fell to a 9-month low in Jun’26 as summer holiday travel gradually tapered off and the monsoon set in



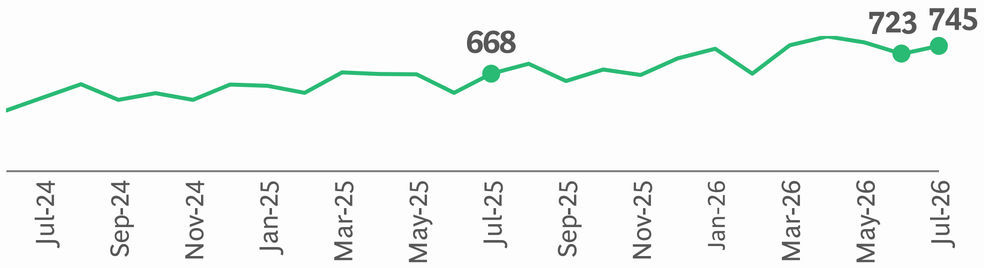
E-way Bills (Mn)[1]

E-way bill generation inched up to a 4-month high in Jul'26 aided by more working days



JNPA Container Traffic ('000 TEUs)[2]

JNPA traffic surged in Jul'26, led mainly by the rising traffic at NSICT and APMT ports



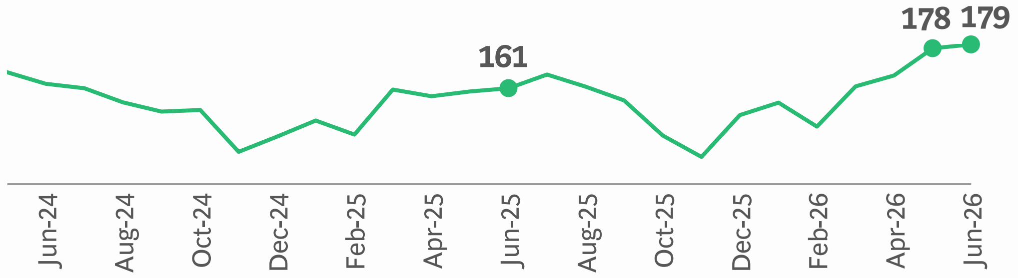
1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.; 2.TEU refers to Twenty-foot equivalent unit (Shipping containers 20 feet long, 8 feet tall)

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

Electricity and renewable generation rose in Jun’26, while natural gas consumption eased; Diesel consumption dipped in Jul’26

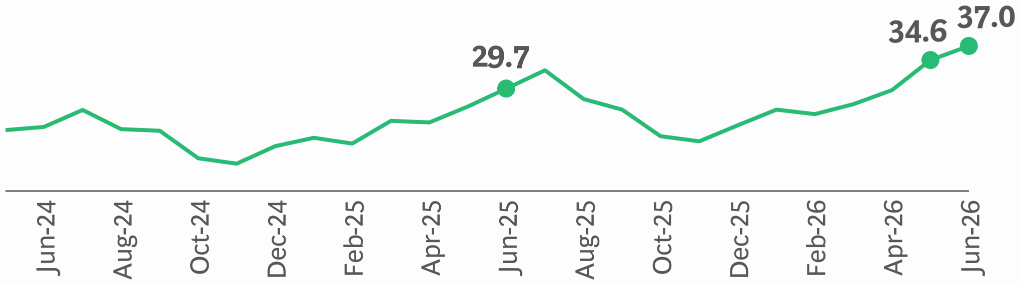
Total Electricity Generation (Billion KWh)

Electricity generation inched up in Jun'26, primarily driven by renewable and hydro sources



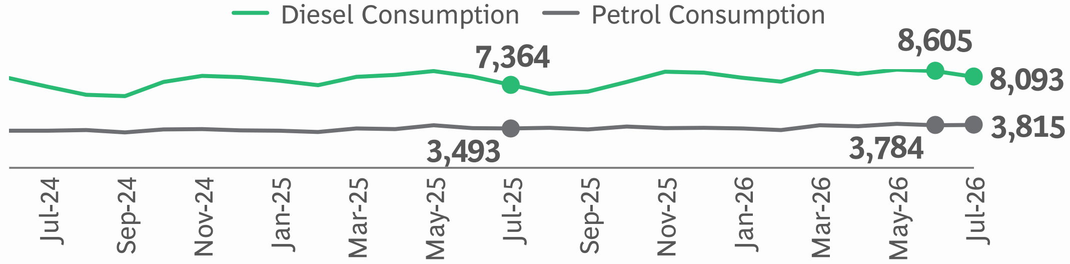
Renewable Energy Generation (Billion KWh)

Renewable energy generation further rose in Jun'26, driven largely by wind and small hydro power



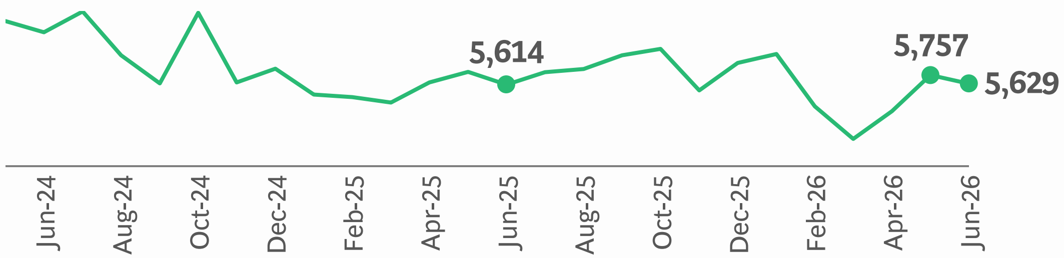
Diesel and Petrol Consumption (TMT)

Diesel fell in Jul'26 as June's summer-travel and irrigation-driven base normalised, while petrol edged up



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

Natural gas consumption slowed in Jun'26, as both production and LNG imports dipped

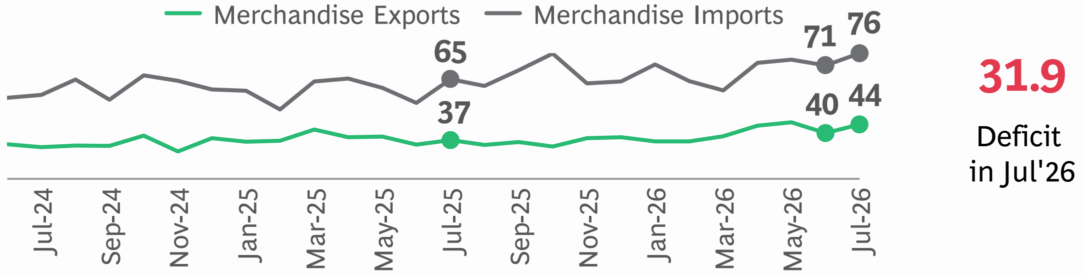


1. Natural Gas Consumption= Net Production +LNG Imports
2. MMSCM: Million Standard Cubic Meter
Source: Petroleum Planning and Analysis Cell, CEA, Power System Operation Corporation, CMIE, BCG analysis

Merchandise trade deficit widened to a 6-month high in Jul'26, while forex reserves rebounded; FDI inched up on higher equity inflows

Merchandise Trade ($ Bn)

Trade deficit widened to a 6-month high in Jul'26 as surging gold and electronic goods imports outweighed a sharp rise in petroleum exports

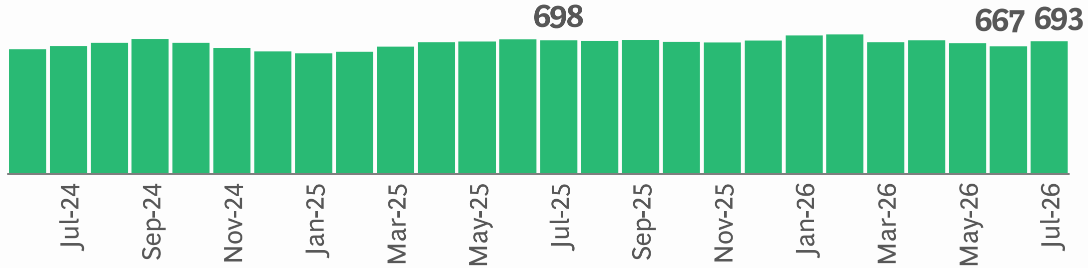


31.9

Deficit in Jul'26

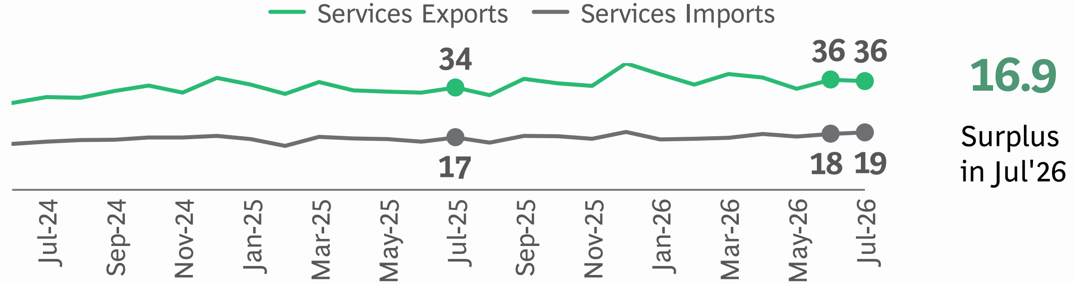
Forex Reserves ($ Bn)

Forex reserves rebounded in Jul'26, driven by a sharp increase in foreign currency assets



Services Trade ($ Bn)

Services trade surplus further narrowed in Jul'26, as exports declined marginally while imports rose

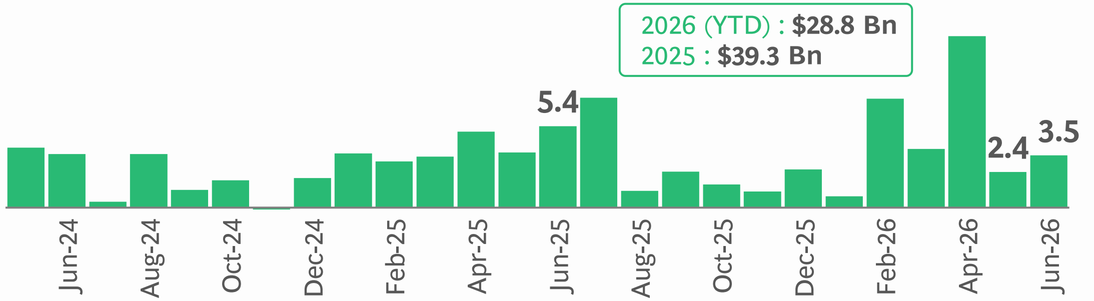


16.9

Surplus in Jul'26

FDI ($ Bn)[1]

FDI rose in Jun'26 on higher RBI-route equity inflows and other capital, outpacing rising repatriation

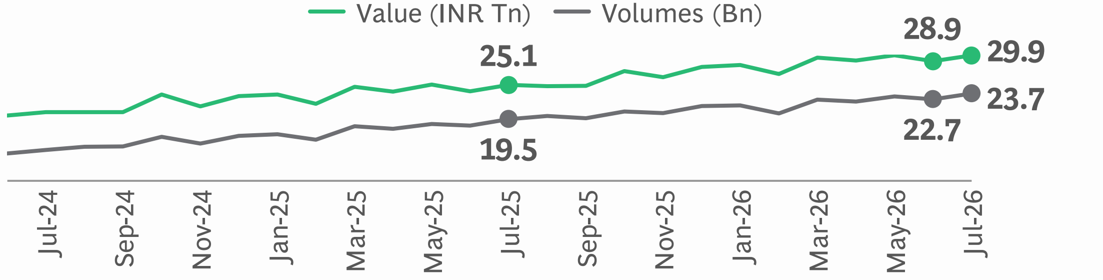


Note: Jul'26 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting 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 2025 & 2026 values.
Source: Ministry of Commerce & Industry, CMIE, RBI, PIB

UPI transaction volumes and mutual fund AUM reached record highs in Jul'26, while non-life insurance premiums also increased

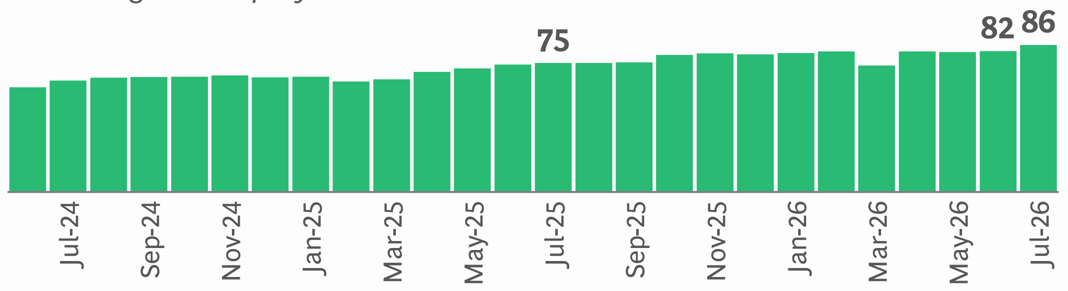
UPI Transactions

UPI volumes hit a record high in Jul'26 driven by deepening adoption and partly aided by an extra calendar day



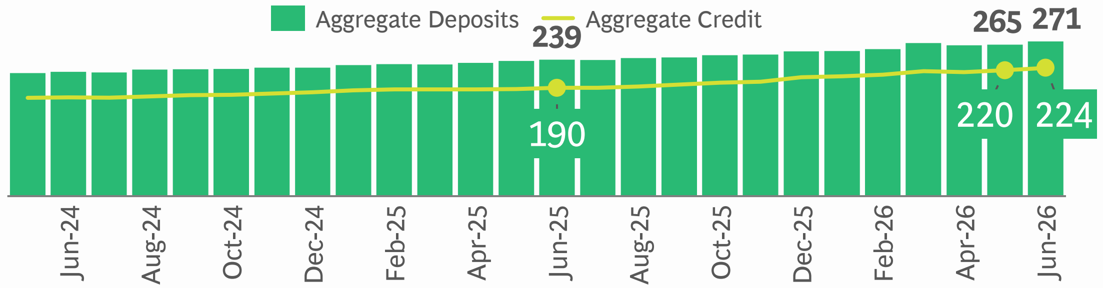
Mutual Funds AUM (INR Tn)[1]

Mutual funds AUM reach an all time high in Jul'26, driven primarily by growth/equity-oriented schemes



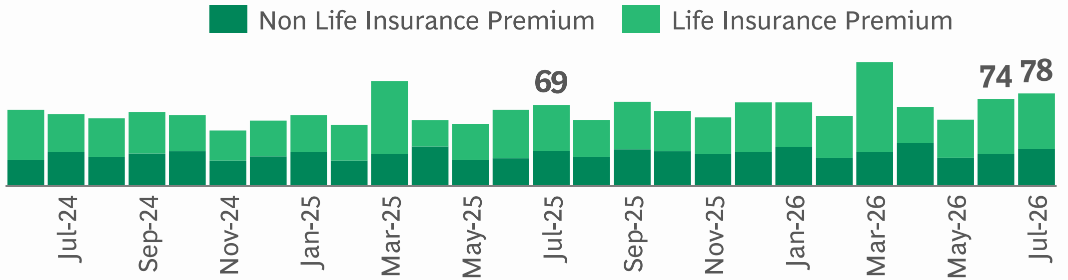
Aggregate deposits & credit (INR Tn)

Aggregate credit and deposits inched up in Jun'26, driven primarily by higher loans, cash credits & overdrafts and an increase in time deposits



Insurance Premium (INR '000 Cr)[2]

Insurance premiums rose in Jul'26, led by non-life insurance amid strong retail health and motor demand

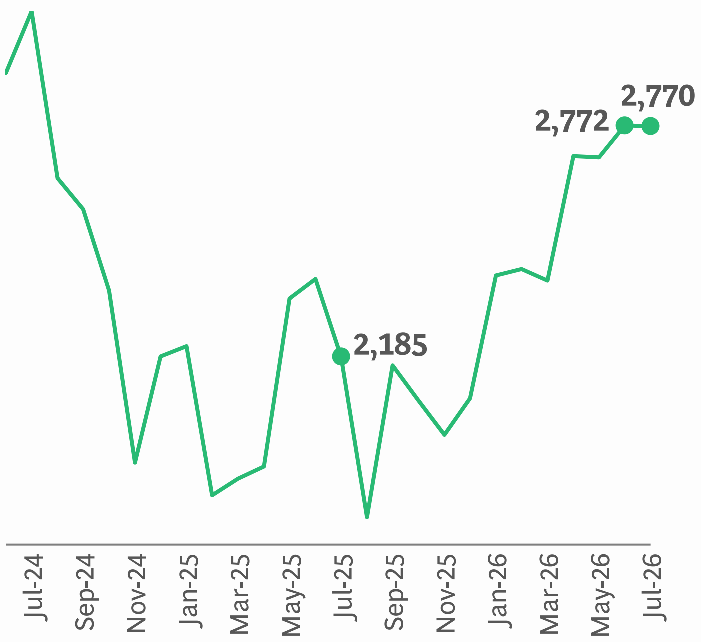


1.Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures used for life & non-life insurance as on 23rd Aug'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

BSE transactions surged in Jul'26, while NSE remained relatively flat; investor sentiment improved as India VIX edged lower

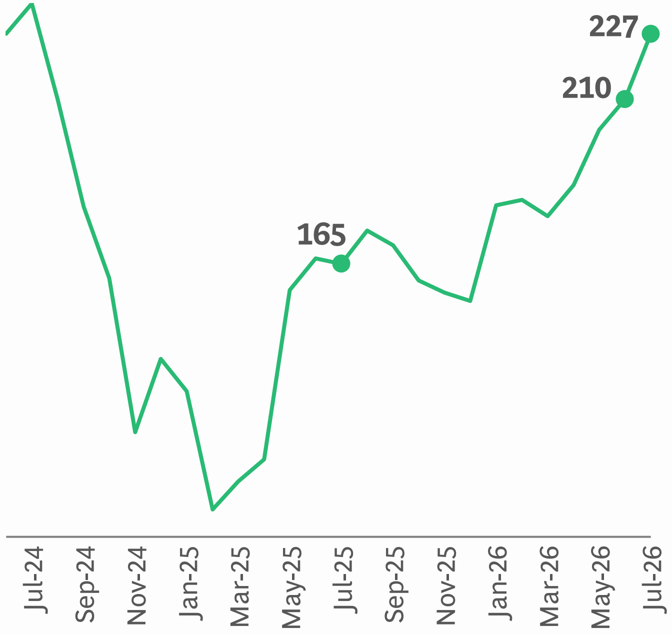
NSE transactions (INR K Cr)

NSE turnover was flat MoM in Jul'26, with daily turnover down ~9% despite two additional trading days.



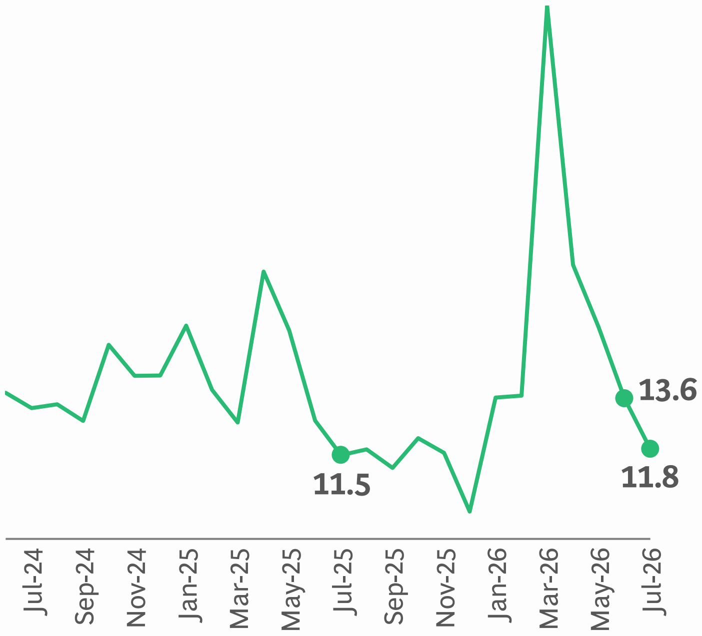
BSE transactions (INR K Cr)

BSE transactions surged to a multi-month high in Jul'26 aided by two additional trading days



India VIX (Volatility Index)[1]

India VIX continued to decline further in Jul'26, as market sentiment improved on easing geopolitical risk



Source: NSE, BSE, CMIE, BCG analysis

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

A fiscal deficit was recorded in Jun'26; GST collections surged to a 3-month high while the exchange rate depreciated in Jul'26

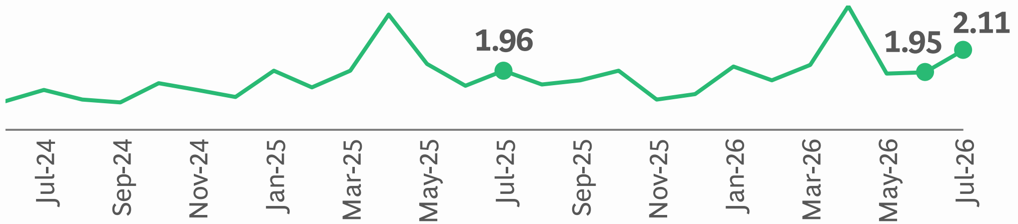
Govt. Receipts & Expenditures (INR Tn)

Fiscal balance swung to a deficit in Jun'26, as a surge in capex and higher interest payments outpaced advance tax inflows

	Apr'26	May'26	Jun'26
Govt. Expenditure (INR Tn)	5.7	3.1	4.8
Govt. Receipts (INR Tn)	2.1	5.1	3.3
Fiscal Deficit (INR Tn)	3.6	(-) 2.0	1.5

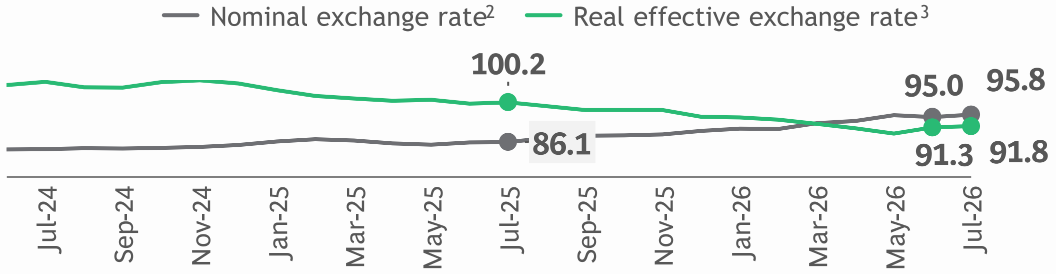
GST Collections[1] (INR Tn)

GST collections surged in Jul'26, driven by resilient domestic consumption and a sharp rise in imports



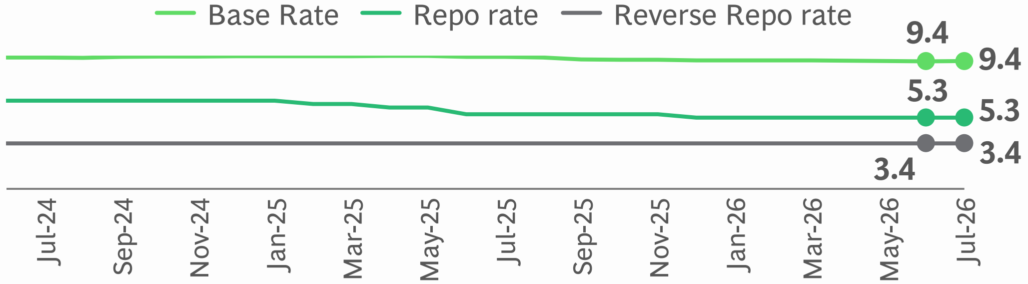
Exchange Rate (INR to USD)

INR depreciated in Jul'26 amid rising oil prices, US tariff uncertainty, and sustained foreign portfolio outflows



RBI's policy rates (%)

RBI maintained a steady repo rate in Jul'26



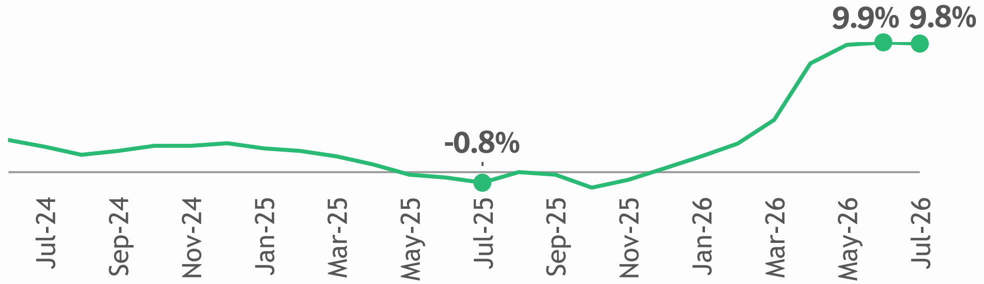
1. GST Collections include all components: CGST, SGST, IGST, Cess
2. RBI Reference Exchange Rate of Indian Rupee against US Dollar presented as a monthly average
3. Real Effective Exchange Rate Based On Consumer Price Index: Base year 2015-16, Trade weights, 40 currency

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

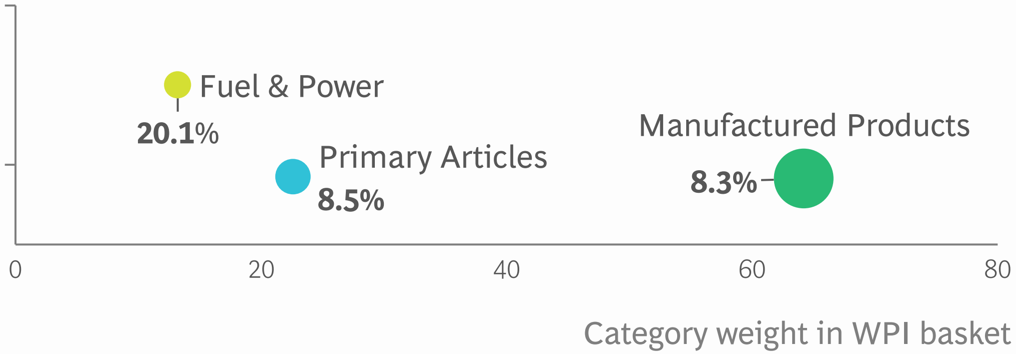
WPI inflation eased marginally after 9 months but remained highly elevated, while CPI inflation rose to a 19-month high in Jul'26

Wholesale Price Index (WPI)[1]

WPI inflation eased marginally after 9 months in Jul'26, as fuel & power prices inched down slightly from previous month

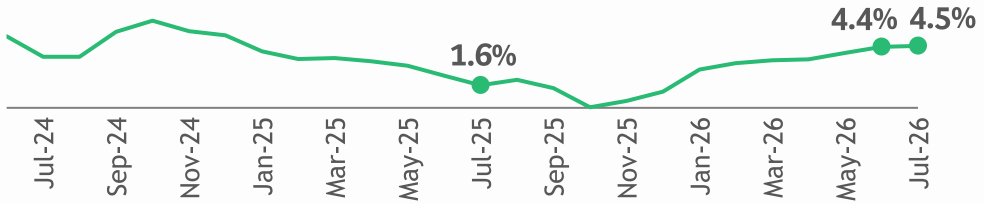


WPI inflation rate for Jul'26

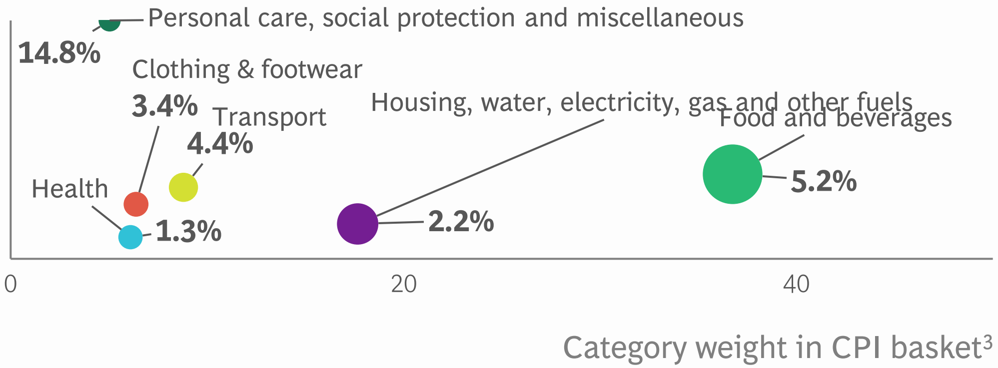


Consumer Price Index (CPI)[2]

CPI inflation remained above RBI's target in Jul'26, driven by a rise in prices across most categories



CPI inflation rate for Jul'26



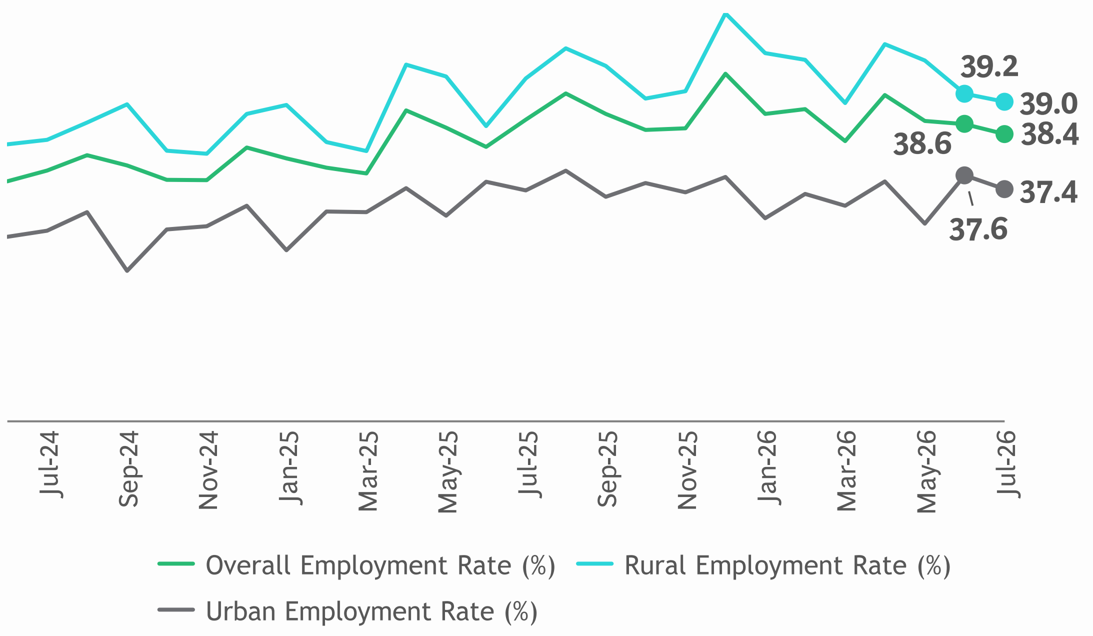
1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food, 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

Both rural and urban employment declined in Jul'26 leading to an overall decline in employment rate

CMIE Employment rate (%)[1]

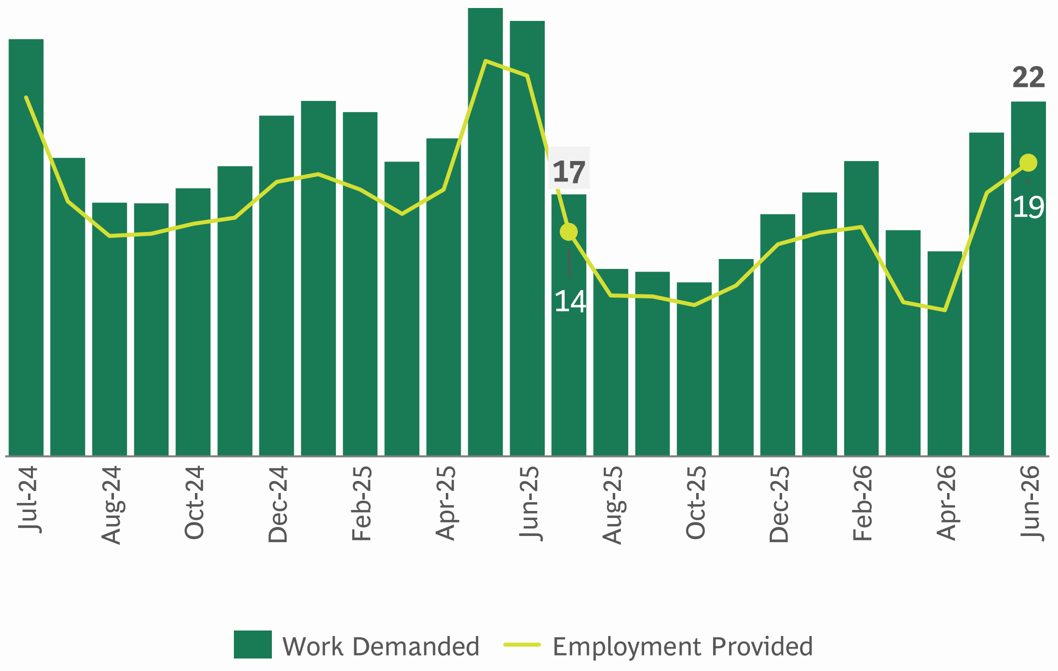
Overall employment dipped to a 4-month low in Jul'26, with declines across both rural and urban sectors

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 employment inched up in Jun'26 as delayed monsoon pushed more rural households to seek work ahead of the scheme's transition

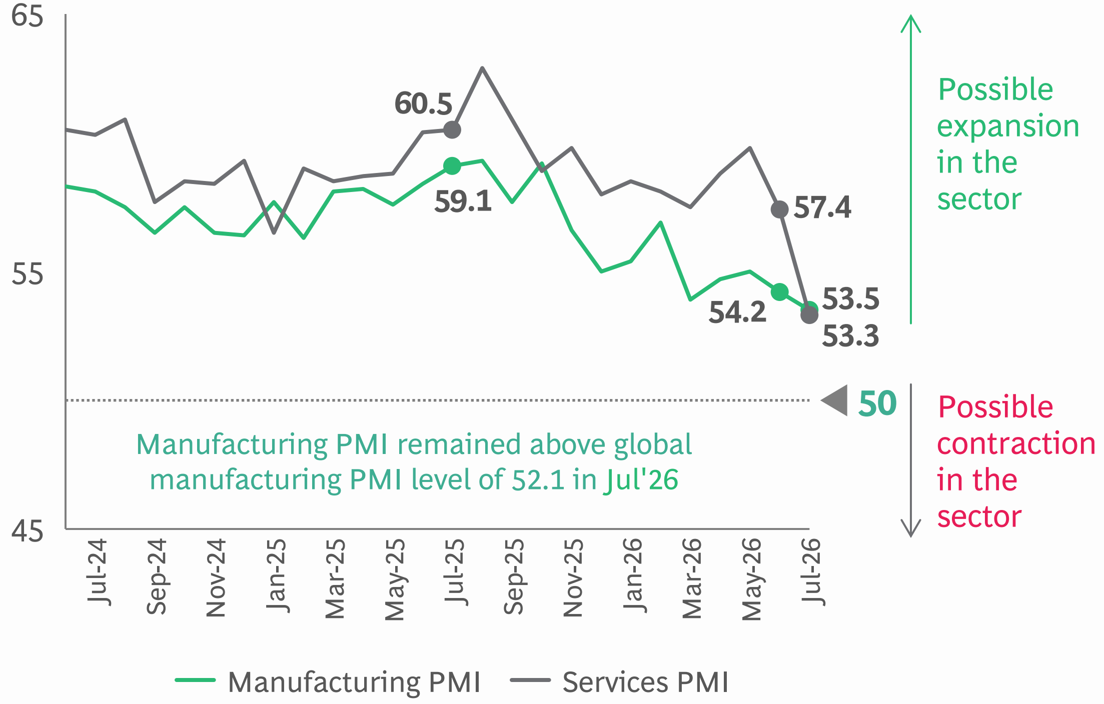


1.CMIE's national employment survey contains 40,000 households and these include an average of 1,80,000 members across all age groups.
2.MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act.
Source: CMIE Employment survey, Ministry of Labour & Employment, Ministry of Rural Development,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

Services PMI fell to a 4.5-year low and manufacturing PMI slipped to a 5-year low in Jul'26, as consumer confidence declined noticeably

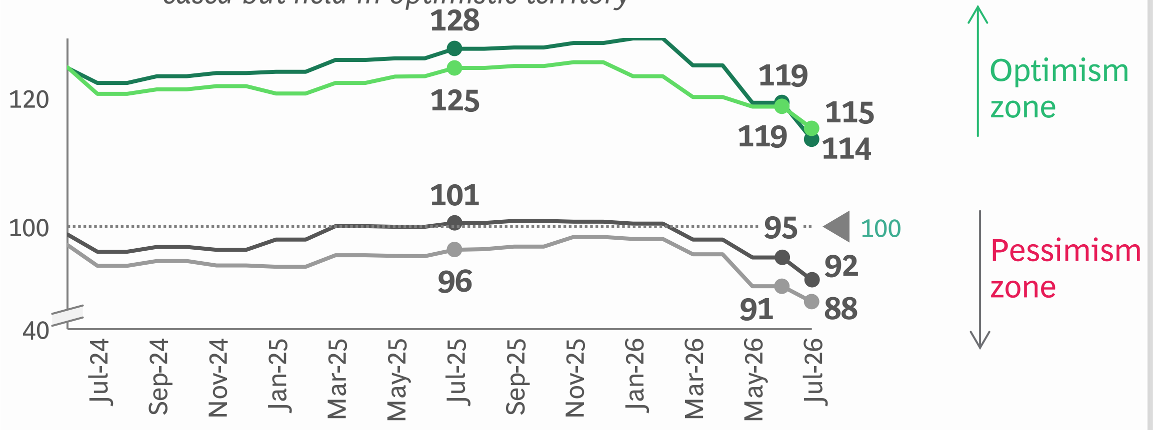
Manufacturing and services PMI[1]

Manufacturing PMI fell to a 5-year low in Jul'26 amid slowing orders and challenging conditions; Services PMI plunged to a 4.5-year low as competition and weakening demand hit new business



Consumer Confidence Survey (RBI)[2]

CSI fell further in Jul'26 across urban and rural households on persistent price pressures and weaker views of the economy and jobs; FEI also eased but held in optimistic territory



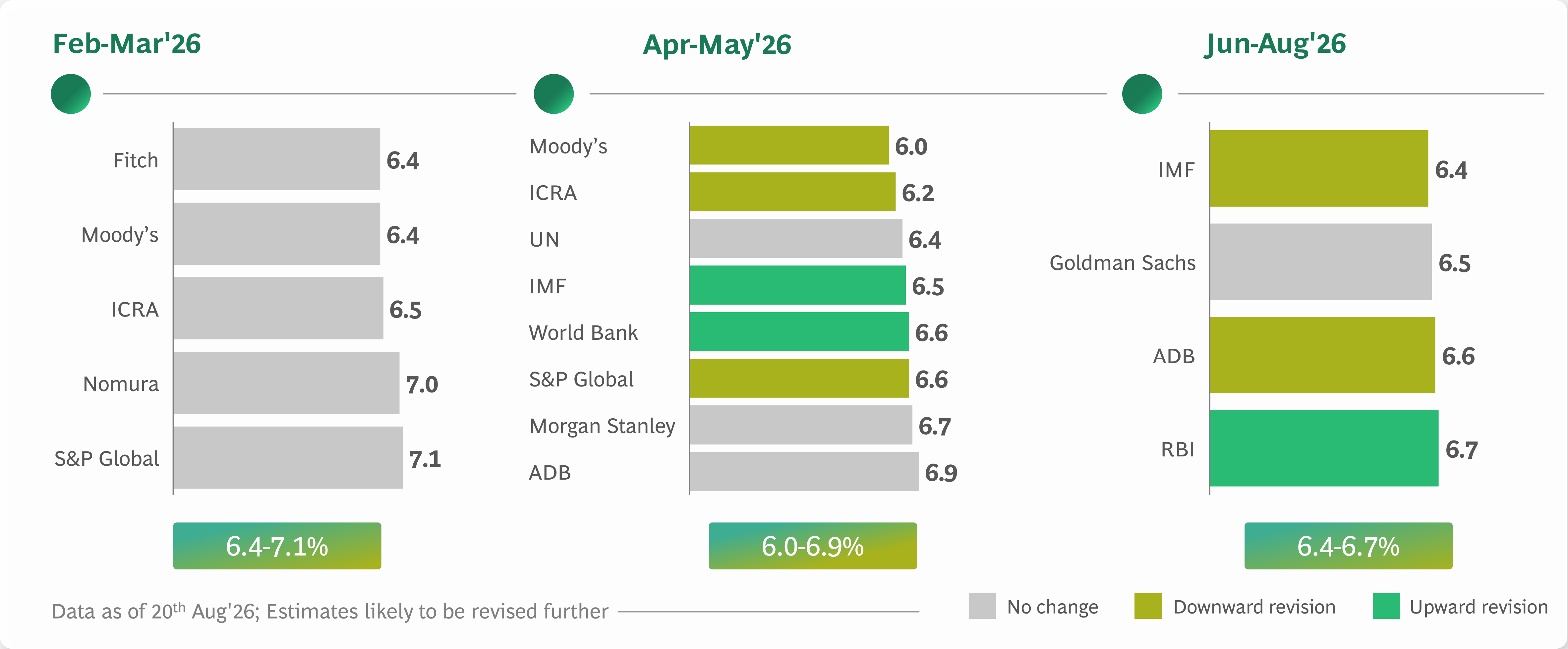
CSI: CSI summarizes the consumers' current perception as compared to a year ago based on general economic situation, employment scenario, price level, households' income and spending, as per RBI Consumer Confidence Survey

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

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: 8,581 and 5,987 responses for rural & semi-urban, and urban (across 19 major cities) respectively surveyed during July 11-20, 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 July 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

FY27 GDP projected to grow between 6.0–7.0%; RBI revised its forecast upwards in Aug'26

India GDP growth forecast for FY27 (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