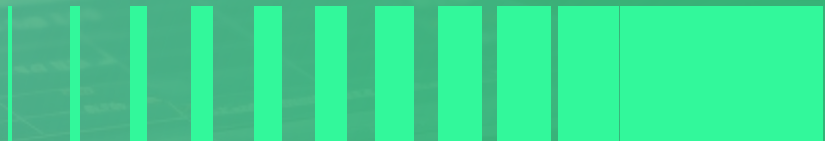




India Economic Monitor

January | 2026

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Executive summary



High-frequency indicators exhibited mixed momentum amid global headwinds and trade uncertainty in Nov-Dec'25. IIP rebounded in Nov'25 led by manufacturing and mining after a subdued festive period. Cement production continued to inch up to a 5-month high in Nov'25, while steel consumption rose sharply to a 9-month high in Dec'25. Daily average power consumption also increased in Dec'25, driven by increased heating demand amid colder winters. In the logistics domain, e-way bill generation and JNPA container traffic scaled record highs in Dec'25, reflecting strong year-end activity. Air passenger bookings and air freight traffic grew in Nov'25 on the back of resilient domestic demand. In contrast, the auto sector slowed in Dec'25, with volumes declining seasonally across most categories.



In the trade segment, the merchandise trade deficit widened to \$25.1 Bn in Dec'25, driven by higher imports of electronic goods, ore and metal scraps despite a pickup in petroleum product exports. The services trade surplus expanded to \$18.1 Bn in Dec'25 amid sustained demand for IT and other professional services. Forex reserves inched up in Dec'25, led by a rise in gold and foreign-currency assets. FDI inflows declined further in Nov'25, as repatriations/disinvestments outpaced fresh investment inflows.



BFSI indicators showed divergent trends in Nov-Dec'25. Aggregate deposits and credit continued to expand in Nov'25, supported by steady deposit mobilization and lending momentum. UPI transaction volumes and values scaled record highs in Dec'25 amid festive and year-end spending. Mutual fund AUM inched up further on continued inflows into equity, hybrid, and ETF schemes. Insurance premiums surged in Dec'25, led by strong growth in life insurance. NSE transactions edged up in Dec'25, while BSE activity softened. India VIX declined sharply, indicating subdued volatility expectations.



On the macro side, WPI inflation turned positive in Dec'25 at 0.83%, driven by higher food, non-food articles, and manufactured products, while CPI inflation edged up to 1.33% on increased metal prices. Manufacturing PMI slipped to a 2-year low amid slower new orders, output, and employment. Services PMI eased to an 11-month low even as export demand remained resilient. GST collections grew marginally to ₹1.79 Tn, supported by steady domestic activity and higher import revenues. The rupee weakened to a monthly average of ₹90.1 per USD in Dec'25; however, the real effective exchange rate (REER) remained broadly stable, supported by steady exports and relatively low inflation. The RBI cut the repo rate by 25 bps in Dec'25 to support growth amid easing inflation. FY26 GDP growth is projected at 6.5–7.5%.

High-frequency indicators largely stable in Nov-Dec'25 amid year-end normalization, persistent global headwinds, and trade uncertainty (1/2)



Industry

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
IIP (Index) *	158	7%	5%	-
Daily Avg Power Consumption ('000 MUs)	4.47	6%	9%	2%
Petroleum Consumption (MMT)	21.75	5%	2%	1%
Steel Consumption (MMT)	14.25	3%	10%	8%
Cement Production (MT) *	39.23	15%	4%	10%



Logistics

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
E-way Bills (Mn)	138.4	24%	7%	21%
JNPA Traffic ('000 TEUs)	711.41	11%	7%	13%
Air Passenger Bookings (Mn) *	37.95	7%	8%	6%
Air Freight (K Tons) *	337.5	16%	4%	4%



Trade & Investment

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Merchandise Exports (\$ Bn)	38.5	1%	1%	2%
Merchandise Imports (\$ Bn)	63.55	6%	1%	6%
Services Exports (\$ Bn)	35.50	9%	-1%	10%
Services Imports (\$ Bn)	17.38	-1%	-3%	3%



Auto

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
PV Sales ('000 Units)	399.2	26%	-3%	5%
2W Sales ('000 Units)	1541.0	39%	-21%	5%
3W Registrations ('000 Units) (does not include e-rickshaws)	62.5	32%	-19%	10%
EV Registrations ('000 Units) (does not include e-rickshaws and commercial vehicles)	136.6	43%	-14%	21%

* Data available only up to Nov'25 as on 23rd Jan'26 – hence growth comparisons are for November and not December. Nov'25 data has been compared with Nov'24 & Oct'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-Dec and Jan-Nov for the * marked indicators).

High-frequency indicators largely stable in Nov-Dec'25 amid year-end normalization, persistent global headwinds, and trade uncertainty (2/2)



Banking, Financial Services & Insurance

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
UPI Value (INR Tn)	27.97	20%	6%	21%
Aggregate Deposits (INR Tn) *	248.1	10%	0.5%	-
Aggregate Credit (INR Tn) *	200.7	12%	1%	-
NSE & BSE Txns. (INR K Cr)	2,234.4	-4%	4%	-15%
Insurance Premium (INR K Cr)	70.60	28%	22%	7%



Macroeconomic

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
GST Collections (INR Tn)	1.79	1%	2%	8%
WPI (%)	-	0.83%	-	-
CPI (%)	-	1.33%	-	-
Jan Dhan Deposits (INR Tn)	2.8	17%	2%	14%
MGNREGA Emp. Provided (HH)	12.57	-34%	17%	-10%



Sentiment

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Manufacturing PMI (Index)	55	-2%	-3%	-
Services PMI (Index)	58	-2%	-3%	-
Current Situation Index (Urban)	98.4	5%	0%	-
Future Expectations Index (Urban)	125.6	3%	0%	-

* Data available only up to Nov'25 as on 23rd Jan'26 – hence growth comparisons are for November and not December. Nov'25 data has been compared with Nov'24 & Oct'25 data for the YoY & MoM growth comparisons.

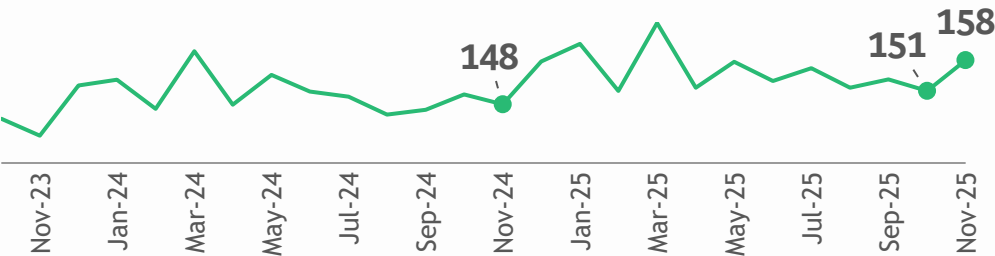
YTD Growth compares the year-to-date performance of the mentioned indicator in the current year vs. the same time period of the previous year (i.e. Jan-Dec and Jan-Nov for the * marked indicators).

Industrial momentum strengthened in Nov-Dec'25 as steel and power consumption rebounded, while cement production also inched up



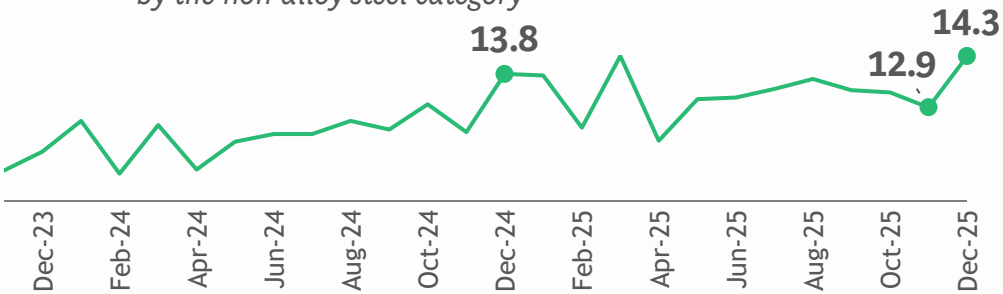
Index of Industrial Production (IIP)¹

IIP rebounded in Nov'25, led by the manufacturing and mining sectors post festive slowdown in Oct'25



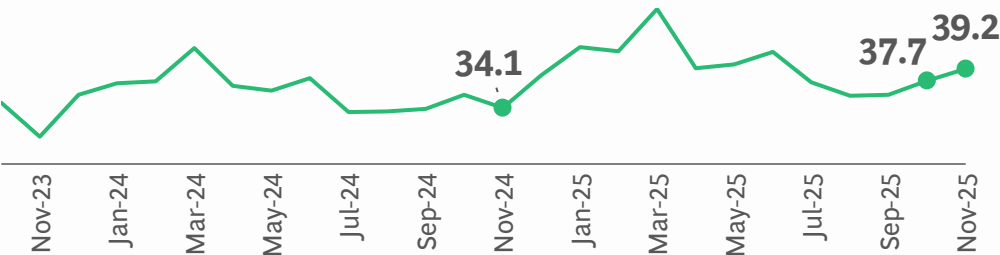
Steel Consumption (MMT)²

Steel consumption surged 10% MoM to a 9-month high in Dec'25 led by the non-alloy steel category



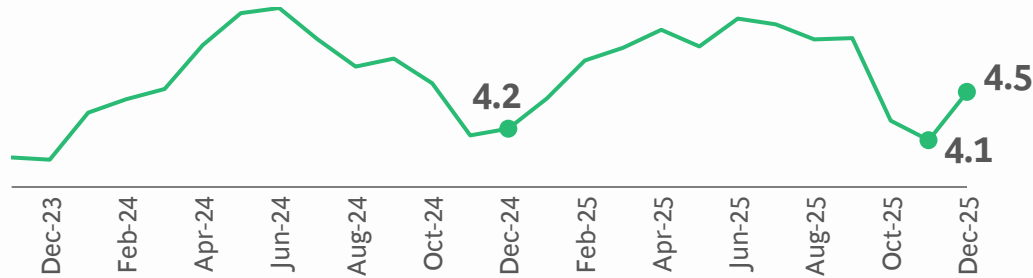
Cement Production (MT)

Cement production continued to climb to a 5-month high in Nov'25 amid increased infrastructural demand



Daily Average Power Consumption ('000 MUs)

Daily power consumption grew in Dec'25, due to increased usage of heating appliances amid colder winters



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 Dec'25

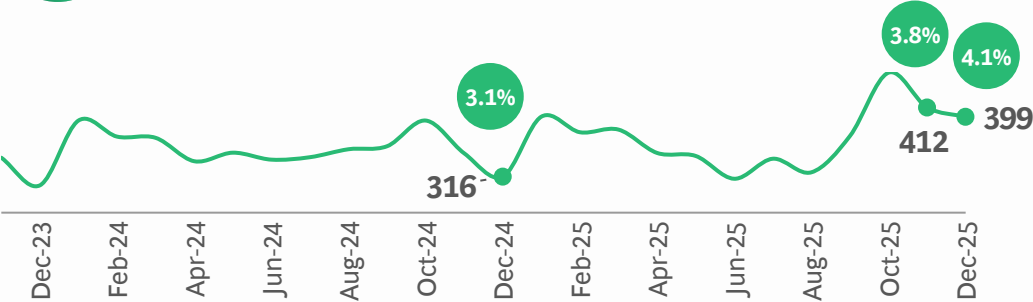
Source: Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Dept. for Promotion of Industry & Internal Trade, Joint Plant Committee, Ministry of Commerce and Industry, CMIE, BCG analysis

Auto sector slowed in Dec'25 post-festive period as sales declined seasonally across most categories



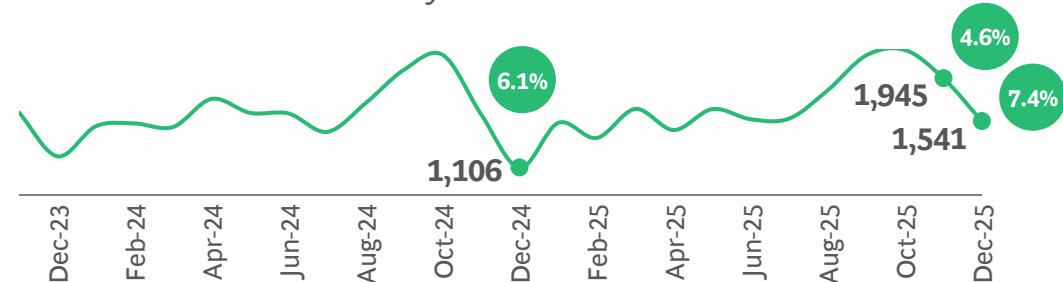
Passenger vehicles sales ('000 units)

PV sales declined seasonally by 3% MoM in Dec'25 vs. Nov'25 levels



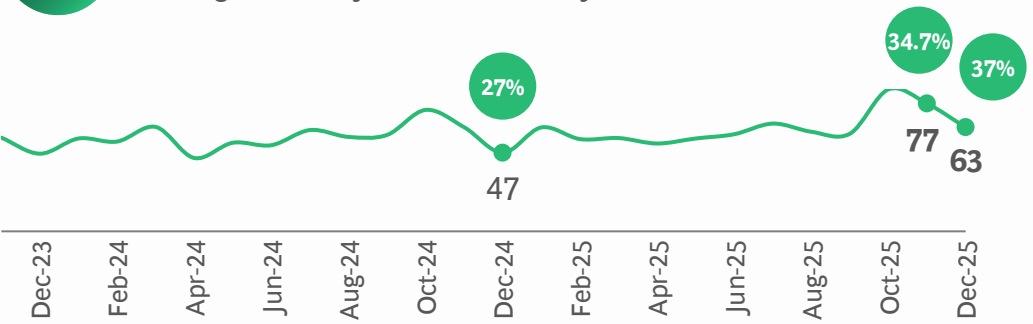
Two-wheeler sales ('000 units)

2W sales witnessed a seasonal dip in Dec'25, amid supply constraints and model availability



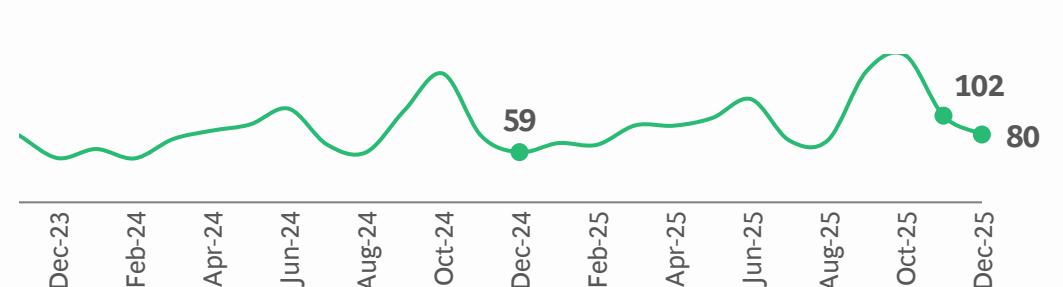
Three-wheeler Registrations¹ ('000 units)

3W registrations further declined by 19% MoM in Dec'25 vs Nov'25



Tractor sales ('000 units)

Tractor sales observed a seasonal downturn of 22% MoM in Dec'25 vs. Nov'25



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

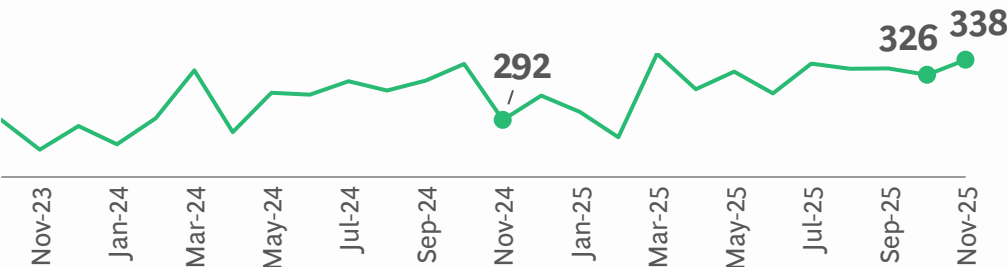
XX% = %EV Registrations²

E-way bills, JNPA container traffic reached record highs in Dec'25; Air passenger bookings and air freight traffic also grew sharply in Nov'25



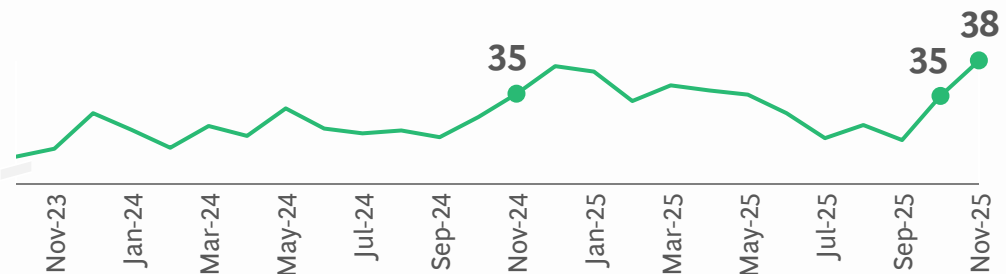
Air Freight Traffic (K tons)

Air freight traffic rose by 4% MoM to an 8-month high in Nov'25



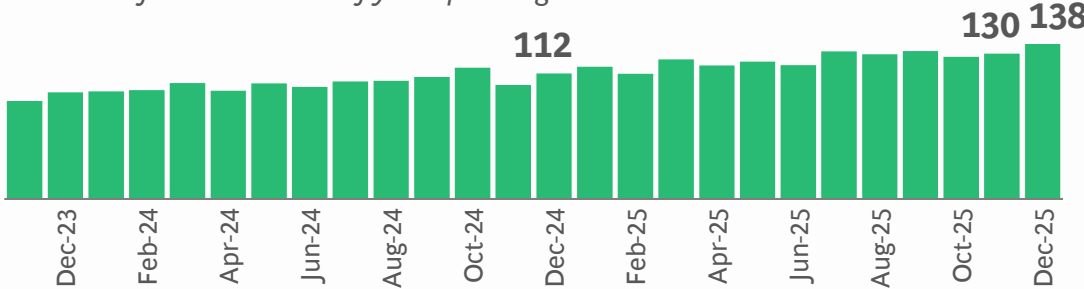
Air Passenger Bookings (Mn)

Air passenger traffic surged by 8% MoM to an all time high in Nov'25, led by festive season demand



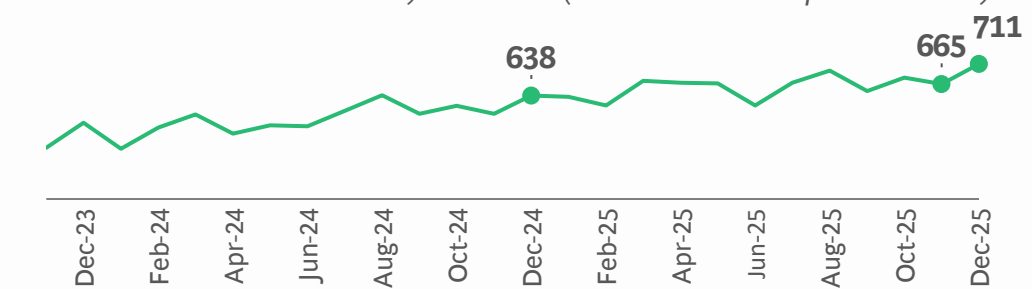
E-way Bills (Mn)¹

E-way bill generation reaches a record high in Dec'25, driven by increased festive and end-of-year spending



JNPA Container Traffic ('000 TEUs)²

JNPA traffic reached a new high in Dec'25, led by BMCT (Bharat Mumbai Container Terminals) and NSFT (Nhava Sheva Freeport Terminal)



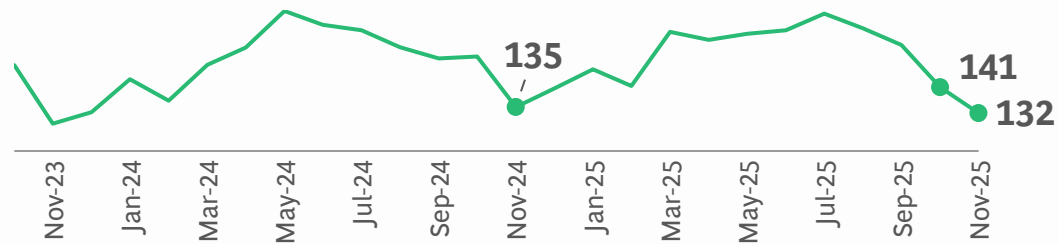
1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.; 2.TEU refers to Twenty-foot equivalent unit (Shipping containers 20 feet long, 8 feet tall)
Source: Ministry of Railways, CMIE, Airports Authority of India, Jawaharlal Nehru Port Authority, GST Network, NHAI, NPCI, BCG analysis

Energy generation declined seasonally in Nov'25, alongside natural gas consumption; Petrol consumption inched up marginally in Dec'25



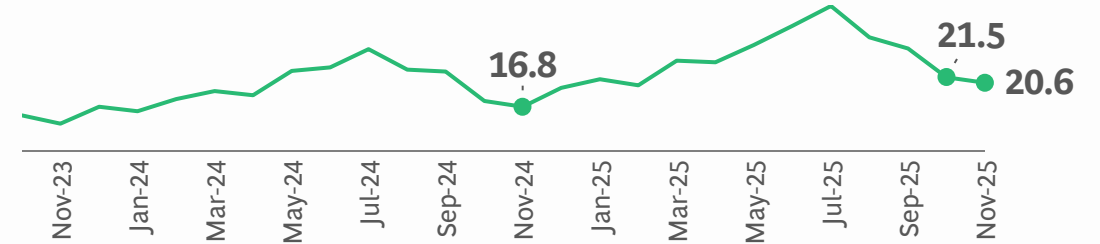
Total Electricity Generation (Billion KWh)

Electricity generation further declined seasonally in Nov'25, due to lower winter temperatures and muted industrial activity



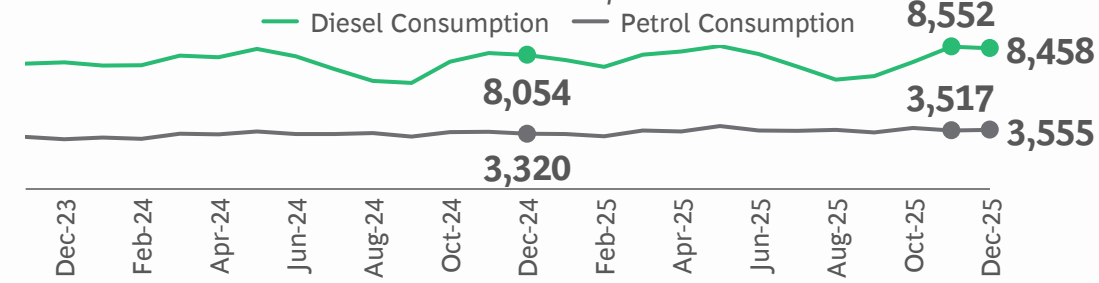
Renewable Energy Generation (Billion KWh)

Renewable energy generation further fell in Nov'25, driven by declines in small hydro and wind power categories



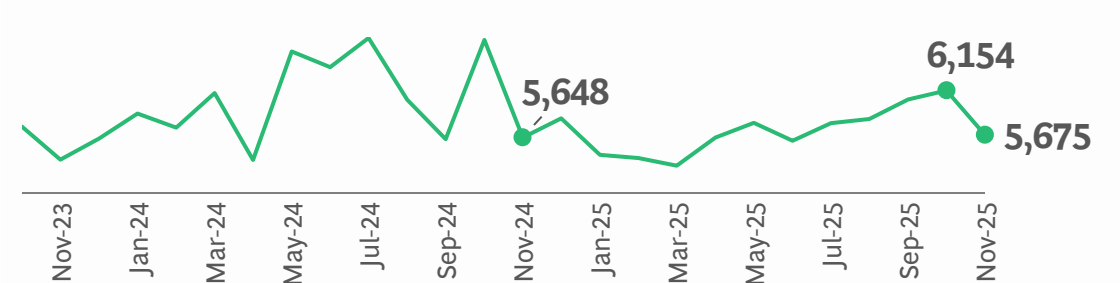
Diesel and Petrol Consumption (MMT)

Petrol consumption inched up marginally in Dec'25, driven by higher industrial and commercial activities post GST rate cut



Natural Gas Consumption¹ ('00 MMSCM²)

Natural gas consumption fell sharply in Nov'25 due to low domestic production despite increased LNG imports



1. Natural Gas Consumption= Net Production +LNG Imports

2. MMSCM: Million Standard Cubic Meter

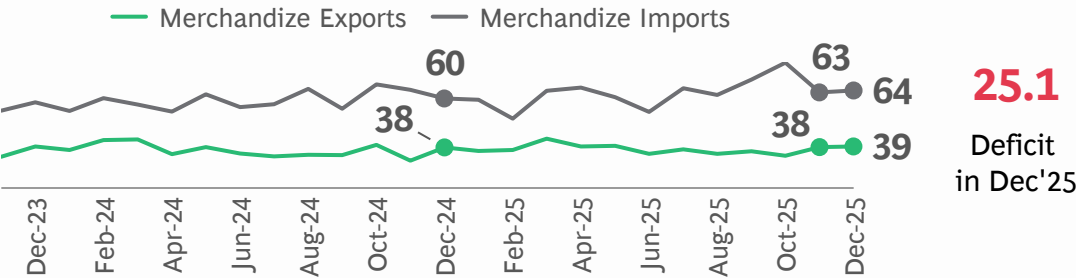
Source: Petroleum Planning and Analysis Cell, CEA, Power System Operation Corporation, CMIE, BCG analysis

Merchandise trade deficit held steady while services surplus grew in Dec'25; Forex reserves increased while FDI declined in Nov-Dec'25



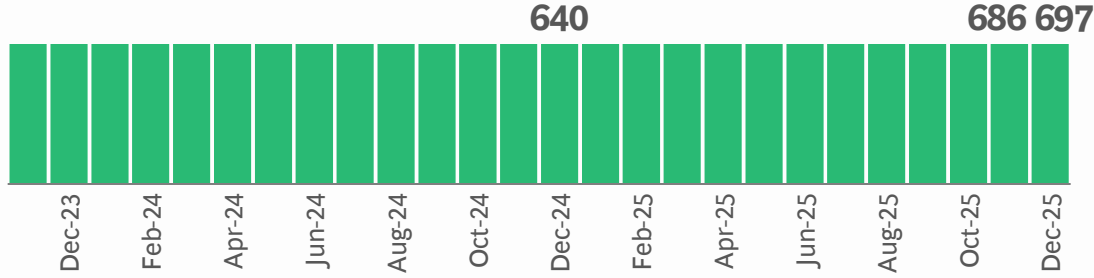
Merchandise Trade (\$ Bn)

Trade deficit held steady in Dec'25, driven by imports of electronic goods, ores and metal scrap, despite a rise in exports of petroleum products



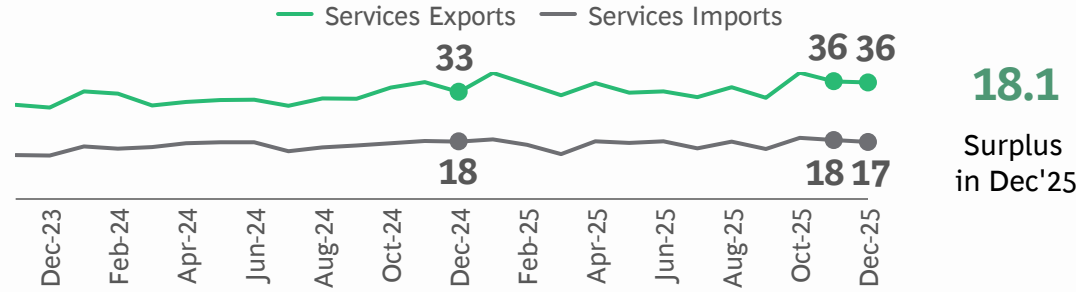
Forex Reserves (\$ Bn)

Forex reserves increased in Dec'25, driven primarily by gold and foreign currency assets



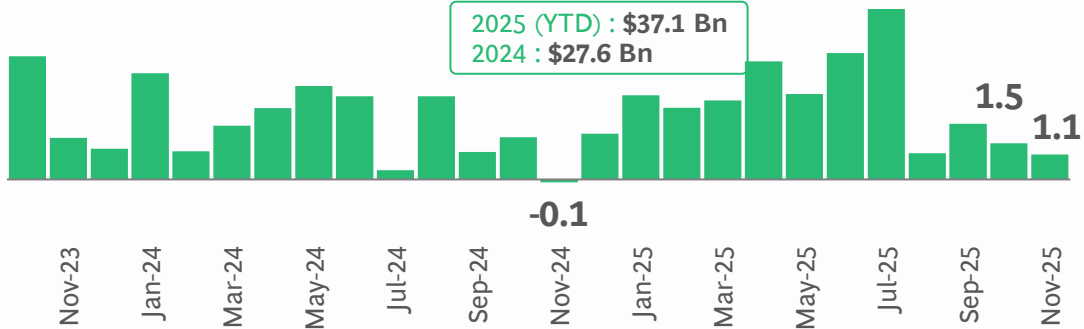
Services Trade (\$ Bn)

Services trade surplus grew in Dec'25, as demand for IT, business process outsourcing and other professional services sustained



FDI (\$ Bn)¹

FDI inflows further declined in Nov'25, as repatriation/disinvestments outpaced the inflow of investments



Note: Dec'25 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.

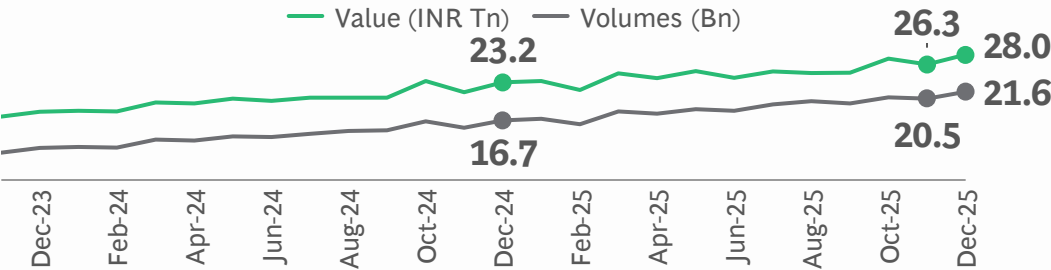
Source: Ministry of Commerce & Industry, CMIE, RBI, PIB

UPI transactions reached new highs as life insurance premiums surged; Mutual funds AUM inched up to a record high in Dec'25



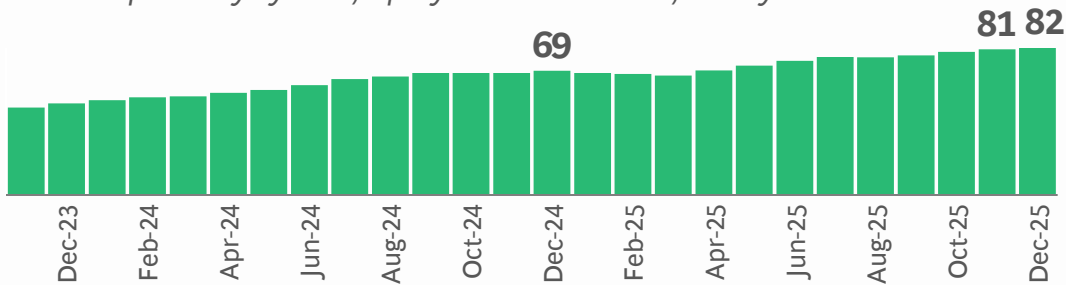
UPI Transactions

UPI transaction volumes and value closed the year at a record high in Dec'25, driven by festive and year-end spending



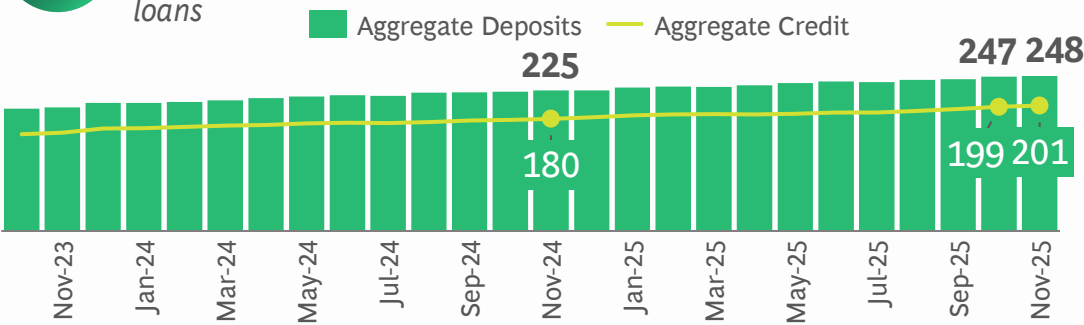
Mutual Funds AUM (INR Tn)¹

Mutual fund AUM further inched up to a record high in Dec'25, driven primarily by ETFs, equity-oriented schemes, and hybrid schemes



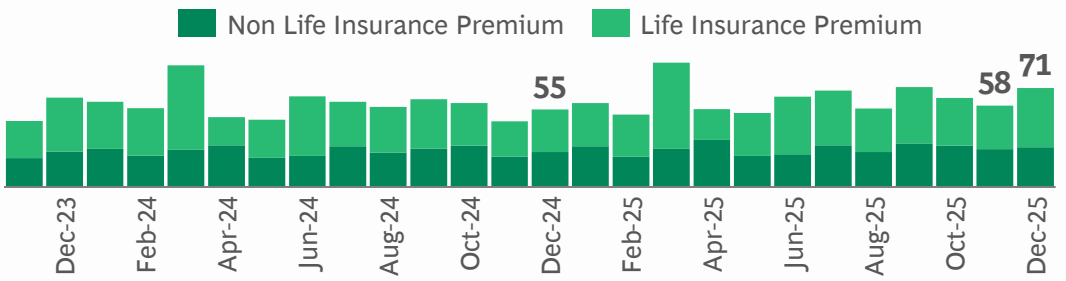
Aggregate deposits & credit (INR Tn)

Aggregate deposits and credit increased in Nov'25, driven primarily by gold loans



Insurance Premium (INR '000 Cr)²

Life insurance premiums surged in Dec'25, driven by individual non-single premiums and group single premiums



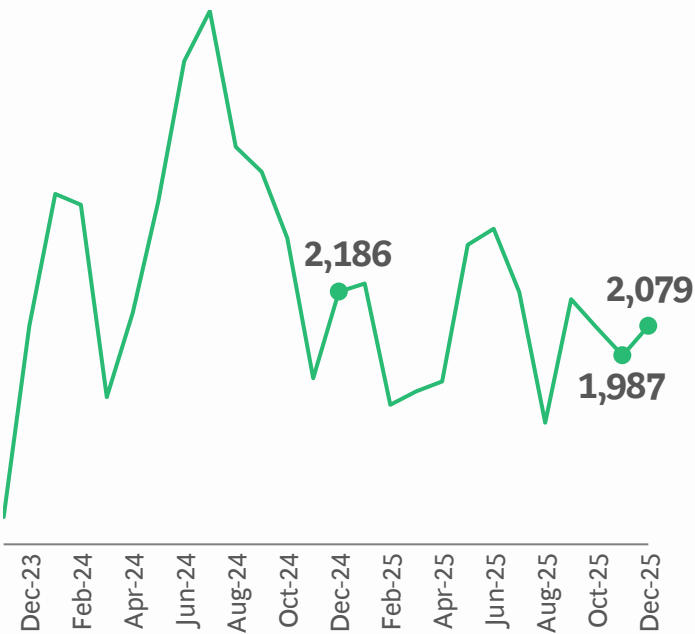
1.Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures used for life & non-life insurance as on 23 Jan'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 transactions inched up while BSE activity slowed in Dec'25, VIX closed the month at a historic low



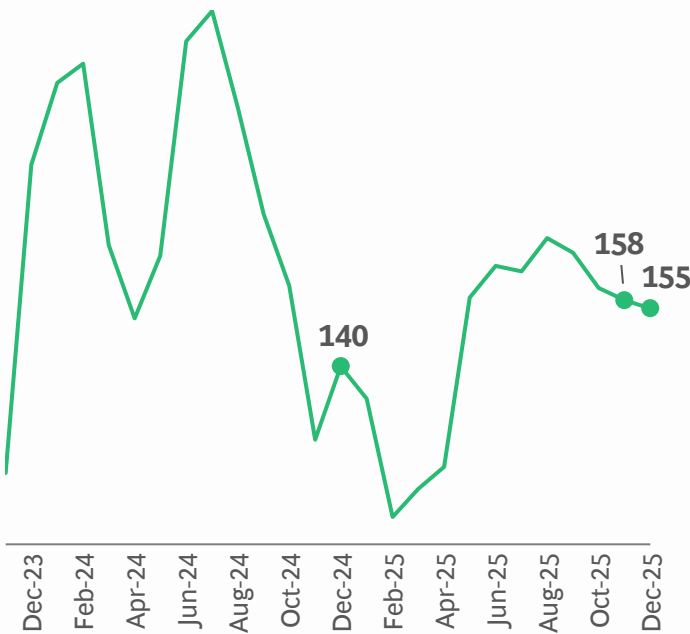
NSE transactions (INR Cr)

NSE transactions inched up by 5% MoM in Dec'25



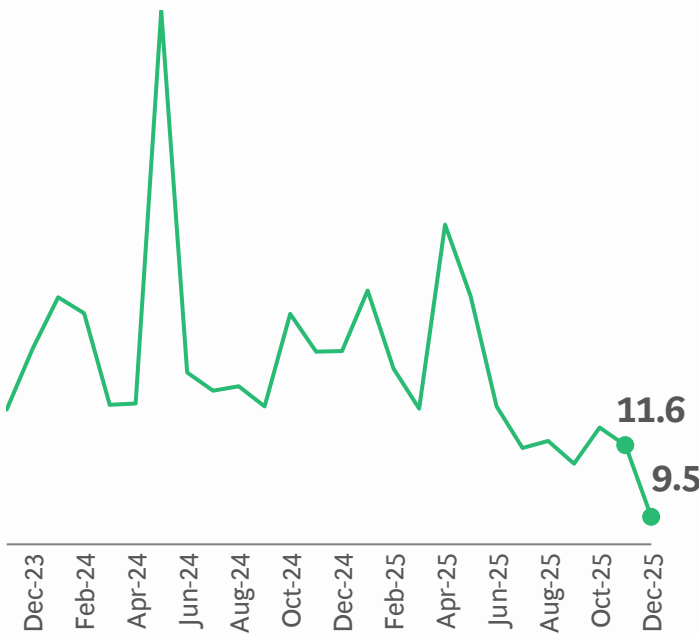
BSE transactions (INR Cr)

BSE trading volumes fell further to an 8-month low in Dec'25



India VIX (Volatility Index)¹

India VIX closed at an historic low in Dec'25, indicating subdued volatility expectations



Source: NSE, BSE, CMIE, BCG analysis
 1. India VIX (Volatility Index): NSE's measure of expected market volatility over the next 30 calendar days.

RBI reduced the repo rate by 25 basis points; GST collections marginally grew in Dec'25



Govt. Receipts & Expenditures (INR Tn)

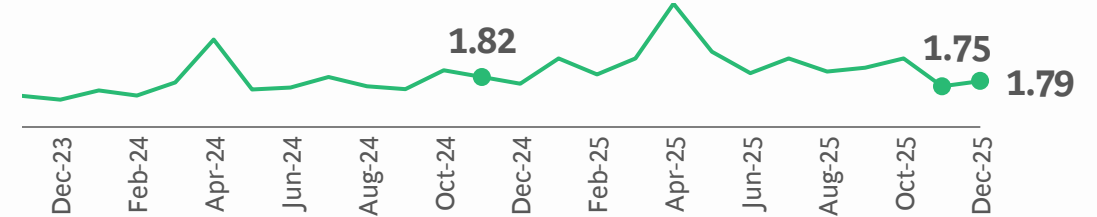
Nov'25 recorded a fiscal deficit despite a surge in tax revenue receipts and reduced revenue expenditure

	Sep'25	Oct'25	Nov'25
Govt. Expenditure (INR Tn)	4.2	3.2	3.0
Govt. Receipts (INR Tn)	4.5	0.7	1.5
Fiscal Deficit (INR Tn)	-0.3	2.5	1.5



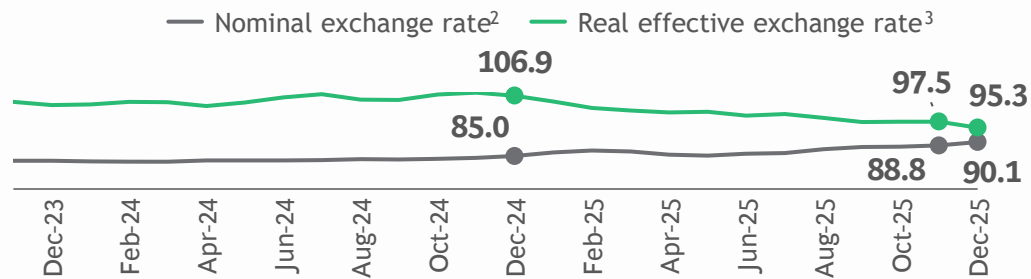
GST Collections¹ (INR Tn)

GST collections increased marginally in Dec'25, driven by rising import revenues and steady domestic activity



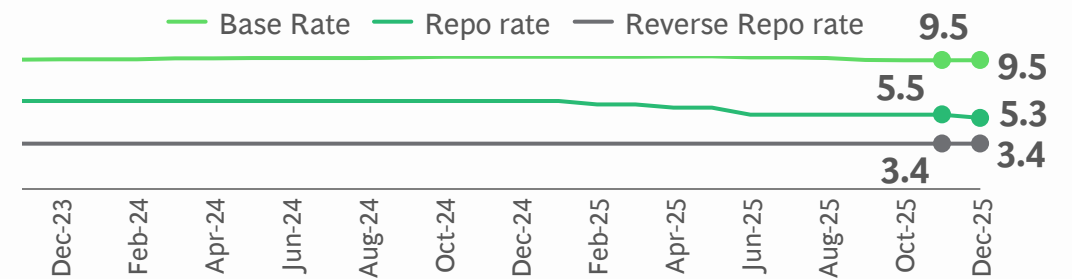
Exchange Rate (INR to USD)

Indian Rupee depreciated further in Dec'25, with the monthly average reference rate reaching its weakest level on record



RBI's policy rates (%)

RBI reduced the repo rate by 25 basis points in Dec'25 to support lending and economic activity amid easing inflation



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

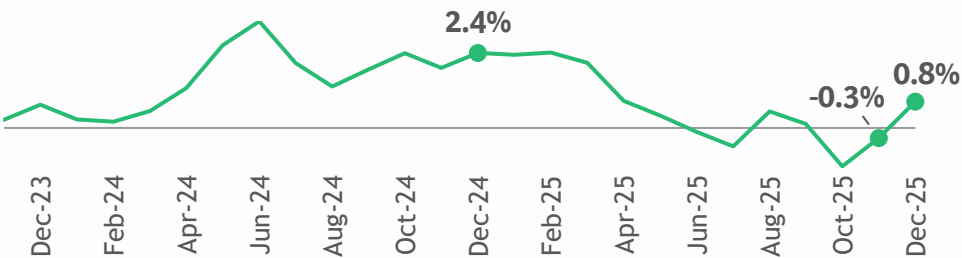
Source: CMIE, Ministry of Finance, GST Council, GST Network, RBI, Jan Dhan Yojana, BCG analysis

WPI inflation turned positive at 0.83%, while CPI inflation inched further up to 1.33% in Dec'25

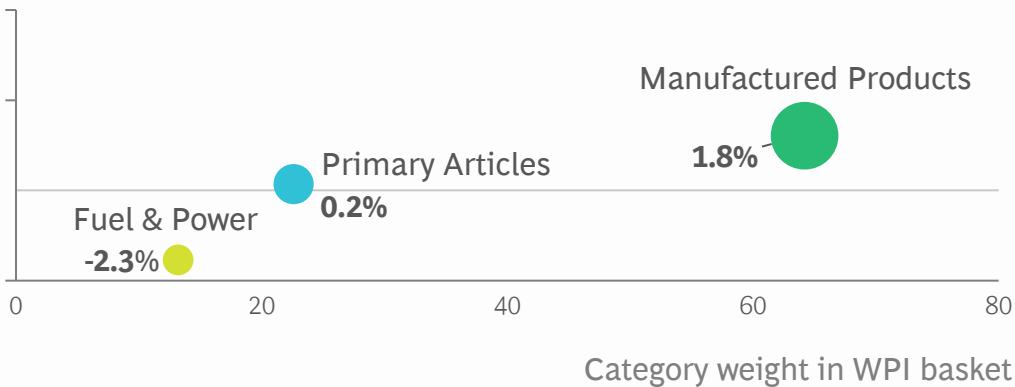


Wholesale Price Index (WPI)¹

WPI inflation inched up to turn positive in Dec'25, driven by a rise in prices of food, non-food articles, and manufactured items

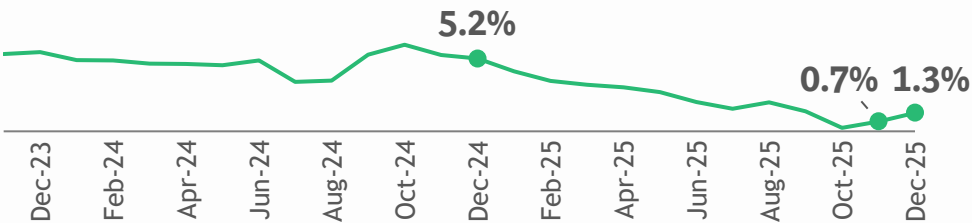


WPI inflation rate for Dec'25

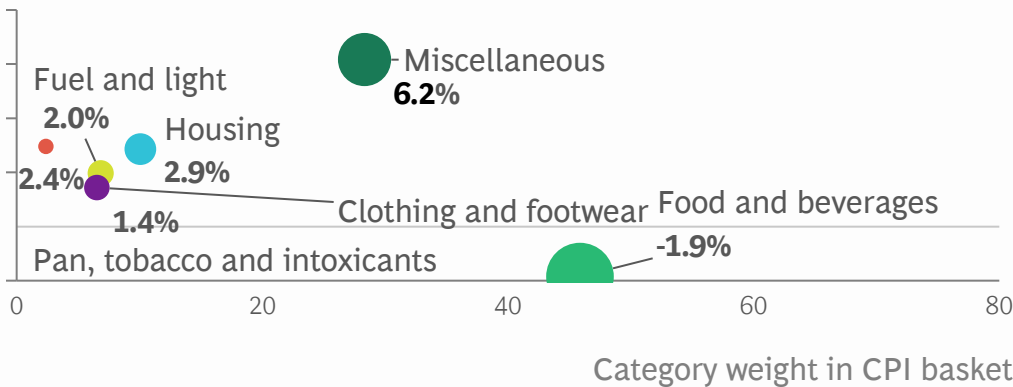


Consumer Price Index (CPI)²

CPI inflation further increased in Dec'25, due to rising prices in precious metals although comfortably below RBI's tolerance band



CPI inflation rate for Dec'25



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.
Source: MOSPI, CMIE, BCG Analysis

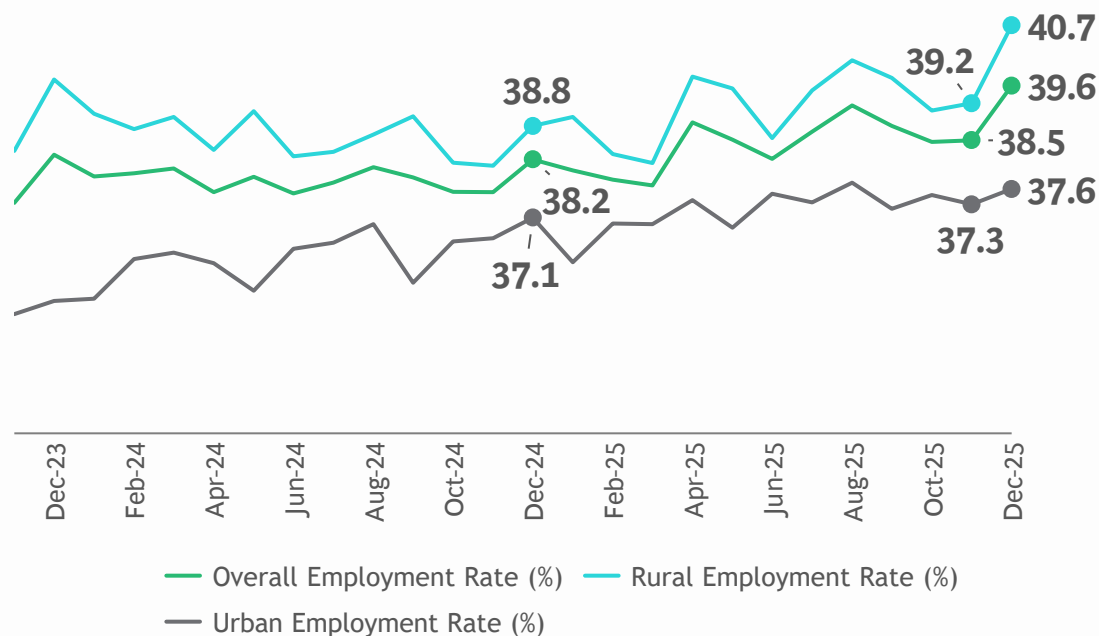
Rural employment improved in Dec'25, driving the overall employment rate; MGNREGA employment inched up in Dec'25



CMIE Employment rate (%)¹

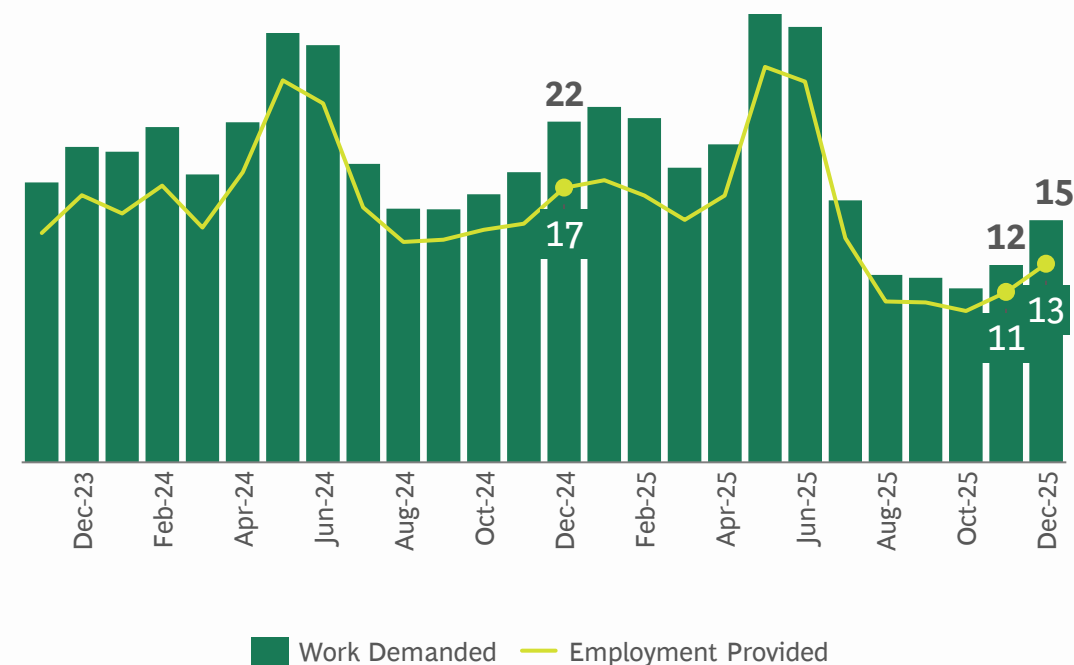
The overall employment rate increased in Dec'25, led primarily by the strong growth in rural employment

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 increased to a 5-month high in Dec'25 although YoY growth remained substantially low



1. CMIE's national employment survey contains 40,000 households and these include an average of 1,80,000 members who are over 15 years old

2. MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act.

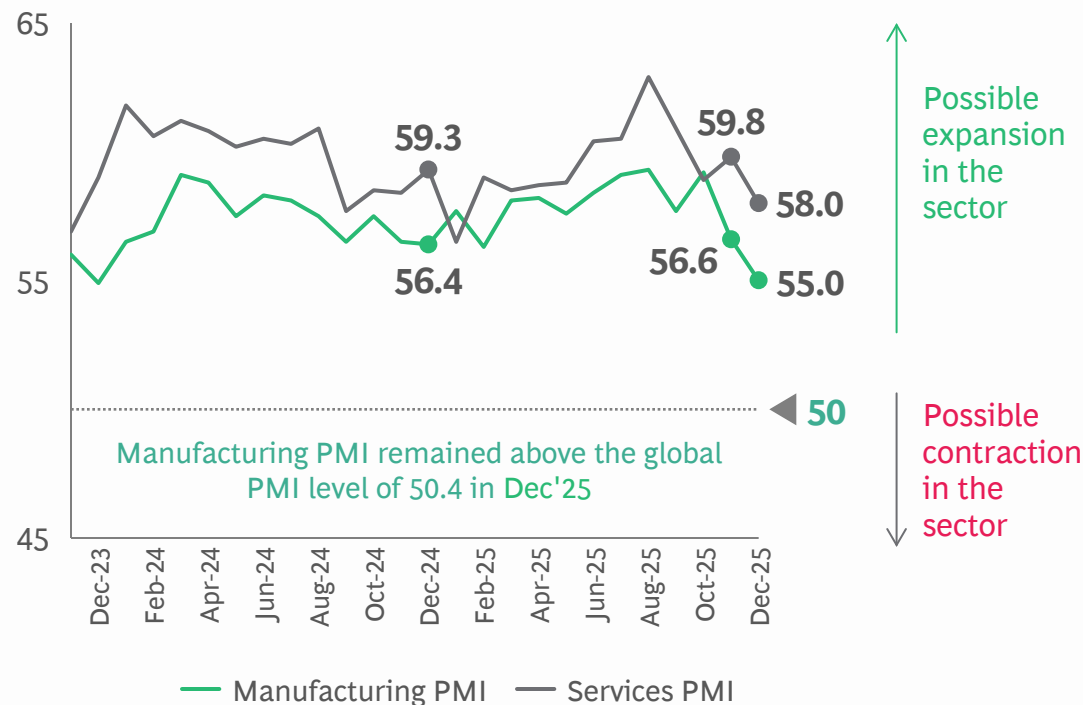
Source: CMIE Employment survey, Ministry of Labour & Employment, Ministry of Rural Development, CMIE, BCG Analysis

Manufacturing PMI fell to a 2-year low while Services PMI further slowed in Dec'25; Consumer sentiment improved in Dec'25



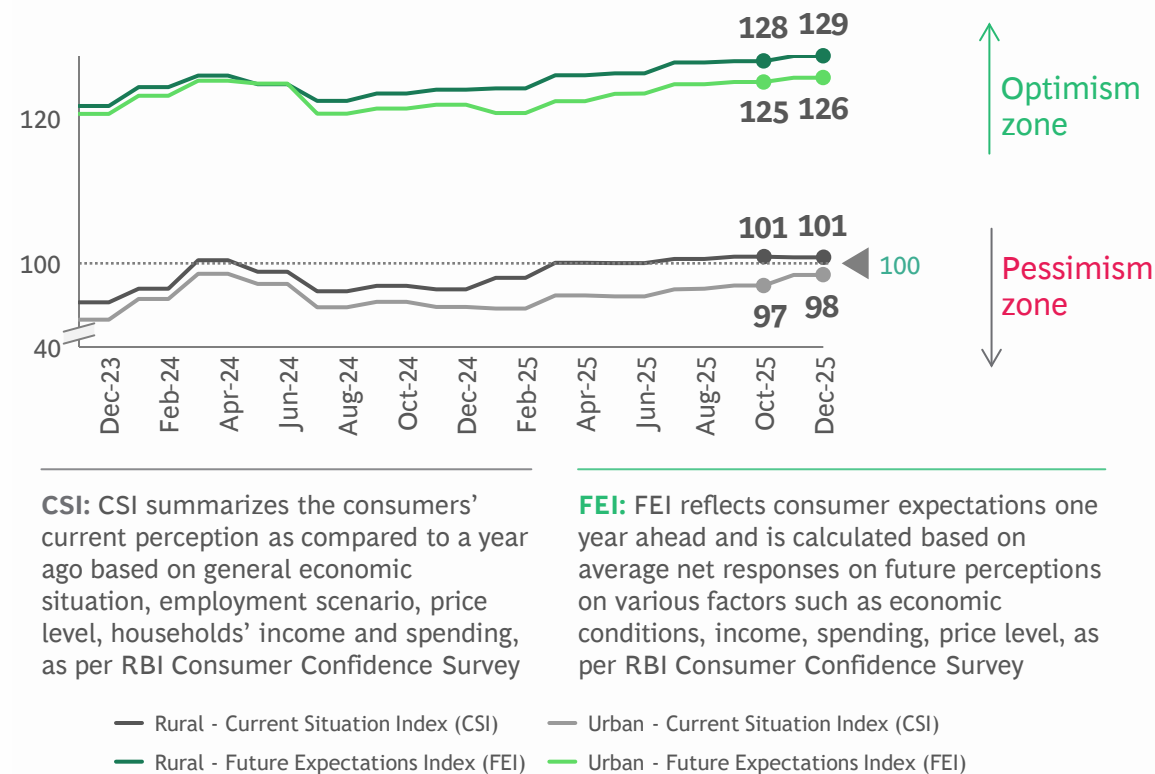
Manufacturing and services PMI¹

Manufacturing PMI slumped to a 2-year low in Dec'25, as new orders, output and employment slowed; Services PMI fell to an 11-month low as growth in new business eased despite strong export orders



Consumer Confidence Survey (RBI)²

Consumer sentiments improved in both rural and urban segments in Nov-Dec'25, amid easing inflation expectations



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

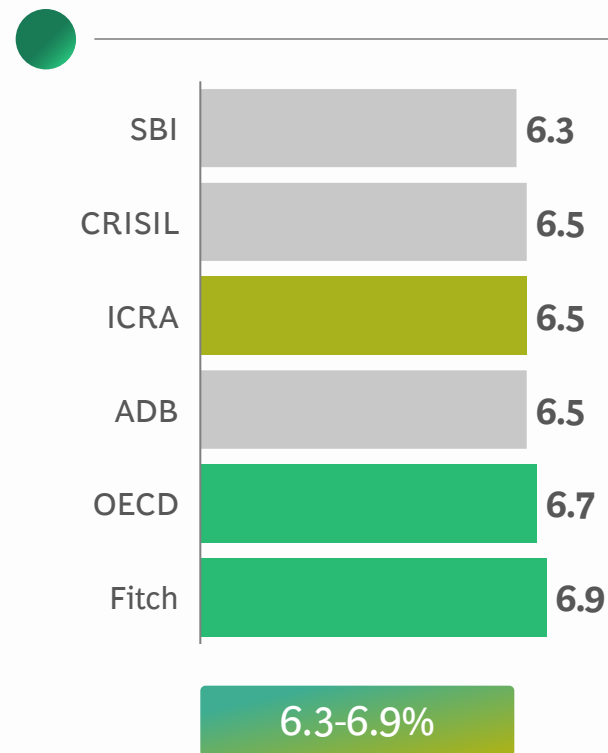
FEI: FEI reflects consumer expectations one year ahead and is calculated based on average net responses on future perceptions on various factors such as economic conditions, income, spending, price level, as per RBI Consumer Confidence Survey

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: 8,754 and 6,060 responses for rural and urban (across 19 major cities) respectively surveyed during November 1-10, 2025; 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 December 2025. For each survey round, the final figures as available in the latest web release covering the same have been considered.

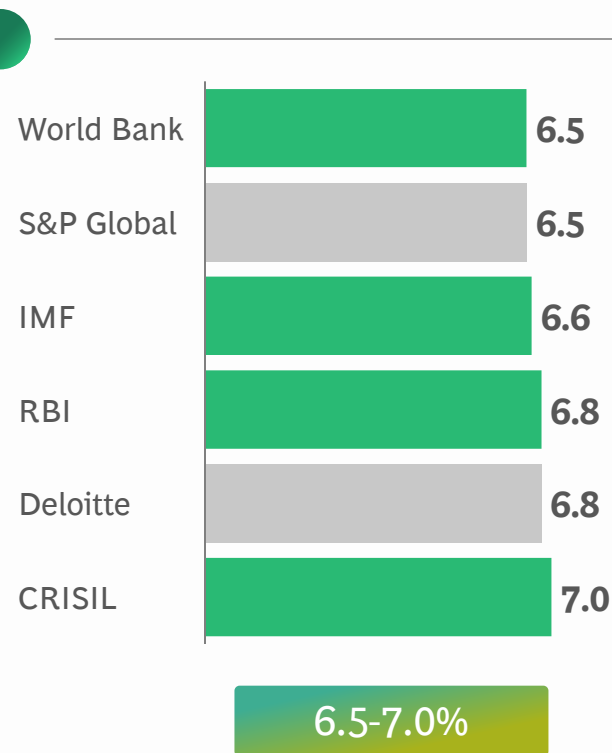
FY26 GDP projected to grow between 6.5–7.5%; MoSPI estimates growth at 7.4% while RBI, World Bank raised forecasts in Dec'25-Jan'26

India GDP growth forecast for FY26 (YoY %)

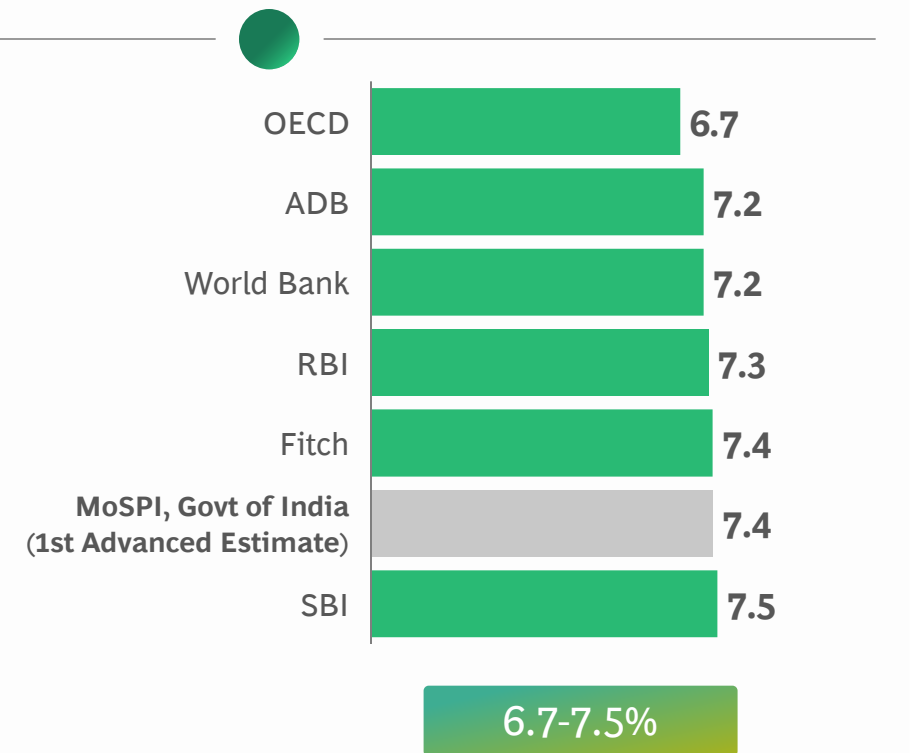
Aug-Sep'25



Oct-Nov'25



Dec'25-Jan'26



Data as of 16th Jan'26; Estimates likely to be revised further

No change
 Downward revision
 Upward revision



BCG

