India Economic Monitor

July | 2026

Executive summary

High-frequency indicators indicated sustained domestic momentum in May–Jun'26. Industrial activity remained firm, with IIP rising in May, although steel consumption eased marginally. Electricity generation increased sharply, supported by strong growth in the renewable segment. The auto sector saw a cyclical moderation, as passenger vehicle and two-wheeler sales softened. In contrast, three-wheeler registrations increased, aided by strong electric vehicle registrations, while tractor sales benefited from kharif sowing activity and improved affordability following GST cuts. On the logistics front, air freight volumes edged up to a record high in May'26, while container traffic at JNPA softened.

India's merchandise trade deficit widened to US$30.4 billion in Jun'26, partly reflecting a sharper decline in petroleum product exports than in imports. The services trade surplus also narrowed to US$15.1 billion amid lower exports and higher imports. Foreign exchange reserves fell further, driven by significant declines in gold holdings and foreign currency assets. Meanwhile, FDI inflows slipped to a 4-month low in May'26, as gross equity inflows normalized following an unusually strong surge in April.

BFSI indicators remained broadly stable in Jun'26. UPI transaction volumes moderated seasonally after reaching a record high in May, while mutual fund assets under management edged up as SIP inflows rose to an all-time high. Insurance premiums increased, led primarily by growth in the health segment. Capital market activity strengthened, with NSE and BSE transactions rising partly due to a higher number of trading days. Meanwhile, the VIX closed the month lower in Jun'26 as investor sentiment improved following the temporary de-escalation of the US–Iran conflict.

On the macroeconomic front, India recorded a fiscal surplus in May'26, supported by a sharp rise in government revenue following the RBI's record surplus transfer, which boosted non-tax receipts. GST collections edged up in June, driven by stronger import-related tax revenues. The rupee also recovered marginally against the US dollar to 95.0, while the real effective exchange rate strengthened. Inflationary pressures continued to build, with WPI inflation reaching 9.9% and CPI inflation rising to an 18-month high of 4.4%, above the RBI's 4% target. Rural employment weakened amid delayed monsoon rains, while urban employment rebounded. Business sentiment softened as both manufacturing and services PMIs eased. Analysts expect India's GDP growth to range between 6.0% and 7.0% in FY27.

Source: MoHFW, POSOCO, 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 in Jun'26 signal resilient domestic activity despite softer sentiment (1/2)

Industry

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
IIP (Index) *	122.7	4%	3%	-
Daily Avg Power Consumption ('000 MUs)	5.6	11%	5%	5%
Petroleum Consumption (MMT)	19.4	-3%	-4%	-2%
Steel Consumption (MMT)	14.2	8%	-1%	9%
Cement Production (MT) **	42.8	9%	-13%	8%

Logistics

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
E-way Bills (Mn)	136.8	15%	0.5%	14%
JNPA Traffic ('000 TEUs)	723.5	18%	-4%	14%
Air Passenger Bookings (Mn) *	36.98	5%	9%	-0.1%
Air Freight (K Tons) *	364.5	11%	5%	9%

Trade & Investment

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Merchandise Exports ($ Bn)	40.4	15%	-11%	6%
Merchandise Imports ($ Bn)	70.8	31%	-4%	16%
Services Exports ($ Bn)	33.0	3%	-1%	8%
Services Imports ($ Bn)	17.9	13%	2%	7%

Auto

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
PV Sales ('000 Units)	388.1	24%	-12%	19%
2W Sales ('000 Units)	1,851	19%	-3%	23%
3W Registrations ('000 Units) (does not include e-rickshaws)	83.9	44%	10%	33%
EV Registrations ('000 Units) (does not include e-rickshaws and commercial vehicles)	266.8	94%	13%	64%

GROWTH →

* Data available only up to May'26 as on 23rd Jul'26 – hence growth comparisons are for May and not June. May'26 data has been compared against May'25 & Apr'26 data for the YoY & MoM growth comparisons.
** Data available only up to Apr'26 as on 23rd Jul'26
# 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-Jun and Jan-May for the * marked indicators).

High-frequency indicators in Jun'26 signal resilient domestic activity despite softer sentiment (2/2)

Banking, Financial Services & Insurance

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
UPI Value (INR Tn)	28.9	20%	-3%	20%
Aggregate Deposits (INR Tn) *	265.4	12%	1%	-
Aggregate Credit (INR Tn) *	220.3	17%	1%	-
NSE & BSE Txns. (INR K Cr)	2,981.2	17%	3%	24%
Insurance Premium (INR K Cr)	73.8	14%	31%	16%

Macroeconomic

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
GST Collections (INR Tn)	1.95	6%	0.3%	2%
WPI (%)	-	9.9%	-	-
CPI (%)	-	4.4%	-	-
Jan Dhan Deposits (INR Tn)	3.1	18%	2%	18%
MGNREGA Emp. Provided (HH in mn)	18.6	-23%	11%	-31%

Sentiment

GROWTH →

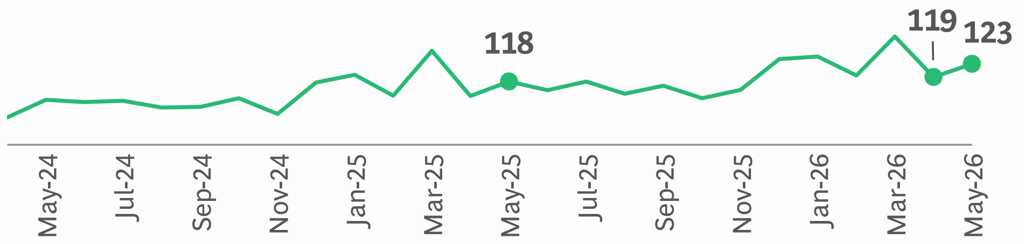
	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Manufacturing PMI (Index)	54.2	-7%	-2%	-
Services PMI (Index)	57.4	-5%	-4%	-
Current Situation Index (Urban)	90.7	-5%	-	-
Future Expectations Index (Urban)	118.7	-4%	-	-

* Data available only up to May'26 as on 23rd Jul'26 – hence growth comparisons are for May and not June. May'26 data has been compared against May'25 & Apr'26 data for the YoY & MoM growth comparisons.
** Data available only up to Apr'26 as on 23rd Jul'26
# 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-Jun and Jan-May for the * marked indicators).

Industrial activity held firm in May'26; Steel consumption eased marginally, while power consumption inched up cyclically in Jun'26

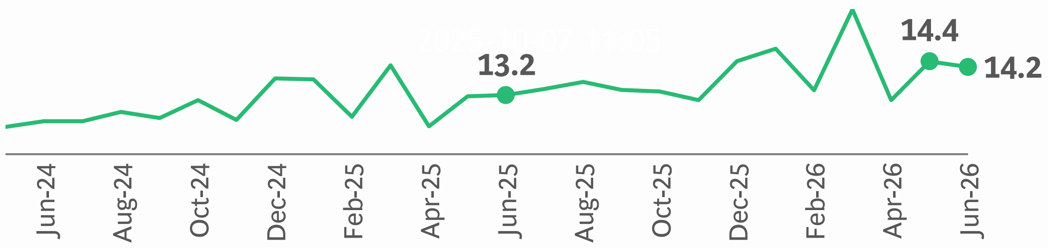
Index of Industrial Production (IIP)[1]

IIP inched up in May'26, led by strong manufacturing, mining, and electricity output



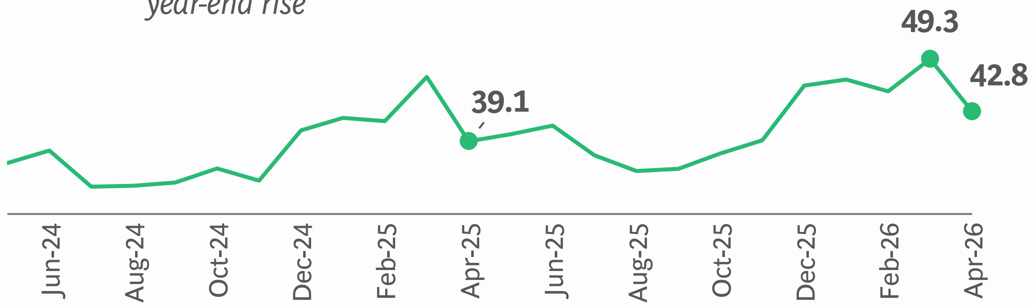
Steel Consumption (MMT)[2]

Steel consumption slowed marginally in Jun'26, as monsoon across parts of the country weighed on construction activity



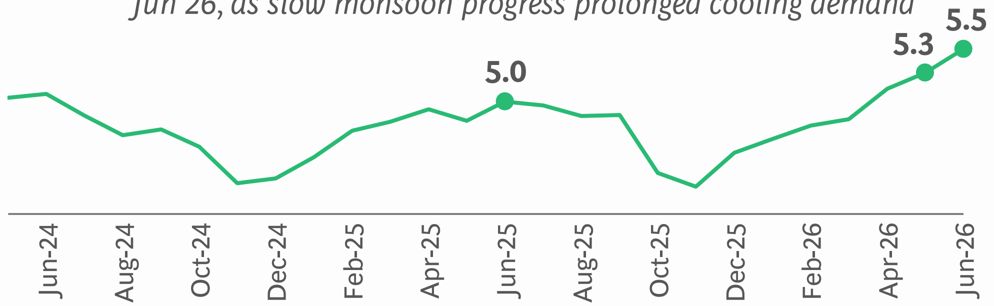
Cement Production (MT)

Cement production witnessed a cyclical downturn in Apr'26 after a fiscal year-end rise



Daily Average Power Consumption ('000 MUs)

Daily average power consumption further increased cyclically in Jun'26, as slow monsoon progress prolonged cooling demand



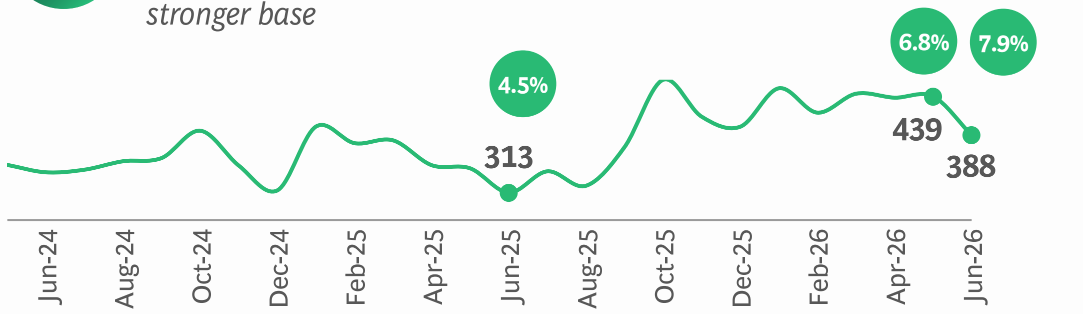
1. Index of Industrial Production (IIP) shows the monthly index levels in different industry groups (comprises of Mfg. (78% weightage), Mining (14%), Electricity (8%)
2. Steel consumption incl. long & flat steel, provisional figures for Jun'26

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 demand dipped cyclically in Jun'26 as passenger vehicle and two-wheeler sales eased, while tractor sales gained

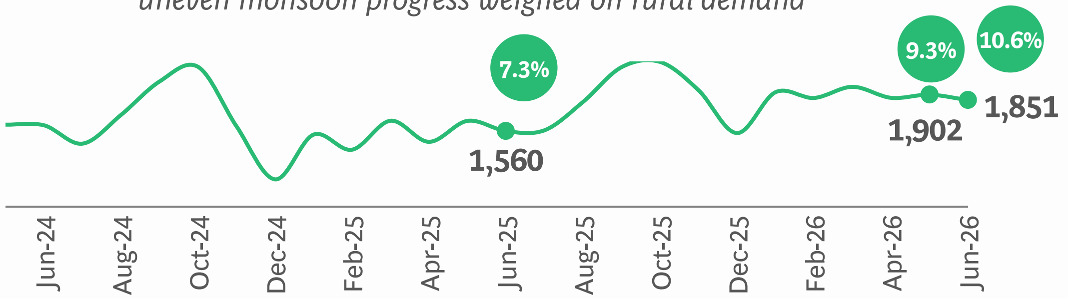
Passenger vehicles sales ('000 units)

Passenger vehicle sales declined seasonally in Jun'26 vs. May'26 due to a stronger base



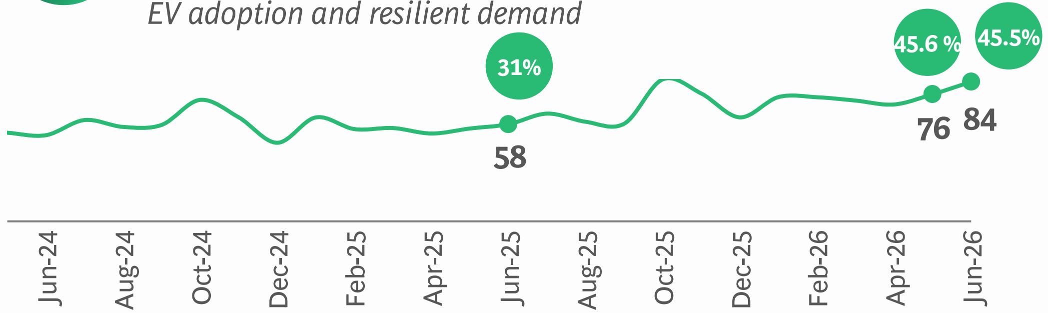
Two-wheeler sales ('000 units)

Two-wheeler sales witnessed a sequential decline in Jun'26 as slow and uneven monsoon progress weighed on rural demand



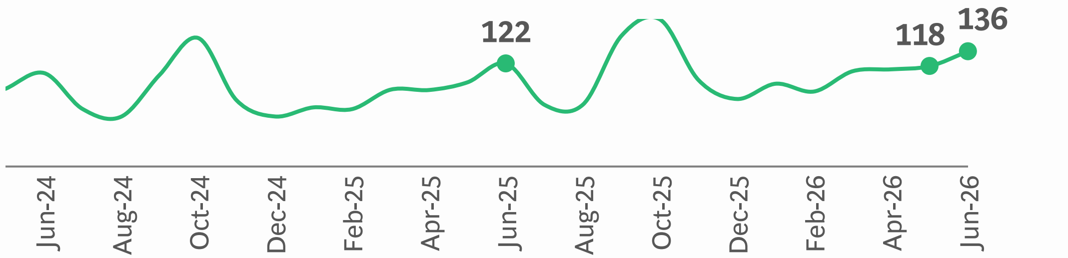
Three-wheeler Registrations[1] ('000 units)

Three-wheeler registrations climbed up in Jun'26, led by continued strong EV adoption and resilient demand



Tractor sales ('000 units)

Tractor sales improved in Jun'26, led by the onset of kharif sowing, and improved affordability following GST cuts



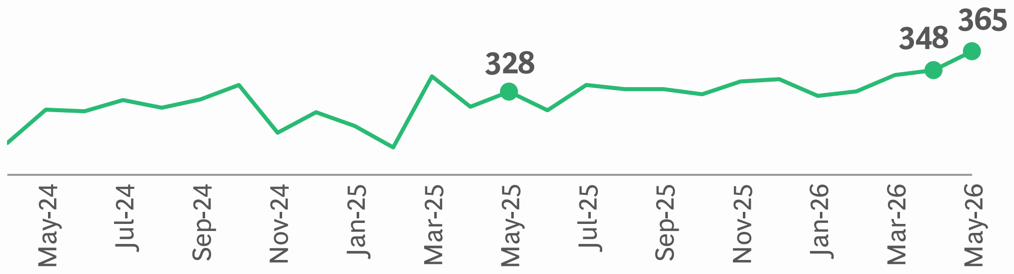
Figures represent wholesale numbers (including exports); *BMW, Mercedes and Volvo Auto data are not available
1. 3W registrations does not include e-rickshaws
2. EV Penetration is calculated basis Vahan (Registration Data). EV Registrations does not include e-rickshaws and commercial vehicles
Source: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

XX% = %EV Registrations[2]

Air freight traffic reached a record high in May'26; E-way bills inched up slightly, while JNPA container traffic softened in Jun'26

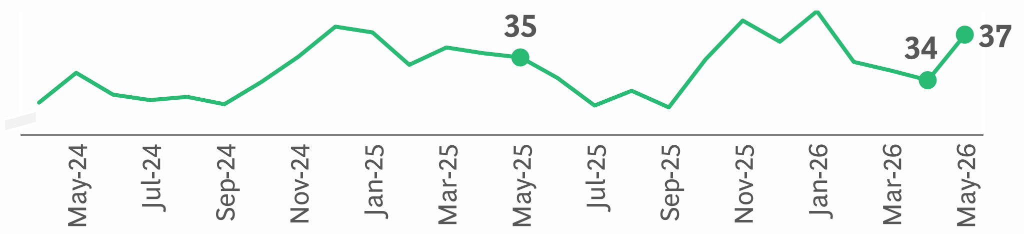
Air Freight Traffic (K tons)

Air freight traffic hit a record high in May'26, as sea freight disruptions pushed time-sensitive cargo toward air



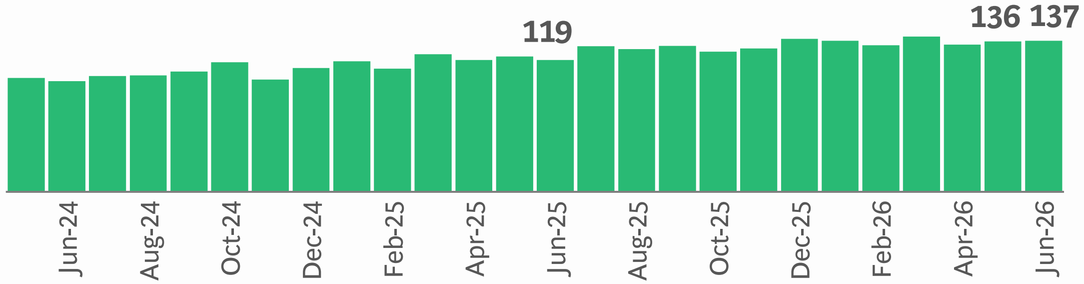
Air Passenger Bookings (Mn)

Air passenger traffic rebounded in May'26, amid easing West Asia tensions and summer holiday travel demand



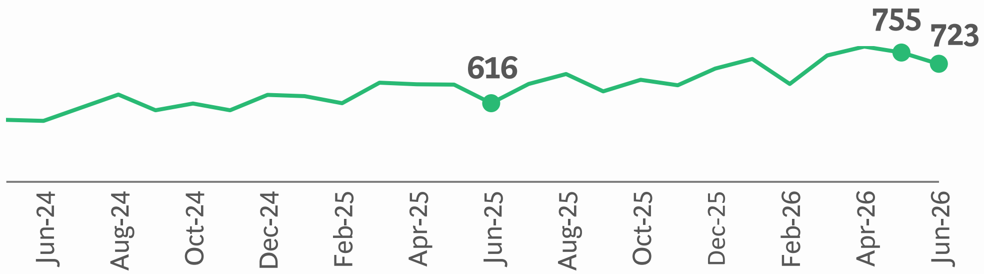
E-way Bills (Mn)[1]

E-way bill generation marginally rose in Jun'26, amid sustained domestic trade momentum



JNPA Container Traffic ('000 TEUs)[2]

JNPA traffic declined in Jun'26, amid slower throughput across key terminals, including APMT and NSICT



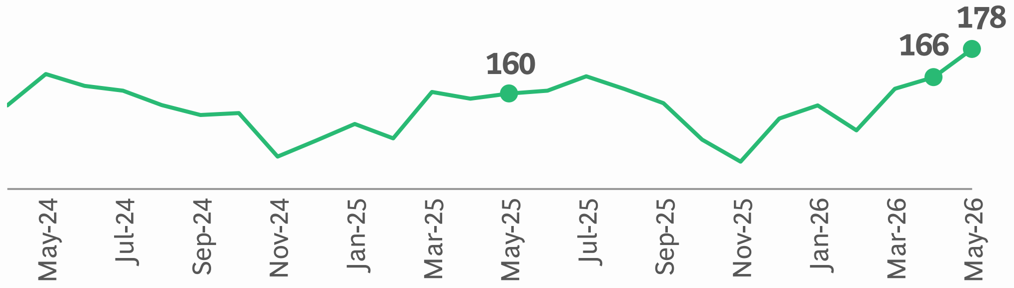
1. E-Way bills are required to be generated at the time of transport of goods by every registered person if the value of the consignment exceeds INR 50,000.; 2.TEU refers to Twenty-foot equivalent unit (Shipping containers 20 feet long, 8 feet tall)

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

Renewable energy generation reached multi-month highs in May'26, while diesel and petrol consumption moderated in Jun'26

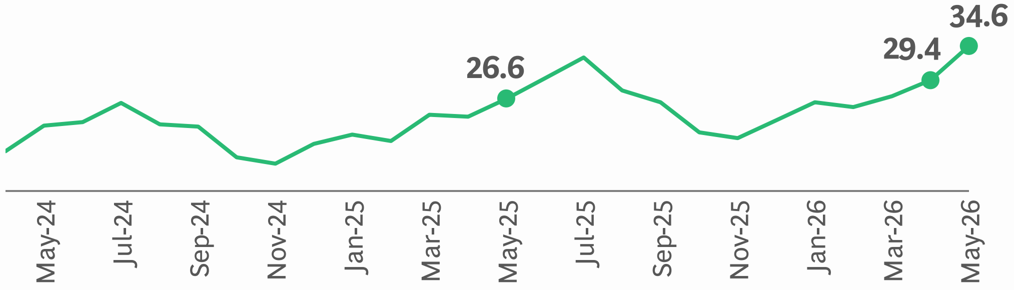
Total Electricity Generation (Billion KWh)

Electricity generation surged in May'26, driven by strong growth in renewable and hydro output



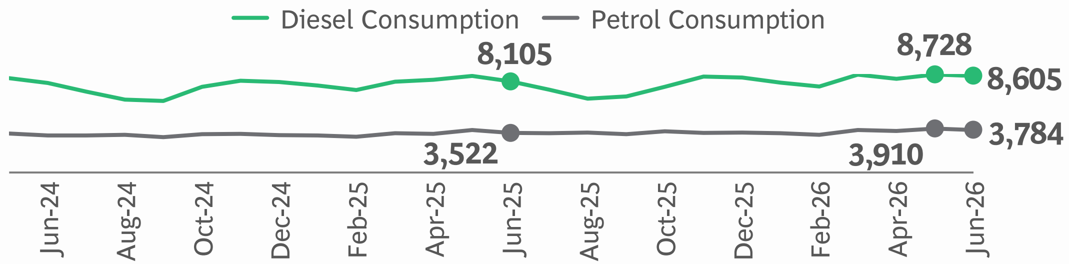
Renewable Energy Generation (Billion KWh)

Renewable energy generation surged in May'26, driven primarily by a sharp rise in wind power



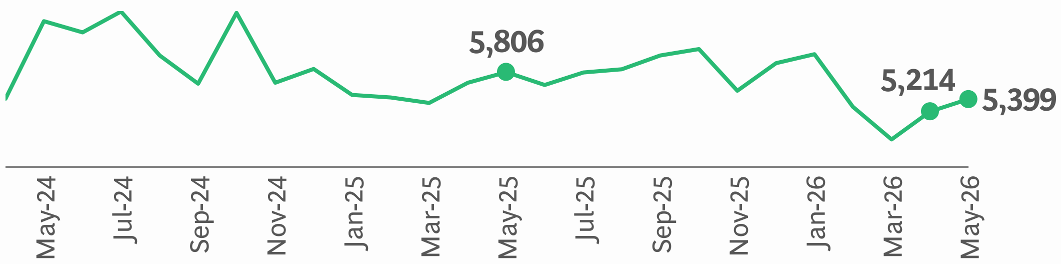
Diesel and Petrol Consumption (TMT)

Diesel and petrol consumption inched down in Jun'26 as the onset of monsoon across parts of country curbed construction, and logistics activity



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

Natural gas consumption inched up cyclically in May'26, driven mainly by a rise in LNG imports

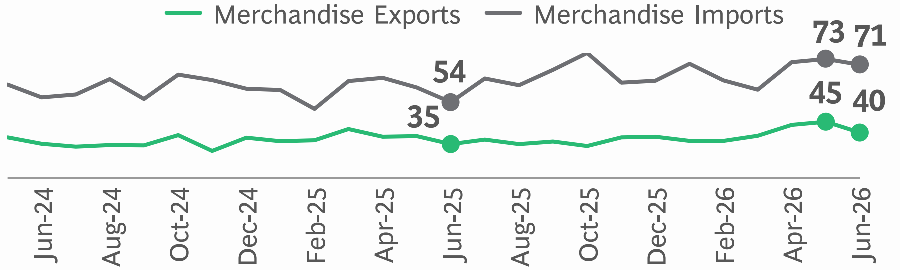


1. Natural Gas Consumption= Net Production +LNG Imports
2. MMSCM: Million Standard Cubic Meter
Source: Petroleum Planning and Analysis Cell, CEA, Power System Operation Corporation, CMIE, BCG analysis

Merchandise trade deficit widened to a 5-month high in Jun'26, while forex reserves dipped; FDI declined sharply in May'26

Merchandise Trade ($ Bn)

Trade deficit further widened to a 5-month high in Jun'26, as petroleum product exports declined more sharply than its imports

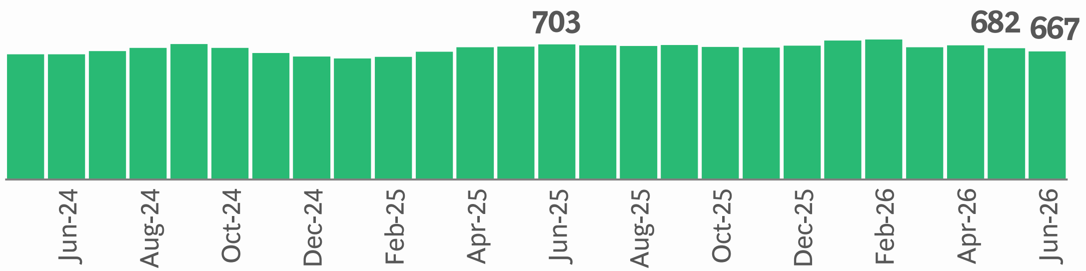


30.4

Deficit in Jun'26

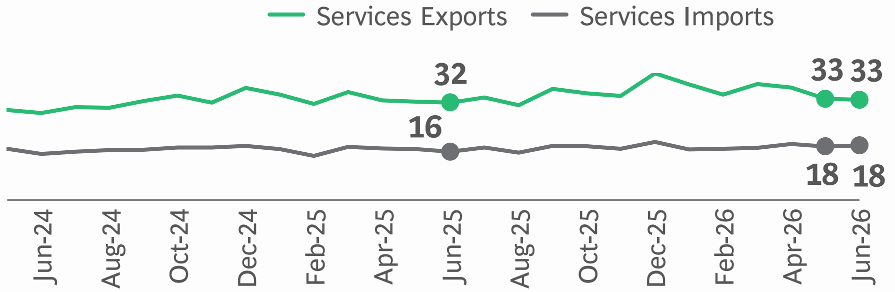
Forex Reserves ($ Bn)

Forex reserves further fell in Jun'26, driven by a significant decline in gold and foreign currency assets



Services Trade ($ Bn)

Services trade surplus narrowed in Jun'26, as imports rose and exports declined

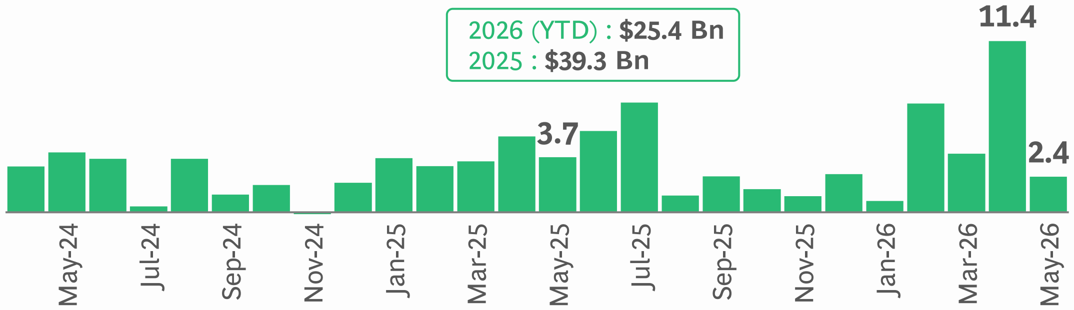


15.1

Surplus in Jun'26

FDI ($ Bn)[1]

FDI inflows declined sharply to a 4-month low in May'26, as equity inflows normalized after an unusually high April

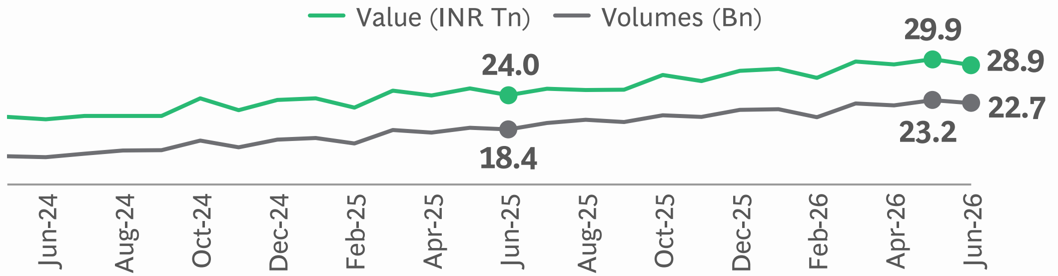


Note: Jun'26 Merchandise Import and Export numbers & Service Import and Export numbers are provisional as provided by the Ministry of Commerce and Industry
Note: Past period data may vary from the previous versions of the Economic Monitor owing to restating of previous years' data by the CMIE/reporting 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 transactions eased marginally, while mutual fund AUM and insurance premiums rose in Jun'26

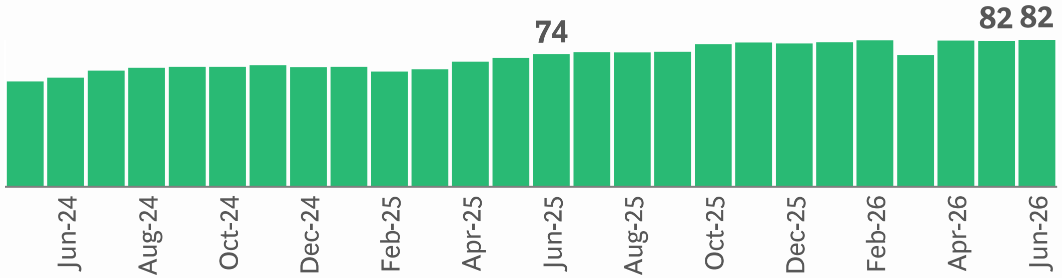
UPI Transactions

UPI transactions moderated slightly in Jun'26, easing from May's record high due to fewer calendar days



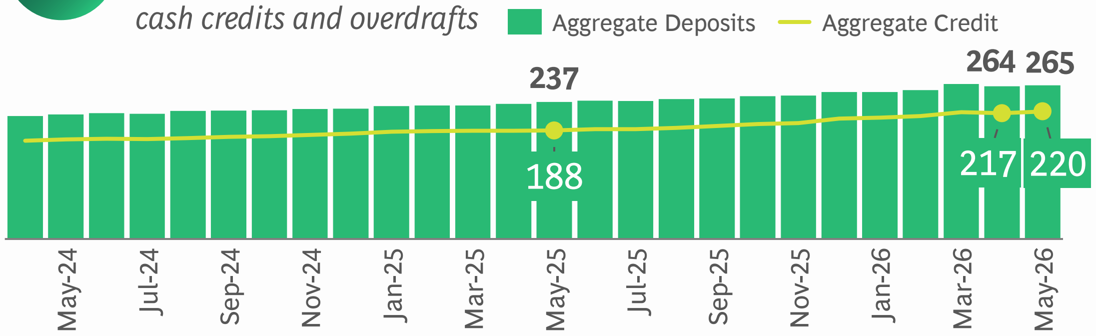
Mutual Funds AUM (INR Tn)[1]

Mutual funds AUM inched up marginally to a record high in Jun'26, with SIP inflows reaching an all-time high



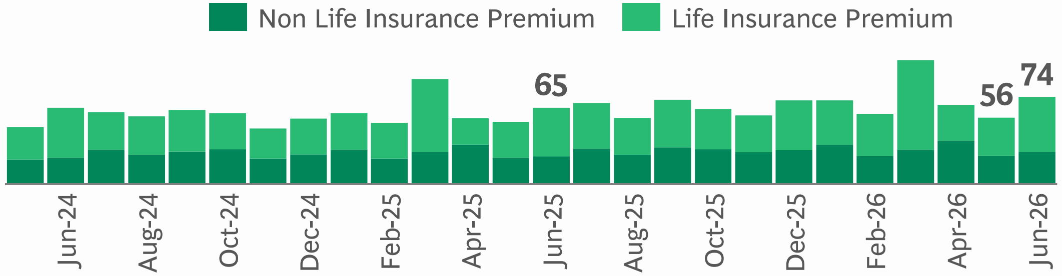
Aggregate deposits & credit (INR Tn)

Aggregate credit inched up in May'26 driven primarily by increase in loans, cash credits and overdrafts



Insurance Premium (INR '000 Cr)[2]

Insurance premiums rebounded in Jun'26, supported by an increase in premiums in the health insurance category



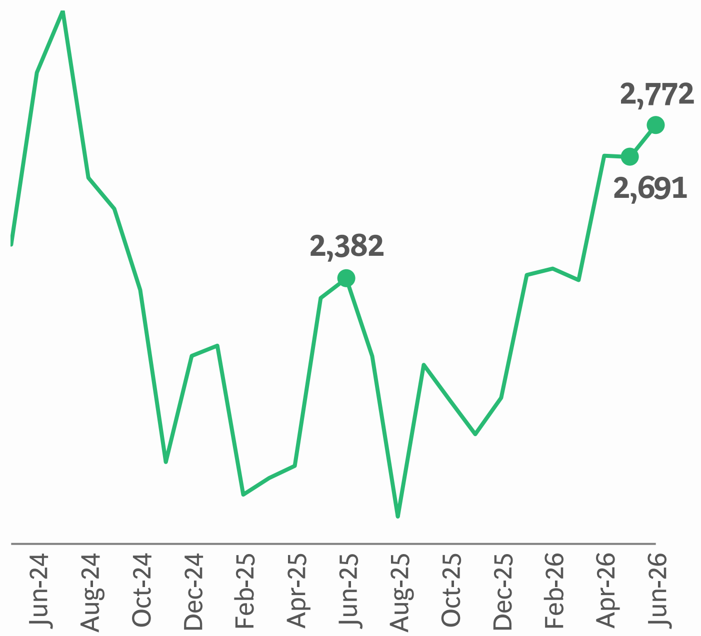
1.Mutual funds Assets Under Management (AUM) represented as recorded at end of every month shown. Mutual Funds AUM include investments from individuals (50.5%) & institutions (49.5%); institutions include domestic and foreign institutions and banks; Provisional figures used for life & non-life insurance as on 23rd Jun'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 & BSE transactions inched up in Jun'26 on more trading days, while VIX declined further amid easing geopolitical tensions

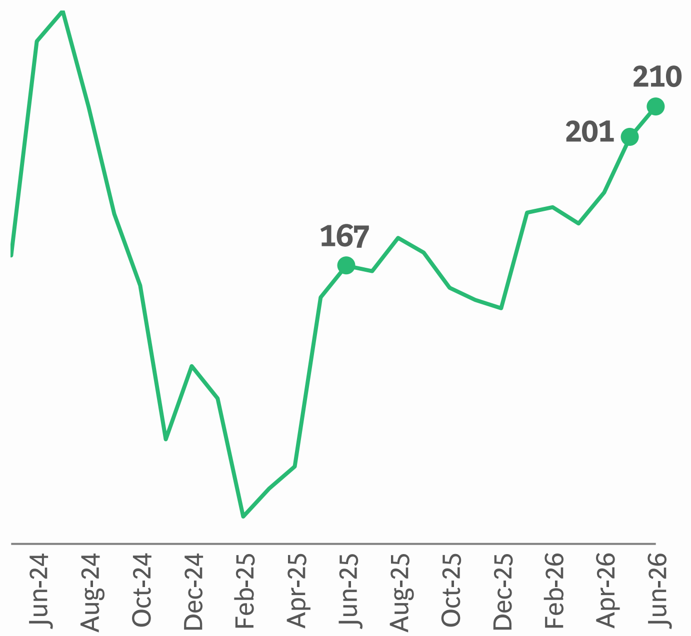
NSE transactions (INR K Cr)

NSE turnover rose in Jun'26 vs. May'26, aided by two extra trading days; average daily turnover, however, declined



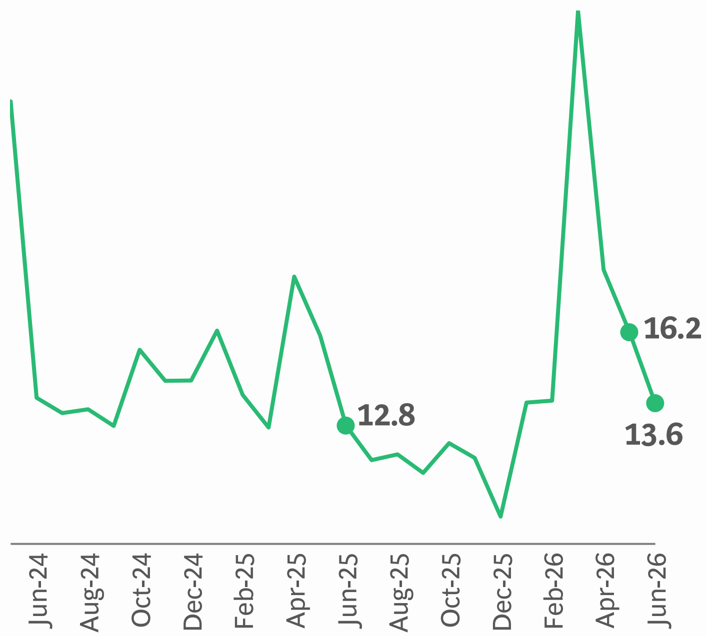
BSE transactions (INR K Cr)

BSE turnover also rose in Jun'26, similarly, aided by the higher trading-day count in the month



India VIX (Volatility Index)[1]

India VIX further declined in Jun'26, as market sentiment improved amid de-escalation of the US-Iran conflict



Source: NSE, BSE, CMIE, BCG analysis

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

India recorded a fiscal surplus in May'26; GST collections inched up while the Indian rupee marginally recovered in Jun'26

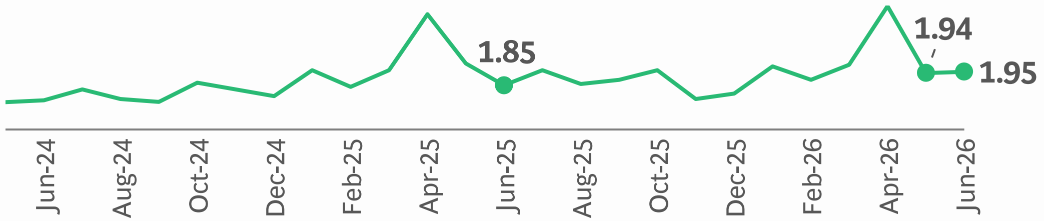
Govt. Receipts & Expenditures (INR Tn)

Govt revenue rose in May'26 on RBI's record surplus transfer, lifting non-tax revenue and driving a fiscal surplus

	Mar'26	Apr'26	May'26
Govt. Expenditure (INR Tn)	8.6	5.8	3.1
Govt. Receipts (INR Tn)	5.8	2.0	5.0
Fiscal Deficit (INR Tn)	2.7	3.6	2.0

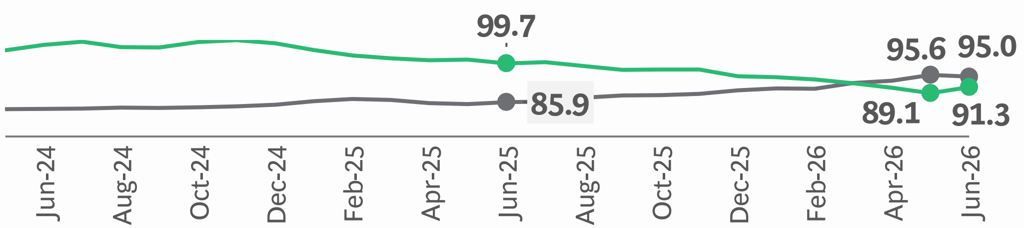
GST Collections[1] (INR Tn)

GST collections remained relatively flat in Jun'26, aided by strong IGST-linked revenues even as domestic growth moderated



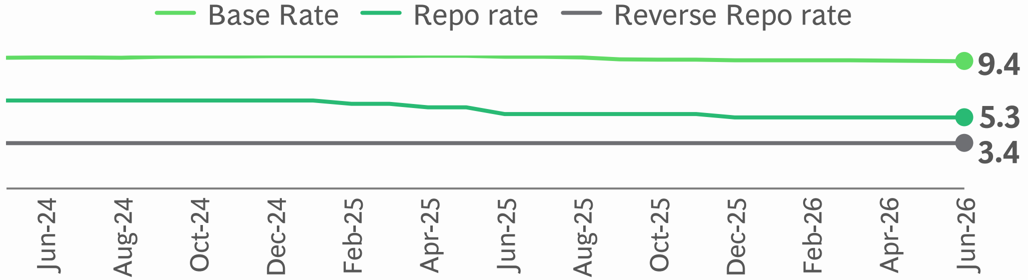
Exchange Rate (INR to USD)

INR marginally recovered against the US dollar in Jun'26, while real effective exchange rate inched up



RBI's policy rates (%)

RBI's repo rate remained unchanged in Jun'26



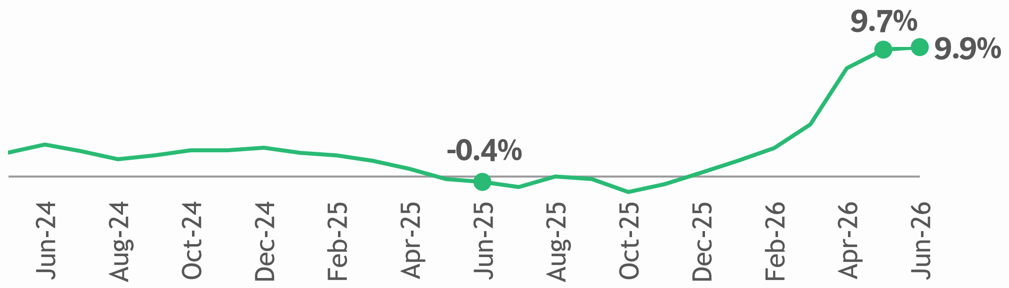
1. GST Collections include all components: CGST, SGST, IGST, Cess
2. RBI Reference Exchange Rate of Indian Rupee against US Dollar presented as a monthly average
3. Real Effective Exchange Rate Based On Consumer Price Index: Base year 2015-16, Trade weights, 40 currency

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

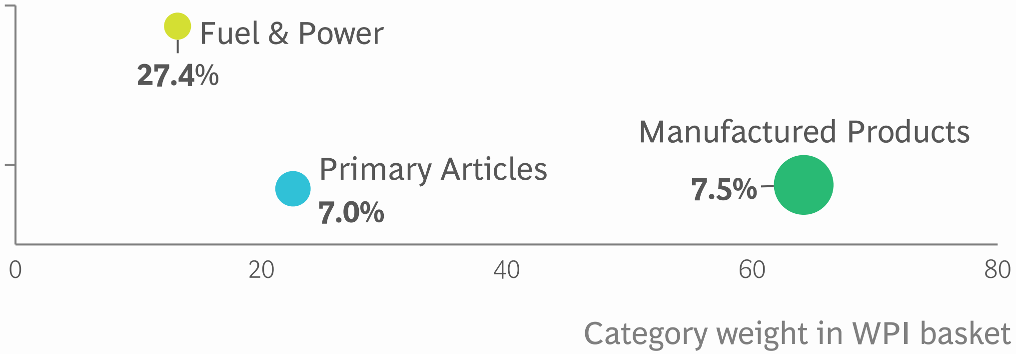
WPI inflation inched up to a record high of 9.9% and CPI inflation breached the RBI target to record 4.4% in Jun'26

Wholesale Price Index (WPI)[1]

WPI inflation continued to inch up to a record high in Jun'26 (in the new series), led by a surge in the prices of primary articles

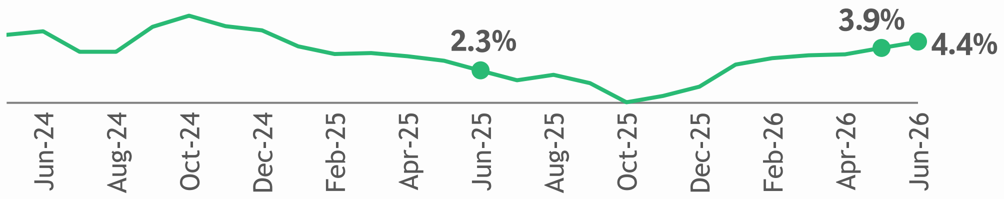


WPI inflation rate for Jun'26

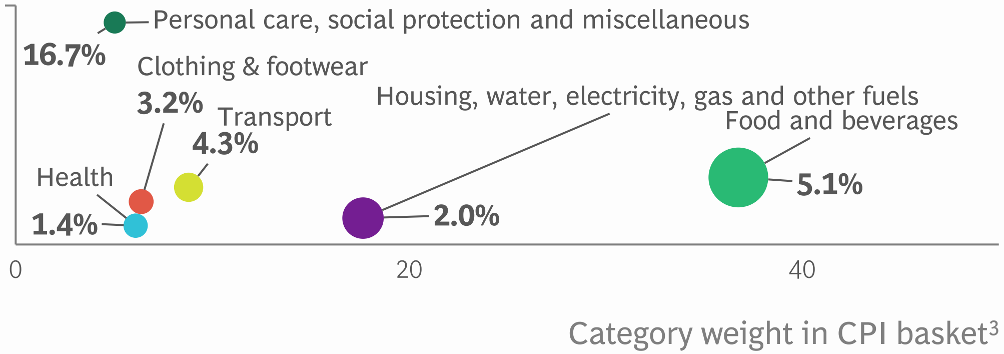


Consumer Price Index (CPI)[2]

CPI inflation breached the RBI target to an 18-month high in Jun'26, driven mainly by a hike in food and beverage prices



CPI inflation rate for Jun'26



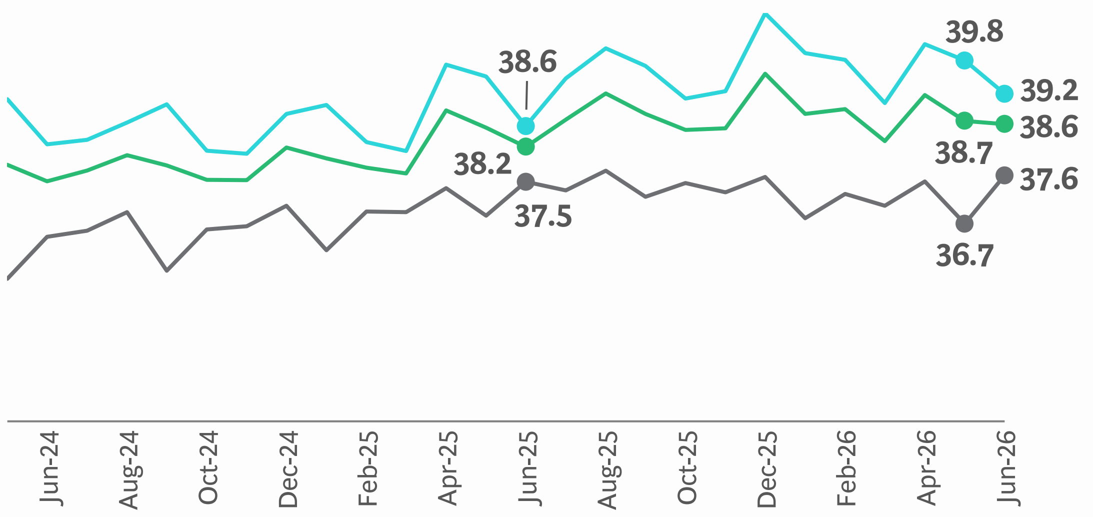
1. WPI measures and tracks the changes in the price of goods in the stages before the retail level – that is, goods that are sold in bulk and traded between entities or businesses instead of consumers. It is calculated as YoY increase in prices of the commodities; Primary articles incl. food, non-food,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

Rural employment declined while urban employment rebounded in Jun'26; MGNREGA employment reached a 12-month high

CMIE Employment rate (%)[1]

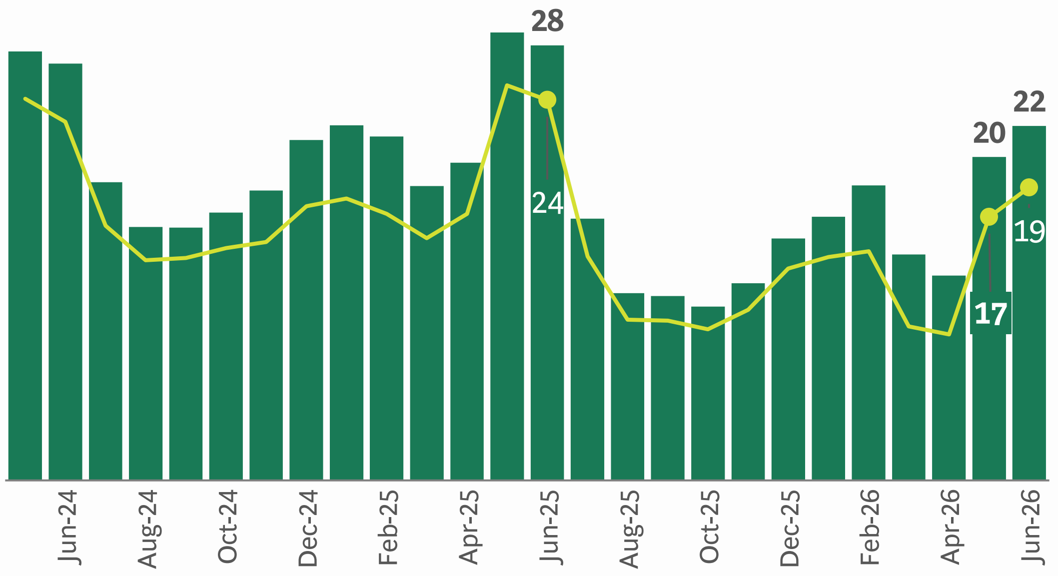
Rural employment declined amid delayed monsoons, while urban employment rebounded to a 10-month high in Jun'26

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

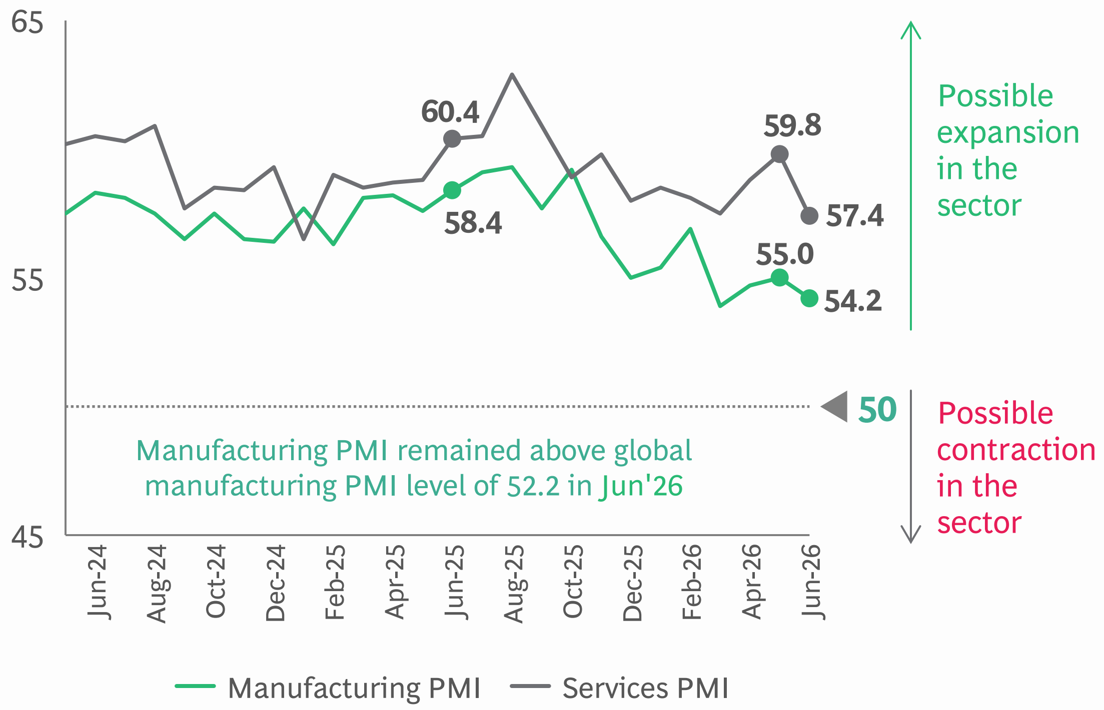


1.CMIE's national employment survey contains 40,000 households and these include an average of 1,80,000 members across all age groups.
2.MGNREGA refers to Mahatma Gandhi National Rural Employment Guarantee Act.
Source: CMIE Employment survey, Ministry of Labour & Employment, Ministry of Rural Development,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

Services PMI eased to a 17-month low and manufacturing PMI slipped in Jun'26, as consumer confidence also declined

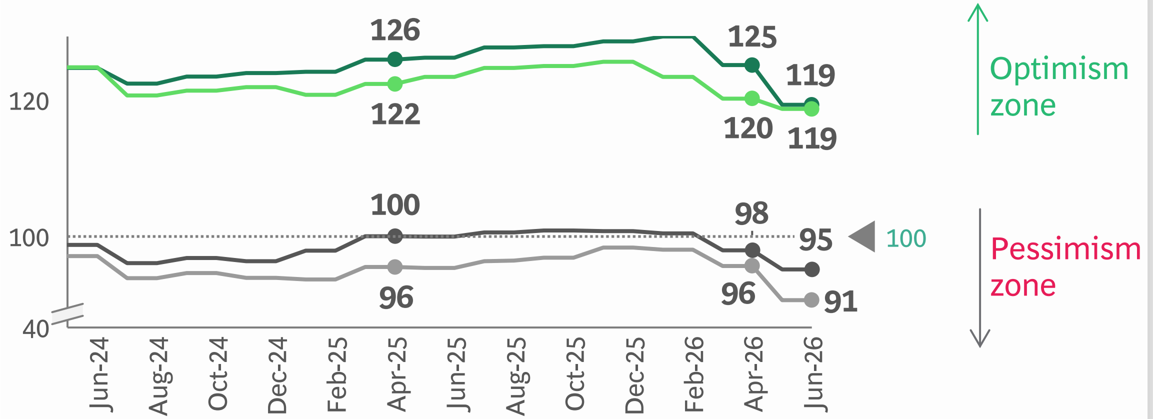
Manufacturing and services PMI[1]

Manufacturing PMI declined in Jun'26 as output, new orders, and export growth slowed; Services PMI eased to a 17-month low as domestic demand and new business growth weakened



Consumer Confidence Survey (RBI)[2]

CSI and FEI both plummeted in May-Jun'26, as households reported weaker sentiments across income, employment, prices, and spending



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

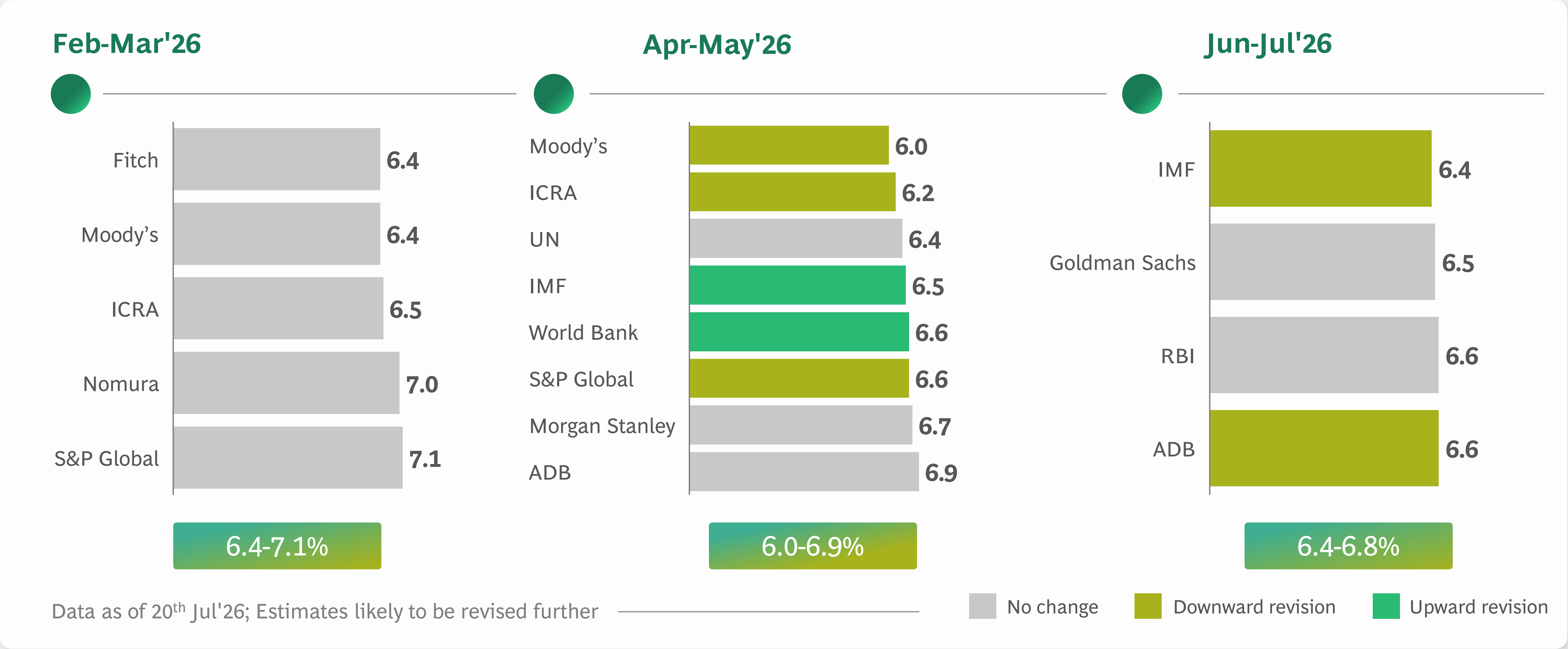
FEI: FEI reflects consumer expectations one year ahead and is calculated based on average net responses on future perceptions on various factors such as economic conditions, income, spending, price level, as per RBI Consumer Confidence Survey

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: 8,813 and 6,086 responses for rural & semi-urban, and urban (across 19 major cities) respectively surveyed during May 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 June 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%; IMF and ADB revised their forecasts downwards in Jun-Jul'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