India Economic Monitor

February | 2026

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Executive summary

High-frequency indicators exhibited varying trends in Dec’25-Jan’26 amid year-end normalization and global headwinds. IIP surged in Dec’25, driven by strong growth in electricity and construction goods, with cement production rising sharply to a 9-month high. Average power consumption increased in Jan’26, driven by higher heating appliance usage, while steel consumption inched down driven by a decline in the non-alloy steel category. The auto sector witnessed a positive start to the year in Jan'26 across categories amid strong consumer demand. Air freight volumes and e-way bill generation edged down slightly in Jan'26, while air passenger traffic and JNPA volumes inched up.

Merchandise trade dynamics weakened in Jan’26, with the deficit widening sharply to $34.7 Bn as gold and silver imports surged and exports declined. In contrast, services trade surplus strengthened to $24.3 Bn, supported by faster growth in exports than imports. Forex reserves also increased markedly in Jan’26, led by gains in gold holdings, foreign currency assets, and SDRs. Meanwhile, FDI remained stable in Dec’25 as equity inflows improved, although repatriation also rose.

BFSI indicators were broadly positive in Dec’25-Jan’26. Aggregate credit strengthened driven by higher loans, cash credit and overdrafts, while deposits rose mainly on an uptick in demand deposits. UPI transaction volumes and values hit a new record in Jan’26 as digital adoption continued to expand. Mutual fund AUM also marked a record high in Jan’26, led by hybrid and other schemes. Insurance premiums were steady overall: non-life premiums edged up, while life insurance moderated. Market activity picked up post year-end, with NSE and BSE transactions rebounding in Jan’26 on improved liquidity and stronger retail participation. Meanwhile, India VIX rose to an 8-month high as global cues, earnings reactions and rupee weakness lifted near-term volatility expectations.

On the macro side, GST collections strengthened in Jan’26 on resilient domestic activity, while the fiscal position improved to a ₹1.2 Tn surplus in Dec’25, driven by a cyclically stronger tax and non-debt receipts. Inflation firmed in Jan’26, with WPI rising to a 10-month high of 1.8%, while CPI stood at 2.8% under the revised base year series. The nominal exchange rate weakened to 90.8 per USD in Jan’26 amid portfolio outflows and a stronger USD, even as the real effective exchange rate improved. MGNREGA work demand rose cyclically to a 7-month high in Jan’26, while the employment rate edged down seasonally in both rural and urban segments. Economic activity gained momentum, supported by a rebound in both manufacturing and services PMIs. Consumer sentiment diverged, as urban future expectations moderated while rural expectations remained stable. Analysts continue to project FY26 GDP growth of 6.5–7.5%.

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

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High-frequency indicators remained resilient in Dec'25-Jan'26, supported by stronger domestic demand, despite global headwinds (1/2)

Industry

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
IIP (Index) *	170	8%	7%	-
Daily Avg Power Consumption ('000 MUs)	4.6	4%	3%	4%
Petroleum Consumption (MMT)	21.1	3%	-3%	3%
Steel Consumption (MMT)	14.2	3%	-2%	3%
Cement Production (MT) *	45.9	20%	17%	10%

Logistics

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
E-way Bills (Mn)	136.8	16%	-1%	16%
JNPA Traffic ('000 TEUs)	737.7	16%	4%	16%
Air Passenger Traffic (Mn)	38.9	4%	6%	4%
Air Freight (K Tons)	324.7	9%	-4%	9%

Trade & Investment

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Merchandise Exports ($ Bn)	36.6	0%	-5%	0%
Merchandise Imports ($ Bn)	71.2	20%	12%	20%
Services Exports ($ Bn)	43.9	14%	24%	14%
Services Imports ($ Bn)	19.6	8%	13%	8%

Auto

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
PV Sales ('000 Units)	449.6	13%	13%	13%
2W Sales ('000 Units)	1925.6	26%	25%	26%
3W Registrations ('000 Units) (does not include e-rickshaws)	74.7	20%	19%	20%
EV Registrations ('000 Units) (does not include e-rickshaws and commercial vehicles)	165.6	32%	21%	32%

* Data available only up to Dec'25 as on 20th Feb'26 – hence growth comparisons are for December and not January. Dec'25 data has been compared with Dec'24 & Nov'25 data for the YoY & MoM growth comparisons.
# YTD compares cumulative performance in CY26 (up to latest month) vs the corresponding period in CY25. For indicators available only through Dec, YTD compares Jan–Dec vs Jan–Dec.

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High-frequency indicators remained resilient in Dec'25-Jan'26, supported by stronger domestic demand, despite global headwinds (2/2)

Banking, Financial Services & Insurance

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
UPI Value (INR Tn)	28.3	21%	6%	21%
Aggregate Deposits (INR Tn) *	253.7	13%	3%	-
Aggregate Credit (INR Tn) *	208.1	14%	4%	-
NSE & BSE Txns. (INR K Cr)	2,572.3	10%	15%	10%
Insurance Premium (INR K Cr)	70.8	18%	0%	18%

Macroeconomic

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
GST Collections (INR Tn)	1.99	2%	11%	2%
WPI (%)	-	1.81%	-	-
CPI (%)	-	2.75%	-	-
Jan Dhan Deposits (INR Tn)	2.9	18%	2%	18%
MGNREGA Emp. Provided (HH)	13.8	-30%	3%	-30%

Sentiment

GROWTH →

	Latest month	Vs. Last year	Vs. Last month	YTD Growth#
Manufacturing PMI (Index)	55.4	-4%	1%	-
Services PMI (Index)	58.5	4%	1%	-
Current Situation Index (Urban)	98.1	5%	0%	-
Future Expectations Index (Urban)	123.4	2%	-2%	-

* Data available only up to Dec'25 as on 20th Feb'26 – hence growth comparisons are for December and not January. Dec'25 data has been compared with Dec'24 & Nov'25 data for the YoY & MoM growth comparisons.
# YTD compares cumulative performance in CY26 (up to latest month) vs the corresponding period in CY25. For indicators available only through Dec, YTD compares Jan–Dec vs Jan–Dec.

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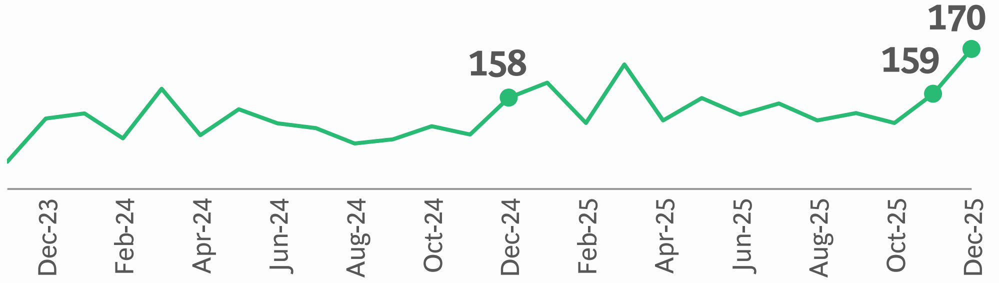
Industrial activity saw an uptick in Dec'25-Jan'26, backed by higher IIP and cement production, while steel consumption softened in Jan'26

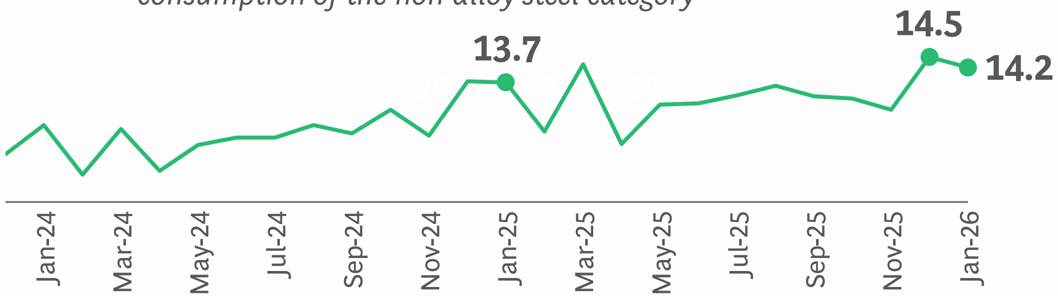
Index of Industrial Production (IIP)[1]

IIP surged in Dec'25, driven by growth across all sectors, particularly electricity and construction goods



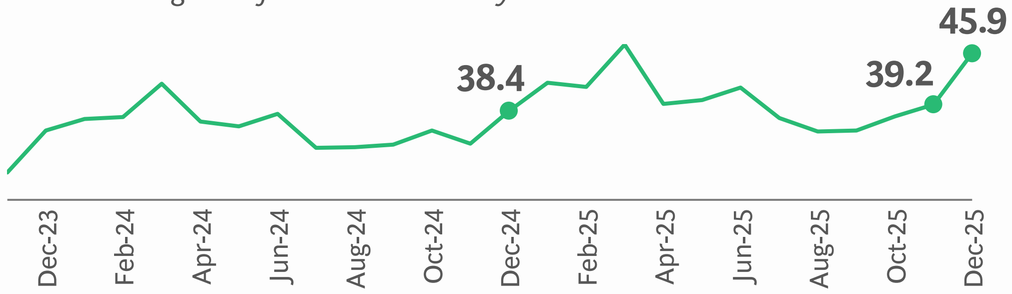
Steel Consumption (MMT)[2]

Steel consumption inched down in Jan'26, due to a decline in the consumption of the non-alloy steel category



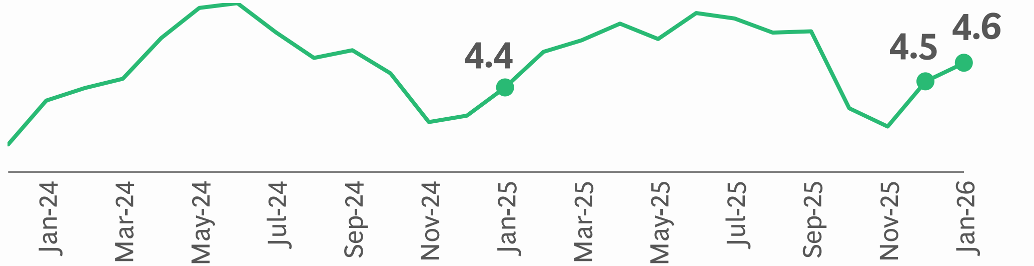
Cement Production (MT)

Cement production sharply increased to a 9-month high in Dec'25 amid higher infrastructure activity



Daily Average Power Consumption ('000 MUs)

Daily power consumption increased in Jan'26, largely attributable to higher heating appliance usage amid seasonal winter conditions



1. The IIP is a composite index that tracks changes in industrial output across Manufacturing (77.63%), Mining (14.37%), and Electricity (7.99%), based on the 2011–12 series
2. Steel consumption incl. long & flat steel, provisional figures for Jan'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

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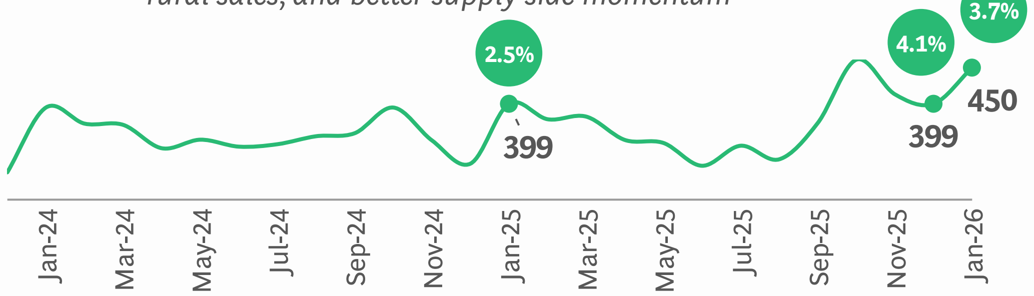
Auto sector started the year strong in Jan'26, with broad-based growth, driven by improving demand and positive sentiments

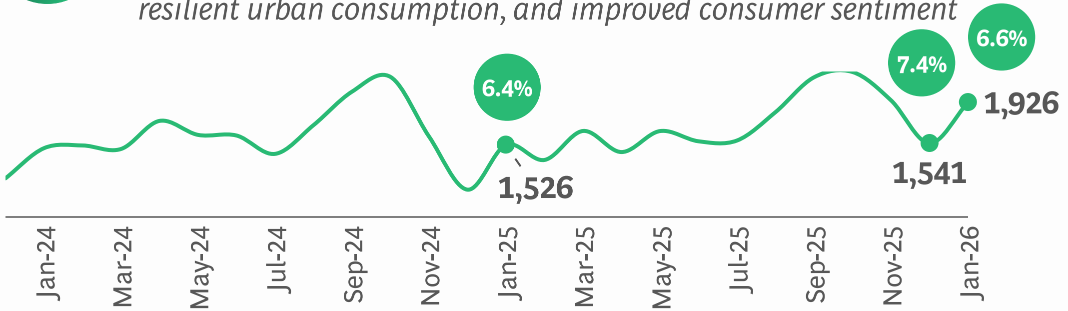
Passenger vehicle sales ('000 units)

PV sales increased sharply in Jan'26 amid strong SUV demand, improving rural sales, and better supply-side momentum



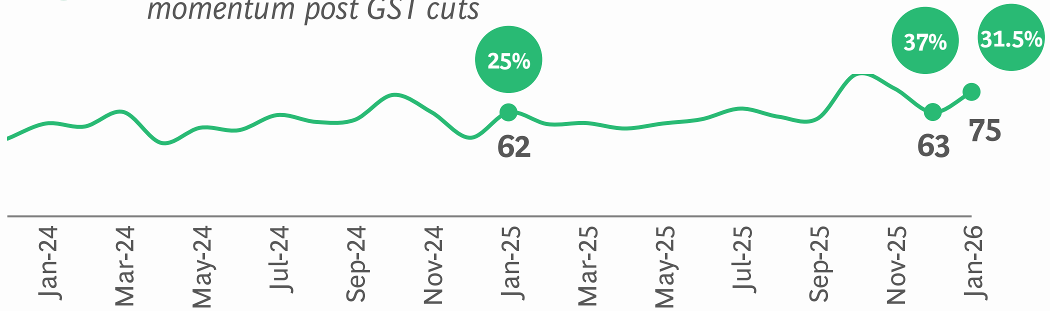
Two-wheeler sales ('000 units)

2W sales surged in Jan'26, driven primarily by strong scooter demand, resilient urban consumption, and improved consumer sentiment



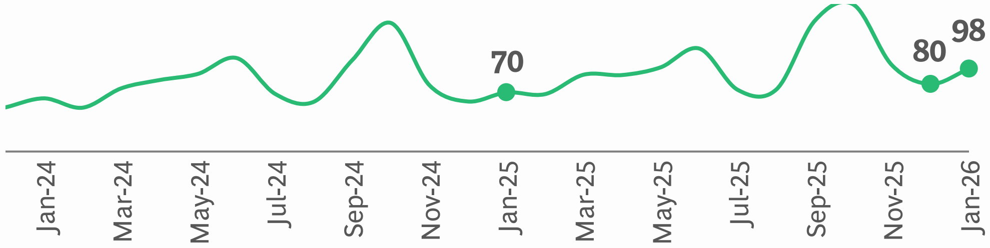
Three-wheeler Registrations[1] ('000 units)

3W registrations rose sharply in Jan'26, driven by the sector's sustained momentum post GST cuts



Tractor sales ('000 units)

Tractor sales observed a spike in Jan'26, supported by improved rural cash flows and sustained momentum



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

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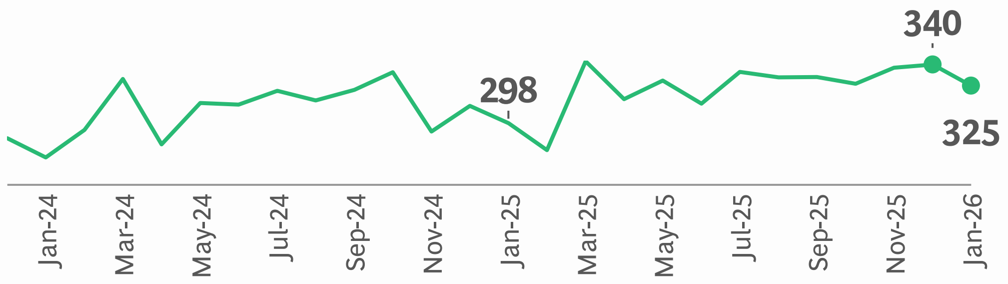
JNPA volumes and air passenger traffic improved, while e-way bill generation and air freight volumes witnessed a moderation in Jan'26

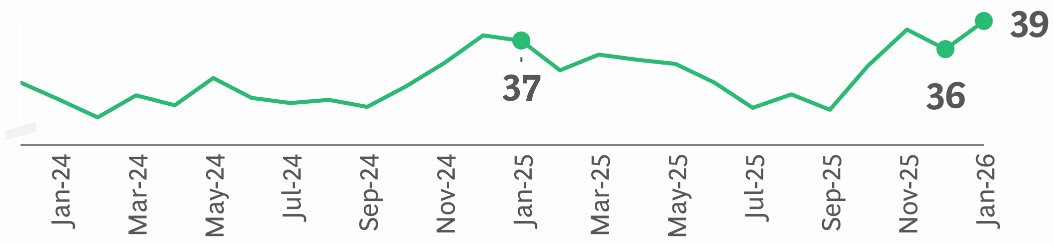
Air Freight Traffic (K tons)

Air freight traffic dipped in Jan'26 after reaching a record high in Dec'25



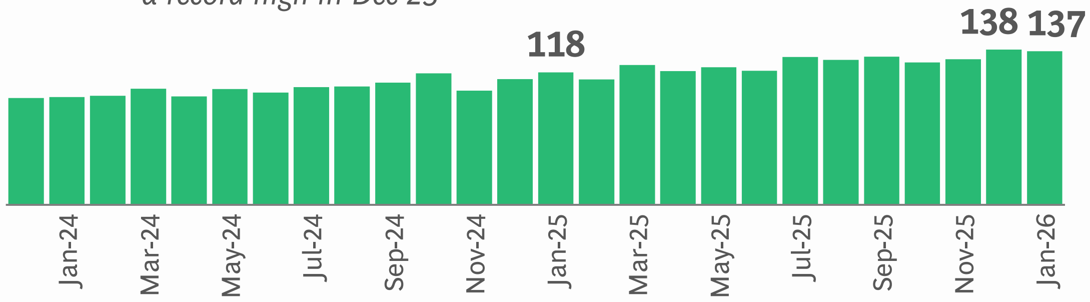
Air Passenger Traffic (Mn)

Air passenger traffic jumped in Jan'26, after dipping in Dec'25 due to a reduction in deployed aircraft capacity and fog-related disruptions



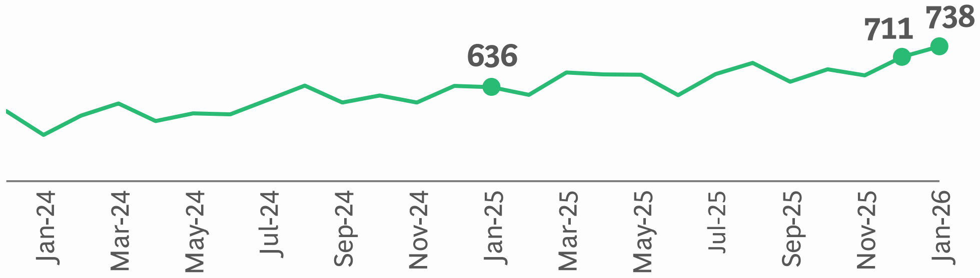
E-way Bills (Mn)[1]

E-way bill generation inched down marginally in Jan'26, after reaching a record high in Dec'25



JNPA Container Traffic ('000 TEUs)[2]

JNPA traffic surged in Jan'26, led by an increase in traffic at APM terminals and Nhava Sheva International Container Terminal (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

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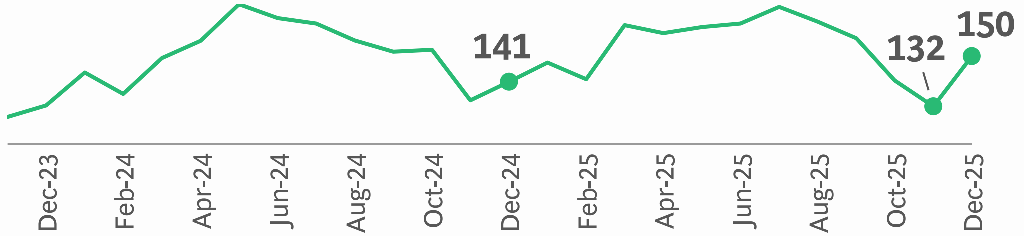
Diesel and petrol consumption declined in Jan’26, while electricity generation and natural gas consumption rebounded in Dec’25

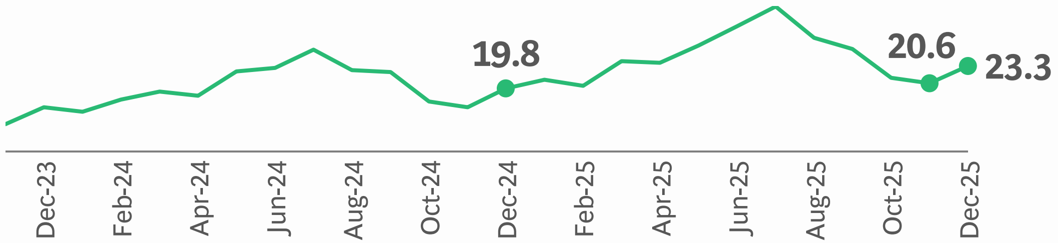
Total Electricity Generation (Billion KWh)

Electricity generation soared in Dec'25, driven majorly by conventional sources, especially thermal and nuclear sources



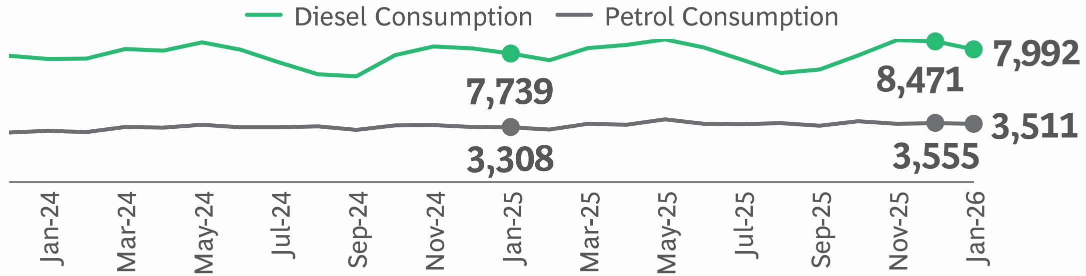
Renewable Energy Generation (Billion KWh)

Renewable energy generation increased in Dec'25, led by solar, wind and bagasse-based power



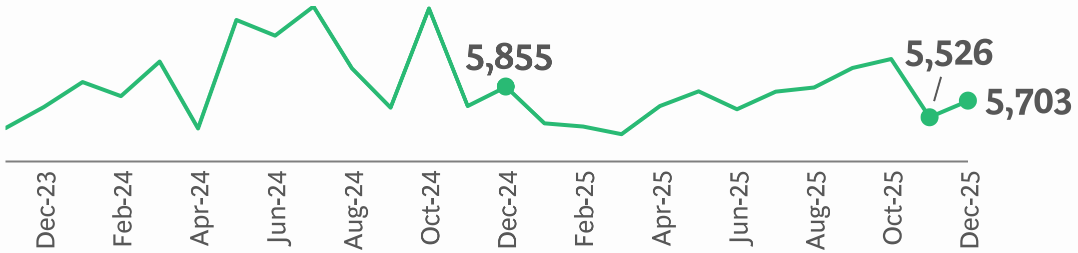
Diesel and Petrol Consumption (MMT)

Diesel and Petrol consumption inched down marginally in Jan'26 vs. Dec'25 levels



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

Natural gas consumption recovered in Dec'25, amid a rise in demand from the fertilizers sector and across city gas distribution networks



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

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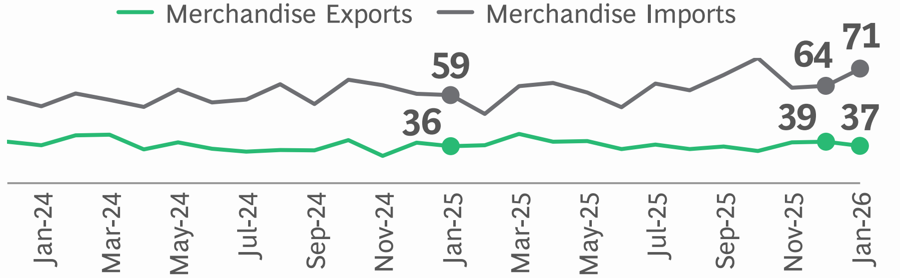
Merchandise trade deficit widened in Jan'26 even as the services surplus strengthened; forex reserves rose, while FDI remained stable

Merchandise Trade ($ Bn)

Trade deficit expanded notably in Jan'26, driven by a surge in imports of gold and silver alongside a decline in exports, especially petroleum products

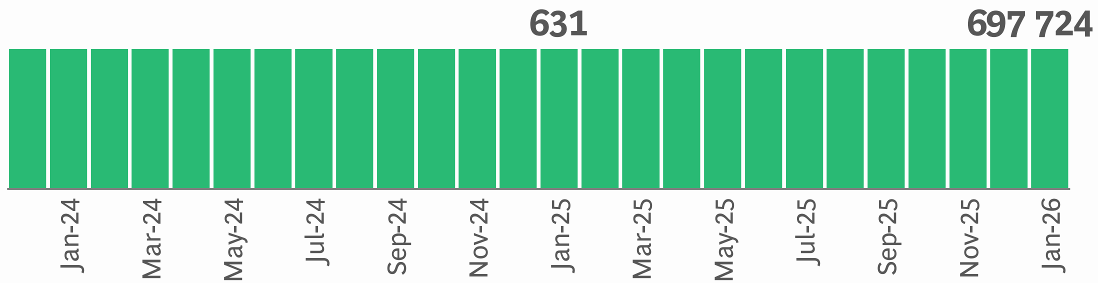


34.7

Deficit in Jan'26

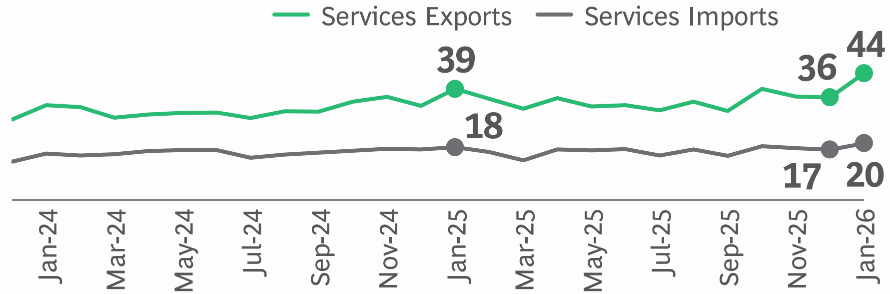
Forex Reserves ($ Bn)

Forex reserves rose sharply in Jan'26, due to a surge in gold, foreign currency assets and SDRs



Services Trade ($ Bn)

Services trade surged in Jan'26, driven by a higher increase in services exports than imports

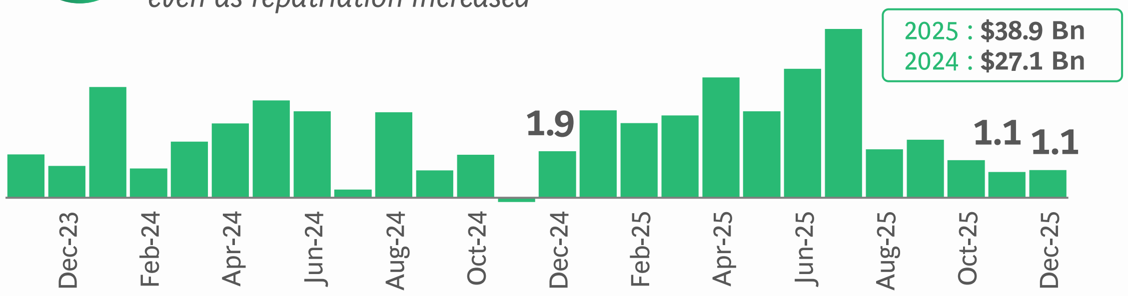


24.3

Surplus in Jan'26

FDI ($ Bn)[1]

FDI remained largely stable in Dec'25 vs. Nov'25 as equity inflows rose, even as repatriation increased



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

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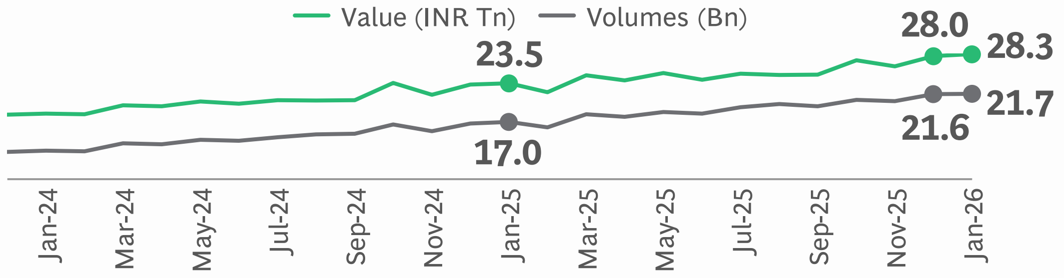
UPI transactions, mutual fund AUM hit record highs in Jan'26, while aggregate deposits and credit also reached record levels in Dec'25

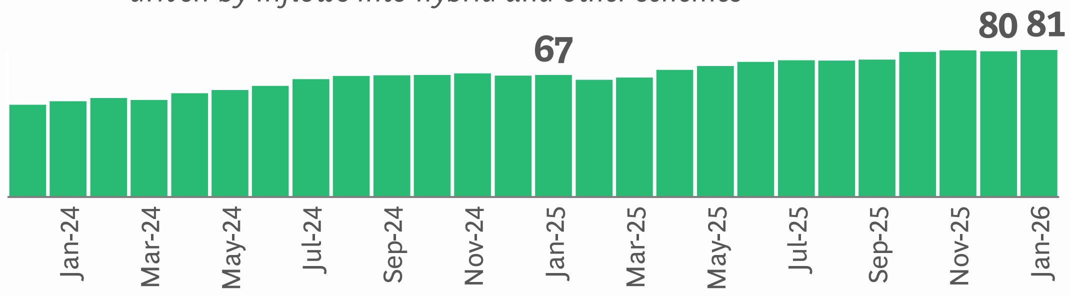
UPI Transactions

UPI transaction volume and value reached a new record high in Jan'26 amid increased adoption



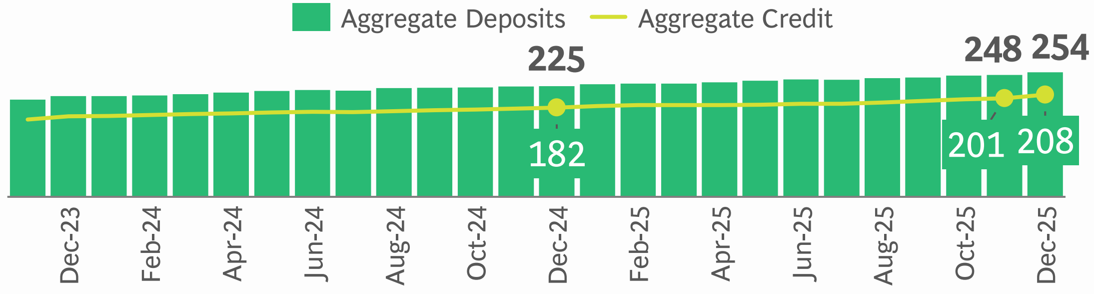
Mutual Funds AUM (INR Tn)[1]

Mutual funds AUM inched up marginally to a record high in Jan'26, driven by inflows into hybrid and other schemes



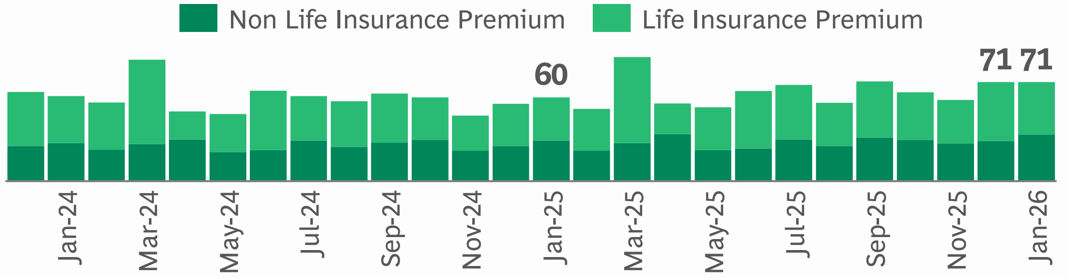
Aggregate deposits & credit (INR Tn)

Aggregate credit rose on stronger loans, cash-credits and overdrafts; deposits increased mainly from higher demand deposits



Insurance Premium (INR '000 Cr)[2]

Overall insurance premiums were broadly steady in Jan'26, as non-life growth offset moderation in life



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 Feb'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

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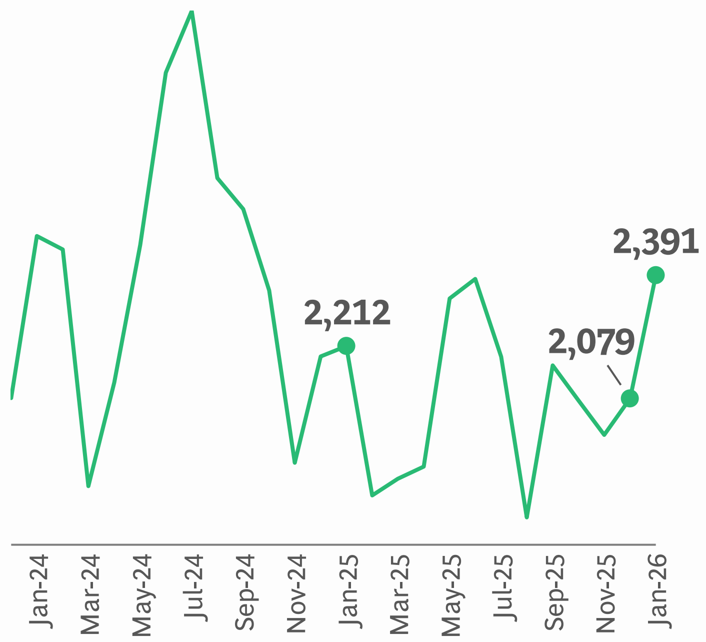
NSE & BSE transactions rebounded in Jan'26 post year-end, while VIX climbed to an 8-month high amid market uncertainty

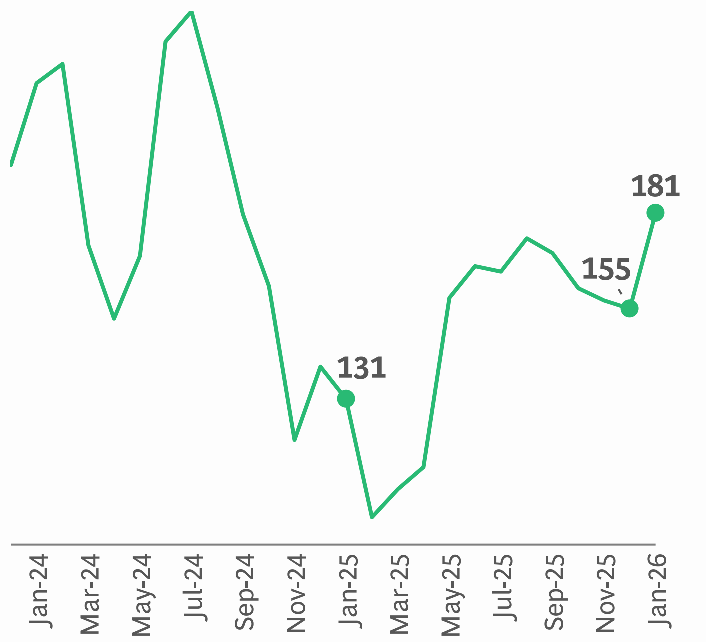
NSE transactions (INR K Cr)

NSE trading volumes increased as trading activity rebounded post-holiday, supported by improved liquidity and stronger retail participation



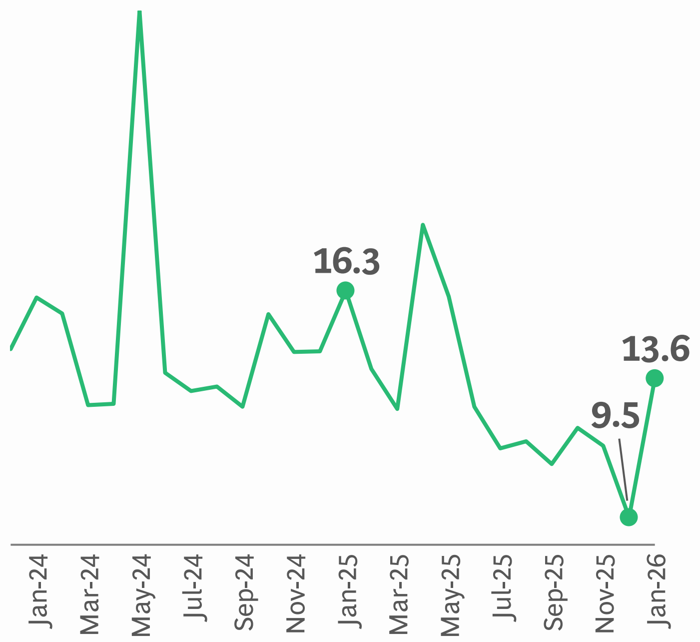
BSE transactions (INR K Cr)

BSE transactions also grew as market activity firmed in Jan'26 after subdued December volumes



India VIX (Volatility Index)[1]

India VIX closed Jan'26 at an 8-month high, as global cues and rupee weakness drove renewed volatility, signaling elevated near-term market uncertainty



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

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GST collections strengthened in Jan'26 on improved domestic activity; fiscal balance swung to surplus in Dec'25

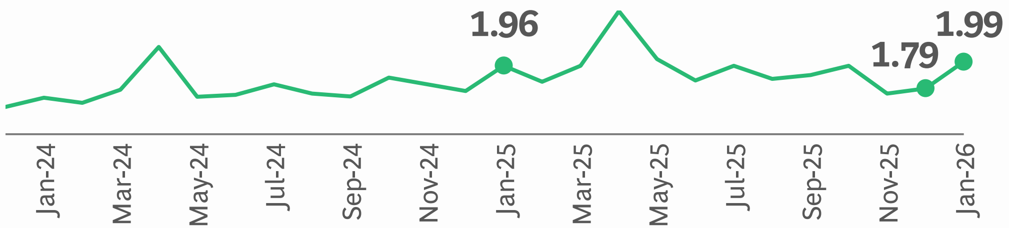
Govt. Receipts & Expenditures (INR Tn)

Dec'25 recorded a fiscal surplus, owing to a cyclical surge in tax revenue alongside non-debt capital receipts

	Oct'25	Nov'25	Dec'25
Govt. Expenditure (INR Tn)	3.2	3.0	4.6
Govt. Receipts (INR Tn)	0.7	1.5	5.8
Fiscal Balance (INR Tn)	2.5	1.5	-1.2

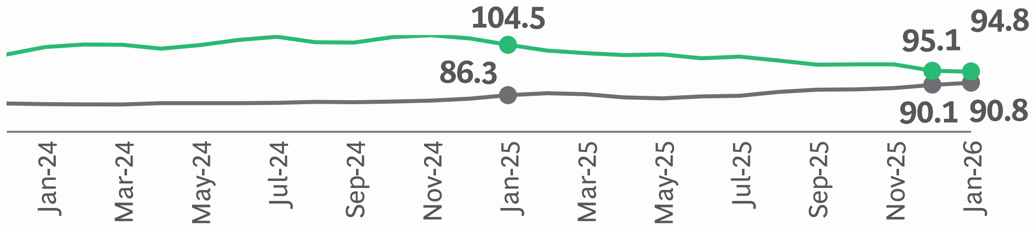
GST Collections[1] (INR Tn)

GST collections strengthened in Jan'26, driven by healthy domestic activity and a marginal uptick in import revenues



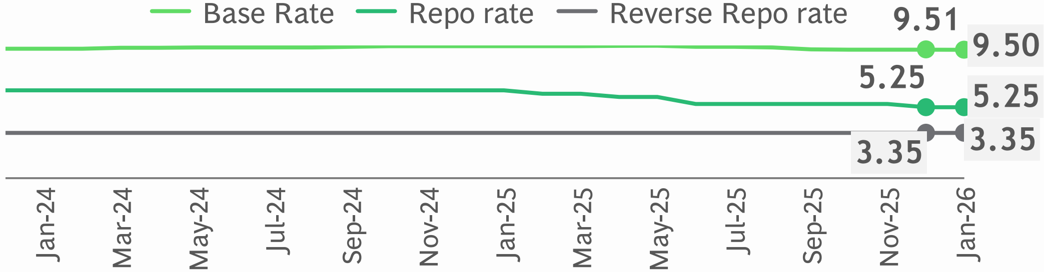
Exchange Rate (INR to USD)

Indian Rupee fell in Jan'26 amid portfolio outflows and a stronger US dollar, despite steady domestic conditions



RBI's policy rates (%)

RBI kept the repo rate unchanged in Jan'26 (at Dec'25 levels)



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

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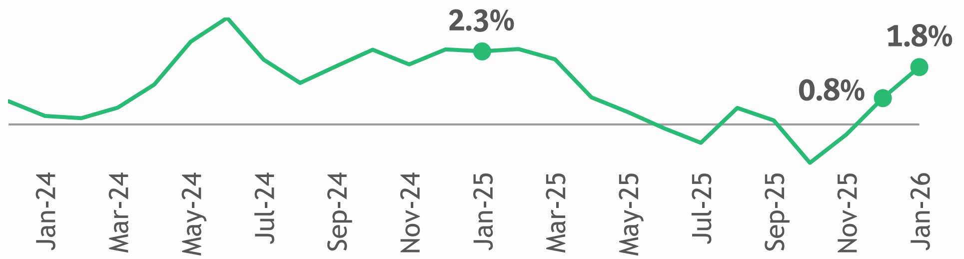
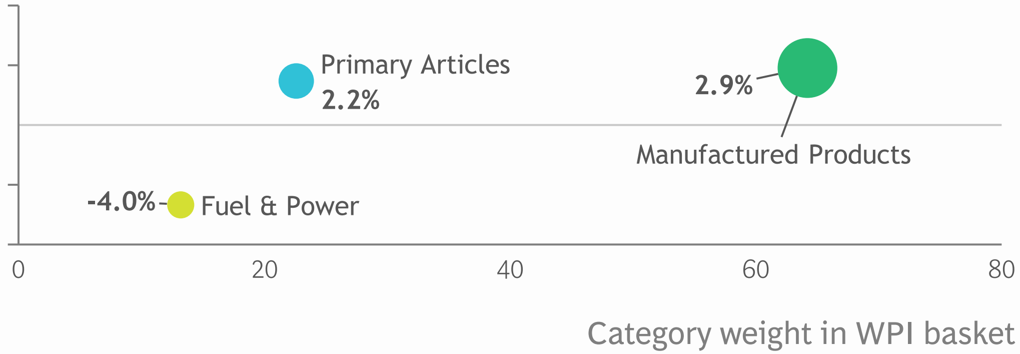
Inflation edged higher in Jan'26, with WPI rising to a 10-month high of 1.8%, while CPI ticked up to 2.8% under the new base year

Wholesale Price Index (WPI)[1]

WPI inflation further climbed in Jan'26, driven by an increase in prices of non-food articles and minerals

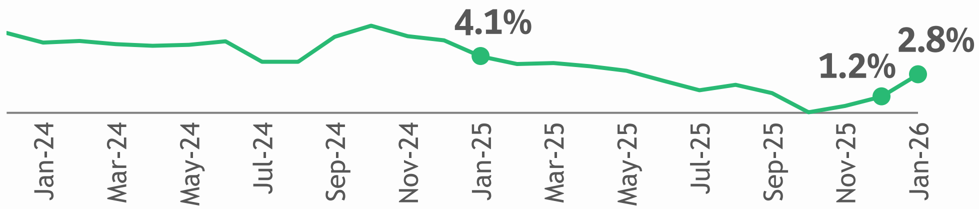


WPI inflation rate for Jan'26

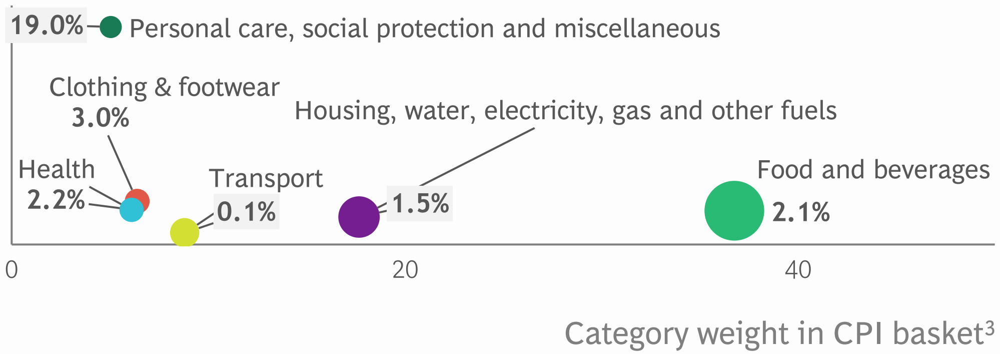


Consumer Price Index (CPI) (rebased to 2024 under the new series)[2]

CPI inflation increased in Jan'26, driven by price pressures in personal care items, clothing & footwear, and select services



CPI inflation rate for Jan'26 [3]



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 inflation is the YoY % change in the CPI index. Data shown follow MoSPI's new CPI series (Base: 2024=100), first released in Jan'26 3. The top 6 categories in the revised CPI basket together account for 80.74 (out of 100). The remaining 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—collectively account for the balance 19.26 (not shown in the figure).
Source: MoSPI, CMIE, BCG analysis.

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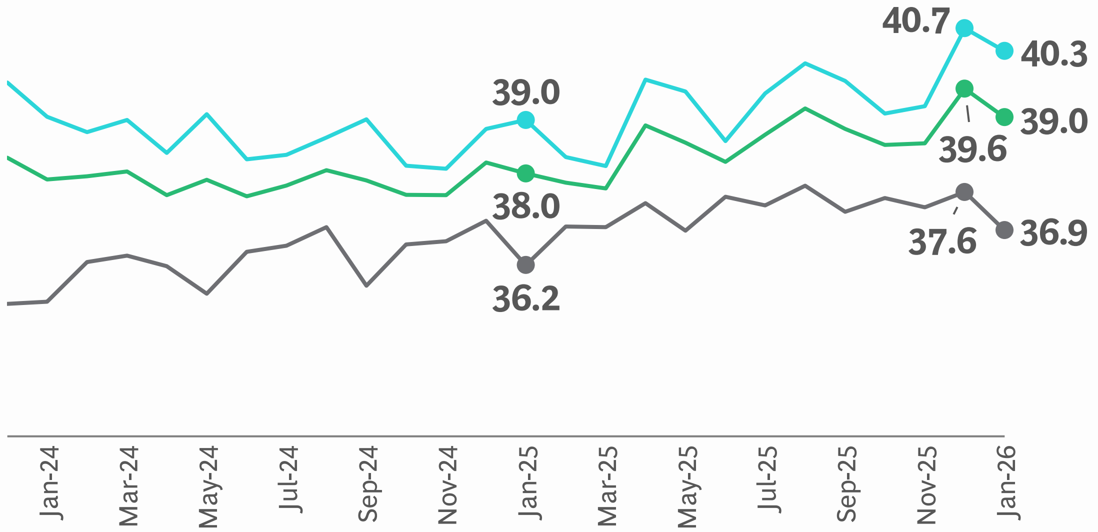
MGNREGA demand and work provision inched up seasonally, while both rural and urban employment declined in Jan'26

CMIE Employment rate (%)[1]

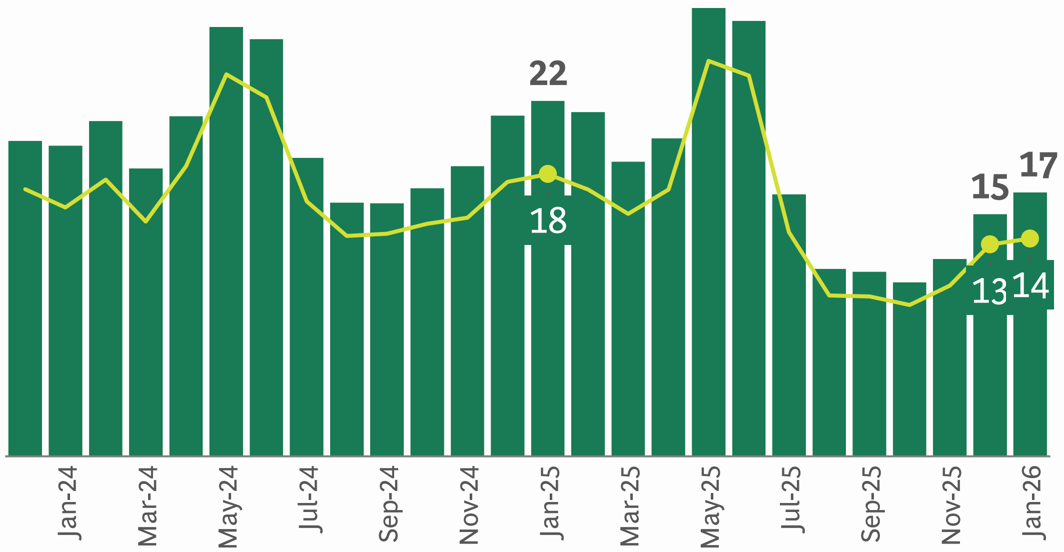
The overall employment rate inched down in Jan'26, driven by a seasonal decline in both rural and urban employment

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 work demand rose sequentially in Jan'26, reflecting seasonal trends, even as year-on-year growth continued to decline broadly



1.CMIE's national employment survey contains 40,000 households and these include an average of 1,80,000 members across 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

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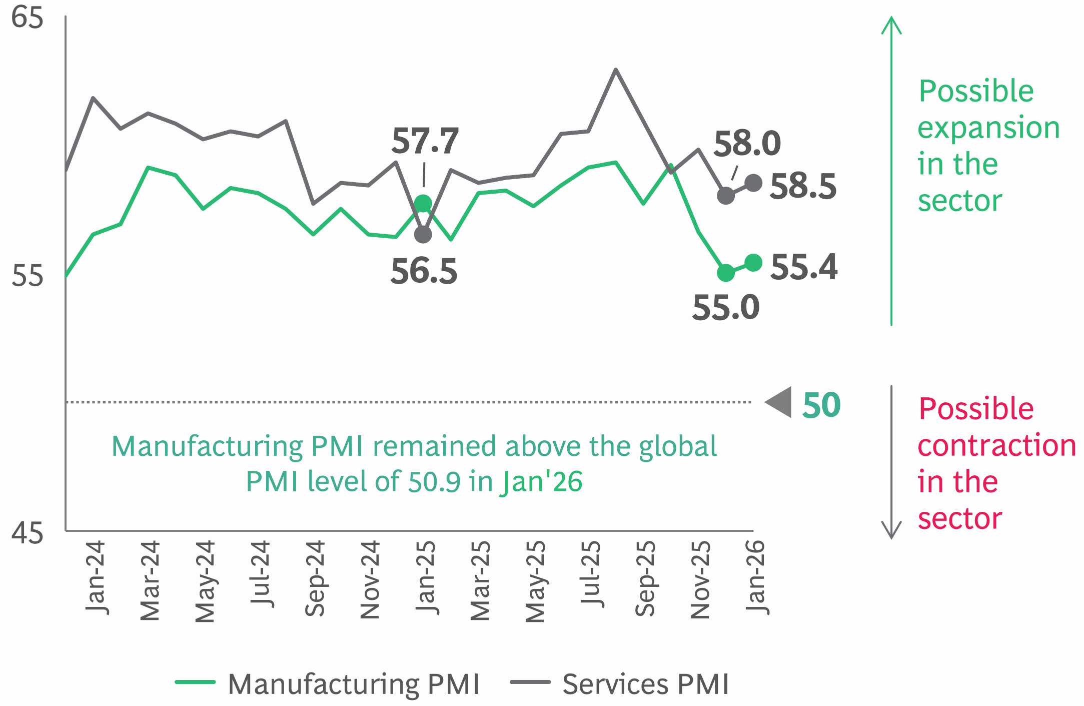
Manufacturing and services PMIs recovered, even as consumer sentiments diverged with urban expectations softening in Jan’26

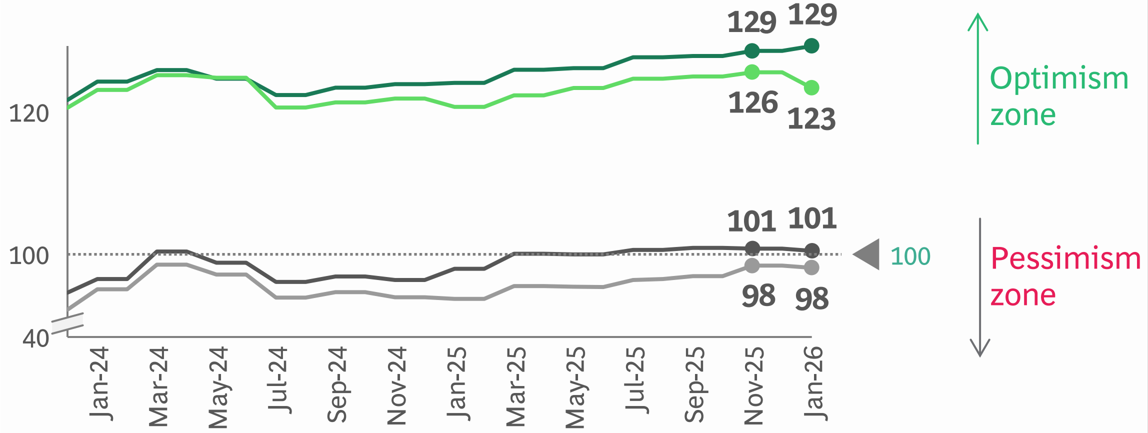
Manufacturing and services PMI[1]

Manufacturing PMI recovered in Jan'26, driven by rising new orders and buying levels; Services PMI inched up supported by new business intake and a demand-driven rise in output



Consumer Confidence Survey (RBI)[2]

Urban future expectations witnessed a decline in Jan'26, driven by lower expectations of general economic conditions, income, and prices



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

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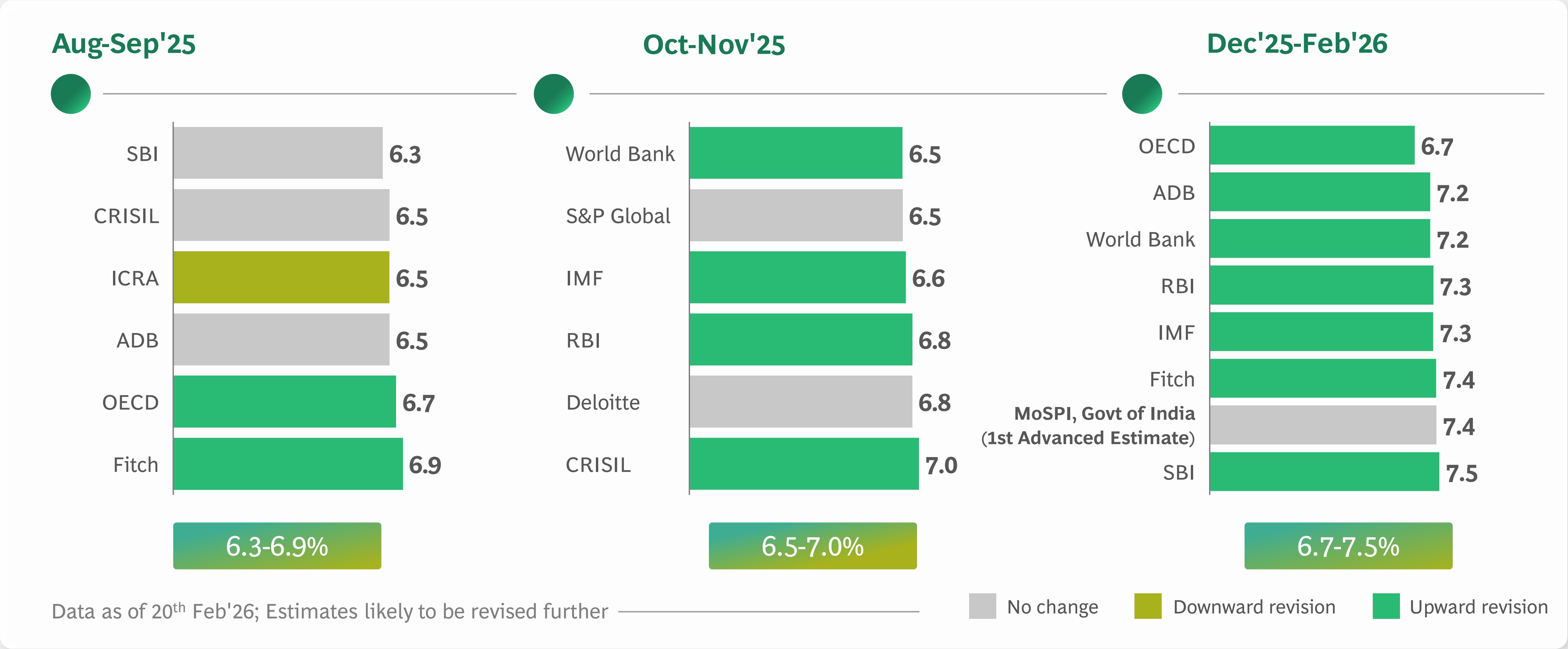
FY26 GDP projected to grow between 6.5–7.5%; IMF, RBI and SBI raised forecasts in Dec'25–Feb'26

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

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