

22 MAY 2026

ASSOCHAM India Monitor

· (AIM Weekly) ·

----- Vol. 2/Issue 3 -----

A comprehensive weekly tracker of India's
macroeconomic indicators ↗



GDP GROWTH



INFLATION



INDUSTRIAL OUTPUT



Top Economic Developments



State Developments



Top Statistics



Weekly Market Mood



ASSOCHAM Analysis

Reserve Bank of India Announces Liquidity Swap

The Reserve Bank of India (RBI) has announced a \$5 billion dollar-rupee buy/sell swap auction with a three-year tenor to add durable liquidity to the banking system. The auction, scheduled for May 26, will let banks sell dollars to the Reserve Bank of India for rupees and reverse the deal later at a fixed rate. The move may inject about Rs 42,000-43,000 crore. According to market analysts, it helps manage rupee pressure and liquidity without a policy rate cut, amid high crude prices, currency weakness and global uncertainty too.

Fast-Moving Consumer Goods Growth May Slow to 3-4%

Indian fast-moving consumer goods companies may see slower volume growth this year as consumers reduce discretionary spending due to rising costs, according to Worldpanel by Numerator. The market researcher said that if higher energy prices combine with food inflation caused by weather-related stress, volume growth in the sector could ease to 3-4%. This would reflect cautious consumer behaviour during economic pressure. The slowdown may affect demand for non-essential products, as households focus more on managing budgets and spending on essential daily-use items.

NCDEX Launches India's First Weather Derivatives Contract

The National Commodities and Derivatives Exchange has announced India's first Securities and Exchange Board of India-approved exchange-traded weather derivatives contract, named RAINMUMBAI. The contract will be launched on May 29 and traded from June 1 to September 30, covering the southwest monsoon period. It will help investors, farmers, construction companies, power utilities, banks, logistics firms and agri-processing businesses manage rainfall-related risks in Mumbai. Developed with Indian Institute of Technology Bombay, the contract uses India Meteorological Department data to measure actual rainfall against the long-period average benchmark.

Unincorporated Establishments Surge Beyond 9 Crore

The estimated number of establishments stood at 9.16 crore, recording a year-on-year growth of 16.69% over the corresponding quarter of the previous year. The employment in this sector has crossed the 15 crore mark driven primarily by the other services sector which has witnessed an employment growth of more than 30%. Around 81% of establishments in the unincorporated non-agricultural sector have used the internet for entrepreneurial purposes. The women workforce remained impressive, constituting more than 29% of total employment in the sector.

Reserve Bank of India Proposes Stronger Bank Disclosures

The Reserve Bank of India has proposed a revised disclosure framework for banks under Basel III norms to improve transparency and market discipline. Banks will need to publish quarterly information in a uniform format on capital adequacy, leverage, liquidity and risk exposure. Key metrics will include Common Equity Tier 1 capital, total capital, risk-weighted assets, leverage ratio, liquidity coverage ratio and net stable funding ratio. Under the draft Pillar 3 disclosure rules, banks must also explain major quarterly changes in these indicators and the reasons behind them.

Maharashtra's Major Nuclear Energy Push

Maharashtra has signed memorandums of understanding with Reliance Industries, Adani Power, NTPC and Lalitpur Power Generation Company to attract Rs 6.5 lakh crore investment in nuclear energy. The plan aims to develop 25,400 megawatts of capacity, far above India's current nuclear base. The projects may create about 1.23 lakh jobs and support clean, round-the-clock power for industries, data centres and manufacturing clusters. However, the projects are still at the agreement stage and will need approvals, clearances, site studies and technology decisions before commercial operations begin.

Kerala to Set Up Two Artificial Intelligence Centres

Kerala will set up two Artificial Intelligence Centres of Excellence with support from the India AI Mission and the Ministry of Electronics and Information Technology. One Bio-Artificial Intelligence centre will come up at Kerala Startup Mission's Digital Hub in Kochi, while a general Artificial Intelligence centre will function under Digital University Kerala in Thiruvananthapuram. Each project has received Rs 20 crore. The centres will support research, startups, industry applications, jobs, training, intellectual property creation and Artificial Intelligence solutions in areas such as genomics, agriculture, bioinformatics and digital innovation.

Maharashtra and Uttar Pradesh Lead Vehicle Sales

Maharashtra led India's passenger vehicle sales in financial year 2025-26 with 5.64 lakh units and a 12.1 per cent market share. Uttar Pradesh ranked first in two-wheeler sales with 31.8 lakh units and a 14.7 per cent share. It also led three-wheeler sales with 99,000 units. Maharashtra topped commercial vehicle sales with 1.61 lakh units. Growth was supported by Goods and Services Tax cuts, income tax relief, lower financing costs and stronger demand in the second half.

Delhi Pushes Women-Led Local Enterprises

Delhi Chief Minister Rekha Gupta announced collateral-free loans of up to Rs 10 crore for women's self-help groups and startups, with the Delhi government acting as guarantor. Speaking at the Mega Self Help Group Mela-2026, she said local products made by women will get regular platforms in malls and large shopping complexes. The event promoted handicrafts, khadi, food items and handmade goods under Vocal for Local, Atmanirbhar Bharat and One District, One Product. Around 24 self-help groups participated, showcasing products to improve branding, marketing and wider market access.

Top 5 Indian states contribute nearly 50% of India's GDP

A whitepaper from Client Associates Private Wealth Management highlights a sharp economic divide across the Indian states as the top five states: Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka and Gujarat contribute about 48% of India's GDP, with Maharashtra alone contributing 13.3%. Meanwhile, the bottom ten states account for only 3% of the national GDP. In terms of year-on-year growth, Tamil Nadu has recorded the highest growth of 16% on a YoY basis while Uttar Pradesh posted a growth CAGR of 15.3% over a period of five years.

India's May PMI Signals Steady Growth

According to HSBC's flash Purchasing Managers' Index (PMI) survey released on Thursday, the manufacturing PMI slipped to 54.3 in May from 54.7 in April, while the services PMI stood at 58.9 compared with 58.8 in the previous month. The composite PMI, which combines manufacturing and services activity, was largely unchanged at 58.1 against 58.2 in April. growth in India's private sector moderated slightly midway through the first quarter of the fiscal year as companies reported softer increases in new orders, exports, hiring and overall business activity.

Gold loans jump over 50% y-o-y, drive India's retail credit growth

India's retail lending market continued to expand in Q4 FY26, though growth moderated sequentially to 4.6 per cent quarter-on-quarter, with gold loans emerging as the biggest driver as lenders increasingly shifted toward secured and collateral-backed credit, according to CRIF High Mark's latest "How India Lends - Credit Landscape in India" report. Total retail loans outstanding reached ₹170.2 lakh crore as of March 2026, registering a 16.6 per cent year-on-year growth and a 4.6 per cent quarter-on-quarter increase. Consumption loans grew 15.3 per cent year-on-year to ₹118.6 lakh crore. Gold loans emerged as the fastest-growing segment, with portfolio outstanding rising 50.4 per cent year-on-year to ₹18.6 lakh crore and 15 per cent quarter-on-quarter. The report attributed the growth to elevated gold prices, larger ticket sizes and regulatory tailwinds.

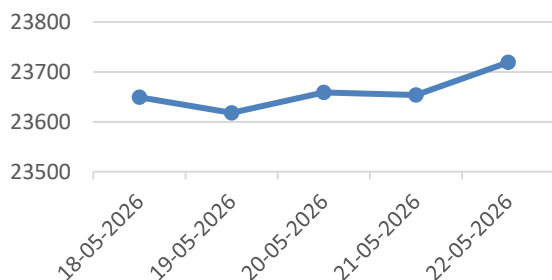
India's edible oil imports rise 3% in FY26 on Nepal duty-free surge

India's edible oil imports rose 3 per cent to 166.51 lakh tonnes in the 2025-26 fiscal year, driven largely by a sharp jump in duty-free imports from Nepal, industry body Solvent Extractors' Association of India (SEA). Imports had stood at 161.82 lakh tonnes in the prior fiscal year. Nepal, which enjoys zero-duty access to Indian markets under the South Asian Free Trade Area (SAFTA) agreement, exported 7.36 lakh tonnes of edible oils to India during the year, more than double the 3.45 lakh tonnes shipped in the previous fiscal, a rise of 113 per cent. Refined soybean oil made up the bulk of Nepal's exports to India, with smaller volumes of sunflower oil, RBD Palmolein and rapeseed oil also traded.

Core sector growth slows to 1.7% in April

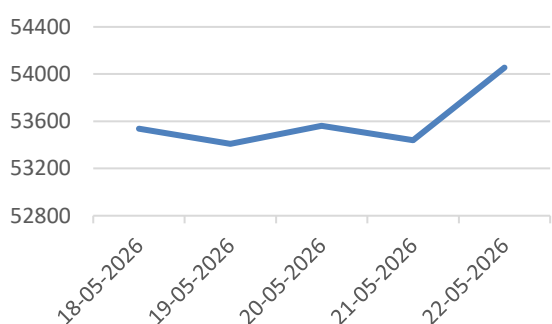
India's eight core infrastructure industries recorded a provisional growth of 1.7 per cent in April 2026 compared with the corresponding month last year. The growth in the Index of Eight Core Industries (ICI) was supported by higher output in steel, cement and electricity, while sectors such as coal, crude oil, natural gas, refinery products and fertilisers registered declines. The eight core industries — coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity — together account for 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). Among the sectors, steel recorded the highest cumulative annual growth at 9.5 per cent during 2025-26, followed by cement at 8.7 per cent. Electricity generation rose by 1 per cent over the year. On the other hand, crude oil and natural gas output declined by 2.8 per cent each during the financial year, while coal production contracted by 0.5 per cent.

NIFTY 50



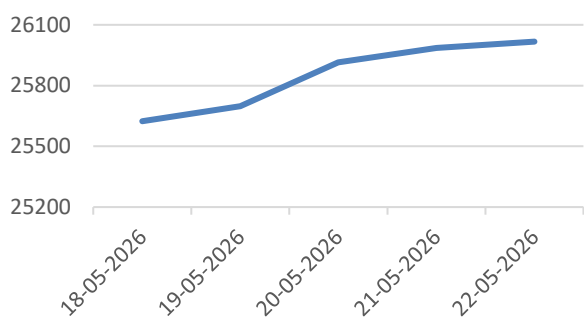
NIFTY 50 settled higher by the end of Friday's trading session with hopes of possible peace talks between the US and Iran. Index gains were helped by easing crude prices slightly and improved market sentiment. Despite this, uncertainty remains over whether talks will actually happen, keeping investors cautious. Lower crude prices are positive for India because the country imports most of its oil requirements.

NIFTY BANK



Nifty Bank Index registered gains in the Indian equity market with the hopes that RBI is not considering a rate hike to defend falling rupee. Overall, markets remained firm through the last trading session of the week as gains in banking and financial stocks, along with slightly softer crude oil prices and RBI support for the rupee, lifted investor mood despite continued uncertainty around the Middle East situation.

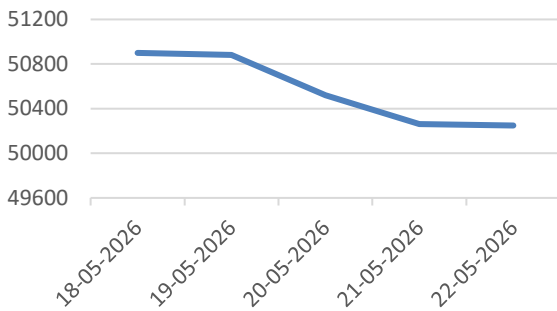
NIFTY AUTO



NIFTY AUTO index registered gains during the week. Despite recent short-term dips due to broader market fluctuations, the index has experienced strong growth driven by domestic vehicle demand, hybrid adoption, and export resilience. Indian auto sales are maintaining strong momentum in May 2026. Indian auto companies released robust Q4 and full-year FY26 results in May, generally demonstrating solid revenue growth despite margin pressures from rising input costs.

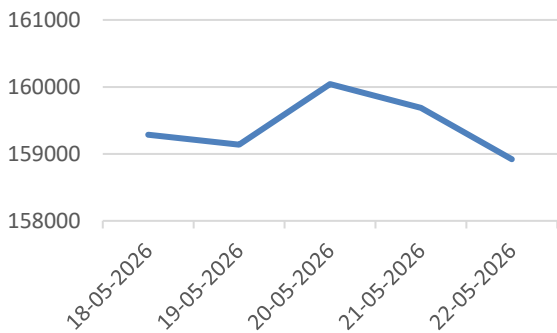
Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
22/05/2026	95.9588	128.7901	111.3903	60.3100
21/05/2026	96.3172	129.3900	111.9386	60.5600
20/05/2026	96.8441	129.7711	112.3727	60.9400
19/05/2026	96.3450	129.2263	112.1758	60.5800
18/05/2026	96.2948	128.5439	112.0416	60.6100

NIFTY FMCG



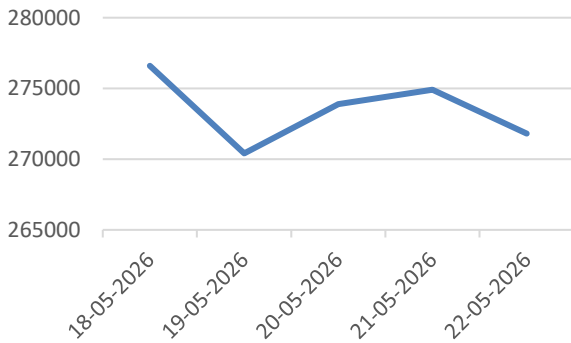
The Nifty FMCG index has extended decline in the week ending 22nd May. The industry is navigating challenges related to subdued urban and rural consumption. High input and raw material costs continue to squeeze profit margins. The war-led volatility in energy markets coupled with the risk of food inflation amid projections of below-normal monsoon rains this year could weigh on FMCG volume growth.

Gold (INR/10 GM)



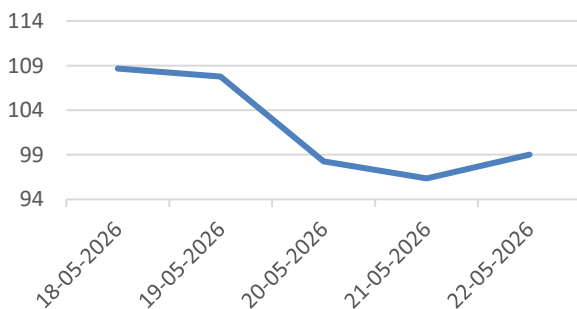
Gold prices are set for a second straight week of decline as the precious metal saw range-bound movement in the absence of clarity on the US-Iran conflict and high crude oil prices during the week. Investors are trading cautiously tracking movements in the dollar index, Treasury yields, and expectations around global monetary policy. Markets now remain focused on official confirmation of the proposed agreement between US and Iran.

Silver (INR/KG)



Silver in India traded lower by the weekend, tracking weakness in global bullion markets as a stronger US dollar and elevated crude oil prices fuelled expectations of higher interest rates by the US Federal Reserve. Uncertainty surrounding uranium trade discussions, disputes over control of the Strait of Hormuz, and the US rejection of certain geopolitical proposals continued to support safe-haven sentiment across precious metals markets.

Crude (\$/BL) Price



Global crude oil prices depicted volatility during the week driven by uncertainty over de-escalation of US-Iran conflict. There are some encouraging signs surrounding a possible deal with Iran. However, falling oil inventories data this week from API and EIA is keeping the commodity supported. U.S. crude oil inventories fell for a fourth consecutive week as the country maintained a high level of exports and refinery use, according to the U.S. Energy Information Administration.

West Asia Crisis: Policy Responses for Energy in India vs Asia

Governments in the economies of Asian continent have introduced various policy measures to safeguard energy security and support households and firms. In addition to diversifying energy import sources, several countries are trying to diversify energy types and logistics routes. Noting few developments are accelerated implementation of piped natural gas to replace liquefied petroleum gas in India and larger subsidies for biofuels in Thailand. North and Central Asian countries expanded the use of the Middle Corridor to reduce reliance on southern maritime routes.

A number of energy conservation measures have also been adopted, including work-from-home arrangements, schooltime adjustments, limits on air conditioning cooling and travel restrictions for government officials. Meanwhile, examples of measures to support households are energy subsidies, temporary reductions in fuel taxes and tariffs, cash transfers for transport workers, price caps and oversight to prevent hoarding. To support smaller firms, several governments have provided tax relief and concessional financing. .

	Energy security		Consumer support			
	Release oil reserves	Diversify	Lower tax	Price cap	Subsidy	Others
Cambodia			✓			✓
China	✓	✓		✓		
India		✓	✓	✓		
Indonesia		✓	✓		✓	
Lao PDR			✓			✓
Malaysia					✓	✓
Maldives		✓			✓	
Pakistan					✓	
Philippines			✓	✓	✓	
Rep. of Korea	✓		✓	✓		✓
Singapore			✓			✓
Sri Lanka					✓	✓
Thailand		✓		✓	✓	
Timor-Leste				✓	✓	
Türkiye			✓		✓	
Viet Nam		✓	✓	✓		

Source: UN ESCAP

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