

30 MAY 2026

ASSOCHAM India Monitor

· (AIM Weekly) ·

----- Vol. 2/Issue 4 -----

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

Net FDI Inflows Rebound in FY26

India's net foreign direct investment (FDI) inflows rose sharply to USD 7.6 billion in FY26 from USD 1 billion in FY25, supported by higher gross inflows of USD 94.5 billion. However, increased repatriation, disinvestment by foreign investors and higher overseas investments by Indian companies limited overall gains. The services sector attracted the largest share of FDI, followed by manufacturing. Despite the improvement, net capital flows during April–December 2025 were insufficient to finance the current account deficit, contributing to a decline in foreign exchange reserves. Foreign portfolio investment recorded net outflows during the year.

RBI Sees India's Growth Remaining Resilient in FY27

India's economic outlook for FY27 remains positive, supported by strong domestic demand, healthy corporate and banking sector balance sheets, government capital expenditure and a stable policy environment. Real GDP growth is projected at 6.9%, while inflation is expected at 4.6%. However, risks remain from geopolitical tensions, higher energy prices, supply chain disruptions, global trade uncertainty and weather-related challenges. The report noted that bond yields, financial markets and investment flows could face pressure if global conditions worsen. Despite these risks, the banking system and broader economy are expected to remain resilient.

Engineering Goods Exports Grow Despite Weakness in West Asia

India's engineering goods exports grew 8.78% year-on-year to USD 10.35 billion in April 2026, supported by higher shipments to the US, the UK and Germany. However, exports to West Asia and North Africa declined 18.1% due to lower demand and disruptions caused by regional conflicts, particularly affecting trade with the UAE and Saudi Arabia. Exports to ASEAN also fell during the month. Despite these challenges, strong performance in major Western markets helped maintain overall growth. Engineering goods accounted for 23.8% of India's total merchandise exports in April 2026.

Energy Investment in India Set to Reach Record USD 170 Billion in 2026

India's energy investment is expected to reach a record USD 170 billion in 2026, driven by strong growth in solar power, oil refining and power infrastructure. Investment in solar energy has expanded rapidly over the past five years, while spending on refining capacity is also increasing. The country is investing more in renewables, nuclear power, battery storage and grid modernization to support rising energy demand and clean energy goals. Transmission and distribution investment is also growing, supported by renewable energy integration projects. Coal, however, continues to remain a major part of India's energy mix.

Foodgrain Production Reaches Record High in 2025-26

India's foodgrain production in the 2025-26 crop year is estimated to have increased by more than 5%, supported by record output of rice and wheat. Rice production is projected to exceed 154 million tonnes, while wheat output is estimated at a record 120.66 million tonnes, higher than the previous year. The strong harvest is expected to strengthen food security and provide a buffer against possible weather-related risks in the current year. Experts believe the higher production could help offset any impact from a weaker monsoon or emerging El Niño conditions.

Fuel Tax Collections Stay Strong Across Several States

Several States continued to record strong revenue growth from sales tax and VAT on petroleum products in April despite fuel excise duty cuts by the Centre. Data showed healthy growth in collections across most States, with Kerala being an exception. Petroleum taxes remain a major source of State revenue in many regions. Tamil Nadu collected around Rs 5,000 crore under sales tax-related categories during the month, while Gujarat collected over Rs 2,600 crore. No State or Union Territory reduced VAT on petrol and diesel recently, although Maharashtra and Delhi lowered taxes on aviation turbine fuel.

India's Fastest-Growing State Economies

Assam and Meghalaya emerged among India's fastest-growing state economies over the past five years, reflecting broader economic growth across different regions of the country. Assam recorded the highest nominal GDP growth among large states, with a five-year compound annual growth rate (CAGR) of 17.3%, supported by infrastructure development and growth in tea and agro-processing sectors. Meghalaya posted a CAGR of 15.3%. Uttar Pradesh, Karnataka and Manipur also recorded growth above 15%. The findings indicate that economic expansion is increasingly being driven by a wider group of states.

Maharashtra: Rs 900-Crore Global Capability Centre and Regional HQ Planned

A global ice cream company plans to strengthen its presence in Maharashtra by setting up a Rs 900-crore Global Capability Centre (GCC) in Pune and a regional headquarters in Mumbai. The Pune centre will support supply chain management, artificial intelligence-driven logistics, finance analytics and digital operations for global markets. The expansion is expected to create more than 500 skilled jobs. The company is also increasing its manufacturing and export capabilities in India while expanding cold-chain infrastructure. The investment highlights Maharashtra's growing role in attracting global corporate operations, technology hubs and regional business functions.

Tamil Nadu: Coffee Brand Targets Rs 1,000 Crore Revenue in Five Years

A Tamil Nadu-based coffee company, Sri Narasu's Coffee Company, is targeting revenue of Rs 1,000 crore within the next five years, building on its FY26 revenue of Rs 641 crore. The company expects growth of 18-20% this fiscal and plans to expand into Karnataka, Andhra Pradesh and Kerala through new store launches. Around half of its revenue comes from exports to 45 countries. It is also focusing on online sales and the growing instant coffee segment. The company plans to increase its distributor network and strengthen its presence across domestic and international markets.

Uttar Pradesh records historic payment of over ₹3.22 lakh crore to sugarcane farmers

Due to the policies of the UP government and the transparent, technology-based system, sugarcane farmers have received a record sugarcane price payment of ₹3,22,722 crore from 2017 till now, creating history. The payment amount is being transferred directly into farmers' bank accounts, ending the role of middlemen.

Bank credit grows 16.2% YoY, deposit rises 12.2%

The Bank credit stood at Rs 211.87 lakh crore as on May 15, largely flat compared with the previous fortnight, registering a marginal decline of 0.1%, according to data released by the Reserve Bank of India on Friday. On a year-on-year basis, advances grew 16.2%, translating into an absolute increase of Rs 29.59 lakh crore. Deposits came in at Rs 256.89 lakh crore, down 0.7% over the previous fortnight, with an absolute decline of Rs 1.8 lakh crore. Despite the sequential moderation, deposits recorded a healthy 12.2% rise year-on-year, reflecting an increase of Rs 28.01 lakh crore.

Growth in INR Invoicing and Settlement for India's Trade

India's The ascendance of INR as an invoicing and settlement currency is likely to offer protection against exchange rate risk, reduce requirement for maintaining costly forex reserves in convertible currencies, facilitate the development of bilateral exchange rate markets and contain transaction cost in foreign exchange transactions. There has been a considerable pick up in INR-based invoicing and settlement since July 2022. During the period August 2022 – July 2025, compound annual growth rate (CAGR) of imports and exports invoiced in INR has been 20.9 per cent and 12.7 per cent, respectively. Further, latest data on trade invoicing and settlement in INR (2025-26) exhibit a y-o-y growth for export invoicing (6.5 per cent), import invoicing (9.5 per cent), export settlement (2.7 per cent) and import settlement (41.2 per cent), over the corresponding period of the previous year

Currency in Circulation and e₹

The value and volume of banknotes in circulation increased by 11.9 per cent to Rs.41.23 lakh crores and 10.5 percent to 1713215 lakh pieces, respectively, during 2025-26. In volume terms, ₹500 denomination constituted the highest share of the total banknotes in circulation, followed by ₹10 denomination banknotes. As on March 31, 2026, the value of e₹ in circulation stood at ₹771.7 crore as against ₹1,016.5 crore as on March 31, 2025.

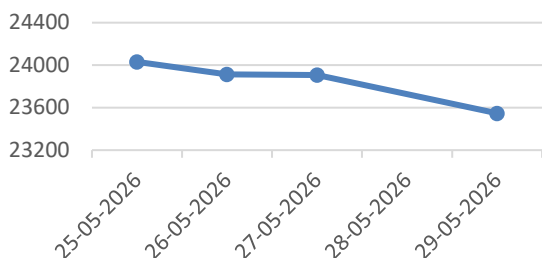
Bank Credit to Priority Sector

According Scheduled Commercial Banks' (SCBs) priority sector lending (PSL) as on March 31, 2026 stood at 45.0 per cent of adjusted net bank credit (ANBC)/credit equivalent of off-balance sheet exposure (CEOBSE), whichever is higher. Each of the bank groups, has achieved the prescribed 40 per cent overall PSL target during 2025-26 .

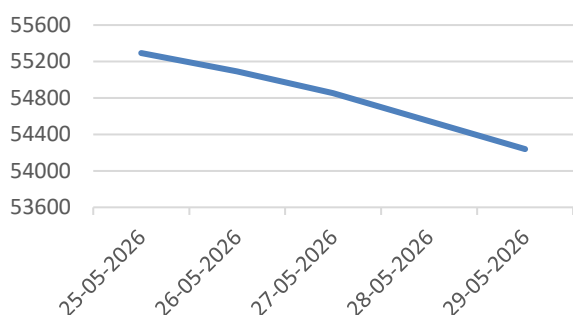
India's Seafood Exports: Vietnam emerged as the fastest growing destination

Vietnam has emerged as the fastest-growing destination for Indian seafood exports, with shipments surging 69.5% year-on-year to \$656.84 million in 2025–26. The exponential growth is due to Vietnam increasingly serving both as a high-growth consumption market and a processing hub for re-exports, particularly for shrimp and value-added marine products. The EU also recorded strong growth, with imports of Indian seafood rising 41.4% to \$1.59 billion from \$1.12 billion a year earlier. Exports to China increased 26.21% to \$1.61 billion, while shipments to Russia rose 24.18% to \$149.1 million, data released by the Marine Products Export Development Authority, under the ministry of commerce and industry, showed. The diversification push also propelled India's seafood exports to a record \$8.28 billion in FY26.

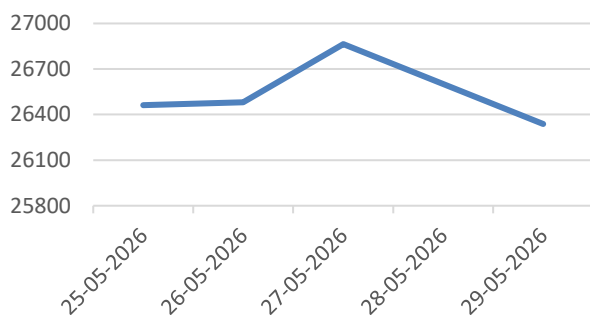
NIFTY 50



NIFTY BANK



NIFTY AUTO



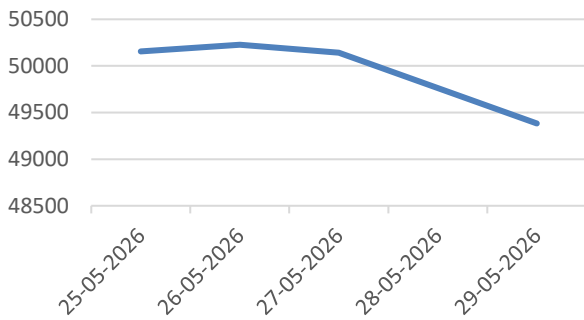
NIFTY 50 witnessed a sharp sell-off on Friday, as investors grappled with uncertainty over a potential US-Iran peace deal, MSCI's latest index rebalancing and concerns over elevated crude oil prices. A key trigger behind the decline was growing uncertainty over the prospects of a lasting peace arrangement between the United States and Iran. Investors, who had driven a strong rebound in April after a steep correction in March, opted to lock in profits amid concerns that geopolitical tensions could persist.

Nifty Bank Index fell following the overall negative sentiment in the market. Market experts noted that foreign investors have remained selective towards Indian stocks amid concerns over valuations, elevated oil prices and the absence of a strong artificial intelligence-led technology rally that has powered several global markets. Friday's decline pushed the benchmark index into negative territory for the month.

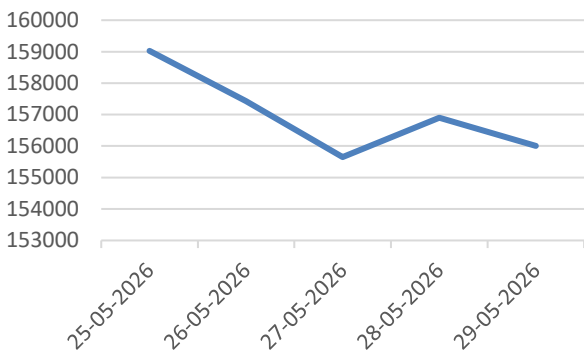
NIFTY AUTO index settled lower by the end of the week. While Brent crude futures fell about 19 per cent during May, prices remain more than 27 per cent above levels seen before the Iran conflict. As the world's third-largest crude oil importer, India remains vulnerable to elevated energy prices, which can fuel inflation and widen the current account deficit. Analysts maintained that concerns over oil prices, combined with geopolitical uncertainty, have made investors cautious on Indian equities.

Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
29-05-2026	95.3845	128.1841	111.1102	59.89
27-05-2026	95.7883	128.8021	111.4937	60.11
26-05-2026	95.4437	128.6416	111.0507	60.00
25-05-2026	95.2047	128.3486	110.8157	59.91

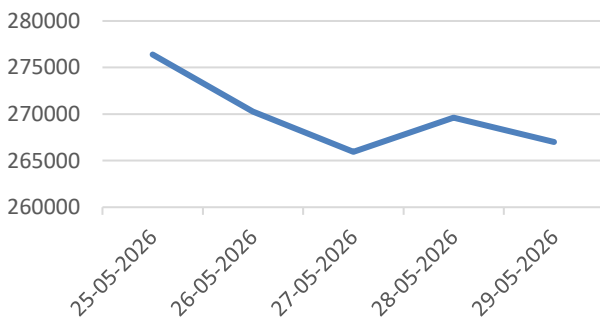
NIFTY FMCG



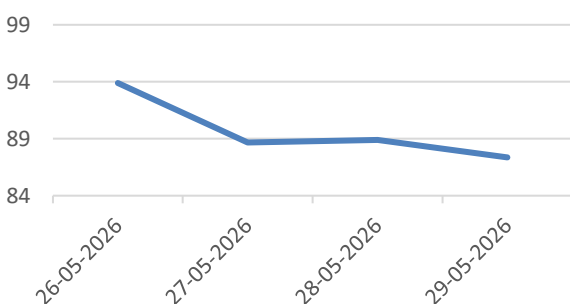
Gold (INR/10 GM)



Silver (INR/KG)



Crude (\$/BL) Price



The Nifty FMCG index extended decline in the week ending 29th May. Continued foreign institutional investor outflows, uncertainty over global geopolitical developments and concerns surrounding below-normal monsoon rainfall and its possible impact on the economy and inflation impacted the FMCG segment. IMD on Friday issued its second-stage long-range forecast for the southwest monsoon season, projecting below-normal rainfall across several key regions of the country.

Gold prices moved downward amid a stable dollar and expectations of a US Fed rate hike this year, driven by higher oil prices and increased inflationary pressures. Gold drops to a two-month low and into bear market territory as fresh U.S.-Iran hostilities douse hopes of a deal. Heightened geopolitical uncertainty directs risk-off flows to the dollar, just as higher oil prices exacerbate inflation fears.

The recent weekly decline in silver prices has been attributed to rising inflation concerns, higher interest rate expectations, and a stronger dollar. These factors have contributed to a bearish sentiment in the market, leading to a significant drop in silver prices. Analysts suggest that while the fundamentals for silver remain robust, with ongoing industrial demand and supply constraints supporting long-term prospects, current market conditions may present buying opportunities despite concerns over weakened demand and economic growth.

Crude Oil prices declined after the US and Iran tentatively agreed to extend the ceasefire by 60 days, raising hopes of smoother oil flows through the Strait of Hormuz. Oil prices continue to face downward pressure amid hopes for a resolution to ME conflict. Even with hopes for an extension of the ceasefire, numerous obstacles persist, including clearing mines from shipping lanes, restarting closed oil fields, repairing damaged energy infrastructure, and resuming normal cargo transport.

Composition of India's Top Import Products

Energy Products, Precious Metals, Electronic Products and Aeroplanes

Over the last few months, there has been a lot of concern raised about India's import dependence of the energy products. No doubt, crude oil is the top commodity of our import bill constituting 17.4% in 2025-26. Among the top ten commodities of import, in addition to crude oil, India's dependence for energy products exists for Liquefied Natural Gas (LNG), Coking Coal and Steam Coal. The government has taken an array of measures to ensure smooth supply of energy products in the domestic market. But, in addition to energy products, Precious Metals, Electronic Products and Aeroplanes do constitute a significant share of our imports.

With respect to the precious metal, the government increased the import duty on gold and silver from 6 per cent to 15 per cent w.e.f 13 May. Moreover, the government imposed a limit of 100 kg on gold imports under the Advance Authorisation scheme, which allows jewellery exporters to import raw or input materials at zero duty. Prime Minister Narendra Modi urged people to avoid gold purchases for a year to help protect foreign exchange reserves. The Directorate General of Foreign Trade (DGFT), functioning under the Ministry of Commerce and Industry, has issued Notification on 16 May 2026, bringing silver bars from from the "Free" import category to the "Restricted" import category.

India's Top Imports (Trade value in USD Million)

HS Code	Commodity	2024 -25	Share (%)	2025-26	Share (%)
27090010	Petroleum Crude	1,43,077	19.8	1,34,717	17.4
71081210	Gold	57736	8.0	71,720	9.2
85423100	Monolithic Integrated Circuits - Digital	15,144	2.1	17,543	2.3
85177990	Other Parts and Accessories for Telecom and Electrical Apparatus	13,814	1.9	15,810	2.0
27111100	Liquefied Natural Gas	14,893	2.1	13,338	1.7
27011910	Coking Coal	12,152	1.7	11,768	1.5
27011920	Steam Coal	14,019	1.9	11,666	1.5
88024000	Aeroplanes And Other Aircraft, Of an Unladen Weight Exceeding 15000 Kg	12,395	1.7	11,641	1.5
71069221	Silver*	4105	0.6	10,849	1.4
71023100	Non-Industrial Diamonds Unworked/Simply Sawn Cleaved/ Bruted	10,190	1.4	10,321	1.3
	Sub Total	2,97,525	41	3,09,372	40

Source: Ministry of Commerce and Industry

* For 2024-25, data for HS 71069220

Composition of India's Top Import Products

Energy Products, Precious Metals, Electronic Products and Aeroplanes

Top ten import commodities constitute 40% of the total import bill for India. The actions with respect to energy products imports and precious metals have been noticed. However, electronics products import and aircraft imports are two segments where moving on to the indigenous production in a short term seems difficult.

The major concern for India is the higher prices of the top imported products. According to the World Bank Commodity Outlook, under the baseline assumptions, the rise in energy prices this year is set to slow growth in emerging market and developing economies (EMDEs) and drive their average inflation rate to a four-year high. Risks to the commodity price projections are tilted firmly toward higher prices. If disruptions in the Middle East prove more protracted or severe than assumed, the Brent oil price in 2026 could average \$95 to \$115 per barrel, with other commodity prices also far exceeding forecasts. In addition, base metals prices could increase more than anticipated amid inflexible supplies and resilient demand.

World Bank Commodity Price Forecast

Products	Unit	2025	2026 F	Increase (%)
Energy				
Coal, Australia	\$/Mt	108.4	130	19.9
Crude Oil, Brent	\$/bbl	69.0	86.0	24.6
Natural Gas, Europe	\$/mmbtu	12.0	15.0	25.4
Natural Gas, US	\$/mmbtu	3.5	3.8	7.8
Liquefied Natural Gas, Japan	\$/mmbtu	12.0	16.0	32.9
Precious Metals				
Gold	\$/toz	3442	4700	36.6
Silver	\$/toz	39.8	70.0	75.9

Source: World Bank Commodity Outlook, April 2026

It has been noted that in the recent years, the top imported commodities by India have not seen any significant decline in quantity, rather for some, it has registered an increase, most importantly crude oil. Given the projected increase in commodity prices in 2026, India's import bill is expected to be higher as compared to 2025.

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