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June 2026



(Global Economic Outlook)



**ASSOCHAM Global Research & Strategy Centre**

**The Associated Chambers of Commerce and Industry of India**

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## ASSOCHAM Leadership Viewpoints



### **Mr. Nirmal K. Minda, President, ASSOCHAM**

The global economy continues to face challenges from geopolitical tensions, supply chain disruptions and higher energy prices. Despite these uncertainties, India has demonstrated remarkable resilience and remains among the fastest-growing major economies in the world. Strong domestic demand, stable macroeconomic fundamentals, sustained reforms and growing investment activity continue to support economic growth. India's ability to maintain momentum amid a difficult global environment reflects the strength of its economic foundations and reinforces confidence in its long-term growth prospects.



### **Mr. Saurabh Sanyal, Secretary General, ASSOCHAM**

The Indian economy continues to display strong momentum, supported by robust consumption, healthy GST collections, expanding digital transactions and sustained public investment. Manufacturing activity, exports and credit growth remain encouraging, while inflation has stayed within a comfortable range. Continued infrastructure development, policy stability and reform measures are creating a favourable environment for businesses and investors. These positive trends highlight the strength of India's growth story.



### **Dr. S.P. Sharma, Chief Economist, ASSOCHAM**

Recent economic indicators point towards a resilient and well-balanced economy. Industrial production grew by 4.9% in April 2026, GST collections reached Rs 1.94 lakh crore in May 2026, and total exports stood at USD 80.8 billion in April 2026. Bank credit growth remained strong at 15.8%, while CPI inflation was contained at 3.48%. These indicators reflect healthy domestic demand, improving industrial activity and stable macroeconomic conditions. Overall, India remains well-positioned to sustain growth.

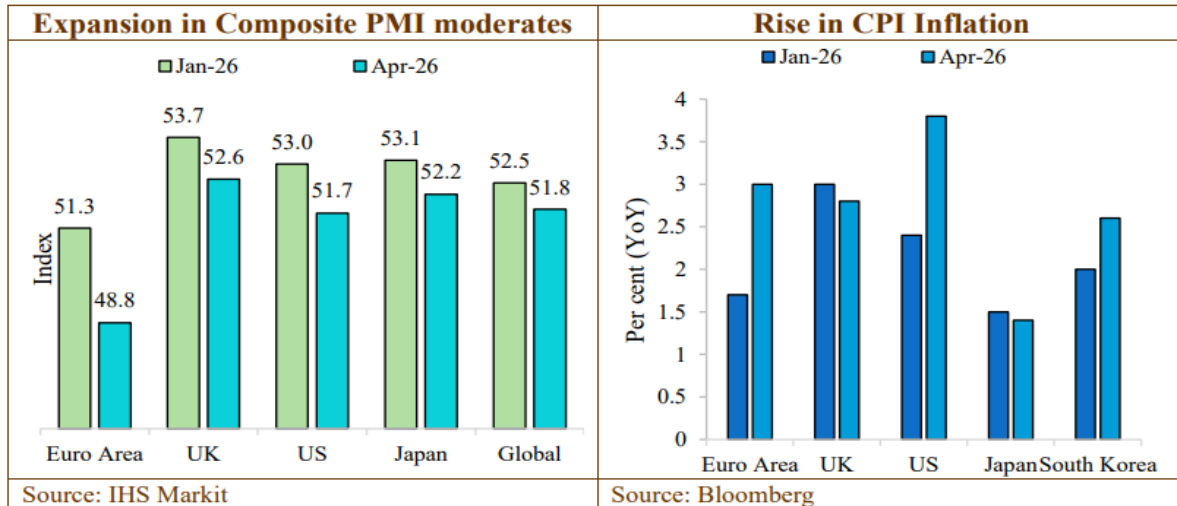
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## Part 1. Global Economic Monitor

### 1. Global Economy Faces Pressure from West Asia Conflict

The ongoing conflict in West Asia continues to affect the global economy through higher energy prices, supply chain disruptions and rising uncertainty. Oil prices increased sharply in April, while transportation costs and delivery delays added pressure to global trade.



**(Image Source:** Monthly Economic Review, DEA, Ministry of Finance)

Economic activity has weakened across several major economies. The Euro area recorded slower growth due to high energy costs and weak industrial activity. Japan and South Korea also faced rising costs and supply disruptions. The United States remained relatively resilient, supported by strong domestic demand and greater energy self-sufficiency.

Emerging economies have also come under pressure from higher fuel and raw material costs. Manufacturing activity slowed in countries such as Vietnam and Indonesia, while Brazil performed relatively better due to stronger commodity exports.

Higher energy prices have pushed inflation upwards in many economies, including the Euro area, the United States, the United Kingdom and South Korea. In response, major central banks have signalled that interest rates may remain higher for longer, leading to tighter financial conditions.

Many governments have introduced energy-saving measures and support programmes to reduce the impact of rising costs. Looking ahead, the global outlook remains uncertain. Continued disruptions to energy supplies and trade routes could keep inflation elevated and weigh on global growth, particularly in energy-importing economies.

## 2. Global Oil Market Under Pressure Amid West Asia Conflict

The global oil market remained under significant stress in May 2026 as the ongoing conflict in the Middle East continued to disrupt oil supplies and trade flows. The closure and restrictions around the Strait of Hormuz, one of the world's most important oil shipping routes, have created major challenges for both producers and consumers.

Global oil demand is now expected to decline in 2026, reflecting weaker economic activity, higher energy prices and efforts to reduce fuel consumption. Demand is projected to fall by around 4,20,000 barrels per day compared to last year. The biggest impact is currently being seen in the petrochemical and aviation sectors, where limited feedstock availability and reduced travel activity have lowered fuel use.

On the supply side, global oil production has fallen sharply. Output dropped further in April, with total losses since February reaching nearly 13 million barrels per day. Gulf producers have been particularly affected due to restrictions on oil movements through the Strait of Hormuz. While some relief has come from higher production in regions such as the Americas and the Atlantic Basin, global oil supply is still expected to decline significantly this year.

Refineries around the world are also facing difficulties. Lower crude availability, infrastructure damage and export restrictions have reduced refining activity. Although refining margins remain strong due to tight fuel supplies, refiners have been forced to adjust trade routes and sourcing strategies to maintain operations.

The market has also witnessed a rapid decline in global oil inventories. Large volumes of stored oil have been released to offset supply shortages, resulting in substantial inventory drawdowns during March and April. Strategic and commercial stockpiles in consuming countries have helped cushion the impact, but inventories continue to fall at a rapid pace.

Oil prices have remained highly volatile. Uncertainty surrounding possible negotiations to end the conflict and reopen the Strait of Hormuz has led to sharp price swings. At different points, benchmark crude prices moved dramatically as markets reacted to changing expectations regarding future supplies.

Countries outside the Middle East have responded by increasing production and exports. At the same time, many major importing nations have reduced crude purchases and refinery operations, helping ease pressure in crude markets. However, shortages are increasingly spreading to refined fuel markets.

Looking ahead, oil demand could improve if geopolitical tensions ease and shipping routes gradually reopen. However, supply recovery is expected to take longer, meaning the market may remain tight for much of the year. As a result, further price volatility is likely in the months ahead.

**Table 1: OPEC+ Crude Oil Production (Million Barrels Per Day)**

	Mar 2026 Supply	Apr 2026 Supply	Apr 2026 vs Target	Apr 2026 Implied Target	Sustainable Capacity	Eff Spare Cap vs Apr
Algeria	0.96	0.99	0.01	0.98	0.99	0
Congo	0.27	0.27	-0.01	0.28	0.27	0
Equatorial Guinea	0.06	0.04	-0.03	0.07	0.06	0.02
Gabon	0.19	0.23	0.06	0.18	0.22	0
Iraq	1.57	1.35	-2.85	4.2	4.87	
Kuwait	1.19	0.57	-2.02	2.6	2.88	
Nigeria	1.35	1.45	-0.05	1.5	1.42	0
Saudi Arabia	7.25	6.98	-3.18	10.17	12.11	
UAE	2.11	2.44	-0.94	3.39	4.28	
<b>Total OPEC-9</b>	<b>14.95</b>	<b>14.33</b>	<b>-9.03</b>	<b>23.36</b>	<b>27.1</b>	<b>0.02</b>
Iran <sup>4</sup>	3.63	3.51			3.8	
Libya <sup>4</sup>	1.23	1.31			1.28	0
Venezuela <sup>4</sup>	0.98	1.02			1	0
<b>Total OPEC</b>	<b>20.8</b>	<b>20.18</b>			<b>33.18</b>	<b>0.02</b>
Azerbaijan	0.46	0.45	-0.1	0.55	0.48	0.03
Kazakhstan	1.88	1.86	0.93	0.93	1.8	0
Mexico <sup>5</sup>	1.39	1.38			1.5	0.12
Oman	0.84	0.85	0.04	0.81	0.8	
Russia	8.96	8.83	-0.81	9.64	9.4	
Others <sup>6</sup>	0.62	0.59	-0.28	0.87	0.86	
<b>Total Non-OPEC</b>	<b>14.15</b>	<b>13.95</b>	<b>-0.22</b>	<b>12.79</b>	<b>14.84</b>	<b>0.15</b>
<b>OPEC+ 18 in Nov 2022 deal</b>	<b>27.72</b>	<b>26.9</b>	<b>-9.25</b>	<b>36.15</b>	<b>40.43</b>	<b>0.05</b>
<b>Total OPEC+</b>	<b>34.96</b>	<b>34.13</b>			<b>48.01</b>	<b>0.17</b>

(Source: Oil Market Report, May 2026, International Energy Agency)

## **Part 2. India's Current Economic Scenario**

The global economy is currently facing several challenges. Rising trade barriers, tariffs and industrial policies are reshaping global supply chains and affecting the movement of capital across countries. High public debt levels in many major economies, continued fiscal expansion, increasing defence spending and stretched valuations in some asset classes have added to global concerns. The rapid growth of private credit markets and uncertainties surrounding the impact of artificial intelligence have also increased risks. More recently, geopolitical tensions in West Asia have pushed up energy prices and disrupted supply chains, creating fresh pressures on economic activity and inflation.

Despite these global headwinds, the Indian economy has demonstrated strong resilience. India has remained one of the fastest-growing major economies in the world, supported by sound macroeconomic fundamentals, structural reforms and prudent policy management.

Domestic demand continues to be driven by strong consumption and public investment. Government capital expenditure has encouraged private investment and enhanced productive capacity. The economy recorded an average growth rate of 8.2% during 2021-25 and is estimated to have grown by 7.6% in 2025-26. Growth is projected at 6.9% in 2026-27.

Inflation has largely remained under control despite periodic supply-side shocks. The inflation-targeting framework has helped anchor expectations and reduce volatility. Inflation has recently remained below the 4% target, while average inflation is projected at 4.6% for FY27.

Fiscal consolidation is progressing steadily. Tax reforms, including the Goods and Services Tax (GST), have improved revenue collection, while better expenditure management has enhanced the quality of public spending.

India's banking and Non-Banking Financial Company (NBFC) sectors have strengthened considerably, with improvements in capital adequacy, asset quality and profitability. Corporate balance sheets have also become healthier, supported by stronger earnings and growing use of capital markets, particularly corporate bonds.

On the external front, foreign exchange reserves remain comfortable, providing around 11 months of import cover. The current account deficit remains manageable, while foreign direct investment inflows continue to be encouraging. Overall, India's strong macroeconomic and financial fundamentals, supported by policy stability, reforms and a focus on inclusive growth, continue to provide confidence amid an uncertain global environment.

## 1. Important Statistics at a Glance

**Table 2: Current Economic Indicators**

Category	Indicator	Latest (Value / YoY Change)
<b>Demand &amp; Consumption</b>	GST Collections	Rs. 1.94 lakh crore (May 26)
	UPI Transactions	23.2 billion transactions worth Rs. 29.90 lakh crore (May 26)
	Vehicle Sales (Domestic)	~23.75 lakh units (Apr 26)
<b>Industrial Activity</b>	Core Sector Growth	1.7% (Apr 26)
	IIP Growth	4.9% (Apr 26)
	Power Consumption	164.98 billion units / 11.55% growth (May 2026)
<b>Inflation</b>	CPI Inflation	3.48% (Apr 26)
	WPI Inflation	8.30% (Apr 26)
<b>External Sector</b>	Total Exports	USD 80.80 billion (Apr 26)
	Total Imports	USD 88.61 billion (Apr 26)
	Trade Deficit	USD -7.81 billion (Apr 26)
	Forex Reserves	USD 681 billion (Week ending 22 May 26)
<b>Financial &amp; Fiscal</b>	Bank Credit Growth	15.8% (non-food bank credit growth) (Apr 26)
	ECB	\$5.43 billion (Feb 26)
<b>Energy &amp; Commodities</b>	Crude Oil	106.23 (\$/bbl.) (May 26)
	Natural Gas	\$2.735-\$3.396 (May 26)
	Domestic Gas Price	\$10.93/MMBTU (for Jun 26)

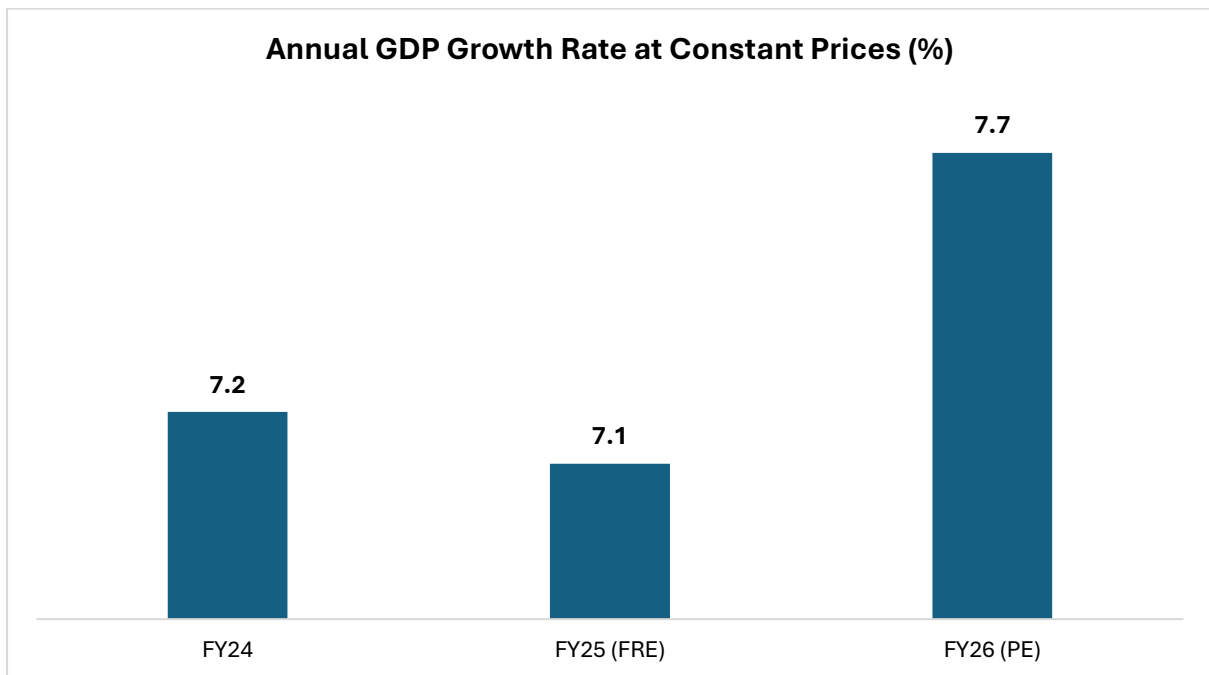
(Source: Compiled from Various Sources)

## 2. GDP Estimates

The highlights of the Provisional Estimates (PE) of Annual GDP for FY 2025-26 and Quarterly Estimates of GDP for the Fourth Quarter (Q4, January-March) of FY 2025-26 have been covered in this section.

### Provisional Estimates of Annual GDP for FY 2025-26:

- Real GDP (at Constant Prices) is estimated at Rs 323.12 lakh crore in FY 2025-26, compared to Rs 299.89 lakh crore in FY 2024-25. The economy is estimated to grow by 7.7% in FY 2025-26, higher than 7.1% in FY 2024-25.
- Nominal GDP (at Current Prices) is estimated at Rs 346.36 lakh crore in FY 2025-26, up from Rs 318.07 lakh crore in FY 2024-25, reflecting a growth rate of 8.9%.
- Real Gross Value Added (GVA) is estimated at Rs 294.91 lakh crore in FY 2025-26, compared to Rs 273.36 lakh crore in FY 2024-25, registering a growth rate of 7.9%, higher than 7.3% in the previous year.
- Nominal GVA is estimated at Rs 314.87 lakh crore in FY 2025-26, against Rs 288.54 lakh crore in FY 2024-25, showing a growth rate of 9.1%.

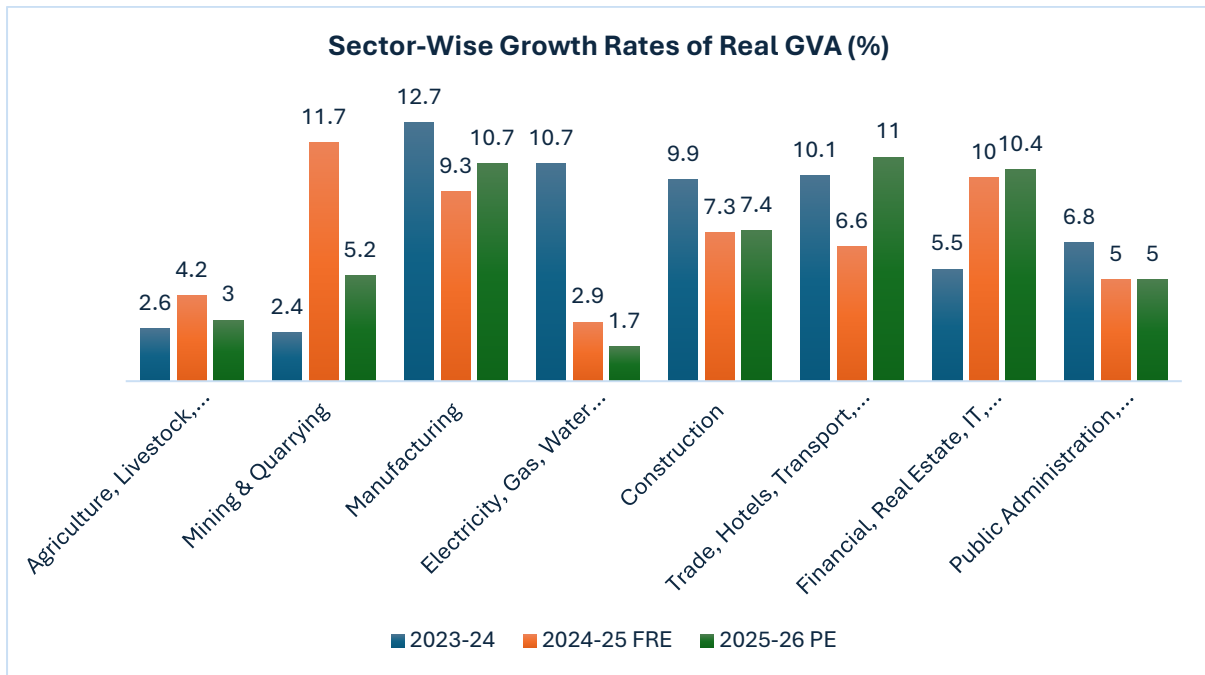


(Source: MoSPI, GoI)

### Annual Sector-Wise Growth Rates of Real GVA:

- **Agriculture, Livestock, Forestry & Fishing:** Growth is estimated at **3.0%** in FY 2025-26, lower than **4.2%** in FY 2024-25.
- **Mining & Quarrying:** Growth is projected at **5.2%** in FY 2025-26, after a strong **11.7%** growth in FY 2024-25.

- **Manufacturing:** Growth is expected to improve to **10.7%** in FY 2025-26 from **9.3%** in FY 2024-25, remaining one of the fastest-growing sectors.
- **Electricity, Gas, Water Supply & Other Utility Services:** Growth is estimated at **1.7%** in FY 2025-26, compared to **2.9%** in FY 2024-25.
- **Construction:** Growth is projected at **7.4%** in FY 2025-26, broadly stable compared to **7.3%** in FY 2024-25.
- **Trade, Hotels, Transport, Communication & Services Related to Broadcasting:** Growth is expected to rise sharply to **11.0%** in FY 2025-26 from **6.6%** in FY 2024-25.
- **Financial, Real Estate, IT, Professional Services & Ownership of Dwelling:** Growth is estimated at **10.4%** in FY 2025-26, slightly higher than **10.0%** in FY 2024-25.
- **Public Administration, Defence & Other Services:** Growth is projected at **5.0%** in FY 2025-26, unchanged from FY 2024-25.

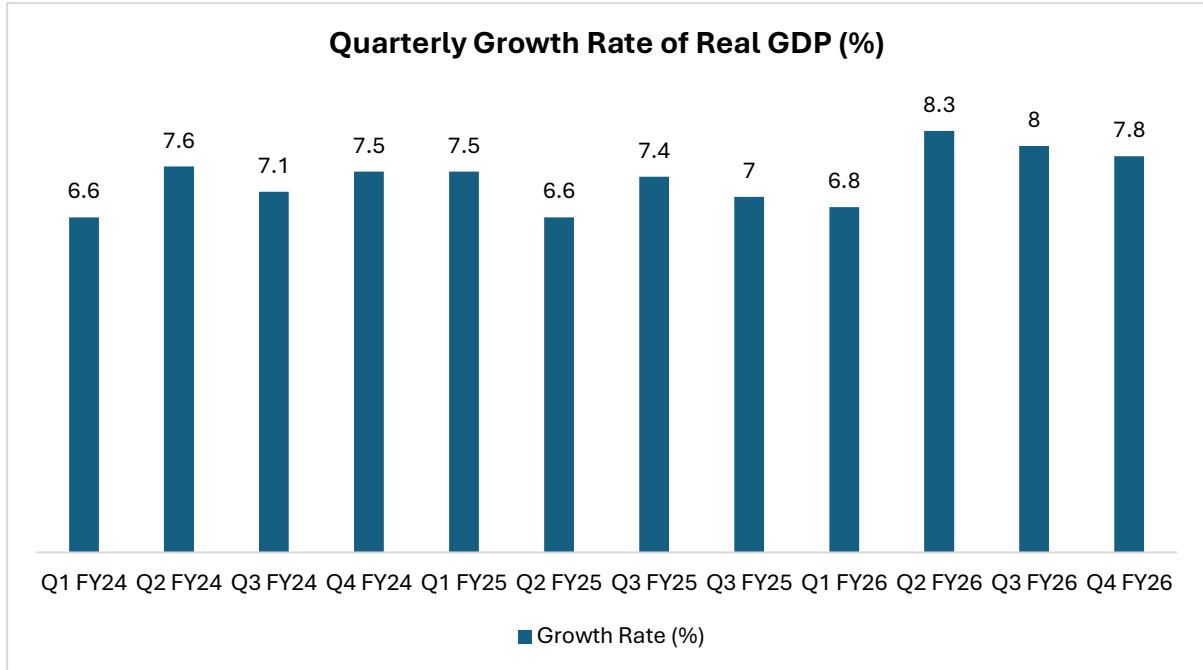


(Source: MoSPI, GoI)

**Quarterly Estimates of GDP for Q4 of FY 2025-26 (January-March):**

- Real GDP (at Constant Prices) in Q4 FY 2025-26 is estimated at Rs 87.77 lakh crore, compared to Rs 81.40 lakh crore in Q4 FY 2024-25, recording a growth rate of 7.8%.
- Nominal GDP (at Current Prices) in Q4 FY 2025-26 is estimated at Rs 94.65 lakh crore, up from Rs 86.75 lakh crore in Q4 FY 2024-25, reflecting a growth rate of 9.1%.

- Real Gross Value Added (GVA) in Q4 FY 2025-26 is estimated at Rs 80.18 lakh crore, compared to Rs 74.32 lakh crore in Q4 FY 2024-25, registering a growth rate of 7.9%.
- Nominal GVA in Q4 FY 2025-26 is estimated at Rs 86.46 lakh crore, against Rs 78.68 lakh crore in Q4 FY 2024-25, showing a growth rate of 9.9%.

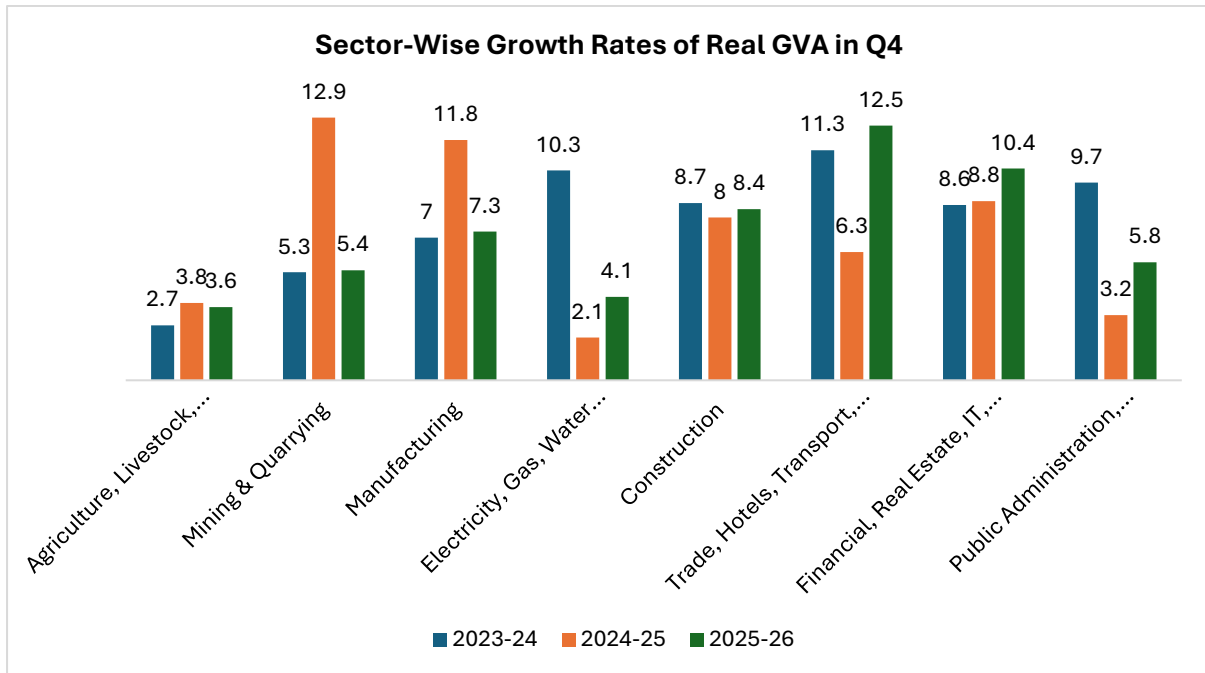


(Source: MoSPI, GoI)

#### Sector-Wise Growth Rates of Real GVA in Q4

- **Agriculture, Livestock, Forestry & Fishing:** Growth is estimated at 3.6% in 2025-26, broadly stable compared to 3.8% in 2024-25.
- **Mining & Quarrying:** Growth is projected at 5.4% in 2025-26, lower than the strong 12.9% growth recorded in 2024-25.
- **Manufacturing:** Growth is estimated at 7.3% in 2025-26, moderating from 11.8% in 2024-25.
- **Electricity, Gas, Water Supply & Other Utility Services:** Growth is expected to improve to 4.1% in 2025-26 from 2.1% in 2024-25.
- **Construction:** Growth is projected at 8.4% in 2025-26, increasing compared to 8.0% in 2024-25.
- **Trade, Hotels, Transport, Communication & Services Related to Broadcasting & Storage:** Growth is expected to rise sharply to 12.5% in 2025-26 from 6.3% in 2024-25, making it the fastest-growing sector.
- **Financial, Real Estate, IT, Professional Services & Ownership of Dwelling:** Growth is estimated at 10.4% in 2025-26, higher than 8.8% in 2024-25.

- **Public Administration, Defence & Other Services:** Growth is projected at 5.8% in 2025-26, improving from 3.2% in 2024-25.



(Source: MoSPI, GoI)

### 3. RBI Keeps Repo Rate Unchanged At 5.25% (Jun 2026)

#### Policy Rates

The Monetary Policy Committee (MPC) kept the repo rate unchanged at 5.25% and retained the neutral stance.

**Table 3: RBI Rates as of June 2026**

Rate	Rate
Repo Rate	5.25%
Standing Deposit Facility (SDF) Rate	5.00%
Marginal Standing Facility (MSF) Rate	5.50%
Bank Rate	5.50%

(Source: Reserve Bank of India)

#### Global Outlook

The prolonged West Asia conflict has increased risks to global growth and inflation. Energy prices and commodity prices remain elevated, while supply chain disruptions continue. Global financial markets have shown mixed trends amid growing uncertainty.

## Domestic Outlook

India's economy remained resilient with steady consumption, continued investment activity, and strong services exports. Merchandise exports also recorded healthy growth. Government support measures, strong credit flows, and capital expenditure are expected to support economic activity.

## Growth Outlook

Real GDP growth for 2026-27 is projected at 6.6%.

**Table: 4 Projected GDP Growth Rates**

Quarter	Growth
Q1	6.6%
Q2	6.3%
Q3	6.5%
Q4	6.8%

(Source: Reserve Bank of India)

## Inflation Outlook

CPI inflation rose to 3.5% in April 2026, mainly due to higher food prices. Rising fuel prices and higher input costs may push inflation higher in coming months. CPI inflation for 2026-27 is projected at 5.1%.

**Table 5: Projected CPI Inflation Rates**

Quarter	Inflation
Q1	4.2%
Q2	5.1%
Q3	5.9%
Q4	5.4%

(Source: Reserve Bank of India)

## Decision Rationale

The MPC noted that global uncertainties, higher energy prices, supply disruptions, and monsoon-related risks could affect growth and inflation. While domestic demand remains resilient and inflation is below the target, the committee decided to keep rates unchanged and continue monitoring developments closely.

#### 4. Index of Industrial Production (IIP) for April 2026 Stood at 4.9%

The Ministry of Statistics and Programme Implementation (MoSPI) has changed the base year of the All India Index of Industrial Production (IIP) from 2011-12 to 2022-23 to better reflect the present structure of India’s industrial sector. Under the revised series, industrial production grew by 4.9% in April 2026, led by a strong 6.2% growth in the manufacturing sector.

Sector-wise, mining and quarrying contracted by 5.1%, while manufacturing grew by 6.2%. Electricity and gas supply increased by 4.9%, and water supply, sewerage and waste management expanded by 6.6%.

Within the Manufacturing sector, the top three positive contributors for the month of April 2026 are - “Manufacture of motor vehicles, trailers and semi-trailers” (12.7%), “Manufacture of electrical equipment” (19.2%) and “Manufacture of machinery and equipment n.e.c.” (12.9%).

The series based on 2022-23 has:

- **Expanded Scope & Coverage:** In the new IIP series (2022–23), the coverage has been broadened by incorporating Gas Supply and Water Supply, Sewerage & Waste Management activities, while retaining the existing three core sectors - Mining, Manufacturing, and Electricity. In the Mining sector, the new series includes minor minerals and rare earth minerals in addition to major minerals.
- **Enhanced Granularity:** The new IIP series provides a more detailed disaggregation of industrial activities, enabling better analysis of sectoral performance.
- **Revamped Item Basket:** The revised basket consists of 1,042 products mapped to 463 item groups as compare to 839 items mapped to 407 item groups in 2011-12 series.
- **Updated Weights:** The weights are updated using latest data on Gross Value Added from National Accounts Statistics (base 2022-23) at sectoral level and Annual Survey of Industries at NIC-2/3/4 digit for the financial year 2022-23.

**Table 6: Index of Industrial Production for April 2026 (Base Year 2022-23)**

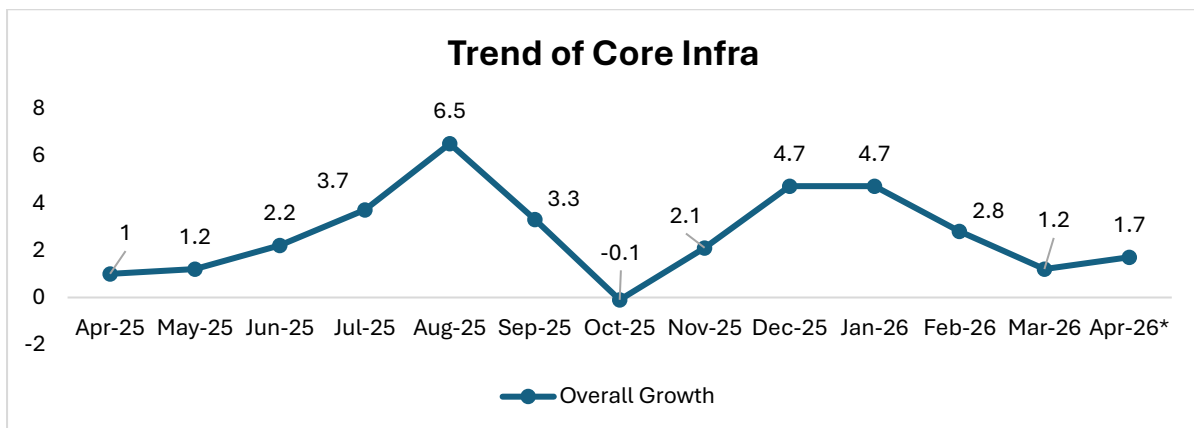
Sector	Year	Growth Rate in April in %
Mining & Quarrying	2023-24	-2.7
	2024-25	12.6
	2025-26	0.6
	2026-27	-5.1
Manufacturing	2023-24	0.2
	2024-25	5.4

Sector	Year	Growth Rate in April in %
	2025-26	6.4
	2026-27	6.2
<b>Electricity &amp; Gas Supply</b>	2023-24	-1.2
	2024-25	14.1
	2025-26	6.1
	2026-27	4.9
<b>Water Supply, Sewerage &amp; Waste Management</b>	2023-24	9.6
	2024-25	15.7
	2025-26	8.2
	2026-27	6.6
<b>General</b>	2023-24	-0.1
	2024-25	7.3
	2025-26	5.7
	2026-27	4.9

(Source: MoSPI, GoI)

### 5. Index of Eight Core Industries for April 2026 Increased by 1.7%

The combined Index of Eight Core Industries (ICI) increased by 1.7% (provisional) in April 2026 compared to April 2025. The production of Cement, Steel and Electricity registered positive growth during the month. The ICI tracks the combined as well as individual performance of eight core industries, namely Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. The y-o-y growth rate of Coal stands at -8.7%, Crude Oil at -3.9%, Natural Gas at -4.3%, Petroleum Refinery Products at -0.5%, Fertilizers at -8.6%, Steel at 6.2%, Cement at 9.4% and Electricity at 4.1% in April 2026 compared to April 2025. The final growth rate of the Index of Eight Core Industries for March 2026 stood at 1.2%. The cumulative growth rate of ICI during April-March 2025-26 was 2.7% compared to the corresponding period of the previous year.



(Source: Ministry of Commerce and Industry, GoI)

## 6. Consumer Price Index (CPI) for April 2026 Stood at 3.48%

The Consumer Price Index (CPI) inflation stood at 3.48% (provisional) in April 2026 as compared to April 2025. The corresponding inflation rates for rural and urban areas were recorded at 3.74% and 3.16%, respectively. The Consumer Food Price Index (CFPI) inflation stood at 4.20% (provisional) in April 2026 over April 2025, with rural inflation at 4.26% and urban inflation at 4.10%. The year-on-year Housing inflation rate stood at 2.15% (provisional) in April 2026, with rural and urban inflation rates at 2.65% and 1.96%, respectively. Division-wise inflation in the Combined sector for April 2026 shows Food & Beverages at 4.01%; Paan, tobacco and intoxicants at 4.76%; Clothing and footwear at 2.80%; Housing, water, electricity, gas, etc. at 1.71%; Furnishings, household equipment, etc. at 1.61%; Health at 1.64%; Transport at -0.01%; Information and communication at 0.50%; Recreation, sport and culture at 2.11%; Education services at 3.15%; Restaurants and accommodation services at 4.20%; and Personal care, social protection, etc. at 17.66%.

**Table 7: CPI (General) and CFPI Rates in %: April 2026 over March 2026**

		April 2026 (Provisional)			March 2026 (Final)		
		Rural	Urban	Combined	Rural	Urban	Combined
Inflation (%)	CPI (General)	3.74	3.16	3.48	3.63	3.11	3.40
	CFPI	4.26	4.10	4.20	3.95	3.71	3.87

(Source: MoSPI, Gol)

## 7. Wholesale Price Index (WPI) for April 2026 Reaches 8.3%

The annual inflation rate based on the All-India Wholesale Price Index (WPI) stood at 8.3% (provisional) in April 2026 as compared to April 2025. The increase in inflation during April 2026 was mainly driven by higher prices of mineral oils, crude petroleum and natural gas, basic metals, other manufacturing products and non-food articles. On a month-on-month basis, WPI increased by 3.86% in April 2026 compared to March 2026. Among the major groups, Primary Articles recorded an increase of 9.17%, Fuel & Power of 24.71%, and Manufactured Products of 4.62% during the same period.

**Table 8: WPI Inflation (YoY in %)**

Particulars	Feb-26 (Final)	Mar-26 (Provisional)	Apr-26 (Provisional)
All Commodities	2.26	3.88	8.30
Primary Articles	3.21	6.36	9.17
Fuel & Power	-3.85	1.05	24.71
Manufactured Products	3.13	3.39	4.62
Food Index	1.85	1.85	2.31

(Source: Office of Economic Adviser, MoCI, Gol)

## 8. Bank Credit Growth for Fortnight Ended April 2026 Grew by 15.8%

Non-food bank credit grew by 15.8% (y-o-y) as on the fortnight ended April 30, 2026, up from 9.8% in the corresponding fortnight of the previous year (May 02, 2025). Highlights of the sectoral deployment of bank credit as on the fortnight ended April 30, 2026, are as follows:

- Credit to agriculture and allied activities recorded a y-o-y growth of 13.7% as compared to 9.2% in the corresponding fortnight of the previous year.
- Credit to industry registered a y-o-y growth of 15.1% (7.0% in the corresponding fortnight of last year). Credit to 'Micro and Small' and 'Large' industries witnessed accelerated growth, while 'Medium' industries continued to record steady growth. Among major industries, outstanding credit to 'infrastructure', 'basic metal and metal product', 'all engineering', 'petroleum, coal products and nuclear fuels', and 'chemical and chemical products' recorded higher y-o-y growth. However, credit growth in 'construction', 'textiles' and 'rubber, plastic and their products' remained relatively subdued.
- Credit to the services sector registered a y-o-y growth of 18.6% (10.1% in the corresponding fortnight of the previous year), supported by robust growth in segments such as 'non-banking financial companies' (NBFCs), 'commercial real estate', 'trade' and 'professional services'.
- Credit to the personal loans segment recorded a y-o-y growth of 16.0%, compared to 11.9% a year ago. Segments such as 'vehicle loans' and 'housing' continued to witness strong growth, while 'credit card outstanding' moderated.

## 9. Monthly Review of Accounts of GoI for FY 2025-26 & April 2026

### FY 2025-26:

The Government of India received Rs 33,85,982 crore during FY 2025-26, amounting to 99.4% of the Revised Estimates (RE). This comprised Rs 26,23,264 crore of Net Tax Revenue, Rs 6,78,961 crore of Non-Tax Revenue and Rs 83,757 crore of Non-Debt Capital Receipts. The latter included Rs 24,617 crore from recovery of loans and Rs 59,140 crore from miscellaneous capital receipts. During the year, Rs 13,92,971 crore was transferred to State Governments as devolution of taxes, which was Rs 1,06,086 crore higher than the previous year.

Total expenditure during FY 2025-26 stood at Rs 49,05,151 crore, equivalent to 98.8% of the Revised Estimates. Of this, Rs 38,36,032 crore was incurred on Revenue Account and Rs 10,69,119 crore on Capital Account. Interest payments accounted for Rs 12,42,575 crore, while major subsidies amounted to Rs 4,53,854 crore.

## April 2026:

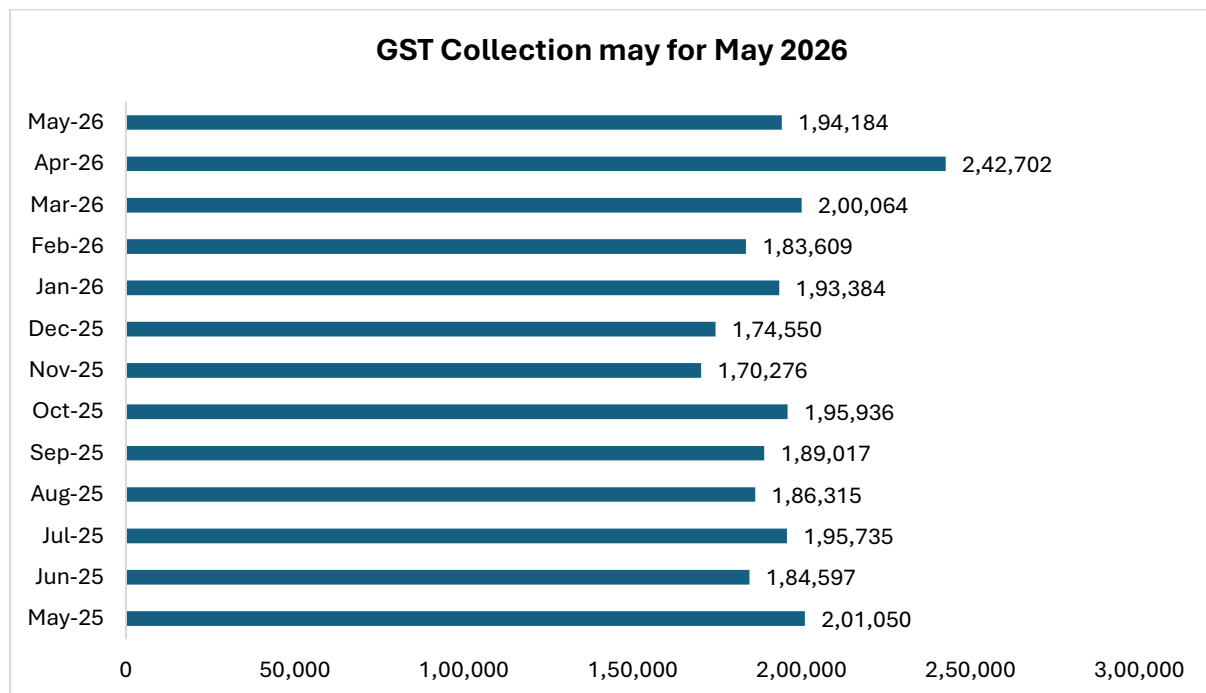
The Government of India received Rs 2,12,679 crore during April 2026, amounting to 5.8% of the Budget Estimates (BE) for 2026-27. This comprised Rs 1,78,492 crore of Net Tax Revenue, Rs 24,293 crore of Non-Tax Revenue and Rs 9,894 crore of Non-Debt Capital Receipts, entirely on account of recovery of loans.

Total expenditure incurred by the Government stood at Rs 5,74,892 crore, equivalent to 10.8% of the Budget Estimates for 2026-27. Of this, Rs 3,85,151 crore was spent on Revenue Account and Rs 1,89,831 crore on Capital Account. Interest payments accounted for Rs 1,09,562 crore, while major subsidies amounted to Rs 43,633 crore.

Overall, the fiscal accounts reflect steady revenue mobilisation, higher transfers to States and continued focus on capital expenditure, highlighting the government's commitment to supporting growth while adhering to its fiscal consolidation path.

### 10. GST Collection for May 2026 Reach Rs. 1.94 Lakh Crore

Gross Goods and Services Tax (GST) collections increased by 3.2% year-on-year to over Rs 1.94 lakh crore in May 2026, compared to Rs 1.88 lakh crore in May 2025. Gross Central GST (CGST) collections from domestic transactions stood at Rs 37,397 crore, while State GST (SGST) and Integrated GST (IGST) collections were Rs 45,143 crore and Rs 51,990 crore, respectively. Taxable supplies of goods grew by 26.9%, reflecting strong domestic demand, while taxable supplies of services increased by 22.2%, indicating continued resilience in consumption. IGST collections from imports rose by 19.1% to Rs 59,654 crore, signalling expanding industrial activity. GST refunds increased by 2.6%.



(Source: Ministry of Finance, GoI)

## 11. India's Total Trade for April 2026 Stood at USD 169.4 Billion

India's total exports (merchandise and services combined) for April 2026\* are estimated at USD 80.80 Billion, registering a growth of 13.59% compared to April 2025, while total imports are estimated at USD 88.61 Billion, showing a growth of 7.67% over the same period. Merchandise exports during April 2026 stood at USD 43.56 Billion, up from USD 38.28 Billion in April 2025, while merchandise imports were USD 71.94 Billion compared to USD 65.38 Billion in April 2025. The estimated value of services exports for April 2026\* was USD 37.24 Billion as against USD 32.85 Billion in April 2025, while services imports were estimated at USD 16.66 Billion compared to USD 16.91 Billion in April 2025. Among major export destinations, Singapore, Tanzania, Sri Lanka, Bangladesh and Hong Kong recorded strong growth, while China, Russia, Oman, Peru and Saudi Arabia emerged as the fastest-growing import sources during the month.

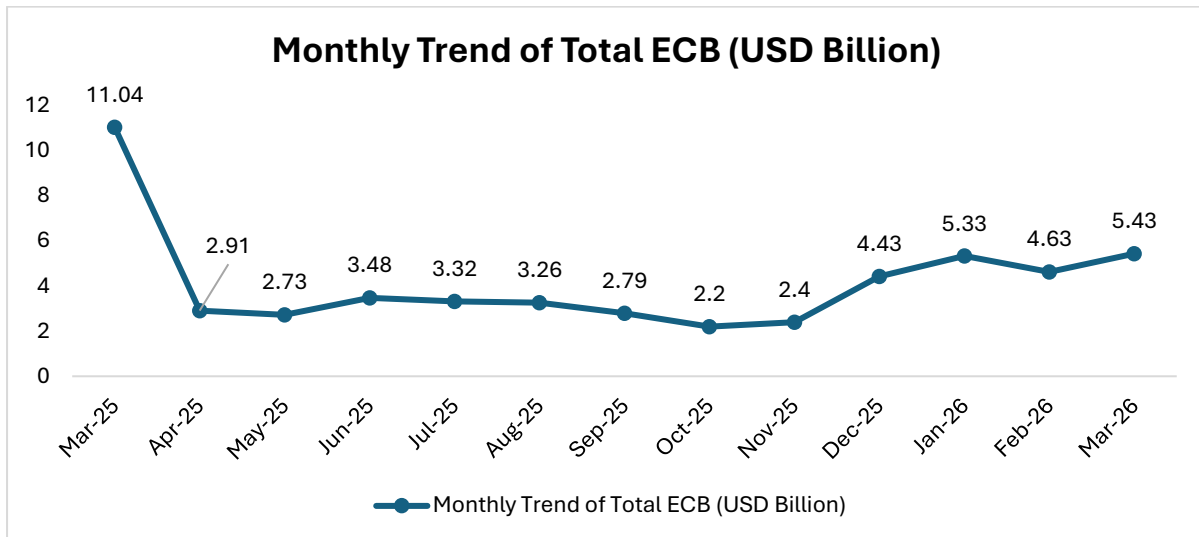
**Table 9: India's Trade in \$ Billion (Nearest Decimal)**

		Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Merchandise	Export	38.5	38.7	35.1	37.2	35.1	36.4	34.4	38.1	38.5	36.6	36.6	38.9	43.6
	Import	64.9	60.6	53.9	64.6	61.6	68.5	76.1	62.7	63.6	71.2	63.7	59.6	71.9
Services	Export	35.3	32.4	32.8	31.0	34.1	30.8	38.5	35.9	35.5	43.9	39.5	35.2	37.2
	Import	17.5	17.1	17.6	15.4	17.5	15.3	18.6	18.0	17.4	19.6	16.4	17.0	16.7
Total	Export	73.8	71.1	68.0	68.3	69.2	67.2	72.9	74.0	74.0	80.5	76.1	74.1	80.8
	Import	82.5	77.8	71.5	80.0	79.0	83.8	94.7	80.6	80.9	90.8	80.1	76.6	88.6
Total Trade		156.3	148.9	139.5	148.3	148.2	151.0	167.6	154.6	155.0	171.3	156.2	150.7	169.4

(Source: Ministry of Commerce & Industry, GoI)

## 12. External Commercial Borrowings (ECB) for Mar 2026 Reach USD 5.43 Billion

The monthly trend of total ECB showed a sharp decline after reaching a peak of USD 11.04 billion in March 2025. ECB inflows fell to around USD 2.9 billion in April 2025 and remained relatively stable between USD 2.2-3.5 billion during the following months. The lowest level was recorded in October 2025 at USD 2.2 billion. From November 2025 onwards, ECB flows began to recover steadily, rising to USD 4.43 billion in December 2025 and USD 5.33 billion in January 2026. After a slight dip to USD 4.63 billion in February 2026, inflows increased again to USD 5.43 billion in March 2026, the highest level in nearly a year excluding the March 2025 spike. Overall, the trend indicates a gradual improvement in ECB inflows in recent months, reflecting stronger external financing conditions and continued investor confidence.



(Source: Reserve Bank of India)

### 13. Overview of the Indian Rupee for April 2026

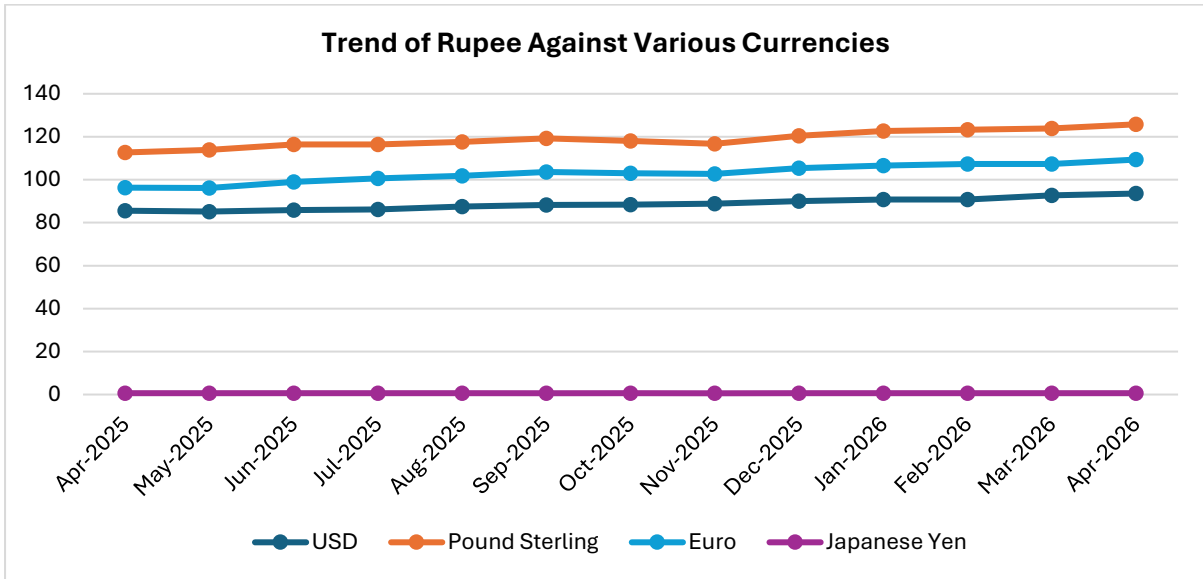
For the month of April 2026, the rupee remained under pressure against major currencies. It traded in the range of 92.55-95.24 against the US dollar, 122.99-128.19 against the pound sterling, and 107.25-111.06 against the euro, reflecting a relatively weak trend. In contrast, the rupee remained largely stable against the Japanese yen, moving within a narrow range of 0.57-0.59. Overall, the movement indicates continued weakness against key global currencies, while remaining relatively steady against the yen amid prevailing global economic and geopolitical uncertainties.

**Table 10: Trend of Rupee for April 2026**

Currency	High	Low	Average
US Dollar	92.55	95.24	93.55
Pound Sterling	122.99	128.19	125.78
Euro	107.25	111.06	109.37
Japanese Yen	0.57	0.59	0.58

(Source: Reserve Bank of India)

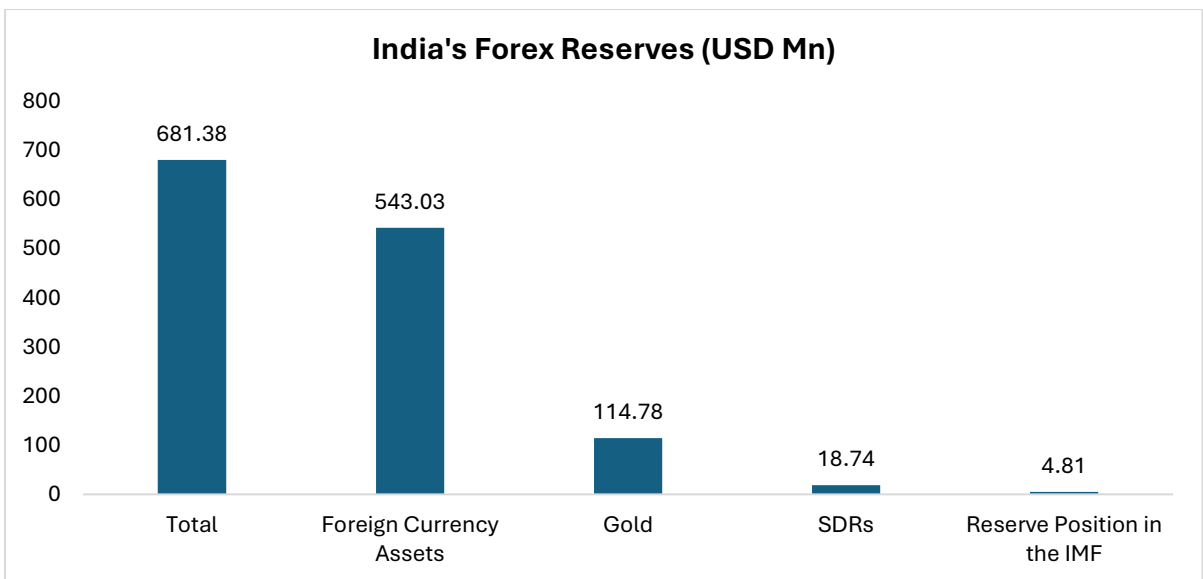
The exchange rate trend shows a steady depreciation of the rupee against major currencies over the past year. Against the US dollar, the rupee weakened from 85.56 in April 2025 to 93.55 in April 2026, with a gradual increase over the period. A similar trend was observed against the euro, which rose from 96.23 to 109.37, and the pound sterling, which increased from 112.70 to 125.78. In contrast, the Japanese yen remained relatively stable around 0.57-0.60 throughout the year. Overall, the trend indicates sustained pressure on the rupee against major global currencies, reflecting the impact of external economic conditions and global market uncertainties.



(Source: Reserve Bank of India)

#### 14. Forex Reserves for Week Ended 22nd May 2026 Stand at USD 681.38 Billion

India’s foreign exchange reserves declined by USD 7.51 billion to USD 681.38 billion during the week ended 22 May 2026, marking another week of decline. Foreign currency assets, which account for the largest share of reserves, fell by USD 2.87 billion to USD 543.03 billion. Gold reserves also decreased by USD 4.53 billion to USD 114.79 billion. In addition, Special Drawing Rights (SDRs) declined by USD 77 million to USD 18.74 billion. India’s reserve position with the International Monetary Fund (IMF) also fell by USD 33 million to USD 4.81 billion. Overall, the decline in reserves was broad-based, with reductions recorded across all major component.



(Source: Reserve Bank of India - For Week Ending 22 May 2026)

## 15. Markets Overview for May 2026

Global markets remained resilient in May 2026, with major indices ending the month in positive territory despite continued geopolitical uncertainties. Market movements largely stayed within a narrow range, highlighting a cautious yet stable investor sentiment.

**Table 11: Overview of Markets (May 2026)**

Market	Index	Open	High	Low	Close	Volume
India	Sensex	77,257	78,384	74,134	74,775	381,000
India	Nifty 50	24,063	24,482	23,262	23,547	8,409,800
USA	DJIA	49,832	51,094	48,913	51,032	10,288,840,000
USA	S&P 500	7,234	7,599	7,174	7,580	112,555,780,000
USA	Nasdaq	24,977	27,094	24,913	26,972	189,308,820,000
Japan	Nikkei 225	59,379	66,505	59,263	66,329	3,394,400,000
Germany	DAX P	24,274	25,438	23,797	25,104	1,314,670,900

(Source: Compiled from Various Sources)

## 16. Recent Economic Developments

### 1) 5 May 2026: Cabinet Approves Mission for Cotton Productivity

The Union Cabinet approved the Mission for Cotton Productivity with an outlay of Rs 5,659.22 crore for the period 2026-27 to 2030-31. The mission aims to improve cotton productivity, quality and sustainability while strengthening India's position in global textile markets. Key initiatives include the development of high-yielding and climate-resilient seeds, wider adoption of modern farming practices, quality enhancement, stronger testing infrastructure, and promotion of Kasturi Cotton Bharat for traceability and branding. The mission will initially cover 140 districts in 14 states and benefit around 32 lakh farmers, with a target of increasing cotton production and achieving greater self-reliance in the sector by 2031.

### 2) 8 May 2026: India and Canada Conclude Second Round of CEPA Negotiations

India and Canada successfully concluded the second round of negotiations for the proposed Comprehensive Economic Partnership Agreement (CEPA) in New Delhi. The discussions were held under the Terms of Reference signed by the Trade Ministers of both countries in March 2026. Both sides engaged in detailed discussions on areas including trade in goods and services, intellectual property, rules of origin, sanitary and phytosanitary measures, and technical barriers to trade. The two countries reaffirmed their commitment to achieving a balanced and mutually beneficial agreement to

strengthen bilateral economic ties and agreed to continue negotiations, with the next round scheduled in Canada in July 2026.

### **3) 13 May 2026: Cabinet Approves Coal Gasification Scheme with Rs.37,500 Crore Outlay**

The Union Cabinet approved a Scheme for Promotion of Surface Coal/Lignite Gasification Projects with a financial outlay of Rs 37,500 crore. The scheme aims to accelerate coal gasification in India, support the target of gasifying 100 million tonnes of coal by 2030, strengthen energy security, and reduce dependence on imports of products such as LNG, urea, ammonia, and methanol. It is expected to attract investments of Rs 2.5-3 lakh crore and create around 50,000 jobs. The scheme also provides long-term policy support through extended coal linkage tenure and promotes the development of domestic coal gasification technologies and downstream industries.

### **4) 14 May 2026: India Strengthens Telecom Leadership at ITU Council 2026**

India strengthened its global presence in the telecommunications sector through active participation in the International Telecommunication Union (ITU) Council 2026 held in Geneva, Switzerland. The Department of Telecommunications delegation took part in discussions on key issues related to global telecom and digital cooperation. India's proposal to host the ITU Plenipotentiary Conference (PP-2030) was accepted by the Council, subject to final approval in 2026. India also promoted its candidatures for upcoming ITU elections, held several bilateral meetings with member countries, and announced a voluntary contribution to support initiatives in 6G, Artificial Intelligence, Digital Public Infrastructure, and sustainable digital transformation.

### **5) 18 May 2026: India Targets USD 1 Trillion Exports in 2026 and USD 2 Trillion in Five Years**

The Union Minister of Commerce and Industry stated that India aims to achieve exports worth USD 1 trillion this year and USD 2 trillion over the next five years. Despite global challenges, the country's exports have reached USD 863 billion, recording growth over the previous year. The Minister highlighted ongoing efforts to conclude Free Trade Agreements with nearly 38 developed countries to improve market access for Indian products. Emphasising import substitution and support for domestic manufacturing, the Minister urged businesses to identify new opportunities and promote Indian products. The government also called for greater participation of youth, startups and MSMEs in driving export-led growth.

### **6) 23 May 2026: DPIIT Releases Guidelines for BHAVYA Scheme**

The Department for Promotion of Industry and Internal Trade (DPIIT) released the operational guidelines for the BHAVYA Scheme, a major initiative aimed at developing world-class industrial parks across India. With a total outlay of Rs 33,660 crore, the

scheme plans to establish 100 industrial parks between 2026-27 and 2031-32, with up to 50 parks to be developed in the first phase. The scheme focuses on creating investment-ready industrial ecosystems with modern infrastructure, logistics connectivity, digital governance systems, and sustainable features. It is expected to strengthen manufacturing, attract investments, generate employment, support domestic supply chains, and enhance India's integration with global value chains.

#### **7) 26 May 2026: India Semiconductor Mission Launches Investor Support Portal**

The India Semiconductor Mission (ISM) under the Ministry of Electronics and Information Technology (MeitY) launched the "Investors Support" portal to strengthen investor confidence and support the growth of India's semiconductor ecosystem. The portal provides information on government schemes, policies, approved projects, and regulatory requirements related to semiconductor investments. It also offers a single-window platform for investors to register concerns and seek assistance, with support from relevant ministries, departments, state governments, project companies, and industry bodies. The initiative aims to improve coordination, ensure timely resolution of issues, and facilitate greater investment in semiconductor manufacturing and design in India.

#### **8) 27 May 2026: India Records Highest-Ever Foodgrain Production in 2025-26**

The Ministry of Agriculture and Farmers Welfare released the Third Advance Estimates for 2025-26, showing record agricultural production across several major crops. Total foodgrain production is estimated at a historic 376.56 million tonnes, up 5.3% from the previous year. Record output has been estimated for rice, maize, groundnut, rapeseed and mustard, and sugarcane, while wheat production is also expected to reach a new high. Total oilseeds production is estimated at 43.06 million tonnes. The estimates reflect strong growth in the agriculture sector and highlight continued improvements in crop productivity and overall farm output across the country.

#### **9) 28 May 2026: India and Korea Hold 12th Round of CEPA Upgrade Negotiations**

India and the Republic of Korea held the 12th round of negotiations for upgrading the India-Korea Comprehensive Economic Partnership Agreement (CEPA) in New Delhi. Both sides reviewed progress made so far and reaffirmed their commitment to concluding a modernised and mutually beneficial agreement in a time-bound manner. Discussions covered trade in goods and services, investment, rules of origin, and sanitary and phytosanitary standards. The two countries also agreed to establish sub-groups to explore cooperation in digital trade, supply chains, and strategic industrial sectors. The negotiations reflected the shared objective of strengthening bilateral trade and economic cooperation.

## **10) 29 May 2026: India and Canada Launch Trade and Investment Forum**

India and Canada reaffirmed their commitment to strengthening bilateral trade and investment relations during the 2026 Trade and Investment Forum. Both countries highlighted opportunities for deeper cooperation in sectors such as clean energy, critical minerals, agri-food, advanced manufacturing, digital technologies, and skills development. The two sides reiterated their objective of concluding negotiations for a Comprehensive Economic Partnership Agreement (CEPA) by the end of the year. The Canada-India Trade and Investment Forum was launched as a platform to promote business engagement and commercial partnerships. Both countries also agreed to encourage long-term investments and maintain regular dialogue to advance economic cooperation.

## **Part 3. States' Economy Updates**

### **1. Top Economic Updates Across Indian States**

#### **Pan India: SBI Report Projects 6.6% National GDP Growth in FY27**

An SBI Research Report for May 2026 projected India's economy would grow at 6.6% in FY 2026-27, against 7.5% growth in FY 2025-26. The report stated that credit growth is expected to remain robust during the first half of FY 2026-27 and that domestic consumption will continue to support GDP momentum. However, it cautioned that volatility in crude oil and commodity prices, along with possible El Niño conditions, may pose inflationary risks. States led by strong manufacturing ecosystems, including Maharashtra, Tamil Nadu, Karnataka and Gujarat, are expected to remain key anchors of India's economic resilience.

#### **Pan India: 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.

#### **Pan India: 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.

### **Andhra Pradesh: Royal Enfield's Rs 2,200 Crore Plant**

Royal Enfield announced plans to set up a new greenfield manufacturing facility in Andhra Pradesh, representing an investment of Rs 2,200 crore - its largest expansion outside Tamil Nadu. The government allocated land for the project in Vanelluru and Rallakuppam villages in Satyavedu mandal, near the Andhra Pradesh-Tamil Nadu border. The facility is expected to add nearly 9 lakh units to Royal Enfield's annual manufacturing capacity and includes a dedicated vendor park to develop a local automobile manufacturing cluster. The plant will augment the company's existing 1.46 million-unit annual capacity, further positioning India as a global hub for premium motorcycle manufacturing.

### **Andhra Pradesh: MSME Growth Summit Launches 38 Industrial Parks**

The "One Family - One Entrepreneur MSME Growth Summit 2026" was held on May 25 in Vijayawada, where Chief Minister N. Chandrababu Naidu inaugurated the summit and virtually laid the foundation stone for 38 MSME parks across the state. The summit saw agreements signed with companies such as Meta, Amazon and Zoho to promote investment and entrepreneurship. The government also launched the AP Cluster Development Programme (AP CDP) to develop 45 MSME clusters between 2026 and 2030 with an outlay of Rs 200 crore, expected to benefit over 1,600 MSME units. A Rs 20 crore SIDBI RTIH Seed Fund was announced to support deep-tech startups, and nearly one lakh micro enterprises are to receive training in digital marketing through the Meta Growth Academy.

### **Delhi: 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.

### **Maharashtra: 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 of investment in nuclear energy. The plan aims to develop 25,400 MW of capacity, significantly above India's current nuclear power base. The projects could create about 1.23 lakh jobs and support clean, round-the-clock power for industries, data centres and manufacturing clusters. However, the projects remain at the agreement stage and will require approvals, clearances, site studies and technology decisions before commercial operations begin.

### **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.

### **Odisha: Intel and 3DGS Sign Rs 28,000 Crore MoU for Semiconductor Substrate Facility**

Chip giant Intel, along with 3D Glass Solutions (3DGS), signed a pact with the Odisha government on May 29 to set up a USD 3.3 billion advanced packaging glass core substrate manufacturing facility in the Bhubaneswar-Khurda region. Intel will provide technology know-how and process expertise for the project, which is among the largest high-technology manufacturing investments in India's semiconductor sector. The project aligns with Odisha Vision 2036 and reinforces the state's emergence as a semiconductor and artificial intelligence hub. The Chief Minister noted that it will create world-class opportunities for young professionals and attract leading global technology companies.

### **Uttar Pradesh: Noida International Airport Set for Commercial Launch**

The Uttar Pradesh government announced in May 2026 that IndiGo will be the inaugural carrier for the Noida International Airport (NIA) in Jewar, with commercial operations scheduled to begin on June 15, 2026. The airport, built at an investment of approximately Rs 11,200 crore, is one of India's largest greenfield airport projects, designed to handle around 12 million passengers annually in Phase 1. It is expected to transform western Uttar Pradesh into a major economic and logistics hub.

## 2. Economic Data of States

State-wise GST revenue growth in May 2026 presented a mixed picture across India. Among the larger States, Uttar Pradesh recorded the highest growth at 13%, followed by Haryana (8%) and Telangana (6%). Andhra Pradesh also posted a healthy increase of 3%. Smaller territories such as Dadra and Nagar Haveli and Daman & Diu (38%), Other Territory (42%), and Centre Jurisdiction (39%) reported sharp growth, albeit on a lower base. On the other hand, several major States, including Delhi, Tamil Nadu, Rajasthan, Punjab and West Bengal, registered declines. Overall, GST revenues across India declined by 3% year-on-year in May 2026.

**Table 12: State-Wise Growth of GST Revenues in May 2026**

State/UT	May-25	May-26	Growth (%)
Jammu and Kashmir	565	451	-20%
Himachal Pradesh	841	615	-27%
Punjab	2366	2252	-5%
Chandigarh	362	373	3%
Uttarakhand	1594	1298	-19%
Haryana	9478	10217	8%
Delhi	10289	8525	-17%
Rajasthan	4702	4192	-11%
Uttar Pradesh	7732	8728	13%
Bihar	1698	1588	-7%
Sikkim	424	200	-53%
Arunachal Pradesh	150	142	-5%
Nagaland	63	64	1%
Manipur	118	68	-42%
Mizoram	29	34	20%
Tripura	92	99	7%
Meghalaya	210	182	-13%
Assam	1502	1305	-13%
West Bengal	5871	5327	-9%
Jharkhand	2241	2246	0%
Odisha	4264	4050	-5%
Chhattisgarh	2224	2211	-1%
Madhya Pradesh	3020	3038	1%
Gujarat	11113	11206	1%
Dadra and Nagar Haveli and Daman & Diu	351	483	38%
Maharashtra	29236	29141	0%
Karnataka	12952	13130	1%
Goa	582	535	-8%
Lakshadweep	7	1	-82%
Kerala	3205	3197	0%
Tamil Nadu	11582	9834	-15%
Puducherry	274	213	-22%

State/UT	May-25	May-26	Growth (%)
Andaman and Nicobar Islands	53	48	-10%
Telangana	4750	5045	6%
Andhra Pradesh	3596	3717	3%
Ladakh	29	24	-18%
Other Territory	212	301	42%
Center Jurisdiction	324	449	39%
Grand Total	138102	134530	-3%

(Source: Ministry of Finance, GoI)

## **Part 4. Policy Developments**

### **1. Top Policy Developments**

#### **1) 2 May 2026: Foreign Investment Rules for Insurance Sector Amended**

The Ministry of Finance notified the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026, amending the Foreign Exchange Management (Non-debt Instruments) Rules, 2019. The amendment aligns with changes made to the Insurance Act, 1938 in 2025, which permits up to 100% foreign investment in insurance companies. Accordingly, the earlier 74% cap under the automatic route has been removed, although foreign investment in the Life Insurance Corporation of India remains capped at 20%. The Rules also relax residency requirements, requiring only one among the Chairperson, Managing Director, or Chief Executive Officer to be a resident Indian citizen.

#### **2) 8 May 2026: Rules Notified Under Four Labour Codes**

The Ministry of Labour and Employment notified Rules under the Occupational Safety, Health and Working Conditions Code, 2020, Code on Social Security, 2020, Industrial Relations Code, 2020, and Code on Wages, 2019. Working hours are capped at 48 per week, while women may work before 6 AM or after 7 PM under specified safeguards. The Social Security Rules, 2026 cover insurance, provident fund, gratuity and maternity benefits, including eligibility for gig workers. Industrial Relations Rules prescribe procedures for trade unions, strikes, lay-offs and closures. Wage Rules provide for minimum wage calculation, dearness allowance revision and floor wage updates.

#### **3) 8 May 2026: Scheme for Investment Promotion Extended Till 2030-31**

The central government has extended the Scheme for Investment Promotion for the period 2026-27 to 2030-31. First launched in 2008, the scheme has continued through different phases with changes in its components and implementation framework. Its objective is to create a favourable environment for investment in India. Key components include investor targeting and facilitation, which offers services such as location analysis, regulatory advice, project approvals and clearances. The scheme also supports

investment promotion through sector-focused outreach and facilitation in target countries, while assisting state governments and industry associations. The estimated outlay is Rs 996 crore.

#### **4) 8 May 2026: Motor Vehicle Rules Amended to Strengthen Fitness and Testing Norms**

The Ministry of Road Transport and Highways notified the Central Motor Vehicles (Sixth Amendment) Rules, 2026, amending the Central Motor Vehicle Rules, 1989. Vehicles not declared fit within 180 days of being marked unfit will be classified as end-of-life vehicles. The Rules revise eligibility for owning automated testing stations by restricting service stations and vehicle repair businesses from operating such stations in the same district. Vehicle fitness tests must now be recorded through geo-tagged videos and uploaded using a government mobile application. Additional checks include vehicle location tracking devices, high security registration plates, speed governors, and seat belts.

#### **5) 19 May 2026: Draft Amendments to National Anti-Doping Act, 2022 Released**

The Ministry of Youth Affairs and Sports has invited public comments on draft amendments to the National Anti-Doping Act, 2022. The Act establishes the National Anti-Doping Agency to regulate anti-doping activities in line with the World Anti-Doping Code. The amendments introduce offences and penalties for doping-related activities. Trafficking, selling, dispensing, prescribing, or administering prohibited substances or methods may attract imprisonment up to five years, a fine up to Rs 2 lakh, or both. Higher penalties of up to 10 years' imprisonment and Rs 5 lakh fine apply in aggravated cases. Advertising prohibited substances may attract up to one year imprisonment.

#### **6) 20 May 2026: SEBI Proposes Third-Party Payments in Mutual Funds**

The Securities and Exchange Board of India (SEBI) released a draft circular proposing third-party payments in mutual funds in specified cases. Asset Management Companies (AMCs) may accept consolidated payments for investments through salary deductions by listed companies, Employees' Provident Fund Organisation (EPFO) registered companies, and AMCs. The draft also allows distributors registered with the Association of Mutual Funds of India to receive mutual fund units instead of cash commission. Investors may contribute part of their subscription amount or scheme returns to NGOs. To prevent money laundering, AMCs must ensure KYC compliance, written mandates, and auditable non-cash electronic fund trails.

#### **7) 22 May 2026: Draft Rules Released Under VB G RAM G Act, 2025**

The Ministry of Rural Development released draft Rules under the Viksit Bharat - Guarantee for Rozgar and Aajeevika Mission (Gramin) Act, 2025, which replaces the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 from July 1, 2026. The Rules cover fund allocation, governance, grievance redressal and wage payments. State

allocations will be based on parameters recommended by the 16th Finance Commission, with future allocations partly linked to performance indicators. Wages and unemployment allowance will be paid only through direct benefit transfer. The Rules also specify the composition and functions of the National Level Steering Committee and Central Council.

#### **8) 29 May 2026: Zero Coupon Zero Principal Instruments Included as CSR Activity**

The Ministry of Corporate Affairs amended Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The amendments allow subscription to a zero coupon zero principal instrument as an eligible Corporate Social Responsibility (CSR) activity. This applies to instruments issued by not-for-profit organisations (NPOs) registered with a social stock exchange. These instruments are used to raise philanthropic funding and do not provide interest payments or return the principal amount at maturity.

## **Part 5. Conclusion & Economic Outlook**

### **1. Conclusion**

India's economy remained strong during the month despite global challenges such as geopolitical tensions, higher energy prices, and disruptions in trade. Strong GST collections, rising exports, healthy bank credit growth, controlled inflation, and continued government spending on infrastructure supported economic activity. Industrial production and manufacturing showed encouraging growth, while increasing digital transactions and investment flows reflected growing business and consumer confidence. The banking sector continued to support growth through higher lending. Overall, recent economic indicators show that India's economic fundamentals remain strong, supported by stable policies, responsible fiscal management, and continued focus on infrastructure, manufacturing, and investment-led growth.

### **2. Economic Outlook**

The outlook for the Indian economy remains positive. Strong domestic demand, continued government investment in infrastructure, improving manufacturing activity, and growth in the services sector are expected to support economic expansion in the coming months. Inflation remains under control, helping maintain stable economic conditions. Rising exports, healthy credit growth, and steady investor interest are likely to further strengthen growth momentum. While global uncertainties and fluctuations in energy prices may create some challenges, India's comfortable foreign exchange reserves, strong financial system, and ongoing reforms will provide support. The economy is expected to remain among the fastest-growing major economies, backed by stable policies and increasing investment opportunities.



# GE

## (Global Economic Outlook)

**ASSOCHAM Global Research & Strategy Centre**  
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### Disclaimer

This report is based on secondary research and publicly available information. While every effort has been made to ensure accuracy, ASSOCHAM does not guarantee the completeness or reliability of the information. The findings are indicative and intended for knowledge and policy discussion purposes only.



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