

INDIA'S GROWTH PULSE

Tracking India's Economic Momentum

AUGUST 2026

15th ISSUE



CAIG

CENTRE FOR
ACCELERATING INDIA GROWTH

An initiative of  NFPRC



Manasa Sriram
Lead Editor



Ankit Jha
Editor



Sampriiti Bhattacharjee
Author



Jayveer Patil
Co-Author

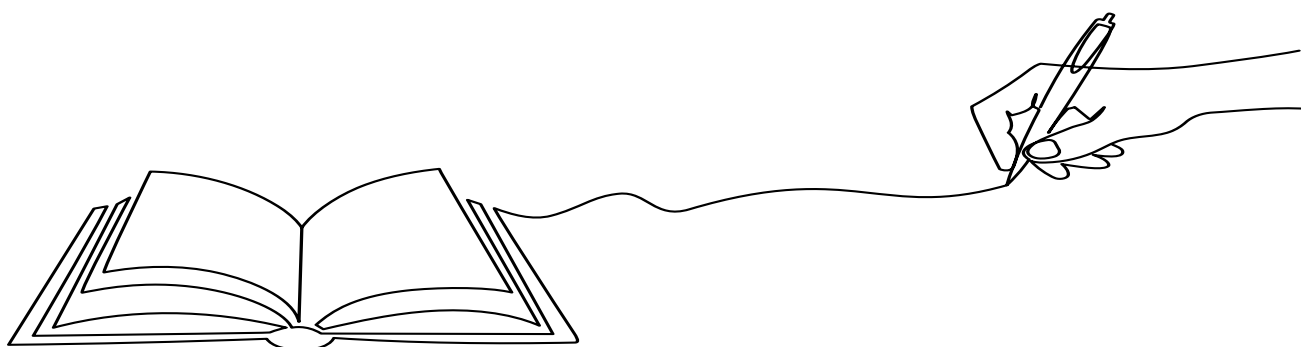
India's Growth Pulse

Tracking India's Economic Momentum

August 2026

TABLE OF CONTENTS

Editor`s Notes	1
Highlights	2
मुख्य बिंदु	4
Policy Spotlight	6
I. Economic Snapshot	9
A. Growth And Output	10
B. Retail Inflation (CPI) and Rural-Urban Trends	11
C. Trade And External Sector	12
D. Financial Health	13
E. Fiscal Health	14
F. Labour And Employment	15
II. Sectoral Snapshot	17
A. Agriculture	18
B. Coal	19
C. Renewable Energy	20
D. Manufacturing	21
Annexure I- Economic Updates In Detail	25
A. Growth And Output	26
B. Inflation And Price	28
C. Trade And External Sector	31
D. Financial Health	33
E. Fiscal Health	35
F. Monetary Health	37
G. Labour And Employment	38
Annexure II- Sectoral Updates In Detail	41
A. Agriculture And Allied Sectors	42
B. Energy And Power	44
C. New And Renewable Energy	46
D. Manufacturing	48
Annexure III- Glossary Of Terms	51
References	54



EDITOR'S NOTE

July 2026 is a month of moderation within continued expansion. Industrial output grew 6.7% year on year, GST collections reached ₹2.11 lakh crore, and the Centre's fiscal deficit during April to July stood at 26.8% of the full year Budget Estimate against 29.9% in the corresponding period last year. However, these numbers follow a June in which IIP grew 8.8% and PMI readings were considerably stronger.

The clearest signal came from private sector activity. The Manufacturing PMI fell to 53.5, its lowest since August 2021, while the Services PMI dropped sharply to 53.3 from 57.4 in June, its weakest since February 2022. Survey respondents pointed to softer demand, postponed orders, and competitive pressures. Both indices remained above the expansion threshold, and manufacturing export orders provided some support. However, the gap between June and July in the services reading is notable, and three consecutive months of slower employment growth within manufacturing add texture to what the headline numbers show.

On prices, the challenge is that CPI inflation edged up to 4.45%, remaining above the RBI's 4% target for the second consecutive month, with food inflation at 5.52% and the rural-urban food price differential widening further. Core inflation held steady at around 3.9%, indicating that the recent increase was concentrated in food and selected commodity-related pressures rather than a broad-based rise in underlying inflation. The RBI's August decision to raise its full-year growth forecast to 6.7% from 6.6% while lowering its inflation forecast to 5.0% from 5.1% reflected the updated assessment of growth and price conditions.

The most significant directional shift this month came from agriculture. The broad sowing shortfall visible in the July data has narrowed considerably. Oilseed acreage moved above last year's level, and the combined shortfall across the four major Kharif categories narrowed to approximately 2.1% by early August, against the 22.7% contraction in total sown area reported in the previous issue. Yields will depend on growing conditions through the remainder of the season, but the narrowing of the acreage gap reduces the extent of the earlier sowing shortfall, although the implications for crop output will depend on yields and subsequent growing conditions.

Furthermore, this issue's Policy Spotlight examines Semicon 2.0, approved on 15th July 2026 with an outlay of ₹1,27,500 crore. On 31st August, the government notified the six pillars of the programme, covering design; machines and materials; semiconductor fabrication; ATMP/OSAT; research and development; and talent development. The notification marks the move from policy approval to the formal operationalisation of the programme across the semiconductor value chain. The government also stated that India had developed 85,000 semiconductor engineers in four years, against an earlier ten-year target. Three projects approved under the first phase have already entered commercial production. The more consequential test for Semicon 2.0 will therefore be whether the expanded policy support translates into deeper domestic capabilities in equipment, materials, advanced packaging, research and specialised talent.. Thus, July holds the course, but with less headroom than June.

Manasa Sriram,
Editor, India Growth Pulse
Nation First Policy Research and Change Foundation

HIGHLIGHTS

In July 2026, India's economic landscape reflected continued expansion alongside a moderation in the pace of activity. Industrial production grew 6.7% year-on-year, while manufacturing and services PMI remained above the expansion threshold despite softer momentum. Retail inflation edged up to 4.45%, with food inflation rising more sharply, particularly in rural areas. External trade expanded, but imports grew faster than exports, widening the overall trade deficit. Fiscal indicators remained relatively contained, with gross GST collections reaching ₹2.11 lakh crore and the Centre's fiscal deficit at 26.8% of the full-year target during April–July. Financial conditions remained broadly supportive during July, with strong bank-credit growth, positive equity-market performance and renewed FPI inflows, although the 10-year government bond yield increased and credit growth continued to exceed deposit growth.

Economic Highlights

Industrial Activity Continues to Expand

The Index of Industrial Production (IIP) grew 6.7% year-on-year in July 2026, moderating from the revised 8.8% growth recorded in June. The June IIP growth rate was revised upward from the earlier reported 7.3% by MoSPI. Manufacturing expanded 7.3% and electricity 8.7%, while mining contracted 0.9%.

Private-Sector Activity Remains in Expansion, but Moderates

Manufacturing PMI declined to 53.5 from 54.2, while Services PMI fell to 53.3 from 57.4. Both remained above the 50-point threshold, indicating continued expansion alongside slower momentum.

Retail Inflation Edges Higher

Headline CPI inflation increased to 4.45% in July from 4.38% in June, remaining above the RBI's 4% medium term target but within the 2–6% tolerance band. The increase was accompanied by stronger food-price pressures.

Food Inflation Remains the Main Price Pressure

CPI food inflation increased to 5.52% from 5.32%, with rural food inflation rising to 5.79% while urban food inflation eased marginally to 5.05%. This resulted in a wider rural-urban divergence in food-price pressures.

External Trade Expands with a Wider Trade Deficit

Total exports of goods and services increased to US\$80.14 billion in July 2026, while total imports rose to US\$95.16 billion. With imports growing faster than exports, the overall trade deficit widened to US\$15.03 billion, from US\$11.43 billion in July 2025.

GST Collections Strengthen

Gross GST collections reached ₹2.11 lakh crore in July 2026, registering 15.4% year-on-year growth. Net GST revenue increased 15.8% to ₹1.81 lakh crore, while cumulative gross GST collections during April–July rose 10.1% year-on-year.

Fiscal Position Remains Below Year-Ago Deficit Pace

The Centre's fiscal deficit during April–July FY2026–27 stood at 26.8% of the full-year Budget Estimate, compared with 29.9% during the corresponding period of FY2025–26. Total expenditure utilisation reached 32.9% of the annual Budget Estimate, while capital expenditure stood at ₹4.51 lakh crore.

Sectoral Highlights**Kharif Sowing Gap Narrows**

Kharif sowing showed improvement as the season progressed, although acreage remained below the previous year for rice, pulses and coarse cereals. Oilseed acreage increased to 180.20 lakh hectares from 175.01 lakh hectares, moving above the corresponding level of 2025.

Power Demand Remains Elevated

India's installed power capacity reached approximately 552 GW in July 2026, while non-fossil capacity crossed 300 GW. Electricity generation remained elevated at around 178.4 BU, while peak demand exceeded 270 GW on two occasions during the month.

Renewable Capacity Continues to Expand

Renewable and non-fossil capacity additions continued during July, with solar remaining the principal contributor to new renewable capacity. India added 3.14 GW of renewable capacity during the month, of which solar accounted for 2.44 GW. India's non-fossil installed capacity continued to account for more than half of total installed power capacity.

Coal Production Records Modest Growth

Coal production increased to approximately 69.75 million tonnes in July 2026, compared with the corresponding period last year, while cumulative production remained below the previous year's level. Coal dispatch continued to support electricity generation and industrial demand.

Steel Production Maintains Expansion

Crude steel production remained on a growth trajectory, while finished steel consumption continued to exceed production, indicating sustained domestic demand. Finished steel trade also remained active, with both imports and exports increasing during the period.

Core Industry Activity Remains Positive

The revised Index of Core Industries continued to record growth, led by iron ore, cement, electricity and coal, while natural gas, crude oil and fertilisers recorded negative growth during July.

मुख्य बिंदु

जुलाई 2026 में भारत की अर्थव्यवस्था में वृद्धि जारी रही, हालांकि आर्थिक गतिविधियों की गति कुछ कम हुई। औद्योगिक उत्पादन में 6.7% की वार्षिक वृद्धि दर्ज की गई। मैन्युफैक्चरिंग और सर्विसेज PMI भी विस्तार के स्तर से ऊपर रहे, लेकिन इनकी रफ्तार पहले के मुकाबले थोड़ी कम रही। खुदरा महंगाई बढ़कर 4.45% हो गई। खाने-पीने की चीजों की महंगाई में इससे ज्यादा वृद्धि हुई, खासकर ग्रामीण इलाकों में। विदेश व्यापार में भी वृद्धि हुई, लेकिन आयात में निर्यात के मुकाबले ज्यादा तेजी रही, जिससे कुल व्यापार घाटा बढ़ गया। सरकार की वित्तीय स्थिति काफी हद तक नियंत्रण में रही। जुलाई में सकल (gross) जी.एस.टी संग्रह ₹2.11 लाख करोड़ रुपये रहा। अप्रैल से जुलाई के दौरान केंद्र सरकार का राजकोषीय घाटा पूरे साल के लक्ष्य का 26.8% रहा। जुलाई में वित्तीय हालात कुल मिलाकर अनुकूल रहे। बैंकों का कर्ज तेजी से बढ़ा, शेयर बाजार में भी सकारात्मक प्रदर्शन रहा और विदेशी पोर्टफोलियो निवेश (एफ.पी.आई) में पुनः वृद्धि हुई। हालांकि, 10 साल की सरकारी बॉन्ड यील्ड में वृद्धि हुई और बैंक कर्ज की वृद्धि अब भी जमा की वृद्धि से ज्यादा रही।

मुख्य आर्थिक बिंदु

औद्योगिक गतिविधियों में वृद्धि जारी

जुलाई 2026 में औद्योगिक उत्पादन सूचकांक (IIP) में वार्षिक आधार पर 6.7% की वृद्धि हुई। हालांकि, जून में दर्ज संशोधित 8.8% की वृद्धि के मुकाबले जुलाई की रफ्तार कम रही। MoSPI ने जून की IIP वृद्धि दर को पहले बताए गए 7.3% से बढ़ाकर 8.8% कर दिया था। जुलाई में मैन्युफैक्चरिंग में 7.3% और बिजली उत्पादन में 8.7% की वृद्धि हुई, जबकि खनन क्षेत्र में 0.9% की गिरावट आई।

निजी क्षेत्र की गतिविधियां बढ़ीं, लेकिन रफ्तार धीमी रही

मैन्युफैक्चरिंग PMI 54.2 से घटकर 53.5 और सर्विसेज PMI 57.4 से घटकर 53.3 हो गया। दोनों ही 50 के स्तर से ऊपर रहे, जिससे पता चलता है कि निजी क्षेत्र में गतिविधियां अभी भी बढ़ रही हैं, हालांकि इनकी रफ्तार कुछ धीमी हुई है।

खुदरा महंगाई में मामूली वृद्धि

जुलाई में खुदरा महंगाई दर (CPI) बढ़कर 4.45% हो गई, जो जून में 4.38% थी। यह भारतीय रिजर्व बैंक के 4% के मध्यम अवधि के लक्ष्य से ऊपर रही, लेकिन 2-6% की तय सीमा के भीतर रही। महंगाई बढ़ने की एक बड़ी वजह खाने-पीने की चीजों की कीमतों में वृद्धि रही।

खाने-पीने की चीजों की महंगाई बनी मुख्य चिंता

खाद्य महंगाई जुलाई में 5.32% से बढ़कर 5.52% हो गई। ग्रामीण इलाकों में खाद्य महंगाई बढ़कर 5.79% हो गई, जबकि शहरी इलाकों में यह मामूली घटकर 5.05% रही। इससे ग्रामीण और शहरी इलाकों के बीच खाद्य महंगाई का अंतर और बढ़ गया।

विदेश व्यापार बढ़ा, लेकिन व्यापार घाटा भी बढ़ा

जुलाई 2026 में वस्तुओं और सेवाओं का कुल निर्यात बढ़कर \$80.14 बिलियन हो गया, जबकि कुल आयात \$95.16 बिलियन रहा। आयात में निर्यात के मुकाबले ज्यादा तेजी रहने के कारण कुल व्यापार घाटा बढ़कर \$15.03 बिलियन हो गया, जो जुलाई 2025 में \$11.43 बिलियन था।

जी.एस.टी संग्रह में अच्छी वृद्धि

जुलाई 2026 में सकल जी.एस.टी संग्रह बढ़कर ₹2.11 लाख करोड़ हो गया, जो पिछले साल की तुलना में 15.4% ज्यादा है। शुद्ध जी.एस.टी राजस्व 15.8% बढ़कर ₹1.81 लाख करोड़ रहा। अप्रैल से जुलाई के दौरान कुल सकल जी.एस.टी संग्रह में सालाना आधार पर 10.1% की वृद्धि हुई।

राजकोषीय स्थिति पिछले साल की तुलना में बेहतर

वित्त वर्ष 2026-27 में अप्रैल से जुलाई के दौरान केंद्र सरकार का राजकोषीय घाटा पूरे साल के बजट अनुमान का 26.8% रहा। पिछले वित्त वर्ष की इसी अवधि में यह 29.9% था। इस दौरान कुल सरकारी खर्च पूरे साल के बजट अनुमान का 32.9% रहा, जबकि पूंजीगत खर्च ₹4.51 लाख करोड़ रहा।

क्षेत्रवार मुख्य बिंदु

खरीफ की बुवाई का अंतर कम हुआ

खरीफ फसलों की बुवाई में सीजन आगे बढ़ने के साथ सुधार हुआ। हालांकि, चावल, दलहन और मोटे अनाज का बुवाई क्षेत्र पिछले साल की तुलना में अभी भी कम रहा। तिलहन का बुवाई क्षेत्र बढ़कर 180.20 लाख हेक्टेयर हो गया, जो 2025 की इसी अवधि के 175.01 लाख हेक्टेयर से ज्यादा है।

बिजली की मांग ऊंची बनी रही

जुलाई 2026 में भारत की कुल स्थापित बिजली क्षमता करीब 552 गीगावाट (जी.डब्ल्यू) तक पहुंच गई, जबकि गैर-जीवाश्म ईंधन आधारित क्षमता 300 गीगावाट (जी.डब्ल्यू) से अधिक हो गई। बिजली उत्पादन करीब 178.4 बिलियन यूनिट (BU) रहा। महीने के दौरान दो बार बिजली की अधिकतम मांग 270 गीगावाट (जी.डब्ल्यू) से ज्यादा रही।

नवीकरणीय ऊर्जा क्षमता में बढ़ोतरी जारी

जुलाई में नवीकरणीय और गैर-जीवाश्म ऊर्जा क्षमता में बढ़ोतरी जारी रही। नई नवीकरणीय क्षमता बढ़ाने में सौर ऊर्जा का सबसे बड़ा योगदान रहा। जुलाई में कुल 3.14 गीगावाट (जी.डब्ल्यू) नवीकरणीय ऊर्जा क्षमता जोड़ी गई, जिसमें 2.44 गीगावाट (जी.डब्ल्यू) सौर ऊर्जा की थी। देश की कुल बिजली क्षमता में गैर-जीवाश्म ऊर्जा (non-fossil energy) की हिस्सेदारी आधे से ज्यादा बनी रही।

कोयला उत्पादन में मामूली बढ़ोतरी

जुलाई 2026 में कोयला उत्पादन बढ़कर करीब 69.75 मिलियन टन हो गया, जो पिछले साल की इसी अवधि की तुलना में ज्यादा है। हालांकि, साल की शुरुआत से अब तक का कुल उत्पादन पिछले साल के स्तर से कम रहा। बिजली उत्पादन और औद्योगिक जरूरतों को पूरा करने में कोयले की आपूर्ति लगातार महत्वपूर्ण बनी रही।

POLICY SPOTLIGHT

Semicon 2.0

Building India's Semiconductor Ecosystem Beyond Chip Manufacturing

By: Ankit Jha

Semiconductors have become a critical input across modern manufacturing, from automobiles and telecommunications to consumer electronics, power systems and aerospace. India has expanded rapidly as an electronics manufacturing base, but the semiconductor value chain remains considerably more complex than final assembly. Building domestic capabilities therefore requires capacity across chip design, fabrication, packaging, equipment, materials and specialised talent rather than manufacturing at a single stage of the chain.

On 15 July 2026, the Union Cabinet approved Semicon 2.0, with a total outlay of ₹1,27,500 crore, as the second phase of the government's semiconductor programme. The scheme is intended to build on the investments and capabilities created under the Semicon India Programme and expand support across the semiconductor ecosystem.

The scale of the second phase is significant when compared with the original programme. Semicon 1.0 was approved with an outlay of ₹76,000 crore and has so far resulted in 12 approved semiconductor projects involving more than ₹1.64 lakh crore of committed investment. These include a silicon fabrication facility, a silicon-carbide fab, an integrated Gallium Nitride Micro LED display fab and nine packaging units. Three of the approved projects have already started commercial production, marking a transition from project approvals towards actual manufacturing capacity.

Semicon 2.0 broadens the policy beyond the initial focus on establishing manufacturing facilities. Its framework is organised around six pillars: chip design and intellectual property creation; semiconductor machines and materials; fabrication facilities; advanced packaging and testing; advanced research and development; and semiconductor education and workforce development. The design component builds on an emerging domestic base, with 105 startups already developing chips and 24 semiconductor design projects approved for financial support under the earlier programme.

This wider approach matters because semiconductor production depends on a chain of specialised inputs and capabilities. A fabrication plant, for example, requires specialised equipment, materials and gases, while packaging and testing represent additional stages between fabrication and the final electronic product. By extending support to these upstream and downstream activities, the new programme is structured around developing a more complete domestic ecosystem rather than adding fabrication capacity in isolation.

The policy also places greater emphasis on the design and knowledge-intensive side of the industry. Under the existing programme, Indian startups and MSMEs have received access to industry-standard Electronic Design Automation tools, while approved design projects are developing chips and systems for applications including satellite communications, drones, IoT devices, telecom equipment, smart meters and other commercial and strategic uses. A separate government update in July reported that more than 1 lakh engineers had been trained under semiconductor talent-development initiatives, with 68,000 persons trained in chip design and 175 chip designs taped out.

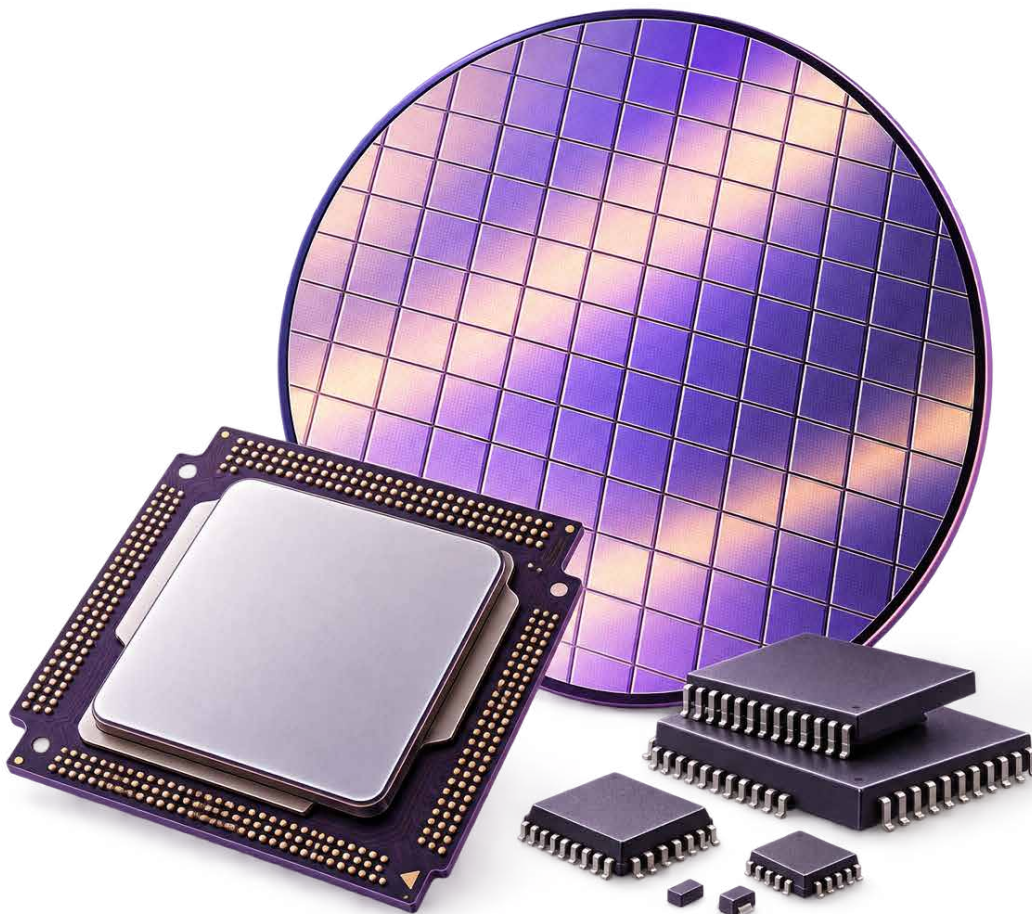
The economic relevance therefore extends beyond semiconductor production itself.

Semiconductor facilities approved under the earlier programme are intended to supply industries including automobiles, telecommunications, aerospace, power electronics and consumer electronics. The broader scope creates a policy framework through which semiconductor investment can potentially connect with wider electronics and manufacturing activity, while increasing domestic value addition in electronics.

There is also an external-sector dimension. Semiconductor components and related technologies are embedded in a large range of electronic products, making access to reliable supply chains important for electronics manufacturing. The July announcement came at a time when semiconductor supply chains globally remain strategically important, and the government's stated objective is to strengthen domestic capabilities across the value chain rather than depend predominantly on external sources for critical stages of production.

The transition from policy approval to manufacturing scale, however, will depend on the execution of individual projects. The experience of Semicon 1.0 provides the first implementation benchmark: 12 projects have been approved, three have entered commercial production and another project is expected to commence operations in 2026. Semicon 2.0 therefore represents an expansion of the policy framework at a point when the first generation of supported projects is beginning to move from investment commitments towards production.

Semicon 2.0 thus marks a shift from establishing an initial semiconductor manufacturing base towards developing a broader domestic semiconductor ecosystem, covering design, manufacturing, packaging, equipment, materials, research and talent. Its implementation will be relevant to the evolution of India's electronics manufacturing capacity, domestic value addition, technology-intensive investment and integration into global semiconductor supply chains.



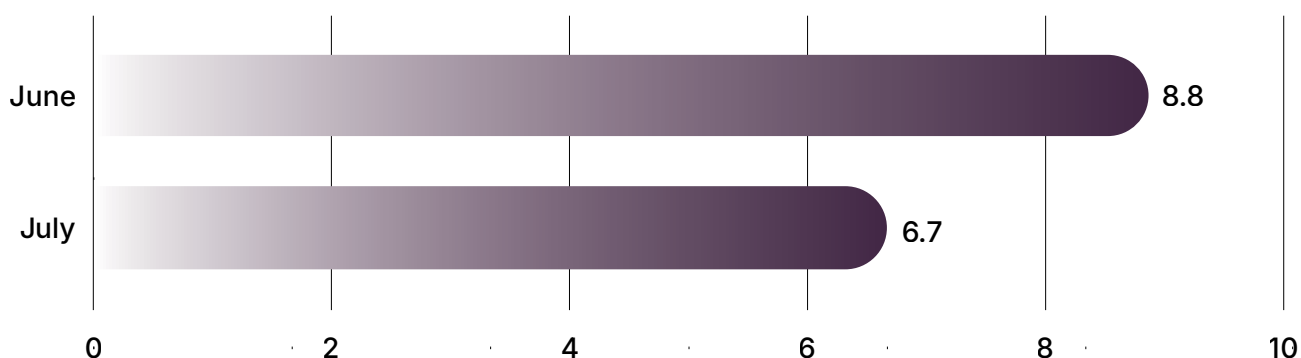


ECONOMIC SNAPSHOT

*This section presents an overview of our economic performance as of July 2026, based on the latest data from the Ministry of Statistics and Programme Implementation (MoSPI), the Reserve Bank of India (RBI), the Ministry of Finance, the Ministry of Commerce and Industry, and other relevant Ministries.
(Refer To Annexure I For Detailed Analysis)*

01 Growth And Output

Index of Industrial Production - Growth Rate (%)



Graph 1: Index of Industrial Production

Industrial output grows 6.7% year on year in July

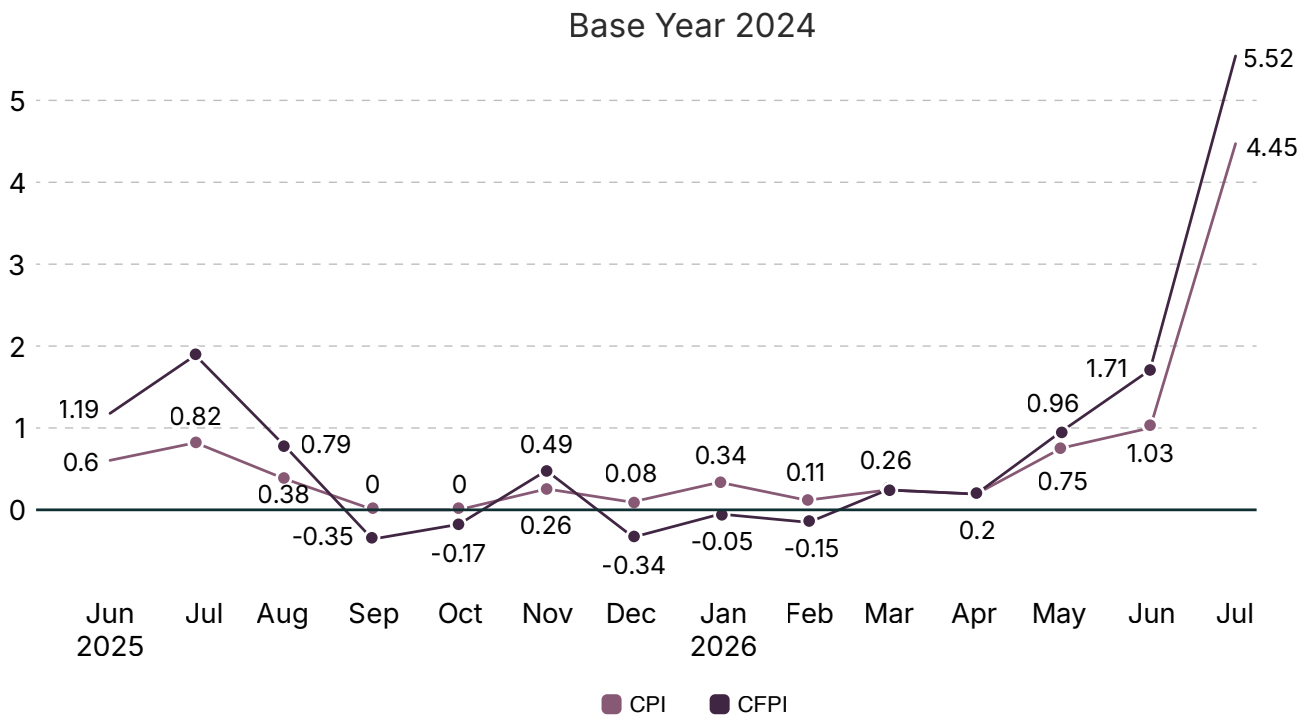
High-frequency indicators continued to point to expansion in economic activity during July 2026, although the pace moderated from June. E-way bill generation increased 6.0% year-on-year², while the Index of Industrial Production (IIP) grew 6.7%, compared with a revised 8.8% in June. Within IIP, manufacturing and electricity output grew 7.3% and 8.7%, respectively, while mining contracted by 0.9%. the Manufacturing PMI declined to 53.5 from 54.2 and the Services PMI to 53.3 from 57.4. Both remained above the 50-point threshold, indicating continued expansion, albeit at a slower pace.



02

Retail Inflation (CPI) and Rural-Urban Trends

CPI and CFPI for Jul25 to Jul26



Graph 2: CPI and CFPI Rate

Retail and Wholesale Inflation Show Divergent Price Movements

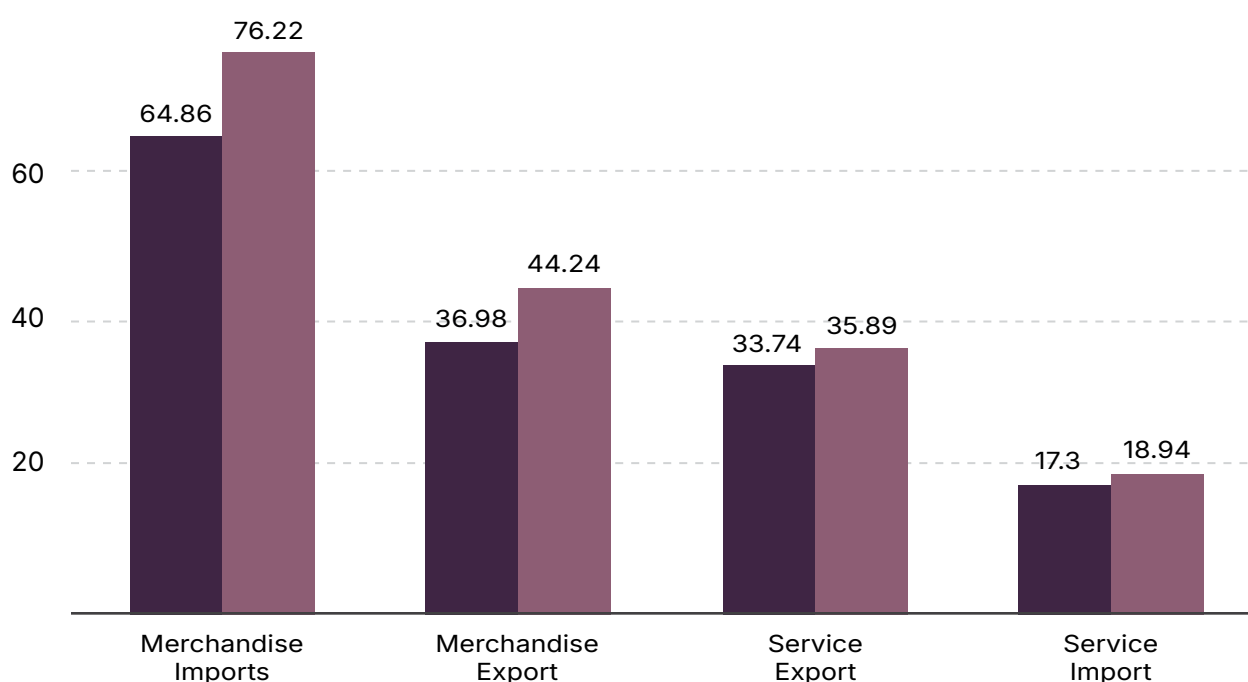
Headline CPI inflation increased marginally to 4.45% in July 2026 from 4.38% in June, while food inflation rose to 5.52% from 5.32%. Rural inflation remained higher than urban inflation at 4.84% and 3.96%, respectively, while core inflation remained around 3.9%.³ Housing inflation stood at 2.22% in July, with rural and urban housing inflation at 2.80% and 2.01%, respectively. Wholesale price inflation (WPI), however, remained considerably higher at 9.78% in July, although it moderated marginally from 9.87% in June. Within WPI, food inflation increased to 6.65% from 6.14%, while manufactured products inflation rose to 8.29% from 7.48%. Fuel and power inflation moderated to 20.05% from 27.41%. The divergence between retail and wholesale

inflation reflects different movements across consumer-facing and producer-level price measures during July.



03 Trade And External Sector

Merchandise and Service Trade for July

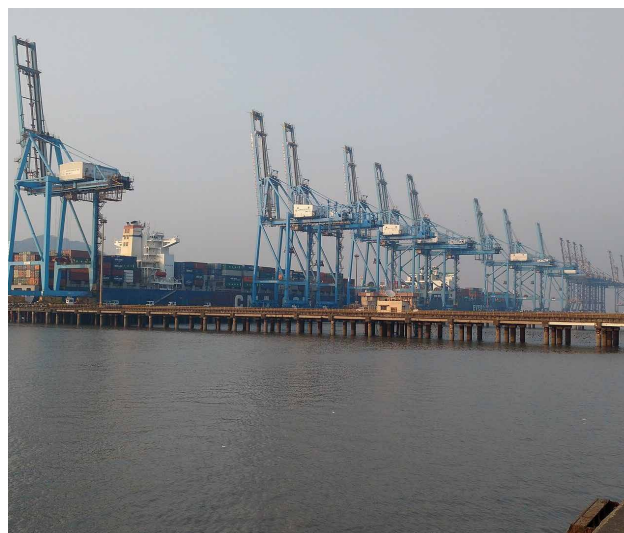


Graph 3: Merchandise and Service Trade

Exports expand, but faster import growth widens the trade deficit

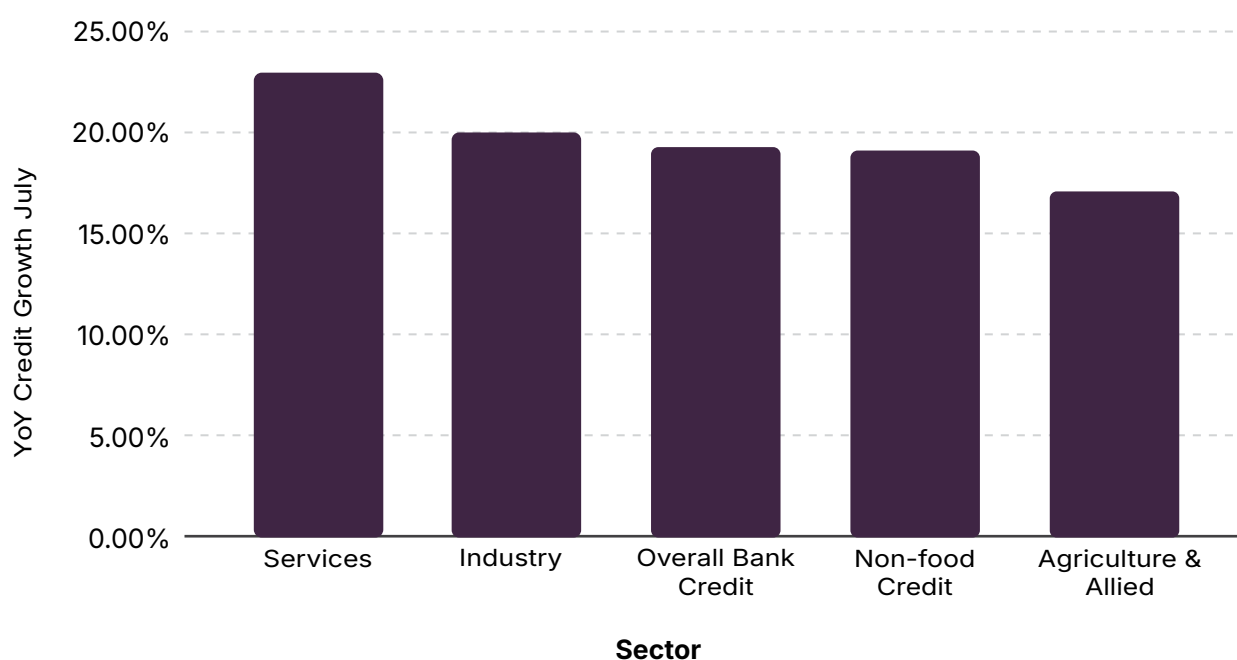
India's total exports of merchandise and services increased 13.31% year-on-year to US\$80.14 billion in July 2026, while total imports grew at a faster 15.83% to US\$95.16 billion, widening the overall trade deficit to US\$15.03 billion from US\$11.43 billion in July 2025.⁴ Merchandise exports rose 19.63% to US\$44.24 billion, supported by higher exports of petroleum products, electronic goods and engineering goods, while merchandise imports increased 17.53% to US\$76.22 billion. Services exports also increased to an estimated US\$35.89 billion, although services imports rose to US\$18.94 billion. On a cumulative basis, total exports during April–July 2026-27 grew 13.16% to

US\$316.42 billion, while imports grew faster at 17.28% to US\$365.85 billion, resulting in a cumulative trade deficit of US\$49.43 billion.



04 Financial Health

Financial Health



Graph 4: Financial Health for July

Credit Growth Remains Elevated Amid Faster Expansion in Bank Lending

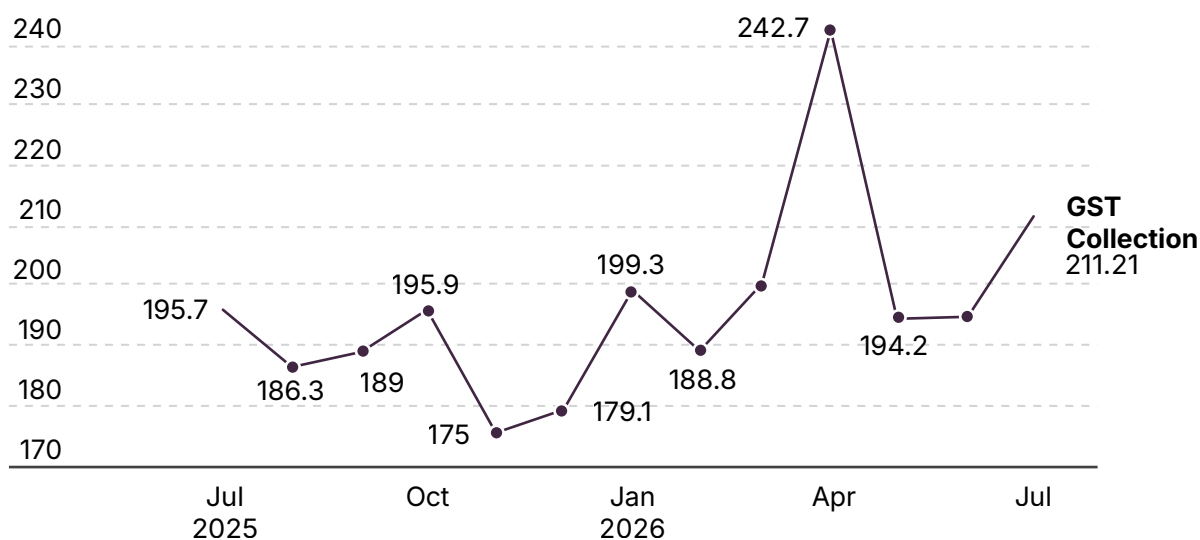
Bank credit growth remained high in July 2026, with overall bank credit increasing 19.3%⁵ year-on-year and non-food credit rising 19.1%. Credit growth was recorded across major segments, including industry (20.0%), services (22.9%), and agriculture and allied activities (17.0%). At the same time, credit growth continued to exceed deposit growth, indicating that bank lending was expanding faster than the deposit base. The policy repo rate remained at 5.25%, while the 10-year government securities yield ended July at around 6.83%, compared with 6.75% at end-June. Equity markets also recorded gains during the month, with the Nifty 50 and Sensex increasing by 2.2% and 2.1%, respectively, while FPIs recorded ₹20,200

crore⁶ of net equity inflows. Overall, July saw sustained credit expansion alongside movements in market yields and equity flows, rather than a uniform easing of financial conditions.



05 Fiscal Health

GST Collections: Jun '25 to Jun '26



Graph 5: GST Collection

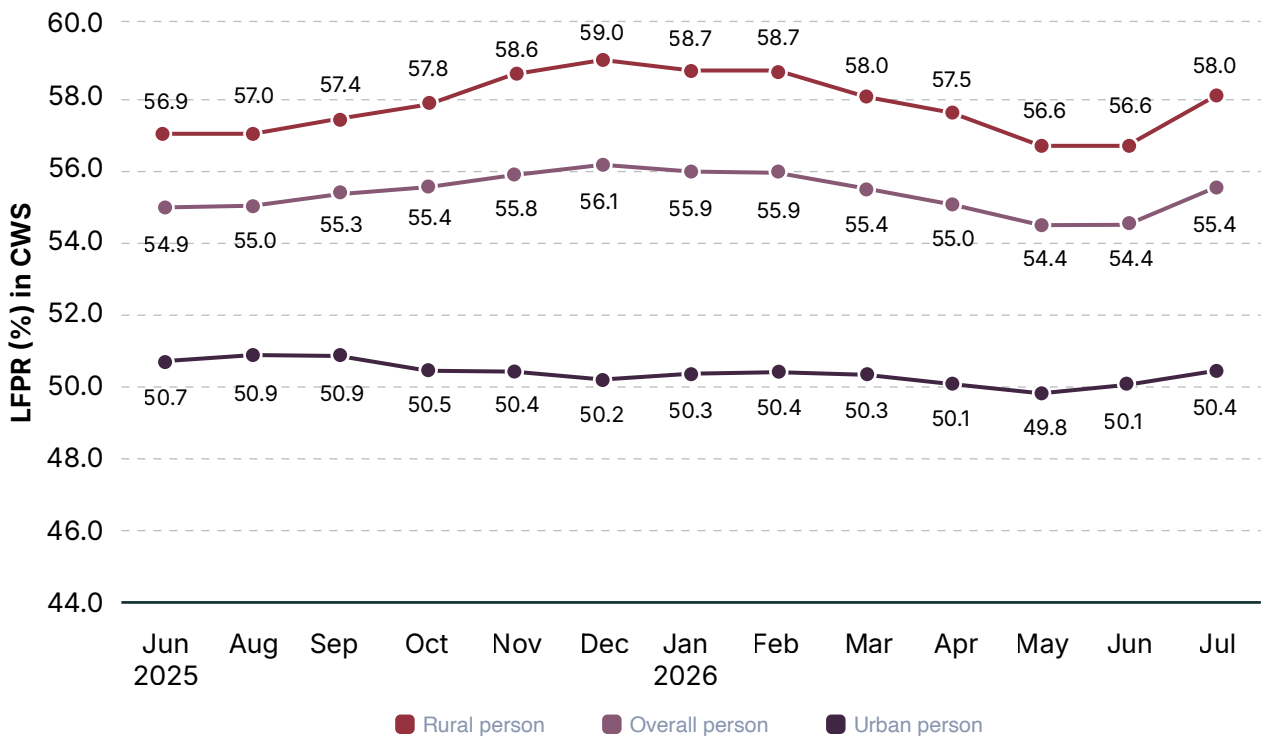
Revenue mobilisation remains strong while the fiscal deficit stays below the previous year's pace

Gross GST collections increased to ₹2.11 lakh crore in July 2026, up 15.4% year-on-year,⁷ while net GST revenue rose 15.8% to ₹1.81 lakh crore. The increase reflected growth in both domestic GST and import-related GST, with import GST increasing 28.8% and domestic GST increasing 10.1%. On a cumulative April–July basis, gross GST collections reached ₹8.43 lakh crore, up 10.1%. Meanwhile, the Centre's fiscal deficit stood at ₹4.55 lakh crore during April–July 2026, equivalent to 26.8% of the FY2026–27 Budget Estimate, lower than 29.9% of the annual target in the corresponding period of the previous year. Total receipts reached ₹13.07 lakh crore, while expenditure stood at ₹17.62 lakh crore, with ₹4.51 lakh crore allocated to capital expenditure.



06 Labour And Employment

LFPR in CWS During Jul '25 - Jul '26 for Persons aged 15 years and above

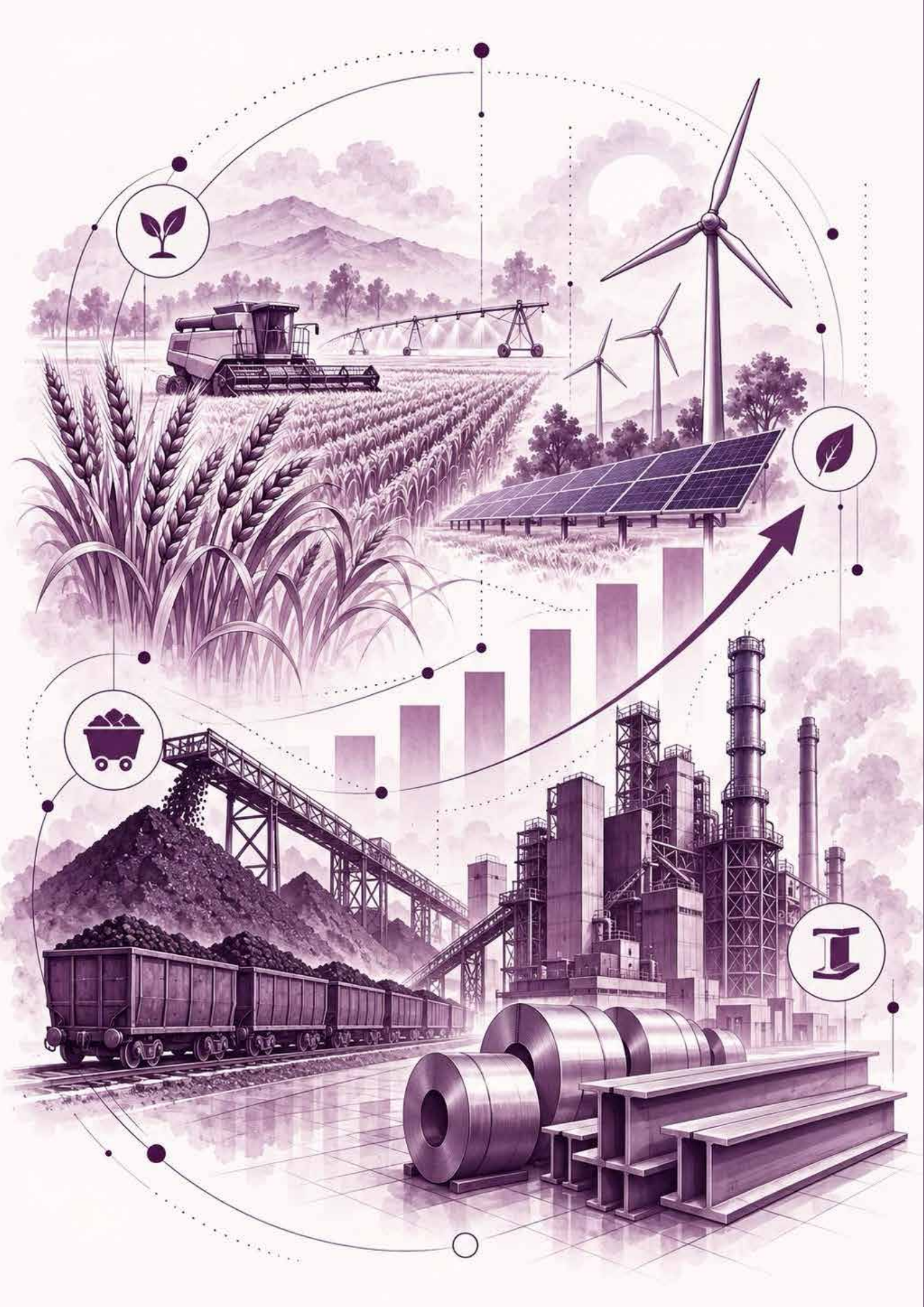


Graph 6: Labour Force data

Labour-force participation improves as unemployment declines

The unemployment rate fell to a four-month low of 5.1% in July 2026, from 5.5% in June, while the Labour Force Participation Rate (LFPR) increased to a four-month high of 55.4%, from 54.4% in June and 54.9% in July 2025. The increase in participation was more pronounced in rural areas, where LFPR rose to 58.0%⁸ from 56.6% in June, while urban LFPR increased marginally to 50.4% from 50.1%. Compared with July 2025, overall LFPR was higher by 0.5 percentage points, with rural participation increasing by 1.1 percentage points, while urban participation remained 0.3 percentage points lower.



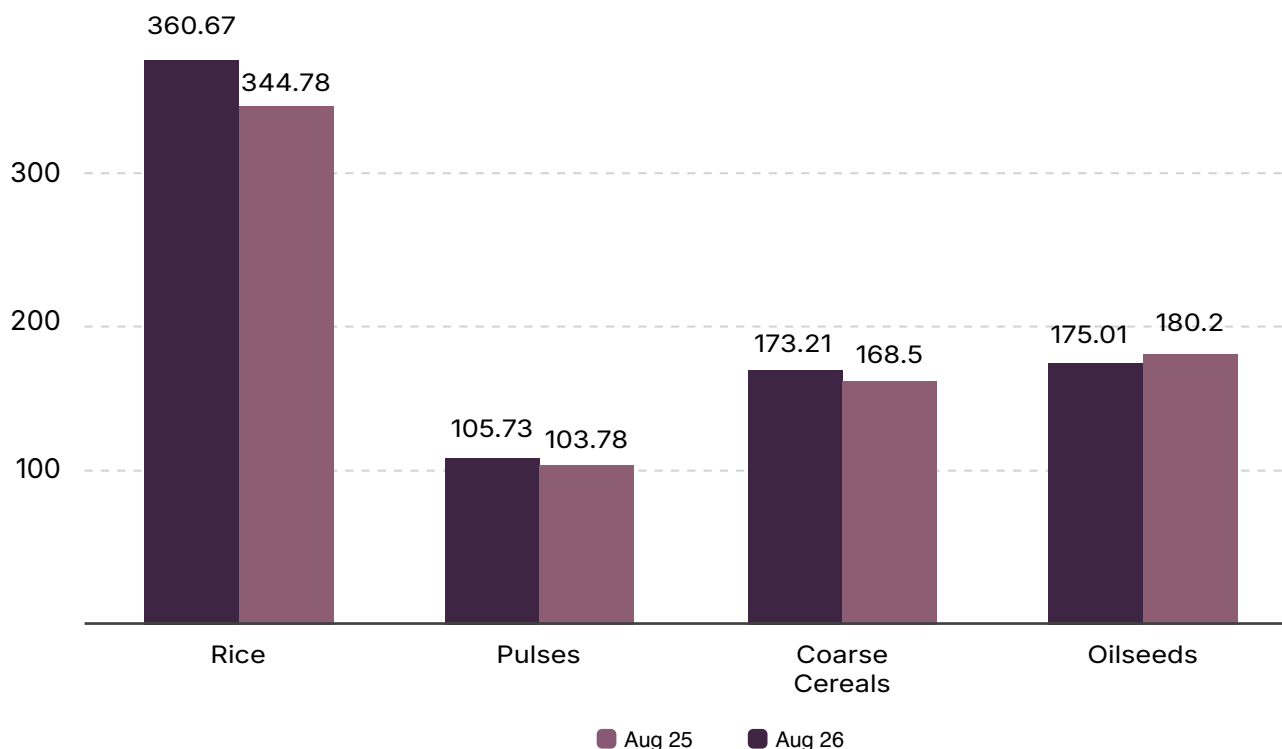


SECTORAL SNAPSHOT

*This section presents an overview of India's performance in key sectors as of July 2026, based on the latest data from the Ministry of Agriculture & Farmers Welfare, Ministry of Coal, Ministry of New and Renewable Energy and Ministry of Steel.
(Refer to Annexure II for Detailed Analysis)*

01 Agriculture

Progress of area coverage under Kharif Crops (Aug)



Graph 7: Kharif Crops Data

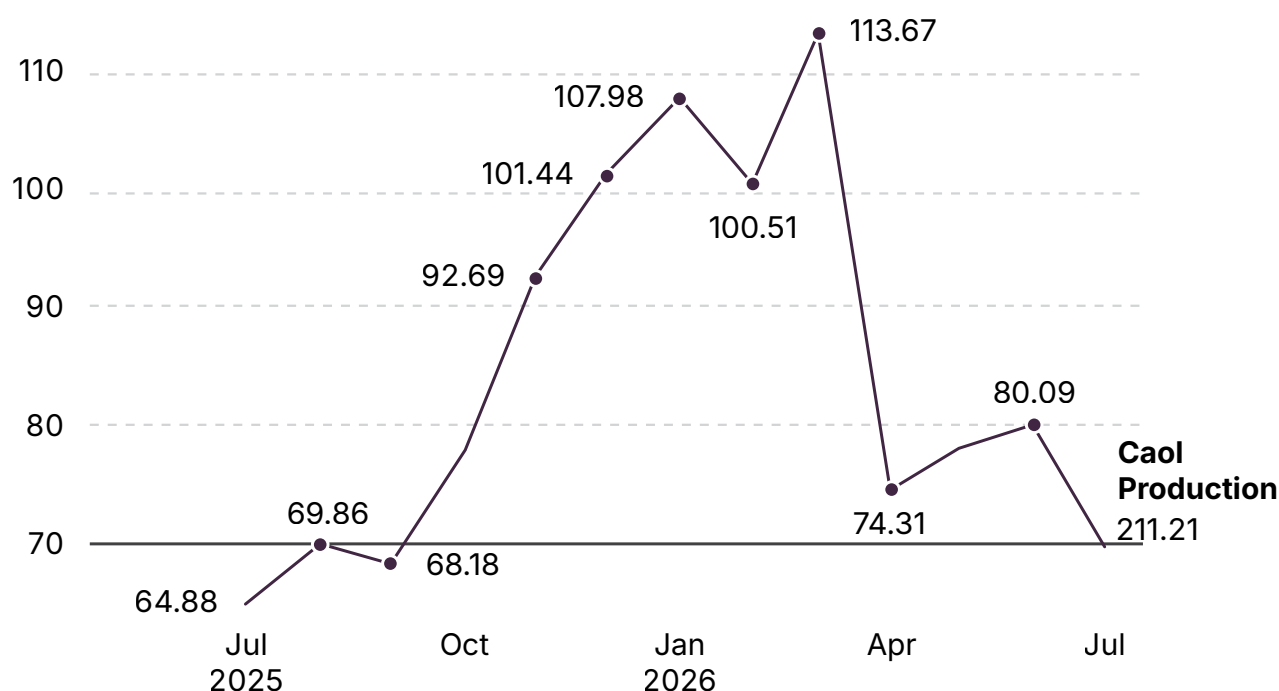
Kharif sowing gap narrows, with oilseeds moving above last-year levels

By 7 August 2026, acreage across the four major crop groups remained below the corresponding 2025 levels, but the gap had narrowed considerably. Rice acreage stood at 344.78 lakh hectares (-4.4%), followed by pulses at 103.78 lakh hectares (-1.8%) and coarse cereals at 168.50 lakh hectares (-2.7%). In contrast, oilseed acreage increased to 180.20 lakh hectares, 3.0% above the year-earlier level. Combined acreage across the four categories stood at 797.26 lakh hectares, compared with 814.62 lakh hectares a year earlier, implying a 2.1%,⁹ shortfall. The pattern therefore remains uneven, with the remaining acreage gap concentrated primarily in rice, while oilseeds have moved into positive territory.



02 Coal

Coal Production: JuL '25 to JuL '26



Graph 8: Coal Production

Coal production and dispatch accelerate in July

India's coal production increased to 69.75 million tonnes in July 2026, compared with 64.88 million tonnes in July 2025,¹⁰ registering 7.51% year-on-year growth. Coal dispatch increased at a faster pace, rising 17.34% to 86.33 million tonnes from 73.57 million tonnes a year earlier. Cumulative coal production during April–July FY2026–27 reached 302.24 million tonnes, while cumulative dispatch stood at 354.70 million tonnes, with dispatch recording 5.87% growth over the corresponding period of the previous year.

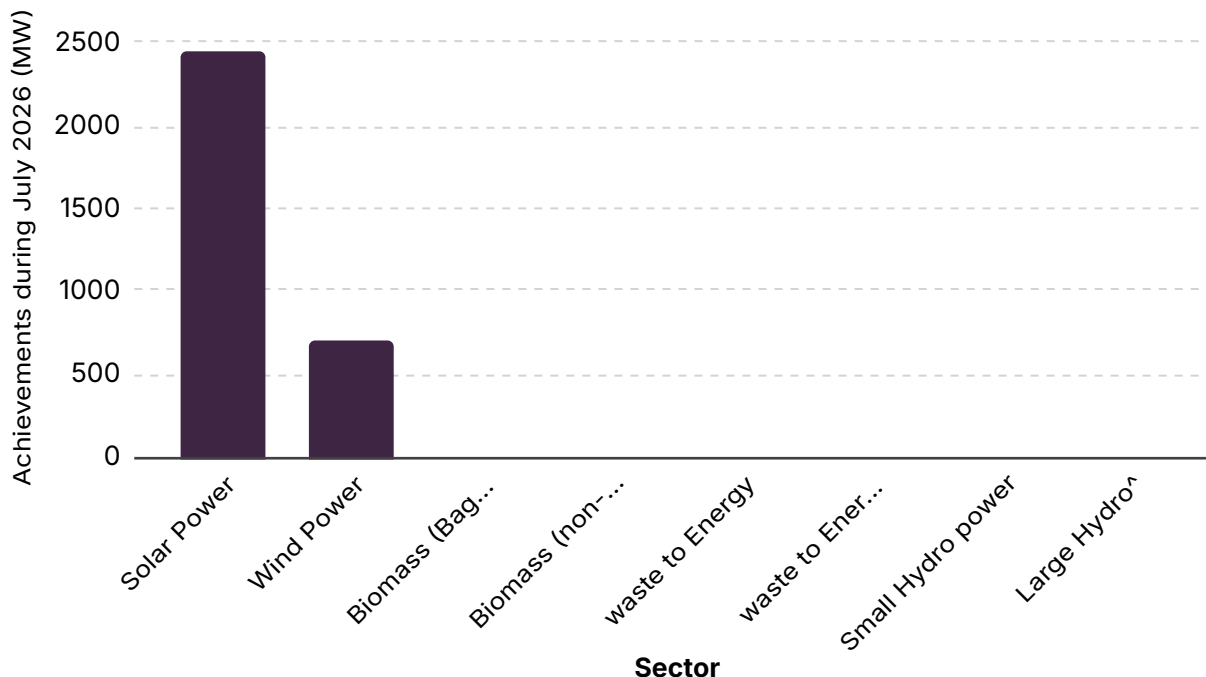
The increase in production was broad-based but uneven across producers: Coal India Limited (CIL) produced 50.35 MT in July, up 8.42% year-on-year, while CIL's dispatch increased 17.43% to 63.67 MT.

Within CIL, production increased strongly at CCL (+56.85%), SECL (+17.59%) and ECL (+34.00%), while MCL production declined 10.74%. Captive and other mines also increased production by 7.46%.



03 Renewable Energy

Installed RE Capacity July



Graph 9: Installed RE Capacity

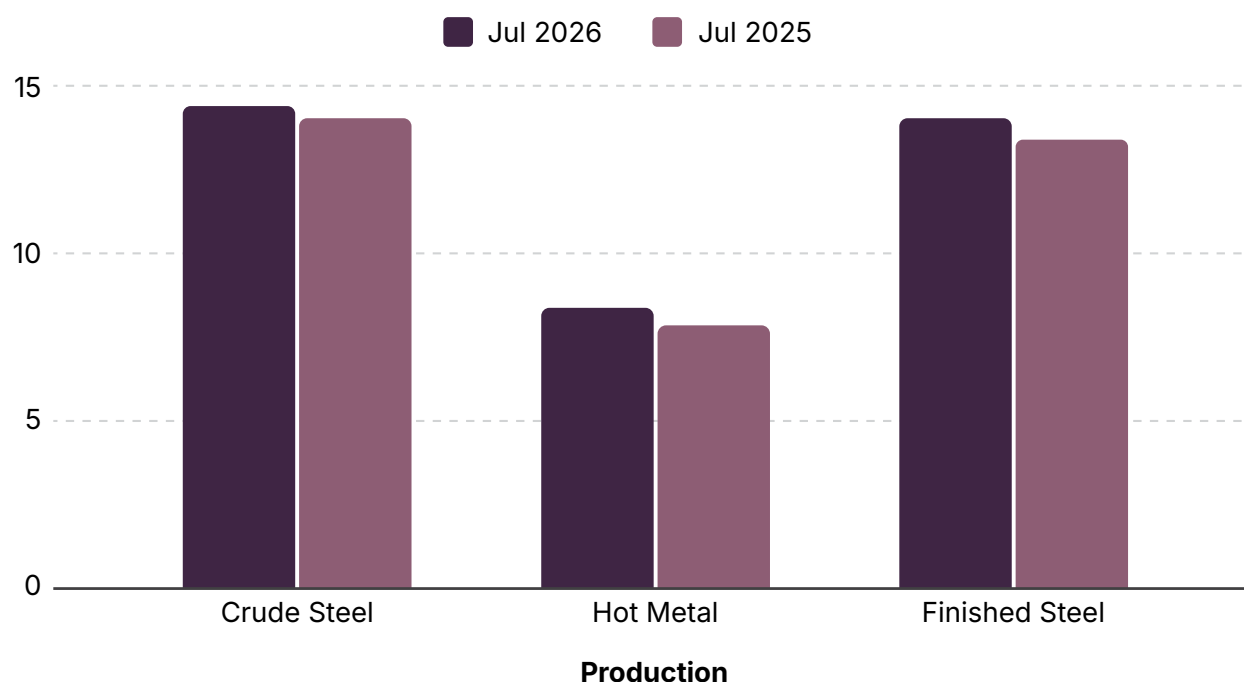
Renewable capacity expansion continues, led by solar and wind

India added 3.14 GW of renewable energy capacity during July 2026, taking cumulative renewable capacity to 291.73 GW as of 31 July 2026. Solar remained the largest contributor, with 2.44 GW added during the month, taking cumulative solar capacity to 164.59 GW, while wind capacity increased by 0.69 GW to 58.14 GW. Including large hydro, total renewable energy capacity stood at 291.73 GW, while total non-fossil capacity, including nuclear power, reached 300.51 GW. Non-fossil capacity therefore accounted for more than half of India's installed power capacity. Cumulatively during April-July FY2026-27, India added 17.04 GW of renewable capacity, including large hydro, with solar accounting for the largest share of additions.



04 Manufacturing

Steel



Graph 10: Steel Production

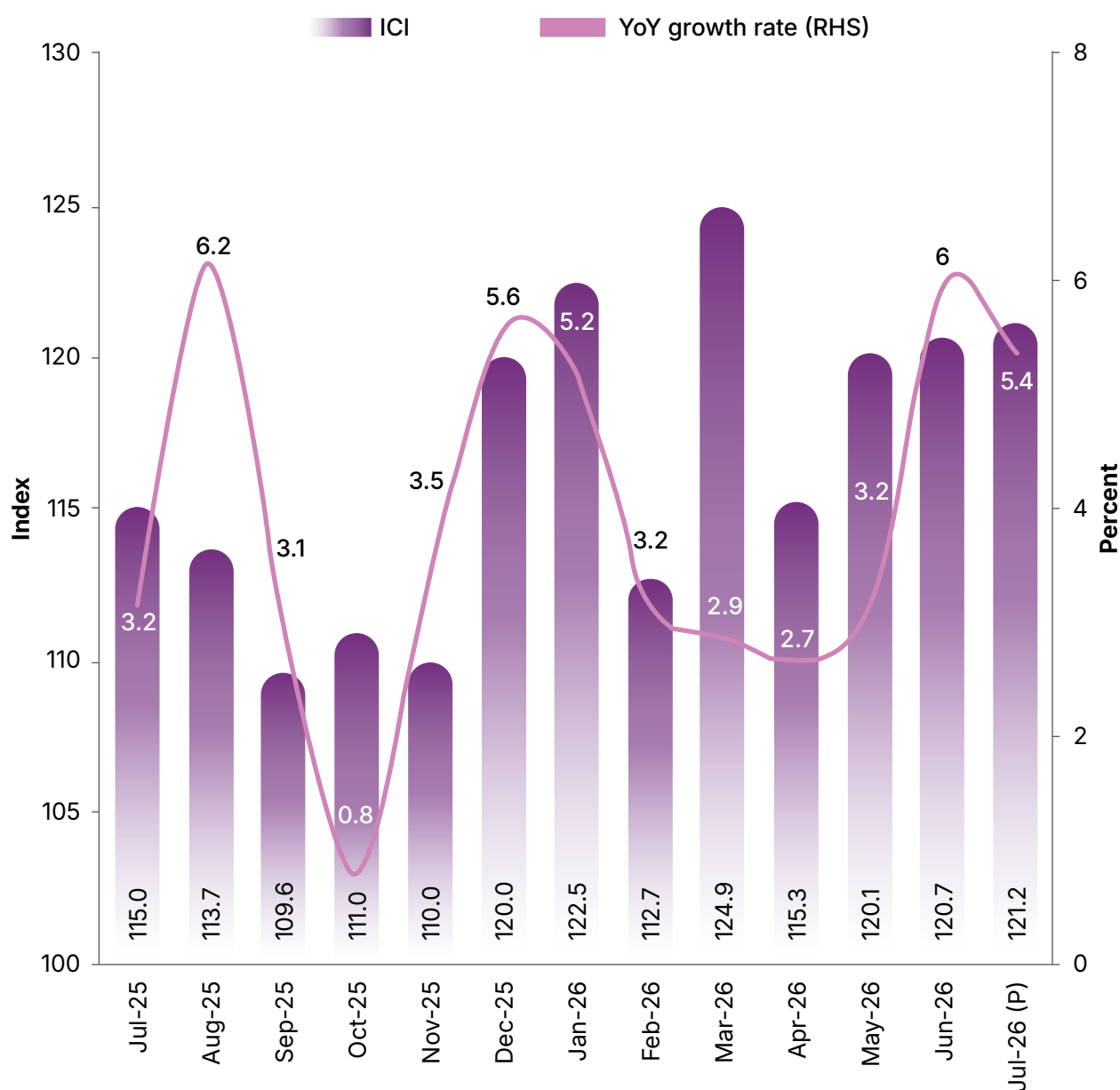
Steel activity maintains year-on-year growth, while consumption continues to outpace production

India's crude steel production increased to 14.4 million tonnes (Mt) in July 2026 from 14.1 Mt¹¹ in July 2025, registering 2.1% year-on-year growth. Finished steel production rose to 14.0 Mt from 13.5 Mt, an increase of 3.7%, while hot metal production increased 6.3% to 8.4 Mt. Finished steel consumption grew faster, reaching 14.4 Mt from 13.5 Mt, representing 6.8% year-on-year growth. Finished steel imports increased 9.4% to 0.70 Mt, while exports rose 42.9% to 0.70 Mt. On a cumulative April-July basis, crude steel production reached 56.2 Mt, finished steel production 54.7 Mt, and finished steel consumption 56.0 Mt, representing growth of 2.4%, 4.7% and 7.9%, respectively. Overall, the July data show continued year-on-year

growth across production, consumption and trade indicators, with consumption growing faster than production.



Cement

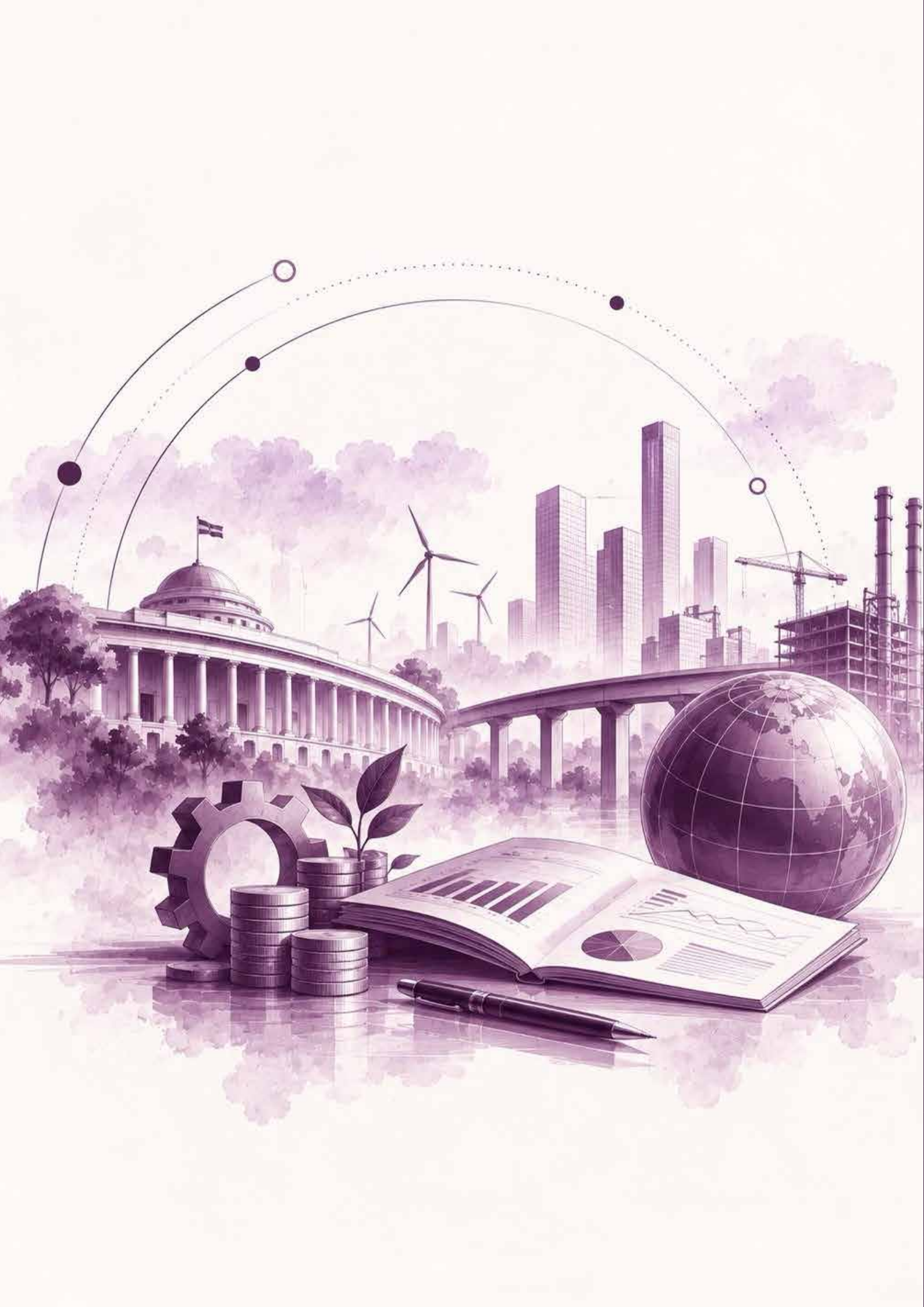


Graph 11: Index of Core Industries

Core-sector activity remains in expansion, although the pace moderates slightly

The Index of Core Industries (ICI), based on the revised 2022–23 base, grew 5.4% year-on-year in July 2026,¹² compared with 6.0% in June 2026. Growth was led by Iron Ore at 29.5%, Cement at 13.1%, Electricity at 9.0%, and Coal at 7.6%, while Steel grew 2.9% and Refinery Products 2.7%. In contrast, Natural Gas, Crude Oil and Fertilizers recorded negative growth during the month. Cumulatively, the ICI grew 4.3% during April–July 2026, compared with 1.5% in the corresponding period of the previous year. The July data therefore show continued growth across the core sector, with iron ore, cement and electricity providing the largest positive contributions, while some energy and fertiliser components remained in contraction.





ANNEXURE I

Economic Updates In Detail

01

Growth And Output

Industrial Growth and Output

INDICATOR	JULY 2026	JUNE 2026	TREND
E-way Bill Generation (YoY)	6.00%	14.50%	YoY growth declined in July
IIP Growth (YoY)	6.70%	8.80%	The July IIP data confirm 6.7% growth, down from the revised 8.8% in June; manufacturing grew 7.3%, electricity 8.7%, while mining contracted 0.9%.
Manufacturing PMI	53.5	54.2	Manufacturing PMI declined to 53.5, which is the weakest in nearly five years.
Services PMI	53.3	57.4	services PMI also declines to 53.3 in July from 57.4 in June.

Table 1: Key Growth and Output Indicators

Key Highlights

1. E-way Bill Generation Increases, Though YoY Growth Moderates

E-way bill generation increased by 5.98% year-on-year to 139.79 million in July 2026, compared with 131.91 million in July 2025. On a sequential basis, generation increased 2.21% from 136.77 million in June, marking the second-highest monthly level on record. E-way bill generation increased 6.0% year-on-year in July 2026 to 139.79 million, compared with 14.5% growth in June. On a sequential basis, generation increased 2.2% from June, indicating that the

July moderation in YoY growth occurred alongside continued monthly expansion. E-way bills are widely used as a high-frequency indicator of goods movement, domestic trade and supply-chain activity, and the increase in monthly generation shows that goods movement remained at a high level during July.

2. Industrial Output Maintains Growth but Moderates

The Index of Industrial Production (IIP) grew by 6.7% year-on-year in July 2026,¹³ moderating from the revised 8.8% growth in June 2026, while remaining above the 5.4% growth recorded in July 2025. The

July expansion was supported by 7.3% growth in manufacturing and 8.7% growth in electricity and gas supply, while mining and quarrying contracted by 0.9%. The moderation in headline IIP growth reflected slower growth across manufacturing and electricity and a contraction in mining compared with the previous month.

3. Manufacturing Output Remains Positive Across Most Industry Groups

Manufacturing activity remained broad-based in July, with 19 of 23 industry groups recording year-on-year growth. The leading contributors were manufacture of electrical equipment, which grew by 28.3%, motor vehicles, trailers and semi-trailers by 22.2%, and machinery and equipment n.e.c. by 12.1%. Under the use-based classification, capital goods grew by 16.1%, while consumer durables increased by 10.5% and intermediate goods by 10.0%. In contrast, consumer non-durables contracted by 1.0%. The continued growth in capital goods and intermediate goods was accompanied by stronger performance in manufacturing groups linked to electrical equipment, automobiles and machinery, while the contraction in consumer non-durables reflected weaker output in that category.

4. Manufacturing PMI Moderates

The HSBC Services PMI fell to 57.4 in June 2026, from 59.8 in May, with hiring activity nearly stagnant. Export orders were a relative area of strength, rising at

their fastest pace in three months, even as overall momentum in the sector cooled.

5. Services Activity Records Sharper Moderation

The HSBC India Services PMI fell to 53.3 in July from 57.4 in June, its lowest level since February 2022, although it remained above the 50-point threshold. The survey attributed the moderation to softer demand, fierce competition, fading client appetite and postponed orders, which constrained growth in business activity and new business inflows. New business, a key indicator of demand conditions, recorded its weakest expansion in close to four-and-a-half years.

6. Overall Growth Signal

Industrial production continued to expand in July, but the moderation in IIP growth and the lower PMI readings indicate a slower pace of activity compared with June. Manufacturing and electricity output continued to register positive growth, while mining moved into contraction. The PMI surveys similarly recorded continued expansion in manufacturing and services, but with slower growth in new orders and business activity. Manufacturing export orders provided some support, while softer domestic demand and competitive pressures were reported as constraints on the pace of expansion. Taken together, the July indicators point to continued economic activity alongside a moderation in its pace during the month.



02 Inflation And Price

Inflation and Price Indicators

INDICATOR	JULY 2026	JUNE 2026	TREND
CPI Inflation (YoY)	4.45%	4.38%	Headline inflation increased by 7 basis points
Food Inflation (CFPI, YoY)	5.52%	5.32%	Food inflation increased by 20 basis points
Rural CPI Inflation (YoY)	4.84%	4.74%	Rural inflation increased by 10 basis points
Urban CPI Inflation (YoY)	3.96%	3.93%	Urban inflation increased by 3 basis points
Core Inflation (YoY)	~3.9%	~3.9%	Core inflation remained at around the same level
WPI Inflation (YoY)	9.78%	9.87%	WPI inflation declined by 9 basis points
WPI Food Index Inflation (YoY)	6.65%	6.14%	WPI food inflation increased by 51 basis points
WPI Fuel & Power Inflation (YoY)	20.05%	27.41%	Fuel and power inflation declined by 736 basis points
WPI Manufactured Products Inflation (YoY)	8.29%	7.48%	Manufactured products inflation increased by 81 basis points

Table 2: Key Inflation and Price Indicators¹⁴

Key Highlights

1. **Headline Inflation Edges Higher but Remains Contained**

Headline CPI inflation increased marginally to 4.45% in July 2026 from 4.38% in June, remaining above the RBI's 4% medium-term target but within its 2–6% tolerance band. The movement was relatively limited at the headline level, but the composition changed as food inflation increased more noticeably. In comparison with July 2025, when CPI inflation was only 1.55%, the current inflation rate is substantially higher, reflecting the reversal from the very low inflation environment recorded a year earlier.

2. **Food Inflation Strengthens and Becomes the Main Source of Upward Pressure**

Consumer Food Price Index (CFPI) inflation increased to 5.52% in July from 5.32% in June. The increase was more pronounced in rural areas, where food inflation rose from 5.45% to 5.79%, while urban food inflation eased slightly from 5.09% to 5.05%. This contrasts sharply with July 2025, when food inflation stood at -1.76%, with both rural and urban food prices recording deflation. The year-on-year comparison therefore shows a substantial reversal in food-price conditions over the past year.

3. **Rural Inflation Remains Above Urban Inflation**

Rural CPI inflation increased to 4.84% in July from 4.74% in June, while urban inflation rose marginally to 3.96% from 3.93%. The rural-urban gap consequently widened from 81 basis points to 88 basis points. The difference was larger for food inflation, with rural food inflation at 5.79% compared with 5.05% in urban areas. This represents a significant change from July 2025, when rural CPI inflation was 1.18% and urban inflation was 2.05%, meaning that the rural-urban pattern has effectively reversed over the past year.

4. **Core Inflation Remains Broadly Stable**

Core inflation, excluding food and fuel, remained around 3.9% in July, broadly

unchanged from the previous month. This is important for interpreting the July headline increase: the acceleration in CPI was accompanied by a stronger food-price component rather than a comparable increase in core inflation. The July 2026 core reading is also broadly similar to the 3.9% core inflation recorded in July 2025, indicating relatively limited movement in underlying non-food, non-fuel price pressures over the year.

5. **Commodity-Level Food Pressures Remain Uneven**

The increase in food inflation was not uniform across commodities. In July, onion inflation reached 22.54%, ginger 83.62% and garlic 35.36%, while several other vegetables recorded negative year-on-year inflation. The official CPI data therefore point to significant divergence within the food basket rather than a uniform increase across all food items. This distinction is important because the rise in headline food inflation was concentrated in particular commodities even as prices of some other food items declined.

6. **Wholesale Inflation Eases Marginally, but Composition Remains Mixed**

WPI inflation moderated marginally to 9.78% in July from 9.87% in June, but the underlying components moved in different directions. Fuel and Power inflation fell sharply from 27.41% to 20.05%, while inflation in Primary Articles increased from 7.00% to 8.52% and Manufactured Products from 7.48% to 8.29%. WPI food inflation also increased to 6.65% from 6.14%. Thus, the marginal decline in headline WPI was largely associated with the easing of fuel and power inflation, while price pressures in primary articles, food and manufactured products strengthened.

7. **Overall Inflation Signal**

Core inflation, excluding food and fuel, July 2026 shows a moderate increase in retail inflation, accompanied by stronger food-price pressures and relatively stable core inflation. The rural-urban differential

widened, with rural inflation remaining higher than urban inflation, while the food-price gap between the two geographies increased more sharply. Compared with July 2025, the inflation environment has changed substantially: headline CPI has risen from 1.55% to 4.45%, while food inflation has moved from -1.76% to 5.52%. At the wholesale level, headline inflation eased marginally, but the composition remained mixed, with lower fuel-price inflation offsetting higher inflation in primary articles and manufactured products.



03 Trade And External Sector

Trade And External Sector

INDICATOR	JULY 2026	JULY 2025	YEAR ON YEAR (Y-O-Y) TREND
Total Exports (US\$ bn) ¹⁵	80.14	70.72	Total exports increased by approximately 13.3% YoY, supported by expansion in both merchandise and services exports.
Total Imports (US\$ bn)	95.16	82.16	Total imports increased by approximately 15.8% YoY, outpacing the growth in total exports.
Trade Balance (US\$ bn)	-15.03	-11.43	The overall trade deficit widened by US\$3.60 billion, as the increase in imports exceeded the increase in exports in absolute terms.
Exchange Rate (₹ per US\$) ¹⁶	95.41 (13 Aug 2026)	87.49 (July 2025)	The rupee was approximately 9.1% weaker against the US dollar compared with July 2025. The latest available rate is for 13 August 2026.
Foreign Exchange Reserves (US\$ bn)	692.87	698.19	Decrease of 0.8%

Table 3: Key Trade Indicators

Key Highlights

1. Total Exports Register Strong Growth

India's total exports of merchandise and services increased 13.31% year-on-year to US\$80.14 billion in July 2026, from US\$70.72 billion in July 2025. Merchandise exports were the principal contributor to the increase, rising 19.63% to US\$44.24 billion, while services exports increased to an estimated US\$35.89 billion from US\$33.74 billion. Merchandise export growth was supported by petroleum products, electronic goods, engineering goods and chemicals. Petroleum-product exports rose 67.64%, electronic goods exports 57.40%, and engineering goods

exports 17.71% year-on-year.

2. Imports Grow Faster than Exports

Total imports increased 15.83% to US\$95.16 billion in July from US\$82.16 billion a year earlier, outpacing the 13.31% growth in total exports. Merchandise imports rose 17.53% to US\$76.22 billion, while services imports increased to an estimated US\$18.94 billion from US\$17.30 billion. The faster growth in imports was driven in part by higher imports of electronic goods and gold; Reuters reported that electronic-goods imports rose more than 44% year-on-year to US\$14.37 billion, while gold imports increased nearly 5% to US\$4.16 billion.

3. Overall Trade Deficit Widens

The combined merchandise and services trade deficit increased to US\$15.03 billion in July 2026 from US\$11.43 billion in July 2025, representing a widening of approximately 31.5%. The deterioration in the overall balance reflected the faster growth of imports relative to exports. Within merchandise trade alone, the deficit widened to US\$31.98 billion, while the services trade surplus remained a significant offset at approximately US\$16.95 billion.

4. Cumulative External Deficit Widens in April–July

The monthly deterioration was also reflected in the cumulative April–July position. Total exports during April–July 2026–27 were estimated at US\$316.42 billion, up 13.16% from US\$279.63 billion in the corresponding period of 2025–26. Total imports, however, increased 17.28% to US\$365.85 billion, compared with US\$311.94 billion a year earlier. Consequently, the cumulative trade deficit widened to US\$49.43 billion from US\$32.32 billion, an increase of about 53%.

5. Merchandise Export Growth Remains Broad Across Key Categories

The July merchandise export increase was not confined to a single category. Petroleum-product exports increased from US\$4.13 billion to US\$6.92 billion, electronic-goods exports from US\$3.76 billion to US\$5.92 billion, and engineering-goods exports from US\$10.40 billion to US\$12.24 billion. The Commerce Ministry also reported a 14.39% increase in organic and inorganic chemical exports. This combination of higher petroleum, electronics and engineering exports accounted for a substantial part of the year-on-year increase in merchandise exports.

6. Rupee Remains Weaker Compared with July 2025

The rupee closed July 2026 at around ₹95.43 per US dollar, compared with approximately ₹87.60 per dollar at end-July

2025, indicating an annual depreciation of around 8.9%. During July 2026, the currency remained under pressure amid elevated crude-oil prices and geopolitical uncertainty, although intervention by state-owned banks and the RBI provided support at different points during the month. Reuters reported that the rupee ended July at ₹95.38/\$, after recovering during the final week, but remained down around 0.7% over the month.

7. Foreign-Exchange Reserves Remain High Despite External Pressures

India's foreign-exchange reserves stood at US\$692.87 billion as of 31 July 2026, following a weekly increase of around US\$10.5 billion. The increase was supported by foreign-currency inflows associated with the RBI's special FCNR(B) deposit swap facility; Reuters reported that the scheme had attracted around US\$36.7 billion by the end of July. The RBI Governor also noted that reserves provided more than 10 months of import cover and around 90.8% coverage of external debt. Compared with the US\$698.19 billion recorded as of 25 July 2025, the reserve stock was broadly stable year-on-year, although the comparison uses different reference dates.

8. Overall External-Sector Signal

July 2026 shows strong export growth alongside a faster increase in imports, resulting in a wider overall trade deficit. Merchandise exports reached a record monthly level, with petroleum products, electronics and engineering goods among the major contributors, while higher imports of electronics, gold and other goods increased the import bill. The cumulative April–July trade deficit also widened compared with the previous year. At the same time, foreign-exchange reserves remained close to US\$693 billion, providing a substantial external liquidity buffer despite continued pressure on the rupee.

04 Financial Health

Financial Health

INDICATOR	JULY 2026	JUNE 2026	TREND
Policy Repo Rate	5.25%	5.25%	Policy rate remained unchanged during the month
10-Year G-Sec Yield	6.83%	6.75%	Yield increased by 8 basis points during July
Bank Credit Growth (YoY)	19.30%	18.60%	Credit growth increased by 70 basis points
Non-Food Credit Growth (YoY)	19.10%	18.30%	Non-food credit growth increased by 80 basis points
Industry Credit Growth (YoY)	20.00%	19.20%	Industry credit growth increased by 80 basis points

Table 4: Key Financial Health Indicators

Key Highlights

- Bank Credit Growth Accelerates Across Major Sectors**
 Bank credit grew 19.3% year-on-year as of July 31, 2026, while non-food credit increased 19.1%. Credit growth was recorded across industry (20.0%), services (22.9%), agriculture and allied activities (17.0%) and personal loans (16.2%).
- Industrial and Services Credit Record Higher Growth**
 Industrial credit growth increased to 20.0%, with credit to micro and small industries growing 22.6%, medium industries 30.5% and large industries 17.7%. Services credit grew 22.9%, including growth of 43.3% in computer software and 35.7% in NBFC lending.
- Retail Credit Continues to Grow**
 Retail credit increased 16.2% year-on-year in July. Housing credit grew 11.3%, vehicle loans 18.8% and education loans 13.7%, while credit-card outstanding increased 2.3%. Loans against gold jewellery recorded 88.1% growth, lower than the 136.4% recorded a year earlier.
- Credit Growth Remains Above Deposit Growth**
 Scheduled commercial bank credit grew 19.3% year-on-year at end-July, compared with 15.4% deposit growth, leaving a 3.9 percentage-point difference between the two growth rates. Deposit growth also reached its highest level since December 2016.
- Equity Markets and Foreign Portfolio Flows Improve**
 The Nifty 50 and Sensex increased 2.2%

and 2.1%,¹⁷ respectively, in July, marking their second consecutive monthly gains. FPIs turned net buyers of Indian equities with ₹20,200 crore of inflows, following four consecutive months of net selling. Foreign investors also recorded ₹29,212 crore of inflows through the general debt route and ₹3,033 crore through FAR.

6. Government Bond Yield Moves Higher

The 10-year government securities yield increased to 6.83% at end-July from 6.75% at end-June, an increase of around 8 basis points. The policy repo

rate remained at 5.25% during the month, while banking-system liquidity remained in surplus.

7. Foreign Investment in Debt Remains Positive

Foreign investors also remained net buyers of Indian debt. In July, they invested ₹29,212 crore through the general debt route and ₹3,033 crore through the Fully Accessible Route (FAR). This followed positive debt inflows in June, although FAR inflows were substantially lower than the ₹21,652 crore recorded in June.



05 Fiscal Health

Fiscal Health

FISCAL INDICATOR	JULY 2026	JUNE 2026	TREND / LATEST POSITION
Gross GST Collections	₹2,11,205 crore	₹1,94,812 crore	↑ 8.4% MoM; ↑ 15.4% YoY; collections increased during July YoY
Net GST Revenue	₹1,81,237 crore	₹1,62,377 crore	↑ 11.6% MoM; ↑ 15.8% YoY; net collections increased during July
Cumulative Gross GST, Apr–Jul	₹8,42,905 crore	₹6,31,700 crore, Apr–Jun	↑ 10.1% YoY; cumulative collections remained above last year

Table 5: GST Collections for July 2026

INDICATORS	VALUES (APR – JUL)
Fiscal Deficit	₹4.55 lakh crore
Total Receipts	₹13,06,709 crore
Total Expenditure	₹17,61,853 crore
Capital Expenditure	₹4,50,635 crore
Revenue Expenditure	₹13,11,218 crore
Interest Payments	₹4,26,566 crore
Major Subsidies	₹1,53,513 crore
Tax Devolution to States,	₹3,72,354 crore

Table 6: Fiscal Indicators

Key Highlights

1. GST Collections Strengthen in July

Gross GST collections rose to ₹2.11 lakh crore in July 2026, up 15.4% year-on-year, while net GST revenue increased 15.8% to ₹1.81 lakh crore. July collections were higher than June's ₹1.95 lakh crore, indicating stronger monthly revenue mobilisation.

2. Import-Linked GST Grows Faster

GST from imports increased 28.8% year-on-year to ₹66,511 crore, compared with 10.1% growth in domestic GST revenue. The stronger import-linked component contributed to the overall increase in GST collections during July.

3. Cumulative GST Collections Remain Above Last Year

Gross GST collections during April–July FY2026–27 reached ₹8.43 lakh crore, 10.1% higher than the corresponding period last year. Net GST revenue increased 9.2% to ₹7.21 lakh crore.

4. Fiscal Deficit Remains Below Year-Ago Pace

The Centre's fiscal deficit stood at ₹4.55 lakh crore during April–July, equivalent to 26.8% of the FY2026–27 Budget Estimate, compared with 29.9% during

the corresponding period last year. The FY2026–27 fiscal-deficit target is 4.3% of GDP.

5. Receipts and Expenditure Track Around One-Third of Annual Budget

Total receipts reached 35.8% of the annual budget estimate, while total expenditure stood at 32.9% during April–July. Capital expenditure amounted to ₹4.51 lakh crore, also reaching 32.9% of its annual allocation.

6. Interest Payments and Subsidies Remain Significant

Interest payments of ₹4.27 lakh crore and major subsidies of ₹1.54 lakh crore together accounted for around 44% of revenue expenditure during April–July. This highlights the significant share of committed expenditure within the Centre's revenue spending.

Fiscal indicators for July point to strong revenue mobilisation, with GST collections accelerating and the Centre's fiscal deficit remaining below the year-ago pace during April–July. At the same time, expenditure execution remained broadly aligned with the annual budget, while interest payments and subsidies continued to account for a substantial share of revenue expenditure.



06 Monetary Health

INDICATOR	CURRENT RATE (JULY 2026)	PREVIOUS RATE (JULY 2025)	TREND
Policy Repo Rate	5.25%	5.5%	Declined by 25 basis points, from 5.50% in July 2025 to 5.25% in July 2026.
Standing Deposit Facility (SDF) Rate	5.00%	5.25%	Declined by 25 basis points, from 5.25% to 5.00%.
Marginal Standing Facility (MSF) Rate	5.50%	5.75%	Declined by 25 basis points, from 5.75% to 5.50%.

Table 7: Key Monetary Policy Rates¹⁸

Key Highlights

1. Policy rates remained unchanged through July 2026

The repo rate remained at 5.25%, with the SDF at 5.00% and MSF at 5.50%. All three rates were 25 basis points lower than in July 2025, while the policy corridor remained symmetric at 25 bps on either side of the repo rate.

2. The RBI remained in a policy pause after the earlier easing cycle

The repo rate has remained at 5.25% since the December 2025 rate cut. At its August 2026 meeting, the MPC unanimously kept rates unchanged and retained its neutral stance, preferring to assess evolving inflation and growth risks before making further changes.

3. Inflation risks limited the scope for further easing

The RBI highlighted elevated energy and commodity prices, global supply disruptions and uncertainty around the monsoon as important upside risks to inflation. Reflecting these concerns, it

raised its FY2026–27 inflation forecast to 5.1% from 4.6% in June.

4. The neutral stance preserves flexibility amid competing growth and inflation risks

At the same time, the RBI lowered its FY2026–27 growth forecast from 6.9% to 6.6%. Keeping the stance neutral therefore allows monetary policy to respond in either direction as greater clarity emerges on inflation, energy prices and domestic growth.



07 Labour And Employment

Labour and Employment Indicators

INDICATOR	JULY 2026	JUNE 2025	TREND
Labour Force Participation Rate (LFPR) OVERALL	55.40%	54.90%	Increased by 0.5 percentage points, from 54.9% in July 2025 to 55.4% in July 2026.
LFPR (URBAN)	50.40%	50.70%	Declined marginally by 0.3 percentage points, from 50.7% to 50.4%.
LFPR (RURAL)	58.00%	56.90%	Increased by 1.1 percentage points, from 56.9% to 58.0%.
LFPR (FEMALE)	34.40%	33.30%	Increased by 1.1 percentage points, from 33.3% to 34.4%.
Worker Population Ratio (WPR) OVERALL	52.50%	52.00%	Increased by 0.5 percentage points, from 52.0% to 52.5%
WPR (URBAN)	47.00%	47.00%	Remained unchanged at 47.0%
WPR (RURAL)	55.40%	54.40%	Increased by 1 percentage point, from 54.4% to 55.4%.
Unemployment Rate (OVERALL)	5.10%	5.20%	Saw a decline of 1.92%.
Unemployment Rate (URBAN)	6.70%	7.20%	Declined by 0.5 percentage points, from 7.2% to 6.7%.
Unemployment Rate (RURAL)	4.50%	4.40%	Remained unchanged at 4.5%.

Table 8: Key Labour and Employment Indicators

Key Highlights

1. Labour-force participation rebounded in July, led by rural areas

Overall LFPR rose to 55.4% in July 2026 from 54.4% in June, reversing the decline seen between March and May. Rural LFPR increased more which is from 56.6% to 58.0%, while urban LFPR rose only marginally from 50.1% to 50.4%.

2. Higher participation was accompanied by an increase in actual employment

Overall WPR increased from 51.4% to 52.5%, its first monthly increase since February 2026. The improvement was concentrated in rural areas, where WPR rose by 1.6 percentage points to 55.4%, compared with only a 0.2 percentage-point increase in urban WPR to 47.0%.

3. Female participation recorded one of the strongest movements

Female LFPR increased from 32.7% in June to 34.4% in July, with rural female LFPR rising from 36.6% to 38.8%. Rural female WPR also increased from 34.7% to 37.2%, indicating that the increase in

participation was accompanied by higher employment among rural women.

4. Lower rural unemployment drove the improvement in the overall unemployment rate

Overall unemployment declined from 5.5% in June to 5.1% in July, its lowest level in four months. Rural unemployment fell from 5.0% to 4.5%, while urban unemployment edged up from 6.6% to 6.7%. Contemporary assessments therefore characterised the July improvement as being largely driven by stronger rural employment conditions.

5. Rural and urban labour-market conditions continue to diverge

Compared with July 2025, rural LFPR and WPR increased by 1.1 and 1.0 percentage points, respectively, while urban LFPR was marginally lower and urban WPR unchanged. Urban unemployment, however, improved year-on-year from 7.2% to 6.7%, indicating a more mixed urban labour-market picture than the stronger month-on-month improvement observed in rural India.





ANNEXURE II

Sectoral Updates In Detail

01

Agriculture And Allied Sectors

INDICATOR	2026 (LAKH HECTARES)	2025 (LAKH HECTARES)	GROWTH
Rice Sown Area	344.78	360.67	-4.40%
Pulses Sown Area	103.78	105.73	-1.80%
Coarse Cereals Sown Area	168.5	173.21	-2.70%
Oilseeds Sown Area	180.2	175.01	3%

Table 9: Performance Indicators - Agriculture and Allied Sectors

Key Highlights

1. Kharif acreage gap narrows across major crop groups

Rice acreage remained 4.4% below last year's level, while pulses and coarse cereals were lower by 1.8% and 2.7%, respectively. Oilseeds, however, recorded 3.0% growth, indicating a narrower and more crop-specific acreage gap by early August.

2. Oilseeds recorded the strongest relative improvement

Oilseed acreage reached 180.20 lakh hectares, compared with 175.01 lakh hectares a year earlier. Oilseeds were the only one of the four major crop groups to exceed their corresponding 2025 acreage, partly offsetting the shortfalls in other crops.

3. Rice accounts for the largest absolute acreage gap

Rice acreage was 15.89 lakh hectares

below the corresponding 2025 level. This compares with shortfalls of 4.71 lakh hectares in coarse cereals and 1.95 lakh hectares in pulses, making rice the largest contributor to the remaining acreage gap.

4. Acreage weakness is now more crop-specific

The remaining shortfalls in rice, pulses and coarse cereals are relatively limited compared with the earlier position, while oilseeds have moved above last year's acreage. The current pattern therefore reflects crop-specific variation rather than a uniform decline across the major Kharif categories.

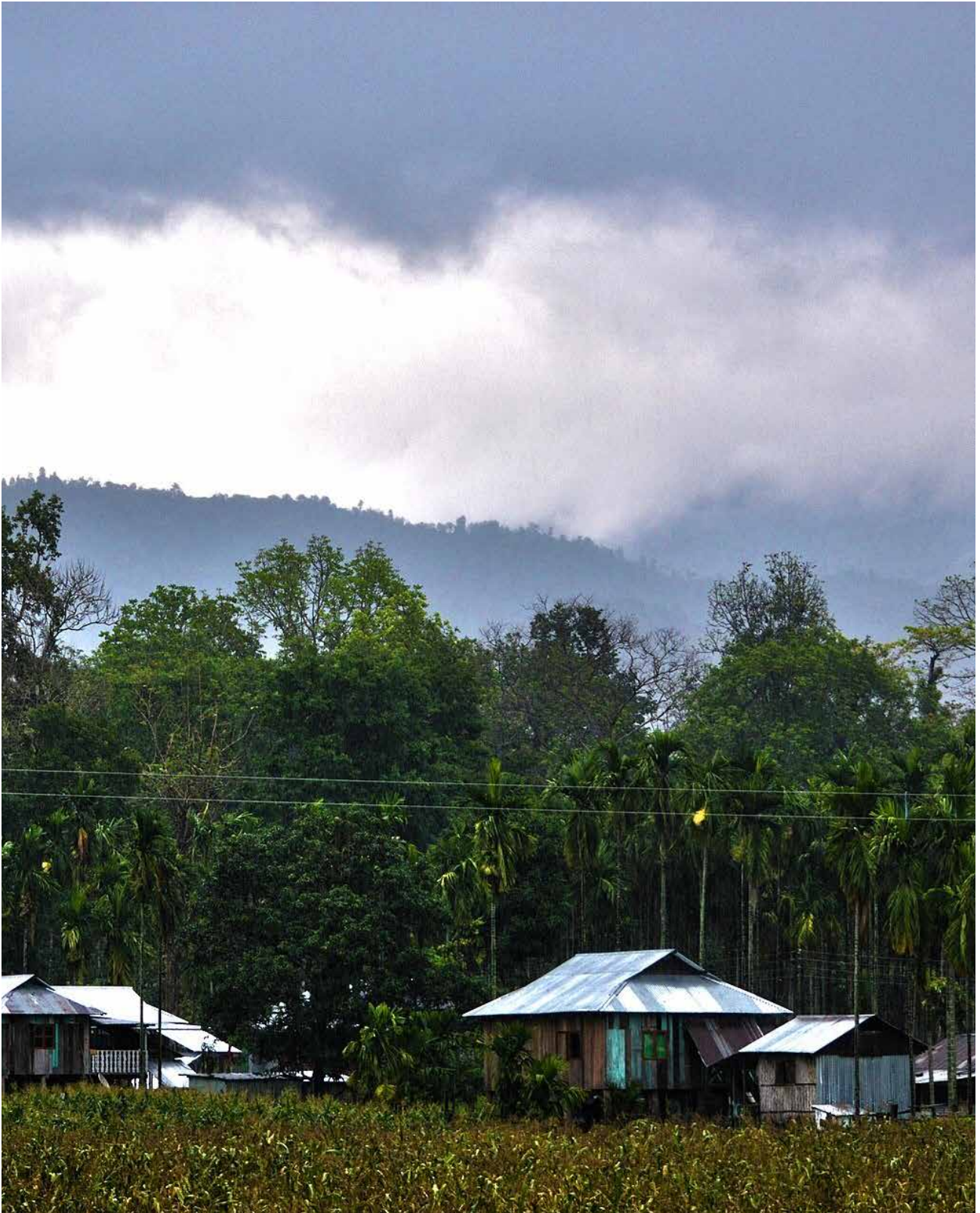
5. Combined acreage remains below last year's level

Acreage across the four major crop groups stood at 797.26 lakh hectares, against 814.62 lakh hectares in the corresponding period of 2025, representing a 2.1% shortfall. Higher oilseed acreage has narrowed the aggregate gap but has not

fully offset lower acreage in the other three categories.

6. Acreage improvement does not determine final output

The narrowing sowing gap provides a clearer picture of crop coverage by early August, but final agricultural output will depend on yields, rainfall distribution, weather conditions and crop development through the remainder of the season.



02 Energy And Power

Electricity Generation & Supply

INDICATOR	JULY 2026	JULY 2025	TREND
Total Installed Power Capacity	~552 GW	~485 GW	↑ Continued expansion
Non-Fossil Installed Capacity	300.50 GW	—	>54% of total capacity
Electricity Generation	~178.4 BU	~165.2 BU	↑ ~8% YoY
Peak Power Demand Met	>270 GW on two occasions	—	Demand remained elevated

Table 10: Key Performance Indicators- Electricity Generation & Supply^{19,20}

Key Highlights

1. Installed Power Capacity Continues to Expand

India's total installed power-generation capacity reached approximately 552 GW by July 2026. Within this, non-fossil capacity crossed 300.50 GW, accounting for more than 54% of the total installed capacity. The non-fossil capacity base comprised solar, wind, hydro and nuclear generation capacity. The increase in overall capacity indicates continued addition to the country's electricity-generation infrastructure.

2. Electricity Generation Increases Year-on-Year

Electricity generation during July 2026 stood at approximately 178.4 BU, compared with around 165.2 BU in July 2025, representing growth of approximately 8% year-on-year. The increase indicates a higher level of electricity generation during the month compared with the corresponding period of the previous year.

3. Peak Electricity Demand Crosses 270 GW

All-India peak power demand crossed 270 GW on two occasions during July 2026, and the reported demand was successfully met on both occasions. This followed the 270.8 GW all-India peak demand recorded in May 2026, which provides the recent benchmark for India's electricity-demand requirement. The repeated occurrence of peaks above 270 GW indicates that electricity demand remained at a high level during July.

4. Generation Capacity and Demand Move Together

The July data show continued expansion in installed generation capacity alongside higher electricity generation and elevated peak demand. While capacity is a stock measure and generation and demand are monthly flow indicators, the three measures together provide a picture of the power system's scale and utilisation during the month. The successful

meeting of peak demand above 270 GW indicates that the reported peak requirements were met by the available power system.

Coal

INDICATOR	JULY 2026	JULY 2025	GROWTH (%)
Coal Production (Million Tonnes)	69.75	64.88	7.51
Coal Offtake/Dispatch (Million Tonnes)	86.33	73.57	17.34
Lignite Production (Million Tonnes)	3.23	3.3	-2.1

Table 11: Key Performance Indicators - Coal^{21,22}

Key Highlights

1. Coal Production Records Stronger YoY Growth

Coal production increased to 69.75 MT in July 2026 from 64.88 MT a year earlier, registering 7.51% year-on-year growth. Cumulative production during April–July reached 302.24 MT, compared with the corresponding period of the previous year.

2. Coal Dispatch Grows Faster Than Production

Coal dispatch increased by 17.34% to 86.33 MT in July, significantly faster than the 7.51% growth in production. Power-sector dispatch accounted for 68.76 MT, or around 79% of total July dispatch, while dispatch to non-regulated sectors increased to 18.16 MT, up 25.16% year-on-year. This indicate dispatch growth was more than twice the rate of production growth, indicating stronger movement of coal to consuming sectors during the month.

3. CIL Drives the Increase in Coal Production

CIL produced 50.35 MT in July 2026, an 8.42% increase over July 2025. Production growth was particularly strong at CCL (+56.85%), ECL (+34.00%) and SECL (+17.59%), while MCL recorded a 10.74% decline.

4. Cumulative Coal Dispatch Remains Above Last Year

Cumulative coal dispatch during April–July FY2026–27 reached 354.70 MT, representing 5.87% growth over the corresponding period of the previous financial year. CIL's cumulative dispatch also increased by 6.81% during the period.

5. Lignite Production Declines Marginally

Lignite production declined to 3.23 MT in July 2026 from 3.30 MT in July 2025, a 2.0% year-on-year decline. However, cumulative lignite production up to July stood at 14.18 MT, compared with 12.77 MT a year earlier, representing 11.07% growth.

03

New And Renewable Energy

CAPACITY TYPE	ADDED IN JULY 2026 (GW)	CUMULATIVE CAPACITY AS OF 31 JULY 2026 (GW)
Solar Power	2.443	164.595
Wind Power	0.694	58.137
Small Hydro Power	0	5.182
Biomass (Bagasse) Cogeneration	0	9.821
Biomass (Non-bagasse) Cogeneration	0	1.049
Waste-to-Energy	0	0.324
Waste-to-Energy (Off-grid)	0	0.554
Subtotal RE excluding Large Hydro	3.136	239.661
Large Hydro	0	52.065
Total Renewable Energy	3.136	291.726
Nuclear Power	0	8.78
Total Non-Fossil Capacity	3.136	300.506

Table 12: Installed Capacity (As of 31st July 2026)²³

Key Highlights

1. Solar Remains the Primary Driver of Capacity Addition

India added 2.44 GW of solar capacity in July 2026, accounting for approximately 78% of the 3.14 GW renewable capacity added during the month. Cumulative solar capacity reached 164.59 GW, including 122.57 GW of ground-mounted solar, 30.74 GW of grid-connected rooftop solar, 4.77 GW of hybrid projects and 6.51 GW of off-grid solar.

2. Wind Capacity Addition Gains Momentum

Wind power capacity increased by 693.5 MW during July, taking cumulative installed wind capacity to 58.14 GW. During April–July FY2026–27, cumulative wind additions reached 2.04 GW, making wind the second-largest contributor to renewable capacity additions during the period.

3. Renewable Capacity Crosses 291 GW

Total renewable energy capacity, including large hydro, reached 291.73 GW as of 31 July

2026, compared with 288.59 GW at the end of June, reflecting approximately 3.14 GW of additions during July. Renewable capacity excluding large hydro stood at 239.66 GW.

4. Non-Fossil Capacity Crosses 300 GW

Total non-fossil installed capacity, including renewable energy and nuclear power, reached 300.51 GW by the end of July. With total non-fossil capacity exceeding 300 GW, it accounted for more than 54% of India's overall installed power capacity. Nuclear capacity remained unchanged at 8.78 GW during July.

5. Cumulative FY2026-27 Additions Remain Solar-Led

During April-July FY2026-27, India added 17.04 GW of renewable capacity including large hydro. Solar additions accounted for 14.33 GW, while wind additions stood at 2.04 GW and large hydro additions at 0.65 GW. Thus, solar accounted for the overwhelming majority of renewable capacity added during the first four months of FY2026-27.



04 Manufacturing

Steel⁶³

INDICATOR (MILLION TONNES)	JULY 2026	JULY 2025	YOY GROWTH
Crude Steel Production	14.4	14.1	2.1%
Hot Metal Production	8.4	7.9	6.30%
Finished Steel Production	14	13.5	3.7%
Finished Steel Consumption	14.4	13.5	6.80%
Finished Steel Imports	0.7	0.64	9.4%
Finished Steel Exports	0.7	0.49	42.9%

Table 13: Key Performance Indicators - Steel²⁴

Key Highlights

1. Steel Production Continues to Expand

Crude steel production increased to 14.4 Mt in July 2026, compared with 14.1 Mt a year earlier, registering 2.1% year-on-year growth. Hot metal production also increased by 6.3%, reaching 8.4 Mt from 7.9 Mt. Finished steel production rose to 14.0 Mt from 13.5 Mt, representing 3.7% growth.

2. Finished Steel Consumption Grows Faster than Production

Finished steel consumption increased to 14.4 Mt in July 2026 from 13.5 Mt in July 2025, registering 6.8% year-on-year growth. Consumption therefore grew faster than finished steel production, which increased by 3.7% during the month.

3. Steel Trade Flows Increase

Finished steel imports increased by 9.4% year-on-year, reaching 0.7 Mt in July 2026 from 0.64 Mt a year earlier. Finished steel exports increased by 42.9%, from 0.49 Mt to 0.7 Mt. Exports therefore recorded a faster year-on-year increase than imports during the month.

4. Steel Sector Records Broad-Based Year-on-Year Growth

All six indicators in the July 2026 table recorded year-on-year increases. Hot metal production recorded the highest growth at 6.3%, followed by finished steel consumption at 6.8% and finished steel exports at 42.9%, while crude steel and finished steel production increased by 2.1% and 3.7%, respectively.

Cement Index under the Index of Nine Core Industries⁶⁶

CAPACITY TYPE	JULY 2026	JUNE 2026	TREND
Overall ICI	5.4%	6.0%	Moderated from previous month

Table 15: Index of Core Industries: Overall Growth, July 2026²⁵

Key Highlights

1. Core Industry Growth Moderates but Remains Positive

The ICI grew 5.4% in July 2026, compared with 6.0% in June, indicating a moderation in the pace of core-sector expansion while maintaining positive year-on-year growth. Cumulative growth during April–July stood at 4.3%, substantially above the 1.5% recorded during the corresponding period of the previous year.

2. Iron Ore and Cement Lead Core-Sector Growth

Iron ore recorded the strongest growth among the core industries at 29.5%, followed by cement at 13.1% and electricity at 9.0%. Coal grew 7.6%, while steel and refinery products recorded more moderate growth of 2.9% and 2.7%, respectively. The Ministry of Commerce & Industry identified iron ore, electricity and cement as major drivers of overall ICI growth in recent months.

3. Energy and Fertiliser Components Remain Mixed

Iron ore recorded the strongest growth among the core industries at 29.5%, followed by While electricity, coal and refinery products recorded positive growth, natural gas, crude oil and fertilisers contracted in July. This resulted in a mixed performance across the nine components of the revised core-industries index.





ANNEXURE III

Glossary Of Terms

TERM	EXPLANATION
IIP (Index of Industrial Production)	The all-India IIP is a composite indicator that measures short-term changes in the volume of production of a basket of industrial products during a given period relative to a chosen base period.
Index of Eight Core Industries (ICI)	A monthly indicator measuring output in eight key industries: coal, crude oil, natural gas, refinery products, fertilisers, steel, cement, and electricity. These sectors serve as a leading indicator of industrial activity in the economy.
Consumer Price Index (CPI)	An index that measures changes in the average price of a basket of goods and services consumed by households and is widely used to track retail inflation.
Consumer Food Price Index (CFPI)	A sub-component of the Consumer Price Index that tracks price changes specifically in food and beverage items within the consumer basket in India. It highlights trends in food inflation.
Core Inflation	A measure of inflation that excludes food and fuel components in order to capture underlying price trends by removing volatile items from the inflation basket.
Wholesale Price Index (WPI)	An index measuring changes in prices at the wholesale or producer level, reflecting price movements before goods reach the retail market.
LFPR in CWS	Labour Force Participation Rate measured under the Current Weekly Status (CWS) approach. It represents the percentage of the population that is either working or actively seeking employment during a reference week.
Kharif Season	The monsoon crop season, running from June to October, and relies heavily on southwest monsoon rains for sowing and growth

TERM	EXPLANATION
PMI (Purchasing Managers' Index)	An indicator of economic activity based on monthly surveys of business executives across sectors. PMI values range from 0 to 100, where readings above 50 indicate expansion and readings below 50 indicate contraction in economic activity.
Trade Deficit	When imports are higher than exports.
Labour Force Participation Rate (LFPR)	Percentage of the working-age population that is employed or actively seeking work.
WPR (Worker Population Ratio)	Percentage of population that is employed.
MU	Million Units, a common unit for electricity generation or consumption.
MW	Megawatt, unit for measuring power generation.
MnT	Million Tonnes, used for coal, steel and cement production.
Non-Fossil Capacity	Installed power capacity from renewable and nuclear sources.

REFERENCES

- 1 Ministry of Statistics & Programme Implementation. (2026, August 28). India's index of industrial production records growth of 6.7% in July 2026. Press Information Bureau, Government of India.
- 2 Yadav, M. (2026, August 10). E-way bill generation rises 5.98% to second-highest level in July 2026. Business Standard.
- 3 Ministry of Statistics and Programme Implementation. (2026, August 12). Consumer Price Index for July 2026. Press Information Bureau, Government of India
- 4 Ministry of Commerce & Industry. (2026, August 13). The cumulative exports (merchandise & services) during April–July 2026–27 is estimated at US\$ 316.42 billion, as compared to US\$ 279.63 billion in April–July 2025–26, an estimated growth of 13.16%. Press Information Bureau, Government of India.
- 5 Reserve Bank of India. (2019, August 2). Weekly statistical supplement: Foreign exchange reserves.
- 6 National Securities Depository Limited. (n.d.). FPI net investment details (calendar year).
- 7 Goods and Services Tax Network. (2026, July 31). GST gross and net collections as on 31/07/2026.
- 8 Ministry of Statistics & Programme Implementation. (2026, August 17). Press note on Periodic Labour Force Survey (PLFS) monthly bulletin July, 2026. Press Information Bureau, Government of India.
- 9 Ministry of Agriculture & Farmers Welfare. (2026, August 11). Progress of area coverage under Kharif crops as on 07.08.2026. Press Information Bureau, Government of India.
- 10 Ministry of Agriculture & Farmers Welfare. (2026, July 28). Progress of area coverage under Kharif crops as on 25.07.2026. Press Information Bureau, Government of India.
- 11 Ministry of Steel. (2026, August 25). India's steel sector continues its upward trajectory in Apr–Jul 2026. Press Information Bureau, Government of India.
- 12 Ministry of Commerce & Industry. (2026, August 20). Provisional estimates of Index of Core Industries for the month of July 2026, and final index for the month of June 2026 with base year 2022–23. Press Information Bureau, Government of India
- 13 Ministry of Statistics & Programme Implementation. (2026, August 28). India's index of industrial production records growth of 6.7% in July 2026. Press Information Bureau, Government of India
- 14 Ministry of Statistics and Programme Implementation. (2026, August 12). Consumer Price Index for July 2026. Press Information Bureau, Government of India.
- 15 Ministry of Commerce & Industry. (2026, August 13). The cumulative exports (merchandise & services) during April–July 2026–27 is estimated at US\$ 316.42 billion, as compared to US\$ 279.63 billion in April–July 2025–26, an estimated growth of 13.16%. Press Information Bureau, Government of India.
- 16 Reserve Bank of India. (2025, August 1). Reserve Bank of India bulletin: Weekly statistical supplement—Extract
- 17 National Stock Exchange of India Limited. (n.d.). National Stock Exchange of India.
- 18 Reserve Bank of India. (2025, April 9). RBI issues draft Directions on the regulatory measures announced in SDRP
- 19 Grid Controller of India Limited. (2026). Monthly report: July 2026
- 20 Central Electricity Authority. (2026, July). Monthly renewable energy generation report: July 2026. Ministry of Power, Government of India.

- 21 Ministry of Agriculture & Farmers Welfare. (2026, July 28). Progress of area coverage under Kharif crops as on 25.07.2026. Press Information Bureau, Government of India.
- 22 Ministry of Coal. (2026, July). Monthly coal statistics for July 2026 (provisional). Government of India.
- 23 Ministry of New and Renewable Energy. (2026). Physical achievements: Programme/scheme-wise cumulative physical progress as on 31st July, 2026. Government of India.
- 24 Ministry of Steel. (2026, August 25). India's steel sector continues its upward trajectory in Apr–Jul 2026. Press Information Bureau, Government of India.
- 25 Ministry of Commerce & Industry. (2026, July 20). First press release of Index of Core Industries of new series with base year 2022–23. Press Information Bureau, Government of India.

NOTES

