NFPRC FOUNDATION

INDIA'S GROWTH PULSE

Tracking India's Economic Momentum

JULY 2026

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An initiative of NFPRC

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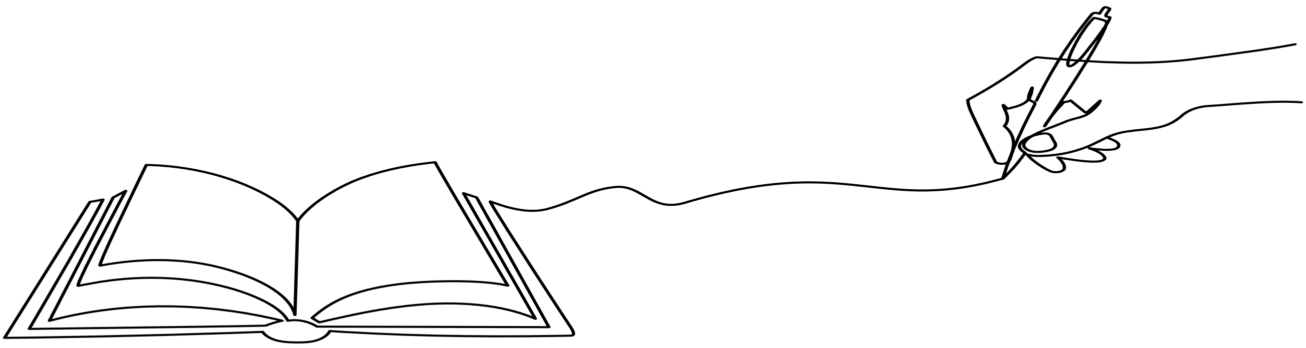

EDITOR'S NOTE

June 2026 tells a story of industrial strength running alongside emerging price pressure. The Index of Industrial Production grew 7.3% year-on-year, its strongest reading in 22 months, with manufacturing up 7.8% and electricity and gas supply up 10.6%. Capital goods output expanded by 14.2%, pointing to continued investment activity in productive capacity. Gross GST collections reached ₹194.8 thousand crores, growing 13.9% year-on-year. These numbers, taken together, suggest that India's domestic economic engine remained in good working order through the month.

In comparison, the pressure points started emerging and were more visible in June than they have been in recent months. Headline CPI inflation rose to 4.38%, crossing the Reserve Bank of India's 4% medium-term target for the first time since the last 18 months. Food inflation at 5.32% year-on-year was the primary driver, and the rural-urban differential widened to 82 basis points, suggesting that supply-side pressures on specific perishables are being transmitted more directly into rural consumption baskets. Wholesale price inflation rose further to 9.87%, extending an already elevated trajectory. The Reserve Bank's decision to hold the policy repo rate at 5.25% and maintain a neutral stance reflects a balanced reading of this situation where growth continues to warrant support. However, the inflation environment does not permit further easing at this point.

In addition, the external sector added complexity. Merchandise exports performed well, growing 15.52% year-on-year to US$40.41 billion, with broad-based gains across gems and jewellery, engineering goods, chemicals, and electronics. Services exports provided additional support. However, imports rose sharply by nearly 31% in merchandise terms to US$88.76 billion in total, driven by elevated crude oil costs linked to geopolitical tensions in West Asia and shipping disruptions around the Strait of Hormuz, alongside a significant rise in electronics and gold imports. The combined trade deficit widened to US$15.32 billion from US$2.89 billion a year earlier. The rupee's depreciation to ₹95.17 per US dollar compounds the import bill, even if the movement reflects global dollar strength rather than domestic instability. Foreign exchange reserves at US$668.6 billion remain a meaningful buffer, though they have narrowed from US$698.1 billion in June 2025. The services surplus of US$15.11 billion continues to offset a meaningful share of the merchandise deficit, and this structural support remains important.

In the sectoral data, the reading that most warrants attention is agriculture. Net sown area under Kharif crops stood at 182.72 lakh hectares, against 236.46 lakh hectares in the same period last year, a contraction of 22.7% driven by below-average monsoon rains and a sharp decline in rainfed crops including soybean, groundnut, and arhar. These three crops alone accounted for more than 45% of the reduction in sowed area. The agricultural data at this stage of the season functions as a leading indicator: it does not yet determine output, but it sets the conditions within which food price pressures, rural incomes, and consumption will evolve over the coming months. Monsoon predictions have indicated a narrowing of the deficit in the weeks ahead, and that trajectory will be the more important data point to watch in the July issue.

This issue's Policy Spotlight examines the Parivartan Scheme, approved by the Union Cabinet on 3rd June 2026, which supports the replacement of BS-IV and older commercial vehicles in the National Capital Region with BS-VI, CNG, or electric alternatives through a combination of interest subsidies, fuel vouchers, manufacturer discounts, and state-level tax concessions. The scheme's design is notable for its multi-party incentive structure, which attempts to make environmental compliance financially viable for small fleet operators and transport workers rather than simply penalising continued use of older vehicles. Execution across state boundaries, infrastructure readiness, and coordination between the central portal and banking systems will determine whether its design translates into outcome.

Overall, June 2026, is a month that asks for a careful read. The industrial and fiscal data are strong. The price and external sector data are under greater pressure than they have been. The agricultural data introduce a degree of uncertainty for the months ahead. The economy's underlying structure remains supportive. However, the June readings are a reminder that resilience requires continuous attention, not just at the level of headline growth, but across the indicators that shape its texture.

Manasa Sriram,
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HIGHLIGHTS

In June 2026, India's economic landscape reflected a complex interplay of resilient growth and intensifying price pressures. Industrial output (IIP) surged 7.3% in June, its strongest performance in 22 months, while non-fossil energy capacity crossed 297 GW to account for over 54% of India's total installed capacity. Headline CPI inflation reached a six-month high of 4.38%, but stayed within the RBI's medium-term target band. While robust GST collections of ₹1,94,812 crore signaled underlying fiscal buoyancy, while total electricity generation rose 10.77% year-on-year, with renewable sources posting a strong 22.74% surge during the same period

Economic Highlights

Sustained GDP Growth Trajectory

India's real GDP growth for 2025-26 remains estimated at 7.7%, driven by secondary and tertiary sectors which grew more than 8% in FY 2024-25.

Sharp Acceleration in Industrial Output

The Index of Industrial Production (IIP) surged by 7.3% year-on-year in June 2026, marking its strongest performance in the last 22 months, with significant contributions from manufacturing (7.8%) and electricity and gas supply (10.6%).

Retail Inflation Trends

Headline CPI inflation reached 4.38% in June 2026, compared to 3.93% in May, moving above the Reserve Bank of India's 4% medium-term target for the first time in the past 18 months. This acceleration reflects broader price pressures, influenced by food and transport costs, while remaining within the wider tolerance band.

Dominance of Food-Led Inflation

Food inflation (CFPI) remains the primary driver of headline numbers, rising to 5.32% year-on-year in June 2026, with a pronounced rural-urban inflation differential indicating that supply-side pressures are weighing more heavily on rural consumption baskets.

Trade Balance Dynamics

India's external trade saw increased activity in June 2026, with total imports rising by 26.85% and total exports (merchandise and services) growing by 9.48%, resulting in a trade deficit of US$ 15.32 billion, largely influenced by global commodity price trends and elevated energy costs.

Resilient Indirect Tax Collections

Gross GST revenue for June 2026 reached ₹194.8 thousand crore, a 13.9% year-on-year increase, reflecting continued economic buoyancy and improved compliance despite higher refund disbursements impacting net revenue accruals.

Sectoral Highlights

Agricultural Contraction

Summer cropping activity witnessed a broad-based moderation, with net sown area contracting by 53.74 lakh hectares to 182.72 lakh hectares. Significant declines in acreage were observed across pulses, coarse cereals, oilseeds, and rice, reflecting a contraction in agricultural activity.

Coal Production Trends

Coal production recorded a modest 1.39% year-on-year increase to 80.09 million tonnes, though cumulative production for the year remains 5.88% below the previous year's levels. Steady offtake, particularly to the power sector, continues to ensure adequate fuel availability for thermal generation.

Renewable Energy Expansion

Non-fossil fuel installed capacity reached 297.37 GW, accounting for 54.18% of the country's total capacity. Solar power remains the primary driver of this growth, contributing 5.1 GW of the 5.8 GW of renewable capacity added during June 2026.

Electricity Generation Mix

Total electricity generation increased by 10.77% year-on-year, with coal maintaining its dominant position at 67.34% of the power mix. Simultaneously, renewable energy sources recorded a significant 22.74% surge in generation, continuing their steady integration into the grid.

Steel Sector Resilience

India's steel industry sustained growth momentum with crude steel production rising 4.5% year-on-year. Resilient domestic demand from infrastructure and construction sectors has led consumption to outpace production, necessitating reliance on imports to meet specific product requirements.

Core Industries Momentum

The Index of Core Industries grew 5.0% year-on-year, propelled by a sharp 43.9% rebound in Iron Ore output and sustained performance in Electricity and Cement. However, energy-related sectors, including crude oil and natural gas, continued to weigh on the overall growth trajectory.

POLICY SPOTLIGHT

How Parivartan Aims to Clear NCR's Air[1]

By: Abhijeet Rao

Delhi's air pollution problem has always had an uncomfortable arithmetic at its core: commercial vehicles make up just 3% of the region's total fleet, yet account for 36% of its PM 2.5 emissions. Contrary to existing policy assumptions, major pollution is not caused by vehicles just transiting via NCR, but those which form a crucial component of the region's ever growing freight network. Governments and courts, for years, tried to ban, deny refueling and impound vehicles they deemed to be polluting but with little success and with huge public outcry.

On June 3rd, 2026, the Union Cabinet approved a scheme to incentivise rather than punish. The Parivartan scheme commits ₹9,585 crore over two years of which the Centre contributes ₹5,041 crore, to move old trucks and buses off NCR's roads and replace them with cleaner alternatives. The scheme will be administered through the National Capital Region Planning Board under the Ministry of Housing and Urban Affairs, and its target is precise: owners of BS-IV or older commercial vehicles, nudged toward BS-VI, CNG, or electric replacements.

What makes Parivartan worth watching is not the target but the method. Delhi has tried banning old vehicles before, and bans without financial incentives and without coordinating with surrounding states tend to produce the same outcome: transport workers absorb the cost, supply chains absorb the disruption, and the old trucks often just move to less-regulated markets rather than disappearing. Parivartan's underlying bet is that compliance has to be made financially attractive before it can be made mandatory.

So the scheme layers incentive on incentive, a 5% interest subsidy on vehicle loans for five years, monthly fuel vouchers worth up to ₹4,800, waiver of registration fees and pending liabilities and 100% motor vehicle tax concessions for new vehicles. The Ministry of Road Transport and Highways has signed MoUs with OEMs which would translate to a mandatory 8% discount on new purchases. States are expected to add their own weight to this, waiving registration fees and offering motor vehicle tax concessions of up to 100% for a decade. A central digital portal is meant to keep the whole process, eligibility, subsidy disbursal, emission tracking, visible and auditable rather than left to discretion at the state or dealer level.

If it works as designed, the scheme could pull more than 2 lakh old, high-polluting vehicles off NCR's roads within years, with the emissions benefit concentrated exactly where it matters most: the small share of the fleet doing most of the damage. The economic logic runs in parallel. A report "Toward Cleaner Fright in Delhi" by TERI and IIT Delhi estimated that, despite much lower operational costs, the up front cost of buying an electric truck to be 50% to 70% higher than its diesel variants. The report also highlights that retrofitment is not a viable alternative compared to buying a new truck.

Thus, small fleet operators, who would otherwise face the choice between an unaffordable upgrade and continued non-compliance, get a path to modern assets without taking on debt they cannot service. It is worth noting that 75% of fleet operators in this segment have less than 5 trucks. This policy would ensure vehicle manufacturers gain a demand boost, the scrappage industry gets a volume driver, and electric commercial vehicles, perfect for city level freight networks, but still a nascent segment in the market get an early push toward viability at scale.

None of this is guaranteed simply by the scheme announcement. Multi-party incentive structures are only as fast as their slowest party, and Parivartan spans the Centre, state transport departments, banks, and manufacturers all at once. Registration and tax-waiver processing will need to move quickly across state RTOs for the incentives to feel real to operators rather than theoretical. Charging and CNG refuelling infrastructure along NCR's highways will need to expand roughly in step with the new fleet, or the replacement vehicles will simply create a different kind of operational strain. And the digital portal's promise of real-time tracking will only hold if banks, state databases, and the central system stay in sync rather than drifting into the kind of reconciliation delays that have slowed other subsidy programmes.

Delhi-NCR is, in effect, the pilot. If Parivartan's incentive-first model succeeds here, it offers a template that could scale to other urban centres.

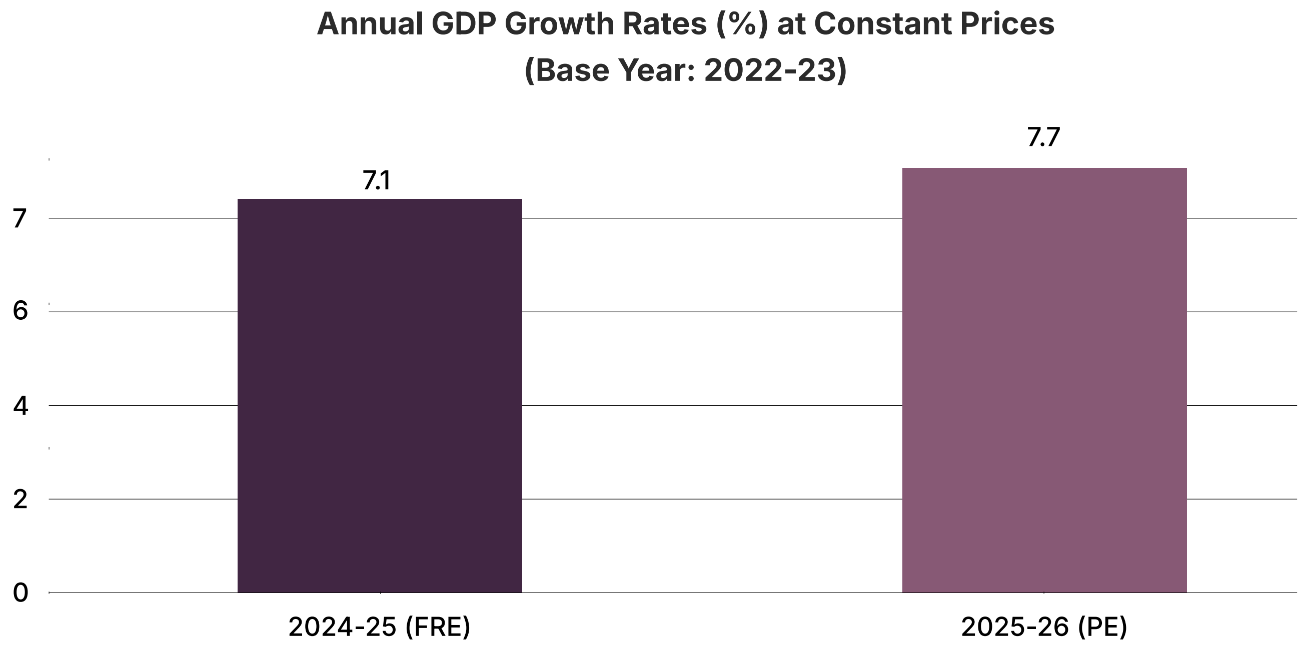
ECONOMIC SNAPSHOT

This section presents an overview of our **economic performance as of June 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

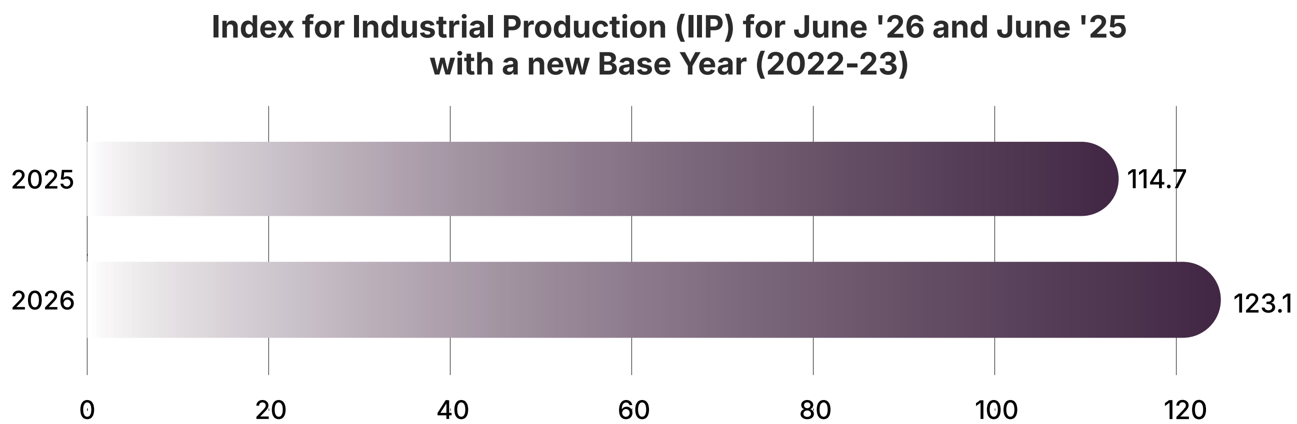
Annual GDP Growth Rates (%) at Constant Prices



Graph 1: *GDP Growth Rate From 2024-25 to 2025-26*

India's real GDP growth for 2025-26 remains estimated at 7.7%, up from 7.1% in 2024-25. As an annual estimate, this figure carries forward unchanged from the previous edition and will next be revised with the release of the first quarter GDP estimates for 2026-27.

Industrial Output Accelerates Sharply in June 2026[3]



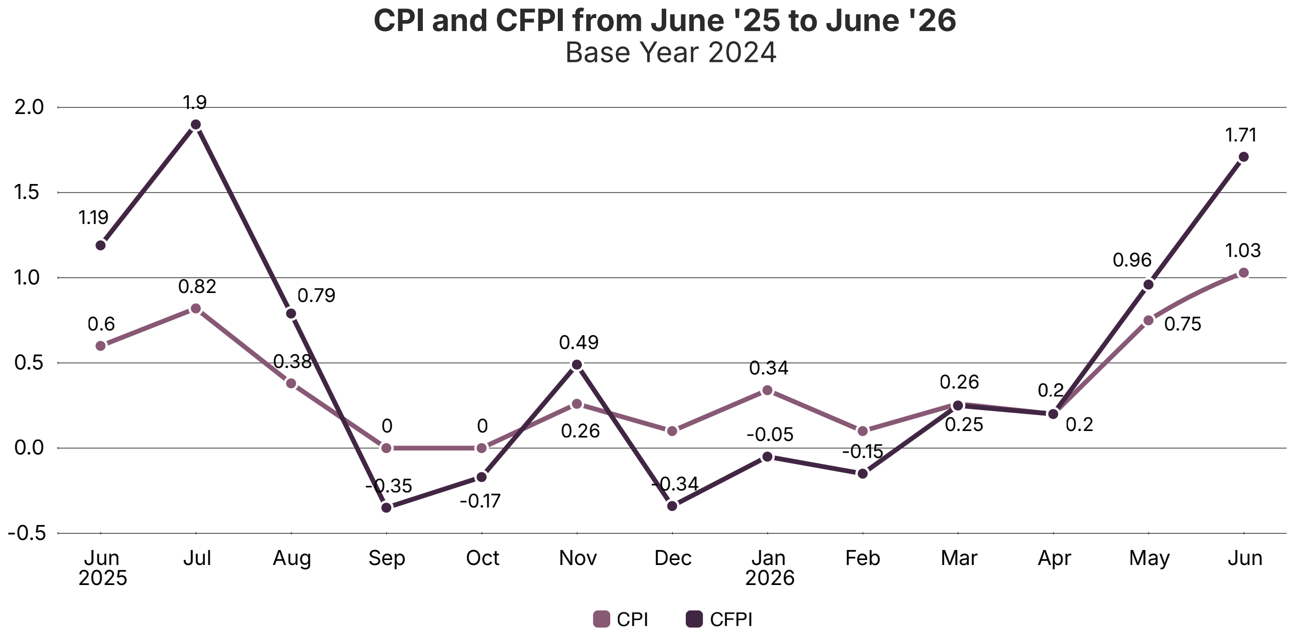
Graph 2: *Index of Industrial Production (IIP) for June 2026 and June 2025*

Industrial production recorded a sharp acceleration in June 2026. The Index of Industrial Production rose by 7.3% year-on-year. The IIP index stood at 123.1 in June 2026, against 114.7 in June 2025. Growth was led by a strong 10.6% expansion in electricity and gas supply and a 7.8% rise in manufacturing which accounted for the largest contribution to overall industrial growth owing to its dominant weight within the IIP. The mining and quarrying activity, though positive, remained at 1.0%. Within manufacturing, 19 of 23 industry groups recorded positive growth, with the manufacture of electrical equipment (up 34.0%), motor vehicles, trailers and semi-trailers (up 17.5%) and food products (up 10.8%) being the leading contributors.

Among use-based categories, capital goods output rose by 14.2%, the strongest among all categories, followed by intermediate goods (9.3%) and infrastructure and construction goods (7.5%), suggesting continued strength in investment-related industrial activity even as consumer non-durables growth remained comparatively modest at 4.9%.

02 Retail Inflation (CPI) and Rural-Urban Trends

Food & Retail Inflation Increases in June 2026



***Graph 3:** MoM Percentage Change in Index Values From June 2025 to June 2026*[4]

A. **Retail Inflation (CPI) and the Rural-Urban Gap:** Headline Consumer Price Index (CPI) inflation was recorded at 4.38% in June 2026, compared to 3.93% in May. This reading follows the transition to the new CPI series (base year 2024), which began reporting year-on-year figures in January 2026. Since then, the monthly inflation rate has moved from 2.74% in January to 4.38% in June, crossing RBI's 4% medium-term target band for the first time since January 2025. The increase was driven largely by higher food prices linked to a weak monsoon, along with a rebound in transport costs as global energy prices fed through to the domestic economy.[5] Data shows a continued differential between rural and urban sectors: rural inflation was 4.74% in June, while urban inflation stood at 3.92%. This represents a gap of 82 basis points, compared to the 82-basis-point gap observed in May (4.25% rural versus 3.53% urban), indicating that inflationary pressures remained relatively stronger in rural areas.

B. **Food Inflation Remains the Dominant Driver:** Food inflation, measured by the Consumer Food Price Index (CFPI), rose to 5.32% year-on-year in June, from 4.78% in May. Rural food inflation remained distinctly stronger than urban food inflation, at 5.45% against 5.09%, with the gap widening to 36 basis points in June from 19 basis points in May The persistent gap between rural and urban food inflation suggests that supply-side pressures on specific food items such as ginger and tomato are being transmitted more directly into rural consumption baskets.

C. **Sequential Index Build-Up Points to Firming Momentum:** The all-India CPI index rose to 107.00 in June 2026, from 105.91 in May, while the CFPI index increased to 107.15 from 105.35, continuing the increase in overall food price levels since February.[6]

D. **Non-Food Inflation Remains Relatively Subdued:** Housing inflation eased marginally to 2.10% year-on-year in June, from 2.12% in May, with the rural rate softening to 2.66% from 2.73% and the urban rate holding broadly steady at 1.90% against 1.91%. The continued stability in housing inflation reinforces the assessment that broader, non-food price pressures remain relatively stable, suggesting limited evidence of broader demand-driven inflationary pressures.

E. **Food Price Divergence Continues Across Commodities:** Movements within the food basket remained highly uneven. Potato prices recorded a deflation of 20.34% in June, moderating from a steeper decline of 23.71% in May, while peas continued in deflation at 9.67%. At the same time, several items recorded sharp increases, with ginger inflation rising to 50.41% in June from 32.50% in May, even as tomato inflation eased somewhat to 31.92% from 48.43% in the previous month. This divergence indicates that food price volatility remains concentrated in specific perishables rather than reflecting a broad-based rise in the food basket.

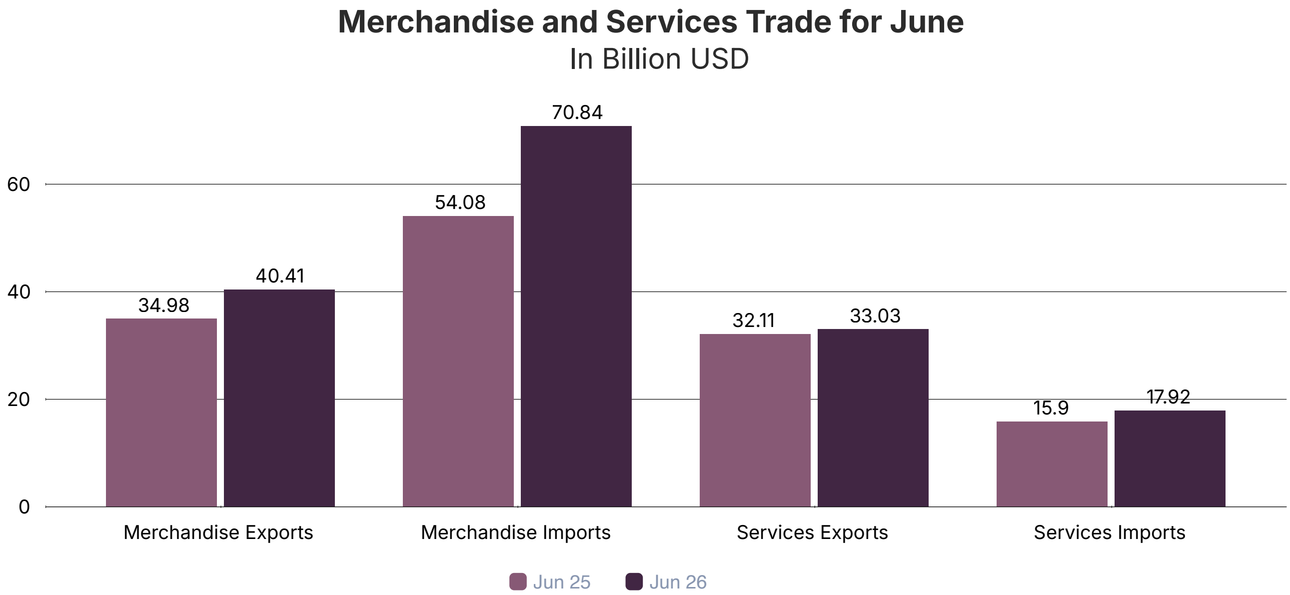
F. **Commodity-Linked Items Show Extreme Volatility but Limited Net Impact:** Select commodity-linked items continue to record exceptionally high inflation rates, though their total contribution to headline CPI remains constrained by their relatively low weights in the consumer basket. Silver jewellery inflation stood at 133.21% in June, while ginger inflation accelerated to 50.41% and gold, diamond, and platinum jewellery recorded 36.82% inflation. While these figures represent significant upward pressure within their specific sub-groups, the concentrated nature of these price spikes limits their broader inflationary transmission.

G. **Overall Assessment:** The June 2026 data indicate that retail inflation moved past the Reserve Bank of India's 4% medium-term target for the first time since December 2024, though it remained within the wider 2 to 6% tolerance band. The increase was driven principally by food and fuel, with the rural-urban differential widening further. Core inflation, while excluding gold and silver suggests that broader demand-side pressures have not yet taken hold.

Proactive supply-side measures targeted at the specific perishables driving the food price increase, particularly ginger and other commodity-linked items, are expected to remain the primary lever available to ease food inflation in the months ahead, with the trajectory of monsoon-linked agricultural supply likely to determine the pace of that easing.

03 Trade And External Sector[7]

External Trade Expands Further in June 2026, Led by Broad-Based Export Growth



Graph 4: *India's Trade Comparison From June 2025 to June 2026*

India's external trade continued to expand in June 2026, with exports maintaining steady growth across a diversified set of sectors even as import demand rose at a faster pace.[7] Total exports (merchandise and services combined) rose to US$ 73.45 billion in June 2026, from US$ 67.09 billion in June 2025, an increase of 9.48%, while total imports rose to US$ 88.76 billion in June 2026, from US$ 69.98 billion in June 2025, showing an increase of 26.85%, The combined trade balance stood at a deficit of US$ 15.32 billion in June 2026, compared with US$ 2.89 billion in June 2025.

Merchandise exports rose to US$ 40.41 billion in June 2026, from US$ 34.98 billion a year earlier, an increase of 15.52%. Growth was led by gems and jewellery (up 34.64%), engineering goods (up 20.74%), organic and inorganic chemicals (up 19.42%) and electronic goods (up 18.93%), reflecting a robust and diversified performance across manufacturing-intensive categories.

Merchandise imports rose to US$ 70.84 billion, from US$ 54.08 billion, an increase of nearly 31%. The rise was concentrated in a few key categories. Electronic goods imports increased by 43.76%, to US$ 13.36 billion, gold imports rose by 47.1%, to US$ 1.96 billion, and petroleum and crude oil imports rose by 23%, to US$ 19.32 billion.[8] The Ministry of Commerce and Industry attributed the increase in energy imports in part to elevated global crude prices, linked to continuing tensions in West Asia and shipping disruptions around the Strait of Hormuz, alongside sustained domestic demand for electronics and industrial inputs.[9] China remained

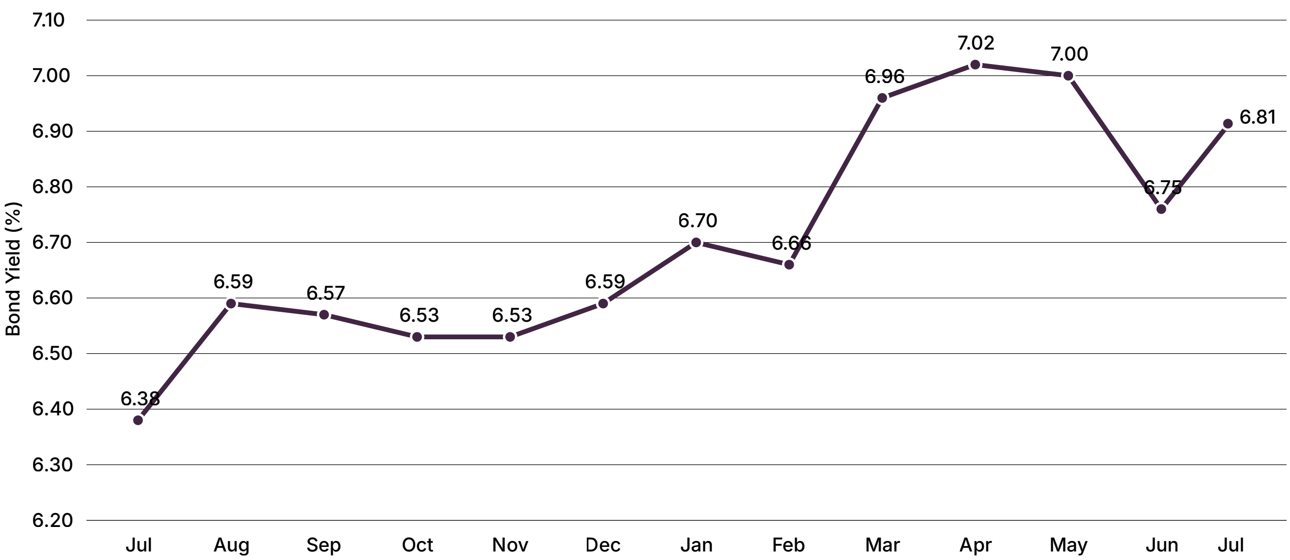
India's largest source of imports during the month, with imports from China rising by more than 40% year-on-year, largely in categories such as electronics and machinery.[10] Import growth in June 2026 was concentrated in electronics, gold, and energy. The faster pace of imports relative to exports resulted in a widened merchandise trade deficit of US$ 30.43 billion as compared to US$ 19.10 billion in June 2025, and US$ 28.21 billion in May 2026.[11].

Services trade continued to provide support to the overall external balance. Services exports rose to US$ 33.03 billion in June 2026, from US$ 32.11 billion in June 2025, while services imports rose to US$ 17.92 billion from US$ 15.90 billion. The resulting services trade surplus of US$ 15.11 billion, compared with US$ 16.21 billion a year earlier, continued to offset a meaningful share of the merchandise trade deficit.

The broader quarterly trend for FY 2026-27 (April-June) reinforced this picture of sustained export momentum. Total exports (merchandise and services) reached US$ 232.73 billion for the first quarter, registering growth of 11.37% over the same period last year. Merchandise exports for the quarter rose by nearly 16%, to US$ 129.32 billion, underscoring that export performance remained on a strong footing over the quarter, even as June alone saw import growth outpace exports.[12]

04 Financial Health

India's 10 Year Government Bond Yield



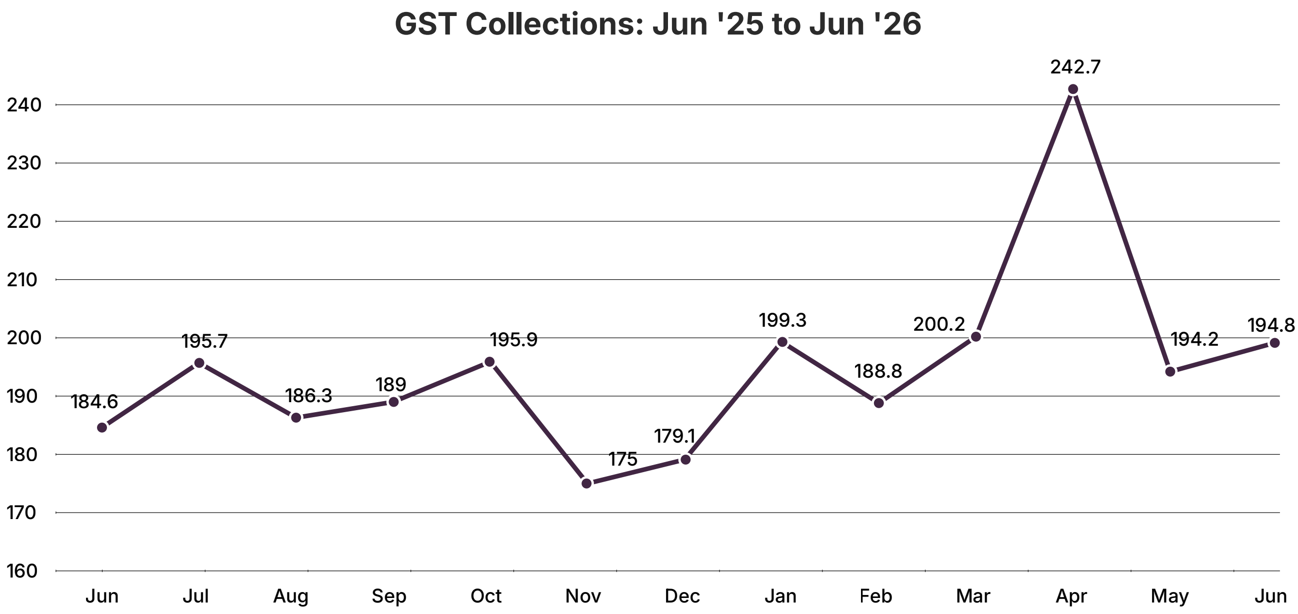
Graph 5: *India's Bond Yield From July 2025 to July 2026*

During the month of July 2026, the India 10-Year Government Bond Yield traded in a between 6.68% and 6.84%, closing at around 6.83%[13].The bond yield experienced upward momentum earlier in the month, reaching a three-week high near 6.82% before easing slightly towards late July as crude oil prices retreated[14]. This upward yield momentum was fundamentally underpinned by fluctuations in crude oil markets, intensifying geopolitical volatility, and expectations of tight monetary policy by global central banks[15].

In light of the surplus liquidity in the banking system, July 17 absorbed a net liquidity of ₹70,888.18 crore.[16] In equity markets, Nifty 50 rose 1.4% in June and gained a further 0.9% in the first half of July. FPI inflows continued from mid June into July, with domestic institutions continuing to absorb foreign selling[17].

05 Fiscal Health

GST Collections: Jun '25 to Jun '26



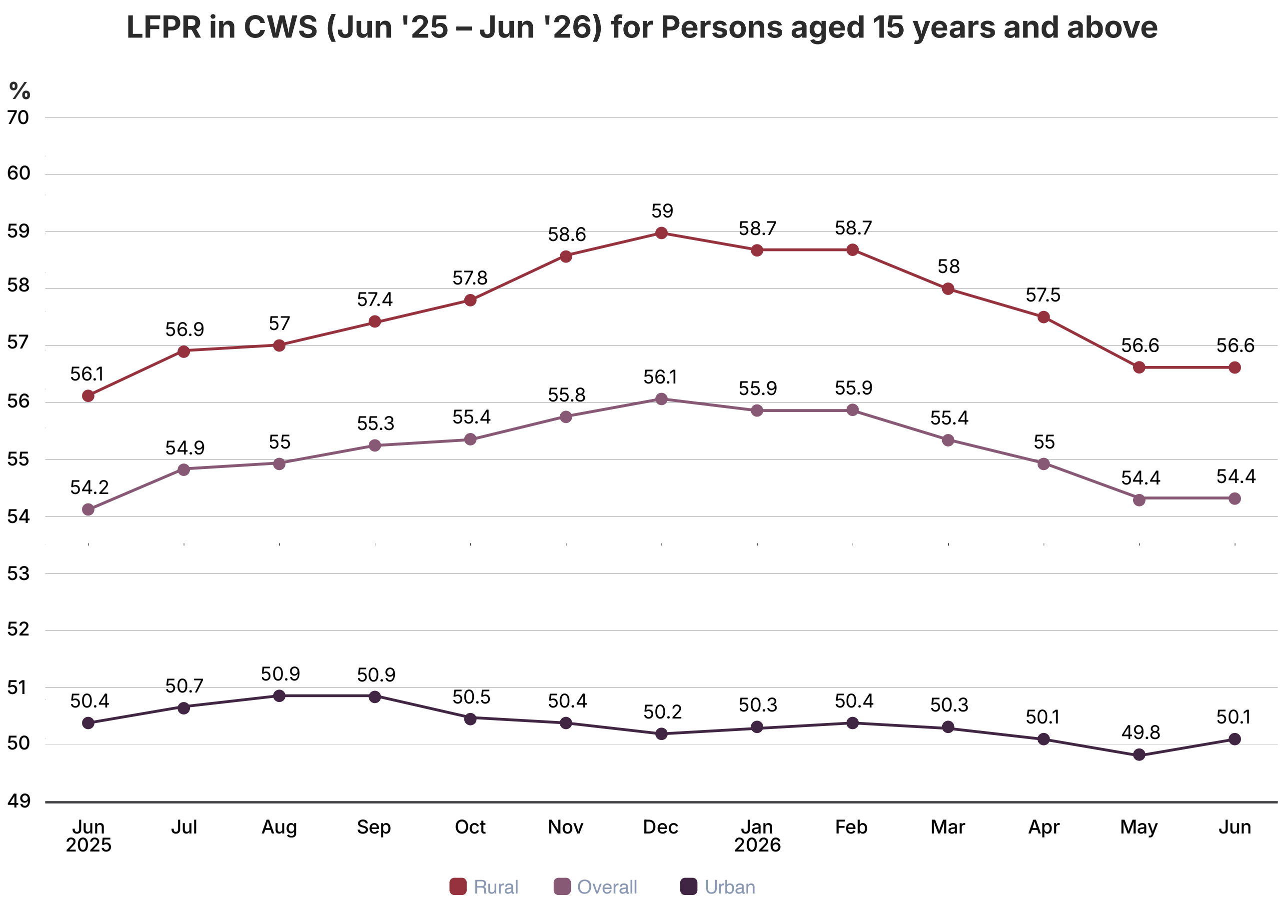
Graph 6: *GST Monthly Collection From June 2025 to June 2026*

Gross GST collections increased by 13.9% year-on-year, rising from ₹171.1 thousand crore in June 2025 to ₹194.8 thousand crore in June 2026. However, after adjusting for refunds, the growth in net GST revenue was lower at 11.3%, with collections increasing from ₹145.9 thousand crore to ₹162.4 thousand crore over the same period.[18]

The strong growth in gross GST collections indicates continued strength in tax collections, supported by sustained economic activity, improved compliance, and robust indirect tax inflows. At the same time, the moderation in the growth of net GST revenue is due to a higher growth in refund disbursements of 29.1% during the period, offsetting the gains in gross collections, leading to lower net revenue.

06 Labour And Employment

LFPR in CWS (Jun ‘25 - Jun ‘26 for Persons aged 15 years and above



Graph 7: *Monthly Labour Force Participation Rate till June 2026*

Labour market indicators during the period under review remained broadly stable, with most key employment measures showing little change from the corresponding period of the previous year. The Labour Force Participation Rate (LFPR) remained unchanged at 54.4% from the previous month and slight increase from 54.2% in June 2025.[19] At the disaggregated level, rural LFPR was stable at 56.6%, while urban LFPR increased marginally to 50.1% from 49.8%.

The female labour force participation rate (LFPR) remained effectively unchanged at 32.7% relative to the 32.8% recorded in the preceding month. From a geographical perspective, the female LFPR demonstrated consistency across both rural and urban sectors.

The Worker Population Ratio (WPR), which measures the proportion of employed persons in the population, also remained unchanged at 51.4%. Rural WPR was steady at 53.8%, while urban WPR edged up slightly to 46.8% from 46.6%, suggesting marginal improvement in urban employment conditions while overall employment levels remained stable.

The unemployment rate remained unchanged at 5.5% overall, indicating continued balance in labour market conditions. Urban unemployment declined from 7.1% in the previous year to 6.6%, while rural unemployment dipped slightly to 5%, reflecting only minor variations across regions.

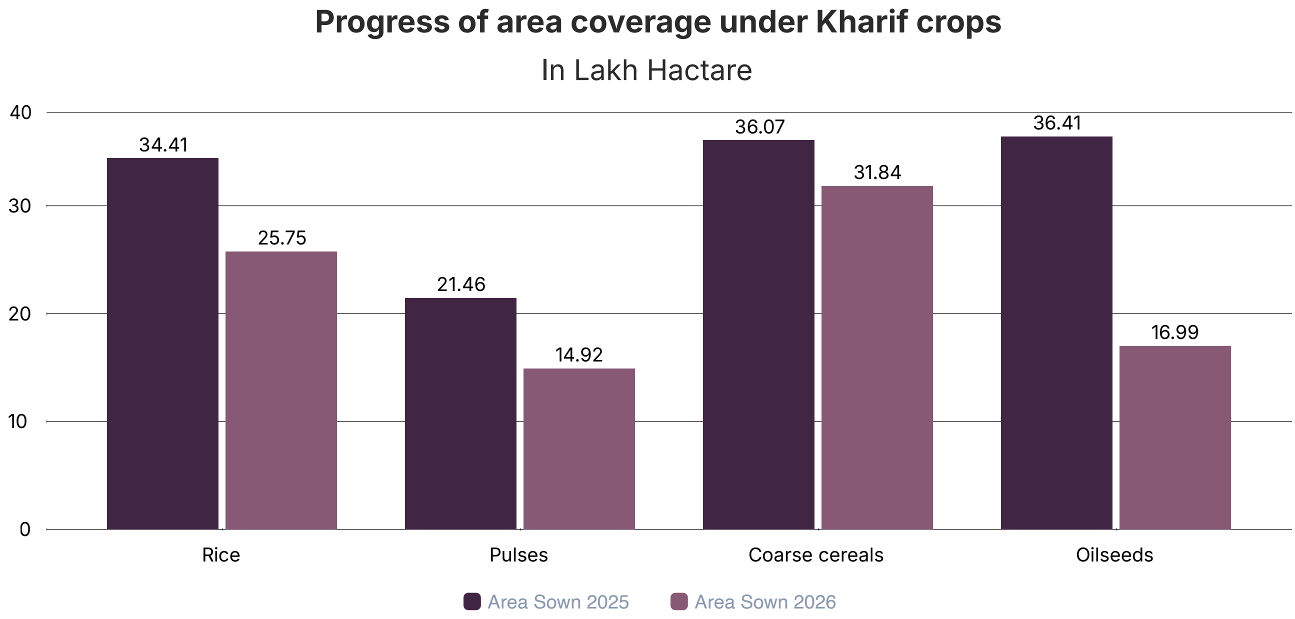
SECTORAL SNAPSHOT

This section presents an overview of India's performance in key sectors as of June 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



***Graph 8:** Net Sown Area for FY25 and FY26 during Summer Season.*[20][21]

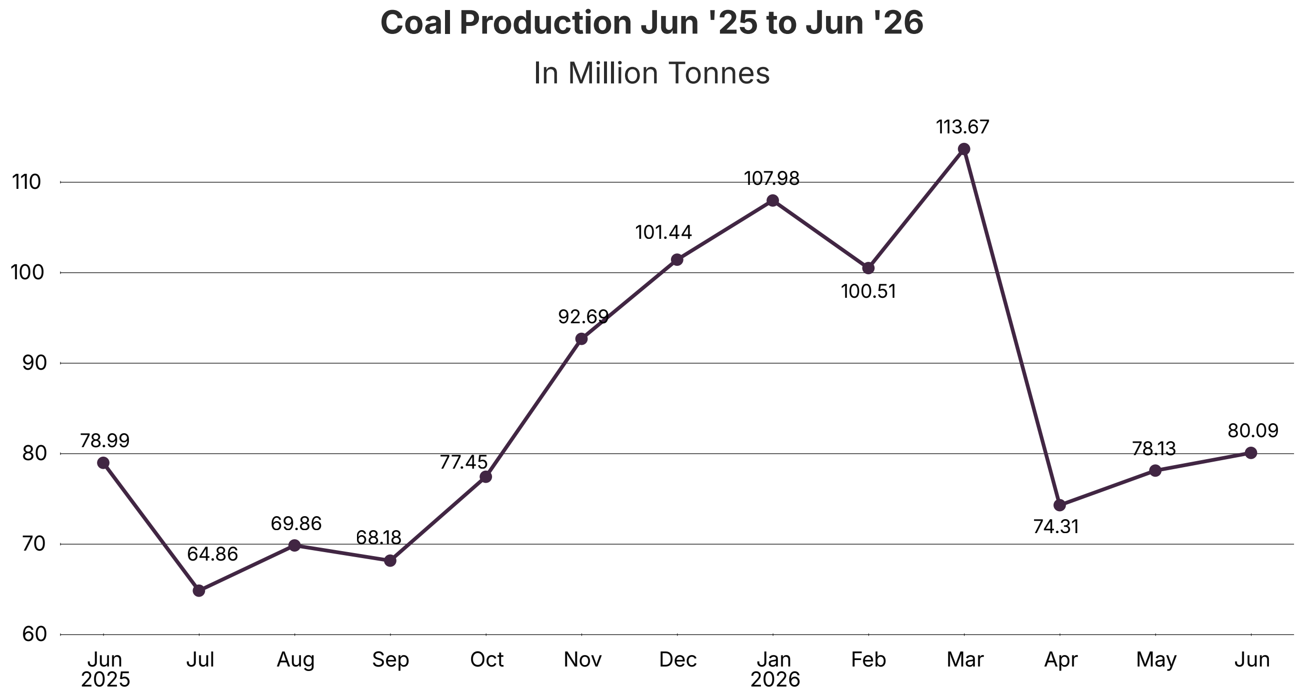
Data on cultivated areas during the current Kharif season indicates a contraction across all crop categories due to below average monsoon rains. Total sown area stood at 182.72 lakh hectares reflecting a decrease of 22.7% compared to the previous year. Area sown is an indicator of future output from the primary sector and needs to be monitored closely.

At the crop level, pulses recorded a decline in acreage, with sown area falling to 14.92 lakh hectares from 21.46 lakh hectares during the same period in the previous year, driven primarily by lower cultivation of Arhar due to a drop in sowing in Karnataka,[22] which had the highest area under sowing in 2023-24 and 2024-25.[23] Coarse cereals also registered a decrease, with area moderating to 31.84 lakh hectares from 36.07 lakh hectares, driven largely by lower maize and bajra cultivation. Oilseeds showed a similar downward trend, with acreage falling to 16.99 lakh hectares from 36.41 lakh hectares, largely driven by lower soybean and groundnut cultivation. Rice acreage also declined to 25.75 lakh hectares from 34.41 lakh hectares, indicating lower sowing compared to the corresponding period last year. Cotton recorded the sharpest decline after oilseeds among all crops, with acreage falling by 15.7 lakh hectares again due to monsoons.[24]

Overall, the sowing pattern reflects a broad reduction in Kharif cropping activity, with declines across pulses, coarse cereals, oilseeds, and rice all contributing to the overall contraction. Arhar, Groundnut and Soyabean, which are primarily rainfed crops, have contributed to more than 45% of the reduction in sowed area. However monsoon predictions have indicated narrowing of the deficit in the coming weeks.

02 Coal

Coal Production: Jun '25 to Jun '26



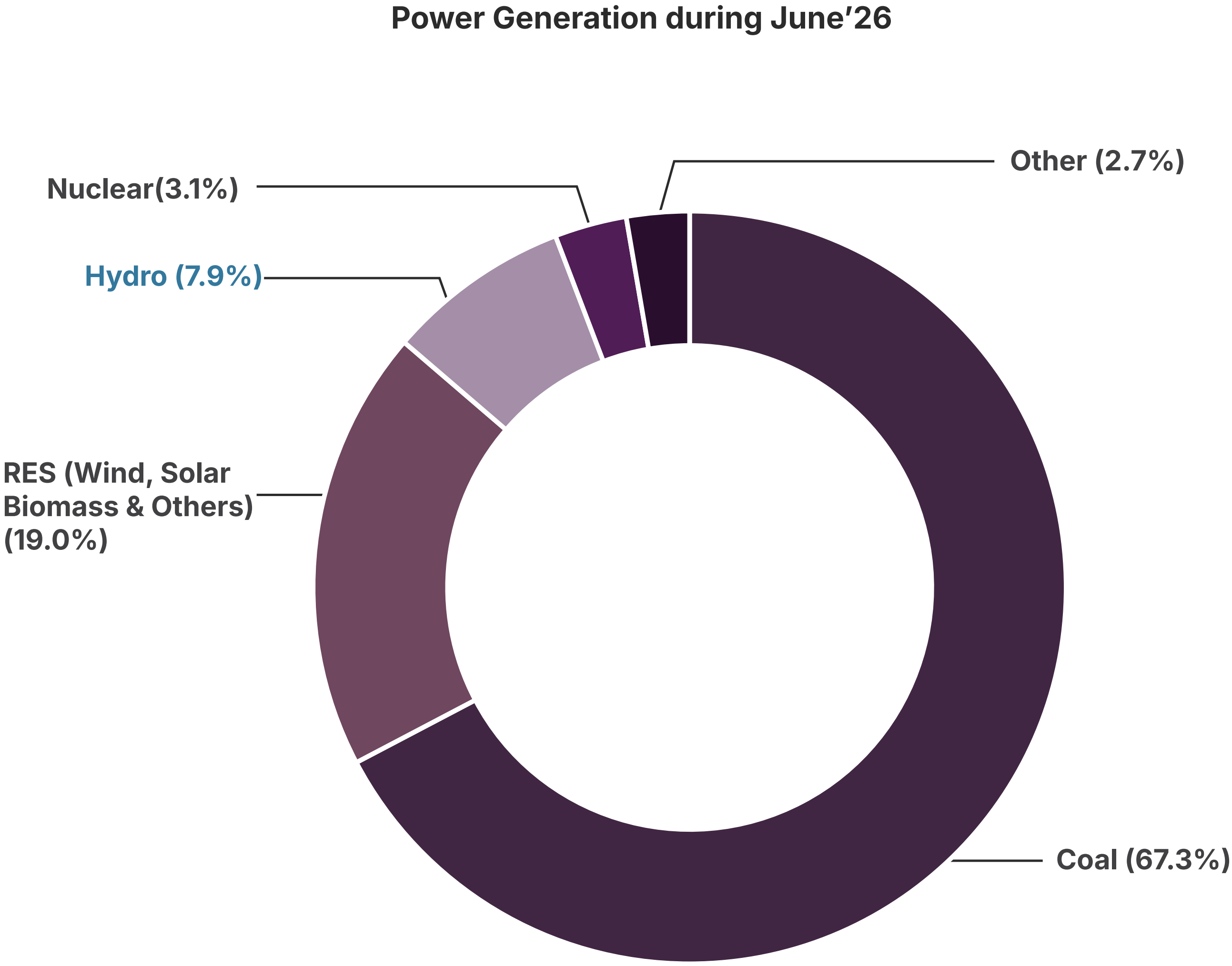
***Graph 9:** Coal Production From June 2025 to June 2026*

Coal production increased to 80.09 million tonnes in June 2026, compared with 79 million tonnes in June 2025, registering a growth of 1.39% on a year-on-year basis.[25] Overall production for the first quarter stood at 232.49 million tonnes, compared to 247.02 million tonnes during the first quarter of 2025-26, reflecting a decline of 5.88%, indicating that despite the improvement in the current month, overall production during the present quarter continues to trail Q1 of FY 2025-26.

Coal India Limited (CIL) produced 57.43 million tonnes in June 2026, marginally lower than 57.77 million tonnes in June 2025, a decline of 0.58%. Central Coalfields Limited recorded an increase of 35.39% to reach 6.09 million tonnes, followed by SECL and WCL, which registered increments of 7.77% and 3.61%, respectively. However, the aggregate performance of CIL was offset by declines in MCL and BCCL. Production from SCCL declined 17.02% to 4.29 million tonnes, whereas Captives and Other mines recorded a strong increase of 14.40%, rising to 18.37 million tonnes.

Against the monthly target of 87.28 million tonnes, overall achievement of target production stood at 91.76%. Overall, the June 2026 data indicate a modest year-on-year increase in production at the aggregate level, driven largely by higher output from CCL and Captives/Others, even as cumulative production for the year remains below last year's pace, with mixed performance persisting across CIL subsidiaries.

Power Generation During June 2026 (in%)



Graph 10: *India's Share of Power Source as of June 2026*

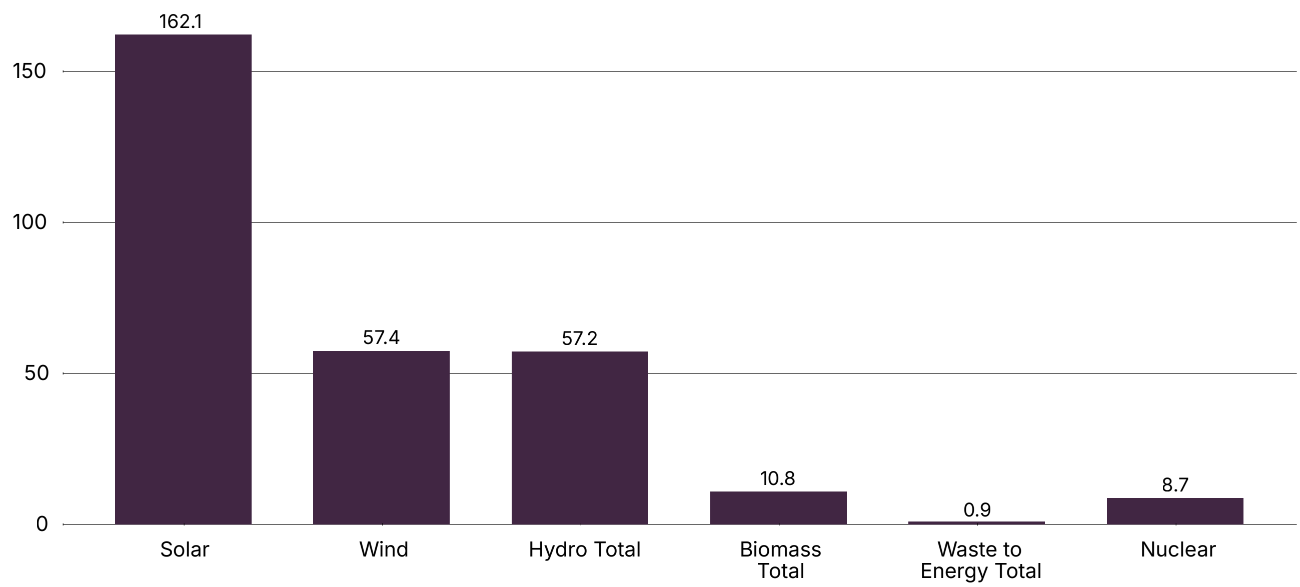
In June 2026, coal remained the primary electricity source, generating 120.1 GW to constitute 67.34% of the total output. This reflects a 14.70% year-on-year expansion, despite a 1.29% month-on-month decline from May. Meanwhile, Renewable Energy Sources (RES) produced 33.9 GW(19.02% of the total), growing 22.74% year-on-year and 6.27% month-on-month, which indicates a faster growth rate for RES.

Hydro power contributed 14.02 GW (7.86%), down 24.17% from the previous year but up 1.48% from May 2026, while nuclear generation stood at 5.5 GW(3.12%), up 24.80% year-on-year. Generation from gas, naphtha and diesel amounted to 2.2 GW(1.26%), down 29.33% year-on-year, and lignite-based generation contributed 2.4 GW (1.40%), down 1.81% year-on-year and 14.79% month-on-month.

Total electricity generation increased to 178.4 GW in June 2026 from 161.06 GW in June 2025, a growth of 10.77%, while remaining broadly flat against May 2026's 178.3 GW. Overall, the June 2026 generation mix highlights continued dominance of coal in meeting India's electricity demand, alongside a steady expansion in the share of renewable energy sources in the overall power generation portfolio from 17.1% in June 2025 to 19.02% in June 2026.

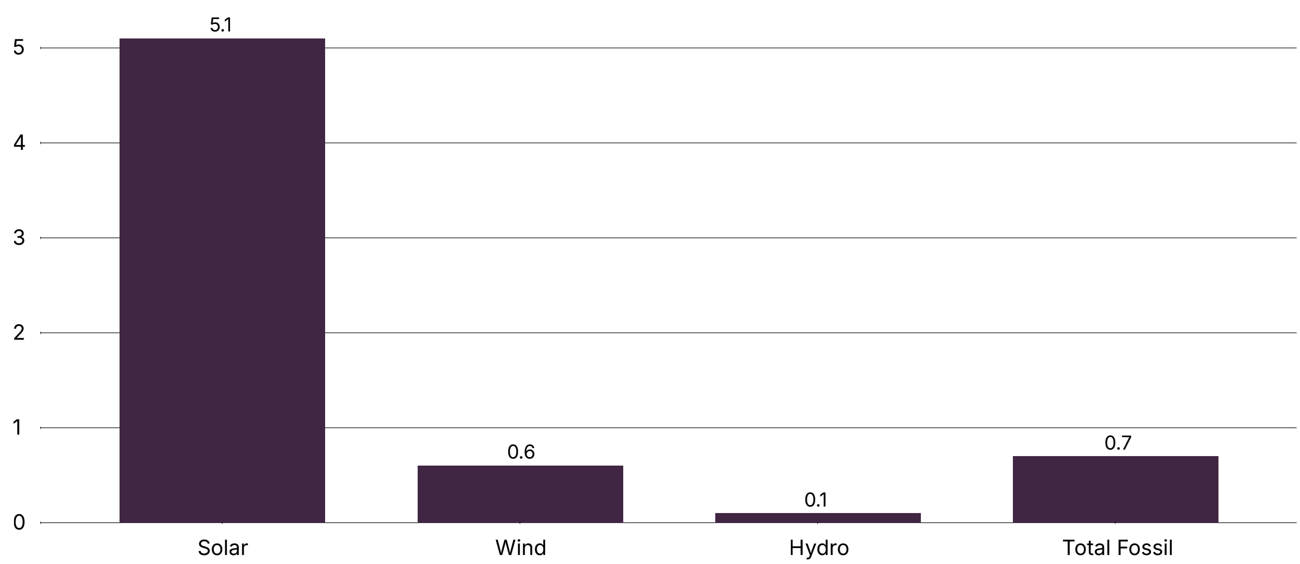
03 Renewable Energy

Installed Capacity of Renewable Sources as of June 2026 (in GW)



Graph 11: *Installed Capacities as of June 2026*

Additional Installed Capacities by Source in June '26 (in GW)



Graph 12: *Renewable Capacity Additions During June 2026*

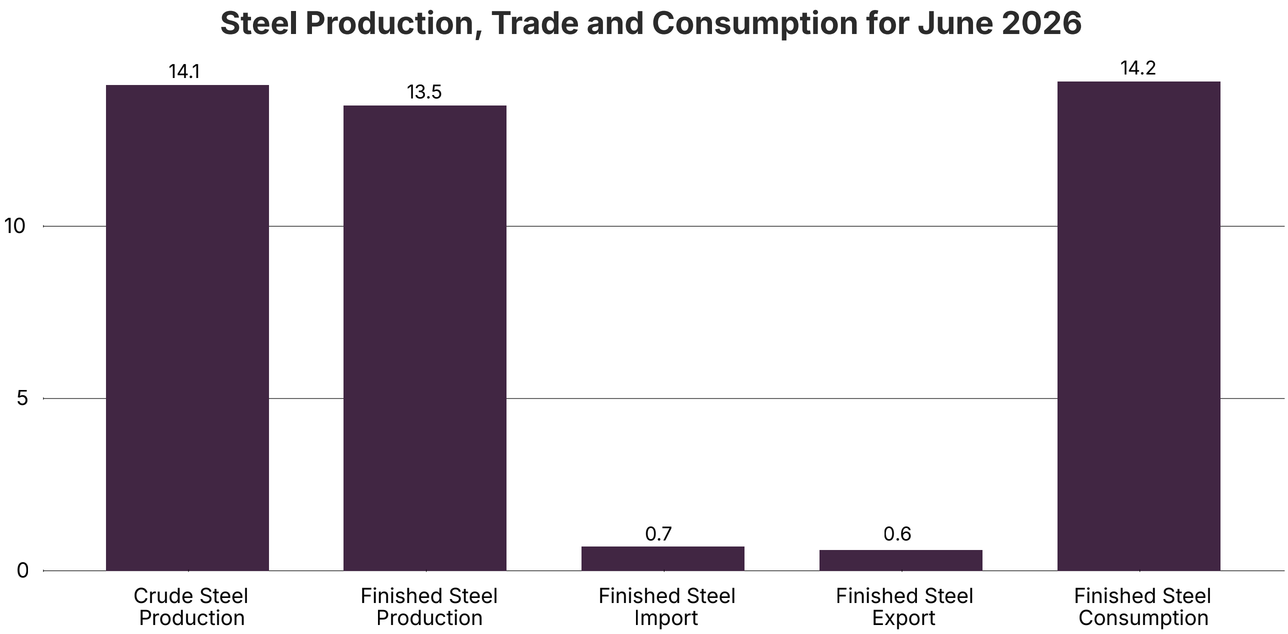
India's non-fossil installed capacity continued to expand in June 2026, reaching 297.37 GW. Within non-fossil installed capacity, renewable energy capacity (which excludes nuclear power) stood at 288.5 GW.[26] Excluding large hydro, solar power remained the largest contributor to India's renewable energy capacity, with installed solar capacity reaching 162.1 GW (29.54% of total capacity), followed by wind power at 57.4 GW (10.47%). The installed capacity for biomass, nuclear power and waste to energy remained the same at 10.8 GW, 8.87 GW and 0.87 GW respectively. Thus the non fossil installed capacity accounts for 54.18% of the country's total installed capacity of 548.8 GW.[27] It must be noted that installed capacity is not equivalent to generation of electricity.

In terms of capacity additions, India added 5.8 GW of non-fossil capacity, with solar power accounting for 87.3% additions at 5.1 GW, followed by wind power accounting for 10.8% at 636.35 MW, large hydro (1.71%) at 100 MW and small hydro power (0.041%) at 2.40 MW. No additions were recorded during the month in biomass, waste-to-energy, or nuclear power. Cumulatively for the first quarter of FY 2026-27, the total non-fossil capacity (including RES, Hydro and Nuclear) additions reached 13.6 GW.

Overall, the data continue to indicate that solar remains the primary driver of India's renewable capacity expansion, with wind and hydro contributing incremental gains, while overall non-fossil capacity strengthens its share of the country's total installed base.

04 Manufacturing

Crude Steel Production Sees Increased Growth in June 2026



Graph 13: *Steel Statistics for June 2026*

India's steel sector maintained steady annual growth during June 2026, as seen by sustained production and consumption levels.[28] Crude steel production stood at 14.1 million tonnes (Mt), registering a 4.5% year-on-year increase over June 2025, while finished steel production reached 13.5 Mt, reflecting 3.8% year-on-year growth. Compared to the previous month crude steel production remained the same, while finished steel saw a marginal dip in production.

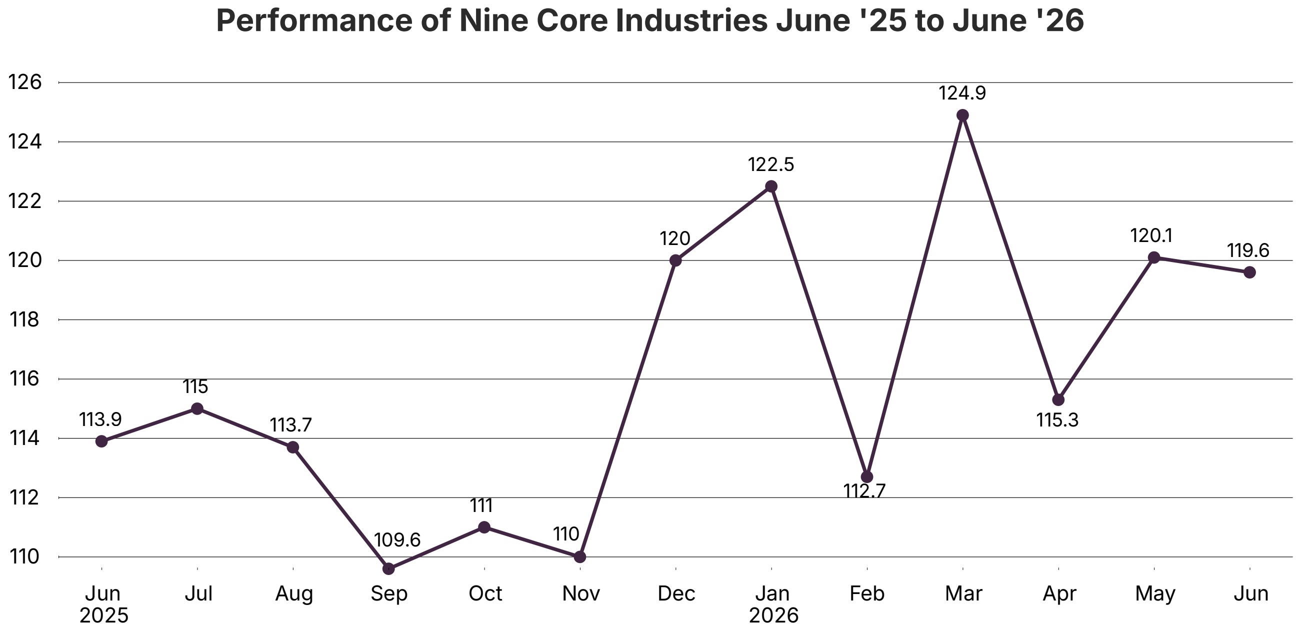
Finished steel consumption rose to 14.2 Mt, recording a stronger 7.5% year-on-year increase, indicating continued demand. Compared to the previous month, consumption experienced a marginal decline compared to the previous month 0.2 Mt, while production of both crude and finished steel stayed at 14.1 Mt and 13.8 Mt respectively.

Finished steel imports for Q1 stood at 2.06 Mt, up 49.2% over the corresponding period last year, while exports rose. to 1.59Mt, an increase of 31.4%. The month of June experienced a much higher YoY growth of 57.9% and 38.1% in terms of imports and exports respectively.

With the rise in exports, the trade deficit for June 2026 was nearly 79,500 tonnes, lower than the previous month's deficit of 1,81,600 tonnes. China, Korea and Japan remained the largest sources of finished steel imports, together accounting for 78.7% of total import volumes, while the UAE, Vietnam and Taiwan accounted for 44.4% of total exports. Despite strong export growth, points to continued dependence on overseas supplies for specific steel product categories such as cold Rolled coil/sheets.

Crude steelmaking capacity reached approximately 222 MTPA as of June 2026, implying the need to develop the capacity of around 78 MTPA as per the National Steel Policy target of 300 MTPA by 2030. Overall, the June 2026 data indicate that the domestic steel industry continues to expand, with consumption growth outpacing production.

Growth in the Index of Core Industries Accelerates to 5.0% (YoY) in June 2026



Graph 14: *Eight core industries index from June 2025 to June 2026*

The Index of Core Industries (ICI), now compiled on a revised series with base year 2022-23 (detailed explanation in the Annexure), recorded a growth of 5.0% year-on-year in June 2026 (Provisional Estimate).[29]

Sector-wise performance remained mixed across the nine core industries in June 2026 in terms of annual growth. Iron Ore recorded the sharpest growth at 43.9%, followed by Electricity and Cement, both of which grew close to 10%, while Steel and Coal registered more modest gains of 4.6% and 1.4% respectively. With a combined weight of over 63%, these sectors contributed to a significant YoY growth of 5%. In contrast, Natural Gas, Crude Oil, Refinery Products, and Fertilizers recorded negative YoY growth, declining 7.4%, 4.2%, 4.7%, and 3.3% respectively.

Overall, the June 2026 data indicate an acceleration in core sector momentum, driven primarily by a sharp rebound in Iron Ore output alongside sustained strength in Electricity, Cement and Steel, even as energy-related industries including Coal, Natural Gas, Crude Oil and Refinery Products continued to weigh on overall growth.

ANNEXURE I

Economic Updates In Detail

01 Growth And Output

Growth and Output

INDICATOR	LATEST VALUE	PREVIOUS VALUE	TREND
GDP Growth(%)	7.7[30] (2025-26 PE)	7.1 (2024-25 FRE)	India's real GDP growth for 2025–26 remained estimated at 7.7%, compared with 7.1% in 2024–25. The estimate is unchanged from the previous edition pending the release of GDP data for the first quarter of 2026–27
IIP Growth (Y-o-Y) (Index: Base Year 2022–23=100)	7.3[31](June 2026)	5.1 (May 2026)	Industrial output accelerated sharply to 7.3% in June 2026 from 5.1% in May, supported by robust growth in electricity and gas supply and continued strength in manufacturing.
Manufacturing PMI (Index: 0–100)	54.2[32](June 2026)	55.0 (May 2026)	Manufacturing PMI eased to 54.2 in June from 55.0 in May, indicating a moderation in business conditions as new orders, exports and hiring growth slowed amid firms reporting softer client demand.
Services PMI (Index: 0–100)	57.4[33](June 2026)	59.8 (May 2026)	Services PMI fell to 57.4 in June from 59.8 in May, signalling the weakest expansion in services activity in 17 months, as domestic demand amid increasing competition.[34]

***Table 1:** Key Growth and Output Indicators*

Key Highlights

1. **Industrial Output Growth Rises Significantly**
   The Index of Industrial Production expanded by 7.3% year-on-year in June 2026, up from 5.1% in May, supported by strong growth in electricity and gas supply (10.6%) and manufacturing (7.8%). The IIP index rose to 123.1 in June, from 122.5 in May, indicating continued sequential momentum. 19 of 23 manufacturing industry groups recorded positive growth, led by electrical equipment, motor vehicles and food products, while capital goods output grew fastest among use-based categories at 14.2%, pointing to sustained investment activity.

2. **Mining Growth Remains Subdued Relative to Manufacturing and Utilities**
   Mining and quarrying output grew by a modest 1.0% year-on-year in June 2026, the weakest among the four sectoral categories tracked under the revised IIP series. This series, rebased to 2022-23 and effective from June 2026, expanded coverage from the previous three sectors (mining, manufacturing and electricity) to four, adding water supply, sewerage and waste management as a distinct category for the first time. The comparatively subdued pace in mining continues to act as a partial offset to the stronger performance recorded in manufacturing and utilities.

3. **Manufacturing PMI Eases in June**
   The HSBC Manufacturing PMI, a survey-based measure of business conditions covering output, new orders, employment and supplier delivery times, eased to 54.2 in June 2026, from 55.0 in May, as growth in new orders, exports and hiring slowed and firms reported softer client demand amid heightened competition. The index remained above the 50-point threshold, indicating that manufacturing activity continued to expand, though at a slower pace than in May.

4. **Services Activity Expands at Its Slowest Pace in 17 Months**
   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.

Taken together, industrial production strengthened notably in June 2026, driven by investment-related sectors and a strong rise in electricity generation. At the same time, the PMI surveys showed weaker growth in new orders for both manufacturing and services, suggesting some loss of momentum in business activity even as production data remained strong.

02 Inflation And Price

Inflation and Price Indicators

INDICATOR	MAY 2026	JUNE 2026	TREND
Headline CPI Inflation[35]	3.93%	4.38%	Headline CPI inflation increased by 45 basis points to a six-month high of 4.38%, with food inflation rising to 5.32% and transport inflation standing at 4.31%.
Core Inflation	3.85[36]%	4.2%	Core inflation increased to 4.2% from 3.85%, indicating that underlying inflationary pressures remained broadly contained if precious metals are excluded.
CPI Inflation Rural	4.25 %	4.74 %	Rural inflation rose further, continuing to run well above the urban rate.
CPI Inflation Urban	3.53 %	3.92%	Urban inflation increased to 3.92%, but the larger rise in rural inflation widened the rural–urban differential from 72 basis points in May to 82 basis points in June.
CPI Inflation MoM	0.75%	1.03%	The sharper month-on-month rise points to genuine in-month price momentum, supporting the view that the year-on-year increase was not driven mainly by a favourable base effect.

INDICATOR	MAY 2026	JUNE 2026	TREND
CFPI Food Inflation	4.78%	5.32%	Food inflation rose sharply to 1.71% from 0.92%, reflecting a marked strengthening in food price momentum during the month.
CFPI Food Inflation Rural	4.85%	5.45%	Rural food inflation rose further, continuing to outpace the urban rate.
CFPI Food Inflation Urban	4.66%	5.09%	Urban food inflation also rose, though the rural-urban food inflation gap persisted
Food Inflation CFPI MoM	0.92%	1.71%	The steep sequential rise in food prices signals intensifying near-term food price momentum, concentrated in perishables.
Housing Inflation Overall	2.12%	2.10%	Overall housing inflation eased marginally, continuing its gradual moderation.
Housing Inflation Rural	2.73%	2.66%	Rural housing inflation eased marginally, continuing its gradual moderation.
Housing Inflation Urban	1.91%	1.90%	Urban housing inflation, remained nearly flat, indicating limited movement in this component of the consumer price index
WPI Inflation[37]	9.68%	9.87%	Wholesale inflation rose to 9.87%, reflecting tightening producer price pressures.

***Table 2:** Key Inflation and Price Indicators*

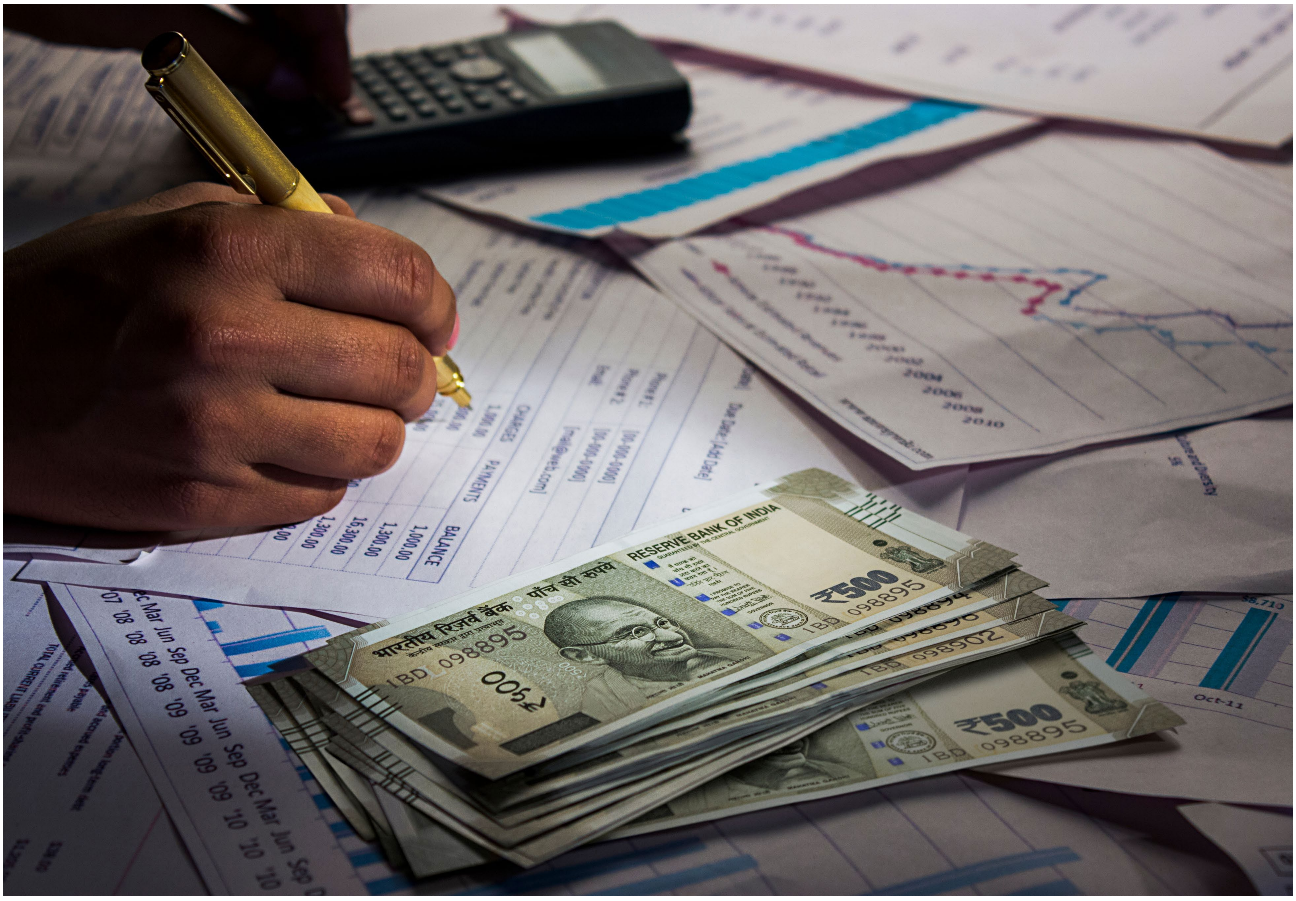
Key Highlights

1. **Retail Inflation Crosses the Midpoint but Stays Within the RBI's Tolerance Range**
   Headline CPI inflation rose to 4.38% year-on-year in June 2026, from 3.93% in May, moving past the Reserve Bank of India's 4% medium-term target for the first time in eighteen months. The reading nonetheless remained within the central bank's wider 2 to 6% tolerance band, indicating that while price pressures have intensified, they have not breached the outer limits of the inflation-targeting framework.

2. **Food Inflation Remains the Principal Contributor**
   Mining and quarrying output grew by a The Consumer Food Price Index continued to be the principal contributor to the rise in headline inflation, accelerating to 5.32% year-on-year in June from 4.78% in May. The sequential food index moved from 105.35 in May to 107.15 in June, a build-up that outpaced the general index and confirms food as the dominant driver of the month's inflation profile due to the high weight of food in the index (36.75%).[38]

3. **Core Inflation crosses 4%**
   Core inflation, which excludes food and fuel, increased to a 6 month high. The Restaurants category saw a sharp spike in inflation from 5.74% last month to 6.91%. However when gold and silver were excluded, the Core CPI went up to 2.92% compared to 2.41% in May, indicating the containment of underlying pricing pressures across the broader economy.[39]

4. **Wholesale Price Inflation Signals Rising Producer-Level Pressures**
   Wholesale Price Index (WPI) inflation rose to 9.87% year-on-year in June 2026, from 9.68% in May, extending an already elevated trajectory. As a leading indicator, the continued rise in producer-level prices, concentrated in food and fuel and power, points to the risk of further pass-through into retail prices in subsequent months if the trend persists.



03 Trade And External Sector

Trade And External Sector

INDICATOR	JUNE 2026	JUNE 2025	YEAR ON YEAR (Y-O-Y) TREND
Exports (US$ bn)[40]	73.45	67.09	Exports rose to US$ 73.45 billion in June 2026 from US$ 67.09 billion in June 2025, indicating a moderate improvement in external demand conditions.
Imports (US$ bn)[41]	88.76	69.98	Imports rose to US$ 88.76 billion in June 2026 from US$ 69.98 billion in June 2025, reflecting higher import values for energy, electronics and industrial inputs, influenced by both domestic demand and international commodity-price conditions.
Trade Deficit (US$ bn)	15.32	2.89	The trade deficit widened to US$ 15.32 billion in June 2026 from US$ 2.89 billion in June 2025, indicating a substantial rise in import growth that outpaced the export growth.
Exchange Rate ($1 to ₹)[42]	₹95.17 (As of 2nd June 2026)	₹85.43 (As of 2nd June 2025)	The Indian rupee depreciated to ₹95.17 per US dollar from ₹85.44 a year earlier, reflecting persistent global dollar strength and continued geopolitical uncertainty.
Forex Reserves ($ bn)[43]	668.6	698.1	Forex reserves narrowed to US$ 668.6 billion in June 2026 from US$ 698.1 billion in June 2025, reflecting a decline in India's external buffers.

Table 3: *Key Trade Indicators*

Key Highlights

1. **Exports Register Moderate Growth**
   Total exports (merchandise and services combined) rose to US$ 73.45 billion in June 2026, from US$ 67.09 billion in June 2025, an increase of 9.48%. The increase was led by strong merchandise performance, particularly gems and jewellery, engineering goods and chemicals, even as the pace of export growth was considerably outstripped by that of imports during the month.

2. **Imports Rise Sharply on Higher Commodity Costs**
   otal imports rose to US$ 88.76 billion, from US$ 69.98 billion in June 2025, an increase of 26.85%. The rise was driven primarily by higher purchases of crude oil, electronic goods and gold, reflecting both elevated global commodity prices and sustained domestic demand, with China remaining the largest single source of imports.

3. **Trade Deficit Widens to a Five-Month High in Q1 FY 2026-27**
   The combined trade deficit widened sharply to US$ 15.32 billion in June 2026, from US$ 2.89 billion in June 2025, as import growth substantially outpaced export growth during the first quarter of FY 2026-27. The expansion in imports was driven by an increase in both values and volumes, reflecting elevated global commodity costs alongside robust domestic demand for industrial and consumer goods. While the merchandise trade deficit increased by 59.3 percent in June, the combined external balance continued to be supported by a meaningful surplus in the services sector, which helped moderate the overall deficit.

4. **Exchange Rate Reflects Sustained Global Dollar Strength**
   The Indian rupee stood at approximately ₹95.17 per US dollar in early July 2026, compared with ₹85.44 a year earlier, a depreciation of roughly 11.4%. The movement continues to reflect sustained global dollar strength and prevailing geopolitical uncertainty in West Asia, rather than domestic macroeconomic instability.

5. **Foreign Exchange Reserves Ease from Year-Earlier Levels**
   Foreign exchange reserves stood at approximately US$668.6 billion as of end-June 2026, compared with US$ 698.1 billion in June 2025, a decline of roughly US$ 29.5 billion. The decline most plausibly reflects the Reserve Bank of India's use of reserves to manage exchange rate volatility amid sustained depreciation pressure, though reserves remain at a level that continues to provide a meaningful buffer against external shocks.

04 Financial Health

Financial Health

INDICATOR	JUNE 2026	JUNE 2025	TREND
Credit Growth[44]	18.6%	9.5%	Bank credit growth increased to a two-year high of 18.6% as of June 30, nearly doubling compared to June 2025.
Bank Deposit Growth[45]	13.3%	10.1%	Bank deposit growth grew from to 13.3% from 10.1% compared to the same month last year, indicating an expansion in deposit mobilisation.
10-Year G-Sec Yield	6.75[46]% (As of 1 June 2026)	7.0% (As of 1 May 2026)	India's 10-year G-Sec yield stood at 6.80% in late July 2026 compared to 6.86% earlier in the month, tracking broader domestic liquidity conditions and foreign capital flows.
RBI Policy Stance	Neutral[47]	Neutral	In light of the uncertainty of the US Iran conflict, pace of restoration of supply chains and sub optimal monsoon, RBI has decided to not change the policy rates

Table 4: *Key Financial Health Indicators*

Key Highlights

1. **Credit Growth Accelerates While Deposit Growth Moderates**
   In terms of year on year growth, credit growth was higher at 18.6% and deposits grew by 13.3%. In terms of monthly growth, credit growth increased from 17.7 in May 2026 to 18.6% in June 2026, reflecting a quarter-end pull to meet growth targets,[48] while maintaining a strong underlying expansion supported by retail, MSME, and corporate borrowing.

2. **Interest Rates Soften Slightly Amid Evolving Liquidity**
   The 10-year G-Sec yield moderated to 6.86% in June 2026 from 7% in May 2026, reflecting a mild easing in long-term borrowing costs. The movement reflects calibrated foreign portfolio inflows, updated global rate expectations,

and active domestic liquidity operations.

3. **Policy Stance Maintained**
   The RBI retained its neutral policy stance with the policy repo rate held steady at 5.25%, signalling a balanced, data-dependent approach aimed at nurturing economic growth while remaining vigilant on potential food and energy inflation risks. The status quo provides stability and interest rate predictability for financial markets.

05 Fiscal Health

Goods and Service Tax Data for June 2026

INDICATOR	JUNE 2026 (₹ THOUSAND CRORE)	JUNE 2025 (₹ THOUSAND CRORE)	YOY GROWTH (%)
Gross GST Revenue[49]	194.8	171.1.	13.9%
Gross Domestic Revenue	134.7	126.5	6.5%
Gross Import Revenue	60.03	44.6	34.6%
Total Refunds	32.4	25.1	29.1%
Net GST Revenue	162.3	145.9	11.2%

***Table 5:** GST Collections for June 2026*

Key Highlights

1. **GST Collections Register Strong Double-Digit Growth**
   Gross GST revenue for June 2026 stood at ₹1,94,812 crore, registering a 13.9% year-on-year increase over ₹1,71,105 crore in June 2025. The robust growth in collections reflects sustained improvement in tax mobilisation, supported by continued economic activity and higher compliance.

2. **Import-Linked GST Revenues Drive Overall Growth**
   Gross import revenue increased Gross domestic GST revenue increased to ₹1,34,774 crore, recording a 6.5% year-on-year rise, while gross import revenue surged by 34.6% to ₹60,038 crore. The significantly higher growth in import-related collections indicates strong trade activity and continued buoyancy in customs-linked GST receipts.

3. **Refund Disbursements Rise Significantly**
   Total GST refunds amounted to ₹32,436 crore in June 2026, compared with ₹25,121 crore in the corresponding month of the previous year, registering a 29.1% year-on-year increase. The higher refund outgo reflects continued processing of input tax credit and export-related refund claims, supporting liquidity for businesses and exporters.

4. **Net GST Revenue Maintains Steady Growth**
   After accounting for refunds, net GST revenue stood at ₹1,62,377 crore, registering an 11.2% year-on-year increase over ₹1,45,984 crore in June 2025. Despite the sharp increase in refund disbursements, net GST collections remained strong, indicating resilient tax

revenues and stable fiscal accruals.

Fiscal Health

INDICATOR	FY 2026 - 27	FY 2025 - 26	TREND
Effective Capital Expenditure	₹17,14,523 crore (Budget Estimate)	₹14,03,906 crore (Revised Estimate)	Strong expansion reflects continued emphasis on infrastructure-led growth
Fiscal Deficit (% of GDP)	4.3% (Budget Estimate)	4.4% (Revised Estimate)	Marginal reduction indicates continued fiscal consolidation.
Debt-to-GDP Ratio (%)	55.6% (Budget Estimate)	56.1% (Revised Estimate)	Gradual decline reflects improving debt sustainability.

***Table 6:** Key Fiscal Indicators*[50]

Key Highlights

1. **Capital Expenditure Expansion Reinforces Infrastructure-Led Growth**
 Effective capital expenditure is budgeted at ₹17.15 lakh crore in FY 2026–27, compared to ₹14.04 lakh crore (RE) in FY 2025–26, reflecting a substantial increase in public investment. The continued expansion underscores the Government's focus on infrastructure development, asset creation, and supporting long-term economic growth through higher capital spending.

2. **Fiscal Consolidation Path Remains Intact**
 The fiscal deficit is budgeted at 4.3% of GDP in FY 2026–27, marginally lower than the 4.4% revised estimate for FY 2025–26. The gradual reduction indicates continued efforts to balance growth-oriented expenditure with fiscal prudence, while maintaining adherence to the medium-term consolidation roadmap.

3. **Debt Sustainability Continues to Improve**
 The debt-to-GDP ratio is budgeted to decline to 55.6% in FY 2026–27 from 56.1% in FY 2025–26 (RE). The moderation in the debt burden reflects ongoing fiscal consolidation efforts and suggests a gradual improvement in the sustainability of public finances while preserving fiscal space for development priorities.

06 Monetary Health

INDICATOR	CURRENT RATE (AS OF JUNE 2026)	PREVIOUS RATE (AS OF JUNE 2025)	TREND
Policy Repo Rate[51]	5.25%	5.5%	The policy repo rate stood at 5.25% in June 2026, compared with 5.50% in June 2025, reflecting a cumulative easing of 25 basis points over the year to support economic growth while maintaining price stability.
Standing Deposit Facility (SDF) Rate	5.00%	5.25%	The SDF rate stood at 5.00%, maintaining the lower bound of the policy corridor 25 basis points below the repo rate.
Marginal Standing Facility (MSF) Rate	5.50%	5.75%	The Marginal Standing Facility (MSF) rate stood at 5.50% in June 2026 compared with 5.75% in June 2025, reflecting a reduction in the upper bound of the policy corridor and supporting improved liquidity conditions.

***Table 7:** Key Monetary Policy Rates*

Key Highlights

1. **Policy Repo Rate Lower Than Previous Year**
   The policy repo rate stood at 5.25% in June 2026, compared with 5.50% in June 2025, reflecting a cumulative easing of 25 basis points over the year. The lower policy rate indicates the Reserve Bank of India's calibrated monetary easing to support economic growth while maintaining price stability.

2. **Liquidity Absorption Rate Moderates**
   The Standing Deposit Facility (SDF) rate stood at 5.00% in June 2026, compared with 5.25% in June 2025, reflecting a reduction in the liquidity absorption rate in line with the RBI's accommodative monetary policy stance. The lower SDF rate supports improved liquidity conditions within the banking system and facilitates effective monetary policy transmission.

3. **Upper Policy Corridor Softens**
   The Marginal Standing Facility (MSF) rate stood at 5.50% in June 2026, down from 5.75% in June 2025. The reduction reflects a lower upper bound of the policy corridor, supporting easier financial conditions and improving banks' access to overnight liquidity.

4. **Monetary Policy Remains Supportive of Growth**
   The overall policy rate structure remained lower than the corresponding period of the previous year, reflecting the RBI's continued calibrated approach towards supporting economic activity while maintaining inflation and financial stability. The lower policy rates are expected to improve credit conditions, encourage investment, and sustain domestic demand.

07 Labour And Employment

Labour and Employment Indicators[52]

INDICATOR	JUNE 2026	JUNE 2025	TREND
Labour Force Participation Rate	54.4%	54.2%	Marginal increase, indicating a slight improvement in labour force participation during the month.
Worker Population Ratio (WPR)	51.4%	51.2%	Moderately Declined, reflecting an easing in employment participation
Unemployment Rate	5.5%	5.6%	Decreased modestly, indicating a slight easing in labour market conditions as labour force growth outpaced employment growth.
Urban Unemployment Rate	6.6%	7.1%	Urban unemployment showed a significant decrease compared to overall and rural unemployment metrics
Rural Unemployment Rate	5.0%	4.9%	Marginal change in rural employment.

Table 8: *Key Labour and Employment Indicators*

Key Highlights

1. **Labour Force Participation Improves Marginally**
   The Labour Force Participation Rate (LFPR) stood at 54.4% in June 2026, compared with 54.2% in the reference period, indicating a marginal improvement in labour force participation. The increase suggests that a slightly larger share of the working-age population was either employed or actively seeking employment.

2. **Worker Population Ratio Declines**
   The Worker Population Ratio (WPR) stood at 51.4% in June 2026, compared with 51.2% in June 2025, reflecting an increase in the proportion of the population that was employed. The moderation indicates some easing in employment participation during the period.

3. **Unemployment Rate Eases Slightly**
   The Unemployment Rate (UR) declined to 5.5% in June 2026 from 5.6% in the reference period, indicating a modest improvement in labour market conditions. The slight reduction in unemployment suggests that labour market dynamics remained broadly stable despite softer employment participation.

4. **Labour Market Conditions Remain Mixed**
   Overall, the June 2026 labour market indicators present a stable picture. While

labour force participation and the unemployment rate, Worker Population Ratio showed marginal improvement, Nevertheless, the limited changes across key indicators suggest that overall labour market conditions remained broadly stable.

ANNEXURE II
Sectoral Updates In Detail

01 Agriculture And Allied Sectors

INDICATOR	JUNE 2026	JUNE 2025	GROWTH
Net Sown Area Summer Season (Lakh Hectares)	182.72	236.46	-53.74
Oilseed Sown Area	16.99	36.41	-19.42
Pulses Sow Area	14.92	21.46	-6.53

Table 9: *Performance Indicators - Agriculture and Allied Sectors*

Key Highlights

1. **Summer Cropped Area Contracts Amid Broad-Based Decline Across Major Crop Categories**
   Net sown area under summer crops decreased to 182.72 lakh hectares in June 2026, compared with 236.46 lakh hectares during the corresponding period last year, reflecting a contraction of 22.73%. The most drastic contraction was seen in oilseeds, specifically in soybeans, which reduced by 65.3%. Coarse cereals also recorded a decrease, with cultivated area falling to 31.84 lakh hectares from 36.07 lakh hectares, led by lower maize acreage. Similarly, pulses moderated to 14.92 lakh hectares from 21.46 lakh hectares, driven mainly by lower arhar cultivation. Rice acreage also declined to 25.75 lakh hectares from 34.41 lakh hectares, reflecting lower summer sowing. Cotton recorded one of the sharpest declines among all crops, with acreage falling by 15.7 lakh hectares.

Overall, the latest sowing pattern indicates a broad-based moderation in India's summer cropping system, with declines across nearly all major crop categories contributing to an overall contraction in summer agricultural activity primarily due to below average monsoon rains and decrease in sown areas of rainfed crops in states like Karnataka.

02 Energy And Power

Electricity Generation & Supply

INDICATOR	JUNE 2026	JUNE 2025	TREND
Total Installed Capacity (GW)[54]	548.8 GW (As of 30 June 2026)	484.8 GW (As of 30 June 2025)	Total installed capacity increased, indicating continued expansion in power generation infrastructure.
Electricity Generation (BU)[55]	179.12 BU	160.88 BU	Electricity generation increased, indicating sustained growth in power demand supported by rising industrial activity and seasonal electricity consumption.
Peak Power Demand Met (MW)[56]	247.9 GW	232.1 GW	Increase in peak power demand met indicates robustness of generation and transmission capacity

Table 10: *Key Performance Indicators- Electricity Generation & Supply*

Key Highlights

1. **Installed Capacity Continues to Expand**
   Total installed power generation capacity increased by 64GW from 548 GW from 484 GW, a majority of this increased capacity is primarily driven by renewable energy sources which have seen an addition of 28.1 per cent capacity addition.

2. **Electricity Generation**
   Sees a positive YoY growth from 160.88 billion units in June 2025 to 179.12 billion units June 2026. This higher demand is being driven by delayed/weak monsoons, heatwaves and rising industrial growth.

Grid capacity to meet the peak power demand continues to remain robust. However, despite generating more electricity in June compared to , peak power demand did not exceed 270 GW unlike in May when the all-time high All-India peak demand reached 270.8 GW.[57, 58]

Coal

INDICATOR	JUNE 2026	JUNE 2025	GROWTH (%)
Coal Production (Million Tonnes)	80.09	79.00	1.39
Coal Offtake/Dispatch (Million Tonnes)	90.01	84.13	7
Lignite Production (Million Tonnes)	4.08	3.33	22.44

Table 11: *Key Performance Indicators - Coal*

Key Highlights

1. **Coal Production Registers stable Year-on-Year Growth**
   Coal production stood at 80.09 million tonnes in June 2026, compared to 79.00 million tonnes in June 2025, a growth of 1.39%. On a cumulative basis, production up to June 2026 stood at 232.49 million tonnes, against 247.02 million tonnes in the corresponding period last year, registering a decline of 5.88%, indicating that the year-to-date shortfall persists despite the improvement recorded in June.

2. **Coal offtake stood at 90.01 million tonnes**
   In June 2026, compared to 84.13 million tonnes in June 2025, reflecting a significant 7% increase, despite only a moderate increase in production. Cumulative dispatch up to June 2026 stood at 268.04 million tonnes, against 260.79 million tonnes in the previous year, registering growth of 2.78%. Dispatch to the power sector rose 4.61% during the month to 70.92 million tonnes, accounting for 79% of total dispatch, while dispatch to non-regulated sectors (NRS) increased 16.92% from the previous year, mainly driven by the sponge iron sector.

3. **Lignite Production Shows Strong Year-on-Year Growth**
   Lignite production increased to 4.08 million tonnes in June 2026 from 3.33 million tonnes in June 2025, reflecting growth of 22.44%. Cumulative lignite production up to June 2026 stood at 10.95 million tonnes, compared to 9.47 million tonnes in the previous year, an increase of 15.63%. NLCIL remained the largest contributor, with a production of 1.73 million tonnes, while GIPCL and RSMML recorded the sharpest YoY gains at 56.54% and 76.40% respectively.

4. **Coal Supply Supports Energy Demand Despite Mixed Production Trends**
   Overall, the coal sector in June 2026 reflects a modest year-on-year improvement in production alongside stable dispatch levels, ensuring continued fuel supply to the power sector and other industrial users. While cumulative production for the year remains below last year's levels, steady offtake and strong lignite growth indicate that overall fuel availability for thermal power generation remains adequate.

03 New And Renewable Energy[60]

CAPACITY TYPE	ADDED IN JUNE 2026 (IN GW)	CUMULATIVE (IN GW)
Solar Power	5.10	162.1
Wind Power	0.63	57.44
Small Hydro Power & Biomass	0.0024	16.05
Waste-to-Energy	0	0.87
Sub-Total Renewable Energy (Excluding Large Hydro)	5.74	236.5
Large Hydro	0.01	52.06
Total Renewable Energy (Including Large Hydro)	5.84	288.5
Nuclear Power	0	8.7
Total Non-Fossil Capacity	5.84	297.37

***Table 12:** Installed Capacity (As of 30th June 2026)*

Key Highlights

1. **Solar-Led Expansion Continues with significant additions**
   A total of 5.84 GW of renewable and non-fossil capacity was added in June 2026, compared to 3481.82 MW added in the previous month. Solar contributed the highest to this incremental increase with 5.1 GW. Wind power added 0.6 GW, while small hydro contributed 2.40 MW and large hydro added 100 MW. No additions were recorded in biomass, waste-to-energy, or nuclear power during the month, reinforcing solar's continued dominance as the primary driver of capacity growth.

2. **Cumulative Renewable Capacity Crosses 288 GW**
   Total renewable energy capacity (excluding large hydro) has crossed 236 GW. Solar power continues to have the highest share with 162.15 GW as of June 2026, with Ground Mounted Solar Plant having the highest capacity share of 121.25GW. Wind power has the second highest capacity share with 57 GW.

3. **Non-Fossil Capacity growth steady**
   Total non-fossil capacity rose to 297.3 GW, or 54.18% of India's total installed capacity of 548.8 GW, up from 53.75% in May 2026.[61]

SOURCE	JUN-26	SHARE (%)	JUN-25	GROWTH(%) JUNE'25-JUNE'26
Coal	120.1	67.34	104.7	14.70
Lignite	2.49	1.4	2.54	-1.81
Hydro	14.02	7.86	18.5	-24.17
Nuclear	5.5	3.12	4.46	24.80
Gas, Naptha & Diesel	2.2	1.26	3.18	-29.33
RES (Wind, Solar, Biomass & Others)	33.4	19.02	27.6	22.74
Total	**178.4**	**100**	**161.06**	**10.77**

Table 13: *Key Performance Indicators - Share of Different Energy Sources (in GW) as of June 2026*[62]

Key Highlights

1. **Electricity Generation Continues to Expand**
   All-India power generation increased to 178.4 GW in June 2026, compared with 161.06 GW in June 2025, registering a 10.77% year-on-year increase. Coal-based power generation stood at 120.1 GW, accounting for 67.34% of total electricity generation, registering growth of 14.70% over June 2025.

2. **Renewable Energy Maintains Strong Growth**
   Power generation from renewable energy sources, including wind, solar, biomass and other renewable sources, increased to 33.9 GW, registering a 22.74% year-on-year increase. Renewables accounted for 19.02% of total electricity generation, highlighting their growing contribution to India's electricity mix and continued progress towards the country's clean energy transition.

3. **Nuclear Generation Strengthens While Hydro Moderates**
   Nuclear power generation rose to 5.5 GW, registering a 24.80% year-on-year increase, reflecting improved plant availability and utilisation. In contrast, hydropower generation declined to 14.02 GW, a fall of 24.17% over June 2025, reflecting lower reservoir levels and seasonal variation in hydro output.

4. **India's Energy Mix Continues to Diversify**
   While electricity generation profile continued to be dominated by coal, while the contribution of renewable energy and nuclear power increased further,. The growing share of non-fossil energy sources alongside sustained coal-based generation reflects India's continued efforts to diversify its electricity mix while ensuring reliable power supply to meet rising demand.

04 Manufacturing

Steel[63]

INDICATOR (IN MILLION TONNE)	Q1 2025-26	Q1 2026-27	JUNE 2025	JUNE 2026
Crude Steel Production	40.84	42.1	13.5	14.1
Finished Steel Production	38.7	40.6	13	13.5
Finished Steel Imports	1.38	2.06	0.44	0.69
Finished Steel Exports	1.21	1.59	0.446	0.61
Finished Steel Consumption	38.4	41.6	13.2	14.2

Table 14: *Key Performance Indicators - Steel[64]*

Key Highlights

1. **Steel Sector Maintains Growth Momentum**
   India's steel sector continued to expand in Q1 2026-27. Crude steel production reached 42.1 million tonnes, up from 40.84 million tonnes in Q1 2025-26, while finished steel production rose to 40.6 million tonnes from 38.7 million tonnes in the same period last year. Notably, while the sector is expanding, the year-on-year growth rate for quarterly production has moderated compared to the growth observed between Q1 2024-25 and Q1 2025-26.

2. **Consumption Continues to Outpace Production in May and June 2026**
   This indicates the sustained domestic demand and need to expand domestic production and reduce reliance on imports.[65]

3. **June 2026 Reflects Continued Single-Month Momentum**
   During June 2026 alone, crude steel production stood at 14.1 million tonnes and finished steel production at 13.5 million tonnes, while finished steel consumption reached 14.2 million tonnes, indicating that monthly production and consumption levels remained broadly in line with the quarterly growth trend.

4. **Trade Flows Show Rising Activity**
   Finished steel exports increased to 1.59 million tonnes in Q1 2026-27 from 1.21 million tonnes in Q1 2025-26, reflecting growing participation in export markets. Finished steel imports for June 2026 alone stood at 0.69 million tonnes, against exports of 0.61 million tonnes during the month.

Cement Index under the Index of Eight Core Industries[66]

CAPACITY TYPE	JUNE 2026	JUNE 2025	TREND
Growth Rates (on YoY basis)	9.8%	7.9%	Cement production achieved a significant growth in YoY from the previous year.

Table 15: *Cement Index And Growth For June 2026*

Key Highlights

1. **ICI Series Rebased to 2022-23**
   The Index of Core Industries (ICI) has been revised to a new series with base year 2022-23, expanding the index from eight to nine core industries with the addition of Iron Ore. ICI grew 5.0% year-on-year in June 2026 (Provisional), up from 3.2% in May 2026.

2. **Cement Production Records Strong Growth**
   Cement production increased by 9.8% YoY in June, more than the YoY growth observed in June 2025. This growth is indicative of the demand from construction due to increased investments.

3. After Iron ore production, cement and electricity production contributed to the highest overall increase in the production across key industries. This also indicates continued momentum towards infrastructure development.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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.

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