



# MONTHLY ECONOMIC **MAR** REPORT ON INDIA **2026**

India entered the West Asia conflict from a position of relative strength with robust GDP growth and manageable inflation. **February economic activity was steady**, with the **NIIF India Coincident Index (NICE)** reflecting firm domestic demand even as logistics and industrial output softened. The **conflict's impact** is, however, becoming **visible in March**: equities have declined, FPIs have withdrawn (offset by record DII inflows), and **surging energy and commodity prices** are **weighing on the Indian rupee**. Forex reserves provide a buffer against currency volatility. However, the key monitorables remain energy price pass-through and any disruption to India's trade ties with West Asia.

### February-March 2026

## Growth

India's **real GDP grew 7.8%** in Q3FY26 (on updated base: FY2023), driven by consumption and investment, with manufacturing and services leading GVA. The **NICE Index** signals **steady February activity**: auto registrations (32% yoy), e-way bills (19%), and composite PMI (58.1) underpin demand, while steel (7%) and cement (9%) output hold firm. **Logistics soften** - core industries (2.3%), FASTag, port cargo (4%), and electricity ease. The Centre's fiscal deficit tracks lower through 10MFY26 on strong direct tax collections while sustaining capex. **India's trade ties with West Asia** span energy - ~50% of crude and ~75% of gas - and 15% of merchandise exports.

## Rates

**Consensus** (30 March) sees the **repo rate held** at 5.25% through H1FY28; lending rate transmission is near complete with system liquidity in surplus at 0.8% of NDTL (15 March), and credit growth continues to outpace deposits. The **West Asia conflict** is, however, reflecting in March market dynamics: the **10-year Indian G-sec climbed to 7.04%** on 31 March from ~6.7% in January, while the **3M T-bill stays anchored** at 5.33%. **Equities fell 6% TTM as FPIs withdrew** INR 1.2 trillion; **DII's absorbed the outflow** with a **record** INR 1.4 trillion. Globally, Hong Kong and France were muted while Korea, Japan, and Singapore held up

## Inflation

Global inflation eases in February, though the UK (3.0%) and US (2.4%) remain above their 2% targets. In India, **retail inflation edged up** to 3.2% and wholesale to 2.1%, both driven by food prices. Looking ahead, the **West Asia conflict is pushing commodity prices higher** - silver at USD 75/troy oz, copper above USD 12,000/tonne, gold near USD 4,600/troy oz, and Brent crude surging to ~USD 127/bbl as of 31 March - **adding to the upside risk on inflation** in coming months.

## Forex

India's Q3FY26 balance of payments widened to a deficit of 2.4% of GDP, from 3.8% in Q3FY25 - as the goods trade gap expanded and capital flows turned negative. **In February, non-oil imports surged** (28.7%), led by gems and jewellery, while **labour-intensive exports** (textiles, plastics, leather) **contracted**. These pressures, along with lower capital flows, **weigh on the rupee**, which depreciated 4.1% against the USD in the month to 31 March as the dollar strengthened (DXY ~100, +2.0 pts). The 1-year forward premium of ~3% signals modest depreciation expectations. **Forex reserves** of ~USD 710 billion, covering 8+ months of imports, remain a meaningful buffer.



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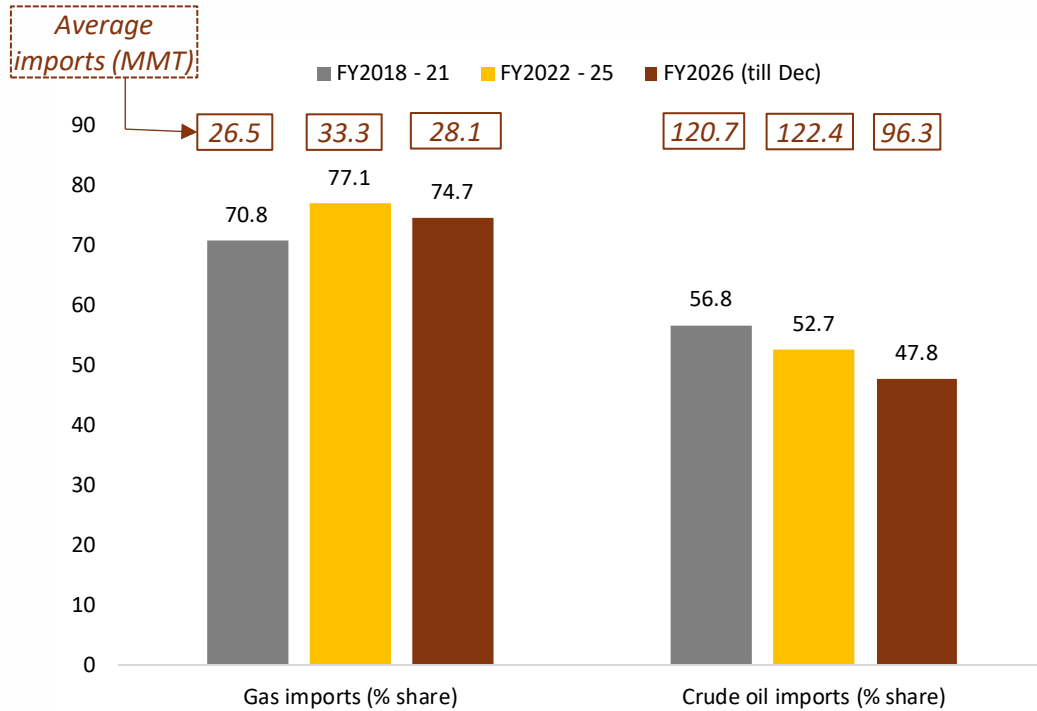
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## Key chart: Exposure to West Asia

### India sources ~half its oil & ~three-fourth of gas from West Asia

Crude oil and gas imports from West Asia (% share), FY2018 – FY2026 (Dec '25)



Source: DGCIS, NIIF Research

**Note:**

1. Gas imports consists of LNG, LPG and other gases (propane, butanes, and others)
2. Qatar and UAE accounted for ~60% of total gas imports in FY2025

### West Asia accounts for ~15% of exports; led by labour-intensive goods

Commodity-wise exports to West Asia (% share), FY2025

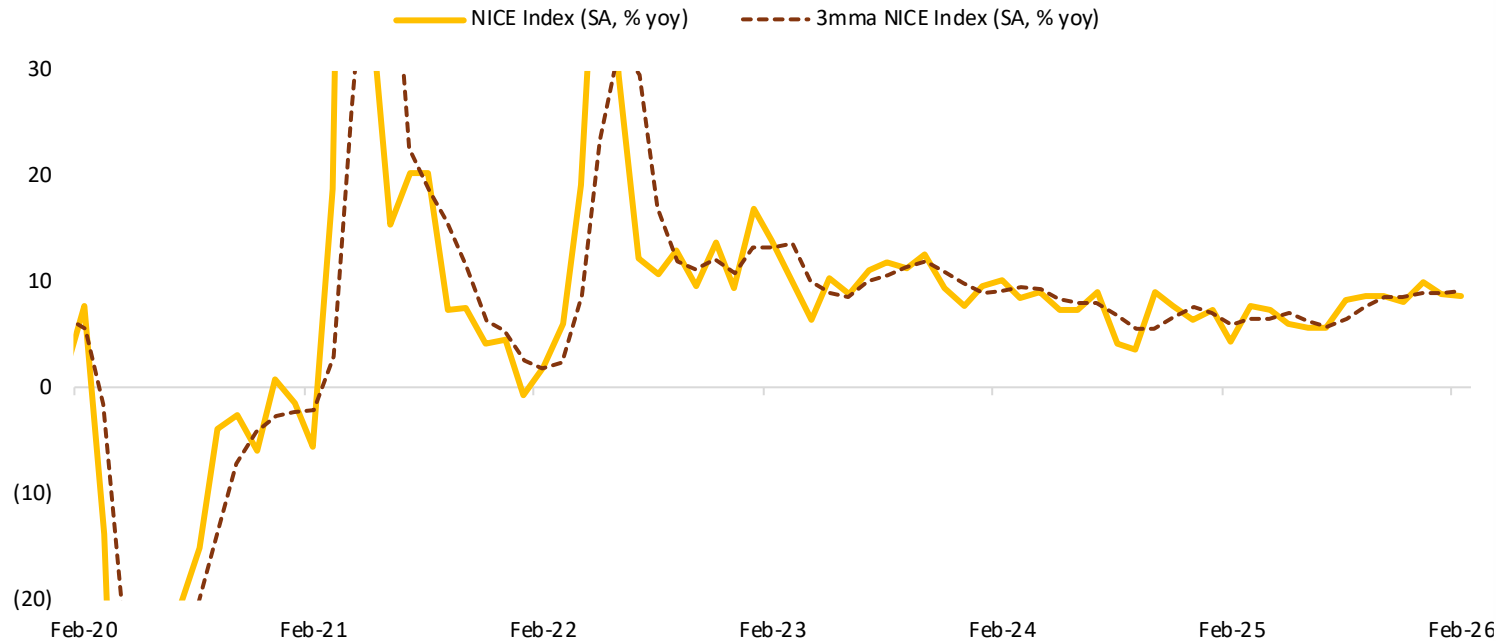
Category	Exports (% share)	
	Of India total	By product
Engineering goods	15.6	26.2
Agricultural and allied	21.7	17.1
Petroleum and crude	14.0	13.6
Gems and jewellery	29.8	13.6
Electronic goods	11.6	7.3
Chemicals and related	11.3	5.5
Textile and apparels	8.9	4.8
Drugs and pharmaceuticals	3.8	1.8
Ores and minerals	18.0	1.5
Plastic and linoleum products	12.7	1.3
Glass, ceramics and cement	18.8	1.3
Paper and wood	18.6	1.2
Leather and manufactures	3.4	0.2
Other commodities	25.5	2.5
Other manufactured commodities	11.1	2.3
<b>Total Exports</b>	<b>14.9</b>	<b>USD 65.2 bn</b>

Source: DGCIS, CMIE, NIIF Research

## Key chart: NIIF India Coincident Economic (NICE) Index (1/2)

### Economic activity stable on seasonally-adjusted basis; auto and e-way bill lead while logistics and electricity generation soften

Monthly NIIF India Coincident Economic (NICE) Index (% yoy), FY2020 - FY2026 (Feb '26)



*Auto registrations (25.2%), e-way bills (18.4%) and steel production (9.9%) lead February's seasonally adjusted y-o-y growth. Petrol (5.6%), diesel (4.2%) consumption and PMI services (58.1) remain steady*

*However, momentum moderates in port traffic (3.1%), coal production (2.5%) and air passengers (3.0%), while electricity generation contracts (-1.6%) in February*

Source: CEIC, Thurro, NIIF Research

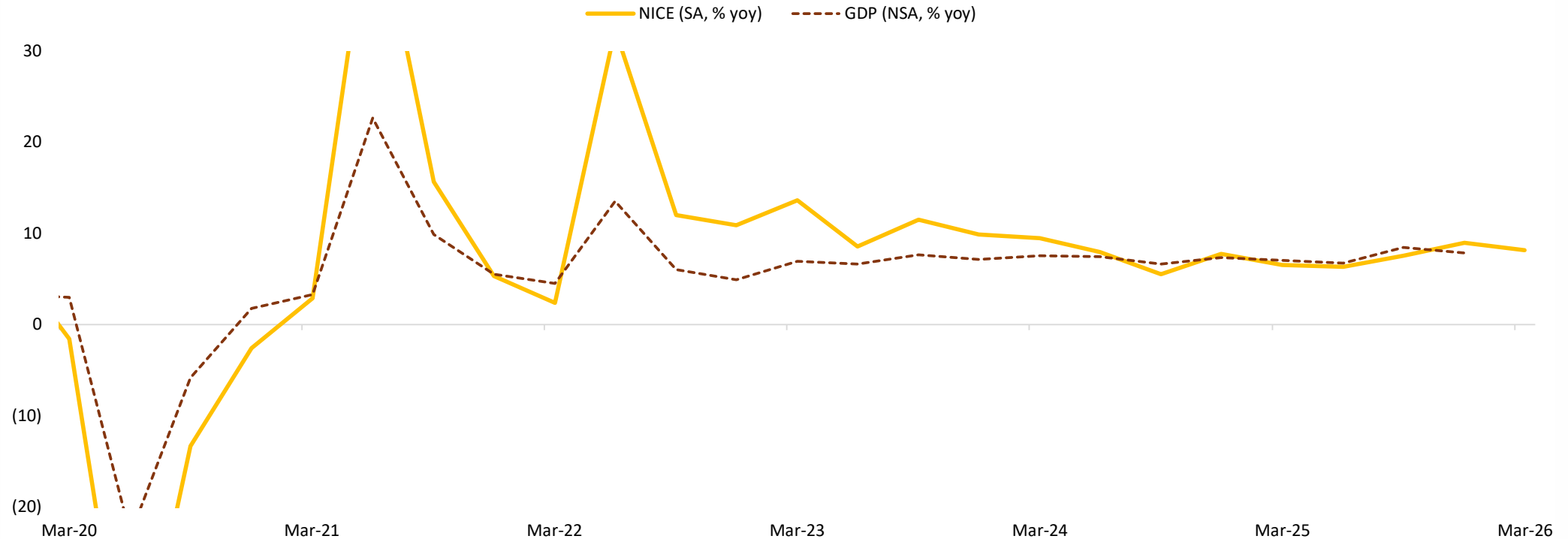
**Note:**

1. NICE is an index of 10 monthly high-frequency indicators: e-way bills, steel production, petrol consumption, diesel consumption, air passenger traffic, electricity generation, automobile registrations, major ports cargo, coal production and PMI services
2. Indicators are seasonally adjusted (unless already adjusted, such as in PMI services) and rebased to June 2018 = 100. A single factor is estimated by applying principal component analysis (PCA). Specifically, an index is created using the first two Principal Components (PCs), which account for 90% of the variations, and a weighted average of PC1 and PC2 is used to derive individual indicator weights. Turning point analysis was also carried out to ensure the index coincides with major economic events, such as the COVID-19 pandemic, election cycles, and festival demand spikes
3. 3mma NICE refers to the 3-month moving average of the NICE Index (X)
4. Methodology subject to periodic review and refinement

## Key chart: NIIF India Coincident Economic (NICE) Index (2/2)

### NICE index points to resilient Q4FY26 economic momentum across with demand strength offsetting supply-side unevenness

Quarterly NIIF India Coincident Economic (NICE) Index and real GDP (% yoy), FY2020 - FY2026 (Mar '26)



Source: CEIC, NIIF Research

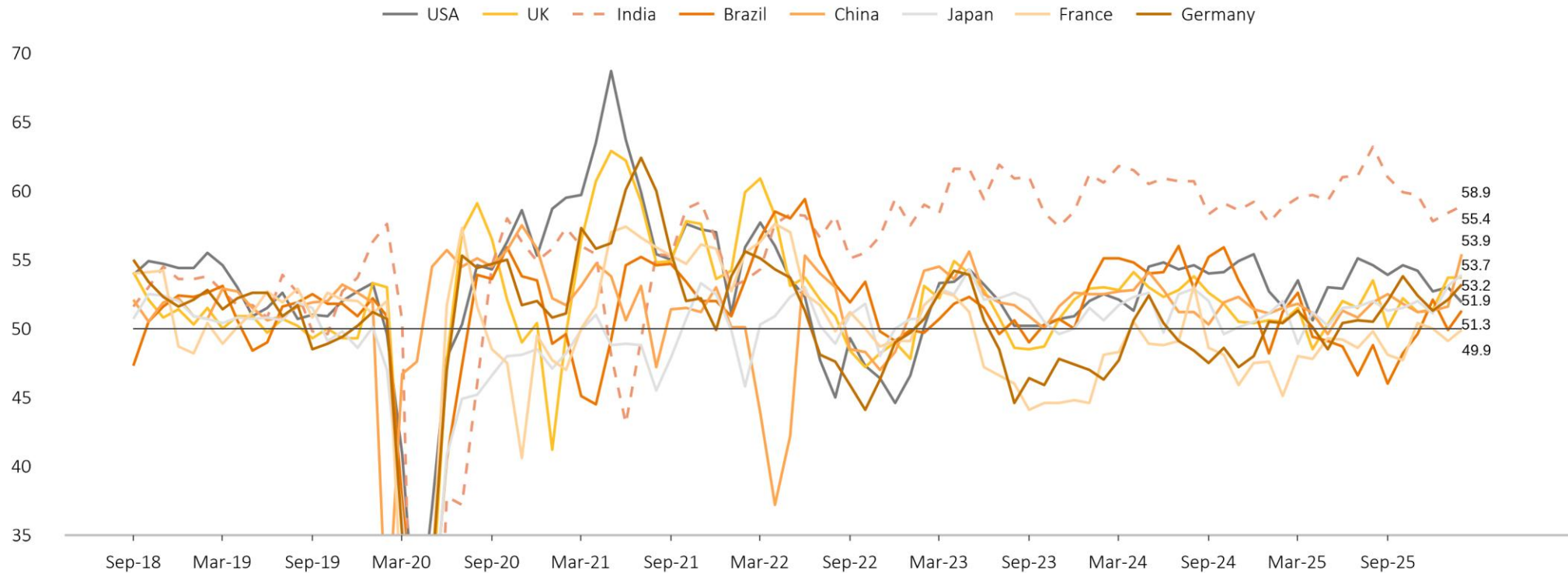
**Note:**

1. Quarterly index computed by averaging monthly NICE values within each quarter using previous methodology
2. SA: Seasonally adjusted; NSA: Not seasonally adjusted
3. GDP growth (% yoy) measured at constant prices
4. Methodology subject to periodic review and refinement

## [Growth] Purchasing managers' index: Global

### India sustains its lead in global PMI as China rebounds and Brazil recovers; advanced economies stay sluggish

Monthly PMI composite indices across major economies, FY2019-FY2026 (Feb '26)



Source: Thurro, S&P, NIIF Research

**Note:**

1. Impact of Covid on economic activity seen across countries for months between Feb '20 and May '20 and hence not shown in the chart.
2. The headline PMI Composite (Output) Index is a weighted average of the headline PMI Services Index and the Manufacturing Output Index (not the headline PMI manufacturing). Hence, a simple average of PMI Services and Manufacturing indices may not reflect in the PMI Composite.

## [Growth] High-frequency indicators: Supply

### Change in major economic indicators (% yoy), Jan '25 - Feb '26

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
<b>Fiscal</b>														
Central government capex	51.4	(35.4)	67.2	61.0	38.7	43.7	(10.5)	113.1	30.9	(28.3)	(13.8)	(24.5)	(24.5)	
Central government revex	5.1	(12.8)	(5.5)	(5.7)	40.7	36.6	7.8	(25.5)	(20.8)	(8.2)	18.0	1.9	(4.2)	
Gross tax revenue	4.6	19.7	2.8	6.5	19.1	(4.7)	(11.7)	1.0	8.4	13.8	(2.8)	32.4	10.1	
GST collection	12.3	9.1	9.9	12.6	16.4	6.2	7.5	6.5	9.1	4.6	0.7	6.1	6.2	8.1
<b>Industry</b>														
Index of industrial production	5.2	2.7	3.9	2.6	1.9	1.5	4.3	4.1	4.6	0.5	7.2	8.0	4.8	
Index of eight core industries	5.1	3.4	4.5	1.0	1.2	2.2	3.7	6.5	3.3	(0.1)	2.1	4.7	4.7	2.3
Electricity generation	2.3	3.0	6.4	1.6	(5.3)	(2.0)	1.6	4.0	3.0	(5.9)	(0.9)	6.4	4.6	1.7
Steel production	4.7	6.9	8.7	4.4	7.4	9.7	16.6	13.6	14.4	5.9	6.7	10.1	11.5	7.2
Cement production	14.3	10.7	12.2	6.3	9.7	8.2	11.6	5.4	5.0	5.2	14.6	13.7	11.3	9.3
Coal production	4.5	1.7	1.6	4.1	2.8	(6.8)	(12.4)	11.5	(1.1)	(8.5)	2.1	3.6	3.2	2.3
Wholesale price index	2.5	2.4	2.2	0.9	0.1	(0.2)	(0.6)	0.5	0.2	(1.0)	(0.1)	1.0	1.8	2.1
<b>Logistics</b>														
Rail freight	0.0	(3.0)	3.0	3.6	2.7	0.9	0.0	8.5	3.9	2.3	4.2	3.2	2.9	
Port cargo	6.3	7.5	12.5	7.0	4.4	5.6	3.9	2.6	11.4	11.9	14.6	12.8	7.6	3.8
Air cargo	9.0	(4.9)	3.9	11.5	5.0	0.2	4.2	5.3	2.9	(2.5)	15.6	9.5	9.0	
E-way bills (volume)	24.0	14.7	20.2	23.4	18.9	19.3	25.8	22.4	21.0	8.2	27.6	23.5	15.8	18.8
<b>Trade</b>														
Merchandise exports	(2.6)	(10.9)	0.9	(3.8)	(1.2)	(1.3)	13.3	5.7	6.0	(12.5)	18.7	1.3	0.6	(0.8)
Merchandise imports	10.9	(15.7)	11.8	20.0	(1.3)	(3.4)	9.1	(9.6)	17.6	16.7	(1.8)	8.8	19.2	24.1
Non-oil merchandise exports	14.5	(6.0)	2.4	9.1	3.9	3.2	14.1	6.7	5.5	(12.1)	20.3	3.1	(0.2)	6.4
Non-oil merchandise imports	20.8	(10.4)	9.9	17.7	10.6	(1.6)	9.6	(13.6)	25.6	32.3	1.3	9.6	24.8	28.7
Services exports	12.1	11.7	18.7	8.9	9.6	12.0	10.4	2.8	12.6	2.2	6.7	13.0	9.8	24.9
Services imports	12.6	(4.7)	5.3	1.0	(1.0)	5.1	8.5	(5.3)	7.9	2.9	(2.1)	7.3	(0.5)	12.9

Source: Thurro, CGA, Ministry of Finance, MoSPI, EAI, POSOCO, Indian Railways, Indian Ports Association, AAI, GSTN, RBI, NPCI, NIIF Research  
**Note:**

1. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
2. Absolute values in Annexure
3. GST collection growth (% yoy) from November 2025 onwards is adjusted to exclude the discontinued compensation cess

Fiscal prudence and services trade resilience offset softening industry and widening goods deficit

#### •Fiscal

Central govt expenditure contracts in Jan, even as tax and GST revenue remain on track over Jan-Feb

#### •Industry

Core industrial activity loses steam on softer electricity and coal output, despite steady steel and cement production; Wholesale prices edge up in February

#### •Logistics

E-way bills in Feb and air cargo in Jan hold firm, while rail (Jan) and port (Feb) freight ease sequentially

#### •Trade

Goods trade deficit widens year-on-year as non-oil imports surge and oil exports contract. Services exports continue to outpace imports in February

## [Growth] High-frequency indicators: Demand

### Change in major economic indicators (% yoy), Jan '25 - Feb '26

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
<b>Energy</b>														
Electricity demand	2.4	2.8	6.7	2.2	(5.0)	(1.7)	2.0	4.3	3.2	(6.0)	(0.8)	6.1	3.9	1.1
Petrol consumption	6.7	5.0	5.7	5.0	9.2	6.8	5.9	5.5	8.0	7.4	2.6	7.1	6.1	6.1
Diesel consumption	4.2	(1.3)	0.9	4.2	2.1	1.5	2.4	1.2	6.5	(0.3)	4.8	5.2	3.3	4.3
<b>Automobile registrations</b>														
Passenger vehicles	19.0	(7.0)	10.9	5.5	0.6	11.7	1.4	3.7	11.2	13.9	22.4	28.5	11.0	26.5
Three - wheeler	6.9	(0.8)	(5.6)	24.5	6.3	17.7	0.8	(2.3)	(7.2)	5.4	23.7	36.1	18.8	24.4
Two - wheeler	4.7	(5.8)	(1.0)	2.8	7.8	19.0	(6.1)	2.7	7.3	52.7	(2.6)	10.3	21.4	25.7
Commercial vehicles	5.9	(6.8)	0.7	(3.4)	(5.7)	16.6	(2.4)	4.9	2.5	20.0	20.5	24.9	18.5	31.9
Passenger vehicles - electric	54.3	28.3	63.1	71.1	70.4	157.4	109.3	194.8	194.4	79.3	76.3	77.5	74.1	60.1
Three - wheeler - electric	12.2	5.0	(2.1)	48.8	20.6	17.0	8.6	4.5	(3.0)	5.1	31.9	48.5	26.4	25.0
Two - wheeler - electric	19.9	(7.2)	(6.3)	41.2	30.7	96.5	(3.8)	18.0	16.0	3.4	(1.7)	33.1	25.5	46.6
Commercial vehicles - electric	39.4	(4.5)	(59.5)	114.9	104.8	353.0	141.9	171.3	172.7	226.0	229.0	171.1	186.8	198.2
<b>Services</b>														
Air passenger (domestic)	11.3	11.1	8.7	8.4	1.7	2.9	(3.0)	(1.5)	(3.0)	2.8	6.9	(4.1)	4.4	1.2
Air passenger (international)	11.6	7.3	5.6	13.3	5.6	2.8	7.6	8.5	7.3	10.4	8.5	7.4	10.9	7.1
FASTag collection (volume)	14.8	18.7	11.9	16.6	16.4	15.5	14.8	12.7	4.5	4.6	2.9	0.4	(1.8)	(8.7)
FASTag collection (value)	19.0	18.3	14.5	21.6	20.0	17.5	19.6	18.7	14.3	9.3	16.1	11.2	9.4	4.9
UPI transactions (volume)	39.3	33.1	36.2	34.5	33.1	32.5	34.9	33.7	30.5	24.8	32.2	29.3	27.7	26.6
UPI transactions (value)	27.5	20.2	25.2	21.9	23.0	19.8	21.5	20.6	20.6	16.1	22.1	20.3	20.7	22.2
Consumer price index	4.1	3.5	3.6	3.3	3.0	2.3	1.6	2.0	1.4	0.0	0.5	1.2	2.7	3.2
<b>Banking</b>														
Aggregate deposits	12.1	12.0	10.3	9.8	9.9	10.1	10.2	9.3	9.4	10.8	10.2	12.7	10.6	11.3
Outstanding credit	12.5	12.3	11.0	10.1	9.0	9.5	10.0	10.1	10.8	12.0	11.5	14.5	13.4	14.0

Auto and credit lead demand with steady fuel consumption; air travel and toll activity soften

#### •Energy

Petrol and diesel consumption hold steady; electricity demand softens in February

#### •Automobile registrations

Auto demand surges across all segments on a low base in February. EV momentum deepens reflecting broad adoption

#### •Services

Domestic air travel eases on a high base, international air traffic steady; UPI payments buoyant while FASTag transactions (volume) fall sharply. Retail inflation ticks up in February

#### •Banking

Credit growth outpaces deposits, pushing the credit-deposit ratio to a record 82.4 in February

Source: Thurro, CGA, Ministry of Finance, MoSPI, EAI, POSOCO, Indian Railways, Indian Ports Association, AAI, GSTN, RBI, NPCI, NIIF Research

#### Note:

1. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
2. Absolute values in Annexure; CPI on 2024 base year

## [Growth] India: Real GDP and GVA

### Consumption and investment drive robust GDP growth; manufacturing and professional services drive supply-side GVA expansion

Quarterly real GDP and GVA, FY2025-FY2026 (Dec '25)

	INR trillion					% yoy				
	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
1. Private consumption	44.3	46.4	42.4	40.5	48.2	6.0	5.6	9.2	8.0	8.7
2. Government spending	7.7	7.3	8.6	8.3	8.1	7.6	3.6	5.8	6.6	4.7
3. Fixed investments	24.1	25.2	24.2	26.2	25.9	6.3	6.2	4.9	8.4	7.8
4. Exports	17.3	18.0	17.3	17.4	18.3	10.5	5.4	6.6	10.2	5.6
5. Imports	18.0	17.4	19.9	19.7	19.5	2.9	5.5	7.4	5.9	8.6
6. Others	2.0	1.6	1.4	1.9	2.1	6.3	(17.8)	(7.2)	(11.1)	7.0
<b>Real GDP at market prices</b>	<b>78.4</b>	<b>81.4</b>	<b>75.3</b>	<b>75.4</b>	<b>84.5</b>	<b>7.4</b>	<b>7.0</b>	<b>6.7</b>	<b>8.4</b>	<b>7.8</b>
7. Agriculture	15.5	14.3	12.0	9.8	15.7	5.8	3.8	4.2	2.3	1.4
8. Industry	20.1	22.5	19.5	21.6	22.0	8.7	10.0	7.2	10.6	9.7
8.1 Mining	1.5	1.6	1.5	1.3	1.5	13.1	12.9	4.5	6.1	4.7
8.2 Manufacturing	10.8	12.6	9.9	11.9	12.2	10.8	11.8	10.6	13.2	13.3
8.3 Utilities	1.6	1.7	1.7	1.8	1.6	0.6	2.1	(1.9)	3.9	1.5
8.4 Construction	6.2	6.6	6.3	6.5	6.6	6.4	8.0	5.4	8.7	6.6
9. Services	36.2	37.5	36.9	37.6	39.7	8.2	6.8	7.8	9.3	9.5
9.1 Trade, hotels and communication	9.8	10.2	10.0	10.2	10.9	6.7	6.3	9.4	10.4	11.0
9.2 Finance, real estate & professional services	17.6	18.6	18.0	18.8	19.6	11.1	8.8	8.8	9.9	11.2
9.3 Public administration and others	8.8	8.7	8.8	8.6	9.2	4.4	3.2	4.3	6.9	4.5
<b>Real GVA at basic prices</b>	<b>71.8</b>	<b>74.3</b>	<b>68.3</b>	<b>68.9</b>	<b>77.4</b>	<b>7.8</b>	<b>7.1</b>	<b>7.0</b>	<b>8.6</b>	<b>7.8</b>
Net taxes	6.6	7.1	7.0	6.4	7.2	2.7	5.5	4.3	6.0	7.7

Source: Thurro, MoSPI, NIIF Research

**Note:**

1. 'Others' in #6 includes change in stock, valuables and discrepancies
2. 'Others' in #9.3 under public administration includes defence and other services such as education, health, recreation and other personal services
3. GDP (Production/Income approach) = GVA at basic prices + Net taxes
4. Data pertains to revised GDP series with new base of FY2022-23. The revised GDP series estimates economic activity by integrating new data sources such as ASUSE, PLFS, GST, etc.

## [Rates] Forecast of policy rates

### Consensus (as of 30 Mar) projects RBI to hold repo rate at 5.25% till Q2FY28

Projections for RBI's benchmark repo rate (%), Q1FY27 to Q2FY28 (30 Mar '26)

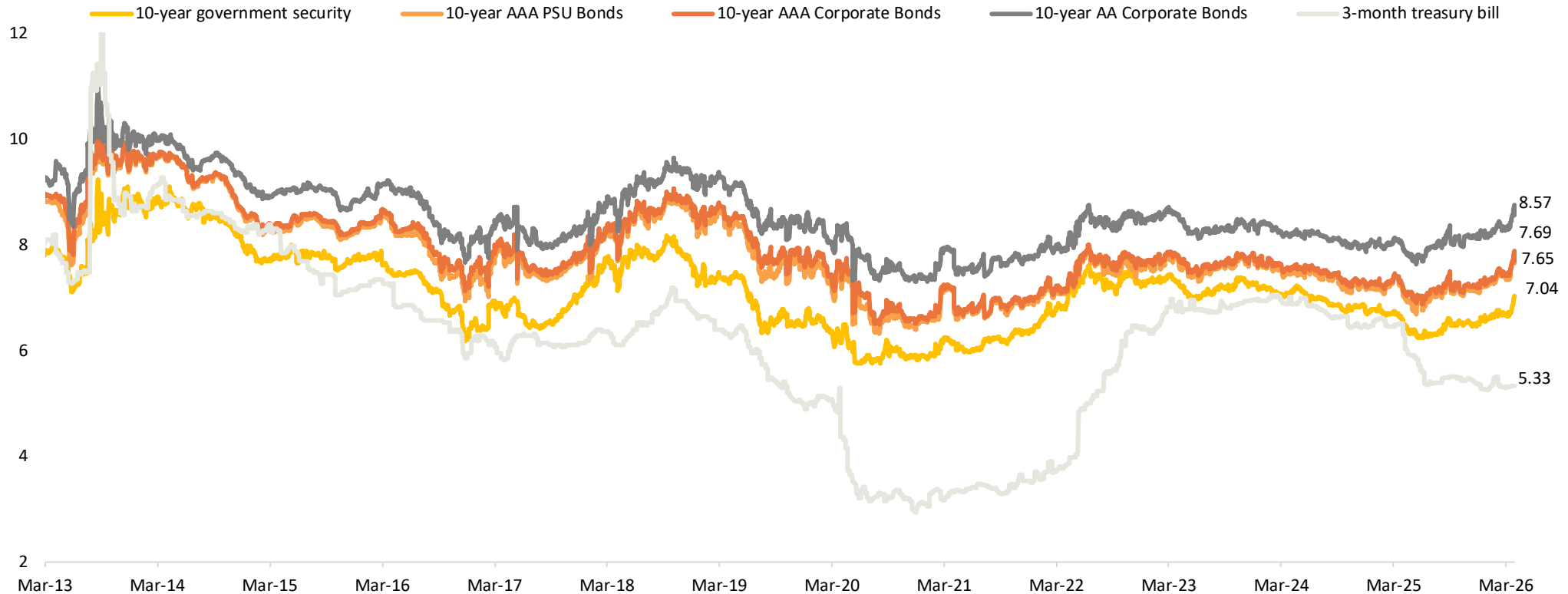
	Q1FY27	Q2FY27	Q3FY27	Q4FY27	Q1FY28	Q2FY28
<i>Number of analysts</i>	20	20	20	17	12	10
High forecast	5.25	5.25	5.25	5.50	5.50	5.50
Low forecast	5.25	5.00	5.00	5.00	5.25	5.25
Bloomberg average	5.25	5.24	5.24	5.25	5.27	5.27
<b>Median forecast</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>
<b>Comparing previous survey median forecasts</b>						
Bloomberg Jan '26 survey	5.25	5.25	5.25	5.25	5.25	5.25
Bloomberg Dec '25 survey	5.00	5.13	5.13	5.13	5.13	5.25

Source: Bloomberg, NIIF Research

## [Rates] Debt markets

### Long-term yields surge in March as crude oil price jumps - 10-year G-sec at 7.04% on March 31 from ~6.7% in January

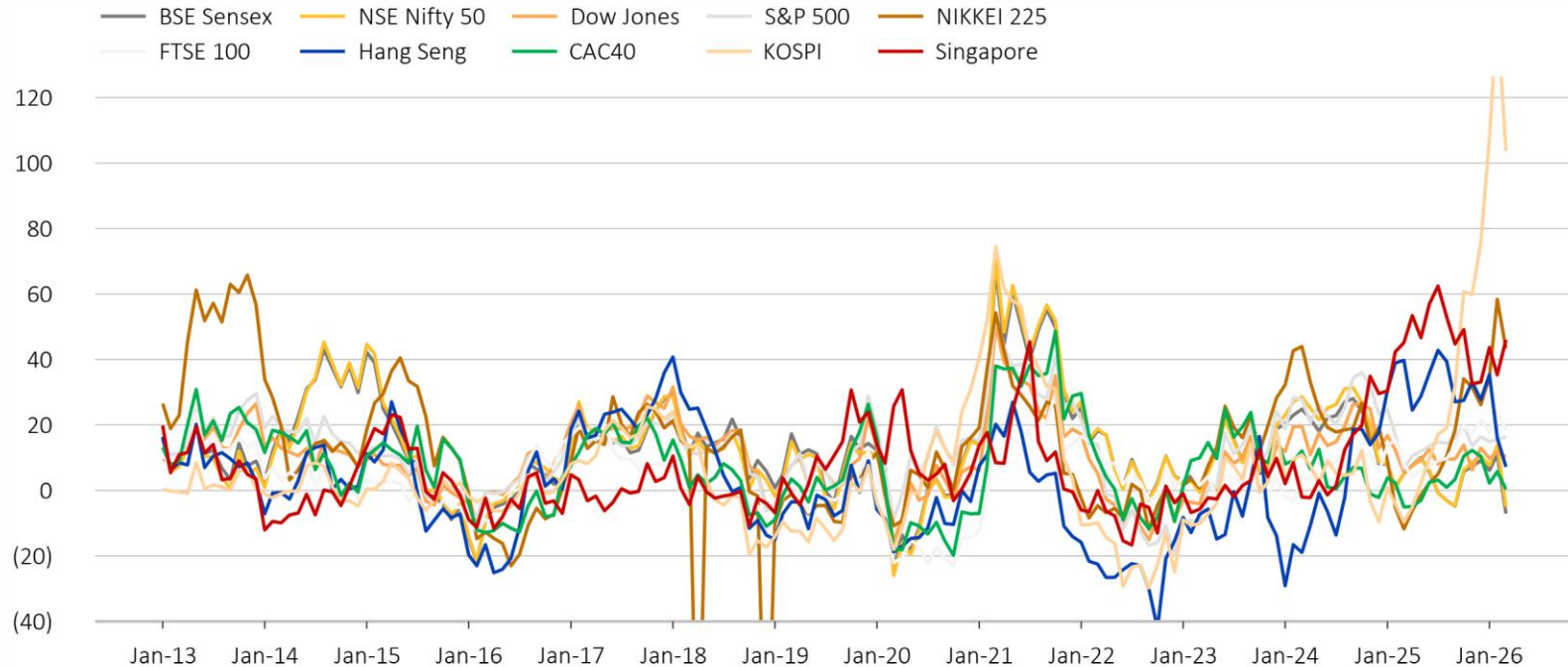
Daily India G-sec and corporate bond yields (%), FY2014-FY2026 (31 Mar '26)



Source: Bloomberg, NIIF Research

## [Rates] Equity markets: Global

**Indian equities generate ~-6% TTM in March; Hong Kong and France markets muted, while Korea (104%), Japan (43%), Singapore (46%) surge**  
 Monthly performance of Nifty-50, Sensex and other global indices, returns in local currency (% yoy), FY2013-FY2026 (Mar '26)



Returns as on March 31, 2026 (% yoy)

KOSPI	103.6
Singapore	46.0
NIKKEI 225	43.4
FTSE 100	18.6
S&P 500	16.3
Dow Jones	10.3
Hang Seng	7.2
CAC40	0.3
NSE Nifty 50	(5.1)
BSE Sensex	(7.1)

Source: Thurro, BSE, NIIF Research

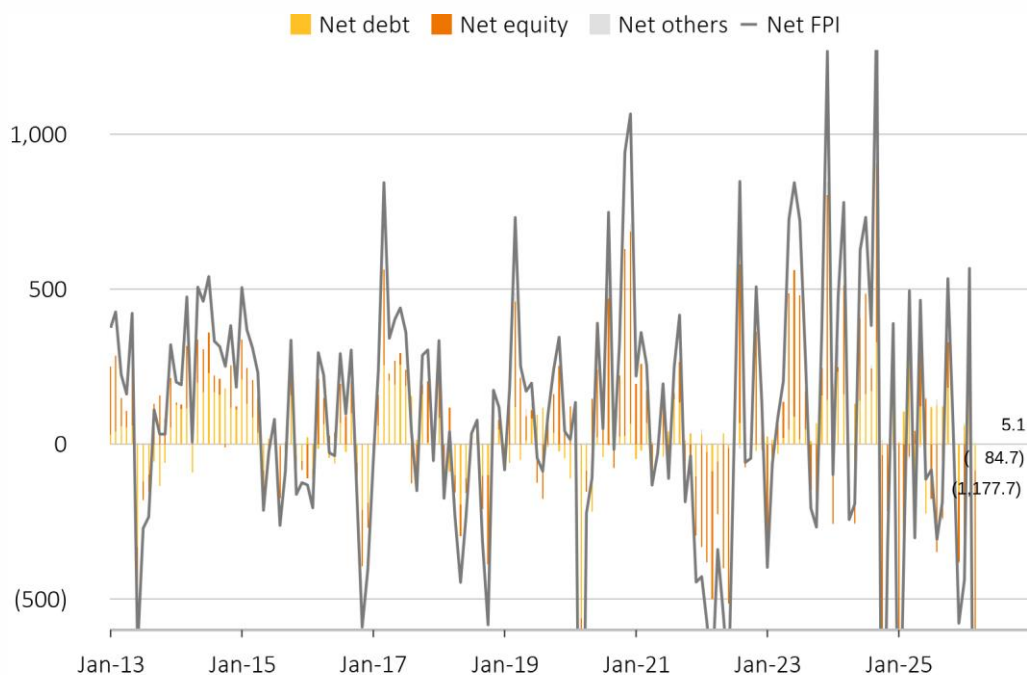
**Note:**

1. Return is calculated as on month end

## [Rates] Flows: Portfolio

### FPIs turn net sellers in March exiting INR 1.2 trillion

Monthly net FPI investments in India (INR billion), FY2013-FY2026 (Mar '26)



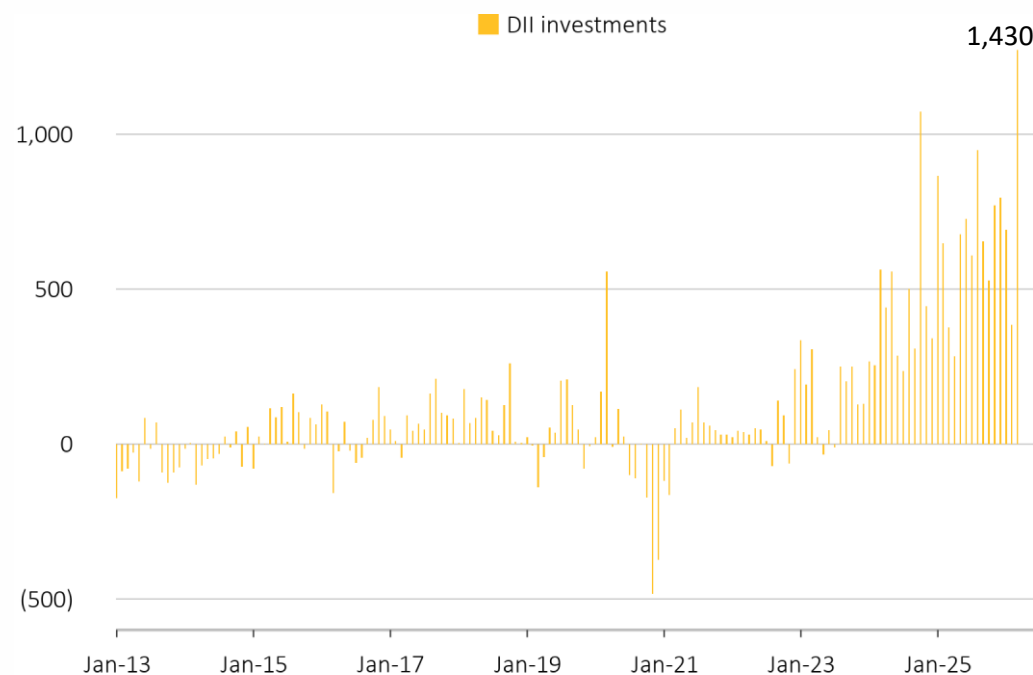
Source: Thurro, NSDL, NIIF Research

**Note:**

- Others comprise of hybrid, mutual funds and AIFs. Hybrid include investments in InvITs and REITs. Debt includes investments under Debt-VRR, Debt-FAR and Debt-General limit. Debt-VRR (voluntary retention route) allows FPIs to participate in repo transactions and also invest in exchange traded funds that invest in debt instruments.

### DII remain net buyers with record net investments of INR 1.4 trillion

Monthly net DII investments in India (INR billion), FY2013-FY2026 (Mar '26)



Source: Thurro, NSE, BSE, NIIF Research

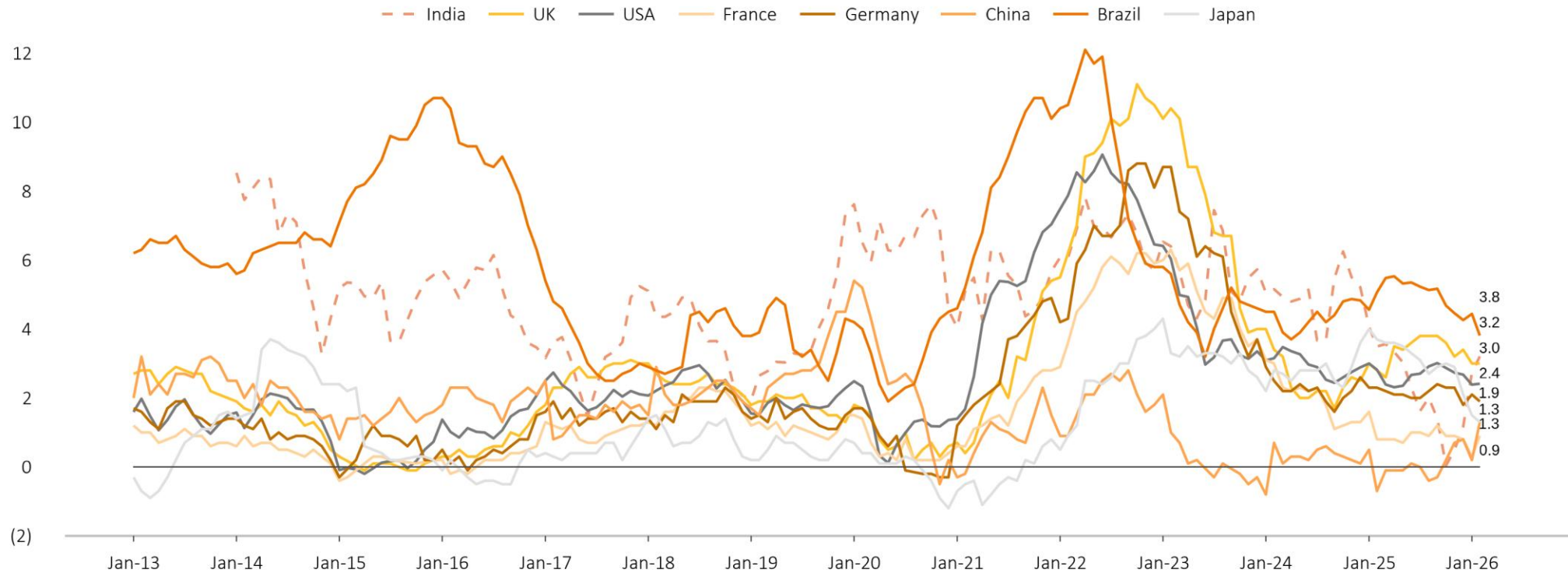
**Note:**

- Domestic institutional investors (DII) are those institutional investors who undertake investment in securities and other financial assets (debt, AIFs, etc.) within India. These include insurance companies, banks, DFIs, mutual funds, NPS, EPFO.

## [Inflation] Global

### India's inflation rises to 3.2% in February; globally inflationary pressure eases though the UK and US remain above their targets

Monthly consumer price inflation (% yoy), FY2014-FY2026 (Feb '26)



Source: Thurro, MOSPI, Bloomberg, Investing.com, NIIF Research

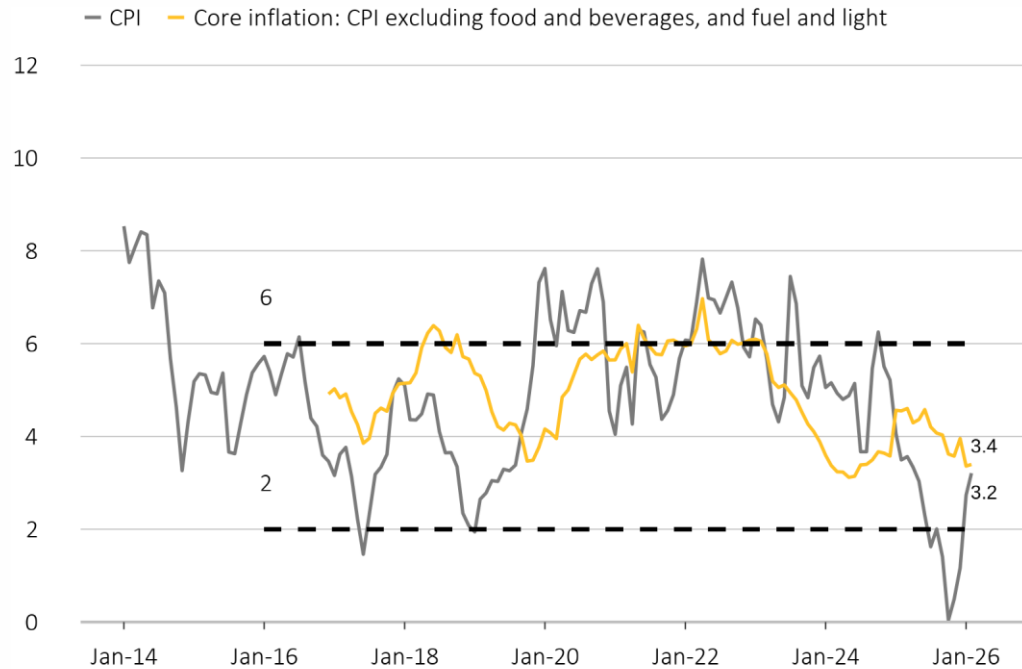
**Note:**

1. Inflation targeting: India (4% ± 2%), UK (2%), USA (2%), France (2%), Germany (2%), China (2%), Brazil (3% ± 1.5%) and Japan (2%).
2. Advanced economies (UK, USA, Eurozone, Japan) mostly use point targets (2%), with some flexibility in time horizon. Emerging markets like Brazil and India adopt explicit ranges to allow for volatility. China sets indicative CPI goals rather than formal inflation targeting
3. India's CPI inflation on 2024 base year

## [Inflation] CPI: India

### Retail inflation inches while core inflation continue to ease in Feb

Monthly consumer price inflation (% yoy), FY2014-FY2026 (Feb '26)



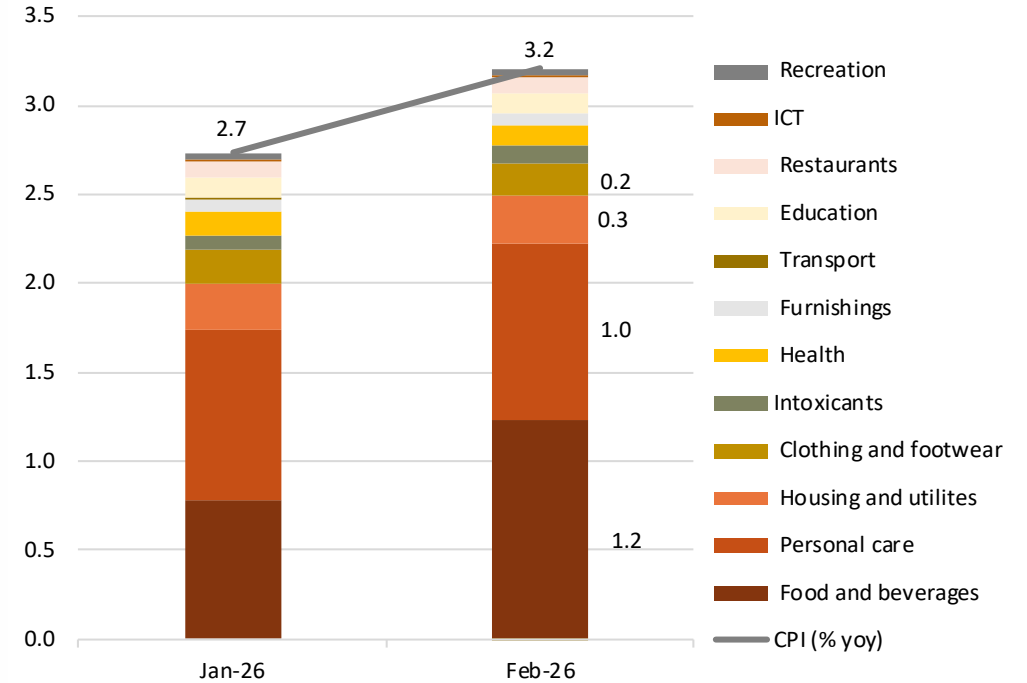
Source: Thurro, MoSPI, NIIF Research

**Note:**

1. RBI in 2016 adopted flexible inflation target set at 4%, with 6% as upper bound and 2% as lower bound
2. Both core and retail inflation prices have been adjusted according to new revised series with base 2024 = 100

### Food & beverages and personal care contribute ~70% to Feb inflation

Contribution of key components to CPI inflation (%yoy/pp), FY2026 (Feb '26)



Source: CEIC, MoSPI, NIIF Research

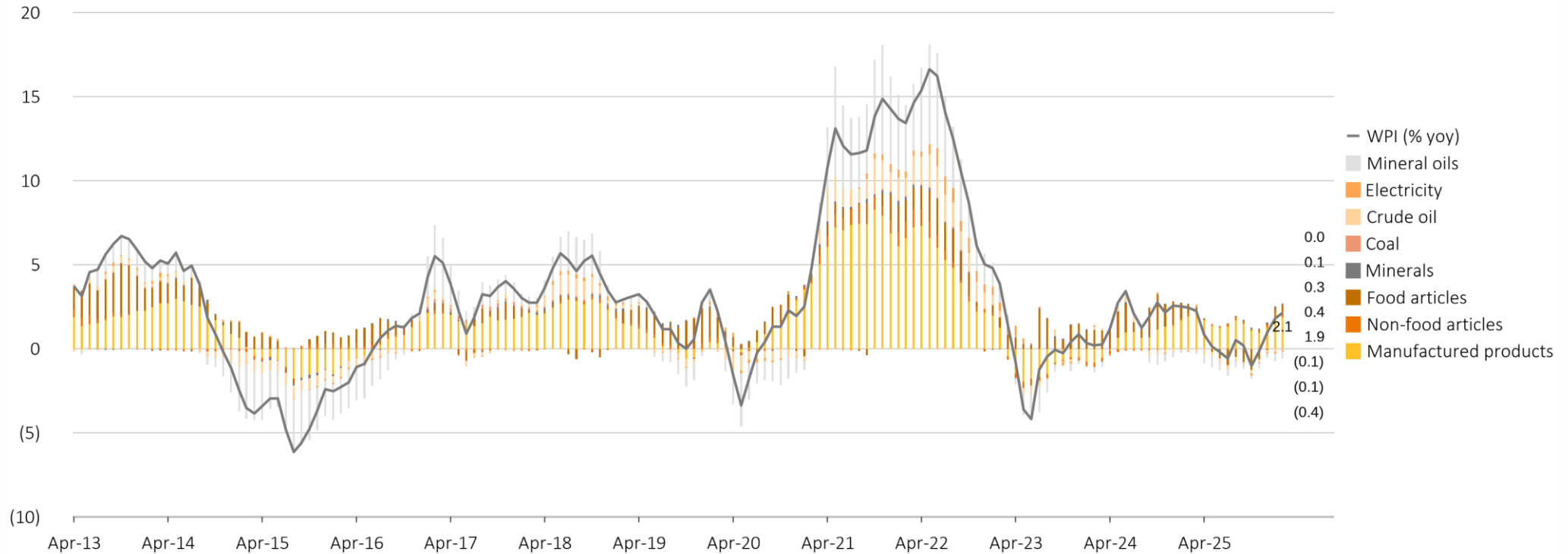
**Note:**

1. Food & beverages account for 36.8%, intoxicants 3.0%, clothing and footwear 6.4%, housing and utilities 17.7%, furnishings, HH equipment & routine HH maintenance 4.5%, health 6.1%, transport 8.8%, information and communication 3.6%, recreation, sport and culture 1.5%, education services 3.3%, restaurants and accommodation services 3.3% and personal care and miscellaneous 5.0%.

## [Inflation] WPI: India

### Falling oil and electricity deflation partially offsets manufacturing price pressures leading to WPI rising to 2.1% yoy in February

Contribution of key components to wholesale price inflation (WPI) (% yoy/pp), FY2014-FY2026 (Feb '26)



Source: Thurro, Office of the Economic Advisor, NIIF Research

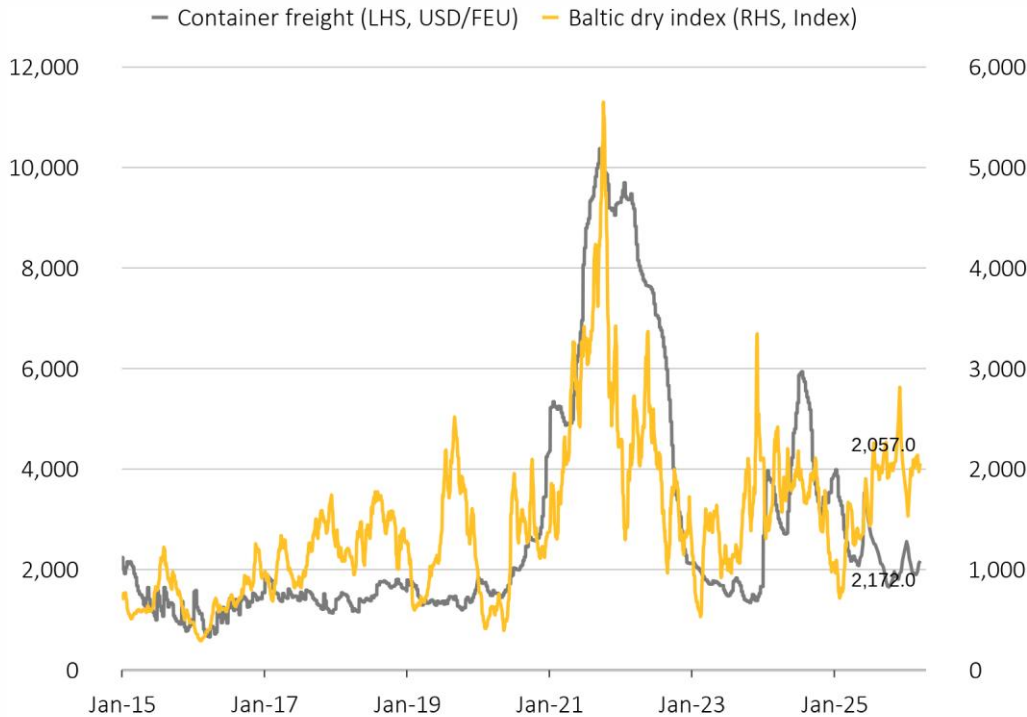
**Note:**

1. Food articles account for 15.26%, non-food 4.12%, mineral 0.83%, crude oil 2.41%, coal 2.14%, mineral oils 7.95%, electricity 3.06%, and manufactured products 64.23% weight in the wholesale price index inflation

## [Inflation] Transport and energy costs

### Bulk rates rises while container rates stay low

Daily shipping freight indices, FY2015-FY2026 (19 Mar '26)



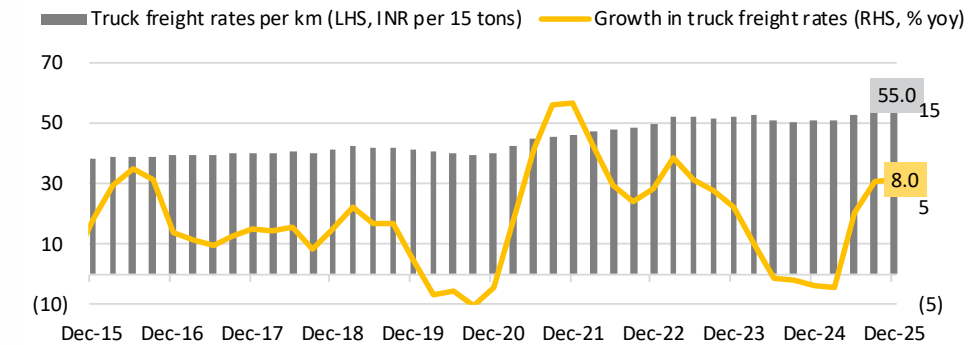
Source: Thurro, Investing.com, NIIF Research

**Note:**

1. Baltic Indices represent average shipping freights across 12 major international routes Index units measured in points. (January 4, 1985 = 1,000).
2. Baltic Dry Index measures freight rates for ships carrying bulk commodities like coal, iron ore, food grains, bauxite and alumina, steel and fertilizers.
3. Container freight measures actual spot freight rates in USD for 40-foot containers for 8 major east-west trade routes compiled as World Container Index (WCI).

### Trucking freight rates rose 8.0% yoy in Q3FY26

Quarterly average all-India truck freight rates, FY2016-FY2026 (Dec '25)



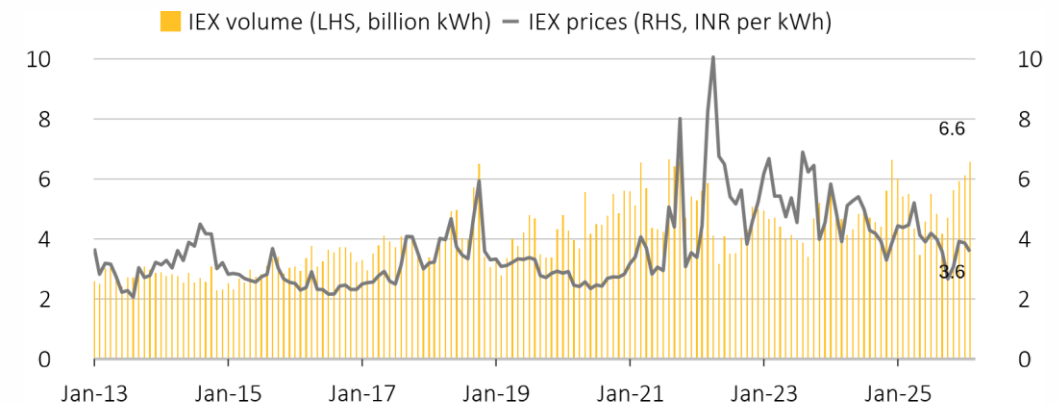
Source: CMIE, NIIF Research

**Note:**

1. The index tracks average monthly truck freight rates between Delhi and 81 cities in India.
2. INR per 9 tons was considered for Dehradun and Lucknow in national average before Dec '15

### Traded electricity prices remain stable in February

Monthly clearance prices on IEX DAM (INR/kWh), FY2013-FY2026 (Feb '26)

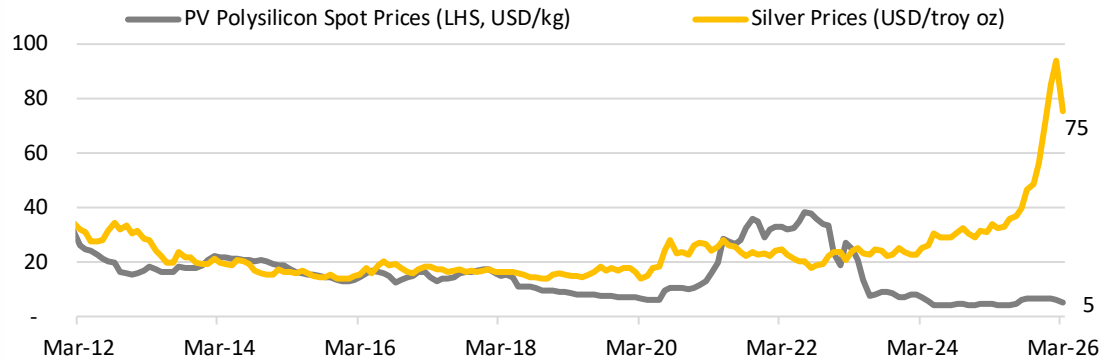


Source: Thurro, IEX, NIIF Research

## [Inflation] Commodity markets

### Silver hovers near USD 75/troy oz in March, at decadal highs

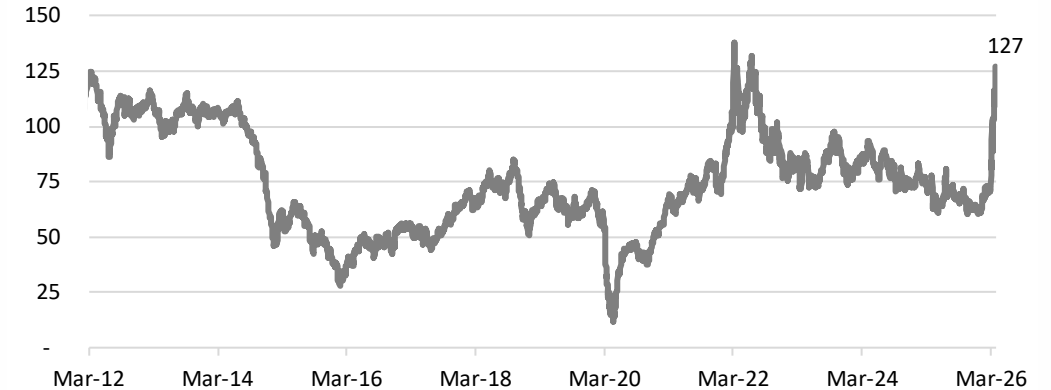
Monthly average silicon and silver prices, FY2012-FY2026 (Mar '26)



Source: Bloomberg, NIIF Research

### Crude oil surges to ~USD 127/bbl on 31 March amid supply concerns

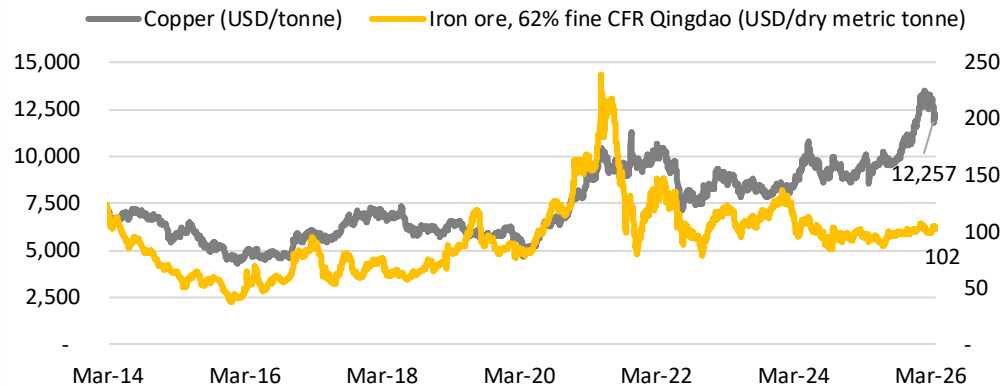
Daily Brent crude oil prices, FY2011-FY2026 (31 Mar '26)



Source: Bloomberg, NIIF Research

### Copper prices stay elevated at USD 12,000+/tonne on 31 March

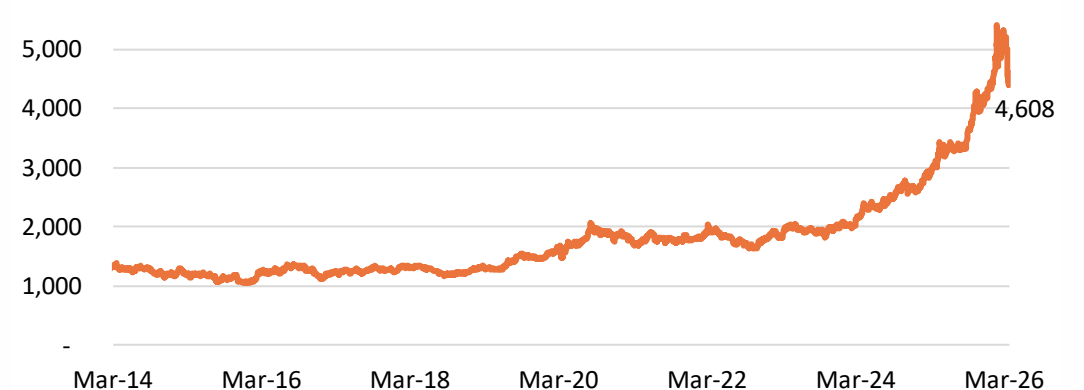
Daily copper prices, FY2015-FY2026 (31 Mar '26)



Source: Bloomberg, NIIF Research

### Gold eases to ~ USD 4,608/ troy oz on 31 March

Daily gold prices, FY2015-FY2026 (31 Mar '26)



Source: Bloomberg, NIIF Research

## [Forex] Balance of payments

**Goods trade deficit and capital outflows together push India's Q3FY26 balance of payments to its widest deficit in a year at 2.4% of GDP**

Quarterly balance of payments (USD billion), FY2025-FY2026 (Dec '25)

	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
a. Merchandise trade	(79.3)	(59.3)	(68.9)	(89.1)	(93.6)
<i>(as % of GDP)</i>	<i>(8.0)</i>	<i>(5.9)</i>	<i>(7.3)</i>	<i>(9.7)</i>	<i>(9.2)</i>
b. Exports	109.8	116.4	112.7	109.0	111.7
c. Imports	189.1	175.8	181.6	198.1	205.3
d. Services trade	51.2	53.3	47.9	50.9	57.5
e. Income	(16.4)	(11.9)	(12.8)	(12.2)	(12.2)
f. Transfers	33.2	31.5	30.9	36.3	35.2
<b>g. Current account (a + d + e + f)</b>	<b>(11.3)</b>	<b>13.7</b>	<b>(2.9)</b>	<b>(14.1)</b>	<b>(13.2)</b>
<i>(as % of GDP)</i>	<i>(1.1)</i>	<i>1.4</i>	<i>(0.3)</i>	<i>(1.5)</i>	<i>(1.3)</i>
h. Foreign direct investment	(2.8)	0.4	4.8	1.9	(3.7)
i. Portfolio	(11.4)	(5.9)	1.6	(5.7)	(0.2)
j. Loans (external assistance, commercial borrowings, short term credit to India)	9.1	5.7	5.2	4.5	13.3
k. Banking capital	(9.8)	(9.0)	(1.6)	1.9	0.7
l. Others	(11.7)	3.2	(2.1)	(0.4)	(20.2)
<b>m. Capital account (h+ i + j + k + l)</b>	<b>(26.6)</b>	<b>(5.6)</b>	<b>7.9</b>	<b>2.1</b>	<b>(10.0)</b>
<i>(as % of GDP)</i>	<i>(2.7)</i>	<i>(0.6)</i>	<i>0.8</i>	<i>0.2</i>	<i>(1.0)</i>
n. Net errors and omissions	0.3	0.8	(0.5)	1.1	(1.2)
<b>o. Balance of payment (g + m + n)</b>	<b>(37.7)</b>	<b>8.8</b>	<b>4.5</b>	<b>(10.9)</b>	<b>(24.4)</b>
<i>(as % of GDP)</i>	<i>(3.8)</i>	<i>0.9</i>	<i>0.5</i>	<i>(1.2)</i>	<i>(2.4)</i>

## [Forex] Foreign exchange markets (1/3)

### Rupee further undervalues on REER basis to 94.8 in Jan from 95.3 in Dec

Monthly real effective exchange rate of INR, base year 2015-16 (X), (Jan '26)



Source: Thurro, RBI, NIIF Research

**Note:**

1. Real effective exchange rate (REER) is the weighted average of a country's currency in relation to basket of currencies of its major trading partners.
2. A REER value greater than 100 implies that the currency is overvalued, and undervalued if under 100

### Dollar strengthens with DXY rising to 100 in March

Daily dollar index (X), FY2013-FY2026 (31 Mar '26)



Source: Bloomberg, NIIF Research

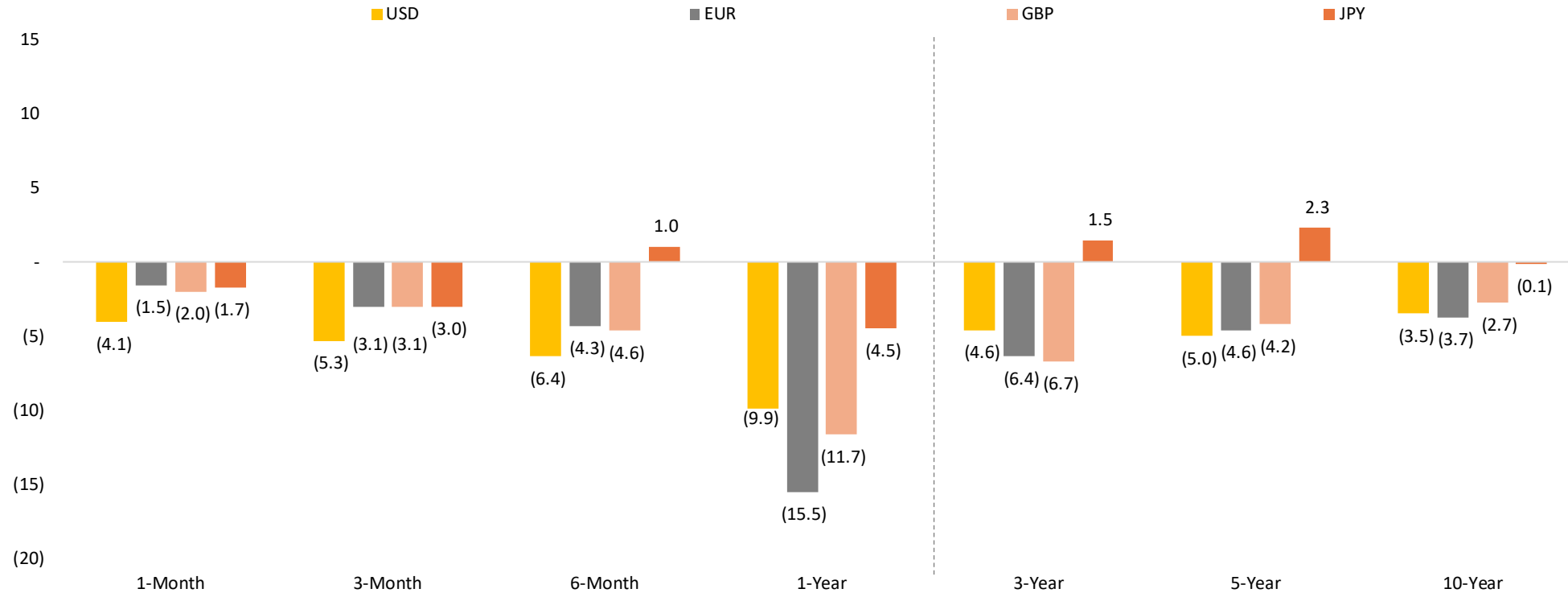
**Note:**

1. Dollar index measures the relative strength of USD compared to other major currencies (EUR, GBP, JPY, SEK, CAD, CHF). A higher number indicates a stronger USD.

## [Forex] Foreign exchange markets (2/3)

### INR depreciates sharply against major currencies over the past month; Broad long-term depreciation rates remain stable

INR performance vis-a-vis major currencies (%), FY2016-FY2026 (31 Mar '26)



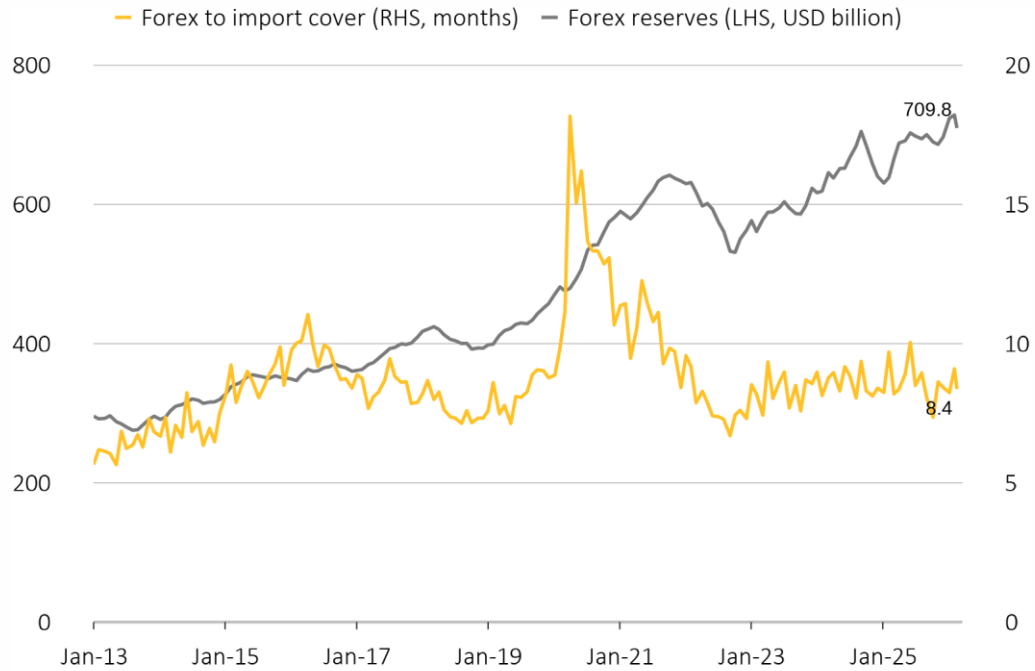
Source: Bloomberg, NIIF Research

**Note:**

1. Numbers are annualized for periods above 1 year
2. Positive return indicates appreciation of INR and negative means depreciation of INR vis-a-vis respective currency

## [Forex] Foreign exchange markets (3/3)

**RBI maintains ~USD 700+ billion forex reserves; 8+ months imports cover**  
 Monthly foreign exchange reserves, FY2013-FY2026 (13 Mar '26)



Source: Thurro, RBI, NIIF Research

**Note:**

1. Import cover calculated on total imports (merchandise plus services)

**1-year USD-INR forward premium inches to 2.95% as on 31 March**  
 USD/INR implied 1-year forward risk premium (%), FY2008-FY2026 (31 Mar '26)



Source: Bloomberg, NIIF Research

## [Forex] Merchandise export: Growth

### February exports slip (-0.8% yoy) as petroleum and labour-intensive goods - textiles, plastics, and leather - weigh on overall shipments

Broad product category-wise exports (% yoy), Jan '25 - Feb '26

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26 QE
Engineering goods	7.5	(7.7)	(4.0)	11.2	(0.9)	1.3	13.9	4.9	2.9	(16.7)	23.8	1.3	10.4	12.9
Electronic goods	78.7	26.4	29.4	39.4	54.0	46.8	33.7	25.9	50.5	19.0	38.8	16.7	0.3	10.4
Agricultural and allied	16.8	(1.5)	5.1	12.8	3.4	0.9	13.9	8.0	15.7	(4.3)	6.2	(0.5)	(6.5)	3.4
Petroleum and crude	(59.6)	(30.4)	(9.6)	(36.6)	(23.9)	(24.4)	6.8	(0.8)	9.6	(16.1)	5.3	(11.2)	8.2	(40.1)
Textile and apparels	14.2	0.1	3.5	8.6	4.8	0.3	6.5	(1.4)	(8.3)	(12.2)	10.1	1.1	(2.8)	(5.0)
Drugs and pharmaceuticals	21.5	(1.5)	31.2	2.0	7.6	6.0	14.2	7.0	2.6	(5.1)	20.9	5.7	1.0	3.4
Gems and jewellery	16.0	(20.7)	10.6	10.7	(13.9)	(20.4)	28.9	15.6	0.4	(29.5)	27.8	(2.1)	(23.0)	4.1
Chemicals and related	(0.4)	(23.2)	(23.0)	(11.5)	0.9	1.4	7.8	2.2	(0.5)	(22.4)	17.6	0.0	(1.5)	6.9
Ores and minerals	(43.9)	(19.8)	4.6	22.0	(15.8)	(24.1)	(18.7)	16.9	21.6	(8.8)	66.8	22.6	19.3	(0.9)
Plastic and linoleum	13.3	(6.9)	1.6	4.5	(0.8)	2.2	4.5	(5.3)	(12.0)	(21.6)	(0.5)	(9.6)	(11.8)	(8.8)
Leather and leather manufactures	6.8	(0.9)	3.6	4.9	7.7	0.2	7.5	0.8	(6.0)	(15.1)	5.7	(3.4)	(6.7)	(4.8)
Glass, ceramics and cement	13.9	(10.3)	(5.1)	(0.8)	0.3	0.1	7.8	6.0	(10.6)	(19.8)	11.7	(8.9)	(7.7)	6.4
Paper and wood	8.9	(6.7)	(5.2)	(1.0)	(3.3)	(0.9)	3.9	(2.9)	(4.3)	(15.5)	14.6	(1.1)	(1.0)	
Other manufactured commodities	(7.0)	(24.1)	(23.0)	(20.6)	(25.3)	(11.9)	5.9	2.5	(1.7)	(18.3)	8.8	21.4	8.5	7.7
<b>Total</b>	<b>(2.6)</b>	<b>(10.9)</b>	<b>0.9</b>	<b>(3.8)</b>	<b>(1.2)</b>	<b>(1.3)</b>	<b>13.3</b>	<b>5.7</b>	<b>6.0</b>	<b>(12.5)</b>	<b>18.7</b>	<b>1.3</b>	<b>0.6</b>	<b>(0.8)</b>

Source: Thurro, DGCIS, MOCI, NIIF Research

**Note:**

1. Other manufactured commodities include other manufactured goods that are not included in the above product categories and other commodities list as provided by DGCIS.
2. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green for each variable.
3. QE refers to quick estimate data from ministry of commerce
4. Absolute values in Annexure

## [Forex] Merchandise import: Growth

### February import growth (24.1% yoy) driven by a sharp gems and jewellery rise alongside recovery in energy, chemicals, minerals, and agri-goods

Broad product category-wise imports (% yoy), Jan '25 - Feb '26

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26 QE
Petroleum and crude	(13.4)	(29.6)	16.3	25.5	(26.2)	(8.4)	7.4	9.4	(5.9)	(21.7)	(11.3)	5.9	(0.3)	9.1
Engineering goods	15.4	(4.6)	(0.7)	21.1	8.9	(2.7)	13.0	(4.2)	11.5	7.0	11.4	10.6	9.5	7.5
Gems and jewellery	26.6	(47.0)	40.8	3.4	(8.0)	(21.3)	4.0	(50.5)	83.2	161.8	(31.5)	(3.5)	169.9	157.1
Electronic goods	17.8	9.1	25.0	31.2	27.2	9.4	12.7	8.3	15.2	14.3	15.9	22.2	9.0	33.4
Chemicals and related	48.2	17.7	18.0	34.3	46.9	4.6	20.4	17.8	33.2	22.6	20.8	2.7	(7.9)	7.2
Ores and minerals	0.4	(27.4)	(23.6)	3.2	(16.8)	(7.5)	(5.0)	(18.0)	(0.9)	4.3	13.0	21.8	(7.6)	22.1
Agricultural and allied	27.8	16.1	(5.3)	(5.6)	(1.0)	5.9	7.2	4.3	24.5	(3.2)	(2.0)	11.8	(0.4)	11.1
Plastic and linoleum	6.4	(6.2)	7.1	14.2	4.7	(2.1)	0.9	(9.7)	2.6	(3.7)	(1.9)	(1.0)	8.0	12.1
Drugs and pharmaceuticals	16.0	6.5	9.0	9.5	3.3	0.0	13.9	1.2	16.5	5.5	8.8	10.4	0.3	22.5
Paper and wood	33.6	2.9	(2.7)	14.4	2.8	(6.3)	8.5	(12.0)	(5.2)	(7.4)	2.1	(6.3)	(4.7)	(3.3)
Textile and apparels	26.8	10.4	21.4	21.7	20.3	1.9	12.9	5.3	12.3	7.7	8.9	1.4	10.4	5.5
Leather and leather manufactures	36.6	22.6	38.1	(3.9)	5.9	(15.4)	(40.7)	(27.1)	24.7	20.0	19.3	(9.9)	18.3	14.8
Glass, ceramics and cement	15.0	16.4	20.0	39.4	34.4	16.2	24.6	11.1	23.9	18.5	28.2	36.6	44.0	
Other manufactured commodities	31.1	(18.3)	(9.6)	16.1	(3.2)	(7.1)	5.9	(5.2)	12.8	15.8	14.1	(1.3)	(2.1)	1.1
<b>Total</b>	<b>10.9</b>	<b>(15.7)</b>	<b>11.8</b>	<b>20.0</b>	<b>(1.3)</b>	<b>(3.4)</b>	<b>9.1</b>	<b>(9.6)</b>	<b>17.6</b>	<b>16.7</b>	<b>(1.8)</b>	<b>8.8</b>	<b>19.2</b>	<b>24.1</b>

Source: Thurro, DGCIS, MOCI, NIIF Research

#### Note:

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# MONTHLY ECONOMIC REPORT ON INDIA MAR 2026

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