बैंक ऑफ़ बड़ौदा
Bank of Baroda

India Economics
Monthly Chartbook

August 2026

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All eyes on GDP growth

Geopolitical uncertainties remained heightened in Aug'26, on the back of ongoing tensions between US and Iran. Global markets remain vary of the impact of the war on inflation. Upcoming speech of Fed Chair at Jackson hole is keenly awaited for more cues on Fed's rate trajectory. In India, inflation faces dual threats. Apart from Iran war, local monsoon trajectory is also a key factor in determining how inflation will progress. Other macro indicators are showing mixed trends of growth. We expect GDP growth to come in at 7% in Q1FY27, with an upside of 0.2%. Corporate results suggest improved performance, which is also reflective in India's direct tax receipts. Despite global uncertainties, our 10Y bond yield has remained stable and INR has appreciated in Aug'26, supported by buoyant capital inflows. Going forward, as pace of these flows will ease in the coming months, pressure on INR may return, unless tensions between US and Iran are resolved.

High frequency growth indicators remain mixed: For the month, indicators showed varied performance. Power demand, steel consumption and retail passenger vehicle sales moderated. On the other hand, tractor sales, non-oil non-gold imports, FMCG production and credit demand remained buoyant. On rural front, rainfall activity remains normal, on a cumulative basis till date. However, 35% of the states are still in deficit. Hence monitoring is required on its impact on sowing. The progress of sowing shows actual area sown as % of normal area as of 21 Aug 2026 is ~ 95.68% for all crops.

Central government finances: Centre's fiscal deficit ratio (12MMA trailing basis) eased to 4.2% as of Jun'26 from 5.3% as of Jun'25. In Q1FY27 (Apr-Jun), net revenue growth has risen by 11%, following 10.1% rise between Apr-Jun'25. Acceleration was led by direct tax collections, which rose by 11.7% versus 0.8% decline noted between Apr-Jun'25. Indirect tax collections on the other hand fell by (-) 6.9% versus 11.3% last year during. On the spending front, overall expenditure growth has eased (11% versus 26%). This is on account of revenue spending growth, which has moderated to 7.4% from 20%. Capex growth has moderated 23.7% versus 52%, due to base effect.

Yields largely rangebound: Albeit volatility in global yields (especially on account of war-related uncertainty and anticipation of higher buyback by US Treasury), domestic 10Y yield remained broadly stable. This was supported by adequate domestic liquidity conditions which has remained above 1% NDTL surplus level. This can be attributed to higher flows from FCNR (B) deposits. Till 21 Aug, the flows under FCNR (B), ECB and OFCBs route amounted to US$ 72.9bn, with FCNR (B) flows at US$ 65.4bn. No major impact was seen across market variables due to premature withdrawal of FCNR (B) swap facility.

INR trajectory gets RBI support: INR's performance improved in Aug'26, despite continued tensions between US and Iran. Crude oil prices, after averaging at US$ 84/bbl in Jul'26, have risen to an average of US$ 87.4/bbl till 27 Aug. INR has been helped by robust capital inflows. RBI's data shows US$ 72.9bn inflows under RBI's swap facility, with FCNR (B) flows taking the lead of US$ 65.4bn so far. Further, pickup in exports has also supported investor sentiments. FPI outflows have also moderated. We expect INR to trade in the range of 95.55-96.55/$ in the near-term.

Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified

High frequency indicators

Fig 2 – Power demand continues to register steady growth

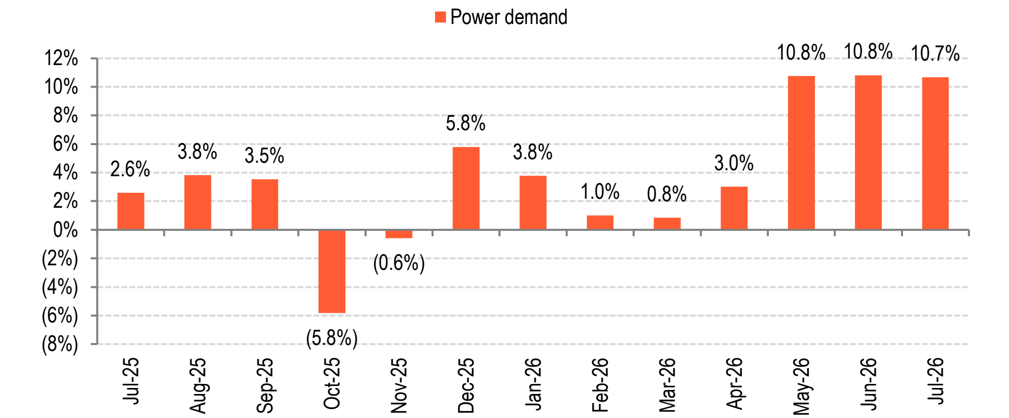


Fig 3 – Volume of UPI transactions slips further

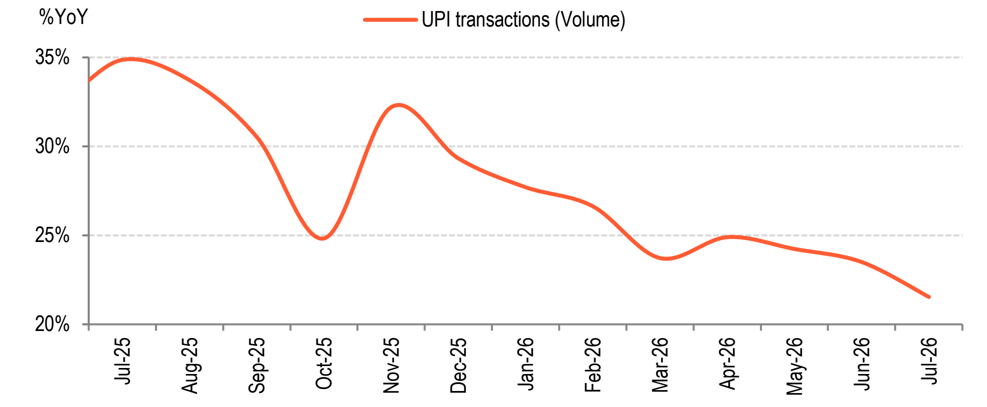


Fig 4 – Steel consumption growth slows down

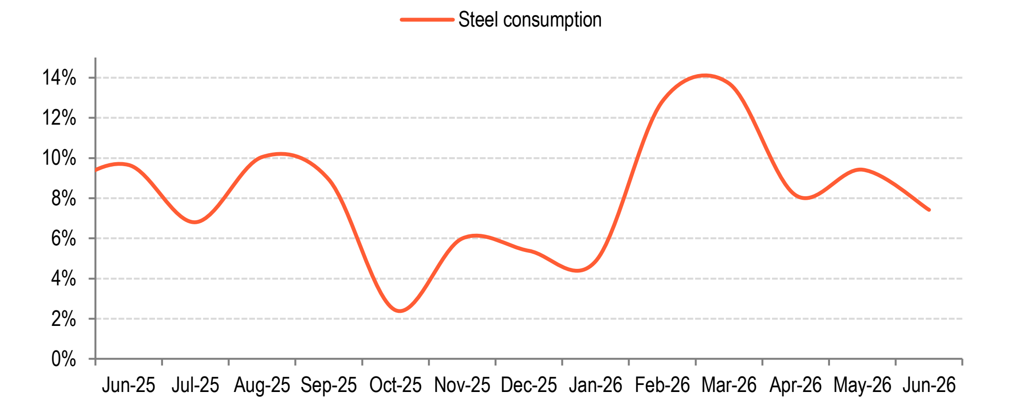
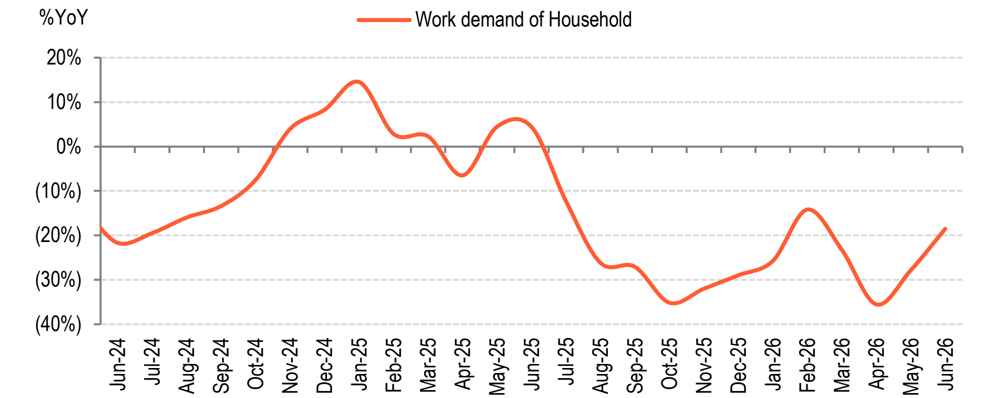


Fig 5 – Demand for work (MGNREGA-household) inch up in Jun'26



Non-oil imports, electronic imports

Fig 6 – Uptick in non-oil-non-gold imports

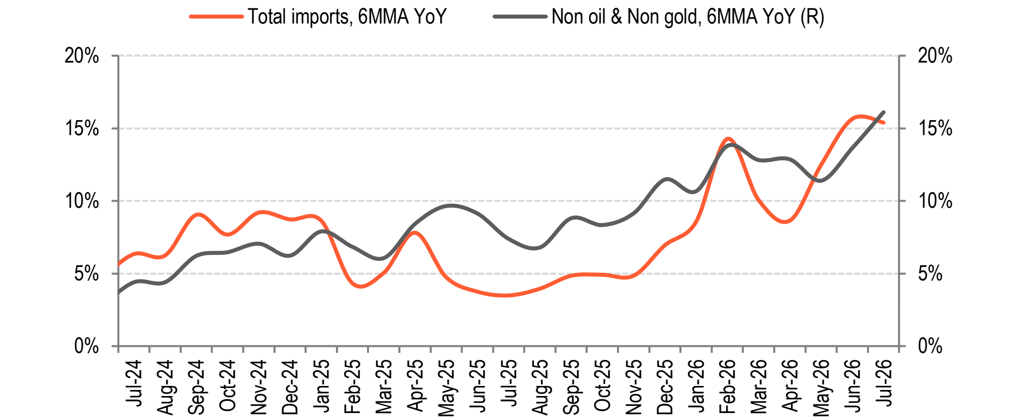


Fig 7 – Electronic imports eases

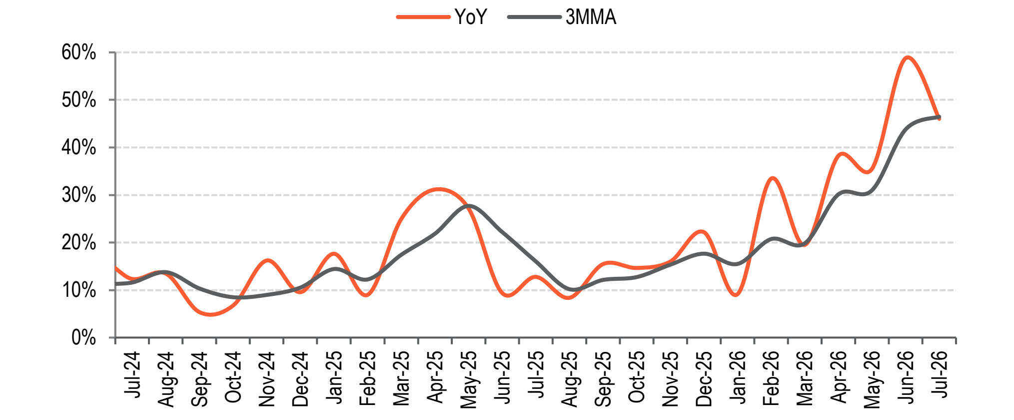


Fig 8 – Retail passenger vehicle sales declines in Jul'26

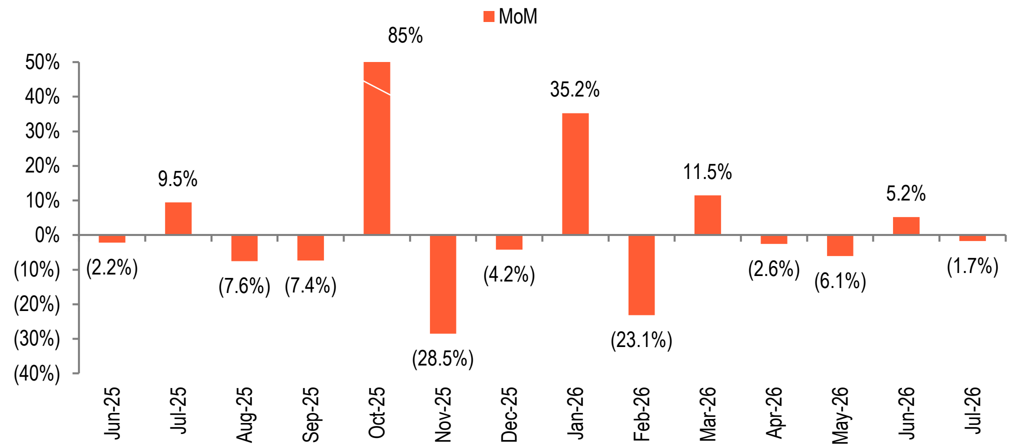
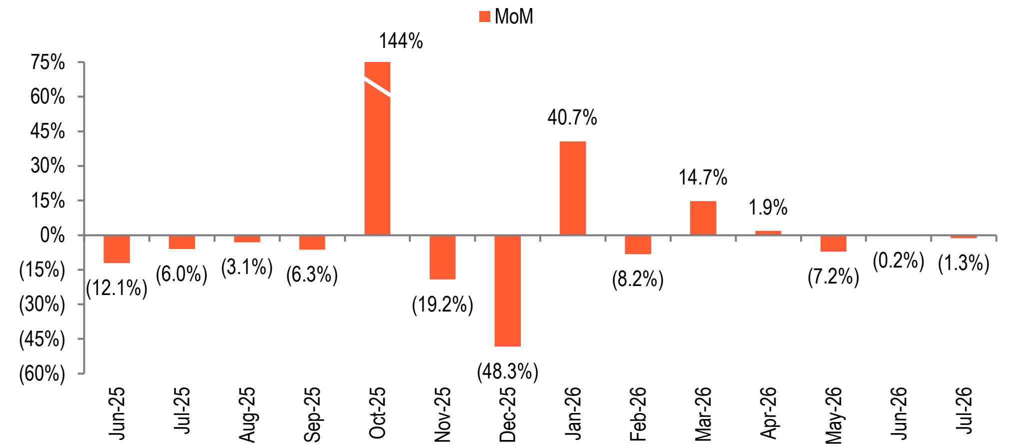


Fig 9 – Two-wheeler sales also contract for the same period



Source: FADA

Credit deployment of personal loans

Fig 10 – Growth in personal loans remains steady

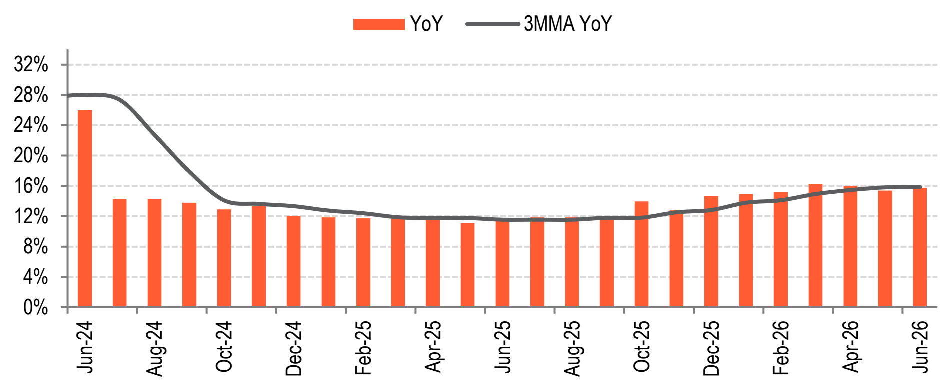


Fig 11 – Growth in credit card outstanding inch up

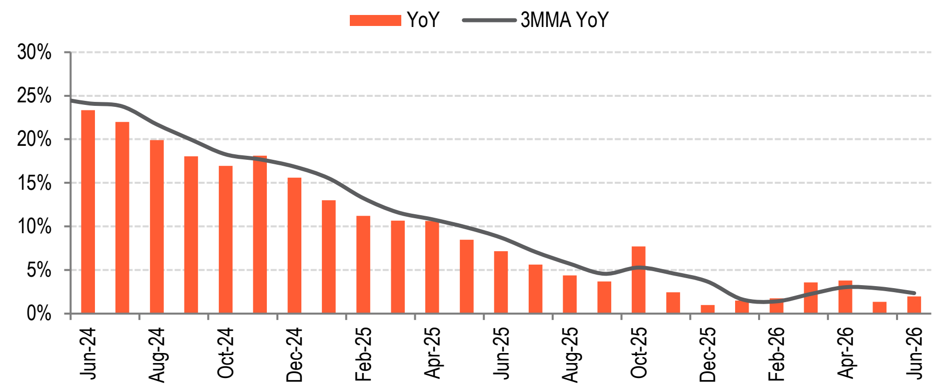


Fig 12 – Stable growth in vehicle loans

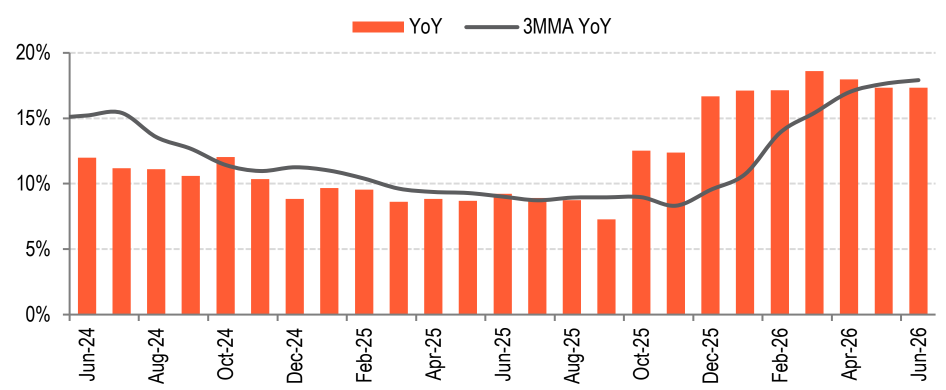


Fig 13 – Higher growth in other personal loans

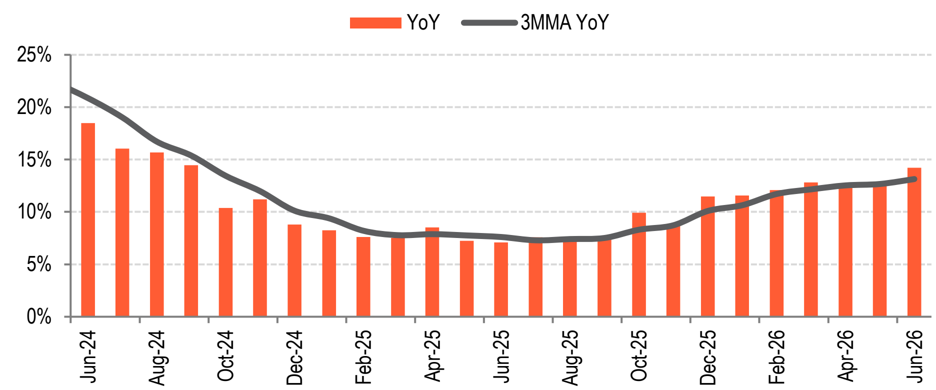


Fig 14 – Consumer confidence weakens in May'26 (Urban)

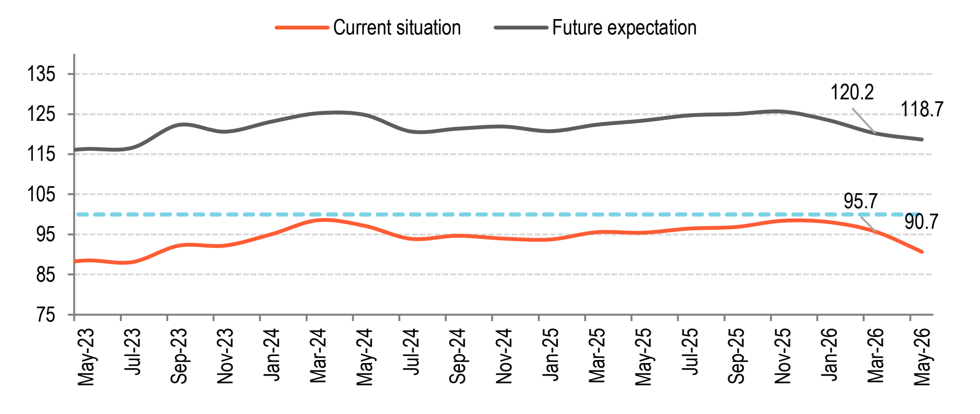
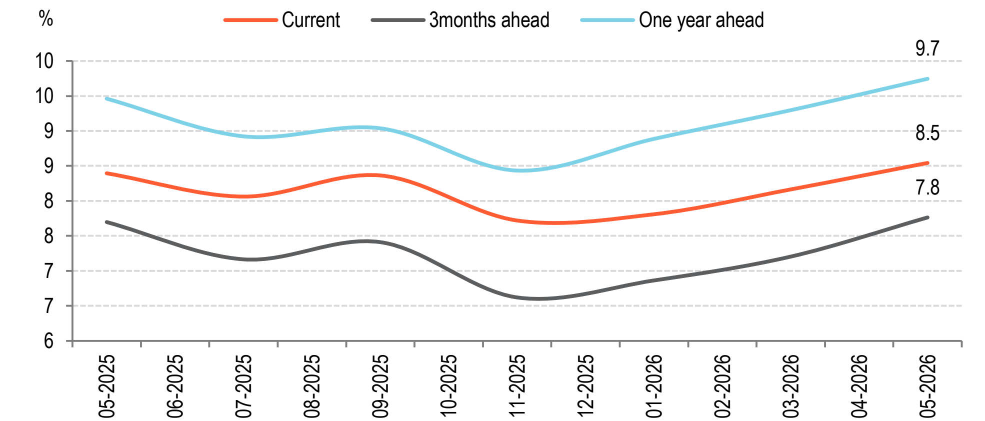


Fig 15 – Inflation expectations have edged up



Consumer durables & non-durables production

Fig 16 – Higher growth in consumer durables output

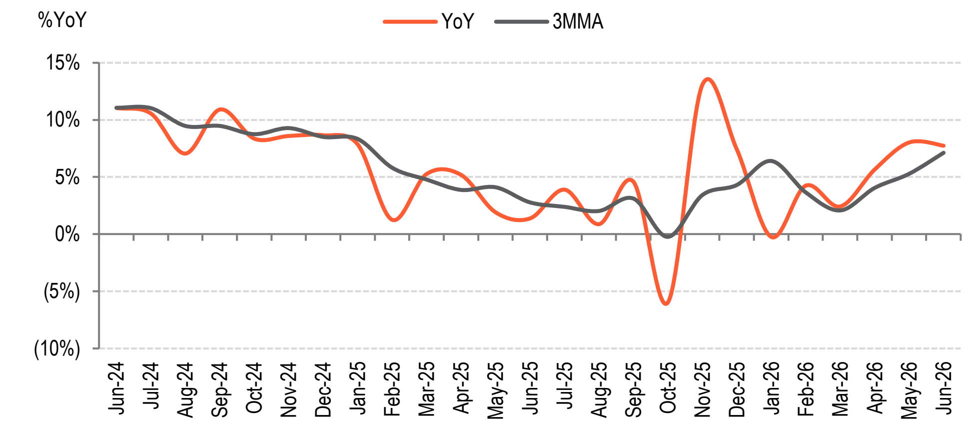
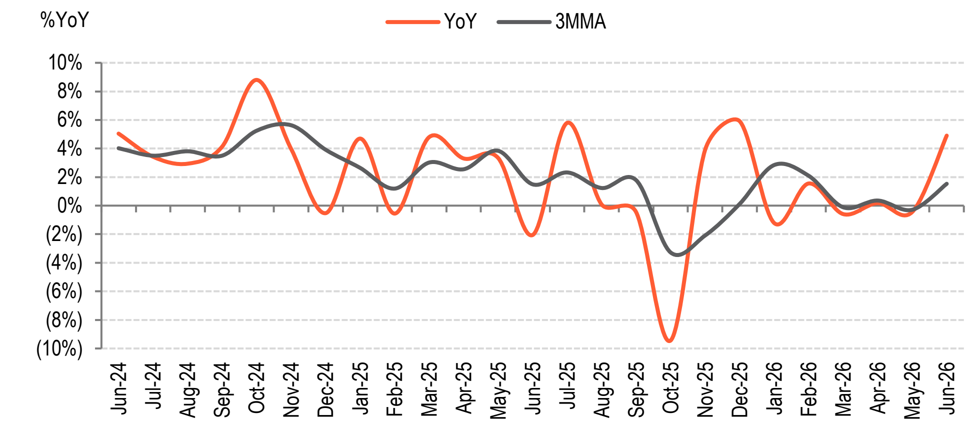
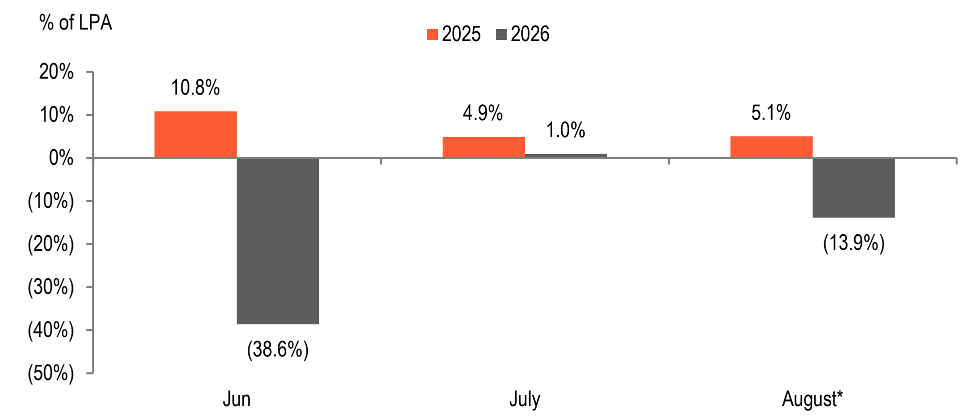


Fig 17 – FMCG production too registered an uptick



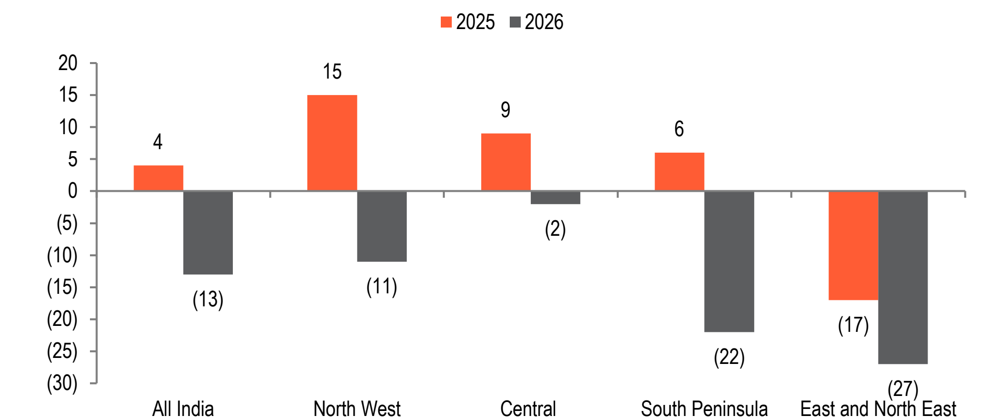
Agriculture

Fig 18 – Tracking rainfall for the last 3-months (% departure of LPA)



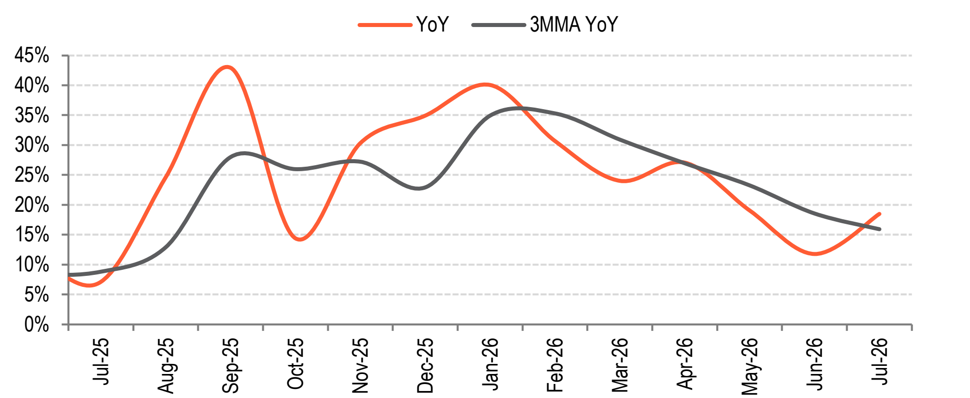
Note: * Aug data till 24.8.2026

Fig 19 – Cumulative rainfall movement-region wise (% departure of LPA)



Note: As of 24.08.2026

Fig 20 – Growth in Tractor sales rebounds



Note: Tractor sales including exports

Fig 21 – Growth in agriculture credit strengthens

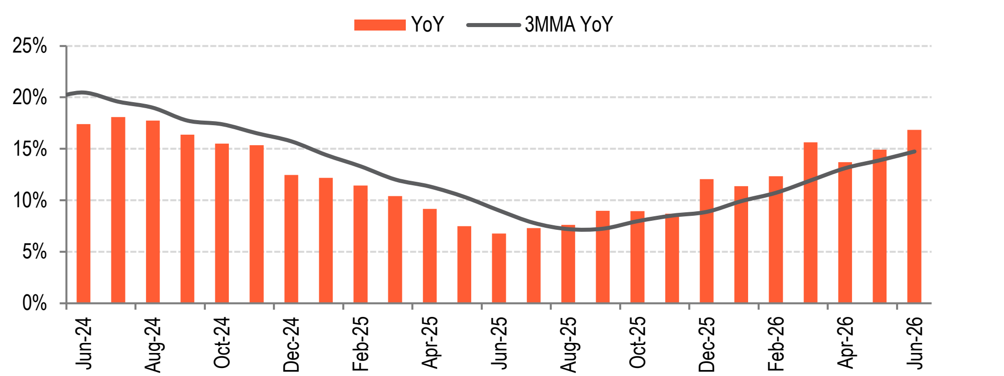
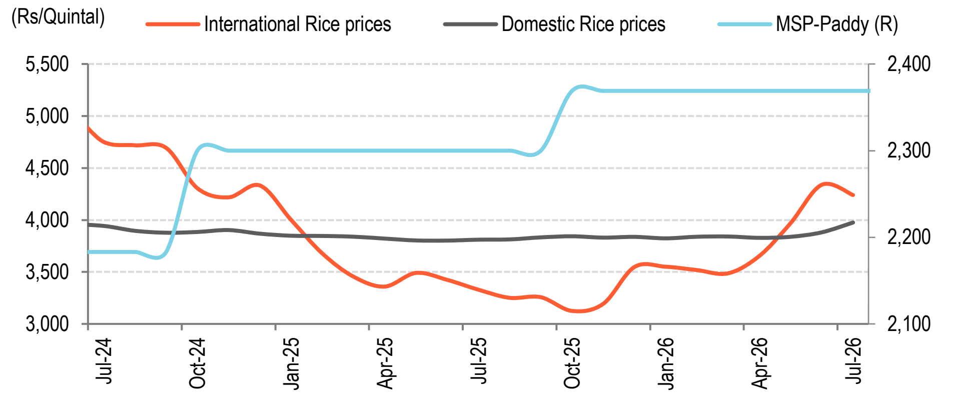
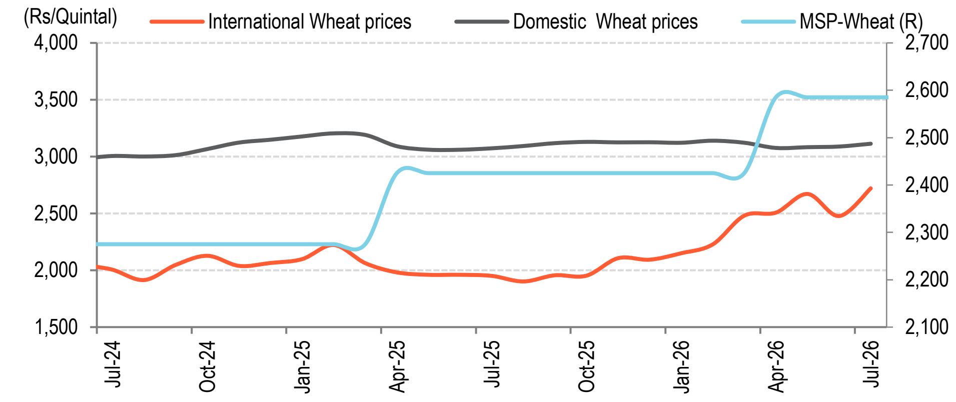


Fig 22 – Domestic rice prices were higher while international prices lower



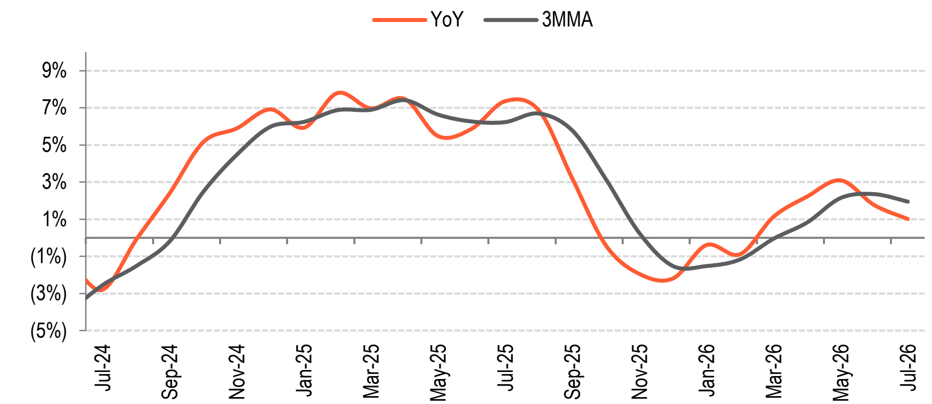
Source: World Bank

Fig 23 – Both domestic and international wheat prices were higher



Source: World Bank

Fig 24 – Global food prices increase at a slower pace



Source: FAO

Fig 25 – Procurement of rice and wheat

Year	Wheat	Rice
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	57.59
2022-23	18.8	54.32
2023-24	26.2	52.54
2024-25	26.61	55.53
2025-26	30.04	48.43
2026-27*	35.76	57.08*

Source: CMIE | *As on: 31 July 2026

Fig 26 – Kharif sowing is lower than last year

Crop type	2025 (area sown:000 hac)	2026 (area sown:000 hac)	Growth
Foodgrains	71,026	69,510	(2.1)
Cereals	59,811	58,146	(2.8)
Rice	41,829	40,510	(3.1)
Pulses	11,215	11,364	(1.9)
Oilseeds	18,869	18,838	6.3
Cotton	10,873	10,845	2.1
Sugarcane	5,887	5,844	1.8
Jute & Mesta	623	634	(0.7)

Inflation

Fig 27 – Headline CPI rose to its highest since Dec'24 to 4.4% led by 20bps jump in food inflation…

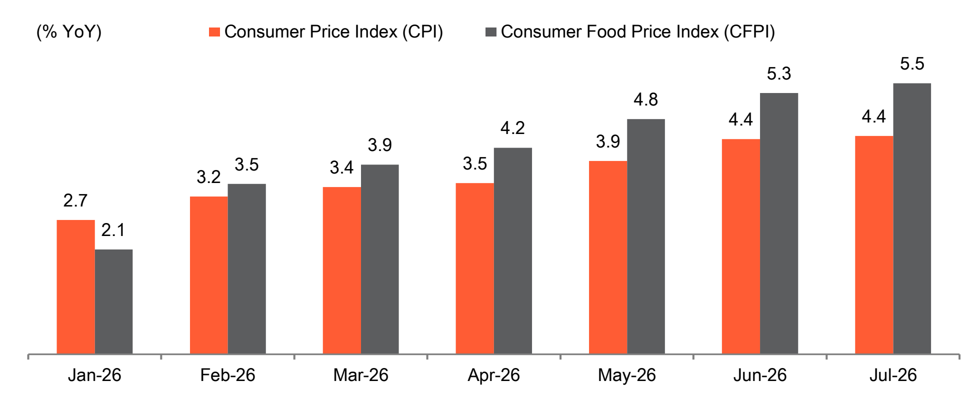


Fig 28 – …Within food inflation, protein-based items and edible oils pose upside risks

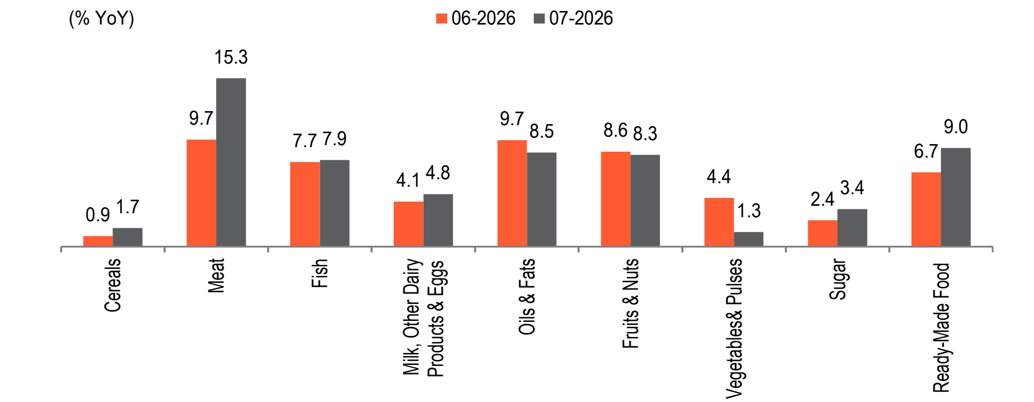


Fig 29 – Core excl. precious metals is inching up

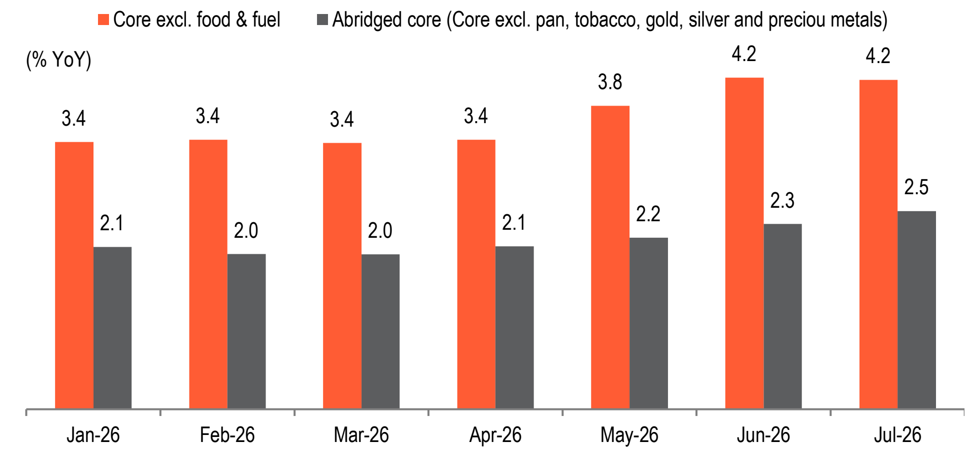
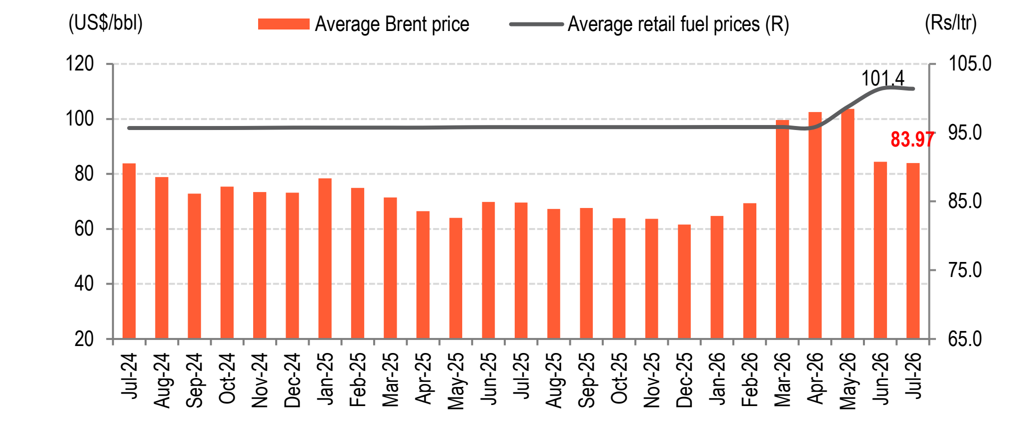


Fig 30 – Domestic retail price was stable at Rs 101.4/lt in Jul'26, average crude price slightly softened to US$ 84/bbl in Jul'26 and currently higher at US$ 87.8/bbl



Note: Average retail price of petrol and diesel for Delhi, Kolkata, Mumbai and Chennai have been taken

Industry

Fig 31 – Manufacturing PMI eases further

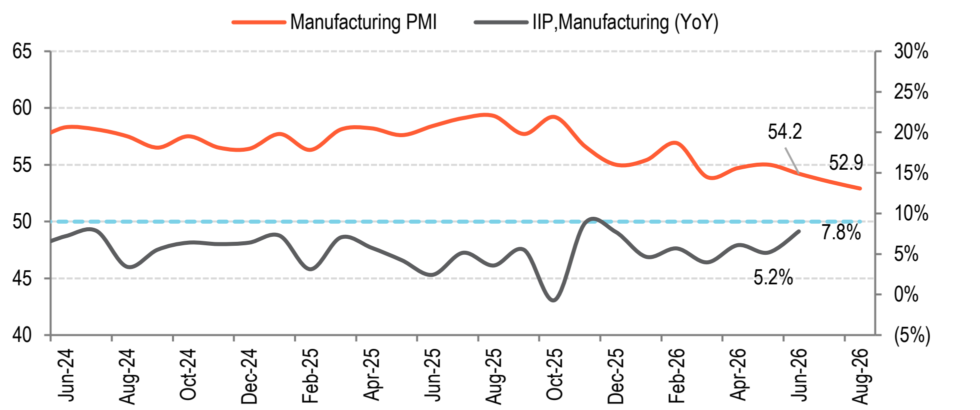


Fig 32 – Sector wise growth remains mixed in Jun'26 against Jun'25

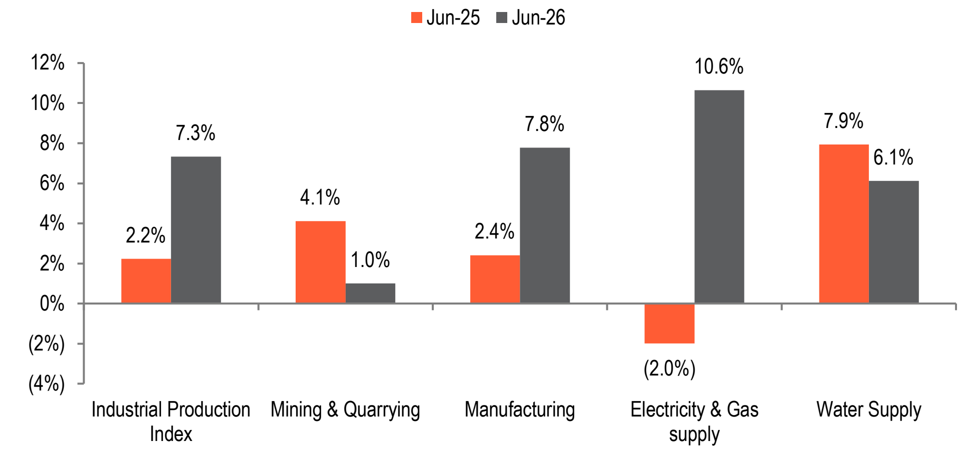


Fig 33 – IIP growth accelerated in Jun'26

Sectoral (%)	Weight	June-25	June-26	Apr-Jun'25	Apr-Jun'26
Industrial Production Index (IPI)	100.0	2.2	7.3	3.4	5.8
Mining & Quarrying (MQ)	11.1	4.1	1.0	3.5	(1.4)
Manufacturing (Mfg)	76.1	2.4	7.8	4.1	6.3
Electricity & Gas supply (EG)	10.9	(2.0)	10.6	(1.8)	8.6
Water supply, sewage & waste Management (WS)	2.0	7.9	6.1	8.2	6.0
Use-Based					
Primary Goods	31.1	1.2	2.9	1.2	2.9
Capital Goods	8.1	8.8	14.0	8.8	14.0
Intermediate Goods	22.4	5.0	8.5	5.0	8.5
Infrastructure /Construction Goods	10.9	6.1	6.8	6.1	6.8
Consumer Durables Goods	11.3	2.8	7.2	2.8	7.2
Consumer Non-Durables Goods	16.1	1.6	1.5	1.6	1.5

Infrastructure and construction

Fig 34 – Infrastructure good register higher growth in Jun'26

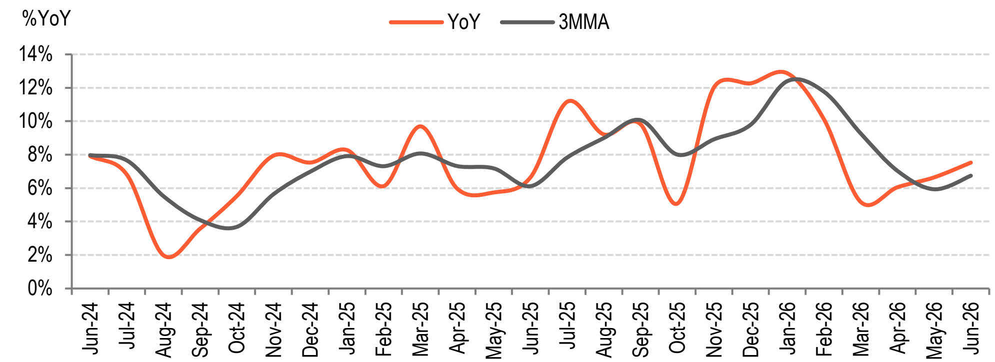
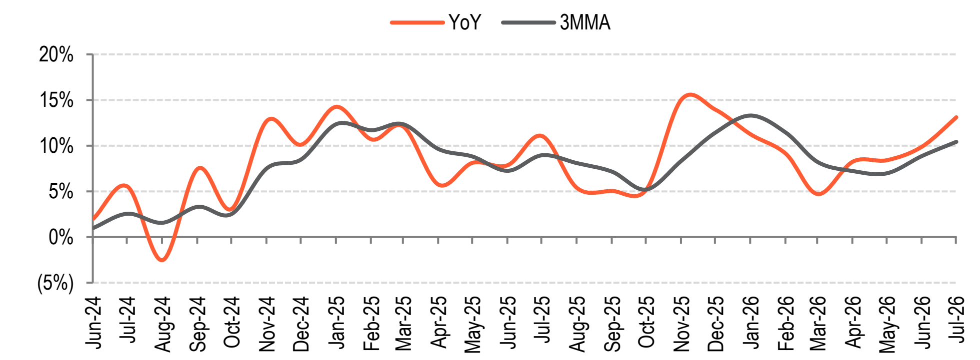


Fig 35 – Uptick noted in cement output



Infrastructure index

Fig 36 – Core sector output slows in Jul'26

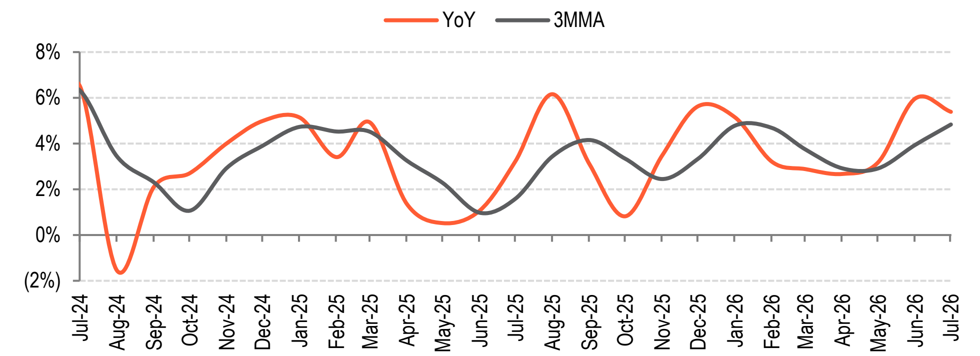
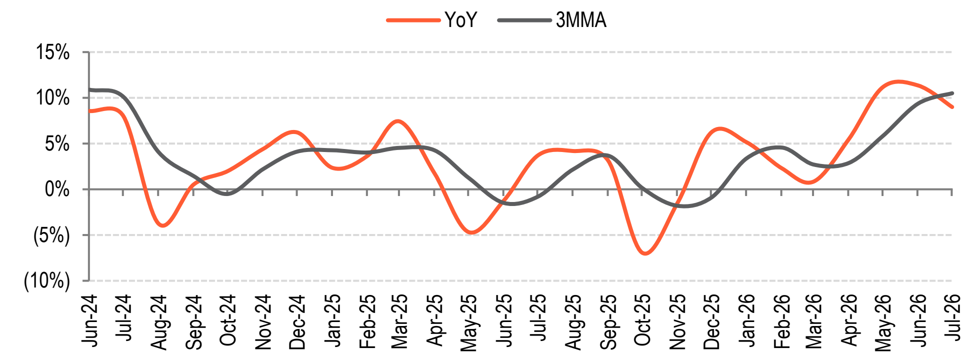


Fig 37 – Moderation in electricity output



Auto production & Electricity generation

Fig 38 – Weakness noted in auto production

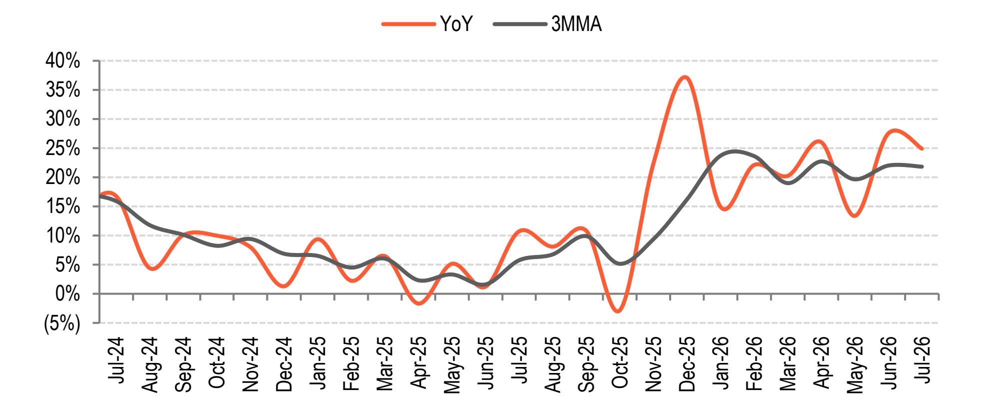


Fig 39 – Electricity generation marginally lower

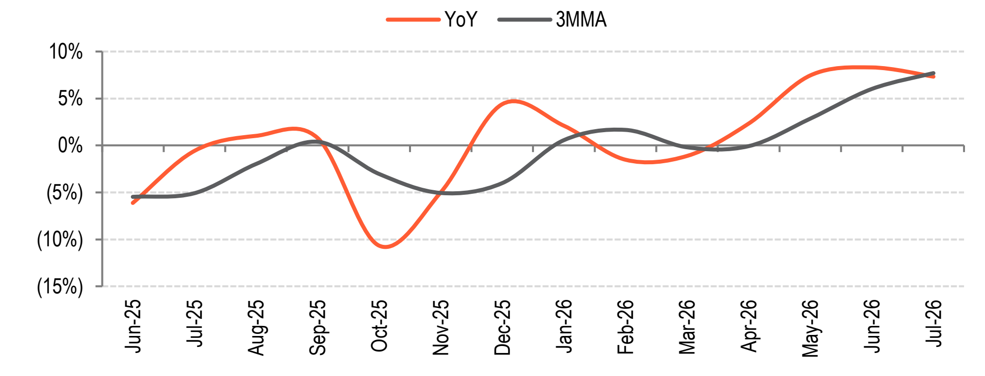


Fig 40 – Infrastructure index inch up in Jul'26 from Jul'25

(%)	Weight	Jul-25	Jul-26	Apr-Jul'25	Apr-Jul'26
Infrastructure Index	100	3.2	5.4	1.5	4.3
Coal	5.6	(12.3)	7.6	(3.0)	(3.1)
Natural Gas	3.8	(3.3)	(3.7)	(2.9)	(4.4)
Crude Oil	7.4	(0.8)	(5.3)	(1.5)	(4.3)
Refinery Products	22.6	(1.4)	2.7	(0.3)	(2.5)
Fertilizers	2.7	1.9	(8.0)	(2.3)	(5.2)
Steel	17.6	15.7	2.9	11.0	4.5
Cement	4.4	11.1	13.1	8.1	9.9
Electricity	30.9	3.7	9.0	(0.2)	9.3
Iron Ore	4.9	(7.1)	29.5	(5.5)	25.2

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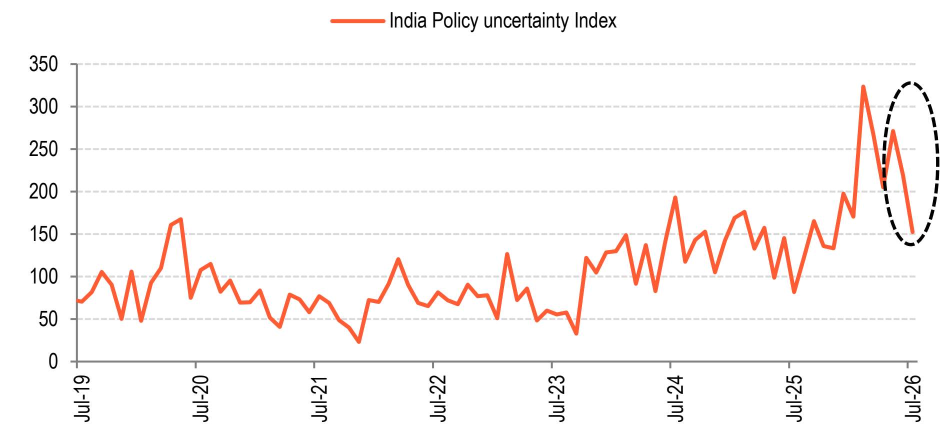
Investment

Fig 41 – Policy uncertainty index in India has fallen amidst coordinated fiscal and monetary policy response



Source: https://www.policyuncertainty.com

Fig 42 – Capital goods production edged down a tad to 14.2% in Jun'26 compared to 15.5% in May'26

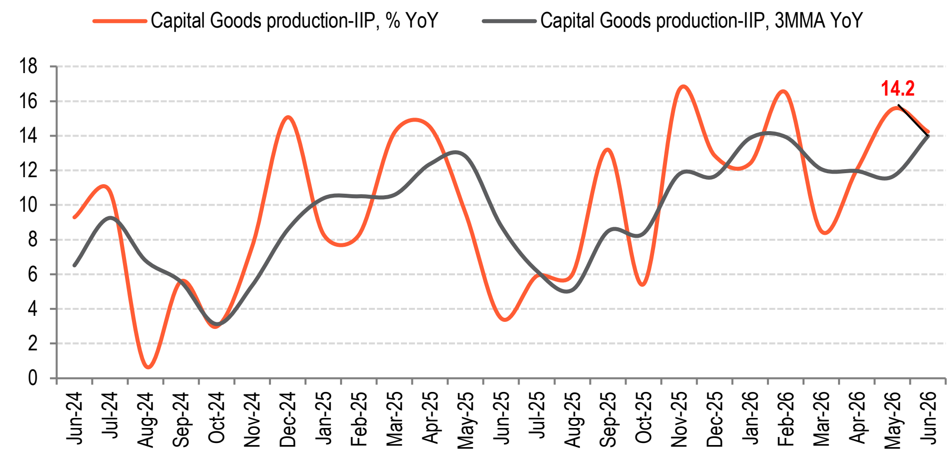


Fig 43 – Capital goods import softened to 10.2% in Jul'26 compared to 23.2% in Jun'26, due to unfavourable base

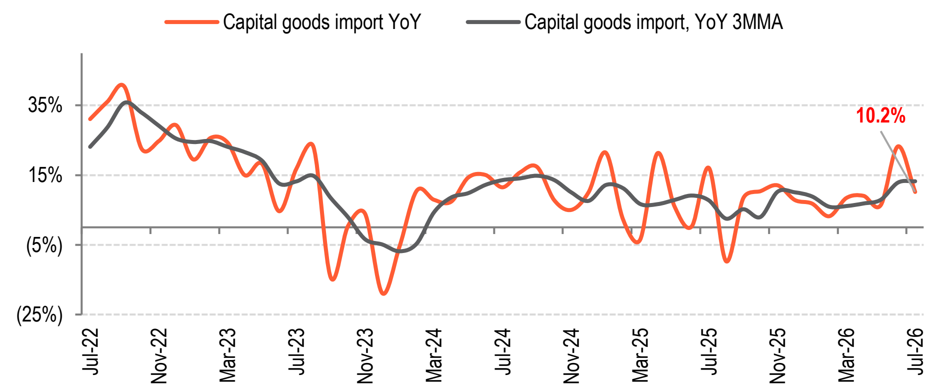


Fig 44 – Centre's capex spending declined by -1% in Jun'26 compared to -2.7% decline in May'26, on 12month trailing sum basis

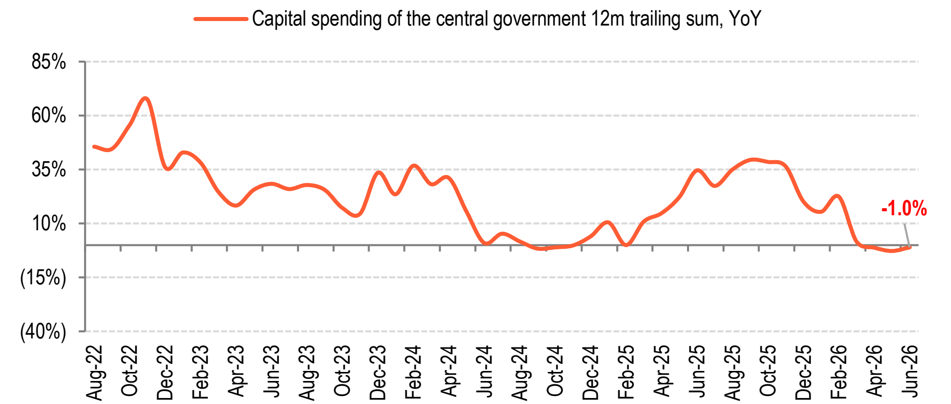


Fig 45 – Credit to micro and small industry moderated slightly to 23% in Jun'26 compared to 26.2% in May'26, for medium industry it was higher at 30.3%

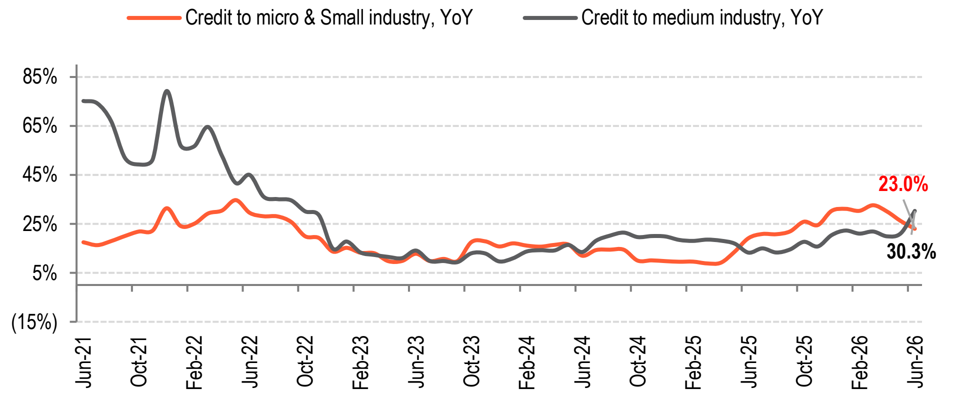
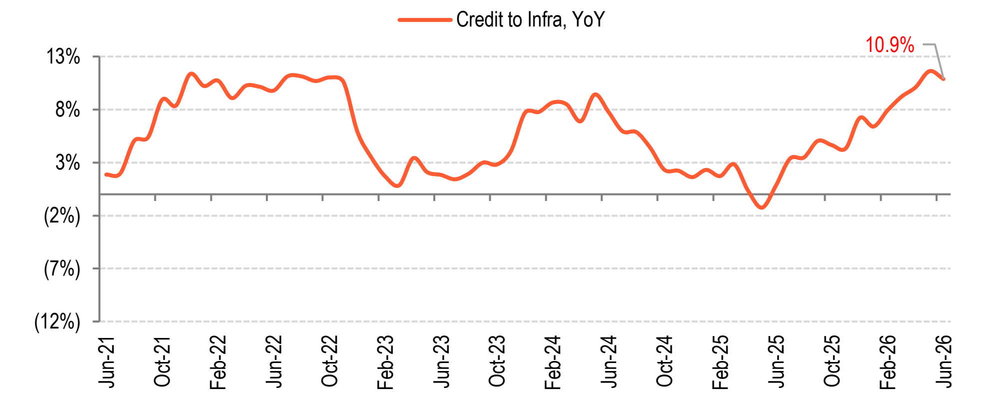


Fig 46 – Credit to infra was at 10.9% in Jun'26 compared to 11.6% in May'26



Services sector

Fig 47 – GVA: Services sector growth remained steady in Q4FY26, but was much higher than last year

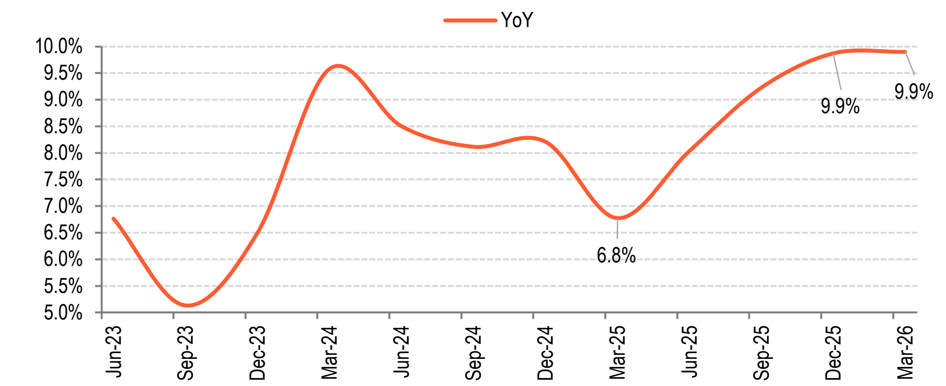
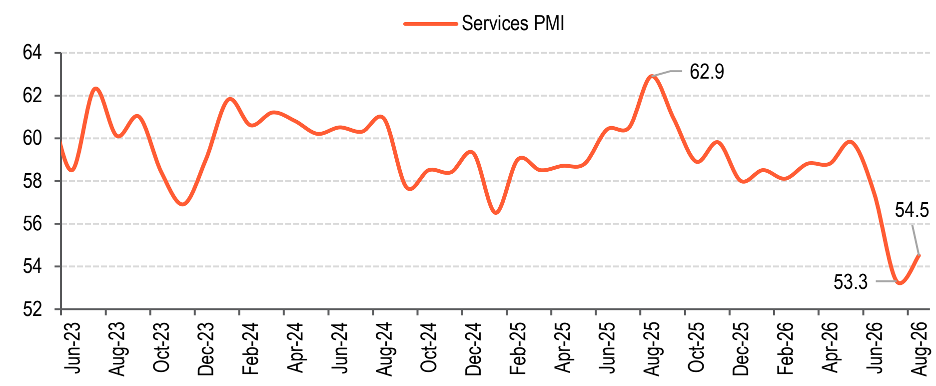


Fig 48 – Services PMI shows activity slowed in Jul-Aug'26 (avg: 53.9) versus last year during the same period (avg: 61.7)



Source: Markit

Fig 49 – GVA: Trade & related services registered revival in Q4FY26, helped by government spending

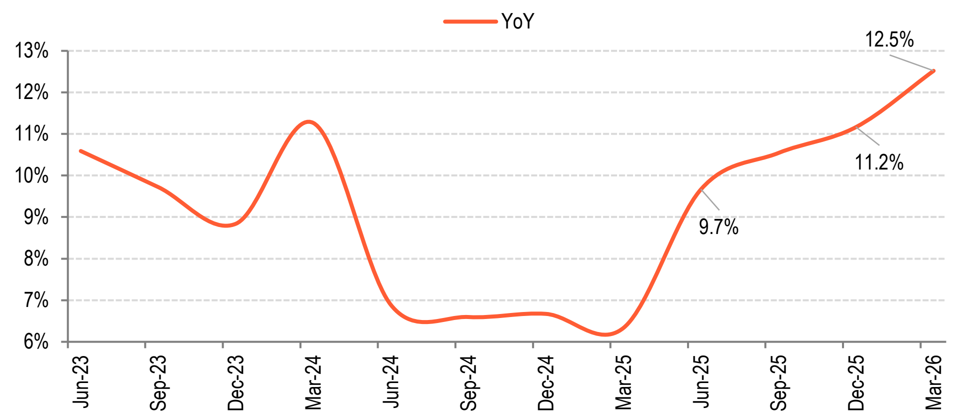
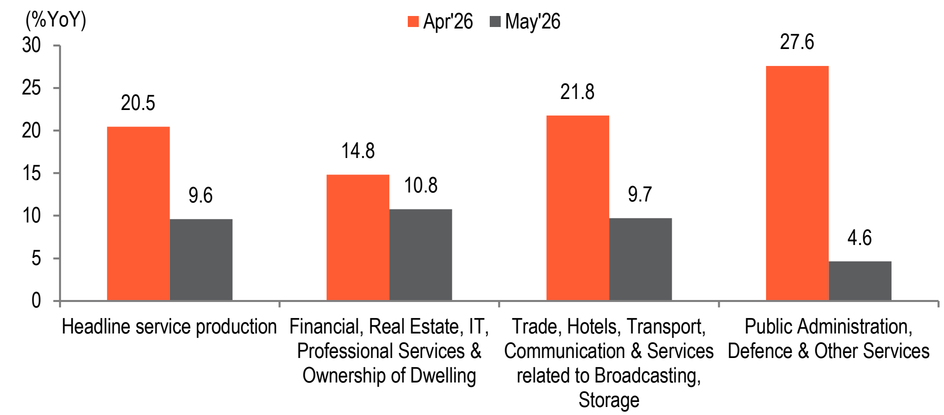
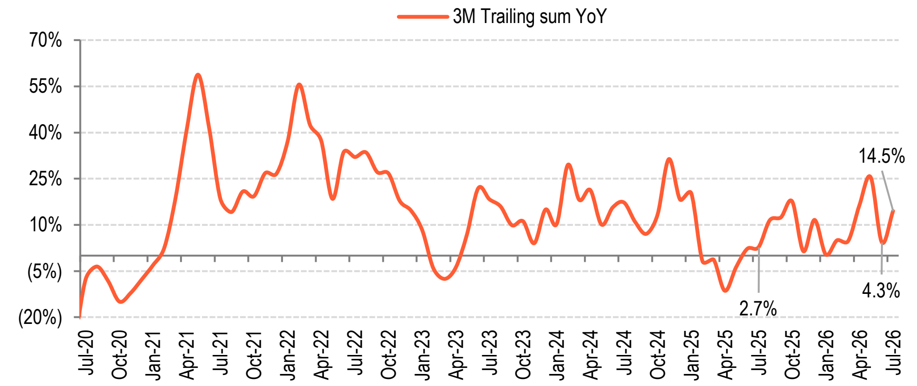


Fig 50 – Index for services production shows slowdown in activity in May'26



Trade

Fig 51 – States' tax revenue growth seen picking up in Jul'26



Note: *All states excluding North Eastern states, Bihar, Goa, and J&K

Fig 52 – Vehicle registration growth is maintaining upward momentum

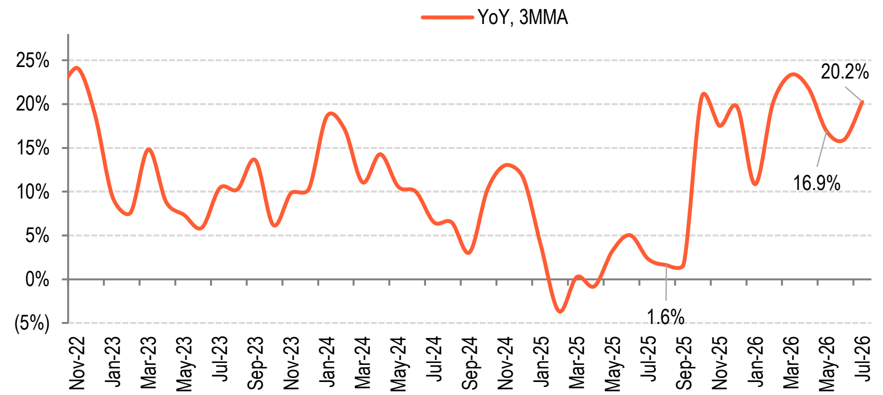


Fig 53 – Diesel consumption growth seen recovering at the start of Q2FY27

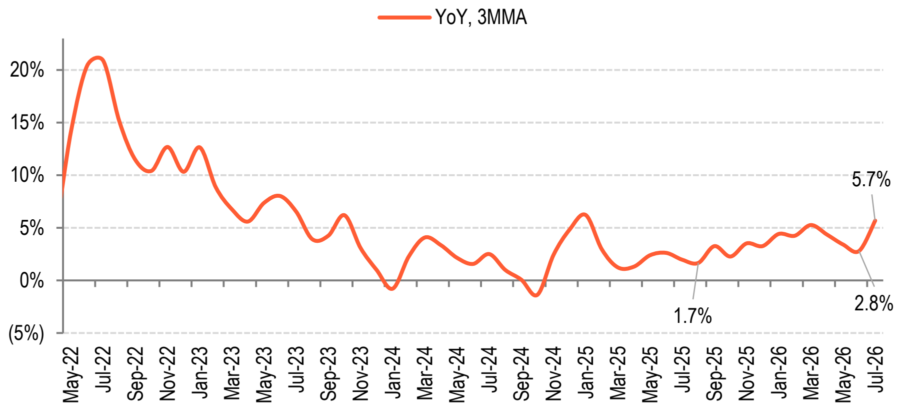


Fig 54 – Port cargo traffic maintaining momentum at the start of Q2FY27 so far

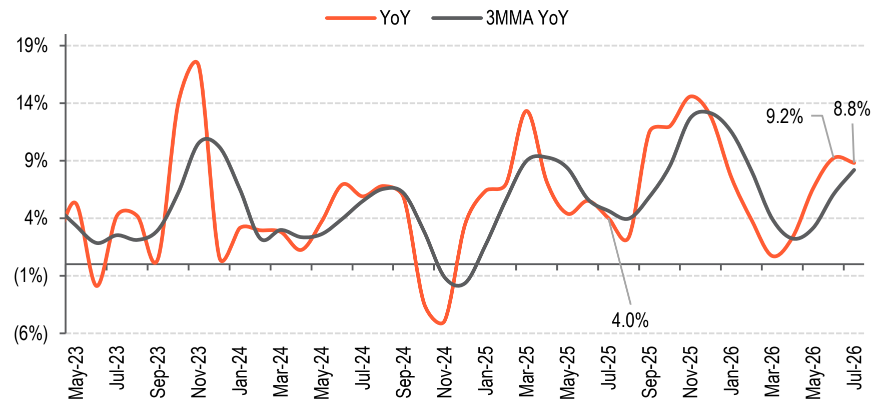


Fig 55 – Toll collection growth continues to decelerate further

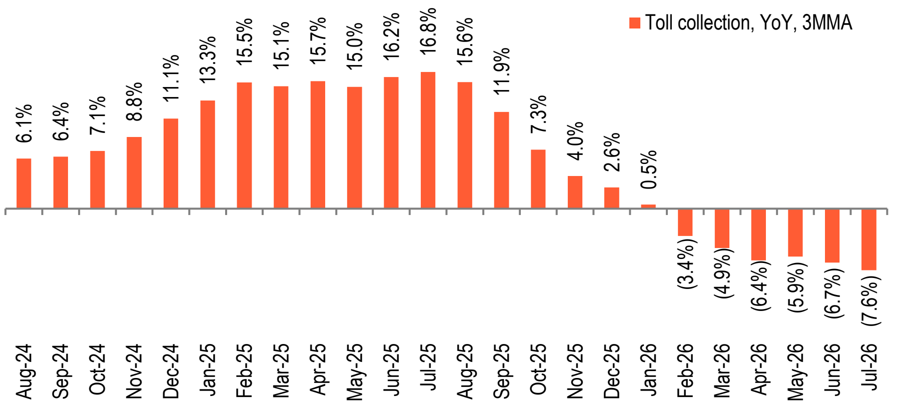
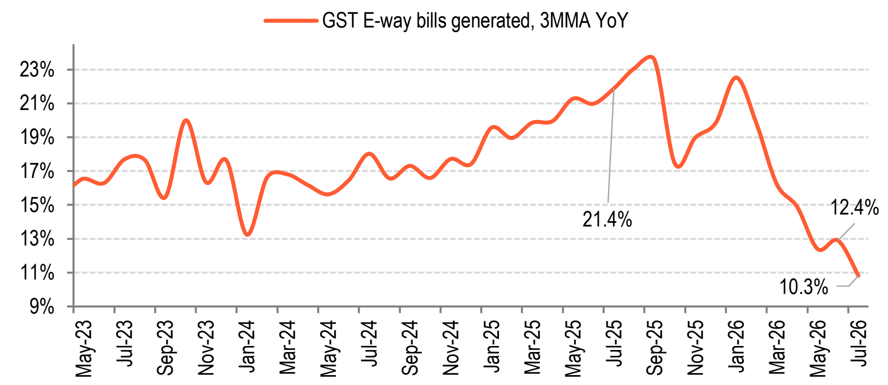


Fig 56 – E-way bill generation growth also easing



Hotels and communications

Fig 57 – Airline passenger traffic continues to decelerate in Jul'26

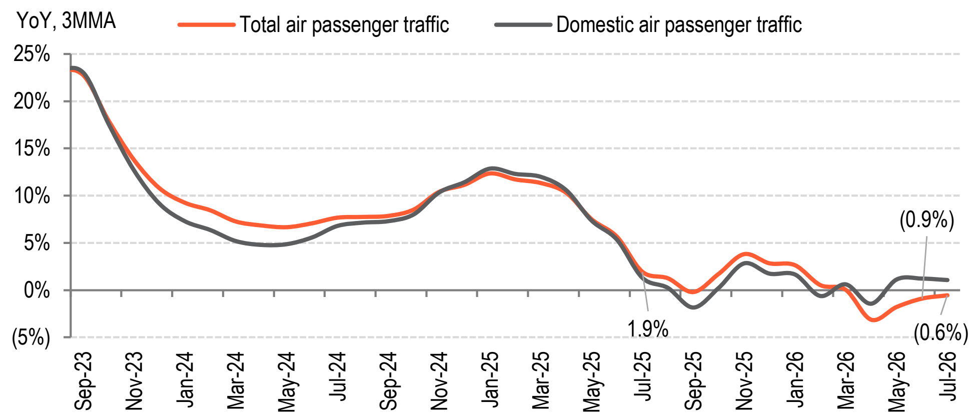
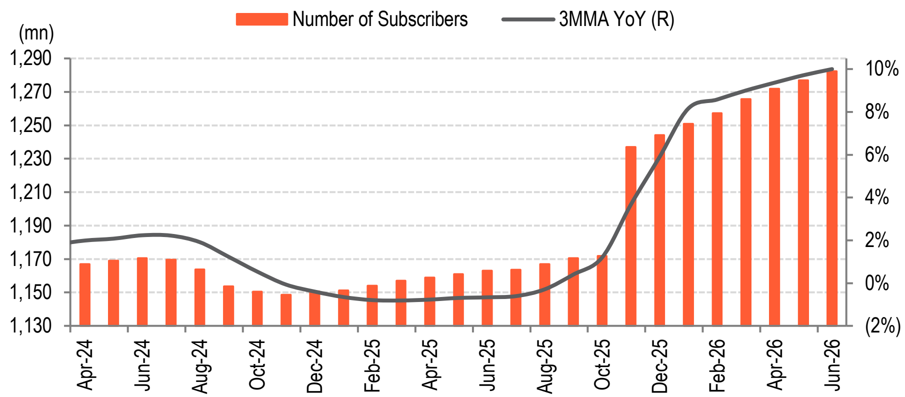


Fig 58 – Number of telecom subscribers rose by 5.4mn in Jul'26, compared with 0.5mn added last year during the same period



Finance and real estate

Fig 59 – Growth in GVA: Finance, real estate & prof. eased a tad in Q4FY27 versus Q3; but was higher than last year

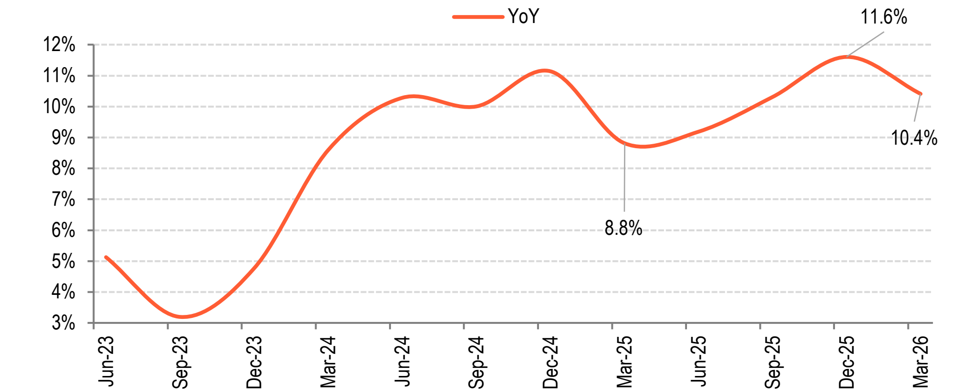


Fig 60 – Credit growth inching up, outpacing deposit growth in Q1FY27; both credit and deposit growth higher than last year

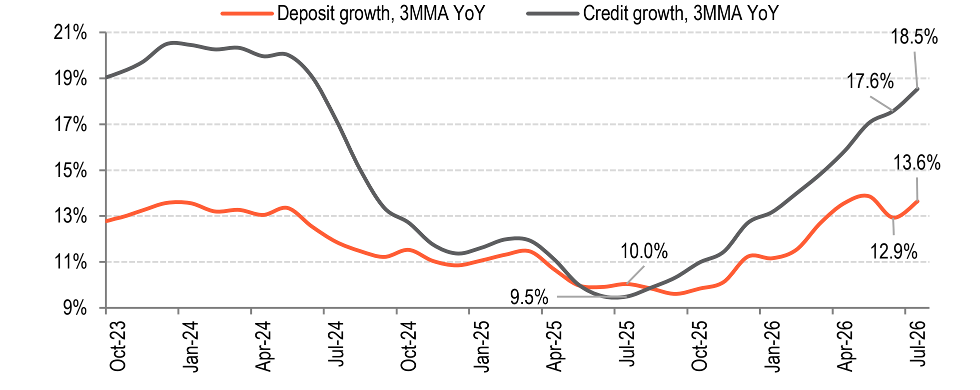


Fig 61 – Credit to both industry and services maintaining upward momentum in Jul'26

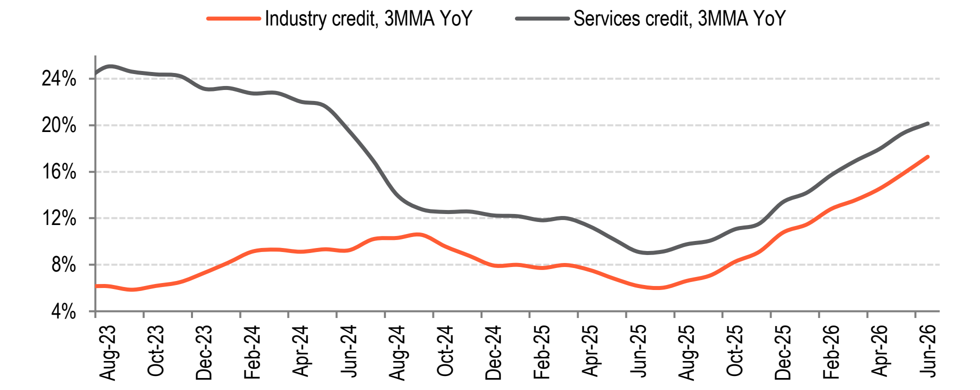


Fig 62 – Within services, credit to NBFCs continue to lead the growth

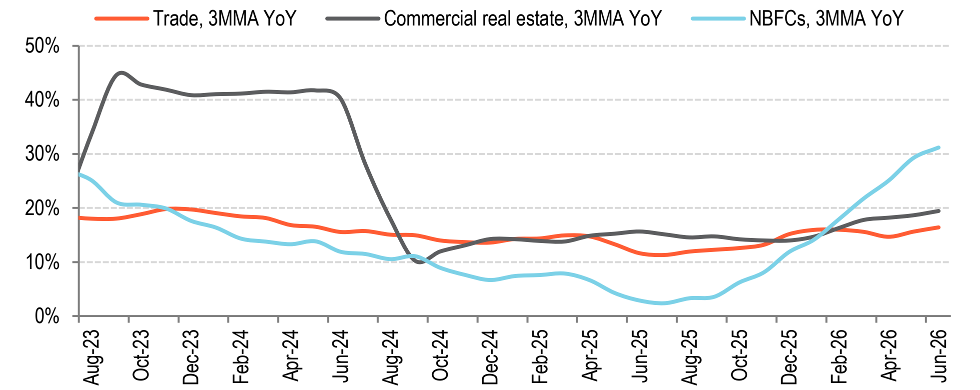
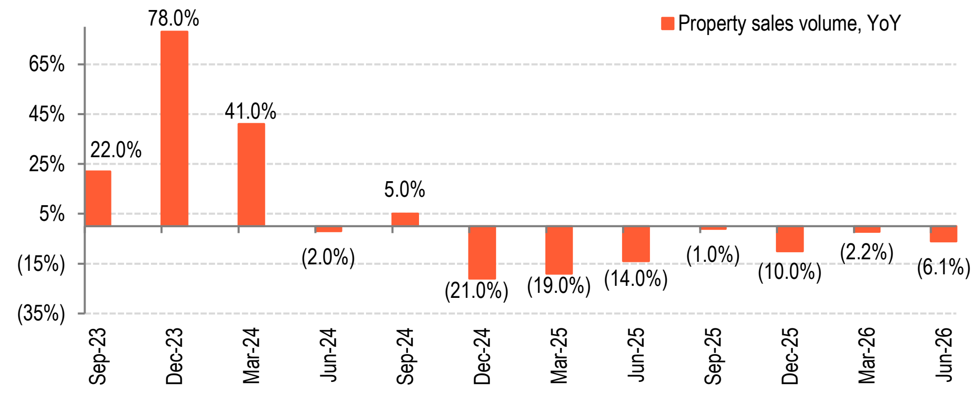
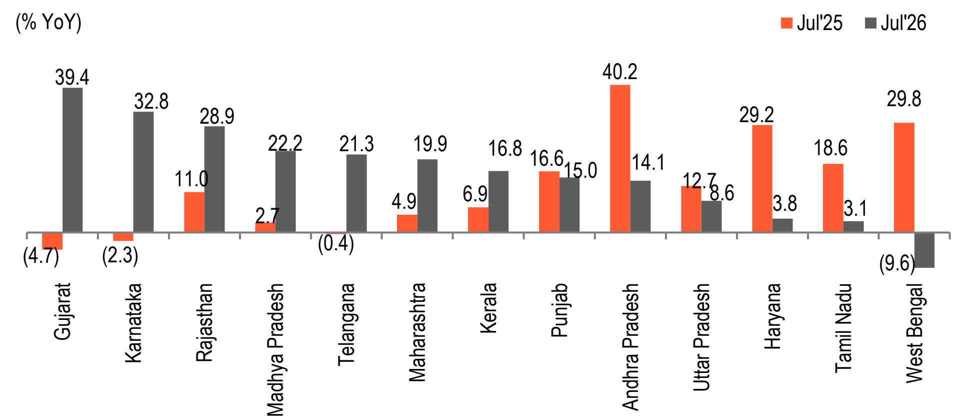


Fig 63 – Property sales volume remained subdued in Q1FY27



Source: Proptiger

Fig 64 – Stamp duties of Gujarat, Karnataka, Rajasthan, MP, Telangana, Maharashtra and Punjab, record strong collections till Jul'26 (FYTD basis) versus last year



Public administration

Fig 65 – GVA: Public admin & defence services supported headline growth in Q4

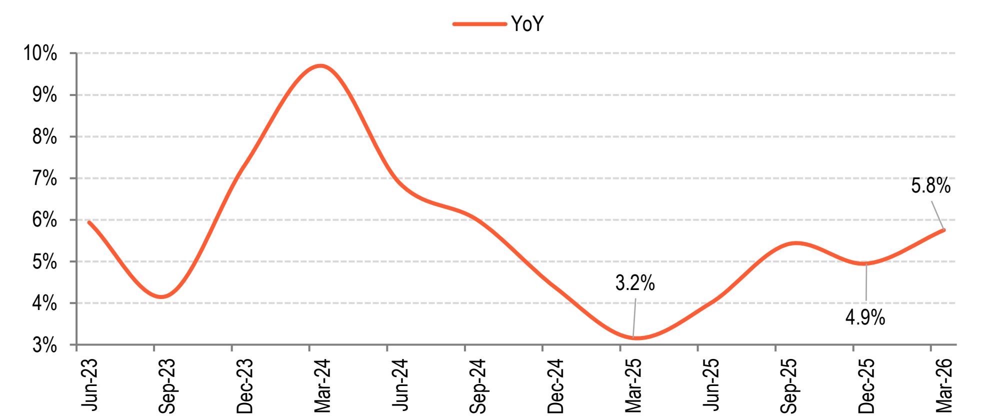


Fig 66 – General govt. spending is noting some slowdown in Jul'26

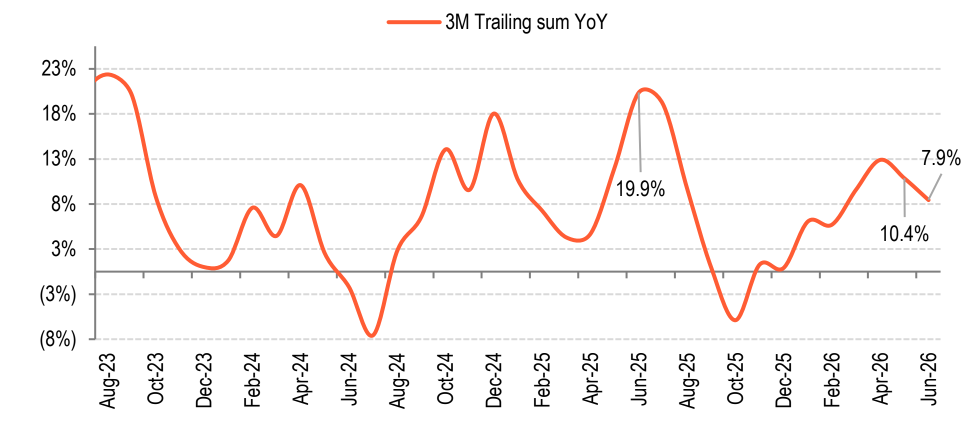


Fig 67 – …as central government spending eased

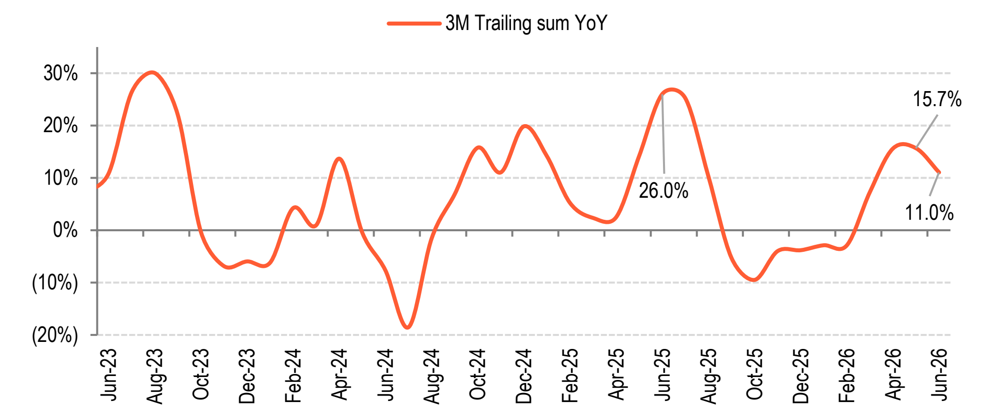
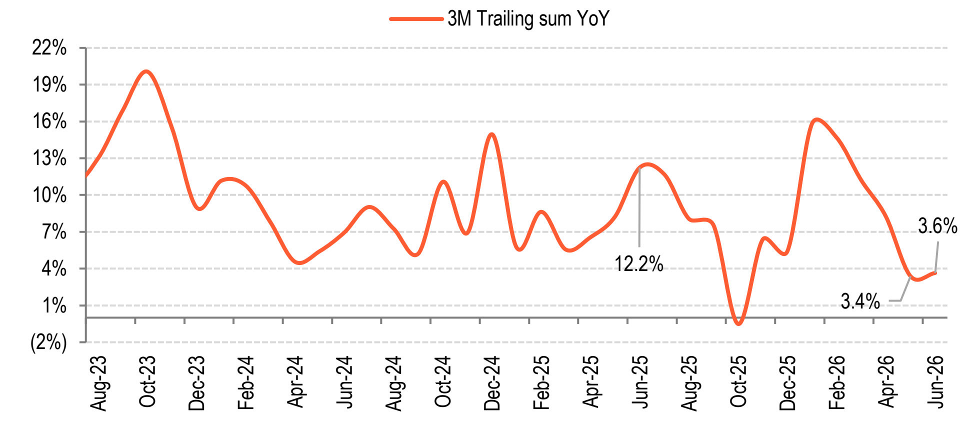


Fig 68 – State* Govt. spending beginning to pick up pace



Note: : *All states excluding North Eastern states, Bihar, Goa, and J&K

Financial sector

Money and banking

Fig 69 – Credit growth is happening at a rapid pace, deposits growth is also getting boost from FCNR (B) flows

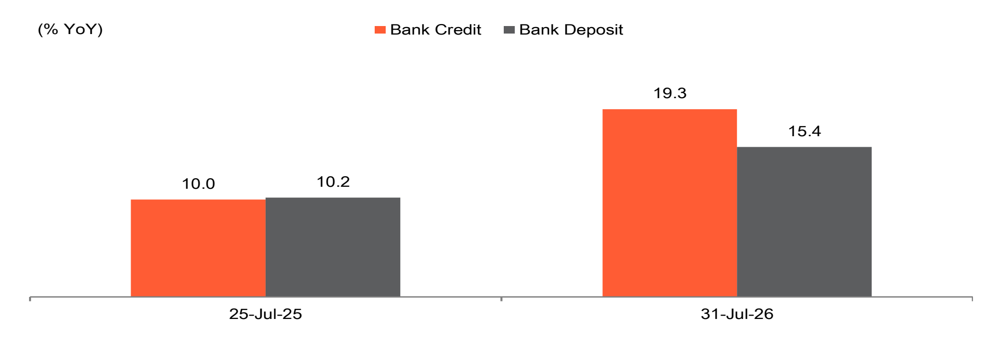
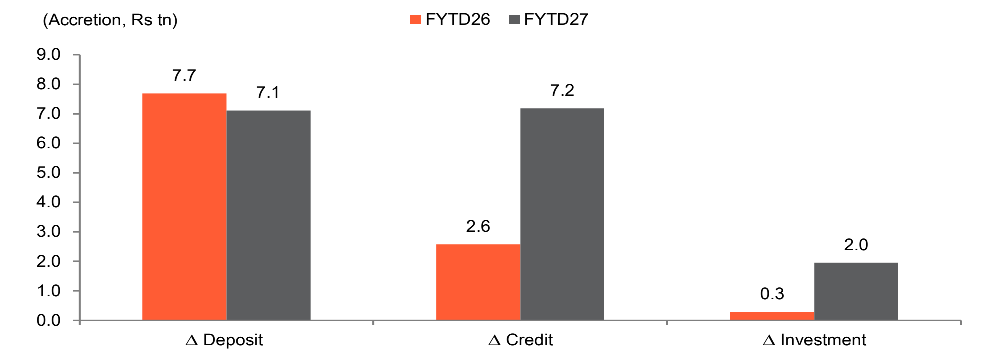


Fig 70 – In FYTD27 as well, credit accretion is happening at a faster pace



FYTD27: Till 31 Jul '26

Fig 71 – Credit deposit ratio is at 82% in Jul'26 compared to 82.6% in Jun'26

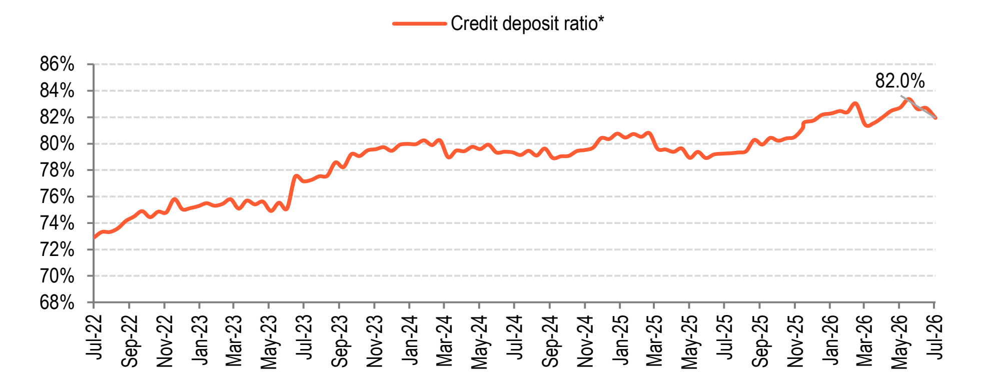


Fig 72 – WALR and repo is showing some gap

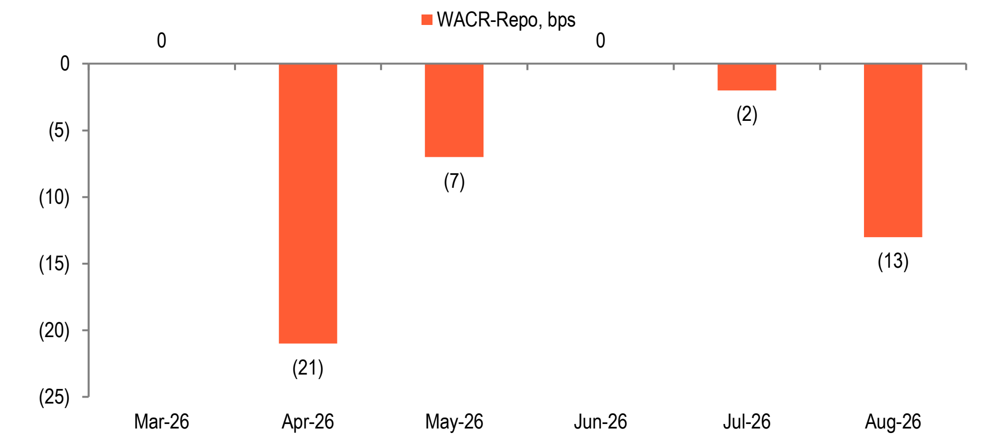


Fig 73 – WALR on fresh loans rose to 8.03% in Jun'26 compared to 7.93% in May'26, WADTDR rose to 6.40% from 6.33%

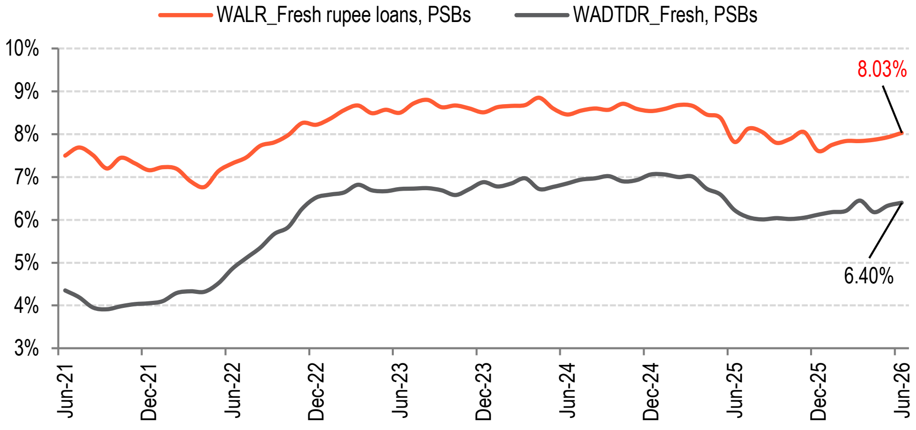


Fig 74 – WALR_Fresh of personal loan segment have risen the most

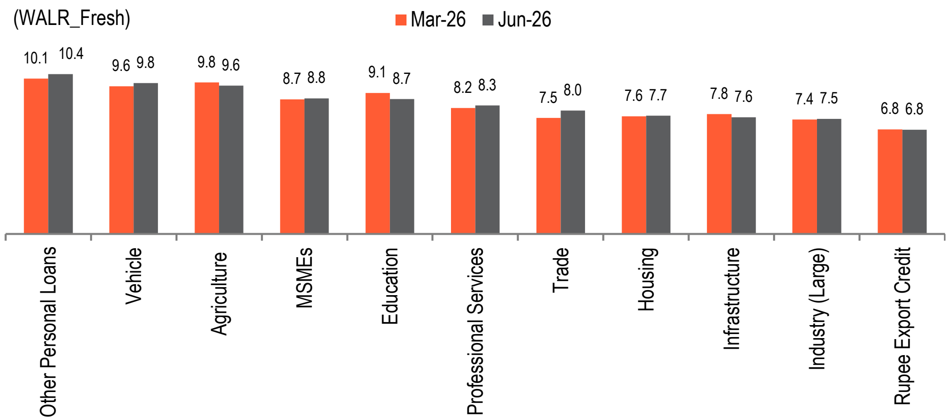
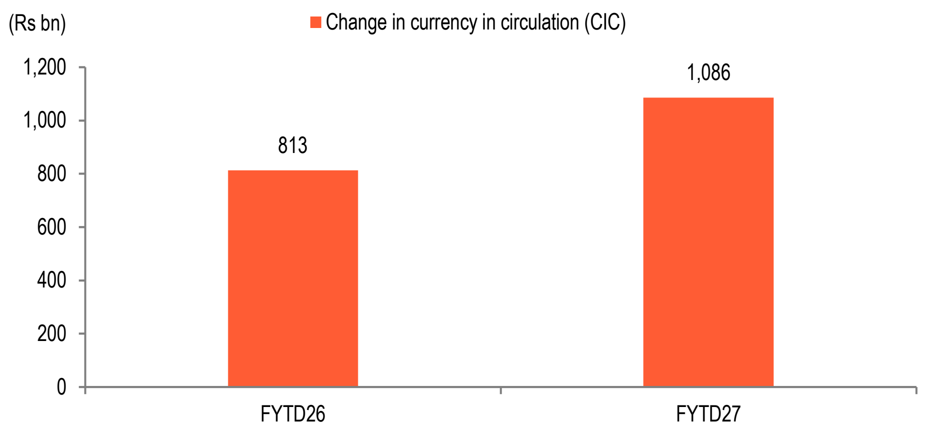
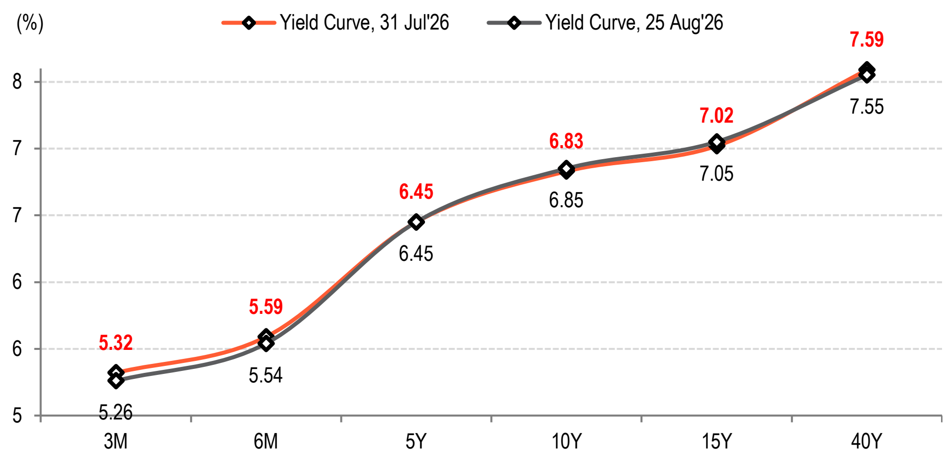


Fig 75 – CIC accretion happening at a faster pace



Note: FYTD27: Till 31 Jul 2026

Fig 76 – India's yield curve is broadly at similar level as seen on the last trading day of Jul'26



Source: Bloomberg

Fig 77 – Corporate debt issuances moderated to Rs 781bn in Jul'26 compared to Rs 1.02tn in Jun'26

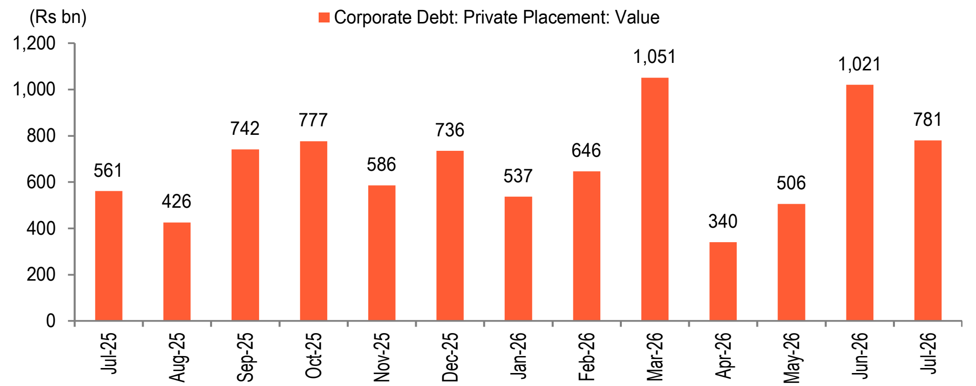
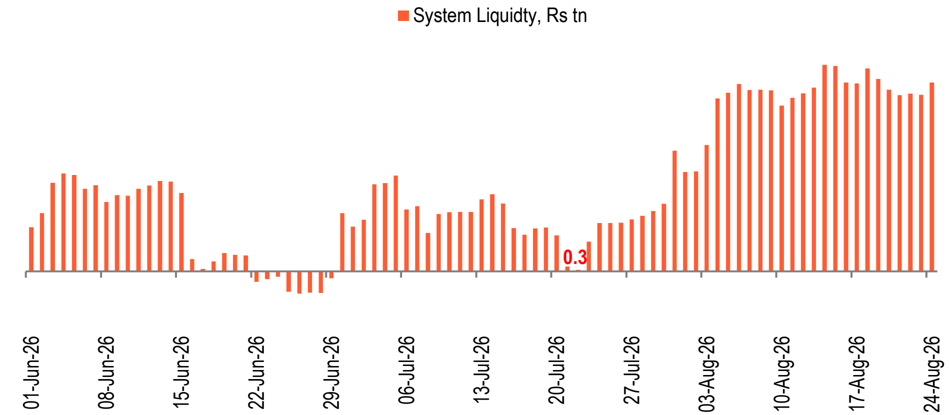
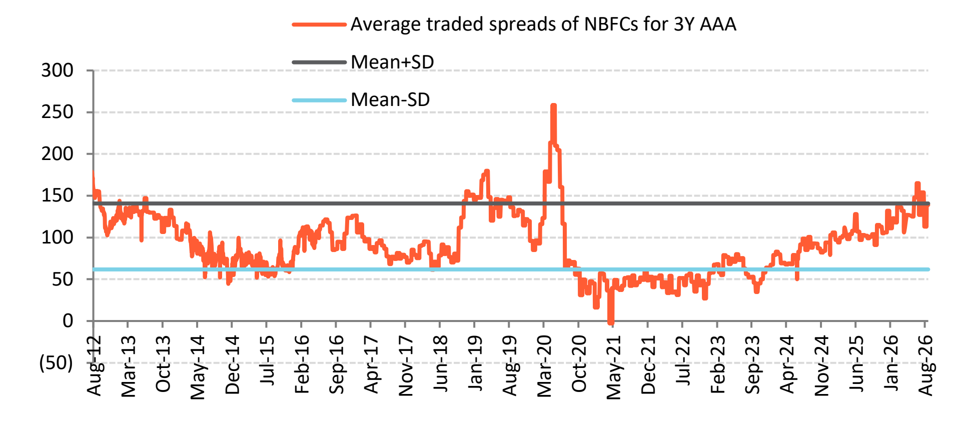


Fig 78 – Avg. system liquidity surplus was at Rs 1.07tn in Jul'26 compared to Rs 0.8tn in Jun'26 and the Aug-26 average (26-days) is higher at Rs 3.4tn



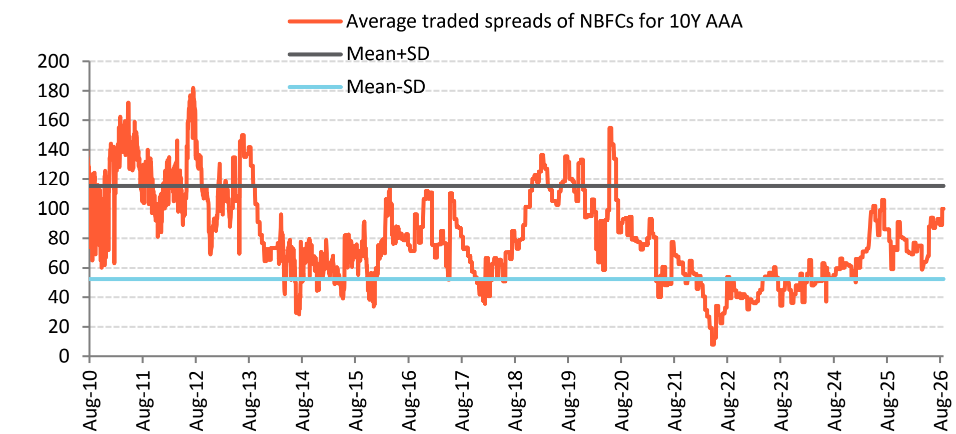
Source: RBI

Fig 79 – 3Y AAA NBFC spread is at 139bps currently, lower compared to 154bps as on 31 Jul'26



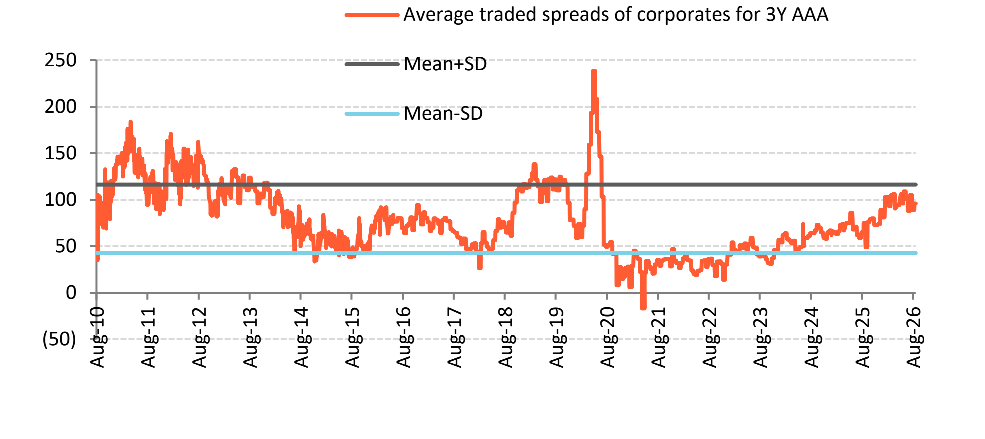
Source: Bloomberg

Fig 80 – For 10Y AAA NBFC, it is at 100bps compared to previous month level of 93bps



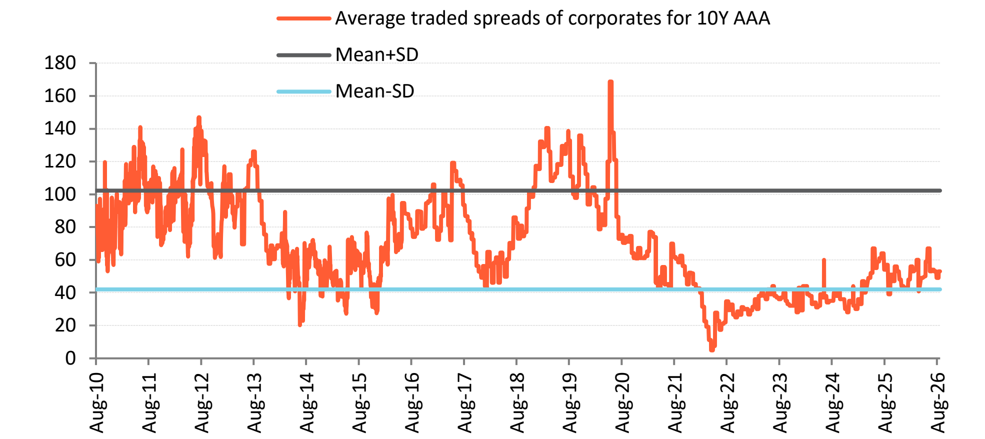
Source: Bloomberg

Fig 81 – 3Y AAA corp spread it is at 96bps



Source: Bloomberg

Fig 82 – For 10Y AAA corp spread, it is at 53bps



Source: Bloomberg

Fig 83 – MCLR rate of banks in Jul'26 showed some momentum

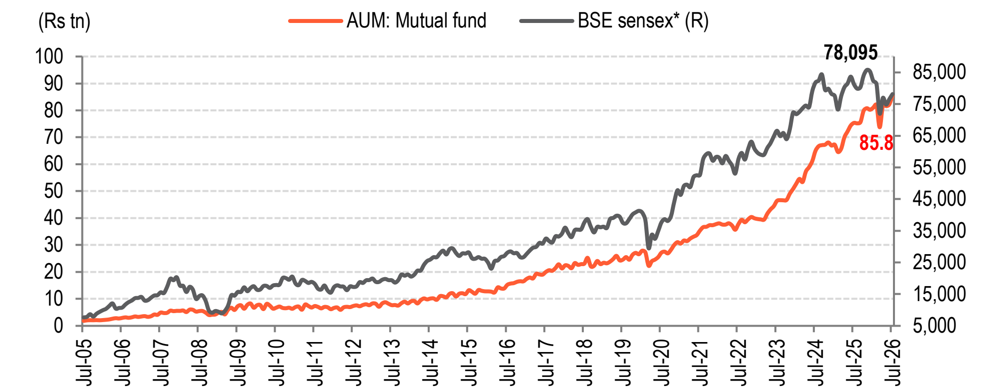
1Y MCLR (%)	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Public Sector Banks														
Bank of Baroda	8.9	8.9	8.8	8.8	8.75	8.75	8.75	8.75	8.7	8.7	8.7	8.7	8.75	8.75
Bank of India	9.05	9	8.9	8.85	8.85	8.85	8.85	8.75	8.75	8.75	8.75	8.75	8.75	8.75
Canara Bank	8.8	8.75	8.75	8.75	8.75	8.7	8.7	8.7	8.7	8.7	8.7	8.75	8.75	8.75
Indian Bank	9.05	9	9	8.85	8.85	8.85	8.8	8.75	8.75	8.75	8.75	8.75	8.75	8.85
Punjab National Bank	8.95	8.9	8.85	8.8	8.8	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.80
State Bank of India	9	8.8	8.75	8.75	8.75	8.75	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.70

1Y MCLR (%)	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Union Bank of India	8.9	8.75	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.7	8.7	8.75	**8.80**
Private Sector Banks														
Axis Bank Ltd.	8.9	8.9	8.75	8.75	8.7	8.75	8.7	8.7	8.8	8.8	8.8	8.7	8.75	8.75
HDFC Bank Ltd.	9.05	8.75	8.7	8.65	8.55	8.5	8.45	8.4	8.4	8.35	8.35	8.35	8.4	8.45
ICICI Bank Ltd.	8.5	8.4	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.4	8.4	8.4	8.40
Indusind Bank	10.3	10.2	10.15	10.15	10.1	10.05	10.05	10	10	10.05	10	10	10.1	9.90
Kotak Mahindra Bank	8.9	8.75	8.6	8.55	8.45	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	**8.45**

Source: RBI, Note: Bank whose MCLR changed in Jul'26 has been marked red

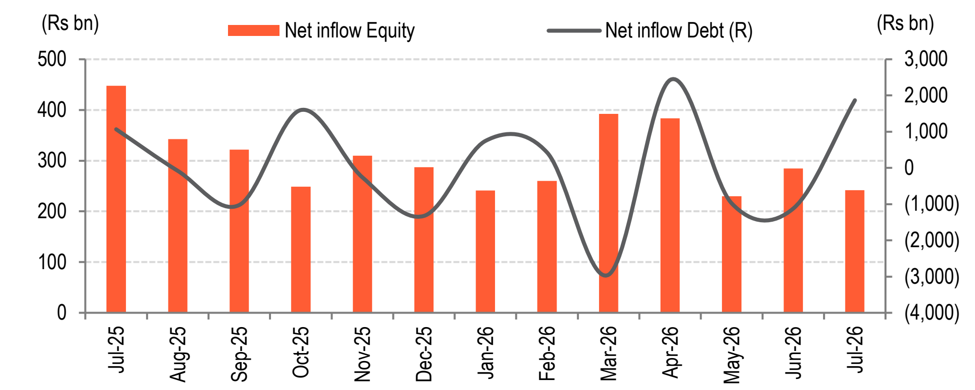
Mutual fund (MF) indicators

Fig 84 – Sensex rose by 2.1% in Jul'26, AUM of MFs inched up to Rs 85.8tn in Jul'26 from Rs 82.2tn in Jun'26



Source: *Sensex as on last trading day of the month.

Fig 85 – MF equity inflows moderated a tad to Rs 242bn in Jul'26 from Rs 285bn in Jun'26; debt inflow far outpaced at Rs 1.9tn from Rs 1.1tn outflow in Jun'26



Insurance sector indicators

Fig 86 – Sale of life insurance policies moderated to 0.9% in Jul'26 compared to 7.3% in Jun'26

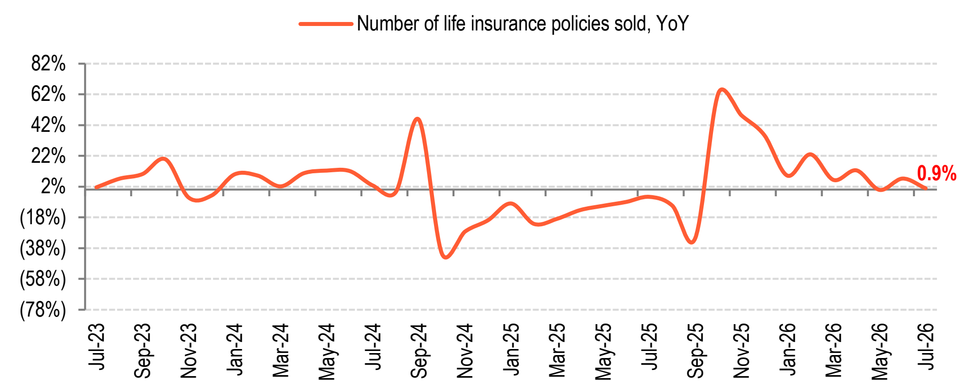
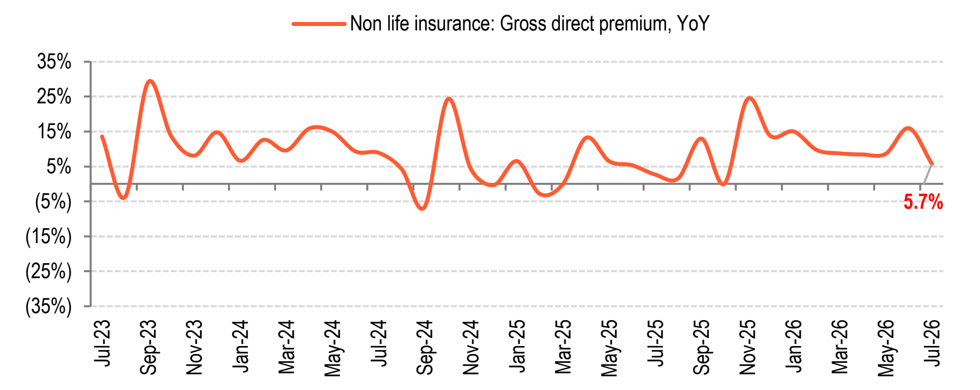


Fig 87 – Gross direct premium for non-life insurance moderated to 5.7% in Jul'26 from 15.9% in Jun'26, albeit a favourable base



Public finance

Central government finances

Fig 88 – Fiscal deficit inched down in Jun'26 (12MMA basis)

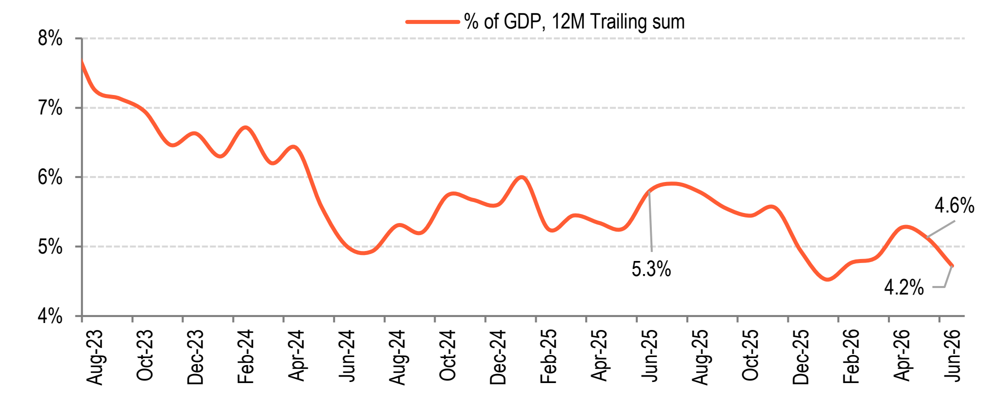


Fig 89 – Revenue deficit is lower than last year (Jun'26)

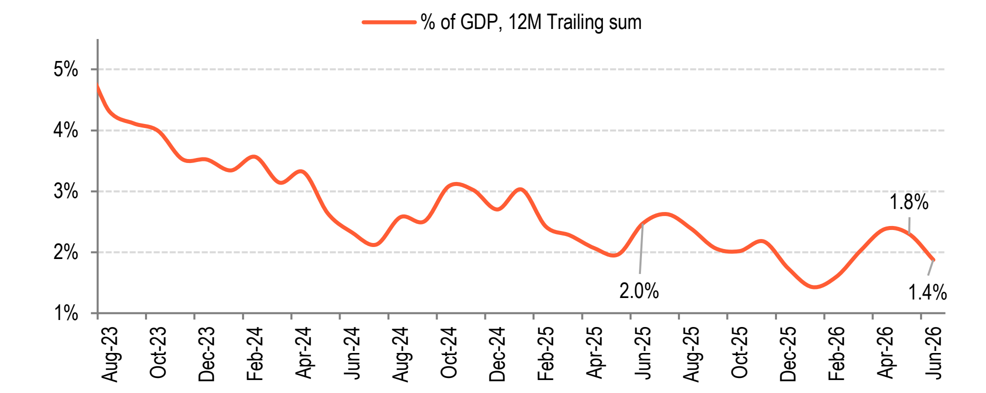


Fig 90 – Primary deficit is lower at 0.9% as of Jun'26

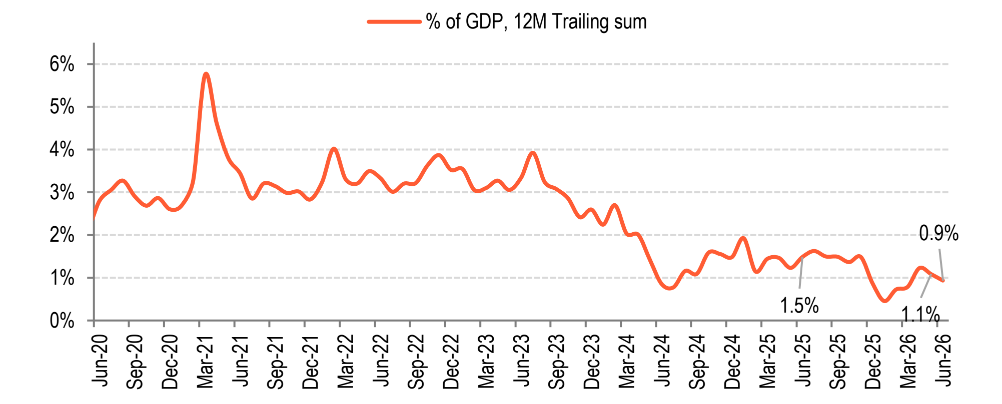


Fig 91 – Government spending growth moderated in Jun'26 (12MMA basis)…

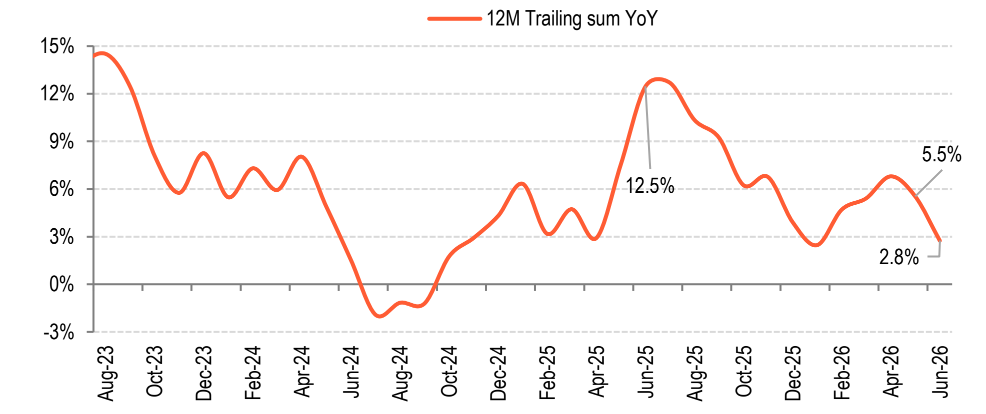


Fig 92 – …Led by easing revenue expenditure growth

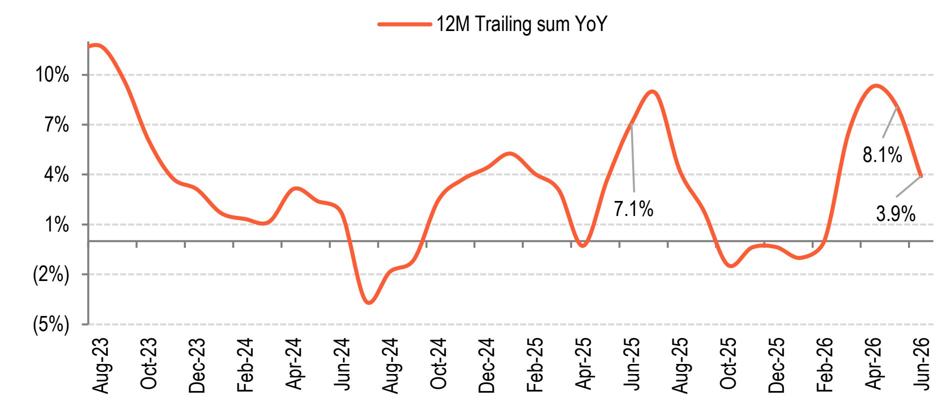


Fig 93 – Capital expenditure growth fell at a slower pace in Jun'26

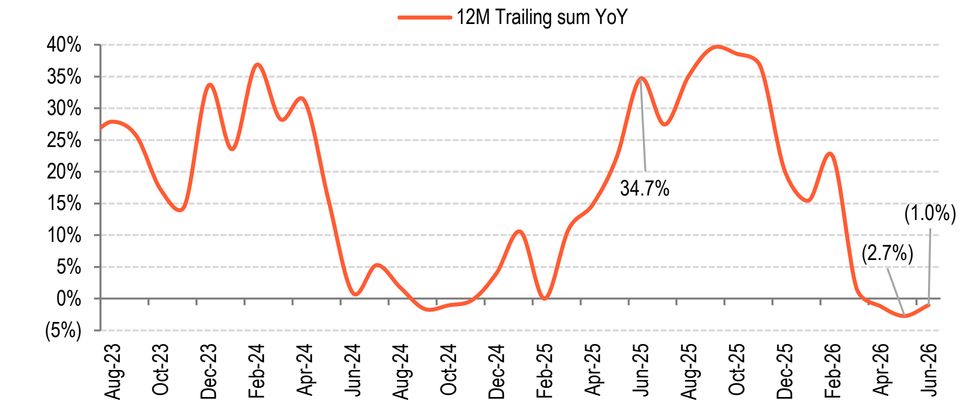


Fig 94 – Moderation in spending led by ministries of Finance, Rural development and Road Transport

Ministry	Apr-Jun'24	Apr-Jun'25	% change	Apr-Jun'26	% change
Ministry of Finance	3,445	4,528	31.4	4,375	(3.4)
Ministry of Defence	1,415	1,753	23.9	2,362	34.8
Ministry of Consumer Affairs, Food and Public Distribution	691	943	36.6	1,018	7.9
Ministry of Rural Development	390	498	27.6	314	(36.9)
Ministry of Home Affairs	580	692	19.3	776	12.2
Ministry of Education	160	162	1.0	161	(0.6)
Ministry of Road Transport and Highways	617	677	9.7	682	0.7
Ministry of Chemicals and Fertilisers	278	406	45.9	654	61.2
Ministry of Petroleum and Natural Gas	4	3	(29.9)	79	-
Ministry of Agriculture	278	123	(55.8)	296	140.6
Ministry of Health and Family Welfare	219	255	16.3	283	10.9

Fig 95 – Receipt growth recovered in Jun'26…

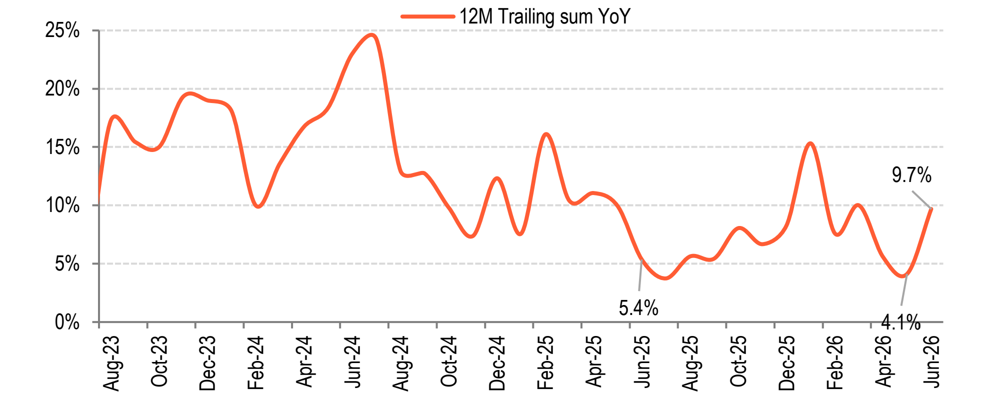


Fig 96 – …mimicking trend in revenue receipts

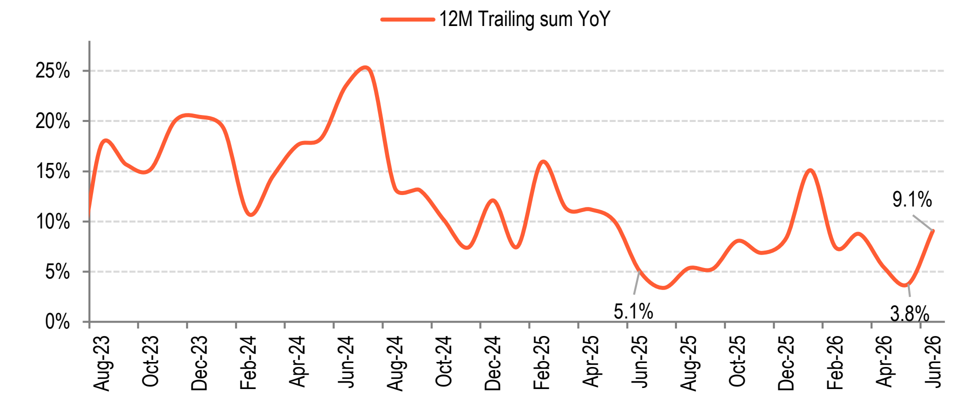


Fig 97 – Net tax revenue receipt growth rebounded in Jun'26

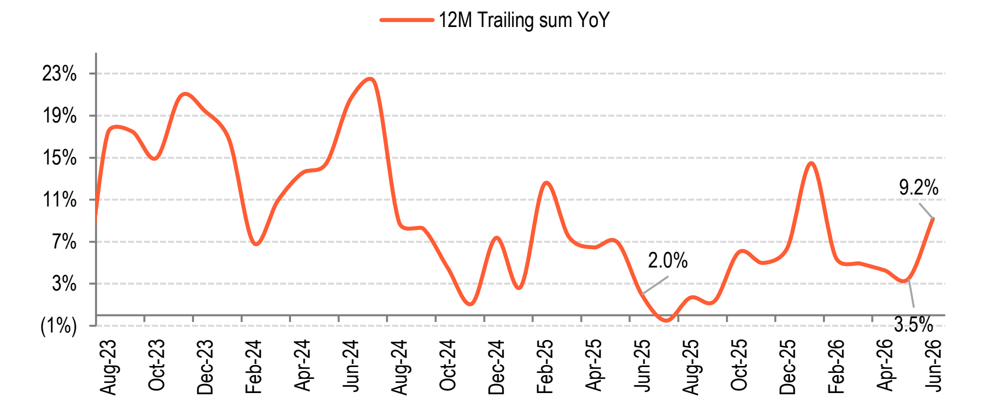


Fig 98 – Non-tax collections also picking up pace

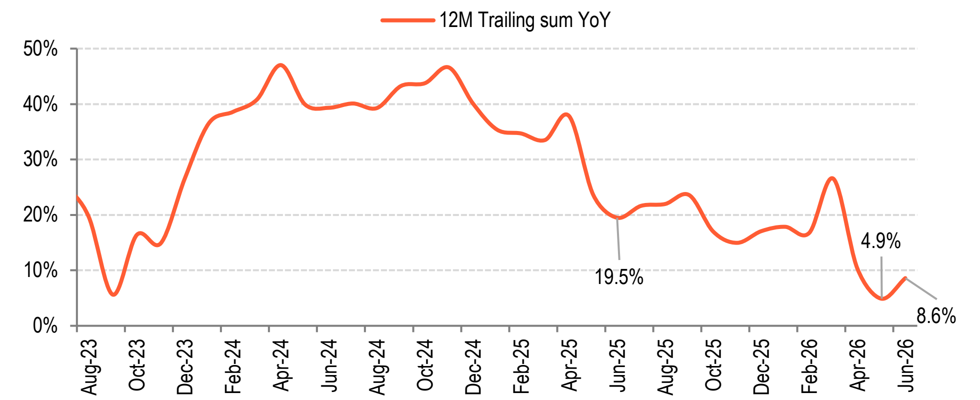


Fig 99 – Centre's net tax growth has strengthened in FYTD27 so far; expenditure growth noting some moderation

	Apr-Jun'24	Apr-Jun'25	% change	Apr-Jun'26	% change
Gross Tax revenue	8,192	8,560	4.5	8,821	3.0
Direct taxes	4,621	4,586	(0.8)	5,122	11.7
Corp Tax	1,748	1,727	(1.2)	2,068	19.7
Income Tax	2,873	2,858	(0.5)	3,054	6.8
Indirect taxes	3,571	3,974	11.3	3,699	(6.9)
Non-tax revenue	2,800	3,731	33.2	3,777	1.2
Centre's revenue (net)	8,297	9,134	10.1	10,142	11.0
Total expenditure	9,699	12,221	26.0	13,571	11.0
Capital exp	1,811	2,751	52.0	3,403	23.7
Revenue exp	7,889	9,470	20.0	10,168	7.4
Fiscal deficit	1,357	2,807	-	3,078	-

Fig 100 – Gross direct tax collections maintained momentum in Jun'26

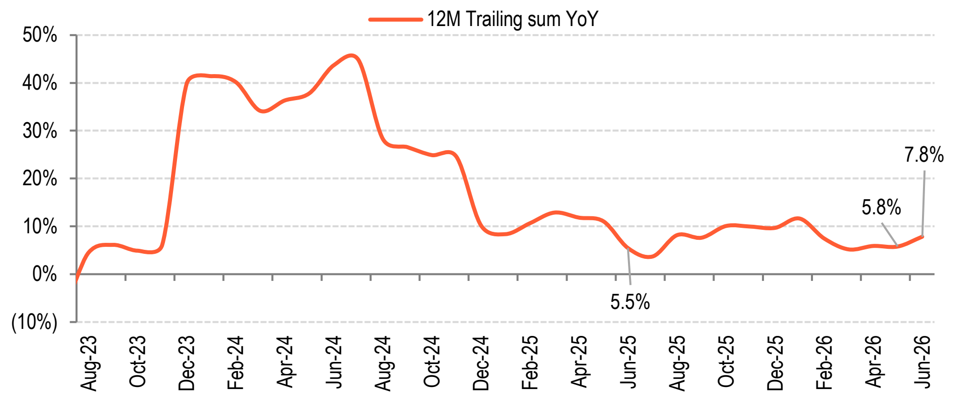


Fig 101 – Gross indirect tax collection growth broadly steady

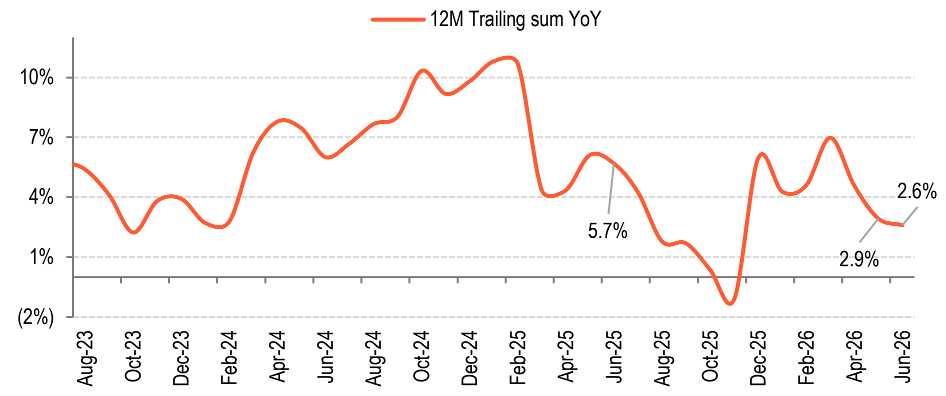


Fig 102 – Amongst direct taxes, corporate tax collections driving the growth

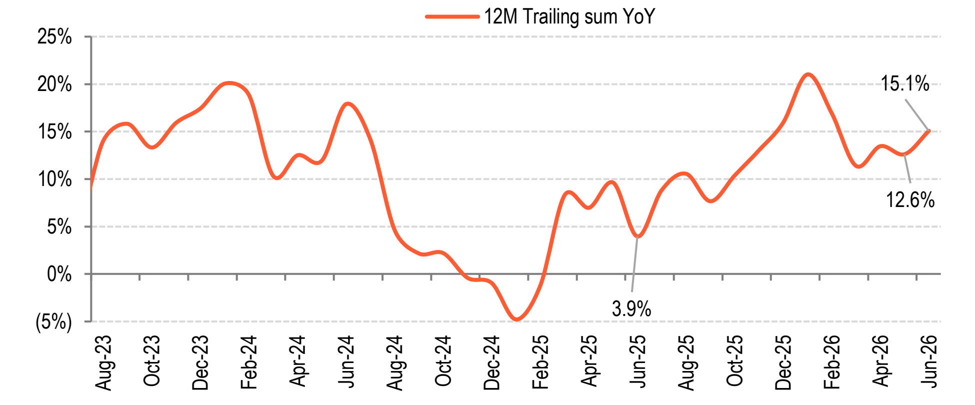


Fig 103 – Income tax collections gradually improving

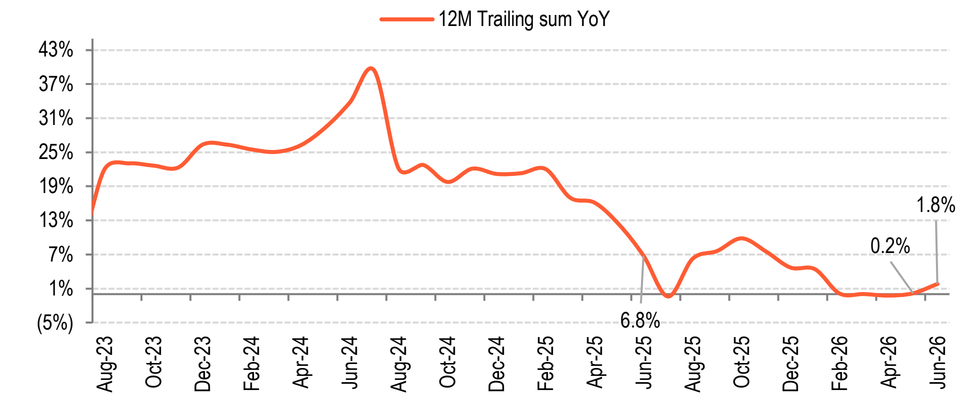


Fig 104 – GST collections steady in Jun'26; overall FYTD27 growth better than last year

(Rs bn)	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Monthly run rate (FYTD27)	FYTD27	FY27 (BE)
CGST	767	799	789	762	869	829	741	877	822	871	1077	826	806	903	2,710	10,190
UT GST	2.9	3.4	3.7	5.3	5.2	17.0	4.6	11.3	5.8	7.4	4.4	2.0	5.6	4	12	-
IGST	(61)	(154)	(115)	(92)	(210)	(307)	762	(88)	(114)	20	(68)	35	(35)	(23)	(69)	-
SGST*	1,004	1,189	1,069	1,102	1,222	1,173	230	1,136	1,126	1,104	1,416	1,075	1,173	1,221	3,664	-
Cess	133	120	117	112	73	39	54	57	49	0	(2)	4	0	1	2	-
Total	**1,846**	**1,957**	**1,863**	**1,890**	**1,959**	**1,750**	**1,791**	**1,993**	**1,888**	**2,002**	**2,428**	**1,942**	**1,949**	**2,106**	**6,319**	**-**

Source: PIB | *Computed from PIB and CGA data

Fig 105 – Total subsidy outgo in Q1FY27 has been higher than last 2 years, led by both food and fertilizer subsidies

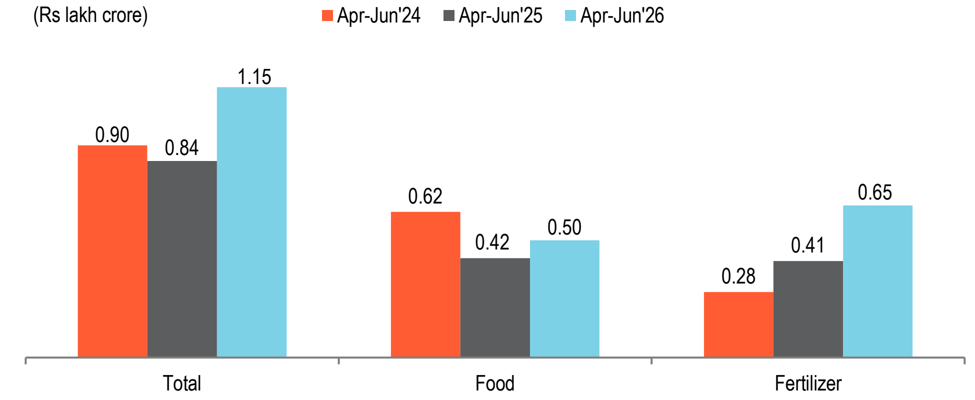
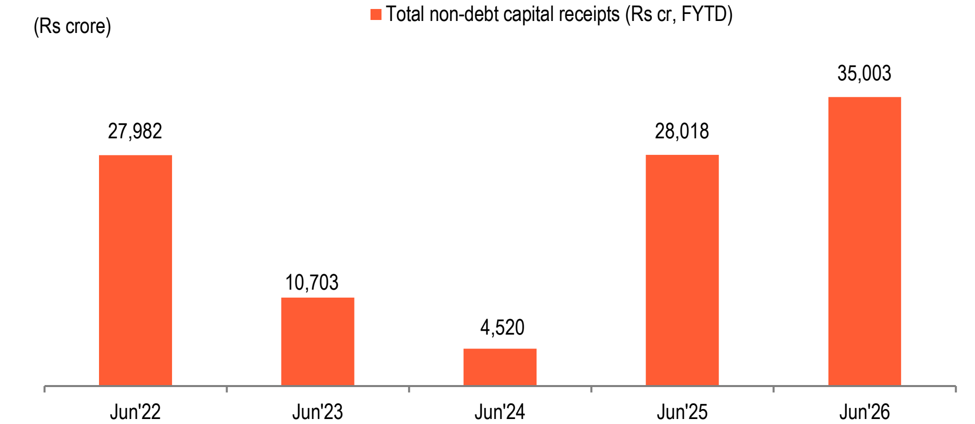


Fig 106 – Central govt's non-debt capital receipts in Q1FY27—at its highest in last 5 years



Central government borrowing

Fig 107 – Centre's borrowing through T-bill in Q2 is at Rs 3.3tn

Total accepted amount (T-bills), (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY27 (planned)
Q1	3,089	3,364	5,328	5,375	5,247	4,963	3,469	3,835	4,174	2,880
Q2	3,299	3,024	5,417	3,215	3,704	3,899	3,242	3,877	3,344*	3,360
Q3	3,070	2,889	3,745	3,630	3,589	3,611	3,976	4,041		
Q4	1,812	2,511	2,714	4,766	4,566	4,258	4,337	3,939		
Total	**11,271**	**11,788**	**17,204**	**16,986**	**17,105**	**16,731**	**15,024**	**15,691**		

Source: RBI, Note: *Till 27 Aug 2026

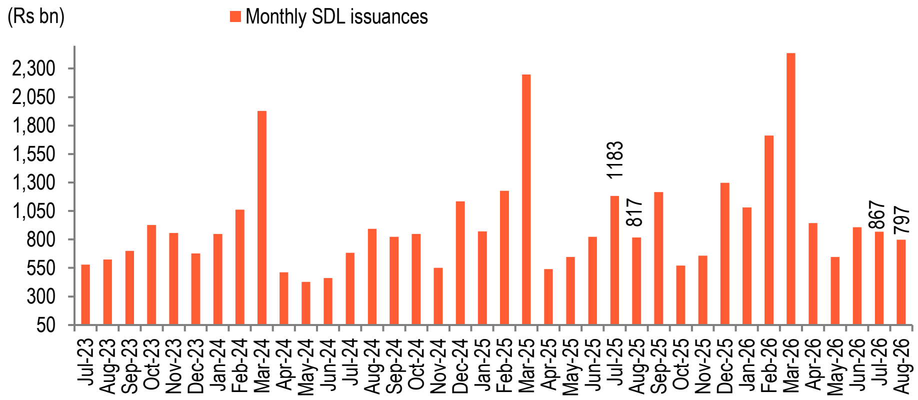
Fig 108 – Centre has raised Rs 2.5tn in Q2 till date

Total accepted amount (G-Sec), (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY27 (planned)
Q1	1,320	2,040	3,140	3,064	3,570	4,080	3,410	4,010	4,080	4,420
Q2	1,440	2,210	4,220	3,649	4,390	4,800	3,647	3,940	2,520*	3,780
Q3	1,270	1,930	2,910	3,190	3,510	3,850	3,840	3,550		
Q4	1680	920	3,191	1370	2,740	2,700	2,790	3,110		
Total	**5,710**	**7,100**	**13,461#**	**11,273**	**14,210**	**15,430**	**13,687**	**14,610**		

Source: RBI# Against budgeted Rs 12.8tn Note: *Till 21 Aug

State government borrowing

Fig 109 – State government borrowings in Q2FY27 so far have been lower than last year



Source: RBI

Fig 110 – States have borrowed 72.6% of the planned amount in FYTD27 so far (Apr-Aug)

Quarterly SDL issuances, (Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26	FYTD27 (actual)	FY27 (planned)
Q1	1,673	1,446	1,102	1,677	1,401	2,008	2,497	2,545
Q2	1,614	1,644	1,661	1,903	2,536	3,214	1,664*	3,188
Q3	2,023	1,653	1,879	2,460	2,532	2,526		
Q4	1,898	2,184	3,009	3,838	4,344	5,231		
Total	**7,206**	**6,927**	**7,652**	**9,879**	**10,814**	**12,979**		

Source: RBI; *as of 25 Aug 2026

External sector

Exports

Fig 111 – Merchandise exports registered a smart growth of 19.6% in Jul'26; up by 16.8% in Apr-Jul'26

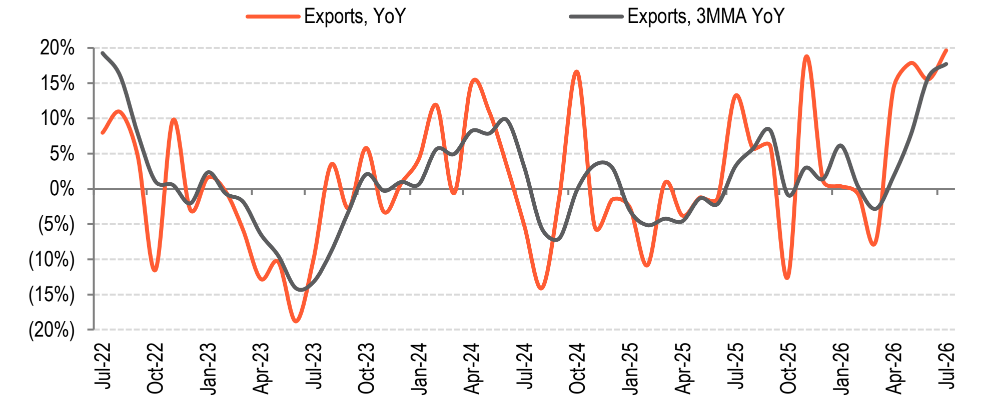
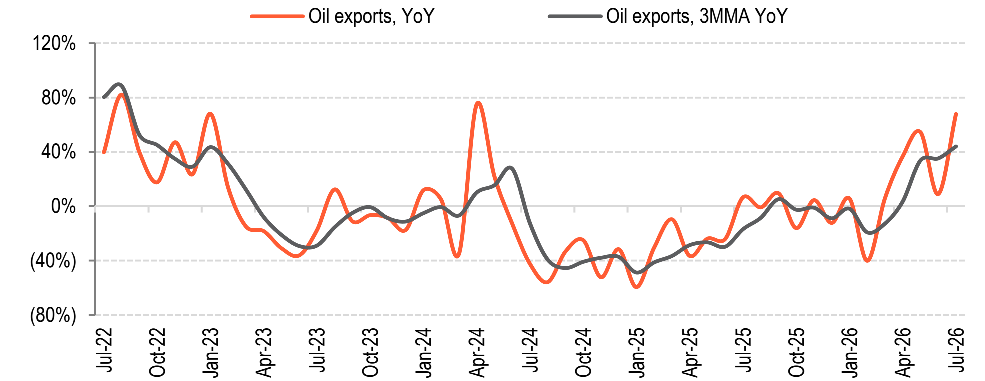


Fig 112 – Oil exports saw a sharp jump



Exports by major sectors

Fig 113 – Electronics exports continued to grow at a brisk pace

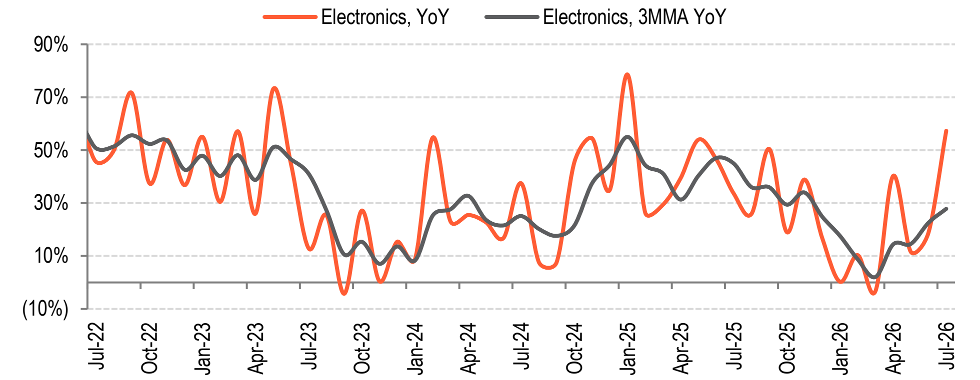


Fig 114 – Textile exports showing signs of recovery

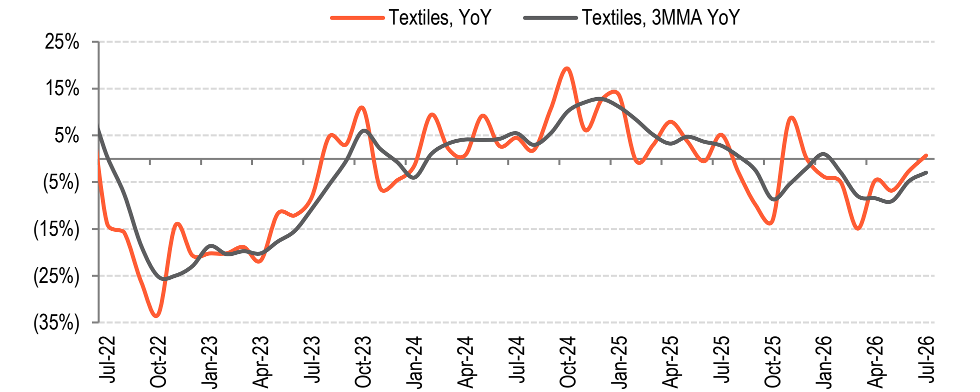


Fig 115 – Double-digit growth in the exports of engineering goods

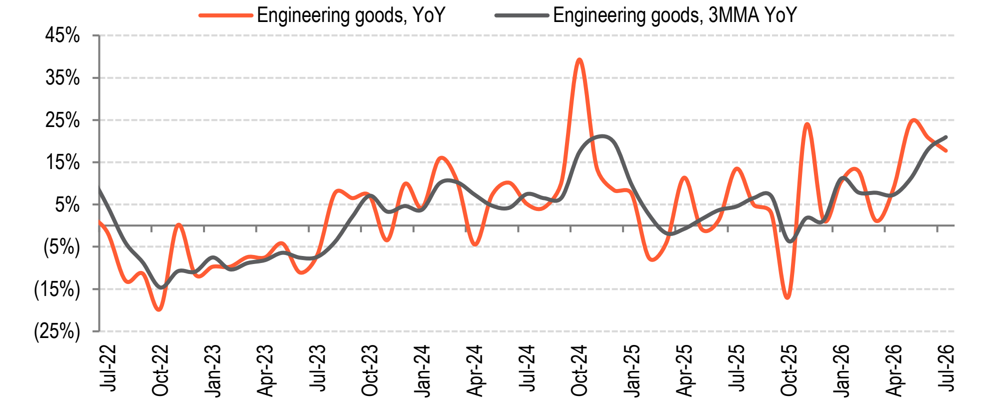


Fig 116 – However, exports of drugs and pharmaceuticals registered a deceleration

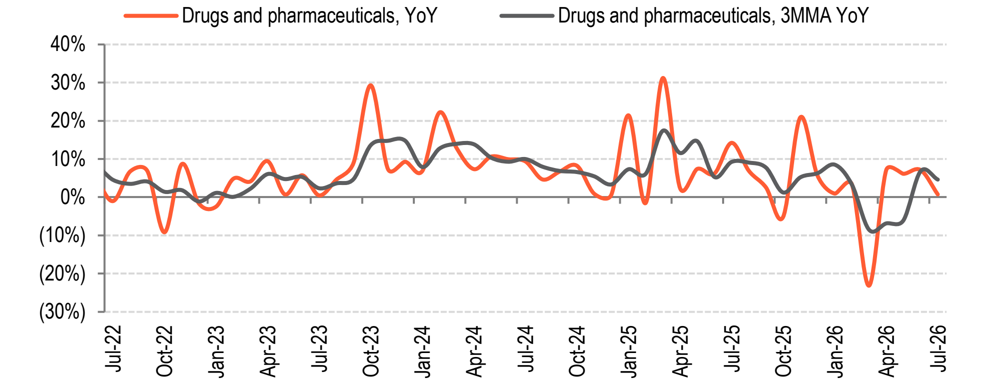


Fig 117 – Agri exports also remained soft

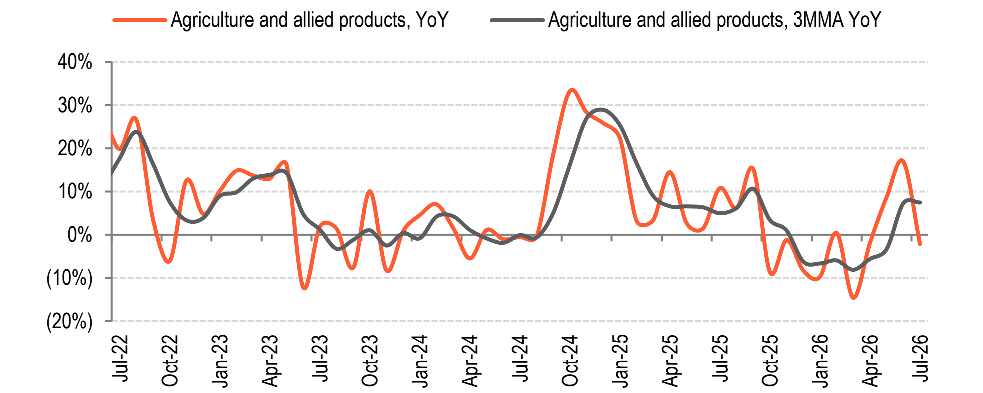
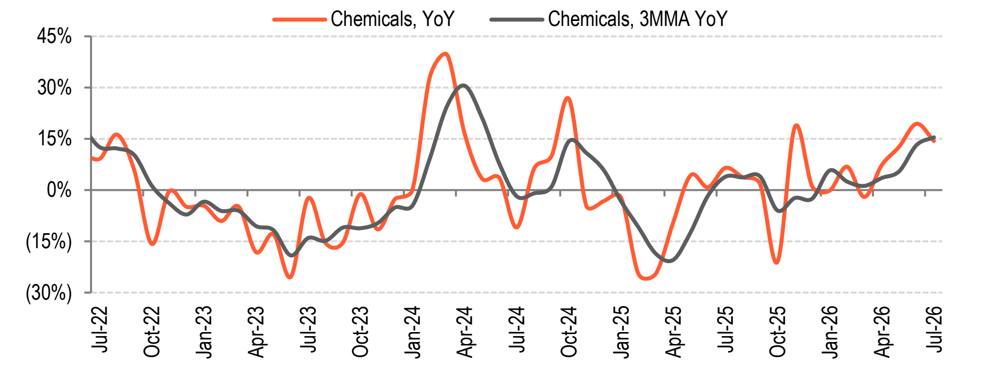


Fig 118 – Moderation in exports of chemicals



Imports

Fig 119 – Import growth moderated from 31% in Jun'26 to 17.5% in Jul'26; imports increased by 19.3% in FYTD27

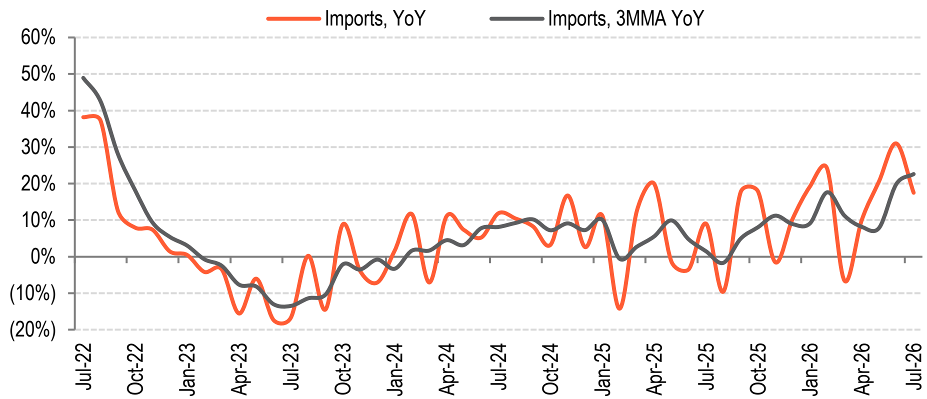


Fig 120 – Oil imports softened in Jul'26 led by a decline in oil prices

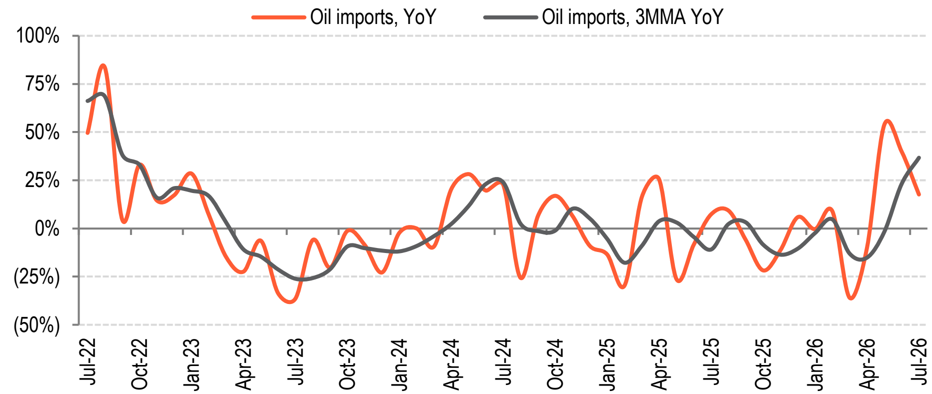


Fig 121 – …similar trend in gold imports

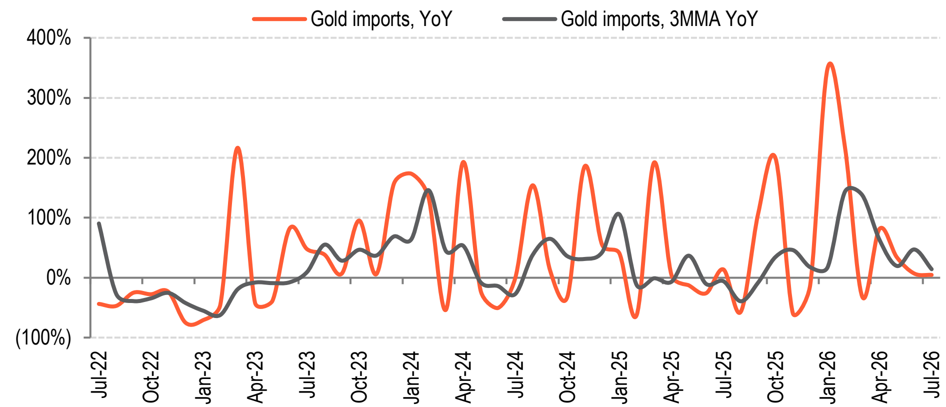


Fig 122 – Pickup noted in coal imports

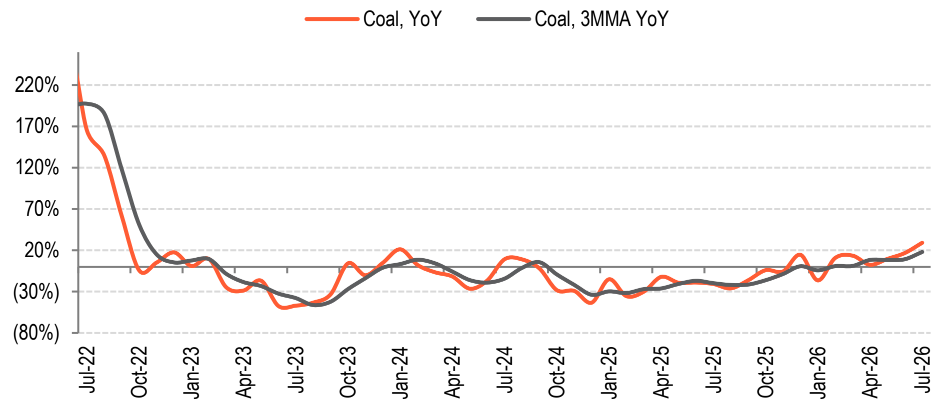


Fig 123 – Edible oil imports also inched up

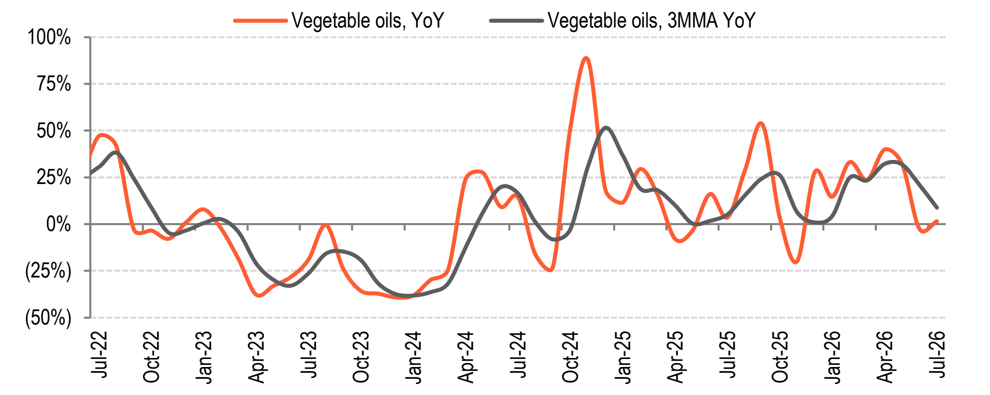


Fig 124 – Slowdown in imports of transport equipment

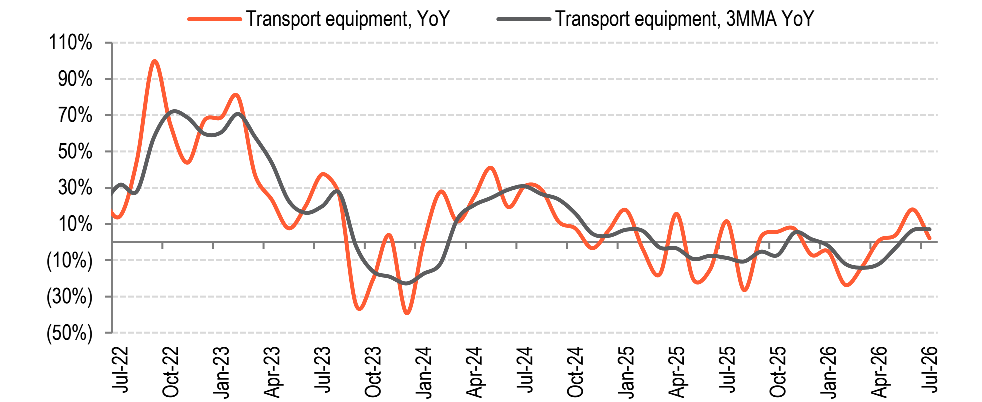


Fig 125 – … and machinery imports

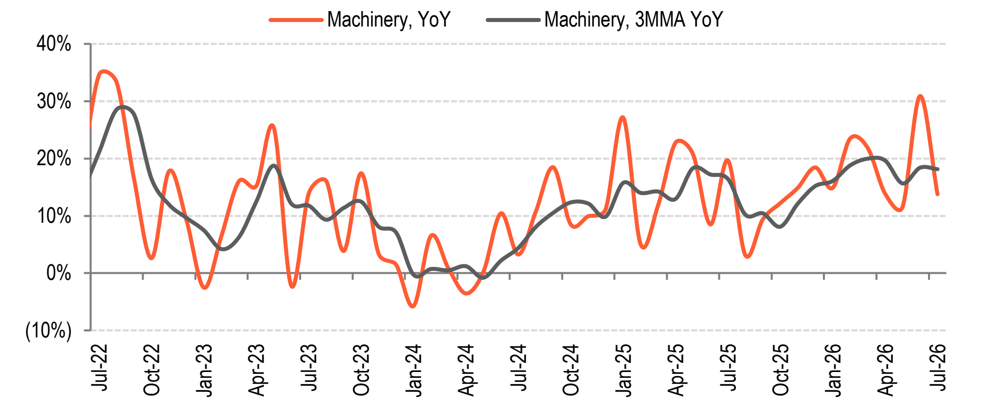
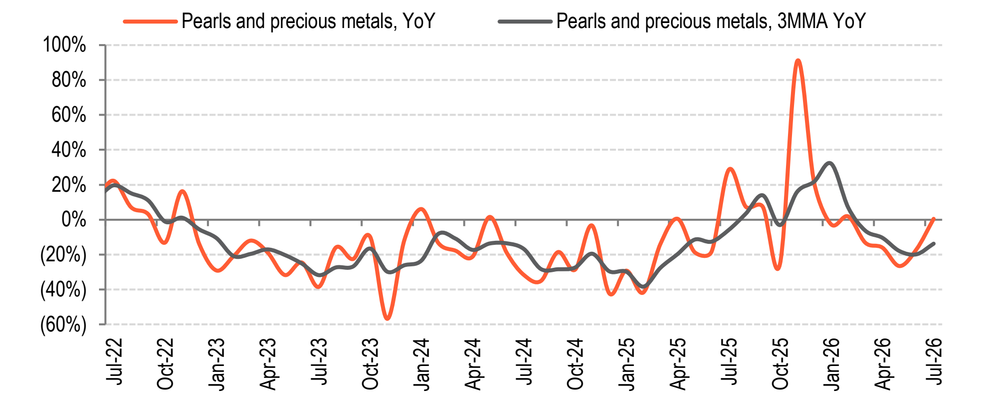


Fig 126 – Imports of pearls and precious stones picked up



Exports and imports by major regions

Fig 127 – Significant traction seen in exports to Asia Pacific, China and Middle East in FYTD27

Region (% YoY)	Share in FY26	Share in FYTD27	FYTD26	FYTD27	May'26	Jun'26
Americas	26.2	25.5	15.0	2.8	5.4	0.7
Asia and Pacific (Ex. China)	21.7	25.2	(8.3)	44.1	35.5	30.3
China	4.5	4.3	16.5	27.5	24.6	31.5
Europe	21.2	19.4	(14.4)	5.8	10.0	10.1
Middle East and Africa	25.3	23.4	(4.4)	13.4	24.8	22.9
Other	1.1	1.5	13.4	82.7	97.7	13.2

Note: FYTD-Apr-Jun

Fig 128 – Imports from Americas, CHina and Asia Pacific higher on a FYTD basis

Region (% YoY)	Share in FY26	Share in FYTD27	FYTD26	FYTD27	May-26	Jun-26
Americas	12.0	15.0	11.2	58.5	94.3	53.6
Asia and Pacific (Ex. China)	24.3	23.5	6.2	18.0	12.8	17.5
China	17.0	17.6	16.3	27.9	23.4	40.2
Europe	13.6	10.7	(1.6)	8.5	(6.2)	35.8
Middle East and Africa	25.8	21.1	3.1	(6.1)	(3.1)	5.5
Other	7.4	12.1	(8.6)	52.2	62.8	85.0

Note: FYTD-Apr-Jun

Trade deficit

Fig 129 – Trade deficit inched up in FYTD27

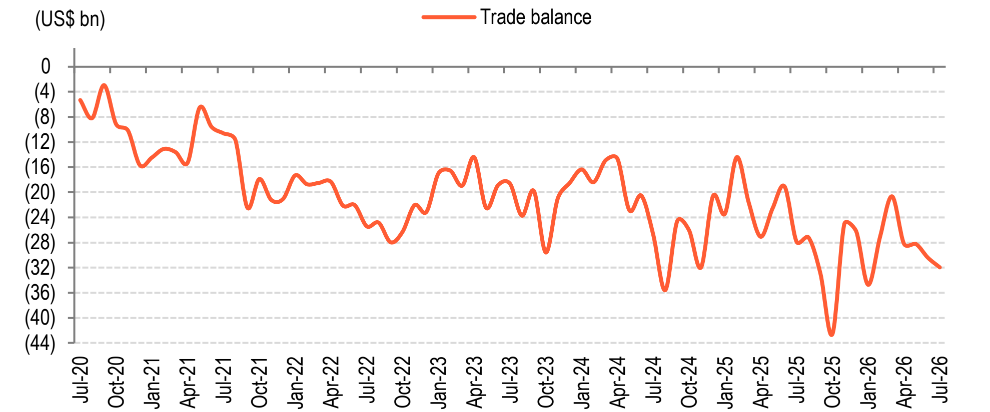
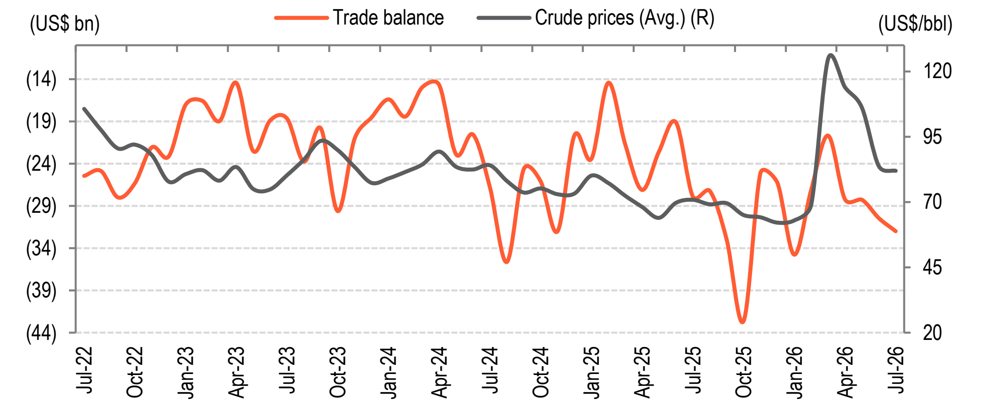
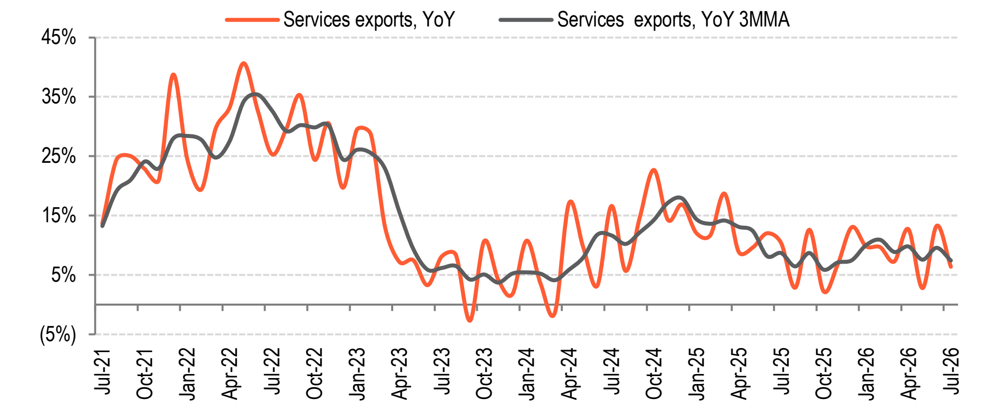


Fig 130 – … even as oil prices were lower on an average basis



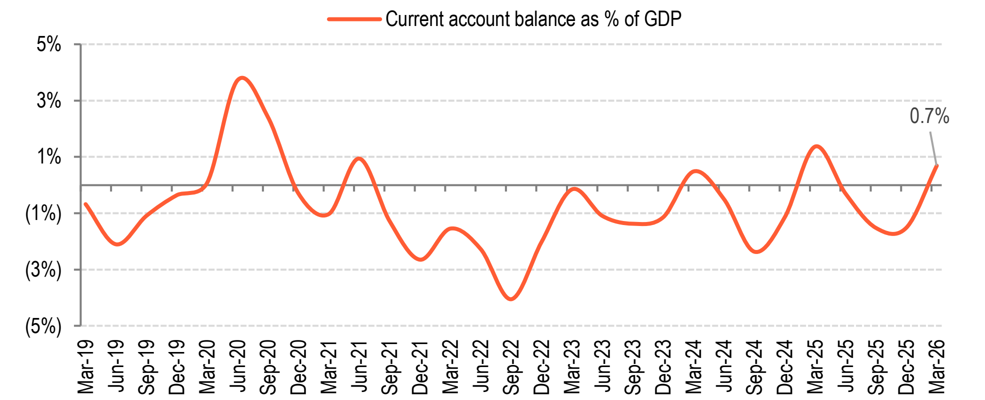
Trade in services

Fig 131 – Services exports slowed down



BoP

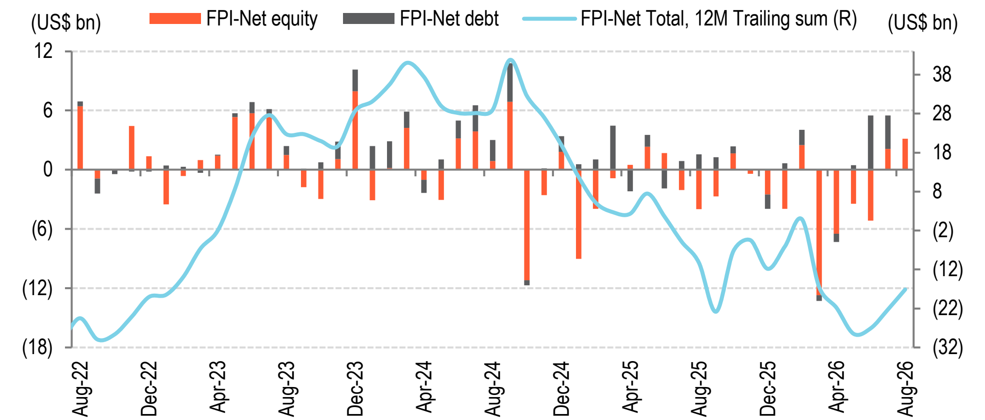
Fig 132 – India's CAD remained manageable in FY26



Foreign inflows

FPI inflows

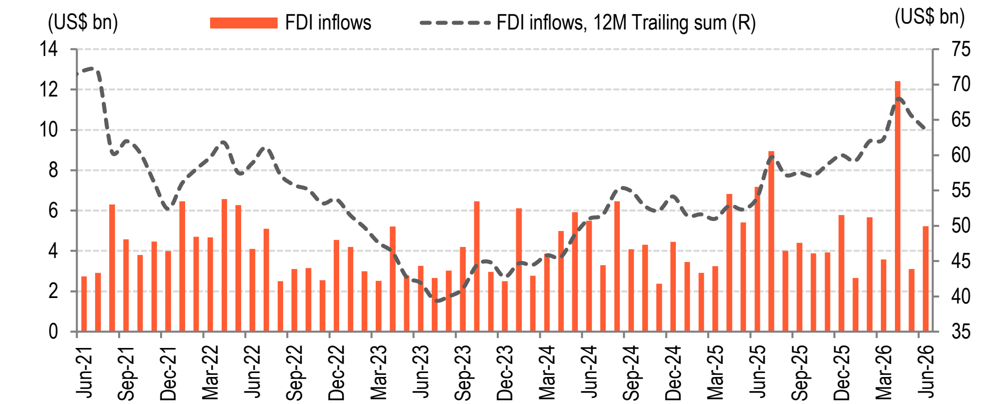
Fig 133 – FPI inflows recovering; aided by government and RBI support



Source: NSDL

FDI inflows

Fig 134 – Gross FDI inflows at US$ 20.8bn in Apr-Jun'26 compared with US$ 19.4bn in the same period last year



Source: RBI, Bank of Baroda Research

Fig 135 – In FY26, FDI inflows into computer software and hardware and food processing industry increased

Sector	Share in FY26, %	FY25	FY26	Q4FY25	Q3FY26	Q4FY26
Computer software and hardware	23.7	7.8	13.9	2.3	1.7	3.2
Services Sector	17.0	9.3	10.0	2.1	3.3	1.6
Trading	6.8	4.2	4.0	0.8	0.6	0.7
Non Conventional Energy	5.1	4.0	3.0	0.6	0.6	0.5
Food processing industry	5.1	0.5	3.0	0.1	0.4	0.3
Construction	4.4	2.2	2.6	0.4	0.5	0.5
Automobile industry	4.2	1.6	2.5	0.3	0.2	0.6

Source: DIPP

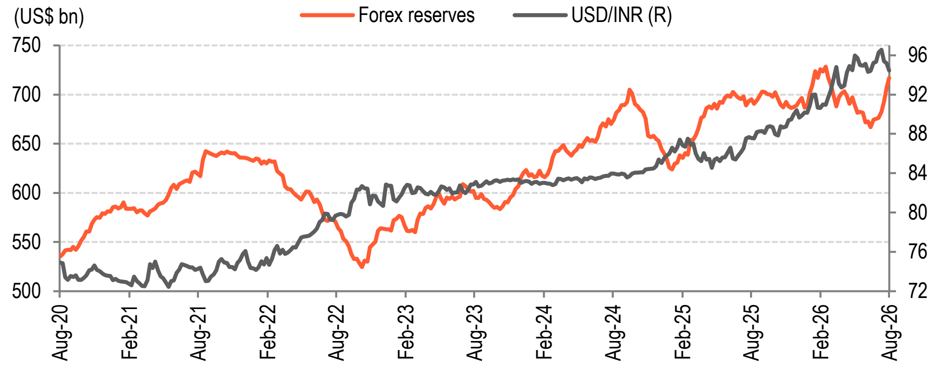
Fig 136 – Country wise, inflows from Singapore and US increased the most in FY26

Country (US$ bn)	Share in FY26, %	FY25	FY26	Q4FY25	Q3FY26	Q4FY26
Singapore	33.7	14.9	19.8	3.0	5.7	2.2
US	19.0	5.5	11.2	1.7	1.2	3.4
Mauritius	11.2	8.3	6.6	1.4	1.4	1.7
Japan	6.4	2.5	3.7	1.1	2.0	0.5
Netherlands	5.7	4.6	3.4	0.5	0.7	1.1
UAE	4.7	4.3	2.7	0.2	0.1	0.3

Source: DIPP

Forex reserves and external debt

Fig 137 – India's FX reserves at US$ 675.2bn as of 10 Jul 2026



Source: Bloomberg| Note: Weekly data as of 14 Aug 2026

Fig 138 – India's import cover remains comfortable

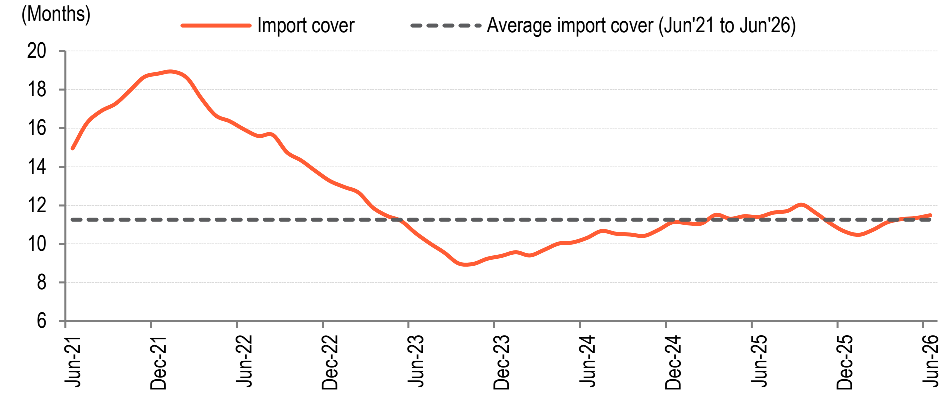


Fig 139 – RBI's sold net US$ 0.6bn in the spot market in Jun'26

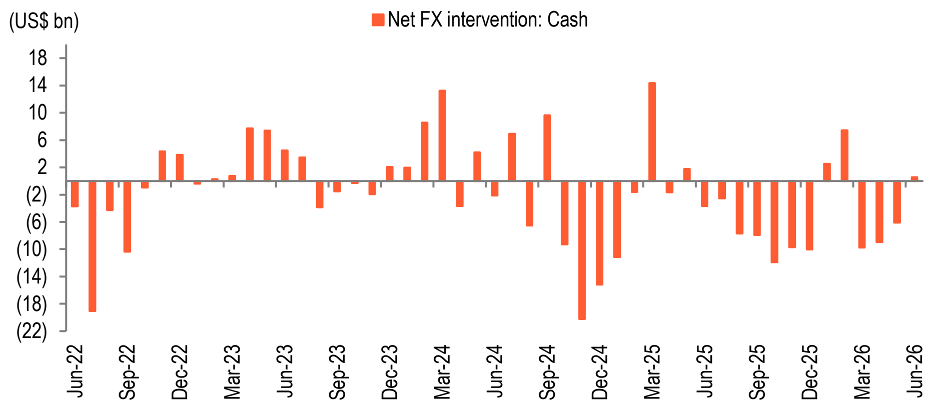
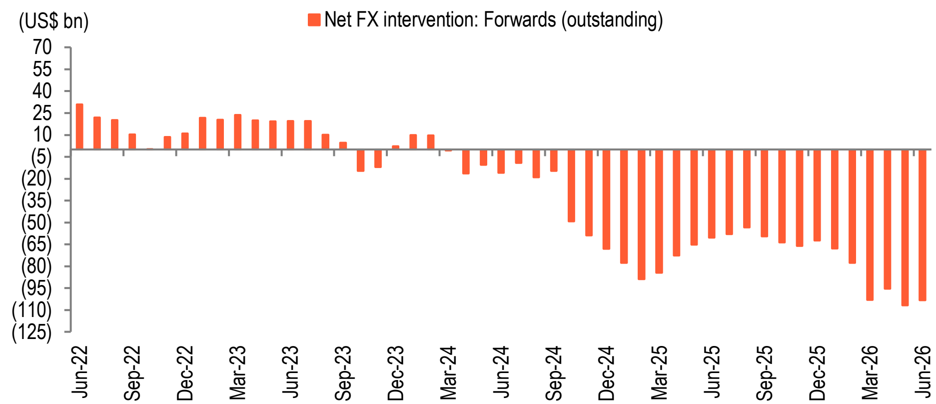


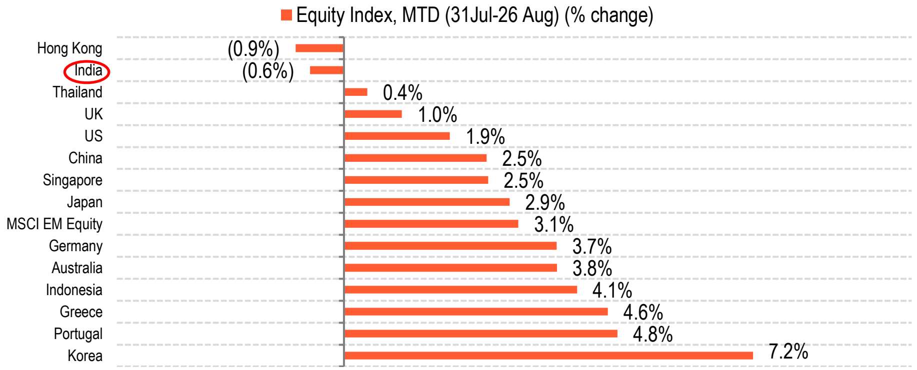
Fig 140 – RBI's outstanding forwards book stood at US$ 103.3bn as of Jun'26



Markets

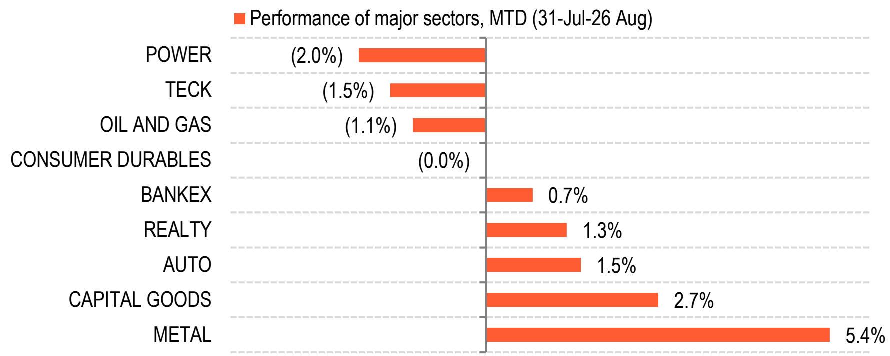
Equity & Bonds

Fig 141 – In Aug'26*, Sensex fell by -0.6% while MSCI EM inched up



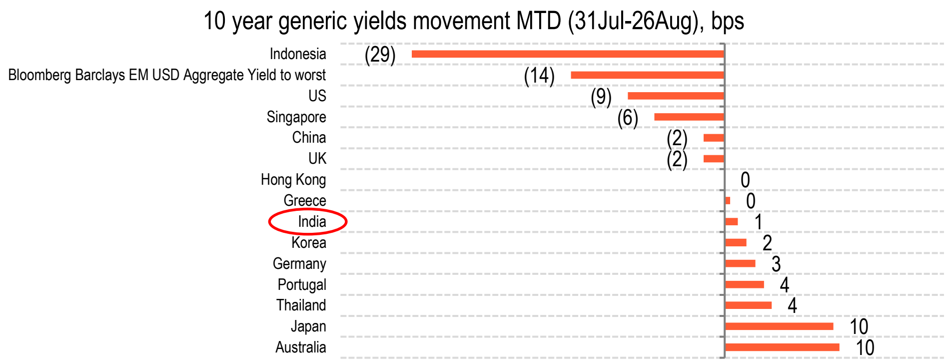
Source: Bloomberg | * As on 26 Aug 2026, Indices are in US$ terms

Fig 142 – …Power and technology stocks have fallen the most



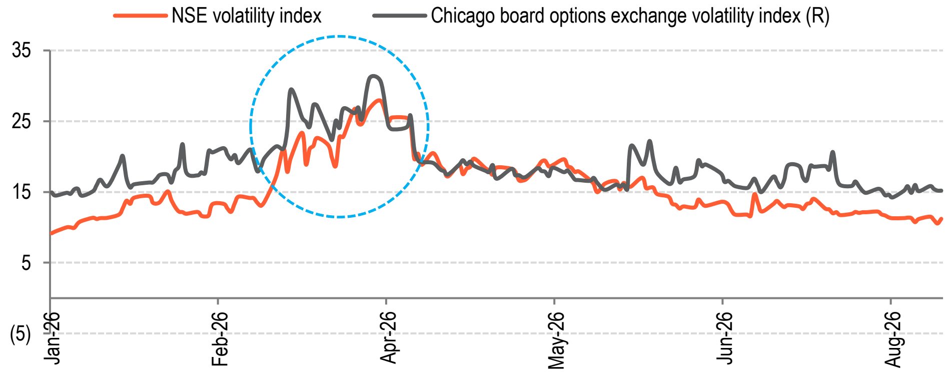
Source: Bloomberg | As on 26 Aug 2026

Fig 143 – India's 10Y yield inched up a tad in Aug'26



Source: Bloomberg | As on 26 Aug 2026

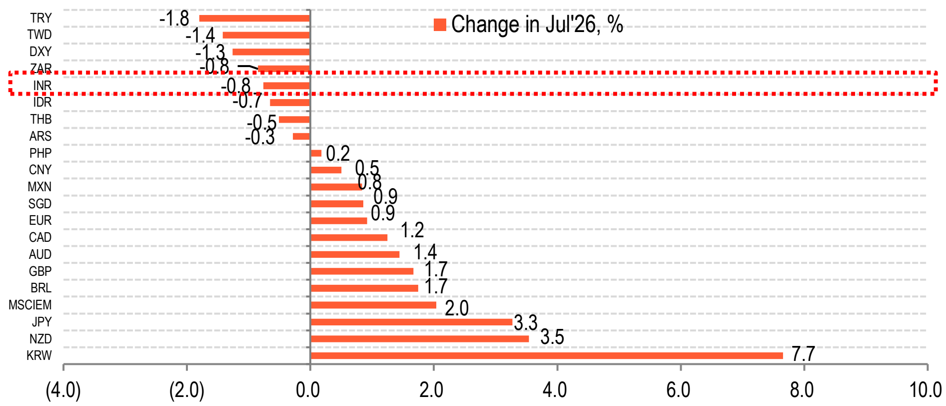
Fig 144 – VIX remained elevated amidst war related tensions



Source: Bloomberg

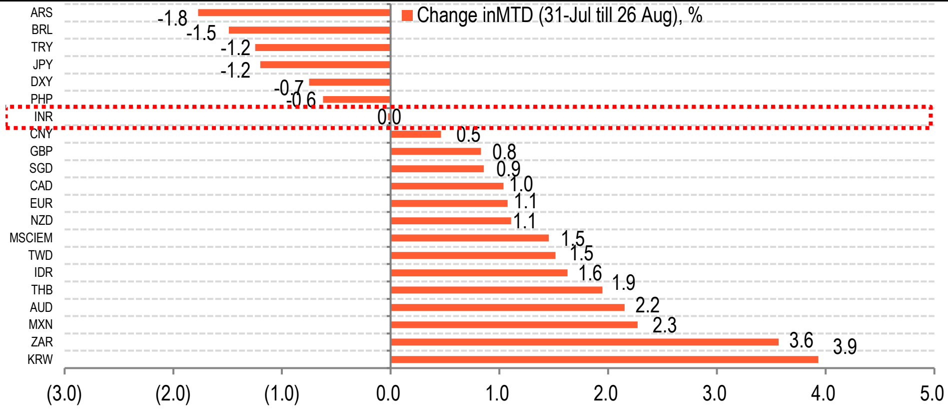
Currencies

Fig 145 – INR has depreciated a tad by 0.8% in Jul'26



Source: Bloomberg | *As on 31 July 2026

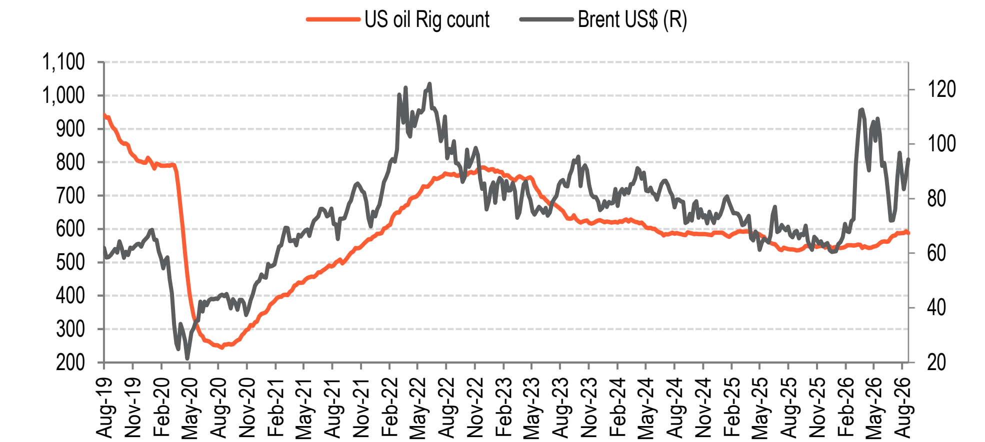
Fig 146 – In Aug'26*, INR has broadly remained stable



Source: Bloomberg | *As on 26 Aug 2026

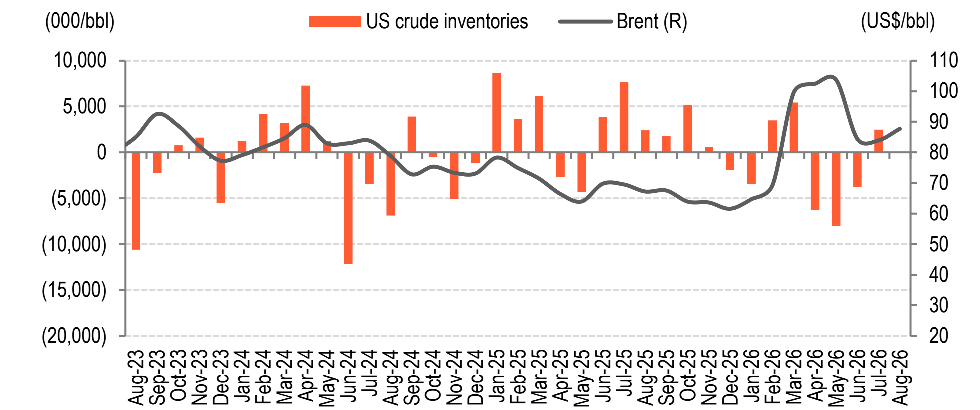
Commodities

Fig 147 – US rig count was stable



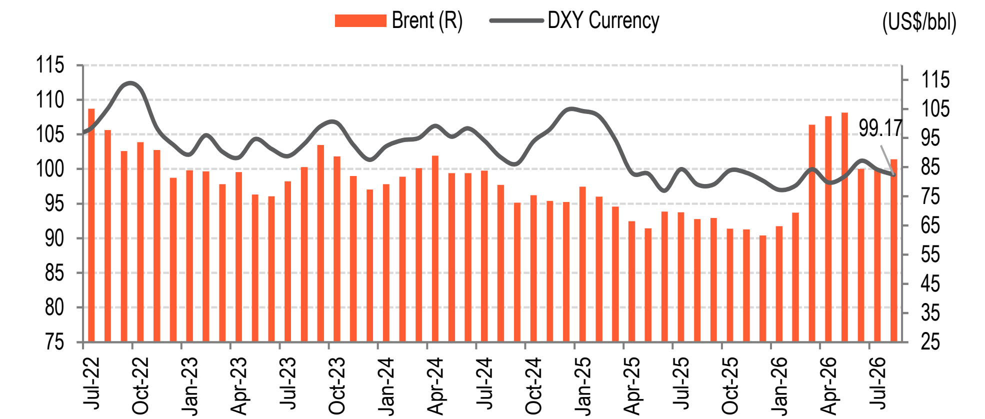
Source: Bloomberg

Fig 148 – Crude inventories edged down



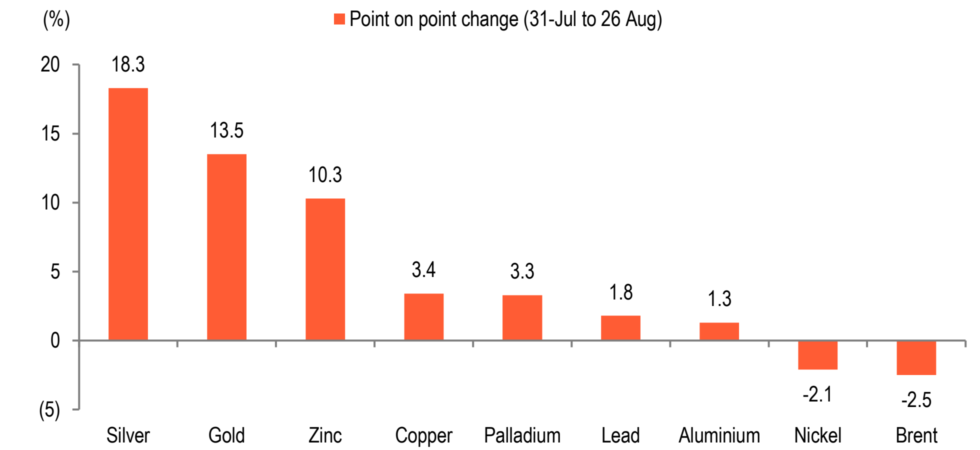
Source: Bloomberg

Fig 149 – DXY softened marginally, crude prices have a hardening bias



Source: Bloomberg | DXY Index as on last trading day of the month

Fig 150 – Some upside risk to global commodity prices is visible



Source: Bloomberg

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