

6 JUNE 2026

ASSOCHAM India Monitor

· (AIM Weekly) ·

----- Vol. 3/Issue 1 -----

A comprehensive weekly tracker of India's
macroeconomic indicators ↗



GDP GROWTH



INFLATION



INDUSTRIAL OUTPUT



Top Economic Developments



State Developments



Top Statistics



Weekly Market Mood



ASSOCHAM Analysis

RBI holds repo rate at 5.25%, raises FY27 inflation projection by 50 bps to 5.1% and GDP forecast revised downward to 6.6%

The Reserve Bank of India (RBI) kept the repo rate unchanged at 5.25 per cent and retained its "neutral" policy stance, signalling a wait-and-watch approach amid global economic uncertainties. The central bank's decision reflects concerns that current inflationary pressures are largely being driven by external factors rather than excessive domestic demand. The central bank revised FY27 GDP growth projection downward to 6.6% (from ~6.9%) and raised CPI inflation forecast to around 5.1% with upside risks, while noting limited domestic pass-through so far.

Government exempts FIIs from capital gains tax in G-Secs investments

In a bid to attract foreign capital inflows in the country the government has issued a new ordinance that scraps the long-term capital gains tax on investments made by foreign institutional investors (FIIs) in government securities. This ordinance will bring changes to the Income Tax Act to provide the exemption and will be called the Income-Tax (Amendment) Ordinance, 2026. The centre will remove capital gains tax on government securities, as these primary securities provide long-term tenure.

RBI measures for enhancing foreign capital flow

To attract foreign capital, RBI has announced to expand the universe of 'specified securities' by including all new issuances of 15-, 30- and 40-year tenor G-secs under the Fully Accessible Route (FAR). In addition, limits pertaining to short-term investment, concentration and individual securities on FPI investment under the General Route are being removed. The limits for investment by NRIs and OCIs in equity instruments traded on the stock market without SEBI registration are being increased. Further, the same facility is being extended to all individual Persons Resident Outside India (PROIs) at par with NRIs and OCIs. Moreover, a facility of concessional forex swap will be provided till 30th September 2026 to incentivize ECBs by PSUs and a similar facility for bearing the full hedging cost shall be provided till 30th September 2026 to AD banks for raising fresh 3–5-year FCNR (B) deposits. RBI proposed to restore the time for realization of export proceeds to nine months.

Cabinet Decisions

Price Stabilization Fund for Scheduled Indian Airlines towards ATF pricing

The Union Cabinet has approved one-time budgetary support not exceeding Rs.10,000 crore for Oil Marketing Companies (OMCs) to provide ATF price stabilisation support to Scheduled Indian Airlines for their domestic and international operations. The budgetary support shall be in the form of interest-free advances to OMCs through the Demands for Grants of the Ministry of Petroleum and Natural Gas.

Scheme for support to NCRPB for replacement of old trucks & buses in Delhi-NCR

With a total financial outlay of Rs.9,585 crore, including Rs.5,041 crore from the Central Government and an estimated Rs.1,601 crore in tax concessions from the participating States, the scheme seeks to incentivize owners of trucks and buses registered in the Delhi–NCR region that comply with BS-IV or earlier emission norms to replace them with BS-VI or stricter emission-compliant vehicles, or electric vehicles (EVs).

Gujarat to Launch India's First Service Commissionerate

According to the Gujarat government, a separate Commissionerate will be established in the state to promote growth of the service sector. Gujarat has taken a step with a special focus on fast-growing sectors, such as Information Technology (IT), tourism, logistics and other service industries. The initiative is aimed at ensuring balanced and diversified economic growth as Gujarat seeks to strengthen its service economy alongside its established manufacturing base. The new Commissionerate would function on the lines of the Industries Commissionerate, which facilitates industrial development in Gujarat.

Tamil Nadu: MoU Worth Rs 18,600 Crore With Larsen & Toubro For Three Projects

Tamil Nadu Chief Minister signed a memorandum of understanding with infrastructure conglomerate Larsen & Toubro for three projects worth Rs 18,600 crore, in a move expected to generate employment for over 8,200 people. These projects will boost data centres, electronics manufacturing, and shipbuilding. The largest among them is a Data Centre Expansion Project in Kancheepuram district, which will involve an investment of Rs 15,000 crore. L&T will also establish an Electronics and Electronic Systems Manufacturing Project in Coimbatore with an investment of Rs 2,500 crore, creating employment opportunities for around 2,000 people. The third project involves the expansion of L&T's shipbuilding facility at Kattupalli in Tiruvallur district. The project will see an investment of Rs 1,100 crore and is expected to create employment for approximately 5,700 people.

Make in Haryana Industrial Policy Launched

Chief Minister Nayab Singh Saini on 1 June launched the 'Make in Haryana Industrial Policy' setting a target of attracting Rs 5 lakh crore in investments and MoUs worth Rs 1.10 lakh crore were signed. The state government seeks to place Haryana as India's leading investment destination and establish it as a powerhouse of future-ready manufacturing. The chief minister also unveiled nine new sector-specific industrial policies, an Intelligent Investment Facilitation Portal, and the logo of the upcoming Happening Haryana Global Investors Summit. The first MoU was signed by Model Economic Township Ltd for a total investment of Rs 8,646 crore in its township project at Jhajjar.

Cabinet approvals for Telangana, Bihar, Odisha and Madhya Pradesh

- Cabinet approved the widening of the Armoor–Jagtial–Mancherla section of NH-63 and the Jagtial–Karimnagar section of NH-563 in Telangana to four-lane standards, with an estimated investment of ₹7,597.16 crore.
- Cabinet approved the construction of new coastal Highway from Rameshwar to Paradeep (Part of Coastal Highway having total length of 163.180 Km in 2 Packages) on Hybrid Annuity Mode in Odisha
- Cabinet approved Upgradation of the Khagaria-Purnea Section of NH-31 and NH-231 to the 4-Lane Standard (143.529 kms) at a cost of Rs.3936.05 crore in Bihar on BOT (Toll) Mode
- Cabinet approved upgradation of the existing intermediate lane to 2 Lane with Paved Shoulder Standard (125.01 kms) of Hiwarkhedi -Roshni-Ashapur-Rudhy Section of NH-347B and widening of existing 2 lane to 4 lanes from Deshgaon-Julwaniya Section of NH-347B of length (108.643 kms) in the State of Madhya Pradesh on Hybrid Annuity Mode at a cost of Rs.4,415.60 Crore.

India's economy grew at 7.8% in Q4; full-year FY26 growth at 7.7%

India's economy grew at 7.8 percent in the January-March quarter of FY26, showing strong resilience despite global economic uncertainties and geopolitical tensions. India's economy grew 7.7 percent in the full 2025-26 financial year, slightly above the earlier estimate of 7.6 percent. India's strong annual growth, despite global headwinds driven by its large domestic market, government infrastructure spending and a robust services sector.

FDI equity flows up 18% in FY 26

The Foreign Direct Investment (FDI) equity inflows into the country increased 18% on year to \$ 58.8 billion in 2025-26 with major boost provided by investors in computer software and hardware sectors, according to the latest data released by the Department for Promotion of Industry and Internal Trade (DPIIT). The biggest magnet for FDI was computer hardware sector that saw investments jump 78.4% to \$ 13.9 billion. The second biggest recipient of FDI, the services sector, saw a growth of 7.0% to \$ 10.0 billion. Despite trade tensions, the FDI from the US saw a biggest jump of 104.7% to \$ 11.1 billion in 2025-26. Singapore remained the biggest source of FDI with a growth of 32.5 % to \$ 19.8 billion.

India's gold ETFs record first monthly outflow in a year

In India, investors have begun withdrawing investments from Gold ETFs (Exchange Traded Funds). In May, which is the first such month in more than a year, a net outflow of \$61 million was recorded from Indian gold ETFs, according to World Gold Council data. Only Europe witnessed a rise in investments in gold ETFs and it attracted a net inflow of \$334 million. In May, the highest withdrawals was registered by Nippon India ETF Gold BeES, which is the biggest such fund in the country and one of the biggest globally. About \$110 million flowed out of this fund.

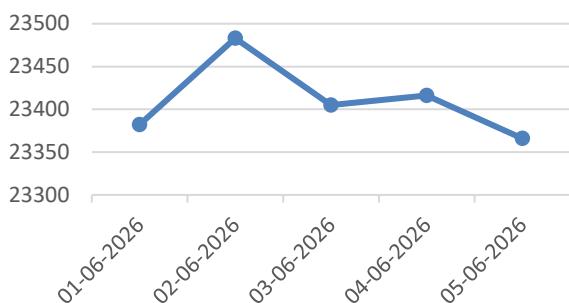
India's spice exports dip 6% in FY26 to \$4.43 billion

Weak overseas demand for key spice products such as chilli and cumin have pulled down the Indian spices exports during financial year ended March 2026. Indian spices registered a 6 per cent decline in exports at \$4.43 billion during 2025-26 over corresponding last year's \$4.72 billion. In volumes, the spices shipments were down 4 per cent at 17.34 lakh tonnes over corresponding last year's 17.99 lakh tonnes. However, in rupee terms the decline was 2 per cent at ₹39,140 crore over previous year's ₹39,994 crore. Chilli, the largest product in the spices export basket both in terms of volumes and value, was down by 4 and 12 per cent respectively on reduced off-take from key buyers such as China and Bangladesh. Tariff in the US and weak demand from Asian markets brought down the exports, according to the Chairman, All India Spices Exporters Forum.

Railways loads 145 million tonnes of freight in May, passenger numbers rise

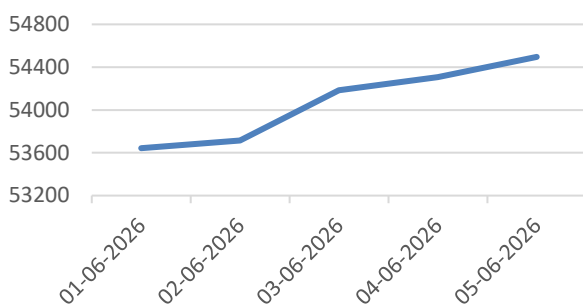
Despite challenges arising from the evolving geopolitical situation in West Asia and its impact on logistics, Indian Railways loaded 145 million tonnes of freight in May 2026, registering a 1.3 per cent increase compared with May 2025. The growth was driven by strong performances in key commodity segments, particularly iron ore, steel, fertilisers and Balance Other Goods. On the passenger front, more than 61 crore passengers travelled by train in May 2026, compared with around 59 crore during the same month last year.

NIFTY 50



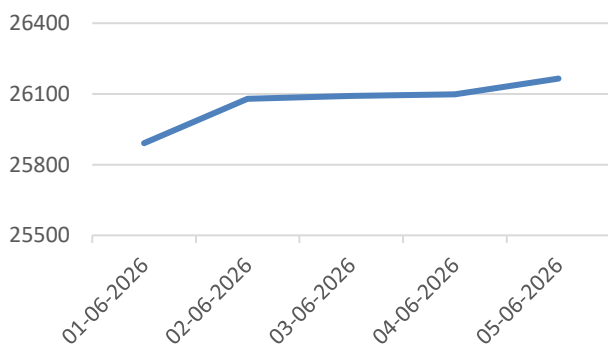
NIFTY 50 slipped, closing the week at 23,366.70. This marks the second consecutive week of declines. The recent market weakness is primarily driven by a mix of domestic and global economic pressures. The Nifty extended its weekly fall after the Reserve Bank of India (RBI) raised its FY27 inflation forecast to 5.1% and lowered its GDP growth projection to 6.6%.

NIFTY BANK



The Nifty Bank rallied following the Reserve Bank of India's (RBI) decision to keep the repo rate unchanged at 5.25% while maintaining a neutral policy stance. The pause removed rate-hike anxieties, sparking a surge across banking and financial stocks. Index gain was fueled by relief that borrowing costs will remain stable despite ongoing global geopolitical uncertainties and localized inflation risks.

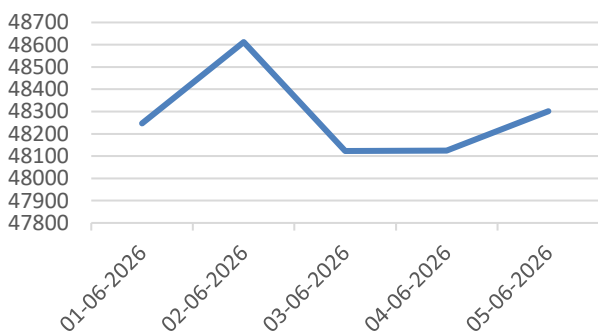
NIFTY AUTO



Within the auto space, investor reaction remained mixed as they assessed the ongoing impacts of inflation and commodity costs. The rate stability provided a welcome relief for interest-sensitive sectors like autos and realty. The market remained under pressure due to geopolitical tensions (e.g., Iran-US tensions), surging crude oil prices approaching \$97 per barrel, and a weakening rupee. Investor caution lingered regarding global geopolitical tensions, elevated energy prices, and foreign capital outflow.

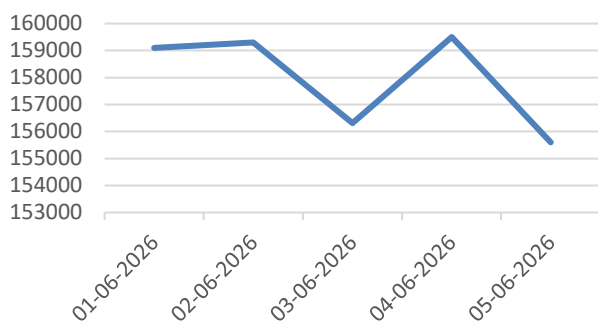
Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
05/06/2026	95.3996	128.1064	110.8314	59.6400
04/06/2026	95.7425	128.6045	111.1877	59.8900
03/06/2026	95.7795	128.7819	111.2645	59.8800
02/06/2026	95.1702	128.2602	110.8663	59.5800
01/06/2026	94.8913	127.7718	110.5895	59.5000

NIFTY FMCG



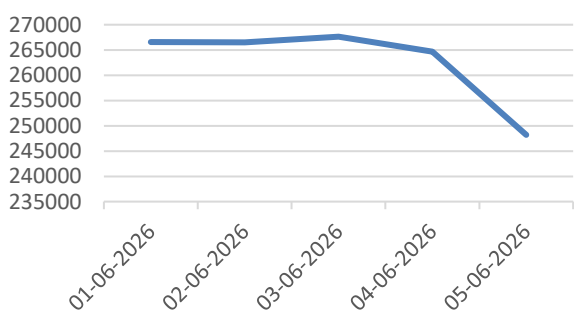
Fast-moving consumer goods (FMCG) depicted weakness due to expectations of an El Nino-weakened monsoon. Continued FII outflows, uncertainty over global geopolitical developments and concerns surrounding below-normal monsoon rainfall and its possible impact on the economy and inflation impacted the FMCG segment. In the past one month, the FMCG index has underperformed the market, by falling 5 per cent, as against 2.3 per cent decline in the benchmark index.

Gold (INR/10 GM)



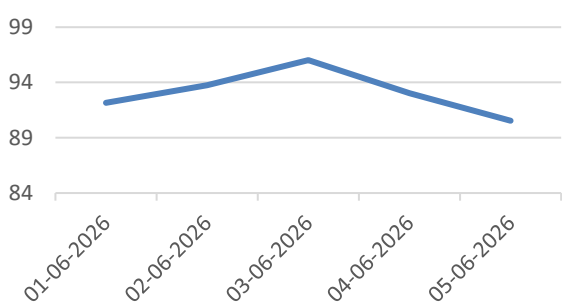
Gold reflected uncertainties as Middle East tensions kept oil prices elevated and fueled ongoing concerns over a burst of inflation. Worries have abounded that the energy shock will feed a broader acceleration in inflationary pressures in countries around the world, persuading central banks to adopt a more hawkish policy stance in response. The Federal Reserve, is now expected to leave interest rates unchanged for the rest of 2026, before lifting borrowing costs early next year, according to the market participants.

Silver (INR/KG)



Several factors are currently influencing precious metals markets. Analysts believe that investors are balancing several competing factors. On one side, inflation concerns and geopolitical uncertainty can support demand for gold and silver. On the other side, expectations for higher interest rates can reduce investor interest in these metals. Physical demand has also shown signs of weakness.

Crude (\$/BL) Price



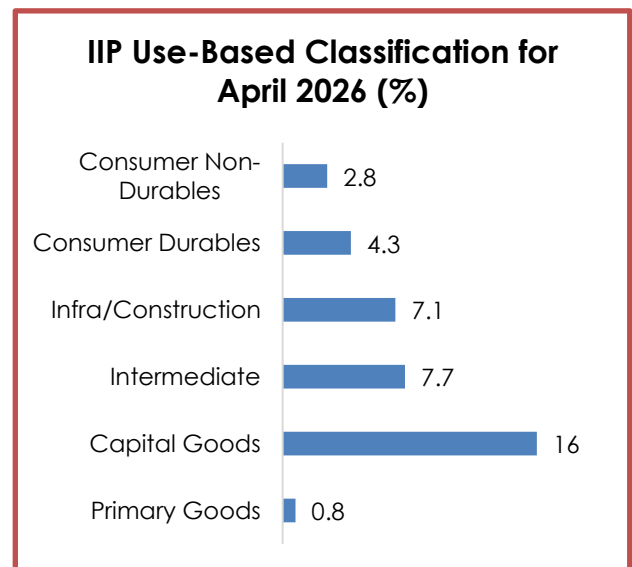
Oil prices held steady and hopes for a quick resolution to the U.S.-Israeli conflict with Iran diminished after Hezbollah rejected a new ceasefire proposal. Despite this, both Brent and WTI crude benchmarks are on track for their first weekly gain in three weeks. China has sharply reduced crude oil imports during the Middle East conflict, and analysts say the move may be one of the biggest reasons oil prices have not surged far beyond \$100 a barrel despite a major global supply shock.

Driven by strong growth of 6.2% in Manufacturing Sector, Index of Industrial Production (IIP) records 4.9% Growth in April 2026

The Ministry of Statistics and Programme Implementation (MoSPI) has revised the base year of the All India Index of Industrial Production (IIP) from 2011-12 to 2022-23 with the objective of making the index more representative of the current structure and dynamics of the industrial sector. Driven by strong growth of 6.2% in Manufacturing Sector, Index of Industrial Production (IIP) records 4.9% Growth in April 2026.



- The growth rates of the Four sectors, Mining & Quarrying, Manufacturing, Electricity & Gas Supply and Water Supply, Sewerage & Waste Management for the month of April 2026 are (-)5.1 percent, 6.2 percent, 4.9 percent and 6.6 percent respectively.
- Within the Manufacturing sector, the top three positive contributors for the month of April 2026 are – “Manufacture of motor vehicles, trailers and semi-trailers” (12.7%), “Manufacture of electrical equipment” (19.2%) and “Manufacture of machinery and equipment n.e.c.” (12.9%).
- Based on Use-Based Classification, top three positive contributors to the growth of IIP for the month of April 2026 are Intermediate Goods, Capital Goods and Infrastructure/Construction Goods.
- In the industry group “Manufacture of motor vehicles, trailers and semi-trailers”, item groups “Auto Components, Spares and Accessories”, “Passenger Cars”, and “Rim (Wheel)” have shown significant contribution in growth.



Driven by strong growth of 6.2% in Manufacturing Sector, Index of Industrial Production (IIP) records 4.9% Growth in April 2026

The series based on 2022-23 has:

Expanded Scope & Coverage - In the new IIP series (2022-23), the coverage has been broadened by incorporating Gas Supply and Water Supply, Sewerage & Waste Management activities, while retaining the existing three core sectors - Mining, Manufacturing, and Electricity. In the Mining sector, the new series includes minor minerals and rare earth minerals in addition to major minerals.

Enhanced Granularity - The new IIP series provides a more detailed disaggregation of industrial activities, enabling better analysis of sectoral performance.

Revamped Item Basket - The revised basket consists of 1,042 products mapped to 463 item groups as compared to 839 items mapped to 407 item groups in 2011-12 series.

Updated Weights - The weights are updated using latest data on Gross Value Added from National Accounts Statistics (base 2022-23) at sectoral level and Annual Survey of Industries at NIC-2/3/4 digit for the financial year 2022-23.

Sector	Year	Growth Rate (%) in April (YoY)
Mining & Quarrying	2023-24	-2.7
	2024-25	12.6
	2025-26	0.6
	2026-27	-5.1
Manufacturing	2023-24	0.2
	2024-25	5.4
	2025-26	6.4
	2026-27	6.2
Electricity & Gas Supply	2023-24	-1.2
	2024-25	14.1
	2025-26	6.1
	2026-27	4.9
Water Supply, Sewerage & Waste Management	2023-24	9.6
	2024-25	15.7
	2025-26	8.2
	2026-27	6.6
General	2023-24	-0.1
	2024-25	7.3
	2025-26	5.7
	2026-27	4.9

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