

Economy Watch

Monitoring India's
macro-fiscal performance

April 2026



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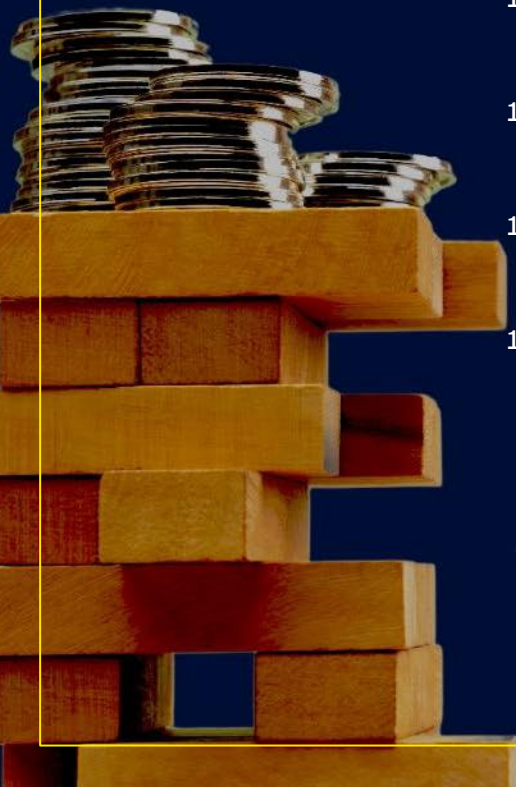
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Highlights

1. Affected by accelerating input cost inflation owing to the West Asian crisis, both manufacturing and services PMI fell to multi-month low levels of 53.9 and 57.5 respectively in March 2026.
2. IIP posted near-stable growth of 5.2% in February 2026 compared to 5.1% in January 2026.
3. CPI inflation increased to 3.4% in March 2026 from 3.2% in February 2026, largely due to cost push factors, particularly energy prices, in the backdrop of the West Asian geopolitical crisis.
4. Headline WPI inflation rose sharply to 3.9% in March 2026, up from 2.1% in February 2026, reflecting an acceleration in wholesale price momentum driven by energy-linked and manufactured goods prices.
5. Govt's gross tax revenues (GTR) grew by 6.7% during April-February FY26 with growth in direct taxes at 5.9% and that in indirect taxes at 8.0%.
6. Govt's total expenditure grew by 3.9% during April-February FY26, with growth in revenue expenditure at 1.1% and that in capital expenditure at 14.5%.
7. Govt's fiscal and revenue deficits during April-February FY26 stood at 80.4% and 73.8% of their respective annual revised estimates.
8. Gross bank credit continued to post healthy growth of 14.5% in February 2026, close to its level of 14.6% in January 2026.
9. Net FDI and FPIs witnessed inflows amounting to US\$4.6 billion and US\$2.9 billion respectively in February 2026 compared to outflows of US\$1.4 billion and US\$1.9 billion in January 2026.
10. Current account deficit moderated to 1.3% in 3QFY26 from 1.5% in 2QFY26, led by a fall of 0.5% points of GDP in net merchandise trade deficit accompanied by a narrowing in net invisibles by 0.3% points of GDP.
11. Merchandise exports and imports contracted sharply by (-)7.4% and (-)6.5% in March 2026 reflecting weak external demand and disruptions to trade flows with West Asia.
12. Merchandise trade deficit narrowed to a nine-month low of US\$20.7 billion in March 2026 amidst contractions in both exports and imports owing to global supply disruptions.
13. Average global crude price increased from US\$68/bbl. in February 2026 to US\$95.6/bbl. in March 2026, its highest level since August 2022, due to the supply disruptions caused by the West Asian crisis.
14. The ADB has projected growth in Developing Asia and Pacific at 5.1% in 2026 and 2027, with India's FY27 and FY28 growth rates forecasted at 6.9% and 7.3%, respectively.
15. If the West Asian crisis persists and the ICB price averages US\$120 per barrel in FY27, India's real GDP growth may slip to about 6.0% and CPI inflation may increase to 6.0% in FY27.





Despite slowdown, India to lead global growth amid West Asian crisis

Several multilateral agencies have come out with their projections for growth and inflation after incorporating the impact of the West Asian crisis. In its baseline scenario, the IMF World Economic Outlook (April 2026) assumes a short-lived West Asian conflict, in which global growth for 2026 is projected at 3.1%. In contrast, in the adverse scenario, global growth falls to 2.5%, and in its severely adverse scenario, global growth is forecast to fall to 2.0%. Correspondingly, global inflation has been projected at 4.4%, 5.4% and 6.0% respectively.

For India, the IMF, with respect to the baseline scenario, projects growth of 6.5% for FY27, reflecting an upward revision of 0.3 percentage points relative to its October 2025 projections, led by positive contributions from the carryover of the strong 2025 (FY26) outturn and the decline in additional US tariffs on Indian goods from 50% to 10%, which outweigh the negative impact of the West Asian crisis. Growth is projected to remain stable at 6.5% during 2027 (FY28) to 2030 (FY31). Further, CPI inflation is projected at 4.7% in FY27, increasing from 2.1% in FY26, driven mainly by high global energy prices due to the impact of the West Asian crisis. However, it is projected to return to the RBI's target level of 4% in FY28 and remain stable at this level until FY31.

As per the ADB (Asian Development Outlook, April 2026), growth in Developing Asia and the Pacific is projected to fall from 5.4% in 2025 to 5.1% in both 2026 and 2027. These projections are based on a scenario of early stabilization of the West Asian crisis. However, alternative assumptions suggest that growth may fall to 4.7% in 2026 and 4.8% in 2027 if disruptions last through the third quarter of 2026. Growth in India is projected to ease from 7.6% in 2025 (FY26) to 6.9% in 2026 (FY27) but remain robust, bolstered by resilient consumption, recent trade agreements and ongoing structural reforms. CPI inflation for India is projected to increase from 2.1% in FY26 to 4.5% in FY27 amid conflict in the Middle East, before moderating to 4% in FY28 as food prices ease.

In its April 2026 India Development Update, the World Bank projects India's real GDP growth at 6.6% in FY27, reflecting moderation amid elevated energy prices. Even as these headwinds weigh on near-term growth momentum, India remains among the fastest-growing major economies globally. CPI inflation is expected to rise to 4.9% in FY27 due to normalizing food prices from a low base and high global oil prices driving up logistics and other input costs. The pass-through of global energy costs is expected to be partial, as Oil Marketing Companies (OMCs) and the Govt absorb part of the impact through lower profits, higher subsidies and lower excise duties. Inflation is expected to moderate toward the RBI's 4% target over the medium term as energy shocks dissipate.

The RBI released its monetary policy statement on 8 April 2026, wherein it retained the repo rate at 5.25% and continued to maintain a neutral policy stance. The monetary policy review provided an assessment of the impact of the West Asian crisis on India's growth and inflation. The effects on growth and inflation are asymmetric and depend primarily on the average global crude price, which is assumed at US\$85 per barrel for FY27. RBI's estimates are based on an underlying framework where growth and inflation effects are calculated with respect to a baseline level of the Indian crude basket (ICB) of US\$70 per barrel. With reference to this benchmark, every 10% increase, that is, an increase of US\$7 per barrel, may lower real GDP growth by around 15 basis points and, assuming full pass-through to domestic product prices, raise inflation by 30 basis points. Thus, the effect on inflation is stronger than the effect on growth. In its April 2026 monetary policy report, the RBI provides FY27 growth estimates of 6.9% and 6.7% respectively, considering whether the price of the ICB would average US\$85 per barrel or US\$95 per barrel. CPI inflation for FY27 has been projected at 4.5% and 5.0% with respect to these two benchmark prices of the Indian crude basket. It may be noted that in recent months, the ICB price has tended to be higher than the average of Brent and Dubai Fateh.

The US Energy Information Administration (US EIA) provides, on a monthly basis, an assessment of global crude prices in the near future. The April 2026 release of the US EIA Short-Term Energy Outlook projects



Brent crude oil prices to increase from an average of US\$81 per barrel in Q1 CY26 to a peak of US\$115 per barrel in Q2 CY26. Depending on how the crisis evolves, crude prices may fall in the future.

Current indications suggest that the West Asian crisis may last well beyond expectations of a short-lived conflict. Even after it is resolved, considerable time would be required for the global crude supply situation to normalize. As such, India's growth may be lower than 6.5% and inflation somewhat higher than RBI's baseline projections. There is a likelihood of the ICB price exceeding US\$95 per barrel on average in FY27. Even so, India's growth in FY27 is expected to be more than double that of global growth under an adverse scenario. In this context, the IMF, in its April 2026 WEO release, recommends careful calibration of policy responses since much room for fiscal maneuver or monetary policy actions does not exist.

The budgeted fiscal deficit for FY27 is estimated at 4.46% with respect to the estimated nominal GDP of the 2022-23 base series, using a 10.0% nominal growth over the FY26 second revised estimates. However, the FY26 revised estimate of the fiscal deficit has already increased to incorporate supplementary demands amounting to INR2.01 lakh crore. For similar reasons, FY27 budget estimates may need to be revised on account of the expected increase in government subsidies related to food, fertilizer and petroleum due to the higher ICB price and the Gol's objective of curtailing the pass-through of the increase in ICB prices to consumers. Towards that end, the Gol has already provided additional subsidies to the OMCs. The losses of OMCs are likely to depend on the extent to which the government insists on keeping retail prices at present levels. To some extent, reductions in excise duty on petrol and diesel may reduce losses for OMCs, but they may result in direct revenue losses for the Gol. Further, if real GDP growth declines and profit margins fall for major producers, there may be an adverse impact on Gol's tax revenues. State finances may also be affected due to lower economic activity. The magnitude of states' share in central taxes would be adversely affected if the Gol's gross tax revenues (GTR) fall below budget estimates. States may also face pressure to reduce sales tax or VAT on petroleum products. As per information shared by the CBIC chairman on March 27, 2026, the fortnightly loss on account of lower excise duties on petrol and diesel is estimated at INR7,000 crore, which may be partly offset by gains from an export tax on ATF estimated at INR1,500 crore per fortnight. This implies a net loss of INR5,500 crore per fortnight, translating into an annual loss in GTR of about INR1.32 lakh crore for the Gol should the crisis continue for the full year. To some extent, the increase in the ICB price may need to be shared between consumers and the Gol. However, with pressure on the fiscal deficit, the scope for using higher borrowing to stimulate the economy may be quite limited. As per the IMF, any fiscal responses may need to be well-targeted so that any deviation from the medium-term fiscal consolidation path is minimal. At the same time, due to likely pressure on inflation, monetary stimulus may also not be on the cards. If anything, interest rates may have to be increased later in FY27 to contain inflation.

High frequency data signal continuing growth momentum although its pace has started to moderate. Affected by accelerating input cost inflation owing to the West Asian crisis, both manufacturing and services PMIs fell to multi-month low levels of 53.9 and 57.5 respectively in March 2026. IIP posted near-stable growth of 5.2% in February 2026 compared to 5.1% in January 2026. Data released by the Federation of Automobile Dealers Associations (FADA) show that retail sales of motor vehicles continued to post strong growth of 25.3% in March 2026, close to its level of 25.6% in February 2026. Retail sales of passenger vehicles and two-wheelers grew by 28.7% and 21.5% respectively in March 2026. Gross bank credit continued to post healthy growth of 14.5% in February 2026, nearly unchanged from its level of 14.6% in January 2026. Net FDIs and FPIs witnessed inflows amounting to US\$4.6 billion and US\$2.9 billion respectively in February 2026 compared to outflows of US\$1.4 billion and US\$1.9 billion in January 2026.

Monthly gross GST collections increased from INR1.83 lakh crore in February 2026 to INR2.0 lakh crore in March 2026. However, on an annual basis, gross GST revenues showed low growth of 4.6% in FY26 compared to 9.4% in FY25. Data from the CGA for April-February FY26 show that growth in the Gol's GTR was 6.7%, with growth in direct taxes at 5.9% and indirect taxes at 8.0%. Total expenditure grew by 3.9% during April-February FY26, with growth in revenue expenditure at 1.1% and capital expenditure at 14.5%. As a result, the Gol's fiscal and revenue deficits during April-February FY26 stood at 80.4% and 73.8% of their respective annual revised estimates.

Merchandise exports and imports contracted by (-)7.4% and (-)6.5% respectively in March 2026 leading to a narrowing of the merchandise trade deficit to a nine-month low of US\$20.7 billion reflecting trade compression amid heightened uncertainty and currency volatility.



CPI inflation increased to 3.4% in March 2026 from 3.2% in February 2026, largely due to cost push factors, particularly energy prices, against the backdrop of West Asian geopolitical tensions. It has shown a persistent upward trend since reaching a trough of 0.04% in October 2025. Headline WPI inflation increased to 3.9% in March 2026, its highest level since January 2023, led by the surge in global crude prices.

If the West Asian crisis persists, the price of Indian crude basket may rise further. If the ICB price averages US\$120 per barrel in FY27, India's real GDP growth may slip to about 6.0% and CPI inflation may increase to 6.0%. Although room for policy interventions is limited, upward revision in the repo rate and accelerated diversification of sources of supply of crude need to be considered. To minimize the adverse impact on fiscal deficit, increased energy prices should be passed on to the retailers to a relatively larger extent.



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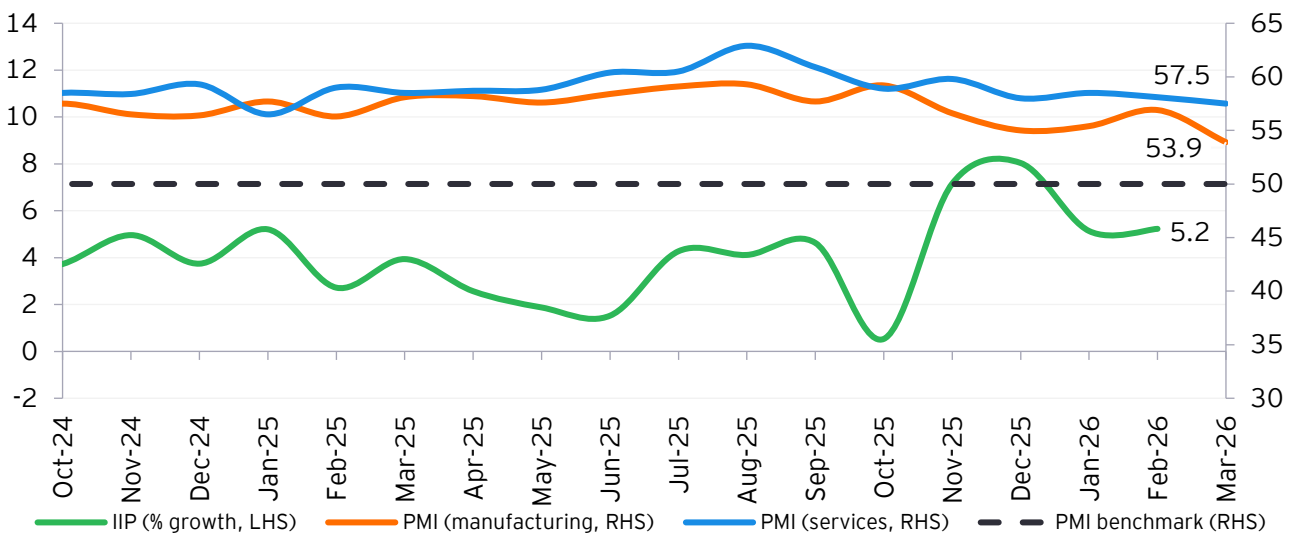
1 Growth: PMI manufacturing and services fell to multi-month low levels in March 2026

1.1 PMI showed the slowest rate of expansion in private sector output since November 2022

- Manufacturing PMI (seasonally adjusted or sa) fell from 56.9 in February 2026 to 53.9 in March 2026, its lowest level since June 2022. The fall was driven by a softer growth in output and new orders, accompanied by rising input costs, owing to the supply disruptions caused by the West Asian crisis (Chart 1). On an annual basis, PMI manufacturing averaged 57.3 in FY26, nearly the same level as in FY25 at 57.4.
- Services PMI (sa) also fell from 58.1 in February 2026 to 57.5 in March 2026, its weakest expansion in 14 months. Input cost inflation accelerated to its fastest pace since 2022, indicating that higher fuel, transport and logistics costs are feeding into services. On an annual basis, PMI services averaged 59.4 in FY26, marginally higher than 59.2 in FY25.
- The composite PMI Output Index (sa) eased from 58.9 in February 2026 to 57 in March 2026, indicating the weakest rate of expansion in nearly three-and-a-half years. The index averaged 59.8 in FY26, slightly higher than 59.6 in FY25.

Affected by accelerating input cost inflation owing to the West Asian crisis, both manufacturing and services PMI fell to multi-month low levels of 53.9 and 57.5, respectively, in March 2026.

Chart 1: PMI and IIP growth



Source: MoSPI and S&P Global



1.1 IIP growth remained nearly stable at 5.2% in February 2026

- Overall IIP growth stood at 5.2% in February 2026, close to its level of 5.1% (revised) in January 2026 (**Chart 1**), driven by strong growth in manufacturing output.
- Manufacturing output, having the highest weight of 77.6% in overall IIP, grew by 6.0% in February 2026, increasing from 5.3% (revised) in January 2026.
- Growth in the output of mining and electricity was lower at 3.1% and 2.3%, respectively, in February 2026 compared to 4.3% and 5.1% in January 2026.
- Within manufacturing, among key sub-industries, output of motor vehicles, trailers and semi-trailers (14.9%), basic metals (13.2%), other machinery and equipment (10.2%), electrical equipment (9.1%) and other non-metallic mineral products (7.2%) showed strong growth rates during the month.
- However, there was a contraction in the output of pharmaceutical products ((-)2.3%) and coke and refined petroleum products ((-)0.3%) in February 2026.
- Within the 'use-based' classification of industries, growth in the output of capital goods accelerated to a nine-month high of 12.5% in February 2026 from 4.1% in January 2026, partly owing to a favorable base effect. Infrastructure/construction goods continued to show robust growth of 11.2% in February 2026, although lower than 14.6% in January 2026. Growth in the output of consumer durables at 7.3% in February 2026 was close to its level of 7.2% in January 2026. Growth in the output of consumer non-durables, however, contracted for the second consecutive month by (-)0.6% in February 2026 as compared to (-)2.3% in January 2026.
- Growth in the output of eight core infrastructure industries (Core IIP) fell to a three-month low of 2.3% in February 2026 from 4.7% (revised) in January 2026. Among the key sub-industries, although the output of cement and steel continued to post strong growth rates of 9.3% and 7.2% respectively in February 2026, they were lower than 11.3% and 11.5% in January 2026. In addition, growth rates in the output of coal and electricity were subdued at 2.3% and 0.5% respectively in February 2026, falling from 3.1% and 5.2% in January 2026.

IIP posted a near stable growth of 5.2% in February 2026 compared to 5.1% in January 2026.

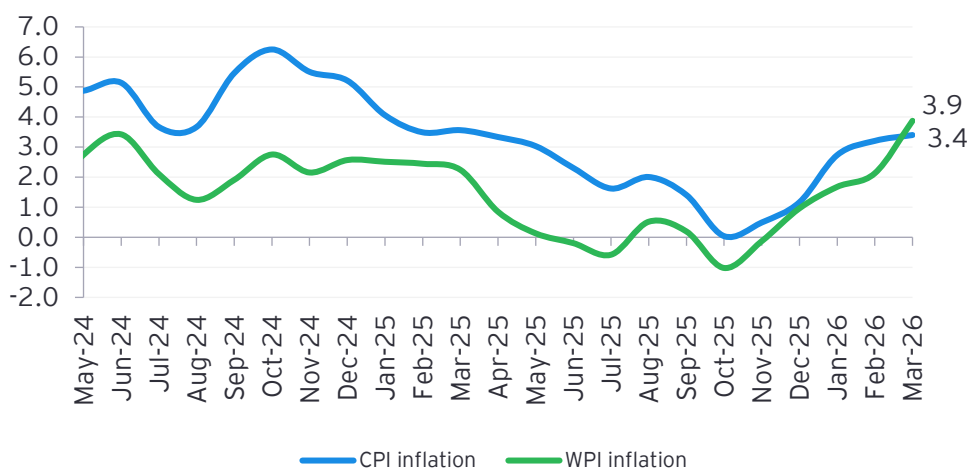


2 Inflation: CPI inflation increased to 3.4% in March 2026

2.1 CPI inflation

- CPI inflation increased to 3.4% in March 2026 from 3.2% in February 2026 (**Chart 2**), largely due to cost push factors, particularly energy prices, in the backdrop of West Asian geopolitical crisis. It shows a persistent upward trend since reaching a trough of 0.04% in October 2025.
- Key sectors contributing to the increasing levels include food and beverages, which rose to 3.7% in March 2026 from 3.4% in February 2026 and gas within the overall category of housing, water, electricity, gas and other fuels, which rose from 1.6% to 5.3% during the same period.
- Vegetable inflation increased to 1.7% in March 2026 from 0.1% in the previous month, indicating waning favorable base effects.
- Air travel services, which have lately suffered increasing ATF prices, show an inflation rate of 14.2% in March 2026 compared to (-)7.0% in February 2026.
- Inflation in jewelry and watches remained elevated at 65.3% in March 2026, compared to 69.5% in the previous month, driven by high global gold and silver prices. As a result, personal care, social protection and miscellaneous services continued to experience the highest inflation among all sub-groups at 18.6% in March 2026, although marginally lower than 19.7% in February 2026.
- March 2026 saw a broad-based increase in inflation across sub-groups, except health, wherein inflation moderated only marginally to 1.8% from 1.9% in February 2026.
- Inflation in a) transport services and equipment and b) information and communication services and equipment remained subdued at 0.0% and 0.3%, respectively, in March 2026, broadly unchanged from their February 2026 levels. The continued price stability in transport services reflects restrained fuel pass-through from global crude prices, largely on account of a reduction in excise duties on petrol and diesel.
- Overall, an upward trend in inflation is expected in the next few months if the West Asian crisis is not resolved in the near future, leading to continued supply disruptions and price increases in the energy sector.

Chart 2: Inflation (y-o-y, in %)



CPI inflation increased to 3.4% in March 2026 from 3.2% in February 2026 largely due to cost push factors particularly energy prices.

Source: MoSPI, Office of the Economic Adviser, Government of India (GoI)



- On an annual basis, CPI inflation in FY26 averaged 2.0%, lower than 4.6% in FY25.

2.2 WPI inflation increased to 3.9% in March 2026

- Headline WPI inflation rose sharply to 3.9% in March 2026, up from 2.1% in February 2026, reflecting an acceleration in wholesale price momentum driven by energy-linked and manufactured goods prices (**Chart 2**).
- Inflation in primary articles surged to 6.4% in March 2026, nearly twice its level of 3.3% in the previous month, led by a sharp increase in crude petroleum and natural gas prices, while those of food articles eased sequentially.
- Fuel and power inflation turned positive at 1.05% in March 2026 after prolonged contraction for eleven successive months, with inflation in mineral oils at a 20-month high level of 3.5% during the month, reflecting the surge in global crude prices.
- Inflation in manufactured products rose to 3.4% in March 2026 from 2.9% in February 2026, with price increases across a majority of industry groups (notably basic metals, chemicals and textiles), signaling widening input-cost pressures.
- The WPI Food Index remained stable at 1.8% in March 2026 as an easing pace of inflation in vegetables and fruits was offset by a rise in inflation in manufactured food products, suggesting that food-led pressures remained contained at the wholesale level.
- Core WPI inflation increased to 3.7% in March 2026, its highest level since October 2022, from 3.3% in February 2026, indicating a broad-based, though limited, transmission of energy cost pressures.
- WPI inflation is likely to remain sensitive to global crude and commodity price movements, geopolitical developments in West Asia, the transmission of energy costs of manufactured goods, and the performance of monsoons.
- On an annual basis, WPI inflation was at 0.7% in FY26, lower than 2.3% in FY25.

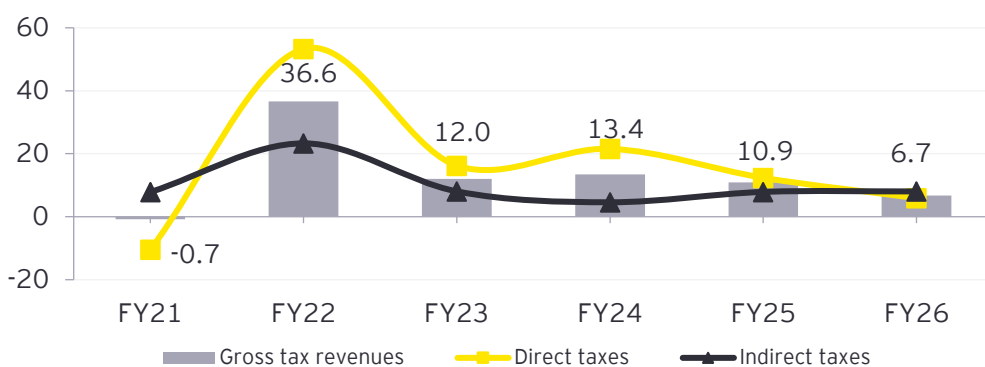


3 Fiscal: Gol's fiscal deficit during April-February FY26 stood at 80.4% of the revised estimate

3.1 Tax and non-tax revenues

- According to the CGA, Gol's GTR^(b) showed a growth of 6.7% during April-February FY26, lower than the growth rates in the corresponding periods of the last four years (FY22 to FY25) (Chart 3).
- As a proportion of the annual revised estimate, Gol's GTR during April-February FY26 stood at 83.9%, close to the average of 83.7% during the corresponding period of the last three years (FY22 to FY25) based on actual data.
- During April-February FY26, direct taxes^(a) grew by 5.9%, much lower than 12.4% during the corresponding period of FY25. Growth in indirect taxes^(a) during the first 11 months of FY26 was 8.0%, close to 7.9% during the corresponding period of FY25.
- PIT revenues showed subdued growth of 0.9% during April-February FY26 compared to 22% in the corresponding period of FY25. This may partly be due to PIT rate rationalization measures announced in the FY26 Budget.
- On the other hand, CIT revenues grew by 12.4% during the first 11 months of FY26 compared to a growth of 1.9% during the corresponding period of FY25.
- Among indirect taxes, Gol's GST revenues showed a growth of 5.1% during April-February FY26, lower than 11.6% during the corresponding period of FY25. This may partly be attributable to the significant GST rate reductions undertaken in September 2025.
- Owing partly to a low base effect, union excise duties (UED) showed a growth of 11.3% during April-February FY26 compared to a contraction of (-)1.4% during the corresponding period of the previous year.

Chart 3: Growth in central gross tax revenues during April-February (% , y-o-y)



Gol's GTR grew by 6.7% during April-February FY26 with growth in direct taxes at 5.9% and that in indirect taxes at 8.0%.

Source: Monthly Accounts, CGA, Government of India

Notes: (a) Direct taxes include personal income tax (excluding securities transaction tax) and corporation tax, and indirect taxes include union excise duties, arrears of service tax, customs duty, and GST (comprising CGST, UTGST IGST and GST compensation cess) (b) Other taxes comprise (1) securities transaction tax, (2) other receipts and (3) all other taxes including stamps and registration fees, state excise, taxes on sales, trade, vehicles, etc. Other taxes are included in the Gol's GTR along with direct and indirect taxes.

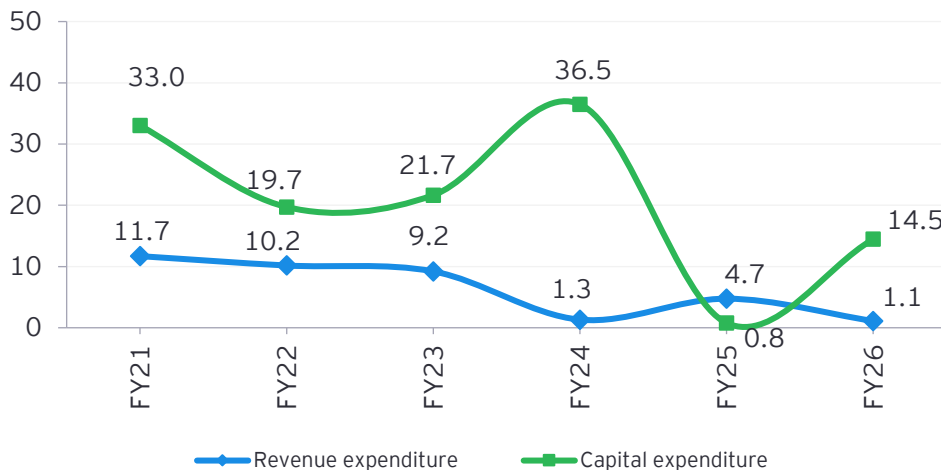


- Customs duties, which showed a contraction until November 2025, witnessed a pickup considering the period April-February FY26 with its growth at 18% during this period compared to 4.2% during the corresponding period of FY25.
- Gol's non-tax revenues showed a growth of 17.8% during April-February FY26 compared to 36.9% during the corresponding period of the previous year.
- Non-tax revenues of the Gol during April-February FY26 as a proportion of the annual RE stood at 87%, quite comparable to the average ratio of 89.4% during the corresponding period of the last three years (FY23 to FY25) based on actual data.
- Non-debt capital receipts of the Gol during April-February FY26 stood at 102.4% of the FY26 (RE) indicating achievement of the FY26 (RE) at INR64,027 crore.
- Within non-debt capital receipts, Gol's disinvestment receipts during April-February FY26 stood at INR43,951 crore, exceeding the RE at INR33,837 crore by INR10,114 crore.

3.2 Expenditures: Revenue and capital

- Growth in Gol's total expenditure was 3.9% during April-February FY26, same as that during the corresponding period of FY25 (Chart 4).
- As a proportion of FY26 RE, total expenditure in the first 11 months stood at 81.5%, close to the three-year average ratio of 83.8% during FY23 to FY25 based on actual data.
- Gol's revenue expenditure grew by only 1.1% during April-February FY26, lower than 4.7% during April-February FY25.
- Gol's capital expenditure continued to show double-digit growth of 14.5%, much higher than 0.8% during the corresponding period of the previous fiscal year.
- The second supplementary demand for grants for FY26 with a net cash outgo of INR2.01 lakh crore may have some implications on Gol's fiscal deficit target for FY26.

Chart 4: Growth in central expenditures during April-February (% , y-o-y)



Gol's total expenditure grew by 3.9% during April-February FY26, with growth in revenue expenditure at 1.1% and that in capital expenditure at 14.5%.

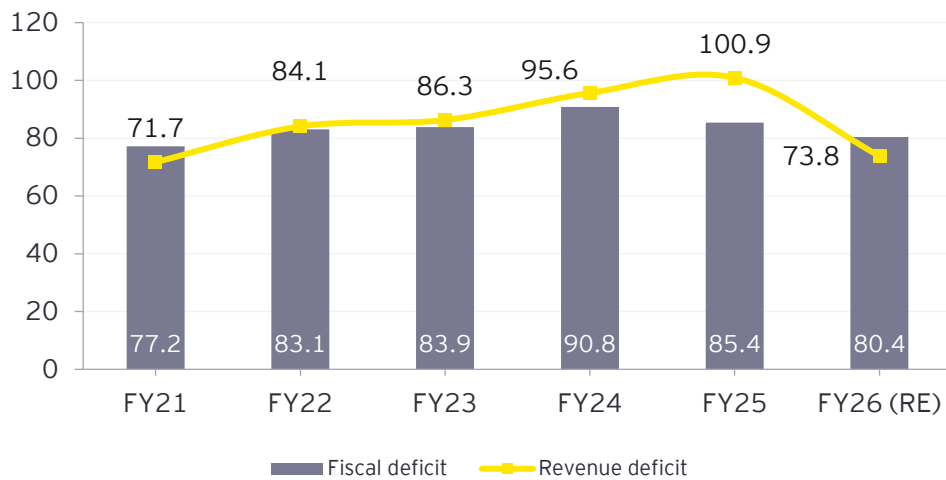
Source (basic data): Monthly Accounts, CGA, Government of India

3.3 Fiscal imbalance

- Gol's fiscal deficit during April-February FY26 was at 80.4% of FY26 (RE), lower than the corresponding ratio at 86.7% considering the average over the last four years based on actual data (Chart 5).
- Similarly, Gol's revenue deficit during the first 11 months of FY26 was at 73.8% of FY26 (RE), lower than the corresponding ratio of 94.3%, considering the average over the last four years based on actual data.



Chart 5: Fiscal and revenue deficit during April-February as a percentage of annual actuals (RE for FY26)



Gol's fiscal and revenue deficits during April-February FY26 stood at 80.4% and 73.8% of their respective annual revised estimates.

Source: Monthly Accounts, CGA, Government of India and MoSPI



4 Comparative trends: The IMF projected India's growth to be double the global growth from 2026 to 2031

4.1 Real GDP growth

- Under the assumption in the reference forecast that the West Asian crisis turns out to be relatively short-lived, global growth is expected to slow down modestly from 3.4% in 2025 to 3.1% in 2026 and 3.2% in 2027 (Table 1).
- Under the 'adverse' scenario, global growth is likely to fall to 2.5% in 2026, while under the 'severe' scenario, the global economy may come close to experiencing a recession, with growth around 2% this year.
- During 2028-31, the global economy is projected to expand at an average annual pace of 3.1%, a persistently lackluster performance compared with the pre-pandemic (2000-19) historical average of 3.7%.

Table 1: Real GDP growth (% , annual)

Country	2025	2026	2027	2028	2029	2030	2031
World	3.4	3.1	3.2	3.2	3.2	3.1	3.1
AEs	1.9	1.8	1.7	1.7	1.6	1.5	1.5
US	2.1	2.3	2.1	2.1	1.9	1.8	1.8
Euro area	1.4	1.1	1.2	1.4	1.2	1.1	1.1
UK	1.3	0.8	1.3	1.6	1.6	1.5	1.4
Japan	1.2	0.7	0.6	0.6	0.6	0.6	0.6
EMDEs	4.4	3.9	4.2	4.2	4.1	4.0	4.0
Brazil	2.3	1.9	2.0	2.4	2.5	2.5	2.5
Russia	1.0	1.1	1.1	1.0	1.0	1.0	1.0
India*	7.6	6.5	6.5	6.5	6.5	6.5	6.5
China	5.0	4.4	4.0	4.0	3.7	3.3	3.3
South Africa	1.1	1.0	1.3	1.5	1.7	1.8	1.8

Source: IMF World Economic Outlook, April 2026; *Data pertains to fiscal year

- Under the reference forecast, growth in advanced economies (AEs) is projected at 1.8% in 2026 and 1.7% in 2027. The overall effect on growth in AEs of the West Asian crisis is modest, lowering growth by only 0.2% point in 2026 relative to the pre-crisis forecast, owing to a) positive terms-of-trade effects and a strong growth momentum in the US, b) offsetting government measures in Japan, along with c) a large negative effect expected only in some net energy-importing economies, such as the Euro area and the UK. In the medium term, growth is projected to gradually ease to 1.5% by 2030.
- The US economy is projected to expand by 2.3% in 2026, with growth supported by fiscal policy and the lagged impact of monetary policy rate cuts in 2025, even as the rise in trade barriers since April 2025 continues to weigh on the level of activity. Growth is projected to remain strong at 2.1% in 2027, with a near-term fiscal boost from tax incentives, including those for corporate investment under the One Big Beautiful Bill Act (OBBBA).



- In the Euro area, growth is expected to decline from 1.4% in 2025 to 1.1% in 2026 and to 1.2% in 2027. The West Asian crisis is expected to add to the lingering effects of the persistent rise in energy prices since the Russia-Ukraine conflict, dragging on manufacturing, with additional pressure from the real appreciation of the euro relative to currencies of countries exporting similar products.
- In Japan, growth is projected to drop from 1.2% in 2025 to 0.7% in 2026 and to 0.6% in 2027, and remain at that level until 2031. In the UK, the West Asian crisis and a slower pace of monetary easing are expected to lead to a fall in growth from 1.3% in 2025 to 0.8% in 2026. Growth is projected to recover to 1.3% in 2027, slower than expected before the West Asian crisis, as the impact of higher energy prices lingers.
- In emerging market and developing economies (EMDEs), growth is expected to fall to 3.9% in 2026, a downward revision of 0.3% points relative to the pre-crisis forecasts, before recovering to 4.2% in 2027. Thus, the crisis has a larger net impact on growth in EMDEs compared with AEs.
- The IMF assesses the West Asian crisis to have a varied impact on the growth of individual economies in this group, given their differential exposure (geographic proximity, financial flows, remittances, and energy dependencies).
- Although growth in China is projected to fall from 5% in 2025 to 4.4% in 2026, the 2026 growth forecast reflects an upward revision of 0.2% points, relative to October 2025 projections, reflecting the lower US effective tariff rates on Chinese goods, and stimulus measures offsetting the negative impact of the shock induced by the West Asian crisis. The economy's growth rate is expected to decelerate to 4.0% in 2027 as structural headwinds, including those from a slowdown in the housing sector, a declining labor force, decreasing returns on investment, and slower productivity growth, assert themselves.
- In India, growth for 2025 (FY26) is revised upward by 1.0% point relative to October 2025 forecasts, to 7.6%, reflecting the better-than-expected outturn in 2Q and 3Q of FY26 and sustained strong momentum in 4Q. For 2026 (FY27), growth is revised upward by 0.3% points relative to October 2025 projections, to 6.5%, led by positive contributions from the carryover of the strong 2025 (FY26) outturn and the decline in additional US tariffs on Indian goods from 50% to 10%, which outweigh the negative impact of the West Asian crisis. Growth is projected to stay stable at 6.5% during 2027 (FY28) to 2031 (FY32).

4.2 CPI Inflation

- The IMF has projected global headline inflation to increase from 4.1% in 2025 to 4.4% in 2026 before falling to 3.7% in 2027, reflecting expected higher energy and food prices (**Table 2**).
- In the 'adverse' and 'severe' scenarios, CPI inflation in 2026 is forecasted at 5.4% and 5.8% respectively. In 2027, the forecasts under these two scenarios stand at 3.9% and 6.1%.

Table 2: CPI inflation (% , annual)

Country	2025	2026	2027	2028	2029	2030	2031
World	4.1	4.4	3.7	3.4	3.2	3.2	3.2
AEs	2.5	2.8	2.2	2.1	2.1	2.1	2.1
US	2.7	3.2	2.1	2.2	2.2	2.2	2.2
Euro area	2.1	2.6	2.2	2.1	2.0	2.0	2.0
UK	3.4	3.2	2.4	2.0	2.0	2.0	2.0
Japan	3.2	2.2	2.3	2.0	2.0	2.0	2.0
EMDEs	5.2	5.5	4.6	4.1	3.9	3.9	3.9
Brazil	5.0	4.0	3.4	3.0	3.0	3.0	3.0
Russia	8.7	5.6	4.3	4.0	4.0	4.0	4.0
India*	2.1	4.7	4.0	4.0	4.0	4.0	4.0
China	0.05	1.2	1.5	1.8	1.9	2.0	2.0
South Africa	3.2	3.9	3.4	3.0	3.0	3.0	3.0

Source: IMF World Economic Outlook, April 2026; *Data pertains to fiscal year



- As per the IMF, there is divergence across countries, shaped by the stubborn dynamics in services inflation, which tends to have a larger domestic component, and the increasing share of inflation explained by country-specific factors.
- In the US, gradual pass-through from higher tariffs and limited pass-through of higher energy prices, along with gradually moderating services inflation amid a broadly balanced labor market, implies that CPI inflation is projected to return close to the 2% target during 2027. Subsequently, sustained strong productivity growth slowly converging back to historical norms is expected to provide support for supply-driven disinflation.
- In the UK, inflation, which, in 2025 increased partly because of one-off changes in regulated prices, is expected to remain elevated in 2026 before returning to target by the end of 2027 as the effects of higher energy prices fade and a weakening labor market continues to exert downward pressure on wage growth.
- In Japan, inflation is expected to moderate in 2026, relative to the outturn in 2025, and converge toward the country's target of 2.0% by the end of 2027 as food and commodity prices ease.
- In the Euro area, headline inflation is projected to increase to above 2% in 2026 and remain above target in 2027 and 2028. Core inflation is expected to increase more modestly but stay above 2% until 2028 (*not shown in Table 2*).
- Among EMDEs, CPI inflation in China is projected to increase from its near-zero level in 2025 to 2% by 2031.
- CPI inflation in India is expected to increase from 2.1% in 2025 (FY26) to 4.7% in 2026 (FY27) driven mainly by high global energy prices due to the impact of the West Asian crisis. However, inflation is projected to return to the RBI's target level of 4% in 2027 (FY28) and remain stable at this level until the end of the forecast period.



5 In Focus: 16th Finance Commission projections - progressive deviation from realization

5.1 Introduction

The Finance Commission's (FC) recommendations draw upon its projections for its award period. FC16's award period covered the years from FY27-31. FC16 provides projections for central and state finances, including the profiles of their revenues and fiscal imbalances, while taking into account their recommended scheme of transfers from the GoI to the states.

After the submission of FC16's report in November 2025, several developments materially altered India's macro-fiscal landscape. These relate to:

What changed after FC16 submitted its report

- Major GST reforms (GST 2.0) which took place even before the submission of the FC16 report
- Presentation of GoI FY27 Budget
- Revisions to national income accounts, along with saving-investment profiles
- Changes in subsidy requirements owing to the West Asian crisis
- Heightened global uncertainty affecting growth assumptions

In view of these developments, we reassess the FC16 projections of central and state finances in two parts:

- Initial changes: Incorporating GoI's budget FY27 numbers, including the revenue impact of GST 2.0
- Reassessment: Additionally incorporating the impact on the fiscal aggregates of the new national accounts series with 2022-23 as the base year.

It may be noted that neither FC16 nor our reassessment includes the impact of a) changes in subsidy requirements owing to the West Asian crisis, b) heightened global uncertainty affecting growth assumptions and c) implementation of Eighth Pay Commission recommendations, all of which would further change the fiscal profiles of the GoI and states.

Key implication

The FC16 dropped Article 275 grants largely on account of their projected profile of revenue balance for the states, which showed surpluses in four out of five years in their projections. However, our reassessment shows that with already known changes affecting FY26 and FY27 magnitudes, such a scenario is belied (Table 3). Revenue account deficits are present for the GoI and the states in all the five years, and debt and fiscal deficits relative to GDP are higher than those projected by the FC16.

Table 3: Time profile of reassessed revenue deficit for GoI and states

Alternate assessments	FY27	FY28	FY29	FY30	FY31
GoI					
FC16 projection	1.19	0.91	0.59	0.26	-0.06
Reassessment	1.62	1.71	1.49	1.26	1.06
States					
FC16 projection	0.14	-0.23	-0.56	-0.86	-1.13
Reassessment	2.16	1.92	1.72	1.51	1.31



Source: FC16 Report, Union Budget FY27, MoSPI, CAG, RBI, EY estimates

It may be noted that the aggregate revenue deficit for states implies the adjustment of revenue surpluses of surplus states against revenue deficits of deficit states. Even if aggregate revenue deficit of states is considered as done by FC16, our reassessment shows a tangibly higher deficit for states compared to FC16's assessment. FC16's logic of discontinuing Article 275 grants was that the amounts of revenue deficits are small or in their projections there were surpluses¹. However, not only are there large revenue deficits for the aggregate of states, the sum of revenue deficits of deficit states is even higher. Earlier Commissions used to give fiscal projections for individual states. However, FC16 has not provided such projections in its report.

5.2 Impact on central finances

Initial changes: The implementation of GST 2.0 in September 2025 involved a revenue sacrifice for both the Union and state governments. With the presentation of the Union Budget for FY27, estimates became available for nominal growth for FY27, as also the budget estimates for Gol taxes including GST and expenditure projections. This information implied that the FC16's FY27 projections became dated. Alongside, the projections for all the subsequent years also became irrelevant since for these, FY27 levels served as the base year.

With changes in the Gol magnitudes, the state fiscal profile for FY27 also changed, particularly with respect to the magnitude of tax devolution.

The impact of the two initial changes namely changes in assumptions related to nominal growth and Gol tax buoyancies, is captured in stage one of our projections. In the next stage, we undertook a more thorough reassessment. **Table A1** of the Appendix summarizes the main changes incorporated in our projections in stages 1 and 2. **Table A2** provides estimates of over/underassessment at stage 1, in comparison with FC16 projections.

Reassessment: FC16's projections were anchored to the 2011-12 base series of national accounts. The revised national accounts 2022-23 base series have a lower nominal GDP magnitude. This affects the tax base and the ratios of fiscal aggregates with respect to GDP.

With respect to the new series, both the magnitude of the base year and the growth rate of the projection period called for changes. The nominal GDP magnitude and its average growth rate are lower for FY23-26. Taking these into account in our assessment, we have used a 10% nominal growth for the projection period instead of the 11% assumed by the FC16.

Alongside, central tax buoyancies have been revised downwards for major taxes (**Table A3**), particularly CGST, to reflect the revenue impact of GST 2.0. **Lower buoyancies also imply slower growth of the divisible pool and, correspondingly, lower tax devolution to states in absolute terms.** We also account for the second supplementary demand for grants for FY26, which leads to an increase in the total expenditure of the Gol (detailed assessment given in **Tables A4 and A5**). This has a carryover effect on subsequent years through higher deficits, debt accumulation and interest payments.

Table 4: FC16's assessment vis-à-vis reassessment of central finances (% of GDP)

Item	Alternate assessments	FY26	FY27	FY28	FY29	FY30	FY31
Revenue deficit/surplus (+/-)	FC16	1.44	1.19	0.91	0.59	0.26	-0.06
	Initial changes	1.47	1.51	1.47	1.13	0.80	0.48
	Reassessment	2.09	1.62	1.71	1.49	1.26	1.06
Fiscal deficit/surplus (+/-)	FC16	4.31	4.16	4.00	3.80	3.62	3.49
	Initial changes	4.36	4.31	4.40	4.20	4.03	3.90
	Reassessment	5.09	4.53	4.76	4.72	4.69	4.72
Debt	FC16	54.96	52.84	51.59	50.28	48.92	47.56

¹ For more details, see March 2026 issue of EY Economy Watch



	Initial changes	55.21	54.66	53.64	52.53	51.35	50.16
	Reassessment	58.05	57.30	56.85	56.40	55.97	55.60

Source (basic data): FC16 Report, Union Budget FY27, NSO

Table 4 shows that changes in the GDP base and growth assumptions, revised tax buoyancies, and supplementary expenditure pressures imply that the Gol remains in revenue deficit throughout the award period, in contrast to FC16's expectation of a revenue surplus in the terminal year. Revenue deficits are materially higher than projected, while fiscal deficits and the debt-GDP ratio remain elevated and decline more slowly, pointing to a more challenging fiscal consolidation environment.

5.3 Impact on state finances

We undertook a similar exercise for state finances. The GST revisions and the nominal GDP magnitude and growth-related changes, as also changes in the central tax buoyancies, have a significant impact on the fiscal profile of states. In particular, projections of states' own tax revenues and the devolution received from the Gol change.

The projected magnitudes given by FC16 are for all states considered together rather than for individual states. Further even for the aggregate of all states, only selected fiscal aggregates are given. We retain most of the FC16's assumptions (refer to **Table A6**).

In this exercise, initially, we incorporate three main changes relating to:

- Transfers from the Gol by utilizing information from FY27 Union Budget,
- Decompose state own tax revenues (SOTR) between two components, namely SGST and non-SGST, in order to provide for the effect of GST 2.0 on SGST revenues
- Re-estimation of the interest payments

Further in the reassessment exercise, we also incorporated the impact of the revised GDP series.

With these few changes, there are material differences in the fiscal profile of states (see **Tables A7, A8 and A9**), particularly the fiscal imbalance outcomes of the aggregate of states as shown in **Table 5**.

Table 5: A reassessment of major state fiscal aggregates (% of GDP)

Item	Alternate assessments	FY27	FY28	FY29	FY30	FY31
Revenue deficit/surplus (+/-)	FC16	0.14	-0.23	-0.56	-0.86	-1.13
	Initial changes	2.09	1.71	1.37	1.04	0.72
	Reassessment	2.16	1.92	1.72	1.51	1.31
Fiscal deficit/surplus (+/-)	FC16	3.0	3.0	3.0	3.0	3.0
	Initial changes	3.0	3.0	3.0	3.0	3.0
	Reassessment	3.0	3.0	3.0	3.0	3.0
Debt	FC16	NA	NA	NA	NA	NA
	Initial changes	29.5	29.6	29.7	29.7	29.8
	Reassessment	30.4	30.6	30.9	31.1	31.2

Source (basic data): FC16 Report, Union Budget FY27, NSO

Table 5 shows that changes in the GDP base and growth assumptions, revised tax buoyancies imply that states at the aggregate level are in revenue deficit in all years in contrast to the FC16 projections of revenue surplus FY28 onwards. Thus, FC16's recommendation regarding the abolition of Article 275 grants, also referred to as revenue deficit grants (RDG), which was informed by their assessment of revenue surplus for the states in their projections, is belied.



The fiscal position of the Gol and states may deteriorate further due to the impact of the ongoing West Asian crisis which has led to higher global crude and commodity prices, with implications for subsidies relating to food, fertilizers and petroleum products, as well as for indirect tax revenues of the Gol and states. In addition, the impact of the recommendations of the Eighth Pay Commission, which the FC16 did not provide for, may generate additional fiscal pressures.

5.4 Approach to fiscal consolidation

FC16 approach: FC16 does not provide a comprehensive fiscal sustainability analysis of central and state debt and fiscal deficits. Its analysis is limited to projecting certain trends. Further, the report does not present a state-wise analysis of fiscal sustainability.

Constitutional requirement: The Constitution, under Article 280, assigns the Finance Commission a mandate to make recommendations in the interests of "sound finance". The provision is reproduced below:

Article 280. "... (3) It shall be the duty of the Commission to make recommendations to the President as to— ... (d)] any other matter referred to the Commission by the President in the interests of sound finance."

As shown by the FC12, fiscal sustainability analysis should be linked to the supply of and demand for investible resources in the country, which is integrally linked to sectoral saving and investment imbalances. In particular, the household sector is the only surplus sector in the system whose surplus in the form of household financial savings supplemented by net inflow of capital from abroad, provides the investible surplus in the system from which the public sector including the general government and the private corporate sector draw resources in order to meet their deficits. The new saving-investment series shows important changes in the saving-investment profiles of different sectors.

Recent data highlight significant changes in the structure of domestic savings and investment since 2003, when debt and fiscal deficit rules were framed for the Gol and states. **Table 6** shows that household financial savings have fallen significantly from their levels in FY04. In FY25, according to the new 2022-23 base series, total investible resources fell to 7.7% of GDP. Out of this, the net claim of the public sector was 5% and that of the private corporate sector was 0.7% of GDP. The net claim of the public sector includes central and state government fiscal deficits amounting to 7.8% of GDP, implying that the non-government public sector had some surplus saving that provided a margin for some adjustment. Sustainable levels of general government deficits, that is, deficits of the Gol and the aggregate of states, need to be reconsidered in the context of sustainability analysis.

Table 6: Supply and demand for investible surplus

Year	Supply			Demand					
	Household sector financial savings	Net capital inflows	Total	Public sector (Net)	Private corporate sector (Net)	Derived errors and omissions	Valuables	HH physical investment minus HH physical savings	Total
FY04* (old series)	11.2	-0.6	10.7	5.2	4.3	-1.8	0.9	2.0	10.7
FY24 (new series)	5.9	0.7	6.6	5.7	1.1	-1.0	1.3	-0.6	6.6
FY25 (new series)	7.1	0.6	7.7	5.0	0.7	1.2	1.5	-0.7	7.7

Source (basic data): MoSPI

Note: Sectoral nominal saving and investment numbers differ between the 2022-23 base series and the 2011-12 base series.

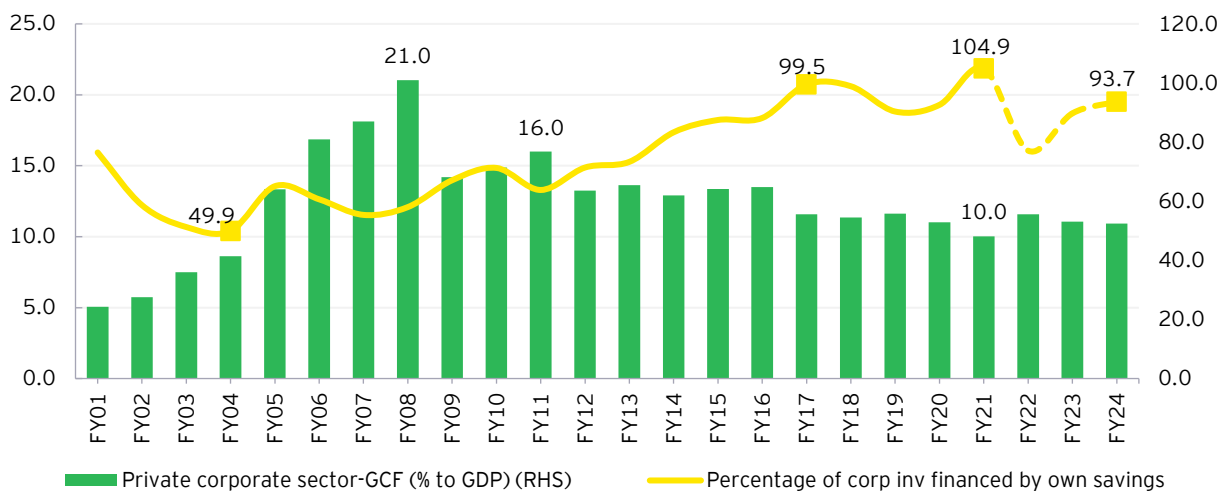
*Numbers relative to GDP given in this table for FY04 are based on the 2011-12 base series. The numbers for recent years are not directly comparable with FY04 numbers. The revised numbers for FY04, based on the 2022-23 base series, are not yet available.

Chart 6 shows that during FY17 and FY22, private corporate investment was financed almost fully by its own resources, drawing little from the available investible surplus emanating from the household sector. FY23 onwards, this situation has marginally changed. In the aftermath of the global financial and economic



crisis of FY09, private corporate investment appears to have remained virtually crowded out by government's claim on the available investible resources barring a few instances.

Chart 6: Trends in investment by private corporate sector



Source (basic data): MoSPI

Recalibrating the fiscal sustainability framework: Given the modified profiles of sectoral surpluses and deficits, it can be argued that total fiscal space for borrowing amounts to 8.0% of GDP consisting of household sector financial savings of 7% of GDP and net foreign capital inflow of 1.0% of GDP. If, out of this, 6.0% of GDP is claimed as a combined fiscal deficit of central and state governments, it will leave only 1.0% as the borrowing space for the private corporate sector and non-government public sector. Two considerations are pertinent: 1) whether the household financial savings at 7.1% of GDP are likely to be maintained in future; 2) whether the nominal GDP growth at 11% can be maintained in the medium-term given recent trends of this growth being below 10%.

In order to provide a borrowing space for the private corporate sector, higher than 1% of GDP, it may be appropriate to reconsider FRBM norms and examine whether there is a need to bring down the general government fiscal deficit target to below 6% of GDP. Further, sustainability targets should be rederived with revised medium-term assumptions regarding nominal GDP growth. FC16 did not consider the sustainability norms in a consistent way in the new or emerging situation as it was required to under Article 280 in the interest of 'sound finance'.

5.5 Concluding observations

This In Focus piece suggests that FC16's projections for central and state finances for the period FY27 to FY31 may need to be revisited in view of several subsequent changes, as outlined below.

1. Major GST reforms were undertaken in the form of GST 2.0 in September 2025, involving considerable revenue sacrifice by the central and state governments, which was not taken into account by FC16.
2. GoI budget for FY27 provided relevant information where GoI tax buoyancies were changed in view of the recent PIT and GST reforms.
3. The national GDP series has been revised with 2022-23 as the new base year. In general, nominal GDP magnitudes are lower in the new series compared to the corresponding levels as per the 2011-12 series.
4. Eventually, the award of the Eighth Pay Commission would also critically change the central and state fiscal profiles.
5. Major developments are happening due to the ongoing West Asian crisis in terms of rising global crude and commodity prices. This crude price upsurge may have material effects on the Indian economy in general and government finances in particular.
6. Along with the change in the national income series, saving investment series has also been changed. Sustainability of government debt and fiscal deficit for the central government and individual states



needs to be undertaken in view of the modified profile of demand for and supply of investible resources in the system.

In this analysis, we have shown that one critical recommendation of FC16, namely, discontinuance of Article 275 grants, commonly referred to as revenue deficit grants, drew upon an optimistic projection of revenue surpluses for the state governments. In fact, revenue deficits of state governments are likely to be persistent and large in magnitude. FC16's fiscal transfer recommendations may call for a re-examination much before the end of its award period.

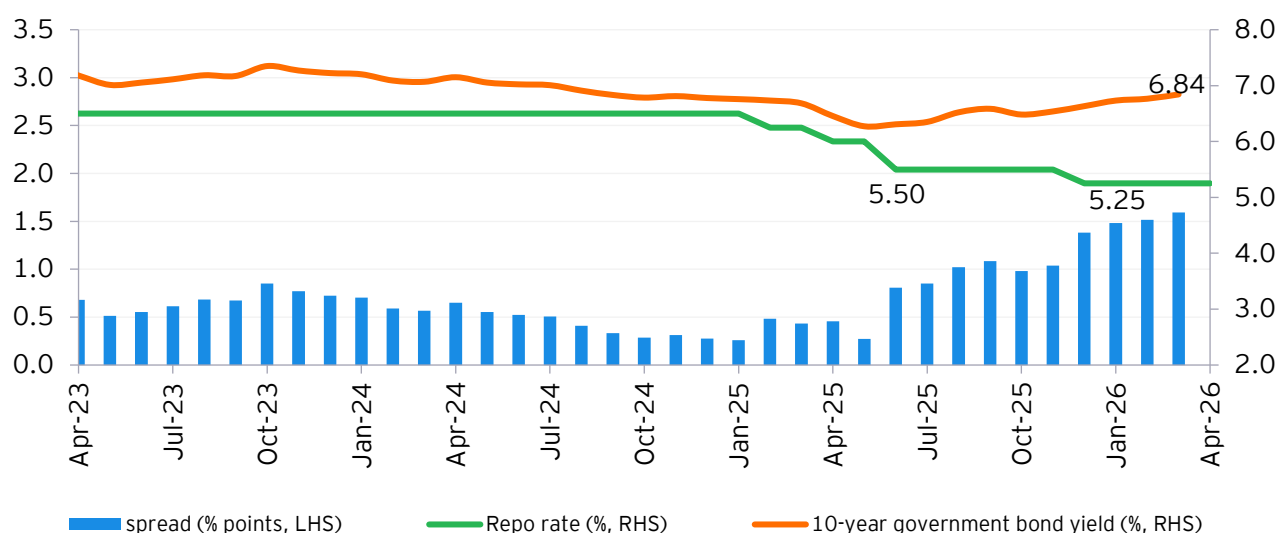


6 Money and finance: RBI retained the repo rate at 5.25% in April 2026

6.1 Monetary sector

- In its monetary policy review held in April 2026, the Monetary Policy Committee (MPC) retained the repo rate at 5.25% (Chart 7) while also maintaining a neutral policy stance.
- The MPC noted that India's strong economic fundamentals have given it greater resilience to withstand shocks. At the same time, India is currently facing a supply shock, warranting a prudent 'wait and watch' approach while remaining vigilant on evolving growth-inflation dynamics.
- The MPC also noted that heightened risks to inflation and growth outlook could emanate from the intensity and duration of the conflict in West Asia, along with the resulting damage to energy and other infrastructure.

Chart 7: Movements in the repo rate and 10-year government bond yield



Source: Database on Indian Economy, RBI

Money stock

- Growth in broad money stock (M3)² moderated to a four-month low of 10.7% in March 2026 from 12.6% in February 2026 due to lower growth in narrow money and time deposits.
- Growth in narrow money (M1), was lower at 12.7% in March 2026 as compared to 18.0% in February 2026. This was due to a sharp moderation in the growth of demand deposits to 13.8% in March 2026 from 26.5% in February 2026. Growth of currency with the public at 11.9% in March 2026, however, was close to its level of 12.0% in February 2026.
- Growth in time deposits, the largest component of M3, was also slightly lower at 10.1% in March 2026 as compared to 10.9% in February 2026.

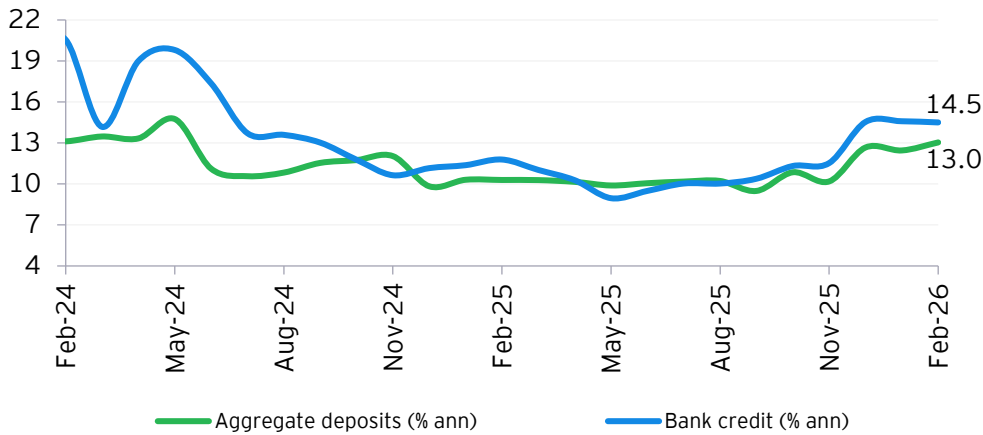
² The RBI has stopped reporting data on 'Money Stock: components and sources' excluding the impact of merger of a non-bank with bank from 11-July-2025. Therefore, we have used M3 data that includes the impact of merger of a non-bank with a bank as reported by the RBI.



Aggregate credit and deposits

- Growth in gross bank credit at 14.5% in February 2026 was close to its level of 14.6% in January 2026 (Chart 8).
- Non-food credit growth also remained stable at 14.3% in February 2026, marginally lower compared to 14.4% in January 2026.

Chart 8: Growth in credit and deposits



Gross bank credit continued to post a healthy growth of 14.5% in February 2026, close to its level of 14.6% in January 2026.

Source: Database on Indian Economy, RBI

- Among the key segments of non-food credit, growth in credit to services sector, with an average share of about 27% in total non-food credit (last five years), was the highest at 16.3% in February 2026, increasing from 15.5% in January 2026.
- Personal loans (share close to 30% in total non-food credit) also showed a higher growth of 15.2% in February 2026 compared to 14.9% in January 2026. Among its sub-components, growth in vehicle loans remained stable at 17.1% in January and February 2026. Housing loans posted a growth of 11.0% in February 2026, close to its level of 11.1% in January 2026. Loans for consumer durables, however, contracted sharply by (-)9.8% in February 2026 as compared to (-)4.0% in January 2026.
- Outstanding credit to industries, having a share of about 25% on average in total non-food credit (last five years) grew by 13.5% in February 2026, its highest level since September 2022.
- Among major segments within industrial credit, growth in credit to infrastructure, having the largest share in industrial credit, increased to 7.9% in February 2026 from 6.4% in January 2026. Growth in credit to iron and steel increased to 11.0% in February 2026 from 8.2% in January 2026. Growth in credit to textiles remained strong at 8.2% in February 2026, although moderating from 10.0% in January 2026.
- Growth in credit to agricultural sector increased to 12.3% in February 2026 from 11.4% in January 2026.
- Growth in other non-food credit, i.e., non-food credit excluding credit to agriculture, industry, services and personal loans, moderated sharply to 6.8% in February 2026 from 24.2% in January 2026.
- Growth in aggregate deposits improved marginally to 13.0% in February 2026 from 12.5% in January 2026.

6.2 Financial sector

Interest rates

- As per the data released by the RBI in the second week of March 2026, the yield on 10-year government bonds (benchmark) increased for the fifth successive month to reach 6.84% in March 2026 from 6.77% in February 2026 (Chart 7). Benchmark bond yields have thus increased by a total



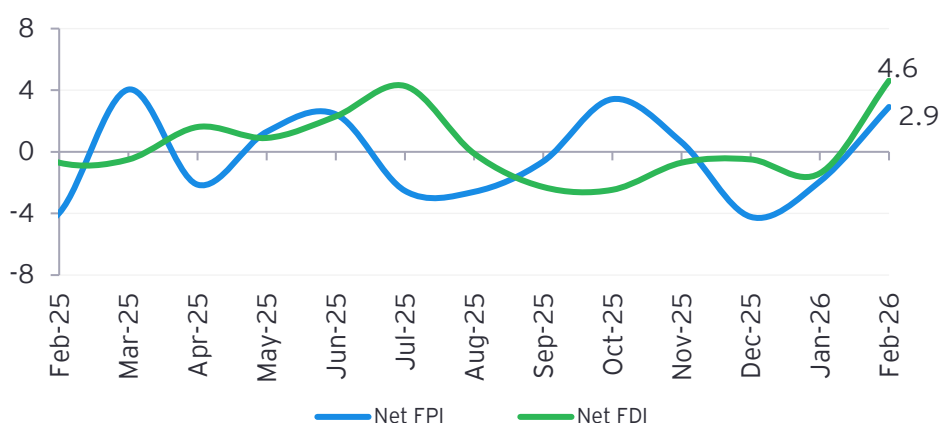
of 36 basis points from a local trough seen in October 2025. In FY26, the yield on 10-year government bonds averaged lower at 6.54% compared to 6.88% in FY25.

- The average interest rate on term deposits with a maturity period of more than one year increased marginally to 6.30% in March 2026 from 6.26% in February 2026, with actual rates ranging between 6.00% and 6.60%. Term deposit rates averaged lower at 6.31% in FY26 compared to 6.64% in FY25.
- The average MCLR was retained at 7.83% for the third consecutive month in March 2026, with the actual MCLR ranging between 7.70% and 7.95% during the month. In FY26, MCLR averaged lower at 7.98% compared to 8.31% in FY25.
- WALR on 'Fresh Rupee Loans' (FRL) by SCBs was marginally lower at 8.44% in February 2026 compared to 8.49% (revised) in January 2026.

FDI and FPI

- As per provisional data released by the RBI on 23 April 2026, overall foreign investments (FIs) inflows surged to US\$7.5 billion in February 2026 compared to outflows of US\$3.3 billion in January 2026. Both FPIs and FDIs witnessed net inflows during the month.

Chart 9: Net FDI and FPI inflows (US\$ billion)



Net FDIs and FPIs witnessed inflows amounting to US\$4.6 billion and US\$2.9 billion respectively in February 2026 compared to outflows of US\$1.4 billion and US\$1.9 billion in January 2026.

Source: Database on Indian Economy, RBI

- Net FDIs turned positive and witnessed inflows amounting to US\$4.6 billion in February 2026 compared to outflows amounting to US\$1.4 billion in January 2026 (**Chart 9**). Gross FDI inflows were at a seven-month high of US\$9.0 billion in February 2026 compared to US\$5.7 billion in January 2026. While FDI by India was marginally higher at US\$2.6 billion in February 2026 compared to US\$2.1 billion in January 2026, repatriation/disinvestment was significantly lower at US\$1.7 billion in February 2026 compared to US\$4.9 billion in January 2026.
- On a cumulated basis, during April-February FY26, net FDI inflows were higher at US\$6.3 billion compared to US\$1.5 billion during the corresponding period of FY25. Gross FDI inflows during April-February FY26 at US\$88.3 billion were higher compared to US\$74.7 billion during the corresponding period of FY25.
- Net FPIs witnessed inflows amounting to US\$2.9 billion in February 2026 compared to outflows of US\$1.9 billion in January 2026.
- During April-February FY26, on a cumulated basis, net FPI outflows were higher at US\$3.3 billion compared to net inflows amounting to US\$0.5 billion during the corresponding period of FY25.



7 Trade and CAB: Merchandise exports and imports contracted in March 2026

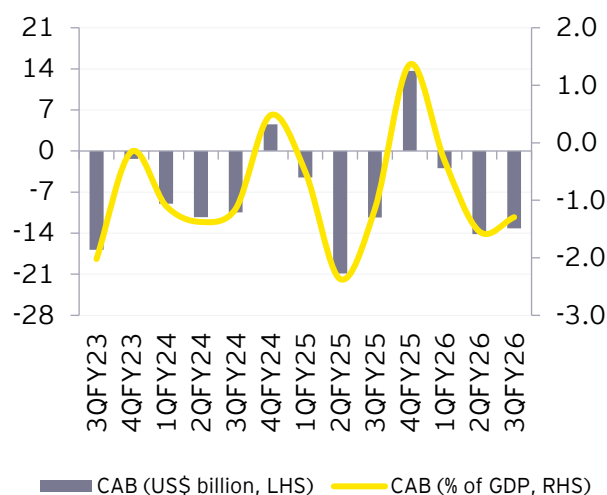
7.1 CAD narrowed to 1.3% of GDP in 3QFY26 from 1.5% in 2QFY26

- Current account balances relative to GDP have been estimated utilizing the new 2022-23 GDP series released on 27 February 2026.
- Led by a fall of 0.5% point of GDP in net merchandise trade deficit accompanied by a narrowing in net invisibles by 0.3% points of GDP, the current account deficit moderated to 1.3% in 3QFY26 from 1.5% in 2QFY26 (Table 7 and Chart 10).
- Net merchandise trade deficit eased to 9.2% of GDP in 3QFY26 from 9.7% in 2QFY26, as merchandise imports narrowed to 20.1% of GDP from 21.6%, while merchandise exports fell to a 20-quarter low of 10.9% in 3QFY26. The fall in merchandise imports is primarily attributable to lower crude imports owing to softer global crude prices during this period.
- Net invisibles amounted to 7.9% of GDP in 3QFY26, easing from a 68-quarter high of 8.2% in 2QFY26, primarily attributable to a fall in net transfers/remittances to 3.4% from 4.0% during this period.
- Net services exports was at an unprecedented high of 5.6% of GDP in 3QFY26.
- Net income outflows remained nearly stable at (-)1.2% relative to GDP in 3QFY26 compared to (-)1.3% in 2QFY26.

Table 7: Components of CAB (in US\$ billion)

Fiscal year	CAB as % of nominal GDP	CAB	Merchandise net	Invisibles * net
FY22	-1.2	-38.8	-189.5	150.7
FY23	-2.0	-67.1	-265.3	198.2
FY24	-0.7	-26.1	-244.9	218.8
FY25	-0.6	-23.1	-286.9	263.9
4QFY25	1.4	13.6	-59.3	72.9
1QFY26	-0.3	-2.9	-68.9	66.0
2QFY26	-1.5	-14.1	-89.1	75.0
3QFY26	-1.3	-13.2	-93.6	80.4

Chart 10: CAB



Source: Database on Indian Economy, RBI; Note: (-) deficit; (+) surplus; *invisibles include services, current transfers and income components

- Compared to 3QFY25, current account deficit in 3QFY26 widened by 0.2% points of GDP to 1.3% from 1.1% of GDP, primarily owing to an increase in net merchandise trade deficit to 9.2% from 8.0% of GDP during the corresponding period, which was partly offset by a robust expansion in net invisibles.

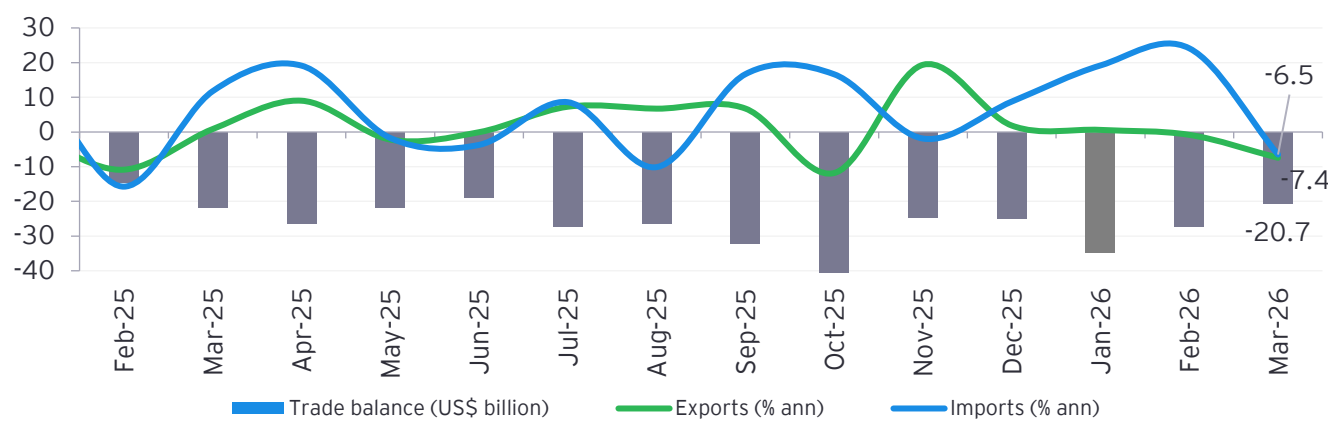


7.2 Merchandise trade and exchange rates

- Merchandise exports contracted sharply for the second successive month by (-)7.4% in March 2026 compared to (-)0.8% in February 2026, reflecting weak external demand and disruptions to trade flows with West Asia.
- Growth in electronic goods exports turned negative for the first time since September 2023 at (-)3.3% in March 2026, whereas that in gems and jewelry was at (-)29.4% compared to 4.1% during the previous month.
- Growth in exports of engineering goods eased to a five-month low of 1.1% in March 2026. Chemical exports also saw a contraction of (-)2.0% in March 2026 compared to a growth of 6.9% in February 2026.
- Growth in oil exports turned positive at 5.9% in March 2026 compared to a contraction of (-)40.1% in February 2026, reflecting mainly higher crude prices as well as a low base effect.
- Merchandise imports fell by (-)6.5% in March 2026 compared to a growth of 24.6% in February 2026, led by lower crude oil and gold imports amid supply disruptions and price volatility.
- Crude imports contracted by (-)35.9% in March 2026, its highest pace of contraction since July 2023, owing to West Asian disruptions affecting trade.
- Gold imports contracted sharply by (-)31.6% in March 2026 after showing very high growth levels of 349.2% and 218.6% respectively in January and February 2026, partly due to some softening in prices.
- Growth in exports excluding oil/coal, gold/silver and jewelry, turned negative at (-)7.5% in March 2026 from a 6.6% growth in February 2026 reflecting a broad-based contraction in exports.
- Growth in imports excluding oil/coal, gold/silver and jewelry remained elevated at 10.0% in March 2026 compared to 14.2% in February 2026, reflecting sustained demand in the economy even amidst crude supply disruptions.

Merchandise exports and imports contracted sharply by (-)7.4% and (-)6.5% in March 2026 reflecting weak external demand and disruptions to trade flows with West Asia.

Chart 11: Developments in merchandise trade



Source: Ministry of Commerce and Industry, GoI

- Merchandise trade deficit narrowed to a nine-month low of US\$20.7 billion in March 2026 amidst contractions in both exports and imports owing to global supply disruptions (**Chart 11**).
- On an annual basis, merchandise trade deficit widened to US\$333.2 billion in FY26 from US\$283.5 billion in FY25. Merchandise exports and imports growth rates were marginally higher at 0.9% and 7.5% respectively in FY26 compared to 0.1% and 6.2% in FY25.
- Services trade surplus moderated to US\$17.8 billion in February 2026 from US\$21.5 billion in January 2026, as services exports declined while imports marginally increased from their corresponding magnitudes in the previous month.



- Goods and services trade deficit narrowed to US\$9.3 billion in February 2026 from a three-month high level of US\$13.1 billion in January 2026.
- The Indian Rupee weakened to INR92.8/US\$ in March 2026 from INR90.7/US\$ in February 2026 (average) reflecting heightened external pressures from the West Asia geopolitical crisis that pushed up global crude prices, increased dollar demand from oil importers and hedgers, triggered risk-off sentiment and foreign portfolio outflows toward safe-haven assets, and led to a broader strengthening of the US dollar.



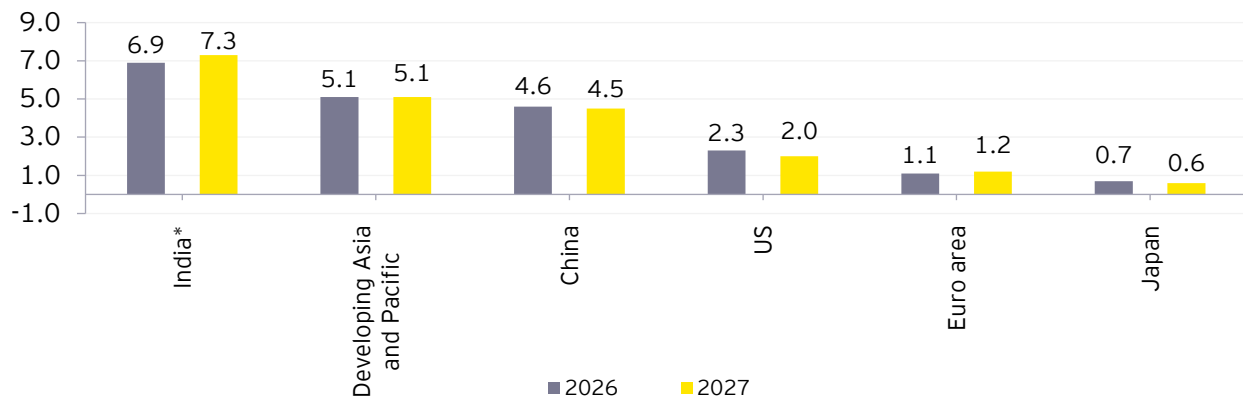
8 Global growth: ADB projected growth in Developing Asia and Pacific at 5.1% in 2026 and 2027

8.1 Growth outlook

- As per the ADB (Asian Development Outlook, April 2026), growth in Developing Asia and Pacific is projected to fall from 5.4% in 2025 to 5.1% in both 2026 and 2027 (Chart 12). These projections are based on a scenario of an early stabilization of the West Asian crisis, which assumes that the crisis would last around one month, with disruptions gradually easing thereafter. However, alternative assumptions suggest that it may fall to 4.7% in 2026 and 4.8% in 2027 if disruptions last through the third quarter of 2026.
- Among developed economies, in the US, growth is projected to edge up slightly to 2.3% in 2026, from 2.1% in 2025, before easing to 2.0% in 2027. Economic activity is expected to be supported by strong investment in artificial intelligence. However, higher energy prices caused by the conflict may put upward pressure on inflation and weigh on real household incomes, partly dampening consumption and consumer confidence.
- Growth in the euro area is projected to slow from 1.4% in 2025 to 1.1% in 2026 before edging up slightly to 1.2% in 2027. Higher public spending on infrastructure and defense is likely to support activity in 2026. However, subdued domestic demand may limit the pace of expansion, with private consumption growing only moderately as energy price increases may raise inflation and erode real incomes. The external environment is also likely to remain challenging as competition from foreign producers intensifies, global demand weakens, and uncertainty on trade and energy worsens.
- Growth in Japan is projected to weaken markedly to less than 1% in both 2026 and 2027 as the effects of export front-loading in 2025 fade and rising energy prices weigh on market sentiment.
- Among developing economies, in China, private consumption is likely to remain subdued in line with modest household income growth, while continued property market weakness and slower export expansion are also expected to weigh on activity. Growth is projected to ease from 5% in 2025 to 4.6% in 2026 and further to 4.5% in 2027.

The ADB has projected growth in Developing Asia and Pacific at 5.1% in 2026 and 2027 with India's FY27 and FY28 growth rates forecasted at 6.9% and 7.3%, respectively.

Chart 12: Growth projections (% annual)



Source: Asian Development Outlook (April 2026)

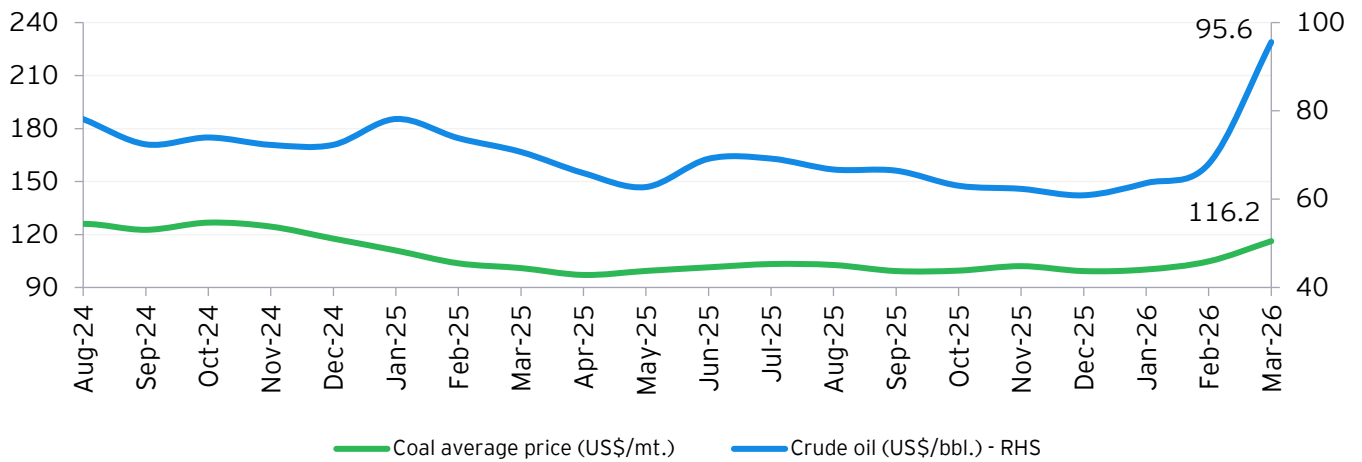
*Data pertains to fiscal years

- Growth in India is projected to ease from 7.6% in 2025 (FY26) to 6.9% in 2026 (FY27) but remain robust, bolstered by resilient consumption, recent trade agreements, and ongoing structural reforms. Growth is forecasted to increase to 7.3% in 2027 (FY28) as domestic demand strengthens due to hikes in salaries/pensions of government employees and an uptick in investment benefitting from key regulatory reforms.

8.2 Global energy prices: Global crude price increased to US\$95.6/bbl. in March 2026

- Average global crude price³ increased from US\$68/bbl. in February 2026 to US\$95.6/bbl. In March 2026, its highest level since August 2022 due to the supply disruptions caused by the West Asian crisis (**Chart 13**). Since the price increase started only in March 2026, the FY26 annual average for global crude price remained relatively low at US\$67.8/bbl. as compared to US\$77.1/bbl. in FY25.
- Average global coal price⁴ also increased from US\$104.8/mt. in February 2026 to a 15-month high of US\$116.2/mt. in March 2026. On an annual basis, the global coal price averaged US\$102.1/mt. in FY26 compared to US\$118.2/mt. in FY25.

Chart 13: Global crude and coal prices



Source (basic data): World Bank Pink Sheets, April 2026

³ Simple average of three spot prices, namely, Dated Brent, West Texas Intermediate and Dubai Fateh

⁴ Simple average of Australian and South African coal prices.

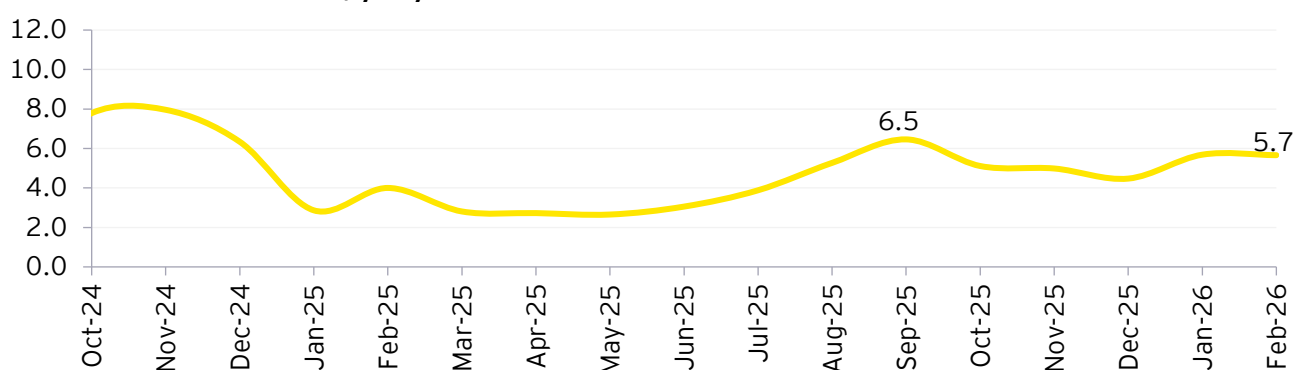


9 Index of Aggregate Demand (IAD): Growth in IAD remained stable at 5.7% in February 2026

9.1 IAD grew by 5.7% in February 2026

- IAD⁵ posted stable growth of 5.7% in January and February 2026, largely driven by the improvement in demand conditions in the agriculture and manufacturing sectors (Chart 14 and Table 8).
- Demand conditions in the agricultural sector improved during the month, as indicated by a higher growth in agricultural credit at 12.4% (sa) in February 2026 compared to 11.3% in January 2026.
- In the manufacturing sector, demand conditions improved further during the month, as indicated by a higher PMI manufacturing (sa) at 56.9 in February 2026 compared to 55.4 in January 2026.
- Demand conditions in the services sector eased marginally during the month, as indicated by a slightly slower expansion in PMI services (sa) to 58.1 in February 2026 compared to 58.5 in January 2026.

Chart 14: Growth in IAD (% y-o-y)



Source (Basic data): S&P - IHS Markit PMI, RBI and EY estimates

Table 8: IAD

Month	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
IAD	185.9	187.4	190.8	189.2	189.1	189.1	188.6	190.0	191.8
Growth (% y-o-y)	3.1	3.9	5.3	6.5	5.1	5.0	4.5	5.7	5.7
Growth in agr. credit	6.7	7.4	7.6	9.0	9.0	8.8	12.0	11.3	12.4
Mfg. PMI*	8.4	9.1	9.3	7.7	9.2	6.6	5.0	5.4	6.9
Ser. PMI*	10.4	10.5	12.9	10.9	8.9	9.8	8.0	8.5	8.1

⁵ EY has developed an Index of Aggregate Demand (IAD) to reflect the monthly combined demand conditions in the agriculture, manufacturing, and services sectors. It considers the movements in PMI for manufacturing and services, both measured in seasonally adjusted (sa) terms, tracing the demand conditions in these sectors. Movements in the monthly agricultural credit off-take (sa) capture the demand conditions in the agricultural sector.



10 Capturing macro-fiscal trends: Data appendix

Table AA1: Industrial growth indicators (annual, quarterly and monthly growth rates, y-o-y)

Fiscal year/ quarter/ month	IIP	Mining	Manufacturing	Electricity	Core IIP	Fiscal year/ quarter/ month	PMI mfg.	PMI ser.
	% change y-o-y							
FY22	11.4	12.2	11.8	7.9	10.4	FY23	55.6	57.3
FY23	5.2	5.8	4.7	8.9	7.8	FY24	57.2	60.3
FY24	5.9	7.5	5.5	7.1	7.6	FY25	57.4	59.2
FY25	4.0	2.9	3.9	5.1	4.4	FY26	57.3	59.4
4QFY25	4.0	2.4	4.2	4.6	4.3	1QFY26	58.1	59.3
1QFY26	2.0	-3.0	3.3	-1.5	1.5	2QFY26	58.7	61.4
2QFY26	4.3	-0.5	5.1	3.7	4.5	3QFY26	56.9	58.9
3QFY26	5.3	3.8	6.3	-0.9	2.3	4QFY26	55.4	58.0
Nov-25	7.2	5.8	8.5	-1.5	2.1	Dec-25	55.0	58.0
Dec-25	8.0	6.9	8.4	6.3	4.7	Jan-26	55.4	58.5
Jan-26	5.1	4.3	5.3	5.1	4.7	Feb-26	56.9	58.1
Feb-26	5.2	3.1	6.0	2.3	2.3	Mar-26	53.9	57.5

Source: MoSPI, Office of the Economic Adviser, Ministry of Commerce and Industry and S&P Global

Table AA2: Inflation indicators (annual, quarterly and monthly growth rates, y-o-y)

Fiscal year/ quarter/ month	CPI	Food and beverages	Housing and utilities#	Core CPI*	WPI	Food Price Index	Mfg. products	Fuel and power	Core WPI
	% change y-o-y (2024 base series)					% change y-o-y (2011-12 series)			
FY23	6.6	NA	NA	NA	9.4	6.3	5.6	28.1	5.8
FY24	5.4	NA	NA	NA	-0.7	3.2	-1.7	-4.7	-1.4
FY25	4.6	NA	NA	NA	2.3	7.3	1.7	-1.3	0.7
FY26	2.0	NA	NA	NA	0.7	-0.2	2.3	-2.9	1.9
1QFY26	2.9	NA	NA	NA	0.3	1.6	2.2	-3.9	1.0
2QFY26	1.7	NA	NA	NA	0.0	-1.3	2.3	-3.0	1.5
3QFY26	0.6	NA	NA	NA	-0.1	-2.6	1.7	-2.4	1.8
4QFY26	3.1	3.1	1.6	NA	2.6	1.7	3.0	-2.3	3.3
Dec-25	1.2	NA	NA	NA	1.0	-0.1	2.0	-2.3	2.3
Jan-26	2.7	2.1	1.5	3.4	1.7	1.5	2.6	-4.0	2.9
Feb-26	3.2	3.4	1.5	3.4	2.1	1.8	2.9	-3.8	3.3
Mar-26	3.4	3.7	2.0	NA	3.9	1.8	3.4	1.1	3.7

Source: Office of the Economic Adviser, Ministry of Commerce and Industry and MoSPI

Note: CPI inflation is calculated on the basis of the 2024 base series that was released by the MoSPI in February 2026. Data for the CPI categories under the 2024 base series is not available for other months of the previous years and hence corresponding inflation estimates are unavailable.

#Housing and utilities include Housing, water, electricity, gas and other fuels; *sourced from RBI monthly Bulletin



Table AA3: Fiscal indicators (annual growth rates, cumulated monthly growth rates, y-o-y, unless otherwise specified)

Fiscal year/month	Gross tax revenue	Corporate tax	Income tax	Direct taxes*	Indirect taxes**	Fiscal deficit % of GDP	Revenue deficit % of GDP
FY23	12.7	16.0	19.7	17.8	7.2	6.5	4.0
FY24	13.5	10.3	25.4	17.9	8.5	5.5	2.5
FY25	9.5	8.3	18.2	13.6	4.3	4.8	1.7
FY26 (RE over FY25act.)	7.4	12.4	6.2	9.0	5.2	4.4	1.5
FY27 (BE over FY25RE)	8.0	11.0	11.7	11.4	3.0	4.3	1.5
Cumulated growth (% , y-o-y)						% of budgeted target	
Jul-25	0.8	7.6	-9.9	-4.3	6.9	29.9	28.9
Aug-25	0.8	2.1	-2.5	-1.0	2.9	38.1	37.9
Sep-25	2.8	1.1	4.7	3.1	2.8	36.5	5.2
Oct-25	4.0	5.2	6.9	6.1	1.7	52.6	46.7
Nov-25	3.3	7.8	6.8	7.2	-1.0	62.3	68.2
Dec-25	8.5	12.4	4.2	8.0	9.7	54.9#	21.6#
Jan-26	8.6	14.7	4.9	9.3	8.2	63.0#	37.3#
Feb-26	6.7	12.4	0.9	5.9	8.0	80.4#	73.8#

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents; # indicates that the values as percent of revised estimates; annual data is sourced from Union Budget documents.

* Includes corporation tax and income tax

** Includes customs duty, excise duty, service tax, CGST, UTGST, IGST and GST compensation cess

Fiscal year/month	CGST	UTGST	IGST	GST compensation cess	Total GST
INR crore					
FY26 (RE)	9,58,480	5,019	0	88,000	10,51,499
FY27 (BE)	10,19,020	5,485	0	0	10,24,505
Jul-25	79,902	336	-15,405	11,980	76,813
Aug-25	78,877	372	-11,537	11,655	79,367
Sep-25	76,234	529	-9,208	11,212	78,767
Oct-25	86,871	522	-20,968	7,331	73,756
Nov-25	82,866	1,697	-30,714	3,901	57,750
Dec-25	74,142	463	76,161	5,373	1,56,139
Jan-26	87,680	1,134	-8,750	5,696	85,760
Feb-26	82,192	578	-11,377	4,870	76,263

Source: Monthly Accounts, Controller General of Accounts, Government of India, Union Budget documents

Note: IGST revenues are subject to final settlement



Table AA4: Monetary and financial indicators (annual, quarterly and monthly growth rates, y-o-y)

Fiscal year/ month	Repo rate (end of period)	Fiscal year/ quarter/ month	Bank credit	Agg. deposits	Net FDI	Net FPI	Fiscal year/ quarter/ month	M1	M3	10-year govt. bond yield	FX reserves
	%		% change y-o-y		US\$ billion			% change y-o-y		%	US\$ billion
May-25	6.00	FY22	7.0	9.7	38.6	-16.8	FY23	6.9	9.0	7.35	578.4
Jun-25	5.50	FY23	14.4	9.5	28.0	-5.2	FY24	7.3	11.6	7.16	645.6
Jul-25	5.50	FY24	18.6	13.0	10.2	44.1	FY25	7.9	9.4	6.88	665.4
Aug-25	5.50	FY25	13.5	11.3	1.0	3.6	FY26	12.7	10.7	6.54	688.1
Sep-25	5.50	4QFY25	11.1	10.3	0.4	-5.9	1QFY26	12.1	9.5	6.34	702.8
Oct-25	5.50	1QFY26	9.6	10.0	4.8	1.6	2QFY26	11.4	9.2	6.49	700.2
Nov-25	5.50	2QFY26	10.1	10.0	1.9	-5.7	3QFY26	17.4	12.1	6.55	696.6
Dec-25	5.25	3QFY26	12.5	11.2	-3.7	-0.2	4QFY26	12.7	10.7	6.78	688.1
Jan-26	5.25	Nov-25	11.5	10.2	-0.7	0.6	Dec-25	17.4	12.1	6.63	696.6
Feb-26	5.25	Dec-25	14.5	12.7	-0.5	-4.2	Jan-26	16.8	12.0	6.73	723.8
Mar-26	5.25	Jan-26	14.6	12.5	-1.4	-1.9	Feb-26	18.0	12.6	6.77	728.5
Apr-26	5.25	Feb-26	14.5	13.0	4.6	2.9	Mar-26	12.7	10.7	6.84	688.1

Source: Database on Indian Economy - RBI

Table AA5: External trade and US Dollar Index

External trade indicators (annual, quarterly and monthly growth rates)								
Fiscal year/ quarter/ month	Exports	Imports	Trade balance	Ex. rate (avg.)	Crude prices (avg.)	Coal prices (avg.)	Calendar year	DXY
	% change y-o-y		US\$ billion	INR/US\$	US\$/bbl.	US\$/mt.		
FY23	6.0	16.8	-264.9	80.4	92.7	283.4	2022	104.0
FY24	-2.3	-5.3	-241.1	82.8	81.1	126.4	2023	103.4
FY25	0.1	6.2	-283.5	84.6	77.1	118.2	2024	104.2
FY26	0.9	7.5	-333.2	88.4	67.8	102.1	2025	100.8
1QFY26	2.1	4.2	-67.1	85.6	65.9	99.3	2QCY25	99.7
2QFY26	6.9	4.3	-86.0	87.3	67.5	101.8	3QCY25	98.0
3QFY26	2.1	7.9	-91.3	89.1	62.1	100.3	4QCY25	99.0
4QFY26	-2.8	11.3	-82.5	91.4	75.7	107.1	1QCY26	98.4
Dec-25	1.9	8.8	-25.0	90.1	60.9	99.3	Dec-25	98.5
Jan-26	0.6	19.2	-34.7	90.8	63.7	100.2	Jan-26	98.3
Feb-26	-0.8	24.1	-27.1	90.7	68.0	104.8	Feb-26	97.4
Mar-26	-7.4	-6.5	-20.7	92.8	95.6	116.2	Mar-26	99.5

Source: Ministry of Commerce and Industry, Refinitiv, Database on Indian Economy - RBI, Pink Sheet - World Bank



Table AA6: Global growth

Calendar year	Growth (annual)			
	World GDP	Adv. econ.	Emer. econ.	India [#]
	% change y-o-y			
2019	3.0	1.9	3.8	3.9
2020	-2.7	-3.9	-1.8	-5.8
2021	6.7	6.1	7.0	9.7
2022	3.8	3.1	4.3	7.6
2023	3.3	1.7	4.4	7.2
2024	3.4	1.8	4.5	7.1
2025	3.4	1.9	4.4	7.6
2026**	3.1	1.8	3.9	6.5
2027**	3.2	1.7	4.2	6.5
2028**	3.2	1.7	4.2	6.5
2029**	3.2	1.6	4.1	6.5
2030**	3.1	1.5	4.0	6.5
2031**	3.1	1.5	4.0	6.5

Source: IMF WEO April 2026; ** indicates projections # data is on fiscal year basis; for India, data for the period 2023-2025 is consistent with the new 2022-23 GDP base series



Table AA7: Macroeconomic aggregates (annual and quarterly real growth rates, % change y-o-y)

Fiscal year/quarter	Output: Major sectors									IPD inflation
	GVA	Agr.	Ming.	Mfg.	Elec.	Cons.	Trans.	Fin.	Publ.	GVA
FY24	7.2	2.6	2.4	12.7	10.7	9.9	10.1	5.5	6.8	3.3
FY25 (FRE)	7.3	4.2	11.7	9.3	2.9	7.3	6.6	10.0	5.0	2.2
FY26 (SAE)	7.7	2.4	4.1	11.5	1.5	7.1	10.1	9.9	5.8	0.9
3QFY24	6.7	1.4	1.5	15.2	12.6	8.7	8.8	4.8	7.3	3.2
4QFY24	7.6	2.7	5.3	7.0	10.3	8.7	11.3	8.6	9.7	2.6
1QFY25	7.6	2.6	11.9	9.4	9.2	8.7	6.9	10.3	6.9	2.3
2QFY25	6.5	4.1	8.3	4.9	-0.2	6.1	6.6	10.0	6.0	1.7
3QFY25	7.8	5.8	13.1	10.8	0.6	6.4	6.7	11.1	4.4	2.4
4QFY25	7.1	3.8	12.9	11.8	2.1	8.0	6.3	8.8	3.2	2.4
1QFY26	7.0	4.2	4.5	10.6	-1.9	5.4	9.4	8.8	4.3	1.4
2QFY26	8.6	2.3	6.1	13.2	3.9	8.7	10.4	9.9	6.9	0.6
3QFY26	7.8	1.4	4.7	13.3	1.5	6.6	11.0	11.2	4.5	0.3

Source: National Accounts Statistics, MoSPI

Note: Data is as per 2022-23 base series

*Growth numbers for FY26 pertain to the Second advance estimates (FAE) of National Account Statistics released on 27 February 2026. Growth numbers for FY25 are based on First Revised estimates released on 27 February 2026.

Fiscal year/quarter	Expenditure components							IPD inflation
	GDP	PFCE	GFCE	GFCF	EX	IM	GDP	
FY24	7.2	5.8	0.6	7.3	0.7	-1.0	3.5	
FY25 (FRE)	7.1	5.8	6.5	6.4	6.6	5.3	2.5	
FY26 (SAE)	7.6	7.7	6.6	7.1	6.5	6.4	1.0	
3QFY24	7.1	5.4	0.9	6.2	0.9	0.1	3.4	
4QFY24	7.5	6.0	2.5	6.1	6.4	-9.7	3.7	
1QFY25	7.5	6.1	7.5	6.5	7.3	8.3	2.8	
2QFY25	6.6	5.6	7.0	6.6	3.1	4.6	2.1	
3QFY25	7.4	6.0	7.6	6.3	10.5	2.9	2.6	
4QFY25	7.0	5.6	3.6	6.2	5.4	5.5	2.4	
1QFY26	6.7	9.2	5.8	4.9	6.6	7.4	1.6	
2QFY26	8.4	8.0	6.6	8.4	10.2	5.9	0.1	
3QFY26	7.8	8.7	4.7	7.8	5.6	8.6	1.0	

Source: National Accounts Statistics, MoSPI

Note: Data is as per 2022-23 base series

*Growth numbers for FY26 pertain to the Second advance estimates (FAE) of National Account Statistics released on 27 February 2026. Growth numbers for FY25 are based on First Revised estimates released on 27 February 2026



11 Appendix: In Focus section

Table A1: Key assumptions for reassessment of FC16 projections of central finances

	FC16	Initial Changes	Reassessment
Nominal GDP			
FY27 magnitude	INR404.3 lakh crore	INR393.0 lakh crore	INR380.0 lakh crore using new 2022-23 base series
FY27 growth	11%	10.0% (FY27 Union Budget)	10.0% (new normal as per average for FY23-25 of the new GDP series)
Growth: FY28-31	11%	11%	10%
Gross tax revenues			
Magnitude for FY26	INR46.6 lakh crore (FY26(BE))	INR44.0 lakh crore (FY26(RE))	Same as initial changes
Magnitude for FY27	INR42.7 lakh crore	INR40.8 lakh crore (FY27(BE))	Same as initial changes
Buoyancy for FY28-31	1.09	1.09	1.0 (differential buoyancies assumed for individual taxes, details given in Appendix)
Net tax revenues	As projected at 64.0%	FY27-31: Projected using FY27 budgeted ratio of Net tax revenue to Gross tax revenue at 65.1%	Same as initial changes
Revenue expenditure			
Magnitudes in FY26	FY26 (BE)	FY26 (RE)	Initial changes + second supplementary demand for grants
Magnitudes in FY27	Projected (annual growth at 1.2%)	FY27 (BE)	FY27 (BE) for all items except interest payment
Components of revenue expenditure			
Interest Payment	Effective interest rate derived at 6.7-6.8% on liabilities at beginning of the year	Budgeted magnitudes for FY27; FY28-31: Effective interest rate assumed at 7.1% on average, on liabilities at beginning of the year	FY27-31: Effective interest rate assumed at 7.1% on average, on liabilities at beginning of the year
FC grants to states	Ignoring negative growth in FY27, FY28-31: growth ranges between 9.3-31.0%	Budgeted magnitudes for FY27; FY28-31 - FC16 magnitudes retained	Same as initial changes
Non-FC grants to states and UTs	Ignoring negative growth in FY27, FY28-31: growth ranges between 5.7-7.6%	Budgeted magnitudes for FY27; FY28-31 - FC16 growth profile retained	Same as initial changes
Other items	Differential growth rates used (pensions: 7.7-8.0%; defence: 9.0-9.9%;	FY26 and FY27 magnitudes from Union Budget; FY28-31: same growth as FC16	FY26 and FY27 magnitudes from Union Budget; FY28-31: same growth as FC16 except



	FC16	Initial Changes	Reassessment
	subsidies: 3.1-5.4%; others: 8-8.1%)		'other revenue expenditure' where 7.0% growth is used
Capital expenditure			
Magnitudes in FY26	FY26 (BE)	FY26 (RE)	Initial changes + second supplementary demand for grants
Magnitudes in FY27	Projected (annual growth at 14.6%)	FY27 (BE)	FY27 (BE)
Growth rates during FY28-31	Differential growth rates used (defence: 29.9-30.1%; non-defence: 10.9-11.1%; loans to states and UTs: 14.3-14.7%)	Maintained component-wise FC16 growth rates	Maintained component-wise FC16 growth rates

Source: FC16 Report and Authors' assumptions

Note: FC16 provides magnitudes at the aggregate level only for all states. Using these, our estimates are also made at the aggregate level only.

Table A2: FC16's overassessment (+ve)/underassessment (-ve) of central finances -Initial changes (INR crore)

Item	FY26	FY27	FY28	FY29	FY30	FY31
GDP	7,07,114	11,27,607	12,51,564	13,88,985	15,41,564	17,11,236
Revenue Receipts (net)	77,677	-23,150	1,58,838	1,79,808	2,04,054	2,31,915
GTR	1,92,228	2,58,914	2,92,175	3,30,775	3,75,134	4,24,559
Corporation Tax	-27,000	-16,000	-17,949	-20,148	-22,624	-25,389
Taxes on income (PIT)	1,26,000	1,26,000	1,41,433	1,58,766	1,78,157	2,00,001
Customs	-18,290	-5,200	-5,786	-6,412	-7,116	-7,898
Union Excise Duties	-19,550	-40,910	-45,025	-49,492	-54,312	-59,719
CGST	52,520	2,09,980	2,35,608	2,64,483	2,96,945	3,33,166
States' Share	29,029	1,17,745	1,20,337	1,35,966	1,54,080	1,74,643
Net Tax Revenue	1,62,339	1,40,078	1,58,838	1,79,808	2,04,054	2,31,915
Non-tax Revenues	-84,662	-1,63,228	-	-	-	-
Revenue Expenditure	74,913	-1,34,494	-75,222	-78,611	-83,695	-91,809
Interest Payments	1,662	-69,972	-82,574	-99,227	-1,18,137	-1,37,231
Pensions	-9,641	2,786	3,010	3,243	3,503	3,783
Defence	-37,770	-25,479	-27,877	-30,500	-33,422	-36,720
Subsidies	-43,505	-15,773	-16,492	-17,210	-18,144	-19,079
Grants and Transfers to States and UTs of which	1,42,646	-1,00,899	-41,405	-43,757	-46,509	-50,065
FC Grants to states	-19,953	-397	-	-	-	-
Non-FC grants to states and transfers to UTs	2,18,241	-38,882	-41,405	-43,757	-46,509	-50,065
Non-debt Capital Receipts	11,973	-34,397	-38,492	-42,587	-47,091	-52,414
Capital Expenditure	25,245	63,179	68,326	73,616	79,451	85,794
Total expenditure	1,00,158	-71,315	-6,896	-4,995	-4,244	-6,015



Item	FY26	FY27	FY28	FY29	FY30	FY31
Revenue Deficit	-2,764	-1,10,344	-2,34,061	-2,57,419	-2,87,749	-3,23,724
Fiscal Deficit	10,508	-13,768	-1,26,243	-1,42,217	-1,61,207	-1,85,516
Outstanding Liabilities	2,97,684	-1,21,350	-2,48,593	-3,89,810	-5,52,017	-7,37,532

Source (basic data): FC16 Report, Union Budget FY27, NSO

Table A3: Assumed Gol tax buoyancies: FC16 and reassessment

	FY26	FY27	FY28	FY29	FY30	FY31
FC16's buoyancy assumptions						
Corporation Tax		1.12	1.11	1.11	1.12	1.11
Taxes on income		0.97	1.11	1.11	1.11	1.11
Customs		0.98	1.03	0.98	1.00	1.00
Union Excise Duties		0.89	0.91	0.90	0.89	0.91
CGST		1.96	1.11	1.11	1.12	1.11
Reassessed buoyancies						
Corporation Tax	1.55	1.10	1.10	1.10	1.10	1.10
Taxes on income	0.78	1.17	1.10	1.10	1.10	1.10
Customs	1.34	0.50	0.50	0.50	0.50	0.50
Union Excise Duties	1.51	1.55*	0.90	0.90	0.90	0.90
CGST	1.17	0.63	0.90	0.90	1.00	1.00

Source (basic data): FC16 report, FY27 Union Budget and EY estimates

* In response to the sharp increase in crude oil prices triggered by the West Asian crisis, the Gol announced, on 27 March 2026, a INR10 per litre reduction in the Special Additional Excise Duty (SAED) on petrol and diesel. This measure is estimated to result in a net revenue loss of around INR5,500 crore per fortnight to the Gol after some gains from customs duty on ATF are accounted for. The cumulative impact on the FY27 BE of net tax revenues of the Gol will depend on the duration of the crisis as well as the evolution of global oil prices following its resolution. This factor has not been incorporated in the reassessment given in Table A4 due to the ongoing uncertainties regarding the resolution of the crisis and its impact on the global crude prices.

Table A4: A reassessment of major central fiscal aggregates - Reassessment (INR crore)

Item	FY26	FY27	FY28	FY29	FY30	FY31
GDP	3,45,47,157	3,80,01,872	4,18,02,060	4,59,82,266	5,05,80,492	5,56,38,541
Revenue Receipts (net)	33,42,323	35,33,150	37,10,633	40,87,541	45,10,562	49,77,663
GTR of which	40,77,772	44,04,086	48,42,987	53,26,740	58,72,113	64,74,448
Corporation Tax	11,09,000	12,31,000	13,66,410	15,16,715	16,83,554	18,68,745
Taxes on income (PIT)	13,12,000	14,66,000	16,27,260	18,06,259	20,04,947	22,25,491
Customs	2,58,290	2,71,200	2,84,760	2,98,998	3,13,948	3,29,645
Union Excise Duties	3,36,550	3,88,910	4,23,912	4,62,064	5,03,650	5,48,978
CGST	9,58,480	10,19,020	11,10,732	12,10,698	13,31,767	14,64,944
States' Share	13,92,971	15,26,255	16,90,354	18,59,199	20,49,551	22,59,785
Net Tax Revenue	26,74,661	28,66,922	31,52,633	34,67,541	38,22,562	42,14,663
Non-tax Revenues	6,67,662	6,66,228	5,58,000	6,20,000	6,88,000	7,63,000
Revenue Expenditure incl. 2 nd supplementary demand for grants	40,62,876	41,49,507	44,24,158	47,72,505	51,49,287	55,67,623
Interest Payments	12,74,338	14,27,985	15,50,436	16,92,106	18,46,667	20,15,712



Item	FY26	FY27	FY28	FY29	FY30	FY31
Pensions	2,86,641	2,96,214	3,19,990	3,44,757	3,72,497	4,02,217
Defence	3,49,770	3,65,479	3,99,877	4,37,500	4,79,422	5,26,720
Subsidies	4,69,505	4,54,773	4,75,492	4,96,210	5,23,144	5,50,079
Grants and Transfers to States and UTs of which	8,01,354	9,07,899	9,32,405	10,03,757	10,73,509	11,59,065
FC Grants to states	1,52,953	1,29,397	1,69,000	1,97,000	2,16,000	2,36,000
Non-FC grants to states and transfers to Uts	5,92,759	7,16,882	7,63,405	8,06,757	8,57,509	9,23,065
Other Revenue Expenditure	8,81,268	6,97,157	7,45,958	7,98,175	8,54,047	9,13,831
Non-debt Capital Receipts	64,027	1,18,397	1,32,492	1,46,587	1,62,091	1,80,414
Capital Expenditure incl. 2nd supplementary demand for grants	11,03,109	12,21,821	14,08,674	16,32,384	18,97,549	22,17,206
Total expenditure	51,65,985	53,71,328	58,32,832	64,04,889	70,46,836	77,84,829
Revenue Deficit	7,20,553	6,16,357	7,13,525	6,84,964	6,38,725	5,89,960
Fiscal Deficit	17,59,635	17,19,781	19,89,707	21,70,761	23,74,183	26,26,751
Outstanding Liabilities	2,00,55,568	2,17,75,349	2,37,65,056	2,59,35,818	2,83,10,001	3,09,36,752
Revenue Deficit as % of GDP	2.09	1.62	1.71	1.49	1.26	1.06
Fiscal deficit as % of GDP	5.09	4.53	4.76	4.72	4.69	4.72
Debt as % of GDP	58.05	57.30	56.85	56.40	55.97	55.60

Source (basic data): FC16 Report, Union Budget FY27, NSO

Table A5: FC16's overassessment (+ve)/underassessment (-ve) of central finances as per Reassessment (INR crore)

Item	FY26	FY27	FY28	FY29	FY30	FY31
GDP	18,73,843	24,26,128	30,72,940	38,28,734	47,09,508	57,33,459
Revenue Receipts (net)	77,677	-23,150	2,15,367	3,04,459	4,02,438	5,18,337
GTR	1,92,228	2,58,914	3,79,013	5,22,260	6,79,887	8,64,552
States' Share	29,029	1,17,745	1,50,646	2,02,801	2,60,449	3,28,215
Net Tax Revenue	1,62,339	1,40,078	2,15,367	3,04,459	4,02,438	5,18,337
Non-tax Revenues	-84,662	-1,63,228	-	-	-	-
Revenue Expenditure	74,913	-1,58,507	-89,158	-89,505	-95,287	-1,07,623
Interest Payments	1,662	-93,985	-1,03,436	-1,25,106	-1,53,667	-1,87,712
Grants and Transfers to States and UTs of which	1,42,646	-1,00,899	-41,405	-43,757	-46,509	-50,065
FC Grants to states	-19,953	-397	-	-	-	-
Non-FC grants to states and transfers to UTs	2,18,241	-38,882	-41,405	-43,757	-46,509	-50,065
Non-debt Capital Receipts	11,973	-34,397	-38,492	-42,587	-47,091	-52,414
Capital Expenditure	25,245	63,179	68,326	73,616	79,451	85,794
Defence	-38,085	4,894	6,357	8,260	10,749	13,970
Total expenditure	-1,00,985	-95,328	-20,832	-15,889	-15,836	-21,829
Revenue Deficit	-1,96,553	-1,34,357	-3,04,525	-3,92,964	-4,97,725	-6,25,960
Fiscal Deficit	-1,90,635	-37,781	-1,96,707	-2,77,761	-3,71,183	-4,87,751
Outstanding Liabilities	-39,568	-4,14,349	-6,12,056	-8,88,818	-12,61,001	-17,48,752
Memo items (Reassessed magnitudes)						
GDP magnitudes (INR Cr)	3,45,47,157	3,80,01,872	4,18,02,060	4,59,82,266	5,05,80,492	5,56,38,541

Source (basic data): FC16 report, NSO, FY27 Union Budget and EY estimates



Table A6: Key assumptions for reassessment of FC16 projections of state finances (FY27-31)

	FC16	Initial Changes	Reassessment
Nominal GDP/all-state GSDP			
FY27 magnitude	INR 404.3 lakh crore	INR 393.0 lakh crore	INR 380.0 lakh crore using new 2022-23 base series
FY27 growth	11%	10.0% (FY27 Union Budget)	10.0% (new normal as per average for FY23-25 of the new GDP series)
Growth: FY28-31	11%	11%	10%
Revenue receipts			
Own tax revenues	State specific growth rates applied on base year magnitudes; growth rates based on buoyancies at 1.05, 1.1 and 1.15; capped at 12% for each state	Differentiated buoyancies used for GST and non-GST taxes at the aggregate level; SGST - lower buoyancy of 0.63 in FY27 and 1.0 for FY28-31; non-SGST - 1.09 for FY27-31	Same as 'initial changes'
Own non-tax revenues	7% growth rate assumed	7% growth rate assumed	7% growth rate assumed
Total (FC + non-FC) grants excl. RDG#	7% growth rate assumed	Magnitudes derived from FC16 projections (using FC grant magnitudes from projections of central finances) retained	Magnitudes derived from FC16 projections (using FC grant magnitudes from projections of central finances) retained
States' share in central taxes	Sourced from estimates of central finances	Sourced from 'Initial changes' of central finances	Sourced from 'Reassessment' of central finances
Components of revenue expenditure			
Interest Payment	State-differentiated effective interest rate for 2023-24 applied on average debt stock during each year of the award period, with debt stock being derived using an annual level of fiscal deficit to GDP ratio at 3%.	Budgeted magnitudes for FY27; FY28-31: Effective interest rate assumed at 7.1% on average, on liabilities at beginning of the year.	FY27-31: Effective interest rate assumed at 7.1% on average, on liabilities at beginning of the year.
Pension	State specific trend growth rates	Magnitudes retained at FC16 levels	Magnitudes retained at FC16 levels
Salary ¹	5% growth assumed for NEH states and 9% for remaining states	7% growth applied on the combined magnitude of Salary, subsidies and other revenue expenditure	Same as 'initial changes'
Subsidies ¹	5% annual growth rate assumed		
Other revenue expenditure ¹	9% annual growth rate assumed		
Fiscal deficit	Retained at 3% of respective state level GSDP	Retained at 3% of respective state level GSDP	Retained at 3% of respective state level GSDP
Capital expenditure	Residually derived	Residually derived	Residually derived

Source: FC16 Report and Authors' assumptions

Note: FC16 provides magnitudes at the aggregate level only for all states. Using these, our estimates are also made at the aggregate level only.



Table A7: FC16's overassessment (+ve)/underassessment (-ve) of state finances - Initial changes (INR crore)

Item	FY27	FY28	FY29	FY30	FY31
GSDP	11,12,518	12,34,895	13,70,733	15,21,514	16,88,881
Revenue Receipts, of which	3,37,386	3,58,845	3,94,493	4,34,300	4,78,374
Own Revenue Receipts	2,20,038	2,38,508	2,58,525	2,80,220	3,03,730
Transfers from Union of which	1,17,348	1,20,337	1,35,966	1,54,080	1,74,643
Tax devolution	1,17,745	1,20,337	1,35,966	1,54,080	1,74,643
FC grants	-397	0	0	0	0
Non-FC grants to states	0	0	0	0	0
Revenue Expenditure of which	-4,29,252	-4,91,537	-5,48,506	-6,00,007	-6,45,777
Interest Payments	-8,106	-8,680	-9,264	-9,842	-10,391
Pensions	0	0	0	0	0
Other revenue expenditure	-4,21,146	-4,82,857	-5,39,242	-5,90,165	-6,35,385
Revenue deficit	-7,66,638	-8,50,382	-9,42,998	-10,34,307	-11,24,150

Source (basic data): FC16 report, NSO, FY27 Union Budget, CAG, RBI State Finances and EY estimates

Table A8: Major state fiscal aggregates (INR crore) as per Reassessment

Item	FY26	FY27	FY28	FY29	FY30	FY31
GSDP	3,45,47,157	3,80,01,872	4,18,02,060	4,59,82,266	5,05,80,492	5,56,38,541
Revenue Receipts, of which	46,31,679	47,56,013	52,33,889	57,47,923	63,17,526	69,44,795
Own Revenue Receipts	25,48,638	27,76,879	30,59,005	33,70,209	37,13,519	40,92,283
Own tax revenue	22,43,858	24,50,764	27,10,061	29,96,839	33,14,014	36,64,812
SGST	8,19,008	8,70,605	9,57,666	10,53,433	11,58,776	12,74,654
Non-SGST	14,24,850	15,80,158	17,52,395	19,43,406	21,55,238	23,90,159
Own non-tax revenues	3,04,781	3,26,115	3,48,943	3,73,369	3,99,505	4,27,471
Transfers from Union of which	20,83,041	19,79,134	21,74,884	23,77,714	26,04,007	28,52,512
Tax devolution	13,92,971	15,26,255	16,90,354	18,59,199	20,49,551	22,59,785
FC grants	1,52,953	1,29,397	1,69,000	1,97,000	2,16,000	2,36,000
Non-FC grants to states	3,26,289	3,23,482	3,15,530	3,21,515	3,38,456	3,56,727
Revenue Expenditure of which	51,27,684	55,78,253	60,38,097	65,37,898	70,81,390	76,72,680
Interest Payments	6,21,613	7,02,405	7,83,819	8,73,905	9,73,580	10,83,859
Pensions	6,13,369	7,10,656	7,97,524	8,95,266	10,05,271	11,29,105
Other revenue expenditure	38,92,702	41,65,191	44,56,755	47,68,728	51,02,539	54,59,716
Revenue deficit	4,96,005	8,22,240	8,04,209	7,89,976	7,63,864	7,27,885
Fiscal deficit	11,44,163	11,40,056	12,54,062	13,79,468	15,17,415	16,69,156
Non debt capital receipts	25,516	27,302	29,214	31,259	33,447	35,788
Capital expenditure	6,73,674	3,45,119	4,79,067	6,20,751	7,86,998	9,77,060
Total expenditure	58,01,358	59,23,372	65,17,164	71,58,649	78,68,388	86,49,739
Outstanding liabilities	1,04,17,094	1,15,57,150	1,28,11,211	1,41,90,679	1,57,08,094	1,73,77,250



Item	FY26	FY27	FY28	FY29	FY30	FY31
RD as % of GSDP	1.44	2.16	1.92	1.72	1.51	1.31
FD as % of GSDP	3.31	3.00	3.00	3.00	3.00	3.00
Liabilities as % of GSDP	30.15	30.41	30.65	30.86	31.06	31.23
Memo						
FC16 assessed state revenue deficit (+ve)/surplus (-ve)	--	56,359	-1,02,341	-2,77,757	-4,73,051	-6,91,715

Source (basic data): FC16 report, NSO, FY27 Union Budget, CAG, RBI State Finances and EY estimates

Table A9: FC16's overassessment (+ve)/underassessment (-ve) of state finances as per Reassessment (INR crore)

Item	FY27	FY28	FY29	FY30	FY31
All state GSDP (GDP)	24,11,039	30,56,271	38,10,482	46,89,458	57,11,104
Revenue Receipts, of which	3,32,535	4,08,541	5,10,398	6,25,783	7,60,511
Own Revenue Receipts	2,15,187	2,57,895	3,07,596	3,65,334	4,32,296
Transfers from Union of which	1,17,348	1,50,646	2,02,801	2,60,449	3,28,215
Tax devolution	1,17,745	1,50,646	2,02,801	2,60,449	3,28,215
FC grants	-397	0	0	0	0
Revenue Expenditure of which	-4,33,346	-4,98,008	-5,57,334	-6,11,132	-6,59,089
Interest Payments	-12,199	-15,152	-18,093	-20,967	-23,704
Revenue deficit	-7,65,881	-9,06,550	-10,67,733	-12,36,915	-14,19,600
Memo items (Reassessed magnitudes)					
GSDP/GDP (INR Cr)	3,80,01,872	4,18,02,060	4,59,82,266	5,05,80,492	5,56,38,541

Source (basic data): FC16 report, NSO, FY27 Union Budget, CAG, RBI State Finances and EY estimates



List of abbreviations

Sr. no.	Abbreviations	Description
1	AD	Aggregate demand
2	AEs	Advanced economies
3	Agr.	Agriculture, forests and fishing
4	AY	Assessment year
5	Bcm	Billion cubic meters
6	bbl.	Barrel
7	BE	Budget estimate
8	CAB	Current account balance
9	CGA	Comptroller General of Accounts
10	CGST	Central Goods and Services Tax
11	CIT	Corporate income tax
12	Cons.	Construction
13	CPI	Consumer Price Index
14	COVID-19	Coronavirus disease 2019
15	CPSE	Central public-sector enterprise
16	CRAR	Credit to Risk- weighted Assets Ratio
17	Disc.	Discrepancies
18	ECBs	External Commercial borrowings
19	Elec.	Electricity, gas, water supply and other utility services
20	EMDEs	Emerging Market and Developing Economies
21	EXP	Exports
22	FAE	First advance estimates
23	FC	Finance Commission
24	FII	Foreign investment inflows
25	Fin.	Financial, real estate and professional services
26	FPI	Foreign portfolio investment
27	FRBMA	Fiscal Responsibility and Budget Management Act
28	FRL	Fiscal Responsibility Legislation
29	FY	Fiscal year (April–March)
30	GDP	Gross Domestic Product
31	GFCE	Government final consumption expenditure
32	GFCF	Gross fixed capital formation
33	GoI	Government of India
34	G-secs	Government securities



Sr. no.	Abbreviations	Description
35	GST	Goods and Services Tax
36	GVA	Gross value added
37	IAD	Index of Aggregate Demand
38	IBE	Interim budget estimates
39	ICRIER	Indian Council for Research on International Economic Relations
40	IEA	International Energy Agency
41	IGST	Integrated Goods and Services Tax
42	IIP	Index of Industrial Production
43	IMF	International Monetary Fund
44	IMI	Index of Macro Imbalance
45	IMP	Imports
46	INR	Indian Rupee
47	IPD	Implicit price deflator
48	MCLR	Marginal cost of funds-based lending rate
49	Mfg.	Manufacturing
50	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
51	Ming.	Mining and quarrying
52	m-o-m	Month-on-month
53	Mt	Metric ton
54	MoSPI	Ministry of Statistics and Programme Implementation
55	MPC	Monetary Policy Committee
56	MPF	Monetary Policy Framework
57	n.i.e	Not indicated elsewhere
58	NEXP	Net exports (exports minus imports of goods and services)
59	NSO	National Statistical Office
60	NSSO	National Sample Survey Organisation
61	NPA	Non-performing assets
62	OECD	Organization for Economic Co-operation and Development
63	OPEC	Organization of the Petroleum Exporting Countries
64	PFCE	Private final consumption expenditure
65	PIT	Personal income tax
66	PMI	Purchasing Managers' Index (reference value = 50)
67	PoL	Petroleum oil and lubricants
68	PPP	Purchasing power parity
69	PSBR	Public sector borrowing requirement
70	PSU/PSE	Public sector undertaking/public sector enterprises
71	RE	Revised estimates
72	REE	Rare earth elements



Sr. no.	Abbreviations	Description
73	RBI	Reserve Bank of India
74	sa	Seasonally adjusted
75	SLR	Statutory Liquidity Ratio
76	Trans.	trade, hotels, transport, communication and services related to broadcasting
77	US\$	US Dollar
78	UNCTAD	United Nations
79	UTGST	Union Territory Goods and Services Tax
80	WALR	weighted average lending rate
81	WHO	World Health Organization
82	WPI	Wholesale Price Index
83	y-o-y	year-on-year
84	1HFY20	first half of fiscal year 2019-20, i.e., April 2019-September 2019



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