

INDIA'S GROWTH PULSE

Tracking India's Economic Momentum



CENTRE FOR ACCELERATING INDIA'S GROWTH

FEBRUARY 2026

9th issue



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February 2026

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HIGHLIGHTS

In January 2026, India's macroeconomic indicators reflected continued stability, supported by steady core sector growth, resilient tax collections, moderate inflation, stable financial conditions, and sustained external engagement, reinforcing the economy's capacity to maintain growth momentum amid evolving global uncertainties.

ECONOMIC HIGHLIGHTS

GROWTH MOMENTUM REMAINS FIRM

India's growth trajectory stayed stable in FY2025–26, with GDP projected at 7.4%, supported by resilient services expansion and steady industrial activity. Manufacturing and construction continued to benefit from infrastructure-led demand, while services maintained strong momentum, reinforcing the investment-driven character of the expansion.

INDUSTRIAL ACTIVITY REMAINS RESILIENT

Industrial output expanded by 4.8% in January 2026, moderating from December's peak but remaining in expansion territory. Growth was supported by manufacturing, basic metals, automobiles, and cement-linked segments, indicating sustained infrastructure and construction activity despite a sequential easing in momentum.

BUSINESS ACTIVITY REMAINS EXPANSIONARY

HSBC Manufacturing PMI rose to 55.4 in January 2026, while HSBC Services PMI increased to 58.5, both remaining comfortably above the 50-mark threshold. The readings indicate sustained expansion in both industrial and services activity, supported by steady domestic demand and improving business conditions.

INFLATION REMAINS CONTAINED UNDER REVISED CPI

Retail inflation stood at 2.75% (YoY) in January 2026 under the revised CPI (Base 2024=100), remaining within the RBI's tolerance band. Food inflation turned positive at 2.13% after earlier deflation, while core inflation remained moderate, suggesting contained underlying price pressures despite mild sequential firming.

EXTERNAL POSITION SHOWS MIXED TRENDS

Merchandise exports rose to \$ 80.45 billion in January 2026, registering double-digit YoY growth. However, imports grew faster, widening the trade deficit. Despite currency depreciation, foreign exchange reserves strengthened to \$ 723.8 billion, enhancing India's external buffer and resilience to global volatility.

FISCAL INDICATORS STAY RESILIENT

Gross GST collections increased by 6.2% YoY to ₹ 1.93 lakh crore, while net collections rose 7.6%, indicating stable revenue buoyancy. Net direct tax collections maintained 8.8% YoY growth. Continued emphasis on capital expenditure alongside a marginal improvement in the fiscal deficit target reflects adherence to the consolidation path while sustaining growth support.

LABOUR MARKET SEES SEASONAL MODERATION

Labour indicators softened marginally in January, with unemployment rising to 5.0% and participation ratios easing slightly, largely reflecting seasonal rural factors. Urban conditions remained comparatively stable, indicating that underlying labour market conditions remain broadly resilient.

SECTORAL HIGHLIGHTS

AGRICULTURAL MOMENTUM SUPPORTED BY HIGHER SOWING

Rabi sowing expanded to 676.84 lakh hectares, reflecting broad-based increases across wheat, pulses, and oilseeds. Agriculture and allied activities maintained steady growth, with allied sectors such as fisheries and livestock continuing to support rural incomes.

FISHERIES MAINTAIN STRUCTURAL EXPANSION

Total fish production reached 197.75 lakh tonnes in 2024–25, driven primarily by inland aquaculture, which accounted for 151.6 lakh tonnes. The steady rise reflects long-term policy support, improved productivity, and expansion of organised aquaculture practices, indicating a structural shift in the fisheries sector.

COAL PRODUCTION STRENGTHENS

Coal production increased to 107.96 million tonnes in January 2026, registering a 3.23% year-on-year rise. Stable production levels and adequate stock positions supported energy security, ensuring sufficient fuel availability for thermal power generation amid steady electricity demand.

ELECTRICITY AND ENERGY MIX REMAIN BALANCED

Total electricity generation recorded moderate year-on-year growth, with coal continuing to provide over 73% of total generation. Renewable sources registered the fastest expansion, gradually increasing their share in the overall power mix, reflecting steady diversification without compromising supply stability.

RENEWABLE CAPACITY EXPANDS FURTHER

India added 5,181 MW of non-fossil capacity in January 2026, driven primarily by solar additions. Total non-fossil fuel capacity reached 271.97 GW, underscoring continued progress in clean energy expansion and long-term transition efforts.

STEEL SECTOR SHOWS TRADE REBALANCING

Steel production maintained steady year-on-year growth, supported by domestic infrastructure and construction demand. Exports surged sharply while imports contracted significantly, improving the sector's trade balance despite some sequential moderation.



POLICY SPOTLIGHT

The “Mother of All Deals”: India-European Union (EU)
Free Trade Agreement¹²

By: Khushi Mahajan

India's trade strategy entered a decisive phase in January 2026 with the conclusion of the long-pending India-European Union Free Trade Agreement (FTA). After nearly 2 decades of negotiations, the agreement establishes one of the largest economic partnerships globally, linking India with the 27-member European Union, a combined market which represents close to 2 billion people and nearly one-fourth of global GDP. The agreement reflects a structural shift in India's external economic engagement. At a time of geopolitical fragmentation and reshaping of global supply chains, India has moved toward deeper integration with a major advanced economic bloc. The FTA is not just a tariff-reduction pact, but as a strategic economic alignment designed to expand market access, diversify trade partnerships, and strengthen long-term competitiveness.

Why This Agreement Matters

The European Union is already one of India's largest trading partners. Bilateral goods trade has grown significantly from about \$ 74 billion in 2020 to \$ 136 billion in 2024-25, with India maintaining a trade surplus of over \$ 15 billion with the EU. However, tariff barriers and regulatory frictions have historically limited the full potential of bilateral trade and this new agreement addresses this by significantly liberalising market access.

Under the agreement, the European Union will eliminate tariffs on over 90% of tariff lines, with immediate zero-duty access granted on more than 70% of India's key exports, including textiles, apparel, leather, footwear, marine products, gems and jewellery, and select electronics. This phased liberalisation significantly lowers entry barriers for labour-intensive sectors and is expected to strengthen price competitiveness in a high-income consumer market, along with generating six or seven million jobs in the textile sector alone³. By improving market access for value-added exports, the agreement also supports India's Aatmanirbhar Bharat strategy through enhanced manufacturing depth and export diversification.

In return, India will reduce or eliminate tariffs on 96.6% of EU exports by value. Notably, tariffs on European cars, previously as high as 110%, are to be gradually reduced to 10% over five years under a quota-based system. Tariffs on machinery, chemicals, pharmaceuticals, and wines and spirits will also see significant reductions. The European Commission estimates annual duty savings of around \$ 4.7 billion, with exports doubling by 2032.

Core Features of the Agreement

This is India's most comprehensive trade agreement to date, covering goods, services and investment. The service dimension is particularly important. The EU will open 144 services subsectors to India, while India will open 102 subsectors to the EU, including financial, maritime and telecommunications services. Services trade between the two sides has already grown strongly in recent years, particularly in IT and business services.

The agreement also strengthens investment linkages. Around 6,000 European companies currently operate in India, supporting nearly 800,000 European jobs, while approximately 1,500 Indian companies have a presence in the EU. By simplifying customs procedures, enhancing intellectual property protections, and creating a more predictable regulatory framework, the pact aims to deepen long-term business engagement.

However, certain sensitivities remain. The EU's Carbon Border Adjustment Mechanism (CBAM) continues to apply to carbon-intensive exports such as steel and aluminium. While India has not secured an exemption, the EU has pledged \$ 500 million over two years to assist India in reducing emissions as exporters adapt to new carbon-related costs beginning in 2026.

Policy Rationale and Strategic Intent

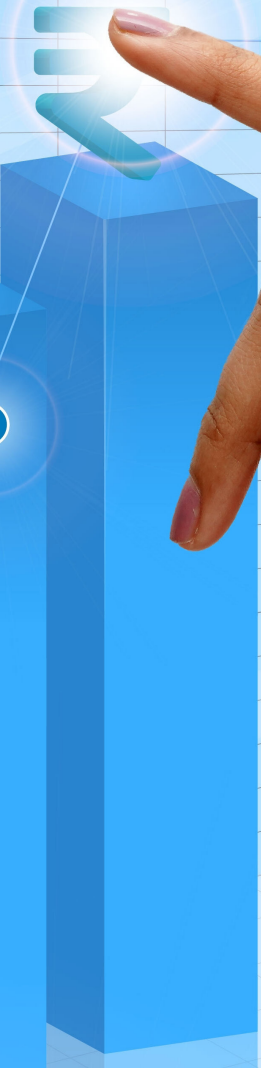
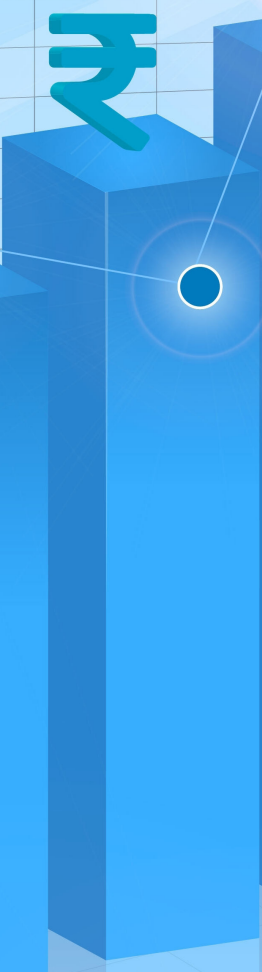
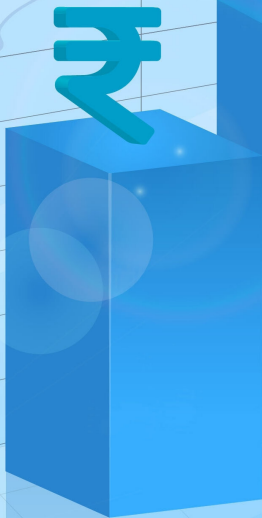
The agreement reflects a broader geopolitical and economic realignment. In a global landscape marked by rising protectionism and geopolitical friction, the pact sends a signal to the world that rules-based cooperation continues to deliver outcomes. The deal demonstrates what India's Ministry of Commerce described as "political will and shared vision to deliver a balanced, modern, and rules-based economic and trade partnership." It also positions India as a more assertive participant in global trade governance, moving beyond cautious liberalisation toward structured integration with a major advanced economic bloc.

Further, the agreement shifts India-EU relations from transactional trade exchanges to strategic economic alignment. It ensures cooperation across goods, services, investment, sustainability and regulatory standards. It also signals confidence in India's capacity to engage with high-standard trade frameworks while balancing domestic sensitivities.

Way forward

As the agreement moves toward implementation, its success will depend upon careful execution. Sensitive sectors such as agriculture, dairy and MSMEs will require gradual tariff reductions and safeguard measures to adjust smoothly. At the same time, aligning the FTA with Make in India and PLI initiatives can convert improved market access into higher-value manufacturing and technology gains. Addressing concerns around intellectual property and the EU's carbon regulations, while supporting MSMEs in meeting European standards, will be equally important. A phased and closely monitored rollout, particularly in automobiles and agriculture, will help ensure stability. Strong cooperation in services can further increase long-term gains from partnership.

Therefore, if the agreement is implemented carefully, it can support export growth, attract investment, and strengthen India's position in the global economy.



ECONOMIC SNAPSHOT

This section presents an overview of our economic performance as of January 2026, based on the latest data from the Ministry of Statistics and Programme Implementation (MoSPI), the Reserve Bank of India (RBI), the Ministry of Finance, the Ministry of Commerce and Industry, and other relevant Ministries.

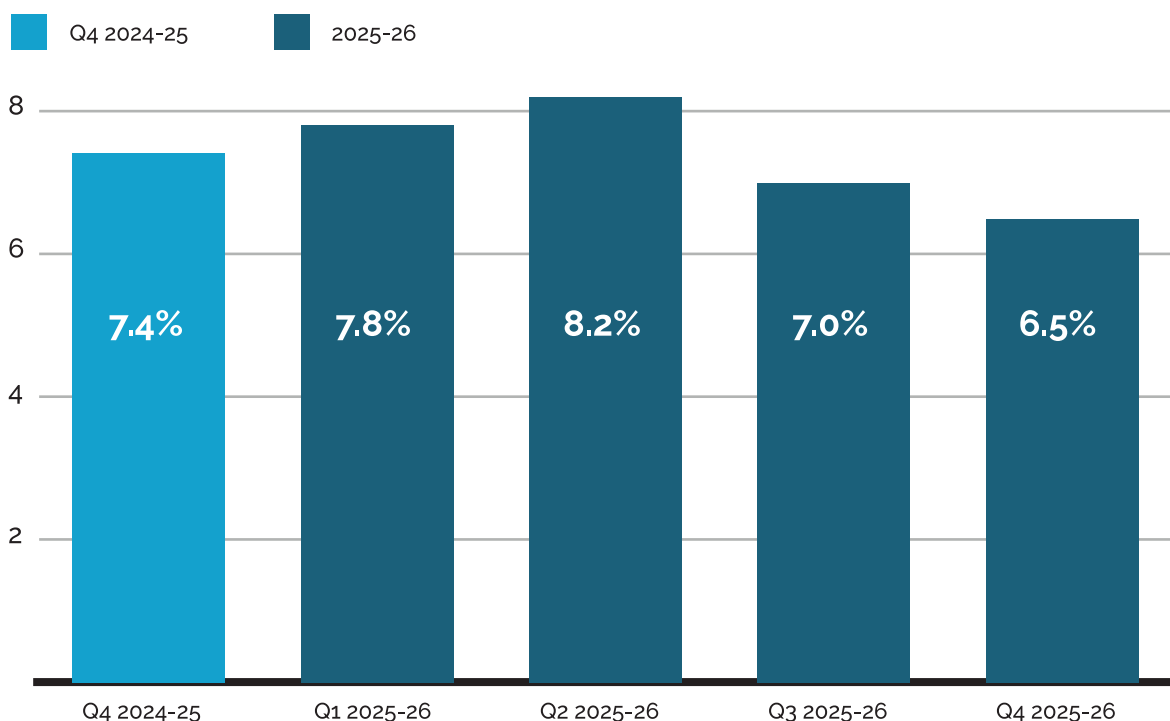
(Refer To Annexure I For Detailed Analysis)

CHAPTER 1

GROWTH AND OUTPUT

India's GDP Growth estimated to accelerate to 7.4% in FY 2025-26

GDP Growth Rate From Q4 2024-25 to Q4 2025-26



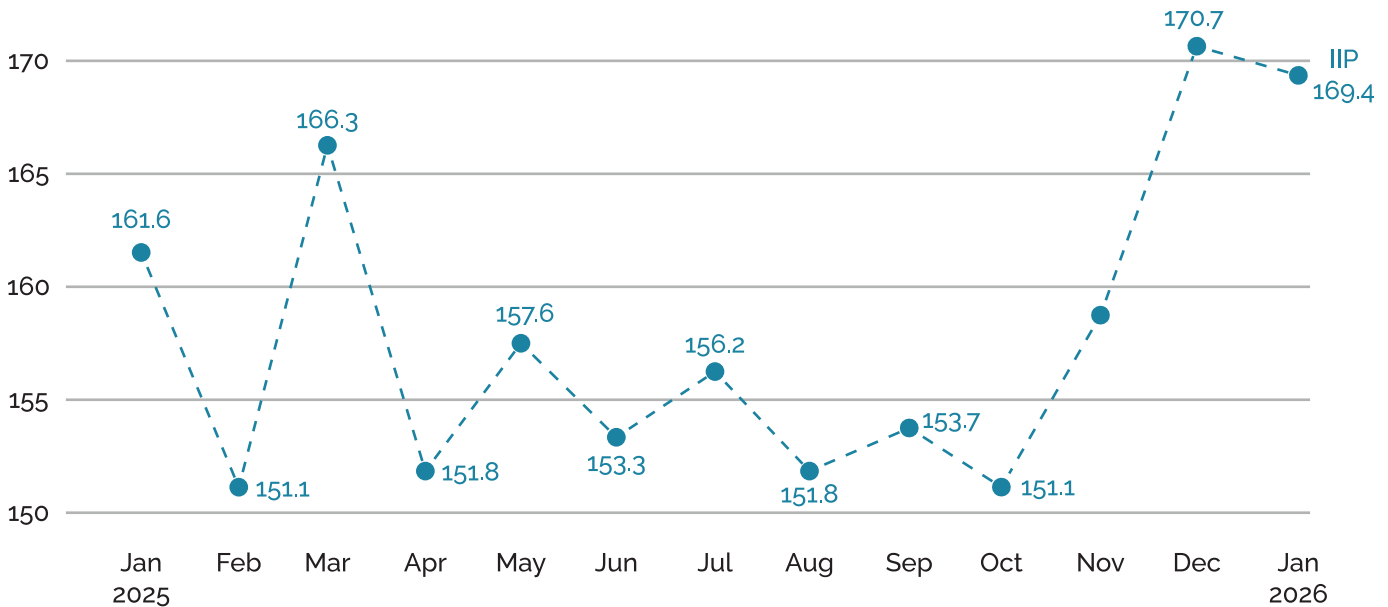
Graph 1: GDP Growth Rate From Q4 2024-25 to Q4 2025-26

- India's GDP growth is projected at 7.4% in FY 2025–26, marking an acceleration from 6.5% in FY 2024–25, according to the first advance estimates released by the Government of India. The expansion has been broad-based, with manufacturing and construction growth around 7%, services expanding close to 9.1%, and agriculture moderating to nearly 3%⁴. On a quarterly basis, GDP growth stood at 6.5% in Q4 FY 2025–26, following an estimated 7.0% in Q3⁵, indicating some moderation toward the end of the fiscal year while preserving overall annual momentum.
- Globally, real GDP growth is forecast at about 3.1% in 2026. China and India together are expected to account for roughly 43.6% of global GDP growth in 2026, with India contributing the second-largest share after China⁶. This highlights India's increasing role in supporting world economic expansion, even as many advanced economies grow more slowly. India's growth outlook remains positive, supported by strong domestic demand, structural reforms, and a stable macroeconomic environment, and the country received three sovereign rating upgrades⁷ during the year, reinforcing investor confidence and improved macroeconomic fundamentals.

Industrial Output Moderates to 4.8% in January 2026, Infrastructure Segments Remain Strong⁸.

Index of Industrial Production

(From January 2025 to January 2026)



Graph 2: Index of Industrial Production (IIP) from January 2025 to January 2026

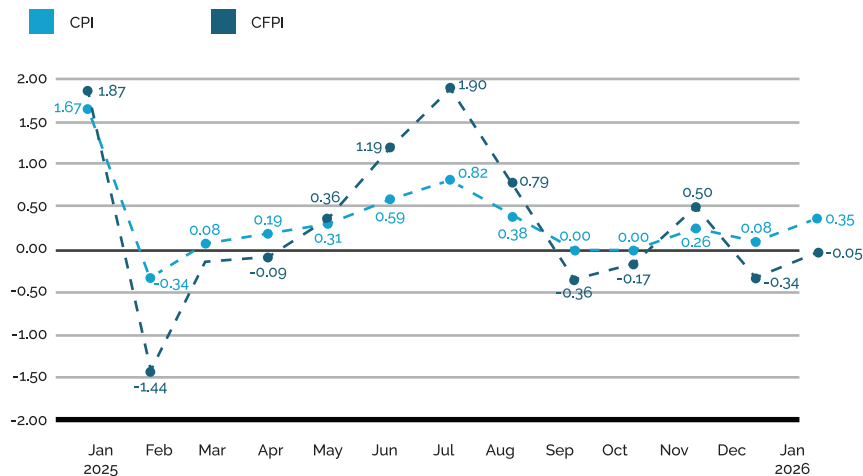
- India's Index of Industrial Production (IIP) grew by 4.8% year-on-year in January 2026, moderating from 7.8% in December 2025. The Quick Estimate of IIP stood at 169.4 compared to 161.6 in January 2025, indicating continued expansion despite softer momentum. Sector-wise, Mining grew by 4.3%, Manufacturing by 4.8%, and Electricity by 5.1%, with index levels at 157.2, 167.2, and 212.1 respectively.
- Within manufacturing, 14 of 23 industry groups recorded positive growth, led by basic metals (13.2%), motor vehicles (10.9%), and other non-metallic mineral products (9.9%), reflecting strength in steel, automobiles, and cement-related activity. Under use-based classification, Infrastructure/Construction Goods registered the strongest growth at 13.7%, followed by Intermediate Goods (6.0%) and Capital Goods (4.3%), while Consumer non-durables contracted by 2.7%. Overall, although headline growth eased, infrastructure-linked segments continued to support industrial activity.

CHAPTER 2

INFLATION AND PRICE⁹

Retail Inflation Remains Contained at 2.75% Y-o-Y Under Revised CPI Series

CPI and CFPI from Jan 2025 - Jan 2026



Graph 3: MoM Change in Inflation From January 2025 to January 2026

CPI Base Year Revised to 2024

- The Ministry of Statistics and Programme Implementation has introduced the revised Consumer Price Index (CPI) series with base year 2024=100, replacing the earlier base year of 2012. The updated series reflects current consumption patterns based on the Household Consumption Expenditure Survey 2023–24, improving the accuracy of inflation measurement.

Retail Inflation Remains Contained

- Headline CPI inflation stood at 2.75% year-on-year in January 2026, with rural inflation at 2.73% and urban inflation at 2.77%. The narrow rural–urban gap indicates balanced price trends, with overall inflation remaining within the Reserve Bank of India's tolerance band.

Food Inflation Turns Positive

- Food inflation (CFPI) was recorded at 2.13%

year-on-year, marking a shift from the earlier phase of food price deflation and reflecting moderate price pressures across essential consumption items.

Non-Food Inflation Remains Moderate

- Non-food inflation remained subdued, with housing inflation at 1.53%, transport at 0.09%, and information and communication at 0.16%, indicating stable price conditions across key household consumption categories.

Regional Inflation Pressures Concentrated in Select States

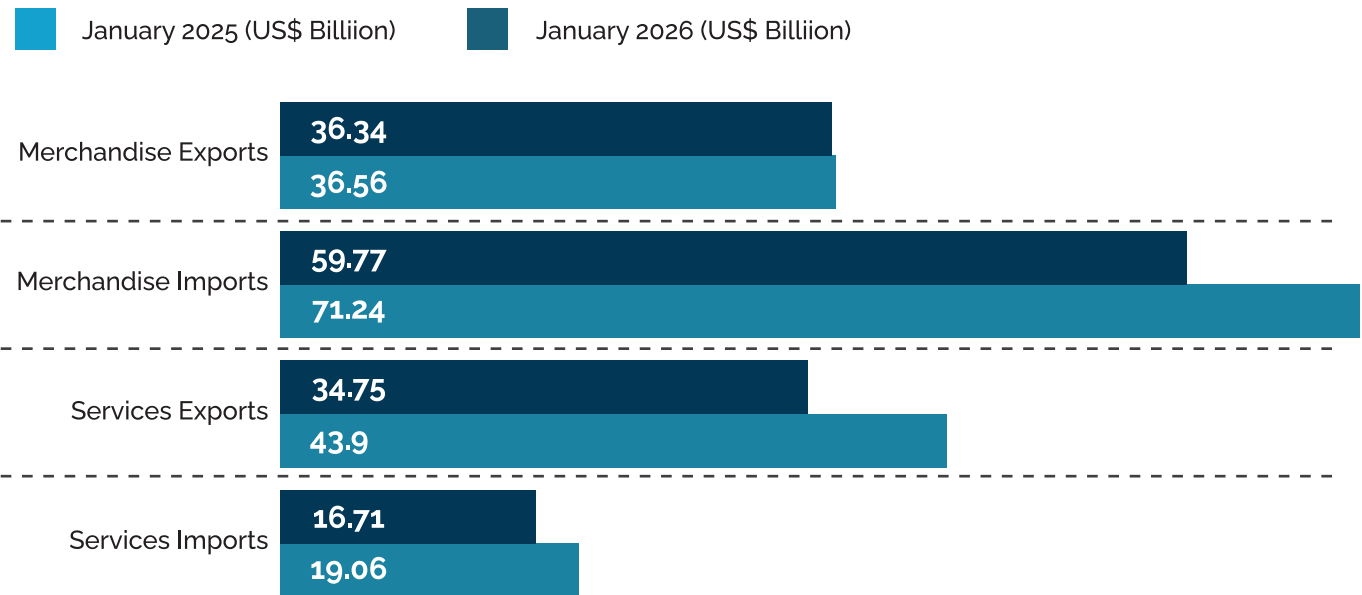
- Telangana recorded the highest combined inflation at 4.92% in January 2026, followed by Andaman & Nicobar Islands (4.27%), Kerala (3.67%), Puducherry (3.39%), and Tamil Nadu (3.36%), indicating relatively higher price pressures in southern and island regions compared to the national average.

CHAPTER 3

TRADE AND EXTERNAL SECTOR¹⁰

India's Services Trade Surplus Cushions External Balance in January 2026

India's Merchandise and Service Trade January 2025 vs January 2026



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

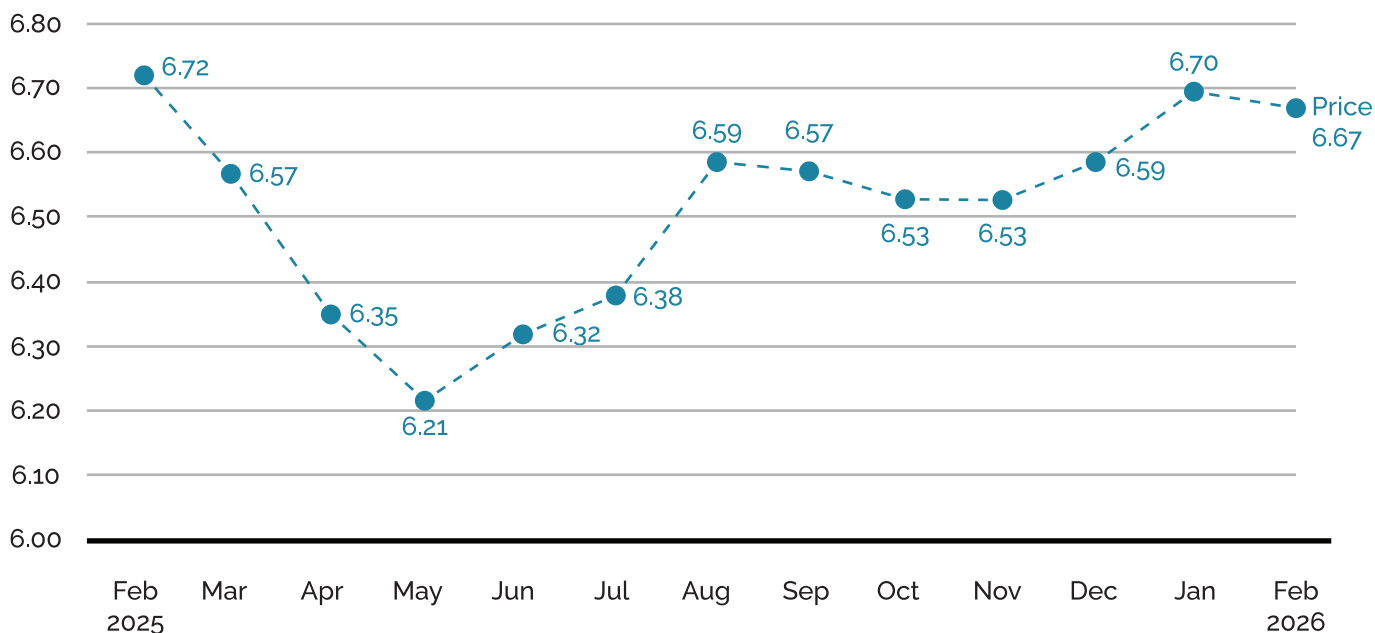
- India's external trade position reflected mixed trends in January 2026, with stable exports and stronger import growth widening the merchandise trade deficit. Merchandise exports stood at \$ 36.56 billion, broadly unchanged from \$ 36.34 billion a year earlier, reflecting a modest 0.6% year-on-year increase. Merchandise imports increased to \$ 71.24 billion, compared to \$ 59.77 billion in January 2025, marking a significant 19.2% year-on-year growth, which pushed the goods trade deficit to \$ 34.68 billion.
- The services sector provided notable support, with services exports increasing to \$ 43.90 billion from \$ 34.75 billion, registering a robust 26.3% year-on-year rise. Services imports also grew to \$ 19.60 billion from \$ 16.71 billion, reflecting a 17.3% YoY increase. While robust services exports helped cushion part of the merchandise deficit, the overall widening in the goods trade gap underscores continued dependence on import-intensive sectors. The external sector remains supported by resilient services performance, though elevated merchandise imports warrant close monitoring.
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CHAPTER 4

FINANCIAL HEALTH

Bond Yields Rise Ahead of Record Government Borrowing¹¹

Indian Bond Yields : Feb 2025 - Feb 2026



Graph 5: India's Bond Yield From 1st February 2025 to 1st February 2026

- Government bond yields increased in January 2026, reflecting concerns over rising borrowing requirements and tighter liquidity conditions. The benchmark 10-year government bond yield rose to around 6.7%, reaching an 11-month high, as markets anticipated a record ₹ 30 trillion in combined federal and state borrowing in the upcoming fiscal year¹².
- Higher expected bond supply, alongside tighter banking system liquidity and reduced demand from traditional institutional investors, contributed to upward pressure on yields. Despite significant liquidity infusion and bond purchases by the Reserve Bank of

India during the financial year, yields remained elevated. This reflects cautious investor sentiment and signals relatively tighter financial conditions and higher borrowing costs for the government.

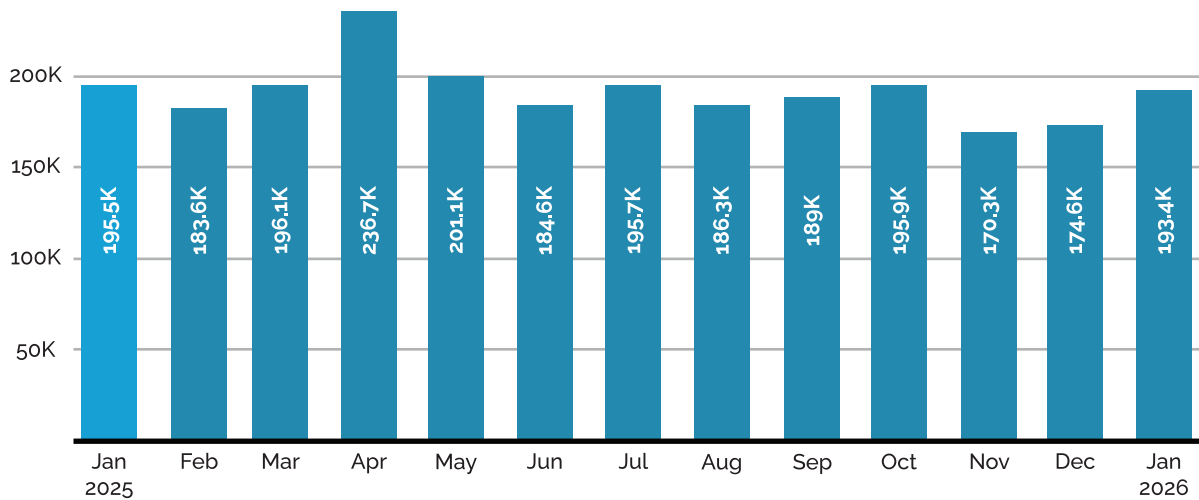


CHAPTER 5

FISCAL HEALTH¹³

GST Collections Rise 6.2% to ₹ 1,93,384 Crore in January 2026

Indian Bond Yields : Feb 2025 - Feb 2026



Graph 6: GST Monthly Collection From January 2025 to January 2026

- Gross Goods and Services Tax (GST) collections in January 2026 recorded a healthy year-on-year increase of 6.2%, reaching ₹1,93,384 crore, reflecting continued momentum in tax revenues and underlying economic activity. The growth was supported by both domestic transactions and improved import-linked receipts. On a month-on-month basis, collections increased from ₹ 1,74,550 crore in December 2025 to ₹ 1,93,384 crore in January 2026, marking a rise of approximately 11%, indicating improved tax buoyancy at the start of the calendar year.
- Domestic GST revenue stood at ₹ 1,41,132 crore, up from ₹ 1,34,641 crore in January 2025, registering a 4.8% increase. Import-linked GST receipts showed stronger growth, with IGST on imports rising to ₹ 52,253 crore, compared to ₹ 47,453 crore in January 2025, reflecting a 10.1% year-on-year increase¹⁴. This higher import-related contribution supported the overall increase in gross collections. The stable growth in collections suggests that formal economic activity continues to expand, aided by technology-led improvements in filing and reconciliation systems introduced on the GST portal. At the policy level, the Finance Bill, 2026 proposals include measures aimed at trade facilitation and clearer GST guidelines, including enhancements to provisional refund mechanisms and refinements in GST filing procedures¹⁵.
- Overall, the January GST outcome reflects steady revenue buoyancy, supported by broad-based economic transactions and stronger import-related tax receipts, underscoring resilience in indirect tax performance as the economy progresses into the new calendar year.

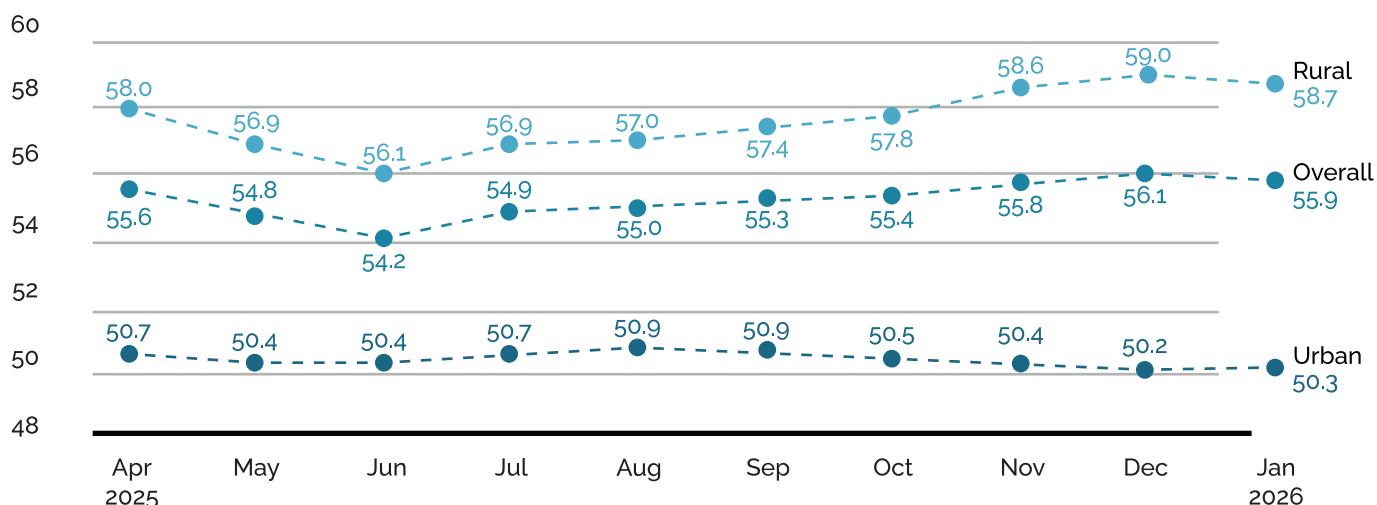
CHAPTER 6

LABOUR AND EMPLOYMENT¹⁶

Seasonal Factors Contribute to Mild Softening in Labour Indicators in January 2026

Labour Force Participation Rate: April 2025 to January 2026

LFPR (%) in Current Weekly Status (cws), Persons aged 15 years and above



Graph 7: Monthly Labour Force Participation Rate till January 2026

- Labour market conditions showed modest moderation in January 2026, with the Unemployment Rate (UR) for persons aged 15 years and above rising to 5.0%, up from 4.8% in December 2025. The Worker Population Ratio (WPR) declined slightly to 53.1%, compared to 53.4% in December 2025, indicating a marginal easing in employment participation. The softening in WPR alongside the rise in UR appears to be largely rural-driven, influenced by seasonal factors. Post-harvest slack and winter-related slowdowns in construction, agricultural allied activities, transport, and small trade typically reduce employment opportunities during this period. Urban labour market conditions, however, remained relatively stable.
- Overall, the January moderation in labour indicators appears to reflect seasonal adjustment rather than structural stress, with underlying employment conditions remaining broadly resilient.



SECTORAL SNAPSHOT

This section presents an overview of India's performance in key sectors as of January 2026, based on the latest data from the Ministry of Commerce and Industries, the Ministry of Health, the Ministry of Road, Transport, and Highways, and the Ministry of New and Renewable Energy.
(Refer To Annexure II For Detailed Analysis)

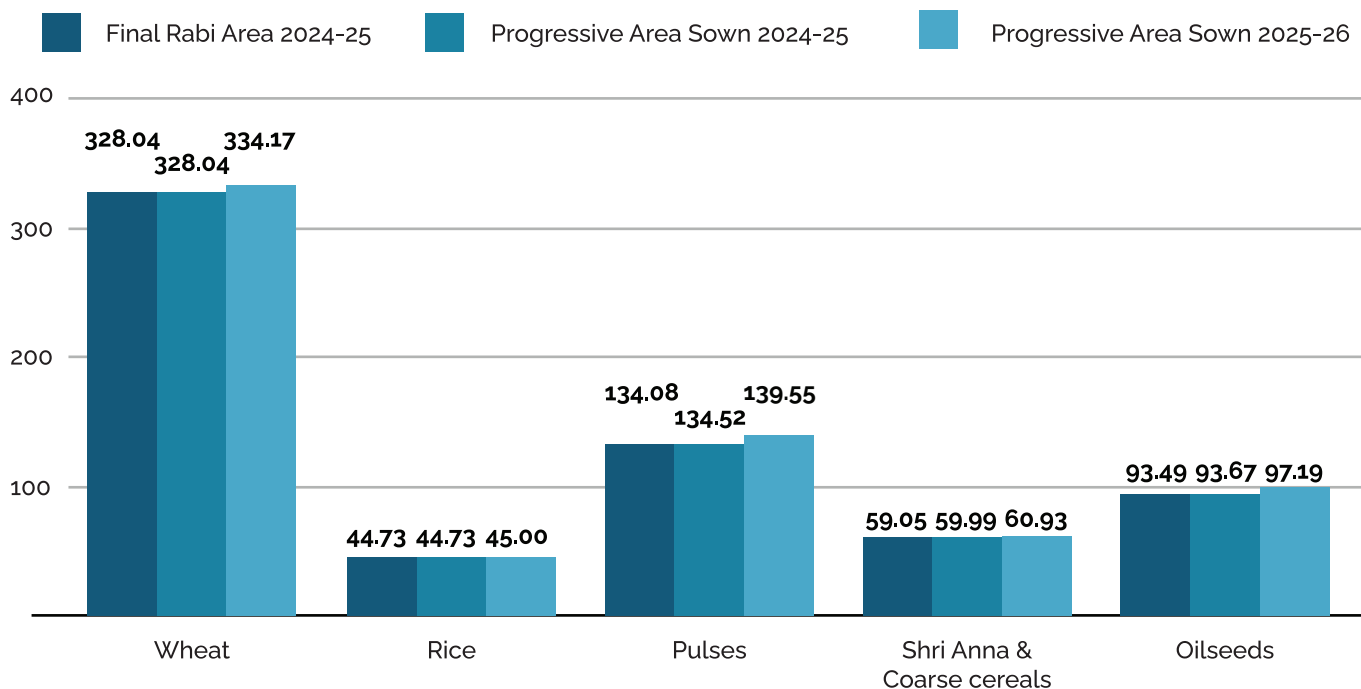
CHAPTER 7

AGRICULTURE

Rabi Sowing Expands as Agricultural GVA Records Strong Growth¹⁷

Area Under Cultivation for the Rabi Season

Progress till January 2026 (in Lakh Hectares)



Graph 8: Net Sown Area for FY25 and FY26 during rabi Season

- Rabi sowing continued to expand in the current season, with total sown area reaching 676.84 lakh hectares as of January 2026, compared to 660.96 lakh hectares during the corresponding period last year, marking an increase of nearly 15.88 lakh hectares. Wheat remained the primary driver, with acreage rising by 6.13 lakh hectares, followed by pulses (+5.03 lakh hectares) and oilseeds (+3.52 lakh hectares), led by rapeseed and mustard cultivation. Rice and coarse cereals also recorded modest gains, reflecting broad-based expansion across major crop categories.
- This increase in acreage has been accompanied by strong sectoral performance, with Gross Value Added (GVA) in agriculture and allied activities growing by 10.4% in 2024-25 (provisional estimates)¹⁸. The combination of higher sowing and robust value addition highlights improving agricultural momentum, supported by favourable conditions and continued policy support.

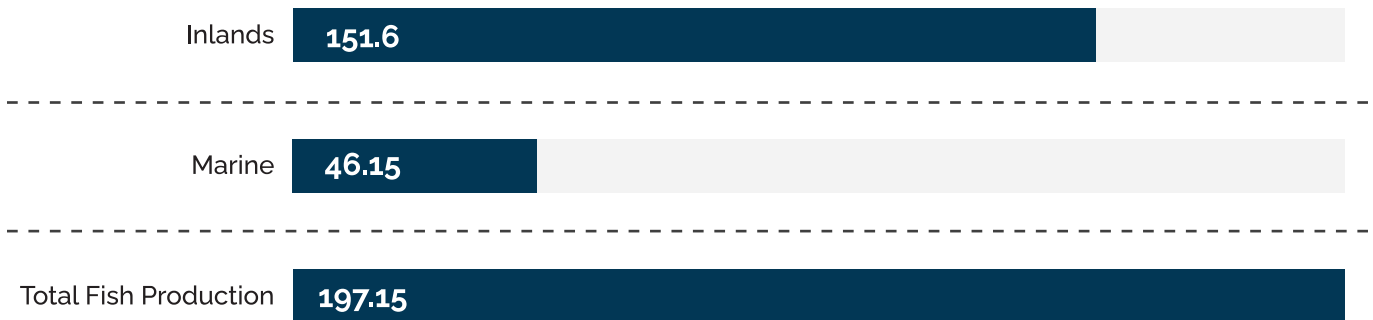
CHAPTER 8

ANIMAL HUSBANDRY

Total fish production reached 197.75 lakh tonnes, driven primarily by inland aquaculture¹⁹

India's Fish Production 2024-25

(in Lakh Tonnes)



Graph 9: Total Fish Production in 2024-25

- India's fisheries sector has recorded strong and sustained growth over the past decade, supported by targeted policy interventions and higher public investment. Total fish production increased from 95.79 lakh tonnes in 2013-14 to 197.75 lakh tonnes in 2024-25, reflecting an average annual growth rate of 8.74%. The expansion has been driven largely by inland fisheries and aquaculture, which grew by 147% over the same period to reach 151.6 lakh tonnes, accounting for the bulk of total output. Marine production stood at 46.15 lakh tonnes in 2024-25.
- This growth has been supported by financial investments of ₹39,272 crore through schemes such as the Pradhan Mantri Matsya Sampada Yojana (PMMSY), Blue Revolution, FIDF, PM-MKSSY, and Kisan Credit Card support. The steady rise in inland aquaculture

highlights the structural shift in India's fisheries sector toward technology-driven, productivity-enhancing models of fish production.



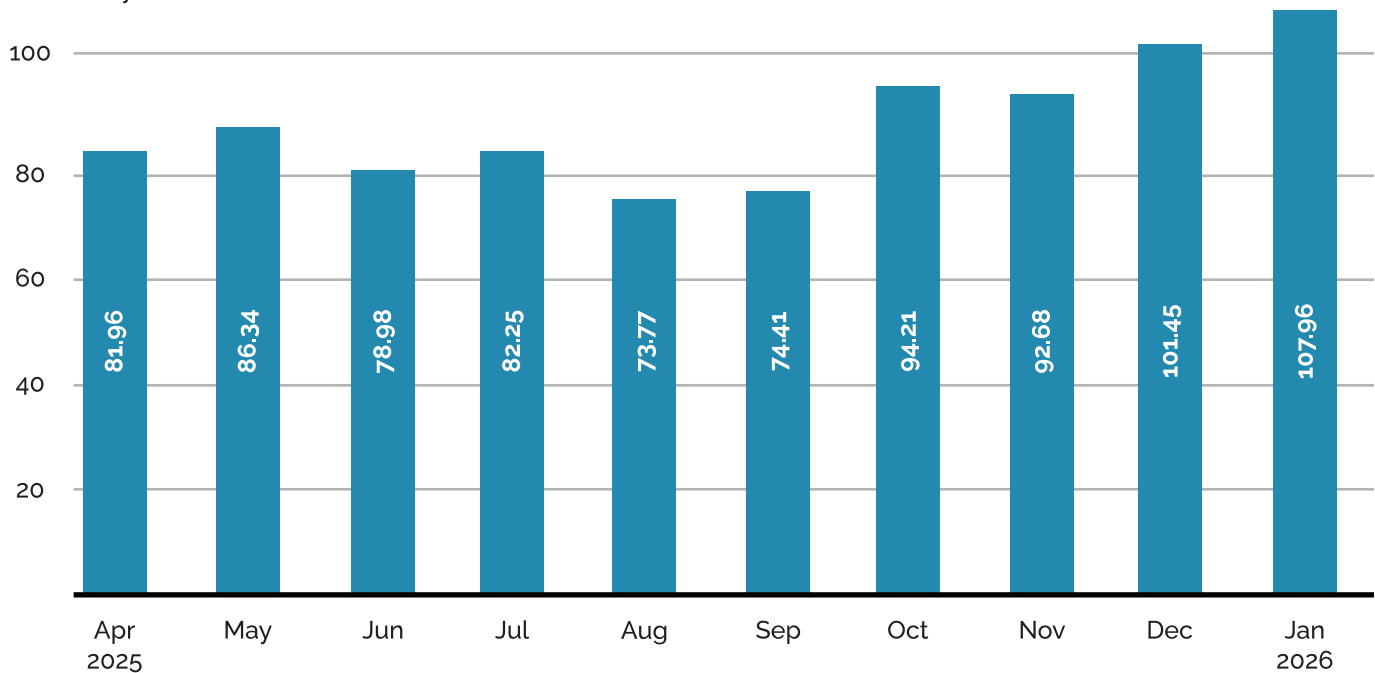
CHAPTER 9

COAL

Coal Production Surges to 107.96 MnT in January 2026 as Power Demand Strengthens²⁰

Coal Production: April 2025 to January 2026

(Quantity in Million Tonnes)



Graph 10: Coal Production From April 2025 to January 2026

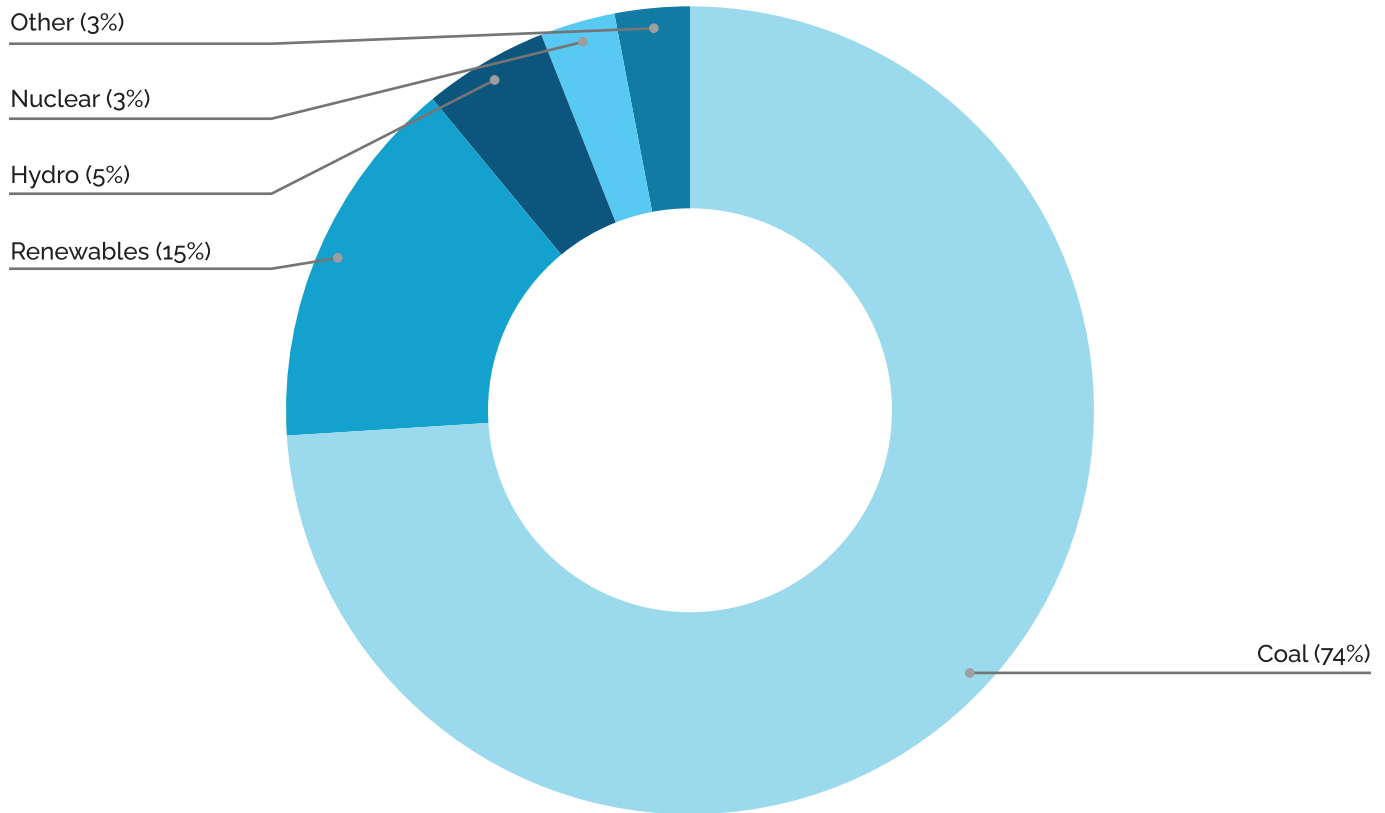
- Coal production accelerated sharply in January 2026, reaching 107.96 million tonnes (MnT), up from 101.45 MnT in December 2025 and marking the highest monthly output in the current fiscal year. The increase reflects stronger mining activity to meet rising electricity demand during the winter season, along with improved dispatch from Coal India and captive mines. Production has rebounded significantly since the monsoon months, when output had fallen below 80 MnT, indicating normalisation in mining operations and stronger supply readiness ahead of peak summer demand. Additionally, the allocation

of 131 coal blocks under the Commercial Coal Mining Policy as of January 2026 reflects continued structural reforms aimed at enhancing domestic coal production capacity over the medium term²¹.



Coal Continues to Dominate India's Power Mix with 74% Share in January 2026

India's Power Generation by Source (As of January 2026)



Graph 11: India's Share of Energy Source as of January 2026

- Coal remained India's primary source of electricity generation in January 2026, accounting for 114,882 MW, or 74% of total power generation. This represents a slight decline from January 2025²², when coal-based generation stood at 112,637 MW, contributing around 76% of total generation. The marginal reduction in coal's share reflects the gradual expansion of renewable energy capacity, whose contribution increased from 13% in January 2025 to 15% in January 2026.
- Despite this moderation, coal continues to form the backbone of India's power system, providing reliable baseload supply to meet

growing electricity demand. The sustained increase in coal production alongside a gradual shift toward renewables highlights India's ongoing transition toward a more diversified energy mix while maintaining energy security.



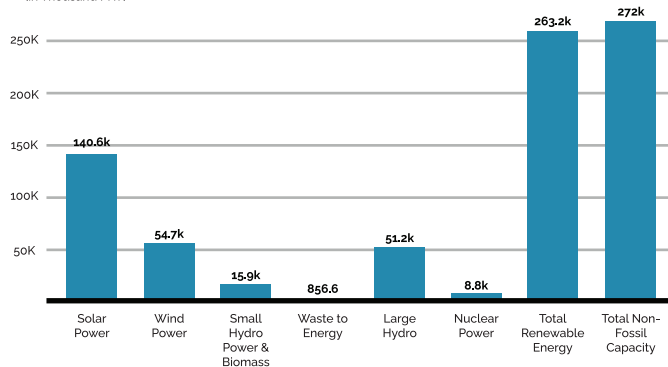
CHAPTER 10

RENEWABLE ENERGY²³

Solar-Led Expansion Drives 5,181 MW Renewable Capacity Addition in January 2026

Total Installed Capacity as of 31 January 2026

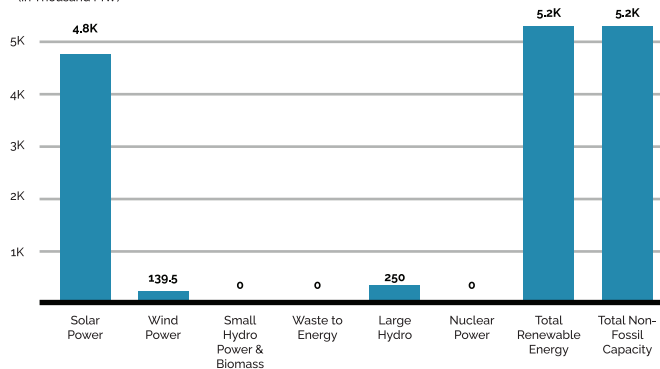
(in Thousand MW)



Graph 12: Total Installed Capacity as of January 2026

Renewable Capacity Additions in January 2026

(in Thousand MW)



Graph 13: Renewable Capacity Additions During January 2026

- India's clean energy transition continued to strengthen in January 2026, with total non-fossil fuel installed capacity rising to 271,969 MW, reflecting sustained progress toward India's energy transition goals. Renewable energy capacity, including large hydro, reached 263,189 MW, supported by continued expansion in solar and hydro installations. Solar power remained the primary driver of renewable capacity growth, with installed capacity increasing to 140,602 MW, reinforcing its dominant role in India's clean energy expansion. Wind capacity stood at 54,650 MW, while large hydro capacity reached 51,165 MW, contribut-

ing significantly to the non-fossil energy mix.

- During the month, India added 5,181 MW of non-fossil capacity, driven primarily by 4,792 MW of solar additions, alongside incremental additions in wind (139 MW) and large hydro (250 MW). The continued rise in renewable capacity highlights India's steady progress in expanding clean energy infrastructure and strengthening long-term energy sustainability.

CHAPTER 11

MANUFACTURING²⁴

Exports Strengthen While Imports Slump in January 2026

Finished Steel Production, Trade and Consumption - January 2026

(in Million Tonnes)



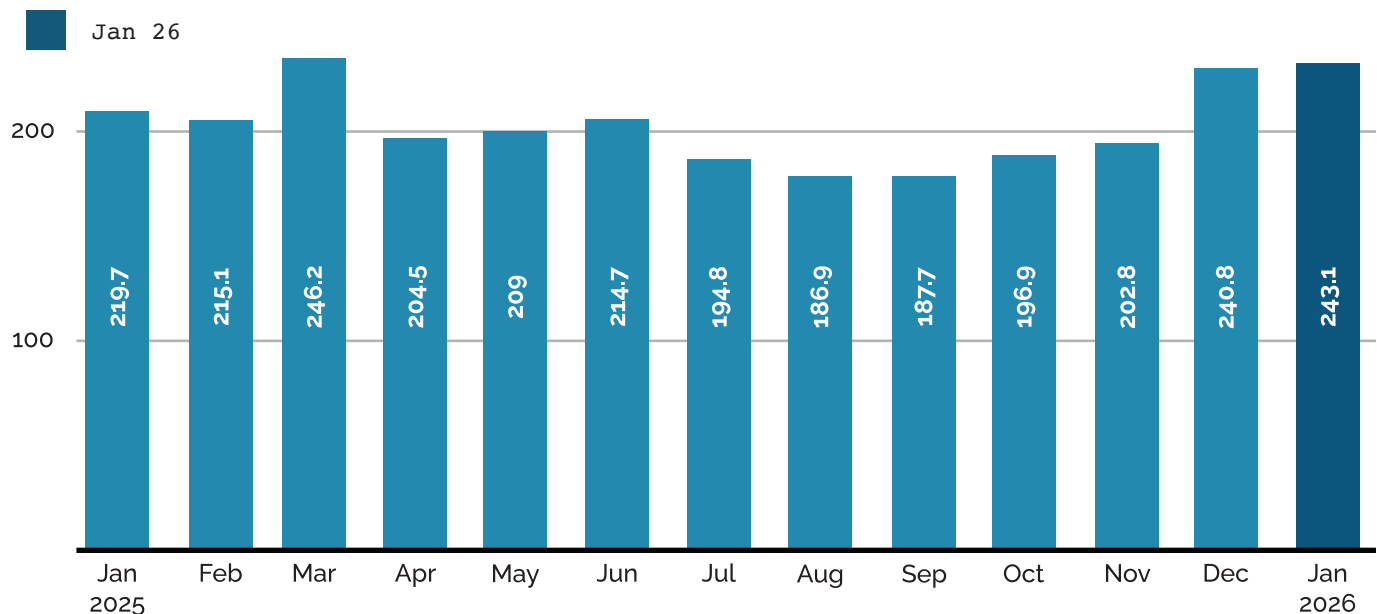
Graph 14: Steel Trade in January 2026

- India's finished steel sector showed mixed trends in January 2026, with domestic output and consumption remaining firm while trade dynamics shifted sharply. Finished steel production stood at 13.55 million tonnes (MnT), registering a 3.2% year-on-year increase, reflecting stable industrial demand and sustained infrastructure activity. Consumption remained higher at 14.16 MnT, up 3.0% YoY, indicating continued strength in domestic end-use sectors. Trade flows, however, saw pronounced divergence. Finished steel exports surged 72.4% YoY to 0.68 MnT, suggesting improved competitiveness and stronger overseas demand. In contrast, imports declined sharply by 73.3% YoY to 0.25 MnT, reflecting weaker inbound shipments and potentially higher domestic supply availability.
- At the broader level, crude steel production reached 14.27 MnT, up 4.1% YoY, indicating resilience in core steel output despite a sequential moderation. The widening gap between exports and imports signals improving trade balance conditions for the steel sector, even as domestic demand remains the primary growth anchor.

Cement Index under the Index of Eight Core Industries (ICI) rose to 243.1 in January 2026 from 219.7 a year earlier²⁵

Cement Index: January 2025 - January 2026

(Base Year: 2011 - 12 = 100)



Graph 15: Cement Index From January 2025 to January 2026

- Cement production recorded a strong increase in January 2026, with the index rising to 243.1 compared to 219.7 in January 2025. The double-digit year-on-year growth reflects sustained construction activity and continued momentum in infrastructure and housing projects. After some moderation during the monsoon months, output picked up toward the end of the calendar year, indicating improved project execution and steady demand conditions in the construction sector.



ANNEXURE I

ECONOMIC UPDATES IN DETAIL

CHAPTER 1

GROWTH AND OUTPUT

INDUSTRIAL GROWTH AND OUTPUT

INDICATOR	LATEST VALUE	PREVIOUS VALUE	TREND
GDP Growth (%)	7.4 ²⁶ (FY2026)	6.5% (FY2025)	The growth rate strengthened to 7.4% in FY2026 from 6.5% in FY2025, indicating a clear acceleration in economic momentum and improved underlying activity.
IIP Growth (Y-o-Y) (Index points, Base year: 2011–12 = 100) ²⁷	169.4 (January 2026)	170.7 (December 2025)	IIP moderated marginally to 169.4 in January 2026 from 170.7 in December 2025, indicating slight sequential easing in industrial momentum.
Manufacturing ²⁸ PMI (Index: 0-100)	55.4 (January 2026)	55 (December 2025)	Improved slightly, indicating sustained expansion in industrial activity.
Service PMI ²⁹ (Index: 0-100)	58.5 (January 2026)	58 (December 2025)	Rose slightly, reflecting continued strength and broad-based momentum in the services sector.

Table 1: Key Growth and Output Indicators

KEY HIGHLIGHTS

Strong Growth Momentum Sustained³⁰

- As per the First Advance Estimates released by the National Statistics Office (MoSPI), India's real GDP is estimated to grow by 7.4% in FY2025–26, with nominal GDP growth at 8.0%. The services sector remains the primary driver, expanding by 9.1%, while manufacturing and construction grew by 7.0% and agriculture by 3.1%. Domestic demand continues to anchor growth. Private consumption is projected to grow by 7.0%, accounting for 61.5% of GDP, while GFCF increased by 7.8%, with its share remaining around 30% of GDP.

Sequential Moderation in Industrial Output

- Industrial activity moderated in January 2026, with the Index of Industrial Production (IIP) rising 4.8% YoY compared to 7.8% in December. The expansion remained broad-based, supported by manufacturing (+4.8%), mining (+4.3%) and electricity (+5.1%), indicating continued resilience in industrial momentum despite a softer growth pace.

Manufacturing Activity Recovers from Recent Lows

- The Manufacturing PMI rose to 55.4 in January 2026 from 55.0 in December, recovering from a two-year low and remaining firmly in expansion territory. The uptick was supported by stronger domestic orders and higher output, though export growth slowed and business confidence softened.³¹

Services Sector Remains Robust

- The Services PMI increased to 58.5 in January 2026 from 58.0 in December, indicating continued strong expansion. Growth was driven by faster output, new business, and strong tech investment, supported by resilient domestic demand and improving external services activity.³²



CHAPTER 2

INFLATION AND PRICE

INDICATOR	JANUARY 2026	DECEMBER 2025	JANUARY 2025	TREND
CPI Inflation ³³ (%) (Base Year 2024=100) (MoM Trend)	0.35%	0.08%	1.67%	Month-on-month CPI inflation edged up to 0.35%, indicating a mild firming in overall price pressures compared to the previous readings.
Food Inflation (%) (Base Year 2024 ³⁴ =100) (MoM Trend)	-0.05%	-0.34%	1.87%	Food inflation remained broadly stable at -0.05% MoM, following earlier moderation, suggesting limited sequential price pressures in food categories.
Core Inflation ³⁵ (%) (YoY Trend)	3.375% (Base Year 2024=100)	4.628% (Base Year 2011-12=100)	~3.6% (Base Year 2011-12=100)	Core inflation remained broadly moderate with the revised CPI series, indicating relatively softer underlying price pressures compared to the higher readings under the older base year series.
WPI Inflation (%) (Base Year 2011-12=100) (YoY Trend)	1.81% ³⁶	0.83% ³⁷	2.31%	Wholesale inflation firmed up in January compared to the previous month, though it remained below the level recorded a year ago, indicating moderate and contained producer price pressures.

Table 2: Key Inflation and Price Indicators

KEY HIGHLIGHTS

Retail Inflation Remains Contained

- Retail inflation remained moderate in January 2026, with CPI inflation at 2.75% (YoY) under the revised CPI series (Base Year 2024=100). On a month-on-month basis, CPI inflation edged up slightly, indicating mild sequential firming. Overall, inflation continues to remain within the Reserve Bank of India's tolerance band, indicating contained consumer price pressures.

Food Prices Stabilise Amid Sharp Declines in Key Items

- Food inflation (CFPI) stood at 2.13% (YoY), reflecting a shift from the earlier deflationary phase. Despite this transition, overall food price pressures remained moderated by significant year-on-year declines in key items. At the All-India combined level, garlic (-53.05%), onion (-29.27%), potato (-28.98%), arhar/tur (-24.90%), and peas (-15.56%)³⁸ recorded the sharpest declines, helping contain volatility within the food basket.

Wholesale Inflation Firms on Manufacturing-Led Pressures

- WPI inflation increased to 1.81% (YoY) in January 2026 (provisional), rising from the previous month but remaining below the level recorded a year ago. The positive rate of inflation was primarily driven by higher prices in manufacture of basic metals, other manufacturing products, non-food articles, food articles, and textiles, reflecting moderate cost pressures at the producer level.

CPI Base Year Revised to 2024

- January 2026 CPI and CFPI figures are reported under the revised CPI series with base year 2024=100, incorporating updated consumption weights from the Household Consumption Expenditure Survey 2023–24. The revision enhances representativeness and alignment with evolving consumption patterns, improving the accuracy of inflation measurement going forward.



CHAPTER 3

TRADE AND EXTERNAL SECTOR³⁹

INDICATOR	JANUARY 2026	JANUARY 2025	YEAR ON YEAR (Y-O-Y) TREND
Exports (\$ bn)	80.45	71.09	Exports increased from \$ 71.09 bn in January 2025 to \$ 80.45 bn in January 2026. This represents a YoY growth of approximately 13.2%, indicating improved external demand conditions.
Imports (\$ bn)	90.83	76.48	Imports rose from \$ 76.48 bn to \$ 90.83 bn over the same period. This translates into a YoY growth of roughly 18.8%, suggesting stronger domestic demand and higher import intensity.
Trade Deficit (\$ bn)	10.38	5.39	The trade deficit widened from \$ 5.39 bn in January 2025 to \$ 10.38 bn in January 2026. This is a YoY increase of nearly 92.6%, driven by faster import growth relative to exports.
Exchange Rate ⁴⁰ (\$ 1 to ₹)	₹91.69	₹86.53	The exchange rate moved from ₹86.53 per dollar to ₹91.69 per dollar, reflecting a YoY depreciation of about 6.0% in the Indian rupee. This suggests external sector pressures and a stronger dollar environment.
Forex Reserves ⁴¹ (\$ bn)	723.8	630.6	Foreign exchange reserves increased from \$ 630.6 bn to \$ 723.8 bn, marking a YoY rise of approximately 14.8%, indicating strong reserve accumulation despite currency depreciation.

Table 3: Key Trade Indicators

KEY HIGHLIGHTS

Export Growth Rebounds on Improved External Demand

- Total exports increased to \$ 80.45 billion in January 2026, compared to \$ 71.09 billion a year earlier, reflecting a YoY growth of approximately 13.2%. The improvement suggests a recovery in external demand conditions, supported by stronger global trade flows and improved competitiveness in select sectors. The rebound indicates a firmer export performance relative to the softness observed in recent months.

Rise in Imports, Reflecting Strong Domestic Absorption

- Imports expanded to \$ 90.83 billion, marking a YoY increase of around 18.8% from \$ 76.48 billion in January 2025. The faster pace of import growth points to elevated domestic demand, including investment-linked and intermediate goods requirements, as well as the influence of global commodity prices. The widening gap between import and export growth suggests sustained domestic absorption momentum.

Trade Deficit Widens on Faster Import Growth

- The merchandise trade deficit widened to \$ 10.38 billion, compared to \$ 5.39 billion in January 2025, representing a YoY increase of nearly 92.6%. The expansion in the deficit reflects stronger import growth relative to exports, increasing pressure on the external balance despite the rebound in outbound shipments.

Rupee Movement Reflects External Dynamics

- The exchange rate moved from ₹ 86.53 per US dollar to ₹ 91.69, implying a year-on-year depreciation of around 6.0%. The movement reflects prevailing global dollar strength and evolving external trade dynamics, while overall currency conditions remained orderly without signs of excessive volatility.

Forex Reserves Strengthen, Providing a Stability Buffer

- Foreign exchange reserves rose to \$ 723.8 billion, marking a YoY increase of approximately 14.8% from \$ 630.6 billion. The continued accumulation of reserves strengthens India's external buffer, enhancing resilience against global financial volatility and external shocks.



CHAPTER 4

FINANCIAL HEALTH

INDICATOR	JANUARY 2026	JANUARY 2025	TREND
Credit Growth ⁴²	14.6%	11.4%	Credit growth accelerated by 3.2 percentage points, indicating stronger lending activity and improved credit demand across sectors.
Deposit Growth ⁴³	12.5%	10.3%	Deposit growth increased by 2.2 percentage points, suggesting improved savings mobilisation and liquidity conditions.
10-Year G-Sec Yield ⁴⁴	6.67 (As on 1st Feb'26)	6.72 (As on 1st Feb'25)	Yield moderated slightly year-on-year, reflecting relatively stable sovereign borrowing conditions.
RBI Policy Stance	Neutral	Neutral	The policy stance remained unchanged, indicating continuity in monetary policy positioning.

Table 4: Key Financial Health Indicators

KEY HIGHLIGHTS

Credit and Deposit Growth Strengthen

- Credit growth accelerated to 14.6%, up from 11.4% a year earlier, indicating stronger lending momentum and improved demand for bank financing across sectors. Deposit growth also firmed to 12.5% from 10.3%, suggesting improved savings mobilisation and relatively supportive liquidity conditions for the banking system.

Interest Rate Conditions Remain Stable

- The 10-year G-Sec yield moderated slightly to 6.67% from 6.72% a year earlier, indicating broadly stable long-term borrowing conditions. The movement reflects evolving inflation expectations and market liquidity dynamics, while remaining contained within a narrow range.

Policy Stance Maintained

- The RBI retained its neutral policy stance, signalling continuity in its balanced approach of supporting growth while remaining attentive to inflation and financial stability risks. The unchanged stance provides stability and predictability to financial markets.

CHAPTER 5

FISCAL HEALTH

GOODS AND SERVICE TAX DATA FOR JANUARY 2026⁴⁵

INDICATOR	JANUARY 2026 (₹ CRORE)	JANUARY 2025 (₹ CRORE)	MONTHLY GROWTH (%)
Gross GST Revenue	193384	182094	6.2
Gross Domestic Revenue	141132	134641	4.8
Gross Import Revenue	52253	47453	10.1
Total Refunds	22665	23393	-3.1
Net GST Revenue	170719	158701	7.6

Table 5: GST Collections for January 2026

KEY HIGHLIGHTS

GST Collections Maintain Steady Growth

- Gross GST revenue for January 2026 stood at ₹1,93,384 crore, registering a 6.2% year-on-year increase over ₹1,82,094 crore in January 2025. The steady expansion in collections indicates continued stability in indirect tax mobilisation and reflects sustained formal-sector activity. The growth at a relatively high base suggests that GST revenues remain structurally resilient.

Import-Linked Revenues Outpace Domestic Growth

- Gross domestic GST revenue rose to ₹1,41,132 crore, marking a 4.8% YoY increase, while gross import revenue grew faster at 10.1% YoY, reaching ₹52,253 crore. The stronger growth in import-related receipts suggests higher import activity relative to domestic transactions during the month.

Refund Outgo Moderates

- Total GST refunds declined to ₹22,665 crore, compared to ₹23,393 crore in January 2025, reflecting a 3.1% contraction. The moderation in refund disbursements contributed to higher effective revenue realisation during the period.

Net GST Revenue Shows Stronger Accrual

- After adjusting for refunds, net GST revenue stood at ₹1,70,719 crore, recording a 7.6% YoY increase over ₹1,58,701 crore a year earlier. The stronger growth in net collections relative to gross revenue indicates improved fiscal accruals for both the Centre and the States during January 2026.

FISCAL HEALTH⁴⁶

INDICATOR	FY 2025 - 26	FY 2024 - 25	TREND
Net Direct Tax ⁴⁷ (In ₹ Crore)	1837898.32 (As on 11 January 2026)	1688909.67 (As on 11 January 2025)	8.8% YoY growth, indicating steady direct tax buoyancy.
Effective Capital Expenditure ⁴⁸	1548282 (Budgeted Estimate)	1318320 (Revised Estimate)	Strong expansion reflects continued infrastructure push.
Fiscal Deficit as a % of GDP	4.4 ⁴⁹ (Budgeted Estimated)	4.8 ⁵⁰	Marginal improvement signals adherence to the consolidation path.
Debt to GDP ratio (%)	56.1 ⁵¹ (Budget Estimate)	57.1 ⁵²	Debt-to-GDP ratio is projected to moderate to 56.1% from 57.1%, indicating gradual fiscal consolidation.

Table 6: Key Fiscal Indicators⁵³

KEY HIGHLIGHTS

Sustained Buoyancy in Direct Tax Collections

- Net direct tax collections for FY 2025–26 stood at ₹18.38 lakh crore as on 11 January 2026, registering a robust 8.8% year-on-year growth over the corresponding period last year. This steady increase reflects continued resilience in personal income tax collections and stable corporate profitability, underscoring the strength of formal sector incomes and tax compliance even amid global economic uncertainty.

Strong Push in Capital Expenditure

- The Government has significantly scaled up its investment-led growth strategy, with effective capital expenditure budgeted at ₹15.48 lakh crore in FY 2025–26, compared to ₹13.18 lakh crore (RE) in FY 2024–25. This sharp expansion highlights the continued emphasis on infrastructure development, asset creation, and crowding in of private investment, reinforcing medium-term growth prospects.

Adherence to Fiscal Consolidation Path

- Fiscal discipline remains intact, with the fiscal deficit as a % of GDP for FY 2025–26 marginally lower at 4.4% compared to 4.8% in FY 2024–25. The slight improvement indicates that higher capital spending is being financed through revenue gains rather than excessive borrowing, reaffirming the Government's commitment to fiscal consolidation while supporting growth.

Gradual Improvement in Debt Sustainability

- The marginal decline in the debt-to-GDP ratio reflects continued adherence to the fiscal consolidation path, supported by stable revenue growth and calibrated borrowing.

CHAPTER 6

MONETARY HEALTH⁵⁴

INDICATOR	CURRENT RATE (AS OF JANUARY 2026)	PREVIOUS RATE (AS OF DECEMBER 2025)	TREND
Policy Repo Rate	5.25%	5.25%	Unchanged, indicating policy continuity and stable monetary conditions.
Standing Deposit Facility (SDF) Rate	5.00%	5.00%	Unchanged, reflecting a stable liquidity absorption framework.
Marginal Standing Facility (MSF) Rate	5.5%	5.5%	Unchanged, signalling no adjustment in the upper bound of the policy corridor.

Table 7: Key Monetary Policy Rates

KEY HIGHLIGHTS

Repo Rate Held Steady

- The Reserve Bank of India kept the policy repo rate unchanged at 5.25% in January 2026, following the rate cut implemented in the previous month. The pause signals a wait-and-watch approach as the Monetary Policy Committee assesses evolving growth and inflation conditions while maintaining supportive monetary settings.

Corridor Rates Maintained

- The Standing Deposit Facility (SDF) rate remained at 5.00% and the Marginal Standing Facility (MSF) rate at 5.50%, preserving the symmetric corridor of -25 bps and +25 bps around the repo rate. The unchanged corridor structure indicates continuity in liquidity management and policy transmission.



CHAPTER 7

LABOUR AND EMPLOYMENT⁵⁵

INDICATOR	JANUARY 2026	DECEMBER 2025	TREND
Labour Force Participation Rate	55.9	56.1	Marginal decline, indicating slightly lower labour force engagement.
Worker Population Ratio (WPR)	53.1	53.4	Moderated slightly, reflecting a small dip in employment participation.
Unemployment Rate	5.0	4.8	Increased modestly, suggesting a mild uptick in joblessness.

Table 8: Key Labour and Employment Indicators

KEY HIGHLIGHTS

Labour Force Participation Remains Broadly Stable

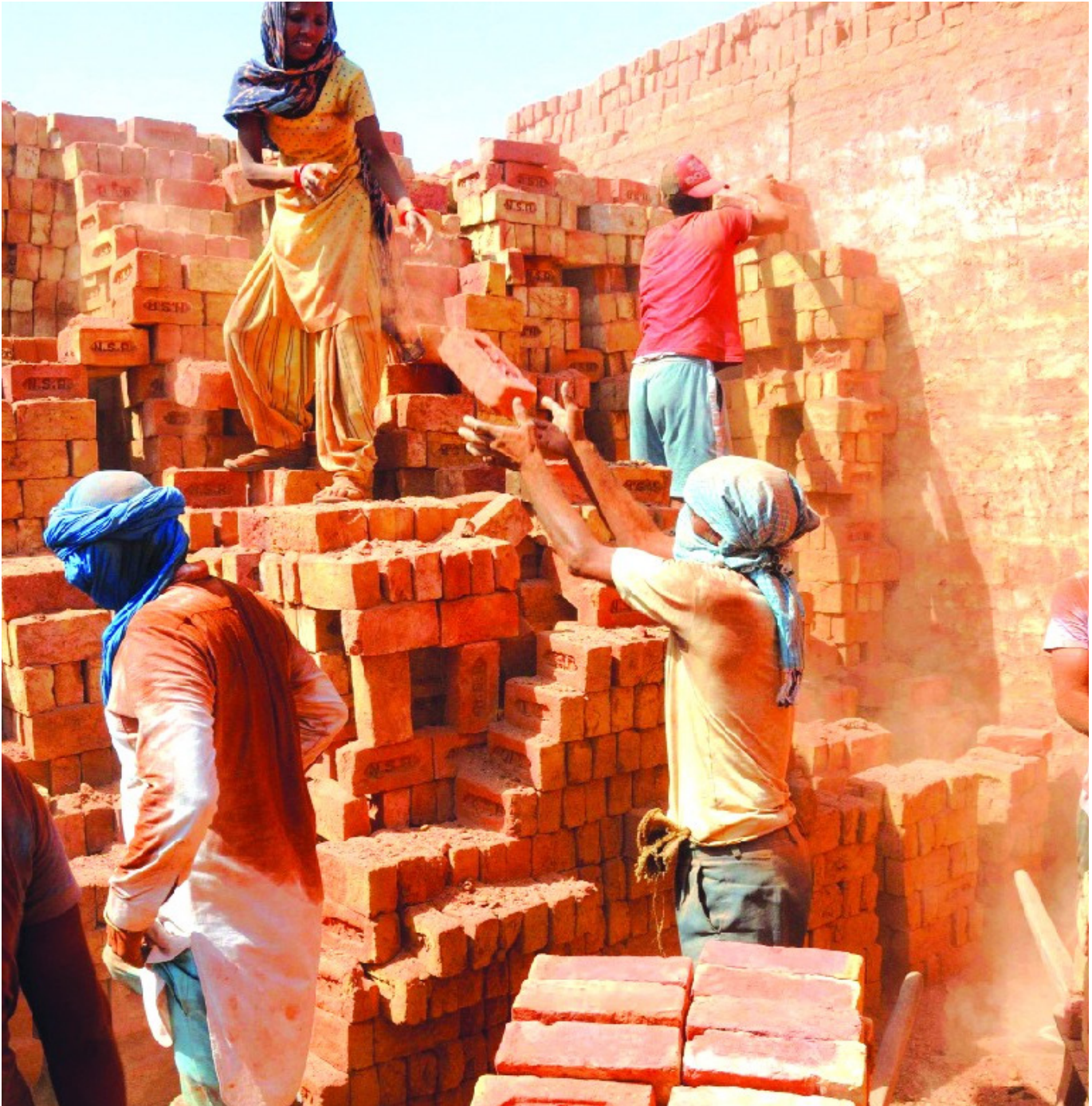
- The Labour Force Participation Rate (LFPR) stood at 55.9% in January 2026, marginally lower than 56.1% in December. The moderation was largely rural-led, with rural LFPR easing to 58.7% (from 59.0%), while urban LFPR remained stable at 50.3%. Female LFPR held steady at 35.1%, with 39.7% in rural areas and 25.5% in urban areas, indicating continued stability in women's labour force engagement. Female LFPR declined slightly on a month-on-month basis from 35.3% in December 2025 to 35.1% in January 2026; however, this was driven by rural moderation, as urban female LFPR recorded a rise compared to the previous month. Overall female LFPR stood at 35.1%, with rural female participation at 39.7% and urban female participation at 25.5%, indicating that women's labour engagement remains broadly stable despite seasonal adjustments. The slight dip in overall participation appears linked to seasonal post-harvest effects and temporary withdrawal from informal rural activities during the winter months.

Workforce Participation Moderates Slightly

- The Worker Population Ratio (WPR) eased to 53.1% from 53.4% in the previous month, following a gradual rise since mid-2025. Rural WPR moderated to 56.2% after peaking at 56.7% in December, while urban WPR remained stable at 46.8%. The rural moderation likely reflects seasonal slowdown in agriculture-allied work, construction, transport, and small trade during winter, rather than structural weakening in employment conditions.

Unemployment Edges Up on Seasonal Factors

- The Unemployment Rate (UR) increased modestly to 5.0% from 4.8% in December. Rural UR rose to 4.2% (from 3.9%), while urban UR increased to 7.0% (from 6.7%). Male unemployment remained broadly stable, while female UR rose slightly but stayed within the range observed over April–December 2025. The uptick in unemployment appears primarily seasonal, driven by post-harvest slack and temporary slowdown in labour-intensive rural activities during winter. Urban labour conditions remained comparatively stable.



ANNEXURE II

SECTORAL UPDATES IN DETAIL

CHAPTER 8

AGRICULTURE AND ALLIED SECTORS

INDICATOR	LATEST PERIOD VALUE	PREVIOUS PERIOD VALUE	GROWTH (%)
Sown Area under Rabi Crops (Lakh Hectares) ⁵⁶	676.84 (as of 30 January 2026)	660.96 (2024–25 season)	15.88
Egg Production (Billion Numbers) ⁵⁷	149.11 (2024–25)	142.77 (2023–24)	4.44
Meat Production ⁵⁸ (Million Tonnes)	10.50 (2024–25)	10.25 (2023–24)	2.46

Table 9: Performance Indicators - Agriculture and Allied Sectors

KEY HIGHLIGHTS

Rabi Crop Sowing Progress

- The sown area under rabi crops reached 676.84 lakh hectares as of 30 January 2026, compared to 660.96 lakh hectares in the 2024–25 season, marking an increase of 15.88 lakh hectares. The expansion reflects continued progress in winter sowing across major agricultural regions. Crop-wise, the increase has been supported by higher acreage under wheat, pulses, and oilseeds, along with gains in coarse cereals, indicating broad-based participation across key rabi crops. The larger coverage suggests favourable seasonal conditions and timely sowing, providing a constructive outlook for winter crop production, subject to weather developments during the harvesting phase.

Continued Growth in Allied Sectors

- Allied agricultural activities continue to strengthen the resilience of the rural economy. Egg production reached 149.11 billion numbers in 2024–25, recording a 4.14% year-on-year increase, supported by capacity additions in the poultry sector and sustained urban consumption demand. Meat production rose to 10.50 million tonnes, reflecting a 2.46% increase over the previous year, driven by productivity improvements and the expanding role of organised processing and supply chains. Together, these trends underscore the growing importance of livestock and allied sectors in stabilising farm incomes and cushioning rural livelihoods against variability in crop performance.

CHAPTER 9

ENERGY AND POWER

ELECTRICITY GENERATION & SUPPLY

INDICATOR	FY 2025-26	FY 2024-25	TREND
Total Installed Capacity (GW) ⁵⁹	521 GW (2025-26)	475 GW (2024-25)	Capacity expanded by 46 GW (~9.7%), indicating continued addition to generation infrastructure.
Electricity Generation (BU) ⁶⁰	1529	1824	Generation lower compared to the previous year, reflecting moderation in output.
Peak Power Demand (MW) ⁶¹	2,42,773 MW	2,49,856 MW	Peak demand eased marginally year-on-year, indicating slightly lower maximum load requirement.
Peak Power Demand Met (MW) ⁶²	2,42,493 MW	2,49,854 MW	Demand met closely tracked peak demand, suggesting stable supply adequacy despite lower peak levels.

Table 10: Key Performance Indicators- Electricity Generation & Supply

KEY HIGHLIGHTS

Installed Capacity Expands Steadily

- Total installed power generation capacity increased to 521 GW in FY 2025-26, up from 475 GW in FY 2024-25, reflecting an addition of 46 GW (~9.7%). The expansion reflects continued capacity augmentation, likely driven by renewable energy additions alongside conventional sources, strengthening long-term supply adequacy and supporting rising structural electricity demand.

Electricity Generation Moderates

- Electricity generation stood at 1,529 BU, compared to 1,824 BU in the previous year. The lower figure likely reflects cumulative generation up to the current reporting period rather than a full-year comparison. Seasonal demand variations and changing generation mix may also be influencing aggregate output trends.

Moderation in Peak Power Demand

- Peak power demand was recorded at 242,773 MW, marginally lower than the previous level of 249,856 MW, resulting in a 2.83% decline. Similarly, peak demand met declined by 2.95%, reflecting seasonal moderation, milder weather conditions, and improved demand-side efficiency rather than structural demand weakness.

Improved Supply-Demand Alignment

- The narrow gap between peak demand (242,773 MW) and peak demand met (242,493 MW) highlights improved grid responsiveness and adequacy of supply. This indicates enhanced operational efficiency of the power system and sufficient reserve margins to manage short-term fluctuations.

CHAPTER 10

COAL⁶³

INDICATOR	JANUARY 2026	JANUARY 2025	GROWTH (%)
Coal Production (Million Tonnes)	107.96	104.59	3.23
Coal Offtake/Dispatch (Million Tonnes)	92.18	93.45	-1.37
Lignite Production (Million Tonnes)	4.13	3.88	6.20

Table 11: Key Performance Indicators - Coal

KEY HIGHLIGHTS

Coal Production Maintains Growth Momentum

- Coal production increased to 107.96 million tonnes in January 2026, registering a 3.23% year-on-year rise over 104.59 million tonnes in January 2025. The sustained growth reflects continued mining activity and stable operational output across major coal-producing regions. Higher production levels support energy security and ensure adequate fuel availability for thermal power generation.

Offtake Moderates Amid Comfortable Inventories

- Coal offtake (dispatch) stood at 92.18 million tonnes, marking a 1.37% year-on-year decline from 93.45 million tonnes. The moderation in dispatch suggests relatively stable or slightly lower power demand during the period, along with adequate stock levels at power plants, reducing the need for accelerated drawdowns.

Lignite Output Strengthens

- Lignite production rose to 4.13 million tonnes, recording a 6.20% year-on-year increase from 3.88 million tonnes. The growth indicates improved utilisation of lignite-based generation capacity and steady operational performance in lignite-producing regions.

CHAPTER 10

NEW AND RENEWABLE ENERGY⁶⁴

CAPACITY TYPE	ADDED IN JANUARY (IN MW)	CUMULATIVE (IN MW)
Solar Power	4791.8	140601.75
Wind Power	139.47	54650.4
Small Hydro Power & Biomass	0	15915.92
Waste To Energy	0	856.62
Sub Total Renewable Energy (Excluding Large Hydro)	4931.27	212024.69
Large Hydro	250.00	51164.67
Total Renewable Energy (Including Large Hydro)	5181.27	263189.36
Nuclear Power	0	8780
Total Non - Fossil Capacity	5181.27	271969.36

Table 12: Installed Capacity (As of 31 January 2026)

KEY HIGHLIGHTS

Clean Energy Capacity Continues to Expand

- As of January 2026, India added 5,181 MW of renewable energy capacity (including large hydro), taking total renewable capacity to 263.19 GW, while overall non-fossil fuel capacity reached 271.97 GW. The expansion during the month was driven primarily by solar additions of 4,792 MW, which lifted cumulative solar capacity to 140.60 GW, reinforcing its dominant role in clean energy growth. Wind capacity rose modestly by 139 MW, and large hydro added 250 MW, while small hydro, biomass, and waste-to-energy recorded no additions. The continued build-up in non-fossil capacity underscores steady progress in strengthening India's clean energy base and diversifying the power generation mix.



SOURCE	JANUARY 2026 (MNT)	SHARE (%)	JANUARY 2025 (MNT)	GROWTH (%)
Coal	114882	73.54	112637	1.99
Lignite	2919	1.87	2957	-1.28
Hydro	8257	5.29	7870	4.92
Nuclear	5031	3.22	4782	5.21
Gas, Naphtha & Diesel	1811	1.16	1623	11.60
Renewables	23308	14.92	19456	19.80
Total	156208	100	149325	4.61

Table 13: Key Performance Indicators - Share of Different Energy Sources as of January 2026⁶⁵

KEY HIGHLIGHTS

Overall Generation Expands Moderately

- As of January 2026, India added 5,181 MW of renewable energy capacity (including large hydro). All-India electricity generation increased to 156,208 Mnt in January 2026, registering a 4.61% year-on-year growth compared to January 2025. The expansion reflects steady demand conditions, with growth supported primarily by renewables, hydro, and gas-based generation.

Coal Reasserts Dominance

- Coal-based generation rose to 114,882 Mnt, marking a 1.99% YoY increase, and accounted for 73.54% of total electricity generation. While growth was moderate, coal continued to serve as the primary baseload source, ensuring system stability.

Renewables Lead Incremental Growth

- Renewable generation expanded sharply by 19.80% YoY to 23,308 Mnt, raising its share to 14.92% of total generation. The strong growth highlights the increasing contribution of solar and wind power in meeting incremental electricity demand.

Hydro Generation Strengthens

- Hydro output increased by 4.92% YoY to 8,257 Mnt, contributing 5.29% of the generation mix. The rise indicates supportive water availability and improved dispatch compared to the previous year.

Gas-Based Output Records Double-Digit Growth

- Generation from gas, naphtha, and diesel rose by 11.60% YoY to 1,811 Mnt, though its share remained limited at 1.16%, reflecting selective utilisation amid cost considerations.

Lignite Sees Slight Moderation

- Lignite-based generation declined marginally by 1.28% YoY to 2,919 Mnt, accounting for 1.87% of total output, indicating stable but limited contribution within the overall mix.

Nuclear Output Improves

- Nuclear generation increased to 5,031 MnT, with its share at 3.22%, reflecting improved plant availability compared to the previous year.

Gradual Energy Transition Continues

- January 2026 generation data reflects a balanced mix, with coal maintaining dominance while renewables continue to record the fastest growth. The sustained rise in non-fossil sources indicates continued structural diversification of India's power generation portfolio.



CHAPTER 11

MANUFACTURING

STEEL⁶⁶

INDICATOR	JANUARY 2026 (MILLION TONNES)	YOY CHANGE (%)	MOM CHANGE (%)
Crude Steel Production	14.267	4.1	-3.5
Finished Steel Production	13.55	3.2	-3.6
Finished Steel Consumption	14.162	3	-2
Finished Steel Exports	0.681	72.4	10.5
Finished Steel Imports	0.252	-73.3	-45

Table 14: Key Performance Indicators - Steel

KEY HIGHLIGHTS

Moderate Production Growth Amid Sequential Softening

- India's steel sector recorded steady year-on-year growth in January 2026. Crude steel production stood at 14.27 million tonnes, registering a 4.1% YoY increase, while finished steel production reached 13.55 million tonnes, up 3.2% YoY. The expansion reflects continued industrial and construction activity. However, on a month-on-month basis, production moderated by around 3–4%, indicating a sequential easing possibly linked to seasonal demand variations and inventory adjustments.

Domestic Consumption Remains Resilient

- Finished steel consumption rose to 14.16 million tonnes, marking a 3.0% YoY increase, highlighting sustained domestic demand. The positive annual growth suggests continued support from infrastructure, housing, and manufacturing segments, though the marginal MoM decline indicates short-term moderation.

Export Surge and Sharp Import Compression

- Steel trade dynamics improved significantly. Finished steel exports increased sharply by 72.4% YoY to 0.68 million tonnes, alongside a 10.5% sequential rise, pointing to improved external competitiveness. In contrast, imports declined steeply by 73.3% YoY to 0.25 million tonnes, with a 45% MoM contraction, indicating reduced dependence on inbound shipments and strengthening domestic supply conditions.

Sector Outlook

- Overall, January 2026 data reflect steady annual growth in output and consumption, alongside a sharp improvement in net trade balance. While month-on-month moderation suggests temporary adjustment, the broader trend indicates stable domestic demand and improving export performance supporting the sector's trajectory.

CEMENT INDEX UNDER THE INDEX OF EIGHT CORE INDUSTRIES⁶⁷

INDICATOR	JANUARY 2026	JANUARY 2025	TREND
Growth Rates (on YoY basis)	10.7%	14.3%	Strong growth, but slightly lower than last year

Table 15: Cement Index And Growth For January 2026

KEY HIGHLIGHTS

Strong Cement Output Growth

- Cement production remained robust in January 2026, with the index rising to 243.1 from 219.7 a year earlier, reflecting a 10.7% year-on-year increase. The sustained double-digit growth indicates continued strength in construction and infrastructure activity.

Momentum Despite High Base

- Although growth moderated compared to January 2025 (14.3%), the sector maintained healthy expansion despite a higher base effect. This suggests stable underlying demand rather than a temporary spike.

Construction-Led Demand Support

- The steady rise in cement output points to ongoing execution of infrastructure projects, housing activity, and public capital expenditure, which continue to anchor demand in core industrial sectors.



ANNEXURE III

GLOSSARY OF TERMS

TERM	EXPLANATION
Free Trade Agreement (FTA)	A treaty between countries that reduces or eliminates tariffs and trade barriers to promote bilateral trade and investment.
Carbon Border Adjustment Mechanism (CBAM)	A European Union policy that imposes carbon-based charges on imports of carbon-intensive goods to prevent carbon leakage.
Sovereign Credit Rating	An assessment by international rating agencies (such as S&P, Moody's, or Fitch) of a country's ability to meet its debt obligations. It influences borrowing costs, investor confidence, and access to global capital markets.
IIP (Index of Industrial Production)	The all-India IIP is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period.
Index of Eight Core Industries (ICI)	A monthly measure of output in eight key industries (coal, crude oil, natural gas, refinery products, fertilisers, steel, cement, and electricity) that reflect India's industrial health.
Consumer Price Index	An index that tracks the changes in the average price of a basket of goods and services consumed by households, used to measure inflation.
Consumer Food Price Index	The Consumer Food Price Index is a measure of inflation that tracks price changes specifically in food and beverages within the consumer basket in India. It serves as a sub-index of the broader Consumer Price Index (CPI), highlighting food inflation trends.
Core Inflation	Core inflation is an inflationary measure that excludes food and fuel components. It is used to identify the underlying trend in inflation by filtering out transitory price movements, and is considered a useful indicator for monetary policy.
Wholesale Price Index (WPI)	An index measuring changes in prices at the wholesale level, reflecting producer price movements.
LFPR In CWS	Labour Force Participation Rate in Current Weekly Status. It is the % age of people who are either working or looking for work during a reference week, based on survey data.
Rabi Season	The Rabi season is the winter cropping period in India and neighbouring countries, where crops are sown in October-November (after the monsoon) and harvested in March-April (spring).
PMI (Purchasing Managers Index)	PMI are factual indicators of economic health based on monthly surveys of business executives covering 45 economies and 30 sectors. PMI gives a number between 0 and 100 indicating the overall health of an economy. A PMI reading over 50 represents economic expansion of the particular sector, and below 50 represents contraction compared to the month prior.
Neutral Stance of RBI	A neutral stance means the RBI is neither inclined towards raising nor cutting interest rates and will act based on evolving economic data. It allows flexibility to respond to changing inflation or growth conditions.

Table 16: Glossary of Terms

APPENDIX

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