

MARKET PULSE

A monthly review of the
Indian economy and markets



Market Pulse

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Market Pulse

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NSE at a glance

NSE's positioning and reach

NSE's global positioning	Domestic market share	Reach
1 Largest multi-asset class exchange	Three-month rolling share (%)	1,327 Trading members
3 Third largest equity exchange by no. of trades (11.4% share in FY26 as per WFE)	EQ Cash 93.1	99+% Pin codes covered
1 Largest derivatives exchange by contracts traded (FY26 share: 51.3% in eq. F&O as per WFE)	EQ Futures 99.7	13.1 Crore Unique registered PANs
8 Market capitalization*	EQ Options* 70.9	US\$91.2bn* Total passive AUM (domestic + global) tracking Nifty indices
	FX Futures 100.0	US\$4.9trn Market capitalisation of NSE listed cos.
	FX Options* 100.0	

*Source: WFE (Data is as of April 2026)

* Based on premium turnover
** As of May 31st, 2026

As of May 29th, 2026, unless specified otherwise; *As of March 31st, 2026.

NSE's contribution to the economy

Catalyst for capital formation	Listing snapshot	Market capitalisation
Rs 56 lakh crore Total capital raised through equity and debt between FY24 to FY27 (till May 2026) 2,993 Companies listed#	Rs 4.2 lakh crore Total capital raised through IPOs between FY24 to FY27 (till May 2026) 267 Mainboard IPOs 422 SME IPOs	Rs lakh cr NSE market cap Market cap to GDP (% , rhs*) FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25 FY26 FY27TD 131

#Companies including AMCs and ITP listing as of May 2026

* Market cap to GDP is based on 3M avg. market cap and nominal GDP for the last four quarters. #Data for FY27TD is as of May 31st, 2026

Investor growth

Unique investor base	Individual investors' participation*	New investor registrations
Lakh Unique PANs on NSE FY20 FY21 FY22 FY23 FY24 FY25 FY26 FY27TD 310 400 594 727 916 1,128 1,291 1,312	(in lakh) CM Segment FO Segment May'16 May'17 May'18 May'19 May'20 May'21 May'22 May'23 May'24 May'25 May'26 45 54 73 76 97 168 286 237 323 373 357 7 7 10 12 15 29 55 68 101 103 85	lakh East India North India South India West India Total FY21 FY22 FY23 FY24 FY25 FY26 FY27TD* 89.9 193.4 133.1 192.1 210.6 162.1 21.2

* As of May 31st, 2026

*Individuals investors' participation is defined here as investors who have traded at least once in the year.

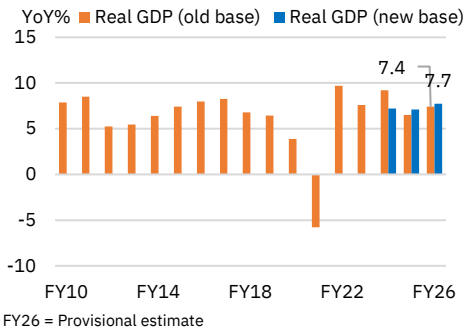
*Above data is on 12-month rolling ending May.

The top five states (UP, MH, WB, BH,TN) accounted for 46.4% of new investor registrations in May'26 (FY27TD* denotes data till May'26).

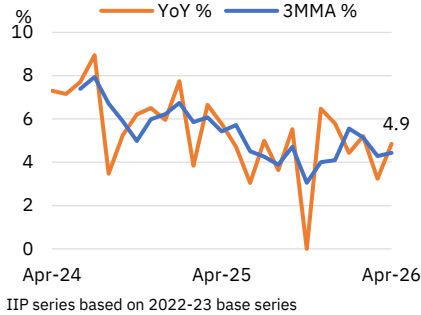
Key macro charts

Growth outlook robust

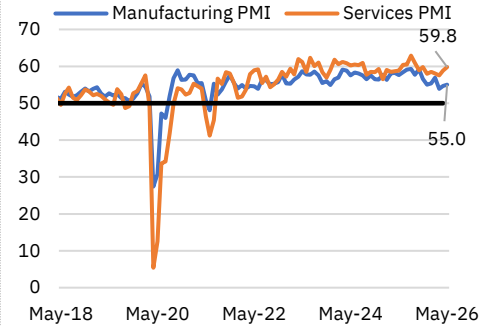
Real GDP growth



IIP growth stronger in new series

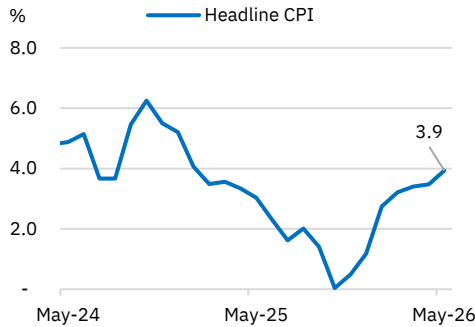


PMI in the expansion zone

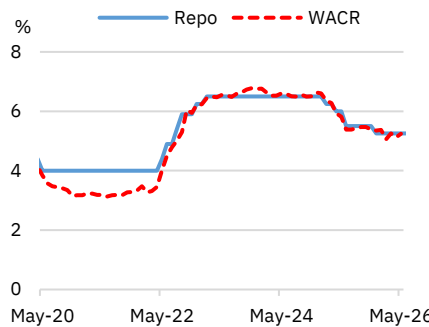


Inflation inches up; RBI remains on wait & watch mode

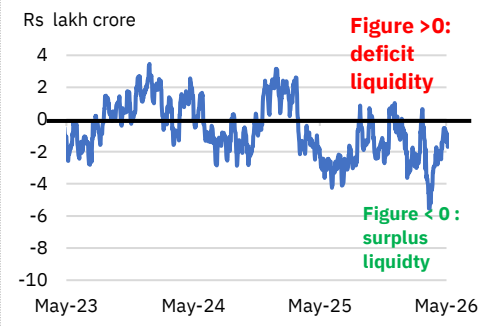
Retail inflation picked up



WACR closer to repo rate

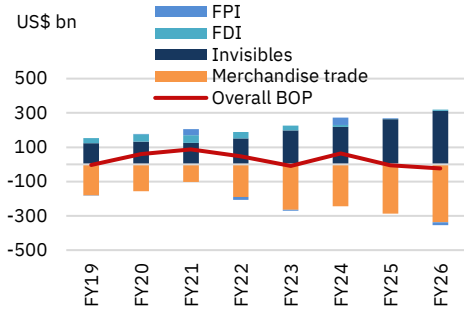


Liquidity remained in surplus

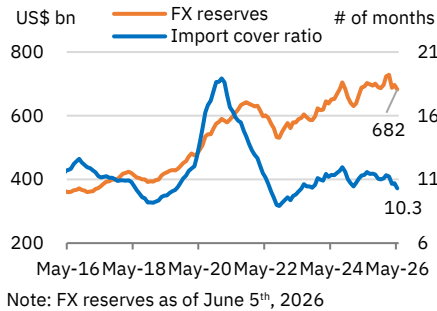


External situation impacted by FPI outflows; forex reserves at ~US\$ 682 bn

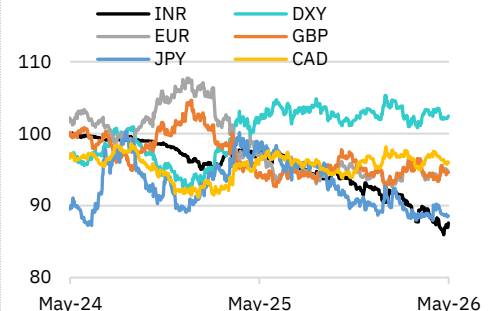
Largest BoP deficit in FY26



Forex reserves

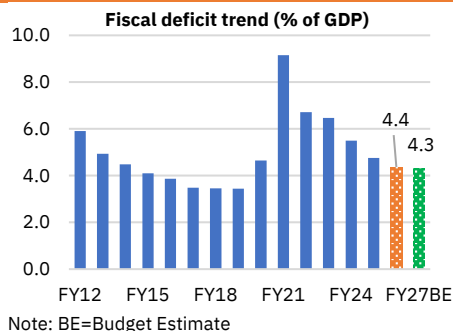


Rupee remained under pressure

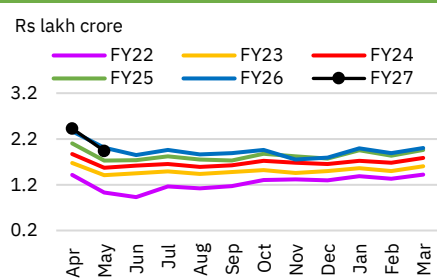


Fiscal prudence but with higher capex

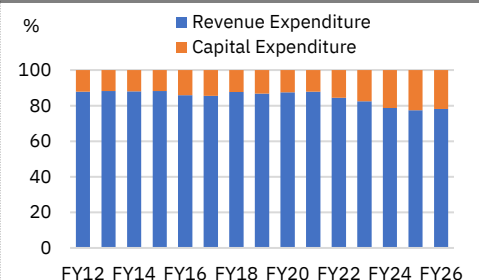
Fiscal consolidation underway



2MFY27 GST run-rate < FY26 avg

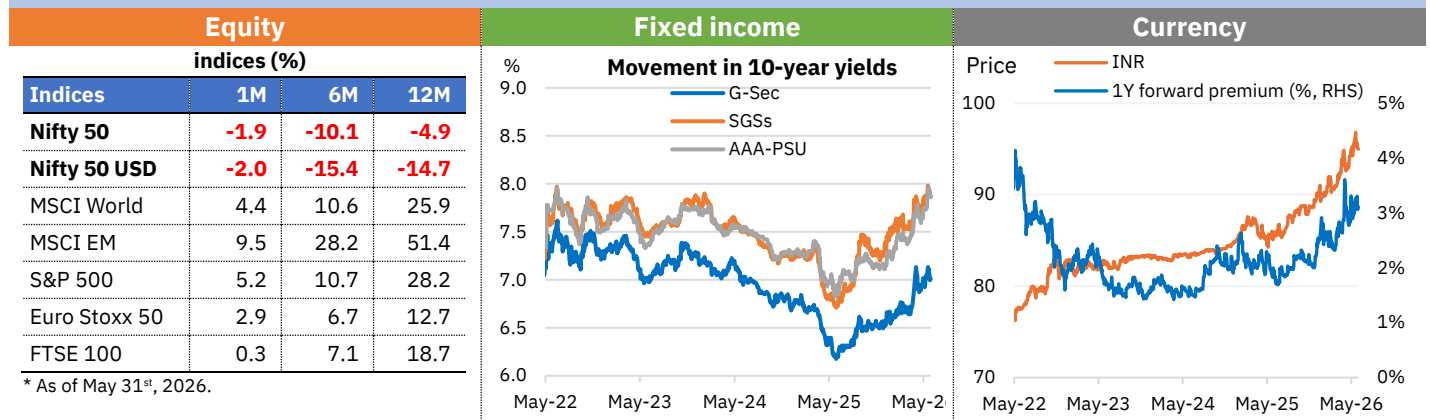


Capex ~22% of total expnd. in FY26

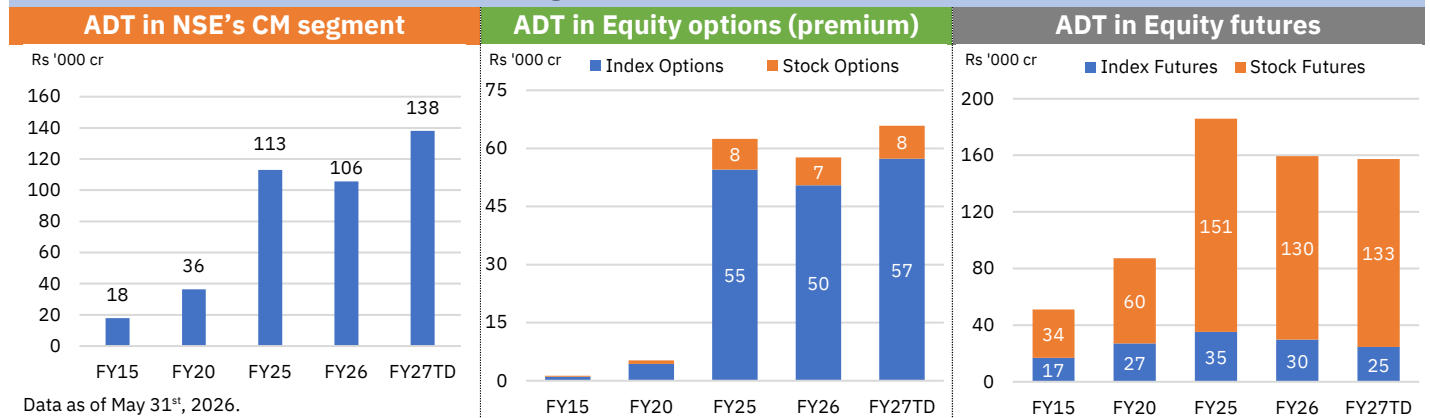


Key market charts

Performance across asset classes



Segment-wise turnover trend



Market activity

Category-wise gross turnover and share in FY27							Average daily open interest				
Client category	CM		Equity options#		Equity futures		Instruments	FY26		FY27*	
	Value (Rs '000 Cr)	Share (%)	Value (Rs '000 Cr)	Share (%)	Value (Rs '000 Cr)	Share (%)		Contracts (in '000)	Value (Rs crore)	Contracts (in '000)	Value (Rs crore)
Corporates	409	3.8	117	2.3	852	6.9	Index Futures	343	61,723	420	66,082
DIIs	1,361	12.6	11	0.2	1,576	12.8	Stock Futures	7,285	4,81,515	8,190	5,19,266
FIs	1,400	13.0	338	6.6	3,814	31.0	Index Options\$	7,579	13,70,395	7,719	12,08,744
Individuals	3,589	33.3	1,982	38.6	2,102	17.1	Stock Options\$	4,810	3,18,037	4,867	3,12,915
Others	302	2.8	178	3.5	487	4.0					
Prop	3,711	34.5	2,509	48.9	3,453	28.1					
# Based on premium turnover * Data is as of May'26							Note: \$Notional value is presented here				

Category-wise net inflows into Indian equities

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*
In Rs crore													
FPIs	97,056	17,806	20,566	51,253	-33,013	1,01,121	1,70,260	25,750	-1,21,439	1,71,107	427	-1,66,284	-2,24,932
DIIIs	-28,557	67,587	35,363	90,738	1,09,662	42,257	-35,663	94,846	2,75,726	1,81,482	5,27,438	7,88,184	3,84,337
Individuals#	-30,149	-8,243	-26,382	-37,988	-8,523	-25,280	52,897	1,42,755	88,376	5,243	1,65,810	-5,717	35,556
In US\$ bn													
FPIs	16.1	3.2	3.2	7.8	-4.4	14.4	23.0	3.8	-16.5	20.7	0.1	-18.9	-24.1
DIIIs	-4.8	10.4	5.2	14.0	16.0	6.0	-4.8	12.6	35.7	22.0	63.0	90.4	41.4
Individuals#	-4.9	-1.3	-3.9	-5.8	-1.4	-3.6	7.1	19.3	11.7	0.6	19.8	-0.6	3.8

* As of May 31st, 2026. # Data for individuals include net flows on NSE in the secondary market only. Individuals include individual / proprietorship firms, HUF and NRI.

Executive Summary

Partial relief, persistent risks

Three months into the West Asia conflict, some relief has appeared but not closure. The interim understanding between the US and Iran has reduced immediate anxiety around energy supply and raised hopes that the Strait of Hormuz may normalise. Experience though argues against reading too much into early progress. As we have seen, once a conflict persists long enough, its effects do not disappear with the first signs of de-escalation. They remain visible in prices, currencies, supply chains, inflation expectations and the narrowing room for policy. If March was about the shock and April about the persistence of risk, June is about the economics of partial relief.

The global backdrop remains difficult. Crude prices have moved below US\$90/bbl, but conditions are still not normal and the earlier disruption has already altered the growth-inflation balance. The World Bank expects global growth to slow from 2.9% in 2025 to 2.5% in 2026, while the OECD projects moderation from 3.4% to 2.8%. Energy-led price pressures are becoming more visible, and central banks have slowed, paused or selectively reversed easing. The ECB and Bank of Japan have both raised rates recently. At the same time, global activity remains uneven rather than uniformly weak. AI-linked demand continues to support electronics and semiconductor trade, helping some economies hold up better than others. The result is a more fragmented world economy: resilient in pockets but increasingly split between AI-led strength and energy-led stress.

Markets reflected this split in May. Global equities extended their recovery, with the MSCI World Index rising 4.4% and the MSCI EM Index gaining 9.5%, led largely by Korea and Taiwan on continued strength in AI and semiconductor-linked sectors. Japan also participated in the rally, while China and Hong Kong lagged. Episodes such as the record SpaceX IPO and its strong debut also underlined how concentrated global risk appetite remained around a narrow set of technology and innovation narratives. Indian equities, in contrast, remained under pressure. The Nifty 50 fell 1.9% in May, taking the year-to-date decline to 9.6% as of June 12. The pressure came from higher crude prices, rupee weakness, concerns around India's external balance and inflation outlook, and a higher-for-longer US rates backdrop. Broader markets were somewhat more resilient, but the gap between global and Indian performance remained notable.

Flow dynamics remained similar to April. FPI selling continued for a third consecutive month in May and intensified further in June, taking cumulative net outflows since March 2026 to US\$29.2 bn. DIIs remained the principal offset, with net purchases in May at Rs 82,669 crore, extending the buying streak to 34 months. Cumulative DII net investments in 2026 stood at Rs 4.4 lakh crore, or US\$47.4 bn, as of June 12. Domestic inflows have continued to absorb foreign selling, but not without pressure on valuations, liquidity and the currency.

Global fixed income markets were volatile but orderly. The Bloomberg Global Aggregate returned 0.3% in May, with credit outperforming sovereigns. Yield moves remained uneven, balancing inflation, fiscal and oil-price concerns against some easing in crude and global yields late in the month. For Indian markets, the curve flattened. The short end tightened as markets reassessed the RBI path, while the long end ended broadly flat. The 10-year G-sec yield moved above 7.14% mid-month before easing back towards 7.0% by month-end.

India's macroeconomic performance through FY26 remained relatively firm. Real GDP growth came in at 7.7%, supported by steady private consumption, sustained investment activity and a better-than-expected fourth quarter. The Centre also met its fiscal deficit target of 4.4% of GDP. High-frequency indicators at the start of FY27 continue to point to resilience in domestic activity, with auto sales, tractor volumes and bank credit holding up; 4QFY26 CAB also surprised on the upside at 0.7% of GDP. The move to monthly BoP data, alongside the revision of key macroeconomic series, should improve policy visibility.

That said, the outlook has become more complicated. Relief on the energy shock apart, the near-term environment has inflation risk, external volatility and growth worries baked in. The INR has weakened materially under the combined pressure of oil, gold and capital outflows. The government and the RBI have taken steps to support foreign inflows and

the external position (led by hedging on FCNR(B) deposits), with more measures possibly ahead. Whether these are sufficient to reverse flow trends remains open, even as further questions open up, cf., dealing with significantly higher levels of liquidity. More importantly, as we shall see, the external shock is no longer the only supply-side risk.

This month's Story of the Month turns to the monsoon, rising temperatures and the El Niño equation. India's average temperature has risen over time, with 8/10 of its warmest years occurring in the latest decade. The immediate concern is the South-West monsoon. The forecast has been revised down to 90% of the long-period average (LPA), with a 60% probability of deficient rainfall and a further 24% probability of below-normal rainfall. Rainfall between June 4 and 15 was already 64% below normal across central, eastern and southern regions. Historical experience suggests that deficient monsoon years affect not only kharif sowing and crop output, but also reservoirs, rabi prospects, rural incomes and food inflation. In that sense, a weak monsoon this year would amount to a second supply-side shock, arriving on top of an external one. Climate risk at this point is no longer a distant issue; it is intersecting with geopolitics and inflation in real time.

Our Insights section this month underlines this point; weather as a macro variable, rather than a seasonal disturbance. The literature shows that rainfall and temperature shocks operate through several channels at once—agriculture, labour productivity, industrial output, wages, health and long-run human capital. The South-West monsoon remains the largest unhedged macro risk each year.

Exchange data show some moderation at the margin, but not a break in the broader capital-formation story. Overall mobilisation through equity, debt and REITs/InvITs softened to around Rs 1.4 lakh crore in May, down 21% MoM, with only five mainboard and ten SME listings during April–May. Derivatives activity also moderated following the STT revision, especially in index products. Even so, the medium-term picture remains constructive. Over the last two fiscals, NSE facilitated the listing of 461 companies that collectively raised ~Rs 3.5 lakh crore, while NSE EMERGE crossed 730 listed companies since inception and 160 migrations to the Mainboard. Participation continues to broaden, but actual trading value remains concentrated among a relatively small set of larger participants.

Alongside these trends, the market architecture continues to widen. New instruments in commodity derivatives have expanded formal hedging avenues in electricity, crude oil and precious metals. The launch of Electronic Gold Receipts (EGR) is notable in this context. At a time when elevated oil and gold imports are both adding strain to the external account, EGRs provide a regulated, dematerialised route to investment gold with the option of physical delivery. Over time, they could deepen domestic price discovery and shift a greater share of India's structural preference for gold towards formal market channels. Please see the detailed note by our Business Development team.

Overall, June 2026 therefore carries a different message from the one that dominated the previous quarter. The first relief from the conflict has appeared, but it has not restored normalcy. We have closed FY26 with credible growth and relatively stable macro outcomes, and entered FY27 with domestic demand still showing resilience. But the risk map has widened—from oil and currency to rainfall and food prices. The next phase will depend not only on whether peace holds, but also on whether domestic conditions remain resilient enough to absorb a wider set of shocks. Even as global attention turns to events such as the FIFA World Cup, the underlying macro adjustment to war, energy prices and external volatility is still incomplete. Temporary relief should not be mistaken for durable resolution. The task ahead is to preserve policy room, strengthen buffers and prepare for a broader range of outcomes than seemed likely at the start of the year. We welcome feedback to the June 2026 edition of the *Market Pulse*.

Tirthankar Patnaik
Chief Economist

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Story of the Month

India's macro test: Rising temperatures and El Nino equation

Climate risk now sits within a wider constellation of global risks confronting economies, with consequences that extend beyond the environment into growth, inflation, productivity, food security and policy choices. The [World Economic Forum's 2026 Global Risks Report](#) ranks extreme weather events, biodiversity loss and ecosystem collapse, and critical change to Earth systems among the top long-term risks over a 10-year horizon. These concerns have become more immediate as global temperatures move closer to the thresholds embedded in the 2015 Paris Agreement, which aims to keep warming well below 2°C above pre-industrial levels, while pursuing efforts to limit it to 1.5°C. In 2025, average global temperature stood at 14.97°C, making it the third-warmest year on record and 1.47°C above the 1850–1900 pre-industrial average. India has mirrored this shift, with annual average temperature rising from 24.55°C during 1901–1940 to 25.38°C during 2014–2024, and eight of India's ten warmest years occurring in the latest decade.

For India, the near-term risk is centred on El Nino and its implications for the 2026 monsoon, even as the economy is navigating broader external-sector uncertainties. The Indian Metrological Department (IMD) has revised its South-West (SW) monsoon forecast from 92% to 90% of Long-Period Average (LPA), with a 60% probability of deficient rainfall (deviation is less than -10%) and 24% probability of below-normal rainfall (deviation is between -10% and -5%). Historical evidence warrants caution: during the last 25 years, six monsoon-relevant El Nino years—2002, 2004, 2009, 2015, 2019 and 2023—recorded rainfall deviations ranging from -5.4% to -22.1% of LPA. Such episodes have had implications for kharif sowing, crop output, reservoir levels, rabi prospects, rural incomes and food inflation. While better irrigation coverage, reservoir buffers and policy support have reduced the transmission to sowing and rabi production in recent years, kharif output and inflation in select food categories remain vulnerable. A positive Indian Ocean Dipole (IOD) may offer some offset this year, but the 2015 episode, when rainfall was 13.7% below LPA despite positive IOD conditions, argues against complacency. A deficient monsoon would essentially be a supply-side shock, complicating the policy response and making close monitoring of monsoon progress, spatial distribution and reservoir levels imperative.¹ *This report assesses stylised facts on global and Indian temperatures, long-term monsoon behaviour in India using IMD data, and the historical macroeconomic implications of El Nino across sowing, production, Crop GVA, reservoirs and inflation.*

- **A persistent warming trend across global and Indian temperature...:** Global temperature trends point to a sustained transition towards a warmer climate regime, with 2025 ranking as the third-warmest year on record after the highs of 2023 and 2024. The global average temperature in 2025 stood at 14.97°C, around 1.47°C above the 1850–1900 pre-industrial average, keeping the world close to the 1.5°C threshold. India's temperature trajectory broadly mirrors this global shift. Annual average temperature remained relatively stable at around 24.55°C during 1901–1940, rose gradually in the later decades (1941–80s), and accelerated more visibly after 2000. The recent decade, 2014–2024, recorded a much higher average of around 25.38°C, nearly 0.75°C above the long-term baseline. With 2024 marking India's warmest year and eight of the ten warmest years occurring within the latest decade, the evidence points to a persistent warming phase rather than isolated temperature spikes.
- **...With warming broadening across seasons:** India's warming trend is no longer confined to peak summer. Winter temperatures have risen from around 18.77°C during 1901–1940 to 19.36°C during 1981–2024, while post-monsoon temperatures have increased from 21.51°C to 22.3°C over the same period. The

¹ LPA refers to the Long Period Average of rainfall, which IMD currently defines as the average rainfall over 1971–2020; El Nino is the periodic warming of sea-surface temperatures in the central and eastern Pacific Ocean; and IOD, or Indian Ocean Dipole, refers to the difference in sea-surface temperatures between the western and eastern Indian Ocean.

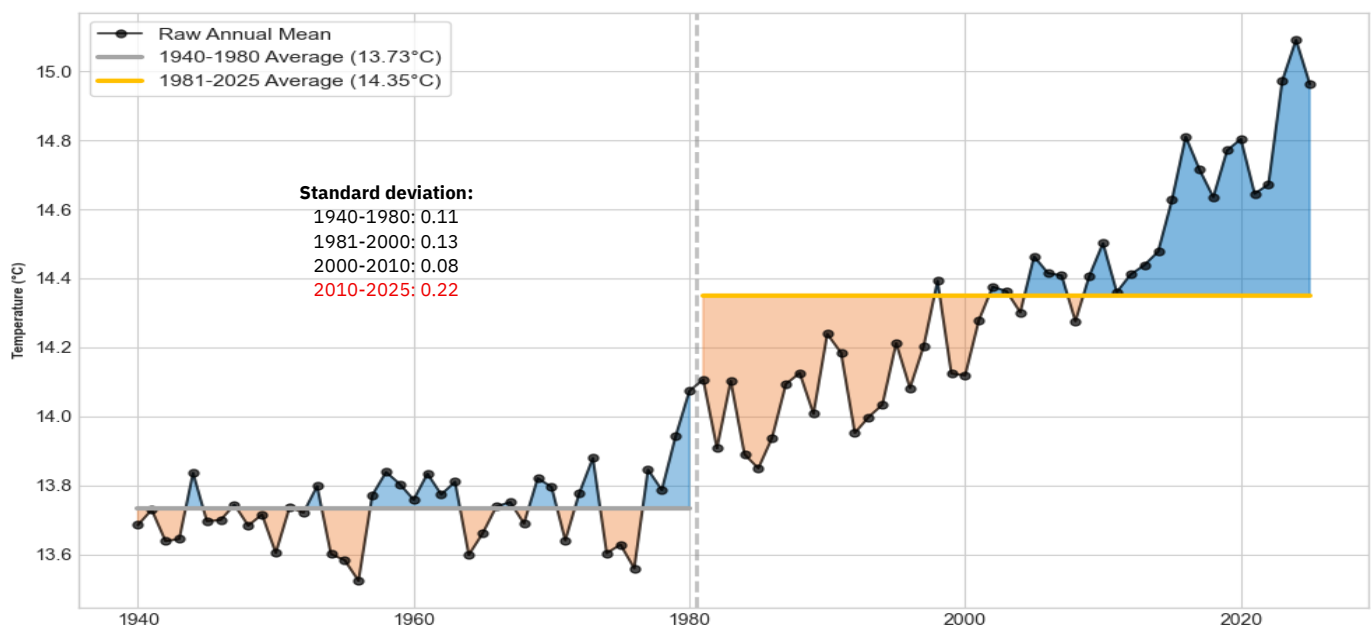
sharpest monthly increases are visible in February, November, December and March, indicating both an earlier onset of warmth and delayed seasonal cooling. This points to a longer heat-exposure cycle, with implications for rabi crops, reservoir levels, energy demand and health outcomes.

- Broad stability in average rainfall; but persistent variation across years....:** India's long-term rainfall shows broad stability in average levels, but with persistent variability around that average. Annual rainfall has been 1,177 mm over the long period with South-West (SW) monsoon contributing to 75% of annual rainfall and having an LPA of 868.6 mm during 1971-2020. That said, outcomes have varied across years with 32% tagged as "normal" years by IMD as against 21% of "deficient" and 12% of "excess" rainfall.
- ...And concentrated in a few months alongside late-season tilt:** Rainfall risk is increasingly about timing and concentration. Monthly distributions show right-skewness and multiple peaks in some years, suggesting that annual rainfall can be driven by a few high-rainfall months. Within the SW monsoon period, rainfall is concentrated in July, which accounted for an average of 32% of SW monsoon rainfall over the last 25 years, followed by August at 29%, while June and September contributed around 19–20% each. The intra-seasonal profile also shows a modest late-season tilt, with September's share rising from 19.4% to 20.8% and June's share easing from 18.9% to 18.1%.
- Monsoon outlook for 2026 to be weighed by El Nino risk....:** The monsoon outlook for 2026— as released by IMD points to elevated downside risks, consistent with the expected emergence of El Nino conditions. IMD, in its first forecast, had estimated rainfall at 92% of LPA, which has been revised downward further to 90% of LPA, which is one of its lowest forecasted values on record. IMD's second-stage forecast assigns a 60% probability to deficient rainfall and a further 24% probability to below-normal rainfall, while the probability of a normal monsoon is only 14%, indicating a clear downside skew. Regional risks are also broad-based, with below-normal rainfall probability highest in Northwest India at 46%, followed by the South Peninsula at 45%, and Central India and the Monsoon Core Zone at 43% each. Historical evidence also warrants caution. Six monsoon-relevant El Nino years have been identified—2002, 2004, 2009, 2015, 2019 and 2023—with rainfall deviations ranging from -5.4% in 2023 to -22.1% in 2002, underscoring that El Nino raises rainfall risk.
- ...With history indicating macroeconomic consequences:** El Nino-related deficient rainfall has had implications for macroeconomic outlook through sowing, crop output, reservoir levels and food inflation, though the transmission has weakened over time. The impact on kharif sowing has become relatively limited since 2020s with actual sown area rising close to 100% of normal area, supported by higher gross irrigated area (nearly 60% in FY24 vs. 40-45% during 2000-2010s). The impact is distinctly visible in kharif production during deficient rainfall periods like 2002 and 2009, even as recent episodes have shown greater resilience. Notwithstanding the dip in reservoir levels during El Nino years, the impact on rabi production in recent years has been muted. Food inflation effects are more nuanced: while food inflation remains independently elevated in El Nino years, the impact is often concentrated in specific food groups rather than being uniformly broad-based.

Temperature trends: Global and India

- A sustained uptick in global temperature...:** The historical trajectory of 2-metre air temperature² reflects a gradual but definitive shift from a stable climatic regime to a persistently warmer environment. During the 1940s–1980s, temperatures remained largely anchored around an average of $\sim 13.73^{\circ}\text{C}$, with limited variation and occasional lows such as $\sim 13.52^{\circ}\text{C}$ in 1956. This stability begins to weaken from the early 1980s, marking a clear inflection point in temperature dynamics. Over the 1981–2000 period, the average temperature rose to $\sim 14.08^{\circ}\text{C}$, with the series increasingly breaching the 14°C threshold—evident in years such as 1990 ($\sim 14.23^{\circ}\text{C}$) and 1995 ($\sim 14.21^{\circ}\text{C}$)—signalling the onset of a sustained warming phase and a departure from historical norms.
- ...With 2024 being the warmest year on record and 2025 among the top three:** This transition becomes more entrenched in the post-2000 period, where temperatures consistently remain above 14°C , rarely reverting to earlier levels. The warming trend intensifies further in the last decade, with temperatures persistently exceeding $\sim 14.6^{\circ}\text{C}$ and clustering at elevated levels. Successive highs— $\sim 14.81^{\circ}\text{C}$ in 2016, $\sim 14.80^{\circ}\text{C}$ in 2020, and a peak of $\sim 15.09^{\circ}\text{C}$ in 2024 (the warmest year on record), followed by a marginal moderation to $\sim 14.96^{\circ}\text{C}$ in 2025 highlight that elevated temperatures are no longer episodic but sustained. This is further reinforced by a rise in average temperatures from $\sim 14.38^{\circ}\text{C}$ during 2001–2010 to $\sim 14.69^{\circ}\text{C}$ in 2011–2025. The last 15 years show a sharper rise in variability around a significantly higher mean, pointing to a broader upward shift in temperatures alongside more frequent deviations from historical norms. Since 1980s, there are only six instances when the temperature was below the 14°C mark.

Figure 1: Long-term annual trend in global average temperature



Source: Climate Data Store (CDS), NSE EPR. Notes – 1) Data is from 1940–2025. 2) Temperature refers to 2-metre air i.e near-surface air temperature at around two-metres above ground level. The data is sourced from ERA5 (a reanalysis dataset which is one of the datasets in CDS) and converted from Kelvin to $^{\circ}\text{C}$.

² 2-metre air temperature means the temperature of air measured or estimated at 2 metres above the ground surface.

Box 1: Global temperatures are staying close to critical climate thresholds

Global temperatures remained exceptionally high in 2025. According to Copernicus/ European Centre for Medium-Range Weather Forecasts (ECMWF), the global average temperature in 2025 was 14.97°C, which was 0.59°C above the 1991–2020 average and 1.47°C above the estimated 1850–1900 pre-industrial average. This made 2025 the third-warmest year on record, after 2024 and 2023. The last three years therefore stand out as an exceptionally warm period in the global temperature record.

This is important because the Paris Agreement seeks to limit global warming to well below 2°C and pursue efforts to keep it to 1.5°C above pre-industrial levels. The 1.5°C level is an important risk marker. As global temperatures move closer to this level, the probability of more frequent and intense heatwaves, extreme rainfall, droughts, wildfires, glacier melt, sea-level rise, and stress on food and water systems increases.

The latest World Meteorological Global Annual-to-Decadal Climate Update suggests that these risks are likely to remain elevated. Annual global mean near-surface temperatures during 2026–2030 are projected to be 1.3°C to 1.9°C above the 1850–1900 average. WMO estimates an 86% probability that at least one year between 2026 and 2030 will surpass 2024 as the warmest year on record, and a 91% probability that at least one year will temporarily exceed 1.5°C above pre-industrial levels. It also estimates a 75% probability that the average temperature for the full 2026–2030 period will exceed the 1.5°C level.

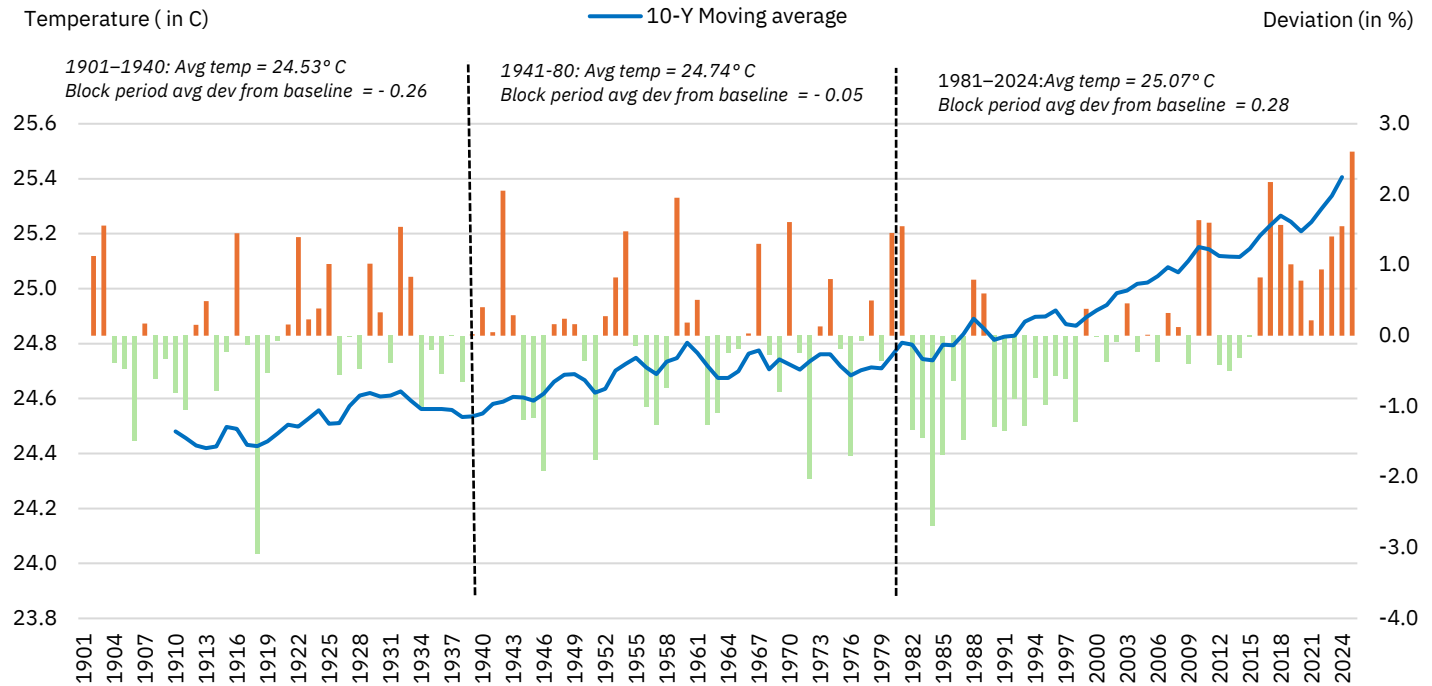
A temporary annual breach of 1.5°C does not mean that the Paris Agreement threshold has been permanently crossed. The Paris temperature goals refer to long-term warming sustained over an extended period, typically assessed over around 20 years. However, repeated temporary breaches are still a warning signal because they show that the underlying warming trend is moving closer to the threshold. As WMO notes, such temporary exceedances are expected to occur more frequently as the planet warms.

For India, the broader message is that global warming is not only about higher average temperatures. It can alter the frequency and intensity of extreme heat, rainfall variability, drought risk, water stress and agricultural vulnerability. The WMO outlook also indicates a tendency towards El Nino conditions in the central tropical Pacific, particularly in 2027 and 2028, which will need to be monitored closely given its potential influence on global temperatures and monsoon-related risks.

- **Similar warming dynamics observed in India...:** India's temperature trajectory closely mirrors global patterns, reflecting a transition from a stable climatic regime to a structurally warmer environment rather than cyclical variation. During the 20th century, temperatures exhibited relative stability, with the annual average of ~24.53°C during 1901-1940, rising modestly to ~24.8°C. The acceleration in warming is particularly visible post-2000, where the trend steepens markedly, signalling a transition to a higher and more persistent temperature equilibrium. The recent decade (2014–2024) recorded a significantly elevated average of ~25.38°C, with an increase of 0.75°C during the recent phase. This shift is not episodic but deeply entrenched, as evidenced by eight of the ten warmest years has occurred within this decade.
- **...With elevated temperature becoming the norm:** Recent observations reinforce the structural nature of this shift as 2024 with an annual average temperature of 25.74°C stands as the warmest year on record in India, and ~0.65°C above the 1991–2020 long-term average. This was followed by 2025, with an annual average

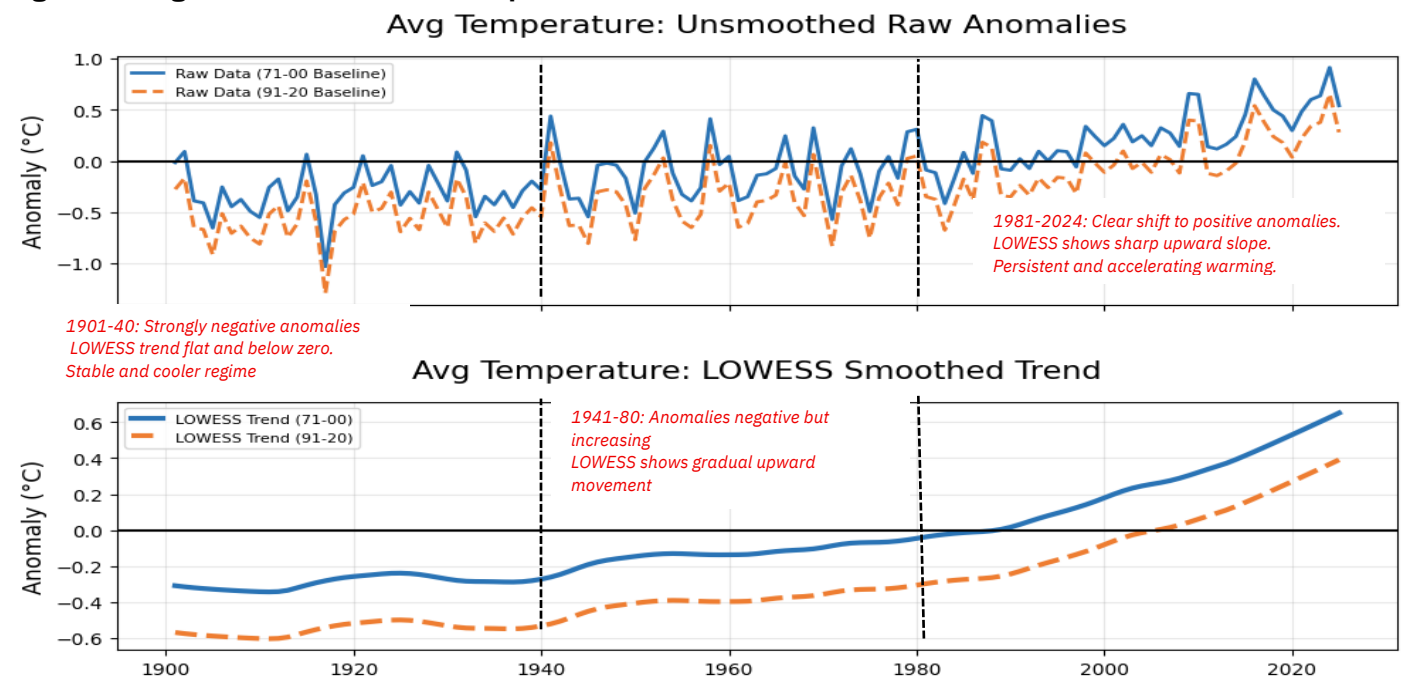
of 25.37°C, ranking as the eighth warmest year³ since 1901. The latest decade has witnessed a rise in average temperature to 25.41°C, up from 25.12°C during 2005–2014, indicating a clear warming trend.

Figure 2: Long-term deviation in temperature and 10Y moving average of actual temperature



Source: IMD, NSE EPR Notes: 1) The entire period has been divided into three blocks viz. 1901-1940s, 1941-1980s and 1981-2024. The deviation has been calculated for each year from the block-period average.

Figure 3: Long-term trend in annual temperature anomalies in India



Source: IMD, NSE EPR Notes – 1) Date is from 1900 till 2024. 2) Temperature anomalies are calculated using a 30-year climatological baseline defined by WMO. 1991–20 is the new baseline and 1971–2000 is the old baseline.

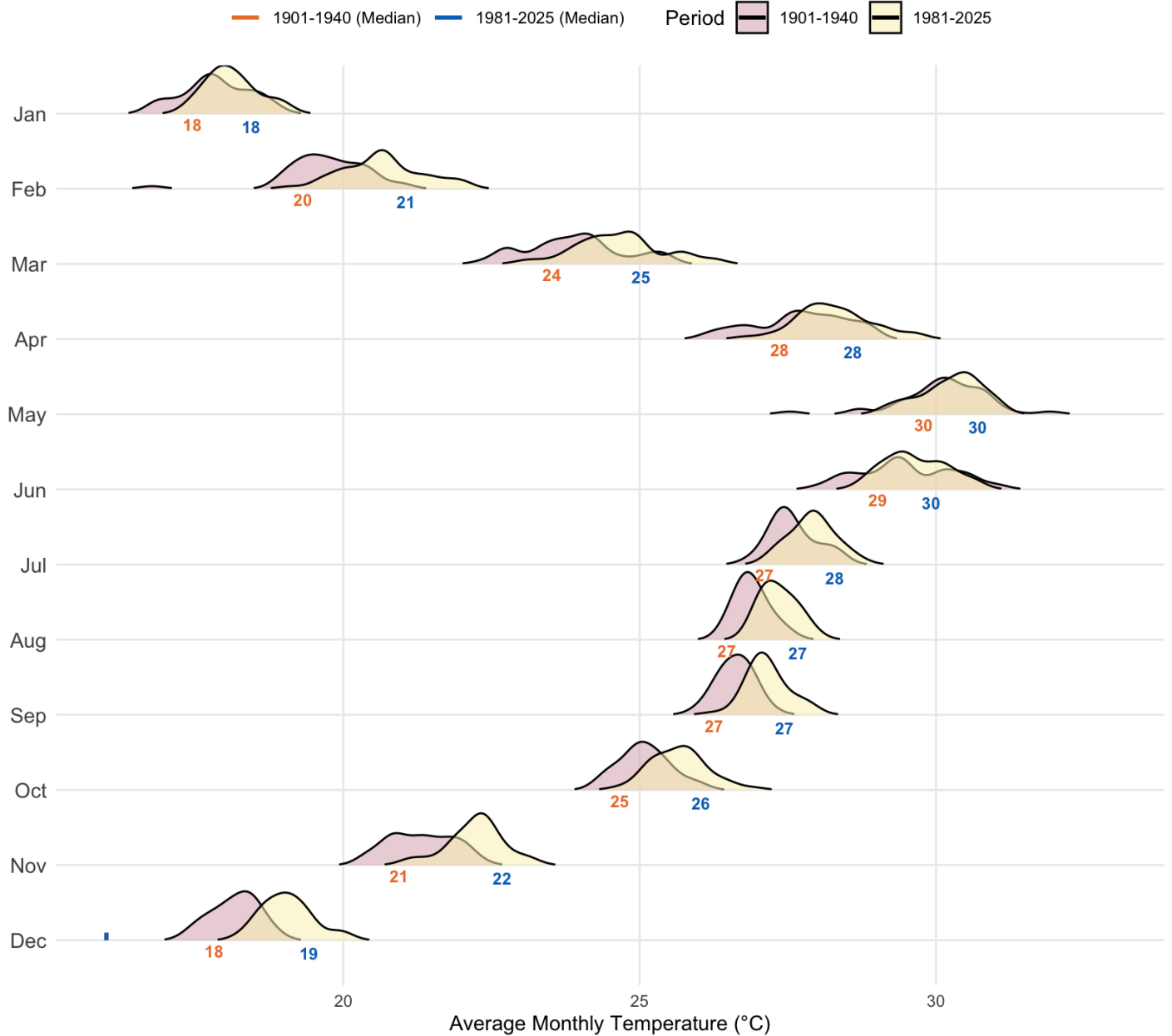
³ https://wmo.int/sites/default/files/2026-01/20260101_pr_4602.pdf

- **Pre-monsoon epicentre of warming...:** The most pronounced warming in India is increasingly concentrated in the pre-monsoon period (March–May), positioning it as the core zone of elevated heat exposure. Historically, this season averaged ~27.23°C during 1901–1940, rising marginally to ~27.54°C (1941–1980). However, in the recent period—particularly post-2015—average temperatures have climbed to ~28.1°C, with frequent breaches of the 28°C mark, signalling a clear upward shift in the seasonal baseline. In nine of the last 25 years (1999–2024), the average annual temperature during the pre-monsoon period has crossed 28°C mark, as against five such instances in the 25-years period before that. The intensification is most visible in May, where temperatures have consistently crossed the 30°C threshold.

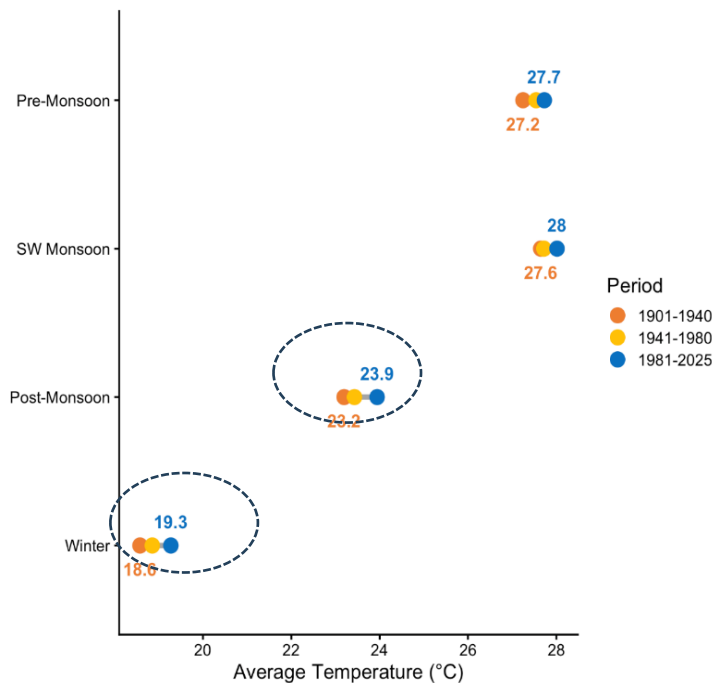
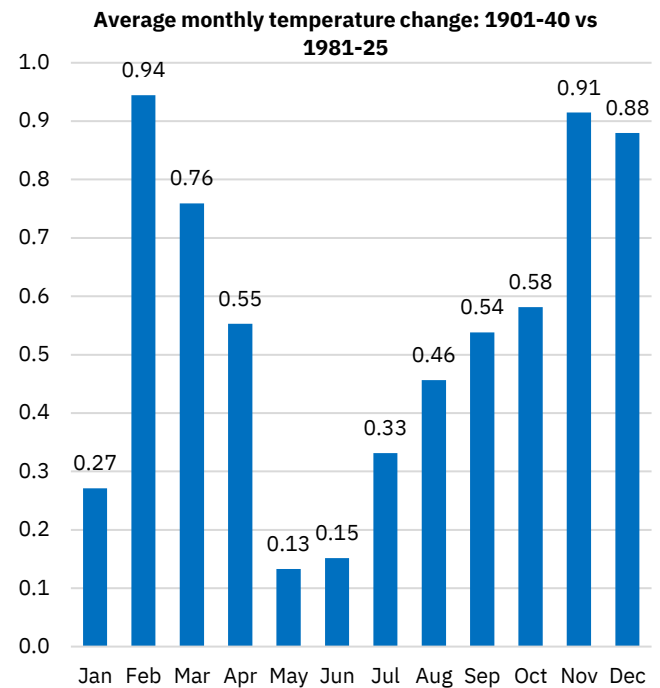
Importantly, the warming trend is no longer confined to peak summer months but is extending into the early part of the season. March temperature now averaged ~24.64°C (1981–2024), compared to ~23.90°C (1901–1940) historically, indicating an earlier onset and gradual elongation of summer conditions. This temporal expansion of heat exposure significantly elevates risks to agriculture, water availability, and labour productivity, as prolonged periods of high temperature begin to disrupt cropping cycles, strain water resources, and reduce workforce efficiency.

- **...With the post monsoon and winter period also getting relatively warmer:** Beyond the intensification of peak summer heat, a more structural shift is emerging in the warming of post-monsoon (Oct–Dec) and winter seasons (Jan–Feb) periods that historically provided thermal relief. Winter temperatures have risen meaningfully from an average of ~18.77°C during 1901–1940 to ~19.36°C in the 1981–2024 period, with average annual temperature in February frequently exceeding 21°C. Similarly post-monsoon temperatures have increased from ~21.51°C to ~22.3°C over the same period, indicate an approximate 0.8°C upward shift in the seasonal baseline. The highest increase in the annual average temperature during the period 1901–1940 to 1981–2024 has been in the month of February (0.94°C), November (0.91°C), December (0.88°C) and March (0.76°C). This distribution indicates an earlier onset of summer-like conditions and a delayed withdrawal of heat. The cumulative effect is a carryover of warmth across seasons, replacing distinct seasonal reversals with a more prolonged and persistent warm regime.

Figure 4: Long-term distribution of average monthly temperature in India



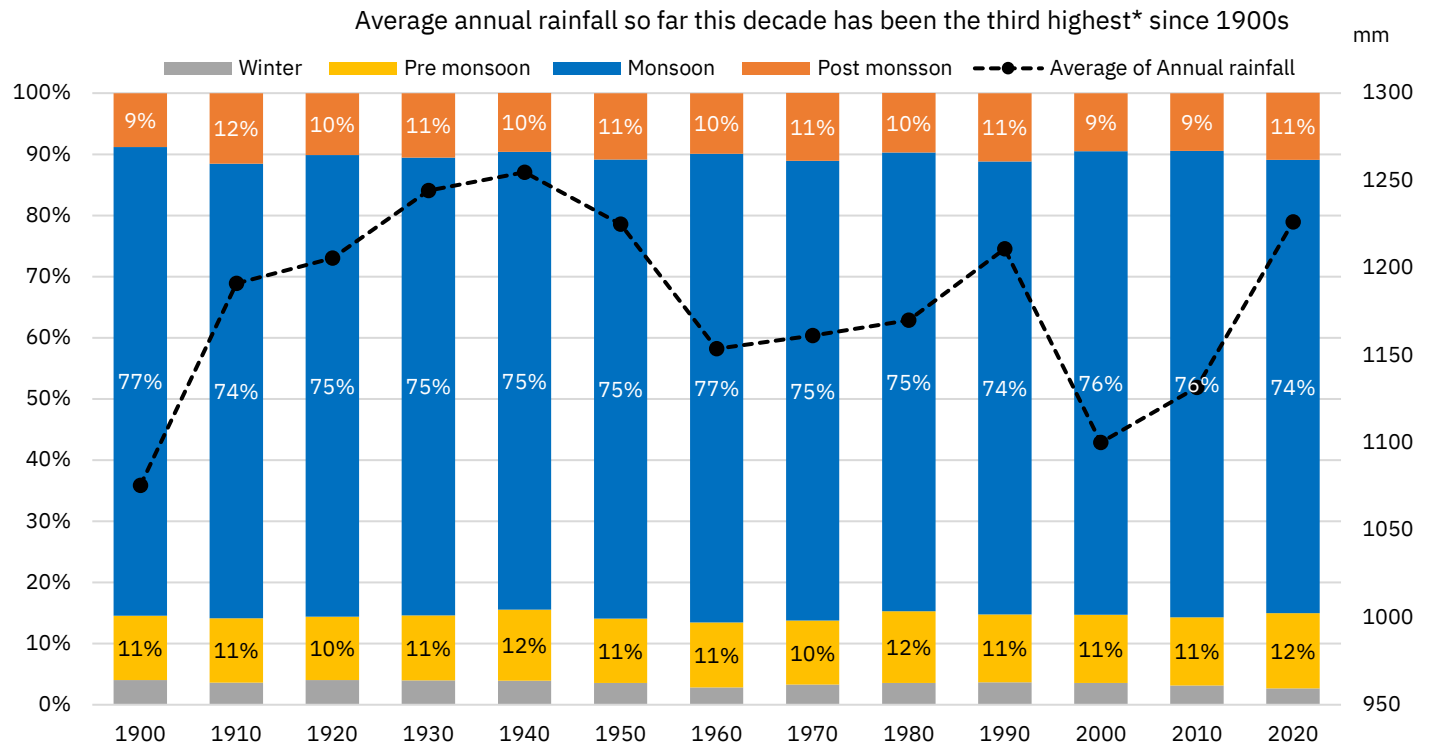
Source: IMD, NSE EPR.

Figure 5: Seasonal temperature shifts across time

Figure 6: Monthly temperature shifts across time periods


Source: IMD, NSE EPR. Notes: 1) Periods defined above are: Pre-monsoon is Mar-May, SW monsoon is June-September, Post-Monsoon is October – December and Winter is January-February 2) The average monthly temperature change is calculated as the difference between average annual temperature during 1901-1940 and 1981-2025.

Long-term rainfall trends in India: Stylised facts

- India's long-term monsoon remains broadly stable on average...:** India's long-term rainfall record does not show a clear increase or decline, unlike the more evident upward shift seen in temperatures. Over the last 125 years, annual rainfall (June-May) has remained broadly anchored around an average of nearly 1,177 mm. The South-West (SW) monsoon, spanning June to September, remains the key driver of India's rainfall cycle, contributing nearly 75% of annual rainfall. Conversely, pre-monsoon and post-monsoon rainfall broadly contribute around 10–12% each with no material change in share observed across seasons and decades. Across decades, median SW monsoon rainfall has generally remained within a relatively narrow historical range, suggesting broad stability in the central tendency. However, this masks sizeable YoY variation and deviation from the LPA.

Figure 7: Long-term decadal average rainfall composition


Source: CMIE Economic Outlook, IMD, NSE EPR Notes: 1) 1900 pertains to the decadal period of 1900 to 1910 and so on. 2) The data for the latest decade is till the calendar year 2025 3) Pre-monsoon period is between March-May, Monsoon period: June-September, Post-monsoon: October-December, Winter: January- February 4) This decade being the third highest has been computed based on average values from 2021 to 2025.

- **...Yet variability persists at a YoY level...:** IMD's current LPA for all-India SW monsoon rainfall, based on the 1971–2020 period, is around 868.6 mm, which is lower than the LPA of 891.4 mm at the start of this century. Based on IMD rainfall categories, around 21% of the 125 years were deficient (deviation is less than -10% of LPA), 11.2% below normal (-10% to -4%), 32% normal (-4% to 4%), 24% above normal (+4% to 10%) and 12% excess (more than +10%), implying that nearly two-thirds of the years fell outside the normal range. Variability was more pronounced in the 1910s, 1950s, 1960s, 1970s and 2000s, which saw wider dispersion and sharper downside episodes. In contrast, the 1930s, 1940s, 1990s and 2010s appear relatively more stable, with narrower ranges.

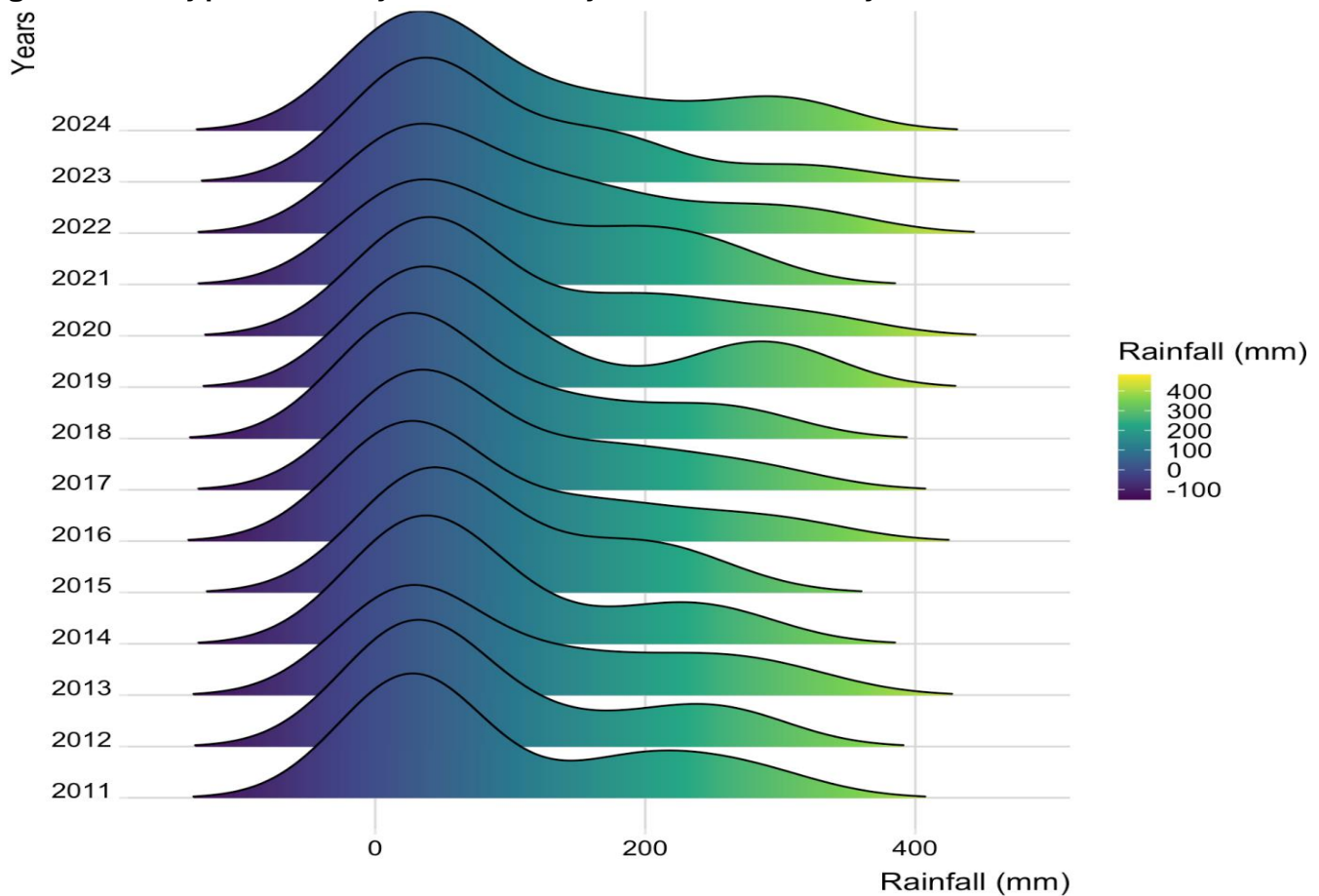
Despite the broad stability in long-term monsoon rainfall, extreme years remain important from a macroeconomic perspective. The wettest year on record, 1918, recorded around 1,084 mm of rainfall, nearly 21.6% above normal, while the driest year, 1973, saw rainfall fall to around 674 mm, about 24.3% below normal. Although such episodes are relatively rare, their impact can be significant, with implications for agricultural output, rural incomes, reservoir levels, food prices and overall inflation dynamics.

- **...With stable average totals masking concentration:** While long-term average rainfall has remained broadly stable, patterns show that rainfall concentration within the year has become an important risk marker. The monthly distribution suggests greater right-skewness as seen in years during 2011-2024, meaning annual totals were supported by a few very high-rainfall months rather than a more balanced spread. Some years, such as 2019 and 2021, also show multiple peaks,

indicating distinct low, moderate and high-rainfall regimes within the same year. This underscore that headline rainfall totals can mask important differences in monthly sequencing, concentration and intensity.

Even within the southwest monsoon season, rainfall is not evenly distributed across months. Over the last 25 years, July has accounted for the largest share of SW monsoon rainfall at around 32% on average, followed by August at around 29%, while June and September each account for roughly 19–20%. However, these shares vary significantly across years. July's share, for instance, has ranged from nearly 20% to 40% of seasonal rainfall, and similar variation is visible across other monsoon months as well. This shows that rainfall concentration is also visible within the monsoon season, with likely implication for sowing and reservoir storage.

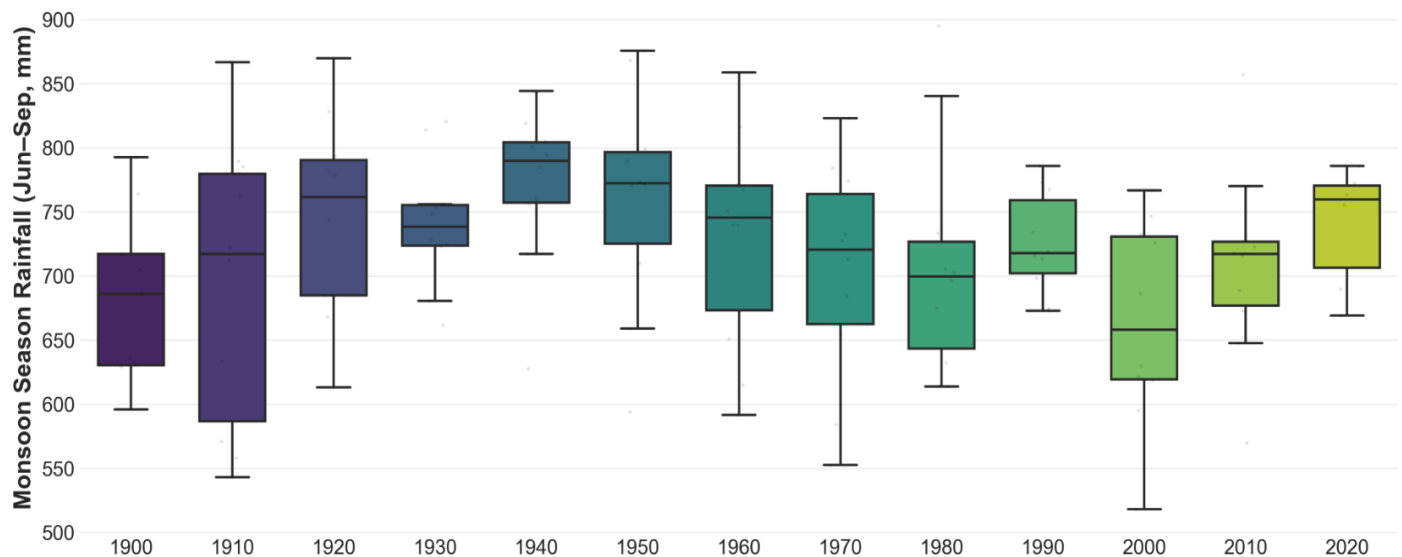
Figure 8: Density plot of monthly rainfall (January-December) in recent years



Source: CMIE Economic Outlook, IMD, NSE EPR.

- Wet and dry phases across decades with recent one indicating recovery:** Rainfall patterns over time reveal cyclical phases rather than a structural trend. The mid-20th century (decade starting 1920s–1950s) represents a relatively wet phase (annual averages ~921mm during SW monsoon), while the 2000s (848 mm) marks the weakest decade in over a century. However, the ongoing 2020s decade till calendar year 2025 (~899 mm so far) indicate a strong recovery, bringing rainfall levels back in line with historical norms.

Figure 9: Decadal distribution of rainfall during monsoon months (June–September)



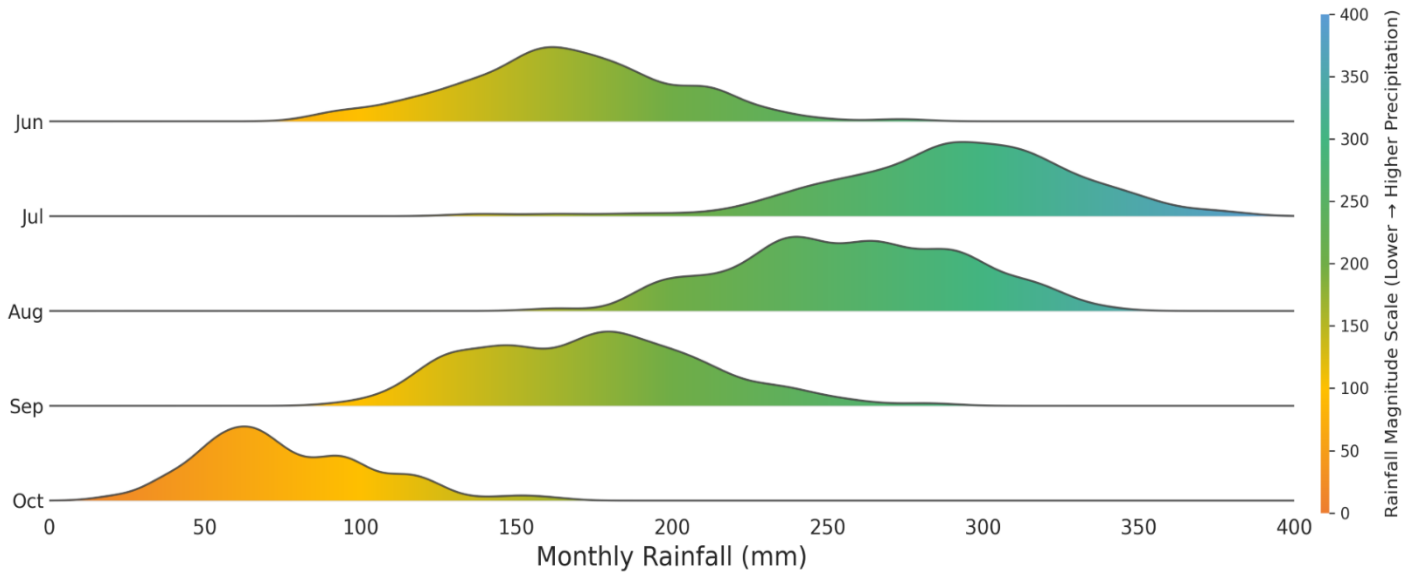
Source: CMIE Economic Outlook, IMD, NSE EPR Notes: 1) 1900 pertains to the decadal period of 1901 to 1910 and so on. 2) The data for the latest decade is till the calendar year 2025

- Monsoon rainfall is also displaying a late-season tilt:** The intra-seasonal profile of the monsoon points to a gradual shift towards the latter part of the season. The September's average rainfall has increased from ~174.8 mm during 1901–1950 to ~182.8 mm in 2010–2024, raising its share of seasonal rainfall from ~19.4% to ~20.8%. In contrast, June average rainfall has declined from ~170.6 mm to ~157.9 mm over the same period, reducing its contribution from ~18.9% to ~18.1% of seasonal rainfall. This pattern is also visible in recent years such as 2019 and 2020, when rainfall was relatively weaker in the early part of the season. June–July accounted for only 42.3% of total monsoon rainfall in 2019 and 47.2% in 2020, while August–September contributed a higher share of 57.7% and 52.8%, respectively. In 2019, September alone accounted for 26.8% of seasonal rainfall.

This shift is further reflected in the frequency of years where September rainfall exceeds June rainfall, which has risen from around 50% in 1901–2000 to 66.7% during 2010–14, pointing towards a relatively wetter withdrawal phase and a weaker onset. The early-to-late monsoon ratio⁴ also supports this shift, with recent years showing a higher relative contribution from the latter part of the season. This matters because delayed rainfall may support reservoir levels but may not fully compensate for weaker early-season rainfall from the perspective of sowing and crop establishment.

⁴ Early-to-late monsoon ratio is ratio of pre-monsoon season to post monsoon season. Pre-monsoon season covers Mar–May months while post monsoon season covers October–December months.

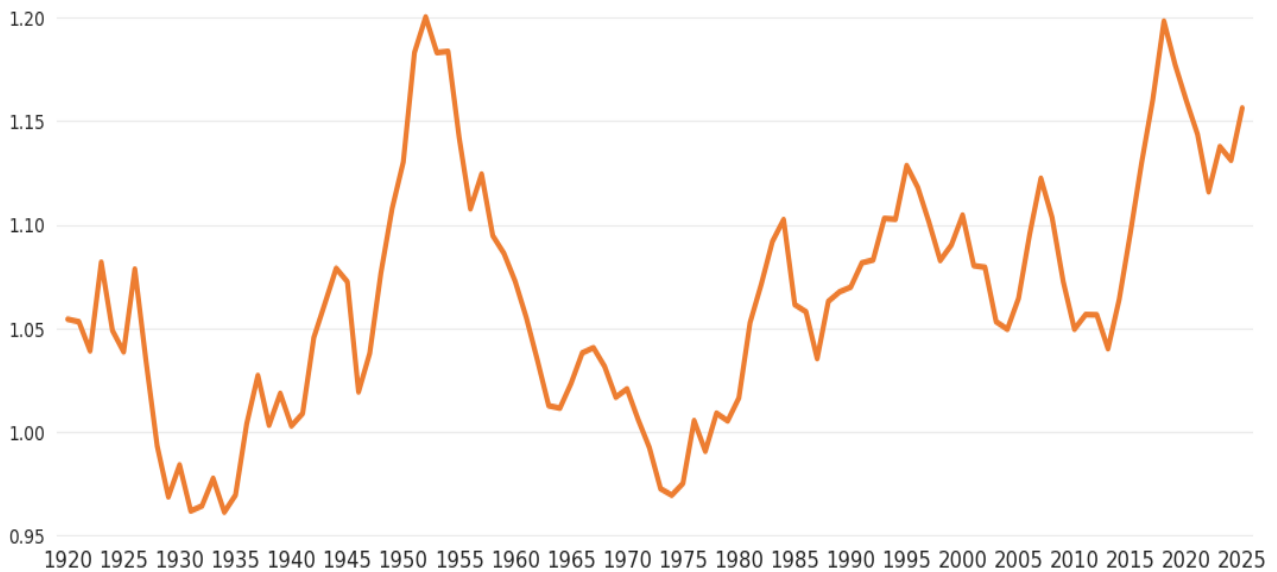
Figure 10: Monthly distribution of rainfall during the south-west monsoon period (Period: 1900-2024)



Source: CMIE Economic Outlook, IMD, NSE EPR.

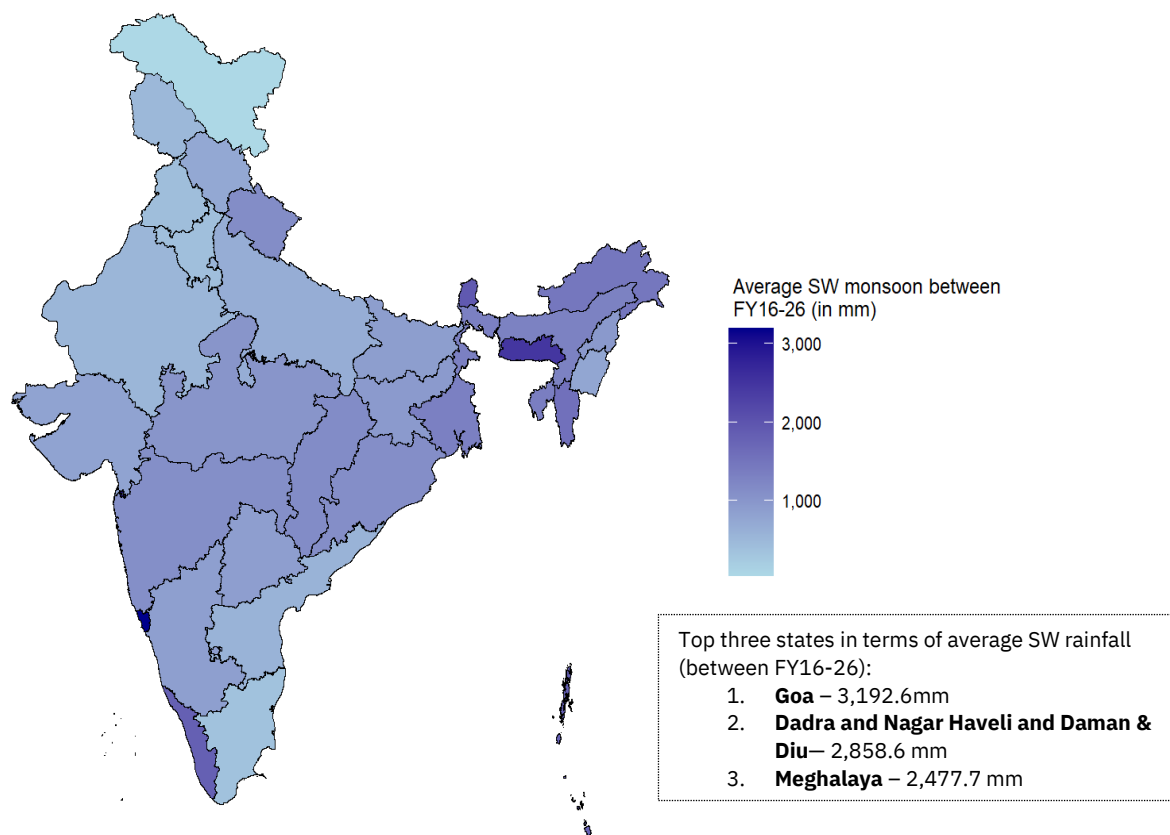
Figure 11: Trends in 20-year moving average early vs late monsoon rainfall ratio

Early vs. Late Monsoon Rainfall Ratio



Source: CMIE Economic outlook IMD, NSE EPR. Notes: 1) The early rainfall period is from March till May while the late monsoon period is from October till December.

Figure 12: State-wise distribution of average SW rainfall over the past decade (FY16-26)



Source: CMIE Economic Outlook, NSE EPR. Notes – 1) Data for certain fiscal years is unavailable for Jammu & Kashmir, Dadra and Nagar Haveli and Ladakh.

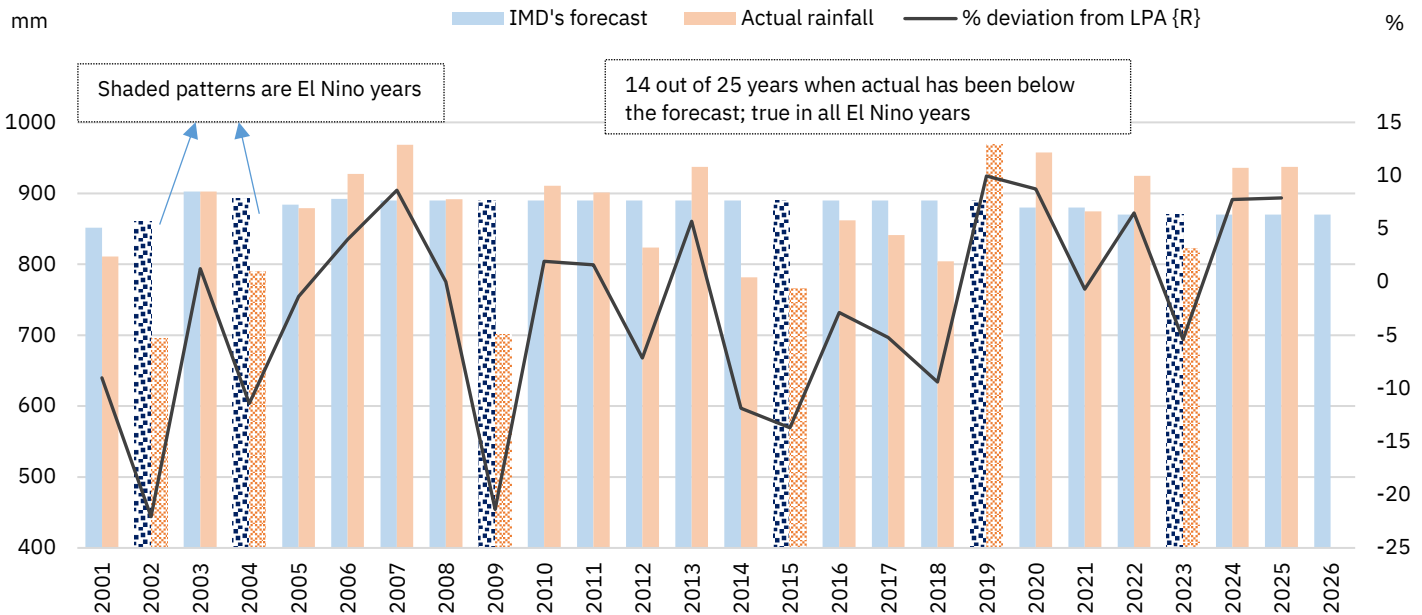
El-Nino phenomenon during monsoon

- **IMD's second forecast highlights deficient rainfall:** IMD's second-stage monsoon forecast points to a weaker outlook for southwest monsoon rainfall, consistent with the expected emergence of El Nino conditions. The probability distribution is clearly tilted towards the lower end, with a 60% probability of deficient rainfall and a further 24% probability of below-normal rainfall. In contrast, the probability of a normal monsoon is only 14%. The forecast assigns almost no probability to above-normal or excess rainfall, indicating a marked downside skew compared with the long-period distribution.
- **...Weighed by El Nino conditions with historical resemblance:** Over the last 25 years, there were 14 instances when actual rainfall, came in lower than IMD's forecast, indicating a downside surprise relative to initial expectations. In terms of rainfall outcomes, there were five years when the deviation from LPA was lower than -10%, qualifying as *deficient* rainfall as per IMD, and four of these occurred during identified El Nino periods. In addition, there were five years when rainfall was below normal, with deviation ranging between -4% and -10%.

We have identified six El Nino years (2002, 2004, 2009, 2015, 2019 and 2023) based on the standard criterion of the three-month moving Nino index anomaly remaining above +0.5°C for five consecutive overlapping periods during the relevant monsoon window. Two additional years, 2016 and 2018, were excluded

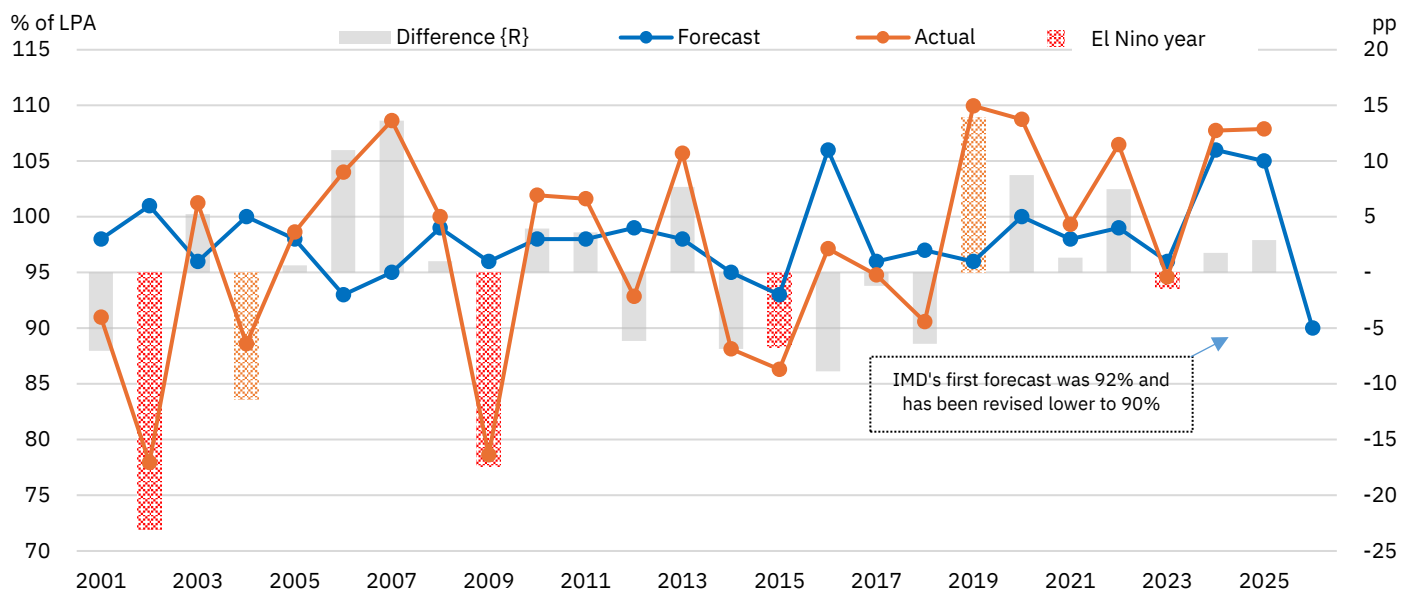
from our ambit because the five qualifying periods occurred outside the core southwest monsoon period for India. Even so, both years saw rainfall shortfalls, with actual rainfall 2.9% lower than LPA in 2016 and 9.4% in 2018. Across the identified El Nino years, rainfall deficiency has ranged from 5.4% of LPA in 2023 to 22.1% in 2002, underscoring the variation in monsoon outcomes even within El Nino episodes.

Figure 13: IMD forecast vs Actual and deviation from long-period average



Source: CMIE Economic Outlook, IMD, NSE EPR Notes: 1) El Nino years (2002, 2004, 2009, 2015, 2019 and 2023) based on the standard criterion of the three-month moving Nino index anomaly remaining above +0.5°C for five consecutive overlapping periods during the relevant monsoon window.

Figure 14: Trends in forecasted rainfall vs actual (as a % of LPA)



Source: CMIE Economic Outlook IMD, NSE EPR

- **...With regional forecast showing broad-based risk:** Regionally, the forecast also shows a broad downside bias, though the risk varies across zones. The probability of below-normal rainfall is highest for Northwest India at 46%, followed by South Peninsula at 45%, and Central India and the Monsoon Core Zone at 43% each.

Northeast India shows a relatively more balanced distribution, with 33% probability of below-normal rainfall, 35% probability of normal rainfall and 32% probability of above-normal rainfall.

Table 1: Probability forecasts for the seasonal (June to September) rainfall for 2026

Category	Rainfall range (% of LPA)	Forecast probability (%)	Climatological probability (%)
Deficient	< 90	60	16
Below normal	> 90 - 95	24	17
Normal	96 - 104	14	33
Above normal	> 105 - 110	2	16
Excess	> 110	0	17

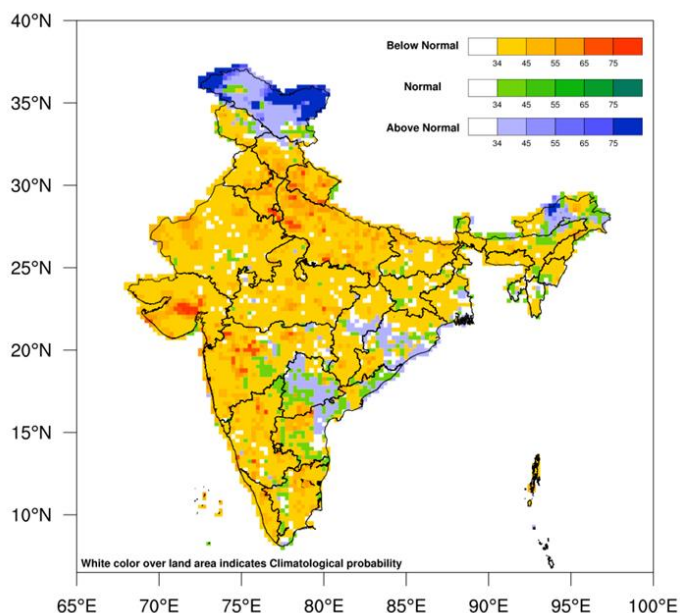
Source: IMD, NSE EPR Notes: 1) Forecast probability is the probability IMD assigns for a specific year's monsoon outcome, based on current climate signals such as El Nino/La Nina, Indian Ocean conditions, model outputs, sea-surface temperatures, snow cover, pressure patterns, etc. 2) Climatological probability is the long-term historical probability of each rainfall category, based on how often that category occurred in the past.

Table 2: Monsoon rainfall forecast for the four homogenous regions and monsoon core zone (mcz) of India for 2026

Rainfall category	Northwest India		Central India		South peninsula		Northeast India		Monsoon core zone (MCZ)	
	Range (% of LPA)	Forecast probability (%)	Range (% of LPA)	Forecast probability (%)	Range (% of LPA)	Forecast probability (%)	Range (% of LPA)	Forecast probability (%)	Range (% of LPA)	Forecast probability (%)
Below normal	< 92	46	< 94	43	< 94	45	< 94	33	< 94	43
Normal	92 - 108	33	94 - 106	33	94 - 106	34	94 - 106	35	94 - 106	33
Above normal	> 108	21	> 106	24	> 106	21	> 106	32	> 106	24

Source: IMD, NSE EPR Notes: 1) The Monsoon Core Zone refers to the central Indian belt that plays a key role in southwest monsoon dynamics and agricultural rainfall outcomes.

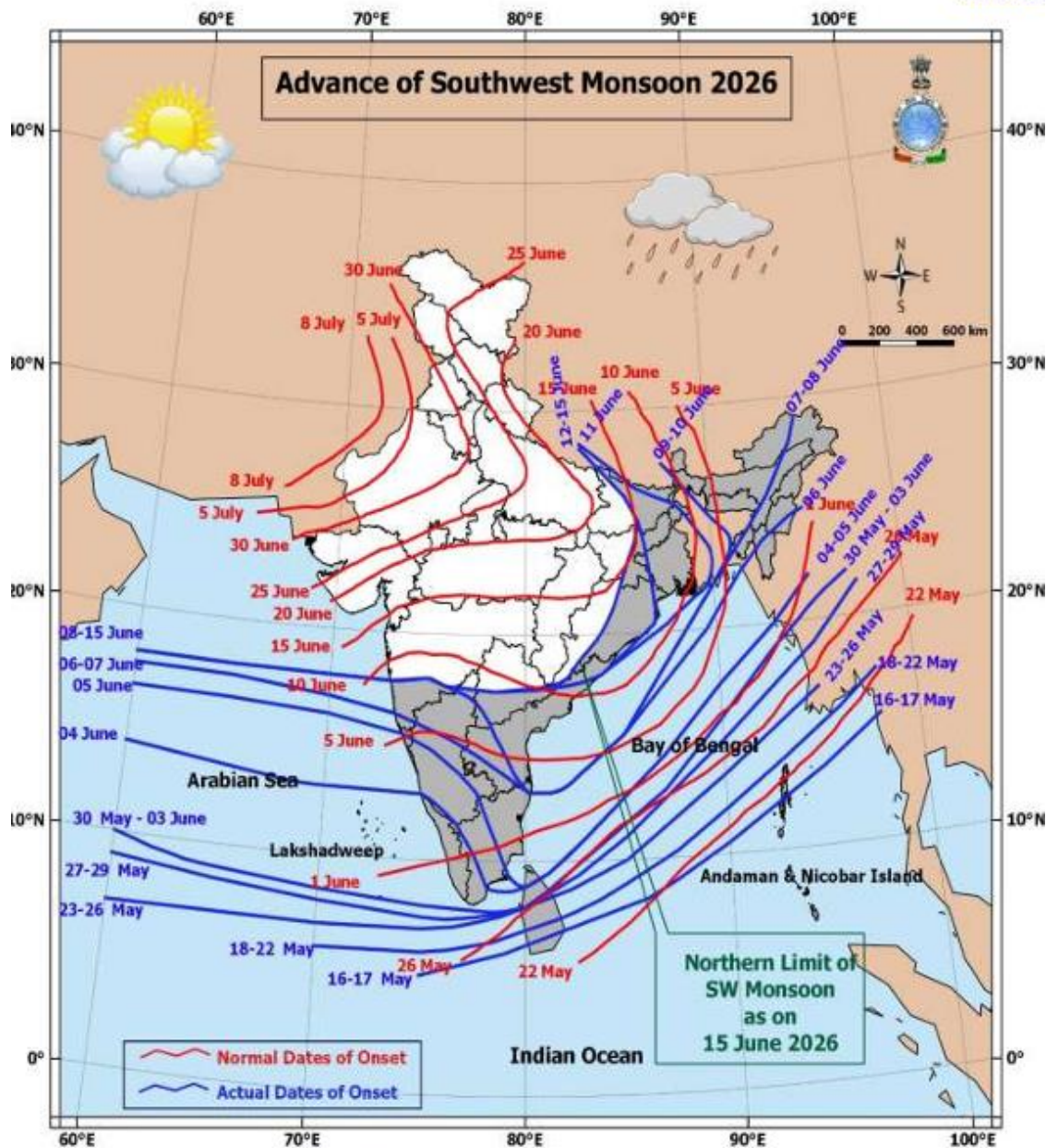
Figure 15: Probability forecast of tercile categories* of rainfall during southwest monsoon season, 2026



- ❖ The forecast presents probabilistic distribution across three categories: below normal, normal, and above normal rainfall.
- ❖ Several regions, particularly parts of northwestern and some central areas, show a higher probability of below-normal rainfall, indicating potential rainfall deficits.
- ❖ At the same time, parts of central, eastern, and peninsular India exhibit normal to above-normal rainfall probabilities, suggesting spatial variability.
- ❖ The forecast distribution highlights that the monsoon is not uniformly favourable, with contrasting regional signals in some pockets.
- ❖ Several regions, particularly parts of northwestern and some central areas, show a higher probability of below-normal rainfall, indicating potential rainfall deficits.

Source: IMD, NSE EPR Notes – 1) Southwest monsoon season includes June – September month. 2) *Tercile categories have equal climatological probabilities, of 33.33% each. 3) The white shaded areas within the land region represent no signal from the model.

Figure 16: Progress of south-west monsoon for 2026



Source: IMD, NSE EPR. Notes: 1) This image from IMD has been captured as of June 15th, 2026.

- ❖ The monsoon commenced over the Andaman & Nicobar Islands in mid-May, advancing towards the Indian mainland through the Bay of Bengal and Arabian Sea branches.
- ❖ It made its official onset over India on June 4th (Kerala coast), broadly in line with the normal schedule.
- ❖ The monsoon progressed into coastal Karnataka, Goa, Telangana, and Andhra Pradesh in a timely manner.
- ❖ A temporary halt in advancement is observed over central to northern Maharashtra, with rainfall delayed by approx. one week; similar conditions is prevailing in parts of Madhya Pradesh and Chhattisgarh.
- ❖ In contrast, the eastern and northeastern regions (including West Bengal, Odisha, Assam, and adjoining areas) is experiencing timely to slightly early onset, aided by the Bay of Bengal branch.

Box 2: El-Nino vs La-Nina: what do they mean?

El Nino and La Nina are two opposite phases of a climate cycle in the equatorial Pacific Ocean, known as ENSO (El Nino–Southern Oscillation).

El Nino occurs when sea surface temperatures in the central and eastern Pacific Ocean become warmer than normal. This often weakens the Indian monsoon and can lead to lower rainfall, higher temperatures and greater risk of drought-like conditions. La Nina is the opposite phase, when these Pacific waters become cooler than normal. It is generally associated with better monsoon rainfall over India, though the impact can vary from year to year.

El Nino and La Nina years are identified using the Oceanic Niño Index (ONI). This index tracks whether sea surface temperatures in a key part of the Pacific Ocean, called the Niño 3.4 region, are warmer or cooler than normal. The ONI is calculated as a 3-month moving average, which means it looks at the average temperature difference over three months rather than just one month.

When the ONI is $+0.5^{\circ}\text{C}$ or above, it indicates El Nino conditions. When it is -0.5°C or below, it indicates La Nina conditions. However, one such reading is not enough. For an event to be classified as El Nino or La Nina, the condition usually needs to continue for at least five consecutive overlapping 3-month periods. This helps confirm that the warming or cooling is sustained.

The strength of El Nino or La Nina depends on how high or low the ONI becomes. It is classified as weak when the value is between 0.5°C and 0.9°C , moderate between 1.0°C and 1.4°C , strong between 1.5°C and 1.9°C , and very strong when it reaches 2.0°C or more in absolute terms. In simple words, this method ensures that El Nino or La Nina is identified only when the Pacific Ocean remains unusually warm or cool for a meaningful period, not because of a temporary monthly change.

Alongside ENSO, another important climate factor is the Indian Ocean Dipole (IOD), which is based on sea surface temperature differences within the Indian Ocean.

A positive IOD means the western Indian Ocean is warmer than the eastern side near Indonesia. This is usually considered supportive for the Indian monsoon and can sometimes offset some of the adverse effect of El Nino.

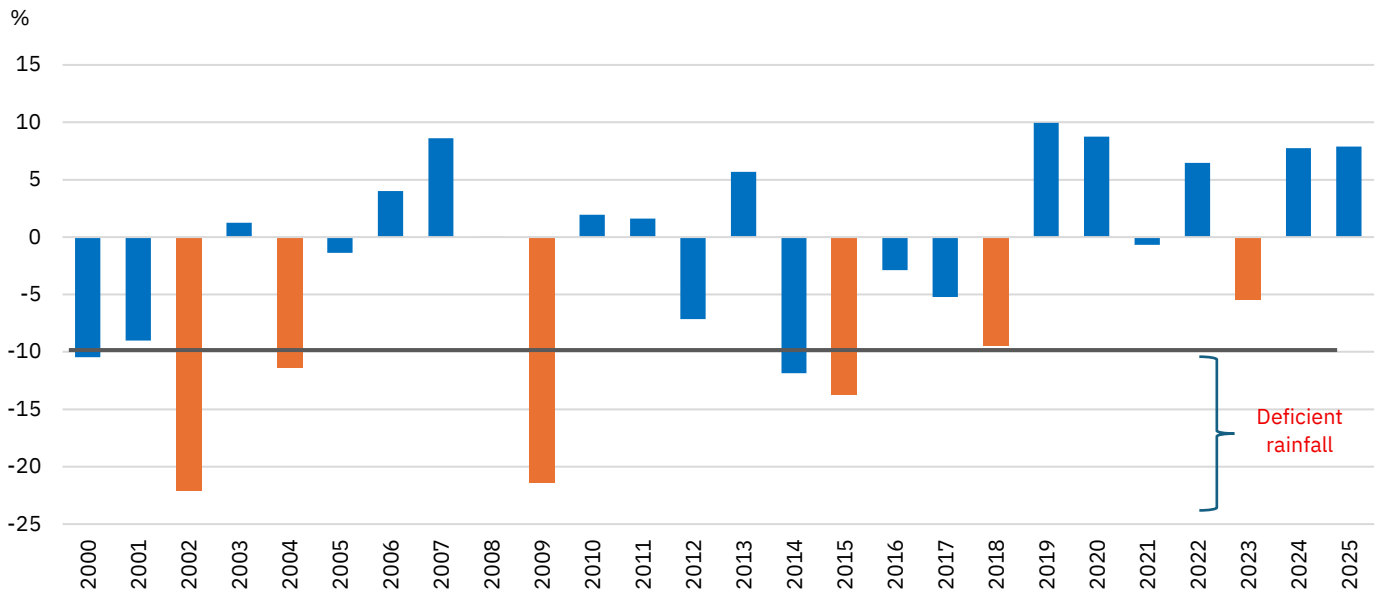
A negative IOD means the eastern Indian Ocean is warmer than the western side. This can be less favourable for monsoon rainfall.

- Negatively skewed rainfall during El Nino years** – Actual rainfall during El Nino years exhibit a negative skew, characterised by a higher concentration of below-normal rainfall years and more pronounced deficit tails. Many years coincide with El Nino phases, with rainfall deviations from the long-period average (LPA) significantly in the “deficient range”—1965 (-19.5%), 2002 (-21.1%), 2009 (-20.4%), and 2015 (-13.0%). This pattern underscores the systematic suppressing effect of El Nino on monsoon rainfall.

However, the impact of El Nino on monsoon rainfall has not been uniform and can partly influenced by the concurrent phase of the Indian Ocean Dipole (IOD). A positive IOD can partly offset, and in some cases reverse, the adverse impact of El Nino, as seen in 2019, when rainfall was 10% above LPA, and 1997, when rainfall remained in the normal range. However, this offset is not assured. In years such as 1982 and 2015, despite a positive IOD, rainfall was deficient at 13.6% and 13.7% below LPA, respectively. In contrast, when El Nino coincides with neutral or negative IOD conditions, rainfall outcomes have generally been weaker, with most

such episodes resulting in deficient or below-normal rainfall. Overall, while El Nino systematically increases the risk of deficient rainfall, the El Nino Southern Oscillation (ENSO)–IOD interaction ultimately determines the severity of monsoon outcomes.

Figure 17: South-west monsoon rainfall (% deviation from LPA) across periods



Source: CMIE Economic Outlook IMD, NSE EPR. Notes – 1) Southwest Monsoon refers to the period June to September. 2) El Nino years (2002, 2004, 2009, 2015, 2019 and 2023) based on the standard criterion of the three-month moving Nino index anomaly remaining above +0.5°C for five consecutive overlapping periods during the relevant monsoon window.

Table 3: South-west monsoon rainfall trends under ENSO–IOD conditions

Year	Rainfall (mm)	% Deviation from LPA	ENSO	IOD	Rainfall Category
2001	811	-9.0	Non-El Nino	Neutral	Below Normal
2002	694.8	-22.1	El Nino	Neutral	Deficient
2003	902.5	1.3	Non-El Nino	Neutral	Normal
2004	789.7	-11.4	El Nino	Neutral	Deficient
2005	879.2	-1.4	Non-El Nino	Neutral	Normal
2006	927.1	4.0	Non-El Nino	Positive IOD years	Normal
2007	968.2	8.6	Non-El Nino	Neutral	Above normal
2008	891.5	0.0	Non-El Nino	Neutral	Normal
2009	700.8	-21.4	El Nino	Neutral	Deficient
2010	910.6	2.0	Non-El Nino	Negative IOD years	Normal
2011	901.2	1.6	Non-El Nino	Neutral	Normal
2012	823.6	-7.1	Non-El Nino	Positive IOD years	Below Normal
2013	937.4	5.7	Non-El Nino	Neutral	Above Normal
2014	781.7	-11.9	Non-El Nino	Negative IOD years	Deficient
2015	765.8	-13.7	El Nino	Positive IOD years	Deficient
2016	862	-2.9	Non-El Nino	Negative IOD years	Normal
2017	841.3	-5.2	Non-El Nino	Neutral	Below Normal
2018	804	-9.4	Non-El Nino	Neutral	Below Normal
2019	968.3	10.0	El Nino	Positive IOD years	Above normal
2020	957.6	8.7	Non-El Nino	Neutral	Above normal
2021	874.6	-0.7	Non-El Nino	Negative IOD years	Normal
2022	924.8	6.5	Non-El Nino	Neutral	Above normal
2023	821.6	-5.4	El Nino	Neutral	Below normal
2024	935.9	7.8	Non-El Nino	Neutral	Above normal
2025	937.2	7.9	Non-El Nino	Neutral	Above normal

Source: CMIE Economic Outlook IMD, NSE EPR. Notes – 1) Southwest Monsoon refers to the period June to September. 2) Rainfall is classified using IMD thresholds: Less than -10% of LPA: Deficient; -10% to -4%: Below Normal; -4% to 4%: Normal; 4% to 10%: Above normal and 10+%: Excess 3) ENSO stands for El-Nino Southern Oscillation and IOD stands for Indian Ocean Dipole

El Nino tends to amplify downside risks across regions: Regional rainfall outcomes show that El Nino years tend to amplify downside risks, but the impact varies across regions. During some of the El Nino years considered below (2015, 2019, 2023), rainfall deficits were broad-based in 2015, with East & Northeast India, Northwest India, Central India and South Peninsula all recording below-normal rainfall. However, the regional pattern was less uniform in later El Nino years. In 2019 (El Nino and positive IOD), Central India and South Peninsula recorded surplus rainfall of 29.3% and 15.8%, respectively, even as East & Northeast India remained deficient at -12.0%. In 2023, East & Northeast India again saw a sharp deficit of -17.5%, while Northwest and Central India were broadly normal. In contrast, non-El Nino years show more mixed regional outcomes, with recent years such as 2024 and 2025 seeing strong surpluses in Northwest and Central India, even as East & Northeast India remained weak. This suggests that El Nino raises rainfall risk, but regional outcomes depend on monsoon circulation, IOD conditions and spatial distribution of rainfall.

Table 4: Region wise south-west monsoon rainfall deviation from normal (%)

	Non-El-Nino years									El-Nino years		
	2014	2016	2017	2018	2020	2021	2022	2024	2025	2015	2019	2023
East & North-East India	-10.1	-10.9	-3.6	-24.4	6.4	-11.6	-17.6	-13.3	-20.3	-6.6	-12.0	-17.5
North-West India	-21.5	-5.0	-10.1	-1.9	-15.7	-3.9	1.1	26.4	27.3	-16.9	-2.3	0.8
Central India	-9.6	6.0	-5.8	-6.6	15.1	3.7	18.7	19.5	15.1	-16.1	29.3	0.3
South peninsula	-7.0	-7.6	0.2	-1.6	29.4	10.7	22.1	13.9	9.9	-15.5	15.8	-8.1

Source: CMIE Economic Outlook IMD, NSE EPR. Notes – 1) The data is constructed on a June–May basis. For instance, the year 2014 represents rainfall deviation from June 2014 to May 2015.

Table 5: Sub-division wise distribution of rainfall deviation (%)

Sub-division	Non-El-Nino years									El-Nino years		
	2014	2016	2017	2018	2020	2021	2022	2024	2025	2015	2019	2023
Konkan and Goa	-5.5	21.8	10.0	-1.1	27.4	23.8	9.3	29.3	15.3	-31.0	52.5	10.8
Coastal Karnataka	1.1	-21.2	-15.8	-0.8	19.1	-10.0	4.6	21.8	9.9	-26.1	22.7	-12.7
Andaman & Nicobar Island	-3.8	-7.1	-9.3	-6.7	3.5	22.5	-2.5	-0.1	18.9	-0.2	41.0	55.0
Sub-Himalayan WB & Sikkim	-7.2	-0.5	1.7	-13.2	35.2	-9.0	-0.1	9.9	-15.5	-6.9	-4.4	7.0
Kerala and Mahe	6.1	-33.7	-8.9	23.4	8.7	-16.1	-14.0	-13.4	-13.2	-25.7	12.7	-34.3
Assam and Meghalaya	-6.2	-30.3	-10.0	-26.2	21.1	-21.8	-9.2	-15.1	-36.3	-1.0	-11.6	-16.7
Arunachal Pradesh	-1.0	-3.9	-11.1	-32.2	12.6	-24.8	-14.6	-28.3	-41.5	-0.3	-10.9	-10.9
Uttarakhand	-27.0	-10.2	-2.5	-2.8	-19.9	-2.0	-3.0	9.5	22.2	-28.3	-18.4	3.5
Chhattisgarh	-3.6	2.0	-9.9	-4.5	8.1	-3.0	12.7	8.8	3.1	-10.4	9.9	-6.4
Gangetic West Bengal	-14.3	-0.4	-3.0	-19.8	-10.2	31.1	-24.1	0.5	8.4	10.2	-20.4	-22.1
Odisha	9.2	-10.4	-8.5	12.2	-1.3	-9.5	4.0	-5.1	0.4	-10.0	6.7	-3.0
East Madhya Pradesh	-29.0	18.9	-24.3	-12.6	-1.6	-15.0	9.8	13.2	16.9	-28.7	24.9	-4.3
Vidarbha	-14.4	9.5	-23.4	-8.3	-9.7	2.7	31.0	17.2	14.4	-11.2	11.8	-1.6
West Madhya Pradesh	-11.9	18.7	-15.8	-4.4	13.2	14.4	35.4	22.6	24.9	4.8	61.3	3.4
Lakshadweep	-4.0	-25.3	11.0	-44.6	32.8	-21.9	35.5	27.0	-16.6	-14.0	21.6	-15.0
Nagaland, Manipur, Mizoram & Tripura	-17.4	-16.9	25.0	-15.9	-32.3	-31.9	-27.5	-16.7	-6.6	-12.0	-21.9	-26.0
Gujarat Region	-13.8	-24.1	8.8	-23.9	12.2	-14.5	19.1	29.7	21.3	-26.8	29.3	-2.1
Telangana	-34.0	19.2	-13.0	-2.4	45.7	38.9	46.0	29.1	30.5	-20.4	6.0	15.3
Jharkhand	-14.8	0.5	-10.4	-28.2	-14.7	-1.1	-20.1	-1.4	17.3	-13.7	-17.9	-26.6
Madhya Maharashtra	-6.4	12.3	16.9	-8.8	28.7	16.2	26.1	38.6	20.1	-33.2	55.3	-12.5
East Rajasthan	0.4	32.0	-8.1	3.2	-1.9	15.6	24.6	46.9	61.2	-9.7	52.5	-0.6

Sub-division	Non-El-Nino years									El-Nino years		
	2014	2016	2017	2018	2020	2021	2022	2024	2025	2015	2019	2023
Marathwada	-41.6	20.8	-5.9	-21.7	29.5	47.8	23.6	20.2	38.6	-39.5	-11.7	-11.4
Bihar	-17.4	-3.3	-8.8	-25.0	25.1	2.7	-31.1	-19.5	-30.8	-27.5	3.3	-23.3
Himachal Pradesh	-36.6	-24.3	-12.7	11.2	-25.9	-9.6	-3.7	-18.2	39.2	-22.7	-10.4	20.1
Saurashtra and Kutch	-4.0	-12.7	35.4	-33.8	126.0	23.5	39.4	74.6	31.0	6.0	65.6	47.4
South interior Karnataka	20.4	-20.5	1.6	4.1	19.9	2.5	48.6	7.2	-3.5	-8.2	23.1	-27.8
East Uttar Pradesh	-42.4	-12.0	-27.8	-15.6	-6.5	3.4	-30.4	-6.7	-16.6	-47.4	0.9	-28.7
Coastal Andhra Pradesh & Yanam	-22.7	14.1	14.1	0.0	23.6	20.0	6.5	33.2	3.2	10.5	9.2	-2.9
West Uttar Pradesh	-55.9	-16.8	-31.0	0.7	-36.9	-20.6	-25.5	10.5	11.6	-42.8	-26.9	3.6
North interior Karnataka	-4.6	3.9	3.3	-29.3	48.7	22.2	34.6	3.9	50.0	-29.8	23.2	-10.7
Jammu and Kashmir	18.5	-9.9	2.0	11.7	-33.5	-29.1	5.7	-25.6	28.4	14.8	-21.4	3.9
Haryana, Chandigarh and NCT of Delhi	-57.0	-27.5	-25.8	-9.3	-14.5	29.9	8.1	-3.2	33.0	-36.1	-41.8	-1.2
Rayalaseema	-22.3	-1.5	27.1	-36.6	83.7	18.6	19.1	18.1	13.9	-10.1	11.7	-12.6
Punjab	-50.3	-28.4	-21.8	7.2	-16.2	-6.5	-5.9	-28.5	41.4	-31.3	-4.9	-5.3
West Rajasthan	-0.2	20.0	38.9	-23.4	24.8	19.7	58.3	71.4	68.6	45.9	18.7	41.6
Tamil Nadu, Karaikal and Puducherry	-0.7	-18.6	30.6	-8.4	27.8	17.1	45.0	18.7	-0.7	-9.9	17.5	7.9
No. of deficient rainfall sub-divisions in a year	11	9	6	12	5	6	6	4	3	16	5	7

Source: CMIE Economic Outlook IMD, NSE EPR. Notes – 1) States are ranked based on the average rainfall of last 5 years. 2) The data is constructed on a June–May basis. For instance, the year 2014 represents rainfall deviation from June 2014 to May 2015. 3) Rainfall is classified using IMD thresholds: ≥60% of LPA: Large Excess; 20% to 59%: Excess; -19% to +19%: Normal; -59% to -20%: Deficient; -99% to -60%: Large Deficient.

Macroeconomic implications of El-Nino years

India enters the 2026 monsoon season from a position of macroeconomic resilience, with real GDP growth estimated at 7.7% in FY26 (new base year 2022-23) and RBI's FY27 growth outlook, though revised lower, still healthy at 6.6%. However, the economy is navigating multiple risks, of which El Nino-linked monsoon weakness remains important. A weak or poorly distributed monsoon can affect kharif sowing, crop production, food inflation, rural demand, reservoir storage and rabi prospects. While the structural dependence of the economy on agriculture has declined, the sector remains macro-relevant: gross value added of crop sub-segment still accounts for nearly 52% of agriculture GVA (constant prices; 2011-12 base), down from over 61% in the first two decades of this century, but large enough to influence rural incomes and food-price dynamics.

- **Impact on sowing is limited in recent years...**: Kharif sowing remains closely linked to the SW monsoon, given the seasonal dependence of crop planting on rainfall. Rainfed agriculture still accounts for nearly 60% of India's net sown area,⁵ keeping acreage decisions sensitive to the timing and spread of monsoon rainfall. That said, the sowing data suggests that the impact of weak rainfall on kharif acreage has become relatively more limited in recent years. Since around 2020, kharif actual area sown has shifted to a higher range of nearly 110–112 m hectares, compared with around 100–106 m hectares in much of the earlier period. The improvement is also visible in actual area sown as a share of normal area, which

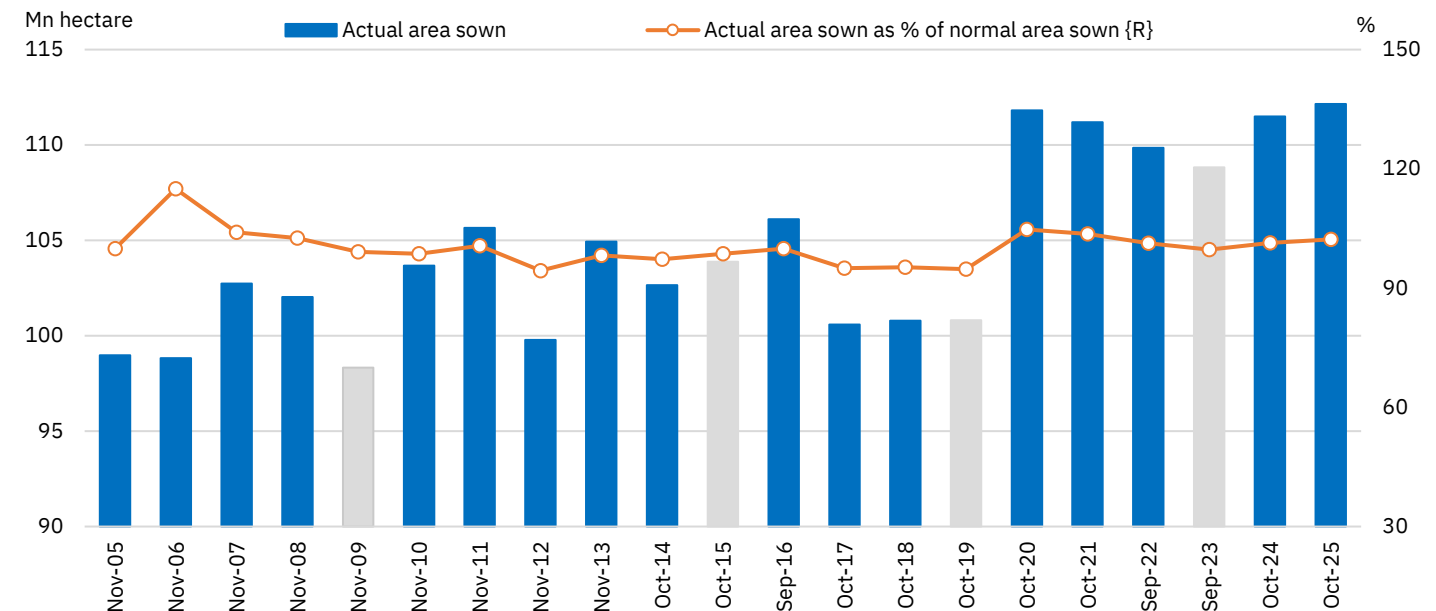
⁵ [PIB link as of May 9th, 2026](#) on National Mission for Sustainable Agriculture

has increased from a broad range of 94–98% during the decade ended 2020 to above 102% in the latest sowing period (October 2025).

During the El Nino year of 2023, there was a modest dip in actual area sown and had even fallen below the normal area, underscoring the risks of El Nino on sowing activity to some extent. The overall impact of monsoon on sowing seems limited supported by better irrigation access, timely seed availability, procurement visibility, crop insurance and adaptive crop choices. The rise in gross irrigated area from around 40–45% of gross cropped area during the 2000s–2010s to nearly 60% in FY24 has likely played an important role in reducing sowing vulnerability.

- **...With more visible impact seen in kharif production:** The kharif production impact, however, remains more visible when rainfall deficits are severe. In major El Nino years such as 2002/FY03 and 2009/FY10, sharp contractions in kharif foodgrain production of 22.2% and 12.0% was observed. Yield losses were also significant at 15.7% and 9.6%, respectively. However, the relationship has weakened over time. In 2015/FY16, despite rainfall being 13.7% below LPA, kharif foodgrain output contracted by only 2.3%, while in 2023/FY24, a 5.4% rainfall shortfall was associated with broadly flat foodgrain production. The Crop GVA relationship also shows that rainfall remains important but is no longer a one-to-one driver of agricultural growth. Severe deficit years such as 2002 and 2009 were associated with weak crop outcomes, while some years with modest rainfall shortfalls saw limited damage.

Figure 18: Trends in actual area sown of kharif crops

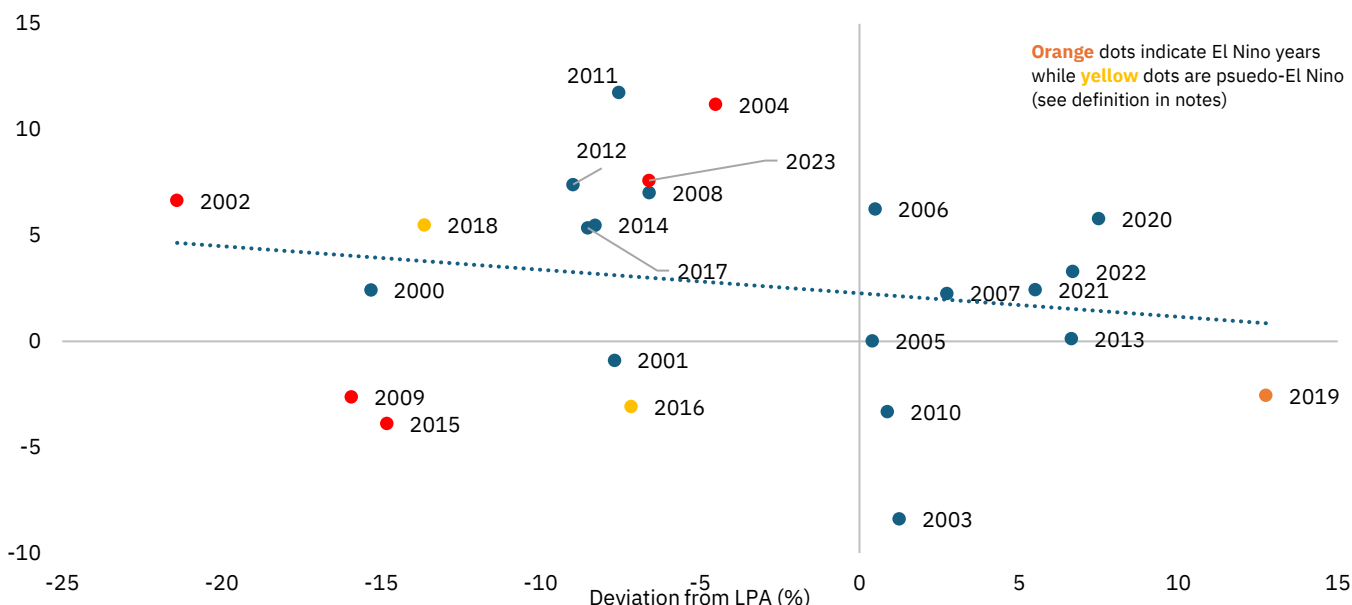


Source: CMIE Economic Outlook, NSE EPR. Notes – 1) Available weekly cumulative data for actual area sown has been taken as at the end of each kharif season.

Table 6: Kharif foodgrain production during select El Nino and Non-El Nino years

Kharif crop (YoY%)	% share*	El Nino					Non-El Nino years				
		2002/ FY03	2009/ FY10	2015/ FY16	2019/ FY20	2023/ FY24	2007/ FY08	2013/ FY14	2022/ FY23	2024/ FY25	2025/ FY26
Rainfall:		-22.1	-21.4	-13.7	8.7	-5.4	8.6	5.7	6.5	7.8	7.9
Deviation from normal											
Average yield per hectare		-15.7	-9.6	-2.9	0.3	0.1	8	-1.5	3.3	4.5	NA
Foodgrains (Kharif)	100.0	-22.2	-12.0	-2.3	1.6	0.0	9.3	0.5	0.2	8.8	3.9
Cereals	95.7	-22.6	-12.1	-2.3	1.9	0.5	8.2	0.4	0.7	8.7	4.2
Rice	70.9	-21.7	-10.6	0.0	0.2	2.5	3.2	-0.9	-0.4	8.4	1.6
Coarse cereals	24.8	-25.4	-16.7	-9.0	7.1	-5.4	24.3	4.7	4.0	9.6	12.1
Pulses	4.3	-14.2	-10.9	-3.5	8.8	-8.5	33.5	1.4	-7.5	10.9	-1.7
Arhar	2.0	-3.3	8.8	-8.8	17.4	3.2	32.9	5.0	-21.5	6.1	-0.9
Other pulses	2.3	-23.8	-28.1	1.5	-15.6	-17.5	34.1	-2.4	7.4	15.5	-2.4

Source: CMIE Economic Outlook, NSE EPR. Notes: 1) % share is the share of total kharif production in FY26. 2) Average yield per hectare YoY growth has been computed for the kharif foodgrains. 3) Coarse cereals include Jowar, Bajra, Maize, Ragi and small millets.

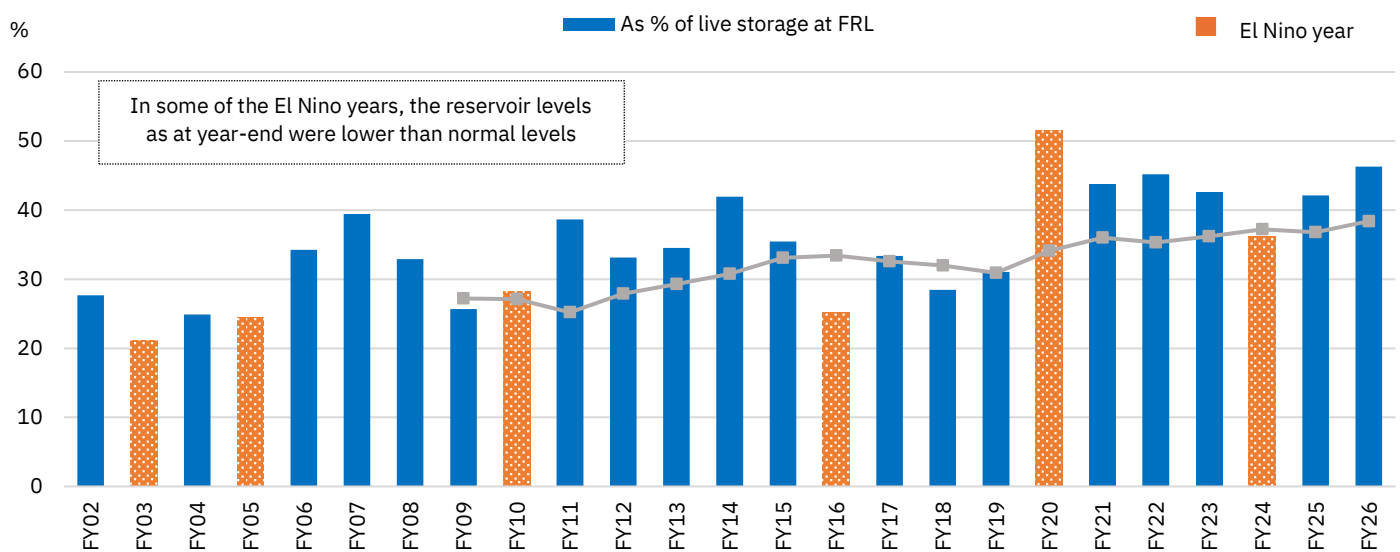
Figure 19: Crop GVA YoY% vs deviation of rainfall from LPA


Source: IMD, CMIE Economic Outlook, NSE EPR. Notes: 1) Orange dots indicate monsoon relevant El Nino years, where the five consecutive ONI periods above +0.5°C overlapped with India's southwest monsoon season. Yellow dots indicate years that meet the formal El Nino criterion, but where the qualifying ONI spell occurred outside the monsoon window and are therefore treated separately.

- ...And to some extent on reservoir levels and rabi production:** The rabi season — which spans October to March has less dependence on current rainfall, unlike kharif crops, and more on soil moisture, reservoir storage and irrigation availability. Historically in some El Nino years such as 2002, 2004, 2009 and 2015 were associated with weaker reservoir storage, reflecting the impact of deficient monsoon rainfall. However, recent years show a more comfortable reservoir position, with October live storage generally remaining around 70–80% of live capacity at FRL, and May storage also relatively healthy in several years. However, in 2023, although the reservoir level was little above 70% of live capacity at FRL, there has been a visible dip compared to other years, reflecting the partial impact of El Nino. This suggests that improved reservoir buffers and irrigation availability have helped reduce the direct transmission of El Nino-related monsoon weakness to rabi sowing and production.

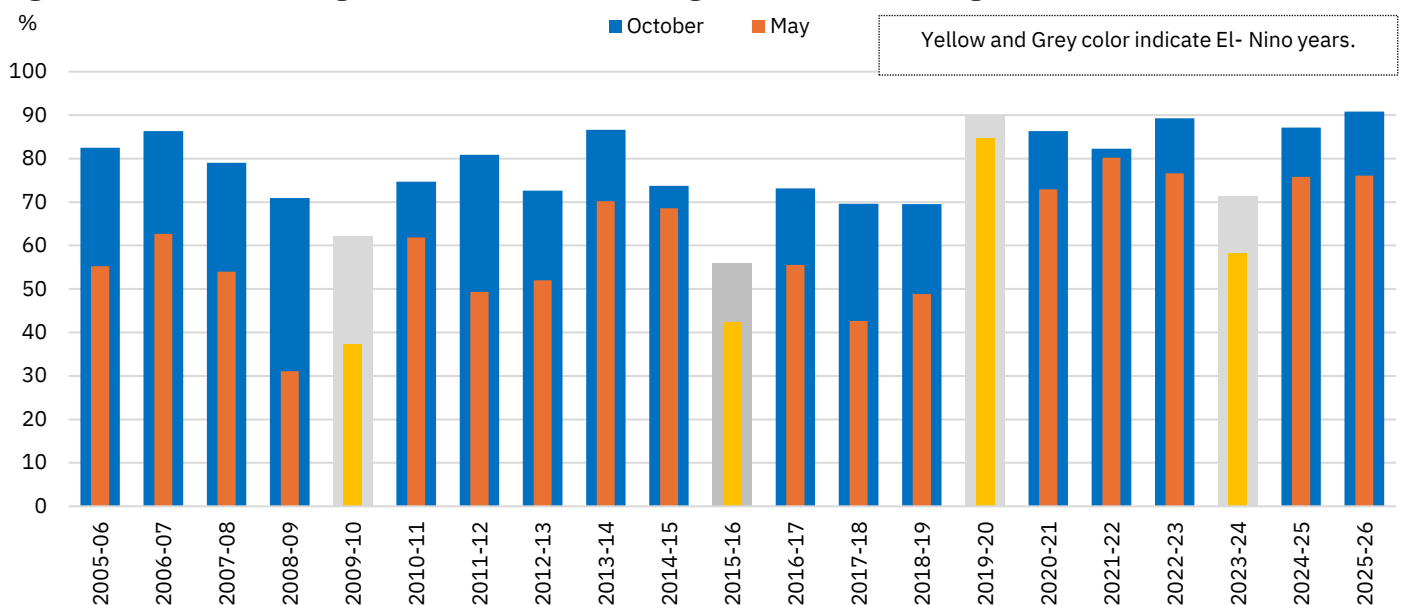
The production data shows that El Nino years can still impact rabi outcomes when rainfall deficits are severe, but the impact has become relatively muted and less uniform over the years. In 2002/FY03, when monsoon rainfall was 22.1% below normal, rabi foodgrain production declined 13.1%, with average yield per hectare falling 7.0%. In 2009/FY10, the production dip was milder at 1.9%, while in 2015/FY16, rabi foodgrain output grew 2.0% despite deficient rainfall, supported by a 4.9% rise in yields. More recent El Nino years show some resilience: rabi foodgrain production rose 7.0% in 2019/FY20 and 1.5% in 2023/FY24. This is lower compared to relatively healthy growth in foodgrain production in Non-El Nino years.

Figure 20: Reservoir storage levels (% of full capacity) – end-March of each fiscal



Source: CMIE Economic Outlook IMD, NSE EPR. Notes – 1) FLR = Full reservoir level. 2) El Nino years (2002, 2004, 2009, 2015 and 2023) based on the standard criterion of the three-month moving Nino index anomaly remaining above +0.5°C for five consecutive overlapping periods during the relevant monsoon window

Figure 21: Reservoir storage levels – current live storage (as a % of live storage at FRL)



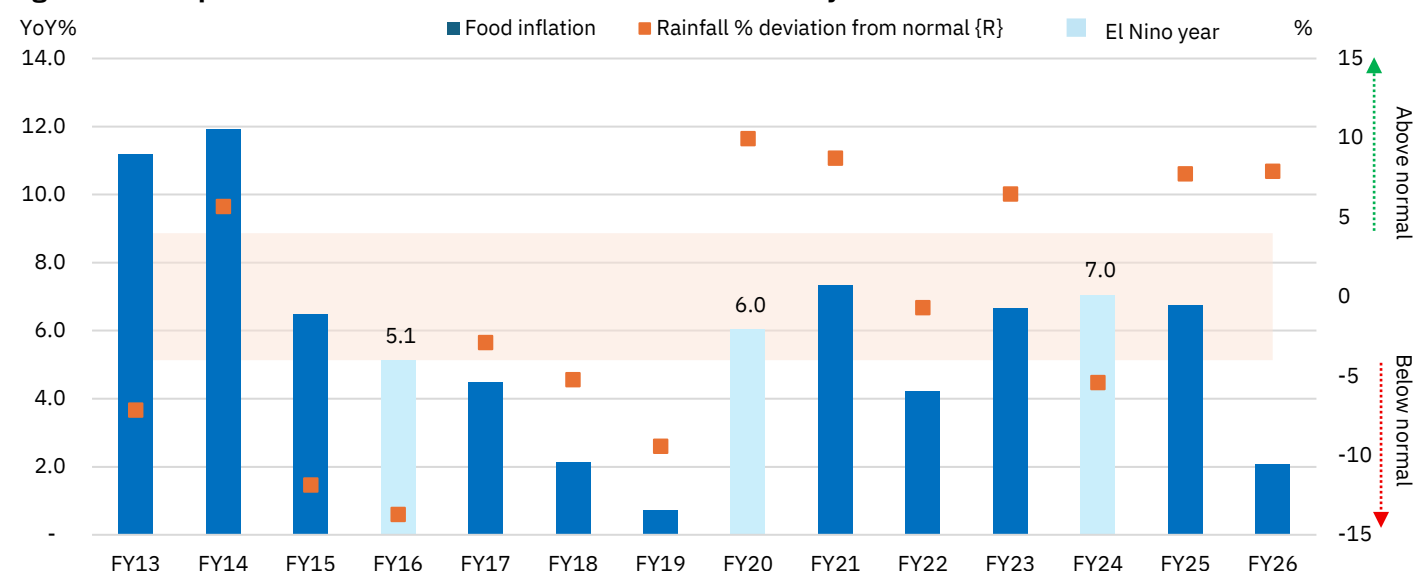
Source: CMIE Economic Outlook, NSE EPR 1) In a season 2005-06, October value pertains to October 2005 and May is 2006. 2) El Nino years (2002, 2004, 2009, 2015 and 2023) based on the standard criterion of the three-month moving Nino index anomaly remaining above +0.5°C for five consecutive overlapping periods during the relevant monsoon window

Table 7: Rabi foodgrain production (YoY %)

Rabi crop	% share FY26	El Nino years					Non-El Nino years				
		2002/ FY03	2009/ FY10	2015/ FY16	2019/ FY20	2023/ FY24	2007/ FY08	2013/ FY14	2022/ FY23	2024/ FY25	2025/ FY26
Deviation from normal		-22.1	-21.4	-13.7	8.7	-5.4	8.6	5.7	6.5	7.8	7.9
Average yield/hectare		-7.0	-2.7	4.9	5.3	1.5	4.1	0.2	1.1	2.4	NA
Foodgrains	100.0	-13.1	-1.9	2.0	7.0	1.5	3.0	5.7	8.6	6.7	6.5
Cereals	90.1	-12.6	-2.6	2.8	6.9	2.4	4.4	5.5	10.2	7.0	6.1
Rice	14.6	-31.8	-7.7	-7.8	14.9	-2.7	6.1	17.7	36.7	11.6	6.8
Wheat	60.2	-9.6	0.2	6.7	4.1	2.5	3.7	2.5	2.6	4.1	2.3
Coarse cereals	15.4	-8.7	-15.1	-13.0	21.1	8.4	8.1	18.0	31.9	16.7	23.4
Pulses	9.9	-18.2	5.8	-5.5	8.0	-6.3	-11.1	6.7	-3.3	3.9	10.3
Gram	6.2	-22.6	5.9	-3.8	11.5	-10.0	-9.2	7.9	-9.4	0.7	12.6
Other pulses	3.6	-10.5	5.7	-8.7	-0.5	1.0	-15.0	3.9	11.7	9.7	6.7

Source: CMIE Economic Outlook IMD, NSE EPR. Notes: 1) % share is the share of total rabi production in FY26. 2) Average yield per hectare YoY growth has been computed for the kharif foodgrains. 3) Coarse cereals include Jowar, Bajra, Maize, Ragi and small millets

- El Nino impact on food inflation is more nuanced:** El Nino years tend to carry upside risks for food inflation, although the relationship is not mechanical. On average, food inflation during selected El Nino years stood at around 8.4%, compared with 6.9% in selected non-El Nino years. However, this difference is significantly influenced by FY10, when a severe rainfall deficit of -21.4% coincided with very high food inflation of 15.2%. Excluding such extreme episodes, the inflation gap between El Nino and non-El Nino years appears less pronounced with the average of food inflation dropping to 6.1%. That said, food inflation has generally remained elevated in El Nino years with impact on different food groups varying over the years.

Figure 22: Comparison of food inflation in El-Nino vs Non-El-Nino years


Source: CMIE Economic Outlook, NSE EPR

Table 8: Sub-component wise break up of food inflation

	Rainfall deviation (% from normal)	Food inflation	Cereals	Vegetables	Pulses	Fruits
El Nino years						
FY10	-21.4	15.2	11.9	NA	41.2	NA
FY16	-13.7	5.1	1.9	1.3	31.9	1.6
FY20	10.0	6.0	2.8	21.3	9.9	0.7
FY24	-5.4	7.0	10.7	14.9	15.2	5.4
Average		8.4	6.8	12.5	24.5	2.6
Non-El Nino years						
FY21	8.7	7.3	3.8	5.8	16.4	8.7
FY23	6.5	6.7	11.1	3.0	2.4	2.4
FY25	7.8	6.7	7.2	19.4	8.3	8.7
Average		6.9	7.4	9.4	9.0	6.6

Source: CMIE Economic Outlook, NSE EPR Notes: 1) Rainfall deviation is the percentage deviation of actual from long period average. 2) Inflation captured for FY10 is based on the CPI index for industrial workers and its respective food composition which is slightly different from the CPI index for base 2011-12. Inflation for other years are based on the CPI index for 2011-12 4) NA indicates not available for this category.

Macroeconomy

Navigating the Triple Challenge: Growth, Inflation and External Volatility

The global economy remains caught between pockets of resilience and an increasingly challenging growth-inflation trade-off. Even as an interim deal was finalised between US and Iran recently, the duration of the energy disruption is likely to determine whether the present resilience can be sustained. The crude oil prices have fallen below US\$ 90/bbl, but conditions remain far from normal, and persistent disruptions in energy supplies are likely to weigh on global activity. Against this backdrop, the World Bank expects global growth to slow from 2.9% in 2025 to 2.5% in 2026, while the OECD projects a moderation from 3.4% to 2.8%. The inflationary impact is also becoming increasingly visible, with energy-led commodity pressures feeding into consumer prices across major economies such as US and Eurozone which recorded multi-year highs in their CPI prints. This has prompted central banks to reassess their policy trajectories, with the global easing cycle stalling and beginning to reverse selectively- the ECB and Bank of Japan recently raising their policy rates. Global merchandise trade, however, remained relatively resilient during the first half of 2026, according to the [WTO's June Goods Trade Barometer](#), as robust demand for electronic components linked to AI investment partly offset the adverse impact of the conflict and elevated energy prices.

Amidst the global gloom, India recorded a real GDP growth of 7.7% in FY26, driven by a better-than-expected Q4 despite the disruption that started in the month of March. Growth was driven by steady private consumption and sustained investment activity. The central government also managed to achieve its fiscal deficit to 4.4% of GDP in FY26 (in-line with RE) supported by RBI dividend transfers and contained expenditure even as revenue remained constrained. For the two months of FY27, the high-frequency indicators point to resilience in domestic economic activity with indicators like auto sales, tractor volumes, bank credit growing while moderation in petrol and diesel consumption, passenger and cargo traffic needs monitoring. On the data front, recent revisions to key data series (GDP, CPI, IIP, WPI and PPI series) and the introduction of monthly BoP accounts by the RBI marks an important step to improve the timeliness and representativeness of India's macroeconomic statistics, aligning it better to global standards.

Going forward, the outlook for India is shaped by a trilemma of inflationary risks, external sector volatilities and emerging growth trade-offs (RBI real GDP FY27E: 6.6%). Even as the recent measures announced by the RBI to attract foreign capital might provide short-term respite and help support INR, once actualised, the impossible trinity constraint could keep the policy stance cautious. The possibility of El Nino conditions and a higher probability of deficient rainfall could also weigh on agricultural output and rural demand, while at the same time, increasing inflationary risks. Since the start of monsoon (June 4th – 15th), India recorded a rainfall deficit of 64% across central, eastern and southern regions. Our "[Story of the Month](#)", assesses the long-term monsoon behaviour in India and the historical macroeconomic implications of El Nino across sowing, production and reservoir levels. As per IMD, India is expected to receive deficient rainfall in 2026 with a 60% probability and further 24% probability to below-normal rainfall.

- RBI maintains status quo and announces measures to support capital flows:** The June 2026 MPC policy marked a prudent pause, with the RBI maintaining status quo on the repo rate at 5.25% and retaining the neutral stance amid elevated inflation risks, external sector pressures and emerging growth moderation. While headline inflation has remained within the target band and underlying price pressures are benign, supply-led headwinds have sharpened the growth-inflation trade-off. Reflecting this, the FY27 CPI forecast was raised by 50 bps to 5.1%, while real GDP growth was lowered by 30 bps to 6.6%. Liquidity remained in surplus, transmission has been healthy though incomplete, and external-sector measures were announced to strengthen capital inflows. Policy for the remainder of the fiscal is likely to remain vigilant and data dependent.
- GDP growth surprised on the upside in Q4FY26:** India's GDP growth in Q4FY26 surprised on the upside at 7.8% YoY, exceeding market expectations and

highlighting the resilience of the domestic economy despite heightened global uncertainty and the ongoing West Asia crisis. Growth was driven by a sharp pickup in investment activity, which recorded its strongest expansion in three years, alongside healthy private consumption, reflecting sustained strength in domestic demand. On the supply side, services and agriculture remained the key growth drivers, while manufacturing growth moderated amid rising input costs. Supported by the stronger-than-expected Q4 outturn and upward revisions to earlier quarters, full-year FY26 GDP growth stood at 7.7%, marginally above the Second Advance Estimates, reaffirming India's position as the fastest-growing major economy.

- Q4FY26 current a/c surplus; FY26 records largest BoP deficit:** India's current account turned to a surplus of US\$7.0 bn (0.7% of GDP) in Q4FY26, supported by a narrower merchandise trade deficit (US\$83.4 bn) and record services and remittance inflows. However, FY26 marked the largest Balance of Payments (BoP) deficit on record at US\$23.6 bn despite record net services receipts (US\$216.6 bn) and transfer inflows (US\$143.5 bn). The deterioration was driven primarily by a sharp weakening in capital account support, with the capital account surplus (US\$1.9 bn) falling to its lowest level since FY08, reflecting sizeable foreign portfolio outflows and weaker external financing conditions. Going forward, elevated crude oil prices and geopolitical developments in West Asia remain key risks to the external sector outlook, while recent measures to support foreign capital inflows could help partly mitigate financing pressures.
- A timely and representative industrial production gauge released:** Ministry of Statistics and Programme Implementation (MoSPI)'s new IIP series with base year 2022-23 marks a timely methodological reset, aimed at making India's industrial production data more representative of the current economic structure. The revision updates classifications, expands sectoral coverage, refreshes the product basket and revises sectoral and use-based weights. The new base alters the recent industrial growth narrative, with headline IIP growth stronger in FY24 and FY25 at 6.7% and 6.4%, respectively, compared with 5.9% and 4.1% under the old series. In FY26, the two series broadly converged at 4.3% versus 4.1%. IIP for April 2026 moderated to 4.9% YoY, weighed down by mining, even as manufacturing and investment-linked segments like capital and infrastructure goods exhibited resilient growth.
- Retail inflation inched up driven by energy-led pressures:** India's CPI inflation inched up to 3.9% YoY in May 2026 from 3.5% YoY in April, driven by an uptick in food inflation and emerging price pressures from retail fuels, jewellery, and restaurant and accommodation services. Food inflation accelerated to 4.5% YoY from 4.0% in April, reflecting broad-based increases across several categories, particularly oils & fats (9.5% YoY), meat (9.5%), fish (7.5%), fruits (8.2%) and vegetables (4.3%). Core inflation also firmed up to 3.8% YoY from 3.3%, largely on account of higher retail fuel prices (petrol: 3.1% and diesel: 3.4%) and rising precious metal prices. However, excluding fuel and jewellery, core inflation remained contained at 2.2% YoY. Inflation increased in both rural and urban areas, with rural inflation rising at a faster pace.
- Bank credit growth accelerated sharply to a two-year high:** Bank credit growth grew sharply by 17.7% YoY as of 31st May 2026 (latest by RBI WSS). Bank deposit growth lagged at 12.2%, widening the credit-deposit gap. C-D ratio also reached to

an all-time high of 82.8%. Sector-wise credit deployment as of Apr 26 indicated that the credit to services grew by 17% YoY, largely led by lending to NBFCs (27.7% YoY). Credit to industry (16.5% YoY) also saw broad-based expansion with MSMEs and large industries growing significantly in April. On the retail front, personal loans (~16%) vehicle and gold loans continued to grow.

- India's trade deficit remains high as imports grow due to rising commodity prices:** India's trade deficit remained widened at US\$ 28.2bn in May 2026 led by energy supply shock and higher crude oil prices. The oil trade deficit widened to US\$ 14.3bn in May (from US\$ 9bn in the previous month) as oil imports rose significantly by 54% YoY/22% QoQ. Goods export rose to an all-time high of US\$ 45.2bn (+18% YoY) largely led by rising oil exports alongside engineering (6-month high) and electronic goods export. Goods import also increased to a 7-month high of US\$ 73.4 (+20.6% YoY partly due to base-effect). Within non-oil imports, the increase was led by a rise in electronic goods import and gold imports due to higher gold prices. Services trade surplus in May fell to US\$17.7 bn yet it remained robust. FX reserves at US\$ 681bn as of June 5th, 2026 is expected to cover 10.3 months of imports.
- Fiscal deficit for FY26 at 4.4%, in line with revised estimates:** The union government fiscal deficit for FY26 stood at Rs 15.2 lakh crore (4.4% of GDP), achieving 97.5% of the revised estimates, the lowest in six years. Tax revenue grew by 6% YoY, led by corporate tax (11% YoY) even as income tax collections remained muted (0.04% YoY) due to the tax relief measures announced in FY26. Non-tax revenue surged 26% YoY (101.7% of FY26RE), driven by record RBI surplus transfer of Rs 2.9 lakh crore. Total expenditure grew modestly by 5% YoY with revenue and capital expenditure both growing (6% and 2% YoY respectively). GST collections for FY26 remained resilient at Rs 23 lakh crore (6% YoY), with 156 crore e-way bills generated reflecting sustained economic activity.

On monthly accounts, the fiscal deficit in April 2026 amounted to 21.4% of the full-year budgeted target for FY27 (vs. 11.9% in April FY26), driven by a 6% YoY dip in net tax revenue (6.2% of FY27BE) and a 64% YoY fall in non-tax revenue (3.6% of FY27BE). On the expenditure side, revenue expenditure surged 26% YoY while capital expenditure rose 19% YoY (15.5% of FY27BE), keeping the government's intent of improving quality expenditure intact.

- Strong balance sheet expansion and record dividend transfer by RBI:** The RBI's FY26 annual accounts showed a sharp expansion in its balance sheet, which grew 20.6% to around Rs 92 lakh crore, led by higher domestic investments following net OMO purchases of Rs 8.8 lakh crore and sizeable valuation gains on gold amid rising global prices and INR depreciation. Total income rose strongly by 26.4% to Rs 4.3 lakh crore, supported by higher exchange gains from US dollar sales and a notable increase in interest income from rupee securities due to larger holdings. While the Contingent Risk Buffer (CRB) was reduced to 6.5% of the expanded balance sheet from 7.5% last year, provisioning to the Contingency Fund still more than doubled to Rs 1.1 lakh crore. Despite this, the transferable surplus rose to a record Rs 2.9 lakh crore, broadly in line with the Union Budget estimates.

RBI Monetary Policy: A prudent pause

The RBI's Monetary Policy Committee (MPC) expectedly maintained a status quo at its June 2026 meeting, with a cautious undertone, as it sought to balance elevated inflation risks, external sector pressures, geopolitical uncertainty and emerging growth moderation. Accordingly, the policy repo rate was kept unchanged at 5.25%, while the stance was retained as 'neutral', supported by headline inflation remaining within the target band and underlying price pressures staying benign. However, supply-side disruptions, elevated energy prices and monsoon-related risks have sharpened the growth-inflation trade-off, warranting continued policy vigilance.

Reflecting these risks, the FY27 CPI inflation forecast was revised up by 50 bps to 5.1% with a broad-based upward revision across quarters, while the real GDP growth projection was lowered by 30 bps to 6.6%. Liquidity conditions remained in surplus, aided by the RBI's proactive mix of durable and transient liquidity operations, with weighted average call rate (WACR) broadly aligned within the policy corridor. Transmission of the cumulative 125 bps policy easing since January 2025 has been healthy, albeit incomplete. On the external front, measures to attract foreign capital and provide support to the BOP included expanding Fully Accessible Route (FAR)-eligible G-Secs, easing FPI limits under the General Route, raising investment limits for NRIs and OCIs in equity instruments, concessional FX swaps for PSU ECBs, among others (refer Table 1). These measures along with tax incentives announced under the Income Tax Ordinance today—exempting long term capital gains and withholding tax for FPIs in G-Secs—are expected to strengthen capital flows. Overall, policy is likely to remain vigilant and data-dependent in the remainder of the fiscal, with a focus on second-round inflation spillovers, rupee volatility and evolving growth-inflation dynamics.

- Status quo maintained with a tinge of cautiousness:** Amidst a confluence of elevated inflation risks, external sector pressures, geopolitical uncertainties and concerns over growth moderation, the RBI's MPC chose to hold fort, unanimously deciding to keep the policy repo rate unchanged for the third consecutive time. Consequently, the Standing Deposit Facility (SDF) and Marginal Standing Facility (MSF) rates—the lower and upper bounds of the liquidity adjustment facility (LAF) corridor—also remained unchanged at 5.0% and 5.5%, respectively. Although inflation remained within the target range and underlying price pressures remained benign, providing the RBI comfort to maintain status quo in the current policy and retain a neutral stance, the policy tone was cautious and guarded as supply-side disruptions and monsoon-related risks have sharpened the growth-inflation trade-off. This has prompted the MPC to remain data-dependent and watchful of second-round spillovers as the growth-inflation dynamics evolved over the remainder of the fiscal.
- Inflation projections revised higher...:** The MPC noted that underlying inflationary pressures remain contained for now, with limited pass-through of higher global crude prices into domestic prices. However, these pressures could firm up over the coming months and push headline CPI higher. Additionally, a likely deficient south-west monsoon, along with El-Nino risks, could also add to food inflation pressures. Factoring in these upside risks, the FY27 headline CPI inflation forecast has been raised by 50 bps to 5.1%, with Q1FY27 up 20bps to 4.2% and Q2/Q3/Q4 revised up by 70 bps each to 5.1%/5.9%/5.4%, respectively. While inflation is expected to move closer to the upper tolerance band by Q3FY27, the supply-shock impact is likely to start easing from Q4 onwards. Core inflation, on the other hand, is projected at 4.7% in FY27, and even lower, excluding precious metals, indicating that demand-side price pressures remain modest.

The RBI's MPC decided to unanimously keep the policy repo rate unchanged for the third consecutive meeting at 5.25%, while retaining the stance at "Neutral."

FY27 inflation has been revised higher by 50 bps to 5.1%, while the GDP growth projected to be 30bps lower at 6.6%

- ...GDP projections revised down:** The MPC also noted that while domestic economic activity has remained resilient so far, the prolonged West Asia conflict has increased downside risks to growth through higher energy and input costs, supply chain disruptions, elevated freight charges and weaker global demand. Nevertheless, high-frequency indicators continue to point to steady momentum in the economy, with resilient private consumption, sustained investment activity, positive business sentiment, and robust manufacturing and services PMIs. Considering prolonged global supply chain disruptions, volatility in the global financial markets and weather-related shocks, the MPC revised its FY27 real GDP growth projection to 6.6% (down 30bps from April 2026 policy) with varying degrees of downward revisions across quarters. Real GDP growth for Q1/Q2 is projected at 6.6%/6.3% while for Q3/Q4, it is estimated at 6.5%/6.8%. That said, the MPC also highlighted that while rising cost pressures and external headwinds could weigh on activity in the near term, continued government capex, healthy capacity utilisation, sustained credit flows, GST rationalisation, resilient services exports and various government measures to strengthen domestic supply chains are expected to support growth.
- Liquidity continued to remain in surplus:** Banking system liquidity continues to remain in surplus even as the average monthly surplus has moderated from Rs 3.9 lakh crore in April 2026 to Rs 1.7 lakh crore in May 2026. The RBI has been proactive in undertaking a mix of durable and transient liquidity measures which has ensured the WACR to closely trade within the policy corridor. The sustained period of benign liquidity conditions coupled with accommodative policy actions since January 2025 has transmitted across both lending and deposit channels. The weighted average lending rate (WALR) on fresh rupee loans declined by 83 bps while the weighted average term deposit rate (WADTDR) on fresh deposits declined by 85 bps. The RBI has reiterated its commitment to proactive and pre-emptive liquidity management to ensure adequate system liquidity in line
- Policy vigilance to strengthen amid supply-led headwinds:** The outlook is likely to be shaped by a trilemma of inflationary risks, external sector volatilities and emerging growth trade-offs. While headline inflation still provides policy comfort, the balance of risks has meaningfully turned less benign amidst elevated energy and possible food price pressures. Two imminent supply-side risks viz. geopolitical uncertainty and monsoon-related shock could sharpen the inflation-growth trade-off while the key policy concern being whether the impact remains transitory or has broader second-round spillovers. Furthermore, the weakness in rupee amidst volatile capital flows could complicate the RBI's policy reaction function, as the impossible trinity constraint could keep the policy stance cautious. Overall monetary policy during the year is likely to remain vigilant and data-dependent while playing a supportive role within the monetary-fiscal coordination framework to address the supply-led headwinds.

The WACR stood at 5.24% in May'26 and has traded closely within the policy corridor, reflecting RBI's nimble banking system liquidity operations.

Table 9: Key policy measures announced by the RBI to incentivise foreign capital inflow

Measure	Detail	Implications
Expansion of FAR securities and easing of FPI investment norms	1) Inclusion of new issuances of 15, 30, 40-year G-Secs under Fully Accessible Route (FAR). 2) Limits related to short-term investment, concentration and individual securities on FPI investment under the General Route to be removed. 3) <i>As per Income Tax Ordinance</i> , from April 2026, FPIs investing in G-Secs have been exempted from the long-term capital gains tax of 12.5% and a withholding tax of 20%.	1) These measures will help incentivise foreign capital inflows across sovereign debt, equities, bank deposits and external borrowings.
Higher investment limits for NRIs, OCIs and PROIs in listed equities	Investment limits for NRIs and OCIs in listed equity instruments without SEBI registration have been increased. Similar access has been extended to all individual Persons Resident Outside India (PROIs) at par with NRIs and OCIs.	2) FX measures as well as the government's tax changes for FPIs in G-Secs should provide support to India's balance of payment through incremental capital flows along with inflows into NRI deposits and ECBs.
Concessional forex swap facility for ECBs by PSUs	A concessional forex swap facility will be available until Sept 2026 for External Commercial Borrowings raised by PSU.	
Hedging support for FCNR(B) deposits	Authorised Dealer banks will be provided a facility to bear the full hedging cost for raising fresh 3-5-year FCNR(B) deposits until Sept 2026.	
Restoration of export proceeds realisation period to nine months	The time limit for realisation and repatriation of export proceeds proposed to be restored to 9 months.	

Source: RBI, NSE EPR.

Table 10: Current policy rates

The policy repo rate was unanimously kept unchanged at 5.25%, with the stance retained at "Neutral".

Key rates	December 2025	February 2026	April 2026	June 2026
Repo Rate	5.25%	5.25%	5.25%	5.25%
Standing Deposit Facility (SDF)*	5.00%	5.00%	5.00%	5.00%
Marginal Standing Facility (MSF)	5.50%	5.50%	5.50%	5.50%
Bank Rate	5.50%	5.50%	5.50%	5.50%
Cash Reserve Ratio (CRR)	3.00%	3.00%	3.00%	3.00%

Source: RBI, NSE EPR. * Introduced in April 2022 policy as the new floor of the LAF corridor.

Figure 23: Movement in key policy rates

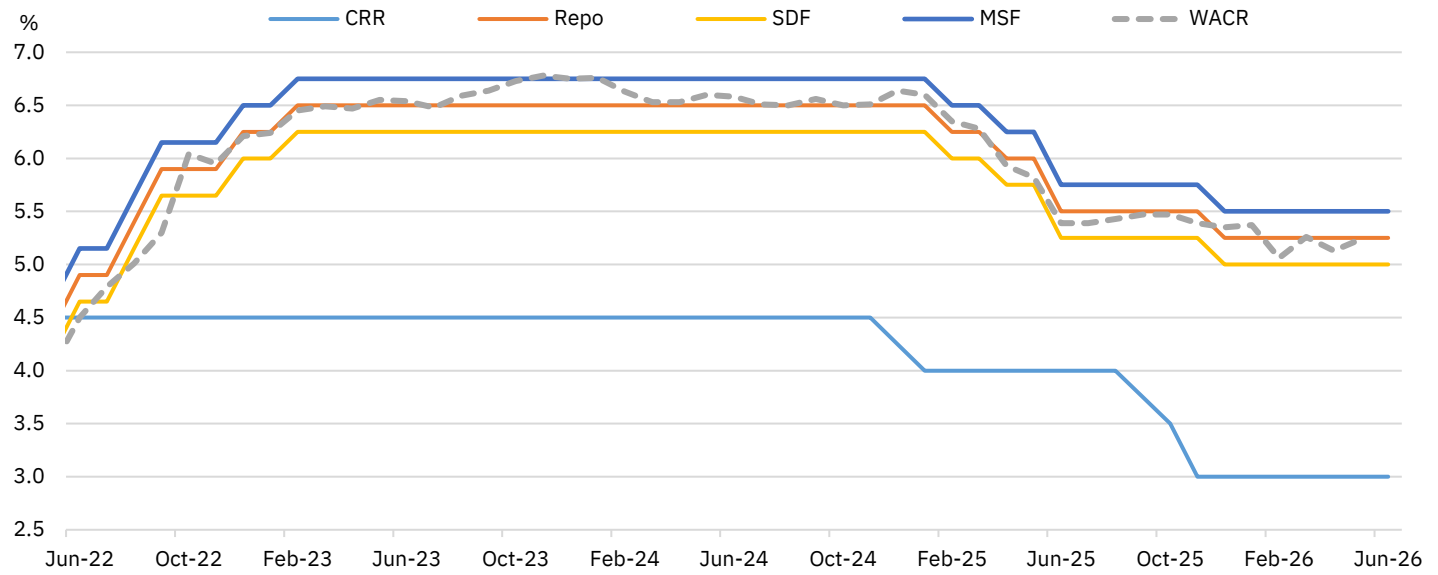


Figure 24: Movement in real interest rates

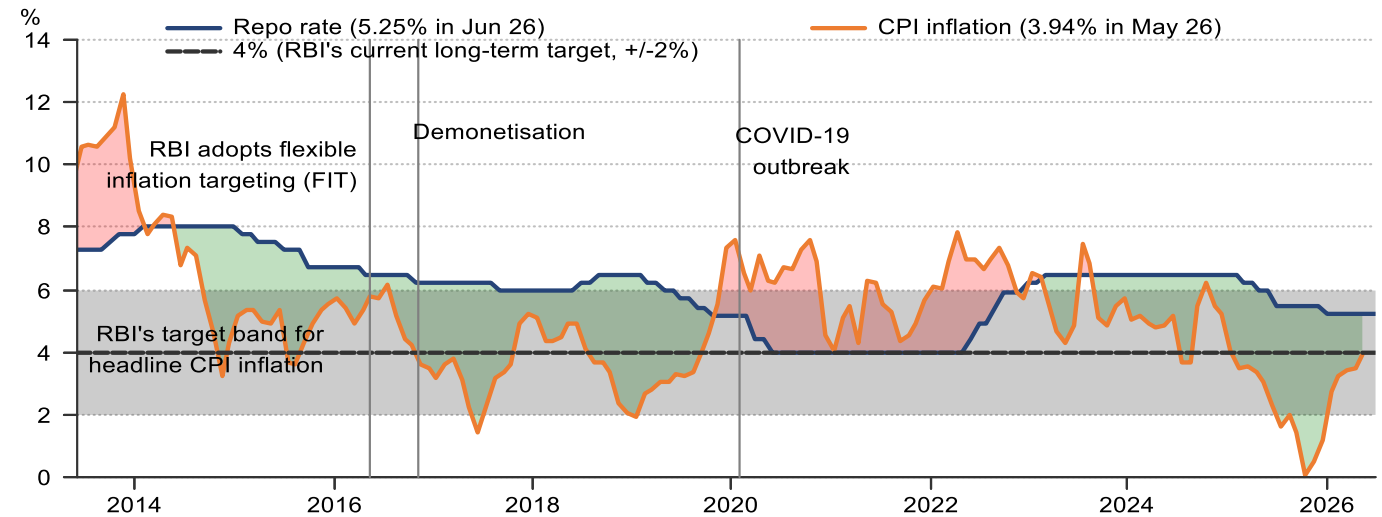
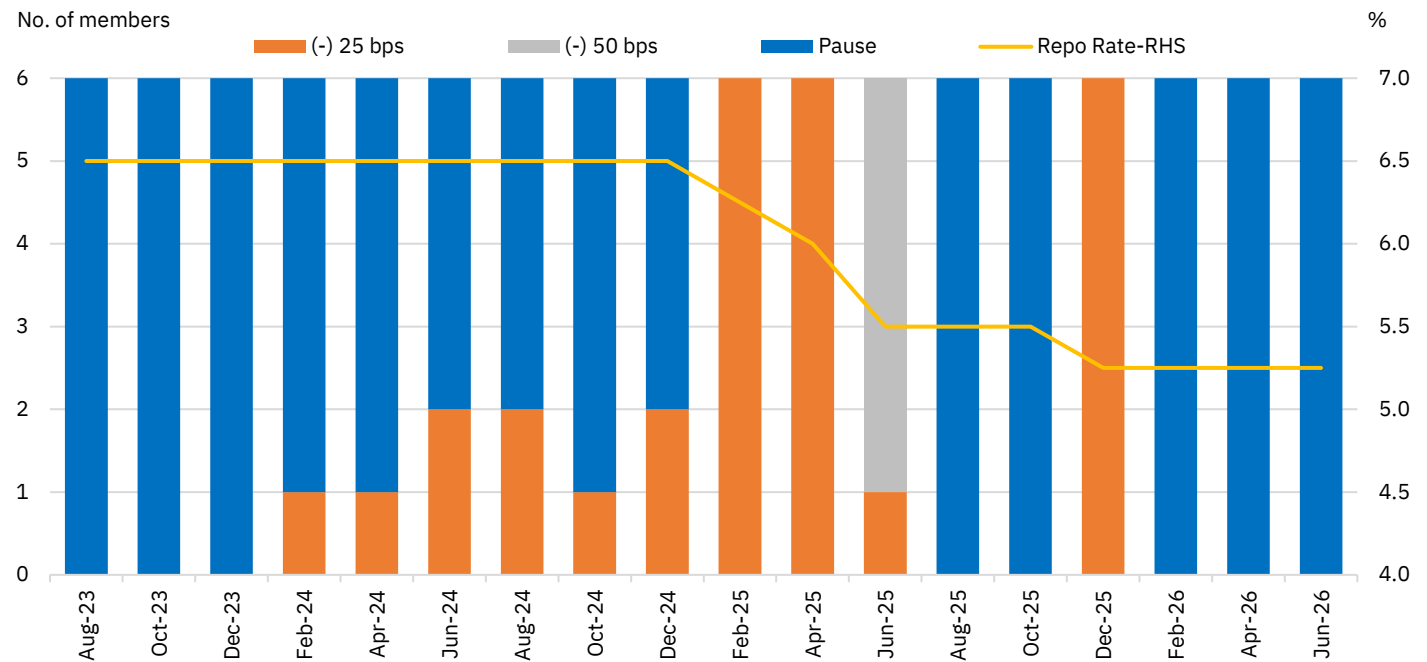


Figure 25: MPC members' voting pattern


Source: RBI, NSE EPR.

Figure 26: Net lending under RBI's Liquidity Adjustment Facility

Average banking system liquidity has moderated from Rs 3.9 lakh crore in April 2026 to Rs 1.7 lakh crore in May 2026 with RBI conducting a mix of 11 VRRs and one long-term buy/sell swap auction of US\$ 5 bn since the previous policy.

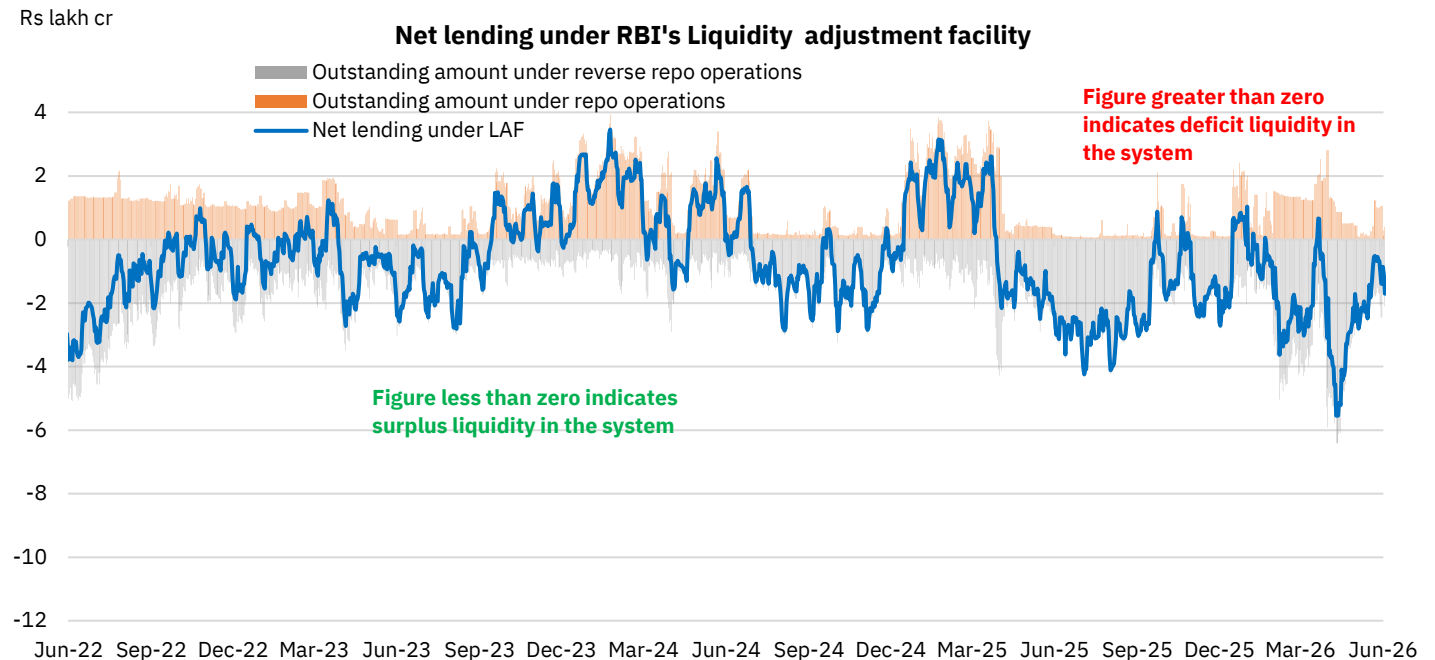
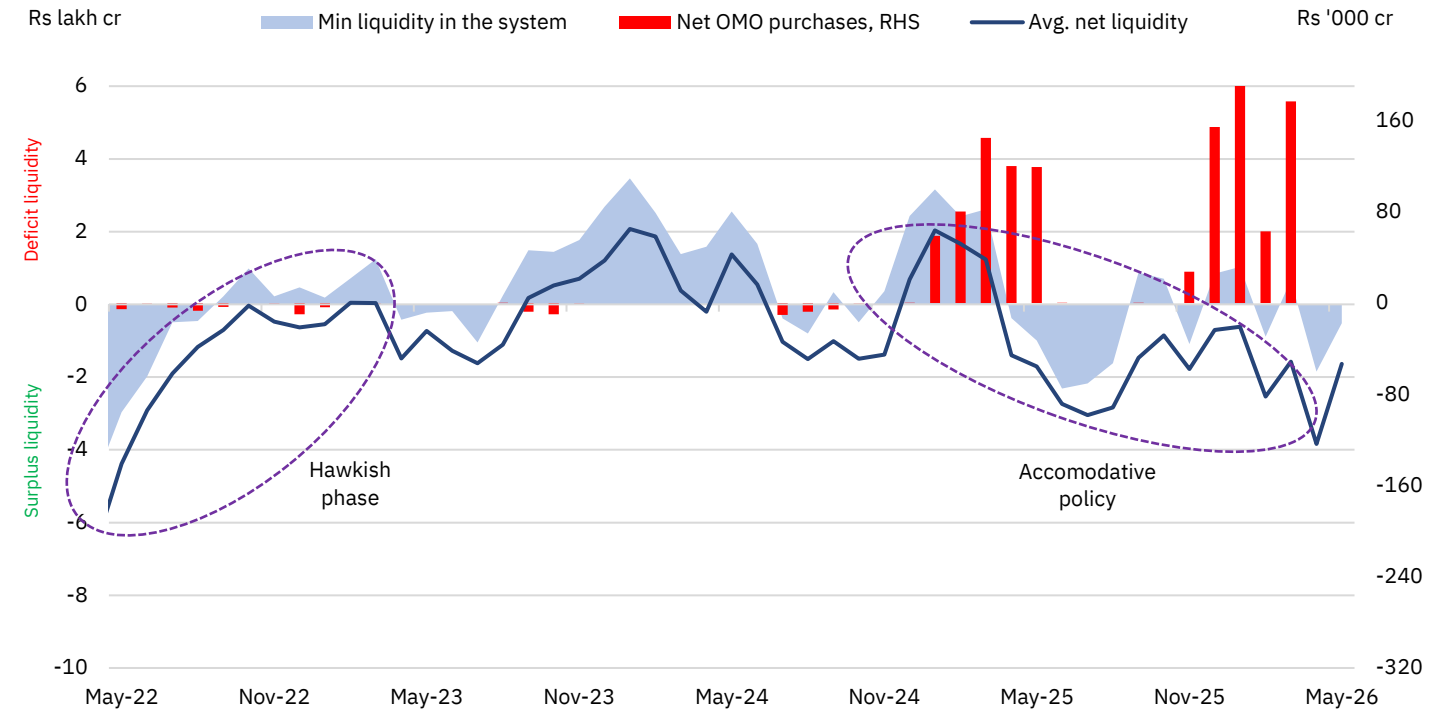
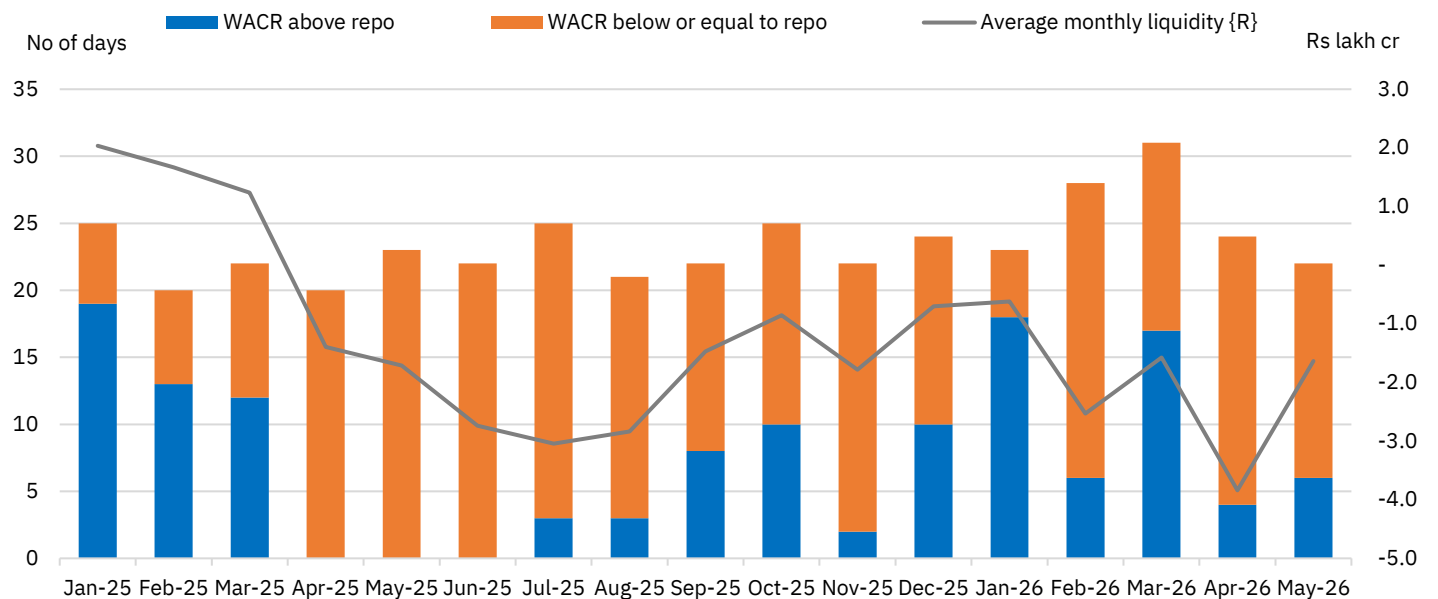
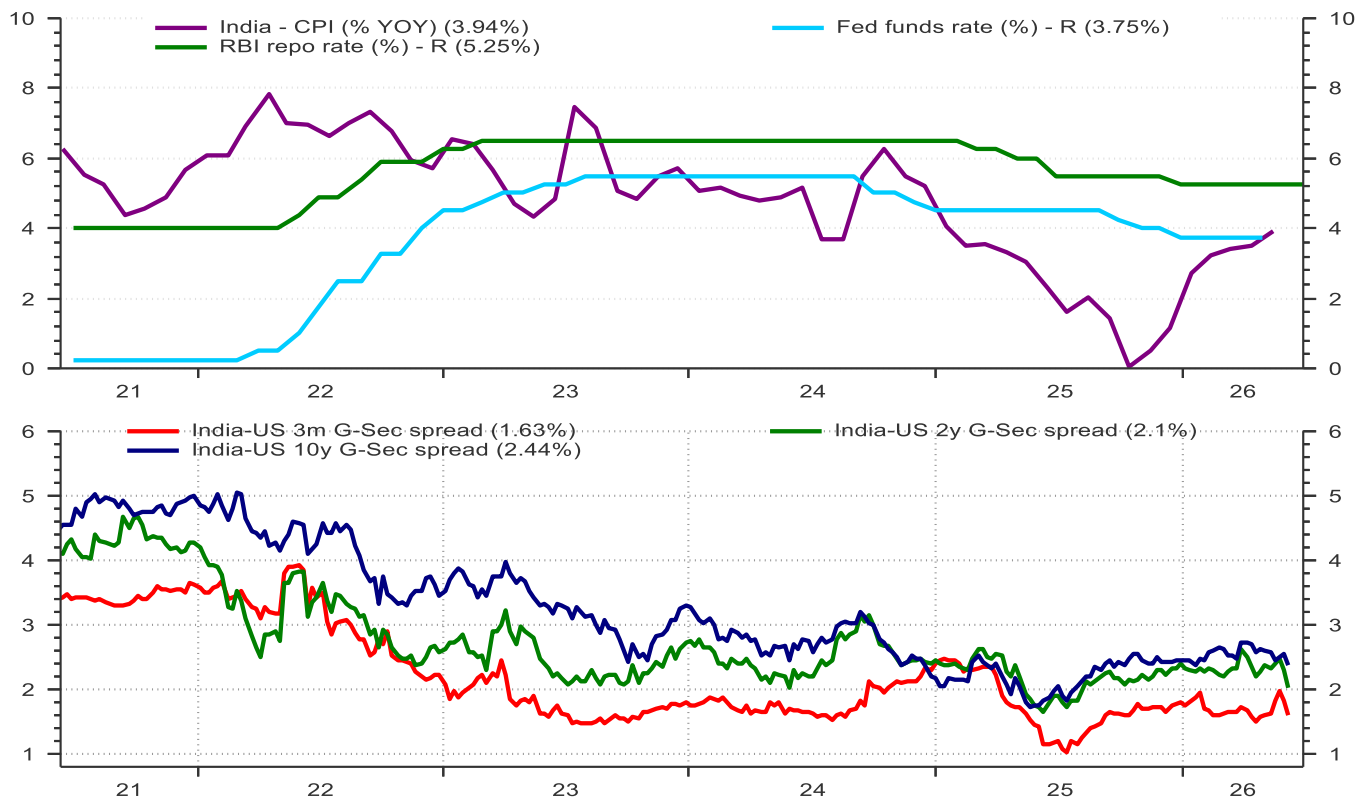

Source: CMIE Economic Outlook, NSE EPR. Note: Data till June 3rd, 2026

Figure 27: Monetary easing supported by Open Market Operations


Source: CMIE Economic Outlook, NSE EPR. Note: Data till May 31st, 2026

Figure 28: Monthly trend in weighted call money rate and average monthly banking liquidity


Source: CMIE Economic Outlook, NSE EPR. Note: 1) Positive values indicate deficit, while negative values indicate surplus

Figure 29: India vs. US policy rates and yield differential


Source: LSEG Workspace, NSE EPR.

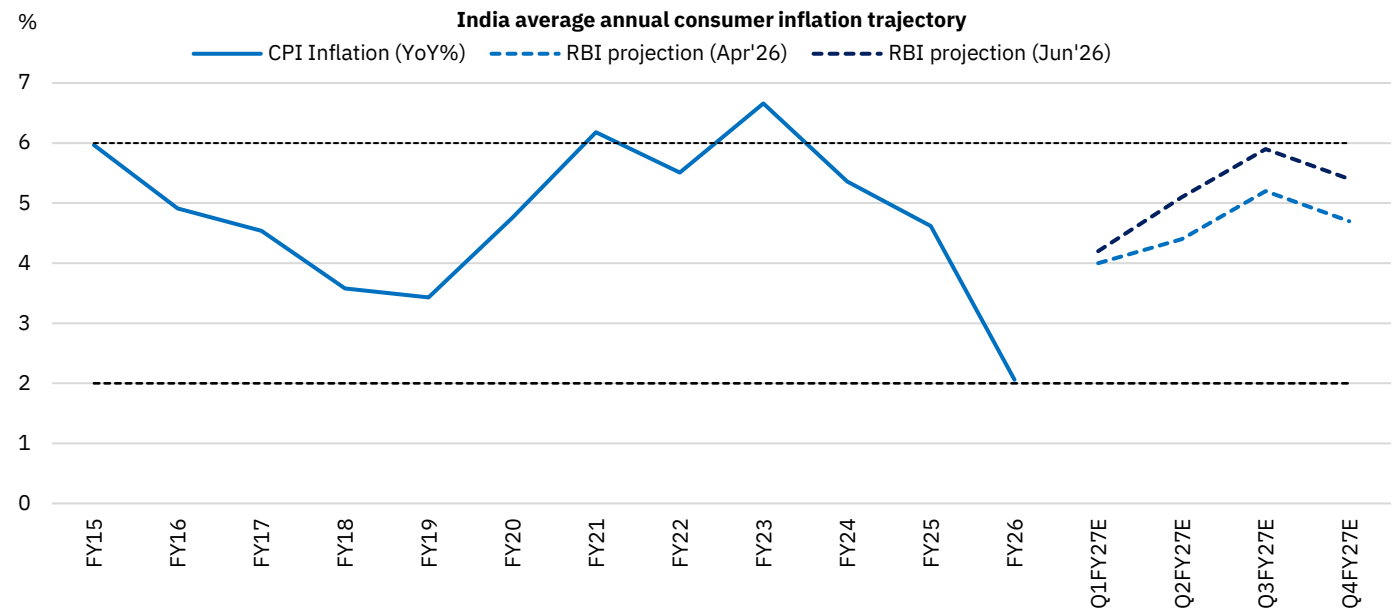
Table 11: Monthly trends in major currency movements (MoM%)

Month	INR	DXY	EUR	GBP	JPY	CAD	CHF	CNY	ZAR	BRL	RUB	IDR	TRY
Mar-25	2.4%	-3.2%	4.3%	2.7%	0.4%	0.5%	2.2%	0.4%	1.0%	2.5%	5.6%	0.1%	-3.8%
Apr-25	1.2%	-4.6%	4.7%	3.2%	4.8%	4.3%	7.0%	-0.2%	-1.2%	1.2%	3.4%	-0.2%	-1.3%
May-25	-1.3%	-0.1%	0.2%	1.0%	-0.7%	0.4%	0.4%	0.9%	3.0%	-1.2%	4.3%	1.9%	-2.0%
Jun-25	-0.2%	-2.5%	3.9%	2.0%	0.0%	1.0%	3.7%	0.4%	1.6%	5.0%	0.5%	0.3%	-1.4%
Jul-25	-2.1%	3.2%	-3.2%	-3.8%	-4.5%	-1.8%	-2.4%	-0.4%	-1.7%	-2.5%	-2.4%	-1.3%	-2.0%
Aug-25	-0.7%	-2.2%	2.4%	2.2%	2.5%	0.8%	1.5%	0.8%	2.2%	3.1%	-0.4%	-0.2%	-1.4%
Sep-25	-0.6%	0.0%	0.4%	-0.4%	-0.6%	-1.3%	0.5%	0.2%	2.6%	1.9%	-2.5%	-1.1%	-1.0%
Oct-25	0.0%	2.1%	-1.7%	-2.2%	-4.0%	-0.6%	-1.0%	0.1%	-0.5%	-1.1%	2.1%	0.2%	-1.1%
Nov-25	-0.8%	-0.4%	0.5%	0.6%	-1.4%	0.3%	0.1%	0.5%	1.2%	0.8%	4.4%	-0.2%	-1.0%
Dec-25	-0.5%	-1.1%	1.3%	1.8%	-0.3%	1.8%	1.4%	1.3%	3.4%	-2.5%	-2.2%	-0.1%	-1.1%
Jan-26	-2.3%	-1.4%	0.9%	1.6%	1.2%	0.8%	2.5%	0.6%	3.3%	4.7%	3.9%	-0.7%	-1.2%
Feb-26	1.1%	0.6%	-0.3%	-1.5%	-0.8%	-0.2%	0.6%	1.4%	0.8%	2.1%	-1.5%	0.1%	-1.0%
Mar-26	-4.1%	2.4%	-2.2%	-1.9%	-1.7%	-1.9%	-3.8%	-0.8%	-7.0%	-1.8%	-4.9%	-1.4%	-1.2%
Apr-26	-0.1%	-1.9%	1.5%	2.9%	1.4%	2.5%	2.3%	1.1%	2.5%	4.8%	8.5%	-1.8%	-1.6%
May-26	-0.1%	0.9%	-0.6%	-1.1%	-1.7%	-1.6%	0.0%	1.0%	3.1%	-1.5%	5.5%	-3.1%	-1.5%
2026YTD	-5.4%	0.6%	-0.7%	-0.1%	-1.6%	-0.5%	1.5%	3.2%	2.3%	8.3%	11.4%	-6.7%	-6.4%

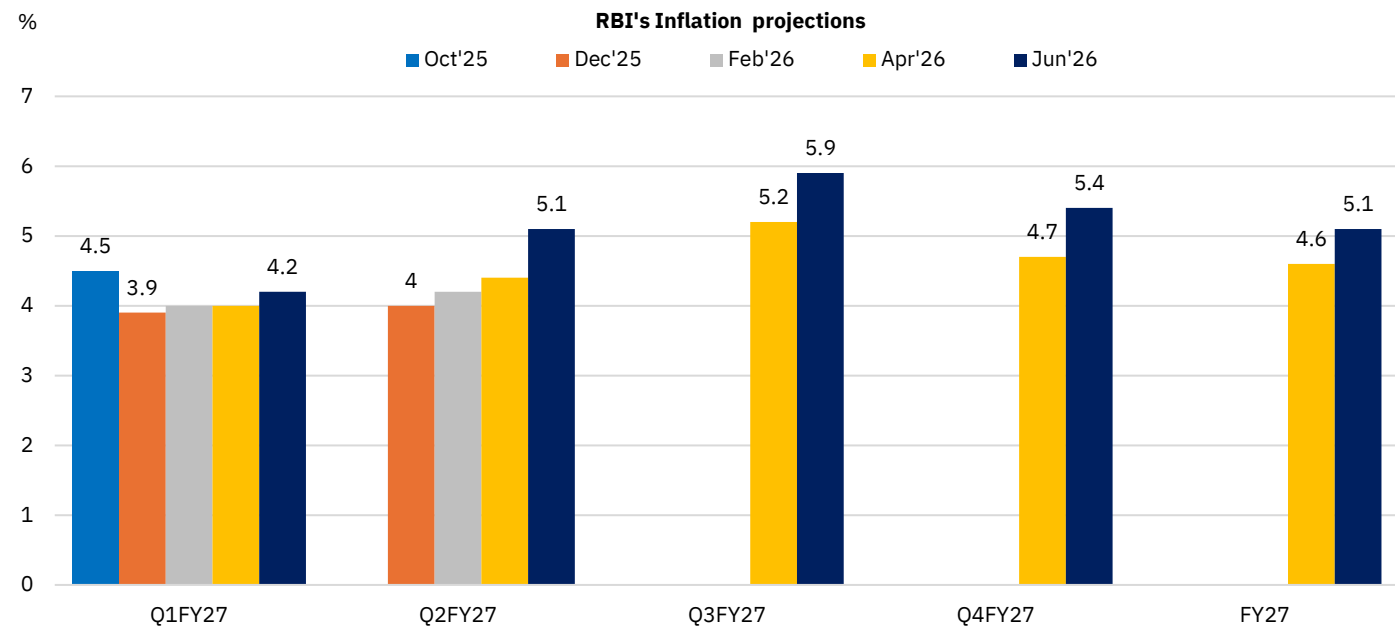
Source: LSEG Workspace, NSE EPR Notes: 1) 2026YTD is captured till May 31st, 2026. INR= Indian Rupee, DXY= Dollar Index, EUR= Euro, GBP= Pound Sterling, JPY= Japanese Yen, CAD= Canadian Dollar, CHF= Swiss Franc, CNY= Chinese Yuan, ZAR= South African Rand, BRL= Brazilian Rial, RUB= Russian Rouble, IDR= Indonesian Rupiah, TRY= Turkish Lira.

Figure 30: India's consumer inflation trajectory and RBI's forecasts

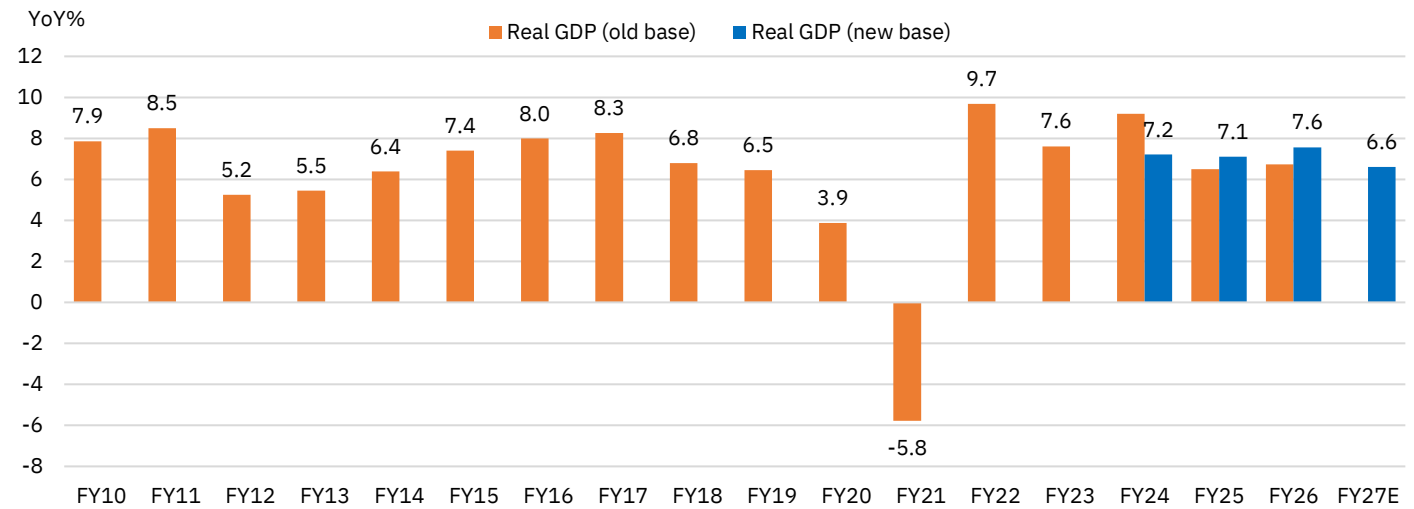
Headline inflation has been revised higher by 50 bps to 5.1% in FY27 with a broad-based increase across the quarters. The sharpest upward revision of 70bps was seen in Q3-FY27.



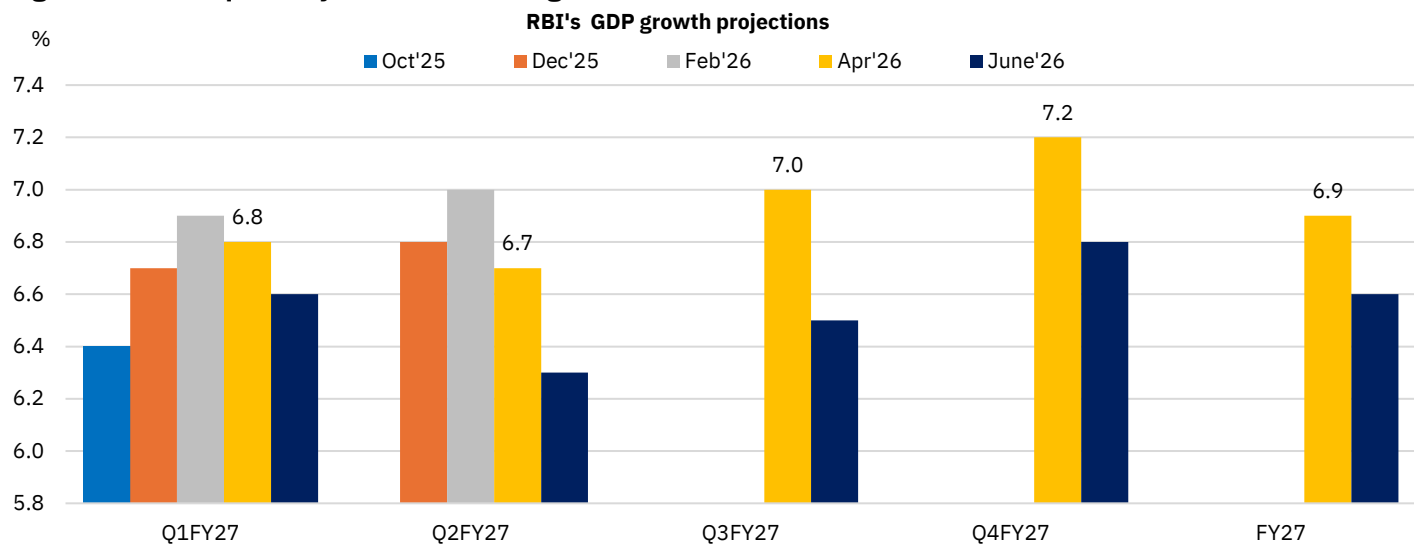
Source: CMIE Economic Outlook, RBI, NSE EPR.

Figure 31: Quarterly and annual inflation forecasts by RBI


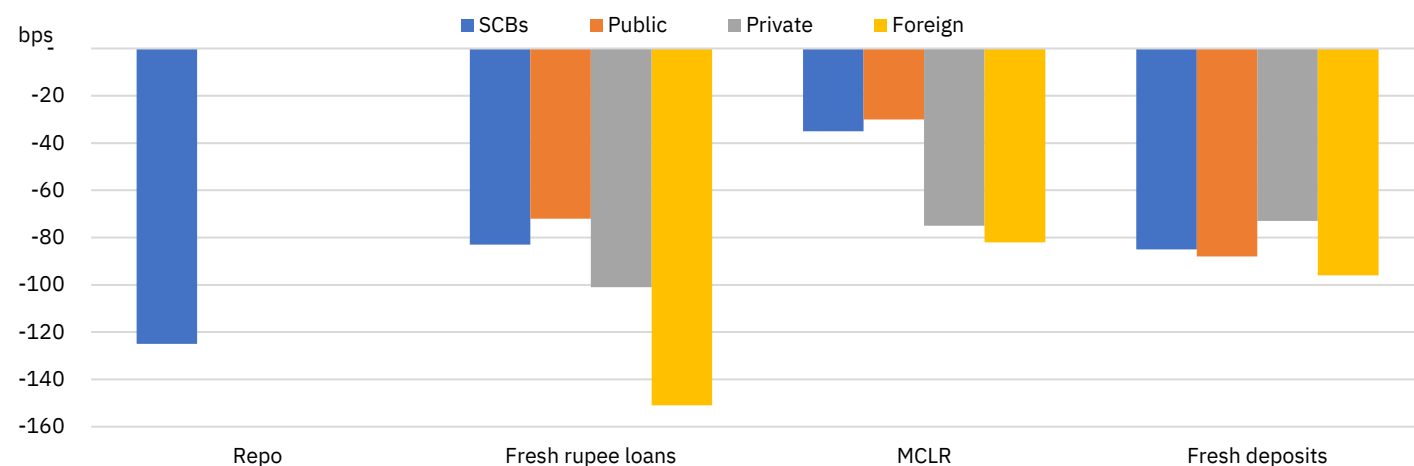
Source: RBI, NSE EPR

Figure 32: GDP growth trend and RBI's estimates


Source: CMIE Economic Outlook, RBI, NSE EPR. FY27E = RBI estimate

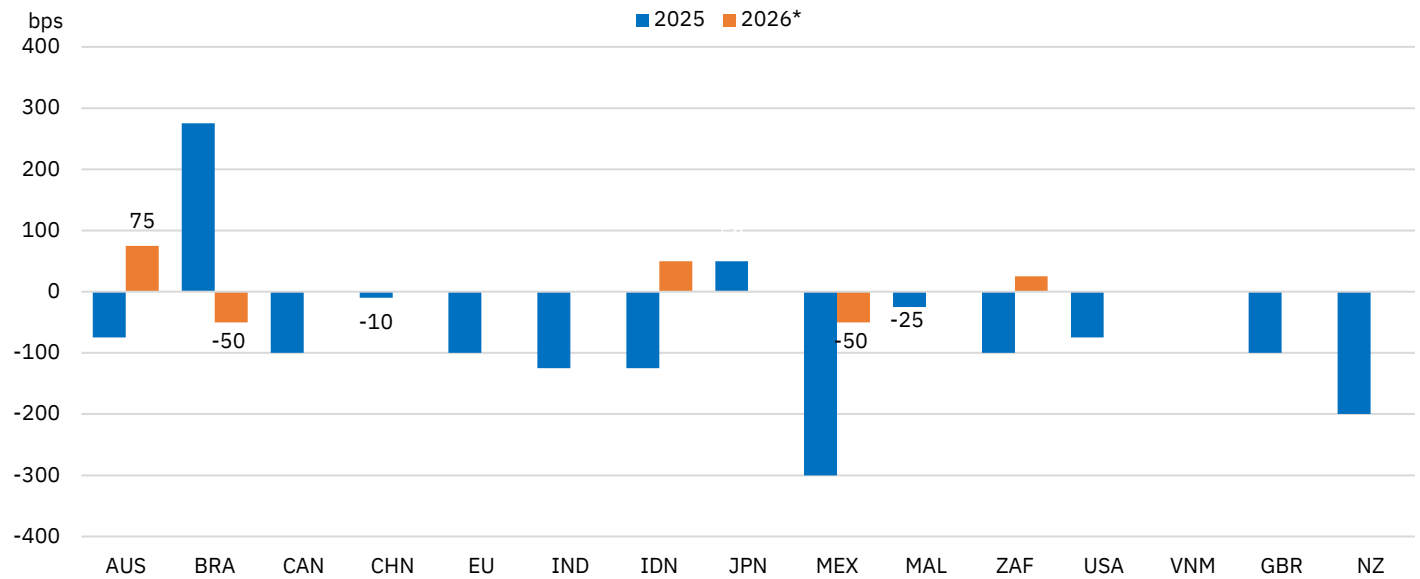
Figure 33: RBI's quarterly and annual GDP growth forecasts


Source: RBI, NSE EPR.

Figure 34: Change in policy, lending and deposit rate during the current policy rate cycle


Source: CMIE Economic Outlook, NSE EPR; Notes: 1) The change in repo rate, fresh rupee loans and fresh deposits is between January'25 and Apr'26, while in case of MCLR, the change is between January'25 and May'26

Figure 35: Variation in policy rates across countries



Source: CEIC, LSEG Workspace, NSE EPR. Notes: 1) For China, the loan prime rate for 1 year has been considered for computation 3) AUS = Australia, BRA = Brazil, CAN = Canada, CHN= China, EU = European Union, IND= India, INDO=Indonesia, JAP= Japan, MEX=Mexico, MAL=Malaysia, SA= South Africa, USA=United States of America, VIE=Vietnam, UK=United Kingdom, NZ= New Zealand. 2) Data captured for other countries is till end-May 2026.

Q4 FY26 GDP trends: Limited impact of the crisis

India's GDP growth in Q4FY26 surprised on the upside, expanding by 7.8% YoY, exceeding the market expectation of 7.3%. The growth was driven by a sharp pickup in investment activity, resilient private consumption highlighting the underlying strength of domestic demand and limited impact of the ongoing West Asia crisis. On the supply side, real GVA growth remained robust at 7.9% YoY, slightly higher than the GDP growth due to a surge in subsidy and a slowdown in indirect tax collection for Q4FY26. Services and agriculture remained key growth drivers, while manufacturing moderated amid rising input costs. Nominal GDP growth at 9.1% YoY, continued to remain below its 10-quarter historical average of 9.9%.

The stronger-than-expected Q4 performance, along with upward revisions to earlier quarters, lifted full-year FY26 GDP growth to 7.7%, reaffirming India's position as the fastest-growing major economy. Private consumption remained a major growth driver as domestic demand was supported by the GST rate rationalisation and income tax relief measures, while investment activity also contributed meaningfully.

Going forward, the outlook for FY27 remains clouded with risks emanating from elevated energy and input costs, supply-chain disruptions, and weaker global demand. The possibility of El Niño conditions and a higher probability of deficient rainfall could weigh on agricultural output and rural demand, while rising inflation may moderate urban consumption. If supply-side disruptions persist for longer, downside risks to growth may remain elevated, particularly in Q2 and Q3. The RBI expects GDP growth in FY27 at 6.6%.

- Q4 FY26 GDP growth remained better-than-expected....:** India's GDP in Q4 FY26 grew by 7.8% YoY, exceeding both market expectation (Bloomberg consensus) and implied growth of 7.3%. This compares with 8% YoY in the previous quarter (revised up by 20bps). A stronger-than-expected GDP print implied that the domestic economy was resilient despite the ongoing West Asia crisis and other global headwinds. Nominal GDP growth marginally eased to 9.1% YoY (vs. 9.2% in Q3FY26) but continued to remain below its 10-quarter historical average of 9.9%. The real-nominal gap remained unchanged at 1.3pp, in line with the previous quarter, despite a hardening CPI and WPI inflation prints. On the supply side, real GVA growth remained robust at 7.9% YoY, slightly higher than the GDP growth due to a surge in subsidy and a slowdown in indirect tax collection for Q4FY26.
- ...Driven by investments and healthy private consumption:** On the demand side, the investment activity picked up in Q4FY26 with Gross Fixed Capital Formation (GFCF) expanding by 10.8% YoY, marking its fastest expansion in three years. This acceleration was despite a decline in the central government capital expenditure for the quarter (-23.3% YoY) suggesting an emerging improvement in private sector investment activity. The private final consumption expenditure (PCFE) growth remained robust at 7.1% YoY, though it moderated from 8.2% YoY in Q3FY26. The resilience in consumption was reflected across several high-frequency indicators, including strong growth in tractor sales, two-wheeler sales, vehicle registrations, domestic cargo traffic, diesel consumption and personal loans (See Figure-41). The Government final consumption expenditure (GFCE) although remained muted, the pace of expansion improved to 4.9% YoY (vs. 4.6% in the previous quarter) driven by a rise in the core revenue expenditure of the central government (excluding interest payments and subsidies) (16.1% YoY). On the external front, net exports contributed positively to growth (0.4pp vs. -0.4pp in Q3FY26) as exports grew sequentially (1.7% QoQ/3.7% YoY) while imports fell (-7.8% QoQ/+1.9% YoY).

GDP growth in Q4FY26 beats estimates, growing at 7.8% YoY; with nominal growth marginally eased 9.1% but remained below its 10-quarter average.

GDP growth in Q4 was led by investments and healthy private consumption even government expenditure remained muted.

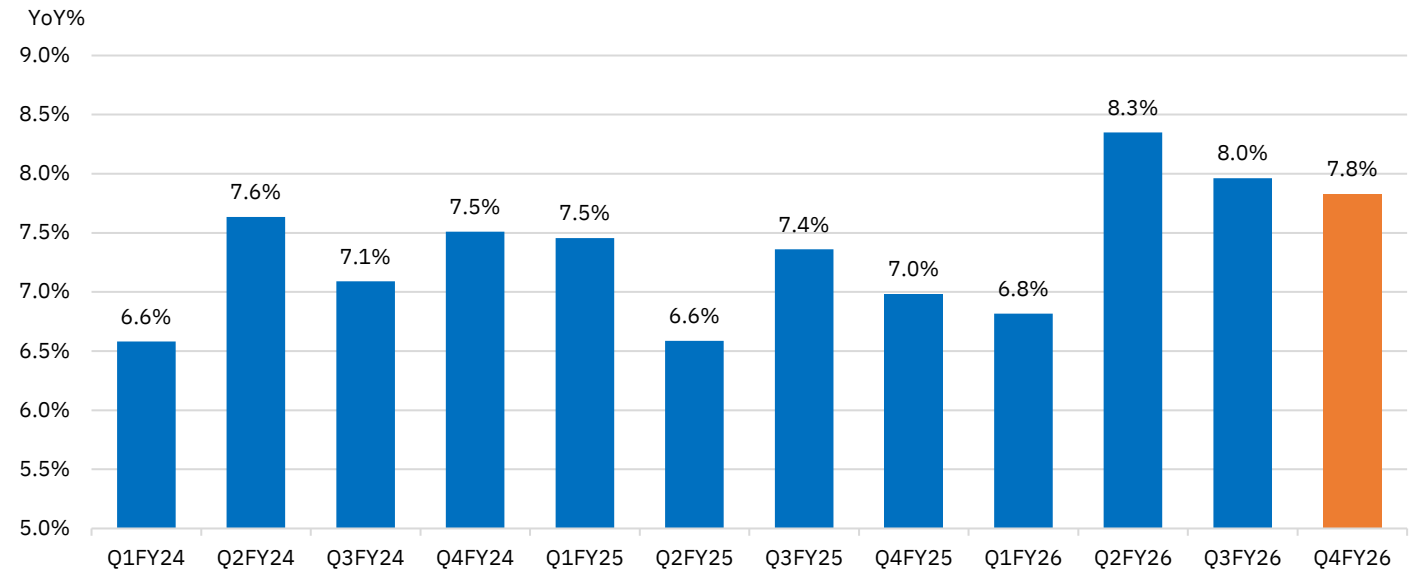
- 4QFY26 GVA growth supported by services and agriculture:** Real GVA growth remained largely in-line with the previous quarter, growing by 7.9% YoY (vs. 8.0% in Q3FY26). The key drivers supporting this growth were strong services growth and a pickup in agriculture and allied activities. The Services sector growth remained resilient at 9.9% YoY, led by trade, hotels & transportation services (12.5% YoY vs. 11.2% in Q3) and financial services and real estate (10.4% YoY vs. 11.6% in Q3). Public administration and defence growth remained lacklustre at 5.8% YoY, in line with slow government consumption growth on the expenditure side. Agriculture sector growth was a 3-quarter high of 3.6% YoY.

On the other hand, industry segment slowed to 7.3% YoY from 9.5% in Q3 as the impact of the West Asia crisis was visible on the manufacturing GVA which eased to 7.5% YoY from 12.8% in the previous quarter. The manufacturing sector faced margin pressures as input costs increased in the month of March. Barring manufacturing, all other sectors broadly supported growth with Construction growing at 8.4% YoY in Q4 and mining and electricity at 5.4% and 4.1% respectively.

- FY26 growth at 7.7% led by private consumption and investments:** A higher-than-expected GDP print for the last quarter, coupled with a modest upward revision in Q3 GDP, translated into the full year FY26 growth at 7.7% (vs. 7.1% in FY25) and slightly higher than the Second Advance Estimates of 7.6%. From the expenditure perspective, private final consumption expenditure (7.7% YoY) remained a major growth driver as domestic demand was supported by the GST rate rationalisation and income tax relief measures, while investment activity (8.2% YoY) also contributed meaningfully. GVA growth at 7.9% was primarily driven by manufacturing (10.7% YoY), along with strong performance in services (9.3%). Nominal GDP, however, grew by its slowest pace at 8.9% YoY.
- Growth outlook for FY27 remains clouded with uncertainties:** High-frequency indicators in FY27 to date continue to point to resilience in domestic economic activity despite ongoing geopolitical tensions and supply-side disruptions (See Table-15). However, the growth outlook has become more challenging, with risks emanating from elevated energy and input costs, supply-chain disruptions, and weaker global demand. The possibility of El Nino conditions and a higher probability of deficient rainfall could weigh on agricultural output and rural demand, while rising inflation may moderate urban consumption. The recent increase in retail fuel prices is also expected to impact consumption in the coming months. On the investment front, capex support from the government could be constrained due to fiscal slippage risks. Against this backdrop, the RBI has projected FY27 real GDP growth at 6.6%, although downside risks remain elevated, particularly in Q2–Q3, if supply-side disruptions persist.

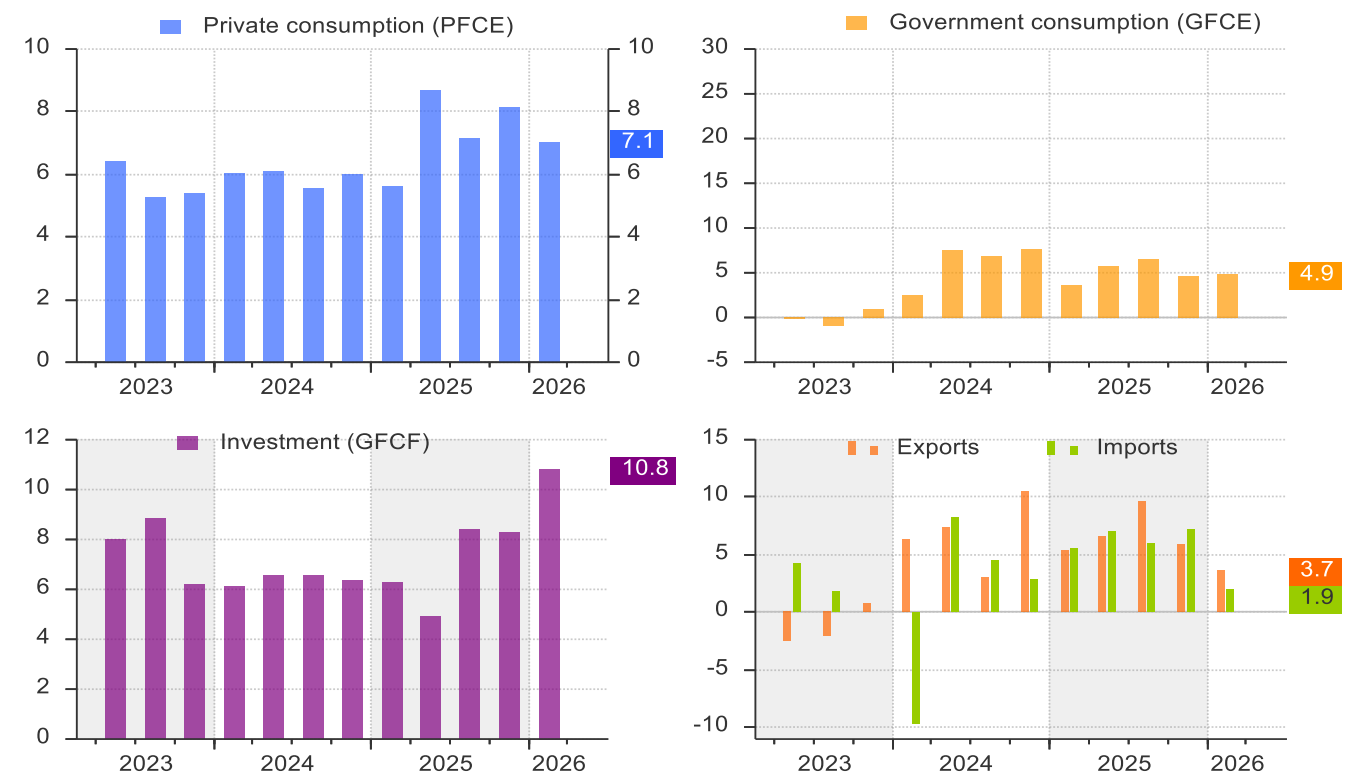
GVA growth at 7.9% YoY was supported by strong growth in services and a pickup in agriculture activity.

Figure 36: Trend in quarterly GDP growth

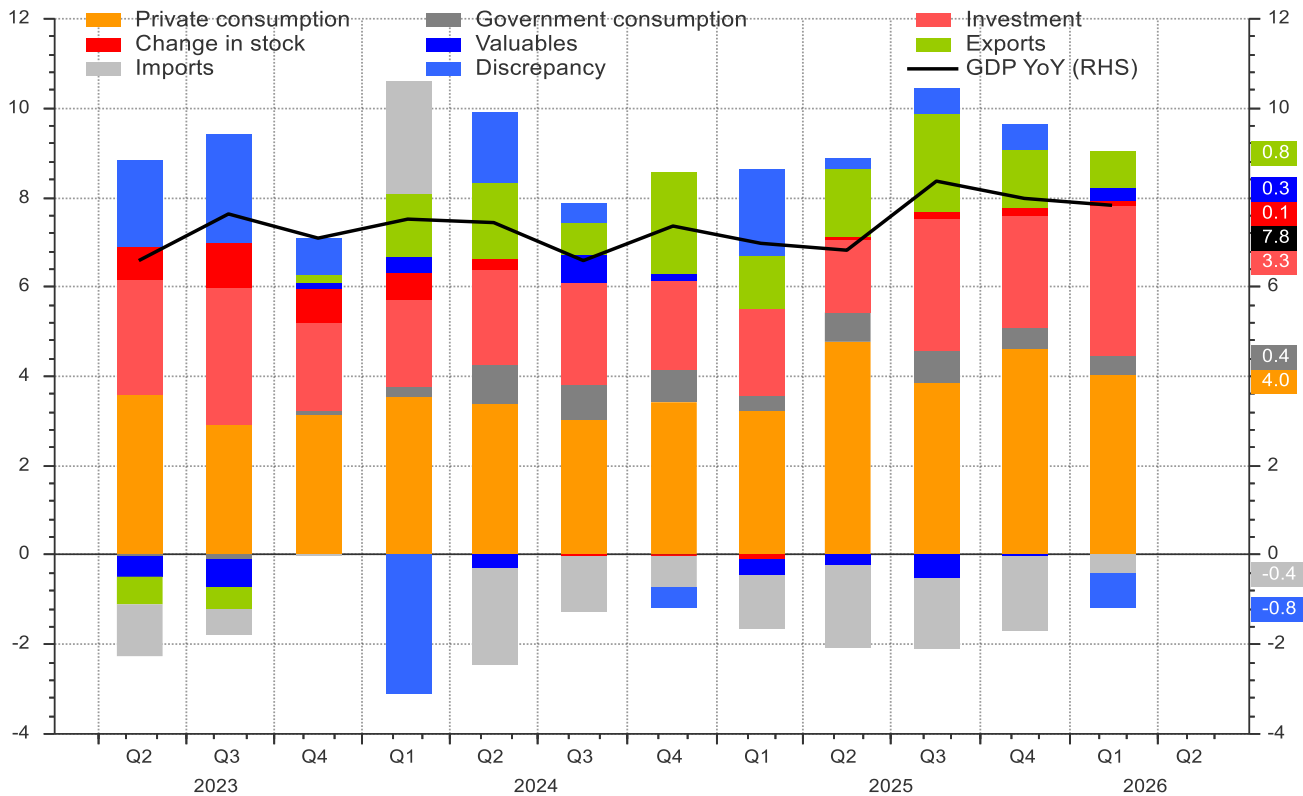


Source: CSO, NSE EPR.

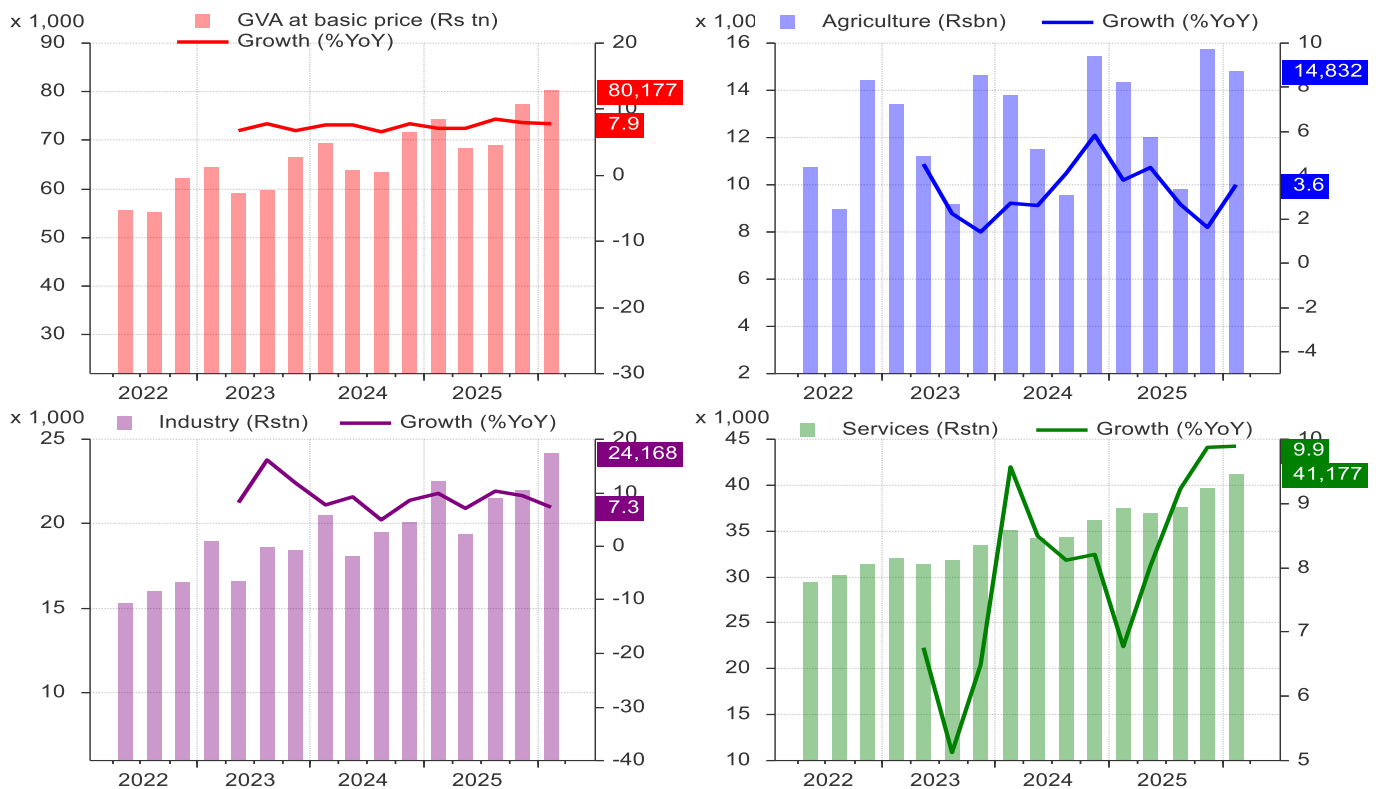
Figure 37: Quarterly GDP growth by expenditure (%YoY)



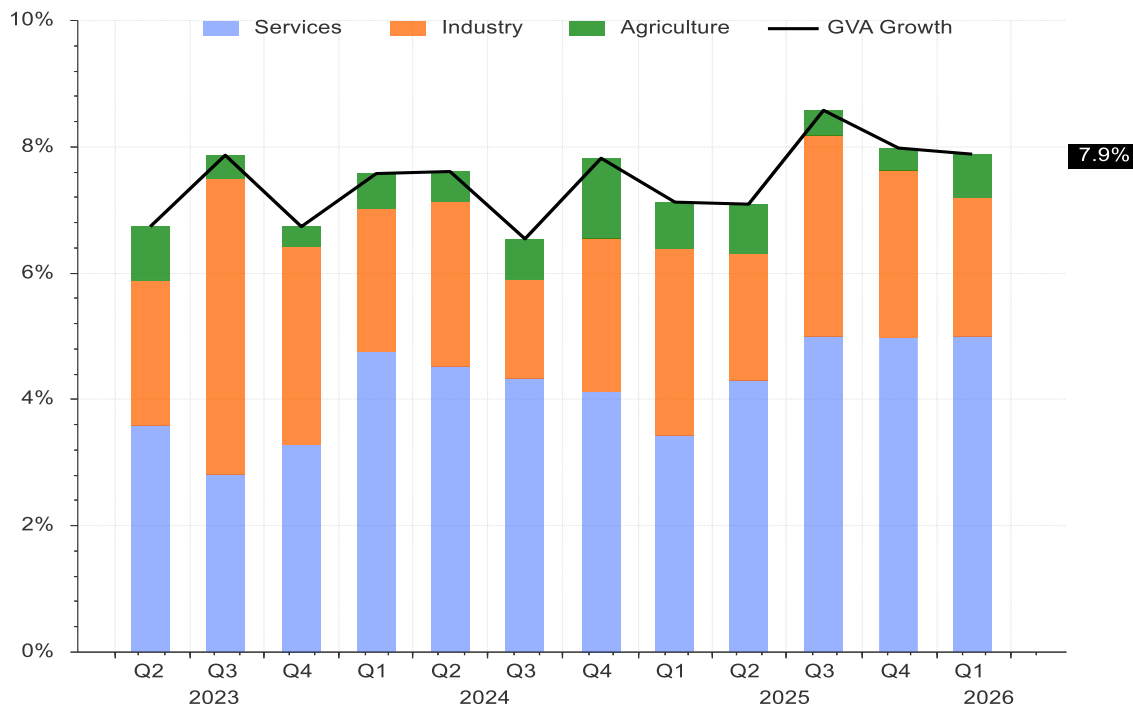
Source: LSEG Workspace, NSE EPR.

Figure 38: India GDP sector share of growth (%)


Source: LSEG Workspace, NSE EPR.

Figure 39: Gross value added (GVA) across sectors


Source: LSEG Workspace, NSE EPR.

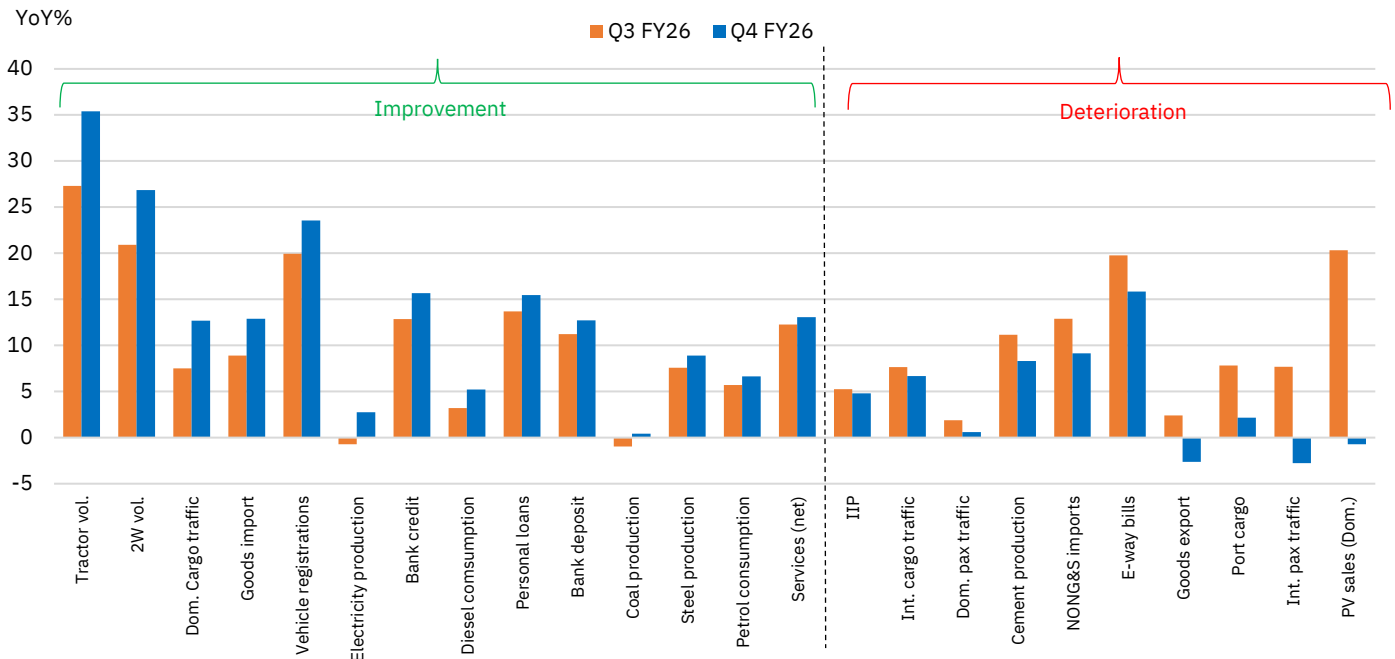
Figure 40: India GVA sector share of growth (%)


Source: LSEG Workspace, NSE EPR.

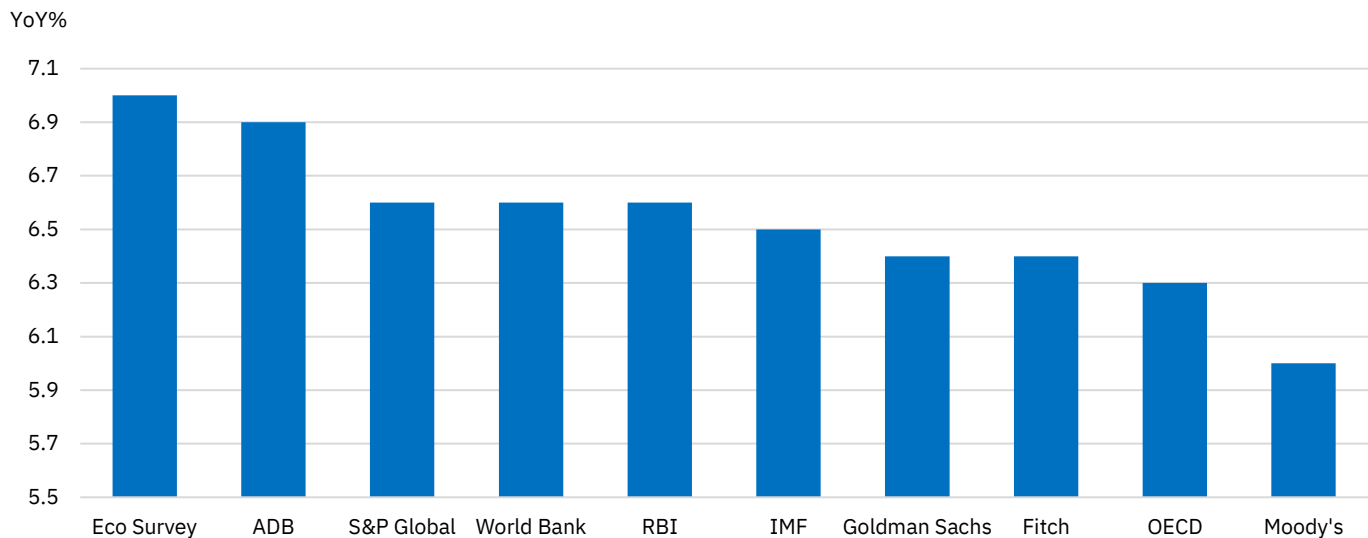
Table 12: Quarterly GDP growth trend (2022-23=100) (%YoY)

	FY24				FY25				FY26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product (GDP)	6.6	7.6	7.1	7.5	7.5	6.6	7.4	7.0	6.8	8.3	8.0	7.8
Private Consumption	6.4	5.3	5.4	6.0	6.1	5.6	6.0	5.6	8.7	7.2	8.2	7.1
Government Consumption	-0.1	-0.9	0.9	2.5	7.5	7.0	7.6	3.6	5.8	6.6	4.6	4.9
Gross capital formation	8.2	9.3	8.6	8.7	5.9	7.7	6.3	4.5	4.2	6.8	8.1	11.4
Gross Fixed Capital Formation	8.0	8.8	6.2	6.1	6.5	6.6	6.3	6.2	4.9	8.4	8.2	10.8
Exports of goods & services	-2.5	-2.0	0.9	6.4	7.3	3.1	10.5	5.4	6.6	9.7	5.8	3.7
Imports of goods & services	4.3	1.9	0.1	-9.7	8.3	4.6	2.9	5.5	7.0	6.0	7.2	1.9
Gross Value Added (GVA)	6.7	7.9	6.7	7.6	7.6	6.5	7.8	7.1	7.1	8.6	8.0	7.9
Agriculture	4.5	2.3	1.4	2.7	2.6	4.1	5.8	3.8	4.4	2.7	1.7	3.6
Industry	8.3	16.2	11.8	7.6	9.3	5.0	8.7	10.0	7.0	10.3	9.5	7.3
Mining and Quarrying	-0.3	2.7	1.5	5.3	11.9	8.3	13.1	12.9	4.5	6.1	4.7	5.4
Manufacturing	9.3	20.4	15.2	7.0	9.4	4.9	10.8	11.8	10.4	12.7	12.8	7.3
Electricity	5.6	14.4	12.6	10.3	9.2	-0.2	0.6	2.1	-2.0	3.6	1.5	4.1
Construction	9.7	12.7	8.7	8.7	8.7	6.1	6.4	8.0	5.3	8.9	6.7	8.4
Services	6.8	5.1	6.5	9.6	8.5	8.1	8.2	6.8	8.0	9.2	9.9	9.9
Trade, Hotels, Transport, Storage, Comm.	10.6	9.7	8.8	11.3	6.9	6.6	6.7	6.3	9.7	10.5	11.2	12.5
Fin. Svcs, Real Estate & Business Svcs.	5.1	3.2	4.8	8.6	10.3	10.0	11.1	8.8	9.2	10.3	11.6	10.4
Community, Social & Personal Svcs.	5.9	4.2	7.3	9.7	6.9	6.0	4.4	3.2	4.0	5.4	4.9	5.8

Source: CSO, NSE EPR.

Figure 41: Performance of high-frequency indicators in Q3 FY26 and Q4 FY26


Source: CMIE Economic Outlook, NSE EPR.

Figure 42: Comparison of annual real GDP growth forecasts for India across institutions for FY27


Source: Various multi-lateral institutions, NSE EPR Notes: 1) The estimate from Economic Survey is the average of the range of 6.8-7.2%.

Table 13: Half-yearly growth trends in GDP and GVA

	FY24		FY25		FY26	
	H1 FY24	H2 FY24	H1 FY25	H2 FY25	H1 FY26	H2 FY26
Gross Domestic Product (GDP)	7.1	7.3	7.0	7.2	7.6	7.9
Private Consumption	5.8	5.7	5.8	5.8	7.9	7.6
Government Consumption	-0.5	1.7	7.2	5.6	6.2	4.7
Gross capital formation	8.8	8.6	6.8	5.4	5.5	9.8
Gross Fixed Capital Formation	8.4	6.2	6.5	6.3	6.7	9.5
Exports of goods & services	-2.3	3.6	5.2	7.9	8.1	4.7
Imports of goods & services	3.1	-4.8	6.4	4.2	6.5	4.6
Gross Value Added (GVA)	7.3	7.2	7.1	7.5	7.8	7.9
Agriculture	3.4	2.1	3.4	4.8	3.5	2.6
Industry	12.2	9.7	7.2	9.3	8.7	8.4
Mining and Quarrying	1.2	3.4	10.1	13.0	5.3	5.1
Manufacturing	14.8	11.1	7.1	11.3	11.6	10.1
Electricity	10.0	11.5	4.5	1.3	0.8	2.8
Construction	11.2	8.7	7.4	7.2	7.1	7.6
Services	5.9	8.0	8.3	7.5	8.6	9.9
Trade, Hotels, Transport, Storage, Comm.	10.2	10.1	6.7	6.5	10.1	11.8
Fin. Svcs, Real Estate & Business Svcs.	4.2	6.7	10.1	10.0	9.7	11.0
Community, Social & Personal Svcs.	5.1	8.5	6.4	3.8	4.7	5.4

Source: CSO, NSE EPR.

Table 14: Annual growth rates across sectors in old vs new series

	FY24		FY25		FY26	
	Old	New	Old	New	Old	New
Gross Domestic Product (GDP)	7.2	7.2	7.1	7.1	7.6	7.7
Private Consumption	5.8	5.8	5.8	5.8	7.7	7.7
Government Consumption	0.6	0.6	6.5	6.5	6.6	5.5
Gross capital formation	8.7	8.7	6.1	6.1	6.5	7.7
Gross Fixed Capital Formation	7.3	7.3	6.4	6.4	7.1	8.2
Exports of goods & services	0.7	0.7	6.6	0.7	6.5	6.3
Imports of goods & services	-1.0	-1.0	5.3	-1.0	6.4	5.6
Gross Value Added (GVA)	7.2	7.2	7.3	7.3	7.7	7.9
Agriculture	2.6	2.6	4.2	4.2	2.4	3.0
Industry	10.9	10.9	8.3	8.3	8.8	8.5
Mining and Quarrying	2.4	2.4	11.7	11.7	4.1	5.2
Manufacturing	12.7	12.7	9.3	9.3	11.5	10.7
Electricity	10.7	10.7	2.9	2.9	1.5	1.7
Construction	9.9	9.9	7.3	7.3	7.1	7.4
Services	7.0	7.0	7.9	7.9	9.0	9.3
Trade, Hotels, Transport, Storage, Comm.	10.1	10.1	6.6	6.6	10.1	11.0
Fin. Svcs, Real Estate & Business Svcs.	5.5	5.5	10.0	10.0	9.9	10.4
Community, Social & Personal Svcs.	6.8	6.8	5.0	5.0	5.8	5.0

Source: CSO, NSE EPR.

Table 15: High frequency indicators

Indicators		Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Consumption									
Auto volumes - passenger (domestic)	YoY%	8.5	15.9	36.6	-5.1	-3.8	6.7	32.7	28.8
2W volumes (domestic)	YoY%	2.2	21.2	39.4	26.2	35.2	19.3	28.4	14.8
Tractor volumes	YoY%	14.8	30.1	37.1	43.0	34.2	29.1	26.8	19.6
Vehicle registrations	YoY%	41.1	2.9	15.9	18.1	26.5	26.1	13.5	9.4
Personal loans	YoY%	14.0	12.8	14.4	14.9	15.2	16.2	16.0	
IIP-Consumer durables	YoY%	-4.6	14.6	8.8	0.0	4.7	2.4	4.3	
IIP-Consumer non-durables	YoY%	-9.8	3.6	6.0	-1.6	1.0	-0.9	2.8	
Petrol Consumption	YoY%	7.4	2.6	7.1	6.1	6.1	7.6	6.8	3.4
Diesel Consumption	YoY%	-0.3	4.8	5.2	3.3	4.3	8.1	0.9	1.6
GST collections	Rs lakh crore	2.0	1.8	1.8	2.0	1.9	2.0	2.4	1.9
MGNREGA Work Demand	YoY%	-35.7	-32.0	-28.6	-25.0	-10.9	-21.8	-36.0	-27.6
CPI	YoY%	0.0	0.5	1.2	2.7	3.2	3.4	3.5	3.9
Investment									
IIP-Capital goods	YoY%	8.1	18.8	14.4	14.3	19.1	11.2	16.0	
Central government capex	YoY%	-28.3	-13.8	-24.5	-24.5	59.6	-41.8	18.8	
IIP- Infra/ construction goods	YoY%	5.2	12.3	12.6	13.2	10.9	5.8	7.1	
External sector									
Merchandise exports	YoY%	-12.5	18.6	1.2	0.4	-0.8	-7.4	14.2	18.0
Merchandise imports	YoY%	17.9	-1.5	10.3	19.9	25.0	-6.2	10.0	20.6
Non-POL, Non-gold and silver imports	YoY%	9.0	16.1	13.6	3.1	14.7	9.6	14.1	9.9
Services (net)	YoY%	1.5	17.0	18.3	19.4	4.1	15.7	16.7	12.3
Foreign exchange reserves	US\$ bn	690	686	697	723.8	728.5	688.1	698.5	682.3
Business activity									
IIP	YoY%	0.0	6.5	5.8	4.4	5.2	3.2	4.9	
IIP-Manufacturing	YoY%	-0.3	8.9	7.9	5.0	5.9	3.9	6.2	
Core sector: Coal	YoY%	-8.6	2.1	3.6	3.1	2.3	-4.0	-8.7	
Core sector: Steel	YoY%	5.9	6.7	10.1	11.5	7.6	7.7	6.2	
Core sector: Cement	YoY%	5.2	14.6	13.8	11.3	8.9	4.7	9.4	
Core sector: Electricity	YoY%	-6.9	-1.5	6.3	5.2	2.3	0.8	4.1	
Manufacturing PMI	Index	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0
Domestic cargo traffic	YoY%	-2.3	20.5	4.3	8.7	18.5	10.8	7.0	
International cargo traffic	YoY%	-2.4	12.7	12.6	8.4	17.6	-6.0	11.6	
Port cargo	YoY%	3.0	12.4	8.0	3.7	4.3	-1.5	1.4	
E-way bills	YoY%	8.2	27.6	23.6	15.8	18.8	12.9	11.8	11.0
Services/ banking									
Services PMI	Index	58.9	59.8	58.0	58.5	58.1	57.5	58.8	59.8
Domestic passengers traffic	YoY%	3.5	7.0	-4.9	3.1	-0.1	-1.3	-2.9	
International passengers traffic	YoY%	9.7	7.5	6.0	7.1	3.0	-18.5	-16.1	
Bank deposit	YoY%	10.8	10.2	12.7	10.6	11.3	16.2	13.3	12.2
Bank credit	YoY%	12.5	11.5	14.5	14.6	15.4	17.1	16.6	17.7
Banking system liquidity (Net injection(+)/absorption(-))	Rs lakh crore	-1.2	-1.5	-0.5	-1.8	-2.8	-3.1	-2.6	-1.4

Source: CMIE Economic Outlook, NSE EPR

Current account returns to surplus in Q4FY26; FY26 registers largest BoP deficit on record

India's current account returned to a surplus of US\$7.0 bn (0.7% of GDP) in Q4FY26 from a deficit of US\$15.5 bn (1.5% of GDP; revised higher) in Q3FY26, supported by a narrower merchandise trade deficit and stronger invisibles. Net services receipts rose to US\$60.4 bn (5.0% QoQ), while workers' remittances reached a record US\$29.1 bn (19.4% QoQ). The merchandise trade deficit narrowed to US\$83.4 bn from US\$95.9 bn in the previous quarter, while capital account outflows moderated to US\$1.1 bn from US\$7.7 bn. Consequently, the overall Balance of Payments (BoP) returned to a surplus of US\$7.2 bn in Q4FY26 from a deficit of US\$24.4 bn in Q3FY26. Despite the quarterly improvement, FY26 recorded the largest BoP deficit on record at US\$23.6 bn, as the capital account surplus declined sharply to US\$1.9 bn from US\$16.6 bn in FY25 amid sizeable portfolio outflows. This occurred despite record net services receipts of US\$216.6 bn and transfer inflows of US\$143.5 bn, which helped contain the current account deficit at US\$25.4 bn (0.6% of GDP) despite a record merchandise trade deficit.

Going forward, even as an interim deal was finalised between US and Iran, India's external position is likely to face increasing pressure in FY27 due to a rise in commodity prices and supply-chain disruptions. A sustained increase in crude oil prices poses a significant upside risk to the import bill, with every US\$10/bbl rise in oil prices estimated to increase India's annual import bill by US\$18–20 billion and widen the current account deficit by around 0.5% of GDP. While higher oil prices could boost the value of petroleum exports, merchandise export growth is likely to remain constrained by weak global demand. Nevertheless, recent measures announced by the RBI and the government to attract foreign capital should help strengthen capital inflows and partially offset pressures on the balance of payments.

- Current account turned to surplus in Q4FY26 supported by record services and remittance inflows:** India's current account recorded a surplus of US\$7.0 bn (0.7% of GDP) in Q4FY26 compared with a deficit of US\$15.5 bn (-1.5% of GDP) in Q3FY26 (revised higher from US\$13.2 bn). The improvement was primarily driven by a narrower merchandise trade deficit and stronger invisibles. Net services receipts rose to an all-time high of US\$60.4 bn from US\$57.5 bn in the previous quarter, as software services surplus remained steady at US\$47.1 bn and non-software services surplus increased by 12% YoY to US\$13.3 bn. Transfer receipts also strengthened significantly, with personal remittances rising to a record US\$41.2 bn (+30.5% YoY). While a large share of India's remittances come from West Asia, the surge in remittances may partly reflect precautionary transfers amid heightened uncertainty during the crisis.
- Moderation in merchandise trade deficit also provided support:** The merchandise trade deficit narrowed to US\$83.4 bn (8.1% of GDP) in Q4FY26 from US\$95.9 bn (9.4% of GDP) in Q3FY26 (-13.0% QoQ), providing an important boost to the current account balance. Merchandise exports improved sequentially to US\$113.1 bn (1.6% QoQ) as both oil and non-oil exports rose, suggesting limited impact of the uncertain global trade backdrop. Imports, on the other hand, fell by 5.1% QoQ to US\$196.6 bn in Q4FY26 as front-loading in prior periods led to softer demand in Q4.
- Capital account deficit also narrowed in Q4:** Capital account deficit narrowed sharply to US\$1.1 bn (0.1% of GDP) in Q4FY26 from US\$7.7 bn (0.8% of GDP) in Q3FY26 as sharp FPI outflows of US\$12 bn were balanced by FDI inflows and banking capital. Net FDI flows improved significantly, shifting from an outflow of US\$3.7 bn in Q3FY26 to an inflow of US\$4.2 bn in Q4FY26, supported by stronger reinvested earnings and improved inward equity flows. Banking capital inflows also strengthened to US\$5.4 bn from US\$0.7 bn in the previous quarter. That said,

India's current account balance recorded a surplus of US\$7.0 bn or 0.7% of GDP in Q4FY26.

external commercial borrowings remained relatively subdued at US\$2.5 bn, partly reflecting tighter global financing conditions. Both the current and capital accounts led to a Balance of Payments surplus of US\$7.2 bn in Q4FY26, from a deficit of US\$24.4 bn recorded in Q3FY26.

- **FY26 marked the largest BoP deficit on record, reflecting weaker external financing conditions:** India's Balance of Payments registered a deficit of US\$23.6 bn in FY26 compared with a deficit of US\$5.0 bn in FY25, exceeding the previous record deficit of US\$20.1 bn in FY09. The deterioration was driven primarily by a sharp weakening in capital account support, with the capital account surplus declining by 88.5% YoY to US\$1.9 bn from US\$16.6 bn in FY25, the lowest level since FY08. The decline was led by a reversal in portfolio flows from net inflows of US\$3.6 bn in FY25 to net outflows of US\$16.4 bn in FY26, which more than offset an improvement in net FDI inflows to US\$6.9 bn from US\$1.0 bn a year ago. Despite the merchandise trade deficit widening by 17.5% YoY to a record US\$337.3 bn (8.6% of GDP), the current account deficit remained broadly stable at US\$25.4 bn (0.6% of GDP), supported by record net services receipts of US\$216.6 bn (+14.7% YoY) and record transfer inflows of US\$143.5 bn (+16.3% YoY). While the strength of invisibles cushioned the impact of the widening trade deficit, it was insufficient to offset the sharp deterioration in capital inflows.
- **Persistence of WA crisis poses downside risks to India's CAD in FY27:** Even as an interim deal was finalised between US and Iran, India's external position is likely to face increasing pressure due to a rise in commodity prices and supply-chain disruptions. A sustained increase in crude oil prices poses a significant upside risk to the import bill, with every US\$10/bbl rise in oil prices estimated to increase India's annual import bill by US\$18–20 billion and widen the current account deficit by around 0.5% of GDP. While higher oil prices could boost the value of petroleum exports, merchandise export growth is likely to remain constrained by weak global demand. Nevertheless, recent measures announced by the RBI and the government to attract foreign capital, including relaxation of investment norms for government securities, concessional forex swap facilities for ECBs, and support for FCNR(B) deposits, should help strengthen capital inflows and partially offset pressures on the balance of payments.

Table 16: Balance of Payments – Quarterly account

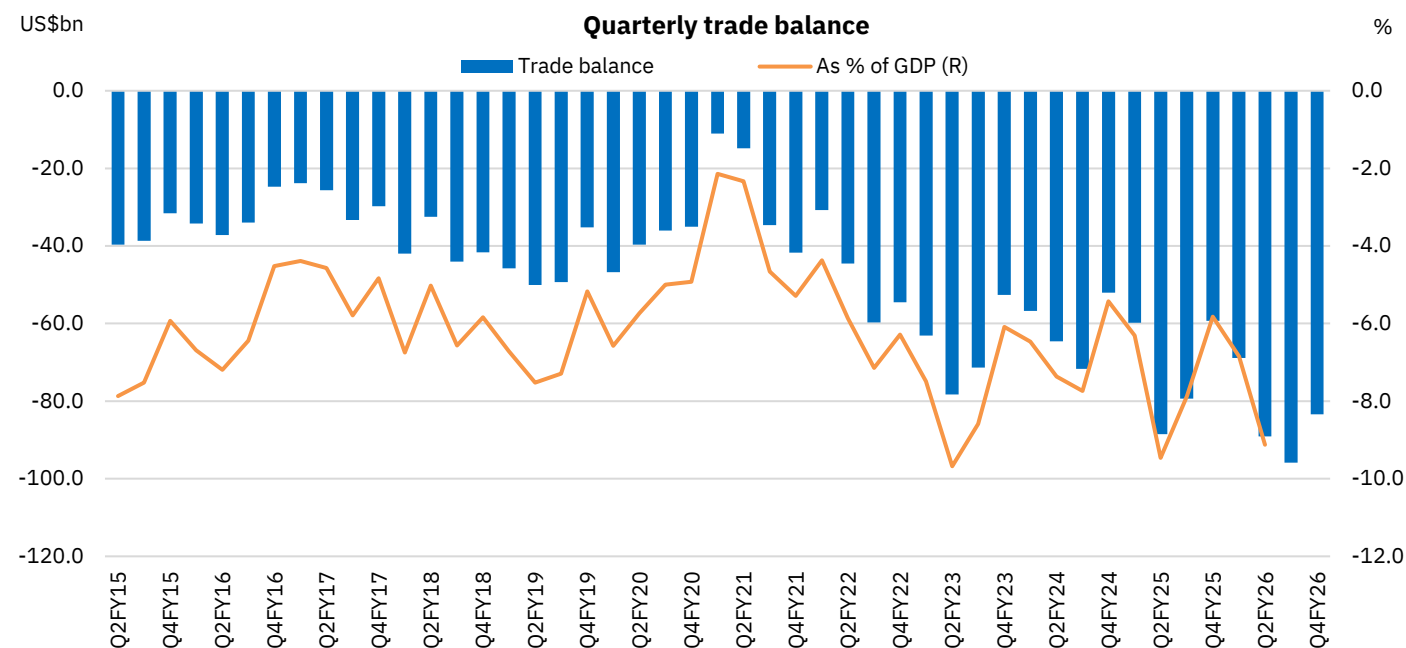
US\$ bn	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Current account	4.6	-4.5	-20.9	-11.3	13.6	-2.9	-14.0	-15.5	7.0
<i>CAB/GDP (%)</i>	0.5	-0.5	-2.4	-1.1	1.4	-0.3	-1.5	-1.5	0.7
Trade balance	-52.0	-59.8	-88.5	-79.3	-59.3	-68.9	-89.1	-95.9	-83.4
<i>Trade balance/GDP (%)</i>	-5.5	-6.7	-10.1	-8.0	-5.9	-7.3	-9.7	-9.4	-8.1
Merchandise exports	121.6	115.2	100.6	109.8	116.5	112.7	109.0	111.3	113.1
Merchandise imports	173.6	175.0	189.2	189.1	175.8	181.6	198.1	207.2	196.6
Oil imports	48.8	51.5	41.5	48.4	44.3	49.2	42.9	43.3	38.6
Non-oil imports	124.9	123.4	147.6	140.7	131.4	132.3	155.2	163.9	158.0
Invisibles	56.6	55.3	67.7	68.0	72.9	66.0	75.1	80.4	90.5
Net services	42.7	39.9	44.5	51.2	53.3	47.9	50.9	57.5	60.4
Software earnings	36.6	37.4	39.6	41.1	41.5	41.5	43.9	47.1	47.1
Transfers	28.7	26.3	32.4	33.2	31.5	30.9	36.3	35.1	41.2
Investment income	-15.7	-12.0	-10.2	-17.6	-12.9	-13.9	-13.1	-13.4	-12.0
Other invisibles	0.9	1.2	1.0	1.1	1.0	1.1	1.0	1.1	0.9
Capital account	25.5	8.9	39.9	-26.6	-5.6	8.6	2.1	-7.7	-1.1
<i>Capital acc./GDP (%)</i>	2.7	1.0	4.5	-2.7	-0.6	0.9	0.2	-0.8	-0.1
Foreign investments	13.7	7.2	17.0	-14.2	-5.5	6.4	-4.1	-3.8	-7.8
FDI	2.3	6.2	-2.8	-2.8	0.4	4.8	1.6	-3.7	4.2
FII	11.4	0.9	19.9	-11.4	-5.9	1.6	-5.7	-0.2	-12.0
Loans	3.9	5.1	9.5	9.1	5.7	5.9	5.1	15.7	0.6
ECBs	1.6	1.5	2.0	4.4	8.0	5.3	0.7	2.7	2.5
Banking capital	6.9	2.9	6.1	-9.8	-9.0	-1.6	1.9	0.7	5.4
NRI deposits	5.4	4.0	6.2	3.1	2.8	3.6	2.5	5.1	3.3
Others	1.1	-6.2	7.3	-11.7	3.2	-2.1	-0.8	-20.3	0.7
Errors & Omissions	0.6	0.8	-0.4	0.3	0.8	-1.2	1.0	-1.2	1.3
Overall balance (BoP)	30.8	5.2	18.6	-37.7	8.8	4.5	-10.9	-24.4	7.2

Source: RBI, CMIE Economic Outlook, NSE EPR. Notes: 1) -ve value stands for deficit/outflows while +ve value stands for surplus/inflows

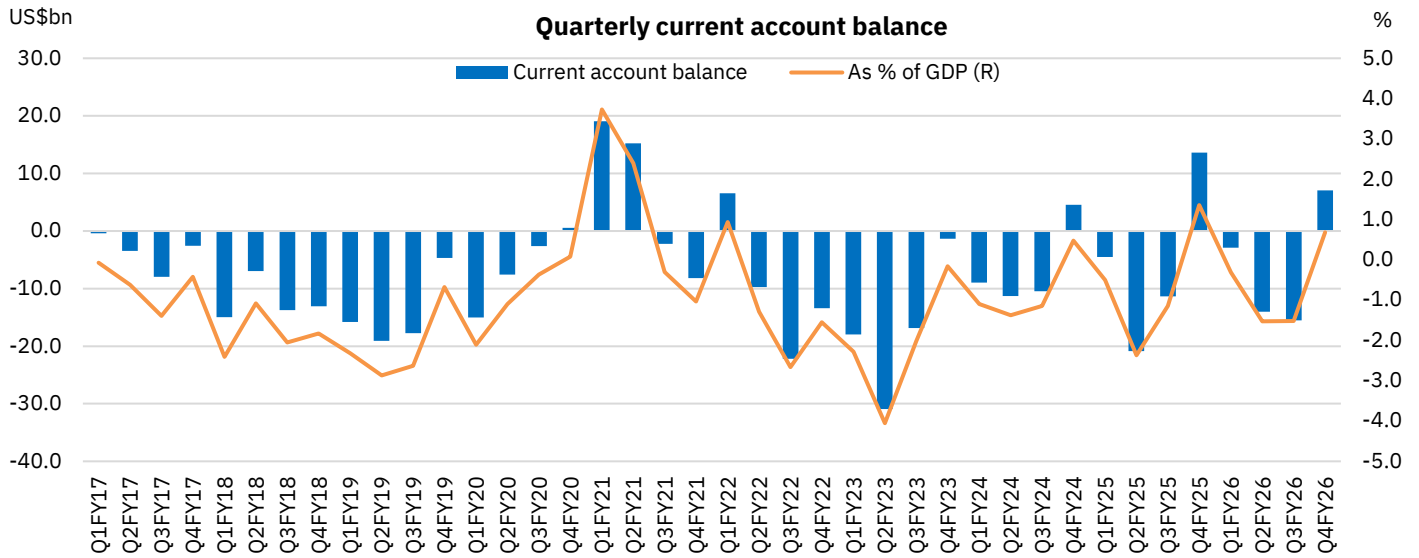
Table 17: Balance of Payments – Annual account

US\$ bn	FY23	FY24	FY25	FY26
Current account	-67.1	-26.1	-23.1	-25.4
CAB/GDP (%)	-2.0	-0.7	-0.6	-0.6
Trade balance	-265.3	-244.9	-286.9	-337.3
Trade balance/GDP (%)	-7.9	-6.7	-7.3	-8.6
Merchandise exports	456.1	441.4	442.1	446.1
Merchandise imports	721.4	686.4	729.0	783.4
Oil imports	209.3	178.8	185.8	173.9
Non-oil imports	504.0	507.6	543.2	609.5
Invisibles	198.2	218.8	263.9	311.9
Net services	143.3	162.8	188.8	216.6
Software earnings	131.3	142.1	159.6	179.5
Transfers	100.9	105.8	123.4	143.5
Investment income	-49.2	-53.6	-52.6	-52.4
Other invisibles	3.3	3.8	4.3	4.2
Capital account	58.9	89.4	16.6	1.9
Capital acc./GDP (%)	1.8	2.5	0.4	0.0
Foreign investments	22.8	54.2	4.5	-9.4
FDI	28.0	10.2	1.0	6.9
FII	-5.2	44.1	3.6	-16.4
Loans	8.3	6.5	29.3	27.4
ECBs	-3.8	-0.1	15.9	11.1
Banking capital	21.0	40.5	-9.8	6.4
NRI deposits	9.0	14.7	16.2	14.4
Others	6.9	-11.9	1.1	5.0
Errors & Omissions	-1.0	0.4	1.4	-0.1
Overall balance (BoP)	-9.1	63.7	-5.0	-23.6

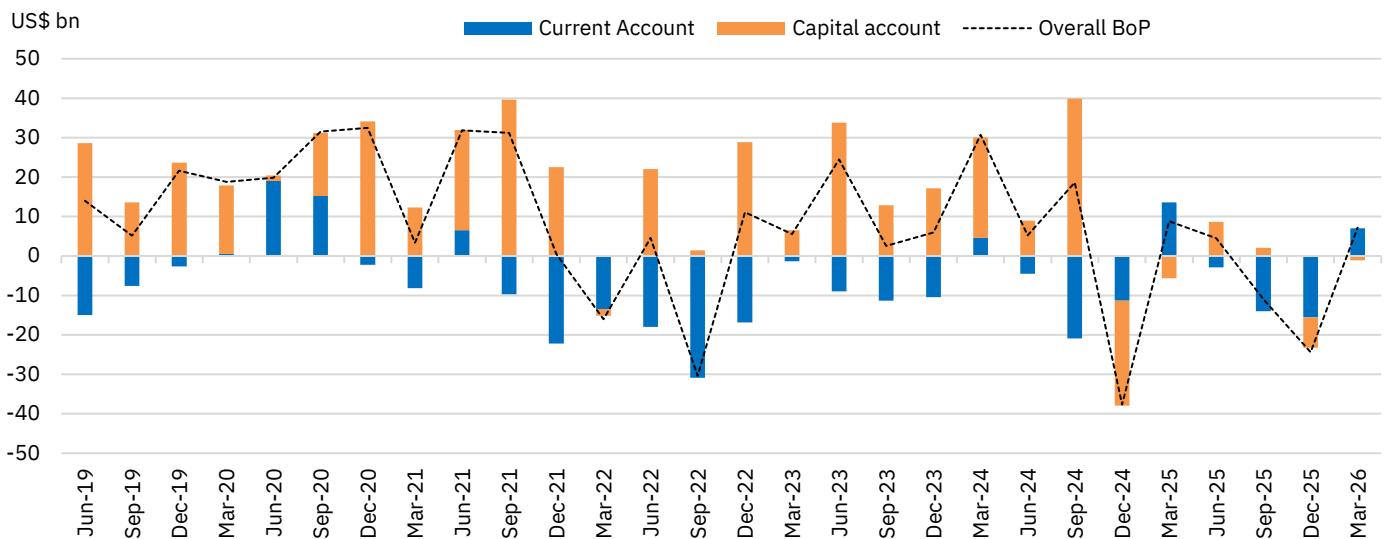
Source: RBI, CMIE Economic Outlook, NSE EPR. 1) -ve value stands for deficit/outflows while +ve value stands for surplus/inflows

Figure 43: Quarterly trade balance trend


Source: RBI, CMIE Economic Outlook, NSE EPR.

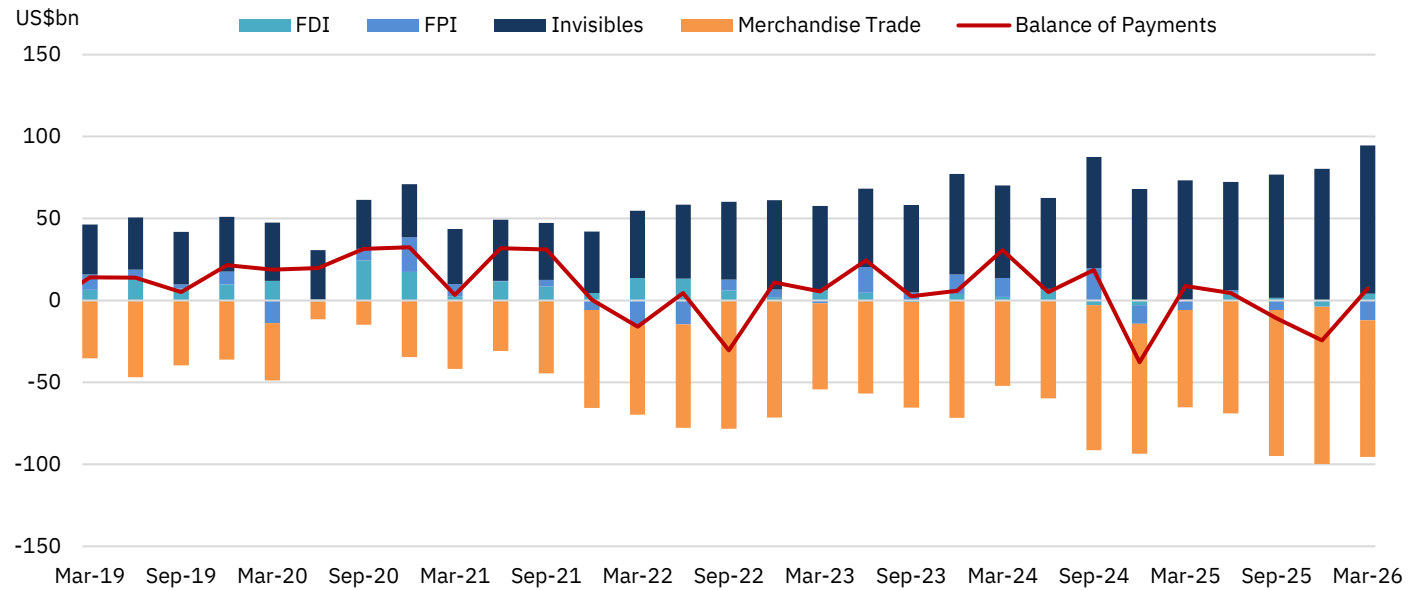
Figure 44: Quarterly current account balance trend


Source: CMIE Economic Outlook, NSE EPR.

Figure 45: India's balance of payments decomposition


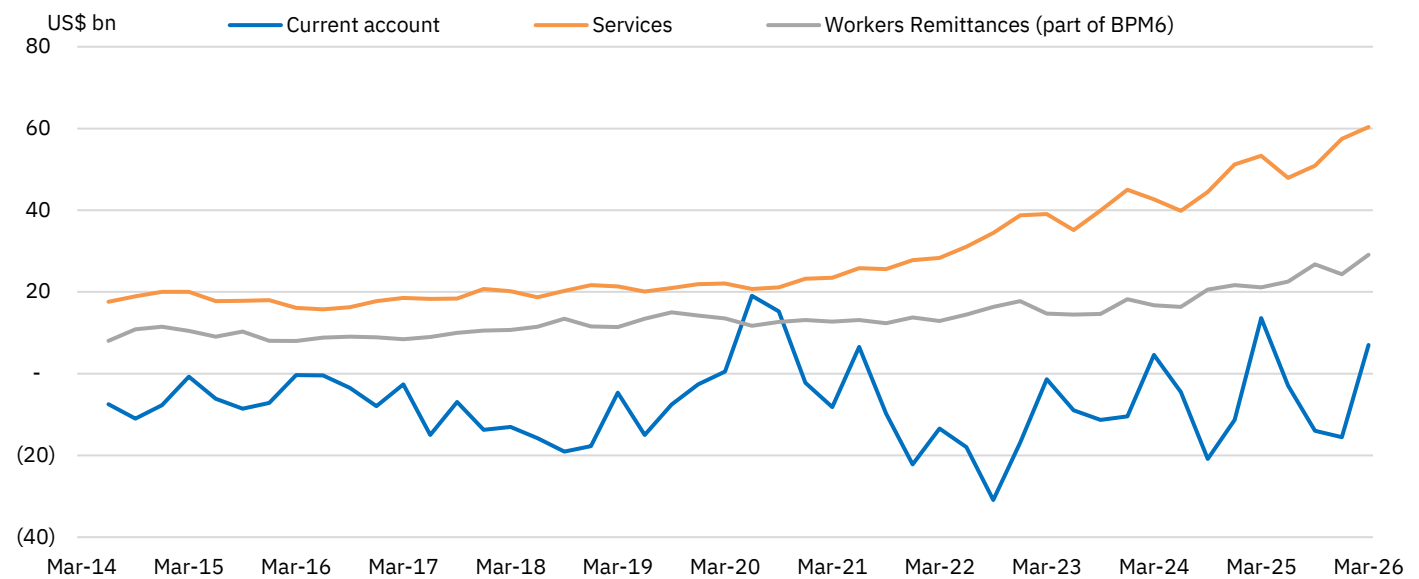
Source: CMIE Economic Outlook, NSE EPR.

Figure 46: Quarterly balance of payments trend by channels



Source: CMIE Economic Outlook, NSE EPR.

Figure 47: Quarterly Trends in current account balance, services and workers remittances



Source: CMIE Economic Outlook, NSE EPR.

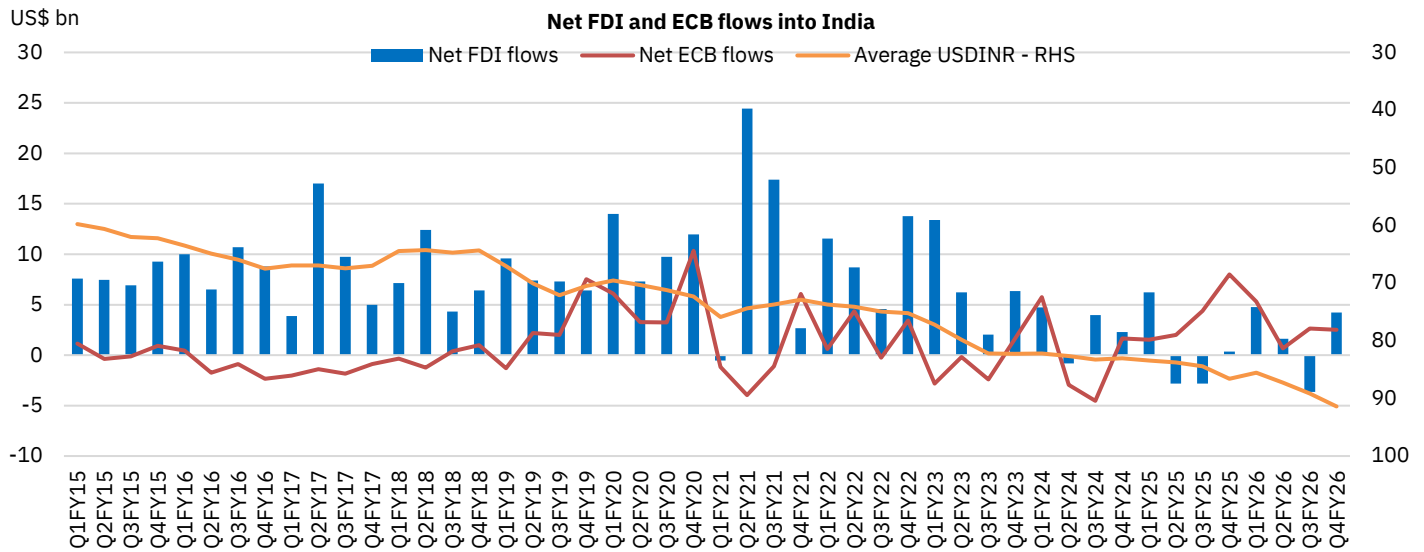
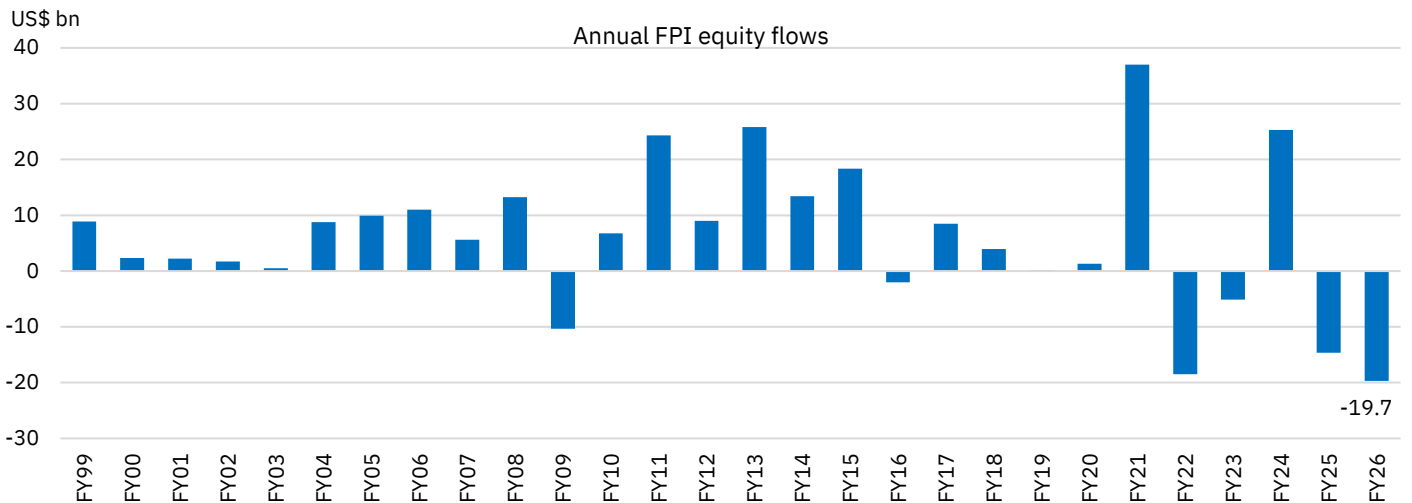
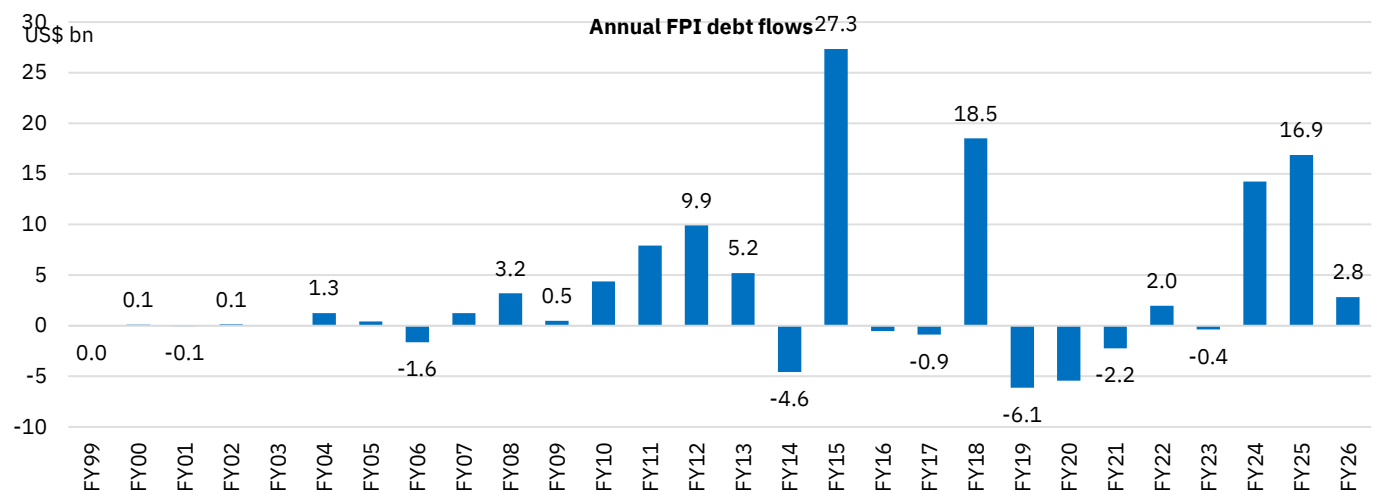
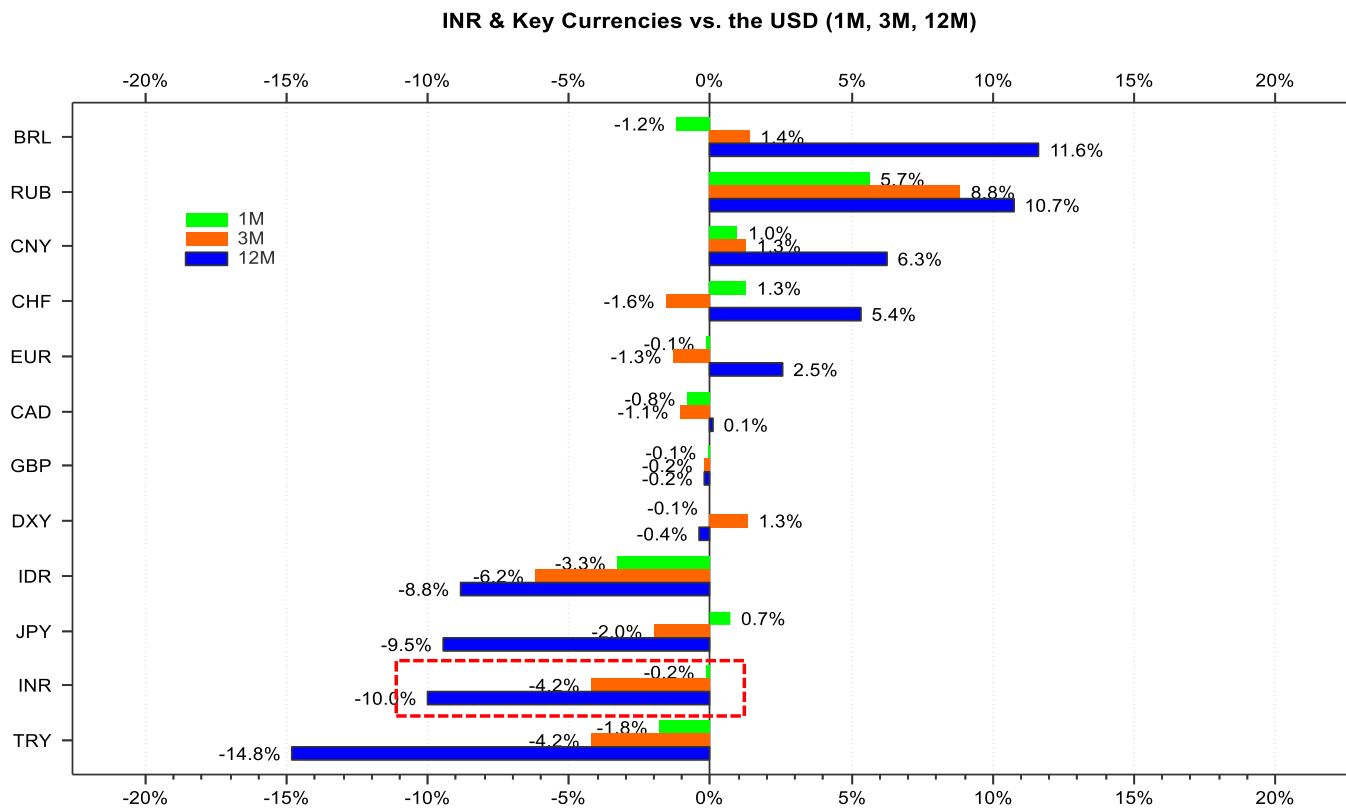
Figure 48: Quarterly net FDI and ECB flows vs. INR

Figure 49: Annual net FPI flows into equity

Figure 50: Annual net FPI flows into debt


Figure 51: Change in INR vs other major currencies



Source: LSEG Workspace, NSE EPR. Note: Data as of May 31st, 2026)

IIP rebased: A broader measure of industrial activity

The Ministry of Statistics and Program Implementation's (MoSPI's) release of the new Index of Industrial Production (IIP) series with base year 2022-23 marks another important statistical revision after the recent methodological rejig to GDP and CPI, aimed at improving the representativeness of India's macroeconomic data architecture and making it more aligned with evolving international statistical practices. The revision is timely, given the structural shifts in India's industrial economy over the last decade, including the rise of new products, changing energy composition, and greater relevance of utility-linked activities. The new series updates the base year from FY2012 to FY2023, shifts classification from National Industrial Classification (NIC) 2008 to NIC 2025, expands sectoral coverage, revises the item basket, and updates sectoral and use-based weights. The new base also changes the recent growth picture, with headline IIP growth appearing relatively stronger in FY24 and FY25, before broadly converging with the old series in FY26. The April 2026 print, however, showed moderation to 4.9% YoY (vs. 5.8% YoY in Apr'25), weighed down by mining, even as manufacturing and investment-linked categories such as capital, intermediate and infrastructure/construction goods remained relatively resilient. The relationship between IIP and GVA will need to be monitored over time, as the initial readings under the new base show a weaker correlation than seen in the previous series.

- A timely methodological reset...:** MoSPI's new IIP series with base year 2022-23 is part of the broader refresh of India's macroeconomic statistics. The update seeks to make the index more representative of the current industrial structure by incorporating newer products, updated classifications, wider sectoral coverage and revised weights. Sectoral weights have also changed: mining & quarrying has declined from 14.4% to 11.1%, manufacturing from 77.6% to 76.1%, while electricity & gas supply has risen from 8.0% to 10.9%. A new water/waste management category has been assigned a 2.0% weight. In the use-based classification, primary goods' weight has fallen from 34.0% to 31.1%, while intermediate goods have increased from 17.2% to 22.4%.
- ...With wide-ranging changes:** The new IIP series reflects a refresh of the production basket rather than a simple rebasing exercise. The index has been expanded from a three-sector framework after carving out of the water supply, sewerage & waste management category. The product basket has also been updated meaningfully, rising from 839 items across 407 item groups to 1,042 items across 463 item groups, with 120 new groups added and 64 older ones dropped. Mining coverage has been widened to include minor and rare earth minerals, while electricity is now split between renewable and non-renewable generation, improving the granularity of energy-sector tracking. Importantly, the treatment of "not elsewhere classified" (n.e.c.) items and factory substitution has also been strengthened, while wholesale price index (WPI) will continue to be used as the interim deflator for value-based items until a gradual transition to the Output Producer Price Index becomes feasible.
- Industrial growth stronger in new series during FY24/FY25; converged in FY26:** The new base changes the industrial growth narrative, though the impact varies across years and segments. At the headline level, IIP growth is stronger under the 2022-23 base in FY24 and FY25, at 6.7% YoY and 6.4% YoY (vs. 5.9% and 4.1% respectively) under the old series. By FY26, the two series broadly converge, with growth at 4.3% YoY under the new base versus 4.1% YoY earlier. The upward revision is led mainly by manufacturing, where growth is higher in FY24 and FY25, before aligning with the old series in FY26. Mining is more mixed, with lower growth in FY24 and FY25 but a stronger FY26 print of 3.7% YoY vs. 1.4% YoY earlier. In

the use-based classification, the new series shows stronger FY25 growth in capital goods, consumer durables and consumer non-durables. However, this pattern is not uniform in FY26 where growth trends vary across use-based categories.

- **IIP growth moderated in April'2026 weighed down by mining...:** The weakness in the mining sector in April dragged down the overall IIP growth to 4.9% YoY (vs. 5.8% YoY in April 2025). There has, however, been an improvement from 3.2% YoY in March'2026. The contraction of 5.1% YoY in the mining sector was broadly offset by solid manufacturing sector support, expanding by 6.2% YoY in April'2026. Withing manufacturing eight of the 23 manufacturing sub-categories recorded growth above the overall manufacturing growth. The strongest growth was recorded in capital-goods-linked segments such as electrical equipment (19.2% YoY), other transport equipment (18.8%), machinery & equipment's (12.9%). Some of the other sub-categories like textiles (15.6% YoY) and paper (13.7%) has also registered healthy growth. In contrast consumer and commodity-linked segments were weaker which include coke and refined petroleum products at (-0.5%), wearing apparel at (-7.0%), beverages at (-7.1%), and wood products at (-12.5%).
- **...While investment-linked segments recording healthy growth:** On the use-based side, investment-linked segments remained relatively resilient, with capital goods growth strengthening to 16.0% YoY, followed by intermediate goods at 7.7% YoY and infrastructure/construction goods at 7.1% YoY. The capital goods segment has recorded double-digit growth for six-consecutive months. This likely reflects continued support from public capex, infrastructure activity and demand for machinery, equipment and industrial inputs. In contrast, primary goods slowed sharply to 0.6% YoY, while consumer durables and consumer non-durables eased to 4.3% YoY and 2.8% YoY, respectively.
- **Relationship between IIP and GVA under the old and new base:** Under the previous base, the correlation was strong and positive across sectors, making IIP a useful high-frequency indicator of value-added trends. The correlation stood at 0.62 for mining, 0.83 for manufacturing and 0.79 for electricity. In the initial quarters of the new 2022-23 base for both IIP and GVA, however, this relationship appears weaker, with correlations declining to (-)0.02, (-)0.08 and 0.40, respectively. This should be read with caution given the limited observations of only eight quarters and significant changes in coverage, weights and item composition. Even so, the early divergence suggests that the signalling relationship between IIP and GVA will need to be reassessed as more data becomes available.

Changes in methodology

Table 18: Methodological changes in previous and new IIP

Area	Previous methodology (Base: 2011-12)	New methodology (Base: 2022-23)
Base year	FY2012	FY2023
Sectoral coverage	Three sectors: Mining & Quarrying, Manufacturing, Electricity	Extended to four: Mining & Quarrying, Manufacturing, Electricity & Gas Supply, and Water Supply, Sewerage & Waste Management
NIC classification	NIC 2008	NIC 2025
Item basket	839 items mapped to 407 item groups	1,042 items mapped to 463 item groups (120 added, 64 dropped)
Number of item groups for which production data is collected in value terms	109	234
Manufacturing item groups	405	455
Mining coverage	Mining covered mainly major minerals; 29 items clubbed into 1 item group	Includes major minerals, minor minerals and rare earth minerals; 44 items clubbed into 3 item groups
Electricity coverage	Electricity was one item group	Electricity split into renewable and non-renewable generation
Water supply, sewerage and waste management	Not covered	Tracks water supply through tap connections, sewerage through sewerage/septage connections (reported in 500 Atal Mission for Rejuvenation and Urban Transformation (AMRUT) cities) and waste management through the quantity of waste collected and processed
Use-based classification	Six categories: Primary Goods, Capital Goods, Intermediate Goods, Infrastructure/Construction Goods, Consumer Durables and Consumer Non-durables	Same six categories continue, but individual item classifications have been reviewed and updated
NEC (not elsewhere classified) items	NEC items excluded from selection frame; their output redistributed across other items in the industry group	NEC items retained in basket; field officers revisit factories to identify specific products, making coverage more representative
Deflation (price adjustment)	Wholesale Price Index (WPI) used as deflator for value-based item groups	WPI continues as interim deflator; Technical Advisory Committee (TAC)-IIP recommends eventual transition to Output Producer Price Index (PPI) once it becomes operational
Index formula	Laspeyres fixed-base index; no chain-linking	Laspeyres fixed-base method retained for now; TAC-IIP recommends chain-linked and seasonally adjusted versions once time series is sufficiently long and stable
Factory panel & substitution	Closed/non-operational factories remained in the sample, distorting output estimates	Periodic substitution of non-operational factories with comparable active units using a 12-month substitution factor to maintain representativeness
Data source agencies	12 reporting agencies	16 reporting agencies
Granularity of sub-indices	Single electricity index; no sub-indices for mineral types	Separate indices for renewable and non-renewable electricity; fuel minerals, metallic minerals, non-metallic minerals; gas supply; water supply, sewerage and waste management
Basis for manufacturing item selection	ASI 2011-12	ASI 2021-22 and ASI 2022-23 used; common items covering up to 90% of output at NIC 3-digit level form the core basket; additional items added if coverage is below 80% of GVO; emerging items above 2% of output are also included

Source: MOSPI, PIB

Table 19: Comparison of weights in old vs new series

	Old (2011-12)	New (2022-23)
Sector-based		
Mining and quarrying	14.4	11.1
Manufacturing	77.6	76.1
Electricity & gas supply	8.0	10.9
Water supply, sewerage and waste management	NA	2.0
Use-based		
Primary goods	34.0	31.1
Capital goods	8.2	8.1
Intermediate goods	17.2	22.4
Infrastructure and construction	12.3	10.9
Consumer durables	12.8	11.3
Consumer non-durables	15.3	16.1

Source: MOSPI, PIB.

Trends in old base vs. new base

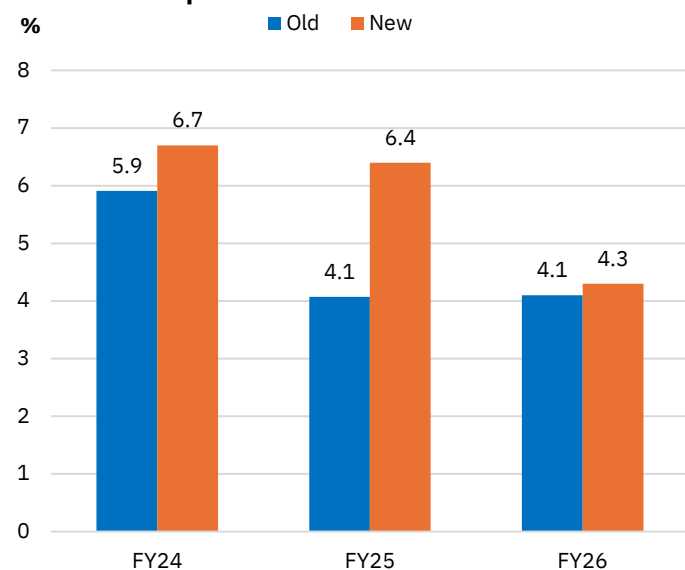
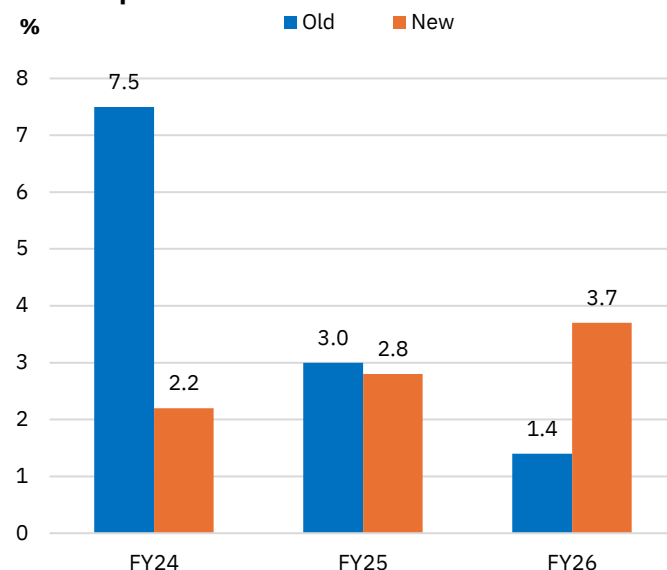
Figure 52: IIP General Index: 2011-12 vs 2022-23 base YoY comparison

Figure 53: Mining Index: 2011-12 vs 2022-23 base YoY comparison

Source: MOSPI, PIB, NSE EPR. Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

Figure 54: Manufacturing Index: 2011-12 vs 2022-23 base YoY comparison

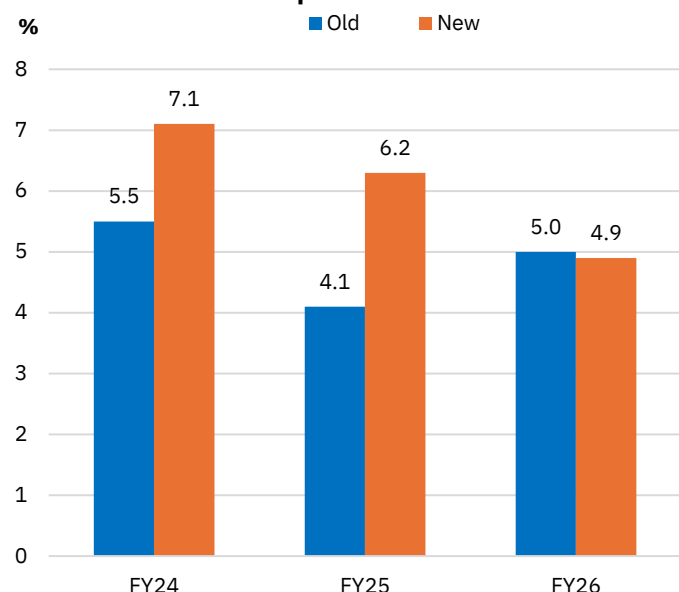
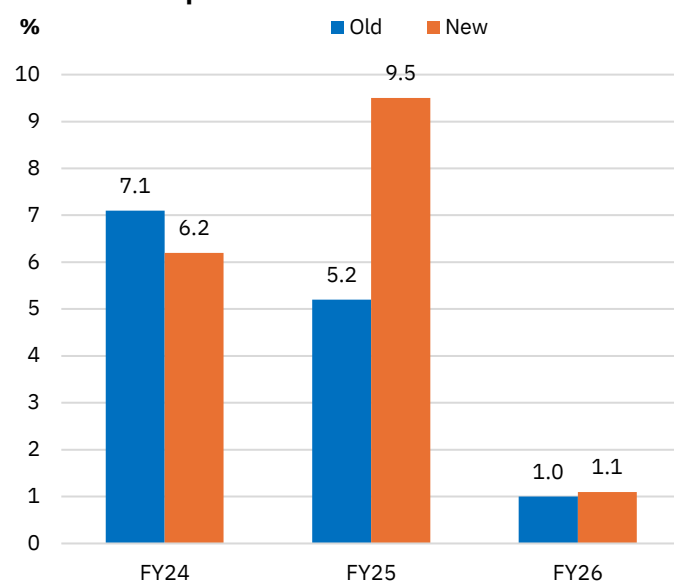


Figure 55: Electricity Index: 2011-12 vs 2022-23 base YoY comparison



Source: MOSPI, PIB, NSE EPR. Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

Table 20: Annual comparison of sub-industrial indices of the manufacturing index

Year	New base		Old base	
	2024-25	2025-26	2024-25	2025-26
Food Products	-1.5	2.5	-2.6	0.9
Beverages	11.2	-7.5	3.2	-3.0
Tobacco Products	8.3	5.6	4.2	6.2
Textiles	6.3	2.3	1.6	-1.1
Wearing Apparel	7.8	-3.0	6.2	-5.3
Leather Products	9.4	-0.1	-3.5	-4.2
Wood Products	7.2	3.6	5.7	7.1
Paper Products	2.4	5.5	-1.4	0.7
Printing	3.8	2.3	-6.1	-5.8
Coke and Refined Petroleum Products	4.1	1.1	3.3	1.3
Chemicals and Chemical Products	4.8	-0.8	1.5	-0.5
Pharmaceuticals	5.4	0.2	-1.1	0.4
Rubber and Plastics	5.3	1.7	4.3	0.7
Non-metallic Mineral Products	4.1	5.7	4.5	6.7
Basic Metals	7.7	10.0	6.7	11.0
Fabricated Metal Products	5.6	8.8	6.2	7.5
Electronic and Optical Products	9.7	7.6	9.3	6.9
Electrical Equipment	13.8	13.0	22.4	8.7
Machinery and Equipment	12.6	8.5	3.5	6.5
Motor Vehicles	4.6	10.4	4.6	12.5
Other Transport Equipment	10.2	11.2	11.5	10.2
Furniture	7.8	10.8	16.8	3.7
Other Manufacturing	8.4	1.8	-4.7	-14.9
Manufacturing growth rate YoY	6.2	4.9	4.1	5.0
No. of industries below average	10	12	11	13

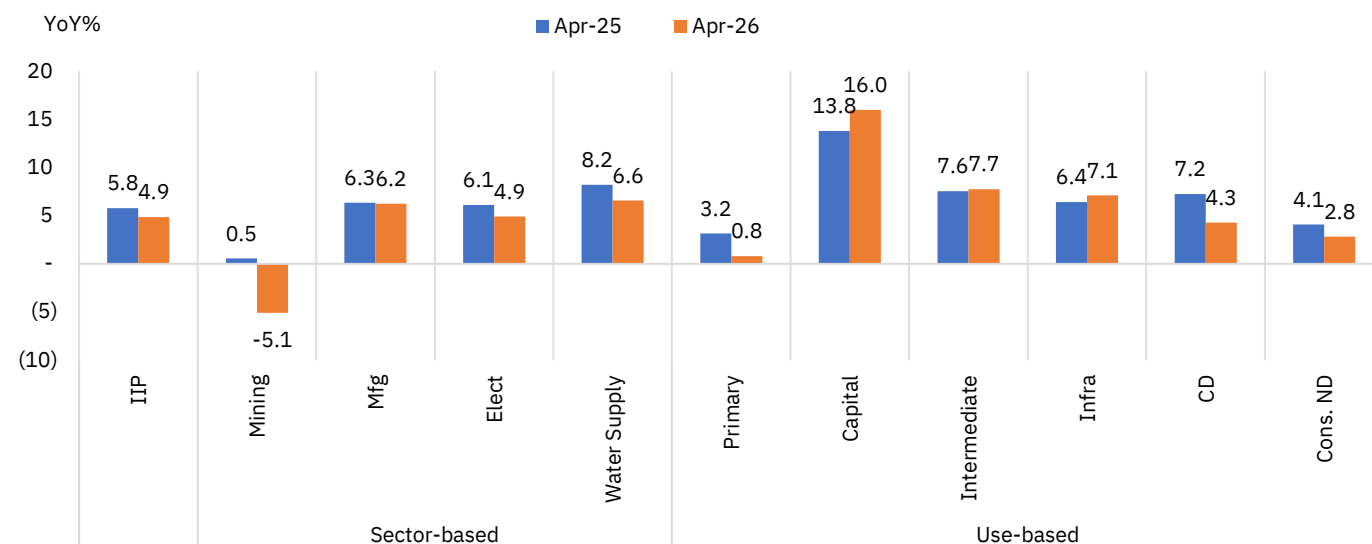
Source: MOSPI, PIB, NSE EPR Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

Table 21: Comparison of YoY growth rates for used-based classification

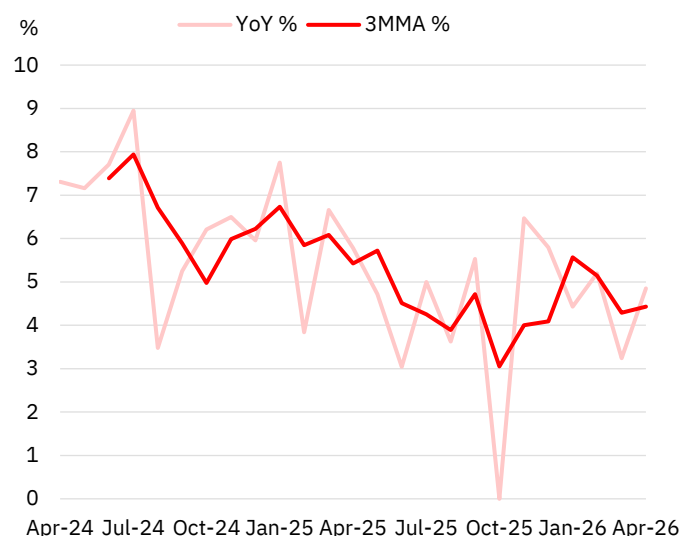
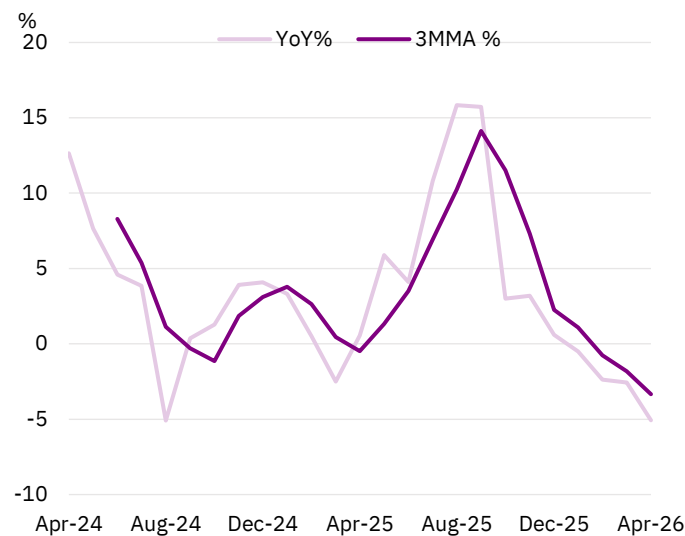
	FY25		FY26	
	Old	New	Old	New
General IIP	4.1	6.4	4.1	4.4
Primary goods	3.9	5.4	1.2	4.8
Capital goods	5.6	9.3	8.2	11.8
Intermediate goods	4.2	5.7	5.6	4.5
Infra/construction	6.8	7.4	9.8	9.2
Consumer durables	8.0	9.0	5.9	4.5
Consumer non-durables	-1.5	3.5	0.0	0.7

Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026.

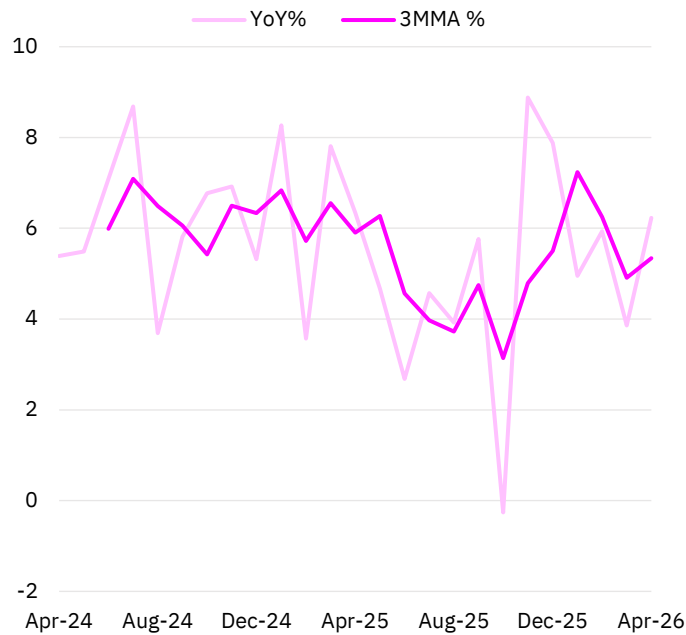
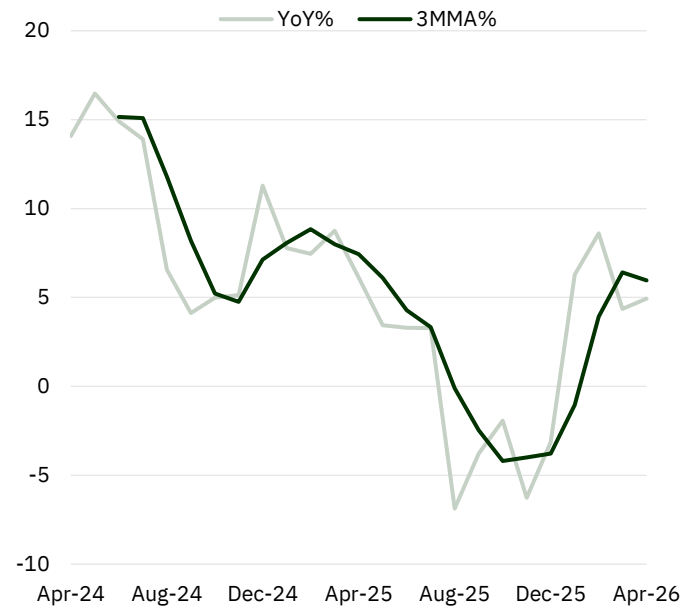
Current trends in monthly IIP

Figure 56: YoY trends in IIP growth across sector-based and used-based categories


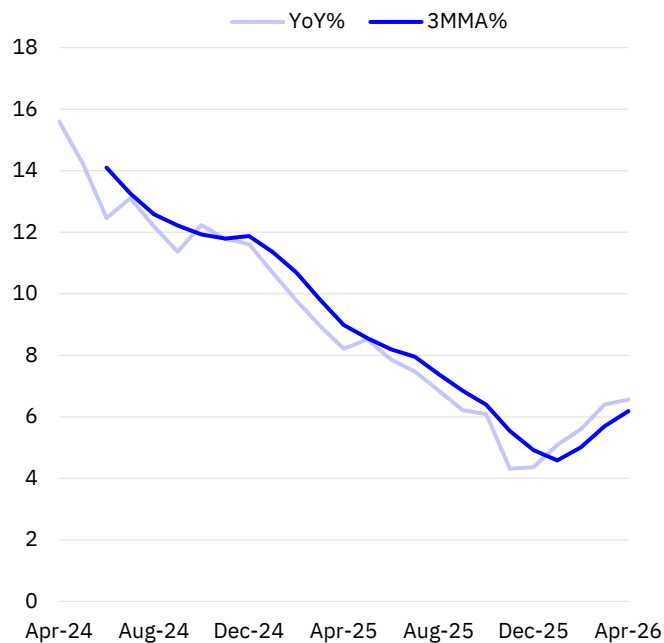
Source: CMIE Economic Outlook, NSE EPR Notes: 1) CD= Consumer Durables, Cons. ND= Consumer Non-durables

Figure 57: Monthly trends in overall IIP

Figure 58: Monthly trends in IIP-mining & quarrying


Source: MOSPI, PIB, NSE EPR Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

Figure 59: Monthly trends in IIP-manufacturing

Figure 60: Monthly trends in IIP-electricity & gas-supply


Source: MOSPI, PIB, NSE EPR Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

Figure 61: Monthly trends in IIP-water supply, sewerage and waste management


Source: MOSPI, PIB, NSE EPR Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

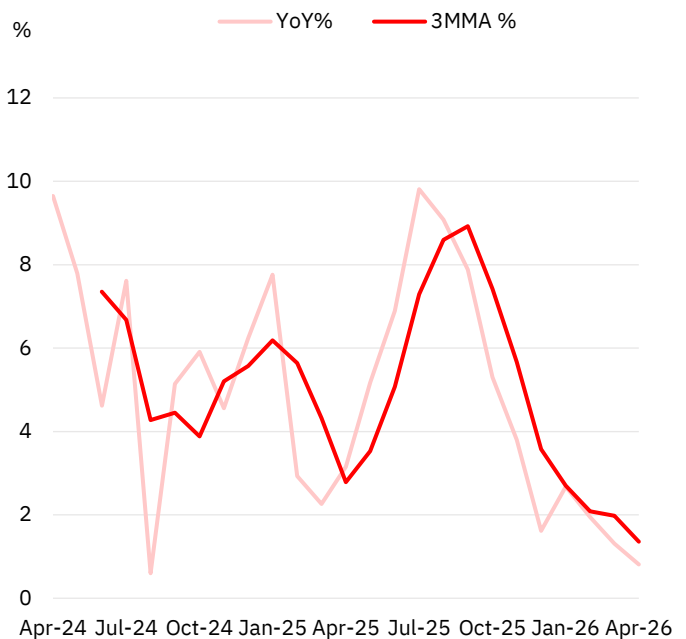
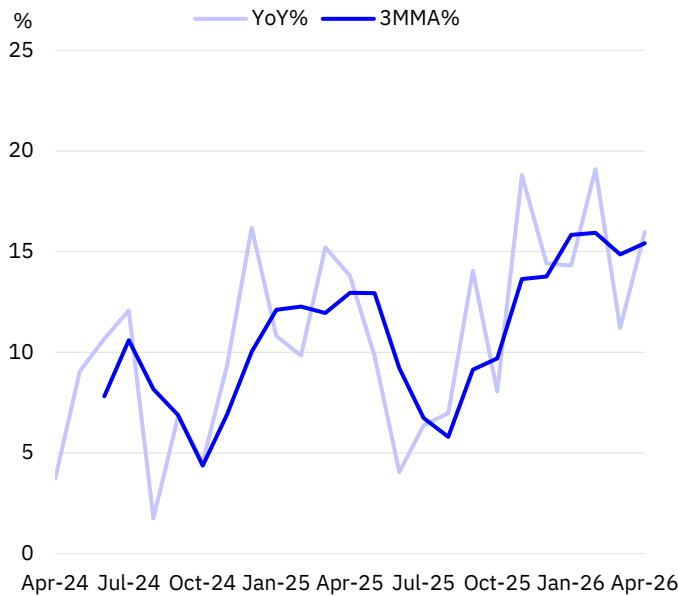
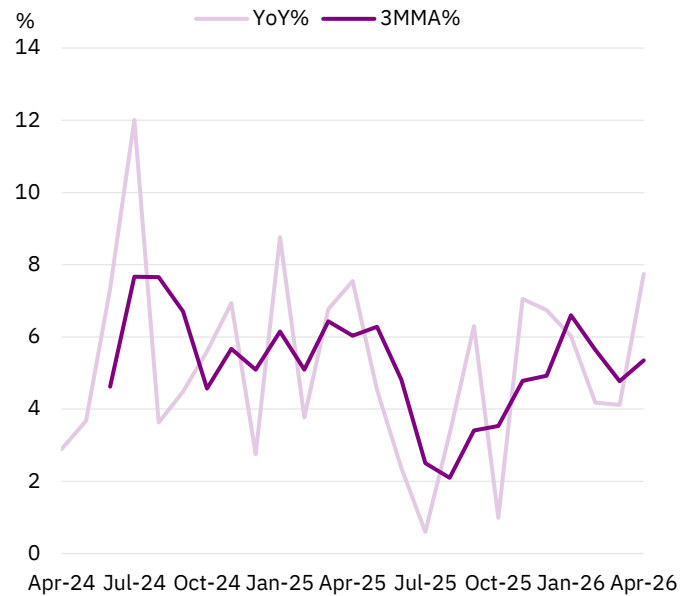
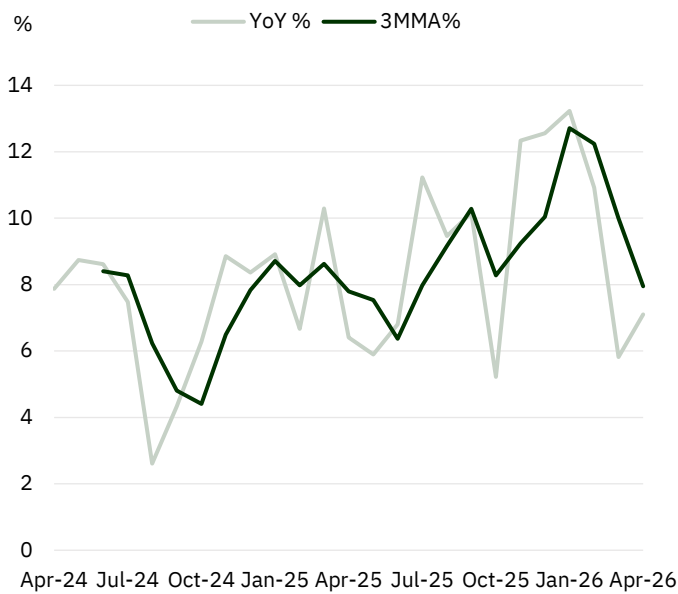
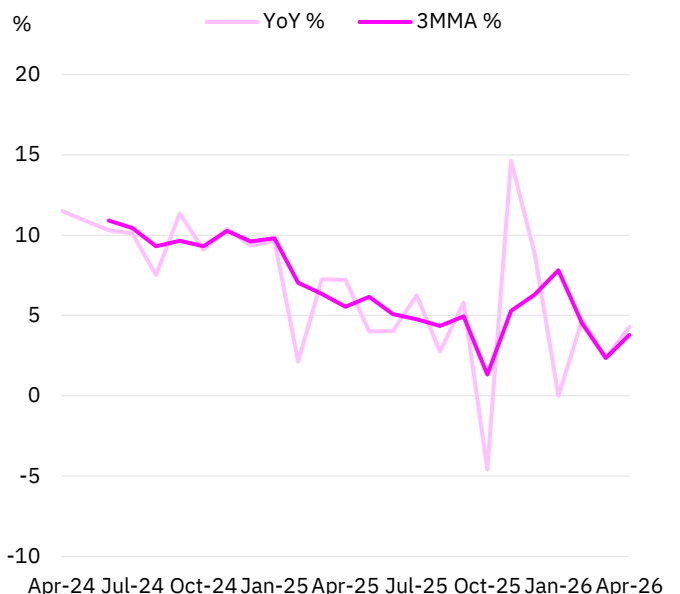
Figure 62: Monthly trends in IIP-primary goods


Figure 63: Monthly trends in IIP-capital goods

Figure 64: Monthly trends in IIP-intermediate goods


Source: MOSPI, PIB, NSE EPR Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

Figure 65: Monthly trends in IIP-infrastructure goods

Figure 66: Monthly trends in IIP-consumer durables


Source: MOSPI, PIB, NSE EPR Notes: 1) Old IIP series is the 2011-12 series while the new IIP series is 2022-23 which was released on June 1st, 2026

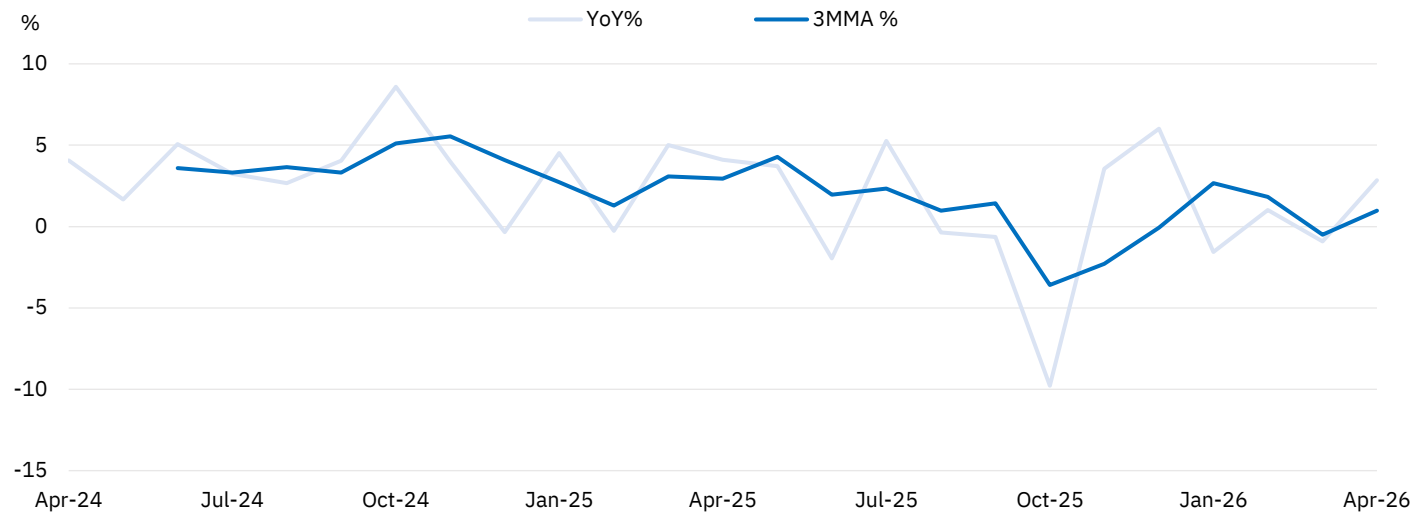
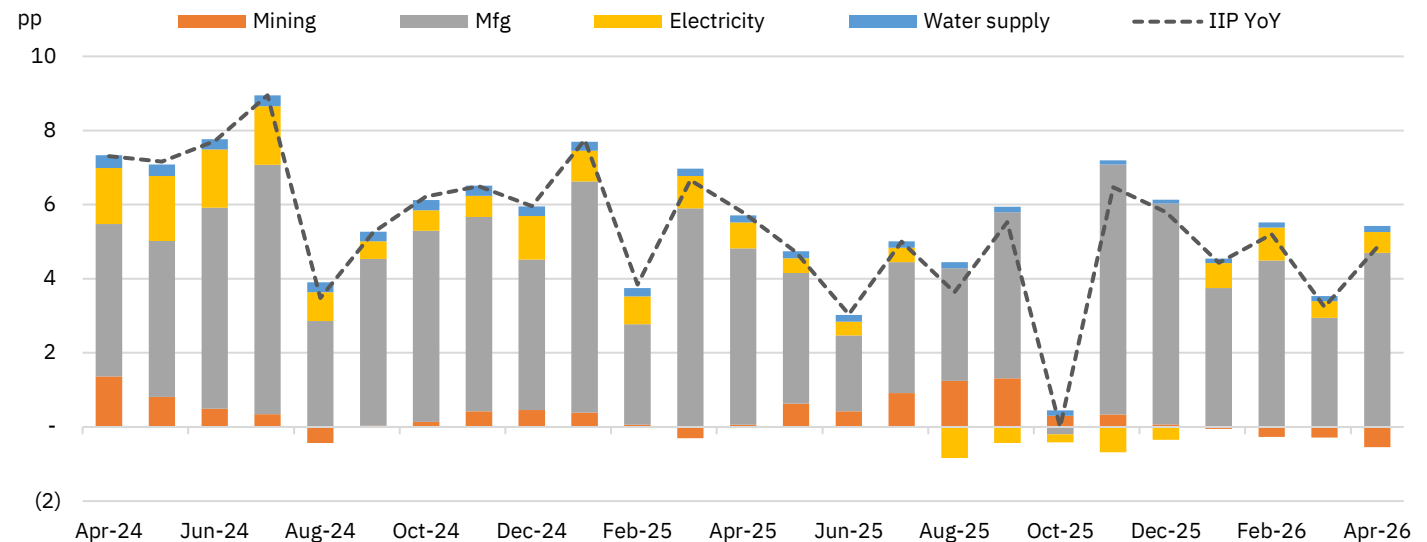
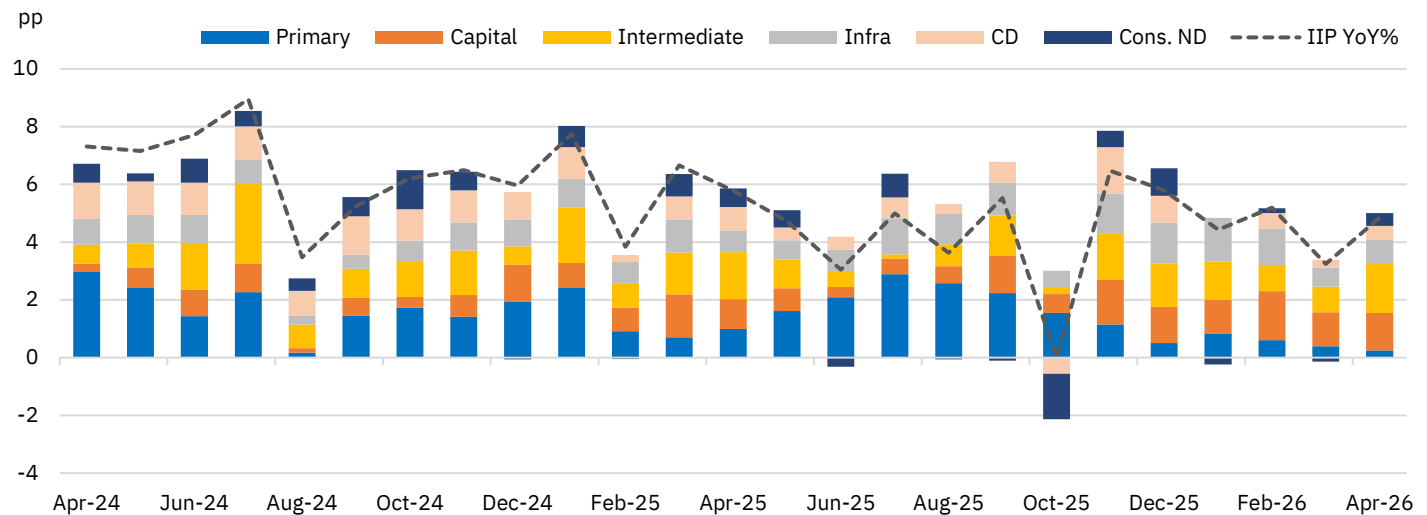
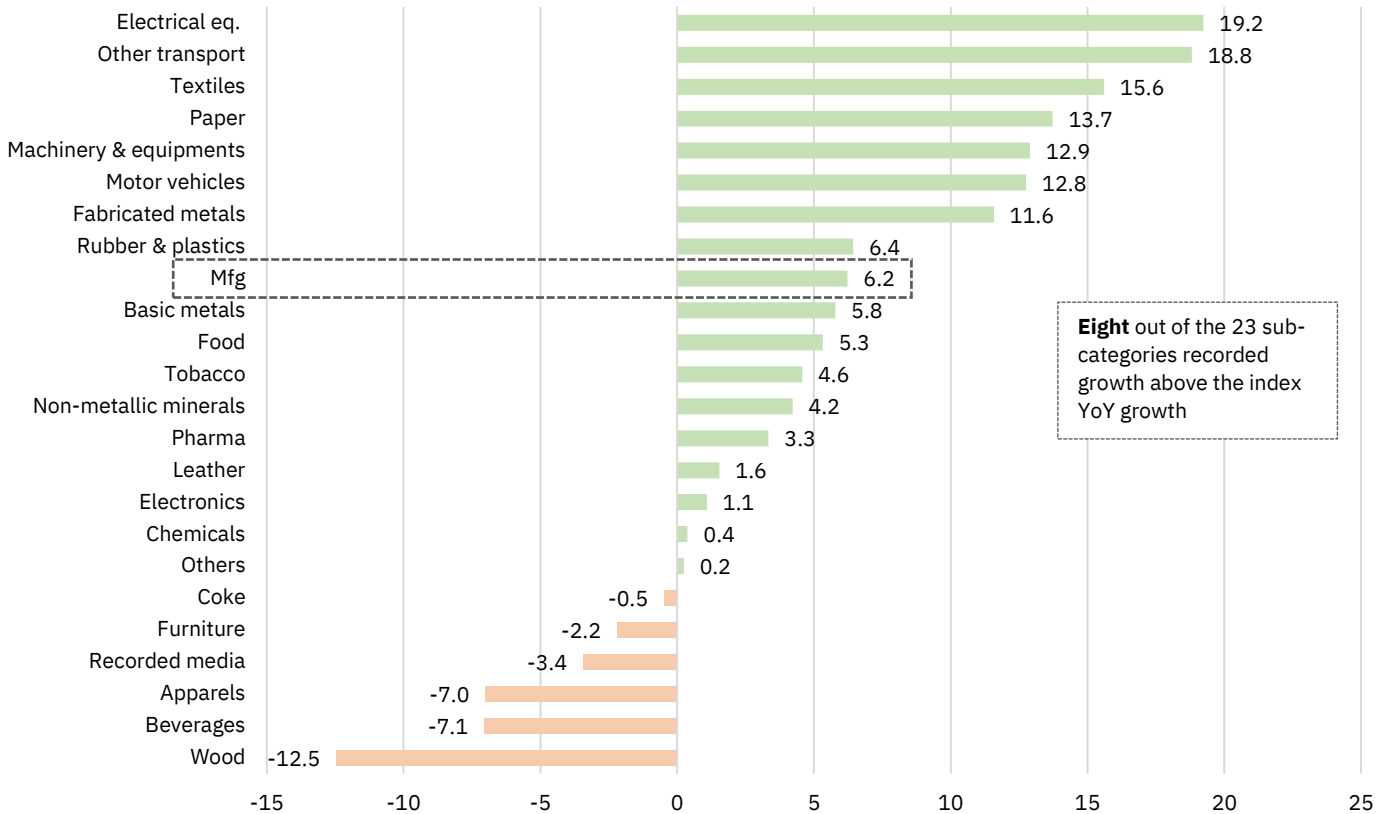
Figure 67: Monthly trends in IIP-consumer non-durable goods

Figure 68: Sector-based contribution to IIP on monthly basis

Figure 69: Used-based contribution to IIP on monthly basis


Figure 70: Manufacturing sub-categories YoY % in April 2026

Manufacturing sub-categories YoY%



Source: CMIE Economic Outlook, NSE EPR Notes: Full forms: Wood= wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials 2) Coke= Coke and refined petroleum products 3) Electronics: Computer, Electronics and optical products 4) Pharma: Pharmaceuticals, medicinal chemical and botanical products 5) Fabricated metals: fabricated metal products, except machinery and equipment 6) Motor vehicles = motor vehicles, trailers and semi-trailers

Figure 71: Correlation coefficient in old vs new IIP series

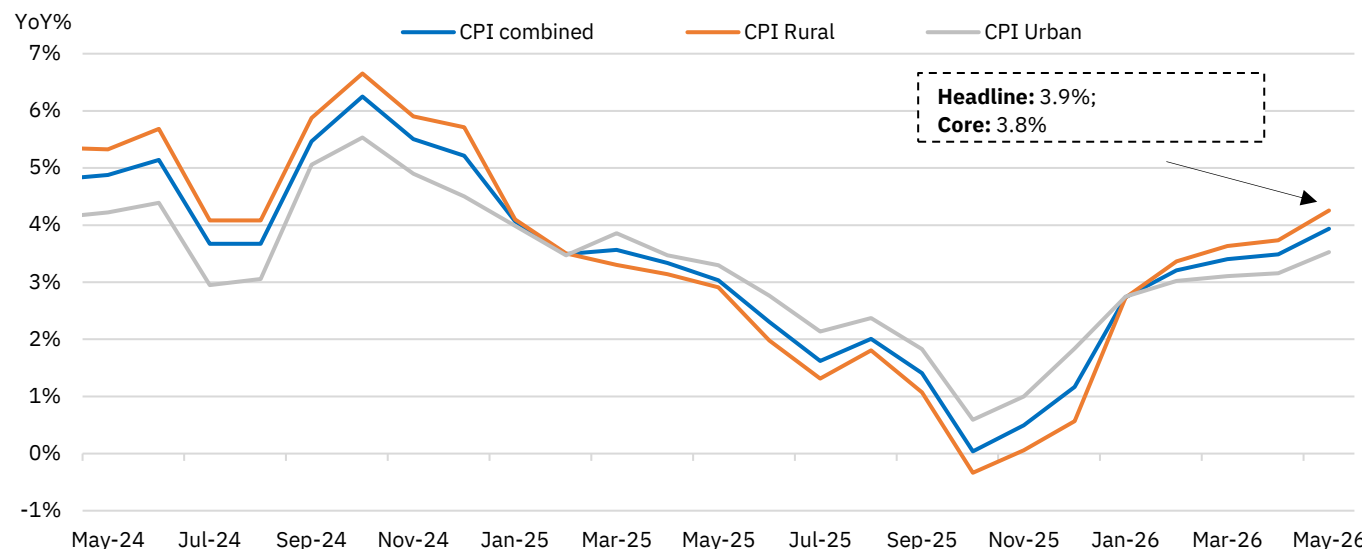
◆ 2011-12 ◆ 2022-23



Source: CMIE Economic Outlook, NSE EPR Notes: 1) The correlation in case of the old base (2011-12) has been done for the entire series starting June 2012. 2) The correlation coefficient for the Electricity index has been computed for both Electricity and Gas supply and water supply, sewerage and waste management by taking the weighted average of both the index at the quarterly level. 3) The computation of coefficient of correlation has been done at a quarterly level. 4) The correlation calculation for the new base (2022-23) has been done for only eight quarters only.

Headline consumer inflation inched up driven by energy-led pressures

Figure 72: Trends in monthly headline inflation

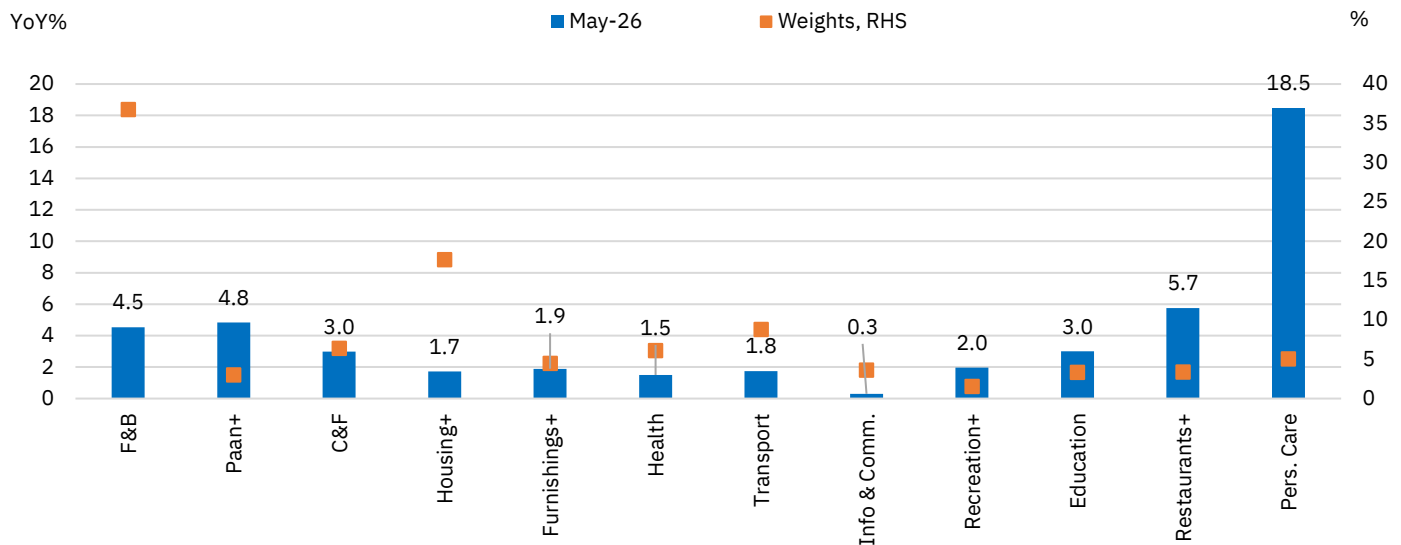


Source: CMIE Economic outlook, MOSPI, NSE EPR; Notes: 1) Core inflation is defined as headline inflation excluding food & beverages, pan, tobacco & intoxicants and electricity, gas & other fuels.

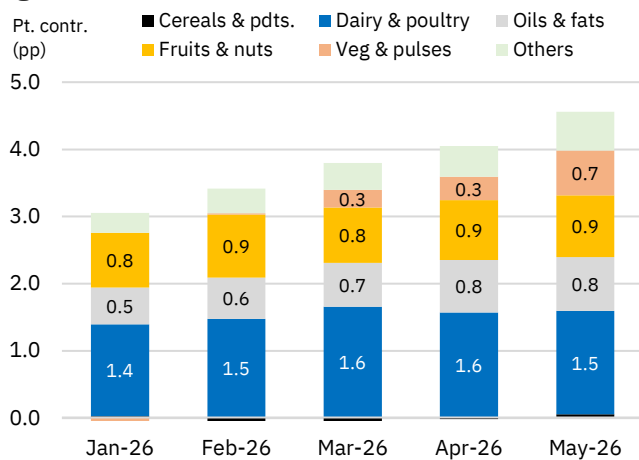
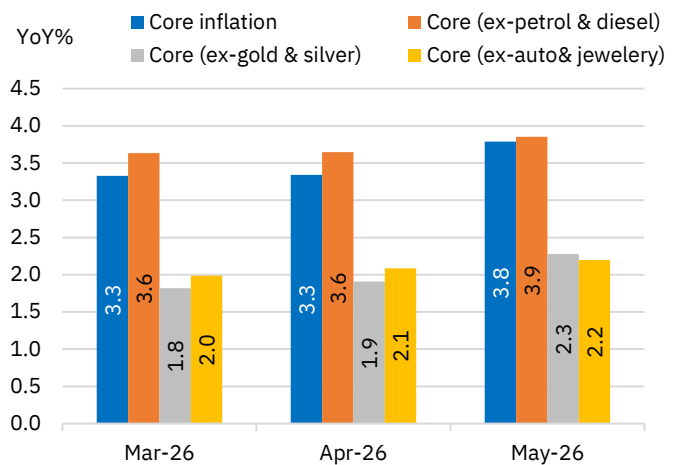
Table 22: Component-wise Consumer Price Inflation in May 2026

YoY%	Weight (%)	May-26	Apr-26
Headline CPI		3.9	3.5
Food & Beverages	36.75	4.5	4.0
Paan, tobacco and intoxicants	2.99	4.8	4.8
Clothing & Footwear	6.38	3.0	2.8
Housing, water, electricity, gas and other fuels	17.66	1.7	1.7
Furnishings, household equipment and routine household maintenance	4.47	1.9	1.6
Health	6.10	1.5	1.6
Transport	8.80	1.8	0.0
<i>Diesel</i>	0.3	3.4	0.0
<i>Petrol</i>	4.5	3.1	0.1
Information and communication	3.61	0.3	0.5
Recreation, sport and culture	1.52	2.0	2.1
Education services	3.33	3.0	3.1
Restaurants and accommodation services	3.35	5.7	4.2
Personal care, social protection and miscellaneous goods and services	5.04	18.5	17.7
Core Inflation¹	54.9	3.8	3.3

Source: CSO, NSE EPR; Note: ¹Core inflation is defined as headline inflation excluding food & beverages, pan, tobacco & intoxicants and electricity, gas & other fuels.

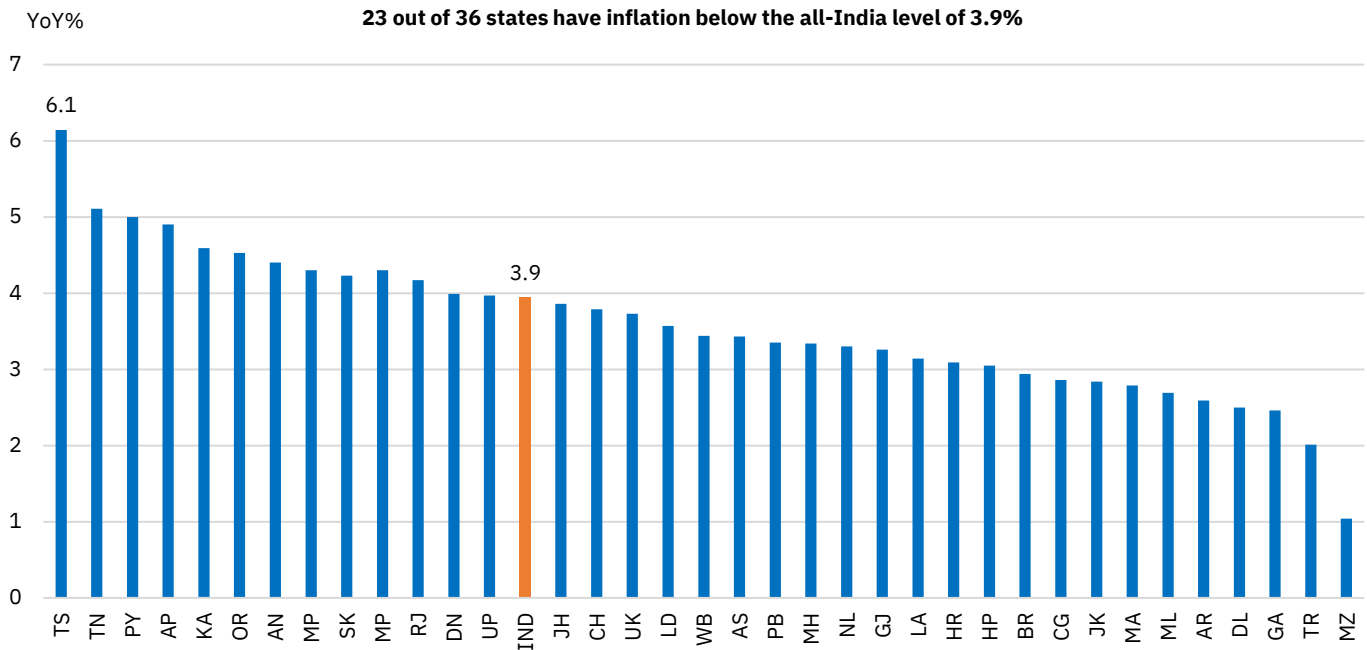
Figure 73: Division-wise headline inflation


Source: CMIE Economic outlook, MOSPI, NSE EPR; Notes: 1) F&B= Food and beverages; Paan+ = Paan, tobacco and intoxicants, C&F= Clothing & Footwear, Housing+ = Housing, water, electricity, gas and other fuels, Furnishings+ = Furnishings, household equipment and routine household maintenance, Recreation+ = Recreation, sport and culture, Restaurants+ = Restaurants and accommodation services, Pers. care= Personal care, social protection and miscellaneous goods and services

Figure 74: CPI food inflation contributors

Figure 75: Core inflation growth under different baskets


Source: Ministry of Commerce, CMIE Economic Outlook, NSE EPR. Note: Core inflation is defined as headline inflation excluding food & beverages, pan, tobacco & intoxicants and electricity, gas & other fuels.

Figure 76: State-wise headline inflation in May 2026



Source: CMIE States of India, MOSPI, NSE EPR; Notes: 1) TS= Telangana, AN= Andaman & Nicobar, KL= Kerala, PY= Puducherry, TN= Tamil Nadu, RJ= Rajasthan, SK= Sikkim, LD= Lakshadweep, KA= Karnataka, HP= Himachal Pradesh, AP= Andhra Pradesh, WB= West Bengal, IND= India, MP= Madhya Pradesh, PB= Punjab, UP= Uttar Pradesh, MH= Maharashtra, DN= Daman & Nagar Haveli & Daman & Diu, HR= Haryana, BR= Bihar, NL= Nagaland, CH= Chandigarh, GJ= Gujarat, DL= Delhi, UK= Uttarakhand, JH= Jharkhand, GA= Goa, LA= Ladakh, ML= Meghalaya, CG= Chhattisgarh, TR= Tripura, AR= Arunachal Pradesh, AS= Assam, MZ= Mizoram, MA= Manipur

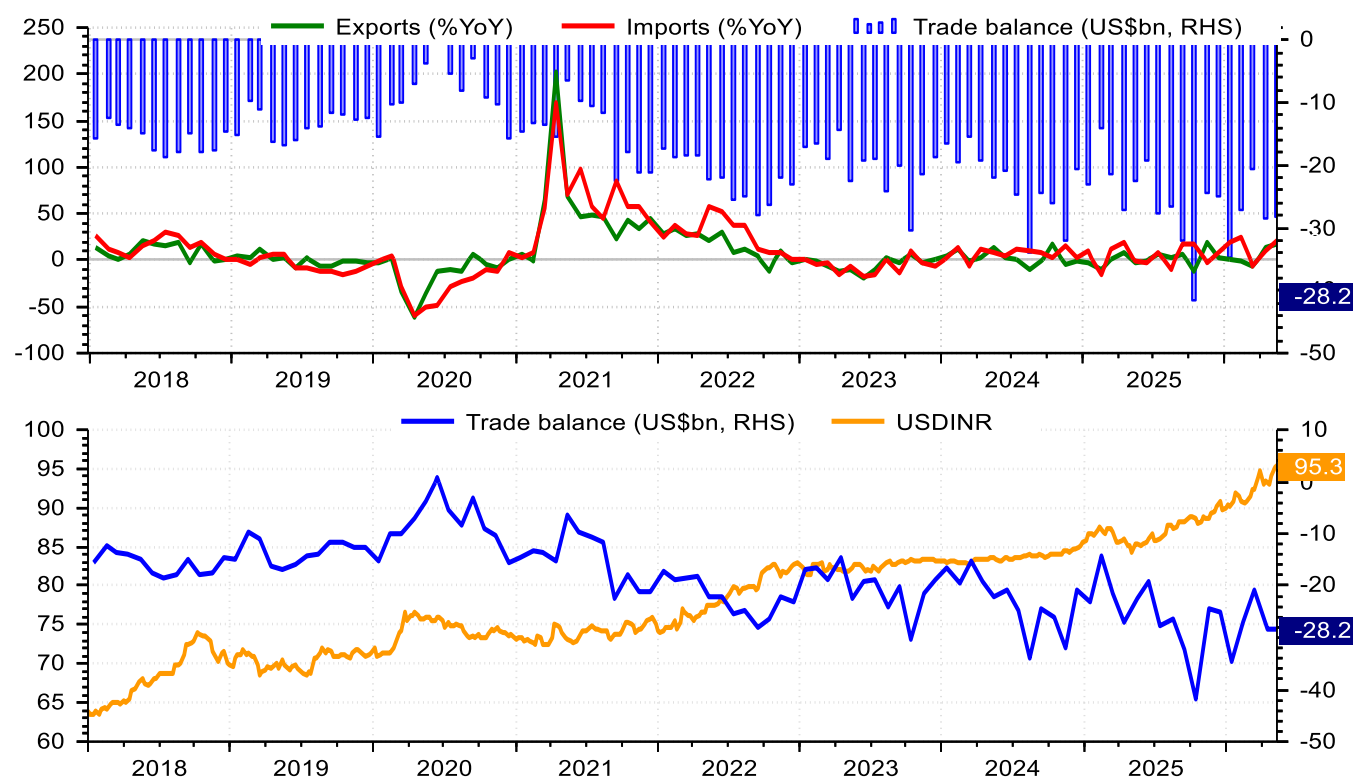
Trade deficit remains high as imports grow due to rising commodity prices

Table 23: India's merchandise trade balance for May 2026

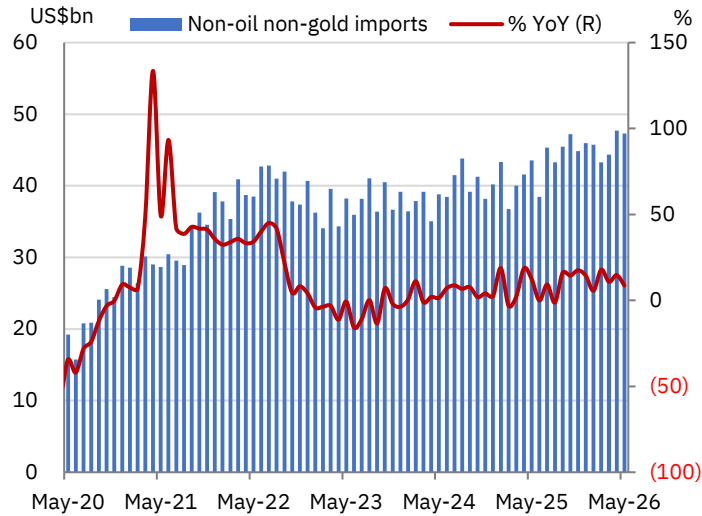
Period	Merchandise Exports		Merchandise Imports								Trade balance (US\$ bn)
	Total (US\$ bn)	%YoY	Total (US\$ bn)	%YoY	Oil imports (US\$ bn)	%YoY	Non-oil imports (US\$ bn)	%YoY	Gold imports (US\$ bn)	% YoY	
May-26	45.2	18.0	73.4	20.6	22.7	53.8	50.7	10.0	3.4	34.0	(28.2)
Apr-26	43.7	14.2	71.9	10.0	18.6	(10.0)	53.3	19.3	5.6	81.7	(28.2)
May-25	38.3	(1.2)	60.9	(1.3)	14.7	(26.2)	46.1	(26.2)	2.5	(12.6)	(22.6)
FY27TD	88.9	16.1	145.3	15.1	41.3	16.5	104.0	14.6	9.0	60.1	(56.4)
FY26TD	76.6	(2.5)	126.2	8.7	35.4	(2.8)	90.8	13.9	5.6	(3.8)	(49.6)

Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR. FYTD corresponds to April-May.

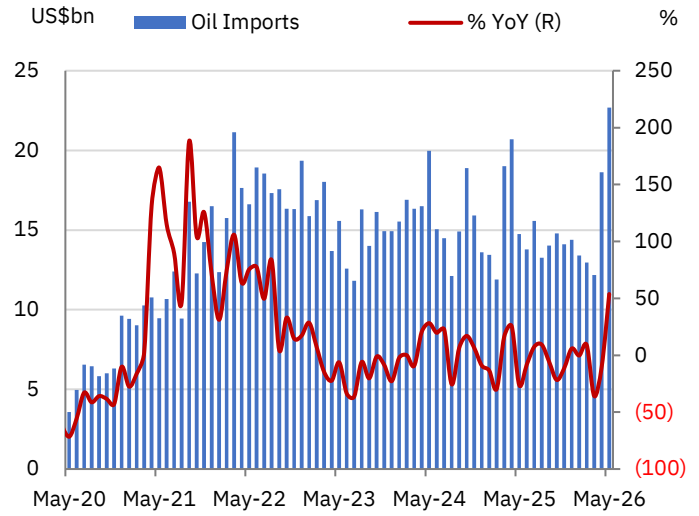
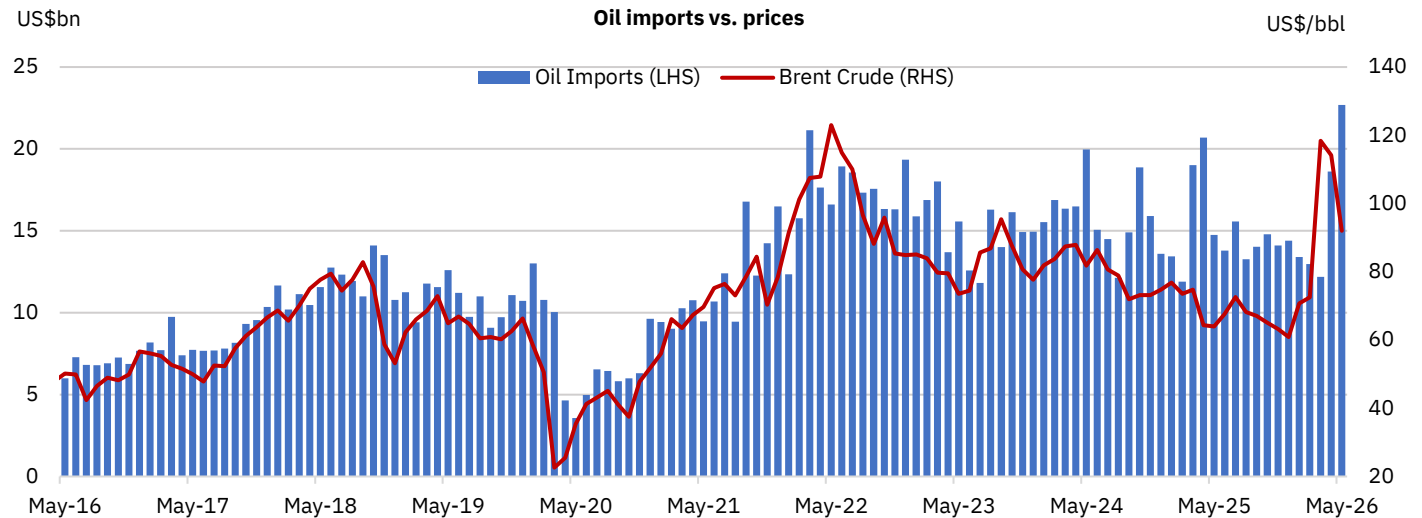
Figure 77: Monthly trends in India's merchandise imports, exports and trade balance



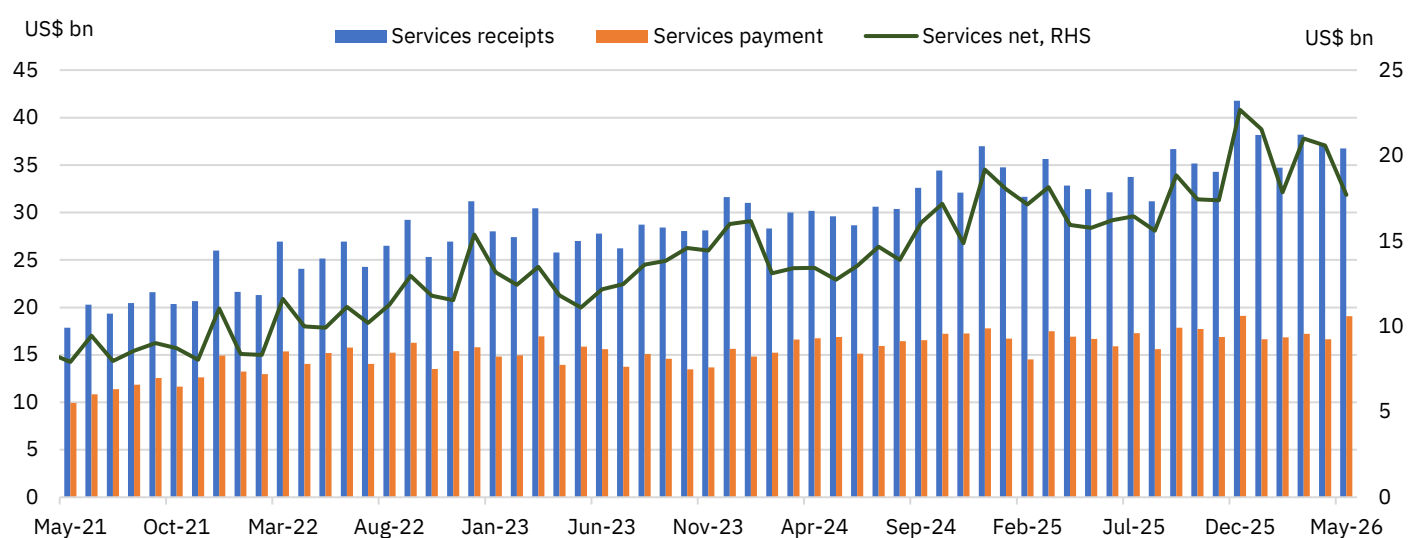
Source: LSEG Workspace, NSE.

Figure 78: Non-oil, non-gold imports


Source: Ministry of Commerce, CMIE Economic Outlook, NSE EPR.

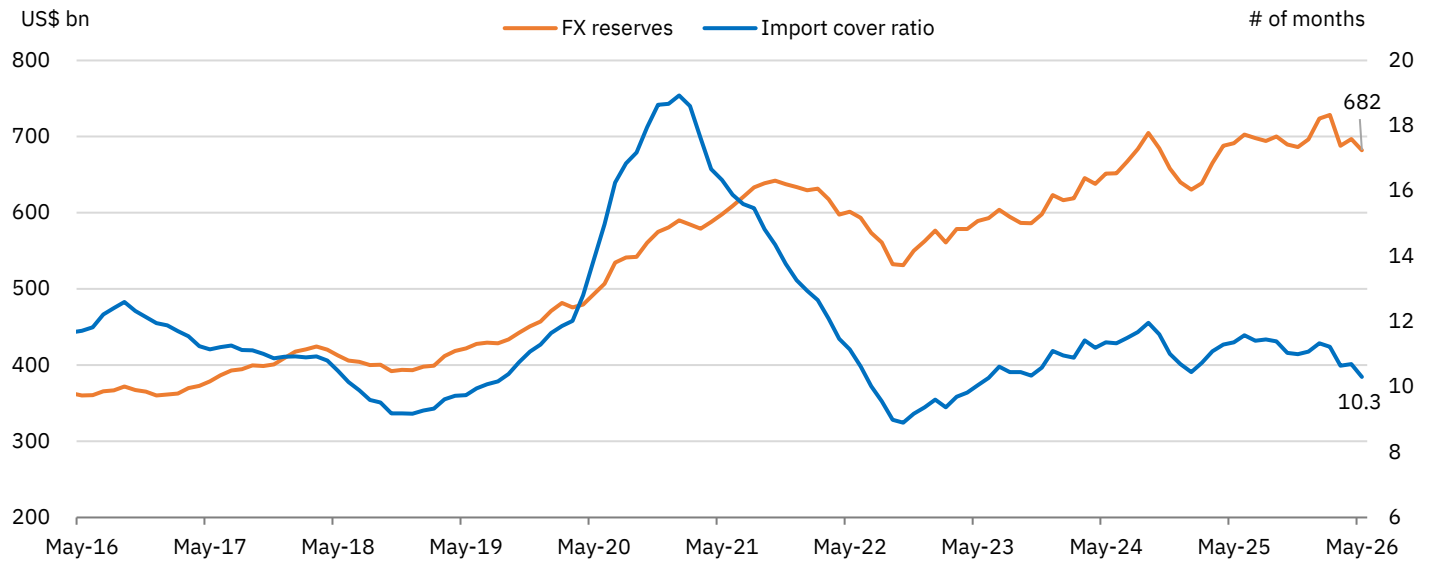
Figure 79: Oil imports trend

Figure 80: Oil imports vs. Brent crude oil prices trend


Source: LSEG Workspace, CMIE Economic Outlook, NSE EPR.

Figure 81: Monthly trend in monthly services exports, imports and net balance


Source: CMIE Economic Outlook, NSE EPR.

Figure 82: Forex reserves and import cover (months)



FY26 fiscal deficit at 4.4% of GDP, broadly in line with revised estimates

Figure 83: Centre's gross fiscal trend (% GDP)

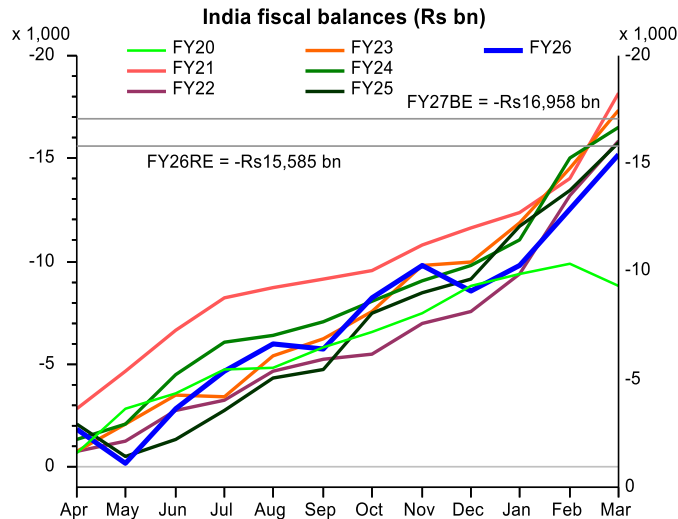
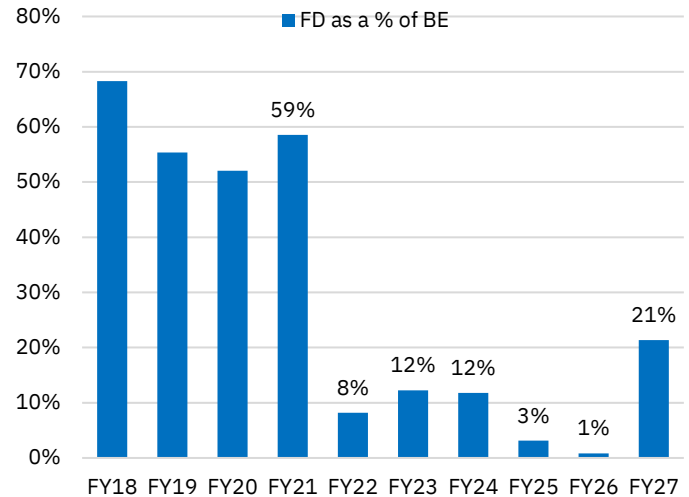
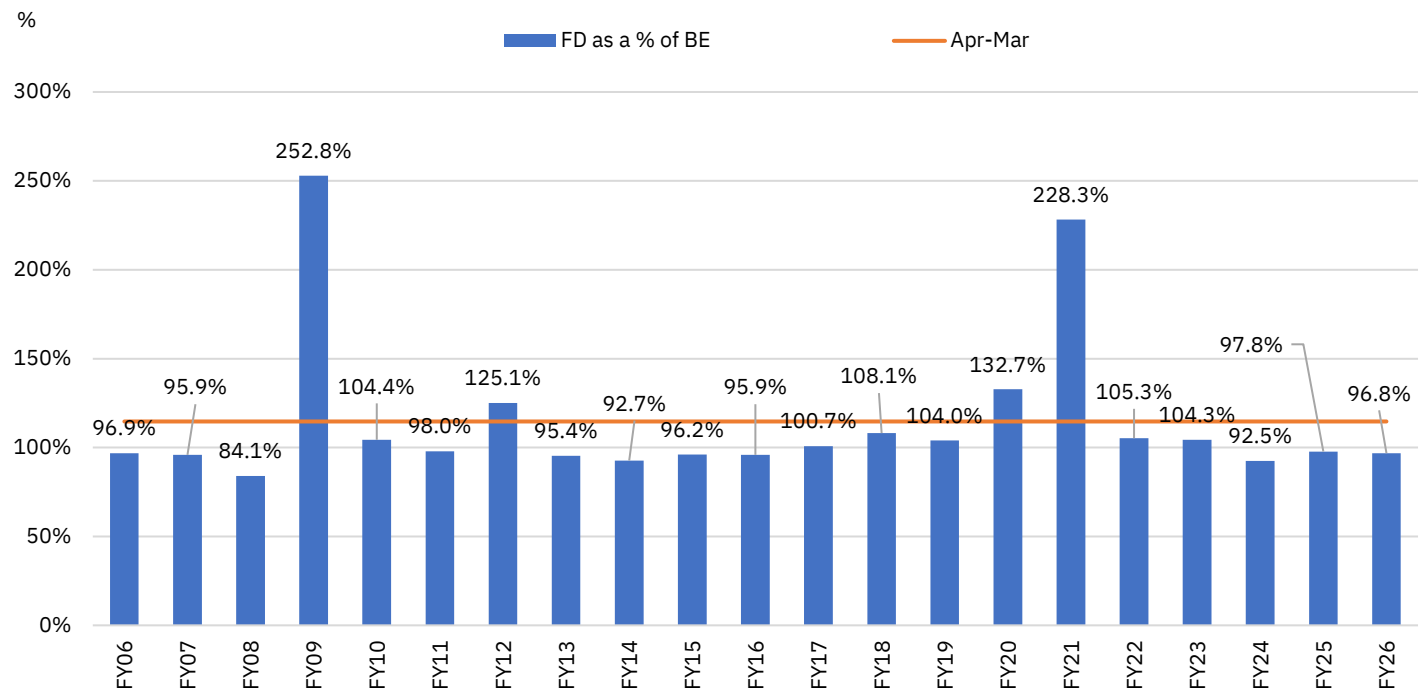


Figure 84: Gross fiscal deficit as % of budget targets during the month of April across years

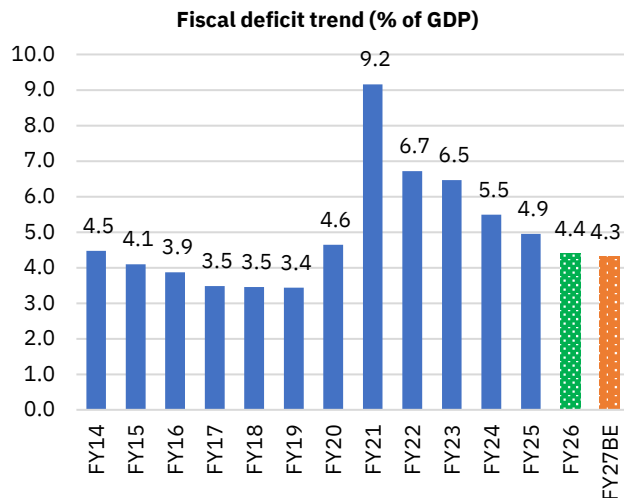


Source: LSEG Workspace, CMIE Economic Outlook, CGA, NSE EPR.

Figure 85: Gross fiscal deficit as % of budget targets across years (April-March)

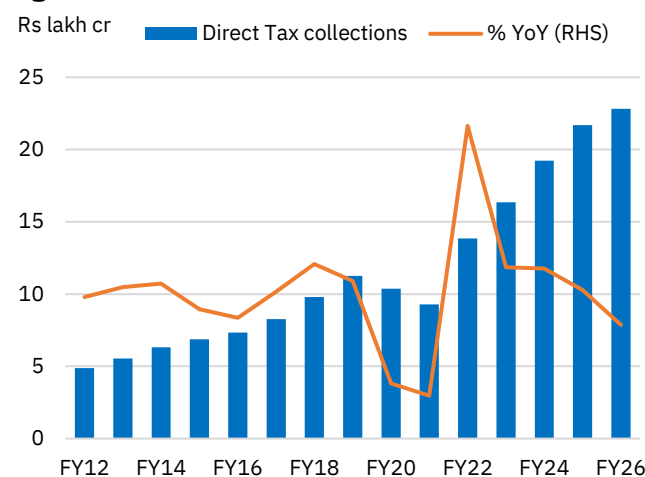


Source: CMIE Economic Outlook, CGA, NSE EPR.

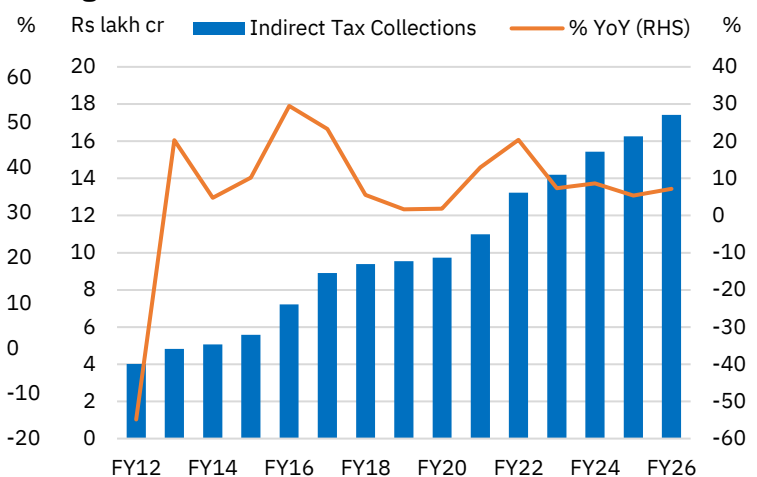
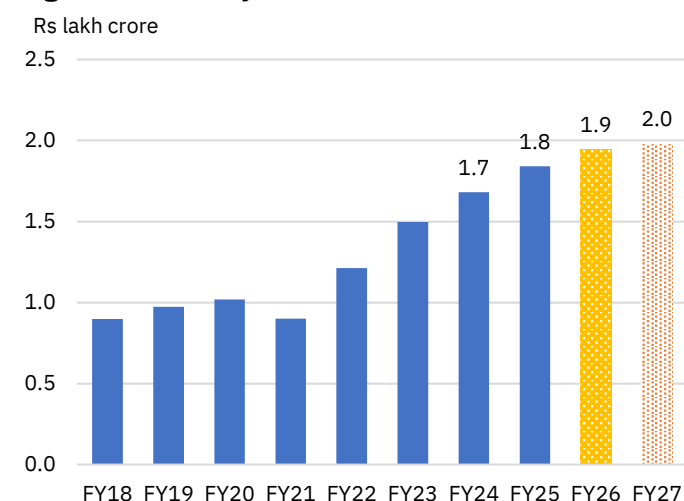
Figure 86: Centre's gross fiscal trend (% GDP)

Table 24: Fiscal Balance Snapshot

Rs lakh crore	FY25	FY26	% YoY	FY27BE	% YoY
Net tax rev	25.0	26.2	4.9	28.7	9.3
Non-tax rev	5.4	6.8	26.5	6.7	-1.9
Non-debt cap rec.	0.4	0.8	100.3	1.2	41.4
Total receipts	30.8	33.9	10.0	36.5	7.8
Revenue Exp	36.0	38.4	6.5	41.3	7.5
Capital Exp	10.5	10.7	1.6	12.2	14.3
Total exp.	46.5	49.1	5.4	53.5	9.0
Fiscal deficit	15.7	15.2	-3.5	17.0	11.6
GDP	318.1	346.4	8.9	393.0	13.5
% of GDP	4.9	4.4		4.3	

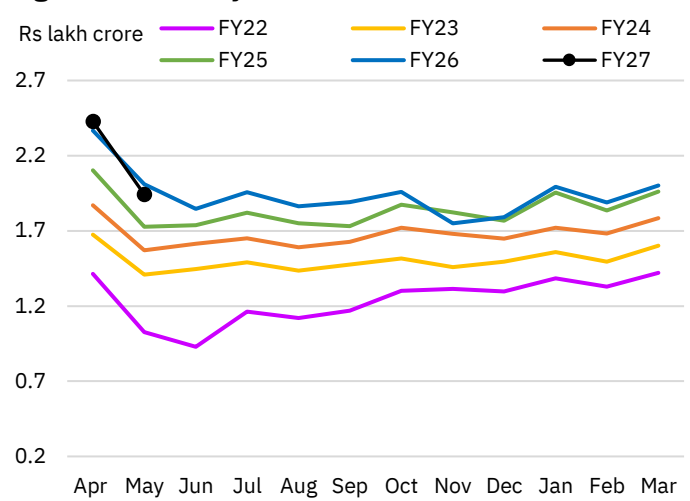
Source: CMIE Economic Outlook, CGA, NSE. BE = Budget Estimates, PA = Provisional actuals; Note: 1) % YoY growth in FY27BE is over the provisional estimates of FY26
2) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts. 2) GDP for FY25 and FY26 are based on new base.

Figure 87: Annual trend of direct tax collections


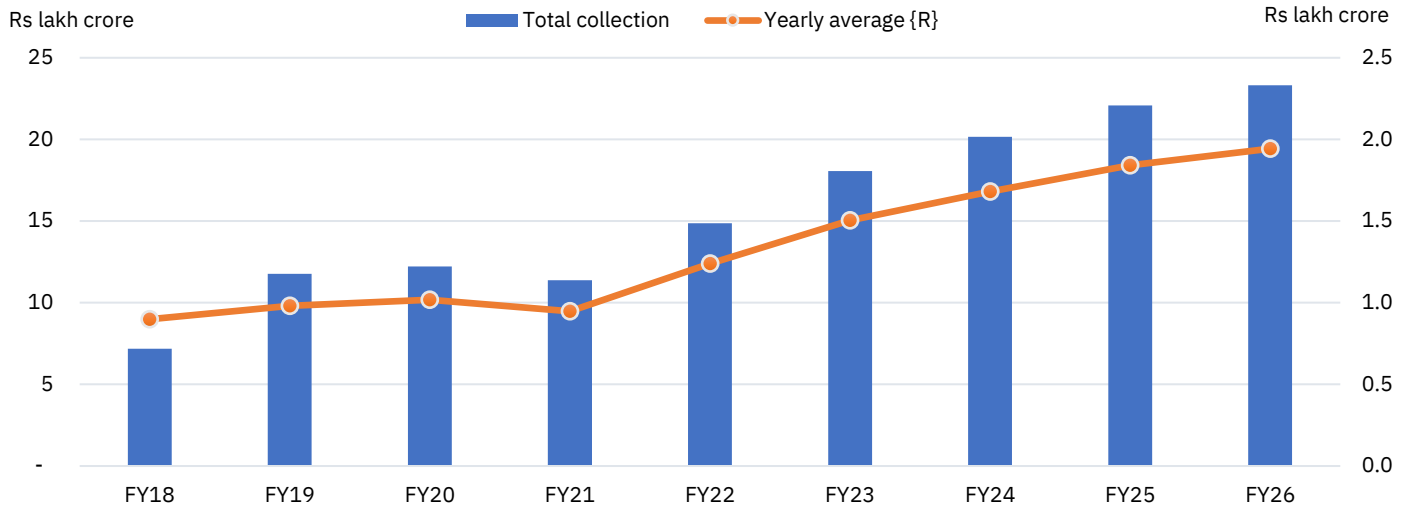
Source: CMIE Economic Outlook, CGA, NSE EPR.

Figure 88: Annual trend of indirect tax collections

Figure 89: Monthly-run rate of GST collections


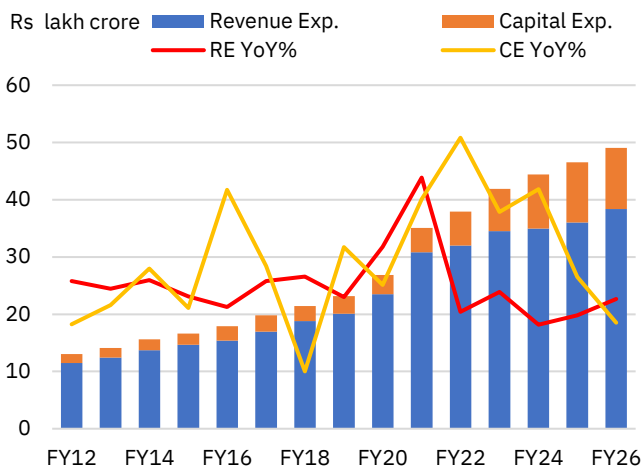
Source: CMIE Economic Outlook, CGA, PIB, NSE EPR. Data for FY27 is for April-May

Figure 90: Monthly GST collections trend


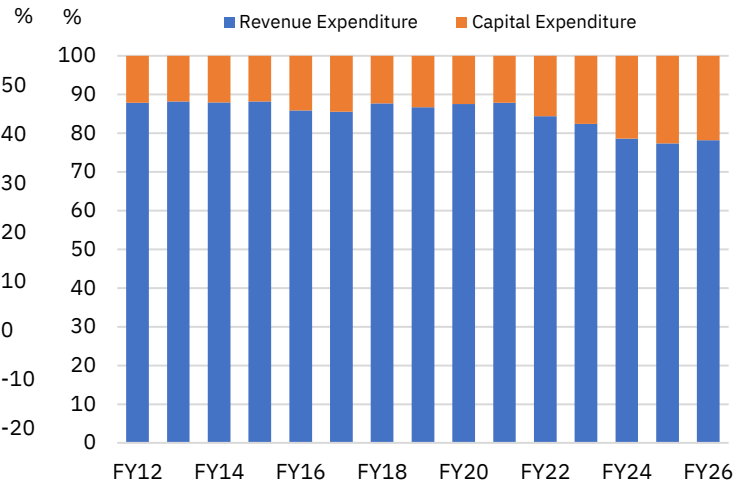
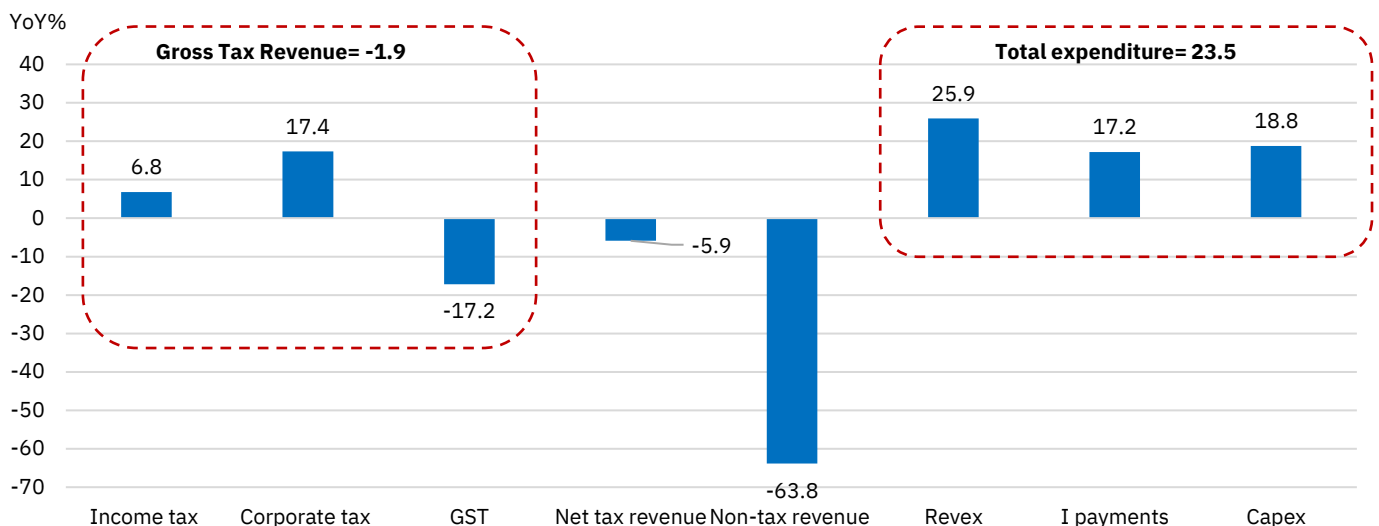
Source: CMIE Economic Outlook, NSE EPR.

Figure 91: GST collection trends


Source: CMIE Economic Outlook, CGA, NSE EPR.

Figure 92: Revenue and capital exp


Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

Figure 93: Expenditure mix

Figure 94: Trend in central government's receipts and expenditure for the month of April 2026


Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

Table 25: A snapshot of government finances for FY25-26

Items	FY25	FY26		Utilisation rate	
	Rs lakh crore	Rs lakh crore	% YoY	FY25	FY26
Net tax revenues	25.0	26.2	4.9%	97.7%	98.1%
Gross tax revenues	38.0	40.2	6.0%	98.5%	98.7%
Of which:					
Direct Tax	22.2	22.8	2.7%	97.0%	94.3%
Corporation tax	9.9	11.0	11.4%	100.7%	99.1%
Income tax	12.4	11.8	-4.2%	94.1%	90.2%
Indirect Tax	15.7	17.4	10.6%	100.6%	105.1%
Goods and service tax	10.3	10.7	4.4%	97.1%	100.0%
Custom Duties	2.3	2.6	13.4%	99.1%	102.4%
Excise Duties	3.0	3.4	13.9%	98.4%	101.6%
States Share	12.9	-13.9	-208.2%	100.0%	100.0%
Transferred to NCCD	0.1	-0.1	-185.8%	98.4%	80.0%
Non-Tax Revenue	5.4	6.8	26.5%	101.2%	101.7%
Dividends and profits	3.1	4.1	33.0%	106.6%	109.2%
Other non-tax revenues	1.8	2.7	45.4%	112.0%	107.5%
Total revenue receipts	30.4	33.0	8.7%	98.3%	98.8%
Non-Debt Capital Receipts	0.4	0.8	100.3%	70.9%	130.8%
Recovery of Loans	0.2	0.2	0.0%	94.7%	81.5%
Misc. Receipts (include divestment)	0.2	0.6		52.1%	174.8%
Total Receipts	30.8	33.9	10.0%	97.8%	99.4%
Revenue Expenditure	36.0	38.4	6.5%	97.4%	99.1%
Interest Payments	11.2	12.4	11.4%	98.1%	97.5%
Major subsidies	4.2	4.5	7.4%	90.7%	96.7%
Food	2.0	2.3	14.1%	101.2%	100.0%
Fertilizer	1.7	2.1	23.8%	101.4%	113.4%
Petroleum	0.1	0.1	-0.7%	98.5%	95.1%
Other revenue expenditure	20.6	21.4	3.7%	98.4%	100.7%
Capital Expenditure	10.5	10.7	1.6%	103.3%	97.6%
Total Expenditure	46.5	49.1	5.4%	98.7%	98.8%
Fiscal Deficit	15.7	15.2	-3.5%	100.5%	97.5%

Source: CMIE Economic Outlook, CGA, Budget Documents, NSE EPR.

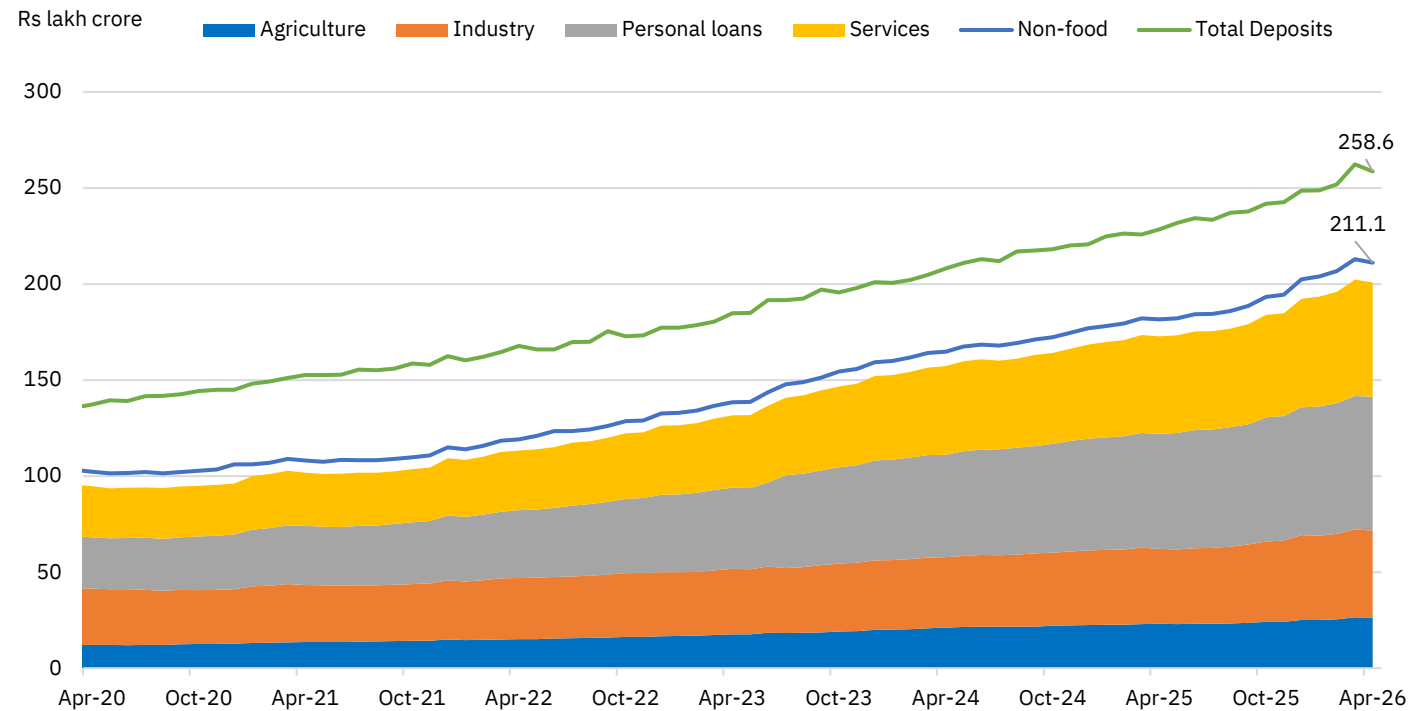
Table 26: A snapshot of Government finances in financial year 2025-27

Items	FY25		FY26					FY27	
	Rs lakh crore	% YoY	BE (Rs lakh crore)	RE (Rs lakh crore)	PE (Rs lakh crore)	% YoY from RE	% YoY from BE	BE (Rs lakh crore)	% YoY over FY26PE
Central govt. net tax revenue	25.0	7.4	28.4	26.7	26.2	4.9	-7.6	28.7	9.4
Gross tax revenues	38.0	9.5	42.7	40.8	40.2	6.0	-5.8	44.0	9.3
Of which:									
Direct Tax	22.2	13.6	25.2	24.2	22.8	2.7	-9.4	27.0	18.3
Corporation tax	9.9	8.3	10.8	11.1	11.0	11.4	1.8	12.3	11.9
Income tax	12.4	18.2	14.4	13.1	11.8	-4.2	-17.8	14.7	24.2
Indirect Tax	15.7	4.3	17.5	16.6	12.2	-22.3	-30.1	17.1	55.6
Goods and service tax	10.3	7.3	11.8	10.5	6.1	-40.4	-48.2	10.2	-4.9
Custom Duties	2.3	0	2.4	2.6	2.6	13.4	10.2	2.7	2.1
Excise Duties	3.0	-1.7	3.2	3.4	3.4	13.9	6.8	3.9	14.1
States Share	12.9	13.9	-14.2	-13.9	13.9	8.2	-198.1	-15.3	-209.8
Transferred to NCCD	0.1	7.8	-0.1	-0.1	0.1	-14.2	-181.1	-0.1	-223.3
Non-Tax Revenue	5.4	33.5	5.8	6.7	6.8	26.5	17.1	6.7	-1.3
Dividends and profits	3.1	80.5	3.3	3.8	4.1	33.0	24.3	3.9	-4.9
Central govt. revenue receipts	30.4	11.3	34.2	33.4	33.0	8.7	-3.4	35.3	6.9
Non-Debt Capital Receipts	0.4	-30	0.8	0.6	0.8	100.3	4.7	1.2	43.3
Divestment proceeds	0.2	-48.1	0.5	0.3	0.6	243.8	18.3	0.8	35.3
Total Receipts	30.8	10.4	35	34.1	33.9	10.0	-3.3	36.5	7.8
Revenue Expenditure	36.0	3.1	39.4	38.7	38.4	6.5	-2.6	41.3	7.7
Interest Payments	11.2	4.9	12.8	12.7	12.4	11.4	-2.9	14	12.7
Subsidy outgo	4.2	-2.8	4.3	4.7	4.5	7.4	5.5	4.5	-0.8
Capital Expenditure	10.5	10.8	11.2	11	10.7	1.6	-4.5	12.2	14.1
Total Expenditure	46.5	4.7	50.7	49.6	49.1	5.4	-3.3	53.5	9.1
Fiscal Deficit	15.7	4.8	15.7	15.6	15.2	3.5	3.2	17	11.9
Fiscal Deficit/GDP	4.9		4.4	4.4	4.4			4.3	

Source: Budget Documents, NSE EPR. BE: Budget Estimates; RE: Revised Estimates; A = Actual. Notes: 1) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts. 2) GDP estimates for FY25 and FY26 (RE) and FY26(PE) are based on the revised new base year while GDP for FY27 is as per Budget Estimates.

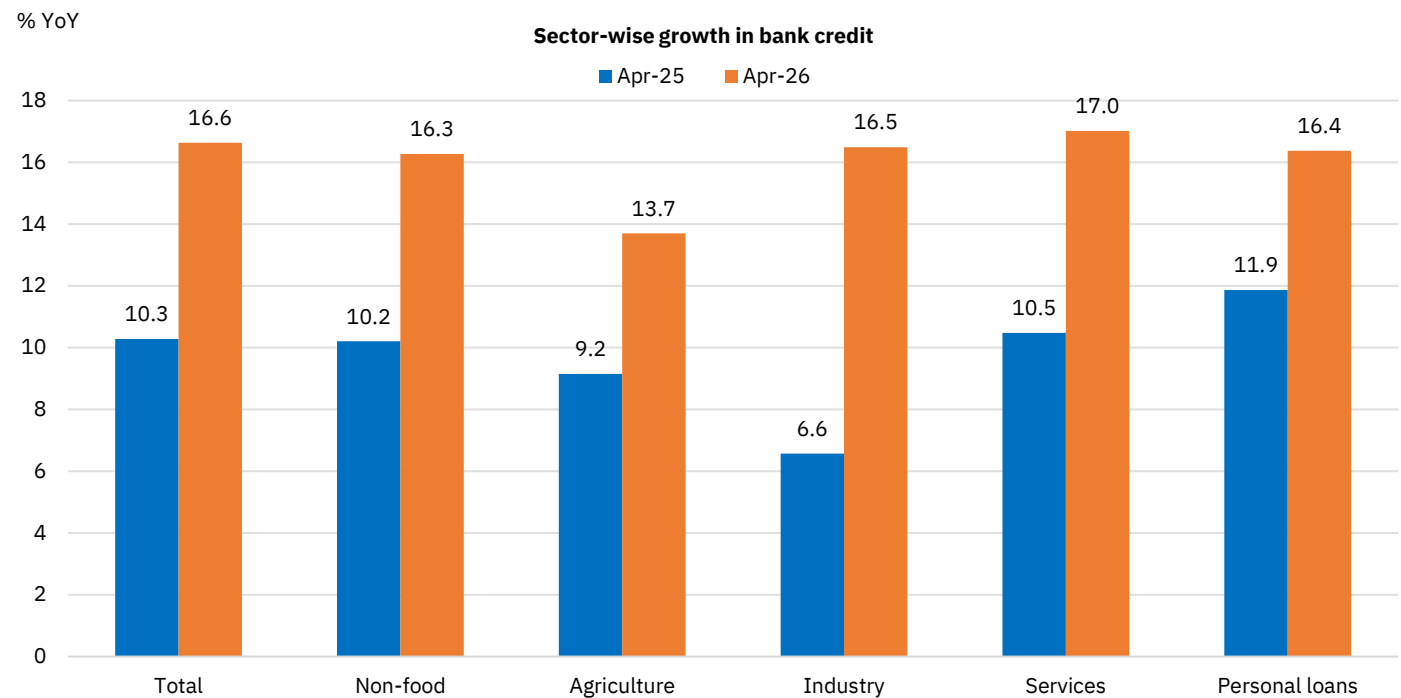
Bank credit growth accelerated sharply to a two-year high

Figure 95: Outstanding bank credit and deposit

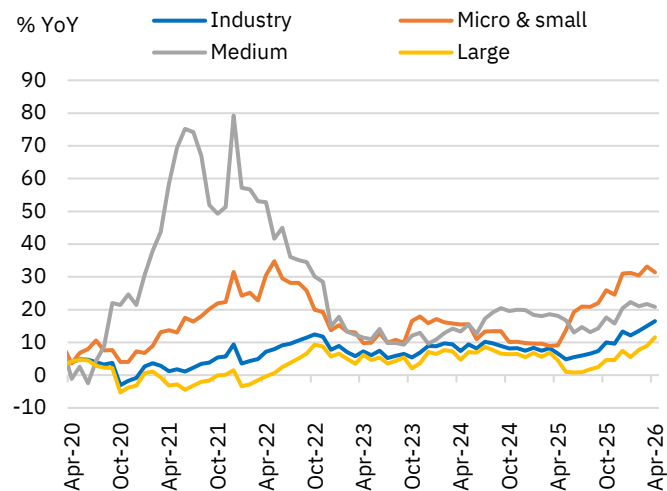


Source: CMIE Economic Outlook, NSE EPR

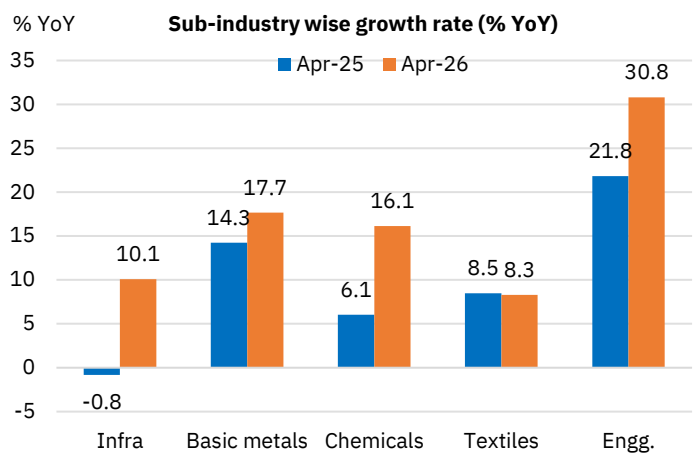
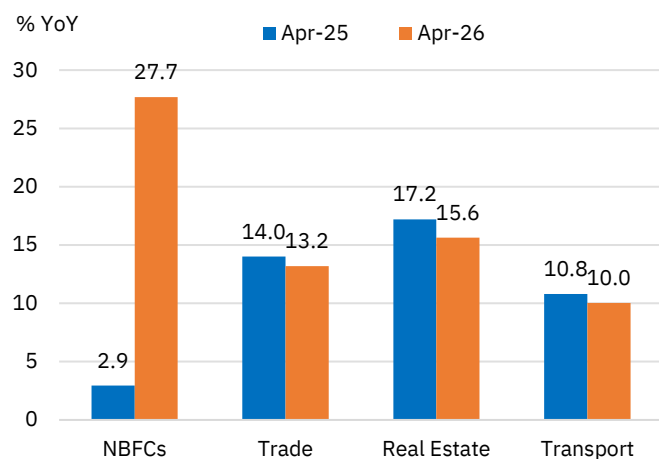
Figure 96: Growth in bank credit across key heads



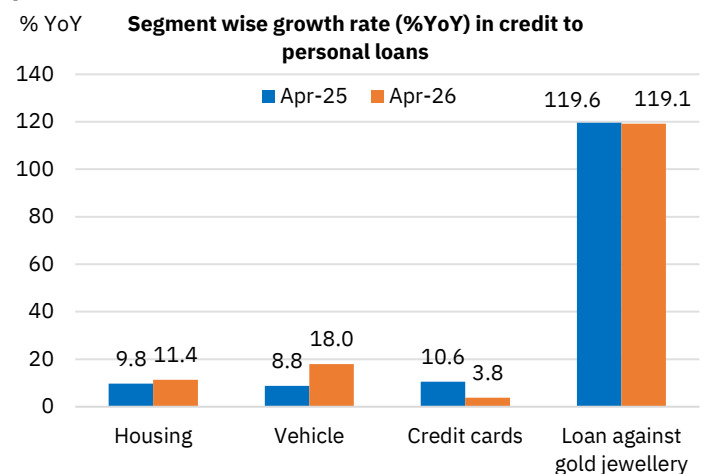
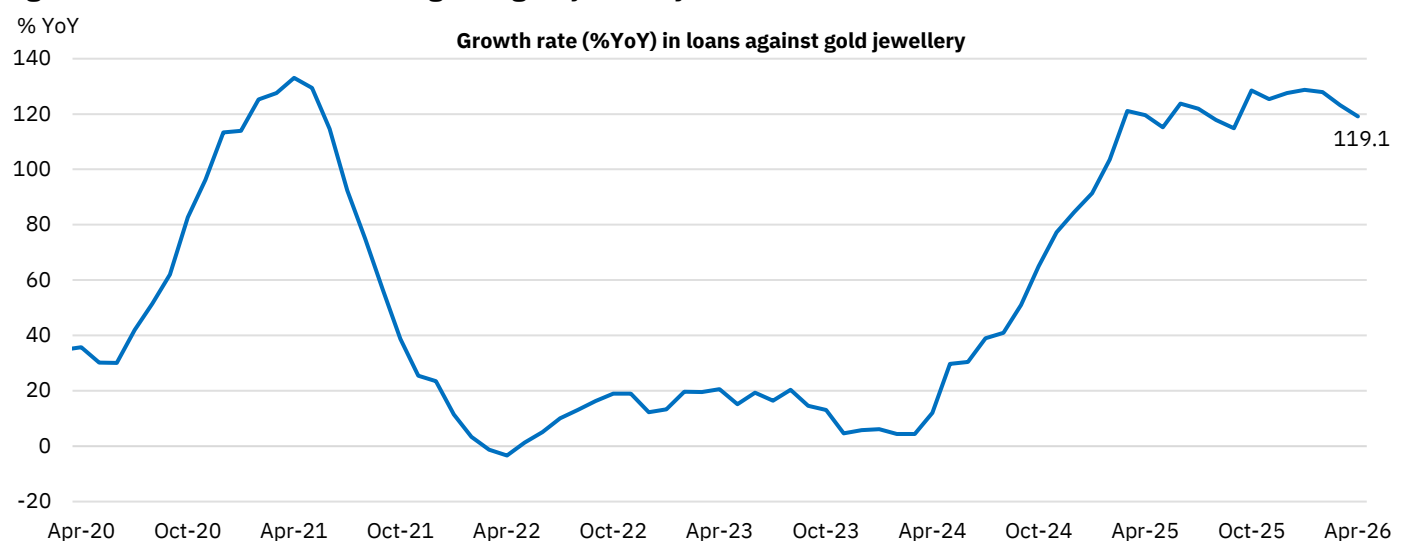
Source: CMIE Economic Outlook, NSE EPR.

Figure 97: Size-wise growth in industrial bank credit


Source: CMIE Economic Outlook, NSE EPR.

Figure 98: Size-wise growth in industrial bank credit (% YoY)

Figure 99: Growth in bank credit across segments of services (% YoY)


Source: CMIE Economic Outlook, NSE EPR.

Figure 100: Growth in bank credit across segments of personal loans

Figure 101: Growth rate in loans against gold jewellery (% YoY)


Source: CMIE Economic Outlook, NSE EPR.

Figure 102: Trends in bank credit and deposit growth (% YoY)

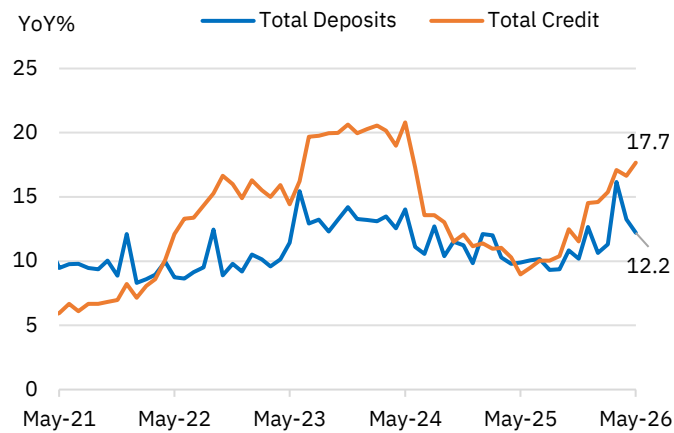
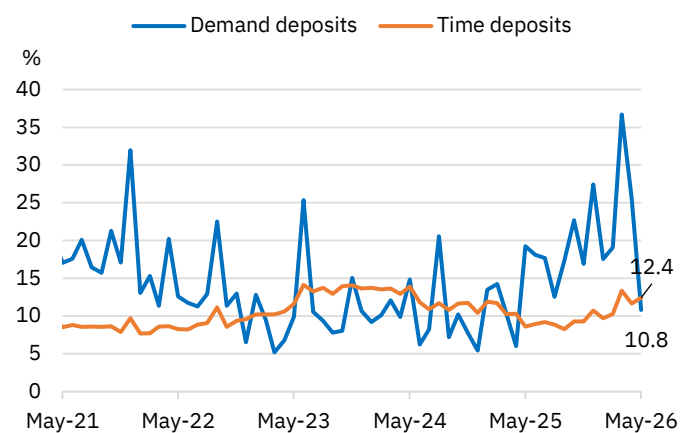
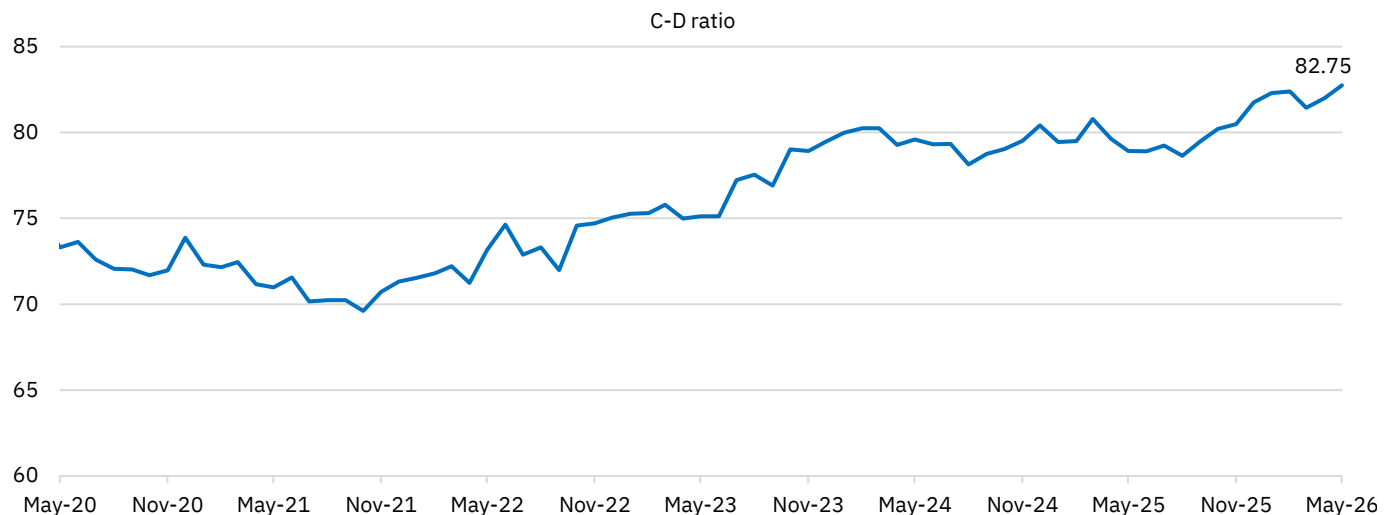


Figure 103: Trends in bank credit and deposit growth (% YoY)



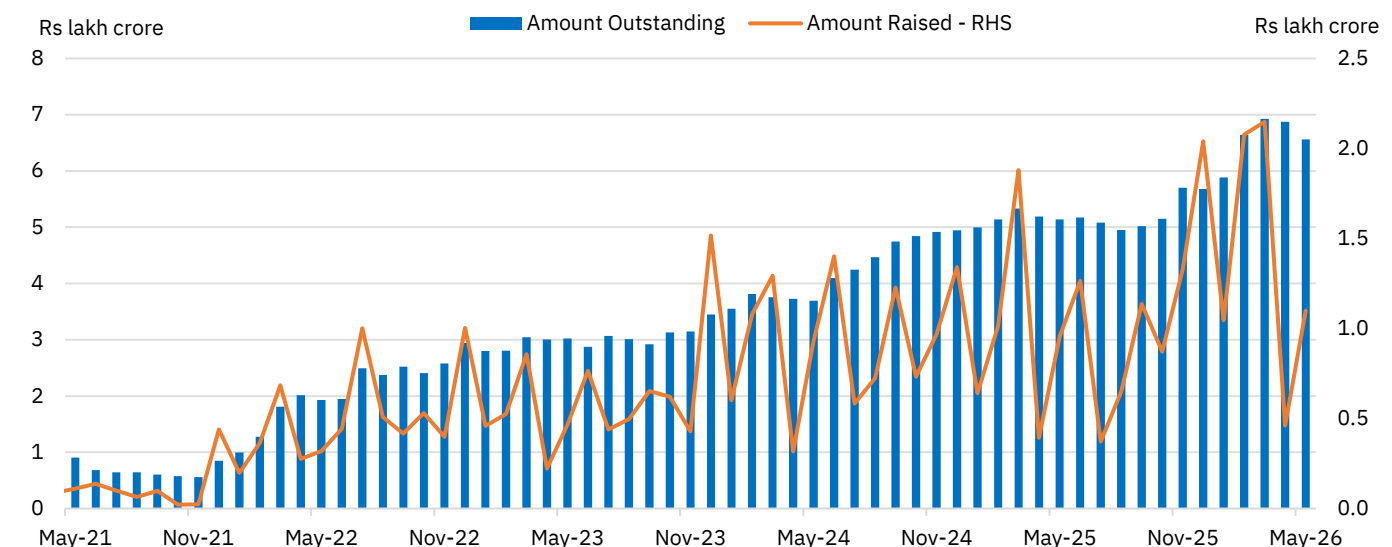
Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for May 2026 as of May 31st, 2026 from the Weekly Statistical Statement of RBI (latest).

Figure 104: Credit to Deposit ratio (%)



Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for May'26 as of May 31st, 2026 from the Weekly Statistical Statement of RBI (latest).

Figure 105: Issued and outstanding amount of Certificate of Deposits



Source: CMIE Economic Outlook, NSE EPR. Note: Data for May'26 as of May 31st, 2026 from the Weekly Statistical Statement of RBI (latest).

RBI Annual Report FY26: Balance sheet expands; surplus rises to a fresh record high

The RBI released its Annual Report for the fiscal year FY26 (Apr'25-Mar'26). The size of RBI's balance sheet expanded by a sharp 20.6% to ~Rs 92 lakh crore for the year ended March 31, 2026, primarily driven by increase in domestic investments on account of net Open Market Operations (OMO) purchases of Rs 8.8 lakh crore during the year and increase in gold investments owing to mark-to-market revaluation gains and INR depreciation against major currencies. Total income rose 26.4% to Rs 4.28 lakh crore in FY26, underpinned by strong gains from foreign exchange transaction and a notable increase in interest income on holding domestic securities. Despite lowering the Contingent Risk Buffer (CRB) to 6.5% of the expanded balance sheet from 7.5% last year—within the permissible 4.5–7.5% range—the absolute provisioning to the Contingency Fund more than doubled to Rs 1.09 lakh crore, reflecting the sharp expansion in the RBI's balance sheet. Even after this higher provisioning, the RBI's transferable surplus rose to a fresh record of Rs 2.87 lakh crore, exceeding last year's transfer of Rs 2.69 lakh crore. India's foreign exchange reserves (FER) climbed to US\$ 691.11 bn as on March 31, 2026, with gold's share in FER rising sharply from 11.7% to 16.7%, reflecting the surge in gold prices.

The report also highlights India's robust macroeconomic performance in FY26, with real GDP growth accelerating to 7.6% (*updated to 7.7% as per MOSPI's latest release of national accounts*)—making India the fastest-growing large economy. For FY27, GDP growth is projected at 6.6% with risks tilted to the downside, stemming from geopolitical tensions in West Asia, global trade policy uncertainty, and the risk of a below-normal monsoon. Near-term inflation is expected to remain contained, with CPI inflation for FY27 projected at 5.1%.⁶

- RBI's balance sheet expanded by 20.6% in FY26, driven by revaluation gains & domestic investment growth:** The size of RBI's balance sheet expanded by 20.6% to Rs 91.97 lakh crore for the year ended March 31, 2026 led by a mix of valuation gains and surge in domestic investments. On the asset side, domestic investments rose sharply by 44.9% to Rs 22.59 lakh crore, accounting for 44.5% of the total increase in assets. This was primarily driven by net OMO purchase of Government securities undertaken as part of the RBI's liquidity management framework. The Currency and Gold Revaluation Account (CGRA) rose by 66.4% to Rs 21.69 lakh crore, reflecting the dual impact of a steep rise in international gold prices and the depreciation of the INR vis-vis the USD and other major currencies. Gold holdings alone (banking plus issue department) accounted for 27.1% of the absolute increase in total assets, with their rupee value surging 63.8% to Rs 10.94 lakh crore even as physical volume was virtually unchanged at 880.52 MT in FY26 (879.58 MT in FY25).
- Contingency fund provision more than doubles, in line with the Economic Capital Framework:** The provision to the Contingency Fund more than doubled to Rs 1.1 lakh crore in FY26, returning to levels last seen in FY23 (Rs 1,30,876 crore). The Central Board approved the CRB at 6.5% of balance sheet size in FY26 accounts, lower than 7.5% which was approved last year but is in line with the ECF as adopted in 2019. The notable rise in balance sheet size reflects the growth in provision to the contingency fund even as the risk-buffer threshold has been lowered. Market volatility through the year added a further dimension: debit balances on IRA-FS (Rs 90,833 crore), IRA-RS (Rs 30,604 crore), and the Forward Contracts Valuation Account (FCVA, Rs 43,403 crore) were absorbed against the Fund, reflecting turbulence in global fixed income and currency markets.

⁶ The growth and inflation projections have been revised following RBI's MPC meeting on June 5th, 2026

- Exchange gains and domestic interest drive rise in income; expenditure more than doubles on higher provisioning:** RBI's income surged by 26.4% in FY26 to Rs 4.28 lakh crore, following a growth of 21.2% in FY25. Interest income — which constituted for more than 55% of total income— grew by 29.8% to Rs 1.2 lakh crore driven by a 37.7% growth in interest income from rupee securities on the back of higher holdings. On the other hand, interest income via foreign sources which had been the dominant driver in the past two fiscals, grew at a muted pace of 1.4% in FY26, on fading impact of the earlier global rate hike cycle while the onset of monetary easing in 2025 limited fresh reinvestments at elevated yields. Furthermore, overall income growth was bolstered by a 52% jump in exchange gains from US dollar sales of Rs 1.69 lakh crore, arising from higher realised gains from US dollar sales. Overall expenditure more than doubled to Rs 1.41 lakh crore in FY26 (from Rs 69,714 crore in FY25), almost entirely on account of the significantly higher provisions to the Contingency Fund.
- ...Resulting in a new record surplus transfer to the Centre:** The Reserve Bank transferred a record sum of Rs 2.87 lakh crore as surplus for the accounting year FY26 (to be released to the Union Government in FY27), representing a YoY growth of 6.7%. This is broadly in line with the budget estimate of Rs 3.2 lakh crore which covers dividend/ surplus of RBI, national banks and financial institutions. The FY26 transfer marks the third consecutive year of elevated transfers, and the second consecutive record. Notably, the record was achieved despite provisions to the Contingency Fund being Rs 64,518 crore higher YoY, reflecting the significant income uplift from exchange gains and domestic portfolio growth.
- RBI's economic outlook FY27:** The RBI highlights that the Indian economy displayed remarkable resilience in FY26, navigating heightened external headwinds—including steep US tariff impositions, escalating geopolitical tensions in West Asia—to register a GDP growth of 7.6% (*revised higher to 7.7% by MOSPI*), up from 7.1% in FY25. India thus retained its position as the fastest-growing large economy globally. Macroeconomic fundamentals remain solid, underpinned by healthy corporate and banking sector balance sheets, the government's continued commitment to capital expenditure, and monetary policy easing. For FY27, real GDP growth is projected at 6.9% (*revised lower to 6.6% in RBI MPC*), with risks tilted to the downside. Key near-term downside risks include a prolonged West Asia conflict, global financial market volatility from tariff uncertainty, the possibility of El Nino conditions affecting monsoon performance, and the risk of a reversal in global monetary easing.

Table 27: Snapshot of variations in RBI's balance sheet and surplus transfer to the Government

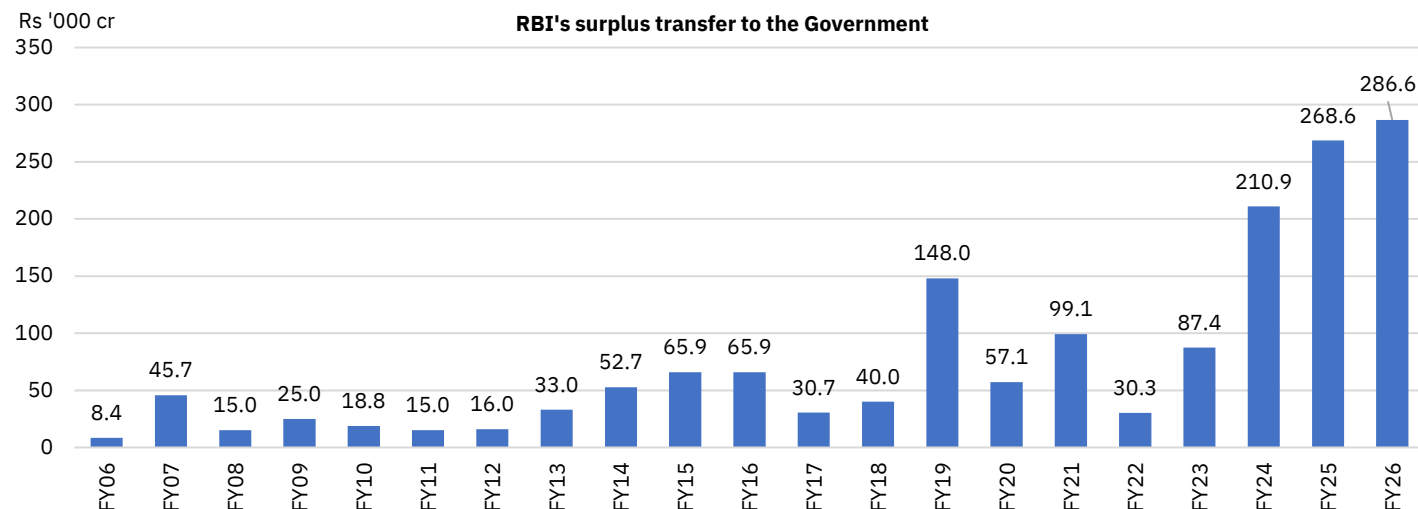
Rs crore	FY25	FY26	Change
Surplus Payable to the Government	2,68,590	2,86,588	17,998
Reasons for change in surplus			
Exchange gain from Foreign Exchange transactions	1,11,143	1,68,906	57,763
Interest on holding rupee securities	85,525	1,17,740	32,215
Higher provisions made towards Contingency Risk Buffer	44,862	1,09,380	64,518
Size of the Balance Sheet	63,44,756	70,47,703	7,02,947
Reasons for changes in the Liability side			
Increase in Currency and Gold Revaluation Account (CGRA)	13,02,965	21,68,530	8,65,565
Increase in Notes in Circulation	36,86,799	41,23,984	4,37,184
Increase in Miscellaneous Other Deposits	4,94,742	8,04,196	3,09,454
Increase in Repo Borrowing-Foreign	1,11,580	1,61,993	50,413
Increase in Provision for Forward Contracts Valuation Account (PFCVA)	-	43,403	43,403
Decrease in deposits from Scheduled Commercial Banks (SCBs)	9,26,001	7,53,867	-1,72,135
Reasons for changes in the Asset side			
Increase in Domestic Investments	15,58,574	22,58,591	7,00,017
Increase in Gold (Banking + Issue Department)	6,68,163	10,94,309	4,26,146
Increase in Foreign Investments (Banking + Issue Department)	48,83,533	52,68,235	3,84,702

Source: RBI, NSE EPR. Notes: 1) The text has been highlighted in red to indicate negative impact on RBI

Table 28: RBI's annual income and expenditure details for the last five years

Rs crore	FY22	FY23	FY24	FY25	FY26	YoY (%)	Comments
Total income	1,60,112	2,35,457	2,75,572	3,38,308	4,27,684	26.4	
Interest	95,089	1,43,073	1,88,606	2,10,688	2,35,580	11.8	Higher domestic interest (+29.8%) on enlarged portfolio; foreign interest grew only marginally (+1.4%)
Other income	65,023	92,384	86,967	1,27,620	1,92,104	50.5	Primarily exchange gains of Rs 1.7 lakh crore (+52.0%) on higher net sales of US dollar
Expenditure	1,29,801	1,48,037	64,694	69,714	1,41,092	102.4	
Printing of notes	4,985	4,683	5,101	6,373	4,875	(23.5)	Lower printing indent for the year
Agency charges	4,401	4,069	3,976	3,670	4,880	33.0	Higher agency commission post revision effective April 1, 2025
Employee cost	3,869	6,004	7,890	9,147	10,136	10.8	Higher contribution to staff superannuation funds on pension revision
Provisions	1,14,667	1,30,876	42,820	44,862	1,09,380	143.8	Provision at 6.5% of significantly expanded balance sheet under ECF
Others	1,879	2,406	4,907	5,663	11,820	108.7	
Available balance	30,311	87,420	2,10,878	2,68,594	2,86,592	6.7	
Surplus transfer to the Govt.	30,307	87,416	2,10,874	2,68,590	2,86,588	6.7	

Source: RBI, NSE EPR.

Figure 106: RBI's surplus transfer to the Government over the last 20 years


Source: CMIE Economic Outlook, RBI, NSE EPR.

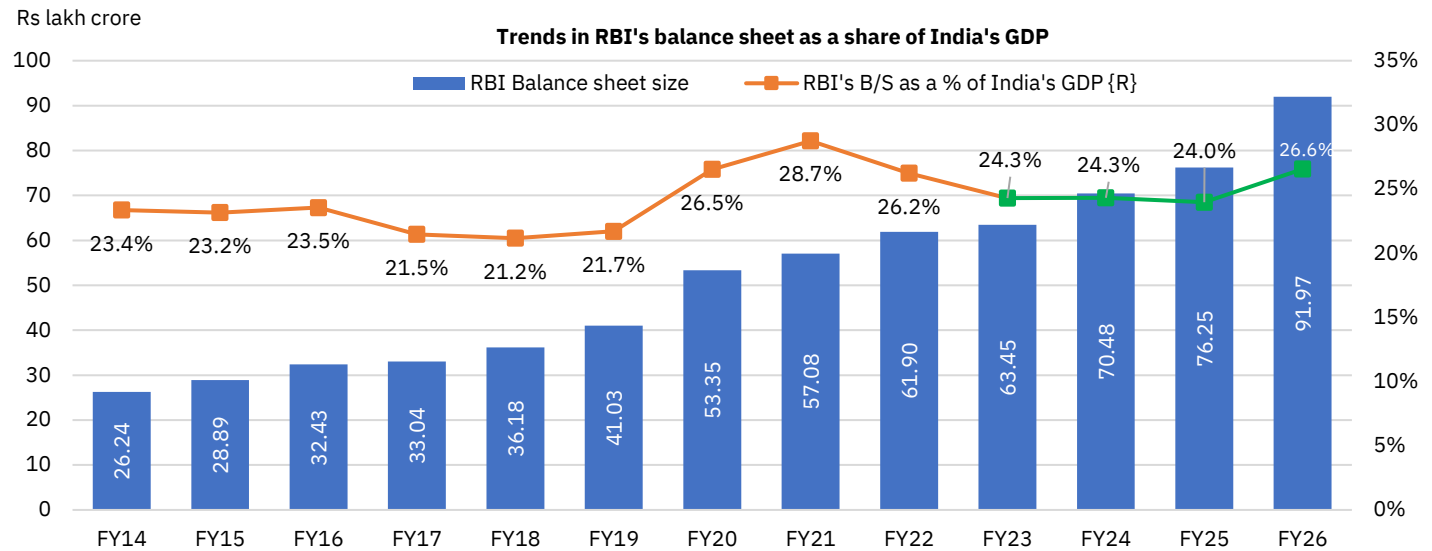
Table 29: A snapshot of RBI's balance sheet

Rs crore	FY25	FY26	FY25	FY26
Banking Department				
Liabilities			Assets	
Capital	5	5	Notes, Rupee Coin, Small Coin	11
Reserve Fund	6,500	6,500	Gold Coin and Bullion	4,31,625
Other Reserves	242	244	Foreign Investments	14,32,572
Deposits	17,17,404	19,16,692	Domestic Investments	15,58,574
Other Liabilities and Provisions	22,13,444	31,48,913	Bills Purchased and Discounted	-
			Loans and Advances	4,34,710
			Investment in Subsidiaries	2,064
			Other Assets	78,039
Liabilities-Banking Department	39,37,595	50,72,354	Assets-Banking Department	39,37,595
Issue Department				
Liabilities			Assets	
Notes issued	36,87,827	41,24,767	Gold, Coin and Bullion	1,40,766
			Rupee Coin	277.29
			Foreign Investments	32,07,202
			Domestic Investments	-
			Domestic Bills of Exchange and CPs	-
Liabilities-Issue Department	36,87,827	41,24,767	Assets-Issue Department	33,48,245
Total Liabilities	76,25,422	91,97,121	Total Assets	76,25,422

Source: RBI, NSE EPR.

Figure 107: Annual trend of RBI's balance sheet size

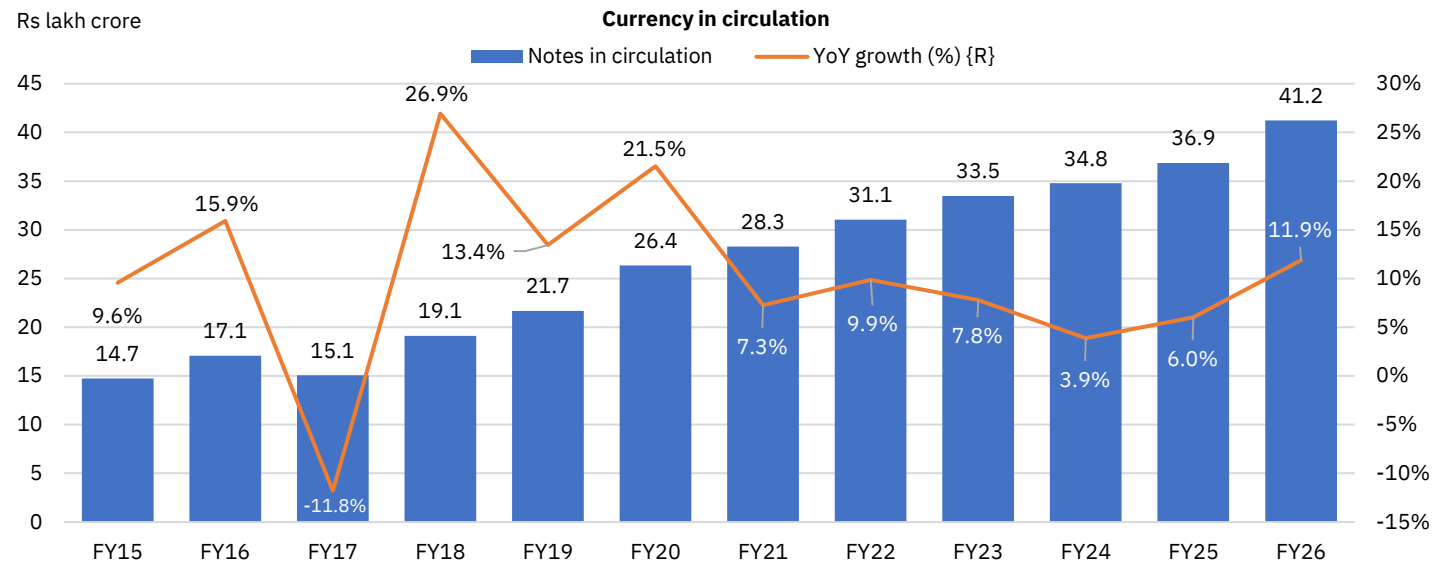
The size of RBI's balance sheet expanded by 20.6% to Rs 91.97 lakh crore for the year ended March 31, 2026, which stood at 26.6% of India's GDP (compared to 24.0% in FY25). This marks the most pronounced single-year expansion in several years, well above the 8.5% growth seen in FY25.



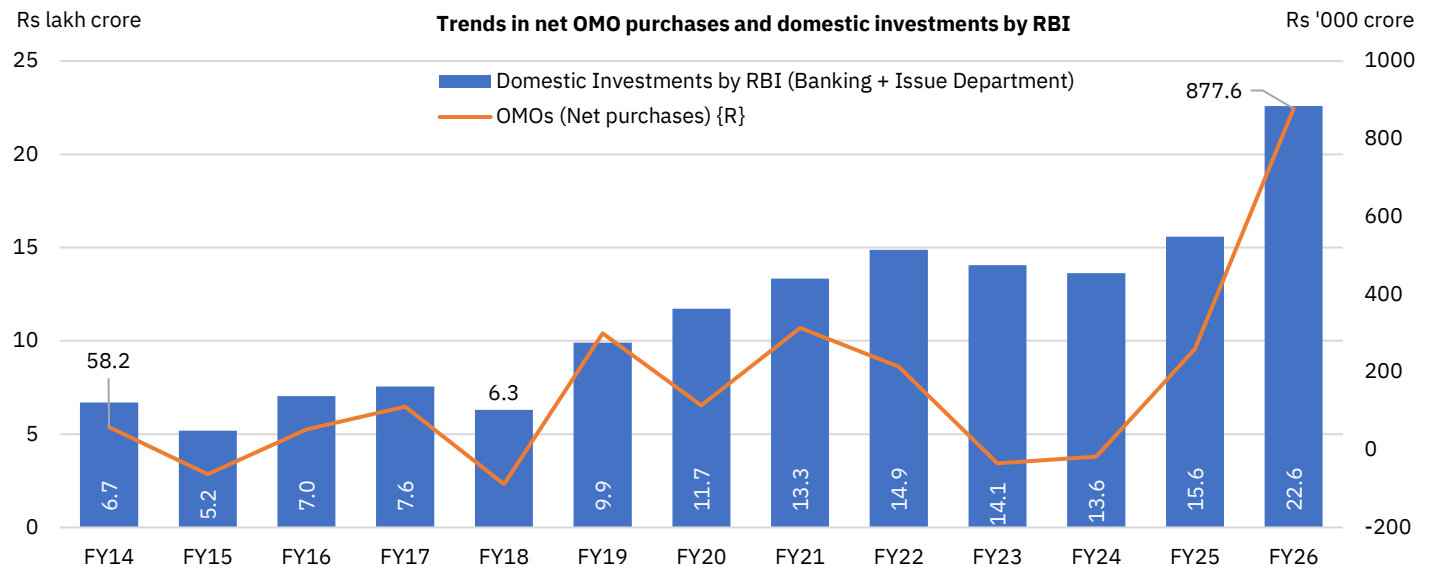
Source: RBI, CMIE Economic Outlook, NSE EPR. Notes: 1. The orange line indicates that the GDP values considered while calculating the share are from the GDP series with 2011-12 as the base year. 2. The green line indicates that the GDP values considered while calculating the share are from the GDP series with 2022-23 as the base year.

Figure 108: Trend in currency in circulation

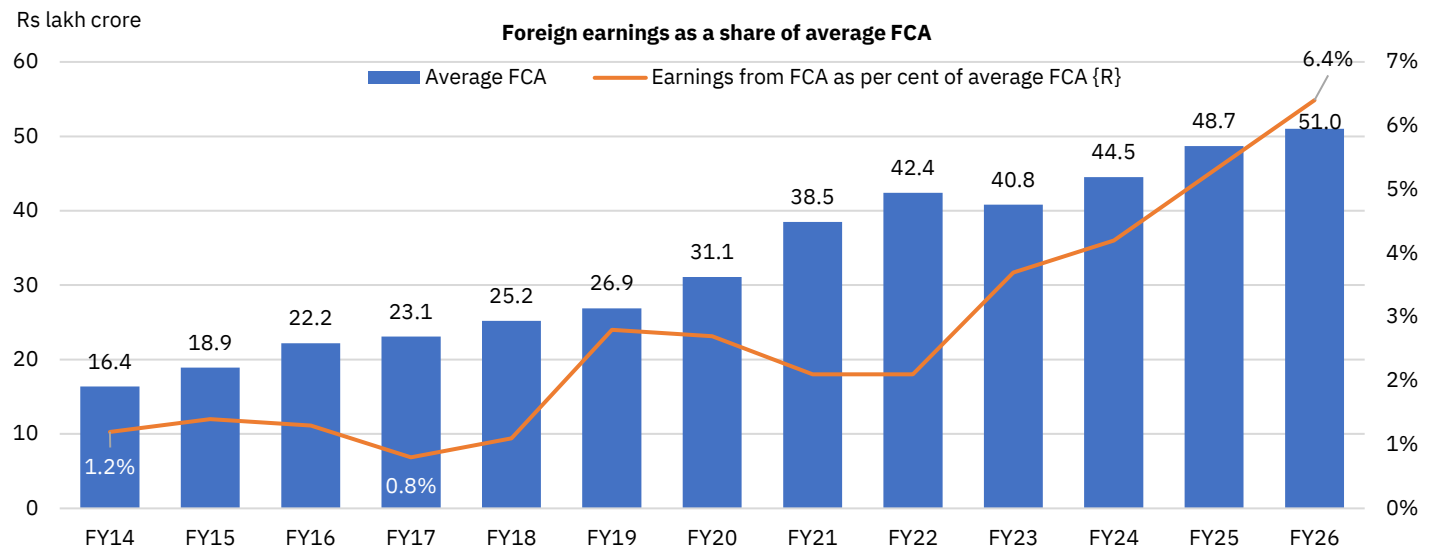
Currency in circulation grew 11.4% in FY26, the fastest pace in several years. Cash demand was broad-based: welfare disbursements and DBTs lifted rural currency demand, while post-GST and income tax cut consumption spending added to it.



Source: RBI, NSE EPR

Figure 109: Trends in annual net OMO purchases and domestic investments by RBI


Source: CMIE Economic Outlook, NSE EPR.

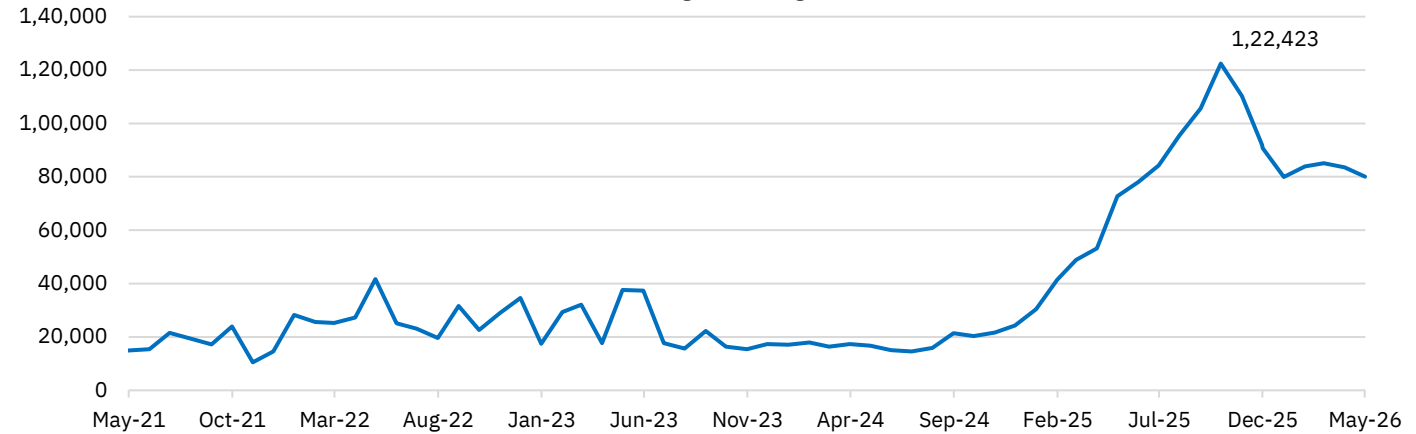
Figure 110: Foreign earnings as a share of average foreign currency assets (FCA)


Source: RBI annual reports.

Global snippets: Global uncertainty not yet near pre-crisis levels

Figure 111: Monthly trends in World Uncertainty Index (WUI)

WUI, GDP weighted average



Source: Hites Ahir & Nicholas Bloom & Davide Furceri, 2022. "The World Uncertainty Index," NBER Working Papers 29763, National Bureau of Economic Research, Inc.

Figure 112: Geopolitical Risk Index (30-day moving average)



Source: Caldara, Dario and Matteo Iacoviello (2022), "Measuring Geopolitical Risk", American Economic Review, April 112(4), pp. 1194-1225. Note: Geopolitical Risk Index as of 8th June 2026.

Figure 113: US economic and trade policy uncertainty index

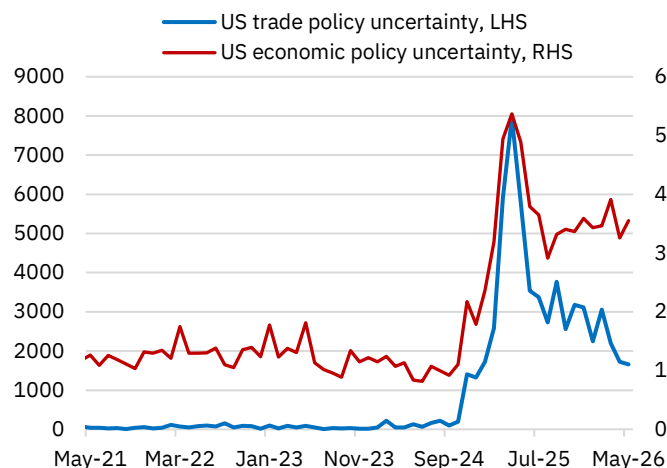
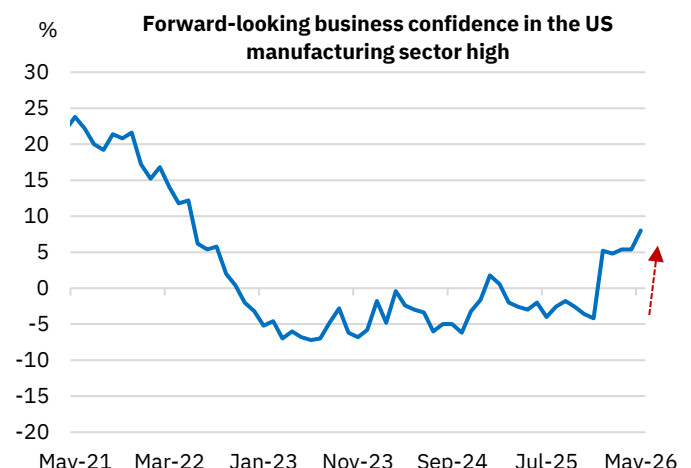


Figure 114: US business confidence (manufacturing)

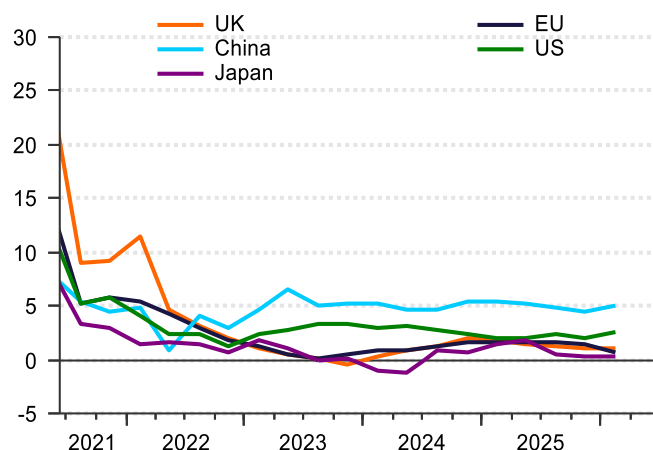


Source: Baker, S. R., Bloom, N., & Davis, S. J. (2016), Federal Reserve Bank of St. Louis. *Measuring economic policy uncertainty. The Quarterly Journal of Economics*, 131(4), 1593-1636

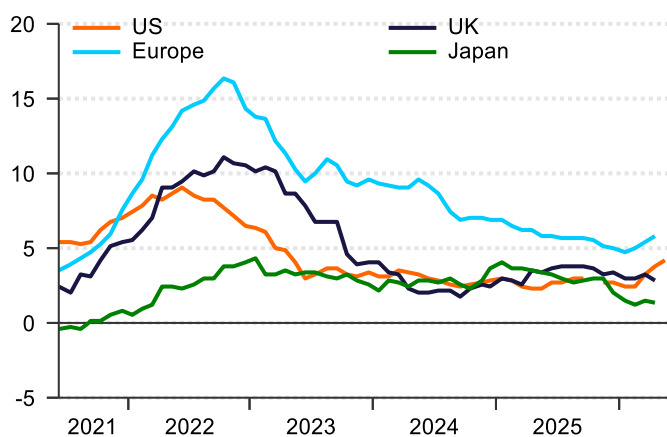
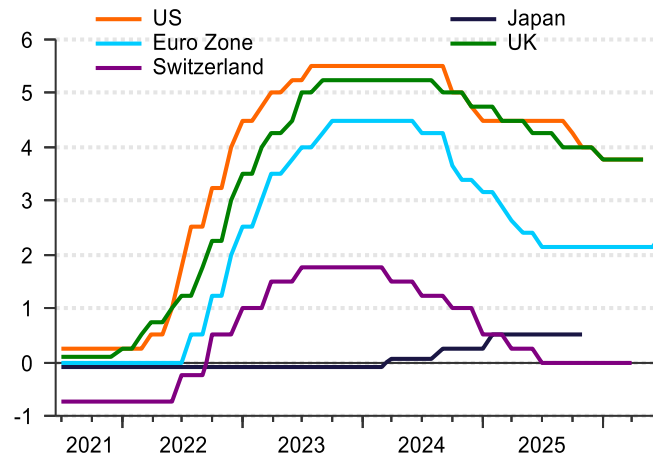
Table 30: Region-wise growth forecast by IMF and OECD

Growth outlook %	IMF projections			Difference from Jan 2026 (pp)		OECD projections	
	2025	2026	2027	2026	2027	2026	2027
World	3.4	3.1	3.2	-0.2	0	2.8	3.1
Advanced Eco	1.9	1.8	1.7	0	0	NA	NA
USA	2.1	2.3	2.1	-0.1	0.1	2.0	1.8
Euro Area	1.4	1.1	1.2	-0.2	-0.2	0.8	1.2
Germany	0.2	0.8	1.2	-0.3	-0.3	0.7	1.1
France	0.9	0.9	0.9	-0.1	-0.3	0.7	0.8
Japan	1.2	0.7	0.6	0.0	0.0	0.6	0.8
UK	1.3	0.8	1.3	-0.5	-0.2	0.9	1.1
Canada	1.7	1.5	1.9	-0.1	0.0	1.2	1.7
EMDE	4.4	3.9	4.2	-0.3	0.1	NA	NA
China	5.0	4.4	4.0	-0.1	0.0	4.5	4.3
India	7.6	6.5	6.5	0.1	0.1	6.3	6.4
Russia	1.0	1.1	1.1	0.3	0.1	0.5	0.8
Brazil	2.3	1.9	2.0	0.3	-0.3	1.6	2.1

Source: IMF World Economic Outlook (April 2026), OECD Economic Outlook (June 2026), NSE EPR Notes: 1) NA= Not available

Figure 115: Growth across major economies


Source: LSEG Workspace, NSE EPR.

Figure 116: Inflation across major economies

Figure 117: Policy rates across advanced economies


Source: LSEG Workspace, NSE EPR.

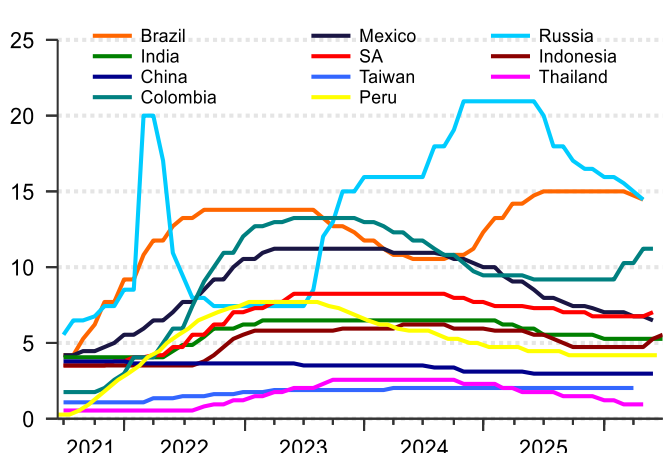
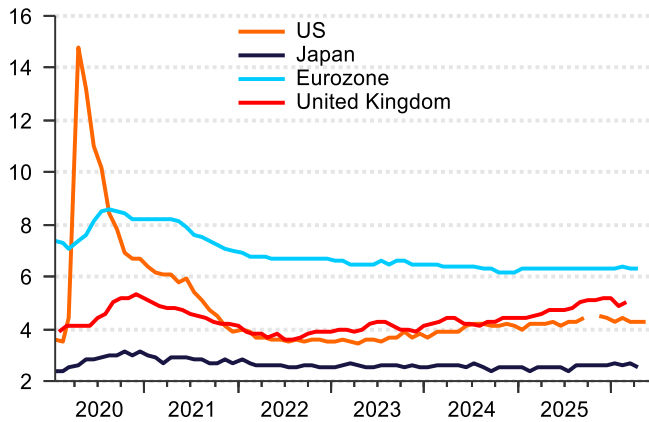
Figure 118: Policy rates across emerging economies


Figure 119: Unemployment rates across major developed economies



Source: LSEG Workspace, NSE EPR.

Figure 120: Trends in industrial production (YoY%) across major economies

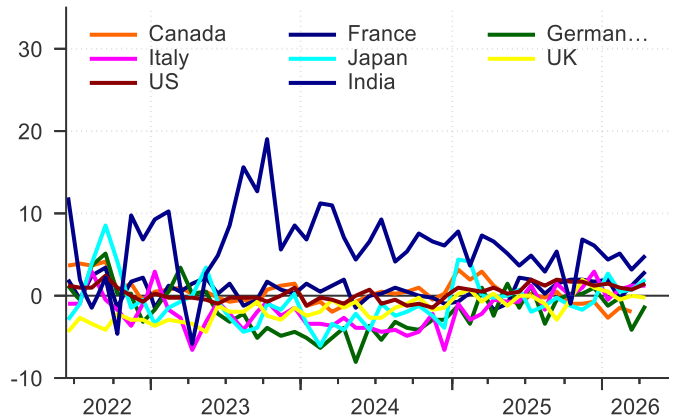
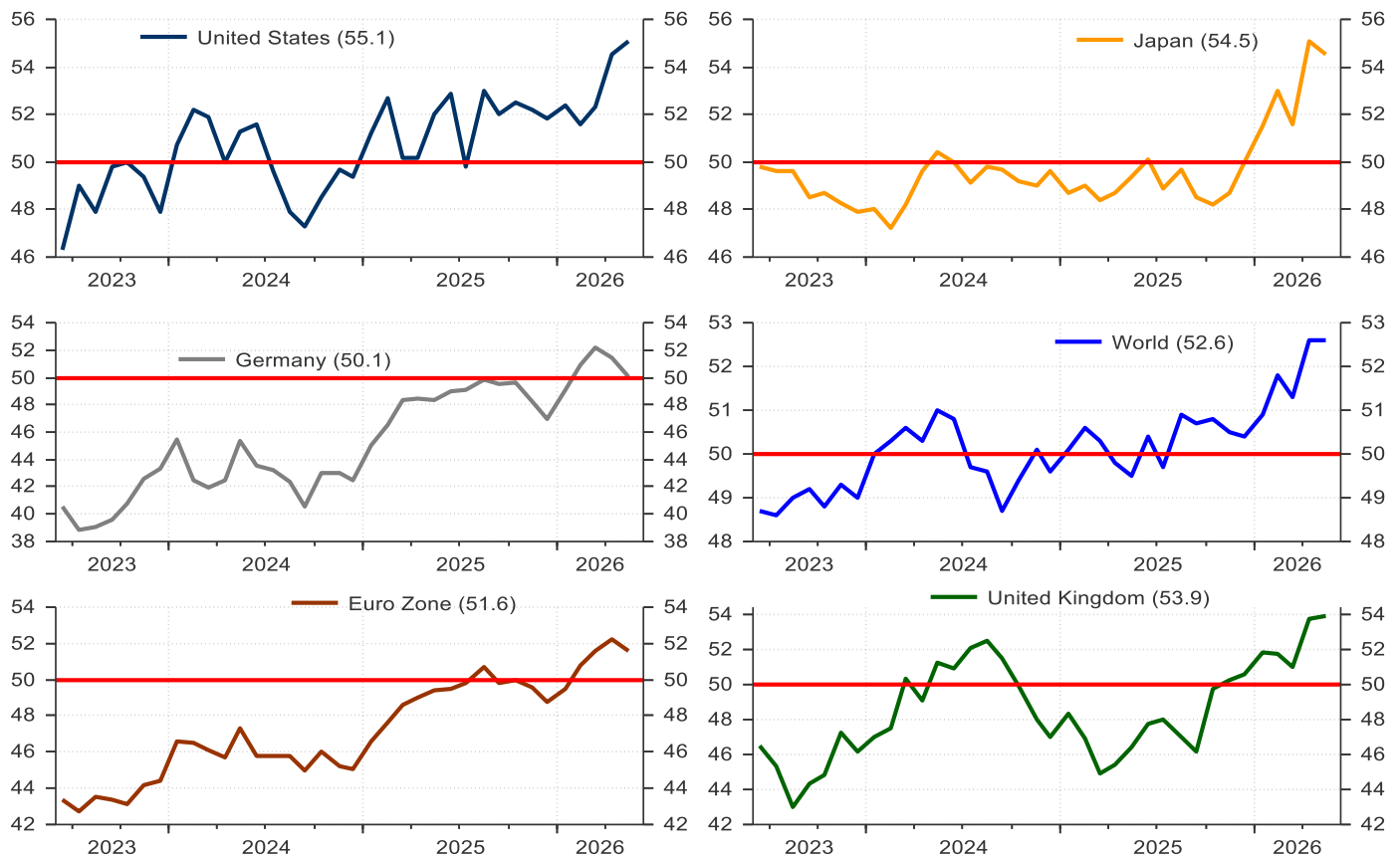


Figure 121: Trend in PMI manufacturing across countries

Manufacturing (SA) PMIs: Developed Markets



Source: LSEG Workspace, NSE EPR.

Insights

When the skies don't cooperate: Weather, rainfall and the price economies pay

Ten studies on climate shocks, labour markets and macroeconomic consequences

The monsoon occupies an unusual place in India's economic calendar. Its timing and intensity shape agricultural incomes, rural wages, and food prices in ways that aggregate indicators often obscure — and in years when rainfall disappoints, the effects extend well beyond the farm. The ongoing El Niño episode, and the associated uncertainty around this season's monsoon, makes the question of how weather shocks transmit into broader economic outcomes a timely one.

A substantial body of research has spent the better part of three decades working through these transmission mechanisms with care. What has emerged is a picture more nuanced than a straightforward harvest-to-growth relationship. Temperature and rainfall operate through multiple channels simultaneously—agricultural productivity and rural incomes, industrial output and labour supply, worker health and human capital—and at the aggregate level, large-scale climatic events like El Niño have been shown to move inflation, external balances, and growth across affected economies in systematic ways.

The ten papers reviewed this month span that breadth of evidence, drawing on data from India and a range of other economies. Together, they offer a grounded empirical basis for assessing what a difficult monsoon season may imply for economic and market conditions in the period ahead.

Key takeaways from the papers

The relationship between weather, rainfall and economic outcomes can be understood through three concentric layers of evidence: a global frame establishing that climate shocks have measurable macroeconomic consequences, a mechanistic layer unpacking the precise channels through which rainfall affects output, and an India-specific core that grounds these findings in the monsoon economy.

- 1. Climate shocks have material and measurable macroeconomic consequences** — [Burke et al. \(2015\)](#) established that the relationship between temperature and economic output is non-linear and globally pervasive, with damages accelerating sharply beyond moderate temperature thresholds. The effect is not confined to agriculture; it operates across sectors and is systematically larger in economies that are already warmer — placing tropical and sub-tropical economies, including India, at disproportionate risk. [Cashin et al. \(2017\)](#) extended this frame to large-scale climatic events, demonstrating that El Niño episodes function not merely as meteorological phenomena but as a global propagation channel, moving inflation, agricultural output, and growth simultaneously across affected economies. For India, where monsoon failure years correlate strongly with ENSO events, this finding directly bridges climate variability and near-term macroeconomic risk.
- 2. How does rainfall translate into economic output?** — [Kotz et al. \(2022\)](#) showed that it is the distribution of rainfall, rather than the aggregate seasonal total, that drives economic outcomes, with increases in dry-day frequency and extreme precipitation events generating significant output losses even when cumulative figures appear adequate. This has direct implications for how monsoon seasons are assessed, since an apparently normal total can mask damaging intra-seasonal variability. [Damania et al. \(2020\)](#) complemented this by establishing, through sub-

national data, that the rainfall-growth relationship is concave and extends well beyond agriculture—rainfall supports output up to a threshold, beyond which returns diminish, broadening the economic footprint of both deficits and excess. [Dell et al. \(2014\)](#) provided the methodological scaffolding that underpins both findings, surveying the identification strategies and empirical tools that have allowed researchers to isolate the causal effects of weather on growth and clarifying the inferential limits that apply when reading this evidence.

3. **India: Monsoon, labour markets and long-run consequences** — [Gadgil and Gadgil \(2006\)](#) established the foundational macro-level relationship between monsoon performance and Indian GDP, quantifying that even moderately deficient rainfall years carry a meaningful growth cost — one not fully offset by irrigation, imports, or fiscal support. [Somanathan et al. \(2021\)](#) extended this narrative into Indian manufacturing, showing that temperature reduces both worker productivity and labour supply in ways that translate into measurable firm-level output losses—directly relevant for interpreting earnings and activity data during weather-stressed quarters. [Burgess et al. \(2017\)](#) documented the mortality consequences of weather extremes across India, and the stark rural-urban gap in adaptive capacity, underscoring that the human cost of monsoon disruption is neither evenly distributed nor easily offset by income or infrastructure alone.

[Jayachandran \(2006\)](#) identified the wage transmission channel with precision: when rainfall-driven productivity shocks hit, agricultural wages fall more than output because rural labour markets are thin and worker mobility is constrained. It is this compression of rural incomes that ultimately reaches consumption, credit, and corporate revenues. [Maccini and Yang \(2009\)](#) rounded out the picture with an intergenerational lens, documenting that early-life rainfall deficits carry lasting consequences for health, education, and earnings. This adds a structural, long-run dimension to what is otherwise treated as a cyclical risk, and one that carries particular weight given India's demographic profile.

Across these studies, a consistent and sobering insight emerges: weather is not a temporary deviation from an otherwise stable economic path, but a structural variable that shapes output, incomes, and welfare in ways that compound over time. For an economy like India's, where the monsoon remains the single largest unhedged macroeconomic risk each year, the evidence reviewed here offers both a framework for interpretation and a measure of the stakes involved.

Papers in brief

- [Burke et al. \(2015\)](#) — **Global non-linear effect of temperature on economic production:** The paper examines how temperature influences economic production using data from 166 countries over 1960–2010. Challenging earlier studies that found weak aggregate effects, the authors show that economic productivity follows a stable non-linear relationship with annual average temperature, peaking at approximately 13°C and declining at higher temperatures. Importantly, this relationship is observed across both high-income and low-income countries and across agricultural and non-agricultural sectors, suggesting that climatic conditions affect a broad range of economic activities. The study also finds that the estimated temperature–productivity relationship has remained

remarkably stable over time. Using this relationship to evaluate future warming scenarios, the authors estimate that, under historical patterns of adaptation, global average incomes could be approximately 23% lower by the end of the century relative to a no-climate-change baseline. The paper provides an important empirical framework linking climate and economic performance and highlights the importance of accounting for non-linear temperature effects in long-run economic analysis.

- Cashin et al. (2017) – Beyond climate: How El Niño reshapes growth, inflation, and trade** – Cashin et al. (2017) investigate how El Niño weather events propagate through the global economy. Using a multi-country Global Vector Autoregression (GVAR) model covering 33 countries grouped into 21 country/region blocks and accounting for over 90% of world GDP, the authors examine both the direct and indirect macroeconomic effects of El Niño episodes. Exploiting the exogenous nature of El Niño shocks, the study demonstrates that their economic consequences are substantial, heterogeneous, and internationally transmitted through trade linkages. Countries directly exposed to droughts, weak monsoons, or disrupted agricultural production—including Australia, Indonesia, India, New Zealand, and South Africa—experience statistically significant declines in growth. Conversely, some economies, including the United States and Europe, benefit from favourable weather conditions and positive spillovers. El Niño also generates widespread inflationary pressures through increases in fuel and non-fuel commodity prices. The study's central insight is that climate shocks cannot be analysed in isolation: international trade and macroeconomic interdependence fundamentally shape how weather disturbances affect national economic performance.
- Kotz et. al (2022) – More wet days and extreme rainfall reduce economic growth.** This paper analyses the relationship between rainfall and economic growth by incorporating the distribution of daily rainfall, rather than relying only on aggregate measures. It uses a global dataset of 1,554 subnational regions across 77 countries (1979–2019), combining climate and economic data. Using fixed-effects panel regression, the study identifies causal impacts of multiple rainfall dimensions, including total rainfall, monthly deviations, wet days, and extreme events. The results show that while total rainfall has a positive but diminishing effect, rainfall variability significantly reduces growth. Increase in wet days and extreme precipitation negatively affect economic performance through productivity disruptions and infrastructure damage. These effects are additive and persistent, indicating multiple channels of impact. The study also finds that high-income and service-based economies are more vulnerable to rainfall variability.
- Damania et al. (2019) – How does rainfall variability influence economic growth across regions?** The paper examines the relationship between rainfall and economic growth using sub-national data across 82 countries during 1990–2014. The study finds that rainfall has a non-linear impact on economic performance, with moderate increases supporting growth while excessive rainfall provides limited additional benefits. The authors show that climate-related economic effects are better captured at granular regional levels, as broader aggregation can mask important variations. The findings highlight that rainfall sensitivity is higher in

regions dependent on climate-sensitive sectors, particularly agriculture, underscoring the importance of considering local conditions when assessing climate-related economic risks.

- Dell et al. (2014) – What Do We Learn from the Weather? The New Climate–Economy Literature:** This seminal review paper synthesizes the "new climate–economy" literature, which moves beyond cross-sectional correlations to utilize panel methodologies for identifying the causal impacts of weather realizations—temperature, precipitation, and windstorms—on economic performance. By exploiting high-frequency weather variation within specific spatial units, these studies overcome long-standing challenges of omitted variable bias, providing rigorous evidence that weather shocks significantly influence aggregate output, agricultural yields, labour productivity, health, and political stability. A core finding is that unusually hot years substantially reduce income growth in poor countries, with estimates centering on a 1–2% output loss per 1°C increase. Crucially, the paper bridges the gap between short-run weather shocks and long-run climate change, examining mechanisms of adaptation, intensification, and macroeconomic reallocation. The authors advocate for updating the "damage functions" in Integrated Assessment Models (IAMs) with this empirical evidence to better reflect non-linearities, growth-rate effects, and the disproportionate vulnerability of developing nations.
- Gadgil and Gadgil (2006) – The persistent economic importance of the Indian monsoon:** This paper challenges the common belief that India's growing economic diversification has reduced its dependence on the monsoon. Analysing rainfall, foodgrain production, and GDP data from 1951–2003, they show that severe droughts continue to impose substantial economic costs despite agriculture's declining share in national income. Their most important finding is an asymmetry in the impact of rainfall: deficits in monsoon rainfall cause far greater losses in agricultural output and GDP than the gains generated by surplus rainfall. The study also finds that since the 1980s, foodgrain production has become less responsive to above-average rainfall, suggesting that Indian agriculture is increasingly unable to capitalise on favourable monsoon conditions. The paper argues that strengthening resilience requires not only reducing drought vulnerability but also improving the ability of the agricultural sector to convert good monsoon years into sustained productivity gains.
- Somanathan et al. (2021) – The impact of heat stress on manufacturing output: This research addresses a critical puzzle in development economics - why hotter years are systematically linked to lower economic output in tropical countries.** Using a multi-layered approach that moves from worker-level microdata to a 15-year national panel of Indian factories, the authors identify human physiology—specifically heat stress—as a primary driver of this output penalty. The study finds that high temperatures simultaneously reduce on-the-job worker productivity and increase absenteeism. While workplace climate control effectively eliminates the decline in task efficiency, it fails to curb absenteeism, likely because workers remain exposed to extreme heat outside the factory floor. At the aggregate level, the study predicts that annual plant output falls by approximately 2.1% per degree Celsius of warming. By employing a Cobb-Douglas production function, the authors

demonstrate that these losses are driven by a reduction in the output elasticity of labor rather than capital, establishing that physiological constraints on labor pose a significant threat to industrial growth in a warming climate.

- [Burgess et al. \(2017\)](#) — **Unequal human costs of climate change:** This paper examines why extreme heat leads to higher mortality in some populations but not others. Using district-level weather and mortality data from India between 1957 and 2000, the authors show that hot days significantly increase mortality in rural India while having little effect in urban India. They trace this difference to agriculture-dependent livelihoods: extreme heat reduces crop yields and agricultural wages, creating income shocks that ultimately translate into higher mortality. The study further demonstrates that access to rural banking mitigates these effects by helping households' smooth consumption during adverse periods. Combining these findings with climate projections, the authors warn that rising temperatures could substantially reduce life expectancy in rural India. The paper highlights how climate change operates not only as an environmental challenge but also as a source of deepening socioeconomic inequality.
- [Jayachandran \(2006\)](#) — **Selling labor low: Wage responses to productivity shocks in developing countries** — This paper shows that underdevelopment amplifies productivity risk for poor agricultural workers through a general equilibrium channel: workers who are credit-constrained, close to subsistence, and unable to migrate supply labor inelastically in response to shocks, causing larger equilibrium wage declines. Using a panel of 257 Indian districts from 1956 to 1987 and rainfall as an instrument for agricultural productivity, the study finds that wages are significantly more sensitive to yield shocks in districts with weaker banking infrastructure and poorer transport connectivity. The distributional consequences are asymmetric—greater wage volatility concentrates income risk on landless workers while providing implicit insurance to landowners, who pay lower wages precisely when their land is least productive.
- [Maccini and Yang \(2008\)](#) — **Long-term economic effects of environmental conditions on early life:** This paper examines the long-term effects of environmental conditions during infancy on adult outcomes in rural Indonesia. Using data from the Indonesia Family Life Survey and historical rainfall records, the study employs rainfall variation at the time of birth as an exogenous measure of household economic conditions in an agrarian economy. The findings indicate that higher birth-year rainfall significantly improves adult health, educational attainment, and socioeconomic status among women, while no statistically significant effects are observed for men. The paper argues that favourable rainfall conditions increase agricultural output and household resources, leading to better nutrition and health investments during critical stages of infancy. Drawing on the literature on health capital, critical-period programming, and gender bias in resource allocation, the study demonstrates that early-life environmental shocks can have persistent effects on human capital formation and economic well-being. The results further suggest that educational attainment serves as an important channel through which improvements in infant health translate into better socioeconomic outcomes in adulthood.

Global non-linear effect of temperature on economic production⁷

Burke, Hsiang & Miguel (2015)

Summary

Burke et al. (2015) examine the relationship between temperature and economic production across 166 countries over the period 1960–2010. The paper addresses a long-standing debate in the climate-economics literature by investigating whether aggregate economic output exhibits the same temperature sensitivity observed in micro-level studies of labour productivity, labour supply, and agricultural yields. The authors identify a stable and globally applicable non-linear relationship between annual average temperature and economic productivity. Economic production is maximized at an annual average temperature of approximately 13°C, with productivity declining progressively at higher temperatures. Importantly, this relationship is observed across countries at different income levels and across agricultural and non-agricultural sectors. The findings suggest that climatic conditions influence aggregate economic performance more broadly than previously recognized and provide a framework for evaluating the potential economic consequences of future warming. The authors further use the estimated temperature–productivity relationship to assess potential future outcomes under warming scenarios. Under the assumption that future adaptation resembles historical adaptation patterns, they estimate that global average incomes could be approximately 23% lower by the end of the century relative to a no-climate-change baseline.

Introduction

Understanding the determinants of long-run economic performance remains a central objective of economic research. While the importance of capital, labour, technology, and institutions is well established, the role of climatic conditions in shaping economic outcomes remains less clear. A substantial body of microeconomic evidence has shown that temperature influences crop yields, labour productivity, health outcomes, and labour supply. However, macroeconomic studies have often produced mixed results, with some suggesting that temperature effects are concentrated in developing economies while others find only weak aggregate relationships.

This divergence between micro-level and macro-level evidence raises an important question: if temperature significantly affects individual productive activities, why are these effects not consistently reflected in aggregate economic performance? Burke et al. (2015) seek to reconcile these conflicting findings by examining whether national economic productivity exhibits a non-linear response to temperature. The authors argue that highly non-linear responses observed at the micro level may aggregate into a systematic macroeconomic relationship that has previously been obscured by linear empirical specifications. By analysing a large international panel of countries over five decades, the study provides a new framework for understanding the relationship between climatic conditions and aggregate economic production.

Literature

The paper builds upon two major strands of literature. The first consists of microeconomic studies demonstrating that economic activities often respond non-linearly to temperature. Previous research shows that agricultural output, labour productivity, and labour supply typically improve up to certain temperature thresholds before declining sharply at higher temperatures. These findings suggest that climatic conditions can directly influence productive efficiency.

⁷ Burke, M., Hsiang, S. M., & Miguel, E. (2015). Global non-linear effect of temperature on economic production. *Nature*, 527(7577), 235-239.

The second strand comprises macroeconomic studies examining the relationship between climate and economic growth. Earlier research documented correlations between temperature and output but often concluded that temperature effects were concentrated in developing economies, while wealthier countries appeared relatively insulated. This led to the view that technological advancement and higher incomes might reduce sensitivity to climatic conditions.

Burke et al. (2015) suggest that the apparent absence of strong macroeconomic effects in some earlier studies may reflect the use of linear models to analyse an inherently non-linear phenomenon. Their analysis seeks to bridge the gap between micro-level evidence and aggregate economic outcomes by examining whether national economic productivity exhibits a systematic non-linear response to temperature.

Contribution

The paper makes four important contributions to the literature.

1. It identifies a globally applicable non-linear relationship between temperature and aggregate economic production, with productivity peaking at approximately 13°C annual average temperature.
2. It reconciles previously conflicting microeconomic and macroeconomic evidence by demonstrating how non-linear responses at the individual level—such as those affecting labour productivity, labour supply, and agricultural output—can aggregate into a smooth but concave macroeconomic relationship.
3. It shows that the estimated temperature–productivity relationship applies broadly across countries at different income levels, suggesting that temperature influences economic activity in both high-income and low-income economies.
4. The study demonstrates that the relationship extends beyond agriculture and is also evident in non-agricultural sectors, indicating that temperature affects a broad range of economic activities rather than a single segment of the economy.

Together, these contributions provide a new empirical foundation for understanding how climatic conditions influence economic performance and for evaluating the economic consequences of changes in temperature over time.

Theoretical framework

The authors develop a framework that links micro-level productivity responses to aggregate economic outcomes. Fundamental productive units, such as individual workers, firms, and biological processes, operate under varying local temperature conditions. Existing evidence suggests that productivity at the micro level often responds non-linearly to temperature, improving up to certain thresholds (often between 20°C and 30°C) before declining as temperatures become excessively high.

Aggregate economic output reflects the combined productivity of these individual units across an entire economy. Since countries experience a distribution of daily temperatures throughout the year rather than a single fixed temperature, changes in annual average temperature alter the share of economic activity exposed to potentially productivity-reducing conditions. As average temperatures rise, a greater proportion of productive activity occurs at temperatures beyond the range associated with peak productivity.

This aggregation process generates a smooth, non-linear relationship between annual average temperature and aggregate economic production. The framework predicts that national productivity should increase with temperature in relatively cold environments, reach a maximum at an intermediate level, and decline progressively as temperatures

continue to rise. The empirical analysis tests this prediction and identifies an estimated productivity optimum of approximately 13°C annual average temperature.

Data and methodology

The empirical analysis utilizes data for 166 countries covering the period from 1960 to 2010. Economic output data are combined with country-level measures of temperature and precipitation to estimate the relationship between climatic conditions and economic production.

The identification strategy relies on year-to-year temperature variation within countries. Rather than comparing different countries directly—which could be influenced by differences in geography, institutions, or historical development—the authors compare each country's economic performance during relatively warmer years with its performance during relatively cooler years. This within-country approach helps isolate the effect of temperature from persistent cross-country differences.

The econometric specification incorporates country fixed effects, global time effects, and country-specific time trends to account for unobserved factors that may influence economic performance. The authors also employ flexible functional forms, including quadratic and spline specifications, allowing the data to determine the shape of the temperature–productivity relationship rather than imposing a linear structure.

Extensive robustness checks are conducted to verify the stability of the results. These include alternative model specifications, the exclusion of particular country groups, and various lag structures. The analysis also examines whether the estimated relationship differs across high-income and low-income countries as well as across agricultural and non-agricultural sectors.

Results

- The analysis reveals a robust non-linear relationship between temperature and economic production. Overall economic productivity reaches its maximum at an annual average temperature of approximately 13°C and declines progressively at higher temperatures.
- Countries with average temperatures below this threshold may experience productivity gains from modest warming, whereas countries already above the threshold tend to experience reductions in economic output as temperatures increase further. The estimated decline becomes larger as temperatures move farther above the 13°C optimum.
- A key finding is that similar temperature–productivity relationships are observed across both high-income and low-income economies. While warmer countries often experience larger economic effects because they are already located at or above the estimated optimum, the underlying relationship appears broadly similar across income groups.
- The authors also find that the estimated temperature–productivity relationship remains remarkably stable over time. Results obtained from the 1960–1989 and 1990–2010 sub-samples are highly similar, indicating that the historical relationship between temperature and economic production has changed little over the study period.
- The relationship is evident in both agricultural and non-agricultural sectors, suggesting that temperature influences a broad range of economic activities rather than a single segment of the economy.

Implications

The findings have important implications for understanding the relationship between environmental conditions and economic performance.

1. The results indicate that climatic factors influence aggregate economic productivity across a broad range of countries and industries. Economic performance therefore reflects not only conventional determinants such as capital accumulation, labour, and technology, but also underlying environmental conditions.
2. The study highlights the importance of accounting for non-linearities when evaluating the economic consequences of temperature changes. Linear models may understate or mischaracterize economic responses because they do not capture the existence of an optimal temperature range and the increasingly negative effects associated with temperatures above that threshold.
3. The analysis suggests that future temperature changes may affect countries differently depending on their baseline climatic conditions. Under the authors' framework, countries with average temperatures already above the estimated optimum tend to experience larger projected reductions in economic output relative to cooler economies.
4. The stability of the estimated temperature–productivity relationship across both income groups and time periods suggests that historical economic development and technological progress have not fundamentally altered the aggregate relationship identified in the data. This finding underscores the importance of incorporating observed historical responses when evaluating future economic outcomes.
5. The estimated temperature–productivity relationship also suggests larger potential economic losses from warming than many earlier damage assessments, underscoring the importance of incorporating non-linear temperature effects into long-run economic projections.
6. The paper provides an empirical framework for assessing the potential long-run economic consequences of temperature change. Under the assumption that future adaptation resembles historical adaptation patterns, the authors estimate that global average incomes could be substantially lower by the end of the century relative to a no-climate-change baseline.

Conclusion

[Burke et al. \(2015\)](#) provide an important contribution to the empirical understanding of how climatic conditions relate to economic performance. By identifying a globally applicable non-linear relationship between temperature and economic production, the study helps reconcile previously conflicting findings from microeconomic and macroeconomic research. The analysis shows that economic productivity is highest at an annual average temperature of approximately 13°C and declines as temperatures move further above this level.

A notable finding is that the estimated temperature–productivity relationship is broadly similar across both high-income and low-income economies and across agricultural and non-agricultural sectors. The relationship also remains remarkably stable over the period studied, suggesting that the historical link between temperature and economic production has changed little over the last half-century. The paper further provides an empirical framework for evaluating the potential economic consequences of future warming. Under the assumption that future adaptation resembles historical adaptation patterns, the authors estimate that global average incomes could be substantially lower by the end of the century relative to a no-climate-change baseline.

Overall, the study demonstrates that climatic conditions are an important component of economic performance and that accounting for non-linear temperature effects can materially influence assessments of long-run economic outcomes. By providing a robust empirical basis for analysing the relationship between temperature and productivity, the paper remains an influential contribution to the literature on climate and economic growth.

Fair weather or foul? The macroeconomic effects of El Niño ⁸

Paul Cashin, Kamiar Mohaddes, and Mehdi Raissi (2017)

Summary

A growing body of literature investigates the relationship between climate and economic performance, yet identifying the precise macroeconomic transmission of weather shocks across an interconnected global economy remains a persistent empirical challenge. [Cashin et al. \(2017\)](#) resolve this by exploiting the exogenous variation of El Niño weather events to identify their effects on global growth, inflation, and commodity prices. Using a dynamic multi-country framework encompassing 21 country/region-specific models, the authors move beyond traditional aggregate analyses to reveal that El Niño generates highly heterogeneous economic outcomes. While countries close to the weather epicentre—such as Australia, Indonesia, and South Africa—suffer short-lived economic contractions, others, including the United States and Europe, actually experience growth-enhancing effects due to direct climate benefits and positive trade spillovers. Furthermore, the shock triggers global inflationary pressures driven by surging non-fuel commodity and crude oil prices. The authors thus demonstrate that El Niño acts as a systemic global macroeconomic shock, proving that for most countries, the indirect trade spillovers of climate events are just as important—if not more important—than the direct weather effects themselves.

Introduction

A rapidly expanding literature has examined how climatic variables—including temperature, precipitation, storms, and extreme weather events—affect economic activity. Yet identifying causal effects remains difficult because weather conditions often co-vary with numerous economic, institutional, and geographic factors. [Cashin et al. \(2017\)](#) address this challenge by focusing on El Niño, one of the most powerful and exogenous climate phenomena in the global system. Rather than studying climate change as a gradual process, the authors exploit periodic El Niño episodes as naturally occurring weather shocks that generate substantial variation across countries and over time.

El Niño originates in the Pacific Ocean through abnormal warming of ocean surface temperatures and weakening trade winds. These disturbances alter rainfall patterns, temperatures, drought frequencies, storm activity, and agricultural conditions across much of the globe. Historically, severe El Niño episodes—including those of 1982-83, 1997-98, and 2015-16—have been associated with widespread economic disruption. Yet despite their importance, the broader macroeconomic consequences of El Niño remain understudied. Existing research has generally focused on individual countries, sectors, or commodities, overlooking the fact that climate shocks propagate internationally through trade, commodity markets, and financial linkages.

[Cashin et al. \(2017\)](#) argue that understanding the macroeconomic consequences of climate requires moving beyond country-specific analysis. Because modern economies are deeply interconnected, weather shocks in one region affect production, commodity prices, trade flows, and economic activity elsewhere. The study therefore develops a global framework capable of capturing both direct climatic effects and indirect spillovers transmitted through international economic networks.

Literature

[Cashin et al. \(2017\)](#) engage with and extend three related strands of research. First, the study builds on the rapidly expanding climate-macroeconomy literature, which examines how temperature, precipitation, and other climatic

⁸ Cashin, P., Mohaddes, K., & Raissi, M. (2017). Fair weather or foul? The macroeconomic effects of El Niño. *Journal of International Economics*, 106, 37-54.

variables affect agricultural production, labour productivity, and economic growth (Tol, 2009; Dell et al., 2014). Within this literature, several studies have investigated the economic consequences of El Niño episodes. Brunner (2002) found that the Southern Oscillation cycle could explain roughly 10-20% of fluctuations in GDP growth, inflation, and commodity prices across G-7 economies, while country-specific analyses such as Changnon (1999) for the United States and Debelle and Stevens (1995) for Australia documented significant domestic effects. Other studies focused on specific sectors and commodities, including Solow et al. (1998), and Ubilava (2012), highlighting the influence of El Niño on agricultural production and commodity markets. However, this literature largely treated countries and markets in isolation, providing limited insight into the broader global transmission of climate shocks.

Second, the paper relates to the literature on international macroeconomic spillovers and global shock transmission. Studies employing multi-country frameworks, including Pesaran (2004), Dees et al. (2007), and Cashin et al. (2014), demonstrated that domestic shocks can propagate internationally through trade, financial, and commodity-market linkages. While earlier studies documented how climatic disturbances affect commodity prices and economic activity, they did not systematically quantify how weather shocks transmit across a globally interconnected economy. Cashin et al. (2017) extend this literature by explicitly modelling both the direct effects of El Niño and the indirect spillovers transmitted through international economic networks.

Finally, the study builds on the Global Vector Autoregressive (GVAR) literature pioneered by Pesaran (2004) and further developed by Dees et al. (2007). The GVAR framework links country-specific macroeconomic models through trade-weighted foreign variables, providing a natural setting for analysing global shock transmission. By introducing El Niño as a dominant and exogenous climatic variable within this framework, Cashin et al. (2017) bridge the gap between climate science and international business-cycle analysis, creating one of the first integrated frameworks capable of tracing the global macroeconomic effects of large-scale weather disturbances.

Contribution

The study advances the climate-macroeconomics literature through four principal contributions:

1. **Methodological innovation via a multi-country framework:** By utilizing a GVAR model, the authors successfully account for both the direct exposure of individual countries to weather shocks and the indirect spillovers transmitted through global trade networks.
2. **Identifying heterogeneous growth effects:** The study moves beyond aggregate global figures to demonstrate that an El Niño shock produces distinct "winners" and "losers" depending on geographic location, economic diversification, and trade linkages.
3. **Disentangling direct vs. total effects:** The authors provide a novel decomposition of the shock, proving empirically that for countries not at the immediate epicentre of the weather event, indirect trade spillovers often dictate the overall economic outcome.
4. **Linking climate to global commodity prices:** The study systematically maps how regional droughts not only spike non-fuel agricultural prices but also drive-up crude oil prices by disrupting hydroelectric power generation.

Data and methodology

The empirical analysis employs a Global Vector Autoregression (GVAR) framework estimated using quarterly data from 1979Q2 to 2013Q1. The model comprises 21 country/region-specific VARX models representing 33 countries and accounting for over 90% of global GDP. Europe is modelled as a single regional block comprising thirteen major economies.

The underlying macroeconomic data are drawn primarily from the IMF's International Financial Statistics (IFS), supplemented by national statistical agencies, central banks, and Datastream for financial variables. Bilateral trade data used to construct foreign variables and trade-weight matrices are obtained from the IMF Direction of Trade Statistics (DOTS) database.

Each country model includes: a) Real GDP; b) Inflation; c) Real equity prices; d) Short-term interest rates; e) Long-term interest rates; f) Real exchange rates. These domestic variables are linked to trade-weighted foreign counterparts, allowing shocks to propagate through international economic networks. The key climatic variable is the Southern Oscillation Index (SOI), obtained from the Australian Bureau of Meteorology, which measures standardized pressure differentials between Tahiti and Darwin. Sustained negative SOI anomalies indicate El Niño conditions. Since the climate influences the macroeconomy but the macroeconomy does not influence the climate, SOI anomalies are included as a "dominant," weakly exogenous variable, providing a particularly clean identification strategy.

The framework also incorporates Brent crude oil prices and the IMF Non-Fuel Commodity Price Index to capture global commodity-market transmission channels. By integrating domestic macroeconomic variables, trade-weighted foreign variables, commodity prices, and exogenous climatic shocks within a unified system, the GVAR framework captures both the direct economic effects of El Niño and the indirect spillovers transmitted through international trade and commodity markets. As a robustness check against potential VAR misspecifications, the authors also estimate the baseline growth effects using Jordà's (2005) Local Projections (LP) method.

Results

The empirical analysis yields several quantitatively precise findings regarding the domestic and international footprint of El Niño.

1. **Contractions in directly exposed economies:** Countries located in regions adversely affected by El Niño experience statistically significant declines in economic activity. Droughts, weaker agricultural yields, disruptions to hydropower generation, and commodity production reduce average GDP growth in Indonesia by 64bps, South Africa by 35bps, Australia by 22bps, New Zealand by 28bps, and India by 16bps over the first year. The effects are strongest in economies with large primary sectors; for example, agriculture and resource-based activities account for roughly 25% of GDP in Indonesia, compared with only 3% in the United States.
2. **Expansions via direct benefits and trade spillovers:** El Niño does not uniformly depress growth. Some economies benefit from favourable weather conditions, while others gain indirectly through trade linkages. The United States experiences a 21bps increase in GDP growth, supported by warmer winters, fewer hurricanes, and improved agricultural conditions. Europe's growth rises by 24bps, Singapore's by 48bps, and China's by 17bps, largely reflecting stronger demand from economies that benefit directly from the weather shock.
3. **Commodity markets as the first transmission channel:** The growth divergence is accompanied by substantial movements in global commodity prices. Drought conditions and weaker agricultural output reduce supply, while increased demand for irrigation and energy raises production costs. As a result, both fuel and non-fuel commodity prices rise significantly following an El Niño event. Oil prices remain elevated even after the initial weather shock, reflecting stronger demand from economies experiencing positive growth effects.
4. **Inflationary pressures concentrated in emerging markets:** Rising commodity and food prices translate into widespread inflationary pressures, particularly in economies where food represents a large share of household expenditure. Inflation increases by approximately 73bps in Indonesia, 48bps in India, 44bps in Thailand, and 84bps in Mexico after one year. The effects are more muted in advanced economies, amounting to 12bps in the United States and 7bps in Europe. The authors find a correlation of roughly 0.5 between the weight of food in the consumer basket and the magnitude of inflation responses.

5. **Out-of-sample predictive power for small firms:** The loan-to-bond substitution rate among large, rated firms is a strong predictor of the probability that unrated firms—which have never issued bonds and therefore cannot substitute—receive a bank loan in any given quarter. A one standard deviation increase in the substitution rate corresponds to a 17 percent increase in the mean probability of a bank loan for unrated firms. This out-of-sample result confirms that the substitution behaviour of large firms captures aggregate bank-loan supply conditions rather than idiosyncratic dynamics of the rated segment.
6. **Trade networks amplify and redistribute climate shocks:** One of the study's most important findings is that the macroeconomic consequences of El Niño extend far beyond directly affected regions. For economies located near the climatic epicentre—such as Australia, Indonesia, New Zealand, Chile, and Peru—direct weather effects dominate. However, for many countries, indirect trade spillovers exceed direct climatic impacts. China and Mexico, for example, experience relatively small direct weather effects but are significantly influenced by changes in external demand from major trading partners. The decomposition analysis shows that ignoring international transmission mechanisms would substantially underestimate the global economic consequences of climate shocks.

Implications

The findings suggest that climate shocks should be viewed as global macroeconomic disturbances rather than localized environmental events. For central banks, El Niño creates a difficult policy environment by simultaneously generating inflationary pressures and output losses in many emerging economies. Countries with high food weights in consumption baskets are especially vulnerable to weather-driven inflation shocks. For governments, the results highlight the importance of climate adaptation investments, including irrigation infrastructure, food supply chains, drought-resistant agriculture, and early-warning systems. Such investments can substantially mitigate the economic costs of extreme weather events. More broadly, the paper demonstrates that climate risk is increasingly a macro-financial and international policy issue. As economies become more integrated through trade and supply chains, indirect spillovers may rival or exceed direct climatic effects.

Conclusion

Cashin et al. (2017) resolve the complex challenge of identifying how climate anomalies transmit through the global economy. By leveraging a multi-country framework, the authors prove that El Niño is not merely a localized agricultural problem, but a systemic global shock that generates divergent economic fortunes. As epicentres suffer droughts and supply-side contractions, others benefit from favourable weather conditions and positive trade spillovers. The study also reveals that indirect international transmission channels are often as important as direct climatic effects. The study thus demonstrates that effectively modelling the climate-macroeconomy relationship requires looking beyond national borders to account for the deep interlinkages of global trade.

The effect of rainfall changes on economic production⁹

Maximilian Kotz, Anders Levermann & Leonie Wenz (2022)

Summary

This paper offers a substantial advancement in understanding the economic impacts of climate change by demonstrating that the distribution of rainfall specifically its frequency and intensity play a critical role in shaping economic growth outcomes. Moving beyond conventional approaches that rely on aggregate measures such as total annual precipitation, the authors show that increases in the number of wet days and extreme rainfall events are consistently associated with reductions in economic growth rates across regions worldwide. These effects are both statistically significant and economically meaningful, suggesting that the costs of climate change particularly under scenarios of increasing rainfall variability have been systematically underestimated in prior macroeconomic assessments. The study thus reframes climate risk as not merely a function of average conditions but because of changes in variability and extremes, which impose persistent and compounding constraints on economic activity.

Introduction

The paper begins by highlighting a fundamental gap in the climate economy literature: the insufficient representation of precipitation dynamics in macroeconomic models. While it is well established that climate change will alter global hydrological systems, these changes manifest in complex ways, including shifts in the frequency, intensity, and timing of rainfall. However, most empirical studies focus narrowly on annual totals or monthly averages, thereby overlooking the fact that economic systems are often more sensitive to short-term fluctuations and extreme events than to long-term means. For instance, daily rainfall conditions can directly influence labour productivity, disrupt transportation and logistics networks, and increase the likelihood of infrastructure damage through flooding. By failing to account for these dynamics, existing models risk underestimating the true economic costs of climate change. The authors therefore propose a framework that explicitly captures multiple dimensions of rainfall variability, with the aim of providing a more accurate and policy-relevant assessment of climate impacts.

Literature

The climate economy literature has traditionally emphasized the role of temperature, with studies such as [Dell et. al\(2012\)](#) and [Burke et. al \(2013\)](#) documenting strong nonlinear effects on economic growth, while precipitation has generally been found to have limited or insignificant macroeconomic impacts. This finding is partly attributed to the use of highly aggregated data, as shown by [Kalkuhl and Wenz \(2020\)](#), which may obscure localized climate effects. More recent studies using subnational data, including [Damania et. al \(2020\)](#) and [Holtermann \(2020\)](#), identify nonlinear effects of total rainfall and monthly deviations, particularly in agriculture-dependent economies, supporting earlier findings by [Barrios et. al \(2010\)](#). At the same time, emerging evidence highlights the importance of higher-frequency climate variation, with [Kotz et. al \(2021\)](#) showing that daily weather variability can significantly reduce economic growth.

However, most existing research remains limited to average rainfall measures and does not account for the distribution of rainfall across days, despite evidence linking precipitation to agricultural productivity, labour outcomes, water scarcity, and conflict (e.g., [Liang et. al \(2017\)](#); [Desbureaux and Rodella \(2019\)](#); [Damania \(2020\)](#); [Hsiang et. al \(2013\)](#)). Additionally, extreme precipitation has been shown to cause substantial economic damage through flooding and infrastructure disruption ([Davenport et. al \(2021\)](#); [Willner et. al \(2018\)](#)).

⁹ Kotz, M., Levermann, A., & Wenz, L. (2022). The effect of rainfall changes on economic production. *Nature*, 601, 223-227.

Data collection

The empirical analysis is based on dataset that integrates detailed climate observations with high-resolution economic data. The climate component is derived primarily from the ERA5 reanalysis dataset, which provides daily precipitation and temperature data at a fine spatial resolution across the globe for the period 1979–2019. A variety of rainfall metrics are constructed capturing different aspects of the distribution of daily precipitation. The economic data are drawn from the Database of Subnational Economic Output, which includes gross regional product per capita for 1,554 subnational regions across 77 countries, resulting in more than 30,000 region-year observations. The use of subnational data is particularly important, as rainfall exhibits substantial spatial heterogeneity that cannot be adequately captured at the national level. By aligning localized climate data with corresponding economic outcomes, the study identifies more precise and credible relationships between rainfall and growth than would be possible using aggregated datasets.

Methodology

To estimate the impact of rainfall on economic growth the study employs a fixed-effects panel regression framework, which exploits within-region variation over time. This approach controls for unobserved, time-invariant characteristics of each region such as geography, institutional quality, and baseline climate conditions while also accounting for global shocks that may influence all regions simultaneously. The model incorporates four key rainfall measures which are total annual rainfall, standardized monthly rainfall deviations, the number of wet days, and extreme daily rainfall defined using high percentile thresholds. Nonlinear specifications are used to capture diminishing marginal effects and asymmetric responses, reflecting the idea that the economic impact of rainfall depends not only on its level but also on its deviation from historical norms. Additional controls for temperature and its variability are included to isolate the independent effects of precipitation. By incorporating all rainfall measures simultaneously, the model identifies distinct and additive channels through which different aspects of rainfall influence economic performance.

Results

The results reveal a complex and multifaceted relationship between rainfall and economic growth. Consistent with prior literature, increases in total annual rainfall are found to have a positive but diminishing effect on growth, reflecting the role of water as a productive input with decreasing marginal utility. However, this positive effect is conditional and does not account for the adverse impacts of rainfall variability. Monthly rainfall deviations exhibit a strongly asymmetric effect, with negative deviations (drought conditions) leading to substantial economic losses, while positive deviations generate weaker and less consistent benefits. More importantly, the study identifies two critical channels that have been largely overlooked in previous research. First, an increase in the number of wet days is associated with significant reductions in economic growth, suggesting that frequent rainfall disrupts routine economic activities, reduces labour productivity, and imposes logistical constraints. Second, extreme rainfall events capturing both the intensity and frequency of heavy precipitation have an additional negative effect on growth, likely due to infrastructure damage, flooding and broader systemic disruptions.

The analysis also highlights substantial heterogeneity across regions and sectors. High-income countries are found to be more vulnerable to rainfall variability, particularly because their economies are more reliant on services and manufacturing sectors, which are highly sensitive to operational disruptions. In contrast, lower-income countries exhibit greater sensitivity to total rainfall levels, reflecting their dependence on agriculture. Sectoral analysis further confirms that services and manufacturing are strongly affected by daily rainfall patterns, whereas agriculture responds more to aggregate and seasonal measures. Importantly, the different rainfall effects are shown to be additive, meaning that increases in rainfall variability can compound economic losses through multiple channels simultaneously.

Robustness test

To ensure the validity of findings, the Kotz et. al (2022) conduct a comprehensive set of robustness checks. These include re-estimating the models using alternative precipitation datasets and different methods of spatial aggregation, including both area-weighted and population-weighted approaches. Additional model specifications incorporate region-specific linear and quadratic time trends to rule out the possibility that the results are driven by underlying trends rather than causal relationships. The findings remain stable across all these variations, indicating a high degree of robustness. Further analysis explores seasonal patterns, revealing that the negative effects of wet days and extreme rainfall are more pronounced in autumn and winter, which suggests that economic vulnerability varies across seasons. The study also examines the persistence of climate impacts, finding evidence that some effects particularly those associated with wet day can persist over time rather than being immediately reversed, implying longer-term economic consequences. These robustness checks collectively strengthen confidence in the results and support the conclusion that the identified relationships are both causal and economically meaningful.

Conclusion

The paper concludes that prevailing macroeconomic assessments of climate change significantly underestimate the economic impact of precipitation by focusing narrowly on average rainfall measures and ignoring distributional dynamics. By demonstrating the importance of rainfall frequency and extreme events, the study shows that climate-induced changes in rainfall variability are likely to impose substantial and growing costs on the global economy. In particular, the projected intensification of extreme precipitation under climate change scenarios suggests that economic growth will face increasing headwinds, especially in advanced economies characterized by complex, service-oriented production structures.

The findings have important implications for both research and policy. They highlight the need to incorporate higher-order moments of climate variables into economic models, moving beyond averages to capture variability and extremes. They also underscore the importance of investing in climate adaptation measures, such as resilient infrastructure and improved water management systems, to mitigate the adverse effects of rainfall variability. Ultimately, the paper shifts the focus of climate economics toward a more comprehensive understanding of risk, emphasizing that the true economic impact of climate change lies not only in gradual shifts in mean conditions but also in the increasing volatility and unpredictability of weather patterns.

Does Rainfall Matter for Economic Growth? Evidence from Global Sub-National Data (1990–2014)¹⁰

Richard Damania, Sebastien Desbureaux, and Esha Zaveri (2019)

Summary

Climate variability has emerged as an important factor influencing economic outcomes, particularly in regions where economic activity remains dependent on weather-sensitive sectors. [Damania et al. \(2019\)](#) examine the relationship between rainfall and economic growth using detailed sub-national data across 82 countries during 1990–2014. The study finds that rainfall has a significant but non-linear relationship with economic growth, with moderate increases in precipitation supporting economic activity while excessive rainfall provides limited additional benefits. The paper highlights that the measured impact of rainfall depends significantly on the level of geographical aggregation. While rainfall effects are evident at local and regional levels, they become weaker when analysed at the country level, suggesting that broader aggregation can mask important regional variations. The findings are particularly relevant for understanding climate-related economic risks in regions with higher dependence on agriculture and natural resources.

Introduction

Weather conditions represent an important determinant of economic performance through their influence on key drivers of productivity, including agricultural output, water availability, industrial activity, and labour efficiency. However, the empirical relationship between rainfall variability and economic growth remains less conclusive compared with the established evidence on temperature-related economic effects. While micro-level studies have demonstrated significant impacts of precipitation fluctuations on sectoral outcomes and local economic activity, analyses based on aggregate national data have often reported limited or statistically insignificant relationships.

The paper highlights that this divergence may largely stem from the use of highly aggregated climate and economic indicators, which can obscure substantial variations across regions within the same country. Since rainfall patterns, economic structures, and sectoral dependencies differ considerably at the sub-national level, country-level estimates may fail to capture the underlying relationship between precipitation and economic performance. By employing granular sub-national data, the study seeks to provide a more precise assessment of how rainfall variations influence economic growth across different regions.

Literature

The climate-economics literature has largely examined the impact of climatic conditions on economic performance, with early studies focusing on the role of temperature variations in influencing productivity and growth. [Dell et al. \(2012\)](#) provide evidence that temperature shocks can affect economic outcomes, while [Burke et al. \(2015\)](#) demonstrate a non-linear relationship between temperature and economic production.

Compared with temperature, the role of precipitation in economic growth has received relatively less attention, with existing evidence remaining mixed. The paper highlights that this inconsistency may partly arise from the use of aggregated country-level data, which can mask regional differences in climate conditions and economic structures. [Damania et al. \(2019\)](#) contribute to this literature by analysing high-resolution sub-national data to provide a more granular assessment of the relationship between rainfall and economic growth.

¹⁰ [Damania, Richard and Desbureaux, Sebastien and Zaveri, Esha Dilip, Does Rainfall Matter for Economic Growth? Evidence from Global Sub-National Data \(1990-2014\) \(June 17, 2019\). World Bank Policy Research Working Paper No. 8888](#)

Contribution

The paper contributes to the climate–economics literature by using high-resolution sub-national data to provide a more granular assessment of the relationship between rainfall and economic growth. It addresses the limitations of earlier country-level studies by showing that aggregation across broader geographical units can mask important regional variations and underestimate climate-related economic effects.

The study further highlights that the impact of rainfall depends on local conditions, income levels, and the extent of reliance on climate-sensitive activities. By capturing these regional differences, the paper provides a more nuanced understanding of how climate variability influences economic outcomes.

Data and methodology

The study integrates sub-national economic data with high-resolution climate datasets to examine the relationship between rainfall variations and economic growth during 1990–2014. The analysis covers 82 countries, capturing a substantial share of global population and economic activity. Economic activity is measured using sub-national GDP estimates, while rainfall and temperature variables are obtained from spatially detailed climate datasets.

The authors employ panel regression models with fixed effects to estimate the impact of rainfall variations on economic growth while accounting for region-specific characteristics and time-related factors. The empirical framework incorporates non-linear specifications to capture the possibility that the relationship between rainfall and economic performance varies across different levels of precipitation. A key feature of the methodology is the comparison of results across multiple geographical scales, including grid-cell, administrative-region, and country-level data, allowing the authors to assess how spatial aggregation influences the estimated impact of climate conditions on economic outcomes.

Key findings

The study provides evidence that rainfall variations influence economic growth, with the magnitude of the impact depending on local climate conditions, economic structure, and the level of geographical aggregation. The findings highlight the importance of analysing climate–economy relationships at a granular level, as broader aggregation can obscure significant regional effects.

1. **Rainfall exhibits a non-linear relationship with economic growth:** The study finds that increases in rainfall initially support economic activity, particularly in regions facing water constraints. However, the marginal benefits decline beyond a certain threshold, indicating that both insufficient and excessive rainfall can affect economic performance.
2. **Spatial aggregation can mask climate-related economic impacts:** Rainfall effects are stronger when analysed at finer geographical levels but become weaker when data are aggregated at broader administrative levels. This suggests that country-level analyses may underestimate the economic significance of climate variability by averaging out regional differences.
3. **Developing economies show greater sensitivity to rainfall variations:** The impact of rainfall on economic growth is more pronounced in developing regions, where economic activity has greater exposure to climate-sensitive sectors and natural resource availability.
4. **Agriculture serves as a key transmission channel:** Regions with higher dependence on agricultural activity exhibit stronger responses to rainfall fluctuations, highlighting agriculture as an important pathway through which climate conditions influence broader economic outcomes.

5. **Findings remain robust across alternative specifications:** The results remain consistent after applying alternative model specifications, excluding specific country groups, removing extreme observations, and using alternative economic datasets, supporting the reliability of the study's conclusions.

Implications

The findings highlight the importance of incorporating regional heterogeneity while assessing the economic implications of climate variability. Aggregate country-level indicators may not fully capture the extent of climate-related risks, as variations in rainfall patterns and economic dependence across regions can lead to significantly different outcomes.

The study suggests that economies with greater exposure to climate-sensitive sectors, particularly agriculture, may face stronger economic effects from changes in precipitation patterns. As climate variability is expected to influence the frequency and distribution of rainfall across regions, improving climate resilience through adaptation measures, better resource management, and sector-specific strategies becomes increasingly important.

From an economic policy perspective, the findings underscore the need for more granular assessments of climate risks. Understanding regional exposure to climate shocks can help policymakers and institutions develop targeted interventions and improve the evaluation of long-term growth risks associated with changing environmental conditions.

Conclusion

[Damania et al. \(2019\)](#) provide evidence that rainfall is an important determinant of economic performance, with its impact varying significantly across regions, income levels, and economic structures. By using high-resolution sub-national data, the study demonstrates that climate-growth relationships may remain hidden when analysis is conducted only at broader geographical levels.

The paper's key contribution lies in showing that spatial aggregation can lead to an underestimation of climate-related economic impacts. The findings emphasise that understanding the economic consequences of climate variability requires a more granular approach, particularly for regions where growth remains closely linked to weather-sensitive activities. The study provides a framework for assessing how changing climate patterns may influence future economic performance and development outcomes.

What do we learn from the weather? The new climate–economy literature¹¹

Melissa Dell, Benjamin F. Jones, and Benjamin A. Olken (2014)

Summary

This paper provides a comprehensive evaluation of the rapidly growing body of research that applies panel data methods to examine the relationship between weather realizations and economic outcomes. Historically, the field relied on cross-sectional analyses that struggled to isolate climatic effects from fixed geographical or institutional characteristics. The "new climate–economy" literature instead harnesses exogenous variation over time within spatial units to identify the multifaceted channels through which weather affects the global economy. The review documents significant impacts across multiple dimensions, including aggregate GDP growth, industrial output, labour productivity, mortality, and conflict. A primary finding is that poor countries are disproportionately sensitive to temperature shocks, with evidence suggesting that heat impacts growth rates rather than just one-time income levels. The authors also evaluate how this literature informs global climate change policy, particularly the "damage functions" used in Integrated Assessment Models (IAMs) to calculate the social cost of carbon. The study concludes that while short-run weather shocks are powerful identification tools, bridging the gap to long-run climate change requires empirical techniques like long differences and cross-spatial comparisons to account for adaptation and intensification.

Introduction

The hypothesis that climate substantially influences economic performance is ancient, appearing in the works of Ibn Khaldun and Enlightenment thinkers like Montesquieu, who argued that "excess of heat" made men "slothful and dispirited". Modern interest is driven by the urgent need to understand the potential economic consequences of the temperature rises projected for the twenty-first century. Traditionally, deciphering this relationship was difficult because spatial variation in climate is largely fixed—Canada is colder than Cameroon—leading to "omitted variable bias" where climate is correlated with other features like institutional quality.

[Dell et al. \(2014\)](#) focus on the recent shift toward panel methodologies that exploit high-frequency, year-to-year changes in weather realizations. By using within-unit variation, these studies absorb fixed spatial characteristics through fixed effects, allowing for the causative identification of weather's contemporary effects. The introduction emphasizes that understanding these relationships is essential for assessing the "damage function" central to estimating the economic implications of future climate change and for designing effective contemporary economic policies.

Literature

The study synthesizes several foundational strands of literature to provide a multi-level perspective on temperature impacts. It contextualizes findings within historical cross-country analyses, such as [Gallup et al. \(1999\)](#) and [Dell et al. \(2009\)](#), which documented a strong negative relationship between hot climates and income per capita. By moving to panel-based estimates, the authors build on the work of [Dell et al. \(2012\)](#) and [Hsiang \(2010\)](#), who established that 1°C of warming reduces per capita income by 1.4% to 2.5% in poor or tropical nations.

¹¹ Dell, M., Jones, B. F., & Olken, B. A. (2014). What do we learn from the weather? The new climate-economy literature. *Journal of Economic Literature*, 52(3), 740-798.

In the agricultural sector, the paper bridges the "production function" approach of [Adams \(1989\)](#) with the "Ricardian" approach of [Mendelsohn et al. \(1994\)](#), while highlighting the importance of the weather-fluctuations approach introduced by [Deschênes and Greenstone \(2007\)](#). It also incorporates biological and physiological literature, such as [Seppänen et al. \(2003\)](#) and [Hsiang \(2010\)](#), to explain how temperature thresholds affect human task efficiency and cognitive functioning.

Furthermore, the review connects the climate-economy nexus to social and political outcomes. It draws on [Miguel et al. \(2004\)](#) and [Burke et al. \(2009\)](#) to document the link between weather shocks and civil conflict in Africa. By integrating these diverse strands—ranging from labor supply studies by [Zivin and Neidell \(2014\)](#) to energy demand research by [Auffhammer and Aroonruengsawat \(2011\)](#)—the paper provides a comprehensive overview of the "damage function" mechanisms that must be accounted for in modern economic modelling.

Methodology

The "new climate-economy" literature primarily uses panel-data regression models that exploit year-to-year weather variation within a location while controlling for location-specific characteristics and common time trends. This identification strategy allows researchers to isolate the causal impact of weather shocks on economic outcomes. Weather variables serve as the key explanatory variables, while spatial fixed effects account for unobserved characteristics of a location and time fixed effects capture common global trends. To measure climatic conditions, studies rely on four major sources of weather data: ground station data (e.g., GHCN), which is highly accurate but may suffer from station entry and exit bias; gridded datasets (e.g., CRU and UDEL), which interpolate station observations; satellite measurements (e.g., UAH and RSS); and reanalysis datasets (e.g., NCEP), which combine multiple observations with climate models.

To capture the complex relationship between weather and economic outcomes, researchers employ flexible functional forms such as temperature bins, which measure the number of days within specific temperature ranges and help identify non-linear effects. Other approaches include weather anomalies, defined as deviations from historical averages normalized by standard deviation, and degree-days, which are commonly used in agricultural studies. To better understand the long-run implications of climate change, the literature also uses medium- and long-term estimation techniques. These include long-difference models that compare outcomes across multi-year periods to account for adaptation, interaction models that examine whether regions with historically warmer climates are better adapted to temperature shocks, and permanent shock analyses that trace the long-term economic effects of major climatic events such as the 1930s Dust Bowl.

Results

1. **Aggregate output and growth sensitivity:** Unusually hot years are found to be associated with substantially lower income growth in poor countries, with empirical estimates across multiple studies converging around a 1-2% loss in output for every 1-degree Celsius increase in temperature.
2. **Sharp nonlinearities in agricultural thresholds:** The impact of temperature on agricultural yields is found to be sharply nonlinear, as crop productivity often remains stable or increases slightly in moderate ranges but declines rapidly once specific thresholds are exceeded. For example, research on United States agriculture identifies critical temperature thresholds for corn at 29 degrees Celsius, soybeans at 30 degrees Celsius, and cotton at 32 degrees Celsius, beyond which yields suffer severe damages.
3. **Declines in labor productivity and supply:** Both laboratory experiments and field evidence indicate that task efficiency and cognitive functioning begin to fall by approximately 2% for every 1-degree Celsius increase when temperatures rise above 25 degrees Celsius.

4. **Triggering of social and political conflict:** A systematic meta-analysis of intergroup conflict demonstrates that weather variables are powerful predictors of violence, showing that a one standard deviation change in temperature or rainfall generates a 14 percent change in the risk of group conflict. Adverse temperature shocks are also found to increase the probability of irregular political transitions, including coups, particularly in poor countries where economic shocks lower the opportunity cost of engaging in political instability.
5. **Energy demand and the u-shaped relationship:** Residential energy consumption exhibits a clear U-shaped relationship with ambient temperature, as demand spikes during periods of extreme cold for heating and during extreme heat for cooling. Because global warming shifts the temperature distribution toward the hotter end of this curve, the net effect over the twenty first century is projected to be a substantial increase in total energy demand ranging from 3 to 11 percent depending on the specific region and climate zone.
6. **Evidence of incomplete adaptation:** Studies using long differences to examine decadal averages of weather find that medium run adaptation only offsets a small fraction of the negative impacts identified in short run annual shocks. In the case of United States corn productivity, for instance, point estimates suggest that adaptation has only offset about 23 percent of the negative effects of heat, indicating that even over longer time horizons, economic agents struggle to fully mitigate the costs of a warming climate.

Implications

The synthesis of this literature generates several critical implications for the design of climate policy and the modelling of future economic damages:

1. **Compounding effects of growth versus level impacts:** The finding that temperature shocks primarily affect the growth rate of output in poor countries implies that climate damages could compound over time. If warming reduces the rate of technological innovation or human capital accumulation, the long-term economic losses will be many times larger than the one-time losses traditionally modelled in climate assessments.
2. **Necessity of redesigning integrated assessment models:** Most current models used to calculate the social cost of carbon rely on damage functions that are based on limited theoretical foundations or older cross-sectional data. These models need to be updated to incorporate the new empirical evidence on non-linearities, growth rate effects, and the specific sectoral channels, such as labour productivity and conflict, that are currently omitted.
3. **The role of economic development as adaptation:** Poor countries are not only situated in hotter regions but are also fundamentally more sensitive to a given weather shock compared to rich countries. This suggests that economic development itself is one of the most critical adaptation strategies, as rising income levels and improved institutional quality can significantly reduce the marginal damage caused by high temperatures.

Conclusion

Dell et al. (2014) conclude that the "new climate–economy" literature has provided an unusually well-identified understanding of how weather realizations affect contemporary economic activity. While the transition from short-run panel estimates to long-run climate change projections remain a primary challenge, empirical techniques like long differences are beginning to provide a sensible evidentiary basis for long-run damage functions. The authors highlight that while adaptation is possible, the historical record does not yet support the idea that it will undo most climate-induced damages, particularly in poor countries. Ultimately, the study advocates for a more rigorous integration of this empirical evidence into climate-policy models to better capture the systemic risk and distributional inequities posed by global warming.

The Indian monsoon, GDP and agriculture ¹²

Sulochana Gadgil and Siddhartha Gadgil (2006)

Summary

[Gadgil and Gadgil \(2006\)](#) examine the impact of inter-annual variation in the All-India Summer Monsoon Rainfall (ISMR) on India's GDP and foodgrain production (FGP) during 1951–2003. Contrary to the view that economic diversification and the declining share of agriculture have substantially reduced India's vulnerability to monsoon fluctuations, the authors show that severe droughts continue to impose significant macroeconomic costs. Their principal finding is that the effects of rainfall variability are strongly asymmetric: rainfall deficits generate much larger losses in GDP and foodgrain production than the gains associated with equivalent rainfall surpluses. Although agriculture's contribution to GDP declined markedly over the post-independence period, the economic cost of severe droughts remained substantial, typically ranging between 2 and 5 percent of GDP.

Introduction

Monsoon variability has long been a critical determinant of agricultural performance and economic activity in India. Because a large share of agricultural production remains dependent on seasonal rainfall, fluctuations in monsoon intensity influence food output, rural incomes, and aggregate economic growth. However, rapid industrialization, economic liberalization, and the declining share of agriculture in GDP led many observers to argue that India's economy had become increasingly insulated from monsoon shocks.

[Gadgil and Gadgil \(2006\)](#) reassess this proposition by investigating whether structural transformation has reduced the economy's sensitivity to rainfall variability. Using more than five decades of data on rainfall, GDP, and foodgrain production, they estimate the magnitude and direction of monsoon impacts and evaluate whether these effects have changed over time.

Literature

The study builds on a substantial body of research linking monsoon variability to agricultural production in India. [Parthasarathy et al. \(1988\)](#) and [Parthasarathy et al. \(1992\)](#) documented a strong association between monsoon rainfall and foodgrain output. [Virmani \(2004\)](#) argued that the effect of rainfall on GDP had weakened considerably as agriculture's share of national output declined. Similarly, [Wallack \(2003\)](#) and [Panagariya \(2004\)](#) emphasized the growing importance of non-agricultural sectors in driving economic growth after the 1980s.

[Gadgil and Gadgil \(2006\)](#) contribute to this debate by focusing on deviations from long-run growth trends rather than simple contemporaneous correlations between rainfall and output. Unlike studies that infer declining monsoon dependence from the falling share of agriculture in GDP, they examine whether extreme rainfall shocks continue to affect aggregate economic performance.

The authors challenge the implicit assumption in earlier studies that rainfall variability affects output symmetrically. Using a non-linear framework, they show that rainfall deficits impose substantially larger economic and agricultural losses than the gains generated by equivalent rainfall surpluses.

¹² [Gadgil, S., & Gadgil, S. \(2006\). The Indian monsoon, GDP and agriculture. *Economic and Political Weekly*, 4887-4895.](#)

Contribution

The paper makes four principal contributions to the literature on climate variability and economic performance in developing economies.

1. It provides a quantitative estimate of the impact of monsoon variability on both GDP and foodgrain production using a long-run trend-deviation framework rather than simple year-to-year comparisons.
2. It identifies a strong asymmetry in rainfall impacts. Deficit rainfall produces much larger economic losses than the gains associated with excess rainfall.
3. It demonstrates that although the average sensitivity of GDP to monsoon fluctuations has declined over time, the impact of severe droughts has remained remarkably persistent.
4. The paper provides an explanation for the weakening response of foodgrain production to surplus rainfall after 1980, linking it to changes in agricultural technology, input use, and the declining ability of farmers to fully exploit favourable rainfall years.

Theoretical framework

The authors treat monsoon rainfall as an exogenous climatic shock that affects agricultural production and, indirectly, aggregate economic performance. Economic outcomes are determined not only by average rainfall conditions but also by deviations from normal monsoon rainfall.

A central theoretical proposition is that the rainfall-output relationship is asymmetric. Agricultural production can be understood within a limiting-resource framework. During drought years, rainfall becomes the binding constraint on production, resulting in large output losses. During years of above-average rainfall, however, production is constrained by other factors such as irrigation capacity, fertilizer use, technology, credit availability, and farm-management practices. Consequently, output gains from excess rainfall are limited.

This framework predicts that negative rainfall shocks should have larger economic consequences than positive shocks of comparable magnitude.

Data and methodology

The analysis uses annual data on All-India Summer Monsoon Rainfall (ISMR), GDP, and foodgrain production for the period 1951–2003. Rainfall data are obtained from the India Meteorological Department, while GDP and foodgrain production data are drawn from official government sources.

To isolate monsoon effects, the authors first estimate long-run trends in GDP and foodgrain production using log-linear growth equations. Actual observations are then compared with their fitted trend values to calculate deviations from expected performance.

These deviations are subsequently related to normalized rainfall anomalies. Quadratic regression specifications are employed to capture potential non-linearity and asymmetry in the rainfall-output relationship. This approach enables the authors to estimate the magnitude of monsoon impacts while accounting for long-run structural changes in the economy.

Results

The analysis identifies a strong positive relationship between rainfall anomalies and deviations in both GDP and foodgrain production. However, the relationship is distinctly asymmetric.

For foodgrain production, a rainfall deficit of 15 percent is associated with losses of approximately 8.7–10.1 percent, depending on the period considered. By contrast, a rainfall surplus of 15 percent generates gains ranging from less than 1 percent after 1980 to roughly 7 percent before 1980.

For GDP, a rainfall deficit of 15 percent is associated with a decline of approximately 3.5 percent, whereas a rainfall surplus of the same magnitude increases GDP by only about 1.2 percent.

The asymmetry became more pronounced after 1980. While the positive effects of favourable monsoon conditions weakened substantially, the adverse effects of drought remained large. As a result, severe droughts continued to impose macroeconomic costs estimated at between 2 and 5 percent of GDP despite the declining contribution of agriculture to total output.

Implications

The findings suggest that structural transformation alone is insufficient to eliminate climate-related vulnerability. Although agriculture accounts for a smaller share of GDP than in earlier decades, adverse monsoon shocks continue to generate significant economy-wide consequences through their effects on agricultural production, rural incomes, and aggregate demand.

The study also highlights the importance of distinguishing between average climate sensitivity and downside risk. Technological progress appears to have reduced the ability of favourable rainfall conditions to generate exceptionally high agricultural output, but it has not eliminated the economic damage associated with droughts.

Conclusion

[Gadgil and Gadgil \(2006\)](#) demonstrate that India's economic vulnerability to monsoon variability remains significant despite decades of structural transformation. By employing a trend-deviation framework and modelling rainfall effects as non-linear and asymmetric, they show that drought-induced losses substantially exceed gains from favourable rainfall conditions.

The paper's central contribution is to shift attention from average monsoon effects to downside climatic risk. Its findings suggest that economic resilience in climate-sensitive economies depends not merely on reducing agriculture's share in GDP but also on strengthening institutions, technologies, and policies that limit the economic consequences of extreme rainfall deficits.

The impact of temperature on productivity and labor supply: Evidence from Indian manufacturing¹³

E. Somanathan, Rohini Somanathan, Anant Sudarshan, and Meenu Tewari (2021)

Summary

This paper investigates the mechanisms behind the negative relationship between ambient temperature and economic output in developing nations. While prior macro-level research established that aggregate output falls during hot years, the specific internal drivers remained opaque. [Somanathan et al. \(2021\)](#) fill this gap by quantifying the impact of high temperatures on labour through two distinct channels: individual worker productivity and absenteeism.

The authors assemble high-frequency data from diverse manufacturing settings—cloth weaving, garment sewing, and steel production—and match them with precise weather measurements. They find that heat stress reduces worker efficiency and increases missing shifts, with absenteeism responding to both contemporaneous and lagged heat exposure. Scaling these findings to a national panel of over 58,000 plants, the study estimates a 2.1% decline in annual plant output per 1°C increase in temperature. A key finding is that while firms can mitigate on-site productivity losses through climate control, they cannot fully escape the heat penalty because workers are affected by high temperatures at home and in transit. The study concludes that human physiological limits are a major economic constraint in the industrial sector of warming economies.

Introduction

Recent macroeconomic literature has identified a persistent negative correlation between temperature and aggregate national output, particularly in tropical developing countries. Various theories have been proposed to explain this "temperature-output penalty," including heat-related mortality, social conflict, natural disasters, and reduced agricultural yields. [Somanathan et al. \(2021\)](#) focus on isolating heat stress—the direct physiological effect of uncomfortable temperatures on the human body—as a primary mediating mechanism.

The study is motivated by the universal nature of human physiology, suggesting that if heat stress is a dominant factor, its impacts should be visible in high-frequency data, such as daily or weekly production cycles. By distinguishing heat stress from other variables like power outages, input price shifts, or agricultural linkages, the paper seeks to determine the extent to which physical limits on labour productivity explain the broader declines in non-agricultural GDP. The research is particularly relevant for countries like India, where industrial air conditioning remains rare, and the manufacturing sector is a vital engine of economic growth.

Literature contribution

The study synthesizes and expands upon several foundational strands of research. First, it provides a micro-founded explanation for the macro-economic findings of [Dell et al. \(2012\)](#) and [Burke et al. \(2015\)](#), who documented significant output declines in hot years globally. The authors also contrast their work with the extensive literature on agricultural yields—including studies by [Mendelsohn and Dinar \(1999\)](#), [Auffhammer et al. \(2006\)](#), [Schlenker and Roberts \(2009\)](#), and [Gupta et al. \(2017\)](#)—noting that manufacturing has received far less attention despite its economic importance.

¹³ Somanathan, E., Somanathan, R., Sudarshan, A., & Tewari, M. (2021). The impact of temperature on productivity and labor supply: Evidence from Indian manufacturing. *Journal of political Economy*, 129(6), 1797-1827.

Second, the research builds on physiological and laboratory evidence regarding human performance under heat stress. It draws on early experimental work by [Mackworth \(1946\)](#) on task errors and meta-analyses by [Hsiang \(2010\)](#), which found that efficiency declines when wet-bulb temperatures (WBT) exceed 25°C. By using non-experimental data from actual factories, the paper extends the work of [Adhvaryu et al. \(2020\)](#), who explored productivity gains from low-heat LED lighting.

Finally, the study contributes to the literature on absenteeism and time allocation. It expands on [Zivin and Neidell \(2014\)](#), who found that workers in the U.S. reduce hours in heat-exposed industries. By distinguishing between contemporaneous and lagged heat and examining the role of paid versus unpaid leave, the authors provide a nuanced view of how workers balance health and financial incentives. The study also aligns with [Allcott et al. \(2016\)](#) by utilizing the Annual Survey of Industries (ASI) to create a robust plant-level panel for India.

Data and methodology

The authors employ a multi-level data strategy matched with daily maximum temperature and rainfall measurements:

1. **Worker-level microdata:** The team digitized daily records for 147 workers in cloth-weaving factories (Surat), production data from 103 sewing lines in garment factories (NCR, Hyderabad, Chhindwara), and shift-level output from nine teams in a public-sector steel mill (Bhilai).
2. **Plant-level national panel:** They constructed a 15-year panel of 58,377 manufacturing plants using ASI data (1998–2012) to capture annual output value, fixed assets, and employment.
3. **District-level GDP panel:** They used data for 438 districts (1998–2009) to estimate the impact of temperature on aggregate manufacturing-sector GDP.

Methodologically, the authors use binned temperature specifications (e.g., bins of 5°C) to capture non-linear effects, controlling for unit and year fixed effects, rainfall, and state-specific time trends. To isolate the labour channel, they estimate a Cobb-Douglas production function. In this model, total factor productivity and the output elasticities of labour and capital are allowed to vary with the temperature distribution. Robustness checks include using the Levinsohn-Petrin estimator to address the potential endogeneity of labour.

Results

The empirical analysis provides multi layered evidence of how high temperatures impair industrial performance by affecting both individual worker behaviour and aggregate factory output:

1. **Direct productivity and efficiency losses:** In manufacturing environments without climate control, worker output and task efficiency decline significantly as temperatures rise. For garment plants in the National Capital Region, an additional day in a week moving from the lowest to the highest temperature bin, which is above 35 degrees Celsius, can reduce average daily efficiency by as much as 8%, while weaving workers in Surat see a reduction of approximately 2% under similar conditions.
2. **Heat induced absenteeism and morbidity:** High temperatures lead to a measurable increase in worker absenteeism, with effects driven by both contemporaneous heat and heat experienced over the preceding week. For cloth weaving workers, the authors estimate that an additional day above 35 degrees Celsius in the preceding six days reduces output by 1.4% through the absenteeism channel alone, likely due to heat related fatigue or illness.
3. **The role of financial incentives:** The study finds that the strength of the temperature absenteeism relationship depends on the nature of the employment contract. In garment plants, the link was notably stronger for paid leave, while the probability of taking unpaid leave did not change significantly with temperature.

4. **Incomplete mitigation via workplace cooling:** While workplace climate control is highly effective at eliminating on the job productivity losses, it does not significantly reduce absenteeism. Workers in climate-controlled environments still show increased absences following hot days, likely because they remain exposed to extreme temperatures in their homes and during their commutes.
5. **Labor as the primary channel for output loss:** By employing a Cobb Douglas production function approach, the authors demonstrate that these aggregate losses are primarily driven by reductions in the output elasticity of labour rather than capital or other factor inputs
6. **Intensity and vulnerability heterogeneity:** The negative effects of temperature are found to be most severe in labour intensive plants, specifically those with high-wage bill to output ratios. Factories in the highest quartile of labour intensity respond most strongly to heat shocks, whereas capital intensive plants or those with higher electricity intensity show significantly more resilience.

Implications

The study findings have profound implications for the future of industrial policy and economic development in regions facing progressive warming:

1. **Identifying an economic bottleneck:** By isolating the physiological mechanism of heat stress, the study identifies a major underlying cause for the systematic decline in non-agricultural GDP in warming climates. The results provide a micro founded explanation for the large-scale output losses observed in previous macro level studies, such as those by [Dell et al. \(2012\)](#) and [Burke et al. \(2015\)](#).
2. **Strategic allocation of adaptation resources:** Firms that invest in costly climate control appear to strategically allocate these resources to specific tasks rather than the entire factory. A survey of 150 diamond processing plants revealed that air conditioning is selectively used in rooms where activities are both highly labour intensive and critical for determining final product quality, such as sorting and grading.
3. **Social value of technological innovation:** Given the high cost of industrial scale air conditioning, there is significant social value in researching and deploying low-cost cooling technologies. Current cooling demand in India is a small fraction of that in China or the United States, despite India being warmer, suggesting that technological breakthroughs in affordable workplace climate control could provide substantial productivity dividends.
4. **Wider ramifications for exposed sectors:** The conclusion that a physiological mechanism is economically important suggests that similar effects may exist in other labour-intensive activities like construction and agriculture where heat exposure is high. Observed productivity losses in agriculture, often attributed to plant growth responses studied by [Schlenker and Roberts \(2009\)](#), may in fact be partly driven by lower labour productivity.

Conclusion

[Somanathan et al. \(2021\)](#) provide compelling evidence that heat stress is an economically significant mechanism affecting the industrial sector in tropical countries. By aligning worker-level physiological responses with national plant data, the paper clarifies that even the non-agricultural economy is highly vulnerable to climate change. The authors conclude that workplace adaptation through cooling is an important but insufficient solution, as the broader effects of heat on morbidity and time allocation extend beyond the factory floor. Ultimately, the study highlights the urgent need for policymakers to account for human physiological limits when planning for industrial growth in a progressively hotter world.

Weather, climate change and death in India ¹⁴

Robin Burgess, Olivier Deschenes, Dave Donaldson & Michael Greenstone (2017)

Summary

[Burgess et al. \(2017\)](#) examine how temperature shocks affect mortality across rural and urban India and how these effects may evolve under climate change. Using district-level daily weather data and annual mortality records spanning 1957–2000, they show that extreme heat significantly increases mortality in rural India but has little measurable effect in urban India. Rather than viewing heat-related mortality as a purely physiological consequence of high temperatures, the authors argue that vulnerability is shaped by economic structure.

Rural households depend heavily on weather-sensitive agricultural incomes and often face financial constraints that limit their ability to smooth consumption and health expenditures following adverse shocks. Combining historical temperature-mortality relationships with climate projections, the study concludes that climate change is likely to generate substantial reductions in life expectancy among rural Indians while producing comparatively modest effects in urban India and the United States.

Introduction

A central question in development economics is whether economic development insulates populations from environmental shocks. This issue has become increasingly important in the context of climate change, as rising temperatures are expected to increase the frequency and intensity of extreme heat events. While previous research has documented the effects of weather shocks on agricultural production and incomes, less is known about how these shocks translate into mortality across populations with different economic characteristics.

India provides a useful setting to examine this relationship because rural and urban populations experience similar climatic conditions but differ markedly in their economic structure. Rural livelihoods remain closely tied to agriculture, whereas urban populations depend primarily on manufacturing and services. The study therefore asks two related questions: how do temperature shocks affect mortality across different economic environments, and through which mechanisms do these effects operate? By answering these questions, the paper provides important insights into the relationship between climate vulnerability, economic development, and long-run adaptation.

Literature

The paper contributes to three major strands of literature.

First, it contributes to the development economics literature on risk-sharing and consumption smoothing. Studies such as [Rosenzweig and Stark \(1989\)](#), [Paxson \(1993\)](#), [Townsend \(1994\)](#), [Deaton \(1997\)](#), and [Dercon \(2005\)](#) examine whether households can protect consumption from adverse income shocks. The authors extend this literature by focusing on mortality rather than consumption, showing that aggregate weather shocks continue to generate severe welfare consequences in rural India despite the presence of informal insurance mechanisms.

Second, the paper relates to the literature on urbanization and structural transformation. Building on the work of [Lewis \(1954\)](#), [Harris and Todaro \(1970\)](#), [Henderson \(2010\)](#), and [Glaeser \(2014\)](#), the authors argue that urbanization provides

¹⁴ [Burgess, R., Deschenes, O., Donaldson, D., & Greenstone, M. \(2017\). Weather, climate change and death in India. University of Chicago, 577-617.](#)

a form of protection against environmental risk because urban incomes are less dependent on weather-sensitive economic activities.

Third, the paper contributes to the climate economics literature, including [Stern \(2006\)](#), [Deschenes and Greenstone \(2007\)](#), [Burke et al. \(2015\)](#), and [Barreca et al. \(2016\)](#). While much of this literature focuses on aggregate economic consequences of climate change, the authors emphasize heterogeneity in vulnerability, demonstrating that climate change affects populations differently depending on economic structure, financial access, and occupational dependence on climate-sensitive sectors.

Contribution

The paper's primary contribution is to demonstrate that climate vulnerability is shaped not merely by exposure to extreme temperatures but by the economic structures through which those shocks operate. By linking temperature shocks, agricultural incomes, financial constraints, and mortality within a unified framework, the study shifts attention from climate exposure alone to the socioeconomic mechanisms that determine vulnerability.

More specifically, the paper makes four important contributions. First, it documents a large and previously underappreciated disparity in the mortality effects of extreme heat between rural and urban populations within the same developing country. Second, it develops a theoretical framework that connects weather shocks, health outcomes, and financial constraints, providing a coherent explanation for observed mortality patterns. Third, it identifies agricultural income losses as a key transmission mechanism through which extreme heat increases mortality. Finally, it demonstrates that financial development can mitigate climate vulnerability, showing that rural banking expansion significantly reduced the mortality effects of extreme heat.

Theoretical framework

The paper develops an equilibrium model of endogenous health and survival that extends the Aiyagari-Bewley framework to incorporate health production and financial constraints. Households derive utility from consumption and health and can improve health outcomes through expenditures on health-enhancing goods. Weather shocks affect mortality through two distinct channels.

The first is a direct channel, whereby extreme temperatures adversely affect health through physiological stress, disease transmission, or environmental exposure.

The second is an indirect income channel, whereby weather shocks reduce productivity and earnings, limiting households' ability to purchase health-improving goods and maintain adequate consumption.

A central feature of the model is the role of borrowing and saving constraints. When households cannot smooth consumption across time, temporary income shocks can translate into health shocks. The framework therefore predicts stronger mortality effects in environments characterized by lower incomes, weaker access to health-enhancing goods, and tighter financial constraints.

The model generates two key predictions. First, weather-related mortality should be greater in rural areas because rural incomes are more dependent on weather-sensitive activities. Second, improved financial access should reduce mortality by enabling households to smooth expenditures following adverse shocks.

Data & methodology

The empirical analysis combines several large datasets covering India from 1957–2000.

Weather data are derived from district-level daily temperature and precipitation records. Rather than relying on annual averages, the authors construct temperature bins that capture the distribution of daily temperatures throughout the year. This approach allows them to estimate highly non-linear mortality responses to extreme heat. Mortality data come from the Vital Statistics of India and provide separate measures for rural and urban populations. Additional datasets include information on agricultural output, agricultural wages, manufacturing productivity, manufacturing wages, and rural bank branch expansion.

The main empirical specification relates mortality rates to the number of days falling within different temperature categories while controlling for precipitation, district fixed effects, year effects, and region-specific trends. Identification is derived from deviations in local temperature around long-run averages, allowing the authors to isolate the causal impact of weather shocks on mortality. To evaluate the implications of climate change, the authors combine estimated temperature-mortality relationships with projections from the HadCM3 climate model under a business-as-usual emissions scenario.

Results

The findings reveal a striking divergence between rural and urban populations. An additional hot day above 95°F significantly increases mortality in rural India, whereas the corresponding effect in urban India is statistically negligible. The urban response is also similar in magnitude to that observed in the United States despite substantial differences in average income levels. The paper then investigates potential mechanisms. Extreme heat significantly reduces agricultural yields and agricultural wages but has little measurable effect on manufacturing output or manufacturing wages. This pattern indicates that extreme temperatures primarily affect sectors dependent on weather-sensitive production.

The seasonal timing evidence provides one of the paper's strongest tests of the income-channel mechanism. Mortality effects are driven almost entirely by hot days occurring during the agricultural growing season. Heat outside the growing season has little effect on mortality despite often reaching higher temperatures. This finding is consistent with the hypothesis that income losses play an important role in generating mortality effects.

The authors further show that districts experiencing greater rural bank expansion exhibit substantially smaller mortality responses to extreme heat. Improved financial access weakens the relationship between temperature shocks and mortality, consistent with the theoretical predictions of the model. Finally, climate projections imply substantial future losses in life expectancy for rural Indians. Under projected warming scenarios, life expectancy losses increase dramatically over the twenty-first century, whereas projected losses remain comparatively small in urban India and the United States.

Implications

The findings suggest that climate vulnerability is shaped not only by temperature exposure but also by economic structure. Households' ability to smooth consumption and maintain health expenditures determines whether weather shocks translate into mortality. Extreme heat becomes particularly harmful when livelihoods depend on climate-sensitive sectors and financial constraints limit adaptation.

The results also indicate that urbanization can provide protection against climate risk. Consistent with theories of structural transformation, movement away from agriculture reduces exposure to weather-induced income fluctuations and lowers mortality risk.

More broadly, the paper challenges the view that climate change is solely an environmental problem. Instead, it highlights the importance of institutions, financial access, and economic development in shaping vulnerability. The findings imply that policies promoting financial inclusion, economic diversification, and economic resilience may play a critical role in reducing the human costs of climate change.

Conclusion

[Burgess et al. \(2017\)](#) demonstrate that the mortality consequences of extreme heat differ dramatically across populations depending on their economic environment. While rural Indians experience substantial increases in mortality following hot weather, urban Indians and Americans are largely insulated from these effects. The paper's central insight is that climate vulnerability arises not simply from exposure to temperature but from the interaction between weather shocks, income dependence, and financial constraints. By identifying agricultural income losses and limited financial access as key transmission mechanisms, the authors show that economic institutions play a decisive role in shaping the human consequences of climate change.

Ultimately, the study demonstrates that climate change is not experienced uniformly. The same temperature shock can produce vastly different outcomes depending on livelihoods, access to financial resources, and adaptive capacity. In doing so, [Burgess et al. \(2017\)](#) recast climate vulnerability as a problem of development and inequality as much as one of environmental change.

Selling labor low: Wage responses to productivity shocks in developing countries¹⁵

Seema Jayachandran (2006)

Summary

Jayachandran (2006) examines how productivity shocks translate into wage fluctuations in agrarian developing economies, with a specific focus on the mechanisms that amplify or dampen this relationship. The central argument is that underdevelopment itself exacerbates the welfare consequences of productivity risk. When workers are poorer, more credit-constrained, and less mobile, they supply labour more inelastically in response to shocks, causing larger equilibrium swings in the wage. The paper develops a theoretical model of an agrarian labour market and tests its predictions using data from 257 districts in India spanning the period 1956 to 1987. Rainfall shocks serve as an instrument for agricultural productivity, and the findings consistently show that wages are significantly more sensitive to productivity fluctuations in districts with weaker banking infrastructure, higher migration costs, and fewer smoothing mechanisms.

The distributional implications of this mechanism are central to the paper. While greater wage volatility harms landless workers whose income depends entirely on wages, it can act as a form of insurance for landowners, who pay lower wages precisely when their land is least productive. The paper thus highlights an important but underappreciated interaction between financial market development, labour market outcomes, and the distribution of income risk in low-income agrarian settings.

Introduction

The paper begins by situating itself within the broader literature on poverty and productivity risk in developing countries. Most of the world's poor depend on agricultural labour, a livelihood that is highly susceptible to shocks such as drought. An extensive body of research has documented the severe welfare consequences of such shocks, including malnutrition, school dropout, and asset depletion. The paper draws attention to a specific channel through which underdevelopment amplifies these consequences: the inelastic labour supply of workers who cannot smooth their consumption.

In a well-functioning credit market, a worker experiencing a negative income shock would borrow against future earnings and reduce labour supply, thereby attenuating the wage decline. In the absence of such markets, the same worker is compelled to supply more labour to meet basic consumption needs, flooding the market and depressing wages further. This mechanism implies that the wage response to a given productivity shock is not fixed but depends on the institutional and economic environment of the labour market. The paper uses India as the empirical setting, noting that its large variation in financial and transport infrastructure across districts makes it an ideal laboratory for testing this hypothesis.

The motivation is reinforced by cross-country evidence showing that agricultural wage volatility is markedly higher in poorer countries, even after accounting for differences in the size of productivity shocks.

¹⁵ Jayachandran, S. (2006). Selling labour low: Wage responses to productivity shocks in developing countries. *Journal of Political Economy*, 114(3), 538–575.

Literature

The paper draws on several strands of existing research, integrating insights from labour economics, development economics, and financial economics.

The most direct antecedents are a set of papers documenting inelastic or backward-bending labour supply curves in poor agrarian settings. [Rosenzweig \(1980\)](#) establishes that agricultural households in India exhibit income-sensitive labour supply, while [Lamb \(1996\)](#) and [Rose \(2001\)](#) provide further evidence from rural India that labour supply responses to wage changes are weak or negative. [Sharif \(1991\)](#) documents similar patterns in Bangladesh, and [Frankenberg et al. \(2003\)](#) find comparable results in Indonesia. The present paper extends this literature by examining the aggregate consequences of such behaviour for equilibrium wages rather than focusing solely on individual labour supply.

On the welfare consequences of agricultural shocks, the paper builds on a rich literature. [Rosenzweig and Wolpin \(1993\)](#) document that Indian farmers sell productive assets in response to negative shocks, with lasting effects on future income. [Jacoby and Skoufias \(1997\)](#) show that credit constraints force households to withdraw children from school when shocks occur. [Jensen \(2000\)](#) documents that agricultural volatility reduces children's nutritional status, and [Dreze \(1995\)](#) examines famine prevention in India. These studies collectively motivate the welfare relevance of wage volatility in agrarian settings.

The paper also engages with a large literature on informal insurance and income risk in villages. [Townsend \(1994\)](#) provides the canonical test of risk-sharing in Indian villages, while [Deaton \(1997\)](#), [Ravallion and Chaudhuri \(1997\)](#), [Attanasio and Ríos-Rull \(2000\)](#), and [Morduch \(2001\)](#) examine related themes. The present paper differs in emphasis by focusing on locally aggregate risk, that is, shocks that affect an entire village or district simultaneously, which does not lend itself to village-level coinsurance and instead requires access to external markets or financial intermediaries.

On the empirical strategy, the paper draws on the practice of using rainfall as an instrument for agricultural productivity, following [Jacoby and Skoufias \(1997\)](#), [Kochar \(1997\)](#), and [Rose \(2001\)](#). The individual-level analysis using The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) data also builds on [Walker and Ryan \(1990\)](#), who provide a detailed description of the ICRISAT village survey design.

Contribution

The paper makes contributions at three levels: theoretical, empirical, and policy-relevant.

1. **Theoretical framework for wage volatility:** The paper develops a formal model of an agrarian labour market in which workers and landowners differ in landholding, wealth, and labour supply elasticity. It demonstrates analytically that the equilibrium wage is more responsive to total factor productivity shocks when workers are closer to subsistence, when financial markets are underdeveloped, and when migration is costly. The model also shows that these same factors have opposing welfare implications for workers and landowners—greater wage volatility hurts the landless while acting as implicit insurance for landowners who hire labour.
2. **Empirical identification of heterogeneous wage elasticities:** The paper applies instrumental variable methods to a district-level panel, using rainfall shocks to isolate exogenous variation in agricultural productivity and interacting the instrument with district-level measures of financial development and transport infrastructure. This design estimates not only the average wage elasticity but how it varies systematically across institutional environments.

Data & methodology

The empirical analysis is based on a panel of 257 rural districts in India observed annually from 1956 to 1987, drawn from the World Bank India Agriculture and Climate dataset, the Reserve Bank of India, the Indian Census, the NSS, and the ICRISAT village survey. The dependent variable is the district-level male agricultural daily wage; productivity is measured as the revenue-weighted average of log crop yield across the five major crops. The key smoothing mechanism variables span four categories: financial development (bank deposits, credit, and branch density per capita), access to neighbouring areas (road density, bus and railway village coverage, and distance to the nearest city), poverty (per capita expenditure and poverty head count), and landownership (proportion of landless agricultural workers and the Gini coefficient among landowners).

The empirical strategy instruments crop yield with a district-level rainfall shock variable which is equal to one above the eightieth percentile of the district's rainfall distribution, minus one below the twentieth, and zero otherwise, to isolate exogenous variation in agricultural productivity. The main equation regresses the log wage on log crop yield and its interaction with each smoothing mechanism, with district and year fixed effects throughout. For the individual-level analysis, ICRISAT data covering three villages (labour supply) and ten villages (migration) between 1975 and 1984 are used to verify that landless workers have lower labour supply elasticities and higher out-migration propensities in response to negative shocks.

Key findings

The paper's results span the aggregate district-level analysis and the individual-level ICRISAT analysis and are broadly consistent with the theoretical predictions.

- **Average wage elasticity:** The instrumental variable estimate of the elasticity of the agricultural wage with respect to crop yield is 0.17. Given that crop yield has a standard deviation of approximately 21 log points across district-years, the implied typical wage fluctuation attributable to productivity shocks is around 3.5 percent, a magnitude that is economically meaningful for subsistence workers.
- **Banking and wage sensitivity:** Districts with higher per capita bank deposits, per capita bank credit, and bank branch density exhibit significantly lower wage responses to productivity shocks. Moving from the sample average to one standard deviation below in bank deposits raises the wage elasticity by more than 50 percent, from approximately 0.16 to 0.25.
- **Transportation and migration access:** Better access to neighbouring areas consistently reduces the wage elasticity. A one standard deviation increase in railway access reduces the wage elasticity by more than 50 percent relative to the sample mean. Bus service availability and proximity to a large city produce qualitatively similar results, while road density shows the expected sign but with wider standard errors.
- **Landlessness and wage volatility:** A higher proportion of landless agricultural workers is associated with a significantly lower wage elasticity. The individual-level ICRISAT evidence supports the interpretation that this reflects the higher out-migration propensity of the landless: a one standard deviation negative rainfall shock increases the probability that a landless individual migrates for work by 25 percent, compared with no statistically significant effect for landowners.
- **Labor supply elasticity by landholding:** Conditional on staying in the home village, landless workers exhibit significantly lower labour supply elasticity than landowners. A one standard deviation negative rainfall shock reduces landowners' labour supply by 8.4 percent but reduces that of the landless by only 3.7 percent, consistent with the model's prediction that wealth raises the labour supply elasticity.

- **Poverty and wage sensitivity:** The estimated interaction between per capita expenditure and crop yield is negative, indicating that poorer areas exhibit higher wage elasticities, consistent with proposition 1 of the model. However, this result falls short of conventional statistical significance thresholds.

Implications

The paper's findings carry several policy-relevant implications.

- **Financial inclusion reduces wage volatility:** Banking development lowers the wage elasticity by enabling workers to smooth consumption without distress labour supply. This stabilizing effect on labour income extends beyond households that directly access formal credit, as informal lenders and employers also rely on the formal banking sector.
- **Transport connectivity strengthens labour market resilience:** Rail and road access facilitates out-migration during local downturns, dampening wage declines. The railway access result—a more than 50 percent reduction in the wage elasticity per standard deviation, which underscores the large potential impact of connectivity investment in monsoon-dependent agrarian economies.
- **Distributional conflict in reform:** Policies that reduce wage volatility benefit landless workers but remove implicit insurance for landowners, who pay lower wages precisely when land is least productive. This conflict of interest may generate political economy resistance to financial and infrastructure reforms.
- **Unintended consequences of land redistribution:** Transferring land to the landless reduces their propensity to migrate in response to shocks, which can raise wage volatility for workers who remain landless. Land reform may therefore carry indirect pecuniary costs for third parties not directly involved.

Conclusion

This paper establishes theoretically and empirically that the wage response to productivity shocks in agrarian economies is not a fixed structural parameter but depends systematically on the degree of financial market development, labour mobility, and worker wealth. Using a panel of 257 Indian districts observed over three decades, and instrumenting agricultural productivity with rainfall shocks, the study finds robust evidence that districts with better banking infrastructure and transport connectivity exhibit significantly smaller wage responses to productivity fluctuations. Individual-level evidence from the ICRISAT survey confirms the microeconomic mechanisms behind these aggregate patterns. The paper highlights that underdevelopment amplifies productivity risk for the poor through a specific general equilibrium channel: the inelastic labour supply that results from credit constraints, subsistence poverty, and limited mobility leads to larger wage swings when productivity changes, concentrating income risk on the workers least able to bear it. The framework thus offers an integrated account of why income volatility is greater in poorer countries and why policies that improve financial access and labour mobility can have large welfare benefits, even if they face political economy resistance from those who currently benefit from wage flexibility. More broadly, the paper contributes to the understanding of how institutional and infrastructural deficiencies interact with external shocks to produce larger and more persistent welfare consequences in low-income settings, a finding of particular relevance for agrarian economies exposed to monsoon variability and climate risk.

Under the weather: Health, schooling, and economic consequences of early-life rainfall¹⁶

Sharon L. Maccini, Dean Yang (2008)

Summary

The paper examines whether environmental conditions during infancy have long-term effects on adult outcomes in Indonesia. Using data from the Indonesia Family Life Survey (IFLS) and historical rainfall records, the authors analyse individuals born in rural Indonesia between 1953 and 1974. Rainfall is used as an exogenous indicator of household economic conditions because agricultural production and incomes are highly dependent on precipitation. The study finds that higher rainfall during the birth year significantly improves adult outcomes for women but has no statistically significant effects on men. A 20 per cent increase in rainfall relative to normal local levels reduces the probability of women reporting poor health by 3.8 percentage points, increases adult height by approximately 0.57 centimetres, raises educational attainment by 0.22 years of schooling, and improves household asset ownership. The authors argue that these effects likely arise because higher rainfall improves agricultural production and household income, enabling better nutrition and health investments during infancy. The findings further suggest that early-life environmental shocks influence human capital formation and that educational attainment serves as an important pathway through which infant health affects long-term socioeconomic outcomes.

Introduction

The paper investigates the relationship between environmental conditions during infancy and adult socioeconomic outcomes. Existing research has increasingly recognised that early-life shocks can influence human capital formation and generate effects that persist throughout an individual's lifetime. In developing economies, where households depend heavily on agriculture, fluctuations in weather conditions can affect food availability, nutrition, and health investments during critical stages of childhood development.

Against this backdrop, the authors examine whether variations in rainfall around the time of birth affect the health, education, and economic status of Indonesian adults born between 1953 and 1974. Rainfall serves as a useful measure because it directly influences agricultural output and household income in rural areas. The study also explores whether the effects of early-life shocks differ across genders and investigates the mechanisms through which infant conditions shape later-life outcomes. By focusing on ordinary rainfall variations rather than extreme events, the paper contributes to understanding how common environmental fluctuations can influence long-term development trajectories.

Literature

The paper draws upon three major strands of literature concerning early-life conditions, human capital formation, and gender disparities in developing economies. Studies by [Case et al. \(2005\)](#), [Currie and Hyson \(1999\)](#), and [Elo and Preston \(1992\)](#) demonstrate that adverse childhood health conditions can have persistent effects on adult health and socioeconomic outcomes. Research examining exogenous early-life shocks, including [Almond \(2006\)](#) study of the 1918 influenza pandemic and [Alderman et al. \(2006\)](#) analysis of childhood malnutrition, further establishes that early deprivation can influence long-term educational and economic attainment.

¹⁶ Maccini, Sharon, and Dean Yang. 2009. "Under the Weather: Health, Schooling, and Economic Consequences of Early-Life Rainfall." *American Economic Review*, 99(3), 1006–26.

The paper also builds on the literature on critical-period programming. [Barker \(2004\)](#) proposes that nutritional deprivation in utero can permanently affect adult health, while [Glewwe and King \(2001\)](#) and [Hoddinott and Kinsey \(2001\)](#) identify infancy and the post-weaning period as crucial stages for cognitive and physical development. Finally, studies on intrahousehold allocation and gender bias, including [Behrman \(1988\)](#), [Das Gupta \(1987\)](#), and [Cameron and Worswick \(2001\)](#), suggest that girls often experience greater vulnerability to economic shocks. Maccini and Yang extend these strands of literature by examining whether ordinary rainfall fluctuations during infancy produce long-term gender-differentiated effects on health, education, and socioeconomic status.

Theoretical framework

The theoretical framework is based on the concepts of health capital and critical-period programming. The authors argue that health outcomes are determined by both initial endowments and environmental conditions experienced during early childhood. In rural Indonesia, rainfall directly influences agricultural output, household income, and food availability, making it an important determinant of infant health and nutrition.

The framework proposes a causal pathway in which higher rainfall increases household resources, enabling better nutrition and health investments during infancy. Improved infant health subsequently contributes to greater educational attainment and enhanced socioeconomic status in adulthood. Conversely, negative rainfall shocks can reduce agricultural income and expose children to nutritional deprivation during critical stages of development. Furthermore, the framework also incorporates the possibility of gender differences in household resource allocation. If families allocate scarce resources disproportionately towards boys, girls may become more vulnerable to environmental shocks. Consequently, early-life rainfall variations may produce differential long-term effects across genders, particularly with respect to health, education, and economic outcomes.

Methodology

The study combines individual-level survey data with historical rainfall information to estimate the long-term effects of early-life environmental conditions. The primary data source is the Indonesia Family Life Survey (IFLS 3), covering adults born in rural Indonesia between 1953 and 1974. Historical rainfall data are obtained from the Global Historical Climatology Network and matched with individuals' birth districts and birth years.

The key explanatory variable is birth-year rainfall, measured as the logarithmic deviation of local rainfall from its historical average. The authors employ an instrumental variable (IV) approach to address measurement error in rainfall observations. Rainfall data from neighbouring weather stations are used as instruments for local rainfall. Moreover, the empirical analysis estimates the relationship between birth-year rainfall and various adult outcomes, including self-reported health, height, educational attainment, expenditures, and asset ownership. The models include district and birth-year fixed effects and district-specific trends. Additional robustness checks examine rainfall before and after birth and test for potential biases arising from migration and sample selection.

Implications

The findings indicate that environmental conditions during infancy have significant long-term consequences for women born in rural Indonesia. A 20 per cent increase in birth-year rainfall reduces the likelihood of reporting poor health by 3.8 percentage points, increases adult height by approximately 0.57 centimetres, raises educational attainment by 0.22 years, and improves household asset ownership.

On the other hand, the study finds no statistically significant effects of early-life rainfall on adult outcomes for men. This gender difference is consistent with evidence suggesting that girls may be more vulnerable to adverse economic conditions due to differences in household resource allocation. Additionally, the analysis shows that rainfall during the

birth year has a stronger influence on adult outcomes than rainfall experienced in preceding or subsequent years. Educational attainment emerges as an important mechanism through which early-life health affects adult socioeconomic status. Overall, the results demonstrate that ordinary variations in environmental conditions can shape human capital accumulation and influence economic outcomes several decades later.

Conclusion

The paper concludes that early-life environmental conditions have lasting implications for health, education, and socioeconomic well-being. By examining rainfall variations during infancy, the authors demonstrate that environmental shocks can generate effects that persist throughout adulthood. Women born during years of higher rainfall exhibit better health outcomes, attain more schooling, and experience improved economic conditions later in life.

The findings suggest that rainfall affects adult outcomes primarily through its impact on agricultural production and household resources during infancy. Improved nutritional conditions and health investments during critical stages of development contribute to better human capital formation. Educational attainment appears to be an important channel through which early-life health translates into improved socioeconomic outcomes. Furthermore, the absence of significant effects among men indicates that the consequences of environmental shocks may differ across genders. More broadly, the study shows that common environmental fluctuations, rather than only extreme events, can produce persistent developmental effects and contribute to long-term inequalities in health and economic opportunities.

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Market performance

Market round-up

Global equities advanced further in May; Indian equities remained under pressure

Global equities extended their recovery in May, supported by strong corporate earnings, continued enthusiasm around AI- and semiconductor-linked businesses, easing crude prices towards the later part of the month and some improvement in risk appetite as concerns around West Asia moderated. The rally, however, remained narrow. The MSCI World Index rose 4.4%, while the MSCI EM Index gained 9.5%, led largely by Korea and Taiwan on continued strength in the AI and semiconductor supply chain. Japan also participated in the rally, helped by technology and export-oriented names. China and Hong Kong remained relative laggards, reflecting weak domestic demand and more limited participation in the AI-led trade.

Indian equities, in contrast, gave up part of April's gains. The Nifty 50 fell 1.9% in May, taking the YTD decline to 9.6% as of June 12, 2026. The pressure came from higher crude prices, rupee weakness, concerns around India's external balance and inflation outlook, and a higher-for-longer US rate backdrop. Broader markets were more resilient, with the Nifty Midcap 150 and Nifty Smallcap 250 rising 2.6% and 1.6%, respectively. Against this backdrop, FPI selling continued for the third consecutive month in May, further intensifying in June, taking cumulative net outflows since March 2026 to US\$29.2bn. DIIs continued to remain the key anchor, recording net purchases of Rs 82,669 crore in May, marking the 34th consecutive month of buying and reinforcing the domestic bid that has helped absorb persistent foreign selling. Cumulative DII net investments in 2026 so far stood at Rs 4.4 lakh crore, or US\$47.4bn, as of June 12th, 2026.

Global fixed income markets were volatile but broadly orderly. Globally, the Bloomberg Global Aggregate returned 0.3% in May, with credit outperforming sovereign bonds as spreads tightened. Sovereign yields moved unevenly, balancing inflation, fiscal and oil-price concerns against late-month easing in crude and global yields. In India, the curve flattened: the short end tightened as markets reassessed the RBI rate path, while the long end ended broadly flat. The 10-year G-sec yield moved above 7.14% mid-month but eased back to around 7.0% by month-end as crude prices and global yields softened. Global commodities weakened, led by lower crude oil prices, even as industrial metals held up better.

- Indian equities witnessed renewed pressure in May:** The strong recovery in Indian equities in April 2026 lost momentum in May, as external pressures resurfaced and weighed on investor sentiment. Higher crude oil prices amid continued tensions in West Asia, renewed rupee weakness and concerns around India's external position and inflation outlook led to a cautious market tone. Fading expectations of US Fed rate cuts, and the consequent higher-for-longer rate backdrop, further added to pressure, contributing to sustained FPI selling. The Nifty 50 declined 1.9% during the month, after rising 7.5% in April—its strongest monthly gain in 28 months—taking the YTD decline to 9.6% as of June 12th, 2026.

Indian equity markets came under renewed pressure in May, with the Nifty 50 Index falling by 1.9%, taking the YTD decline to 9.6% (As of June 12th, 2026).

Broader markets, however, remained relatively resilient. The Nifty Midcap 150 and Nifty Smallcap 250 rose 2.6% and 1.6%, respectively, as investors continued to add exposure to segments that had corrected more sharply earlier. Domestic flows also remained supportive, though with some moderation. Equity mutual fund schemes received net inflows of Rs 22,908 crore in May, marking the 63rd consecutive month of positive flows, while SIP contributions eased for the second consecutive month but remained strong at Rs 30,954 crore. Overall, May underscored the continued role of domestic liquidity as a stabiliser, even as Indian equities remained sensitive to crude prices, currency movements, higher-for-longer US rates and persistent foreign outflows.

After a slight moderation in February, trading activity on NSE has been on a rising trend since. Turnover in the equity cash segment rose for the third consecutive month by 5.1% MoM to a 23-month high of Rs 1.42 lakh crore but declined by 11.6% in the first 10 trading days of June to Rs 1.25 lakh crore. In contrast, activity in equity derivatives remained broadly steady in May after recording a dip in the previous month. Average daily turnover (premium) in equity options rose by a modest 4.3% MoM to Rs 67,249 crore, albeit off a huge 31.2% MoM decline in the previous month. Equity futures activity remained steady in May, with average daily turnover at Rs 1.57 lakh crore, up 0.3% MoM.

- Indian bond markets remained under pressure:** Global fixed income markets delivered a modestly positive performance in May 2026, despite sharp intra-month volatility. The Bloomberg Global Aggregate returned 0.3%, as the late-month pullback in yields and resilient credit markets helped offset the pressure from higher oil prices, renewed inflation concerns and fiscal-sustainability risks earlier in the month. Sovereign bond performance was uneven. US Treasuries were broadly resilient, with the 10-year yield ending the month at around 4.44%, after briefly moving close to 4.7% in mid-May amid concerns around inflation, fiscal deficits and higher-for-longer policy rates. German Bunds and UK gilts outperformed, with 10-year yields falling by around 10 bps and 20 bps, respectively, supported by the late-month decline in energy prices and expectations of some easing in Middle East tensions. JGBs remained the weakest major sovereign segment, with the 10-year yield rising by around 13 bps to its highest level since 1997, reflecting expectations of further Bank of Japan tightening. Credit markets held up better than sovereigns, with investment-grade and high-yield spreads narrowing during the month. Global corporate bonds and high-yield bonds posted positive returns, while emerging market debt also remained resilient, supported by carry and continued demand for markets with high real yields and credible policy frameworks.

Indian fixed income markets remained volatile in May, with the curve reflecting divergent pressures across tenors. The short end tightened during the month, as higher crude oil prices, renewed rupee weakness and fading expectations of near-term policy easing led markets to reassess the RBI rate path. This was also visible in the relative hardening of shorter-duration bonds, with sovereign papers of less than 2-year maturity rising by 25-33bps during the month as investors priced in a more cautious policy response to external-sector and inflation risks. The long end, however, ended broadly flat despite sharp intra-month swings. The 10-year benchmark G-sec yield moved above 7.14% in mid-May, weighed down by higher US Treasury yields, oil prices and supply concerns, but later eased back to around 7.0% by month-end as crude prices and global yields softened and risk sentiment improved. Overall, May was marked by short-end tightening and a broadly stable long end, with curve dynamics driven more by policy-rate uncertainty at the front end and global/yield-supply factors at the long end.

- DII buying continued for the 34th consecutive month; FPI selling continued:** Barring modest buying in February 2026, FPIs have remained net sellers in Indian equities since November 2025, with outflows of US\$3.5bn in May. While this was

lower than the selling seen in the previous two months, outflows intensified again in June, with FPIs pulling out US\$6.6bn in the first 10 trading sessions alone. This took cumulative net FPI outflows since March 2026 to US\$29.2bn as of June 12th, 2026, reflecting weaker appetite for India and EM assets more broadly amid higher energy prices, rupee depreciation and a higher-for-longer US rate backdrop, with expectations of Fed rate cuts fading.

Domestic investors remained the key offset. DIIs recorded net purchases of Rs 82,669 crore in May, marking the 34th consecutive month of buying and reinforcing the domestic bid that has helped absorb persistent foreign selling. Cumulative DII net investments in 2026 so far stood at Rs 4.4 lakh crore, or US\$47.4bn, as of June 12th, 2026. This was supported by resilient mutual fund flows, with equity-oriented schemes receiving net inflows of Rs 22,908 crore in May—the 63rd consecutive month of positive inflows—while SIP contributions remained strong at Rs 30,954 crore, despite moderating for the second successive month. The depth and consistency of domestic flows continued to cushion foreign selling pressure, underscoring the growing resilience of India's equity markets.

- Global equity markets continued to show gains in May:** Global equities extended their April recovery in May 2026, supported by strong corporate earnings, continued enthusiasm around AI-linked businesses and optimism around a potential easing of West Asia tensions. The MSCI World Index rose 4.4% in US dollar terms during the month, building on the sharp rebound seen in April. US equities remained strong, led by technology stocks and better-than-expected earnings. European equities also ended higher, though they lagged the US and Asia, weighed down by mixed macro data and moderate earnings growth. Japanese equities extended their gains, supported by stronger domestic growth data and continued strength in AI- and semiconductor-linked names. Emerging markets outperformed developed markets again in May. The MSCI Emerging Markets Index rose 9.5% in US dollar terms, led by exceptional gains in Korea and Taiwan, which continued to benefit from their central position in the global AI and semiconductor supply chain. China, however, remained a relative underperformer, as weak domestic activity indicators and limited direct exposure to the AI-led rally weighed on sentiment. Overall, May was another positive month for global equities, but leadership remained narrow and concentrated in technology-heavy markets.

US: US equity markets extended their April rebound in May 2026, supported by strong corporate earnings, continued enthusiasm around AI-linked technology names and resilient macro data, partly offsetting the impact of higher US treasury yields. The rally, however, remained concentrated. The S&P 500 rose 5.2% during the month and ended May with nine consecutive weekly gains, while the Nasdaq 100 gained 10.5% and the Nasdaq Composite rose 8.4%, helped by their higher exposure to technology, semiconductors and digital infrastructure. The Dow Jones Industrial Average also advanced, rising around 2.8% and crossing the 51,000-mark for the first time, though it lagged the technology-heavy indices.

US macro data for May pointed to a resilient but uneven economy. Q1 2026 GDP growth was revised down to an annualised 1.6% from 2.0%, while labour markets remained stable, with non-farm payrolls rising by 172k and the unemployment rate unchanged at 4.3%. Activity indicators were mixed: the Manufacturing PMI

strengthened to 55.1 from 54.5 in April, but the Services PMI eased to 50.7 from 51 in the previous month, signalling only marginal expansion. Inflation pressures intensified, with headline CPI rising to 4.2% YoY from 3.8% in April, led by higher energy prices, even as core CPI remained contained at 2.9%. With no FOMC meeting in May, the policy rate stayed unchanged at 3.50–3.75%, while sticky inflation and a steady labour market reinforced the higher-for-longer rate backdrop.

Europe: European equities extended their April recovery in May 2026, though performance continued to lag the US and technology-heavy Asian markets. The recovery was supported by Q1 earnings resilience, gains in AI- and semiconductor-linked names, and a late-month pullback in crude oil prices as hopes of progress on a US-Iran agreement improved risk appetite, partly offset by a weaker macro backdrop and renewed inflation concerns. The broader European equity market ended the month higher, with Euro Stoxx gaining around 3.0%, while MSCI Europe ex-UK rose 3.3% in euro terms.

Economic activity in the Euro area remained weak, with the latest data pointing to renewed loss of momentum. Real GDP contracted by 0.2% QoQ in Q1 2026, revised down from a positive 0.1% growth, while annual growth slowed sharply to 0.3%. Labour markets remained relatively resilient, with unemployment at 6.3% in April, broadly stable from March. Industrial production rose only 0.1% MoM in April, after a 0.4% increase in March, undershooting market expectations of a 0.3% expansion, though it turned modestly positive on a YoY basis at 0.3%. High-frequency indicators weakened further in May, with the Composite PMI easing to 48.5 from 48.8 in April, led by continued contraction in services, even as Manufacturing PMI remained in expansion at 51.6. Inflation rose further to 3.2% in May from 3.0% in April, led by energy and services. Against this backdrop, the ECB raised policy rates by 25 bps in June, citing upside risks to inflation from the Middle East conflict and higher energy prices, even as it revised its 2026 growth forecast down to 0.8%.

UK equities posted modest gains in May 2026, underperforming the US and broader European markets. The FTSE 100 rose only marginally, by around 0.3%, as its relatively limited technology exposure and weakness in energy names capped gains despite improved global risk appetite. In contrast, the more domestically oriented FTSE 250 outperformed, rising around 4.3%, supported by lower gilt yields and reduced expectations of near-term Bank of England tightening after softer macro data. The macro backdrop remained mixed. Labour-market conditions showed signs of softening, services activity contracted, and retail sales weakened, while inflation eased more than expected to 2.8% in April from 3.3% in March. This helped bring down gilt yields and supported rate-sensitive domestic cyclicals.

Asia: Asian equity markets extended their April recovery in May 2026, but gains were highly concentrated in technology-heavy North Asian markets. South Korea's KOSPI rose 28.5%, led by the continued AI- and memory-chip rally, with Samsung Electronics and SK Hynix remaining the key drivers. Taiwan's TAIEX gained 14.9% and ended the month at a record high, supported by strong demand for AI chips, cloud infrastructure and semiconductor exports. Japan also participated strongly in the rally, with the Nikkei 225 rising 11.9%, helped by technology and export-

oriented stocks, stronger domestic growth data and continued global interest in AI-linked names.

Elsewhere, performance was weaker. India's Nifty 50 declined 1.9% in May, weighed down by higher crude prices, rupee weakness and sustained FPI selling. China and Hong Kong also lagged, with the Shanghai Composite falling 1.1% and the Hang Seng declining 2.3%, reflecting weak domestic demand indicators, internet-stock weakness and relatively limited participation in the AI-led rally. Indonesia remained the key underperformer, with the IDX Composite Index falling 11.9%, pressured by foreign outflows, rupiah weakness and domestic macro concerns. Overall, the region's performance was led overwhelmingly by Korea, Taiwan and Japan, where AI and semiconductor exposure drove strong gains, while energy-importing and domestically weaker markets underperformed.

- Ceasefire optimism reshapes commodity markets as crude oil posts steepest monthly decline since COVID:** Commodity markets in May'26 were shaped by the partial unwinding of the geopolitical risk premium that had driven sharp price movements in previous months. Brent crude recorded its steepest monthly decline since the pandemic, falling over 19% MoM as improving prospects of a US–Iran ceasefire prompted markets to reassess supply disruption risks in the Strait of Hormuz. The decline in energy prices reverberated across commodity markets, reversing several of April's energy-driven gains. Agricultural commodities broadly softened, with cotton, corn and wheat declining 3.4%-4.2% MoM, while sugar extended its losses as weaker crude prices reduced ethanol incentives in Brazil. Industrial metals displayed a more resilient performance, with tin (+6.5% MoM), zinc (+4.7% MoM) and copper (+4.6% MoM) extending gains on persistent supply-side constraints and tight processing input availability. In contrast, nickel fell 5.1% MoM as concerns surrounding sulphur availability eased. Precious metals delivered mixed returns, with silver (+2.1% MoM) outperforming on resilient industrial demand, while palladium (-6.7% MoM), platinum (-1.7% MoM) and gold (-0.6% MoM) softened amid improving risk sentiment. Overall, the month marked a partial unwinding of the geopolitical risk premium, with commodity-specific fundamentals increasingly driving price movements across sectors.
- Rupee remained under pressure in May amid evolving external conditions:** The INR depreciated marginally by 0.1% in May 2026, touching a record low of Rs 96.8 during the month before recovering partially to close at Rs 95.0. The currency remained sensitive to external developments despite moderation in FPI outflows and a sharp correction in crude oil prices from intra-month highs. This was accompanied by a further decline in the 40-currency trade-weighted REER to 91.0 and NEER to 79.7 in April 2026, extending the INR's undervaluation phase, while the one-year forward premium remained elevated at 3.10%, indicating continued caution in forward markets. Overall, the rupee remained vulnerable to external uncertainties, with market conditions continuing to reflect elevated pressure on the currency despite some moderation in key risk factors.

The S&P GSCI Index was down 9.6% MoM in May'26

Performance across asset classes

Table 31: Performance across equity, fixed income, currency, and commodity markets (As on May 31st, 2026)

Indicator Name	May-26	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Equity Indices									
NIFTY 50	23,548	23,998	25,179	24,751	-1.9	-6.5	-10.1	-4.9	-9.9
NIFTY 500	22,657	22,684	23,167	22,802	-0.1	-2.2	-5.3	-0.6	-5.1
MSCI INDIA	2,879	2,896	2,991	2,916	-0.6	-3.7	-6.4	-1.3	-6.4
India Volatility Index (%)	16.2	18.5	13.7	16.1	-12.3	18.1	39.3	0.7	70.8
MSCI WORLD	4,865	4,661	4,557	3,863	4.4	6.8	10.6	25.9	9.8
S&P 500 COMPOSITE	7,580	7,209	6,879	5,912	5.2	10.2	10.7	28.2	10.7
DOW JONES INDUSTRIALS	51,032	49,652	48,978	42,270	2.8	4.2	7.0	20.7	6.2
HANG SENG	25,182	25,777	26,631	23,290	-2.3	-5.4	-2.6	8.1	-1.8
FTSE 100	10,409	10,379	10,911	8,772	0.3	-4.6	7.1	18.7	4.8
NIKKEI 225	66,330	59,285	58,850	37,965	11.9	12.7	32.0	74.7	31.8
Fixed Income*									
India 10YR Govt Yield (%)	7.01	7.02	6.66	6.22	0bps	35bps	47bps	79bps	42bps
India 5YR Govt Yield (%)	6.82	6.77	6.39	5.86	5bps	43bps	60bps	96bps	50bps
India 1YR Govt Yield (%)	6.13	5.80	5.56	5.68	33bps	57bps	53bps	45bps	46bps
India 3Month T-Bill Yield (%)	5.55	5.30	5.30	5.75	25bps	25bps	8bps	-20bps	18bps
US 10YR Govt Yield (%)	4.44	4.39	3.96	4.39	4bps	47bps	42bps	5bps	27bps
Germany 10YR Govt Yield (%)	2.93	3.03	2.65	2.51	-10bps	28bps	24bps	42bps	8bps
China 10YR Govt Yield (%)	1.73	1.75	1.83	1.70	-2bps	-10bps	-10bps	3bps	-13bps
Japan 10YR Govt Yield (%)	2.66	2.52	2.11	1.50	13bps	54bps	85bps	116bps	58bps
Currency									
USD/INR	95.0	94.9	91.0	85.6	0.1	4.4	6.2	11.0	5.7
EUR/USD	1.2	1.2	1.2	1.1	-0.5	-1.2	0.6	2.8	-0.6
GBP/USD	1.3	1.4	1.3	1.3	-0.8	0.3	1.7	-0.0	0.2
USD/YEN	159.2	156.7	156.1	144.3	1.6	2.0	2.0	10.3	1.6
USD/CHF	1.3	1.3	1.3	1.2	0.1	-1.6	2.8	5.1	1.4
USD/CNY	6.8	6.8	6.9	7.2	-1.0	-1.3	-4.4	-5.9	-3.1
Commodities									
Brent Crude Oil (US\$/bbl)	92.0	114.2	72.6	63.9	-19.4	26.9	45.5	44.0	51.2
LME Aluminium (US\$/MT)	3,628.4	3,530.2	3,127.9	2,438.3	2.8	16.0	27.7	48.8	22.3
LME Copper (US\$/MT)	13,503.1	12,910.8	13,294.0	9,548.1	4.6	1.6	20.2	41.4	8.4
LME Lead (US\$/MT)	1,983.7	1,942.2	1,917.4	1,933.7	2.1	3.5	2.3	2.6	0.8
LME Nickel (US\$/MT)	18,304.4	19,284.0	17,640.8	15,041.4	-5.1	3.8	25.1	21.7	10.9
LME Tin (US\$/MT)	52,214.5	49,035.0	57,747.0	30,328.0	6.5	-9.6	32.9	72.2	28.5
LME Zinc (US\$/MT)	3,519.2	3,359.8	3,298.7	2,596.6	4.7	6.7	7.3	35.5	14.2
SHC Iron Ore Spot (US\$/MT)	108.5	110.8	100.5	97.5	-2.1	8.0	1.5	11.3	-0.2
Gold Spot Price (US\$/troy ounce)	4,591.1	4,619.7	5,254.1	3,285.3	-0.6	-12.6	9.3	39.8	6.2
Silver Spot Price (US\$/troy ounce)	75.3	73.8	93.8	33.0	2.1	-19.8	33.5	128.2	5.6
Platinum Spot Price (US\$/ounce)	1,925.0	1,959.0	2,366.0	1,071.0	-1.7	-18.6	17.4	79.7	-5.0
Palladium Spot Price (US\$/ounce)	1,384.0	1,484.0	1,793.0	964.0	-6.7	-22.8	-4.4	43.6	-11.7
Soyabeans (US\$/bushel)	11.6	11.6	11.3	10.3	0.2	2.7	5.5	13.2	14.8
Corn (c/lb)	447.0	463.3	438.3	443.5	-3.5	2.0	2.7	0.8	1.4
Wheat (US\$/bushel)	6.0	6.3	5.9	5.3	-4.2	2.3	11.9	12.9	20.4
Cotton (US\$/lb)	0.7	0.8	0.6	0.6	-3.4	15.8	17.5	16.4	18.8
Raw Sugar (c/lb)	14.7	14.8	14.0	17.3	-0.5	4.6	-1.2	-15.3	-0.8

Source: LSEG Workspace, Cogencis, NSE EPR. *Returns over different periods shown in terms of absolute change in basis points.

Table 32: Performance (total returns) across global asset classes

Asset performance (Ranked by % change each year)

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Bitcoin 122.7	Bitcoin 1,394.5	Nifty 50 4.6	Bitcoin 94.1	Bitcoin 304.5	Bitcoin 59.4	WTI Crude 6.4	Bitcoin 153.5	Bitcoin 121.9	Gold 64.7	WTI Crude 69.1
WTI Crude 44.8	MSCI EM \$ 37.8	Nasdaq 100 0.0	Nasdaq 100 39.5	Nasdaq 100 48.9	WTI Crude 55.8	Nifty 50 5.7	Nasdaq 100 55.1	Gold 27.1	MSCI EM \$ 34.4	MSCI EM \$ 26.3
FTSE100 19.1	Nifty 500 37.7	Gold -1.7	WTI Crude 35.4	Gold 24.8	Nifty 500 31.6	FTSE100 4.7	Nifty 500 26.9	Nasdaq 100 25.9	FTSE100 25.8	Nasdaq 100 20.8
DJIA 16.5	Nasdaq 100 33.0	Nifty 500 -2.1	S&P500 31.5	Russell 1000 21.0	S&P500 28.7	Nifty 500 4.3	Russell 1000 26.5	S&P500 25.0	MSCI World 21.6	S&P500 11.4
Russell 1000 12.1	Nifty 50 30.3	DJIA -3.5	Russell 1000 31.4	MSCI EM \$ 18.7	Nasdaq 100 27.5	Gold -0.4	S&P500 26.3	Russell 1000 24.5	Nasdaq 100 21.0	Russell 1000 11.1
S&P500 12.0	DJIA 28.1	S&P500 -4.4	MSCI World 28.4	S&P500 18.4	Russell 1000 26.5	DJIA -6.9	MSCI World 24.4	MSCI World 19.2	STOXX 600 20.6	MSCI World 10.8
MSCI EM \$ 11.6	MSCI World 23.1	Russell 1000 -4.8	STOXX 600 27.6	Nifty 500 17.9	Nifty 50 25.6	STOXX 600 -10.1	Nifty 50 21.3	Nifty 500 16.2	SSE Comp 18.4	DJIA 8.1
Gold 9.0	S&P500 21.8	MSCI World -8.2	DJIA 25.3	MSCI World 16.5	STOXX 600 25.5	SSE Comp -15.1	STOXX 600 16.5	DJIA 15.0	S&P500 17.9	STOXX 600 7.7
MSCI World 8.2	Russell 1000 21.7	FTSE100 -8.7	SSE Comp 22.3	Nifty 50 16.1	MSCI World 22.4	MSCI World -17.7	DJIA 16.2	SSE Comp 12.7	Russell 1000 17.4	FTSE100 6.1
Nasdaq 100 7.3	Gold 12.6	STOXX 600 -10.2	MSCI EM \$ 18.9	SSE Comp 13.9	DJIA 21.0	S&P500 -18.1	Gold 13.8	Nifty 50 10.1	DJIA 14.9	Gold 3.4
Nifty 500 5.1	WTI Crude 12.5	MSCI EM \$ -14.2	Gold 18.7	DJIA 9.7	FTSE100 18.4	Russell 1000 -19.1	MSCI EM \$ 10.3	FTSE100 9.7	Nifty 50 11.9	SSE Comp 2.2
Nifty 50 4.4	FTSE100 12.0	SSE Comp -24.6	FTSE100 17.3	STOXX 600 -1.5	SSE Comp 4.8	MSCI EM \$ -19.7	FTSE100 7.9	STOXX 600 9.5	Nifty 500 7.8	Nifty 500 -5.5
STOXX 600 2.4	STOXX 600 11.2	WTI Crude -25.3	Nifty 50 13.5	FTSE100 -11.6	MSCI EM \$ -2.2	Nasdaq 100 -32.4	SSE Comp -3.7	MSCI EM \$ 8.1	Bitcoin -6.3	Nifty 50 -10.1
SSE Comp -12.3	SSE Comp 6.6	Bitcoin -74.2	Nifty 500 9.0	WTI Crude -20.9	Gold -4.0	Bitcoin -64.1	WTI Crude -10.3	WTI Crude 0.8	WTI Crude -21.0	Bitcoin -27.1

Source: LSEG Workspace, NSE EPR. Note: Returns for equity indices are based on total return index values except for Shanghai SE Composite Index.

Equity market performance and valuations

Table 33: Performance across NSE equity indices (As on May 31st, 2026)

May-26 Index Name	PR Index Returns (%)					TR Index Returns (%)				
	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Broad Market Indices										
Nifty 50	-1.9	-6.5	-4.9	8.3	8.6	-1.7	-6.3	-3.8	9.5	9.9
Nifty Next 50	2.1	2.0	6.5	19.1	13.5	2.1	2.2	7.5	20.1	14.5
Nifty 100	-1.2	-5.0	-2.9	10.1	9.3	-1.0	-4.8	-1.9	11.3	10.5
Nifty 200	-0.3	-3.2	-1.0	12.0	10.7	-0.2	-3.1	0.0	13.1	11.9
Nifty 500	-0.1	-2.2	-0.6	12.9	11.4	0.0	-2.1	0.3	13.9	12.5
Nifty Midcap 50	3.6	4.3	9.3	22.4	19.4	3.6	4.4	9.9	23.2	20.4
Nifty Midcap 100	3.2	4.4	7.5	22.3	19.1	3.3	4.5	8.1	23.0	20.0
Nifty Midcap 150	2.6	3.3	6.8	21.4	18.4	2.6	3.4	7.5	22.1	19.2
Nifty Midcap Select	4.7	7.3	13.9	22.9	18.1	4.7	7.3	14.4	23.7	18.9
Nifty Smallcap 50	1.9	7.8	4.6	24.6	14.1	1.9	7.9	5.2	25.5	15.1
Nifty Smallcap 100	0.7	7.2	1.4	21.3	14.4	0.8	7.2	2.1	22.1	15.3
Nifty Smallcap 250	1.6	7.0	0.9	19.7	16.3	1.6	7.1	1.5	20.4	17.1
Nifty LargeMidcap 250	0.8	-0.8	1.9	15.8	13.9	0.8	-0.7	2.8	16.7	14.9
Nifty MidSmallcap 400	2.3	4.5	4.7	20.8	17.7	2.3	4.6	5.3	21.5	18.5
Nifty500 Multicap 50:25:25	0.5	0.1	0.6	15.5	13.4	0.6	0.2	1.4	16.4	14.5
Nifty Microcap 250	3.0	11.0	0.7	25.1	23.5	3.0	11.1	1.1	25.7	24.2
Nifty Total Market	0.0	-1.7	-0.6	13.2	11.7	0.1	-1.6	0.3	14.3	12.8
Nifty Smallcap 500	2.0	8.2	0.8	20.6	17.6	2.1	8.3	1.4	21.3	18.4
Nifty MidSmallcap400 50:50	2.1	5.2	3.9	20.6	17.4	2.1	5.2	4.5	21.3	18.2
Thematic Indices										
Nifty India Consumption	-1.4	-2.4	-1.1	12.2	12.7	-1.3	-2.3	-0.3	13.2	13.8
Nifty MidSmall India Consumption	-0.7	-2.5	-7.0	15.5	14.3	-0.7	-2.5	-6.4	16.1	14.9
Nifty Non-Cyclical Consumer	-1.8	-2.1	-7.1	8.6	10.7	-1.8	-2.0	-6.5	9.6	11.7
Nifty India Manufacturing	2.2	0.8	12.3	22.3	17.1	2.2	0.9	13.2	23.2	18.1
Nifty Infrastructure	-0.7	-1.9	4.3	19.7	16.7	-0.6	-1.7	5.2	20.7	17.8
Nifty Services Sector	-1.9	-8.2	-9.0	7.1	6.6	-1.7	-8.0	-8.0	8.3	7.8
Nifty Commodities	0.6	3.4	19.9	20.8	15.0	0.6	3.5	21.2	21.9	16.4
Nifty CPSE	-6.0	-1.1	8.7	31.3	29.1	-6.0	-1.0	11.0	34.4	32.8
Nifty PSE	-3.8	-2.2	3.6	28.7	23.8	-3.8	-2.0	5.8	31.3	27.1
Nifty Energy	0.3	10.4	13.9	19.6	15.5	0.3	10.4	15.3	21.3	17.3
Nifty MNC	1.8	2.4	15.4	16.0	13.9	1.8	2.6	16.9	17.2	15.3
Nifty India Digital	1.4	0.1	-10.2	12.2	8.5	1.5	0.4	-9.0	13.5	9.8
Nifty India Defence	1.5	12.1	4.9	55.8	55.2	1.5	12.2	5.4	56.7	56.7
Nifty Mobility	1.3	-5.8	6.1	22.2	17.8	1.4	-5.7	7.0	23.0	18.8
Nifty100 Liquid 15	-2.0	-5.3	3.4	13.7	12.4	-1.7	-5.0	4.3	14.6	13.5
Nifty Midcap Liquid 15	4.4	10.5	11.2	27.3	22.1	4.4	10.5	11.7	28.2	23.2
Nifty Corp. Grp Index - Aditya Birla Group	7.9	7.3	30.1	22.0	15.3	7.9	7.3	30.7	22.5	15.8
Nifty Corp. Grp Index - Mahindra Group	-1.3	-7.1	1.2	21.4	20.7	-1.3	-7.1	2.0	22.3	22.3
Nifty Corp. Grp Index - Tata Group	-3.8	-6.2	-15.4	2.5	5.6	-3.4	-5.8	-13.6	4.2	7.1
Nifty Corp Grp Index - Tata Group 25% Cap	-3.2	-5.5	-8.5	9.6	11.3	-2.9	-5.1	-7.2	10.8	12.5
Nifty Shariah 25	0.5	-1.0	-3.6	7.5	5.9	0.7	-0.7	-2.0	9.3	7.5
Nifty50 Shariah	-0.7	-3.0	-8.6	3.6	3.1	-0.6	-2.7	-6.9	5.5	4.9
Nifty500 Shariah	1.4	1.0	-1.8	9.9	8.4	1.5	1.2	-0.6	11.2	9.7
Nifty SME EMERGE	-1.3	8.0	-4.1	24.5	43.4	-1.3	8.0	-4.1	24.6	43.6
Nifty100 ESG	-0.3	-4.2	-0.7	11.4	9.2	-0.2	-4.0	0.5	12.5	10.4

May-26	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty100 Enhanced ESG	-0.3	-4.3	-0.8	11.3	9.2	-0.2	-4.0	0.4	12.5	10.4
Nifty100 ESG Sector Leaders	-1.4	-4.9	-4.5	9.9	8.3	-1.3	-4.8	-3.5	11.0	9.4
Nifty IPO	-0.3	9.0	5.9	15.3	6.6	-0.3	9.0	6.2	15.6	7.0
Nifty REITs & InvITs	0.1	-1.9	14.7	10.4	6.8	0.8	-0.8	19.7	15.2	13.0
Nifty Core Housing	2.0	-0.3	-2.2	10.4	7.8	2.0	-0.3	-1.7	10.9	8.4
Nifty500 Multicap India Mfg. 50:30:20	1.1	1.9	9.7	21.4	16.6	1.1	2.0	10.5	22.2	17.5
Nifty500 Multicap Infrastructure 50:30:20	0.0	1.7	3.8	18.5	17.8	0.1	1.8	4.6	19.5	18.9
Nifty EV & New Age Automotive	2.3	-0.7	5.2	16.3	20.6	2.4	-0.6	6.1	17.2	21.5
Nifty India Tourism	-0.9	-6.7	-18.3	8.7	14.1	-0.8	-6.7	-18.1	9.0	14.4
Nifty Rural	-1.2	-5.7	3.5	12.4	12.8	-1.1	-5.5	4.4	13.6	14.0
Nifty Capital Markets	4.5	18.9	28.7	63.7	32.3	4.6	19.1	29.5	65.2	33.9
Nifty India New Age Consumption	-0.1	-1.9	-3.4	19.1	15.8	0.0	-1.8	-2.8	19.7	16.4
Nifty India Select 5 Corp Groups (MAATR)	2.4	4.8	9.4	16.3	14.3	2.5	4.9	10.2	17.0	15.1
Nifty India Railways PSU	-7.8	-7.6	-22.5	18.1	22.4	-7.8	-7.4	-21.4	19.7	24.7
Nifty India Internet	0.2	2.5	-5.4	24.8		0.2	2.5	-5.1	25.1	
Nifty Waves	-1.1	1.2	-12.0	2.0	2.0	-1.1	1.2	-11.5	2.4	2.5
Nifty India Infrastructure & Logistics	2.1	6.7	7.3	25.2	20.5	2.2	6.8	8.2	26.2	21.6
Nifty India FPI 150	-0.2	-2.3	0.3	13.3		-0.2	-2.2	1.2	14.4	
Nifty Conglomerate 50	1.1	0.2	4.1	14.0	11.9	1.4	0.5	5.1	14.9	12.9
Nifty Cement	1.1	-6.2	-7.6	7.0	6.2	1.1	-6.2	-7.2	7.5	6.8
Nifty REITs & Realty	-0.7	-2.2	0.3	14.2		0.0	-1.3	4.0	18.5	
Strategy Indices										
Nifty Alpha 50	3.8	4.2	3.2	21.7	15.0	3.9	4.3	3.5	22.4	15.7
Nifty100 Alpha 30	2.1	-0.8	1.9	16.8	10.7	2.3	-0.5	2.7	17.7	11.8
Nifty Alpha Low-Volatility 30	-0.1	-5.6	-2.8	12.2	11.1	0.0	-5.5	-2.0	13.3	12.2
Nifty Alpha Quality Low-Volatility 30	0.4	-2.0	0.6	13.9	11.6	0.5	-1.9	1.9	15.3	13.1
Nifty Alpha Quality Value Low-Volatility 30	-1.1	-4.3	-2.2	16.7	15.2	-1.0	-4.1	-0.8	18.4	17.1
Nifty200 Alpha 30	4.0	2.1	6.9	21.7	18.0	4.1	2.3	7.3	22.5	19.1
Nifty Dividend Opportunities 50	-2.9	-6.9	-1.9	12.7	12.7	-2.6	-6.5	0.0	15.1	15.3
Nifty Growth Sectors 15	-2.0	-6.3	-4.2	4.8	7.3	-1.8	-6.2	-2.7	6.6	9.2
Nifty High Beta 50	4.4	12.5	14.4	22.2	17.0	4.4	12.7	15.5	23.2	18.1
Nifty Low Volatility 50	-0.4	-4.3	-2.5	12.6	10.4	-0.2	-4.1	-1.4	13.8	11.7
Nifty100 Low Volatility 30	-0.7	-4.8	-0.7	11.8	10.1	-0.5	-4.6	0.5	13.1	11.7
Nifty100 Quality 30	-0.6	-0.7	-0.5	9.7	9.4	-0.5	-0.4	1.0	11.2	11.0
Nifty Quality Low-Volatility 30	-1.3	-4.6	-5.0	7.3	7.5	-1.2	-4.4	-3.7	8.7	9.1
Nifty200 Quality 30	-0.2	-0.2	-2.1	9.6	9.0	-0.1	0.1	-0.5	11.3	10.9
Nifty50 Equal Weight	0.4	-2.1	4.8	14.6	13.2	0.5	-1.9	5.9	15.9	14.6
Nifty100 Equal Weight	1.5	0.6	6.0	17.0	13.0	1.5	0.8	7.0	18.1	14.1
Nifty50 Value 20	-2.3	-7.1	-6.2	7.6	9.0	-2.0	-6.7	-4.8	9.7	11.2
Nifty500 Value 50	0.1	-1.7	19.9	30.9	25.1	0.2	-1.4	21.6	32.8	27.6
Nifty Midcap150 Quality 50	2.3	1.6	-2.3	12.3	9.4	2.3	1.6	-1.3	13.3	10.4
Nifty200 Momentum 30	1.0	-2.9	-0.2	14.2	12.2	1.1	-2.7	0.4	15.1	13.2
Nifty Midcap150 Momentum 50	3.8	2.8	4.1	22.1	20.1	3.8	2.9	4.6	22.8	20.8
Nifty Smallcap250 Quality 50	0.4	2.9	-7.9	14.2	14.3	0.5	3.0	-6.9	15.5	15.6
Nifty Smallcap250 Momentum Quality 100	2.1	7.7	-1.9	14.0	13.3	2.1	7.8	-1.2	14.9	14.2

May-26	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty MidSmallcap400 Momentum Qlty 100	2.9	8.1	2.7	18.5	17.0	3.0	8.2	3.5	19.5	18.0
Nifty500 Equal Weight	1.2	4.1	1.6	18.9	15.5	1.2	4.2	2.3	19.7	16.4
Nifty500 Momentum 50	2.5	1.4	1.2	17.2	16.0	2.5	1.4	1.5	17.9	16.7
Nifty500 LargeMidSmall Equal-Cap Wtd.	1.1	1.8	1.7	17.2	14.8	1.1	1.9	2.5	18.1	15.7
Nifty200 Value 30	-0.2	-4.0	20.8	31.8	25.8	-0.2	-3.7	22.6	33.7	28.4
Nifty Top 10 Equal Weight	-2.8	-8.5	-12.7	3.1	6.7	-2.6	-8.3	-11.6	4.4	8.1
Nifty500 Multicap Momentum Quality 50	2.2	4.9	0.7	17.6	14.9	2.2	5.1	1.6	18.9	16.1
Nifty Top 15 Equal Weight	-3.2	-9.6	-6.8	6.3	9.5	-3.0	-9.4	-5.8	7.6	10.8
Nifty Top 20 Equal Weight	-3.0	-8.9	-7.2	7.3	9.6	-2.8	-8.7	-6.1	8.6	10.9
Nifty500 Quality 50	2.0	8.5	2.2	18.7	13.6	2.2	8.8	3.5	20.2	15.1
Nifty500 Low Volatility 50	-1.3	-4.4	2.8	16.2	13.5	-1.2	-4.2	3.8	17.3	14.8
Nifty500 Multifactor MQVLv 50	-0.5	-4.9	0.1	19.9	15.4	-0.3	-4.6	1.3	21.3	17.2
Nifty500 Flexicap Quality 30	0.5	-0.8	-8.1	4.9	9.8	0.6	-0.5	-6.6	6.4	11.3
Nifty Total Market Momentum Quality 50	4.0	5.9	3.8	20.1	14.7	4.1	6.0	4.5	21.0	15.7
Sectoral Indices										
Nifty Auto	1.6	-6.5	12.9	22.9	20.2	1.8	-6.3	14.2	24.0	21.4
Nifty Bank	-1.1	-10.4	-2.7	7.1	8.8	-1.0	-10.2	-1.9	7.9	9.7
Nifty Private Bank	0.2	-8.0	-4.5	5.4	7.1	0.2	-8.0	-4.0	6.1	7.7
Nifty PSU Bank	-3.9	-17.0	16.9	26.5	27.4	-3.3	-16.4	17.7	27.4	28.8
Nifty Financial Services	-1.2	-9.0	-4.3	9.3	8.8	-1.0	-8.8	-3.4	10.2	9.7
Nifty Financial Services Ex-Bank	1.0	-0.7	6.8	20.7	14.2	1.0	-0.6	7.5	21.7	15.1
Nifty Financial Services 25/50	-1.0	-8.5	-2.8	13.2	11.0	-0.9	-8.3	-1.8	14.2	12.0
Nifty MidSmall Financial Services	3.6	6.8	24.2	33.9	21.5	3.7	6.9	24.6	34.8	22.6
Nifty FMCG	-3.3	-3.4	-10.7	-1.1	7.0	-3.2	-3.3	-9.9	0.4	8.9
Nifty IT	-0.9	-5.0	-22.1	-0.3	1.4	-0.6	-4.5	-20.3	2.0	3.5
Nifty MidSmall IT & Telecom	11.5	11.9	-4.4	11.2	14.1	11.6	12.0	-3.6	12.0	15.1
Nifty Media	-3.3	-0.6	-17.7	-7.1	-4.4	-3.3	-0.5	-17.2	-6.6	-3.7
Nifty Metal	4.7	9.8	46.2	31.7	21.1	4.8	10.1	47.6	32.6	22.7
Nifty Pharma	4.6	6.1	13.5	24.3	11.6	4.7	6.1	14.4	25.2	12.5
Nifty Realty	-1.4	0.3	-17.6	17.8	18.4	-1.4	0.3	-17.3	18.2	18.8
Nifty Consumer Durables	-6.3	-7.0	-6.5	10.2	9.7	-6.2	-7.0	-6.1	10.7	10.2
Nifty Oil & Gas	-4.2	-8.7	-1.7	14.7	10.2	-4.2	-8.6	-0.8	15.7	11.6
Nifty Healthcare Index	3.2	3.5	10.8	23.3	12.8	3.2	3.5	11.5	24.1	13.6
Nifty MidSmall Healthcare	6.2	8.7	15.9	29.7	15.3	6.3	8.8	16.3	30.3	15.8
Nifty Transportation & Logistics	1.2	-5.3	6.3	21.1	18.6	1.3	-5.2	7.2	22.0	19.6
Nifty Housing	0.7	-0.4	6.8	14.9	11.5	0.9	-0.3	7.7	15.8	12.6
Nifty Chemicals	2.7	5.3	-3.1	7.3	9.8	2.7	5.3	-2.5	7.8	10.4
Nifty500 Healthcare	4.8	5.6	10.1	24.5	12.8	4.8	5.6	10.7	25.2	13.5

Source: NSE Indices, NSE EPR

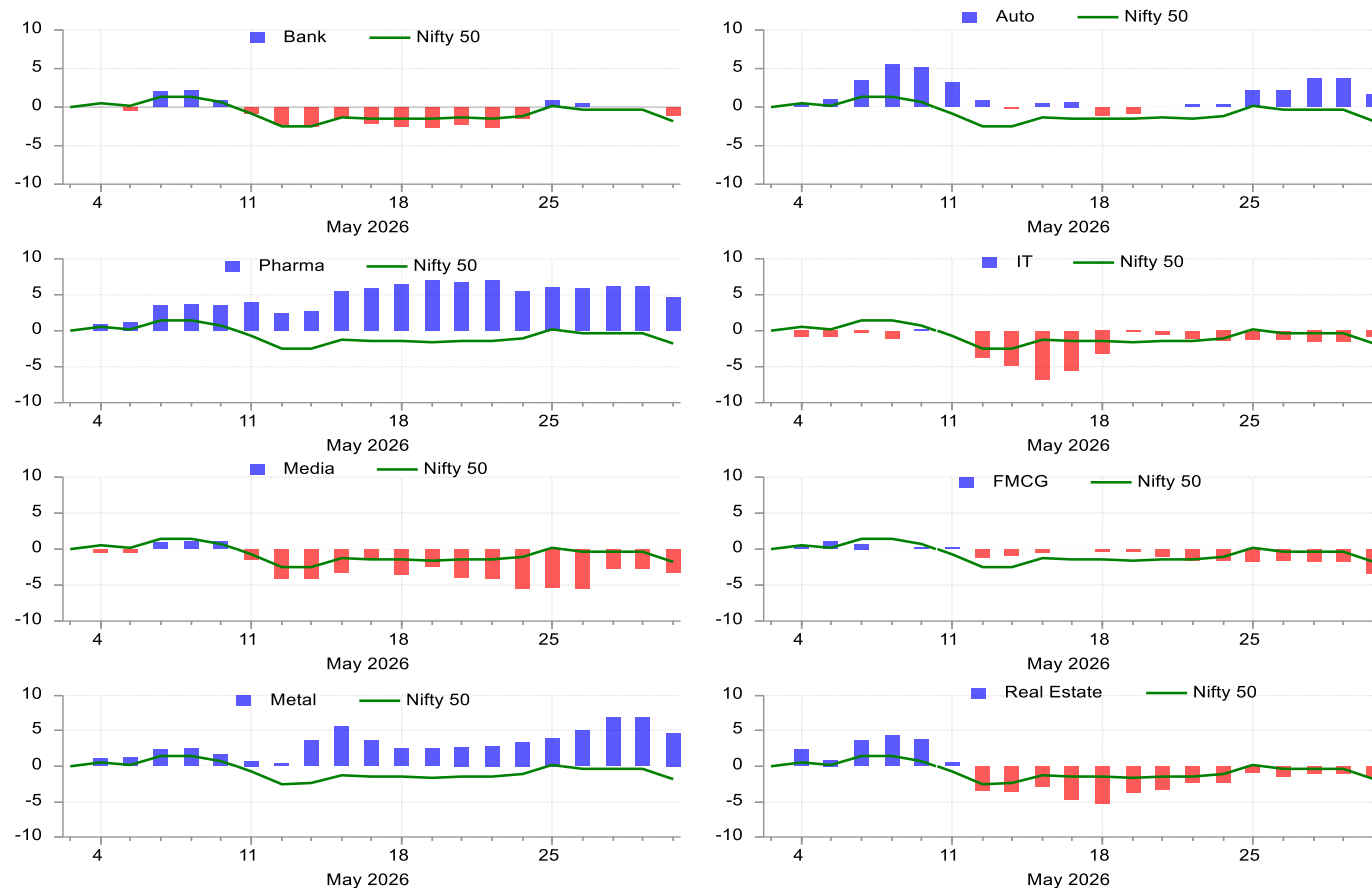
Note: Returns for the period up to one year are absolute returns. Returns for a period greater than one year are CAGR returns.

Table 34: Performance across NSE sector indices based on Price Return Index

Indicator Name	May-26	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Auto	26,338	25,918	28,159	23,326	1.6	-6.5	-5.2	12.9	-6.6
Bank	54,239	54,863	60,529	55,750	-1.1	-10.4	-9.2	-2.7	-9.0
Energy	40,878	40,772	37,045	35,879	0.3	10.4	15.0	13.9	15.7
FMCG	49,383	51,072	51,142	55,283	-3.3	-3.4	-11.2	-10.7	-11.0
IT	29,080	29,354	30,604	37,322	-0.9	-5.0	-22.3	-22.1	-23.2
Infrastructure	9,353	9,419	9,533	8,970	-0.7	-1.9	-3.1	4.3	-2.7
Media	1,408	1,456	1,416	1,711	-3.3	-0.6	-4.1	-17.7	-2.5
Metals	13,441	12,833	12,241	9,193	4.7	9.8	30.6	46.2	20.4
Pharma	24,346	23,268	22,952	21,442	4.6	6.1	5.9	13.5	7.1
Real Estate	783	794	781	949	-1.4	0.3	-13.4	-17.6	-10.9

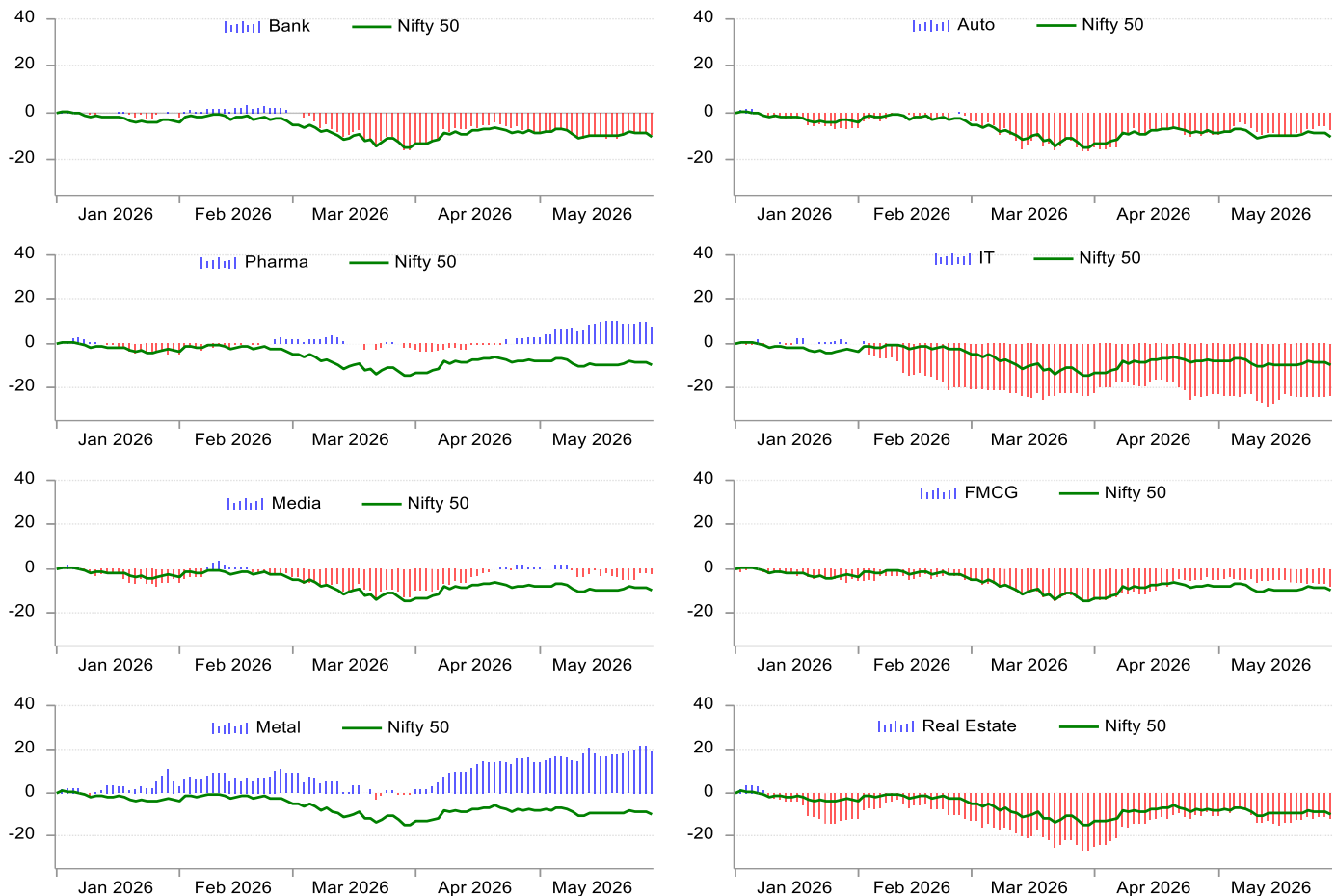
Source: Cogencis, NSE EPR.

Figure 122: NIFTY sector performance in May 2026

Rebased to 0 on May 1st, 2026


Source: LSEG Workspace, NSE EPR.

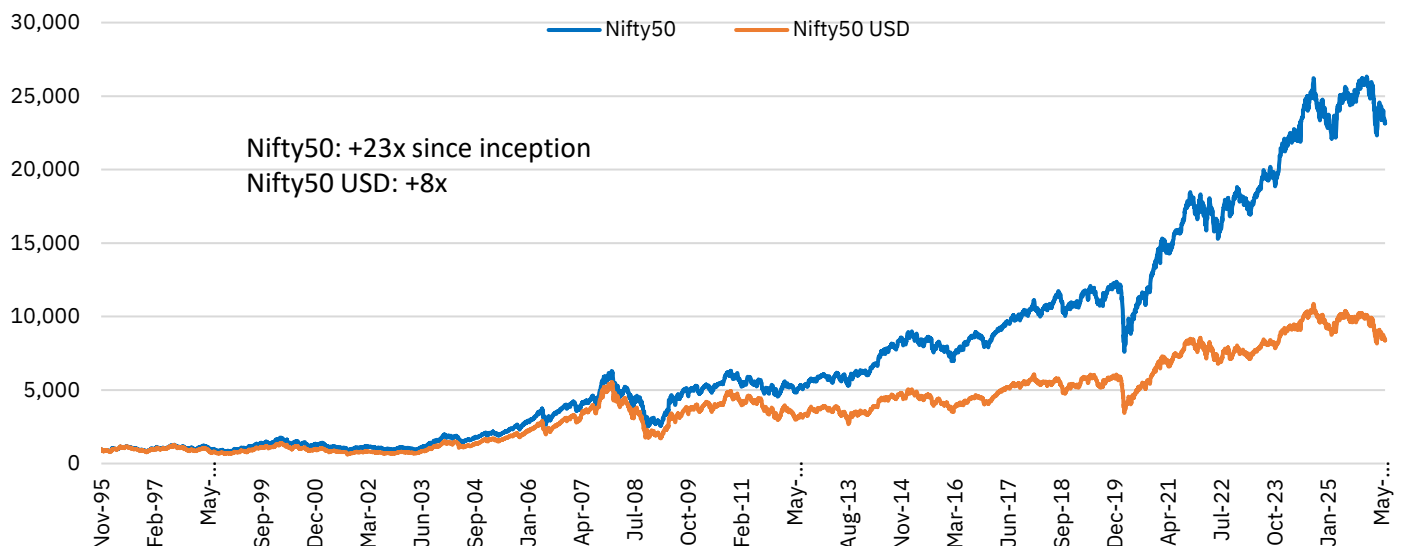
Figure 123: NIFTY sector performance in 2026 till date (Jan-May'26)

Rebased to 0 on January 1st, 2026


Source: LSEG Workspace, NSE EPR.

Figure 124: Nifty 50 and Nifty 50 USD since inception

Movement in Nifty50 and Nifty50 USD since inception

Rebased to 1000 on November 3rd, 1995


Source: Nifty Indices, NSE EPR.

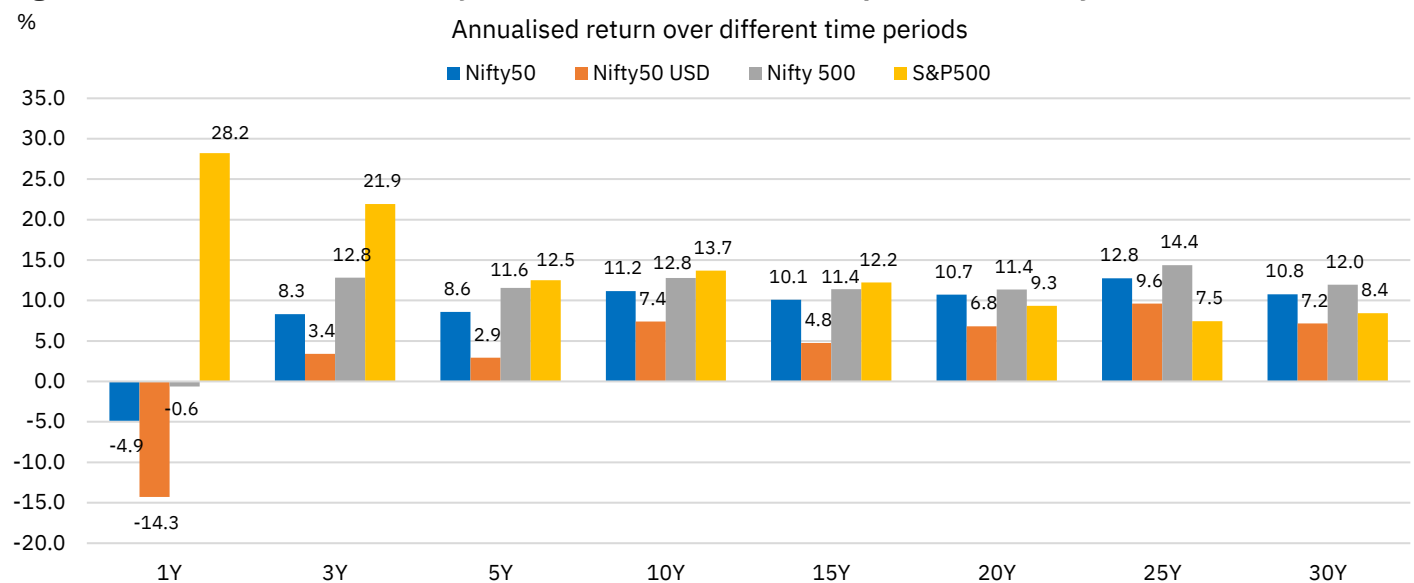
Launched on April 22nd, 1996, with November 3rd, 1995 as the base date, the Nifty 50 has become India's most widely tracked equity benchmark and an important measure of long-term wealth creation through listed equities. The index completed 30 years in April 2026. From its base value, it rose to a record high of 26,216 on September 26th, 2024—an increase of over 26 times, implying an annualised return of around 12%.

The more recent period has been considerably less benign. After ten consecutive years of positive annual returns, market performance turned uneven over the last 18 months, as investors had to contend with both global and domestic headwinds. Trade-related uncertainty, geopolitical tensions, including the Russia-Ukraine war and more recent developments in the Middle East, persistent FPI outflows, rupee depreciation and concerns around valuations weighed on risk appetite. Strong domestic institutional flows, however, remained a stabilising force, partly offsetting the impact of foreign selling.

Market weakness deepened in early 2026. The Nifty 50 declined for four successive months from December 2025 to March 2026, losing 14.8% over this period. This was followed by a sharp recovery in April, when the index gained 7.5%, its strongest monthly rise in 28 months, supported by better global cues, some easing of geopolitical concerns and continued domestic liquidity support. The rebound moderated thereafter. In May, the index fell 1.9%, as higher crude oil prices and renewed pressure on the rupee revived concerns around India's external position and inflation outlook. Performance in June has been range-bound so far, leaving the Nifty 50 down 9.6% in 2026 as of June 12th, 2026.

Notwithstanding the recent correction, the longer-term record remains strong. Even after subdued returns over the last two years, Indian equities continue to compare favourably with major global benchmarks over extended horizons. Over the past 25 years, the Nifty 50 has delivered annualised returns of 12.8% in rupee terms and 9.6% in US dollar terms, outperforming the S&P 500, MSCI World and MSCI Emerging Markets indices.

Figure 125: Annualised return of major indices across different time periods (As of May 31st, 2026)



Source: Nifty Indices, LSEG Workspace, NSE EPR.

Market growth and concentration

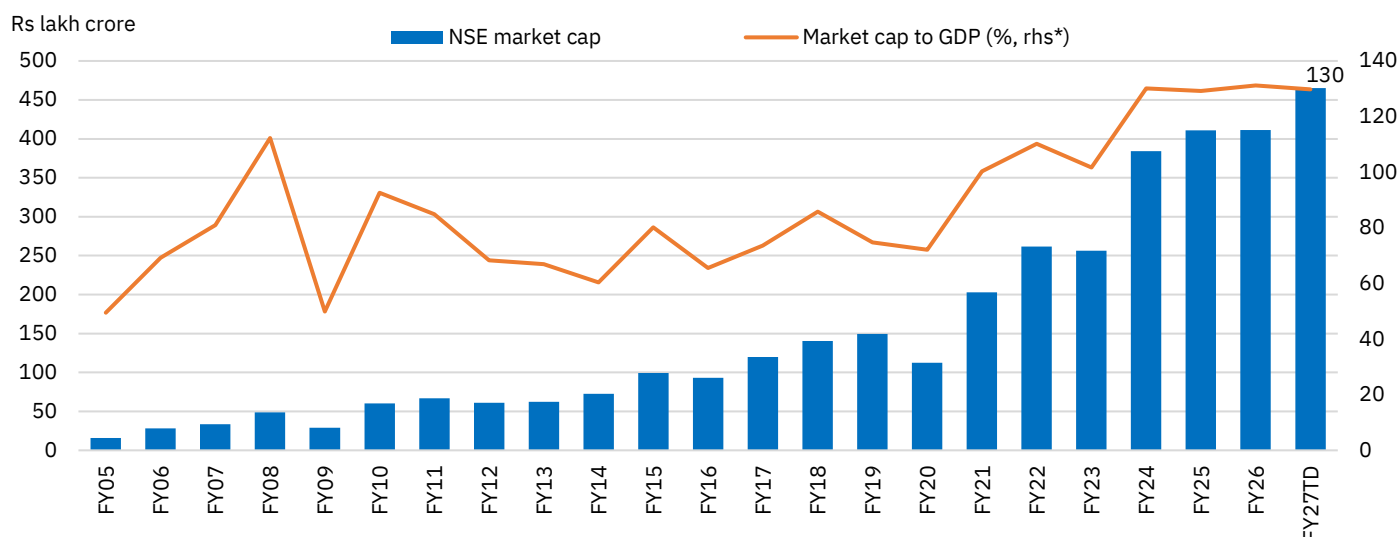
Market capitalisation of NSE listed companies remained broadly stable in May 2026:

After a 7.9% rise in 2025, marking its seventh straight year of gains, the aggregate market capitalisation of NSE-listed companies fell by 13.2% in Q1 2026. April saw a strong recovery, with market capitalisation rising 12.6%, but the momentum slowed in May amid renewed volatility. From end-April levels, total market capitalisation edged up by 0.4% in rupee terms, suggesting some consolidation after the sharp rebound. In US dollar terms, however, it fell by 0.7%, as rupee depreciation weighed on the overall market value.

Across market segments, the decline in the aggregate market capitalisation of Nifty 50 companies was more than offset by gains in the rest of the listed universe, led by the next 50 large-cap and mid-cap companies. The market capitalisation of Nifty 50 companies fell 2.1% MoM to Rs 191.5 lakh crore in May, after an 8.5% rise in April, taking the cumulative decline in 2026 so far to 7.9%. As a result, the Nifty 50's share in total listed market capitalisation declined to a multi-year low of 41.1% by May 2026, down 2.8 pp since the beginning of the year. In contrast, the Nifty Next 50 continued to gain ground, with aggregate market capitalisation rising 2.5% MoM to Rs 74.9 lakh crore, following a strong 13.8% increase in the previous month. This took its CYTD gain to 2.4%. Broader market segments also remained resilient, with market capitalisation rising 2.3% MoM in mid-caps, 0.8% in small-caps and 3.0% in micro-caps. On a CYTD basis, these segments were up 9.3%, 9.0% and 12.4%, respectively. This reflected continued rotation away from the largest index constituents towards segments that had corrected more sharply earlier, even as headline index performance remained under pressure.

The recent market correction does not materially alter the broader long-term trend. Over the last 20 years, the aggregate market capitalisation of NSE-listed companies has grown at a CAGR of 15.5% in rupee terms and 11.4% in US dollar terms. Based on a rolling three-month average, listed market capitalisation is now close to 130% of GDP under the new 2022–23 GDP series, compared with around 60% in March 2014. This expansion goes beyond price appreciation alone. It points to the growing depth of India's equity markets, reflected in a wider listed universe, rising household ownership, and the increasing importance of capital markets in channelling savings into productive capital formation.

Figure 126: Market cap to GDP ratio trend (NSE listed companies)

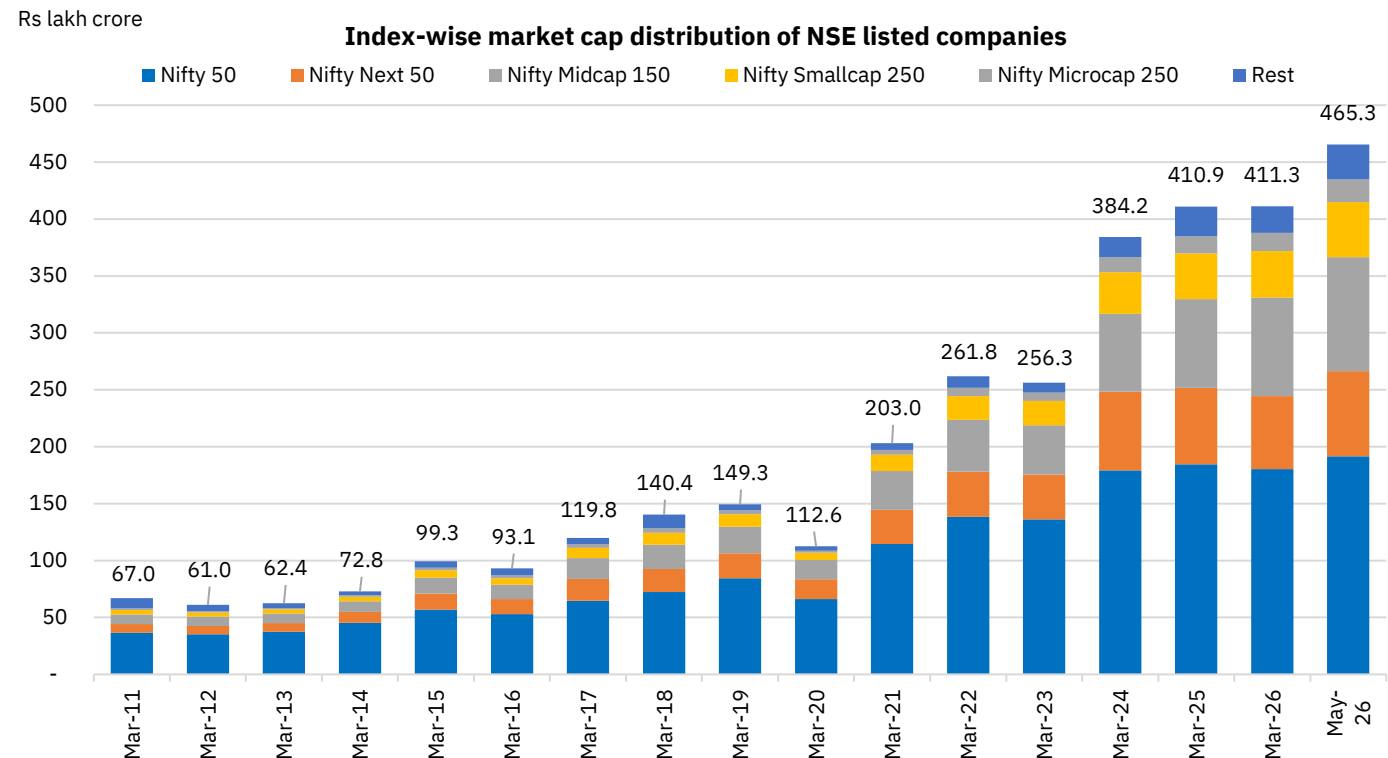


Source: CMIE Economic Outlook, NSE EPR. # As of May 31st, 2026. * Based on average market cap over the last three months of the period and actual nominal GDP for the last four quarters. GDP data from FY23 onwards is based on the base year 2022-23.

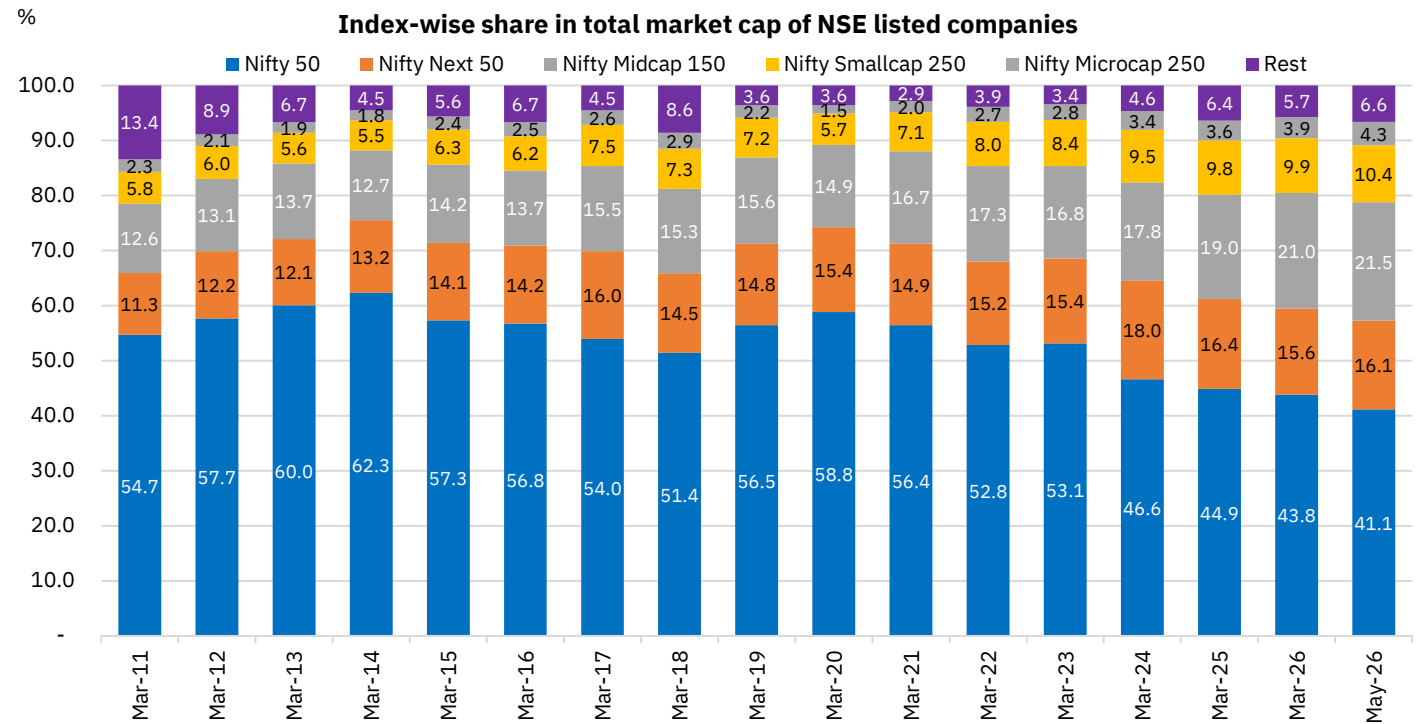
Nifty 50 share fell further as broader market segments gained ground: The share of Nifty 50 companies in the total market capitalisation of NSE-listed companies declined further in May 2026, extending the sharp fall seen in April. After staying within a narrow range of 43.6–44.1% over the previous five months, the Nifty 50's share fell by 1.7 pp MoM to 42.2% in April and by another 1.0 pp MoM to 41.1% in May, marking a multi-year low. By contrast, the shares of the Nifty Next 50 and Nifty Midcap 150 rose by 33 bps and 39 bps MoM to 16.1% and 21.5%, respectively, with the latter reaching a multi-year high. The Nifty Smallcap 250's share also increased modestly by 4 bps MoM to 10.4%. This indicates continued rotation towards the broader market, supported by improved risk appetite and relatively more reasonable valuations in segments that had corrected more sharply earlier.

The longer-term trend also points to a steady reduction in the dominance of the largest companies. The Nifty 50's share in total market capitalisation has fallen from 62.3% in FY14 to 41.1% currently, even as the listed universe has expanded sharply from 422 companies in FY96 to 2,986 by April 2026. This reflects both greater listing depth and stronger relative performance outside the largest index constituents. Over the past five years, the Nifty Midcap 150 and Nifty Smallcap 250 have delivered CAGRs of 19.2% and 18.1%, respectively, compared with 10.4% for the Nifty 50. The gradual broadening of market capitalisation beyond the top 50 companies points to a deeper and more diversified equity market, with mid- and small-cap companies playing a larger role in market breadth and long-term return generation.

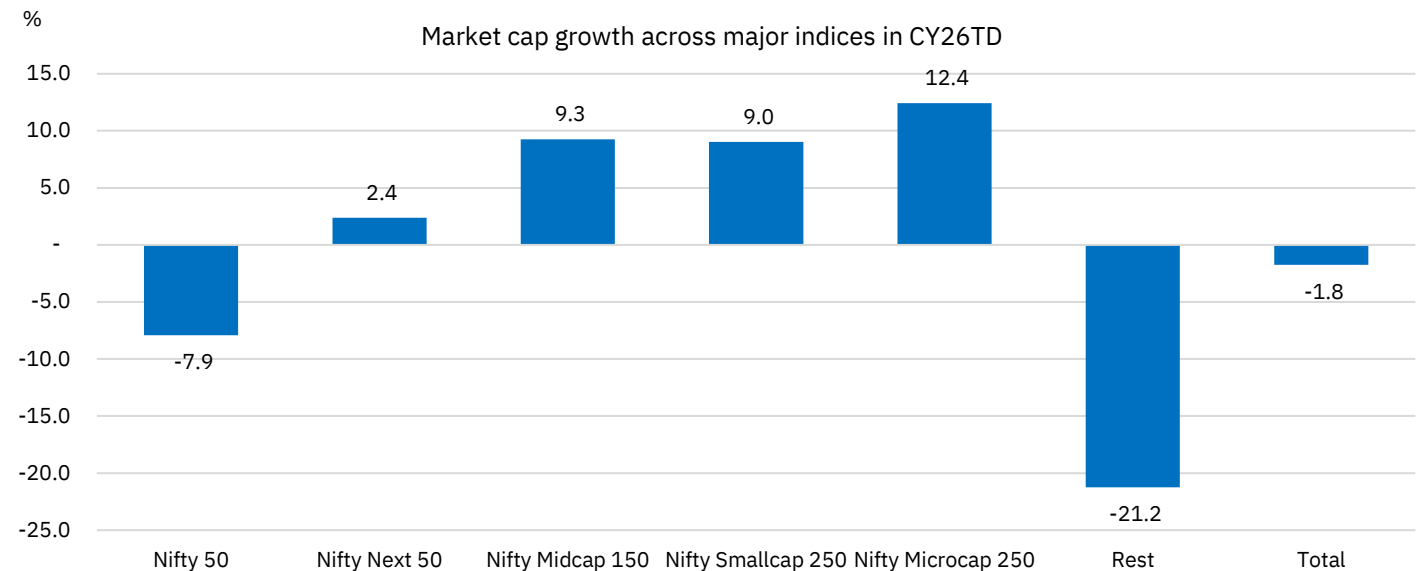
Figure 127: Index-wise distribution of total market cap of NSE listed companies (Rs lakh crore)



Source: Nifty Indices, NSE EPR.

Figure 128: Index-wise share in total market cap of NSE listed companies


Source: Nifty Indices, NSE EPR.

Figure 129: Index-wise drop in aggregate market capitalisation in CY26TD (Jan-May 2026)


Source: Nifty Indices, NSE EPR.

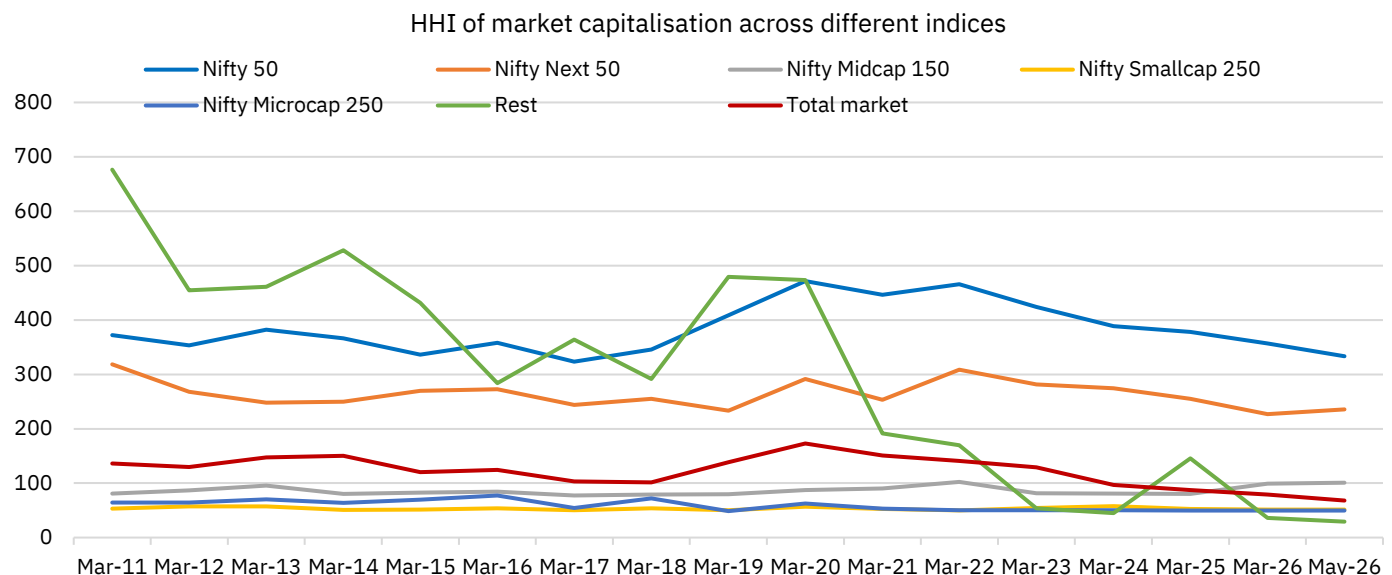
Market concentration declined further in May 2026: Market concentration, measured through the Herfindahl–Hirschman Index (HHI) based on market capitalisation, continued to ease in May, indicating a further broadening of India's equity market. Concentration had risen sharply to an 11-year high of 173 in March 2020, as the pandemic shock triggered a pronounced shift towards large-cap stocks. Since then, the aggregate HHI has moderated steadily, reflecting a wider distribution of market capitalisation across companies and segments. As of May 2026, the HHI for the full universe of NSE-

listed companies stood at a multi-year low of 68, down from 73 in the previous month and 84 a year earlier.

Within the top 750 companies, concentration remained highest in the Nifty 50, although the trend has also been one of gradual moderation. The Nifty 50 HHI declined to 334 in May 2026, from 349 in April and 378 a year earlier, and remained well below its March 2009 peak of 476. The Nifty Next 50, however, saw a modest rise in concentration, with its HHI increasing to 236 from 227 in January 2026, even as the broader 12-month trend remained downward. Concentration in the mid-, small- and micro-cap segments remained significantly lower, with HHIs of 101, 51 and 50, respectively.

Overall, the continued decline in aggregate market concentration points to a structurally broader equity market, supported by the growing market-cap contribution of companies beyond the largest index constituents.

Figure 130: Index-wise share in total market cap of NSE listed companies



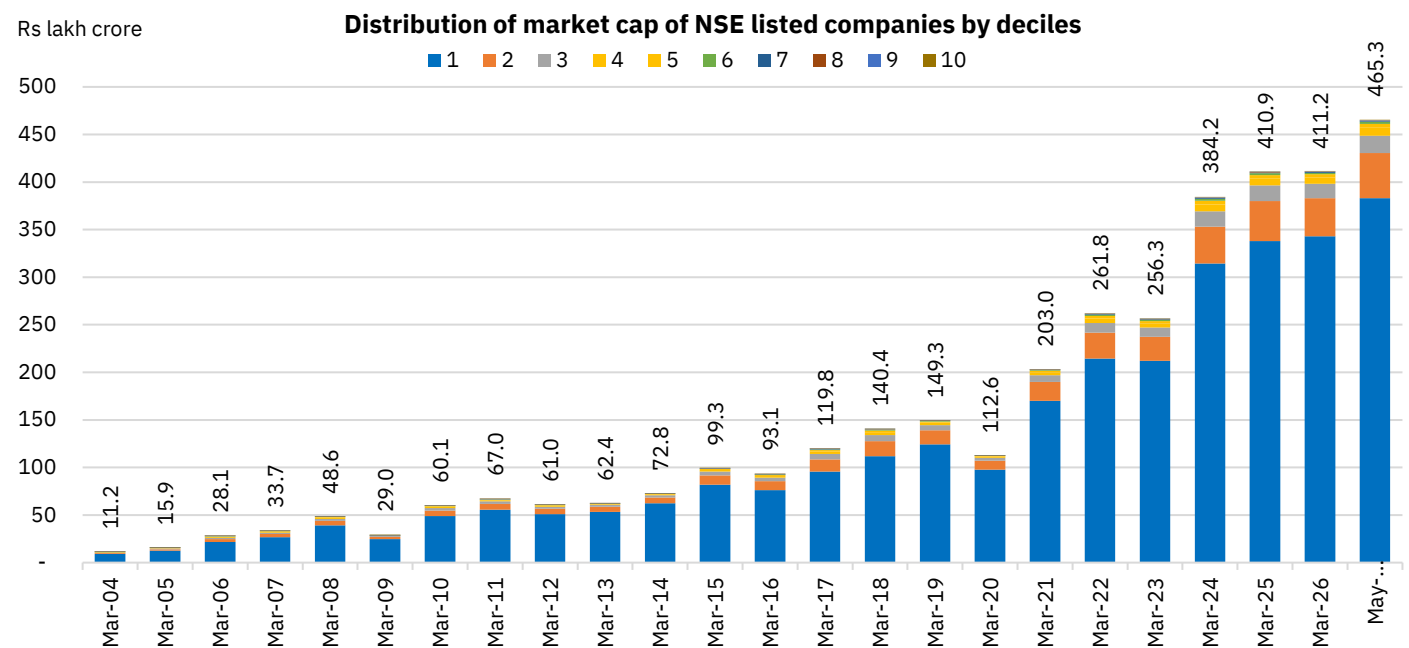
Source: Nifty Indices, NSE EPR.

Decile-wise distribution of total market cap: A decile-wise analysis of market cap across the NSE-listed universe suggests that concentration in large-cap stocks rose sharply during the pandemic, before easing as participation broadened across the market. The share of the top decile reached a record 86.8% in FY20, while the top two deciles together accounted for more than 95% of total market capitalisation, reflecting a pronounced flight to established names during a period of exceptional uncertainty.

This concentration moderated thereafter. The share of the top decile declined to 81.8% by March 2024 and further to a six-year low of 80.1% in December 2024, before rising again to 83.4% by March 2026 as investors rotated back towards larger and relatively more resilient companies amid trade-related uncertainty and geopolitical tensions. The last two months, however, saw some return of risk appetite, supported by signs of easing geopolitical concerns, attractive valuations and sustained domestic buying. Consequently, the share of top-decile stocks, comprising about 294 companies, in total market capitalisation fell by 20bps MoM to a seven-month low of 82.3%.

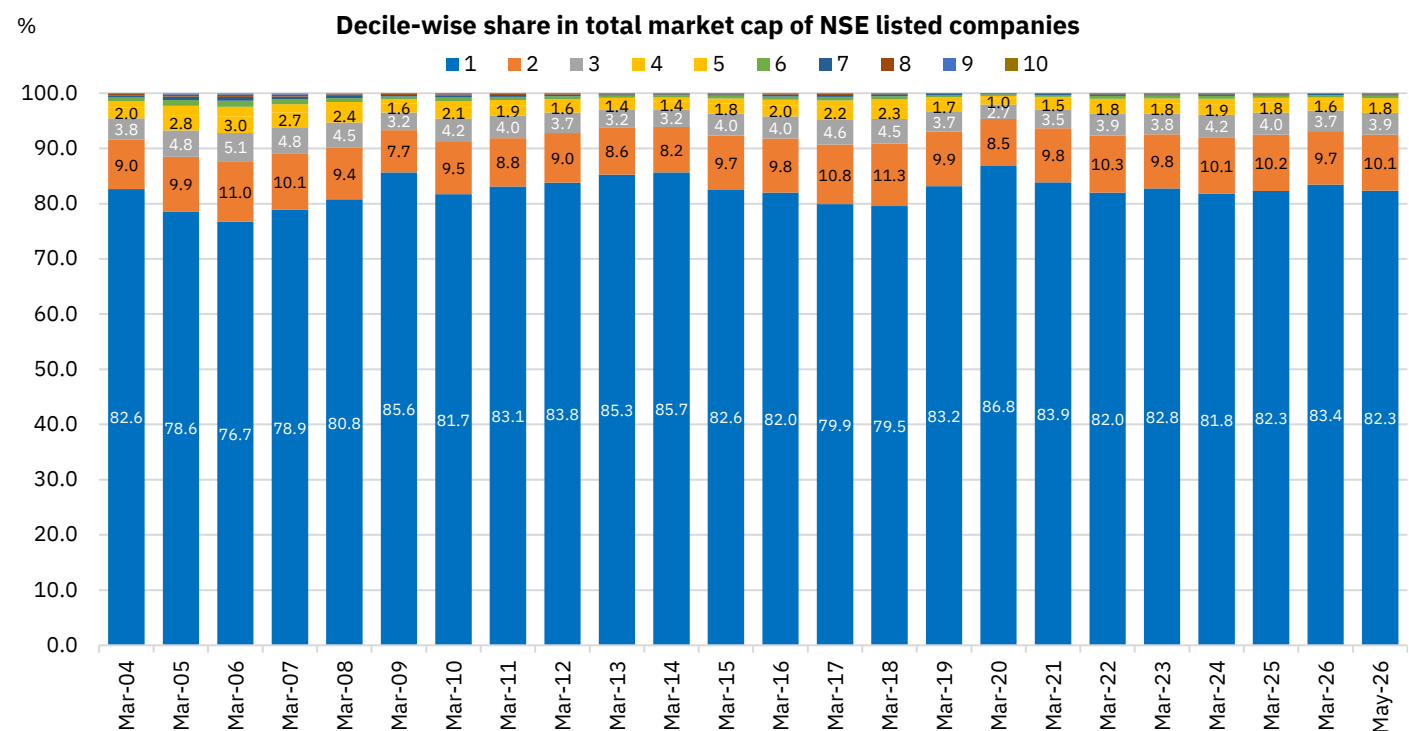
At the lower end, the bottom five deciles accounted for 0.9% of total market capitalisation in March 2026, steady MoM and nearly double the post-pandemic low of 0.47%. Overall, the pattern suggests that while episodes of uncertainty continue to trigger a short-term preference for safety, the market structure remains meaningfully more diversified than at the height of the pandemic, with mid- and small-cap segments retaining a stronger presence in the aggregate market-cap mix.

Figure 131: Decile-wise distribution of total market cap of NSE listed companies



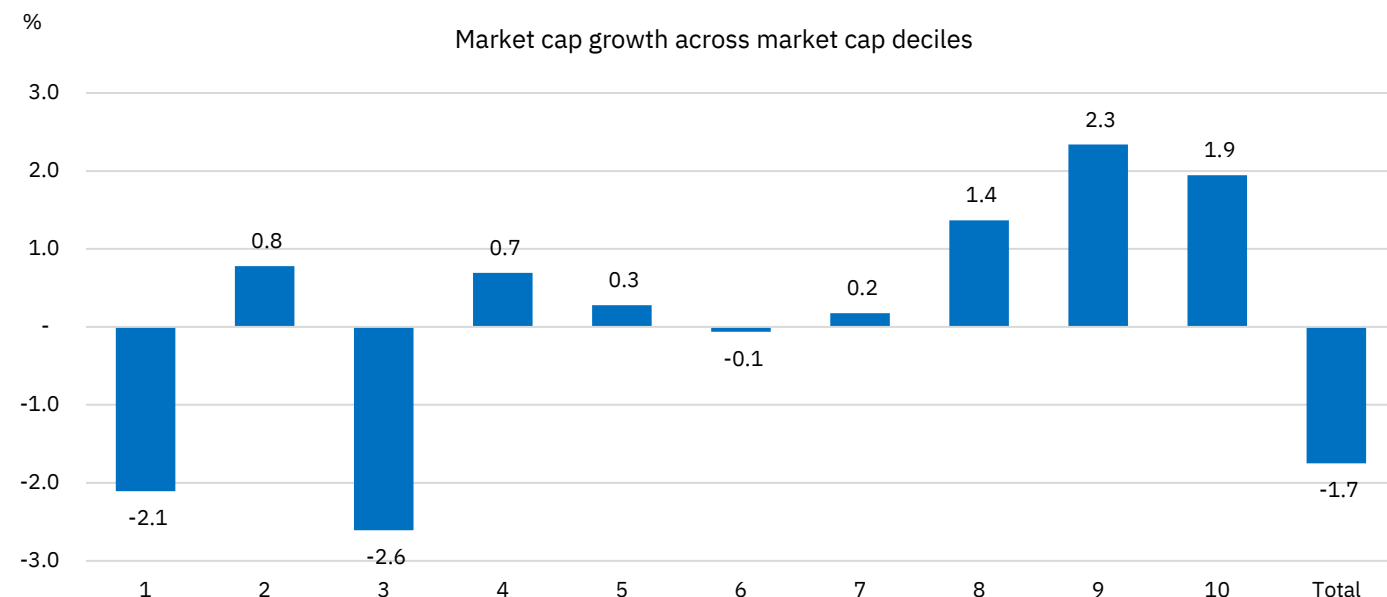
Source: NSE EPR.

Figure 132: Decile-wise share of total market cap of NSE listed companies



Source: NSE EPR.

Figure 133: Decile-wise change in aggregate market capitalisation in CYTD (Jan-May 2026)



Source: NSE EPR.

Nifty50 performance attribution analysis

Indian equities witnessed renewed weakness in May: After four consecutive months of losses, Indian equities rebounded strongly in April, but the recovery proved short-lived. The Nifty 50 declined by 1.9% in May, after rising 7.5% in April—its strongest monthly gain in 28 months. The Nifty 50 USD Index fell slightly more, by 2.0%, reflecting the impact of 0.7% rupee depreciation during the month. Broader markets, however, held up better. The Nifty Midcap 150 and Nifty Smallcap 200 rose by 2.6% and 1.6%, respectively, as investors continued to add exposure to segments that had seen a sharper correction earlier.

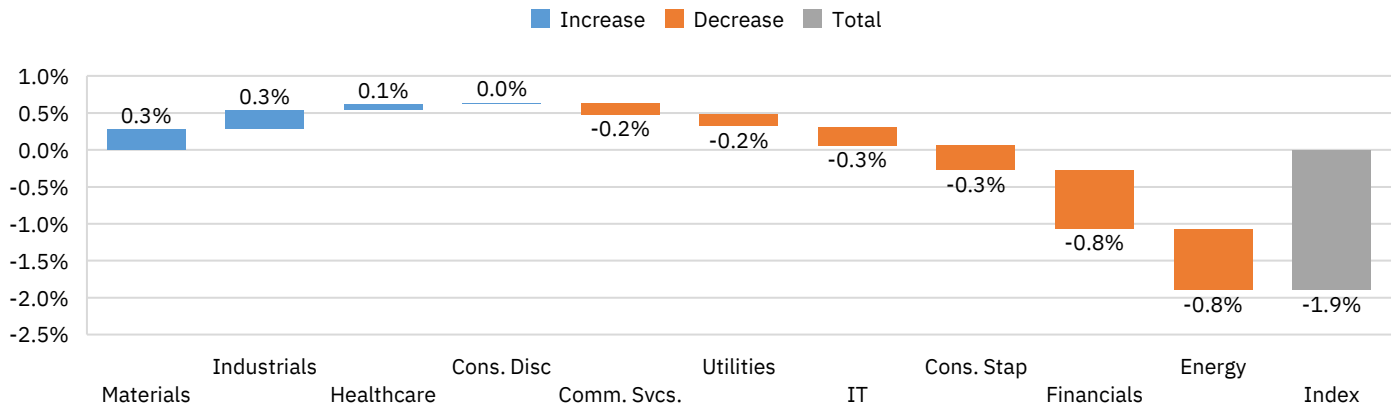
The renewed weakness was driven by more specific external pressures. Higher crude prices on account of West Asia tensions revived concerns around India's import bill and inflation outlook, while renewed rupee pressure weighed on dollar returns. FPI selling continued for the third consecutive month in May and intensified further in June, reflecting weaker appetite for India and EM assets more broadly amid higher energy prices, rupee depreciation and higher-for-longer US rates, with expectations of Fed rate cuts fading. Since the beginning of March 2026, FPIs have pulled out net investments worth US\$29.2bn, as of June 12th, 2026.

Domestic institutional flows, however, continued to provide an important cushion. Equity mutual fund inflows remained positive, though with some sequential moderation, at Rs 22,908 crore in May—marking the 63rd consecutive month of inflows into equity-oriented schemes. SIP contributions also eased for the second consecutive month, but remained above Rs 30,000 crore at Rs 30,954 crore.

Over the 12 months to May 2026, the Nifty 50 declined by 4.9%. Sector performance was uneven, with losses in Financials, Information Technology and Consumer Staples more than offsetting gains in Industrials, Materials, Healthcare and Communication Services.

Figure 134: Sector-wise contribution to Nifty 50 price return in May 2026

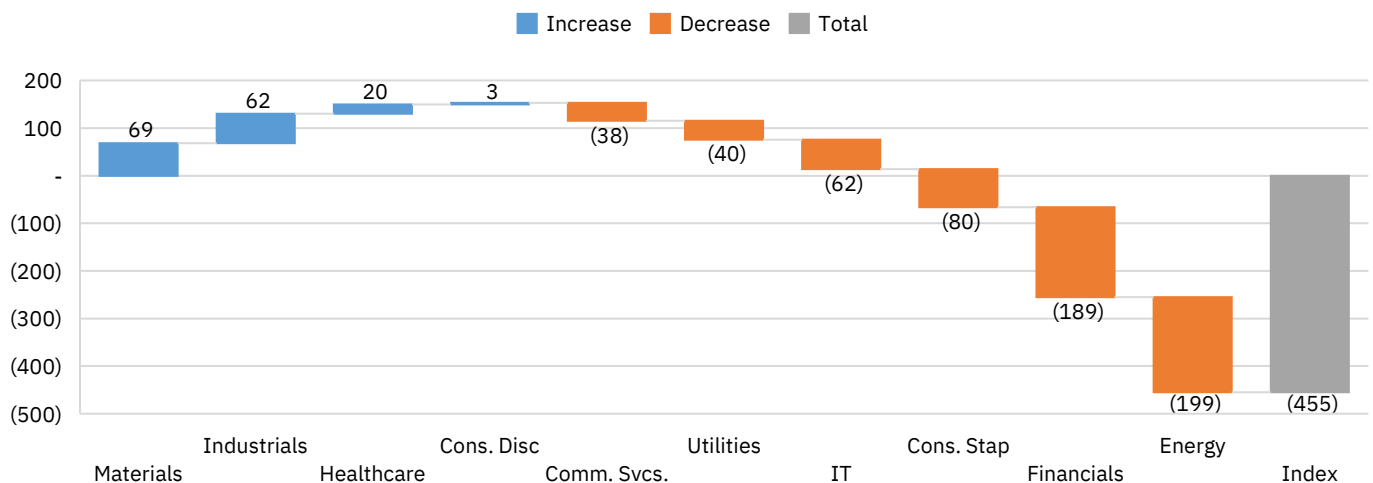
Contribution to Nifty50 Index percentage change (May 2026)



Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 135: Sector-wise contribution to Nifty 50 Index change (points) in May 2026

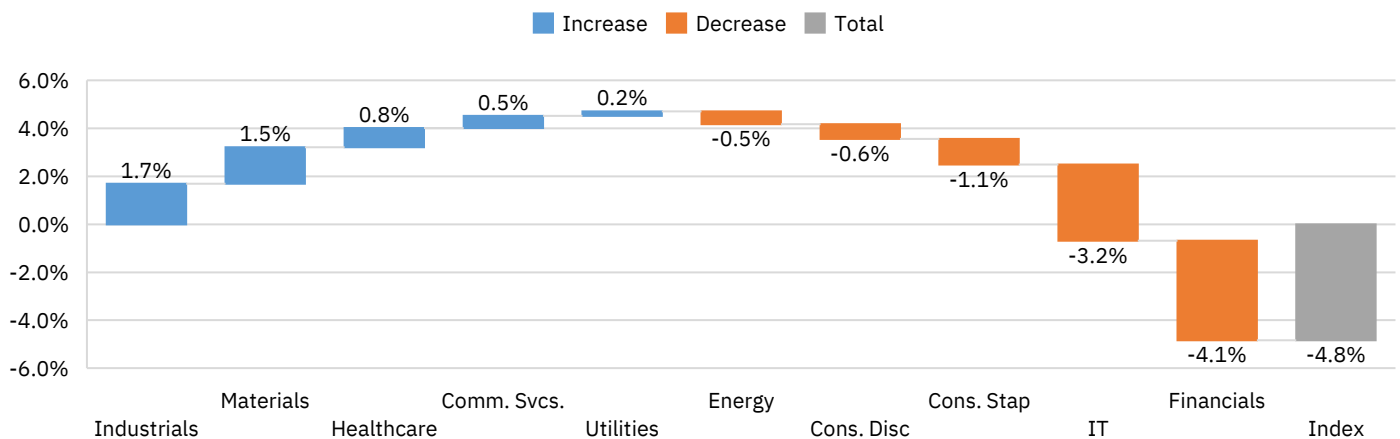
Contribution to absolute Nifty50 Index change (May 2026)



Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 136: Sector-wise contribution to Nifty 50 price return in the last 12 months

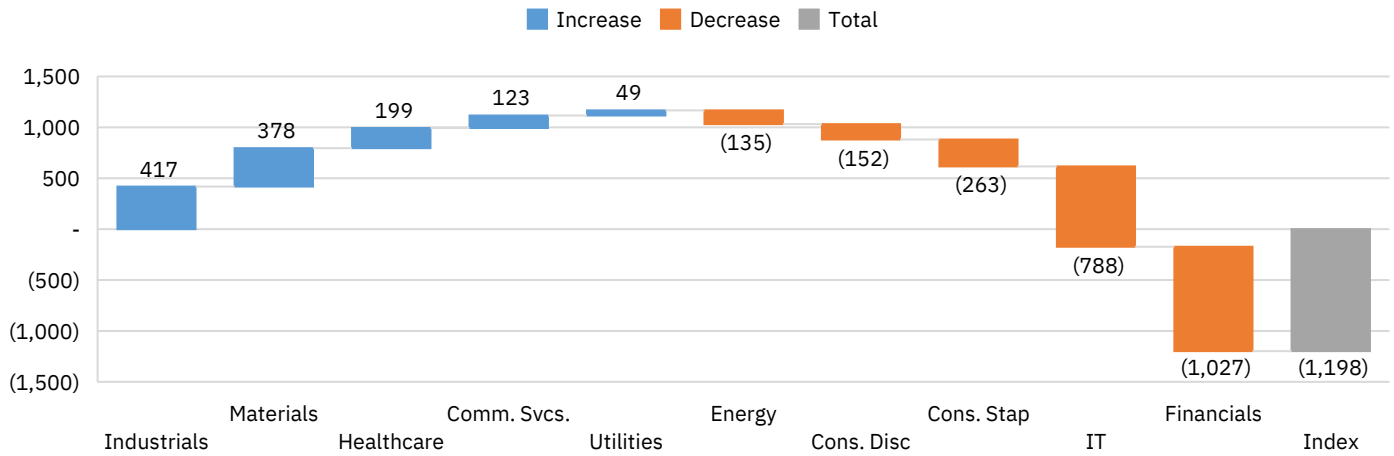
Contribution to Nifty50 Index percentage change (One-year)



Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 137: Sector-wise contribution to Nifty 50 Index change (points) in the last 12 months

Contribution to absolute Nifty50 Index change (One-year)

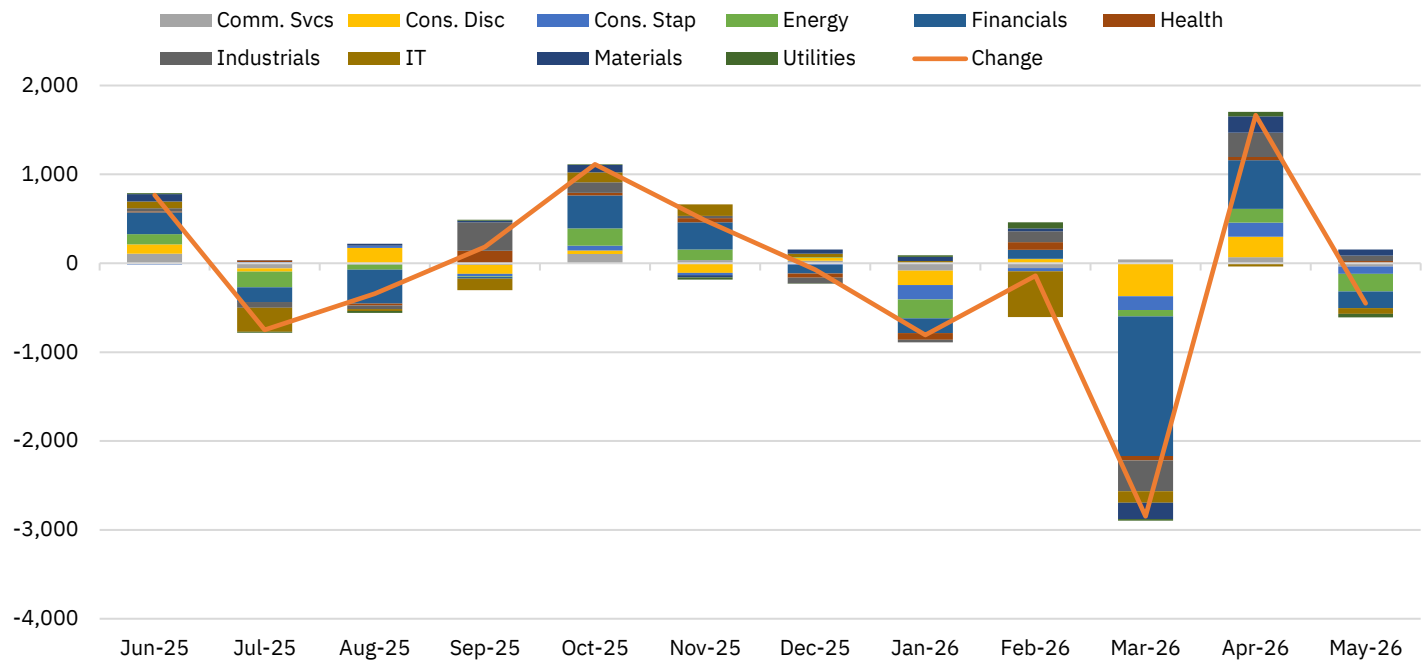


Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

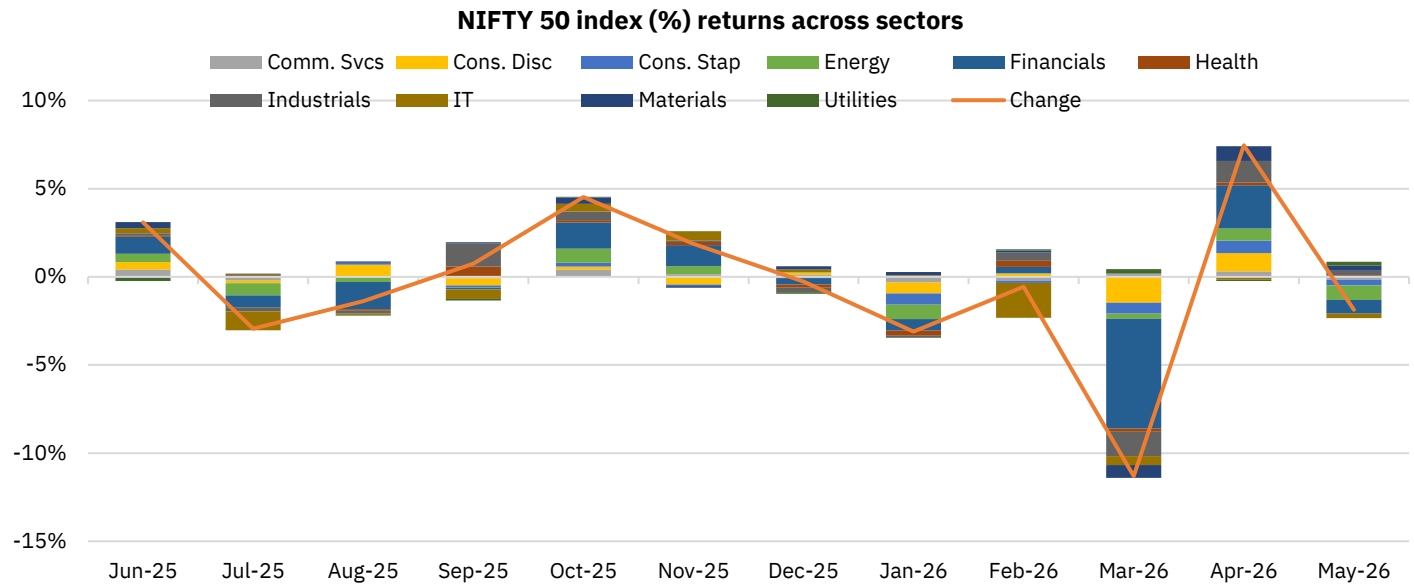
Figure 138: Nifty 50 Index monthly movement across sectors over the last 12 months

Index points

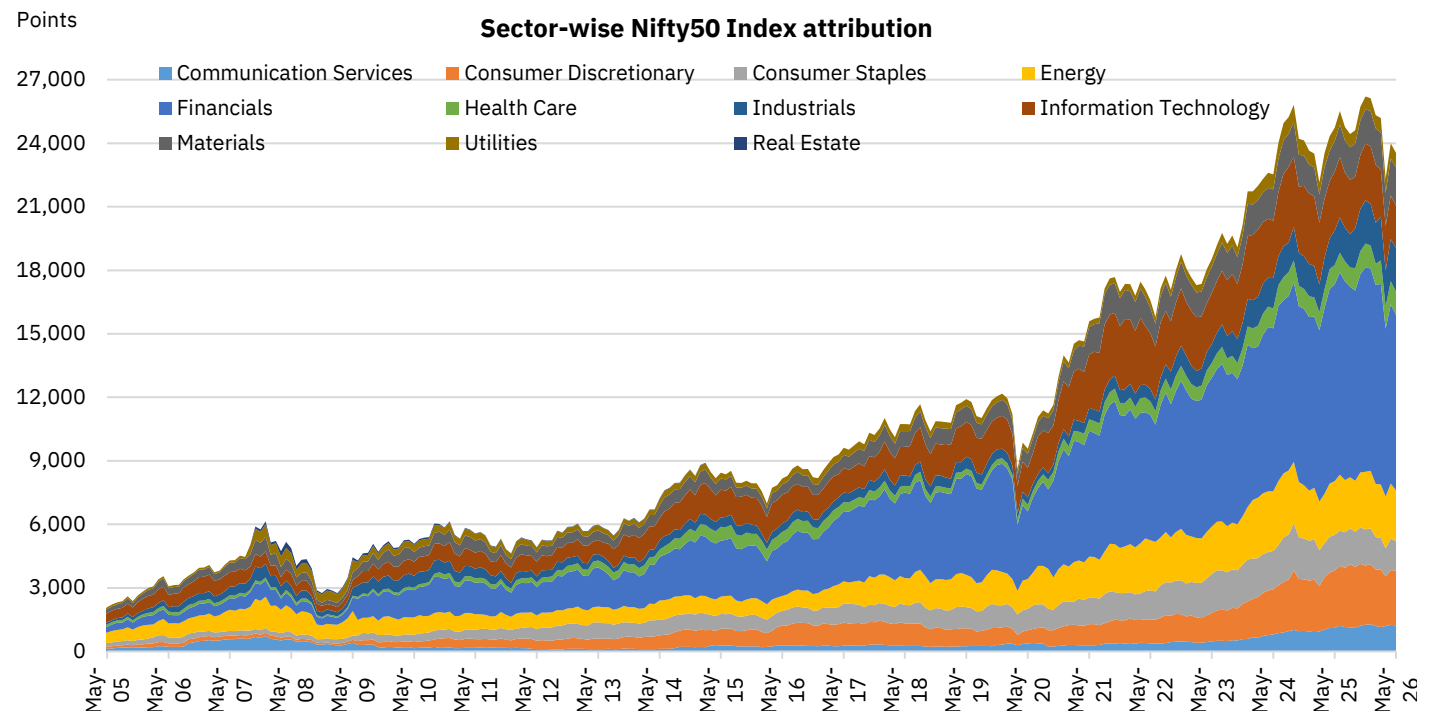
NIFTY 50 index movement across sectors



Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 139: Nifty 50 Index monthly return across sectors over the last 12 months


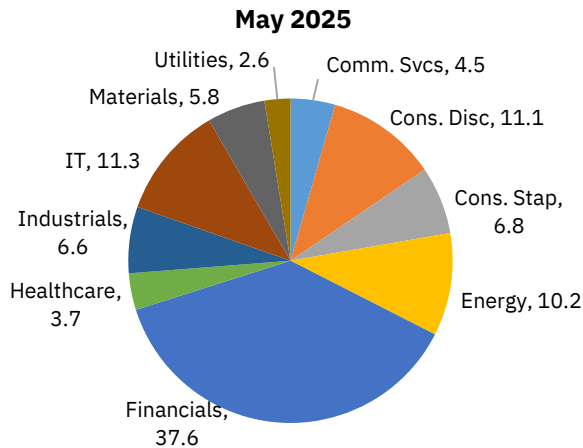
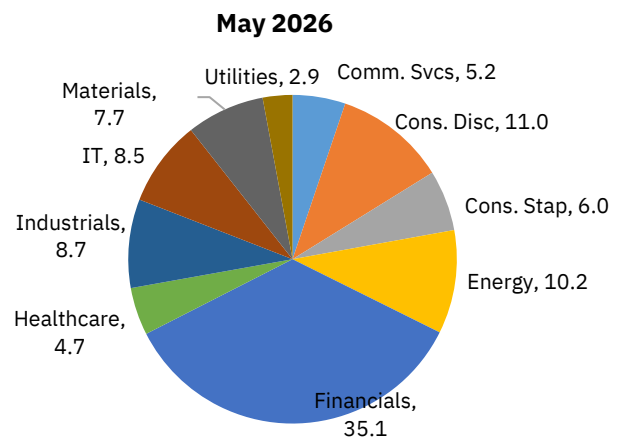
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 140: Sector-wise Nifty50 Index attribution (2005-)


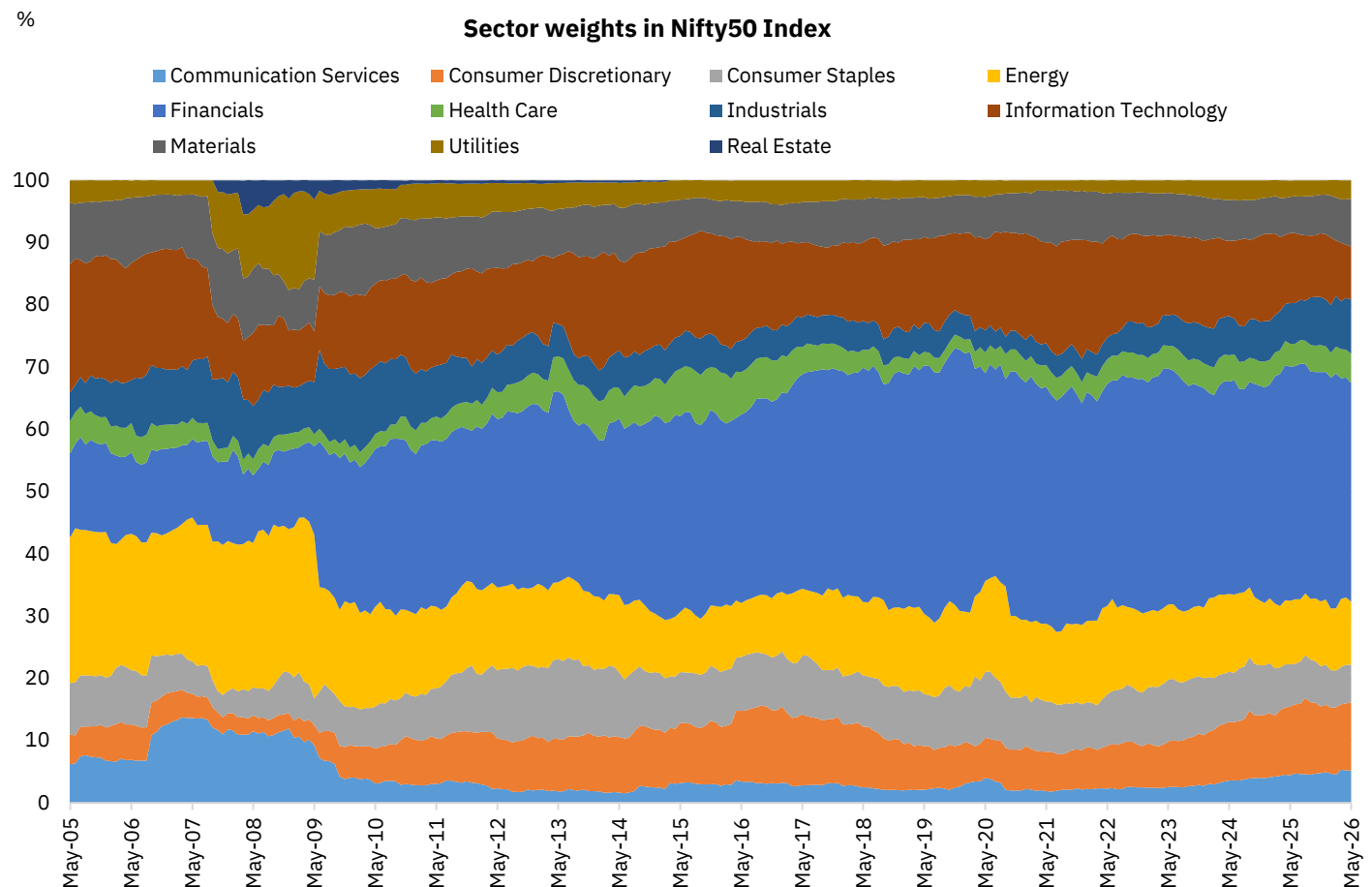
Source: LSEG Workspace, CMIE Prowess, NSE EPR.

The relative outperformance of Industrials, Materials and Consumer Discretionary in May 2026 led to an increase in their weights in the Nifty 50. Materials' weight rose by 43 bps MoM to 7.7%, its highest level in over four years, while Industrials gained 42 bps to 8.7%, the highest in over 15 years. Consumer Discretionary also saw its weight increase by 22 bps to a seven-month high of 11.0%. These gains came largely at the expense of Energy and Consumer Staples, whose weights declined by 64 bps and 22 bps MoM to 10.2% and 6.0%, respectively. Financials, Information Technology and Utilities also recorded modest declines in their index weights during the month.

Over the last 12 months, Industrials has seen the largest increase in Nifty 50 weight, rising by 211 bps, followed by Materials at 190 bps, Healthcare at 103 bps to 4.7%, and Communication Services at 75 bps to 5.2%. These increases have been offset mainly by sharp declines in Information Technology and Financials, whose weights fell by 277 bps and 244 bps to 8.5% and 35.1%, respectively. Consumer Staples also saw its weight decline by 77 bps over the same period.

Figure 141: Nifty 50 sector weightage (May 2025)

Figure 142: Nifty 50 sector weightage (May 2026)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Figure 143: Sector weights in the Nifty 50 Index (2005-)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 35: Top five Nifty 50 Index gainers in May 2026

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Adani Enterprises Ltd.	ADANIENT	22.0	0.1	32
Hindalco Industries Ltd.	HINDALCO	8.5	0.1	27
Grasim Industries Ltd.	GRASIM	11.7	0.1	26
Asian Paints Ltd.	ASIANPAINT	9.3	0.1	24
Adani Ports & Special Economic Zone Ltd.	ADANIPORTS	8.9	0.1	23
Total			0.6	133
Nifty 50 Index	NIFTY 50	-1.9	-1.9	-450

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 36: Top five Nifty 50 Index gainers in the last 12 months

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
State Bank Of India	SBIN	18.7	0.7	183
Hindalco Industries Ltd.	HINDALCO	77.9	0.6	153
Shriram Finance Ltd.	SHRIRAMFIN	48.1	0.4	92
Larsen & Toubro Ltd.	LT	10.9	0.4	90
Tata Steel Ltd.	TATASTEEL	29.2	0.3	80
Total			2.4	597
Nifty 50 Index	NIFTY 50	-4.9	-4.9	-1,203

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 37: Top five Nifty 50 Index losers in May 2026

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Reliance Industries Ltd.	RELIANCE	-7.7	-0.7	-160
State Bank Of India	SBIN	-9.7	-0.4	-93
H D F C Bank Ltd.	HDFCBANK	-3.5	-0.4	-88
I T C Ltd.	ITC	-8.9	-0.2	-60
Tata Consultancy Services Ltd.	TCS	-8.7	-0.2	-48
Total			-1.9	-449
Nifty 50 Index	NIFTY 50	-1.9	-1.9	-450

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 38: Top five Nifty 50 Index losers in the last 12 months

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
H D F C Bank Ltd.	HDFCBANK	-23.2	-3.2	-783
Infosys Ltd.	INFY	-25.7	-1.4	-355
I C I C I Bank Ltd.	ICICIBANK	-13.1	-1.2	-296
Tata Consultancy Services Ltd.	TCS	-33.8	-1.1	-278
I T C Ltd.	ITC	-31.4	-1.0	-259
Total			-8.0	-1,970
Nifty 50 Index	NIFTY 50	-4.9	-4.9	-1,203

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Valuation analysis

Market valuations eased in May...: After a sharp rise in October 2025, market valuations moderated steadily, with the correction extending into early 2026. The decline became more pronounced in March, reflecting a broad-based equity sell-off, before valuations recovered partly in April as Indian equities rebounded on improved global risk appetite, some easing of geopolitical concerns and continued domestic buying.

Valuations eased again in May and further in June so far, as market weakness resumed amid sustained FPI selling. As of June 12, 2026, the Nifty 50 was trading at a 12-month forward P/E of 19.0x, down from nearly 20x at April-end. This represents a 12% premium to its long-term average multiple, while remaining 8.1% below the level corresponding to one standard deviation above the historical mean.

On a forward P/B basis, the index traded at 2.8x, compared with its long-term average of 2.6x. Overall, valuations have eased after the brief April rebound, reflecting renewed pressure on Indian equities.

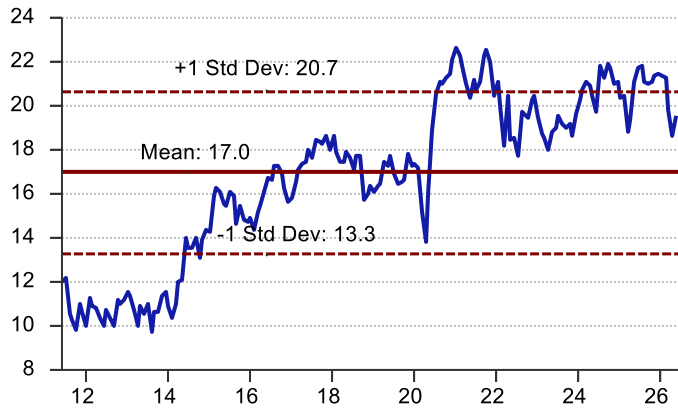
...Accompanied with contraction of valuation premium to EM equities: Indian equities have generally commanded a valuation premium over broader emerging markets, supported by India's stronger macro backdrop, higher growth visibility and deeper domestic investor base. This premium, however, has moderated meaningfully from the elevated levels seen in 2024 and early 2025. After narrowing sharply by mid-March 2025 on relative underperformance, the premium recovered briefly in April, before being compressed again as key EM peers such as Taiwan, China and Korea outperformed. By mid-October, India's forward P/E premium had moved close to its long-term average of around 57%.

The premium widened again over the next two months as Indian equities outperformed EM peers, eased in January, recovered over the subsequent three months, and then corrected sharply in May. On a 12-month forward P/E basis, MSCI India now trades at a 64% premium to EM peers, down from 78% at April-end. This is well below the 2025 peak of 91% and the September 2024 high of 110%, and only 7 pp above the 15-year average.

The adjustment has been sharper on a forward P/B basis. India's premium has fallen from 128% in April 2025 to 30% currently, well below the long-term average of 87% and also below the level corresponding to one standard deviation below the historical mean of 61%. Overall, India continues to trade at a premium to EM peers, but the excess valuation has normalised substantially, particularly on book-value-based metrics.

Figure 144: Nifty 50 NTM P/E trend for last 15 years

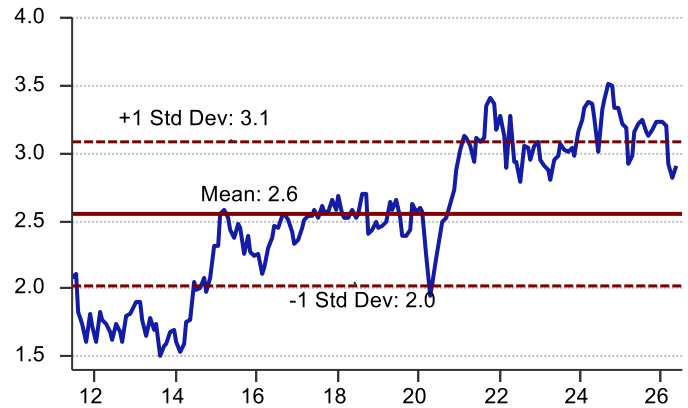
Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 145: Nifty 50 NTM P/B trend for last 15 years

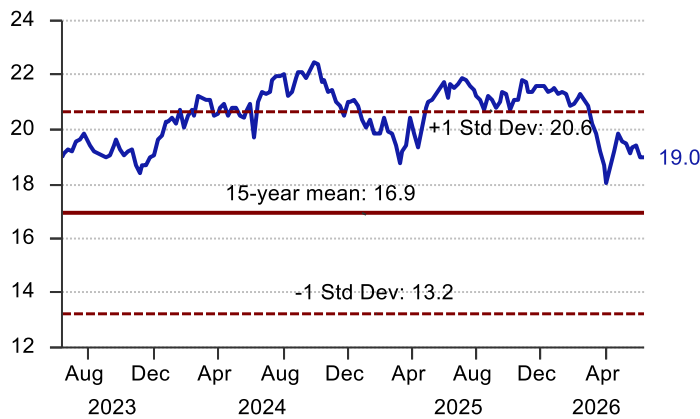
Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 146: Nifty 50 NTM P/E (Last three-year trend)

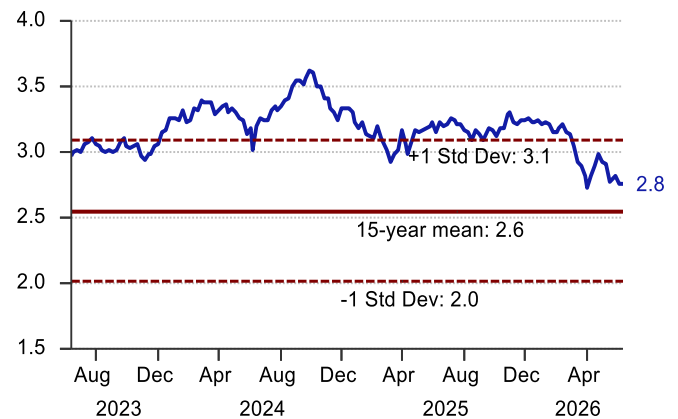
Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 147: Nifty 50 NTM P/B (Last three-year trend)

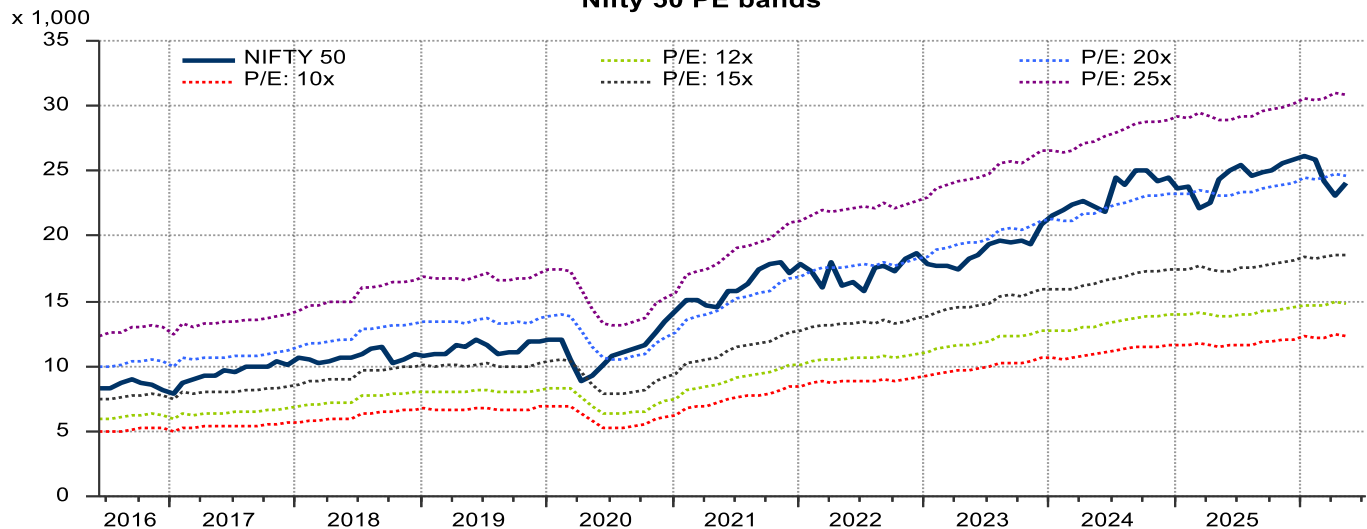
Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 148: Five-year trend of Nifty 50 values at different 12-month forward P/E bands

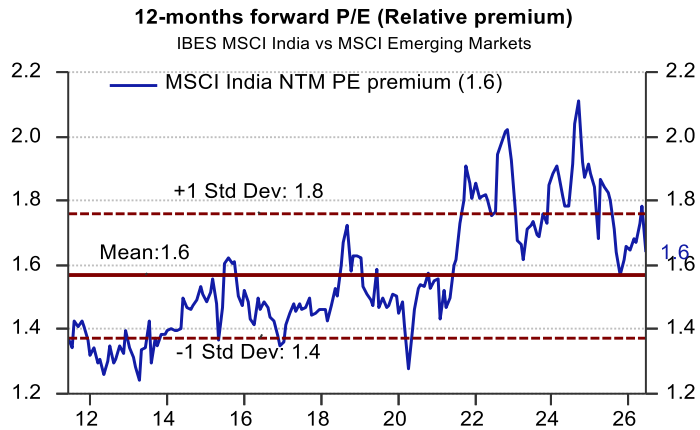
Nifty 50 PE bands



Source: LSEG Workspace, NSE EPR

Figure 149: NTM P/E of MSCI India vs. MSCI EM (15-year trend)

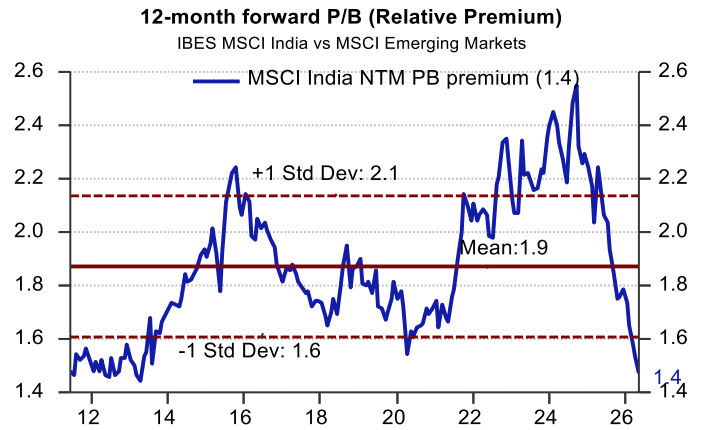
MSCI India currently trades at a premium of 64% to MSCI EM on 12-month forward P/E, falling sharply over the last month, and much lower than 111% in Sep'24.



Source: LSEG Workspace, NSE EPR

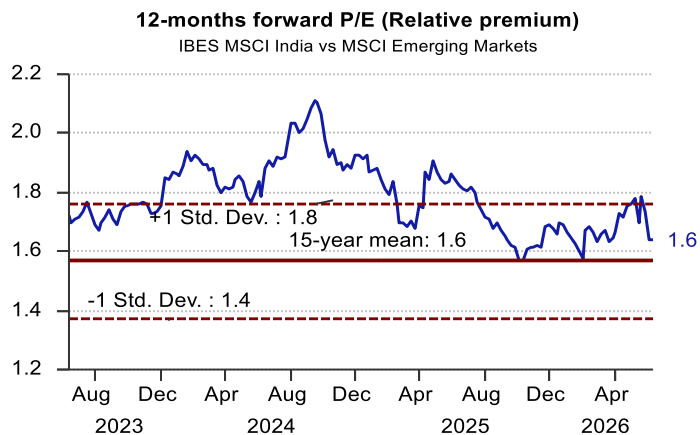
Figure 150: NTM P/B of MSCI India vs. MSCI EM (15-year trend)

On 12m forward P/B, India's valuation premium to MSCI EM has declined further from 128% in April'25 to 30% currently, much below the long-term average of 87%.



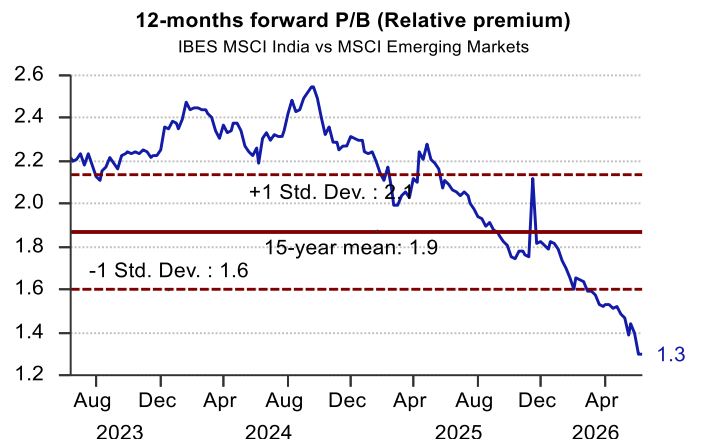
Source: LSEG Workspace, NSE EPR

Figure 151: NTM P/E of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR.

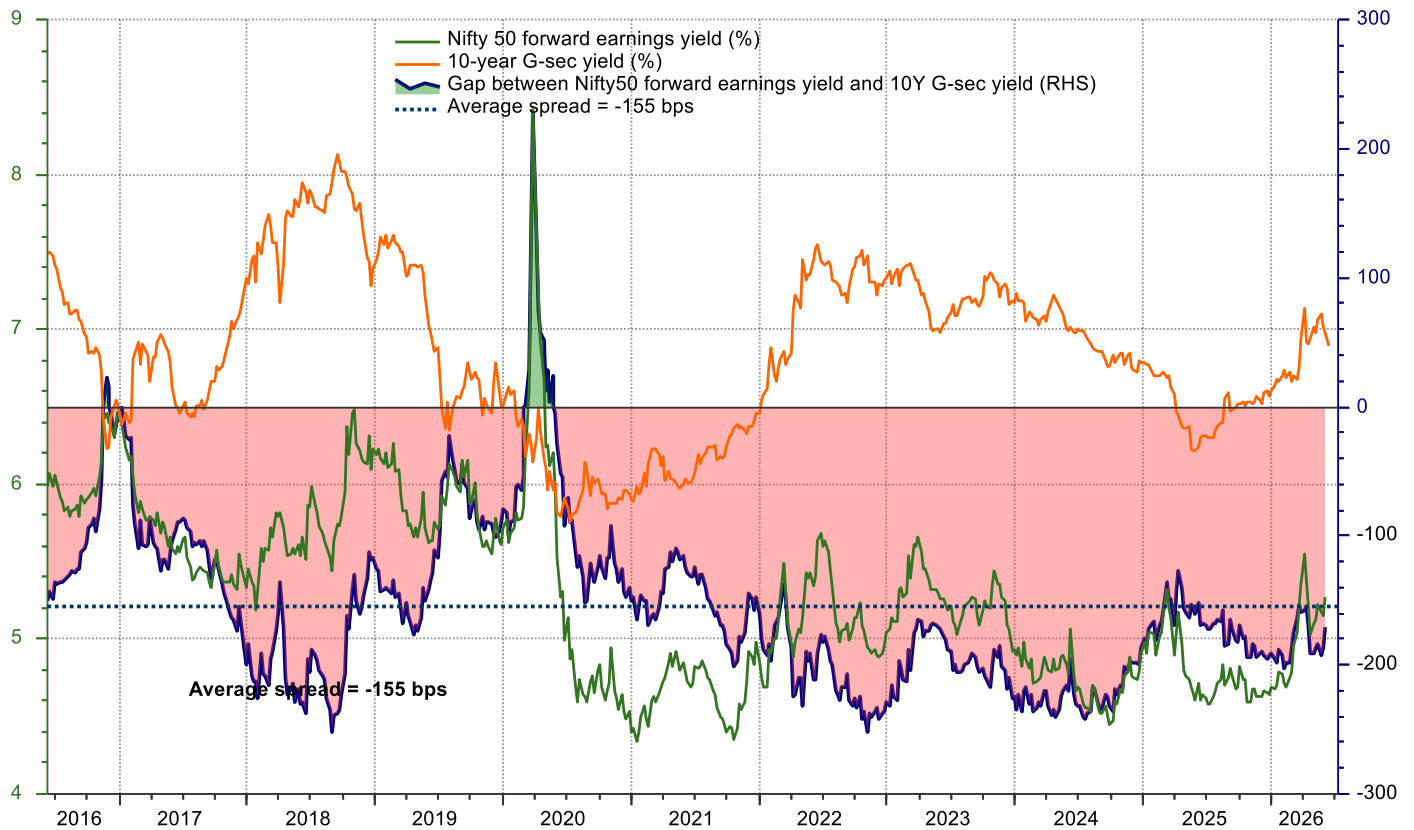
Figure 152: NTM P/B of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR.

Figure 153: Nifty 50 forward earnings yield* vs. 10-year G-sec yield

Spread between Nifty 50 forward earnings yields and 10-year G-sec yield



Source: LSEG Workspace, NSE EPR. * Forward earnings yield for Nifty 50 is calculated as (1/12-month forward PE).

Fixed income market performance

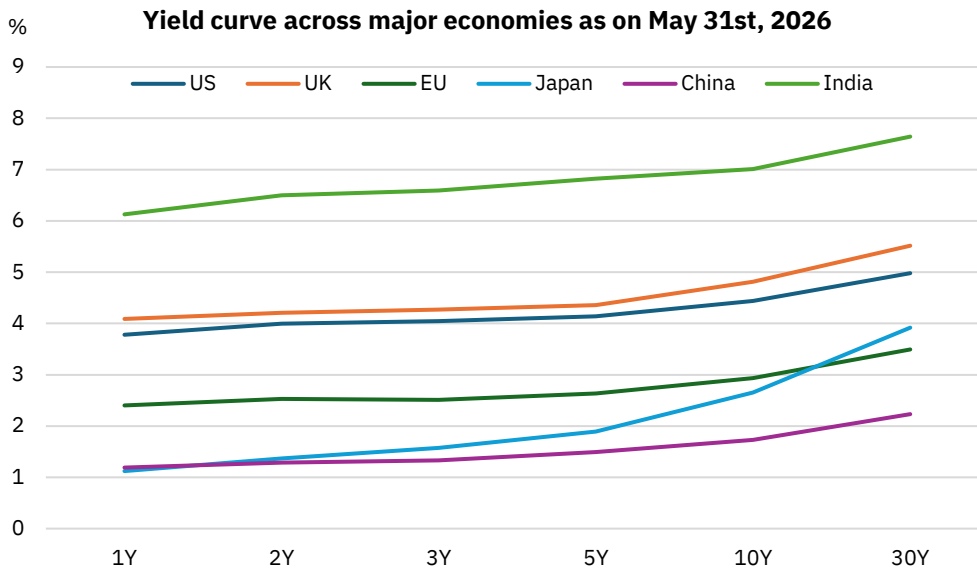
Table 39: Performance of key debt indices (As of May 31st, 2026)

Category	Index name	Absolute returns (%)				CAGR returns (%)		
		1M	3M	6M	1Y	2Y	3Y	5Y
G-sec	Nifty 5yr Benchmark G-sec Index	0.2	(0.2)	1.3	2.8	7.3	7.1	6.0
	Nifty 10 yr Benchmark G-Sec	0.6	(0.7)	(0.2)	0.4	6.5	6.3	4.9
	Nifty Composite G-sec Index	0.6	(0.5)	0.5	0.7	6.3	6.5	5.8
SDL	NIFTY 10 Year SDL Index	(0.4)	(3.7)	(7.0)	(13.3)	(1.2)	1.4	2.9
AAA credit	NIFTY AAA Ultra Short Duration Bond Index	0.4	1.8	3.2	6.4	7.1	7.4	6.6
	NIFTY AAA Short Duration Bond Index	0.2	0.3	1.2	3.8	6.5	6.6	5.7
	NIFTY AAA Low Duration Bond Index	0.1	1.1	2.2	5.4	6.7	6.9	6.0
	NIFTY AAA Medium Duration Bond Index	0.1	(0.7)	(0.6)	1.6	5.6	5.9	5.0
	NIFTY AAA Medium to Long Duration Bond Index	(0.1)	(1.3)	(1.5)	(0.6)	4.6	5.1	4.8
	NIFTY AAA Long duration Bond Index	(0.6)	(2.6)	(3.6)	(4.8)	1.6	3.0	3.6
Composite	NIFTY Liquid Index	0.5	1.7	3.3	6.3	6.8	7.0	6.2
	NIFTY Money Market Index	0.4	1.6	3.1	6.3	7.1	7.2	6.4
	NIFTY Ultra Short Duration Debt Index	0.4	1.7	3.2	6.5	7.3	7.5	6.6
	NIFTY Short Duration Debt Index	0.2	0.5	1.6	4.3	6.6	6.8	6.0
	NIFTY Low Duration Debt Index	0.2	1.3	2.6	5.8	6.9	7.1	6.3
	NIFTY Medium Duration Debt Index	0.0	(0.5)	0.1	2.2	6.1	6.3	5.5
	NIFTY Medium to Long Duration Debt Index	0.2	(1.2)	(1.4)	(1.1)	4.7	5.3	5.1
	NIFTY Long Duration Debt Index	(0.1)	(1.9)	(2.0)	(3.9)	3.2	4.5	4.8
	NIFTY Composite Debt Index	0.1	(0.8)	(0.5)	0.2	5.1	5.7	5.4
	NIFTY Corporate Bond Index	0.1	0.1	0.9	3.5	6.3	6.6	5.9

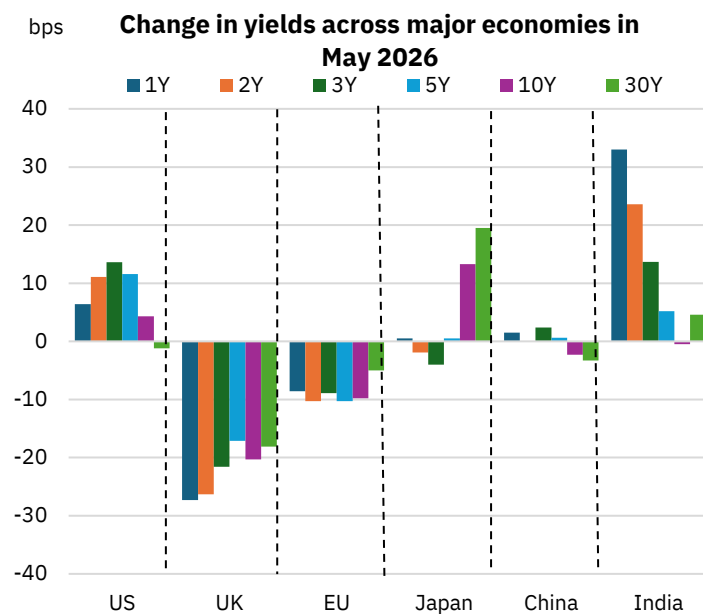
Source: NSE Indices, NSE EPR.

Global sovereign bond yields touched multi-year highs in May: Global sovereign bond yields rose sharply in the first half of the month of May, amid elevated market volatility arising from geopolitical risks, inflation pressures linked to energy supply concerns, fiscal concerns and evolving monetary policy expectations. Yields, however, retraced part of the earlier increase. However, yields moderated in the latter half of the month as easing oil prices moderated and renewed optimism surrounding peace negotiations supported a rally from the intra-month highs. The 10-year US Treasury yield rose approximately 27 bps during the month of May, increasing from 4.39% to 4.66% - its highest level in over a year, - before easing to 4.44% by month-end. Similarly, the 30-year US Treasury yield reached 5.18% by mid-May, the highest since 2007, before moderating to 4.98% at the end of the month.

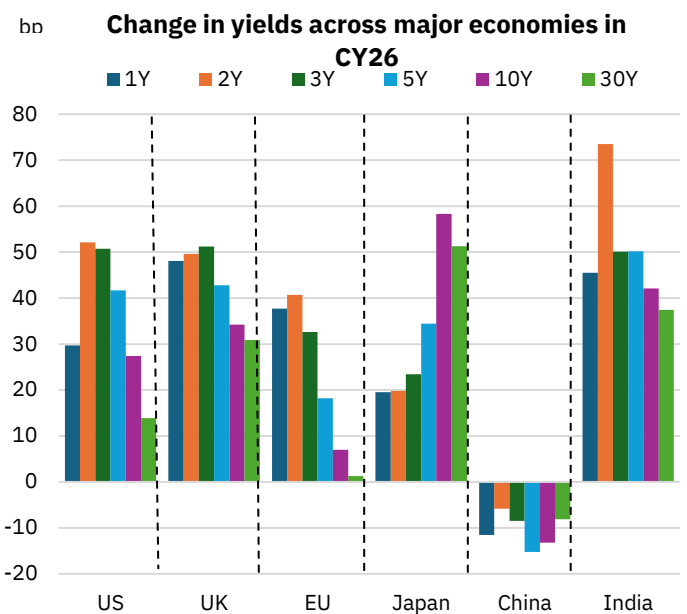
A similar pattern was observed across other major advanced economies. The yield on the UK 10-year Gilt increased climbed 16 bps from 5.02% to an intra-month high of 5.18%, before declining to 4.82% by the end of May. Germany's 10-year Bund yield also rose 16 bps during the month, rising from 3.03% to 3.19% during the month, before easing to 2.93% at month-end. In Japan, the 10-year JGB yield increased from 2.52% to 2.79% – its highest level in several decades a multi-decadal high – before settling at 2.66% by the end of May. By mid-June, sovereign bond yields had edged higher again across major economies, reflecting continued geopolitical uncertainty, elevated term premia, and inflation remaining above central bank targets.

Figure 154: Sovereign yields curve across major economies as on May 31st, 2026


Source: NSE Cogencis, LSEG Workspace, NSE

Figure 155: Change in sovereign yields across major economies in April 2026 (As on May 31st, 2026)


Source: NSE Cogencis, LSEG Workspace, NSE

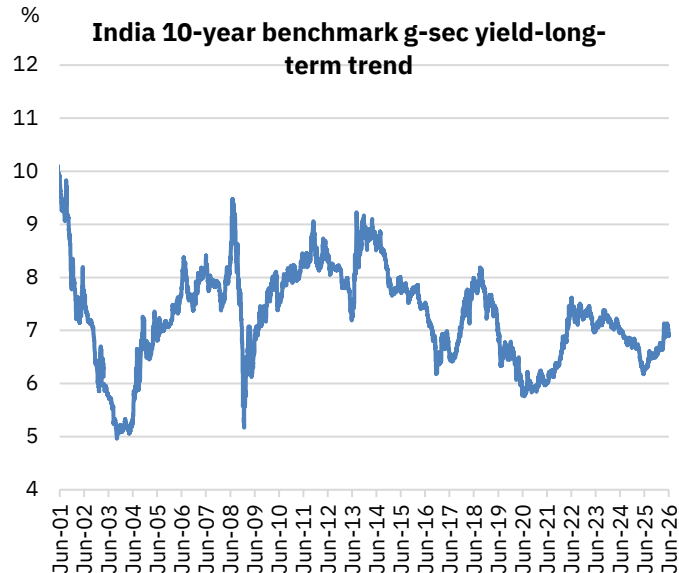
Figure 156: Change in sovereign yields across major economies in CY26 (As on May 31st, 2026)


Indian G-Sec market witnessed moderate volatility in May: The 10-year benchmark G-sec yield moved broadly in line with global bond markets during May, rising from 7.02% at the end of April to around 7.12% in mid-May. Subsequently, yields moderated to close the month broadly unchanged on a MoM basis and declined further to 6.90% (-11 bps) by mid-June. The easing in yields coincided with a sharp decline in global crude oil prices, which helped moderate inflation concerns, as well as softer global bond yields. Market sentiment was also supported by recent measures announced by the RBI and the Government of India aimed at improving liquidity conditions and supporting external sector stability.

The RBI kept the repo rate unchanged at 5.25% for the third consecutive meeting, while maintaining a neutral stance. At the same time, it highlighted the risks stemming from the

conflict in West Asia, elevated crude oil prices, and uncertainties surrounding domestic weather conditions. The yield curve remained upward sloping and moderately steep with short-term yields (1–2 years) anchored near 6%, the 10-year benchmark at around 6.9%, and the longer end of the curve (28–30 years) trading near around 7.6%.

Figure 157: India 10Y G-sec yield—long-term trend



Source: NSE Cogencis, NSE EPR.
Note: Data is as of June 12th, 2026.

Figure 158: India 10Y G-sec yield—last one-year trend

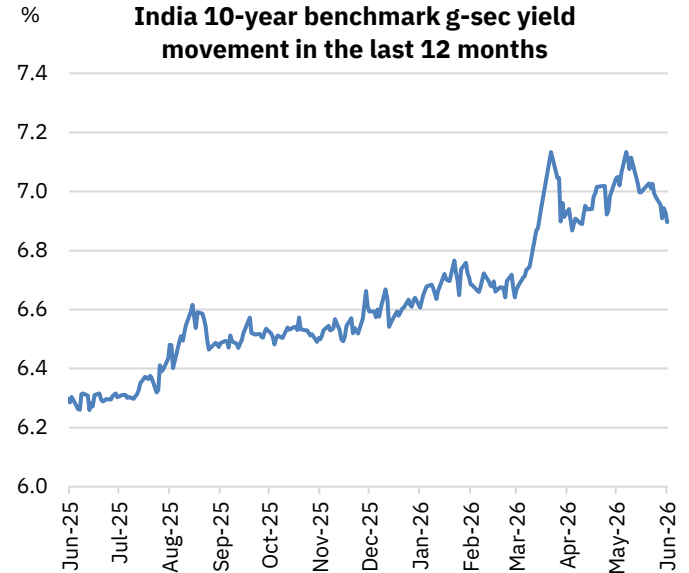
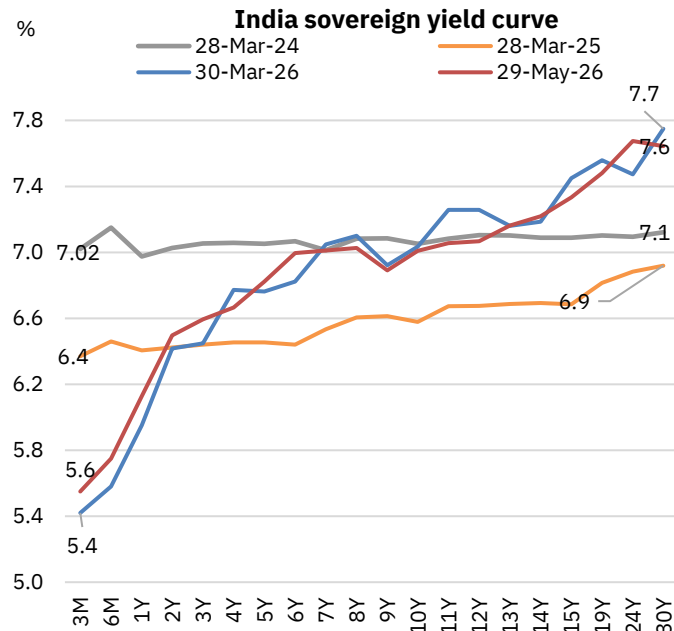


Figure 159: India sovereign yield curve



Source: NSE Cogencis, NSE EPR.

Figure 160: Change in sovereign yields across the curve so far in FY27 (As on May 31st, 2026)

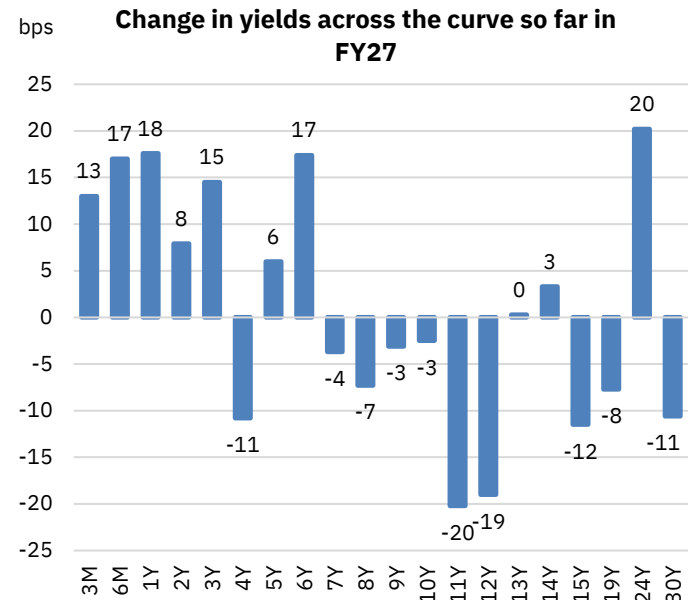
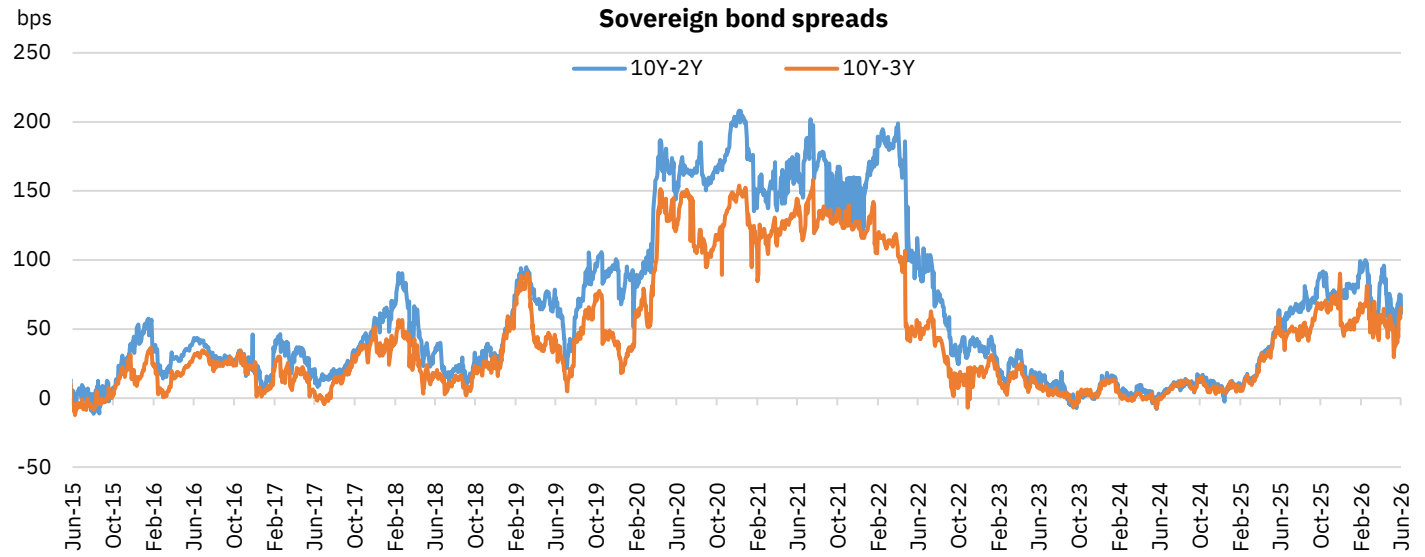
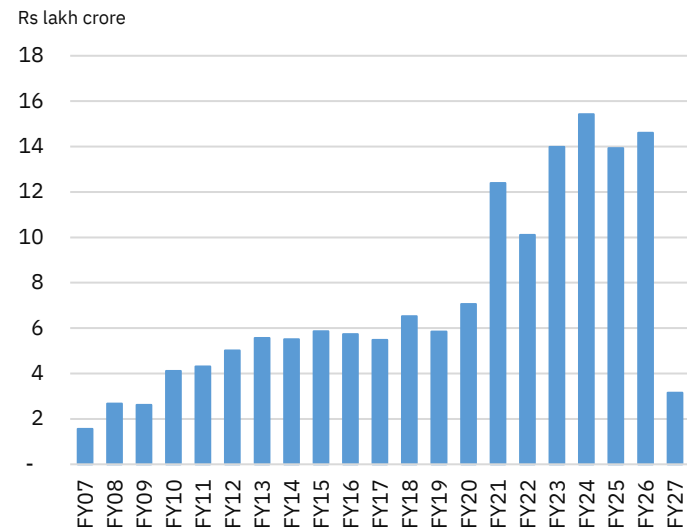


Figure 161: India sovereign bonds term premia


Source: NSE Cogencis, NSE EPR.

Note: Data is as of June 12th, 2026.

Figure 162: Annual trend of Centre's market borrowings


Source: RBI, NSE EPR.

Note: 1. Above charts are based on date of issue.

2. FY27 data is as of June 5th, 2026.

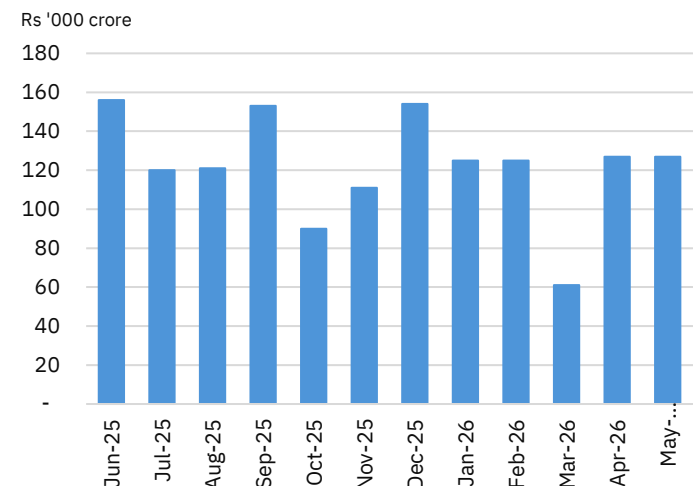
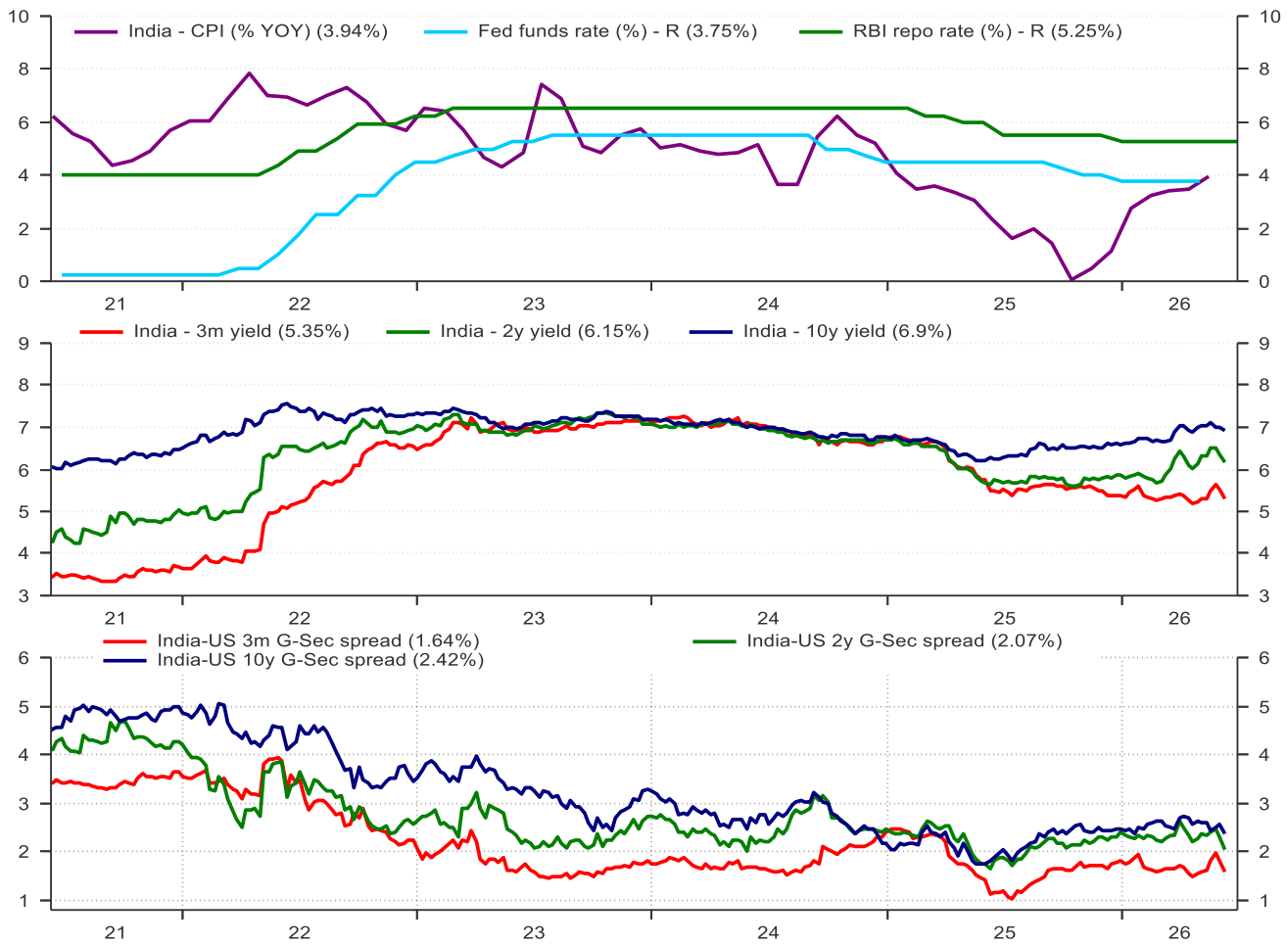
Figure 163: Centre's market borrowings in the last 12 months


Figure 164: Inflation, yields and spreads in India vs. US



Source: LSEG Workspace, NSE EPR.

SGS spreads widened modestly during May: SGS yields broadly mirrored movements in the G-sec market during May, with the benchmark 10-year SGS yield increasing from 7.84% at the end of April to 7.98% in mid-May before moderating to around 7.86% by month-end. Despite the easing in yields during the latter half of the month, the average spread of the benchmark 10-year SGS over the corresponding G-sec widened to 84 bps in May from 79 bps in April, bringing average spreads back to February-March levels and remained well above the levels recorded a year earlier.

State government borrowings amounted to Rs 1.66 lakh crore in FY27 (As of June 9th, 2026), against an indicative borrowing calendar of Rs 2.55 lakh crore for Q1FY27. In comparison, states had raised approximately Rs 2.0 lakh crore during the corresponding period of the previous year.

Figure 165: Spreads between 10-year SGS and G-sec yields

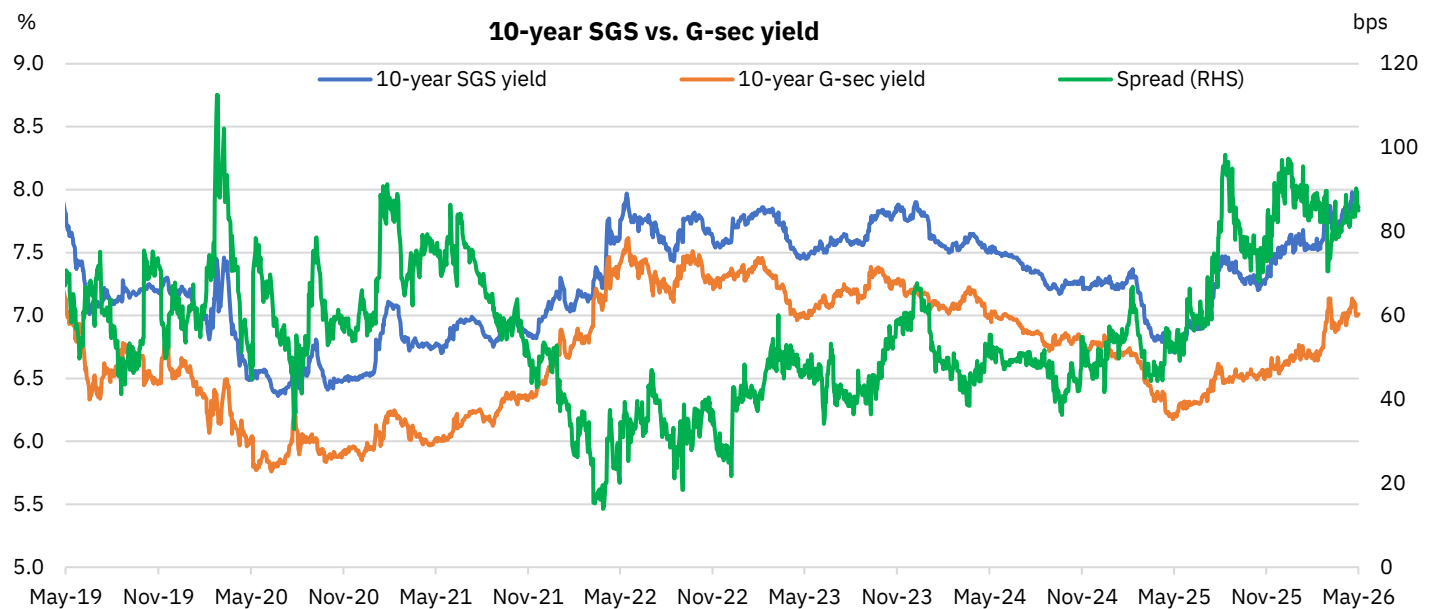


Figure 166: Annual state government borrowings

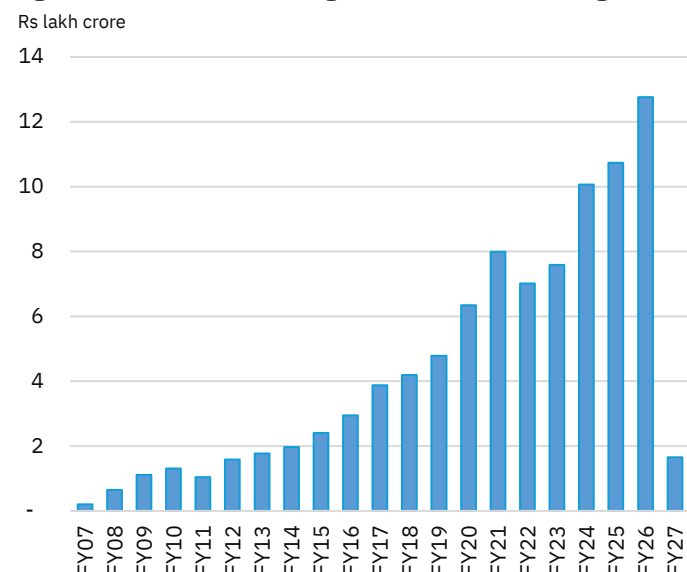
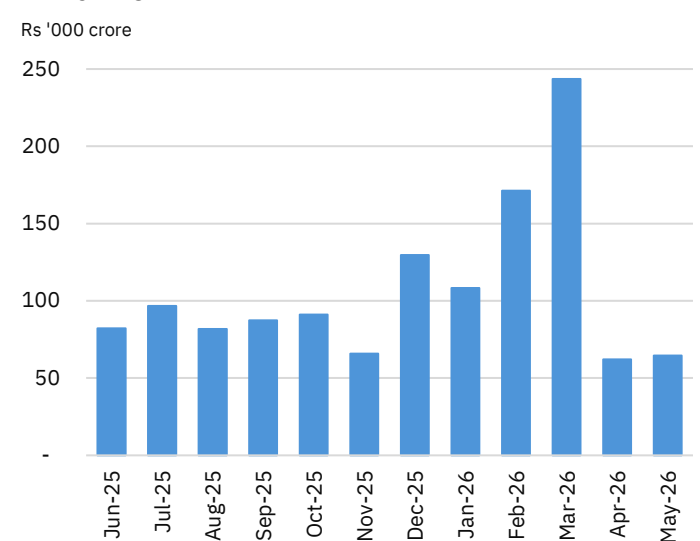


Figure 167: State government borrowings in the last 12 months



Note: 1. Above charts are based on date of issue. 2. Data for FY27 is as on June 9th, 2026.

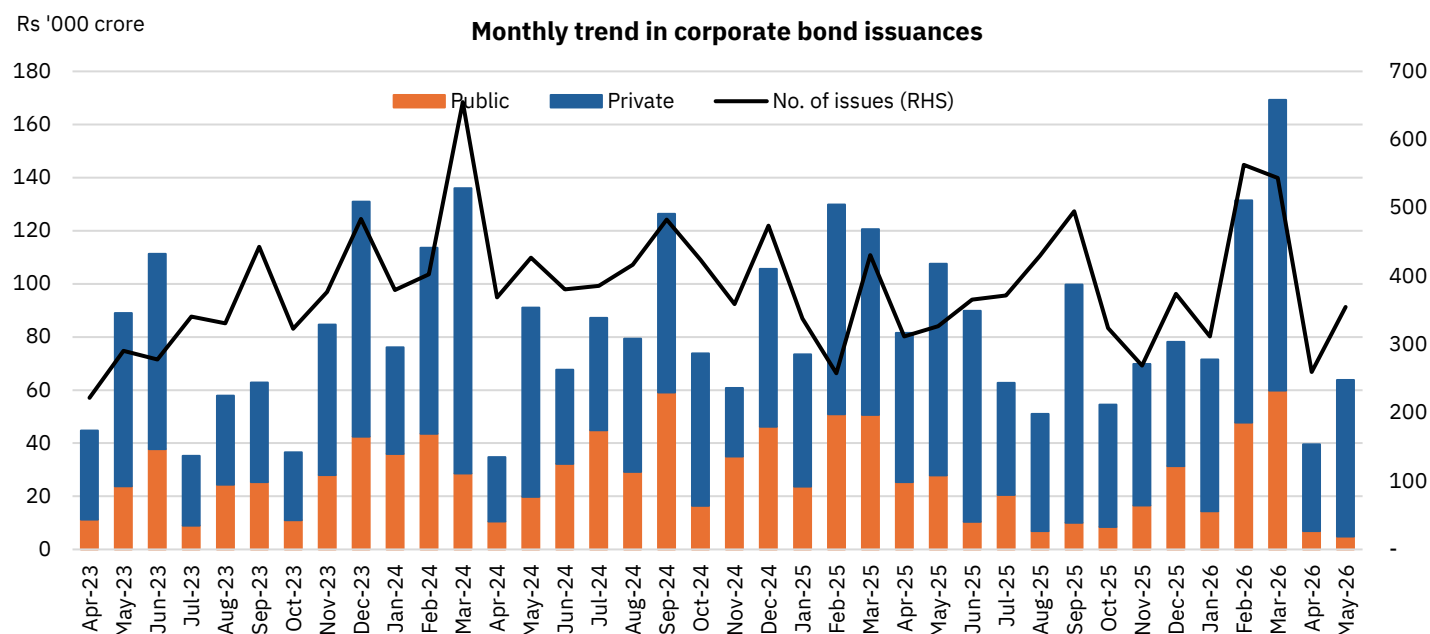
Corporate bond market performance

Corporate bond issuance increased amid modest spread widening: Average yields on medium-term (3-5 year) AAA-rated corporate bonds (excluding HFCs and NBFCs) increased by 10-12 bps during May. Spreads over comparable G-Secs remained in the range of 100-130 bps, marginally higher than the previous month and above the sub-100 bps levels observed a year earlier. For AA+ rated bonds for similar tenors, spreads ranged between 140 bps and 185 bps during the month, compared with 130-145 bps during the same period last year.

Corporate bond issuances increased to Rs 63,787 crore in May from Rs 39,539 crore in April – a two-year low – resulting in cumulative corporate bond issuances of Rs 1.03 lakh crore in FY27 (As on May 31st, 2026). Issuance activity remained concentrated in the 3-5 year maturity segment, which accounted for 33.5% of total issuances, followed by the 1-3 year and 5-10 year segments at 28.9% and 21.9%, respectively. Notably, the share of issuances in the 1-3 year and 3-5 year maturity buckets has increased significantly from 14.1% and 23.6%, respectively, in FY24, indicating a gradual shift towards shorter- and medium-term funding. Notably, the share of issuances in the 1-3 year and 3-5 year maturity buckets has increased significantly from 14.1% and 23.6%, respectively, in FY24, suggesting greater reliance on shorter- and medium-term maturities for funding.

In terms of credit quality, AAA-rated bonds accounted for 49% of total issuances, while AA-rated instruments constituted 39%. The share of AAA-rated issuances has steadily declined from 77.9% in FY24, pointing to a broader participation of lower-rated issuers and a gradual diversification of the corporate bond market's credit profile.

Figure 168: Monthly trend in corporate bond issuances



Source: NSDL India Bond Info, NSE EPR.

Note: 1. Includes issuance of fully and partly convertible corporate bonds.

Table 40: Fiscal trend in corporate bond issuances

	FY24	FY25	FY26	FY27TD
Amount raised (Rs crore)	978,633	1,050,361	1,066,984	1,03,327
Public	321,039	418,393	279,349	11,724
Private	657,595	631,968	787,635	91,603
No. of Issues	4,528	4,747	4,688	615
Public	132	148	149	24
Private	4,396	4,599	4,539	591

Source: NSDL India Bond Info, NSE EPR.

Note: 1. Includes issuance of fully and partly convertible corporate bonds.

2. FY27TD data is as of May 31st, 2026.

Figure 169: Maturity profile of corporate bonds issued in the month of FY27 (As on May 31st, 2026)

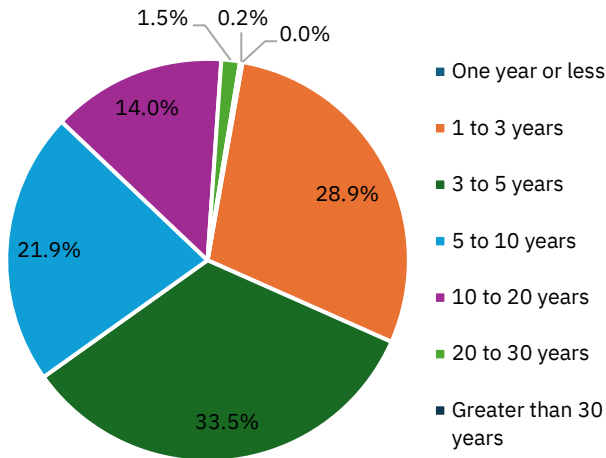
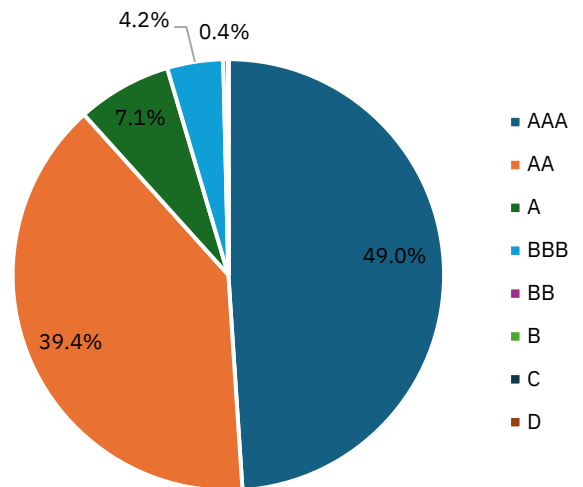


Figure 170: Credit profile of corporate bonds issued in the month of FY27 (As on May 31st, 2026)



Source: NSDL India Bond Info, NSE EPR. Note: 1. Includes issuance of fully and partly convertible corporate bonds.

Figure 171: Annual trend in maturity profile of corporate bond issuances

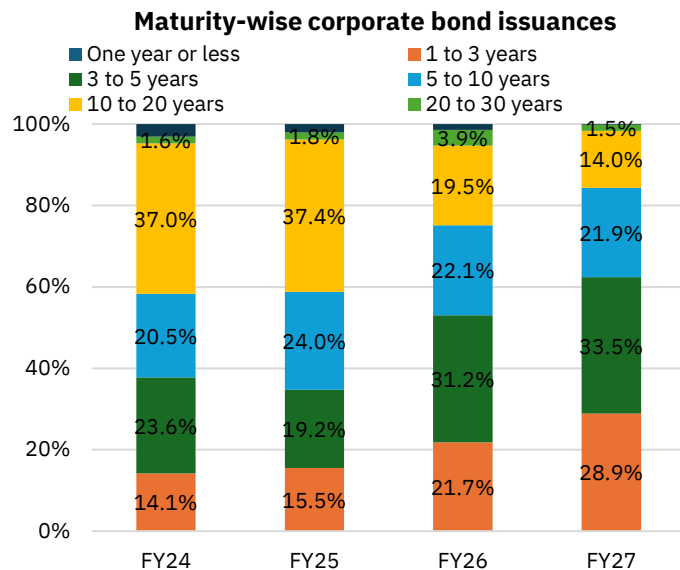
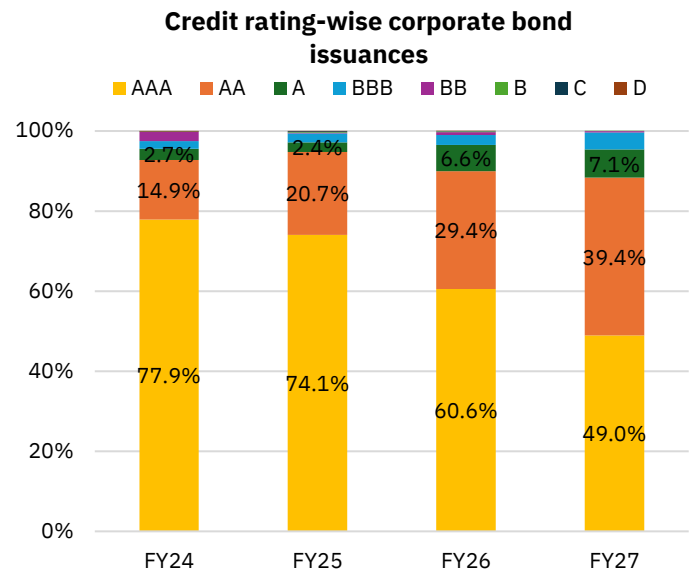
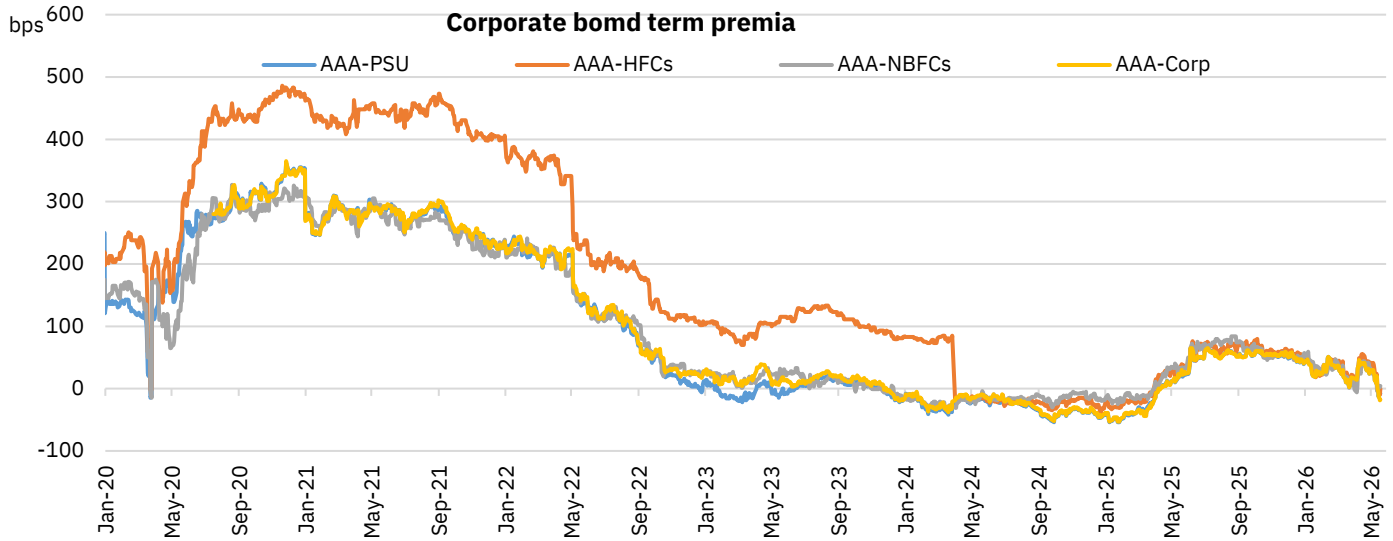


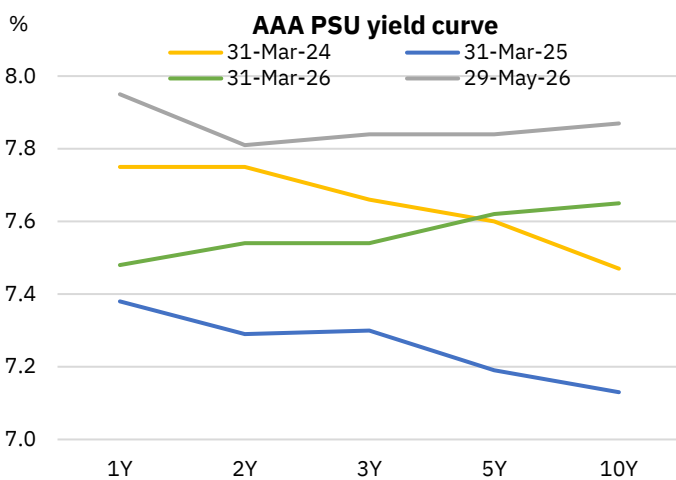
Figure 172: Annual trend in credit profile of corporate bond issuances



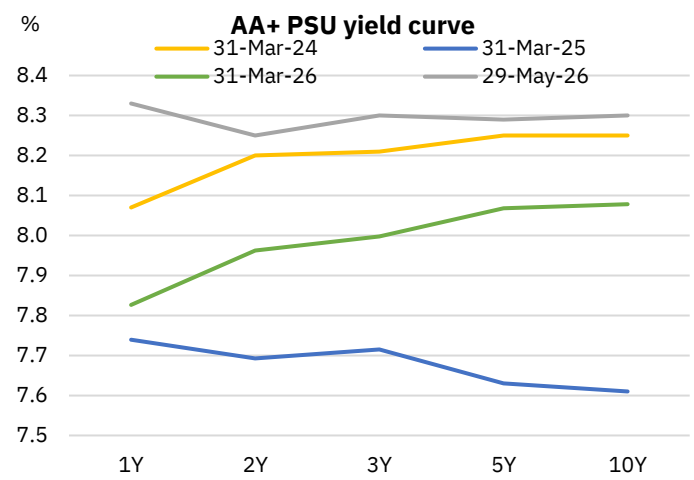
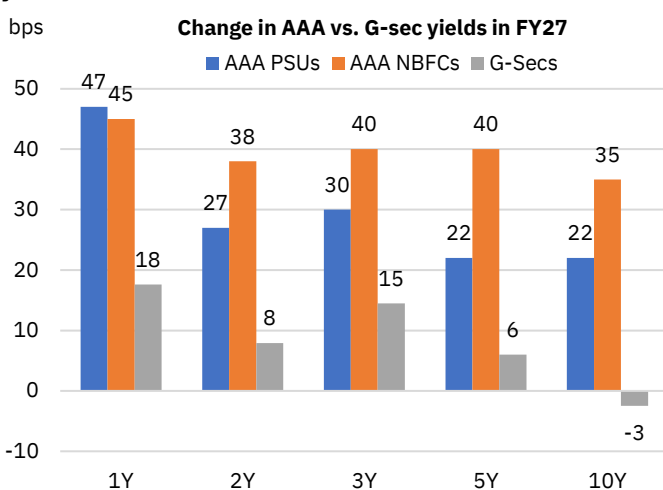
Source: NSDL India Bond Info, NSE EPR. Note: 1. Includes issuance of fully and partly convertible corporate bonds.
Note: FY27 data is as on May 31st, 2026.

Figure 173: Corporate bond term premia between 10-year and 1-year yields


Source: NSE Data and Analytics (NDAL), NSE EPR.

Figure 174: AAA-rated corporate bond yield curve


Source: NSE Data and Analytics (NDAL), Cogencis,

Figure 175: AA+ rated corporate bond yield curve

Figure 176: Change in AAA corporate bond and G-sec yields in FY27


Source: NSE Data and Analytics (NDAL), NSE Cogencis, NSE EPR.

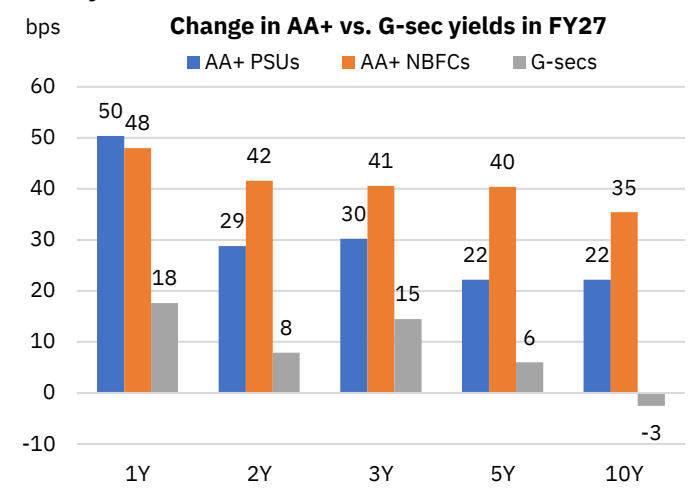
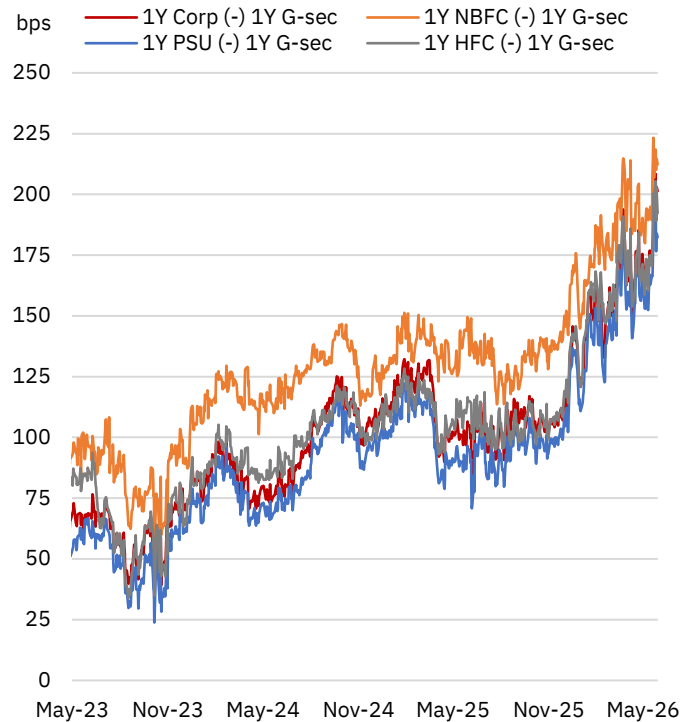
Figure 177: Change in AA+ corporate bond and G-sec bond yields in FY27


Figure 178: Spreads for one-year AAA-rated corporate bonds across segments



Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR

Figure 179: Spreads for three-year AAA-rated corporate bonds across segments

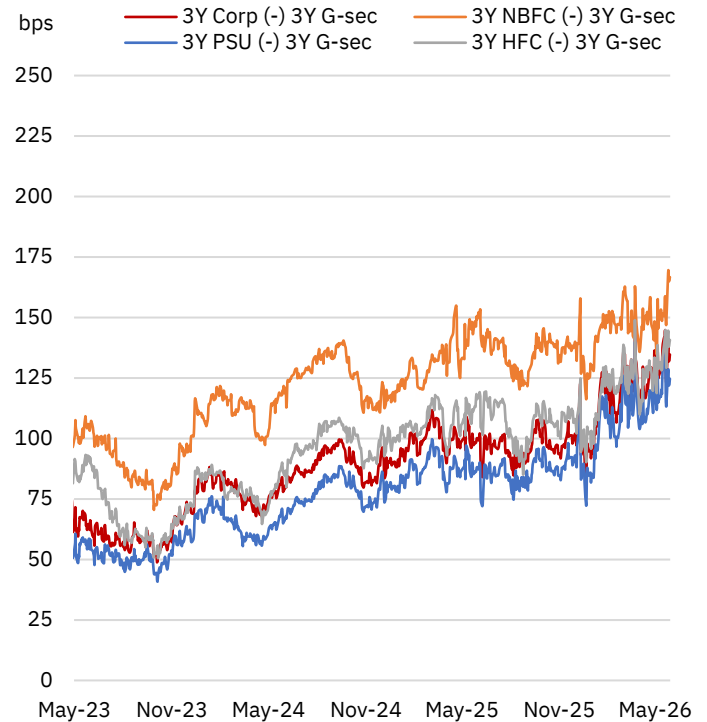
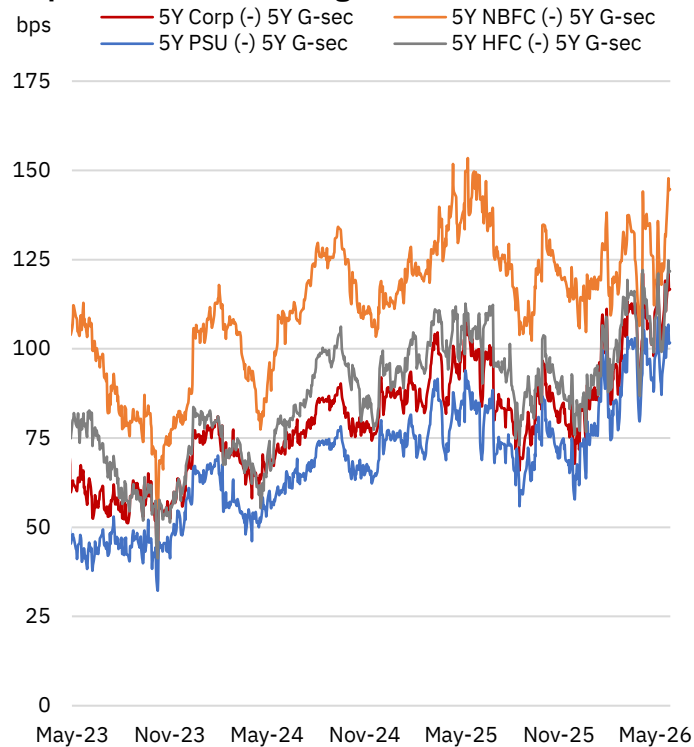
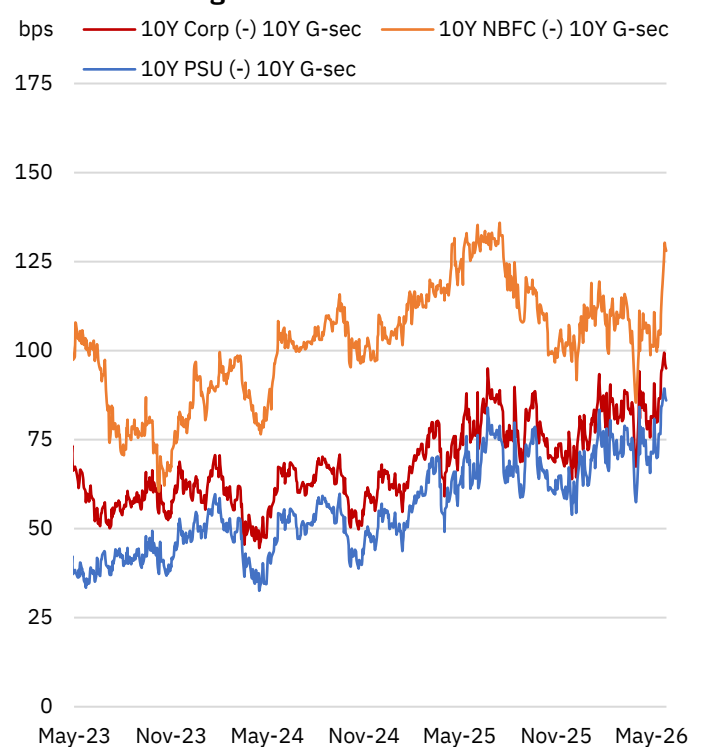


Figure 180: Spreads for five-year AAA-rated corporate bonds across segments



Source: NSE Data and Analytics (NDAL), NSE Cogencis, NSE EPR

Figure 181: Spreads for 10-year AAA-rated corporate bonds across segments



Commodity market performance

Risk premium moderates: Commodity markets diverge as US-Iran ceasefire prospects improve

Commodity markets in May'26 witnessed a moderation in the geopolitical risk premium that had driven sharp price movements in preceding months. Brent crude declined over 19% MoM as optimism surrounding negotiations between the US and Iran prompted markets to reassess the likelihood of prolonged disruptions through the Strait of Hormuz, even as physical supply constraints remained in place. The decline in crude prices reverberated across commodity markets, reversing several of the energy- and input-cost-driven gains seen in April. Agricultural commodities broadly softened, with cotton, corn and wheat declining 3.4-4.2% MoM. Within industrial metals, nickel reversed part of its sharp April rally (-5.1% MoM) as concerns surrounding sulphur availability eased, while copper, tin and zinc continued to advance on persistent supply-side constraints. Precious metals delivered mixed returns, with gold, platinum and palladium edging lower (-0.6%/-1.7%/-6.7% MoM) amid improving risk sentiment, while silver outperformed (+2.1% MoM) on the back of resilient industrial demand.

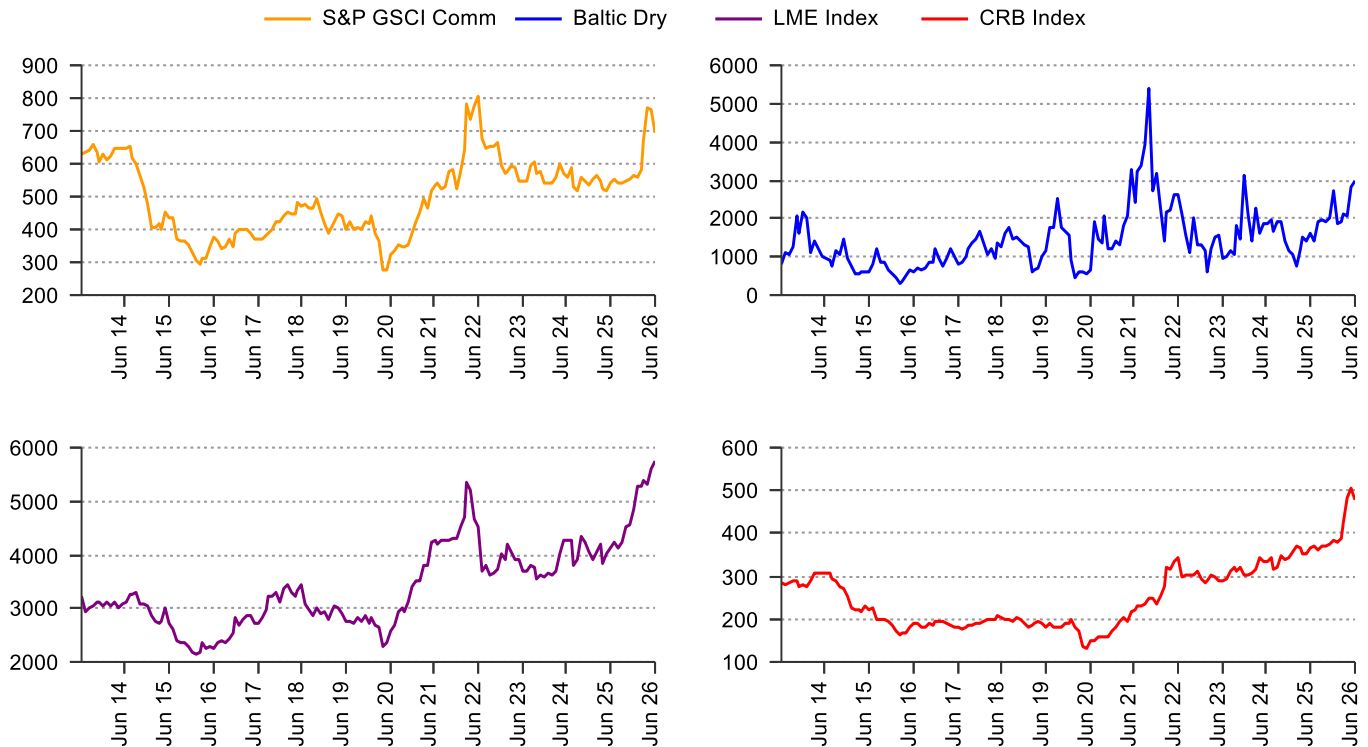
- Energy:** Brent crude recorded its sharpest monthly decline since the Covid-19 pandemic, falling over 19% MoM in May'26, as easing concerns over a prolonged disruption to Middle East energy supplies prompted markets to unwind a significant portion of the geopolitical risk premium accumulated. Sentiment improved on expectations of a 60-day ceasefire agreement between the US and Iran, alongside reports that Iran had agreed to restore commercial traffic through the Strait of Hormuz towards pre-conflict levels. While physical disruptions to energy trade persisted and vessel traffic remained below pre-conflict levels, markets increasingly priced in a gradual normalization of energy flows. Nevertheless, crude oil prices remained volatile throughout the month, with intermittent rallies triggered by reports of renewed military activity and uncertainty surrounding the implementation of ceasefire commitments, highlighting the continued sensitivity of energy markets to developments in the region.
- Precious metals:** Precious metals delivered mixed returns in May'26 as easing geopolitical tensions reduced safe-haven demand, while industrial fundamentals continued to support select metals. Gold declined marginally (-0.6% MoM), with ceasefire optimism surrounding the West Asia conflict offsetting lingering uncertainty in global markets. The metal also remained constrained by a “higher-for-longer” interest rate environment and a firm US dollar, limiting investor appetite despite continued geopolitical risks. In contrast, silver (+2.1% MoM) outperformed, supported by resilient industrial demand, particularly from the solar and electronics sectors, allowing it to benefit from both its precious and industrial metal characteristics.

Platinum (-1.7% MoM) partially retraced April's gains as supply concerns eased and geopolitical risk premiums moderated. Palladium (-6.7% MoM) was the weakest performer within the complex, reversing much of the previous month's advance as markets unwound positions established during the peak of supply disruption concerns. While the US Commerce Department's final anti-dumping determination on Russian-origin palladium highlighted ongoing trade-related

risks, the improvement in diplomatic sentiment reduced the immediate supply risk premium that had supported prices in Apr'26.

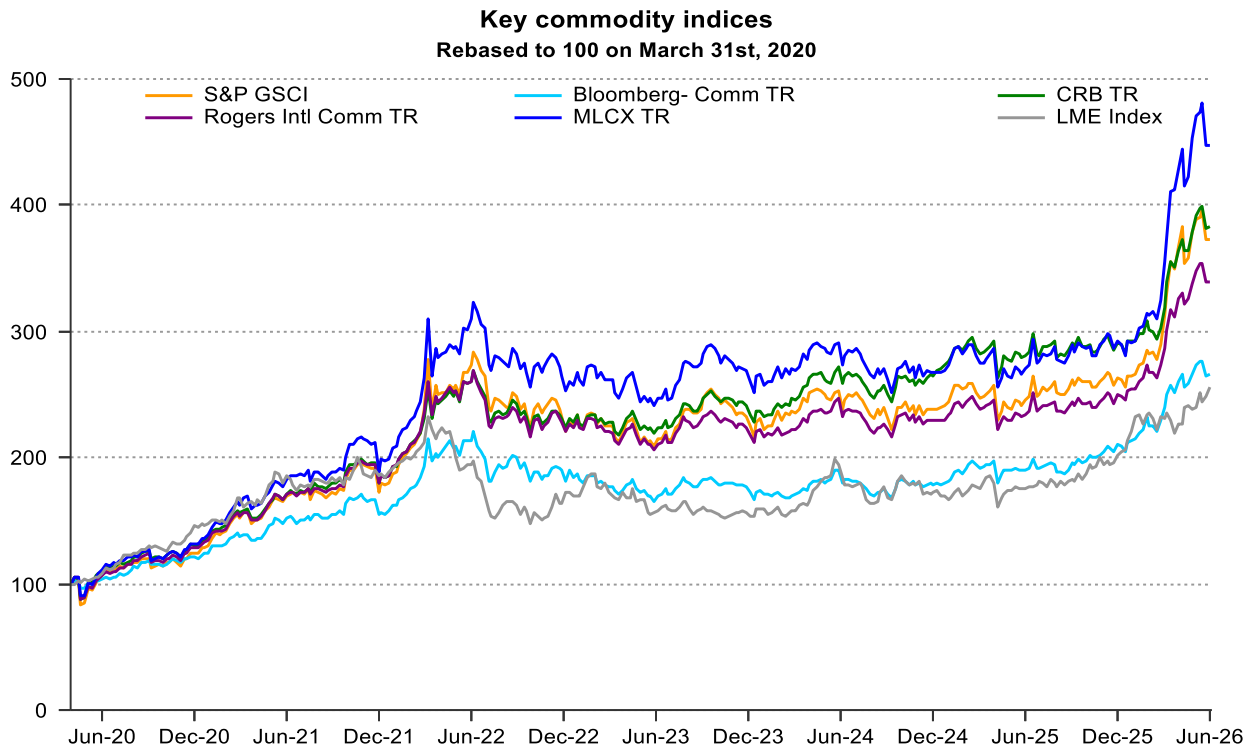
- **Industrial metals:** Industrial metals remained broadly resilient in May'26 despite the sharp correction in crude oil prices. Copper (+4.6% MoM), tin (+6.5% MoM) and zinc (+4.7% MoM) extended gains recorded in April, supported by continued concerns over the availability of key processing inputs and ongoing mine supply disruptions. Copper prices remained firm as tight sulphuric acid supplies, exacerbated by disruptions to trade flows through the Strait of Hormuz and restrictions on Chinese exports, continued to support treatment charges and processing costs. Supply-side challenges at major mining operations also contributed to tight concentrate markets. Tin registered the strongest gains among base metals, with persistent supply disruptions in Myanmar and the Democratic Republic of Congo compounded with resilient demand from the electronics and semiconductor sectors. Zinc prices advanced as elevated input costs and constrained smelter output continued to weigh on refined metal availability. Aluminium (+2.8% MoM) and lead (+2.1% MoM) recorded moderate gains amid broader strength across the base metals complex. In contrast, nickel declined 5.1% MoM, reversing part of April's sharp rally, as easing concerns over sulphur availability and lower energy costs reduced the supply-side pressures that had supported prices in the previous month. Iron ore fell 2.1% MoM as weak steel demand in China and expectations of additional supply weighed on market sentiment.
- **Agriculture:** Agricultural commodities broadly softened in May'26 as the sharp correction in crude oil prices reversed several of the energy-linked tailwinds that had supported prices in the previous month. Cotton corrected sharply (-3.4% MoM) as lower oil prices improved the competitiveness of synthetic fibres, eroding the polyester-substitution premium that had contributed to April's rally. While drought conditions persisted across major US cotton-growing regions, concerns over supply tightness were insufficient to offset the impact of lower energy prices. Corn (-3.5% MoM) and wheat (-4.2% MoM) declined on improving crop conditions and a more favourable supply outlook, with projections of higher wheat production from key exporting regions and US wheat ending stocks at their highest level since 2020. Soyabean prices remained broadly stable (+0.2% MoM), as expectations of higher acreage and production balanced lingering weather-related uncertainties. Sugar (-0.5% MoM) extended its decline as lower crude prices weakened ethanol economics in Brazil, reducing incentives for mills to divert cane towards ethanol production, while expectations of ample global supplies continued to weigh on market sentiment.

Figure 182: Movement in key commodity indices

(As of June 5th, 2026)


Source: LSEG Workspace, NSE EPR.

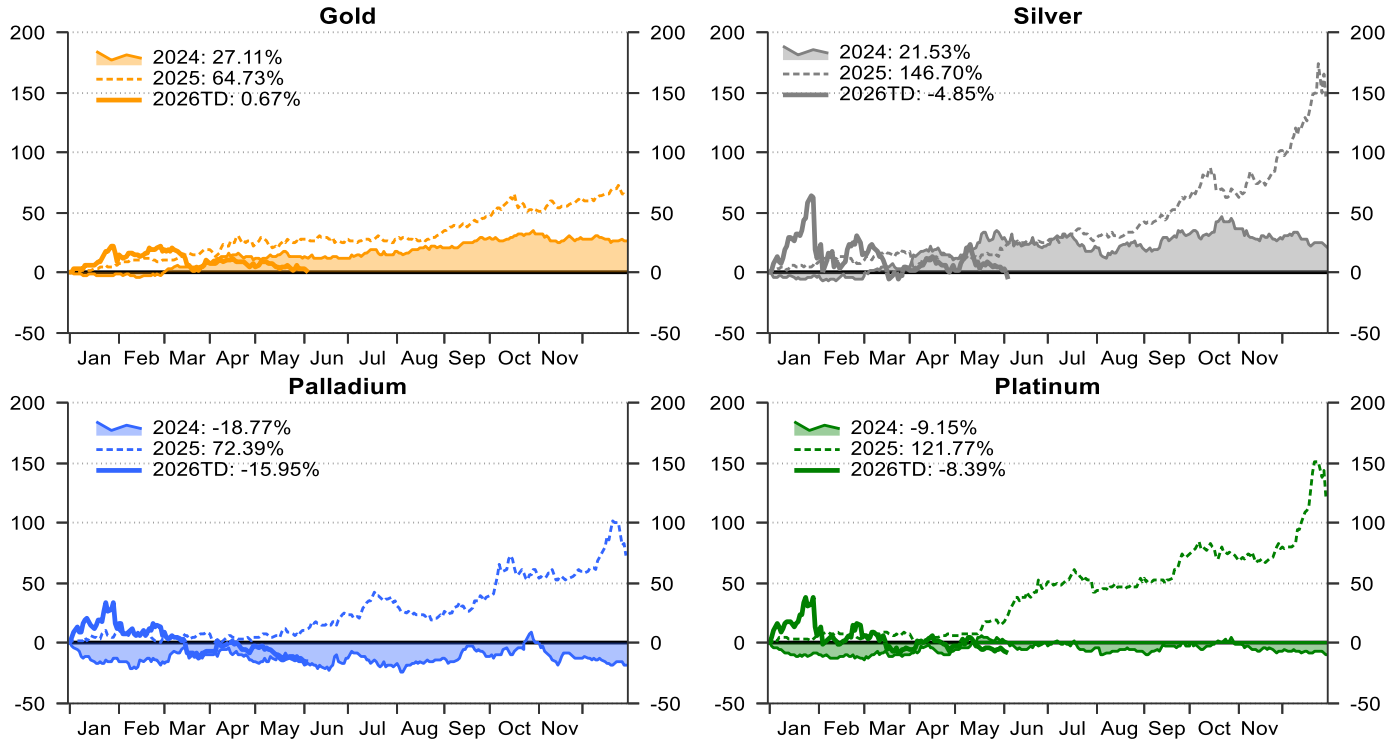
Figure 183: Movement in key commodity indices since 2020

Rebased to 100 on March 31st, 2020 (As of June 5th, 2026)


Source: LSEG Workspace, NSE EPR.

Figure 184: Returns of key precious metals in 2024, 2025 and 2026 till date
(As of June 5th, 2026)

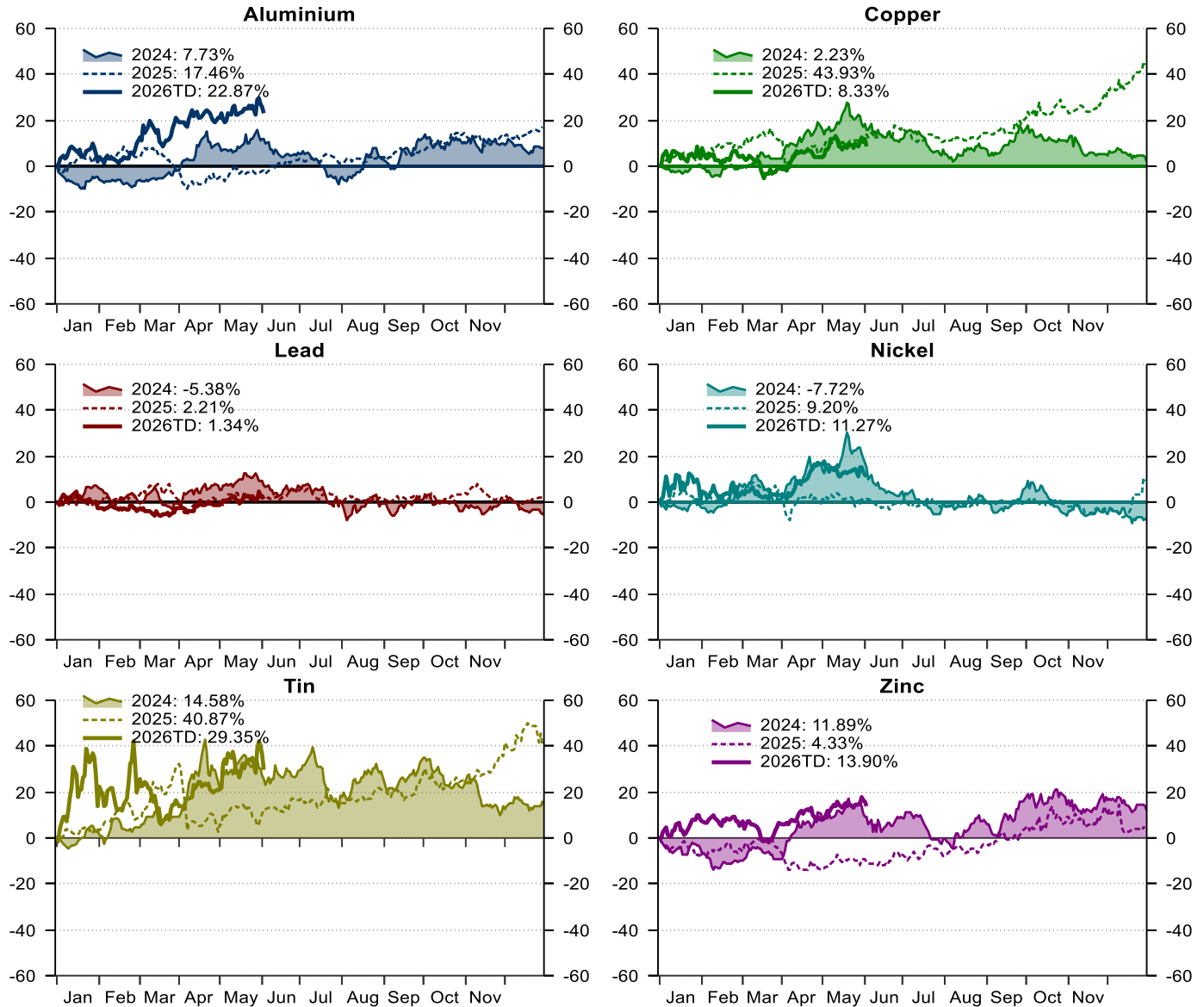
Returns of key Precious Metals



Source: LSEG Workspace, NSE EPR.

Figure 185: Returns of key industrial metals in 2024, 2025 and 2026 till date
(As of June 5th, 2026)

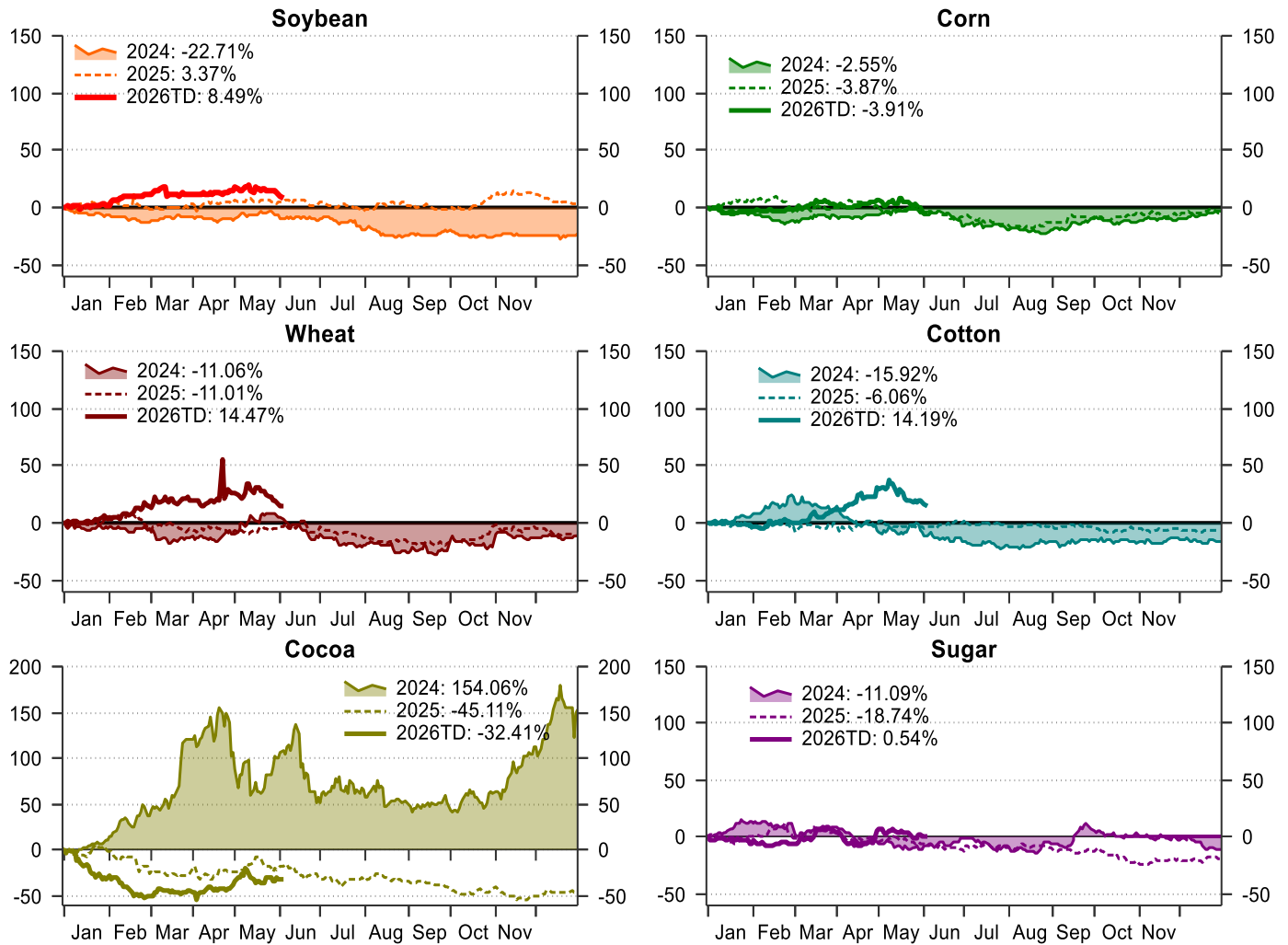
Returns of key Industrial Metals



Source: LSEG Workspace, NSE EPR.

Figure 186: Returns of key agricultural commodities in 2024, 2025 and 2026 till date
(As of June 5th, 2026)

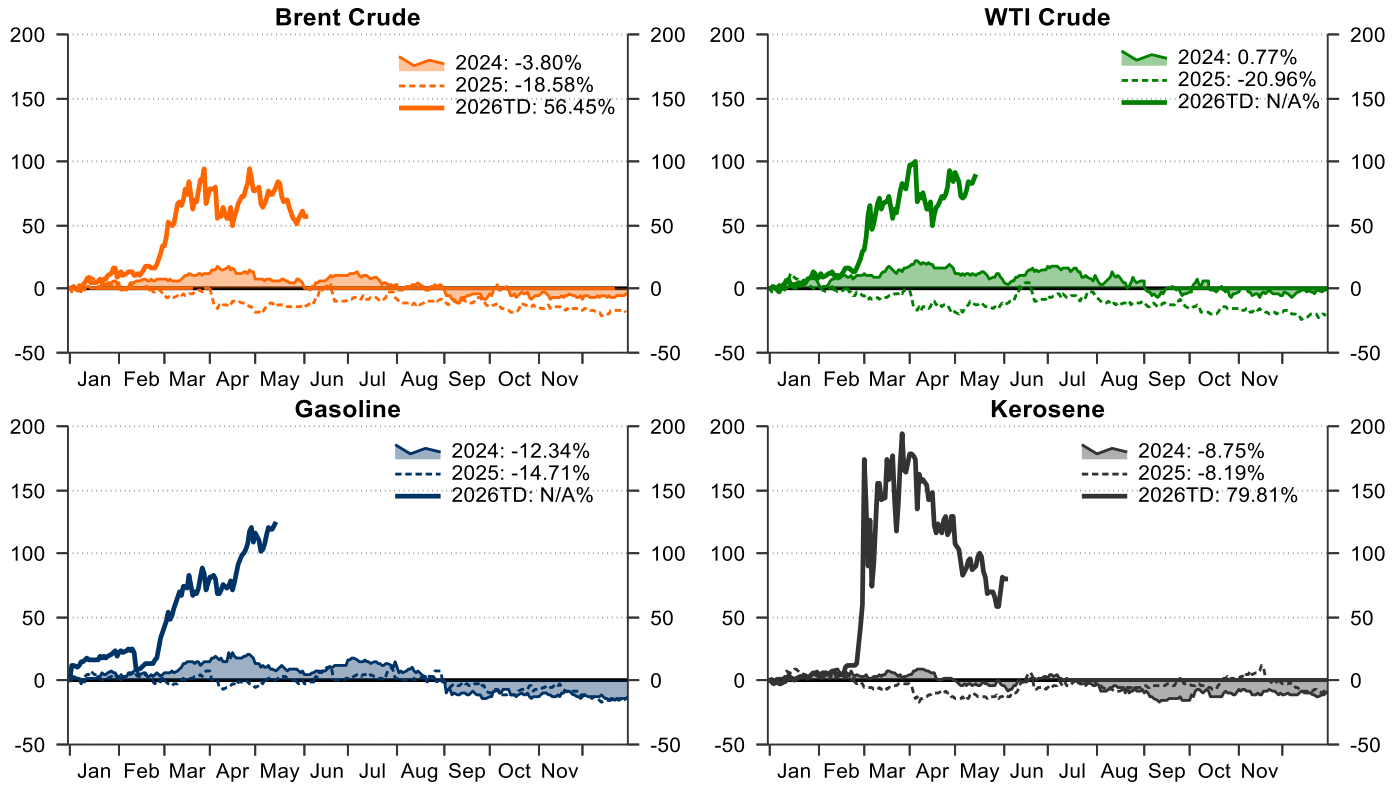
Returns of key agri commodities



Source: LSEG Workspace, NSE EPR.

Figure 187: Returns of key energy commodities in 2024, 2025 and 2026 till date
(As of June 5th, 2026)

Returns of key energy commodities



Source: LSEG Workspace, NSE EPR.

Table 41: Annual performance across commodities

(As of June 5th, 2026)

Annual performance across commodities (Ranked by % change each year)

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026TD
Lead -2.5	Zinc 60.6	Palladium 57.6	Palladium 19.6	Palladium 52.0	Silver 47.8	Tin 91.7	Nickel 43.1	Gold 13.8	Gold 27.1	Silver 146.7	WTI 64.7
Gold -10.5	Brent Crude 54.5	Aluminium 32.4	Gold -1.7	WTI 35.4	Copper 26.0	WTI 55.8	Brent Crude 8.3	Tin 1.7	Silver 21.5	Platinum 121.8	Brent Crude 56.5
Silver -11.8	Tin 45.3	Copper 30.5	Tin -2.9	Nickel 31.6	Gold 24.8	Brent Crude 51.1	Platinum 7.5	Copper 1.2	Tin 14.6	Palladium 121.8	Tin 29.4
Aluminium -17.8	WTI 44.8	Zinc 30.5	Silver -8.6	Brent Crude 24.8	Palladium 22.0	Aluminium 42.2	Palladium 7.5	Aluminium -0.2	Zinc 11.9	Gold 64.7	Aluminium 22.9
Tin -24.9	Palladium 20.7	Nickel 27.5	Platinum -14.4	Platinum 22.3	Zinc 19.7	Zinc 31.5	WTI 6.4	Silver -0.8	Aluminium 7.7	Copper 43.9	Zinc 13.9
Copper -26.1	Copper 17.4	Lead 24.3	Nickel -16.5	Gold 18.7	Tin 19.6	Nickel 26.1	Silver 2.9	Platinum -2.4	Copper 2.2	Tin 40.9	Nickel 11.3
Zinc -26.5	Silver 15.1	Brent Crude 17.5	Aluminium -17.4	Silver 15.2	Nickel 18.7	Copper 25.7	Lead -0.1	Palladium -2.4	WTI 0.8	Aluminium 17.5	Copper 8.3
Platinum -28.0	Aluminium 13.6	Gold 12.6	Copper -17.5	Copper 3.4	Aluminium 10.8	Lead 18.3	Gold -0.4	Brent Crude -8.5	Brent Crude -3.8	Nickel 9.2	Lead 1.3
WTI -30.5	Nickel 13.5	WTI 12.5	Lead -19.2	Aluminium -4.4	Platinum 10.0	Gold -4.0	Copper -14.1	WTI -10.3	Lead -5.4	Zinc 4.3	Gold 0.7
Palladium -31.6	Lead 11.3	Silver 6.4	Brent Crude -20.2	Lead -4.7	Lead 3.3	Platinum -10.2	Aluminium -16.3	Zinc -12.1	Nickel -7.7	Lead 2.2	Silver -4.9
Brent Crude -35.1	Gold 9.0	Platinum 3.2	Zinc -24.5	Zinc -9.5	WTI -20.9	Palladium -10.2	Zinc -16.3	Lead -12.9	Platinum -9.2	Brent Crude -18.6	Platinum -8.4
Nickel -41.8	Platinum 3.5	Tin -5.2	WTI -25.3	Tin -12.0	Brent Crude -21.8	Silver -11.7	Tin -37.1	Nickel -45.2	Palladium -9.2	WTI -21.0	Palladium -8.4

Source: LSEG Workspace, NSE EPR.

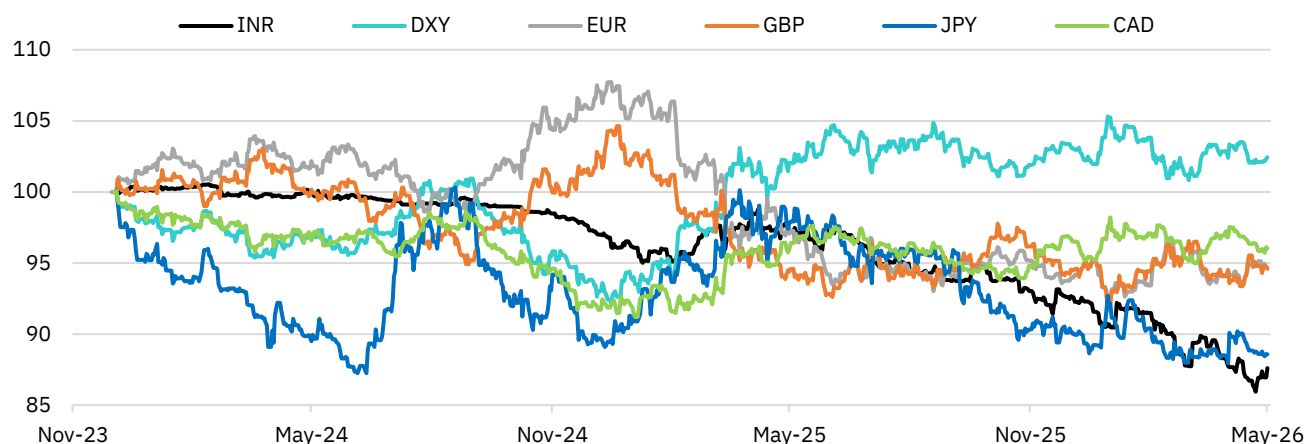
Currency market performance

Rupee remains under pressure in May amid evolving external conditions...: The INR remained under pressure in May 2026, depreciating marginally by 0.1% during the month and closing at Rs 95.0, after trading within a relatively wide range of Rs 94.3–96.8. Depreciation pressures intensified during the first half of the month, with the currency touching a fresh historical low of Rs 96.8 on 20th May, before partially recovering toward month-end, amid RBI measures aimed at ensuring orderly market conditions, including intervention in currency markets alongside a US\$5 bn buy-sell swap auction. While some indicators showed signs of moderation during May, broader external pressures remained elevated. Net FPI equity outflows moderated to US\$3.5 bn from US\$6.5 bn in April, while Brent crude prices corrected sharply from US\$112.07/bbl on 20th May to US\$92.03/bbl by 29th May. Nevertheless, crude oil prices remained materially above pre-conflict levels, suggesting that external sector pressures associated with elevated energy import costs had not fully dissipated. Foreign exchange reserves moderated to US\$681.6 bn as of 5th June (from US\$ 698.5 bn in late-April), while the INR remained vulnerable to broader external uncertainties. Overall, the persistence of currency weakness despite moderating outflow momentum and lower crude oil prices suggests that broader depreciation pressures remained in place during May.

The US dollar strengthened in May 2026, with the DXY rising by 0.9% MoM, partially reversing the weakness observed in previous months. However, currency responses remained differentiated across both developed and emerging markets, suggesting that currency-specific domestic and external factors continued to matter alongside broader dollar dynamics. Among developed market currencies, performance was mixed, with the Swiss Franc remaining broadly stable, while the Euro (–0.6% MoM), Pound Sterling (–1.1% MoM), the Canadian Dollar (–1.6% MoM), and the Japanese Yen (–1.7% MoM) weakened during the month. Emerging market currencies exhibited greater divergence: the Russian Rouble (+5.5% MoM), South African Rand (+3.1% MoM), and Chinese Yuan (+1.0% MoM) recorded gains, while the Brazilian Real (–1.5% MoM), Turkish Lira (–1.5% MoM), and Indonesian Rupiah (–3.1% MoM), depreciated. Overall, recent movements reflect a partial return of dollar strength, with cross-country performance remaining differentiated.

Figure 188: Movement in INR and major DM currencies against dollar since end of 2023

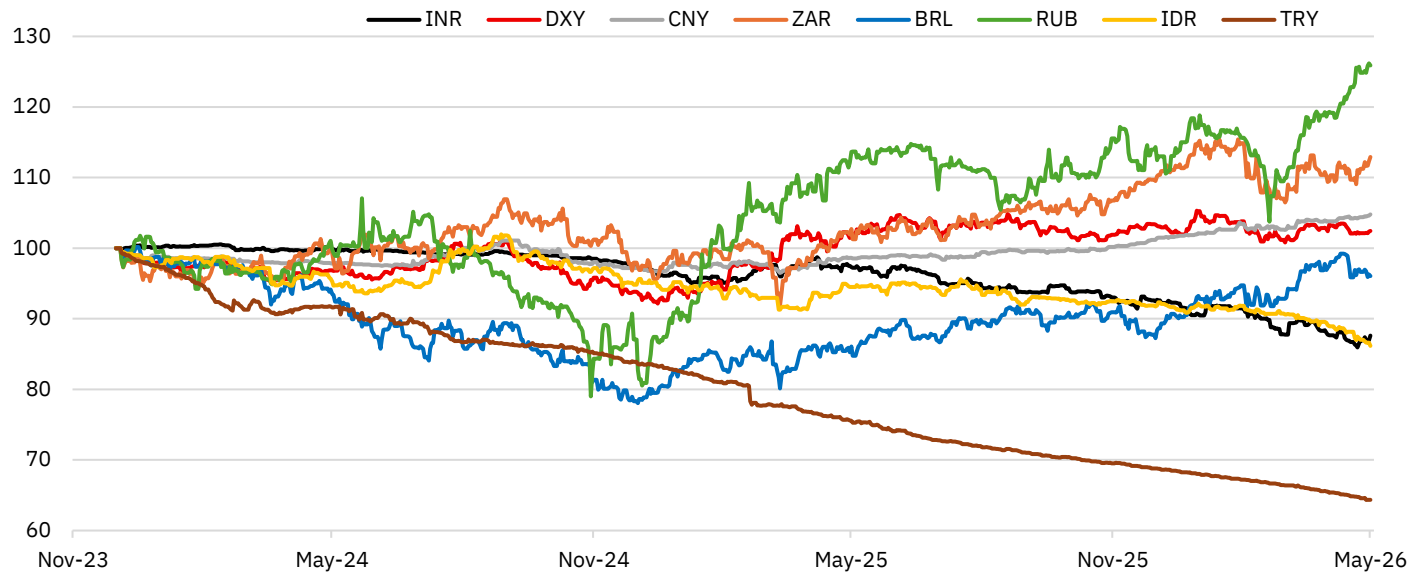
(Rebased to 100 on December 29th, 2023)



Source: LSEG Workspace, NSE EPR.

Figure 189: Movement in INR and major EM currencies against dollar since end of 2023

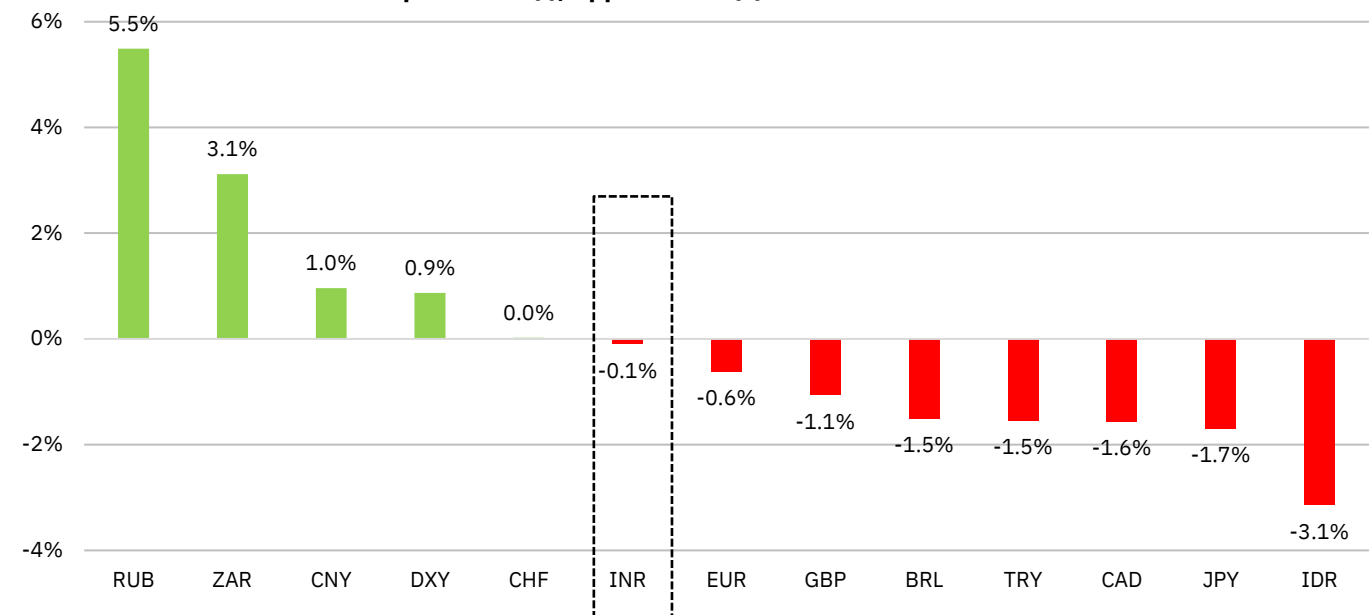
(Rebased to 100 on December 29th, 2023)



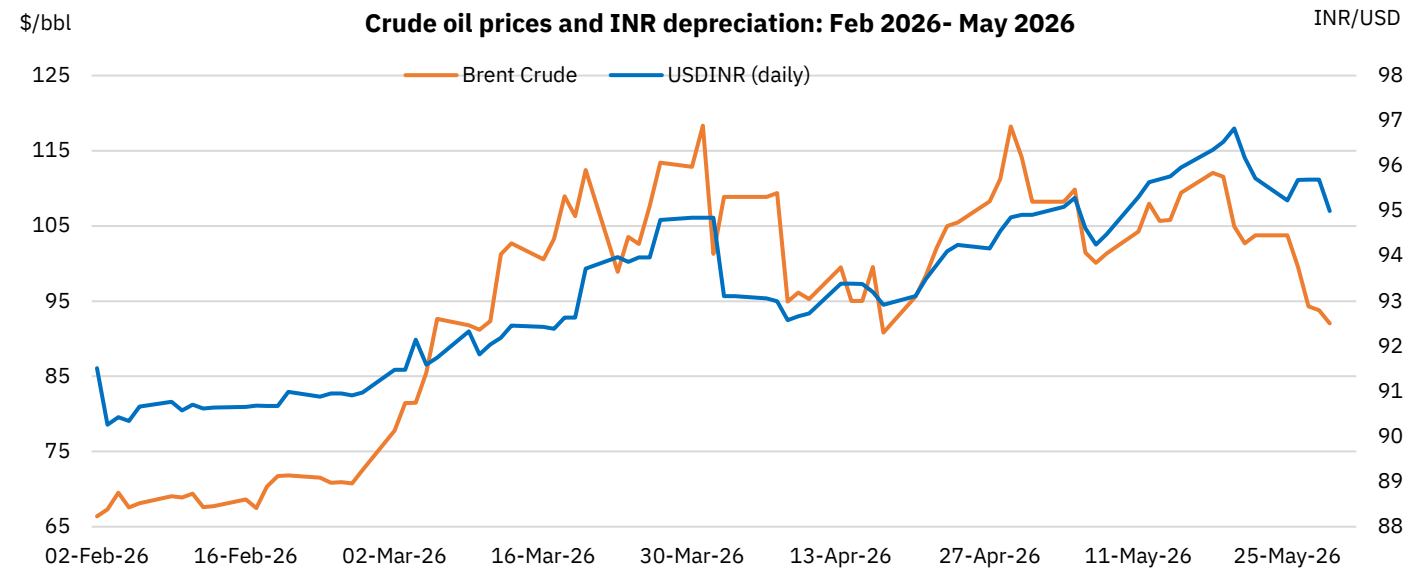
Source: LSEG Workspace, NSE EPR.

Figure 190: Global currency movements in May 2026 (% change MoM)

Depreciation (-)/Appreciation (+) MoM



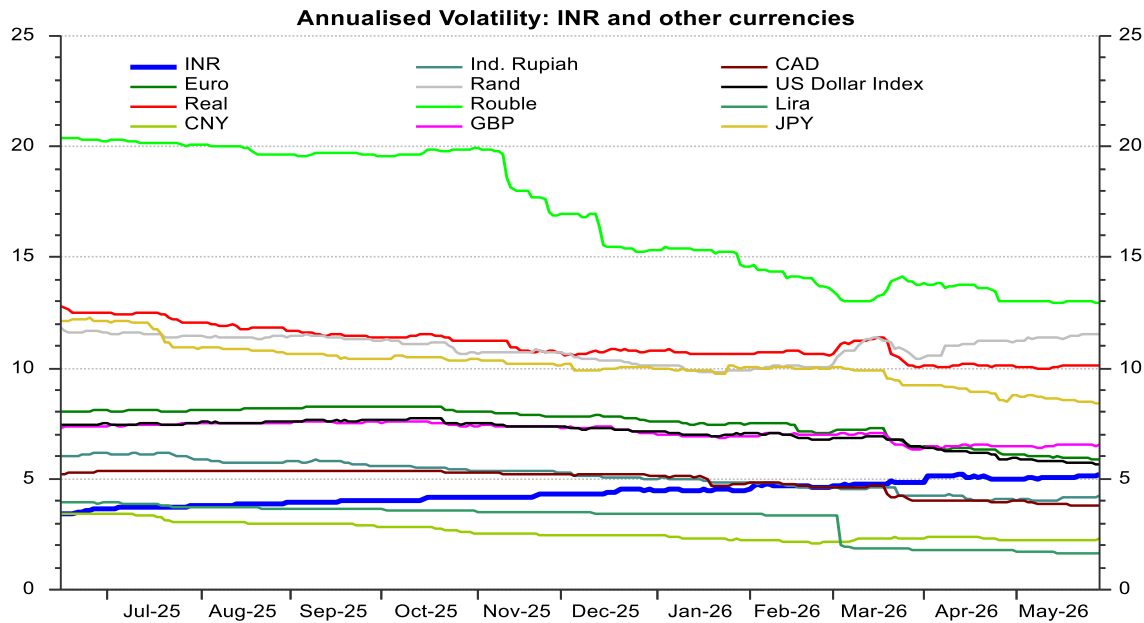
Source: LSEG Workspace, NSE EPR. Note: Red indicates depreciation and green indicates appreciation

Figure 191: Brent Crude oil prices and INR movement (Feb-May 2026)


Source: LSEG Workspace, NSE EPR.

INR volatility stabilises in May despite continued depreciation pressures...: The INR's average annualised volatility remained broadly unchanged at 5.1% in May 2026, marking a pause in the upward trend observed over recent months despite continued depreciation pressures in the currency market. The stabilisation indicates that realised currency fluctuations did not broaden further during the month despite continued weakness in the INR. Across peers, volatility generally moderated further. Among emerging markets, the Russian Rouble (13.0%), South African Rand (11.4%), and Brazilian Real (10.1%) continued to exhibit higher volatility relative to the INR, while the Chinese Yuan remained among the least volatile at 2.3%. Among developed market currencies, volatility declined further, with the Japanese Yen easing to 8.6%, the Euro to 6.0%, and the Pound Sterling remaining at 6.5%. Overall, despite continued currency weakness, the INR continued to exhibit relatively contained volatility compared with several major emerging market currencies, consistent with the broader pattern observed through FY26.

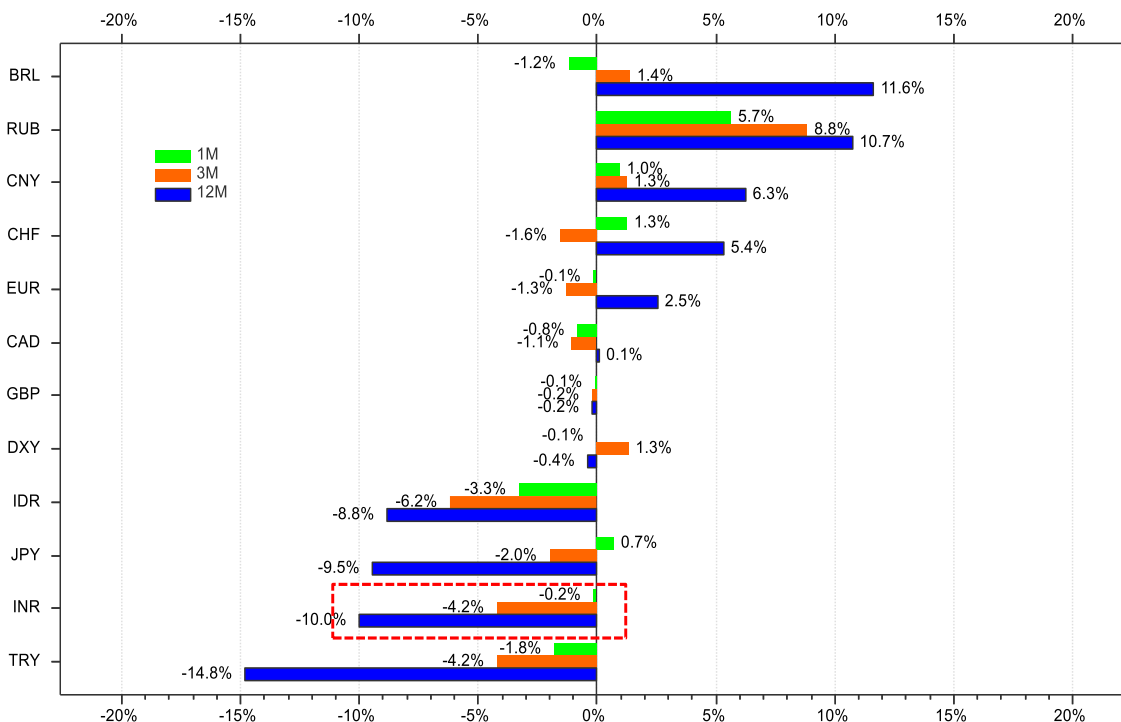
Figure 192: Annualised volatility of INR and other DM & EM currencies



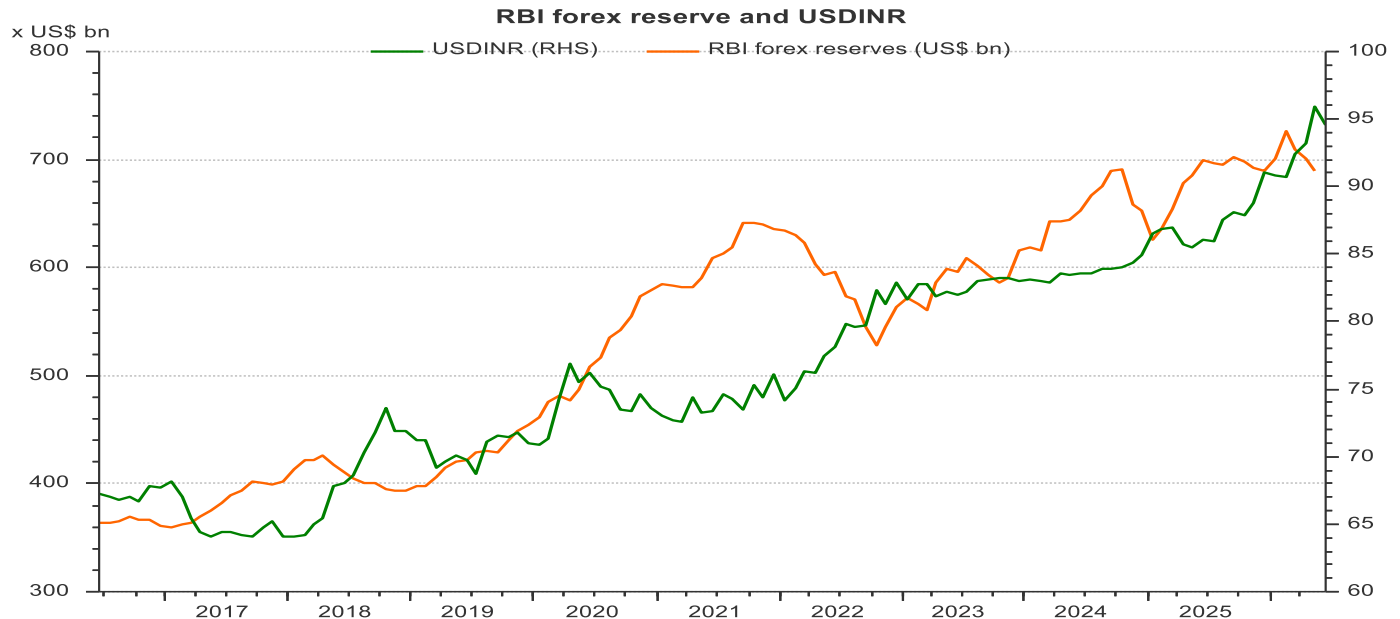
Source: LSEG Workspace, NSE EPR.

Figure 193: Change in INR and major DM & EM currencies (as on May 29th, 2026)

INR & Key Currencies vs. the USD (1M, 3M, 12M)

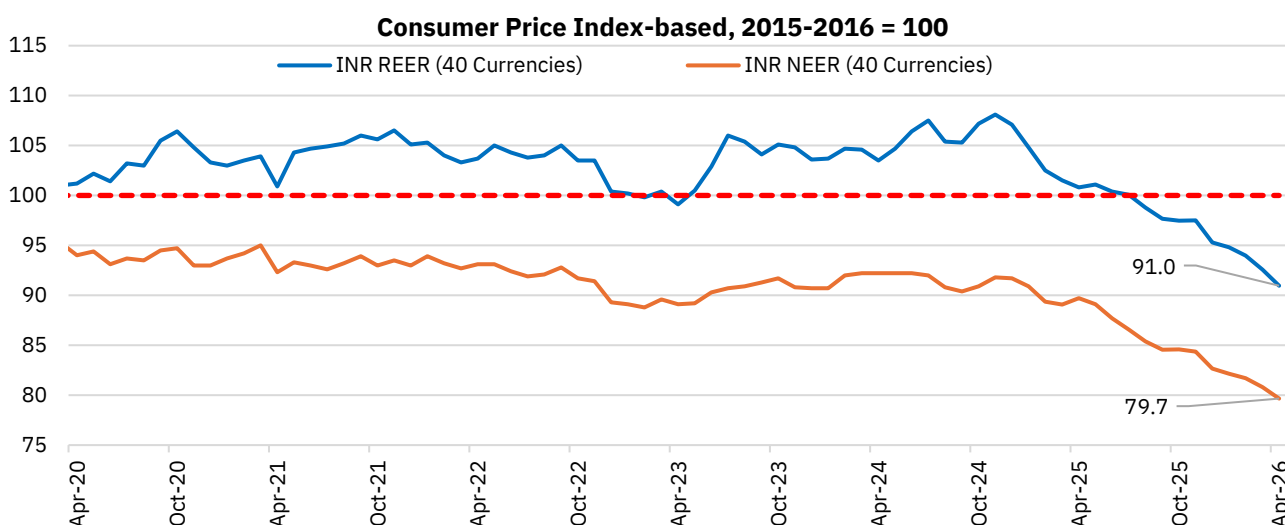


Source: LSEG Workspace, NSE EPR.

Figure 194: RBI forex reserves and USDINR


Source: LSEG Workspace, NSE EPR.

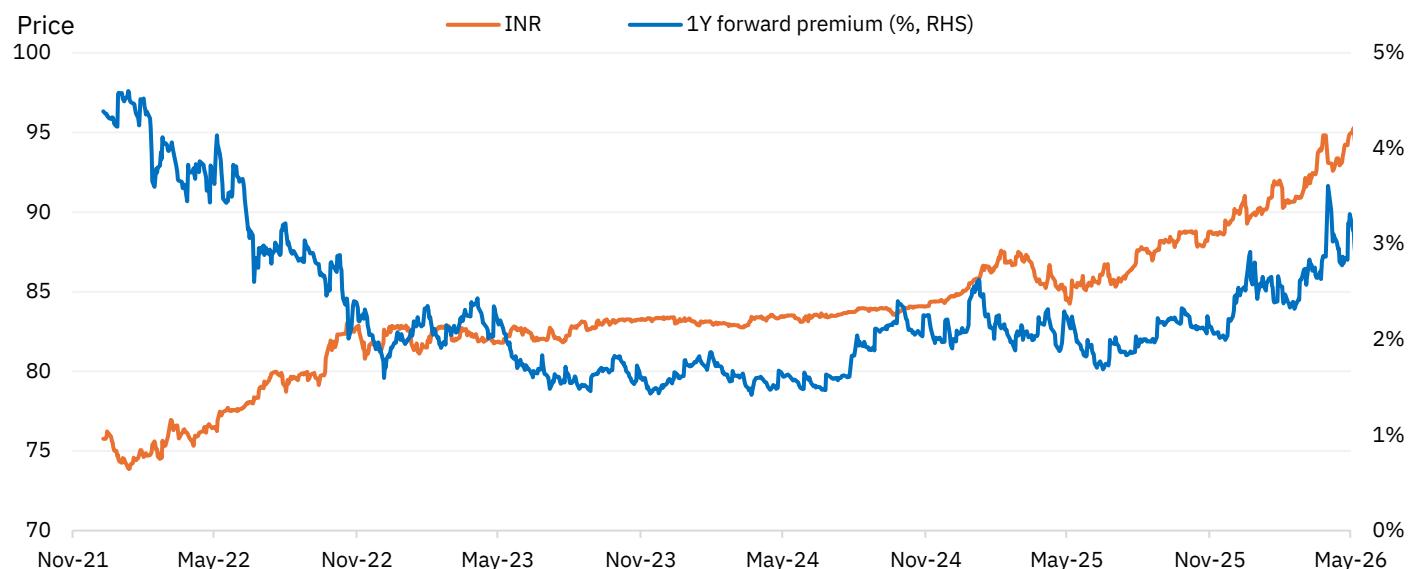
REER and NEER continue to decline, extending INR undervaluation...: The INR's undervaluation phase became increasingly pronounced in April 2026, with the 40-currency trade-weighted REER declining to 91.0 from 92.6 in March (-161 bps MoM), while the NEER moderated further to 79.7 from 80.8 (-113 bps MoM) in the preceding month. The latest readings imply a cumulative correction of approximately 17 points from the REER peak of 108.1 recorded in November 2024, highlighting the extent of valuation adjustment that has unfolded since late-2024. The continued moderation in REER and NEER suggests a further extension of the undervaluation phase following the earlier overvaluation cycle, with implications for price competitiveness. However, the transmission to export performance is likely to remain gradual amid prevailing global demand uncertainties and elevated energy prices.

Figure 195: Real and nominal effective exchange rates of INR


Source: CMIE Economic Outlook, NSE EPR.

One-year forward premium remains elevated in May 2026...: The one-year forward premium on the INR remained elevated in May 2026, with the monthly average edging marginally higher to 3.10% (from 3.04% in April 2026), indicating that the pace of firming moderated following the sharp repricing observed during March–April 2026. The premium fluctuated within a range of 273–316 paise during the month, before settling at 291 paise as of 29th May, 2026, indicating continued uncertainty in forward markets. The persistence of elevated forward premiums coincided with continued external sector pressures, including elevated crude oil prices and sustained portfolio outflows, and may reflect not only prevailing interest rate differentials but also increased hedging demand amid heightened geopolitical uncertainty. While forward premiums remain well below post-pandemic highs, their recent behaviour suggests that forward market pricing continues to incorporate a higher risk premium relative to the low-premium environment observed during FY24–FY25.

Figure 196: USDINR and 1-year forward premium



Source: NSE Cogencis, NSE EPR.

Institutional flows across market segments in India

FPI equity selling re-accelerated in early June after a temporary moderation in May...:

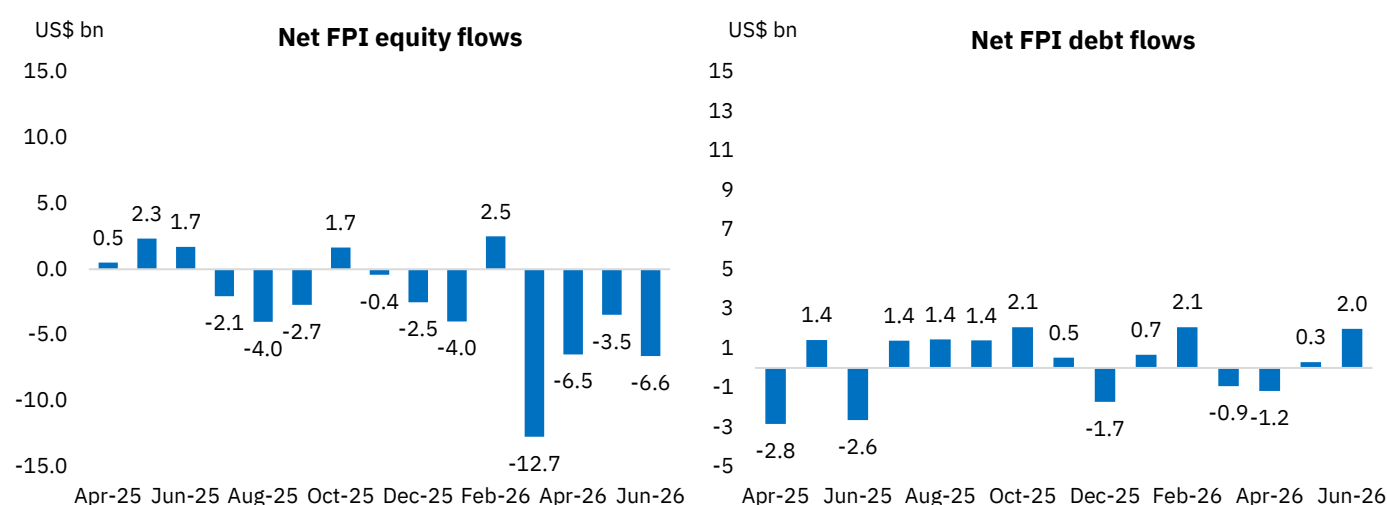
After declining from US\$6.5 bn in April to US\$3.5 bn in May 2026, FPI equity outflows re-accelerated sharply in early June, with net selling of US\$6.6 bn recorded in just the first twelve days of the month – contrasting with net inflows of US\$2.3 bn recorded in May 2025. The apparent easing in May proved short-lived amid continued geopolitical uncertainty surrounding the West Asia crisis, persistent INR pressure, and elevated global volatility. Although Brent crude prices corrected during the latter half of May, they remained materially above pre-conflict levels, limiting the extent of any durable improvement in India's external sector outlook. Cumulatively, FPI equity outflows in FY27 stood at US\$16.5 bn as of 12th June 2026, while net FPI equity outflows in 2026 (US\$ 24.1 bn) have now exceeded the total outflows recorded during the whole of 2025 (US\$ 18.9 bn), underscoring the sustained nature of foreign investor caution toward Indian equities.

...while debt inflows turned positive in May and strengthened further in early June:

After recording outflows of US\$1.2 bn in April 2026, FPI participation in the debt segment returned to positive territory with net inflows of US\$291 mn in May. Inflows strengthened

further in early June, with FPIs adding US\$2.0 bn as of 12th June 2026 — the largest net debt inflow since February 2026. The divergence between equity outflows and debt inflows points to selective foreign portfolio allocation, with fixed-income assets attracting greater interest than equities during the period. The improvement in debt flows coincided with measures announced by the Government of India on 6th June 2026 to enhance the attractiveness of government securities for foreign investors, including exemptions on interest income and capital gains from specified government securities, expansion of the Fully Accessible Route, and relaxation of certain investment restrictions — effective from 1st April 2026. Cumulatively, FPI debt flows in FY27 turned positive at US\$1.1 bn as of 12th June 2026, reversing the deficit position recorded at end-April.

Figure 197: Monthly Net inflows by FPIs in Indian equity and debt markets

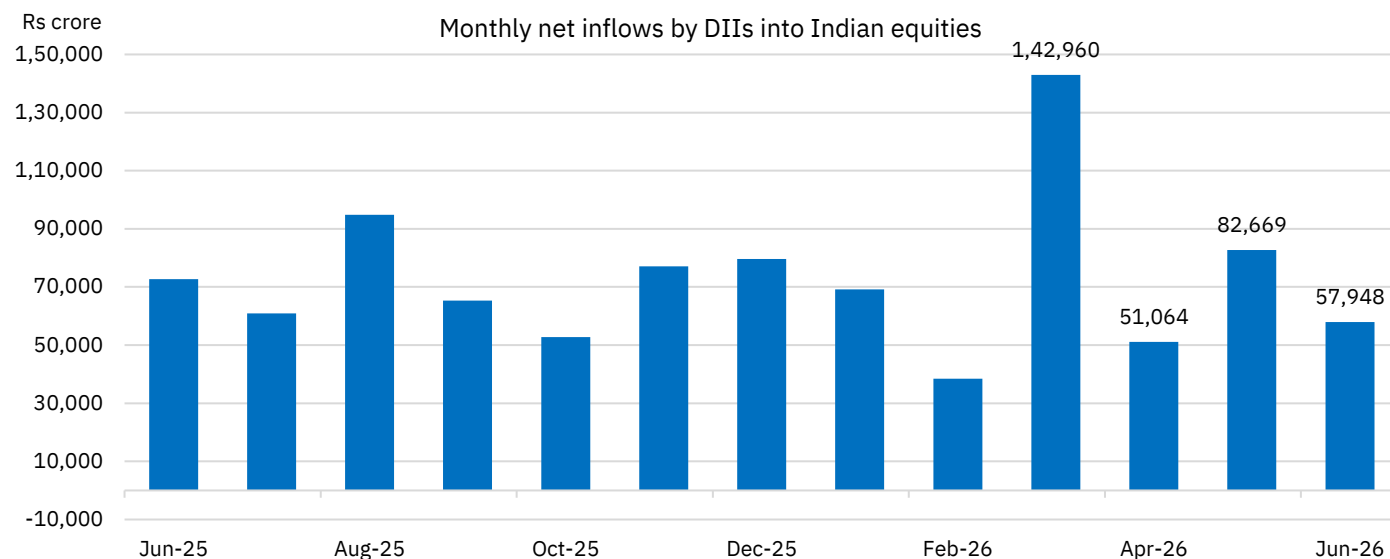


Source: NSDL, NSE EPR. Data for June is as of June 12th, 2026.

Domestic institutional participation remained robust through May and early June:

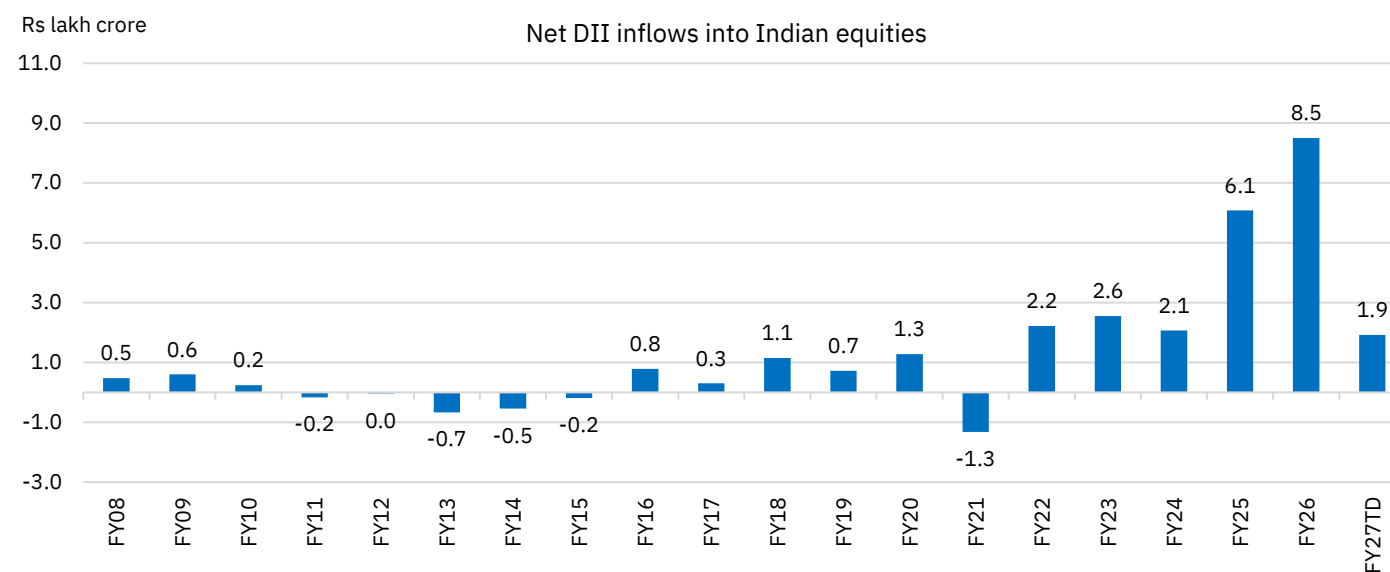
Domestic Institutional Investors (DIIs) invested Rs 82.7k crore (US\$8.7 bn) in Indian equities during May 2026, above Rs 67.6k crore (US\$7.9 bn) recorded in May 2025, with buying remaining elevated in early June at Rs 57.9k crore (US\$6.1 bn) as of 12th June 2026. Cumulatively, DII equity inflows in FY27 stood at approximately Rs 1.9 lakh crore (US\$20.2 bn), highlighting the continued scale of domestic institutional participation despite persistent foreign portfolio outflows. Among DIIs, mutual fund equity allocations strengthened in May while debt outflows resumed after a brief pause. DMFs invested Rs 60.6k crore (US\$6.3 bn) in equities during May 2026 — nearly double the Rs 30.6k crore (US\$3.3 bn) recorded in April — with equity inflows remaining firm at Rs 37.6k crore (US\$3.9 bn) as of 11th June 2026. Cumulatively, DMF equity inflows in FY27 stood at approximately Rs 1.3 lakh crore (US\$13.6 bn). In contrast, the brief stabilisation in debt flows observed in April proved short-lived. After recording marginal inflows of Rs 1.7k crore (US\$0.2 bn) in April, DMFs recorded debt outflows of Rs 66.0k crore (US\$6.9 bn) in May, followed by a further Rs 62.7k crore (US\$6.6 bn) of outflows as of 11th June. Cumulative DMF debt outflows in FY27 stood at approximately Rs 1.3 lakh crore (US\$13.3 bn) as of 11th June 2026, indicating that the improvement observed at the start of the fiscal year had yet to translate into a sustained recovery in domestic fixed-income flows.

Figure 198: Monthly net inflows by DIIs in Indian equity markets



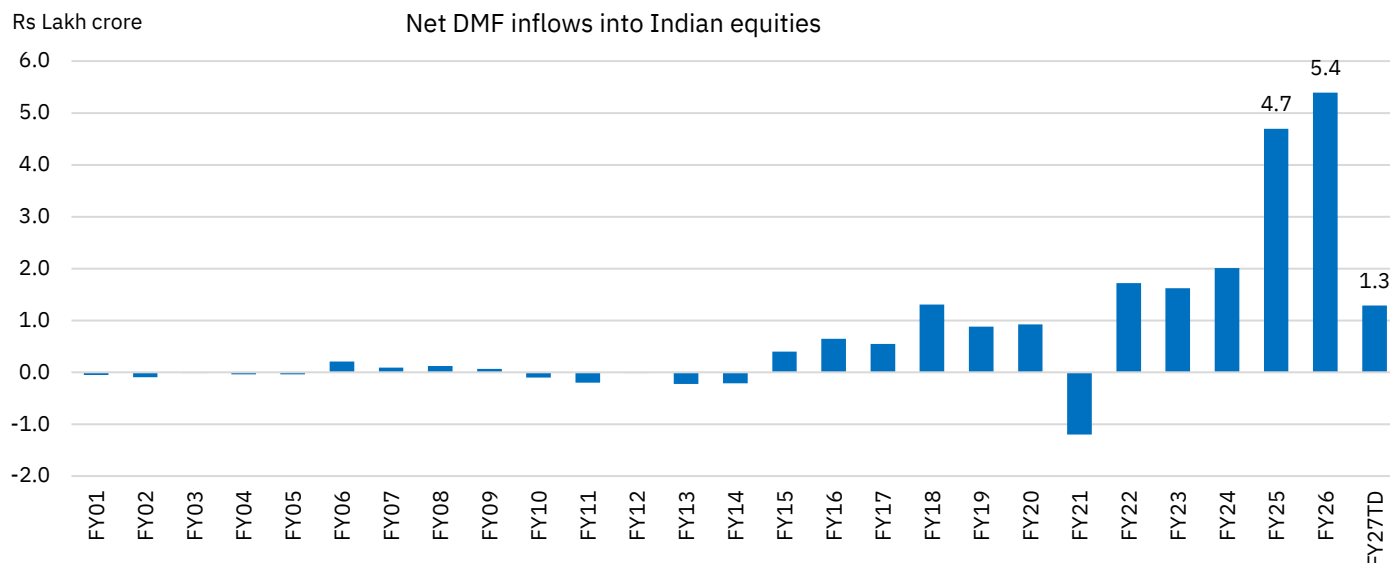
Source: LSEG Workspace, NSE EPR. Data for June is as of June 12th, 2026. Note: The figure above shows total traded value executed by DIIs across exchanges, compiled based on trading codes entered by Trading Members at the time of order entry and corresponding client category classification provided by trading members.

Figure 199: Annual net inflows by DIIs in Indian equity markets

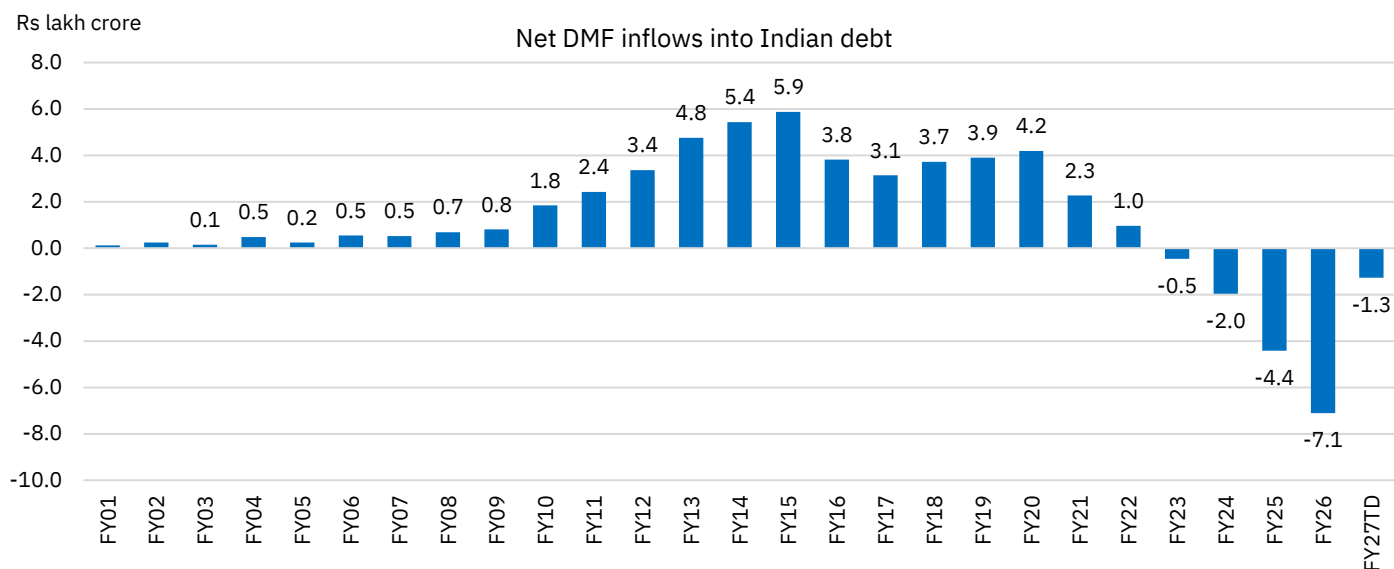


Source: LSEG Workspace, NSE EPR. Data for FY27TD is as of June 12th, 2026.

Note: The figure above shows total traded value executed by DIIs across exchanges, compiled based on trading codes entered by Trading Members at the time of order entry and corresponding client category classification provided by trading members.

Figure 200: Annual net inflows by domestic mutual funds in Indian equity markets


Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of June 11th, 2026.

Figure 201: Annual net inflows by domestic mutual funds in Indian debt markets


Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of June 11th, 2026.

Markets in depth

Capital formation moderates amid geopolitical uncertainty

India's capital markets witnessed a moderation in activity during May 2026, as overall fund mobilisation through equity, debt, and REITs/InvITs declined to ~Rs 1.4 lakh crore, primarily due to a slowdown in equity issuances. Primary market momentum also softened at the beginning of FY27, with only five mainboard and ten SME listings during April–May, partly reflecting heightened geopolitical uncertainty in West Asia. In the secondary market, trading activity in equity derivatives moderated following the increase in Securities Transaction Tax (STT). Compared with March 2026, average daily turnover in equity futures and average daily premium turnover in equity options fell by 14% and 28%, respectively, with index derivatives experiencing a sharper decline than stock derivatives.

Participation patterns also evolved, as DMA usage in equity futures rose to a near six-year high, while mobile-based trading in index options reached record levels, highlighting growing individual investors participation. Nonetheless, trading activity remained highly concentrated, with a small proportion of investors accounting for the overwhelming majority of turnover across the cash market, equity options, and equity futures segments.

Fund mobilisation softens amid geopolitical uncertainty: Overall capital mobilisation through equity, debt, and REITs/InvITs moderated in May 2026, with total fund raising declining 21% MoM to ~Rs 1.4 lakh crore, largely due to weaker equity issuances. Primary market activity also remained subdued at the start of FY27, with only five mainboard and ten SME listings during April–May. The slowdown in fund mobilisation was partly influenced by heightened geopolitical uncertainties arising from developments in West Asia.

Shifting trends in equity derivatives...: Secondary market activity reflected the impact of the Securities Transaction Tax (STT) revision. Compared with March 2026, average daily turnover in equity futures declined 14%, while average daily premium turnover in equity options fell 28%, with index derivatives witnessing sharper moderation than stock derivatives. At the same time, trading patterns indicated a shift in market participation. In equity futures, Colocation activity declined while DMA usage rose to a near six-year high, suggesting stronger institutional participation. Conversely, equity options recorded increased individual investors participation, with mobile trading reaching record levels in index options.

...While trading activity remains concentrated: Trading activity across the cash market and derivatives segments continued to be highly concentrated among a small group of large participants. A limited proportion of investors accounted for the vast majority of turnover, with proprietary traders, foreign investors, and institutional participants dominating the highest turnover cohorts across segments. This highlights the persistent divergence between broad investor participation and actual turnover contribution in Indian securities markets.

India's capital formation story remains strong over the long run

Overall capital mobilisation through equity, debt, and REITs/InvITs moderated in May 2026, with total fund-raising declining to Rs 1.4 lakh crore, largely driven by a slowdown in equity issuances. Primary market activity also witnessed a softer start to FY27, as only five Mainboard and ten SME companies were listed during the first two months of the fiscal year. While the average IPO size on the Mainboard declined significantly, SME issuances displayed resilience with a notable increase in average issue size. The moderation in fund-raising activity can be partly attributed to heightened geopolitical uncertainty emanating from developments in West Asia. Nevertheless, the broader capital formation landscape remains robust. During the last two fiscals, NSE facilitated the listing of 461 companies that collectively raised ~ Rs 3.5 lakh crore through IPOs, with Consumer Discretionary, Financials, and Industrials accounting for the majority of capital mobilised on the Mainboard. The SME ecosystem has also continued to strengthen, with NSE EMERGE surpassing 730 listed companies since inception, raising ~ Rs 23,000 crore cumulatively and adding a market capitalisation of ~Rs 2.3 lakh crore as of May 2026, while 160 companies have successfully migrated to the Mainboard platform.

Fund mobilisation and new listings

Fund mobilisation moderates in May amid weak equity issuances: Overall fund mobilisation through equity, debt, and REITs/InvITs declined by 21% MoM to ~Rs 1.4 lakh crore in May 2026, marking the lowest monthly mobilisation in the past four months, although it remained marginally higher on a YoY basis. The decline was primarily driven by equity issuances, where fund raising fell 45% MoM to Rs 29,015 crore. Debt issuances also moderated, declining 12% MoM to Rs 1.07 lakh crore. In contrast, fund mobilisation through REITs and InvITs increased by 37% MoM to Rs 5,071 crore, partially offsetting the decline in equity and debt issuances.

Mainboard and SME listings moderate amid global uncertainty: During the first two months of FY27, five companies were listed on the Mainboard platform, raising Rs 3,025 crore, while ten companies were listed on the NSE EMERGE platform, mobilising Rs 746 crore. This translates into an average monthly listing rate of ~2.5 companies on the mainboard and 5 companies on the SME platform during FY27 (up to May), compared with ~9 listings per month for each platform, in FY26. Despite the moderation in listing activity, the average IPO size for SME companies increased by 54% to ~Rs 75 crore, compared with ~Rs 48 crore in FY26. Conversely, the average IPO size on the mainboard declined sharply by 62% to ~Rs 605 crore from ~Rs 1,600 crore in FY26. The slowdown in primary market activity can be partly attributed to heightened geopolitical uncertainty arising from tensions in West Asia. However, expectations of a potential US-Iran peace deal would help ease concerns and support improved market sentiment going forward.

Sectoral trends in IPO fund raising across platforms: Over the last two fiscals, a total of 461 companies were listed on NSE through IPOs, collectively raising ~Rs 3.5 lakh crore. Of these, 187 companies were listed on the Mainboard platform, mobilising ~Rs 3.4 lakh crore, while 274 companies were listed on the NSE EMERGE platform, raising ~Rs 12,500 crore. Among mainboard IPOs, the Consumer Discretionary sector accounted for the largest share of capital raised at ~35%, followed by Financials (~22%) and Industrials (~13%). Together, these three sectors contributed nearly 70% of the total funds mobilised through mainboard IPOs. On the SME platform, Industrials dominated fund mobilisation with a share of ~40%, followed by Consumer Discretionary (~20%) and Materials (~12%).

Emerge platform crosses 730 listings: The number of companies listed on the Emerge platform crossed the 730-mark, reaching 731 as of May 2026. Collectively, these companies have raised ~Rs 22,970 crore through IPOs since the inception and have contributed a combined market capitalisation of ~Rs 2.3 lakh crore as of May 2026. Reflecting the platform's role in nurturing growth-oriented enterprises, 160 companies have successfully migrated from the SME platform to the Mainboard of the exchange, highlighting their progression in scale, and market presence. Maharashtra, Gujarat and NCT of Delhi remained the largest contributors to the platform, collectively accounting for ~65% of total funds mobilised through SME IPOs since inception.

Table 42: Monthly trends for fund mobilisation (Rs crore) through equity and debt in the last 11 months

Segments	Modes	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Equity (Main Board) - Primary markets	Fresh listing	7,464	7,803	5,598	10,909	11,754	7,365	1,816	1,824	2,784	1,558	850
	OFS	17,096	5,115	3,984	29,491	21,260	14,493	2,949	2,185	5,271	541	76
	IPO (Fresh + OFS)	24,559	12,918	9,582	40,400	33,014	21,858	4,765	4,009	8,056	2,099	926
	FPO	-	-	-	-	-	-	-	-	-	-	-
	Rights	1,698	3,149	1,349	582	1,073	26,488	381	74	780	1,260	174
	Preferential	4,028	2,763	4,101	6,475	19,180	7,861	27,134	3,118	5,423	46,317	9,225
Equity (SME) - Primary markets	QIPs	30,539	1,202	2,000	1,100	1,200	11,085	4,150	-	182	2,500	4,000
	Fresh listing	565	791	643	309	213	622	253	282	234	179	532
	OFS	40	53	55	17	-	24	5	24	7	26	9
	IPO (Fresh + OFS)	604	843	698	326	213	646	258	306	242	205	542
	FPO	-	-	-	-	-	-	-	-	-	-	-
	Rights	40	-	35	-	91	-	-	-	122	-	-
Secondary markets	Preferential	161	86	139	195	206	546	34	263	145	350	235
	QIPs	70	-	85	-	-	-	-	-	-	-	-
Total equity raised		61,733	21,790	19,293	49,329	55,027	72,545	40,035	16,037	15,970	52,731	29,015
InvITS	Fresh listing	1,300	-	-	400	-	-	-	-	6,000	1,105	-
	Rights	-	-	-	-	-	-	-	-	-	-	-
	Preferential	-	-	-	-	1,789	-	-	-	1,314	-	1,004
	QIPs	-	-	-	3,248	-	1,250	1,500	-	2,469	-	-
REITs	Fresh listing	-	4,800	-	-	-	-	-	-	-	-	3,405
	Rights	-	-	-	-	-	-	-	-	-	-	-
	Preferential	-	-	1,000	-	-	-	1,819	-	-	-	662
	QIPs	-	-	-	-	-	3,500	-	-	-	2,600	-
Total business trusts raised		1,300	4,800	1,000	3,648	1,789	4,750	3,319	-	9,782	3,705	5,071
Debt	CPs	74,483	65,826	1,04,444	55,775	77,160	86,964	39,261	1,26,645	1,27,157	1,01,294	80,410
	NCDs (Private)	27,879	20,593	47,088	43,703	38,054	51,585	25,462	40,363	77,473	21,170	27,137
	NCDs (Public)	1,000	174	-	200	-	-	1,000	601	1,222	-	-
Total debt raised		1,03,362	86,593	1,51,532	99,678	1,15,214	1,38,549	65,723	1,67,608	2,05,931	1,22,463	1,07,548
Total fund mobilisation		1,66,395	1,13,182	1,71,825	152,655	1,72,030	2,15,844	1,09,077	1,83,645	2,31,604	1,78,899	1,41,634

Source: NSE EPR.

Note: 1) Debt issuances include reissuances.

2) Data for OFS Secondary market is computed as no of shares offered*floor price (Base issue+ Greenshoe)

Table 43: Quarterly trends for monthly fund mobilisation (Rs crore) through equity and debt in FY26 and FY27

Segments	Modes	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Equity (Main Board) - Primary markets	Fresh listing	3,999	6,955	10,009	2,141	1,204
	OFS	617	8,732	21,748	3,468	309
	Fresh listing + OFS	4,617	15,686	31,757	5,610	1,512
	FPO	-	-	-	-	-
	Rights	2,362	2,065	9,381	412	717
	Preferential allotment	16,221	3,631	11,172	11,892	27,771
	QIPs	5,395	11,247	4,462	1,444	3,250
Equity (SME) - Primary markets	Fresh listing	392	666	381	257	356
	OFS	17	49	14	12	18
	Fresh listing + OFS	409	715	395	269	373
	FPO	-	-	-	-	-
	Rights	19	25	30	41	-
	Preferential allotment	186	129	315	148	292
	QIPs	8	52	-	-	-
Secondary markets	OFS	2,767	722	1,454	4,200	6,957
Total equity raised		31,983	34,272	58,967	24,014	40,873
InvITS	Fresh listing	-	433	133	2,000	553
	Rights	-	-	-	-	-
	Preferential allotment	47	-	596	438	502
	QIPs	-	-	1,499	1,323	-
REITs	Fresh listing	-	1,600	-	-	1,703
	Rights	-	-	-	-	-
	Preferential allotment	-	333	-	606	331
	QIPs	-	-	1,167	-	1,300
Total business trusts raised		47	2,367	3,396	4,367	4,388
Debt	CPs	81,228	81,584	73,300	97,687	90,852
	NCDs (Private)	58,886	31,854	44,447	47,766	24,154
	NCDs (Public)	233	391	67	941	-
Total debt raised		1,40,347	1,13,829	1,17,814	1,46,394	1,15,006
Total fund mobilisation		1,72,377	1,50,468	1,80,176	1,74,775	1,60,266

Source: NSE EPR.

Notes: 1) Debt issuances include reissuances.

2) Data for Q1FY27 is as of May 2026.

3) Data for OFS Secondary market is computed as no of shares offered*floor price (Base issue+ Greenshoe)

4) Quarterly data has been calculated as the average of three months, except for Q1 FY27, for which the average is based on the 2 months of available data.

Table 44: Annual trends for fund mobilisation (Rs crore) through equity and debt in the last fiscal year

Modes	FY24	FY25	FY26
IPO	65,991	1,69,628	1,78,372
FPO	27	18,150	-
Rights	13,557	16,096	43,005
Preferential allotment	34,920	63,798	1,31,078
QIPs	68,972	1,28,703	67,824
OFS (Secondary)	21,769	29,077	27,429
REITs and InvITs (Further)	24,162	22,893	18,030
REITs and InvITs (New listing)	14,068	1,578	12,500
Total Equity raised	2,43,466	4,49,922	4,78,238
CP	5,90,582	7,70,812	10,01,397
NCD Private	5,40,350	6,44,372	5,48,859
NCD Public	11,145	3,259	4,896
Total Debt raised	11,42,077	14,18,443	15,55,152
Total fund raised	13,85,543	18,68,364	20,33,390

Source: NSE EPR.

Notes:

1) IPO data including fresh issuance and offere for sale

2) Above data combines Mainboard and Emerge platform

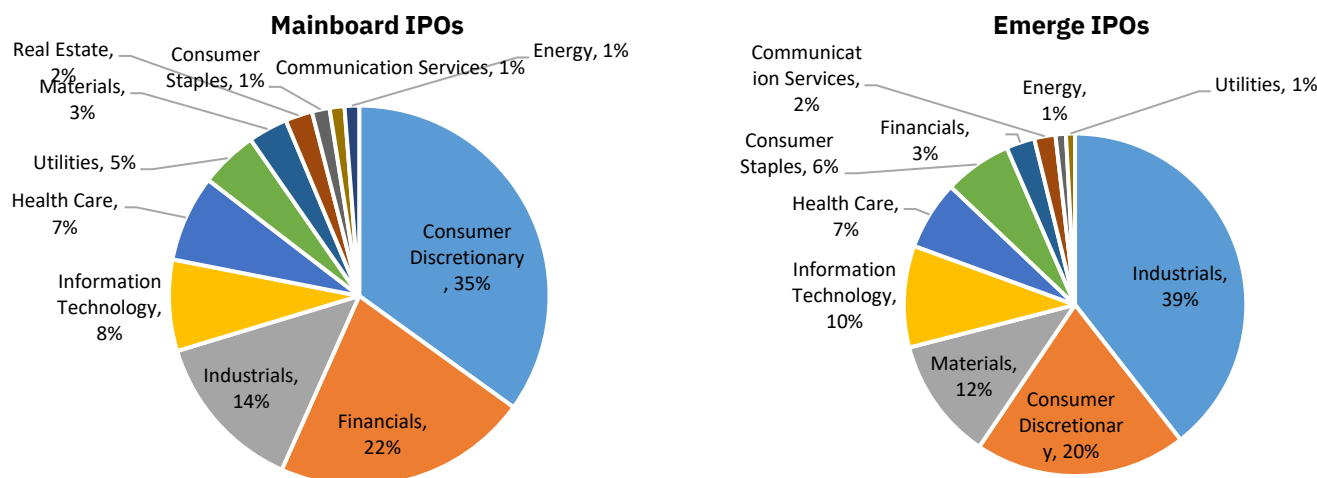
3) Data for OFS Secondary market is computed as No of shares offered*floor price (Base issue+ Greenshoe).

Table 45: New listing on Mainboard and Emerge platform during May 2026

Company Name	Listing Venue	Issue Price	Listing Price	Listing gain / loss (%)	Fresh (Rs crore)	OFS (Rs crore)	Amount raised (Rs crore)	M-Cap ^ (Rs crore)
Onemi Technology Solutions Limited	Mainboard	171	190	11%	850	76	926	4,590.5
Bio Medica Laboratories Limited	Emerge	139	111.2	-20%	47	5	52	145.6
Q-Line Biotech Limited	Emerge	343	452	32%	214	-	214	1,107.2
Teamtech Formwork Solutions Limited	Emerge	63	75	19%	50	-	50	216.1
NFP Sampoorna Foods Limited	Emerge	55	54.5	-1%	25	-	25	56.2
RFBL Flexi Pack Limited	Emerge	50	52.5	5%	35	-	35	147.7
Simca Advertising Limited	Emerge	183	156	-15%	58	-	58	184.1
Value 360 Communications Limited	Emerge	98	78.4	-20%	38	4	42	115.8
Amba Auto Sales and Services Limited	Emerge	135	134.5	-0.4%	65	-	65	179.7

Source: NSE

Note: 1) Listing gain/ loss has been calculated based on opening price. 2) Data for Market Cap is as of May 29th, 2026.

Table 46: Sector distribution for IPOs (FY25 to FY27TD: based on capital raised)


source: LSEG workspace. NSE EPR.

Notes: 1. Data is based on fund raising by companies

2. Data include companies that were listed between April 2024 to May 2026

Table 47: Top 10 State-wise fund raising for Mainboard IPO issuances (FY25 to FY27TD)

States	No of listings	Amount raised (Rs crore)
Maharashtra	60	98,565
Karnataka	29	66,562
NCT of Delhi	28	66,462
Tamil Nadu	6	36,820
Gujarat	24	22,953
Haryana	10	20,283
Telangana	6	8,014
West Bengal	7	6,188
Uttar Pradesh	2	3,984
Jharkhand	3	3,410
Others	17	5,311
Grand Total	192	3,38,551

Source: NSE EPR. Note: Data includes companies that were listed between April 2024 to May 2026.

Table 48: Top 10 State-wise fund raising for SME IPO issuances (FY25 to FY27TD)

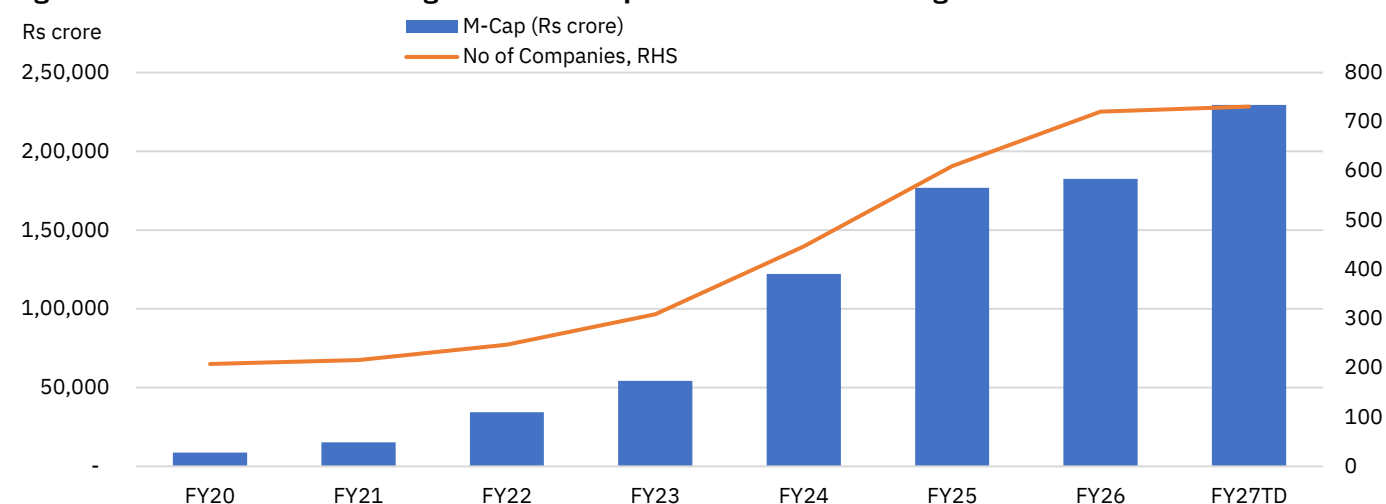
States	No of listings	Amount raised (Rs crore)
Maharashtra	75	3,538
Gujarat	54	2,275
NCT of Delhi	48	2,218
West Bengal	25	1,085
Rajasthan	13	688
Tamil Nadu	10	667
Karnataka	10	563
Uttar Pradesh	8	542
Haryana	9	435
Madhya Pradesh	10	411
Others	22	798
Grand Total	284	13,220

Source: NSE EPR. Note: Data includes companies that were listed between April 2024 to May 2026.

Table 49: Top 10 state-wise SME IPO issuances on Emerge platform since inception

State	No of listings	Amount raised (Rs crore)	Market Capitalisation (Rs crore)
Maharashtra	204	6,256	51,059
Gujarat	182	4,846	53,006
NCT of Delhi	102	3,745	45,161
West Bengal	42	1,386	9,713
Tamil Nadu	23	1,102	8,406
Rajasthan	33	941	16,435
Karnataka	22	941	8,906
Madhya Pradesh	34	913	10,076
Uttar Pradesh	12	605	4,279
Haryana	18	589	3,812
Others	59	1,650	18,371
Grand Total	731	22,973	2,29,225

Source: CMIE Prowess, NSE EPR. Note: Market cap data is as of May 29th, 2026

Figure 202: Annual trend of listing and market capitalisation on NSE Emerge


Source: NSE EPR.

Notes: Market cap data for FY27TD is as of May 29th 2026.2. Data includes companies that are migrated to mainboard of the exchange.

Investor participation: Investor base grows steadily; UP leads investor additions

Region-wise distribution of total registered investors

Last crore of additions to NSE's registered investor base occurred in seven months:

The expansion of the registered investor base at NSE has accelerated meaningfully in recent years. While the addition of the first four crore investors took about 25 years, in recent years, it takes about 6-8 months on average to add 1 crore investors, with the move from 12 to 13 crore investors occurring in about seven months. The registered investor base at NSE stands at 13.1 crore, as of May'26.

Additionally, despite new investor additions declining in six of the past 12 months due to multiple reasons with capital market uncertainty being one of them, the registered investor base continues to demonstrate sustained progress: in the past five years between FY21-FY26, the overall investor base grew at a 25.3% CAGR, much faster than 16.3% CAGR in the previous period (FY16-21).

The regional distribution of investors has shifted considerably as well. North India, which surpassed Western India in 2022, accounts for the highest share (36.7%, 4.8 crore investors), with Eastern India accounting for the smallest share (1.6 crore, 12.1% share) of the overall investor base as of May'26.

State-level distribution of registered investors

Top 3 states accounts for 36% of registered investors; UP, MH and WB account for 31.6% of investor additions in the last 1 crore:

The top three states in terms of the registered investor base – Maharashtra, Uttar Pradesh and Gujarat account for ~36% of the investor base. Additionally, Maharashtra is the only state with an investor base over 2 crore and continues to remain the top ranked state, as of May'26. It comprises a 15.6% share (-4pp since FY17) of registered investors. Uttar Pradesh (11.8% share, 1.5 crore investors) and Gujarat (8.5% share, 1.1 crore investors) are the other top states in terms of registered investors. The top five states (Rajasthan and West Bengal are the others) now account for 47.5% of the overall base.

In terms of the pace of additions to the investor base, ~32% of investor additions to the latest 1 crore investors came from Uttar Pradesh, Maharashtra and West Bengal. Significantly, states outside the top 10 account for 27% of the investor base, as of May'26, with their share having grown by ~5pp since FY17. Within the top 10 states, Bihar and Uttar Pradesh recorded a multiple growth of more than 10 times, since FY17, with the investor base in Bihar growing ~16x since FY17. Additionally, the rapid pace of growth of the investor base in some of the smaller northeastern states – Arunachal Pradesh (23.8x), Mizoram (27.3x) and Assam (20.3x) reiterates the impact of the efforts of regulators and market infrastructure institutions on capital market penetration, especially in suburban and non-metropolitan regions.

Figure 203: Trend of region wise total unique registered investors

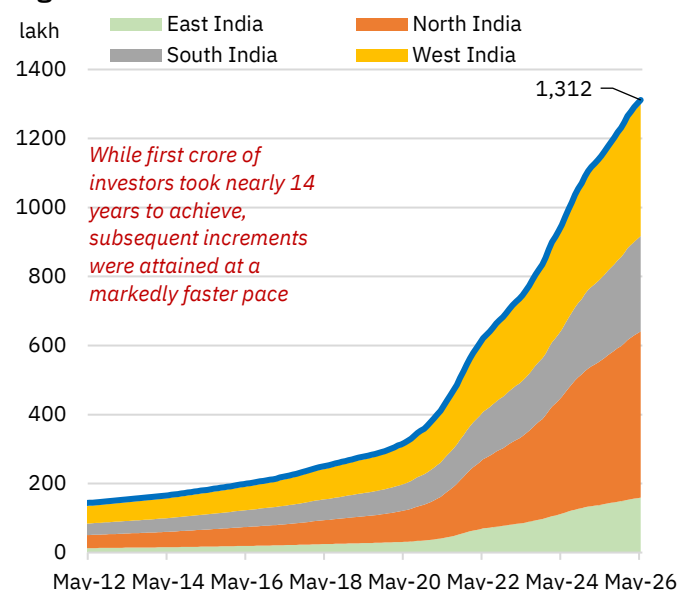
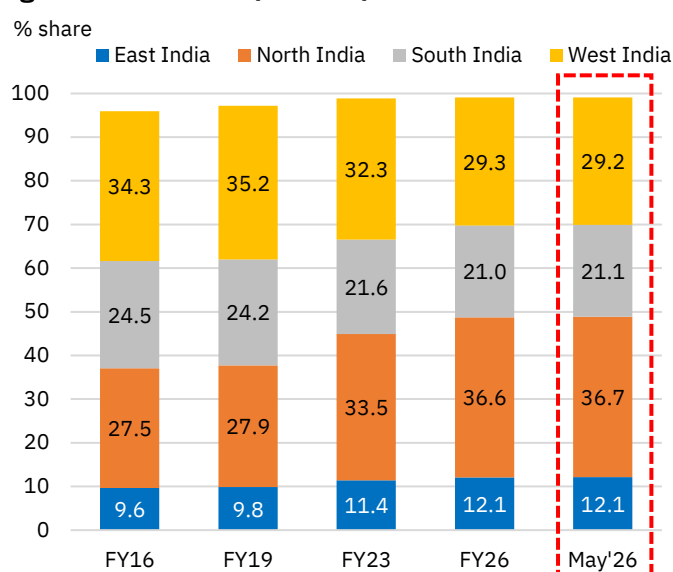


Figure 204: Trend of region wise total unique registered investors (% share)



Source: NSE EPR. Note: East India includes Mizoram, Odisha, West Bengal, Assam, Manipur, Arunachal Pradesh, Tripura, Nagaland, Meghalaya, Sikkim, Chhattisgarh; West India includes Maharashtra, Gujarat, Madhya Pradesh, Daman & Diu, Goa, Dadra & Nagar Haveli; North India includes Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Haryana, Delhi, Punjab, Jammu & Kashmir, Himachal Pradesh, Chandigarh, Ladakh and Rajasthan; South India includes Telangana, Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Pondicherry, Lakshadweep and Andaman & Nicobar.

Table 50: Region-wise distribution of total unique registered investors (in lakh) at end of each fiscal year

Region	FY15	FY20	FY25	FY26	FY27TD
East India	17.0	30.4	135.8	156.3	159.2
North India	49.0	88.4	409.6	472.9	482.0
South India	43.4	75.1	232.9	271.4	276.3
West India	62.0	108.4	341.0	378.1	382.7
Others [#]	8.2	7.7	8.6	12.2	11.5
Total	179.6	310.0	1127.9	1290.9	1311.7

Source: NSE EPR.

Note: Data for FY27TD is as of May 2026#Others include Army Personnel Officers and investors for whom state mapping is unavailable

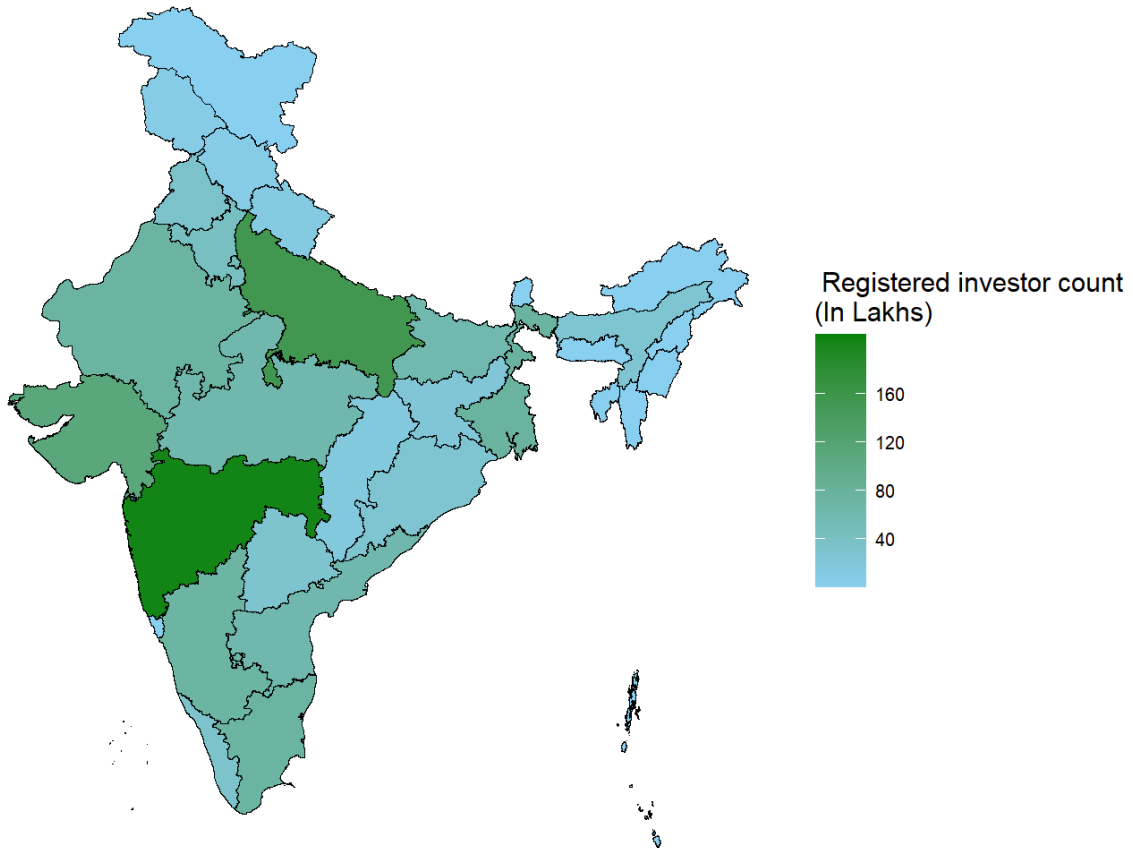
Table 51: State-wise distribution of total unique registered investors at end of each fiscal year

States	FY15		FY20		FY25		FY27TD*	
	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)
Maharashtra	3575	19.9	5963	19.2	18376	16.3	20430	15.6
Uttar Pradesh	1248	6.9	2302	7.4	12827	11.4	15484	11.8
Gujarat	2055	11.4	3797	12.2	9939	8.8	11141	8.5
West Bengal	1175	6.5	1990	6.4	6614	5.9	7775	5.9
Rajasthan	667	3.7	1328	4.3	6454	5.7	7510	5.7
Tamil Nadu	1287	7.2	2182	7.0	6261	5.6	7405	5.6
Karnataka	1165	6.5	1949	6.3	6239	5.5	7262	5.5
Madhya Pradesh	518	2.9	984	3.2	5460	4.8	6340	4.8
Andhra Pradesh	1002	5.6	1581	5.1	5137	4.6	6310	4.8
Bihar	294	1.6	670	2.2	5085	4.5	6143	4.7
Delhi	1197	6.7	1853	6.0	4922	4.4	5491	4.2
Haryana	531	3.0	971	3.1	3845	3.4	4380	3.3
Punjab	389	2.2	704	2.3	2991	2.7	3482	2.7
Kerala	583	3.2	942	3.0	2817	2.5	3363	2.6
Telangana	279	1.6	813	2.6	2694	2.4	3117	2.4
Orissa	250	1.4	494	1.6	2446	2.2	2910	2.2
Assam	109	0.6	221	0.7	2527	2.2	2863	2.2
Jharkhand	258	1.4	444	1.4	1989	1.8	2371	1.8
Chhattisgarh	129	0.7	252	0.8	1422	1.3	1646	1.3
Uttarakhand	123	0.7	234	0.8	1194	1.1	1402	1.1
Himachal Pradesh	60	0.3	123	0.4	759	0.7	876	0.7
Jammu & Kashmir	65	0.4	112	0.4	651	0.6	793	0.6
Goa	48	0.3	82	0.3	250	0.2	281	0.2
Chandigarh	63	0.3	100	0.3	245	0.2	259	0.2
Tripura	13	0.1	24	0.1	184	0.2	225	0.2
Manipur	5	0.0	18	0.1	125	0.1	157	0.1
Pondicherry	22	0.1	41	0.1	115	0.1	137	0.1
Meghalaya	6	0.0	12	0.0	76	0.1	100	0.1
Nagaland	3	0.0	8	0.0	62	0.1	81	0.1
Arunachal Pradesh	2	0.0	6	0.0	58	0.1	76	0.1
Dadra & Nagar Haveli	6	0.0	9	0.0	48	0.0	55	0.0
Sikkim	3	0.0	7	0.0	42	0.0	53	0.0
Mizoram	1	0.0	3	0.0	26	0.0	37	0.0
Andaman & Nicobar Islands	3	0.0	5	0.0	29	0.0	34	0.0
Daman & Diu	4	0.0	6	0.0	24	0.0	27	0.0
Ladakh	0	0.0	0	0.0	2	0.0	4	0.0
Lakshwadeep	0	0.0	0	0.0	2	0.0	3	0.0
Others	823	4.6	773	2.5	853	0.8	1146	0.9
Total	17,960	100.0	31,004	100.0	1,12,791	100.0	1,31,170	100.0

Source: NSE EPR.

Note: Data for FY27 is as of May 31st, 2026.

Figure 205: State-wise distribution of registered investors as of May 2026



Source: NSE EPR.

Note: The maps above are created using the state-level shapefile from [Link](#)

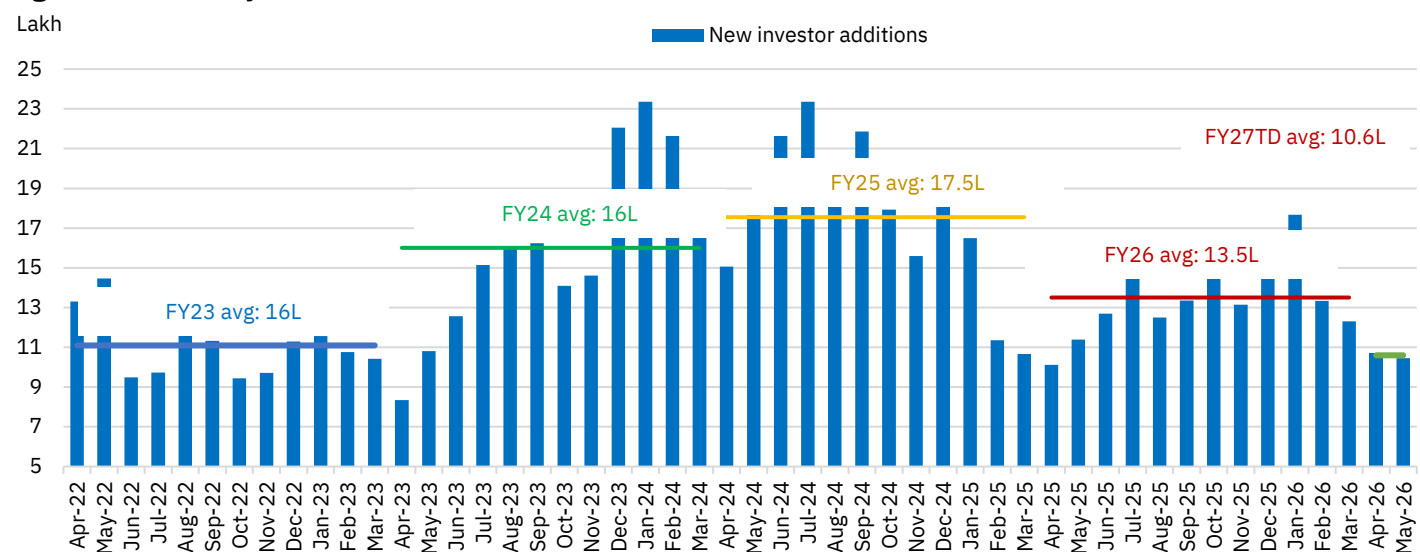
Region-wise distribution of new investor registrations

New investor registrations decline to 10.5 lakh in May'26; slowest pace of reduction in investor additions in the past twelve months: During the month of May'26, 10.5 lakh investors were added, representing a 2.5% MoM decline. Notably, the pace of reduction in new investor registrations was the slowest recorded in the past twelve months. On a YoY basis, new investor additions were 8.2% lower than May'25, with Southern and Western India leading the downturn, recording 16.6% and 8.7% YoY declines respectively. Additionally, North India continues to account for the largest share of new investor registrations at 42.2%, followed by Southern India (22.3%), Western India (21.2%) and Eastern India (14%). When compared with May'22, Northern India has dominated in terms of share of new additions, with its share rising by 5pp between FY22-FY27TD, which has largely been driven by a 4.8pp increase in Uttar Pradesh's share of registrations during this period. In contrast, the Western region's share of additions has declined by ~10pp during this period, driven by a 6.3pp decline in Maharashtra's share in new investor additions during this period.

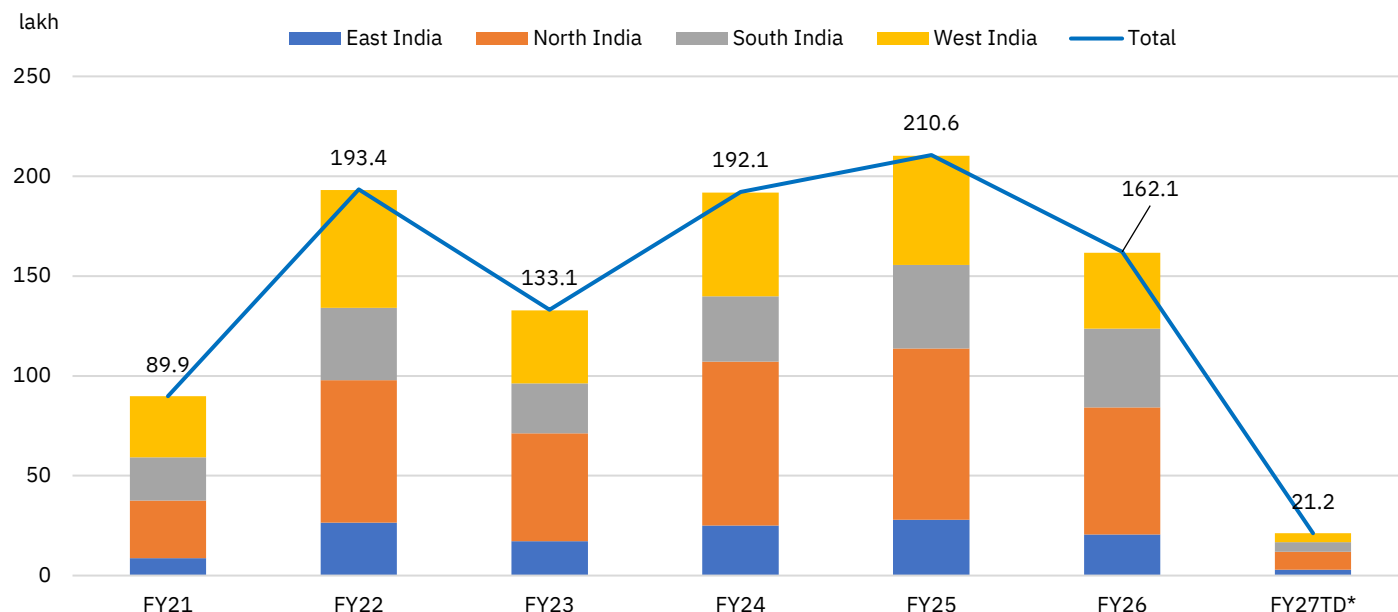
State-wise trends in new investor registrations

Uttar Pradesh leads, states outside the top five show a moderate pace of decline in additions vs the top five: Uttar Pradesh dominated the additions during the month, accounting for 16.1% of new additions, followed by Maharashtra (11%), West Bengal (6.7%), Bihar (6.6%) and Tamil Nadu (6% share). The top five states accounted for 46.4% share of new investor additions during the month. UP added ~1.7 lakh new investors in May'26, with investor additions, followed by Maharashtra with 1.1 lakh registrations. In contrast, West Bengal recorded the sharpest decline in investor additions in May'26, within the top five states, with 69.8k registrations (-7.9% MoM). Within the top five states, new investor additions declined by 4% MoM. However, outside of the top 5 states, investor additions declined at a much slower rate (-1.2% MoM), reflecting the efforts of regulators and MIIs in terms of broadening the reach of capital markets.

Figure 206: Monthly trend in new investor additions



Source: NSE EPR.

Figure 207: Region-wise distribution of new investors registered each financial year


Source: NSE EPR. Data for FY27TD is as of May 2026.

Table 52: Number of new investors registered in top 25 states (in '000)

State	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Uttar Pradesh	212.1	253.9	197.8	172.1	170.1	168.4
Maharashtra	171.5	184.9	141.8	133.9	119.4	114.8
West Bengal	84.7	100.4	91.9	87.1	75.7	69.8
Bihar	92.6	109.4	84.9	80.9	72.5	69.5
Tamil Nadu	102.0	117.2	93.3	82.7	67.7	62.5
Rajasthan	99.1	107.1	73.3	64.6	58.8	60.5
Karnataka	86.0	98.6	75.4	66.9	57.1	57.8
Madhya Pradesh	77.8	88.9	67.8	61.4	52.9	53.8
Gujarat	164.0	149.6	74.1	60.6	52.7	51.7
Andhra Pradesh	79.0	88.9	67.2	62.3	45.8	43.8
Telangana	62.9	73.3	56.7	51.4	39.4	36.8
Delhi	46.8	56.0	41.3	64.2	33.5	33.9
Kerala	36.8	47.9	39.9	35.0	29.0	31.6
Haryana	46.0	53.4	36.4	22.0	30.2	30.2
Punjab	35.0	41.8	33.9	32.8	30.5	28.3
Orissa	35.9	39.1	31.2	32.0	28.0	25.9
Assam	24.6	26.4	24.6	25.7	24.9	25.6
Jharkhand	30.2	36.1	26.7	24.6	22.1	22.3
Chattisgarh	20.0	23.7	18.2	17.1	14.9	14.8
Uttarakhand	16.4	19.5	15.2	14.6	12.8	12.6
Jammu & Kashmir	10.0	13.4	9.9	8.8	8.9	7.3
Himachal Pradesh	9.5	11.9	9.0	8.5	8.0	6.8
Tripura	3.2	3.8	3.6	3.6	3.2	2.9
Manipur	2.2	2.8	2.6	2.3	1.9	2.2
Meghalaya	1.6	2.1	1.9	1.9	1.8	1.7
Others	13.3	16.8	14.5	13.4	11.7	11.0
Total	1563	1767	1333	1231	1074	1046

Source: NSE EPR.

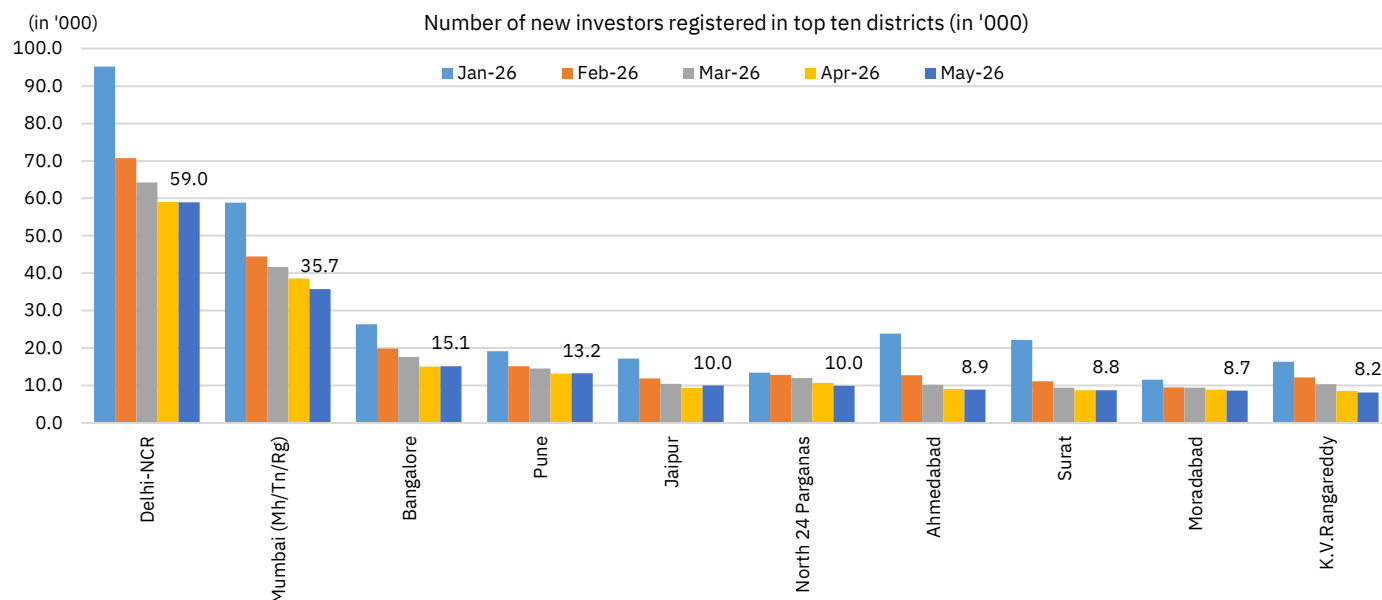
Note: Data for the top 25 states are chosen based on last month's data.

District-level trends in investor registrations

Top 10 districts account for 17% of new additions; Mumbai records sharpest MoM decline within top 10 districts:

The top 10 districts accounted for 17% of new investor additions during the month, remaining virtually unchanged from the previous month, with Delhi-NCR continuing to account for the highest share (5.6%) of investor additions in May'26, with Mumbai ranking second with a 3.4% share. Notably, all but two of the top 10 districts have witnessed at least a 10% YoY decline in registrations, with Mumbai witnessing the most significant YoY decline (-18.6%). Within the top 10 districts, six recorded sequential declines in additions during the month, with the sharpest contraction in registrations recorded in Mumbai (-7.4% MoM) and North 24 Parganas (-7.1% MoM). Of the other four districts, Jaipur recorded a 7.3% MoM increase in investor additions during the month. The top 50 districts accounted for 36.2% of new additions, marginally higher than the previous month, with 68% of the top 50 districts recording sequential decline in their investor additions.

Figure 208: Number of new investors registered in the top ten districts (in '000)



Source: NSE EPR, Note: Top 10 districts are chosen based on last month's data.

Investor profile

New investor additions reflected increasing participation from younger cohorts in FY27:

India's investor base continues to trend younger, driven by sustained inflows of investors in lower age brackets. The share of registered investors below 30 years increased sharply from 23.5% in Mar'20 to 40% in Mar'24 before easing to 38.3% in May'26, while the share of investors aged 50 years and above declined from 25.6% to 15.3% during the same period. This changing composition is also reflected in the decline in the median age of registered investors from 38 years as of Mar'20 to 33 years as of May'26. The trend has been primarily driven by the age profile of incremental investor additions, where investors below 30 years consistently accounted for the largest share of new registrations, ranging between 53-59% between Apr'20 and May'26. Correspondingly, the median age of new investors remained significantly lower, in the range of 27-29 years as compared to 32-33 years for the entire base. Although there has been some moderation in the share of younger investors in the overall registered investor base since March 2024, recent annual additions continue to indicate strong participation from younger cohorts, suggesting that the retail investor ecosystem in India remains young.

Table 53: Distribution of registered individual investor base across age groups

Age category	Share of registered investor base (%)							
	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26	May'26
Less than 30 years	23.5	29.4	37.5	38.5	40.0	39.5	38.4	38.1
30-39 years	31.2	30.4	28.9	29.2	29.1	29.6	30.1	30.1
40-49 years	19.7	17.9	15.8	15.6	15.4	15.8	16.3	16.4
50- 59 years	12.6	11	9.1	8.6	8.1	8.0	8.2	8.2
60 years and above	13	11.2	8.7	8.1	7.4	7.1	7.1	7.1

Source: NSE EPR.

Note: Only individuals and sole proprietorship firms have been considered in the above table

Table 54: Mean and median age of registered individual investors

Age (years)	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26	May'26
Median	38	36	33	33	32	32	33	33
Mean	41.1	39.2	36.8	36.4	36.8	35.8	36.1	36.1

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. 2. Age calculated at the end of period.

Table 55: Age distribution of new investors added every year (%)

Age category	Share of new investor additions (%)							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
Less than 30 years	52.1	57.8	59.1	58.3	58.8	53.2	56.4	59.0
30-39 years	26.5	25.4	23.9	24.4	23.6	25.7	23.1	22.2
40-49 years	10.7	9.5	10.0	10.4	10.7	12.5	12.1	11.3
50- 59 years	6.0	4.6	4.7	4.5	4.5	5.6	5.5	4.9
60 years and above	4.7	2.7	2.4	2.4	2.4	2.9	2.9	2.5

Source: NSE EPR

Note: Only individuals and sole proprietorship firms have been considered in the above table.

Table 56: Mean and median age of new investors added each year

Age (years)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
Median	29	28	27	27	27	29	28	27
Mean	32.6	30.7	30.4	30.4	30.3	31.5	30.9	30.1

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. 2. Age calculated at the end of period.

Female investors stand at ~25% of all individual investors as of Apr'26: Female investor participation at NSE has risen consistently since FY24 and presently stands at 25% of individual investors as of Apr'26. Among the states with the largest number of registered investors, Maharashtra leads with women accounting for 29% of the state's investor base as of Apr'26 (vs 26.4% share in FY24), followed by Tamil Nadu (with 28.7% share). In contrast, UP, despite being the second largest state in terms of investor count, falls in the bottom five, with female investor share at 19.1% of its investor base – considerably below the national average of 25%. Notably, smaller states including Arunachal Pradesh (28.3% female investor share, +4.7 pp since FY24) and Sikkim (31.8% female investor share, +4.6pp since FY24) have recorded notable gains in terms of their female investor shares since FY24, underscoring the continued democratisation of capital markets.

Table 57: State-wise gender share (%) of unique registered investors

States	FY24		FY25		FY26		FY27TD*	
	Female	Male	Female	Male	Female	Male	Female	Male
Andaman and Nicobar	21.0%	79.0%	23.1%	76.9%	24.5%	75.5%	24.5%	75.5%
Andhra Pradesh	21.5%	78.5%	23.2%	76.8%	24.3%	75.7%	24.4%	75.6%
Arunachal Pradesh	23.6%	76.4%	26.3%	73.7%	28.2%	71.8%	28.3%	71.7%
Assam	30.0%	70.0%	29.7%	70.3%	29.5%	70.5%	29.5%	70.5%
Bihar	14.6%	85.4%	15.7%	84.3%	16.5%	83.5%	16.5%	83.5%
Chandigarh	31.0%	69.0%	31.9%	68.1%	32.4%	67.6%	32.4%	67.6%
Chhattisgarh	20.3%	79.7%	22.4%	77.6%	23.2%	76.8%	23.2%	76.8%
Dadra and Nagar Haveli	18.2%	81.8%	19.9%	80.1%	20.7%	79.3%	20.7%	79.3%
Daman and Diu	19.3%	80.7%	20.7%	79.3%	21.3%	78.7%	21.3%	78.7%
Delhi	28.6%	71.4%	30.3%	69.7%	31.1%	68.9%	31.1%	68.9%
Goa	31.0%	69.0%	32.5%	67.5%	33.3%	66.7%	33.4%	66.6%
Gujarat	26.5%	73.5%	27.8%	72.2%	28.4%	71.6%	28.4%	71.6%
Haryana	22.8%	77.2%	24.6%	75.4%	25.3%	74.7%	25.3%	74.7%
Himachal Pradesh	18.2%	81.8%	20.7%	79.3%	21.9%	78.1%	21.9%	78.1%
Jammu and Kashmir	14.3%	85.7%	15.9%	84.1%	16.8%	83.2%	16.8%	83.2%
Jharkhand	18.9%	81.1%	20.6%	79.4%	21.6%	78.4%	21.6%	78.4%
Karnataka	25.8%	74.2%	27.4%	72.6%	28.3%	71.7%	28.3%	71.7%
Kerala	26.2%	73.8%	27.5%	72.5%	28.3%	71.7%	28.4%	71.6%
Lakshadweep	13.3%	86.7%	15.3%	84.7%	16.2%	83.8%	16.3%	83.7%
Madhya Pradesh	20.2%	79.8%	21.8%	78.2%	22.3%	77.7%	22.3%	77.7%
Maharashtra	26.4%	73.6%	28.2%	71.8%	29.0%	71.0%	29.0%	71.0%
Manipur	23.0%	77.0%	24.8%	75.2%	26.1%	73.9%	26.2%	73.8%
Meghalaya	25.1%	74.9%	26.3%	73.7%	27.0%	73.0%	27.0%	73.0%
Mizoram	30.0%	70.0%	31.6%	68.4%	32.6%	67.4%	32.8%	67.2%
Nagaland	26.5%	73.5%	28.5%	71.5%	29.8%	70.2%	29.9%	70.1%
Odisha	18.2%	81.8%	20.0%	80.0%	21.3%	78.7%	21.4%	78.6%
Pondicherry	27.1%	72.9%	28.2%	71.8%	29.1%	70.9%	29.1%	70.9%
Punjab	24.7%	75.3%	26.5%	73.5%	27.4%	72.6%	27.4%	72.6%
Rajasthan	18.9%	81.1%	20.3%	79.7%	20.7%	79.3%	20.7%	79.3%
Sikkim	27.2%	72.8%	29.9%	70.1%	31.6%	68.4%	31.8%	68.2%
Tamil Nadu	26.8%	73.2%	27.8%	72.2%	28.7%	71.3%	28.7%	71.3%
Telangana	23.2%	76.8%	24.8%	75.2%	25.7%	74.3%	25.8%	74.2%
Tripura	16.2%	83.8%	18.1%	81.9%	19.0%	81.0%	19.1%	80.9%
Uttar Pradesh	17.3%	82.7%	18.5%	81.5%	19.1%	80.9%	19.1%	80.9%
Uttarakhand	20.3%	79.7%	22.1%	77.9%	23.0%	77.0%	23.0%	77.0%
West Bengal	22.2%	77.8%	23.2%	76.8%	23.7%	76.3%	23.7%	76.3%
India	23.0%	77.0%	24.3%	75.7%	24.9%	75.1%	25.0%	75.0%

Source: NSE EPR. Note: The gender classification is based on investor data where the gender was disclosed. The mapping is based on India Post's pin code level mapping (GoI). * Data for FY27 is as of Apr 30th, 2026

Market activity across segments and investor categories

Market activity trends: Rising cash market turnover and changing equity derivatives dynamics

Market activity across segments remained mixed in May'26, with the cash market continuing to strengthen while the equity derivatives segment witnessed moderation as compared to March 2026. Cash market average daily turnover (ADT) increased MoM, marking the third consecutive monthly rise and reaching its highest level in nearly two years. In contrast, equity derivatives activity declined following the revised STT structure, particularly in index-based products. Compared with March 2026, ADT in equity futures fell 14%, while equity options premium turnover declined 28%, with index derivatives experiencing significantly sharper declines than single-stock derivatives. The moderation in derivatives activity likely reflects a combination of the STT revision and easing market volatility, as India VIX declined from ~22 in March to ~18 in May 2026. Notably, the ADT for currency futures rebounded as compared to previous month, and interest rate futures surged to a multi-year high. The ADT for commodity futures moderated from last month amid a shift in activity towards crude oil contracts, while average daily premium turnover for commodity options increased to a record high, driven predominantly by crude oil contracts.

Cash Market ADT rises to near two-year high: The average daily turnover (ADT) in the cash market increased by 5% MoM to Rs 1.4 lakh crore in May 2026 (up 13% as compared with March 2026), marking the third consecutive monthly increase and reaching its highest level in nearly two years. However, investor participation moderated during the month, with the number of active investors declining by 4% MoM to 1.09 crore.

Notably, investors trading more than Rs 1 crore accounted for ~92% of total turnover despite representing only 2.6% of the active investor base. This highlights the highly skewed nature of trading activity in the cash market, where institutional and proprietary participants continue to contribute a disproportionately large share of turnover relative to their share of active investors. To further assess the concentration of market activity across investor categories, we analyse the distribution of turnover by trading-value bands in the subsequent section, "Distribution of Trading Activity by Turnover."

Mainboard equities drive cash market growth as ETF share falls: Within the NSE cash market segment, Mainboard equities continued to dominate trading activity, accounting for ~96% of overall ADT and registering a 5.5% MoM increase. In contrast, ETFs, which contributed around 3% of ADT, witnessed a 7.7% MoM decline. ETF activity has now recorded four consecutive monthly declines in market share, falling from a peak of 11% in January 2026. Meanwhile, the SME segment remained relatively small, accounting for just 0.2% of ADT (~ Rs 272 crore), but recorded a robust 22% MoM increase.

Equity derivatives activity moderates; index futures ADT down 44% from March 2026: The impact of the increase in Securities Transaction Tax (STT) was evident in the equity derivatives segment, which witnessed a broad-based decline across most instruments. Compared with March 2026, the ADT of equity futures declined by 14% in May 2026, while the average daily premium turnover (ADPT) of equity options fell by 28%. Within equity futures, index futures experienced a significantly sharper decline, with ADT falling by 44%, compared with a 6% decline in stock futures. Similarly, within equity options, the ADPT of index options declined by 32%, whereas stock options recorded a 5% increase over the same period.

The decline in activity was notably more pronounced in index derivatives than in single-stock derivatives, suggesting a greater sensitivity of index derivatives to the revised STT structure. However, it is important to note that market conditions also evolved during this

period. Geopolitical uncertainty was elevated in March 2026, reflected in India VIX (Figure 218) levels of ~ 22, which subsequently moderated to ~18 by May 2026. As such, both the STT revision and the easing of market volatility may have contributed to the moderation in equity derivatives trading activity.

Cash market ATS near multi-month high; index futures and stock futures ATS rise: On the average trade size (ATS) front, the NSE cash market segment recorded a 14% increase to ~Rs 35,800 in May 2026 compared with March 2026. Although the ATS in cash market witnessed a marginal decline on a MoM basis, it remained near multi-month highs, excluding the previous month. In the equity derivatives segment, the average daily premium turnover per trade declined by 14% for index options and 0.4% for stock options during the same period. In contrast, average trade size in equity futures increased, with index futures and stock futures recording gains of 5% and 7%, respectively, compared with March 2026.

Currency futures rebound; interest rate futures surge to a multi-year high; commodity futures moderate as composition shifts; commodity options surge: Currency futures ADT rebounded sharply, rising ~31% MoM to ~Rs 6,570 crore, recovering from April's significant decline. Interest rate futures extended their strong momentum, with ADT rising ~53% MoM to ~Rs 230 crore—the highest level recorded in over 5 years. Commodity futures ADT declined 21% MoM to Rs 87 crore. Crude oil gained share to maintain its position as the dominant contract at ~62% of ADT, followed by electricity futures at ~28% and gold 10g contracts at ~8%—reflecting a notable shift from April's composition, when electricity futures accounted for 43% and crude oil futures for 46% of activity. In contrast, commodity options ADPT surged 105% MoM to an all-time high of Rs 154 crore premium, with crude oil options driving 98% of the incremental ADPT.

Table 58: Monthly trend of turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
May-25	23,32,568	27,31,553	8,02,210	35,33,763	1,65,481	10,85,911	12,51,392	74,673	2.4	1,038	35.7	561.7
Jun-25	23,82,248	27,00,815	6,62,756	33,63,570	1,49,906	8,80,137	10,30,043	55,023	2.4	952	81.0	545.7
Jul-25	21,84,895	26,52,976	5,50,179	32,03,155	1,41,398	8,60,919	10,02,317	50,292	1.4	864	1,048.7	801.0
Aug-25	17,77,362	22,99,875	4,99,973	27,99,848	1,10,086	7,89,317	8,99,404	42,834	2.5	1,438	1,997.5	744.9
Sep-25	21,62,875	25,20,339	5,03,362	30,23,701	1,37,236	9,33,318	10,70,553	68,372	1.6	1,661	2,335.4	863.2
Oct-25	20,73,539	27,11,781	5,87,061	32,98,842	1,42,690	10,41,799	11,84,489	83,625	1.2	1,836	1,083.8	835.6
Nov-25	19,86,953	24,95,117	5,23,609	30,18,726	1,23,624	9,13,277	10,36,901	74,036	1.2	2,207	1,202.5	524.8
Dec-25	20,78,923	25,64,597	5,25,951	30,90,548	1,33,042	9,46,923	10,79,965	82,991	2.2	1,936	1,068.4	635.4
Jan-26	23,91,197	30,30,657	5,82,392	36,13,049	1,76,100	11,53,154	13,29,254	78,015	1.0	2,004	1,191.5	884.5
Feb-26	24,07,596	29,59,273	6,04,938	35,64,211	1,87,214	12,83,969	14,71,183	71,636	1.9	2,287	1,144.5	1,028.7
Mar-26	23,78,206	27,09,243	7,86,942	34,96,185	1,57,389	16,24,668	17,82,056	1,26,077	2.5	2,020	2,051.5	1,563.8
Apr-26	26,94,182	26,24,086	5,21,343	31,45,429	1,65,360	11,24,391	12,89,752	95,170	1.8	2,878	2,332.4	1,573.2
May-26	26,91,106	25,56,313	4,40,752	29,97,064	1,64,850	11,12,872	12,77,722	1,24,889	1.6	4,401	1,836.4	3,230.3

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 59: Monthly trend of average daily turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
May-25	1,11,075	1,30,074	38,200	1,68,274	7,880	51,710	59,590	3,734	0.12	52	1.6	25.5
Jun-25	1,13,440	1,28,610	31,560	1,60,170	7,138	41,911	49,050	2,620	0.12	45	3.9	26.0
Jul-25	94,995	1,15,347	23,921	1,39,268	6,148	37,431	43,579	2,187	0.06	38	45.6	34.8
Aug-25	93,545	1,21,046	26,314	1,47,360	5,794	41,543	47,337	2,254	0.13	76	99.9	37.2
Sep-25	98,312	1,14,561	22,880	1,37,441	6,238	42,424	48,662	3,256	0.07	79	106.2	39.2
Oct-25	98,740	1,29,132	27,955	1,57,088	6,795	49,609	56,404	3,982	0.06	87	49.3	38.0
Nov-25	1,04,576	1,31,322	27,558	1,58,880	6,507	48,067	54,574	3,897	0.06	116	60.1	26.2
Dec-25	94,496	1,16,573	23,907	1,40,479	6,047	43,042	49,089	3,772	0.10	88	48.6	28.9
Jan-26	1,19,560	1,51,533	29,120	1,80,652	8,805	57,658	66,463	3,901	0.05	100	56.7	42.1
Feb-26	1,14,647	1,40,918	28,807	1,69,724	8,915	61,141	70,056	3,770	0.10	120	54.5	49.0
Mar-26	1,25,169	1,42,592	41,418	1,84,010	8,284	85,509	93,792	7,004	0.14	112	93.3	71.1
Apr-26	1,34,709	1,31,204	26,067	1,57,271	8,268	56,220	64,488	5,009	0.09	151	111.1	74.9
May-26	1,41,637	1,34,543	23,197	1,57,740	8,676	58,572	67,249	6,573	0.08	232	87.4	153.8

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 60: Monthly trend of average daily activities in equity derivatives for exchanges (NSE+BSE)

Month	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore) *
May-25	20.5	348.1	2.4
Jun-25	20.1	345.8	2.2
Jul-25	21.7	381.1	2.0
Aug-25	24.2	414.6	2.1
Sep-25	25.1	436.1	2.0
Oct-25	28.7	506.3	2.3
Nov-25	26.8	480.7	2.3
Dec-25	26.2	472.1	2.1
Jan-26	36.0	592.3	2.8
Feb-26	31.4	514.4	2.7
Mar-26	34.1	516.4	3.1
Apr-26	32.0	485.8	2.6
May-26	32.1	485.9	2.6

Source: NSE EPR. *Premium has been considered for options contracts.

Table 61: Monthly trend of average daily activities in equity derivatives for NSE & BSE

Month	NSE			BSE		
	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore)*	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore) *
May-25	12.7	221.0	2.3	7.8	127.1	0.16
Jun-25	12.3	217.8	2.1	7.8	128.1	0.14
Jul-25	12.6	229.5	1.8	9.2	151.7	0.13
Aug-25	13.2	236.9	1.9	11.0	177.7	0.17
Sep-25	14.9	270.1	1.9	10.2	166.0	0.16
Oct-25	15.4	285.3	2.1	13.3	221.0	0.21
Nov-25	14.5	272.0	2.1	12.3	208.6	0.19
Dec-25	14.5	271.4	1.9	11.8	200.7	0.19
Jan-26	18.9	305.8	2.5	17.2	286.6	0.29
Feb-26	18.0	290.9	2.4	13.4	223.5	0.26
Mar-26	19.5	291.4	2.8	14.6	225.0	0.34
Apr-26	14.4	216.9	2.2	17.6	268.9	0.34
May-26	17.0	256.4	2.2	15.0	229.5	0.30

Source: NSE EPR. *Premium has been considered for options contracts.

Table 62: Monthly trends for Notional to premium ratio in index options across exchanges

Month	NSE			BSE		
	Notional turnover (Rs lakh crore)	Premium turnover (Rs lakh crore)	Ratio	Notional turnover (Rs lakh crore)	Premium turnover (Rs lakh crore)	Ratio
May-25	4,503	10.9	415	2,669	3.3	800
Jun-25	4,435	8.8	504	2,690	2.9	920
Jul-25	5,145	8.6	598	3,488	2.9	1,213
Aug-25	4,390	7.9	556	3,376	3.3	1,034
Sep-25	5,807	9.3	622	3,652	3.5	1,055
Oct-25	5,860	10.4	562	4,641	4.3	1,078
Nov-25	5,041	9.1	552	3,964	3.6	1,092
Dec-25	5,834	9.5	616	4,414	4.1	1,069
Jan-26	5,960	11.5	517	5,732	5.8	996
Feb-26	5,950	12.8	463	4,693	5.3	882
Mar-26	5,410	16.2	333	4,275	6.3	681
Apr-26	4,213	11.2	375	5,378	6.6	811
May-26	4,737	11.1	426	4,360	5.6	774

Source: NSE EPR.

Table 63: Monthly trends for Notional to premium ratio in stock options across exchanges

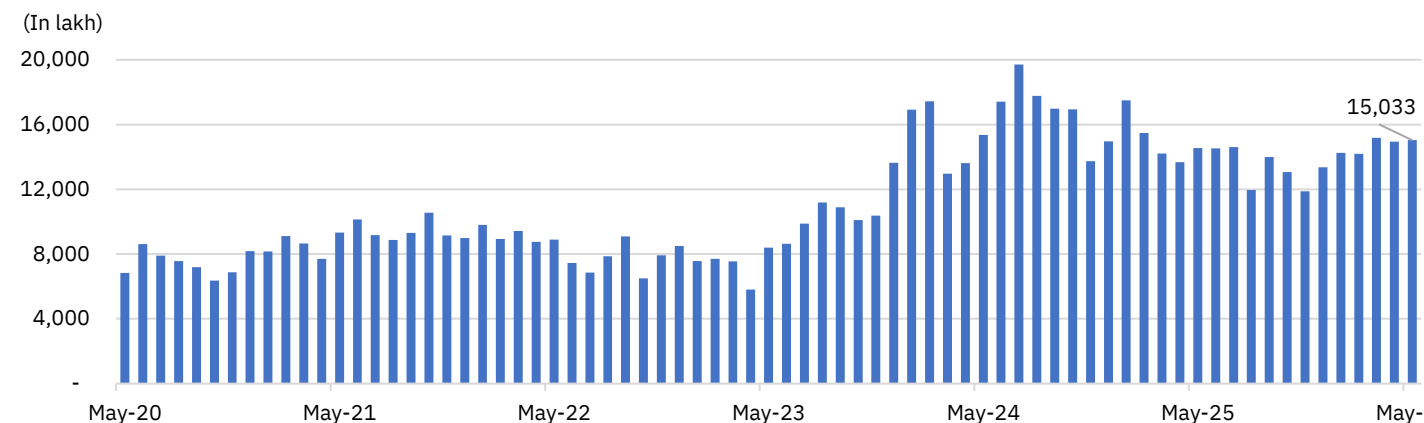
Month	NSE			BSE		
	Notional turnover (Rs crore)	Premium turnover (Rs crore)	Ratio	Notional turnover (Rs crore)	Premium turnover (Rs crore)	Ratio
May-25	1,02,93,641	1,65,481	62	14.27	0.15	95
Jun-25	1,04,57,535	1,49,906	70	9.93	0.10	99
Jul-25	1,00,21,452	1,41,398	71	10.60	0.17	62
Aug-25	84,13,398	1,10,086	76	4.25	-	-
Sep-25	1,04,59,428	1,37,236	76	37.19	0.52	72
Oct-25	98,86,986	1,42,690	69	10.46	0.12	87
Nov-25	97,63,209	1,23,624	79	13.73	0.22	62
Dec-25	1,05,98,952	1,33,042	80	35.70	0.42	85
Jan-26	1,19,20,408	1,76,100	68	3.68	0.07	53
Feb-26	1,23,13,230	1,87,214	66	13.63	0.29	47
Mar-26	91,53,739	1,57,389	58	6.27	0.08	78
Apr-26	93,86,439	1,65,360	57	3.07	0.03	102
May-26	1,04,22,887	1,64,850	63	10.18	0.16	64

Source: NSE EPR.

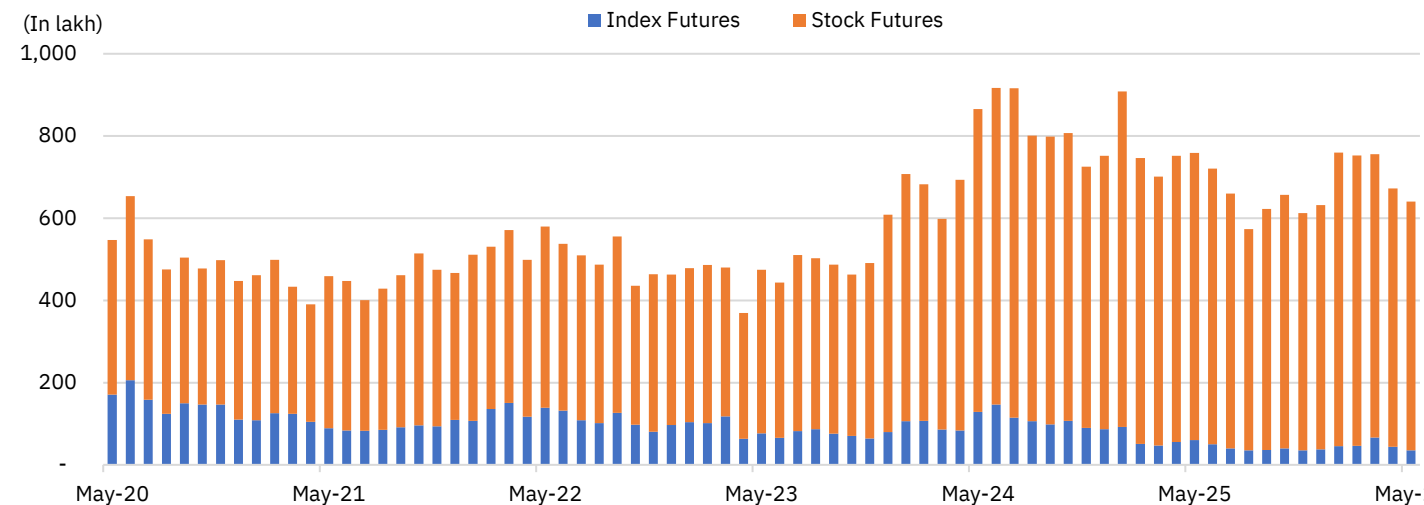
Table 64: Monthly trends for trades (in lakh) in equity cash and derivatives segment for NSE

Month	Equity Cash	Equity Futures		Equity Options	
		Index	Stock	Index	Stock
May-25	14,557	61	698	19,666	2,445
Jun-25	14,536	50	670	17,150	2,345
Jul-25	14,614	40	620	19,059	2,155
Aug-25	11,952	35	538	16,748	1,813
Sep-25	13,987	36	587	20,627	2,198
Oct-25	13,069	40	617	21,076	2,053
Nov-25	11,875	35	577	18,095	2,019
Dec-25	13,365	38	594	20,358	2,201
Jan-26	14,251	46	714	24,471	2,494
Feb-26	14,190	47	706	25,075	2,617
Mar-26	15,171	66	689	26,289	2,086
Apr-26	14,944	44	628	19,290	2,080
May-26	15,033	35	605	20,854	2,195

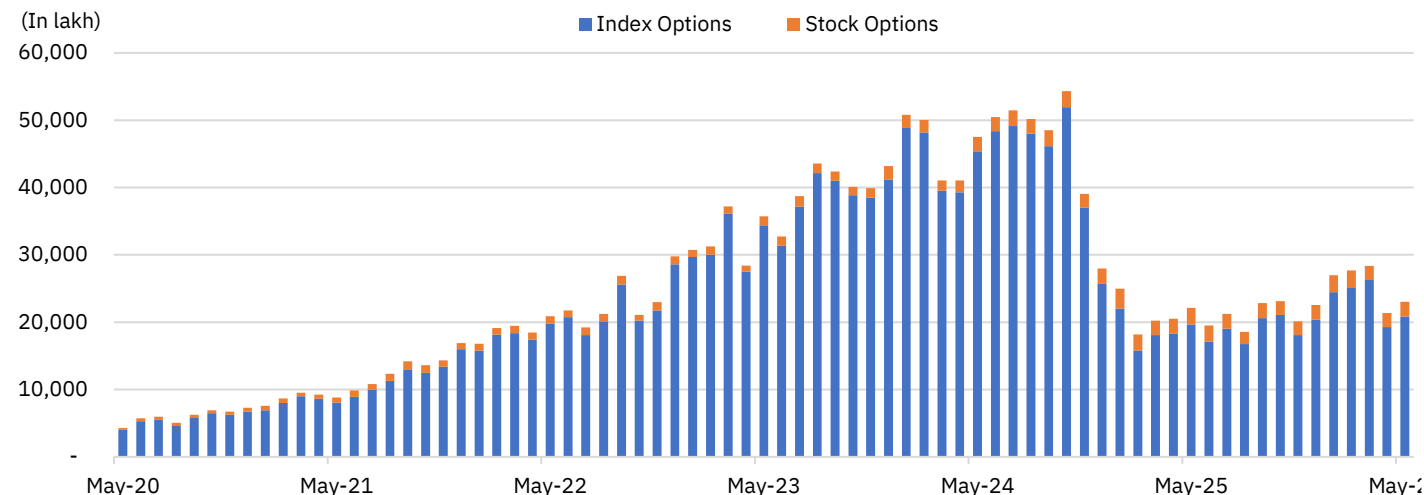
Source: NSE EPR. Note: Data is presented for total trades i.e., no. of buy trades + no. of sale trades.

Figure 209: Monthly trend of total trades in NSE cash market segment


Source: NSE EPR. Note: Data has been provided for gross trades (Buy trades + Sell trades).

Figure 210: Monthly trend of total trades in equity futures


Source: NSE EPR. Note: Data has been provided for gross trades (Buy trades + Sell trades).

Figure 211: Monthly trend of total trades in equity options


Source: NSE EPR. Note: Data has been provided for gross trades (Buy trades + Sell trades).

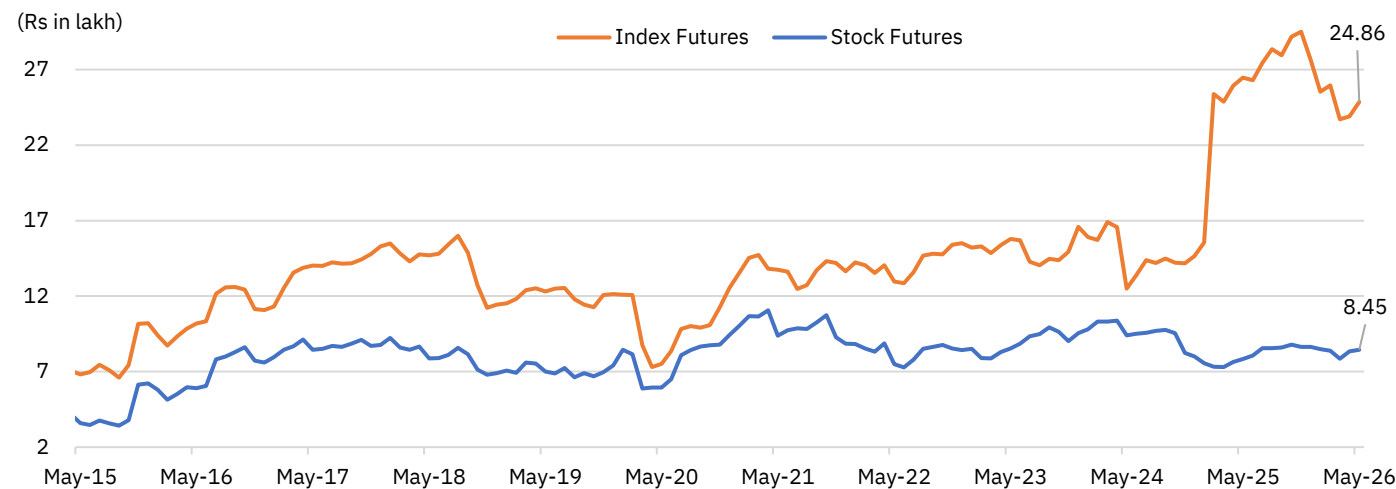
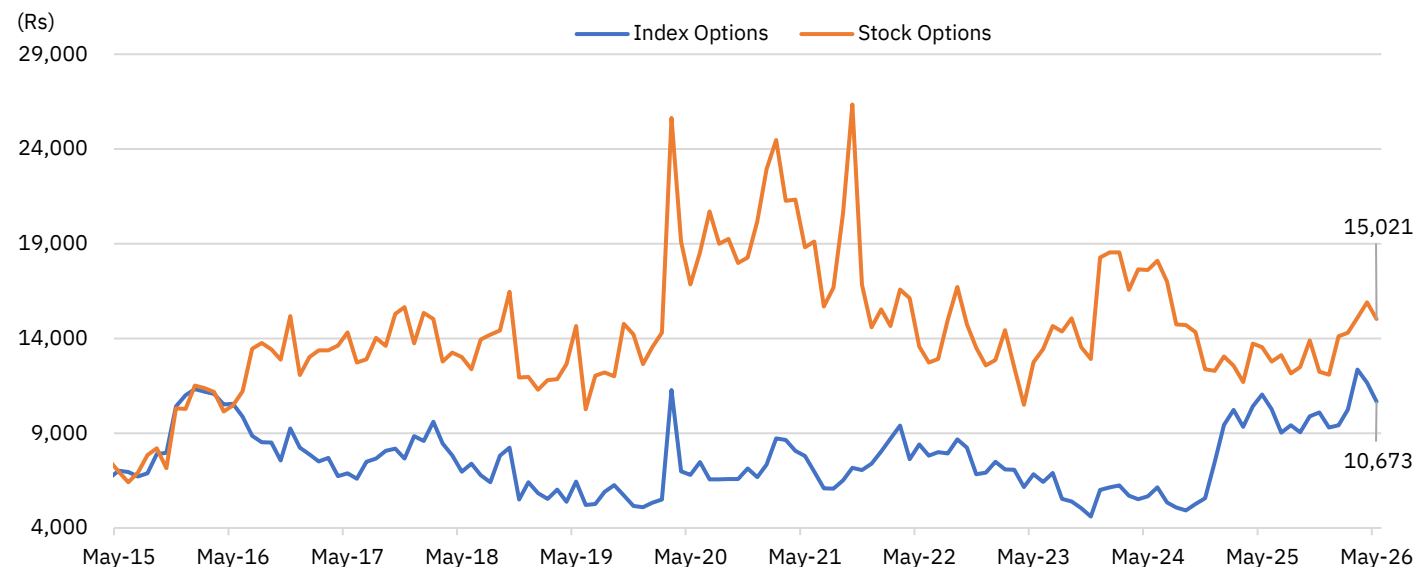
Table 65: Monthly trends for average trade size (Rs) in equity cash and derivatives segment for NSE

Month	Equity Cash	Equity Futures		Equity Options	
		Index Futures	Stock Futures	Index Options	Stock Options
May-25	32,047	26,46,025	7,82,715	11,044	13,535
Jun-25	32,778	26,29,556	8,05,668	10,264	12,788
Jul-25	29,900	27,43,428	8,55,572	9,034	13,125
Aug-25	29,742	28,35,177	8,55,206	9,426	12,147
Sep-25	30,927	27,94,897	8,59,112	9,049	12,488
Oct-25	31,731	29,18,513	8,79,499	9,886	13,898
Nov-25	33,464	29,50,964	8,64,446	10,094	12,244
Dec-25	31,110	27,63,372	8,63,358	9,303	12,087
Jan-26	33,559	25,52,905	8,48,916	9,425	14,122
Feb-26	33,933	25,96,224	8,38,030	10,241	14,308
Mar-26	31,352	23,71,584	7,85,896	12,360	15,089
Apr-26	36,057	23,90,225	8,35,055	11,658	15,900
May-26	35,803	24,86,308	8,44,791	10,673	15,021

Source: NSE EPR. Note: Premium has been considered for options contract.

Figure 212: Monthly trend of average trade size in NSE cash market segment


Source: NSE EPR.

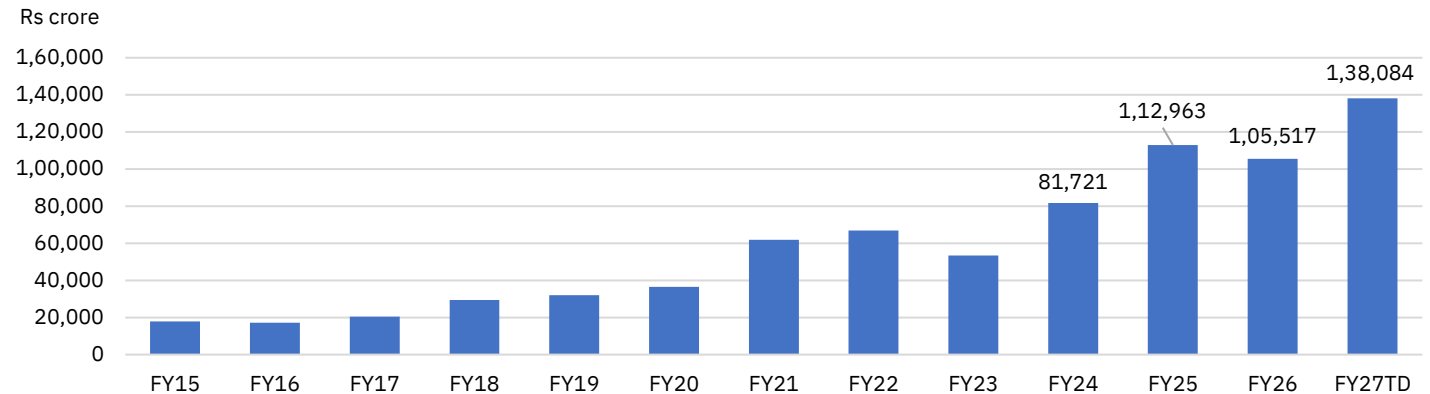
Figure 213: Monthly trend in average trade size in equity futures

Figure 214: Monthly trend in average trade size in equity options premium

Table 66: Average daily turnover (Rs crore) in NSE CM Segment

Products	May-26	Apr-26	May-25	% MoM change	% YoY Change	FY27	FY26	2026TD
Capital Market	1,41,637	1,34,709	1,11,075	5.1	27.5	1,38,084	1,05,517	1,26,892
Equities (Main Board)	1,36,657	1,29,522	1,08,713	5.5	25.7	1,33,001	1,00,467	1,18,524
Exchange Traded Funds	4,379	4,746	1,955	(7.7)	124.0	4,567	4,535	7,876
SME Emerge	272	222	232	22.4	17.0	246	254	214
Sovereign Gold Bonds	22	23	15	(4.8)	46.2	22	26	34
InvITs	70	68	85	3.8	(17.4)	69	63	75
REITs	204	92	54	121.2	275.4	147	87	137
Others	34	36	20	(5.6)	70.0	32	85	31

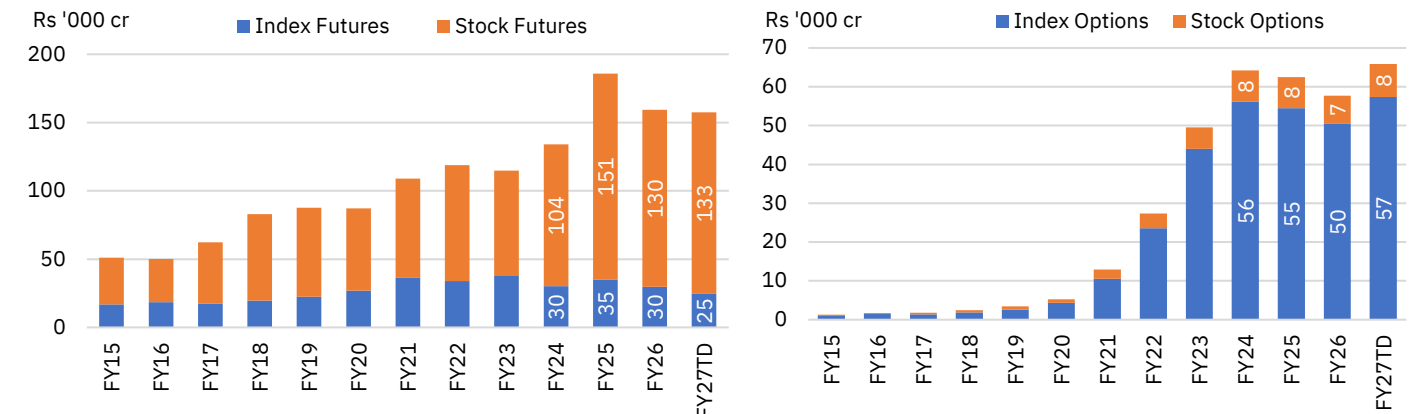
Source: NSE EPR. Notes: 1. Average daily turnover (ADT) excludes auction market turnover. Equities (Main Board) include stocks in EQ, BE, BL and BZ series.

2. Others include corporate and government debt instruments (excl. SGBs), preferential shares, partly paid-up shares, warrants etc., among others.

3. Figures in brackets indicate negative numbers. 4. 2026TD is as of May'26.

Figure 215: Annual trends in average daily turnover in NSE CM segment


Source: NSE EPR. Note: 1. Average daily turnover (ADT) excludes auction market turnover. 2. FY27TD is as of May'26.

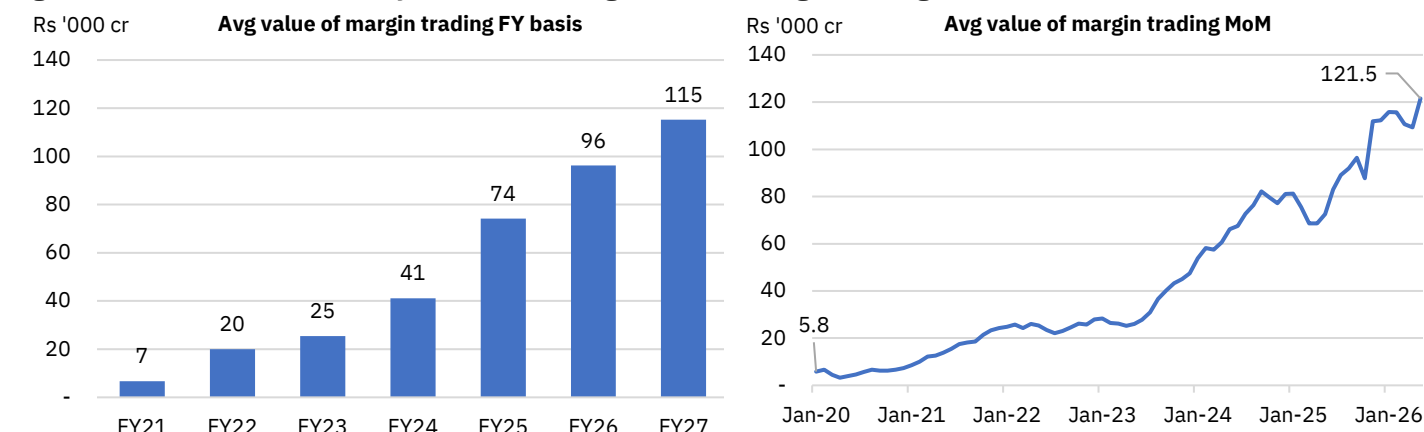
Figure 216: Annual trends in average daily turnover in NSE's equity derivatives segment


Source: NSE EPR. Notes: 1. The above figure reports premium turnover for options contracts. 2. FY27TD is as of May'26.

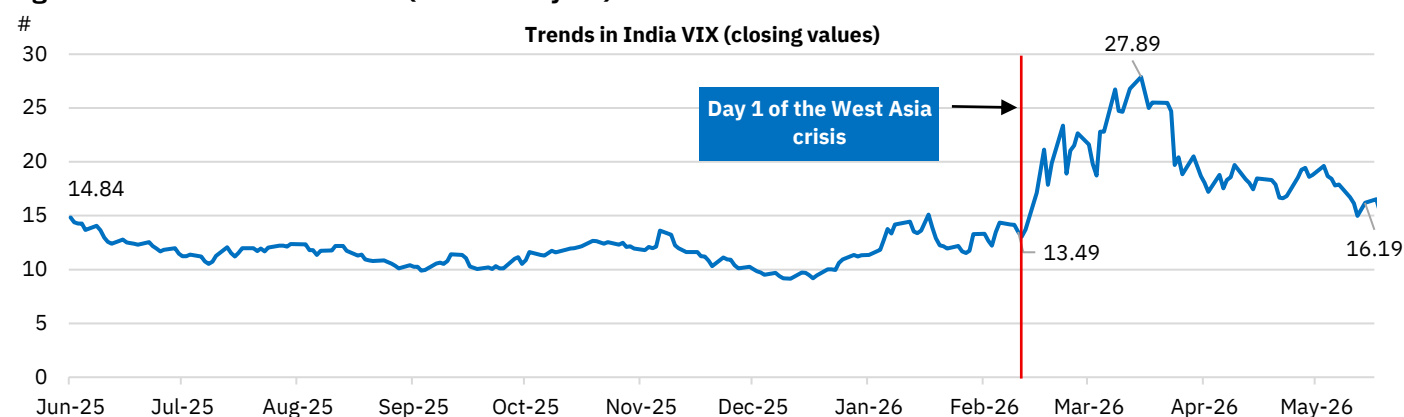
Table 67: Average daily turnover (Rs crore) in NSE's equity derivatives segment

Product	May-26	Apr-26	May-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Equity Futures	1,57,740	1,57,271	1,68,274	0.3	(6.3)	1,57,500	1,59,443	1,69,858
Stock futures	134,543	131,204	130,074	2.5	3.4	132,831	129,701	140,198
Index futures	23,197	26,067	38,200	(11.0)	(39.3)	24,669	29,742	29,660
BANKNIFTY	6,726	6,905	10,137	(2.6)	(33.7)	6,818	7,836	7,437
NIFTY50	15,318	17,878	26,286	(14.3)	(41.7)	16,631	20,326	20,638
FINNIFTY	39	45	109	(14.5)	(64.3)	42	94	69
MIDCPNIFTY	1,062	1,166	1,572	(8.9)	(32.4)	1,115	1,410	1,439
NIFTYNXT50	53	72	97	(26.9)	(45.6)	63	77	77
Equity Options	67,249	64,488	59,590	4.0	12.9	65,833	57,662	72,222
Stock options	8,676	8,268	7,880	4.9	10.1	8,467	7,195	8,595
Index options	58,572	56,220	51,710	4.2	13.3	57,366	50,467	63,627
BANKNIFTY	5,362	5,100	7,220	5.1	(25.7)	5,228	5,296	5,208
NIFTY50	52,777	50,690	43,694	4.1	20.8	51,707	44,417	57,781
FINNIFTY	56	45	173	25.8	(67.3)	51	140	91
MIDCPNIFTY	376	383	622	(2.0)	(39.6)	380	613	546
NIFTYNXT50	0.88	1	1.23	7.2	(29.0)	1	1	1

Source: NSE EPR. Notes: 1. The above table reports premium turnover for Options contracts. 2. FY27TD & 2026TD is as of May'26 3. Figures in brackets indicate negative numbers.

Figure 217: Annual and monthly trends in average value of margin trading


Source: NSE EPR. Notes: 1. FY27 is as of May'26.

Figure 218: Trends in India VIX (Jun'25-May'26)


Source: NSE EPR

Table 68: Average daily open interest (Rs crore) in NSE's equity derivatives segment

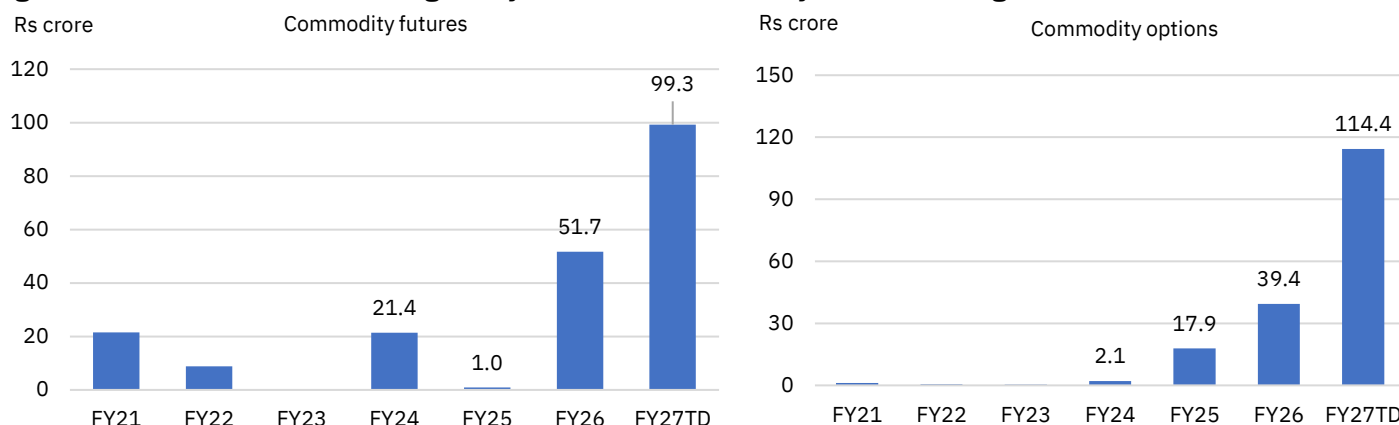
Product	May-26	Apr-26	May-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Equity Futures	6,01,369	5,70,128	5,40,835	5.5	11.2	5,85,348	5,43,237	5,78,357
Stock Futures	5,36,569	5,02,827	4,78,241	6.7	12.2	5,19,266	4,81,515	5,14,421
Index Futures	64,800	67,301	62,594	(3.7)	3.5	66,082	61,723	63,936
NIFTY	46,598	49,897	45,269	(6.6)	2.9	48,290	45,124	47,569
BANKNIFTY	14,769	13,722	13,258	7.6	11.4	14,232	12,893	12,706
FINNIFTY	77	68	232	14.4	(66.6)	72	176	115
MIDCPNIFTY	3,217	3,478	3,668	(7.5)	(12.3)	3,350	3,374	3,406
NIFTYNXT50	138	136	167	1.8	(17.1)	137	155	140
Equity Options	16,05,917	14,41,614	18,96,789	11.4	(15.3)	15,21,659	16,88,432	16,17,045
Stock Options	3,40,923	2,86,308	3,53,828	19.1	(3.6)	3,12,915	3,18,037	3,31,887
Index Options	12,64,994	11,55,306	15,42,961	9.5	(18.0)	12,08,744	13,70,395	12,85,157
NIFTY	10,64,049	9,62,738	12,21,310	10.5	(12.9)	10,12,095	11,31,140	10,84,645
BANKNIFTY	1,82,458	1,77,205	2,97,314	3.0	(38.6)	1,79,764	2,14,816	1,79,400
FINNIFTY	1,880	1,337	7,148	40.6	(73.7)	1,601	5,186	3,125
MIDCPNIFTY	16,532	13,942	17,095	18.6	(3.3)	15,204	19,147	17,885
NIFTYNXT50	75	83	93	(9.8)	(19.4)	79	107	103

Source: NSE EPR. Notes: 1. The above table reports notional turnover. 2. FY27TD & 2026TD is as of May'26. 3. Figures in brackets indicate negative numbers.

Table 69: Average daily turnover in commodity derivatives

Product (Rs crore)	May-26	Apr-26	May-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
FUT	87.4	111.1	1.6	(21)	5284	99.3	51.7	80.7
SILVER	1.5	1.4	0.2	5	645	1.4	0.6	1.1
CRUDE OIL	54.6	50.6	1.4	8	3784	52.6	6.1	30.6
ELECTRICITY	24.4	48.3	-	(49)	-	36.3	44.1	43.3
GOLD10G	7.0	9.4	-	(25)	-	8.2	0.9	5.5
OPT	153.8	74.9	25.5	105	502	114.4	39.4	78.1
SILVER	2.0	0.4	0.9	418	135	1.2	0.7	1.0
WTICRUDE	0.0	-	0.0	-	(89)	0.0	0.0	0.0
CRUDEOIL	151.8	74.5	24.6	104	516	113.1	38.7	77.2

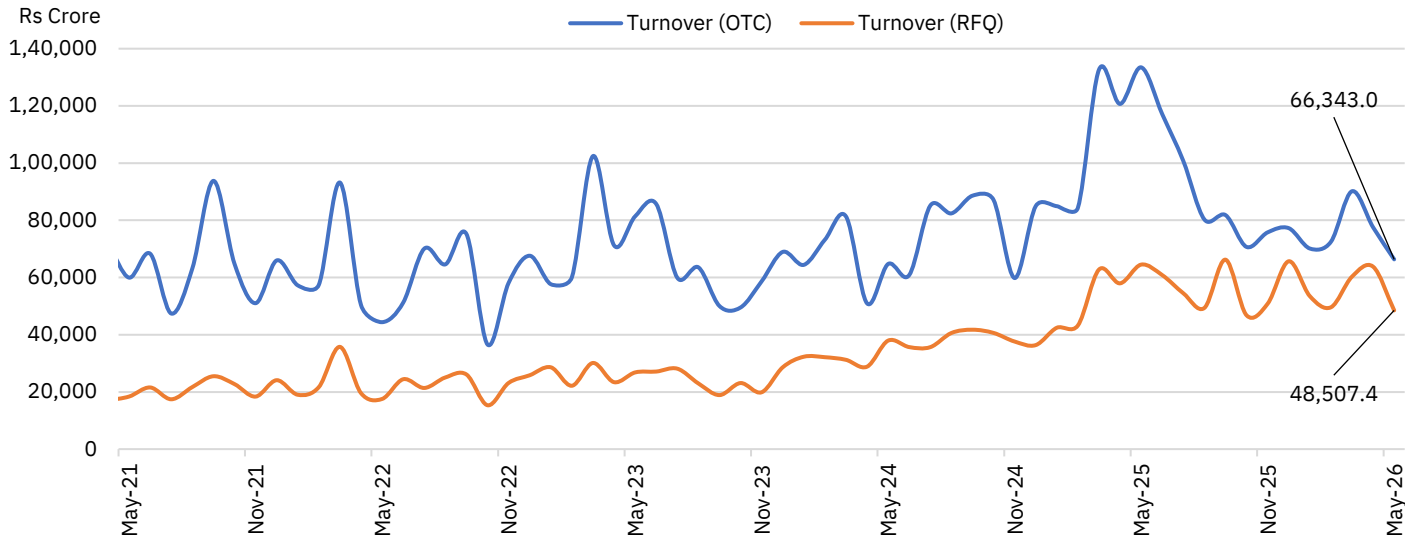
Source: NSE EPR. Notes: 1. The above table reports premium turnover for Options contracts. 2. FY27TD & 2027TD is as of May'26. 3. Figures in brackets indicate negative numbers.

Figure 219: Annual trends in average daily turnover in commodity derivatives segment


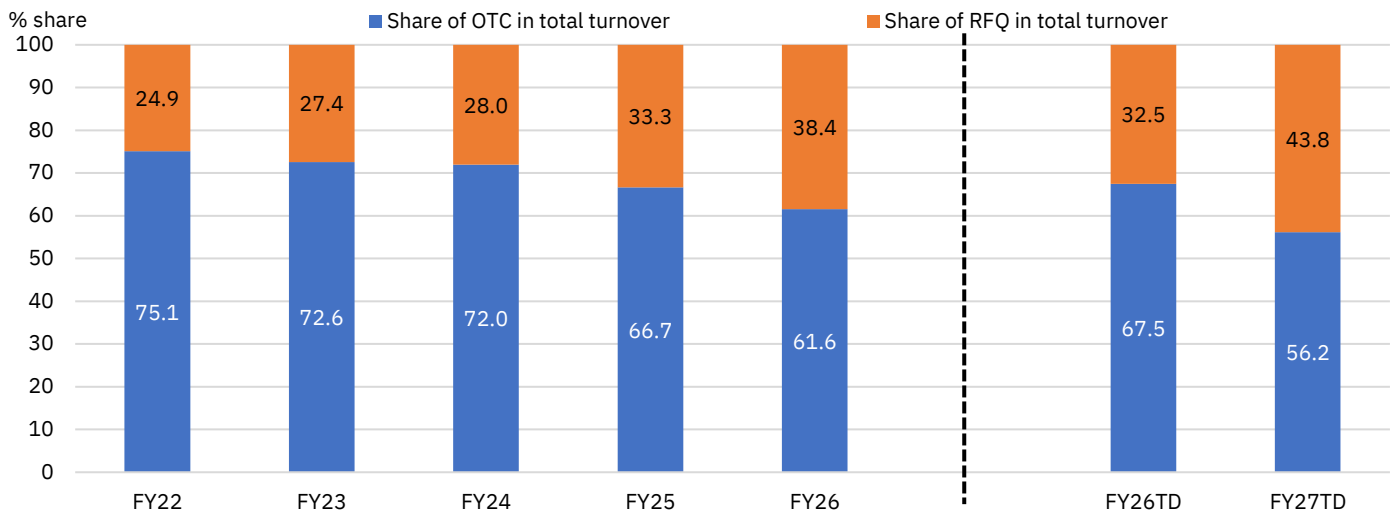
Source: NSE EPR. Notes: 1. Above figure reports premium turnover for options contracts. 2. FY27TD is as of May'26.

Secondary market activity in corporate bonds moderated across both trading venues

in May 2026: OTC turnover declined from Rs 77,557 crore in April 2026 to Rs 66,343 crore in May (-14.5% MoM), while RFQ turnover fell more sharply from Rs 63,793 crore to Rs 48,507 crore (-24.0% MoM), taking aggregate turnover across both platforms to Rs 1.15 lakh crore. The moderation occurred amid evolving conditions in domestic fixed income markets, with yields moving higher during the month while market activity softened across segments. Despite the sharper decline in RFQ turnover, RFQ continued to account for a larger share of secondary market activity relative to historical averages, with cumulative FY27TD RFQ share in total turnover rising to 43.8% compared with 32.5% during the corresponding period of FY26. Lower turnover levels were also reflected in average daily turnover (ADT) trends. OTC ADT declined to Rs 3,492 crore in May 2026 from Rs 4,082 crore in April (-14.5% MoM), while RFQ ADT declined to Rs 2,553 crore from Rs 3,358 crore (-24.0% MoM). Combined ADT moderated to Rs 6,045 crore from Rs 7,440 crore in April 2026.

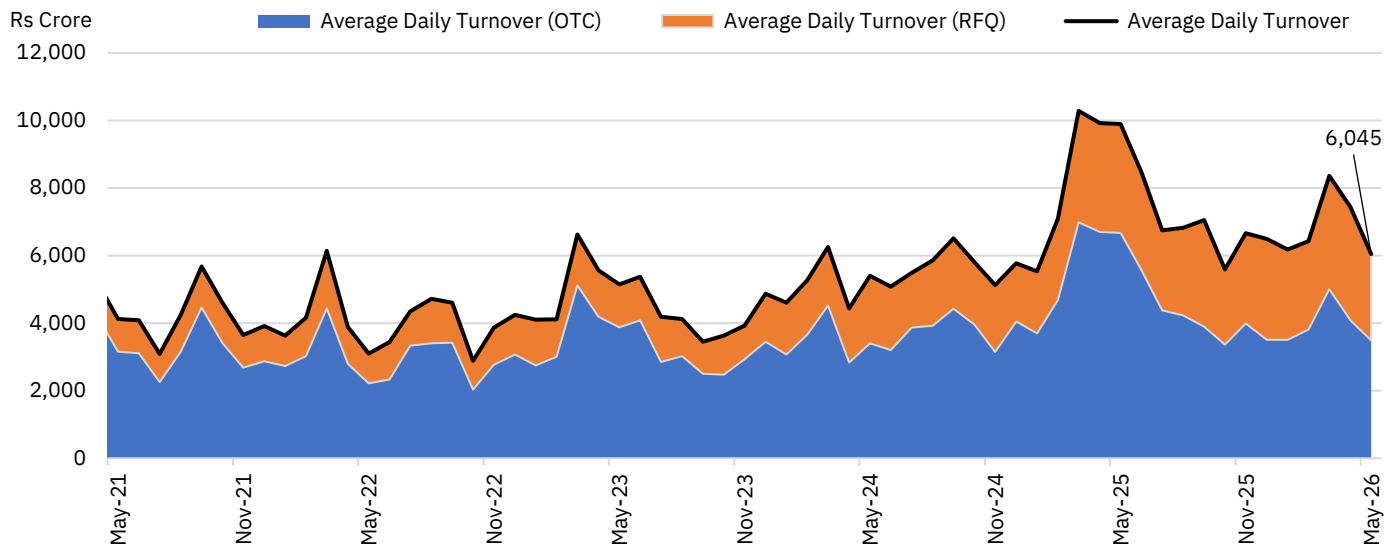
Figure 220: Monthly trends of turnover in debt segment


Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.SLL

Figure 221: Annual share in total turnover across segments


Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of May 2026.

Figure 222: Monthly trends of average daily turnover in debt segment

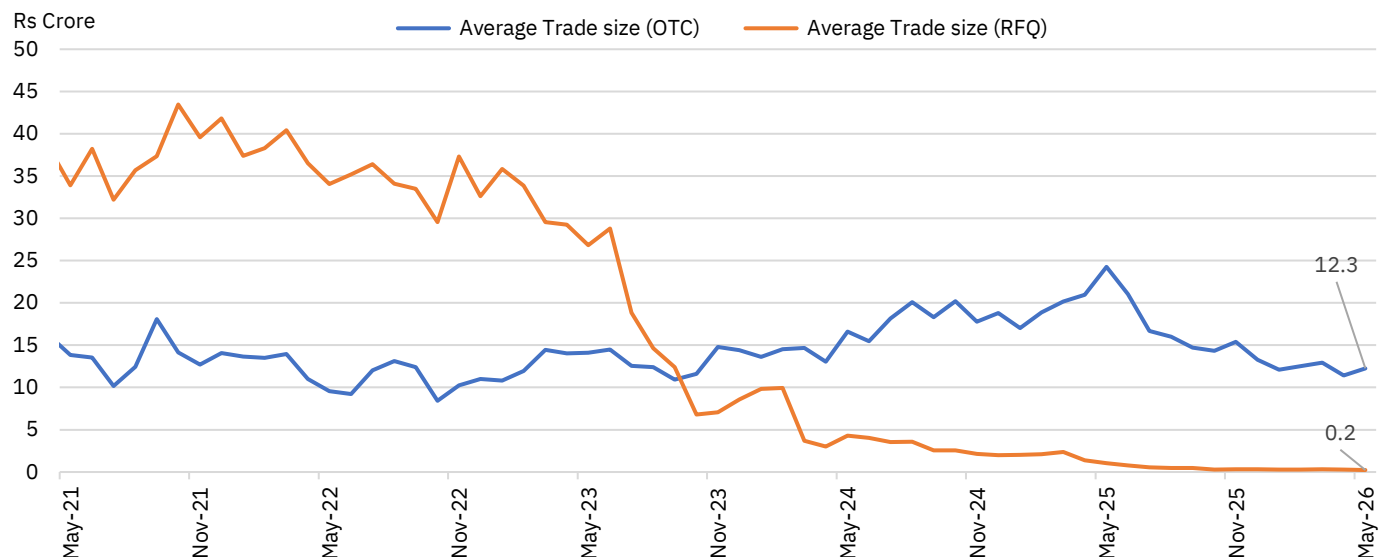


Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Average trade size continued to diverge across execution venues in May 2026: OTC

average trade size increased marginally to Rs 12.3 crore from Rs 11.4 crore in April (+7.5% MoM), indicating a partial recovery in block-sized transactions following the moderation seen in the prior month. RFQ average trade size compressed further to Rs 0.24 crore from Rs 0.3 crore in April, reaching a new series low. The continued compression in RFQ ticket sizes alongside relatively stable OTC trade sizes reinforces the divergence in execution patterns across platforms.

Figure 223: Monthly trends of average trade size in debt segment



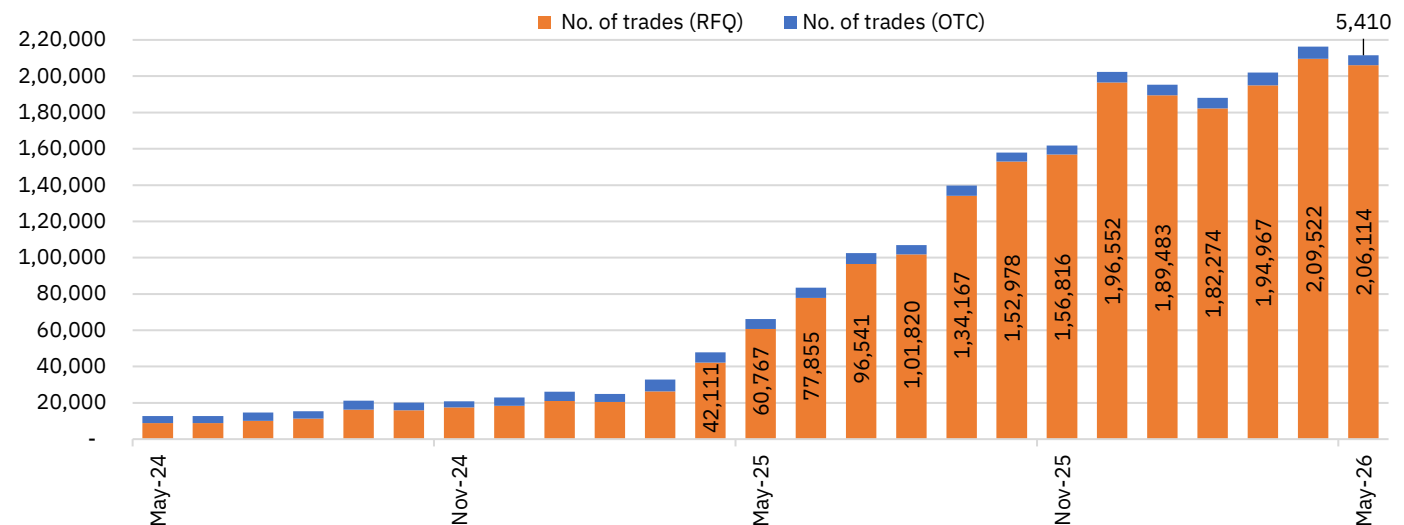
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Trade count dynamics point to sustained market granularity in May 2026: RFQ trade

counts declined marginally to 2,06,114 trades (-1.6% MoM) from 2,09,522 in April, while OTC trades moderated more visibly to 5,410 (-20.4% MoM). RFQ trade counts remained more than 38x higher than OTC trade counts during the month, highlighting the continued divergence in execution activity across platforms. The sharp contrast between the near-

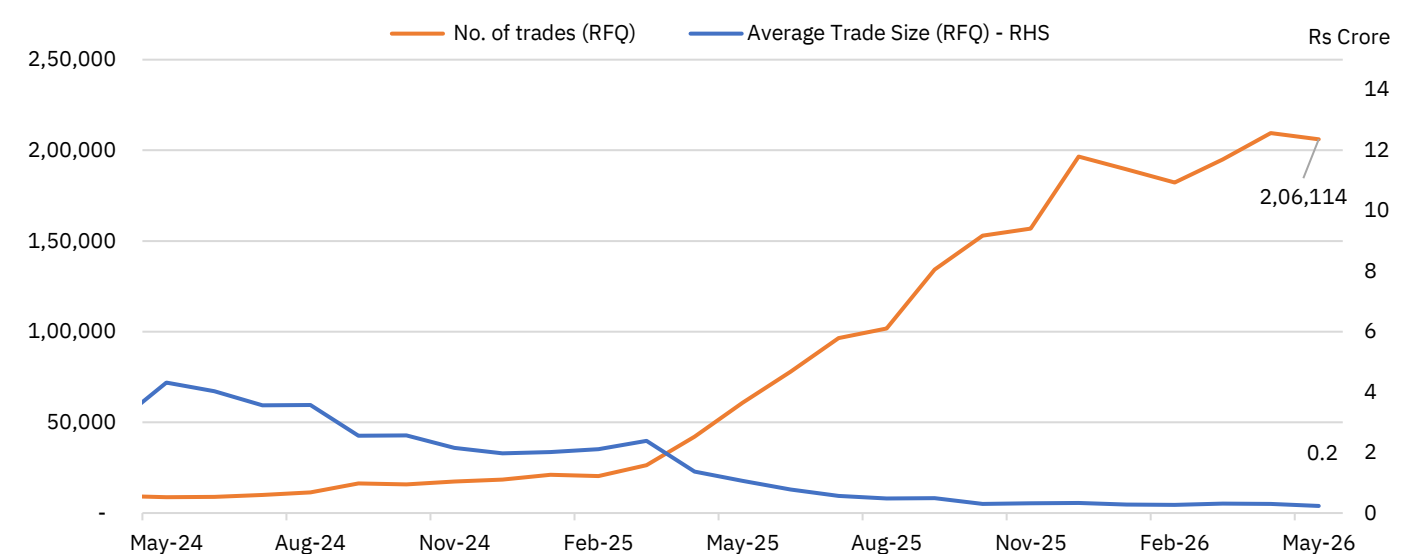
stability in RFQ trade counts and the more pronounced decline in RFQ turnover resulted in a further compression in RFQ average trade size to a fresh low, suggesting that recent moderation in activity has occurred primarily through lower transaction values rather than reduced execution frequency. RFQ accounted for 97.4% of total trades in May 2026 despite contributing 42.2% of total turnover, maintaining the divergence between execution frequency and value concentration. On a cumulative FY27TD basis, RFQ accounted for 97.1% of total trades and 43.8% of total turnover, underscoring the persistence of this bifurcated market structure into the new fiscal year.

Figure 224: Monthly trend in number of trades reported across platforms

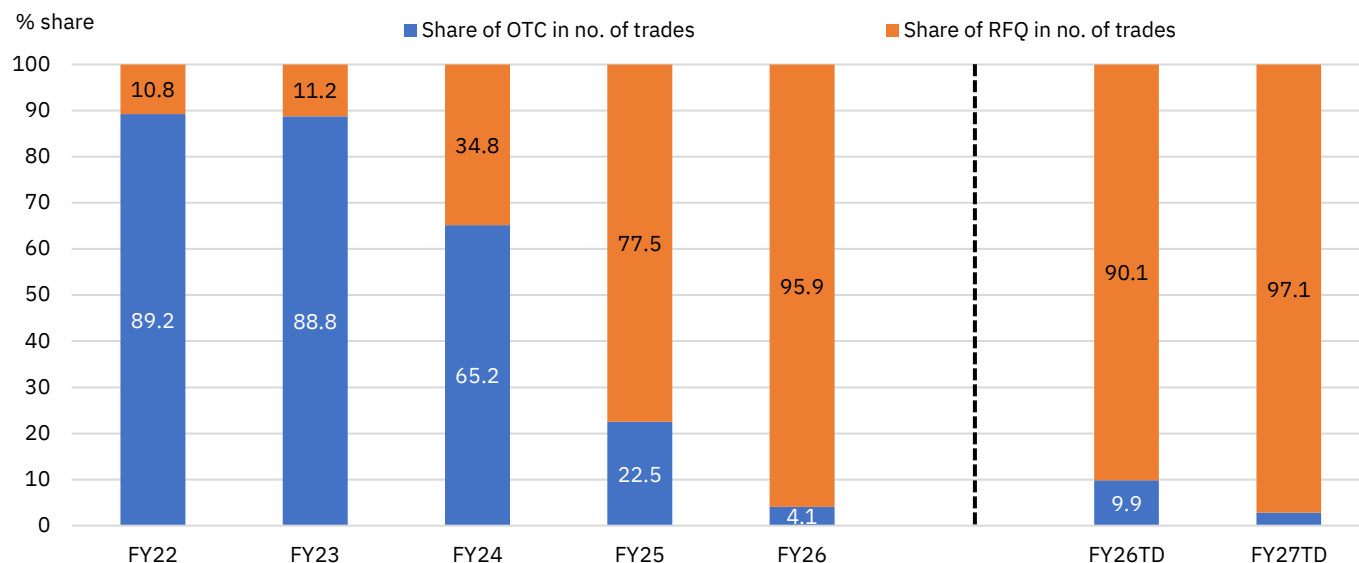


Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 225: RFQ platform activity – Rising trade counts and declining average trade size



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 226: Annual share in number of trades reported across platforms


Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of May 2026.

Participant composition remained broadly stable despite moderation in secondary market activity:

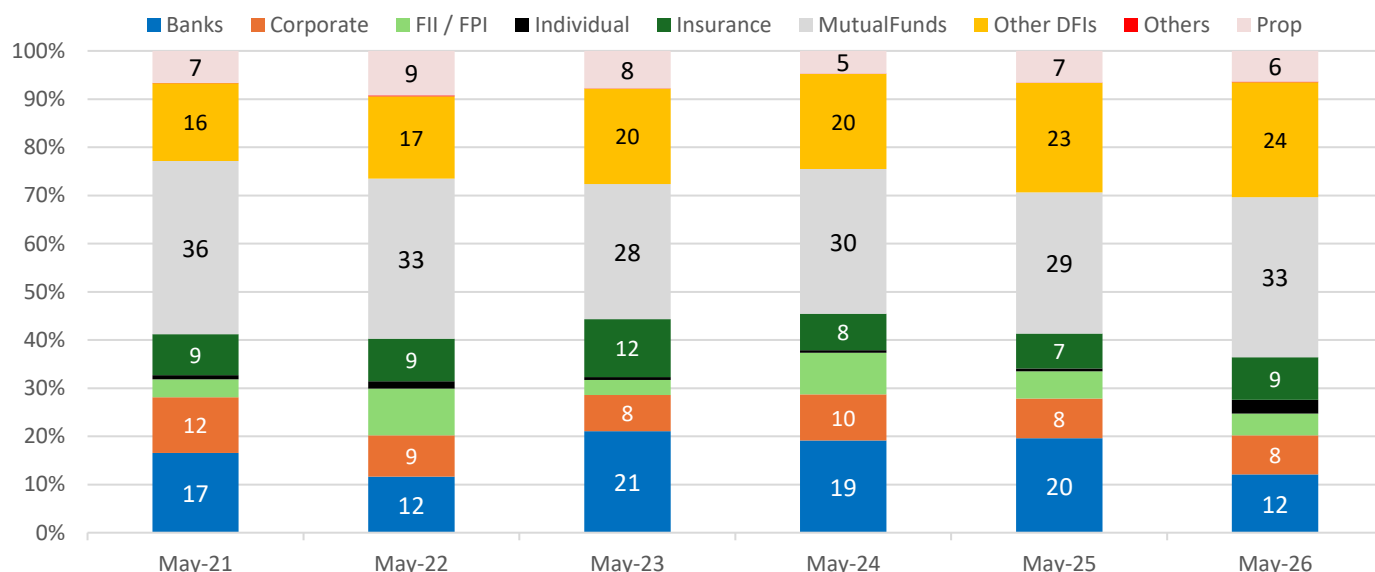
Mutual funds remained the largest participant category in May 2026, accounting for 33.2% of total secondary market turnover, followed by Other Domestic Financial Institutions at 23.8% and Banks at 12.1%. The combined share of Mutual Funds, Banks, and Insurance stood at approximately 54.1% in May 2026, compared with 55.9% in April 2026, indicating that institutional participants continued to account for the majority of secondary market turnover despite the moderation in overall activity.

Institutional participants continued to dominate turnover across both execution venues, though differences remained in the composition of participation across platforms. Within the OTC segment, Other Domestic Financial Institutions accounted for the largest share of turnover at 30.3% in May 2026, followed by Mutual Funds at 22.2% and Banks at 12.8%, consistent with the continued concentration of larger-ticket negotiated transactions among institutional participants. On the RFQ platform, Mutual Funds remained the largest participant category at 48.3% of RFQ turnover — substantially below the 77.9% recorded in May 2021 — while Other Domestic Financial Institutions accounted for 15.0% and Banks for 11.2%. Institutional participants continued to anchor RFQ turnover composition, with Mutual Funds, Banks, Insurance, FII/FPI, and Other Domestic Financial Institutions together accounting for approximately 88% of RFQ turnover in May 2026.

The picture remained materially different when examined through the lens of trade counts. Individual and Proprietary participants together accounted for approximately 89.6% of RFQ trade counts in May 2026 — while their combined share in RFQ turnover remained limited at approximately 10%. Mutual funds, by contrast, accounted for approximately 48% of RFQ turnover while contributing only 0.3% of RFQ trade counts, a pattern that highlights the divergence between value concentration and execution frequency on the platform. OTC trade counts remained comparatively more institutionally distributed, with Other Domestic Financial Institutions accounting for 33.7% and Corporate participants for 19.8% of OTC trades in May 2026.

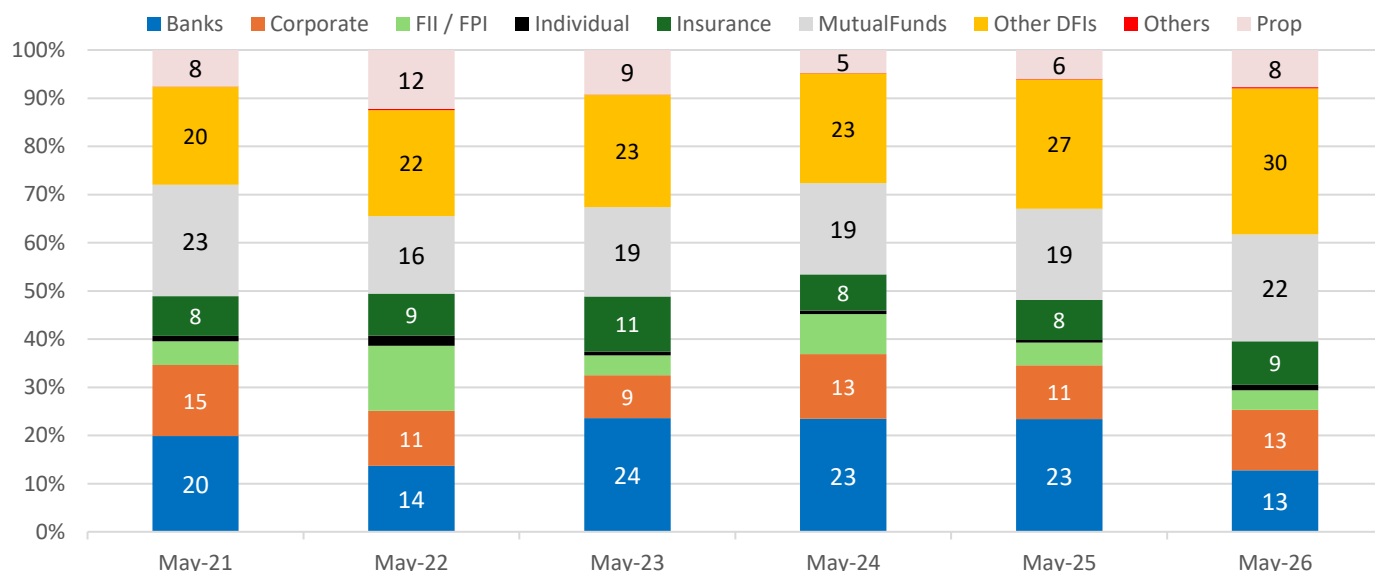
The persistence of elevated RFQ trade counts alongside continued concentration of turnover among institutional categories indicates that the moderation in overall market activity in May did not alter the underlying market structure. RFQ continued to facilitate a large number of relatively smaller-sized transactions while institutional participants remained the primary contributors to turnover — a pattern that has remained broadly consistent since the sharp increase in RFQ execution activity observed during FY25.

Figure 227: Share in total turnover across participant categories



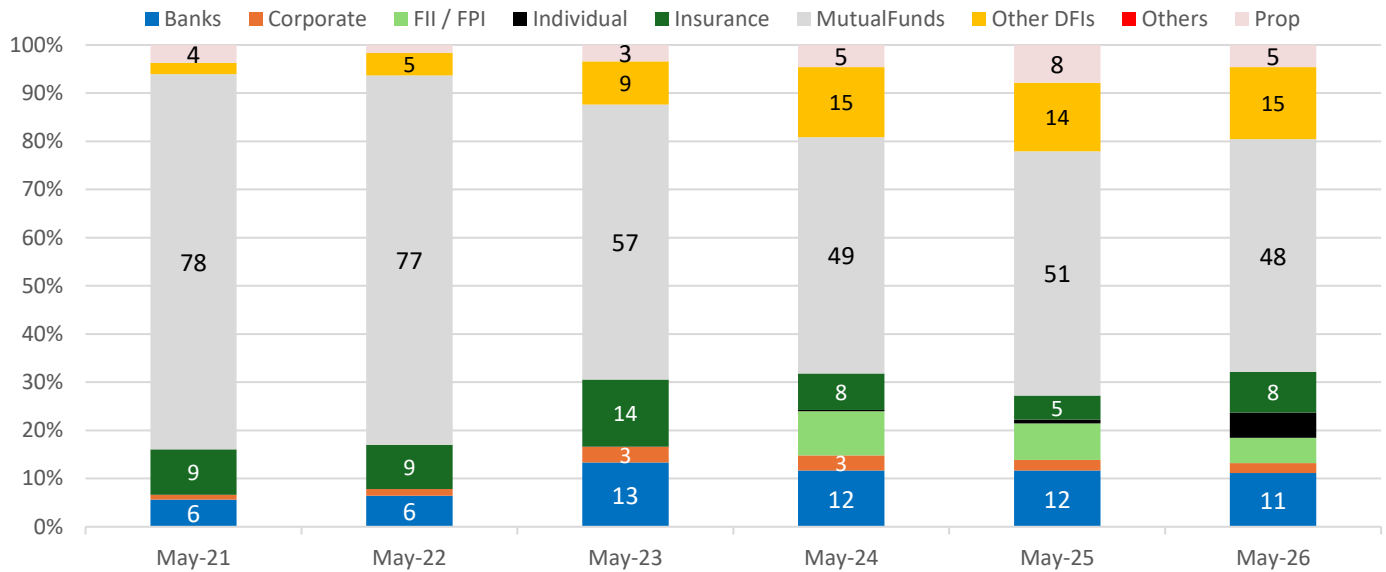
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 228: Share in OTC turnover across participant categories



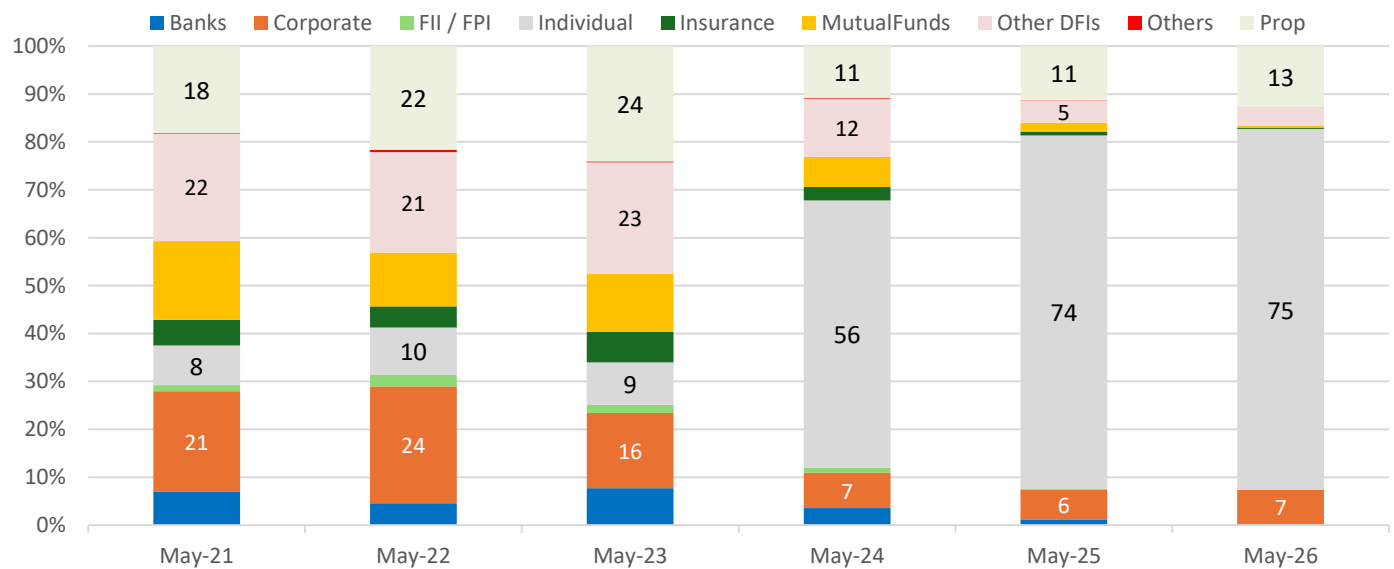
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 229: Share in RFQ turnover across participant categories



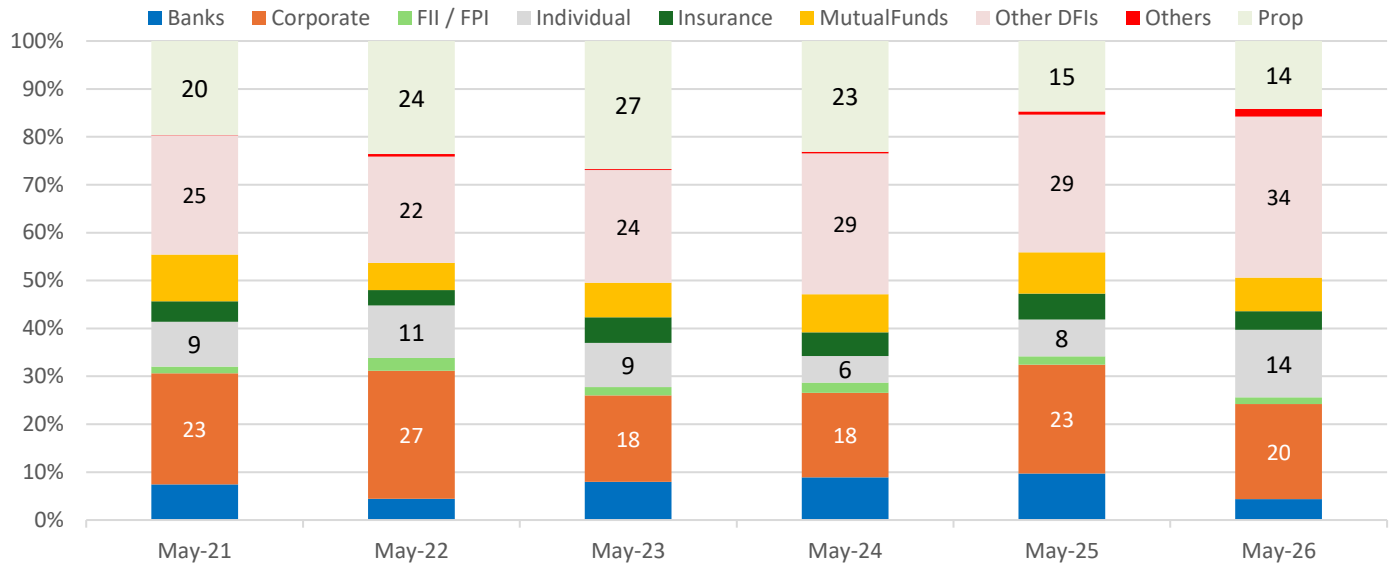
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 230: Share in total number of trades across participant categories



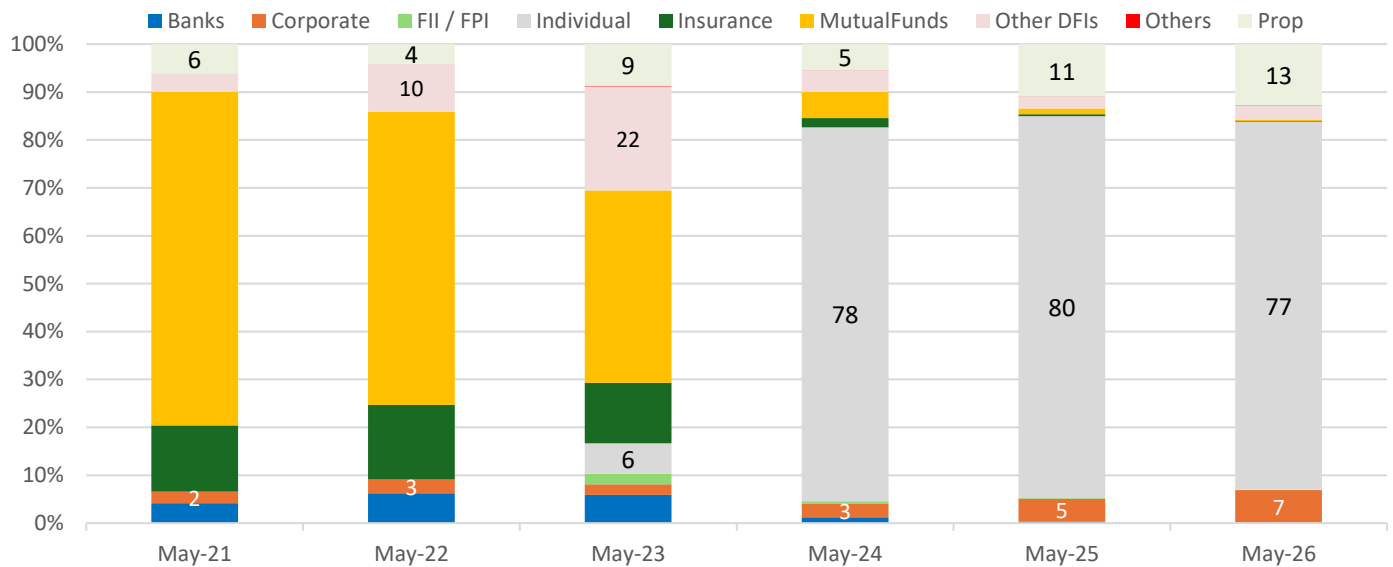
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 231: Share in OTC trade counts across participant categories



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 232: Share in RFQ trade counts across participant categories



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Category-wise participation across segments: Diverging participation trends

Market participation in May 2026 remained broadly stable, with the cash segment exhibiting steady turnover and continued dominance of proprietary traders, even as retail participation moderated marginally and institutional flows remained mixed, indicating a balanced and marginal shifting participation mix. Across derivatives, a clear divergence in participation trends was evident in May with strengthening of the institutional share in futures while options anchored by proprietary and retail, following STT hike effective from April 2026 onwards. In commodities, the market witnessed a progressive rebalancing, with significant gains in retail and foreign investor participation alongside a structural decline in proprietary share, pointing to improving market depth and diversification.

In contrast, the IRF segment remained highly concentrated, with proprietary traders accounting for the bulk of activity, as corporate participation declined sharply to multi-year lows and retail presence remained limited. Overall, the participation landscape reflects a gradual but clear shift towards diversification, characterised by rising institutional influence in futures, strengthening retail presence in commodities, and sustained proprietary dominance in select segments, shaping the evolving structure of market activity.

Share of proprietary traders and individual investors declined in May 2026: Cash market turnover remained stable at Rs 26.91 lakh crore in May 2026 compared with Rs 26.94 lakh crore in April, while participation trends reflected divergent movements across investor categories. Individual investors and proprietary traders which together accounted for more than two-thirds of the cash market turnover witnessed a decline in their shares on a MoM basis. Proprietary traders remained the largest participant category, with their share easing to 34.3% (-39 bps MoM) while remaining substantially higher than a year earlier (+588 bps YoY). The share of individual investors declined to 32.8% (-99 bps MoM, -295 bps YoY). Among institutional participants, foreign investors' share increased to 14.2% (+231 bps MoM), while DII participation declined to 11.9% (-145 bps MoM, -13 bps YoY), pointing to mixed institutional flows during the month. Corporate participation remained stable at 3.9% (+25 bps MoM, +15 bps YoY), largely in line with its recent range.

Participation trends diverged across futures and options segments in May: Client participation across equity derivatives in May 2026 continued to exhibit divergent trends between futures and options segments, with institutional participation increasing in futures while options activity remained concentrated among proprietary traders and individual investor. In equity futures, foreign investors' share touched record high of 31.3% in May up from 29.2% in March 2026. Similarly, DII participation also improved to 13% - a rise of 160 bps over the same period. In contrast, the share of proprietary traders declined to 27.9%, down 481 bps since March, while individual investor participation moderated to 16.5% (down 109 bps MoM and 190 bps YoY).

In equity options, participation trends remained broadly stable. In premium turnover terms, proprietary traders continued to be accounted for the largest share of 49.0% share (+35 bps MoM), while individual investors represented 38.6% (broadly unchanged MoM, +315 bps YoY). Foreign investor participation remained relatively low at 6.6% (-225 bps YoY). A similar pattern was observed in notional turnover, where proprietary share stood at 57.9% and individual participation remained steady at 31.0%, while foreign investors' share remained comparatively modest.

Retail participation strengthens further in commodities derivatives in May: In commodity futures, the share of proprietary traders declined to 48.7% (-67 bps MoM, -2,533 bps YoY), reaching its lowest level since inception. In contrast, the share of individual investors increased to 32.6% (+636 bps MoM, +2,565 bps YoY), marking an all-time high. Foreign investors' share also increased to 7.1% (+150 bps MoM), while corporate participation declined to 1.4%.

In commodity options (premium turnover), the share of proprietary traders remained broadly stable at 51.1% (+27 bps MoM), while individual investor participation increased to 28.9% (+420 bps MoM). At the aggregate level, commodity derivatives turnover (notional basis) reflected a similar pattern, with the share of proprietary traders declining to 52.5% (-365 bps MoM, -3,193 bps YoY), while individual investors accounted for 37.7% (+493 bps MoM) and foreign investors for 8.2% of turnover. Compared with a year earlier, participation has become more broadly distributed across investor categories.

Proprietary traders accounted for two-thirds of the IRF turnover in May: Participation patterns in the interest rate futures (IRF) segment continued to evolve, with proprietary traders accounting for the largest share of turnover for the second consecutive month. Although their share moderated from 69.6% in April, proprietary traders continued to account for more than two-thirds of total turnover in May 2026. In contrast, the share of corporate participants declined to 26.5%, its lowest level in four years. Retail participation also remained below levels observed earlier in 2025, declining from around 19% at the beginning of the year to 3.3% in May 2026. Foreign investors increased their share to 1.3% during the month, although they continued to account for a relatively small proportion of total turnover.

Table 70: Share of client participation in NSE cash market segment (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	3.9	3.7	3.8	543	532	3.8	3.7	3.7
DIIIs	11.9	13.4	12.0	(145)	(13)	12.6	14.2	13.5
Foreign Investors	14.2	11.8	15.6	231	(146)	13.0	14.6	13.4
Individuals	32.8	33.8	35.8	(99)	(295)	33.3	33.4	32.4
Prop	34.3	34.6	28.4	(39)	588	34.5	30.9	34.4
Others	2.9	2.7	4.4	28	(148)	2.8	3.2	2.7

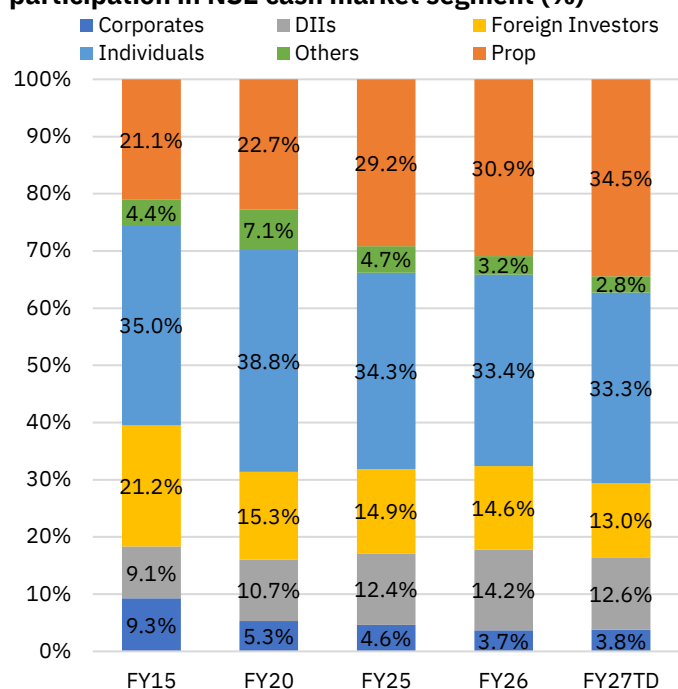
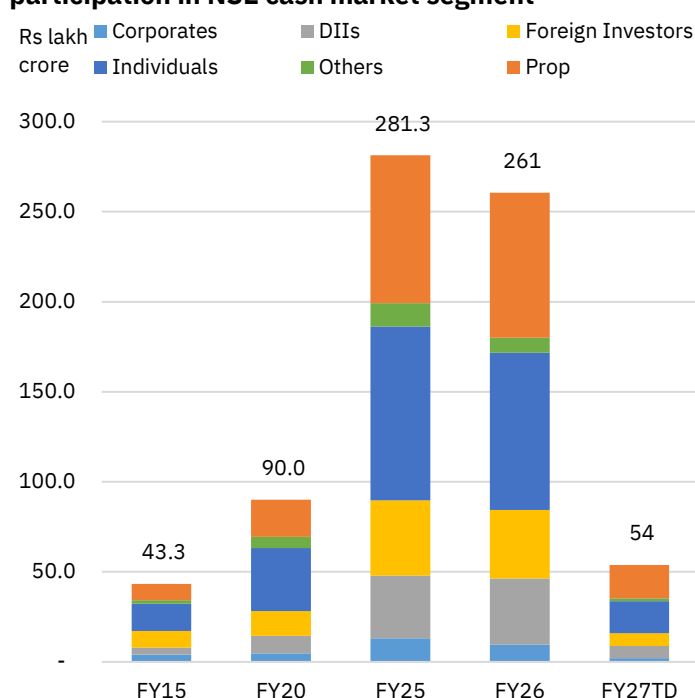
Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFes, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD and CY26TD are as of May'26.

Figure 233: Annual trends in share of client participation in NSE cash market segment (%)

Figure 234: Annual trends in share of client participation in NSE cash market segment


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of May'26.

Table 71: Share of client participation in Equity Derivatives segment (Notional turnover) of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.1	2.2	2.3	(15)	(25)	2.2	2.2	2.1
DIIs	0.3	0.2	0.3	5	5	0.3	0.2	0.3
Foreign Investors	6.1	6.3	7.8	(23)	(175)	6.2	6.9	6.7
Individuals	30.9	30.9	27.0	0	388	30.9	29.2	30.1
Prop	57.8	57.4	60.3	32	(254)	57.6	59.3	58.5
Others	2.9	2.9	2.3	0	61	2.9	2.2	2.3

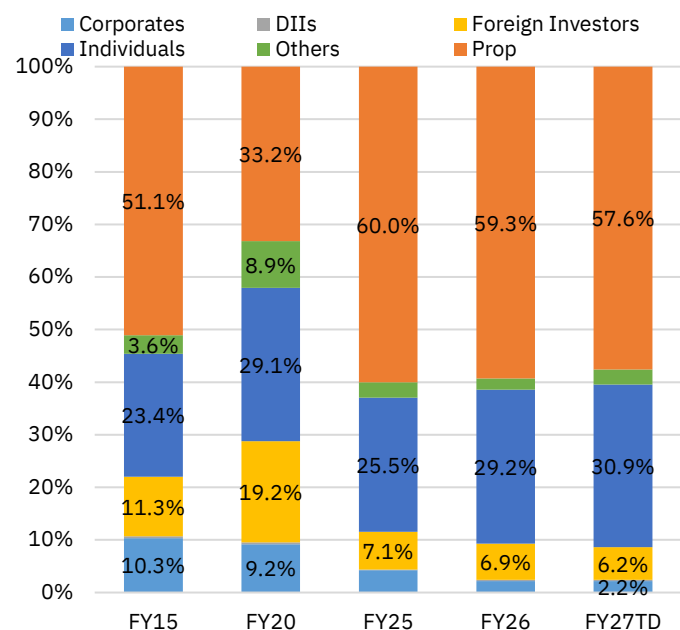
Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4 Data for FY27TD and CY26TD are as of May'26.

Figure 235: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in gross notional turnover i.e., buy-side notional turnover + sell-side notional turnover.

4. Data for FY27TD is as of May'26.

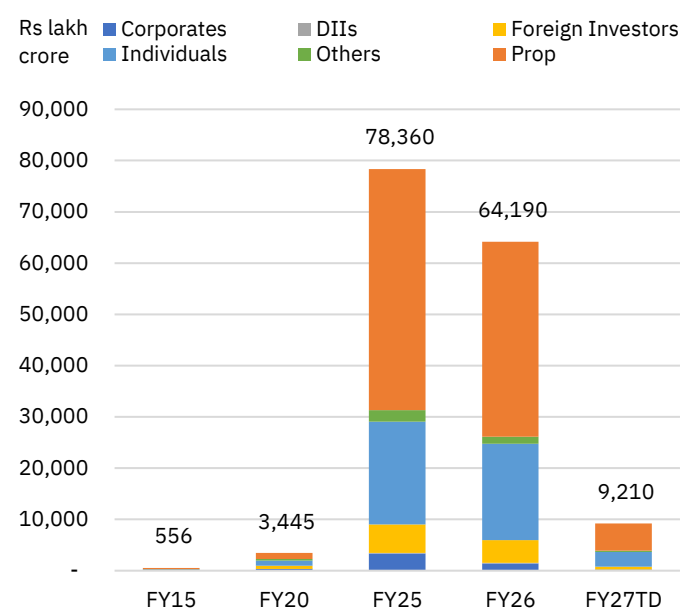
Figure 236: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE


Table 72: Share of client participation in Equity futures (Notional Turnover) segment of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	7.2	6.7	6.6	46	60	6.9	6.8	7.0
DIIs	13.0	12.7	10.7	31	229	12.8	12.3	12.3
Foreign Investors	31.3	30.8	26.3	44	493	31.0	27.5	29.3
Individuals	16.5	17.6	18.4	(109)	(190)	17.1	17.0	16.3
Prop	27.9	28.3	33.3	(33)	(535)	28.1	31.9	31.1
Others	4.1	3.9	4.6	21	(57)	4.0	4.4	4.1

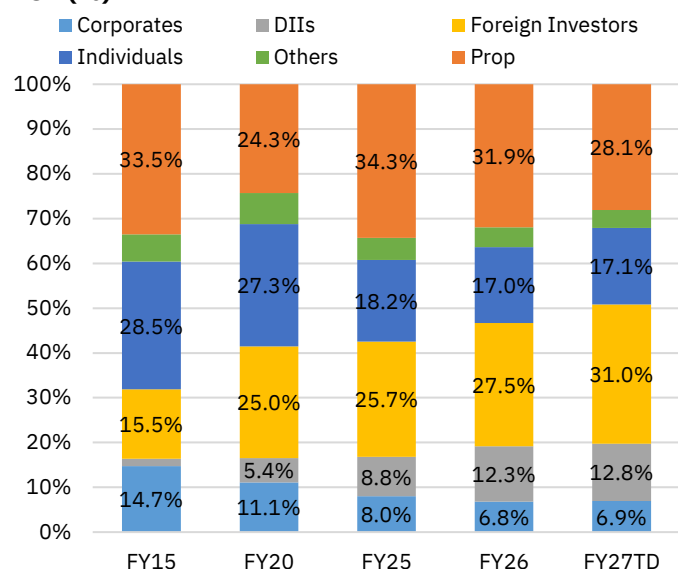
Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD and CY26TD are as of May'26.

Figure 237: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in gross notional turnover i.e., buy-side notional turnover + sell-side notional turnover.

4. Data for FY27TD is as of May'26.

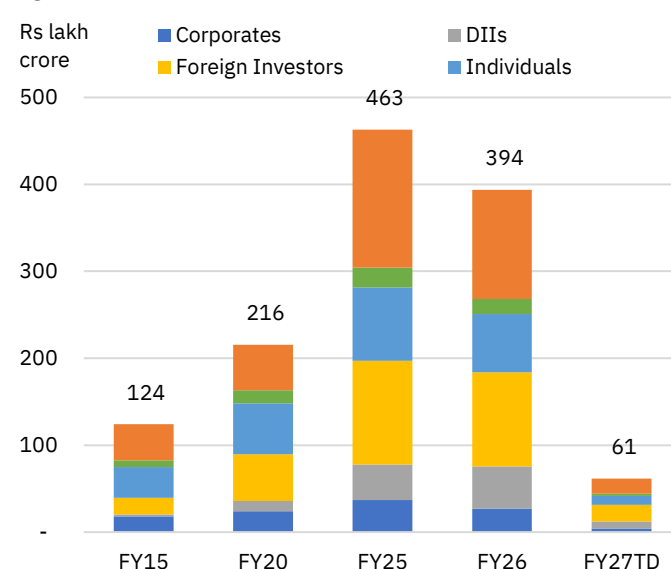
Figure 238: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE


Table 73: Share of client participation in Equity options segment (Premium Turnover) of NSE (%)

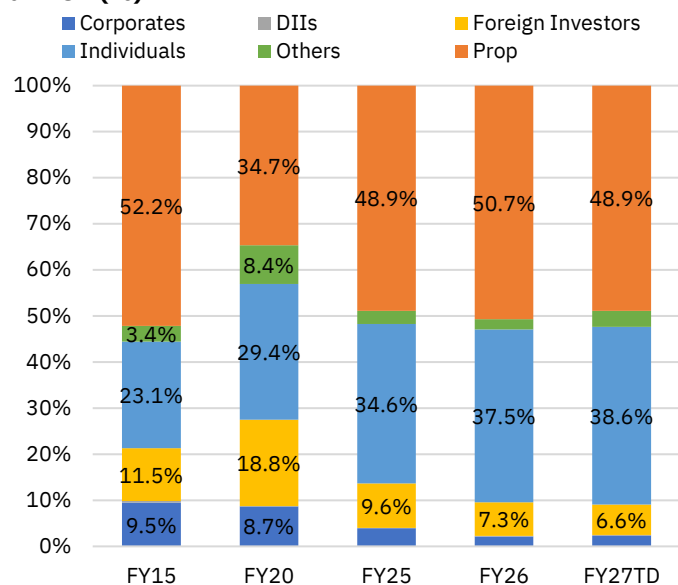
Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.2	2.4	2.1	(20)	9	2.3	2.2	2.3
DIIs	0.2	0.2	0.1	2	9	0.2	0.1	0.2
Foreign Investors	6.6	6.6	8.8	(3)	(225)	6.6	7.3	7.1
Individuals	38.6	38.6	35.4	(3)	315	38.6	37.5	37.7
Prop	49.0	48.7	51.3	35	(231)	48.9	50.7	49.9
Others	3.4	3.5	2.2	(11)	122	3.5	2.2	2.8

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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4. Data for FY27TD and CY26TD are as of May'26.

Figure 239: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of May'26.

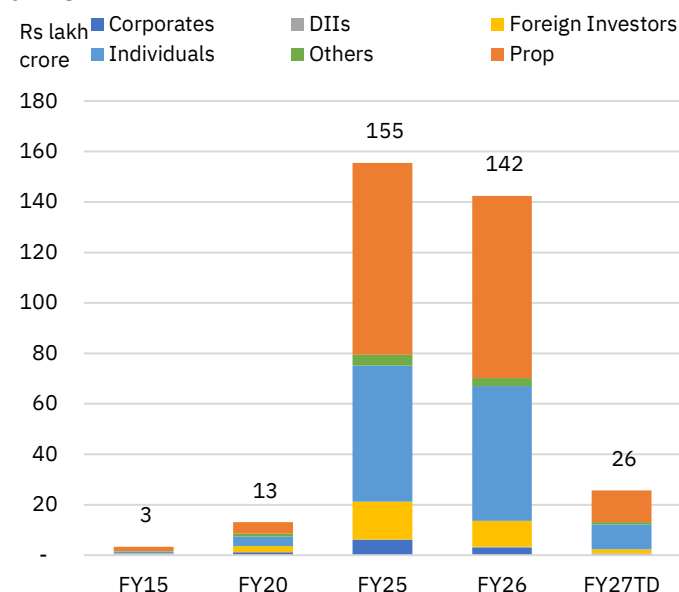
Figure 240: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE


Table 74: Share of client participation in Index Futures of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	9.1	10.0	9.7	(86)	(58)	9.6	9.3	9.2
DIIIs	6.9	6.6	5.9	34	100	6.7	5.9	5.8
Foreign Investors	17.6	17.5	14.6	13	301	17.6	16.5	18.0
Individuals	34.6	36.9	31.9	(224)	271	35.8	31.4	31.8
Prop	25.8	23.7	31.7	208	(595)	24.6	31.4	29.8
Others	6.0	5.4	6.1	56	(19)	5.7	5.5	5.4

Source: NSE EPR.

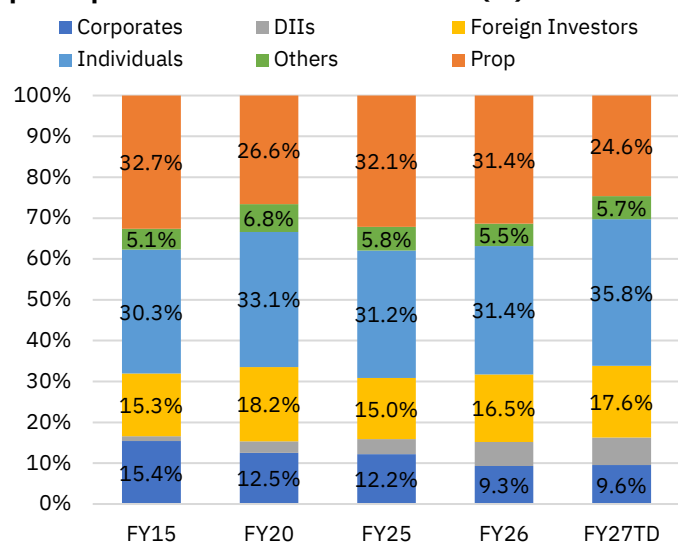
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of May'26.

Figure 241: Annual trends in share of client participation in Index Futures at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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4. Data for FY27TD is as of May'26.

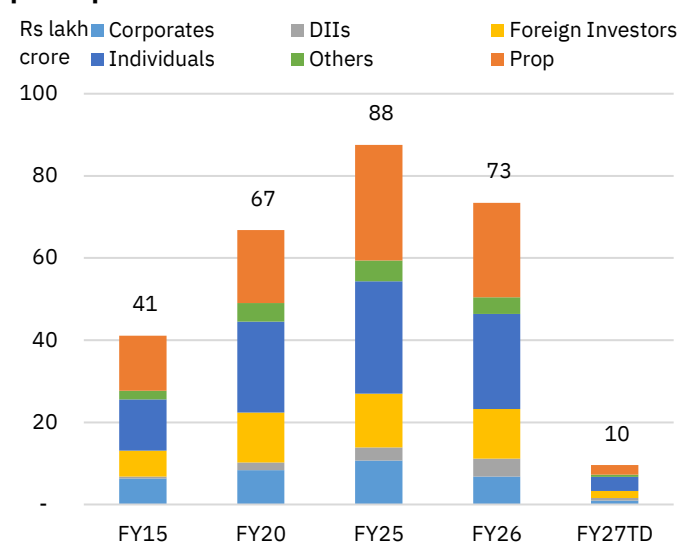
Figure 242: Annual trends in share of client participation in Index Futures at NSE


Table 75: Share of client participation in Stock Futures of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	6.8	6.1	5.7	77	118	6.5	6.2	6.5
DIIIs	14.0	13.9	12.1	14	193	14.0	13.8	13.7
Foreign Investors	33.6	33.5	29.8	15	385	33.6	30.1	31.7
Individuals	13.4	13.8	14.5	(39)	(106)	13.6	13.7	13.0
Prop	28.3	29.2	33.8	(87)	(544)	28.8	32.1	31.4
Others	3.7	3.6	4.2	19	(45)	3.7	4.2	3.8

Source: NSE EPR.

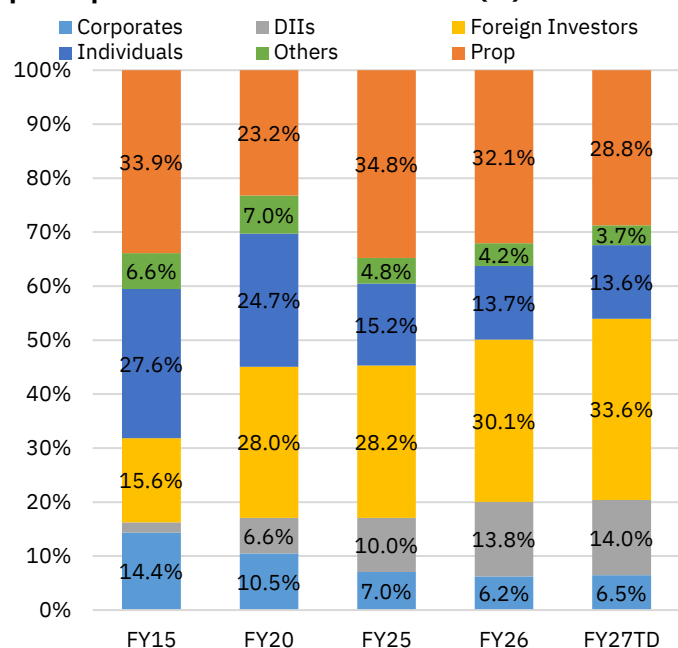
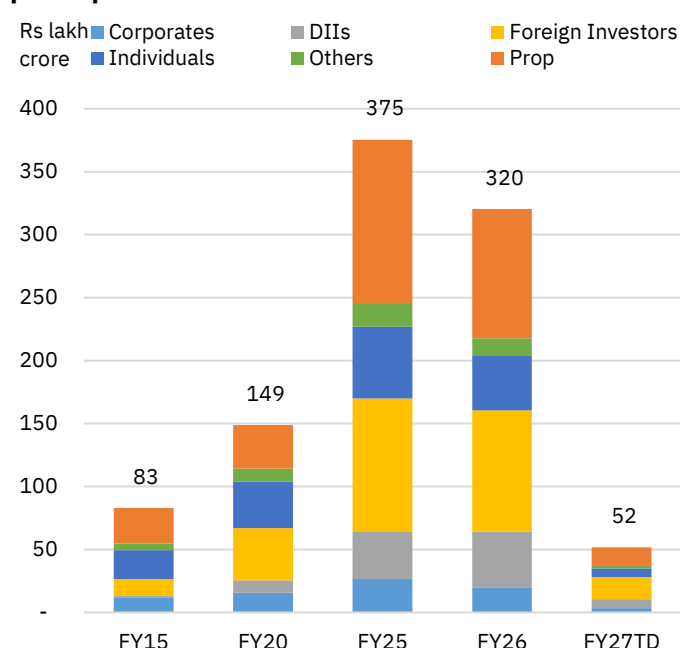
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of May'26.

Figure 243: Annual trends in share of client participation in Stock Futures at NSE (%)

Figure 244: Annual trends in share of client participation in Stock Futures at NSE


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD are as of May'26.

Table 76: Share of client participation in Index Options (Premium Turnover) of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.1	2.3	2.1	(27)	1	2.2	2.1	2.3
DIIIs	0.2	0.2	0.1	4	7	0.2	0.1	0.2
Foreign Investors	6.8	6.9	8.1	(14)	(129)	6.8	7.3	7.4
Individuals	40.5	40.4	36.8	10	362	40.4	39.0	39.2
Prop	46.8	46.4	50.6	41	(383)	46.6	49.3	48.0
Others	3.7	3.8	2.3	(14)	141	3.7	2.3	2.9

Source: NSE EPR.

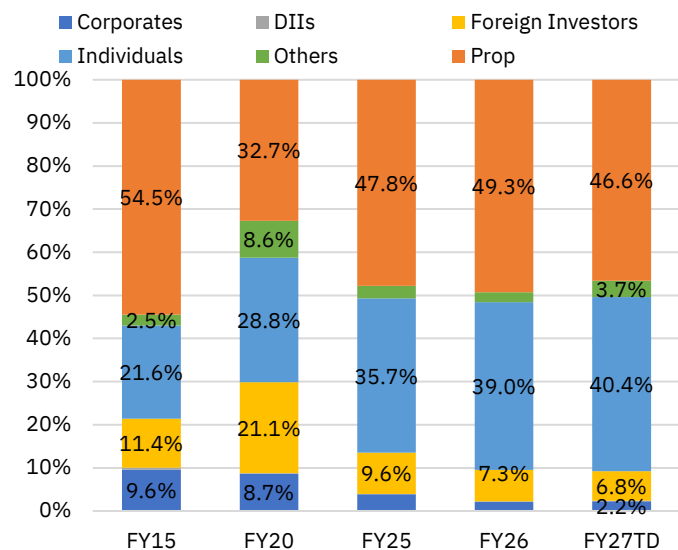
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of May'26.

Figure 245: Annual trends in share of client participation in Index Options (premium turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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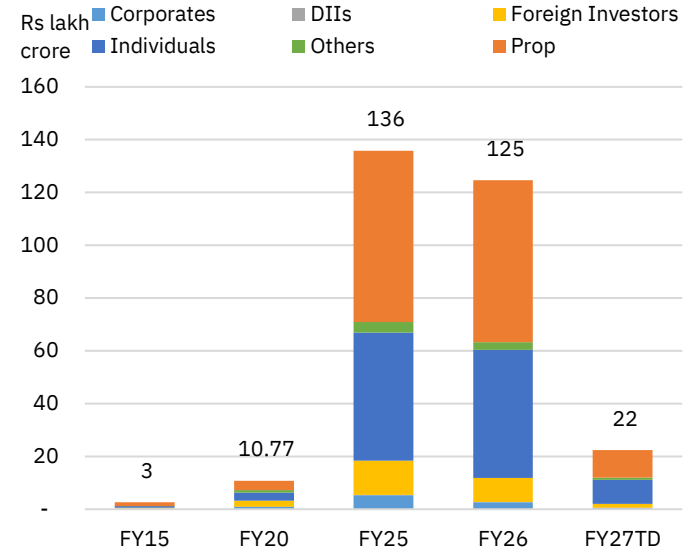
Figure 246: Annual trends in share of client participation in Index Options (premium turnover) at NSE


Table 77: Share of client participation in Stock Options (Premium Turnover) of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.9	2.6	2.2	29	66	2.7	2.5	2.6
DIIs	0.4	0.6	0.2	(12)	22	0.5	0.3	0.5
Foreign Investors	5.1	4.4	13.7	76	(857)	4.8	7.4	4.9
Individuals	25.9	26.7	26.2	(85)	(29)	26.3	27.2	26.4
Prop	64.0	64.2	55.9	(20)	809	64.1	60.8	63.9
Others	1.6	1.5	1.8	12	(10)	1.6	1.9	1.7

Source: NSE EPR.

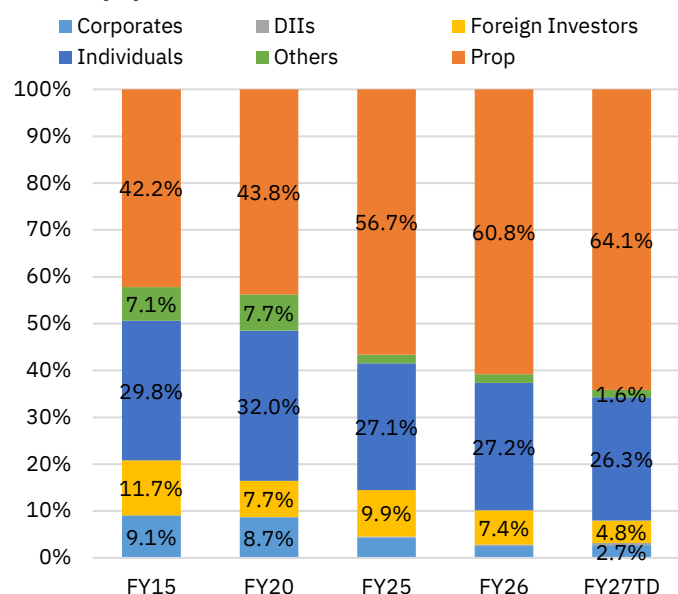
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of May'26.

Figure 247: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of May'26.

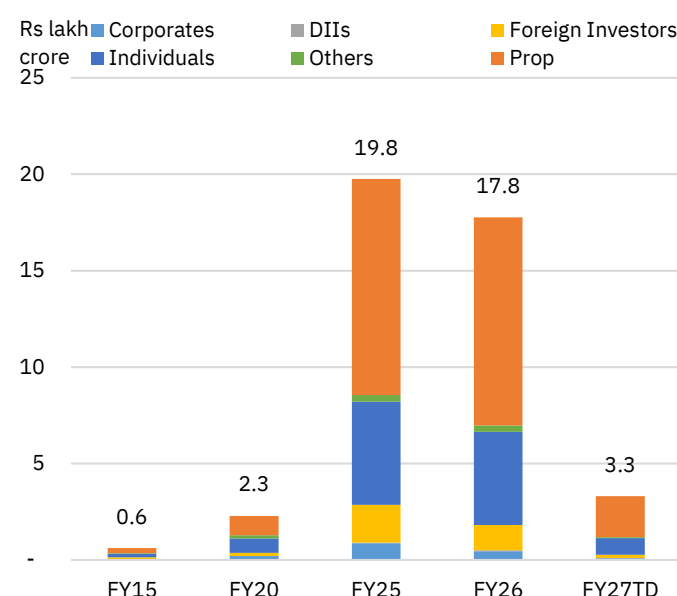
Figure 248: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE


Table 78: Share of client participation in Currency Derivatives segment (Notional Turnover) of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	12.1	16.4	14.4	(434)	(229)	13.9	15.4	14.1
DIIs	3.0	2.7	4.1	30	(104)	2.9	2.9	2.4
Foreign Investors	17.2	16.8	20.2	42	(292)	17.0	15.9	16.4
Individuals	11.4	10.6	8.6	80	277	11.1	8.3	8.8
Prop	55.2	51.8	50.8	340	446	53.8	56.0	56.9
Others	1.0	1.6	2.0	(59)	(98)	1.3	1.6	1.4

Source: NSE EPR.

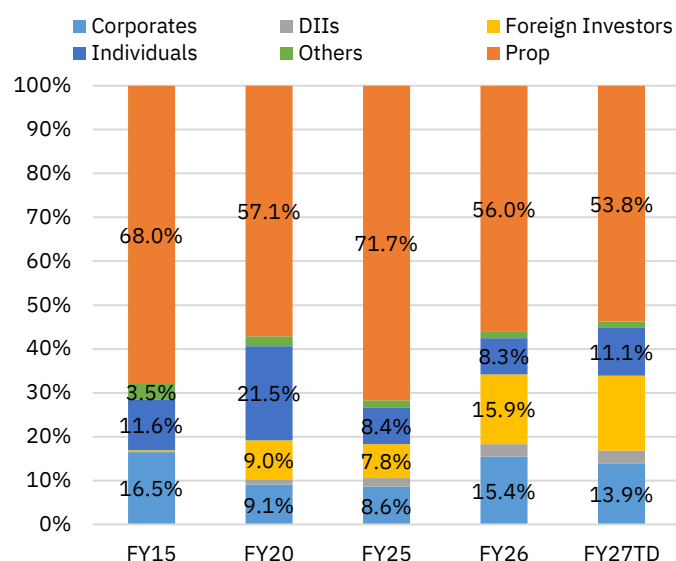
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of May'26.

Figure 249: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of May'26.

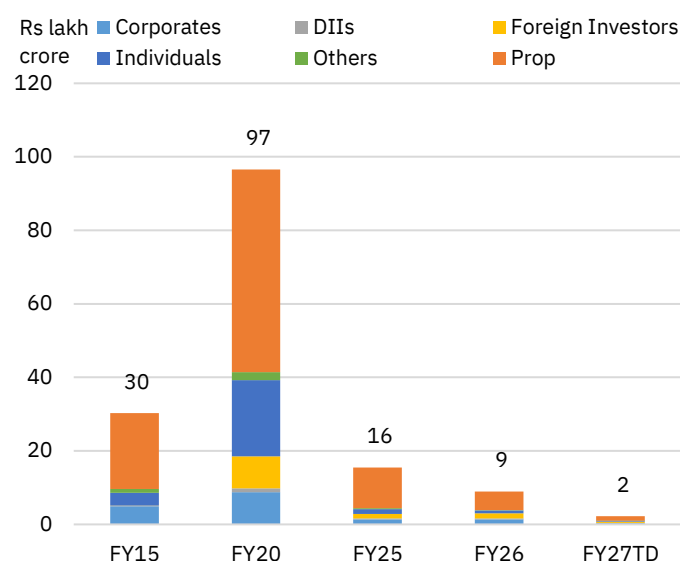
Figure 250: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE


Table 79: Share of client participation in Currency Futures of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	11.9	16.1	14.0	(419)	(206)	13.7	15.1	13.8
DIIs	3.0	2.8	4.1	30	(107)	2.9	2.9	2.4
Foreign Investors	17.3	17.0	20.4	36	(309)	17.2	16.1	16.5
Individuals	11.1	10.2	8.2	91	289	10.7	7.9	8.5
Prop	55.6	52.3	51.2	323	433	54.2	56.5	57.3
Others	1.0	1.6	2.0	(60)	(100)	1.3	1.6	1.4

Source: NSE EPR.

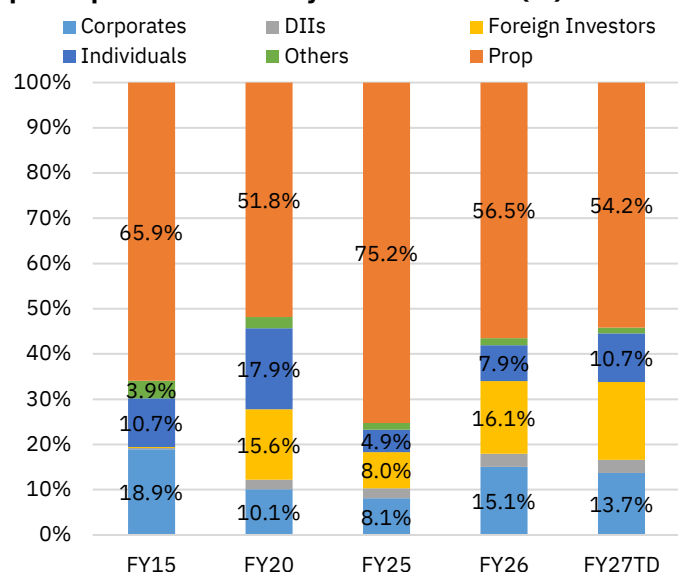
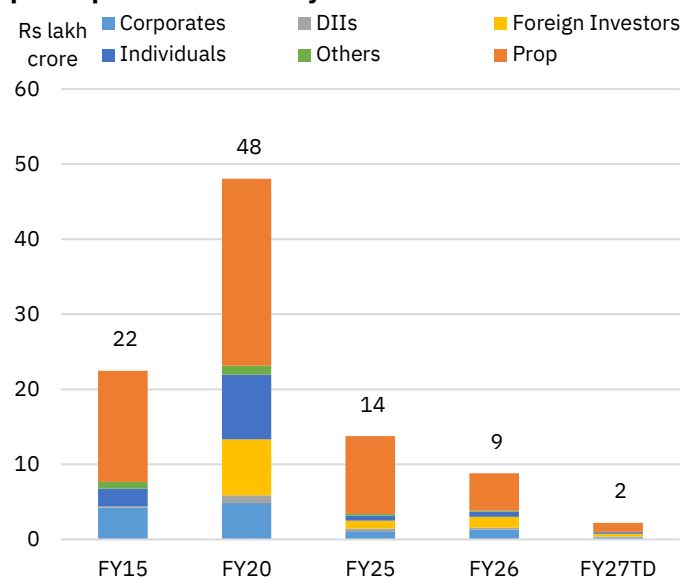
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5 Data for FY27TD and CY26TD are as of May'26.

Figure 251: Annual trends in share of client participation in Currency Futures at NSE (%)

Figure 252: Annual trends in share of client participation in Currency Futures at NSE


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of May'26.

Table 80: Share of client participation in Currency Options (Premium Turnover) of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	31.2	41.1	47.9	(991)	(1,662)	36.5	48.6	46.6
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign Investors	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Individuals	67.5	58.8	36.6	871	3,091	62.9	37.8	46.8
Prop	0.0	0.0	15.5	-	(1,548)	0.0	13.4	6.3
Others	1.3	0.1	0.1	120	119	0.6	0.2	0.3

Source: NSE EPR.

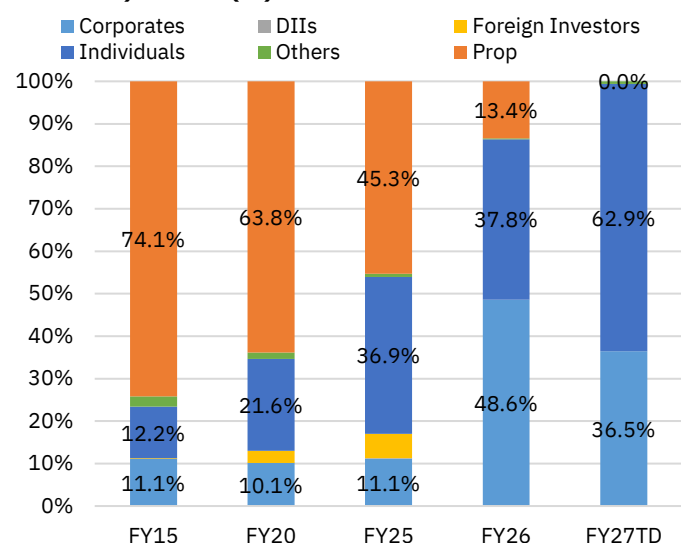
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5 Data for FY27TD and CY26TD are as of May'26.

Figure 253: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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4. Data for FY27TD is as of May'26.

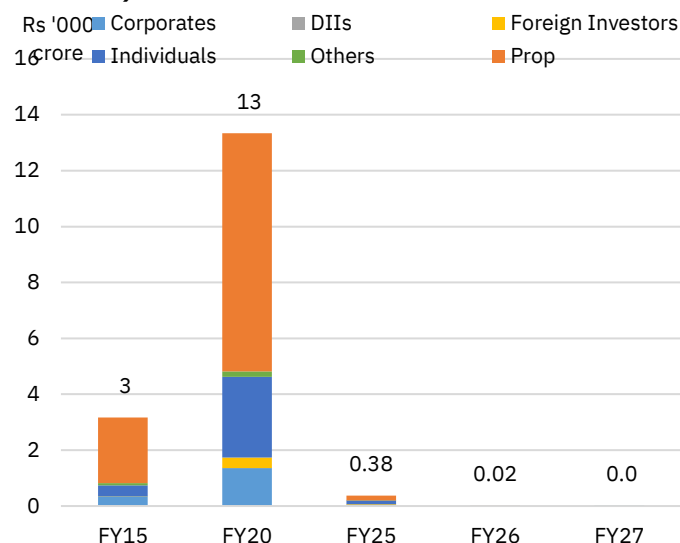
Figure 254: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE


Table 81: Share of client participation in Interest Rate Futures of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	26.5	27.8	80.3	(129)	(5,380)	27.0	56.3	36.2
DIIs	0.0	0.0	0.0	-	-	0.0	0.1	0.1
Foreign Investors	1.3	0.5	0.8	86	57	1.0	0.5	0.7
Individuals	3.3	2.1	6.4	125	(307)	2.8	6.9	4.3
Prop	66.6	69.6	12.5	(301)	5,411	67.8	36.2	58.1
Others	2.2	0.0	0.0	219	219	1.3	0.0	0.7

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

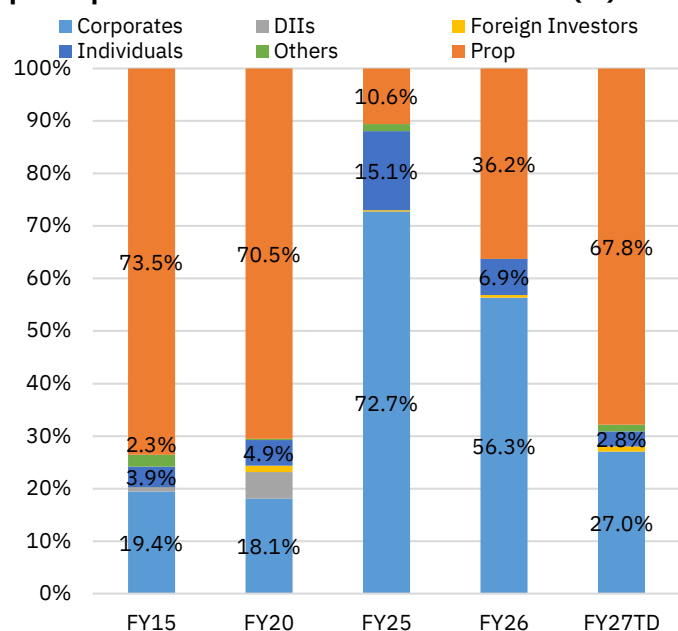
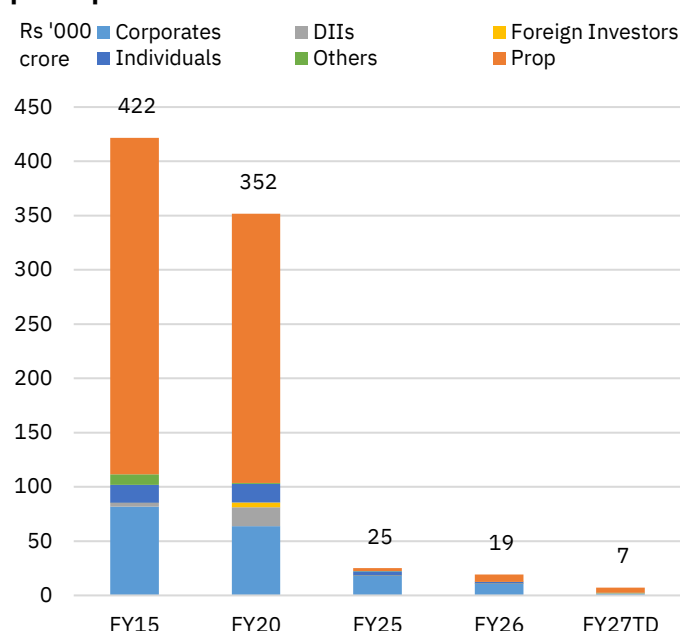
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4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of May'26.

Figure 255: Annual trends in share of client participation in Interest Rate Futures at NSE (%)

Figure 256: Annual trends in share of client participation in Interest Rate Futures at NSE


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of May'26.

Table 82: Share of client participation in Commodity derivatives segment of NSE (%)

Client category	May-26	Apr-26	May-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Commodity Futures								
Corporates	1.4	2.6	12.1	(122)	(1,069)	2.1	1.9	1.9
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	7.1	5.6	0.0	150	711	6.3	1.2	4.5
Individuals	32.6	26.2	6.9	636	2,565	29.0	9.5	21.9
Prop	48.7	49.4	74.0	(67)	(2,533)	49.1	72.4	53.0
Others	10.2	16.2	7.0	(597)	326	13.6	15.1	18.7
Commodity Options (Premium Turnover)								
Corporates	0.2	0.5	1.2	(33)	(107)	0.3	0.3	0.3
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	19.2	23.7	0.0	(445)	1,922	20.7	13.3	22.6
Individuals	28.9	24.7	30.0	420	(104)	27.5	28.0	26.4
Prop	51.1	50.9	67.1	27	(1,594)	51.1	57.4	50.2
Others	0.5	0.2	1.7	31	(118)	0.4	0.9	0.5
Commodity Derivatives (Notional Turnover)								
Corporates	0.3	0.7	1.3	(40)	(96)	0.5	0.7	0.6
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	8.2	7.7	0.0	50	822	8.1	5.0	9.6
Individuals	37.7	32.8	12.6	493	2,513	36.0	17.1	30.6
Prop	52.5	56.1	84.4	(365)	(3,193)	53.7	74.9	56.8
Others	1.3	2.6	1.7	(138)	(45)	1.7	2.3	2.4

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5 Data for FY27TD and CY26TD are as of May'26.

Figure 257: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover) (%)

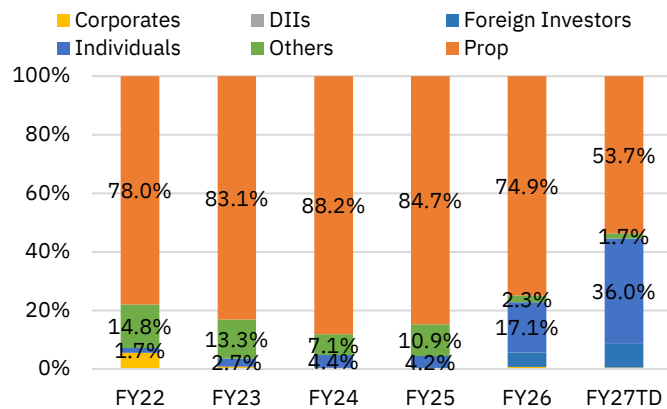


Figure 258: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover)

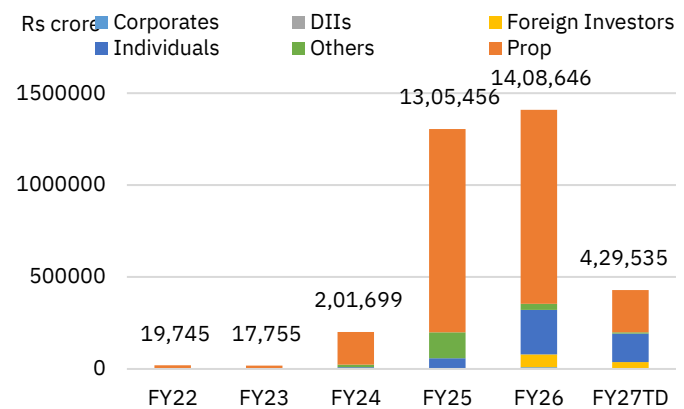


Figure 259: Annual trends in share of client participation in Commodity Futures at NSE (%)

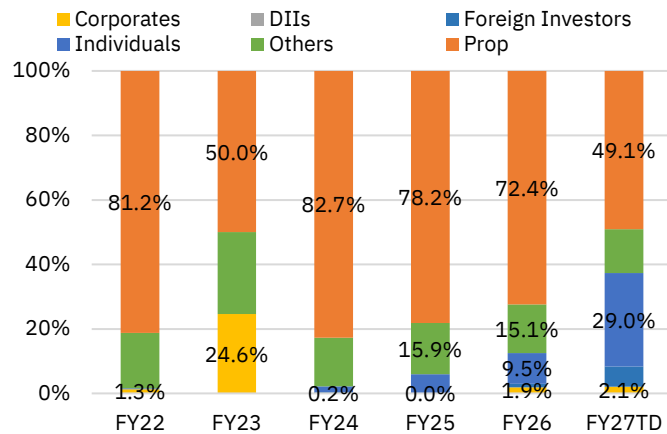


Figure 260: Annual trends in share of client participation in Commodity Futures at NSE

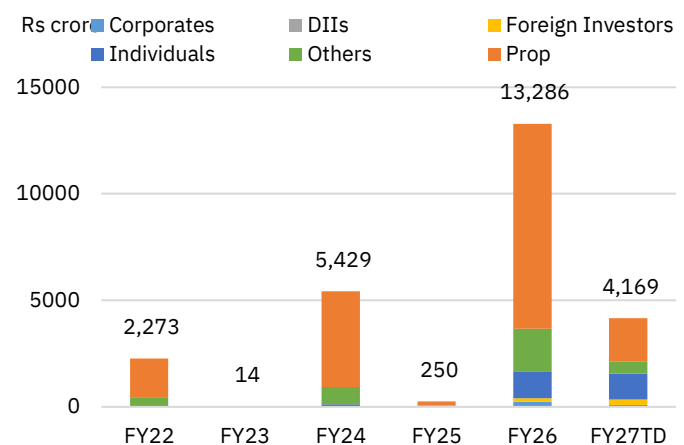


Figure 261: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE (%)

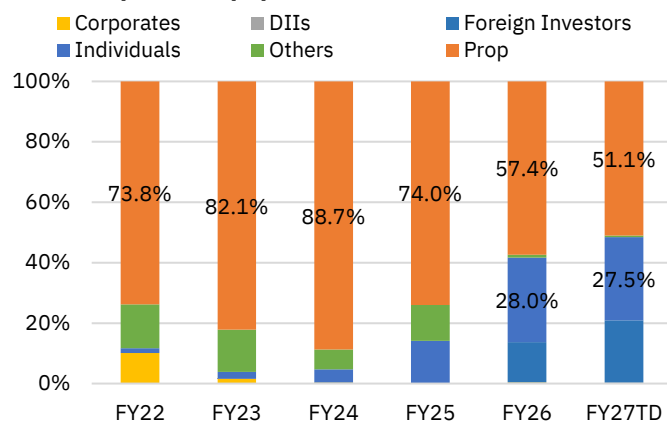
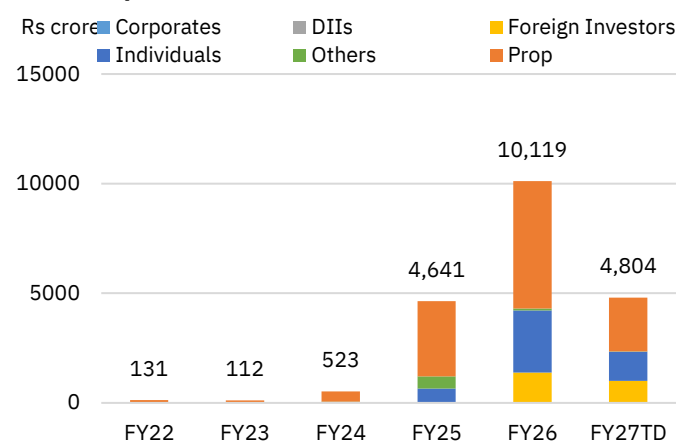


Figure 262: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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4. Data for FY27TD is as of May'26.

Channel-wise turnover distribution: Technology adoption continues to drive transformation in market execution

Our analysis of various channels of trading highlights evolving trading preferences across cash and equity derivatives markets amid changing market conditions and the revised STT regime. In the NSE cash market segment, Direct Market Access (DMA) gained traction, with its share rising to a nine-month high in May 2026, coinciding with an increase in foreign investor participation. While Mobile, Colocation, and Internet-Based Trading (IBT) witnessed marginal moderation, the broader trend remains firmly technology-driven, with Colocation reaching a record 43.4% share and mobile trading touching a five-year high of 22.9% in FY27 (up to May 2026).

In the equity derivatives segment, trading patterns shifted notably following the STT revision. The share of Colocation in equity futures declined to 49%, accompanied by a reduction in proprietary trading activity, while DMA usage rose to a near six-year high, indicating increased institutional participation. The shift was particularly pronounced in index futures, where Colocation fell below 40%. In contrast, equity options witnessed growing individual investor engagement, with mobile trading reaching record highs of 29% in overall options and 31% in index options, highlighting the increasing adoption of technology as trading channels.

Mobile trading share moderates to 22.5% in cash markets, while DMA reaches 9-month high: In the NSE cash market (CM) segment, the share of trading executed through Mobile declined by 88 bps MoM to 22.5% in May 2026. The shares of Colocation and Internet-Based Trading (IBT) also moderated by 29 bps and 12 bps, respectively, during the month. In contrast, the share of Direct Market Access (DMA) increased by 91 bps MoM to 4.7%, marking a nine-month high.

The increase in DMA usage coincided with a rise in foreign investor participation, whose share increased by 231 bps MoM. Meanwhile, the shares of domestic institutional investors (DIIs), individual investors, and proprietary traders moderated during the month.

On a broader annual basis, the share of Colocation reached an all-time high of 43.4% in FY27 (up to May 2026), while the share of Mobile-based trading rose to 22.9%, the highest level recorded in the last five years. These trends highlight the continued evolution of market structure towards technology-enabled trading and execution platforms.

Colocation share in index futures falls below 40%; DMA reaches near six-year high of 18% in equity futures: Our analysis of trading channels highlights a notable shift in equity derivatives activity following the implementation of the revised STT rates. In the equity futures segment, the share of trades executed through Colocation declined by 312 bps to 49% in May 2026, compared with March 2026, the month preceding the STT revision. This trend coincided with a 481bps decline in the share of proprietary traders over the same period. In contrast, the share of Direct Market Access (DMA), predominantly used by institutional investors, increased by 71 bps to 18%, reaching its highest level in nearly six years.

In stock futures, the share of DMA rose by 25 bps to 19%, while Colocation's share declined by 362 bps to 51% in May 2026 compared with March 2026. The shift was even more pronounced in index futures, where the share of Colocation declined by 517 bps to ~40%. This movement coincided with a 614 bps drop in the share of proprietary traders in index futures contracts during the same period, suggesting a meaningful change in trading behaviour following the tax revision.

Mobile trading share in index options reaches record high: In the equity options segment, mobile-based trading continued to gain traction. The share of trades executed

through Mobile increased by 191 bps to 29% in May 2026 compared with March 2026. Over the same period, the shares of Colocation, Internet-Based Trading (IBT), and DMA declined by 172 bps, 92 bps, and 67 bps, respectively. A similar pattern was observed in index options, where mobile trading reached an all-time high, with its share increasing by 254 bps to 31% in May 2026, as compared with March 2026. Conversely, the shares of Colocation, IBT, and DMA declined by 240 bps, 87 bps, and 73 bps, respectively, during the same period.

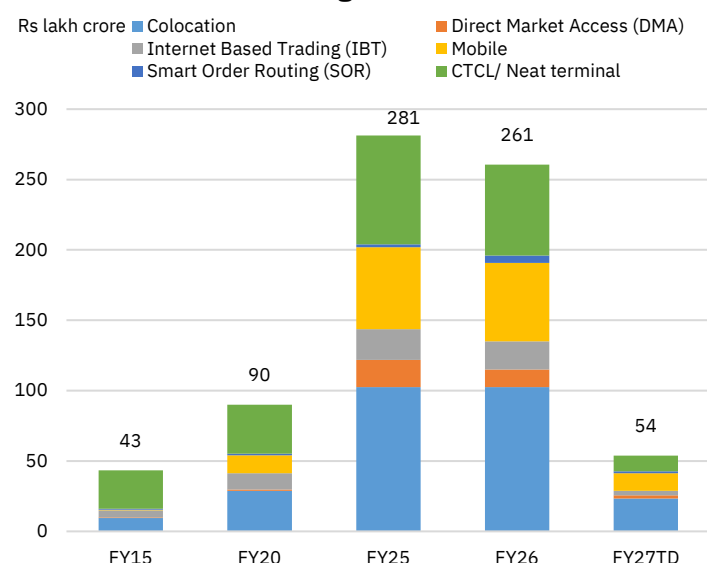
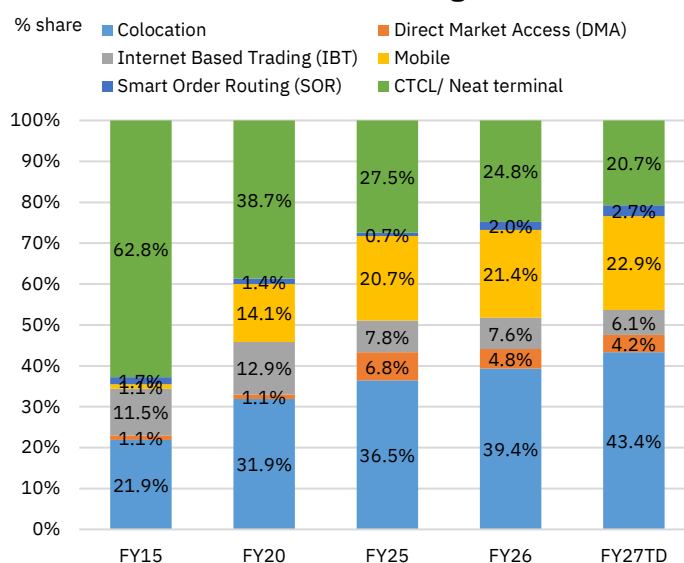
Commodity derivatives witness continued migration towards mobile-led execution, with mobile participation reaching an all-time high: The commodity derivatives segment continued to exhibit a broad-based shift away from terminal-based trading. Although CTCL/NEAT terminals remained the largest channel with a 54.1% share in commodity derivatives (based on notional turnover), their contribution declined by 541 bps MoM and 3,507 bps YoY. Notably, the share of Mobile rose sharply to all-time high of 33.7%, up 677 bps MoM and 2,760 bps YoY.

In commodity futures, mobile trading increased to 26.9% (+487 bps MoM; +2,202 bps YoY), while IBT remained significant at 12.8% despite moderating sequentially. In commodity options, mobile participation rose to 27.0% (+477 bps MoM; +573 bps YoY), while DMA remained meaningful at 19.2% despite a sequential decline. CTCL/NEAT terminals continued to lead both commodity futures and options, though their share remained substantially lower than year-ago levels, reflecting the ongoing diversification of execution channels across the commodity ecosystem.

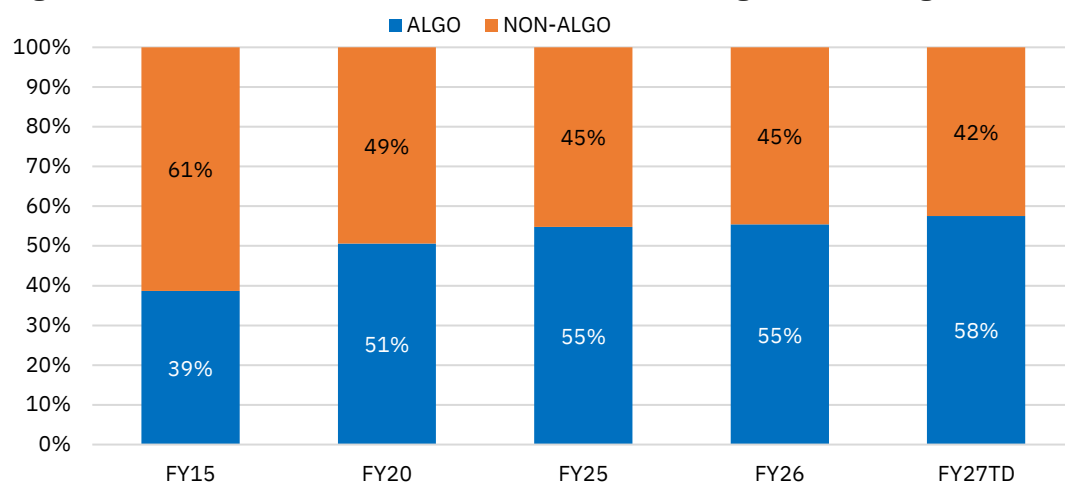
Table 83: Monthly trend in share (%) of different channels of trading in NSE CM segment

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	43.2	43.5	36.7	-29	653	43.4	39.4	43.1
Direct Market Access (DMA)	4.7	3.8	7.1	91	-248	4.2	4.8	4.0
Internet Based Trading (IBT)	6.0	6.2	8.0	-12	-196	6.1	7.6	6.5
Mobile	22.5	23.4	22.7	-88	-19	22.9	21.4	22.1
Smart order routing	2.7	2.7	0.6	-6	205	2.7	2.0	2.8
CTCL/ Neat terminal	20.9	20.5	24.9	44	-395	20.7	24.8	21.5

Source: NSE EPR. Notes: 1. The above figures have been computed based on traded value. 2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

Figure 263: Annual turnover trend for different channels in the NSE CM segment

Figure 264: Annual trend in turnover share for different channels in the NSE CM segment


Source: NSE EPR. Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. 2. FY27TD is as of May 2026.

Figure 265: Annual trends in share (%) for modes of trading in NSE CM segment


Source: NSE EPR. Notes: 1. The above figures have been computed in terms of % share on the basis of net turnover. 2. FY27TD is as of May 2026.

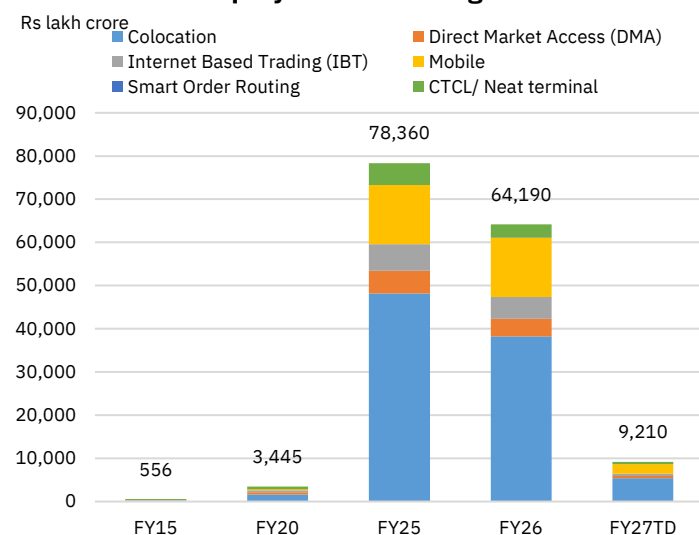
Table 84: Share (%) of different channels of trading in equity derivatives segment (notional turnover)

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	58.8	58.4	60.6	42	-176	58.6	59.6	59.4
Direct Market Access (DMA)	6.0	6.1	7.5	-10	-147	6.1	6.4	6.3
Internet Based Trading (IBT)	5.5	5.7	7.8	-20	-230	5.6	7.8	6.5
Mobile	23.7	23.7	19.2	4	454	23.7	21.4	23.1
Smart order routing	0.0	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	6.0	6.1	5.0	-16	98	6.0	4.8	4.7

Source: NSE EPR

Notes: 1. The above figures have been computed based on traded value.

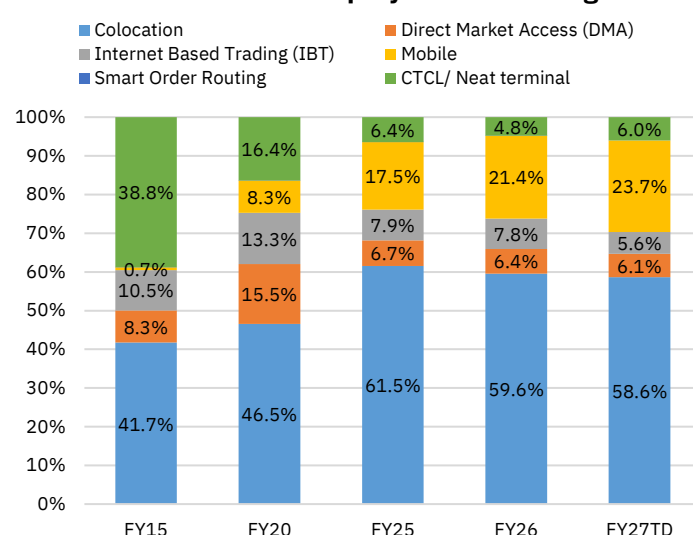
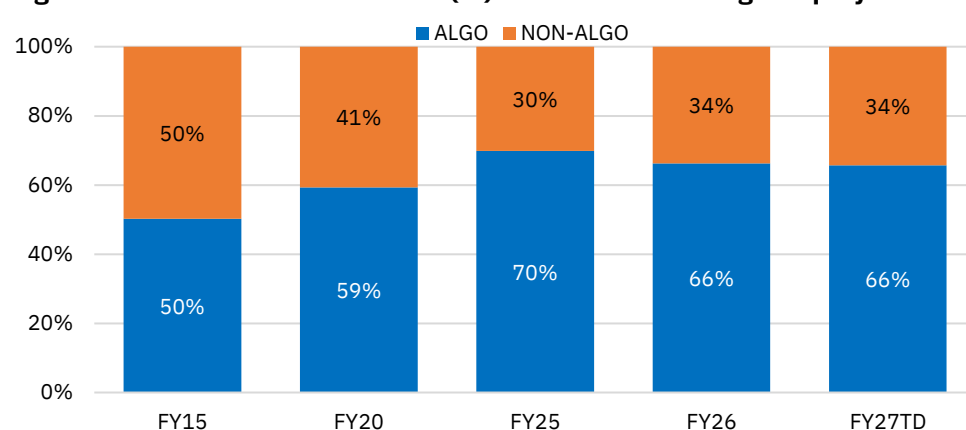
2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

Figure 266: Annual turnover trend for different channels in the equity derivatives segment


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed on the basis of traded turnover. 3. FY27TD is as of May 2026.

Figure 267: Annual trend in turnover share for different channels in the equity derivatives segment

Figure 268: Annual trends in share (%) for modes of trading in equity derivatives


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on notional turnover.

2. FY27TD is as of May 2026.

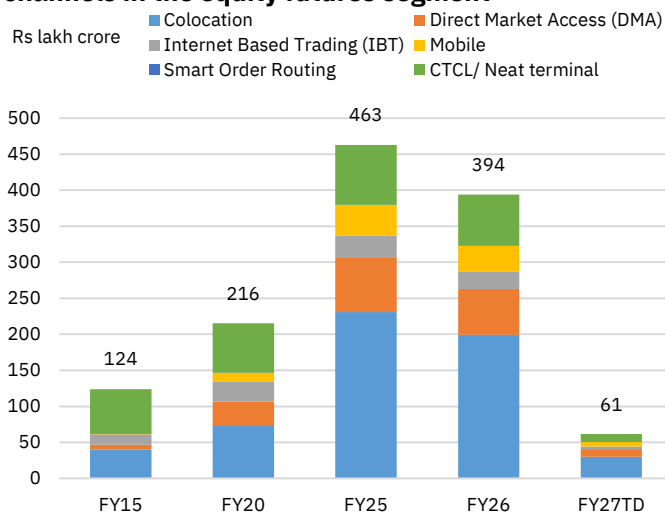
Table 85: Monthly trend in share (%) of different channels of trading in Equity futures (based on turnover)

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	49.0	48.5	49.3	53	-22	48.8	50.7	50.7
Direct Market Access (DMA)	17.8	17.4	16.9	43	93	17.6	16.1	17.1
Internet Based Trading (IBT)	5.3	5.7	6.6	-36	-131	5.5	6.2	5.7
Mobile	9.5	10.4	9.9	-95	-46	10.0	9.1	9.2
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	18.4	18.0	17.3	35	107	18.2	18.0	17.3

Source: NSE EPR

Note: 1. The above figures have been computed based on traded value.

2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

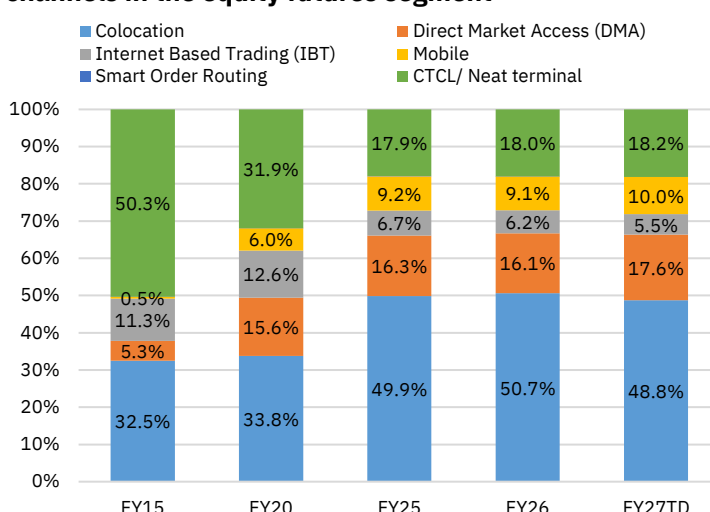
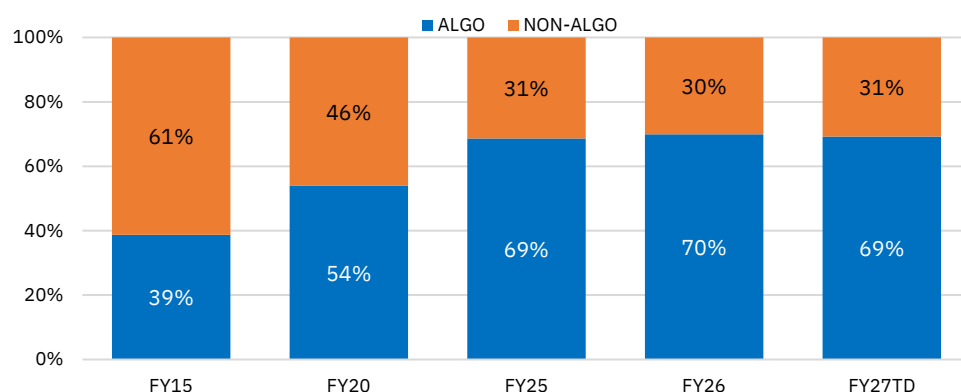
Figure 269: Annual turnover trend for different channels in the equity futures segment


Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed on the basis of traded turnover.

3. FY27TD is as of May 2026.

Figure 270: Annual trend in turnover share for different channels in the equity futures segment

Figure 271: Annual trends in share for modes of trading in equity futures turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on turnover.

3. FY27TD is as of May 2026.

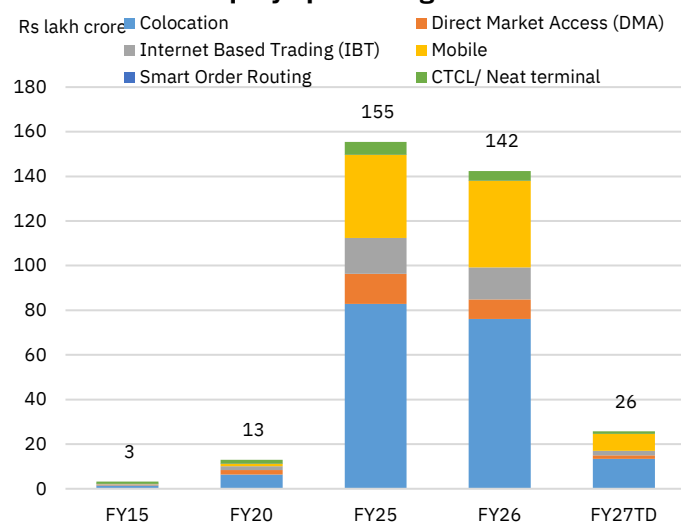
Table 86: Monthly trend in share (%) of different channels of trading in Equity options (Premium value)

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	52.5	52.2	53.7	27	-121	52.4	53.4	53.3
Direct Market Access (DMA)	6.2	6.2	7.9	-3	-170	6.2	6.2	6.2
Internet Based Trading (IBT)	7.5	7.8	10.1	-33	-268	7.6	10.0	8.4
Mobile	29.4	29.3	25.1	16	433	29.4	27.3	28.7
Smart order routing	0.0	0.0	0.0	0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	4.4	4.5	3.1	-8	126	4.4	3.0	3.3

Source: NSE EPR.

Notes: 1. The above figures have been computed based on premium traded value.

2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3 Data for FY27TD and CY26TD is as of May 2026.

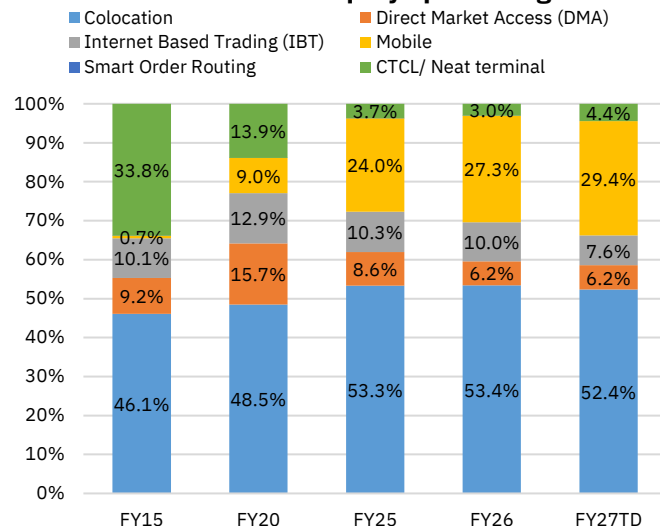
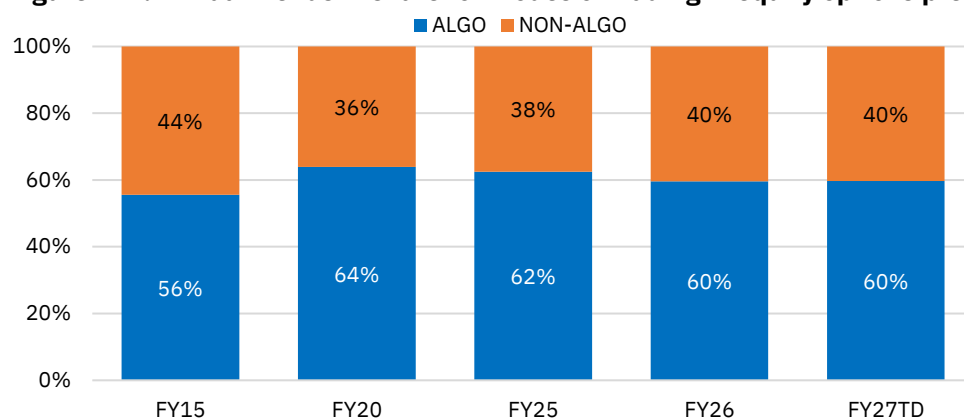
Figure 272: Annual turnover trend for different channels in the equity options segment


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on premium turnover.

3. FY27TD is as of May 2026.

Figure 273: Annual trend in turnover share for different channels in the equity options segment

Figure 274: Annual trends in share for modes of trading in equity options premium turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on turnover.

2. Data for FY27TD is as of May'26.

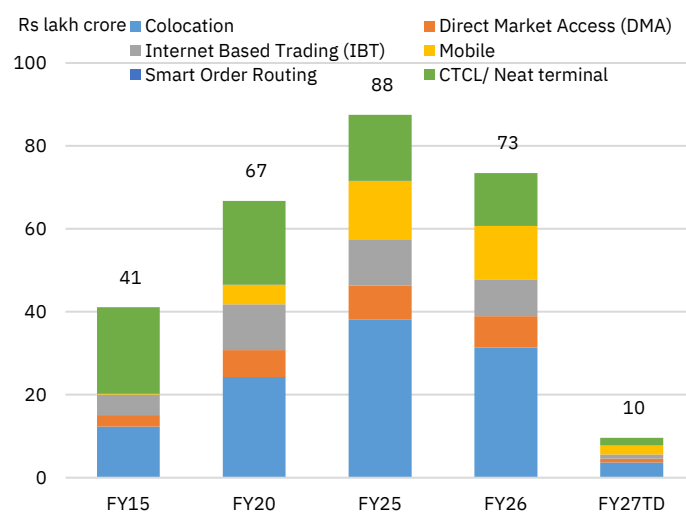
Table 87: Monthly Share (%) of different channels in index futures turnover

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	39.7	36.8	41.7	290	-202	38.1	42.7	42.1
Direct Market Access (DMA)	9.4	9.8	10.3	-40	-86	9.6	10.3	10.4
Internet Based Trading (IBT)	9.7	10.9	12.3	-125	-259	10.4	12.1	11.0
Mobile	21.7	23.5	17.6	-180	410	22.7	17.6	19.5
Smart order routing	-	-	0.0	-	-0	-	0.0	0.0
CTCL/ Neat terminal	19.5	19.0	18.1	54	137	19.2	17.3	17.1

Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % based on turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

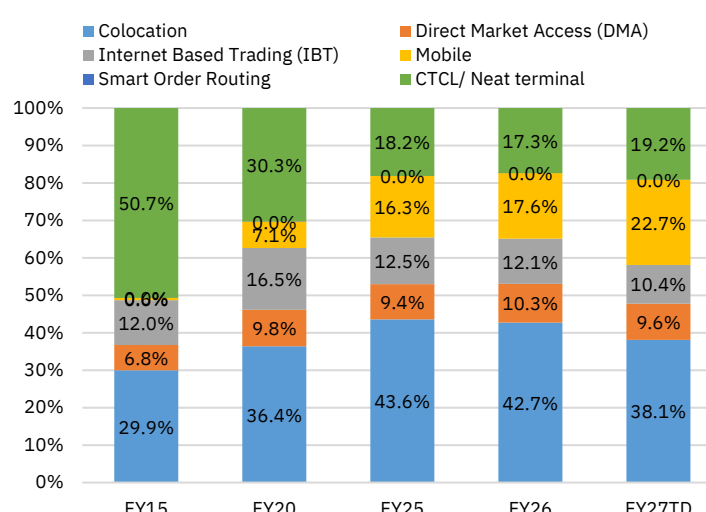
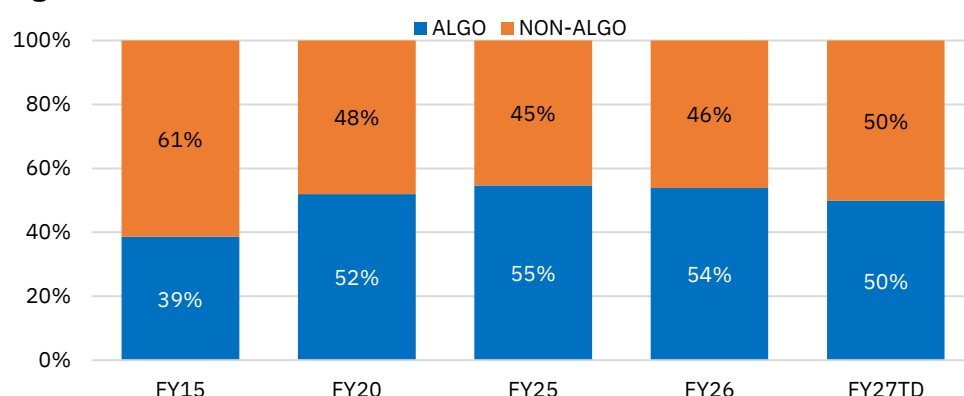
Figure 275: Annual turnover trend for different channels in Index futures


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on turnover

3. Data for FY27TD is as of May'26.

Figure 276: Annual trend in turnover share for different channels in Index futures

Figure 277: Annual trends in share for different modes in index futures turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on turnover

2. Data for FY27TD is as of May'26.

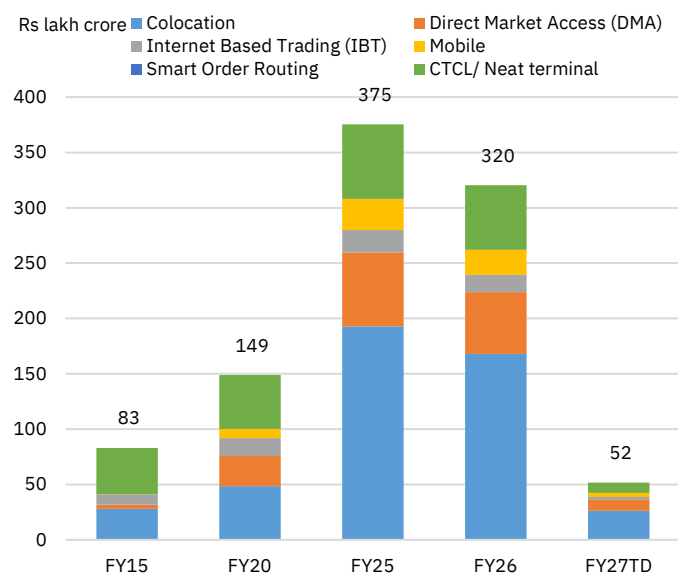
Table 88: Monthly share (%) of different channels in stock futures turnover

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	50.6	50.8	51.5	-18	-83	50.7	52.5	52.5
Direct Market Access (DMA)	19.3	18.9	18.8	37	44	19.1	17.4	18.5
Internet Based Trading (IBT)	4.6	4.6	5.0	-7	-41	4.6	4.9	4.6
Mobile	7.4	7.8	7.7	-46	-33	7.6	7.1	7.1
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	18.2	17.8	17.0	34	112	18.0	18.1	17.4

Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

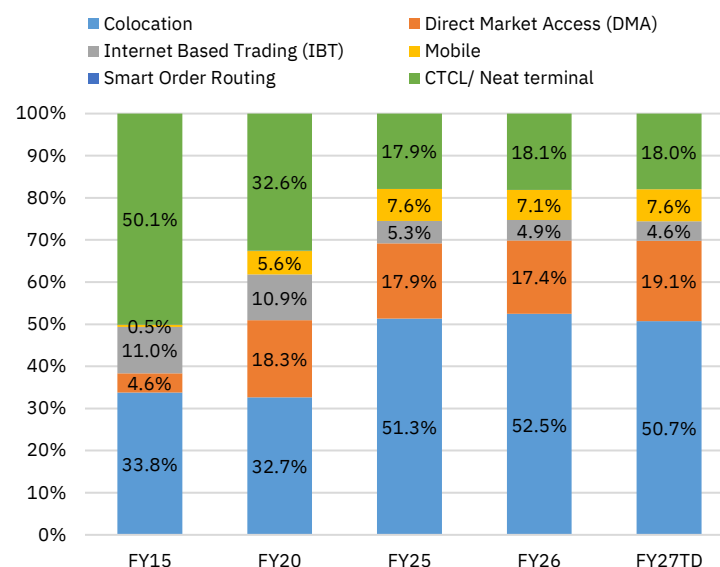
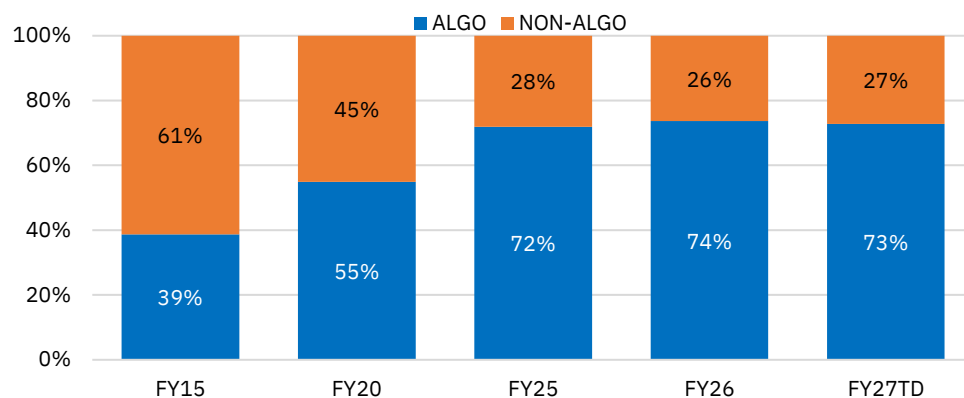
Figure 278: Annual turnover trend for different channels in stock futures


Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on turnover

3. Data for FY27TD is as of May'26.

Figure 279: Annual trend in turnover share for different channels in stock futures

Figure 280: Annual trends in share for different modes in stock futures turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on turnover.

2. Data for FY27TD is as of May'26.

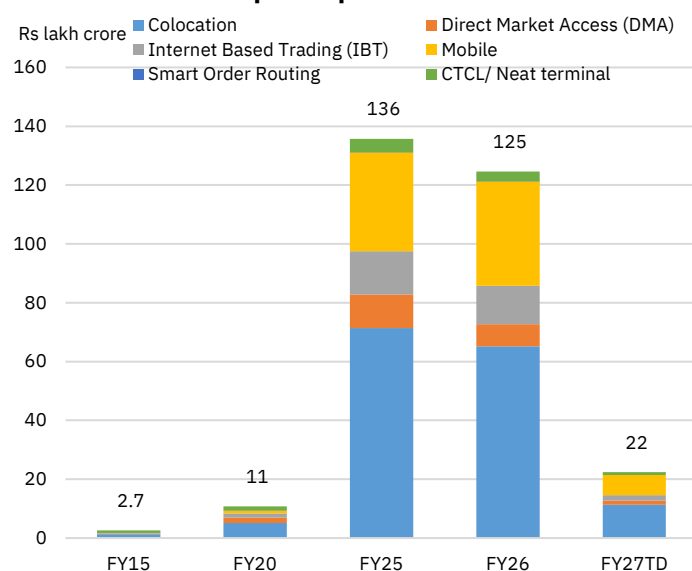
Table 89: Monthly share (%) of different channels in index options premium turnover

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	50.7	50.4	53.4	32	-270	50.5	52.3	51.8
Direct Market Access (DMA)	6.3	6.5	7.0	-14	-61	6.4	6.0	6.4
Internet Based Trading (IBT)	7.8	8.2	10.7	-38	-290	8.0	10.5	8.8
Mobile	30.9	30.6	26.0	31	483	30.7	28.4	29.9
Smart order routing	0.0	0.0	0.0	0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	4.3	4.4	2.9	-10	138	4.3	2.7	3.1

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been presented in % based on premium turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

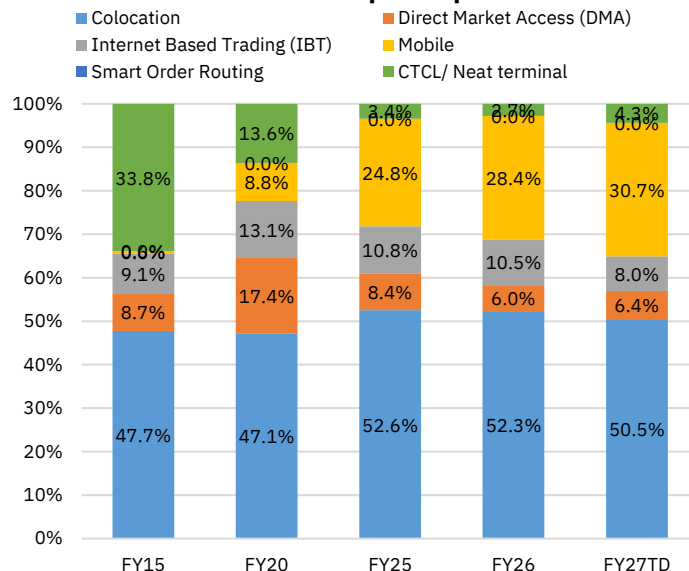
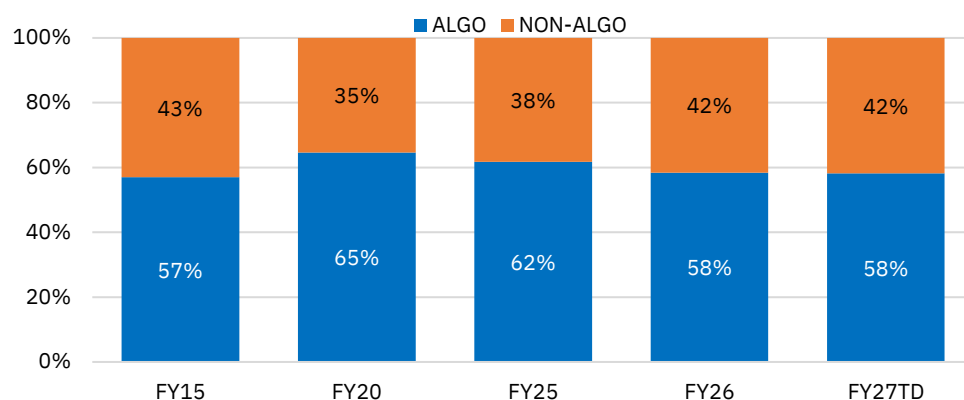
Figure 281: Annual turnover trend for different channels in Index options premium


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on premium turnover

3. Data for FY27TD is as of May'26.

Figure 282: Annual trend in turnover share for different channels in Index options premium

Figure 283: Annual trends in share for different modes in index options premium turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on premium turnover

2. Data for FY27TD is as of May'26.

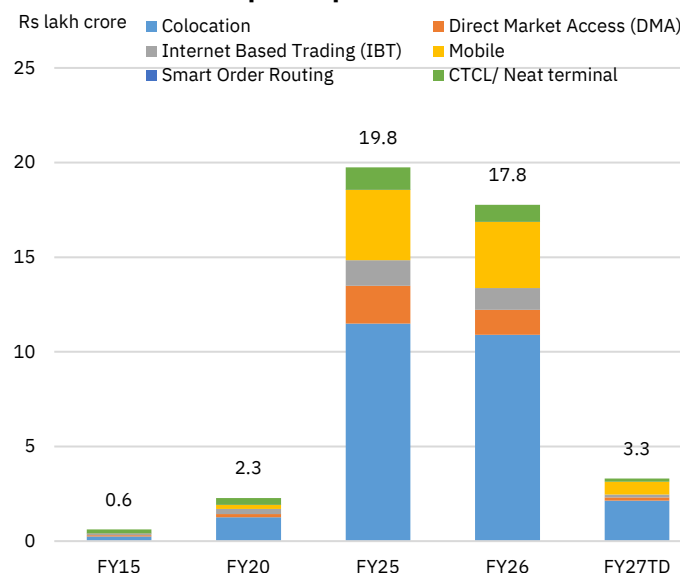
Table 90: Monthly share (%) of different channels in stock options premium turnover

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	65.0	65.1	56.1	-13	893	65.1	61.4	64.8
Direct Market Access (DMA)	5.0	4.2	13.9	79	-884	4.6	7.4	4.8
Internet Based Trading (IBT)	5.1	5.1	6.4	-1	-137	5.1	6.5	5.5
Mobile	19.7	20.4	18.9	-74	77	20.1	19.7	19.9
Smart order routing	0.0	0.0	0.0	0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	5.2	5.1	4.7	10	51	5.2	5.0	5.0

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed on the basis of net turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

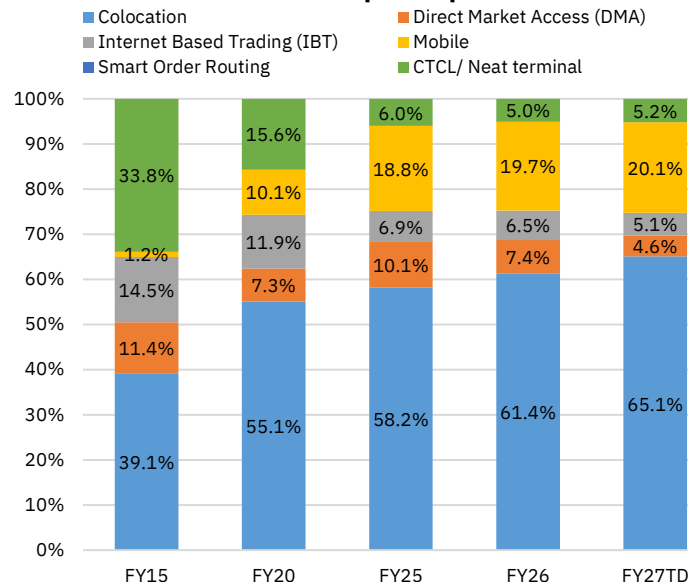
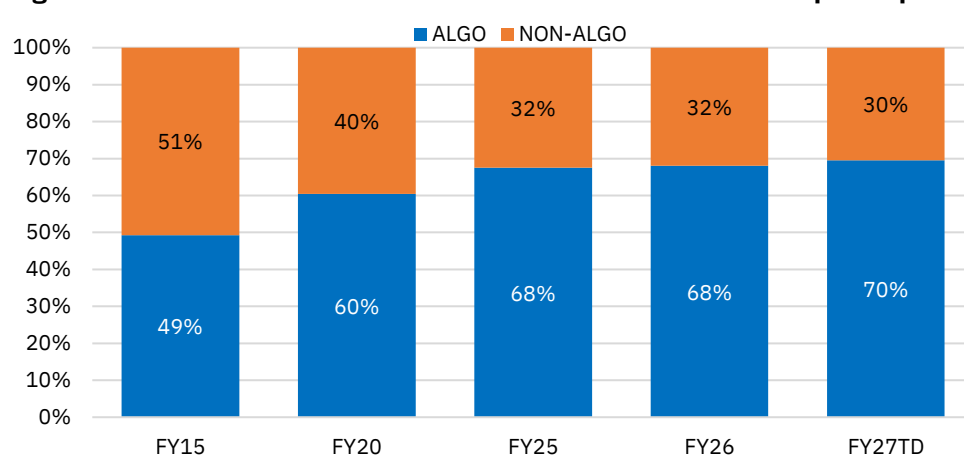
Figure 284: Annual turnover trend for different channels in stock options premium


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been presented in % share based on the premium turnover

3. Data for FY27TD is as of May'26.

Figure 285: Annual trend in turnover share for different channels in stock options premium

Figure 286: Annual trends in share for different modes in stock options premium turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share on the basis of net turnover.

2. Data for FY27TD is as of May'26.

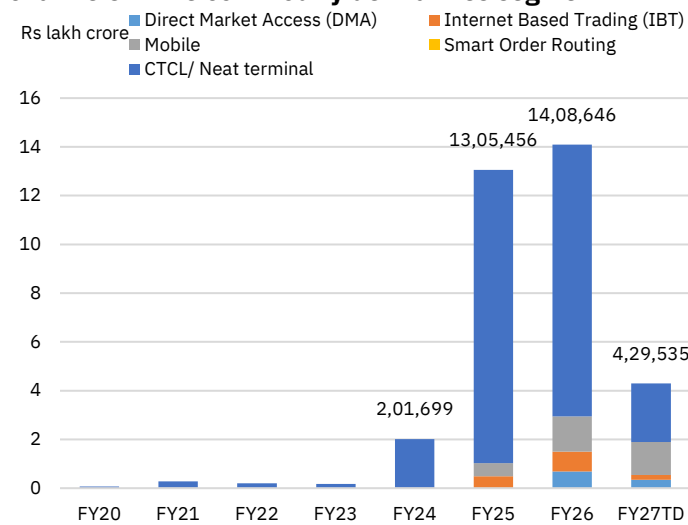
Table 91: Share (%) for different channels of trading in commodity derivatives

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	8.2	7.7	-	48	822	8.1	4.9	9.5
Internet Based Trading (IBT)	4.0	5.8	4.7	-185	-75	4.6	5.8	5.2
Mobile	33.7	26.9	6.1	677	2,760	31.4	10.3	24.8
CTCL/ Neat terminal	54.1	59.5	89.2	-541	-3,507	55.9	79.1	60.5

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on notional turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

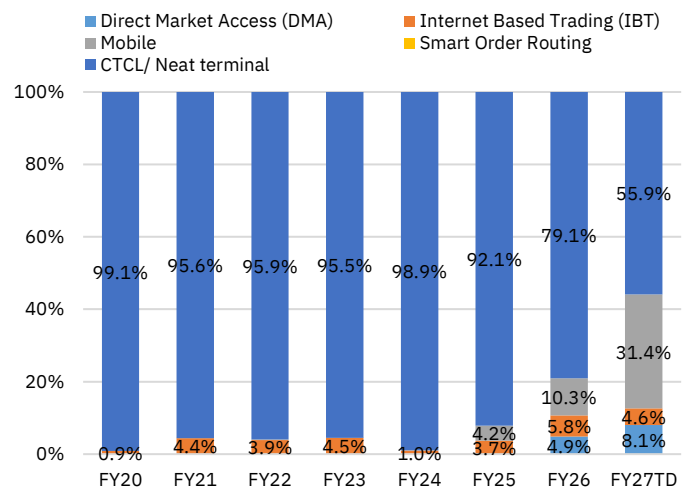
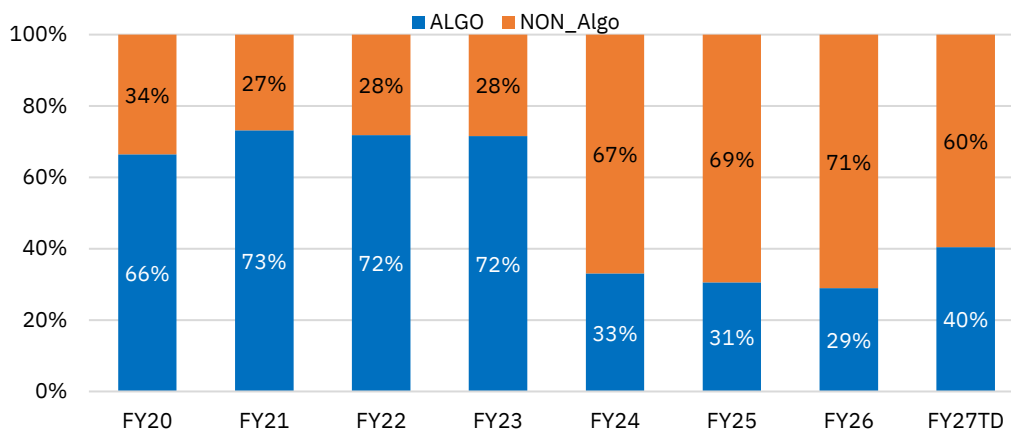
Figure 287: Annual turnover trend for different channels in the commodity derivatives segment


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on notional turnover

3. Data for FY27TD is as of May'26.

Figure 288: Annual trend in turnover share for different channels in the commodity derivatives segment

Figure 289: Annual trends in share for different modes in commodity derivatives


Source: NSE EPR.

Notes: 1. The above figures have been computed in % share based on notional turnover.

2. Data for FY27TD is as of May'26.

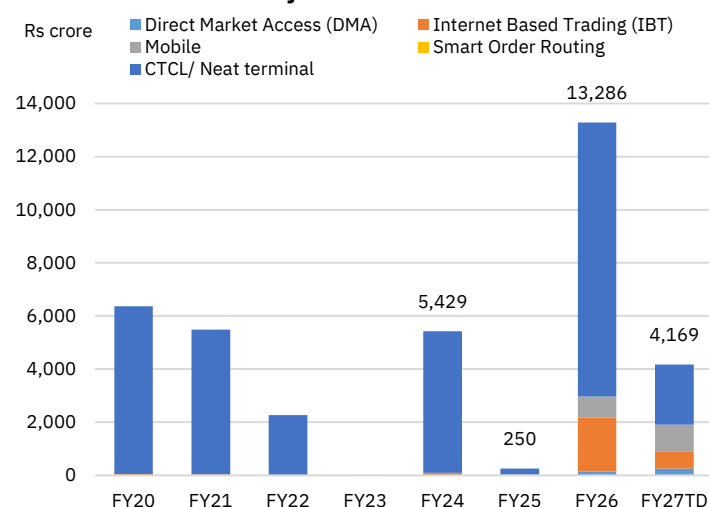
Table 92: Share (%) of different channels of trading in commodity futures turnover

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	7.1	5.6	-	149	710	6.3	1.1	4.5
Internet Based Trading (IBT)	12.8	17.5	1.7	-471	1,111	15.4	15.3	20.2
Mobile	26.9	22.1	4.9	487	2,202	24.2	6.0	18.2
CTCL/ Neat terminal	53.2	54.9	93.4	-166	-4,023	54.1	77.6	57.1

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

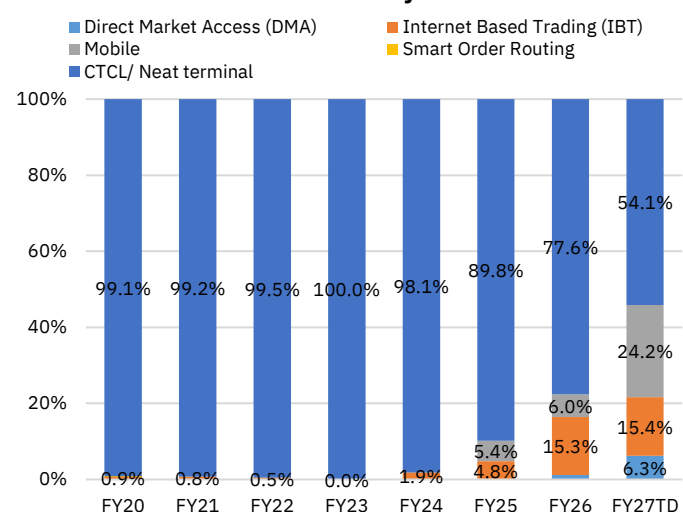
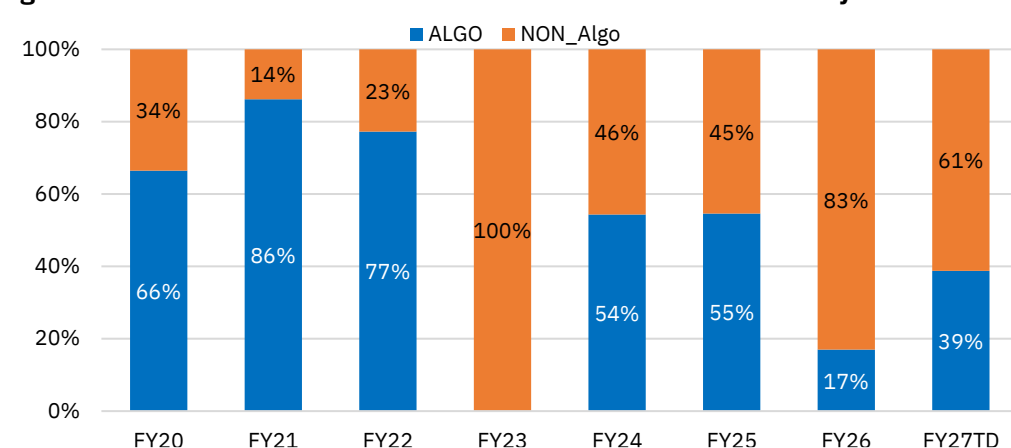
Figure 290: Annual turnover trend for different channels in commodity futures


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on turnover.

3. Data for FY27TD is as of May'26.

Figure 291: Annual trend in turnover share for different channels in commodity futures

Figure 292: Annual trends in share for different modes in commodity futures


Source: NSE EPR.

Notes: 1. The above figures have been computed in % share based on turnover.

2. Data for FY27TD is as of May'26

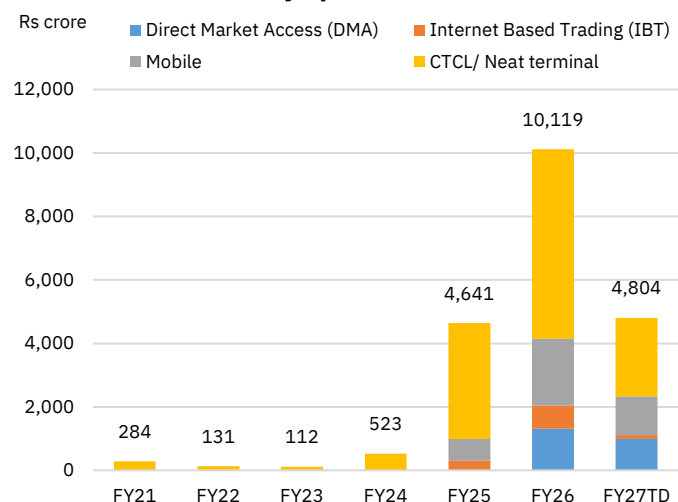
Table 93: Monthly share (%) of different channels in commodity options premium turnover

Mode	May-26	Apr-26	May-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	19.2	23.7	-	-448	1,921	20.7	13.0	22.4
Internet Based Trading (IBT)	2.4	2.9	8.8	-52	-645	2.5	7.1	3.2
Mobile	27.0	22.2	21.3	477	573	25.4	20.8	23.3
CTCL/ Neat terminal	51.4	51.2	69.9	23	-1,848	51.4	59.1	51.1

Source: NSE EPR

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on premium turnover. 3. Data for FY27TD and CY26TD is as of May 2026.

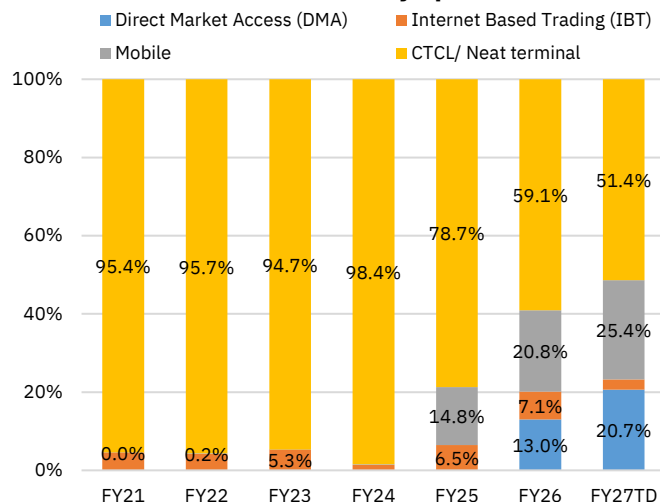
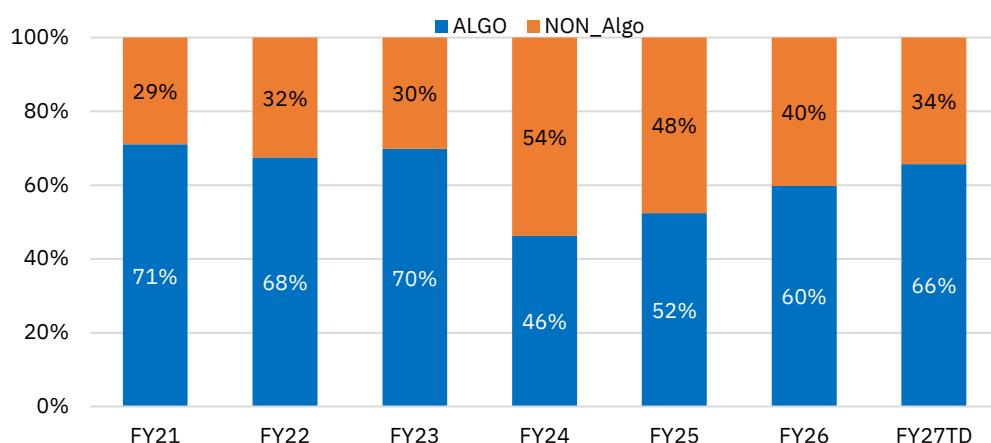
Figure 293: Annual turnover trend for different channels in commodity options


Source: NSE EPR

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on premium turnover.

3. Data for FY27TD is as of May'26.

Figure 294: Annual trend in turnover share for different channels in commodity options

Figure 295: Annual trends for different modes in commodity options premium turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed based on premium turnover.

2. Data for FY27TD is as of May'26.

Distribution of trading activity by turnover: Skewed participation across segments; turnover dominated by top investor cohort

Trading activity across the NSE cash market, equity options, and equity futures segments remained highly concentrated among a small set of large participants in May 2026. In the cash market, just 2.6% of active investors accounted for 92.3% of total turnover, up from 91.1% a year ago, indicating a further rise in concentration. A similar trend was visible in equity options, where investors trading more than Rs 1 crore in premium turnover represented only 5.7% of active investors but contributed 87.3% of total premium turnover. In equity futures, the top 7.8% of investors accounted for an overwhelming 93.3% of turnover. Market activity within the highest turnover cohorts was largely driven by informed and institutional participants, including proprietary traders, foreign investors, and domestic institutions.

Proprietary traders dominated the top cohorts in the cash market and equity options, while foreign investors emerged as the largest contributors in equity futures during the month. In contrast, a substantial share of active investors traded at relatively small volumes and contributed only a marginal share of turnover, highlighting the significant disparity between investor participation and turnover contribution across market segments.

Top 0.3% investors account for over 79% of cash market turnover: Monthly trading activity in the NSE cash market continued to exhibit a high degree of concentration in May 2026. Investors with monthly turnover of Rs 10 crore and above accounted for 79.4% of the total turnover despite representing only 0.3% of active investors during the month. When combined with investors trading between Rs 1-10 crore, these cohorts constituted just 2.6% of the active investor base while contributing over 92% of the monthly turnover. This concentration increased from May 2025, when 2.4% of active investors accounted for 91.1% of turnover, indicating a growing dominance of large-ticket participants. Within the top turnover cohort, proprietary traders contributed the largest share of turnover at 43.2%, followed by foreign investors (17.8%), individual investors (16.1%), and domestic institutional investors (14.9%). At the other end of the spectrum, nearly two-thirds of active investors traded less than Rs 1 lakh during the month and collectively contributed only 0.3% of turnover. These lower-turnover cohorts were overwhelmingly dominated by individual investors, who accounted for 99.5% of their turnover.

Top 0.3% investors accounts for ~70% of equity options premium turnover: Trading activity in equity options also remained heavily concentrated among large participants in May 2026. Investors trading premium turnover exceeding Rs 10 crore accounted for 69% of the monthly premium turnover while representing only 0.3% of active investors, or ~10,000+ participants. The next cohort, comprising investors with premium turnover between Rs 1-10 crore, contributed an additional 18% of premium turnover despite accounting for just 5.4% of active investors. In contrast, around 34% of active investors traded less than Rs 1 lakh in premium turnover and collectively accounted for only 0.1% of total premium turnover. Within the highest turnover cohort, proprietary traders dominated activity with a 70.9% share of premium turnover, followed by individual investors (11.7%) and foreign investors (9.5%).

Top 7.8% investors account for over 93% of equity futures turnover: Similarly, in the equity futures segment, turnover remained concentrated among a relatively small group of investors. The top turnover cohort accounted for 93.3% of monthly turnover while representing only 7.8% of active investors in May 2026. The remaining 92.2% of active investors collectively contributed just 6.7% of turnover. Foreign investors emerged as the largest contributors within the top cohort, accounting for 33.5% of its turnover, followed closely by proprietary traders at 29.9%. This marks a shift from March 2026, when

proprietary traders held the largest share at 34.7%, compared with 30.9% for foreign investors. The changing composition highlights the increasing influence of foreign investors in the top turnover cohort of the equity futures market.

Figure 296: Distribution of trading activity by turnover in NSE CM segment in May 2026

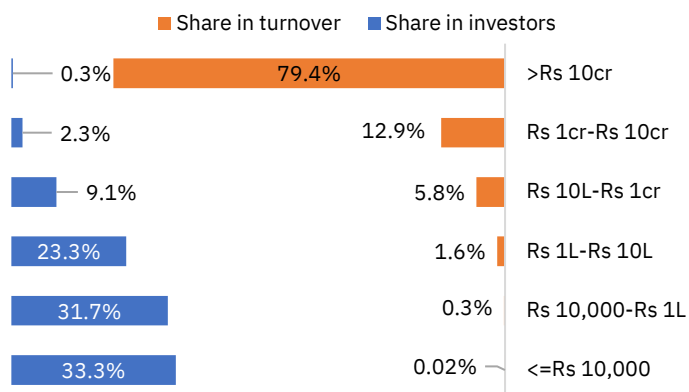
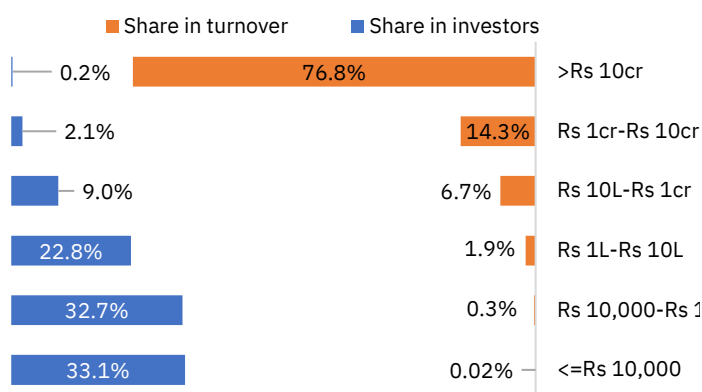


Figure 297: Distribution of trading activity by turnover in NSE CM segment in May 2025



Source: NSE EPR.

Table 94: Distribution of turnover by range in NSE CM segment for all investors

Turnover range	May-25		Apr-26		May-26			
	Turnover (Rs crore)	Investors (In lakh)	Turnover (Rs crore)	Turnover (Rs crore)	Turnover (Rs crore)	Share in turnover	Investors (In lakh)	Share in investors
<= Rs 10,000	541	37.1	568	39.2	539	0.02%	36.4	33.3%
Rs 10,000 - Rs 1 lakh	7,003	36.6	7,017	36.1	6,805	0.3%	34.6	31.7%
Rs 1 lakh - Rs 10 lakh	43,957	25.6	43,384	25.5	43,613	1.6%	25.4	23.3%
Rs 10 lakh - Rs 1 crore	1,57,034	10.0	1,56,487	9.9	1,56,180	5.8%	10.0	9.1%
Rs 1 crore - Rs 10 crore	3,32,752	2.4	3,58,100	2.5	3,48,375	12.9%	2.5	2.3%
> Rs 10 crore	17,91,282	0.3	21,28,624	0.3	21,35,595	79.4%	0.3	0.3%
Total	23,32,568	112.0	26,94,182	113.6	26,91,106	100%	109.2	100%

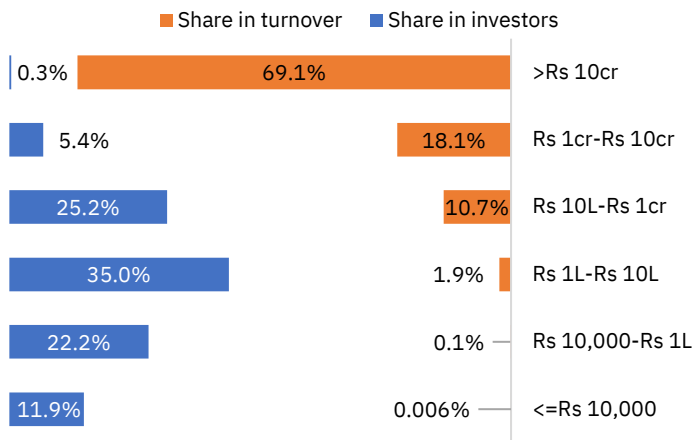
Source: NSE EPR. Notes: 1. Turnover ranges are based on gross traded value i.e. buy traded value + sell traded value. 2. Categorisation is based on gross traded value. 3. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 95: Category-wise share in turnover across turnover ranges in NSE CM segment in May 2026

Turnover range	Turnover (Rs crore)	Share in turnover (%)	Client category-wise turnover share (%)					
			Corporates	DII's	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	539	0.02%	0.0%	0.0%	0.0%	99.7%	0.0%	0.3%
Rs 10,000 - Rs 1 lakh	6,805	0.3%	0.0%	0.0%	0.0%	99.5%	0.0%	0.4%
Rs 1 lakh - Rs 10 lakh	43,613	1.6%	0.2%	0.3%	0.0%	98.8%	0.0%	0.7%
Rs 10 lakh - Rs 1 crore	1,56,180	5.8%	0.7%	0.3%	0.0%	98.0%	0.0%	0.9%
Rs 1 crore - Rs 10 crore	3,48,375	12.9%	1.7%	0.3%	0.3%	96.3%	0.1%	1.3%
> Rs 10cr	21,35,595	79.4%	4.6%	14.9%	17.8%	16.1%	43.2%	3.4%
Total	26,91,106	100%	3.9%	11.9%	14.2%	32.8%	34.3%	2.9%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover. 2. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2. 3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc. 4. DII's include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Figure 298: Distribution of trading activity by turnover in equity options premium turnover in May 2026



Source: NSE EPR

Figure 299: Distribution of trading activity by turnover in equity options premium turnover in May 2025

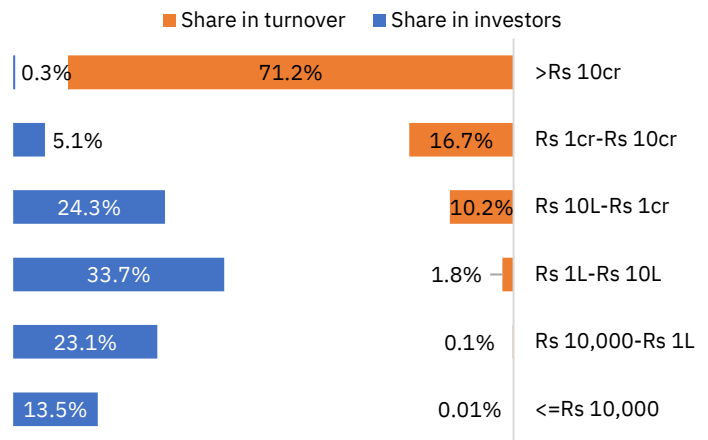


Table 96: Distribution of turnover by range in NSE equity options premium turnover for all investors

Turnover range	May-25		Apr-26		May-26			
	Premium Turnover (Rs crore)	Investors (In lakh)	Premium Turnover (Rs crore)	Premium Turnover (Rs crore)	Premium Turnover (Rs crore)	Share in turnover	Investors (In lakh)	Share in investors
<Rs 10,000	78	4.4	76	4.3	72	0.01%	4.0	11.9%
Rs 10,000-Rs 1 lakh	1,619	7.5	1,689	7.7	1,640	0.1%	7.5	22.2%
Rs 1 lakh - Rs 10 lakh	22,018	11.0	24,155	12.0	23,842	1.9%	11.8	35.0%
Rs 10 lakh - Rs 1 crore	1,27,343	7.9	1,39,912	8.7	1,37,237	10.7%	8.5	25.2%
Rs 1 crore – Rs 10 crore	2,08,868	1.7	2,31,980	1.8	2,31,586	18.1%	1.8	5.4%
>Rs 10 crore	8,91,467	0.10	8,91,939	0.11	8,83,346	69.1%	0.11	0.3%
Total	12,51,392	32.5	12,89,752	34.7	12,77,722	100%	33.8	100%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross premium turnover i.e. buy premium turnover + sell premium turnover. 2. Categorisation is based on gross premium turnover. 3. Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 97: Distribution of turnover and the share of investors categories in equity options in May 2026

Turnover range	Premium Turnover (Rs crore)	Share in turnover (%)	Client category-wise share in premium turnover (%)					
			Corporates	DIIs	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	72	0.01%	0.1%	0.0%	0.0%	99.9%	0.0%	0.1%
Rs 10,000 - Rs 1 lakh	1,640	0.1%	0.1%	0.0%	0.0%	99.8%	0.0%	0.1%
Rs 1 lakh - Rs 10 lakh	23,842	1.9%	0.1%	0.0%	0.0%	99.7%	0.0%	0.2%
Rs 10 lakh - Rs 1 crore	1,37,237	10.7%	0.2%	0.0%	0.0%	99.5%	0.0%	0.3%
Rs 1 crore- Rs 10 crore	2,31,586	18.1%	0.9%	0.0%	0.0%	98.1%	0.1%	0.8%
> Rs 10cr	8,83,346	69.1%	2.9%	0.3%	9.5%	11.7%	70.9%	4.7%
Total	12,77,722	100%	2.2%	0.2%	6.6%	38.6%	49.0%	3.4%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross premium turnover 2. Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2. 3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc 4. DIIs include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Table 98: Distribution of turnover by range in equity futures market for all investors

Turnover range	May-25		Apr-26		May-26			
	Turnover (Rs cr)	Investors (In lakh)	Turnover (Rs cr)	Turnover (Rs cr)	Turnover (Rs cr)	Share in turnover	Investors (In lakh)	Share in investors
Rs 1 lakh - Rs 10 lakh	628	0.2	672	0.2	692	0.02%	0.2	7%
Rs 10 lakh - Rs 1 crore	25,750	1.2	27,391	1.3	27,513	0.9%	1.3	47%
Rs 1 crore – Rs 10 crore	1,97,203	1.2	1,85,850	1.1	1,71,679	6%	1.1	39%
>Rs 10 crore	33,10,182	0.3	29,31,515	0.2	27,97,181	93.3%	0.2	7.8%
Total	35,33,763	2.8	31,45,429	2.8	29,97,064	100%	2.8	100%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover i.e., buy turnover + sell turnover. 2. Categorisation is based on gross turnover. 3. Data has been provided for single side i.e. (Buy turnover + sell turnover)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 99: Distribution of turnover and the share of investors categories in equity futures in May 2026

Turnover range	Turnover (Rs crore)	Share in turnover (%)	Client category-wise share in premium turnover (%)					
			Corporates	DIIIs	Foreign investors	Corporates	Prop	Others
Rs 1 lakh - Rs 10 lakh	692	0.02%	0.6%	0.0%	0.0%	98.7%	0.0%	0.7%
Rs 10 lakh - Rs 1 crore	27,513	0.9%	0.8%	0.0%	0.0%	98.3%	0.0%	0.8%
Rs 1 crore - Rs 10 crore	1,71,679	6%	1.7%	0.0%	0.0%	96.6%	0.1%	1.5%
> Rs 10 crore	27,97,181	93.3%	7.6%	13.9%	33.5%	10.8%	29.9%	4.3%
Total	29,97,064	100%	7.2%	13.0%	31.3%	16.5%	27.9%	4.1%

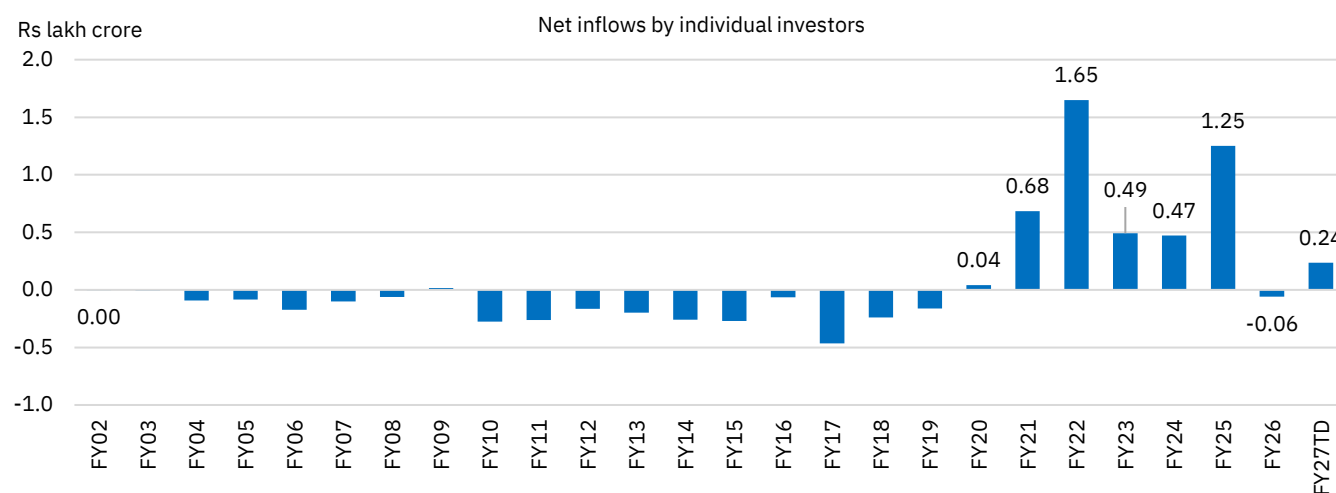
Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover. 2. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2. 3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc. 4. DIIIs include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Individual investors' activity in the equity segment: Retail flows stayed positive despite softer participation

Individual investors remained net buyers for a second month in a row: Individual investors remained net buyers in NSE's cash segment for the three consecutive months, although net purchases moderated from the previous month. Net purchases amounted to Rs 3,011 crore in May, compared with Rs 20,717 crore in April, taking cumulative net inflows in FY27 (As on May 31, 2026) to Rs 23,728 crore. The share of individual investors in cash market turnover also declined marginally to 32.8% in May from 33.8% in the previous month,

Participation in the primary market remained relatively muted during the first two months of FY27, with retail investments amounting to Rs 854 crore amid lower IPO activity. Consequently, aggregate investments by individual investors across the primary and secondary markets stood at Rs 24,582 crore during FY27 up to May 31, 2026.

Figure 300: Annual net inflows by individual investors in NSE's CM segment (secondary market)



Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. FY27TD data is as of May 31st, 2026.

Table 100: Annual net inflows by individual investors in primary and secondary market

FY	NSE CM Segment (Rs crore)	Primary Market (Rs crore)	Net flows (Rs crore)
FY21	68,357	7465	75,822
FY22	1,64,892	19,539	1,84,431
FY23	49,225	13,448	62,673
FY24	47,241	18,057	65,298
FY25	1,25,127	34,336	1,59,463
FY26	-5,803	42,608	36,805
FY27TD	23,728	854	24,582

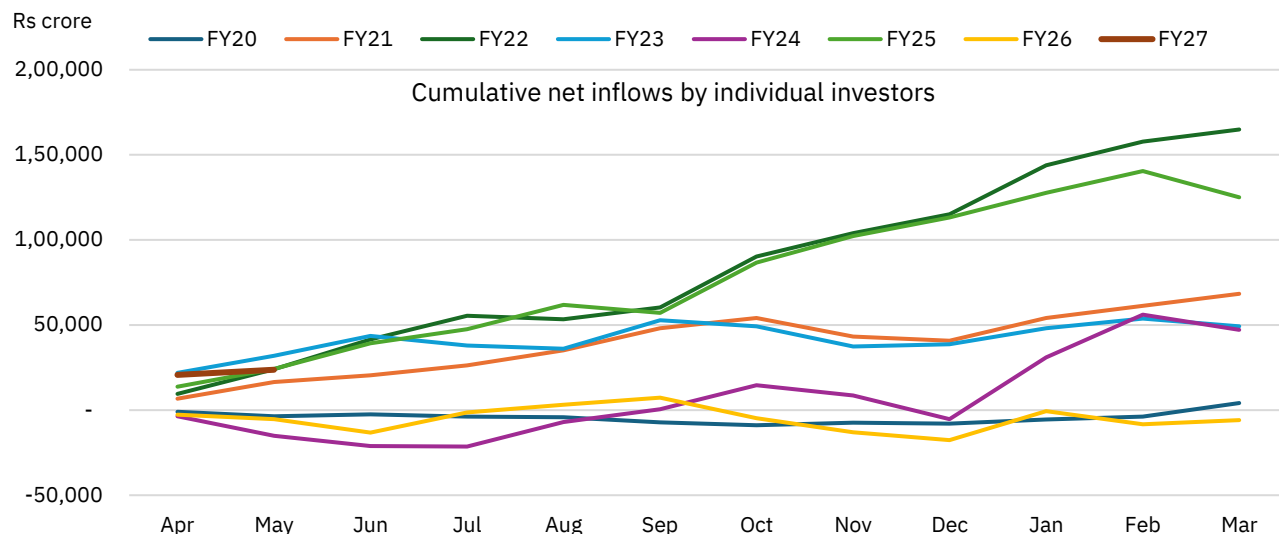
Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. Primary market investments by Retail Individual Investors (investors applying up to Rs 2 lakh) only considered in the table above.

3. FY27TD data is as of May 31st, 2026.

Figure 301: Overall cumulative net inflows of individual investors in NSE's CM segment in last seven years



Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. FY27 data is as of May 31st, 2026.

Active investor participation eased in May: The number of investors participating in the cash market segment declined for the fifth consecutive month to 1.08 crore in May from 1.13 crore in April. Participation in the equity derivatives segment also moderated, declining to 34.6 lakh in May from 35.5 lakh in April and 38.2 lakh in March. While the moderation in participation during April and May coincided with the increase in STT on derivatives transactions, investor activity had already been on a declining trend for several months, with cash market participation falling for five consecutive months and derivatives participation declining for three months.

Within the cash market segment, the share of investors trading on only one day during the month declined marginally from 40.3% (45.4 lakh investors) in April to 39.8% (43.2 lakh investors) in May, while accounting for only 0.6% of total cash market turnover. In contrast, the proportion of investors trading on all trading days of the month increased from 1.5% to 1.73%, with their share in turnover rising from 9.19% in April to 10.0% in May. The distribution of trading activity suggests that investors trading on a single day contribute a relatively small share of turnover, whereas a small cohort of highly active investors accounts for a larger share of market activity. A similar pattern was observed in the equity derivatives segment, where the share of investors trading on only one day declined from 14.1% (5 lakh) to 13.5% (4.7 lakh), while the proportion of investors active on all trading days increased from 4.0% to 4.8% during the same period.

On a trailing 12-month basis, the number of individual investors who traded at least once declined to 3.78 crore in the period ending May 2026 from 3.94 crore in the corresponding period ending May 2025. This decline was primarily driven by a reduction in the cohort active in both the cash market and equity derivatives segments, which decreased from 82 lakh to 64 lakh, representing a YoY decline of approximately 22%. In contrast, the number of investors participating exclusively in either the cash market or the equity derivatives segment remained broadly stable over the period. Around 78% of equity derivatives participants also traded in the cash market segment, indicating a substantial overlap between the two investor bases. Investors participating exclusively in the equity derivatives segment continued to account for only 1.6% of the registered investor base.

Figure 302: Monthly trend of individual investors' participation in the NSE CM and equity derivative segments

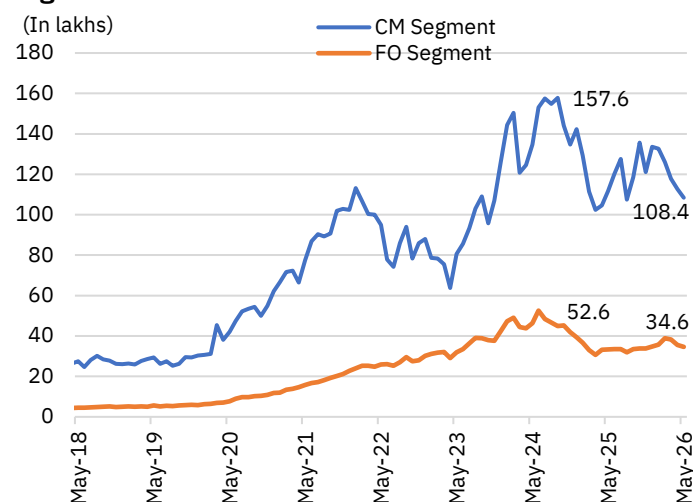
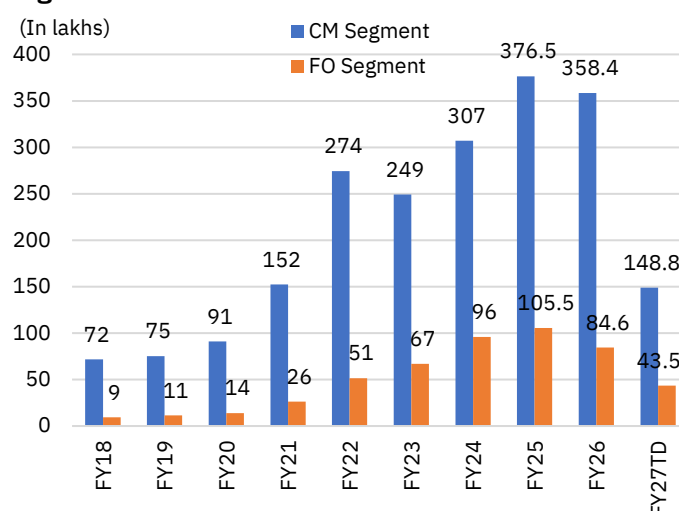


Figure 303: Yearly trend of individual investors' participation in the NSE CM and equity derivative segments



Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. The chart above gives the count of individual investors who traded at least once in the month/fiscal year.

3. FY27TD data is as of May 31st, 2026.

Table 101: Trend of individual investors participation (in lakhs) in NSE cash and equity derivatives

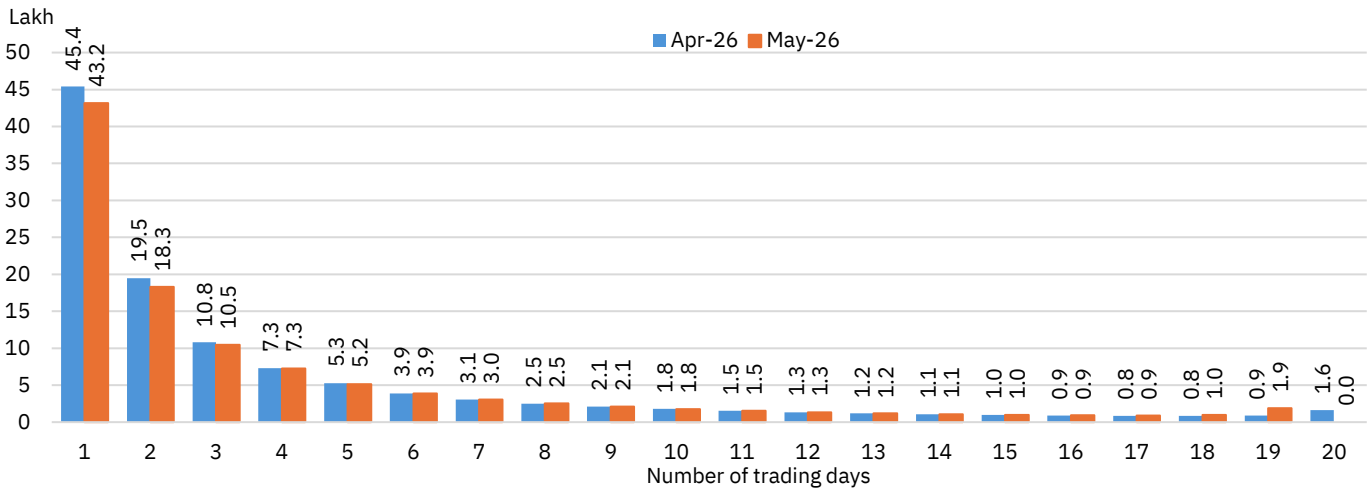
(For the last 12-month period ending May of each year)

Period	CM Total	FO Total	CM Alone	FO Alone	CM & FO Both
Jun'15-May'16	45	7	39	1	6
Jun'16-May'17	54	7	48	1	6
Jun'17-May'18	73	10	64	1	9
Jun'18-May'19	76	12	66	2	10
Jun'19-May'20	97	15	84	2	13
Jun'20-May'21	168	29	142	3	27
Jun'21-May'22	286	55	237	6	49
Jun'22-May'23	237	68	183	14	54
Jun'23-May'24	323	101	241	19	82
Jun'24-May'25	373	103	291	21	82
Jun'25-May'26	357	85	293	21	64

Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

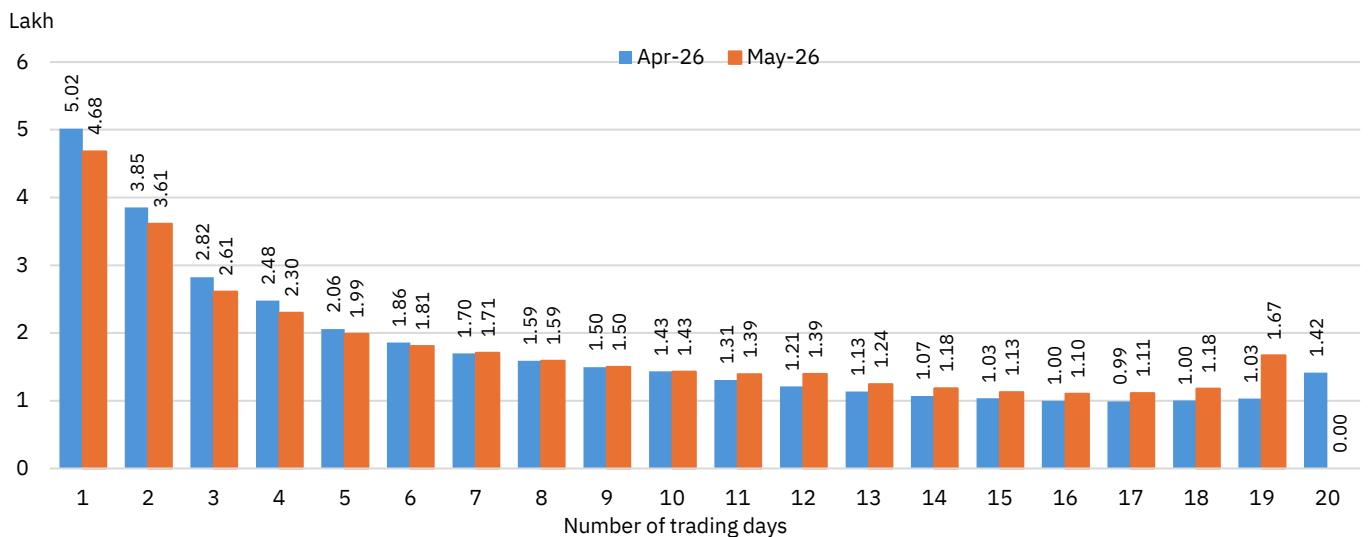
Figure 304: Trading frequency of individual investors participation in CM segment for April and May 2026



Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Figure 305: Trading frequency of individual investors participation in equity derivatives for April and May 2026



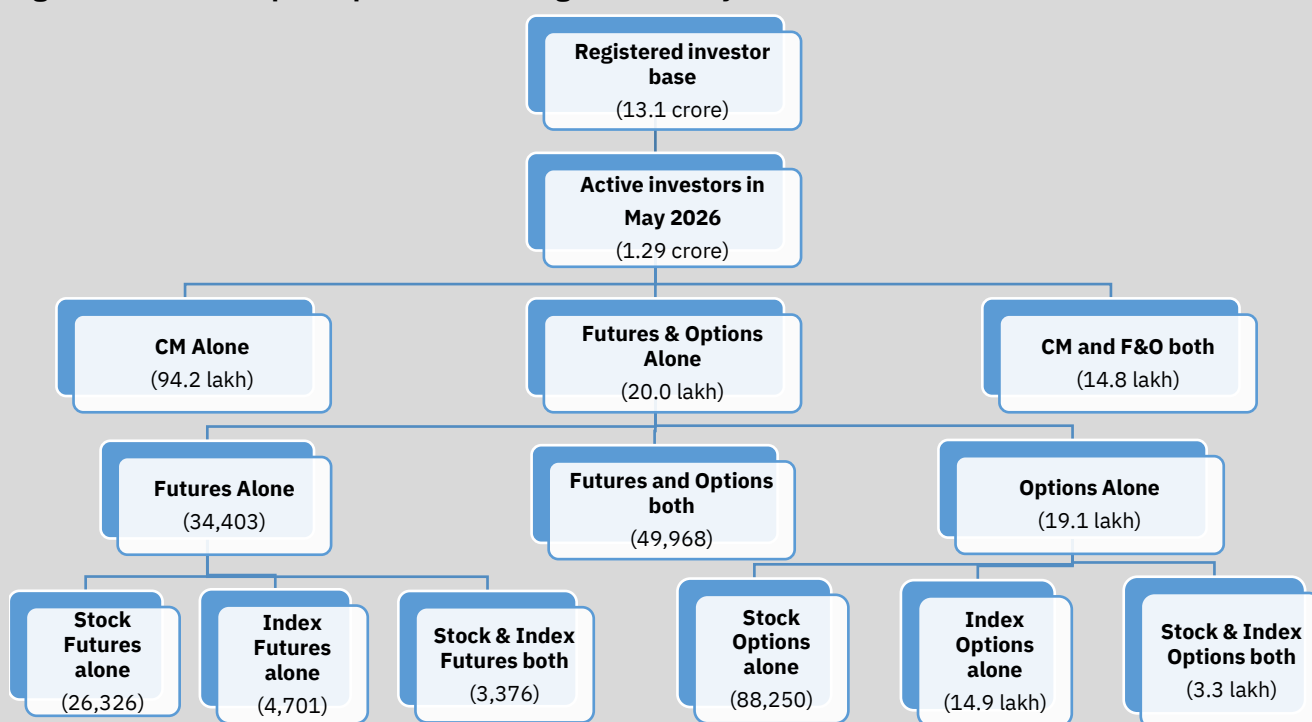
Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Investor participation in May 2026 (no. of investors who traded at least once)

As of May 31st, 2026, out of a total 13.1 crore unique registered investors, about 1.29 crore traded at least once during the month across equity cash and derivatives. Participation remained heavily skewed toward the cash market, with 94 lakh investors—around 7.1% of the total base – trading exclusively in the cash segment. Derivatives participation was relatively limited: 20lakh investors (1.5% of the total base) traded only in F&O. Within the derivatives-only category, activity was overwhelmingly options-driven—19.1 lakh investors traded only in options, predominantly index options (14.9 lakh), followed by stock options (88,250) and those trading both (3.3 lakh). Futures-only participation was modest at 34,403 investors, largely concentrated in stock futures (26,326). Overall, trading patterns continue to reflect a clear dominance of the cash segment in terms of number of investors, while participation in equity derivatives remains miniscule.

Figure 102: Investor participation across segments in May 2026



Source: NSE EPR

Note: All investor categories considered in the above table.

Spatial distribution of individual investor activity in the cash market

Region-wise individual investor activity

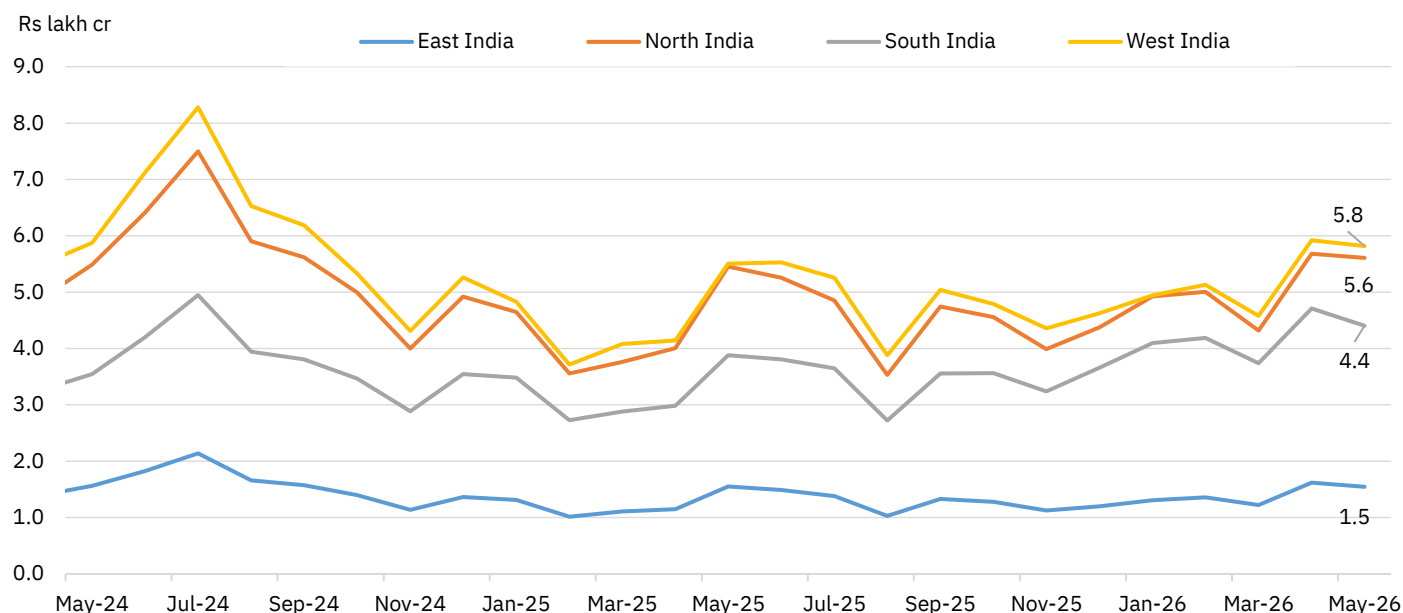
Individual investors' turnover declines in May'26, continues to remain above Aug'25 trough in turnover:

The total turnover of individual investors in the equity cash segment fell by 3.1% MoM (+5.9% YoY) to Rs 17.7 lakh crore in May'26, with turnover having risen by 29.2% in Apr'26.

It continues to remain above the 12-month low attained in Aug'25. Between May'22 and May'26, cash market turnover has grown at a CAGR of 20.6% from Rs 8.4 lakh crore to Rs 17.7 lakh crore. The decline was broad-based across regions, with turnover declining most significantly in the Southern region (-6.5% MoM) to Rs 4.4 lakh crore, with a turnover share of 24.9% in May'26. It was followed by the Eastern region (Rs 1.6 lakh crore, -4.5% MoM), which has a historically contributed less than 10% share of cash market turnover, the Western region (Rs 5.8 lakh crore, -1.7% MoM), with a turnover share of 32.9% and the Northern region, which witnessed a 1.3% MoM decline in turnover to Rs 5.6 lakh crore (31.7% turnover share). Notably, between May'22 and May'26, the Western region witnessed a significant 2.6 pp decline in turnover share, which is in sharp contrast with the Northern and Southern regions, both of which have witnessed increments in turnover share.

The distributional pattern in terms of individual investors has shifted significantly in the past four years. The Western region's share of investors has declined to 32.8% in May'26 (vs 38.3% in May'22), while the share of investors in the Southern region has risen to 21.6%, driven by a 3.2pp increase in investor share between May'22-May'26. Additionally, the Northern region's investor share grew from 32.2% in May'22 to 33.9% in May'26, while the Eastern region's share remained flat at 10% in May'26, having attained a peak of 10.5% in Jul'24.

Figure 306: Region-wise distribution of individual investors' turnover in equity cash



Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF.

Figure 307: Region-wise share of individual investors' turnover in cash market (%)

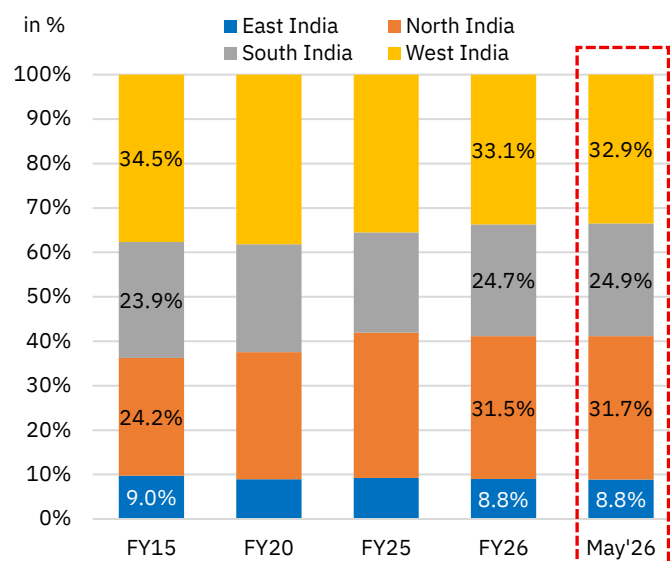
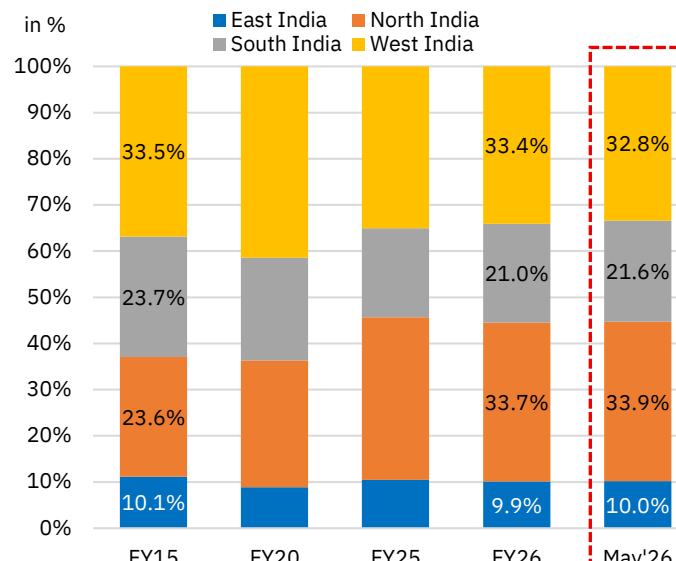


Figure 308: Region-wise share of individual investors in cash market (%)



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF who trade once a month. 2. "Others"— not provided in the charts above—include pin codes for which region mapping was not available. The shares of the respective regions are calculated considering turnover/number of individual investors in "Others".

Maharashtra and Gujarat continue to remain top contributors to individual investor turnover in May'26; individual investor participation in top 10 states at its lowest since Apr'25:

In May'26, Maharashtra and Gujarat continued to lead in terms of equity cash turnover of individual investors, recording Rs 3.3 lakh crore and Rs 1.9 lakh crore in turnover respectively, with turnover rising by 1% MoM in Maharashtra and declining by 6.1% MoM in Gujarat during the month. The composition of the top 10 states by turnover remained fairly unchanged between Apr'26 and May'26, apart from Haryana replacing Andhra Pradesh as the 10th ranked state. Alongside Maharashtra and Gujarat, Uttar Pradesh, Karnataka and Delhi were the other states in the top five, with these states accounting for 50.2% of equity cash turnover in May'26. All of the top 10 states, apart from Maharashtra and Rajasthan, recorded sequential declines in turnover, with Tamil Nadu and Gujarat recording the most significant declines in May'26 (-8.5% and -6.1% MoM respectively). Additionally, states outside the top 10 account for nearly 23.5% of cash market turnover, with the turnover share of states outside the top 10 having peaked at 24% in Feb'25.

In terms of individual investor participation, Maharashtra continued to account for the highest share of active investors (17.2% share, 19.5 lakh investors), having recorded a 4.3% MoM decline in the active investor count during May'26, followed by Gujarat in second place, having recorded a 3.2% MoM decline in its active investor count (12.9 lakh investors, 11.4% share) and Uttar Pradesh (10.8 lakh investors, -4% MoM). Notably all of the top 10 states recorded a MoM decline in individual investor participation, with Tamil Nadu (-7.7% MoM) and Karnataka (-5.2% MoM) recording the steepest sequential declines. Significantly, the top three states accounted for nearly 40% of the individual investors who traded in May'26, with states outside the top 10 accounting for 25.6% of individual investors participating in the cash market in May'26.

Figure 309: Top 10 states based on turnover of individual investors in equity cash

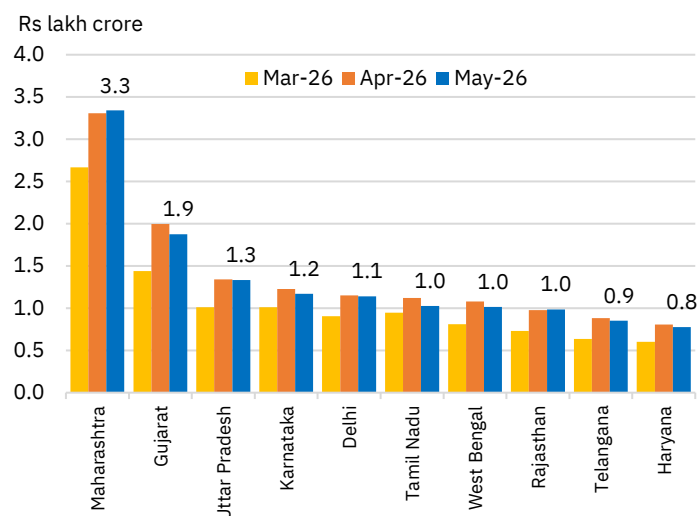
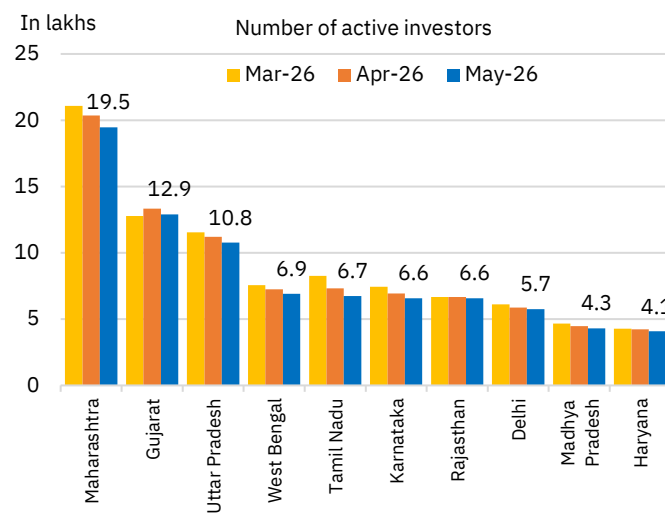


Figure 310: Top 10 states based on individual investors' participation in equity cash



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF; 2. The top ten states are chosen based on latest month's data.

Figure 311: Share of the top 10 states based on turnover of individual investors in equity cash

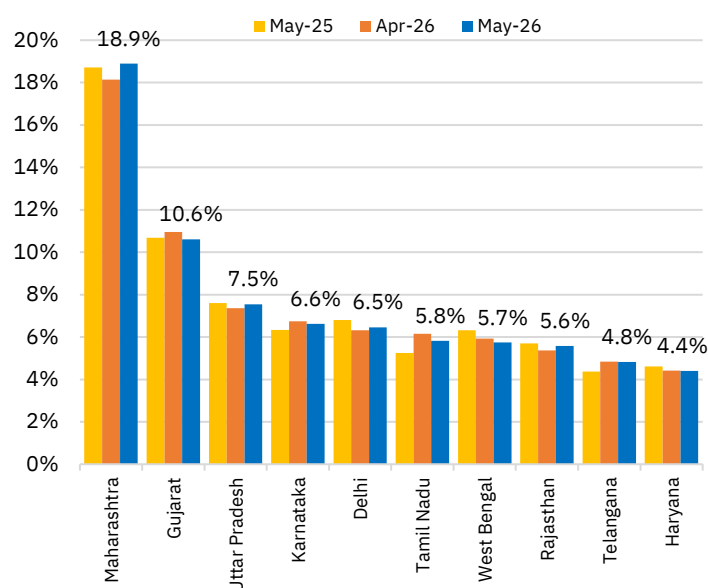
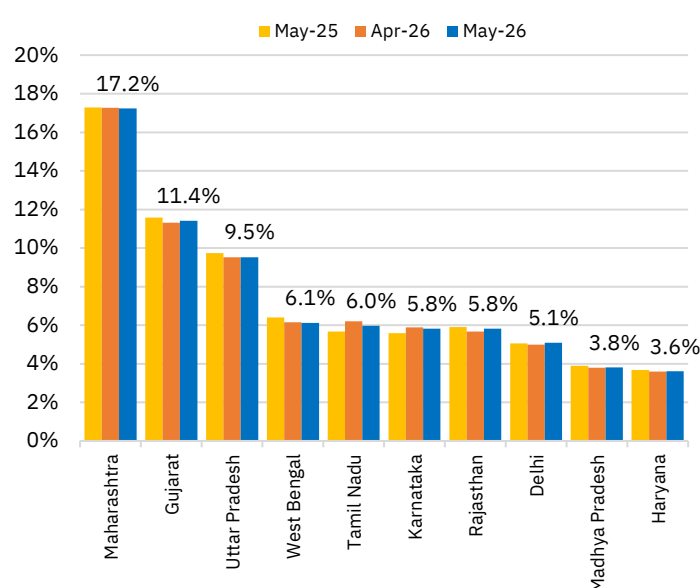


Figure 312: Share of the top 10 states based on individual investors' participation in equity cash



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF; 2. The top ten states are chosen based on latest month's data.

District-wise individual investor activity:

Individuals' turnover in the top 10 districts rises; continues to remain above Rs 5 lakh crore ...:

Individual investors' turnover in the top 10 districts (by turnover) declined to Rs 5.1 lakh crore in May'26, driven by a 1.8% MoM decline, off a ~27% MoM rise in turnover within the top 10 districts in Apr'26. Moreover, the top 10 districts accounted for ~29% of equity cash turnover during the month. Mumbai Suburban and Bengaluru Urban maintained their positions as the top two districts, recording turnover of Rs 1.1 lakh crore (+1.4% MoM, 6.2% turnover share) and Rs 70k crore (-5.3% MoM, ~4% turnover share) respectively. All of the top 10 districts apart from Hyderabad, Mumbai and Mumbai Suburban recorded sequential declines in cash market turnover during the month, with Ahmedabad (-8% MoM, Rs 66k crore) and Bengaluru Urban witnessing notable downturns

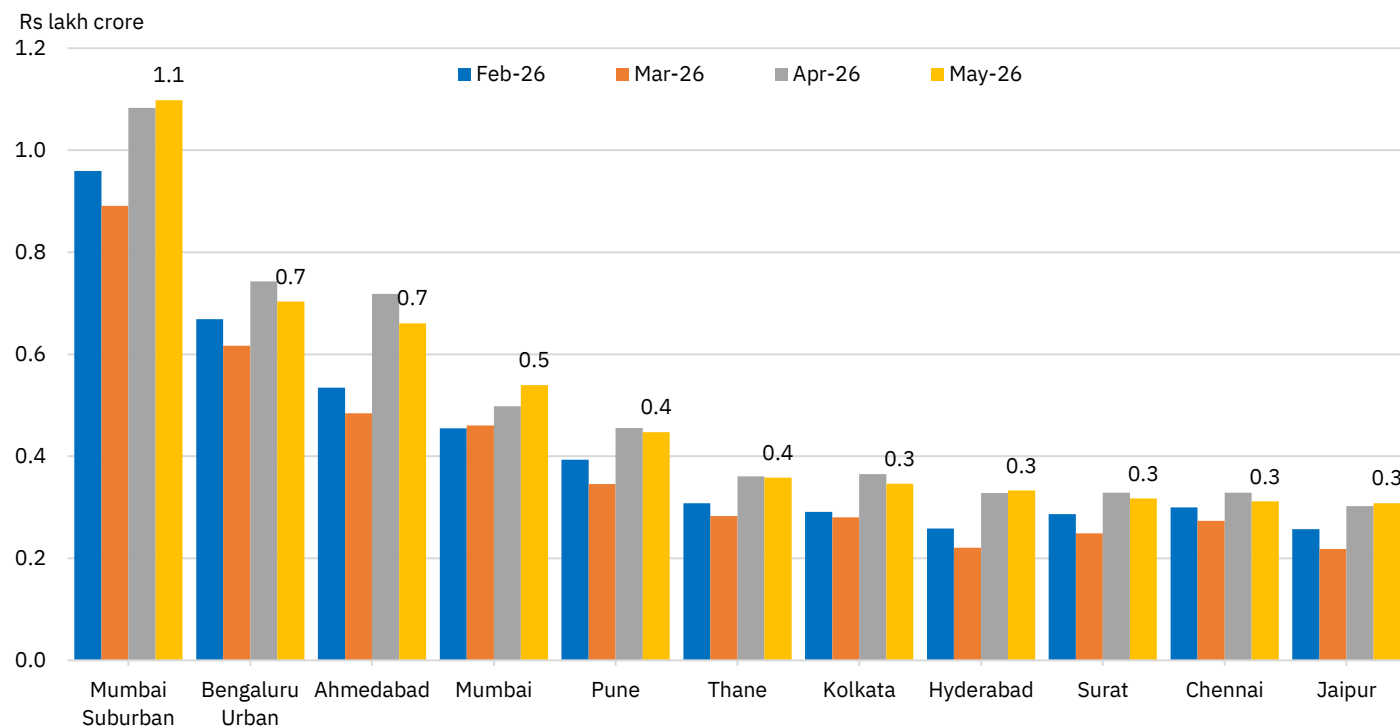
in cash market turnover in May'26. The top 50 districts accounted for ~56% of cash market turnover during the month, with average cash market turnover in the top 10 districts between Jan'26-May'26 at Rs 4.7 lakh crore (vs Rs 3.9 lakh crore, between Jan'25-May'25, +19.9% YoY).

... with the count of active investors dropped below 25 lakh for the first time since

Aug'25: The number of individual investors, who traded at least once during the month dropped below 25 lakh for the first time since Aug'25, driven by the fifth consecutive sequential decline in participation(-3.3% MoM, 24.3 lakh active investors during the month) in the top 10 districts in May'26, with participation having declined in seven of the past 12 months in these districts. On average, however, the number of active investors participating in cash markets between Jan'26-May'26 stood at 26.1 lakh, a 5.4% MoM increment from 24.7 lakh investors on average between Jan'25 and May'25.

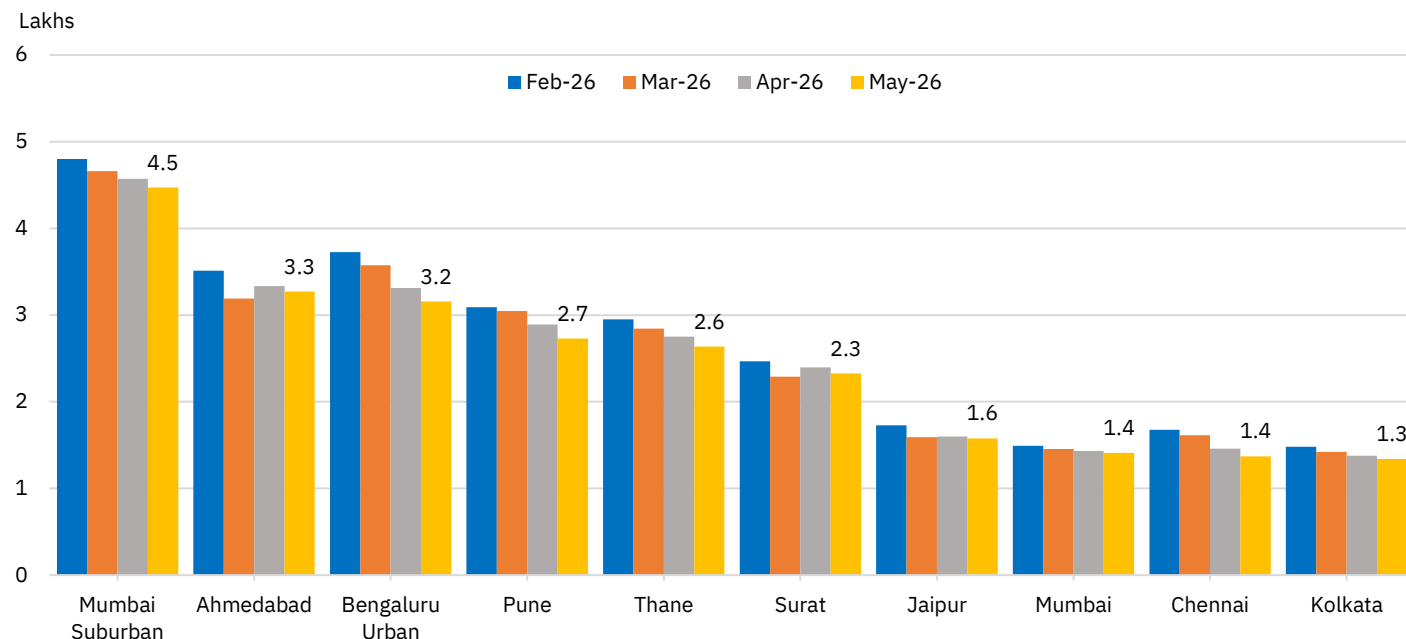
In terms of individual districts, Mumbai Suburban continued to occupy the top spot, despite the count of active investors declining by 2.2% MoM in May'26 to 4.5 lakh (4% share), followed by Ahmedabad in the second spot, with 3.3 lakh active investors (2.9% share), having recorded a 1.9% MoM decline in investor participation. Within the top 10 districts, Chennai (-6.1% MoM, 1.4 lakh active investors) and Pune (-5.6% MoM, 2.7 lakh active investors) recorded notable downturns in terms of individual investors trading at least once during the month. The top 10 districts accounted for 21.5% of active investors in May'26, while districts outside the top 50 accounted for ~51.1% share of active investors in May'26.

Figure 313: Top 10 districts based on equity cash turnover of individual investors



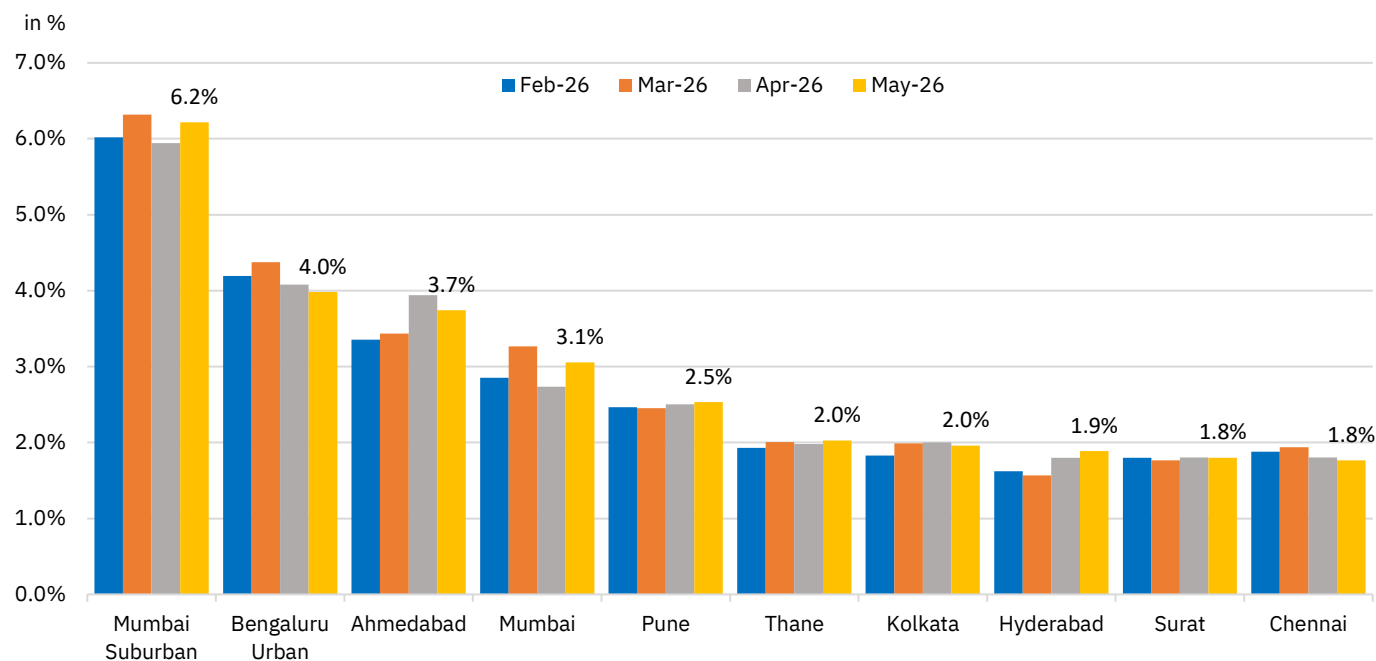
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest month's data.

Figure 314: Top 10 districts based on individual investors participation in the equity cash market



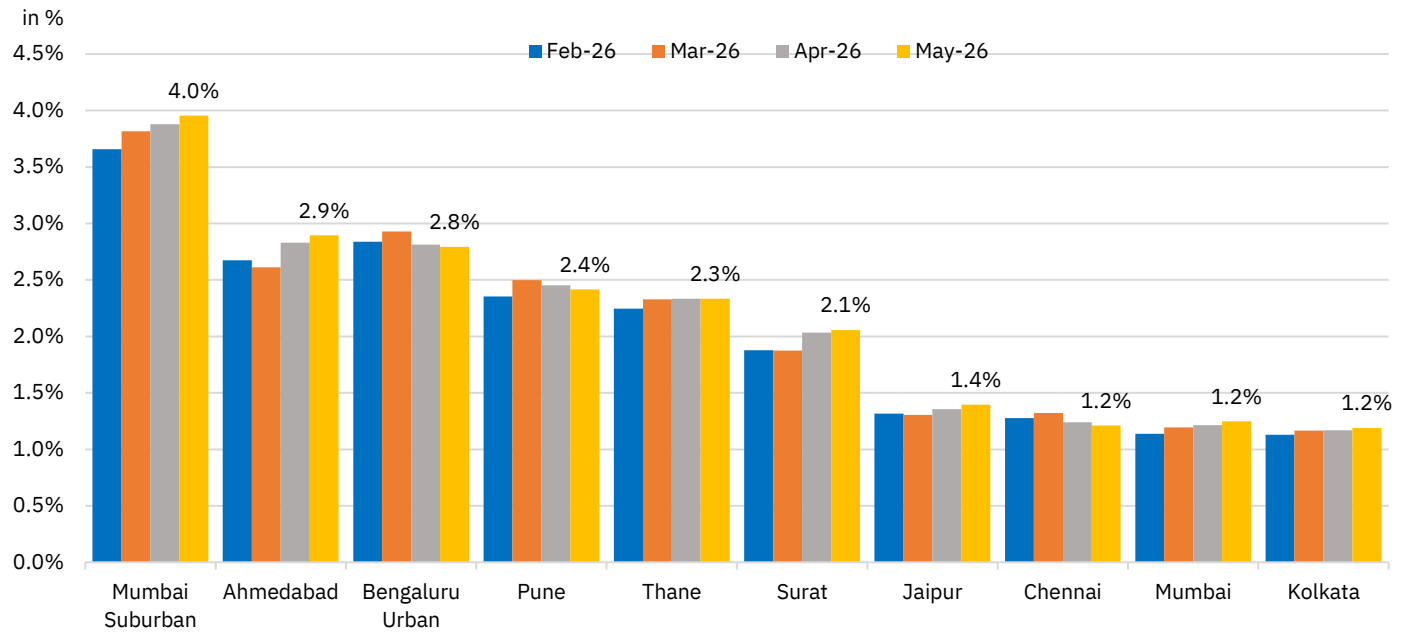
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest data.

Figure 315: Share of the top 10 districts based on individual investors' turnover in equity cash



Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on previous month's data.

Figure 316: Share of the top 10 districts based on individual investors traded in the cash market



Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on previous month's data.

Turnover of top 10 traded securities during May 2026

Turnover of the top 10 securities in the CM segment rose in May'26: The combined turnover of the top-10 traded securities stood at Rs 3.72 lakh crore in May'26, compared with Rs 3.70 lakh crore in Apr'26, registering a marginal 0.8% MoM increase. Their share in total turnover increased slightly to 13.8% from 13.7%, reflecting a modest rise of 12 bps MoM, indicating that trading activity remained broadly concentrated among the leading securities during the month.

Among individual counters, MTAR Tech Ltd recorded the strongest growth in turnover, rising 220.1% MoM, followed by HFCL Ltd (+159.5%), Bharti Airtel Ltd (+22.7%) and BSE Ltd (+19.4%). On the other hand, Reliance Industries Ltd witnessed the sharpest decline in turnover at 25.2% MoM, followed by HDFC Bank Ltd (-16.8%), Infosys Ltd (-13.5%), Vedanta Ltd (-13.4%) and ICICI Bank Ltd (-12.9%).

Overall, the turnover profile of the top 10 securities in May'26 reflected a mixed trend across counters. Significant gains in select mid-cap securities such as MTAR Tech Ltd and HFCL Ltd offset declines in several large-cap stocks, resulting in a marginal increase in aggregate turnover for the top-10 cohort.

Table 103: Top 10 traded securities in NSE CM segment in May 2026

Securities Name	May-26	Apr-26	%Change
HDFC Bank Ltd	57,884	69,563	(16.8)
ICICI Bank Ltd	45,479	52,190	(12.9)
Reliance Industries Ltd	45,431	60,755	(25.2)
Bharti Airtel Ltd	42,139	34,340	22.7
State Bank of India	35,648	37,799	(5.7)
BSE Ltd.	34,435	28,835	19.4
Infosys Ltd.	32,354	37,414	(13.5)
MTAR Tech Ltd.	28,124	8,786	220.1
Vedanta Ltd.	26,302	30,373	(13.4)
HFCL Ltd.	24,616	9,485	159.5
Top 10 scrips turnover	372,411	369,541	0.8
Total turnover	2,691,106	2,694,182	(0.1)
% share of Top 10 scrips	13.8	13.7	0.12

Source: NSE EPR.

Note: 1. Figures in brackets indicate negative numbers.

2. The scrip-wise turnover data for the previous month is based on the current month's top 10 scrips.

Turnover concentration increased in both stock futures and stock options in May'26.

Turnover concentration increased across both stock futures and stock options in May'26. In the stock futures segment, total notional turnover declined 2.6% MoM to Rs 25.56 lakh crore from Rs 26.24 lakh crore in Apr'26. However, turnover of the top 10 stock futures contracts increased 2.4% MoM to Rs 4.78 lakh crore, resulting in their share of total turnover rising to 18.7% from 17.8%. Among the leading contracts, Vodafone Idea Ltd. recorded the highest growth in turnover at 81.5% MoM, followed by Adani Enterprises Ltd. (+35.5%) and BSE Ltd. (+26.4%), while Reliance Industries Ltd. (-17.8%) and HDFC Bank Ltd. (-14.0%) witnessed the sharpest declines.

In the stock options segment, premium turnover of the top 10 contracts increased 19.4% MoM to Rs 37,449 crore, even as total stock options premium turnover declined marginally by 0.3% MoM to Rs 1.65 lakh crore. Consequently, the share of the top 10 contracts in overall premium turnover rose to 22.7% from 19.0%, indicating greater concentration in a limited set of actively traded contracts. Vodafone Idea Ltd. registered the strongest increase in premium turnover at 185.9% MoM, followed by Adani Enterprises Ltd. (+61.3%) and BHEL Ltd. (+52.4%), while Infosys Ltd. (-26.5%) and Reliance Industries Ltd. (-18.7%) recorded the largest declines.

Overall, trading activity in May'26 became more concentrated among the leading contracts in both stock futures and stock options, despite a moderation in overall segment turnover.

Table 104: Top 10 traded scrips in stock futures segment in May 2026

Securities (Rs lakh crore)	May-26	Apr-26	%Change
HDFC Bank Ltd.	78,311	91,013	(14.0)
ICICI Bank Ltd.	64,654	64,674	(0.0)
Reliance Industries Ltd.	51,611	62,821	(17.8)
State Bank of India	50,760	45,371	11.9
Infosys Ltd.	50,210	54,906	(8.6)
Bharti Airtel Ltd	42,422	35,445	19.7
Vodafone Idea Ltd.	38,045	20,956	81.5
Tata Consultancy Svcs. Ltd.	37,515	42,215	(11.1)
BSE Ltd	32,782	25,929	26.4
Adani Enterprises Ltd.	32,185	23,758	35.5
Top 10 scrips turnover	478,493	467,088	2.4
Total stock futures notional turnover	25,56,313	26,24,085	(2.58)
% share of Top 10 scrips	18.7	17.8	5.2pp

Table 105: Top 10 traded scrips (premium turnover) in stock options in May 2026

Securities Name (Rs crore)	May-26	Apr-26	%Change
BSE Ltd	5,922	4,316	37.2
State Bank of India	5,167	3,740	38.1
Reliance Industries Ltd	4,555	5,603	(18.7)
Multi Commodity Exchange Ltd	3,973	2,904	36.8
Adani Enterprises Ltd.	3,638	2,256	61.3
HDFC Bank Ltd	3,170	3,798	(16.5)
BHEL Ltd.	2,971	1,950	52.4
Dixon Tech. (I). Ltd	2,956	2,710	9.1
Vodafone Idea Ltd	2,815	985	185.9
Infosys Ltd	2,281	3,103	(26.5)
Top 10 scrips premium turnover	37,449	31,364	19.4
Total stock options premium turnover	1,64,850	1,65,360	(0.3)
% share of Top 10 scrips	22.7	19.0	3.75pp

Source: NSE EPR.

Notes: 1. Figures in brackets indicate negative numbers.

2. The scrip-wise turnover data for the previous month is based on the current month's top 10 scrips.

NSE Electronic Gold Receipts

From Price Taker to Price Maker: A New Chapter for Indian Gold

{Prepared by Business Development team of NSE}

Indian households sit on roughly 25,000 tonnes of gold. To put that number in perspective, it exceeds the combined gold reserves of the world's top ten central banks. At today's prices, it is worth around INR 375 lakh crore, or USD 4.46 trillion. Add the 3,000 to 4,000 tonnes vaulted in India's temples, layer on broader institutional holdings, and the national gold position climbs to nearly USD 5.2 trillion, close to 125 percent of nominal GDP.

And yet, despite owning more gold than almost any nation on earth, India does not get to decide what gold is worth.

For decades, the domestic gold price has been a derived number. Every morning, traders in London publish the LBMA fix. Indian markets convert that figure into rupees, add customs duties, GST, freight, and intermediary spreads, and call the result the price of gold in India. The largest gold-loving civilisation in the world reads its prices off a screen in the City of London.

Prime Minister Narendra Modi's vision of an Atmanirbhar Bharat extends naturally to this market. India should not merely consume gold. It should price it. The launch of NSE Electronic Gold Receipts (EGRs) on May 18, 2026 is a foundational step in that direction.

The macro backdrop

The numbers explain the urgency. India's gold import bill touched USD 71.98 billion in FY2025-26, an all-time high and a 24 percent jump over the previous year. Gold now accounts for over 9 percent of total merchandise imports, second only to crude oil. India's trade deficit widened to USD 333.2 billion in FY26, with every fresh tonne of imported bullion adding pressure to the current account.

On May 10, 2026, addressing the nation from Hyderabad, the Prime Minister did something unusual. He asked Indians to defer gold purchases for a year. The advisory was framed as a request to protect foreign exchange reserves at a time when crude prices remain elevated and the rupee is under strain. The message was clear: every gram of physical gold imported is a dollar leaving the country.

EGRs offer a different kind of answer. They allow Indians to retain their cultural and financial preference for gold while structurally easing the pressure on the import bill.

The stakeholder lens

The significance of EGRs becomes clearest when viewed through each stakeholder in the gold value chain.

For the retail investor, the proposition is direct. Indian gold ETF folios crossed 11.44 million by January 2026. In a single month, 1.2 million new accounts opened. Gold ETF AUM nearly tripled during 2025 to cross INR 1.3 trillion. Cumulative ETF holdings rose to 116.5 tonnes by March 2026, placing India among the top six countries globally by gold ETF holdings. Retail demand for financialised gold is no longer a thesis. It is a tested reality. EGRs take the next step. Investors can hold gold directly in their demat account, in denominations as small as one gram, with the option of physical delivery from SEBI-accredited vaults. No making charges. No purity disputes. No locker fees. The gram of gold sitting in a vault in Ahmedabad is as much yours as the chain around your neck, except it earns its keep on an exchange.

For mutual funds, the architecture has already shifted. SEBI's circular dated February 26, 2026 mandates that from April 1, 2026, all gold and silver ETF schemes must value their physical metal using polled domestic spot prices published by recognised stock exchanges. The long reliance on the LBMA AM fix is over. NSE EGRs slot directly into this new regime, offering AMCs a transparent, exchange-settled, physically-backed instrument that sits cleanly on the balance sheet of any Gold ETF, fully aligned with the revised valuation framework.

For jewellers, bullion dealers and refiners, the case is equally compelling. India's jewellery market was valued at approximately USD 95.10 billion in 2025 and is projected to reach USD 151.37 billion by 2034. The sector consumes the bulk of India's 721 tonnes of annual gold imports. EGRs unlock structured inventory management for jewellers, enabling them to lock in prices, hedge inventory exposure, manage working capital more efficiently, and source standardised, assayed gold from regulated vaults instead of navigating fragmented physical markets. For bullion dealers, EGRs create an organised, transparent secondary market that complements existing physical trade. For refiners, EGRs provide a credible exit channel for assayed gold, linking domestic refining capacity to exchange-traded liquidity rather than only to physical offtake from jewellers.

For institutional capital, EGRs open a new regulated avenue for gold allocation, combining the operational efficiency of dematerialised settlement with the security of SEBI-regulated vaulting. The signal from the top is already in. The Reserve Bank of India grew its sovereign gold holdings from 794.64 tonnes in September 2025 to 880.52 tonnes by March 2026, with gold's share of total forex reserves climbing to 16.7 percent. Institutional appetite for a credible, exchange-settled gold instrument is no longer a question. It is a fact.

The deeper story: price discovery

The real story sits one layer deeper. The most consequential thing EGRs do is not what they offer any single stakeholder. It is what they do to the price of gold itself.

Today, the Indian gold price is a translated price. The morning print in London becomes the afternoon trade in Zaveri Bazaar. Once exchange-traded EGR volumes scale, India will, for the first time, have a continuous, transparent, market-determined spot reference for gold, polled and published by recognised domestic exchanges and used for the settlement of physically delivered derivatives.

This is the same architecture that allowed Shanghai to emerge as the global benchmark for Chinese gold demand. India accounts for roughly a quarter of global gold demand and has every reason to play the same role. NSE EGRs, alongside the new spot polling mechanism and the India International Bullion Exchange at GIFT City, complete the institutional plumbing for India to graduate from price taker to price contributor, and in time, price setter.

The velocity argument

EGRs do not eliminate gold demand. They do something more important. They channel it.

Every gram of gold that circulates inside the EGR ecosystem, whether traded between investors, lent within the market, or used to back an ETF unit, is a gram that does not need to be freshly imported. As liquidity deepens, the same vaulted gold can service multiple economic functions: investment, collateral, settlement, eventually jewellery offtake. This raises the velocity of domestic gold and lowers the marginal demand for imports. For a country carrying a USD 72 billion gold import bill, even a modest improvement in velocity translates into meaningful relief on the current account.

What comes next: gold on a digital rail

The most transformative possibility lies just ahead.

Picture a customer walking into a jewellery showroom in Mumbai. She picks out a necklace. Instead of paying in rupees, she opens her demat app, scans a QR code, and transfers EGR grams directly to the jeweller's account. No dollars leave the country. No fresh gold is imported. The same gold, already in a regulated vault, simply changes hands electronically. She walks out with finished jewellery. Vaulted gold quietly changes ownership.

This is the natural evolution: an EGR-based payment rail for gold, integrated with India's UPI infrastructure, in which gold itself becomes a digitally transferable unit of value.

The building blocks are already in place. Vaulting and collection centres are operational in Ahmedabad and Mumbai. From May 18, 2026, Delhi, Kolkata, Chennai and Bangalore are activated, with a network of 120 centres planned across

the country. Depositories already support fractional, dematerialised holdings. UPI already provides the user rail. What remains is the institutional and regulatory imagination to connect the dots.

When that happens, the jeweller no longer needs to import a kilogram of fresh gold to meet customer demand. He receives EGR grams that he can convert into physical gold through rematerialisation, or onward-trade on the exchange. The Indian household effectively monetises a portion of its 25,000 tonne stockpile, not by surrendering it, but by making it productively transactable.

A different kind of beginning

NSE EGRs are not simply a new product. They are the infrastructure layer for India's transition from the world's largest gold consumer to the world's most efficient gold market.

They align with the regulatory direction set by SEBI, the macroeconomic imperative articulated by the Prime Minister, and the structural need to convert India's gold stockpile from a passive store of value into an active financial asset.

The journey from price taker to price maker will not be completed in one launch or one financial year. But on May 18, 2026, that journey began in earnest at NSE.

Trading activity in Electricity Futures

Across August 2025 to May 2026 contracts, NSE Electricity Futures recorded cumulative trading volume of **33,180 MUs**, against spot market volumes of 62,758 MUs, resulting in a futures-to-spot volume ratio of **0.53**. The strong participation reflects increasing alignment between spot and futures markets and growing adoption of electricity futures for price discovery and risk management.

During the period, cumulative turnover reached **Rs 12,740 crore**, highlighting sustained market interest and improving liquidity. NSE maintained a dominant **70% market share**, reinforcing its position as a leading platform for electricity derivatives trading in India.

Overall, consistent trading activity across successive contracts signals rising market confidence and broader adoption of electricity futures for managing price volatility in India's power market.

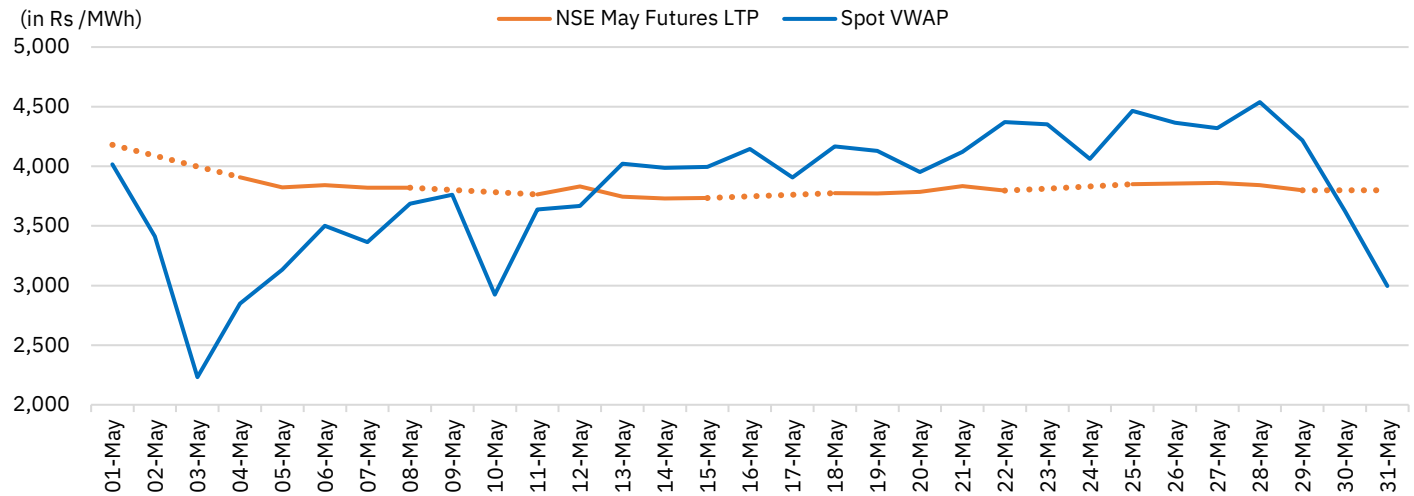
Trading Activity in NSE Electricity Futures – May 2026 Contract

The May 2026 Electricity Futures contract traded at an average price of **Rs 4,436/MWh**, demonstrating stable price behaviour despite intermittent volatility in the underlying spot market. The contract recorded aggregate turnover of **Rs 732 crore** and cumulative trading volume of **1,764 MUs**, compared with 5,285 MUs in the spot market, resulting in a futures-to-spot volume ratio of **0.33**. This points to strengthening participation in the futures segment and a gradual progression in India's electricity market.

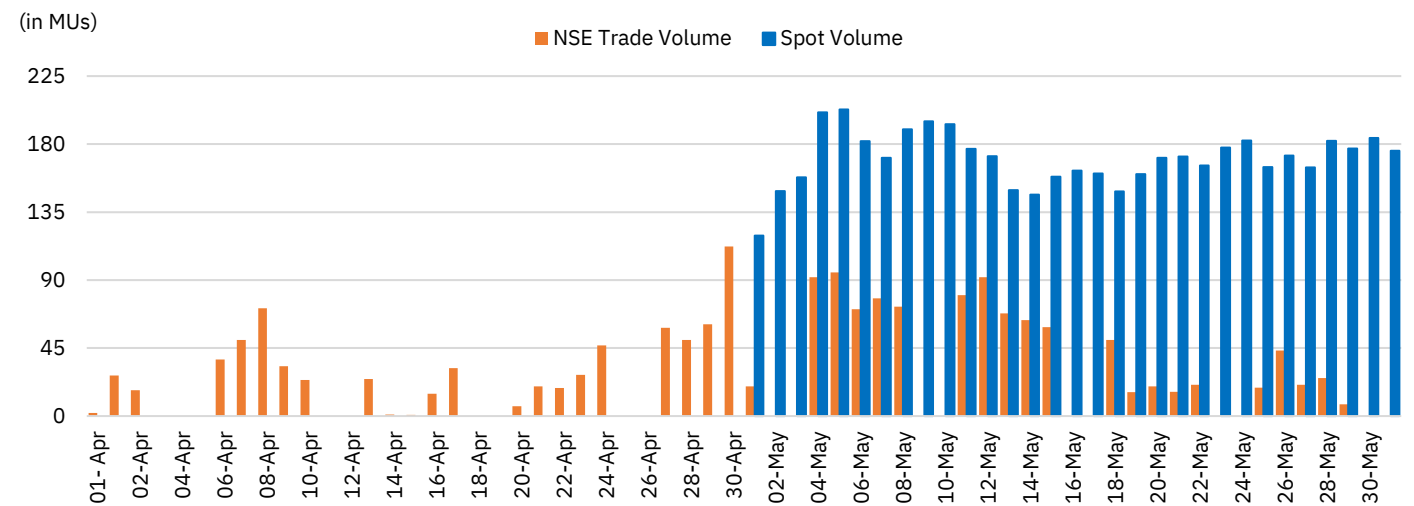
Trading activity remained robust throughout the contract, with the highest single-day trading volume of **112.25 MUs** recorded on 30th April 2026. Open interest remained stable over the contract, with an average of **418.47 lots** and reaching a peak of **1,006 lots** on 13th May 2026, indicating continued growth in market participation and hedging activity.

Overall, the May 2026 contract exhibited stable pricing and closer alignment with movements in the underlying spot market. The combined growth in trading volumes and open interest underscores strengthening market depth and operational robustness of NSE's electricity futures. With a **54% market share**, the contract's performance further reinforces NSE's role as a transparent and efficient platform for electricity price discovery and risk management in India's evolving electricity derivatives market.

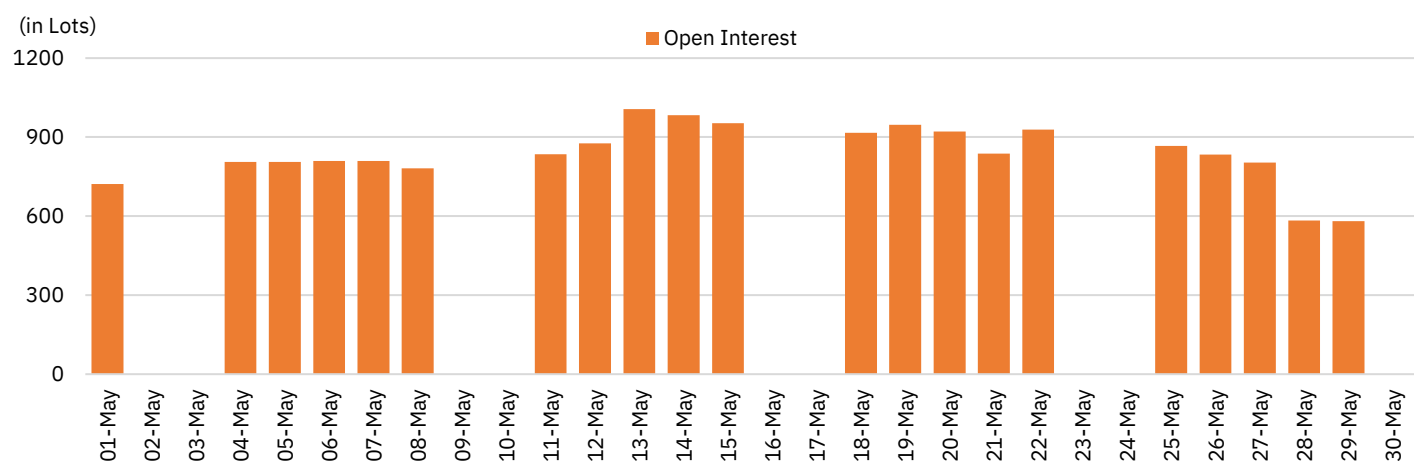
A detailed primer on this newly launched electricity futures product is provided below.

Figure 317: Comparison of Spot VWAP and NSE Electricity Futures LTP - May 2026 Contract


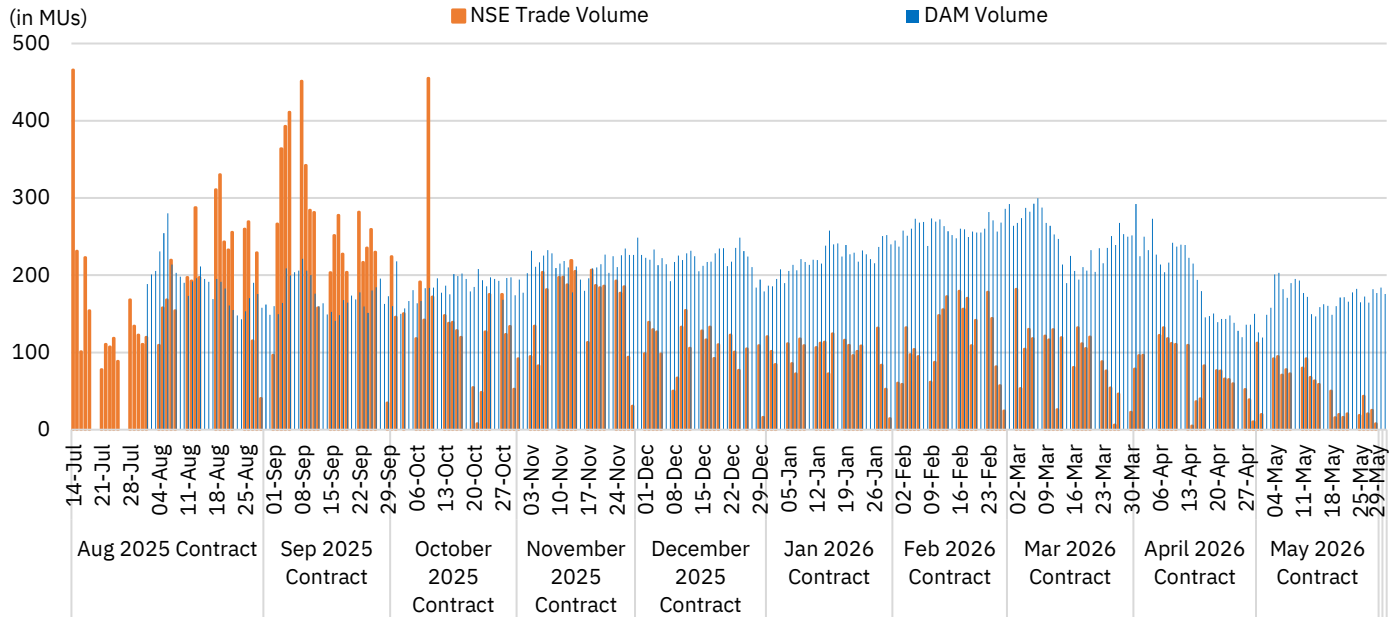
Source: NSE.

Figure 318: Comparison of NSE Electricity Futures Trade Volume and Spot Volume – May 2026 Contract


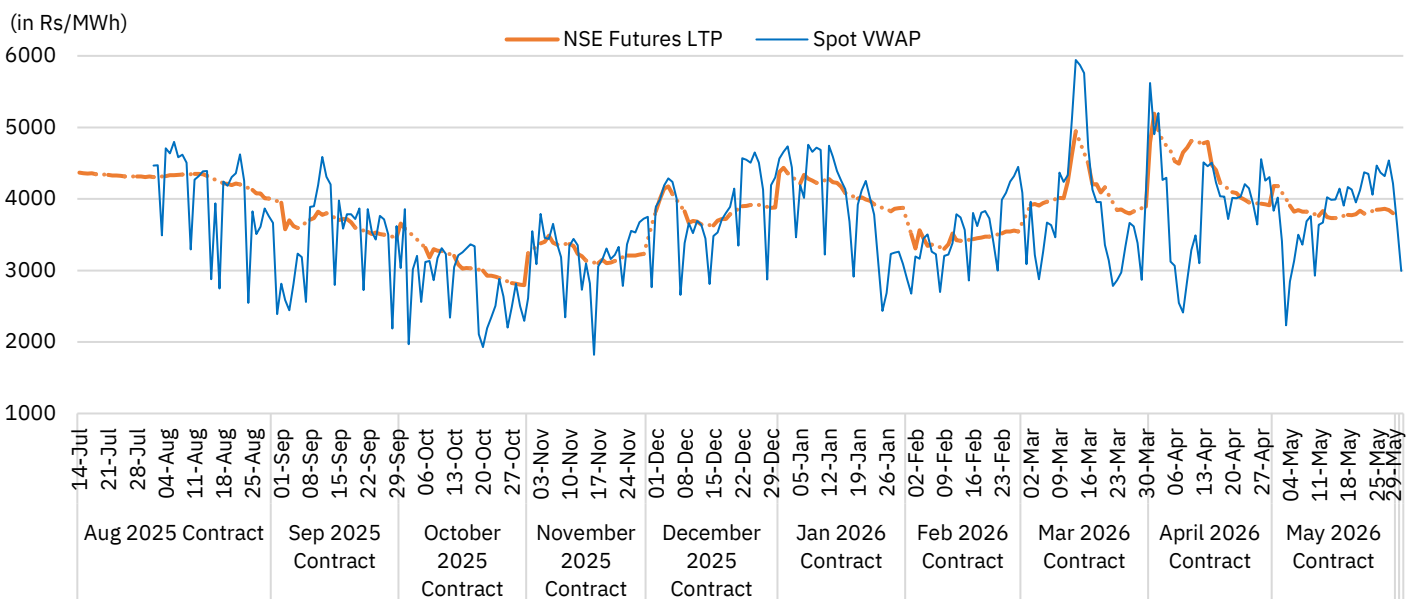
Source: NSE.

Figure 319: Daily Open Interest in NSE Electricity Futures – May 2026 Contract


Source: NSE.

Figure 320: Comparison of NSE Electricity Futures trade volume and spot volume (Aug'25 to May'26 contracts)


Source: NSE.

Figure 321: Comparison of Spot VWAP and NSE Electricity Futures LTP (Aug'25 to May'26 contracts)


Source: NSE.

Market Trade Metrics: August 2025 to May 2026



NSE ELECTRICITY FUTURES (ELECMBL) AUG 2025 TO MAY 2026 SNAPSHOT

Price Movement

Start (Aug Contract)	₹4430 /MWh
DDR (May 2026)	₹3804 /MWh
Futures Price	14% ↓
Spot VWAP	15% ↓

DDR



NSE Market Share ~ 70%

Volume:

NSE Futures: 53% of DAM

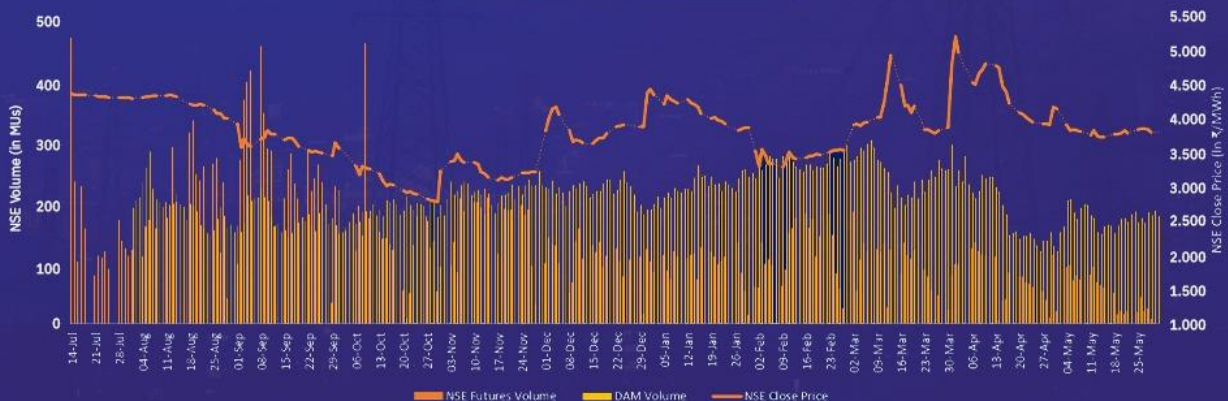


Participation

6,63,595 Lots Traded

₹ 12,740 Cr Turnover

Volume & Price Trends



Primer: Electricity Futures Market

Why Electricity Futures Market is Needed

In FY 2025, India generated over **1,829.70 billion units (BU)** of electricity, of which nearly **1,623.5 BU** traded through long-term power purchase agreements (PPAs). Only **206.20 BU** was traded via short-term market mechanisms such as the Day-Ahead Market (DAM), Term-Ahead Market (TAM), Real-Time Market (RTM), and over the counter (OTC) trades. Despite spot exchanges like **IEX, PXIL, and HPX** handle only relatively **10%** of the total volume, they bear the brunt of price volatility and operational risk. This segment lacks **hedging instruments**, exposing generators to **earnings volatility**, DISCOMs to **cost uncertainty**, and financiers to **increased credit risk**.

Globally, electricity derivatives are integral for risk management and price discovery. Within the European Union, EEX supports trading of over 12,000 BU of electricity futures annually, more than 4 times the region's physical generation. In the United States, electricity derivatives markets exceed 3,000 BU, enabling market participants to hedge generation fluctuations and transmission constraints.

As India advances toward a net-zero energy future, renewable sources are expected to exceed 50% of installed capacity by 2030. Thus, power generation will become increasingly weather-dependent and intermittent. This shift increases financial uncertainty, particularly for capital-intensive projects with long investment horizons.

Given the substantial capital expenditure, the absence of financial instruments like electricity derivatives leaves these investments exposed to market risks—including sudden changes in electricity prices, fuel costs, and demand patterns. In this context, electricity futures serve as critical financial instrument allowing market participants to hedge price risk, stabilise cash flows, and make informed long-term investment decisions amid rising volatility.

Regulatory Clarity: An enabler for Electricity Derivatives in India

A landmark regulatory milestone was reached in October 2021, when the Supreme Court of India clarified jurisdiction over electricity market instruments. The ruling established that:

- The **Central Electricity Regulatory Commission (CERC)** will oversee contracts involving physical delivery of electricity, and
- The **Securities and Exchange Board of India (SEBI)** will regulate financial derivatives, including electricity futures and options.

This legal clarification resolved longstanding regulatory uncertainty and paved the way for the introduction of structured financial instruments in India's power sector.

What are Electricity Futures?

Electricity futures are standardised, cash-settled financial contracts that allow market participants to lock in electricity prices today for financial settlement at a future date. These instruments are non-deliverable and operate independently of physical transmission logistics.

They function as a financial overlay to the physical market, offering forward price visibility without requiring asset ownership or operational coordination. Their primary value lies in enabling price certainty, improving budgeting accuracy, strengthening risk management, and supporting strategic procurement decisions in an inherently volatile market environment.

Benefits of Electricity Futures

Electricity futures function as a core risk-management tool, enabling generators, DISCOMs, traders, and large Commercial and Industrial consumers to hedge exposure to short-term price volatility. Market participants face uncertainty arising from real-time price fluctuations, demand uncertainty, and grid constraints—risks that cannot be effectively managed in the absence of financial hedging instruments. Electricity futures facilitate risk management, enhance market resilience, and contribute to more stable and predictable cash flows.

Stakeholders	Strategic advantages
Generators	• Hedge merchant exposure by locking in forward prices. • Enhance revenue predictability for credit assessments. • Mitigate downside risk from spot price volatility. • Strengthen financial viability for capital raising and refinancing. • Optimize maintenance scheduling and dispatch planning.
Distribution Companies (DISCOMs)	• Fix procurement costs ahead of demand surges. • Reduce reliance on reactive tariff adjustments and fuel cost pass-throughs. • Improve cash flow management and reduce regulatory lag.
Industrial Consumers	• Secure electricity costs ahead of production cycles. • Embed energy cost certainty into pricing and budgeting models. • Shift from reactive to strategic procurement behavior.
Traders & Market Intermediaries	• Exploit arbitrage opportunities across geographies and time horizons. • Enhance market liquidity and tighten bid-ask spreads. • Contribute to efficient price discovery.
Financial Institutions	• Develop structured products linked to energy markets. • Introduce electricity as a tradable asset class. • Facilitate renewable energy investments via hedging instruments.

Launch of Fundamentals of Electricity Derivatives Certificate Course

Recognizing the rising interest in electricity derivatives, NSE has developed a **free, self-paced online course** offering structured and comprehensive insights into this emerging market.

- This course is accessible to anyone interested to develop in-depth understanding of the strategic applications of electricity futures.
- You may **click the link or scan the below QR code** provided for course registration and access the learning platform: <https://nsefutures.wesence.com/>

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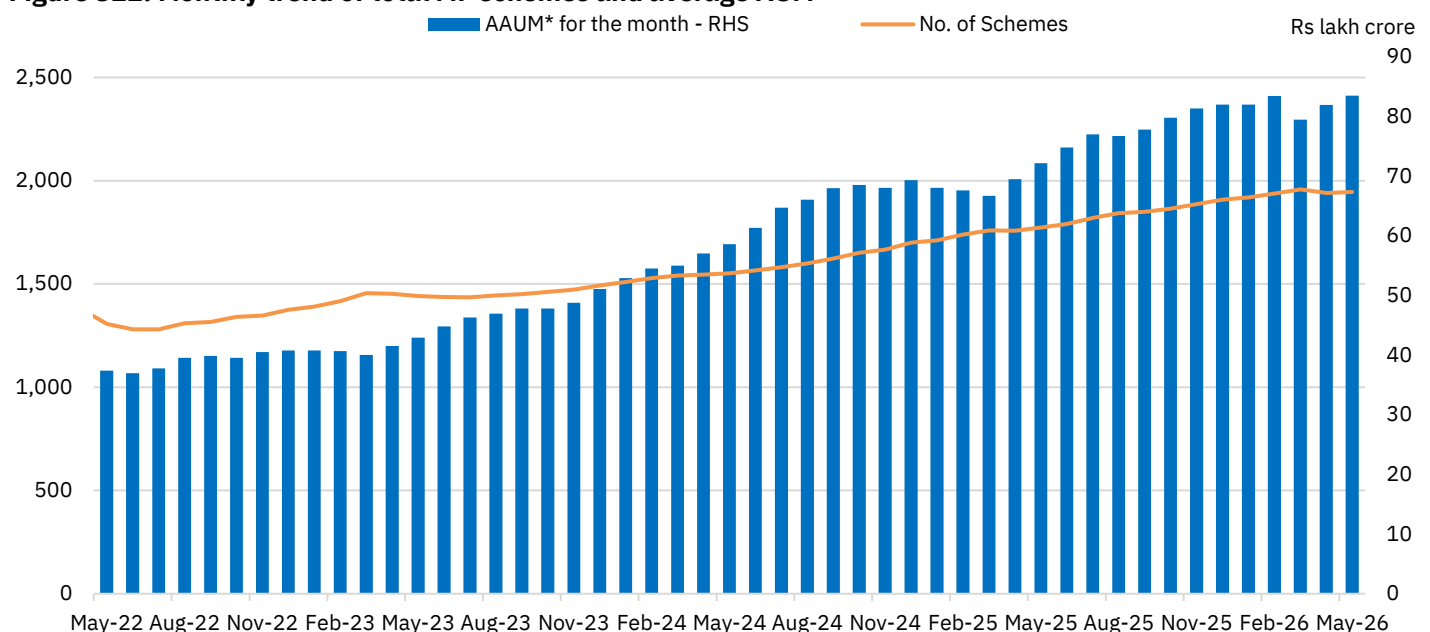

Investment through mutual funds in India

Average Assets Under Management (AAUM) at record levels in May'26... Average assets of the mutual fund industry rose for the second consecutive month this year to its highest level of Rs 83.5 lakh crore in May'26, recording a sequential/YoY growth of 1.9% MoM/ 15.6% YoY. The gains were supported by inflows into equity and hybrid funds alongside mark-to-market (MTM) gains in a few sector-wise indices and sustained buying by DIIs during the month. However, gains were capped by higher crude oil prices amidst the West Asia crisis, ongoing FPI outflows and notable MF outflows from debt schemes. The number of schemes has grown by 9.7% YoY to 1,946 as of May'2026.

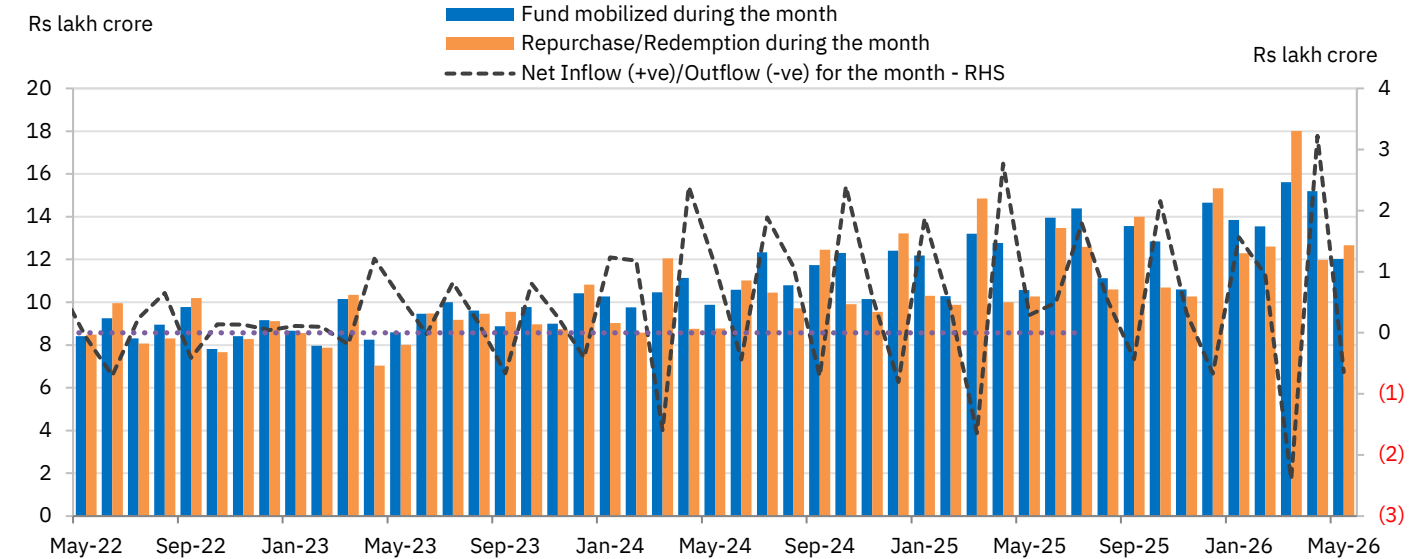
...Even as equity inflows moderated and debt segments witnessed outflows: Net inflows in the equity segment continued for the 63rd consecutive month but inflows of Rs 22.9k crore was the lowest in the last one year. Flexi-cap funds (Rs 5,176 crore) recorded the highest inflows among the equity open-ended schemes, followed by small-cap (Rs 4,946 crore) and mid-cap funds (Rs 4,385 crore) which cumulatively accounted for 63% of net equity inflows. That said, the cumulative flows in these segments have fallen by nearly 38.5% sequentially amidst heightened volatility in the equity markets. Open-ended debt schemes recorded outflows of Rs 96,949 crore led by liquid, money market and overnight funds as investors withdrew funds after parking surplus funds in April. These funds cumulatively accounted for 72% of the net debt outflows.

...And SIP AUM has scaled a fresh record: Even as markets remained erratic, SIP flows marked inflows above Rs 30k crore for the third consecutive month. These were, however, 0.5% lower than the previous month while the contributions have grown 16% on a YoY basis. Cumulative SIP inflows of Rs 62,069 crore during 2MFY27 are 16.4% higher than the corresponding period last year. SIP assets rose to their highest level of Rs 17.1 lakh crore as of May'2026, which stood at 20.5% of overall mutual fund assets. The ratio of the discontinued SIPs to new SIPs registered has moderated to 96.3% lower than 100% in the previous two months but still higher than 73% in May'25.

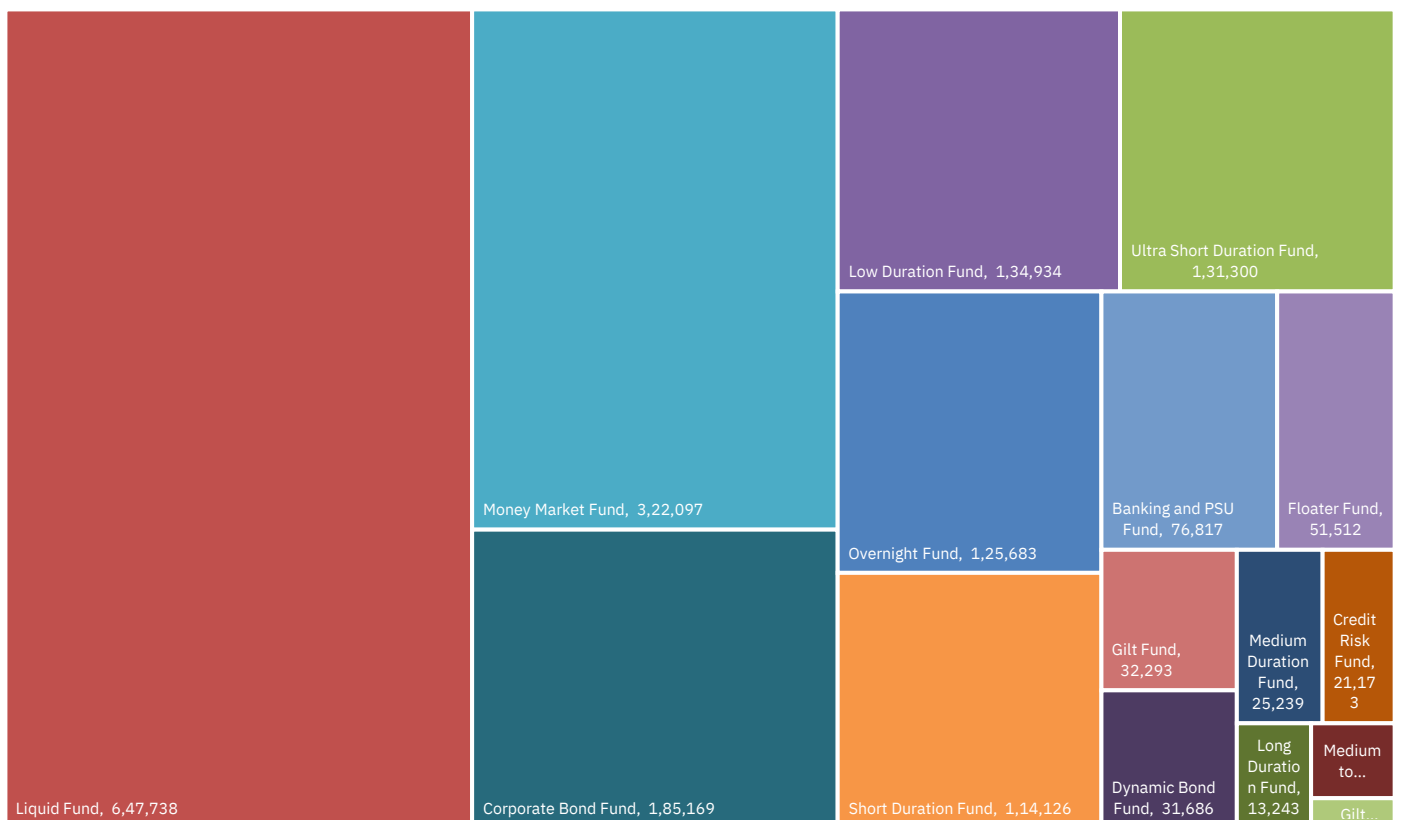
Figure 322: Monthly trend of total MF schemes and average AUM



Source: AMFI, NSE EPR. *AAUM-Average Assets under Management.

Figure 323: Monthly trend of total investment through mutual funds

Figure 324: Category-wise AUM of open-ended debt schemes

AUM (Rs crore) – May 2026



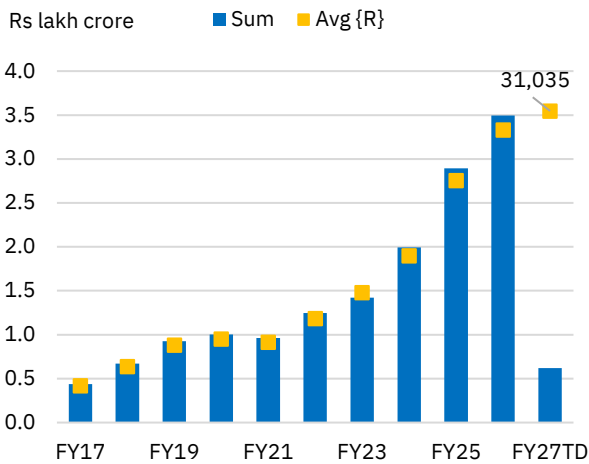
Source: AMFI, NSE EPR.

Figure 325: Category-wise AUM of open-ended equity schemes

AUM (Rs crore) – May 2026



Source: AMFI, NSE EPR.

Figure 326: Trends in annual SIP contribution


Source: AMFI, NSE EPR. Notes: 1) Data for FY27TD is as of May 2026

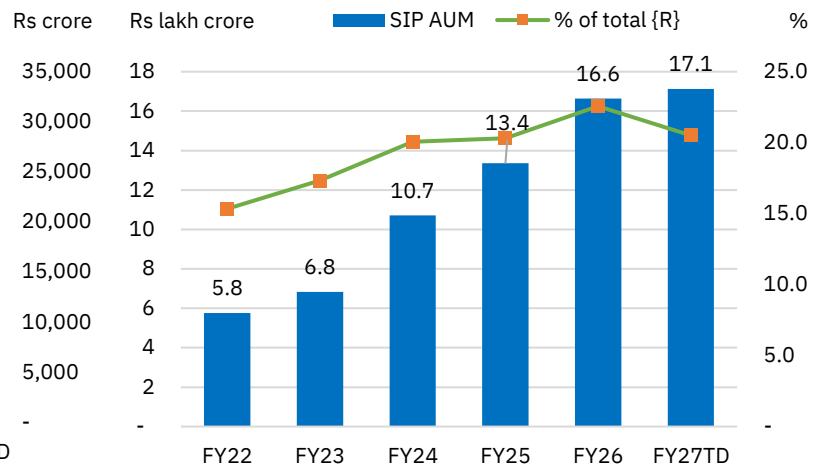
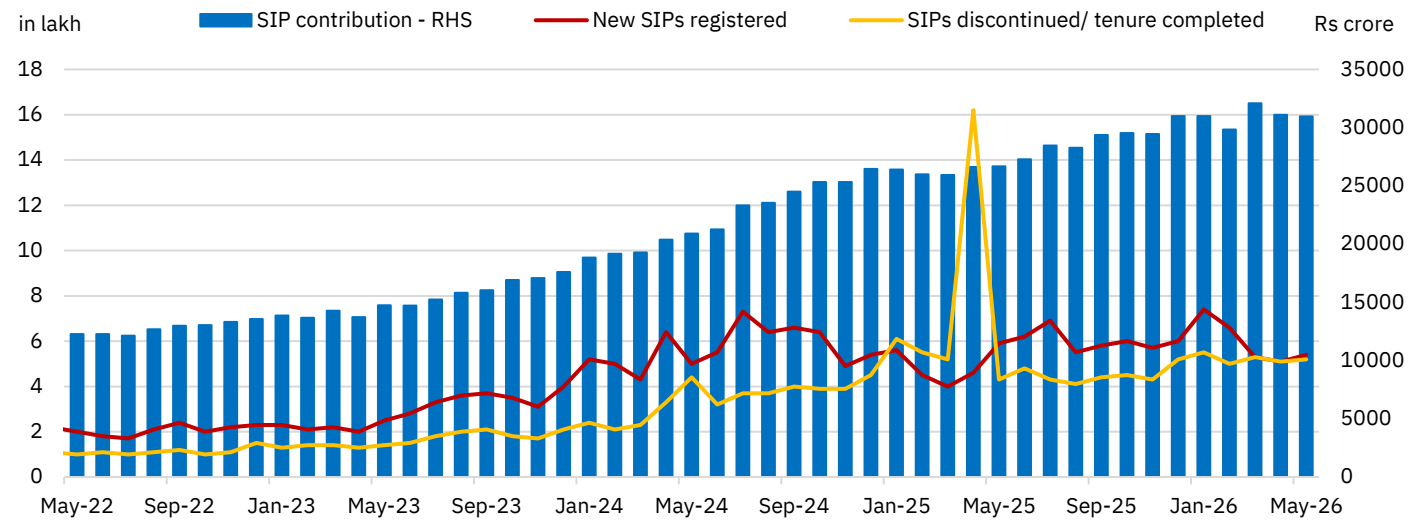
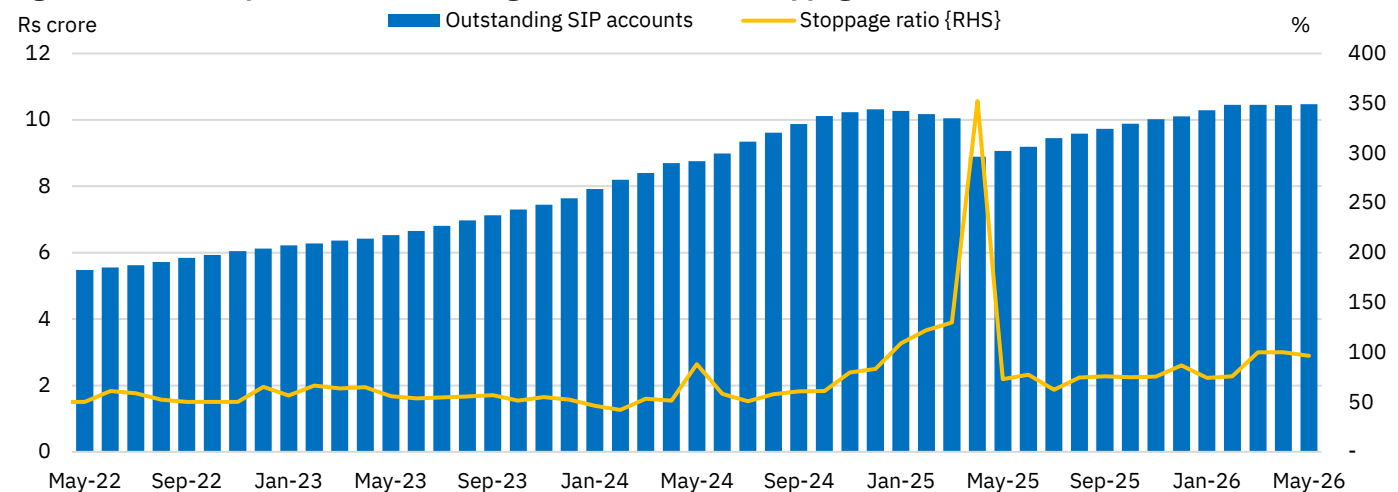
Figure 327: Trends in SIP AUM


Figure 328: Monthly trend of SIP contribution, SIP registered and discontinued

Figure 329: Monthly trend of outstanding SIP accounts and stoppage ratio


Average assets of equity and hybrid scheme scale record highs: Total equity AAUM scaled a new record of Rs 46.3 lakh crore, registering a notable growth of 3.2% MoM and 14.9% YoY with sequential growth in active equity fund AAUM (3.5%) strongly outpacing passive fund (2%). Total equity fund AAUM is at 55.5% of overall assets, of which active funds made up nearly 80% of these equity assets. Of the open-ended equity funds, AAUM of flexi-cap funds have the highest AAUM accounting for more than 15%, followed by thematic funds (~15%), mid-cap (13.4%) and large-cap funds (11.1%). AAUM of hybrid funds — which accounted for 14.4% of overall assets — scaled a new high of nearly Rs 12 lakh crore, registering a strong 20.7% YoY growth and 2.1% MoM.

Active debt funds registered a sequential decline of 1.6% MoM to Rs 19.4 lakh crore, making up 25.6% of the overall average assets. Active debt funds have exhibited a muted growth of 6.8% YoY, even as there was a sequential decline of 1.1% MoM. Within open-ended debt funds, liquid funds accounted for more than one-third of the assets followed by money-market funds (~17%), reflecting high preference for liquidity and relatively lower appetite for duration risk. In the last six years, the share of active debt has declined from half of the asset size to a fourth, while the share of active equity and others

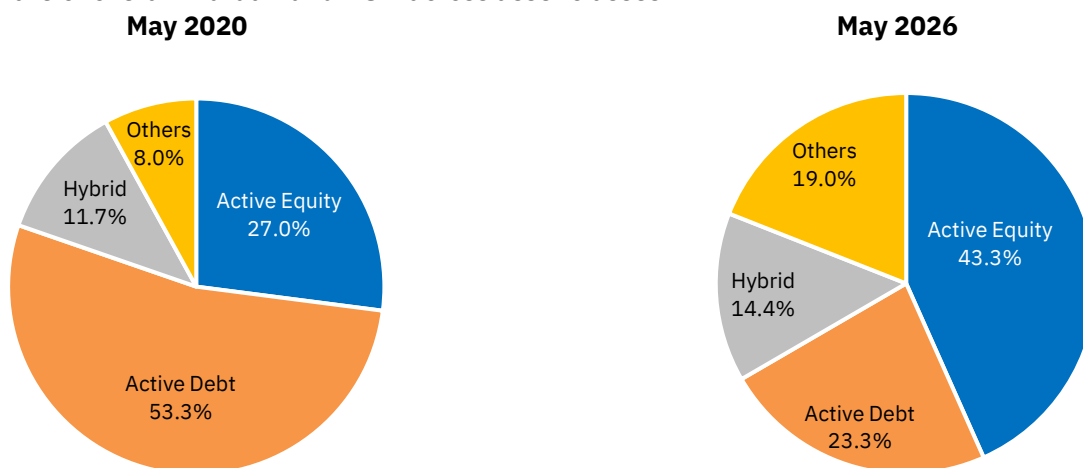
(predominantly passive funds) have grown 16pp and 11pp to ~43% and 19% respectively.

Table 106: Monthly trend of average AUM of mutual funds across categories

Rs crore	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	% share
Total MF AUM	81,98,944	82,01,175	83,42,617	79,46,028	81,94,396	83,46,579	100.0
Equity	45,57,699	45,26,333	45,74,637	43,12,193	44,90,875	46,33,871	55.5
Active	35,54,828	35,25,609	35,64,144	33,57,484	34,93,683	36,16,853	43.3
Passive	10,02,871	10,00,725	10,10,493	9,54,709	9,97,192	10,17,018	12.2
Index funds	2,15,059	2,15,490	2,18,984	2,08,060	2,23,313	2,33,115	2.8
Domestic	2,08,286	2,08,616	2,12,143	2,01,297	2,16,171	2,25,127	2.7
International	6,773	6,874	6,842	6,763	7,142	7,988	0.1
ETFs	7,87,812	7,85,235	7,91,509	7,46,649	7,73,879	7,83,903	9.4
Domestic	7,70,363	7,67,675	7,74,489	7,29,735	7,55,891	7,63,447	9.1
International	17,449	17,560	17,020	16,914	17,988	20,456	0.2
Debt	21,99,078	21,51,724	22,05,009	21,14,130	21,69,048	21,33,381	25.6
Active	19,95,553	19,48,624	20,03,369	19,12,431	19,66,574	19,44,298	23.3
Passive	2,03,525	2,03,100	2,01,640	2,01,699	2,02,474	1,89,083	2.3
Index funds	1,04,860	1,03,617	1,02,198	1,03,204	1,04,351	96,240	1.2
Domestic	1,04,860	1,03,617	1,02,198	1,03,204	1,04,351	96,240	1.2
ETFs	98,665	99,483	99,441	98,496	98,123	92,843	1.1
Hybrid	11,62,111	11,77,654	11,95,277	11,57,565	11,73,237	11,98,257	14.4
Others*	2,80,056	3,45,464	3,67,694	3,62,139	3,61,236	3,81,071	4.6

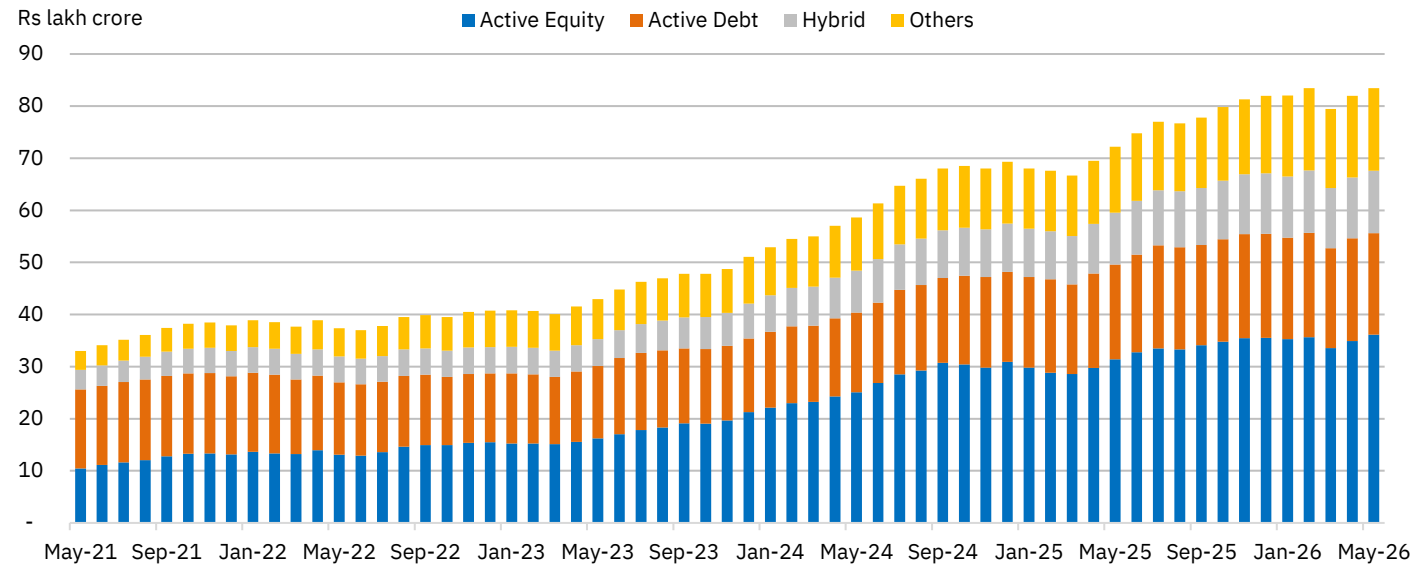
Source: AMFI, NSE EPR. *Others include Gold and silver ETFs, other ETFs and index funds, solution-oriented schemes, interval schemes, FoFs investing overseas in active and passive funds.

Figure 330: Share of overall mutual fund AUM across asset classes



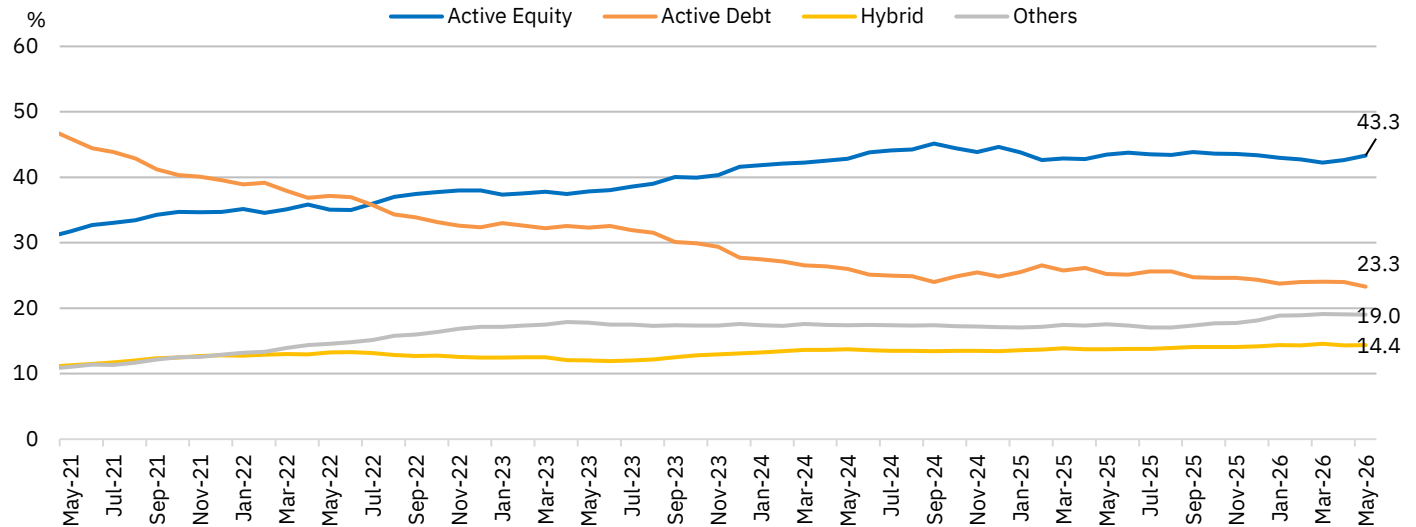
Source: CMIE Economic Outlook, AMFI, NSE EPR

Note: 1) Equity and debt funds include both actively and passively managed funds. Others include Index funds, ETFs, solution-oriented schemes, interval schemes, fund of funds investing overseas in active and passive funds.

Figure 331: Category-wise mutual fund AUM split*


Source: CMIE Economic Outlook, AMFI, NSE EPR.

Note: 1) Equity and debt funds include both actively and passively managed funds. *Others include Index funds, ETFs, solution-oriented schemes, interval schemes, fund of funds investing overseas in active and passive funds.

Figure 332: Category-wise share in mutual fund AUM*


Source: CMIE Economic Outlook, AMFI, NSE EPR.

Note: 1) Equity and debt funds include both actively and passively managed funds. *Others include Index funds, ETFs, solution-oriented schemes, interval schemes, fund of funds investing overseas in active and passive funds.

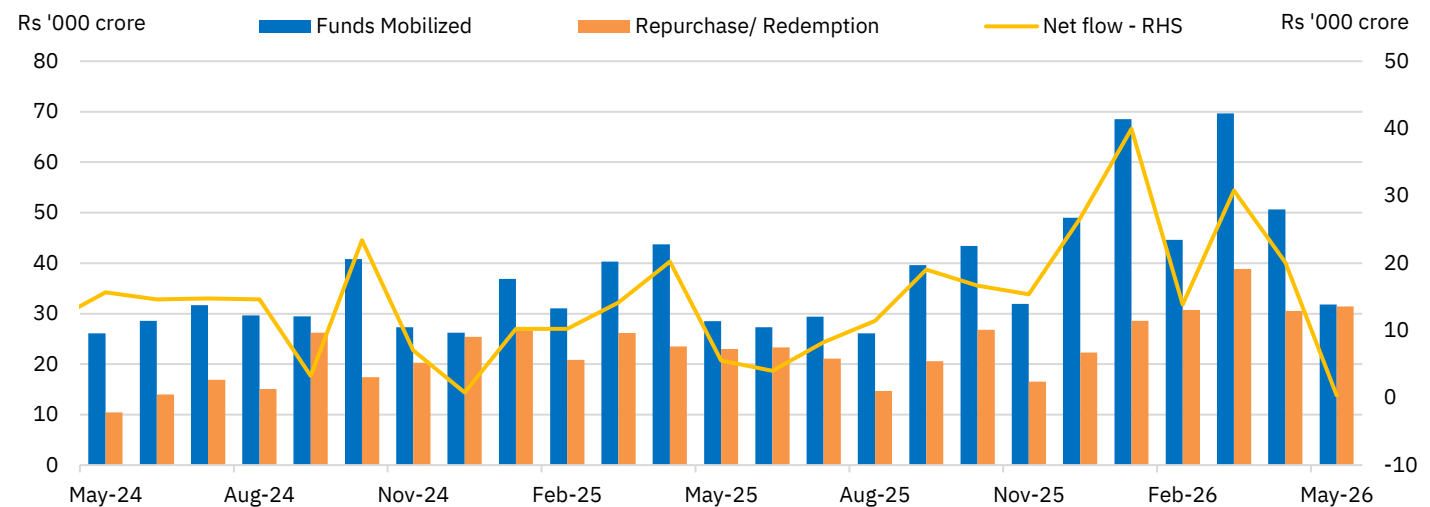
Passive funds AAUM¹⁷ continues to grow sequentially led by equities and gold/silver

ETFs: Passive fund AAUM also reached its highest level of Rs 15.3 lakh crore even though net flows moderated significantly to only Rs 362 crore as against average net inflows of more than Rs 20k crore in the last three months. There has been a broad-based decline in equity-oriented passive fund inflows while gold and silver ETFs recorded net outflows. Notwithstanding the outflows in gold ETFs, the AAUM of gold ETFs recorded a growth of 3.9% MoM, primarily attributable to rise in gold prices following the announcement of higher customs duty. Both the commodity ETFs viz. gold and silver recorded its highest monthly net outflows, partly owing to profit booking after the recent rally coupled with

¹⁷ Includes domestic and international equity index funds and ETFs, domestic debt index funds and ETFs, gold and silver ETFs, fund of fund investing overseas and other index funds and ETFs.

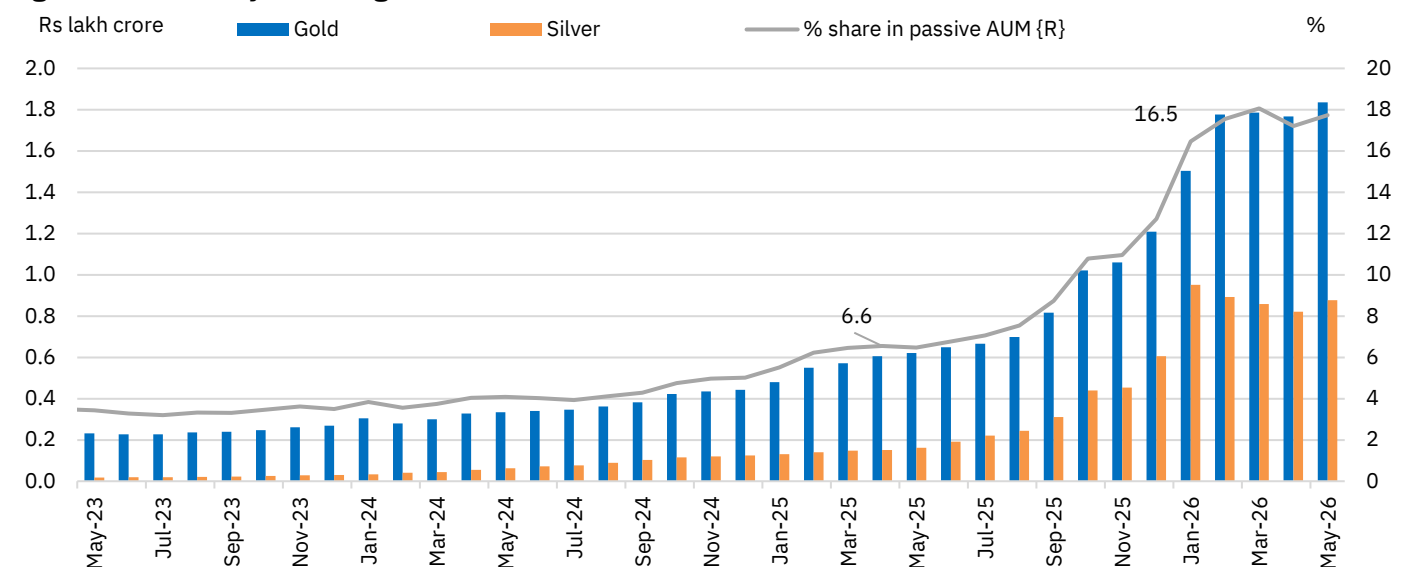
shift in investor risk appetite. While the average AUM of gold ETFs is at record high level of Rs 1.8 lakh crore (12% of passive fund AAUM), the size of silver ETFs has narrowed by nearly 8% since January 2026. Equity index funds and ETFs — which make up more than two-third of the passive fund assets — have witnessed net inflows but have reduced to half sequentially to Rs 9,500 crore in May'26. On a YoY basis, the average assets of passive funds registered a healthy 26.2% YoY growth led by healthy growth in equity ETFs and index funds alongside exponential growth in gold and silver passive investing even as debt passive assets have contracted.

Figure 333: Monthly trend of average AUM of passive mutual funds across categories



Source: CMIE Economic Outlook, AMFI, NSE EPR.

Figure 334: Monthly trend of gold and silver ETF AAUM



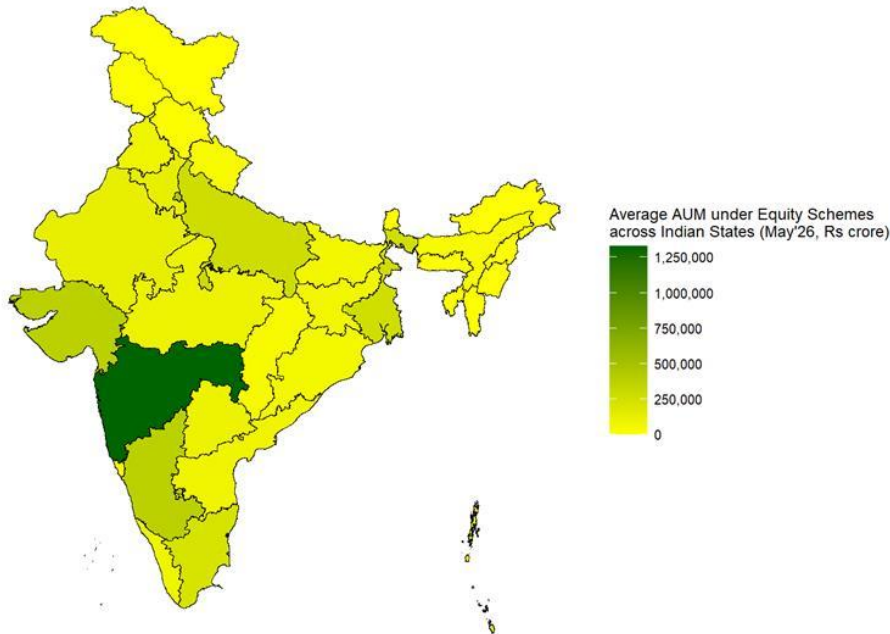
Source: AMFI, CMIE Economic Outlook, NSE EPR

New Delhi and Telangana register noticeable gains in shares during last four years:

Equity AAUM of states in India registered healthy sequential as well YoY growth with the top-10 states accounting for nearly four-fifth of the overall equity AAUM in May'2026. Maharashtra leads in the equity AAUM with a share of 28.9%, followed by New Delhi (9.3%), Gujarat (8.3%) and Karnataka (8.1%). During the last four years, the share of Maharashtra has declined by nearly 50bps, while that of Uttar Pradesh, West Bengal and

Haryana – which make up the top-10 – has seen a decline in share of 45-50bps. New Delhi and Telangana are among the top-10 states which have seen a noticeable gain in share of 92bps and 44bps respectively during the last four years. 26 states – which presently have an AAUM of less than Rs 1 lakh – has a total equity AAUM of Rs 7.3 lakh crore, which is 2.9x higher than the assets held four years ago.

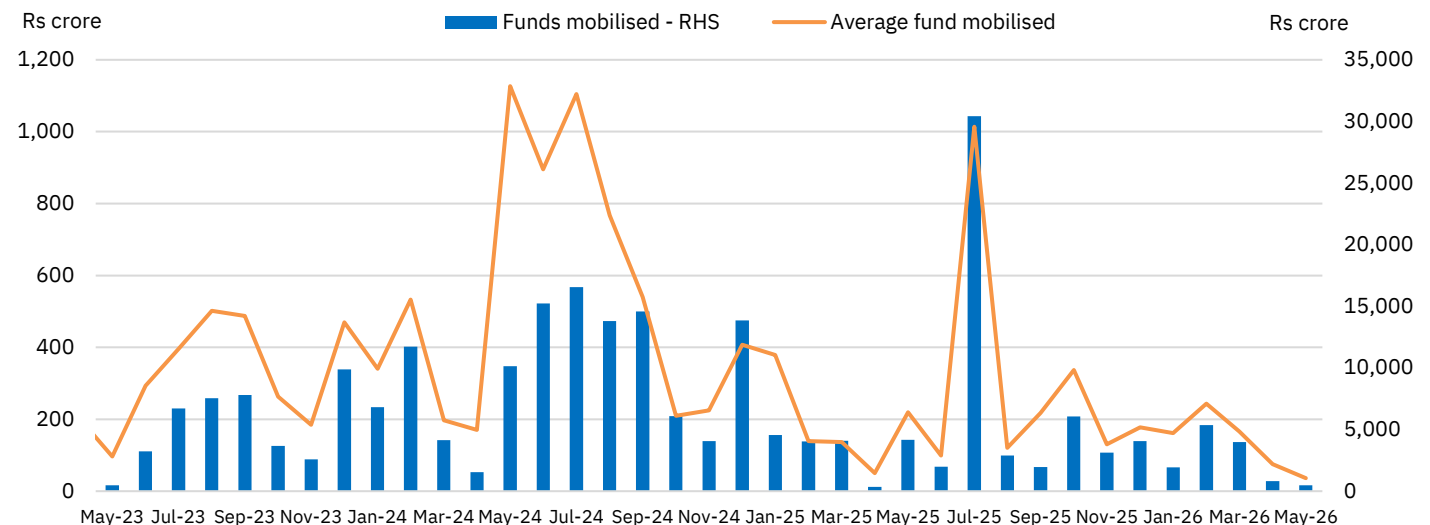
Figure 335: State-wise distribution of equity schemes AUM in May'26



Source: AMFI, NSE EPR. Note: The map is created using the state-level shapefile: [Link](#)

Funds raised through NFOs are the lowest in the last thirteen months: In May'26, 13 funds raised Rs 471 crore, aggregating the total funds raised through NFOs at Rs 471 crore in 2026 so far. The funds raised so far this year are 27% lower than the same period last year and are the lowest funds raised in the last seven years. The funds raised in May'26 are the lowest in the last thirteen months.

Figure 336: Monthly trend of total investment through new schemes

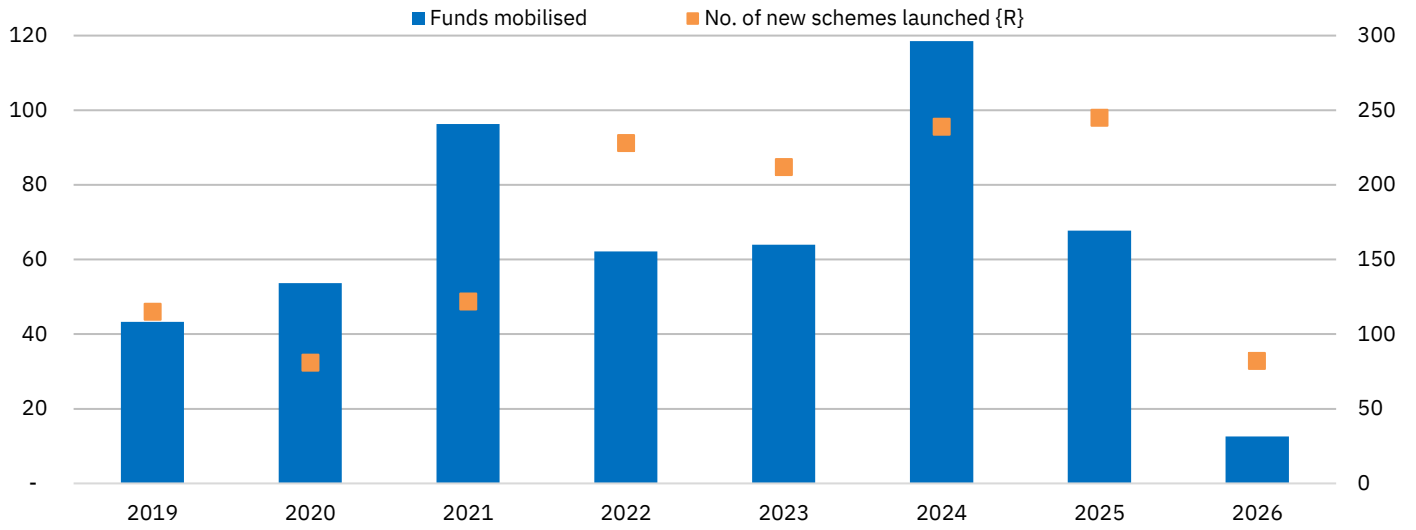


Source: AMFI, NSE EPR.

Figure 337: Annual trend of total investment through new schemes

Rs '000 crore

Amount raised through new schemes



Source: AMFI, NSE EPR. Notes: 1) Data for 2026 is till May 2026.

Contract size matters: Evidence from global exchanges

The NSE has remained the top derivatives exchange in the world since 2019 in terms of the number of contracts traded. Despite SEBI's regulation in 2025, 3,696 crore contracts traded across equity and index futures and options in FY26, over 51.3% of the global total. However, this dominance in contract count also reflects the average contract size compared to markets like the U.S., underscoring the need to distinguish between number of contracts and premium value traded when comparing market scale. In these days of technology-driven trading, a smaller contract size allows more trading activity (in terms of number of contracts) for the same quantum of capital at hand. Large contracts translate into relatively fewer trades, on the other hand. Indian markets trade nearly 4.6x the US in terms of contracts traded between January-May 2026, but a fifth of the value.

Table 107: Comparison of contract size of S&P 500 and Nifty 50 Index options

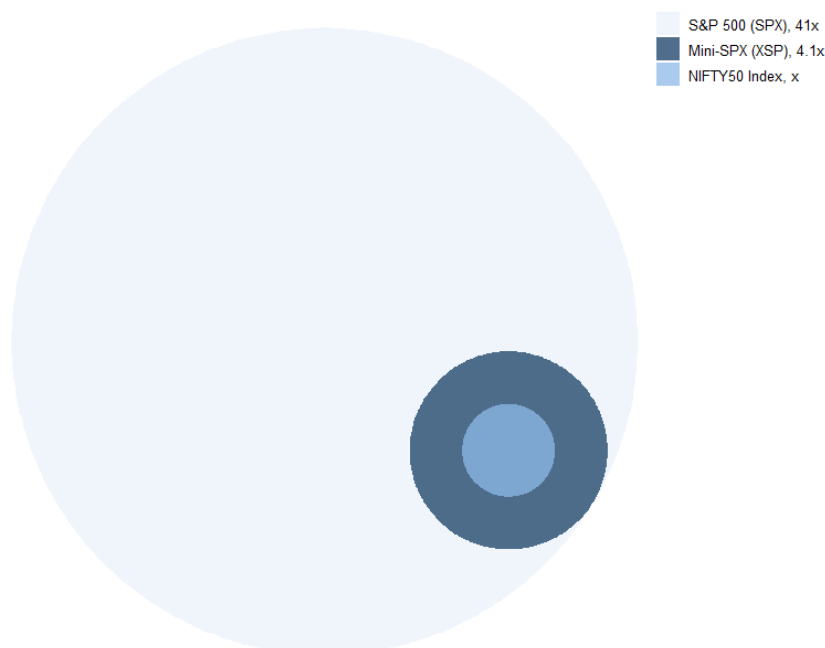
	S&P 500 (SPX)	Mini-SPX (XSP)	Nifty 50 Index
Contract size	100	10	75
Index closing (As of May 31 st , 2026)	7,580	7,580	23,548
Notional value*	US\$758,006	US\$75,801	US\$18,590

Source: CBOE, NSE. * Calculated as Index level * contract size.

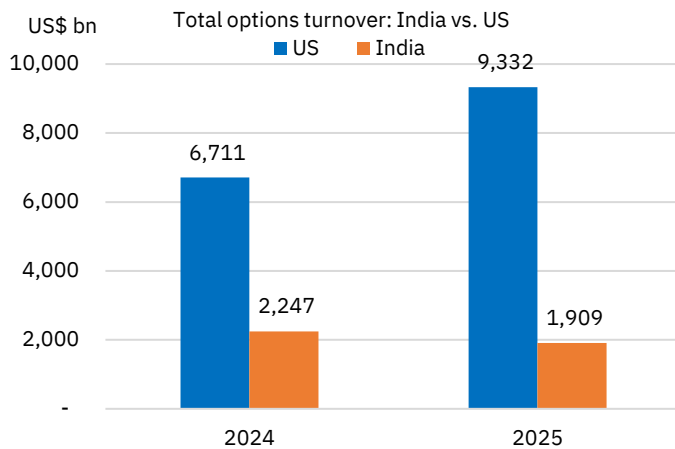
Figure 338: Comparison of contract size of S&P 500 and Nifty 50 Index options

Comparison of contract size: India versus US

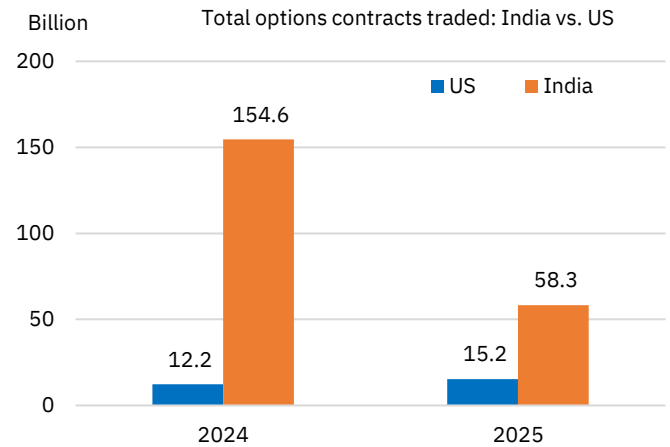
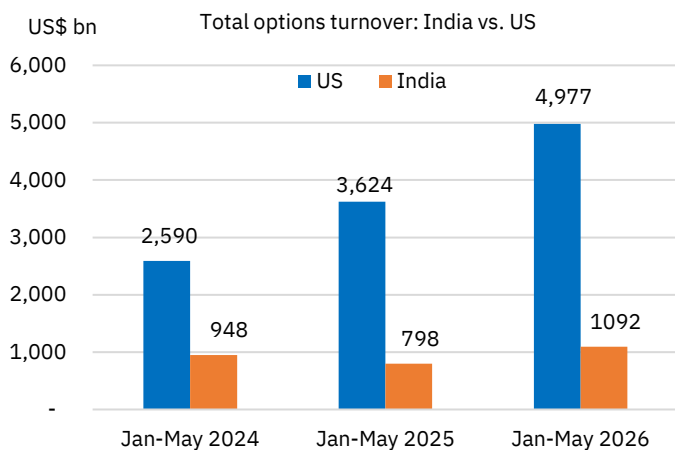
S&P 500 and Nifty 50 Index options



Source: CBOE, NSE. * Calculated as Index level.

Figure 339: Total options turnover: India vs. US


Source: OCC, NSE, BSE.

Figure 340: Total options contracts traded: India vs. US

Figure 341: Monthly trends in total options turnover: India vs. US


Source: OCC, NSE, BSE.

Figure 342: Monthly trends in total options contracts traded: India vs. US


US vs. India

The trading activity of an equity derivatives contract is influenced by its value. The extent to which this matter becomes clear when comparing the Indian markets with those in the US, the world's largest equity derivatives market by far. Unlike India's exchange-traded derivatives (futures and options on stocks and indexes), the US markets are far more complex, spanning 18 exchanges, off-exchange venues, and a broader range of derivatives, i.e., futures and options, not just on stocks and indexes, but also on index futures.

Notwithstanding the increase in 2025, the Nifty50's option contract value remains puny compared to the contract value of S&P index option contracts. As of May 31st, 2026, a single lot of the S&P 500 (SPX) index option had a notional value of around ~US\$758,000. Even the mini-SPX contracts—sized at one-tenth—carry a notional value of US\$75,800. That makes one US SPX contract over 40 times larger than a Nifty contract in value terms, and even a mini-SPX contract close to four times larger. So, while India leads in the count of contracts, it lags significantly behind the US in terms of total value traded.

India's options market is a fraction of the US market in terms of premium turnover:

Between Jan-May 2026, Indian exchanges (NSE, BSE) trade over 4.6x that of the exchange-traded options in the US, i.e., options with underlying as stocks, indexes and

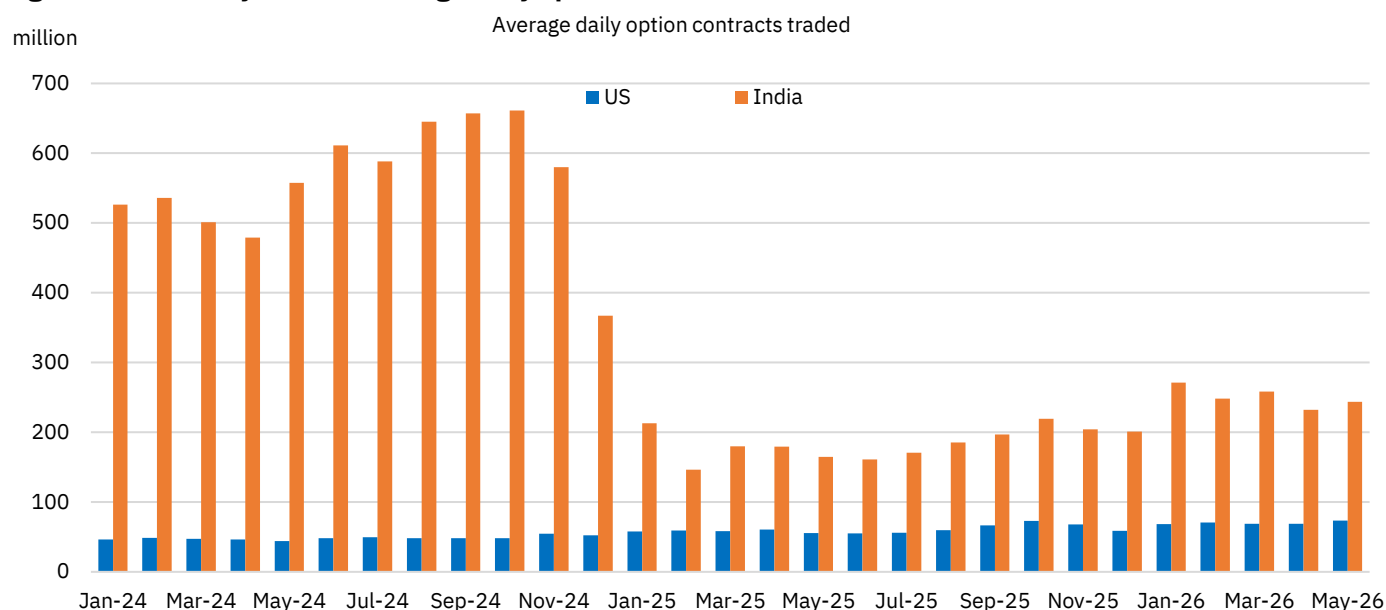
ETFs (cleared on Options Clearing Corporation). In terms of premium turnover, however, Indian options market was close to 22% of the US options premium turnover. It is to be noted that this comparison relates only to exchange-traded, centrally-settled (On OCC) futures and options on stocks, indexes and ETFs alone, and does not include said derivatives on index futures (at CME), that represent an additional ~25% of trading activity.

Table 108: Exchange-wise options volume and premium traded in the US during Jan-May 2026

Exchanges	Total Premium turnover during Jan-May 2026 (US\$bn)				Total contracts traded during Jan-May 2026 (m)			
	Stock	Index	ETF	Total	Stock	Index	ETF	Total
AMEX	182	0	97	279	307	0	343	650
ARCA	238	0	81	319	423	0	253	676
BATS	79	2	26	106	152	0	92	244
BOX	310	-	63	373	251	-	153	405
C2	40	4	21	66	97	2	87	186
CBOE	283	1,732	203	2,218	402	624	313	1,339
EDGX	65	-	38	104	168	-	168	336
EMLD	65	-	27	93	137	-	97	234
GEM	32	2	28	62	88	0	132	221
ISE	133	31	53	216	217	5	187	409
MCRY	46	-	28	74	121	-	150	271
MEMX	57	-	21	78	141	-	109	250
MIAX	129	-	58	188	252	-	247	499
MPRL	30	-	16	46	85	-	83	168
NOBO	11	-	6	18	38	-	48	85
NSDQ	36	-	14	50	96	-	70	165
PHLX	472	41	89	603	524	6	260	789
SPHR	58	-	27	85	114	-	104	217
US total	2,266	1,811	900	4,977	3,614	637	2,895	7,145
India	92	1,000	-	1,092	775	31,763	-	32,539
India vs. US	4%	55%		22%	21%	4983%		455%

Source: OCC, NSE, BSE.

Figure 343: Monthly trend of average daily options contracts traded in the US and India



Source: OCC, NSE, BSE.

Figure 344: Monthly trend of the ratio of India and US options contracts traded

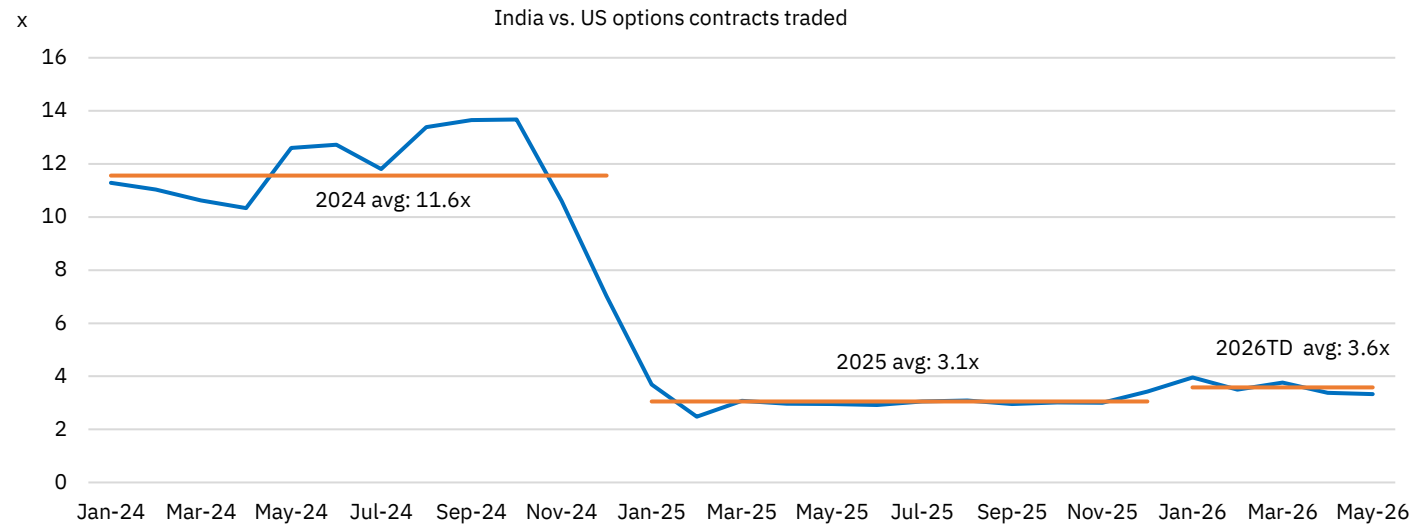


Figure 345: Monthly trend of average daily options premium turnover in the US and India

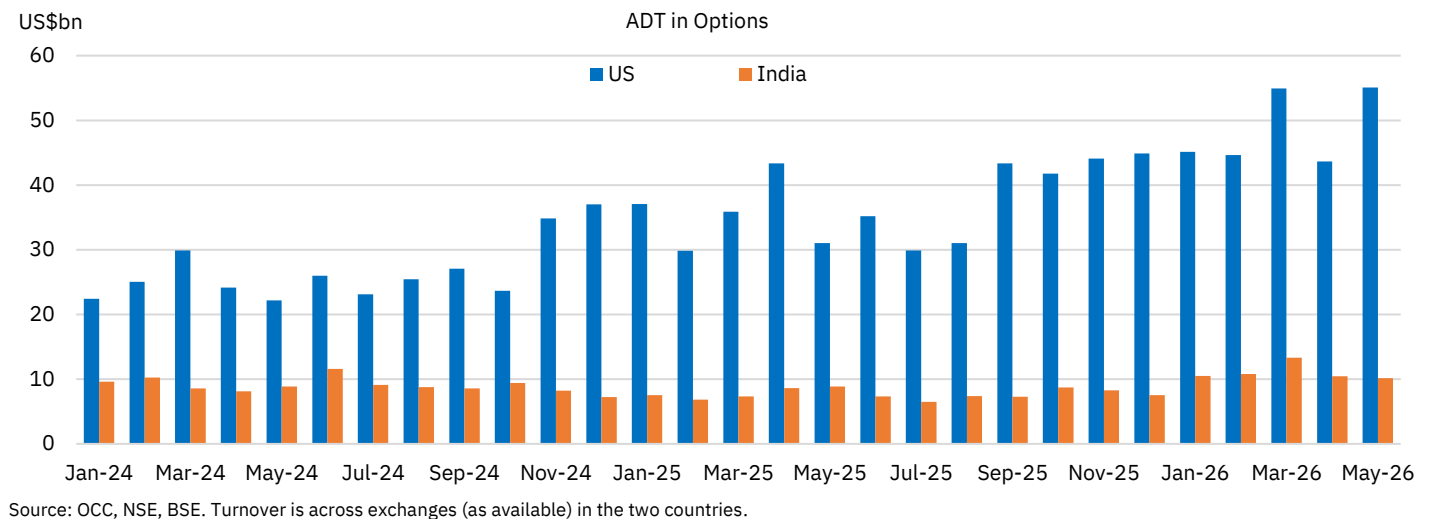
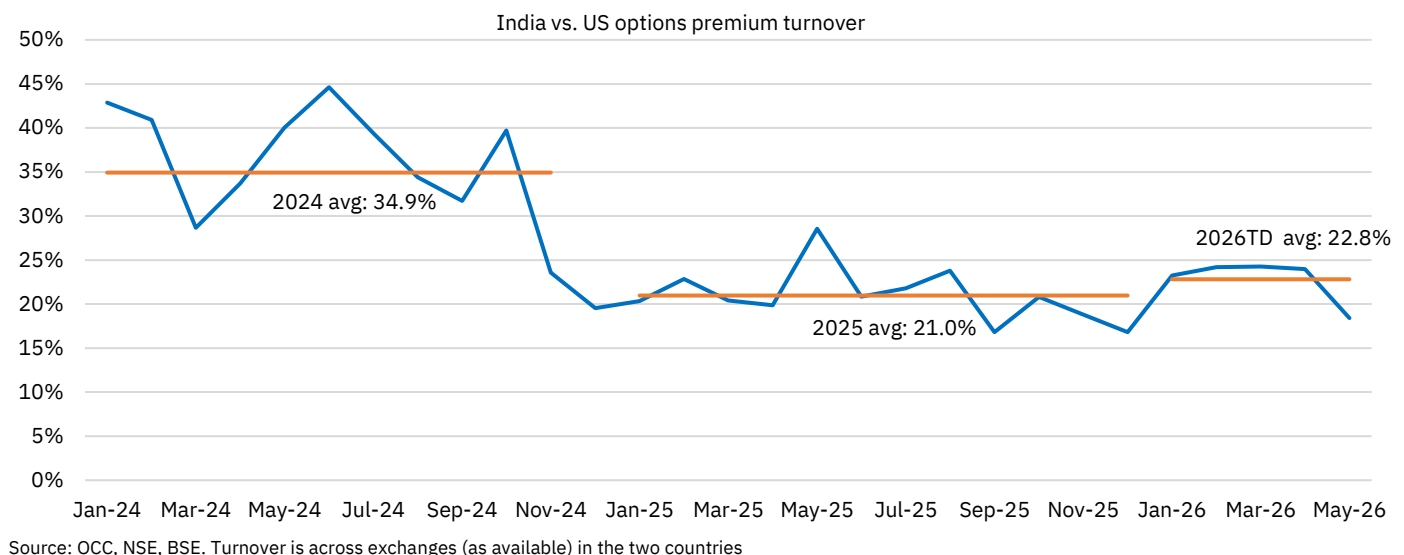


Figure 346: Monthly trend of the ratio of India and US options premium turnover



Annual macro snapshot

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
National income								
GDP (Current) (Rs lakh crore)	189	201	198.5	236	261.2	289.8	318.1	346.4
GDP (Current) Growth (%)	10.6	6.4	-1.2	18.9	14	11.0	9.7	8.9
GDP (Constant) Growth (%)	6.5	3.9	-5.8	9.7	7.6	7.2	7.1	7.7
GVA (Constant) Growth (%)	5.8	3.9	-4.2	9.4	7.2	7.2	7.3	7.9
Agriculture growth (%)	2.1	6.2	4	4.6	6.3	2.6	4.2	3.0
Industry growth (%)	5.3	-1.4	-0.4	12.2	2.5	10.9	8.3	8.5
Services growth (%)	7.2	6.4	-8.4	9.2	10.3	7.0	7.9	9.3
Per Capita GDP (Curr) (Rs)	1,44,620	1,52,504	1,48,586	1,72,422	1,88,862	2,07,699	2,25,896	2,43,180
Prices								
CPI Inflation (%)	3.4	4.8	6.2	5.5	6.6	5.4	4.6	2.1
WPI inflation (%)	-	-	-	-	-	-	1.7	0.4
Money, banking & interest rates								
Money supply (M3) growth (%)	10.5	8.9	12.2	8.8	9	11.1	9.7	15.3
Aggregate deposit growth (%)	10	7.9	11.4	8.9	9.6	13.5	10.3	16.2
Bank credit growth (%)	13.3	6.1	5.6	8.6	15	20.2	11	17.1
Non-food credit growth (%)	13.4	6.1	5.5	8.7	15.4	20.2	11	16.9
Cash Reserve Ratio (% eop)	4	4	3	4	4.5	4.5	4	3
Bank Rate (% eop)	6.5	4.65	4.25	4.25	6.75	6.75	6.5	5.5
Public Finance								
GOI rev. receipts growth (%)	8.2	8.5	-3	32.8	9.8	14.5	11.3	8.7
Gross tax receipts growth (%)	8.4	-3.4	0.9	33.7	12.7	13.5	9.5	6.0
GOI Expenditure growth (%)	8.1	16	30.7	8.1	10.5	6	4.7	5.4
Subsidies growth (%)	-0.7	17.7	189	-33.5	14.7	-24.7	-2.8	7.4
Interest expense growth (%)	10.2	5.1	11.1	18.5	15.3	14.6	4.9	11.4
External transactions								
Exports growth (%)	8.8	-5.2	-7.1	45.1	6.7	-3	0.1	0.9
POL exports growth (%)	24.5	-11.6	-37.6	162.8	43.9	-13.5	-24.8	-15.1
Non-POL exports (%)	6.6	-4.1	-2.5	33.7	-0.4	-0.1	6.1	3.6
Imports growth (%)	10.5	-7.8	-17.1	56.2	16.3	-5.7	6.2	7.5
Non-POL imports growth (%)	4.6	-7.9	-9.6	45.4	12.1	-1.3	7	12.2
POL imports growth (%)	29.9	-7.5	-36.9	96.7	29.1	-14.6	3.9	-6.4
Net FDI (US\$bn)	30.7	43	44	38.6	28	10.2	0.1	-6.9
Net FPI (US\$bn)	-2.4	1.4	36.1	-16.8	-5.2	44.1	3.6	-16.4
Trade Balance: RBI – (US\$bn)	-180.3	-157.5	-102.2	-189.5	-265.3	-244.9	-287.0	-337.3
Current Acc. Balance (US\$bn)	-57.2	-24.6	24	-38.8	-67.1	-26.1	-23.1	-25.4
Forex Reserves (US\$bn)	411.9	475.6	579.3	617.6	578.4	645.6	665.4	688
Exchange rate (USDINR)	69.9	70.9	74.2	74.5	80.4	82.8	84.5	88.3

Source: CMIE Economic Outlook, NSE; Notes: 1) The data in case of national income has been based on the revised/new methodology for the period FY23-FY26. 2) CPI and WPI inflation as per new base year. 3) Money supply (M3) growth (%) for FY26 is M3 (Broad money) including HDFC merger.



How to convert **NSE EGR** to Physical Gold



Investor submits withdrawal request for **physical gold** to the DP



Depository Participant verifies details and approves the request.



Vault Manager validates **documents and releases** the gold



Depository debits/extinguishes EGR units from the **demat account**.



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Looking for more flexibility in **gold trading**?

Trade **NSE EGR**
with wider market access.



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**9:00 AM to
11:30 PM / 11:55 PM***



More time. More flexibility.
More opportunities in gold trading.



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Glossary

Indicators	Definition
General	
Compounded Annual Growth Rate (CAGR)	Average annual rate of return on an investment over a specified time period, assuming the profits are reinvested each year.
Fiscal Year (FY)	The 12-month period from April 1 to March 31 of the following year, used by Indian government and businesses for financial reporting and budgeting.
Month to Date (MTD)	The period from the beginning of the current month up to the current date, used to measure performance or track data over the partial month so far.
Month-over-Month (MoM)	A comparison of data from one month to the previous month.
Year to Date (YTD)	The period from the beginning of the current calendar or fiscal year up to the present date, used to assess performance or analyse data for the year in progress.
Year-over-Year (YoY)	A comparison of data from one year to the previous year.
Macro	
Balance of Payments (BOP)	A comprehensive record of a country's economic transactions with the rest of the world, including trade, investment, and financial transfers.
Capital Expenditure (Capex)	The amount of money used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, or equipment over a specific period. It is essential for business operations and growth.
Capital Account	A component of the balance of payments that records all transactions involving the purchase and sale of assets, including foreign investments and loans.
Consumer Price Index (CPI)	A measure of average change in prices paid by consumers for a basket of goods and services over time.
Crowding Out	A situation where increased government spending leads to a reduction in private sector investment, often due to higher interest rates resulting from increased borrowing.
Current Account Deficit	A situation where a country's total imports of goods, services, and transfers exceed its total exports, indicating a net outflow of domestic currency to foreign markets.
Deflation	A decrease in the general price level of goods and services, often associated with a reduction in the supply of money or credit.
Economic Cycle	Natural fluctuation of the economy between periods of expansion (growth) and contraction (recession), typically measured by changes in GDP growth.
Exchange Rate	The value of one currency for the purpose of conversion to another, which affects international trade and investment flows.
Fiscal Deficit	The financial situation when a government's total expenditure exceeds its total revenues, excluding money from borrowings.
Fiscal Policy	The use of government spending and taxation to influence the economy with an aim to manage economic fluctuations and promote economic growth.
Foreign Direct Investment (FDI)	Investment made by a company or individual in business interests in another country, typically through establishing business operations or acquiring assets. It indicates a long-term interest in the foreign economy.
Gross Domestic Product (GDP)	The total monetary value of all finished goods and services produced within a country's borders in a specific time-period. It is a comprehensive measure of a nation's overall economic activity and health.
Gross Value Added (GVA)	The monetary value of goods and services produced by an economy after subtracting the cost of intermediate goods and services used.
Index of Industrial Production (IIP)	A measure of change in the production of a basket of industrial products during a given period with respect to that in a chosen base period.
Monetary Policy	The process by which a central bank manages the money supply and interest rates to achieve macroeconomic objectives such as controlling inflation, consumption, growth, and liquidity.
Monetary Stance	The central bank's position on monetary policy, typically classified as hawkish (favouring higher rates to control inflation), dovish (preferring lower rates), neutral (balanced approach), or accommodative (expanding money supply to boost growth).
Nominal Effective Exchange Rate (NEER)	An unadjusted weighted average rate at which a country's currency is exchanged for a basket of multiple foreign currencies.
Policy Rates	Interest rates set by central banks to influence monetary policy, affecting costs, inflation, and overall economic activity.
Public Debt	The total amount of money that a government owes to creditors, resulting from borrowing to finance budget deficits and other expenditure.

Real Effective Exchange Rate (REER)	A measure of the value of a country's currency against a basket of other currencies, adjusted for inflation, reflecting its competitiveness in international trade.
Trade Balance	Difference between a country's total value of exports and total value of imports over a specific period.
Wholesale Price Index (WPI)	A measure of average change in prices of goods at the wholesale level before retail sale over time.
Markets	
Algorithmic (Algo) Trading	A trading strategy based on computer programming, where orders are placed automatically based on pre-defined sets of conditions and algorithms, often used for high-frequency trading.
Average Daily Turnover (ADT)	Average value of securities traded on the exchange each day, indicating the liquidity and activity level of the market over a specific period.
Average Trade Size	Average monetary value of individual trades executed on an exchange, calculated by dividing the total traded value by the number of trades over a specific period.
Bonds	Debt securities where investors lend money to an entity (typically a corporation or government) for a defined period at a variable or fixed interest rate.
Cash Market (CM)	A marketplace where financial instruments, such as stocks and bonds, are bought and sold for immediate delivery and payment.
Colocation (Colo) Trading	The practice of positioning trading servers near exchange servers to minimize data transmission delays and optimize trade execution speed.
Credit Rating	An assessment of the creditworthiness of an individual, corporation, or government, evaluating their ability to repay borrowed funds.
Derivatives	Financial instruments whose value is derived from an underlying asset, such as stocks, bonds, and commodities, among others.
Direct Market Access (DMA)	A facility allowing investors to directly access exchange trading systems through their broker's infrastructure without manual intervention.
Domestic Institutional Investors (DII)	Financial institutions based within a country that invest in that country's financial markets, including mutual funds, insurance companies, and pension funds.
Equity Derivatives	Financial instruments whose value is derived from the value of an underlying equity securities, such as stock.
Equity Futures	Financial contracts obligating parties to buy or sell the underlying asset at a predetermined price on a specified future date.
Equity Options	Financial contracts give the holder the right, but not obligation, to buy (call) or sell (put) a specific quantity of stocks at a predetermined price within a set timeframe.
Follow-on Public Offering (FPO)	A process through which a company that is already publicly traded issues additional shares to raise more capital, allowing existing shareholders to sell their shares as well.
Foreign Portfolio Investment (FPI)	Investments made by foreign investors in financial assets in another country, primarily in stocks and bonds, without acquiring significant control or influence over the companies.
Index Options	Contracts that give the buyer the right but not the obligation to buy or sell a specified quantity of a stock market index at a predetermined price on a specified expiration date.
Initial Public Offering (IPO)	Process through which a private company offers its shares to the public for the first time, allowing it to raise capital, and/or provide an exit opportunity for existing investors.
Institutional Investors	Organisations that pool and invest large sums of money on behalf of others, such as pension funds, mutual funds, and insurance companies.
Internet Based Trading (IBT)	A process of buying and selling financial securities through online platforms, enabling direct trading of various financial instruments via the internet without traditional brokers.
Liquidity	The ease with which an asset can be quickly bought or sold in the market without affecting its price, indicating how quickly an asset can be converted into cash.
Market Capitalisation	Total market value of a company's outstanding shares, calculated by multiplying the current share price by the total number of outstanding shares.
Market Maker	A financial intermediary that provides liquidity by continuously quoting buy and sell prices for specific securities, facilitating smooth trading in financial markets.
Market Volatility	The degree of variation in the price of a financial asset or market over time.
Mutual Funds	An investment vehicle that pools money from multiple investors to buy a diversified portfolio of stocks, bonds, or other securities.
Nifty50 Index	A benchmark Indian stock market index representing the weighted average of 50 of the largest Indian companies listed on the National Stock Exchange.
Offer for Sale (OFS)	A method through which existing shareholders, typically promoters or large stakeholders, sell their shares to the public or institutional investors.
Option Premium	Price paid by an investor to purchase an option contract, comprising both its intrinsic value and time value.

Preferential Allotments	The issuance of shares or securities to specific investors, usually at a predetermined price, to raise funds for a company while bypassing public offerings.
Price-to-Book Value (P/B)	A ratio comparing a company's market capitalisation to its book value, indicating how much investors are willing to pay for each unit of net assets.
Price-to-Earnings (P/E)	A ratio comparing a company's current share price to its Earnings per Share (EPS), indicating how much investors are willing to pay for each unit of earnings.
Qualified Institutional Buyers (QIB)	Institutional investors that meet certain criteria set by regulators, allowing them to invest in unregistered securities and participate in private placements.
Retail Individual Investors	Non-professional, individual investors who buy and sell securities, such as stocks and bonds, primarily for personal investment purposes rather than for institutional or commercial reasons.
Rights Issue	An offer to existing shareholders to purchase additional shares at a discounted price, typically to raise capital for the company.
Smart Order Routing (SOR)	A technology that automatically directs trade orders to the most favorable venues, optimizing execution by considering factors such as price, speed, and liquidity.
Turnover	The total value of all transactions (buying and selling) that occur within a specific period, reflecting the volume of trading activity on the exchange.
Unique Client Code (UCC)	Unique identification code is allocated to each client by a stockbroker for the purpose of trading in the securities market.
Unique Registered Investors	The total number of distinct investors registered with an exchange based on their Permanent Account Number (PAN).
Valuation	The process of determining the current worth or fair market value of an asset, company, or investment.
World Federation of Exchanges (WFE)	A global trade association representing publicly regulated stock, futures, and options exchanges, as well as central counterparties, fostering collaboration and standardization in the financial markets industry.
Electricity Futures	
Electricity Futures Lot size	50 Megawatt Hours (MWh)
Day Ahead Market (DAM)	A segment of the Electricity Spot Market where participants trade electricity for delivery on the following day.
Green Day Ahead Market (GDAM)	A segment within Electricity Spot Market for trading renewable electricity (Solar, Non-Solar, Hydro) for next-day delivery.
High Price Day Ahead Market (HPDAM)	The High Price Day Ahead Market is designed for high-cost generation sources to trade electricity for next-day delivery.
Electricity Spot Market	Short-term physical trading platform where electricity is bought and sold for next-day delivery. It includes market segments such as DAM, GDAM and HPDAM.
Spot VWAP	Benchmark price for electricity futures contracts.
Electricity Futures	Electricity futures are standardized, cash-settled derivative contracts that enable market participants to lock in a price today for electricity to be financially settled at a future date.

Note: This glossary provides concise definitions for key Economic and Financial terms. While these definitions aim to capture the essence of each concept, many of these terms have nuanced meanings that may vary slightly depending on context or specific applications in Economics, or Financial market analysis. For more comprehensive understanding, readers are encouraged to consult specialized literature or seek advice from domain experts. It's important to note that this glossary may not be exhaustive or holistic in its current form. We aim to expand and refine these definitions in future editions to provide a more comprehensive resource.

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1	05-Jun-26	Macro Review: RBI Monetary Policy
2	21-May-26	Market Pulse May 2026: Prolonged conflict, policy constraints and the deepening of domestic finance
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