

# ICRA BUSINESS ACTIVITY MONITOR - AN INDEX OF HIGH FREQUENCY ECONOMIC INDICATORS

Economic momentum cooled in March 2026, post onset of West Asia conflict; GDP growth pegged at ~7.0% in Q4 FY2026

APRIL 2026





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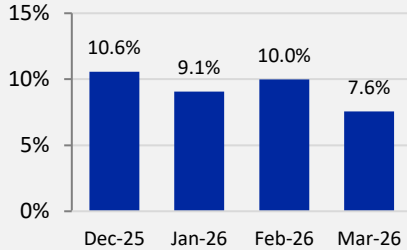
ICRA Business Activity Monitor is a composite indicator that comprises:

- Auto production (2Ws and PVs)
- Vehicle registrations
- Mining output
- Power generation
- Cement output
- Non-oil merchandise exports
- Cargo handled at major ports
- Consumption of petrol and diesel
- Finished steel consumption
- Generation of GST e-way bills
- Domestic airline passenger traffic
- Aggregate deposits and non-food credit of SCBs

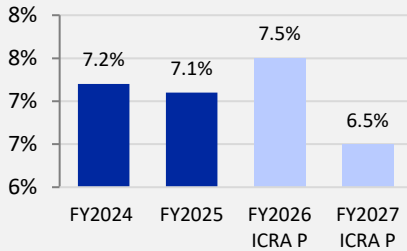
The year-on-year (YoY) growth in economic activity, as measured by the ICRA Business Activity Monitor - an Index of high frequency indicators, eased to a 5-month low of 7.6% in March 2026 from 10.0% in February 2026. As many as 10 of the 16 constituent indicators reported a deterioration between these months, including some trade and transport-related indicators, reflecting the adverse impact of the West Asia conflict. Nevertheless, the momentum in economic activity remained quite healthy in Q4 FY2026, with a majority of non-agri indicators witnessing an improvement in their YoY performance over Q3. ICRA currently pegs the GDP growth at 7.0% in Q4 FY2026, lower than the National Statistical Office (NSO's) implicit growth projection of 7.3% for the quarter. A large part of the adverse impact of the West Asia crisis is likely to manifest in Q1 FY2027. Assuming an average crude oil price of \$85/barrel in FY2027, ICRA projects the GDP growth to slow down to 6.5% in the ongoing fiscal from 7.5% estimated for FY2026. These estimates are subject to sizeable downside risks owing to a further escalation of the conflict and tighter availability of inputs, as well as the impact of the potential development of El Nino conditions and a below-normal monsoon (forecast: 92% +/-5% of Long Period Average; lowest estimate in last 25 years).

- **Growth in ICRA Business Activity Monitor eased in March 2026:** The YoY growth in the Index slowed to a 5-month low of 7.6% in March 2026 from 10.0% in the previous month. Amid the West Asia conflict-led disruptions, most trade and transport-related indicators expectedly reported a weakness in their YoY performance between these months, including non-oil exports, port cargo traffic, and GST e-way bill generation. While domestic airline passenger traffic reported a slight YoY uptick, growth remained muted partly owing to rising airfares/ATF prices. While auto-related indicators also witnessed a slight easing in their YoY performance, growth remained quite healthy.
- **Core output contracted in March 2026:** Core sector output contracted by 0.4% YoY in March 2026, the first time in five months, amid a dip in production across four of the eight sectors. These include electricity generation (amid adverse base), fertiliser output (curtailed by shortage of inputs amid the West Asia crisis), crude oil, and coal output. Moreover, the growth in steel and cement output eased in March 2026 vis-à-vis February 2026. ICRA expects the Index of Industrial Production (IIP) growth to slow to ~1.0-2.0% in March 2026 from 5.2% in February 2026.

**EXHIBIT: YoY growth of ICRA Business Activity Monitor**



**EXHIBIT: Annual growth trends in GDP (at constant 2022-23 prices)**



P: Projected; Source: NSO; ICRA Research

- Unemployment rate edged up to 5.1% in March 2026:** Labour market conditions deteriorated in March 2026 after having broadly improved between November and February 2026. The all-India unemployment rate (UR) inched up to 5.1% from an average of 4.9%, respectively, during this period. Notably, the rural UR in March 2026 rose to the highest level since November 2025, likely reflecting seasonal uptick post the rabi sowing period.
- GDP growth projected at 6.5% for FY2027:** ICRA currently pegs the GDP growth at 7.0% in Q4 FY2026, lower than the NSO's implicit growth projection of 7.3% for the quarter and 7.8% seen in Q3 FY2026. India Inc's profitability is likely to have seen some pressure on account of elevated energy prices and higher input costs in the quarter, although a large part of the adverse impact of the same is likely to play out in Q1 FY2027. Overall, we project GDP growth at 7.5% for the fiscal, slightly lower than the NSO's Second Advance Estimate (SAE) of 7.6% for FY2026. Thereafter, assuming an average crude oil price of \$85/barrel in FY2027, ICRA estimates the GDP growth to slow down to 6.5% amid downside risks emerging from an escalation of the West Asia conflict and potential development of El Nino conditions.
- Early YoY data for April 2026 shows mixed trends:** During April 1-21, 2026, the average daily vehicle registrations remained robust, rising by ~12% YoY to 79.8k/units, albeit lower than the 26% expansion seen in March 2026. On the other hand, the pace of YoY expansion in all-India electricity demand increased to 3.4% (or average electricity demand at 5.0 BU/day) during April 1-20, 2026 from 0.7% in March 2026 (4.8 BU/day), supported by a favourable base as well as rise in temperature levels and heatwave conditions across most parts of India.
- Financial conditions somewhat improved in early-April 2026 vis-à-vis March 2026:** As many as 9 of the 12 indicators pertaining to financial conditions saw an improvement in the first half of April 2026 vis-à-vis March 2026, partly owing to some intermittent cooling in tensions in West Asia. Besides, the domestic systemic liquidity surplus has risen significantly to 1.7% of net demand and time liabilities (NDTL) during April 1-21, 2026, from 0.7% in March 2026, amid the onset of lean season for credit and seasonal moderation in currency demand.

# Scenario analysis: Oil prices and ICRA's macro forecasts

Assuming an average crude oil price of \$85/bbl, ICRA has revised its real GDP growth forecast to ~6.5% in FY2027 from the earlier projection of ~7.1% (+7.5% estimated for FY2026).

However, the nominal GDP growth forecast has been raised to 10.5% from 10.1% for FY2027 because of higher inflation despite lower real GDP growth.

Average crude price seen by India in FY2026 – \$71.7/bbl

Rise in estimated price by ~18.5% in FY2027 resulted in a paring of GDP growth forecast

	FY2026	Forecasts for FY2027		
	\$71.7/bbl	\$85/bbl (baseline)	\$105/bbl	\$125/bbl
Crude oil (\$/bbl; Indian basket)	\$71.7/bbl	\$85/bbl (baseline)	\$105/bbl	\$125/bbl
GDP Growth	7.5%	6.5%	5.8%	5.0%
Inflation – CPI	2.1%	4.5%	4.8%	5.1%
Inflation – WPI	0.7%	3.5%	4.2%	5.0%
CAD/GDP	0.9%	1.7%	2.4%	3.1%
Fiscal Deficit/GDP	4.5%	4.6%	4.8%	5.0%

CPI/WPI: Consumer/Wholesale Price Index; CAD: Current Account Deficit; Source: ICRA Research

# ICRA Business Activity Monitor includes high frequency indicators related to industrial and service sectors

## ICRA Business Activity Monitor



SCB: Scheduled Commercial Banks; PV: Passenger Vehicles; 2W: Two-wheelers; Source: ICRA Research

# YoY growth in ICRA Business Activity Monitor moderated to 7.6% in March 2026, amid deterioration in trade and transport-related indicators

EXHIBIT: Level of ICRA Business Activity Monitor (FY2019=100)

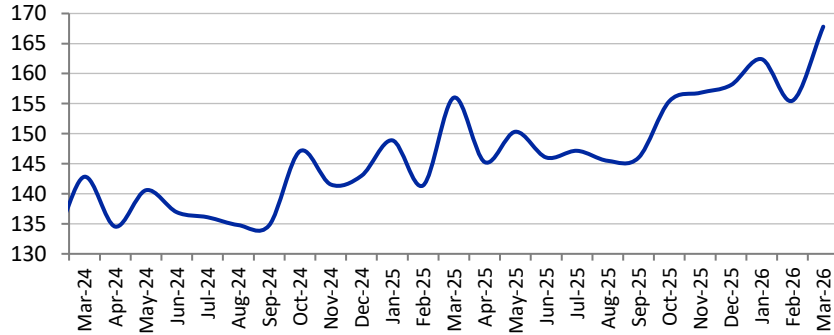
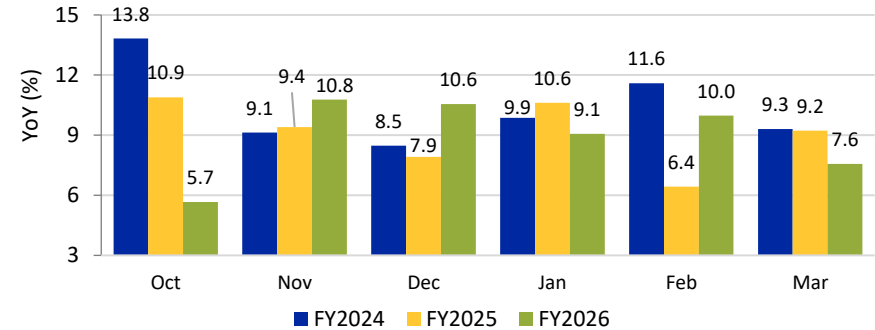


EXHIBIT: YoY growth of ICRA Business Activity Monitor



For details on the construction of the ICRA Business Activity Monitor, please refer to the [Annexure A.1](#); Source: ICRA Research

- The YoY growth in the ICRA Business Activity Monitor moderated to a 5-month low of 7.6% in March 2026 (+9.2% in March 2025) from 10.0% in February 2026 (+6.4% in February 2025), with as many as 10 of the 16 constituent indicators witnessing a deterioration between these months.
- The auto-related indicators, including PV output (to +9.0% from +9.8%), 2W output (to +21.9% from +24.9%), and vehicle registrations (+25.7% from +26.7%), recorded a slight moderation in their YoY growth in March 2026 vis-à-vis February 2026, while remaining healthy, benefitting from improved affordability post GST rate rationalisation as well as inventory normalisation aiding output.
- Amid the West Asia conflict-led disruption in shipping lines, most trade and transport-related indicators expectedly reported a weakness in their YoY performance between these months, including non-oil exports (-9.2% vs. +6.4%), port cargo traffic (+0.7% vs. +3.8%), and GST e-way bill generation (+12.9% vs. +18.8%). While domestic airline passenger traffic reported a slight YoY uptick (to +0.9% from +0.2%), it remained muted, partly owing to an increase in airfares given the surge in ATF prices.
- The YoY growth performance of mobility-related indicators like petrol (+7.6% vs. +6.1%), and diesel (+8.0% vs. +4.3%) consumption, financial indicators (bank deposits and non-food bank credit), and steel consumption (+10.0% vs. +8.8%) improved between these months.

# YoY performance of most high frequency indicators (10/16) deteriorated in March 2026 compared to February 2026

EXHIBIT: Heatmap of high frequency indicators

YoY (%)	Auto Output			Vehicle Registration	Mining output	Power Generation	Non-oil Exports	Ports Cargo Traffic	GST e-way bills	Finished Steel Consumption	Cement Output	Domestic Airline Passengers	Petrol	Diesel	Bank Deposits#	Non-Food Bank Credit#
	PV output	Scooter output	Motorcycle output													
Dec-25	23.1	47.3	36.6	15.6	0.5	6.3	3.1	12.8	23.5	4.5	13.7	-4.1	7.1	5.2	11.0^	12.6^
Jan-26	5.6	25.5	12.2	18.4	0.2	5.2	-0.2	7.6	15.8	8.2	11.3	4.4	6.1	3.3	11.6^	13.5^
Feb-26	9.8	30.4	22.1	26.7	-0.2	2.3	6.4	3.8	18.8	8.8	8.9	0.2	6.1	4.3	12.1^	14.3^
Mar-26	9.0	29.6	18.3	25.7	-3.1	-0.5	-9.2	0.7	12.9	10.0	4.0	0.9\$	7.6	8.0	13.5^	15.3^

YoY growth; sequential pick-up

YoY growth; sequential dip

YoY growth; no sequential change

YoY contraction; sequential pickup

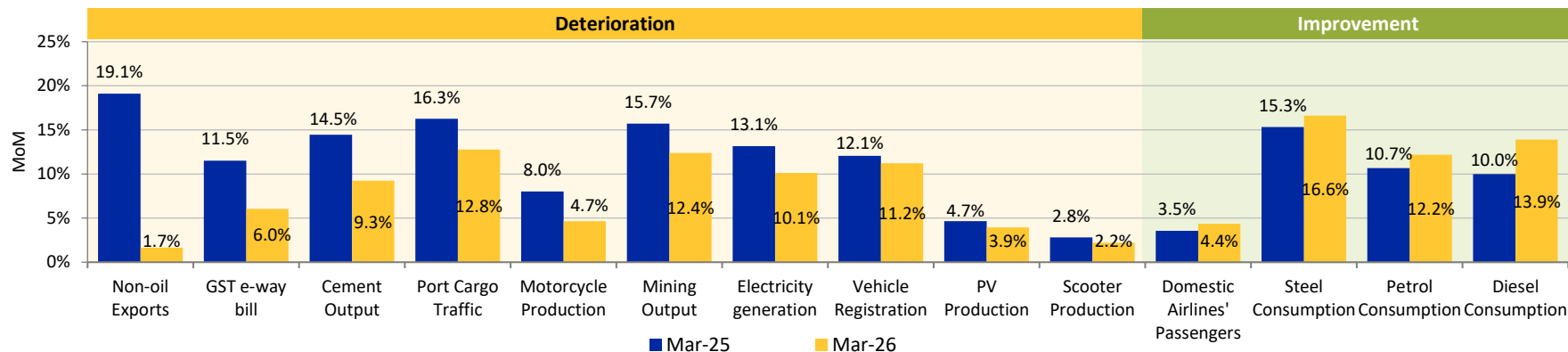
YoY contraction; sequential dip

**Indicators pertaining to trade and transport (non-oil exports, ports cargo traffic, and GST e-way bill generation) accounted for 197 bps of the 240 bps dip in YoY growth in the ICRA Business Activity Monitor in March 2026 relative to February 2026.**

*As per ICRA's estimate for the month; ^Given the change in reporting dates to 15th and end of every month from earlier practice of alternate Fridays, we have taken the average outstanding non-food bank credit and deposits for the 15th and 31st of the month; #including the impact of merger of HDFC and HDFC bank; SCBs; Scheduled Commercial Banks; petrol and diesel refer to growth in consumption volumes; bank deposits and bank credit refer to growth in O/S volumes; Data on finished steel consumption (non alloy and alloy/stainless) is taken from JPC; Mining output includes coal, crude oil and natural gas indices from the core sector data; Source: Joint Plant Committee; Indian Ports Association; Ministry of Finance; Ministry of Commerce and Industry, GoI; Goods and Services Tax Network; Ministry of Petroleum & Natural Gas; Directorate General of Civil Aviation; PPAC; Reserve Bank of India; Vahan Portal; Ministry of Road Transport and Highways; CMIE; CEIC; ICRA Research*

# Index reported lower sequential uptick in March 2026 vis-à-vis March 2025

EXHIBIT: MoM performance of non-financial economic indicators in March 2025 and March 2026



Source: CEA; MoRTH; Ministry of Commerce and Industry, GoI; Indian Ports Association; GSTN; DGCA; PPAC; JPC; RBI; CEIC; CMIE; ICRA Research

- While the ICRA Business Activity Monitor reported a MoM expansion of 7.9% in March 2026, reflecting the typical seasonal uptick that is seen in March, this was lower than the 10.3% expansion which was seen in the corresponding year-ago month, partly because some constituent indicators saw a sizeable adverse impact on account of disruptions owing to the West Asia crisis.
- As many as 10 of the 14 non-financial indicators witnessed a lower MoM performance in March 2026 vis-à-vis March 2025, with the largest dip seen across trade and transport-related indicators such as non-oil merchandise exports, generation of GST e-way bills, and cargo traffic at major ports, as well as cement output. This was followed by lower MoM expansion in auto-related indicators (PV and 2W production, and vehicle registrations) in March 2026 vis-à-vis March 2025.

# Core sector output dipped by 0.4% YoY in March 2026, with contraction in 4/8 segments; IIP growth to moderate to ~1.0-2.0% in the month

EXHIBIT: YoY trends in output of core sector

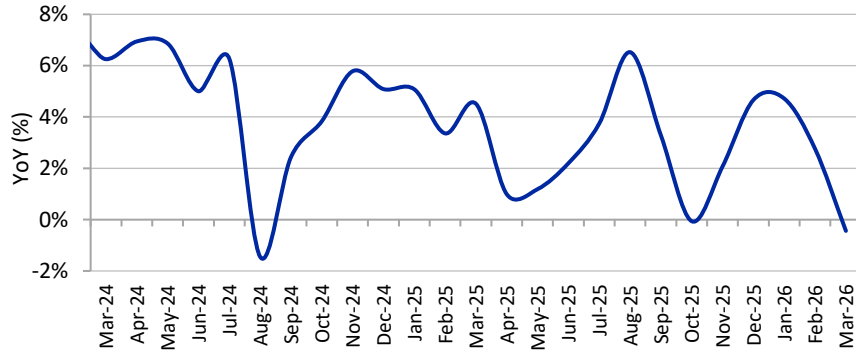
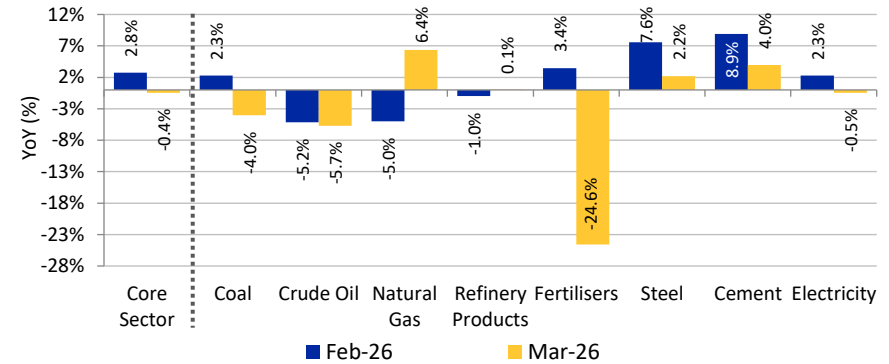


EXHIBIT: YoY performance of core sector and its sub-components

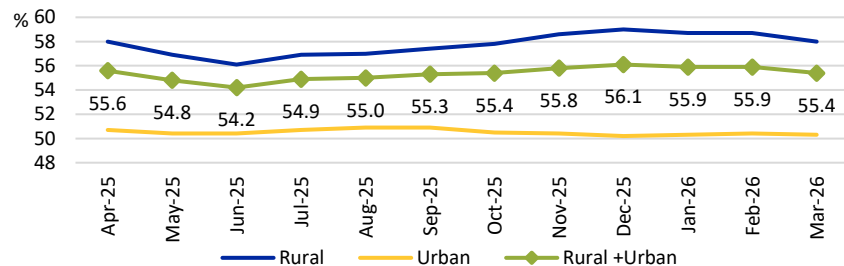


Source: Index of Eight Core Industries, Office of Economic Adviser, Ministry of Commerce and Industry; CEIC; ICRA Research

- Core sector output contracted by 0.4% YoY in March 2026 after rising by 2.8% in February 2026, reflecting the deterioration in six of the eight constituent sectors.
- While an adverse base weighed on electricity generation (-0.5% in Mar 2026 from +2.3% in Feb 2026), a shortage of inputs amidst the West Asia crisis curtailed fertiliser output, which plunged by an unprecedented 24.6% YoY in the month. The growth in steel (+2.2% vs. +7.6%) and cement (+4.0% vs. +8.9%) output also weakened in March 2026 relative to February 2026, likely suggesting that construction activity slowed in the month.
- On the other hand, natural gas output expanded by 6.4% in March 2026, the fastest pace in 22 months, as domestic players likely ramped up production, amidst the decline in imports from West Asia, although this was also aided by a favourable base (-6.0%/-12.7% in Feb/Mar 2025).
- Given these trends, and the adverse impact of the surge in energy prices and constrained availability, ICRA expects the IIP growth to slow to ~1.0-2.0% in March 2026 from 5.2% in February 2026.**

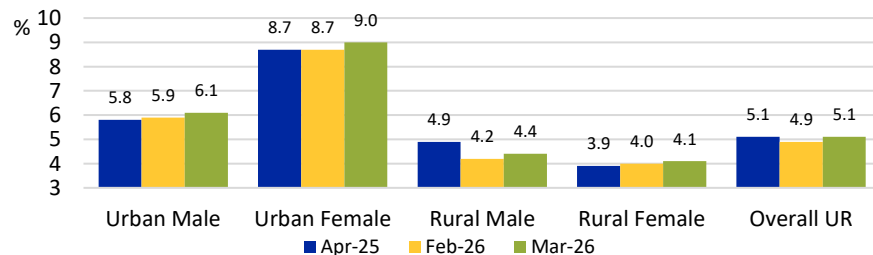
# Unemployment rate edged up to 5.1% in March 2026 from average of 4.9% in November-February 2026

**EXHIBIT: The all-India Labour Force Participation Rate (LFPR) moderated to 55.4% in March 2026 from 55.9% in January-February 2026, falling back to October 2025 levels, primarily led by easing in rural areas**



LFPR is defined as the percentage of persons in labour force (i.e. working or seeking or available for work) in the population.

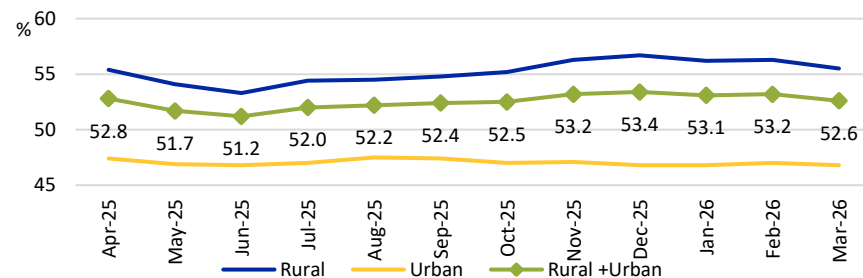
**EXHIBIT: The all-India Unemployment Rate (UR) edged up to a 5-month high of 5.1% in March 2026 from the average of 4.9% seen during November-February FY2026**



UR is defined as the percentage of persons unemployed among the persons in the labour force.

Based on CWS for persons of age 15 years and above; Source: PLFS-Monthly Bulletin, MOSPI; ICRA Research

**EXHIBIT: The all-India Worker-Population Ratio (WPR) eased to a 5-month low of 52.6% in March 2026 from 53.2% in February 2026, led by rural areas (-80 bps) amid seasonal dip post rabi sowing activity**

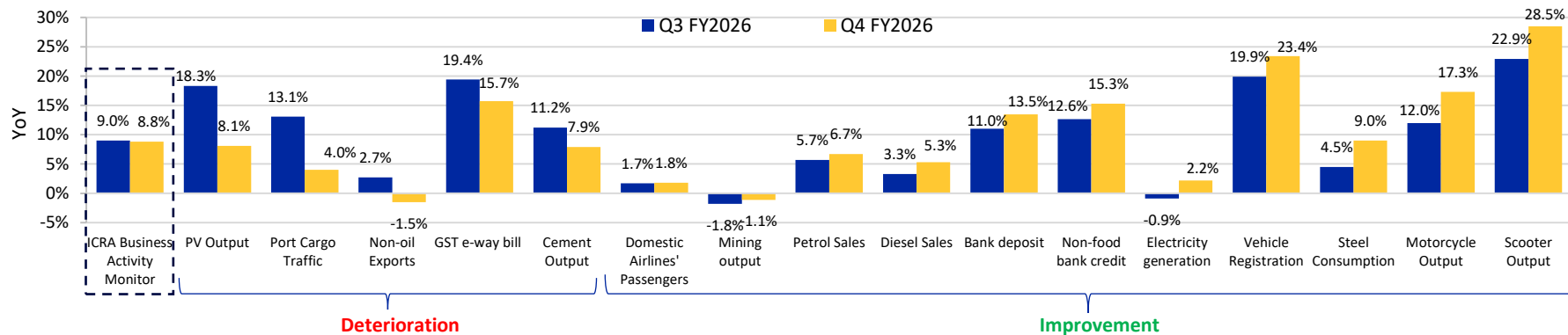


WPR is defined as the percentage of employed persons in the population.

- In rural areas, both LFPR (-70 bps to 58% in March 2026), as well as WPR (-80 bps to 55.5%) dipped in March 2026 vis-à-vis February 2026, because of which the rural UR inched up marginally to 4.3% from 4.2%, respectively, between these months. This was the highest level of UR in rural areas since November 2025, likely reflecting seasonal trends following rabi sowing.
- In urban areas, the LFPR (-10 bps to 50.3%) as well as WPR (-20 bps to 46.8%) dipped in March 2026 vis-à-vis February 2026. Urban UR inched up by 20 bps to 6.8% in the month, relative to February 2026.
- The higher uptick in the urban UR vis-à-vis rural UR, was on account of higher withdrawals from the labour force in the case of the latter. The UR for females in urban areas rose to 9.0% in March 2026 from 8.7% in February 2026, while averaging at an elevated 9.1% in FY2026.

# Most high frequency indicators improved in Q4 vis-à-vis Q3 FY2026

EXHIBIT: YoY performance of high frequency non-agri indicators in Q3 FY2026 and Q4 FY2026

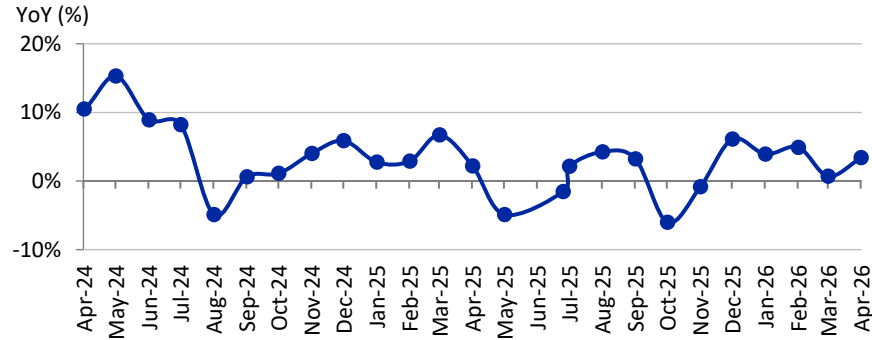


Source: CIL; Ministry of Commerce, GoI; Indian Railways; Indian Ports Association; JPC; RBI; PPAC; CMIE; PPAC; CEA; GSTN; DGCA; Ministry of Road Transport and Highways; CEIC; ICRA Research

- The YoY growth in the ICRA Business Activity Monitor eased to 8.8% in Q4 FY2026 (vs. +8.8% in Q4 FY2025) from 9.0% in Q3 FY2026 (vs. +9.4% in Q3 FY2025) despite a favourable base. Notably, a majority of non-agri indicators (11 of the 16) witnessed an improvement in their YoY performance between these quarters.
- The YoY growth in 2W output and vehicle registrations accelerated in Q4 FY2026 vis-à-vis Q3, while printing in double digits. Additionally, growth in mobility-related indicators (petrol and diesel consumption, domestic air passenger traffic), steel consumption, mining output, electricity generation, as well as financial indicators (bank deposits and non-food bank credit) improved during this period, notwithstanding the limitations around like-to-like comparisons for the latter, owing to changes by the RBI in data publishing timelines to the 15th and the end of every month from the earlier practice of alternate Fridays. However, trade and transport-related indicators (ports cargo traffic, non-oil exports, GST e-way bill generation) and PV output saw a moderation in their YoY growth rates in Q4 compared to Q3 FY2026.
- **ICRA pegs the GDP growth at 7.0% in Q4 FY2026, lower than the NSO's implicit growth projection of 7.3% for the quarter and 7.8% seen in Q3 FY2026. India Inc's profitability is likely to have seen some pressure on account of elevated energy prices and higher input costs in the quarter, although a large part of the adverse impact of the same is likely to play out in Q1 FY2027.**

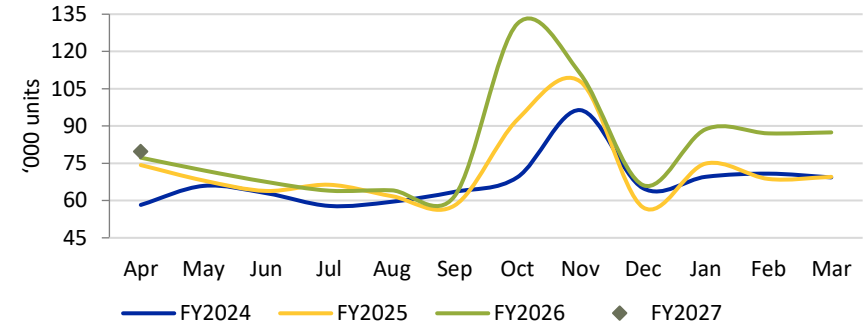
# Early data for April 2026 shows mixed signals, amid acceleration in YoY growth in electricity demand, easing in vehicle registrations

EXHIBIT: YoY trends in electricity demand at all-India level



Data for April 2026 is till April 20; Source: POSOCO; CEIC; ICRA Research

EXHIBIT: Average daily vehicle registrations at all-India level



Data for April 2026 is till April 21; Source: Vahan, MoRTH; ICRA Research

- The pace of YoY expansion in the all-India electricity demand inched up to 3.4% during April 1-20, 2026 from 0.7% in March 2026, partly led by a favourable base (+2.2/+6.7% in April 2025/March 2025) as well as rise in temperature and heatwave conditions across most parts of India (average electricity demand at 5.0 BU/day so far vs. 4.8 BU/day in March 2026). Consequently, the average spot power tariffs in the day-ahead-market (DAM) rose to Rs. 4.8/unit (during April 1-22) from Rs. 4.2/unit in March 2026.
- **ICRA expects the YoY growth in [electricity demand](#) to rebound to ~5% in FY2027 from 1.1% in FY2026, albeit lower than the expected real GDP growth of 6.5% for the fiscal.**
- The average daily vehicle registrations remained robust in April 2026 so far (April 1-21), rising by ~12% YoY to 79.8k/units, albeit lower than the 26% growth seen in March 2026. On a MoM basis, these were higher by ~5% relative to the levels seen during corresponding period of March 2026. Overall, the YoY growth in vehicle registrations has been quite robust since October 2025, largely reflecting the favourable impact of the GST rate cuts on demand.
- **Going forward, ICRA expects domestic wholesale [PV](#) dispatches to grow by 4-6% in FY2027, aided by new model launches and the continued impact of GST rate cuts, notwithstanding an elevated base. As regards [2Ws](#), ICRA projects a 3-5% wholesale volume growth for the industry in FY2027, constrained by a high base, even as demand will remain supported by GST rationalisation and improved replacement demand, although an anticipated weak monsoon in 2026 on account of El Nino poses downside risk to rural demand.**

# Financial conditions improved somewhat in early-April 2026 vis-à-vis March 2026

## EXHIBIT: Heatmap of high frequency indicators pertaining to financial conditions

Financial Indicators*	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
WAMMR spread (bps)	-22	-27	-30	-18	-17	-11	-10	-23	-7	-4	-53	-14	-38
Net LAF/NDTL (%)	0.6	0.7	1.2	1.3	1.2	0.6	0.4	0.7	0.3	0.2	1.0	0.7	1.7
Yield curve level (%)	6.31	6.15	6.11	6.12	6.27	6.31	6.23	6.25	6.31	6.39	6.38	6.44	6.60
Yield curve slope (bps)	45	52	93	102	105	111	110	113	129	129	140	141	169
3Y AAA spread (bps)	102	109	101	95	80	91	100	100	103	111	109	118	107
5Y AAA spread (bps)	102	103	99	111	91	92	102	88	92	96	103	103	97
BSE Sensex return (%)	3.7	1.5	2.6	-2.9	-1.7	0.6	4.6	2.1	-0.6	-3.5	-1.2	-11.5	9.1
PE level vs. 2YMA	91.4	96.5	98.5	100.8	96.7	96.5	98.6	99.5	101.0	100.1	99.7	92.0	92.7
India VIX	1,729	1,799	1,821	1,847	1,809	1,834	1,846	1,874	1,876	1,867	1,863	1,744	1,717
India-US yield differential (bps)	218	185	196	201	232	251	249	249	253	253	264	257	272
INR return (%)	1.1	-1.1	-0.2	-2.1	-0.7	-0.8	0.1	-0.7	-0.6	-2.0	0.7	-3.5	1.9
1M forward premia (%/annum)	2.81	2.33	1.52	1.61	1.72	1.90	1.95	1.91	3.93	2.81	1.83	4.71	4.05

Easier financial conditions

Neutral

Tighter financial conditions

As many as nine of the 12 indicators pertaining to financial market conditions saw an improvement in the first half of April 2026 vis-à-vis March 2026, partly owing to some cooling in tensions in West Asia and easier systemic liquidity conditions.

Data for April 2026 is up to April 17, 2026; WAMMR: Weighted average money market rate; LAF: Liquidity adjustment facility, NDTL: Net Time and Demand Liabilities, VIX: Volatility Index; 2YMA: 2 Year Moving Average; PE: Price to earnings ratio; \*Refer to [Annexure C](#) for the detailed explanation on indicators; Source: CMIE, RBI, BSE, CEIC, ICRA Research

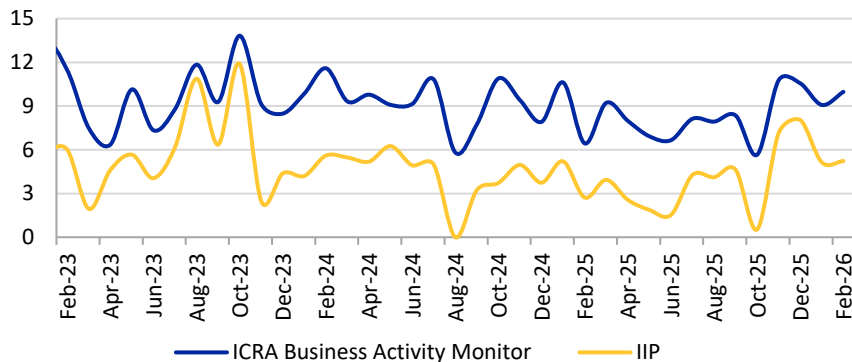
The ICRA Business Activity Monitor - an Index of high frequency economic indicators, is a composite tool that gauges economic activity each month. While several high frequency indicators are released every month, each of these provides insights on the performance of a select segment of the economy. It is possible to appraise trends in each of these indicators and provide a qualitative assessment of the overall state of the economy. However, such an evaluation is fraught with challenges, especially when indicators display contradictory trends or point to multi-speed expansions/contractions. The Business Activity Monitor aims to overcome this contention by providing a summary measure of the state of the economy by integrating multiple high frequency indicators into a single index.

The ICRA Business Activity Monitor is constructed using 18 monthly high frequency indicators – auto production (comprising passenger vehicle, motorcycle and scooter production), mining output (weighted average of the coal, crude and natural gas indices based on the core output data), electricity generation, non-oil merchandise exports, ports cargo traffic, non-food bank credit of scheduled commercial banks, bank deposits, vehicle registrations, generation of GST e-way bills, domestic airlines' passenger traffic, petrol consumption, diesel consumption, cement output and finished steel consumption. Each of these indicators are indexed in a way that the average index value for the base year FY2019 amounts to 100. The index is computed by taking the mean of the index values of these indicators.

The ICRA Business Activity Monitor gives us the net direction of the 18 high frequency indicators and can be used to assess economic conditions across time periods. For instance, an acceleration in the YoY growth of the Index to 10.0% in February 2026 from 9.1% in January 2026, signifies an improvement in economic activity momentum between these months.

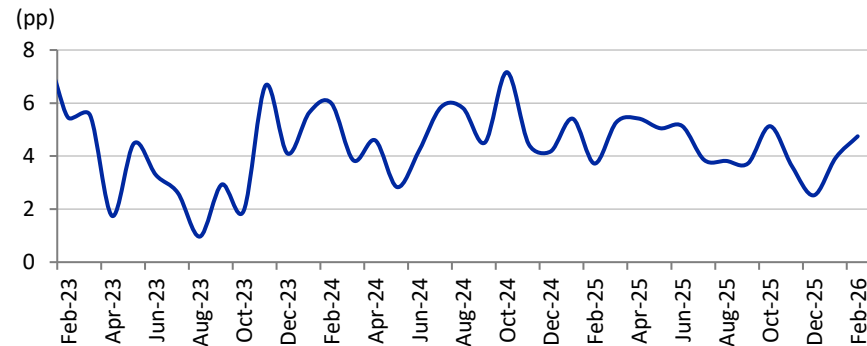
While summary measures of economic activity such as the GDP and the Index of Industrial Production (IIP) are released by the Government, these are available with relatively longer lags. The GDP data is available for a quarterly or higher frequency and is released with a lag of two months post the end of the quarter. Although IIP data is available on a monthly basis, it is released with a lag of around four weeks post the end of the month (Eg. IIP for January 2026 was released on March 2, 2026). Moreover, the IIP by design excludes the services sector. Since the ICRA Business Activity Monitor is based on a variety of high frequency indicators, it is usually released with a lag of around three weeks (E.g. Business Activity Monitor for February 2026 was available by March 24, 2026), thereby enabling a faster assessment of economic activity in the immediately preceding month.

**EXHIBIT: Correlation between YoY trends in ICRA Business Activity Monitor and IIP**



Source: ICRA Research

**EXHIBIT: Deviation in YoY growth between ICRA Business Activity Monitor and IIP**

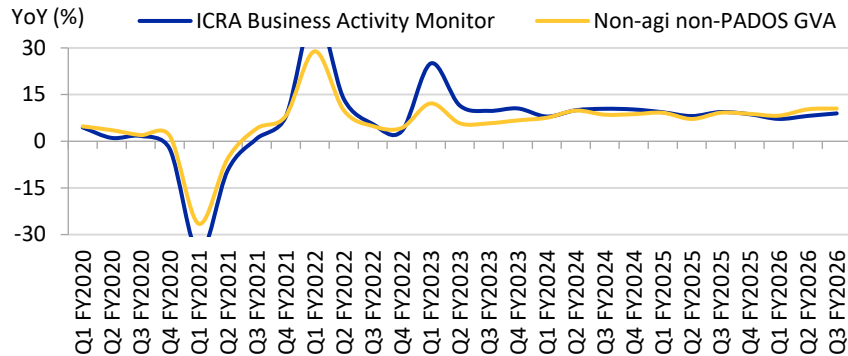


Source: ICRA Research

- The IIP is a measure of industrial activity and does not cover the agriculture and services sectors. The ICRA Business Activity Monitor is a broader measure than the IIP as it also covers some high frequency indicators related to the services sector (measures of mobility such as airlines passenger traffic and petrol consumption and financial services such as non-bank food credit and bank deposits).
- We have observed some degree of co-relation between the two (in both absolute and YoY growth terms). The deviation between the growth of the ICRA Business Activity Monitor and the IIP stood at +/-2% and +/-5% in 11 and 47, respectively, of the 83 months between April 2019 and February 2026.
- Further, the ICRA Business Activity Monitor correctly predicted the YoY growth accelerations and decelerations in the IIP on 62 of the 83 occasions during this period. The deviations in the YoY growth between the ICRA Business Activity Monitor and the IIP were positive/negative in 72/11 of the 83 months.

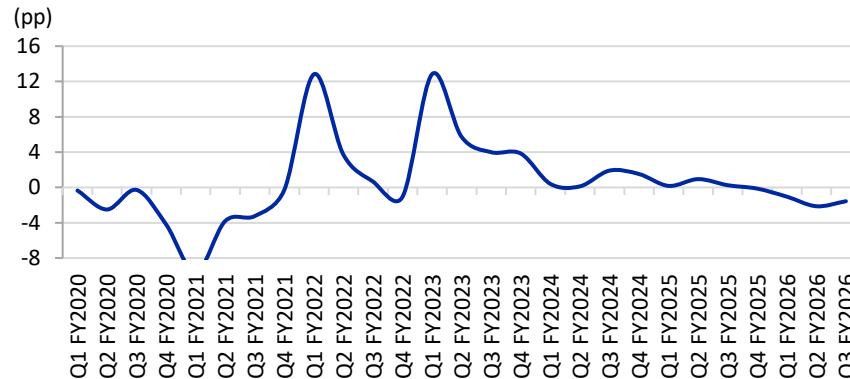
# Annexure A.3: ICRA Business Activity Monitor

**EXHIBIT: Correlation between YoY trends in ICRA Business Activity Monitor and non-agri non-PADOS GVA**



Note: YoY growth for non-agri non-PADOS GVA from Q1 FY2024 onwards is as per the new GDP series (2022-23) Source: ICRA Research

**EXHIBIT: Deviation in YoY growth between ICRA Business Activity Monitor and non-agri non-PADOS GVA**

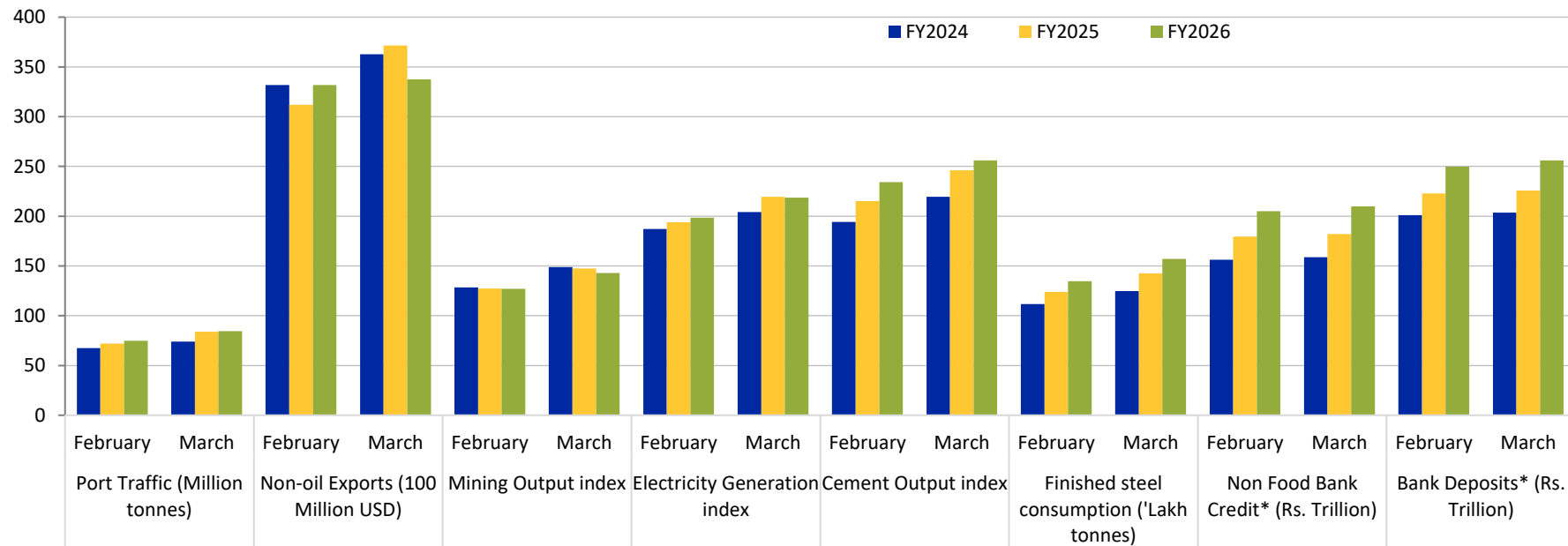


Source: ICRA Research

- On the other hand, notwithstanding some coverage of the services sector, the ICRA Business Activity Monitor is a relatively narrower measure of economic activity compared to the GDP or the Gross Value Added (GVA), which is much more comprehensive in its scope. While the ICRA Business Activity Monitor provides a good gauge of the direction of growth in non-agri non-public administration, defence and other services (PADOS) GVA, the deviation in the growth rates exceeded +/-1% in 16 of the 27 quarters between Q1 FY2020 and Q3 FY2026.
- Interestingly, in the period when growth was slowing down (up to Q1 FY2021), there was a negative deviation between the ICRA Business Activity Monitor and the non-PADOS GVA growth, indicating that the former predicted the downturn but magnified its extent. The opposite is true for the period from Q4 FY2021 onwards.
- Since the GVA is a measure of value addition, this could lead to a difference in the magnitude and/or direction of changes between the growth in the GVA and the ICRA Business Activity Monitor, as the former would be affected by changes in margins of businesses following rising/falling commodity prices or cost cutting measures.

# Annexure B.1: Volume of 13 of the 16 indicators rose in March 2026 vs. March 2025, barring mining output, non-oil exports and electricity generation

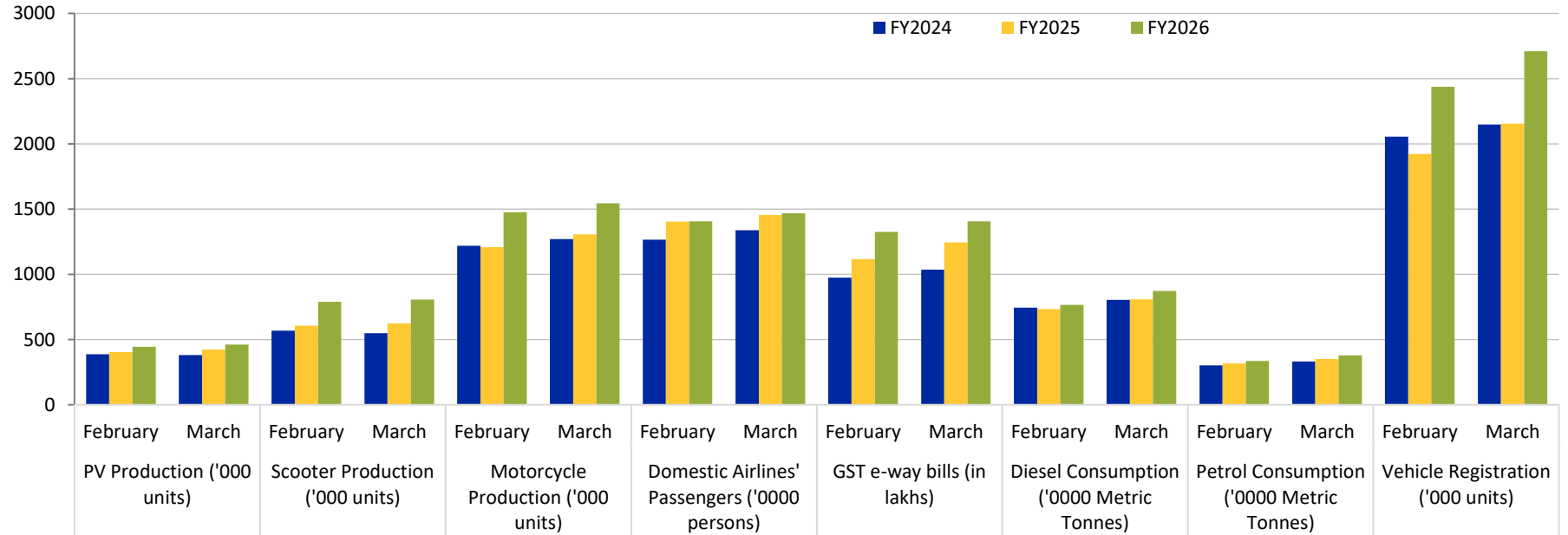
EXHIBIT: Trends in Volumes for Last Three Years in February and March (Part - I)



\*Given the change in reporting dates to 15th and end of every month from earlier practice of alternate Fridays, we have taken the average outstanding non-food bank credit and deposits for the 15th and 31st of February 2026 and March 2026; Source: Ministry of Commerce and Industry, Gol; Indian Ports Association; JPC; RBI; CEIC; CMIE; ICRA Research

# Annexure B.2: Volume of 13 of the 16 indicators rose in March 2026 vs. March 2025, barring mining output, non-oil exports and electricity generation

EXHIBIT: Trends in Volumes for Last Three Years in February and March (Part - II)



Source: PPAC; GSTN; DGCA; Ministry of Road Transport and Highways; CEIC; CMIE; ICRA Research

To gauge financial conditions in the Indian economy, ICRA has assessed the performance of 12 high frequency indicators across the money, G-sec, Corporate Bond, forex and equity markets. These include:

- **Weighted Average Money Market Rate (WAMMR) spread:** The WAMMR captures the cost of overnight funds for banks and non-banks. A higher (lower) spread between the WAMMR and the repo rate is typically associated with tighter (easier) financial conditions in the money market.
- **Net LAF/NDTL:** Liquidity conditions are determined by net balances under the liquidity adjustment facility (LAF) as a proportion of net demand and time liabilities (NDTL). A negative (positive) value depicts liquidity deficit (surplus) in the banking system, implying tighter (easier) financial conditions.
- **Yield curve level:** This is computed by averaging the yields of 91-day T-bill, and 3, 5, 10 and 30-year dated securities. A higher level of the yield curve is led by an increase in interest rates which implies an increase in financing costs, thus reflecting a tightening in financial conditions.
- **Yield curve slope:** It is the term spread, captured as the difference between the 10Y G-sec yield and 91-day T-bill yield. A higher slope largely reflects low short-term rates, hence, easier financial conditions.
- **3Y/5Y AAA bond spread:** It is the credit spread, computed as the difference between the AAA Corporate Bond yield and G-sec yield of same maturity. An increase (decrease) in the spread reflects tighter (easier) financial conditions.
- **BSE Sensex Return:** Higher returns attract greater FII inflows, which affect valuations and have a positive impact on market sentiment, implying easier financial conditions. The data at the last working day of the month vis-à-vis the previous month-end data is used to compute the monthly returns.
- **PE level vs. 2YMA:** It is the PE ratio relative to the 2-year moving average. A decline (rise) in this ratio is associated with tighter (easier) financial conditions.
- **India VIX:** The India Volatility Index measures the market's anticipation of volatility/fluctuations in near term. A higher (lower) value depicts more volatility and tighter (easier) financial conditions.
- **INR Return:** This is the MoM change in USD/INR rate [appreciation (+)/depreciation (-)]. A depreciation leads to an increase in debt servicing cost, thus leading to tighter financial conditions.
- **India-US yield differential:** An increase in yield differential reflects relatively higher domestic interest rate, and is associated with tighter financial conditions.
- **1M Forward Premia:** A forward premium in currency exchange occurs when the price of a currency for future delivery (forward rate) is higher than its current price (spot rate). Increase in 1M forward premia is usually linked to tighter financial conditions.



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