

FIPI

Federation of Indian Petroleum Industry



POLICY & ECONOMIC REPORT

OIL & GAS MARKET

May 2026

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Executive Summary

The global economy in May 2026 continued to face mounting headwinds from elevated energy prices, persistent inflationary pressures, supply chain disruptions, and increasing geopolitical uncertainty. While fears of a prolonged disruption in the Strait of Hormuz eased during the month, the broader impact of the Middle East conflict continued to weigh on economic sentiment, trade flows, and inflation expectations. Major international institutions including the United Nations (UN), Asian Development Bank (ADB), UNCTAD, and S&P Global revised their growth outlooks downward, reflecting concerns over slowing demand, higher financing costs, and continued volatility in commodity markets.

Global growth forecasts for 2026 have been revised lower across most major economies. S&P Global now projects world GDP growth at 2.2 per cent, while the United Nations expects growth of 2.5 per cent and UNCTAD projects around 2.6 per cent. Inflationary pressures have re-emerged as a key concern, driven primarily by elevated crude oil prices, higher shipping costs, and supply chain bottlenecks. Several advanced economies continue to experience weak business activity, with the Eurozone recording its first contraction in output in sixteen months. In contrast, emerging economies such as India and China have remained comparatively resilient, supported by stronger domestic demand and industrial activity.

Global manufacturing and trade conditions remained uneven during the month. Manufacturing activity in the United States was supported by inventory rebuilding and technology-led investments, while Europe witnessed slowing industrial production and weakening business confidence. Global trade and logistics networks continued to face challenges from higher freight costs and extended delivery times. International organizations have increasingly highlighted geopolitical fragmentation, maritime trade disruptions, and energy security concerns as key risks to global growth and trade.

Against this backdrop, India continued to demonstrate resilience and remained among the fastest-growing major economies globally. Economic activity was supported by robust domestic demand, strong services sector performance, healthy manufacturing growth, and improving export momentum. The HSBC India Composite PMI rose to 61.2 in May 2026, indicating strong expansion in private sector activity and reinforcing India's position as the strongest-performing major economy in the PMI survey. The Asian Development Bank has projected India's GDP growth at 6.9 per cent in FY2026–27 and 7.3 per cent in FY2027–28, supported by domestic consumption, infrastructure investment, and continued economic reforms.

Inflation in India remained relatively contained despite rising global commodity prices. Retail inflation stood at 3.48 per cent in April 2026, remaining below the Reserve Bank of India's medium-term target. However, wholesale inflation accelerated sharply due to rising prices of mineral oils, crude petroleum, natural gas, and other industrial inputs, reflecting the impact of elevated global energy prices. The divergence between wholesale and consumer inflation suggests emerging cost pressures that could gradually transmit through the economy if global energy markets remain volatile.

High-frequency indicators presented a largely positive picture of domestic economic activity. The Index of Eight Core Industries registered growth of 0.5 per cent in April 2026, supported by strong performance in steel, cement, and electricity. Manufacturing activity remained robust, while GST collections, digital transactions, and infrastructure-related indicators continued to signal healthy domestic demand. At the same time, domestic crude oil and natural gas production remained under pressure, highlighting India's continued dependence on imported energy supplies.

India's external sector recorded a strong start to FY 2026–27. Total exports (merchandise and services combined) increased by 13.59 per cent year-on-year to US\$80.80 billion in April 2026. Merchandise exports rose by 13.78 per cent to US\$43.56 billion, supported by strong growth in petroleum products, electronic goods, engineering goods, and pharmaceuticals. Petroleum product exports alone increased by 34.66 per cent, reinforcing the sector's importance to India's trade performance. Foreign exchange reserves remained above US\$700 billion, providing a strong buffer against external shocks and financial market volatility.

As far as oil and gas industry is concerned, more than ten weeks after the outbreak of the conflict in the Middle East, escalating supply disruptions through the Strait of Hormuz have led to an unprecedented drawdown of global oil inventories. Benchmark oil prices have posted wild swings in response to conflicting signals on whether the United States and Iran will soon reach a deal to end the conflict, with North Sea Dated plunging from a high of \$144/bbl to below \$100/bbl before rebounding again. More than ten weeks after the war in the Middle East began, mounting supply losses from the Strait of Hormuz are depleting global oil inventories at a record pace. Benchmark oil prices have posted wild swings in response to conflicting signals on whether the United States and Iran will soon reach a deal to end the conflict, with North Sea Dated plunging from a high of \$144/bbl to below \$100/bbl before rebounding again.

On the supply side, Saudi Arabia and the UAE have successfully redirected some exports to terminals loading outside of the Strait. At the same time, stocks from commercial and government strategic storage sites in consuming countries are flowing into markets to offset part of the losses. Observed global inventories, including oil on water, were drawn down by 250 mb over March and April, or 4 mb/d. Producers outside of the Middle East also pushed output higher and lifted exports to record levels in response to the crisis. Indeed, 2026 supply growth expectations from the Americas have been revised up by more than 600 kb/d since the start of the year, to 1.5 mb/d on average. Moreover, Atlantic Basin crude oil exports, now heading primarily to hard-hit East of Suez markets, have increased by 3.5 mb/d since February, with notable gains from the United States, Brazil, Canada, Kazakhstan and Venezuela. Russia's crude oil exports have also risen, as repeated attacks on its refineries have cut domestic use and led to higher shipments, while the United States temporarily waived sanctions on Russian oil on water.

Hedge funds and other money managers maintained a broadly bullish stance toward crude oil markets, although net long positions declined over April, mainly in ICE Brent. Speculators reduced their exposure by selling the equivalent of 42 mb across ICE Brent and NYMEX WTI futures and options, resulting in a 7.8% decline in total net long positions. The adjustment in positioning followed a peak in bullish sentiment observed in mid-March. Mixed geopolitical signals in the Middle East and evolving expectations regarding potential de-escalation prompted profit-taking from previously accumulated long positions. Despite these adjustments, overall speculative positioning across crude markets remained relatively elevated, indicating that market participants continued to anticipate tight market fundamentals amid persistent geopolitical uncertainties.

Crude spot prices were mixed and remained highly volatile over April. Light sweet benchmarks Brent and WTI averaged higher, m-o-m, in April, while medium sour benchmark Dubai averaged lower during the same period. Light sweet benchmarks rose sharply early in the month amid firm demand for available barrels in the spot market and supply disruption in the Middle East, while refiners tend to increase throughputs ahead of the start of the holiday driving season. Strong demand was particularly evident in the Atlantic Basin, where North Sea Dated surged to multi-year highs, supported by strong demand from both European and Asia-Pacific refiners and increasing competition for shorter-haul crudes. However, the Dubai price dropped despite persistent market fundamentals, particularly in the sour market.

Natural Gas spot prices at the US Henry Hub benchmark averaged \$2.77 per million British thermal units (MMBtu) in April 2026. Henry Hub natural gas prices dropped for a third consecutive month in April, falling ~9.0%, m-o-m. Muted domestic demand amid the shoulder season, coupled with high storage levels, outweighed higher LNG exports, dragging down prices. According to data from the US Energy Information Administration (EIA), average weekly storage rose by 9.3%, m-o-m, in the period. Prices were down by ~19%, y-o-y.

Overall, the global economy enters the second half of 2026 facing a combination of slower growth, elevated inflation risks, and increasing geopolitical uncertainty. India, while relatively better positioned than most major economies, remains exposed to developments in global energy markets and external trade conditions. The evolving outlook underscores the importance of maintaining macroeconomic stability, strengthening energy security, and sustaining domestic growth momentum amid an increasingly uncertain global environment.

Impact of economic factors on Oil & Gas sector in India

Impact of Index of Eight Core Industries (ICI)

Based on the provided Index of Eight Core Industries (ICI) data for April 2026, the oil and gas sector comprising Crude Oil, Natural Gas, and Petroleum Refinery Products is facing a broad contraction. These three segments collectively hold a massive 43.9% weight within the core industries and heavily influence the broader Index of Industrial Production.

Industry Component	Weight in ICI	April 2026 Growth (YoY)
Petroleum Refinery Products	28.04%	-0.5%
Crude Oil	8.98%	-3.9%
Natural Gas	6.88%	-4.3%
Total Oil & Gas Sector	43.90%	Overall contraction

Source: Ministry of Commerce, PIB

Upstream Vulnerability (Crude Oil & Natural Gas) - With domestic crude and natural gas production shrinking, India is being forced to rely more heavily on imported energy to meet its basic needs. In a volatile global market, this exposes the economy to international price shocks and widens the trade deficit.

Refinery yield prioritization- Further, faced with a -2.2% decline in total crude oil processed (down to 21.4 MMT i.e. indigenous crude oil at 2.1 MMT and imported crude oil at 19.3 MMT) in April 2026, Indian refiners strategically altered their product slate & maximized high-value transport fuels, i.e. HSD at an increase of 42.7% share of total output and MS secured a 16.4% share; while bitumen production saw a -40.2% month-on-month production drop and LPG production dipped by 3.13% month on month.

The Structural Mismatch: Energy vs. Infrastructure

- While the energy supply sectors (Oil, Gas, Coal) are contracting, infrastructure demand sectors are booming: Cement grew by 9.4%; Steel grew by 6.2%; Electricity grew by 4.1%.
- India's expansion into solar, and wind energy means the electricity grid is becoming less exclusively dependent on fossil fuels for electricity generation.
- Further, power plants maintain massive buffer stocks and draw from their existing reserves to keep the steel mills operating.
- Also, a manufacturing plant or construction site would generally rely on commercial electricity grids and bulk fuel contracts that are secured months in advance and thus will continue to expand by absorbing whatever energy resources are available.

The Long-Term Consequences

- Because of the ongoing crisis in West Asia and shipping choke points like the Strait of Hormuz, India actually imported slightly lower volumes of crude in April 2026 (20.1 MMT) as against 21.0 MMT in April 2025, but paid \$16.3 billion compared to \$10.7 billion in the same month last year; a 50% increase in cost due to crude prices hovering over \$110 per barrel.
- Imported inflation- The cost of transporting cement and manufacturing steel will thus rise which creates "cost-push" inflation, driving up the cost of everyday goods.
- Fiscal impact- To protect consumers from the immediate impact of this energy crunch, the government has already cut domestic excise duties on petrol and diesel by ₹10/litre. This shields the consumer but affects the government of tax revenue needed to fund infrastructure.
- Weakening of Rupee-Massive dollar outflows to pay for energy imports put downward pressure on the Indian Rupee.

Wholesale vs. Retail Inflation Divergence

- While retail CPI inflation stood at a 3.48% in April, Wholesale Price Inflation (WPI) surged to 42 months - high of 8.3% in April on an annual basis, up from 3.88% in March this year.
- Data released by the Ministry of Commerce and Industry showed that the sharp rise in inflation last month was primarily driven by higher prices of mineral oils, basic metals, manufactured products, and non-food articles.
- Among the major categories, the annual inflation rate in the fuel and power segment soared to 24.71% in April, sharply up from 1.05% in March. Driven by external shocks like the West Asia conflict, global energy commodities skyrocketed, having an inflationary impact on crude oil and natural gas prices in India.
- Inflation in primary articles also rose significantly to 9.17% from 6.36%. Manufactured products, which carry the highest weight in the WPI basket, recorded an inflation rate of 4.62% in April, compared with 3.39% in March. Meanwhile, the WPI food index, comprising food articles and food products, edged up to 2.31% from 1.85%.

India's External Trade & the Oil & Gas sector

- The April 2026 trade data released by Ministry of Commerce and Industry highlights a growth of 13.59% in total exports, estimated at US\$80.80 billion during April 2026, as against US\$71.13 billion in April 2025.
- Merchandise exports during April 2026 increased to US\$43.56 billion from US\$38.28 billion in April 2025, recording a growth of 13.78 %.

- The growth in merchandise exports was primarily driven by strong performance in petroleum products, electronic goods, engineering goods, meat, dairy & poultry products, and drugs & pharmaceuticals.
- Petroleum product exports recorded a sharp increase of 34.66 %, rising from US\$7.12 billion in April 2025 to US\$9.59 billion in April 2026, supported by higher global prices and export volumes.
- India's merchandise trade deficit narrowed significantly to \$7.81 billion, down from \$11.16 billion in the previous year. This \$3.35 billion reduction was driven by the energy sector, with refined petroleum exports expanding by \$2.47 billion (from US\$7.12 billion in April 2025 to US\$9.59 billion in April 2026) to account for nearly 74% of the total improvement in the nation's trade balance.

Economy in Focus

1. A snapshot of the global economy

Global Economy Under Pressure from Inflation and Supply Constraints

The global economic outlook weakened further in May 2026 amid persistent inflationary pressures, elevated energy prices, tightening financial conditions, and growing supply chain disruptions. According to S&P Global Market Intelligence, higher-for-longer energy prices are expected to keep inflation elevated while weighing on global growth prospects. Brent crude oil prices are projected to remain above US\$100 per barrel through the remainder of 2026, reflecting continued supply disruptions and elevated geopolitical risks.

Global growth forecasts have consequently been revised downward across most major economies. S&P Global lowered its global real GDP growth forecast for 2026 to 2.2 %, compared with 2.9 % projected earlier in February 2026. Europe is expected to be among the hardest-hit regions, with several major economies including Germany, France, Italy, and the UK projected to witness temporary economic contractions amid weakening demand and higher energy costs.

The report noted that global growth is becoming increasingly uneven and narrowly concentrated, with AI-related investments continuing to support economic activity in select sectors, particularly in the United States. However, weakening consumer spending, affordability pressures, and slower services sector activity remain key downside risks to the global outlook.

Among major economies, the Eurozone experienced the sharpest slowdown in April 2026, with output declining for the first time in 16 months due to weak services activity and supply-side disruptions. In contrast, emerging economies such as India and China continued to show relatively stronger momentum. India remained the strongest-performing major economy in the PMI survey, with improvements in both manufacturing and services activity. China also recorded its second-highest expansion in nearly two years, supported by stronger industrial production and services growth.

Global financial markets have remained relatively resilient despite rising macroeconomic risks. However, S&P Global warned that sovereign bond yields have come under renewed upward pressure as markets adjust to expectations of prolonged inflation and tighter monetary policy conditions.

Global Inflation Trends – May 2026

Global inflationary pressures intensified further in May 2026, driven primarily by elevated energy prices, rising shipping costs, and worsening supply chain disruptions. S&P Global revised its inflation forecasts upward across most major economies for both 2026 and 2027, citing sustained commodity price pressures and broadening producer price inflation.

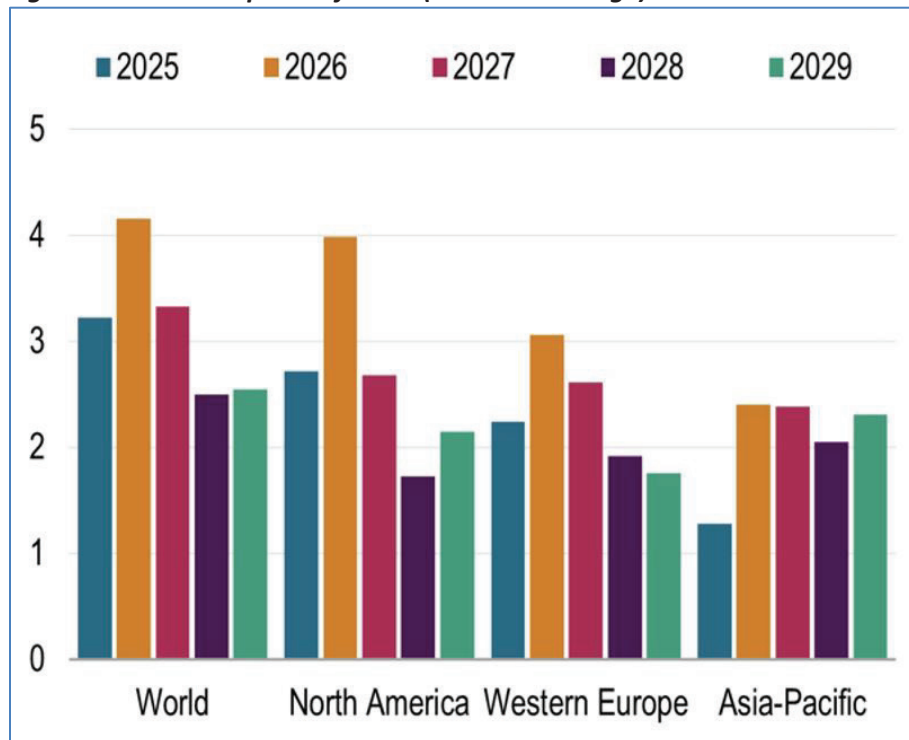
The S&P Global Materials Price Index (MPI) was reported to be nearly 40 % higher in mid-May 2026 compared with a year earlier, with inflationary pressures extending beyond energy into raw materials, shipping, and industrial inputs.

Global manufacturing input costs rose sharply during April 2026, with the Global Manufacturing PMI Input Prices Index recording its steepest increase since June 2022. Supply chain delays and shipping disruptions significantly amplified inflationary pressures across manufacturing and services sectors globally. Businesses across major economies also increased precautionary stock-building amid fears of shortages and further price hikes, temporarily supporting manufacturing activity while adding additional inflationary pressures.

Inflationary conditions were particularly severe in advanced economies. The United Kingdom recorded the sharpest increase in input costs among major economies, while the Eurozone experienced a three-year high in inflation. Japan also witnessed record-high price pressures according to PMI indicators. In the United States, consumer inflation rose to 3.8 % in April 2026 — the highest level since May 2023 — while producer prices and business input costs continued to accelerate.

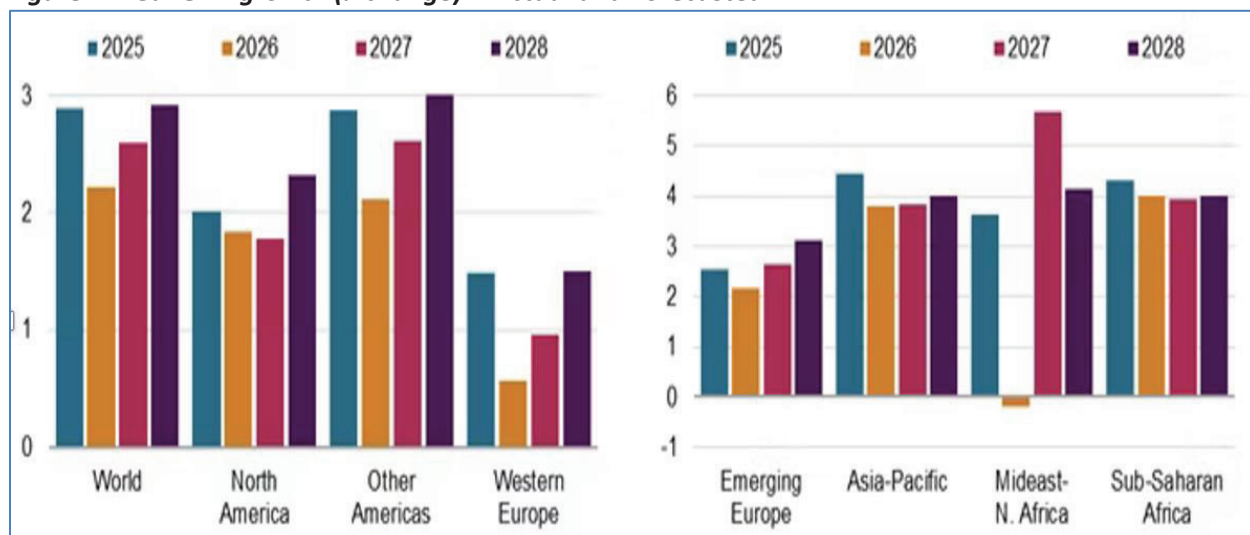
The persistence of inflationary pressures is expected to keep central banks cautious on monetary easing. Several central banks, particularly in Europe, are now expected to maintain tighter monetary policy settings for longer than previously anticipated, while the US Federal Reserve is likely to delay interest rate cuts until mid-2027.

Figure 1: Consumer price inflation (% annual change) -Actual and Forecasted



Source: S&P Global Market Intelligence

Figure 2: Real GDP growth (%change) - -Actual and Forecasted



Source: S&P Global Market Intelligence

Global Manufacturing and Business Activity

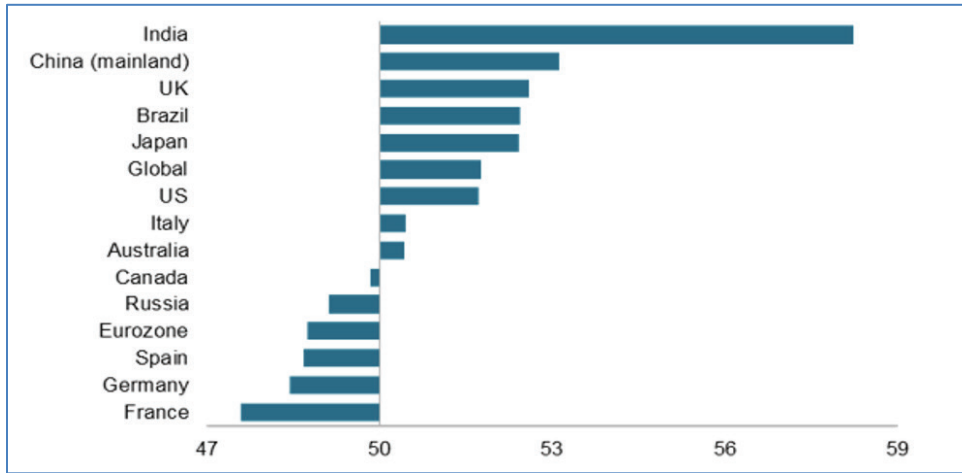
Global manufacturing and business activity displayed diverging trends across major economies in April and May 2026. Manufacturing conditions in the United States remained relatively resilient, supported by inventory rebuilding, AI-related investments, and stronger domestic demand. Businesses increased precautionary inventory accumulation amid concerns over supply shortages and elevated shipping costs.

In contrast, business activity in Europe weakened significantly. The Eurozone recorded its first decline in output in 16 months, with both manufacturing and services sectors affected by rising energy prices, weaker external demand, and supply disruptions. Germany and France experienced particularly weak conditions, reflecting slowing industrial production and deteriorating business confidence.

Among emerging economies, India remained the strongest-performing major economy in the PMI surveys, supported by continued expansion in manufacturing and services activity. China also showed improving momentum, registering its second-highest expansion in nearly two years, aided by stronger industrial production and policy support.

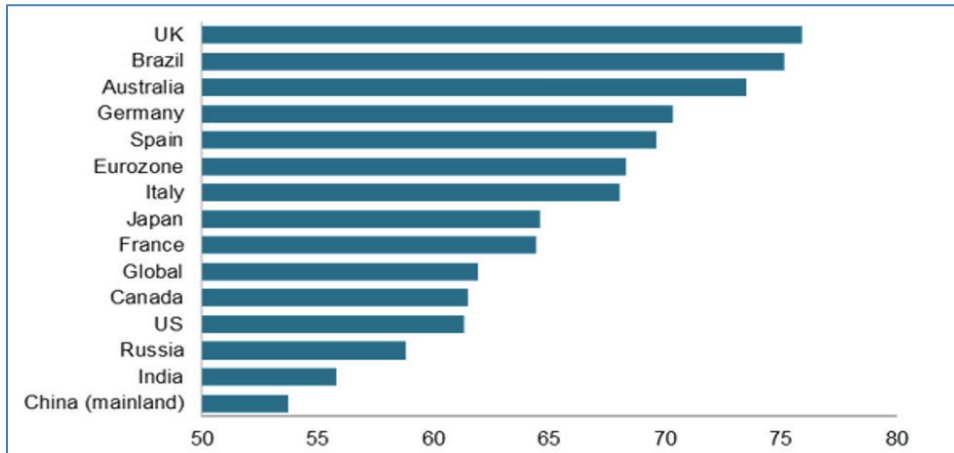
The global services sector also showed signs of moderation amid affordability pressures and slowing consumer demand. While manufacturing activity received temporary support from inventory stockpiling, S&P Global cautioned that underlying demand conditions remain weak across several advanced economies.

Figure 3: Composite PMI output index, April 2026



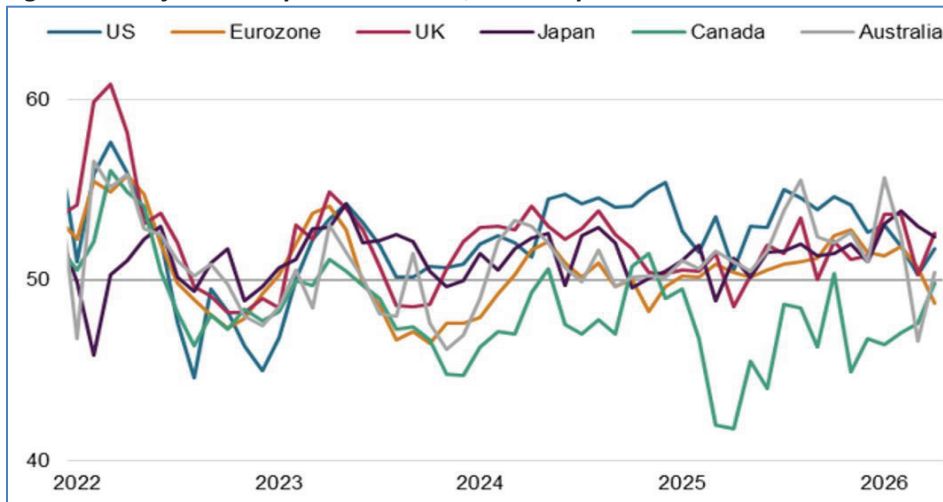
Source: S&P Global Market Intelligence

Figure 4: Composite PMI input index, April 2026



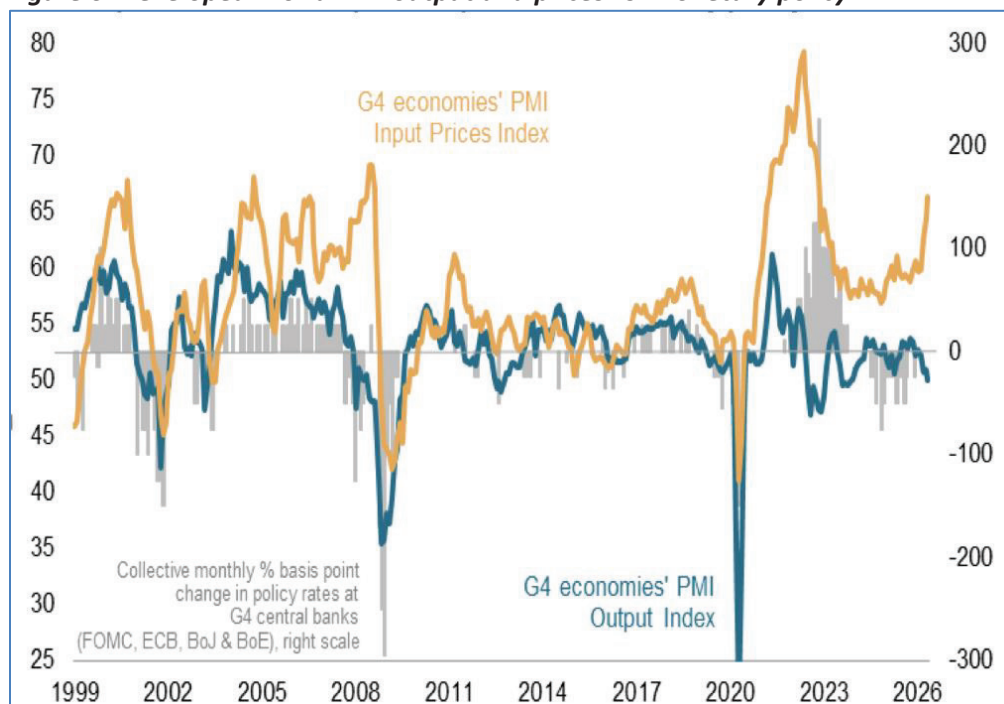
Source: S&P Global Market Intelligence

Figure 5: Major developed economies, PMI output index



Source: S&P Global Market Intelligence

Figure 6: Developed World PMI output and prices vs. monetary policy



Source: S&P Global Market Intelligence

Global Trade and Supply Chain Conditions

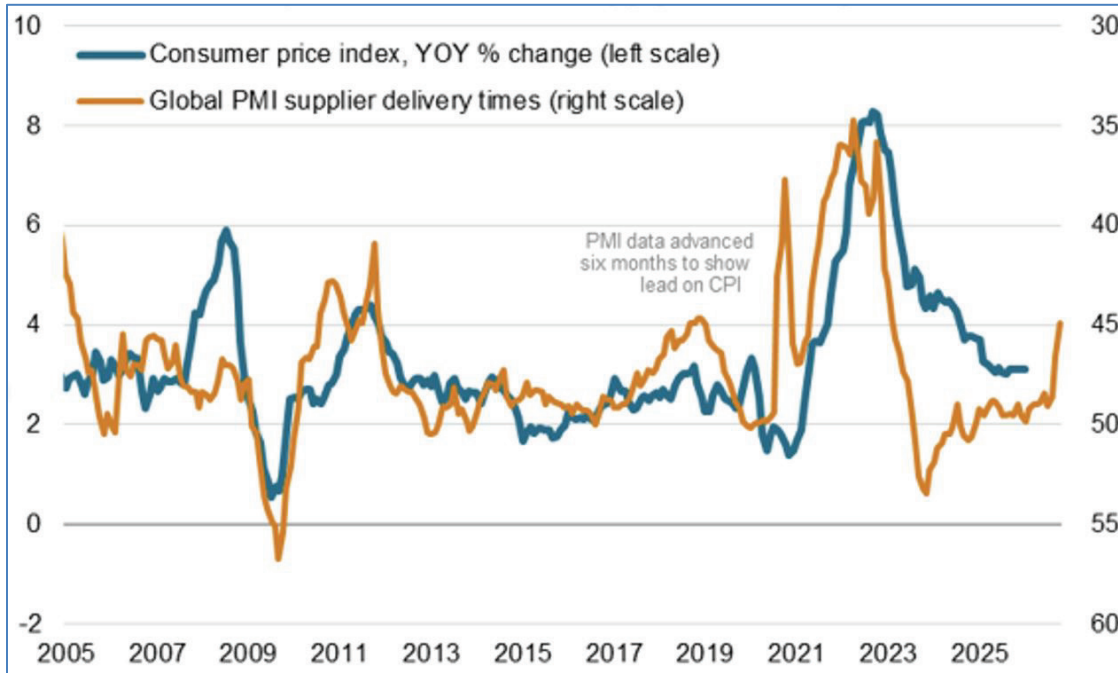
Global trade and supply chain conditions deteriorated further during May 2026 amid disruptions in shipping routes, elevated freight costs, and delays in delivery schedules. S&P Global reported that supplier delivery times lengthened to the greatest extent since August 2022, indicating renewed stress in global supply chains.

Rising transportation and logistics costs contributed significantly to global inflationary pressures. Businesses across several economies increased stock-building activity to mitigate supply disruptions and protect against anticipated shortages of industrial inputs and raw materials.

Commodity-intensive sectors, particularly manufacturing and energy-intensive industries, experienced rising input cost pressures. Elevated shipping costs and longer delivery timelines also impacted trade flows and production schedules across regions.

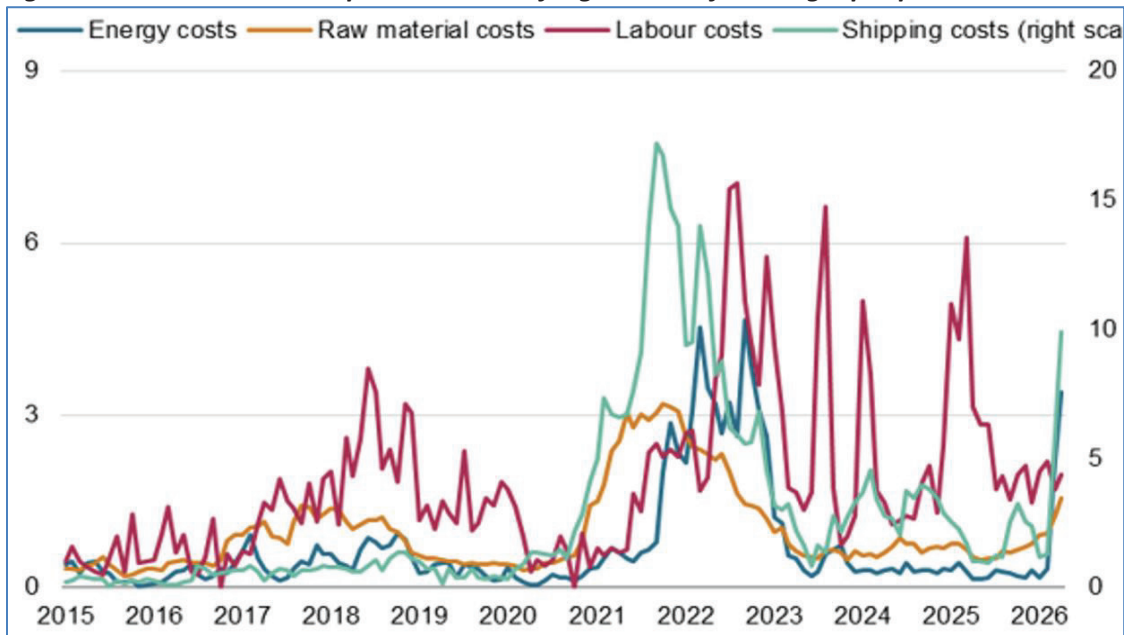
The report highlighted that global trade conditions remain vulnerable to further disruptions, particularly in energy and commodity supply chains, increasing uncertainty for industrial production and investment activity globally.

Figure 7: Global consumer price inflation and supply chain delays



Source: S&P Global Market Intelligence

Figure 8: S&P Global PMI: reported drivers of higher manufacturing input prices



Source: S&P Global Market Intelligence

Figure 9: Global manufacturing output



Source: S&P Global Market Intelligence

Global Financial Market Conditions

Global financial market conditions remained volatile in May 2026 amid persistent inflationary pressures and uncertainty surrounding monetary policy trajectories. Sovereign bond yields increased across several advanced economies as markets adjusted to expectations of prolonged inflation and delayed monetary easing.

Financial markets have remained relatively resilient despite weakening macroeconomic conditions. However, elevated borrowing costs and tighter liquidity conditions continue to weigh on investment sentiment and financing activity globally.

S&P Global also warned that sustained inflation and elevated energy prices could increase fiscal pressures for several economies, particularly those with high debt levels and significant energy import dependence. The report noted growing concerns regarding stagflationary risks, where slowing economic growth coincides with persistent inflationary conditions. Central banks globally are expected to remain cautious in adjusting monetary policy settings until inflationary pressures show sustained moderation.

Global Energy and Commodity Markets

Global energy and commodity markets remained under pressure in May 2026 due to elevated geopolitical risks, supply disruptions, and tightening supply conditions. Brent crude oil prices are projected to remain above US\$100 per barrel through the remainder of 2026, contributing significantly to global inflationary pressures and higher industrial input costs.

The S&P Global Materials Price Index rose sharply during the period, indicating broad-based increases in prices of raw materials, shipping, and industrial commodities. Commodity price pressures extended beyond crude oil into metals, industrial inputs, and logistics costs, impacting manufacturing profitability and global trade competitiveness.

Higher energy prices also intensified concerns regarding energy security and affordability across several advanced and developing economies. Energy-intensive industries in Europe were particularly impacted by rising fuel and electricity costs, contributing to weakening industrial activity and slowing economic growth.

Global Energy Security and Supply Risks

Global energy markets remained highly sensitive to geopolitical developments during May 2026, particularly around the Strait of Hormuz, one of the world's most critical energy transit chokepoints. Renewed optimism regarding the reopening and stabilization of shipping activity through the Strait contributed to a decline in international oil prices, highlighting the significant influence of maritime energy routes on global commodity markets and inflation expectations.

The Strait of Hormuz remains strategically important for global energy trade, handling nearly one-fifth of global crude oil shipments and a substantial share of LNG exports. Concerns over potential disruptions had earlier intensified fears of supply shortages, contributing to elevated crude oil prices and increased volatility in energy markets. The easing of immediate supply concerns helped moderate risk premiums in crude prices during May 2026.

The incident underscored the continued vulnerability of global energy supply chains to geopolitical developments and maritime disruptions. Higher energy prices and uncertainty surrounding supply availability have added to inflationary pressures globally while also impacting industrial input costs, freight charges, and trade flows.

Energy-importing economies, particularly in Asia, remain highly exposed to disruptions in Gulf energy supplies due to their dependence on crude oil and LNG imports routed through the Strait. This has reinforced the importance of energy diversification, strategic reserves, and supply chain resilience in ensuring long-term energy security.

Implications for Energy-Importing Asian Economies

Energy-importing Asian economies remained particularly vulnerable to volatility in global energy markets during May 2026 due to their high dependence on crude oil and LNG imports from the Gulf region. Countries such as India, China, Japan, and South Korea continue to rely heavily on energy supplies routed through the Strait of Hormuz.

Elevated crude oil prices and shipping costs are expected to increase import bills, widen trade deficits, and add to domestic inflationary pressures across the region. Higher energy costs could also impact industrial production, transportation activity, and fiscal balances in several energy-importing economies.

The developments have reinforced the strategic importance of energy diversification, renewable energy expansion, strategic petroleum reserves, and alternative trade routes for Asian economies seeking to strengthen long-term energy security and reduce vulnerability to external supply shocks.

2. ADB revises down Asia growth outlook amid rising energy and inflation pressures

The Asian Development Bank (ADB), in its latest regional outlook update, revised downward its growth forecast for developing Asia and the Pacific to 4.7 % in 2026 and 4.8 % in 2027 from the earlier estimate of 5.1 % for both years, citing elevated energy prices, persistent inflationary pressures, and prolonged supply disruptions.

The report noted that Asian economies remain highly vulnerable to crude oil and LNG supply disruptions due to their dependence on imported energy. Rising fuel, shipping, and logistics costs have intensified inflationary pressures and affected industrial production, household consumption, and trade competitiveness across the region. Regional inflation for 2026 was revised upward to 5.2 % from 3.6 % earlier.

India and China continued to display relatively stronger resilience supported by domestic demand and industrial activity, although the ADB cautioned that prolonged disruptions in energy supply chains and maritime trade routes could continue to affect regional growth and inflation over the medium term.

3. UN revises down global growth forecast amid rising inflation risks

The United Nations, in its mid-year update of the *World Economic Situation and Prospects 2026*, revised downward its global growth forecast for 2026 to 2.5 % from the earlier estimate of 2.7 % amid rising energy prices, persistent inflationary pressures, and increasing uncertainty in global trade and financial markets. A modest recovery to 2.8 % is projected for 2027, although the UN warned that growth could weaken further to 2.1 % under adverse conditions.

The report highlighted that elevated energy prices and supply chain disruptions continue to weigh on economic activity and inflation dynamics across both advanced and developing economies. Global inflation projections for 2026 were revised upward to 3.9 %, with developing economies expected to face stronger inflationary pressures due to rising fuel, food, and transportation costs.

Europe and several energy-importing economies remain particularly vulnerable to commodity price shocks and tighter financial conditions, while economies with stronger domestic demand and technology-driven investments have shown relatively greater resilience. The report also noted that AI-related investments and stable labour market conditions in select economies continue to provide partial support to global growth.

4. UNCTAD warns of growing geopolitical risks to global economy and trade

The United Nations Conference on Trade and Development (UNCTAD), in its latest *Trade and Development Foresights 2026* report, warned that rising geopolitical tensions are increasingly replacing trade disputes as the primary source of instability for the global economy. While the global economy entered 2026 on a relatively stronger footing supported by resilient trade activity, industrial production in developing economies, and AI-linked investments, the outlook has weakened due to disruptions in energy markets, trade routes, and financial conditions.

UNCTAD projected global growth to slow from 2.9 % in 2025 to around 2.6 % in 2026 amid higher energy prices, transport disruptions, and financial market volatility. Global merchandise trade growth is also expected to moderate significantly during 2026 as geopolitical fragmentation, supply chain disruptions, and rising uncertainty increasingly affect investment decisions and industrial activity.

The report noted that trade growth remains uneven and concentrated in AI- and technology-related sectors, while traditional manufacturing and commodity-linked industries continue to face weaker momentum. Developing economies remain particularly vulnerable due to elevated financing costs, volatile capital flows, and exposure to commodity price shocks.

UNCTAD further highlighted that disruptions in major maritime trade and energy routes, including the Strait of Hormuz, are increasing shipping costs and exposing vulnerabilities in global supply chains. Rising non-tariff barriers, tighter regulations, and geopolitical fragmentation are also reshaping global trade patterns and increasing uncertainty for businesses and investors.

5. Recent U.S.–China Trade Agreements Signal Partial Easing of Trade Tensions

Recent developments in U.S.–China trade relations indicate a limited easing of bilateral trade tensions following high-level discussions between the two countries. Both sides agreed on a framework for reciprocal tariff reductions on selected non-sensitive goods, along with sector-specific trade commitments in agriculture, aviation, and critical minerals aimed at stabilizing trade relations amid broader geopolitical and supply chain concerns.

China reportedly committed to increase imports of U.S. agricultural products, including purchases of at least US\$17 billion annually during 2026–2028 in addition to existing soybean commitments. The agreement also includes the resumption of U.S. beef and poultry exports to China and discussions on easing biotechnology-related trade restrictions.

In the aviation sector, China announced plans to purchase 200 Boeing aircraft, marking the first major commercial aircraft agreement between the two countries in several years and supporting recovery in U.S. aerospace exports. Both countries also resumed consultations on export controls, rare earth minerals, and investment-related issues, highlighting the growing strategic importance of critical minerals and advanced technology supply chains in global trade negotiations.

Despite these developments, uncertainties remain regarding the long-term durability of the agreements, as several commitments are still preliminary and structural issues relating to tariffs, technology restrictions, and geopolitical competition continue to pose risks to trade stability.

6. Indian Economy

India GDP position

The United Nations has revised downward India's economic growth forecast for 2026 to 6.4 % from its earlier projection of 6.6 %, citing global uncertainties and economic shocks arising from the ongoing West Asia crisis. As per the report released by the UN Department of Economic and Social Affairs (UN DESA), India, however, remains one of the fastest-growing major economies and is expected to grow at 6.6% in 2027.

Inflation in India

India's retail inflation increased marginally to 3.48% in April 2026 from 3.40% in March, remaining below the Reserve Bank of India's (RBI) medium-term target of 4 % despite rising global energy prices and supply-side risks. The increase was primarily driven by higher food prices, while fuel price pressures remained partly contained due to limited pass-through to retail consumers.

The inflation outlook, however, has become increasingly uncertain amid elevated crude oil prices, weakening rupee conditions, and geopolitical tensions affecting global energy markets. Rising fuel, transportation, and logistics costs are expected to increase cost-push inflationary pressures over the coming months, particularly if higher global crude prices are transmitted to domestic retail fuel prices.

The RBI has projected CPI inflation at 4.6 % for FY2027, while core inflation is estimated at around 4.4 %. Market participants and economists have also cautioned that continued volatility in energy markets and weather-related risks to food prices could limit the scope for further monetary easing and may require a more cautious policy approach going forward.

National Level Indices

- Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of April, 2026 over April, 2025 is 3.48%(Provisional). Corresponding inflation rates for rural and urban are 3.74% and 3.16%, respectively.

Table 1: Inflation rates for rural and urban

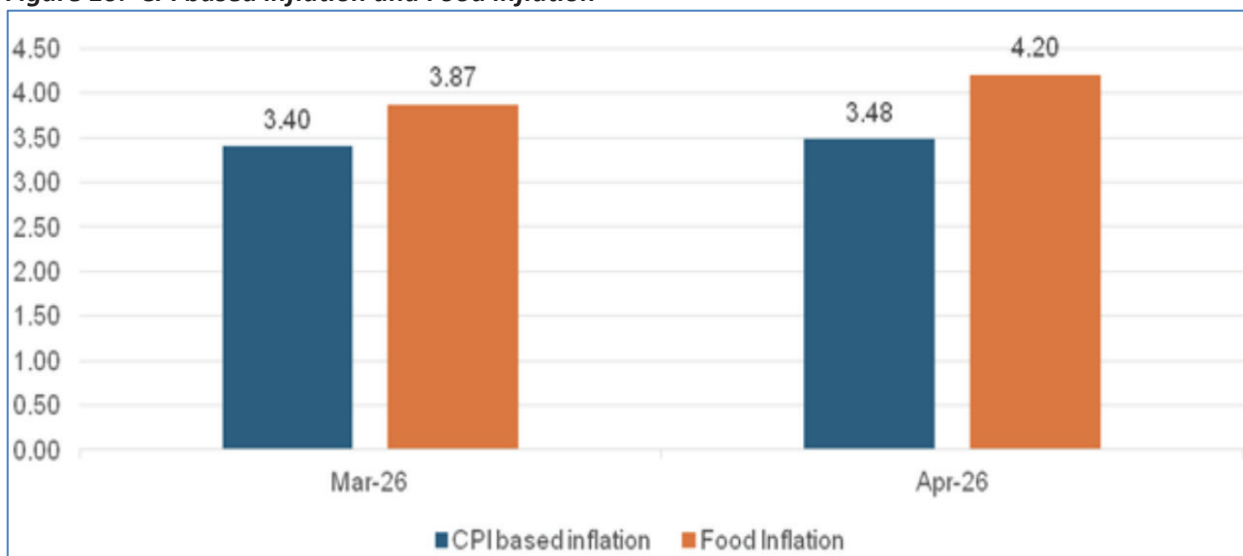
		April, 2026 (Provisional)			March, 2026 (Final)		
		Rural	Urban	Combined	Rural	Urban	Combined
Inflation (%)	CPI (General)	3.74	3.16	3.48	3.63	3.11	3.40
	CFPI	4.26	4.10	4.20	3.95	3.71	3.87
Index	CPI (General)	105.28	104.92	105.12	105.02	104.62	104.84
	CFPI	104.17	104.78	104.39	104.01	104.38	104.14

Source: PIB

Food Inflation

- Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) for the month of April, 2026 over April, 2025 is 4.20% (Provisional). Corresponding inflation rates for rural and urban are 4.26% and 4.10%, respectively.

Figure 10: CPI based inflation and Food inflation



Source: PIB

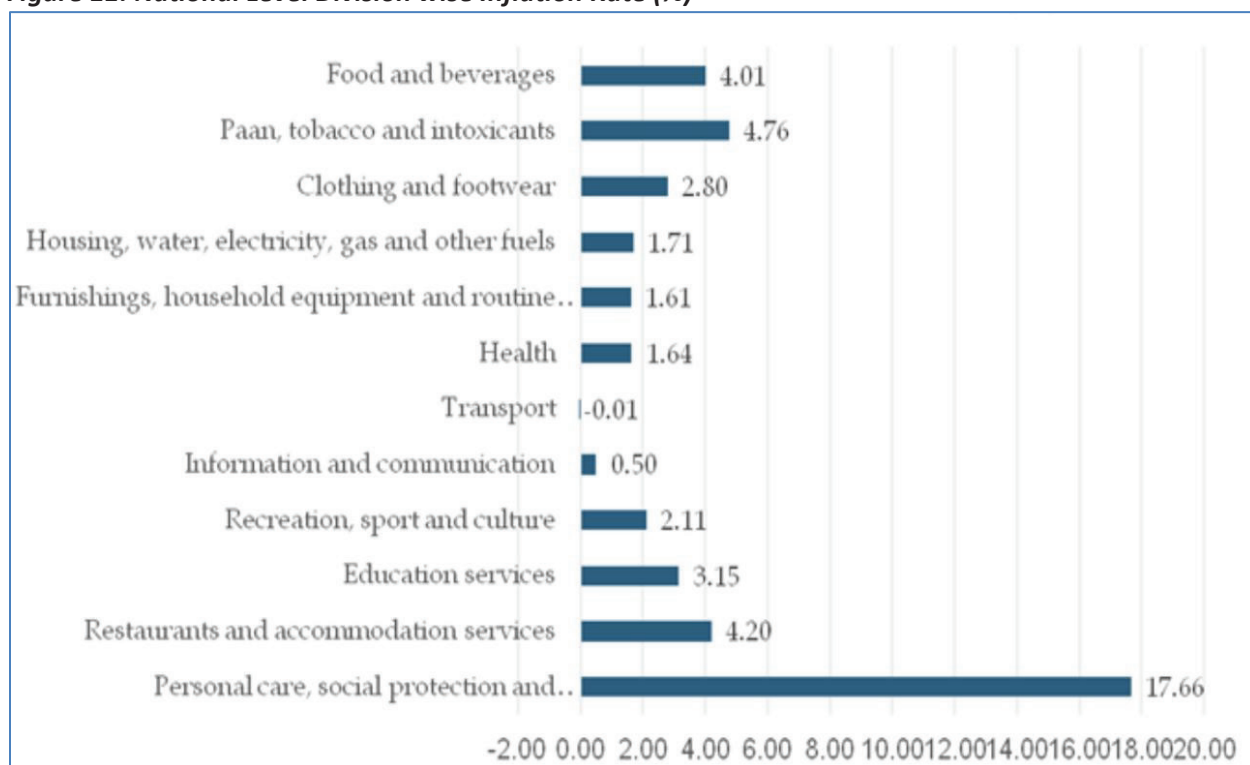
Housing Inflation

- Year-on-year Housing inflation rate for the month of April, 2026 is 2.15% (Provisional) and the corresponding inflation rates for rural and urban are 2.65% and 1.96%, respectively.

National level Division wise Inflation rate

- At National level, division wise inflation for the month of April, 2026 in the Combined sector may be seen from the graph below-

Figure 11: National Level Division wise Inflation Rate (%)



Source: PIB

Index Numbers of Wholesale Price in India for the Month of April, 2026 (Base Year: 2011-12)

The annual rate of inflation based on All India Wholesale Price Index (WPI) stood at 8.3% (provisional) in April 2026 (over April 2025). Positive rate of inflation in April, 2026 is primarily due to increase in prices of mineral oils, crude petroleum & natural gas, basic metals, other manufacturing and non-food articles etc. The index numbers and inflation rate for the last three months of all commodities and WPI components are given below: -

Table 2: Index numbers and inflation rate

Index Numbers and Annual Rate of Inflation (Y-o-Y in %) *							
All Commodities/Major Groups	Weight (%)	Feb-26 (F)		Mar-26 (P)		Apr-26 (P)	
		Index	Inflation	Index	Inflation	Index	Inflation
All Commodities	100.00	158.4	2.26	160.8	3.88	167.0	8.30
I. Primary Articles	22.62	192.8	3.21	197.3	6.36	202.4	9.17
II. Fuel & Power	13.15	147.5	-3.85	153.7	1.05	181.7	24.71
III. Manufactured Products	64.23	148.5	3.13	149.5	3.39	151.6	4.62
Food Index	24.38	192.9	1.85	192.8	1.85	195.1	2.31

Source: PIB

India PMI

India's private sector activity moderated in May 2026 amid geopolitical uncertainties and weakening external demand conditions, although overall business activity continued to remain firmly in expansionary territory. According to the HSBC Flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, the composite PMI eased to 58.1 in May from 58.2 in April, indicating continued but slightly slower growth in manufacturing and services activity.

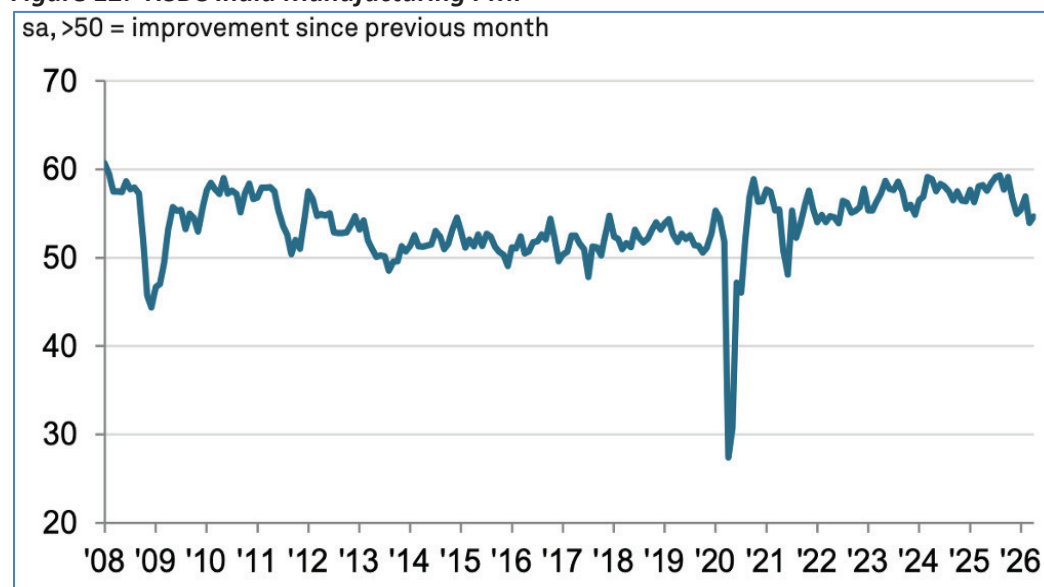
The manufacturing sector witnessed some moderation during the month. India's Manufacturing PMI declined to 54.3 in May from 54.7 in April, marking a two-month low, although remaining well above the 50-mark that separates expansion from contraction. The slowdown reflected softer growth in new orders, moderation in output, and weaker export demand amid ongoing global uncertainties and disruptions linked to the West Asia conflict.

Despite the moderation, India continued to remain among the strongest-performing major economies in global PMI rankings, supported by resilient domestic demand and relatively strong business activity compared to several advanced economies. Manufacturing output and new business continued to expand, although at a slower pace than earlier months. Services activity, however, showed relative resilience and provided support to overall private sector growth.

Input cost pressures remained elevated during the period, reflecting higher fuel, transportation, and raw material costs. Firms continued to pass on part of the increased costs to consumers through higher selling prices, while business sentiment moderated amid concerns regarding global growth, supply chain disruptions, and inflationary pressures.

Employment conditions continued to improve, with firms reporting ongoing hiring activity supported by expectations of future demand recovery and expansion in business activity. However, export-oriented sectors remained under pressure due to weakening international demand conditions and rising global uncertainties.

Figure 12: HSBC India Manufacturing PMI



Source: S&P Global PMI

India's external position

India's forex reserves

India's foreign exchange reserves remained at comfortable levels during May 2026 despite continued volatility in global financial markets and pressure on the Indian rupee arising from elevated crude oil prices and geopolitical uncertainties. According to data released by the Reserve Bank of India (RBI), India's forex reserves declined by US\$ 8.09 billion to US\$ 688.89 billion during the week ended May 15, 2026, following an increase of US \$6.295 billion in the previous week when reserves stood at US\$ 696.99 billion.

The reserves had earlier touched an all-time high of US\$ 728.494 billion during the week ended February 27, 2026, before moderating in subsequent weeks due to pressure on the rupee and RBI interventions in the foreign exchange market through dollar sales. Elevated global crude oil prices and increased importer demand for dollars also contributed to currency volatility during the period.

Foreign Currency Assets (FCA), the largest component of forex reserves, declined by US\$6.483 billion to US\$545.904 billion during the reporting week. The movement in FCAs also reflects valuation effects arising from fluctuations in major global currencies such as the euro, pound sterling, and Japanese yen against the US dollar.

The RBI continued to actively intervene in the foreign exchange market to contain excessive volatility in the rupee. Market reports indicated that the central bank sold an estimated US\$2–3 billion during May 2026 to stabilize currency movements amid rising global uncertainty and higher energy prices.

Despite recent moderation, India's forex reserves continue to provide a strong buffer against external shocks, imported inflation, and global financial market volatility, while supporting exchange rate stability and external financing requirements.

External Trade Developments

India's Exports Register Strong Double-Digit Growth in April 2026

India's external trade sector recorded strong growth in April 2026 despite continued global economic uncertainty and supply-side disruptions. Total exports (merchandise and services combined) were estimated at US\$80.80 billion during April 2026, registering a growth of 13.59 % compared to US\$71.13 billion in April 2025. Total imports during the month stood at US\$88.61 billion, reflecting a comparatively moderate growth of 7.67 % year-on-year.

Merchandise exports during April 2026 increased to US\$43.56 billion from US\$38.28 billion in April 2025, recording a growth of 13.78 %. Non-petroleum exports also remained robust, rising by 9.01 % to US\$33.97 billion compared to US\$31.16 billion in the corresponding period of the previous year.

The growth in merchandise exports was primarily driven by strong performance in petroleum products, electronic goods, engineering goods, meat, dairy & poultry products, and drugs & pharmaceuticals. Petroleum product exports recorded a sharp increase of 34.66 %, rising from US\$7.12 billion in April 2025 to US\$9.59 billion in April 2026, supported by higher global prices and export volumes.

Electronic goods exports continued to demonstrate significant momentum, increasing by 40.31 % from US\$3.69 billion to US\$5.18 billion, reflecting expanding domestic electronics manufacturing capacity and stronger global demand. Engineering goods exports also increased by 8.76 %, indicating continued resilience in industrial and manufacturing exports despite slowing global trade conditions.

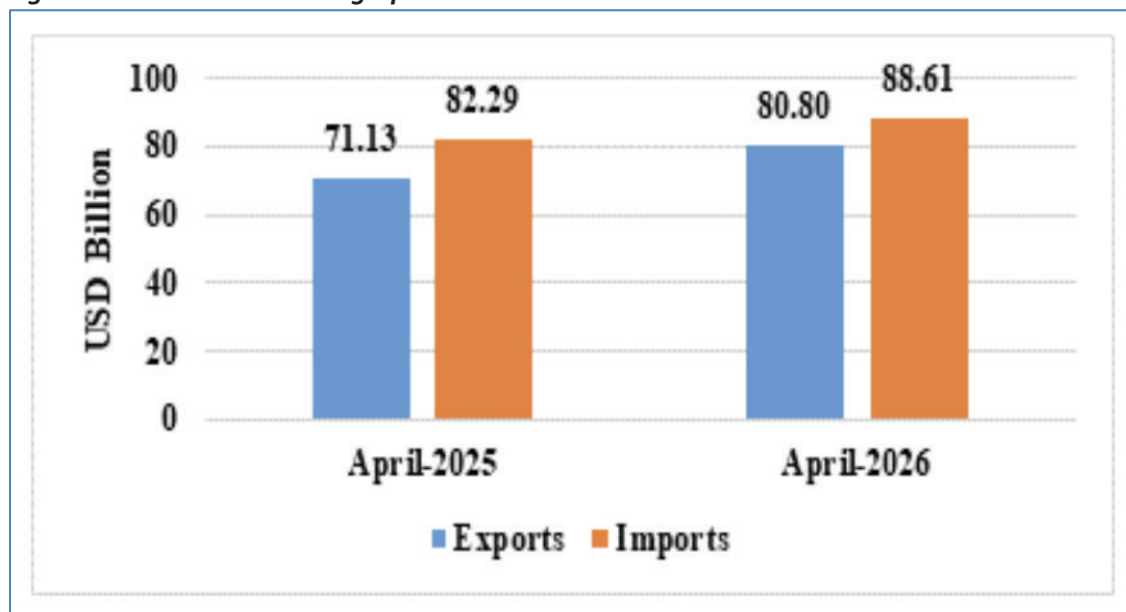
The strong export performance highlights the resilience of India's external sector, supported by manufacturing expansion, diversification of export products, and strengthening competitiveness in high-value sectors such as electronics, engineering, and pharmaceuticals.

Table 3: Trade during April 2026

		April 2026 (US\$ Billion)	April 2025 (US\$ Billion)
Merchandise	Exports	43.56	38.28
	Imports	71.94	65.38
Services*	Exports	37.24	32.85
	Imports	16.66	16.91
Total Trade (Merchandise +Services) *	Exports	80.80	71.13
	Imports	88.61	82.29
	Trade Balance	-7.81	-11.16

Source: Ministry of Commerce & Industry

Figure 13: Total Trade during April 2026

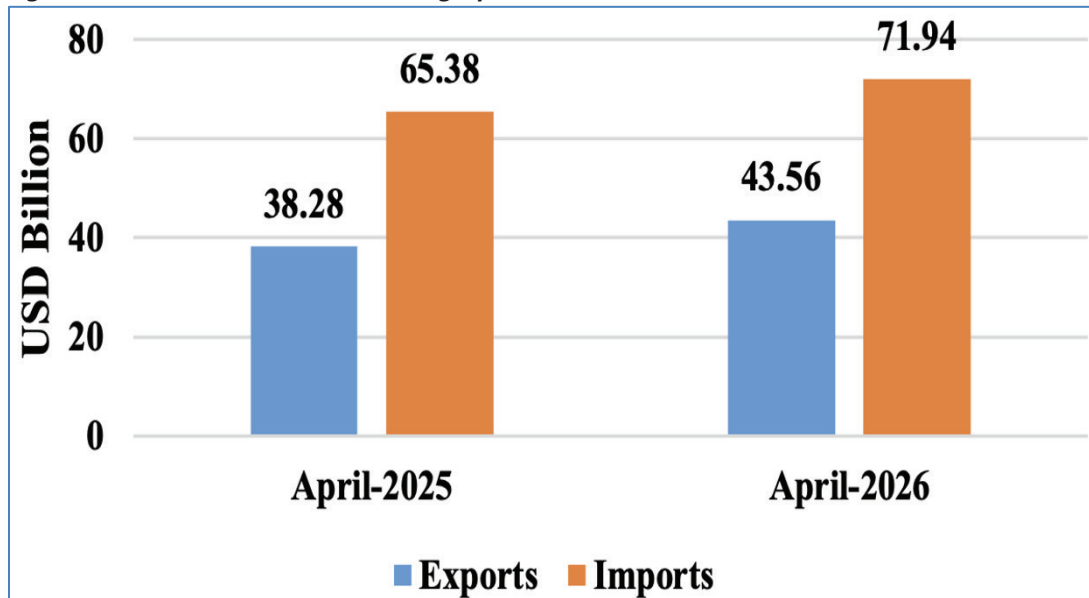


Source: Ministry of Commerce & Industry

Merchandise Trade Performance

- Merchandise exports increased to US\$43.56 billion in April 2026 from US\$38.28 billion in April 2025.
- Merchandise imports rose to US\$71.94 billion compared to US\$65.38 billion during the same period last year.
- Non-petroleum and non-gems & jewellery exports increased to US\$31.64 billion from US\$28.66 billion.
- Non-petroleum and non-gems & jewellery imports rose to US\$45.87 billion from US\$39.75 billion.
- Growth in non-petroleum exports indicates continued strength in diversified manufacturing and industrial exports.
- Rising imports reflect stronger domestic demand and industrial activity.

Figure 14: Merchandise Trade during April 2026



Source: Ministry of Commerce & Industry

Geographical Trends

Export diversification across regions continued during April 2026, with strong growth observed in several Asian and African markets.

- Top export destinations (April 2026 growth):
 - o Sri Lanka (214.65%)
 - o Singapore (179.18%)
 - o Tanzania (157.63%)
 - o Hong Kong (90.61%)
 - o Bangladesh (64.16%)

- Top import sources (April 2026 growth):
 - o Peru (315.56%)
 - o Oman (246.42%)
 - o Saudi Arabia (30.29%)
 - o China (20.85%)
 - o Russia (18.21%)

Index of Eight Core Industries (ICI)

The Index of Eight Core Industries (ICI), a key indicator of industrial activity, increased by 1.7 % (provisional) in April 2026 compared to April 2025, indicating a moderate recovery in core sector performance following the contraction observed in March 2026. The growth was primarily supported by strong expansion in cement and steel production, while energy-related sectors such as crude oil, natural gas, refinery products, and electricity continued to face pressure.

The ICI tracks the performance of eight core industries—coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity—which together account for 40.27 % of the weight in the Index of Industrial Production (IIP). As such, the index provides an important indication of industrial and infrastructure activity in the economy.

The final growth rate of Index of Eight Core Industries for March 2026 was observed at 1.2 %. The cumulative growth rate of ICI during April to March, 2025-26 is 2.7 % as compared to the corresponding period of last year.

Sector-wise Performance

- Coal - Coal production (weight: 10.33 %) decreased by 8.7 % in April, 2026 over April, 2025. Its cumulative index declined by 0.5 % during FY2026 over corresponding period of the previous year.
- Crude Oil - Crude Oil production (weight: 8.98 %) declined by 3.9 % in April, 2026 over April, 2025. Its cumulative index declined by 2.8 % during FY2026 over corresponding period of the previous year.
- Natural Gas - Natural Gas production (weight: 6.88 %) declined by 4.3 % in April, 2026 over April, 2025. Its cumulative index declined by 2.8 % during FY2026 over corresponding period of the previous year.
- Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) declined by 0.5 % in April, 2026 over April, 2025. Its cumulative index declined by 0.1 % during FY2026 over corresponding period of the previous year.
- Fertilizers - Fertilizer production (weight: 2.63 %) declined by 8.6 % in April, 2026 over April, 2025. Its cumulative index declined by 0.1 % during FY2026 over corresponding period of the previous year.

- Steel - Steel production (weight: 17.92 %) increased by 6.2 % in April, 2026 over April, 2025. Its cumulative index increased by 9.5 % during April to March, 2025-26 over corresponding period of the previous year.
- Cement - Cement production (weight: 5.37 %) increased by 9.4 % in April, 2026 over April, 2025. Its cumulative index increased by 8.7 % during FY2026 over corresponding period of the previous year.
- **Electricity** - Electricity generation (weight: 19.85 %) increased by 4.1 % in April, 2026 over April, 2025. Its cumulative index increased by 1.0 % during FY2026 over corresponding period of the previous year.

7. India Targets US\$1 Trillion exports amid push for domestic manufacturing and import substitution

The Government of India has set an ambitious target of achieving US\$1 trillion in exports during the current year and US\$2 trillion in exports over the next five years, reflecting the country's increasing focus on export-led growth, manufacturing expansion, and supply chain resilience. India's exports have already reached US\$863 billion during the current year, registering nearly 5 % growth despite a challenging global environment. Both merchandise and services exports have continued to record growth, supported by improving competitiveness and expanding market access.

India has also been actively pursuing Free Trade Agreements (FTAs) with nearly 38 developed countries over the past three-and-a-half years to provide Indian products preferential access to major global markets. The Oman FTA is expected to come into effect from June 2026, while other finalised agreements are also expected to become operational in phases.

The government has emphasized the need to strengthen domestic manufacturing capabilities and reduce import dependence through import substitution and promotion of indigenous products. Industries have been encouraged to monitor import trends and identify opportunities for local manufacturing across sectors such as capital goods, machinery, and industrial products.

The report highlighted that rising domestic consumption and expansion of the middle class present significant opportunities for Indian industries, MSMEs, and startups. However, if domestic production capacity does not expand adequately, rising demand could increasingly be met through imports. Improving quality standards, productivity, packaging, and competitiveness therefore remains critical for strengthening India's position in global export markets.

The government also underlined the growing importance of value addition in sectors such as agriculture, fisheries, and manufacturing. Greater participation of young entrepreneurs and startups in value-added manufacturing and export-oriented sectors is expected to support long-term industrial and trade growth.

8. India emerges as a global leader in workplace AI Adoption

India has emerged as a global leader in workplace artificial intelligence (AI) adoption, reflecting the country's rapidly evolving digital and technology ecosystem. According to the latest *People at Work 2026* report by ADP Research, around 80 % of Indian employees use AI tools multiple times a week, while 41 % use AI nearly every day — the highest levels recorded among all surveyed economies.

The report highlighted that AI adoption in India is being driven by increasing digitalization, expansion of technology-enabled services, and growing integration of AI across manufacturing, engineering, IT, and business operations. Indian firms are increasingly leveraging AI not only for automation and cost reduction, but also for improving productivity, innovation, and decision-making processes.

The growing adoption of AI is also reshaping India's industrial and employment landscape. According to industry reports, manufacturers are increasingly using AI-enabled systems to strengthen supply chain management, operational efficiency, predictive maintenance, and industrial automation. AI-driven investments are also supporting the expansion of Global Capability Centres (GCCs) and advanced engineering activities in India.

At the policy level, India has continued to strengthen its AI ecosystem through initiatives such as the IndiaAI Mission and the India AI Impact Summit 2026. The government announced plans to expand domestic AI computing infrastructure, including the addition of over 20,000 GPUs under the IndiaAI Compute Portal, while Indian AI firms such as Sarvam AI unveiled indigenous large language models and AI applications focused on Indian languages and enterprise use cases.

Despite rapid adoption, the report also highlighted emerging challenges. While frequent AI users reported higher workplace engagement and lower stress levels, many employees also expressed concerns regarding productivity measurement, evolving job roles, and long-term employment implications in an AI-driven workplace.

9. ADB Projects India's GDP Growth at 6.9% in FY2026

The Asian Development Bank (ADB), in its *Asian Development Outlook (ADO) April 2026*, projected India's GDP growth to moderate to 6.9 % in FY2026 from 7.6 % in FY2025, while remaining among the fastest-growing major economies globally. The ADB expects growth to accelerate further to 7.3 % in FY2027, supported by strong domestic demand, easing financing conditions, infrastructure investment, and structural reforms.

The report highlighted that India's economic growth continues to be driven primarily by robust domestic consumption and investment activity despite a challenging global environment marked by slowing global growth, elevated energy prices, and geopolitical uncertainty. Lower US tariffs on Indian goods and progress in trade agreements, particularly with the European Union, are also expected to support exports and industrial activity.

ADB noted that easing financing conditions and continued public capital expenditure are expected to support infrastructure development and manufacturing activity. The report also emphasized the importance of ongoing structural reforms and investment-led growth in sustaining India's medium-term economic momentum.

On inflation, ADB projected India's inflation rate to rise to 4.5 % in FY2026 from 2.1 % in FY2025, mainly due to higher food and global energy prices, currency pressures, and rising precious metal prices. Inflation is expected to moderate to 4.0 % in FY2027 as commodity prices ease.

The report also cautioned that prolonged global geopolitical tensions, elevated crude oil prices, and disruptions in global trade and energy supply chains could pose downside risks to India's macroeconomic outlook.

Lessons from Economics

Purchasing Managers' Index

Purchasing Managers' Index (PMI) is a monthly economic indicator derived from survey responses of senior purchasing and supply executives across private sector companies. Originally developed in the 1915 by the National Association of Purchasing Management, which is now the Institute for Supply Management (ISM); the index has since been globalized and standardized by organizations like S&P Global across more than 40 nations.

As a leading economic indicator, the PMI provides real-time insights into the Manufacturing (factories and production) and Services (finance, IT, healthcare).

Survey methodology

- The HSBC India Manufacturing PMI is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers.
- The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.
- Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month.
- A diffusion index is calculated for each survey variable. It is a statistical tool used to aggregate diverse survey responses into a single number that shows the general direction and rate of change in the underlying data.

Manufacturing PMI

The Manufacturing PMI is a weighted average of the following five indices:

Sub-Indices	Description	S&P Global Weightage
New orders	Measures incoming demand & future sales.	30%
Output	Measures the volume of goods being produced.	25%
Employment	Tracks hiring and workforce changes	20%
Suppliers' Delivery Time *	Tracks the time it takes for suppliers to deliver materials.	15%
Stocks of Purchase	Tracks raw material or finished goods inventory levels.	10%

* *The Suppliers' Delivery Times index is inverted so that longer lead times occurs when demand exceeds capacity, signalling a robust economy and constrained supply chains. The shorter lead times represent weaker demand, allowing suppliers to clear backlogs. This approach ensures that a high index (above 50) consistently signals expansion and a low index (below 50) signals contraction.*

PMI Index = (% of respondents saying increase *1) + (% of respondents saying no change *0.5) + (% of respondents saying decline *0)

Based on the above formula, the index operates on a baseline scale of 0 to 100 with a critical threshold of 50.0 i.e.: -

- **PMI > 50.0:** Indicates an **expansion** in the sector
- **PMI < 50.0:** Indicates a **contraction** in the sector
- **PMI = 50.0:** Represents **neutrality** or no month-over-month change

Understanding Diffusion Index

In the context of the Manufacturing PMI, a diffusion index is a statistical tool designed to measure the breadth and direction of an economic trend, rather than its absolute magnitude, i.e. a diffusion index tells us how many factories are experiencing growth, not how much those factories grew.

$$\text{Diffusion Index} = (\% \text{ Increase} * 1.0) + (\% \text{ No change} * 0.5) + (\% \text{ Decrease} * 0)$$

To understand the nature of diffusion index, we consider two scenarios tracking a group of 10 factories:

- Scenario A: 9 small factories see a tiny 1% increase in production, while 1 massive factory suffers a 40% drop.
- Scenario B: 9 factories stay exactly flat, while 1 massive factory enjoys a 300% surge in production.

	Scenario A	Scenario B
	$(90*1) + 0 + (10*0) = 90$	$(10*1) + (90*0.5) + 0 = 55$
Diffusion index	Highly Positive; Growth is widely diffused across 90% of the industry players.	Slight Growth; Growth has not completely diffused to all players.

Calculating PMI using an example

A survey was conducted among 350 respondents and it was observed that 200 purchasing managers indicate an improvement; 100 indicate no change, and 50 indicate a decline, then what is the PMI?

Step 1: - Calculation of Diffusion index i.e. $(\% \text{ Increase} * 1.0) + (\% \text{ No change} * 0.5) + (\% \text{ Decrease} * 0)$

Scenario A-Considering a hypothetical situation where all 350 respondents answered the survey with same consistency meaning for all 5 sub-indices (new orders, Output, Employment, Suppliers' Delivery Time & Stocks of Purchase) 200 respondents said increase, 100 said no change and 50 said decline, then each individual index would be **71.43**.

Total respondents= 350

% Increase: $200/350 = 57.14\%$

% No Change: $100/350 = 28.57\%$

% Decline: $50/350 = 14.29\%$

$$\text{Diffusion Index} = (57.14 * 1.0) + (28.57 * 0.5) + (14.29 * 0) = 71.43$$

Sub-Indices	Response as "Increase"	Response as "No change"	Response as "Decline"	Diffusion Index	S&P - Weightage	Weighted score
New orders	200	100	50	71.43	30%	21.43
Output	200	100	50	71.43	25%	17.86
Employment	200	100	50	71.43	20%	14.29
Suppliers' Delivery Time	200	100	50	71.43	15%	10.71
Stocks of Purchase	200	100	50	71.43	10%	7.14
Manufacturing PMI					100%	71.43

This indicates a strong expansion (PMI > 50) in the manufacturing sector month-over-month, driven by the fact that the majority of the 350 surveyed executives (200 of them) are experiencing an improvement in business conditions.

Scenario B- Considering each of the five sub-indices have its own breakdown of responses from the 350 managers surveyed. Since the response for "increase", "decrease" and "no change" is different across all 5 sub-indices, the diffusion index computed would be different in all the cases as shown below: -

Sub-Indices	Response as "Increase"	Response as "No change"	Response as "Decline"	Diffusion Index	S&P - Weightage	Weighted score
New orders	150	105	95	57.86 *	30%	17.36
Output	70	154	126	42.00	25%	10.50
Employment	50	210	90	44.29	20%	8.86
Suppliers' Delivery Time	30	245	75	43.57	15%	6.54
Stocks of Purchase	150	70	130	52.86	10%	5.29
Manufacturing PMI					100%	48.53

*Calculation for Diffusion index= $((150/350*1) + (105/350*0.5)) * 100 = 57.86$

Here, as the final Manufacturing PMI is well below the critical threshold of 50, it shows contraction in the manufacturing sector.

The manufacturing industries covered by the S&P Global for calculating PMI are given in table below: -

SIC Code	SIC Description
1500	Manufacture of Food Products and Beverages
1600	Manufacture of Tobacco Products
1700	Manufacture of Textiles
1800	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur
1900	Tanning and Dressing of Leather; Manufacture of Luggage, Handbags, Saddlery, Harness and Footwear
2000	Manufacture of Wood and Products of Wood and Cork, Except Furniture; Manufacture of Articles of Straw and Plaiting Materials
2100	Manufacture of Pulp, Paper and Paper Products
2200	Publishing, Printing and Reproduction of Recorded Media
2300	Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel
2400	Manufacture of Chemicals and Chemical Products
2500	Manufacture of Rubber and Plastic Products
2600	Manufacture of Other Non-metallic Mineral Products
2700	Manufacture of Basic Metals
2800	Manufacture of Fabricated Metal Products, Except Machinery and Equipment
2900	Manufacture of Machinery and Equipment Not Elsewhere Classified
3000	Manufacture of Office Machinery and Computers
3100	Manufacture of Electrical Machinery and Apparatus Not Elsewhere Classified
3200	Manufacture of Radio, Television and Communication Equipment and Apparatus
3300	Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks
3400	Manufacture of Motor Vehicles, Trailers and Semi-trailers

Source: S&P

Services PMI

The Services Purchasing Managers Index (PMI) for India, available on a monthly basis, reflects the private sector activity in services mainly financial services, consumer services, and all other business services. An index value above 50 indicates that the service sector is generally expanding. The higher the number (above 50), the stronger the expansion. Conversely, a value below 50 suggests a contraction in the service sector. The lower the number (below 50), the greater the degree of contraction.

Unlike the Manufacturing PMI, which is a mathematically weighted combination of five distinct sub-indices (such as New Orders at 30% and Output at 25%), the headline Services PMI does not use a fixed internal sub-indicator weightage system. Instead, the headline Services PMI is derived directly from a single survey question sent to corporate executives asking how their actual business volume/activity compares to the previous month.

The service sectors covered by the S&P Global for calculating PMI are given in table below: -

SIC Code	SIC Description
5500	Hotels and Restaurants
6000	Land Transport; Transport via Pipelines
6100	Water Transport
6200	Air Transport
6300	Supporting and Auxiliary Transport Activities; Activities of Travel Agencies
6400	Post and Telecommunications
6500	Financial Intermediation, Except Insurance and Pension Funding
6600	Insurance and Pension Funding, Except Compulsory Social Security
6700	Activities Auxiliary to Financial Intermediation
7000	Real Estate Activities
7100	Renting of Machinery and Equipment Without Operator and of Personal and Household Goods
7200	Computer and Related Activities
7300	Research and Development
7400	Other Business Activities
8000	Education (Private)
8500	Health and Social Work (Private)
9000	Sewage and Refuse Disposal, Sanitation and Similar Activities
9100	Activities of Membership Organisations Not Elsewhere Classified
9200	Recreational, Cultural and Sporting Activities
9300	Other Service Activities

Source: S&P

Composite PMI

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. Because services make up the largest share of India's economy (typically over 55% of gross value added), the Services PMI carries the dominant weight in the final Composite PMI calculation.

Recent PMI Outlook for India

- India's private sector saw robust expansion in April 2026, with the composite PMI rising to (58.3 from 57.0 in March. Growth was driven by an upturn in manufacturing and steady service expansion
- Manufacturing PMI: Rose to 54.7 in April from 53.9 in March.
- Services: Business activity strengthened, with the index rising up to 58.8 in April from 57.5 in March

Advantages of Using PMI as an Economic Indicator

- **Timeliness:** It is the fastest major economic data point available. Data for a given month is usually released on the 1st or 2nd day of the following month, before official economic data is released.
- **Economic significance:** Central banks, investors, and policymakers use PMI to make informed decisions about interest rates, investments and economic policies.
- **Global reach:** PMI data is available for many countries, enabling comparisons of economic performance across different regions.

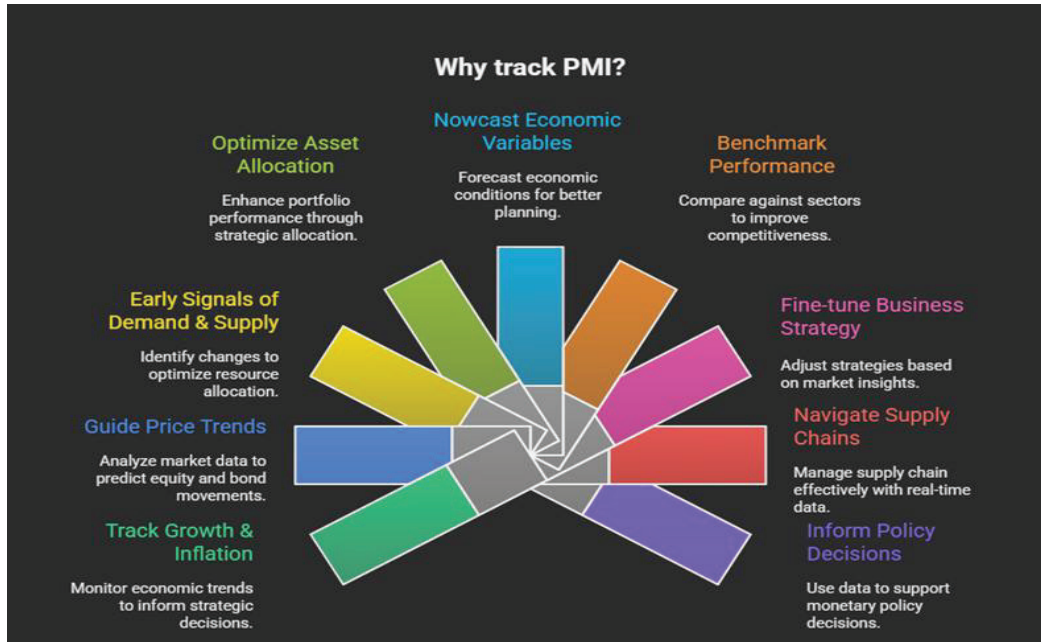
Limitations of PMI

- **Measures Breadth, Not Depth:** The index tells you how many companies are expanding, but not how much they are expanding. If 100 companies report a tiny 1% increase in orders, the PMI will shoot up. If one massive company reports a 500% increase but the others remain flat, the PMI might barely move.
- **Focuses on Large Corporations:** Survey panels are often heavily skewed toward medium and large enterprises. It may not accurately reflect the position of the small, unorganized, or local businesses.

Significance of PMI

S&P Global has used PMI as one of the most important leading indicators for assessing economic health, business sentiment, industrial activity, and inflationary trends. Its ability to provide early insights into demand, supply chains, investment activity, and sectoral performance makes it an essential tool for policymakers, investors, businesses, and economists.

For sectors such as energy, infrastructure, manufacturing, transportation, and financial markets, PMI serves as a crucial barometer of future growth and market direction. Tracking PMI regularly enables stakeholders to make faster, data-driven, and strategically informed decisions in an increasingly dynamic economic environment.



Source: S&P Global

Oil Market

Crude oil price – Monthly Review

More than ten weeks after the war in the Middle East began, mounting supply losses from the Strait of Hormuz are depleting global oil inventories at a record pace. Benchmark oil prices have posted wild swings in response to conflicting signals on whether the United States and Iran will soon reach a deal to end the conflict, with North Sea Dated plunging from a high of \$144/bbl to below \$100/bbl before rebounding again. The two countries remained at loggerheads over an accord to reopen the Strait and end the war, with North Sea Dated around \$110/bbl. With Hormuz tanker traffic still restricted, cumulative supply losses from Gulf producers already exceed 1 billion barrels with more than 14 mb/d of oil now shut in, an unprecedented supply shock. The current supply-demand gap is significantly smaller, however, as the market was already in surplus heading into the crisis while producers and consumers alike are responding to market signals.

On the supply side, Saudi Arabia and the UAE have successfully redirected some exports to terminals loading outside of the Strait. At the same time, stocks from commercial and government strategic storage sites in consuming countries are flowing into markets to offset part of the losses. Observed global inventories, including oil on water, were drawn down by 250 mb over March and April, or 4 mb/d. Producers outside of the Middle East also pushed output higher and lifted exports to record levels in response to the crisis. Indeed, 2026 supply growth expectations from the Americas have been revised up by more than 600 kb/d since the start of the year, to 1.5 mb/d on average. Moreover, Atlantic Basin crude oil exports, now heading primarily to hard-hit East of Suez markets, have increased by 3.5 mb/d since February, with notable gains from the United States, Brazil, Canada, Kazakhstan and Venezuela. Russia's crude oil exports have also risen, as repeated attacks on its refineries have cut domestic use and led to higher shipments, while the United States temporarily waived sanctions on Russian oil on water.

On the demand side, refiners have reduced runs and sharply scaled back crude imports. Chinese seaborne crude imports fell by a massive 3.6 mb/d from February to April, according to Kpler. Major reductions in imports were also seen in Japan (-1.9 mb/d), Korea (-1 mb/d) and India (-760 kb/d). But while the slowdown in global refinery activity – by around 5 mb/d y-o-y in April – has temporarily eased tensions in the crude market, tightness is quickly spreading to product markets.

Hedge funds and other money managers maintained a broadly bullish stance toward crude oil markets, although net long positions declined over April, mainly in ICE Brent. Speculators reduced their exposure by selling the equivalent of 42 mb across ICE Brent and NYMEX WTI futures and options, resulting in a 7.8% decline in total net long positions. The adjustment in positioning followed a peak in bullish sentiment observed in mid-March. Mixed geopolitical signals in the Middle East and evolving expectations regarding potential de-escalation prompted profit-taking from previously accumulated long positions. Despite these adjustments, overall speculative positioning across crude markets remained relatively elevated, indicating that market participants continued to anticipate tight market fundamentals amid persistent geopolitical uncertainties.

Crude spot prices were mixed and remained highly volatile over April. Light sweet benchmarks Brent and WTI averaged higher, m-o-m, in April, while medium sour benchmark Dubai averaged lower during the same period. Light sweet benchmarks rose sharply early in the month amid firm demand for available barrels in the spot market and supply disruption in the Middle East, while refiners tend to increase throughputs ahead of the start of the holiday driving season. Strong demand was particularly evident in

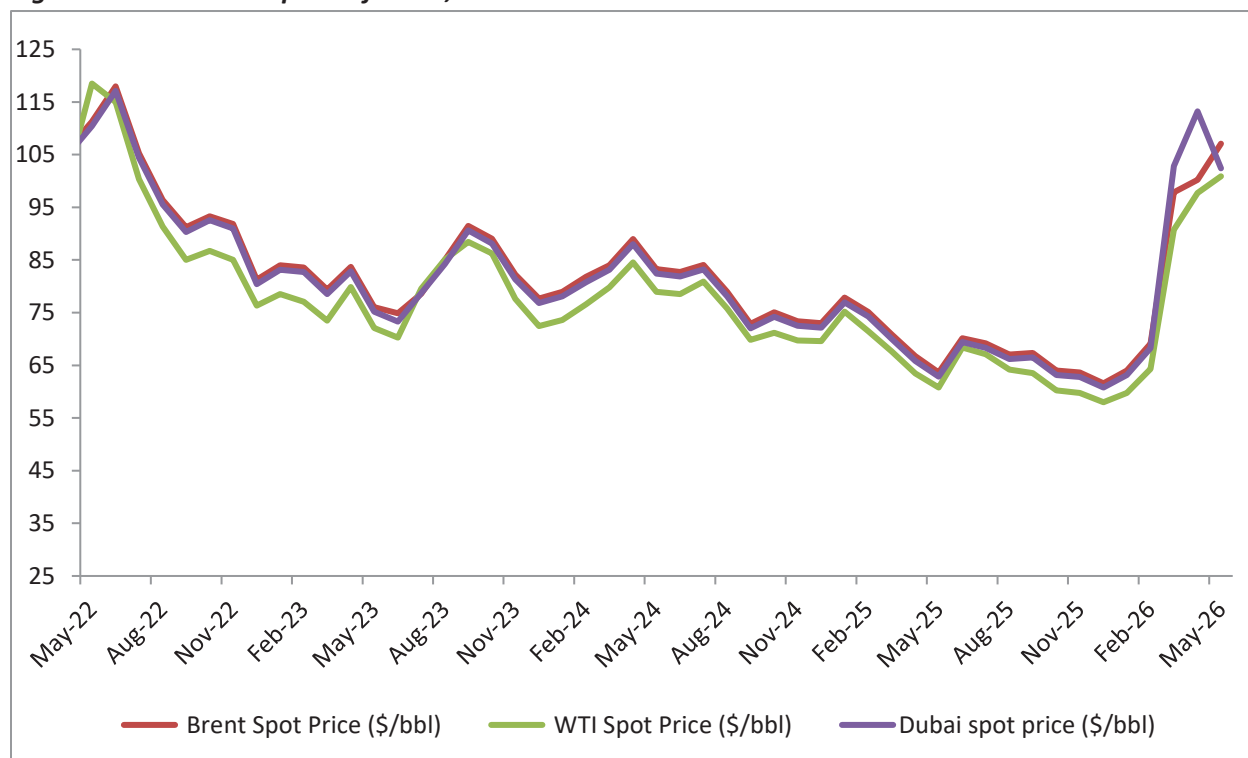
the Atlantic Basin, where North Sea Dated surged to multi-year highs, supported by strong demand from both European and Asia-Pacific refiners and increasing competition for shorter-haul crudes. However, the Dubai price dropped despite persistent market fundamentals, particularly in the sour market.

In the second half of April, spot price declined as supply risk premiums softened amid expectations of easing geopolitical tensions in the Middle East. Lower refining margins in Europe and the USGC, along with a further decline in world refinery crude intakes, also weighed on spot prices. Spot prices traded sharply higher compared to futures prices, suggesting that futures markets may not have fully reflected tightness in the physical market. In April, North Sea Dated and WTI first-month prices rose by \$17.56/b and \$7.47/b, m-o-m, respectively, to average \$121.40/b and \$98.63/b. However, Dubai's first-month price dropped by \$22.69/b, m-o-m, to average \$105.56/b.

In April, the ORB value dropped by \$7.57/b, m-o-m, to average \$108.79/b. West and North African Basket components Bonny Light, Djeno, Es Sider, Rabi Light, Sahara Blend and Zafiro increased by an average of \$20.49/b, m-o-m, to \$122.90/b. Multiple-region destination grades, including Arab Light, Basrah Medium, Iran Heavy and Kuwait Export, fell on average by \$15.73/b, m-o-m, to \$106.09/b. Murban crude declined on average by \$6.40/b, m-o-m, to \$104.46/b, while the Merey component increased by \$4.55/b, m-o-m, to settle at \$90.47/b.

Brent crude ranged an average to \$107.11 a barrel and WTI ranged to \$100.87 per barrel in the month of May 2026.

Figure 15: Benchmark price of Brent, WTI and Dubai crude



Source: World Bank

- Brent crude price averaged \$107.11 per bbl in May 2026, up by 6.9% on a month on month (MoM) and by 68.2% on year on year (YoY) basis, respectively.
- WTI crude price averaged \$100.87 per bbl in May 2026, up by 3.2% on a month on month (MoM) and by 66.0% on year on year (YoY) basis, respectively.
- Dubai crude price averaged \$102.42 per bbl in May 2026, down by 9.5% on a month on month (MoM) and up by 63.0% on year on year (YoY) basis, respectively.

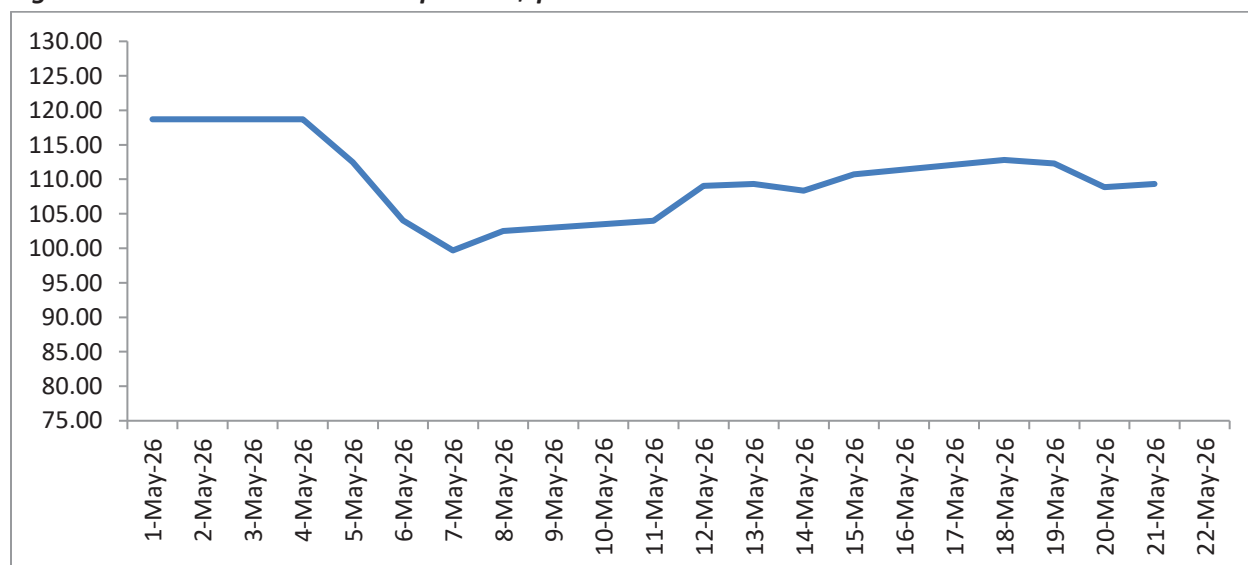
Table 4: Crude oil price in May, 2026

Crude oil	Price (\$/bbl)	MoM (%) change	YoY (%) change
Brent	107.11	6.9%	68.2%
WTI	100.87	3.2%	66.0%
Dubai	102.42	-9.5%	63.0%

Source: World Bank

Indian Basket Crude oil price

Figure 16: Indian crude oil basket price in \$ per bbl



Source: PPAC

- Indian crude basket price averaged \$109.39 per barrel in May 2026, down by 5.9% on Month on Month (M-o-M) and up by 70.8% on a year on year (Y-o-Y) basis, respectively.

Oil production situation

- Non-DoC liquids production (i.e. liquids production from countries not participating in the DoC) is forecast to grow by about 0.6 mb/d, y-o-y, in 2026. The main drivers of liquids production growth are expected to be the US, Brazil, Canada, and Argentina.

- In 2027, non-DoC liquids production is also forecast to grow by about 0.6 mb/d, unchanged from last month's assessment, mainly driven by Brazil, Canada, Qatar, and Argentina. Natural gas liquids (NGLs) and non-conventional liquids from countries participating in the DoC are forecast to increase by 0.1 mb/d, y-o-y, in 2026, to average about 8.8 mb/d. Additional growth of about 0.1 mb/d, y-o-y, is forecast for 2027, to average about 8.9 mb/d. In April, crude oil production by countries participating in the DoC dropped by 1.74 mb/d, m-o-m, to average about 33.19 mb/d, according to available secondary sources.

Table 5: Non-DoC liquids production in 2026, mb/d

Non-OPEC liquids production	2025	1Q26	2Q26	3Q26	4Q26	2026
Americas	28.29	27.95	28.41	28.82	29.04	28.56
<i>of which US</i>	22.22	21.78	22.40	22.60	22.69	22.37
Europe	3.63	3.74	3.57	3.54	3.65	3.63
Asia Pacific	0.41	0.41	0.38	0.39	0.38	0.39
Total OECD	32.32	32.10	32.37	32.74	33.07	32.58
China	4.62	4.73	4.69	4.57	4.57	4.64
India	0.82	0.82	0.82	0.82	0.83	0.82
Other Asia	1.64	1.65	1.62	1.61	1.61	1.62
Latin America	7.55	8.11	8.03	8.09	8.22	8.11
Middle East	1.99	1.63	1.59	1.95	1.96	1.78
Africa	2.27	2.24	2.23	2.24	2.31	2.25
Other Eurasia	0.36	0.36	0.36	0.36	0.36	0.36
Other Europe	0.09	0.09	0.09	0.09	0.09	0.09
Total Non-OECD	19.34	19.63	19.43	19.73	19.94	19.68
Total Non-DoC production	51.66	51.74	51.80	52.47	53.01	52.26
Processing gains	2.54	2.57	2.57	2.57	2.57	2.57
Total Non-DoC liquids production	54.20	54.31	54.37	55.04	55.58	54.83

Source: OPEC monthly report, May 2026

- From the above table, it can be inferred, that the total non-DoC liquids production is expected to reach 54.83 mb/d by 2026.
- The non-DoC liquids production (i.e. liquid production countries not participating in the Declaration of Cooperation) is forecast to grow by about 0.6 mb/d to average in 2026.

Oil demand situation

- The global oil demand is forecast to grow by a healthy 1.2 mb/d in 2026, y-o-y. The OECD demand is forecast to grow by 0.1 mb/d, while the non-OECD demand is forecast to grow by about 1.1 mb/d.
- In 2027, global oil demand is forecast to grow by about 1.5 mb/d, y-o-y, showing an upward revision of about 0.2 mb/d, unchanged from last month's assessment. The OECD is forecast to grow by 0.2 mb/d, while the non-OECD is forecast to grow by around 1.3 mb/d.

Table 6: World Oil demand, mb/d

	2025	1Q26	2Q26	3Q26	4Q26	2026	Growth	%
Total OECD	45.95	45.71	45.44	46.64	46.42	46.06	0.11	0.24
<i>~ of which US</i>	20.74	20.90	20.71	21.30	20.85	20.94	0.20	0.96
Total Non-OECD	59.21	60.34	59.13	60.12	61.49	60.27	1.06	1.79
<i>~ of which India</i>	5.65	5.85	5.85	5.59	6.12	5.85	0.20	3.54
<i>~ of which China</i>	16.88	17.24	16.73	17.30	17.29	17.14	0.25	1.54
Total world	105.16	106.05	104.57	106.76	107.91	106.33	1.17	1.11

Source: OPEC monthly report, May 2026

Global petroleum product prices

USGC refining margins against WTI eased, m-o-m, but retained most of the previous month's gains. Despite this drop, April USGC margins were still at the highest level recorded since January 2023, up \$26.40/b y-o-y. The pressure was mostly driven by middle distillates, as their crack spreads, particularly those of jet/kerosene, started to correct downwards from the atypical highs registered the previous month. Additionally, weakness associated with high sulphur fuel oil, although limited compared to middle distillates, further weighed on USGC refining economics. Stronger feedstock prices and expectations of higher near-term product output, amid the approaching end of the heavy refinery maintenance season, contributed to the weakness. Going forward, US refinery runs are expected to remain high amid favourable refining margins and intentional stock builds ahead of the summer season.

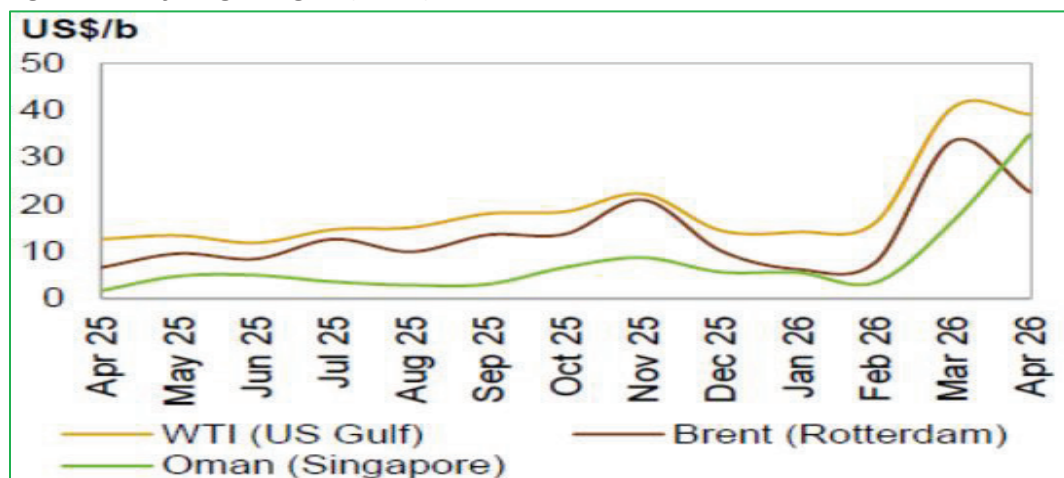
According to preliminary data, refinery intake in the USGC increased by 410 tb/d, m-o-m, to average 16.13 mb/d in April. USGC margins against WTI averaged \$39.02/b, down \$1.49, m-o-m, but up \$26.40, y-o-y.

Rotterdam refinery margins against Brent retracted much more strongly than in the USGC. Despite the monthly decline, the April level still represented a multi-year high, similar to the USGC. According to S&P Global data published on 30 April, total Amsterdam-Rotterdam-Antwerp (ARA) oil product stocks declined 13.0%, m-o-m, and 22.5%, y-o-y, in April. This pressure on total product availability was largely driven by gasoil, which accounted for 43.7% of the monthly decline in total ARA product stocks. All other key products showed more restrained inventory drawdowns, except gasoline, which was up 0.8%, m-o-m. Despite a decline in refinery runs and the subsequent contraction in product availability, depressed

product exports to the US and high feedstock costs, particularly at the start of the month, weighed heavily on Northwest European product markets.

According to preliminary data, April refinery runs in EU-14, Norway and the UK increased by 440 tb/d to an average of 9.51 mb/d. Refinery margins against Brent in Europe averaged \$22.50/b in April, which was \$10.90 lower, m-o-m, and \$15.89 higher, y-o-y.

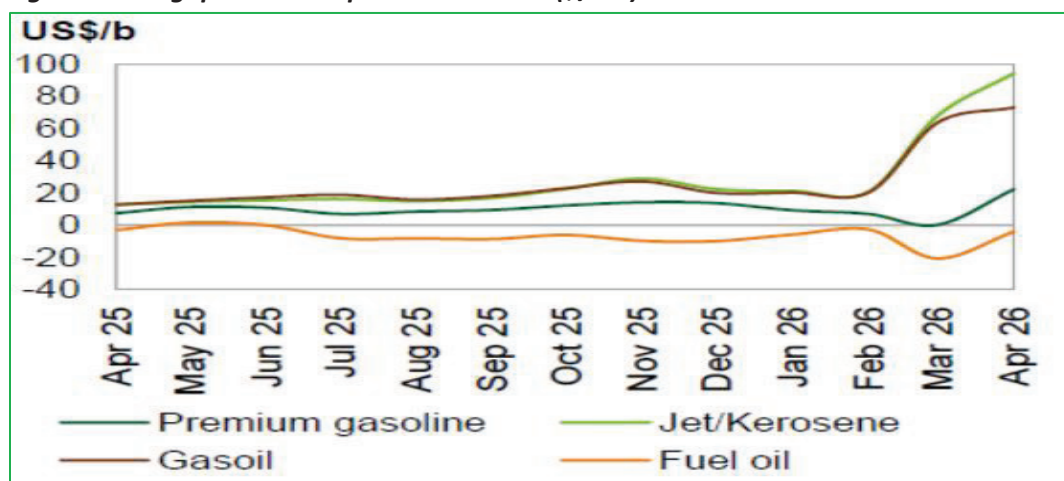
Figure 17: Refining Margins (\$/bbl)



Source: Argus and OPEC

The Southeast Asia gasoline 92 crack spread against Dubai rose due to tightening regional supplies. Considerable refinery run cuts in key regional exporting plants and low crude arrivals resulted in a gasoline availability crunch, pushing crack spreads upward. The margin averaged \$22.24/b in April up \$21.82/b, m-o-m, and up \$14.72/b, y-o-y.

Figure 18: Singapore crack Spreads vs. Dubai (\$/bbl)



Source: Argus and OPEC

The Singapore gasoil crack spread rose, although it lost notable momentum as gasoil arrivals and regional refinery output remained suppressed in April. The global bullish sentiment in gasoil markets eased in April

but continued to support the region, as Singapore middle distillate stocks registered a significant monthly decline. The Singapore gasoil crack spread against Dubai averaged \$73.03/b, up \$9.39/b, m-o-m, and \$60.28/b, y-o-y.

Table 7: Singapore FOB, refined product prices (\$/bbl) in April 2026

Singapore product prices	Price (\$/b)	MoM (%) change	YoY (%) change
Naphtha	122.11	5.0%	96.4%
Premium gasoline (unleaded 95)	133.12	-2.8%	73.6%
Regular gasoline (unleaded 92)	127.80	-0.7%	69.7%
Jet/Kerosene	199.80	1.9%	147.4%
Gasoil/Diesel (50 ppm)	191.69	-0.7%	135.3%
Fuel oil (180 cst 2.0% S)	176.18	-7.5%	119.8%
Fuel oil (380 cst 3.5% S)	101.64	-5.7%	56.8%

Source: OPEC

Petroleum products consumption in India

Monthly Review:

- Overall consumption of all petroleum products in April 2026 with a volume of 19.29 MMT registered de-growth of 4.61% on volume of 20.23 MMT in April 2025.
- MS (Petrol) consumption during the month of April 2026 with a volume of 3.68 MMT recorded a growth of 6.80% on volume of 3.45 MMT in April 2025.
- HSD (Diesel) consumption during the month of April 2026 with a volume of 8.33 MMT recorded growth of 0.86% on volume of 8.26 MMT in the month of April 2025.
- LPG consumption during the month of April 2026 with a volume of 2.21 MMT registered de-growth of 13.07% over the volume of 2.55 MMT in the month of April 2025.
- ATF consumption during April 2026 with a volume of 0.771 MMT registered de-growth of 0.09% over the volume of 0.772 MMT in April 2025.
- Bitumen consumption during April 2026 with a volume of 0.598 MMT registered de-growth of 30.65% over volume of 0.862 MMT in the month of April 2025.
- Kerosene consumption registered growth of 8.71% during the month of April 2026 as compared to April 2025.

Table 8: Petroleum products consumption in India, April 2026

Consumption of Petroleum Products (P)	Monthly		
	Consumption in '000 MT	MoM (%) change	YoY (%) change
LPG	2,212	-7.0%	-13.1%
Naphtha	759	-19.5%	-18.9%
MS	3,684	-2.5%	6.8%
ATF	771	-4.4%	-0.1%
SKO	28	-36.4%	8.7%
HSD	8,332	-4.5%	0.9%
LDO	45	-52.7%	-47.4%
Lubricants & Greases	361	-25.3%	-9.4%
FO & LSHS	490	-24.5%	-0.9%
Bitumen	598	-41.2%	-30.6%
Petroleum coke	1,506	-13.0%	-3.6%
Others	509	-28.6%	-39.2%
TOTAL	19,295	-9.7%	-4.6%

Source: PPAC

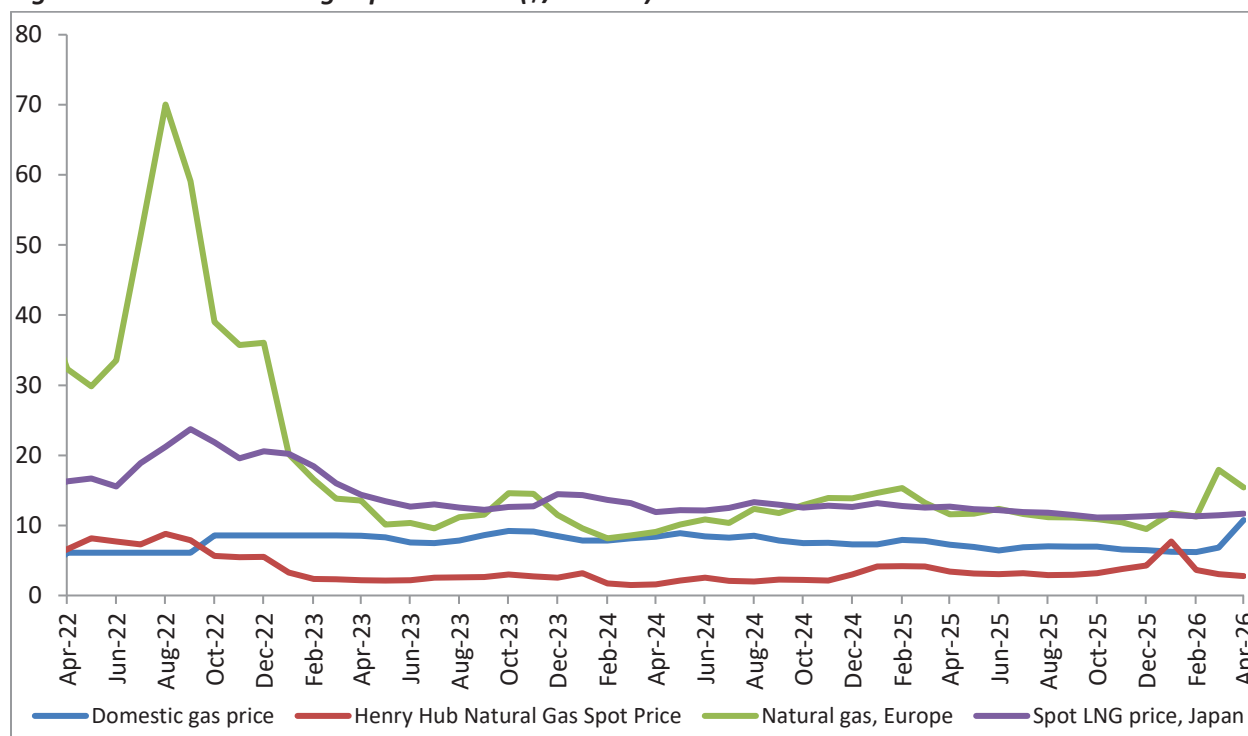
Natural Gas Market

Natural Gas Price – Monthly Review

- Natural Gas spot prices at the US Henry Hub benchmark averaged \$2.77 per million British thermal units (MMBtu) in April 2026. Henry Hub natural gas prices dropped for a third consecutive month in April, falling ~9.0%, m-o-m. Muted domestic demand amid the shoulder season, coupled with high storage levels, outweighed higher LNG exports, dragging down prices. According to data from the US Energy Information Administration (EIA), average weekly storage rose by 9.3%, m-o-m, in the period. Prices were down by ~19%, y-o-y.
- Natural gas spot price at the Title Transfer Facility (TTF) in the Netherlands in Europe traded at an average of \$15.41 per MMBtu. The average Title Transfer Facility (TTF) price declined by ~14%, m-o-m, in April. Prices fell as mild weather sharply reduced near-term consumption risk. Moreover, storage levels improved slightly amid the storage injection season. According to data from Gas Infrastructure Europe, EU storage levels rose to 32.5% as of the end of April, up from 28.1% the previous month, representing a 4.4-percentage-point gain, m-o-m. Prices were up by 33.0%, y-o-y, underscoring that concerns over supply risk remain elevated.
- Japan Liquefied Natural Gas Import Price averaged at \$11.67 per MMBtu for April 2026. There is a change of 2.2% from last month and -8.0% from one year ago.
- The Union Cabinet has approved a new formula for pricing of natural gas and imposed cap or ceiling price on the same. Natural gas produced from legacy or old fields, known as APM gas, will now be indexed to crude oil prices. From April 1 2023, APM gas will be priced at 10% of the price of basket of crude oil that India imports. The rate such arrived at however will be capped at US\$ 6.50 per MMBTU. The price such arrived at will also have a floor of US\$4 per MMBTU. As per notification dated 31st March 2025, the APM gas price has been raised to US\$ 6.75 per MMBTU, up from US\$ 6.50 per MMBTU. Further, as per notification dated 31st March 2026, the APM gas price has been raised to US\$ 7.00 per MMBTU.
- Further, in accordance with MoP&NG, Govt. of India, pricing freedom for gas being produced from discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas, the gas price ceiling for the period 1st April, 2023 - 30th September, 2023 was notified as US\$ 12.12/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March, 2023. As per notification dated 30th September 2023, Gas price ceiling was further revised for the period 1st October, 2023 – 31st March, 2024 was notified as US\$9.96/MMBTU on Gross Calorific Value (GCV) basis. Prices were further revised for the period 1st April, 2024 – 30th September, 2024 was notified as US\$9.87/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March 2024. Accordingly, for the period 1st October, 2024 – 31st March, 2025 gas price ceiling was further revised as US\$10.16/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2024. Now, as per notification dated 31st March 2025, Gas price ceiling was further revised for the period 1st April, 2025 – 30th September, 2025 was notified as

US\$10.04/MMBTU on Gross Calorific Value (GCV) basis. Prices were further revised for the period 1st October, 2025 – 31st March, 2026 was notified as US\$9.72/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2025. As per notification dated 31st March 2026, gas prices were further revised for the period 1st April 2026 – 30th September 2026 and was notified as US\$ 8.90/MMBTU on Gross Calorific Value (GCV) basis.

Figure 19: Global natural gas price trends (\$/mmbtu)



Source: EIA, World Bank

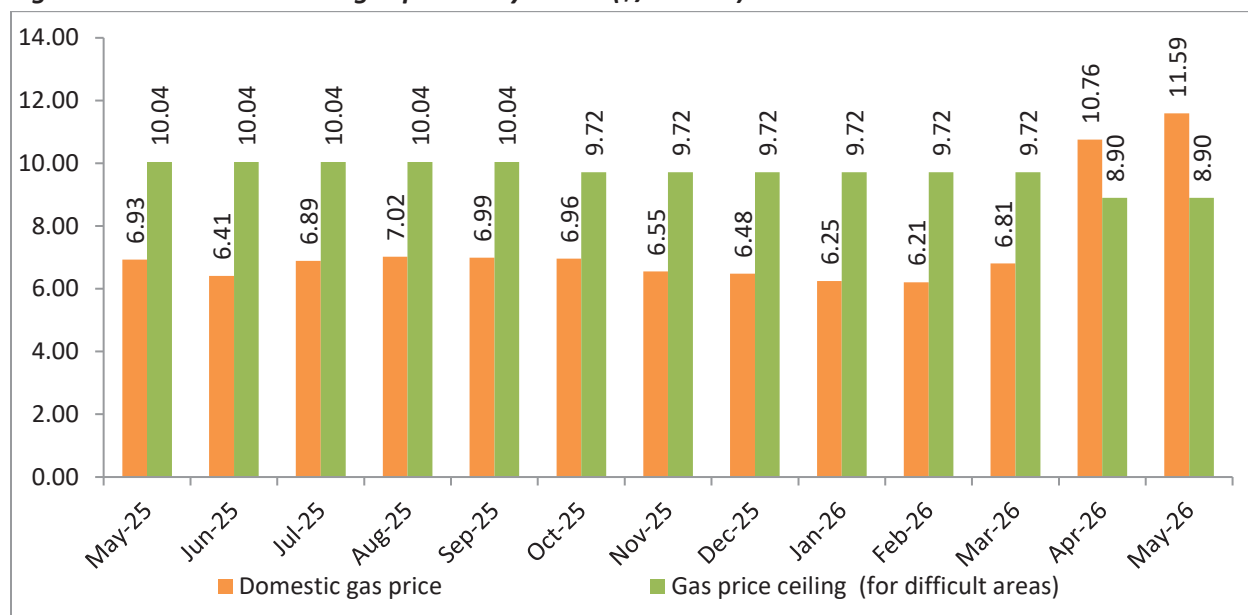
Table 9: Gas price, April 2026

Natural Gas	Price (\$/MMBTU)	MoM (%) change	YoY (%) change
India, Domestic gas price (May'26)	11.59	7.71%	67.24%
India, Gas price ceiling – difficult areas (Apr'26-Sep'26)	8.90	-8.44%	-11.35%
GIXI (Gas index of India) price*	16.9	58%	49%
Henry Hub	2.77	-8.9%	-19.0%
Natural Gas, Europe	15.41	-14.0%	33.0%
Liquefied Natural Gas, Japan	11.67	2.2%	-8.0%

Source: EIA, PPAC, World Bank, IGX

*Prices are weighted average prices (data excluding ceiling price gas, LNG & LDC)

Figure 20: Domestic natural gas price May'25–26 (\$/mmbtu)



Source: PPAC

Indian Gas Market

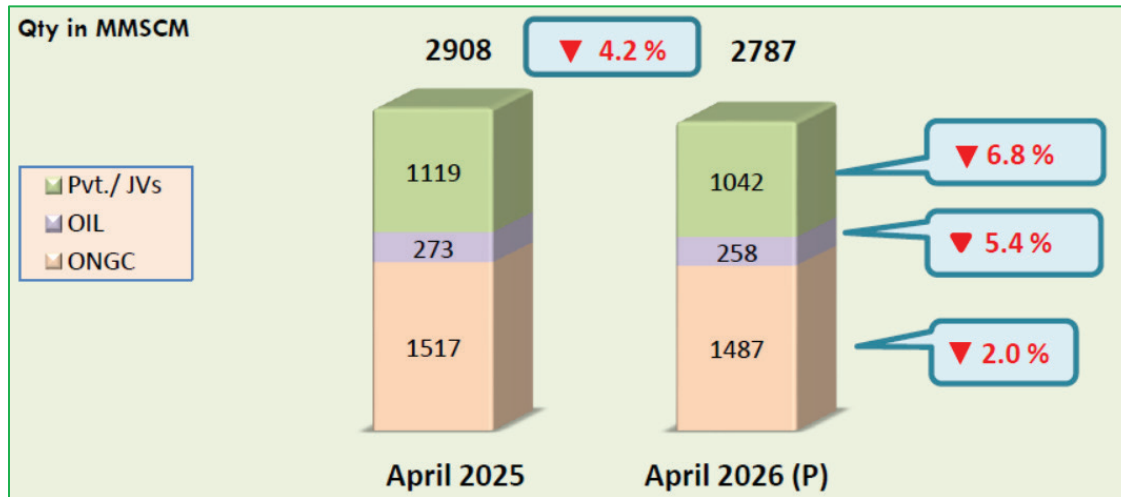
- Gross production of natural gas for the month of April 2026 (P) was 2787 MMSCM which was lower by 4.2% compared with the corresponding month of the previous year.
- Total Import of LNG (Provisional) during the month of April 2026 (P) was 2266 MMSCM as per LNG Importing Entities reporting to PPAC. However, in view of Middle East Conflict, actual figures for April 2026 are expected to be much lower.
- Natural Gas available for sale during April 2026 (P) was 4574 MMSCM (P) (decrease of 12.3% over the corresponding month of the previous year).
- Total Gas Consumption Availability during April 2026 (P) was 5014 MMSCM (P) (decrease of 11.2% over the corresponding month of the previous year). However, this analysis is based on LNG Import figures for April 2026 as reported by LNG Importing Entities reported to PPAC.
- Major consumers were Fertilizer (27%), City Gas Distribution (CGD) (29%), Power (12%), Refinery (6%) and Petrochemicals (3%).

Monthly Report on Natural gas production, imports, and consumption – April 2026

1. Domestic Natural Gas Gross Production:

Domestic natural gas gross production for the month of April 2026 was 2787 MMSCM (decrease of 4.2% over the corresponding month of the previous year).

Figure 21: Domestic natural gas Gross production (Qty in MMSCM)

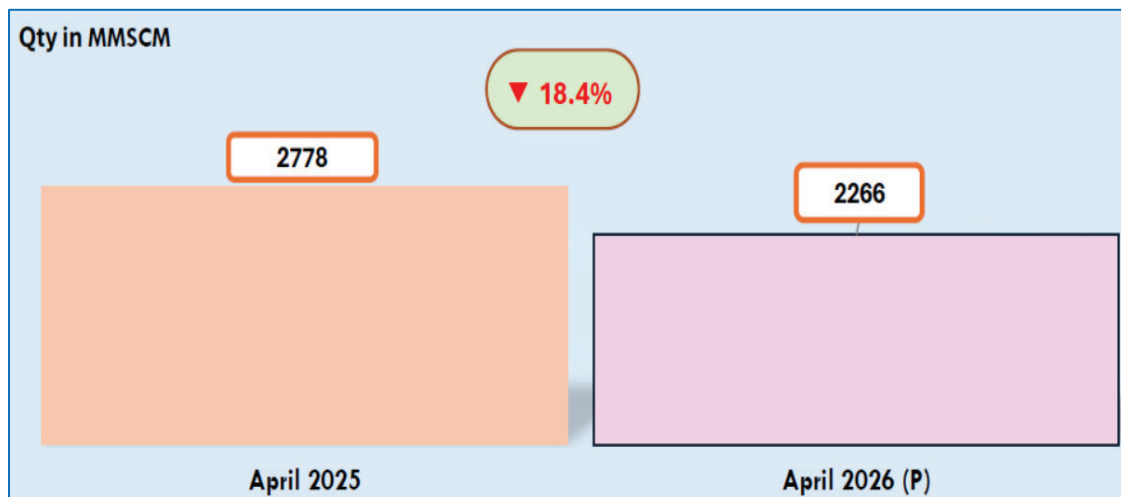


Source: PPAC

2. LNG imports:

Total import of LNG (provisional) during the month of April 2026 was 2266 MMSCM (P) (lower by 18.4% over the corresponding month of the previous year).

Figure 22: LNG imports (Qty in MMSCM)

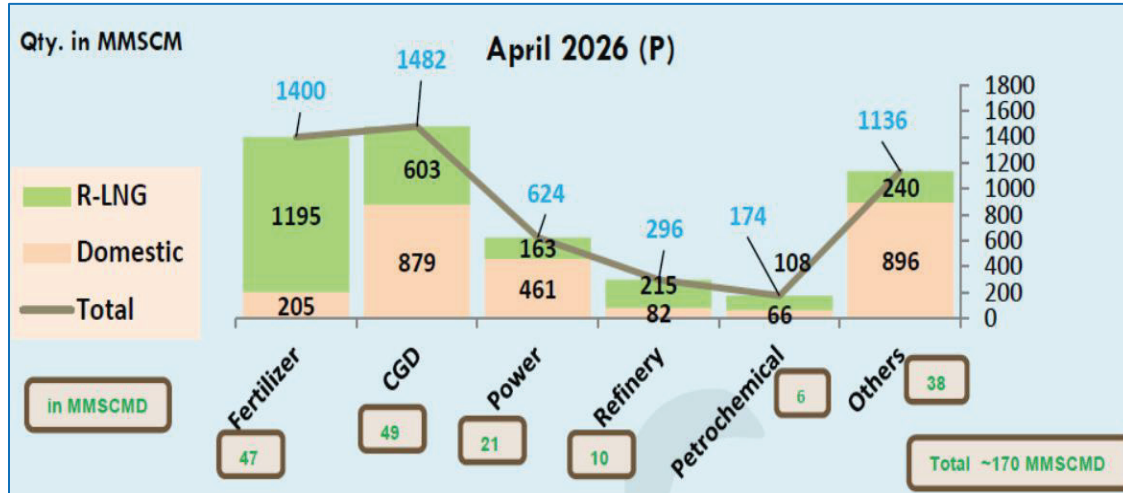


Source: PPAC

3. Sectoral Consumption of Natural Gas:

Major consumers were fertilizer, CGD, power, refinery, petrochemicals among others.

Figure 23: Sectoral Consumption of Natural Gas (Qty in MMSCM) in April 2026



Source: PPAC

Key developments in Oil & Gas sector

Monthly Production Report for April 2026

1. Production of Crude Oil

Indigenous crude oil and condensate production during April 2026 was 2.3 MMT. Around 77% of Production came from Nomination Fields, 12.8% from Pre-NELP Fields and 10.1% from NELP Fields, during April 2026. There is a de-growth of 3.2% in crude oil and condensate production during April 2026 as compared with the corresponding period of the previous year.

2. Production of Natural Gas

Gross production of natural gas for the month of April 2026 (P) was 2787 MMSCM which was lower by 4.2% compared with the corresponding month of the previous year.

3. Crude Oil Processed (Crude Throughput)

Total Crude oil processed during April 2026 was 21.4 MMT, out of which PSU/JV refiners processed 15.7 MMT and private refiners processed 5.7 MMT of crude oil. Total indigenous crude oil processed was 2.1 MMT and total Imported crude oil processed was 19.3 by all Indian refineries (PSU+JV+PVT). There was a de-growth of -2.2% in total crude oil processed in April during current Financial Year as compared to same period of previous Financial Year.

4. Production of Petroleum Products

Production of petroleum products was 22.3 MMT during April 2026. Out of 22.3 MMT, 22.1 MMT was from refinery production & 0.3 MMT was from fractionator. There was a de-growth of -0.2% in production of petroleum products in April FY 2025 – 26 as compared to same period of FY 2024–25. Out of total POL production in April 2026, share of major products including HSD is 42.7%, MS 16.4%, Naphtha 7.1%, ATF 5.5%, Pet Coke 4.4%, LPG 6%, and rest is shared by Bitumen, FO/LSHS, LDO, Lubes & others.

Key Policy developments/Significant news in Energy sector

1. Amid Crude Oil Shock, India Eyes Big Discoveries in Mahanadi and Andaman Basins

Amid the ongoing global oil crisis, India eyes fresh discoveries of oil and gas reserves in the Andaman and Mahanadi basins. While the Western onshore and offshore basin has been surveyed and utilized nearly to its limit, the Centre's attention has pivoted towards its eastern region, including Bay of Bengal, and Mahanadi basin, which spans across Orissa, and Chhattisgarh. India's major upstream oil and gas entities such as Oil and Gas Corporation Ltd (ONGC), and Oil India Ltd (OIL) have doubled down their efforts into identifying fresh alternatives in the Andaman basin.

This comes ahead of the South Asian country's mega oil and gas survey, which involves a collaborative effort between several private enterprises and the central government. At the time of writing this report, Brent crude price stood at 109.9 per barrel, while the rate of WTI crude oil was around \$102 per barrel. On other hand, Centre' expensive deepwater exploration and drilling gamble in the Andaman basin continues ahead of the country's large-scale oil and gas survey.

The multi-basin geological survey involving the use of rigs, 3D cubicles will conduct across the Mahanadi, Bengal-Purnea, Krishna-Godavari, Cauvery and Andaman offshore regions. This is being conducted to reduce India's oil and gas import dependence on other countries, and find an alternative to its western region discoveries as deep water exploration in the only resort left in that region. The Bengal-Purnea and Mahanadi survey will itself cover 45,000-line kilometers (LKM), while the Krishna-Godavari survey will cover nearly 43,000 LKM. Meanwhile, the Cauvery Basin will add another 30,000 LKM, and the Andaman Basin survey will span another 43,000-line kilometers.

2. India plans to send new ships through Hormuz Strait to load oil & gas from Middle East

India plans to send ships through the Strait of Hormuz to load oil and gas from Middle East suppliers as the U.S.-Iran war continues to threaten global energy security. The vessels will commence their journey after receiving final approval from the government, though the number of ships, the volume of cargo or the names of suppliers have not been revealed by official sources. It remains unknown if Iran or the U.S., which are blocking different parts of the Strait and the surrounding waters, have given permission to New Delhi for this endeavour, since their approval is critical for the plan to work.

India's External Affairs Minister Subrahmanyam Jaishankar met his Iranian counterpart Abbas Araghchi in New Delhi on the sidelines of a BRICS summit, where he discussed this plan. India wants to import energy supplies from the Middle East since switching to alternative sources would take longer and would also be costlier. Though India has begun to purchase crude from Russia and other suppliers, it is still dependent on the Middle East for the majority of its oil and gas supplies. Russian oil carries the risk of sanctions as well, though Washington recently issued a waiver allowing the sale of Russian crude oil and petroleum products already at sea. Shipping has been disrupted at the Strait of Hormuz, which handles a fifth of global oil flows, since the US-Iran conflict began. This has severely impacted Asian countries like India, which witnesses rising oil prices and LPG shortages, leading to the temporary closure of cafes and

restaurants in the southern parts of the country. The Indian Navy has escorted many commercial ships from the Hormuz in the past few weeks, and also increased surveillance in the Arabian Sea. It plans to do the same for the ships that will head to the Persian Gulf to load the necessary energy cargo. India has also launched a marine insurance program offering uninterrupted coverage for Indian ships and cargoes in high-risk waters, including the Strait of Hormuz.

3. India cuts royalty rates on crude oil, natural gas: What it means, who benefits?

Union Minister of Petroleum and Natural Gas Hardeep Singh Puri announced rationalization of royalty rates for India's upstream sector in the oil and gas industry. Calling it a "major step towards regulatory clarity," Puri said that the government has rationalized royalty rates and methodologies for crude oil, natural gas, and casing head condensate a light liquid hydrocarbon that separates from natural gas during production. In a post on social media platform X, Puri wrote, "The revised Schedule removes longstanding inconsistencies across regimes to ensure a stable, predictable, and investor aligned framework for India's upstream sector." In simple words, this means that the Centre has changed the rules for how companies pay the government for extracting natural resources.

Rate Cuts: Who Benefits

Under the revised framework, the effective royalty rate on onshore crude production will decline from 16.66% to 10%, while offshore royalty will reduce from 9.09% to 8%. Royalty on natural gas has also been reduced to 8% from the earlier 10%.

According to a report by global brokerage CLSA, the decision is expected to provide a significant boost to state-run Oil and Natural Gas Corporation (ONGC) and Oil India. The effective royalty burden for ONGC's onshore crude production could decline substantially under the revised framework, news agency ANI quoted from CLSA's report.

What this means:

In the oil and gas industry, the 'upstream' sector refers to companies which look for underwater or underground oil and gas fields, drill exploratory wells, and then operate these wells. For the extraction of every barrel of oil or every cubic meter of natural gas, these companies pay a 'royalty' fee to the government. Until now, the royalty was different for different companies and depended on when the contract was signed. But now, the Union government has standardized these rates by under the Oilfields (Regulation and Development) Amendment Act, 2025 and Petroleum and Natural Gas Rules, which established new methodologies for royalty on crude oil, natural gas, and casing head condensate.

"This decision is a culmination of a decade-long effort to modernize our regulatory landscape by replacing complexity with consistency to fuel India's energy future," Hon'ble Minister Mr. Puri wrote.

This comes at a time when crude prices have shot up as a result of the West Asia war a contributing factor to Prime Minister Narendra Modi's appeal to Indians to conserve petrol and diesel. The announcement can be seen as an attempt to encourage domestic oil production, reduce import dependence and move

towards long-term energy security as India faces economic uncertainties due to the prolonged West Asia war.

4. Government notified amendment to LPG control order to facilitate consumers opting for PNG connections

The Government of India has notified the Liquefied Petroleum Gas (Regulation of Supply and Distribution) Amendment Order, 2026, on 25th May, 2026. The amendment aims to provide additional relaxation and convenience to domestic LPG consumers who subsequently obtain Piped Natural Gas (PNG) connections.

- Under the amended provisions, LPG consumers who have PNG connections as well shall have the following options:
 - Consumers may apply for termination of the LPG connection within 30 (thirty) days of obtaining PNG connection; or
 - Consumers may obtain a transfer voucher for future restoration of LPG connection in a non-PNG area.
- This amendment provides significant relief and flexibility to consumers who may subsequently shift to areas where PNG infrastructure may not be feasible.
- The provision is particularly beneficial for transferable employees, migrant households, tenants, students, and/or families shifting to non-PNG areas.

5. India's Clean Energy Push Anchored in Aatmanirbharta, says Shri Pralhad Joshi at CII Summit

In a strong articulation of India's evolving development paradigm, Union Minister for New and Renewable Energy and Consumer Affairs, Food and Public Distribution, Shri Pralhad Joshi, underscored that the country's clean energy transition is no longer confined to climate commitments but is now central to shaping India's industrial competitiveness, trade positioning, and long-term economic resilience.

Addressing the CII Annual Business Summit 2026, the Minister highlighted that India's journey towards 500 GW of non-fossil fuel capacity is simultaneously laying the foundation for a globally competitive, innovation-driven and Aatmanirbhar energy ecosystem.

Shri Joshi stated that the concept of Aatmanirbharta has evolved into a globally recognised framework for resilient and sustainable growth. He noted that India's response during the COVID-19 pandemic, particularly through the Vaccine Maitri initiative, demonstrated how domestic capability can complement global responsibility. He further highlighted that India's digital public infrastructure, including UPI, has set global benchmarks, while defence manufacturing exports such as BrahMos missiles and LCA Tejas aircraft reflect growing technological self-reliance. "Aatmanirbharta is not about isolation; it is about confidence, capability and global competitiveness," he emphasised.

The Minister noted that just days ago, Hon'ble Prime Minister, Shri Narendra Modi had made seven appeals to citizens, encouraging more responsible and Aatmanirbhar ways of living and working. He said

this message reflects the direction in which both India and the world are moving, with sustainability and self-reliance becoming central to future growth pathways.

The Union Minister observed that in the current global context, energy policy has become synonymous with industrial and trade policy. He pointed out that evolving global frameworks such as carbon-linked trade regulations are reshaping international markets. Shri Joshi noted that for Indian industry, adoption of renewable energy is no longer optional but essential for maintaining export competitiveness and managing future cost pressures.

Highlighting India's rapid progress, Shri Joshi stated that the country has recorded one of the fastest expansions in renewable energy capacity globally. He cited significant growth across non-fossil energy, solar and wind capacity, as well as major advancements in domestic manufacturing of solar modules and cells. He also noted that renewable energy played a critical role in meeting India's record peak power demand, contributing nearly one-third of the highest-ever demand of 256 GW.

He further highlighted that at a time when global renewable energy investments declined by around 7 %, India continued to attract strong investment flows, underscoring growing global confidence in its clean energy trajectory. Shri Joshi emphasised that this progress reflects the deep and effective partnership between the government and industry, which has been instrumental in driving India's renewable energy expansion.

Shri Joshi outlined key policy measures undertaken to strengthen the renewable energy sector, including notification of long-term Renewable Consumption Obligation trajectories, introduction of Carbon Credit Certificate Regulations, 2026, long-term green ammonia procurement agreements, a standardised warranty framework for solar PV modules, the Renewable Energy Equipment Import Monitoring System, and tax and duty reforms supporting domestic manufacturing. He stated that these measures aim to provide long-term policy stability, enhance investor confidence and promote domestic value addition.

The Minister highlighted that renewable energy is becoming a critical determinant of competitiveness in key industrial sectors such as steel, aluminium, chemicals, automotive and textiles. He emphasised the importance of emerging areas including green hydrogen, battery storage, pumped hydro, offshore wind and round-the-clock renewable energy solutions in the next phase of growth.

Shri Joshi expressed confidence that India is well on track to achieve its target of 500 GW of non-fossil fuel capacity by 2030. He stressed that the next phase will require deeper integration of generation, storage and transmission systems, along with enhanced grid resilience. He also underlined the importance of continued collaboration between government and industry to sustain the momentum of growth.

The Minister said India's non-fossil fuel capacity has increased from 81 GW in 2014 to 288 GW at present, registering a growth of over (256 %). Solar energy capacity has risen from 2.8 GW to 155 GW, while wind energy capacity has grown from 21 GW to 56.4 GW.

Acknowledging the role of industry stakeholders, Shri Joshi stated that the progress achieved in India's renewable energy sector is a result of strong public-private partnership. "The shared commitment between government and industry will be even more critical as we move towards building a globally

competitive, technologically advanced and inclusive energy system,” he said. He invited industry stakeholders and global investors to participate in the upcoming Renewable Energy Global Investors Meet scheduled later this year.

Shri Joshi concluded by expressing confidence that with continued focus on scale, speed, skill and Aatmanirbharta, India will not only achieve its clean energy targets but also emerge as a global benchmark for sustainable industrial transformation.

6. Cabinet approves Scheme for Promotion of Surface Coal/Lignite Gasification Projects with a financial outlay of Rs.37,500 crore

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved a Scheme for Promotion of Surface Coal/Lignite Gasification Projects with a financial outlay of Rs.37,500 crore.

The Scheme marks a major step towards accelerating India’s coal/lignite gasification programme, advancing the national target of gasifying 100 Million Tonnes (MT) of coal by 2030, strengthening energy security, and reducing dependence on imports of key products such as LNG (more than 50% imported), urea (~20% imported), ammonia (~100% imported), and methanol (~80–90% imported).

In a significant accompanying reform, the Government has also extended coal linkage tenure up to 30 years under the “Production of Syngas leading to Coal Gasification” sub-sector in the Non-Regulated Sector (NRS) linkage auction framework, providing long-term policy certainty for investment in coal gasification projects.

Salient Features of the Scheme:

- Total financial outlay of Rs.37,500 crore to incentivize new surface coal/lignite gasification projects for production of syngas and its downstream products, targeting gasification of approximately 75 million Tonne of coal/lignite.
- Financial incentive provided at a maximum of 20% of the cost of Plant and Machinery.
- Selection through a transparent and competitive bidding process, with an evaluation framework benchmarking project cost, coal input, and syngas output.
- Incentive disbursed in four equal instalments, linked to project milestones.
- Financial incentive for any single project capped at Rs.5,000 crore; for any single product (except Synthetic Natural Gas and Urea) capped at Rs.9,000 crore; and any single entity group capped at Rs.12,000 crore across all projects.
- Incentive under this Scheme is in addition to, and does not restrict access to, incentives under the commercial coal mining regime or schemes of other Central/State Government ministries.
- The Scheme is technology-agnostic; adoption of indigenous technologies is encouraged.

Strategic and Economic Benefits:

- Expected Investment Mobilisation: Rs.2.5- 3.0 lakh crore
- Energy Security & Import Substitution: Diversified use of coal resources and substitutes imports of LNG, urea, ammonia, ammonium nitrate, methanol, and coking coal, insulating India from global price volatility and geopolitical supply-chain disruptions and advancing the Atmanirbhar Bharat and Make in India objectives.
- Employment Generation: The Scheme is projected to create around 50,000 (Direct + Indirect) jobs across 25 projects in coal-bearing regions.
- Revenue to Governments: Coal/lignite utilization is expected to generate Rs.6,300 crore annually from 75 million Tonne of gasification envisaged under the Scheme, plus downstream revenue from GST and other levies.
- Technology Ecosystem: Strengthens India's domestic surface coal gasification capability by advancing indigenous technologies and minimising reliance on foreign EPC contractors.

7. India and EU launched €15.2 million/~₹169 crore joint initiative to strengthen EV battery recycling under the India-EU Trade and Technology Council (TTC)-working group-2

Under the framework of the India-EU Trade & Technology Council (TTC)- Working Group 2 on Green and Clean Energy Technologies, the Government of India and the European Union announced the launch of a third coordinated call for proposals focused on the Recycling of EV Batteries on 5 May 2026. The submission deadline for the same is 15 September 2026.

The call for proposals aims to secure critical raw materials, accelerate the global transition to a circular economy, and strengthen bilateral relations between India and the European Union (EU). With a combined funding pool of €15.2 million (~₹169 crore), the initiative will be funded through the EU's Horizon Europe programme, while the Ministry of Heavy Industries (MHI) will support the Indian component.

The programme will focus on developing advanced recycling technologies, including high efficiency material recovery, safe and digitalized collection systems, and pilot-scale demonstration of innovative processes. It will also support the establishment of a joint India-EU pilot line in India to enable real-world validation and industrial deployment, bringing together leading researchers, industries, and startups. The call for proposal will focus on High Recovery Rates; Mixed Chemistry Handling; Logistics & Inclusion and Safety & Second Life for critical minerals like lithium, graphite, and cobalt.

On the launch of these calls, Prof. Ajay Kumar Sood, Principal Scientific Adviser to the Government of India remarked that this launch is a pivotal moment in the India-EU strategic partnership. As India's EV market continues its rapid expansion, creating a robust domestic recycling ecosystem is essential for our resource security and environmental commitments.

H.E. Mr. Hervé Delphin, Ambassador of the European Union to India highlighted the importance of batteries that sit at the core of the green transition. The goal is to translate the innovations from the development phase to real-world deployment; thereby, directly investing in mineral security and shared climate goals.

Dr. Parvinder Maini, Scientific Secretary, Office of the PSA mentioned that this joint initiative marks a critical leap in India's circular economy and catalyzes momentum for pioneering a digitalized, inclusive logistics model that integrates the informal sector while ensuring the highest safety standards for second-life applications.

Mr. Marc Lemaître, Director-General, Directorate-General for Research and Innovation (RTD), European Commission emphasized on the strengthening bond between the EU and India in the field of green innovation and co-creating a resilient, cross-continental value chain that will ensure that the strategic materials of tomorrow remain within our economies.

8. India opens auction for 500,000 tonne green methanol supply contracts

The Solar Energy Corporation of India (SECI) is inviting bids for 500,000 tonne-per-year (tpa) green methanol supply contracts under the country's National Green Hydrogen Mission. Awarded on a cost-based competitive basis, the 10-year contracts will provide successful bidders with incentives under the Strategic Interventions for Green Hydrogen Transition (SIGHT) program the mission's primary support mechanism. The green methanol must be produced at projects evidentially powered by renewable energy from co-located renewable assets, remote renewable plants, third-party PPAs or power exchanges.

Green methanol, or e-methanol, is produced by combining green hydrogen with captured carbon dioxide. SECI will act as its intermediary buyer, selling it on to procurers across the Indian market. The tender marks SIGHT's first green methanol-focused procurement round, following previous awards covering 724,000 tonnes of green ammonia supply, which came under scrutiny for bidding prices viewed as extremely low. Primarily used as a low-carbon fuel and industrial feedstock, green methanol is being viewed as a potential clean fuel in the maritime sector and as a hydrogen carrier for storage and transport. Last month, renewables firm Jakson Green finalized an 85,000tpa green ammonia purchase agreement, having won SECI's supply auction in August 2025. The country has been positioning itself to become a prominent supplier of green hydrogen derivatives to consumptive markets like Europe.

9. Department of Consumer Affairs Expands Scope of Government Approved Test Centre's (GATC); Verification of CNG, LNG and Hydrogen Dispensers Enabled

The Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, has amended the Legal Metrology (Government Approved Test Centre) Rules, 2013, to further strengthen India's legal metrology ecosystem and expand the country's verification infrastructure for weights and measures.

Five New Fuel Dispensing Systems Brought Under GATC Framework

A key feature of the amendment is the expansion of the scope of Government Approved Test Centres (GATCs) to include verification and re-verification of additional fuel dispensing systems. The move is expected to enhance the availability of verification services, improve efficiency and support the growing adoption of cleaner fuels across the country.

Under the amended Rules, the following five categories of dispensing systems have been added to the list of instruments that can be verified by GATCs:

- Petrol/Diesel Dispensers
- CNG Dispensers
- LPG Dispensers
- LNG Dispensers
- Hydrogen Dispensers

With the inclusion of these instruments, Government Approved Test Centres can now undertake verification and re-verification of a total of 23 categories of weights and measures under the Legal Metrology framework.

Supporting Clean Fuel Infrastructure

The inclusion of CNG, LNG and Hydrogen dispensers under the GATC framework comes at a time when the use of cleaner fuels is increasing across the country. The measure will help ensure accurate fuel delivery and greater transparency in transactions.

Expanding Verification Capacity

Government Approved Test Centres (GATCs) are approved facilities with the required infrastructure and technical expertise to undertake verification and re-verification of specified weights and measures under the Legal Metrology Act and Rules. By involving qualified private laboratories and industries, the GATC framework helps expand the country's verification capacity and improve access to verification services.

Greater Flexibility and Faster Processing

The amendments empower State Governments to notify additional categories of weights and measures for verification through GATCs under their respective Rules. This will help expand verification services based on local requirements. To improve administrative efficiency, officers of the rank of Joint Secretary and above have also been authorised to exercise powers under relevant provisions of the Rules, enabling quicker processing of approvals and related matters.

Verification Fees Notified

Under the amended Rules, the verification fee for Petrol and Diesel dispensers has been fixed at ₹5,000 per nozzle, while the fee for CNG, LPG, LNG and Hydrogen dispensers has been fixed at ₹10,000 per nozzle. Government Approved Test Centres (GATCs) are already playing an important role in providing timely and

reliable verification services for weighing and measuring instruments across the country. The expanded scope of GATCs is expected to further strengthen India's verification infrastructure, improve service delivery and reduce delays.

10. Ministry of Heavy Industries convened a high-level meeting on financing mechanisms for electric buses and electric trucks

The Ministry of Heavy Industries (MHI), Government of India, held a high-level meeting under the chairmanship of Shri H. D. Kumaraswamy, Union Minister for Heavy Industries & Steel, on 20th May 2026 in New Delhi with senior representatives of public and private sector banks including SBI, Punjab National Bank, Canara Bank, Central Bank of India and HDFC, SIDBI, bus and truck operators, including associations such as the All India Motor Transport Congress (AIMTC), Kodadaramu Lorry Association, Bus Operators Confederation of India (BOCI), Karnataka Bus Operators Association (KBOA) and South India Motor Transport Association, along with major private transport operators and travel companies, to deliberate on the financing mechanisms required to accelerate the adoption of electric buses and electric trucks in the private sector.

The objectives of the meeting were to understand the financing challenges for e-bus and e-truck adoption, the current status of financing for e-buses and e-trucks, potential solutions to address the financing challenges and the Government support required.

The meeting was a step in line with Prime Minister Shri Narendra Modi's call to save fuel and adopt Electric Vehicles amid global uncertainties and the evolving situation in West Asia, reflecting India's strong commitment towards energy security, reduced dependence on fossil fuels, lower oil import bills and a sustainable future for all.

During the meeting, key financing challenges relating to the adoption of electric buses and electric trucks in the private sector were deliberated upon, including proposed support mechanisms such as Credit Guarantee and Interest Subvention. Credit Guarantee schemes aimed at de-risking lending by financial institutions and Interest Subvention mechanisms intended to reduce borrowing costs for private sector buyers, were discussed as potential measures to support accelerated adoption of electric commercial vehicles.

Public transport, particularly buses, forms the backbone of mobility across India, while trucks play a critical role in freight movement by carrying a substantial share of domestic goods. At the same time, the commercial vehicle segment contributes significantly to road transport emissions, fuel consumption and particulate matter pollution. In this context, the electrification of buses and trucks is essential for achieving India's decarbonisation targets and advancing the nation's Net Zero by 2070 goal.

Research, analysis & compilation by:

Economic Policy & Planning Team - FIPI

Email: pankhuri@fipi.org.in

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