

05 SEPTEMBER 2026

ASSOCHAM India Monitor

· (AIM Weekly) ·

----- Vol. 6/Issue 1 -----

A comprehensive weekly tracker of India's
macroeconomic indicators ↗



GDP GROWTH



INFLATION



INDUSTRIAL OUTPUT



Top Economic Developments



State Developments



Top Statistics



Weekly Market Mood



ASSOCHAM Analysis



Rupee Strengthens to Near Two-Month High

The rupee gained 27 paise to close at 94.95 against the US dollar on September 1, and strengthened further the following day to a fresh two-month high, supported by strong dollar inflows and RBI intervention. This currency strength, following the reserve build-up and swap-window inflows, offers welcome relief for import costs and inflation management, even as elevated crude oil prices remain a lingering risk factor.

Government Hikes Windfall Tax on Petrol/Diesel Exports, Cuts ATF Levy

The government raised the windfall gains tax on petrol and diesel exports while cutting the levy on Aviation Turbine Fuel (ATF), announced around September 1, in a targeted fiscal recalibration responding to shifting refining margins and crude price movements. This follows the broader pattern of periodic windfall-tax adjustments tracking global oil price volatility, with direct implications for refiners' export economics.

Coal India Output Dips 5.7% in August Even as Offtake Rises

State-run Coal India Ltd's production declined 5.7% to 47.5 million tonnes in August 2026 against 50.4 million tonnes a year earlier, PTI reported September 1, even as offtake (dispatches) rose 5.5% — indicating stock drawdown to meet demand rather than a demand slowdown. This divergence between falling output and rising offtake is worth monitoring for its implications on power-sector coal stock buffers heading into the festive and winter demand season.

FM Sitharaman Leads India's Delegation to G20 Finance Ministers Meeting

FM Nirmala Sitharaman undertook a nine-day visit (August 25–September 2) to Canada and the United States, leading India's delegation to the G20 Finance Ministers and Central Bank Governors meeting in Asheville, North Carolina, held August 31–September 1 under the US presidency. With the US pressing G20 countries on global trade and fiscal imbalances, this forum carries direct relevance for India's trade posture, export competitiveness and role in global supply chains going forward.

Early Signs of Private Investment Revival in Q1 FY27 GDP Data

A detailed breakdown of the Q1 FY27 GDP data shows household consumption and fixed investment each contributing roughly 3.95 percentage points to growth, with investment drawing level with consumption for the first time in several quarters — a signal, per Reuters analysis published September 2, of a potential long-awaited revival in private capital expenditure. If sustained, this would mark a meaningful broadening of India's growth engines beyond consumption-led expansion.

MeitY Notifies Operational Framework for Semicon 2.0

The MeitY notified the operational framework for Semicon 2.0 on September 2, a comprehensive ₹1,27,500 crore national semiconductor policy structured across six pillars — design, machines and materials, additional fabs, ATMP/OSAT packaging, R&D, and talent development. The scheme's Design Linked Incentive component offers a 9% direct reimbursement on net sales for five years (capped at ₹30 crore per application and ₹120 crore per company) for newly launched Indian IP cores, building on Semicon 1.0's 12 approved manufacturing units worth over ₹1.64 lakh crore in committed investment.

Denmark's Novonesis to Invest ₹6,600 Crore in Maharashtra Enzyme Plant

Danish biosolutions producer Novonesis announced a ₹6,600 crore investment in Maharashtra's Patalganga to expand its enzyme manufacturing plant, PTI reported September 2. This is a significant foreign direct investment in India's specialty chemicals and biotech-adjacent manufacturing base, reinforcing Maharashtra's continued pull for global life-sciences and advanced-manufacturing capital.

Telangana's Cabinet Sub-Committee Presses Ahead on "Invest Telangana" Global Summit 2.0 Preparations

Telangana's cabinet sub-committee — comprising the Deputy CM, Industries Minister, Irrigation Minister and Labour Minister — continued finalising arrangements this week for the Telangana Rising Global Summit 2.0, scheduled for December 7-9 with a focus on defence, aerospace and pharmaceutical sector investment. This sustained institutional push, moving from announcement to active organisational planning, signals Telangana's intent to make this a marquee investment-attraction event heading into the new year.

WB to Unveil New Industrial Policy by September 15, Says State Finance Minister

State FM Swapan Dasgupta said this week that a single "iconic" investment could restore investor confidence and set the state on a path to industrial revival, announcing that the complete industrial policy will be unveiled by September 15. Speaking at industry events in Kolkata, Dasgupta candidly acknowledged that while states like Maharashtra, Gujarat, Karnataka and Odisha have surged ahead industrially, Bengal has lagged, and flagged land acquisition, high power tariffs and an ₹8 lakh crore public debt burden as key structural hurdles to overcome. This is a notably candid admission from a sitting state minister and a significant policy milestone to track, building on the ₹5,000 crore incentive allocation and cluster-based manufacturing recommendations flagged in recent weeks.

West Bengal Business Council and Food Industry Bodies Sign MoU to Boost Culinary Trade in Eastern India

The Federation of Indian Food Importers (FIFI) and the Eastern India Culinary Association (EICA) signed an MoU in Kolkata on September 3 to accelerate culinary innovation and food trade in Eastern India. While modest in scale, this reflects the kind of sector-specific institutional partnerships states in the East are pursuing alongside larger industrial-policy announcements to build out their food-processing and trade ecosystems.

MP Cabinet Clears ₹41,000 Crore Plan for Jobs, Investment and Rural Growth

The Madhya Pradesh Cabinet, chaired by Chief Minister Mohan Yadav, approved a package of decisions worth around ₹41,000 crore aimed at strengthening the state's economy and creating opportunities for rural communities, students and businesses, reported September 2. The largest allocation — roughly ₹29,619 crore — goes to implementing the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin), a major push for rural development and livelihood generation, while the Cabinet also raised the procurement quota for summer moong at support price from 25% to 60% of production, directly benefiting farmer incomes.

India's Q1 FY27 GDP Grows 7.8%, Comfortably Beating Estimates

India's real GDP grew 7.8% year-on-year in the April-June quarter of FY 2026-27, the Ministry of Statistics and Programme Implementation announced on August 31, sharply beating consensus estimates of 7.1-7.3% and the RBI's own projection of 7%. Real GDP was estimated at ₹81.36 lakh crore against ₹75.46 lakh crore a year earlier, while nominal GDP grew 10.3% to ₹88.27 lakh crore, and real Gross Value Added rose 8.2% to ₹73.82 lakh crore. The stronger-than-expected print — achieved even as oil refining companies took a hit from the West Asia conflict during the quarter — cements India's position as the world's fastest-growing major economy and will likely feed into RBI's next policy outlook, though economists have flagged gaps in how the headline figure captures informal-sector activity and income distribution.

Industrial Production Grows 6.7% in July, Moderating After a Strong June

The Index of Industrial Production rose 6.7% year-on-year in July 2026, released by MoSPI on August 28, supported by 7.3% growth in manufacturing and 8.7% in electricity and gas supply, even as mining and quarrying contracted 0.9%. The IIP level stood at 124.8, against 117.0 a year earlier, though growth moderated from June's upwardly revised 8.8% (from an earlier provisional 7.3%). Within manufacturing, 19 of 23 industry groups posted positive growth, led by electrical equipment (28.3%), motor vehicles (22.2%) and machinery (12.1%), while capital goods output grew 16.1% — a strong signal of continued investment-led industrial momentum even as consumer non-durables slipped 1.0%.

GST Collections Rise 14.8% to Near ₹2 Lakh Crore in August

India's gross GST collections rose 14.8% year-on-year to ₹1,99,853 crore in August 2026, government data released September 1 showed, driven by a sharp 29% surge in import-related GST revenue to ₹62,604 crore. Net GST collections, after refunds, stood at ₹1.68 lakh crore, up 8.3% year-on-year. While slightly lower than July's ₹2.11 lakh crore collection, the sustained near-₹2-lakh-crore run rate signals continued strength in both domestic consumption and import-linked economic activity.

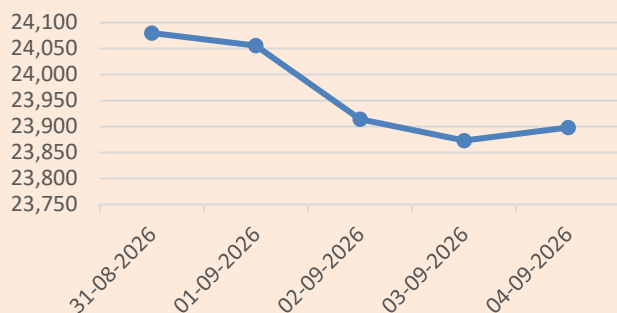
Fiscal Deficit Reaches 26.8% of Full-Year Target in April-July

India's fiscal deficit for the April-July period of FY27 stood at ₹4.55 lakh crore, or 26.8% of the government's full-year target, according to data released August 31 — comfortably within a comfortable fiscal glide path, with net tax receipts at ₹8.5 lakh crore against ₹6.6 lakh crore a year earlier. The revenue deficit stood at ₹43,645 crore, or 7.4% of the annual budget target. This continues India's multi-year fiscal consolidation trend, with the government targeting a further reduction to 4.3% of GDP for FY27 after meeting its 4.4% target in FY26.

PM SVANidhi Scheme's Restructured Phase Completes One Year, Disbursing ₹6,294 Crore

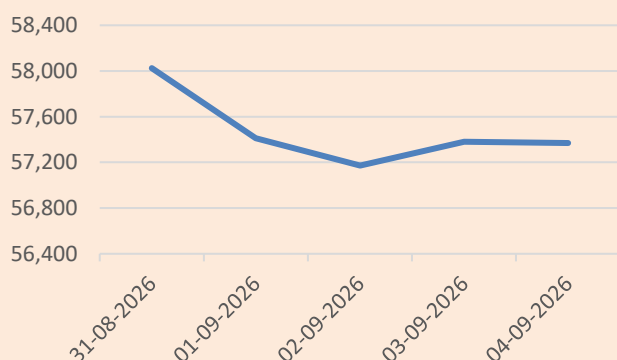
The PM SVANidhi scheme's restructured phase (cabinet-approved August 27, 2025) completed one year this week, having disbursed ₹6,294 crore across 21.86 lakh loans to 10.56 lakh new beneficiaries, alongside the introduction of RuPay credit cards and a digital lending platform for street vendors.

NIFTY 50



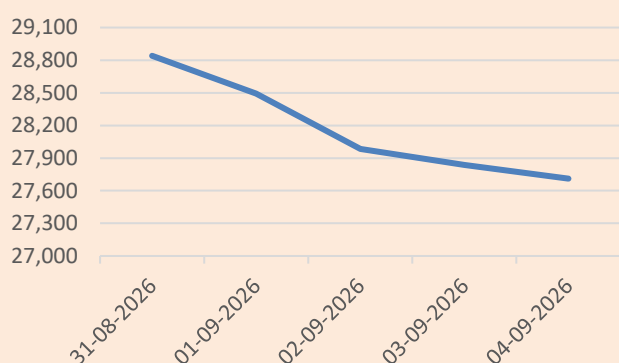
The Nifty 50 declined steadily through the week before broadly stabilising around the 23,870-23,900 mark in the final two sessions. This sustained pullback likely reflects profit-booking after the strong Q1 GDP print (7.8%) and record forex reserves had already been priced in, compounded by the sharp jump in crude oil prices (up from \$85.76 to \$91.01 in just two sessions) raising fresh concerns about import costs and inflation just as the RBI's FCNR(B) swap window closed at month-end, removing a key source of recent dollar-inflow support.

NIFTY BANK



A cumulative weekly decline of ~1.1%. The steep initial fall coincides directly with the closure of the RBI's concessional FCNR(B) swap window on August 31, which had mobilised over \$72.8 billion in inflows; its expiry likely triggered some unwinding-related caution in rate-sensitive banking stocks, even as the sector's underlying fundamentals (19.3% credit growth reported last month) remain strong.

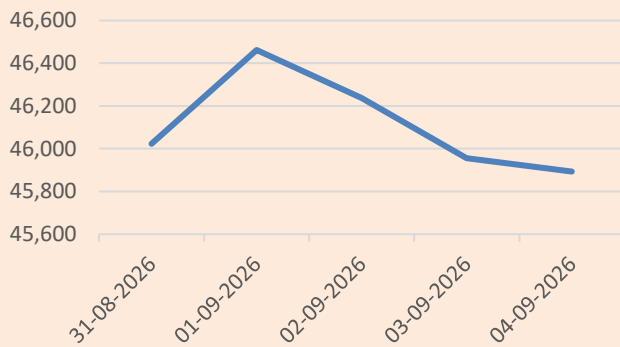
NIFTY AUTO



Auto stocks recorded the steepest decline of all indices tracked, falling from 28,840 (Aug 31) to 27,711 (Sep 4) — a drop of roughly 3.9%, with losses building steadily through every single session. This is a significant reversal for a sector that had been riding record July sales momentum, and is most plausibly linked to the sharp rise in crude oil prices this week (up ~6% in just two days), which directly threatens input, logistics and fuel-cost assumptions embedded in auto-sector earnings, alongside broader market risk-off sentiment.

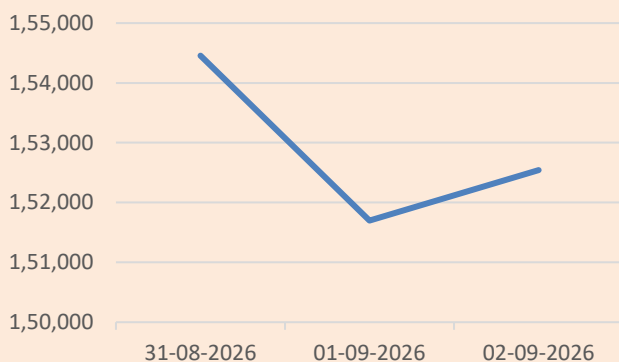
Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
04/09/2026	94.4914	127.9703	109.8822	60.5200
03/09/2026	94.4688	127.4246	109.6137	60.0700
02/09/2026	94.9701	128.2498	109.9453	59.5100
01/09/2026	94.8697	128.4311	110.0694	59.3100
31/08/2026	95.4509	129.2873	110.6079	59.7200

NIFTY FMCG



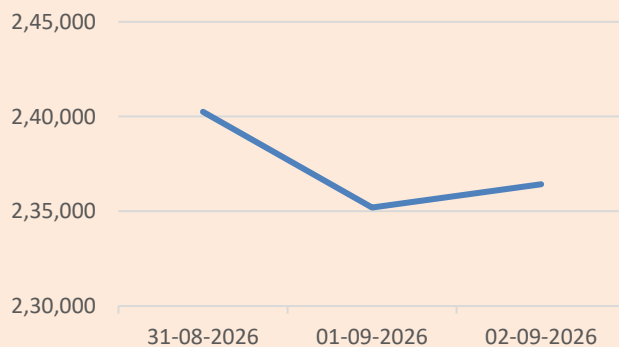
FMCG continued its now multi-week decline, falling from 46,023 (Aug 31) to 45,893 (Sep 4). This persistent softness, now spanning several consecutive weeks, continues to reflect margin pressure from elevated input costs — a trend likely to intensify further given this week's sharp crude oil spike, which raises packaging, transport and raw-material costs across the sector just as broader consumer demand growth shows signs of moderating (per the softer Composite PMI reported recently).

Gold (INR/10 GM)



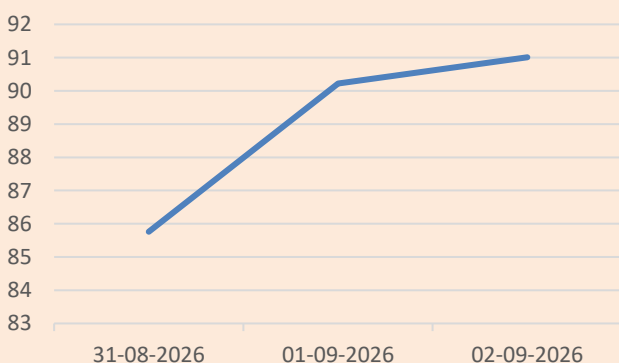
Gold fell sharply, dropping from ₹1,54,456 on August 31 to ₹1,51,699 on Sep 1 before recovering partially to ₹1,52,544 by Sep 2. This is a notable divergence from the typical safe-haven pattern — gold falling even as crude oil surged — suggesting the initial move may have reflected profit-booking after gold's earlier highs, or a shift in investor preference toward equities/other assets following the strong GDP data, before renewed risk-aversion (as crude kept climbing) prompted the partial rebound.

Silver (INR/KG)



Silver mirrored gold's pattern, falling from ₹2,40,250 (Aug 31) to ₹2,35,200 (Sep 1) — a drop of ~2.1% — before a modest recovery to ₹2,36,428 by September 2. As with gold, this initial decline despite rising crude oil is somewhat unusual, and likely reflects a broader precious-metals correction after recent highs, with silver's industrial-demand component providing only partial support against the pullback.

Crude (\$/BL) Price

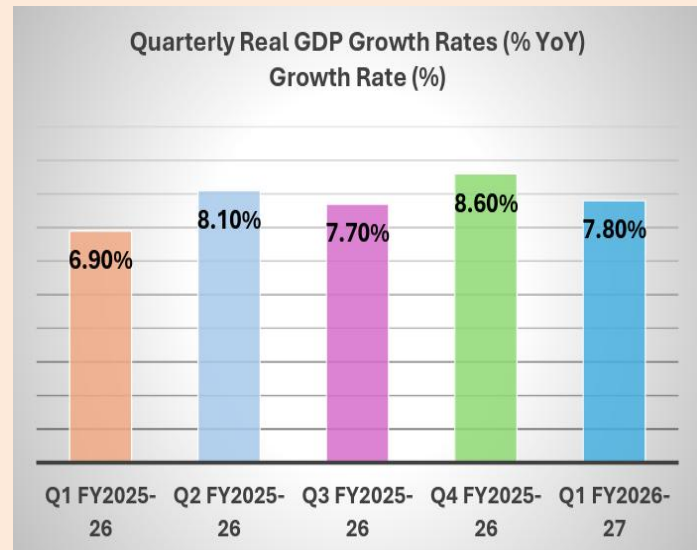


This sharp escalation in prices is very likely driven by intensifying geopolitical risk and is the single most consequential data point here for India's economic outlook: at these levels, the rise directly threatens to widen the trade deficit further, reverse the recent forex-reserve gains, pressure the rupee, and feed through to both WPI and eventually CPI — a dynamic clearly already unsettling equity markets, as seen in the sharp declines across Nifty Bank and Nifty Auto over the same period.

India's GDP Performance in Q1 FY2026-27

1. Growth Momentum Strengthens

- Real GDP growth accelerated to 7.8% in Q1 FY2026-27 from 6.9% in Q1 FY2025-26.
- Nominal GDP growth rose to 10.3% from 8.1% a year earlier, reaching ₹88.27 lakh crore.
- Real GVA growth strengthened to 8.2%, compared with 7.0% in Q1 FY2025-26.
- Nominal GVA grew by 11.5%, reflecting stronger overall economic activity.



2. Services Continue to Drive Growth

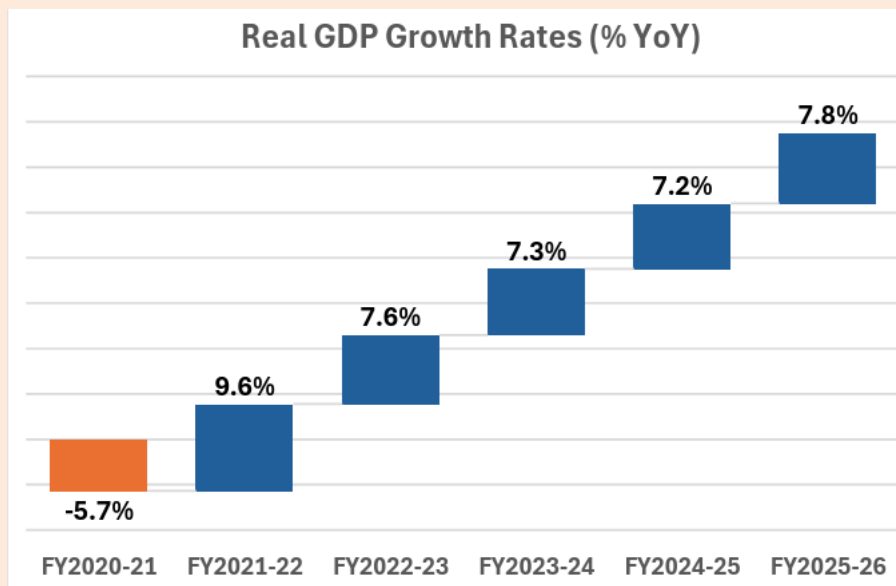
- Tertiary sector growth accelerated to 10% from 8% in the previous year.
- Financial, Real Estate, IT & Professional Services emerged as the strongest major segment, growing by 12.1%.
- Trade, Hotels, Transport, Communication and related services grew 8.5%, maintaining robust momentum.
- Public Administration, Defence & Other Services grew 7.5%, also contributing to the services-led expansion.

3. Industrial Activity Gains Momentum

- Secondary sector growth accelerated to 8.6% from 6.1% a year earlier.
- Manufacturing grew 9.2%, compared with 8.3% in Q1 FY2025-26.
- Construction growth strengthened to 7.7% from 5.2%.
- Electricity, Gas, Water Supply & Other Utility Services recorded 8.9% growth, reversing the 1.8% contraction seen a year earlier.

4. Agriculture Sector Shows Continued Resilience

- Primary sector growth moderated to 2.9% from 5.3% in Q1 FY2025-26.
- Agriculture, Livestock, Forestry & Fishing grew 3.6%, maintaining positive momentum.
- Mining & Quarrying contracted 2.4%, compared with 12.4% growth a year earlier, weighing on overall primary-sector performance.



5. Investment Gains Strong Momentum

- GFCF at current prices increased by 20.4% in Q1 FY2026-27, significantly strengthening from 5.4% growth in Q1 FY2025-26.
- The strong rise in capital formation signals strengthening investment activity and capacity creation.

6. Consumption Continues to Support Domestic Demand

- PFCE at current prices grew by 9.9% in Q1 FY2026-27, compared with 8.3% in Q1 FY2025-26.
- PFCE accounted for 55.6% of GDP, indicating the continued importance of household consumption to overall economic activity. Sustained consumption growth reflects resilient domestic demand.

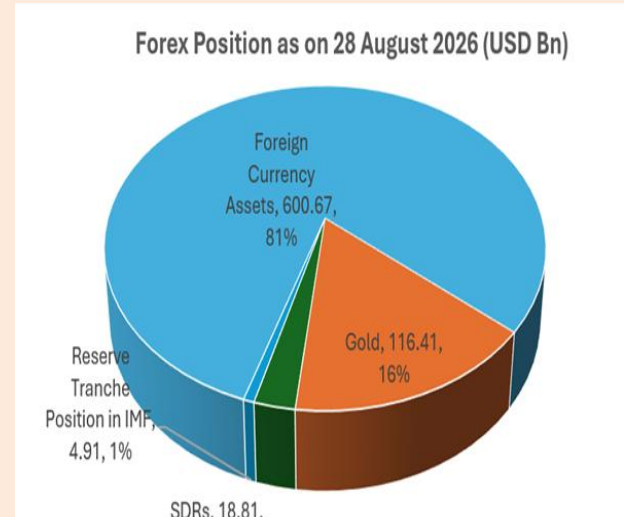
7. External Trade Registers Strong Growth

- Exports at current prices surged 25.8%, compared with 5.7% growth in Q1 FY2025-26.
- Exports accounted for 25.6% of GDP, while imports stood at 28.3%, reflecting a significant expansion in overall trade activity.

INDIA'S FOREIGN EXCHANGE RESERVES STOOD AT RECORD USD 740.80 BILLION

ASSOCHAM Perspective

- India's Forex reserves as on 28 August 2026 reached record high at USD 740.80 billion registering an increase of USD 11.48 billion compared to last week.
- Foreign currency assets which constitute a major part of forex reserves crossed USD 600 billion mark up by USD 9.34 billion as compared to last week.
- Gold, the second largest component recorded a value of USD 116.41 billion.
- Reserve position at IMF and SDR witnessed slight decline in the week ending 28 August as against last week.
- Reserves have climbed for ninth straight week as the RBI's measures helped in a positively.



India's Forex Reserves and Components (USD Billion)

As on 2026	Total Reserves	Foreign Currency Assets	Gold	SDRs	Reserve Tranche Position in IMF
Apr 10	700.95	555.98	121.34	18.76	4.86
Apr 17	703.31	557.46	122.13	18.84	4.87
Apr 24	698.49	554.62	120.24	18.77	4.86
Apr 24	698.49	554.62	120.24	18.77	4.86
May 01	690.69	551.83	115.22	18.79	4.86
May 08	696.99	552.39	120.85	18.87	4.88
May 15	688.89	545.90	119.32	18.82	4.85
May 22	681.38	543.03	114.79	18.75	4.82
May 29	682.32	546.15	112.60	18.75	4.83
June 5	681.61	543.44	114.58	18.77	4.83
June 12	671.63	544.29	103.82	18.70	4.82
June 19	672.59	541.22	107.93	18.65	4.79
June 26	666.93	541.07	102.54	18.56	4.77
July 3	674.19	545.58	105.21	18.62	4.79
July 10	675.16	546.51	105.23	18.63	4.79
July 17	676.24	551.06	101.75	18.67	4.76
July 24	682.35	555.93	103.06	18.62	4.75
July 31	692.87	564.68	104.74	18.67	4.78
Aug 7	707.00	574.63	108.74	18.75	4.89
Aug 14	716.91	581.85	111.42	18.74	4.90
Aug 21	729.33	591.33	114.22	18.85	4.93
Aug 28	740.80	600.67	116.41	18.81	4.91

(Source: RBI)

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