



October 2026



(Global Economic Outlook)



ASSOCHAM Global Research & Strategy Centre
The Associated Chambers of Commerce and Industry of India

ASSOCHAM Leadership Viewpoints

Mr. Nirmal K. Minda, President, ASSOCHAM



The external developments continued to influence the domestic economic outlook; however, our economic activity has remained resilient so far. It is delightful to note that India's growth outlook received a broad-based upgrade from multiple global institutions. Global agencies: Fitch, S&P Global, OECD, World Bank and ADB, have raised their growth projections to 7% (or close to 7%) for India for the current financial year. These forecasts have now come in the trajectory of ASSOCHAM's projection made in March 2026 that Indian economy will grow at more than 7% in the current financial year. We believe that India will continue its march on robust growth trajectory this year.

Mr. Saurabh Sanyal, Secretary General, ASSOCHAM



Not only the global institutions but World Economic Forum's September 2026 Chief Economists' Outlook has further instilled confidence where 74 percent of chief economists surveyed anticipate strong or very strong growth in India over the next 12 months. No doubt, India continued to demonstrate unexpected strength in September 2026 amid heightened global uncertainty, with total exports of merchandise and services registering a strong growth. Moreover, India has continued to pursue initiatives to strengthen trade resilience, diversify markets and deepen integration into global value chains.

Dr. S.P. Sharma, Chief Economist, ASSOCHAM



Economic indicators such as GDP growth, exports, auto sales, GST collection, UPI transactions etc continue to reflect India's strong resilience amid heightened global uncertainties. The World Bank has raised its forecast for India's economic growth in FY27 to 7.1 per cent from 6.6 per cent earlier, citing stronger-than-expected growth supported by robust domestic demand and exports, while warning that global risks remain elevated. The upgrade keeps India among the fastest-growing major economies and reflects the economy's resilience despite a challenging global environment.

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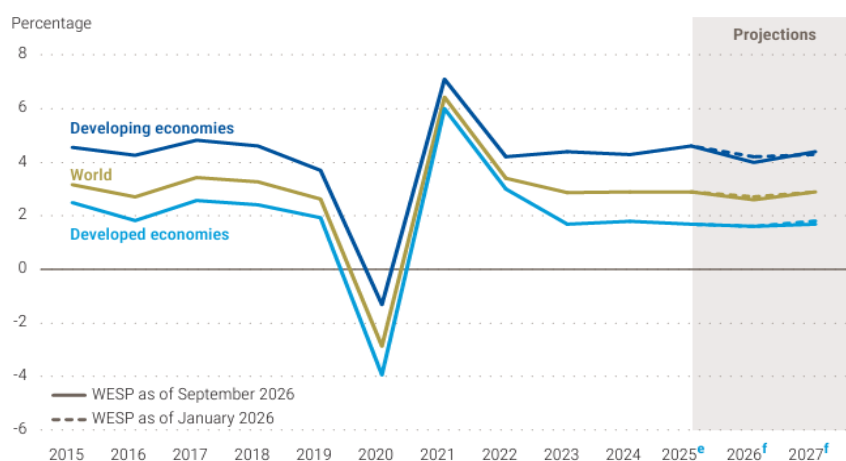
Part 1. Global Economic Monitor

World Economic Situation and Prospects September 2026 Update

Global growth is projected at 2.6% in 2026 and 2.9% in 2027, each 0.1 percentage points above the May forecasts, but below expectations at the start of the year (figure 1) and well below the pre-pandemic average of 3.2% during 2010–2019. Inflation, which had been declining steadily since early 2024, has risen again following the surge in energy prices. In early September, Brent crude traded around \$100 per barrel—about 40% above pre-conflict levels—while prices of downstream petroleum products such as diesel and jet fuel have risen even more sharply.

The trajectory of the Middle East conflict has been marked by intermittent ceasefire negotiations and renewed escalations, adding a significant layer of uncertainty and volatility to the outlook (see box 1 for an update on energy and fertilizer disruptions linked to the crisis). Renewed disruptions to energy and food supply chains remain a key risk.

Growth of economic output



Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.

Note: e = estimates, f = forecasts.

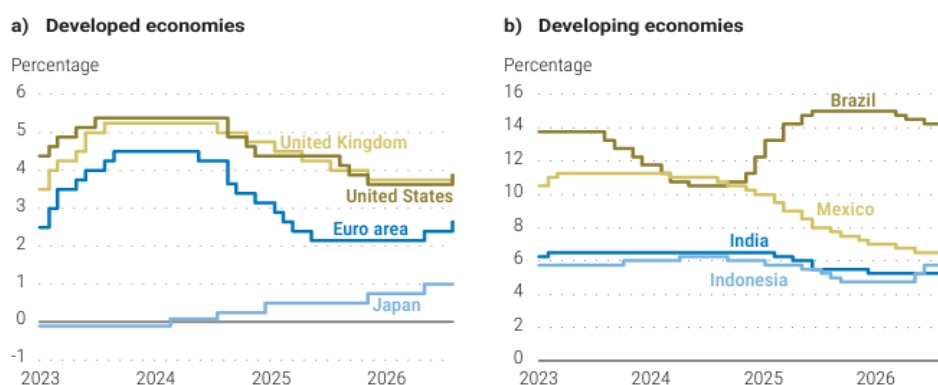
Global trade continued to expand at a robust pace in the first half of 2026 despite the fallout from the Middle East crisis. Merchandise trade rose by 5.4% year-on-year in real terms over the January–May period, surpassing both the 4.3% recorded in 2025 and earlier expectations. Merchandise trade growth was driven primarily by surging demand for artificial intelligence infrastructure, fuelling an extraordinary expansion in technology-intensive goods, including semiconductors, ICT equipment, electrical machinery and related components. Production and trade remained concentrated in East Asia, with the Republic of Korea, Singapore, and Taiwan Province of China recording real export growth exceeding 20% during January–May 2026.

Services trade also continued to expand at a robust pace in the first half of 2026. Growth was led by digitally deliverable services, including ICT, financial, and intellectual property-related services. International tourism, a key driver of service exports, remained

resilient but lost momentum, with tourist arrivals increasing by only 2% year-on-year in the first quarter of 2026 as the Middle East conflict weighed on travel demand.

Renewed inflationary pressures have led central banks across much of the world to pause—and in some cases reverse—the monetary easing cycle that began in 2024, although the pace of easing had already moderated before the Middle East crisis as disinflation slowed.

Central bank policy interest rates in selected economies



Source: UN DESA, based on CEIC data.

According to the Asian Development Bank Outlook, growth in developing Asia and the Pacific (DAP) is forecast at 5.0% in 2026, 0.1 percentage points above the July projection, but down from the 5.5% recorded in 2025. A prolonged Middle East conflict and the reescalation of Russia’s war in Ukraine have kept energy prices elevated and volatile. A very strong El Niño is also expected to challenge the outlook. Against these headwinds, private investment, government stimulus, and strong technology exports driven by an artificial intelligence (AI) boom will support growth prospects. **The regional inflation forecast is revised down to 4.2% for 2026 but raised to 3.5% for 2027.** Persistently high global energy prices continue to exert upward pressure on prices across much of the region, although fiscally costly broad subsidies to stabilize prices have tempered the pass-through to consumers. Escalating conflicts and extreme weather shocks pose the largest threats to the outlook.

High debt has become a structural concern for monetary policy in advanced and emerging economies. Public and private debt rose worldwide after the global financial crisis of 2008–2009 and again during the COVID-19 pandemic. Excluding the People’s Republic of China (PRC), total debt in developing Asia and the Pacific (DAP), including public debt and nonfinancial private debt, rose from about 47% of gross domestic product in 2007 to 89% in 2019, and peaked at 103% during the pandemic before declining to 93% in 2025. Persistently high debt can leave governments, households, firms, and financial systems more exposed to changes in interest rates, potentially complicating the environment in which central banks pursue price and macroeconomic stability.

Part 2. India's Current Economic Scenario

Growth Projections received an upgrade

Recently, several prominent forecasting organisations, including S&P Global, OECD, Fitch Ratings, World bank and Moody's, have revised their growth projections for Indian economy upwards. Their earlier median growth forecast of around 6.5% has now moved closer to 7%, reflecting growing recognition of the resilience and strength of India's economic fundamentals. RBI also raised India's growth projection to 7.1%.

RBI Bulletin highlighted sustained economic momentum, with real GDP growth at 7.8% in Q1 2026-27. Growth was supported by strong domestic consumption, investment activity and a positive contribution from net exports.

Domestic demand remained a key growth driver. Private consumption strengthened, with two-wheeler sales rising 20.3%, passenger vehicle sales 25.7% and personal loans 15.8% in Q1 2026-27. Fixed investment grew by 11.9%, recording its highest growth in the new GDP series. Strong capital goods demand, government capital expenditure, steel consumption and cement activity supported the investment cycle.

Industrial activity remained healthy, with IIP growth at 8% in August 2026. Manufacturing PMI remained in expansion, while automobile production, electricity generation, core industries and capital goods imports showed resilience. The services sector recorded broad-based growth, particularly in financial, real estate and professional services. Strong services activity continued to support overall economic expansion.

India's external sector continued to strengthen, with merchandise exports remaining robust and the trade deficit narrowing in August 2026. Services exports also maintained strong momentum. Net services exports increased 7.3% year-on-year to US\$17.6 billion in July 2026, supported by business, software and transport services. Strong services exports and remittance flows helped moderate the current account deficit.

After a detailed assessment of the evolving macroeconomic and financial developments and the outlook, the RBI increased the policy repo rate under the liquidity adjustment facility (LAF) by 25 bps to 5.50 per cent. Consequently, the standing deposit facility (SDF) rate stands adjusted at 5.25 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 5.75 per cent.

The global economy entered the second half of 2026 on a resilient, though uneven, footing. Growth remained broadly steady, even as the pace of global disinflation moderated and tensions in West Asia continued to affect energy markets. These external developments continued to influence the domestic economic outlook. However, our economy reflects strong domestic demand, rising investment, resilient industrial and services activity, robust exports and healthy capital flows, highlighting the continued strength of India's economic fundamentals.

1. Important Statistics at a Glance

Economic Indicators

Category	Indicator	Latest (Value / YoY Change)
Demand & Consumption	GST Collections	Rs. 2.03 lakh crore (September 26)
	UPI Transactions	24.07 billion transactions worth Rs. 29.37 lakh crore (September 26)
Industrial Activity	Core Sector Growth	4.8% (August 26)
	IIP Growth	8% (August 26)
	Power Consumption	169.01 billion units / 12.85 % growth (August 2026)
Inflation	CPI Inflation	4.82% (Aug 26)
	WPI Inflation	9.92% (Aug 26)
External Sector	Total Exports	USD 82.68 billion (Aug 26)
	Total Imports	USD 92.09 billion (Aug 26)
	Trade Deficit	USD 9.41 billion (Aug 26)
	Forex Reserves	USD 765.90 billion (as on 18 Sep'26)
Financial	Bank Credit Growth	18.2% (Aug 26)
	Fiscal Deficit	Rs.2.5 lakh crore (Aug 26)
Energy & Commodities	Crude Oil Price	116.09 (\$/bbl.) (Sep 26)
	Domestic Gas Price	\$9/MMBTU (Sep 26)
	Petrol Consumption	3644 TMT (Sep 26) 7.21% Growth
	Diesel Consumption	7116 TMT (Sep 2026) 4.86% Growth
	ATF Consumption	720 TMT (Sep 2026) (-)0.06% Growth
	LPG Consumption	2636 TMT (Sep 26) (-)9.15% Growth

Source: Compiled from Various Sources

2. India's Industrial Production grows 8% in August 2026

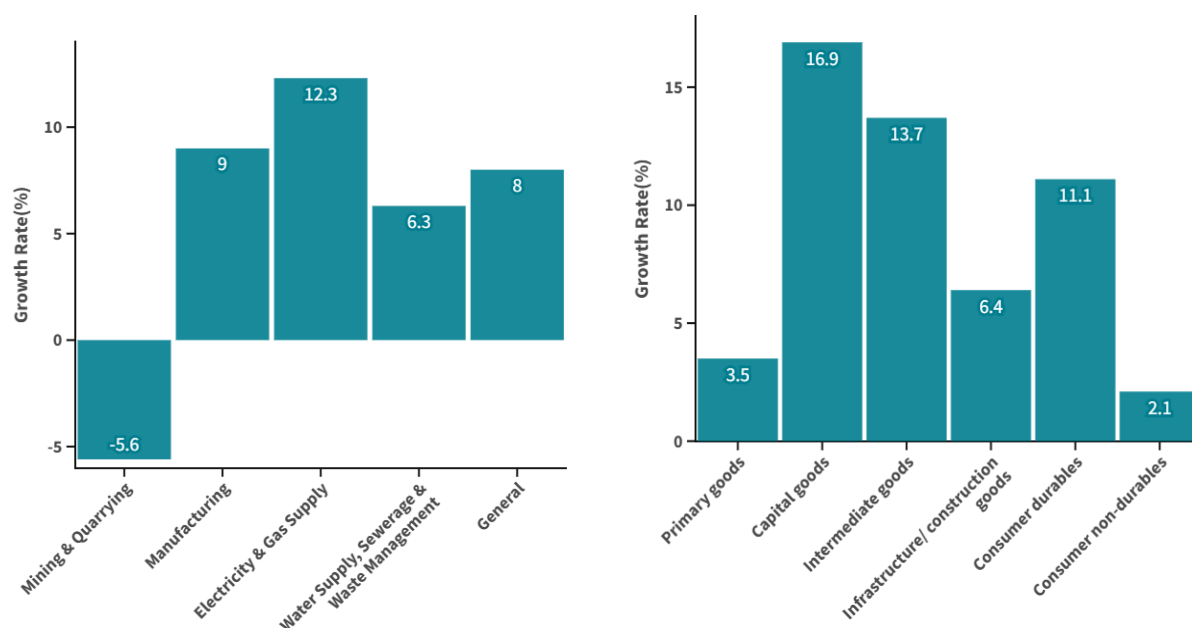
Driven by strong growth of 9.0% in Manufacturing and 12.3% in Electricity & Gas Supply, the Index of Industrial Production (IIP) recorded 8.0% growth in August 2026.

Within the Manufacturing sector, 18 out of 23 industry groups recorded positive growth. The top three positive contributors for August 2026 are “Manufacture of motor vehicles, trailers and semi-trailers” (25.2%), “Manufacture of electrical equipment” (30.9%), and “Manufacture of other transport equipment” (25.3%).

Based on Use-Based Classification, the top three positive contributors to IIP growth in August 2026 are Intermediate Goods, Capital Goods and Consumer Durables, with growth of 13.7%, 16.9% and 11.1% respectively.

In the industry group “Manufacture of motor vehicles, trailers and semi-trailers”, item groups “Auto Components, Spares and Accessories”, “Passenger Cars”, and “Commercial Vehicles” have shown significant contribution in growth.

Sectoral and Use Based Sectoral Growth in August 2026



Source: MoSPI

Key Observations for August 2026

- **Manufacturing Maintains Strong Momentum:** Manufacturing growth accelerated to 9.0% in August 2026, building on the strong performance of the previous two months. The cumulative April–August growth remained healthy at 7.4%, reflecting sustained momentum across the manufacturing sector and continued expansion in industrial activity.
- **Investment and Production Activity Remain Strong:** Capital Goods output grew 16.9% in August, while Intermediate Goods grew 13.7%. Their cumulative April–August

growth stood at 16.3% and 10.0% respectively, highlighting healthy investment activity and strong demand for production inputs. Infrastructure/Construction Goods also recorded 6.4% growth, supporting the overall industrial outlook.

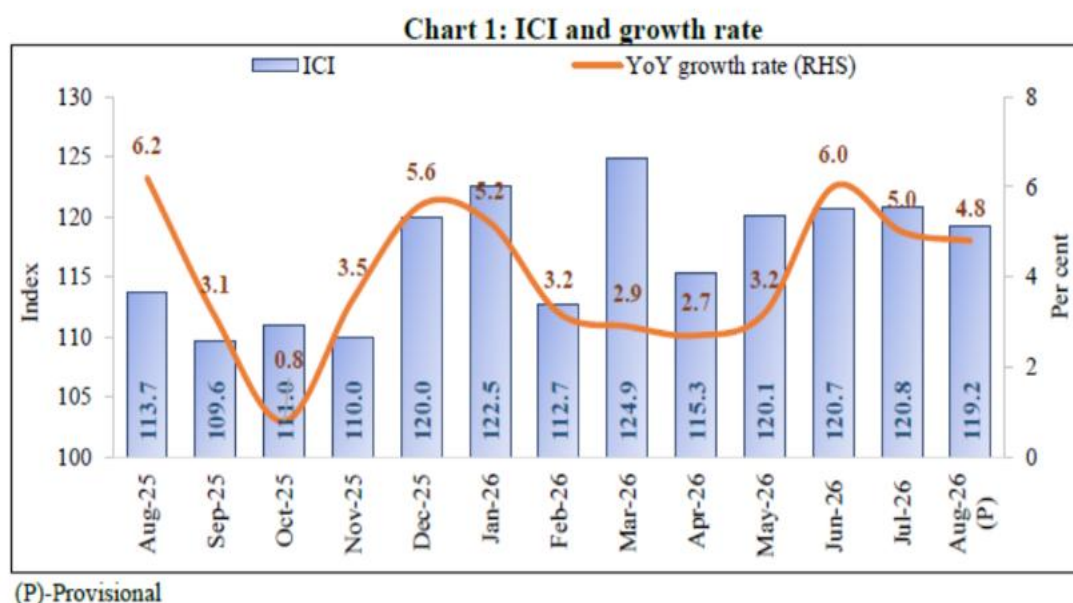
- **Electricity Sector Provides Strong Support:** Electricity & Gas Supply recorded 12.3% growth in August, with electricity generation rising 13.3%. Renewable electricity generation grew 15.4%, while non-renewable generation increased 12.3%. The strong performance of electricity generation points to continued strength in overall economic and industrial activity.

- **Mining Shows Scope for Further Recovery:** Mining & Quarrying recorded a contraction of 5.6% in August, while Metallic Minerals continued to perform positively with 5.0% growth. The cumulative April–August mining index was 2.0% below the corresponding period of the previous year, indicating scope for improvement as activity strengthens in the coming months.

3. Index of Core Industries (ICI) Aug 2026 at 4.8%: Infrastructure-linked sectors continuing to support overall activity

The Index of Core Industries grew by 4.8% in August 2026, compared with the revised growth of 5.0% in July 2026, while cumulative growth during April–August 2026 stood at 4.3%, significantly higher than 2.4% during the corresponding period of the previous year.

Electricity (11.6%), Cement (12.5%), Iron Ore (5.5%) and Steel (3.4%) were the key contributors to growth in August. Refinery Products also recorded positive growth, while Coal, Natural Gas, Crude Oil and Fertilizers remained in contraction.



Source: Office of Economic Advisor

Growth remains broad-based, led by infrastructure-linked sectors

The August data shows continued strength in infrastructure and investment-linked sectors. Electricity, Cement and Iron Ore remained important drivers of overall ICI

growth, while Steel and Refinery Products also recorded positive growth. At the same time, Coal, Natural Gas, Crude Oil and Fertilizers remained under pressure.

Sector	Weight (%)	YoY Growth – July 2026	YoY Growth – August 2026	August Performance
Electricity	30.93	8.4%	11.6%	Growth accelerated significantly, providing strong support to the overall index given its high weight in the ICI.
Cement	4.41	12.7%	12.5%	Growth remained strong and continued to indicate healthy momentum in construction and infrastructure activity.
Iron Ore	4.91	29.5%	5.5%	Growth moderated sharply from the exceptionally high July level, but remained positive.
Steel	17.58	1.9%	3.4%	Growth improved compared with July, indicating a strengthening in steel production.
Refinery Products	22.57	3.0%	2.6%	Production remained in positive territory, although growth moderated slightly.
Coal	5.60	7.6%	-3.8%	Production moved into negative growth after recording positive growth in July.
Crude Oil	7.43	-5.3%	-3.6%	Contraction narrowed slightly, although production remained below the previous year's level.
Natural Gas	3.84	-3.0%	-4.9%	Contraction deepened, indicating continued weakness in natural gas production.
Fertilizers	2.73	-8.0%	-12.4%	Contraction deepened further and remained the weakest-performing core sector.
Overall ICI	100.00	5.0%	4.8%	Growth moderated marginally but remained positive.

Source: Office of the Economic Adviser, DPIIT, July 2026 data is provisional.

The August performance presents a mixed but largely positive industrial picture. Electricity recorded a notable improvement, with growth accelerating from 8.4 per cent in July to 11.6 per cent in August. Cement continued to record strong double-digit growth, while Steel also improved.

Iron Ore growth moderated sharply from 29.5 per cent in July to 5.5 per cent in August. However, this needs to be viewed in the context of the exceptionally high growth recorded in July.

Refinery Products remained in positive territory, although growth moderated slightly. At the same time, the performance of the energy-related sectors remained uneven. Coal moved into negative growth in August, while Crude Oil continued to contract, although at a slower pace. Natural Gas recorded a deeper contraction, and Fertilizer production declined by 12.4 per cent, making it the weakest performing sector during the month.

Sector	Cumulative Growth: Apr–August 2026
Iron Ore	21.8%
Cement	10.3%
Electricity	9.6%
Steel	4.1%
Refinery Products	-1.4%
Coal	-3.2%
Crude Oil	-4.1%
Natural Gas	-4.4%
Fertilizers	-6.7%
Overall ICI	4.8%

Source: Office of the Economic Adviser, DPIIT

The sector-wise cumulative performance during April–August 2026 shows that Iron Ore recorded the strongest growth at 21.8 per cent, followed by Cement at 10.3 per cent and Electricity at 9.6 per cent. Steel also recorded positive growth of 4.1 per cent.

The cumulative numbers indicate that the improvement in the core sector continues to be driven primarily by infrastructure and investment-linked industries, particularly Iron Ore, Cement, Electricity and Steel. However, the continued contraction in Coal, Crude Oil, Natural Gas and Fertilizers shows that the recovery remains uneven across sectors.

4. Consumer Price Index (CPI) Inflation stood at 4.82% in August 2026

Consumer Price Index (CPI) for the month of August 2026 over August 2025 stood at 4.82%(Provisional). Corresponding inflation rates for rural and urban are 5.23% and 4.31%, respectively. Food inflation also strengthened to 5.95%, indicating that the August acceleration was primarily food-led.

CPI (General) and CFPI Rates in % (YoY)

		August 2026 (Provisional)			July 2026 (Final)		
		Rural	Urban	Combined	Rural	Urban	Combined
Inflation (%)	CPI (General)	5.23	4.31	4.82	4.84	3.96	4.45
	CFPI	6.13	5.64	5.95	5.79	5.05	5.52

Source: MoSPI

Rural inflation remained higher at 5.23% compared to urban inflation at 4.31%, reflecting relatively stronger price pressures in rural regions, particularly in food-related items. Despite the increase, headline inflation continues to remain within the RBI's tolerance band of 2-6%, indicating overall macroeconomic stability.

In August 2026, Silver Jewellery recorded the highest inflation at 107%, followed by Ginger at 73.8%. Inflation in Onion and Garlic stood at 48.3% and 43.6%, respectively, while Gold/Diamond/Platinum Jewellery recorded inflation of 35.5%. These items represented some of the highest inflation rates (YoY) among the selected items during the month.

In August 2026, Telangana recorded the highest headline CPI inflation among the top five States at 6.27%, followed by Tamil Nadu at 5.92%. Madhya Pradesh recorded headline inflation of 5.55%, while Andhra Pradesh and Odisha registered 5.53% and 5.52%, respectively.

5. Wholesale Price Index (WPI) for August 2026 at 9.92%

All India Wholesale Price Index (WPI) inflation for August 2026 stood at 9.92% on year-on-year (YoY) basis, compared to 9.78% in July 2026. The index for All Commodities for August 2026 stands at 110.8, whereas it was 110.0 in July 2026.

Inflation for Primary Articles moderated to 7.76% while Fuel and Power, and Manufactured Products noted a rise with 22.93 per cent, and 8.37 per cent, respectively in August 2026, compared to 20.05 per cent, and 8.29 per cent, respectively in July 2026.

Across groups, 'Mineral Oils (containing Petroleum Products)', 'Food Articles', 'Manufacture of Food Products', 'Manufacture of Basic Metals', 'Non-Food Articles', and 'Manufacture of Chemicals and Chemical Products' have been major drivers of WPI inflation in August 2026.

WPI Inflation (YoY in %)

Particulars	June 26 (Final)	July 26 (Provisional)	August 26 (Provisional)
All Commodities	9.97	9.78	9.92
Primary Articles	7.0	8.52	7.76
Fuel & Power	27.18	20.05	22.93
Manufactured Products	7.78	8.29	8.37
Food Index	6.23	6.65	7.05

Source: Office of Economic Adviser

WPI Food Index consists of 'Food Articles' from Primary Articles major group, and 'Manufacture of Food Products' from Manufactured Products major group. It observed a YoY inflation of 7.05 per cent in August 2026, compared to 6.65 per cent in July 2026.

6. Services Growth Gains Momentum, with Business and Consumer Services Leading in July

Services activity remained strong in July 2026, with 17 of the 19 sub-sectors registering positive year-on-year growth over July 2025.

10 sub-sectors recorded double-digit growth, led by administrative and support services (20.9%), retail trade (18.5%) and real estate (14.4%). Consumer-facing services continued to perform well, with accommodation and food services growing 12.6% and retail trade recording 18.5% growth.

Performance of Services Sub-Sectors

S. No	Sub-sector	Growth in July 2026 over July 2025
1	Real Estate	14.4%
2	Retail Trade	18.5%
3	Wholesale Trade	12.1%
4	Administrative & Support Services	20.9%
5	IT & Computer-related Services	10.7%
6	Warehousing & Support Activities for Transportation	9.8%
7	Banking	12.3%
8	Accommodation & Food	12.6%
9	Road Transport	9.9%
10	Insurance	8.9%
11	Telecommunications	11.0%
12	Professional, Scientific & Technical Services	10.4%
13	Repair Services	-5.0%
14	Water Transport	7.7%
15	Arts, Entertainment & Recreation	1.7%
16	Postal & Courier	8.7%
17	Information & Broadcasting	10.0%
18	Railway Transport	7.5%
19	Air Transport	-8.4%

Source: MoSPI, Sub-Sectoral Trial Index of Services Production, July 2026.

Business and technology-led services remained resilient, with administrative and support services growing 20.9%, IT and computer-related services 10.7%, and professional, scientific and technical services 10.4%.

Financial services maintained healthy growth, with banking expanding by 12.3%, while insurance recorded 8.9% growth. Transport activity remained largely positive, with road

transport growing 9.9%, warehousing and transport support services 9.8%, water transport 7.7% and railway transport 7.5%. However, air transport contracted by 8.4%.

Repair services declined by 5.0%, making it, along with air transport, one of the two sub-sectors to record negative growth in July.

7. Fiscal Deficit Stands at ₹2.5 Lakh Crore in Aug, Cumulative Gap at ₹7.1 Lakh Crore

India's fiscal deficit stood at ₹7.1 lakh crore during April-August FY27, reaching 41.9% of the full-year Budget target, according to data released by the Controller General of Accounts (CGA).

The August fiscal deficit stood at ₹2.5 lakh crore, nearly double the ₹1.29 lakh crore recorded in the same month last year. Centre has budgeted a fiscal deficit of ₹16.96 lakh crore, or 4.3% of gross domestic product (GDP), for FY27.

Government expenditure during April-August stood at ₹20.78 lakh crore, up from ₹18.80 lakh crore in the year-ago period. Capital expenditure rose to ₹5.10 lakh crore from ₹4.31 lakh crore last year. Total government receipts during April-August stood at ₹13.67 lakh crore, compared with ₹12.82 lakh crore in the corresponding period last year.

8. Bank credit to industry grows 18.2% in August, up from 7% last year

Bank credit to industry grew 18.2 per cent in August, while services and agriculture credit also recorded strong growth, pointing to a broad-based acceleration in non-food bank lending.

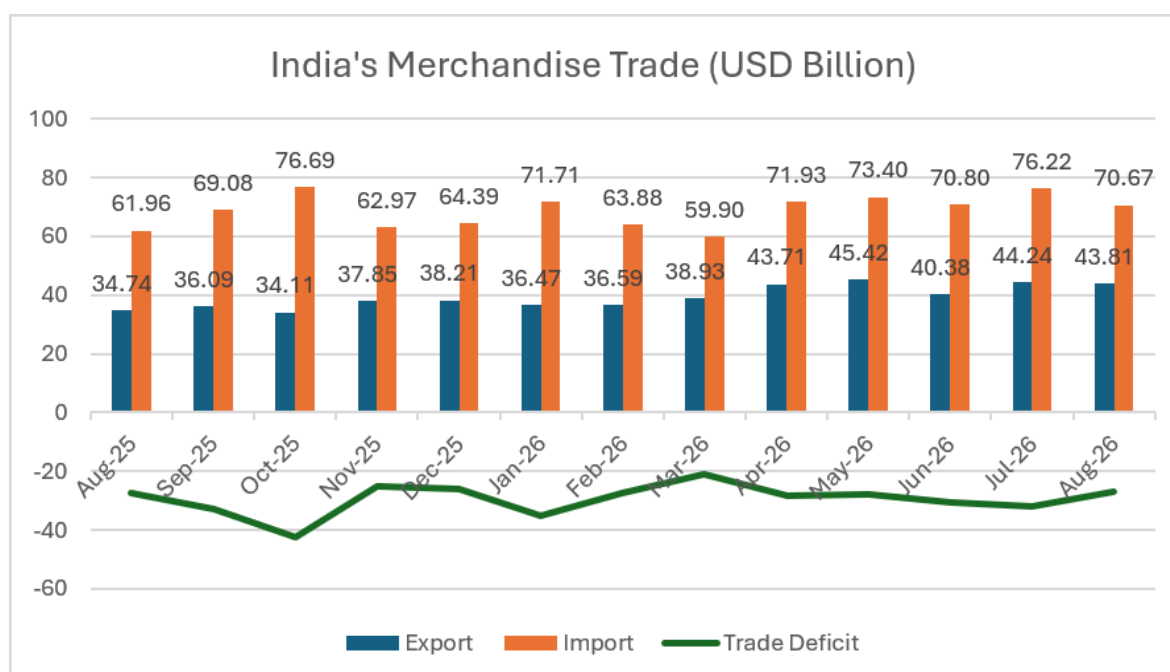
While credit to 'large' and 'medium' industries grew at an accelerated pace, 'micro and small' industries sustained steady expansion. Among major industries, credit to 'infrastructure', 'all engineering', 'basic metal and metal products', 'chemical and chemical products', 'food processing', 'textiles', 'construction' and 'petroleum, coal products and nuclear fuels' exhibited buoyant year-on-year growth.

- Credit to services sector registered a growth of 24.3 per cent (10.3 per cent in the corresponding fortnight of the previous year), supported by robust growth in segments such as 'non-banking financial companies' (NBFCs), 'trade', 'professional services' and 'commercial real estate'.
- Advances to personal loans segment grew 16.9 per cent from 11.9 per cent a year ago.
- While segments such as 'housing' and 'vehicle loans' sustained double-digit growth, 'credit card outstanding' and 'loans against gold jewellery' decelerated.
- Bank credit to agriculture and allied activities registered a year-on-year growth of 17.2 per cent vis-a-vis 7.6 per cent in the corresponding fortnight of the previous year.

9. India's total exports for August 2026* registered 25.41% growth (YoY)

Merchandise exports during August 2026 recorded US\$ 43.81 Billion as compared to US\$ 34.74 Billion in August 2025. While merchandise imports during August 2026 stood at US\$ 70.67 Billion as compared to US\$ 61.96 Billion in August 2025.

- India's merchandise trade deficit narrowed to \$26.86 billion in August 2026, down from \$27.20 billion in the same month last year and nearly \$32 billion in July, as exports grew faster than imports for the first time.
- The rise in exports was led by engineering goods, petroleum products, chemicals and textiles.
- Demand from key markets, including the US, European Union and BRICS economies, supported the growth.
- Exports to countries including China, Singapore, Germany, South Africa, Malaysia, Tanzania, Hong Kong, Australia, Spain and Sri Lanka have picked up, indicating greater diversification in India's export basket.
- Domestic economic expansion and demand for energy and critical inputs continued to drive imports.
- Imports from China remained elevated, reaching \$65.49 billion during April-August 2026, compared with \$51.56 billion in the same period last year.



Source: Ministry of Commerce and Industry

Non-petroleum and non-gems & jewellery exports in August 2026 declined as compared to the corresponding period last year whereas Non-petroleum, non-gems & jewellery imports in August 2026 were US\$ 49.22 Billion compared to US\$ 41.39 Billion in Aug 2025.

Major drivers of merchandise exports growth in August 2026 include Electronic Goods, Petroleum Products, Engineering Goods, Organic & Inorganic Chemicals, Cotton Yarn/Fabs/made-ups and Handloom Products etc.

- Electronic Goods exports increased by 89.82% from US\$ 2.93 Billion in August 2025 to US\$ 5.55 Billion in August 2026
- Engineering Goods exports increased by 24.86% from US\$ 9.87 Billion in August 2025 to US\$ 12.32 Billion in August 2026
- Organic & Inorganic Chemicals exports increased by 16.38% from US\$ 2.41 Billion in August 2025 to US\$ 2.80 Billion in August 2026

The cumulative value of merchandise exports during April-August 2026-27 was US\$ 215.91 Billion, as compared to US\$ 183.21 Billion during April-August 2025-26, registering a positive growth of 17.85%. Total imports during April-August 2026-27* is estimated at US\$ 459.65 Billion registering a growth of 18.01 percent.

The estimated value of services export for August 2026* is US\$ 38.87 Billion as compared to US\$ 31.19 Billion in August 2025. while services imports for August 2026* is US\$ 21.42 Billion as compared to US\$ 15.59 Billion in August 2025.

USD Billion	April-August 2026-27	April-August 2025-26
Merchandise	Exports	215.91
	Imports	363.00
Services*	Exports	183.36
	Imports	96.65
Total Trade	Exports	399.27
(Merchandise +Services) *	Imports	459.65
	Trade Balance	-60.38

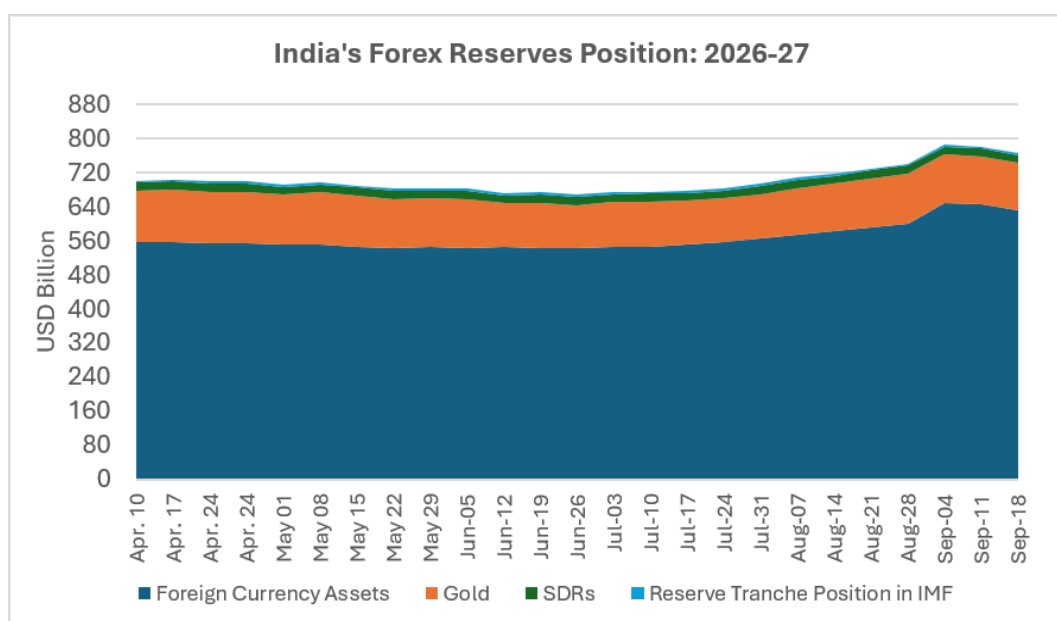
Source: Ministry of Commerce and Industry

Among the top five destination of India's export, during first five months of current financial year, exports to the USA, China and Singapore registered a positive growth as compared to corresponding period last year. For UAE and Netherlands, exports witnessed a decline during April-August period as compared to last year.

The USA remained India's largest export destination, though its share declined from 22% for Apr - Aug 25 to 19.8% for Apr - Aug 26. Singapore and China increased their shares to from 3.8% to 4.5% and 2.6% to 4.4% respectively, while the UAE and the Netherlands recorded a decline in their share of India's total exports from 8.3% and 4.8% to 6.3% and 3.2% respectively.

10. India's Foreign Exchange Reserves Stood at USD 765.90 Billion

- India's Forex reserves as on 18 September 2026 stood at USD 765.90 billion registering a decline of USD 14.88 billion compared to last week's reserve levels.

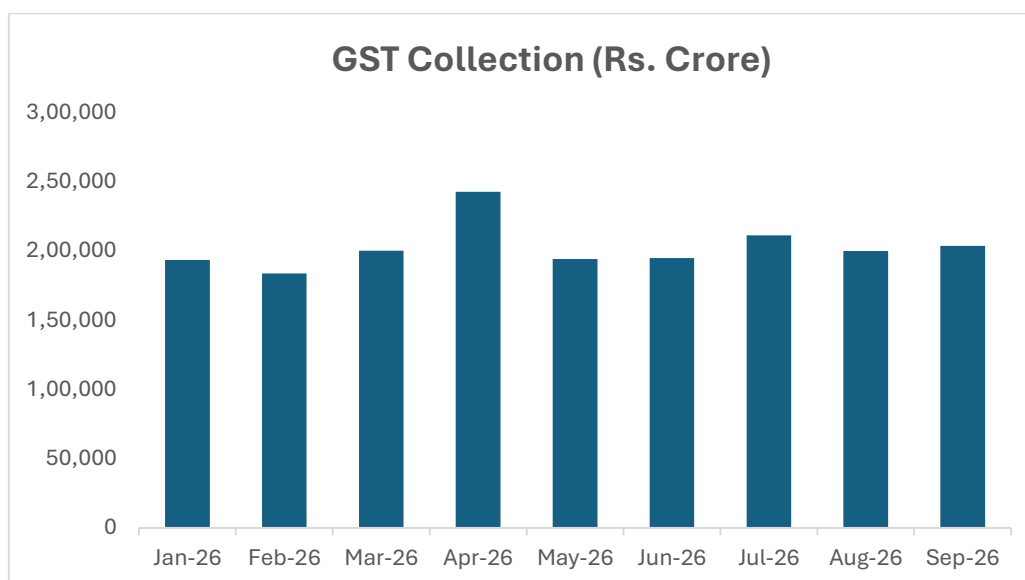


- Foreign currency assets, which constitute a major part of forex reserves recorded at USD 630.98 billion down by USD 14.82 billion as compared to last week.
- Gold, the second largest component, recorded a value of USD 111.29 billion.
- Reserve position at IMF and SDR registered a slight decline for the week ending 18 September as against last week.
- Reserves have declined for second consecutive week after increasing for eleven weeks in a row upto September 4.
- The share of Gold in India's forex reserves declined to 14.5% in the week ending 18 September from more than 17% in the beginning of the current financial year.

11. GST Collections Rise 14.07% YoY in September 2026

India's gross GST collections rose 14.7% year-on-year to ₹2.04 lakh crore in September, but state-wise data showed a wide divergence in revenue growth. Assam, Manipur and Arunachal Pradesh recorded sharp increases, while Jammu & Kashmir, Uttarakhand and Tamil Nadu saw declines in domestic GST collections.

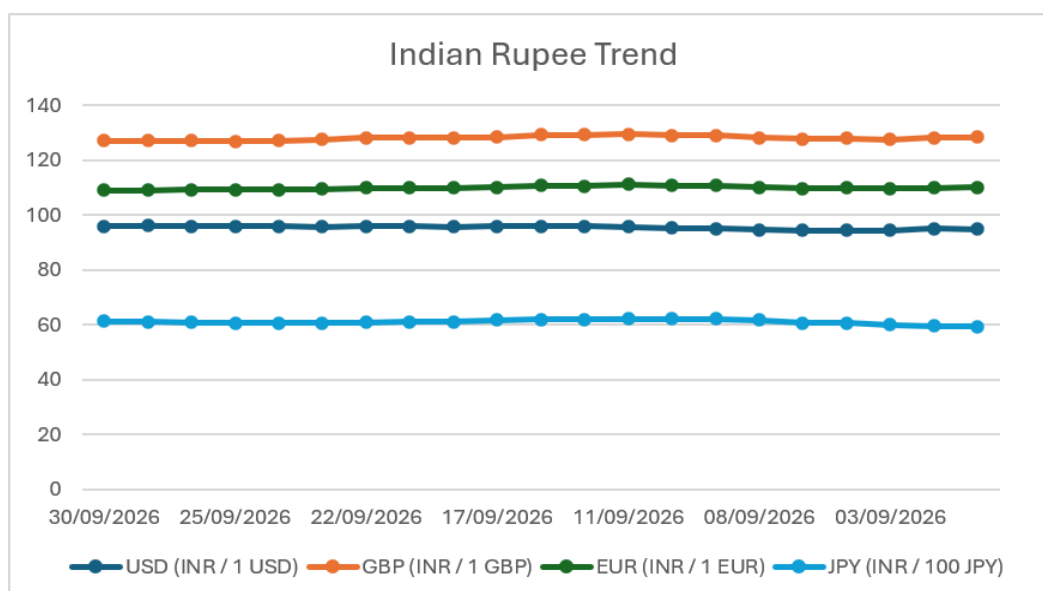
The government collected ₹2,03,521 crore in gross GST revenue in September, compared with ₹1,77,365 crore in the same month last year. Cumulative gross GST collections during April-September stood at ₹12,46,278 crore, up 11.6% from ₹11,17,088 crore a year earlier.



Source: Ministry of Finance

12. Overview of the Indian Rupee for September 2026

Foreign investor selling in the Indian stock market hit a new record. Foreign portfolio investors (FPIs) withdrew more than Rs 3 lakh crore from Indian equities in the first nine months of 2026. This is more than the total foreign outflows recorded in any full year. Several global factors are being cited as the reason for the selling by foreign investors. These are rising US bond yields, a strengthening dollar and changing expectations about global interest rates.



Source: RBI

13. Markets Overview for September 2026

Global equities were broadly lower in September as rising bond yields, higher oil prices, and a stronger U.S. dollar weighed on most major markets. U.S. large-cap stocks and tech-heavy benchmarks in parts of Asia outperformed, while European equities, China, and Australia lagged. Global government bonds sold off as yields rose across major

markets, with long-dated bond yields reaching multi-decade highs. Global corporate bonds also declined, with widening credit spreads – particularly in high yield – adding to the pressure from higher government yields.

Overview of Markets (September 2026)

Market	Index	Open	High	Low	Close	% Change
India	Sensex	76994	77231	72064	72480	-5.9
India	Nifty 50	24077	24143	22569	22620	-6.1
USA	DJIA	53083	53746	50906	50906	-4.1
USA	S&P 500	7635	7782	7507	7651	0.2
USA	Nasdaq	26031	27288	25802	26861	3.2
Japan	Nikkei 225	65885	67037	62726	66753	1.3
Germany	DAX P	26150	26206	25164	25199	-3.6

Oil prices rose amid continued U.S.-Iran tensions and uncertainty surrounding Middle East supply. Brent crude advanced more than 10% and traded above \$100 per barrel during the month. The U.S. Dollar Index rose 2.0% as U.S. yields climbed and investors reassessed the outlook for Federal Reserve (Fed) policy. Gold fell more than 6%, giving back some of the prior month's gain, as higher bond yields and dollar strength weighed on the precious metal.

The Fed raised its benchmark rate by 25 basis points (bps) to 3.75%-4.00%, marking its first rate increase since 2023. The European Central Bank (ECB) raised its key policy rates by 25 bps. The Bank of Japan (BoJ) raised its policy rate by 25 bps to 1.25%. Japanese equities were mixed in September as strength in semiconductor and other technology-related companies supported the Nikkei 225.

14. Recent Economic Developments

India's Sovereign Credit Rating upgraded to 'A-' with Stable Outlook by Japan Credit Rating Agency

JCR upgrades India's foreign currency and local currency long-term issuer ratings by one notch from 'BBB+' to 'A-'. The upgrade reflects India's strong and resilient economic growth, improving fiscal quality, strengthened financial system and robust external position. JCR noted that the Indian economy has maintained a high growth rate, supported by robust private consumption and public investment.

Automated Issuance of Free Sale and Commerce Certificates to Promote Ease of Doing Business

In continuation with the initiatives taken by the Government from time to time to promote Ease of Doing Business for the exporting community, the Directorate General of Foreign

Trade (DGFT) has enabled automated issuance of Free Sale and Commerce Certificates (FSC) on the DGFT portal. These Certificates are issued to exporters, under Foreign Trade Policy, for items which are not covered under the Drugs & Cosmetics Act, 1940. At present, such certificates are issued by Regional Authorities (RAs) of DGFT after scrutiny and verification. Eligible applications will now be considered for automatic issuance in accordance with the prevailing framework, without being routed for manual scrutiny.

First-ever district-level estimates released by NSO for unincorporated non-agricultural sector

NSO disseminates district-level estimates from a large-scale, nation-wide enterprise survey for the first time, marking a significant step towards strengthening granular sub-state-level statistics in India. The top 50 districts, ranked by the number of unincorporated establishments, account for nearly one-third of the total establishments, workforce and Gross Value Added. Roughly one-third of all districts have more than one lakh unincorporated establishments per district. In 237 districts, women constitute one-third of the total workforce in the unincorporated sector.

Expansion of the India-Mercosur Preferential Trade Agreement

Union Minister of Commerce and Industry of India, Piyush Goyal and the Minister of Foreign Affairs of the Oriental Republic of Uruguay, Mario Lubetkin, in the exercise of the Pro Tempore Presidency of MERCOSUR announced the launch of negotiations for the expansion of the Preferential Trade Agreement between the Republic of India and MERCOSUR. Both sides agreed to expand the current Agreement to cover areas of mutual interest, with a view to further deepening their economic relations, as well as creating greater benefits and opportunities for their respective private sectors.

Stock holding limit relaxed for bulk sugar consumers

The Government held detailed consultations with major bulk consumers of sugar and their suggestions have been duly considered with a view to maintaining a stable and orderly sugar market. Therefore, the Government decided that the 15 days' stockholding limit for bulk consumers got relaxed to 30 days, subject to the condition that the quantity of stock held beyond the existing 15 days' limit, shall be sourced exclusively from sugar imported under Advance Authorisation Scheme (AAS) and Tariff Rate Quota (TRQ).

India-New Zealand FTA to Enter into Force from 20 October 2026

In a defining step forward for trade and economic partnership, the India–New Zealand Free Trade Agreement, is going to enter into force on 20th October 2026. The FTA was signed on 27th April 2026 at Bharat Mandapam, New Delhi.

₹1,600 Crore Approved for 41 Pharma & MedTech Innovation Projects under PRIP First Round

Under the first call of the Promotion of Research and Innovation in Pharma MedTech Sector (PRIP), 41 projects have been approved for around ₹1,600 crore in financial assistance. The approved projects are expected to catalyse an additional ₹3,020 crore of private investment, taking the total R&D investment across these projects to around ₹4,620 crore. The approved portfolio spans the innovation value chain, covering novel drug discovery, clinical development and innovative medical technologies.

Minimum Support Prices (MSP) for Rabi Crops for Marketing Season 2027-28

Government has increased the Minimum Support Prices (MSP) of Rabi Crops for Marketing Season 2027-28, to ensure remunerative prices to the growers for their produce. The absolute highest increase in MSP has been announced for Safflower at Rs.675 per quintal followed by Rapeseed & Mustard at Rs.413 per quintal. For Lentil (Masur), barley, gram, and wheat, there is an increase of Rs.390 per quintal, Rs.136 per quintal, Rs.83 per quintal and Rs.25 per quintal respectively.

Merchant Discount Rate (MDR) fees on specific UPI transactions

The Centre will impose Merchant discount rate (MDR) charge on select online transactions conducted under the unified payments interface (UPI) system in India, as per the National Payments Council of India (NPCI). MDR charge will apply on each P2M UPI transaction above ₹2,000, with effect from 15 October 2026, according to the NPCI statement. The rules keep 95% of low-value UPI transactions below ₹2,000 and small merchant transactions (P2PM) completely free and proposes a new fund to support the expansion of UPI acceptance among small merchants.

Monetary Policy Update: Repo rate raised by 25 basis point

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) on October 7, 2026 raised the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 5.50% and shifted its stance to 'calibrated tightening' from 'neutral', signalling that rate cuts are off the table in the near term. The MPC noted that the global context on account of geopolitical developments remains challenging. Nonetheless, the Indian economy has been strong, and the economic momentum remains broad-based. Moreover, the economy is expected to remain resilient." The real GDP growth for FY27 is projected at 7.1%, while CPI inflation is now projected at 5.2%.

Part 3. States' Economy Updates

Procurement of Pulses and Oilseeds Under PSS for Kharif 2026-27

Union Minister for Agriculture and Farmers' Welfare and Rural Development Shri Shivraj Singh Chouhan has approved procurement worth ₹5,547.99 crore at Minimum Support Price (MSP) under the Price Support Scheme (PSS) for the Kharif Marketing Season 2026-27 in Uttar Pradesh, Telangana and Karnataka. The decision is aimed at protecting farmers from a decline in market prices and ensuring remunerative returns for their produce, particularly for pulse and oilseed growers.

Four new airports to be developed in Bengal under UDAN

According to the Union Civil Aviation Minister K Rammohan Naidu, four new airports will be developed in West Bengal over the next two years under the UDAN scheme as the State officially joined the Centre's regional connectivity scheme. The West Bengal government signed a Memorandum of Understanding (MoU) with the Civil Aviation Ministry for setting up the four new airports in the State. The four airports will come up at Charra in Purulia, Kalaikunda in Paschim Medinipur, Balurghat in Dakshin Dinajpur and Hasimara in Alipurduar.

UP, Maharashtra & Gujarat account for 45% of residential rooftop solar capacity in September

India's residential rooftop solar power capacity under the PM Surya Ghar: Muft Bijli Yojana (PMSG: MBY) surpassed 17,500 megawatts (MW) in September 2026 with Uttar Pradesh, Maharashtra and Gujarat accounting for 45 per cent of the installed capacity. Under the PMSG: MBY, the pan-India installed residential rooftop capacity stands at 17,561 MW, covering 59,47,035 households as of September 2026.

UP hotel investment pipeline tops ₹44,250 crore amid tourism boom

The investment pipeline in Uttar Pradesh's (UP's) hotel industry has increased to more than ₹44,250 crore, signalling an uptick in tourism infrastructure. Over the last three years, maps and building plans for nearly 1,000 new hotels in Uttar Pradesh have been approved, with the property count rising incrementally in successive financial years (FYs). According to the UP Tourism department, the annual hotel building plan approvals increased to 421 in FY26 from 205 in FY24 and 299 in FY25, respectively.

World Circular Economy Forum 2026 held in Gandhinagar, Gujarat

The World Circular Economy Forum 2026 (WCEF2026) organized at Gandhinagar, Gujarat, 15-18 September. The Forum brought together around 2,700 Delegates and 260 Speakers from over 60 countries, including governments, international organizations, industry, start-ups, academia and civil society.

Part 4. Policy Developments

3 Sep: 'RAKSHA' document on defence diplomacy released: India's strategic roadmap and vision for global defence partnerships over the next 10 years

The document marks a shift in India's strategic engagement, aligning national security objectives with proactive global cooperation, fostering long-term stability and mutual growth. Key pillars highlighted in the strategic blueprint include:

- Strategic Partnerships: Deepening bilateral and multilateral security cooperation
- Capacity Building: Enhancing joint military exercises, training programmes, and sharing best practices with friendly nations
- Indigenous Exports: Promoting Make-in-India defence platforms to establish the nation as a reliable global defence manufacturing hub
- Maritime security: Strengthening India's role as a Net Security Provider and First Responder in the Indian Ocean Region

16 Sep: Enhancement of EPFO wage ceiling from Rs.15,000 to Rs.25,000 per month

The Union Cabinet approved the proposal of the Ministry of Labour & Employment to enhance the wage ceiling for mandatory coverage under the Employees' Provident Fund Organisation (EPFO) from Rs.15,000 to Rs.25,000 per month. The decision is expected to bring more than 51 lakh additional employees within the ambit of mandatory EPFO coverage, significantly widening social security protection for workers.

30 Sep: New Discovery Track for Startups and MSMEs with Financial Assistance upto ₹50 cr under PRIP Scheme announced

In order to encourage discovery, development and commercialisation of new medicines and to support Start-ups and MSMEs, the Department of Pharmaceuticals, has announced a New Discovery track under the Promotion of Research and Innovation in Pharma & MedTech (PRIP) Scheme for undertaking Pharma Innovation projects. The objective is to encourage and enable start-ups and MSMEs to venture in to high-risk innovation ecosystem for discovery of new drugs and therapies. This new track seeks to address a critical funding gap in early-stage novel drug discovery. Financial assistance of upto ₹50 crore per company/project/portfolio of projects will be provided, subject to a minimum co-funding of 25% of the project cost(s) from bona fide institutional investors.

30 Sep: Ministry of Textiles extends RoSCTL Scheme till 31 December 2026

The Ministry of Textiles has extended the RoSCTL Scheme for exports of apparel/garments and made-ups for a further period of three months, from 1 October to 31 December 2026, at the existing rates and under the prevailing guidelines.

Operational since 7 March 2019, the Scheme provides remission of eligible embedded State and Central taxes and levies that are not refunded through other mechanisms. Anchored in the principle of zero-rating of exports, it seeks to ensure that such domestic

tax incidences do not burden exported products, thereby strengthening the global competitiveness of India's apparel and made-ups sector.

30 Sep: New Corporate Average Fuel Economy (Cafe) Norms Notified

The Ministry of Power, Government of India has notified the new Corporate Average Fuel Economy (CAFE) Norms for passenger vehicles, which will come into effect from 1 April 2027 and remain applicable up to 31 March 2032. The new norms will apply to new passenger vehicles manufactured or imported for sale in India. The new CAFE framework will drive progressive improvements in fuel economy through year-on-year tightening of targets across all five years. The fuel-consumption benchmark is tightened from 3.996 litres/100 km in 2027–28 to 3.3273 litres/100 km in 2031–32, representing an improvement of around 16.7 per cent over the period.

30 Sep: Green Energy Corridor Phase-III scheme

The Union Cabinet approved the Green Energy Corridor Phase-III (GEC-III) scheme. This historic initiative will strengthen India's Intra-State Transmission System (InSTS) to enable evacuation of up to 135 Gigawatt (GW) of renewable energy across States/ Union Territories. The scheme also provides for deployment of 50 GWh of Battery Energy Storage Systems (BESS) at the Renewable Energy (RE) developer/generator end or any other location of importance for grid flexibility to address intermittency, congestion, peak-hour curtailment and meet non-solar hour demand. The scheme will facilitate grid integration and power evacuation within the States/UTs of India.

The scheme is targeted to be set up by FY 2032-33 with total project outlay of Rs.1,86,405 crore, comprising Rs.1,36,378 crore for the development of Intra-State Transmission Systems (InSTS) under GEC-III, Rs.50,000 crore for 50 GWh of Battery Energy Storage Systems (BESS). The Scheme involves a total Central Financial Support of Rs.54,082 crore. The Central Financial Assistance (CFA) will help in offsetting the Intra-State transmission charges and thus keep the power costs down. Thus, the Government support will ultimately benefit the end users – the citizens of India.

30 Sep: Government Extended Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme upto 31st December 2026

The Department of Commerce, has vide Notification No. 41/2026-27 dated 30th September 2026 extended the continuation of Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme upto 31st December 2026 and shall be available for exports made by Domestic Tariff Area (DTAs) Units, Advance Authorisation (AA) Holders, Special Economic Zone (SEZ) Units and Export Oriented Units (EOUs). The RoDTEP Scheme refunds embedded, un-rebated Central, State and local duties, taxes and levies borne on exported products — including prior-stage cumulative indirect taxes

Part 5. Conclusion & Economic Outlook

1. Conclusion

Global economic activity is navigating crosscurrents from ongoing war-induced supply shocks and a positive technology-led investment cycle. Growth momentum remains highly uneven, with advanced and emerging economies that are integrated into the artificial intelligence (AI) and semiconductor value chains experiencing technology-driven growth. In contrast, activity across energy-importing and non-tech economies are constrained by elevated energy prices, structural headwinds, and trade disruptions.

Downside risks to global growth dominate. Broadening geopolitical conflicts in the West Asia may continue to disrupt global supply chains and critical maritime transit routes, particularly the Strait of Hormuz. This continued escalation of geopolitical hostilities may further disrupt the commodity markets. Moreover, elevated policy uncertainty and a potential surge in trade protectionism may restrain international trade flows and investment.

Looking ahead, the INR may face headwinds, including a robust US dollar, elevated import cost, volatile capital inflows and rise in trade policy uncertainties. Any escalation in geopolitical tensions or unexpectedly aggressive monetary tightening by major central banks may put pressure on INR. Conversely, the INR could find support from the resilience of India's services exports, the stability in bilateral trade frameworks and sustained foreign capital inflows.

2. Economic Outlook

As noted by the RBI, India's macroeconomic outlook continues to be supported by resilient domestic economic activity on the back of private consumption and investment. The external environment, however, remains uncertain. At the same time, improving investment outlook, bilateral trade agreements and conducive financial conditions could provide further support to economic activity. On the inflation front, the recent increase in headline inflation has been driven largely by food and fuel prices, but core inflation has also registered a pickup from its benign levels, indicating signs of greater generalisation of price pressures as evident from diffusion indices.

Going forward, upside risks to the inflation outlook persist from renewed geopolitical tensions, disruptions to energy supplies and adverse weather conditions. Against this backdrop, potential second-round effects warrant stricter vigilance particularly as demand conditions remain strong. Overall, the outlook for growth and inflation will depend on how domestic demand and supply conditions evolve alongside developments in the global economy, with the balance of risks remaining contingent on these factors.



GEO

(Global Economic Outlook)

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