

10 OCTOBER 2026

ASSOCHAM India Monitor

· (AIM Weekly) ·

----- Vol. 7/Issue 2 -----

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



57th GST Council Keeps Rates Unchanged but Delivers Sweeping Process Reforms

No GST rates were changed at the October 8 meeting. The Council removed the power of arrest, raised the prosecution threshold from ₹1 crore to ₹5 crore and cut the general penalty from ₹25,000 to ₹10,000. The acknowledgement period for refund claims falls from 15 to 10 days, and refund of accumulated ITC on input services under the inverted duty structure opens for credit availed from November 1, 2026. Refund of ITC on plant and machinery follows from April 1, 2027, spread over 60 months.

Government Raises Deepwater Gas Price Ceiling to \$9.89 per MMBtu; APM Cap at \$7

The government raised the deepwater gas price ceiling to \$9.89 per MMBtu and set the APM cap at \$7. The announcement came with limited detail in the reports I found, so the full notification is worth checking. A higher ceiling should improve the economics of deepwater projects and could support domestic gas output, which matters for energy security and import dependence.

RoDTEP and RoSCTL Export Schemes Extended Until December 31, 2026

The Commerce and Textiles ministries extended the RoDTEP and RoSCTL export-incentive schemes till December 31, 2026 amid geopolitical disruptions, with RoSCTL extended from October 1 for apparel, garments and made-ups. The extension gives exporters continued relief on embedded taxes at a time when export-order growth is softening, though a longer-term framework is still needed for planning certainty.

Cabinet Decisions

Cabinet approves Commitment of Rs.10,000 Crore towards establishment of the SME Growth Fund

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, today approved the Government of India's commitment of Rs.10,000 crore towards the establishment of the SME Growth Fund (SGF) aimed at catalysing growth-oriented capital for India's Small and Medium Enterprises (SMEs) and enabling the emergence of champion Indian enterprises across manufacturing, services, technology, innovation-driven sectors, and strategic value chains as per Para 28 of Union Budget 2026-27. This was in part of the holistic set of announcements that were made in Union Budget 2026-27 focussing on providing equity, liquidity and professional support for the MSME ecosystem as a whole.

Cabinet approves setting up of Integrated Transport & Logistics Authority

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, today approved the setting up of a Special Purpose Vehicle (SPV), namely, Integrated Transport & Logistics Authority (ITLA) to strengthen research, planning, appraisal, monitoring and impact assessment within the broad domains of Transportation and Logistics. The approval seeks to address the long-standing challenges arising from fragmented planning and implementation across multiple transport-related Ministries and agencies. By fostering greater coordination and multi-modal integration, ITLA is expected to enhance the efficiency, sustainability and effectiveness of transport infrastructure development in India.

Madhya Pradesh Draws About ₹90,000 Crore in Investment Proposals at a Mumbai Industry Dialogue

Chief Minister Mohan Yadav's one-to-one meetings with industry groups in Mumbai on October 8 produced investment proposals of around ₹90,000 crore, with over 14,000 jobs in prospect. Bhilosa Industries proposed a phased ₹7,500 crore investment at the PM MITRA Park in Dhar, and the participants spanned pharma, textiles, semiconductors, energy and infrastructure. Welspun discussed a technical textiles park and pipe manufacturing, and Sun Pharma, Ipca Laboratories, Inox Air Products and RPG Group were also among the participating groups.

Odisha Launches Tourism Investment Portal and Raises Hotel Capital Subsidy to ₹120 Crore

At the 7th Odisha Travel Bazaar on October 3, Chief Minister Mohan Charan Majhi launched the Odisha Tourism Investment Incentive Management System and a new Odisha Tourism Portal. The Odisha Tourism (Amendment) Policy 2026 cuts the minimum room requirement for star-category hotels from 50 to 10 and raises the capital subsidy ceiling from ₹20 crore to ₹120 crore. A budget of ₹1,500 crore and a 5,500-acre land bank have been approved for 2026-31 for tourism infrastructure including hotels and resorts.

West Bengal's Group of Ministers Clears Draft Industrial Policy Focused on MSMEs, AI and Data Centres

The state's Group of Ministers approved the draft of the new industrial policy on October 3, aimed at attracting fresh investment, strengthening MSMEs and developing AI, semiconductors and data centres. The policy has not yet taken effect. It follows the Finance Minister's earlier commitment to unveil the framework, and the final cabinet notification and incentive details are the next milestone. The land and incentive provisions will determine how competitive Bengal becomes against Odisha and Jharkhand.

Uttarakhand Cabinet Clears 24 Proposals, Including a ₹200 Crore Skill Scheme and Land-Rights Reforms

At its October 4 meeting in Banbasa, the Cabinet approved a skill scheme for around 1.19 lakh students at an expenditure of about ₹200 crore over five years. It also approved Bhumidhari rights for eligible Class-3 and Class-4 land leaseholders and occupants. The land requirement for establishing a university falls from 10 acres to 20,000 square metres, and the ₹5 crore guarantee fund requirement is removed.

Odisha Raises Puri ABADHA Heritage Project Cost to ₹658.03 Crore

The Chief Minister approved an additional ₹100.83 crore for development projects in Puri under the ABADHA scheme, raising the total project cost from ₹557.19 crore to ₹658.03 crore. A major portion of the additional funding will go towards expanding the Jagannath Ballav Pilgrim Centre and its associated facilities. Heritage-led infrastructure in Puri complements the tourism-policy push in item 2, particularly for hospitality and visitor-services demand.

RBI Raises Repo Rate by 25 bps to 5.50% and Shifts to “Calibrated Tightening”

The MPC voted unanimously on October 7 to raise the repo rate by 25 bps to 5.50% and changed its stance from neutral to “calibrated tightening”, signalling that near-term rate cuts are off the table. The SDF rate moves to 5.25% and the MSF and Bank Rate to 5.75%. The RBI projects FY27 GDP growth at 7.1% and CPI inflation at 5.2%. This is the first hike in nearly four years. The quarterly growth path is 7.2% in Q2, 6.9% in Q3 and 6.8% in Q4.

EV Retail Sales Surge 74% to a Record 3.33 Lakh Units in September

India's EV retail sales reached a record 3.33 lakh units in September, up 74%, led by electric two-wheelers and passenger vehicles amid stronger festive demand and wider model availability. Overall EV penetration is around 13%. Passenger-vehicle EV penetration rose to 8.45%, and alternative-fuel vehicles made up 41% of passenger-vehicle retail. With crude above \$100, electrification is also an energy-security lever, which supports the case for charging-infrastructure and component-localisation advocacy.

World Bank Lifts India's FY27 Growth Forecast to 7.1%, Flags Oil and El Niño Risks

The World Bank's India Development Update projects 7.1% growth in FY27 on robust domestic demand and strong exports, while warning of downside risks from global oil prices, El Niño and stock-market corrections. The upgrade rests on industry and services offsetting a weaker monsoon and elevated energy prices. The report's special focus on AI notes that private AI investment tripled from \$1.2 billion in 2024 to \$4.1 billion in 2025. The forecast matches the RBI's projection and strengthens the growth narrative even as the policy stance tightens.

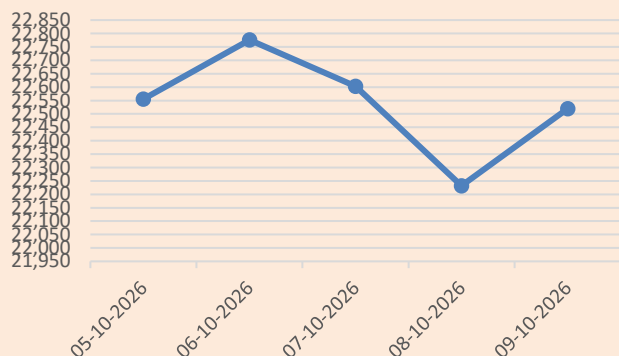
Services PMI Rises to 55.2 in September, Composite at 55.9, but Export Orders Soften

The HSBC Services PMI rose to 55.2 from 54.1 in August, though below the flash estimate of 55.8, while the Composite PMI climbed to 55.9 from 54.3. This was the 62nd straight month of services expansion. External demand grew at its weakest pace in nearly three years, hiring moderated and input costs rose on food, fuel and insurance, while business confidence improved to a three-month high. The July-September quarter was the weakest for services activity since early 2022. Domestic demand is carrying the sector while exports lag.

Auto Retail Hits a Record 25.37 Lakh Units in September, Up 31.8%

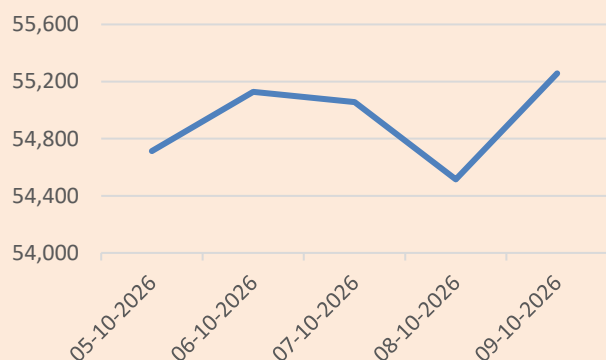
FADA data show retail sales of 25,36,920 units, up 31.82% year-on-year. Two-wheelers rose 33.08%, passenger vehicles 32.10% to 4,27,213 units, and commercial vehicles 37.62%, crossing one lakh for the first time in a September. April-September retail reached a record 1.55 crore units, up 20.77%, and FADA calls the October outlook “cautiously optimistic”. FADA cautions that the 31.82% growth is the most base-distorted print of the year. The festive season will test whether demand holds against higher rates and fuel costs.

NIFTY 50



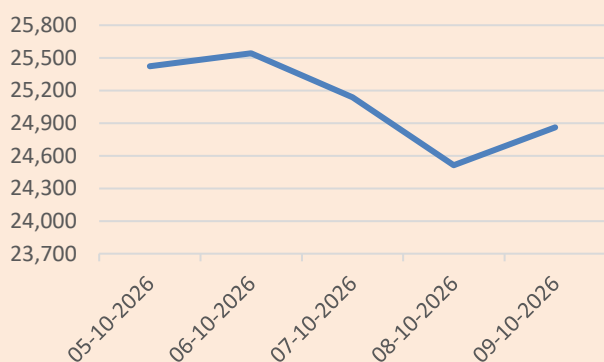
The Nifty 50 ended the week almost flat, down about 0.16% from 22,556 on October 5 to 22,520 on October 9, but the path was volatile. It peaked at 22,776 on October 6, then fell about 2.4% over the next two sessions to a low of 22,232 on October 8, with a 1.64% single-day drop that day. On October 9 it rebounded 1.3%. The sell-off followed the RBI's 25 bps hike and shift to "calibrated tightening" on October 7, sustained FPI selling and crude oil firming.

NIFTY BANK



Bank Nifty gained about 1.0% over the week, from 54,714 to 55,257, outperforming the broader index. It dipped to 54,515 on October 8, down about 1% on the day, before jumping 1.36% on October 9. Banks held up better than other sectors, probably because a rate hike can support net interest margins. Strong credit growth also helps, and the GST Council's process reforms improve working capital for borrowers.

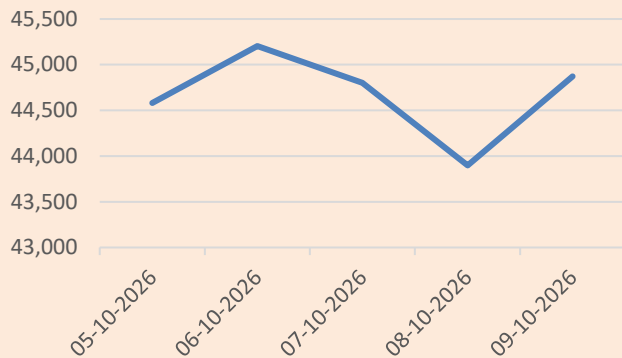
NIFTY AUTO



Auto was the weakest of the three indices, falling about 2.2% from 25,422 to 24,860. It slid about 4% from the October 6 peak of 25,542 to the October 8 low of 24,513, including a 2.5% fall on October 8 alone. A hawkish RBI raises vehicle-loan costs just as the festive season begins, and firmer crude adds to running costs. This came despite record September retail sales (25.37 lakh units), though FADA itself called the 31.8% growth the most base-distorted print of the year. A 1.4% rebound on October 9 recovered only part of the loss.

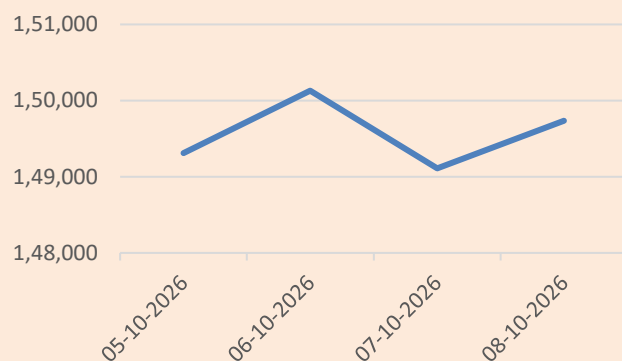
Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
09/10/2026	96.6149	127.8859	108.4728	61.0800
08/10/2026	96.7733	127.7414	108.3774	61.1900
07/10/2026	96.6230	127.9772	108.4503	61.0100
06/10/2026	96.4348	127.3756	108.0729	60.9600
05/10/2026	96.2831	127.2182	107.7883	61.0300

NIFTY FMCG



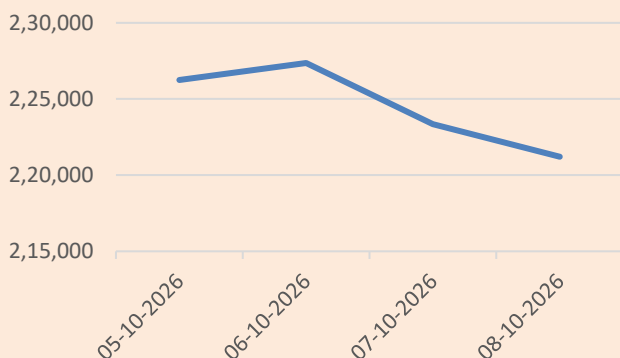
FMCG ended up about 0.65% for the week, from 44,581 to 44,872, with a sharp swing in between. It reached 45,204 on October 6, fell 2% to a low of 43,898 on October 8, then jumped 2.2% on October 9. The October 8 fall coincided with the broad sell-off, with FMCG among the sectors down 2-3%. The Oct 9 rebound may reflect the GST Council's inverted-duty and ITC refund relief, which helps FMCG working capital. High food inflation (WPI food at 7.05%) and input costs remain a drag on margins.

Gold (INR/10 GM)



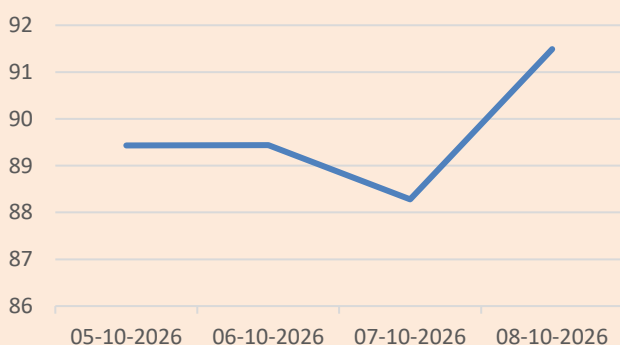
Gold was range-bound, rising about 0.3% from ₹1,49,311 on October 5 to ₹1,49,735 on October 8. It peaked at ₹1,50,130 on October 6 and dipped to ₹1,49,110 on October 7, the day of the RBI hike, when higher rate expectations and a firm dollar weighed on bullion. It recovered on October 8 as equities sold off and crude rose, which revived safe-haven demand.

Silver (INR/KG)



Silver fell about 2.2% over the period, from ₹2,26,240 on October 5 to ₹2,21,211 on October 8. After peaking at ₹2,27,365 on October 6, it lost about 1.8% on October 7 and about 1% on October 8. Gold held up better because silver is also an industrial metal. Risk-off equity markets, a stronger dollar and rising yields hurt silver more, and softer manufacturing sentiment adds to the pressure. This is the same pattern as in previous weeks, with silver amplifying moves in gold.

Crude (\$/BL) Price



Crude rose about 2.3%, from \$89.43 on October 5 to \$91.49 on October 8. It dipped to \$88.28 on October 7, then jumped about 3.6% on October 8. The price level here differs from the Brent quotes in market reports (above \$104 on October 8), so I assume a different benchmark, but the direction matches, with renewed supply concerns in the Middle East. For India the October 8 rise coincided with the equity sell-off and rupee weakness near ₹96.8.

India PMI for September 2026: Manufacturing, Services & Composite

All three headline PMIs strengthened in September, Manufacturing rose to a seven-month high of 55.1, Services to a three-month high of 55.2 and the Composite Output Index to 55.9, as firmer domestic and overseas demand lifted sales, output and hiring, while cost pressures eased at the composite level to their lowest in nine months.

Manufacturing PMI: Key Observations for September 2026

Headline Index at a Seven-Month High: The seasonally adjusted HSBC India Manufacturing PMI rose by more than two index points to 55.1 (August: 52.8), the strongest improvement in sector health since February 2026 and above its long-run average of 54.2.

Demand Recovery Broad-Based: New business intakes grew at the fastest pace in seven months on firmer demand for electronic, food, pharmaceutical and textile products, with total sales rising at the quickest rate since February. New export orders expanded more quickly, driven by clients in Brazil, Europe, the UAE and the US.

Output, Hiring and Purchasing Accelerate: The pick-up in demand spurred the sharpest expansion in factory production in four months. Job creation resumed after August's fractional decline and was the most pronounced since May. Input buying quickened and stocks of purchases accumulated at the strongest rate in seven months. Finished goods inventories rose for a third month and at the second-fastest pace in 11-and-a-half years.

Prices Firm but Mild; Sentiment Improves: Input cost inflation accelerated on higher electronic component, pharmaceutical and steel prices but stayed below its long-run average; selling price inflation also quickened yet remained modest and below trend. Intermediate goods topped the growth rankings while capital goods was the weakest link. Business confidence rose to a four-month high.

Services PMI: Key Observations for September 2026

Activity at a Three-Month High: The Business Activity Index rose from 54.1 in August to 55.2 in September, the strongest upturn since June.

New Orders Rise Sharply: New business increased at the fastest rate in three months, with finance & insurance and consumer services recording the strongest expansions in both activity and sales; firms cited stronger demand for digital solutions, food, insurance, loans, software, transportation, tours and travel.

Exports Improve but Growth Moderates: International demand improved with gains reported from Germany, the UAE, the UK and the US, though growth of new export business eased to a moderate pace that was the slowest in close to three years.

Hiring Continues; Cost Pressures Recede: Employment rose at a moderate rate that was softer than in August, largely reflecting slower hiring among real estate & business services firms. Input cost inflation retreated to its weakest since November 2025, broad-based across all four service categories, while charge inflation eased to its least pronounced since June. Business confidence firmed to a three-month high.

Composite PMI: Key Observations for September 2026

Output at a Three-Month High: The Composite PMI Output Index rose to 55.9 in September from 54.3 in August, the strongest upturn in private sector output since June.

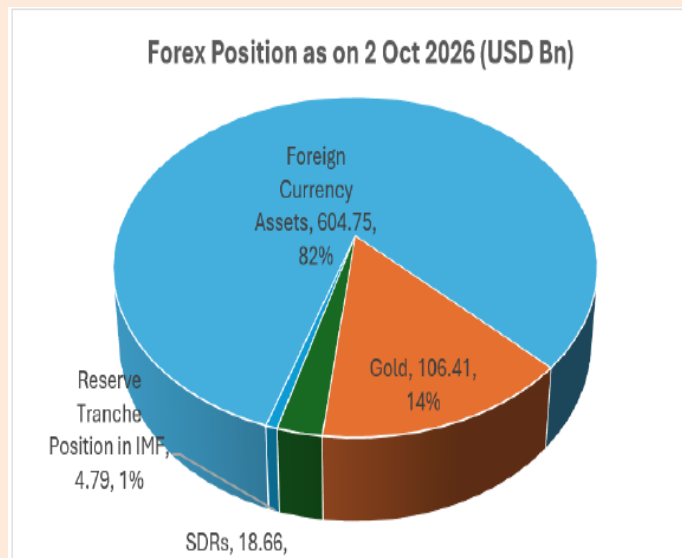
Sales and Jobs Strengthen: Aggregate new orders grew at the fastest pace in three months, even as quarterly performance remained the weakest since the end of FY2021-22. Employment rose at the composite level as the reinstatement of manufacturing job creation added to sustained hiring at service providers.

Cost Pressures Ease: Private sector firms signalled the weakest rises in input costs and output charges in nine and three months respectively, with composite cost pressures at their lowest in the calendar year to date.

INDIA'S FOREIGN EXCHANGE RESERVES STOOD AT USD 734.61 BILLION

ASSOCHAM Perspective

- India's Forex reserves as on 2 October 2026 stood at USD 734.61 billion registering a decline of USD 12.95 billion compared to last week's reserve levels.
- Foreign currency assets which constitute a major part of forex reserves recorded at USD 604.75 billion down by USD 10.66 billion as compared to last week.
- Gold, the second largest component recorded a value of USD 106.41 billion. The share of Gold in India's forex reserves remained at 14.5% similar to the last week's level.
- Reserve position at IMF registered a slight decline for the week ending 2 October as against last week.
- India's forex reserves have declined for fourth consecutive week after increasing for eleven weeks in a row upto September 4 to the level of USD 785.7 billion.
- China's foreign exchange reserves stood at 3.4003 trillion U.S. dollars at the end of September 2026, down 38.1 billion dollars, (1.11 %), from the end of August, as per the data from the State Administration of Foreign Exchange (SAFE).



India's Forex Reserves and Components (USD Billion)

As on 2026	Total Reserves	Foreign Currency Assets	Gold	SDRs	Reserve Tranche Position in IMF
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
Sep 4	785.71	648.17	113.82	18.81	4.92
Sep 11	780.78	645.80	111.23	18.85	4.92
Sep 18	765.90	630.98	111.29	18.74	4.89
Sep 25	747.56	615.41	108.70	18.64	4.80
Oct 2	734.61	604.75	106.41	18.66	4.79

(Source: RBI)

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