THE ECONOMIC INSIGHT

UPDATES

Bank credit maintained its strong growth in June 2026 with total bank credit increasing by 18.6% year-on-year (YoY) to ₹219.3 lakh crore compared with 9.5% growth in the corresponding period last year. The continued increase in lending reflects healthy demand for financing in all major sectors. It supports investment, production and overall economic activity. Among the major sectors, services continued to lead credit expansion with 21.4% YoY growth.

• GST Collections Cross ₹2.11 Lakh Crore:India's gross GST collections reached ₹2,11,205 crore in July 2026, registering a 15.4% year-on-year increase. Higher imports contributed significantly to the rise in collections.

• Commerce Ministry is working to amend SEZ Act rules so SEZ entities can supply services to the DTA without mandatory forex payment, after SEZ services exports to DTA dipped to $133.45 bn in FY26 on currency-conversion norms.

• India's processed food exports rose 16% YoY to $2.4 bn in FY26, led by the US. Pasta, biscuits and instant coffee drove much of the gain, helped along by the PLI scheme.

• RBI's MPC is expected to hold the repo rate at 5.25% and stay neutral at its August 5 review. A Few economists still think a hike is possible in the second half of FY 2026-27 if oil prices keep climbing.

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• India and Canada are aiming to close out CEPA talks by end-2026, after three negotiating rounds. Bilateral trade was $8.66 bn in FY25.

• FIIs are coming back and the AI-stock selloff abroad could work in Indian equities' favor this August. Nifty 50 has closed higher in 6 of the past 10 Augusts, averaging +1.4%; Midcap 100 and Small cap 250 have a similar track record.

Sources: RBI, Ministry of Finance, Ministry of Commerce & Industry







Sources: RBI , Ministry of Finance

18th BRICS Summit 2026 (12th-13th September) Adoption of the New Delhi Declaration

1. New Delhi Declaration adopted

The 11 BRICS members adopted a 140-point declaration, providing a common framework for cooperation despite differences among members on several international issues.

Source: Indian Express; New Delhi Declaration

2. Greater voice for the Global South

BRICS reiterated its support for greater representation of developing countries in global institutions, including reforms of the United Nations and the international financial architecture.

Source: New Delhi Declaration / PIB

3. Trade and supply-chain resilience

Economic cooperation focused on resilient supply chains, trade facilitation, investment and greater participation of developing economies in global value chains.

Source: New Delhi Declaration / India Briefing

4. Local-currency payments

BRICS continued discussions around cross-border payments and greater use of local currencies to facilitate trade and financial cooperation among members.

Source: New Delhi Declaration / BRICS summit coverage

5. Technology and AI

The declaration placed emphasis on artificial intelligence, digital public infrastructure, innovation and technological cooperation, linking technology with inclusive economic development.

Source: New Delhi Declaration / PIB

6. Sustainable development

Climate resilience, clean energy, sustainable development and resilient urban infrastructure featured prominently in India's BRICS agenda.

Source: Government of India / BRICS 2026 agenda

7. Agriculture, railways and youth cooperation

India's chairship also advanced initiatives including a BRICS Agriculture Research Platform, BRICS Railway Research Network, BRICS Sports Council and youth-oriented cooperation forums.

Source: PIB, Government of India



BRICS: Key Data & Figures

49.5% — Share of world population represented by BRICS

Source: Press Information Bureau (PIB), Government of India

40% — Share of global GDP

Source: Press Information Bureau (PIB), Government of India

26% — Share of global trade

Source: Press Information Bureau (PIB), Government of India

24% → 39% — BRICS share of global output (PPP), 2003–2024

Source: UNCTAD

400+ — BRICS meetings and engagements during India's 2026 chairship

Source: Prime Minister's Office (PMO), Government of India

30 — Indian cities involved in BRICS engagements

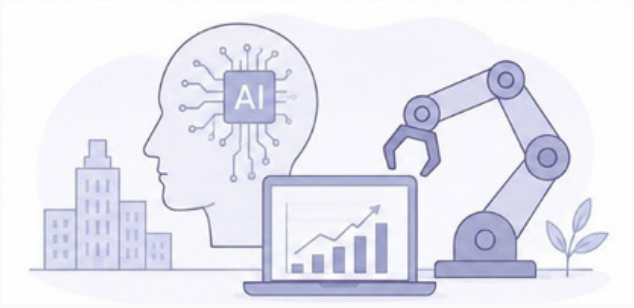
Source: Prime Minister's Office (PMO), Government of India



GLOBAL ECONOMIC DEVELOPMENTS

World Bank names Nobel laureate Michael Kremer as next chief economist

Michael Kremer, the distinguished Nobel laureate, is set to assume the role of chief economist at the World Bank. With a robust background in experimental methods targeting global poverty alleviation, Kremer has dedicated his research to groundbreaking strategies aimed at uplifting developing nations.



Global Market: Yuan climbs to strongest level since 2023 as Xi-Trump talks loom

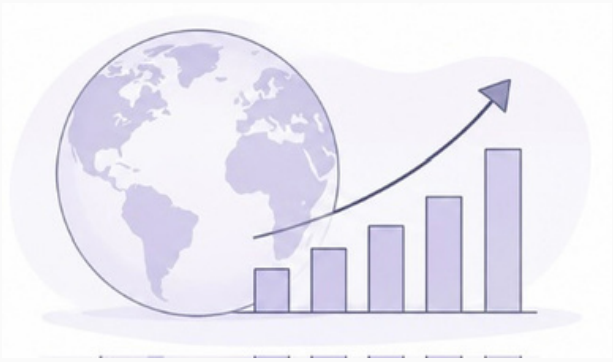
China's Yuan climbed to a 3-1/2-year high against the dollar after the central bank set a stronger daily fixing for the 10th straight session.



Zurich Kotak General Insurance Introduces a Digital-First Platform to Simplify Insurance for SMEs

India's Micro, Small and Medium Enterprises (MSMEs) contribute nearly 30% of the country's GDP and support millions of livelihoods. To strengthen business protection, Zurich Kotak General Insurance has introduced a digital-first insurance platform designed to make insurance solutions simpler and more accessible for small and medium-sized enterprises (SMEs).

Source - The Economics Times ,23 Sept.26



60-SECOND ECONOMIST

Can you interpret these numbers?

6.7%	India's projected GDP growth
5.25%	Repo rate
4.38%	Retail inflation
$716.9 bn	Forex reserves
22.71 bn	UPI transactions
$15.31 bn	Trade deficit
3.0%	Global growth
0.6%	China retail-sales growth

YOUR CHALLENGE

Pick **ONE number**.

You have **60 seconds** to answer:

① What does it mean?
② Why did it change?
③ Who is affected?
④ Is it GOOD, BAD or MIXED?
⑤ What policy response would you recommend?

Source - Reserve Bank of India

THE FINAL VERDICT

"IS INDIA'S ECONOMY REALLY DOING WELL?"

Consider these numbers:

GDP Growth → 6.7%
Inflation → 4.38%
Forex Reserves → $716.9 bn
Repo Rate → 5.25%

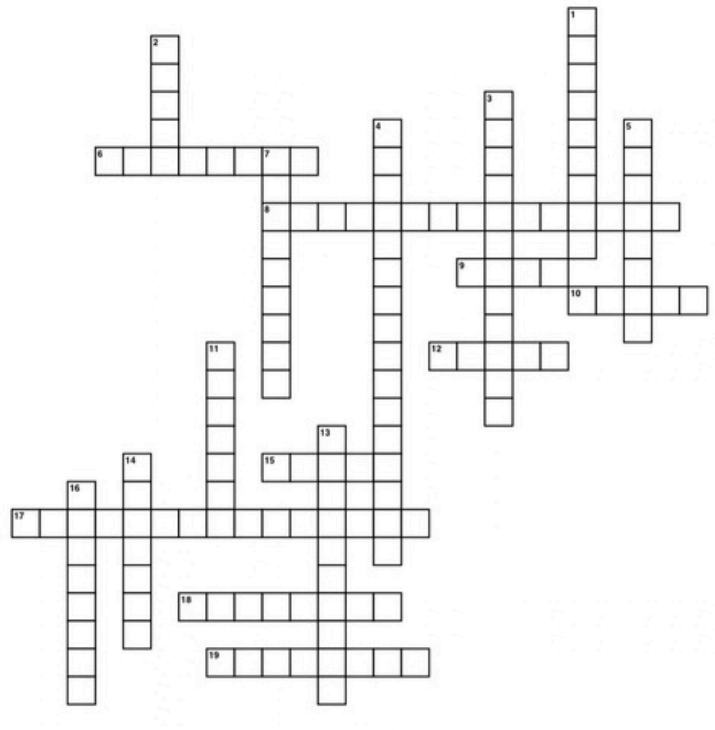
Your 50-word verdict:

"Based on these indicators, I believe the Indian economy is _____ because _____. However, _____ remains a concern. Therefore, the policy priority should be _____."

KEY INSIGHT

"Understanding economic indicators helps us assess the opportunities, challenges, and broader outlook of an economy."

ECONOMICS VOCABULARY



ACROSS

[6] The action of helping or doing work for someone.
[8] The loss of potential gain from other alternatives when one alternative is chosen.
[9] The part of the earth's surface that is not covered by water, as opposed to the sea or the air.
[10] The basic requirements or necessities that people must fulfil to live and maintain their well-being, such as food, clothing, and shelter.
[12] Tangible products that satisfy human wants and needs and are produced for consumption or exchange in the market.
[15] Have a desire to possess or do (something); wish for.
[17] Is the additional satisfaction or utility that a person receives from consuming an additional unit of a good or service.
[18] The state of being scarce or in short supply; shortage.
[19] A balance achieved between two desirable but incompatible features; a compromise.

DOWN

[1] The branch of knowledge concerned with the production, consumption, and transfer of wealth.
[2] The factor of production that can be adjusted in the short run.
[3] The cost added by producing one extra item of a product.
[4] Development of a business from the ground up — coming up with an idea and turning it into a profitable business.
[5] A person who purchases goods and services for personal use.
[7] Spend less; reduce one's expenses.
[11] The most important city or town of a country or region, usually its seat of government and administrative center.
[13] A thing that motivates or encourages one to do something.
[14] The satisfaction or benefit a consumer derives from consuming a good or service, which influences their purchasing decisions.
[16] A person, company, or country that makes, grows, or supplies goods or commodities for sale.

SOLUTIONS

ACROSS- 6. Services, 8. Opportunity cost, 9. Land, 10. Needs, 12. Goods, 15. Wants, 17. Marginal Benefit, 18. Scarcity, 19. Trade off

DOWN- 1. Economics, 2. Labor, 3. Marginal Cost, 4. Entrepreneurship, 5. Consumer, 7. Economise, 11. Capital, 13. Incentives, 14. Utility, 16. Producer

INTERROGATION AND PERSPECTIVES

1.INDUSTRIAL OUTPUT SURGES — 7.3%

Industrial production grew **7.3%** in June 2026; manufacturing rose **7.8%** and capital goods **14.2%**.
Interrogation: Does higher output automatically create more jobs?
Perspective: Output growth must be assessed alongside productivity and employment.

2. MANUFACTURING Purchasing Managers Index — 53.5

PMI fell from **54.2 to 53.5** in July, but remained above 50, indicating expansion.
Interrogation: Is manufacturing expanding or losing momentum?
Perspective: The direction of change matters as much as the level.

3. CORE SECTOR GROWTH — 5.4%

Eight core sectors grew **5.4%** in July, showing continued infrastructure and energy activity.

Interrogation: Can infrastructure investment create a multiplier effect?

Perspective: It can boost construction, jobs, logistics and private investment.

4. FDI SHOWS STRONG MOMENTUM

India's FDI showed strong momentum in 2026, with reports indicating a five-year high despite global uncertainty.

Interrogation: Does the type of FDI matter?

Perspective: FDI can bring capital, technology, skills and global-market access.

5. MANUFACTURING: OUTPUT VS JOBS

Manufacturing continues to expand, while employment remains a concern; OECD expects weaker employment growth and labour-force participation in FY2026–27.

Interrogation: Does India need job-rich rather than only output-rich growth?

Perspective: Growth should also be productive and inclusive.

INTERNATIONAL NEWS

1.GLOBAL TRADE — $13.7 TRILLION

Global merchandise trade reached **$13.7 trillion** in second half of 2026, up **12.5%** year-on-year.

Interrogation: Why are trade restrictions rising despite expanding trade?

Perspective: Trade improves efficiency, while protectionism may protect strategic industries.

2.US PUBLIC DEBT — $40 TRILLION+

US public debt crossed **$40 trillion**, while the 30-year Treasury yield reached **5.34%**, its highest since 2007.

Interrogation: When does borrowing threaten growth?

Perspective: Borrowing can fund investment, but persistent deficits raise debt costs and limit future fiscal policy.

3.US INTEREST RATES: POLICY DILEMMA

The Fed kept rates at **3.5%–3.75%** in July, with policymakers divided over further increases.

Interrogation: Can monetary policy achieve both low inflation and strong growth?

Perspective: Policy often involves a trade-off between price stability and economic activity.

4.UK RETAIL SALES FALL — 0.5%

Retail sales fell **0.5%** in July despite consumer confidence reaching a two-year high.

Interrogation: Why can confidence rise while spending falls?

Perspective: Income, saving behaviour and uncertainty affect actual spending.

5.AI AND EMPLOYMENT

Technology accounted for **29.5%** of US job reductions in July; **149,023** technology-sector cuts were reported in the first seven months.

Interrogation: Does technology destroy jobs or transform employment?

Perspective: Its impact depends on productivity, new industries and workers' ability to reskill.

SPECIAL FEATURE: NUMBER OF THE MONTH

$13.7 TRILLION

Global merchandise trade in second half of 2026.

Key Interrogation: If global trade is expanding, why are protectionism and trade tensions increasing?

STUDENT VERDICT

Choose:

- Trade creates growth
- Protectionism protects jobs
- It depends on the industry

THE BIG QUESTION

"OUTPUT IS RISING. BUT ARE JOBS KEEPING UP?"

India's industrial production rose **7.3%** in June, while manufacturing PMI stayed above the expansion level in July.

Interrogation: Can India achieve inclusive growth if productivity rises faster than employment?

Perspective: The bigger question is whether industrial growth creates productive jobs, improves wages and makes growth more inclusive.

MARKET MOVEMENTS

Indian equity markets benchmark indices, Sensex and Nifty ended lower after a volatile session, with the RBI raising rates by 25 basis points to 5.50%. Crude oil prices remained elevated. Investors analyzed the Federal Reserve minutes from September's Federal Open Market Committee meeting.

Indices	7 Oct	6 Oct	5 Oct	2 Oct	1 Oct
Sensex	72638	73067	72382	..	71909
NIFTY	22603	22776	22555	..	22421
Bank NIFTY	55055	55128	54714	..	54450
NIFTY Midcap	21838	21979	21755	..	21643
NIFTY Small cap	17917	17902	17655	..	17289
INR USD	96.62	96.43	96.28	..	95.99
Gold*	149110	150130	149311	..	150443
Silver*	223353	227365	226240	..	226432
Crude*	88.28	89.44	89.43	91.11	92.87
Dollar Index	102.24	101.83	102.17	101.93	102.10
DJIA	51179	51521	51267	51176	50926

Source: Assocham Business Currents Daily

MARKET AT A GLANCE

Indian Rupee (INR) fell near record lows against the US dollar due to the RBI's hawkish policy, high oil prices, rising U.S. Treasury yields, and foreign outflows. The absence of fresh CRR or liquidity measures increased expectations of further central bank action.

TOP GLOBAL NEWS

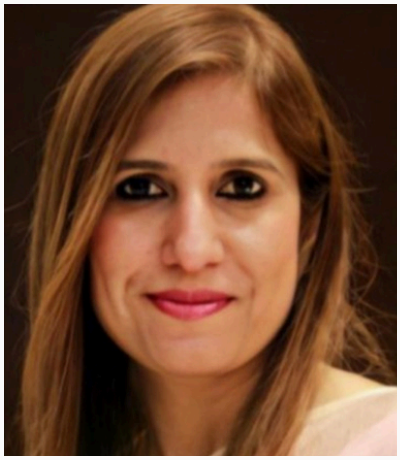
• International Monetary Fund Managing Director Kristalina Georgieva said that the growth needed to shrink debt without budget cuts or tax increases looks out of reach for now, with global public debt heading past 100% of GDP. Investment in AI is on track to match or exceed the sums that went into building railroads, power grids and telecom networks. But if earnings disappoint, heavy borrowing by AI hyperscalers and large foreign holdings of U.S. stocks could turn a letdown into a wider shock.

• The European Union is preparing safeguard measures that would limit imports of Chinese hybrid vehicles into the bloc in a bid to reduce the trade deficit.

• India and the European Union (EU) launched an industry coalition aimed at developing a green shipping corridor between the two markets, with a focus on cleaner maritime trade routes and the adoption of low-emission fuels. The industry coalition is expected to provide a platform for companies and other stakeholders to work on cleaner maritime trade routes between India and the EU. The initiative comes as the shipping sector faces increasing pressure to reduce emissions while managing geopolitical disruptions, supply-chain vulnerabilities and technological change

• The Asian Development Bank (ADB) has supported the Government of Thailand in issuing Asia and the Pacific's first sovereign sustainability-linked bond incorporating a nature-related indicator, a significant milestone linking public sector financing with biodiversity outcomes.

Source: ASSOCHAM Business Currents Daily, 8 October 2026.









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