

Top Story 1

Economy may grow at 7% in FY27 despite trade tensions

A recent economic outlook report projects that India's economy may grow at around **7 % in the 2026-27 fiscal year**, even amid ongoing global trade tensions. Analysts highlight that sustained domestic demand, supportive monetary conditions with relatively low inflation, and a favourable investment environment underpin this growth forecast. The report notes that potential trade agreements and continued capital expenditure momentum are likely to further strengthen the economic expansion trajectory. Despite external uncertainties, such as trade restrictions and tariffs affecting goods exports, overall macroeconomic fundamentals remain resilient. CareEdge also points to strong order books in capital goods sectors and an improved investment climate as positive signals for future economic activity. These factors combined are expected to help India maintain healthy growth rates and buffer the impact of global headwinds. The projections emphasise that while external risks exist, robust internal demand and policy support could keep the economy on a steady growth path in the medium term.

https://www.business-standard.com/economy/news/indias-economy-may-grow-at-7-per-cent-in-fy27-despite-trade-uncertainties-careedge-125122401006_1.html

Top Story 2

India's economy in 2025: Reform, resilience and realignment

For a Civil Services aspirant, the period stands out as a phase when **India prioritised stability over short-term spectacle**. While the global environment remained uncertain, marked by trade protectionism, tight financial conditions, geopolitical tensions and currency volatility, India chose a calibrated and balanced economic approach. Policy focus gradually shifted toward strengthening long-term fundamentals rather than chasing rapid but fragile growth. The economic strategy emphasized **green and sustainable growth**, deeper integration of advanced manufacturing, and a steady push toward fiscal discipline. Public spending was aligned with productivity-enhancing investments, while efforts continued to improve institutional credibility and policy predictability. Stable inflation management, cautious monetary signals and a commitment to reform helped preserve macroeconomic confidence amid external shocks. At the same time, India worked on improving resilience by diversifying supply chains, encouraging domestic capabilities and strengthening governance frameworks. Overall, this phase reflected an economy focused on consolidation, resilience and long-term capacity building, laying a durable foundation for future growth rather than relying on short-lived momentum.

<https://www.tribuneindia.com/news/upsc/indias-economy-in-2025-reform-resilience-and-realignments/>

Economy

India's Goldilocks economy faces softer glow in 2026: Growth, inflation and capital flows in focus

India's economy is currently in a favorable phase, marked by growth above its long-term trend and inflation remaining relatively low. Looking ahead, this balance is expected to soften slightly but remain resilient. Economic growth is projected to moderate to around 6.8%, compared to a stronger pace earlier, reflecting a more cautious outlook. Views remain divided, with some expecting growth to stay above 7% on the back of rising consumption, tax relief measures, easier financial conditions and early signs of renewed capital spending. Others remain cautious, citing slower public investment and lingering global uncertainties that may restrain private investment momentum. Nominal economic growth is expected to improve to nearly 10%, though still below longer-term averages, indicating stable but not exceptional expansion. Inflation is forecast to remain largely manageable, though opinions vary on whether it stays comfortably low or edges closer to the upper range. Overall, consumption is expected to lead growth, while investment recovery remains gradual, signalling steady but measured economic progress.

<https://www.cnbctv18.com/economy/rbi-goldilocks-economy-india-2026-economic-outlook-19802577.htm>

Market

India's Goldilocks economy faces softer glow in 2026

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Finance

2025 reforms form the base for a superstructure to emerge in late 2020s-early 2030s

India's economic policymakers are in the final days of a gritty, combative year. There have been achievements - relatively high GDP growth rates - but demonstrable challenges too. The sanctions onslaught by the Trump regime, investment wariness, and hesitation as to the depth of the recent consumption spurt are all concerns. Global conditions matter. Even if India does its utmost, there will be factors beyond its influence. India must persevere. This year, amid tariff and trade wars, the Modi government has pushed ahead with reforms and correctives that suggest political resolve. This has taken the form of legislation as well as policy action. While the steps cover many areas, there are two cross-cutting themes: making life simpler for stakeholders; harmonizing several moving parts for an optimum manufacturing environment. India has been an obsession with Modi since he took office. Manufacturing supply chains are about the toughest needle to move. Even so, Modi and his team have persisted. They have looked to not just increase the share of manufacturing in GDP - and admittedly that specific metric is still a work in progress - but a transformed character of manufacturing. Green and energy transition-related manufacture, as well as that related to electronics and mobile phones, and military hardware have been prioritized.

<https://economictimes.indiatimes.com/opinion/et-commentary/2025-reforms-form-the-base-for-a-superstructure-to-emerge-in-late-2020s-early-2030s/articleshow/126164274.cms?from=mdr>

Investment

India leverages free trade agreements to attract foreign investment

India has strengthened its economic and trade engagement in response to rising global uncertainty and shifting trade dynamics. New trade agreements are expected to enhance competitiveness, expand market access, attract high-quality foreign investment, and improve access to advanced technologies. These agreements provide wider entry for India's manufactured goods and skilled professionals while ensuring that sensitive domestic sectors, particularly agriculture, remain protected to safeguard livelihoods. A key feature of the new trade framework is the extensive duty-free access for a majority of India's exports, covering almost the entire trade value. The agreements also go beyond goods to include services, an area where India holds a strong competitive advantage. Provisions to facilitate professional mobility further support employment opportunities and cross-border collaboration. In addition, long-term investment commitments under these agreements are expected to boost capital inflows, job creation, and innovation. Overall, India's approach reflects a balanced trade strategy that promotes growth while preserving domestic economic interests.

<https://www.orissapost.com/india-leverages-free-trade-agreements-to-attract-foreign-investment/>

Metric	23-Dec-2025 Rate	24-Dec-2025 Rate	Change
USDINR	₹89.55	₹89.74	+0.19 ₹
EURINR	Data NA	Data NA	—
GBPINR	Data NA	Data NA	—
JPYINR	Data NA	Data NA	—
NIFTY 50	26,177.15	26,142.10	-35.05 pts
BSE Sensex	85,524.84	85,408.70	-116.14 pts