

Top Story 1

India's FY26 growth forecast: Economy set to boom despite global trade challenges - Finance ministry outl

India's economic growth is expected to remain strong in FY 2026 even as global trade challenges persist, the finance ministry said in its monthly economic review released on Monday. The report highlighted that India's growth will be driven by robust domestic demand, easing inflation and the positive impact of recent reforms. It further pointed out that India's economy gained momentum in the second quarter of FY26 despite global uncertainty and recent tariff hikes imposed by the United States in August, as reported by news agency PTI. The report added that various supply-side indicators showed steady improvement, while demand conditions strengthened due to GST reforms and festive season spending. The growth outlook for FY26 remains strong, supported by domestic demand, favourable monsoon conditions, lower inflation, monetary easing and the positive effects of GST reforms," the ministry said. Reflecting this optimism, the International Monetary Fund (IMF) and the Reserve Bank of India (RBI) have revised India's growth forecast upward to 6.6% and 6.8%, respectively.

<https://timesofindia.indiatimes.com/business/india-business/indias-fy26-growth-forecast-economy-set-to-boom-despite-global-trade-challenges-finance-ministry-outlook-shows/articleshow/124846061.cms>

Top Story 2

New GDP series to map India's digital economy and gig sector

India's economy has evolved rapidly, and its data systems are adapting to capture this transformation. A new GDP series is set to be introduced, shifting the base year to a more recent period to reflect the expanding digital landscape, including e-commerce, gig work, logistics, and digital payments. The revised methodology will incorporate richer data on services and unincorporated enterprises, offering a more accurate picture of the country's dynamic growth. The rise of digital platforms and app-based aggregators has reshaped employment and consumer patterns, while logistics networks now integrate air cargo and urban delivery systems alongside traditional transport. Improved data collection, supported by systems like the Goods and Services Tax (GST) and e-way bills, provides detailed transaction-level insights, enhancing the precision of economic measurement. This update represents a major step toward aligning official statistics with India's modern economy, capturing the strength of its digital and informal sectors more comprehensively.

<https://economictimes.indiatimes.com/news/economy/indicators/new-gdp-series-to-map-indias-digital-economy-and-gig-sector/articleshow/124847010.cms?from=mdr>

Economy

India's growth outlook robust on domestic demand

India's growth outlook for the upcoming fiscal year remains strong, supported by robust domestic demand, favorable monsoon conditions, lower inflation, monetary easing, and the positive impact of tax reforms. The finance ministry highlighted that lower tax rates are expected to boost consumption and investment by easing the burden on consumers and businesses, thereby generating more employment opportunities. Demand conditions across rural and urban regions have improved, aided by festive spending and steady growth in manufacturing and services. With better-than-expected performance in the first half of the year, growth projections for India have been revised upward by key financial institutions. Despite these positive developments, the report cautioned that global uncertainties and trade challenges could affect external demand, posing risks to the overall outlook. Nonetheless, India's economy continues to demonstrate resilience, supported by strong internal drivers and ongoing structural reforms.

<https://www.financialexpress.com/policy/economy-indias-growth-outlook-robust-on-domestic-demand-finmin-4023236/>

Market

SBI, PNB, Indian Bank, other PSU banks rally on reports govt may raise foreign investment cap to 49%

The banking sector index rose after reports suggested that the government may allow foreign investment in state-owned banks of up to 49%, more than double the current limit. Most public sector banks traded positively, reflecting investor optimism. The finance ministry is reportedly in discussions with the central bank, although the proposal is yet to be finalised. The move aims to reduce the regulatory gap between public and private banks, where higher foreign ownership is already permitted. Growing foreign investor interest in India's banking space highlights confidence in the sector's stability and growth potential. Experts noted that even a modest increase in the investment cap could trigger notable passive inflows, while a full move to 49% would significantly enhance liquidity and valuations. If approved, the reform could attract long-term global capital, strengthen public banks' balance sheets, and improve overall competitiveness in India's financial ecosystem.

<https://www.livemint.com/market/stock-market-news/sbi-pnb-indian-bank-other-psu-banks-rally-on-reports-govt-may-raise-foreign-investment-cap-to-49-11761624576639.html>

Finance

India's growth outlook for FY26 remains strong, says Finance Ministry

India's economic outlook for the current fiscal year remains strong, driven by robust domestic demand, a favorable monsoon, easing inflation, and the positive impact of recent tax reforms. According to an official report, despite global uncertainties, India's economy continues to gain steady momentum. Demand across both rural and urban regions has strengthened, supported by tax rate adjustments and the festive season, which have stimulated consumption and investment activity. On the supply side, both manufacturing and services sectors have maintained healthy expansion, reflecting broad-based economic resilience. The report also noted that early indicators point to stronger-than-expected performance in the first half of the fiscal year, leading to an upward revision of growth forecasts for the period. Sustained policy support, stable macroeconomic fundamentals, and continued structural reforms are expected to reinforce growth, positioning India to maintain its trajectory as one of the world's fastest-growing major economies despite external headwinds.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-growth-outlook-for-fy26-remains-strong-says-september-economic-review/articleshow/124843805.cms?from=mdr>

Investment

India plans to hike foreign investment cap in state-run banks to 49%, source says

India is planning to increase the foreign investment limit in state-owned banks to 49%, more than double the current ceiling of 20%. The proposal, currently under discussion between the finance authorities and the central bank, aims to attract greater foreign capital and align public sector banks with private institutions that already permit higher overseas ownership. The move comes amid rising global interest in India's financial sector and growing demand for credit driven by the country's strong economic performance in recent years. Raising the foreign ownership cap is expected to help state-run banks strengthen their capital base and competitiveness while supporting future growth. Following reports of the proposed change, banking stocks surged to record levels. The plan also seeks to bridge the regulatory gap between public and private lenders, encouraging more foreign participation and boosting investor confidence in India's evolving banking landscape. The proposal is still awaiting final approval.

<https://economictimes.indiatimes.com/news/economy/policy/india-plans-to-hike-foreign-investment-cap-in-state-run-banks-to-49-source-says/articleshow/124846652.cms?from=mdr>

